

WHAT IS STRATEGY, REALLY?

By: Ryan Addis November 29, 2007

Strategy is one of those topics that volumes of books have been written on using various and often “fuzzy” words such as initiatives, critical success factors, objectives, mission, balanced scorecard, control systems, and the value proposition. While each of these items can certainly be an integral part of a sound strategic methodology, they can also overwhelm management with “process” and inadvertently dilute the development of an acute strategy. So, when building a crisp and high impact strategy, what is it that management should stay grounded to?

The core principal of strategy is simply this; how do you play your hand with the cards you’re dealt? Strategy, at its simplest, is allocating resources. But a lot goes into creating a good strategy; one that your unique organization has the ability to do well at given the environment it operates in. It sounds simple but there is a lot that goes into it, right down to the values and beliefs of the leadership. To help in the malaise of these details, it is good practice to stay focused on the core principal of resource allocation. The actual formation of a good strategy can be thought of as part art and part science, each of these elements contributing to the most efficient allocation of resources.

The science of strategy development takes many forms but at a high level it consists of the typical SWOT analysis, time horizons, and perspectives. The SWOT is simply matching the *internal* strengths and weaknesses of the organization to the *external* environment’s opportunities and threats. Brutally honest analysis is the key to effectiveness in this process. The science comes in developing an effective framework to avoid “analysis paralysis” and in using professional analytical techniques to avoid personal bias and assumptions in the data. When viewing the results and developing the strategy, an organization must also consider its short, mid, and long-term focus. Should a company focus only on near term results, it unwittingly is still making a long-term strategy without deliberately thinking about it. Another aspect of a well balanced strategy is in considering the multiple perspectives of the organization such as financial, corporate, customers, employees, etc. As an example, a growth strategy may include the value proposition the salespeople employ, but from a corporate perspective, it could also mean acquiring competing companies.

As for the art form of strategy development, we will forgo the standard football analogies and use music as a reference. It has been said that you can pick up just about any instrument and play a couple of good notes, even if by accident. However, as a person learns to read and write music along with proper technique, they often struggle with finding the “feel” of making music. To rectify this, teachers often encourage their students to forget what they have learned, to let the music move them, and to just play. So what does this all have to do with the strategy for a company? Forming a strategy is not about rigid methodology and word-smithing. Strategy is about being in-tune with the psychology of your clients and employees, letting your subconscious synthesize all of the available information, and going with your gut to form a vision of what could be. The challenge and the fun come in distilling the information down to a few key themes and matching the internal and external information for the highest probability of success. It is best to not get caught up in formal presentations and too much structure that might obstruct robust debate and creativity. You know you have a hit when your strategy is just what your client wanted, or even better.....what they didn’t yet know they wanted!