Strategic Inquiry → Appreciative Intent: Inspiration to SOAR
A New Framework for Strategic Planning

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Overview: The Field of Strategic Planning

The corporate mantra over the last ten years has been change, change, and change. Many of the principles that corporations held as stable and immutable have been turned upside down. Books such as *Reengineering the Corporation*, *The Strategy Focused Organization, The Balanced Scorecard*, *Strategic Thinking: An Executive Approach, Strategy From the Top* and *Leading Strategic Change* have become bestsellers in the corporate world. Corporations that were traditionally considered dominant within industries have shrunk or disappeared, and the march towards globalization has accelerated. For example, in 1976, the majority of the world's fifty largest companies were U.S. based; by 1995 the number was just 17 (Pattison, 1996).

At the heart of the change one often finds competition. When two similar entities compete for the same scarce resources, often one will win and the other will lose. Competition is not a new phenomenon. The very essence of Darwin's "survival of the fittest" is competition. The difference is that when similar species compete for the same scarce resources, the outcome is based not on a strategic plan that results in a win--but simply that the species that was naturally the "most fit" to its environment wins. Look how far we have evolved! We now have the ability to plan for survival. Now, it is not the company that unwittingly finds itself the "fittest" that survives--but the company that is best able to strategically think, plan, manage its resources, lead its people, and sustain its future that becomes "fit" enough to survive and indeed thrive.

Given the acceleration of change in recent years, how are companies proactively responding? Obviously, some companies are ignoring the change and are being left in the dust. However, the majority of companies that are responding to the change are limiting their responses to operational and tactical areas. Companies are answering the "call of the changing world" with such approaches as new processes, new procedures, downsizing, rightsizing, lean manufacturing, Six Sigma, virtual integration, core versus context exercises, value chain analysis, e-business models and other new ways of running their business. These methods have shown the ability to produce dramatic results. However, the common theme that runs through all of these responses is their focus on new ways of performing the daily operations of the organization. There has been a great void in new methods to be used in the one area specifically designed to prepare for the

changing future—an appreciative based approach to strategic planning. We need to change the way we strategically think, plan and implement strategy.

Think about this:

- Change requires action.
- Action requires a plan.
- A plan requires a strategy.
- A strategy requires goals and enabling objectives.
- Goals and objectives require a mission.
- A mission is defined by a vision.
- A vision is set by one's values.

The Appreciative Inquiry (AI) approach to strategic planning starts by focusing on the strengths of an organization and its stakeholders' values and shared vision.

In spite of the tumultuousness of our competitive environment, with few exceptions, the core of the strategic planning approach used by U.S. corporations has been virtually unchanged over the last fifty years. For instance, almost all strategic planning processes contain the "old standby" of completing a SWOT (strengths, weaknesses, opportunities, threats) analysis, or its counterpart TOWS (threats, opportunities, weaknesses, and strengths) Analysis. The question this raises, is if companies are using the traditional strategic planning approach--and are failing in spite of it, perhaps we need to change or challenge the approach. We want to offer an alternative to the SWOT analysis. Our alternative is to SOAR (strengths, opportunities, aspirations, results). But first let's take a brief look at history of strategic planning.

The first writings on the topic predominantly relate to military strategy. The earliest surviving Western book on the subject, published in the fourth century BC, was written by Aineias the Tactician, an ancient Athenian. Within this book and others that followed the same vein (such as *The Art of War* by Sun Tzu), authors identified "job requirements" for strategists, guidelines for developing strategy, resource and manpower allocation, integration of different branches of the military, and characteristics held by good strategists. It was strategic thinking based on "divide and conquer".

Another serious writer in the Eastern tradition of strategic planning was the Samurai warrior, Miyamoto Mushahi, who wrote his book on strategic thinking in Japan over three hundred years ago. This book, full of ancient wisdom was published in the United States in 1974 under the title *A Book of Five Rings* (Musashi, 1974). During the early 1980s Japanese literature became required reading for American businesspeople. In particular, *A Book of Five Rings* was touted as being the key to understanding the Japanese mind in business. The author based his writings on the principles of Zen, stressing a victorious, warrior-like strategic attitude toward all aspects of life. The "tag line" on the book states, "The classic text of principles, craft, skill, and Samurai strategy that changed the American way of doing business." The cover drawing shows an archetypal Samurai warrior armed with the weapons of business: a phone and a computer

printout. Although this novel approach was fundamentally different from the existing American-based writings on strategic planning, in spite of its self-promotion it really did little to "change the American way of doing business."

