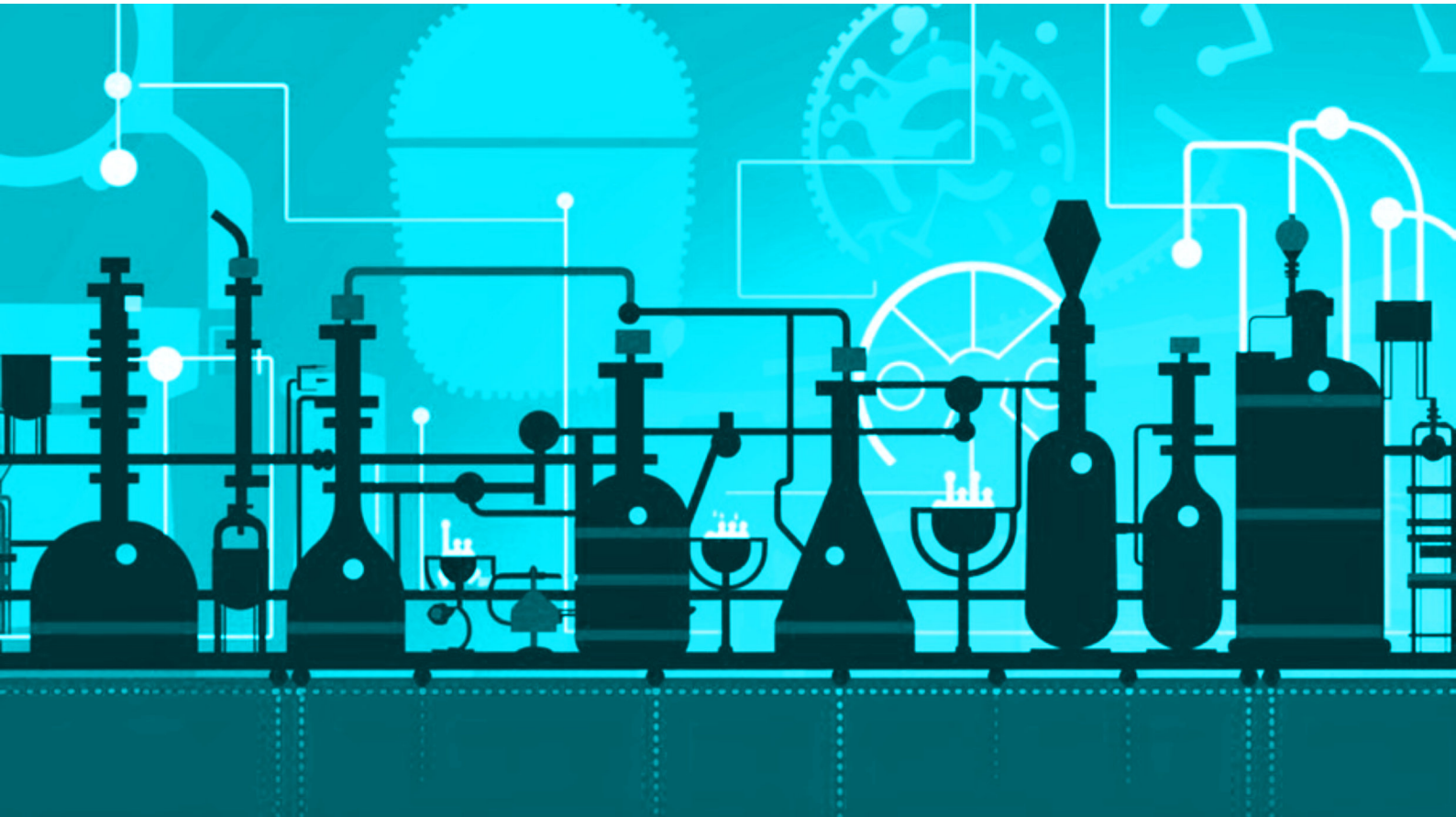


Strategy Distilled

2021 - 2025



A themed compilation of articles and strategy snippets
you might have missed from four years of
Mike Baxter's monthly newsletter

goalatlas.com

CONTENTS

INTRODUCTION	1
ABOUT MIKE BAXTER	6
THEME 1: THE NATURE OF STRATEGY & STRATEGIC THINKING.....	7
1.1 So-called truths about strategy	8
1.2 'Destination' and 'path' – two types of strategic commitment	10
1.3 Deep Design Thinking for Strategy	13
1.4 Strategy as a model of causation	25
1.5 Strategy flywheels and strategic synergy	31
1.6 A new definition of strategy	34
1.7 Strategy as Design Thinking.....	37
1.8 The Triple Diamond Model of Strategy.....	41
1.9 Can Ikigai reveal the four deficiencies of strategy?.....	43
Strategy snippets you might have missed in this theme	45
Strategy as a form of fiction	45
Type 2 Growth	45
The value of deep expertise in consultancy	46
Remembering Daniel Kahneman	47
Strategy = Insights^Conviction	48
The concept of Strategic Compression	49
Google's 'Simplicity Sprint'	50
A broad view of strategy	51
Chain of beliefs in strategy	51
Tesler's Law of the Conservation of Complexity	52
Chesterton's Fence	52
One thing every strategist needs to accept:	53

Loss aversion	53
Books on strategy I've been enjoying	54
The Strategy Lifecycle Model	55
Illusory superiority	56
What kind of strategist are you?.....	57
Digital avoidance strategy.....	57
 THEME 2: STRATEGY LEADERSHIP & GOVERNANCE	 58
2.1 Why strategy best practices need practising ... and how to do so.....	59
2.2 The Bull Case for Strategy.....	62
2.3 Spring-cleaning organisational debt	64
2.4 A lesson on strategic tactics	66
2.5 Strategy governance from the boardroom to front-line teams	69
2.6 The perils of hedging strategy	71
 Strategy snippets you might have missed in this theme	 73
Four types of executive teams	73
The Future of Work in 2025.....	74
Do you suffer from 'addition sickness'?	75
Subtraction as a Strategy	76
Participatory governance	76
Decision rights for strategy	77
Acts of Leadership.....	77
Confirmation bias	78
About leadership from Buurtzorg.....	79
 THEME 3: INNOVATION IN STRATEGY.....	 80
3.1 My forthcoming book: AI-Augmented Decisions.....	81
3.2 How to factor deep uncertainties ... like AI ... into your strategy.....	83
3.3 Managing innovation within strategy	87

Strategy snippets you might have missed in this theme	89
A Quick Guide to Using AI	89
How AI is transforming strategy development.....	89
NOBL's toolkit for developing your AI strategy.....	89
Key concepts in AI for strategists	90
Strategic innovation in an energy company	90
AI and its relation to strategy	91
(August 2024)	91
Differing views on strategic innovation	92
Technology futures	92
Moonshots or roofshots?.....	93
ChatGPT: When do hallucinations turn into deceit?.....	93
How risky is innovation in your organisation?	94
Lessons on strategic innovation from Lego.....	95
The 'hot streak' model of innovation.....	96
How digital should your next strategy be?.....	97
About innovation from Steve Blank.....	98
 THEME 4: STRATEGY SCOPING & DEVELOPMENT	99
4.1 STOP - Don't begin strategy development until you have written a brief	100
4.2 House of Strategy – what it is and how best to use it	103
4.3 Strategy mapping in practice	108
4.4 Five decisions you need to make about strategy BEFORE you start strategy development	112
4.5 Protocols for Strategy	116
4.6 Overcoming the complexity of strategy.....	120
4.7 The case for strategy being limited to a handful of high-level goals	125
4.8 How to think big in strategy	128
4.9 The case for strategy scoping	132

4.10 Strategy destination or strategy aspiration?.....	135
4.11 Twelve strategy questions... and the resources to help answer them	137
Strategy snippets you might have missed in this theme	140
Published examples of Strategy Scoping documents	140
Strategy on a Page	141
Design Fiction	142
Complexity from brevity – a strategy development error	142
How well does your strategy travel?	143
McKinsey's Seven Step Problem-Solving Process	144
Lessons for strategy from Pixar's 22 rules for storytelling	145
Social proof	146
Strategy and the eigenquestion	147
The Six Roles Required for Strategy Development	148
Framing – a lesson from behavioural economics	149
Framing: Frame-stretching & Frame-setting	150
THEME 5: ENGAGEMENT & CONSULTATION	151
5.1 Engagement: A missing ingredient in too many strategies	152
5.2 Strategy is for Everyone	156
5.3 Justifying stakeholder consultation in strategy development.....	158
5.4 Boosting collaborative skills for strategy.....	162
5.5 Engaging middle managers in strategy	165
5.6 The case for strategy workshops	166
Strategy snippets you might have missed in this theme	168
Hand signals for meetings.....	168
Loretta Ross's 'calling-in' framework.....	169
Strategic decision-making	169
DICE instead of RACI	170

What if You had a Strategy and None of Your Employees Knew About It?	171
What the Beatles can teach us about strategy	172
The synergy of Virgin Atlantic's 'double helix' strategy	172
The front-line paradox	173
 THEME 6: STRATEGIC PLANNING	 174
6.1 How strategy actually works	175
6.2 Separating Strategy from Strategic Planning	178
6.3 Five strategy lessons from Amazon	180
 Strategy snippets you might have missed in this theme	 183
Vector theory of change by Dave Snowden	183
Strategic autonomy	183
Introducing the idea of 'scruffy strategy'	184
Strategic resilience	184
Gaining control	185
The VACU Model	185
The 'H' model of Strategy Adoption	186
Antifragility	187
 THEME 7: VALUES & CULTURE	 188
7.1 Building a writing culture for strategy	189
7.2 The difference between core values and 'what we care about'	192
7.3 Core Values ... and how they underpin strategy and organisational culture	194
7.4 The role of values in strategy and the rise of people strategies	195
7.5 Connecting values with strategy	199
 Strategy snippets you might have missed in this theme	 201
Don't Fix Things. Write a New Story	201
Core Values from Brave New Work	201

Strategy for environmental sustainability – what kind of ‘green’ are you?	202
Glossary of company values	203
Just how JEDI are you? (Justice, Equity, Diversity, Inclusion)	204
‘Care’ as a big thinking theme for strategy	205
If you want to change culture, change the language you use.....	206
Connecting strategy and culture	206
Minecraft’s values have bite	207
Strategy and culture	208
 THEME 8: STRATEGY MEASUREMENT & KPIS	 209
8.1 Leading and lagging indicators as strategy metrics.....	210
8.2 Strategy KPIs: avoiding the tyranny of measurement	214
8.3 Protocol for ‘Selecting Strategy KPIs’	215
 Strategy snippets you might have missed in this theme	 217
Net Promoter Score 3.0.....	217
Process accountability	218
The parable of the pottery class – quantity trumps quality	219

INTRODUCTION

In June 2021 I published my first monthly Strategy Distilled newsletter as a means of sharing both my own thinking on strategy and the wealth of ideas I was discovering through my work, research and ongoing discussions with fellow strategists. Since then, the Strategy Distilled archive has amassed 46 articles and over 85 'strategy snippets'. That's so much content that even I struggle to find the relevant bits sometimes! It's also enough content to have meaningful clusters of articles and snippets on specific themes on strategy. This compilation presents the eight themes which I consider to be not only the most interesting aspects of strategy but also the biggest challenges facing the modern strategy professional:

1. The Nature of Strategy & Strategic Thinking
2. Strategy Leadership and Governance
3. Innovation in Strategy
4. Strategy Scoping & Development
5. Engagement and Consultation
6. Strategic Planning
7. Values & Culture
8. Strategy Measurement & KPIs

You can navigate to each theme using the links below, or via the 'Contents' page (itself accessible at the top left of each page) which contains hyperlinks to each article and snippet. You will also find external links to references and source material throughout.

Below is an overview of the articles you will find in each theme:

THEME 1: THE NATURE OF STRATEGY & STRATEGIC THINKING

What exactly is strategy, how should we think about it, how should we discuss it amongst ourselves and how should we enable others to make sense of strategy?

1. **So-called truths about strategy.** Exploring the 'aphorisms' (pithy observations which contain a general truth) that abound in strategy.
2. **'Destination' and 'path' – two types of strategic commitment.** Looking at two types of strategic commitment, and arguing that a good strategy needs both.
3. **Deep design thinking for strategy.** If you are sympathetic to the idea that strategic thinking and design thinking have huge overlaps in their methods and philosophy, you should find this thought-provoking.
4. **Strategy as a model of causation.** Connecting Gartner's model of analytics maturity with Judea Perl's Ladder of Causation with the Futures Cone.
5. **Strategy flywheels and strategic synergy.** Not only a way of visualising strategy but also a way of driving compound gains from strategy

6. **A new definition of strategy.** A great way to delve deep into the nature of strategy is to try to define it and then explain / justify that definition. Read this article and try it for yourself.
7. **Strategy as design thinking.** An earlier and shorter version of 'Deep design thinking for strategy' (see above).
8. **The triple diamond model of strategy** represents strategy as a series of iterations of divergent thinking followed by convergent thinking. This connects to strategy as design thinking (see above).
9. **Can Ikigai reveal the four deficiencies of strategy?** Does your strategy define what your people love doing, what they are good at, what the world needs and what you can get paid for?

THEME 2: STRATEGY LEADERSHIP & GOVERNANCE

Strong and committed leadership is vital for effective strategy, as is good governance, even though the latter is talked about much less.

1. **Why strategy best practices need practising ... and how to do so.** How should we, as strategy professionals, approach best practices?
2. **The Bull Case for Strategy.** Setting out a positive, optimistic case for why developing professional skills in strategy is a good thing to do.
3. **Spring-cleaning organisational debt.** An exception to the rule that strategy is distinct from business-as-usual, with Google's 'Simplicity Sprint' as an example.
4. **A lesson in strategic tactics.** 1. Augmenting the collective IQ of the organisation, 2. improving how we improve and 3. 'bootstrapping' - equipping teams and individuals across the organisation with the tools they need to improve how they work without the need for any other form of support. All from Douglas Engelbart.
5. **Strategy governance from the boardroom to front-line teams.** Introducing the idea of participatory governance.
6. **The perils of hedging strategy.** Hedging your bets in strategy is almost as bad as not having a strategy at all.

THEME 3: INNOVATION IN STRATEGY

The creative application of new knowledge to improve strategy and strategic thinking.

1. **My forthcoming book: AI-Augmented Decisions.** A preview of my new book, due to be published in the summer of 2025.
2. **How to factor deep uncertainties ... like AI ... into your strategy.** Develop a sufficient understanding of the uncertainty to enable decision-making; share fears and concerns; agree coping tactics; commit to experimentation.
3. **Managing innovation within strategy.** Great ideas from Linda Hill, suggesting that the key to maintaining innovation within organisations is having a strategy that facilitates creative abrasion, creative agility and creative resolution.

THEME 4: STRATEGY SCOPING & DEVELOPMENT

The key processes by which a great strategy is brought into existence.

1. **STOP – Don't begin strategy development until you have written a brief.** Writing a brief could be seen as the single most critical act in any strategy process, before the first "big idea" is ever mooted.
2. **House of Strategy – what it is and how best to use it.** The transcript and link to my explainer video on The House of Strategy, one of my favourite models that shows how vision, mission, values and strategy come together for an organisation.
3. **Strategy mapping in practice.** A summary of how I applied strategy mapping to the stages in a recent consultancy project to align, prioritise and delegate strategic actions.
4. **Five decisions you need to make about strategy BEFORE you start strategy development.** An exploration of the five formative decisions you need to make about strategy.
5. **Protocols for strategy.** A protocol 'is a simple description of how, in principle, to approach a particular challenge in a way that will produce good enough outcomes, most of the time'. A good strategy is more often a way to enable more people across the organisation to make better decisions more of the time.
6. **Overcoming the complexity of strategy.** A quick primer on complexity theory, four reasons why strategy is complex and three key ways to manage this complexity.
7. **How to think big in strategy.** A critical success factor in strategy is to make big moves, focusing resources in a limited number of places where they will make most difference. Making no bold moves is probably the most dangerous strategy of all.
8. **The case for strategy being limited to a handful of high-level goals.** Advice to the CEO who thinks their 30-page pdf is a great strategy.
9. **The case for strategy scoping.** The most important process in strategy that hardly anyone ever does.
10. **Strategy destination or strategy aspiration?** Be careful how you label 'where-your-strategy-is-going'. You might wish to be definitive about its destination – this is where we will end up once our strategy has succeeded. Or you may wish to be a lot more cautious and be clear about your direction of travel but leave the particulars of where you will end up unstated.
11. **Twelve strategy questions ... with resources to help you find answers.** A quick checklist to make sure your strategic thinking covers all the important issues.

THEME 5: ENGAGEMENT & CONSULTATION

Important ingredients for strategic success, though many organisations fail to do them well.

1. **Engagement: A missing ingredient in too many strategies.** This is probably the one to start with. It provides a primer on the importance of engagement, the key requirements for achieving good engagement with strategy and three actions to secure that engagement.

2. **Strategy is for everyone.** Resources to help you explain to others in your organisation that strategy is an organisation-wide endeavour.
3. **Justifying stakeholder consultation in strategy development.**
4. **Boosting collaborative skills for strategy.** I developed the STEER framework whilst working with a consultancy client.
5. **Engaging middle managers in strategy.** Key lessons from NOBL on how to prevent the 'frozen middle' from slowing, or stalling, strategy adoption.
6. **The case for strategy workshops.** Strategy workshops are a great way to engage stakeholders in either the development of a new strategy or the adoption of an existing one.

THEME 6: STRATEGIC PLANNING

The way we turn strategy into action.

1. **How strategy actually works.** Thoughts on the practicalities of actually 'doing' strategy.
2. **Separating Strategy from Strategic Planning.** In my view this is a foundational issue in strategy. This article gives a concise explanation of the idea and explains what can go wrong if you fail to make the separation. It also contains links to delve deeper into the topic.
3. **Five strategy lessons from Amazon.** Including 'Culture – made visible' and 'Painstaking planning and measurement'.

THEME 7: VALUES & CULTURE

Shared principles and beliefs that guide our strategic decisions and actions.

1. **Building a writing culture for strategy.** The writing culture that has become part of the mythology surrounding Amazon's ways of working is surprisingly valuable when you delve deeper.
2. **The difference between core values and 'what we care about'.** Based on a post by Nir Eyal, author of the excellent '*Hooked: How to Build Habit-Forming Products*'. Values, he suggests, are more forward-thinking than simply reactions to the immediate moment – if someone can take it away from you, then it's not one of your values.
3. **Core Values ... and how they underpin strategy and organisational culture.** The announcement of my new book on core values (Amazon UK, Amazon USA), published in January 2023.
4. **The role of values in strategy and the rise of people strategies.** As leadership focuses less on 'command and control' and more on direction-setting and facilitation, so front-line teams will be less micro-managed by the executive, and hence need to have strong values and tangible cultural norms to guide their decision-making.
5. **Connecting values with strategy.** Research by Donald Sull and colleagues into 689 large, mainly U.S., organisations, and how they presented their values.

THEME 8: STRATEGY MEASUREMENT & KPIS

How we measure the progress and impact of strategy.

- 1. Leading and lagging indicators as strategy metrics.** Definitions and examples – a good primer on strategy KPIs, to make sure you get the basics right.
- 2. Strategy KPIs: avoiding the tyranny of measurement.** A quick read on a trap to avoid in using strategy KPIs.
- 3. Protocol for 'Selecting Strategy KPIs'.** The example I use in my broader article on Protocols for Strategy is a protocol for checking that the strategic KPIs you are thinking of using are good enough.

I hope that by continuing to organise the content of my Strategy Distilled newsletters into these eight strategy themes it will find new readers and become more accessible to those who have come across it before. Enjoy!

Mike

Dr Mike Baxter, Goal Atlas, July 2025

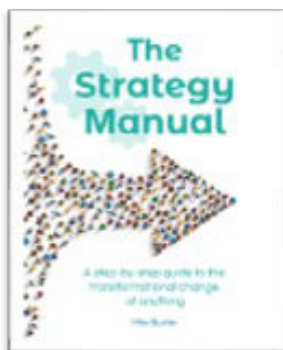
ABOUT MIKE BAXTER

Mike Baxter has been awarded a PhD in Science, a personal Professorship and Chartered Designer status. He has been a government advisor, product designer, higher education leader, web entrepreneur, research scientist, author, keynote speaker, business thought-leader and company director. Mike is Director and Founder of [Goal Atlas Ltd.](#), an independent strategy consultancy offering unbiased guidance and advice to leaders and teams in all sectors, including technology, higher education, finance and pharma.

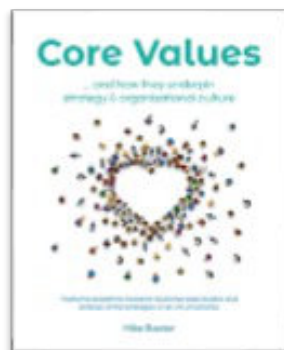


An independent business consultant since 2001, Mike has worked for some of the world's biggest brands (e.g. Cisco, Google, HSBC, Lilly, Skype, Sony PlayStation) and has been an advisor to some of London's fastest growing tech start-ups and to leading UK universities.

Mike has written several books on strategy and strategic thinking: '[The Strategy Manual](#)', '[Core Values](#)', '[University Strategy 2020](#)' and '[Deep Design Thinking](#)'. He lives with his family on a houseboat on the River Thames.



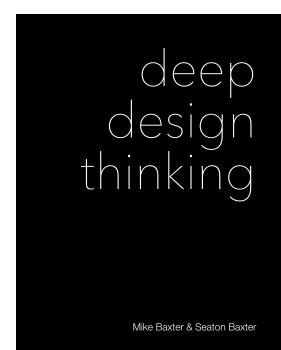
"Excellent and actionable handbook on Business Strategy"
"Best management book I've read all year"



"Essential reading for any organisation that's reviewing its vision statement"



"This report will be of great value to university leaders and their advisers"



Includes "Deep Design Thinking for Strategy". Read the chapter on [page 13](#) of this document

Email Mike: mike@goalatlas.com

[Connect with Mike on LinkedIn](#)

THEME 1: THE NATURE OF STRATEGY & STRATEGIC THINKING



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

1.1 So-called truths about strategy

[\(April 2025\)](#)

It is a constant challenge for professional strategists to explain what strategy is and isn't. This is a classic communications challenge: if only we all thought the same way, our work together would be so much easier.

I've recently come to realise that part of the problem in this communications challenge is the aphorisms we use to communicate the essence of strategy. An aphorism is defined as 'a pithy observation which contains a general truth', such as 'the grass is always greener on the other side (of the fence)'. This is a great aspiration – to make an observation about strategy that is simple and memorable yet contains an underlying principle that is profound and valuable. Which is probably why aphorisms about strategy abound. Yet, what if those general truths are not quite as general and not quite as truthful as they first sound? What if they are part-truth and part-falsehood? Or, if not outright falsehood, maybe misleading?

Here is my favourite example from [Michael Porter](#), the 'father of modern strategy':

"The essence of strategy is choosing what not to do."

Whilst I am in no doubt about the underlying truth in this – indeed, it is the quote I reach for whenever a client reaches the tenth page of their draft strategy – it also has hidden dangers. It comes from the 'checklist school of strategy', which suggests that strategy is a matter of projecting forwards to define where in the future you might end up, and then crossing off the futures you choose not to pursue.

My problem with this is that it denies, or at least understates, the role of creativity in imagining the future you might be able to create by means of your strategy. Where are the hypothesised futures that are beyond the scope of mere projections or extrapolations from the present? The checklist school of strategy lies in the world of planning and analytics. The best strategy overlays design thinking on top of the planning and analytics to imagine the incalculable.

This [quote from Henry Mintzberg](#) makes the point well:

"Strategic planning isn't strategic thinking. One is analysis, and the other is synthesis."

Another aphorism I have issues with is from [AG Lafley and Roger Martin](#):

"Winning should be at the heart of every strategy."

The issue here is that 'winning' has several possible meanings, some of which make this a good aphorism and others which make it less good. Where 'winning' means receiving something positive, such as approval, loyalty, or income – because you have earned it – this is good. All strategy should be about delivering tangible benefits in the future. If, on the other hand, 'winning' means being victorious, coming first or defeating others – this can be more problematic. It frames your strategy as being competitor-based, which wouldn't please [Jeff Bezos](#):

"If you're competitor-focused, you have to wait until there is a competitor doing something. Being customer-focused allows you to be more pioneering."

It also suggests that strategy is always a zero-sum game: you can only win if someone else loses. This is what [Mauborgne & Kim](#) describe as 'red-ocean thinking' which is in contrast to their blue-ocean-strategy-thinking, which they describe as follows:

"Value innovation is the cornerstone of blue ocean strategy. We call it value innovation because instead of focusing on beating the competition, you focus on making the competition irrelevant by creating a leap in value for buyers and your company, thereby opening up new and uncontested market space."

The final issue I have with strategy aphorisms is that they don't cover what I consider to be some of the most important truths about strategy. Here, for example, are two that I've had to create myself because I couldn't find anything that quite captures these particular truths:

"A poor strategy might just be your organisation's biggest wasted opportunity."

"Having a strategy and then not using it to drive meaningful, value-adding change to your organisation is worse than not having a strategy in the first place."

1.2 'Destination' and 'path' – two types of strategic commitment

[\(August 2024\)](#)

Okay, bear with me. I'm taking you on a couple of looping detours before we get back on the main path of this post. But I think you'll find it worthwhile, I'm pretty sure you'll like the destination and I hope you'll enjoy the journey. It's also one I'm particularly looking forward to writing because I read a post recently that forced me to change my mind on something I've long believed in. And I love it when this happens. I see it as a robust indicator of genuine progress in my thinking. I'm not just running in the same hamster wheel all the time.

Responsibility for this mind-shift was, perhaps unsurprisingly, Venkatesh Rao – it's not the first time he's done this to me (if you haven't read his work, start with his article on '[The Calculus of Grit](#)', the [introduction to his essay series on the nation state](#) or his '[manifesto](#)' for [protocols](#)). His most recent [post](#) opens by summarising an [article](#) about how (and possibly why) mice dream. Yuta Senzai and Massimo Scanziani recorded the activity of neurones in two regions of the mouse brain; the superior colliculus (SC) and the anterodorsal nucleus of the thalamus (ADN). The SC is known to be involved in motor control and specifically movements that orient the body in its spatial environment. In the first part of Senzai & Scanziani's research, mice that were awake and free to move, were found to have specific SC neurones that activated head-turning movements. When clusters of these neurones fired together, the probability of the mouse turning its head in one specific direction increased significantly. Then, once the head has turned, cells in the ADN update their internal representation of the mouse's head position.

What makes Senzai & Scanziani's research remarkable is that they recorded what was happening to these same neurones when the mice were (as indicated by other electro-physiological signals) in rapid eye-movement (REM) sleep. Here too, the head-turning SC neurones fired. In response, the ADN neurones showed that the mouse's representation of head movement also fired ... except the mouse's head stayed motionless. These neurones were evidence of the mouse turning its head in its dream and sensing its head turn in response. The mice seemed to be 'going through the motions' of spatial orientation in their dreams. Over twenty years ago, Dave & Margoliash made a [similar discovery](#): Zebra Finches practice their songs in their dreams.

Okay, first detour over, let's get on with the second one. The conclusion Senzai & Scanziani draw is that dreams are a way of training our brains, whilst asleep, using 'synthetic data' – data from our brain's representation of the world rather than from the real world itself. This is like Jann Mardenborough becoming a professional racing driver from his expertise in the Gran Turismo computer game (as depicted in the [2023 movie of the same name](#)).

Venkatesh Rao goes on to draw the comparison with the use of synthetic data “for making an AI model aware of information it did not encounter during its initial training.”

