

# Strategy Development

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# Outline

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- Hallmarks of a Bad Strategy
- Characteristics of Bad Strategy
- Common Mistakes in Strategy Making
- Components of a Good Strategy
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  - Guiding Policies
  - Coherent Action
- Hallmarks of Strategy Making
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# What is Strategy?

- It is a way through a difficulty, an approach to overcoming an obstacle, a response to a challenge.
- The core of strategy is always the same: discovering the critical factors in a situation and designing a way of coordinating and focusing actions to deal with those factors
- A good strategy recognizes the nature of the challenge and offers a way of surmounting it – (simply being ambitious is not a strategy)
- A cohesive response to an important challenge
- It is a coherent set of analyses, concepts, policies, arguments, and actions that respond to a high stakes challenge

# What is Strategy?

- Strategy is about how an organization will move forward – Doing strategy thus is to figure out how to advance the organisation's interests
- A good strategy acknowledges the challenges being faced and provides an approach to overcoming them
- The greater the challenge the more a good strategy focuses and coordinates efforts to achieve a powerful competitive punch or problem-solving effect

# What is Strategy?

- It is the application of strength against weakness- it also creates strength through the coherence of its design
- The purpose of strategy is to offer a potentially achievable way of surmounting a key challenge
- Good strategy is thus coherent action backed up by an argument, an effective mixture of thought and action with a basic underlying structure

# Major Hallmarks of Bad Strategies



## Fluff

A form of gibberish masquerading as strategic concepts or arguments. Uses inflated words and apparently esoteric concepts creating the illusion of high-level thinking

A superficial restatement of the obvious combined with a generous sprinkling of buzzwords

It masquerades as expertise, thought and analysis



## Failure to face the challenge

Bad strategy fails to recognize or define the challenge (problem). When you cannot define the challenge you cannot evaluate a strategy to improve it



## Mistaking goals for strategy

Many bad strategies are just statements of desire rather than plans for overcoming obstacles

Most of the goals out there are performance goals but have not relationship with strategy



## Bad Strategic Objectives

Strategic objectives are “bad” when they fail to address critical issues or when they are impracticable

# Characteristics of Bad Strategies

- They do not have an adequate grasp of the challenge that they seek to address
- They lack coherence, coordinating actions and policies
- In many instances we reduce strategy to courage, boldness, motivation and push
- In many organizations strategy is made up of 3-5 year rolling budgets with activity plans
- Calling this a strategic plan gives people false expectations that the exercise will somehow result in a coherent strategy
- Planning is an essential part of management but it is NOT strategy
- Strategy should provide a pathway to substantially higher performance
- To obtain higher performance, we must identify the critical obstacles inhibiting progress and then develop a coherent approach to overcoming them

# Bad Strategies: Template Based Approaches

## Vision

- Fill in your unique vision of what the organization will be like in the future. Currently popular unique versions are to be 'the best' or 'the leading' or 'the best known' ...fill in the blank

## The mission

- Fill in a high-sounding politically correct statement of the purpose of the organization

## The values

- Fill in a statements describing the organisation's values. Make sure they are non-controversial

## Strategies

- Fill in some aspiration/goals but call them strategies



# Common Mistakes in Strategy Making

- Careful analysis of these documents will reveal pious statements of the obvious presented as if they were decisive insights
- Template style approaches to strategy frees the people behind the process from the onerous work of analyzing the true challenges and opportunities that exist
- Mistaking Goals for Strategy
- e.g We will grow revenue by at least 20% each year
- Strategy has to develop a point of leverage- by identifying a key strength within the organization or a change in the sector that opens up new opportunities

# Common Mistakes: Strategic objectives

- A long list of 'things to do' often mislabeled as 'strategies' or objectives is not a strategy- it is just a list of things to do
- Should address a specific process or accomplishments such as halving the time it takes to respond to a customer
- Blue-sky objectives- a statement of the desired state of affairs or of the challenge- skips over the annoying fact that no one has a clue as to how to get there

