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Thinking Strategically

Thinking Strategically
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Preface

Strategic management is a widely studied field because it is through strategy that organizations attempt to reach their goals and out-think the competition. Thinking strategically requires research, analysis, and forethought in order to create a plan for how you will proceed as an organization.

In this textbook you'll receive an insight into the strategic thinking and planning process. What does it take to formulate a strategy? And how does strategic thinking differ from normal thinking?!

In this textbook you'll find out.

Sean McPheat, the Founder and Managing Director of management development specialists, MTD Training is the author of this publication. Sean has been featured on CNN, BBC, ITV, on numerous radio stations and has contributed to many newspapers. He's been featured in over 250 different publications as a thought leader within the management development and training industry.



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1. Introduction

1.1 What is Strategic Management and Strategic Thinking?

Strategic management is a widely studied field because it is through strategy that organizations attempt to reach their goals and out-think the competition. Thinking strategically requires research, analysis, and forethought in order to create a plan for how you will proceed as an organization. One Michigan State University professor, Dr. Chris Peterson, defines Strategic Management as:

The process of crafting and implementing an organizational 'game plan' for:

- *Creating customer value;*
- *Sustaining competitive advantage; and*
- *Achieving performance targets*

He further distinguishes strategic management from operational management with the following:

Operations management question: Are we doing things right?

Strategic management question: Are we doing the right things?

So, if we look at thinking strategically from this point of view, we must start by asking ourselves if we are doing the right things in our team, in our division, in our department, and then in our organization as a whole. We must create a plan for how we will make choices in the future – ideally making only the choices that align with our strategic plan. And we must be willing to identify and make changes to the way we currently think and operate so that we are truly guided by the strategic plan that we have adopted.

1.2 The Six P's of Thinking Strategically

Dr. Peterson further explains what is required in thinking strategically by giving us a list he calls the six P's of thinking strategically. The P's are:

- Plan – action that you have consciously intended
- Ploy – What you will do to out-do the competition
- Pattern – Establishing success as a consistent event over time
- Position – Creating and holding a market presence

- Purpose – Direction as a collective group (the entire organization)
- Push – Goals that stretch the organization – push them outside the existing comfort zone of performance

We'll look at each of these P's in detail in the chapters to follow, though we will start with Purpose because without a purpose or mission, you don't know what you should be working towards – what your strategic plan should be helping you achieve.

2. Purpose

2.1 Introduction

In this chapter, we'll look at purpose under two different lenses – the purpose of thinking strategically and a strategic plan, as well as the purpose of the organization itself. Before you begin thinking strategically and creating your strategic plan, you will want to understand why you are spending the time to create it, follow it, and adjust it as necessary. Plus, you can't create a plan until you know what your overall guiding purpose should be.

2.2 Benefits

There are a number of benefits to a strategic plan and strategic thinking, which we'll review below. Your organization might gain all of these or only some of these, but this section will demonstrate how powerful a tool a strategic plan can be if you use it to its full potential.

2.2.1 Focus Point

A strategic plan is like a game plan for the team to follow. You want your team to know that they have a leader that knows where the team is headed. The plan gives you something that your team can rally around and get excited about. It can help the team to feel connected to the mission of the organization and to feel that they can make a contribution to helping the organization to reach the desired destination. You can use the strategic plan to generate excitement across the entire organization, not just your own team.

A strategic plan gives you something that your team can rally around and get excited about.

2.2.2 Path to Success

The strategic plan is a guidepost for those times that you can't seem to remember what you are supposed to be working towards. If there is one rule that stays the same in business as in life, it's that things are constantly changing. When changes happen, sometimes faster than we can keep up with them, it's easy to get sidetracked from your goal. The strategic plan is a tool to use as a map for those times when you find yourself needing to reorient your actions and activities.

The strategic plan is a tool to use as a map for those times when you find yourself needing to reorient your actions and activities towards your goals.

2.2.3 Operating Instructions

We get operating instructions with everything in life these days, from shampoo to complex technical gadgets. Yet we don't always have operating instructions for our own organizations. We might have a general idea of what we are doing and how we are doing it from day to day, but each individual is usually making their own 'to do' list for their own job. So how can you make sure that these various 'to do' lists are all moving you towards the same goal?

A strategic plan is like a grand-scale 'to do' list for your organization. It gives you some basic operating instructions for your division and organization.

A strategic plan is like a large-scale, overview to-do list. It helps each person to understand their own role in the provision of your product or service and how their actions can impact – positively or negatively – the plan's results. Ideally, the large-view strategic plan can be broken down into actionable items for each employee to follow. As these operating instructions are followed, your team moves closer and closer to fulfilling the goals of the strategic plan.

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2.2.4 Outlasting Turnover

Another thing that changes in the business world? The people that are working for the business. Almost gone are the days when someone spends their entire career with the same organization. Instead, people tend to move from company to company as opportunities present themselves. If you're not prepared for this kind of turnover, the knowledge and skills that a person takes with them when they leave can also leave you in a lurch.

As people move in and out of an organization, a strategic plan helps to keep a position functioning, no matter who is in the position.

But a strategic plan can outlast the turnover that you'll experience in your organization. If it is thoroughly done, the document can be picked up and followed by the next person that comes into a position. They will know what their duties are and how they are to perform them. In this sense, a strategic plan is a form of succession planning because it helps positions in the organization continue to function regardless of who is holding those positions.

2.1.5 Remembering the Big Picture

Yes, you want a strategic plan that helps you have step-by-step operating instructions. You want it to be detailed enough that you can use it as a guide to your basic activities and so that it keeps you focused on what you need to be working on. But you also want the strategic plan to be a reminder of what you are doing all this for. What is the big picture? What is the ultimate goal?

A well-written strategic plan reminds you of the overarching aims of your activity and invites you to discuss the direction that the company is taking. Are you getting the best performance that you can out of your business? Are you using the best skills available from your employees? A strategic plan gives you a top-level overview of your organization, its performance, its mission, and its goals and it encourages you and the other leadership to keep these high-level topics in your conversations and on your minds.

A strategic plan gives you a top-level overview of your organization, its performance, its mission, and its goals and it encourages you and the other leadership to keep these high-level topics in conversation.

2.3 Relating to the Purpose of the Organization

Each team plays a role within the organization. What they do is important to the function of the company and its ability to fulfill the mission and vision of the entity as a whole – or else they wouldn't be there. Yet in many work situations, it is easy to lose sight of the importance of the work that a team completes. Though a strategic plan helps you keep your own team's importance in mind, sometimes you need to pay particular attention in your plan to how your team is connected to the purpose of the organization.

This is particularly true in organizations that are vertical in structure, so that there are multiple layers of authority between the ‘front line’ worker and the top leadership of the organization. This can also happen when there is physical separation between your team and the headquarters of the organization so that your individual team members have little direct contact with those that are steering the company. Or when there is a culture in the company of level distinction, where those at the lower levels of the organization are seen as being less important than those that are leading them. Creating team purpose statements is a way to connect your team to the mission of the company as a whole.

