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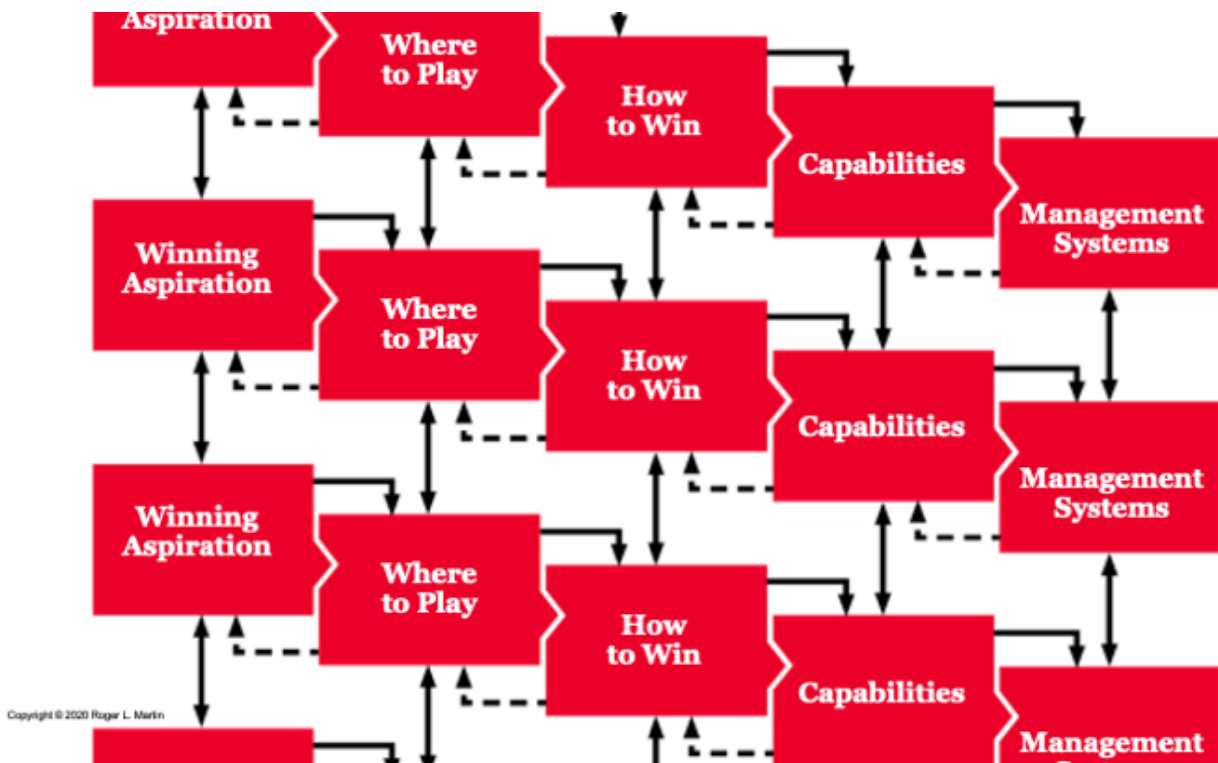
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PLAYING TO WIN

Strategic Choice Chartering

Why Careful Chartering is the Key to Great Strategy Choice



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Choices are the heartbeat of every organization. Progress happens only to the extent that people throughout the organization make choices. That is why I am dedicating my 6th Playing to Win/Practitioner Insights piece to Strategic Choice Chartering. (Links for the rest of the PTW/PI series can be found [here](#).)

While the convention is to label the choices at the top 'strategic' and those below 'executional,' I have found that distinction counter-productive, as I have pointed out

in print and on-line. The paired Where-to-Play/How-to-Win choice is the heart of strategy and on that front, I don't observe only the CEO of Procter & Gamble making WTP/HTW choices. The President of Beauty Care also makes WTP/HTW choices, as does the Senior Vice-President of Hair Care, as does the Global Brand Franchise leader for Pantene, as does the US Brand Manager of Pantene. The same applies for service operations, such as Four Seasons Hotels & Resorts, where I see the CEO, the President of Asia-Pacific, the Hotel Manager of Maldives Landaa Giraavaru, and even its Room Service Food Manager all making WTP/HTW choices.

Hence, I see strategy choice as occurring throughout the organization, as illustrated in the diagram above. The CEO of P&G does not make WTP/HTW choices for Pantene. And even the Maldives Hotel Manager can't make the choice for the Room Service Food Manager when a guest makes an odd meal request — should the WTP be interpreted as 'anything the guest wants to eat' and the HTW as infinite customization, or is the WTP the adherence to a narrower menu range with a HTW on the basis of price/value and quick delivery?

I have come to see that choices, like those for Pantene and Maldives Room Service, only get made well if there is diligent strategic choice chartering from the top of the organization on down. Unless you are at the absolutely lowest level of the organization, you have a key job of both making and chartering strategic choices. The CEO may initiate the process, but the making and chartering of choices must continue all the way down the hierarchy for effective action to take place.

The Elements of Strategic Choice Chartering

There are six elements of successful strategic choice chartering throughout an organization — and as organizations gets bigger and more layered, chartering becomes ever more critical to success.

