

OWNERSHIP ADVANTAGE

Involve Employee Owners in Strategic Planning

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“Culture eats strategy for breakfast” management professor Peter Drucker once said. This popular expression highlights that your culture—what your people believe, say, and do—can make or break your strategy.

The best strategies fail unless people embrace and execute them. Ritz Carlton and Nordstrom are classic examples of companies with strategies centered on providing the best customer service, achievable only through the full engagement of their employees. Southwest Airlines cannot meet its fast plane turnaround times—which are critical to its strategy—unless everyone from pilots to luggage-handlers works together.

Many companies articulate and develop their strategy through strategic planning. Involving employee-owners in this process strengthens the connection between culture and strategy. It taps into employee-owner knowledge and experience, develops strategic thinking and leadership capabilities, and allows employee owners to have a voice in influencing the direction of the company.

Using a broad-based process to develop your strategy means you develop your culture as you shape your strategy and, in the process, your strategy benefits from employee-owners’ ideas and commitment.

This article shares examples of how companies have involved employee-owners in typical stages of a strategic planning process.

Identifying the Big Questions

Strategic planning begins by identifying the big questions the company hopes to answer in the planning process. What is the best way for us to grow? Should we be structured a different way? Our customer demographics are changing rapidly, what does that mean for us?

Input from a broader group of employee-owners through surveys, focus groups, or meetings can inform the key questions the company needs to address, and can raise issues that senior management might not be aware of.

BL Companies, a 250-person engineering & architecture firm, surveys all employee-owners each year before they begin strategic planning as a way of gathering input and perspectives from a larger group.

Defining the Identity of the Organization

Companies craft statements to describe their iden-

tity—the most familiar ones are vision, mission, and values. These anchoring statements tell everyone, internal and external, who you are and what they can expect from you.

Creating or refreshing these statements with employee-owner involvement can ensure that they are meaningful, and develop the commitment to living them out daily in the workplace. These anchoring statements establish the foundation for future strategic planning and other efforts to enhance your culture

Wiley | Wilson, a 150-employee engineering and architecture firm, had a cross-functional task force survey employee-owners about values and develop recommendations.

The ESOP Committee at Golden Artist Colors interviewed each of the company’s 190 employees to learn what gave them life and energy working at the professional artist paint manufacturing firm, and then developed values recommendations from there.

The leadership team at AGI Industries, a pump distributor and manufacturer, drafted preliminary mission and values statements, then met with the 140 employee-owners in smaller town hall meetings to get feedback before finalizing the documents.

Collecting and Analyzing Data

Strategic planning often involves data collection and analysis to examine external trends and assess company strengths and weaknesses. Companies may perform SWOT analyses, examine industry trends, assess customer data, explore new areas of technology, or research new markets etc....

Gardener’s Supply, a gardening supply retailer with 225 employees, hosted a “Trends and Treats” evening. Employee owners voluntarily attended an evening dinner to identify trends and their implications for Gardener’s. For example, if fewer people are spending time gardening, Gardener’s may need to develop products focused on convenience.

Aqua Engineers used its all-employee Best Places to Work Survey results—which was conducted by an external consultant and included both an in-depth survey of managers and directors, and interviews of managers and clients—to gather perspectives on the company.

At resource recovery/waste management firm Recology, senior management established 11 teams

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to conduct research and develop further thinking on key issues, such as information technology, financing capabilities, waste processing technology, and labor relations.

Developing Goals and Strategies

After analyzing data, companies typically develop goals for the next few years. These goals often are grouped into priority areas, strategic directions, or strategic commitments.

Companies use different terms to describe these areas. The important thing is to find a succinct way of capturing the major things the company hopes to achieve, and *how* it will achieve them. Companies later develop specific objectives or actions that describe in detail the smaller steps towards achieving the goals.

Again, the terms vary from company to company.

At Hisco, a specialty distribution company with 460 employees, the Executive Team developed the preliminary draft of priorities and then gathered input from the next level of management.

Recology used a different approach: They convened a larger group, the 11 teams and senior leaders, to share what they had learned in their research, and to identify the strategic commitments for the final plan.

Once the strategies are identified, more research may be required. In Gardener's most recent strategic planning process, senior leadership—with input from managers—identified eight potential growth areas. Eight teams were developed to explore each option.

At Aqua Engineers, five teams were formed to craft goals and objectives for each of the priority areas.

Teams at both companies included non-managers.

Implementing and Communicating

The success of any strategic plan depends on whether it is put into action. Many companies have a process where departments set annual goals in group settings linked to the strategic plan. These department goals then can translate into team or individual goals for employee owners. That way, all employee owners can see the connection between their actions, the strategic plan, and the company's growth and success.

Companies often take time to share their plans widely, in an effort to create a better understanding of where the company is going.

Hisco held a retreat where 60 members of its management discussed how to implement the strategic plan. Following the retreat, Hisco created posters titled "On our Best Day" that provided everyone with a vivid description of what executing their strategy would look like on a day-to-day basis. They invited everyone to sign a local copy on display at their office.

In their last planning cycle, Gardener's Supply formed small groups to imagine 10 years into the

future and create presentations focused on different aspects of their strategic plan. One group imagining customer technology created a skit about virtual reality product demonstrations. These exercises helped employee owners anticipate the importance of upcoming changes to the company, while inviting ideas.

Monitoring and Adjusting

Actively updating employee-owners on the progress of the strategic plan helps them remember where the company is headed and how they fit in. Hisco identifies key performance indicators for its strategy, and shares updates at monthly town halls. The company also identifies one or more employee-owners who exemplify the behaviors illustrated in "On Our Best Day." This regular communication strengthens understanding of and emotional connection to the strategy.

Companies also can invite broader participation in monitoring the strategic plan and making adjustments as new opportunities or challenges arise. Van Meter, a wholesale electrical supply distributor with 480 employees, convenes internal marketing summits a few times a year. At these summits, a significant proportion of the company meets to discuss specific customer opportunities and how different parts of the company can support each other in achieving the strategic plan. The meeting provides a chance to check on progress, revise as needed, and re-energize everyone to work toward the same goals.

Why It Matters

You can include employee owners in developing and monitoring a strategic plan in many ways. The tricky part is figuring out what will work best for you.

If you're new to this, keep it simple and try to find one or two ways to get greater participation. As you gain more experience, you may deepen what you do. Nearly every company has changed how it does strategic planning as it learns from past experiences and adapts to what's needed for the current process.

We feel more committed to something that we're involved in. Involving employee owners at key points through the planning and monitoring process can enhance your ownership culture. Employee owners will have an opportunity to feel respected and heard, contribute ideas and suggestions, and learn to think more strategically.

As a result, it is more likely that they will be committed to and understand the final strategic plan, and be engaged in its implementation and monitoring. It is a great way to help them think, feel, and act like owners as they better experience the connections between their actions, the company's strategy and performance, and their ESOP.

Author's Note: Thanks to the companies that shared examples for this article.

