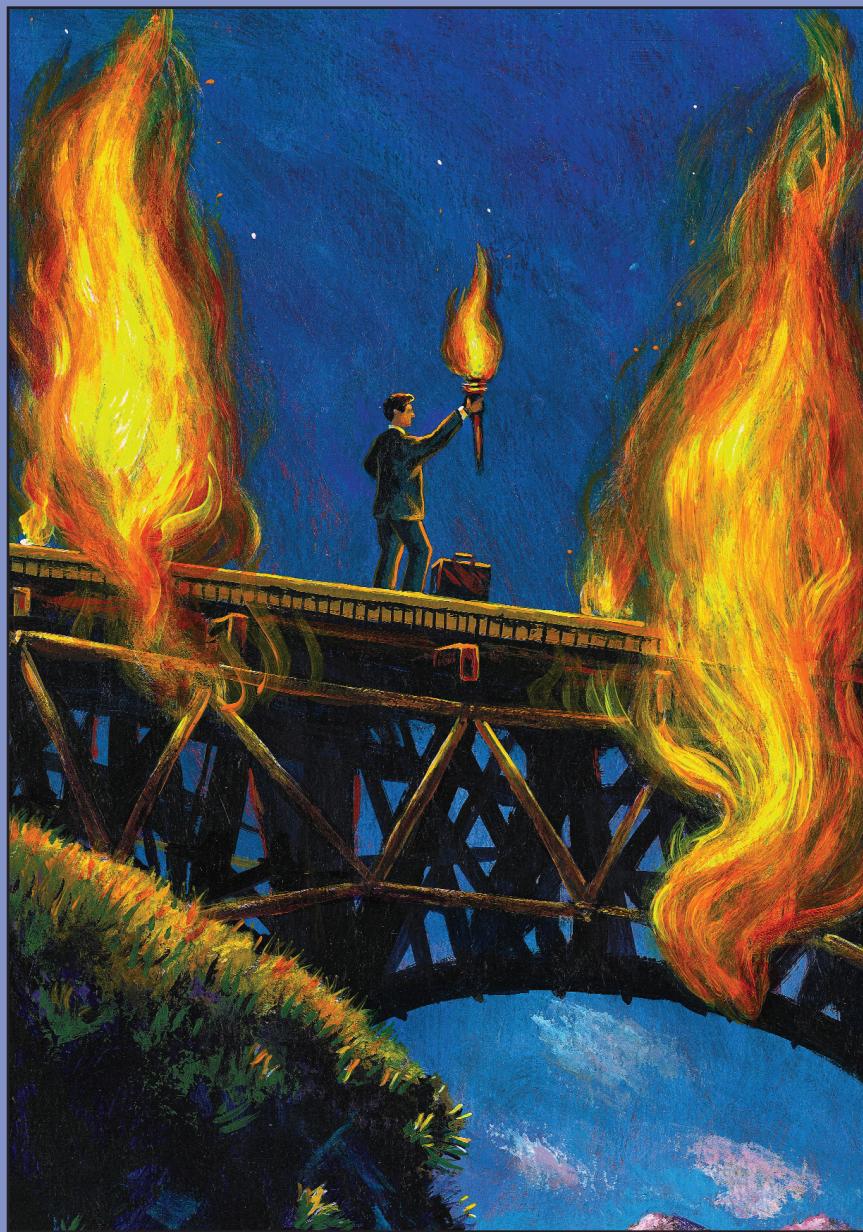


THE 7 SINS OF STRATEGY

by Richard Horwath



There comes a time in both our professional and personal lives when we must make a stand. Through all the swirling complexity, change and challenges we face, we must at some point assert ourselves and set our bar of standards. This means refusing to be engulfed in the comfortable molten lava of mediocrity that flows through many lives and organizations. It means accepting the accountability and responsibility that go hand-in-hand with excellence. And in business, it means working every day to generate strategic insights, using those insights to set direction and then fiercely executing strategy with both mental agility and perseverance.

If you're not content being with the majority of managers dog paddling around in the tactical end of the pool, then it's time to commit yourself to becoming a better strategist. This path to becoming a highly strategic manager begins with understanding the seven sins of strategy and the action steps to avoid them.

Sin #1: Substituting Planning for Thinking.

Since thinking is hard work, it's not uncommon for managers to fall back on strategic planning in an attempt to shape the direction of their business. However, this ignores a crucial distinction—strategic thinking involves the generation of insights—strategic planning involves the application of the insights into an action plan. Relying on strategic planning without strategic thinking is tantamount to an organizational lobotomy because the essential thinking function has been excised. This results in tired, old tactical plans leading to marginally incremental

improvement at best while stifling the organization's potential.

