STRATEGIC RED TEAM CONSULTING

The "Art" of Strategy

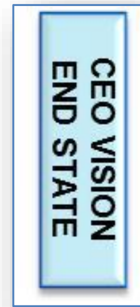
(A CEO's Guide to the One-Page Strategy)

By FM Aubin

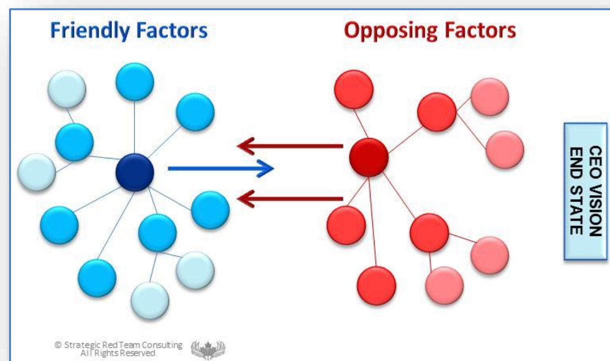
A great captain once exclaimed, "the best strategies are ones that leadership can communicate in a single picture". There's a lot to be said for that. Yet, in the past few years of dealing with corporate strategy development, I've been seeing the exact opposite where companies trot out multiple binders of documents advertised as corporate strategy that are, in reality, a compilation of endless tactical, operational and organizationally biased business documents. It's even more curious that they paid someone to do it on purpose. When I read these tomes, my most common impression is that the authors didn't separate what was strategically relevant from what was operationally responsive, or tactically decisive. That is the greatest challenge for those whose strategies appear to lack coherence and/or their ability to communicate it. I don't mean to over-simply strategy, but regardless of the complex adaptive challenges your business faces, the rapidity of change in your business environment, or the depth and breadth of your business activities, the need for coherent and cogent strategy does not change and your success in implementing your strategy is wholly dependent upon leadership's ability to communicate it. In short, stick to what is strategically relevant. Items of tactical or operational importance will wax and wane through the execution of your strategy. Business plans will change every year – conversely, your strategy should have legs and if strategy is truly an "art", perhaps your strategy development should culminate in a little artwork.

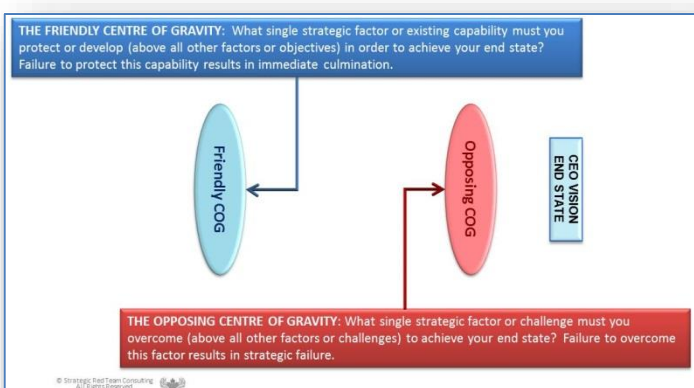
A picture is worth a thousand words (or six binders from a consultancy firm) so start crafting your strategy from a graphical perspective. You can create the accompanying text and annexes later. If the picture resonates with you, it'll resonate with your company and your clients. The litmus test is whether that picture meets the requirements of being comprehensive, integrated, adaptive and networked. Strategy is a leadership tool for integrating and aligning decision support that is strategically relevant. As such, there's only one corporate strategy (no IT Strategy, HR Strategy, Marketing Strategy, ad infinitum … these are subordinate plans that are tempered, integrated and aligned by strategy). Strategy is formulated top-down and refined bottom-up (not the other way around). Strategy is a cognitive construct to enable unity of thought, purpose and action in your leadership team. The key word here is leadership and while there are many different aspects to formulating and executing a coherent strategy; Leadership is Number 1 ….and everything else is Number 2. If your strategy cannot be effectively communicated by leadership and/or visualized by the audience, you can measure its endurance with an egg timer.

