

Laying the Groundwork for Strategy Implementation Through Stakeholder Focused Communication

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The single biggest problem in communication is the illusion that it has taken place—George Bernard Shaw

The last but not the least step of the strategy design process is communicating the designed strategy and the associated detailed business model to stakeholders, selling it to the crowd, so to speak. Communication has multiple goals that must be addressed to be successful (Jones 2008).

First, communication is about *informing*. Only if you know where to go, can you find the way to get there. This means that the strategy message must be customized for the target audience. The information should focus on the goal, rather than the path to achieve it. It is important to choose the appropriate level of abstraction.

Second, communicating strategy is about *setting the stage for change*. This means, ensuring that the stakeholders understand the new or revised strategy, so that they can identify and plan required changes within their area of influence. Communicating the strategy is the first time where the play meets the audience. As a proverb says, you never get a second chance to make a first impression. Strategy is about making choices, that is, which game to play, how to win, and how to be successful. It is also about what not to do, whom not to serve, and what not to offer. All these elements need to be addressed in the messaging.

Third, communicating strategy is about *convincing* the stakeholders that the strategy choices made are optimal for the firm and support it to be profitable in a sustainable way. Depending on the perspective, communicating strategy is also about *reassuring* people.

Fourth, any strategy is only as successful as the individuals implementing it. A successfully communicating strategy requires *engaging* people. This means, capturing the audience both rationally and emotionally. At the end, people must embrace the strategy.

Fifth and final, communicating strategy can only be successful if the recipients of the messages feel *be taken seriously*. The owners of the strategy must therefore

stand up for it, show that they really believe in the success of it, and will do whatever it takes to make it happen.

13.1 The Communicating Process

It is important to follow a structured approach, based on the design thinking principles of iteratively designing and validating, to achieve the aforementioned five goals. Process K describes seven steps to follow for successfully communicating strategy.

Process K—Communicating Strategy

- K.1 Understanding the ground rules
- K.2 Identifying the audience/stakeholders (to whom to communicate)
- K.3 Selecting the most appropriate communication channels
- K.4 Laying-out the timeline (when to communicate)
- K.5 Preparing the strategy message (what to communicate)
- K.6 Designing how to tell the story (how to communicate)
- K.7 Reviewing and ensuring that the strategy message is understood (validating the message)

Communicating strategy must ensure that the distinct aspects underlying success are addressed in a thoughtful and audience-centric way. As with all processes described in this book, individual stages may be lengthened or shortened depending on the needs of the specific firm. In the light of the iterative nature of design thinking, the different process steps may be, and often are, iterated to maximize their value. This is especially true for the steps K.5–K.7.

13.2 Understanding the Ground Rules

The ground rules of communicating strategy set the stage and define the foundation for success (Jones 2008). Ignoring one or more of these rules increases the probability of failure, that is, that the new or revised strategy is misunderstood, that stakeholders do not believe in the associated changes, or that senior management is not serious about the targeted way of successfully competing. Six key ground rules must be observed:

- (1) *The CEO¹, as the owner of the strategy, must be the owner of the strategy message.* This ensures responsibility for the message and supports its seriousness.
- (2) *Strategy communication must be done by real people.* Although there exist many tools to support communication, such as social media, newsletters, or videos, only people can deliver a convincing message. Stakeholders take the message delivered only as seriously as they take the messenger delivering it. Strategy communication is a top-down process that cannot be delegated or outsourced.
- (3) *Successful strategy communication requires consistency in the message delivered by various sources.* Although the delivery of the message can and should be tailored to the target audience, the core of the strategy message must remain constant. The strategy message must be recognizable whoever communicates it. Consistency is key to convincing, reassuring, and showing seriousness. As such, anyone communicating about the strategy must have an optimal understanding of it.
- (4) *Strategy communication must be integrated into the daily routine.* The biggest mistake to make is treating strategy communication as a one-off event. The underlying message must be repeated over and over again in a consistent way. Understanding the strategy should be as common as reading e-mails. The storyline used to communicate the strategy message can be adjusted over time, especially with respect to its depth. Stakeholders should dream about the strategy without having nightmares.
- (5) *Communicating strategy must avoid surprises.* Stakeholders must get prepared over time for the details of the new or revised strategy. Best results are achieved by choosing a gradual approach to communication rather than a big bang set-up. People are only able to capture so much of a message at a time. Achieving buy-in is much easier if people can relate the strategy message delivered to what they already know, understand, and especially how it impacts them.
- (6) *Finally, any strategy communication message should be tested for its impact before being delivered.* Getting the message content as well as the delivering platform right is hard. This is especially the case when the perception is nearly solely defined by the receiver of the message. Validating the strategy message with a small audience and adjusting it based on their feedback is important. The biggest challenge in testing the strategy communication message is ensuring appropriateness of the test audience combined with confidentiality of the message.

