

# The Quick Guide to **Effective Strategy**

How to find and exploit the opportunities, and overcome the obstacles, that chaos and uncertainty create

CRAIG LAWRENCE



# The Quick Guide to **Effective Strategy**

Most strategy books introduce you to lots of different tools, techniques and methodologies that can be used to analyse almost everything. The problem is that they don't explain how to apply them in a sequence that starts with confirming whether you need a strategy and, if you do, what you want it to achieve, and ends with a completed strategy that you can implement and then adapt as circumstances change (which they inevitably will). This book is different because that's exactly what it does.

Based on fourteen critical thinking questions dispersed over five thematic stages, the proven methodology described in the book is entirely scalable. This means it works when you only have a few hours to decide how you're going to react to a rapidly unfolding situation and when you have the luxury of more time to develop your strategy.

Using examples from across the public, private and third sectors, the book provides an invaluable handrail for entrepreneurs, company directors (executive and non-executive), charity trustees, school governors and anyone else who wants to understand how to develop an effective strategy, one that exploits the opportunities and overcomes the obstacles that today's increasingly chaotic and uncertain environment creates.

ISBN 978-1-913012-89-2



Chalk Stream Books

RRP: **TBD**

The Quick Guide to

# **Effective Strategy**

How to find and exploit the opportunities, and overcome the  
obstacles, that chaos and uncertainty create

CRAIG LAWRENCE



Chalk Stream Books



Craig Lawrence CBE has a proven record of developing highly innovative strategies that exploit opportunities to deliver outstanding results. Commissioned into Britain's Gurkhas in 1983, he spent much of his Army career developing strategy, both in the Ministry of Defence and on overseas operations, including for NATO in Afghanistan. He left the British Army as a Major General in 2016 and then spent four years teaching strategy and strategic leadership at the UK Government's 'strategy school'.

The author of six books and a Fellow of both the Institute of Consulting and the Chartered Management Institute, Craig set up his own strategy consultancy in 2020. He now works across the public, private and third sectors, helping organisations develop the strategies and high-level leadership skills they need to excel in today's increasingly volatile, uncertain, complex and ambiguous operating environment.

You can find out more about the services that Craig's company provides at [www.craiglawrenceconsulting.com](http://www.craiglawrenceconsulting.com). Do get in touch if you'd like to know how he and his team can help your organisation achieve its ambitious vision for the future.

### **Other books by Craig Lawrence**

#### **Military History**

The Gurkhas: 200 Years of Service to the Crown (ISBN: 978 1 910500 02 6)

Gurkha: 25 Years of The Royal Gurkha Rifles (ISBN: 978 1 912690 23 7)

#### **Action Adventure Fiction**

The Legacy (ISBN: 978 1 8380045 2 1)

Reasonable Doubt (ISBN: 978 1 8380045 0 7)

#### **Strategy and Strategic Leadership**

Getting Strategy Right (Enough) (HMSO Publication)

Find out more about Craig Lawrence's other books at:

**[www.craiglawrence.co](http://www.craiglawrence.co)**

### **Quantity Sales Discounts**

This book is available at significant quantity discount when purchased in bulk.

Special editions, including books with corporate logos, customised covers and letters from the company or CEO printed in the front matter, can also be created in large quantities for special needs, such as to support the delivery of a strategy making course for an organisation or government department.

For details and discount information, contact Craig Lawrence Consulting Limited using the 'contact us' tab on the website: [www.craiglawrenceconsulting.com](http://www.craiglawrenceconsulting.com)

First published by Chalk Stream Books in 2023

ISBN: 978-1-913012-89-2

Copyright © Craig Lawrence 2023

Craig Lawrence has asserted his right under the Copyright, Designs and Patents Act 1988 to be identified as the author of this work and the strategy-making methodology it describes.

All rights reserved. Except for the quotation of short passages for the purposes of criticism and review, no part of this publication may be reproduced, stored in or introduced into a retrieval system or transmitted in any form or by any means (electronic, mechanical photocopying, recording or otherwise) without the prior written permission of the copyright owner.

If you have purchased this book, the copyright owner hereby grants you a non-exclusive, non-transferable, worldwide limited licence to use the strategy-making methodology (including the questions) described in the book to develop strategy for your own organisation or government department. However, you are not permitted to teach the methodology or apply it in a consultancy capacity to help other organisations develop strategy (whether on a commercial or pro bono basis) without the prior written consent of the copyright owner.

A CIP catalogue reference for this book is available in the British Library

Every effort has been made to ensure that ideas and concepts that are not original to Craig Lawrence have been appropriately attributed to their originator. The author apologises unreservedly for any errors or omissions in attribution and would be grateful if notified of any corrections that should be incorporated in future reprints or editions of this book. Similarly, every effort has been made to trace copyright holders and to obtain their permission for the use of copyright material. The publisher and author apologise for any errors or omissions contained within and would be grateful if notified of any corrections that should be incorporated in future reprints or editions of this book.

