Strategic Pauses in Business

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Abstract

In pursuit of growth, individuals as well as organizations, often lose the track and land into troubles which come with too much growth too quickly. The authors, with their collective experience in academics, industry and armed forces, found that taking a break or a pause and having an objective look at the things can be useful, to put everything in perspective. This article is largely based on the observations and thoughts of the authors.

Strategic pauses – as the name suggests, are the 'pauses' taken in an endeavour as a matter of 'strategy'. This term has been used in the context of military strategy, bilateral trade and business, politics, and business ventures. A strategic pause is like a temporary 'time out'. The concerned players adopt the 'Pause / Proceed with Caution' strategy, to bring stability and then proceed further. In this fast world, one does not always have sufficient time to plan. Still, in whatever manner and whenever possible, one should try to prepare oneself / the organisation to deal with unexpected events. This becomes possible only with the help of 'strategic pauses'.

For the present discussion, we have limited its scope only to relevance of 'strategic pauses' for the business world. However, we have included the individuals working in the business organisations as they can also benefit from the use of 'strategic pauses'. So our discussion tries to bring out the importance of 'strategic pauses' for individuals (working in business organisations) and business organisations, by discussing the problems faced by the individuals and problems faced by the organisations. We have also attempted to identify the causes of these problems and then suggested the measures to effectively use the strategic pauses to overcome these problems.

Key Words: growth, strategy, business, strategic pauses

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1.   **<u>Introduction</u>**

Strategic pauses – as the name suggests, are the 'pauses' taken in an endeavour as a matter of 'strategy'. The older use of this expression has been found primarily in the context of military strategy. The German army invaded Russia in 1941. The initial German attacks were successful and they continued to press forward with a view to capture Moscow. However, Russian counter-attacks exhausted the German army and both vehicles and men were in desperate need of rest and maintenance. "The Germans executed a **strategic pause** in order for the follow on infantry divisions to catch up to the armoured spearheads, but more importantly, to allow the armour time to refit vehicles worn out from the pace of the attack (Shrier, 2006)."

Commenting upon the declaration of ceasefire along the Indo-Pak border by Pakistan, Bharat Verma (2003), the then Editor of the Indian Defence Review, said, "The declaration of a ceasefire across the length of Indo-Pakistani border by Islamabad is a temporary game of pretence. It's a tactical **pause** in the pursuit of a larger strategic objective: To help the Ummah (or Islam as a nation) fructify."

However, the use of 'strategic pause' has also been found in the context of politics, bilateral trade and business. Lawrence J. Korb (2004), a senior fellow at the

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Centre for American Progress, while writing about Indo-U.S. relations after the fall of BJP Government in the last elections in 2004, titled his article as 'U.S.-India Relations: A **Strategic Pause**'. He was referring to the movement towards creation of a strategic partnership between the world's two largest democracies.

People have been discussing about "the argument for a **strategic pause** on trade", while discussing about globalization and expansion of NAFTA -- North American Free Trade Agreement (Tucker, 2007).

An article (Business World, 2002) about the Bangalore based Biocon Group, mentioned that "There are businesses where it (Biocon) **pauses** before surging on to bigger game." The article further mentioned that Managing Director of the company, "(Kiran) Mazumdar-Shaw **pauses** before entering another space. She begins a business slowly, testing the waters first, and expands when she is sure of its potential."

The Dell computer company experienced quick growth which was followed by internal chaos in the company. They temporarily halted their growth, consolidated their infrastructure and are growing again with mail order distribution.

From the above instances we can make out that a strategic pause is like a temporary 'time out'. The concerned players adopt the 'Pause / Proceed with Caution' strategy, to bring stability and then proceed further. Along with various other factors, the individuals and organizations are primarily driven by the force of events. One does not always have sufficient time to plan. But, it is important and necessary to try to do so. In whatever manner and whenever possible, one should try to prepare oneself / the organisation to deal with unexpected events. This becomes possible only with the help of 'strategic pauses'. Without strategic pauses, the organization may loose direction and end up in a host of problems.

