Growing a business, or even stabilizing an organization, is risky business, and it’s getting worse as the rate of change in the world escalates. Organizations are becoming more global and experiencing greater competition, making the game of business even more challenging. However, in this evolving world, many of the tools used to do business have not kept pace. At the core of any organization’s founding, maturing, growth, or even reduction is a strategy; yet the strategy-making process that has been refined, written about by many experts, and taught in business schools remains fundamentally unquestioned.

This article proposes that the institutional way of strategy making needs to adapt to today’s business environment, and that it needs a major overhaul, at least for organizations experiencing high levels of change. I argue that the strategy-making process is similar to software development in that both traditionally were very big picture, and both had high failure rates. Traditional software development was and often continues to be done via a waterfall approach (falling from the top to the bottom of the organization). Big conversations kick off the process that leads to large-scale implementation efforts, cascading processes, and ending in a final release to the public. Unfortunately, those releases are out of date upon delivery, missing the mark in meeting the needs of customers, because needs have changed since the waterfall process started.

In the world of programming, a new model has emerged that makes software development not only more agile and timely but more accurate. Reduced errors, higher customer satisfaction, and improved product are the outcomes of extreme programming models. Extreme strategizing™ parallels the extreme programming model. The words reflect a process that is different from traditional strategy making. Extreme strategizing is a continuous process, while strategy making is an event (a waterfall event); that is the core difference and the key advantage of extreme strategizing.

**The Standard Strategy Process**

Here is a brief description of the typical process of strategy making for a large organization with multiple business units:

- Internal strategy department or consulting firm starts the process.
- Senior executive team interviewed.
- Research conducted.
- Senior executive team meets off-site for intense strategy discussions.
- New five-year strategy devised.
- Strategy documented and shared with core senior team.
- Strategy summary disseminated to the next level of management.
- Business unit strategies repeat the process, creating strategies that fit the overall requirements.
• Business unit strategies are given to functional area leaders.
• Functional area leaders devise their own strategies that fit.
• Managers in functional areas create their own matching strategies.
• Individual employees are given objectives and goals that align with the department strategy, business strategy, and corporate strategy (in theory).

As anyone who has been through this process knows, it takes a long time. What many people know but are hesitant to admit is that the process is outdated. The search for organizational agility, flexibility, and continuous change hint that the process does not work, but most efforts have tried to add tools to complement the traditional strategy-making process rather than seek to replace it altogether.

Through an ongoing study of leaders that I have been doing since 2003 (called the Leadership Pulse; www.leadershippulse.com), the result of the problems of traditional strategy making are documented in detail. Leaders’ confidence in themselves, their ability to execute on their firm’s vision, and their own leadership teams have all been declining steadily. Leader energy (a quick measure of engagement) has also suffered. And in the masses of comments explaining why these metrics are declining lies a plea for a strategy-making process that is more agile and responsive to the needs of leaders and the people who work for them.

The qualitative and quantitative data from the Leadership Pulse studies (surveys that go out every two to three months to a global sample of leaders) tell a story of leaders who are confused. C-level executives are saying that they go in to work on Monday morning, and they are not sure what to do. Managers are unclear about priorities. Respondents tell stories about having more and more projects dumped on their desks with no one taking old ones away.

These are people who have memorized their strategy; they have objectives tied to the strategic business mantra. However, the strategy is not helping them. The strategy misinforms because it is disconnected from current business realities.

In the Leadership Pulse data, I read about managers who are in the trenches working with clients, talking to suppliers, and dealing with new day-to-day challenges that they are certain are not on the radar screens of the strategy makers in their organizations. The lack of strategy fitting with their real world contributes to lowering confidence levels. For all the hoopla associated with getting the strategy right (and the cost associated with this effort), the result of the strategy-making process is useless to these confused managers. Two things

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**Extreme strategizing is a continuous process, while strategy making is an event.**

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**Strategy making needs to adapt to today’s business environment, and it needs a major overhaul.**
Leaders’ confidence in themselves and in their own leadership teams have been declining steadily.

happen when employees see a disconnect between their firm’s strategy and reality:

- The right problems or opportunities are not pursued, as they are not in sync with the official strategy. Leaders look bad to employees because they are doing work and making decisions that are not on target.

- Leaders realize the strategy is off and they initiate change, and that effort results in lower confidence.

