Are We In This Together?
The Preconditions For Strategy
By David Maister

Managers build their plans and strategies on the assumption that people in their firm are ready and willing to be team players, acting collectively to create or achieve something in the future.

The truth, however, is that these attitudes cannot be assumed to exist. In fact, they may even be relatively scarce. In many firms – perhaps even most – these preconditions for strategy may not exist.

It is hard to identify and create buy-in for what "we" (i.e., the firm) should do if there is no strong sense of "we" – a mutual commitment and sense of group loyalty and cohesiveness. Similarly, it can be meaningless if the members of the firm are not committed to go on a journey together into the future.

This was brought home to me when I was facilitating a strategy discussion in an industry that has a long tradition of hiring, celebrating and rewarding stars – individualistic, solo operators. As we discussed the investments and initiatives necessary to pull off the strategy identified by management, one of the 'players' in the room asked: "Why would I want to do this. What's in it for me?"

It must be immediately recognized that having this thought is normal. The industry I was working with is only unusual in the (refreshing?) willingness of people in this business to actually say things like this out loud.

In other industries and professions, they just think it all the time, without actually saying it!

As we worked through the issues, it became increasingly clear that there were major differences among the people in the room, the key players in the company, whose participation and collaboration would be essential to pull off ANY strategy.

The issue was not the specifics of the proposed strategy. What came through clearly was that no commitment to each other – or to their joint future – existed.

The differences among them were based on what seemed to be some inherent personality characteristics, or at least some strongly-held preferences, on two key dimensions – their desire to be engaged in a joint, mutually-dependent enterprise (collaboration) and the time frame they wanted to apply to their decision-making (future-orientation).

On the first dimension, there were people who actively wanted to be part of a team, with joint accountabilities, responsibilities, and rewards. They wanted to be part of something.

However, not everyone in the room fit this category. Many others freely admitted that they were most comfortable (and would seek out) situations where they could be independent – judged on their own individual merits and accomplishments, without being tied to the performance of others.

The second dimension we explored was time-frame. Some people had an appetite for high-investment, future-oriented strategies. They were willing to defer (if necessary) some immediate gratification in order to invest – to get the chance to reap higher rewards in the future. Others are reluctant to invest, even in their own future. They prefer to focus on "winning today," letting tomorrow take care of itself.

Combining these two dimensions led to the identification of four kinds of preferences that individuals (and companies) have.

Type 1 is the solo operator who values independence, wants to make little investment in the future, but is willing to bet on his (or her) ability to catch fresh meat each and every day. I call this the Mountain Lion approach. "Pay me for what I do today (or this year.)"

Type 2 is the individual who prefers to act in coordination with others, but doesn't like to invest (or defer gratification) too much. I call these people (collectively) the Wolf-Pack. "If we act together we can kill bigger animals, but it had better pay off soon or I'm joining another Pack!"

Types 1 and 2 may be unwilling to invest or "bet on the future" for a variety of reasons, including risk aversion.

Type 3 is the individual who wants to be independent, but is interested in building for the future by investing time and resources to get somewhere new. Such people remind me of Beavers building dams to provide a home for their (own) family.

Type 4 are individuals who want to be part of something bigger than they can accomplish alone, and have the patience, the ambition and the will to help the collective organization invest in that future.

I call this group "The Human Race" since one of the rare things about Homo Sapiens that differentiates it (at least in scale) from other species is its ability to act collectively to build and develop. (It's called civilization.)

Note, however, that Type 4 could also be a description of an Ant Community or Beehive, where individuals slave for the benefit of the community, suppressing and subsuming their own identity within the whole. (This interpretation is most likely to be applied, naturally, by those who do not place themselves in this category.)

	Capture Rewards for Short-Term Performance	Build For the Future
Inter-dependent Team Players	**Wolf Pack**	**Humans (or Ant Farms)**
Independent Solos	**Mountain Lions**	**Beavers**

I don't have a precise metric to measure the differing orientations described here, but I have found two proxy questions to be useful.

On the issue of independence versus team-play, I ask people whether, in general, they would prefer rewards in their organization to be based (compared to the current arrangements) a little more on individual performance or a little more on joint rewards for joint performance. I then ask whether, compared to the current arrangements, people would like their firm to invest more in its future, even if this meant they would have to accept less current income in the form of salaries and current bonuses.

These two (imprecise) questions tend to cause people to reflect on their true preferences. The underlying issue is not really about pay schemes, but phrasing the questions this way tends to crystallize the issues for many people.

In exploring these orientations, I frequently use secret voting machines which allow people to express their views while remaining anonymous.

