STRATEGY WORK IN AN INTERNATIONAL SETTING: ENTANGLING TOP-DOWN AND BOTTOM-UP APPROACHES VIA CONTINUOUS CONVERSATIONS, LEARNING CYCLES AND SEMI FINISHED INSTRUMENTS[1]

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ABSTRACT

Most international corporations confine strategic management work to senior managers at headquarters, whereas the practical implementation and change work rests with local line managers. This model fits well when strategy means defining general directions and senior management acts as general strategists. However the "roll-out paradigm" has its limitations especially in the service industries, when specifics of local markets and circumstances have decisive impact on business results and the expertise of local front staff is highly advantageous. In these cases, a combination of top-down and bottom-up approaches seems appropriate to connect front line knowledge with the requirements of senior management and headquarters in strategic work.

This paper explores the case of an international real estate leasing company, headquartered in Vienna with subsidiaries in eight European countries; the author consulted in a strategy development project. It reveals an understanding of strategy development where headquarters´ senior management together with local line managers of subsidiaries in different countries co-create operational market strategies in an international setting. The example demonstrates the implications of a combined top-down and bottom-up approach for the consultant's work in designing the steps of the process as well as in directing interventions within the consulting system. The retrospective analysis conveys three fields of interventions to focus consulting activities towards the desired course: continuous deep conversations with top management to provide the context and strategic frame, learning processes yielding managerial skills as well as new mindsets of the managers involved and the application of semi finished instruments inviting participation when tailoring the details of the strategic analysis. For the consultant, navigating within this framework requires extensive knowledge on both content and process levels as well as a mindset and business model allowing for intensive collaboration.

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[1] Paper presented at the 4th International Conference on Management Consulting (Academy of Management, MCD Division) „The Changing Paradigm of Consulting – Adjusting to the Fast-Paced World. June 11-13, 2009, Vienna. Published in: Buono AF, R Grossmann, H Lobnig, K Mayer (Eds)(2011): The changing paradigm of consulting. Charlotte, NC: Information Age Publishing

1. INTRODUCTION

Immoconsult Leasing (ICL) is a real estate leasing company owned by the Volksbank Group headquartered in Vienna with subsidiaries in eight countries throughout Europe´s CEE and SEE region with a total of about 130 employees[2]. In 2005 ICL appointed a new international managing director sales (IMDS), who took the initiative to considerably change the core business from a successful administrator of existing real estate assets to a more market driven and volume growing leasing company. The IMDS strongly focused on improving the profitability of the company by gaining additional market shares in each country. In his strong and convincing commitment to economic growth the IMDS also was ready to considerably restructure the company´s units, processes and work force in order to make change happen.

In early 2006 an integrative consulting process was started to help the company to define its business for the future and to implement to the organizational change processes accordingly[3]. As a first step, key decision makers were invited to define the company´s mission and vision and the core competencies needed in order to make the vision become reality. After these strategic frames had been set, the question arose of how to transfer the results and the mindsets required for this type of change approach to the subsidiaries in the countries, as they are the units which are decisive for the company´s overall success.

After first attempts to implement the strategic work in the countries with the help of a sales trainer were not seen as productive enough by the company´s board members, they were looking for another consultant, more closely connected with the concept and methodology of the overall change process. That was when I came in as Dagmar as the lead consultant recommended the executive management of ICL to meet with me.

Subject of this paper is the consulting process, conducted mainly in 2007. It starts with introducing the business the company is in and with describing how the specific approach of strategy work was specified. An overview of the consulting process and a more detailed analysis of the initial phase provides a more complete picture of the whole case. Equipped with an comprehensive understanding of the case some more in depth

[2] This paper is not result of a solitary affair, it is based on an extraordinary collaboration. For this I would like to express my thanks to Brigitte Fruhstorfer, Managing Director Operations and Gerhard Höfler, Managing Director Sales of Immoconsult Leasing, Volksbank Group, representative also for all other members of the company I had the chance to work with throughout that project.

[3] The change process which went from 2006-2008 was consulted by Dagmar Untermarzoner, my wife and co-owner of Lemon Consulting. In continuous discussions we reflected our work and aligned the strategy process with the development of the overall change occurring at the same time. With that we as the consulting team were able to perform a consistent model of intervention to the client.

analysis of applied consulting methods and tactics are presented. They comprise the concept of semi finished instruments and their application in strategy work, the creation of context and frame as consulting activity, the way how to focus on individual and team learning in strategy work and finally structures and design elements to guide learning from workshop settings into homebases.

Methodologically the paper is based on a case study where I as researcher am not in the position of a neutral observer but in the role of the consultant, co-producing the case. Moreover, the initial point of the project did not lie in research, but in an organization demanding specific help from a consultant. The scientific inquiry was added subsequently. Edgar Schein (1988) framed this type of organizational research as a "clinical perspective" which can produce deep insights into many aspects of organizational dynamics. Instead of using the criterion of replicability, the clinical model earns its scientific validation through intersubjectivity of conclusions and exposure to colleagues and in the internal consistency of the set of assumptions with all observations available. To add scientific evidence, supervision throughout the process, feedback sessions during the consulting process, continuous reflections with colleagues and self-reflection were chosen.

2. THE CONTEXT

Real estate leasing is based on the business logic of financial services applied to the field of real estate. The business case in real estate leasing usually includes the planning, building and financing of a real estate object and the establishment with a client of a leasing contract running for a period of time. During the term of the leasing contract the client does not own the leasing object and consequently it is not included in the client company´s balance sheet. The economic advantage for the client is that he can focus on his core business rather than on the real estate object, he needs only one single contact for finance and real estate expertise and he can save taxes.

