All In

Why the Best Leaders Involve Key Stakeholders in Strategy Development

By: Trever Cartwright & Michelle Janke

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Strategic plans are as common as office printers and just as likely to malfunction. In fact, 70% of the strategic initiatives that companies pursue to increase revenue, decrease costs, improve efficiency and innovate fall short of their goals.[1]

Why? A lack of stakeholder engagement, especially among employees—the most influential stakeholders in any organization.

The importance of engaging employees and other critical groups in strategy development cannot be overstated. Many companies find out the hard way that neglecting to pave the way with key stakeholders creates major potholes along the road of implementation, some of which can put an organization's future in jeopardy.

Today's U.S. companies have a one-in-three chance of being delisted in the next five years because of financial distress.[2] And the pace of failure has quickened. The same analysis showed that companies are being delisted at six times the rate they were 40 years ago.

What is going wrong with their strategies? It's a scenario we've seen play out for years: Companies do not engage critical stakeholders in strategy development soon enough, if at all. For example, the board of directors at a hospital implements a new process for uploading patient records into an EMR system without consulting its doctors, who then resist the new system because it takes too much time away from caring for patients. Or, university administrators decide to launch massive online open courses (MOOCs) to reach more students only to find that when they present the plan to the faculty, professors reject the program as an inferior, depersonalized learning experience.

In both these cases, company leaders followed a top-down process of developing their organization's strategic direction and then presenting it to those who are expected to implement or comply with it. In our experience, this rarely works. Important stakeholders who aren't involved in a plan's creation are likely to actively oppose or quietly resist it.

This may help explain why the failure rate of strategic initiatives is so high, especially in sectors and organizations where classes of stakeholders possess outsized influence. Businesses need to be thoughtful about how and when they approach these critical groups, including:

- Boards of public companies, associations, universities, hospital systems and medical groups with fiduciary responsibilities
- Department heads of functions such as marketing, sales, operations and human resources at consumer companies
- Members of tourism agencies who represent hotels, restaurants, attractions and retail outlets
- Practitioners in service-oriented organizations such as doctors, engineers, accountants, consultants, lawyers, architects and university faculty

When key stakeholders are not aligned on strategy, initiatives can quickly fizzle. In one instance, board members of a destination marketing organization (DMO) wanted to mount an international marketing program to promote tourism to the city but rejected recommendations from the organization's CEO to increase visitor taxes. Without the additional income, the DMO couldn't fund the program and was forced to change direction. The result has been relatively flat growth in visitor market share, while surrounding destinations with larger budgets are experiencing growth.

Challenges may also arise when a new strategy requires changes across functions. Business unit heads will generally view the initiative through the lens of their own priorities. A director of marketing, for example, might believe increasing company revenues would require a bump to her budget while the company's director of operations might believe that adding features to the company's product would justify a price increase and provide the desired revenue. If the business's strategy doesn't account for these conflicting views, or if one leader believes their function won't directly benefit from it, the initiative is unlikely to gain traction.

> "When key stakeholders are not aligned on strategy, initiatives can quickly fizzle."

Often, company leaders don't intentionally avoid seeking stakeholder input. Sometimes, they neglect to engage stakeholders in the early strategy planning stages because they think they must first develop something stakeholders can respond to. Other times, they fear their board, employees or other stakeholders will resist their planning efforts before taking the time to understand the benefits.

Whatever the rationale, to effect real change leaders must engage these groups at the beginning of their process, even if they believe their stakeholders are likely to challenge the new strategic direction. These interactions are crucial to identifying and cultivating champions within stakeholder groups that will stand behind the strategy once it is ready for implementation. This is even more important for organizations that must make rapid changes or revise their strategies midstream to respond to unexpected disruption and other market shifts.

These issues are often compounded by the fact that many organizations don't take the time they need to prepare their leaders to oversee the execution of the strategy. Proper preparation may require accounting for gaps in the leadership team's capabilities by bringing in additional resources or helping the team develop the skills it lacks. Without a collaborative vision, many organizations will find their strategic planning headed toward failure before they even try to implement.

Some things you just can't fix

When a strategic initiative begins to go sideways, company leaders tend to fall back on the same methods to resuscitate them, often with underwhelming results. They:

1. Double down on the current strategy by appointing a project manager to oversee a course correction. However, making someone responsible for gluing together something developed through a broken process will result in a jerry-rigged execution that will still likely face stakeholder resistance.

2. Overcorrect for neglecting to get stakeholder input by seeking it after the fact. Unfortunately, this doesn't allow leaders the time to consider the possible biases of the stakeholders, leading to poorly informed course corrections.

3. Add reporting mechanisms to measure and manage progress on key initiatives. Although tracking progress is important, the best metrics can't measure the lack of buy-in from board members, employees and other groups.

4. Sell the strategy harder, thinking they can rally the troops by providing more communication about the plan. But, if the stakeholders fundamentally disagree with the strategic direction, and don't like it, more information won't change their minds. In fact, increasing the cadence of communication might cause those who oppose the plan to grow even more resentful.

