The Five Myths of Strategy

By Rich Horwath

Consider some of the most popular myths:
Lightning never strikes the same place twice—it does.
There is no gravity in space—there is, just less.
Humans only use 10% of their brains—actually, a lot more—yes, even men.
Pigeons blow up if fed uncooked rice—they don't.

Which myths or half-truths have permeated your organization and what effect have they had on your business? Running a business on myths, flawed business principles, and baseless assumptions creates needless confusion and a lack of strategic direction. A study of 10,000 senior executives showed that the most important leadership behavior critical to company success is strategic thinking at 97 percent. As good strategy is at the core of any organization's success, it's important to understand the strategy myths that may be holding back your team from reaching greater levels of success.

Strategy Myth #1:

Strategy comes from somebody else.
I was leading a strategic thinking workshop recently and asked the group how they go about developing their strategy. The response was, "We get our strategy from the marketing brand teams." I've heard this type of reply on a number of occasions—that strategy comes from the brand team, vice president, or CEO—somebody else. Well, it shouldn't.

The strategy that you execute should be your strategy. Why? Because each group's resources are going to be different. For instance, the sales team has different resources—time, talent, and budget—than the marketing team or the IT team or the HR team. How they allocate those resources determines their real-world strategy. It's important to understand company, product and other functional group strategies to ensure that your strategies are in alignment. But their strategies are not a replacement for your strategies.

You can have the most skilled driver and highest performance Ferrari in the world (great execution) but if you're driving that Ferrari on a road headed over a cliff (poor strategic direction)—you're finished.

Myth Buster: Identify the corporate strategies, product strategies, functional group strategies and your strategies and seek alignment.

Strategy Myth #2:

Strategy is a once-a-year process.
In a recent webinar I presented to more than 300 CEOs entitled, "Is Your Organization Strategic?," I posed the question, "How often do you and your team meet to update your strategies?" The percentage of CEOs that meet with their teams to assess and calibrate strategies more frequently than four times a year is only 16.9 percent, with nearly 50 percent saying once-a-year or "we don't meet at all to discuss strategy."

A study of more than 200 large companies showed that the number one driver of revenue growth is the reallocation of resources throughout the year from underperforming areas to areas with greater potential. Strategy is the primary vehicle for making these vital resource reallocation decisions, but as the survey showed, most leaders aren't putting themselves or their teams in a position to succeed. If strategy in your organization is an annual event, you will not achieve sustained success.

Myth Buster: Conduct a monthly strategy tune-up where groups at all levels meet for 1-2 hours to review and calibrate their strategies.

Strategy Myth #3:

Execution of strategy is more important than the strategy itself.
A landmark 25-year study of 750 bankruptcies published in the *Harvard Business Review* showed that the number one cause of bankruptcy was flawed strategy, not inept execution. You can have the most skilled driver and highest performance Ferrari in the world (great execution) but if you're driving that Ferrari on a road headed over a cliff (poor strategic direction)—you're finished.

A sure sign of a needlessly myopic view is that everything is an "either or," rather than allowing for "and." Strategy and execution are both important. Make no mistake that all great businesses begin with an insightful strategy. As Harvard Business School professor Michael Porter said, "My experience is that 9 out of 10 organizations don't have a clear strategy."

Myth Buster: Take time to create differentiated strategy built on insights that lead to unique customer value and then shape an execution plan that includes roles, responsibilities, communication vehicles, time frames and metrics.

Strategy Myth #4:

Strategy is about being better than the competition.

Your products and services are not better than your competitors. Why? Because "better" is subjective. Is blueberry pie better than banana cream pie? It depends who you ask. "Is our product better than the competitor's product?" is the wrong question. The real question is, "How is our product different than the competitor's product in ways that customers value?"

Attempting to be better than the competition leads to a race of "best practices," which results in competitive convergence. Doing the same things in the same ways as competitors, only trying to do them a little faster or better, blurs the line of value between your company and competitors. Remember that competitive advantage is defined as "...providing superior value to customers"—it's not "beating the competition by being better."

Myth Buster: Identify your differentiated value to specific customer groups by writing out your value proposition in one sentence.

Strategy Myth #5:

Strategy is the same as mission, vision, or goals.

Since strategy is an abstract concept, it is often interchanged with the terms vision, mission and goals. How many times have you seen or heard a strategy that is "to be #1," "to be the market leader," or "to become the premier provider of...?" Mission is your current purpose and vision is your future purpose, or aspirational end game. Goals are what you are trying to achieve and strategy is how you will allocate resources to achieve your goals.

Misusing business terms on a regular basis is like a physicist randomly interchanging element's chemical structures from the Periodic Table. You can *say* that the chemical structure of hydrogen is the chemical structure for gold, but that doesn't mean it's correct. Starting with an inexact statement of strategy will derail all of the other aspects of your planning and turn your business into the equivalent of the grammar school volcano science project with red-dyed vinegar and too much baking soda.

Myth Buster: Clearly distinguish your goals, strategies, mission and vision from one another.

If left unchecked, strategy myths can cause you and your business to fail. A 10-year study of 103 companies by PWC showed that the number one cause of business failure is bad strategy. Arm your team with the strategy myth busters and your business will soar higher than a pigeon with a belly full of uncooked rice.

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Rich is the founder and CEO of the Strategic Thinking Institute, and has helped more than 50,000 managers around the world develop their strategic thinking capabilities to increase profit and productivity. A former Chief Strategy Officer and professor of strategy, he brings both real-world experience and practical expertise to help groups build their strategy skills. Rich is a ***New York Times, Wall Street Journal*** *and* ***USA Today*** *best-selling author on strategy and has appeared on ABC, NBC and FOX TV. Sign-up to receive your free copy of* ***Strategic Thinker*** *by visiting www.strategyskills.com.*