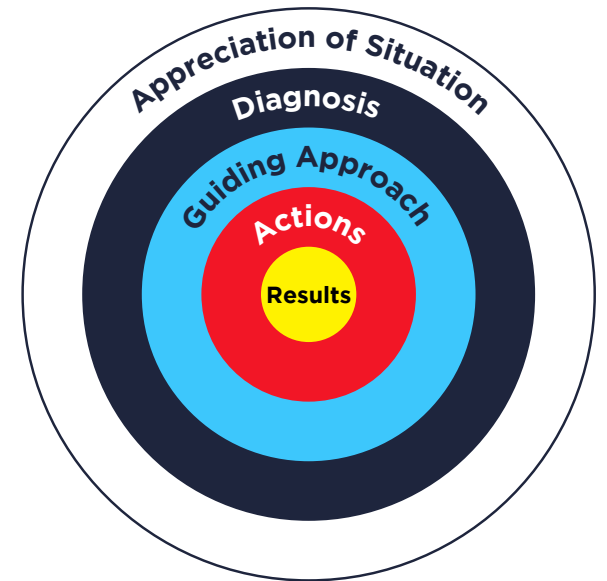


How to Create an Effective Strategy

For Yourself, Your Team, or Your Organisation



The purpose of this presentation is to:

1. Suggest that having an effective strategy for your team and organisation is a good thing to create and use.
2. Explain why most strategy development approaches are flawed.
3. Present a way of creating a simple and effective strategy to achieve extraordinary results.

The Situation...

Many managers, teams, and organisations do not have a coherent strategy that addresses the key challenges that they face.

Instead, they muddle through doing the day-to-day tactical stuff hoping that their business-situation doesn't change too much (or worse, ignoring what they know to be happening).

Or else they might claim that they do have a strategy, when in reality all they have is a set of meaningless phrases or budget targets – that do not provide direction or clarity about what is most important, nor how things will be done.

This short document will give you a very simple framework to use to create a meaningful strategy that has a high likelihood of success.

There are Problems With the Approach to Strategy Development Used in Many Organisations:

1. Many organisations mistake “Budget Planning” for a strategy. This year’s results plus 5%, is not a strategy.
2. Many “strategy discussions” are abstract chats about Visions, Missions, and Values – they lack rigour, specificity, and action.
3. Such discussions usually aim for consensus – they are therefore highly inefficient (endless “word-smithing”) and lack coherence.
4. They often ignore the root causes of the present situation, (to avoid some potentially uncomfortable truths) – thereby totally ignoring the highest points of leverage.
5. They lead to bland and meaningless statements that go up on the wall – and that everyone ignores (or even worse, laughs at).
6. They rarely lead to any meaningful change in the allocation of resources (money or people) thereby guaranteeing the status quo.

Remember...

If you don't have a strategy that addresses your biggest business challenges and opportunities, then all the decisions, actions, budgets, and energies of the people in your organisation will be uncoordinated and inconsistent, and therefore very unlikely to overcome those challenges and deliver the results you seek.

An Effective Strategy is also a “Force Multiplier”...

Force multipliers are things that when you have them and use them, multiply what you can achieve.

They are factors that can dramatically increase (multiply) the effectiveness of an individual, a team, and an organisation.

Examples of force multipliers:

- 1. A robust strategy**
2. Leaders that people respect
3. A high level of trust on a team
4. A smart way of solving problems
5. An effective way of managing change

Creating Your Strategy Can be Messy...

1. It may follow a set linear process, but will always require iteration and looping back
2. It may be full of uncertainty and ambiguity
3. It is a combination of fact-based analysis and intuitive creativity
4. The output does not need to look a specific way- The quality of the thinking that goes into it and the resulting decisions and actions, are far more important than a shiny 100-page power-point slide deck
5. It is always a work in progress

Good Strategy is...

1. **Why** you are doing or going to do something.
2. **What** you are doing or going to do.
3. **How** you are doing or going to do it.

