

How to Be Strategic

Long-term time horizon is very important to achieve strategic change. However, few companies are ready to think and act this way.

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I've been assisting in a small way with a forthcoming book on requisite organization, Organization Design, Levels of Work & Human Capability edited by Ken Shepard. Requisite organization is an approach to HR and management that was championed by Dr. Elliott Jaques. It is a complete system describing how to structure an organization, define accountabilities, manage people and so on. If you really want to be strategic, then you want to be doing something on this scale, creating systems that are integrated and durable and lead to sustainable success for the organization.

There is only one problem: taking important strategic action takes a long time. It's not just the requisite organization advocates who argue that strategic change requires a very long-term focus. In their 2005 annual report GE says of their management system, "It is not an easy model to copy, as it requires financial and cultural commitments over decades." In his Good to Great research, Dr. Jim Collins also discovered that significant strategic work plays out slowly over many years. The companies Collins studied never succeeded based on a quick, brilliant insight or project; success always came from sustained long-term effort.

The trouble, at least in North America, is that few companies have the long-term time horizon

needed to achieve important strategic change. A former CEO and business school dean who serves on boards says that the boards of public companies have extremely short time horizons—and boards should have the longest time horizon of anyone in the organization. Furthermore, the latest trend in the US is private equity buy-outs of corporations. This can be good in some cases. If an organization is doing stupid things then sometimes a smart set of investors can go in, stop the stupid stuff, and see a quick increase in value. But those cases are rare. In most cases the strategic actions required to fix a company will take a decade or more. The private equity deals are designed to do something dramatic in a few years. They would rather attempt a highly risky short-term approach, or play games of financial engineering, rather than hang on for decades slowly building sustainable success.

At the highest level this is a problem for boards, investors and the society as a whole. At the personal level, for you as an HR leader who wants to do truly significant things, it is also a problem. You cannot succeed in companies where the board's time horizon is at best a couple of years. There is no point trying.

To really flourish as an HR leader, doing the most significant kinds of work, you need to be working for an organization with a long time horizon. There

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are corporations, like GE, that do have this kind of time horizon, however the best place to look for organizations with very long time horizons are family firms. In their book *Managing For The Long Run: Lessons In Competitive Advantage From Great Family Businesses* Danny Miller and Isabelle Le Breton-Miller report on how family businesses successfully out-compete corporations through their long-term perspective.

Family firms are famous for being odd places to work. The interpersonal dynamics of a family can drive managers crazy. And yet, as Miller and Le Breton-Miller point out, it is these very dynamics that can help keep the organization successful. Working at a senior level in a family firm is not easy, no senior position is, but if you can get a leadership role in family firm with a long-term focus it may provide you with a chance to do the sort of great work that would be impossible any place else.

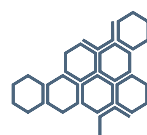
The notion of time horizons is a very important to organizations and our careers. It is perhaps the single most important concept in requisite organization theory. Understanding your own time horizon (are you working on projects with a one-year horizon, five-year, ten?) is important. You should also understand the time horizon of your boss and your boss's boss—which for senior HR professionals may be the CEO or board. This can reveal sources of frustration and help guide you to a career where you can truly be strategic.

If you are interested in time horizons or the book on organization design you can contact Ken Shepard through the Global Organization Design Society at www.globalro.org.

David Creelman is CEO of Creelman Research, providing writing, research and commentary on human-capital management. He is investing much of his time in helping HR VPs report to the Board about human capital.

He works with a variety of academics, think tanks, consultancies and HR vendors in the U.S., Japan, Canada and China.

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