

Strategy's 7 Fatal Flaws

In my experience, many successful CEOs and senior executives dislike the time they have to spend on developing strategy. There are two reasons for their reticence.

First, strategy is seen as being difficult. Consultants and academics have somehow succeeded in creating a misguided mystique around strategy that only people with an IQ of 150 or more and who have attended the world's best universities can do it, despite the overwhelming evidence to the contrary that demonstrates that the best business strategies are created and led by pragmatic business leaders.

Second, and more importantly, strategy development perceived to be irrelevant to managers' daily and most pressing issues. Attending strategy meetings and retreats feels like a world away from the real work that must be done, and as the meeting progresses the frustrated executives begin to take a peek at their smart phones so that they are able to keep up to date on what's really happening with their business.

To a large extent, the frustrations of these executives are not their fault, but result directly from the way strategy is developed and managed in many organizations. I have identified seven 'fatal flaws'. By addressing each of these flaws, you will start to hardwire your strategy work into the real issues and opportunities facing your business.

- **Fatal Flaw #1: Allowing planning to kill strategy.** The term 'strategic planning' is an oxymoron. Strategy is all about creating a direction for your business that maximizes your chances of future success. Planning, on the other hand, is about the allocation of resources to achieve – usually incremental – targets. The problem arises when you try to do the two together because the urgency of planning will always beat the importance of strategy, resulting in incremental gains rather than step-change breakthroughs.
- **Fatal Flaw #2: Incremental thinking.** The key to effective strategy development is the ability and willingness to engage in 'what if' questions that encourage dramatic new possibilities for your business. Unfortunately, however, there are several barriers to achieving this. An unwillingness of many senior executives to be seen to be 'wrong', unclear or limited goals and a resistance to challenging the sacred cows of your organization and market all contribute to incremental rather than step-change thinking.
- **Fatal Flaw #3: Putting financials ahead of ideas.** Developing a business strategy relies on creativity and idea generation far more than it is driven by analysis. A certain level of analysis is, of course, essential, but without a greater focus on ideas, you will simply end up with a greater understanding of your current market position, rather than a dramatic new way to grow your business.
- **Fatal Flaw #4: All vision, no direction.** A vision is not a strategy. While a vision statement can act as a point of inspiration for your people, you must also define how you will turn that statement into tangible success.

- Fatal Flaw #5: A failure to make trade-offs. The flip-side of a strategy is deciding what you're not. If you're unwilling to make clear and proactive trade-offs, it is unlikely that you will ever turn your strategy into reality.
- Fatal Flaw #6: Insufficient focus on action. Few, if any strategies emerge from implementation unscathed. It is only by learning from your actions that you can really clarify how you will best succeed in the future. In many ways, the best companies are not those with the best strategy, but those that can learn more quickly and more effectively than their competitors.
- Fatal Flaw #7: A reliance on external consultants. As a consultant myself, I know that, done well, working with an external consultant can add real value to the strategy process. But ownership of your strategy only really happens if your people have been effectively involved in developing it. You cannot simply delegate the development of your business strategy.

Which of these seven fatal flaws are affecting your ability to develop and deliver an effective, high-value strategy? And what steps should you be taking to create high-value, action-focused growth strategies for your business?

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