2.3.2 The Power of Purpose

Leading others through a strategic plan requires that you know where you are leading them – and why. While mission and vision statements are used to create the destination for the entire organization, a team purpose statement serves the same function for an individual work unit within the overall structure. The team purpose statement explains the reason that your employees are there, and at the same time, gives them an understanding of how their work forwards the success of the organization within the strategic plan. It can help your team to feel important and connected to the mission and strategy of the company. If it’s done well, a team purpose statement also gives the team something to reach for together, fostering team work and cohesiveness.

Team Purpose Statements take the organizations’ mission and vision statements and make them relatable to your team members on a personal level.

A team purpose statement isn’t just for your employees, though. It also has benefits for you if you are a team leader. It gives you a tool to refer to when you need to correct behavior, make changes that might be unpopular, or add policies that could be otherwise perceived by your team members as restrictive or unnecessary. It’s even useful as a basis for rewarding behavior; acting in line with the team purpose can be noted and applauded as a way to positively reinforce other team members’ behavior.

2.3.2 Creating the Team Purpose Statement

The process of creating a team purpose statement will not be exactly the same for every organization. There are factors that influence a team that may make some of these steps impossible or unwise. But the key is to remember that the purpose statement should inspire, not chastise. It should express a possibility, not something unreachable. It should, ideally, be created with input from the team as a whole in order to foster buy-in. The team will not be as likely to complain about the steps required to fulfill the statement if the team had a hand in creating it.

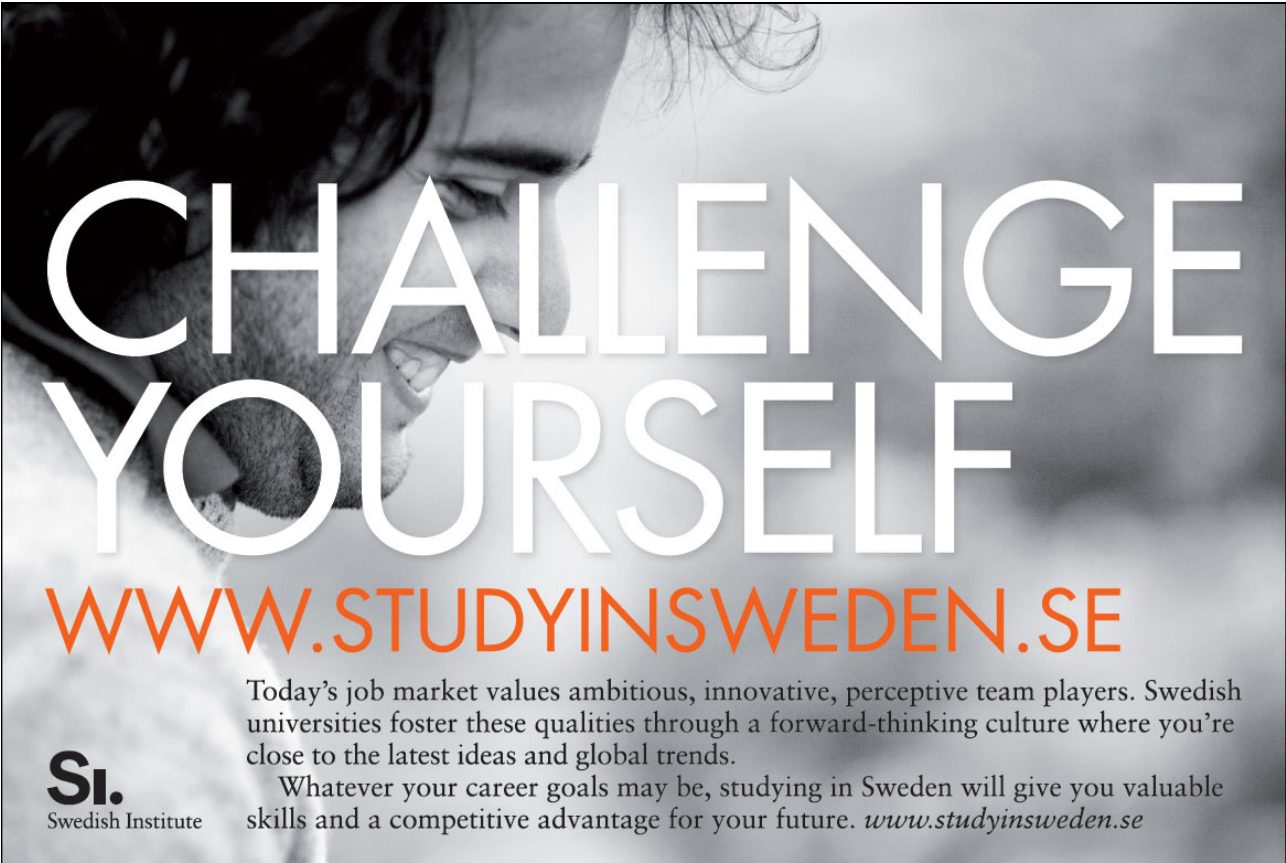
Start to create your team purpose statement by identifying what it is about your team that makes you stand out from the pack. What do you do better than the competition or what are you particularly proud of?

To begin, identify what it is about your team that distinguishes you from the rest of the organization. What is special about your group? What do you do better than your competitors? Or, if your customers are all internal so you don't have 'competitors' per se, what is it that you can be proud of? It could be the quality of your work, the measures you've reached, or some other success that you've had together.

Next, figure out what the actual function your team performs is in relation to the strategy or mission of the organization as a whole. This isn't as straightforward as it might seem at first. For example, if you are the lead of a marketing team, the answer isn't simply 'marketing.' It could be that you help create and perpetuate the image of the organization so that your product can find its way into the homes of your customers and give them the benefits that it offers. Or if you are the training division of your organization, your function could be to empower the company's employees with the knowledge and skills that they need in order to perform at their best.

Next, answer some questions to help you identify what your true function is as a team. It's not always what you first think of. How does what you do relate to the organization's strategy and mission?

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If you are having a hard time getting to the root of your team's function, ask yourself a question. What would happen if you stopped doing your jobs? How would that impact the company's ability to meet its mission? For example, if you stopped marketing, what would happen? How would it impact the rest of the employees and their ability to perform their own roles? How would that then impact the company's future? What would that then do to your customers or clients? When you start to see what would unravel if you stopped performing, it can give you powerful insight into what your work provides to the organization.

Now that you have your function in relation to the mission and strategy of the organization, and you have thought of what it is that makes your team special, you can combine them into a team purpose statement that best exemplifies your team and the work that you do. It should give an indication of how you will measure your success or progress so that you know what it looks like when you are operating in line with your team purpose - and what it looks like when you are not operating in line with it. It should be something that resonates with your team members, something that they can feel personally invested in. For example, if you lead the order fulfillment team, a sample team purpose statement could be:

We strive each day to provide our customers with fast, accurate, safe delivery of their products in order to safeguard our organization's reputation as the leading widget company in the southeast and to foster the success of our customers in their own endeavors.

