

STRATEGY & the FAT SMOKER



by David Maister

Much of what professional firms do in the name of strategic planning is a complete waste of time, no more effective than individuals making New Year's resolutions.

The reasons are the same in both situations. Personally and professionally, we already know what we should do: lose weight, give up smoking, exercise more. In business, strategic plans are also stuffed with familiar goals: build client relationships, act like team players, provide fulfilling, motivating careers.

We want the benefits of these things. We know *what* to do, we know *why* we should do it and we know *how* to do it. Yet we don't change, most of us, as individuals or as businesses.

The problem is that many change efforts are based on the assumption that all you have to do is to explain to people that their life could be better, be convincing that the goals are worth going for and show them how to do it.

This is patently false. If this were true, there would be no drug addicts in the world, no alcoholics, no bad marriages: "Oh, I see, it's not good for me? Ah, well then, I'll stop, of course!" What nonsense!

And yet strategic plans and annual speeches by CEOs, managing partners, management consultants and others continue to have this same useless structure: "Look at how fabulous it would be if you were a fit, non-smoking exerciser, David!" My usual response? "True, but please shut up and go away."

And that's the response of most audiences to the manager's or consultant's latest vision or strategy. "We knew all this a long time ago. Why don't you ask us why we don't do it?"

Now *there's* an interesting question!

Why We Don't Do It

The primary reason we do not work at areas in which we know we need to improve is that the rewards (and pleasures) are in the future; the disruption, discomfort and discipline needed to get there are immediate.

To reach our goals, we must first change our lifestyle, our daily habits, *now*. Then we have to have the courage to *keep up* the new habits and not yield to all the old familiar temptations. Then, and only then, we get the benefits.

As human beings, we are not good at such decisions. We start self-improvement programs with good intentions, but if they don't pay off immediately, or if a temptation to depart from the program arises, we abandon our efforts completely—until the next time we *pretend* to be on the program.

That's our pattern. Try a little, succumb to temptation, give up. Repeat until totally frustrated. Unfortunately, there is rarely, if ever, a benefit from dabbling or trying a little of a new strategy.

You can't get half the benefits of a better marriage by cutting out half your affairs; you don't cure half the problems of alcoholism by cutting out half the drinks; and you don't much reduce the risks of lung cancer by cutting out half the cigarettes.

So it is with business strategy: you can't achieve a competitive differentiation through things you do "reasonably well, most of the time." Not only can you not dabble, but you also cannot have short-term strategies (an oxymoron, if ever there was one). The pursuit of short-term goals is inherently anti-strategic and self-defeating.

As Jean Nidetch (the founder of Weight Watchers) believed, the pursuit of quick weight loss is always self-defeating and ill-advised. If you don't understand from the beginning that you have to change your lifestyle, now and forever, then you are wasting your time. Any initial weight you lose will be put right back on.

What's more, repeated, short-lived efforts at weight loss are actually detrimental to long-run success since, among other reasons, they breed cynicism and the attitude of "We can't do this. We've tried and failed before."

Millions of people and countless businesses have proved her insight exactly correct. You are either seriously on the program, really living what you have chosen, or you are wasting your time.

Strategy Is the Diet, Not the Goal

Debating which goals to pursue (whether you wish to choose losing weight, giving up smoking, ceasing to drink or starting to exercise) is a nonsensical process if you lack the discipline to stick with the (different) diet and exercise programs that each of these requires. The only meaningful debate is which diet you are *really* ready to get on.

Giving up smoking may be better for you (or a better competitive strategy), but if you're not willing to make the changes that *that* specific goal requires, its relative importance is irrelevant.

It's the same in business. Discussing "strengths, weaknesses, opportunities and threats" (to take only the oldest and most familiar of the strategic planning exercises) is fun, but gets nowhere near the real questions.

Improving the quality of the analysis is not where the problem lies. The necessary outcome of strategic planning is not *analytical insight* but *resolve*.

The essential questions of strategy are these: “Which of our habits are we *really* prepared to change, permanently and forever? Which lifestyle changes are we *really* prepared to make? What issues are we *really* ready to tackle?”

Now *that’s* a different tone of conversation and discussion (and the reason the real debate is so often avoided). Discussing goals is stimulating, inspiring and energizing. Discussing what disciplines you are prepared to accept to get to a goal feels tough, awkward, annoying, frightening and completely unpleasant.

