CEO advisory

Five reframing questions every strategy leader should ask

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Leading strategic change can be complex and challenging, and despite the best of intentions and efforts, the process sometimes gets stuck, or the thinking narrows and becomes defensive or too careful, or circumstances suddenly shift, demanding real-time adaptation. At these moments, leaders need ways to challenge practices and assumptions; to see more honestly, clearly, and creatively, even if to do so is painful. At such times leaders need questions that help them reframe issues, more than they need "silver bullet" remedies. To this end, here are five questions that have served many leaders well in diverse settings:

1. Why does our business deserve to succeed? Strategy is about delivering timely value in the best manner available to a defined set of appreciative consumers. If companies do this, they "deserve" to win. If they don't, any victory will be short-lived.

   WalMart grew from a small regional outlet to the global behemoth we know today because it combined choice, convenience and cost better than its competition. Apple earned a loyal user base by creating innovations that delighted and excited customers, plus its offering included straightforward, no-questions-asked support through their Apple Store network – value backed up by more value. Netflix has grown because it is simply a better delivery system for media than the alternatives.

   How does your company's strategy create a value-edge that stakeholders appreciate? Does it engender their loyalty or will your win be evanescent?

2. What would a new CEO do? Too often, strategy formulation is a veiled defense of the status quo, even when things are not going well. Leaders of failing firms may be embarrassed to admit they got it wrong the last time around, or that they don't see a viable alternative. Shareholders tend to be unexcited by a call to invest in changing direction. New ideas are perceived as a threat to stability and confidence. Protection of a flawed strategy consumes energy and it blocks clear and creative thinking.

   At times like this, leaders need some perspective and independent thinking. Intel's Andy Grove and Gordon Moore asked this question – "What would our successor do?" – at a pivotal moment in their company's history, leading to a now historic turn-around. Faced with a successful but declining memory chip business, they came to the painful realization that the company needed to exit what was becoming a commodity war and enter the world of microprocessors. They were well positioned to do this, had some relevant experience and capacity to build on and the market growth potential was enormous. It was the right thing to do from a strategic leadership perspective, but it was also risky; high investment costs with no guarantee of long-term returns. Still, they believed it was exactly what a new CEO would do after they were let go by their board for not maintaining profitability and growth. With this in mind, Grove and Moore asked the board to fire them and then immediately rehire them with a new mandate – to do what needed to be done.

It's hard to imagine a newly recruited and independent CEO NOT taking a different approach after joining a seriously troubled company. It's not the new person's job to defend the past. Quite the contrary; when organizations are in crisis, new CEOs are judged on their ability to conceive and achieve a better future.

Use this mindset to unlock the company's hidden potential. Imagine you have nothing to lose and that there is no need to justify a change in strategic direction. Ask what a new CEO would do, and then consider doing it before it is too late.

3. **The pre-mortem question: Imagine it is three to six years in the future and the proposed strategy has been unsuccessful. Why did it fail?** It's a lot easier to see what went wrong looking backwards using 20/20 hindsight. It's likely that current company leadership has some clues that would enable it to complete the sentence, "If only we had . . ." Obviously, facing facts in the here and now is more useful, if leaders summon the will to take a clear look at where their company is headed and what to do about it while there is still time to make a difference. This "no excuses" exercise gives leaders a second chance to succeed before it is too late.

   Examples of situations where this might have been done are unfortunately quite plentiful: the Fukushima nuclear plant disaster, the calamitous USA invasion of Iraq and the rapid demise of once dominant technology companies like Palm Computing and Research in Motion come to mind. Correction of flawed strategies and ailing systems is tough work, but the chances of success are considerably higher with blinders off and eyes wide open.

4. **What would have to be true for our strategy to succeed?** Roger Martin, an influential consultant to Proctor & Gamble, calls this his favorite strategy question. In his recent book, *Playing to Win*, he outlines a context for using it to help business leaders think through available options.[1] Decision makers believe a course of action is best precisely because of assumptions they hold regarding a host of factors: demand, competition, availability of input ingredients, politics, innovation, etc . . . What if they're wrong and conditions shift – a rise in interest rates alters consumers' appetite to spend; trade barriers drop, opening the door to unanticipated new competition? Is the strategy still right, or must they find another way to win?

   Sometimes leaders that rely heavily on their intuitions about the future succeed and sometimes they fail. This simple question provides a powerful way to check unbridled optimism, to challenge wishful thinking and be honest about what needs to occur to achieve success.

5. **Would I put my own money into this?** This is the instant "sober up" challenge question, focusing the mind squarely on risk and speculation. Why would you or why wouldn't you invest your own money? What plan alterations, personnel shifts, market knowledge or verifications would you need to change your answer from a "No" to a "Yes"?

   I first encountered this working with the Shell Canada Chemicals business group in the early 90's. Notorious for its wild cyclicality, the chemicals industry is almost impossible to forecast in any rational way. One year it would be the company's worst performer, followed by three stellar, profitable years. We were modeling and risk-assessing the different product groups and investment opportunities, and the dollar amounts in question were considerable to say the least. Almost finished, one of the executive team tossed out the question – "What if this was your own money"? After some uncomfortable chuckles, it became clear that no one in the group was prepared to put their own money behind the chosen allocations. That put the brakes on any agreement, and we went back into discussion. A few small but significant changes were made that removed a key risk factor, raised everyone's confidence level and more importantly, produced a superior strategic plan.

Now, consider your company's strategy: how confident are you that it will succeed? Confident enough to put a large amount of your own cash into it? To make this theoretical question feel a little more real, have everyone write a "hypothetical" big cheque to the company. Anyone ready to mortgage the house to invest in the strategy?

One of the hardest parts of strategic leadership is maintaining balance between "direction" on the one hand and "implementation" on the other. It is a given that purpose and process will at times collide and need careful monitoring and negotiation. Choosing when to stick firmly with the original plan and when to reflect and revise is an essential part of every successful implementation story. Questions like the ones proposed here can be of great value in regaining perspective when it is most needed.

Note

1. Co-authored with P & G CEO, A.G. Lafley (Harvard Business Review Press, 2013).