The decisions taken during the subsequent steps K.2–K.7 of the strategy communication process should be cross-checked against these six ground rules and adjusted, if and when deemed necessary.

¹Depending on the legal framework, the chairman of the board of directors the board as a whole, the CEO, or the executive committee, may be the owner of the strategy. This chapter refers to the owner of the strategy as the CEO of the firm. It is important not to confound the designer of the strategy or the owner of the strategy design process, with the owner of the strategy in its entirety.

13.3 Identifying the Audience

Before being able to communicate the strategy message, the audience and their expectations must be identified. This is no different from preparing for a speech. The audience can be subdivided into two categories, that is,

- the *internal audience*, also called the active stakeholders, and
- the *external audience* or the passive stakeholders.

Identifying the audience is similar to identifying target populations. The clustering of stakeholders should be based on common needs in knowing and understanding the strategy message. This means, taking the viewpoint of the stakeholders and asking the question what they would need to know to ensure that the strategy message is understood. In addition, communicating to well-thought through clusters of stakeholders reinforces the strategy message.

13.3.1 Internal Audience

The internal audience, namely managers and employees, can be subdivided into three categories, that is,

- *managers*, asking the question “how can I get the strategy message through to my direct reports and employees?”,
- *affected employees*, wanting to know what the new or revised strategy means for them in particular, and
- *not affected employees*, attempting to understand why they should care and how they should react.

Different sub-categories of affected employees requiring distinct strategy messages may be defined. The value chain framework provides a base to consider for sub-segmenting the affected employees audience, distinguishing, for example, between sales people, operations experts, and support staff. Distinguishing on seniority or title, although common, is sub-optimal.

Often, employees have two roles at the same time, being manager and affected or not affected employee. Depending on their role, the strategy message must be adapted.

In situations where the strategy to be communicated is completely new or disruptive, the category of not affected employees may not exist. If it exists, it is important not to ignore it as these employees have a role in the overall structure of the firm and may become supporters or saboteurs, depending on how they perceive strategy communication is handled. Perception is reality.

13.3.2 External Audience

It would be a big mistake to ignore the external audience when introducing a new or revising an existing strategy. Although external stakeholders are not directly affected by the resulting strategic changes, their reaction may be critical for success. The four most prominent external stakeholders are:

- (1) *Investors*, trying to understand what is different and especially what is superior in the new or revised strategy based on their perception of the industry, why they should embrace the new or revised strategy and not divest.
- (2) *Regulators* and unions, looking for potential challenges that could arise from their perspective and how they should cope with them.
- (3) *The media*, looking for stories to tell, finding the grain of salt in the sauce.
- (4) *Customers*, wanting to understand what will change from their perspective, what potential disruptions to expect, which habits they may have to change, or if they have to look for alternatives.

Depending on the industry and the characteristics of the strategy to be communicated, additional external stakeholders may be considered. The environmental analysis approach to stakeholder identification (Chap. 6), provides a good starting point for insights on which stakeholders to consider.