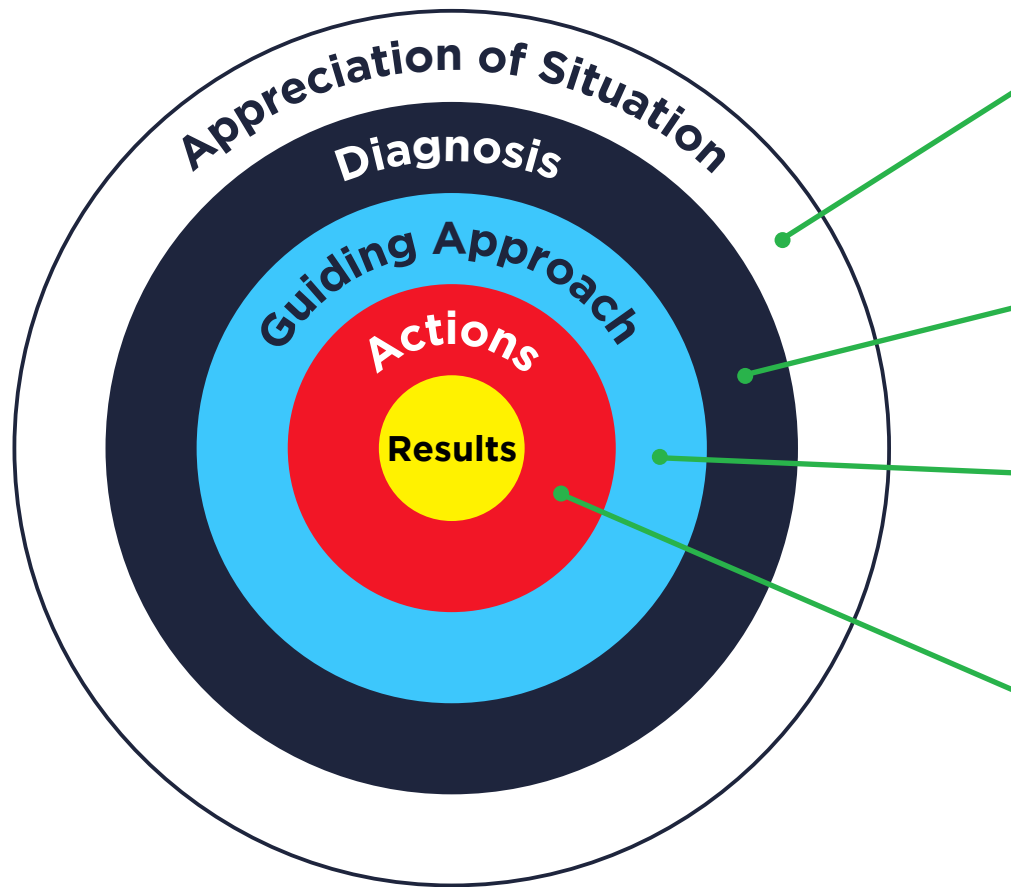
Such that it harnesses your power and applies it where it will have the greatest effect.

Therefore the Essence of a Good Strategy is...

1. An **Appreciation** of your current situation – the challenges and the opportunities. The past, the present, and the future.
2. A **Diagnosis** that defines or explains the nature of the situation - those challenges and opportunities (that simplifies the complexity by identifying certain aspects of the situation as critical).
3. An overall **Guiding Approach** for dealing with those critical aspects of the situation and chosen to cope with or overcome the obstacles identified in the diagnosis.
4. A set of **Coherent Actions** that are designed to implement the approach. These are steps that are coordinated with one another to work together in accomplishing the approach (a Plan or Road-map).

*Adapted from Good Strategy-Bad Strategy by Richard Rumelt

Visually a Good Strategy Looks Like This...