I ask people in the group which of these four preferences best described their own, personal desired way of behaving. (At this point you may wish to pause and guess what percent of all your colleagues would place themselves, by preference, in each category.)

In this particular company where I first explored the model, all four groups were well represented, although only 10 to 20 percent put themselves in the "I want to be part of something bigger than me that is working to build for the future."

Thirty to forty percent put themselves in the "solo-short-term" (Mountain Lion) category, with approximately twenty to thirty percent each of the "team-play short term" (Wolf Pack) and "solo builder" (Beaver) categories.

I don't know if the fact that only 10 to 20 percent of key players wanting to be "team-play builders" strikes you as low, or matches your experience, but it leads to an interesting question: what do you think the chances are of melding people that describe *themselves* that way into an institution that has a differentiated reputation?

My own conclusion, then and now, is clear. An organization that had these proportions might succeed through individual, entrepreneurial activities, but it would be quite literally incapable of having a company strategy. For example, no common reputation or differentiation could be achieved in the competition either for clients or talent. Firm leaders that tried to develop and implement company strategies would be wasting their time.

In applying this model and conducting these votes numerous times in other firms, it has been revealing how much diversity is exposed among people who had previously thought of themselves of members of, and loyal to, their firm.

They may indeed, be loyal, but their desires and preferences differ so much on the key dimensions that, in many cases, no strategy can accommodate the diversity of preferences among the members of the group.

The mixture of preferences may place very severe limits on what an organization can achieve. While there may be some logic and merit in *like-minded* people banding together, (whether they be Mountain Lions, Wolves, Beavers or Humans) an organization made up of an unmanaged mix of such types is unlikely to function well.

If a majority of the key people really DON'T want to act collectively in building for the future, it is meaningless to develop plans as if they did.

In spite of this, very few people or organizations have frank and open discussions about this kind of thing. The preconditions for strategy are rarely surfaced and examined, possibly because the implications of discovering a disparity of preferences can be very scary and disruptive.

It is important to note that it is not required that a majority choose the "team-play building" preference.

A group of people who all identify themselves as preferring to operate as "independent short-term" players can succeed in many businesses. (See for example, the discussion of "Hunters and Farmers" in my 1993 book **Managing the Professional Service Firm**.) Many businesses can be, and are, constructed around "star players" rewarded for their short-term results.

Similarly, a Wolf Pack can achieve something that is called "strategy" and can align its recruiting, systems, rewards around a strategy of collaborative short-term actions, if that's what everyone wants.

However, without a majority of key players committed to collaboration and investment in the future, it is unlikely that most of what is usually considered to be firm-level strategy can really be accomplished. Before discussing their plans, firms need to uncover whether their people really want to go on a journey – any journey – together.

Dealing With Diversity

If you were to conduct this poll in your organization (asking people either to place themselves in one of the four categories, or to estimate what percentage of their colleagues they would place in each group), what choices would you have if you found that you had a broad diversity of preferences?

I can think of the following (theoretical) options.

Option One: Try to Accommodate Differences

Is it possible to find different roles for people, so that individualists and short-term players can be accommodated by playing specific roles in the organization without compromising the commitment and determination of the majority?

This would clearly be very desirable if it were to prove practical. It would require the least disruption to the status quo.

Manufacturing corporations have different activities (such as sales, production, or finance) which may require different attributes, so the question arises as to whether other organizations, such as professional service firms, can also accommodate different orientations?

I believe that this may be possible, but not by allowing people of different orientations to play the same role in the organization. There may be differences between the desirable characteristics of those in sales and those in production, but I doubt that much variety can be acceptable *within* one of these groups.

If one sales person (or team) is taking a collaborative, building approach, is it acceptable for another to act in an independent, short-term fashion? If the answer is yes, it would be hard to see what is meant by saying the organization has a strategy!

The only way I've really seen "biodiversity" work in the real world is if different species are kept away from each other and do not compete for the same resources.

That means the wolf-pack is a completely separate department (preferably in a separate building) than the mountain lions who have their own "deal" (privileges, responsibilities, metrics). It is necessary to keep one group away from the others if they are to co-exist!

On my blog Passion, People and Principles, Brit Stickney wondered whether short-term individualists can be convinced to join the group effort. He asked:

> How can we articulate to our colleagues that the team approach is in their individual best interest?
>
> Even, or especially, if only, 10 to 20% of individuals want to be part of "something bigger" to build for the future, it is critical to be able to articulate to each team member why their role within the will help them individually. It may be possible to be persuasive that by relying on and working with others, they will be able to achieve their personal goals.

Personally, I'm not sure I share Brit's hope in this area. Is it really possible to get short-term individualists to "do the right thing" for the company's long-term bests interests either through persuasion, systems, or setting individual goals that further corporate goals?