Action: *Provide managers with the knowledge base and terminology clearly distinguishing strategic thinking from planning and provide them with tools to facilitate that thinking.*

Sin #2: Lacking the Discipline to Say "No"

Strategy involves the intelligent allocation of limited resources. "Intelligent allocation" requires us to make trade-offs and focus those resources. Too often, because tradeoffs involve risk, we take cover in the status quo and don't make any tradeoffs at all. While not making tradeoffs and not saying "no" to areas of resource allocation may limit short-term vulnerability, it is often a sure sign of long-term weakness.

Action: *Identify your resources – capital, talent and time – and begin detailing how they are allocated, including your time. Any surprises? How is this allocation different from past months/years? Does it reflect the changing market trends and customer needs?*

Writing down the significant resource allocations (including what you spend your time on) is an objective way to begin measuring whether or not they are returning the requisite value for their investment.

Sin #3: Not Preparing to be a Strategist

Before you can develop great strategy, you first need to develop great strategists. While most organizations provide developmental programs on leadership, communication skills, product marketing, etc., very few organizations have provided their managers with a roadmap to enhancing their strategic thinking capabilities. As successful organizations continue to grow, the need to decentralize strategic decision-making becomes more important in order to leverage market dynamics and evolve customer needs in a timely fashion. Improved strategic thinking means that managers will invest more resources in the right activities (key initiatives driving corporate success) and fewer resources in the wrong activities (urgent but unimportant initiatives), leading in theory and practice to greater revenue, profitability and productivity.

Action: *Provide managers with periodic training and development programs on strategy and strategic thinking skills sets that are tailored to their level of responsibility within the*

organization. Just as professional baseball players refresh their fundamental skills each year during spring training, managers should also refresh their business planning skills on an annual basis.

Sin #4: Employing Bumper Car Strategy

Not investing the time in a sound strategy development process results in bumper car strategy—the organization mindlessly changing directions each time it's bumped into by a marketplace issue (competitor activity, customer complaint, short-term fad, etc.)

Anthony Zuiker, Executive Producer, CSI, CSI: Miami and CSI: New York – all three of which are among the top 10 shows on TV – said, "The thing I'm most proud of is that we didn't react to the competition. Some of the other crime shows have added labs and are doing more forensics, and there have been all kinds of knockoffs watering down the market, but we've held true. You need to evolve, but you don't need to evolve defensively. That's a classic mistake."

Action: *Invest in a strategy development process that is simple, concise and effective. Set aside one day per quarter for a "Strategy Tune-up," when the team assesses the key business issues and assumptions to gauge progress.*

Sin #5: Allowing Budget to Dictate Strategy

One of the most entrenched practices in organizations of every size is to allow the budget to dictate the strategy. Most managers will readily admit that it's a faulty premise but often they are unwilling to try and turn this "aircraft carrier" of a process around. Constricting the creative strategy development process at the outset with a page of budget numbers can close off avenues that might fundamentally enhance the business in ways not previously explored.

Action: *Leave the budget numbers in the folder during the initial strategic thinking sessions. Once your team has had the opportunity to comprehensively think through the business and generate strategic insights, bring the budget numbers in during the strategic planning phase to help prioritize the initiatives.*

Sin #6: Not Linking the Strategic Plan to Action

One of the great ironies is that the organizations that do invest their time in strategy development often don't have an

effective way of then using that plan on a daily basis to drive the activities of their teams. They've invested time, energy and money into thinking that sets strong strategic direction, only to have that direction evaporate over the course of the year due to the "out-of-sight, out-of-mind" phenomenon.

Action: *Transform your traditional narrative strategic plan into a StrategyPrint—a concise, two-page blueprint for your business. Page one contains the insights your team has generated regarding the market, customers, competitors and the organization itself. Page two contains the action plan, aligning the goals, objectives, strategies, tactics and metrics. The simplicity and brevity of a tool such as the StrategyPrint allows managers to easily update it on a daily basis, making it a functional real-time strategic plan.*

Sin #7: Not challenging business as usual

At the heart of strategy is resource allocation, so at the heart of a strategic manager's work is their ability to effectively allocate their limited resources. When a manager has had success, it is common to continue to allocate resources in the same manner that led to that success. However, as the context of the business changes in the form of market trends, evolving customer needs, new competitor offerings, etc., the resource allocation formula that led to that success will need to be renewed.

Action: *Take time during the quarterly Strategy Tune-up sessions to evaluate the assumptions on which resource allocation decisions have been made. This will eliminate the business-as-usual mindset that causes many successful managers to be cast into business purgatory.*

Be on guard for the seven sins of strategy, for repentance alone won't guarantee business salvation. Salvation will come to those with a dedication to strategic thinking excellence. ■

Rich Horwath is an author, professor and speaker who helps management teams develop their strategic thinking skills to achieve competitive advantage. For more information, call (847) 756-4707, or to receive a free copy of his monthly e-publication Strategic Thinker, visit www.strategyskills.com

