

# the WATERCOOLER

straight talk on strategic issues®

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Chief Executive Officer  
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## Point of View



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# Successful Strategy Activation: Chalking the Field for Our People

The biggest economic upheaval in 80 years is settling in. Most organizations have figured out that “waiting for things to get better” is not a viable strategy. In the simplest terms, the world that many of us still live in no longer exists. Our environment has dramatically changed, and it’s not going back. Futurists project a competitive landscape tighter than ever; sales growth largely from emerging markets, and the ushering in of an age of relentless innovation.

Today, the problem facing leaders is how to enable their people to quickly grasp the future by conveying how the playing field has changed, how those changes will affect the future, the organization’s unique response to these radical shifts, and how each person will need to change.

In our experience, three specific questions can act as chalk marks on the playing field to guide successful Strategy Activation through your people:

- How do we **change our mindset** to fit the new worldview?
- What **“rules of the road”** do we need so we can operationalize a new mindset?
- What **behaviors** are necessary to make our new strategy work?

## A “New Worldview”

A worldview is a personal value system that reflects how you interpret your world. It’s how we see our business, our company, our organization, and ourselves – our beliefs about the way our world works and our role and value in it.

A new worldview requires all of us to challenge our assumptions and conclusions about what works and what doesn’t. We are all susceptible to “worldview blind spots” where we are slow to see the new world order or miss it altogether.

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**Cornelius "Connie" Colao**  
Chief People Officer  
Taco Bell

## Case Study

# Taco Bell

## Seeing Business as a System



Our leadership at Taco Bell needed to seriously examine the way we operated our restaurants. We needed significant change at every level to increase restaurant revenue. Our senior team concluded that we needed to “define the whole” – the way the system should work. However, in many ways, we didn’t have a system. We weren’t defining and building the business system, including processes and behaviors needed to drive consistent results across the enterprise. In addition, we learned that our management approach showed a lack of belief in its people. Leaders assumed that people weren’t accountable.

### Clarify, Simplify, Integrate

This transformation required HR and Operations to work together, and ultimately, our HR team led the execution of the future state, **The Bold Future**, throughout our organization.

With Root Learning, our Senior Operations Team created an honest assessment of our current reality and determined ground rules and behaviors for ourselves and then for the entire organization. Root Learning conducted interviews to inform both states.

The conclusions were to clarify, simplify, and integrate operations at the corporate level before sharing new processes with the field; to move from task management to coaching; to focus on managers as leaders; to enable managers to be effective coach-players. Root facilitated candid conversations so leaders could engage our organization to take performance to the next level. The goal was to create a single integrated view – “One System” – to move business performance forward.

Next, the message needed to engage everyone in the Bold Future strategy. At a “One System” conference, our company and franchise field leaders took part in a *Learning Map*<sup>®</sup> experience designed to communicate how everyone contributed to the current state, frame the picture for the future, and generate excitement about creating this together:

### Creating “Success Routines”

A session for restaurants, **Delivering the Taco Bell Promise**, detailed roles and responsibilities so restaurant teams could fully understand and act on the new roles to support the strategy. To sustain the Bold Future Strategy, leaders had to improve their servant leadership and coaching skills, with the focus on driving sustainable results with their teams. Root Learning created two experiences



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## Industry Perspective

focused on servant leadership that included dialogue, card activities, and games to practice new skills that would result in meeting the metrics and would enable Area Coaches to prioritize daily and weekly activities.

To build the skills needed at all levels to support the Bold Future, we created a visual and video session that presented roles, activities, and templates for facilitating planning and coaching. A session for restaurants detailed all roles and responsibilities so restaurant teams could fully deploy the new roles to support the strategy.

When we found that our current process for assessing how a restaurant is doing on operations and customer service wasn't driving desired business outcomes, we introduced a card deck with supporting visuals that were used to discuss the current state, the new system, and how it connected with the Bold Future. We also created several videos that showcased the new system in action.

### Results

A great deal of improvement resulted from looking at our business as a system. Our leadership used engagement in the process and capability as cornerstones to shift our culture and further boost our performance. In responses from the field, it was clear that leadership really understood what it was like to lead a region and area. Everyone was excited about the Bold Future and ready to do their part to make it happen. Taco Bell's Bold Future made a great impact – not only on the business, but also on the thousands of our leaders across the country. 🌱

*As the Chief People Officer of the nation's leading Mexican-style quick-service restaurant (QSR) chain, Connie Colao leads the company's initiatives for field and corporate human resources. Connie spearheads the management and organizational development, training, rewards and recognition, and fair employment practices for the talent that serves more than 35 million customers weekly in more than 5,500 restaurants.*

