



**BUNKER UP, HUNKER DOWN AND HOPE
OR
FOCUS, MAKE BETTER DECISIONS AND GROW**

WHAT IS YOUR STRATEGY?

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Just like consumers, nonprofit organizations and businesses often respond to a recessionary economy by taking defensive positions and keeping their heads down. They simply cut their budgets and hoard cash with little or no strategic forethought. Simply look around in this unfolding recession to witness this behavioral pattern being exhibited by leadership teams of all ilk's and stripes.

In fact, this strategy can lead to exacerbating the pain naturally caused by the recession itself. Don Ricketts, a long time professional colleague of ours, puts it this way, "Rather than 'bunkering-up' organizations should be investing smartly in defining a strategic roadmap that will help them ensure they are properly positioned when the recovery comes rather than becoming road kill or weakened to the point where they can no longer effectively serve their customers."

No one can predict with any certainty what will occur over the next few years. The transformation taking place in the global and domestic economy is unprecedented and it will take some time for new economic patterns to sort themselves out. Regardless, history tells us that there will be winners and losers in every industry. Some industry participants will learn to "read the tea leaves" and adapt, while others will fail to adapt and go the way of the buggy whip. Tea leaf readers are, by definition, proactive and drive their decision making process by way of clear strategic thinking, planning, and action. Losers on the other hand, bunker up, hunker down and hope.

The best antidote for any threatening strategic situation is always accurate information, i.e., information that will help the leadership team to *predict* which way the environment is moving. There are many external forces, dynamics and constraints that must be taken into account in arriving at the most desirable and effective strategy, but it begins with a comprehensive understanding of these forces and constraints—and how they interact to enable a particular *strategic direction* to emerge within a specific organizational context. This information is available in most every situation. It simply needs to be gathered, consolidated, and understood. Below is a framework for making this analysis.

KEY ENVIRONMENTAL VARIABLES



There is no standard format for making these analyses, since organizations vary in the type and level of information that is significant to their needs. However, a number of recurrent dimensions at both levels have been found useful in most organizations.

The following sets of questions serve as a guide for examining these forces. In time, the leadership of each organization will be able to develop a more focused list, adding and deleting forces as they are determined to be relevant.

Macro-Level Analysis

These forces can be conveniently considered in terms of global/domestic or broad based *trends*, which impact and/or influence the overall performance of the organization. In this regard, it is useful to distinguish between current, short-term, urgent impacts and/or influences, and future, longer or medium term trends, and cumulative impacts.

What follows are the five key dimensions to the macro-level environment. Relevant questions to consider are provided.

- **Political forces** - What political trends are driving change in your organization?
- **Economic forces** - What economic trends are driving change in your organization?
- **Social and cultural forces** - What social and cultural trends are driving change in your organization?

- **Technological and scientific forces** - What trends in technology and science are driving change in your organization?
- **Environmental forces** - What environmental trends are driving change in your organization?

Micro-Level Forces

It is useful to break the micro-level analysis of forces and trends into two parts: an industry or sector analysis, and an organizational environment analysis. The former can be considered as an industry (or industries) profile that could have been made without considering the organization except as a statistical unit in the industry. The latter is concerned with the specific external relationships of the organization, including those within the industry/sectors that have been profiled.

- **Industry analysis forces** - What is the overall state of your industry and your organization's position relative to competitors and those who influence the industry?
- **Market analysis forces** - Which market trends will impact the markets/customers you serve and the needs that you fill?
- **Customer analysis forces** - What is the profile of your customer and what customer needs do you fill?
- **Competitor analysis forces** - What is the profile of your competitors and what is your competitive advantage?
- **Supplier chain analysis forces** – What is the nature of your supply chain and where are the bottlenecks that need to be addressed?

In its best form, strategy setting is a deliberate and disciplined process built upon an accurate, robust and transparent set of facts, trends, and perceptions about the environment within which the organization operates. An up-to-date set of facts, built by the planning team, helps the leadership team to rise above individual perceptions by shining a bright light on the broader perspective of the entire team and the realistic situation faced by the organization

The information, including the events, trends, capabilities and relationships external and internal to an organization helps to reduce the ever-present organizational “knowledge gap” that exists in most leadership teams. When done correctly, a team-based *environmental scan* enables an efficient and insightful assessment of the strategic landscape and causes the leadership team to garner a keen awareness of alternative pathways the organization may consider.

With this information in hand, organizations are well positioned to articulate a coherent yet flexible strategy that can change as the economy changes. A helpful tool in this regard is “scenario planning.” http://en.wikipedia.org/wiki/Scenario_planning

In fact, you may consider this investment of time and effort as a “best practice” risk mitigation effort. Why? If your board and leadership invests the time to build a common knowledge base across your team, it will be in a strong position to adapt as the problematic future unfolds. Your team will have a starting point to adjust from rather than being caught in a never-ending reactive mode.

As you and your team think about which way to steer in these troubling times, we strongly recommend that you keep one particular point in mind: Now is not the time to bunker up, hunker down and hope.

As our friend Don says, “Now is the time to focus, make better decisions and grow.”