

Activity 12 – Formulate Tactics

“In the long run, we’re all dead. Do it now and do it right”. Alexander Barnhill, successful printer and publisher

Introduction

As the quote above infers, my father was a traditional tactician --- an entrepreneur with a very short time horizon. By contrast, one of his contemporaries trivialized tactics. Professor Drucker, not a practitioner, may have underestimated the importance of tactics when he stated, “The only kind of decision that really centers on problem-solving is the unimportant, the routine, the tactical decision.” Peter F. Drucker, *The Practice of Management*, New York: Harper and Row, Publishers, 1954, p. 351. He goes on to write that tactical decisions “... are always one-dimensional, The situation is given and the requirements are evident. The only problem is to find the most economical adaptation of known resources”. *Ibid.*, p. 352. In reality, tactical decisions are typically much more complicated, dynamic and non-routine. Consequently, managers often face the challenge of developing situationally-oriented sets of tactical alternatives. “One size does *not* fit all.”

Turbulence, accelerative change, transience, the flow of situations and threats of chaos are whirling like tornados throughout the world. Within the long range plans and strategies of organizations like the International Red Cross, the United Nations, other charities, military and security services, governments, corporations and others are urgent short term plans and tactics needed to cope with the wars, floods, hurricanes and other difficult, if not impossible, to forecast disasters. Even in less drastic circumstances, for decades organizations have assembled project teams and task forces to manage specific short term situations. “Unlike the functional departments or divisions of a traditional bureaucratic organization, which are presumed to be permanent, the project or task force team is temporary by design.” Alvin Toffler, *Future Shock*, New York: Bantam Books, 1971, p. 132. The importance and challenges of short term tactical management cannot be understated.

Key Question: How does the organization optimally achieve its aims and plans in the short term (if not sooner)?

The Nature of Developing Tactical Alternatives

In contrast to tactical decision making, the importance of formulating, evaluating and implementing strategies is well accepted. However, as with many facets of modern organizations, management is changing. It is becoming more tactical. Recall the words of the former CEO of Hewlett-Packard “You’re forced to make decisions almost faster than you’re able to. The world doesn’t want you to slow down to make a good decision.” *loc. cit.* With the incredible speed and capacity of telecommunication systems and electronic technology, increased local, national and global competition and the enormous risk of millions or billions in investment, managers are faced with an ever-increasing number of short-term, priority decisions chosen from various alternatives. Increasingly, tactics are necessary when management has to react to unforeseen sets of circumstances, e.g., unusual, unpredictable weather, reactions from competitors or other organizations,

technological innovations, acts of terrorism, local or national governments policies or actions and/or other dynamic environmental influences. And, managers cannot escape the daily responsibility that takes, on average, about three-quarters of their time: people situations --- requests by employees, demands by union officials, complaints by customers, proposals by suppliers, requirements by government officials, requests by charity volunteers; the list is endless. Some of the choices are urgent and reactionary; others are anticipated and planned. But the choices are tactical and they are important. Implicit in the word *choices* is the reality of alternatives from which one or a set is selected until another decision point is reached and another choice is made, repeatedly.

As the TSMP illustrates, tactics are an integral part of a complete management process. They provide a vital set of short term links between the formulation and implementation of organizational plans. Tactical management is in the front lines of competitive endeavors, requiring intelligent, well-informed managers doing incisive analyses and making clear-minded decisions under heavy pressures of time, competition, resource limitations and major risks. Tacticians are often considered to be the operational "managers under fire".

Tactics originated and are commonly defined in military terms. In his November, 1997 presentation to the computer industry's largest annual trade show, the Comdex in Las Vegas, Microsoft CEO Bill Gates used the battlefield metaphor and a live U.S. Marine to demonstrate the utility of small, hand-held personal computers. Companies such as Emergency Data Systems, Inc. offer "survival guides" to combat threats and acts of espionage, terrorism and violence. Since "9/11", North American organizations and their managements have become increasingly oriented to security and military alternatives in their tactical decision-making and actions. In a rapidly expanding environment characterized by threats to the security of organizations and their people, business, government and even NGO's, such as the Red Cross and the United Nations, have greatly increased their reliance on and use of tactical alternatives.