Cover image: [Lightspring/Shutterstock.com](https://www.shutterstock.com)

# CONTENTS

<i>Introduction</i>	1
1. What Is Strategy?	4
2. The Five-Stage Approach to Strategy Making	13
• Table 1: An overview of the five-stage process	16
• Table 2: A possible format/structure for an effective strategy	18
3. Stage One: Understand the Issue, Environment and the Desired Outcome	21
• Question 1: Why do we need a strategy and what do we want it to achieve?	22
• Question 2: Are there any core values that should shape our strategy?	29
• Question 3: What opportunities can we exploit and what threats/obstacles need to be overcome?	33
• Question 4: Who else is interested and why, and are they opportunities or threats/obstacles?	40
• Question 5: What strengths do we have to exploit opportunities and overcome threats/obstacles, and what weaknesses do we need to protect?	46
• Pulling the outcome from Stage One together	49
• Chapter Summary	52
4. Stage Two: Develop the Strategic Options	60
• Question 6: What conditions must exist for the vision to be realised?	69
• Question 7: How can we create these conditions?	83
• Chapter Summary	90
5. Stage Three: Decide Which Option	95
• Question 8: Which strategic option/course of action is the most appropriate in terms of suitability, feasibility, acceptability, sustainability and adaptability?	96
• Chapter Summary	116

6. Stage Four: Refine and Implement	121
• Question 9: What more do we need to do to get the strategy ready for implementation?	122
• Question 10: Is our organisation ready to implement the strategy and then support it throughout its lifecycle?	142
• Question 11: How do we prepare the wider environment for the strategy's launch?	153
• Question 12: What performance metrics do we need so we will know whether our strategy is working?	164
• Chapter Summary	180
7. Stage Five: Review and Adapt	189
• Question 13: Is the strategy being implemented as intended and, if not, what remedial action needs to be taken?	195
• Question 14: Is the strategy having the desired effect and, if not, how can we adapt it so it does?	198
• Chapter Summary	200
8. Leading the Development and Implementation of Strategy	203
<i>Acknowledgements</i>	211
<i>Selected Bibliography</i>	213
<i>Endnotes</i>	219
<i>Index</i>	247



# INTRODUCTION

**'...we are not imprisoned by our circumstances, our setbacks, our history, our mistakes, or even staggering defeats along the way. We are freed by our choices.'**

**Jim Collins<sup>1</sup>**

The financial crisis of 2008, the COVID-19 pandemic and Russia's surprise invasion of Ukraine demonstrated just how quickly shock events can impact on the increasingly interconnected global environment in which we all live and work. As well as having tragic consequences for millions of people, the impact of these and other less seismic events, such as sudden increases in energy prices, rising interest rates and soaring inflation, has been, and will continue to be, catastrophic for many organisations. Those that know how to exploit this constantly evolving landscape will flourish; those that don't will flounder and eventually cease to exist as their more agile competitors surge ahead. In short, organisations of all types, not just big businesses, need a strategy in place that provides an adaptable blueprint for the future; one that enables them to realise their ambitious visions by exploiting the opportunities and overcoming the threats and obstacles that today's increasingly volatile, uncertain, complex and ambiguous environment creates.

However, developing an effective strategy is not that easy. If it were, all organisations would have one and few of them would ever fail. This is where this book can help. Drawing on international best-practice, as well as my own hard-won experience of developing winning strategies across a wide range of sectors, it provides a straightforward practitioner's guide to strategy making, one that can help you find and exploit the hidden opportunities that chaos and uncertainty always create. In doing this, the book also serves as an overdue replacement for *Getting Strategy Right*

(*Enough*), the strategy making guide I wrote in 2017 when I was the lead for teaching the subject at the UK Government's strategy school.<sup>2</sup> Known as GSR(E), this guide, which was itself an update of an earlier publication, provided a good introduction to strategy but underplayed the power of critical thinking, the role of values and the importance of creativity in strategy making. It also made only brief mention of the challenges associated with implementation and, in particular, of ensuring that the implementing organisation is 'match fit' to launch its strategy and then support it throughout its lifecycle. Given recent research suggests that nearly half of all strategies fail,<sup>3</sup> this was a significant omission as these failures occur during implementation, not development.

Most strategy books introduce you to lots of different tools, techniques and methodologies and then explain how these can be used to analyse almost everything. The problem is that they don't explain how to apply them in a sequence that starts with confirming whether you need a strategy and, if you do, what you want it to achieve, and ends with a completed strategy that you can apply and then adapt as circumstances change (which they inevitably will). This book is different because that's exactly what it does. And it's also different because the approach it explains is scalable. This means it works when you only have a few hours to decide how you're going to react to a rapidly unfolding situation and also when you have the luxury of more time.

