Manager Tools

Shownotes

SWOT

[Cold Intro]

At some point in your career, you're going to be asked to put together a strategy session for your organization. This is when most managers start to panic.

But take heart. **Probably,** your boss does not want you to set strategy for the whole organization. What she wants is for you to come up with a process to help the leadership team determine its strategy. And that's good, because most of us are unlikely to be imminently qualified to be setting strategy.

But how do you set up the process? There are a number of different ways, all of which have various merits. You'll likely ask around and some b-school grads will tell you all about Porter's Five Forces and Blue Ocean and Dear God one hopes Peter Drucker, and etc, etc. But as always, the question comes back to, "what do I ***do?***" The answers you'll get to that question will include some mention of the **SWOT Analysis,** which stands for **Strengths, Weaknesses, Opportunities, and Threats.** While SWOT is **NOT** the complete process, it is a great start to getting a handle on where your organization is and where it might need to go.

In this cast, we'll tell you how to set up a basic SWOT session, the Manager Tools way.

[Warm Intro]

A: You've done this a few times.

H: Yep. A few as in maybe FIFTY. It's a core part of strategy.

A: Sometimes when we talk to clients, they are a little surprised that we do strategy stuff, since we're a leadership and management-based firm.

H: Yes, that's a pretty standard response. There are firms who do nothing but strategy, and there are internal orgs that run the process, though usually those internal orgs, in my opinion, are misguided. Strategy to me is so core to the organization's day to day life that it's not something that is better off left to a corporate department or to a group of brainiacs. Usually, when I've been involved in strategy, it's because the leadership realized that it's PROCESS they need help with. They want us to FACILITATE their efforts. And that means they believe - rightly, in my opinion - that THEY ought to be the CONTENT experts.

A: So that's a long way of saying we really don't do strategy...

H: HA!

A: What I mean is that our role is to help the org have a place and process to come up with their own strategy, as opposed to providing input to shape what they're going to decide. And that process is made much more effective when there are solid relationships with the key players, and a good understanding of where the org is now and what it needs to bring to bear on the future.

H: Yes. We're not a strategy firm, that's for sure, and we should apologize for sounding like an advert. I was just trying to make a distinction between process and content. Content is which continent should we invade and how much capital should we invest, and process is, how many meetings will we need to get there without killing each other over internal arguments and vested interests and veiled threats and power plays.

A: And SWOT is a core part of that, at least in many places.

H: It is, though it's different in subtle ways depending upon what other steps are in the process that's being used. It's NOT strategy... it's a TOOL that makes clear the world inside and outside the organization. And it's not the only step in any process. There is implementation, and performance metrics, and reporting, and on and on.

A: You keep saying organization as opposed to company.

H: yes, SWOT can work for any org - read that as any manager - at any level. You can have a strategy for improved customer service focus if you're an IT shop, or a marketing department supporting a foreign sales force. Strategy is really just **relating an organization to its environment, and then allocating scarce resources to achieve it.**

A: Okay, so let's talk SWOT.

H: yes, let's. We'll start with some basic premises WE have about strategy. There are various ways to look at things, and our point of view is not the only one. [Some day it will be, but not yet. ;-)]

- Strategy Overview
- Create Your Simple SWOT Process - What and when and who and why
- Trial Balloon Your Simple SWOT Process** -** Make sure you're not way off base
- Brief Your Simple SWOT Process To the Boss - Make sure she will say it's HER process
- Communicate Your Simple SWOT Process - let everyone know what you're going to do and when
- Persuade Participants to Work In Advance - THIS IS A CRITICAL STEP - Everyone will do SWOT individually and then brief the team
- Tightly Schedule Meetings - Otherwise, they go FOREVER...
- Think of SWOT as Strategic Brainstorming - You're not trying to decide...
- Everyone Presents - Based on their prep.
- Follow Up Promptly Each Time - Each meeting will have notes and to-do's and next steps
- The NEXT Step is Assessing The Pile of Data - May just be the boss.

A: So, let's go one by one, I GUESS...;-)

- Strategy Overview

Let's be clear about some things up front. If you take this podcast out and tell people fallaciously that this is Manager Tools' approach to strategy, they'll laugh at you. SWOT is NOT strategy! It is a TOOL to get a handle on one's environment. Sometimes it leads to blinding insights, like "we get 90% of our revenue from this big customer, but only 10% of our profits. Maybe we should stop selling more to them so aggressively." Sometimes it just makes obvious that a market is saturated with solid competitors and innovative thoughts are required. But it NEVER creates, by itself, strategy. It just makes possible more informed strategic decisions.