Some characteristics of the real estate leasing business in general and ICL in specific impact the choice of the appropriate concept for the strategy work. First, real estate leasing is a complex service comprising the issues of real estate, finance but also legal and fiscal matters. It is not a standardized product or a mass article, and one client project arranged usually is a rather big issue both in terms of investment and possible revenues. Second, ICL is owned by an internationally operating financial institute where the activities are steered and all strands come together at headquarters. At the same time the company does business in diverse regional markets, primarily in Austria but also in the CEE and SEE region. However these regional markets differ considerably concerning the company´s history in the market, the existing market share, the competitors in terms of quantity and quality, the attractiveness of the product for clients and the performance capabilities of the teams in the subsidiaries. In order to define an appropriate methodological framework, the consultants formulated a set of guiding principles for the design of the strategy development process:

- to reconcile demands from headquarters with local opportunities and needs
- to equally develop market options and internal capabilities to perform accordingly
- to help regional managers to apply strategic thinking, strategic reasoning and decision making and thus help to improve management skills;
- to adjust the strategic planning process and the application of strategic instruments across the different country units and
- to encourage mutual understanding, learning and support in direct lateral cooperations.

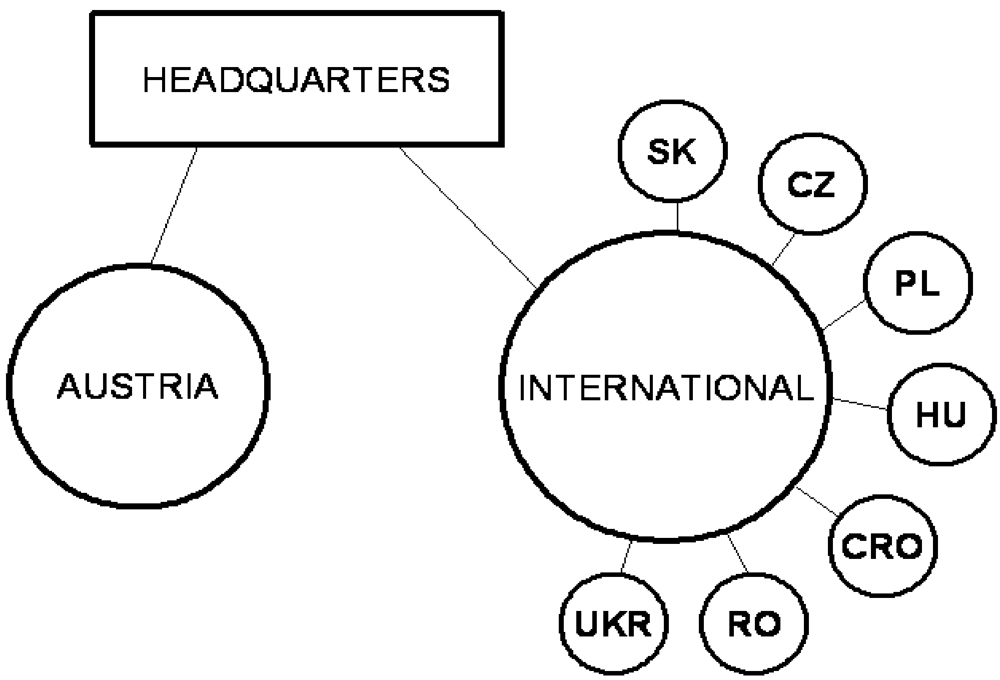

Figure 1. the new organizational design of ICL

3. CREATING THE APPROACH

Strategic management is about collecting and assessing external and internal information an organization faces in order to make clever decisions and conceptualize courses of action directing the organization toward a better future. As the quality of these decisions is of utmost importance for companies, "strategy" is seen as the "core discipline" of management research and practice. As a discipline, strategy development offers a variety of methods and tools based on different assumptions on how to cope with the challenge of making decisions in situations of uncertainty and to implement appropriate measures. In their summary of the most influential approaches in strategic management, Mintzberg, Ahlstrand and Lampel (1998) group several strategic approaches into clusters of different schools and point out that each of these paradigms has strengths and limitations when it comes to applying them in the business environment. The selection of the right approach is therefore not so much a question of scientific proof but one of a fit between the particular organization and its context as well as both the explicit and tacit implications of the strategic approach. Some context factors are critical when it comes to paradigm selection:

The particular industry the company is in, the organizations´ vision and mission, the internal decision making and management culture, the development or change approach in use and the available internal capabilities for strategic thinking and acting.

When I was called in, ICL was already undergoing an integrated change process consulted by a colleague. As the overall organizational change process applied OD principles, emphasized learning on individual and team levels and made use of project management, the strategy development concept had to align itself accordingly.

On a conceptual level I felt the need to prepare myself thoroughly in order to be able to provide OD interventions and state-of-the-art tools in strategic management. First, I found a set of assumptions, useful theories and strategic instruments in the "Strategy Safari" by Mintzberg et al. (1998), in a textbook on systemic strategy development (Wimmer & Nagel 2002) and in a workbook assembling systemic oriented tools for strategy development (Nagel 2007). Second, I asked a business school professor and strategic management practitioner for regular coaching and advice throughout the process. With this background I felt confident and fairly well equipped to begin the consulting job.