Around the same time as this tome was published in the U.S., Americans were just cutting their baby teeth on the formal notion of business strategic planning. Strategic planning was presented as a brand new discipline during the 1960s at Harvard Business School, when several pioneering professors taught and published articles on the holistic notion of business planning from the scope of the entire business, rather than from individual disciplines such as marketing and finance. By the late 1970s, the key elements of strategic planning as we know it today began popping up in many of the publications on the topic.   A typical strategic planning flowchart during that time looked like **Figure 1.**
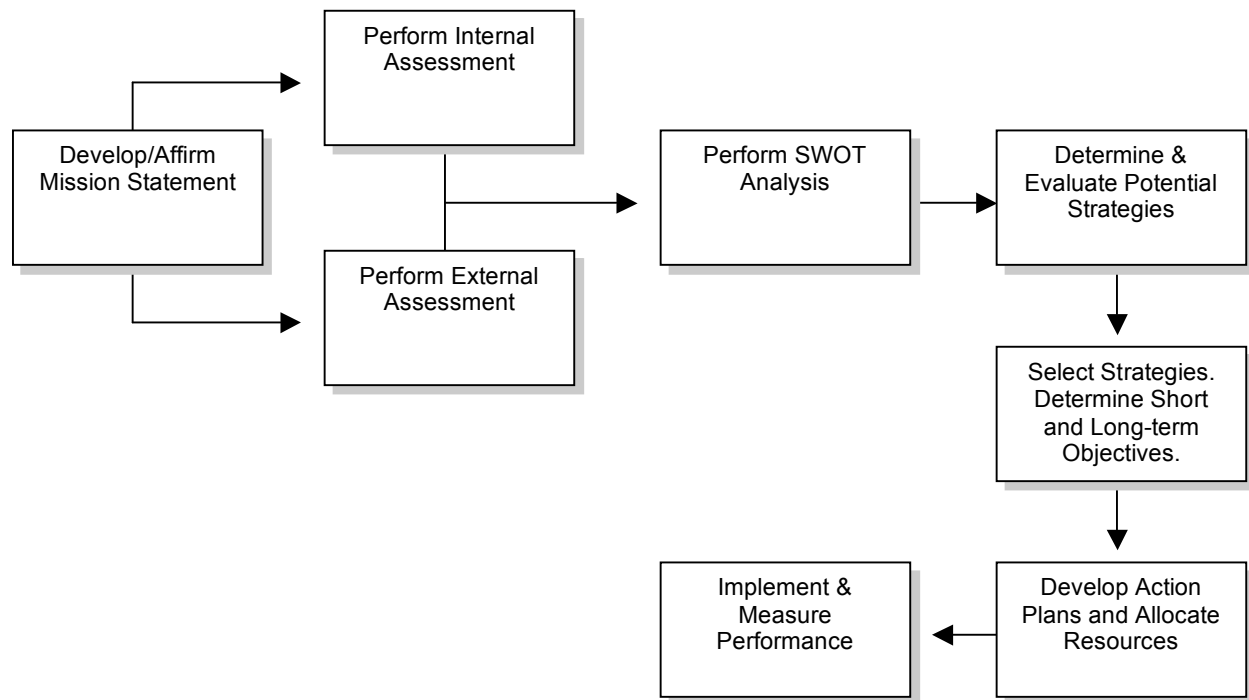
Figure 1: Strategic Planning Process (1970s-1980s)
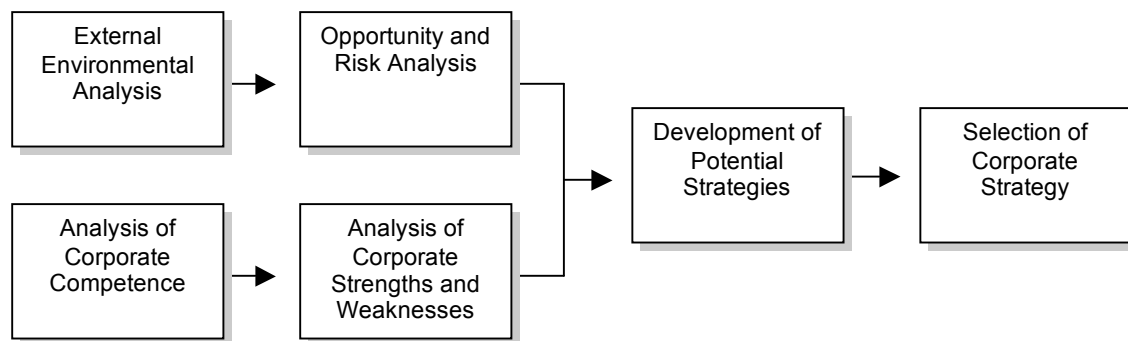
Look familiar? Although this flowchart is fifty years old, it is not radically different from the flowcharts published in today's strategic management textbooks. By the mid-1980s, Strategic Planning had become an official discipline with courses offered at over 2900 business schools, and some improvements to the strategic planning method were added. For instance, Peter Drucker's work in the 1970s urged companies to articulate the business they were in. This led to the development of a mission statement, a subsequent addition to the strategic planning model presented in **Figure 1**. Other additions to the model occurred when people realized that the best plan is useless unless it is acted upon. Subsequent steps were added at the end of the original strategic planning process to help the organization deploy the plan and evaluate its success. Thus, steps such as: establishing objectives, allocating resources, and monitoring the implementation of the plan appeared as additions to the original model.

Thus, a typical strategic planning flowchart in contemporary business textbooks looks like **Figure 2** (below).

Figure 2: Strategic Planning Process (1990s-Present)

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                    ┌─────────────────┐
                    │ Perform Internal│
                    │   Assessment    │
                    └─────────────────┘
┌─────────────────┐          │
│  Develop/Affirm │──────────┤
│ Mission Statement│         │
└─────────────────┘          ▼
         │          ┌─────────────────┐      ┌──────────────┐      ┌──────────────┐
         └─────────▶│ Perform External│─────▶│ Perform SWOT │─────▶│ Determine &  │
                    │   Assessment    │      │   Analysis   │      │  Evaluate    │
                    └─────────────────┘      └──────────────┘      │  Potential   │
                                                                    │  Strategies  │
                                                                    └──────────────┘
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During the 1990s, several publications appeared decrying the existing strategic planning methodology. In 1994, Mintzberg published "The Rise and Fall of Strategic Planning" in the *Harvard Business Review*. The article denounced traditional strategic planning methods as producing rigid documents that are filed away and serve little or no purpose in the day-to-day activities of corporations. In *Beyond Strategic Planning*, Cowley and Domb (1997) noted additional problems with strategic planning:

- Unrealistic forecasts lead to over-optimistic strategic plans.
- Arbitrary goals have no support within the strategic plan.
- Companies fail to focus on a few high-leverage goals.
- Companies select the wrong goals.
- There is no "shared vision".
- The goals have no plans to support them.
- The planned activities are not frequently reviewed and evaluated.
- The review of progress toward strategic goals is punitive, which stifles risk-taking.
- Planning is an event rather than a process.
- A department that is not responsible for implementation develops strategic plans.

Companies began looking for other methods of strategic planning that would address these problems. One of the proposed solutions was the Japanese method called Hoshin Planning. During the 1960s when the U.S. was first developing its form of strategic planning, Japan was independently inventing its own methods of strategic planning. American companies became aware of Hoshin planning in the early 1990s, following the translation into English publications on Hoshin planning. In the late 1980s, two books (Mizuno, 1988; Brassard, 1989) presented some of the tools used in Hoshin planning. However, since these tools were not overtly linked with strategic planning in the early publications, the strategic planning community did not immediately notice them. During the 1990s, additional books presented the Hoshin method as a form of strategic planning (Bechtell, 1995), and major U.S. companies such as Hewlett-Packard, Ford and Xerox began using the method.

