

Let's Talk Strategy

(Development and Facilitation)

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** Not once in this presentation will you see metrics or value. Strategy is about creating a comprehensive, integrated path to a future state. Pat Leach will talk more about this in the next talk.

Best Strategy paper I know is still:

Are you sure you have a strategy?

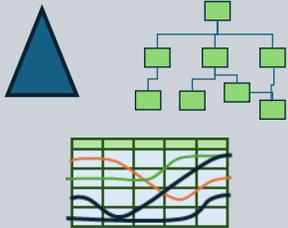
Academy of Management Executive, 2005, Vol. 19, No. 4. Pgs. 51 – 62. Donald C. Hambrick, James W. Fredrickson

Our Toolbox.....And Context

Field

Do it → Qualitative
→ Quantitative

Facilitate it

	Project Management	Portfolio	Project Options	Negotiation	Strategy
Qualitative	Execution Path	Strategy Linked Theme	Strategy enabled Framing	Strategic Objectives	?
Quantitative	<i>Critical Path Surprise Mgmt. Cost & Schedule</i>	<i>Collection, Rank, Gaps, Optimization</i>	<i>Vol, VoC, Indifference</i>	Degrees of Freedom, Minimum Obj.	?
	Root Cause, Logistics Priorities, Cross-function impacts		Standard Framing Tools 	Negotiator Prep. Mediation, Hot Room Mgmt.	?

Our Topic



Symptoms of a Non-Strategy

- Unclear or conflicting business direction
- Poorly defined markets
- Failure to differentiate
- Conflicting goals within portions of the business
- Time and resources wasted on ineffective ventures
- Mid-level management direct the company
- Parochial interpretations of business goals
- Plethora of disjointed initiatives
- Trying to be everything to everyone



Do you Really Have a Strategy?

Low-cost Producer

Double our
size by 2030

Fast
Responder

Best Partner

One step ahead of
the competition

Prioritize Profit

Best in Customer
Service



The Hot Dog Stand Test



If your strategy applies as much to a hot dog stand as it does to your company...

It is **NOT** a strategy.



What is a Strategy?

“Strategy is a central integrated, externally oriented concept of how we will achieve our objectives”

- Hambrick and Fredrickson

For our decision-support context:

A Strategic Plan is a series of aligned decisions that fulfill integrated objectives and action across an entity to achieve a comprehensive and well supported material outcome.

Or...?



You Can Not Calculate a Strategy



Strategy Problems and Traps

- Fragmentation of Strategy
 - Narrowly specialized bits and pieces that masquerade as corporate strategies
- Too many “Strategies”
 - Too many initiatives are labeled as “Strategies”
 - Strategy should not be a “catchall” for executive decision choices
- Lack of coherence
 - Not addressing the business as an integrated whole causes schisms and lack of direction
- Internal Conflicts
 - Portions of a strategy that not only do not support, but conflict with other portions of the strategy



**A Strategy is as Much
About the Path as it is
the Destination**



The Three Components of Operational Success



An effective and implementable Strategy must work with the Company's Systems and Structure. For Benter Energy, the UK business unit Strategy must align with its Structure and Systems and not conflict with Sabema's Corporate Strategy.



