



Strategic Consulting Group Pty Ltd
22 Lang Street
Mosman NSW 2088
AUSTRALIA
P.O. Box 736
Spit Junction NSW 2088
Telephone: (02) 9960 6654
Fax (02) 9960 6541
Email: scgroup@ozemail.com.au
Web: www.petersaul.com.au

A.B.N. 76 002 591 200

**STRATEGIC OPPORTUNISM:
Planning for Tough and Turbulent Times**

by

Dr Peter Saul

**Director, Strategic Consulting Group; and
Consulting Coordinator for The Futures Foundation**

See: www.petersaul.com.au and www.futurists.net.au

STRATEGIC OPPORTUNISM: Planning for Tough and Turbulent Times

This article describes an approach to strategic planning that is being tested in several organizations in both the public and private sectors. It appears to be an approach that, in today's uncertain and demanding business environment, more effectively engages busy line managers than other commonly used approaches to planning.

The article also introduces a questionnaire instrument that can be used to support this planning approach by assessing the organization's ability to recognize and respond quickly to changes in its external environment and to implement strategic plans in a timely and coherent manner. The instrument can be used to identify where management action is needed in order to enhance the organization's readiness to take full advantage of strategic opportunities that may arise in the future.

Strategic Planning: The Annual Ritual

The challenge facing many organizations today in designing an annual planning process that is seen by busy line managers as a worthwhile investment of their time and effort is well summarised in the following extract from a CEO's introduction to a recent strategic planning workshop:

“Our traditional approach to strategic planning isn't working effectively any more. The idea of setting 3 or 5 year goals and plans designed to further our long term mission and vision and then marshalling resources in order to make the plans happen is increasingly inappropriate in a world where unforeseen issues and events regularly demand our attention... Stretch goals lose their effect when everyone is already fully stretched... We need to find a new approach to how we plan – one that doesn't leave us with plans that we have painstakingly laboured to produce but which we have not implemented because daily work pressures and external shocks lead us to do other things.”

John Pierce, Secretary of NSW Treasury, in introducing a new approach to the agency's planning for 2002-2003

The CEO quoted above went on to explain how previous attempts to set strategic goals and plans had implicitly presumed that his organization had the freedom and the control over its own activities to set goals and then marshal resources in such a way that would lead to the goals being achieved within a pre-determined timeframe. However, he now argued that Treasury would be more successful in creating the strategic changes that it sought if it followed a different planning and management process – one that involved the following elements:

1. building coalitions with key players (e.g. Ministers, Heads of Departments, professional and community groups, opinion-leading journalists) who have the potential to influence the external environment in which the organization operates. This coalition-building process will involve, amongst other things, simply doing the “daily grind tasks” well and delivering the organization's basic services to clients and other stakeholders in ways that they find helpful and useful.

2. creating future scenarios that identify the plausible windows of opportunity (and threat) that may open up over the next 1-3 years. He argued that it would be much easier for the organization to achieve strategic objectives if it was ready to act quickly when “all the planets are aligned” and key players are ready to move.
3. preparing detailed plans for quickly taking advantage of specific windows of opportunity that we believe may open up over the next planning period. This might include doing background research on particular trends and issues that might suddenly become critically important for Government and drafting action plans for moving quickly to respond to key stakeholders’ likely needs and expectations at these times. Other preparatory activities could include assessing and, if necessary, enhancing the organisation’s readiness to implement the action plans that are developed for grasping highly plausible strategic opportunities.
4. monitoring a range of relevant information and indicators that will give us early signals that a specific window of opportunity is opening for the organization and that it is time to finalise and prepare to implement the relevant action plan.
5. taking action to increase the likelihood that the scenarios which provide the best opportunities to implement action plans are realized.
6. when it is clear that a strategic opportunity has opened up, moving quickly to take full advantage of it.
7. taking the time to reflect on our experience of planning and managing in a changing environment so that we learn to do it better next year.
8. continuously reviewing Treasury’s service delivery objectives to ensure that they are aligned with the Government’s objectives.

While the creation of scenarios and action plans demands a significant initial investment of the organisation’s time and energy, once these are in place this “strategic opportunism”, as I am calling it, reduces the problem of the important work of implementing strategic plans being crowded out by urgent day-to-day work tasks. When both types of work are competing for a manager’s attention, the urgent typically drives out the important – particularly under circumstances where managers are running “lean and mean” organizations and do not have the resources to do much more than cope with the demands of the work that has immediate relevance to them and to their clients and important stakeholders.

“Strategic opportunism” offers a way to avoid this problem by identifying relatively short and specific time slots in which strategically important work is likely to result in a visible and significant outcome for the organization (and, if appraisal and reward systems are well designed, in significant payoffs for the manager and his/her team). It identifies windows of opportunity when there is likely to be a critical mass of energy working to support initiatives that the manager takes. This is very different to the typical strategic planning and management approach with its inexorable time deadlines that take little or no account of whether the circumstances under which a manager and his/her team must work are favourably disposed to the strategic initiative or not; and no account of whether the manager perceives that he/she is likely to create more highly rated performance outcomes for themselves and their team by not implementing the strategic plan than by doing so.