Creating a competitive strategy is, to paraphrase Michael Porter, the act of relating an organization to its environment, and then deciding how best to maximize the organization's ability to achieve its goals by allocating scarce resources to achieve them. Look, you don't NEED strategy if you have unlimited resources - you just go after everything - all business. While this probably sounds dumb... of course we have limited resources, Mark! - the fact is, most managers behave this way ALL THE TIME. If there's an opportunity, we should go after it. If there's a customer to get, let's go get them. Let's get REVENUE!!! But this is exactly the OPPOSITE of strategy...it's Non-strategic TACTICS. Strategy is not only choosing a course of action - which new product or which new initiative to invest in - but it is also choosing which course of action NOT to take. It's saying, 'we CAN do that, but we're not GOING to." It's apple saying, perhaps, we're not going after home theater YET. First, it's the IPOD.

Most managers I know HATE strategy. And, most managers listening right now are saying, no I don't!!! those are the fun meetings, Mark!!!! Those are where INTERESTING things happen. Strategy is what managers who might get promoted get to do. No duds in THOSE meetings.

Yes, I know....they're fun MEETINGS... but meetings are not strategy! Strategy, when rightly implemented, is a boss saying, no, we're not doing that, we're doing THIS. But wait, THAT is SO EASY. WE CAN!!! And the boss says, I KNOW we CAN...that's not the point. So CAN our competitor. We believe that the best use of OUR resources in OUR market is to do THIS... to the EXCLUSION of THAT. And managers hate that, because sometimes what we decided do - the THIS - is actually HARDER than the THAT. THIS is STRATEGY. THAT is easy.

Further, we generally agree with Jack Welch, that strategy is made too complicated by consulting firms that have complex algorithms and 17 step processes. How did companies get big and profitable BEFORE all this stuff? It's our experience that the more complex the strategy, the less likely it is to be implementable, and therefore implemntED, by the line managers that actually do the work. If you've ever heard a boss say, "well, okay, change number 88 folks, the big guys say we have to go west rather than north, don't ask me why, we just gotta do it", you know what we mean. If it's hard to understand d, it's IMPOSSIBLE to communicate...and if it's IMPOSSIBLE to communicate, it won't be done well.

In his book winning, Welch basically lays out a simple strategy concept: Come up with a big AHA - something that will lead to sustainable competitive advantage, then get the right people to drive it, and then implement like crazy. Jack's way is the way we've seen work.... and here's the key... **SWOT is a tool to help you get a big AHA.**

- Create Your Simple SWOT Process

Basically all this is the steps below, plus a good basic overview of what SWOT is to share with your participants. If you and your org are doing this for the first time, **you don't need anything more complicated than this to get you started. Anything more complicated than this will add WEEKS to your timeline.**

In terms of a basic timeline, it looks like this:

Week one, create a set of slides that describe each step. We've given you a basic start. **Email the slides to your trial balloon friends by the end of the first week.**

Week Two, float your trial balloons and incorporate their thoughts into your slides and process.

Week Three, Brief the Boss.

Week Four, Prep a set of slides for the BOSS to mail to participants. (We'll get to participants in a minute). All of the above can be collapsed somewhat, but you **cannot collapse the next couple of steps. Good strategy meetings require good previous thought. participants will NOT freely brainstorm about strategy in front of one another without having thought about it in the SWOT (or some other) framework).**

Regarding participants: we basically want all key directs of the boss. Defining key is hard, but generally we mean those who have a significant impact on the boss's success. If we're talking about an org of 50 or more, those directs of the boss who have no directs themselves are probably NOT included... but you never know. DON'T HAVE MORE THAN 15 PEOPLE IN THE ROOM, and not too many more than are presenting. Everybody wants to come, and it DOES NOT HELP TO HAVE AUDIENCES.

Week Five and Six, Allow folks to work on their input. Visit with EACH at least once, sharing ideas and encouraging. You're not going to teach them a lot because YOU HAVE NEVER DONE THIS BEFORE.