The Hoshin approach is based on the premise that organizations should choose just one or two "breakthrough strategy" areas each year. A major emphasis of the Hoshin method is the continuous improvement that occurs within the implementation cycle. Although many models for the Hoshin planning process have been published (including company-specific models, such as those of Xerox and Hewlett-Packard), a typical flowchart for Hoshin strategic planning looks as shown in **Figure 3**:

Figure 3: Hoshin Planning Process
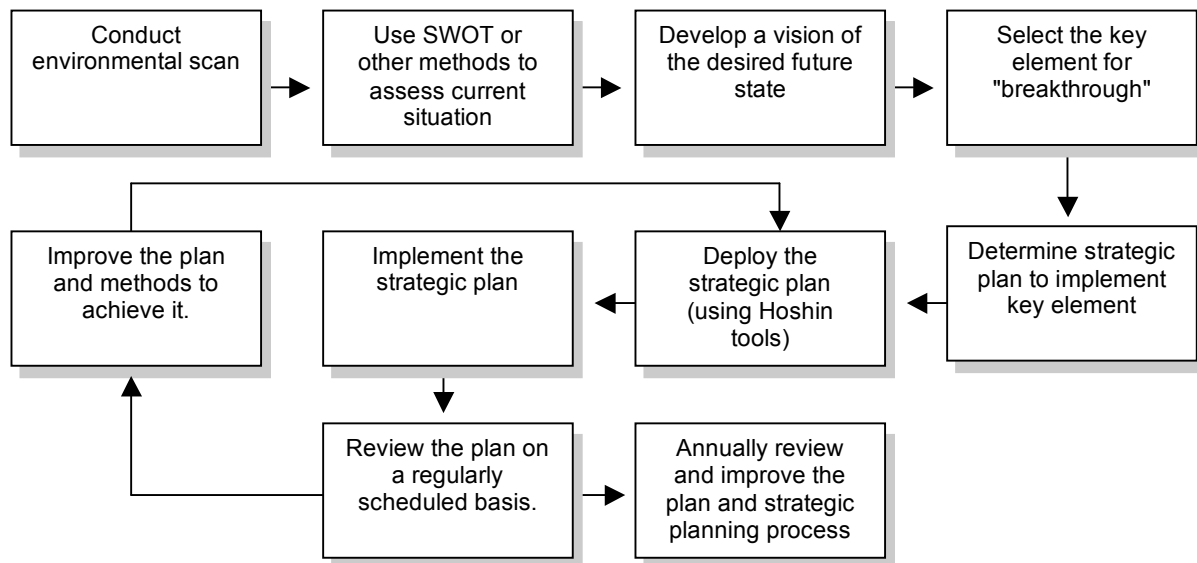
As you can see, Hoshin planning uses some of the same tools as the typical U.S.-based strategic planning methods. However, it should be noted that the specific inclusion of SWOT analysis is an American addition to the traditional Japanese approach—albeit one that is widely included in U.S. utilization of the method. Two of the advantages touted by Hoshin devotees are the associated tools that help gain employee involvement and buy-in during the development and the subsequent deployment of the plan, and the built-in links between the strategic plan and the operations plans. In particular, a deployment matrix is used once the strategy is identified. The matrix is cascaded throughout the organization,

creating a vehicle for each successive department to build its objectives in support of the preceding department's objectives--all of which are tied at the top to the strategic plan. The matrix shows the correlations and interrelationships necessary for strategy deployment and identifies corresponding measurements and subsequent impacts as the strategy is rolled out at all levels of the organization.

This brief review of strategic planning history over the last fifty years shows us that the process of planning has undergone some improvements--but very little deviation from its core structure that begins with a SWOT analysis. The biggest departure from the process most U.S. companies use appears in the Japanese Hoshin process. Exposure to the Hoshin process has also led to other approaches such as, *A Systems Thinking Approach to Strategic Planning and Management* (Haines, 2000), wherein Haines says we should "stamp out the outmoded way of planning, which no longer works in today's dynamic world" (p. i) (referring to traditional U.S. strategic planning).

We agree with Haines. Given the radical changes in the competitive environment, the old model is not up to the task of producing the types of strategy and strategic plans that will propel businesses forward in the rapidly evolving future.

Dozens of models have been available since the 1930s to help organizations do strategic planning. What is needed is not another strategic planning model, but a strategic thinking framework and approach to quickly and smoothly guide an organization through this complex process while engaging the whole system. We will present an emerging framework that involves an appreciative approach of creating an organization's future. This framework allows an organization's stakeholders to see where they are today and establish a vision of where they want to go. The strategic plan will be a co-creation involving various stakeholders at differing levels in the organization. This new approach helps stakeholders to clearly identify, understand and, most importantly, communicate individual and organizational values, direction (vision), purpose (mission), core and unique capabilities (internal analysis), strategic opportunities (external analysis), strategies and tactics, structures and systems to create a positive organizational environment and build upon an organization's positive core to sustain its unique value offering (UVO).

Appreciative Inquiry and Its Integration to Strategic Planning

Appreciative Inquiry (AI) is a vision-based approach of open dialogue that is designed to help organizations and their partners create a shared vision for the future and a mission to operate in the present (Srivastva & Cooperrider, 1990). Today's organizations can benefit from an appreciative approach of inquiry, which invites organizational members to learn and value the history of their organization and its culture. The AI approach allows them to:

- Build on their strengths (the positive core).
- Discover profitable opportunities.
- Visualize goals and strategic alternatives.
- Identify enabling objectives.

- Design strategies and tactics that are integrated with their most successful programs and supply chain partners.
- Implement a strategic plan that is a dynamic, continuous, and living document.

Such a plan will include the best organizational structure and systems to realize its vision. Numerous organizations have used AI include:

- Private and public nonprofit organizations
- For-profit organizations
- Government and international agencies worldwide.

AI has allowed hundreds of organizations to discover and grow the best practices of capacity building for their organizations as well as their value chain partners' organizations.

The AI approach to strategic planning involves identifying and building on existing strengths and profitable opportunities rather than dwelling on problems, deficiencies, weaknesses, and threats. Think about the traditional strategic planning process--at its very core is the good old standby SWOT analysis--Strengths, Weaknesses, Opportunities, Threats. If we split it 50/50, we would spend about half of our time thinking about our positives (Strengths/Opportunities) and the other half thinking about our negatives (Weaknesses/Threats). But let's be honest. Even though the tool looks 50/50, human nature tends to dwell disproportionately on our weaknesses and threats. Unfortunately, by concentrating on what we do wrong we tend to amplify the negative. Welcome to the world of AI where, instead, we disproportionately focus on our strengths and opportunities, so that we can grow them until they crowd out our weaknesses and threats.

