



Welcome to our latest bulletin in which we focus on strategy, specifically approaches to developing strategy.

In our lead article my colleague and I share our point of view that the purpose of strategy is essentially about making the choices needed to change an organisation's trajectory.

Our second article features the thoughts of Roger L Martin, professor and former dean at the University of Toronto's Rotman School of Management, and co-author (with A G Lafley) of Playing to Win: How Strategy Really Works. In the article he makes a clear distinction between strategy and planning, and the danger of thinking that strategic planning is the same as true strategy making.

Finally, we feature the results of a five-year research project conducted by The Boston Consulting Group on how to select and execute the right approach to strategy. The findings are described in a recently published book entitled Your Strategy Needs a Strategy.

As always, we welcome your feedback.

Best regards
[David Trafford](#)

About Formicio

We work with people who want to improve their organisation's future.

Specifically we can help you:

The purpose of strategy: to change an organisation's trajectory

Most corporate strategies reflect a set of explicit or implicit choices aimed at creating greater shareholder value, increasing market share or, in extreme cases, survival. These choices typically cover market and customer propositions; product and service offerings; organisation and structure; acquisitions and divestments; and organisational values and beliefs. While all these 'strategic choices' are valid and often necessary they, in our view, miss the fundamental purpose of strategy: which is to define the actions needed to change an organisation's trajectory. By this we mean changing the trajectory that is currently taking the organisation to its default future to one that will take it to a future that is not only better, but achievable.

If the strategy relates to a part of the organisation, like HR, manufacturing, distribution or IT, the domains of the strategic choices may be different, but the purpose is the same: to change the trajectory of the respective part of the organisation.

It is also worth remembering that choices are only strategic if, once acted upon, are difficult, if not impossible, to reverse or undo. All other choices are essentially planning decisions that can be changed – albeit at a cost.

If the purpose of strategy is therefore to change an organisation's trajectory, how are the strategic choices best made and how can the chosen strategy best be implemented? In their article, [The Purpose of Strategy: To Change an Organisation's Trajectory](#), [David Trafford](#) and [Peter Boggis](#) present a framework for developing strategy that comprises three strategic trajectories: reality, intent and opportunity. They argue that only by understanding the trajectory of strategic opportunity and the trajectory of strategic reality can informed choices be made on the trajectory of strategic intent.

To read the full article, click [here](#).

The big lie of strategic planning

A detailed plan may be comforting, but it's not a strategy, argues Roger L Martin in his HBR article [The Big Lie of Strategic Planning](#). We all know that strategy is important, but as it involves confronting a future we can only guess at, it can also be scary. Real strategy not only involves deciding what you will do, it also involves making decisions that explicitly cut off possibilities and options. Many executives feel – but probably do not admit – that if these decisions prove to be wrong they could wreck their careers.

As a result, most executives 'protect' themselves – and their companies – by falling into three comfort traps. The result is that considerable time and resources are spent preparing comprehensive plans for how the company will invest in existing and new assets and capabilities in order to achieve a target. By the end of this process, everyone feels comforted by the effort that has been put in, and a lot less scared. Martin believes this is "a terrible way to make strategy, as

Assess your current strategy by understanding your organisation's current trajectory and the factors driving it.

Develop your new strategy by defining an organisational trajectory that leads to an improved future.

Operationalise your strategy by creating the conditions that enable the organisation to pull itself towards its target future.

Our approach is to help our clients find solutions that work best for them, while keeping them true to their strategic intent.

More details can be found on our [website](#).

Parting thought

"Strategy is not the consequence of planning, but the opposite: its starting point."

Henry Mintzberg
Academic and author on
business and
management
1939 -

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fear and discomfort are an essential part of strategy making." He offers three rules for escaping the traps and not falling into the strategy comfort zone, which are:

1. *Keep the strategy statements simple.* Focus your energy on the key choices that influence revenue decision-making – that is, the customer.
2. *Recognise that strategy is not about perfection.* Given that strategy is primarily about revenue rather than cost, perfection is an impossible standard. Strategy is about shortening the odds of a company's bets.
3. *Make the logic explicit.* Document your answers to questions about your customers, evolution of your industry, your competition, and your capabilities?

His advice is to reconcile yourself to feeling uncomfortable, and follow the three rules above.

Does your strategy need a strategy?

Martin Reeves, Knut Haanaes and Janmejaya Sinha believe that it does and their book [Your Strategy Needs a Strategy](#) sets out how to select and execute the right approach to strategy. The book is built on a broad body of evidence gathered during half a decade of research conducted within The Boston Consulting Group (BCG) Strategy Institute. The research included a detailed survey of 150 firms from industries as diverse as banking, pharmaceuticals, high tech and agri-food across major industrial nations, plus 20 in-depth interviews with CEOs.

The result is what the authors call a 'strategy palette' comprising five environments and approaches to strategy. They argue that your environment should dictate your approach to strategy as one size no longer fits all – if it ever did. The environments they describe differ along three discernible dimensions, namely Predictability (can you forecast it?), Malleability (can you, either alone or in collaboration with others, shape it?), and Harshness (can you survive it?). Combining these three dimensions in a matrix reveals the five distinct environments:

Classical:	I can predict it, but I can't change it.
Adaptive:	I can't predict it, and I can't change it.
Visionary:	I can predict it, and I can change it.
Shaping:	I can't predict it, but I can change it.
Renewal:	My resources are severely constrained.

The authors then offer a distinctive approach to strategy and execution for each of these environments. The book concludes by showing how firms can use multiple approaches successively or simultaneously across geographies, business units, or life-cycle stages: an approach they call ambidexterity.

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