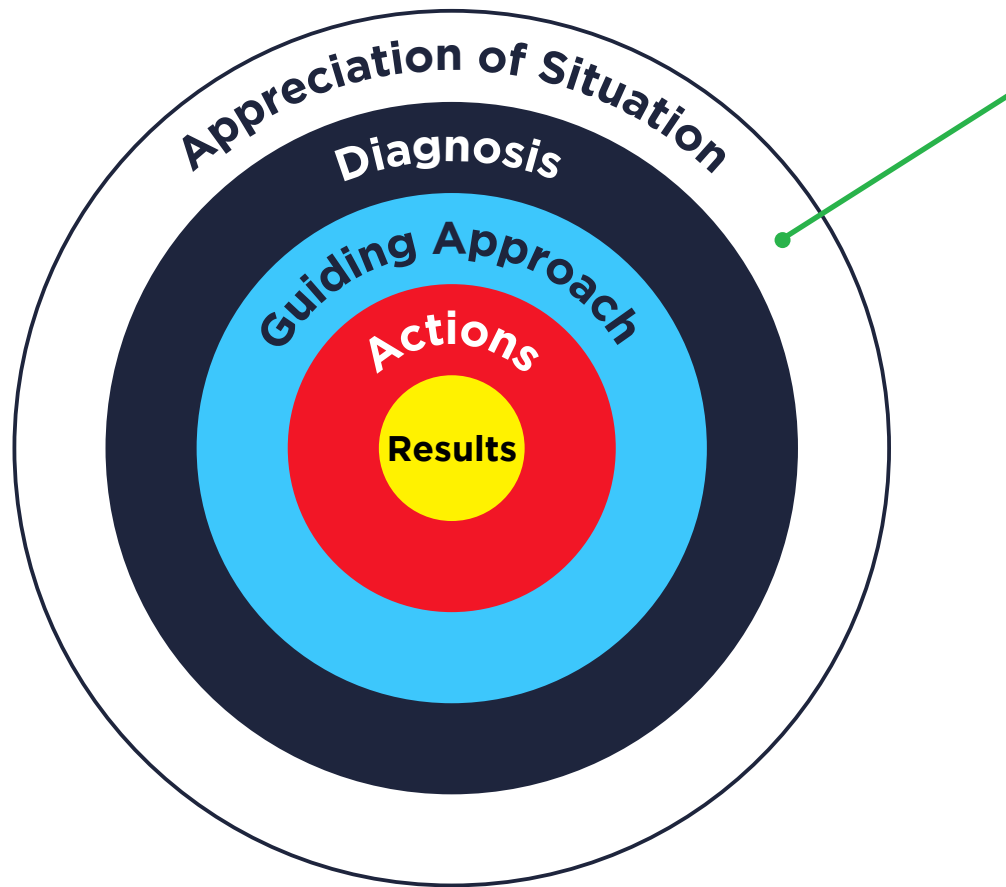
An **Appreciation** of your **Situation** - Internal and External, the Past, Present, and Future

A **Diagnosis** that identifies what is most important

An overarching **Guiding Approach** to how you will proceed

And a coherent and coordinated set of the highest leverage **Actions** (What you will do, When, and How)

1. An Appreciation of the Situation...



1. Looks at the past, the present, and the future
2. Identifies all the challenges and opportunities
3. Describes all the things that are going on
4. Remembers that we cannot know everything and that there will always be surprises



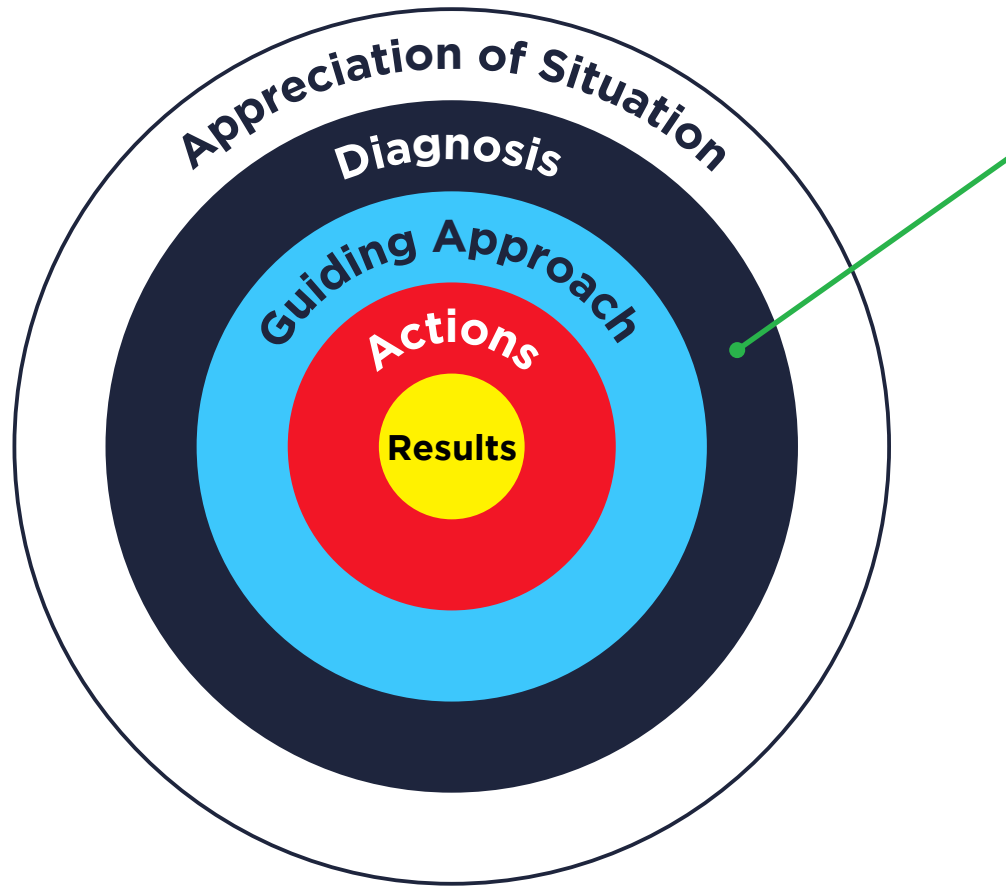
Appreciation Questions...