In first meetings with the international managing director sales and the lead consultant the core concept of the process was designed, which included a set of working principles to be applied in the project.

First, the strategy development process had to build on a sound and solid set of strategic instruments tailored for the business of real estate leasing and thus allow for repeated and informed analysis, decisions and actions. As the owning company itself is in the financial industry it primarily focuses strategic decisions on financial figures (return on invested capital). Managers in the regional units, however, need a different type of strategic analysis as they operate very close to the specific product / market combinations. As the owning company does not provide adequate strategic tools, analysis or forecast systems, the project had to close that gap.

Second, as research shows (Kaufmann & Panhans 2008) foreign owned companies in the CEE and SEE region are commonly steered with in a rather authoritative way where all main decisions are rolled out from headquarters to the country units and local managers have a very limited degree of freedom in their decisions. One of the disadvantages of this situation is that it undermines creativity, self-confidence and decision making competence of regional managers and their local teams. On the other hand real estate leasing is a very complex product, where success strongly depends on the capability of the work force in the regional units and specifically on their knowledge, expertise and ability to act in a target oriented fashion rather than to wait for specifications from "above". The regional managers´ skills in strategic thinking, planning and decision making had to be improved by the project.

Third, the International Managing Directors believed strongly in teamwork and less in outstanding individual performance as the fundament for business advantage. As the leasing product includes different professional expertise and is only performed well in interdisciplinary collaboration, this principle also had to underpin the strategic management approach. The strategic analysis, planning and experimentation were not be tackled by individual regional managers but by the team of local experts work together. These interdisciplinary teams were seen as nuclei of the strategic management process in the countries and the project should was intended to help them perform better as teams. Thus the teamwork approach had little to do with the ethics of a participative OD approach but with the insight that the given complexity of tasks would overburden individual capacities.

Fourth, strategic management was not seen as an expert´s approach where market researchers or product engineers design and the sales force sells, but as an iterative process between analysis and action with integrated feedback loops. When the internal marketing, business or law experts systematically researched market and product potentials in their countries, they at the same time would "invent" their business. The project had to encourage the regional experts to strategically examine potentials and experiment with new options.

Fifth, as the company decided to open small, flexible and locally focused offices in eight countries, it very quickly was seen that there was a need for lateral coordination processes outside the headquarters to avoid competition between the units and reluctance to assist other countries. As the overall capacity was rather limited, combined efforts in thinking through innovative product / market combinations were seen as beneficial. The project therefore focused on fostering learning processes across the countries, on lateral coordination and on feedback between colleagues.

Sixth, the steering of a multinational cooperation needs both local flexibility and a set of systems and indicators on a transnational level. The project therefore had to develop a set of indicators for strategic planning, including market / product assessments, estimation and forecast models to provide a database for crossnational and local decision.

4. DESIGNING THE PROCESS

The strategy development applied a project management approach. The project team consisted of the managing directors of seven country units, an internal consultant assigned to finance and controlling and me as external consultant. One of the managing directors of the country units was appointed project leader. Project sponsor was the company`s IMDS. A series of five two-day workshops were scheduled (March – August 2007), each dedicated to a specific strategic issue, an instrument for analysis or planning and a setting for learning and reflection (for an overview see table 1 on the following page).

One of the premises was that all managing directors of the country units had to take part in the project. There was no excuse permitted for not attending, coming too late or leaving early, not even if "important clients call in for an important meeting". These rules, which were rigorously enforced, invigorated continuous work and underlined the relevance of the project for all involved.

A further specific, far-reaching consequence was that the group of managing directors was diverse in:

- cultural issues: some came from headquarters and the home market in Austria, others came from their home countries in the CEE and SEE region, applying their cultural specific mindsets
- educational background: from university degrees in economics, finance, law, sociology to no university degree, from extensive management training to no management training at all

- experiences in management practice, organizational change or strategic management
- period of affiliation to the company and the trust they had earned from headquarters for results and leadership
- language skills: some were good in German, others not; some were good in English, some not
- the results of the units in terms of business growth they could demonstrate.

Table 1: events and milestones		
Kick-Off Meeting	• Clarifying aims and expectations with the IMD • Discussing the working method in the international setting and preparing for the work to be done together with the teams in each country unit • Examining existing knowledge and experience concerning strategic management and real estate leasing specifically	March 6, 2007
Workshop 1	• Presenting the specific concept of the strategy development project • Defining the main terms and indicators to describe the leasing business • Introducing first methods: analysis of trends, stakeholder analysis	March 6-7, 2007
Workshop 2	• Presenting first results (analysis of trends, stakeholder analysis), elaborated in the teams in the country units, feedback and counseling in peer groups • Introducing and assessing a set of economic key data to describe the (economic) situation in the country (proposal to the steering group) • Introducing and implementing the instrument competitor analysis • Introducing the concept of market segmentation	April 2-3, 2007
Workshop 3	• Peer reviews and feedback of the competitor analysis • Market segmentation: developing a concept of a segmentation that makes sense for countries as well as for headquarters • Market analysis: introducing the concept, piloting a market analysis, improving the set of criteria together with the project sponsor	May 3-4, 2007
Workshop 4	• Progress reports from the countries including all strategic instruments (with the project sponsor and other department heads of headquarters present) • Cross-checking of the results with the headquarters´ risk policy • Aggregation of the results into a SWOT analysis • Feedback from the project sponsor and other experts from headquarters on the analyses of the country teams • Introduction of the concept: From strategic analysis to strategic options	July 2-3, 2007
Workshop 5	• Final reports and feedback based on a traffic light scheme • Definitions of issues for further negotiations in bilateral approval processes • Outlook on the realization phase	July 31 - August 1, 2007

5. HOW IT ALL STARTED: THE KICK-OFF MEETING - UNORTHODOX METHODS IN AN UNCLEAR SITUATION

The first two-day workshop started with the IMDS`s statement about the aims and targets of, inviting the country managers to co-define ICL´s strategy for the coming years. After that, the project leader presented the milestones and the more general working frame. Both issues were discussed and reflected upon by the participants.