The AI approach also builds capacity by moving stakeholders of an association beyond organizational boundaries to form new relationships and thus expand the organization's potential. What do we mean by this? Many companies are bounded by the limitations of their organizations. Few executives think "outside of the box" of their corporation when they are brainstorming their future strategies. AI opens up dialogues with the organization's partners and external stakeholders. These dialogues result in an expansion of the current capacity of the organization, as partners look for ways to create shared directions that benefit both organizations. You can actually think of AI as an approach that expands organizational boundaries, just in the same way the familiar exercise below requires expansion beyond boundaries.
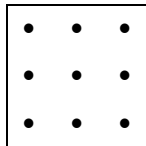
Instructions: Connect all nine dots above using four straight lines without lifting your pencil from the page.

<u>Answer</u>: This can only be accomplished if you allow your pencil to move outside of the box.
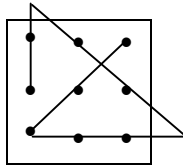
Now, imagine that box is your organization. When creating a strategic plan, most people are bound unconsciously within the rectangle, limiting their organizational capability. The AI approach actually creates opportunities and incentives to move outside the box so the organization's strategic plan may further expand organizational capacity to multi-organizational and global capacity.

One of the pitfalls of the traditional strategic planning process is that it is generally conducted by top management. The process fails to glean wisdom from all levels of the organization. In this failure, it also neglects to obtain stakeholder buy-in from the very people who must ultimately carry out the activities that support the strategic plan. Most of us have had the experience at some point in our careers of being presented with a strategic plan that we were expected to implement, despite our lack of input into the plan. AI allows and in fact encourages all stakeholders to have a voice in the planning dialogue, leading to full participation in an organization's future, resulting in stakeholder ownership of the strategic plan throughout the organization.

The collaborative process of open dialogue helps an organization and its partners understand what happens when their organizations are working at their best. This information is used to create an image of "the best of what can be" for the future. The power of AI is its potential to co-create a visual image of the organization. Stakeholders participate in envisioning a shared set of values, a vision, mission, goals and enabling objectives, strategic alternatives, integrated tactical programs to support the recommended strategies, an actionable implementation plan, and the best structure and systems for a sustainable future.

The advantages of the AI approach to strategic planning are that it:
• Focuses on the positive to crowd out the negative.
• Builds organizational capacity beyond existing boundaries.
• Invites stakeholders into the strategy process.
• Builds relationships with partners.
• Obtains input from all levels of the organization.
• Obtains buy-in from all levels of the organization.
• Allows the planning process to become much more of a process that incorporates and connects values, vision, and mission statement to strategic goals, strategies, plans and a positive and objective review of goals.
• Creates a shared set of organizational values and vision of the future organization.

AI allows for the strategic assessment process to take on a life of its own starting with an inquiry to discover what has made the organization a success in the past and present. The process helps to build a sustainable competitive advantage for the future by identifying the organization's Unique Value Offering (UVO). This phenomenon occurs through an on-going dialogue with the identified stakeholders of the organization. Through this dialogue, appreciative ways of knowing and learning about an organization's history and core capabilities are enriched. Srivastva and Cooperrider (1990) explained it as follows:

> Organizations are, to a much larger extent than normally assumed, *affirmative systems* -- they are guided in their actions by anticipatory "forestructures" of positive knowledge that, like a movie projects on a screen, project a horizon of confident expectation which energizes, intensifies, and provokes action in the present. The forestructures or guiding images of the future are not the property of individuals but cohere within patterns of relatedness in the form of dialogue. . . . In this view Appreciative Inquiry refers to a process of knowing that draws one to inquire beyond superficial appearances to the deeper life-enhancing essentials and potentials of organizational existence. (p.14)

AI is used as a co-inquiry from multiple perspectives to understand organizational efforts to create a vision, serve its mission, obtain desired goals and objectives and design the best strategies.

AI is best known for its 4-D Cycle:

> a cycle of activities that guide members of an organization, group, or community through four stages: *discovery* - finding out about moments of excellence, core values and best practices; *dream* - envisioning positive possibilities; *design* - creating the structure, processes and relationships that will support the dream; and *destiny* - developing an effective inspirational plan for implementation.

These four phases are closely linked to the phases of inquiry necessary in the strategic planning process, as shown at the end of this article.

AI plays a critical role in the strategic planning process. It provides a framework for the organization to complete a strategic assessment and it emphasizes a collaborative process of open dialogue to help the organization's stakeholders understand what they see happening when the organization is working at its best. As the stakeholders identify and describe the "life-giving" forces of their organization, together they can imagine and impart innovation to the future of their organizations with energy, vitality, and commitment. The positive language and affirmation should fit with the value system of the organization. In addition, the process can be a helpful approach in any strategic planning effort because it requires a "strategic vision, collective action, multiple parties and an empowering context for innovation and development" (Liebler, 1997, p. 31).

The final part of this article introduces our relational approach to strategic assessment and planning to assist with co-creation of an organization's future. Our strategic planning framework serves as only a beginning to help organizations dialogue about how best to go about building and delivering their UVO. As demonstrated by case studies in the November 2003 issue of the *Ai Practitioner,* when the strategic planning process is being implemented and sustained, the visible outcomes can be:

- Definition and communication of organizational values.
- Clarity of vision, mission, goals, and objectives.
- Openness to new ideas and opportunities from the outside.
- Self-confidence, self-reliance and self-respect at the organizational level.
- Improved organizational capacities and individual and functional capabilities.
- Build multi-organizational and global capacity.
- Stakeholder ownership and responsibility for the organization's existence and future.
- A participatory strategic planning process where everyone is free to voice concerns and opinions.
- Creation of new knowledge that is practical and useful.
- Consideration for important issues and needs of stakeholders.
- Acceptance of new relationships and responsibilities that will build strategic capacity at all levels.

