

What comes first, action or strategy?

Strategy is one of those words that is frequently used but rarely defined. So what does it mean? Or, more to the point, what do people intend it to mean?

Dictionary definitions tend to place the term in a military context as it originates from the Greek words *stratos*, meaning 'army' and *agō*, meaning 'to lead'. When used figuratively, it is defined as **'a large-scale plan or method for winning'**.

While this definition seems wholly appropriate for organisations, I believe the problem is that we use the term far too liberally. For example, it may be used in reference to the 'annual plan', which is really little more than a business forecast or, worse still, we might use the term to retrospectively describe something that worked out particularly well.

In one company I worked for we regularly employed consultants to trawl through our past successes to identify patterns and, when one was identified, it would be presented back to us as a new 'marketing strategy'. Unsurprisingly all of these proved to be costly mistakes as it was like trying to move forwards while facing backwards. Moreover, those past successes had come about as a result of our ability to react to circumstances, not as a result of our ability to predict likely requirements.

The question therefore is, what comes first, strategy or action?

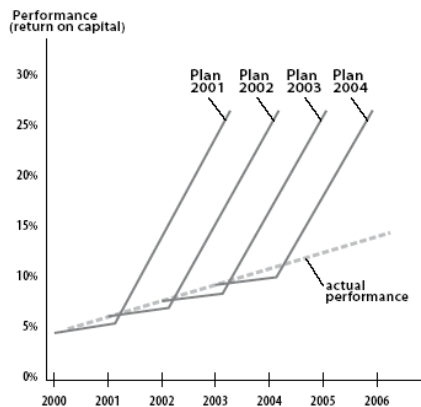
In their book 'From Resource Allocation to Strategy', Joseph Bower and Clark Gilbert conclude that strategy is rarely a coherent plan conceived at the top by a visionary leader, but is generally formed by a series of smaller decisions, not always reflecting what top management has in mind.

Their point is that it is rare in any sizeable organisation that the people at the top have sufficiently detailed knowledge of what happens on the ground to enable them to accurately define and implement a long-term strategic plan. They therefore see strategy as being a far more improvised, adaptive and dynamic process than any of the textbooks would have us believe.

Their findings may also go some way to explain why so many top-down

strategies fail.

In a recent Harvard Business Review article, Michael Mankins and Richard Steele describe what they call the Venetian Blinds of Business. Illustrated in the following diagram, they describe how strategic plans frequently predict modest growth in the first year of the plan with a higher rate of performance thereafter. For beating the first year's plan the management are congratulated and handsomely rewarded. They then prepare a new plan which, once again, predicts uninspiring performance for the first year and improved performance thereafter. And so it goes, year after year.



I believe the implications for strategic planning of these points are as follows:

1. The strategic plan should be visionary, large scale and long-term.

In the 17th Century the famous Samurai swordsman and military strategist Miyamoto Musashi wrote:

'In strategy it is important to see distant things as if they were close, and to take a distanced view of close things.'

I believe that this is good advice as it helps to distinguish the long-term strategic plan from the shorter-term business forecast. Both are necessary, both are important and both should relate to one another, but the two should not be confused.

2. Strategic thinking is everyone's job.

The evidence suggests that to be successful, a strategic plan needs the support, understanding and involvement of people at all levels in an organisation.

Simply involving people is not enough though. Those people need to be capable of both thinking strategically and seeing the organisation in the context of the global market and economy.

These are skills that tend to come more easily to people who have worked in a number of industries, as they have had a broader exposure to different organisations and approaches. But this is not to say that remaining within a single organisation is necessarily bad. Indeed, as Jim Collins observed in his book 'Good to Great', only one of the eleven companies considered 'Great' in their survey had hired an external CEO during the 10 years prior to achieving 'greatness', all the rest were internal appointees, most of whom had been with their organisations for many years.

It is obvious therefore that strategic awareness can be learned on the job and even taught. Indeed, one of my own company's areas of expertise is in developing such skills within organisations.

The challenge is for organisations to accept that employees, generally recruited for the depth of their knowledge in a particular subject, need to also have a good breadth of knowledge if they are to become effective strategic thinkers.

3. Time

If strategic plans are visionary, large scale and long-term, it stands to reason that they will take time to implement. Yet in today's short-termist markets, woe betide any CEO who does not produce the predicted results almost instantly. As Jack Welch said of his time as CEO of GE - *'Everybody gives me credit for what I did. But look at how much time I had! It took me at least ten years to begin to get results. What would happen today to a guy who took all those years to get results?'*

To address the question from the start of this article, it would appear that strategy and action are inseparable and any debate as to which comes first is as futile as the question concerning the chicken and the egg.

About the author:

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