STRATEGIC INITIATIVES: FUSION OF KNOWLEDGE, ECONOMIC, AND MANAGEMENT CONCEPTS

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Introduction

Thank you for having me here today. It is an honor to be a keynote speaker for the International 7th Knowledge, Economy and Management Congress. At least one of my former doctoral advisees, Dr. Mesut Akdere, is in the audience today. Mesut studied at the University of Minnesota where I served on the graduate faculty for 25 years. I have more recently worked with The University of Texas helping that university start up a new PhD program in Human Resource Development within their College of Business and Technology. Throughout my academic career I have consulted with all types of organizations in the realms of performance improvement at the individual, team, work process, and organizational levels.

Before getting into my presentation, it is important to acknowledge the important work carried out by the members of this congress. You have demanding and important challenges in front of you and I have great respect for your work as scholars, policy makers, and practitioners.

Purpose

The challenge I am addressing today is focused on strategic organizational initiatives that require change agents who (1) understand how knowledge and expertise is gained and utilized, (2) understand economic principles and practices, and (3) understand management concepts that hold it all together for the purpose of advancing the system. Performance improvement expertise grounded in these three realms does not develop automatically in decision-makers. This expertise needs to be purposefuly developed (Van de Ven & Johnson, 2006). As organizational systems increase in complexity, as customer demands increase in variety, and as marketplace competition heats up-- the demands on practitioners and scholars intensifies.

Thus, the practical purposes of my presentation are (1) to focus on opportunities for change agent scholars and practitioners in Turkey to take the lead through strategic initiatives and (2) to provide some practical tools for assuming this leadership role.

Nature of the Opportunity

Organizational decision-makers have equal access to readily available tools, techniques, hardware, and software that promise performance gains. The strategic decision is one of appropriate fit to the organizational need and it adequacy in meeting those needs. Clearly, efforts aimed at change and improvements require new knowledge, new thinking, and new expertise. They require your expertise and strategic involvement.

Shocking as it may seem, many of us regularly sit and wait for assignments from organizational leaders. This is instead of proactively helping organizations sort through their performance requirements and strategy choices.

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Case Example

A few years ago, one of my doctoral students was the Human Resource Director for a healthcare provider organization. His primary role was to oversee a management development system. The system he directed consisted of a curriculum with sets of established courses available for various levels of supervisory and management employees in the corporation.

The HR Director was learning about performance-based interventions and strategic performance improvement methods and decided to take on a new challenge. He joined a management team that analyzed the company's loss of health care customers. These losses were taking place in a very competitive healthcare market. The root cause of customer losses was determined to be poor customer service. Without going into extreme detail, there were important system changes made in the organization along with the challenge of getting existing employees to learn the new system and to learn to treat customers nicely. The HR Director carried out the learning and organization development part of the intervention at a cost of $24,000. The performance result for the company was very large financial return on the $24,000 HR expenditure that yielded $280,000 during the 12-month follow-up evaluation period. With such a large return on investment (over 11 to 1), the HR director began the journey of becoming a true strategic partner.

Three Strategic Initiatives

I have selected thee specific initiatives for you to consider in providing strategic leadership to organizations. They include:

> • Maintaining a Strategic Posture
>
> • Achieving Strategic Results
>
> • Building Organizational Strategic Capacity

Maintaining a Strategic Posture

The way people view themselves and their professional role is fundamental. In order for a strategic posture to be realized, it must be backed up with clear knowledge and expertise. I contend that a strategic posture is required to engage in strategic initiatives. Strategic posturing by strategy leaders requires (1) a systems orientation, (2) an economic orientation, and (3) a capacity to partner.

Systems Orientation.

In the case of the HR Director in the healthcare organization, he moved out of his "school-house" system into the larger corporate system. He did this while still retaining a clear understanding of his primary human resource development role. In order to make this change, he needed a systems view of the organization and his work within it. I contend that we all need an organizational systems worldview in order to be strategic. I will quickly highlight three thinking tools that help is establishing and maintaining a systems orientation.

