



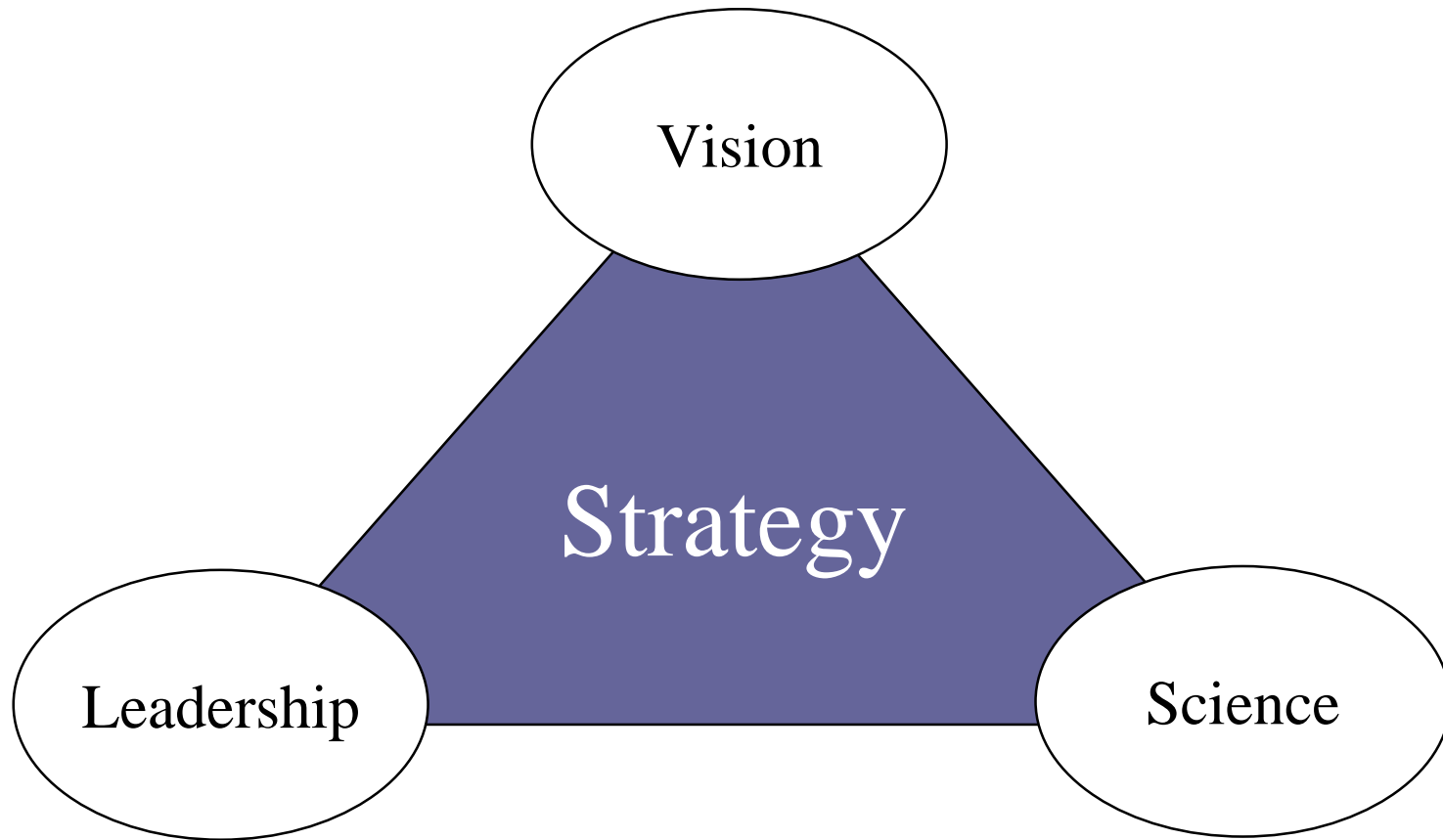
Strategy Content & Process

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Development Program for Managers
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What is Strategy?