# Five Fundamental Truths of Corporate Strategy Execution

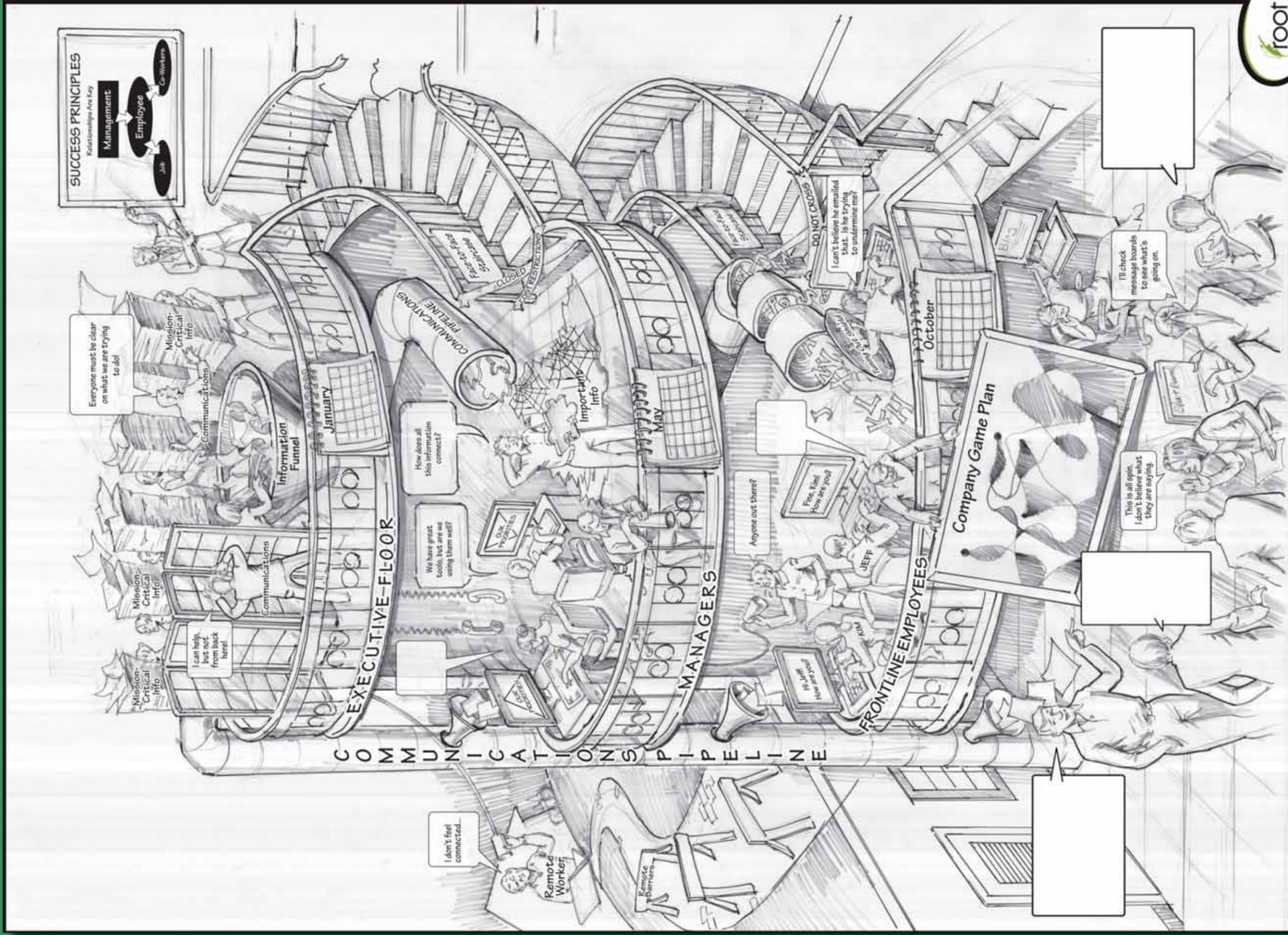
What do strategy, engagement, and culture have in common? These words are frequently used in the boardrooms of companies in Fortune 500 America, but at best, they mean different things to different people, and at worst, they mean nothing because they're over-used. "This is a really strategic project" has become code for "This project is important to me."

Once decoded, strategy is really about a focused effort at all levels of the business on how we'll win in the marketplace. This should clearly translate to the functional and managerial level of the business to inform incremental effort, initiative prioritization, and resource allocation. When done effectively, the ability to rally thousands of employees around a common strategic direction becomes a point of competitive differentiation.

In working with Fortune 500 executive teams to align on and deploy strategy, the organizations that effectively bring corporate strategies to life share a few common beliefs. And in organizations where strategy begins and ends with a PowerPoint presentation to the board, at least one of these beliefs is lacking.