After the IMDS left the meeting, I asked participants to stand up and form groups using some of the above mentioned differences and let them talk about what these differences could mean for collaboration in the project set-up. This exercise – a classic tool in systemic workshop designs – may have helped the participants to see their differences as a resource rather than an obstacle. However, most of the participants were not used to this type of workshop setting. They were rather expecting paper presentations and results to be discussed. For some, especially the participants from the former communist countries, the request that they stand up and form groups according to criteria not primarily related to business had little to do with strategy. That type of intervention was seen as a waste of time, as workshop evaluation showed. The approach of talking together in groups about the meaning of differences was seen to be too personal and not enough tough business, and they felt quite irritated at the beginning. The concept of team learning, where relevant knowledge emerges from sometimes also awkward group work settings, was rather different to management practices in their work.

A second irritation was the introduction of the systemic model of strategy development. In its core the model suggests that sensitivity towards differences is an important attitude in strategic thinking. Those differences however which are observed in the outside world are at the same time produced internally in the system itself. An organization which increases its strategic capacity consequently also has to increase its sensitivity towards internal complexities and information processing. This means considering internal communication processes and the way assessments from individuals become relevant for organizational decisions. As data are nearly always open to interpretation, the main challenges for managers here are to find ways to cope with increasing internal differences in perspectives and assessments and to come to decisions within a limited period of time. The need to listen carefully, to learn what is unknown, to argue in case of different interpretations and to act even in situations of high uncertainty are some of the characteristics strategic decision making imposes. A mindset which primarily looks out for objective and clearly measurable data "out there in the world" which "speak for themselves", or where strategic actions are directed from superiors represents a quite different but widely prevalent mode of strategic development, especially in the former communist countries.

When the basics of the systemic approach of strategic management at the kick off meeting were presented, a debate started whether "subjectivity" can lead to good results in decision making. One group felt comfortable with the model and was happy to be invited to share their observations and assessments. Others demanded another type of external advice, where the consultancy itself formulates strategies for the company. With this model they felt more comfortable as they were used to it in firms they had previously worked with. A third but smaller group mistrusted headquarters and argued that they might already have a strategy in mind and that what the participants were invited to do here might be described as “occupational therapy”.

However as everything the consultant does is an intervention and reveals diagnostic information - as principle four of Ed Schein´s process consultation suggests (Schein 1999) - I reasoned that for some members of the group the approach probably would work out well, while for others it would lead to difficulties as they were unacquainted with the kind of strategic thinking through which the project had been conceived.

To summarize, there were important cornerstones which helped to stabilize the setting at the beginning and to direct the individuals towards collaborative action and work:

- the context: the strategy development project was embedded in the integrative company development project addressing changes also on structural, personal and business process levels
- the clear and unambiguous mandate of the international managing director sales created a clear sense of urgency
- the project management approach, thoroughly planned in advance, provided structured work and conveyed orientation
- a very dedicated project manager, appointed from among the group (“one of us”), was a trusted leader and provided guidance for the rest of the group, and finally
- the tools already implemented in the first workshop were very practical in application but also consequential and demanding in terms of directing work and involvement

6. APPLYING STRATEGIC TOOLS AS “SEMI-FINISHED INSTRUMENTS”

Strategy development processes usually apply instruments for gathering, analyzing and interpreting data. The underlying premisis for this is that with a thorough application of these tools the uncertainty of the external environment can be controlled and its development predicted so that it can lead to informed strategic decisions. Instruments help strategists to reduce complexity and to translate uncertainty into grounded and coordinated action. Although a sine qua non in strategic planning, the way these instruments are applied varies considerably when they are primarily used as an external expert´s approach or an approach increasing the system´s internal capability to observe and take action. In the following I will provide an overview of the strategic instruments selected and the way they were compiled and tailored in the consulting process. To describe in more detail its application I selected the case of the competitor analysis.

6.1. SELECTING AND TAILORING THE INSTRUMENT

As each workshop included the implementation of a specific strategic tool, the significance and applicability of each tool was thoroughly screened in advance in meetings with the international managing director sales and the project leader. They asked a set of questions which guided the selection procedure. How does the selected tool contribute to a better understand of the underlying market dynamics of ICL? In which way does it fit the mission and vision? Can the management team use it without external help after first advice?

The implementation of the instruments followed the "outside-in-approach" and therefore started with defining the relevant macro-economic figures for the business, followed by a screening of the environment (environmental and stakeholder analysis) before explicitly defining the type of products and services which lead to an innovative answer to the question of "what business are we in?" (Peter Drucker). When the series of workshops proceeded, the applied instruments became more focused on the core business and narrower in terms of the segments they investigated. The analysis of the stakeholder groups, the competitors and the markets focused the relevant set of data and the summarizing SWOT analysis compiled a strategic assessment of each country unit. Table 2 summarizes the selected instruments and their specific backgrounds.