The Ingredients of Strategy





Two Sides of Strategy

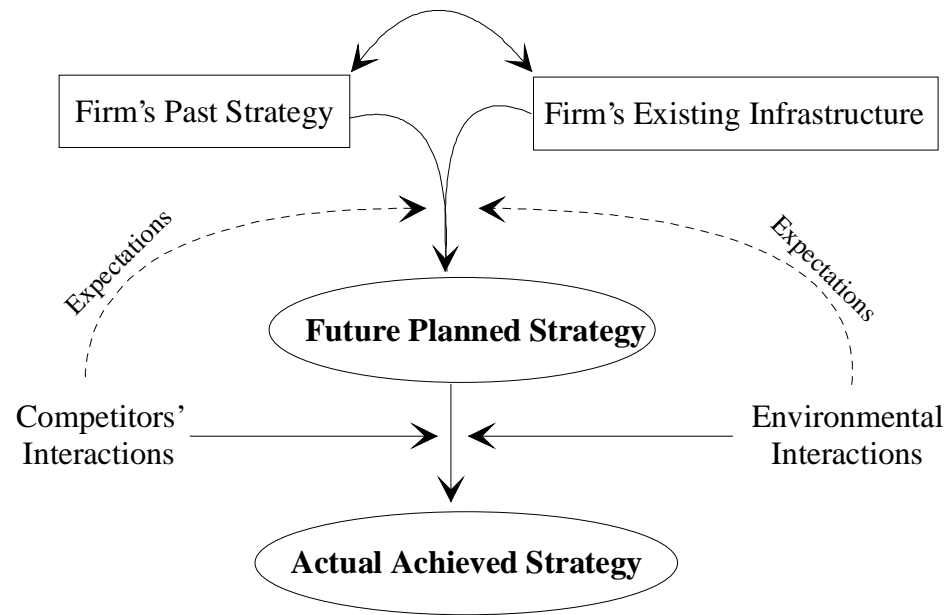
- * Content of Strategy

- ▶ What is it we are trying to achieve?

- * Process of Strategy

- ▶ How is it that we decide what we want to achieve?

The Process: Strategy as Muddling Through



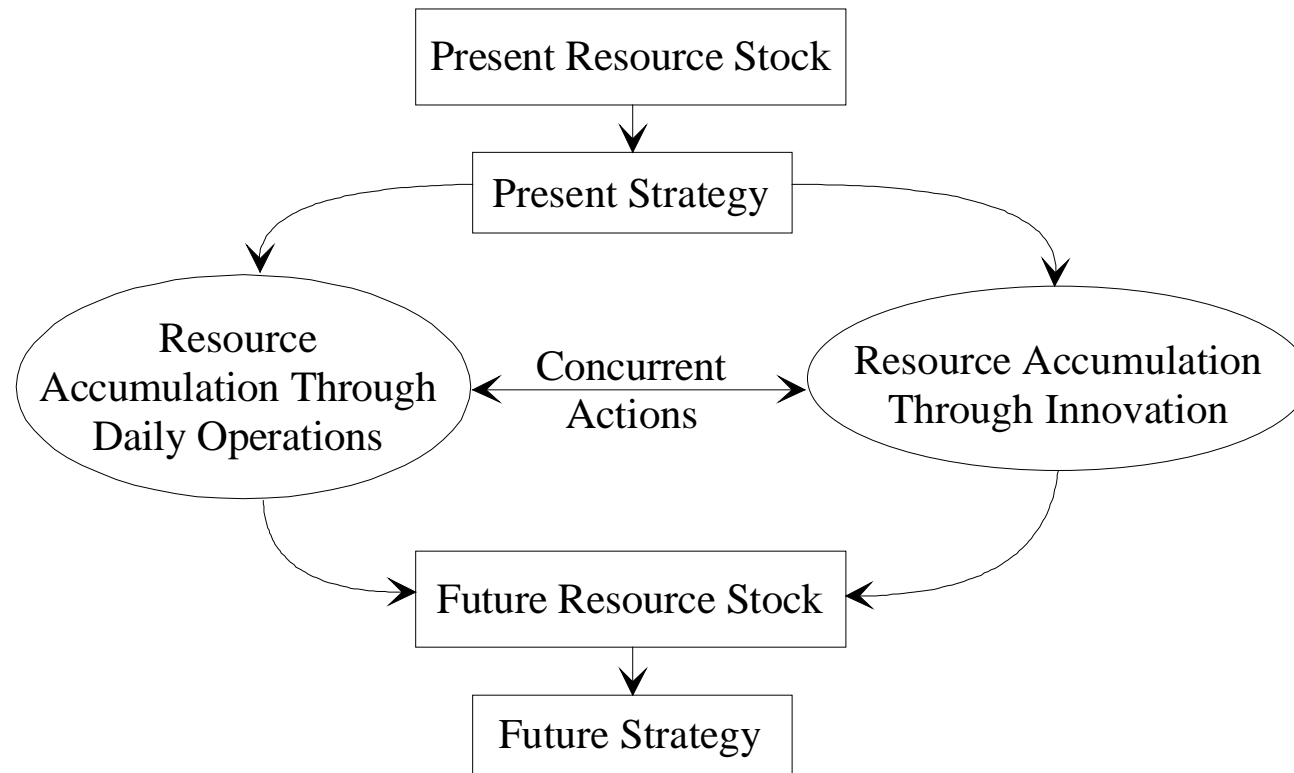
The Emergent Strategy
The Opportunistic Strategy
The Imposed Strategy