13.3.3 Looking at the Audience from a Different Perspective

The different stakeholders can be classified along their perceived role during strategy communication, rather than segmenting the audience based on organizational, hierarchical, or seniority aspects. Five key roles, which have an impact on the strategy message, can be identified:

- (1) *Decision owners*, responsible for the outcome of the strategy and its implementation.
- (2) *Implementers*, in charge of implementing the strategy and taking tactical and operational decisions based on guidelines from decision owners.
- (3) *Networkers* or highly connected people, which can efficiently relate the strategy messages within the firm and to external stakeholders, independent of their functional or hierarchical roles.
- (4) *Influencers*, usually not directly involved with the strategy implementation, but which are interested in leveraging and spreading a positive message.
- (5) *Saboteurs*, having a self-interest not aligned with the new or revised strategy and therefore actively pursuing to undermine the success of the strategy.

Successful strategy communication depends on addressing and possibly leveraging these informal roles.

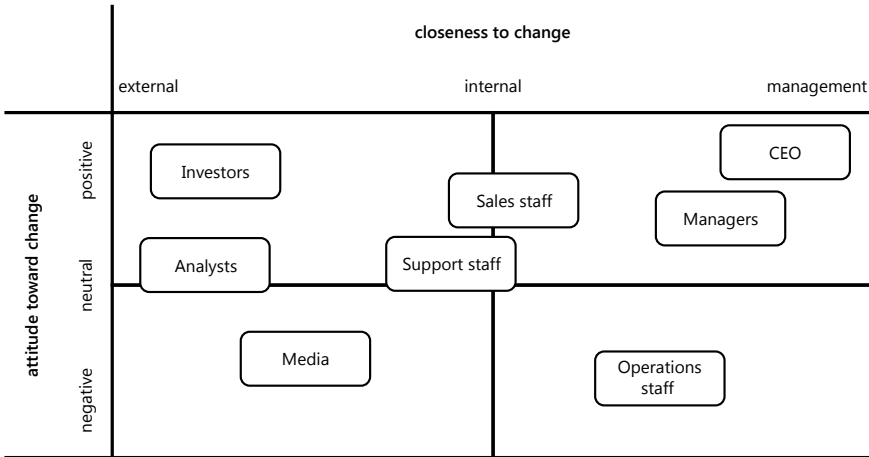


Fig. 13.1 Sample subset of stakeholders to consider when communicating about a revised strategy

Different stakeholders are identified, regrouped, and classified based on their closeness to the strategy’s success and their expected position towards change. Figure 13.1 illustrates a subset of a typical audience for communication about a revised strategy.

13.4 Selecting Communication Channels

There exist different channels which can be used to communicate about strategy. Each channel has its own advantages and drawbacks. A good communication strategy relies on combining multiple channels based on the target audience. Independent of which channel is used, the strategy message must be adapted to the specific channel. For example, when choosing a video message to be broadcasted to employees, it should be to the point, that is, like an elevator pitch and delivered by the CEO.

When choosing a given channel, it is important to use technology to support message delivery rather than replace the human aspects. Two-way communication, or at least including a feedback loop, is to be preferred to one-way communication, whenever possible.

13.4.1 Face-to-Face Communication

Face-to-face communication ensures that the strategy message is delivered in person. Typical forms are town hall meetings, on-stage interviews, or short presentations, followed by questions and answers sessions.

Advantages Face-to-face communication supports delivering an authentic message. It allows for two-way communication through interaction and real-time verbal and non-verbal feedback. The focus is on people rather than on anonymous media.

Drawbacks Depending on how the message is delivered, there exists the risk of diluting the message by going off-script. A right trade-off between on-script and authenticity must be found. Especially questions and answers sessions incur the risk of losing the core message, by focusing on answering specific questions. Availability of the audience and accessibility to the message deliverer are other challenges to overcome.

Any effective strategy communication requires including at least one face-to-face communication to each of the identified audience categories.

13.4.2 Electronic Communication

In the age of social media, electronic communication is the most prominent communication channel. Messages may be audio, video, illustrations, photos, or text, or a combination thereof. Typical channels are e-mail, messengers, such as WhatsApp, Signal, or WeChat, in-house blogs, chat forums, up to social media channels, such as Yammer, Facebook, Twitter, Snapchat, or even Instagram. The main challenge is selecting the right channel without overdoing it. It is important to understand under which conditions, that is, where and when, the audience will best ingest the strategy message.