I find the following *Systems Model of Performance Improvement* (Figure 1) to be extremely useful. Here you see that I view my work from a process perspective and that the process takes place in a host organization for the purpose of improving performance.
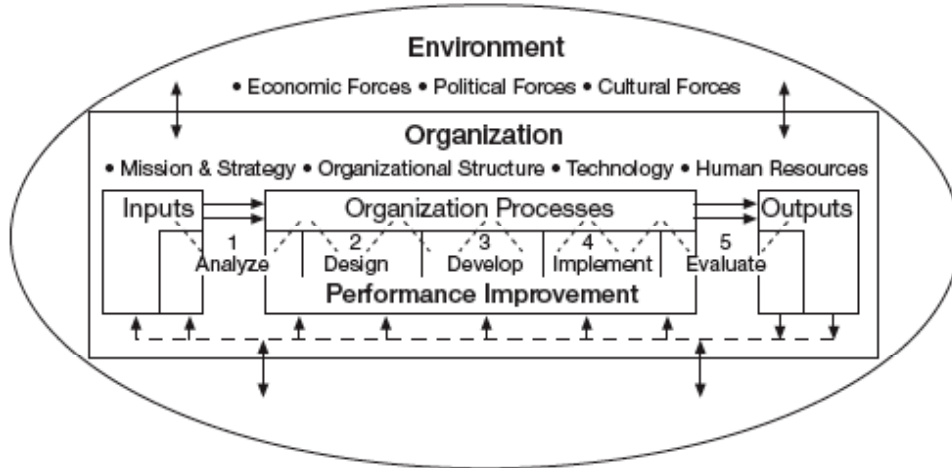
Figure 1: Systems Model of Performance Improvement

Swanson, R. A. (2007). *Analysis for Improving Performance*. San Francisco: Berrett-Koehler, p. 25

A second thinking tool is the *Taxonomy of Performance* (Figure 2). It helps to think more clearly about both the level of the organizational problem being addressed and the nature of the intervention required to improve the situation. The *Performance Diagnosis Matrix* (Figure 3) is an inquiry template for collecting, sorting, reporting, and analyzing detailed organizational information related to performance issues. The analysis require to fill the matrix is invaluable in identifying the relevant performance variables and their connections. I will refer to these figures later.
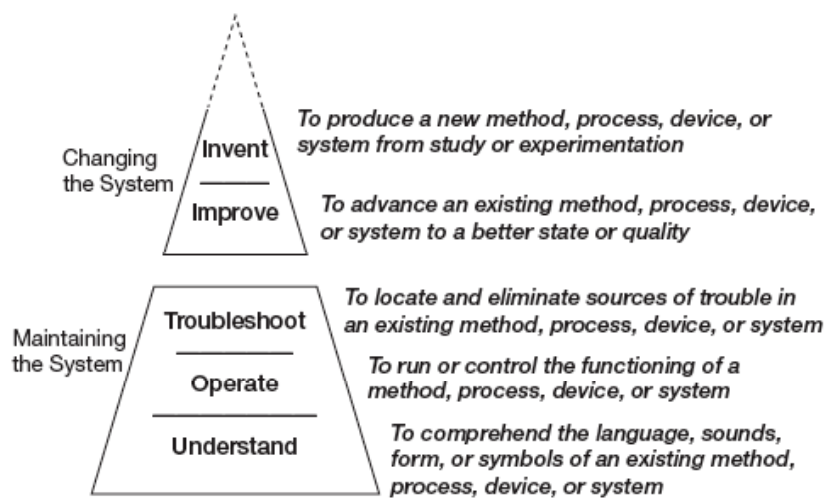

Figure 2: Taxonomy of Performance

Swanson, R. A. (2007). *Analysis for Improving Performance*. San Francisco: Berrett-Koehler, p. 24