# Components of a Good Strategy

- Defines a critical challenge.
- Builds a bridge between the challenge and action, between desire and immediate objectives that lie within it
- The core content of a strategy is a diagnosis of the situation at hand, the creation or identification of a guiding policy for dealing with the critical difficulties and a set of coherent actions
- A good strategy thus contains 3 elements: diagnosis, guiding policies and coherent actions

# Components of a Good Strategy: Diagnosis

- It should be able to clarify the nature of the challenge/issue/problem and if the challenge is not defined, it is difficult or impossible to assess the quality of the strategy
- The diagnosis should be able to make a difference between symptoms of a problem and the causes of the problem
- A good strategy should be able to explain the WHY of a situation
- A good diagnosis simplifies the often-overwhelming complexity of reality by identifying certain aspects of the situation as critical
- Most of the time is spent figuring out what is going on. Not just deciding what to do, but the more fundamental problem of comprehending the situation

# Components of a Good Strategy: Diagnosis

- At a minimum diagnosis should clarify the situation, linking facts into patterns
- This should suggest where more attention is needed (initial prioritization)
- An explicit diagnosis permits one to evaluate the rest of the strategy
- This allows the rest of the strategy to be revisited and changed as circumstances change
- A good strategic diagnosis also defines a domain of action
- If you fail to identify and analyze the obstacles you don't have a strategy- instead you have a either a stretch goal, a budget or a list of things you wish would happen
- The 1<sup>st</sup> step toward effective strategy therefore is diagnosing the specific structure of the challenge rather than simply naming performance goals

# Components of a Good Strategy: Guiding Policies

- The second step is choosing an overall guiding policy for dealing with the situation that builds on or creates some type of leverage or advantage
- This is an overall approach chosen to cope with or overcome the obstacles identified in the diagnosis
- Good guiding policies are not goals or visions or images of desirable state- rather they define a method of grappling with the situation and ruling out a vast array of possible actions
- Specifies the approach to dealing with the obstacles called out in the diagnosis
- A good guiding policy tackles the obstacles identified in the diagnosis by creating or drawing upon sources of advantage
- A guiding policy creates advantage by anticipating the actions and reactions of others,
- It should reduce complexity and ambiguity in the situations,

# Components of a Good Strategy: Coherent Actions

- The 3<sup>rd</sup> step is the design of a configuration of actions and resource allocations that implement the chosen guiding policy
- Feasible coordinated policies, resources commitments and action designed to carry out the guiding policy
- These are steps that are coordinated with one another to work together in accomplishing the guiding policy
- The actions should be coherent, i.e resource deployment, policies and maneuvers that are undertaken should be consistent and coordinated
- Coherence is not ad-hoc it should be imposed on a system by policy and design
- Problem solving leading to results
- Coherent actions- are not implementation details
- A strategy that fails to define a variety of plausible and feasible immediate actions is missing a critical component

# Components of a Strategy

Diagnosis

Guiding  
Policies

Coherent  
Actions



# Hallmarks of Strategy Making

- Process- Inclusive, Open, Informed by the immediate past and also current situation
- Good Questions that lead to discovering of strengths within an organization
- What have we seen that others have not?
- What have we got that others do not have or realise they have?
- These two questions lie at the very edge of our creating of a pivotal objective and also the creation of an advantage

# Hallmarks of Strategy Making: Relationship between Goals and Objectives

- **Goals**- express overall values and desires
- **Objectives**- denote specific project/operational goals
- Strategy transforms goals into a coherent set of actionable objectives
- The objectives of a good strategy should stand a good chance of being accomplished, given existing resources and competence
- A good strategy works by focusing energy and resources on one or a very few pivotal objectives whose accomplishment will lead to a cascade of favorable outcomes

# In Conclusion

- Strategy does not eliminate scarcity and its consequences- the necessity of choice
- To have a strategy rather than vague aspirations is to choose one path and leave out others
- When our strategy works, we will hopefully look and remember what was accomplished instead of the possibilities that were set aside.
- Remember- strategies focus resources, energy and attention on some objectives rather than others