The advantage of this approach becomes clear in the context of dual control theory. When trying to control a system whose initial characteristics are unknown, according to Wikipedia “the controller’s objectives are twofold:

1. **Action:** To control the system as well as possible based on current system knowledge;
2. **Investigation:** To experiment with the system so as to learn about its behavior and control it better in the future.”

Often, these objectives will be pursued in different ways. To return to a car analogy, we might investigate the handling characteristics of the car in a safe environment (e.g. in an empty car park) whilst acting much more cautiously on a busy road with other cars around.

Right, detours over. What this has to do with strategy is that strategy is all about exercising control in a system whose characteristics are unknown – we are striving to control the future. Consequently, our strategies should have action-oriented elements and investigation-oriented elements. I’ve been advocating this to my clients for several years now, albeit using different language.

- **Strategy-as-imperative** is a specific and fully-defined instruction – achieve this outcome by this date. It is clear what the desired outcome is and also clear, in broad terms at least, how to get there. The strategy simply says ‘get there! (An imperative is a command, an order or an obligatory act or duty). This is the **action** element of dual control theory.
- **Strategy-as-hypothesis** is much less definitive. It clearly defines direction of travel (e.g. increased profitability) but concedes that we don’t know enough right now to define success or the means of achieving it. Our strategy must proceed by proposing and testing hypotheses. This is the **investigation** element of dual control theory.

In simpler language these approaches to strategy are ‘**destination**’ (strategy as imperative) and ‘**path**’ (strategy-as-hypothesis).

So, what’s changed? In what way have I changed my mind on something I’ve long believed in? Well, I used to say to clients that it was important to be clear about whether their strategic goals were imperatives or hypotheses. I would encourage clients to confront the cognitive biases (e.g. Optimism Bias and Over-Confidence Bias) that led them to over-estimate their certainty about the future and their ability to achieve strategic success in predetermined ways. I encouraged them to think whether their strategic imperatives might be better framed as hypotheses.

Now, triggered by Venkatesh's post, I feel much more bullish about imperatives and hypotheses. So much so that I'd argue a good strategy needs both.

A good strategy depends upon a strong evidence-base, powerful analysis and insight and imaginative construction of the available strategic options. Then, often what is needed is strong strategy leadership: clear decisiveness and lasting commitment to the best of those options. This is powerful strategy-as-imperative.

For strategy to be stretching and inspiring it also needs to extend out into the 'known unknowns' and possible even into the 'unknown unknowns'. It needs to openly acknowledge its own uncertainties. It needs to admit that the destination is, as yet, ill-defined and only the path forward can be discerned right now, to be navigated, during the course of the strategy as a series of hypotheses and hypothesis-testing experiments. In this way, investigation now will lead to much better controlled action in the future – isn't this what strategy is meant to be all about?

1.3 Deep Design Thinking for Strategy

[\(May 2024\)](#)

This month's Strategy Distilled is a bit different. Exactly two years ago I wrote a piece on 'Strategy as Design Thinking' in Strategy Distilled ([May 2022](#)). This month I'm revisiting the topic in a very much expanded piece because, excitingly, it is a preview of a chapter of a new book I'm publishing in a few weeks. The book is called *Deep Design Thinking* and it is co-authored by myself and my father, [Seaton Baxter](#), both formerly Professors of Design. Whilst the focus of the book is on the nature of design and the deepening of design thinking, we have given ourselves a chapter each to explain our different areas of application of deep design thinking – mine on strategy design, his on ecological design. This, as happens in all long-form writing, gave me a chance to structure and formalise my thinking on strategy as a design process far more systematically and practically than I'd done before. I hope you learn as much from reading it as I learned from writing it.

CHAPTER 6: DEEP DESIGN THINKING FOR STRATEGY

6.1 Mike's journey to strategy as design thinking

For more than a decade, I considered myself a product designer. For the first half of that time, I was working full-time, researching user needs, running usability tests, designing and refining the design of specific products, securing patent protection on those products, negotiating the commercial production of those products and supporting their launch and initial sales promotions. In other words, I was a designer engaged directly in the full design and development lifecycle of my products. In the latter part of that decade, I moved into more of a managerial role, as Director of the Design Research Centre (DRC) at Brunel University. I did some teaching, quite a bit of research into design processes and methods and worked with the fantastic team at the DRC to support their own design and development projects. The culmination of my (and DRC's) work over this decade was my book [Product Design: A Practical Guide to Systematic Methods of New Product Development](#).

Fast forward several years and I had started my own consultancy company. I ended up working with a remarkable range of big global brands (e.g. Avis, Cisco, Dell, Google, HSBC, Lilly, Richemont, Sony PlayStation) on a diverse range of topics, including marketing, sales, analytics and digital transformation. At the same time, I worked as an advisor to a series of start-ups, two of which became the 8th and 9th fastest growing tech start-ups in the UK within a few years of each other (Peerius in 2014 and Ometria in 2018). In the course of all this advisory and consulting work, my interest and role in strategy grew and it quickly became clear that the challenges people encountered in creating great strategies had a lot

in common with the challenges of creating great designs.

So, around ten years ago, I decided to focus my consultancy work exclusively on strategy, and alongside my work with clients developing their strategies, I was re-reading all the classic texts on strategy and making sure I kept up to date with new books and papers as they came out.

By the time I felt comfortable that I was up to speed with the published strategy literature, I had become convinced there was a big gap in strategy thinking that needed to be filled. My main conclusion was that most of what had been written on strategy were '[perspectives on strategy](#)'. Michael Porter, like Carl von Clausewitz and Sun Tzu before him, believed that strategy was all about understanding competitors and building defensible barriers to competitive forces. Peter Drucker, and more recently, Steve Blank and Eric Reis believe strategy is all about understanding and accommodating the needs of customers. And then there are a cluster of strategists who believe strategy is all about organisational capabilities: Frederick Taylor focuses on operational efficiency, Gary Hamel focuses on people and culture, Chan Kim & Renee Mauborgne focus on innovation and Rita Gunther McGrath focuses on managerial agility.

These are all great perspectives on strategy. To a large extent they are all right. But what they missed, in my mind, was how to actually 'do' strategy – strategy-doing like the design-doing we discussed earlier. Where do you start, once you accept that your organisation needs a new strategy? What are the key ingredients and where do you look for the recipe to create that strategy? I started to piece together my own 'workshop manual' on strategy-making.

In April 2019, I tried to capture [the essence of strategy in a four-step process](#):

1. Strategy is born from the need for priorities – no organisation can do everything;
2. These priorities need to build upon the existing strengths of the organisation;
3. These strengths, once prioritised by strategy, need to be turned into action – a strategy without an action-plan is a wish-list;
4. These actions need to be enabled with the right allocation of resources.

Ultimately, according to my thinking at the time, strategy was all about the amplification of the right organisational strengths by means of prioritisation, action planning and resource-allocation.

That same month, I published [University Strategy 2020](#), a research report analysing 52 published strategies of UK Universities. In it, I proposed eight interlinked elements that all good strategies should be designed to contain (see the [Strategy Design Model](#) in Figure 10):

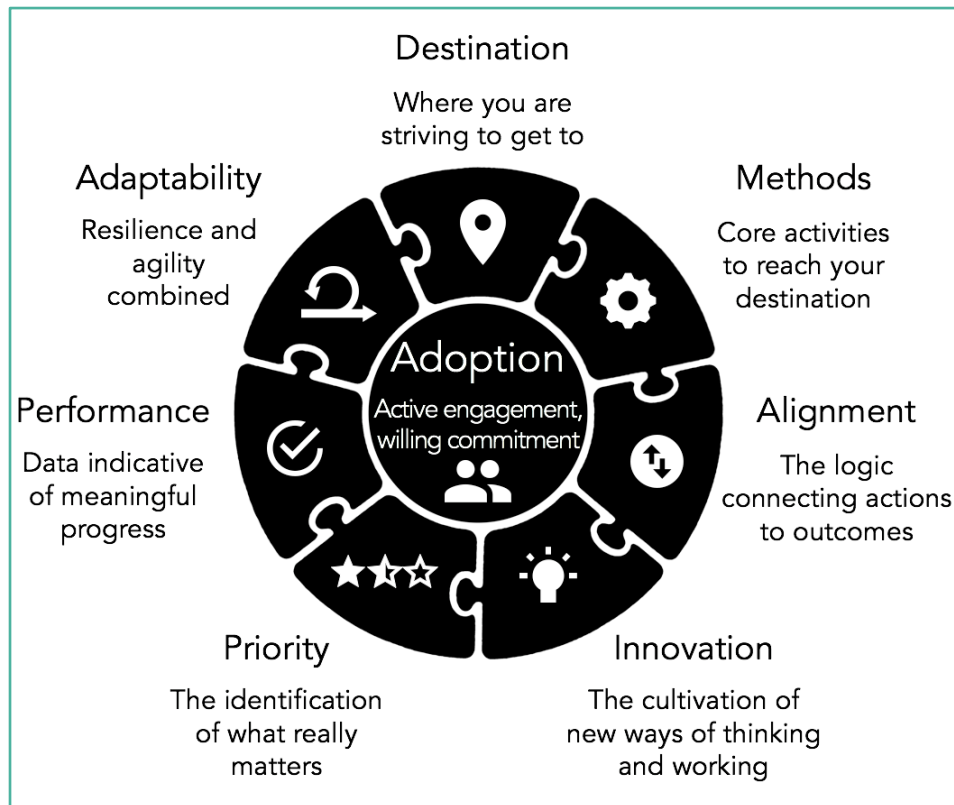


Figure 10. Strategy Design Model

1. Destination – where you are striving to get to? What is your “winning aspiration?” What is the important end you are striving to reach?
2. Methods – what are the handful of core activities that are critical for you to reach your destination? Destination and methods are the essence of strategy. They are what strategy is designed around.
3. Alignment – the logic connecting actions to outcomes. If everyone in your organisation is pulling in the same direction, you will achieve more, and achieve it quicker, than if they are pulling in different directions.
4. Innovation – the cultivation of new ways of thinking and working. How much innovation does the strategy demand? How will you build the organisational capability and culture to achieve it?
5. Priority – the identification of what really matters. Peter Drucker, known as the ‘founder of modern management’ says “The worst thing is to do a little bit of everything. It is better to pick the wrong priority than none at all.”
6. Performance – data indicative of meaningful progress. “What gets measured, gets managed!” Whilst this may be true, it is not always a good thing if the changes that matter most are the hardest to measure (e.g. aspects of culture change within an organisation). The measurement of progress serves two purposes: firstly, it justifies continued commitment to the strategy and secondly it informs course-correction and fine-tuning of strategy adoption.
7. Adaptability – resilience and agility combined. A key element of strategy is defining how

the organisation is going to respond to change, how it is going to move fast and take advantage of new opportunities as they arise.

8. **Adoption** – active engagement, willing commitment. The success of every strategy depends on the support it can recruit from the individuals needed to bring about change, which is why we call it adoption: less push, more pull. Putting people at the centre of strategy design ensures their involvement, commitment and active engagement. The governing body and senior leadership need to adopt the strategy and ensure their decisions both support the strategy and avoid eroding or undermining it. Front-line employees and key stakeholders (customers, suppliers, business partners etc.) need to think and work in ways conducive to making the changes sought by the strategy.

Looking back, it was clear that I was working towards two things. A process for 'doing' strategy and a set of criteria to check if it had been done well (the Strategy Design Model gave rise to my first Strategy Design Checklist).

In September 2020, I published *The Strategy Manual*, which set out a clear framework for what 'doing' strategy actually meant. Strategy follows a three-stage lifecycle of strategy production, strategy adoption and strategy adaptation (Figure 11).



Figure 11. The Strategy Lifecycle

Each of these stages involves very different types of strategy work, guided by different processes and informed by different tools and models:

1. Strategy Production: This is where the strategy is invented, designed, crafted and brought to life. The strategy production stage is complete when the strategy is produced

and launched. Strategy production has two core activities:

- a. Strategy scoping** – Strategy scoping produces the ‘brief’ for strategy development. It summarises the main strategic opportunities and challenges and identifies the main drivers and aspirations for the new strategy. It also serves as a vital communication role across the organisation, by explaining simply and clearly what is going to be done in order to produce this strategy. Strategy scoping defines:
 - What strategic change is sought – what is included in the strategy, and what is not;
 - How the strategy will be developed – who will do what by when, what evidence needs to be gathered and what decisions need to be made;
 - The acceptance criteria by which the new strategy, once written, will be judged good enough for launch.
- b. Strategy development** – Strategy development is how you analyse, synthesise, imagine and commit to a new strategy, and how you write it and prepare it for dissemination throughout the organisation. Development involves the creative imagination of strategic ideas, informed by research and analysis, and validation of those ideas to ensure that the strategy you develop makes sense, has internal consistency and is conducive to adoption and adaptation.

2. Strategy adoption: The strategy adoption stage of the strategy lifecycle takes a completed written strategy and creates a delegated, scheduled, prioritised, measured and resourced plan necessary for its strategic success. It is where high-level, organisation-wide strategic goals are translated into actionable goals, applied to local circumstances, that front-line individuals and teams can achieve. Strategy moves from being owned by those who produced it, e.g. senior leadership, to being adopted by those who need to align behind it, e.g. most people in the organisation. It involves not just planning but engagement and commitment, i.e. securing active interest and a willingness to get involved. This is brought about by high levels of consultation, and by influence and autonomy being afforded to individuals and teams. The strategy adoption stage results in a strategic plan.

3. Strategy adaptation: Strategy adaptation is the cycle of sense-making, decision-making and change-making that keeps the organisation responsive to significant change. It involves both strategic resilience and agility, brought about by a combination of measurement and governance. The strategic plan you have at the end of strategy adoption, sadly, won’t last long in its original form. The world will move on. Circumstances will change. And the plan will need to be adapted. If the plan changes so much it can no longer meaningfully derive from the strategy, it is time for a new strategy – strategic plans change but strategy doesn’t. And if you are going to produce a new strategy, what better place to start than with a review of the current strategy? Strategy adaptation, therefore, ends with a strategy review.

In May 2022 I finally committed-to-print an idea that I'd been wrestling with for several years: that strategy is best thought of as a design thinking process (see [Strategy as Design Thinking](#)).

In simple terms, we can start to see strategy as three key stages of a design thinking process:

1. **Strategy sets out a design ambition** – inventing the future you want to bring about (note: strategy should never be about merely choosing the best available option);
2. **Strategy is managed by means of a design process** – iterative cycles of divergent and convergent thinking, progressively narrowing until we can define a desired destination or path;
3. **Strategy has two specific designed outputs** – the first is the production of a strategy that sets out the high-level goals by which our strategic ambition will be achieved. The second is a strategic plan setting out who does what, by when and to what standard in order to deliver the high-level strategic goals.

6.2 The Strategy Design process defined

Clearly, this bears a striking resemblance to the key defining features of design thinking that we devised in Chapter 2 – all I've done here is adapt the key components of design thinking to apply to strategic thinking.

1. Strategy design is intentional or purposeful and, therefore, **the strategy design process begins by defining its intended outcome**. Often, this outcome will be defined in terms of a challenge that an organisation seeks to overcome. This challenge could be solving a problem or exploiting an opportunity. In different fields of strategy, the challenge could be functional (enabling part of an organisation to perform some function) or communicative (communicating a message or better articulating the brand). Typically, the desired outcome of strategy design is specified in a 'strategy scope' or a strategy scoping document (the 'brief' for the strategy).

2. In pursuit of this outcome, strategy design has four key characteristics:

- a. **The strategy design process is creative-by-nature.** This involves a cycle of:
 - i. *divergent thinking*, which tries to imagine all possible ideas by which a bounded creative challenge could be met, and
 - ii. *convergent thinking*, which involves creatively selecting, combining, hybridising and synthesising the ideas created in divergent thinking to find the best solutions to the given bounded, creative challenge.
- b. **The strategy design process is iterative and progressively more narrowly**

focused. This involves repeated cycles of the divergent / convergent thinking process, but on each iteration, the bounded creative challenge has narrowed compared to the preceding cycle. So, whilst working on the conceptual principles of strategy, we seek to tackle a broad creative challenge – how in principle could we realise the aspirations set out in the strategy scope? However, after a preferred set of strategic principles have been agreed, strategy design will move on to tackle a narrower creative challenge – what are the specific, high-level strategic goals that could achieve the aspirations set out in the strategy scope?

- c. The strategy design process produces outputs that can be used to test the fitness-for-purpose of the strategy it has created.** Strategy design always produces an output at the end of its process (the Strategy). The ultimate test of any strategy is whether it serves the purpose for which it was designed; does it achieve its intended aspirations, as set out in the strategy scope? In addition, strategy design typically produces an output at the end of each iteration of the strategy design process. This is used to check that progress towards fitness-for-purpose is being maintained and that drift, out-of-scope of the original strategy scope, is being avoided.
- d. The strategy design process is often non-linear.** Sometimes you will come up with a set of conceptual principles you think matches the strategy scope perfectly, until you move on to define the high-level strategic goals and you can't make it work. So, you loop back to and come up with a different set of conceptual principles. Occasionally, you might also loop forward – how are the conceptual principles we've just come up with likely to land within the organisation? So, whilst the strategy design process, overall, can be seen as iterative and progressively more narrowly focused, the sequence of steps in that process is not simply sequential.

So far, this is 'merely' design thinking – it has all the key characteristics by which we defined design thinking previously.

But is strategy design 'deep design thinking'?

6.3 Strategy Design as Deep Design Thinking

In Chapter 4 we introduced deep design thinking as follows:

A great deal of **design thinking** is about setting boundaries and maximising creativity within those boundaries.

A great deal of **deep thinking** is about crossing boundaries and challenging boundaries. We explored how ecological thinking deepened, firstly by crossing into the disciplines of

mathematics, genetics and animal behaviour and secondly by crossing over to very different domains of application. Studying planetary habitability and the gut microbiome are still applications of ecological thinking: they are still about the interactions of organisms and their environment. They are just very different organisms in very different environments.

Deep design thinking BOTH sets boundaries AND challenges/crosses boundaries as a core part of its process.

My view on strategy design is that it is almost impossible to do well without challenging and crossing boundaries. In my more fanciful moments I could even imagine it become an epitome of deep design thinking. But I'm getting ahead of myself.

We talked of deep design thinking traversing boundaries from both a systems perspective and a stakeholder perspective. Let's explore these one at a time.

Strategy design from a systems perspective. A good strategy reaches from the top to the bottom of an organisation, and, in certain key regards, reaches beyond the organisation. Strategy is usually owned by the Board and is used to hold the CEO to account for the organisation's overall direction and performance. It should, therefore, be a prominent presence in the CEO's day-to-day working life and a tangible influence of their decision-making.

The power of that good strategy would, however, be greatly diminished if it never left the executive corridor. One of my favourite strategy stories that I've [written about before](#) is Hornby Trains pivoting their strategy 20 years ago. They decided they no longer sold toys for kids and instead sold scale models for adult collectors. With that strategy-in-a-sentence they transformed the way everyone in the company thought about their jobs. Marketing and sales had new customers to focus on. Product designers had new criteria for choosing which product to develop next. Packaging designers had new features and qualities to highlight at point-of-sale. Beyond the company, new retail relationships needed to be established, new PR relationships with media outlets needed to be built and whole new constituency of experts, enthusiasts and hobbyists needed to be engaged with. In five years, Hornby's share price increased over 7-fold.

Strategy design, therefore, needs to cross multiple system levels:

- The lived working experience of individual front-line team members;
- The functioning of parts of the organisation (e.g. teams, departments, business units);
- The operation and performance of the entire organisation;
- Relationships between the organisation and its external stakeholders;
- The global impact of the organisation and its activities (e.g. climate impact, pollution).

Strategy, as it develops, needs to be informed by people, data and insights from all of these system levels. Strategy, once completed, ought to inform and direct decisions and actions of people and groups at all these system levels.

Strategy design from a stakeholder perspective. Whilst this systems perspective requires taking many stakeholders' views into account, there is much more to the stakeholder perspective on strategy than this. Here are some of the key stakeholder perspectives that we haven't yet covered:

- **The leadership perspective** – how do we lead the strategy design process? How do we make the strategy aspirational and stretching yet credible and attainable? How do we creatively imagine our future whilst keeping our creativity grounded in a robust evidence-base?
- **The data analyst perspective** – how do we portray the current circumstances of the organisation in ways that are conducive to strategy design? How do we evaluate strategy ideas to keep creative thinking in the Goldilocks zone – constrained enough to be focused yet not so constrained as to stifle innovative possibilities?
- **The finance perspective** – how do we meaningfully differentiate the financial imperatives that the strategy must achieve from the financial preferences we'd like the strategy to achieve? How do we project the costs of activities we've never undertaken before and how do we estimate revenue from services we haven't yet begun to develop?
- **The HR perspective** – how much change can the organisation accommodate within a given period of time? How do we performance-manage innovation? How much tolerance of failure is necessary in pursuit of innovation?
- **The 'community' perspective** – how much should staff across the organisation be involved in strategy design? How much should they be informed about the process, the decisions needed and the evidence base upon which these decisions will be made? To what extent should they be consulted about drafts of the strategy as it evolves?

So, strategy design needs to carve a complex navigational path through these different stakeholders.

Strategy design as deep design thinking – a worked example. Imagine we are mid-sized commercial enterprise with a current strategy soon to expire. The Board has informed the CEO that they look forward to her proposed new strategy in six months' time. Her first task is to scope the new strategy. This will define the main strategic opportunities and challenges and identify its main drivers and aspirations. She decides that a three-year duration is the correct lifespan for the new strategy and sets her insights and analytics teams to work, producing projections and data packs for a forthcoming strategy scoping workshop with her senior leadership team. She is also aware that her front-line teams interacting directly with

the outside world (customers, suppliers, partners) often have some of the best, real-time insights into the organisation's situation. She decides to take time to mine some of this raw data. She talks to sales teams to learn about prospects and competitors. She listens to customer support to hear about customers struggles and successes. She meets suppliers to hear about ways we could innovate across the entire supply-chain.

She has just challenged and crossed many boundaries in her strategic thinking. Originally, her boundaries were at their broadest: 'the future of the entire organisation'. She then narrowed these boundaries massively, whilst talking to front-line teams about their experiences with individual customers and prospects. Then came the hardest part. She had to expand her boundaries back to organisation-wide strategy and assimilate the knowledge she had gained at a whole different systems-level. When the customer service team told her about the struggle many small clients had in using one of their services, did this mean we, as an organisation, had issues with our usability design and usability-testing? When the enterprise sales team told the painful story of how they'd lost two of their biggest sales prospects at the last minute because a competitor had developed a feature they had never even thought about, did this suggest they were falling behind in their innovation?

As part of strategy scoping, the senior leadership team agreed on the main purpose of this new strategy. As a publicly listed company with large institutional shareholders, we need to achieve consistent profit margins at least as high as our sector competitors. In addition, since we have recently invested heavily in both staff recruitment and staff development, we seek to achieve these profit margins without having to reduce staff costs significantly. Finally, we need to progress our environmental credentials over the next three years, in particular reducing our carbon footprint.

With strategy scope defined, we have reached the first transition point in the strategy design process. We announce the start of strategy development to the organisation and open up communication channels for all staff to be able to make suggestions and offer ideas about the new strategy. Each member of the senior leadership team also discusses the detail of the strategy scope with their own leadership teams and passes their feedback to the CEO.

A few significant challenges to the strategy scope arise from this process. Several staff suggest we should have environmental and social ambitions beyond carbon emissions and the CEO decides to add a strategic review of our environmental and social governance to the strategy design process. Whilst it is broadly welcomed that cost reductions in staffing are not a strategic priority, it is suggested that cost reductions in other areas should be. The overall costs of our buildings and estate as well as our supply chain costs are highlighted. Again, the CEO adjusts the strategy scope to incorporate these ideas.

The revised strategy scope now defines the creative boundaries for the next stage of the

strategy design process. The CEO sets each member of her senior leadership team with the task of exploring all the possible changes the organisation could make over the next three years to maintain healthy levels of profitability, given the expected cost inflation, price erosion and the investment likely to be needed for environmental and social initiatives.

This next stage of the strategy design process produces many ideas for strategy, some of which could work in synergy together whilst others are in direct opposition to each other (e.g. invest heavily in innovation and launch lots of new services Vs double down on the refinement and optimisation of our existing services, whilst investing heavily in their marketing and sales). With some additional work, the strategy ideas are clustered and aggregated into a set of high-level strategic choices. To evaluate these, the CEO sets up two working groups. The first group is tasked with evaluating the defined high-level strategic choices within the strict framework of the strategy scope. The second group is tasked with exploring what might be missing from the defined strategic choices. Are there any radical, wild card, moon-shot ideas that ought to be considered as part of strategy design? It is this second group that make strategy design a deep design thinking process. They are the ones to challenge and potentially cross the boundaries defined in the strategy scope.

The conclusion of this process is a further refined and developed strategy scope. It retains its core aim of 'market-expected levels of profitability', but some strategic options are accepted (investing heavily in innovation to develop new services) whilst others are rejected (investing heavily in marketing and sales of existing services).

There is also one 'boundary-crosser' that unexpectedly entered the realms of strategic possibility. Whilst the first working group was exploring the costs of modest improvements in carbon emissions, the second working group asked the question: 'How much would it cost to become fully carbon neutral in five years' time?' This crossed two boundaries. Firstly, it greatly exceeded the strategy scope which sought to 'make incremental improvements to our environmental credentials over the next three years, in particular reducing our carbon emissions'. It also exceeded the strategy lifespan, by exploring a five-year initiative for a three year strategy. Despite this, it raised an interesting provocation: could we deliver a full solution to an issue (net zero carbon emissions) in five years instead of a partial and modest solution in three years?

So, by:

- being aware of the system boundaries and the stakeholder boundaries within which strategy design operates;
- using these boundaries constructively to focus creative strategic thinking without stifling it during divergent and creative thinking cycles;
- challenging these systems and stakeholder boundaries vigorously during the original

strategy scoping process;

- challenging these systems and stakeholder boundaries repeatedly at each transition point during the strategy design process ...

we get:

- the rigour and structure of a design thinking process to help prevent strategy design descending into chaos;
 - the breadth of context and the depth of strategic innovation that comes from deep design thinking.
-

1.4 Strategy as a model of causation

(August 2023)

"Cause-and-effect relationships lie at the heart of all strategic decision-making. The *raison d'être* of strategy is the idea that our choices matter. We make deliberate, strategic choices because we believe what we choose shapes what is to come. All definitions of strategy link present decisions to some desired future condition. Therefore, good strategy depends on the effective identification and manipulation of causal relationships". Hill & Gerras (2018) [Stuff Happens: Understanding Causation in Policy and Strategy](#).

I suspect we all know, deep down, that strategy is actually a model of causation – strategy proposes that certain actions we take will cause beneficial changes to our situation in the future. It is only, however, when we make this model of causation explicit that we can start to explore its full implications and be deliberate in our focus on causation.

Frameworks for making sense of causation. There are three frameworks that help make sense of causation and these provide a useful starting point for exploring strategy. The first can be thought of as a model for the maturity of evidence-based thinking (Fig. 1); one that I've adapted from [Gartner's model of analytics maturity](#) within organisations.