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Performance Variables	Performance Levels			
	Organization Level	Process Level	Team Level	Individual Level
Mission/Goal	Does the organization mission/goal fit the reality of the economic, political, and cultural forces?	Do the process goals enable the organization to meet organization and individual missions/goals?	Do the team goals provide congruence with the process and individual goals?	Are the professional and personal mission/goals of individuals congruent with the organization's?
System Design	Does the organization system provide structure and policies supporting the desired performance?	Are processes designed in such a way to work as a system?	Do the team dynamics function in such a way to facilitate collaboration and performance?	Does the individual face obstacles that impede his or her job performance?
Capacity	Does the organization have the leadership, capital, and infrastructure to achieve its mission/goals?	Does the process have the capacity to perform (quantity, quality, and timeliness)?	Does the team have the combined capacity to effectively and efficiently meet the performance goals?	Does the individual have the mental, physical, and emotional capacity to perform?
Motivation	Do the policies, culture, and reward systems support the desired performance?	Does the process provide the information and human factors required to maintain it?	Does the team function in a respectful and supportive manner?	Does the individual want to perform no matter what?
Expertise	Does the organization establish and maintain selection and training policies and resources?	Does the process of developing expertise meet the changing demands of changing processes?	Does the team have the team process expertise to perform?	Does the individual have the knowledge and expertise to perform?

Figure 3: Performance Diagnosis Matrix

Swanson, R. A. (2007). *Analysis for Improving Performance*. San Francisco: Berrett-Koehler, p. 64

These thinking tools, or equivalent options, are mandatory for corporate educators to develop and maintain a strategic posture. I have also prepared a *Human Resource Development Brief*

that concisely addresses the foundational issue of our discipline. The brief can be found in the "Tool" section of my website [http://richardswanson.com/].

Economic Orientation.

Human capital (Bassi & McMurrer, 2007: Becker, 1975) and social capital (Bourdieu, 1977; Storberg, 2002) theory and research clearly informs us of the important economic contribution that investments in learning and human-friendly systems can make. Specific studies within the profession continue to validate this fact. Yet, there is reluctance by many of us to pursue evaluation in general, and in particular, the economic assessment of the benefits of our work (Swanson, 2005).

The core lesson from the research is that sound investments yield very high financial returns. The following conditions appears to be the basis for obtaining these high returns on investment (Swanson, 2005):

- Identification of important performance need.

- Diagnosis of performance variables related to the needed performance that result in a performance improvement plan.

- Systematic execution of the intervention.

Capacity to Partner.

A saying I have goes like this-- *one way of gaining control is to give up control*. The idea is that holding on to your own entity too tightly can limit you and limit your corporate function. Inviting people in and reaching out may feel risky at times, but the potential is great.

It is important to recognize that learning by itself will not ensure performance. In order for learning to be strategic, it must be supported in the organization (see Figure 3). In order to intelligently partner with others, it is important to become a student of the organization and to view people through an organizational systems model (see Figure 1). Strategy scholars, practitioners, and policy makers increase their strategic potential as a result of their capacity to partner with other professionals and organizational functions.

Achieving Strategic Results

Much of what I have said already acknowledges the need to achieve strategic results. In the end, a record of performance is required to sustain a record of strategic initiatives. Achieving performance results through strategic interventions requires a (1) focus on performance results, (2) starting with performance problems, and (3) moving on to performance improvements.

Focus on Performance Results.

Performance can be thought of as mission-related outputs in the form of goods and services produced at various levels (system, organization, group, work process, and individuals). When a development process is central to an organization. It is logically and operationally connected to mission-level outputs of its host organization.

Organizations (with some exceptions) are not in the business educating and developing employees. They engage in strategic initiatives for the purpose of helping to achieve other goals. Thus, learning, planning, and development interventions can be thought of as performance drivers. A performance driver that is not connected to important organizational goals and the variables required to achieve them is generally ineffective-- and can even be harmful.