Table 2. The tool kit of strategic instruments

Instrument	Aim, application criteria	Source
Analysis of trends and relevant environments	1) To systematically screen the relevant legal, fiscal, geographical, cultural context; 2) Local teams are called to exchange views and perspectives ("everyone sees a bit of the elephant") 3) recognize previously undisclosed options or threats	"Design school" (Mintzberg et al 1998), Power et al 1986, classic strategic tool

Table 2 – Continued		
Instrument	Aim, application criteria	Source
Economic analysis	1) screening of key economic indicators of a national market enconomy; 2) prioritizing a list of key indicators relevant for real estate leasing helps to get a first orientation "at a glance"	Classic approach in national economics, utilized here because of a lack of appropriate figures in the headquarters´ research departments
Definition of the core product	1) To develop an attractive description of what type of product real estate leasing 2) Inventing that description in the group is a direct way of professional "sensemaking" – within the country units and across the whole company	consultants invention;
Stakeholder Analysis	1) provides an overview of interests and motives of as well as connections to relevant organizations; 2) performed in teams, it helps to create a strategic overview of the dynamics of the environment and the situation of the unit 2) honest assessments inevitably lead to options for action	From the political school (Mintzberg et al 1998). Originally proposed by Freeman (1984), in the meantime widely adapted for consulting processes (cf Boos 1990)
Competitor Analysis	1) systematically draws attention to competitors on the market; assesses strengths and weaknesses compared to relevant competitors. 2) realistic assessments need knowledge but also assumptions from the team 3) teams learn how to assemble "subjective assumptions" into a more complete picture	Classic tool, adapted from Nagel (2007)
Market Analysis	1) helps strategic potentials to be expressed in terms of financial forecasts; the underlying assumptions of growth, stagnation, competition become visible. 2) provides key figures relevant for strategic decisions 3) teams learn how qualitative assessments are translated into financial planning	Own invention, following some ideas of Nagel (2007)
SWOT Analysis	1) combines internal capabilities and external challenges and demands 2) easy to compile, allows differentiation in the assessment 3) compiles and evaluates the data in order to formulate a set of strategic directions for the country units	Classic strategic tool from Design school (Mintzberg et al 1998)

Each of the instruments was provided in "semi-finished" form and they were finalized and made ready to use in the workshops. This helped the group to tailor the content as well as to understand the meaning behind each of the instruments. In the following I will exemplify in more detail the application of a semi finished instrument in the consulting process which was introduced in the 2nd workshop.

6.2. ANALYSING COMPETITORS - FROM SEMI FINISHED INSTRUMENT TO STRATEGIC RESULTS

As a consultant I prepared a paper introducing the concept of the method, the steps to finalize the semi-finished instrument and a guideline about how to apply the instrument in the country units.

Step 1: Definition of the relevant indicators for comparison

I prepared a list of possible indicators which I could see as examples of interesting indicators for comparison with competitors. These indicators included items such as pricing, customer satisfaction, quality of services and products, additional service qualities (timeliness, capacity to deliver…), know-how, networks available, reputation and image, regional anchoring, economic strength, strategy, company culture.

I split the workshop participants into two groups and let them come up with another list of useful indicators. They could add and remove items as these seemed appropriate but they should write each item on one card to be pinned on the board. When they had finished they had come up with a total of 32 items. After these were screened and improved in terms of meaning, relevance for business success and accessibility of data, each workshop participant voted for the 10 most important items. The final instrument included a set of 18 indicators (see table 3.) and was converted to a questionnaire where each item was rated on a scale between 1 (very poor) and 10 (very good).

Table 3: selected indicators for comparison		
New volume	Market share	Advisory skills of staff
Number of finished projects	Presence of the company in the region	Sales skills of staff
Number of clients	Quality of indirect distribution channels	Employee turnover
Pricing (spreads, additional costs)	Delivery time	Team spirit
Quality of services	Decision processes	Participation at market events
Additional services	Expertise of staff	Presence in media

After the instrument had been finalized, one of the participants worked out an .xls sheet with the indicators and the assessment scheme. Each managing director was then asked to perform a full competitor analysis together with his team and to present the results at the next workshop.

Step 2: Define the most relevant competitors

Each country unit had to define the object of analysis. For this purpose they had to select the three to five most important present and future competitors in the regional market, whether or not extensive data were available.

Step 3: Assess one´s own company "in the eyes of a customer"

Initially each country unit had to evaluate itself, taking the perspective of a customer. The team members had to take the role of a potential customer looking at the company from the outside taking a critical but also realistic perspective.

Step 4: Assess the selected key competitors "in the eyes of a customer"

The teams then rated each competitor. Differences in the assessments by the team members were not to be seen as a weakness of the analysis but as a resource for exchange and deeper understanding of what might be the case.

Step 5: Draw conclusions

Finally data were interpreted: the teams had to extract strengths and weaknesses of ICL´s country unit compared to its competitors. Given the analysis, is there evidence of a need for action in the short and in the long term? What are we good at? Where is there a need to learn from competitors?

Step 6: Present the results

At the next workshop of the project the competitor analyses were presented in peer group settings, each including teams of 3 countries working parallel. Starting with one country presenting the analysis´ results and details of the working processes, the others had to listen carefully and to try to understand the results as well as the way the teams accomplished the tasks. Subsequently the peers had to provide collegial feedback and advice.