The book provides an accessible and proven handrail for anyone who needs to develop a strategy, whether in the public, private or third sector. It should also prove invaluable to anyone who just wants to understand the strategy making process better, such as a company director (executive or non-executive), charity trustee or school governor who wants to ensure that the way their organisation approaches the development of strategy reflects best-practice. This is not just because they want their organisation to be successful but also because they have a legal responsibility to act in their organisation's best interests and allowing it to develop bad strategy falls a long way short of this as some of the examples in the book illustrate. And when you think that there were more than 750,000 new companies registered in the United Kingdom in 2021 and that up to 60% of

these will most likely fail within three years,<sup>4</sup> it's clear that the examples in the book represent just the tip of the iceberg.

The book begins with a quick look at what strategy is (and isn't) and then explores why developing effective strategy is so challenging. This is important as it explains the difference between strategies and plans, and therefore why an organisation's usual planning processes are unlikely to be suitable for developing its strategy. It then builds on this by introducing the reader to an accessible five-stage approach to strategy making, comprised of fourteen high-level critical thinking questions, that can be applied in any organisation, whether it is a business, a charity, a school or a government department. Throughout the book, real examples from these different contexts are used to highlight the key points being made. These include the way that different governments have handled the COVID-19 pandemic, the enduring success of both Apple and Amazon, the failure of the Royal Bank of Scotland in October 2008, the collapse of Carillion in January 2018 and the UK's interventions in both Iraq and Afghanistan, as well as the Taliban's recent success in the latter country. And because effective leadership and good strategy are both required for an organisation to succeed, the book also includes a brief overview of some of the attributes, actions and attitudes (the '3As') that experience suggests can help leaders develop and implement the most effective strategies.

Good luck with your strategy making endeavours and remember that you've already taken the most important first step to helping your organisation flourish in these remarkably turbulent times by recognising that you need a strategy, something that too many organisations, and the people that run them, fail to realise until it's far too late, even though 'an organisation without a strategy is like a ship without map or compass'.<sup>5</sup>

## CHAPTER ONE

# WHAT IS STRATEGY?

**'A fundamental lesson from history is that strategy is necessarily purposeful, but must be designed in a world of ambiguity, complexity and uncertainty'**

**Frank Hoffman<sup>6</sup>**

Strategy has been around for a very long time.<sup>7</sup> The word has its origins in classical Greek,<sup>8</sup> however, despite its long history, there's still a great deal of discussion about what it means. For example, if you Google 'what is strategy?', you will get nearly four billion answers.<sup>9</sup> The problem is that strategy means different things to different people. To some, it's synonymous with a high-level plan; to others, it's just a word you add to other words to make them sound better or more important. Sir Hew Strachan, the renowned historian, suggests that 'the word strategy has acquired a universality which has robbed it of its meaning and left it only with banalities'.<sup>10</sup> Richard Rumelt, business guru and author of the best-selling *Good Strategy/Bad Strategy*, agrees, believing that 'the word 'strategy' has become a verbal tic'.<sup>11</sup> Even one of the United Kingdom's Parliamentary committees concluded that 'the term strategy has been so widely applied, to all sorts of activities, that it has become devoid of real value'.<sup>12</sup> Sir Lawrence Freedman, arguably the United Kingdom's most esteemed living authority on strategy, acknowledges this unfortunate state of affairs but also notes 'yet *strategy* remains the best word we have for expressing attempts to think about actions in advance, in light of our goals and our capacities'.<sup>13</sup> And this gets at the essence of what real strategy is all about. In a nutshell, it's about identifying where you want to be in the future and then working out how you're going to get there,

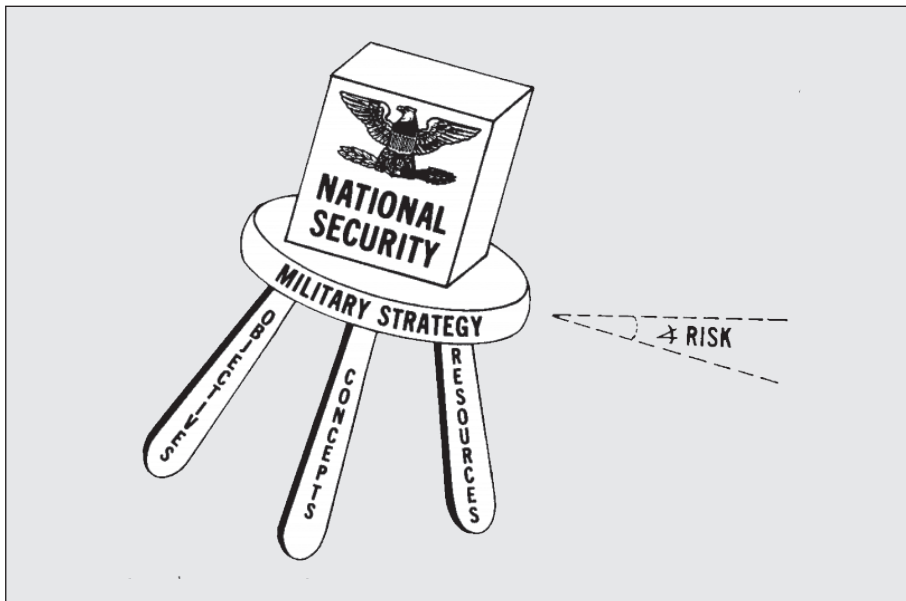
despite having little real control over how the future will unfold or how other actors will behave.