An Illustration

As an example, consider the familiar strategic topic of aiming for competitive differentiation through excellence in client service. Here are three real-world examples of programs to achieve this goal:

Once a quarter, an email is sent by the CEO to *all* active clients (without consultation with the lead people serving those clients), asking them to click on one of three buttons in the email: *green* if they are satisfied with the way their work is being handled, *amber* if they have some concerns, and *red* if they are unhappy.

The CEO personally reviews all the email replies, every day, following up on every single one that is not a green. Every quarter, the group averages on this score are published for each operating unit within the firm (every office, every discipline area) and distributed to everyone in the organization. Even the mail room clerks can see each quarter how well the senior vice presidents in each group are doing on client satisfaction.

At compensation-setting time, the relevant senior management group conducts a phone or face-to-face interview with every client that partner has served in the last year (or a scientifically chosen random sample if the numbers are too high to be practical).

These client assessments carry a significant (40 to 60 percent) weighting in pay. You can't get paid for selling or doing more volume unless it is more volume of highly satisfied clients. There is no reward for more volume of only moderately satisfied clients.

The organization adopts and publicizes an unconditional satisfaction guarantee, allowing clients to pay only what they thought the work was worth if they were disappointed.

These are just three examples of how to enforce the same strategic idea. Other ideas may be superior. The debate you would need to have in your firm, if you *really* want to pursue this or any other strategic goal, would be a series of questions:

Which diet, if integrated into our normal running of the firm, would actually get us to perform at a higher level, enough to achieve the benefits we seek?

Which would we be prepared to adopt as a central part of our regular lifestyle?

If we don't like any of these diets, can anyone think of another that will have as much force as these, but that we could live with more easily?

Substitutes are allowed. No one diet idea is without flaw, and there are drawbacks to every program. If asked what the best way to lose weight is, the only sensible answer is: "Whatever diet you will stick to!"

However, if there is no specific diet that all your people can agree to follow, then you must conclude that you are not really willing or able to pursue that strategic goal.

Which is no shame. Life offers many opportunities to do quite well being competent. You don't *have* to strive for excellence. It's just that if you are not willing to do what it takes to achieve excellence, you should probably just shut up about it (internally and externally) and stop pretending!

There is no business benefit in claiming to pursue a goal that everyone can tell you don't have the guts to pursue. It not only makes you look foolish to clients, staff and colleagues, but it also deeply demoralizes people and breeds cynicism. Declaring your commitment to strategies that you don't follow will lower your organization's energy and its profits.

What Gets People on the Diet?

If all business improvement is like curing a fat smoker or helping an alcoholic recover, what, then, actually gets people and organizations to change?

We all know the main thing that works: a major crisis! If revenues drop off sharply, it's amazing how quickly businesses can act to deal with known inefficiencies and bad habits they could have tackled years ago.

And when the first heart attack comes, it's amazing how many people suddenly find the self-discipline to start living right.

That's close to what happened to me. Until March 2005, I was a fat smoker. I had been overweight for most of my life and smoked a pack a day for 37 years. I don't say that as a confession. I never pretended that getting fit was my strategy.

Then, a variety of medical conditions put me into the hospital with a kidney malfunction. In the five months that followed, I stopped smoking, started exercising and lost 30 pounds.

This was all wonderful news for me and an amazing and welcome surprise to my family and friends, but a depressing conclusion for any theory of change.

Do people and institutions really have to wait until something very serious happens to them to fix things they have known about for years? Isn't there any hope of a better way?

We know only a few things about getting people to change before the heart attack comes, but here are some.

1. It's About a Permanent Change in Lifestyle

A major source of failure in implementing sensible business strategies is that we underestimate how much effort is truly required to bring about significant improvement.

A major reason that only a small proportion of those who try to implement strategic programs (or stick to diets) ever obtain the benefits they seek is that too many individuals and businesses think of improvement (and strategy) as a distinct schedule of activities, separate (and sometimes separately accounted for) from regular business activities. In other words, there's real life, and then there's the diet.

Viewed that way, all improvement programs are doomed to failure. As I discuss in the "*Natural Manager*" episode of my *Masterclass on Business* podcast series, my trainer Jerry (Dyelry) Labbate points out that you don't really get the sustained benefits of being an exerciser until it has become as natural and permanent a part of your life as brushing your teeth and taking a shower each day. Anything less than that will put in jeopardy any short-term gains you might obtain with bursts of activity. It's about routines, not special events.