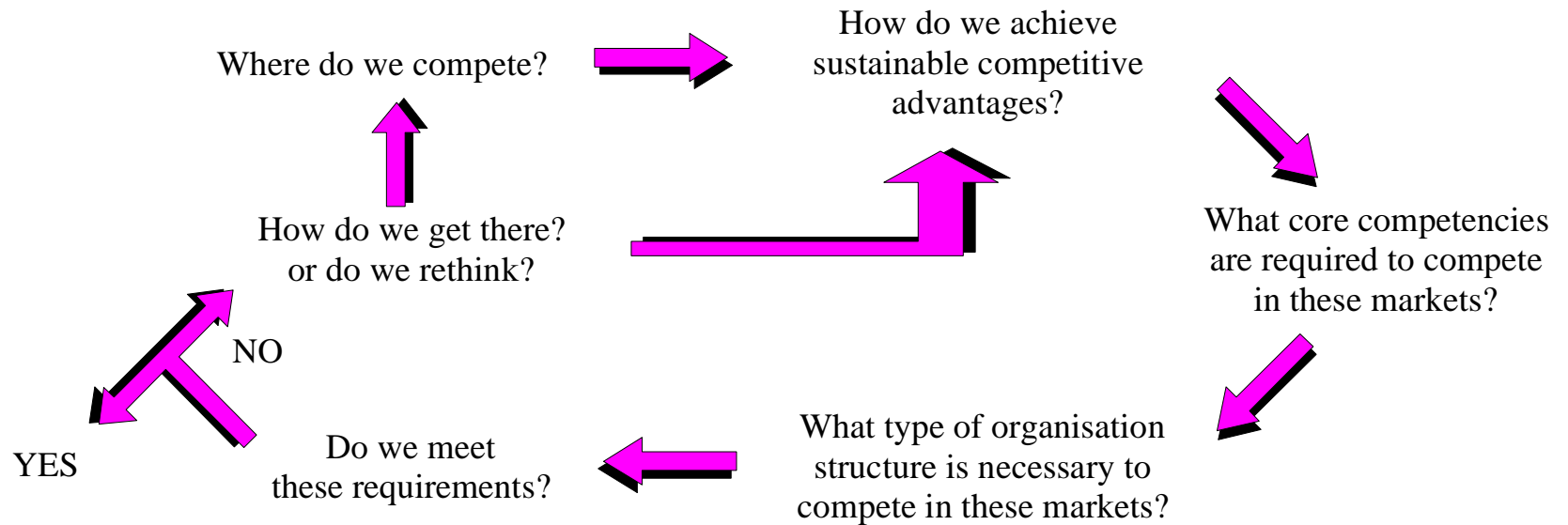
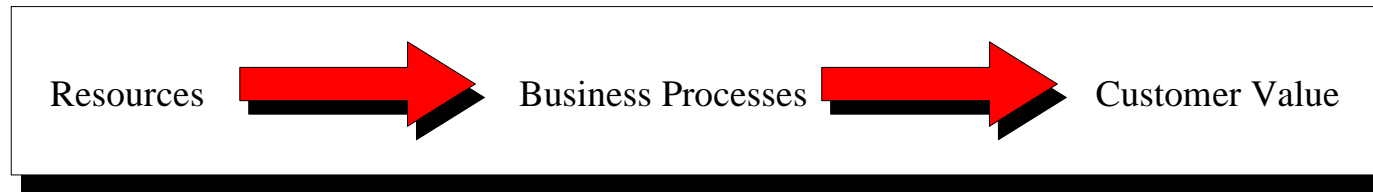
Muddling Through—Is this familiar?

We trained hard ... but every time we were beginning to form up into teams, we would be reorganized. I was to learn later in life that we tend to meet new situations by reorganizing ... and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralization.