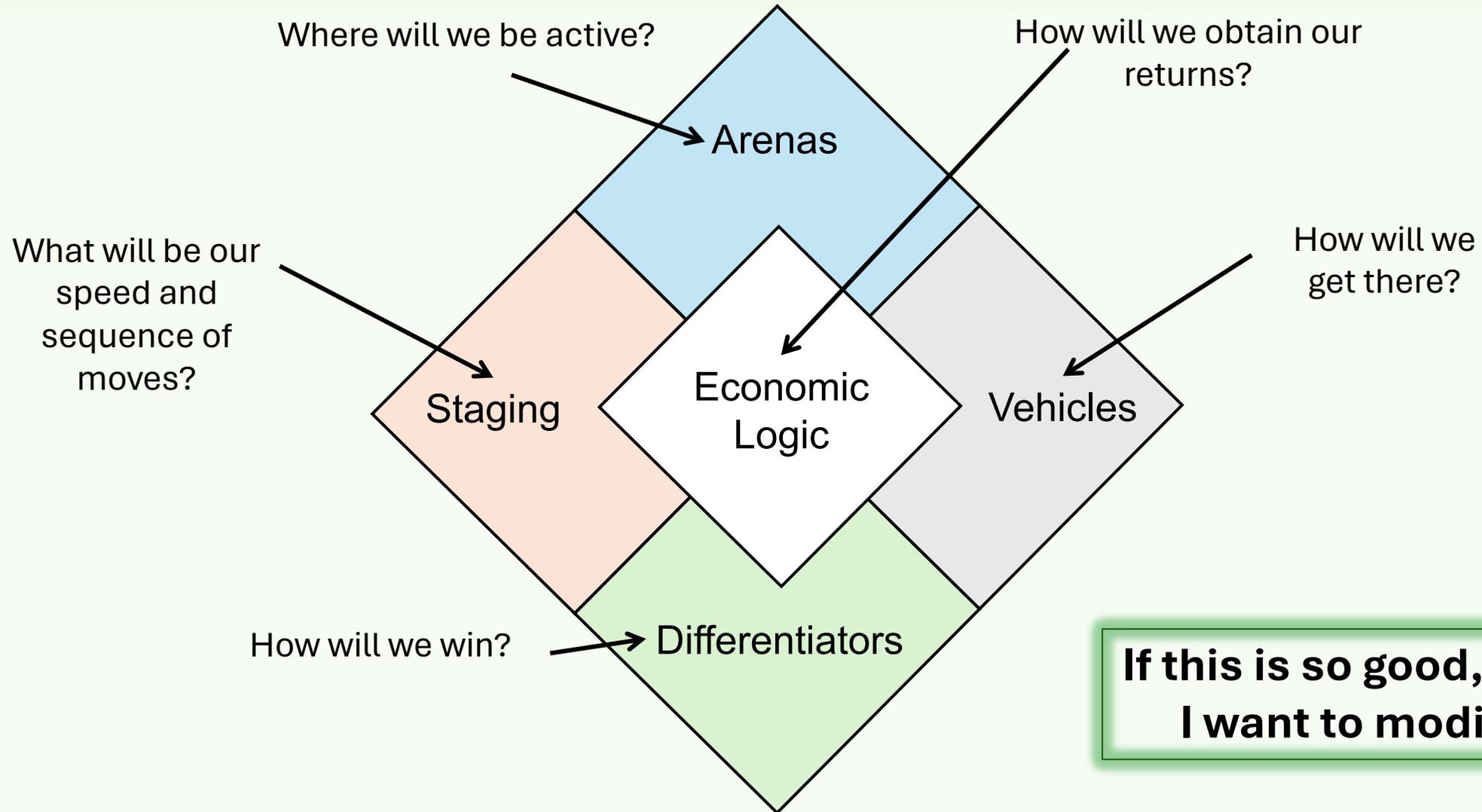
**Facilitating strategy development
includes defining boundaries.**