Integrating AI and Strategic Planning is a living concept that has the freedom to grow and change through dialogue. It is much more than a plan. We believe that those organizations with the greatest capacity possess skills and the spirit, enthusiasm, energy, and synergy required for change. If leadership embraces the strategic planning process as an opportunity to work closely with its stakeholders for a profitable sustainable future, they will need the "spirit of cooperation" in which to pursue their organization's vision and mission. To this end, we offer our readers a road map to help organizations get focused and organized for growth.

Strategic Inquiry: Appreciative Intent: Inspiration to SOAR

To illustrate the application of SOAR within the strategic planning process, a corporation (Tendercare) is presented as it first pursued traditional strategic plan, and then how it applied the SOAR principles, to take its strategic plan to a higher level at three levels of strategy: corporate, business, and functional.

Typically, the first step in the traditional strategic planning process is to review the current strategic posture of an organization. It begins with a review of the existing *mission statement*. A mission statement is a statement of purpose or function for the organization. For example, the following is the mission statement of Tendercare, which is a company that operates in the long-term care industry:

> The mission of Tendercare (Michigan) Inc. is to be a dynamic, quality oriented and significant provider of long-term care and diversified health care services.
>
> To emphasize high standards of performance and integrity this will enhance the quality of life of our residents.
>
> To provide our employees opportunities for growth through participation, achievement, recognition, and reward.
>
> To maintain a strong economic base through sound practices in support of these goals.

The mission statement provides the reason for which the organization exists. It describes the products/services to be supplied, the markets served, and operating philosophy. Yet a mission statement should not be developed without a guiding *vision statement*. The vision statement answers the question, *what do we ultimately want to become?* For example:

> To be the healthcare provider of choice in our market areas.

The vision statement represents senior management's *strategic intent* – "a broad (vision) statement that identifies the guiding business concept or driving force that will propel the company forward toward the achievement of that intent," (DeKluyver, 2002, p.9). Then, prior year *goals, objectives, strategies, plans,* and *policies* are reviewed.

Goals are set as a refinement to open-ended statements about such wishes as "being profitable" or "achieving growth in the long-term care market". Then, more specific measurables are defined called *objectives*. For example, Tendercare's objective is to be number one in the long-term care market in Michigan by 2005. It is a quantifiable statement about a desired strategic goal. Next, the effectiveness of *strategies* is evaluated. A *strategy* is simply the "how to" means or guiding actions to achieve the long-term objectives. Strategies are usually viewed at the following levels:

1) Corporate level: what type of business should we continue to be in? Where should we grow, remain status quo or divest?
2) Business level: How do we compete?
3) Functional level: what should each functional area do to synchronize with the business and corporate level strategies?

After an audit of the current and past situation, a SWOT analysis begins. This analysis is also referred to as *environmental scanning*. During the environmental scan, data are collected to answer questions about the present and future of the organization and the markets/industry served. The strategic planning team fragments those forces that determine the present and future of the corporation into internal and external variables using the SWOT format to analyze strengths, weakness, opportunities, and threats.

Figure 5: SWOT Model

Internal Assessment	**Strengths** Where we can outperform others	**Weaknesses** Where can others outperform us
External Assessment	**Opportunities** How we might exploit the market	**Threats** What/who might take our market

Based on the SWOT analysis, a set of recommendation are made as to what strategic alternatives would best serve the organization. From there, policies are reviewed or created to link the formulation of strategy with implementation. Policies and guidelines provide clear guidance to employees for implementation often in the form of programs,

budgets, and procedures. Then, *evaluation and control* mechanisms are put into place to measure activities and performance results.

This organization quickly discovered that the AI approach and SOAR framework to strategic planning offers several benefits over the traditional model. The first is that its strategic planning process is both results-oriented and co-constructive at the same time. Whereas the traditional process offers a distinct demarcation between the assessment, planning, implementation, and control stages, the AI framework actually allows participants to co-create their desired future throughout the process by inquiry, imagination, innovation, and inspiration. This starts with a strategic inquiry that values the organizational members' insights. An inquiry is done to best understand organizational members' values and the peak moments/experiences of what has worked well in the past. The inquiry also includes questions about the core factor that gives life to the organization's continued existence and wishes for the future. Its internal focus is on organizational strengths. AI is also used with customers, suppliers and partners to perform external analysis.

In many organizations, strategic planning takes place only at the highest levels of the organization and involves relatively few stakeholders. In contrast this new framework encourages strategic planners and all possible stakeholders to embrace change based on a foundation of executive and organizational integrity. The issue of integrity is important because stakeholders must be aware of the underlying assumptions that drive corporate leaders as questions are developed for the strategic inquiry. The aspiration principle of AI suggests that systems grow toward the collective vision of the future. Through relational discourse, we build our desired image of the most preferred future.

The Appreciative Inquiry (AI) approach transforms the **SWOT** model into **SOAR** (strengths, opportunities, aspirations, results). It can liberate us to focus on what really matters: the future of our people and organization. The AI strategist or strategic planner poses the question of inquiry to shape the direction of the strategic planning process and inform the content based on its strengths and opportunities. This is what we call a strategic inquiry with an appreciative intent**.**

Figure 6: Strategic Inquiry ➔ Appreciative Intent: Inspiration to **SOAR**

Strategic Inquiry	**Strengths** What are our greatest assets	**Opportunities** What are the best possible market opportunities
Appreciative Intent	**Aspirations** What is our preferred future	**Results** What are the measurable results

(Stavros, Cooperrider, and Kelley, 2003)

The **SOAR** approach to strategy starts with a **strategic inquiry**. During this inquiry an organization's greatest **Strengths** and **Opportunities** are discovered and explored among

the participants. The participants are invited to share their Aspirations and co-construct their most preferred future. Then, recognition and reward programs are designed to inspire employees to achieve measurable Results.

Like the original AI 4-D model, the AI approach to strategic planning starts with an **inquiry** -- using unconditional positive questions to discovery the organization's core values, vision, strengths, and potential opportunities. The inquiry is a time of reflection into the strengths of the past and how these have been constructed with an eye towards creating the change we may desire. Next, the participants enter the **imagination** phase, in which time is spent dreaming and co-constructing the preferred future. At this transformation point, values are affirmed and a vision and mission statement are created or re-created. Long-term objectives and strategic alternatives and recommendations are presented in this phase. The third phase is a time of **innovation** to begin the strategic design of short-term objectives, tactical and functional plans, integrated programs, structures, and systems to best achieve the desired future. To ensure that measurable results are achieved, the AI approach and SOAR framework recognize that employees must be **inspired** through authentic recognition and reward systems. In short, the process of assessment, planning, implementation, and control is replaced with the concepts of "inquire", "imagine", "innovate", and "inspire".