**I. Strategy is about trade-offs.** It's just as important to decide what you will not do or stop doing as what you will start doing. At your next strategic planning session, ask yourself, "Am I as clear about what we are not going to do as to what we are going to do?" If the answer is no, you're not yet equipped to execute strategy. The output of your "stop doing" sessions can be as simple as not running an internal report that you aren't

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Even with innovative ways to communicate with each other, in most companies, it's still hard to get vital information from leaders to the managers to the frontline in a clear, timely manner. Top-down communication is essential as leaders cascade information about new strategies and how to activate them. Does this picture reflect the "Communication Frustration" in your organization?

Gather a group of colleagues around this picture and answer the questions. Grab a pencil! You can add quotes and pictures if you'd like!

1. This picture represents a typical organization. Let's start at the top. Describe the scene and read the labels and quotes.
2. How is information passed from the Executive Floor to the Managers?
3. Does it seem as if a lot of "info" is "mission-critical"? How does that affect the way it's communicated?
4. How are the Communications specialists involved on the Executive Floor?
5. Why don't the Executives just use the staircase? What does the broken railing mean?
6. Now, move to the Manager level. Look at the man with the puzzle piece and read his quote bubble. How is information presented to him?
7. Look at the two Managers at the computers. Does this ring true for your organization? What might the woman be saying to her colleague? Write this in her bubble.
8. Next, move to the Frontline Employees. What is different about how they receive information? How does it compare to the way Managers received it? How does it compare to the way the Executives originally sent it?
9. What do the two employees at the left show about today's communication?
10. The man with the shield at the right is not happy. How does poor communication cause mistrust?
11. One man is holding the Company Game Plan. What might he be saying? Write this in his bubble.
12. Does your company have workers who are based away from the main office? How does the man at the left get his information? Is it the same information that the other employees get?
13. The employees at the bottom of the picture are reacting to what they see. Do you think what they're saying reflects what the Executives intended? Fill in the other quote bubbles if you wish.
14. Notice the calendar pages on each level. How could delay affect strategy activation?
15. What could the employees at all levels do to share communications more effectively?
16. How could you use this picture to improve strategic communications at your organization?

# Your Strategy Needs Great COMMUNICATION

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Often, these blind spots shut down Strategy Activation by preventing people from developing a new worldview that represents an honest assessment of current reality and a crystal-clear picture for the future.

Through dialogue, data, and critical conversations, any of us can challenge our past thinking and change long-standing conclusions on how our business works. This is easier said than done. None of us will allow others to change our conclusions for us. We are the only ones who can do this. In our experience, people will tolerate the conclusions of their leaders, but they will act on their own. If the strategic actions that we each take are going to change, we must first change our conclusions – change our worldview. The key is getting people to think rather than telling them what to think.

Leaders who are adept at creating an authentic new worldview with their people often orchestrate a process where people can be engaged in critical marketplace thinking, understand their business as evolving systems, and craft “what-if” scenario thinking. Strategy Activation starts by recognizing that people’s worldview may start from the marketplace and work its way back, but the key is to provide the pace and sequence of critical thinking opportunities so each of us can change our conclusions from the inside out.

### The “Rules of the Road”

So given that there’s a new worldview, organizations need to plan their response, to define the “rules of the road” by which they will navigate this new world order. There is often an open struggle and near-warfare over how new strategies should be operationalized. Most commonly, this warfare

is among the businesses, functions, geographies, or any organizational structure that thinks it’s their job to say how the new strategy should work. Strategic practices vary, and almost everyone has to come up with a new game plan.

Any organizational strategy can mean a slow and difficult process to change the way work is done. One clear approach is to provide leaders a way to operationalize the strategy by placing change into three buckets.

1. **Hard lines** are non-negotiable ways to work together, often decided at the senior level and continuously supported. These may include new ways for R&D to work with managers to commercialize new products, or defining new ways for functions and businesses to work together to create customer solutions.
2. **Guidelines** are areas where boundaries or guard rails need to be established, but there is significant room to define exactly how to operationalize the strategy. For example, businesses now must make decisions on customer mega-trends to use in new offerings, where bets for the future are made. Guidelines are key, but the decisions reside at the business level.
3. **No lines** are just that – yours to define, determined at the local level. You don’t wait for someone else to go first. To paraphrase Gandhi, “You have to be the change that you expect in others.”

As you develop your “rules of the road,” ask:

- What are we doing together that we should continue doing together, and what are we doing together that is better done apart?
- How do we enlist those closest to the customer in setting the way we operationalize the strategy, and how do the functions support its implementation?
- What is the appropriate balance of risk and return?
- How much risk do we want to take to achieve the optimal level of return?