1. Where have we come from?
2. What is the situation today (and what are the big trends)?
3. What is going on here?
4. What are the risks that we face?
5. Where are we going?
6. What will we face in the future?
7. What have we been tasked with doing?
8. What will happen if just continue as we are?

Doing the Thinking Required to Complete this Simple Matrix Can be Useful in the Appreciation Phase...

	Past	Present	Future
Challenges (Internal)			
Challenges (External)			
Opportunities (Internal)			
Opportunities (External)			

2. A Good Diagnosis...



1. Identifies and explains the most important elements of the current situation
2. Thereby defining the area for action
3. Promises leverage – by insight, your strengths, or your competitive advantages
4. Can be easily summarised and communicated using a metaphor or story

What's most important here?

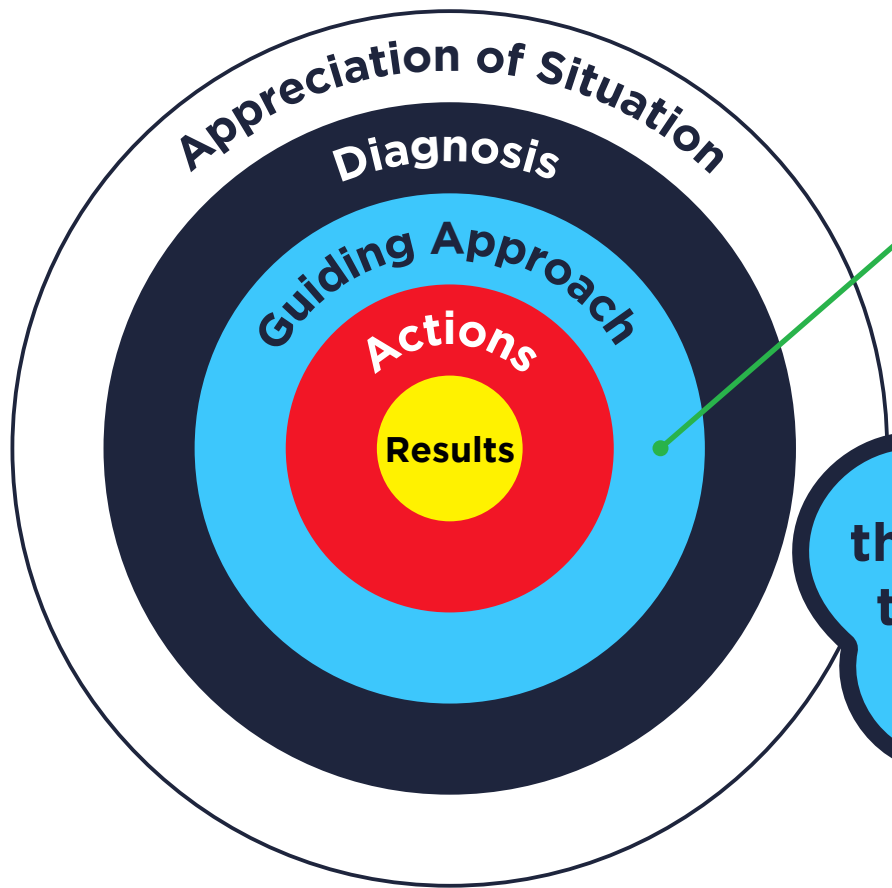
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Diagnosis Questions...

