Developing strategies that deliver advantage

1. Firstly, ensure you allocate sufficient time to developing your strategy. Take a few minutes to document the current strategy development process in your business. Are you confident that the time and manner in which this is typically approached reflects strategy as one of the most important processes in your business?

2. How long do you allocate to the creative part of strategy development? Additionally, does your strategy team distil what is known about the past and expected in the future in order to stimulate thinking and probe options?

3. How creative is your strategy development process? Using last year's financial reports and one or two SWOT charts is unlikely to deliver breakthrough thinking. Yet this is not an uncommon practice, because it reduces the time needed at those pesky strategy retreats!

4. To what extent is your new strategy evidence-based? How do you test the assumptions on which the strategy is based? Just because it's taking you into uncharted territory doesn't mean it needs to hang off a wing and a prayer!

5. How inclusive is your strategy development process? Having more people contribute in some way, increases the chances both of better quality ideas and increased buy-in of the end product.

TIME-SHRINKING, WHEN IT'S NOT A VIABLE OPTION!

Going through the motions

John glanced over at his smart phone on the corner of the table. It was his link with the real world left behind, he found himself thinking. The annual strategy retreat was turning out to be everything he had expected. A crazy two days which consumed a lot of time and didn't achieve much at all.

Mind you, it was now a lot better as a two day event. The previous three days didn't seem to generate any additional value. "*Come to think of it*", he reflected, "*Would anything change, if the strategy retreat didn't happen at all? Things would be even better! There'd be more time, two whole days, to tackle the unending, busy daily grind. And time is money!*"

How less became more

Time is money, and few would argue with that maxim. Technological progress has sliced significant amounts of time out of our work processes and we're largely better off for it. This is true for both physical goods and intangible services. It's resulted in cheaper prices and a much wider range of goods and services. It's also why businesses (indeed all organisations) are constantly under pressure to add value by shrinking the time they allocate to business processes.

But can we time-shrink all our business processes?

We are surely overjoyed at the time-saving efficiencies that software applications such as Word and, particularly, Excel spreadsheets have delivered. In larger businesses, applications such as SAP even deliver real-time insights into up-to-the-minute, bottom-line performance. But, can we *always* add value by shrinking the time associated with business processes?

The time benefits offered by these software tools are so seductive in our time-pressured world that we perhaps attribute to them advantages they actually don't offer. Critically, they are only tools. While they may facilitate our thinking and analysis, through rapid recasting of data, they actually don't do the job for us. Instead of considering software output as just another form of data, it's all too often treated as a substitute for quality thinking and deeper analysis.

Interestingly, we see this happen with strategy. It seems that many organisations derive their strategic plans from a complex financial spreadsheet, a few obligatory SWOT's, mixed together through a lot of talking over a couple of days at a retreat! A real time-saver, for sure, but just how robust (and more particularly creative) is this kind of approach? This rather confronting question about strategy process is raised fairly frequently yet, despite the negative responses, the ineffective strategy rituals persist.

When less is not more!

Given this ever-present quest to shrink time, UGM is not surprised by the findings in the recent McKinsey Global Survey on Strategy (Jan 2011). High performing companies, "*spend more time developing strategy, review strategies more frequently, and are much better at eliminating barriers to implementation*". Furthermore, senior leaders in only one in seven companies currently spend more than 15% of their time on strategy, even though three times as many felt that much more time is needed.

So why do organisations that spend more time on strategy outperform those spending less time? A key reason is because a good strategy is an organisation's high level plan for successfully leveraging competitive advantage. Research shows that creating an excellent strategy (which includes the implementation plans which will make it work) is a critical driver of value.

Why does strategy development need time and focus?

A key reason strategy development needs time and focus is because it is largely a creative, human endeavour. While great ideas sometimes emerge without much effort, usually they don't. Creative ideas are likely to be a new combination of many old ideas. We need to invest sufficient time percolating, building up creative triggers that lead to creative recombination. Rushing this process seriously constrains its effectiveness.

Neuroscientists have recently confirmed that 'strategic', or high level creative, thinking is run by quite different areas of the brain from 'operational' thinking. Interesting, for sure! Even more relevant is that it appears we need to switch one off, in order to access the other. High quality strategic thinking doesn't fare well in a short retreat, where operational issues continually intrude in people's minds. It fares even worse when it's squeezed into part of a normal, frenzied business day.

For the best chance of success, we need dedicated time to be able to enter our strategic-creative zone and focus intensively on creating high quality output. Additionally, a robust strategy development process, which guides and facilitates thinking, delivers enormous benefits.

Allocating time according to importance

A good strategy is positively correlated with good performance. Consequently, we can only wonder why so many executives spend so little time, in such an unstructured way, on the most critical value-producing process of their organisation? Chances are this goes to the heart of why so many organisational strategies are, at best, ordinary. It also undoubtedly contributes to the partial - and even complete - failure that befalls so many strategic plans.