Three Stories of Applying the SOAR Framework

Strategic planning is an opportunity to help organizations soar with their strengths and to elevate an entire system's learning capacity to innovate from initial thought to finish. It can be absolutely thrilling. While we do not often talk about strategic business planning this way it is clear that strategic planning can be one of the most positive occurrences in an organization's life; to which it can be:

- A rarefied time that cultivates the most elevated thought and action.
- A ritual-like time for the public re-creation of high-quality connections across an entire system.
- A precious time for drawing upon the "positive core" of a system in ways that ignites upward spirals in purposeful vision and dynamic action.

When we reflect back over the past several years of our organization development work across many types of corporations, we were surprised: every single one of the high point moments were linked with times of strategic planning.

- It is crucial to cultivate a context that inspires natural curiosity; that is, the thrill of something historians of business innovation have surprisingly called "esthetic appreciation" in contrast to the more limited attitude of calculation or practical utility.

- The second perspective is something that magnifies the first—and it does so more consistently and effortlessly than anything else we have ever experienced. It is the leap from talking *about* systems thinking to *doing* systems thinking. It is the

enactment of the power of *wholeness, which* means, quite simply, bringing the whole system into the room together to do the inquiry and strategizing.

Esthetic appreciation and systems thinking are what the first two stories below help illustrate. Each story is briefly described, and then expanded upon in detail in the next section.

The first story involves the strength-based SOAR framework used at Roadway Express, one of the largest trucking companies in America. Terminals from Chicago Heights to Winston-Salem have used this methodology to perform strategic business planning at their decentralized locations. To date Roadway has held over twenty strategic planning summits using the appreciative approach and, now have twelve more summits planned for the upcoming year.

The second story illustrates the use of strategic planning at one of the top management schools in the world. It was a full engagement process guided by a combination of Ernst and Young's strategic planning framework and Appreciative Inquiry (AI). For years Ernst and Young has been a leader in strategic planning as well as AI in their change-management offerings. But this was the first time the two were brought together. The result helps us understand the vast potential of the SOAR sequence.

The third story is a story of a different kind. It is not one of great growth or amazing returns, but one of appreciative divestiture. For years Tendercare, a regional long-term care provider, had been operating an assisted living center in an eroding market. The company, hesitant to continue to invest more resources in a center that was failing used the SOAR model. They had come to the conclusion that the building did not fit into their aspirations and as a result needed to be closed.

In a previous issue of this journal we spoke about the Roadway case, so let's start with a brief overview of Roadway and explore their special techniques related to the mapping strengths, opportunities, aspirations, and results (or measures of success).

Roadway Express: An Amazing Story of Business Planning

A recent videotape captures it all: the energy, the positive connections between all levels, the enthusiasm of the SOAR model in action as Roadway Express, a Fortune 500 trucking company base in Akron, Ohio holds a strategic planning summit (you can see a web-video of the whole thing at http://ai.cwru.edu). Nearly 300 dockworkers and truck drivers gather with management and customers to discuss Roadway's strategy for becoming the leading "LTL carrier" in a fiercely competitive industry. The mix included dockworkers, sales reps, CEO, drivers, administration, mechanics, customers, and more—literally "the whole system".

At a more recent strategic planning session at their Winston-Salem facility, Joanne Gordon, a *Forbes* Magazine business writer, surprised Roadway by asking if she could

participate in the three-day event. The "AI Summit" would engage and involve every kind of stakeholder at the Winston-Salem North Carolina terminal and Joanne Gordon had never seen anything like it. We explained to her how Roadway was doing something nobody else in the industry was doing. Furthermore, Roadway had already successfully piloted this appreciative SOAR framework at five of their 300 terminals around the country.

Prior to the summit the *Forbes* journalist was quite convinced that the session was going to be some kind of large-group "cheerleading" or "therapy" session—not the real thing of joint business planning. She even talked about it that way. So she arrived at the summit asking tough, skeptical questions. Here are the opening lines in the feature story she later wrote: "Teamsters and managers writing business plans together? … It was a scene not often seen in the history of labor-management relations".

As the article unfolded, the reporter's skepticism began to soften. She even sounded shocked at the level of business capability and passion demonstrated, for example, by the dock workers and drivers. It was clearly hard for this writer to let go of preconceptions such as, how can a large group of hundreds come together to do the real business planning? Fortunately, she was involved first-hand. The Roadway team went through the powerful sequence:

- Day 1: they mind-mapped all the distinctive strengths of Roadway in relationship to the marketplace.
- Day 2: they identified new business opportunities followed by a more selective articulation of aspirations—clear articulations of strategic intent for the future.
- Day 3: The aspirations were themselves made more concrete and specific and were then translated into anticipated results including careful selection of business measures.

The skeptical *Forbes* journalist then wrote descriptively about what she saw:

> A team of short-haul drivers came up with 12 cost-cutting and revenue-generating ideas. One of the most ambitious: Have each of the 32 drivers in Winston-Salem deliver just one more customer order each hour. Using management data, the drivers calculated the 288 additional daily shipments, at average revenue of $212 each and with a 6% margin, would generate just about $1 million a year of operating profit.

Still cautious however, the *Forbes* reporter offered her view that the visions in the business plan were too much of a stretch and results would be "unlikely". But the gloomy prediction was soon shattered. At its analyst meeting several months later on January 22, 2003, Roadway Corporation reported revenues for the sixteen weeks constituting the Company's fourth quarter were $1,074,110,000, up 25.7% over revenues of $854,640,000 for the same period the last year. For the fourth quarter of 2002, the Company reported income from continuing operations of $25,923,000, or $1.37 per share (diluted), compared to income from continuing operations of $13,477,000, or $0.72 per share (diluted), for the fourth quarter of 2001. Operating ratios improved significantly and, according to later analysis, the employee driven "W&I" improvements

translated into an additional $17 million dollars in additional revenue for the year and $7 million annual profit. This exciting breakthrough was a result of the combined efforts across all 300 terminals of the 27,000 employee system. But here is the telling fact: of the five terminals leading the company in the gains, *all* were sites that had worked as organizational effectiveness sites using AI in one way or another, and three of the top five sites leading the company in gains had in fact held large-scale Summits using the SOAR sequence for business planning.