The Process: Strategy as Building Resources for the Future



The Process: Strategy—Matching Values to Processes



The Domain of Strategy: The Levels of Strategy

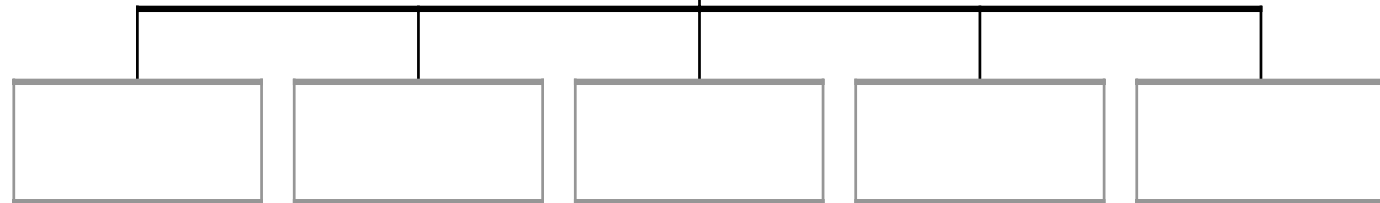
CORPORATE






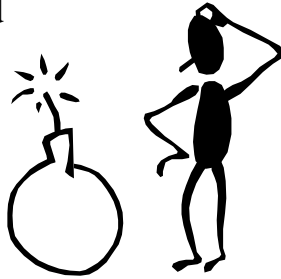
BUSINESS



FUNCTIONAL



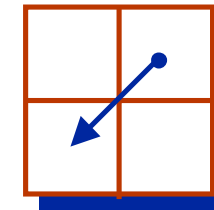
The Domain of Strategy: Strategy Quality and TMT Commitment

		TMT Commitment	
		Low	High
Quality of Strategy	High	<p>Consultant's Strategy</p> 	<p>Required Strategy</p> 
	Low	<p>Impoverished Strategy</p> 	<p>Blinkered Strategy</p> 

The Domain of Strategy: Evolution of Strategy Quality & Commitment

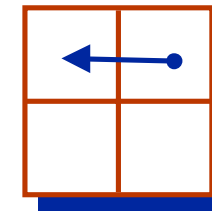
CELL 4 TO CELL 1 (IMPOVERISHED)

- ❖ “we did one of these last year and nothing happened”



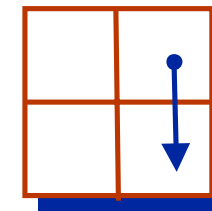
CELL 4 TO CELL 2 (CONSULTANT'S)

- ❖ “great strategy but:
 - (a) we know the CEO doesn't really believe it
 - (b) Corporate HQ would not support us”
- ❖ Debate conducted objectively and rationally but at ‘arms length’