These rather intensive peer group discussions led to a diagnosis of how the strategy-processes were running in the country units and some indicators for positive but also critical developments surfaced. On the more positive side it became evident that the instrument proved to be helpful for all countries as it was a quite understandable and created clear and directive guidelines on what to do next in terms of data collection, interpretation and conclusions. It was perceived to be supportive in synthesizing prevailing knowledge and assumptions of the team members. In that way it eased the start of the strategy development in the country units, eliminated the emergence of too many strategic confusions and encouraged people to take part in the process. On the more critical side, during the implementation some inconsistencies with the originally proposed model of collectively developing the strategy appeared. For the managers of three countries the principle of teamwork as a guiding structure was a challenge in two different ways. In some countries people felt out of place as they were invited to take part in discussions where they thought they had little to contribute. In their own view they lacked direct observations and data for assessing competitors and therefore it would be a case of the blind leading the blind. One proposed solution was to delegate the task to individuals who had experiences with the competitors. The other way – as one country chose - was to delegate the task back to the managing director, as it was seen as his duty to strategize and to fill out “questionnaires for headquarters”. Both tactics were understandable from the perspective of the reports, but they were rather critically seen by the rest of the group as well as the project coordinator as they indicated a different mindset of strategic thinking. As a consequence the respective managing directors were advised by their peers and the project coordinator to restart the analyses with the teams and to follow that approach more consistently in the future.

The feedback settings proved to be a powerful element, revealing not only positive comments but also critical issues in a process of “rattle and shake”. For some countries the feedback clearly expressed that the general pattern lacked self-criticism and an honest examination of their specific situation. That such discussions were possible indicates that the group had reached a considerable maturity where different opinions, conflicts and criticism could be expressed and further worked on. In that way, the feedback and the way it was presented and reflected on eventually led to a more informed and “tested” view of the company´s competition.

However the honestly practiced approach of peer-group testing helped considerably to create a culture where critical and supportive issues could be communicated in an understandable and consequential way. Through that the ability to listen, to give feedback and advice was growing within the team of the country managers, a lateral setting which in many organizations is more often characterized as isolated and competitive.

7. INTEGRATING STRATEGY CONSULTING AND ORGANIZATIONAL DEVELOPMENT - APPROPRIATE MODELS AND INTERVENTION TACTICS

In the following I will investigate three challenges for consulting interventions, intending to combine strategy consulting and organizational development which I have encountered throughout the project and thus convey some – at least personal - learnings. In essence it was not the battery of tools and instruments that were introduced and applied that mattered most but the deeper underlying changes which emerged throughout the process. At its center the project focused on changing the mindsets of the managers and key persons and the organizational patterns for (strategic) leadership.

When deciding to invite all country managers to take not only an active but also a co-creating role in the strategy development process, the IMDS of ICL took some risks, which had not been clear to him at the outset. In previous times strategic planning had been centralized at headquarters and the countries´ subsidiaries were invited individually to negotiate the forecasts and budgets. The new approach led to a more bottom-up and also lateral embedded way of integrating all country units into one simultaneous process. For headquarters this meant giving away power in such a way that the future of the company will not only be directed by the most senior managers.

But when organizations apply more lateral forms of coordination and steering, the strength of leadership is even more important than in centralized organizations (Galbraith 2008). The challenge for the managers at headquarters was to change their role to primarily providing a clear framework in which the strategic options can evolve.

On the other hand this type of bottom-up approach also calls for dedicated and capable managers of the country units who are prepared to take on the responsibility offered an to do their part in changing the companies by exhibiting a sense of entrepreneurship.

First events demonstrated that both headquarters and countries had to learn to change the way they meet, communicate and decide in order to adopt the new paradigm. In the consulting process I therefore applied a set of different interventions in a way that enabled both headquarters management as well as the group of country managers to collaborate according the new paradigm already in the course of the project.

Figure 2 (on the following page) outlines the elements of the process design in a timeline. Before and after each of the workshops executive meetings with the IMDS helped to keep the whole process on track. The support of the project manager and the IT administrator between the meetings encouraged all participants to ship relevant results in time with appropriate quality. As a consultant I intervened continuously in all these directions.