Choice Chartering

1. Make choices you are the most capable of making
2. Explain the choice and the reasoning behind it
3. Explicitly identify the next downstream choice
4. Assist in making the downstream choice
5. Commit to revisit choice based on downstream feedback
6. Ask for process to be repeated at the next level

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1) Make Only the Choices that You are More Capable of Making than Anyone Else

Effective executives at all levels make the few choices that their experience, wisdom and perspective make them better equipped to make than anyone else — and stop there. If you start making choices that a direct report is as well-positioned to make as you, you are destroying her effectiveness and she would be smart to leave rather than work for you. When AG Lafley took over P&G in crisis in 2000, he made a few key choices: 1) focus on returning to winning in P&G's ten biggest brands, in its ten biggest countries, through its ten biggest customers; 2) refocus on the consumer as boss; and 3) start winning in-store at 'the first moment of truth.'

2) Explain your Choices and the Reasoning Behind Them.

Simon Sinek had it right, if your people don't know the why, they won't treat you as their leader. My experience is that you must explain your choices and the reasoning behind them so many times that you will want to throw up when you hear yourself explain it again — only then will you have done a good job.

3) Explicitly Identify the Next Downstream Choice

After you have made and explained your choices, specify the choices that you want to have made by each one of your direct reports in keeping with the choices you have made. This has three components:

a) Specify the problem that you believe needs to be solved by their choice.

While the problem doesn't need to be perfectly defined, you need your subordinate to solve a problem that stands in the way of your strategy coming to fruition. When Lafley put Deb Henretta in charge of fixing the Diapers business as a key component of his turnaround strategy, he specified the problem: "We created this category and now we are trailing Kimberly-Clark's Huggies brand. We have gotten too focused on what our engineers find stimulating and away from what motivates and excites moms. And we split our business between two brands, and I don't know what Luvs stands for relative to Pampers."

b) Specify what a good answer would look like.

If the request is vague and abstract, you are likely to get either nothing because the subordinate will spin his wheels or come back something equally abstract and unhelpful. Lafley was clear: "Deb, I need a set of choices that sees us taking back category leadership from K-C by being more relevant and compelling to moms and that resolves the question of Luvs — we need it to have a productive purpose, or it should be jettisoned."

c) Explain how their choice links back to your choice.

This both helps with motivation — the why — and helps the subordinate judge the quality of her emerging choice. "Deb: For our turnaround strategy to work, we have to be winning in our ten biggest brands. Pampers is our single biggest brand. There is no way we can achieve our goals without winning with Pampers. Even if it takes sustained investment over a period of years, we have to find a clever way to beat K-C."

4) Assist in Making the Downstream Choice

Make a genuine offer to assist your subordinate with the choice you have given him. While you don't have the bandwidth to make all the choices of your subordinates, you should have the bandwidth to help those who request it. My experience is that they will be careful with your time and that they will really appreciate it. But perhaps the most important feature of doing this is that it avoids the costliest problem: a subordinate getting confused and stuck, and then hiding that fact from you. You hate it when you find out a year later that the subordinate really didn't

understand what you needed, and you have to restart from scratch. Offering to assist is a technique for generating early warning on problems.

5) Commit to Revisit Your Choice Based on Downstream Feedback

Indicate your willingness to revisit your choice if your subordinate can't find any viable choice that would be consistent with your choice. You will note on the cascade diagram at the head of the article that the vertical arrows run both ways. This is because no matter how prescient a superior is, she won't make strategy choices at her level that are 100% actionable — i.e., for which subordinates can make consistent follow up choices. In my experience, it is much more productive to be open to modifying your choices to make cascading choices possible than to have subordinates knowing that they can't make any set of choices that are consistent with yours but hiding that from you. If those arrows just flow down, the system isn't self-correcting: it is self-sealing in a dangerous way.

6) Ask for the Process to be Repeated at the Next Level

Explicitly ask your subordinate to repeat this process with his direct reports. If he is smart about it, he will figure that out on his own by watching and modelling your behavior. But until then, it is important to reinforce this as your expectation — and follow up in future conversations to make sure she is doing so.

A Management System for Choice Chartering

The management system to support effective choice chartering has three main components:

1) Choice Initiation

As a leader, you need to determine one-by-one what choices each direct report needs to make for your choices to be put into productive action. And then you need to create a short choice charter document that specifies the problem that you want to have solved by way of the direct report's choice, specifies what characteristics that choice must have, and shows how that choice links back to your choice. If the choice charter is more than one page, it will be ineffective because the length means that you haven't thought it through enough to write a short, crisp note.

You then need to take that choice charter to the meeting with each direct report and have a discussion to reach agreement on and understanding of the assignment that you are giving the direct report. It may result in modification or enhancement or clarification of the choice assignment. The agreement should specify the timing by which the direct report will deliver a choice for you to ratify.

2) Choice Capture

There must be a system to capture the results of the discussion. That should take the form of an update to the choice charter that reflects the discussion with the direct report, including the addition of the agreed upon date by which the choice should be presented to you for ratification. These choice charters should be organized in a physical binder or digital folder so that at a glance, you can determine which choices that are necessary to fulfill your strategy goals are being worked on by each of your direct reports.

3) Choice Monitoring

Finally, there must be a monitoring system to ensure progress toward the choice goals. The timeline should be agreed upon in your choice chartering meetings. It is their responsibility to adhere to the schedule and your responsibility to monitor their progress.

Practitioner Insight

Regardless of where you exist in an organization's hierarchy, you have the responsibility to both make and charter choices. It would be optimal if your superior follows the six elements of good chartering. But even if she doesn't, you can take responsibility for making the choices your superior appears to need from you and charter great choices below you. That means adhering to the six elements of great choice chartering for each of your subordinates and creating a management system for initiating, capturing, and monitoring those choices. That is the only way I know of ensuring 'great execution.'