It states what you do, and it states the impact of what you do. You can infer that failure would mean that your customers are negatively impacted, and hence the organization's reputation for customer service would suffer as well. It conveys a message that you are proud to fulfill customer orders because you understand the importance of doing your job well. It's a statement that you can use to inspire others, correct or direct their actions, or reward them for meeting its standards.

3. Plan

3.1 Introduction

In this chapter, we'll be looking at the 'P' of Plan in the sense of intentional action. The best way to do this is to have specific goals in mind that you need to reach and then align your actions with what efforts are required to meet those goals. You know that your strategic plan was effective if you meet your goals, and you know that there was room for improvement if you failed to meet your goals. Plus, once your plan is in place, goals are a valuable tool for motivating your team to fulfill the actions laid-out in the plan.

In another way of looking at goal-setting, your pursuit of each individual goal is like a microcosm of a strategic plan. Each goal you set requires some form of strategy to reach it. And each goal should, in turn, be somehow forwarding the goals of the strategic plan. Therefore, goals are the 'building blocks' of a strategic plan. Let's look at ways to best set goals for your organization, your team, and your individual employees as part of your strategic plan.

3.2 Locke and Latham's Goal Setting Theory

Dr. Edwin Locke published his theory on goal setting in 1968 in an article called "Toward a Theory of Task Motivation and Incentives." His theory was that employees were motivated by having a goal to work towards and that reaching that goal improved work performance overall. He showed that people work better when their goals are specific and challenging rather than vague and easy. For example, telling someone to 'improve customer service' is not specific. You might know what it means, but will the employee interpret it the same way? Instead, the goal should be clear, such as 'reduce customer complaints by 50% over a five month period.'

In 1990, Locke and Dr. Gary Latham published "A Theory of Goal Setting and Task Performance" in which they identified five principles that were important in setting goals that will motivate others. These principles are:

- Clarity
- Challenge
- Commitment
- Feedback
- Task complexity

We'll now look at each of these principles individually.

3.2.1 Clarity

A clear goal is one that can be measured and leaves no room for misunderstanding. Goals should be very explicit regarding what behavior is desired and will be rewarded. Look at the goals listed in Figure 1 below to help you understand how to be clearer when setting goals. Continue to ask yourself the question, ‘What will it look like if the goal is completed?’ The answer to the question will help you identify clear goals.

A clear goal is one that can be measured and leaves no room for misunderstanding.

Unclear Goal	Clear Goal
Get better at processing work orders.	Reduce work order errors by 10%.
Improve communications within the team.	Create a system for ensuring that every team member is informed of changes in policy, changes in hours, or other important information. Include a component where the employee must acknowledge having received the information.
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Figure 1: Examples of Clear Goals

3.2.2 Challenge

What would give you a greater sense of accomplishment: achieving an easy goal or achieving one that was a real challenge? We are motivated by the reward that we believe we will receive for completing tasks. So if we know that a goal is a challenge and is also perceived as such by those that assigned it to us, we are more likely to be motivated to achieve it.

Of course, there is a balance to be struck with this principle. A goal should be challenging, but must still be achievable. If I don't believe that I can meet a goal that you've given to me, I might not even be motivated to make an attempt. I will dread the goal rather than be motivated by it. You should also be sure that you have identified rewards that are appropriate for the achievement of challenging goals versus normal expectations. By positively rewarding the achievement of challenging goals, you encourage not just the achieving employee, but those other employees who witnessed the reward that was given for the achievement.

We are motivated by the reward we believe we will receive for completing tasks.

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3.2.3 Commitment

In order for goals to be effective and motivating, they need to be agreed upon. The goal should be in line with the general, established expectations that you have had for the employee in the past and should be in line with your strategic plan. If it's not, why are you asking the employee to do it?

The employee and employer must both be committed to using the resources needed to complete the goal.

The employee and employer must both be committed to using the resources needed to complete the goal and should also agree on what the reward will be. This takes more time and energy on both parts, but it prevents an end result where the employee didn't have what he or she needed to have in order to be successful, or where the employer is frustrated by the employee's distaste for pursuing the goal.

This doesn't mean that you have to get an employee's absolute agreement to every goal that you set for them before setting it. But it does help to gain general agreement if the employee is involved in setting the goals. Allow them to participate in the conversation about what is needed in order to complete the goal, how much time it will take, and any other ways that you can let them participate in decision making about their work assignments.

You could also ask employees to create their own goals for themselves and then discuss them as a team. You might not be aware that someone wants to improve their skills in a certain area or learn more about a specific process. Letting them take on something that they want to learn and feel challenged by will give them more motivation to do the needed work to achieve their other goals as well.

3.2.4 Feedback

Goal setting is not going to be effective if there is not an opportunity for feedback. What if the person is halfway to completing the goal but they have a question? What if you suspect that the person is going about the process of completing the goal in the wrong way? Feedback is a chance to correct or clarify before the goal has been reached.

Feedback gives you the chance to clarify expectations, adjust level of difficulty, or make other necessary changes to keep the employee motivated.

Ideally, feedback is a type of progress reporting. It gives the supervisor the chance to clarify expectations and to adjust the level of difficulty of the goal if it seems it's too hard or too easy, or to make any other necessary changes to keep the employee motivated. For the employee, it offers a chance to make sure they are meeting their supervisor's expectations and to get recognition for what they have achieved up to this point, which can also help to recharge their motivation. When the goal has been reached, you can also conduct a formal feedback session so that you can discuss what went well and what could use improvement in the future.

3.2.5 Task Complexity

The final principle in Locke and Latham's goal setting theory is related to the level of complexity of the assigned task. When a role is complex or highly technical, the person in that role is often already highly motivated or else they wouldn't have reached that level in their organization.

However, even the most motivated person can become discouraged if the complexity of the task and the time it would take to complete it wasn't fully understood. Projects can have the tendency to reveal themselves as being more complex after they have begun, so both the employee and supervisor need to be in communication about how involved a task has become.

Even the most motivated person can become discouraged if the complexity of the task wasn't fully understood.

In complex or technical work environments, it's important to make sure that the person has enough time to reach the goal. Unreasonable time expectations will drive a person to overwhelm themselves with work and become less effective as the stress level increases. You may also have to take into account the time necessary to allow for a learning curve or to ramp up their existing skills.

3.3 S.M.A.R.T. Goals

In goal setting, there is one method that has stood the test of time. Although there have been variations to what the acronym stands for over time, the main definition of a SMART goal is one that is:

- Specific
- Measurable
- Attainable
- Realistic
- Timely

Let's take a look at each of these aspects in more detail.

