

Introducing strategy

But there can be no fixed rules, for there are endless permutations, variations and surprises on the battlefield. As in the game of chess, one has to continuously profit from the varied experiences gained. Each confrontation with the enemy has in it lessons even for the most seasoned of warriors.

Reminiscences of an Ancient Strategist: the Mind of Sun Tzu, Foo Check Teck, Gower, 1997, p. 11

Traditional methods of developing strategy no longer 'fit' in the ever-changing environment in which organisations operate. There is a new approach to formulating strategy, and a new set of 'rules' has emerged which can mean the difference between success and failure.

Throughout this week, we will explore this new approach to strategy to understand how best to move forward in a business climate where the old rules no longer apply.

Today, we shall look at strategy by addressing a number of frequently asked questions:

- What is strategy?
- Why do we need strategy?
- What does strategy involve?
- What strategy isn't
- Where strategy fits

What is strategy?

There are many definitions of strategy, and the more there are, the more they tend to confuse rather than clarify. Most respectable dictionaries will tell us that the origins of the term 'strategy' are to be found in ancient Greek:

Strategia: generalship, command of an army

Stratos: an army

Agein: to lead

Strategy, therefore, has its origins in generalship and the art or science of conducting a military campaign or manoeuvring an army. The term 'strategy' entered business language only after the Second World War when military leaders on both sides of the Atlantic came together to see if some of the successful elements of waging war could be applied to business.



These origins help to clarify a question which continues to cause confusion in the business domain: is strategy *what we do*, or is it *how we do it*?

A return to military origins can help, this time with the Encyclopaedia Britannica:

Theory and conduct of strategy have traditionally been distinguished from tactics in the following ways: strategy deals with the entire theatre of war and the use of battles to win war, whereas tactics are concerned primarily with the use of troops and equipment to win battles, and the handling of troops on the battlefield.

In war, strategy deals with the overall formulation of campaigns prior to engagements on the battlefield. Tactics concern the actual manoeuvres, the specific actions to win the battle. Tactics are often called *sub-strategies* or *operational strategies*.

In football, the goal is victory by outscoring the opposing team. The game plan to achieve this goal is the strategy. The dead-ball free kick may be a tactic within the overall strategy.

Let us therefore establish our definition from the start:

Strategy is about what we want to do, what we want our organisation to be and where we want it to go.

Tactics and planning are concerned with *how* we do things once we have decided *what* to do. Strategy and planning are not the same things: the former precedes the latter. This week, we address strategy.

Why do we need strategy?

The simple answer is that we cannot know where we are going without it.

All organisations get bogged down in routine tasks and the natural comfort of sticking to the way that things have always been done. This is because these have worked in the past. The ritual of simply trying to get things done can, however, make us forget exactly what we are trying to achieve and where we are trying to go.

Strategic thinking and change

If you take some time to consider the major changes that have taken place in your market over the last five years, would you have possibly been able to foresee them? Maybe yes, maybe no. Maybe some.

More importantly, though, ask yourself if, five years ago, you gave yourself the time to consider what the major changes would be over the next ten years. If you had, would your organisation now be in a better position?

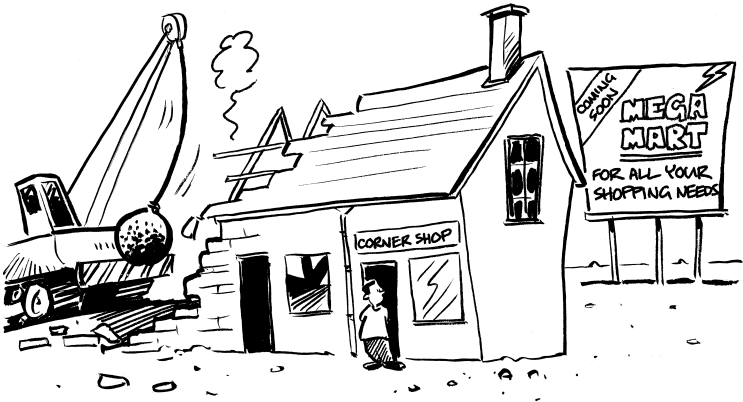
Strategy provides an organisation with a framework for:

- understanding its position in the marketplace
- moving forward with a sense of direction, purpose and urgency
- focusing on the key issues of customers and markets, and on the skills needed to deliver to those customers and markets

A strategy should:

- make an organisation stand out from the competition
- make people sit up and take note
- capture the imagination and commitment of the workforce
- have a significant impact on the market

The only organisations that do not need a strategy are those which have no competitors, are in total control of their destiny, remain unaffected by changes in the marketplace, and occupy an environment that never changes.



