

NEW WAYS OF DOING STRATEGY



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The team at B+I Strategy has been working on a research project focused on analyzing how organizations “do strategy”, as well as identifying new ways of defining and developing strategies, aimed at incorporating new tools, models and methods to assist companies improve their thinking processes. The following is a summary of the main conclusions of the results of a questionnaire filled out by over 130 companies.

In order to define an organization’s strategy, it is necessary to provide it with a sense of direction for its future, delineating a “Road Map” as it were. Strategy, therefore, has to do with understanding where we are at present, the desired future position, or where we want to go, and the path to take to move toward that future.

Our research has indicated that companies consider that strategy will become increasingly important in future and that managing it will require new perspectives, methods and models. In fact, close to 80% of the companies who participated in the study agree that the design of strategy will increase in importance. Furthermore, around 85% feel that new ways of doing strategy will be needed to be able to adapt to changes currently taking place around us.

The message is clear. While continuously integrating the various existing visions, at B+I Strategy we endeavour to analyze current strategic behaviour in the organizations in our area as well as identify methods, models or tools which assist companies to ameliorate their thinking processes

Differential strategies?

Data: Despite a “clear and defined strategy”, almost 40% of companies surveyed acknowledge that their present strategy is not differential compared to that of their competitors. However, these companies consider that their main priority lies in offering clients differential value, stating that in future successful companies will be those who employ differential strategies.

An overwhelming majority of companies identify the client as the main focus of strategy, considering it essential to improve the relationship model with all their clients. Being sensitive to client needs will take on greater significance as a key factor in competitiveness. Indeed, 94% of the respondents agreed that it will be necessary to tailor the business offer to the specifics of each and every client.

B+I Research: Differential strategies can emerge from the analysis of a company from a variety of angles. In the 1980s, companies initiated the thinking process by looking abroad, at industry and at the market. In the early 1990s, the Resource-Based View meant that in order to define their strategy, companies had to first analyze “what they could do well” and what the basic competencies they possessed were. By the end of the same decade, the vision of strategy focused on client needs became increasingly popular.

All perspectives are potentially valid since they may give rise to ideas and tools applicable in certain organizations and situations. At B+I Strategy, we consider it vital that the processes of design and development of strategies open the door to thinking from a variety of angles on deeper issues affecting the company, combining them to achieve better, more useful results.

Both processes must, therefore, ensure that key strategic choices in a company are made while questioning the most relevant assumptions of the business, from what value proposition we wish to make, to even who our client is. This must in turn, lead to questioning the very definition of the business itself, as Drucker himself declared: “a small change in the perception of the business can open the door to big opportunities.”

By using the same comfortable tools year after year, the results will most likely be incremental strategies which do not allow for opportunities beyond the rules of industry to be discerned. Instead, incorporating new methods which favour lateral thinking and promote creativity is called for. Such examples encompass using specific tools of creativity and innovation, questioning the assumptions of industry, mentally breaking up the various parts of the value chain and determining which ones the company has a competitive edge in. This process goes on to include the incorporation of external perspectives, promoting diversity among teams and the sources of information used, among others.

According to Gary Hamel, the objective is to not “speculate” on what might happen to a company in the future, but rather imagine what we could do to make it happen. Those companies who fail at creating the future do so not because they do not manage to foresee it, but rather that they are unable to imagine it. Curiosity and creativity need to pervade our strategic thinking processes, giving way to new ideas which in turn lead to innovative and differential strategies

Structured or rigid processes

Data: 84% of organizations undertake structured strategic thinking processes with a time frame of between 3 and 4 years (68% of responses). Despite the structured process, companies confirm that they do not always undertake a formal follow-up of the implementation of the strategy (considered insufficient by over 40% of the companies surveyed and yet over 90% felt it to be paramount for the future).

Additionally, the biggest obstacle companies have identified is that insufficient time and habit is devoted to strategic thinking. 39% of the responses indicate that there are not enough people in the organization with that capacity

B+I Research: Aside from being more creative, the processes of design and development of strategies need to be more agile and flexible as the time-frames of strategic design and its implementation continue to shrink. Traditionally, organizations would undergo a strategic thinking process every four or five years, during which the previously defined strategies would be implemented.

Today thinking processes need to be elaborated in shorter intervals of time. Above all these processes need to establish different time frames, providing answers to strategic questions in the short, medium and long-term.

Companies that are able to manage their strategies in this manner will be able to perceive opportunities and risks which their competitors overlook. It is, however, imperative that we are cognizant that these new methods will demand more strategic thinking time from executives, along with the development of powerful mechanisms for follow-up and refocusing strategy.

In conclusion, with the survey results and analysis of the perspectives and visions of strategic management in hand, B+I Strategy is presently working on defining a unique model to support companies in improving their processes of design, implementation and follow-up of the strategy centred on three areas:

1. The contents of the strategy. The goal is to facilitate an overarching and structured vision of the main strategic choices which a company must make, contributing different perspectives and tools to deal with the different decisions by means of a differential strategic Road Map.

2. The process of formulating and implementing strategies. Executives are concerned with whether their strategy is solid or not, but all too often forget to look at how they formulate and implement it. If it is given that there is no exclusive or optimum process to manage the strategy, there are, alternatively, certain elements and traits which we feel ought to characterize the strategic design and development processes in organizations.

3. The context within which strategy is defined and developed. Our research has borne out that companies with successful strategies tend to exhibit specific characteristics within their organization, in areas such as culture, people, structure or the processes.

B+I Analysis

HOW ORGANIZATIONS DO STRATEGY

Central to B+I’s research project into strategy is the empirical checking of the analyses undertaken. To that end, a questionnaire was recently developed sent to a wide selection of organizations to empirically study how organizations from differing backgrounds “do strategy” and discover their opinion on the future challenges of strategic management.

Consisting of four blocks of questions, the questionnaire covered the following topics:

- Describe the strategy of your organization.
- Describe the process of definition and implementation of strategy in your organization.
- What are the main barriers your organization faces in the process of definition and implementation of strategy?
- What is your vision of the future of strategic management in organizations?

A total of 130 responses were obtained, each with a variety of characteristics (61% of respondents with over 15 years in business and in 52% of the cases with less than 100 employees) and sectors (45% services, 35% industry). A personalized report has been duly sent to each respondent presenting their own responses alongside those of other companies in the same sector, as well as compared to the totality of the companies surveyed.