3.3.1 Specific

When a goal is specific, then you have clearly identified what it is that you expect to be accomplished. If you can't say specifically what you want to achieve, then how can you expect yourself or a subordinate to be able to achieve it? A specific goal will answer the questions:

- Who? Who is taking action or is affected?
- What? What is the result I want to achieve?
- Where? Is there a specific location?
- When? When do I want to complete this goal?
- Which? Are there restraints or requirements that have to be met?
- Why? Why is this important? How is it related to my strategic plan?

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For example, let's say that you want your employee to improve in customer relations. That's not specific enough. What exactly needs to happen in order to improve customer relations? How will you know that they have been improved enough? If you answer the questions above, however, the goal becomes much more specific:

- Who – customers whose accounts the employee is assigned to (currently 750)
- What – I want the employee to be the person that customers think of first when they need to talk to someone about internet technology. I will know this is happening when employee receives at least 20% more inbound customer calls each month. Employee will need to email and then call all 750 customers to re-introduce himself and our services.
- Where – In the five states where the employee currently has customers.
- When – Within six months.
- Which – Starting with customers that the employee hasn't heard from in more than a year.
- Why – To increase sales, reduce customer complaints, and increase customer satisfaction as indicated in our strategic plan for retaining customers and increasing our market share.

3.3.2 Measurable

Each goal that you set for employees should be measurable so that you have a means of ascertaining how far along the employee is in reaching the goal as well as when the goal will be complete. If you have a measure for an entire project, as in our example above of reaching 750 customers, then you can also determine how much of an employee's daily work load should be dedicated to achieving the goal. This will help you break your goals down to identify what needs to be accomplished day-to-day. You can then focus on motivating the employee to reach those smaller goals as part of reaching the overall goal.

Not all goals have measures that are readily obvious. For example, if you want someone to get better at writing a certain report, how can you measure that? Ask yourself these questions to help you identify what the measures could be for each goal:

- How much?
- How much less?
- How many?

- How many less?
- How often?
- How much less often?
- What rate of reduction (in errors, mistakes, issues, complaints)?
- What rate of increase (in productivity, repeat business, retention, etc)?

Or, just answer the question, “How will I know when the employee has reached the goal?” If you can come up with a clear picture of how you will know when your employee has reached the goal, then you are ready to motivate them by using the goal.

Going back to our example of how to write measures when you want someone to get better at writing a specific report, depending on the type of report we’re talking about, you could decide on measures like:

- A percent reduction in spelling and grammar errors
- A percent change in the length of the report
- A percent rate of the time that the correct format is followed
- A percent change in the amount of data, charts, or other visual figures
- A percent reduction in the number of times you have to return the report to them for corrections (or a number that is the limit of times you have to return said report to them in a month, quarter, etc.)

It might require some creative thinking for you to come up with appropriate measures, but every goal can have them. Just be sure that the measures are objective; that is, that anyone taking the measures would get the same result when looking at the results.

3.3.3 Attainable

As we said in the last section, having a measure for your goals lets you plan the work for your employees that is necessary to achieve the goal. But before they begin working, you need to be certain that the goal is truly attainable. What if in the example above you had said that you wanted to see a 20% increase in inbound calls in just six weeks? How would your plan for reaching the goal have changed? Given your existing resources and the workload that you have to maintain while reaching for the goal, would that even have been possible?

If a goal is not attainable given the constraints that you face, you either need to work towards removing those restraints or lowering the level of the goal so that it becomes attainable. Otherwise you will have a

completely de-motivated team who will not even want to try since they know (or believe) that the goal is attainable. You can avoid this issue by demonstrating to the employee how the goal is attainable. For example, by showing them the breakdown of work required each day in order to reach the goal.

3.3.4 Realistic

If a goal is to be realistic, it must be something that you and your team are willing and able to work towards. This doesn't mean that all your goals have to be low and simple. It just means that you have done a thorough analysis of the task at hand and you have come to the conclusion that the goal is realistic. Some questions you could ask yourself during this analysis include:

- Do I have the resources (financial, personnel, equipment, etc.) to reach the goal?
- Do I have the support of others in the department and the organization? If this goal is in line with the overall strategic plan, I should!

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- Am I willing to provide – and make time for - necessary support for my team?
- What knowledge or expertise am I lacking that I will need to locate or learn?
- What knowledge or expertise does the team lack that I will need to provide for them?
- Have I reviewed my existing workload with my employees to prioritize this goal with existing goals?

In some version of SMART goals, the R actually stands for ‘relevant.’ In this case, you are comparing the goal to the overall mission of the organization and to your strategic plan, goals, objectives, and roles. Is the goal something that your team should actually be completing or is it better suited for someone else? Will it improve the employee’s overall skills and ability to do his or her job? If not, why are you asking them to pursue it?

3.3.5 Timely

The final component of the SMART goals strategy is ‘timely.’ Without adding a time restriction to your goals, you don’t have the necessary motivation to get going as soon as possible. Adding a realistic time boundary lends a sense of urgency to the goal for your employees, which can give them extra motivation.

Since organizations change regularly, so can goals. Making sure your goal is set with a time limit also ensures that you complete the goal while it is still relevant to what you are doing on the job. If a goal is no longer relevant, no one is going to be motivated to take action towards it.

3.4 Backward Goal-Setting

Another method of goal setting is to start with the end result in mind and then plan backwards from that point to determine what you need to be doing each step along the way in order to achieve that goal. This is counter-intuitive to most goal-setting approaches. We usually start from where we are and then determine what we need to do first, second, third, etc. in order to get to the goal at some point in the future. But if you start at the end and then plan backwards, you can determine whether or not your plan is realistic in the time frame you are giving yourself. This process also helps you determine what the milestones are and any dependencies that have to be completed before other steps can be worked on.

The process works by following the steps below:

- Determine your specific ultimate goal. You can use the SMART criteria to do so if that helps.

- Starting at the ultimate goal, what is the step that has to be accomplished just before you reach your goal? What has to be achieved and by when so that you can ensure that you will reach that ultimate goal?
- Work backward again. Now you're identifying what your second-to-last milestone has to be and when it has to be completed in order for you to be successful in reaching your ultimate goal.
- Continue working backwards until you have identified the very first milestone that needs to be achieved and by when you need to achieve it.

When you work backwards like this, it is much easier to identify steps that you might have missed when you plan from the present forward because it forces you to look at your planning from the opposite direction. You can also get an idea of whether or not the time goal you have set is realistic and how much you will need to increase your work activity to make the time frame realistic.

4. Ploy

4.1 Introduction

Although the word ‘ploy’ can have a negative connotation, in this case we are talking about what your organization can do to ‘outwit’ the competition. In order to do so, you need to be familiar with the competition. You need to identify how you compare to them in the areas that are important to your customers. Then as part of your strategic plan, you can focus on:

Just as you researched your customers to develop a profile of different segments, you will need to research your competition to build a profile of their strengths, weaknesses, and successes.