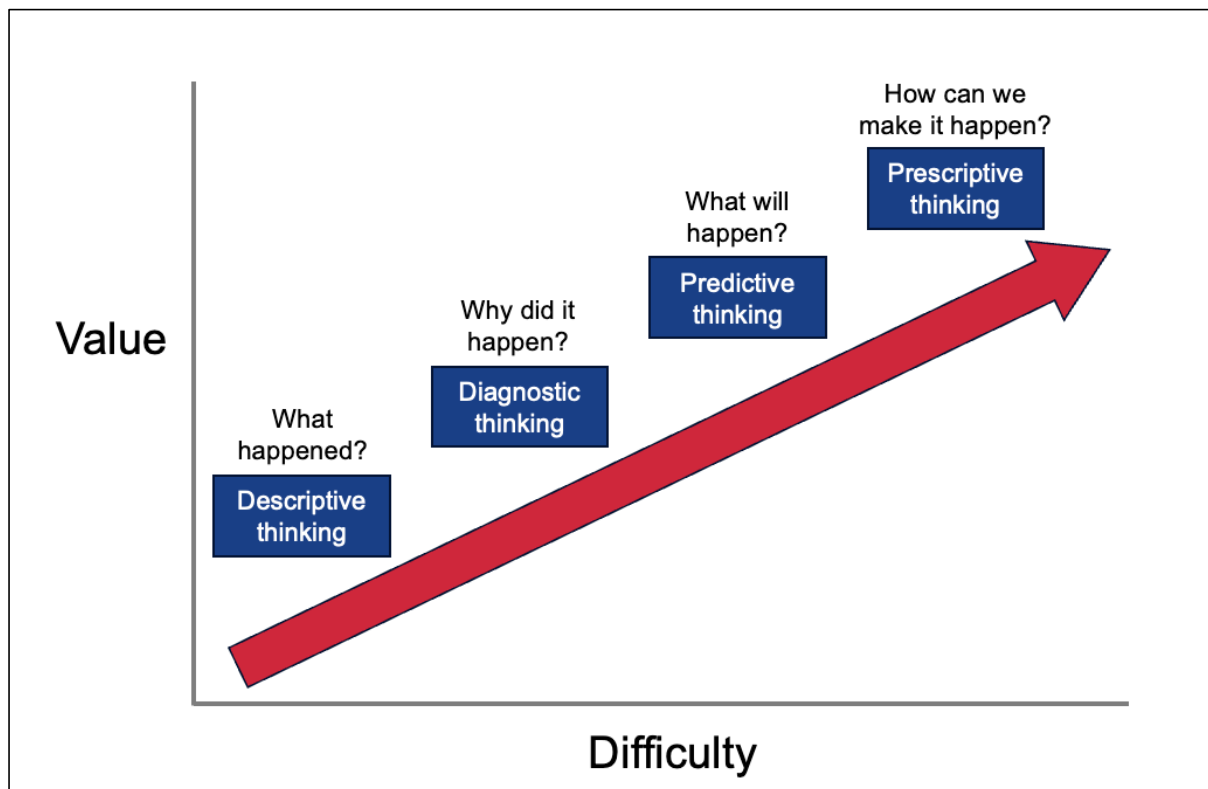


Figure 1. Model for the maturity of evidence-based thinking

Evidence-based thinking can be thought of as happening at a continuum of levels, of increasing sophistication. This continuum begins with descriptive thinking. What evidence can we use to characterise what happened in the past? Is there a set of data that defines our current situation? Then at a slightly higher level of sophistication, we have diagnostic thinking. Why are things the way they are? What made them that way? Moving up again, we have predictive thinking. What would happen if ...? And finally prescriptive thinking. How can we bring about ...? This is referred to as a continuum because, given enough description, you start to see reasons why things are as they are (diagnostics); given enough diagnostics, you start to see how things will be in the future (prediction); given enough prediction and you start to see how best to bring about the future you seek (prescription).

Strategy clearly lives at the prediction / prescription end of this evidence-based thinking continuum. It is about predicting the range of futures that might come about and then prescribing the much narrower range of futures that we choose to try to bring about.

The second causation framework is similar in certain ways but presents levels of causation in a different way – it is Judea Pearl’s Ladder of Causation (Fig. 2), from his book, [The Book of Why](#) (p28).

This framework suggests that there are three levels of sophistication in how we come to understand causation. The first is empirical – how we sense the world. This enables us to ask some rudimentary ‘what if ...?’ questions. If I see someone walking down the street with an ice-cream cone, I imagine they just bought it from an ice-cream shop or an ice-cream van parked on the street. I might think they were feeling hot or maybe were rewarding themselves for something they just accomplished. Or maybe they were just feeling peckish and thought it was still a long time until dinner. These are the every-day causal connections we learn from our lived experiences. More sophisticated causal inferences can come from data. Someone who buys toothpaste in a shop may have a higher conditional probability of also buying dental floss.

The second level of sophistication in Pearl’s ladder of causation comes from us changing the world by our actions and interventions. Most of us believe that if we take aspirin we will, soon afterwards, move from a state of ‘headache’ to a state of ‘no headache’. Here lie the experiments by which we design our personal lives, our businesses and our government. Going on a [‘Paleo’ diet](#) may cause weight-loss. Reducing my prices may make more people purchase, which may increase profits. Forcefully deporting asylum seekers to Rwanda may discourage illegal immigration (thankfully the Court of Appeal has found the procedure unlawful).

The top-most rung in Pearl’s ladder of causation is the level of counterfactuals. What would have happened if ...? Many of science’s natural laws are counterfactuals. [Hooke’s Law](#), for example says that if the force on a spring is doubled, the length of extension of the spring

will double as well. In terms of strategy, it is these counterfactuals that enable us to imagine futures that have not yet happened. What if we doubled our innovation budget? What if we focused all our efforts on enterprise sales? What if we made a commitment to Net Zero by 2040?

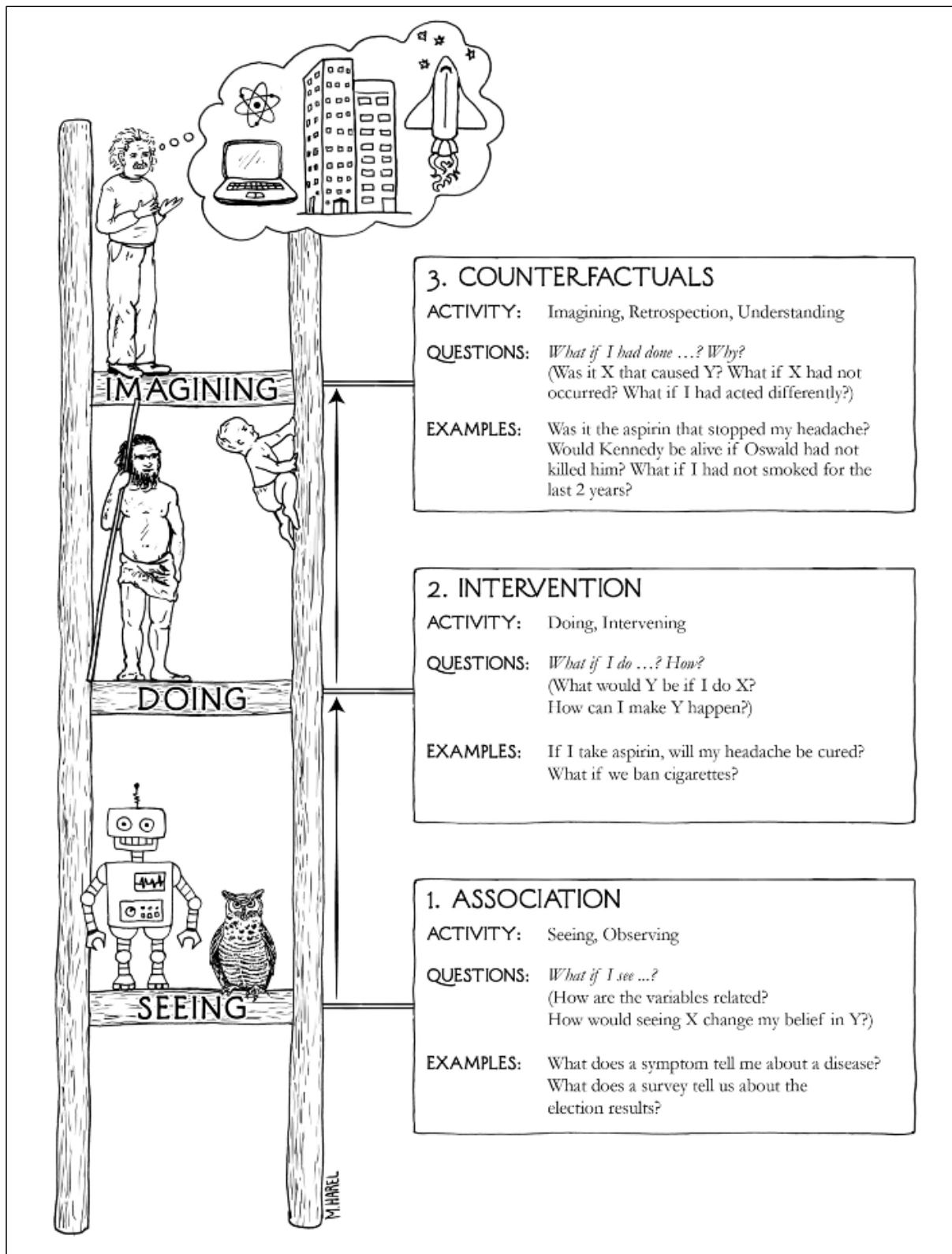


Figure 2. Judea Pearl's Ladder of Causation

The third framework is [The Futures Cone](#) (Fig. 3).

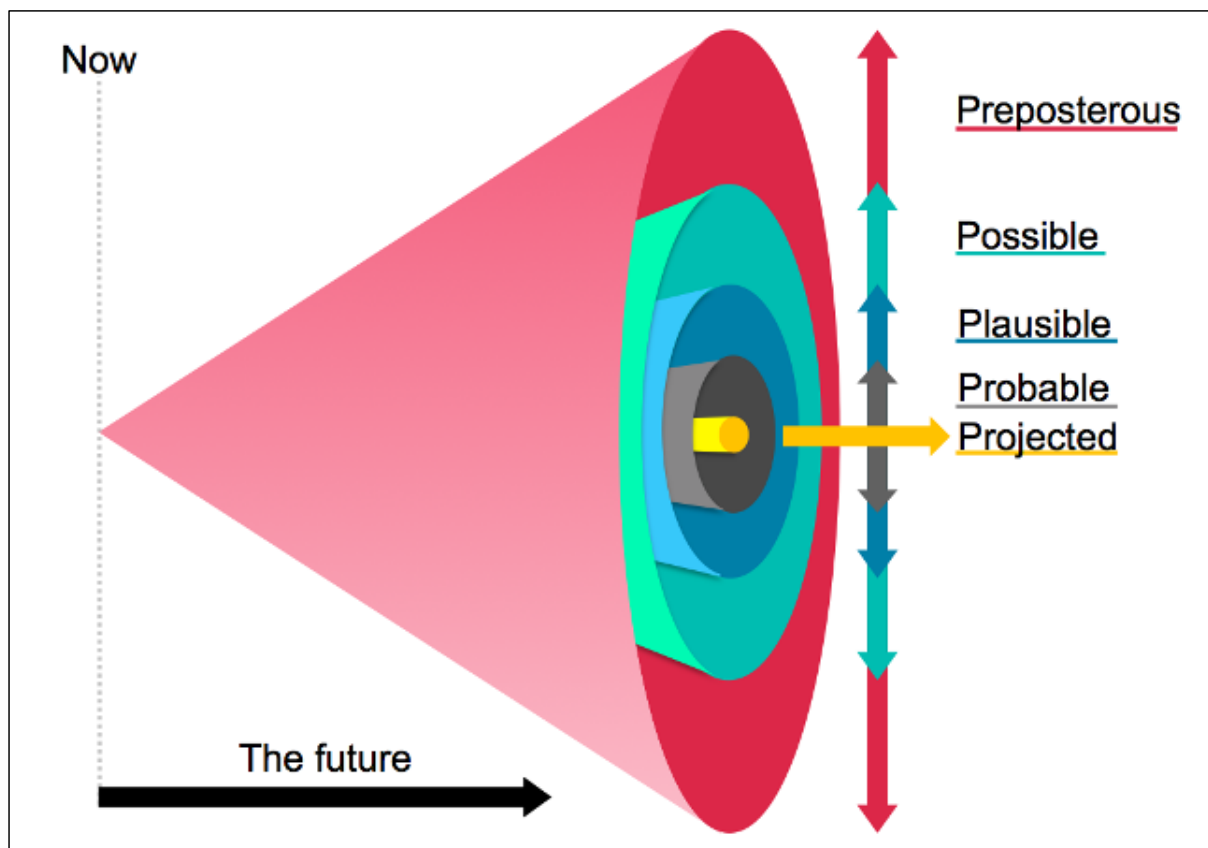


Figure 3. The Futures Cone

The message from this framework is simple: not all futures are equally likely to happen. By grading them into degrees of likelihood, we can start to explore what makes one future state 'probable' whilst another is merely 'possible'. There are, of course, many different ways to estimate the likelihood of future events or states happening. The Futures Cone is merely one way, and a highly visual way to conceptually categorise the future. A variety of more numerical approaches fall under the banner of [probabilistic forecasting](#).

Having an awareness that strategy is actually a model of causation and also having a number of different frameworks for making sense of causation provides fuel for rich and detailed conversations about strategy.

So, in summary, we have three frameworks for making sense of causation. The Maturity Model of Evidence-Based Thinking shows how our thinking needs to progress beyond descriptive and diagnostic thinking and into predictive and prescriptive thinking in order to be useful for strategy. Judea Pearl's Ladder of Causation reminds us there is only so much we can deduce about the causal relationships that underpin strategy by simply experiencing the world around us. To properly understand causation, we need to interact with and experiment upon that world and ultimately model it in terms of counterfactuals. And the Futures Cone tells us that not all causal relationships are equally likely to come about. A key

part of strategy is to work out how likely cause-effect relationships are on their own, and how much more likely we can make them by means of our strategic intervention.

The practical implications of strategy-as-a-model-of-causation

There are two practical implications of strategy-as-a-model-of-causation for us practical strategists.

The first is how we approach strategy development. I would always recommend that strategy development starts with strategy scoping. Why does your organisation need a strategy? Why right now? What do you hope will be different by the time the strategy is finished, compared to right now? Only three questions in and we are starting to explore causation. Let's ask the question a different way. What is it the key change that your strategy seeks to bring about and what is it you need to do to cause those changes to be brought about? I have long argued that having a clear scope is essential for any new strategy. In light of strategy as a model of causation, I feel strategy scoping is even more important. What sort of causal relationships does this new strategy seek to affect? What does our vision say about the new world of causation that we seek to bring about? What does our data say about how we change the world right now ... and what do we want the data to say in the future, once our new strategy is achieved? If you want to find out more about strategy scoping then Chapter 7 of the [TheStrategy Manual](#) provides in-depth coverage, or read a summary [here](#).

The second, much deeper and more profound, implication of strategy-as-a-model-of-causation is reconciling strategy with complexity theory. Many strategy experts, from Henry Mintzberg to Rita Gunther McGrath, have argued that organisations are far too unpredictable to be able to prescribe a strategy and expect it to still be meaningful and impactful several years later. Things just change too fast! Instead, they argue*, we need emergent strategies that adapt in response to changing circumstances. This has always seemed something of an oxymoron to me. The value strategy gives to an organisation is sustained focus on changes that will remain impactful despite any turbulence in the organisation's operating environment. Strategy-as-a-model-of-causation helps reconcile these differing viewpoints in two main ways.

Firstly, the study of causation lends itself to systems thinking. Let's work through an example. My organisation offers a service that customers pay to access. How can we view the causes of this customer relationship at different systems levels?

1. My service satisfies a specific and urgent customer need.
2. My service works well, has good customer reviews, is competitively priced and available for immediate delivery.
3. My service is part of a family of products that are well established over many years, are

used by many well-recognised enterprises and are known for their reliability.

4. My organisation is a trusted brand in our marketplace with award-winning levels of customer support.
5. Most of the territories we operate in are free-market economies with little state intervention on the supply of, and demand for, services.

Clearly, any strategy that attempts to micro-manage the way individual services meet specific customer needs is going to be overtaken by changes in the marketplace. Portfolio management and brand management, on the other hand, operate at a higher systems level and may be stable over the longer term. High-level, organisation-wide strategy needs to find the system level of causation that has the stability to be enduring. It, however, also needs to be impactful. A strategy that seeks to change the nature of the free-market economies in which our organisation operates may be reaching for a systems-level too far.

So, strategy, at a high level needs to be enduring, but strategy also needs to be actionable, and this requires drilling down to progressively lower and lower systems levels and hence to lower levels of long-term stability. Here, again, strategy-as-a-model-of-causation can help. Remember Pearl's Ladder of Causation? Experiments and counterfactual models are the most powerful ways to make sense of causation. So, as we drill down into strategy we turn from the longer-term, enduring strategy-as-imperative to shorter-term, emergent strategy-as-hypothesis. We, as strategists, have the confidence to commit our organisations to a clear, defined, enduring strategic destination, but have the humility to admit we don't know every step of how to get there. We will, therefore, commit to hypothesis-testing to plot that course to our defined future, in a world that will inevitably be changing along the way.

This is the basis of my [Separation Model of Strategy](#), which suggests that strategy should be distinct from strategic planning.

* It is clearly impossible to do justice to Mintzberg and McGrath's work in a post as short as this. To dig deeper, start with Mintzberg et al's 1998 book [Strategy Safari](#) and read Chapter 7 on Strategy Formation as an Emergent Process. Then read Rita Gunther McGrath's 2013 book [The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast as Your Business](#) (or [Harvard Business Review Article](#)).

1.5 Strategy flywheels and strategic synergy

[\(July 2023\)](#)

The Amazon 'flywheel' is about as close as we get these days to a legend. Originally sketched on the back of a napkin during a two-day management offsite in 2001, the logic of Amazon's flywheel strategy was as follows: "Lower prices led to more customer visits. More customers increased the volume of sales and attracted more commission-paying third-party sellers to the site. That allowed Amazon to get more out of fixed costs like the fulfillment centers and the servers they needed to run the website. This greater efficiency then enabled it to lower prices further. Feed any part of this flywheel... and it should accelerate the loop" (Stone, 2013, p. 161). As soon as it was articulated, this flywheel strategy created quite a buzz inside Amazon. For the first time in five years, Amazon executives recalled, they felt they understood their own business.

What is less well known is that the idea of flywheel strategy wasn't invented by Amazon. That honour goes to Jim Collins, author of [Good To Great](#), who had been invited to the Amazon offsite to explain his flywheel ideas in what was, at that time, a forthcoming, book.

Collins introduces the idea of flywheel strategies in Good to Great with Circuit City, an American electrical home appliance retail company. Their flywheel, developed more than a decade before Amazon's, consisted of excellence in the '4-S' model of Service, Selection, Savings and Satisfaction. Over a period of nine years, they developed a 'warehouse showroom' style of retailing for selling domestic appliances – large inventories of named brands, discount pricing and immediate delivery. Between 1982 and 1987, this Circuit City flywheel "generated the highest total return to shareholders of any company on the New York Stock Exchange" (Collins, 2001, p. 166).

Jason Crawford suggests that flywheel effects are what have been driving the progress of human civilisation for millennia. Here is how he introduced his 2022 post entitled [Flywheels of progress](#):

"What causes progress? I've been investigating this for five years, and I still don't have a full answer. But part of the picture is starting to come into focus. Here's my current, incomplete model: Progress compounds. It builds on itself. Progress begets progress. This is why progress is super-linear: exponential, or indeed, over long periods, even super-exponential. The form this takes is a number of feedback loops, or self-reinforcing cycles. By the nature of such loops, they act as if they had inertia: they are hard to get started, but hard to stop once going. Hence, a flywheel: the perfect metaphor for a loop or cycle with a lot of inertia."

So, what exactly is a flywheel as it relates to strategy and what lessons ought we as strategists take away and apply to our own strategies? Jim Collins probably still has the best simple and generic explanation of the flywheel effect:

- Firstly, steps are made to introduce change, guided by a powerful but simple insight.
- Secondly, the results become visible and then start to accumulate.
- Thirdly, these results get noticed by more and more people who line-up to participate, energised by those results.
- Finally, this builds the momentum of the flywheel by encouraging further change to be introduced, still guided by the original powerful but simple insight.

There are two key concepts underpinning the idea of flywheel strategies: *synergy* and *compounding*.

For a strategy to produce synergies means that the impact of all its component parts, working together, are greater than the sum of these component parts if they were working independently. Simplistically, synergy effects make two plus two equal five.

Let's imagine a strategy that commits an organisation to being more innovative. This commitment has three key components:

1. Substantial improvements in how innovation is managed (such as incentives for participation in innovation and creation of a safe-to-fail culture);
2. An increase in budgets supporting innovation;
3. Realignment of performance bonuses for all senior leaders, with more dependence upon the success of new products and services.

Each component part of this innovation strategy might well be impactful. Together, however, they could be hugely impactful, as each amplifies the impact of the other. Getting more people involved in innovative thinking should increase the number of innovative ideas being produced and, if these are well shared, this should increase the quality of innovative ideas. This, in turn, will produce more ideas that can be prototyped and tested, using the extra innovation budget. This ought to produce more viable innovations which, with the focused support of senior executives will have a higher chance of becoming commercially successful. And this success will, in turn, encourage even more people to become involved in innovative thinking.

Rosabeth Moss Kanter, professor at Harvard Business School, argued that the only justification for a multi-business company is the achievement of such synergies (Kanter, 1989, p. 100). The idea of strategy compounding is that impact gained last year will drive even more impact next year, leading to compound (exponential) impact over time. So, our innovation strategy, described above, should, if consistently pursued over several years, produce more and better innovations as the learnings from last year are added to and

amplified this year.

Flywheel strategies, where they can be made to work, do appear to deserve their legendary status. As with many legends, however, it can probably be stripped down to a much simpler set of insights. Good strategies should feature a small set of goals, each of which amplifies the impact of the others. Continued over several years, these synergies will produce compound effects. Like all good strategies should.

References:

Collins, J. (2001) *Good to Great*. Random House, London.

Kanter, R. M. (1989) *When Giants Learned to Dance*. Simon and Schuster, London.

Stone, B. (2013) *The Everything Store: Jeff Bezos and the Age of Amazon*. Little Brown & Co, Boston.

1.6 A new definition of strategy

[\(October 2022\)](#)

I'm a big fan of Roger Martin. He's been in the [top 10 management thinkers for all of the past decade](#), and his book with AG Lafley ([Playing to Win](#)) is in my top ten strategy books of all time. I also love [his idea](#) that every organisation needs a consistent language and framework for strategy.

The importance of the language of strategy was brought home to me when I started to explore definitions of strategy. Here are some of the more readily found definitions from a Google search:

1. Strategy is a long-range plan for achieving something or reaching a goal, or the skill of making such plans. [Cambridge English Dictionary](#)
2. Strategy is a general plan to achieve one or more long-term or overall goals under conditions of uncertainty. [Wikipedia](#)
3. Strategy is the intelligent allocation of resources through a unique system of activities to achieve a goal. The [Strategic Thinking Institute](#)

And here are others from renowned strategists:

1. Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. Bruce Henderson, 1989. [The Origin of Strategy](#). Harvard Business Review Nov-Dec 1989 pp139-143.
2. Strategy comprises a set of activities that fit together to produce sustainable competitive advantage in a marketplace. Michael Porter, 1996. [What is strategy?](#) Harvard Business Review 74 (6): 61–78.
3. A good strategy has coherence, coordinating actions, policies, and resources so as to accomplish an important end. Richard Rumelt, 2011. [Good Strategy Bad Strategy](#). Profile Books, NY.

Here's my issue. If all of these are definitions of strategy, what is a strategic plan? They all include clear references to the process of strategic planning (e.g. devise activities and allocate resources). This might not matter if a strategy and a strategic plan were, broadly, the same thing. In my [benchmarking analysis](#) of 52 published strategies in the UK university sector, 19 were labelled as strategy, 17 were labelled as strategic plan and there were no

systematic differences in their content. When I did this analysis (in 2019) the university sector didn't seem to think there were important differences between the two.

Elsewhere, however, I have argued that strategy and strategic plan ought to be strictly separated. My [Separation Model of Strategy](#) proposes that strategy and strategic planning need to be forced apart so they can serve different purposes within the organisation. Whilst strategy provides a compelling vision of the future, strategic planning devises the transformational change programme to get there. Whilst strategy is all about destination and path, strategic planning is all about people, priorities, resources and deadlines. Perhaps most critically for the practicalities of managing strategy, strategy is designed not to change, but strategic plans can, and usually ought to, change.

To be clear, strategy and strategic plan need to be closely aligned – it is through the operation of the strategic plan that the impact of the strategy will be achieved. But the need for them to be sufficiently separate to serve different purposes within the organisation gives us real problems with our definitions of strategy.

The challenge then is to define strategy in a way that makes no reference to a plan or the processes of planning. So, what is strategy when it is strictly separated from strategic planning?

Here's my answer:

Strategy is an evidence-based, persuasive and feasible narrative of your commitment to a desired future that is unattainable by just refining and optimising what you do currently.

Let's tease this apart.

1. Strategy as narrative (or storytelling).

[Martin Weigel suggests that strategy needs good words](#) because "strategy is the art of getting other people to do something" and hence you need to put your strategy into words that others can follow. [Barry and Elmes \(1997\)](#) argued "if story-telling is the preferred sensemaking currency of human relationships [...] then surely strategy must rank as one of the most prominent, influential, and costly stories told in organizations" p430. [Kuipers et al \(2013\)](#) suggest that "storytelling is regarded as practically advantageous for the adoption of strategic plans and the communication of strategic intent throughout the organization because it makes the content of the strategy more easily understood, which in turn enhances coping and emotional buy-in among employees". Barry and Elmes go on to describe strategy-as-storytelling in terms of "thematic, sequenced accounts that convey meaning from implied author to implied reader" p431.

2. Strategy as evidence-based, persuasive and feasible.

To be effective in its storytelling, strategy needs to be persuasive so its readers / listeners take ownership of it and pass its message on. Strategy cannot be seen as fanciful. Its origins need to be credible, and making them evidence-based provides a meaningful way to tie strategy back to the lived experience of the organisation, in the present day. The need for strategy to be feasible is a matter of considerable debate. What about moonshots or [Big Hairy Audacious Goals](#)? Orson Welles alluded to this when he said of his audience “Don’t give them what you think they want. Give them what they never thought was possible”. The resolution here is probably that strategy doesn’t need to be feasible today. When JFK committed to the “goal of sending a man to the Moon and returning him safely to Earth” in 1961, he did so not because it was easy but because it was hard, because “that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win” (Kennedy 1962).

3. Strategy as commitment.

One thing the six strategy definitions we began with would agree on is the need for decision-making. Strategy needs to embody a decisive commitment to one direction in favour of others. As [Michael Porter](#) put it, “the essence of strategy is deciding what not to do”. The key question, however, is commitment to what? If we need to avoid all reference to committing to a plan, what is left to commit to? My answer is to commit to a desired future that is unattainable by just refining and optimising what you do currently. The ‘desired future’ is carefully worded to encompass strategies defined in terms of both destination (where we seek to get to) and path (the direction we seek to travel), since a strategy can legitimately be either. And this is not just any desired future. It is a future that will not be attained by continuing to do what we do currently (business-as-usual) with added refinements and optimisations. It is a future that differs from our projected future. It involves a deliberate change of course from our current trajectory.

For me, this new definition of strategy is a big step forward. It defines a new objective in strategy production: developing the narrative of a commitment to a desired future. It gives a new set of quality criteria to check if our draft strategy is a ‘good-enough’ strategy:

1. Is our narrative evidence-based, persuasive and feasible?
2. Is our desired future unattainable by just refining and optimising what we do currently?