Therefore, the obvious first step is the CEO's Vision. In the military we call it the Strategic End State and it is an expression of the Commander's Intent for what must be achieved. Regardless, this is a simple expression of what major effect the boss wants to achieve. Example: **"Company 'X' is the recognized global leader in "X" by <u>achieving and consistently maintaining</u> a minimum of 50% domestic and 35% global retail market share".** It's purely physical and has to have definable metrics – keep the "fluffy bunny / feel good" lines out of it. Some will argue that this end state should also accommodate an expression of "Why". Alternatively, if your end state is crafted in a way where the "why" isn't blatantly obvious, then it's probably a very weak statement to begin with. This single statement of CEO's Vision or End State defines and binds all aspects of your strategy development. If an activity is not strategically relevant to this end state, it's a tactical item that doesn't belong in your strategy.



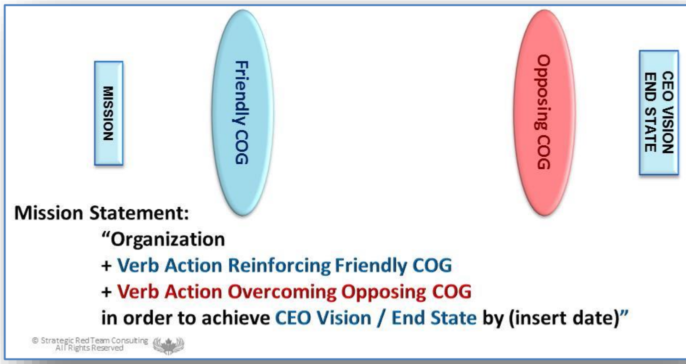
Next, examine the strategic factors that are relevant to achieving the end state. Some will be positive and others will be negative (in the military we call these friendly and enemy factors). Regardless of the type of business you are in, there are internal and external factors in your favour and others that are obstacles. At the very minimum, these come from your SWOT but I'd advise doing something far more comprehensive. All are not of equal weight but they do have mutual dependencies. Rank them and group them accordingly.





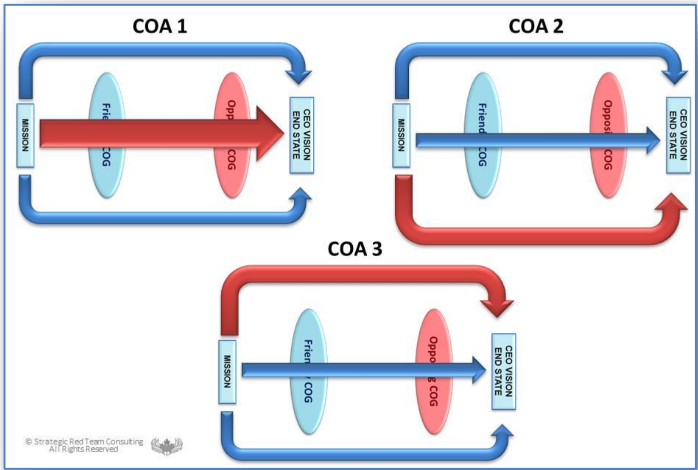
Determine your "Centres of Gravity". What single strategic factor or existing capability must you protect or develop (above all other factors or objectives) in order to achieve your end state? Failure to protect this capability results in immediate culmination. Example: Customer Loyalty, Market Intelligence, Institutional Credibility, etc. This becomes your **Friendly Centre of Gravity**. Conversely, what single strategic factor or challenge must you overcome (above all other factors or challenges) to achieve your end state? Failure to overcome this factor results in strategic failure. Example: Price Competitiveness, Corporate Disunity, Cultural Resistance to Change, a particular competitor or market dominator, etc. This becomes your **Opposing Centre of Gravity**. Don't toss out your remaining factors that didn't make the COG list. These will become important later when defining decisive points and objectives.

Now you are ready to craft a mission statement and the three most important items in crafting it are:



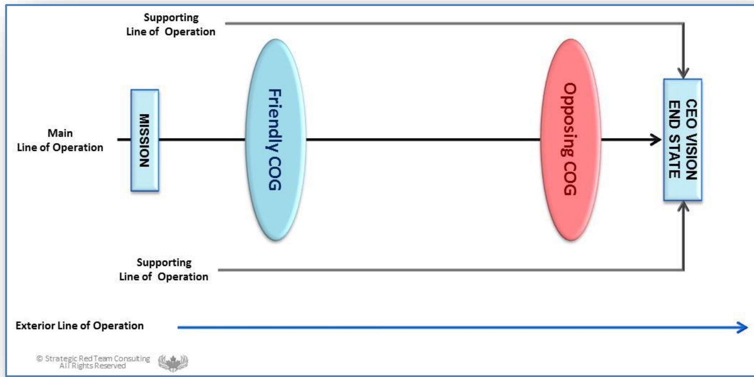
- your action on the friendly centre of gravity,
- your action on the opposing centre of gravity, and
- the end state to be achieved by a certain date.