- Strengthening your weaknesses
- Highlighting your strengths
- Pursuing customers for whom your strengths are the most important decision criteria

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Of course, this implies that you need to know your customer as well. In this chapter, we'll look at the basis for creating your 'ploy' – knowing who the competition is. We'll look at identifying your market in the next chapter, on 'position.'

4.2 Identifying Your Competition

You will need to research your competition to build a profile of their strengths, weaknesses, and their successes with the same customers that you want to succeed with. You will use the analysis as a means to build the 'ploy' part of your strategic plan. There are many resources available for locating this information. You can start with what the competitors are saying about themselves. You can find information about your completion from sources such as:

- Their websites
- Their promotional brochures and other marketing materials
- Their annual reports
- Their press releases
- Their product manuals
- Trade publications
- Customer ratings on third party websites
- Industry ratings on the internet
- Articles about the organization by the press

Notice that you will be checking biased resources (the ones the company published) as well as the objective reports from third parties such as product reviewers or customers. The objective information is a great way to find out in particular what the competition's weaknesses might be. If customers are complaining over and over about the lack of customer service or the fact that a product breaks after three uses, you can use that information to help position your own products and services. The more information that you can gather, the better equipped you will be to compete.

4.2.1 What to Learn about Your Competition

There are many questions you need to ask and answer about your competition. Since most of this information is available in the public domain, you can usually find it on your own if you and your staff have the time. However, you can also hire a market research company that can locate and streamline the information for you. Some questions to ask about your competition include:

Most of the information you need to learn about your competition is available in the public domain.

- How many competitors are there?
- Do you compete with them directly or indirectly?
- Who are the competitors that could threaten your most important customers? These are the ones you will want to make a priority in developing a strategic response.
- Where are the competitors? What geographic advantages do they have, if any, in reaching your customer base?
- How large are they in comparison to you?
- What resources do they have that you don't?
- Are they growing? How fast?
- How do your products and services compare to the competition's in price, image, quality, recognition, distribution methods, and customer service?
- What does your customer base think about the competition?
- What weaknesses does the competition have? What are their strengths?
- Which of your customers might change to your competition, and why?
- Who are the main customers of your competition?
- Which customers of theirs would you most like to have?
- How difficult would it be for you to reach those customers given their existing relationships with your competition? Think about any contracts, outsourcing, or other existing service arrangements that might make it difficult to get the customer to change.
- How strong are the relationships between the competition and the customers? Do key decision makers in each organization have a personal relationship that could make it more difficult for you to convince them to change?

- What skills and resources do you need to develop in order to beat the competition?

You will certainly think of additional questions to ask yourself regarding your competition, depending on the type of industry that you are in and how saturated the market is with competitors. Your next step is to thoroughly examine how you compare to your competition, particularly those that you have identified as having the most valuable customers or posing the greatest threat to your retention of your most valuable customers.

4.2.2 Rating Your Company against the Competition

There are a number of factors that your customers evaluate when they are planning to choose a provider or product. Not everything will be of equal importance to your customers as they would be to customers in another industry or location. But as you learn about your customers and your competition, you should be able to identify what factors are most important to your customers – and how you rate in comparison to the competition in providing those things to customers.

Below is a list of factors that are often key in meeting the needs of customers. Now that you have done the research on your competition, how would you rate your company in these factors? Place a number from 1 to 10 next to each item, where 1 is the worst in the market and 10 is the best in the market.

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- _____ Customer service excellence, such as fast problem resolution
- _____ Technical support excellence (By phone? By email? On your website?)
- _____ Cutting edge products
- _____ Adaptability to customer needs
- _____ Keeping customers informed
- _____ Quality control of products and services
- _____ Value for what customers receive
- _____ Responsive to customer feedback
- _____ Encouraging customer feedback
- _____ Staff knowledge about products and services
- _____ Promotional offerings (discounts, guarantees, flexible pricing)
- _____ Financing or payment options
- _____ Fulfillment of promises (quality, delivery time, results)
- _____ Reputation with customers
- _____ Reputation amongst employees, distributors, and intermediaries
(especially in business to business sales)
- _____ Commitment to community service
- _____ Environmental responsibility (How 'green' are you?)

In each spot that you placed a 10, those are your strengths that you should continue to emphasize - particularly if you can put some kind of data around them. For example, did you deliver on time and as promised 98% of the time last year? Of course, where you truly need to focus is on the lowest numbers that you wrote in above. Those are your weaknesses. If the factors where you are weak are also factors that are important to your customers, then you have identified an area that needs improvement in your strategic plan. That is an area where your competition could exploit your weakness in order to win some of your own customers over to their product or service.

You should now have a clear picture of your company's strengths and weaknesses in comparison to the competition. You also now have information regarding what you need to work on in order to improve your level of effectiveness in the market place. By responding to what your customers need and value and providing it to the best of your ability, you will be continuing to fortify yourself against the possible loss of customers – and even gain some in the process. You have the information you need to create some goals regarding improving your position in relation to the competition.

5. Determining Your Market Position

5.1 Introduction

Despite your enthusiasm for all that your product or service can do for a customer, the fact is that there is only a certain portion of the population that will ever purchase your product or service. This is simply due to the fact that customers will purchase what they perceive they can benefit from, and not everyone will benefit from the same product offerings. So your job is to identify those customers that are most likely to perceive a benefit from your product or service and then concentrate your time, effort, and money on marketing to those people. That's what target marketing and market segmentation are all about. A market segment is a group of people within your target market, letting you customize your marketing even further. Let's look at how to determine your target market and then how to segment it appropriately.

Due to the fact that customers will purchase what they perceive they can benefit from, there is only a certain portion of the population that will ever purchase your product or service.

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5.2 Determining Your Target Market

5.2.1 Types of Markets

When we say ‘market’ we mean a group of potential or actual customers based on what we know about their needs and habits. When you are determining your target market, you first want to consider the fact that there are three major types of markets:

- **Consumer Market** – Individual people or households that buy your product or service for their own use and benefit. Grocery and drug store items are the most common types of products in this market.
- **Industrial Market** – In this business-to-business market, you are selling to individuals or organizations that will use your product to support their operations or to produce their own product or service. Examples include raw materials, computer equipment, office machinery, or even office cleaning services.
- **Reseller Market** – In this market, you sell your product to an intermediary like a retailer or a wholesaler. They then resell your product or service to another market for a profit. If you are a manufacturer, you will probably sell to a reseller who already has an established market for similar products or services.

When you are marketing your product or service, you might be doing so to more than one of these types of markets. Each of these would be a different target market that will require a different marketing strategy. For example, if you sell office printers, you would market them differently to a business that needs them to function than to a family that wants a printer to print out their family photos and make scrapbooks.

5.2.2 Why Your Product or Service?

The next step in determining your target market is to fully flesh out why your customer would want to purchase your product or service. This requires that you can articulate the benefits of your product or service in addition to its features. While a feature might distinguish you from the competition, it is the benefit of that feature to the customer that will motivate him or her to purchase from you.