One way to classify the performance requirements of an organization is to think of them as (1) present performance problems (painful shortcomings), (2) performance improvements (nice to accomplish), and (3) future performance (preparation).

Starting with Performance Problems

Present performance problems are those obvious and painful performance shortcomings that are easily observed and verified. They are characterized by evidence such as missed goals, high waste, and poor quality. It is usually quite easy to get decision-makers to agree that the present performance problem exists, that it is important to get it solved, and that they will know when it is solved.

The challenge is in analyzing the situation to make sure that the solution you are proposing is adequate, or of the combined intervention you and your organizational partners can deliver is adequate (see Figure1). Strategy leaders wanting to build a record of success need to engage in performance diagnosis (see Figure 3) to make these critical connections that ensure success.

Moving on to Performance Improvements.

Performance Improvements can be viewed as "nice to do." As an example, years ago I was working with the training department of a manufacturing company. The trainers wanted to become more strategic in their company. Managers asked the trainers to cross-train production workers so that they could cover for other employees during their vacation time. Early in the up-front diagnosis, I discovered that almost 50% the project being produced were rejects. The serious present performance problem of 50% rejects became the focus of the strategic training, not the "nice to do" cross training of employees.

My advice is to first become firmly established as a strategic partner through a record of success in solving present performance problems. After that, you should consider moving on to performance improvements (nice to accomplish), and then on to pursuing future performance challenges.

Building Organizational Strategic Capacity

The third specific initiative focuses on building organizational strategic capacity for the future capacity. Developers should provide strategic leadership by taking charge of the process of building organizational capacity for the uncertain futures that face their companies. Corporate educators should master the scenario planning process and lead scenario-planning efforts in their organizations.

Scenario Planning versus Strategic Planning.

Scenario planning is essentially a guided learning process while strategic planning serves to identify the best single path to a future state. These two are illustrated in Figure 5. The scenario funnel is expansive and the strategy funnel is restrictive.

Figure 1: **STRATEGIC ORGANIZATIONAL PLANNING (SOP)**
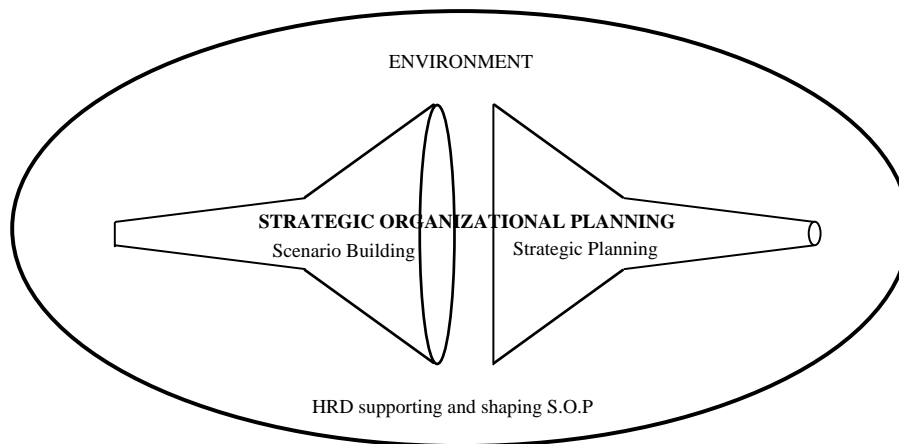
Source: Swanson, Lynham, Ruona, and Provo. 1998, p. 591

Scenarios provide a way of thinking and planning about the future. Reflective practitioners working in the corporate world developed the scenario- planning process. They are only now being fully researched. Practitioners and scholars have been concerned about the weaknesses of traditional strategic planning. Traditional strategic planning for the future generally relies on past data and the changes that are expected to impact on the future. Studies have shown that most strategic forecasts are wrong. Scenario planning is an alternative approach. Instead of being focused on the most likely forecasted future, scenario planning looks at a range of possible futures.

