

Ensuring the Perfect Strategy

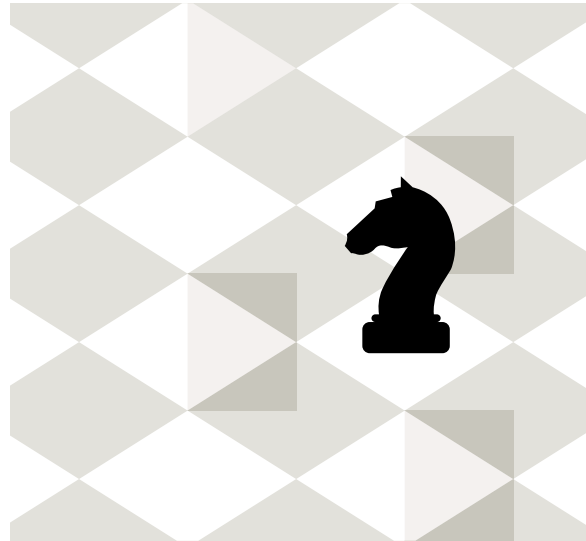
BY WILL FUNDERBURG AND MICHAEL LAN

Sometimes it's the easy questions that can catch you off-guard when developing a strategic plan. After weeks of in-depth market analysis and interviews with business leaders, a question like: "How do we know our strategy is right?" can be a humbling one.

Everyone knows that there is no crystal ball to tell you the future of the economy, the industry, its customers, its suppliers, or its competitors; thereby giving an organization every possible advantage over their competitors in setting its strategy. However, we also know that, after investing the amount of time and resources it takes to define a corporate strategy, there needs to be some level of confidence that those resources were not used in vain and assurance that the final product (corporate strategy) is not simply a wild guess. While no one can predict the future, and the fear of being wrong can sometimes give us pause, being wrong is a certainty. Even if the strategy is 100% correct today, the market will inevitably change. Even if you get the big picture right, it is almost impossible to predict every detail. The trick is to follow a framework that methodically evaluates the variables in your business model and can accommodate when those variables change. Use the following principles as a guide to get the most out of your next strategic planning effort.

THINK BIG WHEN SCOPING A STRATEGY

Start broad enough to cover the universe, then focus. If you start too narrow too early, you may never give yourself the opportunity to understand the various dimensions — it is human nature to want to dig into the details of a project that excites us. Oftentimes when starting a strategic planning exercise, we rely on our experience as we dive into the weeds of analysis on a particular area of expertise. While this experience will serve us well later in the process, we need to take a step back and think through the big picture first. Questions



such as: "Has our industry changed since the last time we did this?" and "Have our customers changed?" are appropriate at this stage. Using a tool like Porter's Five Forces, or another similar framework, will ensure you think through the big picture before diving into detail. The worst thing that can happen in this stage of strategic planning is that you don't think through an aspect of the big picture and subsequently spend time and money creating a strategy that has incorrect fundamental assumptions.

USE SCENARIO PLANNING FOR RISK MANAGEMENT

As you go through the analysis phase of your strategic planning exercise, consider the major influencers of your market, their current state, and predicted future state. While the majority of your time in this phase should be spent forecasting the most likely outcomes of these influencers, make sure you consider the implications of the other likely outcomes. What if those influencers act in a way that you don't foresee? Your strategy needs to be flexible. The less room it gives you to react, the more fragile it is and the less time you should spend on its development. This doesn't mean that you have to create ten different strategies at once, but when some of these strategies turn out to move in different directions, you will already have thoughts on how to

react so it doesn't take you another cycle of strategic governance (maybe months away) before you can make adjustments. Again, being wrong about the future is a certainty. The tragedy would be to let it cost you time and money when you could think through the most impactful scenarios ahead of time.

ACCOMPANY YOUR STRATEGY WITH A SOLID ADOPTION PLAN

In Greek mythology the character Cassandra has the gift of being able to see the future but the curse of never being believed. Imagine you have a crystal ball that enables you to create the perfect plan but no one in your organization is invested in its implementation. Your plan is only worth the paper (or disk space) it's written on. This principle doesn't directly address the question of "How do I know my strategy is right?" but it's a critically important point. A strategy that is 90% perfect with an organization 100% engaged in its implementation is more effective than a plan that's 100% perfect with only 90% engagement. How many of us have seen situations where that 10% of the organization that isn't engaged is a major stakeholder in a recommendation? What if it's the executive team? The point is that the right answer isn't always as important as getting people engaged and ultimately motivating them to take action. Refer to the "Change Management That Sticks" article from the Spring 2013 *Jabian Journal* for more on solution adoption methods.

SET UP STRATEGIC GOVERNANCE FROM THE BEGINNING

The final principle focuses on how to make your plan robust. A strategic plan that is not flexible enough to absorb ongoing market developments is set up to underwhelm. A strategic governance framework will ensure your plan is adequately reactive to these developments. Strategic governance not only enables your organization to manage the implementation of the strategic plan but also to review the assumptions that underlie the plan to see if they are still sound. While it isn't often discussed, every strategy at some point is a bet — you are betting that the actions your plan recommends will produce the outcomes you desire. But what if that doesn't happen? There could be a million reasons why a project isn't successful, and most of them

are completely outside of your control and the scope of what you could reasonably be expected to analyze. Just as project management serves to ensure the successful delivery of a project, strategic governance is needed to ensure the success of a strategic plan by monitoring the strategy's implementation status (through metrics established in the plans development), monitoring the market/environment conditions (have your assumptions changed?), and adjusting the plan when necessary. To ensure that a strategic governance model can be effective, take the time during your plan development to identify what metrics you will measure over time to evaluate the soundness of your assumptions. You don't want to be figuring that out after the planning effort is over and everyone's attention is focused on the next big project. Establishing a framework for monitoring and updating your strategy regularly will guarantee that your strategy stays current. It also forces leaders of an organization to re-evaluate the big picture before making large investments in projects that are no longer merited.

Strategic planning is the type of work that takes time to do well, and in the grind of interviews or analysis you will surely hear a comment similar to "This is taking a long time and therefore is expensive. How can you assure we are getting return on this investment?" While no one can predict the future and the fear of being wrong can sometimes give us pause, when that question comes, lean on these principles.

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