**We need to know what we are NOT
going to do.**



Building a Coherent Strategy – Hambrick & Fredrickson, 2005

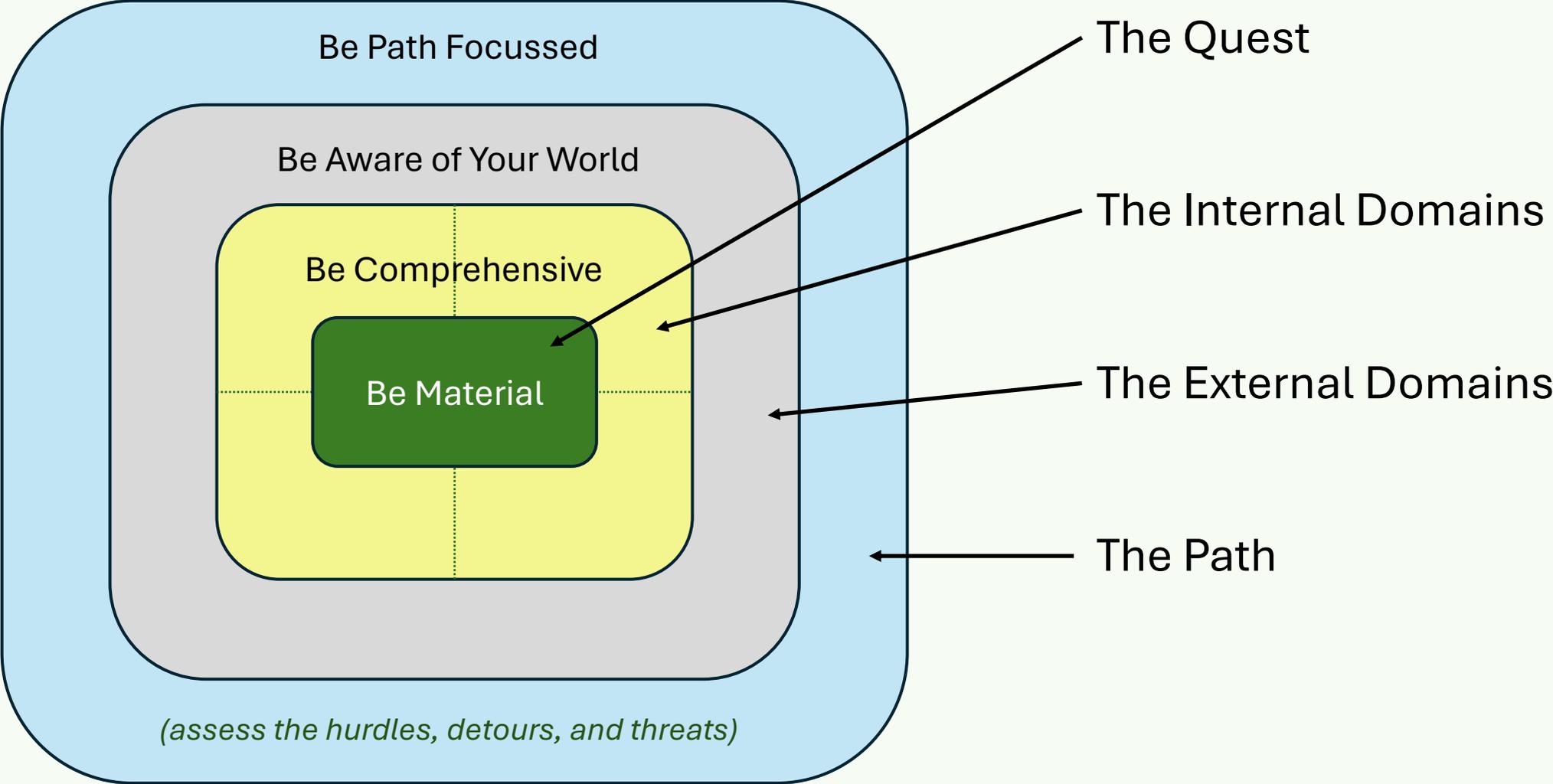
A strategy needs to address five elements



**If You Don't Control
the Pinch Point,
Somebody Else Will.**



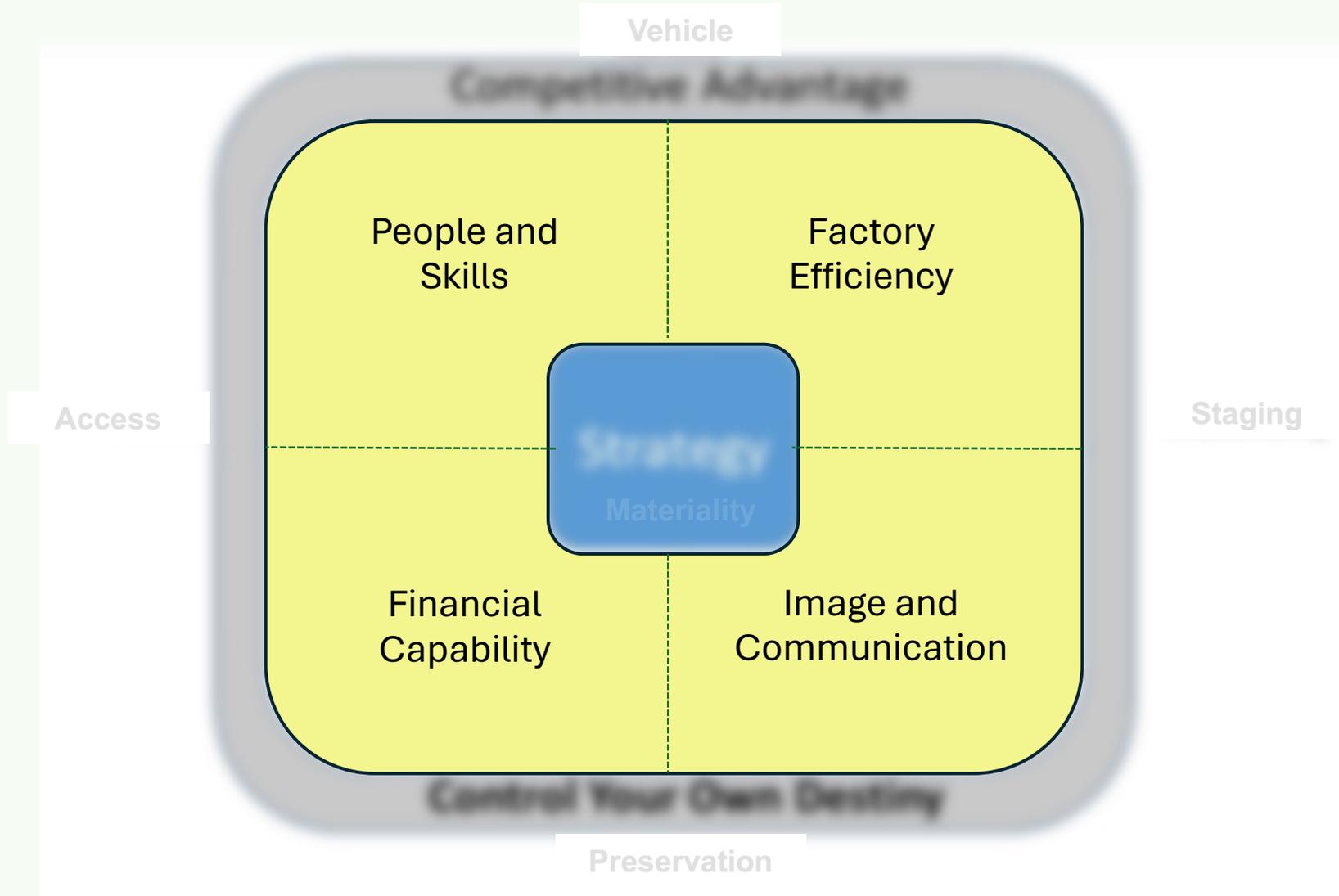
The Strategy Onion – Facilitate Starting from the Core