In the late 1980s, Arthur F Lykke, a retired Army colonel working at the US Army War College, suggested that strategy could be expressed as a formula where:

$$\text{'Strategy'} = \text{'Ends'} + \text{'Ways'} + \text{'Means'}^{14}$$

Lykke believed that the three components of strategy were like the legs of a stool which, if they were not all in balance, would tilt, creating risk. The original illustration published with the article that explained his view is shown in Diagram 1.

Lykke's formula has shaped the way many people have viewed strategy for decades; even today, the UK Government's 'strategy school',



**Diagram 1:** Arthur Lykke's representation of strategy as a stool which was published in the journal *Military Review* in May 1989

(Reproduced by kind permission of the Military Review)

where I was the Course Director, refers to ends, ways and means in its definition of strategy.<sup>15</sup> There is nothing wrong with Lykke's definition, indeed, at the time he proposed it the Vietnam War was still fresh in the US' collective memory and it served as a salutary reminder that, unless they were appropriately resourced, US military strategies were highly unlikely to succeed. But the problem I have with Lykke's definition is that it doesn't capture the unpredictable 'future' aspect very well, if at all. It rather implies that if the ends, ways and means are all in balance, then the strategy will most likely succeed. Unfortunately, life is seldom that straightforward as the future has a habit of unfolding in the most unexpected ways.

The Institute of Directors (IoD), the professional body that represents the interests of business directors in the United Kingdom,<sup>16</sup> believes that 'strategy is about determining a direction of travel and also identifying the basic principles by which this direction can be achieved'.<sup>17</sup> This is a useful description because it dispenses with a formula and recognises that strategy is about moving forward into the future in a particular way but it doesn't explain the destination that the direction of travel is intended to achieve. For that reason, the definition proposed by Harry Yarger, author of the excellent *Strategy Theory for the 21<sup>st</sup> Century: The Little Book on Big Strategy*, is more helpful:

Strategy provides a coherent blueprint to bridge the gap between the realities of today and a desired future. It is the disciplined calculation of overarching objectives, concepts, and resources within acceptable bounds of risk to create more favourable future outcomes than might otherwise exist if left to chance or the hands of others.<sup>18</sup>

As well as being clear about the destination – a 'desired future' – Yarger's definition highlights the point that one of the defining characteristics of strategy is that, because it looks to the future, it operates in a world of uncertainty. This is one of the reasons that strategies are different to plans. As Freedman notes, 'a plan supposes a sequence of events that allows one to

move with confidence from one state of affairs to another'.<sup>19</sup> In other words, plans operate where there is little uncertainty. He goes on to state that 'strategy is required when others might frustrate one's plans because they have different and possibly opposing interests and concerns'.<sup>20</sup> Add in other variables, such as invasions of sovereign states by other sovereign states, global pandemics, recessions, financial crises, sudden spikes in energy prices or interest rates, shock election or referendum results or even giant container ships getting stuck in the Suez Canal, and it becomes apparent very quickly that trying to chart a course through the unpredictable turbulence of the future is a tricky business, even if your strategy's ends, ways and means are all in balance.

Rumelt believes that 'a strategy is a way through a difficulty, an approach to overcoming an obstacle, a response to a challenge'.<sup>21</sup> This pragmatic approach encourages clarity of purpose, which is another defining characteristic of effective strategies, but the difficulty lies in the nature of the obstacles or challenges that most strategies are required to address. To understand this better, it helps to step back in time half a century to 1973. In June of that year, Horst Rittel and Melvin Webber, two professors at the University of California, published a ground-breaking paper that differentiated between 'tame' or 'benign' problems and what they called 'wicked' problems.<sup>22</sup> Their proposition was that societal problems were 'inherently different from the problems that scientists and perhaps some classes of engineers deal with'.<sup>23</sup> They argued that these problems, such as solving a mathematical equation or analysing the structure of an unknown chemical compound, were 'tame' because, although they might be complicated and technically difficult, there is little doubt that a definitive solution exists and it is clear when the problem has been solved. Other problems, such as confronting crime or addressing poverty are 'wicked' because there is a high degree of uncertainty about both the nature of the problem and the solution. The uncertainty might arise because the problem is difficult to define or because the relationship between cause and effect is hard to discern.<sup>24</sup> What this means in practice is that, when an action is applied to try to treat the problem, there is likely to be an unintended consequence somewhere else. Keith Grint, one of the

