Is it Time to Make a Change in Your Company's Strategy?

By Gleba & Associates

"I insist on a lot of time being spent, almost every day, just to sit and think." – Warren Buffett

Let's try an experiment: go up to 5-10 people in your company and ask them, "How are you?" You'll find that most of your responses are "Busy!" Very few people will respond with "I'm doing well, how are you?" That is because the norm in most companies is that you are supposed to be very busy (or at least acting busy), otherwise you don't appear to be all that important or valuable. Saying you aren't up to much, or that you have time on your hands, are likely not going to do much for your internal status and career.

What many executives and business owners don't realize is that being busy all the time can actually be a big problem. If youare in charge of your company's strategy, being busy gives you no time to think or reflect.

Microsoft owner Bill Gates would always taketwo vacations a year. He wouldgoout to his secret waterfront cottage for a week, and just think and reflect deeply about the future of his business. This time alone without any interruption allowed him to come up with ideas he never would have had if he was stuck at the office. If you can't find time to be alone and think, you are at risk of leading your company astray.

Many leaders don't make the time to analyze and think through their choices. They put themselves in a situation where a decision has to be made quickly. If you are in charge of an organization, you owe it to yourself to have long stretches of thinking time. When you do this, here are five questions to ask yourself about your company, and the direction that is heading in.

1. Does everything I do make sense for my business?

Ask yourself "Do all of my business and activities make sense?" Individually, each of them may seem important, but do they all work well together? Is the sum greater than the parts? If not, it's time to rethink some actions moving forward.

2. Is this what an outsider would do?

Firms often are the victims of their ownproducts and beliefs. Organization Theory tells us these can often be the result of "escalation of commitment." Because you fought hard for something, and now you have it, you have to stay committed to it, right? Wrong!Circumstances change all the time, and while we may have had the best intentions, we must realize when to admit defeat and change things up. A good question to ask yourself is "what would an outsider do if they became in charge of this company?"

3. Is my strategy consistent with my organization’s goals?

In 1990, Al West, the founder and CEO of SEI,found himself in a hospital bed for three months after a skiing accident. At the time, his wealth management company was worth $195 million. With all this newfound time on his hands,he started to reflect on his company’s present and future.He came to the conclusion that, although innovation was supposed to be key to their strategy, the organization was not suited for the task. Instead of maintaining the status quo, West went back to work, created a new team structure, and threw out the old rules/procedures that were no longer working. The company started growing rapidly and is now worth about $8 billion.

West did what all business leaders should do: he evaluated his company to determine if it was set up for its strategic aspirations. He decided it wasn’t and he made a change. What would your organization look like if you could design it from scratch?

4. Do I understand why we do it this way?

Why do you do things a certain way? Is it because that’s how it’s always been done? Or because that’s how the whole industry does it?

Many practices and habits that started as the best way to achieve a goal are now out of date. Headstrong companies will continue do things the same way, despite evolutions in the industry. Take time to think it through, and ask yourself: Do I really understand why we still do it this way? If you don’t, consider a more practical approach you and your companycan take.

5. What might be the long-term consequences?

What are potential long-term consequences for your key strategic actions? It is easy to judge things by short-term results. If the results look good, it justifies our course of action. However, the long-term effects of these strategic actions may cause more harm than good.

In the UK, many IVF clinics started a practice of selecting patients with easy issues to treat. They did so to boost short-term success rates. On paper, it makes commercial sense, because the clinic looks good in the industry’s “League Table.” But research shows it backfires in the long run, because now the company loses out on valuable learning opportunities, which creates a lower relative success rate.

Medical professionals in the clinics mentioned above were asked about potential benefits of treating more difficult patients. They could understand and articulate the learning effects very well. While it wasn’t measurable, careful thinking let them understand the potential long-term consequences of missed learning opportunities. A single action could create very different short and long term effects. Hasty decisions affect your company on every level, both in the short and long term. Make sure you give yourself the time to really think about your actions before taking them. It could improve your company in ways you never imagined.