Full Strategy Model



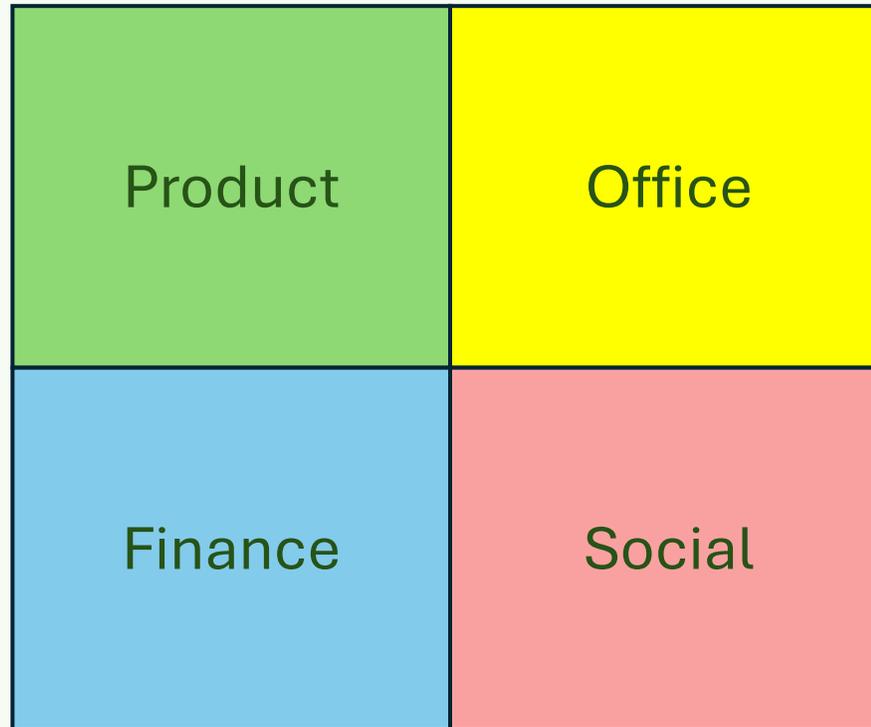
Full Strategy Model – The Arenas



The Core: Strategy Arenas (after Teuling and Tanio)

The commercial output of the company.
The non-acquisition items in the company portfolio.

Sound long-term Fiscal Management for long-term



Staff, support, skills, technology, and physical presence.