2. You Must Change the Core Scorecards

Strategy, if it is to be lived and achieved, is about modifying the very rules of daily living and scorekeeping. You must scheme carefully about how new tracking measures of the strategies you pursue are published and disseminated.

If you are trying to lose weight, you must get on the scale regularly. If you do not, it is too easy to let yourself go and fool yourself as to how you are doing. But if you are the only one to see what the measurement says, the force for change will be minimal.

We all forgive ourselves too easily. We all find it quite easy to live with guilt. Even high levels of guilt don't change people. Embarrassment, even in small doses, is far more effective.

How much more forceful it would be if you let your spouse see, each time, what you weigh! Or better yet, what about letting your children monitor your progress?

So it is in professional life. When I was a teacher at the Harvard Business School, every course taught there was evaluated by the students at the end of every semester, and the results were published to everyone on campus. There was no doubt at *that* institution as to what the strategy was!

3. Leadership: Get Serious, or Get Out of the Way

Organizations often rush to figure out how the troops need to change to live the new standards. However, this is not the first task. Perhaps the single biggest difficulty in getting an organization to stick to the diet is convincing them that top management really wants them to.

For example, if a group within the firm faces a trade-off between a lesser volume of high-quality work and a greater volume of "acceptable-quality" work, it is critical that they

understand without ambiguity what choice firm leaders wish them to make. If they believe that management, when push comes to shove, wants the second alternative, they will never stretch to engage in strategic behaviors themselves.

If the leadership of the organization wants the people in it to believe that a new strategy is being followed, they must figure out a way for it to be *credible* that they, top management, have actually changed their thinking and are prepared to change the way *they* act, measure and reward.

I have countless examples of failure to do this. I was asked by one firm to run a program for their middle managers on how to be more effective as managers, but my instructions included this: “Please don’t raise the topic of how well we ourselves manage these middle managers. We know we do that terribly, but we’re not ready to discuss that. Keep their attention on what *they* could do better. We want them to change first.”

Can you imagine a process less likely to get the people in the organization to actually live to higher standards?

A similar event happened when I was asked to moderate a discussion in a firm that wanted the people in its different regions to work for the good of the institution, not just their own region. Unfortunately, as I ran this discussion, the CEO at the back of the room became more and more agitated.

I later found out that he had turned to his second in command and said, “This guy keeps talking about what we in management need to change to become a one-firm firm. We wanted him to talk about what the people out in the field need to do.” Not surprisingly, they never achieved collaboration, and I was never invited back to that firm!

This illustrates, by the way, the fatal flaw in using all outside speakers and consultants. Whether or not they are convincing, educational or inspirational, the question on the

audience's mind is, "Do our leaders believe this and are they actually going to run the firm that way?"

All too often, the audience is given no evidence of the firm's leadership commitment to the ideas, and the whole exercise becomes a waste of money and time. I have been told more times than I care to remember that the reaction to one of my presentations has been, "This all makes terrific sense, but there's no way we'll ever do these things around here."

If people are to make the right strategic decision in every location of the firm, in every operating group and at every level, then they must absolutely *trust* that management will back them up and reward them (or at least not punish them) for acting in accordance with the declared strategy. A large part of *really* bringing about strategic change is designing some action or new system that visibly, inescapably and irreversibly commits top management to the strategy.

I have sometimes asked firm leaders whether they are willing to announce to their people, right up front, that they will resign their roles if measurable progress is not made on the strategic plans they advocate. Such a commitment has had a dramatic impact where it has been made.

4. Principles Are More Effective Than Tactics

Since successful implementation of a strategy requires both sustained commitment over time and broad participation across the whole organization, strategies in business, like diets and alcohol recovery, are implemented much better when the ideas are presented as matters of principle, not just as matters of expediency.

If strategic rules are justified only in terms of outcomes (“exercise daily in order to look good”), the diet will always be seen as a punishment on the way to an uncertain and possibly unattainable reward. Accordingly, it will always be resented.

If, however, diet achieves the force of moral principle (such as “treating clients and employees with respect is a value around here, not just a tactic”), the odds are significantly higher that successful implementation will be achieved.

As I reported in *True Professionalism* and *Practice What You Preach*, managers who get things done are people who are seen to have an ideology—their people believe that they believe in something.

This is because buy-in and excellent implementation result from a sense of not wanting to let people down. My physical trainer reports that some of his clients tell him that they keep up their exercise programs between meetings because they “don’t want to disappoint him.”