Tactics requires management to "unbundle" or disaggregate strategies into more specific activities, e.g., sell more products to specified customers during specified times by using specified promotional activities. In a more integrated way, such as the TSMP, organizational strategies aimed at improving performance and results usually have significant tactical implications for all aspects of management and its available resources. Organizational restructuring commonly involves job re-design, re-training, re-deployment, revised compensation programs, employee buyouts, outplacement and various other short-term, emotionally-charged tasks. Oftentimes, the optimal tactical alternatives and their logical consequences are not considered thoroughly, planned and managed effectively when strategic decisions, such as *downsizing* and *outsourcing*, are being made.

Strategy and tactics should be complementary. Both tactical and strategic implications ought to be considered over a range of scenarios, time frames and likely consequences. The United States invasion of Iraq ought to have been considered in terms of human hardships and loss of lives, economic costs and a wide range of other consequences in addition to the securing of an oil supply for the short, medium and long

term. At the organizational context, management can not talk about the importance of human resources, e.g., "people are our most valuable asset", and be cutting jobs in ways that are inhumane, have questionable legal implications and pose threats for the organization's long term viability. In addition, mounting evidence indicates that downsizing efforts fail to meet corporate objectives. K. Cameron, "Strategies for successful organizational downsizing", *Human Resource Management*, vol. 33, 1994, pp. 189-211; and W. Cascio, "Downsizing? What do we know? What have we learned?", *The Executive*, Vol. 7, 1993, pp. 95-104. Stated summarily, management needs to project and evaluate the likely consequences over varying time horizons when developing tactical alternatives.

Some practicing managers claim that all organizational activities are tactical. When the focus is solely on executing the plans or doing the tasks, they have solid grounds for such an opinion. Historically, managers, especially entrepreneurial ones, with some mix of intelligence, intuition and initiative started a business, made decisions and worked diligently to make their choices successful. Such entrepreneurs had neither the inclination, time nor talents for developing, much less following, strategies. Although progress has been made in developing strategic management capabilities, most managers and personnel still think and perform tactically.

In most organizations, marketing by whatever name it is referred to or performed, is a key area of strategic management in which tactics are most evident. Converting marketing strategies into its tactical components, such as selling, distribution and promotion, may be complex and difficult. Focussing on customer satisfaction is one fundamental principle that helps to guide this strategic-tactical transition. Marketing strategies tend to be general, at least oriented to market segments. Since each customer differs in needs, behavior, resources and other ways, selling and serving customers needs to be performed tactfully.

In the TSMP, short term, task-oriented activities form a major stream that is interactive, interrelated and inter dependent, i.e., systemic, with the strategic stream of activities. Ultimately, long term, strategic plans are manifested by activities and those activities occur in defined units of time --- sometimes in minutes, more likely in hours, weeks, months or years. Such units of time are essential to scheduling and help to define and delimit tactics. However, tactics are more fully understood and appreciated when management considers them as flowing from the organization's situational assessments, forecasts, goals and short term business plans. Tactics orient management and personnel toward the specified and detailed activities that are vital to the success of the organization not only in the short term but also in executing the longer term strategic decisions and activities of the organization.

Long term strategic plans and programs are made up of short term actions. Every strategy must be transformed into tactics. In the TSMP, as in reality, strategies and tactics are integrally linked. Once more we can look to Dilbert for insights, this time for the inherent linkage between strategies and tactics.

Seminar leader: "Welcome to the competitive strategies seminar. First, some housekeeping. In the event of an emergency, stay seated so I'll have a clear path to the exit." Scott Adams, "Dilbert", New York: 2003 United Syndicate, Inc.,

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Ultimately, all activities are performed *now*; that's as short term as management gets. But that performance is in the implementation stage.

