

Four Insights on Agility and Resilience

The new AMA/HRI study *Agility and Resilience in a Time of Continuous Change* identified four strategic actions for companies to take:

1. Question your organization's basic orientation to change. To be a first-mover in the marketplace, you need systems and processes, as well as a positive attitude toward change, to anticipate future trends.

2. Support an innovative culture. The ability to think "outside the box" is essential if an organization is to thrive in an "innovation economy."

3. Examine the growing risks of disruptive change. Many organizations need to develop more sophisticated ways of identifying, anticipating and preparing for change. At the least, they need to develop their scenario planning and crisis management skills to explore "what ifs" and "what should we do."

4. Nurture a workforce with good change-management skills. Excellent workforce management is key to building adaptive capacity. The AMA/HRI study found "training to improve managers' change-management skills" to be the most widely cited strategy for implementing responses to change.

For a complete review of the AMA/HRI study findings, visit www.amanet.org/research

Branding—A Five-Minute Test

BY RICHARD TREITEL

AMA defines a brand as the sum of all the thoughts, feelings, associations, and expectations customers have about the product/service and its representations. Unfortunately, few companies really know how customers perceive their brands. Some companies deal with the issue by commissioning lengthy and expensive market research studies. The trouble is that by the time the results come back, several months later, customer perceptions have probably altered.

Other firms avoid the issue by assuming that they already know how their customers perceive their brands, without the need for any market research.

But there is another way. In my work, both as a consultant and as a trainer for the AMA, I have found that a simple test can tell us exactly what customers think of our brands. This test is quick, effective, and inexpensive, and I have found it easy to get customers to take part.

All you have to do is simply ask customers what thoughts, feelings, associations and expectations come to mind when they think of your brands. B2B companies can telephone decision makers at sample customers. B2C firms can carry out the research through a mall intercept. In my experience each interview should take five minutes, or less. Some of the results will be expected, but some will surprise you.

So, for example, if you were to ask customers what thoughts, feelings, associations, and expectations come to mind when they think of Target, they will talk about costs and availability.

Of course, a market can have many segments. Inevitably, some interviewees will compare the store by competitors.



In practice, my experience is that companies with a small number of customers should carry out this kind of research on a customer-by-customer basis to get an understanding at an individual customer level. Companies with a larger number of customers should research a sample of customers by market segment to understand the views of each market segment.

Incidentally, we should also carry out the same test on our competitors' brands,

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AMA Soundings

What triggers change most in your organization? That's one of the questions asked by AMA's study *Agility and Resilience in a Time of Continuous Change*. Here are the top five replies:

1. Expectations of customers and vendors
2. The number of new product or service changes in your markets
3. Changes in your core technologies or processes
4. Regulations that "change the rules" for doing business
5. Economic conditions (inflation, energy prices, etc.)

For more insights from this and other AMA/HRI studies, visit www.amanet.org/research

The Gap Between Strategy and Execution

A study by Rick Lepsinger, president of OnPoint Consulting, found that almost half of the leaders surveyed (49%) saw a gap between their organizations' ability to develop and communicate sound strategies, and their ability to implement those strategies.

Equally of concern is another finding from the survey conducted by OnPoint. Of the respondents, 64% felt that their companies couldn't close the gap.

The survey involved more than 400 executives and managers. The majority of companies surveyed had over 2,000 employees and annual revenues exceeding \$250 million. Five primary industry segments represented were financial services, insurance, pharmaceuticals/chemicals, healthcare, and manufacturing.

The majority of respondents (75%) believed their companies had clear and inspiring visions. Furthermore, among those who saw a gap, 69% believed that the strategies were realistic and 63% felt that visions were clear and inspiring. Consequently, the gap did not appear to be due to unrealistic, poorly articulated visions or unclear or unattainable strategies. "This finding contradicts conventional wisdom, which is that the real



challenge is crafting the direction of the company and gaining the buy-in and commitment of the employee population," says Lepsinger. "Our study shows the fallacy of that thinking."

What did Lepsinger's survey blame the gap on? Eight central factors—a mix of structures, systems, and leader behaviors—set apart those companies whose employees have confidence in their company's ability to effectively execute from those with reported strategy-execution gaps. In other words, "no gap" respondents gave these factors significantly higher ratings than "gap" respondents. Even more compelling, the first three of the factors listed also differentiated the "optimists" (those who reported a gap, but had confidence it could be closed) from the "doubtters" (those who lacked confidence in their organizations' ability to close the gap). The following are the factors that contribute to strategy-execution success:

1. Change is well managed by top management.
2. Decisions and actions are well coordinated across different levels of management.
3. The actions and decisions of top management are consistent with their espoused objectives, values and priorities.
4. Decisions and actions are well coordinated across different work units.
5. Effective human resource management systems and practices are in place for selecting, training, and compensating employees.
6. The current organizational structure supports the implementation of the business strategy.