5. People Must Volunteer

Even though it is the leader’s job to offer an ideology around which people can rally, it is by itself only a necessary, but not sufficient, first step.

Among the most powerful revelations of any successful recovery or self-improvement program, perhaps the most important is this: it only works when the individual is doing it for himself or herself and has made a personal choice to do it.

It doesn’t work if the person is doing it only for their spouse, or for his or her children, or to gain the good opinion of others. To sustain the effort, an individual has got to make a personal choice that the change is being made for him- or herself.

The motivation must be intrinsic. Since the essence of successful strategic change is not technique, but *will*. If you prefer, you can call it determination, commitment or resolve.

To achieve any goal, you must really *want* the goal. The common questions presented when discussing strategies and strategic change are these: “Do we have to do this? Why, when things are going so well, do we need to accept more discipline into our lives?”

The answer, of course, is that you don’t *have* to do anything you don’t want to do. Strategy in a professional business is a choice that each individual has to make about whether he or she wants to put more effort into his or her life and career in order to get somewhere new.

In professional firms, it is dangerous to assume that every person, or every partner, does. That’s why most firms (and most individuals) don’t pull off their strategies: not everyone in the firm actually wants to try that hard. They will *say* they want to be the clear market leader in their field; they are just not willing to do what that takes.

It’s valid for them to make this choice. After all, I was a fat smoker for 37 years and felt I had the right to remain so. For me and for others, the single biggest barrier to making change is the feeling that “it’s OK so far.” People don’t disagree that the future state of being a non-smoker would be beneficial, but they resist when they are told that they *have* to do it.

Brad Robitaille, a Canadian lawyer, points out that while execution of a strategic plan is hard work, it must be hard work that a person loves to do, because only passion creates the determination to continue. He also notes that “no one can instill passion in anyone else’s heart.” It must come from within. If the hard work inherent in executing the disciplines of strategy is merely a by-product of duty and obligation, then the battle is lost before it has even begun.

One of a leader's roles is to act as a coach, drawing people's attention to what is not perfect about the status quo (i.e., creating dissatisfaction), whether things could actually be better, and whether the desired change is both achievable and desirable. But it's subtle stuff—the leader must be skilled in not only knowing the answers to these questions, but also in the process of helping others think it through to a personal conclusion.

6. People Must Get On or Off the Bus

Every individual can, and must, make a personal choice. But then the organization must decide how to respond to those individual choices. For an organization, strategy cannot be what “most of us, most of the time” do. You'll never be good enough as a firm if participation in your firm's definition of excellence is optional.

If a number of top people have clearly not signed up for the journey or are clearly not true believers, no number of systems or amount of inspired speech making will get the organization there. Strategy making in professional firms is as often about getting some senior people to leave as it is about bringing new people in.

Jim Collins in *Good to Great* called this “getting the right people on and off the bus” and identified it as the first step in all programs for strategic greatness.

Everyone in the organization has to decide if they want to try hard enough to sacrifice some of the present to achieve a better tomorrow. They may do so if they believe the effort is serious. They definitely will not if they think those at the top are undecided or are divided.

Professional firms are afraid of this conclusion. They try to work around the skeptics, the non-believers and the non-participants in their senior ranks, preferring to hold on to revenue volume rather than achieve a senior team who all want to go to the same place and have the same resolve to get there. That's fine, but you can't call it strategy.

As all married couples who try dieting know, it's hard enough to stay the course and resist temptation when you are both attempting to do the right thing. It's nigh impossible if those around you continue to indulge and there are temptations (food, alcohol, etc.) all around. You either pull this off together, or you will lose the resolve and you will fail.

Notice, it's absolutely *not* about how we can force people to do what we want. It's about how we can make sure that people have opted in and that those who do not wish to be on the program have opted out—of the firm!

People absolutely need the mutual support (and social structure) that comes from doing this together, in common cause. People need to help each other through the tough times (“Come on, one last repetition of the training circuit”) instead of being part of a forgiving culture that keeps discouraging extra effort. (“Oh, that's OK, you can skip exercise today. You deserve a break.”)

Again, that's why other researchers and I keep discovering that the most successful organizations have an ideology. There *is* a McKinsey way, a Goldman Sachs approach and a Bain philosophy, to take only three examples of firms with strong ideologies, clear strategies and the financial success to match.

At these firms, if you don't subscribe to the ideology, you don't stay and argue or act as a silent dissenter. You walk. Or, eventually, you're asked to walk.

