
Four steps to successful strategy development

It can be hard to get your strategy to deliver.

Too often, strategy exercises lead to nothing or fall far short of original expectations. Most of us have seen an example of an overall business or functional strategy (e.g. a Marketing, IT or HR strategy) that has launched with much fanfare and many good intentions, only to be viewed as a disappointment a year or two later.

So why is this and, more importantly, what can be done to improve the chances of success?

The four key steps

Step 1: Be clear on your starting point

There can be many different triggers for a strategy study. In some organisations, it may be part of a regular planning process, but in most cases there is an explicit trigger. The organisation may be underperforming and failing to meet its targets.

There may be a change in the external environment – such as new regulation or new technological developments. Customer habits and demands may have shifted or new competitors emerged. Or there may simply be a new boss wanting to put their own stamp on things.

Whatever the reason, it is important to be clear on the focus and objectives for the exercise. What are the key questions to be answered? What should be taken as given and what is up for grabs? What are the outputs required?

Without this frame of reference it is all too easy to spend effort on the wrong things. Worse still, you get half way through and have to change tack.

Step 2: Tailor your approach

No two strategy exercises are the same, so don't assume you can apply a standard methodology. Think through what is appropriate. Some knowledge will already be at your fingertips, some will require digging out.

Certain information may be crucial to the choices you have to make but some may be just 'nice to have'. For example, how important is it to get a really thorough understanding of market trends or of competitors' activities? How important is it to feed your thinking with stories of best practice or innovation from other, analogous, organisations? What level of detail do you need on your internal capabilities and performance? To what extent is your target market and positioning a given, or is it a key choice to be made?

A strategy exercise will typically follow a pattern: initially generating a wide range of ideas and potential opportunities and gradually funnelling these down until there is a single chosen direction with clear rationale and justification.

But the nature of the choices and questions to be answered en route may vary considerably, as will the approach to answering them. Some may demand lots of data analysis; some may call for the identification and evaluation of numerous options; some may need extensive consultation; and others may simply require discussion time amongst the management team.

Step 3: Combine pragmatism with rigour

Strategy is about making choices. Deciding what you will not do is as important as deciding what you will do. So opening up the options and possibilities is a part of this.

Real clarity of focus and objectives, combined with rigorous challenge of implicit assumptions and the introduction of fresh perspectives and models, can act as a surprising catalyst for the generation of additional options. But narrowing the options down needs pragmatism as well as rigour. Beware analysis paralysis!

In general, strategy teams are a lot better at answering the “what” questions than the “how”.

Perhaps the “what” questions (e.g. what business are we in? where does our competitive advantage come from? what is our value proposition?) are seen as more intellectually engaging.

But the “how” questions (e.g. how will the operation work in practice? how will people on the ground react? how will systems and processes need to change?) are of equal importance. The “how” questions need closer knowledge of today’s operational detail – to be able to assess the realism of proposals and their practical implications.

This detail may not be so readily available to the core team, but trying to short cut this thinking is why so many strategies remain as ‘slide ware’ only, never to be implemented.

So rigour is needed to make sure the “how” is as thoroughly thought through and evaluated as the “what”. And pragmatism is needed to make the necessary judgements when analysis runs dry – just what will realistically work?

Step 4: Involve the right people

The fourth and most critical recommendation is about involving the right people. Strategy development is as much a social and political process as an analytical one.

Perhaps the single biggest success factor that many organisations fail to grasp is the need to involve the management team who will ultimately have to deliver the strategy. They themselves should be the core team – supplemented by others to provide structure and management of the process, external challenge or specific expertise – but only supplemented, never replaced.

They must be on the inside, working through the ideas and options for themselves and thinking through what it will take to deliver, rather than being on the receiving end of a recommendation.

And if this means the exercise has to take a little longer, because they can’t be full time, so be it. Better a later recommendation that needs no selling to those who have to deliver on it than an earlier one that ends up stalling!

The result? You create sustainable change

To be 100% sure of success as you embark on your strategy study is a challenge, but by adopting these four suggestions, and most importantly by centrally involving the management team in the work, you can hugely increase the chances of it leading to sustainable, value-creating change – and that's what any strategy should be about.