Advantages The key advantage of electronic communication is its speed of delivery. In addition, due to the nature of the channel, it is much easier to control the message and tailor it to the audience. In the extreme case the message may be personalized for an audience of one. Different media, including visual and text, can be combined to optimally deliver the strategy message.

Drawbacks Electronic communication makes it harder to control if, when, and how, the strategy message is consumed. There exists the risk of the message not being understood or misinterpreted. No or only uncontrolled feedback is possible.

Electronic communication should be used when speed and control of the message is important. Unmoderated feedback, such as seen on social media, should be

avoided. Electronic communication ensures that a large and de-centralized audience can be addressed rapidly. Often electronic communication precedes face-to-face communication. It is also recommended for summarizing the leanings from face-to-face meetings, making them available to a broad audience.

13.4.3 Print Communication

In the era before the internet, print was the primary communication channel. Typical print media are letters, in-house magazines, and newspaper articles.

Advantages Print communication allows for a physical delivery of the strategy message. It is a less transient medium than electronic communication. As with electronic communication, print media allow reaching a broad audience, especially when communicating to external stakeholders.

Drawbacks Print communication is, by its nature, slow to deliver. It offers limited space and is costlier than electronic media. As for electronic media, there exists a risk of misunderstanding of the message. Practically no feedback is possible. In addition, the message may be perceived as impersonal.

Print communication is best used to confirm electronic and/or face-to-face communication. It gives the strategy message a lasting touch. For example, summarizing the strategy on a one-page laminated print, may help employees remember it over time.

13.5 Laying-Out the Timeline

There exist two possible extreme approaches for when to communicate a new or modified strategy. These are,

- the *big bang approach*, where the whole strategy message is communicated to everyone at once, and
- the *iterative approach*, where elements of the strategy message are communicated in a just-in-time way.

In practice, a mix of both approaches should be relied upon. The primary constraint to be satisfied is that strategy communication must only consider what has been finally decided and approved. Communication must never be about strategy design work in progress. This does not mean, that it is forbidden to inform about ongoing strategy design work. But the messaging must be clearly separated. Undecided options should never be communicated outside the strategy design team, except as part of experiments and labeled as such.

Regulatory requirements often impose a big bang type of strategy communication approach, especially with respect to informing the external audience. The big bang approach allows showing the often-required sense of urgency associated with change in strategy. Challenges are keeping the message secret ahead of release and avoiding leaking of insights upfront.

Choosing an iterative approach allows incorporating feedback received into the message. It allows expanding the message over time and permits focusing on those aspects that matter most at a specific point in time.

Usually no more than two to four weeks should elapse between the first-time strategy is communicated and the first implementation steps are taken. Whichever option, or combination of options, is chosen, strategy communication is an ongoing process. It must become part of the firm's culture ensuring that individual actions are aligned with the overall strategy.

13.6 Preparing the Message

So far, numerous insights into the strategy of the firm have been developed. Key insight gained are

- the *industry* in which to compete,
- the *strategic focus* identifying the primary dimension along which to excel and differentiate,
- a description of the firm's *detailed business model*, describing targeted customer segments, value propositions, capabilities, and a financial plan, as well as how these components interact,
- the *competitive advantages* that will allow the firm to successfully compete, and
- *game plans* on how to react to moves by competitors.

Strategy is about choices. Communicating strategy is about making these choices transparent and describing how they lead to superior performance and value for all stakeholders. Preparing the strategy message is about content. Telling the story is about the form. When preparing the strategy message, it is important to clearly separate between the strategy, that is, the target state, and the implementation, that is the path to the target state. Otherwise, receivers of the message may fall into the so-called *lost-in-translation trap*.