Given our appreciation of the situation:

1. What are the biggest challenges that we face?
2. What are the biggest obstacles that we face?
3. What are the biggest opportunities that we can see?
4. In terms of value creation, which of these issues is most important (and by how much more than the others)?
5. Which things are not that important?
6. Where can we bring our strengths to bear?
7. Where do we have advantages?
8. Going forward, what are the few things that will yield the most value we can create? (80-20)

3. A Good “Guiding Approach”...



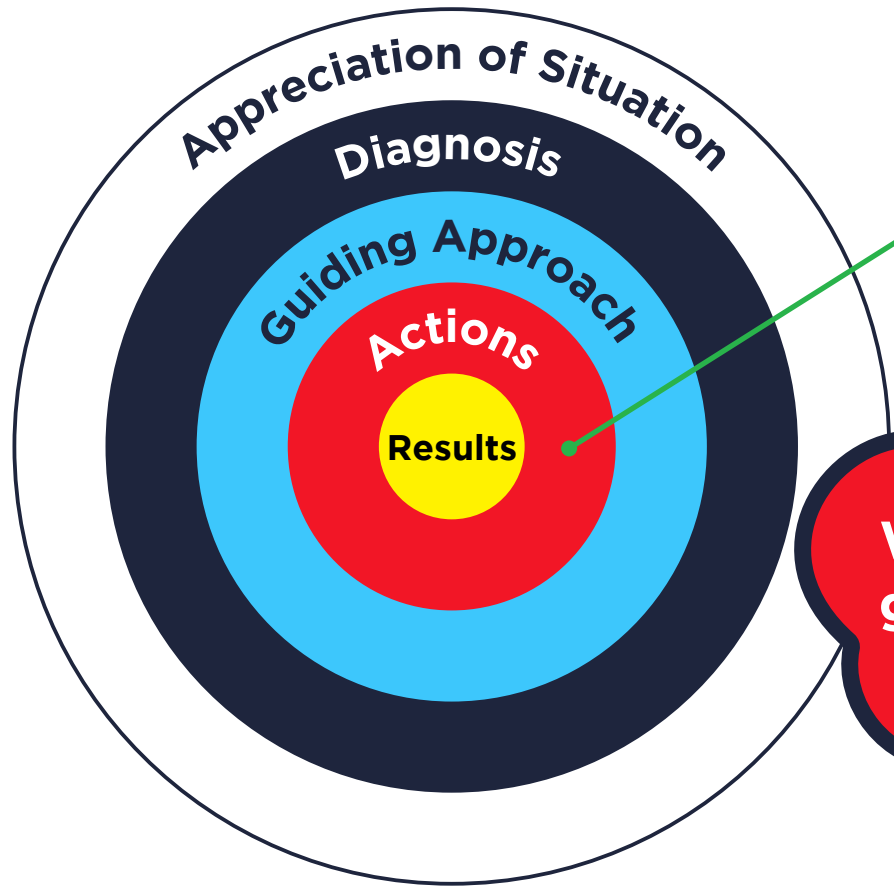
1. Outlines an overall method for capitalising on the opportunities and overcoming the obstacles highlighted by the diagnosis
2. Is guiding because it channels action in certain directions without defining exactly what shall be done
3. Directs and constrains action
 4. Is not goals, visions, or desirable end-states (yet, those may be helpful as a part of the overall strategy)
5. Rules out many possible actions
6. Leverages sources of advantage and can be a source of advantage itself
7. Reduces complexity and ambiguity in the situation
8. Anticipates the actions and reactions of competitors
9. Concentrates effort on a pivotal or decisive aspect of the situation
10. Leads to actions that are coherent and coordinated

*Adapted from Good Strategy-Bad Strategy by Richard Rumelt

Questions to Create a Good “Guiding Approach”...

1. How will we deal with the current situation?
2. What will be our overall direction and intention here?
3. What are our strategic pillars or themes?
4. Where will we concentrate our efforts?
5. How can we leverage our strengths or advantages?
6. What approach would give us an advantage over competitors?
7. What is workable (but not necessarily easy)?
8. How would we describe (simply and concisely) our approach to our stakeholders?