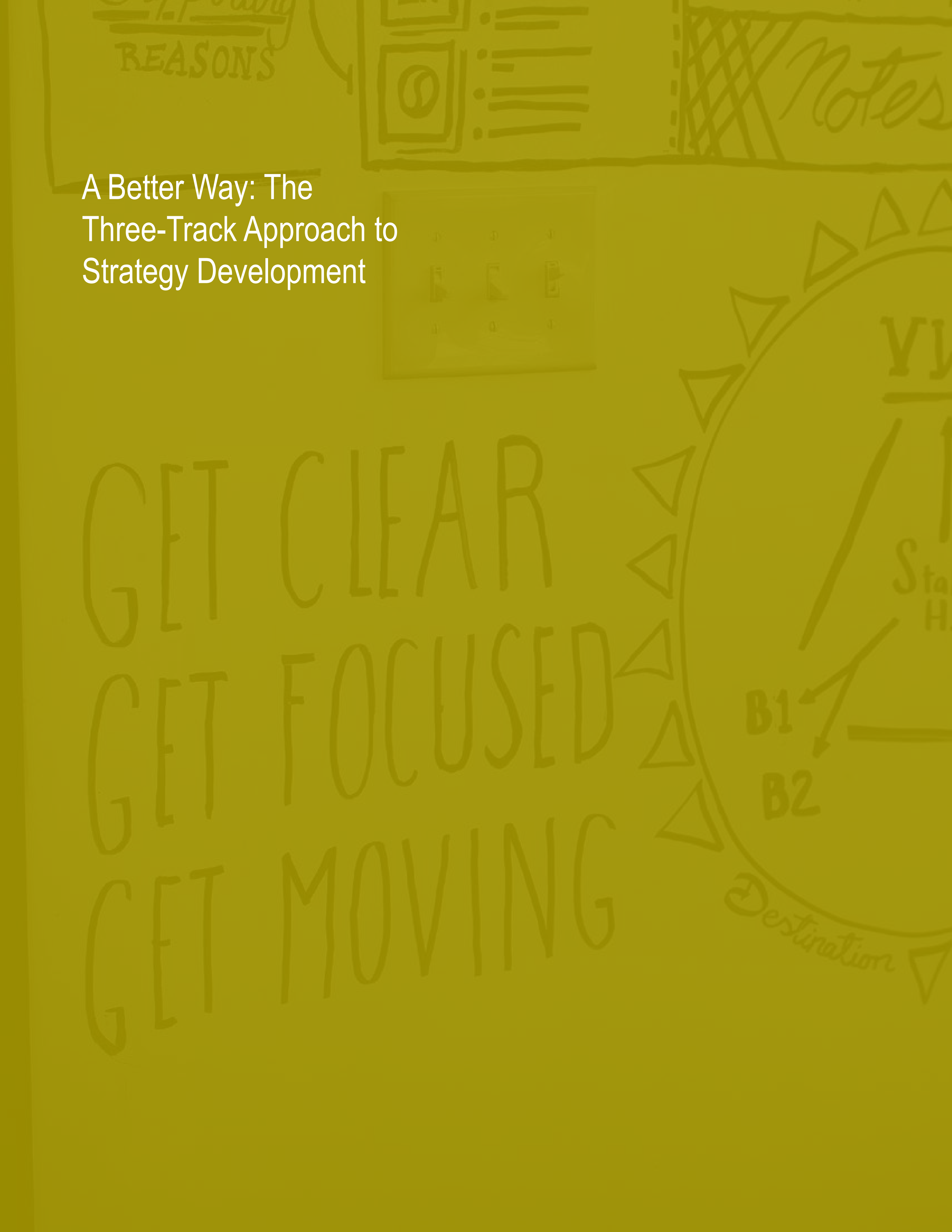
5. Give up and start over by bringing in a consulting firm to interview senior leaders and devise a new plan. This approach can succumb to the same problems that sabotaged the original one if stakeholders are not involved early and often. We've seen many strategies deemed failures that, upon further inspection, appear to have been exactly what the organization needed. Leadership just gave up too soon.

6. Shoot the messenger by firing the strategy head, CEO or COO for failing to execute the plan. However, their replacements may find themselves fighting the same battles that have grown harder to win, because they're saddled with organization-wide cynicism due to previous misfires.

7. Quietly abandon the strategy and hope no one notices, chalking up the failure to bad timing or a lack of resources to execute the plan properly. This is the path of least resistance for failed strategies developed behind closed doors by a few C-suite executives, but it certainly doesn't address the company's needs or prepare it for the future.

None of these responses will increase the chance that a strategy—even a good one—will be implemented successfully. The problem remains that key stakeholders were not sufficiently consulted to help shape the process.

A Better Way: The Three-Track Approach to Strategy Development



A Better Way: The Three-Track Approach to Strategy Development

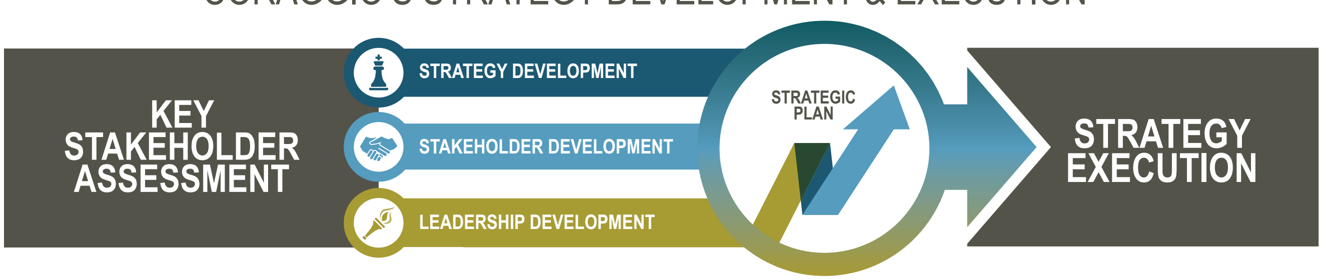
Companies that are the most successful at implementing new strategies and reaping their benefits tend to do two things right: they get early buy-in from key stakeholders and make sure their leaders have the skills and willingness to see them through. We call this approach "integrating people and process for impact."

