

The Real Meaning of Strategy

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Strategy has become a catch-all term in today's business world. It's time to rediscover the basics of what strategy is and isn't. – by Robert J. Jonas, President, Strategy International, Inc.

After a particularly stunning performance, a reporter once asked hockey great Wayne Gretzky why he was so much better than the average player. After a moment of thought, Gretzky smiled and replied, “Because I skate where the puck is *going* to be, not where it is.”

Although the statement was largely tongue-in-cheek, it does contain an interesting and valuable lesson, one that is especially applicable to the field of business strategy: *If you want to win, you must anticipate the future.* Or perhaps more accurately, you must anticipate the future and then build a strategy that will take you there.

However, many companies today – from multi-billion dollar corporations to small private enterprises – fail to accomplish this goal, not because they are incompetent or stupid, but because they don't have a solid grasp of what business strategy really is. Even the word “strategy” itself has become so mired in guru-speak and misinformation that it's almost useless today. It's become a kind of catch-all term in the modern business world, meaning one thing to Company A and something totally different to Company B. In this sea of misunderstanding, it seems about the only thing that *can* be agreed upon is the fact that successful business strategies are necessary, and without them, even the mightiest company in the world would perish. But what are they? And why does one set of strategies flourish while another fails? It

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is questions such as these that account for a good portion of the misunderstanding surrounding business strategy and its implementation.

A Mix of Ideas: What Strategy Is and Isn't

It may come as a surprise, but strategy, in and of itself, has nothing to do with goals, objectives, or purpose. Instead, strategy defines how those things are going to be achieved; in other words, strategy isn't the mission, it's the plan that allows the mission to be accomplished. This is a relatively simple distinction, but one that is still frequently overlooked. Many companies will trudge through quarter after quarter, thinking they're following any number of different “strategies”, when what they're really doing is reaching for goals without a game plan.

At its most basic and generic level, then, strategy may be defined as a plan, method, or series of actions for obtaining a specific goal or intended result. But within the context of business operations, its true meaning reaches even deeper than that. For not only does business strategy have to be formulated, it has to be implemented, managed and monitored the same as any other business process. Further, the route to successful business strategy formulation is more nebulous and ill-defined than in other areas; it can vary depending on the industry, business environment, or even the nature of the customer base.

Different Strategies for Different Situations

There are essentially four different categories into which most strategies fall. While they vary in scope and methodology, they are all “legitimate” in the sense that they can, if properly developed and managed, allow the organization to reach its aim.

1. Designed strategy

This is probably the most “traditional” kind of strategy, because it is deliberate, defined, and it knows exactly where it’s going. It is also written, with a clear, predetermined aim that is known and communicated to all the individuals within the organization. More so than the other types of strategy, a designed strategy leaves no question as to what path the organization is on.

2. Adaptive strategy

Unlike the designed strategy, an adaptive strategy evolves over time in response to pressures inside and outside the organization. The process usually begins with a loose scenario depicting how to best utilize the company’s resources, and the strategies develop through an ongoing process of trial and error. Even the intended aims can be altered if some new force or factor demands it. Due to their fluid nature, adaptive strategies are well suited to dynamic industries like software development where change is fast, frequent and furious. They also work best when they are “bottom-up” driven, originating and flowing from the management that is closest to the customers.

3. Framed strategy

In contrast to both adaptive and designed strategies, a framed strategy consists of a set of actions with little or no detail. Rather than a defined path, a framed strategy generally starts out with a set of initiatives – loosely defined actions which require individuals to determine their *own* course in order to achieve the expected result. There isn’t much leadership in a framed strategy, and for this reason it will most likely never achieve results unless it is transformed into either a designed or adaptive strategy.

4. Executed strategy

An executed strategy is simply a designed or adaptive strategy that has formed a consistent pattern of action or behavior over time. In other words, an executed strategy is done, it’s finished, it’s been integrated into the organization’s way of doing things. Provided it is achieving the intended result, there is nothing further to add or subtract from an executed strategy.

Beyond Formulation: Effective Strategy Management

Just as important as the strategy and the aim it is trying to achieve, is the way in which it is managed and implemented. An otherwise successful set of strategies will fail if they are managed incorrectly. Although there is room for variation, there are essentially five steps that form the core of effective strategy management.

1. Identify current patterns of action.

This logical first step basically involves taking a look at what’s going on within the organization right now. Current strategies are defined and categorized, providing a general framework to use throughout the rest of the management process.

2. Aggregate the strategies into groups.

Here the consequences of the strategies are defined in terms familiar to the individuals within the organization. This allows the individuals to understand how their own actions fit in with respect to the big picture.

3. Examine the strategies.

The examination phase is a broad one that involves dissecting current or proposed strategies to see what they’re made of. With an emphasis both on how things should be done and how they’re actually

being done now, this step (hopefully) allows various strategies to be evaluated in an objective manner.

4. Illustrate the strategies.

This step involves delineating the time sequence of the resource deployments that must occur as part of any strategy. Because it is a structured exercise, this step is especially crucial for designed strategies.

5. Transform the strategies.

This final step involves transforming existing patterns of action; in other words, taking decided-upon strategy changes and making them part of the organization's routine. Because the process can be ongoing for some time, it should be monitored and its impact on the rest of the organization (policies, budgets, performance controls, etc.) should be constantly evaluated.

Are these steps meant to suggest that there is a single magic bullet for building and managing effective strategies? Certainly not. But whatever factors may come into play, it is clear that knowledge and planning play a key role. We've all heard that "knowledge is power", and this axiom is especially true when it comes to building and managing effective business strategies. In fact, taking heed of this principle may just be the first and most important step of the journey.

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