Week six and Seven, require all briefings to come back to you as slides. **Do not allow folks to wait until they present. PERIOD.**

Weeks Seven through TWELVE , have your meeting(s). You break the meeting down into External (Opps and Threats) and then Internal (Strengths and Weaknesses). Everyone presents their slides on External, and then after that, everyone cycles through again on internal. The reason you do external first is that if you haven't done this before, everyone WANTS to do internal first, thinking that they need more time to get a handle on external stuff...but it never works that way THE FIRST TIME. The first time, you're just not going to be very good at External.... It's actually better to have more time to gather data on internal stuff...because it actually EXISTS somewhere in a way that you might be able to use it.

Final weeks, you put together a total brief for the boss, and by this time some consensus or decision is likely to have formed about what she wants to do with the pile of stuff she's got.

- Trial Balloon Your Simple SWOT Process** -** This is you, talking to some friends, or key directs of your boss, showing them the above timeline and your slides about SWOT, along with their requirement to PRESENT, and getting their input and BUY IN to the concept. This is not as hard as you think.... because people think strategy is cool. Whatever. Key points to stress are: you can't be wrong. It's like brainstorming. You'll give them the templates.

Make some adjustments to obtain buy in

- Brief Your Simple SWOT Process To the Boss - Go to the boss, and show her the timeline and the meeting details, and get her inputs and changes. Do your best to gain agreement that this is HER process, and you are her FACILITATOR... you are not the strategy person. **If the boss doesn't own the strategy the strategy will fail.**

If the boss doesn't own the strategy, the strategy will fail. If the boss doesn't own the process that leads to the strategy, the strategy will fail.

- Communicate Your Simple SWOT Process - This comes FROM THE BOSS, as a set of slides about the process, the templates you want participants to use, and meeting requests for the FIRST MEETING. It also includes your role as facilitator, and how you will be visiting with everyone in weeks 5 and 6 (or whichever week you are in).

- Persuade Participants to Work In Advance - THIS IS A CRITICAL STEP - I've found the best way to do this is to allow everyone to say whatever they want while keeping within the templates - and letting the boss know that NOW IS THE TIME TO HEAR ALL IDEAS, and also to give everyone my OWN SWOT for them to have a sense of what theirs might look like. This is HIGHLY dependent upon whether we're talking about a homogenous group - say of, PM's, or a group of Business Unit Leaders with their own P&L. But you can get started.

You're going to have to deal with some rebellion, and probably allow 102 malcontents to just do a crappy job. That's okay, as long there aren't just 2 presenters.

- Tightly Schedule Meetings - We recommend three hour meetings TOPS. The first meeting starts with the boss talking about her need for strategy, and what she wants to have come out of the process. TAKE NOTES HERE. After 15 minutes of that, YOU walk through the logistics of the overall process, and the templates, etc. Then you talk about THIS meetings' focus, which is EXTERNAL - THREAT AND OPPS. That takes perhaps 15 minutes, and you're 45 mins by now. You turn it over to the first presenter, and then you watch all hell break loose. KIDDING.

Depending on the size of the group and its scope, give each participant 30-45 minutes. That means at your first meeting, you may have time for 4-6 presenters, give or take... up to that three hour mark. Based on these time guidelines, you'll know how many meetings like this to have.

Don't try to do all of it at once. It's okay to have 2-3-4 meetings about external, and then 2-3-4 about internal. FINE FINE FINE. Give everyone their time. Whomever goes first on external gets to go last on internal.... ;-)

- Think of SWOT as Strategic Brainstorming

- Everyone Presents

- Follow Up Promptly Each Time - We DO NOT recommend that everyone get everyone else's slides until the meeting... but there will be questions raised, and to do's created...and your job is to communicate those to everyone, as well as assemble the master deck for each part of the process.

24 hours is fine between meetings, but you'll be busy. 48 hours is easier on you...but you'll lose flow. It really depends on your org and its size.

- The NEXT Step is Assessing The Pile of Data - and that is so boss dependent!

So there it is then:

- Create Your Simple SWOT Process
- Trial Balloon Your Simple SWOT Process****
- Brief Your Simple SWOT Process To the Boss
- Communicate Your Simple SWOT Process
- Persuade Participants to Work In Advance - THIS IS A CRITICAL STEP
- Tightly Schedule Meetings
- Think of SWOT as Strategic Brainstorming

- Everyone Presents
- Follow Up Promptly Each Time
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