
From Fit to Stretch:

Strategy & Structure for Generating Results in Organizations

Bruce Elkin

Summit Strategies

Organizational leaders are starting to doubt a familiar organizational icon. “All too often,” a VP recently told us, “strategic planning turns out to be neither. It takes too long, things change, plans get out of date and the process is aborted. Those that get completed often simply gather dust on a shelf.” Tragically, the VP added, “But we do it anyway, because we don’t know what else to do.”

Strategic planning is in danger of degenerating into an empty ritual that fails to do more than provide the illusion of control in the face of rapid change. Companies like GM, IBM, and RCA, all with ample resources, established reputations and ‘strategic’ planning, are falling on hard times, while upstarts like Toyota, Canon, and Sony, with lesser reputations, fewer resources and a new approach to planning are thriving Why?

There are many reasons, but in part it is because traditional strategic planning seeks a “fit” between resources and aspirations. You set realistic goals based on what you think you can achieve with the resources at hand, then construct strategies and tactics to achieve them. Sounds reasonable, but, does this kind of conservative planning produce competitive results?

No, say a growing cadre of experts. Gary Hamel argues in the Harvard Business Review (May ‘89, March ‘93) that the successful upstarts “approach strategy from a perspective that is fundamentally different from that which underpins Western management thought”. He blames the current approach to strategic planning for many of our corporate woes: “As ‘strategy’ has blossomed, the competitiveness of Western companies has withered.” Instead of strategic planning, the new competitors advantage comes from what Hamel calls “strategic intent”.

The upstarts focus on “strategy as stretch and leverage”. They set what we in the West think are impossible goals for a company of their size and resources, then use *resourcefulness and innovation* to leverage resources into results.

The key to strategic intent, Hamel suggests, is setting up a “chasm between ambition and resources.” “Creating stretch between resources and aspirations”, he asserts, “is the single most important task senior management faces.” Long term success comes from consistency of effort generated by focused, shared intent throughout the organization.

Strategic intent is not just wild ambition. Many companies have ambitious goals, yet fall far short of reaching them. Strategic intent, Hamel says, “also encompasses an active management process that includes: focusing the organization’s attention on the essence of winning; motivating people by communicating the value of the target; leaving room for individual and team contributions; sustaining enthusiasm by providing new operational definitions as circumstances change; and using intent consistently to guide resource allocation.” Once strategic intent is established resources can be leveraged by focusing them on key goals, acquiring them efficiently, combining one with another to add value, carefully conserving them, and recycling them in the shortest possible time.

Hamel is not alone in thinking that strategic planning has failed because companies trim ambition to match available resources. Peter Senge, talking about the importance of maintaining visionary goals, in his best-selling book, *The Fifth Discipline*, says “...*the dynamics of eroding goals ... lies at the heart of the demise ... of many American manufacturing industries....*” Companies who trim ambition find themselves at the mercy of circumstances, and without leverage.

Senge, who popularized the notion of “learning organizations”, draws heavily on the work of Robert Fritz, an organizational design expert whose “structural” approach *Industry Week* magazine suggests “may be the next revolution in management.” Fritz has developed an approach to *creating* high-level results that bears a remarkable similarity to strategic intent, and which Senge says “forms the cornerstone in my work to help leaders and managers deal productively with complexity and change.”

Senge suggests that, as well as developing an “organizational capacity to create”, it is essential that individual employees also learn to create: “Learning organizations must be fully committed to the development of each individual’s *personal mastery*—each individual’s capacity to create their life the way they want it.”

“Creators,” Fritz told executives at his recent Organizational Summit in Chicago, “whether they are individuals or entire organizations, start at the end. They start with a vision, a picture of the result they want that is clear enough so they could recognize it if they created it.” He emphasized that creators do this even if they currently lack the skills or resources to achieve it. They know creating is about learning and inventing what you need along the way. “You make it up!” said Fritz.

Once vision is clear, creators objectively assess their “current reality.” The key is to be objective about where you are and what you have. “Making things better than they are, or worse than they are distorts reality, so don’t judge it, just describe it” says Fritz. “Just facts, no editorials.”

When vision and current reality are clear there will be a gap between them. This is not bad, Fritz told us. He suggested the gap between vision and reality forms a useful tension which he calls “structural tension”. Structural tension, like strategic intent, is formed by the discrepancy between what you really want and what you currently have. It may be what gives strategic intent its leverage and power.