Let’s take a simple example. Let’s imagine that you are selling a new alarm clock. You’re excited about its features and might be tempted to focus on them in your marketing. But what a customer wants to know

Features	Benefits
Dual Alarms	Lets you set a back-up to be sure that you don't oversleep, or lets you set different alarm times for different people.
Large, Illuminated LED Numbers	Makes it easy to see the time without turning on any lights. Easy to see even if you are sleeping without glasses or contacts.
AM/FM Radio	Allows you to enjoy music at any time, or to set your alarm to activate on the music station of your choice.
MP3 Player Jack	Turns your alarm clock into speakers for your MP3 player for use at any time of day. You can also program the clock so that you wake up to your favorite songs on your MP3 player.
Durable Plastic Casing	This clock can withstand those early morning slaps to turn the clock off.
One Year Manufacturer's Warranty	Protects your investment. With any malfunction of the clock, you can get a replacement in the first year.

Figure 2: Comparison of Features and Benefits

If you can't tell your customer why your product or service will benefit them, how can you expect them to be able to see why they should buy from you? If you need some help determining your product's benefits, consider the following typical categories of benefits:

- **Business benefits:** These benefits describe how your product or service helps the customer from their own business perspective. For example, your product or service may cut costs, reduce waste, improve the company's image, or help them reach more of their own customers.

- **Technical benefits:** These benefits address specific technical advantages that your product or service provides. For example, you might say that your Widget Wonder 2000 adapts to existing software and hardware platforms, making it easy to transfer existing databases.
- **Process benefits:** These benefits help improve a process. For example, maybe your administrative services would save 1,000 man hours per year over the current filing and record keeping processes the customer has in place. Or perhaps your software has an error-checker that reduces mistakes in delivery by 80 percent.

Another way to determine the benefits of your product or service is to look for action words that describe what it does for the customer. Try writing sentences about your product or service that start with words like:

- Assures
- Allows
- Enhances

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Ask others in your organization to chime in on this exercise so that you get a full range of possible benefits for your customers. Each customer may seek a different benefit, so this information becomes your toolbox you can use when you decide to market to each segment of your target market.

The process of market segmentation involves dividing your entire market into segments with similar characteristics that you can target specifically in your marketing plan.

5.2.3 Segment Your Target Market

Your instinct may tell you to simply blanket your entire market with the same information. And while you may see some response by doing so, you won't get as effective a response as if you had taken the time to divide your target market into segments so that you can direct your marketing at each specific group. This process is referred to as market segmentation.

Since we know that each customer will have different needs and perceive different benefits from your product or service, you will be most effective when you address each customer's needs directly. If you can group your customers into segments by needs, you will be able to focus your marketing strategy to speak directly to those customers as a group. This means you might run separate advertising campaigns promoting a different benefit of your product or service for each segment of your target market.

Larger markets can be broken down into smaller target market segments by considering four different types of characteristics:

- **Geographic:** Your customers fall into a specific geographic segment, whether it's a local, municipal, state, region, or nation. Even within one geographic characteristic, such as the state of New York, you may have multiple geographic segments based on product availability, delivery range, or other characteristics of the customers themselves. If you are a brick and mortar business, geographic location has a much higher importance than if you are an online only business.

However, even if you are an online business, geography may still matter. For example, if you sell ski equipment, you may focus more on regions where skiing is common first. Climate, in fact, is a geographic segmentation for many businesses such as air conditioning, heating, building materials, or other sports equipment.

If you choose to do business outside of the continental U.S., you have to recognize the implications this will have for your marketing plan. Are you prepared to market in other languages? Are you well researched enough to know what marketing strategies will work in other countries? Are you prepared to have your website and other marketing materials translated into other languages and to conduct business in other currencies? Geography can have a great deal of impact on your marketing plan in these situations.

- **Demographic:** This information encompasses a number of characteristics that describe your customer and the likelihood that they would have an interest in or a need for your product or service – as well as the ability to afford it.

For individual consumers, these characteristics might include:

- Age
- Sex
- Race
- Religion
- Income Level
- Family Size
- Number of Children in a specific age range
- Marital Status

- Sexual Orientation
- Education Level
- Profession
- Home Ownership

For business customers, the demographic characteristics you choose to consider might include:

- Industry
- Size of company
- Number of locations
- Number of employees
- Annual revenue

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- Age of company
- Growth rate of company
- **Psychographic:** These characteristics are related to the feelings, attitudes, and beliefs of the target segment. For example, some customers will buy a product because it will make them feel that they belong to their peer group, that it will give them some sort of status, or that it will in some other way provide a social benefit. Luxury items, technological gadgets, and designer clothes are examples of things that people may buy due to psychographic characteristics. However, all segments will have some level of psychographic characteristics.

Psychographic characteristics for the consumer market that you might consider include:

- Status seeking
- Fun seeking
- Lifestyle choice
- Trend following
- Family stage
- Family oriented
- Hobbies
- Sports or outdoor enthusiasts
- Conservative
- Liberal
- Religious
- Socially responsible
- Environmentally responsible
- Technical aptitude
- Workforce type and level

For businesses, some psychographic characteristics you may consider are:

- Business stage
- Business style
- Business product types
- Socially responsible
- Environmentally responsible
- Industry leader
- Innovative
- Employee focused
- Workforce type
- Management style
- Conservative
- Cutting-edge
- Trade associations
- Publication subscriptions
- Training types offered
- Value placed on education of employees
- **Behavioristic:** These characteristics are related to the way that customers buy your product or service. It may be that customers purchase your product regularly, whenever they run out of their supply. Or, it might be a seasonal purchase that is bought once a year. Perhaps your product is considered a luxury by your customers so that it is only purchased when it is perceived as being a good bargain or when the customer has extra spending money such as around tax refund time. Businesses may make purchases only once a year and only when they have the budget to do so.

You will want to answer questions such as these to determine the behavioristic characteristics of your target market:

- When or why does a customer purchase your product?
- How many times will they purchase it?
- How often will they purchase it?
- How much will they purchase?
- How long will they take to decide to purchase it?
- What factors (cost, availability) will influence whether or not they purchase it?
- Where will they purchase it?
- Where will they use it?

To put all of these characteristics into use, you need to decide which information would be the most useful to you in identifying and qualifying customers. For example, if you are selling million dollar yachts, income level is going to be more important than many other characteristics. But if you are selling educational materials for children under five, you're going to concentrate on family composition and the number and ages of children in the home since the majority of your market will likely be able to afford books.

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You need to decide which of your customers' characteristics will be most useful to you in identifying and qualifying customers.

You might add in a few more characteristics, such as people in the geographic area of your shop or those who have a higher education level themselves if you feel they would be more likely to buy educational materials for their own children. However, unless your books are religious in nature, you probably won't consider whether or not a family is religious.

One more thing you need to do is to understand and identify what is important to your customers when they make a purchase. Are they more interested in the brand name, the function, the cost, or the quality? For each of the items below, rate them on a scale of 1 to 5 with 1 being 'not at all important' and 5 being 'very important'.