2. Strategic Pauses in Business

For the present discussion, we will limit its scope only to relevance of 'strategic pauses' for the business world. However, we will include the individuals working in the business organizations as they can also benefit from the use of 'strategic pauses'. So our discussion will try to bring out the importance of 'strategic pauses' for individuals (working in business organizations) and business organizations by discussing **(i) Problems faced by the individuals and (ii) Problems faced by the organisations.**

2.1 Problems faced by the individuals

Individuals face problems due to ever increasing competition, maddening race for career growth and demands of the job. Stress in the workplace appears to be a growing issue. In the whole business world, a range of attitudes is available on this stress issue. Some organizations take the issue very seriously. Others are reluctant even to acknowledge that stress is a problem at all. Those who believe that this is a negative aspect of following growing strategies or beating competitors at every stage , which they have secured for their employees, are conscious enough to make policies and design procedures to handle this stress, whenever it arises. Others, who are not even taking it as a problem, still ignore the issue by calling it a personal problem. The majority of organizations tend to fall somewhere between these two extremes.

Let us take a look at some of the factors which can cause the workplace stress.

Stress Factors

• **Work Demands** – These are the demands that arise from the combination of patterns of work and the environment in which they take place. Long working hours, time bound projects, deadlines, demanding clients, conforming to unreasonable demands of

bosses, mundane work, inconducive work environment and hygiene factors not matching to basic minimum standards, are some of the reasons which fall in this category.

- **Personal Control** – It refers to an individual's influence and independence in their style and method of working. Individuals who are unable to have a reasonable level of control over their own work will always get stressed. They will feel stifled and suffocated.

- **Support Structures** – It includes factors like rewards and encouragement available from the employer, management and colleagues. Absence of or improper counselling, supervision / mentoring / coaching will make the employees feel rudderless. If colleagues also don't support/help for some reason, it will make an individual feel out of place.

- **Working Relationships** – This means healthy and cordial relationships amongst employees and employers at all levels. Mutual respect is an important aspect which has a bearing on all working relationships. If employees as well as employers behave in an unprofessional manner and let their personal biases, likes and dislikes interfere with their work, that will spoilt the working relationships.

- **Clarity of Roles** – All employees should have a proper understanding of their roles, duties and responsibilities in the business. There should be minimum or no overlapping between roles of various individuals. It is seen in many organisations that ad-hoc approach is adopted to get various tasks completed. Due to ambiguity in the roles of the employees, they may not be able to discharge their duties effectively, thereby, leading to sub-optimum results.

- **Change Management** – Change is inevitable in today's world and its pace has increased. So, it is extremely important for the employees to themselves understand the

changed situation and change their approach accordingly to manage the change effectively. At the same time if changes are not introduced in a controlled manner and/or are not properly communicated to those who are affected, the employees will always feel disoriented and the work will suffer.

What the individual can do?

To maintain their productivity, the individuals need to take 'strategic pauses' from time to time. This means consciously disengaging oneself for a brief period from work for a chance to change one's mental focus, broaden one's outlook, loosen up one's muscles in neck and shoulders, and invite a few moments of creative lightheartedness.

Every body just has only a specific limited number of hours to accomplish their major projects. But still one has to take pause. When pauses are not taken, the human brain unplugs anyway by taking what physiologists call "spontaneous pauses". From sheer fatigue, we space out, doze off, or fail to pay attention to our task, listen, or link with others. Laboratory experiments show that if you work too long at mental tasks, your problem-solving time can increase by up to 500 percent. Europeans working style is best example for this. They spend less time on their work compared to Americans and still they are more productive.

Strategic pauses are the ways to analyze the directions where one is heading. These are needed today because things are not same as they were in earlier days. Routine is not followed anywhere. Things are turning quite speedily. A race to prove oneself overnight is going on. It is true for both- individuals as well as organizations. Nobody has the time to check that is it the thing which they want to do. Initially they ignore these things but a time will come when even after achieving most of the things they will feel perplexed. This is the situation where they have to take strategic pause to look out for all

the questions which they are not able to answer while following their so called normal schedule.

Some of the suggested measures which can help in dealing with this hectic and fast running life are as follows:

- **Keep a track of the time that is wasted from your working hours.**

For one week, jot down how you spend your day. Then calculate how much time was wasted – who wasted it, why was it wasted and how often. Now you can clearly understand how much time to assign to which task and the areas where you can save you time. This will help you in better time management, leading to reduction in the level of stress. Try to identify priorities, organize your time, set aside time to complete the tasks, and reorganize your time when necessary. Gradually, you will find that you are more in control, resulting in lowering of stress levels.