This requires top leadership to advance on three tracks: developing the strategic plan, building key support for that plan, and ensuring their organization can execute it. In other words, strategy development, stakeholder development, and leadership development (graphic below).

Running these three processes concurrently is critical as they inform each other. Approaching them in phases or neglecting any one of them is like trying to fly a plane with one wing. Leaders willing to tackle all three simultaneously are more likely to achieve their plan's desired outcomes.

TRADITIONAL STRATEGY DEVELOPMENT & EXECUTION

CORAGGIO'S STRATEGY DEVELOPMENT & EXECUTION



TRACK ONE: STRATEGY DEVELOPMENT

Most organizations are well-versed in how to develop strategic plans and what they should contain. They often slip up by neglecting to create the strategic plan in tandem with developing stakeholder support and the leadership capabilities required to implement it. Given our more inclusive, multi-pronged approach, we recommend that companies redefine strategy development to make sure that it:

- Involves people across business functions at all levels of the organization
- Captures the pulse of the organization's values and culture, reflecting its level of boldness, risk appetite and failure tolerance
- Includes an assessment of whether the organization possesses the capabilities, processes and people necessary for execution
- Helps the executive team understand what their roles will be during the process

This checklist will support efforts to consult employees and critical stakeholders and prepare leaders at all levels to move the organization in a new direction. In this way, the process becomes more meaningful to a broader cross-section of the business as it progresses.

TRACK TWO: STAKEHOLDER DEVELOPMENT

Winning over stakeholders during the development of a new strategy is critical to the success of any major initiative. This starts with determining what information you need from the people in your stakeholder ecosystem, then keeping them engaged throughout the process.

To ensure that stakeholders feel heard and leaders reap the benefits of their experience and perspective, we recommend taking three steps:

1. Survey your stakeholders.

Gathering input from stakeholders can be accomplished through various means, including email surveys, focus groups, and one-on-one interviews. The key is ensuring confidentiality. The stakeholders you consult must know their names will not be attached to the concerns they raise about the organization so they can speak freely without fear of putting themselves at risk.

Along with informing strategy development, this will enable you to gather critical insight into what could derail implementation, such as a CEO who doesn't listen to their team, discord among top leadership, or a particularly hands-on board. You should also identify other factors that could limit the scope of the plan, such as financial constraints. That information, along with the stakeholder input, should be summarized in an insight report that serves as a guide throughout the plan's development and execution.

When one tourism organization conducted confidential interviews with its leadership team as part of its strategic planning process, it discovered that leaders felt like they were operating in the shadow of the organization's charismatic CEO. He didn't allow them to make decisions without his input, making it difficult to get things done. The CEO also seemed more focused on promoting the organization than running it, which was hurting the organization's ability to manage its daily operations. During those interviews, it became clear that the organization needed a new approach to how it implemented its strategic plans and to hire a COO to oversee the process. That addition to the leadership team enabled the tourism organization to break through the CEO dynamic.

In another instance, the interviews conducted with employees and leaders at a multi-unit retailer revealed a rift between the marketing and operations teams that was making it difficult for the company to grow its customer base. The leaders of those two functions not only disliked each other, but also disagreed on what the growth strategy should be. The marketing leader contended that retaining more customers required creating a better in-store experience; the store operations leader claimed the company needed to improve its marketing plan. As a result, front-line employees in both functions were becoming cynical and confused. With our help, the retailer engaged the two teams in a new strategy development process by holding a series of market intelligence sessions in which everyone was given access to the customer data and guided toward creating a unified view of their target customer. As a result, the team members realized they each had important roles to play in the company's growth strategy, and leadership was able to advance its strategy on both fronts: improving the in-store experience and the marketing message.

> "Gathering input from stakeholders can be accomplished through various means...The key is ensuring confidentiality."

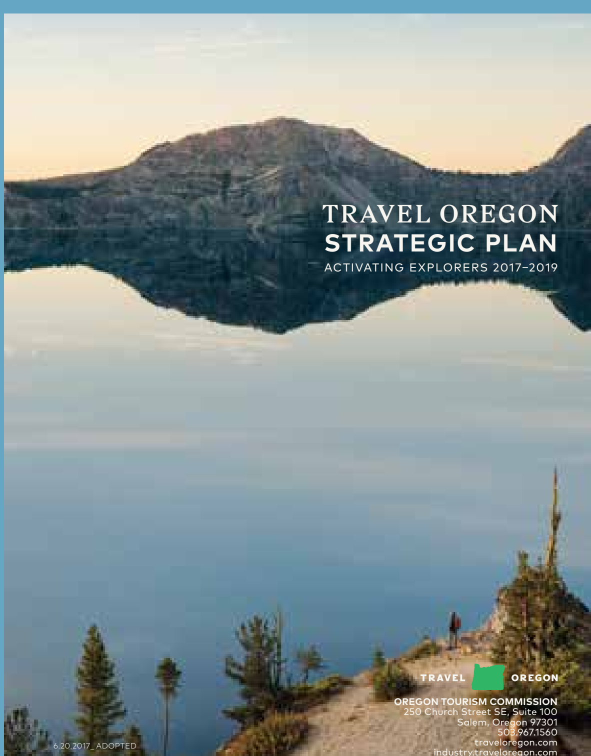
CASE STUDY

Travel Oregon: Coaching Leaders to Attract More Tourists to the State

A few years ago, Travel Oregon had one of those good problems: deciding how to spend an extra $15 million. The windfall came after a 2016 state law raised the tax on hotel rooms from 1% to 1.8%, almost doubling the agency's annual budget to $32 million.