It also helps us think of strategy and strategic plan separately because we can now define each, independently of the other.

1.7 Strategy as Design Thinking

[\(May 2022\)](#)

What exactly is design thinking, what value does it offer for strategy and how can you apply it in your organisation?

Henry Mintzberg's recent (Feb 2022) article goes by the grand title of [An Underlying Theory for Strategy, Organization, and Management: Bridging the Gap Between Analysis and Synthesis](#). Taking inspiration from Herbert Simon's work on bounded rationality and Ludwig Von Bertalanffy's general systems theory, Mintzberg sets out to contrast the rationalist approach and the systems approach to strategy.

The rationalist approach sees organisations being run by 'administrators' (Mintzberg calls them 'administrative actors'). According to Mintzberg, the administrator "intends to be rational but ... physical and mental limitations make it impossible to cope with the complexity and dynamism of the environment. Accordingly, the administrative actor 'satisfices', namely seeks satisfactory rather than optimal solutions to problems, by making do with the information available and making use of convenient heuristics—rules of thumb, learned from experience, that produce quick and acceptable, if not optimal, solutions, most of the time. In sum, the administrative actor exhibits 'bounded rationality'."

The rationalist approach to strategy is 'to think in order to act'. It is rooted in analysis. We search the environment for conditions calling for a decision, we devise possible courses of action and then weigh up which are best before committing to them in strategy.

The systems approach sees organisations as open systems, exchanging material, energy and information with their environment. It follows, then, that the management of organisations seeks to reconcile internal and external pressures. Open systems have a number of interesting properties:

1. *They often operate in cyclic patterns*, reflecting the time taken for inputs to be transformed into outputs. These cyclic patterns are often homeostatic: the output from one cycle may cause the processing of the next cycle to be adjusted to maintain steady state. Homeostasis requires feedback mechanisms.
2. *Different parts of organisations differentiate from one another through division of labour*. They acquire specialist functions. These functions typically become arranged hierarchically – operational functions report to managerial functions which, in turn, report to executive functions.
3. *The whole becomes more than the sum of its parts*. Synergies start to arise. New properties emerge as we move between systems levels. The organisation exhibits what

Von Bertalanffy called equi-finality – the same final state may be reached from different initial conditions and in different ways.

The systems approach to strategy emphasises the unpredictability of outcomes from similar starting conditions. It may require ‘acting in order to think’. We may need to try things out to see what happens.

Mintzberg’s conclusion is that “all organizations need analysis, but as an aid, not a club” and “the very nature of managing, organizing, and strategizing requires synthesis beyond analysis”.

All of which sounds a lot like strategy as a design process, which Mintzberg has talked about before ([Mintzberg et al 1998](#)) but, oddly, doesn’t mention in this article. As I outlined on [Twitter last year](#), strategy-as-design refers to:

1. A design ambition – inventing the future you want to bring about (as opposed to merely choosing the best available option);
2. A design process – an iterative process of divergent and convergent thinking;
3. A design output – the production of a strategy that is fit for the purpose it was designed to serve.

The process of divergent and then convergent thinking is key here. Figure 1 below highlights the fact that convergent thinking doesn’t just select the best from the many ideas generated during divergent thinking. It actively and creatively hybridises and synthesises those ideas. This is where Mintzberg’s ‘synthesis beyond analysis’ happens.

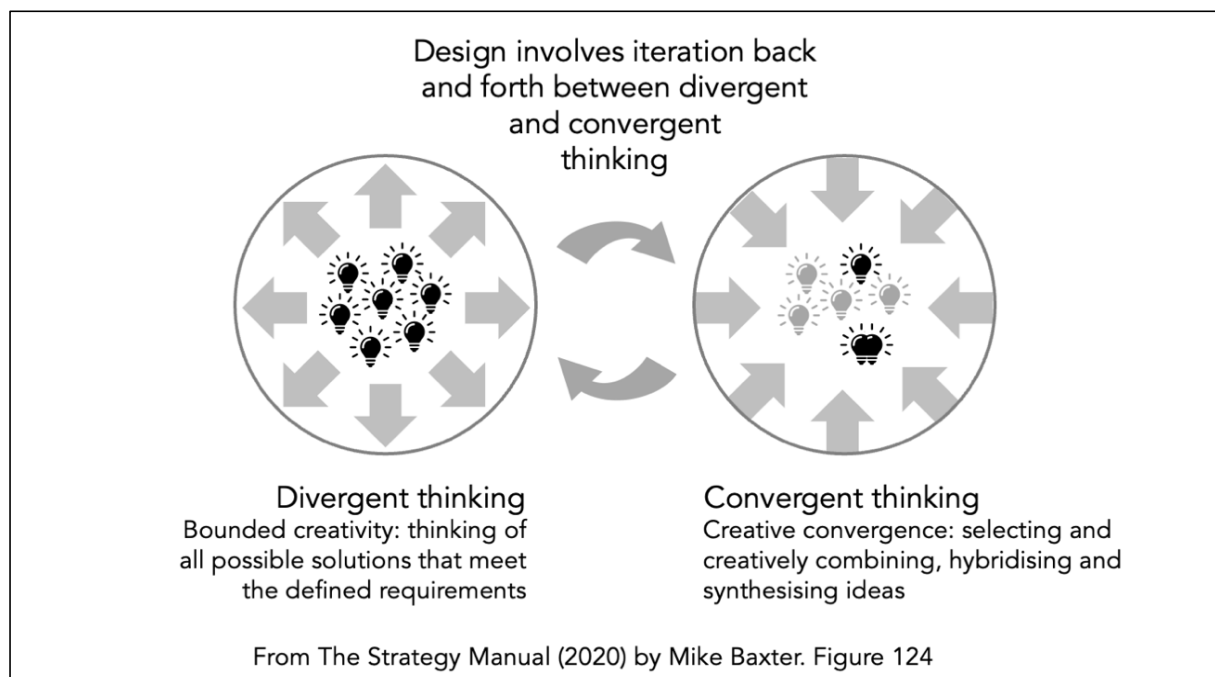


Figure 1. Hybridisation and Synthesis of Ideas in Divergent and Convergent Thinking

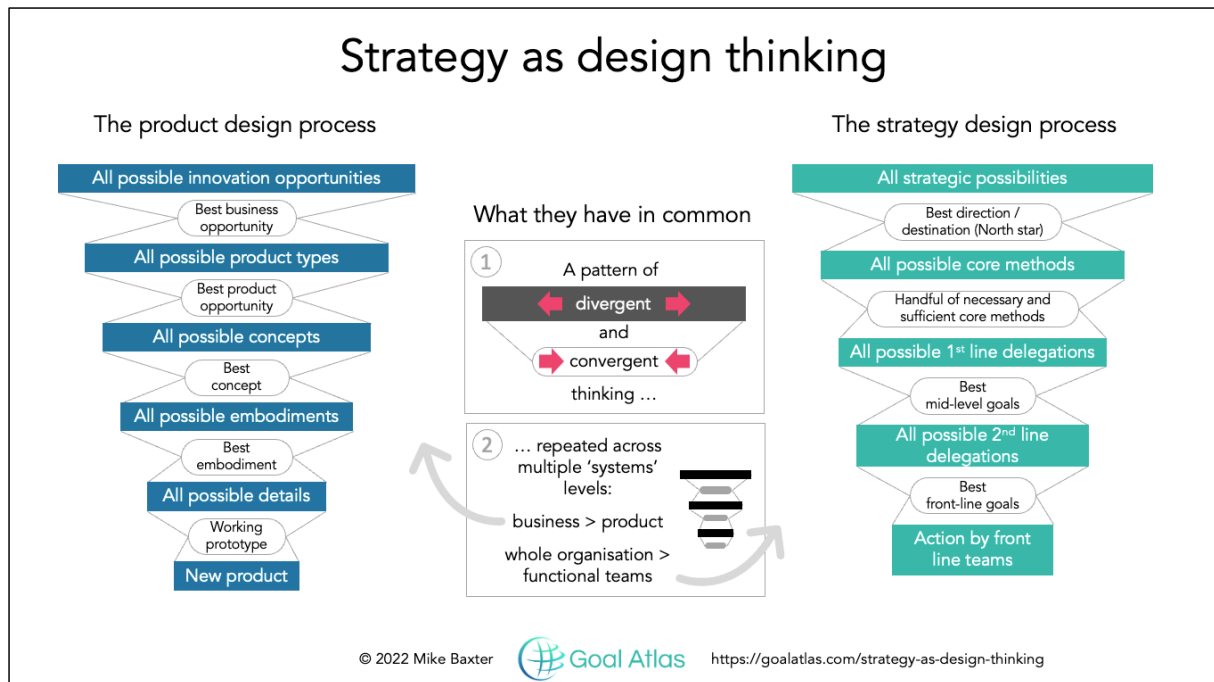


Figure 2. Strategy as Design Thinking

Just to reinforce the connection between design thinking and strategic thinking, and to show how Von Bertalanffy's systems theory also has a key role to play in strategic management, Figure 2 gives an explanation and 'manifesto' for strategy as design thinking.

So, what does this mean for the strategy work you do in your organisation?

1. Make sure everyone leading and managing strategy across your organisation understands what design thinking means.
2. They need to appreciate the creative power that comes from cycles of divergent and convergent thinking.
3. They need to have seen (and ideally experienced) how convergent thinking is much more than an idea-selection process – it needs to combine, hybridise and synthesise a set of initial ideas into a whole new generation of ideas.
4. They need to realise that this divergent / convergent cycle repeats several times over the course of the strategy lifecycle. Different people, from across the organisation, need to be engaged and involved in the process. In doing so strategy will transcend system boundaries from being something that relates the entire organisation to its operating environment, to something internal to the organisation, then to a business unit or functional department within the organisation and finally to individuals working in front-line teams.

5. As strategy cascades through the organisation, in this way, new emergent properties will be discovered. New opportunities. New obstacles. New ways of working. Resistance to change old ways of working. To keep this process of discovery manageable, without having to continually re-write the strategy, many organisations find it useful to separate the strategy from the strategic plan. The strategy is relatively simple and concise and is designed to be unchanging in the face of new discoveries and new circumstances. It is designed to act as a beacon and a direction-finder to guide everyone's high-level decision-making. The strategic plan, on the other hand is the transformational change programme by which strategic goals are reached. It is about people, priorities, resources and deadlines. It is, therefore designed to change at every step in the strategy cascade.
-

1.8 The Triple Diamond Model of Strategy

(February 2022)

A brand-new strategy model from Goal Atlas that takes the best of design thinking and applies it to strategy.

The Triple Diamond Model proposes that:

1. Strategy is managed by means of three distinct processes: strategy production, strategy adoption and strategy adaptation.
2. Each process has a divergent thinking phase (where we think of all the possibilities) followed by a convergent thinking phase (where we commit to strategic decisions).
3. Visually, this can be represented by a diamond shape (divergent then convergent thinking) repeated three times (produce, adopt, adapt).

One of the most iconic representations of design thinking is the [Double Diamond](#) model of design thinking, produced by the UK Design Council in 2006 (Fig. 1). This model is built upon two much older, well-established concepts. Firstly, JP Guilford in the late 1950's proposed that creative idea generation comprises a period in which we think-of-all-the-possibilities (divergent thinking) followed by a period where we select the best (convergent thinking). Secondly, many authors (myself included in my 1995 book, [Product Design](#)) proposed that design is an iterative process, where cycles of divergent and convergent thinking are repeated.

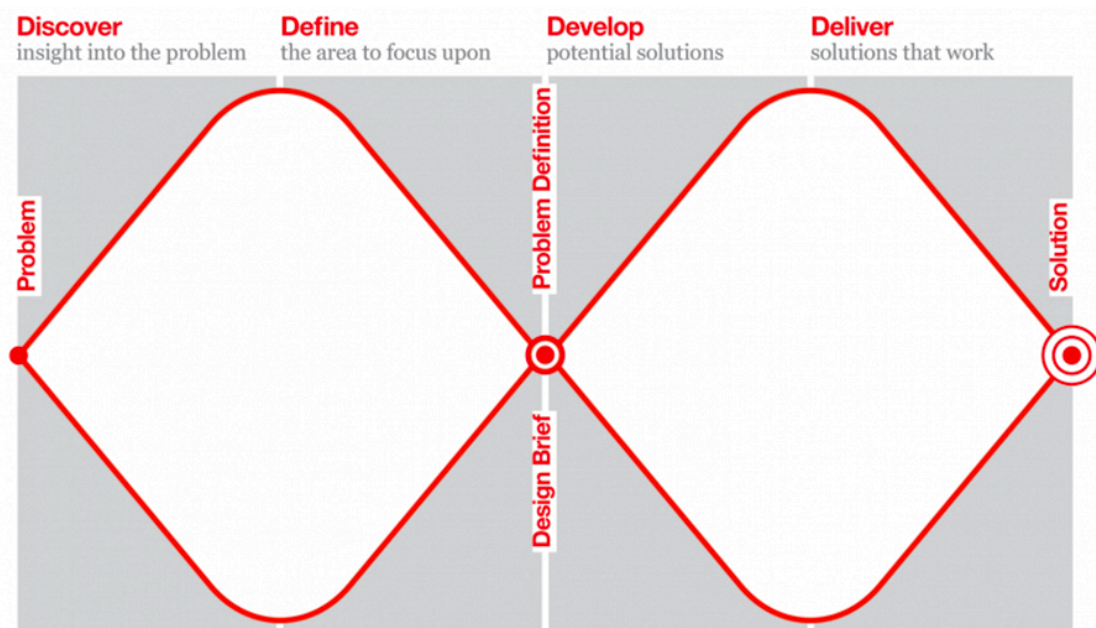


Figure 1: The Double Diamond Model of Design Thinking from the UK Design Council 2006.

The Double Diamond model shows this with elegant simplicity. The first iteration of divergent/convergent creative thinking defines the problem, by exploring around it and gaining insights into its cause and context, and then defines the area to focus on in the next iteration. This next iteration then develops potential solutions to the defined problem and delivers solutions that work.

Applying this way of thinking to strategy reveals that strategy involves three iterations of the divergent/convergent thinking cycle (Fig.2).

- 1. Strategy production:** A range of possible strategy destinations are explored before one preferred destination (or a small handful of them) is committed to for the strategy.
- 2. Strategy adoption:** This is where we move from strategy to strategic planning; we need to explore how best to reach the chosen strategy destination and then we need to commit to our preferred methods of getting there.
- 3. Strategy adaptation:** Finally, because strategy usually continues for several years, we need to explore all the various ways that strategy needs to adapt to changing circumstances (new environmental pressures and in-house strategic accomplishments) and commit to a monitor / review / adapt cycle for the strategy.

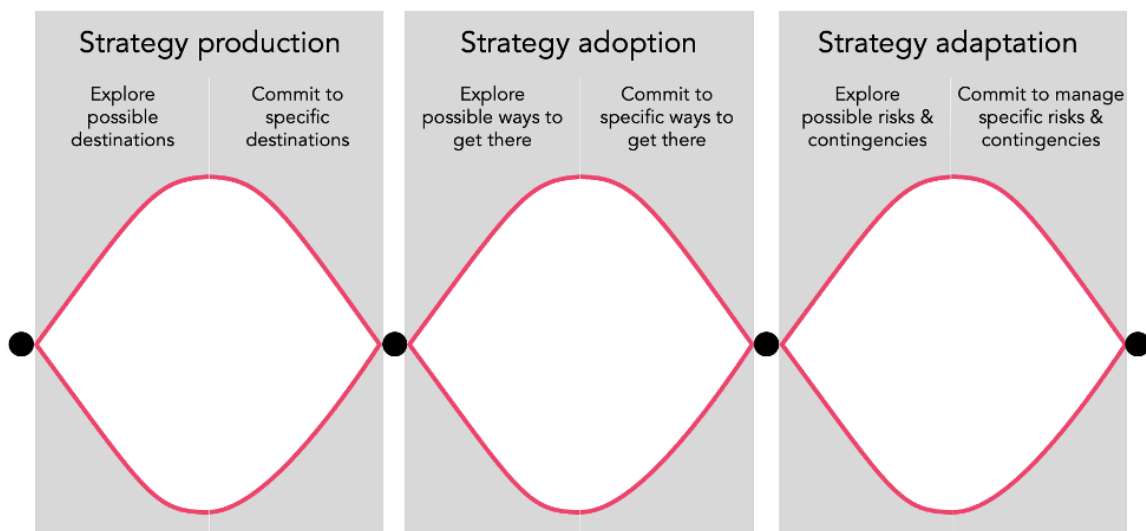


Figure 2: The Triple Diamond Model of Strategy from Goal Atlas 2022.

As with all design-type thinking, these are neither linear nor strictly separated processes. Discoveries during strategy adoption, for example, may require parts of the strategy we may have thought we'd finished to be re-visited.

The Triple Diamond Model does, however, provide a simple visualisation of the strategy process and lays the foundation for a structured and systematic approach to strategy management.

1.9 Can Ikigai reveal the four deficiencies of strategy?

(February 2022)

[Ikigai](#) is a Japanese concept describing a state of mind. Whilst there is no direct translation of Ikigai into English, the word is associated with a sense of purpose and fulfillment that results in a feeling of being alive. Long-time friend and colleague Marc Winn produced a [graphical representation of Ikigai](#) which, although [controversial](#), spread rapidly. Bruce Eckfeldt has [argued](#) that this same sense of purpose and balance can apply equally well to business organisations. Whilst reading Eckfeldt's article, my mind inevitably drifted on to strategy and I wondered if Ikigai could be of value for strategists. The conclusion I reached was a lot more profound than I'd anticipated – does Ikigai reveal four subtle but important deficiencies that strategies can suffer from? Here is my version of the Ikigai diagram, fine-tuned for analysing strategy (Fig. 1).

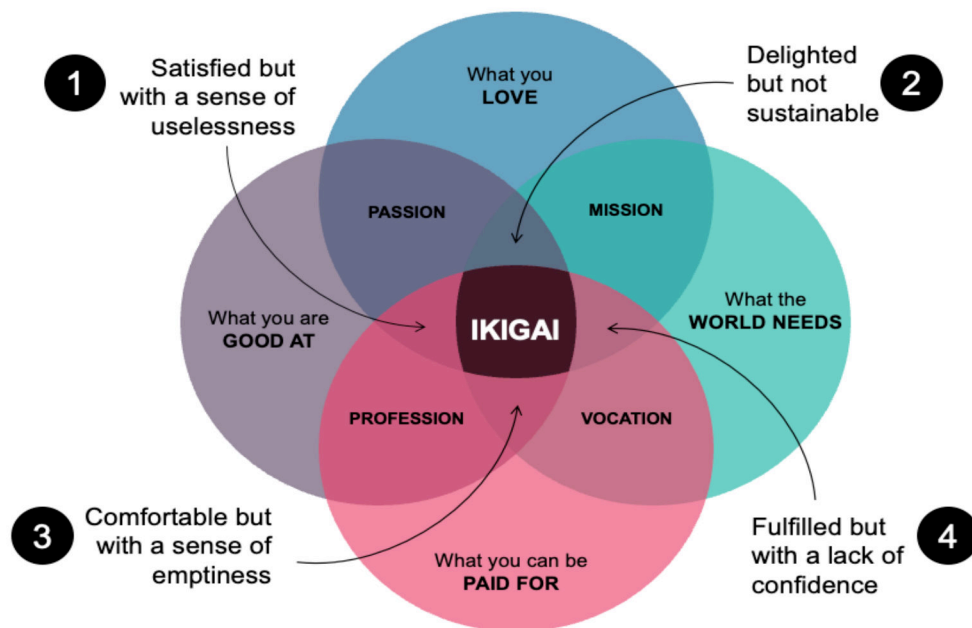


Figure 1: Can Ikigai reveal the four deficiencies of Strategy?

The important message from Ikigai is that the best place for an organisation to be is doing what its people love doing, what they are good at, what the world needs and what you can get paid for. Doing only three out of these four may lead to a deep feeling across the organisation that something is missing yet is hard to describe. If, for example:

1. You feel satisfaction combined with a sense of uselessness, maybe you are doing what you love, what you are good at and what you can get paid for but not what the world needs.

2. You feel delighted but realise this is not sustainable, you are probably doing what you love, what you are good at and what the world needs but not what you can get paid for.
 3. You feel comfortable but with a sense of emptiness, maybe you are doing what you are good at, what the world needs and what you can get paid for but not what you love.
 4. You feel fulfilled but sense a lack of confidence, maybe you are doing what you love, what the world needs and what you can get paid for but not what you are good at.
-

Strategy snippets you might have missed on 'The Nature of Strategy & Strategic Thinking'...

Strategy as a form of fiction

[\(June 2025\)](#)

"We often think of strategy as something cold, analytical, spreadsheet-driven. But more and more, I'm convinced that strategy is fundamentally a form of fiction—a way of telling a story about the future, then organizing people and resources to make that story real." So says [Julian Bleeker](#) in his newsletter of 5 May 2025, Warming Strategy Up.

Type 2 Growth

[\(January 2025\)](#)

This could be a late New Year's resolution for 2025 or an alternative way to think about strategy. Originating as an idea of [Kevin Kelly](#), I like the summary of Type 2 Growth from [Zoe Scaman](#):

'Not another sprint, but a sustainable rhythm. A pace that allows for both progress and presence – and actually enjoying the journey along the way.'

In her article on '[The Type 2 Manifesto](#)', she defines six 'New Pillars of Success' - ways of "approaching progress that challenge the norms". They are: Longevity as Legacy; Stability as Strength; Flexibility as Freedom; Enrichment as Evolution; Consistency as Credibility; Fallow Periods as Fertile Ground.

The value of deep expertise in consultancy

[\(January 2025\)](#)

This is an [interesting discussion on YouTube](#) (hat tip to Neil Perkin) on how the business model of Big Consulting is being forced to change. Rita Gunther McGrath describes the traditional model like this:

"If you think about traditional consulting, it was based on a leverage model... you've got the role of the finders, those are the people that gate the business, the role of the minders, the people that actually run the engagements, and then the grinders are the ones working at the coalface who are doing all the work. And the traditional model was you marked up the work of the grinders, and that fed the others."

Now, however, as the work of the grinders becomes increasingly commoditised by AI, the value model of Big Consultancy and the pricing model that goes with it need to be transformed to focus on access to the deep expertise that the consultancy can offer. Of course, Goal Atlas has never employed 'grinders' so we have always prioritised access to deep expertise. No change for us!

Remembering Daniel Kahneman

[\(March 2024\)](#)

One of the great founding fathers of behavioural economics, Daniel Kahneman died last week, aged 90. Kahneman was that rare combination of a deep intellectual thinker, strong empirical scientist and great presenter of his work. Although I was late to his discoveries (early 1990's), I devoured his early experimental work with Amos Tversky and loved the fact he won the Nobel Prize in Economics in 2002 – I still think his [Nobel Prize lecture](#) is one of the best short introductions (38 mins) to his ways of thinking.

He has been a particularly powerful influence on my thinking for decades now. Realising the limitations of the rational economics model of human behaviour is, in my view, fundamental for anyone trying to shape people's decisions and actions in any way – in other words for any strategist. And it was the work of Kahneman (and others) that proved we actually make decisions by means of [bounded rationality](#):

- We do not explore all possible options available to us in the run-up to making a decision;
- We do not systematically evaluate the outcome of each option in order to make rationally optimised decisions;
- Rather, we consider options that are readily available to us (see [availability heuristic](#)) and take shortcuts in how we reach decisions (see [satisficing](#)).

Kahneman's lasting legacy, in my view, remains his book [Thinking Fast and Slow](#) – highly recommended.

Strategy = Insights^Conviction

[\(June 2023\)](#)

John Cutler published a [post](#) a couple of weeks back with this intriguing title, proposing that strategy equals insights raised to the power of the convictions with which you hold these insights. Whilst the title made me pause and contemplate for several minutes (insights to the power of conviction, not just insights plus conviction), he went on to suggest nine reasons (paraphrased below) why your strategy is not as simple or as obvious as it might seem to others. This, I thought, was a fascinating counterpoint to the pressure that exists in many organisations to have a strategy that is different or distinctive from everyone else's. Maybe, as John Cutler implies, it would be better to have a strategy that seems simple and obvious, but recognise, using these nine arguments below, that it is actually not nearly as simple or obvious as it might first appear.

1. We have unique insights that led us to this strategy.
2. It may look simple or obvious to you, but it is plotting a new course for us, and we have conviction this is the right course for us.
3. Our strategy may seem obvious but doing it will probably still be really hard.
4. We will develop our own unique twist on how we get it done (tooling, capabilities, partnerships, etc.).
5. Our timing and sequencing will be unique (we'll do it earlier or later than expected).
6. Different elements of our strategy will interact and support each other.
7. It is our existing strengths that make the seemingly obvious thing possible.
8. Emerging trends transform the expected into something much more impactful/relevant.
9. We said NO to a whole bunch of interesting possibilities to clear the way for this one strategic direction.

Related to John Cutler's title above, [David Perell](#) writes that "strategies for success are power laws". Both seem to be suggesting the exponential impact that strategy can have on an organisation. Interesting!

The concept of Strategic Compression

[\(October 2022\)](#)

I love [Clay Parker Jones' idea of strategic compression](#), which he describes as a "way to improve the usability of strategic thought". "The goal with compression is to make something catchy and portable that simplifies decision-making." One way he suggests 'compressing' strategy is creating general prioritisation rules, using 'even over' statements. [Jurriaan Kamer](#) gives [these examples](#) of even over statements: revenue growth even over user growth; hire team players even over hiring deep experts; honest feedback even over harmony.

I'd have to say that I like his idea of strategic compression more than I like his way of achieving it. I'm in no doubt that 'even over' statements are a great way to sharpen and convey strategic thinking, but strategic compression could be applied much more broadly in the management of strategy. It could be used to turn a 'keep-it-simple' philosophy (always a good stance for strategists) into a working process. Here is my first attempt at a strategy compression checklist. For every imperative statement in your strategy (they usually start with 'We will ...' or 'We aim to ...' or 'We seek to ...') check:

1. Can it be simpler or clearer?
 2. Can it be more sharply focused?
 3. Can it be more memorable?
 4. Can it be more useful for decision-making across the organisation?
 5. Can it be more shareable / more viral?
-

Google's 'Simplicity Sprint'

[\(August 2022\)](#)

Google's productivity is not where it needs to be, given their head count and the turbulent macro-economic times expected ahead, [according to CEO Sundar Pichai](#). As a result, he is launching a 'Simplicity Sprint' designed to *"create a culture that is more mission-focused, more focused on our products, more customer focused. We should think about how we can minimize distractions and really raise the bar on both product excellence and productivity."*

The reason this caught my attention is that it is a great exception to one of my favourite rules, that strategy should always be differentiated from business-as-usual. My [Boundary Model of Strategy](#) suggests that the very essence of strategy is that it seeks to introduce the sort of change that won't happen just by carrying on with business-as-usual. By definition, therefore, strategy and business-as-usual are different activities and the boundary model highlights the fact that leaders need to decide where the boundary lies between the two, and what relative allocation of time and resources needs to be allocated to each (one possible answer is to spend 70% of the organisation's effort on business as usual, 20% on refining business-as-usual and 10% on strategy, to invent business-as-usual for the future). Then Google's Simplicity Sprint comes along and reminds us that sometimes strategy is all about business-as-usual. Sometimes the lens of strategy needs to move away from long-term investments to hedge our bets about the future. Instead, it needs to look urgently at our ways of working today that are no longer sufficiently fit for purpose. Strategy can be many things in many different circumstances: the important thing, as discussed in the 'leading and lagging indicators' piece above, is to be clear about what purpose your strategy is intended to serve.

