

Next Practice

from Imagination Lab

Building Identity into Strategy

Collectively defining the identity of your organization improves your strategy making.

Our strategic plan is done

December 2001. The management teams of three divisions of Chemalot – a mid-sized European firm – had drafted their strategic plans and dispatched them to corporate management for review. Finally done! The three teams were satisfied with their strategic-planning processes. The results of their work mirrored mainstream thinking about what strategy ought to be: vision, mission, market analysis, objectives, and action plans.

Before the workshop one divisional executive said, “Porter would be proud of us.”

But, with two months to go until the Global Strategy Rollout for the firm, corporate top management was uneasy about the drafts from the divisions. They contained few new ideas. In fact, as the Corporate Director of Strategy commented, *the new divisional strategies are very similar to the ones rolled out three years ago*, despite the obvious changes to the business environment since then. With time running short, corporate invited the divisional strategy teams to an unorthodox workshop that they hoped would bring some creative thinking to the process, or generate some fresh strategic ideas. They saw the workshop as a chance, as a participant later put it, for Chemalot strategists to “break the shackles of conventional thinking.”

What do you mean by “identity”?

In the Chemalot workshop, we used a play-based approach called LEGO® SERIOUS PLAY™ (for more information: www.seriousplay.com). We asked participants to construct a

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three-dimensional representation of the core identity of their organization – not some rosy rendering of the future, but a model of their company as managers *honestly* see it today.

Division A strategy team members were confident that their strategic plan reflected the complexity of their industry. Through the workshop process of building and creating a shared identity for the division, though, they began to understand that inadequate internal support was actually choking their broad, highly diversified organization. It was also hampering their ability to navigate the ever-increasing complexity of their market. The strategy would have to change, they agreed. It would need to emphasize ways for developing clear channels to manage key accounts.

During the workshop, Division B managers envisaged themselves as first competing for the “affection” of their clients, and then engaging them in long-term relationships. But one participant wondered aloud why their strategic plan had *forgotten the competition*. Good question. So the Division B team revised their strategy, redesigning it to stress their organizational strengths – and take the competition more seriously.

The management of Division C had been confident that their Balanced Scorecard initiative provided a solid strategy base. But, as they were building their organizational



“It’s surprising that when you work on seeing how you see yourself, you don’t have to put so much effort into wondering what the future will be.”

identity during the workshop, the management of Division C saw the “flat information surface” that united them become more and more complex. It was crosscut by a dense, interwoven network of relationships knitting together production, marketing, and planning. Struck by the incredible interdependence of their activities, they realized that the Balanced Scorecard approach neglected their collective strength. They would have to modify their strategic plan to take advantage of this network.

The C Division President was stunned: “I was about to distribute a memo concerning ‘The State of the Division,’ but I’m going to have to re-write it completely after what I’ve learned about us.”

Reflecting on the effects of the workshop several weeks later, participants emphasized how it had changed their views. Looking over their construction, an executive from the B Division recalled, *we could see ourselves as a winning machine in the business landscape.* And a Division A executive asserted that focusing on their identity *had brought clarity and visibility to the key elements of what we had to do.*

Creating a shared identity

The Chemalot case is part of our ongoing research on imagining identity in organizations. We define organizational identity as “how the members of an organization describe – to themselves and others – their common membership.” Any group’s identity, we believe, depends on the capacity of its members to form and share an image of who they are as an organization. Participants in our Imagining Identity workshops, like the Chemalot division managers, typically improve their understanding of what unites them. For an organization to have a coherent strategy – regardless of circumstances – managers need the benefits that accrue from sharing an understanding of what their organization is.

“To really understand what our strategy is, you have to experience it in 3-D. Maybe that’s why it’s so difficult to implement strategies using only 2-D presentations.”

Improve strategy by defining organizational identity collectively

During the workshops, participants from all three Chemalot divisions discovered that the way they represented their organizations had specific implications for

action in the company’s complex environment. Their discovery supports our research findings that, when participants actively construct their organizational identity, they come away with a better understanding of what their enterprise really is, and this understanding, in turn, helps them better understand and implement strategy. A considerable body of research already shows that organizational identity is important during company crises; our research, however, suggests that identity is just as important when the company is trying to craft strategy for the future, proactively.

At the Chemalot Global Strategy Rollout two months later, corporate top management noted with satisfaction that the strategies of the three divisions that had been to the workshop had improved: they put greater emphasis on the competition, and they build on connections among divisions.

Conclusion

In the strategy making process, linking organizational identity with strategy has direct implications for the practice of strategy: it yields new ideas and better output. In our example, by representing its business and the surrounding landscape in 3-D, each Chemalot division gained several new insights that improved their strategy. Hand-built representations of key structures, relationships, clients, and the business landscape really stayed with the strategy makers, who discovered an important truth: if you want to improve your strategy, start by building your organization’s identity.

Imagination Lab Foundation is a non-profit research foundation that conducts research on play, imagination and emergence and provides education focused on continuous strategizing for selected management teams. Imagination Lab was created in mid-2000 with the generous support of people who recognize the importance of play and imagination in human life. Today, we are funded by a range of private enterprises.



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