

PowerPoint can undermine Corporate Strategy.

An experience with 6 leading companies.

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In the past months, we helped half a dozen global organizations to articulate their strategy. When people talk about 'the strategy', they are referring to a bulky slide deck destined for the executive committee or the board.



Many companies report two problems with corporate strategy:

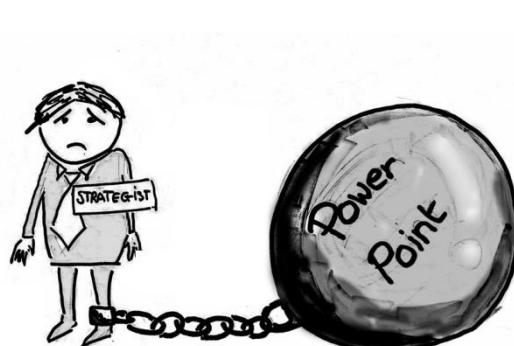
1. They really struggle to cook up a strong, coherent and engaging strategy. Even when senior managers are convinced that they have a clear strategy, ask them what it is. And don't be surprised to hear vague and very different stories. It's difficult to align the organization and engage all stakeholders if there is no common narrative. Companies are good at analyzing their business and data, but poor at distilling a clear strategy.

2. Many stakeholders are frustrated by the strategy creation process: Strategy makers and analysts are frustrated with the tedious process of producing hundreds of slides that never seem good enough. The senior leadership team is frustrated with endless documents and presentations, and with the quality of the underlying thinking.

In order to create a strong, coherent strategy, we have to get 3 things right:

1. An effective **strategy creation process** that uses collective intelligence.
2. The **competence** to deal with uncertainty and make complex matters simple.
3. An organizational **culture** that stimulates intellectual honesty and bravery.

And what's the link to PowerPoint? Isn't PowerPoint just a tool and therefore not to blame? True, PowerPoint was meant as a presentation tool, but it is being used in an entirely different way. And in this way it creates huge amounts of useless work, it hinders coherent thinking, and it misleads decision makers.



If you can manage to create strategy with much less PowerPoint, it seems to work a lot better. Here's why and how.

1. The process: use collective intelligence

In the past, corporate life was simpler: analysts compiled data for top management who made the strategy. Line management and HR then communicated directives to the troops. Easy. In an autocratic and meritocratic organization, this rigid process works well.

But today's world is too complex, too fast, and too uncertain for this to work. Strategy requires the collective involvement of many experts and management teams. That sounds nice, but it is difficult to do. We found a solution by creating a **network of synchronized strategy narratives**: Each management team creates its own strategy narrative and shares it with surrounding teams. This stimulates other teams to fine-tune their strategy. After a few iterations, all stories become perfectly aligned. It's like a set of metronomes that become synchronized if given the freedom. Very much like the metronomes, the teams must be allowed intellectual freedom, but must be connected by a single framework.



From Central to Collective Intelligence

We adapted the TLSM framework for this purpose and saw that it can lead to better strategy, more alignment, and more engagement. It helped to identify gaps in strategy, knowledge and competence. When fully implemented, it reduced the total number of PowerPoint slides by a factor 10 or more.

PowerPoint can undermine the process

In most large companies, the strategy process has become a PowerPoint production process with bulky slide decks. Some of the consequences are:

The focus is on producing documents, rather than deep thinking. Time and resources are wasted on producing and reviewing slides. Management teams take too little time to discuss strategy in-depth, while spending too much time reviewing slides and listening to presentations.

"The greatest value of this new methodology is that we actually took the time to sit together and really discuss the essence of our strategy, something we'd never done before." A Senior Global Leader

The focus is on detail rather than on the big picture. Slides are very good at showing details, but the sheer quantity makes it difficult to see the big picture. By producing slides very early in the process, the big picture remains blurred throughout.

"When I asked someone to explain last year's strategy, I was given a PowerPoint deck of 398 slides. And unsurprisingly, no one was able to tell me the key points behind that strategy."

Slides leave too much room for interpretation. They nicely present elements of information but leave interpretation to the individual reader. When seeing the same slide, people have an impression of alignment, but actually understand different things. Therefore slides often lead to circular discussions, where people talk past each other.

In a series of strategy workshops, one team insisted on basing their discussion on an existing PowerPoint. After 2 full days meeting, the team couldn't even agree on the headlines of the strategy. All other teams defined their strategy headlines in less than 5 hours, without using PowerPoint.

2. The competence: deal with uncertainty and make complex things simple.

I had the privilege to work with some incredibly intelligent strategists and senior global leaders over the last year. They have a mind-blowing ability to see the big picture through the clutter of data and opinions. Their thinking is lightning fast and remarkably balanced. Yet these people have one important problem: their brilliant thinking takes place in their own mind, not in that of others. Strategic thinking must be spread all-over the organization.

But not every manager is a strategic thinker. Strategy is reducing complexity, seeing the big picture based on details, understanding how others think, seeing different alternatives and making decisions under uncertainty. Our human brain is particularly bad at that. Cognitive research shows that even the most intelligent people are subject to logical errors and flawed thinking, especially under uncertainty. The average manager needs support to get better at this.