- **Plan for each activity.**

Normally, it takes more than expected time to complete a task. Always take extra time around appointments to deal with time-killers like traffic. It will help you get everything done in a more realistic and practical way, and plan better for family and extracurricular activities. With some effort, you can even plan for leisure activities.

- **Evaluate the quality of your clients.**

You know some people are different from others. We should decide who are the ones with whom we should do business. Always try to deal only with people who don't take advantage of you, and who are pleasant. Stress will take a dive. Time-consuming issues won't be as frequent, because the people in your life won't be as difficult. The result will be more contented, satisfied, relaxed and stress free life.

When you incessantly keep grabbing opportunities and marketing yourself, it can result in fast burnout, especially if you aren't seeing the results you had in mind. The effects could be devastating for you. Instead of working even *harder,* you should "come up for air!"

You might not be mentally prepared for it at all, it might be extremely surprising and shocking advice for you, but yes, the advice is to take a pause! You are certainly in need of a break!

2.2 Problems faced by the growing Organisations

One of the biggest problems a growing business faces is how to maintain control while continuing to grow. In money terms, this means increasing turnover while keeping your cost base low, leading to an increase in profitability. For some others, it may mean being left with no competition in the field as they grow at a break-neck speed. For them it is just a problem of over growing. Let us take a look at some of the problems/challenges faced by growing organisations.

Causes of Organisational Problems

- **Impulsive Decisions**

Often the decision to expand is based more on impulse than on sound economic analysis, financial evaluation or market studies. At times, the expansions are a result of the owner's whim and personal satisfaction rather than a real understanding of the organisations' capabilities. The result is that an organisation will take rash decisions to take advantage of immediate opportunities even if they lack the necessary capital and capability for the project. As a result the project may soon become undercapitalized, leading to a possible failure.

- **Attachment with current events and the past**

Many organisations, when they are growing, find it difficult to pause to look at the bibber picture for tomorrow. The owners and the key staff are often too absorbed in growing the business today. They find it difficult to detach themselves from the current events and past history and trace a master plan for the organization's future direction.

- **Servicing of Loans**

Any loans which may have been acquired for expansion are so large that servicing them consumes the organisation's earlier established cash flow and even surpluses. In addition, some growing organisations often experience problems with management of their receivables, in spite of significant increase in sales. Many a growing companies have come to grief because of their inability to manage their receivables.

- **Increasing gap between the owners and the employees**

The owner(s) or promoters often growing out of touch with the key employees on whom they must rely. The sudden growth creates a chasm between the key employees and the owner/promoter. As it is not immediately possible to check the productivity of different divisions / departments, the organisation may continue to work below the potential, leading to a strain on the overall effectiveness / profitability of the organisation.

- **Neglect of Essential Business Functions**

As an organisation starts new operations, the 'management' becomes so involved with their administration, that it losses sight of the essential business functions. Given an overly centralized management team that lacks depth, an organisation's risk of failure also increases A growing organisation must be able to hire and retain qualified and capable people who can take the organisation to its next phase of growth.

- **Assimilating new employees into the organisational culture**

As an organisation grows, it has to quickly hire people from diverse backgrounds. It becomes increasingly difficult to assimilate new employees into an organisation's culture (which itself is growing in case of young organisations) and getting them directed in their roles and making them comfortable in their teams quickly.

- **Increasing overheads**

When an organisation is growing, the overheads often shoot up as it takes time for the profits to start flowing. Often, some growing organisations will begin to flinch over vital expenses.

- **Working becomes Bureaucratic**

Growing companies must be able to obtain information on internal costs and budget, competition, inventory position, cash flow, sales/revenue growth etc., in a timely, organised and efficient manner. As an organization grows, it often becomes 'departmentalised' and the flow of information slows down from top to bottom and from bottom to top. The working becomes more bureaucratic in the shape of more memos, meetings, and passing of the buck, further complicated by a defective monitoring and information systems. Managers often become overwhelmed with individual project responsibilities in addition to their responsibility to manage the team. The team may lose clarity of direction. It may seem like departments rarely communicate or collaborate with each other. Some employees and/or executives are probably struggling in their positions, but don't know how to ask for help. Some people are burning out. Other talented employees are dropping out and you are forced to rehire.