Strategy, therefore, is essential for every organisation, large or small, public or private, service or manufacturing. On Tuesday, we shall look at some strategies that address – or are driven by – these factors.

What does strategy involve?

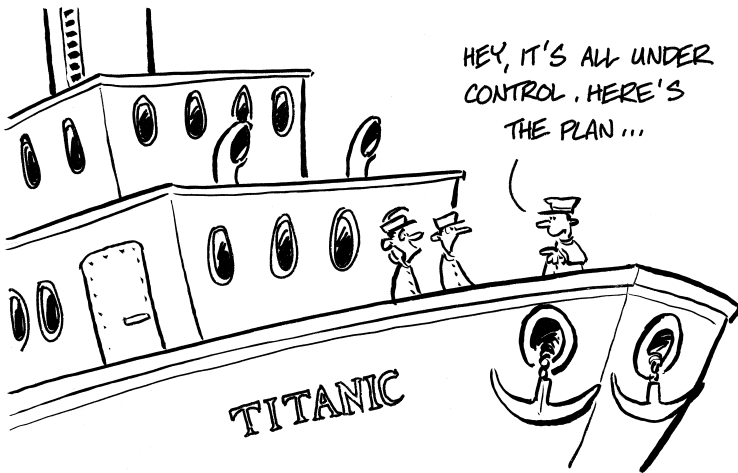
As we have said, strategy is about shaping the future. This involves addressing a number of questions:

- 1 Where are we now and how did we get here? What did we do well, or badly, to arrive at our current position?
- 2 What business are we in? Will this remain the same, or will we need to change our business? If so, to what? What factors internal and external to the organisation will, or can, have a telling impact on what we do in the future? These questions are principally about the first phase of formulating a strategy – strategic analysis – which we look at on Wednesday.
- 3 Where do we want to be in the future? We attempt to address this on Thursday when we look at what is involved in strategic thinking.

Only when we have addressed these questions, can we start tackling the question that has preoccupied planners for decades: how are we going to get there? Implementing a strategy is primarily about meeting the needs of the current or emerging market, which we look at on Friday.

The continuing strategic process

One criticism levelled at strategic planning is that the future is too uncertain for us to predict. Locking an organisation into a *plan* causes problems when things change. The problem now, as we know, is that the pace of change no longer allows us to plan 15, 10 or even 5 years ahead. The three questions raised above are no longer to be asked every two, three or five years, but continually. The strategic process we propose during the week attempts to build in flexibility and continuity to anticipate and embrace change, instead of fear it and respond reactively.



Strategy and time

In an age when old-fashioned strategic planning – involving a few of the senior elite closeting themselves away for the annual weekend – has been discredited, strategy is very much about making time for people to make a contribution. If you think that developing a strategy in this way is costly, then weigh up the costs of being caught unprepared for changes in the marketplace. We take a closer look at how strategic planning was dislodged from its pedestal on Monday, and look at finding the time for people to participate in the strategic process on Thursday.

What strategy isn't

One of the most well-known strategic bibles of the 1980s was *In Search Of Excellence* by Peters and Waterman. It had a significant impact on how people thought about the way organisations did things (even though many of the

companies researched for the model of excellence fell from grace during the 1980s).

The excellence model encouraged organisations to examine concepts of quality and customer service and laid the foundation for many schemes – Total Quality Management (TQM), benchmarking, partnering, outsourcing, delaying and business process re-engineering (BPR) among them – which dominated corporate thinking in the 1980s and into the 1990s.

These schemes have produced operational improvements for the many organisations that adopted them. They all work, however, in the same direction, towards improving how things are done, cutting costs, and greater efficiencies in performing activities. As more organisations adopted them, so standards improved, raising quality for the customer..



If every organisation benchmarked for best practice, competitive advantage would ultimately be nullified because every organisation would be 'excellent' – performing similar activities very efficiently. But operational efficiency does not add up to business strategy.