A broad view of strategy

[\(May 2022\)](#)

In this month's Harvard Business Review, Trudi Lang and Richard Whittington suggest that the [best strategies don't just take a long view; they take a broad view](#). "Change, speed, uncertainty, disruption, surprise — all are constants in today's business environment. As a result, leaders who devise strategy can no longer simply plan for what they believe will happen in the long term. Instead, to prepare themselves for the threats and opportunities that can emerge at any moment from any direction, they need to adopt much broader view." This needs to focus on "systems not sectors, scenarios not forecasts, and playbooks not plans".

Chain of beliefs in strategy

[\(April 2022\)](#)

In marketing there is a concept called the [chain of beliefs](#). For a business-to-business (B2B) service, it might run something like this. I believe I have a problem in my business, and I believe this problem is damaging. I believe a certain type of service will help me resolve this problem. Of all the services I have found of this type, I believe that service X offered by company Y is well-designed and the best value-for-money. I believe that purchasing service X would be a cost-effective investment for my business. This chain-of-beliefs thinking has, in my view, a valuable role to play in strategy, too. Seldom is a strategy based on a single belief in isolation. More often it is a chain of beliefs, like this. We believe we operate in a market that will grow substantially over the next 5 years. We believe we are in a good position to capture a lot of this growth because we are already well-established in the market. We believe the key to our future success is innovation: to broaden our offerings and hence capture a bigger share of the market and to leapfrog our competitors in terms of our value proposition and hence move closer to market leadership. The advantage in thinking in this chain-of-beliefs way is that it connects your strategic aspirations to what you take to be the facts of your situation. It makes challenges to your strategic propositions much more focused – which part of the chain do you dispute? It also provides a much more structured way to present [strategy-as-hypothesis](#).

Tesler's Law of the Conservation of Complexity

[\(April 2022\)](#)

Many strategists complain of the complexity of business systems and processes, especially those constrained by legacy systems. Before diving headlong into any programme of radical simplification, however, it is worth remembering the wise words of Lawrence Tesler. Co-inventor of copy-and-paste functionality, Tesler was a computer interaction specialist at Xerox, Apple, Amazon and Yahoo! – he died in 2020. His [Law on the Conservation of Complexity](#) proposes that complexity is like energy. It cannot be created or destroyed, only moved somewhere else. As an example, from his own area of expertise, a product or service only becomes simpler for users, if engineers and designers have worked a lot harder to bring that simplicity about. Another side of Tesler's law is that almost every system I need to use for my work could be made a lot more simple whilst still meeting my needs. If, however, it was made as simple as possible for me to use, it might become a lot more complex for everyone else to use. So, from a strategy point of view, be cautious in committing to wholesale simplification of complexity. And if you do decide to make such a commitment, be sure to specify simplicity for whom, and at the expense of whom, in producing this simplicity.

Chesterton's Fence

[\(April 2022\)](#)

[Chesterton's Fence](#) may also provide a useful cautionary tale. GK Chesterton, in an essay in 1929, asked us to imagine finding a road with a fence across it that seems to serve no apparent purpose. Let's tear it down, you might think. But if you don't know why it was put there in the first place, you won't understand the potential damage that might be done by removing it.

One thing every strategist needs to accept: The territory changes faster than the map

[\(March 2022\)](#)

If [the title](#) doesn't grab you immediately, here is the thinking behind it. The expression, 'the map is not the territory' has some big-name intellectuals attached to it, including Rene Magritte (Ceci n'est pas une pipe), Lewis Carroll and Gregory Bateson. Essentially it means that a model of something is not the same as the thing itself. Strategy is merely a representation of the organisational change we seek to bring about. It is not actually the change itself. For strategy to have impact, we need to translate words on paper into real-world action by real-world teams. If we now go on to say that the 'territory changes faster than the map', we are acknowledging that changes 'on the ground' are going to run ahead of changes we make to strategy – so we need to make sure that our strategic plan continuously adapts to real-world changes, as they occur.

Loss aversion

[\(October 2021\)](#)

What is it? Loss aversion is one of the founding principles of behavioural economics. It means that 'the pain of losing is psychologically about twice as powerful as the pleasure of gaining' ([Behavioural Economics Mini Encyclopedia](#)).

Why does it matter for strategy? The implication of loss aversion for strategy is that strategy ought not to be just about exciting new things to be gained but also about painful things to be avoided. Richard Rumelt made a big issue of this in his classic book Good Strategy Bad Strategy. "A strategy is a way through a difficulty, an approach to overcoming an obstacle, a response to a challenge", he claimed (p41). He went on 'If you fail to identify and analyse the obstacles, you don't have a strategy. Instead, you have either a stretch goal, a budget or a list of things you wish would happen" (pp42-43).

Books on strategy I've been enjoying

[\(February 2022\)](#)

Here's an overview of three books I've been reading recently that I thought you might like to know a little bit more about:

1. Freek Vermeulen, 2017. [Breaking Bad Habits](#). Harvard Business Review Press.
Vermeulen uses a great case study to make a much more general point about strategy. In response to a new UK tax on newspapers in 1712, which was levied per page, newspapers moved to publishing fewer pages but in a larger format. Hence the broadsheet newspaper format was born. Fast forward 290 years to the year 2002 and quality newspapers were still published in broadsheet format. There was no apparent reason for this: they were more expensive to print, a lot more inconvenient to read and the tax per page ended in 1855. This, according to Vermeulen is an example of a bad habit persisting despite perfectly good reasons to get rid of it. Far from being an isolated exception, Vermeulen suggests that breaking their own bad habits is a way most organisations could reinvigorate their business.
 2. Angus Fletcher, 2021. [Creative Thinking: A field guide to building your strategic core](#). Developed for the US Army Command and General Staff College, this 100-page book is made even more accessible by being divided into 30 modules and hence is great for dipping into every now and then. In one module for example (module 9), he explains how to switch your brain from logic to the exploration of cause and effect and how Einstein, van Gogh and Beethoven had their own specific techniques for doing so.
 3. Russell Davies, 2021. [Everything I Know About Life I Learned from PowerPoint](#). Profile Books, London.
This doesn't sound like a strategy book, but it is one that is packed with insight and wisdom on how to bring about change within a complex organisation (Davies was as Director of Digital Strategy for the Government Digital Service).
-

The Strategy Lifecycle Model

[\(September 2021\)](#)

The Strategy Lifecycle Model shows the strategy lifecycle divided into three sequential stages (produce, adopt and adapt), and the activities and outputs that occur at each stage. It can be used to prompt deeper conversation about your organisation's strategy, the stages involved and the activities that need to be pursued to achieve strategic success.

Download the [Strategy Lifecycle Model as a pdf](#) or see [all 19 strategy models](#) released by Goal Atlas so far.

Released under [Creative Commons License](#), all our models are free for you to use in your strategy documents and presentations (attribute to Goal Atlas 2024).

Illusory superiority

[\(August 2021\)](#)

I learned about this one the hard way! Several years ago, and before I learned about [Dunning and Kruger's original research](#), I audited the digital marketing capabilities of a team within a large global organisation. As a result of the audit a significant training programme was devised and rolled out, after which the audit was repeated. How much had the training improved their capabilities? To the client's initial horror, the results were worse after the training than they had been at the start. It wasn't, of course, that the training had managed, in some way, to de-skill them. Rather, it had taught them about the complexities of what they were trying to achieve and made them realise how much more they had to learn. They discovered that they didn't know what they didn't know.

What is it? Illusory superiority is a cognitive bias that leads us to believe we are better or more capable than we actually are. One study found that 93% of US students considered themselves to have above average driving skills. In another study, 70% of respondents thought they had better than average leadership skills. 68% of university teaching staff rated themselves in the top 25% for teaching ability. Dunning and Kruger's original research showed that people typically overestimate how good they are at social and intellectual tasks. Poor performers, in particular, grossly overestimate their abilities.

Why does it matter for strategy? Strategy is all about doing, or attempting to do, something different from business-as-usual. Something relatively unfamiliar. Something you may underestimate the difficulty or complexity of achieving. As a result, strategy often launches on a wave of optimism, before crashing into a trough of despair. Good strategists recognise this and try to soft-launch strategy initiatives:

1. what does the strategy want us to achieve and why?
 2. what new ways of working do we need to adopt to achieve strategic success?
 3. how can we ramp-up our knowledge to make realistic assessments of our likelihood of success?
-

What kind of strategist are you?

[\(August 2021\)](#)

In a classic [McKinsey article](#), published in 2014, authors Michael Birshan, Emma Gibbs, and Kurt Strovink identified 13 facets of strategy-related work. They then surveyed 350 senior strategists across 25 industries to see how they clustered in the practical working lives of strategists. I suspect most of us will identify with one or perhaps two of the archetypes they identified.

1. **The Architect** – the competitive-advantage officer, the performance challenger, the business developer
2. **The Mobilizer** – the strategic-capability builder, the performance challenger, the project deliverer
3. **The Visionary** – the trend forecaster, the innovator, the business developer
4. **The Surveyor** – the trend forecaster, the business developer, the government/regulatory strategist
5. **The Fund Manager** – the portfolio optimizer, the resource reallocator, the decision-process facilitator.

Perhaps a more challenging issue, however, is whether we should be focusing more time and effort on the archetypes that don't immediately resonate.

Digital avoidance strategy

[\(July 2021\)](#)

We often talk about digital transformation at the heart of strategy but less often about digital avoidance. Yet this is the strategy that has seen the UK's most loved satirical magazine Private Eye thrive over recent years. With everybody spending so much time on screen "a hard copy publication that you can sit in a chair ... and read suddenly turns into a sellable item," explains Private Eye's Editor, Ian Hislop in a [recent interview](#). This is a great example of a counter-intuitive or trend-reversing strategy. Think what direction the world is moving in and consider what it would mean if we moved in the opposite direction. As the world thinks big, what would happen if we think small? Rather than working out how to succeed with the goalposts where they are now, how would we win if we were able to move the goalposts? Counter-intuitive thinking is almost always a useful exercise, even if only to confirm the value of your more conventional thinking.

THEME 2: STRATEGY LEADERSHIP & GOVERNANCE



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

2.1 Why strategy best practices need practising ... and how to do so

[\(February 2025\)](#)

Thanks to [Tim Casasola](#) for prompting this one. Back in 2018, he wrote a post titled [Best Practices Are Killing Your Company: And what the most successful leaders and organizations do instead](#). Then, earlier this week, he had a dramatic change-of-mind, as he described in [I was wrong about best practices killing your company: Best Practices are actually great](#).

His problem with best practices, back in 2018 were these:

1. Best practices are what the best-of-the-best organisations do. By the time most organisations have adopted this as best-practice, the best-of-the-best will have moved on. Adopting best practices is therefore just chasing the latest fad.
2. Seeking to understand the principles behind the practice (the why) is a better approach than figuring out how to implement the practice (the how).

His renewed faith in best practices this week was based on this:

1. Best practices are great for companies embarking on new ways of working (his example is 'working cross-functionally, reflectively, and collaboratively').
2. "... with teams who are brand new to working in a different way, it's best for them to start practicing a practice that's... good enough."
3. "... later when your team is humming [...] examining why it's a best practice is good work too [but] right now [...] just start practicing."

I remember reading his first post when it came out and recall being puzzled by it. I've been a big fan of best practices for over 30 years (my book on [Product Design](#) and my [Strategy Manual](#) are both unashamedly proposing best practices for their respective disciplines), but it had never crossed my mind that best practices were what the best-of-the-best companies do. To me best practices were always the set of principles that underpinned structured, rigorous, tried-and-tested ways of attaining a defined outcome. Are they fixed and inflexible, as best practices are often criticised for? No, of course not; they are a set of principles that need to be adapted to suit the needs of specific organisations. Could they help tackle complex or even wicked organisational challenges? Of course they could. Best practices should never lead to pre-determined outcomes – they should be adaptive and should, where appropriate, lead to hypothetical outcomes (maybe we should test this) rather than imperative ones (this is the precise destination we should head for).

So, his second post is one I'm much happier with ... although it does pose a bit of a conundrum for my way of thinking. Tim advocates best practices because they can be put into practice. This suggests that Tim's idea of best practice is something that can be implemented in a plug-and-play kind of way (as an illustration he discusses teaching novice climbers a best practice way to belay – the technique used to control your climbing partner's fall when climbing on a rope). My versions of best-practices aren't designed to plug-and-play in this way. They are much more ways-of-thinking about an issue than ways-of-doing-it. My best practices are principles that need to be interpreted and applied before they can be put into practice. This may simply be a difference in semantics or possibly in our approaches to consultancy work. I will always operationalise my proposed best practices by weaving them as tightly as possible into existing ways of working. So, for example, I'm a strong advocate of starting all new strategy development projects with a process of 'strategy scoping': Why is a new strategy needed? Is there a 'burning platform' that needs to be resolved in the new strategy? What work would need to be done to develop this new strategy? Can we devise some success criteria by which we could evaluate the fitness-for-purpose of the new strategy, once drafted? These are all important questions to ask at the beginning of strategy development and, therefore, strategy scoping is an aspect of best practice that I believe all strategists should undertake. But you cannot just start scoping your strategy in a vacuum. The scoping process may need to be approved before commencing (by the Board?). Membership of the group doing the strategy scoping needs to be agreed. The status of its conclusions needs to be agreed (are they binding? who has the authority to change them?). In other words, strategy scoping, even if it is a totally new type of process for the organisation, needs to be woven, as far as possible into established ways of working.

Where I do enthusiastically agree with Tim is in the importance of practising (in the sense of rehearsing) new best practices. New ways of working don't suddenly magic themselves into perfect existence within organisations. They need to be embedded. This requires new ways of sensing and sense-making, new ways of thinking, new ways of communicating, new ways of decision-making and new ways of adopting and governing those decisions. All of which takes time and all of which needs practice: time, to get everyone involved up to speed and working in new but still mutually compatible ways; practice, so everyone can get it a bit wrong and learn how to refine their approaches.

How, then, should we, as strategy professionals, approach best practices? Firstly, embrace them. Acknowledge that there are better ways and worse ways to devise strategy, to get strategy adopted and to govern strategy. Define clearly which ways your organisation believes are the best. Put in place training and development for new managers and leaders so that they get the benefit of the organisational learnings, so far, on how to do strategy well. The trickiest bit, that organisations often don't do so well, is to provide explicit opportunities for a wide range of people to practise (do repeatedly and refine as you do so) strategy best practices. The reason this is tricky is that many organisations think they only do strategy once every three or five years, when they develop a new strategy. In fact, they are

doing strategy all the time. They are using the over-arching organisational/corporate strategy to inform and guide the development of functional or departmental strategies. They are tracking the progress and impact of strategy and making adjustments to strategic plans. And, every month, people across the organisation are making big important decisions that really ought to derive from strategy.

The key is to find ways to undertake strategy-related processes repeatedly to:

- build strong habits in the individuals involved;
- facilitate the right kind of collaborative processes between individuals;
- build an organisational culture that has best-practice strategy processes embedded within it.

Start by identifying big high-impact, high-complexity decisions that are being taken periodically by the organisation and acknowledge that they are strategic in their scope, even if they are not part of any formal strategy. Then make sure such decisions are always managed using best-practice strategic processes. It was my focus on this type of decisions that set me off writing my new book on AI-augmented decision-making that I [announced last month](#).

The other obvious work that can be done using best-practice strategic processes is reviewing and revising strategic plans (see [The Separation Model of Strategy](#)). These reviews ought to happen throughout the lifespan of the strategy and ought to be dealt with using similar best-practice rigour to strategy development.

2.2 The Bull Case for Strategy

[\(October 2024\)](#)

A short one but a deep one this month (well, I found it deep anyway!) and prompted by [Trung Phan's SatPost](#) from a couple of weeks ago, reviewing an [interview with Jensen Huang of Nvidia](#).

I'm going to set out the bull case for strategy but before we get stuck into that, let's just be clear about what that means. A bull market is a growing market, typically referring to a market for stocks or other securities and typically lasting months or years. During a bull market, investor optimism and confidence is high. A bear market, by contrast is a declining market, associated with pessimism and negative investor sentiment. Correspondingly, a bull case is a positive or optimistic argument for why a market or stock or technology will increase in value, whereas a bear case argues negatively or pessimistically for why it might decline in value. So, I'm going to set out a positive, optimistic case for why developing professional skills in strategy is a good thing to do. Not just for people who want a job with 'strategist' in its title – but for everyone. I want to argue that the value of strategy as a way of thinking and working, and the value of people skilled in strategy, is going to rise hugely over the next 10 years. One implication of this bull case is that if you have any concerns about the future security of the type of work you currently do, invest whatever time you can, right now, into becoming highly skilled and rigorously professional in strategy.

In his interview, Jensen Huang explained that he employs world-class specialists as his direct reports at Nvidia. They are much better at what they do than he is. In order to manage them well, he needs to give them a clear sense of direction – what problem does he want them to solve or what opportunity does he want them to exploit? He also, however, needs to leave sufficient ambiguity in his instructions to give them creative space to operate in. What is the point in employing world-class experts if you tell them how to do their jobs? Giving direction but with room for creativity, he argues, enables innovation.

Huang then goes on to propose that what he is actually doing with his direct reports is good 'prompt engineering' (the creation of 'prompts' to give direction for tasks you want done) and this is no different from what needs to be done the new world of AI-supported work. He suggests that we all need to become the "CEOs" of the AI agents we work with. This, he surmises, will involve developing a rich and well-informed understanding of problems and opportunities related to your work. This understanding, in turn, will enable you to give clear direction within your prompts. Then you need to know enough about the work involved to specify the necessary guardrails, without over-specifying the work and stifling creativity.

This, to me, seems like a pretty good definition of thinking and working strategically.

Direction-setting (strategy) followed by the right guidance on how to take action in the specified direction, which ensures compliance whilst leaving room for creativity (strategic planning).

My bull case for strategy, therefore is that everyone ought to learn how to think strategically. I see that as a core skill for the 21st Century – so much so that I would love to see it incorporated into the educational system for all young people in the later years of their school-education. For those of us who are in work currently, and perhaps concerned about the extent to which our current jobs might be disrupted by AI in the future, I would say hone your skills as a professional strategist. Think strategically. Act strategically. And talk strategically with your peers and leaders. AIs will be taking on more and more of the work that we, as professional knowledge workers, used to call our own. But they are still going to need to be prompted on what work to do and how best to perform it for a long time to come.

2.3 Spring-cleaning organisational debt

[\(January 23\)](#)

We all recognise that debt can be crippling for any organisation. When we think of debt, we usually have money in mind. Or, if you are an engineer, you may think of technical debt. Technical debt arises when software is released with insufficient testing, insufficient integration or poor technical architecture. As a result, bugs get reported and fixes need to get scheduled into workloads, until time is set aside to refactor the software and clear the technical debt. In 2015, Steve Blank, serial entrepreneur and author of *The Startup Owner's Manual*, [introduced a third type of debt into business thinking](#). "Organizational debt", Steve proposed, "is all the people/culture compromises made to 'just get it done' in the early stages of a startup". A year later, Aaron Dignan, founder of organisation design specialists, *The Ready*, [suggested](#) that Steve's notion "was too narrow in its focus. Organizational Debt", Aaron went on to suggest, "is so much bigger than just a startup phenomenon. In fact, I believe the concept of Organizational Debt will turn out to be one of the most important concepts in the future of work". According to Aaron, organisational debt come in two forms:

1. *Obsolescence-based debt* – when structures or policies become unfit amidst new market conditions;
2. *Accumulation-based debt* – when structures or policies are repeatedly added but never removed.

He went on to suggest reducing or preventing organisational debt by:

1. Not rushing into policy-making every time something goes wrong;
2. Practice participatory governance across the organisation so everyone has a hand in editing how the organisation works.

Whilst these are good recommendations, the strategist in me wonders what happens if the organisational debt has already become crippling? What would a strategic response to organisational debt look like? Fortunately, Google has already provided one answer (as I mentioned in the [August 2022 Strategy Distilled](#) newsletter). They called it a Simplicity Sprint and CEO [Sundar Pichai said](#) it was designed to "create a culture that is more mission-focused, more focused on our products, more customer focused. We should think about how we can minimize distractions and really raise the bar on both product excellence and productivity."

This type of discussion raises a pretty fundamental question about strategy: usually, strategy is thought of as separate from business-as-usual, yet Google's simplicity sprint seems a blend of the two. It is all about improving business-as-usual but doing so in such a transformative way that it is also strategic.

So, here are some thoughts on strategy and organisational debt that I've found useful.

1. A couple of newsletters ago I suggested a [new definition of strategy](#) that kept it separate from strategic plans: 'Strategy is an evidence-based, persuasive and feasible narrative of your commitment to a desired future that is unattainable by just refining and optimising what you do currently.'
2. The second half of this definition suggests a separation between strategy and business-as-usual. On the one hand we have a future we reach by refining and optimising what we do currently, and on the other hand we have a future that is more transformative and cannot be attained by just refining and optimising what we do currently. It is this latter, more transformative future that is reached by means of strategy.
3. In this light, refactoring organisational debt sounds like it is a matter of refining and optimizing what we currently do. In which case it isn't strategic.
4. This would seem okay if the organisational debt was only in marketing or in operations or in HR. But what if it was systemic across the organisation? What if we, as an organisation, had been introducing processes, policies or standards that do more harm than good to most teams across that organisation?
5. Also, what if this organisational debt was crippling our long-term fitness as an organisation? Maybe we miss business opportunities because our response is too sluggish. Maybe we lose staff because of too many day-to-day frustrations in getting work done. Maybe we spend lots of money fixing things that should never have been broken in the first place.
6. So, maybe our definition of strategy needs an additional qualifier: 'Exceptionally, strategy can be about refining and optimising what you currently do if it fixes systemic issues across your organisation that would otherwise cripple your long-term fitness as an organisation'.

2.4 A lesson on strategic tactics

What Douglas Engelbart has to tell us about strategy

[\(November 2022\)](#)

Who? You've never heard of him? Well, I'm not surprised. But let me tell you why I think you ought to know about him.

I'm writing this as a bit of an experiment. I've long been an enthusiastic fan of '[standing on the shoulders of giants](#)' – I believe we will all be much better strategic thinkers and will provide a much better service to our organisations (if you work in-house) or clients (if you are a consultant) if we have a deep understanding of the strategic thinking of others. I, for example, try to read and think deeply about the work of Bruce Henderson, Michael Porter, Henry Mintzberg, Gary Hamel, Roger Martin, Rita Gunther McGrath, Donald Sull, Richard Rumelt and Linda Hill, to mention just a few of my favourites. In my view, however, standing on the shoulders of giants goes much deeper than this. There are a lot more people with valuable things to say about strategy who are not actually 'strategists'. For example, Tim Brown's ideas on design thinking; Amy Edmondson's ideas on psychological safety in the workplace; Rittel and Webber's thinking on complexity; Alistair Cockburn's ideas on agile methodologies ... and Douglas Engelbart's ideas on augmenting human intelligence. So, this experiment is to see whether I can distill Engelbart's lessons on strategy so we can all stand on his shoulders in our professional work in the future.

Born in Portland, Oregon in 1925, Engelbart is best known for his invention of many component parts that would eventually lead to modern computers – bit-mapped screens, the computer mouse (he patented it in 1970) and hypertext.

It is, however, Engelbart's conceptual work that has particular value for strategic thinking, especially his paper, written in 1962 called *Augmenting Human Intellect: A Conceptual Framework* ([html version](#) or [pdf of the original](#)). In this paper, he outlined three key concepts:

1. Collective IQ.

It is well established that groups of people can achieve much more than all of the individual members of the group working on their own. This is the basis of the [division of labour](#) which has underpinned the development of towns, cities and states throughout human history. Applying this to knowledge-work, Engelbart suggests that a group of individuals can exhibit greater intelligence than any one member of that group. Again, this is a well-established concept, which [Francis Galton](#) first described in 1907. Whilst at a farming exhibition, Galton was intrigued by a guess-the-weight competition, in which participants paid 6 pence to

estimate the weight of an ox, with the guesses closest to the actual weight winning prizes. Once the prizes were decided, Galton statistically analysed all the competition entries and discovered that the median estimate was within 1% of the actual weight. As James Surowieki, in his book [Wisdom of Crowds](#) concludes, “under the right circumstances, groups are remarkable intelligent, and are often smarter than the smartest people in them.”

Engelbart goes on to suggest that boosting collective IQ is a key way of enhancing organisational effectiveness. This is a much broader idea than using the wisdom of crowds to estimate the weight of an ox. Engelbart’s idea has more in common with Jared Diamond than with Frances Galton. Diamond’s award-winning book [Guns, Germs and Steel](#) explains how, over the past few thousand years, technological progress increased the more people met and exchanged ideas. This happened as trade routes developed and cities increased their population density, and it happened much faster when the people involved faced similar life-challenges. Thus, progress was much greater when ideas flowed East or West, across Eurasia, where the climate remained roughly similar and people faced similar challenges in coping with their natural environment. By contrast, technological progress was much slower up and down the Americas and Africa where ideas had to traverse North or South and had to prove useful to people living in very different climates.

So, Engelbart argued that augmenting human intelligence, by which he meant the collective intelligence of organisations, was one of the big challenges of his day. For modern-day strategists this remains a fascinating provocation – is the primary aim of most strategies simply to make organisations smarter? Smarter at understanding customers? Smarter at launching new products? Smarter at positioning ourselves in marketplace? Smarter at using resources efficiently? Almost certainly ‘yes’. How then, does Engelbart suggest we go about augmenting the intelligence of our organisations?

2. Improving how we improve.

Engelbart suggested there are three types of work we undertake in organisations. We do ‘business-as-usual’; the routine day-to-day activity that keeps the organisational wheels turning. Then we improve how we do this business-as-usual. This could be routine efficiency gains derived from fine-tuning our ways of working, all the way through to more radical improvements based on the introduction of new technology or re-designing our ways of working. Finally, we improve how we improve by reflecting specifically on how to tackle our improvements to business-as-usual. How do we decide what needs to be improved? How do we decide what magnitude of improvement we want to bring about? Where do we look for potential improvement methods? Do we just look for one way to make the necessary improvements or do we try to find several alternatives and pick the best? Do we just go ahead and implement improvements, or do we try to prototype and test on a small scale to check the improvement is worthwhile? This all sounds very strategic yet, I’d have to say, I have never taken this precise approach with a client. I’ve done strategic gap analyses by the dozen. Across the full suite of organisational key performance indicators (KPIs) where are we

now and where would we like to get to? How big are the gaps, how important are the gaps and how difficult is it likely to be to bridge these gaps. It is out of this sort of analysis that the seed of a new strategy is often sown. But Engelbart's focus on improving how we improve is different. How is it that we, as an organisation, go about improving how we operate and how can we study and analyse that process of improvement so we do it better and better? This takes strategy to a whole new level. How do we improve the ways by which we improve? Is it by better use of data? Is it more rigorous governance? Is it by moving to more powerful technologies or is it by adopting the technology we have more effectively? Engelbart's idea is strategy by meta-improvement.

3. Bootstrapping.

A bootstrap is the loop or handle at the back of an ankle length boot to help you pull it on to your foot. The expression 'pull yourself up by your bootstraps' alludes to the impossible task of lifting yourself off the ground by pulling on your bootstraps, but actually refers to any self-starting initiative that succeeds without any external help. Engelbart's use of the term bootstrapping was all about equipping teams and individuals across the organisation with the tools they need to improve how they worked (and improve how they improved) without the need for any other form of support (e.g. resources or managerial input). Examples include ready access to prototyping and testing tools to enable teams to experiment with new ways of working, or access to best-in-class customer data combined with the ability to interrogate and model that data to discover where the best innovation opportunities lie.