7. There is a proper balance of centralized and decentralized responsibility required to achieve the strategy.

8. Top management appropriately involves people in decisions.

"You might think of the first three factors as the 'Tipping Point Trio,'" says Lepsinger. "When they are in place in a company, managers tend to believe there is no gap between strategy and execution. But, for those who do see a gap, the presence of these three factors provides confidence that the gap can be closed."

Lepsinger, who is co-author (with Dr. Gary Yukl) of *Flexible Leadership: Creating Value by Balancing Multiple Challenges and Choices* (Jossey-Bass), says his survey yields several critical lessons for business leaders. Here are two key points:

1. Successfully achieving execution takes more than communicating the organization's strategic direction. Many businesses frequently do not attend to clarifying the assumptions about what it will take to achieve the strategy (what will be required operationally) and the priorities for action.

"Everyone agrees that it's important for a company to be innovative, for instance," says Lepsinger. "But everyone may not agree on what being innovative needs to look like in their company. You've got to come up with a common picture before you can get to the actual behaviors."

2. Few organizations appear to ask whether or not they have the proper management systems in place to support the achievement of the strategy. If the strategy calls for "innovation," do they have systems in place to facilitate organizational learning and creative thinking (or do they just assume that asking leaders to ensure they happen is sufficient)?

"Actually, monitoring may be the most critical aspect of the process," notes Lepsinger. "It's how companies make changes stick. People tend to lose momentum otherwise, and that's when they revert to 'business as usual.' The most successful companies are ruthless in monitoring and reinforcing their strategic actions."

Branding—A Five-Minute Test

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asking customers to share with us all the thoughts, feelings, associations and expectations that come to mind when they think of their brands, as well. Going back to the Target example, I would recommend that Target also asks its customers what thoughts, ideas, feelings and associations come to mind when they think of Wal-Mart, as well as Target's other competitors.

In a complicated world, it's nice to know that finding out where your brands stand in the marketplace does not require expensive, and time-consuming, market research. Instead, all it takes is nothing more than a simple five-minute test.

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If at First You Don't Fail...

BY DONNA J. BEAR

Most of us are conditioned to avoid mistakes. Yet there are situations in which intentionally making a “mistake” pays off by creating a learning opportunity, according to experts at management consulting firm Decision Strategies International. CEO Paul J.H. Schoemaker and consultant Robert E. Gunther suggest that deliberate mistakes may be an acceptable course when the decision to be made is a repetitive, routine one. For example, Citibank's credit extension decisions were put to the test when it decided to buck conventional wisdom and aim for the college market in the 1980s. Pursuing consumers with no jobs or credit history appeared to be a risky avenue, but bills got paid (sometimes by save-the-day parents), and many students became loyal customers in the long run.

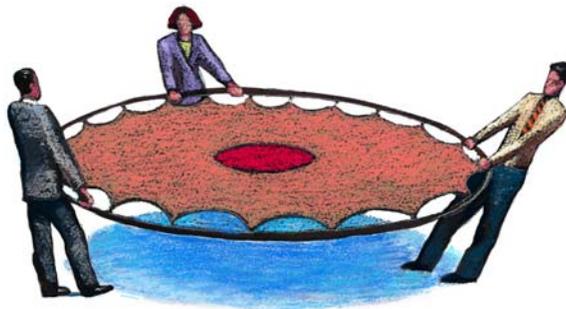
Circumstances in which firms may want to consider purposely following an unproven path include when the potential for gain exceeds the potential cost of failure and when the problem is one in which your firm has little experience.

A Culture of Risk Acceptance

Not only is there more potential to learn from failure than from success,

but creative firms that encourage risks also experience those failures and learn those lessons sooner. The willingness to do that is directly related to the environment and tone set by leaders. A recent *BusinessWeek* article shared examples of how some organizations were establishing such a culture.

Coca-Cola Co. Chairman and CEO E. Neville Isdell, for example, used the 2006 annual shareholder meeting as a platform to reassure employees and shareholders that he was willing to tolerate the failures that may accompany risk-taking as the organization



strives to change the nature of its historically risk-averse culture. “As we take more risks, this is something we must accept as part of the regeneration process,” he explained.

The IBM research division, too, demonstrates its acceptance of risks in

the design of its performance evaluation program. The division uses two evaluation timelines—a one-year evaluation on which bonuses are based and a three-year evaluation that determines job level and base salary. The longer evaluation period encourages innovation risks and allows potential setbacks from those risks to be absorbed.

Dissecting and Sharing What Went Wrong

While companies are typically eager to celebrate success, they may be reluctant to dwell on failures. Even though stories about why ideas fail might be as valuable a source of learning for businesses as stories about success, few, it seems, are shared. General Electric Co. is an example of a firm that does otherwise. The firm's “imagination breakthrough” (or “IB”) projects represent ideas with sales potential of \$100 million or more in a three-to-five-year time frame. A conference call in 2005 brought together champions of eight “IB” projects that didn't make it. Such dissection of failures is an important step in examining chosen paths and extracting lessons for the future.

