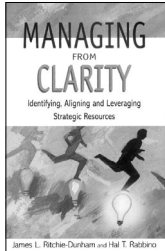




A SYSTEMIC APPROACH TO STRATEGY

BY KRISTIN COBBLE



Managing from Clarity: Identifying, Aligning and Leveraging Strategic Resources

by James Ritchie-Dunham and Hal Rabbino

In *Managing from Clarity: Identifying, Aligning and Leveraging Strategic Resources* (John Wiley & Sons, 2001), Jim Ritchie-Dunham and Hal Rabbino offer a new approach to systems thinking that has the potential to revolutionize the development, implementation, and ongoing refinement of strategy. This methodology, created by Ritchie-Dunham, enables executives to develop strategy for rapidly changing, dynamically complex environments by truly considering the whole system, including goals, resources, actions, people, performance indicators, and organizational design. Managers interested in how systems thinking can enhance strategy development will find the methodology outlined in this book compelling.

A Fast Start

What initially caught my attention about the “GRASP” methodology (an acronym for Goals, Resources, Actions, Structure, People) was that instead of starting with a focus on a chronic issue, it begins with the question, “Why does the system exist?” or “What is the highest goal of the organization?” Whereas launching an intervention with a problem focus can create defensiveness and resistance, executives are usually quite

happy to explore such higher-level questions. Using GRASP, once they agree on the global goal, they then explore, “What does the organization do to achieve the global

goal?” and finally, “What does the organization do to achieve its sub-goals?”

Executive teams and other key players usually discover they have different understandings of the company’s goals. Through this discussion, they become clearer and more aligned in their thinking about their business. At the end of this conversation, the white board is covered with their goals, displayed in a hierarchical fashion and written in a way that is consistent with how managers talk and think about their business. This is the beginning of the methodology’s causal loop map. The corporate goals are at the top; the sub-goals are next; then resources, actions, structures, and people (staff resources) follow. Because the GRASP causal loop diagram is drawn in this structured fashion, its inherent logic makes it easier to read and interpret than traditional causal loop/systemic renderings.

The GRASP methodology also distinguishes between value-creating, value-driving, and enabling resources. This stratification makes explicit the need to act on a lower-level resource (for instance, an *enabling* resource such as “call response time”) in order to have an effect on a higher-level resource (for instance, a *value-creating* resource such as “customer satisfaction”). This approach highlights that you generally can’t push directly on value-creating resources—although executives often want to do so.

Once the causal loop map is developed, the GRASP methodology includes some powerful analytical tools, including Trend, MICMAC, and Performance Measurement analysis.

Trend Analysis

Some methodologies advocate simply looking at the past, present, and desired

future of a few key variables. Using GRASP, however, executives analyze variables with a great deal of precision, rating each in three time frames (the past, expected future, and desired future) according to whether it is increasing, decreasing, etc. This analysis of trends makes clear how different stakeholders view the organization’s resources, facilitating open conversations about previously undiscussable topics, such as areas of the company that are not being managed effectively. Executive teams are often shocked to learn how different their mental models about the state of the organization are. By identifying conflicting and/or reinforcing trends across the organization, executives can spot where managers didn’t anticipate the impact of a local policy on global performance.

MICMAC Analysis

MICMAC analysis shows the relative influence and exposure of each resource relative to the others in the system, without having to create a mathematical simulation. (MICMAC, a French acronym, was originally developed by Michel Godet). The authors have created software that automates the tool, enabling users to very quickly assess the leverage points in the system. The analysis sorts resources into four categories: Key Leverage (variables that most easily change the system), Complex Leverage (variables that require significant coordination to affect), Summary Indicators (variables that are good indicators of a system’s health), and Low Leverage (variables of relatively low influence). Although it does not create predictive patterns, as a mathematical simulation would, it gives you a tremendous amount of information

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about the leverage of each resource relative to others in the system.

Performance Measurement Analysis

Through Performance Measurement analysis, participants make explicit the existing performance metrics for each group in the organization. Additionally, performance indicators are created that promote a systemic approach to managing the organization. The result is a set of powerful leading and lagging indicators of *overall systemic* performance. These new metrics enable managers to shift their daily focus from management based primarily on lagging functional indicators to management based on leading systemic indicators.

A Framework for Thinking

This is not a plug-and-play methodology; it is a powerful framework that brings the systemic view of the organi-

zation to life. Using GRASP requires a willingness to think deeply. Written as a “how-to” manual for strategic planners, systems thinking practitioners, and consultants, *Managing from Clarity* is probably too technical for most executives.

However, managers do not need to know how to execute the GRASP methodology in order to make use of it. If they have a competent person develop and validate the analysis with members of the executive team and key managers, they will be able to use this approach to develop, refine, and implement strategy over time.

Having used this methodology in one client situation and witnessed it in several others, my greatest disappointment is that the book does not communicate how powerful GRASP really is. Even in a rapidly evolving start-up, where the company focus morphed three times over the course of a year, the basic analysis remained largely unchanged. In another organization, management used the analysis to test

the efficacy of their new strategy developed a year after the initial analysis had been completed. (And they didn't have to call the consultants back in for help.) This isn't systems thinking that becomes just an interesting analysis sitting on a shelf somewhere; the GRASP methodology is a tremendous addition to the field that enables leaders to make better business decisions on a daily basis. ■

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