

## **Where Will Your Strategy Guru Lead You?**

When faced with the challenge of strategy development, Chief Executives or strategy teams will often turn to the latest ideas coming from the established consultants. There is nothing wrong with this. The top houses are always refreshing their strategic methods. Sometimes they strike it lucky and devise an approach to it that takes the market by storm. Those seeking guidance on how to structure a strategy process will find much to inspire them in these methods.

But a note of caution is also due. It's as well to understand the mindset and approach preferred by a particular guru before engaging them to help you. Strategy experts are only human, and each has developed an approach to strategy based on certain concepts about how it is best performed. They are also in business to make money. There's nothing wrong with that but it also means they would like to use and refine a particular method again and again; that way, the process gets refined, becomes more repeatable, and is capable of being facilitated by more junior (and less expensive) consultants.

All of this means that gurus are not the same. They have their biases and preferred approaches.

Over the last ten to fifteen years a number of different methods have become popular. Here are some that show how firms differ in their approaches:

### **Strategy as Mindset**

In the early 1980s, Kenichi Ohmae championed the concept of the "strategic mindset" - the idea that strategy is a state-of-mind that needs to be fostered within the management and staff of an organisation. These exercises are important, but they, too come and go. What's more important is that the organisation thinks strategically - both today but as part of the established "way of doing things". Organisations that build this strategic mindset capability are more able to thrive in a turbulent world because they have learned the capacity for continuous reinvention.

### **Strategy as Business Reengineering**

Business Reengineering burst on the scene in the late '80s. Michael Hammer and James Champy were widely seen as its originators. Its premise was that the way the business is currently organized - its processes - may not fit the purpose of the business. The processes are neither effective (they are not the right ones) nor efficient.

Business reengineering forces the enterprise to reorganize how it achieves its business purpose. At its best, reengineering can also encourage the enterprise to rethink the business it is in.

### **Strategy as Business Model Innovation**

The dot-com era forced many companies into radical rethinks about the business they were in and how it could be changed. Innovation was the keyword. "Blue-sky" and "clean-slate" thinking were encouraged. The idea of a business model was a concept at a level above and beyond business process redesign. Business model innovation asks more fundamental questions: what business are we in; what business should we be in; and, most importantly, how does this business make money? Gary Hamel's book "Leading the Revolution" exemplified this approach.

## **Strategy as Vision**

This approach asks long-term questions of the business. How do we see ourselves in ten years time? What will our business environment look like then? What are the big transitions we need to go through to create this future world?

Strategy as Vision accepts that the future is, ultimately unknowable, but helps us paint alternative futures (using scenarios) and estimate the likelihood of their occurrence. This approach works well when long-term change is foreseen and where big shifts in internal competences might be necessary to achieve the vision.

## **Strategy as Scorecard**

In the late '90s, measurement was king. The Balanced Scorecard was its strategic expression, and Kaplan and Norton were its prime exponents. Strategy as Scorecard placed the strategic emphasis on tracking and measuring progress to a strategic goal. The goal could be expressed as a balanced set of measures or Key Performance Indicators (KPIs). Kaplan and Norton deserved recognition, in part, from pointing out that KPIs needed to encompass more than simple financial indicators. Customer and relationship measures were examples of these wider measures. Strategic thinking came from identifying the KPIs that were relevant to the business and charting a course around maximising their value.

Since the '90s, Kaplan and Norton have evolved the method to provide a richer strategic approach using "Strategy Maps".

## **Strategy as Value-Analysis and Creation**

This approach emphasises a deep analytical approach to answer the question: "what makes a business operating in this sector successful?" If this can be understood, and my company can be benchmarked against the best performing businesses, then areas where we are not performing well can be isolated, analysed and improved. Such a deep analysis stems from econometrics and one of its prime exponents was John Kay in his book "Foundations of Corporate Success".

These examples of alternative approaches to strategy are not hard and fast. There are overlaps - for example between Strategy as Vision and Strategy as Business Model Innovation. But they do illustrate the many different starting points from which work can commence.

The important point for companies thinking about how to get started in strategy is to understand where your strategy advisor may be coming from. Inevitably, strategy consultants have their preferred methods. So, ask your potential advisor to describe their thinking about strategy and what practical approach they might recommend for you.

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