

# STRATEGY OR A GOAL

A strategy is not a financial goal or a motivational slogan, it is a plan that has been developed to surmount a challenge, based on a considered choice, created from a **thorough** understanding of the environment you exist in.

**What is the “rationale that says your business will be successful in the long term” and “how will you exploit your competitive advantage”?**

Your understanding of the environment that you exist in, to the point where you can attempt to predict the future, so you can see long term positions of strength will enable you to create effective strategy. Without undertaking this exercise you are operating without a key piece of “intel” you will stumble from one short term opportunity to another, missing out on long term profitable markets.

Wikipedia defines Strategy as:

A **strategy** is a plan of action designed to achieve a specific goal. Strategy is all about gaining (or being prepared to gain) a position of advantage over adversaries or best exploiting emerging possibilities. As there is always an element of uncertainty about the future, strategy is more about a set of options (“strategic choices”) than a fixed plan.

The problem with most entrepreneurs is their unwillingness to stop and analyse the market or the eco-system they exist in long enough to create multiple options to create an informed strategy. A crucial step in creating good strategy is that you present multiple options and that you are forced to debate and create stronger arguments to support them. To often we either go with the first option or just operate in committee mode and merge the options together. Powerful strategy often involves hurt – some one not getting their way and stopping pet projects.

**Our impatience and desire to “just do it” – makes us jump directly to creating a plan, missing out on the great power of “true strategy”**

There are two orders of power when looking at strategic planning.

- 1. Business Planning:- Operational Excellence:** Gaining clarity in what you do and are good , deciding what to do and not. BHAG (Big hairy audacious goals), purpose, defining immediate goals and tactics to achieve those goals., basic competitor analysis. This business planning by itself does produce improved performance, but will not de risk the business in the long term.
- 2. Strategic Market Analysis:** This higher order activity involves deeper understanding of what is going on in the market, where long term opportunities lie, maximising gains over industry trends and predicting trends. Although this activity requires in depth market research and evaluation of multiple paths it will result in a simple statement.



In Richard Rumfelt’s book “Good Strategy Bad Strategy – the difference and why it matters” he makes a strong case for taking the time to do what I refer to as Strategic Market Analysis before business planning. He make brutal comments about what he calls bad strategy. He has brought a new clarity to me around business strategy or more importantly non strategy that will help me in my work. Below are few excerpts – learning’s from his book (available on kindle) ...

- **Good strategy almost always looks this simple and obvious and does not take a thick deck of PowerPoint slides to explain.** It does not pop out of some “strategic management” tool, matrix, chart, triangle, or fill-in-the-blanks scheme.
- **Unlike a stand-alone decision or a goal, a strategy is a coherent set of analyses, concepts, policies, arguments, and actions that respond to a high-stakes challenge.**
- The core of strategy work is always the same: discovering the critical factors in a situation and designing a way of coordinating and focusing actions to deal with those factors
- **If you fail to identify and analyze the obstacles and opportunities, you don’t have a strategy. Instead, you have a stretched goal, a budget, or a list of things you wish would happen.**
- The kernel of a strategy contains three elements: a diagnosis, a guiding policy, and coherent action that respond to a high-stake challenge.
  1. Diagnosing the specific structure of the challenge or change rather than simply naming performance goals.
  2. Choosing an overall guiding policy for dealing with the situation that builds on or creates some type of leverage or advantage.
  3. The design of a configuration of actions and resource allocations that implement the chosen guiding policy.
- Good strategy is not just “what” you are trying to do. It is also “why” and “how” you are doing it. Combining all three elements mentioned above.

Even after working out what needs to be done “Good Strategy” is explicit in how you will do it. Steve Jobs’s guiding policy is legendary: (1) imagine a product that is “insanely great,” (2) assemble a small team of the very best engineers and designers in the world, (3) make the product visually stunning and easy to use, pouring innovation into the user interface, (4) tell the world how cool and trendy the product is with innovative advertising.

**My observation is that we are all jumping over step one in Richard’s process or simply restricting it to a basic SWOT and competitor analysis.**

**At very least challenge your strategy: is it a slogan or a goal or does it have some decent market intelligence behind it? And more importantly have you had it challenged?**

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