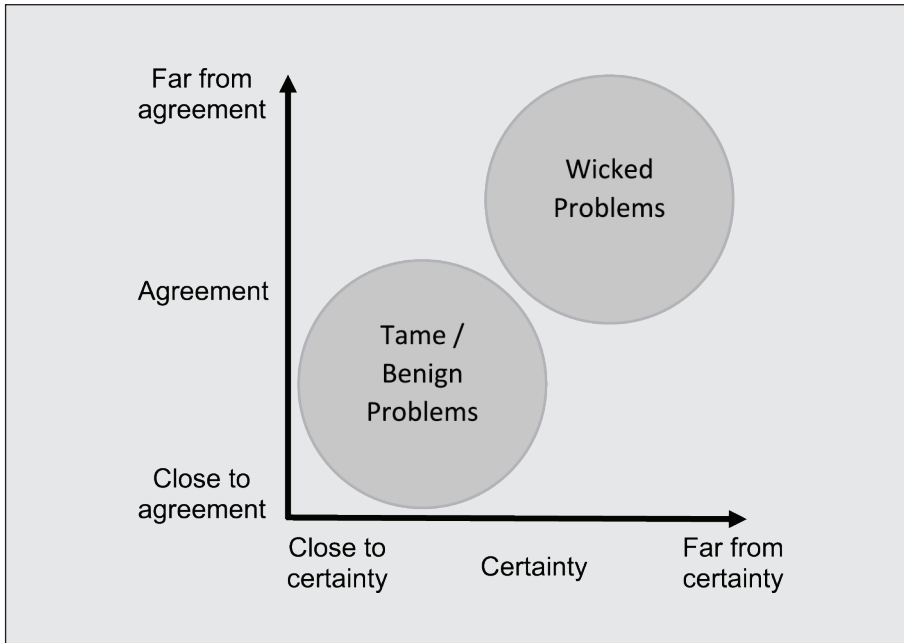
foremost experts in the analysis and resolution of contemporary problems, believes ‘this is typical of what happens when we try to solve wicked problems – other problems emerge to compound the original problem’.<sup>25</sup> The uncertainty might even be because a definitive solution does not actually exist and the best we can hope for is to identify a range of measures that might improve the situation, rather than resolve it outright.

The UK economy is a good example of a wicked problem. Although we might expect political parties to have different views on the most effective way of stabilising the economy and stimulating growth, expert economists also disagree on the best approach. Some advocate a return to the fiscal policies of John Maynard Keynes, which include increasing government expenditure and cutting taxes,<sup>26</sup> while others believe such an approach would be catastrophic because the policies could only be funded by increasing national debt at a time when this is already high and the cost of borrowing is more expensive than it has been for over a decade. Ronald Heifetz, one of the first people to consider how such problems might be addressed, described these sorts of challenges as ‘adaptive’ because they cannot be resolved by good management or technical expertise alone. Instead, ‘their resolution requires innovation and constant learning as the dynamics of the problem change’.<sup>27</sup> A good example of this is the global COVID-19 pandemic. Although national governments adopted different strategies to try to control the spread of the disease and reduce its impact on their domestic populations, what these strategies all had in common was that they continued to be adapted as the different governments learnt more about the virus.

A helpful way of visualising wicked problems is to plot them on a *Stacey Matrix*, such as that illustrated in Diagram 2. Professor Ralph Stacey, an organisational theorist at the University of Hertfordshire, first published his matrix in the 1990s as a way of explaining the factors that contribute to complexity in decision making<sup>28</sup> but it also provides an effective way of highlighting the varied characteristics of Rittel and Webber’s different types of problems.

Diagram 2 highlights the point that wicked problems are difficult to resolve because there is a high degree of uncertainty and disagreement





**Diagram 2:** A Stacey Matrix illustrating how wicked problems are characterised by uncertainty and a lack of agreement

(Source: Adapted from Ralph D Stacey, *Strategic Management & Organisational Dynamics*, Second Edition (Pitman Publishing, 1996), 47)

about both the nature of the problem and the solution. Developing this further, most wicked problems exhibit some, or all, of the following characteristics:

- They are difficult to define (both in terms of the nature of the problem and the desired outcome).
- They usually generate disagreement amongst stakeholders (about the nature of the problem, the desired outcome and how the desired outcome should be achieved).
- Causal relationships are hard to discern.<sup>29</sup> As a result, actions taken to achieve a desired effect are likely to have unintended consequences, which may exacerbate the problem.

- Often, they don't have a definitive solution and the best we can hope for is just an improvement in the current situation.
- They usually exist in a changing and uncertain environment, often extending well into the future (which nobody can predict with anything like 100% accuracy).
- They require constant reappraisal as:
  - Our understanding of the problem and the environment improves.
  - The situation changes.
  - The problem morphs (often as an unintended consequence of our own strategy and/or because of other actors' actions).