So, what do we, as strategists, gain from standing on Engelbart's shoulders? My main insight is that I'm going to start looking for strategic actions that deliver compound benefits. One way is to look for strategic actions that enable teams across the organisation to bootstrap their own innovations in their own areas of responsibility. Any one action by leadership that enables bootstrapping by front-line teams is likely to pay-back again and again over time. This becomes a compound benefit from strategy. Helping people to improve how they improve is another way. Simply improving ways of working is likely to be quite team-specific: the marketing team will improve how they reach and engage with customers; the sales team will improve how they close deals; the engineering team will improve how they unit-test their code. Improving how we improve, on the other hand, is likely to be a lot more transferrable. If, for example, we improve how we capture, clean, process and present data, it is quite likely that the marketing, sales and engineering teams will all be able to improve their ways of working as a result. In much more general terms, strategic actions that raise the collective IQ across the organisation are also likely to deliver compound benefits. For me, this is a great sense-check for any strategy that is just beginning to take shape. I'm going to be asking anyone who will listen how they think their embryonic strategy will raise collective IQ and how, potentially, it could be raised even higher or across a greater proportion of the whole organisation.

2.5 Strategy governance from the boardroom to front-line teams

[\(April 2022\)](#)

Many organisations think that governance is what determines the rules of engagement between the board and senior leadership teams. The meaning of the word suggests it is much broader in its scope. To 'govern' is to steer, to direct, to control, influence, regulate or determine another's action or the course of events, to guide or lead in a direction or towards a destination, to administer, to be responsible for, to be held to account for and, in turn, to hold others to account for the outcome of actions undertaken. Many powerful voices in strategy, such as Henry Mintzberg, Amy Edmondson, Gary Hamel and Kim Scott, have suggested that strategy governance needs to be applied across the entire organisation.

In the [Strategy Manual](#), I offered a practical approach to making this happen. Focus first on the executive governance of strategy – how are the board and the senior leadership team going to work together, towards strategic success, to serve the best interests of the organisation? Then focus on the working governance of strategy – how do we ensure people and teams across the entire organisation know about strategy, are committed to it and are both empowered to contribute to its success and held accountable for that contribution?

Jurriaan Kamer of The Ready nudged this thinking a step further by introducing [the concept of 'participatory governance'](#). Here is how he described it:

'The default assumption in most organizations is that we don't have the right to do anything unless we're given permission. Over time, red tape builds up until hardly anything can be done. Only senior managers are able to act freely and make decisions on behalf of the people doing the work. Everyone else, unauthorized to solve their own problems, develops a sense of apathy and learned helplessness ... But there is an alternative. Progressive organizations ensure that everyone has the freedom and autonomy to use their judgment to serve the organization's purpose. Their default assumption is that you can do anything unless a specific policy or agreement prohibits it. In order for this to work, it must start from a position of trust. Progressive organizations distribute authority as much as possible to teams and individuals who work closest to the market or customers, where the action and the information are. Teams can then take full responsibility and true ownership for their work and their way of working. As a result, there is more organizational learning and better performance'.

So, here are some provocations on strategy governance:

1. Discuss it as a senior leadership team – do you all have a shared understanding of how you want to govern strategy across your organisation – and is that what you have in operation now?
 2. How do your middle managers and front-line teams feel about strategy governance? Do they think they are well enough informed about strategy and how they could contribute to strategic change? Are they empowered? Do they feel they are actively participating? Do they want to contribute more than they currently feel able to?
 3. What needs to change? What specific and meaningful first steps could be taken immediately? Who needs to inform and steer the journey towards better strategy governance? How will we know when we've done enough?
-

2.6 The perils of hedging strategy

[\(October 2021\)](#)

The word 'hedge' comes from the Old English word 'hecg' meaning fence. In financial markets, the process of hedging involves acquiring a financial interest in two different (and usually opposing) market outcomes. So, for example, a producer commits to making a specific product for sale in a year's time. If the price for this product rises over the coming months, the producer will make a substantial profit. But what if the price collapses? To hedge that risk (have a position on both sides of the fence) they might enter into a forward contract to supply their product at a fixed price at a specified time in the future.

To hedge a strategy means adopting a position on both sides of the fence rather than deciding upon a clear commitment to one or other course of action. Here are some common examples.

'We are going to hugely expand our marketing reach whilst maintaining our current levels of marketing performance'. This is often unrealistic. Big increases in marketing reach can mean:

1. Reaching out to prospects with a less immediate need for your product and who will be harder to engage;
2. Reaching out using channels or tactics less tailored to your target audience, making your marketing messages less relevant;
3. Encroaching into market spaces currently dominated by competitors who are currently better resourced or skilled in engaging prospects in those spaces.

A better strategy would be to:

1. Expand marketing reach whilst acknowledging the consequences of doing so in terms of reduced marketing performance;
2. Maintain or possibly enhance marketing performance whilst acknowledging that marketing reach will only expand modestly.

'We will maximise efficiency in our operations whilst maintaining resilience.' As I wrote about several months ago on [LinkedIn](#), increases in efficiency will, at some stage, bring about reductions in resilience. Imagine a sales process. You refine and hone your sales messaging. You keep adjusting and adapting your sales assets. You fine tune your sales pitch to suit the needs of different types of customer. You drill your entire sales team on perfecting the script and listening for the signals that trigger a move to the next step in the sales process. Your sales efficiency is gradually driven upwards. Then a new competitor enters the market. They sell in a completely different way and you have nothing to respond with. All your

refinements made your sales process brittle. Efficiency's gain was resilience's loss.

A better strategy would be to identify aspects of our operations where our primary focus needs to be maintaining resilience and other aspect of operations where we can drive efficiency gains. The balance between efficiency and resilience needs to be carefully planned, well executed and rigorously performance managed.

Strategy snippets you might have missed on 'Strategy Leadership & Governance'...

Four types of executive teams

(April 2025)

Yet another great thought-provoker from [NOBL](#) which resonated with me because I wrote about the six roles required for strategy development in [The Strategy Manual](#) (available online [here](#)).



The combination of the two set my mind racing on how different types of strategy and different approaches to strategic planning would work best for these different types of executive teams. Maybe one to explore in a future Strategy Distilled?

The Future of Work in 2025

[\(February 2025\)](#)

A new [report from Gartner](#) (register to download full report) raises some interesting strategic provocations:

- The expertise shortage. In 2025, the largest-ever proportion of the workforce is reaching retirement age in multiple countries and organisations are simply not developing expertise at replacement levels.
 - AI by popular demand. Whilst we are inundated with stories of AI taking over human work and threatening jobs, it might be easy to overlook reasons for employees to want more AI in their working lives. Gartner's research reveals growing appeal (amongst staff) for being performance managed by a bot (e.g. 57% of employees believe humans are more biased than AI).
 - DEI initiatives for performance benefits. Acknowledging the shifting status of DEI (diversity, equity, and inclusion) initiatives within some organisations (and nations!), Gartner suggests that DEI achievements may be measured in terms of employee engagement and the impact of diversity on innovation success, rather than simply social good.
-

Do you suffer from 'addition sickness'?

[\(February 2024\)](#)

According to Sutton & Rao in [this month's Harvard Business Review](#), addition sickness is the inexorable growth of unnecessary rules, procedures, communications, tools and roles that stifle productivity and creativity. It is caused by friction blindness: as leaders become more powerful, "they tend to focus more on what they need and want and less on the challenges and inconveniences faced by others (especially people who are less powerful than they are)". To treat addition sickness, try holding a 'good riddance review'. Get a group of people to identify the tasks they would happily say good riddance to, prioritise the most time consuming and seemingly least justifiable and then assign them to a subtraction project. Subtraction activities can be undertaken by dedicated specialists or subtraction networks of individuals. Such subtraction efforts have in several organisations evolved into subtraction movements.

This notion of strategy tending to add more stuff rather than take anything away seems to have become something of a theme for me, having touched on the subject in [Strategy Distilled last month](#) and again on [LinkedIn](#) a couple of years ago.

Subtraction as a Strategy

[\(January 2024\)](#)

Neil Perkin opens [this post](#) by saying “In a culture of accumulation, the value of taking things away is often overlooked”. He goes on to add “Strategy is all about making deliberate choices about what you are going to do and what you are choosing not to do (as David Ogilvy once said ‘the essence of strategy is sacrifice’). And yet so many strategies are pretty vague in specifics, particularly about what the company or team is going to stop doing to make space for the work needed to go in a new direction. Or the new strategy simply adds layers of complexity on top of what already exists.” Couldn’t agree more, Neil! I wrote on a similar topic [on LinkedIn](#) a couple of years ago and cited a fascinating finding published in Nature that ‘given a wobbly Lego bridge with unequal length legs, most people add an extra brick to the short leg rather than remove a brick from the long leg’. Less is more.

Participatory governance

[\(March 23\)](#)

More and more organisations are committing to having stakeholders involved in the creation and adoption of strategy. Fewer have a clear idea of the best way to do so. One idea that really struck a chord with me recently was ‘participatory governance’ – [read Jurriaan Kamer’s introduction](#). If, like me, you think the principle of participatory governance is good then you might want to explore some tools and methods to help you do it. Here are a couple of examples I’ve been reading about recently:

- Delphi Technique – [see review article by Beiderbeck et al, 2021](#).
 - Lessons to be learned from Citizen’s Assemblies – see the [OECD review \(2020\) of Innovative Citizen Participation and New Democratic Institutions: Catching the Deliberative Wave](#).
 - Instead of a referendum, think about having a ‘preferendum’, where participants rank different policy options presented to them – read more in [David van Reybrouck’s article in Noema magazine](#), from last week.
-

Decision rights for strategy

[\(February 23\)](#)

A new strategy often requires new decisions to be made in unusual circumstances. At worst, this can lead to disruption as ill-informed or unauthorised decisions are made to the detriment of all involved. At best it can lead to delays in decision-making and reduced strategic impetus. Clarifying decision rights around strategy is, therefore, a great thing to do early in the roll-out of a new strategy. The process of delegating decision rights can also provide an opportunity to discuss how strategic decisions ought to be made, what evidence these decisions need to be informed by and who should be consulted. Read more about decision rights at [The Ready](#).

Acts of Leadership

[\(November 2022\)](#)

My client work over the past few months has mostly been focused on strategy adoption and a key part of that has been enabling clients to engage in meaningful and impactful adoption conversations across their organisation. It was this context that made [Adam Grant's Acts of Leadership](#) seem so powerful. This is what he said:

- "The true leader in a group is rarely the person who talks the most. It's usually the person who listens best.
- Listening is more than hearing what's said. It's noticing and surfacing what isn't said.
- Inviting dissenting views and amplifying quiet voices are acts of leadership."

This is part of a broader theme called conversational leadership – see [David Gurteen's 'blook'](#) or John Hovell's new book [Creating Conversational Leadership](#).

Confirmation bias

Findings from behavioural economics we need to know about as strategists.

[\(June 2021\)](#)

What is it? Confirmation bias is the tendency to search for, interpret, favour, and recall information in a way that confirms or supports one's prior beliefs or values. People display this bias when they select information that supports their views, ignoring contrary information, or when they interpret ambiguous evidence as supporting their existing attitudes. The effect is strongest for desired outcomes, for emotionally charged issues, and for deeply entrenched beliefs. Confirmation bias cannot be eliminated entirely, but it can be managed, for example, by education and training in critical thinking skills.

How important is it? "If one were to attempt to identify a single problematic aspect of human reasoning that deserves attention above all others, the confirmation bias would have to be among the candidates for consideration" Nickerson RS, 1998. Confirmation Bias: A Ubiquitous Phenomenon in Many Guises. Review of General Psychology 2(2): 175-220
Quote from p175.

Why does it matter for strategy? One of the great risks in strategy is that someone, usually one of the organisation's most senior leaders, thinks of a plausible strategic idea and is then blind to any alternatives for the rest of the strategy development process.

About leadership from Buurtzorg

[\(June 2021\)](#)

If, as has been widely claimed, [command-and-control leadership is dead](#), what is going to rise up and take its place? One answer comes from an unlikely source – a Dutch company called Buurtzorg that provides home-care for ill and elderly patients. What has made Buurtzorg both internationally renowned and a commercial success across many countries is its nurse-led holistic approach to home-care. Self-governing teams of 10 to 12 nurses are empowered by Buurtzorg's central systems, processes and logistical support to take full responsibility for assessing, planning and delivering the care to clients in a given neighbourhood.

Could your next strategy step-change the level of autonomy given to your teams? Asdrid Vermeer and Ben Wenting's book [Self-Management: How it does work](#) might help you decide.

THEME 3: INNOVATION IN STRATEGY



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

3.1 My forthcoming book: AI-Augmented Decisions

[\(January 2025\)](#)

Drum roll, please! My new book is drafted and I'm working through the second draft to get it out into the world in the summer of 2025 (link to free chapter at the bottom of this email). Whilst my target audience is broader than strategy professionals, here is why I, as a strategist, wrote it and why I hope you will find it interesting.

Decision-making lies at the heart of all strategy: strategy development, strategy adoption and strategic agility all hinge upon good decision-making. These types of decisions are inherently hard. They are both high-impact and high-complexity. There is no prescribed way to make them and, once made, no way to tell, definitively, that your decision was the right one. There is, therefore, much need for a structured way to approach these kinds of decisions that tips the odds strongly in favour of good decisions over bad decisions. This new book sets out that framework. That, however, is only half the story. Navigating your way through a high-impact, high-complexity decision space can be arduous and time consuming. As a result, many organisations don't attempt it. They go with gut-feel (often the CEO's gut-feel) for what seems like the best decision. Or they analyse just enough data to point towards a particular decision without analysing the rest of it.

This is where AI is a game-changer. Not in making decisions for you but rather in augmenting your own decisions. It helps you analyse more, crystallise your insights better and communicate them more concisely. It helps challenge your thinking, reframe how you are contextualising your decision and mitigate your biases. It helps you flesh out decision-options and can offer criteria for comparing them. It will project scenarios that might result from specific decisions. It can also facilitate stakeholder engagement in the entire decision-making process and help analyse their inputs. In essence, it enables you to make strategic decisions better, smarter and faster. For any of you that have been around long enough to know my writing, you will realise this is no vague promise for the future. This is not one of those annoying speculations on what might be possible once we have 'proper AI'. This is about now, and it is about what can be done with the consumer versions of the most popular AI platforms you can just sign up to today. The four hypothetical (but very real-world) decisions I feature as case studies in this book, have been worked through by me in full using [Claude Pro](#) (currently £18/month in the UK – please note that I have no connection with them and receive no financial reward from either my use of their product or from writing about them).

It probably goes without saying that I am impressed with the practical business value that I have been able to gain from AI – otherwise, why would I have gone to the trouble of writing a whole book on the subject! I am not, however, in any way starry-eyed about the

technology. It can be frustrating, exasperating and occasionally downright stupid. I explain these limitations and give examples throughout the book. But despite them, I am a committed convert to the prudent use of AI to augment some of the big strategic decisions that I or my clients face from now on. Used in an informed way, the benefits of AI-augmentation outweigh the occasional niggles and frustrations by a HUGE amount.

Writing any book on AI is a challenge. The products, services and platforms are changing on a monthly, if not weekly basis. The capabilities that are out of reach today may be available tomorrow. I have, therefore, decided to keep this book short and focus on two key areas:

- A framework for understanding AI-augmented decision making;
- A workflow for actually making decisions, with AI-augmentation.

Discussions of the available AI technology and all the prompts / responses from the case studies will all be available as digital downloads, so they can be updated more readily than the book itself.

You can download a pdf of the contents page and first chapter of *AI-Augmented Decisions: A Practical Guide* [here](#). I would love to hear what you think of it.

3.2 How to factor deep uncertainties ... like AI ... into your strategy

[\(October 2023\)](#)

The [long-awaited Artificial Intelligence revolution](#) is upon us. According to the [London Business School a fortnight ago](#), “business sectors will be challenged” and “business models will be upended”.

How, then, do we, as strategists, factor uncertainties such as AI into our strategies? As of October 2023, there certainly are a lot of uncertainties surrounding AI.

Incorporating something like ‘profitability’ into your strategy is relatively straightforward. It is easily defined (earnings minus costs, both carefully defined), its value is clear (profit enables re-investment and/or return on prior investment) and strategic decision-making around profitability is a well-worn path (an initial decision on whether your organisation is profit or non-profit, a decision on whether to prioritise shareholder interests or stakeholder interests and then decisions on how best to distribute profits). Similarly, incorporating ‘customer satisfaction’, ‘operational efficiency’..., ‘employee engagement’ or ‘diversification into new territories’ into strategy is less of a voyage into the unknown than artificial intelligence.

Here are some of the more strategically important uncertainties about AI:

1. Whilst the role and value of AI is clear in many niche applications (e.g. image analysis, molecule design), its more general value within organisations is less clear.
2. Many aspects of AI functionality are struggling to reach a point of stable and reliable functional maturity. For example, the ‘[hallucinations](#)’ suffered by large language models, makes them high-risk content creators.
3. AI platforms, services and features are evolving rapidly, making it difficult to decide when best to commit to AI. The rapidly changing AI landscape also increases the risk of committing to ‘soon-to-be-outdated’ functionality.

Our strategic response to such uncertainties needs to be well thought through and a great place to start is the [wise advice of Nobl](#) that uncertainty and risk are different things and should be managed very differently:

“A risk is a known danger, in that we know the potential outcomes and we can apply a probability to those outcomes ... Uncertainty is categorically different. By definition, we

haven't encountered these conditions before. The odds may be worse, but they could also be far better. Moreover, there may be untold prizes to be discovered in the journey itself. We simply don't know until we venture out."

Conflating risk and uncertainty, according to Nobl, makes organisations:

1. Delay action ("winnowing potential gains" whilst "conceding gains to competitors");
2. Invest in sub-optimal ("devil-you-know") solutions;
3. Demand ever-more information in the hope the uncertainties will be reduced to manageable proportions – which might actually lead to unfounded over-confidence.

Instead, a constructive approach to strategic uncertainty follows a three-step process (inspired by the Nobl article but adapted substantially for present purposes):

- 1. Develop a sufficient understanding of AI to enable decision-making.** Try to get the entire decision-making team to a similar level of understanding. Agree, as far as possible, some clear stopping rules – when do we stop researching and start deciding? Focus entirely on the opportunities to begin with. Focusing on excitement rather than anxieties is more likely to sustain involvement and active engagement.
- 2. Share fears and concerns; agree coping tactics.** Having agreed the opportunities and the value they offer, we now acknowledge the possible down-sides. What harms and costs sit alongside the benefits and value of adopting AI technologies. It is unlikely you will be able to fully reconcile these pros and cons yet. You may, however, be able to discern how they might be measured and evaluated. You may even be able to sketch out threshold situations where you might commit to embedding AI into your routine ways of working ... or decide that a particular use of AI is not currently feasible for you.
- 3. Commit to experimentation.** Often the only way to resolve deeply entrenched uncertainties is to try things out to see if you can make them work in your own organisation. To quote Nobl, "think of your activities as a means not just to produce a desired outcome, but as a means to a deeper understanding of the conditions around you ... think of each of your tactics as a means of asking a question that can deliver an illuminating answer. In the beginning, bet small."

So, how would we translate these broad principles into a practical approach to strategy development? We start with opportunity definition. How could AI benefit our organisation? There is a growing body of evidence showing jobs or types of activity where AI can outperform humans – see Figure 1 below from [Time magazine](#).

The key question is, where people in your organisation are doing things that AI clearly does better, is there a good business case for introducing AI to augment human performance?

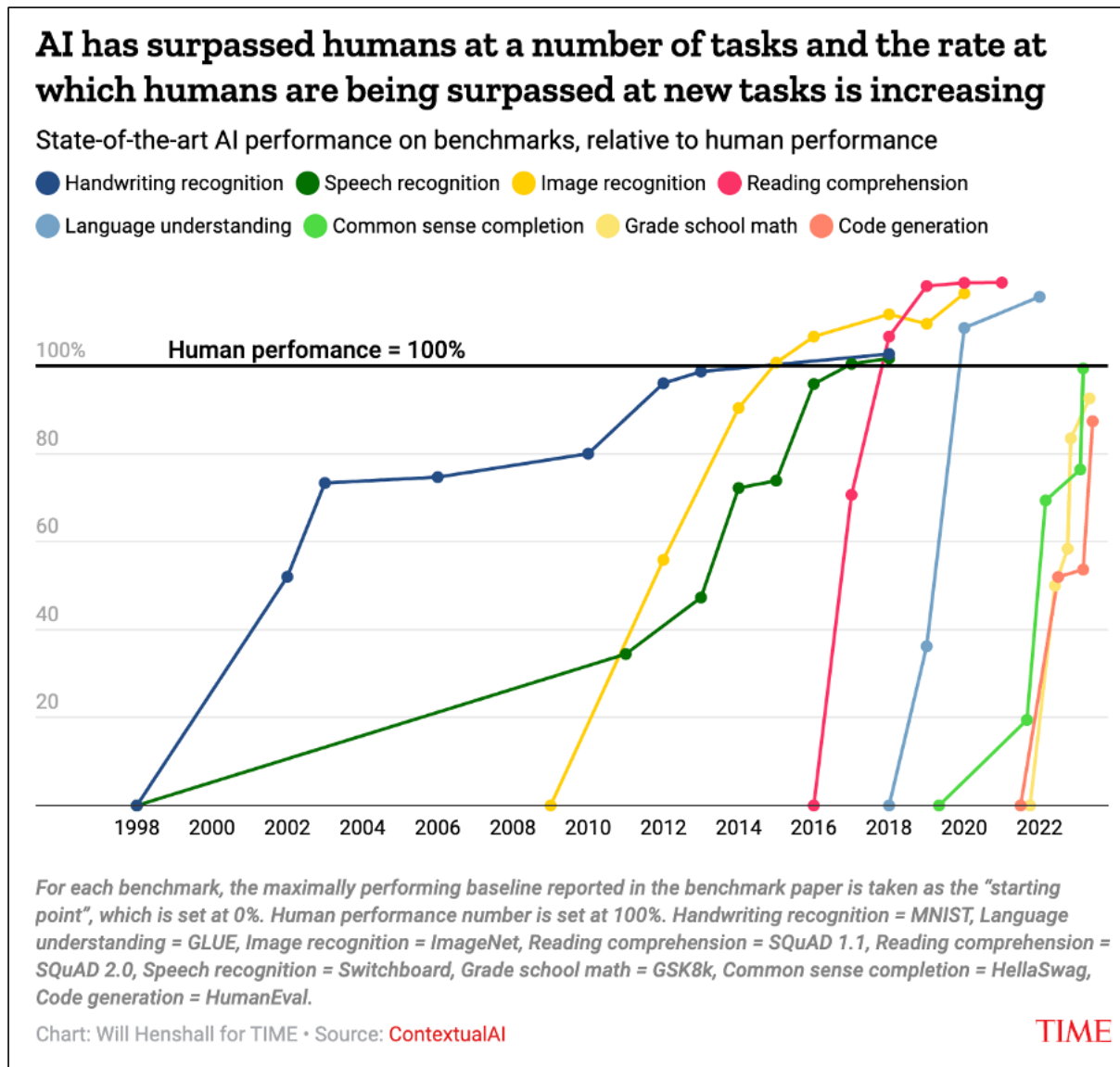


Figure 1. State-of-the-art AI performance on benchmarks, relative to human performance.

The harder challenge is working out how AI could enhance more generic aspects of human performance. [McKinsey's June 2023 research](#) suggests that "75 percent of the value that generative AI use cases could deliver falls across four areas: Customer operations, marketing and sales, software engineering, and R&D." [Tyna Eloundou et al's 2023 research](#) shows that, unlike previous technological revolutions, it is higher-wage professionals whose jobs are more exposed to the newer generative AI technologies.

Building the 'Opportunity Case' for AI can be a great way of discussing and sharing a high-level overview of where AI platforms, services and features could offer potential value for your organisation.

Once your opportunity case is produced, you can then start to explore where the costs and harms of your specific AI opportunities might arise. Initially, this can be a high-level

overview. What types of costs and harms? How likely are they? How severe would they be if they did occur? And how easy would they be to detect and mitigate before too much damage is done? For a structured approach to this, see [Failure Modes and Effects Analysis](#).

Deciding where and how to experiment with AI is usually the biggest set of strategic decisions to make. It is founded upon [strategy as hypothesis](#) rather than strategy as imperative. Good AI experiments ask good questions. Given the limitations of large language models and their hallucinations, how can we still use GPT (Generative Pre-trained Transformer) models in content creation without compromising content quality? Can AI technologies be used in combination to cancel out their respective limitations? A great example of this was given by [Gary Marcus and Ernest Davis](#) who reported that ChatGPT4's ability to solve maths and science problems was significantly enhanced by using ChatGPT4 with the Wolfram Alpha plugin ([Wolfram Alpha](#) enables computation of maths- and science-type questions based on its structured and curated archive of data, algorithms and methods).

Often the key decisions about AI experiments focus not just on what type of questions to ask but which tools to use and, sometimes, which vendors to partner with in such a fast-moving marketplace with [so many new entrants](#).

The final thought on experimenting with AI is that the scope and intensity of your AI experiments ought to be proportional to its likely impact on your future success as an organisation. One executive who took part in [Prof. Lynda Gratton's survey on the impact of generative AI on the workplace](#), admitted "We have created a head of generative AI with a role simply to moderate and make sense of the hundreds of experiments we have running on any day."

3.3 Managing innovation within strategy

[\(November 2022\)](#)

Linda Hill specialises in the management of innovation within organisations and her insights provide great food-for-thought on how to manage innovation as part of strategy. Her book with Brandeau, Truelove and Lineback, called [Collective Genius](#) is very good, but I was particularly taken with an hour-long [YouTube video of Hill](#), recorded at Microsoft Research. In it, she presented a model (Fig. 1) for harnessing creativity in pursuit of innovation (starting 10 mins 30 secs into the video).

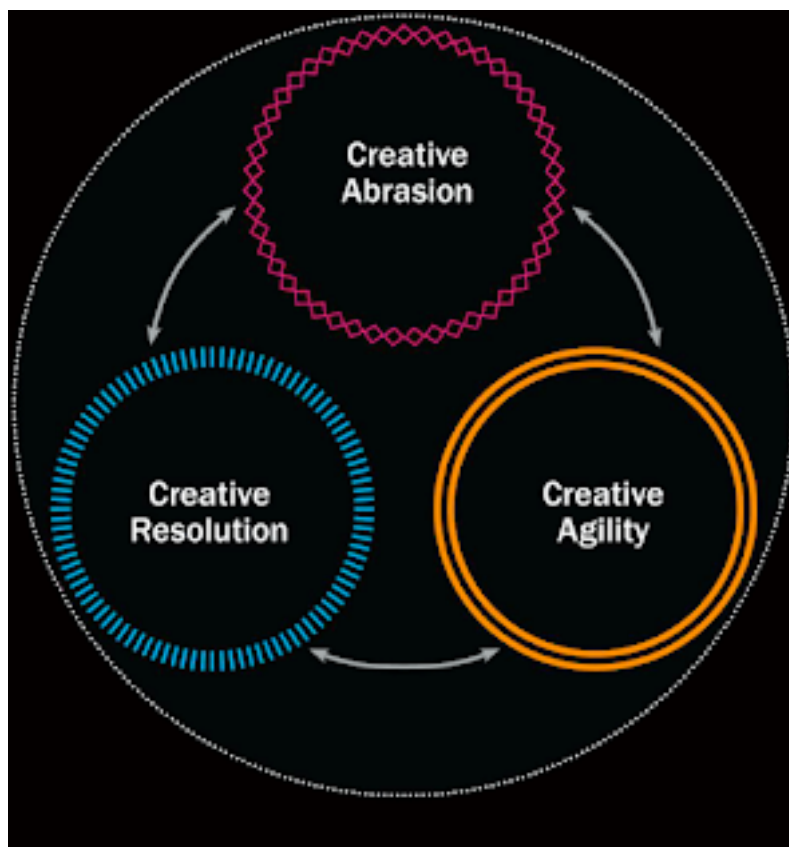


Fig. 1: Capabilities for creating an environment of innovation (Image by Hill et al from <https://www.paradoxstrategies.com/collective-genius/>)

Here's how she described it: Innovation must be both new and useful. If you want to get the 'new' you need to unleash the ideas of the individual; but if you want to get to the 'useful' you need to harness these ideas in a way that solves a group-owned problem. So, how do you get that unleashing and that harnessing to happen? This is what she and her colleagues found in all organisations that were consistently innovative, regardless of what type of organisation they were and which sector they were in:

- **creative abrasion** – the ability to generate a marketplace of diverse ideas through discourse and debate;
- **creative agility** – the ability to test and refine ideas through quick pursuit, reflection and adjustment;
- **creative resolution** – the ability to make integrative decisions.