Donna Bear is a research analyst for the Human Resource Institute. Reprinted with permission of HRI. For more information: www.hrinstitute.info

International Job Assignment Boon or Bust for an Employee's Career?

Is an international job assignment a stepping stone for better career positions, or a minefield of professional and family risks that keep employees close to home? According to the 11th Annual Global Relocation Survey, the response depends as much on an employee's family situation as the person's ambition.

Issued jointly by GMAC Global Relocation Services and the National Foreign Trade Council, the study found that attrition rates were at least double the rate of non-expatriate employees.

While respondents reported an attrition rate of 10 percent among the general employee population, they indicated that 21 percent of expatriate employees left their companies in the midst of international assignments. Another 23 percent, meanwhile, left within one year of returning from one.

Asked to identify the top reasons for employee refusal of an international assignment, family concerns were cited first, followed by spouse career. Other key factors were partner dissatisfac-

tion, inability to adapt and poor job performance.

At the same time, the study found that opportunities for international assignments are on the rise. Reversing a steady decline since the 1998 survey, 47 percent of companies questioned for the new survey reported an increase in the size of their current expatriate population last year compared to 31 percent in 2004, which was an all-time survey low. Fifty-four percent said that they anticipated additional growth in the coming year.



Here's what you'll find on the
AMA Members-only Website www.amamember.org

LEADERSHIP

Leading Through a Crisis. Are you one of those people to whom others naturally turn in a crisis? If not, learn how to triumph over any unforeseen difficulties with these tips from Brian Tracy's new book *Crunch Point*.

HR/TRAINING

Turn Your Organization into a "Talent Magnet." It takes more than a generous benefits package and competitive salaries to attract and retain talented employees today. You have to address people's core needs.

PROFESSIONAL DEVELOPMENT

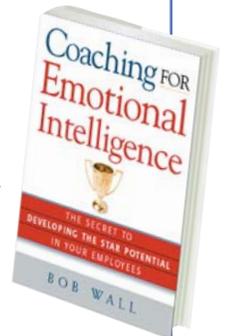
Writing Under Pressure. The CEO is waiting for that urgent report, but your mind is as blank as the page. Here are some expert strategies guaranteed to vanquish even the most severe case of writer's block.

SALES & MARKETING

Creating Customers for Life. Every salesperson knows it's far less costly to keep loyal customers than to find new ones. These 10 tips will help you find your dream customer—the "customer for life."

Book of the Month:

Coaching for Emotional Intelligence: The Secret to Developing the Star Potential in Your Employees by Bob Wall. Wall's coaching strategies enable managers to obliterate the negative behaviors that undermine employee performance.



For more information about this book and AMACOM's extensive catalog of business titles, visit www.amanet.org/books

AMA Conferences/Special Events Calendar

NOVEMBER 13 NEW YORK, NY • Growth Strategies for the Middle Market. This one-day workshop addresses the challenges for the \$15-150 million in revenue businesses in developing and maintaining growth strategies.

NOVEMBER 15 WEBCAST • Agility and Resilience in the Face of Continuous Change. Learn the findings of the latest AMA/HRI study during a special webcast. Complimentary registration.

DECEMBER 4 WASHINGTON, DC • Growth Strategies for the Middle Market. Sustaining long-term growth for emerging and mid-size companies can be a difficult and painful experience. This one-day workshop addresses the challenges for the \$15-150 million in revenue businesses in developing and maintaining growth strate-

gies and identify those skills that are needed to know how and when to grow.

DECEMBER 6 WEBCAST • Corporate Execution and Drive for Results. AMA will release the findings of its AMA/HRI study on strategic execution.

DECEMBER 7 ATLANTA, GA • Growth Strategies for the Middle Market. Sustaining long-term growth for emerging and mid-size companies can be a difficult and painful experience. This one-day workshop addresses the challenges for the \$15-150 million in revenue businesses in developing and maintaining growth strategies.

DECEMBER 8 CHICAGO, IL • Learn the Secrets of Doing Business in Today's China. Put your company on the inside track to a successful business venture in China. If your orga-

nization invests or trades in this large and challenging market—or is planning to do so—you need the information our roster of seasoned experts has to share. This timely forum will give you valuable insights into the current business, cultural and intelligence issues faced by foreign business in China. You can't afford to miss out on the knowledge you'll gain from this full day of lively and informative discussions.

December 19 SAN FRANCISCO, CA • Growth Strategies for the Middle Market. Sustaining long-term growth for emerging and midsize companies can be a difficult and painful experience. This one-day workshop addresses the challenges for the \$15-150 million in revenue businesses in developing and maintaining growth strategies.

For details and to register for any of these events, go to www.amanet.org/events or call 1-800-262-9699.

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