Ever since the agency was created in 2003 to boost tourism in the state, Travel Oregon's senior leadership has used two-year strategic plans to direct and budget for the advertising, promotions and development projects it runs on behalf of the state's hotels, restaurants, attractions, tour operators, and other visitor-related businesses and organizations.

In the past, the strategic planning process had consisted of holding a few public hearings and surveying the industry every few years. This time, the added funding and responsibility, coupled with an enhanced Regional Cooperative



2. Design a process that thoughtfully engages your stakeholders.

Your communication with key stakeholders shouldn't stop at gathering their initial input. Companies that consistently execute effective strategies find ways to keep stakeholders involved throughout the process. They are also thoughtful about who they involve and how they engage them. (See "adidas Future Team: Sometimes it's the Little Guys Who Need Big Buy-in," pages 20 & 21.)

Creating this type of approach requires that you:

- Decide who can make important decisions during the strategic planning process and the method by which they make them
- Assess the progress made on the previous plan to determine whether you are starting from scratch or building upon an existing process
- Identify potential roadblocks, particularly during strategy implementation
- Ensure everyone involved in the plan's development has the time to invest in the process to avoid major lulls between planning sessions and loss of momentum
- Determine the communications and messaging strategy
- Establish the internal engagement strategy

Throughout the planning process, it's important to check in with stakeholders to make sure you're on the right track. Once you've completed the vision and mission statement, for example, circulate them among your key stakeholders for feedback. Do the same with the definition of your core values. Then ask them what they think about the strategic priorities. What's missing, off target or needs adjustment? (See "Portland State University: How Broader Stakeholder Involvement Healed Wounds and Created a Better Platform for Strategy Development," pages 16 & 18.)

If the board plays an active role in your organization, build in structured pauses at various stages to consult them on whether you've gotten each part of the strategy right or wrong. Seeking this input early on can avoid problems later and help you reach compromises that result in a more successful plan. This is what a retail CEO creating a turnaround strategy to recover from months of declining sales did. As part of the turnaround, the CEO wanted to shutter underperforming stores but feared the board would not go along. Interviews with board members during the strategic planning process revealed they would approve store closures if the company met certain performance metrics—a revelation that led to a plan that both sides ultimately supported.

Taking the time to gather input from important stakeholders makes the process more rigorous while providing the opportunity to win greater buy-in at each step. Travel Oregon, an agency that promotes tourism on behalf of the hotels, restaurants, tour groups, attractions and other visitor-related organizations in the state, spent more than a year gathering stakeholder input for its 2017-2018 strategic plan. Its leaders surveyed 4,000 travel and tourism businesses, facilitated visioning sessions and hosted 22 town halls across the state to share the survey findings and assess whether they matched the experiences of the business owners who attended.

Travel Oregon also challenged its then 45-member staff to ask hard questions about the agency's mission and priorities and to identify blind spots in the proposed plan. This engagement process culminated in a summit that brought stakeholders and employees together to envision the future of Oregon tourism. The data, stories and feedback that Travel Oregon collected during all these activities gave the agency a much better idea of the needs of its many stakeholders and what to focus on to boost tourism. This intensely collaborative process led to initiatives that, for example, increased international travel to Oregon by nearly 10% in 2017. It also boosted overall tourism spending in the state by $600 million, from $11.2 billion in 2016 to $11.8 billion in 2017. (See "Travel Oregon: Seeking Greater Industry Input to Boost Tourism in the State," pages 10, 12 & 13.)

3. Ensure that stakeholders know their roles in making the strategy successful.

Producing a strategic plan that acknowledges everyone's contributions can be a major morale booster for stakeholders. Once the plan is complete, keep that excitement and momentum going by inviting individuals at all levels of the organization to help bring it to fruition.

Ask board members what they think they can do to contribute to the plan's success. Do the same with executive team members and front-line employees and capture those goals in balanced scorecards and departmental plans. When each stakeholder understands that they are essential to the company success, they are more likely to be engaged in making it happen.

One consumer company, for example, kicked off its internal communications about the key tenets of its new strategic plan at an all-staff meeting. To inspire widespread action, company leaders began collecting and highlighting examples of how departments, teams and individual employees were making changes to support the tenets in email newsletters and social media posts published throughout the year.

The CEO also started making quarterly videos about the company's progress, building on his ability to inspire and galvanize the workforce. As a result, employees started finding their own ways to support the key tenets: to connect more deeply with customers, create better results for customers, and learn and grow as employees. They then shared those stories at an all-staff meeting held a year later, recounting how they made the shifts and what impact those changes had on the business.

Tourism Program made it more important to give more stakeholders a voice, from Portland luxury hotel managers to Deschutes River rafting outfitters and Eastern Oregon hunting lodge owners.

It also meant that Travel Oregon needed to make sure its 45-member staff had the listening and execution skills to run a more complex, comprehensive strategy development process to make those voices count. So, months before the planning began, Travel Oregon employees underwent training on how to facilitate meetings and collect stakeholder feedback, including instructions on how to listen more and talk less.

experts discussed the new visitor experiences and tools that were likely to be developed in the next five years. They also participated in visioning sessions to imagine what Oregon's tourism industry would look like in 2021 and what they should do now to prepare for that future.

