

Strategic Options: A CFAR Tool to Sharpen Strategy

THE CHALLENGE

Last spring, the CEO of a major health care network was preparing for her semi-annual board meeting to review progress against the strategic plan. The organization faced some critical choices and was under considerable pressure to adapt to health care reform and a changing market to remain competitive. As the CEO considered her options, she worried that the current strategic plan would need more than a little “tinkering.” It had been created in what was already a very different economic climate and was out of touch with changes in patient needs, shifting financial drivers, and advances in clinical expertise. The CEO wanted to develop a strategic plan that honored the organization’s history and values while taking advantage of emerging opportunities. And they wanted something fast. They selected CFAR to help.

HOW CFAR HELPED

CFAR applied Strategic Options to surface the deeply held assumptions and beliefs about factors that contribute to success among a diverse and dispersed leadership of more than 100 people. Strategic Options identified differences among board members, clinical and administrative leaders and helped the executive team reach a decision about how to refresh the organization’s strategy. Survey results were a stimulus for leaders to find a “meeting of minds” in a day and a half retreat, culminating in a revised programmatic path, refocused investment discipline, new revenue identified, and reengaged and energized board and executives with new appreciation for what defined success.

CFAR’s view of strategy

CFAR maintains that strategy is what you do, not what you say. Strategy is built on assumptions about the external and internal environments. When the environment changes—sometimes noticeably and sometimes imperceptibly—leaders’ views of strategy may become out of sync with a dynamic reality. As leaders encounter the world from their different functions and perspectives, they need a way to synthesize their experience into a richer set of alternatives for the future. Uncovering and examining assumptions that drive what organizations do advances the fundamental work of leaders as they lay out the future direction of their business.

In choosing a strategic direction, a business must say “no” to some alternatives or activities in order to focus on others, potentially creating a sense of winning and losing among organization members. Strategic Options helps you become clear about assumptions and choices while productively harnessing the tension, energy, and risk inherent in these choices.

CFAR’s strategy method

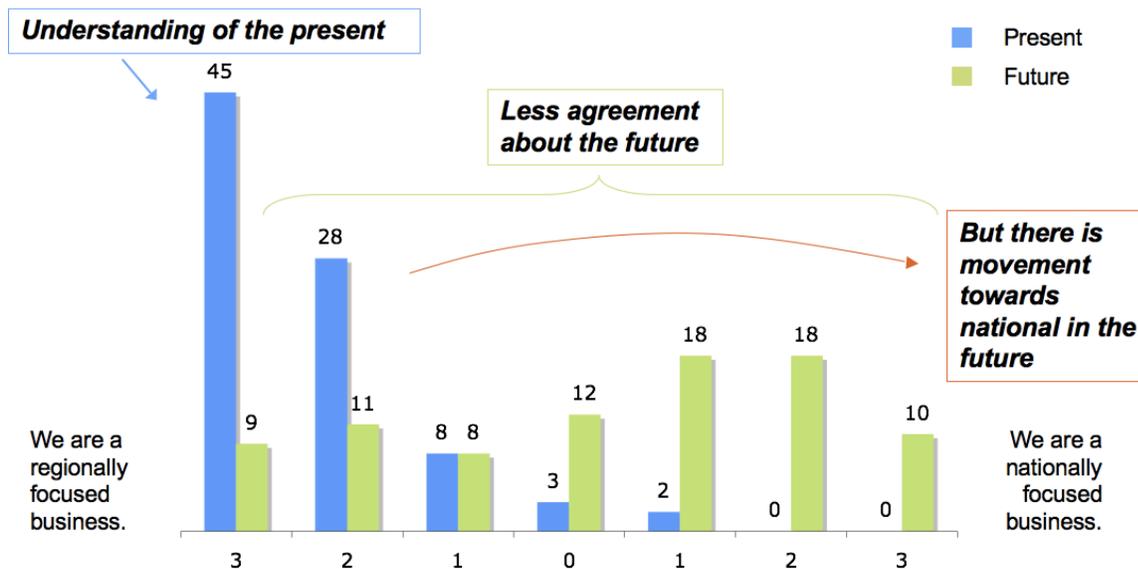
Strategic Options is one tool in CFAR’s approach to strategy, an approach that is rooted in merging hard analytics with organizational behavior. As an introduction to this approach, Strategic Options is an efficient, cost-effective, tested tool for getting to the heart of strategy issues, providing data that moves from difficult conversations among a team of knowledgeable executives, to real choice. It sets the stage for plans that envision a grounded path forward—one that has already dealt with the issues of execution that can otherwise derail change.

When you engage CFAR, you get both our expertise in the content of strategy as well as in the process of change—you get our way of working. Our tools are designed to be delivered by CFAR trained consultants—experienced in the art and science of business—in a relationship with you, driving results together.

WHAT DOES STRATEGIC OPTIONS DO?

- It clearly identifies where people agree and disagree. Good strategy is built from a platform of shared assumptions about the organization's strengths and weaknesses and the environment in which it operates. Strategic Options highlights divergence of opinion. It then guides discussions where decision-makers come to a shared view of the success factors—and their salience and connections—that will drive the new strategy.
- It highlights what's most important. By focusing on the issues of prime importance, the tool streamlines the process of collaboratively reaching decisions.
- It captures many voices and perspectives. Anywhere from fifteen to several hundred people can respond to the survey, providing input for senior leadership to consider as part of the strategic planning process. This means that the voices of people throughout the organization can be represented, even when those people are not in the room as decision makers, but will have to take any decisions forward.
- It allows for degrees of choice. Strategic Options recognizes that choices about strategy do not have to be black and white, all or nothing. It helps people think creatively about the future, and come to understand the full range of possibilities available.
- It guides the development of strategic scenarios. It helps decision-makers move from vague ideas about the future to a set of concrete scenarios that can be used to make informed choices about strategic direction.

A Sample Analysis of a Strategic Choice



ABOUT CFAR

Originally the largest research center within The Wharton School of the University of Pennsylvania, CFAR was spun off as a private practice 22 years ago and serves clients worldwide from offices in Philadelphia and Boston. We are an experienced management consulting firm specializing in organizational development and strategy for large, complex enterprises with multiple stakeholders and diverse interests. Our interdisciplinary staff holds advanced degrees in such varied disciplines as economics, organizational behavior, finance, anthropology, strategy and psychology. As organizations grapple with complex strategic choices—often on a very large scale—CFAR's skills in combining business analytics with applied social sciences can help leaders set a strategic course that supports sustainable, long-term improvement and competitive advantage.

For more information about CFAR's approach to strategy, Telling the Strategy Story, visit our website, www.cfar.com.