- **Increased complaints from customers / stake-holders**

Often, in pursuit of greater success and growth, organisations do not improve their back-end support system, delivery and order fulfillment sections. As a result user / customer complaints increase and satisfactory servicing becomes a problem.

- **Over dependence on some people**

Growing organisations have often been found to be dependent on a few trusted employees (often from personal circle of the owner), customers, suppliers, lenders, or contractors. This is a pitfall which the growing organisations should try to avoid.

What the Organisations can do?

Earlier this concept of strategic pause was not taken seriously, but now with emphasis on strategic management, more and more management thinkers and practitioners are advocating its use. It is a demand of dynamic environment today that this concept should be widely applied to all types of organisations, in general, and business organisations, in particular. For any organisation to be successful, it has to take strategic pauses.

When Mr. Bongani Aug Khumalo took over as the Managing Director of the South African Real Estate major, JHI Real Estate, in May 2006, this is what he had to say about his plans for the company: "I will be doing a strategic review, which will invariably result in some changes as part of the refocussing, repositioning and re-energising exercise. Like all centenarians, this 105-year-old icon of the property industry has to take a **strategic pause** - as I am sure it has done many times before - and look at itself before it goes ahead and reasserts its leadership in the country and the African continent (Inggs, 2006)."

Barbara Duffy Stewart (2006), Executive Director, Association of American Cancer Institutes, in the 2006 Annual Report, said: "This year marked a **strategic pause** to reflect on AACI's incredible growth since establishing full time operations in 1999. In May, AACI leadership convened a retreat of the Board of Directors to both evaluate our progress and plan for new initiatives that will leverage the already considerable influence of our cancer centers and best address the key challenges our members will face in the next 3 to 5 years."

In simplest words, one can say that every business needs to take a strategic pause just to confirm the direction in which it is going. Simultaneously, these pauses help in analysing and evaluating the performance of the organization which in turn help it in formulating more appropriate growth strategies. Now the question is: How will it happen? As an organization becomes busy in just formulating growth strategies and beating its competitors, it becomes slightly negligent and overconfident about certain issues. Due to this, it might not be achieving the results which it might be capable of achieving. These strategic pauses give it the time needed to rejuvenate. It can provide a path to identify critical organizational transitions, as well as pitfalls the organization should seek to avoid as it grows in size and complexity. One can analyze the new emerging opportunities, changing competition scenario, type of strategies required, time-table for adding levels of management, etc. It helps in revising organizational priorities. It could help the management to know as to when to "let go" of cherished past strategies or practices that will only hinder future growth. But this is possible only when organization takes a strategic pause. Microsoft is a very good example of such a productive pause. There is always some great new product launch just over the horizon that spells great opportunity for the Microsoft channel members. Microsoft partners have

come to expect long product roll cycles given the history of Microsoft, but the cause for recent pause in the Microsoft channel community is the evolution of SAAS (software as a service) as a business model that is now being embraced by Microsoft under the heading of "software plus services."

While taking a 'strategic pause', an organisation should try to measure and analyze its current status. One can start with a reality check. This will help in building an accurate and complete understanding of current status of business. After properly analyzing the current status one can formulate strategies to realize vision of success.

Following are the suggested measures through which an organization can practically implement the concept of strategic pause:

- **Establish Key Metrics**

The very first step to be taken before deciding upon a course for growth is to set up the key metrics of your business. "Metrics" are basically crucial statistics by which you can measure how well your business is performing. Among the key metrics to business are money-related metrics, customer-related metrics, product development-related metrics and team- and operations-related metrics.

For example, a customer-related metric might be, "Conversion rate of Web site visitors to purchasers." Is 8 percent satisfactory or do you need a higher number like 20 percent to generate the revenue you're seeking? Knowing this metric may enable you to make adjustments to your online strategy that could be very powerful to your business.

A financial metric might include "Monthly cash flow." You may need to achieve and maintain monthly profitability by end of Q2, for example, and if you don't, you may have to reduce your spending until the situation is rectified.

An operational metric, may include focusing on inventory turns. This is all about how quickly you move product out of the door. Knowing this will help you understand how long you can expect your money to be sunk in merchandise instead of being available for other business activities.

Important aspects of creating key metrics include, choosing those things that have a significant ripple effect on the performance of your business, ensuring that the metrics are measured over time and having quantifiable measurability so that you can be sure of your performance.