- Brand name
- Price
- Variety of products
- Quality
- Sales staff (relationship with)
- Customer service
- Packaging
- Location
- Availability
- Promotional campaign
- Sales or special offers
- Ease of use
- Ease of sales transaction
- Payment options and terms

You should now have a very clear picture of your target market and the segments within it. You will be able to take this information and use it to market more effectively to your specific audience. But before you do that, you need to know how to find this information.

5.2.4 Researching Your Market

Luckily there is a great deal of information available to you in local libraries or in the library at a college that also has a business school. Use any or all of these resources to help you learn about your target market:

- Federal Commerce Department's Statistical Abstract of the United States: this resource is published annually and offers information on all sorts of demographics within the country. Although the information is mostly national, there are some tables that focus on states and major metropolitan areas.
- United States Census: The United States Census Bureau aims to count and understand information about the U.S. population every 10 years. When the information is published it is available in print in many libraries, or you can order a CD-ROM of the information.
- County and City Data Book: This publication contains data for all 50 states as well as some of the nation's counties, cities, and metropolitan statistical areas.
- State and Metropolitan Area Data Book – this publication is released annually and provides demographic information for central cities, counties, and for each state and metropolitan area.

You can use commercial sources of demographic information as well. The Gale Directory of Databases is a publication available at local libraries that will give you a complete listing of demographic databases. Keep in mind that you will need to pay for access to many of them.

So how do you find information on psychographic and behavioristic characteristics? Unfortunately, this information isn't usually available in your local library. Instead, you will either need to locate the results of focus groups and surveys or you will want to complete them yourself. A focus group is a group of individuals that fit your demographics that you interview in order to learn what is important to them when buying products like yours. Surveys are anonymous and are usually used to blanket a larger group of your potential customers. In either case, you will be trying to learn what makes the group buy one product over the other.

Psychographic and behavioristic characteristic information is usually only available by examining your market segments via focus groups or surveys.

Usually you will need to hire a market research firm to do this for you, as it is a science in itself to do it properly. However, if you can't afford to hire a research firm, you can try to get some information from your existing customers. Here are some ideas for using your own questionnaire:

- Post questionnaires at your retail location or ask the online customer to complete one
- Mail them to your existing customers
- Include a questionnaire with a monthly invoice or statement
- Offer an incentive for completing and returning the questionnaire

You will want to create questions that tell you what it is you want to learn about your customers. Some questions to ask might be:

- How would you rate our customer service today?
- How could we have served you better?
- If you could improve this product, what would you change?

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- What was the main reason you chose our product today?
- What other products or services could we provide to you?
- When will you need to purchase a similar product again?
- What, if anything, would have you choose another provider for your next purchase?

Obviously, the number and type of questions you ask will depend on what exactly you need to learn about your customer. Just be sure that you make it convenient and easy for the customer to respond and that you have given them enough room to write their answers!

If you sell to other businesses, you could also get subscriber information from the trade journals that apply to your industry. You can usually get this information for free if you call the publication and request a press kit. Trade associations are another resource you can tap into for information on your market. They often have information on demographics and competitors within an industry. If you attend a trade association's trade shows you could even have the opportunity to interview some of your potential customers.

Trade journals and trade associations are often excellent resources for information about your customers in a business-to-business market place.

Now you should have a full picture of your target customer. You should know their characteristics and what is important to them. You may have several different segments within your target market, and that's fine. You will continue researching and updating your customer profile as your products or services change and as your business grows. Researching your target customer should be an ongoing effort of your business, not something you do once and put up on the shelf. Your next step will be to determine which of those segments to market to first, if at all.

5.2.5 Choosing Which Segment Markets to Sell to

Now that you know all about your potential customers and what they want, you are capable of marketing to each individual segment of your target market. For example, promotions towards single mothers in your target market might be different than promotions aimed at married couples with children in your target market. You could have two segments or hundreds; it depends on how broad an audience there is for your product or service and the depth of the market research you have completed.

Once you have learned about your potential customers and what they want, you need to decide which individual segments of your market to target.

So how do you decide which segment(s) of the target market to promote to? First, you need to answer some questions about the state and resources of your organization, such as:

- What is my financial situation? Can I afford to market to more than one segment?
- Which segments are my competitors targeting?
- Is this a new market for me?

The answers to these questions will help you determine what the most effective use of your resources might be. If you cannot afford to market to all of your target segments, then you will need to choose only the ones that you can afford, and only those that have the greatest potential for return. In other words, you would be better off spending your finances to thoroughly target one segment than to try to spread your resources to thinly target multiple segments.

If your competition is targeting specific segments, that means those customers are already being hit by marketing from other organizations. You may want to spend time marketing to segments that your competition is not marketing to. You are more likely to get the attention of your customer if they have not already been inundated by other marketing efforts.

You may want to spend time and money marketing to segments that have not already been targeted by your competition.

If you are considering a new market, one that you don't already have a record of success in, you might want to be sure that you do so when you are in a good financial position so that you do not put all of your marketing resources into an untried market. You would hate to invest your entire marketing budget in a new market segment only to find that the segment is unresponsive. Plus, new markets require more time and energy than existing markets. So be sure you have that time and energy available if you want to be successful at tapping into new markets.

Also consider the fact that each segment that you market to may require a different feature, distribution method, promotional materials, or focus on different benefits. This could result in additional costs. You want to make sure that the benefits that you will receive, or the return on your investment, are worth the costs that you will have to outlay.

Now you should be able to put together a clear picture of your customer, what is important to them, and how you might have to change your marketing strategy for each segment. You should be familiar enough with your product or service's benefits and features and who the customer will perceive them. You will then need to choose which criteria make the most sense for segmenting your customers – geographic, demographic, psychographic, or behavioral. Next you can segment your larger market into smaller markets and based on the considerations we've discussed, choose one or more segments to begin focusing your marketing plan on.

6. Pattern

6.1 Introduction

In this part of thinking strategically, you hope to establish a pattern of successful behavior and successful action. There are several means of doing so:

- Incorporating strategic plan goals into individual performance goals
- Establishing strategic thinking as a norm
- Continually investing in the strategies that have been successful
- Being willing to adapt to new scenarios, new customer needs, and market changes as they arise

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6.2 Incorporating Strategic Plan Goals into Individual Performance Goals

If you want to establish a pattern of strategic behavior and thinking, one useful method is to incorporate these requirements into the individual performance goals that you have for your team members. Ideally, this would happen naturally, since, with strategic thinking, you want all of your goals to align with the organization's overall strategy. But if you haven't had this develop, putting it in place can be very powerful for your team's pattern of performance. Here are some tips for putting this into place:

- Review existing performance goals and measures to determine whether or not they are in alignment with the overall strategic plan of the organization
- Where they are not in alignment, determine if you can rewrite them so that they are in alignment. Watch to be sure you create SMART goals and measures for each performance criterion
- Explain to the employees why you are making the change – that it is part of thinking and acting strategically
- Create a reward system that provides positive reinforcement for employees in reaching for and achieving the new goals
- Be sure you have provided all of the necessary support for the employees to reach the goals, including knowledge, training, and any other needed resources

