

Appreciative Inquiry: No More Problems, Please!

A Different Approach
to Strategy Planning

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First, my public apology to all the companies I've misguided over the past twenty-five years, as well as an apology to my employees. And while I'm at it, let me add a public apology to my family and friends.

I apologize for dredging up all their problems, for focusing on what is wrong instead of on what is right. I apologize for focusing on the F's instead of the A's. I just didn't know any better until I read a thin 70 page book called the *Thin Book of Appreciative Inquiry*.

Quick summary -- Focus on what's working instead of on what's not working. Period.

Here's the rub. During quarterly planning and consulting sessions the tendency is to make a list of problems and then spend the bulk of the time discussing these problems and trying to solve them. No wonder people dread the process.

This was brought home to me recently when a client introduced me, as his new consultant, to some of the people in his accounting department. One of the women quipped "I suppose you're here to point out everything we're doing wrong." Ouch! But an accurate description of the role of most consultants.

As a leader of my own firm, I've fallen into this same "problem analysis" focus of solving my growth company challenges. And as a father, during a recent teacher-parent conference, I caught myself focusing more on the "B's" than the "A's", even though I now know better – these are difficult habits to break.

Driving Revenues

So what's the alternative? Let me go back to my latest planning session with the client mentioned above. Their main challenge was driving revenue. Rather than analyze all the reasons why revenues were NOT growing as rapidly as they would like, we took a different tact. Instead, we explored a time when revenues were exploding i.e. when things were going great.

Back in 2004, one of their divisions had driven revenues from \$2 million to just over \$9 million in the span of twelve months. Since then, that division's revenues have gone flat. So we brought in the head of that division and rather than spend an hour analyzing why

revenues had gone flat, instead we asked “what were you doing right in 2004 that caused revenues to explode?”

First, the head of the division was getting to re-live a positive time, rather than hash through a bunch of negatives. More importantly, about an hour into the conversation, as we continued to explore what worked in 2004, the head of the division had a major insight.

Back in 2004, he was spending about a week a month out in the field visiting with his main distributors and customers. However, after experiencing the sharp jump in revenues, he was sucked into all the challenges of running a much larger operation which had reduced his field time to less than a week every quarter. The minute he said it, the CEO looked at his head of operations, he looked at me, and we all looked at the division head and we knew our answer had been found. We then spent the next hour figuring out how to get some activities off the division head’s plate so he could get back out in the field.

Results? When I checked back three months later, though the division head had not yet achieved a week/month of field time, he had managed to get out a lot more than he had been and in the process found a new product that may likely add \$10 million in revenue in 2008! Now the company is faced with finding the cash to support the added inventory and again, when explored how they had successfully accomplished this in the past.

Anticipating a Recession

A close entrepreneurial friend of mine had a similar result focusing on appreciative inquire. During his 2nd quarter planning session his team discussed the possibilities of a recession and what they might do to prepare for it. Since their IT services firm had survived the 2001 downturn, they spent the bulk of their time discussing what they did right (or by accident) that helped them survive.

What they concluded is that the 30% in revenue they had from Federal Government contracts had helped them weather the storm. Since 2001, they had ramped up their corporate business to a point where their Federal Government work was now just 10% of their revenue. Getting the mix back up to 30% became their strategic focus and they expect to achieve it by the end of the year.

Turnaround Strategies

Another friend who turns around business said he uses a similar process. He simply asks for a graph of the company’s financial performance for the past decade or so, looks for a point where the performance was stellar, and then brings together leaders and employees who were around during that period and spends a couple days inquiring into what the company was doing then that they aren’t doing now.

In one recent turnaround, he found seven distinct activities the firm was doing during the boom times that they weren't doing now and he simply focused the firm on doing those activities again, even though the market and products had shifted over time. Results? Another successful turnaround.

Focus on Strengths

Marcus Buckingham, the strengths movement guru (*Go Put Your Strengths to Work*), notes that if you want to help your children with their F's, ask them about their A's – what did they do to get their A's, why they like that subject more than the other, what the teacher does, etc. You don't ignore F's, but you must study the A's, not dwell on the F's, if you have any hope of supporting your child in a positive way.

The same with your company. You don't ignore your problems, but it's far more productive to study what's working, in your own company or others, as the best way to solve the challenges facing your growing firm.