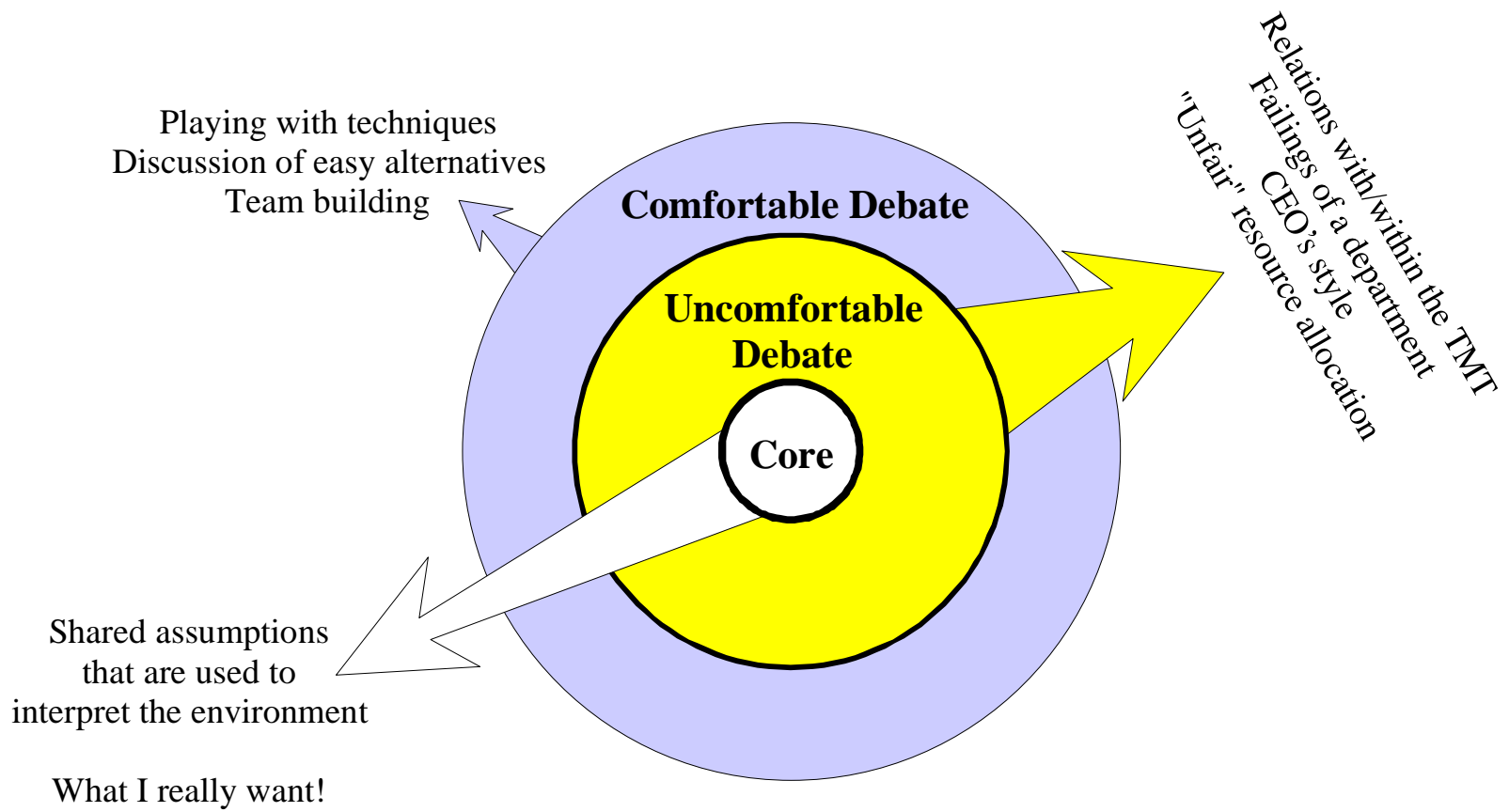


CELL 4 TO CELL 3 (BLINKERED)

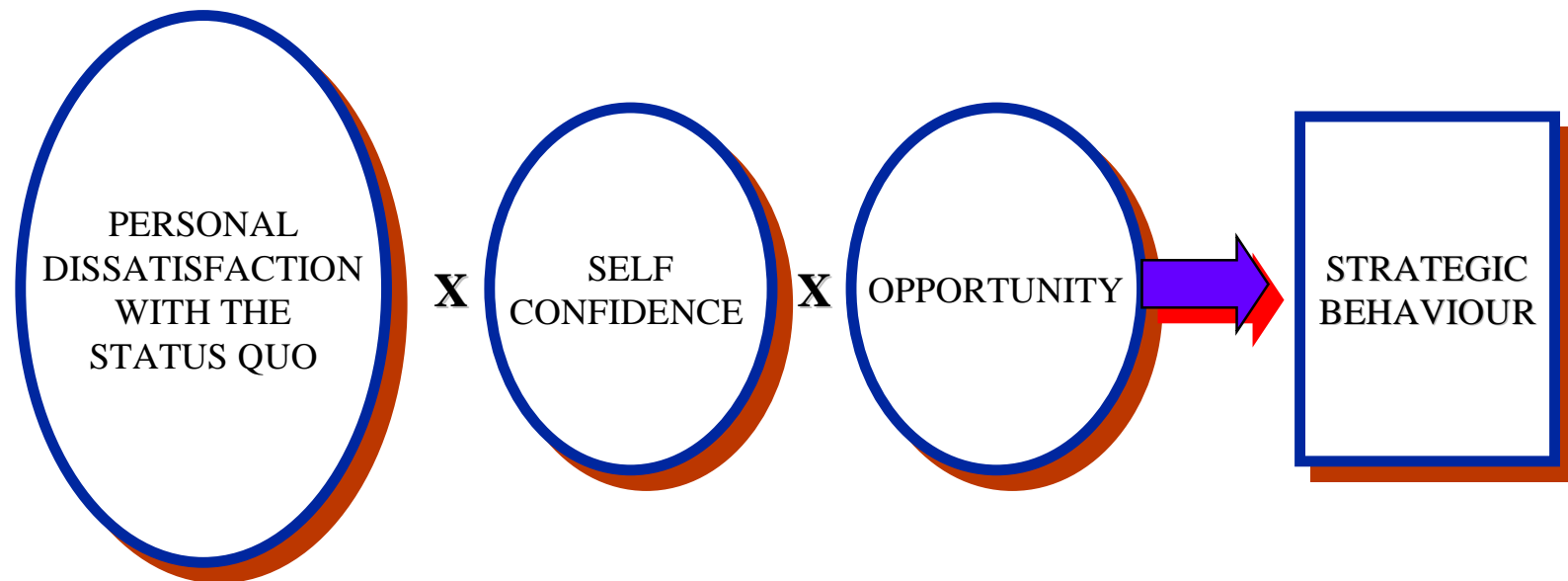
- ❖ the most common shift due to lack of insight, probing, challenge



