

Your Strategy – Guiding Light or Distant Foghorn?

By Paul Plotczyk

Director, Growth Strategy Partners LLC

Is your corporate strategy a guiding light for the organization? Is it clear, succinct and understood by the entire enterprise? Does it guide decision making and planning? Has it gotten you on the path to success?

Or is your strategy more of a dull fog horn in the mist? Does it only exist as a muffled sound echoing in a distant board room? If you asked five individuals within your organization to articulate the essence of your strategy, would you get as many answers? Are decisions mostly reactive vs. proactive?

Most organizations would probably describe their strategy as something in between a beacon of light and a dull fog horn.

In this first of a two-part article on strategy we will look at what strategy is and isn't and the dirty little secret of why leaders struggle to create effective strategic plans.

What a Strategic Plan Is *NOT*

Whether a company has a less-than-effective strategic plan, produces a plan that is really more of a long-range budget, or completely avoids producing one, the results are the same: there is no strategic plan.

- A vision statement is not a strategy.
- A Balanced Scorecard is not a strategy.
- A budget forecast is not a strategy.
- A directive or mission statement from the President, Board or a government body is not a strategy.
- A goal to improve on best practices is not a strategy.

What a Strategic Plan *Is*

We view a real honest-to-goodness strategic plan as the creation and operation of a market-driven position that delivers value to your customers and sets you apart from your competitors. Strategy is about the basic value you're trying to deliver to customers and about which customers you're trying to serve.

Strategy guru, Michael Porter identifies a fundamental distinction between strategy and operational effectiveness:

- Strategy is about making choices, trade-offs; it's about deliberately choosing to be different.
- Operational effectiveness is about things that you really shouldn't have to make choices on - it's about what's good for everybody and about what every business should be doing.

He states that the essence of strategy is setting limits on what you're trying to accomplish. A company without a strategy is willing to try anything.

Building an effective strategic plan starts with deliberately choosing a set of activities to satisfy the needs of the customers or constituents the organization has chosen to serve. The resulting strategy will include many of the ingredients that organizations have developed, such as a vision, mission statement, etc.

The Path of Good Intention Leads to No Strategic Plan

A philosopher of a previous generation once said, “*Freedom is just another word for nothing left to lose.*”

Many leaders of today know they are free, yet when it comes to strategic planning, they feel constrained by the unpredictability of world events. The rapid rate of technological and social upheaval has left many leaders feeling uneasy and lacking confidence in their ability to influence the future.

Executives respond to this dilemma in various ways:

1. Some fail to check in to see if they have, “...nothing left to lose.” They avoid entering into the rigorous process of designing a true strategic plan and just keep doing what they have always done.
2. Others produce a voluminous document as part of an annual budgeting process, that is filled with more tasks and initiatives than can reasonably be completed while maintaining current business operations.

This group is often mystified when their beautifully crafted strategy is known by very few people in the enterprise - and is never implemented!

3. Many organizations proudly tell us they have a strategic plan but when we ask around we are unable to find any two executives who could articulate it in a simple, easy-to-understand statement.

Why Do Leaders Struggle with Strategic Planning? – The Dirty Little Secret!

It is clear that an astonishing number of leaders fail to create effective strategies. But why?

Is it because they don't appreciate the tremendous benefits that can be gained from having a clear, succinct strategy? Do they not see the value in creating a strategy that can be internalized by the entire organization and used as a guiding light for making decisions - the tough and not-so-tough ones? Is it that they do not understand the purpose of a plan? Or perhaps they just aren't clear on the steps to create one?

From our experience, there is a dirty little secret underlying this lack of strategic planning – many executives do not actually know the building blocks of a strategic planning process, which makes it impossible to engineer a good one.

We don't find this lack of clarity surrounding how to build an effective strategic plan to be very surprising. Just do a quick internet search for Strategic Planning and you will find a variety of schools of thought and multiple definitions of the topic. One of the things you will be hard pressed to find is a simple and effective approach for developing a strategy.

Want some help in implementing an effective process? Our second article, “*From Fuzzy To Focused - 4 Steps of a Strategic Planning Process,*” offers a simple step-by-step approach to creating a successful strategic plan for your organization.

Has this article brought up any questions about how you craft a strategic plan in your organization? If you would like to discuss this article or how we could help improve your strategic planning results, please contact us directly. You can contact Paul at 781-343-4005 or PPlotczyk@GrowthStrategyPartners.com.

The second article on strategy available on our website, www.GrowthStrategyPartners.com “From Fuzzy To Focused - 4 Steps of a Strategic Planning Process” offers a simple step-by-step approach to creating a successful strategic plan for your organization. You can also listen to our podcast on strategic planning, “The Dirty Little Secrets About Strategic Planning”.

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