These activities culminated in a summit that brought together 100 stakeholders and employees to identify key themes and insights about travel in Oregon, which formed the basis for the final strategic plan published in June 2016. The plan called for initiatives to increase the international marketing of Oregon as a travel destination and to make better use of existing resources, such as creating an online lead generation

"Most importantly, the initiatives launched as a result of the strategic plan increased tourism spending in the state by $600 million, from $11.2 billion in 2016 to $11.8 billion in 2017."

Travel Oregon spent the next year gathering input from stakeholders and industry experts representing every possible interest, including national tourism leaders and travel boards in neighboring states. Our team helped Travel Oregon survey 4,000 travel and tourism businesses and host 22 regional town hall meetings to share the survey findings and collect input.

Along the way, we challenged every member of Travel Oregon's staff to step out of their daily work to help shape the organization's vision for the future. They attended strategic workshops in which digital

program that channeled information about those who visited Travel Oregon's website to its regional partners.

"To deliver the best plan, we needed it to be nimble, strategic, visionary and compelling so our partners could see themselves in it and feel ownership," Travel Oregon CEO Todd Davidson says.

After the plan took effect, more of the state's tourism businesses began buying ads in Travel Oregon's visitor guides and their website. Local hotels and restaurants became more willing to comp rooms and

meals for travel industry delegations visiting Oregon on behalf of their clients. And in 2017, Travel Oregon was able to send delegations to 34 international trade shows, including expos in China, India and Brazil. The presentation training its staff underwent during strategic planning made them much better prepared as members of these delegations to spread the word about the state.

Most importantly, the initiatives launched as a result of the strategic plan increased tourism spending in the state by $600 million, from $11.2 billion in 2016 to $11.8 billion in 2017. Air travel to Oregon rose 4% in 2017, including a 9.8% leap in international visitors. Room occupancy rates grew 2.7% and the number of state leisure and hospitality jobs increased 3.4%.

In spring 2018, Travel Oregon began working on its strategic plan for 2019-2021. This time, the agency's staff held town hall meetings to gather input from industry members that will shape the statewide survey, leveraging the experience and facilitation skills Travel Oregon's leaders gained from the 2016 process.

"We're spending more time listening instead of just sharing survey results," Davidson says. "I'm excited to see of what comes of the process."

TRACK THREE: LEADERSHIP DEVELOPMENT

Organizations that execute new strategic initiatives successfully develop more than good strategies: they also create better leaders along the way. New strategies require leaders to be able and willing to explain the vision behind the future the organization is working toward.

Developing leaders is the other critical part of our "integrating people and process for impact" approach. It starts with identifying the leadership capabilities the plan demands, assessing whether your organization's current leaders possess them, and determining whether to provide training or acquire additional resources to fill gaps. (See "Women's Healthcare Associates: How a Growing Business Evolved to Develop Leaders and Give More Stakeholders a Say," pages 14 & 15.)

One retailer, for example, decided to hire a chief marketing officer with social media experience after an analysis conducted during its strategic planning process showed that social media was the primary driver of its customer base's buying decisions. As the company's social media presence was weak, and its leadership team didn't have the skills or capabilities to address it, the retailer brought in someone with the expertise to create a data-driven plan that leveraged social media to reach new customers and retain old ones.

Once a strategic plan is finalized, organizations need to deputize their leadership team, department managers and strategic planning committee members to manage its execution. This requires holding people accountable for carrying out the work outlined in the plan and meeting its targets. Many organizations use a balanced scorecard to tie strategic planning goals to the goals of its executives.

One tourism marketing organization used this approach to ensure its executives were actively contributing to the success of the new strategy. The organization also implemented a leadership development program to provide the tools the executives needed to lead the change called for in the strategic plan. The program included intentional stretch assignments for executives, giving them practical experience with meeting new challenges. One executive who had previously focused on internal operations had the stretch assignment of taking more responsibility for relationships with city and state legislators, which built her ability to be a spokesperson for the organization.

> "Organizations that execute new initiatives successfully develop more than good strategies: they also create better leaders."

Besides establishing accountability and fostering growth, the leadership team or the director of strategy should also develop and communicate a procedure for course-correcting when needed. This process should address points such as what constitutes progress, how often it's measured, and how to decide what to communicate if course-corrections need to be made.

CASE STUDY

Women's Healthcare Associates: How a Growing Business Evolved to Develop Leaders and Give More Stakeholders a Say.

In 2006, Women's Healthcare Associates (WHA) of Portland, Oregon, had three locations and fewer than 40 clinicians. Today, it has 16 locations and more than 140 doctors, midwives, nurse practitioners, and genetic counselors serving over 58,000 patients a year.

This kind of expansion has demanded that WHA's strategic planning process change – and quickly. It's also required that the group's doctors acquire the leadership skills necessary for managing a fast-growing organization.

In the early days, a small management committee composed of a handful of senior-level clinicians developed WHA's strategic plans. Today, with 70 doctors and other clinicians as profit-participating owners, the strategic planning process has evolved to engage many more internal stakeholders, provide the development needed, and hold everyone accountable for implementation.

Along the way, the challenges have been how to gain the trust of a wide range of internal stakeholders and grow medical experts into business leaders. WHA began tackling these challenges through a Business Strategy Group composed of 10 people including the CEO, two executive physicians and seven staff directors who have become largely responsible for creating the strategic plan and managing its implementation. Having a more cross-functional group responsible for the planning has introduced diverse viewpoints into the process early.