Confidence is reduced under the second option (even though it was the right thing to do) because leaders spent so much money making strategy that when they change their minds, others in the organization lose confidence in the leaders’ abilities. The conclusion is that leaders were wrong; thus, they must not have been too bright in the first place. My working hypothesis is that leadership confidence is being driven down, in part, due to a broken strategy-making process that uses outdated models, methodologies, and tools.

Extreme Programming as a Model for Extreme Strategizing

The problems associated with traditional strategy making are not new to business. The art and science of software development went through the same cycle. The traditional path to writing new software was to release new versions in fairly complex, large cycles (waterfall process). Big releases were planned (just like big strategy), people were lined up to work on the project, testing was scheduled, code was written, documentation was prepared, and nothing was provided to the customer until the entire waterfall, top-down process was complete. These releases took many months or years to complete (very similar to the traditional strategy making and alignment process), and programmers experienced outcomes similar to those making business strategy. The program was outdated the moment it was released, and this led clients to lose confidence in their suppliers.

The concept supporting extreme programming is to do small, frequent releases to improve the quality and output of the work. And this idea not only works for programmers, it can be applied to the overall business models of strategy making. The result is organizations that are more responsive to clients and in sync with current business challenges. This then leads managers to be more energized and confident in their leaders—and in their personal careers and destiny.

The extreme programming methodology offers a viable alternative for strategy making. Rather than developing the five-year plan, a leadership team can put effort into multiple short-term processes that lead to quicker and better-targeted strategic actions.

According to Lowell Lindstrom and Ron Jeffries, writing in Information Systems Management: “Extreme programming is a discipline of software development based on values of simplicity, communication, feedback and courage.” Programmers have simplified the planning and work cycle to deliver faster, better, in a way that supports today’s business cycles. Programming teams work together to deliver smaller but integrated releases that meet the needs of their customers. Customer requirements are well understood because programmers talk to customers every few weeks; they have left the old cycles of collecting information, dissecting, and then proposing and building based on old knowledge behind. The interactive nature of the conversation is an important part of what makes ex-
treme programming models work. Programmers interact with customers in a way that moves the product forward continually.

It takes courage for programmers to talk to customers on a regular basis because they know they will learn things they don’t want to hear. Also, needing to talk to customers regularly forces programmers to keep it simple. Customers do not want to get into detailed discussions of what is not possible; they want problems solved. Extreme programming has taken the core of what we know is good management practice and applied it to the work process, to customers, and to employees. The result has been success in deploying software that is less error-prone and that more accurately meets the needs of clients.

**GLOBAL POSITIONING SYSTEM (GPS) ANALOGY**

In the olden days, we used maps in books to help us get from Point A to Point B (when we set out to drive). The length of time to publish means that maps are outdated the minute they go on sale. The Internet improved the direction process by delivering online maps. However, these too can be outdated quickly. Then came GPS supported by real-time navigation advice, which promised much improvement. You still need a destination, but once you have that, the GPS system improves directions with alerts for detours, traffic backups, and more. The device checks traffic constantly, frequently feeding data back to the driver, and alerting the driver when a new direction is needed.

This new technology makes the driver more nimble, focused, and ready to redirect and not be stuck in traffic jams or on detours. GPS gets you to your destination faster and more efficiently.

Extreme programming concepts can do the same thing for business leaders. The tools developed and tested in the software development world can be slightly modified for leaders and used to reinvent the strategy-making process. These methods can turn what has become an old, time-consuming, and expensive leadership tool into something that is nimble and fast, and that leads to higher confidence levels.

**The extreme strategizing process emphasizes the feedback loop as critical in the short term.**

**An Extreme Programming Approach to Strategy**

In all of the extreme programming books, articles, and documentation you find a number of tools, ranging from paired programming to writing and displaying stories to various group exercises and learning models. However, core to everything that is written, and the one component that is not disputed by academics or users, is the need for ongoing, high-quality feedback from the end user (the customer, who may be internal or external to the organization). This supplies real-time data on the organization’s performance much as a global positioning system does for a driver. (See the sidebar, “Global Positioning System (GPS) Analogy.”)

**Level One: Start with Employee-Focused Data and Dialogue-Driven Tools**

In extreme programming, developers work on projects over a one- or two-week period, then they share results with stakeholders, obtain feedback, take action on the feedback (develop more product), share actions with the rest of the developers on the team, and take new ideas into the cycle of development.
The parallel of this model for strategy making is for leaders to reach out to a key stakeholder group on a frequent basis and use the data obtained to make changes in strategy on a regular, ongoing basis. Thus the first step in implementing extreme strategizing is to devise a model of obtaining regular, ongoing data from employees and then feeding that data into a dialogue process about direction and strategy.