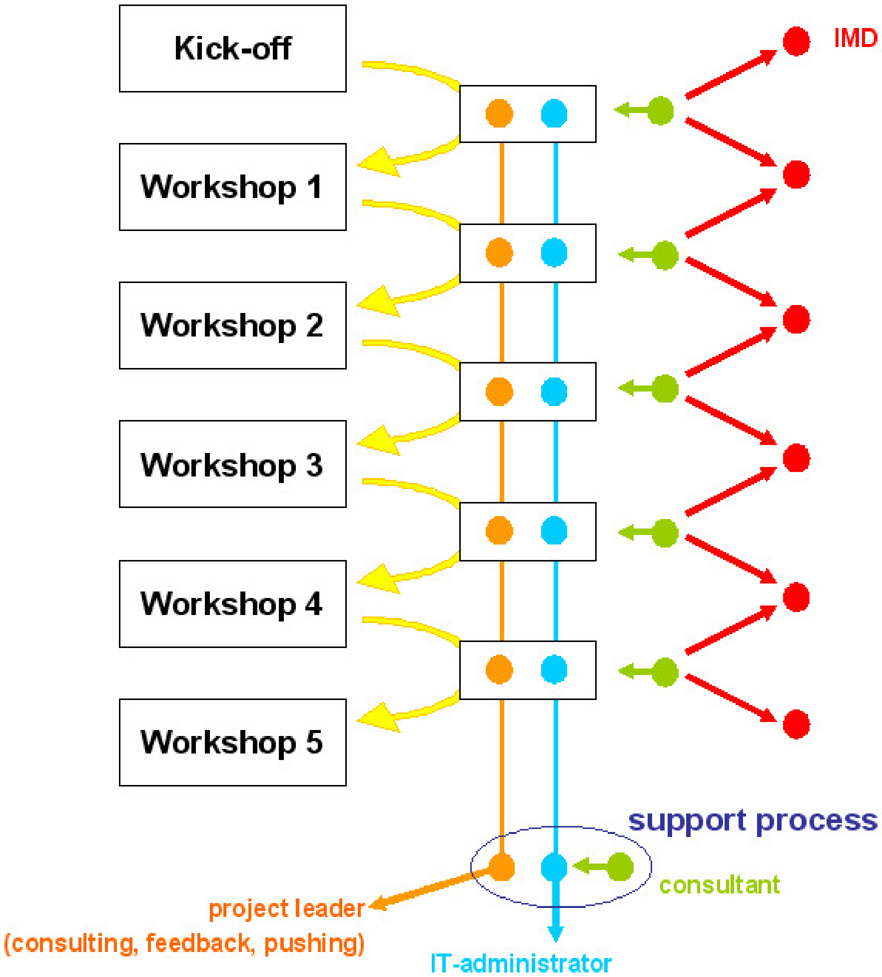

Figure 2. process and intervention design

7.1. SETTING THE CONTEXT AND ELABORATING THE FRAME

In order to shape the context I prepared each workshop thoroughly with the IMDS two weeks in advance. In these meetings the underlying model of the whole process was generated between me as consultant and the IMDS as client. Nevertheless not everything was planned in advance and the process was constantly reworked during our collective analyses of the past workshops, the implementation in the country units and other instances arising. These meetings included in depth analysis and reflection on how to act as IMDS in the project, where and which specific type of action was needed from him and where it seemed appropriate to refrain from directive intervention.

As these meetings were highly relevant, there were not only harmonious discussions but also times when differences and conflicts between the client and the consultant surfaced. One field of conflict was about adjusting the speed. The IMDS did not value the time reserved for critical reflection and the testing of ideas in the workshop settings, which I saw as an essential part of the learning process. He saw learning processes more as a mode, where good inputs are presented and learning occurs subsequently. Consequently he argued that this should be the way the country managers should learn about strategy. On the other hand I belief that learning management issues needs a sort of a "rattle and shake process" which helps to integrate the new into the existing knowledge patterns. A second area of conflict emerged when differing assessments of the value of the strategic instruments became evident. The IMDS, describing himself as "a man of figures", prioritized the market analysis as the main strategic instrument and I on the other hand emphasized the importance of including all preselected instruments into the formation of strategic options.

As these conflicting issues represented fundamental questions impacting the process model, I held it necessary to explore the differences in our assumptions in detail and to work out a frame acceptable for both. However getting into substantial conflicts with the client is a delicate issue in the consulting process. When the consultant becomes a conflict partner he risks losing sight of the complete picture and being forced into a defensive position. I also experienced honest fears of not being right in the end and of losing credibility in the eyes of the client. Even worse I also feared losing the assignment as a consequence of being seen as uncooperative, or as some systemic consultants describe it, "not being able to connect with the client". But it turned to be different: as we found common solutions for the differences we encountered, our relationship strengthened and the IMDS´s trust in the consulting process and in me as consultant increased.

Although time for these meetings was limited due to the IMDS´s schedule, it was clear to me, that each workshop needed a clear and unambiguous frame. I therefore insisted that these meetings had to take place some days before the next workshop to allow for good preparation or the workshops had to be postponed. After we went through the whole agenda, which mostly took more time than scheduled, I felt well prepared to elaborate the design elements and the methodologies for each workshop. In the workshops, participating country managers felt that things were "in order" because senior management´s signals were in line with what was elaborated in the workshops and with the process as whole.

7.2. FOCUSING LEARNING AND MEETING RESISTANCE TO LEARN

The comprehensive implementation of the market strategy in all front-units required a common understanding of the strategy management model. But this was not a green field activity as most of the country managers already had an implicit or even explicit model of strategic management in mind. But it became clear that these models differed considerably from the one to to be applied in the ICL project both in terms of the concept itself and of its application. The learning process therefore also included unlearning prevailing patterns and beliefs. It did not evolve smoothly but was accompanied by some struggles and sometimes also by open or hidden conflicts and resistance.

In order to support the process of learning I took the role of an educator. I prepared not only powerpoints but also short teaching papers and checklists for applications for participants to take home from the workshops. I considered these rather practical recipes (in the sense of Karl Weick) as tools to help the participants apply the models outside the workshop context and thus contribute to innovative ways of processing the strategic discussions and work in their homebase (Weick et al 2005).

But taking the role of an instructor was also somewhat specific in the given context. When participants in management trainings complain about the content or its implications trainers often describe the subject presented as "an offer one can take with him or not" rather than a "have to know". The given situation was quite different, as the content I presented had substantial implications for the participants and they had to apply them in their practices. My role therefore was also that of a change agent, advising the participants to act in a specific way. This allowed me little room to maneuver or to take a more distant attitude towards the strategic approach. I tried to meet this challenge in upcoming critical discussions with openness but also with a clear focus on expertise. Critical discussions were held and unclear issues were substantially reflected on as they emerged. But most all, the methodology of the semi-finished instruments helped as it invited participation in defining the content and the processes.