### It’s All About Behaviors

If a business’s strategy is intended to take us where we’ve never been, each of us will need to do things we’ve never done. Leaders will have to lead by taking personal risks and being vulnerable. Leaders need to lead change, build teams, and make the deployment of new strategy personal. When leaders commit to doing things differently, they give others the permission and chance to do this, too.

We recently worked with a large Fortune 500 company deploying a new strategy. When we gathered feedback from the top 300 leaders, we learned that there was an

extremely high level of skepticism about activating the new strategy.

At first, we thought that the ideas might have been weak or something was missed. However, we found that the strategy wasn’t the problem. It was the fundamental **disbelief that the senior leaders would change their behaviors** to make the strategy work!

For the majority of companies, leader behaviors are even more important than the strategy. Each person, and especially senior leaders, must ask, “What have I been hindering? Where should absolute confidence and resolve be replaced with curiosity, humility, and vulnerability?”

This kind of behavior can be uncharacteristic of leaders charging up the new strategy hill. But the best strategies in the world will fail if they are not humanized. Some companies think that if we repeat the strategy 40 times, people will understand it. In reality, it’s the blend of confidence and humility that reduces fear and provides a safety net so people can take personal risks to lead change, build teams, and personalize a strategy with individual behavior changes at the leadership level. 🌱

*When leaders commit to doing things differently, they give others the permission and chance to do this, too.*

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sure anyone is reading. Or it can be as mission-critical as which markets you won’t focus on because the revenue generated is dilutive to margin or merely not aligned with your long-term vision.

### 2. Strategy shouldn’t be created via democracy.

By definition, strategy should be controversial. Many leaders over-value alignment, wanting everyone to agree on what the business should do. If everyone agrees, it’s likely not that controversial and may not provide a competitive advantage. Leaders should not expect everyone on the senior team to agree, but that they will support the decisions once they are made. The leadership teams who truly understand this reality have created planning processes and cultural environments that foster intense debate and disagreement. Then, they hold each other rigorously accountable to supporting the decision once it has been made.

### 3. Strategy is a look forward, not a look back, and that’s what makes it so difficult.

The balanced scorecard that measures involuntary turnover and yield is a look back at the health of an organization, a measure of your “blood pressure” and “cholesterol.” Strategy, however, is a look forward into uncertainty, your workout plan for the future. You need both, but don’t mistake your balanced scorecard for your strategy direction.

### 4. Most companies spend hours defining a strategy, but far too few hours focusing on execution.

Consider how much time goes into building your strategic plan. Once it’s complete, if it’s shared at all, it’s at a town hall meeting or passed on by middle management via PowerPoint. If goals are developed based on the strategy and are cascaded through the organization, everyone will be rowing in the same strategic direction – right? This belief assumes that the employees who are responsible for executing the strategy understand it and have the capabilities to execute it. The most effective

organizations continually communicate the corporate strategy, assess the organizational capabilities to execute it, and develop training programs to bridge capability gaps.



### 5. To create relevant strategies, your entire executive team needs to spend time in the marketplace.

This seems fairly obvious. However, the next time you sit in a strategic planning session, look around the room and ask yourself how many people have spent time assessing the competition, identifying emerging trends, or meeting with customers. This knowledge is the “raw material” for strategy creation.

Ironically, this is the low-hanging fruit in many organizations; it’s just a matter of allocating time at the leadership level. Without the raw materials of a strategy that come from being curious and informed about your marketplace, your changing customers, and the competition, it’s impossible to create a viable winning strategy.

Many of these beliefs make a lot of sense when taught in top business schools. Yet, given the intense quarterly pressure of Wall Street, we take revenue wherever we can get it, and we don’t have time to think three to five years ahead. Over the last decade, the one consistency I’ve seen in best-in-class Fortune 1000 organizations is that they found the time, were steadfast in these beliefs, and dealt with today’s fire drills while building tomorrow’s value proposition. 🌱

# Events and News

**Want more information on activating your strategy?  
Check out the following...**

*If everyone is moving  
forward together, success  
takes care of itself.*

— Henry Ford

Visit Root in booth #203 at ASTD ICE, May 17—19 in Chicago, [www.astd.org](http://www.astd.org). See Gina Valenti, Hilton Hotels Corp., and Rich Berens, Root Learning, present the Hampton Story at ASTD, May 19, 8:00 to 9:15 am, Session #W118, Room W 470B.

SHRM Strategy Conference & Expo, October 6—8, JW Marriott San Antonio Hill Country Resort & Spa, San Antonio, TX, [www.shrm.org](http://www.shrm.org).

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