This extreme strategizing process emphasizes the feedback loop as critical in the short term, not just in the long run. If surveys (a method I have used successfully with multiple organizations) are employed, the data are used for immediate interactive dialogues. Extreme strategizing, as a new model for strategy making, starts with data from employees because they are the people who are in touch with all the organization’s stakeholders every day. They know more about what is happening in the environment (as a whole) than any one individual in the management team or any consultant available in the market.

Extreme strategizing takes extreme technology. You need technological tools that allow you to do the following things simultaneously:

- Collect regular data from employees and provide the results to managers in a timely manner.
- Create a continuously flowing feedback process with data reviewed by managers, filtered by necessary decision rules, and then shared with others who need that data to inform their strategizing.
- Help managers learn to use data, engage in dialogue, filter information, and build high-trust relationships with employees to ensure accuracy of data received.

In a sense, extreme strategizing turns the strategy process upside down. In traditional strategy making, declarations of the future come from top management (the dictate of the new strategy) and flow downward to employees. In extreme strategizing, data comes from the external environment via stakeholders, including employees (through their interactions and relationships with stakeholders), then is given to managers, who provide input to their higher-level managers, who then make tactical changes in strategy as needed. Changes flow down, but after data flows up.

The level-one process results in seeing employees in a new light. Employees become reporters, providing information about the business, new opportunities, customers, and other aspects of the environment normally unavailable to leaders.

**Level Two: Use Data and Dialogue Tools with Customers**

In my own research I have found that level-one work can be done very successfully, in part because employees are very motivated to share what they know. In fact, in a series of studies that I have done on rewards systems, I continue to find that employees rank “having my ideas implemented” as their most valued reward (above raises, bonuses, and other tangible rewards). Level one of extreme strategizing creates an intervention that employees value, resulting in higher levels of employee confidence, energy, and engagement.

The second level of obtaining stakeholder feedback for strategizing purposes has been to move data and dialogue tools out to customers. The customer data and employee data are integrated, and the insights from the total analysis are used for decision making. (See the sidebar, “Case Vignettes of Level-One and Level-Two Extreme Strategizing.”)

When doing this work, the type of data collected includes a core set of questions for both employees and customers, and then additional questions that are targeted and customized for each group. As extreme strategizing is rolled out to customers, the same types of behavioral consequences are evident. Customers appreciate being asked questions that engage them in a

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*Rethinking the traditional silo is critical for success.*
Levels Three and Four: Expand to Other Stakeholders

The effort to move beyond employee and customer data and integrate information from other stakeholders (retirees, partners, investors, suppliers, and so on) can be more difficult for organizations. However, it provides the biggest opportunity for sustained, long-term competitive advantage. To do this work well, organizations need to be aggressive and innovative in how they think about their structures, because rethinking the traditional silo is critical for success.

Marketing tends to reach out to customers, finance obtains data from investors, HR works with employee data, and every part of the organization works with...
its own suppliers and partners. The data streams from these stakeholders are rarely combined, analyzed, or used together. Level three requires some change to the core structure of parts of the organization.

In level four, the organization structure starts to respond to changes in the way strategy making is done. Support systems from technology, such as social networks, blogs, and chat rooms, can be used to break down silos and help distribute data more effectively. I use online action-taking tools (as opposed to action-planning tools, which are a bit too passive for this work) to bring people together, help drive data to the right people (across traditional silos), and support innovation, speed, and agility in strategy making and implementation.

**Extreme Strategizing: The Potential**

Extreme programming requires changes in facilities (where people sit, how they work), along with changes in jobs, reporting structures, and ways of getting work done. These same ideas need to be addressed in a level-four extreme strategizing model.

Even though the work may sound extreme in and of itself, many organizations are already on the path to level-four extreme strategizing. Over the last few years, there has been a growing interest in collecting data from employees. The interests in culture, knowledge management, and employee engagement have spurred technology implementations that provide companies with data collection tools. The addition of blogs, social networks, intranets, portals, and chat rooms leave many firms with dialogue tools ready to be used in a different way. Globalization already has helped managers improve their listening skills and appreciation for the power of agility in the fast-paced business world.

This all means that organizations have been building their bench strength for extreme strategizing, and many are probably ready to take the leap and apply the tools and skills resident in their organizations. All that is needed is the passion and interest in changing something that is core to the way many of us have learned to do business—the traditional strategy-making progress.

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