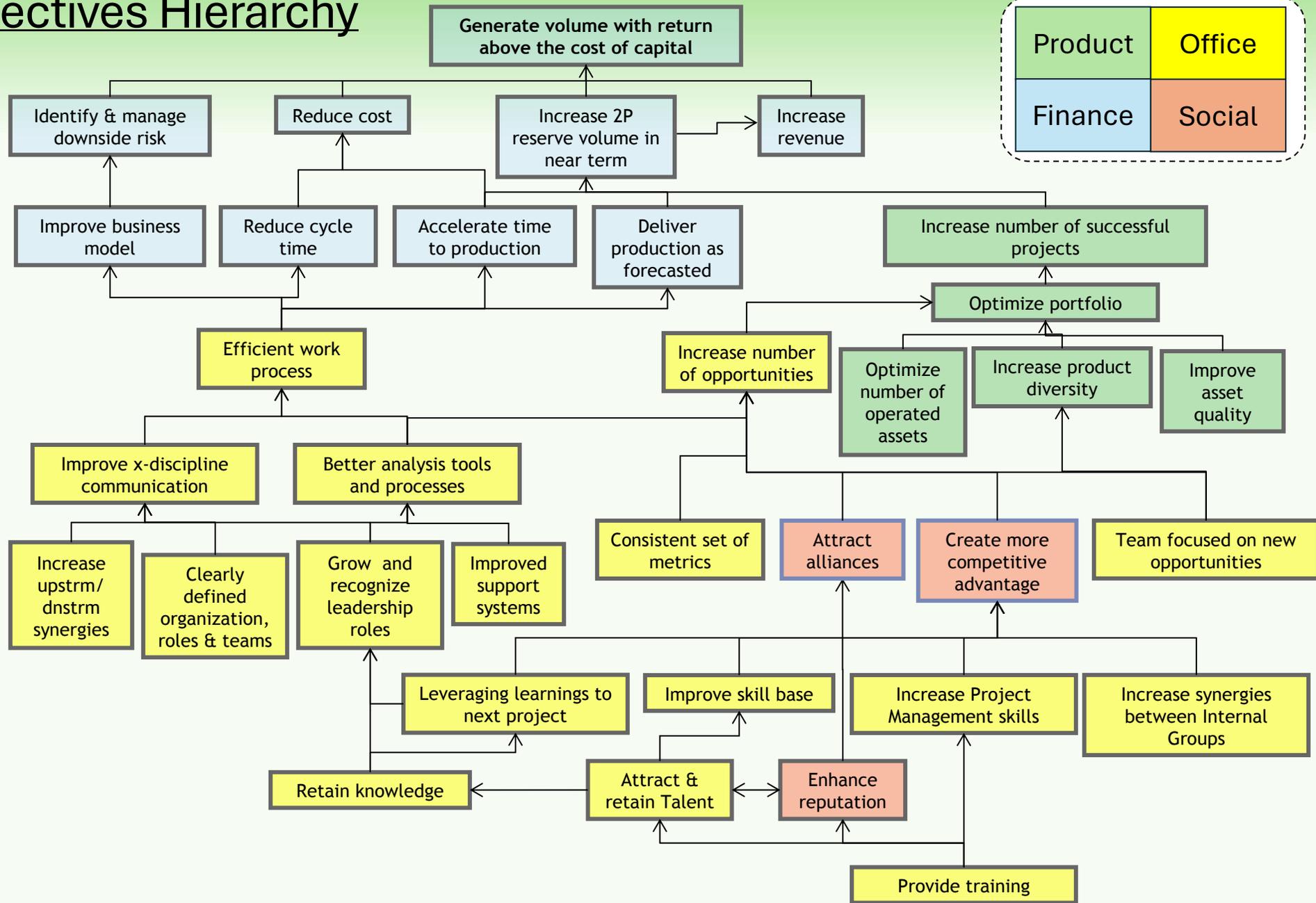
“Systems and Structure”

How the company is seen/interacts with external entities, including partners.