WHA also formed a Site Management Committee composed of the lead clinician and administrator from each of its 16 locations that serves as a conduit for providing feedback from the clinicians and staff members in the trenches to the Business Strategy Group. The Site Management Committee also helps those clinicians and staff members understand how the new projects and changes they were seeing at their locations connect back to the organization's broader strategy, creating greater investment in its execution.

At first the members of these two teams, along with the management committee, attended a three-day strategic planning retreat to develop the plan and create the action steps for implementing it. As the number of initiatives grew each year, however, the group found tackling both parts of the planning process in one sitting unwieldy, although they appreciated having greater input in the process, according to WHA President Dr. Damon Warhus.

“Along the way, the challenges have been how to gain the trust of a wide range of internal stakeholders and grow medical experts into business leaders.”

As a result, WHA adjusted the process so the group now creates a skeleton plan during the retreat, and then the Business Strategy Group works with the organization’s four clinician directors “to put the meat on the bones of that skeleton,” says Dr. Warhus. “It’s a more efficient process.”

Making it even more efficient, WHA launched a Clinician Leadership Development Program with lectures on healthcare and business management, including presentations on how to run effective meetings. That training has helped lead clinicians run more rigorous strategy planning sessions and helped optimize stakeholder engagement because they are not only involved, they are learning.

Emphasizing owner, clinician and staff input has paid off for WHA. Better communication has improved the site managers’ leadership skills, and how well they can carry out the initiatives outlined in the strategic plan. For example, because clinicians and staff are now accustomed to providing feedback in a systematic way, WHA leaders were able to gather broad stakeholder input and evaluate options for a new electronic medical record (EMR) system more quickly and with less pushback—an enormous undertaking.

As WHA’s size, ambitions and capabilities have grown, its strategic plans have included more initiatives, and it “continues to complete the vast majority of them,” Dr. Warhus says. This has enabled WHA to:

- Provide capital-intensive services that smaller practices can’t afford
- Work with Medicaid to offer innovative programs for patients lacking social support
- Negotiate more favorable rates with health insurers
- Develop data analytics capabilities to inform better business decisions, uphold clinical quality and respond to rising healthcare regulations

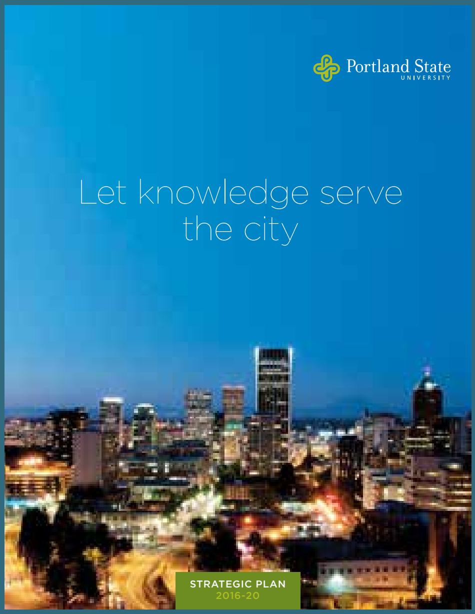
WHA believes these successes could not have been achieved without a strategic planning process that has evolved to thoroughly engage its stakeholders, and make them the drivers, not the bystanders or victims, of the organization’s growth.

CASE STUDY

Portland State University: How Broader Stakeholder Involvement Healed Wounds and Created a Better Platform for Strategy Development.

When Portland State University started working on its strategic plan in fall 2014, the timing was far from perfect. Just months before, the faculty and administration had been at loggerheads over the terms of a new union contract, a heated process that took the better part of a year and almost ended in a strike.

Hours before a scheduled faculty walk-out that would have shut down the university, negotiators reached an agreement. With the contract settled, Portland State now needed to map out the university's goals for the next five years—no easy feat considering the lingering hard feelings between the faculty and administration.



"Things had been contentious, and people were angry," says Lois Davis, who oversaw the school's strategy development process as Portland State's Vice President for Public Affairs.

In the past, Portland State's administration had assembled ad hoc teams composed of selected senior-level managers to create its strategic plans. This time, to get everyone moving in the same direction, they needed something bigger, better, and more inclusive.

The new process began with creating a 20-person strategy development team led by the dean of the college of urban planning with representatives from the faculty, staff, administration and the student body. With help from our firm, administrators made sure that all campus stakeholders were represented on the strategy team.

The project leads conducted interviews with external stakeholders to get their perspectives on what the university needed to do to become an even more vital contributor to the greater Portland community. These stakeholders included the advisory boards of PSU's nine colleges, the PSU Foundation, trustees, business leaders and influential community members.

The strategy development team also hosted confidential listening sessions to give faculty members, staff and students the opportunity to share their hopes for the future of the university. Through this process, a common theme emerged: the need to improve equity on campus.

