

The Real Value of Strategic Thinking

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Much of the third sector faces a long recession as public finances are cut drastically to pay to keep the banks afloat. The future looks decidedly uncertain for many small and medium sized voluntary organisations. Larger third sector organisations contemplate cuts at a level not seen for many years. When the natural instinct is to batten down the hatches, it may seem odd timing to suggest that the third sector more than ever needs fresh strategic thinking.

Small cuts encourage third sector organisations to look for efficiencies – streamlining processes, making better use of technology, and saving money on premises. Larger cuts raise the need to examine effectiveness – are we doing the right things? The search for efficiencies draws organisations to business plan thinking with short term objectives, just a step up from work planning with highly detailed team and individual responsibilities. The pursuit of effectiveness is far more strategic and raises more difficult questions of change.

While the word ‘strategy’ is in far greater use in the sector, the content of too many strategies we have read has been driven by efficiencies and short term horizons to the exclusion of more open strategic thinking. There is of course no substitute for assuring sustainability of the organisation but this is not a recession to be survived by short term actions alone.

The oil crises of the 1970s demonstrated how unreliable deliberate long term strategies were. It is over 20 years since Henry Mintzberg’s ideas on emergent strategy entered mainstream thinking in strategy as an academic discipline, encouraging strategists to develop umbrella strategies bring together the best of emergent and deliberate strategy. However, many funders and commissioners have still not caught up with the need for third sector organisations to have more emergent opportunity taking strategies. The target driven culture of central government has, of course, made it difficult for them to think in this open way. The third sector strategic plan has become too often an externally driven product to be handed to the funder or commissioner. Some short term priorities within these plans may be actioned but longer term intentions are often left unrealised, derailed by ‘events, dear boy, events’ (Harold Macmillan).

It is against this backdrop of recession and a culture of target driven efficiencies that we have developed two objectives:

- that third sector organisations should seek more open strategic reviews, where difficult choices are addressed and planned for;
- that developing strategic thinking is viewed at least as important as any document with the label of strategic plan.

More open strategic reviews can be challenging but are ultimately more sustainable. An effective strategy process is interactive, and draws on talents, ideas and analysis across the organisation and amongst the wider stakeholders. The invitation is to listen to different perspectives, to use their intellect and to contribute to finding a way forward that can be shared. Johnson and Scholes rightly show the strategy making as being an iterative process, with three interlinked stages of analysis, choice and implementation. Ideas can be generated, reviewed and then pursued if they can make a difference. Scenarios are developed to test the options fully and avoid groupthink's tendency to reject the unconventional without examination and stick to the known even if it is seriously flawed.

This process will work best where steps are taken to build the strategy skills of staff, volunteers and trustees who will take part in the process. For many people to understand a plan, they need to be involved in the thinking behind the plan, to follow the conclusions. Just giving people a paper or electronic document requires them to be no more than a passive recipient of information, and often minds will wander before they've read the executive summary.

Whilst developing a plan requires one set of skills, organisations struggle more when it comes to translating those strategic plans into reality.

One of the problems to be tackled is seeing the development of the plan as a distinct and separate stage from the implementation of the plan. The value of the strategic plan lies in evidencing the depth of the research and the rigour of the analysis. It is an important output. But, it is no more than a background guide, a document for future reference and revision and evidence of a thinking process. A strategic plan without strategic thinking is little more than a façade. And changing the way an organisation operates starts with changing the way people think about that organisation.

To be truly successful, any strategic planning must start with developing the strategic thinking and capacity of staff, volunteers and trustees across the organisation. This develops their understanding of the capabilities of their organisation and the trends of the world in which it operates and provides a forum in which they can challenge, question, mull over and reflect on the issues and consider the contribution of their role and that of their team.

The strategic plan will document this process, but waiting until the paper is written and bound is not the time to start implementation. The change starts with strategic thinking.

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