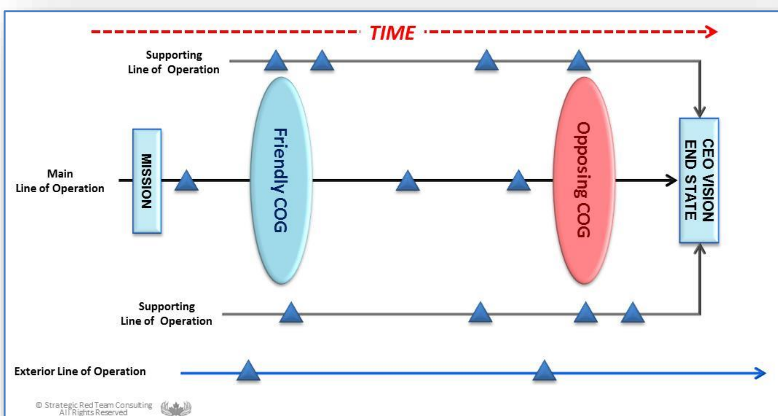
If it's any more complicated than that, you've probably flubbed your mission statement. Also, don't be afraid to refine your mission statement as you continue to develop your strategy. The old rule of thumb here is, "cast your vision in concrete – cast your mission in jello". Again, stay away from "fluffy bunny / feel good" lines that abound in mission statements of late.



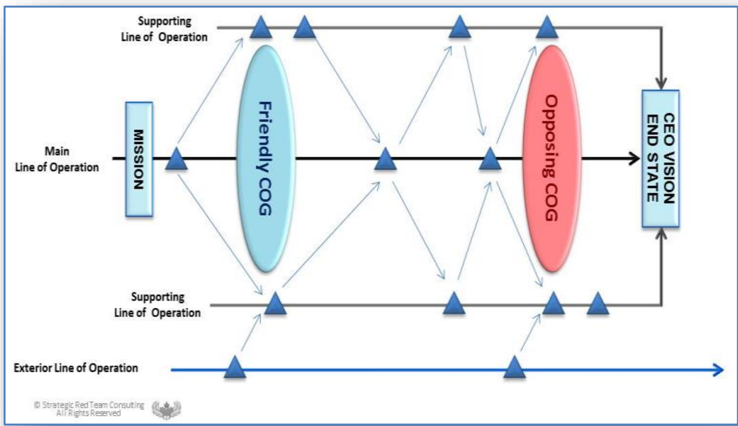
Examine the strategic courses of action available to you and wargame them against the same evaluation criteria and strategic business scenarios. Brief them to your leadership – select the best one and carry on with the development of your strategy. It's not rocket science, but a little brain surgery may be required. Tuck this graphic in your back pocket in case you need it for further explanation to your audiences as to why you adopted a particular approach.

Now you are ready to explore the guts of your strategy. First, design your strategic lines of operation (for sake of simplicity I'm showing 4). This is where you conduct business and where/when strategic level decisions need to be made. There's no limit as to how many lines of operation you can have (in Afghanistan I had 32 – in Darfur I had 4) except that every line of operation needs to be governed and should reflect a discreet area of operations. If your corporate governance structure doesn't match your lines of operations one of the two is flawed (my experience is that it's usually the former than the latter). One of lines of operation is the main effort – others are supporting efforts. In long range / multiphase strategies, a line of operations can be a main effort in one phase and a supporting effort in another. Internal lines of operations are under your control - you have the initiative. External lines of operations occupy strategic stimuli that are not under your control but you must react to them nonetheless (market forces, environmental, government regulation, etc) – both nice things and naughty things can happen in external lines of operation and your strategy should account for either instance.