Developing tactical alternatives is synonymous with thinking about different ways to do something ... better, if not best. While strategies are more comprehensive and long term, tactics are highly operational and relatively short term in perspective. Tactical alternatives flow from strategy; strategy has to be developed with tactical and budgetary considerations clearly in mind. Developing strategic and tactical alternatives, evaluating them with risk, feasibility, viability, budget standards and other criteria and then deciding on the best combination, is systemic and often involves *looping*. The looping may be:

1. back to the purpose(s), objective(s) and/or goal(s) of the organization and a particular strategic program or set of activities;
2. forward to forecasted situations and the probable consequences of implementing tactical alternatives (commonly referred to as "what if" analyses); and
3. a combination of looping forward to assess tactical alternatives and looping back to refine aims and/or previous strategic alternatives and plans.

As indicated in the TSMP, formulating, evaluating and choosing tactical alternatives flow directly from setting goals and preparing short term plans. This is the tactical stream of management. It moves quickly and has many stops, starts, twists, turns and lots of "white water" to navigate through before the sailing is smooth and the turmoil rages again. Because goals are quantitative and relatively short term in duration, *tactical planning* is done for immediate periods to determine how the goals are to be achieved, when and with what resources. Such goals provide a substantive basis for *tactical performance measures*. In some situations, goals are augmented by other, more precise performance measures. For example, a marketing manager wants to increase profits from sales by five percent for the coming year. A simple-minded way to do that would be to increase the profit targets of each salesperson by five percent. But any experienced marketing or sales manager knows that different circumstances exist for every product, service, territory, salesperson and other important aspects of selling. So the five percent goal will likely be aligned more specifically to meet the realities of each sales situation. Following is a simple example of one salesperson's tactical alternatives for his/her sales territory.

Sales					
Salesperson	Territory	Products	Targets	Prices	Promotions
Blue	Typical	Deluxe	+ 5.2%	+ 6.4%	* 5% more local advertising; increase national advertising by 2%; 50% more samples and retail incentives
		Good	+ 4.5%	+ 5%	* maintain at current levels
		Basic	+ 3.5%	+ 4.5%	* 7% increase in public relations and incentives for distributors

This simple example illustrates the use of *tactical priorities* for sales purposes. Just like every other activity in the TSMP, preferences must be identified, evaluated and

chosen based on a well-justified set of criteria. Blue set the highest sales, price and promotion increases for the Deluxe product, reasoning that prices of luxury items could be increased more readily due to demand elasticity and customers' capacity and willingness to spend more. For the Good product, Blue preferred to keep the costs of promotions constant and put greater efforts into selling so that the price increases could be explained personally in an effort to overcome customer objections effectively. For the Basic product, Blue chose to focus promotional efforts on the distributors with the expectation that they would "push more product" through the channels, especially if they were adequately motivated.

While experienced managers, consultants and academics know that strategic management is desirable and contributes positively to organizations, especially over longer periods, rarely have so many conditions put pressure on managers to think and perform tactically. "It is increasingly clear that the U.S. (fast food) market is becoming zero-sum and McDonald's is easy prey for more nimble competitors." Financial analyst John Glass quoted by Caroline Alphonso in "Street losing taste for McDonald's", *The Globe and Mail*, June 20, 2003, B17. Two days earlier, McDonald's Restaurants in Canada had introduced 10 "lighter items" in their menu in an effort to "win back baby boomers and others who are passing up greasy hamburgers for healthier fare". John Heinzl, "New strategy for McDonald's: light is right", *The Globe and Mail*, June 18, 2002, B2. McDonald's introduction of lower calorie products were the tactical actions emanating from strategic adaptations aimed at a specified market, i.e., "baby boomers" who "had abandoned McDonald's for competitors ... which offer an assortment of low-fat meal choices, industry observers said." *Ibid.* As anyone knows who is familiar with the changing tastes and demands of customers in the restaurant industry, McDonald's and their competitors' menus will change just as surely as night follows day, although not in such short time spans.

Due to a growing number of time-sensitive forces and conditions, e.g., competition, large investments and technological innovations, managers are being forced to shorten the time required to make, implement, evaluate and revise their decisions. But as one experienced manager has observed,

Before tactical solutions are developed, any serious company has to work through three initial phases, ... frequently referred to as:

1. strategic vision and business mission;
2. setting objectives; and
3. crafting the strategy to fulfill the mission and achieve the objectives." Krzysztof Sobolewski, Manager, Concordia Investments, Warsaw, January 13, 1997.