I am increasingly skeptical that this traditional "managerial systems" approach can be made to work.

In my experience, the whole thing falls apart when we try to mush them all together and pretend that everyone is measured and rewarded on the same things, that everyone has the same performance standards and everyone plays the same role.

Ultimately, the hope that (too much) biodiversity can be accommodated may be impossible to achieve. I doubt that you can have a random, equal mixture of all types and make it work well.

Option Two: Work To Change People's Orientation

The second choice for dealing with biodiversity is to try and affect people's orientations. One way that MAY be possible to accomplish this is to craft a sufficiently compelling vision for the future, so that even those who do not start off with an initial preference for team play or investment are willing to "sign on."

The potential success of this option will turn on one critical question. Are people's orientations relatively fixed, based on underlying personalities and preferences? Or can they either change with time, or be made dependent upon specific circumstances?

The answer is important. If people's orientation toward teamwork and time-horizon is context-specific (i.e., dependent upon the particular team and strategies being proposed), then there is hope that some process of building commitment to a strategy can successfully forge collective action even from those initially unwilling.

However, if there is a relatively sizable fixed component in people's attitudes, then no strategic planning process can be successful. The choices will either be to abandon strategy, or to separate from those who do not wish to enter upon the journey together.

My own hypothesis is that the fixed component in many people's personalities is relatively high. People really do differ as to how they want to live their lives. Solo operators rarely develop a preference for team play, and people who want immediate gratification rarely develop the patience to sacrifice even a portion of today for an uncertain future – especially if they have to make that investment in conjunction with (and be dependent on) others.

In this view, it is not the clarity or the glamor of the vision that affects people's lack of buy-in to collective, future-oriented strategy, but their willingness to participate in strategy at all.

Another hypothesis that emerges from this is that it will be hard, if not impossible, to reconcile differences through pay schemes: it will be hard to change working behaviors based on deep personal preferences through the clever construction of incentive schemes.

If this is correct, people who do not match the basic orientation of the company should either be in or be out of your organization depending upon what it wants to accomplish. Companies, according to this point of view, must achieve a consistent philosophy by being careful about the kind of people they bring into their organization.

This alternative was phrased well by Brit Stickney:

> First we must define what our "Super Bowl" is – what we wish to accomplish. Second, we should define what wins and losses are. And finally we should find the players that can help us (and want to) win games and reach the Super Bowl.

I think this way of framing the challenge is closer to the real problem that organizations face. But notice, Brit's proposition suggests that organizations must "find the players that can help us (and want to) win games and reach the Super Bowl." This suggests a degree of selectivity that many organizations fail to reach.

It is not easy, but it can be done. It is very encouraging, I have found, to discover how many people will, in fact, choose to accept a well-articulated philosophy, even if it is not the ideal one they might have chosen for themselves.

In spite of what I have argued above, the relatively "fixed" component of people's collaborative and future-orientation is not COMPLETELY determinative.

If the firm is prepared to bring the issues of collaboration and future-orientation to the surface, and (through some open process) ask participants to commit themselves explicitly to a joint, building future, then significant degrees of buy-in can be obtained.

Options Three and Four: Split Up or Cover Up

The consensus-building approach does not always work. As Antoine Henry de Frahan asked on my blog:

> How would you manage a situation when the firm has been in existence for a long time and is finding it impossible to define a coherent strategy because there is no consensus on the partnership model in the first place? I see two options: business as usual (which actually means inertia) or split. Is there any third way?

If people truly differ in their orientations and objectives, it may become necessary to ask those who are not prepared to commit collaboratively to the joint venture to separate from the organization.

This is the strategy advocated by Jim Collins in his book **Good to Great**, where he asserts that one of the primary keys to success is "getting the right people on and off the bus," a conclusion that I share.

This sounds tough, brutal, scary and risky, and it is all of those things. Notice, the argument is NOT that doing this is unconditionally necessary. Rather, the argument is that it must be done if an organization is going to be capable of having a strategy – any strategy.

The fourth alternative is, by far, the most common: avoidance of the issue, papering over the differences, ignoring the problem, or (worse and most common), complaining all the time that everybody wants different things, and nothing gets done.

This does not necessarily lead to disaster (particularly since it is so common). However, it will almost certainly prevent the organization from making any strategic shifts.

It is commonly observed that the biggest problem with developing strategy is implementation. It may be the case that the problem is more profound – that the members of the organization have insufficient commitment to each other – or their mutual future – to pull off ANY strategy.

In a world in which many organizations have been put together with mergers, acquisitions and extensive use of lateral hires, the underlying problem may grow in importance, rather than diminish.

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