



## DOES EVERYBODY IN YOUR COMPANY REALLY UNDERSTAND YOUR STRATEGY?

He has been appointed as the new CEO of the bank. His predecessor established the company during the last two years, 30 new branches have been set up just during the last 12 months and more than 150 new employees have been recruited, **but now “it’s time for doing business”**. The shareholders’ expectations were very ambitious: the business volume should be increased from 50 million Euros to at least 500 million Euros during the next 3 years and the profit should break the 40 million Euro mark.

He spent two weeks behind closed doors together with his three Executive Directors, top professionals with huge experience on the local banking market, until they finished with the development of their new strategy. It was clear to them that the road to success would be related to being repositioned as a retail bank.

After three months the CEO had already become nervous. His impression was that everything had remained unchanged because no significant results were visible in their sales reports. “What’s going on in my branches?” he asked me, **“And why don’t we sell as much as the other banks do?”**

The next day I started my tour through the bank’s branch network. Randomly I chose some branches, both in bigger cities as well as in the rural part of the country, and spoke to the staff on the spot. Already after the third branch it came true what the sales reports had demonstrated: just a few customers who did some payment transactions appeared, but none of the account managers were busy advising customers and selling banking products, whereas some of the other banks in the immediate vicinity were full of customers.

My first question to the branch managers was – and I assume that you would have raised the same question: “Why don’t you go out and catch some customers before they enter other banks?” “Because our products are too expensive.” was the common reply. “But is it just the price that matters?” was my next question, followed by an astonishing **“What else?”** from my dialogue partners.

We then sat down and I started pushing them with additional questions:

1. “Please tell me: Why are you even here?”
2. “Does your branch have any justification for its existence besides the other competitors in this city? And if yes, what is the reason for it?”
3. “What is your competitive advantage, meaning what makes you and your branch different from other banks – except the price that you mentioned before?”
4. “Imagine you are a resident in this city and you have some money available. Where do you want to deposit your money **and why would you as a potential customer choose this particular branch among so many others?**”



Back at the Head Office I met with the CEO and his Executive Officers. “Gentlemen, I know that you have developed an excellent strategy for your company and initiated a very ambitious change project, but **please apologize if I don’t mince matters: your colleagues outside of your Head Office don’t have any clue about it!** Some of them are approaching corporate customers, others again see employees in the public administration as their target group and a few of them are just waiting in their branches for customers – and hoping for success. Your branch network seems to me to be led like **‘Management by Frank Sinatra: I did it my way’** (remark: anonymous) or in other words ‘from a strategic perspective they are running like rabbits during a drive through the forest.’”

“But we organized a huge event at the beginning of this year where we introduced our new strategy to all our leading staff” was the answer from the Executive Director, who was in charge of marketing.

“Yes, that’s okay, but the implementation of a new strategy and especially its communication are in my opinion not a one-time event, but an ongoing challenge! **Even more important is to have professional people with appropriate leadership skills in each and every management position, people who are ready to transfer your plans and ideas daily to their staff.**

How to understand this? You, the CEO of this company, have to develop and implement your strategy together with your Executive Directors, they again have to find time to discuss this matter continuously with their Division Managers and they shall use every opportunity talking about it to their Department Managers, Branch Managers and so on. This job is done properly only once the last employee in your organizational structure can provide you with answers to the questions I raised in your branches some days ago!”

I know a lot of top managers who don’t pay so much attention to that topic; they treat this kind of communication more as **NOT** necessary, so they tend to push their people to be quiet and sell and produce results. Once the expected results stay away, their staff is either going to be replaced or de-motivated employees are leaving their companies by themselves anyway. But in my opinion this is just a short-term approach. In the long run it’s inevitable that your strategic ideas penetrate the whole organization. Because...

**...the more employees with this kind of entrepreneurial thinking a company has and the more those employees are able to deal with strategic considerations as well, the merrier those people will be, and identify with themselves more than usual with “their company” – and the better the results will be.**