4. Coherent and Coordinated Action...



1. If the diagnosis is accurate, and the guiding approach sound, then the priority actions should be obvious
2. Then it just takes the will to focus the energy on only the very most important actions
3. And make the difficult decisions that will affect the people involved
 4. The actions and resource allocations should be consistent and coordinated - so they don't cancel each other out
5. Includes centralised coordination (but only as much as is required)
6. Can look like a set of "Strategic Initiatives"
 - groups of programmes and projects
7. Each with effective project management AND change management
8. And each properly resourced and visibly supported by senior management

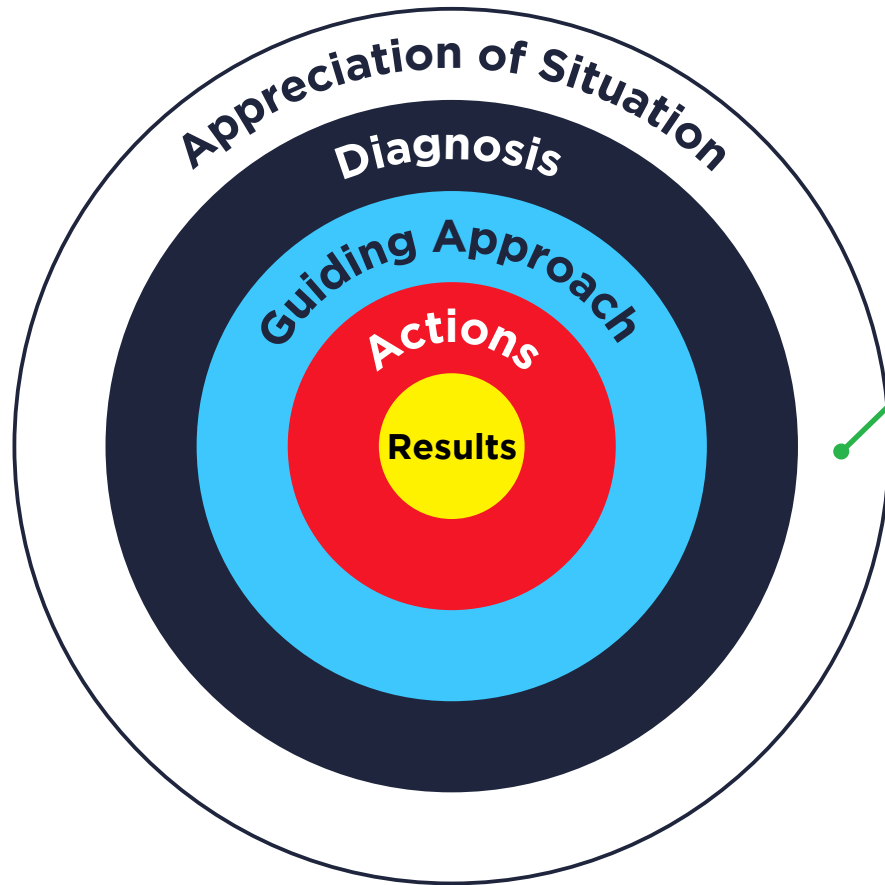
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Questions to Identify the Actions That We Will Take...

Given our Guiding Approach:

1. What are the priority actions (programmes and projects) that we will take?
2. How will we group these logically into what we could call strategic initiatives?
3. For each initiative, what is the present situation, what is the future state, and what do we need to do in the next year to start making progress?
4. How will be best sequence these actions?
5. How will we ensure there is excellent project management AND change management?
6. Who needs to “buy-in” and visibly support these?
7. What resources do we need for each?
8. What decisions will we make now?

4. Your Strategy is Always a Work in Progress...



As the external and internal situation changes, then the guiding approach and the actions you take may need to change too

And of course, if the results you are getting are not what you want, then again, your guiding approach and/or actions may need to change as well

Summary...

1. Having an effective strategy that directs everyone's energy and attention is very valuable.
2. A budget plan or a set of vision, mission, and values statements are not a strategy - though they may be parts of one.
3. When creating your strategy it's important to consider your situation, diagnose what's most important, craft a guiding approach, and then decide what you will do.
4. You can then use that strategy to guide all your decisions and to explain to your stakeholders what you are doing.
5. Whilst remembering that the situation will always change and sometimes your strategy will need to change too.