Mr. Sobolewski illustrated the "tactical solution approach" by showing how Wal-Mart, starting in 1979, used such tactics to compete against K Mart and other mass merchandise retailers and become the largest, most profitable retailer in the world. For example, in formulating its tactical approach to inventory management, a major competitive advantage, Wal-Mart developed a series of alternatives to evaluate and choose from. Those alternatives included:

- * using its own or rented trucks;
- * maintaining low or high levels of inventory;
- * being supplied by a few well-established sources or choosing from among frequently changing sources of supply;

- * using central or decentralized outbound logistics; and/or
- * leasing out store spaces or not.

Wal-Mart decided to build a fast, responsive transportation system relying on its own fleet. By comparison, K Mart chose to outsource its transportation requirements. Both companies chose low levels of inventory. Wal-Mart developed relations with a relatively small number of suppliers while K Mart switched suppliers in its efforts to obtain lower prices and other benefits. K Mart used product-centered strategic business units with strong, centralized line management. Wal-Mart used its empowered managers to develop and implement a continuous delivery of shipments to its stores. Whereas K Mart leased out some of its stores' space, Wal-Mart did not, preferring to keep control of and utilize such space as changing circumstances necessitated. Numerous other tactical differences can be exemplified by Wal-Mart, K Mart and many other organizations.

Processes of Formulating Tactical Alternatives

Through the years, numerous ways have been developed as aids to formulating alternatives, both strategic and tactical. Creativity is a key component in forming alternatives. Story-telling, so often used to develop scenarios, is one way of developing tactical alternatives. In addition, techniques such as brain-storming, analogies, scenario-oriented projections, role-playing and other means are used to create and develop tactical alternatives. When used to create alternatives ways of achieving objectives and goals, the emphasis is placed on *how*, *when* and *where* than it is on describing the prospective circumstances of scenarios.

Several processes have been developed for use in developing tactical alternatives. Some, such as Edward de Bono's lateral thinking, emphasize dynamic, creative thinking with a process orientation, a vital component of the TSMP.

Lateral thinking is closely related to creativity. ... whereas creativity is too often only the description of a result, lateral thinking is the description of a process. One can only admire a result but one can learn to use a process.

Lateral thinking involves restructuring, escape and the provocation of new patterns. Creativity also involves restructuring but with more emphasis on the escape from restricting patterns. Edward de Bono, *Lateral Thinking – A Textbook of Creativity*, London: Penguin Books, 1988, pp. 10-11.

While Dr. de Bono distinguishes creativity from lateral thinking, both involve the restructuring of values, attitudes, thinking and behavioral patterns. Both are valuable in generating new and innovative alternatives for tactical purposes.

In contemporary terms, lateral thinking is “thinking outside of the box”. It is quite distinct from the more traditional vertical thinking or “thinking inside the box.” Vertical thinking tends to be more methodical and progresses “by sequential steps each of which must be justified”. *Ibid.*, p. 11. The TSMP model exemplifies such structured, sequential thinking, augmented in substance and sub-processes by creative, lateral thinking. As Dr. de Bono states, “Lateral thinking is not a substitute for vertical thinking. Both are required. They are complementary.” *Ibid.*, p. 12. Following is a summary of vertical and lateral thinking characteristics.

