

## Our Mission

To help individuals, teams and organizations reach their potential through strategic planning, innovative coaching, development of team effectiveness and management consulting.

## Cook & Company Areas of Concentration

Strategy

Coaching

Assessments

Team Building

Consulting

Training

Workshops & Retreats

Mergers & Acquisitions

Ethical Performance

# Cook & Company Commentary

Winter 2006

## Strategic Themes for 2006

As we approach the New Year, we thought it might be of interest to look across our client base and see what issues appear to be of greatest importance to most of our clients. In some respects this is difficult to do, given the great diversity of our clients by size, location, industry and maturity, but some issues seem to pop up for almost all clients.

See which, if any, of these issues are on your own list to resolve in 2006!

### Corporate/Site Responsibilities and Priorities

This is perhaps one of the most bedeviling issues facing corporations and non-profit organizations today, despite decades of organizational wrestling matches. The heart of most problems fall into two broad areas:

- *Difficulty in resolving responsibilities between corporate and site.* Often, much of the issue is found in a failure to recognize that each level has not only its own set of expectations of the other, but that each also needs to meet certain expectations if both are to be successful. We've found a four box grid to be helpful in resolving such issues. This grid lays out what corporate expects of sites, and what they need to provide to sites in order for the latter to meet those expectations, and vice-versa. We've also found that it is actually more effective to come up with a process for dealing in real time with conflicts and "black holes" of responsibility, rather than trying to define roles and responsibilities in great detail – the latter approach often turns into a sort

of "fool's gold" of organizational theory.

- *Setting priorities at sites, while keeping corporate's requirements in mind.* This is the thorniest issue we've seen, and is subject to every approach from "suspending" corporate initiatives at certain sites, due to crash projects and/or high risk, to situations where site needs are virtually ignored when corporate is in its own state of crisis. No matter what the solution, flexibility and nimbleness (that is, being able to quickly change) seem to be the hallmarks of success here, since business environments change so quickly and yesterday's balance of priorities may not reflect today's needs. Again, a process for quickly rebalancing priorities seems to be critical.

### Lack of Stakeholder Focus

Time and again we are seeing organizations lose focus because they are losing sight of who their stakeholders are and what they expect. We've seen recent examples where regulatory stakeholders were lost sight of, with legal consequences, to more benign cases where "all" that was lost were opportunities to create material value for stakeholders.

The pervasiveness of this issue makes one wonder if a stakeholder viewpoint doesn't need to be an integral part of every strategic plan, and of every dashboard and financial statement, just to keep the perspective firmly in the minds of managers and employees alike.

Another important viewpoint here is to real-

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ize that for most customer stakeholders and others, there are multiple "touch points" and one cannot assume that developing a high degree of intimacy and satisfaction for any one touch point will cause you to be successful. In fact, we are seeing the reverse much more often, where a failure to recognize the multiple touch points for a single stakeholder causes loss of customers, loss of trust from regulators, and/or loss of opportunity for shareholders and employees.

#### Business Process Improvement

As the competitive environment intensifies and as resources (in terms of money, people, relationships) seem to increase in relative cost, many organizations are again turning to business process improvement to help wring out inefficiencies in time, cost, and elapsed time. This year we're not talking about the massive business process changes of a SAP nature (which have their own set of issues, as their stunning failure rates show), but one-off process improvements and individual efforts spread across an organization.

Our own sense is that this is a good thing, as long as the process doesn't become the enemy of the result. Small efforts and a focus on sub-optimized results may not be as splashy as organization-wide campaigns, but the former seem to succeed far more often than the latter, and in fact, to have proportionately more favorable and more long-lasting results. The key seems to be to create the knowledge, empowerment, and expectation that every manager will use business process tools where she/he finds a good reason to do so.

#### Growth in Scale, Complexity and Risk

Perhaps the most elusive issue to deal with, we are struck by how often our clients are now facing issues of scale, complexity and resulting risk.

As those who have followed our columns on Highly Reliable Organizations will realize, strategic planning, at least as classically practiced, is NOT the answer to this issue. The reason is that strategic planning almost by definition tries to put a box around what can happen, and then focuses on that box. We are learning that such approaches fail a significant percentage of the time to identify and prepare us for a set of issues "outside the box."

Another problem is that strategy is often seen as an end-result, rather than as a starting place. Since the organizational environment is constantly changing, the plan is immediately out of date!

Finally, recent work in probability analysis suggests the presence of "fat tail" probability curves, which define a higher probability for less probable events than previously thought (one of the major causes, some argue, of the Long Term Capital Management debacle, and a possible reason for a higher incidence of hurricanes than insurers have planned for).

The answer to these issues of growth, complexity and risk seem to be found more in behaviors that are familiar to the theorists of Highly Reliable Organizations – a focus on sensitivity to "weak signals," better "connecting the dots," and more intense management focus on potential issue areas. For more on these behaviors, see our newsletters, Summer 2003, Winter 2003/2004 and Fall 2005 available on our website at [www.cookcompany.com/newsletters.htm](http://www.cookcompany.com/newsletters.htm).

As we face the challenges of 2006, all of us at Cook & Company wish for you success in dealing with the above issues, and whatever challenges and opportunities 2006 may bring for you, both professionally and personally.