7.3. GUIDING THE TRANSFER AND ANCHORS TO THE HOMEBASE

The country units and the people working in them were the organizational entities were the strategic analysis and work had to be done. But the design of the project only allowed for the managers of the country units to participate in the international workshops. The tough question therefore was whether and how the knowledge and the team spirit which emerged in these international workshops would spread to the local companies. As no resources for consultancy in the country were foreseen the transfer primarily rested on the shoulders of the country managers. To reflect that specific need the design of the workshops provided three anchors for homebase transfer.

First, each strategic instrument was demonstrated as an example; either for one country as with the stakeholder analysis or in small group settings where 1 or 2 countries trialed. While piloting, specifics of the application were reflected on, which led to a more complete understanding of the instrument and sometimes to a further improvement of the instrument itself.

Second, at the end of each workshop "homework" was launched. This usually comprised discussing the model and gathering and evaluating data and drawing first strategic conclusions together with the country teams. For coordinated action and to support a somewhat unified approach, the project leader prepared schemes for documentation and reports and sent them to the country managers for completion.

Third, each workshop started with reports from country units presenting the highlights of the work accomplished, which were discussed in detail in peer groups. The peer group settings turned out to be quite advantageous for this purpose, as they allowed for more intense analysis and reflections. To orient peer group discussions I used the following questions: What went well and smoothly? Where did we (or I) encounter difficulties? What did I learn about my country team (or organization) when and while performing the task? What will I specifically consider next time?

About one third of the time in the international workshops was allocated to questions about transfer and reflection on the work in homebase. For the majority of the countries that type of transfer was sufficient in order to get things done as the country managers acquired substantial management skills and were extensively commited to the project. However in the case of one country unit this setup did not work well. The results, which were not clearly produced, were assessed as rather weak by the full group. As a consequence the internal consultant and I as external consultant were sent there as a fire brigade after workshop 3 to help the team achieve the goals (see table 4).

Table 4: "The run of the fire brigade"
The strategy development support was conceived as two workshop in the offices of the unit. Each workshops lasted one and a half days separated by two weeks. The first meeting was scheduled to start at 9 am. However nobody showed up until 9.30 (except the secretary to unlock the room) and slowly people arrived and the seminar room filled up. At 10 we started with a welcome by the country manager. I announced that the aim of meeting was to help the country unit to collectively develop its strategy. No clear reactions emerged but somehow I had the impression that the team under scrutiny and somehow disciplined from headoffice. Instead of debating the organization of the starting the time, we continued and quickly went through the project disposition and the strategic concepts. As we introduced the first instrument (the stakeholder analysis), the team said had only been incompletely invited to collaborate by their boss.

Table 4 – Continued
On the other hand the manager of the country unit argued that the team members visited customers or went on holiday instead of contributing to the strategy process. During the next two weeks the team went through the entire set of analyses which had been individually performed by the country manager. With our help – primarily as facilitators - they were able to overcome differences in assumptions, specifically in how they assessed the market potentials in various segments. It became clear that the country manager tended to avoid too many disputes while at the same time the team members were explicit in their opinions. And they admitted originally they had not been unhappy not to be involved in that "paperwork". The country manager shortly after these events left, and one of the experts of the team who turned out to be quite skilled in strategic work took his place.

The fire brigade example shows the importance of managerial skills for a reflective type of strategy development and the limitations of a process primarily based on management. With this setting the whole process heavily depends on individuals and their ability and commitment to transfer and act accordingly. The idea of getting the whole system in the room at large group events (at the beginning, in between or/and at the end) (see James & Tolchinsky 2007) might add value because it allows all members to connect personally and directly with the change process.

8. CONCLUSIONS

Strategy development processes have the potential to contribute to organizational learning and change. However, most large companies center strategic analysis and decision making primarily within the group of senior management. Roll-out processes as well as defined organizational change programs then follow the defined strategic requirements in a top-down approach. A combined top-down, bottom-up approach has the advantage that the people who should redirect their practices are not only on the receiving end. They play an active role in exploring the reasons for change and in defining future directions. But if a broad strategy development process in that sense is newly initiated, it has consequences for senior management as well as for local line leaders. Both groups have to rearrange their individual roles and mutual expectations, they have to adapt communication standards and structures which allow for meaningful discussion and true dialogue and perhaps most importantly they have to change their mindsets so that they share the responsibility in co-creating the company´s future.

But it is also consequential for shaping the role and the performance of the consultant. Recently I attended a seminar by Edgar Schein on "bringing different subcultures together", in which he suggested that consultant´s interventions should not only stay focused on reflection and communication but more strongly step into an action mode and take initiative towards solving the problem (see also Schein 2009). I find this idea particularly very instructive for an approach addressing also a greater level of depth of change as was the case in the given example.

The role of the consultant in such a process is to work intensively and deliberately with the different levels of management providing direction, instruments and facilitation. Although this might occasionally include bridging communicative and conceptual gaps between the senior managers at headquarters and the line managers, the consultant also needs to stand back from, and opposite to, both groups. Many strategy processes fall short because they are unable to convince the members of the organization that the new direction will lead to better results. The consultant can help to avoid this shortfall by helping senior management to define a clear framework, establishing learning processes for both senior and local management and setting distinctive interventions to transfer workshop learnings into organizational practice.

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