

8 Strategy Home Truths

Twice a year I host a Strategy Directors' Forum, where strategy directors from some of the UK's leading companies have a roundtable discussion on wide-ranging topics. At one of our meetings we agreed some golden rules for strategy development.

Which of them could help your organisation develop a better strategy?

1. **Keep it simple, stupid.** A simple solution is easier to understand, easier to explain and – 90% of the time – easier to deliver. Look at Tesco's strategy. It may look simple, but the key to Tesco's success is that the executive team have relentlessly and persistently pursued its delivery.
2. **Be bold.** Companies gain a strategic advantage when they are the first to profitably exploit a new opportunity in their market. You don't always need to be first, but you need to be the first to succeed and this requires boldness and the willingness to take prudent risks.
3. **A good strategist is a good storyteller.** You need to tell a compelling story over and over again. This requires passion, clarity and stories. People remember and relate to stories that exemplify your strategy far more than they do to the facts and figures that underpin them.
4. **Challenge assumptions and conventional wisdoms.** Sky has transformed TV viewing in the UK by challenging the assumption that people will only watch free-to-air services. Even during the current recession, Sky has been able to trade their customers up to added value services such as HD TV.
5. **Strategy = informed choice + timely action.** Strategy is about choices and trade-offs, which require useful data rather than ungrounded opinions. Action is the essence of strategy and its timing is crucial. For example, many companies who perform best coming out of a recession are those that were able and willing to invest in marketing, R&D and acquisitions during the downturn (see here and here).
6. **Focus.** You can only be successful if you focus on a few key areas of the business. How many is too many? The forum's view was that three priorities at any one time were probably enough for most executive teams. Dabbling in too many things will drive failure.
7. **Ideas are the currency of strategy – spend freely.** Be a big spender and share your ideas. Measure your success by the number of other people in your organisation that present back to you your ideas as their own.
8. **Avoid getting strategy confused with planning.** In a McKinsey survey a few years ago, less than 25% of senior executives agreed that they made big strategic decisions during their strategic planning process. Why? My view is that the reason is that in most organisations the emphasis is on planning not strategy, and therefore only incremental improvements to performance are delivered.