6.3 Establishing Strategic Thinking as a Norm

All teams have operating norms. They are the agreed-upon means by which you work as a team. For example, you might include teamwork, mentoring, brainstorming, and problem-solving as team norms. You expect your employees to engage in these activities whenever it is necessary, and in many cases, to identify the need to engage in these activities without your input. You can establish strategic thinking as a norm for your team by doing three things:

- Model it – be a role model for strategic thinking. Demonstrate it in your own motives and actions.
- Expect it – as suggested in the last section, make sure strategic thinking is an expectation of every employee
- Reward it – Positive reinforcement will help establish strategic thinking as a norm very quickly

6.4 Continually Investing in the Strategies that Have Been Successful

An organization's budget can be thought of as a strategy or policy document. It tells the reader where the organization is spending its resources, which is another way of telling the reader what the organization values. If you regularly invest your resources in strategies that have been proven successful, you're demonstrating that you value those strategies – and you're encouraging your organization leaders to think strategically if they want to get their own initiatives funded.

6.5 Being Willing to Adapt

Of course, you should continue investing in proven strategies – as long as those proven strategies are still relevant and productive. For example, you might invest in your current IT system only for as long as it is still the best means of producing the results that you need. As soon as a better, faster, more intelligent system comes along, you need to be willing to adapt your IT strategy in order to take advantage of the new technology. Otherwise your competition might just leave you behind. The same is true for any area of your strategic thinking. You could argue that the best strategic thinking is the kind that keeps you aware of the adaptations you need to make.

7. Push

7.1 Introduction

The last 'P' in strategic thinking is about pushing your organization to take their performance to the next level. Whether or not you manage a team, you can help your team to take on the challenge of pushing it to its next level of achievement. To start the process, you need to do a team assessment to determine where you are now as well as what your team's strengths and weaknesses might be. Then you'll want to take steps to develop your team to be high-performing.

7.2 Team Assessment

A team assessment is an exercise in learning what the strengths and areas for improvement are in your team. Your goal is to have them tell you how to get the best performance out of the team. You can do this by having discussions that reveal what the team needs from you in order to perform at their best.


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Questions to ask yourself and the team include:

1. Our team works best when...?

You might be surprised at the answers. What they tell you reveals information about their perspectives, goals, agendas, what is important to them, and what might be lacking for them in the team work style or in your management style.

2. Our team works poorly when...?

You should elicit specific experiences they have had that don't work for them or what is causing obstacles to good performance. Where and when do they get stopped in their work? What team dynamics aren't supporting them?

Once you have fleshed out these two questions and you feel you have answered them as clearly as possible, you can move on to the next three questions.

3. What I want from my team-mates is...?

When they give you a response like 'communication,' don't stop there. Get them to be specific. Do they feel they need to be listened to more? Or do they feel they aren't getting sufficient information? What examples can they give you where communication failed, and what was the result?

For the final two questions, try again to get specifics. If they feel the team is strong in helping each other, get them to tell you a time that they have experienced that. If they tell you they feel the team is weak in customer service, get them to tell you a time that happened and what they experienced as a result.

4. The strengths in our team are...?

5. The things to change/improve are...?

When you have the answers of all of these you are in a good position for understanding the foundation that your team is sitting on. Throughout the discussion, keep investigating general statements. Make them tell you exactly what they mean – otherwise there is too much left to interpretation and nothing for you to take action on!

7.3 Twelve Conditions for a High-Performing Team

There are several conditions that need to be in place in order for teams to function at a high level. These are general ideas which apply to teams, but there may be more conditions that your particular team will need to function well. You have hopefully learned some of them from the assessment described in the previous section.

There are twelve basic conditions for a high-performing team which you can take on as goals to work towards:

- There is a high level of interdependence among the team members
- The manager has good people skills
- Each person is willing to contribute
- There is a relaxed climate for communication
- People develop a mutual trust with each other
- People are prepared to take risks and feel comfortable doing so
- They are all clear about the goals and strategy for getting there
- Their roles are defined
- They know their strengths and weaknesses
- They know how to read results
- Each person is encouraged to create new ideas
- People know they can influence the results of the whole team

7.4 Achieving a High-Performing Team

First, make sure everyone on the team is committed to the team's purpose and strategic plan. They must know exactly what that strategy is and the team leader needs to keep them focused on that strategy by constantly communicating it in team meetings and regular updates. The team leader helps each individual team member meet his or her own needs while serving the overall purpose and strategic goals of the team.

Next, establish motivating goals for the team members. The team leader should ensure that everyone on the team has clearly defined goals and targets that are aligned with the team's strategic plan. Your team's goals may be determined by senior management. In that case, make sure that these goals are clearly discussed. Team members should understand how their jobs support the achievement of the defined strategic goals, and, if possible, have the opportunity to develop individual goals and action plans that spell out how they will contribute to the success of the whole business.

You'll need to ensure team members have clearly defined expectations but also, that they understand how each of their roles is linked to every other role. Make sure team members are cross-trained in other responsibilities so that everyone can back each other up when needed. The team leader makes sure that individual job responsibilities are fulfilled, but, at the same time, works to help the individuals develop a common language and common processes and approaches that allow them to function as a team.

On the best teams, team members solve problems, communicate with each other, and keep the team leader updated on current challenges or emerging issues. On low-performing teams, communication is one-way (from team leader to team members) or two-way (between the team leader and individuals). Skilled leaders focus on developing multi-directional communication, making sure the team has lines of communication open between themselves.

Determine the level of authority and ownership the team can take. New teams may have to earn this authority by demonstrating that they understand the team's purpose, strategy, processes and priorities. However, effective team leaders work toward pushing authority for the team's outcomes to the team members. You can't 'push' the team if you don't 'push' the members themselves. Team members know how and when to get approval for decisions and, in the best of cases, are charged with making on-the-spot decisions when a customer is facing them. On low-performing teams, team members have to constantly get approval before taking action, significantly reducing their effectiveness and negatively affecting their sense of engagement on the team.

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Recognize diverse talents. Excellent team leaders pay attention to helping team members understand their unique strengths, talents, and weaknesses. No individual can be good at everything, so the best team leaders assist everyone to develop an appreciation for individual style differences, natural gifts, and personal experience. Teams are encouraged to use the language of acceptance and appreciation, rather than criticism and judgment. Team leaders consciously hire team members who bring complementary skill sets, unique experiences, and diverse perspectives.

Work on developing support and trust. You can't force a team to be supportive and trusting – it's a natural result of shared responsibility, shared success, and mutual respect. The high-performing team achieves mutual support and trust because they have a history of working together to achieve great results. They have met challenges, overcome obstacles, backed each other up in good times and bad. A high-performing team has earned each other's trust.

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