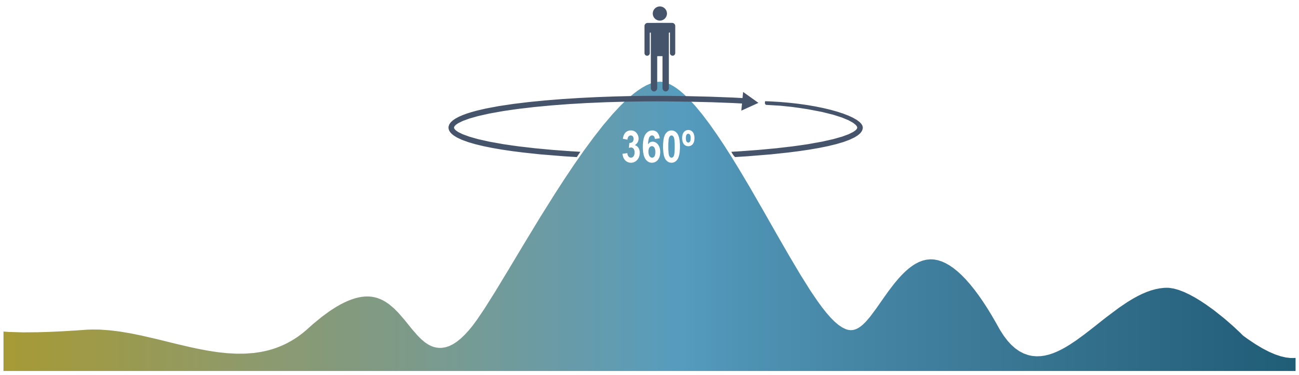
Although improving diversity and inclusion had long been one of the administration's goals, the feedback on this issue prompted the strategic development team to make it an even higher priority.

As a result of listening to its stakeholders, PSU became one of the first major universities to incorporate diversity and inclusion into its strategic planning process at a time when the Anti-Defamation League was reporting an unprecedented rise in white supremacist activity on college grounds starting in 2016.[3]

PSU's final Let Knowledge Serve the City 2016-2020 strategic plan included initiatives for improving equity for students of color as well as those who were less affluent, LGBTQ or had disabilities. Among those initiatives were efforts to contain the cost of earning a PSU degree and conduct a audit to gauge the level of safety and inclusiveness on the university's campus. The plan also calls for helping first-generation college students, working parents and veterans improve their chances of graduating by providing additional academic advising and more flexible course schedules to accommodate jobs and childcare.

The plan—and the programs it inspired—helped the university land on US News & World Report's list of the top 10 most innovative U.S. universities in 2016,

Overcoming Barriers to the Three-Track Approach



No matter how well stakeholders are engaged during the strategy development process, opposition can still surface, and processes can slip gears. Leadership may be reluctant to solicit input that may not align with its preferences. It may resist investing the time and energy that a comprehensive engagement strategy requires. We've also seen leaders struggle with viewing strategy development as a dynamic process rather than a one-and-done event.

Developing strategy as an inclusive process requires that leaders possess the willingness to be influenced, and the courage to listen and respond to feedback they may not like, and even ask for help. Not all leaders can do this. Strategy development is rarely smooth, but it's the bumps along the way that make the ride valuable, providing a 360-degree perspective that is informed by the entire organization.

Once a plan is put into action and the changes start to become reality, leaders may encounter heightened resistance. They must be prepared to defend and champion the plan by articulating why it's the right way forward for the organization and telling stories that are meaningful to each stakeholder audience. They must also remain open to addressing issues that arise during implementation and even changing course when appropriate. This must be a disciplined, yet fluid process.

Resistance may come from the leaders themselves. Not everyone likes strategic planning. We've seen many leaders who go through the motions, spend a lot of money, but ultimately don't view a strategic plan as critical to the future of their organization. In some cases, leaders inadvertently broadcast their ambivalence to employees. In these situations, we help leaders see the strategic planning process as a leadership opportunity to deepen engagement with their teams and critical stakeholders while improving organizational efficiency and effectiveness.

Finally, leaders may cite lack of budget as a reason for not seeing a plan through. This often signals a disconnect between the C-suite and the board. This challenge can be overcome by re-examining which initiatives could be pursued at current funding levels or by providing the board with a more vivid picture of the success the strategy will produce, encouraging greater investment.

Looking Forward

We believe that organizations embarking on the development of a new strategy are on the brink of a great adventure. Not only can the enterprise benefit operationally and financially, but the organization's culture may be transformed as its leaders discover new capabilities within themselves and new allies in unexpected places.

Developing a new strategic plan and seeing it come to fruition should be an exciting time for any organization and a pivotal moment for its leaders. But it will only be exciting if everyone feels included. Over the course of many engagements, we've found that bringing stakeholders into the process early, and engaging them throughout the journey, will increase the value of the plan to the enterprise and improve the odds of its successful implementation.

2017 and 2018. One of those innovations is ReTHINK PSU, a program designed to address the challenges facing public urban universities, such as the rising cost of tuition and increasingly diverse and cost-conscious students.

One of the program's initiatives, the Four-Year Degree Guarantee, promises that full-time freshmen who have graduated from an Oregon high school with a GPA of 3.4 or higher, are eligible for federal financial aid and will get the courses they need to graduate in four years or PSU will not charge them tuition for their remaining courses. Another allows students to earn bachelor's and graduate degrees in certain subjects, such as business and public affairs, entirely through online courses.

The new strategic planning process was so effective at reengaging various groups across campus that when it came time for the university's next round of contract negotiations in 2017, the faculty and administrators agreed to use a new approach called interest-based bargaining that emphasizes collaboration. Outside experts warned that it usually takes several years of pre-planning for interest-based bargaining to work, but thanks to the groundwork laid by the strategy process, PSU's administration and faculty reached an agreement after the first round.

This was particularly notable considering that faculties are voting no-confidence in U.S. university and college presidents six times as frequently as they were 10 years ago, according to research by

> "As a result of listening to its stakeholders, PSU became one of the first major universities to incorporate diversity and inclusion into its strategic planning process."

The strategic plan inspired the external stakeholders consulted throughout the development process to consider how to apply the diversity and inclusion objectives to their organizations. The PSU Foundation, for example, plans to express the strategic plan goals for inclusion by enhancing giving opportunities that support scholarships and success programs intended to help build equitable success pathways for all students.