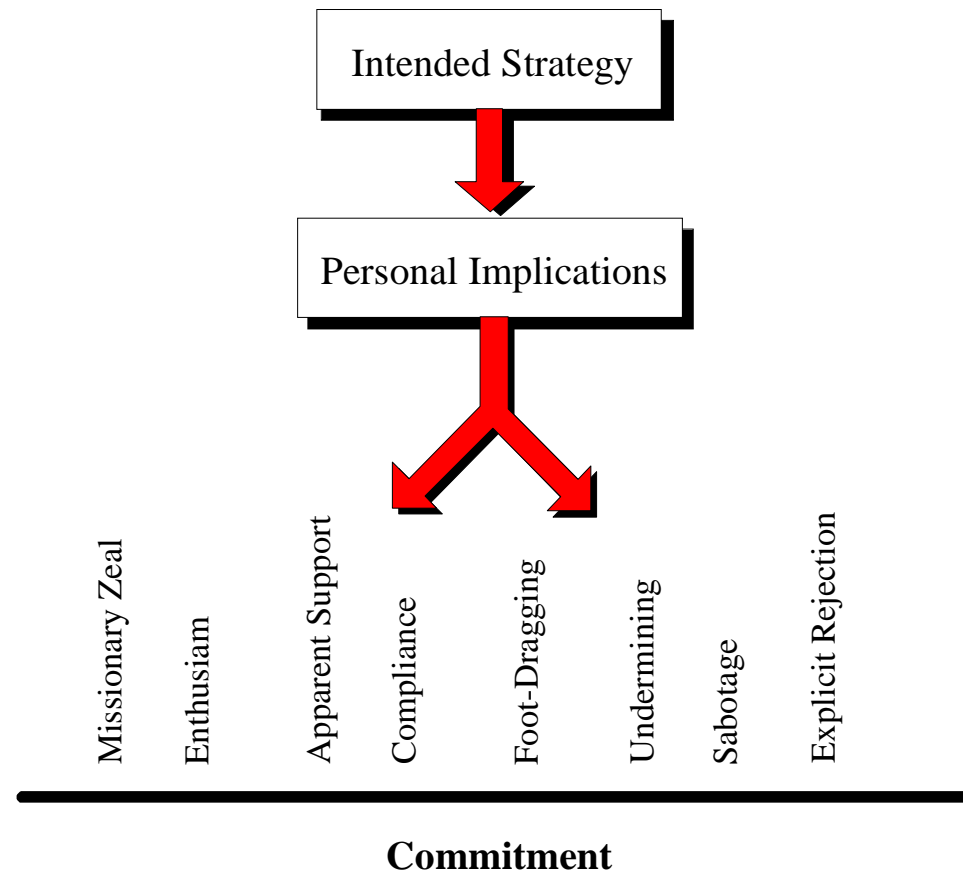
The Domain of Strategy: The Zones of Debate