So what would be Roadway's approach in 2004? Twelve more locations have already been selected as sites for introducing this kind of strength-based and opportunity focused strategic planning. For Roadway the more business-focused the better. Here the goal is not only better strategies but also human development. Roadway wants leadership at every level and realizes that strategy is not simply a one moment special event. Roadway wants to embed a strategic thought process that can be used every day to seize new opportunities and to make strategizing an ongoing occurrence. After the Akron terminal summit, for example, a team of switchers and mechanics created a vision that has the potential to save the company millions every year. At Winston-Salem the drivers, have voluntarily become some of the organization's best sales people. Within months of their summit the drivers secured over a million dollars of new business. One driver used his "off-time" to take a potential customer trout fishing. The result was a major new account. Strategic thinking is becoming part of the culture. Jim Staley, Roadway's CEO, spoke in another magazine article about strategy as a way to build leadership at every level: "The AI approach unleashes tremendous power, tremendous enthusiasm, and gets people engaged in the right way in what we're trying to accomplish."

Formulating sound strategy requires both analysis and synthesis; it is and is as much a rational act as it is a creative and emergent one. But this case emphasizes the later. The strength-based framework we call SOAR creates an energy that lasts. It fuels creative emergence. It supports a view of strategy where every success and strength is noticed, not just in the planning session itself, but all the time. And this is how it works: big things always emerge from little things with one condition as key—that they are noticed and appreciated.

Esthetic Appreciation as the Root of Good Strategy:

Cyril Stanley Smith, an MIT professor emeritus, spent a lifetime studying how humanity's most strategically useful inventions came to be created. He discovered that the creativity and risk-taking required for major innovation came from unexpected expression of personal curiosity, not the result of detailed, long-range planning. Metallurgy, for example, began with curiosity about making jewelry, not from a program plan to develop new tools. Railroad technology started as a London amusement park ride.

"All big things grow from little things" Smith wrote in a 1975 article in the *New York Times*. "But new little things are destroyed by their environment unless they are cherished for reasons more like esthetic appreciation than practical utility."

Jane Jacobs in her work looking more broadly at emergent strategies made a similar point: "successful economic development has to be open-ended rather that goal-oriented" she said, "and has to make itself up expediently and empirically as it goes along". For example, in the 1890s, the bicycle was, in Smith's terms, a "little thing" that was cherished only by bicycle enthusiasts for reasons of "esthetic appreciation." No one saw the bicycle as a key invention of practical utility or strategic worth as a core industry. Bicycle entrepreneurs were left to make things up as they went along. They soon had a dazzling array of small inventions: ball bearings, pneumatic tires, chain-and-sprocket drives, tubular metal frames, and caliper brakes. This revolutionary new technology passed through the Dayton bicycle shop of Wilbur and Orville Wright. The brothers used these little innovations of the unimportant bicycle. They created the transforming invention of the airplane. The Wrights were strategic not in the typical sense but could see an omnipresence of capacities others could not. They knew how to notice and use existing little things to make up totally new things as they went along. Open ended curiosity and appreciation was more important that detailed plans or big threats.

This was the approach the Weatherhead School of Management at Case Western Reserve University took when Dean Mohsen Anvari arrived in August of 2001. With the help of Ernst and Young and faculty from the school that knew the strength-based approach of AI, a transformational process of strategic planning was enacted rapidly (for a University) over a six-month period of time. The outcomes were: a whole new elevated mission; a clear articulation of values and core beliefs; strategies in each of the areas of research, education, and service; aspirational images of success in relation to each of the school's stakeholder groups; and finally an agreement on results—key measures of success.

The first meeting set the tone. For the first time in the school's history the "whole system" of faculty, students, alumni, administrators, and community leaders were brought together to formulate strategy. Within fifteen minutes of the opening, people were involved in appreciative interviews mapping the distinctive strengths of the school and "collecting" insights from every innovation, small and large, over a fifty-year period of time. The analysis was astonishing. In one accelerated day every step in the SOAR framework—strengths, opportunities, aspirations, and results—was covered and a foundation was built. Task forces were then formed and given the mandate from the whole to move the analysis and planning to a new depth. Ernst and Young consultants worked with the task forces over the next several months, enacting an iterative process moving deeper and deeper. Finally the whole thing was capped off with another whole system one-day retreat, with hundreds of people participating interactively.

Today the school has a powerful five-year strategy that will propel it into the top tier academically and financially in terms of endowment. The content of the plan was so strong it has been published as a special book. A summary of the strategy is available on http://weatherhead.edu .

Without going into too many details we must point out how unusual this positive, strength-based framework was for a business school. Academia, for example, is known

for its problem-based skills in critique and analytic focus on weaknesses. Too often strategic planning creates precisely the deficit-based environment that destroys the "little things" because of a theory that says the threats must by ramped up before really bold thinking will ensue. Most management schools teach it. In fact John Kotter (2002), in the Harvard Business School book on strategy, argues that it is essential, right at the outset, to make the status quo look dangerous and that, if in fact it is not, then it is important to even manufacture crises. Kotter writes: "In a few of the most successful cases, a group has manufactured a crisis. One CEO deliberately engineered the largest accounting loss in the company's history, creating huge pressure from Wall Street in the process. One division president commissioned first-ever customer satisfaction surveys knowing full well that the results would be terrible. He then made these findings public…when the urgency rate is not pumped up enough, the transformation process cannot succeed and the long-term future of the organization is put in jeopardy."