Creative abrasion is all about how you engage in debate and discourse to produce a marketplace of ideas. You can't get this without diversity of thinking and conflict. Creative abrasion amplifies difference and must involve heated debate.

Creative agility is how you refine that portfolio of ideas. Creative agility involves design thinking – you act your way to an answer, you don't plan your way to an answer. Run experiments, not pilots. When a pilot doesn't work it is a failure. If an experiment doesn't work, it is a learning.

Creative resolution. Most innovations are a combination of old ideas or applications of old ideas reconfigured to solve new problems. This needs decision making to be configured to both-and thinking as opposed to either-or thinking. People in highly innovative organisations are not willing to go-along to get-along. They will not compromise their thinking and will not let one group dominate the decision-making – not senior leaders and not experts.

Strategy snippets you might have missed on 'Innovation in Strategy'...

A Quick Guide to Using AI

[\(June 2025\)](#)

If you are new to the practicalities of AI or have found yourself lost in the myriad of platforms and services available, Ethan Mollick has your back with this [Quick Guide to Using AI](#).

How AI is transforming strategy development

[\(March 2025\)](#)

[McKinsey's recent article](#) on 'How AI is transforming strategy development is a good read. It suggests that *'Artificial intelligence is set to revolutionize strategy activities. But as AI adoption spreads, strategists will need proprietary data, creativity, and new skills to develop unique options'*.

NOBL's toolkit for developing your AI strategy

[\(January 2025\)](#)

NOBL (who define themselves as '[the modern alternative to Big Consulting](#)') have built a toolkit for leadership teams to "help different stakeholders define and align their approach to AI and its offshoot technologies". See it [on Miro](#) or [on their website](#).

Key concepts in AI for strategists

[\(October 2024\)](#)

With the speed at which AI technologies are developing, it is hard to know which are the key concepts that we as strategists need to understand – so here are two that I've recently found useful:

1. [Accelerated computing](#): is the use of specialised hardware to dramatically speed up work, using parallel processing that bundles frequently occurring tasks. As an interesting aside, accelerated computing has led to [increases in computing power that substantially exceed Moore's Law](#) over the past 10 years.
2. [Agentic AI](#): uses sophisticated reasoning and iterative planning to autonomously solve complex, multi-step problems. It's the type of AI that creates autonomous agents to tackle specific categories of tasks.

If you've come across any key concepts in AI that you think strategists need to know about, send them in and I'll feature them in next month's newsletter.

Strategic innovation in an energy company

[\(October 2024\)](#)

Enel used to be Italy's national electricity utility but, following privatisation in 1999, has become a global utilities company operating across 30 countries. A recent HBR podcast explored its recent transition to a leading green energy pioneer. This involved it making key strategic decisions about which aspects of green energy production and distribution they were going to keep in-house and which they were going to try to out-source to partner organisations. Included in their out-sourcing shopping list was software development and power management and, in pursuit of such partnerships, they launched a website where any supplier could propose solutions to the challenges Enel set out on this website. This was how a six-person spin-out from the University of Delaware, with zero revenue at the time, signed a partnership agreement with Enel for software to "create a two-way connection between an electric car battery and the power grid so that you can not only charge the battery, but you can draw power from the battery to help balance the grid." As a result of this partnership, Enel discovered that by accessing 5% of the storage capacity of 100,000 Teslas, they could balance the energy requirements of the entire city of Rome!

AI and its relation to strategy

[\(August 2024\)](#)

For any of you out there who, like me, are trying to make sense of how we integrate AI technologies into organisational strategy, here are three findings that I found highly thought provoking:

1. AI seems likely to have a profound effect on how we learn, over the next ten years (see [The Metacognition Revolution](#)), in which case it will almost certainly influence how we drive cultural change across organisations in pursuit of strategy.
 2. AI is expanding its reach into high-speed, highly coordinated, complex actions – like [playing table tennis](#). The ability to learn and execute complex sensory motor tasks has clearly got relevance to putting business strategy into practice.
 3. On another practical note for us strategists-interested-in-AI, MIT has produced an [AI risk repository](#). I found this interesting for two reasons. Firstly, it provides a great framework for analysing AI risks for any specific organisation or strategy. Secondly, the approach they adopted could apply to other areas of strategic focus – SaaS risk repository? University risk repository? Water utilities risk repository? (to mention three that I am involved with).
-

Differing views on strategic innovation

[\(April 2024\)](#)

If strategic innovation is your thing, two authors caught my eye this month. Neil Perkin wrote an interesting article called [On Xerox Parc, and the failure of execution](#). Neil explains how, if managed differently, Xerox, through its amazingly inventive research at Xerox Parc, could have owned the entire computer industry through the 1990's. By contrast, Eric Gilliam has written three excellent articles on contractors to the US Military's Defense Advanced Research Projects Agency (DARPA) who produced some of the most remarkable innovations of the 20th century. Start with this one on [ARPAnet, the forerunner of the modern internet](#), then [this one on the U-2 "spy plane"](#) and finally [this one on the development of autonomous vehicles](#).

Technology futures

[\(February 2024\)](#)

If, like most strategists, you find yourself scratching your head about how to plan for huge technological changes that seem almost inevitable over the next 5 to 10 years, I recommend taking the time to read Mustafa Suleyman's book [The Coming Wave](#), which was published in September last year. It is one of those rare combinations of being deeply knowledgeable, inspiringly practical and highly readable. I learned a lot and if you want a quick 30-minute overview, watch the [Intelligence Squared interview with Suleyman on YouTube](#).

Moonshots or roofshots?

[\(September 2023\)](#)

In the [Roofshot Manifesto](#), written in 2016, Luiz Andre Barroso, a VP of Engineering at Google, said:

"Don't get me wrong. I want flying drones that can bring me fresh produce. I'm excited about contact lenses that measure blood sugar. And I look forward to the day that self-driving cars are on the road everywhere. These initiatives are examples of some visionary programs being pursued by Google and Alphabet teams, collectively referred to as moonshots – disruptive, 10X leaps in technology. But there has been a growing perception that moonshots are the primary model for radical innovation at Google, and chiefly responsible for our greatest product and technical achievements. What I have seen during my 15 years at Google does not match that perception. I contend that the bulk of our successes have been the result of the methodical, relentless, and persistent pursuit of 1.3-2X opportunities – what I have come to call "roofshots."

A great question for all of us to reflect upon in our strategic thinking – just how high do we reach with our strategic aspirations?

ChatGPT: When do hallucinations turn into deceit?

[\(August 2023\)](#)

Having been using ChatGPT as a strategy 'research assistant' for my forthcoming book, [The Good Strategy Checklist](#), we were getting on well and developing a productive working relationship ... until I caught it lying to me. In [my recent LinkedIn article](#) I explored the boundaries between mere 'hallucinations' and deceit in AI, and reflected on the implications for AI governance. I'd love to hear your views in the comments section of my post.

How risky is innovation in your organisation?

[\(July 2022\)](#)

Mark Cuban is one of the world's most successful entrepreneurs with a self-made fortune [estimated to be \\$4.7B](#). Yet, even for someone with his track record of success, innovation is clearly very risky. He has been a [judge on the US television series 'Shark Tank'](#) for 111 episodes. As of 2019, the show [receives 35,000 to 40,000 applications](#) to appear on the show, of which the producers end up selecting 158 to film with the 'shark' judges (0.4% of applicants make it through to filming). Cuban has invested in 19% of the pitches that appeared on the show, committing a total of \$20M in the process. Earlier this month, he [admitted to CNBC](#) that, so far, he had lost money on those investments. To put this into perspective, a highly experienced investor has lost money investing in innovation, when the investment rate was 1 in every 125,000 ideas proposed (whittled down first by the producers and then by Cuban himself). So, when you are finalising your next strategy, pause to think about how many ideas you have considered before picking the innovation(s) included in your strategy. How diligent have you been in trying to define the risks to be overcome in making this innovation successful? And is it clear how progress on this innovation is going to be monitored and reviewed to make sure it remains on track?

Lessons on strategic innovation from Lego

[\(October 2021\)](#)

Lego's journey from its origin in the 1930's took it to near bankruptcy in 2003 before recovering and enjoying even greater success than ever before. In their book *Brick by Brick: How LEGO Rewrote the Rules of Innovation and Conquered the Global Toy Industry*, Bill Breen and David Robertson identify three key lessons for mature organisations seeking to innovate:

- 1. Respect what made you great.** In order to fit in to a new digital world, LEGO learned that customers wanted digital experiences that complemented core offerings, rather than replaced them. This meant continuing with brick-based construction but wrapping new stories, games, and experiences (e.g. their highly successful Bionicle product line) around that experience.
- 2. Maintain a customer-centric development process.** LEGO regularly engages children in the process of character development, storytelling and providing feedback on new playset ideas. They have a saying about this work: "Kids will never lie to you about whether something's fun or not."
- 3. Be innovative about how you innovate.** LEGO uses a range of different approaches for innovation depending on business goals and context. They also try to build families of complementary innovations to distinguish themselves from competitors. As Robertson says, "You need to learn how to play chords, not keys, on the innovation 'piano' [... it's much better to pursue] multiple, complementary innovations that harmonize..."

According to Robertson, "Centering innovation around the brick-based construction experience through new stories, games, and experiences... is what drove customers back to the LEGO brand and returned the company to profitability."

"You try to understand who your customer is, what they care about — that's the way we should think about innovation," Robertson said. "You need to be dating your customer, not fighting your competitor."

Bill Breen & David Robertson, 2014. [Brick by Brick: How LEGO Rewrote the Rules of Innovation and Conquered the Global Toy Industry](#).

Summarised by Beth Stackpole, 2021. [Innovating in existing markets: 3 lessons from LEGO](#). MIT Sloan Review.

The 'hot streak' model of innovation

[\(September 2021\)](#)

This is an eye-popping [piece of research on innovation](#), published a fortnight ago, and a great concept to come out of it. A team from Northwestern University and Pennsylvania State University collected together:

- 800,000 images of visual arts from museum and gallery collections, by a total of 2,128 artists;
- 79,000 films by 4,337 directors and
- the combined publication and citation datasets for 20,040 scientists.

They then 'developed computational methods using deep learning and network science' to find patterns in the output of these diverse types of creatives. The pattern, which they describe as a 'hot streak', is where an individual has an intense period of high-quality, highly innovative activity, following a period of much more exploratory work. Examples include Jackson Pollock's drip paintings, produced between 1947 and 1950, Peter Jackson's Lord of the Rings trilogy between 2001 to 2003, and the late career success of scientist, John Fenn, who won the Nobel Prize for chemistry in 2002 at the age of 85.

Why does this matter for strategy?

Strategy is usually about innovation. Maybe not the type of ground-breaking innovation explored in this study (and the study has nothing to say about how generalisable its findings are), but, nonetheless, innovation to some extent. The lesson from this study is that innovation cannot simply be turned on because strategy demands it. It needs to be cultivated within the culture of the organisation and the key individuals driving the innovation may need to be at the right stage in their career for them to do their best work. They need to have been exploring the possibilities for innovation and maybe testing its boundaries. Then they need to immerse themselves in exploitation mode, where they work intensively and productively for an uninterrupted period.

How digital should your next strategy be?

About digital strategy from McKinsey and Dan Hon

[\(June 2021\)](#)

Recent [survey data](#) from McKinsey shows that the pandemic [accelerated digital transformation in businesses by between 3 and 7 years](#). Almost twice as many people thought these changes would stick as those who thought they wouldn't stick. Only 11% of businesses thought their current business model would remain economically viable through to 2023. 64% thought they would need to have built new digital business models by then. 51% saw competitive pressures as the main driving force behind digital transformation.

So, although digital transformation has been on the strategic horizon for almost a decade now, maybe the next few years is the time for leaders to think deeply about how 'digital' their next strategy needs to be. And hopefully, our thinking about digital transformation has matured sufficiently to recognise, as [Dan Hon points out](#) that digital, on its own:

- doesn't change your process,
 - doesn't increase capacity,
 - doesn't change how people work,
 - doesn't make things more transparent,
 - doesn't improve customer service,
 - doesn't improve collaboration,
 - doesn't change policy and
 - doesn't make you more efficient.
-

About innovation from Steve Blank

[\(June 2021\)](#)

Innovation lies at the heart of strategy but how many books do you need to read before you understand how to do it well? Maybe none if more writers came up with pithy summaries of the ingredients of innovation success like Steve Blank did earlier this month.

**"Execution environments are designed to be fail-safe.
Innovation environments are designed to be safe-to-fail."**

[Steve Blank on Twitter \(22 May 2021\)](#)

The reason I love this is that it made me take two steps backwards; the first was the idea of innovation environments. How many leaders have given careful thought to what this means within their organisation? Don't just think of a physical innovation lab – they often fail, and this [2019 Harvard Business Review article](#) explains why. My second step backwards was, once you've worked out what an innovation environment is, how do you make it safe-to-fail? What are the rules? How are participants persuaded of its safety? How do you incentivise success without punishing failure? All very thought-provoking!

THEME 4: STRATEGY SCOPING & DEVELOPMENT



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

4.1 STOP - Don't begin strategy development until you have written a brief

[\(June 2025\)](#)

There's a familiar energy in the room when a new strategic initiative kicks off. It's a mix of excitement, ambition and a palpable urgency to do something. The whiteboard is clean, the team is assembled and the temptation is overwhelming to dive straight in; to start brainstorming, building and executing. The idea of pausing to write a "brief" can feel like a bureaucratic drag, a piece of administrative friction slowing down the real work. This impulse, however, is a trap. The single most critical act in any strategy process happens before the first "big idea" is ever mooted: it is the act of writing the brief. To skip it is to start a journey without a destination, or even an agreement on what your strategy is setting out to change in the first place.

The 'Why': The Foundational Case for the Strategy Brief

The true value of a brief is often misunderstood. It is not merely a document for others; it is also a tool for yourself. As strategist [Rob Estreito](#) notes, "the writing of the document is there to give its author clarity first." The process of committing your thoughts to paper forces a level of rigour that is impossible to achieve with abstract ideas floating in your head. It compels you to move from a vague sense of a challenge to a concrete, logical articulation of its component parts and its intended benefits. You are forced to question your own assumptions, define your terms and build a coherent case before anyone else is invited to critique it. It is an act of profound self-interrogation.

Only once you have achieved this personal clarity can the brief serve its second, more recognised, purpose: aligning the team. A well-crafted brief becomes the single source of truth for everyone involved. It ensures that everyone, from C-suite to front-line teams, shares an understanding of the challenge to be addressed and the goals to be achieved. It eliminates "siloes of brilliance", where talented people produce excellent but disconnected work, pulling the organisation's resources in different directions.

Without this alignment, the path to failure is predictable. The most common pitfalls are not mysterious; they are the direct consequence of failing to brief properly:

- **Misaligned efforts** lead to internal friction and contradictory outputs.
- **Wasted resources** are poured into ideas that are ultimately irrelevant or off-target.
- **Scope creep** becomes inevitable as the project's boundaries expand without a clear definition of 'done'.
- **Evaluation becomes subjective**, devolving into a battle of opinions rather than a

rigorous assessment against pre-agreed objectives.

- Worst of all, you risk the most critical failure of all: **tackling the wrong challenge** - investing heavily in an elegant and expensive solution for a challenge that wasn't there in the first place.

The 'What': The Anatomy of a Powerful Strategy Brief

A powerful brief is not a long and rambling document; it is a concise and focused set of answers to the most important questions the organisation must address before committing time, money and energy. Its core components are:

- 1. The Challenge & The Context:** What is the specific challenge we are trying to address or the opportunity we want to seize? It's not enough to say, "we need to grow." We must ask: Why aren't we growing now? What has changed in the market or with our customers? Why does this matter at this exact moment?
- 2. The Objective & Success Metrics:** What is our primary goal with this work? Crucially, what does success look like in concrete, measurable terms? How will we know, unequivocally, that we have won? Defining KPIs here transforms the objective from a vague aspiration into a tangible target.
- 3. The Audience(s):** Who are we trying to influence, serve or sell to with this strategy? Be ruthlessly specific. "Everyone" is not an audience. Define the primary and secondary audiences, both internally and externally.
- 4. The Key Stakeholders:** Who needs to be involved in this process? A clear RACI (Responsible, Accountable, Consulted, Informed) model is invaluable. Who holds the final decision-making power? Who must be consulted along the way? Who simply needs to be kept in the loop?
- 5. The Mandatories & Constraints:** What are the non-negotiables? These are the absolute boundaries within which we must operate. They include budget, timeline, brand guidelines, legal considerations and technological limitations. Defining these early prevents wasted effort on ideas that are dead on arrival.
- 6. The Deliverables:** What is the tangible output of this strategic work? Is it a new marketing plan, a product roadmap, a brand repositioning document or an operational blueprint? Be clear on what will be created.
- 7. The Key Question:** This is the ultimate test of focus. If this strategy could only answer one question, what would that question be? This forces a final, crucial distillation of the brief's purpose.

The 'How': From Document to Discipline

Creating a brief is not a static, one-time event. It is a dynamic and collaborative process of "scoping". It typically follows four phases:

- 1. Drafting for Clarity:** The process must begin with a single author. One person takes responsibility for wrestling with the 'what' and producing the first draft. This is a

necessary phase of intense, often solitary, thinking.

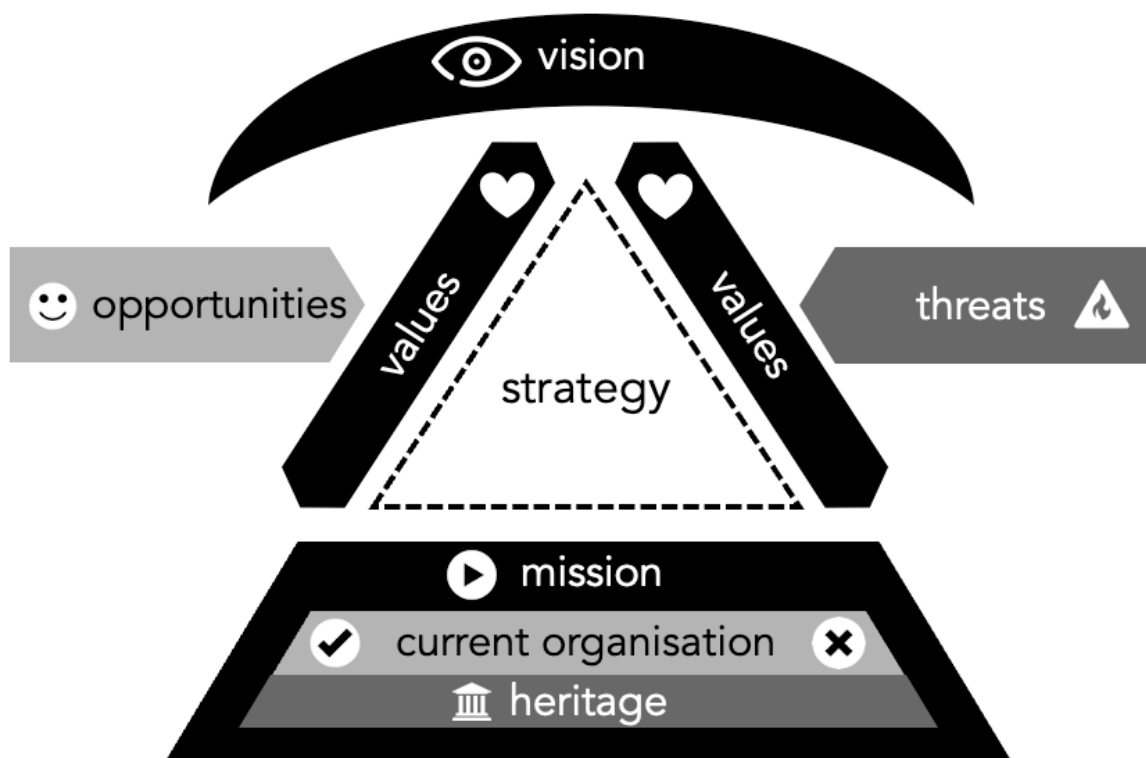
- 2. Collaborative Interrogation:** The draft is then circulated to the key stakeholders identified within the brief itself. This stage is not for gentle approval; it is for rigorous interrogation. Is the challenge defined correctly? Are the success metrics fair? Have we missed a critical constraint? This is where weak points are exposed and strengthened.
- 3. Refinement and Iteration:** The author refines the brief based on this feedback. This cycle of input and refinement may happen several times. The goal is not to create a document by committee, but to forge a robust consensus that reflects a shared reality.
- 4. Agreement – from Plan to Pact:** The final brief is formally agreed upon. This act is ceremonial for a reason. It transforms the document from a simple plan into a pact. It is the constitution for the project, the reference point against which all future work will be commissioned and judged, and the commitment that everyone has signed up to.

A strategy is only as strong as the brief that defines it. To treat the brief as an administrative task is to fundamentally misunderstand its power. It is a discipline of clear thinking, rigorous alignment and focused execution. To skip it is to choose to navigate without a map, a compass or a destination. It's a choice to fail before you've even begun.

4.2 House of Strategy – what it is and how best to use it

[\(November 2024\)](#)

The House of Strategy is a model I developed to show how vision, mission, values and strategy come together for an organisation. It is a great tool for getting those involved in developing or reviewing strategy to align their thinking and effectively communicate their ideas and opinions. I have made a short (16-minute) [video about the House of Strategy](#) explaining what it is and how best to use it. I also offer a [free template](#) to help you use it in your organisation.



Video Transcript (lightly edited for reading)

The House of Strategy is one of my favourite models, and one that I hope, once I've explained it all to you, you may come to love too.

There are two sides to strategy, really. One of them gets a bit complicated pretty quickly. There are all sorts of models, Porter's Five Forces, Where to Play, How to Win, Red Ocean, Blue Ocean, Diagnosis, Guiding Policy, Coherent Actions. These are all good tools and approaches to strategy, but they do get quite complicated quite quickly. If you're either new to strategy, or if you're trying to explain strategy to somebody less familiar with it, it can get

quite involved. You have to summarise what all the models are. You have to explain which is the best one for your particular situation and why. And then you've got to try and explain the model itself.

What I want to argue is that there's a much cleaner and simpler approach, and that is just to focus on alignment. So, what do we mean by alignment? Well, I think all of us would recognise that within our organisations there's a lot of misalignment. There are lots of people working pretty hard but not actually doing what they would hope to do, and in particular, perhaps, not driving strategic change. So, one of the things that strategy sets out to do is to get people within the organisation aligned so they're all pulling in the same direction, or in this case, levering in the same direction, and, for a similar amount of effort, you actually get movement or change. So, this alignment, I think, is a much simpler way to start thinking about strategy, and indeed, Richard Rumelt said there is competitive advantage in just having a strategy, irrespective of what's in the strategy and how good it is, simply because it gets people within the organisation better aligned and pulling more in the same direction. That, of course, assumes that the strategy brings about more aligned actions than would have happened if you didn't have a strategy.

That's really the starting point for what I want to talk to you about today. The House of Strategy, for me, is a great tool for thinking about and driving alignment strategically across organisations. It shows what needs to be aligned for strategy to work, which means maximising the impact of that strategy within your organisation. The model is a good visualisation, but I also want to convert it into a template. This has all the same parts that we have in the model: there's vision, opportunities, threats, values, strengths, weaknesses, mission, heritage and, of course, strategy is in the middle. So, we've got the same component parts, but the value in turning it into a template is that it's something that you can actually work on. I'll [give you a version of this template](#) where you can actually fill out the boxes and you can see how strategy is going to interconnect with all of these other parts in the House of Strategy in your own organisation. Now, the key thing to note looking back at the model is that strategy is the gap in the middle, bounded by all the other parts. When you write a strategy, you need to fill that triangle in the middle. You need to try and work out what it is that will enable you to get from your mission through to your vision. How are you going to do so whilst remaining true to your values? How are you going to make sure you respond to opportunities and threats? So, the whole point of this model is that we're trying to frame strategy with other parts of the organisational fingerprint, if you like, the other things that characterise your organisation, like vision, mission and values.

Let us now start walking through the component parts so that we understand what the elements of House of Strategy are. So 'mission' is why you exist right now. It's your core purpose, focus and distinctiveness of your organisation, providing a sense of identity. One definition that I love is that mission is the thing that other people would miss if you disappeared. So, if your organisation no longer existed tomorrow, what would people miss?

That effectively, is a good description of your mission. Your mission, of course, might depend on your heritage. In some organisations where they have a long or distinguished heritage that's really important. For others, they may have a much shorter heritage, but, still, a good definition of their founding principles might still be really important. Why was your organisation founded in the first place?

Then, in contrast to the mission and heritage we have vision. Vision is where you are NOT right now, but where you want to be. It's a picture of the potential of your organisation. It's an audacious dream of the future.

It's in contrast to mission, because strategy is what gets you from why you exist right now to where you are not now but want to be – that is one of the key roles of strategy. But of course, strategy doesn't operate in a vacuum. You don't want to get from mission to vision by any possible way. You need to stay in line with your values, and your values are shared principles and beliefs that get that guide decisions and actions of everyone across the organisation. So, values can support and enable the achievement of strategy. Or they could be in tension with strategy. Everyone in the organisation might say, we are not the kind of organisation that will behave in a particular way, so values can be both enablers and limits on the ways in which your strategy can get you from mission to vision. And then, of course, we have opportunities and threats. They can be internal or external, and we have strengths and we have weaknesses. And again, strategy needs to get you from mission to vision whilst recognising the opportunities and threats, strengths and weaknesses within your organisation.

There's also another part, though, to House of Strategy, and this is one that is often neglected. There is no point in trying to think about strategy if there is an 'elephant in the room' that nobody is talking about. Is there, for example, a pressing financial issue that, if not addressed, might challenge the very existence of the organisation? Is there a massive opportunity that could see unparalleled growth in the organisation over the next few years. Is there a possible merger or possible takeover? Is there a legal or regulatory change looming? Were you the market leader in your particular sector for the last five years, but now a competitor is just about to overtake you? These are the kind of things that often get missed off strategy documentation but are absolutely vital. So, we must be careful when we're doing this House of Strategy that we don't look at our circumstances in too insular a way. If there is an elephant in the room, we need to be clear about it, and we need to declare it as part of this analysis.

The House of Strategy template is where you can start writing your own content about your organisation. This will give you a profile of what is important to your organisation now and for the future, and how strategy should emerge from that context, from that framing.