13.6.1 The Traditional Strategy Message

Traditional strategy communication focuses on five key elements:

- (1) A *mission statement*, describing the firm's purpose and identifying the scope of its operations.
- (2) A *vision statement* describing the firm's high-level objectives and how it wants to be perceived.
- (3) A *set of values* that describe the beliefs on which the vision and mission statements are based.
- (4) A *prose description* of the key aspects that will lead to success.
- (5) A set of quantified *key performance* indicators (KPI) that a firm wants to achieve and that help measure success.

The main challenge with this approach to communication is that it is abstract and subject to interpretation. Many managers and executives have a hard time understanding what these statements, especially the mission, vision, and value statements, mean for their decision-making process. This leads to the primary focus being put onto the tangible KPIs. But KPI-based approaches fall short of addressing the challenges faced in a changing environment. They even sometimes lead to managerial decisions aiming at gaming the strategy, focusing on achieving specific KPIs rather than implementing the strategy in its entirety.

If choosing to rely on the traditional strategy message structure, that is, a mission-vision-values based approach, it should be relegated the end of the communication process, that is, as a summary, rather than beginning the strategy message with it.

13.6.2 Crafting the Strategy Message in a Design Thinking World

Crafting a successful strategy message relates to using the insights gained during the strategy design process by answering seven key questions while taking a stakeholder perspective:

- (1) Who are the *targeted customer* segments and who is *explicitly out of scope*?
- (2) What *value propositions* will the firm offer to their targeted customers?
- (3) Why should customers choose to do business with the firm, rather than with its competitors? What are the firm's *distinguishing characteristics* that are hard to copy?
- (4) Why will the firm be able to live up to the promises made to its customers? Which *unique capabilities* (resources, knowledge, capital) does the firm possess and exploit?
- (5) What will *change* with the new or revised strategy and what will *remain the same* over time? How does the firm ensure that existing customers, which remain in scope, are not lost?

- (6) Why will the strategy allow *generating and/or increasing profits over time*?
How is the financial viability ensured?
- (7) Why are the goals set with the new or modified strategy *realistically achievable*?

The answers to these questions should be short and concise. There must be coherence among the answers. The answers should be such that they can be used as a decision support tool during strategy implementation.

The answers to the seven strategy message questions may be used to define the firm's mission (based on answers to questions 1 and 2), its vision (based on answers to questions 2 and 3), and its values (focusing on answers 3 and 4). The mission-vision-values statements must never be perceived as a replacement for the overall strategy message.

Example Table 13.1 illustrates possible answers to the strategy message questions for a manufacturing firm competing through innovation, that is, implementing a differentiating strategy along the offerings strategic focus, in the automotive parts supplier industry, focusing on the affected employees' audience.

Table 13.1 Typical answers to the seven strategy message questions for an innovative automotive parts supplier focusing on the affected employees' audience

Question	Answer
(1) Who are the targeted customer segments and who is explicitly out of scope?	<ul style="list-style-type: none"> – We target the ten largest car manufacturers globally, allowing them to be innovative by using our offerings – We will only work with those manufacturers that also want to be perceived as being innovative and invest significant capital in innovation
(2) What value proposition will the firm offer to its customers?	We will offer, at any given point in time, the most innovative automotive parts for being used in new cars, focusing on safety and comfort, as primary innovation drivers
(3) Why should customers choose to do business with the firm, rather than with its competitors?	We have shown over the years that we can be one of the most innovative companies in the automotive parts industry Going forward, we will explicitly focus on safety and comfort and collaborate with customers to help them be innovative by using our innovative offerings
(4) Why will the firm be able to live up to the promises made to its customers?	<ul style="list-style-type: none"> – We will collaborate with universities active in research on automotive safety and comfort. By doing so, we ensure being able to identify innovative technologies early on – We will continue to implement agile processes ensuring that academic insights can quickly be translated into innovative automotive parts, supporting innovation for the car buyer

(continued)

Table 13.1 (continued)