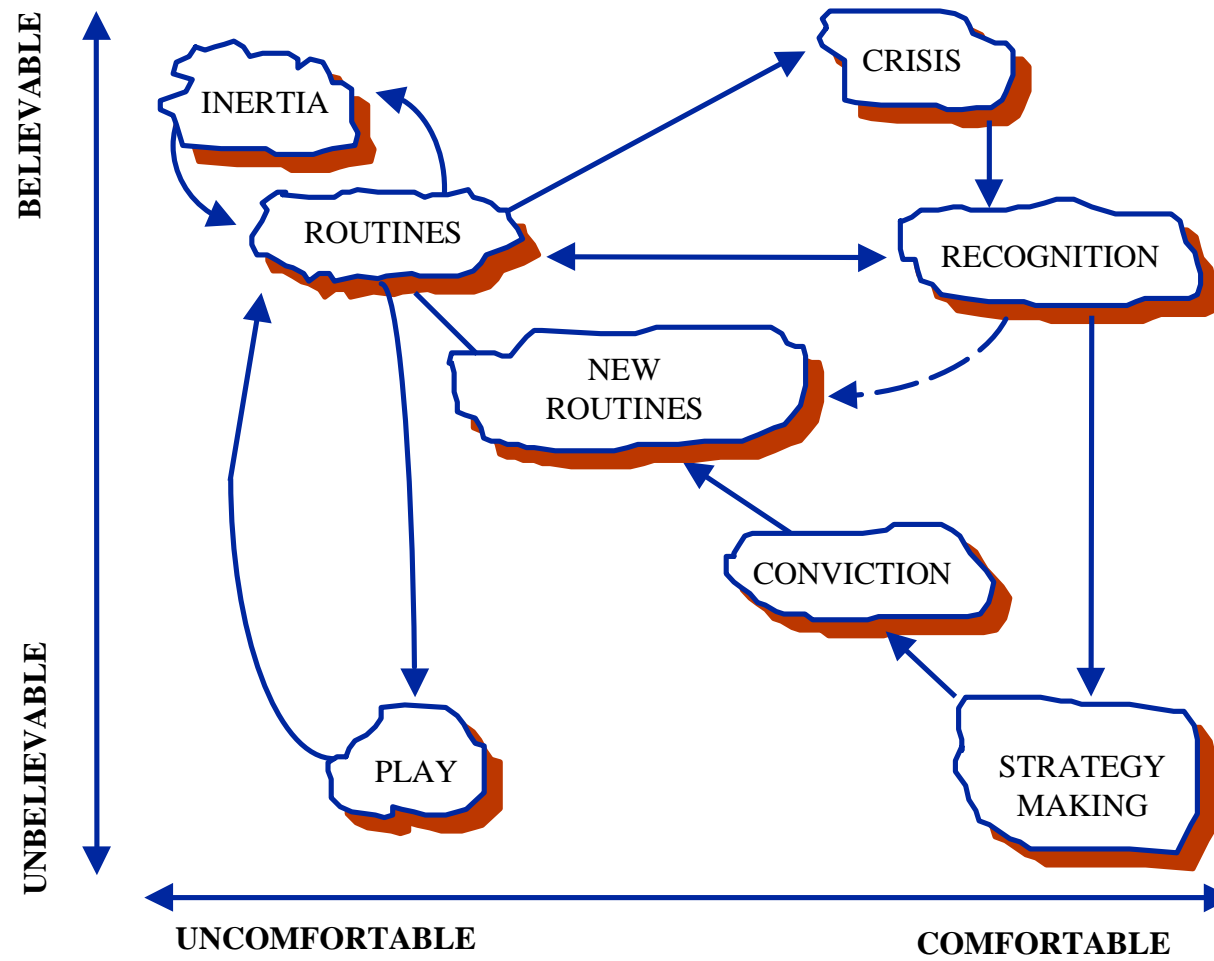
The Domain of Strategy: Determination of Individual Strategic Behaviour



The Domain of Strategy: Personal Implications and Personal Commitment



Typology of Organisational Actions





The Mission Statement: Some Guidelines

- * Its purpose is to communicate to those involved in making and implementing strategic decisions the broad **GROUND RULES** that the organisation has set for itself in conducting its business.
- * It should be a broadly framed and enduring statement of **INTENT**.
- * It is essentially an **INTERNAL** working document

Content of the Statement

- * The Mission Statement should define the **BOUNDARIES** of the business. It should include:
 - geographic scope (target markets)
 - target customers
- * It should be concise, but at the same time, it should provide unambiguous guidance on:
 - how the business will gain and sustain competitive advantage
 - how competitive advantage will be translated into superior profitability
 - how success will be measured attitudes to future growth (where to grow, how to grow)



Mission Statement Example

AECI-CYANIDE DIVISION

MISSION STATEMENT

We are in the business of manufacturing and distributing cyanide. We believe that safety is paramount in production, storage and handling of the product as well as in security and protecting the environment. We also believe in the strategic importance of cyanide production to the country.

Our primary market is supplying the Southern African gold industry with an effective means of gold extraction. Secondary and potential markets are in cyanide derived chemicals.

These markets will be reached by direct selling backed by technical expertise and service.

We seek to earn sufficient return on investment (be sufficiently profitable) to encourage the corporation to reinvest in the business.

The Domain of Strategy: The 'Role' of Planning

* What is the purpose of planning?