Managing the Process of Change

None of this is meant to say that firms must change overnight. It truly is, like alcoholic recovery, a process of “first make a lifetime commitment, then take it one day at time.”

Once we know what the agreed-upon diet is, there is a need for skilled coaching in leading individuals and teams through the struggle to attain the goals they have committed to.

I have described this process elsewhere: my article “A Great Coach in Action” and my book, *First Among Equals*, both explore this topic in depth. But it is worth reviewing the highlights of what we know about diet and exercise program management here.

The key is to manage with a philosophy of “It’s OK to stumble; it’s only a sin if you don’t get back on the program.” The primary goal of the beginning stage of a change program is to get people to believe that it *is* doable and that all we are asking is that they try. This means early successes.

All that wise leaders (and good trainers) talk about is the next small step. And they celebrate like crazy each small accomplishment. They focus on requiring improvement, not on requiring excellence. “As long as you are improving, you’re with the program, and one of us!”

Managing a weight loss program often means you *stop* talking about the ultimate goal. If you keep reminding me that I need to lose 50 pounds, it is as likely to backfire and make me give up as it is to energize me.

But what if someone says to me, “Let’s just focus on losing one pound in a week, David. Do you think you can do that? *That* doesn’t sound impossible, does it?” My reaction to that will be a lot different. Yet, of course, one pound a week *is* 50 pounds in a year. An alcoholic is daunted by a lifetime of abstinence, but he or she can manage to not drink just for today.

Michael Webb, a sales consultant, points out that short-term goals (“Lose a pound a week”) only take on value in the context of principles, which are long-term. First, one establishes what is important; then, you get people to do a little of it, a little more and so on. It is commitment to a process of *continuous improvement* on things that *matter*.

In my article “The Courage to Have a Strategy,” I described this as an attitude of “Rome wasn’t built in a day, but we *are* building Rome.” It can be described as a managerial style of insistent patience.

Encouragement is an essential ingredient in the recipe. When I began exercising, it was sobering to realize how much I needed my trainer’s words (“Good, good, David”) when I had just been able to complete an exercise for the first time.

At one level, I knew I was pathetically bad, but it really did help to hear his constant encouragement: “You’re doing much better, David. You might not be able to feel it, but as a trainer I can see it.”

I don’t know how much of it was him being falsely optimistic, and I am sure it was all a well-practiced mind game.

But, as every good trainer knows, that’s the point. We *all* need to play mind games with ourselves when we struggle to build new achievements and habits into our lives. (“If I can just finish this first one, I’ll reward myself with a break. Let me just get this first one done!”)

It also means making a game of strategic programs. Educated professionals may scoff, but it’s profoundly rooted in the human psyche that if you can make a game of something, it helps to sustain strenuous effort.

Hence all the hoopla of various strategic initiatives such as “Six Sigma,” “quality is free” and similar fads; business jargon; and prizes, rewards and “black belt” recognition programs.

There's a reason such things work, even among cynical people. They help to make a "mind game" of the whole thing, creating a framework on which we hang the mind-distracting habits. ("If I can just do this one thing, I can make it. If I change the way I do that, I will be better able to stick to things.)

Good trainers know that life-changing improvement can and does fail by rushing to either of the two extremes: establishing improvement goals that are too ambitious or take too long to achieve, thus leading to frustration and abandonment of the program, or failing to establish any pressure to improve, allowing people to pretend that they plan to get on the program, but just not today.

The good news in all of this is that, in the world at large, there is experience in helping people make significant improvement in their lives. There *are* well-documented methodologies; they are just not the ones we usually associate with the business world.

If we are prepared to rethink how we view strategy and business life, then people can achieve things they never thought possible. If I can become a fit, non-smoking exerciser, there's truly no limit!

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ABOUT THE AUTHOR

David Maister is widely acknowledged as one of the world's leading authorities on the management of professional service firms. For two decades he has acted as a consultant to prominent professional firms around the world, on a wide variety of strategic and managerial issues. In 2002, he was named as one of the top 40 business thinkers in the world (*Business Minds*, by Tom Brown, PrenticeHall/Financial Times). He is the author of the bestselling books *Managing the Professional Service Firm* (1993), *True Professionalism* (1997), *The Trusted Advisor* (2000), *Practice What You Preach* (2001) and *First Among Equals* (2002). These books have been translated into 14 languages. For seven years, he served as a professor on the faculty of the Harvard Business School (1979–85), prior to launching his consulting practice. He lives in Boston, Massachusetts.

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