



Thinking Backward Instead of Forward: A Radical Approach to Strategy Execution

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Setting strategy and creating challenging goals for an organization is the task of senior management in any company. Making conscious choices about resources, priorities, and the sequence of initiatives up front, so that the organization has the possibility of successfully implementing strategy, is more daunting today than it ever has been.

During the late 1980's and 1990's, management in most successful corporations set challenging business objectives, resulting in organizations rising above and beyond their standard levels of performance. Consistently setting more aggressive targets and being sure that those targets were met was the order of the day. This worked well when organizations had both the resources to do the necessary day-to-day tasks as well as the extra support required to meet these new challenges. At the time, there often was enough slack in the system or flexibility in the work process to allow organizations to mobilize to the next level.

In today's business environment things are different. Most organizations have downsized to the point that the majority of resources are over-committed, and frequently stretched to the breaking point. Additionally, as we have seen in our recent economic upturn, companies are reticent to quickly add to the workforce. This presents senior management with a significant challenge. Since most of the easily implemented initiatives to improve organizational performance have been acted upon, it is becoming much more difficult to find simple ways to improve efficiency and performance. And, more often than not, when it is possible to find a potential improvement opportunity, there are no resources to implement the program.

Most managers are aware of the dilemma they face but hope nonetheless that by simply creating aggressive strategies and goals they will mobilize the organization in to a higher level of productivity. Thus, they create additional, and impossible-to-implement, "strategic" initiatives on top of the existing, and under-supported, initiatives. This approach only exacerbates the situation by placing management and employees under increased stress, as they struggle to follow through on these new strategic initiatives.

Why it is Happening

For a variety of reasons, managers are often not able to see the difficult issues that need to be solved, nor are they in a position to make the choices necessary to set the foundation for future success.



Hard to See the Entire System

Unfortunately, most managers don't have at their disposal a means to really see the implications that their stated goals have for the entire organizational system. While effective at working at the strategic and balanced-score-card level, many managers are ineffective at understanding the full impact of their decision-making on the organization as a whole. Frequently, they have an overly simplistic view of the impact of their decisions and the effort required to successfully implement those decisions. Top management is often out of touch with the reality of implementing a strategy. Alternately, they may take the stance of needing to micromanage the process in order to ensure its success, and often when managers do dig in to the detailed project plans, they become overwhelmed with the complexity of the implementation process. The impact of mishandlings like these is frequently felt by others lower-down in the organization. Additionally, cross-organizational interdependencies, organizational politics, geographical dispersion, and numerous other factors may make it hard to see precisely what is happening until the situation reaches a crisis level.

Lack of Urgency: Focus on What's Exciting Today Versus What Is Important Tomorrow

Twenty-five years ago there were no fax machines, e-mail, cell phones, Blackberry's, or pagers, and today, thanks to modern technology, it is nearly impossible to ignore the crisis of the day. It is therefore no surprise that the disciplined and methodical implementation of longer-term strategic goals gets hijacked by daily tasks and emergencies. While keeping a key customer account is certainly important, being so focused on such daily tasks doesn't leave much energy for the implementation of a distant strategic goal.

What's really going on here? We can call it "The Law of Organizational Gravity," a phenomenon that most organizations simply don't understand. The Law of Organizational Gravity states:

What is urgent today -- whether it is a problem with a key external customer, a top management transition, re-organization, or the latest corporate program -- will take priority over what is long term and strategic.

Why? In today's world, people's sense of urgency and focus seems to only exist for issues that are a maximum of three-to-six weeks in the future. Anything beyond this time frame is generally too far in the future to warrant being considered a top priority. Thus everything else, including the important strategic goals, takes a back seat to these more immediate concerns.



Planning from Today's Realities Toward Tomorrow's Future

Most organizations plan from today's problems and realities toward the strategic goals. They do this because they have been brought up with a set of notions about planning that actually are counter-productive to strategic execution. We can call this forward planning, and it allows people to live with their current assumptions and beliefs as the basis for what steps are taken to achieve the distant strategic future. The problem is this creates a series of predictable errors:

1. In the beginning, things seem easy, with huge business results and process improvements happening at the 11th hour across multiple initiatives.
2. A great number of activities are planned which produce little or no tangible business results but require many resources.
3. The urgent need of the day takes priority over the less urgent activities needed to implement the distant strategic outcome -- for example: "We have eighteen months to get those results" -- and resources are diverted.
4. Many key decisions on approach, resourcing, and other important elements are postponed until the fall-out from lack of decision-making creates a crisis for multiple initiatives.
5. As resources and decisions are delayed, the initiatives become more about performing activities so as not to look bad than to actually achieve the results.
6. Everyone hides the reality that many of the initiatives are in trouble with the hope that something amazing will happen to get everyone out of the mess.
7. Everyone is relieved when the results are changed to fit the activities taken. The goals are re-written given the new "reality."
8. Strategy and strategic goals are seen as ever-moving targets, resulting in few people really feeling that the strategy is important.
9. A scapegoat is found to blame for the lack of results and a new executive/strategic Vice President is brought in, who then starts the whole process over again.

Most organizations change their goals each year, not because the external world has dramatically changed, but because they have so dramatically failed at implementing the last year's strategy that it is necessary to start from scratch.

Building the House on a Bad Foundation

"Every business, in fact every organization, operates on a business theory -- that is, on a set of assumptions regarding the outside (customers, markets, distributive channels, competition) and a set of assumptions regarding the inside (core competencies, technology, products, processes). The company and its executives usually take these assumptions for holy writ. It is on them that they base their decisions, their actions, and their behavior. For a business theory is not a law of nature. Eventually it becomes inappropriate to the realities of the market and technology."