Because they are intended to address problems with the above characteristics and because they seek to shape the future, which is volatile, uncertain, complex and ambiguous (VUCA), strategies need to be highly adaptable by design, which is another defining characteristic that differentiates them from plans. This need for adaptability places a premium on a strategy being underpinned by a 'big idea' or 'guiding policy'.<sup>30</sup> This is an innovative approach that turns the strategy into more than the sum of its parts. Rumelt describes it as 'an insight that, when acted upon, provide[s] a much more effective way to compete – the discovery of hidden power in the situation'.<sup>31</sup> In business, it's the brilliant insight that knocks the socks off the competition<sup>32</sup> and establishes the company as a leader in its field, whether in overcoming a significant threat that destroys much of the competition (such as COVID-19) or in identifying what Chan Kim and Renée Mauborgne refer to as the blue ocean of a new market that nobody else has thought of before.<sup>33</sup> At the national/political level, Freedman puts it succinctly in describing strategy as being 'about getting more out of a situation than the starting balance of power would suggest. It is the art of creating power'.<sup>34</sup> This seems particularly apt as a description of the Taliban's recent success in Afghanistan. To many, it seemed as if almost out of nowhere they were able to regain control of the country in August 2021 when NATO and its allies left after nearly two decades of fighting. A fundamental aspect of the Taliban's strategy was that it took account of all the key stakeholders, another defining characteristic of the most effective strategies. As well as giving the

strategy a ‘magnifying’ ability, an underpinning ‘big idea’ enhances the strategy’s resilience by providing a guiding principle when circumstances change, which they inevitably will, and the strategy needs to be adapted. So having a central ‘big idea’ is another characteristic of effective strategies and this is why creativity is so important in a strategy’s development, where creativity can be defined as ‘making loose, or freeform associations between seemingly unrelated phenomena’.<sup>35</sup>

Another characteristic is that strategies are high level.<sup>36</sup> They set out the desired direction of travel of an organisation, or what David Petraeus calls its ‘azimuth’ or path.<sup>37</sup> And a final characteristic is that they **must** provide what Eliot Cohen, one of the giants of international relations theory, describes as a ‘theory of victory’<sup>38</sup> or what Jeffrey Meiser, a US academic at the forefront of strategy development, prefers to call a ‘theory of success’.<sup>39</sup> Meiser’s view is that defining strategy as a theory of success ‘forces strategists to clarify exactly how they plan to cause the desired endstate to occur’.<sup>40</sup> This last point is critical: whatever else a strategy does, and notwithstanding the turbulence and uncertainty that lie ahead once it starts being implemented, it must explain **how** the desired endstate is going to be achieved. With that in mind, it is worth reflecting on this finding from the formal inquiry into Britain’s military intervention in Iraq in 2003 which, the inquiry concluded, ended a ‘very long way from success’.<sup>41</sup>

Crucially, UK strategies tended to focus on describing the desired end state rather than how it would be reached. On none of the 20 occasions when UK strategy was reconsidered was a robust plan for implementation produced. Setting a clear direction of travel is a vital element of an effective strategy, but strategies also require a serious assessment of the material resources available and how they can best be deployed to achieve the desired end state.<sup>42</sup>

The aim of this short introduction on the nature of strategy is to provide the context for the rest of the book. In doing this, it identifies eight characteristics that define highly effective strategies:

- They have clarity of purpose (why a strategy is needed and what its desired endstate is).
- They are designed to operate in VUCA environments (because the future, which none of us can predict, is likely to be even more turbulent than the present).
- They operate at a high level, determining the direction of travel of an organisation or state.
- They are designed to address ‘wicked problems’, where neither the problem nor the solution is easily identified.
- They account for all stakeholders,<sup>43</sup> changing their behaviours to create favourable conditions.
- They are highly innovative, with a central ‘big idea’ or ‘guiding policy’ that ‘magnifies’ their effect and enhances their resilience.
- They provide a ‘theory of success’ (or ‘theory of victory’<sup>44</sup>) that explains **how** the desired endstate is to be achieved, rather than just a general approach.
- They are highly adaptable (so the strategy can be modified as the situation changes, or when it becomes apparent that assumptions underpinning the strategy’s development were flawed).

The approach explained in this guide is designed to help develop strategies that have the above characteristics. It is not a template for you to fill in, because these never work when developing strategy, but a way of thinking about the design of your strategy and the analysis that underpins it. Intended as a handrail to guide you through the strategy making process, it should help you develop and implement a strategy that, going back to Yarger’s definition, takes uncertainty into account and provides a ‘blueprint to bridge the gap between the realities of today and a desired future’.<sup>45</sup> It should also ensure that your strategy’s ends, ways and means are in balance.