Characteristics of Vertical and Lateral Thinking

Vertical thinking

- * is selective; rightness is important;
- * selects a pathway
- * selects the best way of thinking about a situation
- * develops different alternatives until a promising one is found
- * proceeds only if there is a direction in which to move
- * is analytical
- * is sequential
- * has to be correct at every step
- * negatives are used to block off some pathways of thinking
- * concentrates and excludes what is irrelevant
- * classifications and labels are fixed
- * follows the most likely pathways
- * is a finite process

Lateral thinking

- * is generative; richness is important; it
- * seeks ways to open thinking pathways;
- * generating as many alternatives as possible
- * generating different alternatives for the purpose of generating them;
- * proceeds in an effort to generate a direction;
- * is provocative;
- * thinking can be made in “jumps”
- * correctness does not have to be;
- * there are no negatives;
- * chance intrusions are welcomed;
- * no fixed classifications or labels;
- * explores the least likely;
- * is a probabilistic one. *Ibid.*, pp. 37-42

These two ways of thinking, augmented by others considered worthwhile by managers, staff, other personnel and contributors, can be used in any situation where improvement is deemed necessary. Dr. de Bono outlines seven types of abstract circumstances, e.g., geometric figures, materials, activities and problems, for which alternatives are generated. In regard to using problems to generate alternatives, problem-solvers may proceed in two ways:

1. Generate alternative ways of stating the problem; and
2. Generate alternative approaches to the problem. *Ibid.*, p. 79.

A third way of generating alternatives could be developed by combining these two ways.

The focus on problems and their solution leads to other ways of generating alternatives. Two noted authors claim that “... ‘creative problem solving’ is not problem solving at all, but is more properly a method of generating alternative actions.” Charles H. Kepner and Benjamin B. Tregoe, *The Rational Manager- A Systematic Approach to Problem Solving and Decision Making*, Toronto: McGraw-Hill Book Company, 1965, p. 52. In their structured, non-lateral framework, they emphasize the generation of alternatives in the decision-making phase of their problem-solving process. By comparing de Bono’s approach to that of Kepner and Tregoe, the limits on creativity in the latter approach is readily apparent. However, generating alternatives in the context of decision making and problem solving, whenever it happens, is valuable. Making decisions that solve problems or resolve issues is basically what is required of tactical managers. And, as is being realized increasingly, such decisions are often the most pressing and risky. Consequently, managers are well-advised to be thinking about prospective alternatives before they are required. Like a

golfer with a bag full of clubs, all of which may not be used, the manager needs to have a set of tactical alternatives available for the prospective scenarios that can be foreseen.

In addition to being problems/issues and decisions-oriented, one of the advantages of “the rational manager’s” approach is its action-orientation. Another is the processes that Kepner and Tregoe have developed and used extensively. Problem analysis is their basic process. (For an outline of their problem analysis process, please see *ibid.*, pp. 44 to 47.) Of paramount importance to formulating tactics is the emphasis Kepner and Tregoe put on developing alternative courses of action is their decision making process. Following is a modified outline of that process with the main focus on developing alternatives.

1. Establish the objectives and goals of a decision. As illustrated in the TSMP, making tactical decisions is based primarily on goals and secondarily on objectives. Consequently, managers and their staff might ask such questions as: What are we, our unit and/or our organization trying to achieve in specific, quantitative terms? What tasks have to be performed, at what location, when and with what resources?

2. Classify the goals according to importance and priorities. Needs are common bases for classifying and rank-ordering goals. A sub-process might involve:

- * identifying needs to be dealt with;
- * weighting them according to organizational situations, values such as degrees of threat, opportunities for benefits, risk, feasibility, viability and other factors;
- * rank-ordering the goals to be achieved.

3. Develop alternative courses of action. Most managers have a set of standard, conventional actions that they can use in common situations. If the need is to cut costs, then scale back production, lay off employees, close plant(s) and outsource. If the need is to increase revenues then common alternatives are expand product line, promotion, distribution and sales. However, uncommon situations often require unconventional, unique alternatives. In addition to realizing what goals need to be achieved, managers might consider the functions to be performed, acceptable and unacceptable standards of performance, the resources required and other parameters of the situation, the relative importance of the goals and the actions required for their achievement and the best ways of developing an optimal set of alternatives.

Once managers and their team have reached this point they want to “charge on” and evaluate, choose, implement and monitor the performance and results of their optimal alternative(s). That progression is natural and is depicted in the TSMP. However, rather than going directly forward in the tactical stream of the process, consideration will be given to a series of corollary activities and steps, notably Activity 13, the formulation of contingency plans.