- **Understand Your Financials**

Financials, often considered as one of the most dreaded aspects of one's business, also need to be understood properly. It is not only sensible and sane to consider and study your financials but it is also beneficial to do so as it gives guidelines regarding the opportunities you can uncover while dealing with your financials.

The sanity comes from being so in tune with your business that virtually nothing takes you by surprise. You're always able to see where you've been, where you are and where you expect to go, according to facts manifested through data. The opportunity comes from knowing when and where it's possible for you to spend more to make more, or to spend differently to make more, or maybe even to spend *less* to make more.

A great way to use financials is comparison between your actual performance during any given month to your projected performance. Additionally, here are some key things to know in your financials:

- Your highest margin activities.

- Your primary triggers for cash flow problems.

- A deliberate classification of variable vs. fixed expenses.

- Any cyclicality in your business.

- Any major expenditures you see on the horizon.

After this analysis, if you think you need to have some money, then you should look out for some money raising options.

- **Review the Competitive Landscape**

You have to determine the effects of competition and how the market landscape might be changing. Knowing this shifts power into your hands.

While gathering this information, look for those businesses you believe are the smartest players in your area. Figure out the reasons that make them outstanding. Then compare them to yourself. Also assess what's weak about the competition. Find out the opportunities they leave for you. Next, create a list of things that have to be transformed in your business in order for you to grow.

Besides individual competition, you should also know and understand the market. We're always trying to stay abreast of overarching market trends. You should be able to anticipate market changes. Be sure of your business and also the positioning of your products and services in the market.

- **Consider Customer Surveys**

Conduct a survey to understand what your customers think, feel and want.

Surveys collect information – whether online, or in the form of a questionnaire handed or mailed out to customers. They're always voluntary, though some techniques adopted to conduct a survey yield better results than others.

Participation in the survey can be encouraged by providing incentives to respondents. Try to provide a "value exchange," where you provide a valuable incentive

that's proportionate to the value you get from the survey. This can increase the level of participation manifold.

The information collected in surveys can be used in many ways but, first and foremost, to gain insight about your customers and how you might be able to serve them better.

One of the benefits of surveying customers is that just by asking them questions, you're showing your customers that you care what they think. That can have positive effects on business as they make future purchasing decisions.

It is very important to tell the people you're surveying exactly how you intend to use the information and what your privacy policy is. A clear understanding of your motives may help increase levels of participation, and it could shield you from unnecessary legal hassles.

- **Use Online Analytics**

Using the Web for your business enables you to know with unprecedented precision *exactly* what's going on with your customers. Online software help you to track activity and develop reports about customer behavior on your Web site in detail.

Use of this information helps you draw important conclusions. For example, you can rank the preference of sites of customers and can identify and understand you chief competitor in this regard. You can also advertise so as to drive them away from you competing firm. Or you can learn which pages people visit most on your site (and make more pages like those). If you're wondering how to increase the conversion rate of shoppers to purchasers, you can find out exactly where you're losing people in their shopping process and find out ways to attract potential customers to make a purchase.

Using online analytics, you'll be able to finesse the products you carry, how you present them, and the offers you make. Basically, armed with this tool, you have a thorough knowledge of where you are *and* much better positioned to grow.

To make the most of your online analytics, you can create what we refer to as "a dashboard" – a summary report of the information you've customized the software to gather.

- **Re-visit Assumptions of Your Business Plan**

The next step is to reanalyze the assumptions that were initially made for the business plan. It is also important to assess the financial and strategic initiatives included in it. To ensure that the assumptions are as reality-based and productive as possible, use all the information you've gathered from the action items mentioned previously in this step. After doing all these, revisit these assumptions quarterly. If you notice that the assumptions are out-of-date as certain changes might have taken place, update them and see what effect it has on your financial picture. How does it affect core marketing, product, operational or other related strategies of your business?

Conclusion

Thus, we see that it is important to take a 'strategic pause' from our super-fast lives so that we, as individuals or as an organization, can rethink and re-analyze our current position and plan for any required change for the future, with a view to be successful. Using 'strategic pauses' can help individuals and organisations to keep their energy level high, making it possible for them not only to use their current capabilities, but also to reach most deeply into their untapped potential. The ability to see an idea through, comes not from following a game plan but knowing when to pause and re-look from an overall strategic perspective.

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