

## Top 10 Strategy Pitfalls

I was in a meeting with a strategy director recently, when he shared his concern that his strategy team may be missing a trick. He wanted to make sure that the processes and approaches he is currently using to develop his company's strategy were going to take the business forward, not backwards.

So, here are my top 10 strategy pitfalls. How many of these are evident in your business?

1. **A failure to make trade-offs.** A strategy is defined as much by what you're not about as it is about what you are about. A key differentiator of many market-leading companies is that they are willing to make choices about how they wish to compete. Many struggling companies are unwilling to make these trade-offs and end up stuck-in-the-middle and outflanked by companies with more innovative products, lower prices or stronger customer relationships.
2. **Confusing strategy with planning.** The annual financial and operating planning process drives many corporate strategy exercises. However, they are different activities and should be separated: strategy is about developing a framework that guides future actions and decisions; planning is about resource allocation. Big strategy decisions don't fit with the annual planning timetable, and neither should the strategy process.
3. **Incremental thinking.** When you immediately focus on next year's budget the strategy process becomes incremental, and discussions are about whether the sales growth target should be 3.7% rather than 4.1%, and not about the fundamental direction of the business.
4. **All process, no output.** When I worked for the UK retailer, Boots the Chemists, the executive and management teams were weighed down with a *Managing For Value* approach. It involved a 7-step process for all strategy development. The result was an excessive focus on process, needless reports and analysis and insufficient emphasis on the key issues faced by the company.
5. **Too much data, too little insight.** Linked to the over-emphasis on process is the development of a whole industry on data analysis. I need to 'fess up' here. In my past I have been guilty of excessive data-diving (or 'bog snorkelling' as one ex-colleague succinctly put it). It's the key insights, not needless detail that's required. Understanding the 80:20 of any project is essential to effective strategy work.
6. **Lack of informed decision-making.** In contrast to point #5, many other executive teams end up with uninformed choices, based on hunches and gut feel. Or, at best, any analysis that is undertaken is made to fit with the conclusion that the leader has already reached. The strategy process should bring rigour and challenge to management's thinking, and not be a passive activity designed merely to maintain the *status quo*.
7. **Being excessively tied to one alternative.** It is important to have a point of view, but it is also essential to appreciate when a better alternative has appeared. Developing three or four credible alternative strategies is a highly effective way of ensuring that there is real discussion on the best way forward, and that the executive with the loudest voice, or the most stripes, doesn't automatically win the argument.
8. **Insufficient alignment, commitment and communication.** Having spent so much time creating a new strategy, it is tempting to believe that the strategic intent is clear to everyone across the organization. In most companies this is far from the case. The strategy process should include ensuring that executive alignment and commitment is strong and that sufficient time and effort is spent on communicating the strategy.
9. **Trying to solve everything at once.** Creating an implementation agenda that resolves all issues immediately is a huge temptation for managers. They want their new vision to

be delivered immediately. But you can't do everything at once, and need to prioritize and sequence your implementation if you wish to build momentum, growth and profits.

10. **Insufficient focus on action.** Most strategies fail in delivery, not formulation, and the value of successful strategies are only realized when they are executed well. Ensuring resources are allocated, accountabilities are clarified and performance goals and milestones are established is critical, as is a bias for action and learning.

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