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- Most planning processes aim to provide management with a consistent yardstick to measure performance and demands from disparate businesses
 - ↳ They are not calls to action but demands for **reaction**

The Domain of Strategy: The 'Role' of Planning



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- Most planning systems are mechanisms aimed at controlling actions by requiring approvals
 - ➔ The best managers become adept at working within the constraints but still being innovative and provocative
 - ➔ Most planning systems stifle radical change



The Domain of Strategy: The Strategist and the Strategic Planning System

The Strategic Planning System

Couple Analysis and Intuition

The Development of Strategic Programming

Codification of Strategy
Elaboration of Strategy
Conversion of Unbelievers

Communication of Strategy and Goals

The Strategist

The Finders of Strategy

The Analysts of Alternatives

The Catalyst

The Communicator

Source: Adapted from Mintzberg (1994)

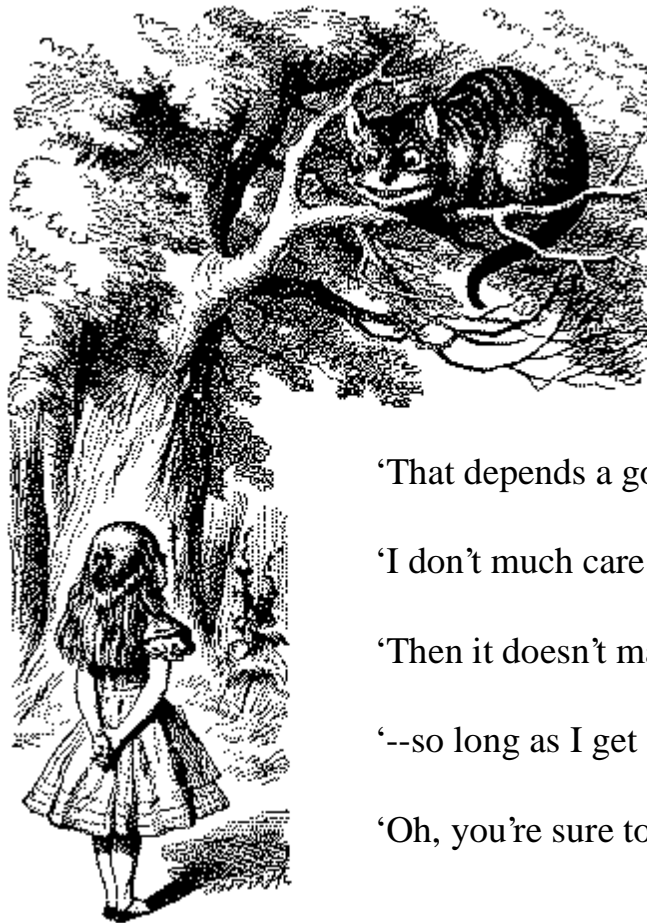


BUSINESS PLANNING: PROCESS GUIDELINES

- * Make Space for Strategy Debate
- * Separate it from the Budget Cycle
- * Involvement of the Whole Top Team
- * Do It Yourself, BUT
 - ▶ Be Prepared to Enter The Z.O.U.D
- * Surface and Challenge Assumptions:
 - ▶ Appoint and Rotate “DEVIL'S ADVOCATES”
 - ▶ Be Honest, Say What You Really Feel
- * Get Better Information on Customers and Competitors
- * Don't Rush the Process; Expect It to Take a Year
- * Summarise the Strategy in a Concise Unambiguous Statement
- * Agree to Actions and Ownership
- * Monitor and Control the Change Process: Measure What is Critical

REMEMBER: There is no right answer; but the strategy that comes out of this process is likely to be 50% better than one emerging from ad hoc disjointed operational decisions!

Strategic Intent and Managing the Future



Cheshire Puss,' she began, rather timidly, as she did not at all know whether it would like the name: however, it only grinned a little wider. 'Come, it's pleased so far,' thought Alice, and she went on. 'Would you tell me, please, which way I ought to go from here?'

'That depends a good deal on where you want to get to,' said the Cat.

'I don't much care where--' said Alice.

'Then it doesn't matter which way you go,' said the Cat.

'--so long as I get SOMEWHERE,' Alice added as an explanation.

'Oh, you're sure to do that,' said the Cat, 'if you only walk long enough.'



Strategic Intent and Managing the Future

- * Strategy is a dynamic
 - Analysis is too static to capture the essence of strategy
- * Strategy is less about what worked in the past than what needs to be done in the future
- * Strategy requires stability in outlook. It, therefore:
 - Cannot be based on short-term viewpoints of markets and products
 - Cannot be based on 'operational' issues

***Strategic Intent* is about setting goals and targets that induces personal effort and commitment from each part of the organization**



Strategic Intent and Managing the Future: The Strategic System

- * An external (customer/competitor) focus should pervade the organization
- * Priority must be put on developing ‘deep’ skills within the organization
- * Strategic initiatives should have commitment and make it to completion
- * Measurement should be continual and cover explicit financial and non-financial criteria (balanced scorecard)

Conclusion: Strategy by Einstein

- * Not everything that can be counted counts, and not everything that counts can be counted
- * Make everything as simple as possible, but not simpler