John Pierce at NSW Treasury has already taken the first steps in incorporating the elements of the process of strategic opportunism into his organisation’s annual planning process. Instead of asking his senior managers to put forward their suggested strategic initiatives and then rating them on their perceived attractiveness by the rest of the senior management team (the

approach used in the past), he asked the group to develop several scenarios of how their operating environment might evolve over the next few years. They then suggested strategic initiatives that would be supported by key stakeholders in each of the different possible future “worlds” in which the organization may find itself. They also identified early indicators of the emergence of each future scenario.

One immediate consequence of exploring the opportunities and threats inherent in several possible futures was a noticeable increase in the level of energy and involvement of his senior managers in the corporate planning workshop compared with previous years.

Strategic Opportunism: A Private Sector Case Study

Several organizations in the financial services industry have recently employed variations of the strategic planning and management approach described above to improve the effectiveness of their planning and product development processes.

Most recently, Dr Sohail Inayatullah and I, working under the auspices of The Futures Foundation, have helped a leading insurance company to develop scenarios for the home and car insurance markets in the year 2010. These scenarios spelled out likely “bundles” of social, technical, environmental, economic and political characteristics (representing futurists’ familiar STEEP variables) that would define each of four possible worlds that the industry could be confronted with in 2010. In each scenario, we helped the client to identify the “insurance value proposition” for car and home insurance. Then, using the four scenarios as their starting point, the business development team were guided through a computer assisted creative thinking process to come up with over 40 new product concepts. Some of these are already being developed to take advantage of previously unidentified market opportunities.

In developing answers to questions of how home and car owners in each 2010 scenario would see “risks” and “security” and what they would consider to be the most valuable insurance products, the organization grappled with questions such as:

- how would new technology influence home and car risks and relevant insurance products? For example, already in the US some insurance companies are offering policies that rely on global positioning technology in cars to identify when a car is stationary and when it is traveling in more risky environments in order to dynamically tailor a person’s premium to their specific usage patterns.
- will people still primarily seek insurance for individually owned cars and homes or will community or family groups want to insure shared resources?
- what new skills and partnerships will we need to develop? For example, will we need to build alliances with companies developing relevant new technology; will we need to train assessors to handle more complicated claims or to deal with new forms of fraud?
- what events or indicators will signal that a particular scenario is unfolding? What aspects of our environment should we be closely monitoring and responding to?
- what decisions and changes will need to be made by the organization, and at what point in the journey to 2010 will they need to be made, in order for the organization to shift from its current way of doing things to that which will be needed if it is to prosper in the new circumstances it will face in the world of 2010? What are the likely obstacles to those decisions and changes being made in a timely fashion and how might those obstacles be overcome?

Assessing Your Organisation's Capacity to Seize Strategic Opportunities

In adopting strategic opportunism as a planning method, senior managers will find it useful to be able to assess their organisation's capacity to recognize and respond to identified windows of opportunity (or threat) that require strategic changes. After all, there is no point in identifying strategic opportunities if your organization does not have the competencies and resources to take advantage of them.

Mark Youngblood, American author of the internationally best selling book, "Life at the Edge of Chaos—Creating the Quantum Organization" has developed one such instrument that can be administered online and for which international norms have been developed. The Organisational Agility (OA) Assessment questionnaire generates scores for the five following organizational dimensions on a scale ranging from industrial era types of organization to organic, self-organising forms of organisation:

Alignment	- Organizational commitment to a shared vision, values, and goals
Adaptability	- Employees' freedom and accountability to take appropriate action
Collaboration	- Ability and willingness to cooperate to achieve win-win outcomes
Innovation	- Ability to generate and sustain a high-level of innovation
Vitality	- Level of energy and commitment that employees bring to their work

For each dimension, the organization is assessed as being at one of four developmental levels:

1. **Bureaucratic** - hierarchical structure; focus on rules, procedures and financial numbers
2. **Managerial** - focus still on management systems but with a paternalistic culture and HR practices
3. **Agile** - efforts made to gain employee commitment to inspiring corporate vision and to tap employee creativity
4. **Dynamic** - practically no bureaucracy. Authority derives from know-how. Risk-taking, experimentation, and innovation are the norm. Information flows freely and people collaborate enthusiastically. Responses to marketplace changes occur almost immediately. Employees tend to be excited, energized, and totally committed to creating something that they care about.

An example of the kind of report that the Organisational Agility Assessment questionnaire can generate is online at www.petersaul.com.au under the "Sample Reports" link.

In Conclusion

The approach to planning described here as "strategic opportunism" combines leading edge concepts, methods and tools derived from several fields of study; e.g. futures studies, change management, organization structures, leadership and adult learning. It would appear to offer a way of doing strategic planning that is seen by busy line managers as more efficient, relevant and useful than some of the annual planning rituals that are legacies of more stable and predictable times - times when organizational resources were more plentiful than they are today.