Some typical examples of biased thinking are:

We assess risk based on our memory rather than on factual data. We assess the probability of something by the ease with which our brain can retrieve that thought. If we experienced something ourselves or thought a lot about it, we tend to see it as rather probable. If we can't recall it, we see it as almost impossible.

We tend to believe what we like. Our brain automatically looks for data that confirms our preference and we subconsciously neglect information that contradicts it. So we cannot totally eliminate our self-interest, even if we want to. And we tend to see the world as black and white, rather than the many shades of gray.

"It is much more difficult to realize that a project should be stopped, if you're part of that very project."

In order to overcome these limitations, companies develop strategy templates and hire strategy consultants. They can add real value, but rarely improve strategic thinking within the organisation. And they often result in even more PowerPoint.

PowerPoint can undermine the thinking

PowerPoint can be hugely misleading and that is probably why we use it so much. It confirms our own thinking, even if that thinking is incomplete. Once I've put ideas on a slide, it becomes visually obvious. I can hardly see another solution nor why my thinking might be wrong. PowerPoint really hinders critical thinking. It turns probability into certainty.

"Our Net Promoter Score showed a significant increase. When +32 appeared in large font on screen, everyone took it for a fact. But when I later looked at the underlying data, the increase was nothing more than a statistical variance. In fact, there was no increase at all!"

3. The culture: stimulate intellectual honesty and bravery.

Strategy presentations are too much of a good-news show. Good results are emphasized, bad results embellished, unpopular subjects avoided. We like to show off with our discoveries, but avoid talking about things we're not able to explain.

Corporate language and unrealistic objectives make it even worse: “we will become the standard of care in our therapeutic area”, “we will become the preferred bank in our country”, “we will provide the best customer experience ever”. Without breakthrough technology, or really bold investments, such statements are mostly unrealistic. Small strategy adjustments don't lead to significant competitive advantage unless competitors fall asleep, which they rarely do. Then add some words like “state of the art”, “unequalled”, “best in class”, “significant”,... and you get the reassuring feeling of intelligent corporate speak. It easily conceals the flaws in the strategy.

"People reacted negatively to the strategy. It doesn't motivate them. So, the COO asked us to find some catchy wording so that people do like the strategy."

Softening language creates short-term alignment and long-term division. Agreement is difficult to reach, so people try to soften the wording. In the very short run, it gives the satisfaction of apparent agreement. But in the long run it leads to confusion, inefficiencies and disappointment, because everyone interprets it differently.

"We decided to close or sell the division xyz. But after a few rounds of slide-polishing the wording became: 'We need to clarify the value created by xyz and consider merging the division'. The decision hadn't changed, but everyone could now interpret it differently."

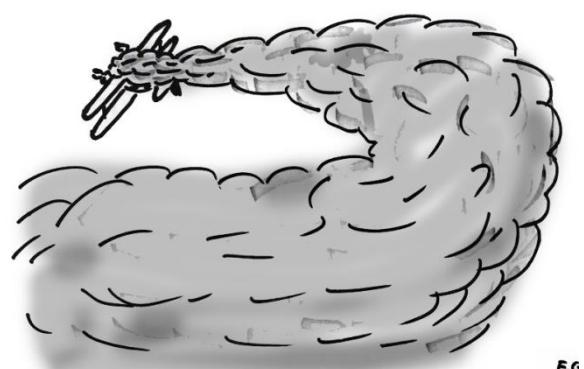
Individuals are not to blame. Good results are rewarded much more than honesty. Errors are not accepted. Failure is not an option. So slightly twisting the truth and concealing errors becomes part of the culture. People don't even realize they are doing it.

It's okay not to know. Managers see their presentations to senior executives or to the board as some kind of exam, where one needs to have an answer to each and every question. They often spend more time finding answers than finding solutions.

PowerPoint can undermine the culture

It's a vicious circle of more data. Because senior management fears that insights are embellished or thinking is incomplete, they check underlying details. So people overload strategy presentations with endless data. And exactly that overload allows hiding incomplete thinking and doubtful data. If you're seeking to create an intellectual smokescreen, PowerPoint is the ideal tool.

PowerPoint produces smoke screens



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It's a show off. Slide decks create the impression that a lot of work has been done. Having lots of slides reassures people that there is substance behind the thinking. But in reality it is often the one with the least slides who has the better story.

Conclusion

To be more effective in creating strategy **3 categories of questions** need to be looked at:

- 1. Do we have an effective process** that allows creating strategy collaboratively without the use of PowerPoint?
- 2. Do we support all managers to have the necessary competencies** and be aware of thinking errors and biases?

3. Does our culture reward honesty more than results? Are we stimulating people to be objective and critical? Are we honest and unambiguous in our communication?

And limit the production of slides! PowerPoint indirectly undermines the strategy. It creates the impression of intelligent thinking and lots of work, but it often stands in the way clarity, teamwork, alignment and efficient use of time.

E. Gruwez, June 26th 2018

This article is based on experience with 6 global companies in 3 different industries.
All examples are truthful, but have been made anonymous for confidentiality reasons.

Reactions and comments are welcome at: ed@tothepointatwork.com



Training & Support in Strategy Articulation

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