Sean McKinniss, who wrote his doctoral dissertation on shared governance in higher education.[4]

"We wouldn't have been able to use the new approach and reach an agreement so quickly if we hadn't gone through the engagement process of developing the strategic plan," Davis says. "It was pretty amazing to see all the great things that emerged from that project."

CASE STUDY

adidas Future Team: Sometimes it's the Little Guys Who Need Big Buy-in.

When reading about getting buy-in from key stakeholders during strategy development, most people think of leaders trying to win the support of their employees—for instance, college administrators selling their strategy to the faculty or hospital boards appealing to their clinicians.

But sometimes it's the marketing or R&D department that needs buy-in from top management to move in a new direction or achieve ambitious goals. In large, complex organizations, it can be just as challenging for these departments to advance their strategies as it is for corporate leaders to mobilize an entire organization.

However, in both cases the principles are the same: identify key stakeholders, engage them early in the process, seek their input, refine the plan based on their feedback, and check in with them at key points along the way.

The challenge Future Team faced was keeping adidas' top leaders apprised of the development of its most important brand innovations, so the executive team could incorporate them into the company's overall strategy. And because adidas' business needs were constantly changing, the Future Team needed faster, more efficient ways to get high-level executive input on whether their projects were on target with the company's vision.

For Van Noy, the answer to accelerating executive buy-in was forming a five-person steering committee composed of the top functional leaders at adidas that acted as a liaison between Future Team and the company's executive team. Steering committee members included Van Noy, the leaders of adidas' creative, strategy and brand communications departments, and one executive who represented the company's various sports business units, such as football, basketball, and tennis.

"By creating awareness, support and advocacy, the connection has provided the resources and backing Future Team needed to accelerate innovations."

This is exactly the process that we helped Al Van Noy, the head of adidas' Future Team, develop when he was working to advance his department's innovation mandate by engaging the right people at the right time within the $24 billion global sportswear company.

Working out of offices in Germany and Portland, Oregon, The Future Team is the adidas innovation engine. Composed of 100 employees, this small but critical department acts as the company's front line for creating ideas that lead to groundbreaking products, technologies, manufacturing processes, business models and athlete experiences. Its team of sports scientists, designers, engineers and concept generators work three to seven years out from the day-to-day business. It often takes that long to develop and test their innovations before they are introduced to the public.

Since its formation in 2016, the steering committee has acted as a sounding board for Van Noy, helping him set and adjust Future Team priorities. The committee also fields his requests for additional funding to pursue opportunities that fall outside the team's budget, making it more agile.

To keep the steering committee members engaged with his team, Van Noy provides them with quarterly reports on Future Team's progress against objectives, its key results, and how it is fulfilling adidas' brand needs.

Future Team also seeks input from the steering committee to make sure its presentations and messaging will resonate with the top-level adidas executives who attend Future View, an event Future Team hosts each fall at adidas' Global headquarters

in Germany to share the innovation vision and scope of projects focused against brand priorities.

Creating a direct line from Future Team to top-line executives through the steering committee has paid off for adidas. By creating awareness, support and advocacy, the connection has provided the resources and backing Future Team needed to accelerate innovations such as Speedfactory – adidas' artificial intelligence-powered manufacturing facilities that produce high-performance footwear in a fraction of the time required by traditional factories.
Other Future Team innovations include the Future craft 4D running shoe with 3D-printed mid-soles, and a range of sustainable products that not only provide high performance but help restore the planet's resources.

These and other innovations have helped adidas become more responsive to customer needs and desires, a transformation that boosted company revenues 25% from 2015 to 2017.

When adidas kicked off a new strategy in the beginning of 2018, the partnership between Future Team and the steering committee served as a template the entire organization is following to enable its units to work more collaboratively.
"A huge part of collaborating is conveying information in a way that's understandable and digestible to the rest of the organization," Van Noy says.

Today, the Future Team continues to use internal stakeholder engagement to bridge diverse interests, create better products for athletes and generate higher profitability for adidas.

About the Authors

Trever Cartwright, Partner

Trever focuses primarily on helping client organizations and their leaders get clear, get focused and get moving on their most important strategic, organizational and operational challenges. He also facilitates high-stakes, issue-based discussions with diverse stakeholder groups where reaching a common ground is imperative in order to move forward.

As the founding partner of Coraggio, Trever's background includes nearly 10 years as co-owner of an advertising agency, and the leader of the national sales force for a Fortune 50 company. He is a published author and has been a guest lecturer at Harvard and Stanford Law schools and for numerous professional associations nationwide.

Michelle Janke, Partner

Michelle advises leaders on strategy, marketing, and change leadership. She has more than 20 years of experience working with organizations, both large and small, on helping leaders establish clear goals and develop strong teams in achieving those goals.

Michelle joined Coraggio after six years as a management consultant in Europe. Prior to this, she was with McKinsey and Company in San Francisco. Michelle also spent more than 10 years in finance and marketing management roles at The Walt Disney Company, Bertelsmann and Deutsche Bank. She has a M.B.A. from the Walter A. Haas School of Business at the University of California at Berkeley.

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About Coraggio Group

Coraggio Group is a strategy and organizational change consulting firm. Our clients choose us to help them get clear, get focused and get moving on their most important strategic, operational and organizational challenges. They count on us for our insight, knowledge and guidance in helping them solve complicated business problems, make critical decisions and identify the right path forward.

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