- TQM can lead to improvements in operational efficiency but not a new strategic direction for the organisation
- BPR provides a process for reorganising how a company operates, but it won't – without some other source of inspiration and effort – galvanise management along a strategic path for the future.
- Benchmarking shows you how to catch up with the best today, but won't – on its own – create pioneers or new strategies.

We take a closer look at strategic models on Monday.

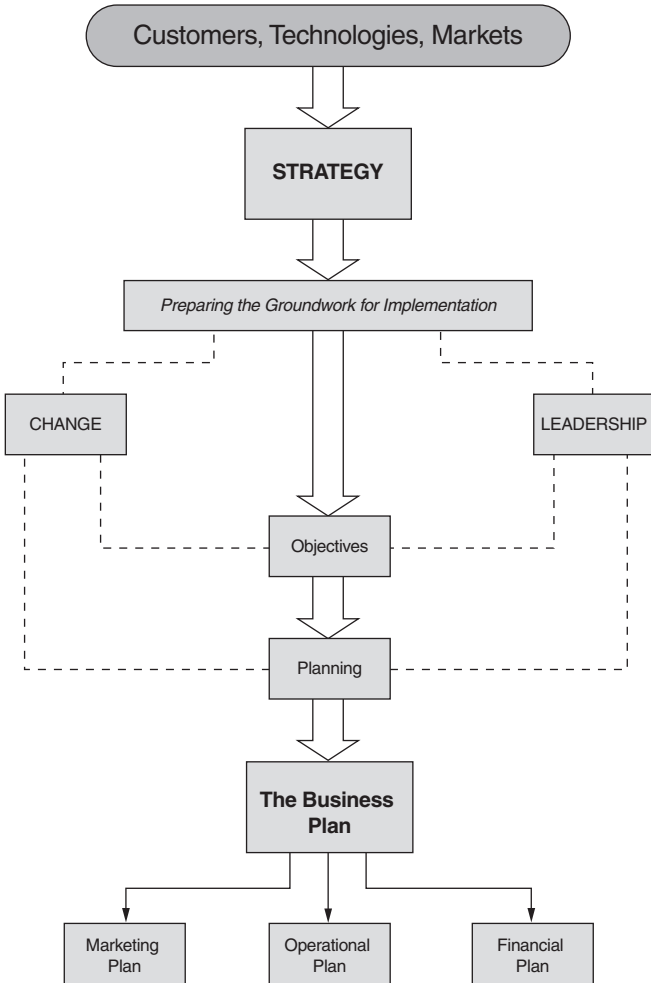
Where strategy fits

So where does strategy fit, and how does it relate to planning and managing change? Quite simply, strategy is at the top, and nothing can really start in earnest until the strategy is in place.

In business, strategy involves forming a path for the organisation to follow that will lead to products or services that customers will want. This will usually mean some kind of new departure for the business, requiring the leader to implement various tactics or sub-strategies. These tactics are usually set out in the component parts of the business plan.

So, strategy – and what you need to do to prepare the organisation before planning takes a hold – fits something like this.

Figure 1.



The business plan, a consequence of strategy, is the subject of a companion book in this series.

This week, we are concerned with formulating strategy and preparing the groundwork for its implementation.

Principally, implementation is about how well leaders harness the resources at their disposal to start turning the strategy into reality. We look at preparing the strategy for action on Friday.

On Saturday we present a summary review of the strategy-formulation process, highlighting the key points and principles illustrated during the week.

Summary

A strategy needs to be:

- consistent so that staff and customers identify with what you are trying to deliver to them, but flexible so that the strategy can exploit change and adapt to it
- responsive to market and environmental conditions and not merely led by them
- imaginative so that it inspires commitment, but not so 'visionary' that it seems remote
- challenging so that it requires effort to attain, but realistic so that it may be achievable
- focused so that it is clear, defined and understandable to staff and customers, but not cast in stone

As all organisations are different, no two strategies are the same. We all have different strengths and weaknesses, we all spot different opportunities in different ways, and we all

operate in different ways from one another. Strategies then will differ from one organisation to another, but the process of formulating strategy is similar for all.

Today we have attempted to distinguish the meaning of strategy from the process of planning and implementation. The 1970s and 1980s produced many models to facilitate the strategic process. We look at these models tomorrow and judge how applicable they are to the present day.