Question	Answer
	<ul style="list-style-type: none"> – We will heavily invest in research and development around safety and comfort, that is, at least 5% of our revenues
(5) What will change with the new or revised strategy and what will remain the same over time?	<ul style="list-style-type: none"> – We will focus our offering on innovations that support safety and user comfort. We move away from quantity towards quality of products offered – We will increase our collaboration with car manufacturers to help them get the most out of our innovations. To do so, we will introduce agile product development and roll-out processes – Our typical product lifespan will be reduced to around 3–5 years, from the current 10–20 years
(6) Why will the strategy allow generating and/or increasing profits over time?	By being perceived as an innovative part supplier that puts the innovation capabilities of the car manufacturers at the forefront, we will be able to build lasting relationships that are valued higher than automotive parts providers that primarily compete on price
(7) Why are the goals set with the new or modified strategy realistically achievable?	We have shown in the past that we are able to design and deliver high quality innovative products. By taking a more focused approach and implementing a closer collaboration with our customers, chances are increased that our products are valued by our customers over offerings from competitors. In addition, focusing on safety and quality, will allow reducing costs by limiting the number of products offered

13.7 Telling the Story

Once the content of the strategy message has been defined by answering the seven key questions, it must be put in a form that is tailored to the target audience. Depending on the audience, more or less details may be included. It is important to get the trade-off between qualitative and quantitative statements right. For example, employees focus on understanding the meaning of the strategy for themselves, whereas analysts and investors prefer quantified and comparable assertions. In all cases, the message should be explicit and compelling.

Storytelling must translate the key properties of the firm's strategy into a compelling and accessible narrative that connects the past with the future in a cohesive way (Mootee 2013). Telling the strategy message story focuses on the

three dimensions *inspiring*, *educating*, and *reinforcing*. To do so, it may either rely on *quotes* or on *metaphors*. One possible way of structuring the storyline is to follow the five steps in process K.6.

Process K.6—Telling the Story

K.6.1 Setting the stage by creating a burning platform which describes the challenges faced

K.6.2 Describing where the firm wants to be with respect to

- customers,
- offerings,
- capabilities,
- financials, and
- competitors

K.6.3 Explaining why the strategy as described is

- desirable,
- feasible,
- viable, and
- distinct

K.6.4 Illustrating what is different this time and why this will lead to a superior outcome

K.6.5 Finishing the storytelling by focusing on what is in it for the audience targeted by the message

Depending on the communication channels used, different media may be employed to support the delivery and customization of the storytelling.

According to Mootee (2013), a great strategy message story must show seven characteristics:

- (1) It must be *collaborative*, engaging multiple stakeholders in sharpening the narrative and delivering the message.
- (2) It must be *engaging*, taking the audience on a journey to the future.
- (3) It must be *structured*, allowing the audience to follow the reasoning behind the strategy message.
- (4) It must be *performative*, using multiple media and relying on dramatic techniques, including tempo and timing.

- (5) It must be *tangible*, illustrating the strategy message using prototypes, case studies, or demonstrations.
- (6) It must be *fun*, engaging the audience into the message delivery, for example, through workshops, games, or simulations.
- (7) It must be *real*, focusing on plausibility and applicability by operationalizing abstract concepts.

The story behind the strategy message must establish a purpose and connect with the audience.

13.8 Validating that the Strategy Message is Understood

Similar to the validating step of the business model layer (process V, Chap. 11), the strategy message and its delivery need to be tested before being rolled-out on a large scale. It is important to ensure that the message is understood as intended. To do so, the five-stage approach described by process K.7 should be used.

Process K.7—Validating the Strategy Message

- K.7.1 Identifying a test audience by sampling a representative subset of the targeted stakeholders (a mock-up population that slips into the role of the target audience may be used, if required by confidentiality constraints)
- K.7.2 Defining how to measure success of the strategy communication process
- K.7.3 Delivering the crafted strategy message to the target test audience
- K.7.4 Measuring the success of the strategy message delivery and learning from the feedback received (requiring the test audience to play-back the strategy message or answering a pre-defined set of questions regarding the strategy may be used)
- K.7.5 Adjusting the strategy message and its delivery, if needed, based on the results of step K7.4 and iterating to step K.7.1 (ideally the target test audience should be different during each iteration)

References

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