“Tension”, Fritz writes in his forthcoming book, *Corporate Tides*, “seeks resolution”. Put another way, the gap between vision and reality sets up a relationship—a structure—with a dynamic tendency to move. Action within this structure can move toward vision or reality. It is up to the creator to orchestrate the tension so action consistently and naturally moves towards the desired results.

Not all structures, Fritz points out, move toward final results. Some organizations are underlain by structures which act more like rocking chairs than cars. A rocking chair is structured so when you push it in one direction, its natural tendency is to rock back in the other direction. A rocking chair is an oscillating structure. On the other hand a car is a resolving structure. It can go somewhere and stay there. Neither structure is good nor bad, but resolving structures are more useful for producing lasting results in organizations. Designing organizations to act like cars rather than rocking chairs pays off in results.

The key to organizational design is ensuring that structure supports intent. For example, conflicting desires like change vs. continuity interact to form oscillating organizational structures. Pushing for change will work for a while, but causes discontinuity. When pressure for continuity becomes great, it will drive organizational

concerns. Later, there will be a renewed desire for change. And so on, back it forth. Changing surface behavior without changing the underlying structure rarely produces lasting results.

Likewise, organizational initiatives such as strategic planning, TQM, reengineering or employee empowerment, undertaken without a supportive—resolving—structure, are likely to fall into an oscillating pattern of better then worse behavior. This explains the “flavor of the month” approach to shifting management techniques. Even the best techniques undertaken within an oscillating structure, will tend to oscillate. But, shift to a resolving structure and almost any change effort will produce the results you want.

Fritz’s resolving or “generative” structures provide a powerful and practical framework for setting up and achieving “strategic intent”. The key he told the Chicago workshop is to “separate what you want from what you believe is possible or realistic”. Go for what really matters is his message, regardless of where you are or what you have. Invent, build, innovate or otherwise create what you need along the way. Counting on your resourcefulness is more strategic than simply counting your resources.

Fritz’s approach insists that, although action should be driven by vision, it should also be firmly rooted in reality. Indeed, participants in his workshops are astounded to discover how at odds with reality they often are. Most of us found we tend to distort, ignore or deny reality to prevent the emotional tension we feel when we are far from our goals. Fritz suggests replacing this psychological tension (fear, anxiety, worry) with structural tension which gives rise to emotions like excitement, anticipation and a desire to act.

Structural tension is the core of Fritz’s approach, the engine of creativity and innovation. It gives companies the leverage to turn limited resources into great results. When an entire organization is driven by vision, rooted in reality and focused on results, great things can happen.

It is these great things that Hamel, Senge and Fritz have documented and attempt to explain. These authors could simply be dismissed as the latest flavors of the month, however, the underlying similarity in their approaches to strategy suggests they have discovered fundamental, and useful, principles of success we can all use.

Capacity to create. Organizational learning. Structural Tension. Strategic Intent. These are the new tools that enable upstarts like Komatsu to “encircle Caterpillar” or Lexus to embark on a campaign to “Beat Benz”. They can also help you turn your business into a generative organization—one with a capacity to create heroic results—in spite of limited resources and changing, difficult circumstances.

You don’t have to give up strategic planning, just re-frame it. Put it into an organizing framework like vision-driven structural tension, and use it to leverage limited resources into great results. Vision, goals, aspirations are not airy-fairy add-ons to a planning document. They are what give it its power. They are the focal point—the attractor—that pulls all aspects, all actions, all people within an organization into a concerted, purposeful approach to producing results.

If you’re cautious, and prefer the devil you know to the one you don’t, why not experiment in a small way with these approaches. When we ran the idea of strategy as vision-driven stretch and leverage by the VP quoted above he was initially skeptical. “We’ve never done anything like this before,” he said. Then he chuckled and said “What the heck, what we’ve doing now is creating chaos and conflict. Maybe we can use this approach to create what we really want”. We think he’s right.

*Bruce Elkin is President of **Summit Strategies**, an Organizational Design and Development firm applying Robert Fritz’s and Peter Senge’s approaches to Executive and Organizational Development. He can be contacted on Saltspring Island a t250 537-1177 belkin@saltspring.com*