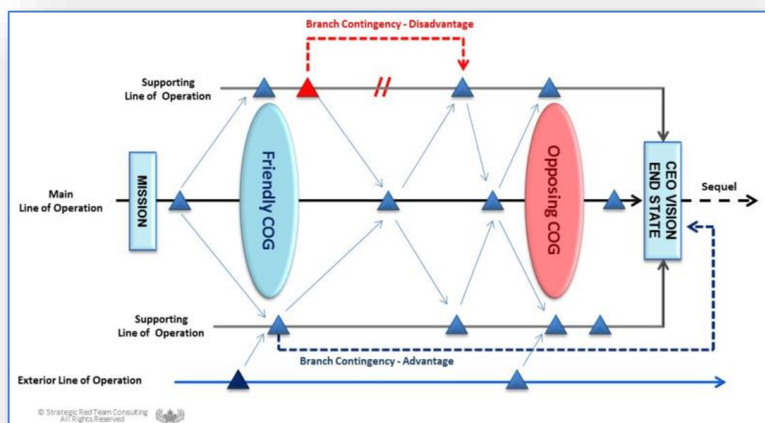




Populate your lines of operations with Decisive Points. Decisive Points are generated from those strategic factors you previously articulated. You have to do something that reinforces friendly factors and negates opposing factors (business objectives and corporate initiatives). Decisive points are binary in nature. They are "the condition be being able / or not being able to do a certain thing". Either you have the freedom of action to do something, or you don't. Establishing your decisive points first allows you to decide what business objectives are required to allow you that freedom of action and which business objectives are strategic in nature versus which ones are purely tactical. This also gives you a *prima facia* glimpse into your key performance indicators (KPI) and the requirements that must be met by your performance measurement and decision support systems. Arrange your decisive points on the appropriate lines of operation and align them temporally. If you have decisive points that can't find a natural home on a line of operation, you've obviously discovered a flaw in your extant C-Suite governance structure or business activities.

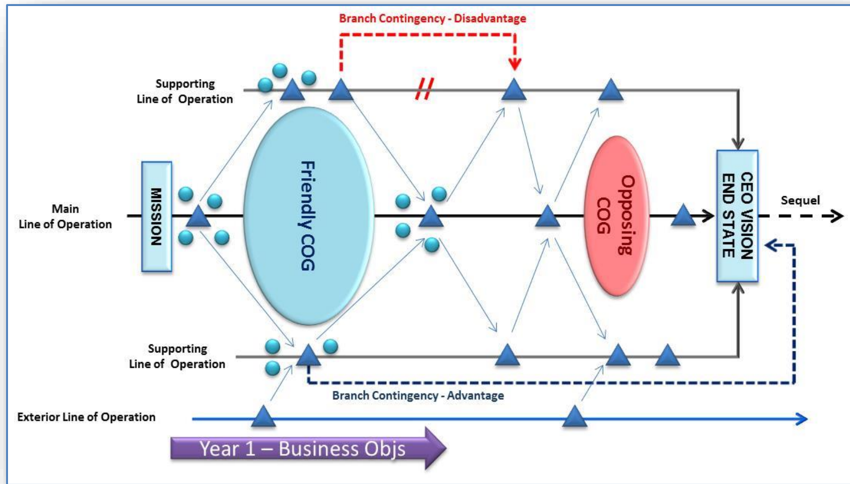


Connect your Decisive Points with the same dependency relationship that you gave to the supporting factors. Each decisive point you achieve now gives you multiple alternatives to achieving your end state. Strategy is not about the how – it's about the "hows" (plural). When you reach a Decisive Point, somebody in the C-Suite should be making a decision.

