

Unfortunately, "strategy" is a much over used word and yet is misunderstood by many people.

For us and our clients, strategy is about:

- Where value is created and
- How value is created and captured.

The "Where" and "How" of value creation

This is relevant at many "levels" in an organisation. At the highest corporate level, for example, value is created and captured by investing in and managing a portfolio of businesses and deciding on the emphasis of "top down" management. Usually this includes financial control and organisational structure but some organisations also manage marketing and technology centrally. In recent years, corporate headquarters have also sought to influence the values and culture across the company as well as defining key businesses processes.

Relevant at all levels of the organisation

Further down the organisation, value is created and captured by choosing what products and services are offered to what customers, in what geographies, and through what distribution channels. At this level, understanding what competitive advantage the firm has becomes crucial to successful allocation of resources and investment.

Even at departmental, "functional", and personal levels in an organisation, consideration needs to be given to "where" and "how" value is to be created and captured.

Learning to think "strategically"

Key to understanding strategy is the realisation that the same set of essential strategic concepts is relevant at all levels of the organisation and that the skill to be developed is thinking "strategically" rather than the mechanistic application of popular two-by-two matrices.

Some say learning to be a good strategic thinker is difficult. Actually, it tends to be finding the time to stop and think strategically that is difficult. If you have the necessary skills and you can find the time, then thinking strategically about your situation is relatively easy. Acquiring the necessary skills simply requires practice, ideally supported by a skilled strategist.

Practice makes perfect

So what are the skills of a good strategist?

We don't recommend that you try and develop all these skills at once but focus on those that are most relevant to the emphasis of the strategic thinking you need to be doing. We can help you choose the most relevant but here's the "long list" (we don't claim that it's an exhaustive list!):

- Structured problem solving and diagnosing the important issues to be addressed
- Envisioning the future and coping with and managing uncertainty
- Understanding how "value" is determined (usually financially)
- Establishing an ambition or vision for your future
- Identifying, listening to, and managing stakeholders' expectations (including customers, suppliers, senior management, shareholders, regulators etc)
- Choosing "what to sell to whom"; understanding your market and customer needs
- Understanding competitiveness and how you improve it
- Identifying sources of competitive advantage and strengthening them
- Selecting between alternatives
- Assessing priorities and devising an implementation plan (before detailed action planning and project management)
- Managing change and anticipating barriers/reactions
- Identifying, assessing and managing risk
- Structured and effective communications

If you have any questions or comments as a result of reading this article please e-mail us at info@betterstrategy.com.