## CHAPTER TWO

# THE FIVE-STAGE APPROACH TO STRATEGY MAKING

**‘When we encounter chaos, we seek ways to structure it, to see through it, or at least to gain an overview of it. Models help us to reduce the complexity of a situation by enabling us to dismiss most of it and concentrate on what is important!’**

**Mikael Krogerus and Roman Tschäppeler<sup>46</sup>**

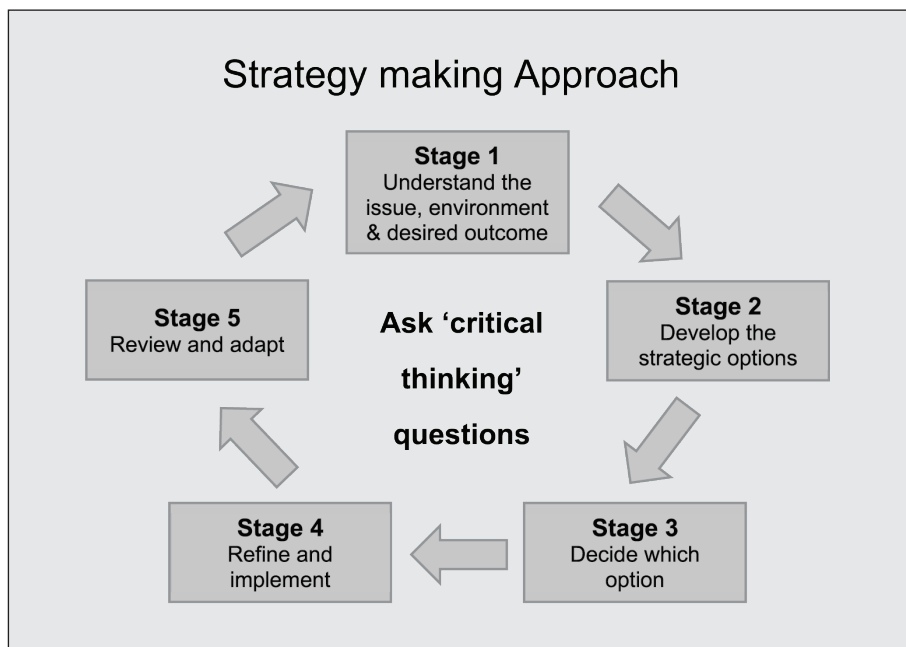
Strategies are sometimes required because there is a need to respond to a specific change in the operating environment, either because it poses a significant threat to an organisation or because it throws up an opportunity that could provide significant competitive advantage. Strategies developed in response to these sorts of events are often known as positional,<sup>47</sup> competition or reactive strategies, whereas strategies that seek to reposition an organisation more broadly are often known as general, generic or milieu strategies.<sup>48</sup> Most strategies sit somewhere on the spectrum between the two extremes but what they all have in common is that they are trying to shape the future to benefit the organisation. And in doing this, they will most likely have to address wicked problems, whether these are the problems faced by a start-up trying to establish itself in an already competitive environment or a more mature organisation that wants to continue what it’s already doing, but in a way that exploits the opportunities, and overcomes the obstacles, that the future is likely to create. Whatever the type of strategy, it helps to have a clear idea of how to approach its development.

At their heart, most strategy making approaches, or methodologies, are similar and involve:

- Understanding what's happening and what the desired outcome is.
- Developing options to achieve the desired outcome.
- Selecting the most suitable option.
- Implementing the most suitable option as the strategy.
- Reviewing the strategy's performance and adapting it as necessary.

This approach can be formalised into the five-stage process illustrated in Diagram 3.

The approach illustrated in Diagram 3 sounds relatively straightforward but it is difficult to 'understand the issue, environment and desired outcome' or 'develop the strategic options' without some sort of handrail to guide the analysis. Often, such handrails take the form of things that



**Diagram 3:** The Five-Stage Approach to Strategy Making

need to be done in a particular sequence, rather like a recipe or the assembly instructions for a flat-pack piece of furniture, but these are far less effective than handrails based on questions, ideally critical thinking questions where critical thinking:

...is not about being negative. The term critical comes from the Greek word *kritikos* meaning discerning. So critical thinking is a deeper kind of thinking in which we do not take things for granted but question, analyse and evaluate what we read, hear, say, or write. It is a general term used to identify essential mindsets and skills that contribute to effective decision making.<sup>49</sup>

The approach described in this book is based on 14 high-level critical thinking questions spread across the five thematic stages. Each high-level question is supported by supplementary questions that add granularity, as well as by a range of tools and techniques that bring structure and rigour to the analysis that can help answer the question. The extent to which these supplementary questions are considered, and which of the available tools and techniques are applied, is usually determined by the time available to complete the strategy's development; however, even when time is short, the important thing is to keep asking questions as these will reduce the uncertainty described in Chapter One and therefore the possibility that the strategy will be built on erroneous 'truths'. This is far more commonplace than you might think, even at the highest levels. For example, a recent Parliamentary report into the lessons that could be learned from the UK Government's handling of the COVID-19 pandemic noted:

We find it surprising that the fatalistic assumptions behind the initial scientific advice were not challenged until it became clear the NHS could be overwhelmed, particularly given alternative strategies were being pursued visibly and successfully in East Asian countries.<sup>50</sup>

The high-level questions associated with each of the five stages are summarised in Table 1. The five chapters that follow consider each of the

stages in more detail and explain why these questions are important. They also suggest how you might set about answering them and offer 'leadership insights', which are essentially 'top tips' for those leading the strategy making process. Each chapter concludes with a short summary of its key points. Once you've read the book and understand the purpose of the questions, you might find these tabulated summaries are all you require to lead the development of strategy, dipping back into the main body of the chapters if/when you need to remind yourself of the detail.