**Facilitate issues, risks, decisions, and objectives in each Arena.
Each Arena needs an aligned sub-strategy.**



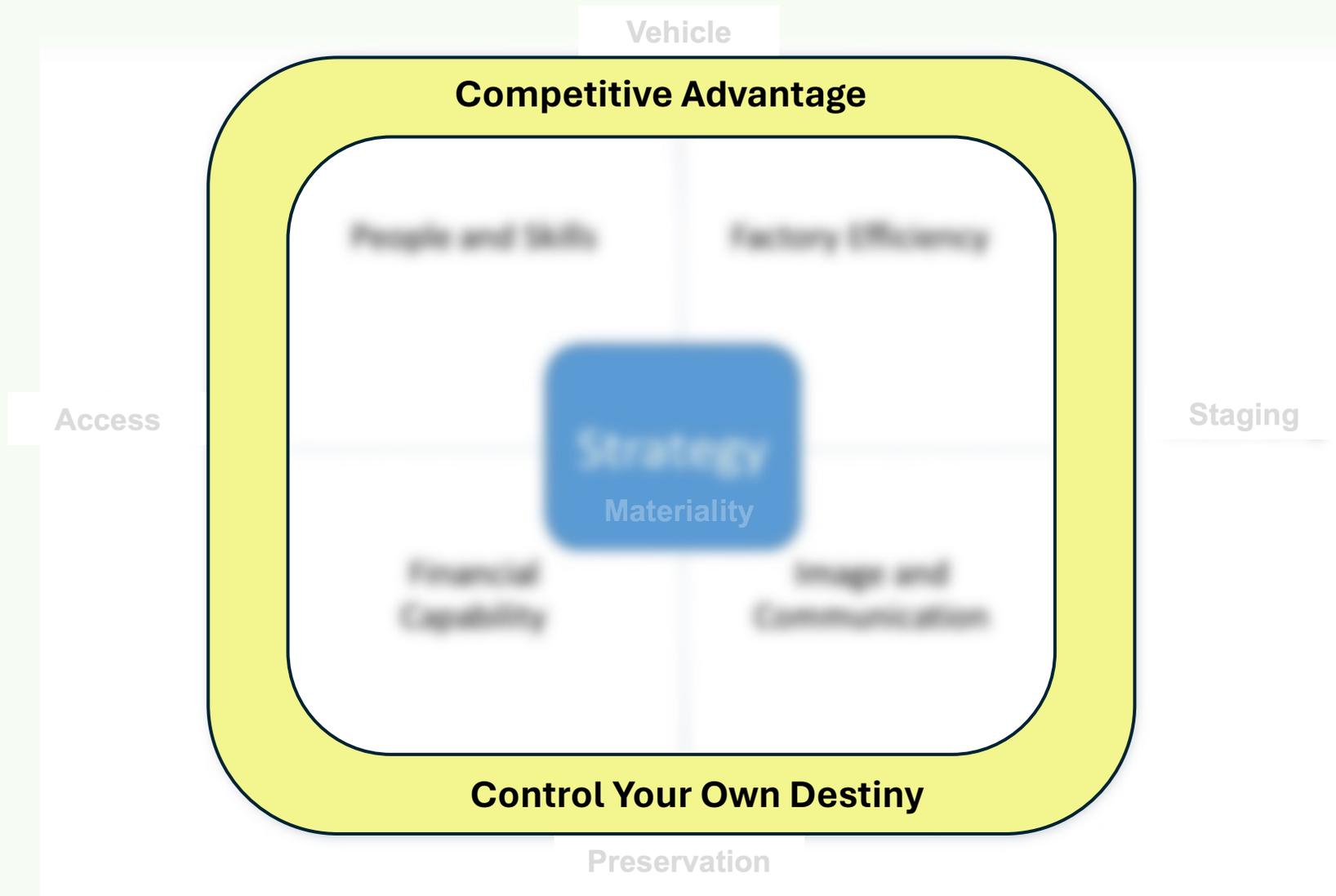
Arena Objectives Hierarchy



Full Strategy Model



Full Strategy Model – The Control Ring



Ring - Competition

Competitive Advantage

Offensive – what gives you the Win?

Defensive – What might impede others?

Competitive Threat

- Office?
- Social?
- Finance?
- Factory?
- Accept
- Mitigate
- Transfer
- Avoid
- Control Opportunities?

What/How

Effective
Response

Competitive Disadvantage

Gap Analysis

In what context/environment will it matter?

What situation(s) would cause us to fail?

4 Questions...

- 1) Is it Material?
- 2) Can you do anything about it?
- 3) Can you afford to do anything about it?
- 4) What if you are wrong?



Ring – Control Your Destiny

Scarce Resource/Supply Assessment

What are the scarce resources you and others are chasing?

Game Theory facilitation is a possibility here.
(risk of merely reinforcing bias if not taken seriously)

Follow the path for all four arenas and identify the scarce resources and pinch-points.

Assess the severity/consequences of lack of control.

Something I learned the hard way...

Big discovery, taken to the cleaners for egress.