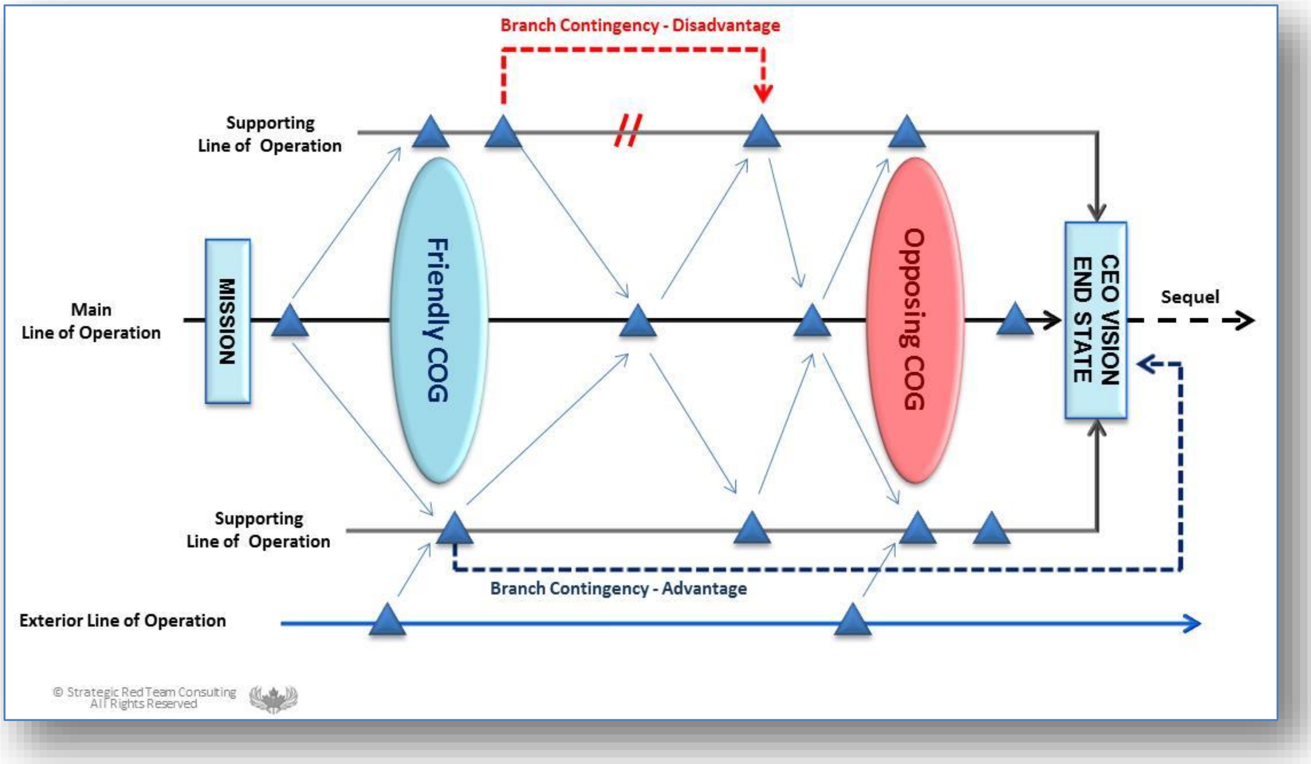


Your strategy should also account for contingencies and sequels. If you expect obstacles on a given line of operations then note that and detail the contingency plan for that event. Example: an R&D or production failure. Similarly, an opportunity may present itself to accelerate the pathway to success and desired end state. Example: Government trade deal opens new markets. Detail those contingencies as well. Plans "B" are not just for dealing with obstacles but also for dealing with accelerated success and opportunity. Finally, when you do achieve your end state or CEO vision, what are you going to do next? What is the sequel plan for continuing and maintaining success? Note that on your strategy. (On a personal note, this is one of the most recurring issues for tech based companies).

…..and there you have it. Your entire strategy in a single picture that is logical, strategically relevant, integrated, adaptive, networked and comprehensive. All that's left is to populate it with your yearly business objectives that enable those decisive points and refine your strategy accordingly. In this case, the company has met all its year 1 business objectives. Note that these have strengthened the Friendly COG and have reduced the Opposing COG and they are ready for planning the next year's business objectives. It should be emphasised that once you've achieved a decisive point, you have to maintain that level of capability (there's no free lunch here folks).



Although this was a rather simplistic and expository example, the principles are applicable to any strategically minded business activity. However, as food for thought, I will pose the following question: What do Eisenhower's strategy for the invasion of Normandy, MacArthur's strategy for the Inchon landing, Marshall's plan for the reconstruction of post war Europe, Schwarzkopf's strategy for recapturing Kuwait, Stitzer's strategy for Cabury's $4B acquisition of Addams and Jobs' strategy for Apple's rejuvenation all have in common? They were all highly successful, integrated, adaptive, comprehensive and networked strategies that senior leadership was able to communicate with a simple drawing **on a single piece on paper**.


Branch Contingency - Disadvantage
Supporting
Line of Operation
Main
Line of Operation
MISSION
Friendly COG
Opposing COG
CEO VISION
END STATE
Sequel
Supporting
Line of Operation
Branch Contingency - Advantage
Exterior Line of Operation
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