The handrail provided by the five stages, and the high-level questions within them, should ensure that you are able to develop an effective strategy, whether it's a positional one or a general one, that can be structured and explained using the format illustrated in Table 2. One note of caution: do not be tempted to develop your strategy by going straight to the headings in the illustrative format and filling them in. As you will see from the questions that inform each heading, it's only once you have completed the analysis that you will have the understanding necessary to present your strategy in this format – the point of including it now is to highlight the relevance of the high-level questions and to provide a target for the rest of the book so you know what you are working towards.

In considering the questions and applying the different tools and techniques to help answer them, it is worth bearing in mind that the effectiveness of the process can be improved by involving other people rather than trying to do it all yourself. And despite what some consultancy companies will tell you, most of these people should come from the organisation that will implement the strategy, not a consultancy. This is because the people that really understand your organisation, and therefore how opportunities might be exploited and challenges overcome, are the people that work within it. Richard Koch, author of the Financial Times' guide to strategy, puts it neatly:

Strategy is not hard to understand. It is no harder than, say, learning to play the piano, and it takes a lot less time. But just as there is a world of difference between my plonking the ivories and the work of a concert pianist, doing strategy really well is a creative task which depends on



understanding both the concepts of strategy and the nature and DNA of a particular firm. So, the best people to 'do strategy' are the people in the company for whom strategy is being done.<sup>52</sup>

Another benefit of involving as many members of your organisation as possible in developing the strategy is that their inclusion makes them stakeholders in the eventual outcome. This means they are more likely to support the strategy's execution, something that will be critical to its success as strategies fail during implementation, not development. We will explore this in more detail when we consider Question 10 (Is our organisation ready to implement the strategy and then support it throughout its lifecycle?) but, even at this early stage, it's worth reflecting on the wise words of Dwight D Eisenhower, one of the most famous generals of World War II and later the 34th President of the United States:

But whenever men can be persuaded rather than ordered – when they can be made to feel that they have participated in developing the plan – they approach their tasks with understanding and enthusiasm.<sup>53</sup>

When you have assembled your strategy making team, a great way of working through the process is to divide the team into smaller groups to consider each question independently. Although it takes time, bringing the groups back together again to compare views in a plenary session after they've considered each question is a very powerful way of unlocking the intellectual and creative capital of your organisation (and we'll look at how to do this in more detail in Chapter Four). It also helps guard against groupthink, a common reason why strategies fail, where groupthink can be defined as:

A mode of thinking in which individual members of small cohesive groups tend to accept a viewpoint or conclusion that represents a perceived group consensus, whether or not the group members believe it to be valid, correct, or optimal. Groupthink reduces the efficiency of collective problem solving within such groups.<sup>54</sup>

It's also worth considering forming a red team whose job is to challenge and be provocative, where a red team can be defined as:

...a team that is formed with the objective of subjecting an organisation's plans, programmes, ideas and assumptions to rigorous analysis and challenge. Red teaming is the work performed by the red team in identifying and assessing, *inter alia*, assumptions, alternative options, vulnerabilities, limitations and risks for that organisation.<sup>55</sup>

Establishing a red team can also be an effective way of involving the quieter members of a group as it gives them an official mandate to challenge others, something they might not ordinarily be inclined to do.

As you work your way through the process, bear in mind that it's often iterative as new issues are exposed and you need to revisit earlier stages because you now understand that some of the assumptions you made before were incorrect. Although this might feel like a retrograde step, going back should be encouraged as it means you are developing a better understanding of the situation and how it could be exploited to achieve the vision.

Having read the extract, click the below button if you'd like to see to see the book on Amazon and read the reviews.

### **Other books by Craig Lawrence**

#### **Military History**

The Gurkhas: 200 Years of Service to the Crown (ISBN: 978 1 910500 02 6)

Gurkha: 25 Years of The Royal Gurkha Rifles (ISBN: 978 1 912690 23 7)

#### **Action Adventure Fiction**

The Legacy (ISBN: 978 1 8380045 2 1)

Reasonable Doubt (ISBN: 978 1 8380045 0 7)

#### **Strategy and Strategic Leadership**

Getting Strategy Right (Enough) (HMSO Publication)

Find out more about Craig Lawrence's other books at:

**[www.craiglawrence.co](http://www.craiglawrence.co)**