4 Questions...

- 1) Is it Material?
- 2) Can you do anything about it?
- 3) Can you afford to do anything about it?
- 4) What if you are wrong?



**A Good Strategy Will
Be Resilient...**

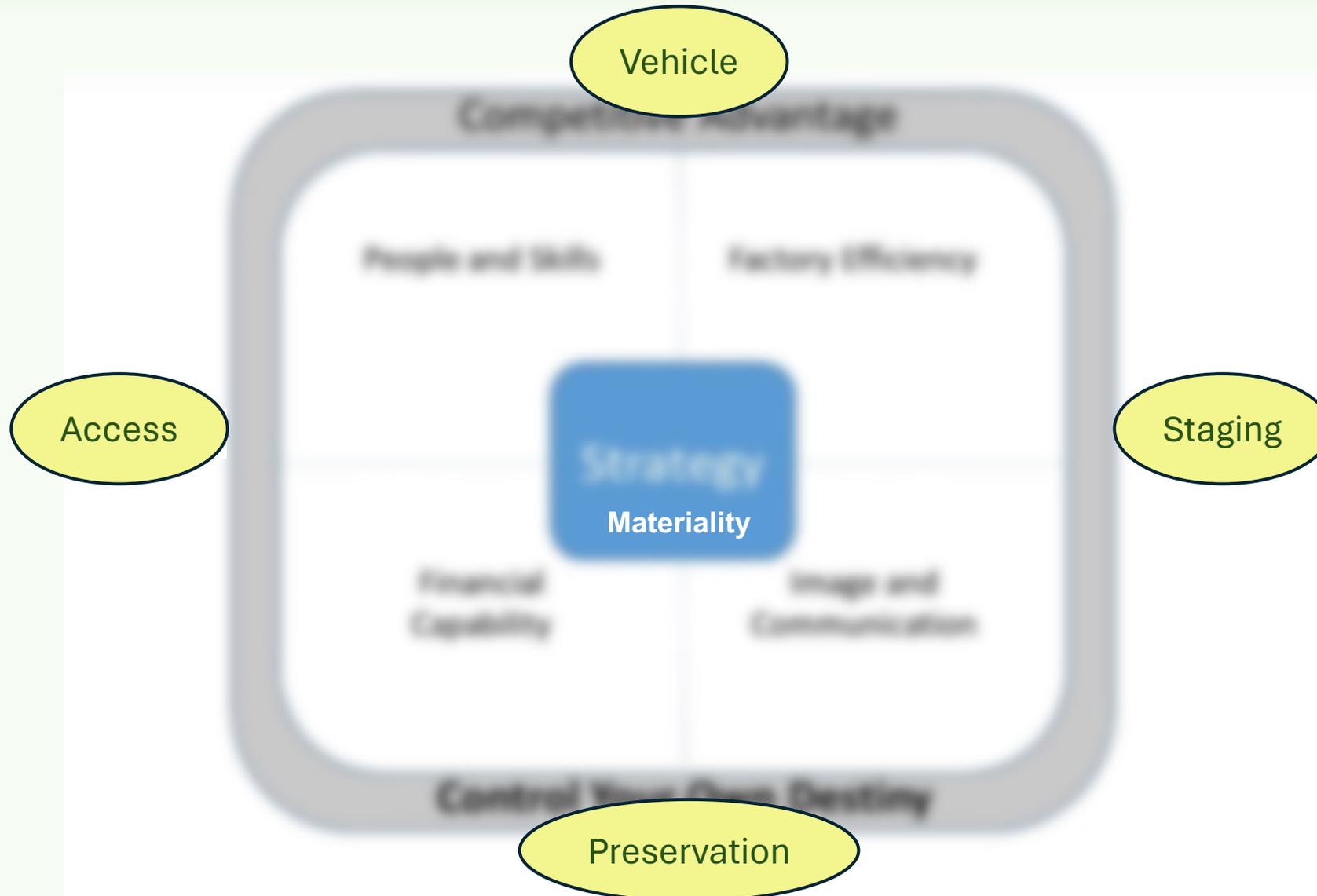
“Sticky”