Clearly this was not the approach the Weatherhead School of Management took. The appreciative approach, right from the beginning when it ignited a day of whole system strength-based analysis, created a DNA for the entire process to follow. Currently, for example, the school is announcing a whole new branding strategy. Every aspect of it can be traced directly to the notes taken when the school used the SOAR framework and AI that very first day of the process. The power of "esthetic appreciation" needs, we believe, to be better studied by the field of strategic planning, just as Cyril Stanley Smith did in his lifetime of study on how humanity's most useful inventions came to be created. The impact of esthetic appreciation can perhaps be felt in this press release, recently out, that reads:

WEATHERHEAD SCHOOL OF MANAGEMENT LAUNCHES
NEW BRAND POSITIONING

CLEVELAND, August 29, 2003 - Continuing to build upon its success as a premier business school, the Weatherhead School of Management at Case Western Reserve University today announced its new brand positioning. Intended to formalize how the School is described and better articulate its unique attributes, the School's complete brand position statement reads, "Among the world's best business schools, Weatherhead is a leading catalyst for advancing bold ideas that have a lasting impact on business and society." The most visible expression of the new brand will be the tagline *"Bold Ideas. Lasting Impact."*

"Our new positioning is the culmination of over a year of work and part of a larger process implemented to ensure our continued success that includes the formation of an aggressive five-year strategic plan and a structured program for promoting Weatherhead at the regional, national and international levels," said Michael Devlin, Executive Director of Relationship Management at Weatherhead. "Through comprehensive research on our competitors as well as in-depth interviews and focus groups with our faculty, students, staff, the business community, corporate recruiters and others, the common theme that emerged was that Weatherhead has a strong legacy for generating new and exciting ideas."

Devlin added that another important realization during the research process was that the ideas generated at Weatherhead drive everything the School does. "Although new ideas happen at every educational institution, at Weatherhead new thinking is developed for real-world applications and implemented by companies around the world every day."

"'Bold Ideas. Lasting Impact.' is a simple phrase, but a very important one that encapsulates our focus on research, teaching and practical application of ideas, as well as the amazing people-students, faculty and staff-that makes Weatherhead what it is," said Mohsen Anvari, Dean of Weatherhead. "The new positioning not only describes what we are today but also expresses who we aspire to be."

The brand was officially unveiled to the students, faculty and staff at a ceremony and reception on August 28th in the Peter B. Lewis Building, that among other things, highlighted past examples of Weatherhead's bold thinking including the launch of the first MBA specialization for bioscience entrepreneurship, the first PhD in Organizational Behavior, and the introduction of the first competency-based MBA program in the U.S., to name a few.

According to Weatherhead, the new brand is already being put into action with initiatives like the Bold Thinkers Series, which brings to Weatherhead speakers who are challenging convention and creating new standards, as well as the upcoming Bold Ideas in Leadership Conference, a half-day program showcasing Weatherhead's latest research on leadership in the 21st century.

Cultivating a Positive Core at Tendercare

Strategic planning is not always about finding new ways to grow a company. The other two alternatives can be to remain status quo or divest of assets. Tendercare is a regional long-term care provider that operates a chain of skilled nursing homes, assisted living residences and various other long-term care services in the state of Michigan. Tendercare's vision is to be the provider of choice in each of the markets in which it operates, and while most of its centers live up to this vision a few do not. In 2002, the company embarked on a carefully thought out strategic plan which included a thorough review of its properties and their contribution to the company's vision and mission. For years the company had taken a defensive posture in their markets working hard to maintain a solid footing in the communities in which they operated. This meant that even when a center did not meet its vision of being the provider of choice the company maintained the center for fear that it might cause more problems than to seek alternatives. While senior management recognized that a couple of buildings regularly lost money, no action was taken for fear of loosing market share, stirring up regulatory issues, attracting negative press, angering families and residents, and damaging the reputation of the company.

In early 2002 the company brought in a team of consultants to one such center that had been loosing money for over three years. This assisted living center had a unionized staff and currently operated at 75% of capacity. The initial goal of using Appreciative Inquiry (AI) was to bring the staff, management, residents, and family members together as a

unified team to create a positive working culture and, then to get them to work together towards as a final attempt to improve the center's census and reputation.

Using the SOAR based framework the core care team worked with the center and its stakeholders over a six-week period. During this time, a strategic inquiry with a purposeful appreciative intent was carried out using the new five "I" model (inquiry, imagine, innovation, and inspiration built on a foundation of integrity. Integrity was maintained in that employees were told the facility may be closed or sold. With a focus on the center's strengths, opportunities, aspirations, and results (SOAR) it became clear that the best option for the company might be to discontinue operation of the center. While measurable results included an 8% increase in census and a successful de-unionization vote, the center simply was not able to effectively compete within its market. As a result, 18 months later, the company made the decision to, for the first time in their history, take the bold step of closing one of its centers due to a significant change in the uncontrollable environment.

Closing an assisted living center which residents consider their home for many years is not a simple task in the best of circumstances. Because the staff, residents, families, and management had the opportunity to work together openly and honestly in sharing information, ideas, stories, and plans the transition went very smoothly. From the date the closure was announced, until the last resident moved out, the timeframe involved was less than thirty days. Several noteworthy points include the fact that during the entire transition every staff member showed up for work; no one left his or her position prematurely; the company worked to find employment opportunities for every employee that desired it; and every resident was placed without incident.

Because of this successful divestiture the company is planning to use the strategic inquiry with appreciative intent approach and the SOAR model to review several additional centers that do not meet its vision and mission. In the words of Tendercare's Vice President of Market Development, "We have seen a dramatic shift from a defensive posture of fear to a new level of excitement about our ability to truly make the company into what we want it to be while considering each and every stakeholder. By taking a positive and proactive approach we are able to invest in our good centers instead of spending enormous amounts of time, energy and resources in the couple of centers that seem to drain energy and resources." The corporate Tendercare marketing and business development team is also planning to use the SOAR framework to take one of its strongest regions to the next level of growth in 2004.

Summary

We started this article by stating that the corporate mantra over the past couple of decades has been: change, change, and change. While change is inevitable no one has ever advocated change for the sake of change. So don't. Instead, change with purpose. Decide what you are going to be - the best, the most customer service oriented, the friendliest, the most profitable - whatever it might be and then don't begrudge your weaknesses but celebrate what you do well. The unconditional strategic inquiry into

strengths and opportunities is the quest. The SOAR framework is an exciting breakthrough and a new way of thinking about strategic planning. Just as AI has brought a bold new approach to the field of organizational development and change, SOAR offers a break from the tradition deficit based planning process. It is, quite literally, the inspiration to SOAR.

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