Scenario Planning Process.

The general method of scenario planning is illustrated in Figure 6 and through the more specific list of steps that follow:
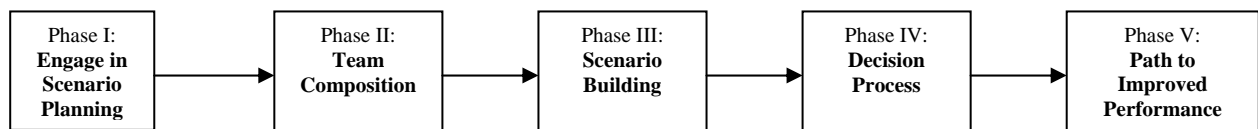

Figure 6: Generic Scenario Planning Model

 Keough, S. & Shanahan, K. (2008). Scenario planning: Toward a more complete model for practice, p.168.

The steps in the scenario development planning process include (Schwartz, 1996):

  1. Deciding on the question

  2. Identifying the key factors

  3. Identifying the larger driving forces

  4. Ranking the factors for import and uncertainty

  5. Choosing factors to structure a matrix

  6. Filling in details in each quadrant of the matrix

  7. Implications of each scenario

  8. Search for early indicators

      9. Drafting the four scenarios

      10. Refining and rewriting

It is important once again to note that scenario planning is a guided learning process that requires a competent and resourceful facilitator and participants. The facilitator of the scenario process is expected to be an expert in scenario planning facilitation, not a subject matter expert in the sense of the business practitioners working in the scenario planning process.

Getting Started

For those developers wanting to take the lead on strategic initiatives in their organizations, I am proposing three steps in getting started. They include: (1) establishing a team commitment, (2) following a study plan, and (3) starting with a present performance problem.

Establishing a Team Commitment

It is important to verbalize your desire to engage in strategic initiatives related to corporate education. Organizing your thoughts around this goal and expressing them to colleagues will open yourself and others to this idea.

Gaining support from your boss and colleagues should minimally result in support and ideally will result in a team of people who will join with you on the journey. The goal is to gain explicit acknowledgement of your planned effort and to gain as much cooperation along the way as possible.

Following a Study Plan

I suggest a study plan that minimally includes reading and discussing the following books. If possible, all strategy team members should study these books together and be read in the order presented.

Brache, A. P. (2002). How organizations work: Taking a holistic approach to   enterprise health. New York: Wiley.

Swanson, R. A. (2007). Analysis for improving performance: Tools for diagnosing   organizations and documenting workplace expertise 2nd edition. San   Francisco: Berrett-Koehler.

Swanson, R. A. (2001). Assessing financial benefits of human resource development.   Cambridge, MA: Perseus.

Researchers should find additional help in the following:

Swanson, R. A. & Holton , E. F. (Eds), Research in organizations: Foundations and methods of inquiry. San Francisco: Berrett-Koehler. [particularly chapters 1 and 2]

Van de Ven, A. H. & Johnson, P. E. (2006). Knowledge for theory and practice. Academy of Management Review. 3 (4), 802-821.

Start with a Present Performance Problem

This advice is intended to ensure early success and recognition for that success. The advice is directed at selecting a low risk project that has the promise of high gain. This means choosing an important present performance problem that can clearly be remedied through an intervention your team can control. Once a developer takes on a strategic orientation, there will be many (maybe too many) options to pursue. Save the risky options for later. In this transition from servant of the organization to a strategic leader role, it is important to experience early success. This success will provide positive reinforcement for you and your

team, and it will reinforce the expanded leadership role in the organization. Being successful and having corporate leaders see those successes are important.

Concluding Comment

My hope is that you will find one or more ideas from my presentation to be fundamentally useful in helping you to take in researching and leading strategic initiatives. Thank you.

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