Full Strategy Model

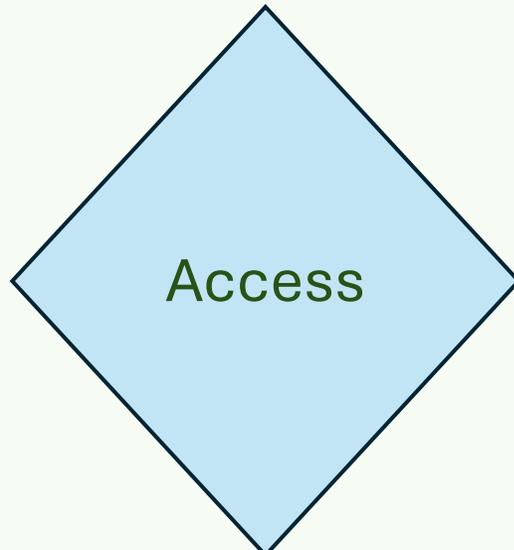


Full Strategy Model - The Path

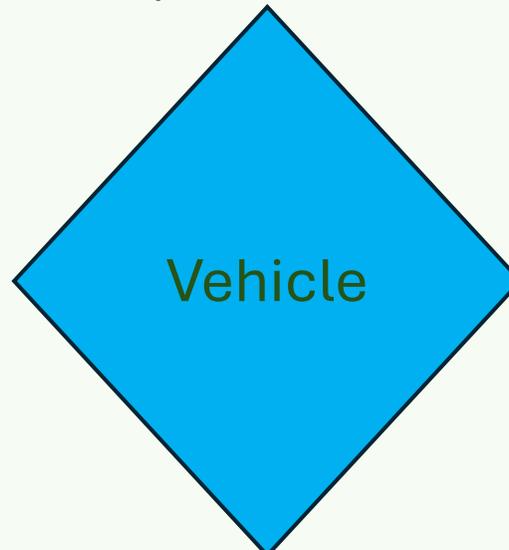


Pathway

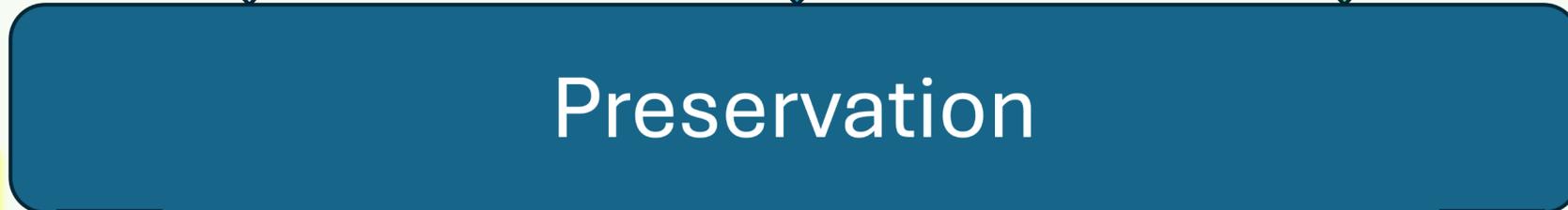
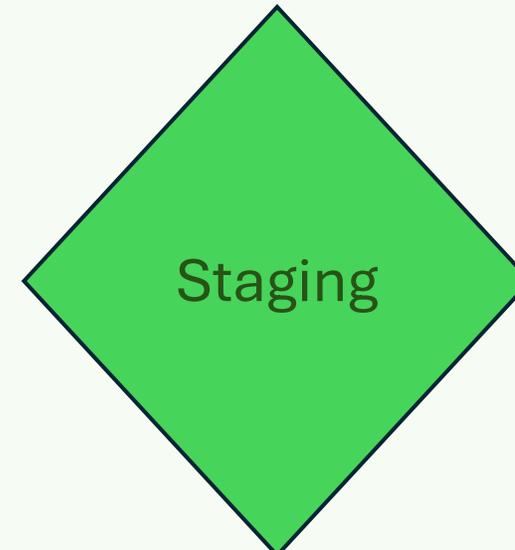
How will you create a material, sustaining entrance?



How will we attain the needed presence?



What is the execution speed and move sequence ?



Feed the monsters under the bed.

Contingency Planning

Pre-Mortem

BATNA



Do You Have A Coherent Strategy?

Testing the Quality from the outside of the Onion inward.

1. Is the strategy implementable? *(Think execution from the beginning)*
2. Is the strategy “sticky”?
3. What factors combine to create the downside outcomes?
*(Think Dependency *and* Correlation)*
4. Does it lack material control?
5. Does the strategy exploit your key Advantages?
6. Are the elements of your strategy internally consistent?
(Any Arena Conflict?)
7. Do you have enough resources to pursue this strategy?
8. Is there material Pain and Regret of the proposed Strategy?



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