*From **New Business Game** by Peter Drucker*



Most strategic efforts attempt to address the issues described above by Mr. Drucker, but those efforts rarely succeed. Most fail to clearly identify the underlying assumptions that need to be changed to ensure success. Planning in detail from today's realities toward the future reinforces the prevailing assumptions; by the time it's discovered that something is amiss, it is too late to remedy the situation.

What is the Alternative?

Plan *Backward* from the Future Goals

Forward based planning is like driving a car looking in the rearview mirror. What can be called "Results Focused Backplanning" is about starting at the end point and walking back toward the present, identifying what must be in place in earlier timeframes to meet the final outcomes. Thus, we are redefining what must be done now from the perspective of the future. When we plan from the end date -- say twenty-four months out -- and define what earlier *results* (versus activities) must be in place by month twenty-one, eighteen, fifteen, twelve, nine, six, and three, we often discover several crucial things:

- A significant number of major events and results must happen in the zero-to-three month time-frame to meet the needed two-year outcomes.
- Existing approaches to getting work done are no longer adequate. Results and actions that people believed they had six to nine months to achieve and perform must occur much sooner, and the current model for getting the job done is ineffective. This means that the practice of "thinking out of the box" shifts from an interesting exercise to a dire necessity.
- At the risk of delaying strategic results, previously unresolved top management decisions become urgent issues to be resolved immediately. In other words, there is a crucial difference between the statements "I need two resources" and "For every month we don't have these two resources, a key strategic result slips."
- Problematic underlying assumptions become easier to identify as the conflict between what is seen in the Results Focused Backplan clash with the unworkable current assumptions.

The six core principles of Results Focused Backplanning are:

1. Emphasize Simplicity and Cross-Organizational Collaboration

Creating a backplan allows cross-organizational groups to see on one piece of paper the interplay between the various key results that must be accomplished. In other words, what was previously a complex set of detailed plans from different groups with different assumptions is now coalesced on one page for all parties to see. The key results that must be achieved by the disparate groups in a particular time frame is clear. Handoffs and timing issues between the different groups can now be discussed.



2. Focus on Results and Next Steps

Many people tend to put in place a set of “nice” action steps that fit the time-frame but don’t force the hard issues to the surface. A key element in the Backplanning model is to focus on tangible events (e.g. plant operation) and results (say, \$3 million in new orders), and then take these backward to define what earlier results must be achieved in earlier timeframes. This transforms a distant outcome that everyone feels is overwhelming in to the key results which must be achieved in the next three months the keep the strategy from falling in to jeopardy. This creates focus, urgency, and immediate action. Each phase of a Results Focused Backplan is defined by the next result that must be accomplished. In this way the momentum and energy is maintained, the organization is able to see that they are making the needed progress, and the strategy is getting implemented.

3. Leverage the 80/20 Rule

One mistake made by most organizations is trying to do everything with the same amount of effort. The result is little progress. Backplanning works to help organizations identify the 20% of the results that, if achieved, generate 80% of the desired strategic goals. Though this concept isn’t anything new, the ability of organizations to effectively find the 20% focus that drives 80% of the results is uncommon.

4. Create Clear Balancing of Resources to Initiatives Needed to Meet the Goals

Today, probably the most daunting task of management is the ability to effectively allocate critical resources. Results Focused Backplans makes it clear across the organization what resources are needed, when, and for how long. Quickly, management can see where disaster might occur, and can then begin to stagger and realign resources to allow all the initiatives to succeed on their own merit. This alone has the potential for significantly increasing the chance of successfully implementing the overall strategy.

5. Build Understanding and Cooperation

In most organizations, a meeting of all the key managers to prioritize work results in politics, intrigue, and decisions that leave everyone equally under-supported, or the wrong group getting all of the work and resources. By working from the final end-point back toward the present moment, everyone discovers at the same time the area that must achieve results in the next three months under peril of all groups suffering. Thus, the group that everyone is dependent upon gets the needed support without it being a winner-takes-all experience.

6. Hold Fast to Your Goals

What many organizations do when the interim results aren’t what they want is to abandon the final goals. The Results Focused Backplan model reinforces that interim setbacks



may occur, but that the final goal and time-frame doesn't change. In most models problems don't rise to the top management levels until eighteen months in to a twenty-four month plan, even though many individuals lower down in the organization have been struggling with the delays for six to nine months. In the Backplan model, the setbacks are visible early, which allows for solutions to be created while time is still at hand.

In Summary

Results Focused Backplanning is designed to maximize the following behaviors within an organization:

- The discovery and re-definition of the underlying assumptions that determine success.
- Fostering an understanding of the innovation needed to meet the demanding business objectives.
- A concise translation of complexity into simplicity.
- Recognizing the importance of addressing the hard business issues up front in order to create the foundation for success.
- The discovery of the 20% of the work that will create 80 % of the results.
- Establishing a clear balance of resources with all initiatives to meet the strategic goals.
- Facilitating and emphasizing the needed cross-organizational collaboration.
- The creation of consistent urgency related to implementing the distant goals and strategy.

The benefits of working backward are many. Existing approaches to getting work done are replaced by something better, and now, long before it is the eleventh hour, the top team is clear concerning what *must* be done today. What was previously a complex set of detailed plans from different groups with different assumptions is now a focused, unified roadmap. As a result, the top team gets to see the reality of how many initiatives can be achieved in parallel given available resources, and the hard discussions are forced out on the table. The steps needed to achieve the key results are now clear.