Let's just assume that we've done that. We've filled out this template, and we've got all of

the things that are relevant to our organisation within the House of Strategy template. Now what? Well, there are several things we can do with it. Firstly, we can look at alignment, up and down the House of Strategy, so we can see whether vision, mission, values and heritage are all coherent and aligned. Are our values conducive to reaching our vision, or is there any conflict there? If we reached that vision, would some of our values be in jeopardy? What about mission and heritage? Are they going to be a good foundation for achieving our vision? Because if your mission and heritage is not a good foundation for reaching your vision, perhaps you haven't got the right vision. These are some of the questions you can ask to check that vision, values, mission and heritage are all aligned, and that strategy is the means of gluing them all together. Secondly, we can do a SWOT analysis, but this is SWOT analysis on steroids, because it's not just SWOT on its own. It's showing how your Strengths, Weaknesses, Opportunities and Threats align with and inform mission vision, values and strategy. If, for example, you have a vision and mission that do not recognise the strengths, weaknesses, opportunities and threats, then they are ill-informed and will probably lead you to the wrong strategy. So, alignment and coherence is really important, and a great way of doing that is making sure that the strengths, weaknesses, opportunities and threats are in line with everything else that is in the House of Strategy.

Thirdly, and finally, we have the 'elephant in the room', and as I've said, we need to try and describe what that is, and we need to make sure that our SWOT analysis reflects this elephant in the room, that our vision takes it into account and that our strategy addresses it explicitly.

So, how do we use House of Strategy, if we already have a strategy? Let's assume we're in an organisation where the strategy has been written, it's been approved and it is in operation. How could we use this House of Strategy analysis? Well, hypothetically, we may discover that the strategy that we have got is perfectly in tune with our values and works really well. Similarly with our vision. It states a vision, and it has a clear path to achieving that vision. It recognises the threats, it acknowledges the weaknesses. It also is clear that there is, or perhaps isn't, an elephant in the room that we need to take account of. It takes account of our heritage, our mission and our strengths. But maybe it isn't clear enough about the opportunities that we face. Maybe this strategy is weak on opportunities. Maybe the analysis wasn't done, maybe the circumstances have changed since the strategy was written. Now this kind of conclusion from House of Strategy analysis could be really useful, because it raises a couple of possibilities. The first is, you need a new strategy. You need to have a strategy that is fully aware of all the opportunities that are faced, and perhaps you're not refreshing your strategy frequently enough to keep up with the ongoing flow of opportunities that your organisation faces. Alternatively, you might conclude that the strategy is pretty good as it is, but we just need to make sure, as we convert our strategy into a strategic plan that we have heightened awareness of the changing opportunities that we face. We also need to put processes in place to update our strategic plan often enough to continue to reflect the opportunities we need to exploit, even though our strategy is

giving us still a good, clear account of how we get from mission to vision, incorporating values and strengths, weaknesses and threats. It just isn't doing a particularly good job on the opportunities.

How about House of Strategy applied to the development of a new strategy? How would House of Strategy help there? Well, first of all, it will tell us a lot about what the foundation of this new strategy is. We may, for example, have a vision and mission already written for the organisation. If they are well aligned with other elements of the House of Strategy (for example, they are well aligned with the strengths, weaknesses, opportunities and threats we think the organisation is facing) then maybe keeping that vision and mission as they are would be a pretty strong foundation for the strategy. In this case, what the strategy needs to do is explain how we're going to move from our existing mission to our existing vision. On the other hand, we may not have a vision and mission – this cannot, therefore be the foundation for our new strategy. Our foundation might, then, be our opportunity analysis. We think there are great things that we could reach for as an organisation, and therefore we need to take that, our opportunity analysis, as our foundation. Alternatively, we might think that competitor analysis is our foundation. We might think customer analysis is our foundation.

Then we can look at the House of Strategy and try and identify what are the elements that are mostly determining where the focus of this new strategy is. Where are we going to apply pressure to bring about the change that will shift our organisation from where we are now to where we want to be in the future?

House of Strategy can also define some of the boundaries around our new strategy. We may decide we're not willing to go in a particular direction because it will conflict with our values. We're also not willing to go in another particular direction that we don't think we can mitigate effectively. So, House of Strategy can give you foundation, focus and boundaries for a new strategy.

Overall, I believe House of Strategy is a way for you to keep conversations about strategy focused and simple. How to we bring about organisational alignment, focused on the changes that matter most to us as an organisation? And if you can get organisational alignment, then, as we said right at the beginning, having that organisational alignment is a competitive advantage on its own.

I hope that is a useful introduction to House of Strategy, and I hope you're able to use the templates to do House of Strategy analysis within your own organisation.

4.3 Strategy mapping in practice

[\(September 2024\)](#)

I'm just about to enter the final month of an amazing 18-month project with a wonderful client. In it, I've have been helping facilitate:

1. Initial scoping of the strategy;
2. Discovery and strategy development;
3. Drafting of the strategy;
4. Refinement and ratification of the strategy;
5. Initial development of the strategic plan.

The outcome is a 10-year strategy for an organisation of a few thousand staff. There were many remarkable things about this project but the one that's most relevant to today's topic is that I used strategy mapping at every step of the way (if you are new to strategy mapping, I'm talking about [why:how logic mapping](#), not Balanced Scorecard Mapping or Wardle Mapping). So, today, I want to say a bit about why this worked really well and then leave you with a list of ways you should think about using mapping throughout the whole strategy development and strategic planning process in your own strategy work. To help you understand how this can be done, below is a summary of how I applied strategy mapping to the stages in my recent consultancy project:

- 1. Initial scoping of the strategy.** Right at the start of the project, I used strategy mapping to analyse the client's current strategy. This proved a great way to look objectively at a strategy everyone was already familiar with and force them to question whether it was actually as logical and coherent as it first appeared when simply reading it. From the discussions that this provoked, we produced a list of good strategy criteria to check that our new strategy, once written, was good enough.
- 2. Discovery and strategy development.** This phase of the process was undertaken with several different members of the leadership team, who had taken on the role of strategy theme leads. Strategy mapping was a brilliant tool for the fast-loop iteration of strategy ideas. It typically went like this. I'd have a meeting with a senior leader, where, after reviewing whatever data analysis had been done so far, I'd invite them to talk about the strategic challenges they saw and any ideas they had on how the strategy might respond to those challenges. I could let them speak in their own words, structuring their thoughts in whatever way came naturally to them and allowing them to digress, contextualise and respond to my questions as part of conversational flow. As they did so, I would start identifying the why:how logic within the story they were telling. At appropriate moments, I would ask them to confirm or challenge the logical connections that I was piecing together. It was always, however, my job to be the 'logician' and their job to tell

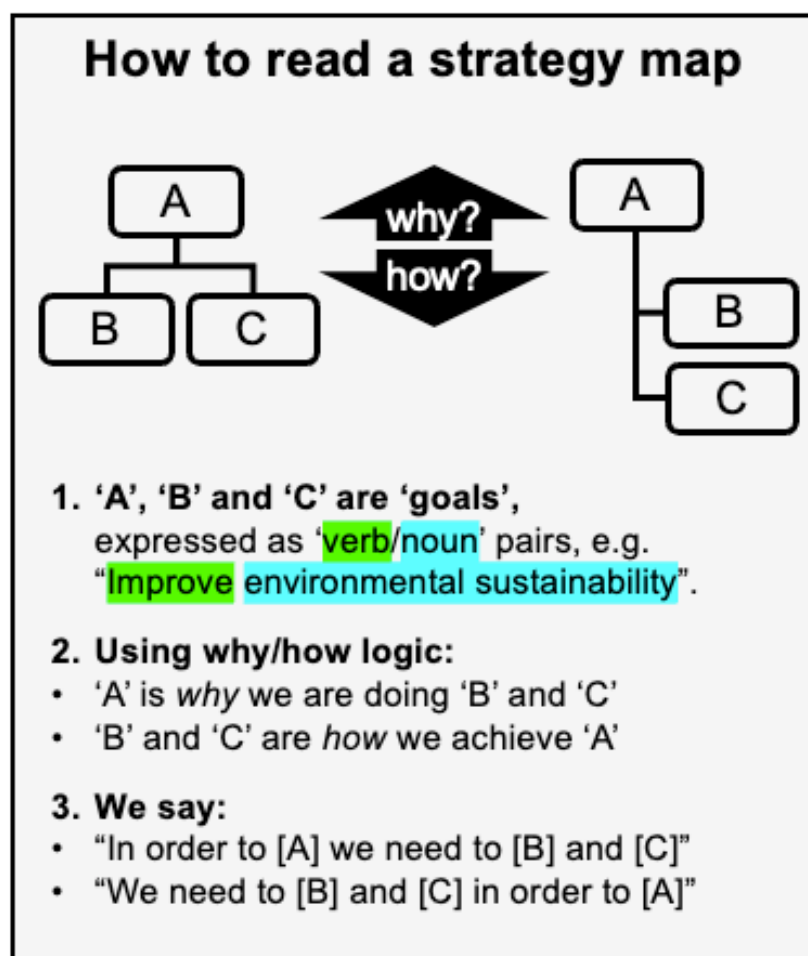
me about the facts, explain their conjectures and describe their aspirations. After our conversations, over the next day or two, I would produce a strategy map that I felt reflected the key issues from our conversation and send it to them for comment. “Is this what you meant?”, was my usual question. They’d comment on the map and, in response to their comments, I would update the strategy map until we were both happy with it. Then we could send it out to members of their own team or to other strategy theme leads for their comments. In this way, the strategy maps evolved in a way that captured each step in the process, recording subtle changes in strategic thinking as different people offered their input. On more than one occasion, I was asked where a particular idea came from and could pinpoint its first appearance in a strategy map to a particular conversation on a specific day.

- 3. Drafting of the strategy.** After you’ve been working on a strategy map for a while, you start to notice that its internal coherence becomes more striking. More and more of the questions people ask about the strategy already have an answer somewhere within the strategy map. It starts to become an embodiment of the wisdom of crowds. This is a great time to start drafting the strategy. A draft, once extracted from the strategy map forms the basis for engagement and consultation with stakeholders. This, then, expands circle of influence shaping the strategy.
- 4. Refinement and ratification of the strategy.** Informed by stakeholder inputs, the strategy begins its home run to becoming a final strategy document. This usually requires another round of input from strategy theme leads and possibly a final round of consultation on a near-final draft of the strategy. Where strategy mapping plays a key role at this stage of the process is strategy validation. Does the strategy have internal consistency? Do the higher goals justify the lower goals and do the lower goals provide methods of achieving the higher goals (this is done by means of a SaNity Check)? Validation doesn’t just improve the strategy it also gives senior leaders and Board members the confidence to ratify the final strategy and approve it for launch.
- 5. Initial development of the strategic plan.** You’ve probably heard the expression that ‘approving a new strategy is when the hard work begins’. Starting work on a strategic plan was still hard work in this project but strategy mapping made it a lot more grounded and a more systematic process. Having a fully mapped version of the final strategy document was a great place to start. This gives you a discrete number of strategic goals to plan to achieve. Strategic planning elaborates the methods by which these strategic goals will be tackled, which requires drilling down into the methods for achieving strategic success. By the end of this process, having a fully mapped strategic plan turned out to be a truly wonderful thing. Each goal in a mapped strategic plan can have a goal owner, targets and deadlines, resources, rules, policies or standards. With such attributes, the strategic plan can transform into roadmaps, critical path analyses, swim-lanes, Gantt charts or whatever planning tools your organisation prefers.

So, it really was end-to-end strategy mapping and, whilst every aspect of the process is still fresh in my mind, here are my recommendations for how you should think about using strategy mapping in your own work.

- 1. Analysis of existing strategies.** Strategy maps can be created from existing strategies. This could be your own current strategy, allowing in-depth analysis of current strategic goals and the actions being taken to achieve them. Or it could be your competitor's strategies, if you have access to any of them. What do you see as their strengths and weaknesses? Where are they distinctive? Where are the gaps that you could create your own distinctiveness and harvest the value from doing so?
- 2. Communication about strategy.** Conversations about strategy can be captured in a strategy map to reflect key ideas about how strategic goals will be met, and the purposes they serve. These strategy maps can then be shared with individuals and teams and adapted to record subtle changes in strategic thinking as different people offer their input into the maps.

Figure 1. How to read a strategy map



- 3. Validation of strategy.** The logic and completeness of strategy can be sense-checked

by conducting a 'SaNity' Check. Using this simplest possible strategy map (see Fig. 1), SaNity-checking asks:

- Whether 'B' and 'C' together are both Sufficient and Necessary to achieve 'A'
- ...if not, what is missing / what does not need to be there?

4. Innovation. New ideas about strategy can be generated by challenging an existing strategy map:

- Using Figure 1, how else can you achieve goal 'A' other than through goals 'B' and 'C'?
- What other purpose, other than goal 'A', could goals 'B' and/or 'C' serve?

5. Delegation & accountability. Each goal in a strategy map should have a 'goal owner' who is accountable for achieving that goal and its children, unless and until they delegate those goals to others.

6. Measurement & governance. KPIs / KPTs can be attached to individual goals. These can aggregate up towards measurement of another strategic goal higher up in the map. This shows the interdependence of achievement of connected goals and allows progress and impact of the strategy to be tracked and reported.

4.4 Five decisions you need to make about strategy BEFORE you start strategy development

[\(July 2024\)](#)

A formative decision is one you make to shape or form your subsequent thinking about a topic. As an everyday example, I need to think about what kind of holiday I'd like before I start researching different destinations (or, more challenging, what type of holiday would we all enjoy, before exploring family holiday options).

This applies in a big way to strategy. Strategy comes in many shapes and can be assumed to mean subtly different things by different people. So much so that failure to make good formative strategy decisions can make strategy development more complex and the resulting strategy much less readily adopted.

Here, then, are the five formative decisions you need to make about strategy:

1. What is the intended reach of your new strategy (who is it for)?
2. How big are the changes in your new strategy going to be?
3. What is the intended lifespan of your new strategy?
4. How rigorous do you need your new strategy to be?
5. How strictly do you intend to separate strategy from strategic planning?

Let's explore each of these questions in turn and then explore how best to tackle them in your organisation.

1. What is the intended reach of your new strategy (who is it for)?

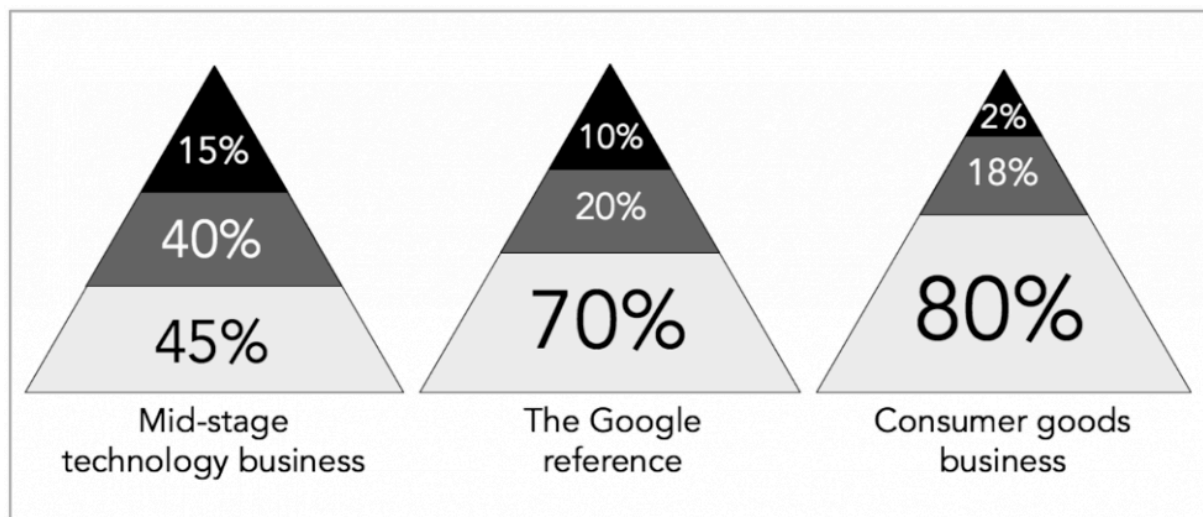
The most straightforward answer to this question is either i) everyone – it is an organisational strategy and applies to everyone across the organisation or ii) some people but not others – it is a sub-strategy or a functional strategy. A sub-strategy typically drills down into, or expands upon, an element of the broader organisational strategy. Whilst an organisational strategy might commit to greater levels of innovation, a service development strategy might drill down into how we plan to increase the rate at which new services will be launched. Whilst its success will be of benefit to the whole organisation, it may only involve the engineering, marketing and sales staff with responsibility for service development.

It is also important to recognise that some strategies have an intended reach beyond the organisation. Your [corporate social responsibility strategy](#), for example, might be as much for your customers, partners and investors as it is for your staff.

2. How big are the changes in your new strategy going to be?

[Big hairy audacious goals](#) or incremental changes in priority and focus? What for one organisation might be a radical strategy could, for another, be modest and undemanding. There is no right answer – just answers that are more or less right for your own organisation.

Here's an approach many organisations have found useful to make sense of this question. In trying to devise how innovative Google employees ought to be, Sergey Brin, Google's co-founder came up with [a rule of thumb](#) that 70% of time and effort should be spent supporting Google's core business: the activities that keep the wheels turning and the lights on. Then 20% of time and effort should be spent on improving and refining that core business. This leaves 10% of time to be spent devising Google's core business for the future. So, what would your '70-20-10' rule be for your organisation? What proportion of your organisation's time should be spent on business-as-usual, including improving and refining that core business? And how much time ought to be left for strategy, exploring and devising your business-as-usual-of-the-future? Figure 1, below show the results of a follow-up study in



[Harvard Business Review](#) to find out how Google's 70-20-10 rule varied within different types of company.

Figure 1. Variants on Google's 70-20-10 rule

An alternative, and, for some organisations, simpler approach, is to decide how much money you can afford to spend on strategic change: is it 10% of your turnover, or 1% or 25%?

3. What is the intended lifespan of your new strategy?

18 months or ten years? This is largely determined by how fast your organisation, or its operating environment, is changing. A well-established company in a mature market may need to change its ways of working slowly and in small amounts. It may, therefore, be well suited to a strategy with a long lifespan. By contrast, an organisation operating in a rapidly evolving technological environment (e.g. in artificial intelligence) or an organisation that is

recently established (e.g. a tech start-up) may be better suited to a strategy with a much shorter lifespan. This decision can be reached by exploring the 'cadence of change' of your organisation. In music or sport, the word cadence means rhythm or pattern. For strategy, working out the cadence of change means identifying how frequently you launch new products or services; how often you transform your ways of working or adopt new technology; how recently you have had to adapt to a new competitor. If the answer to these questions is every few months, you probably want a strategy with a two- or three-year lifespan. If the answer is every few years, you can probably opt for a five-to-ten-year strategy.

4. How rigorous do you need your new strategy to be?

Rigour is the 'the quality of being extremely thorough and careful' according to the Oxford English Dictionary. No strategist would ever claim they don't want to be rigorous, but the key question we need to resolve here is just how much rigour is the right amount? The more rigour you seek to apply, the more work will need to be undertaken and more the drawn-out strategy development will become. There are two dimensions of rigour that are important for strategy: analytic rigour and logical rigour.

Analytic rigour refers to how convincing the evidence base underpinning your strategic decisions needs to be. Setting this bar too high may lead to 'analysis paralysis', where decisions are delayed unnecessarily by the search for better supporting evidence.

Logical rigour refers to how well joined-up and how coherent you seek your strategy to be. Strategy can be well joined up in two ways: internally and externally:

- For a strategy to be well-joined-up internally means that the elements of the strategy are not in conflict with each other and, ideally that they lead to synergies. Strategic synergy is where the achievement of one element of strategy amplifies the impact of other elements of strategy. The best way to ensure good internal logic in your new strategy is to commit to the use of [strategy mapping](#) both as a development tool and as a strategy validation tool. As a development tool, strategy mapping systematically connects the strategic aspirations of senior leadership to the enabling actions of front-line teams. To validate the strategy, once written, strategy mapping can be used to ensure that the enabling actions you have identified are 'sufficient and necessary' to achieve your strategic goals, and that those strategic goals are 'sufficient and necessary' to justify taking those actions.
- For a strategy to be well joined up externally means it has good logical connections with other identity marks that define and distinguish an organisation. These include vision, mission and core values, but could also include brand, slogan and even logo. Crucially an externally joined-up strategy is a response to the opportunities and threats presented by the organisation's operating environment. One way to ensure good external logic in your new strategy is to commit to the use of the [House of Strategy](#) framework. This

enables you to highlight the connections (and potentially the disconnects) between your new strategy and what it ought to be connected to, externally.

5. How strictly do you intend to separate strategy from strategic planning?

Whilst this may sound like the most practical and operational of all these decisions, it is probably the one that will have the most profound impact on both the strategy itself and the way it is managed. Indeed, for the vast majority of organisations, it is not, in my opinion, really much of a decision. Strategy and strategic planning ought to be strictly separated. The only value in presenting it as a decision is that it is a new commitment to make for most organisations. For such organisations, keeping strategy and strategic planning as closely connected as possible is what they see as most important. Strategic planning is, after all, the means by which strategic success is achieved. To which my response is, yes, of course, strategy and strategic planning need to be well-aligned but this doesn't prevent a clear dividing line keeping strategy entirely on one side of the line and strategic planning on the



other side. I like the [Separation Model of Strategy](#) (Fig. 2) as a visual representation of this idea.

Figure 2. Separation Model of Strategy

How best to approach these decisions in your own organisation

These decisions are best thought of as part of [strategy scoping](#) – the process you go through before the start of strategy development, to agree the brief for your new strategy. This is a great way to get a shared understanding across your leadership team of what strategy means for your organisation.

It is also important to remember that some of these decisions are more final than others. So, for example, it is unlikely that you would subsequently change your mind once you have decided you are going to separate strategy from strategic planning. You may very well change your mind, however, on the best timespan for your strategy, once you have defined

4.5 Protocols for Strategy

[\(March 2024\)](#)

Over the past few months my interest in the whole notion of protocols has peaked, to the point that I'm now convinced they are an important missing part of any strategist's toolkit.

So, what is a protocol? Let's start with a simple definition (which we will elaborate later) and two very different examples.

Simple Definition: A protocol is the accepted or established way of doing a specific thing.

Example 1: The Covid-19 pandemic saw the introduction of a [protocol for hand-washing](#). Designed to make the removal of viruses more likely, it specified a recommended duration of hand-washing: long enough to sing Happy Birthday twice, which is around 40 seconds.

Example 2: Another protocol is [TCP/IP](#), which specifies how computers exchange messages with each other over the internet. The Transfer Control Protocol (TCP) sets out how two computers can open a communication channel between them and break down messages into small packets prior to transmission and then re-assemble them in the correct order at the other end. The Internet Protocol (IP) defines how to address and route packets of information to make sure they reach the right destination. Together, these two protocols combined (TCP/IP) provide both an effective failure detection method and clear instructions on what needs to be done by whom, in the event of any such failure. In this way TCP/IP provides a sufficiently robust and resilient communication backbone to power the entire internet.

Although quite different, these protocols both describe how to approach a particular challenge in a way that will produce good enough outcomes, most of the time. As such, a protocol is quite different from the tools we usually use in or alongside strategy, such as policies or standards:

- A *policy* usually records a decision made in a particular situation that can be re-used repeatedly. For example, our policy is to pro-actively encourage job applications from minority groups, currently under-represented in our organisation.
- A *standard* is a threshold used to judge the value of an outcome. For example, a common standard for the availability of a service (e.g. WiFi) across an organisation is 99.999% uptime, meaning the service only has 5 minutes 15 seconds of permitted downtime per year.

A protocol actually has more in common with goals and processes:

- A goal is an action with a purpose.
- A process is a series of actions in order to achieve a particular end.

The main difference with protocols is their level of abstraction (they say in principle, not in detail, what to do) and their intention to give good enough outcomes, most of the time. So, our definition of a protocol becomes:

A protocol is a simple description of how, in principle, to approach a particular challenge in a way that will produce good enough outcomes, most of the time.

Why is this relevant to strategy? Well, strategy is all about identifying the most important challenges facing an organisation that are likely to be addressable over the lifespan of the strategy. Given those challenges, we want strategy to be clear about how they should be tackled without being over-prescriptive. Describing how, in principle, to approach a strategic challenge seems a great approach. Clear definition, loose specification.

Protocols can apply to strategy in two ways:

Firstly, they can define how to 'do' strategy. We can think of this as 'protocolising' the process of developing and managing strategy. How do we scope a new strategy before strategy development starts? How do we go about developing a new strategy, once scoped? How do we secure the adoption of a strategy across the organisation, once developed and launched? How do we meaningfully measure both the progress and impact of the strategy, once adopted? How do we retain strategic agility, as operating circumstances change across the strategy's lifespan?

Secondly, protocols can be used to drive the changes mandated by strategy. We can think of this as protocolising the aspirations of strategy. How do we become more customer-focused? How do we enhance front-line customer support through the use of AI? How do we optimise merchandising, price discounting and stock surpluses? How should we evaluate and decide on expansion into new territories or markets? How can we increase margins without loss of market share?

So, let's try creating a strategy-related protocol and see what advantages such an approach might offer ... and let's pick the thorny issue of how we meaningfully measure both the progress and impact of strategy using KPIs.

In principle, there are two different ways we could approach this: Firstly, we could have a protocol for finding KPIs in the first place. This seems likely to be highly domain-specific. If we are a commercial organisation, we want to be able to find KPIs that ultimately relate to

revenue, costs and profitability. If, on the other hand, we are a charity, we want KPIs that indicate the value delivered to beneficiaries. A KPI-finding protocol is, therefore, likely to have a very narrow scope and little generality. The second option, which expands the scope substantially, is to have a protocol to check which of the many possible strategy KPIs we might be considering are likely to work best? This seems a much stronger option that lends itself to 'in principle thinking' rather than domain-specific thinking. We are, therefore, going to try to create a protocol for 'selecting strategy KPIs'.

Protocol for 'Selecting Strategy KPIs'

Reminder – our revised definition of a protocol: A protocol is a simple description of how, in principle, to approach a particular challenge in a way that will produce good enough outcomes, most of the time.

What is the challenge?

How do we ensure that the strategy KPIs we choose are the right ones?

To do so, we need to select strategy KPIs that track both strategic actions and their outcomes to ensure strategy is kept on-track and strategic goals are met.

What is a good enough outcome?

Our selected KPIs must:

1. be 'good' measures, i.e. be precise and accurate enough to serve their purpose.
2. enable meaningful evaluation of our strategy:
 - measures of impact must indicate meaningful contributions to the overall aspirations of our strategy.
 - measures of progress must show advancement toward the likely achievement of impact.
3. be conducive to effective managerial action to keep strategy on-track.

A simple framework to execute this protocol

Using the framework in Table 1, for each proposed strategy KPI, add the KPI in the top left cell and then complete the other cells in the table for this KPI. Compare and contrast with other proposed strategy KPIs.

The three things I particularly like about applying protocols to strategy:

1. They force highly structured thinking about how we do strategy;
2. They strike a great balance between defining what is to be done and avoiding over-specifying how to do it;
3. In doing this, they leave enough space for the creative interpretation of strategy whilst ensuring this remains bounded creativity.

Table 1. Selection criteria for good Strategy KPIs

<enter proposed strategy KPI here>	... the progress of strategy	... the impact of strategy
Is a good measure of ...	<is the proposed strategy KPI accurate and precise enough to serve its purpose, given the available data sources? >	
Enables meaningful evaluation of ...	<is the proposed strategy KPI a meaningful evaluation of the progress achieved by work on the strategy>	<is the proposed strategy KPI a meaningful evaluation of the impact achieved by work on the strategy>
Is conducive to effective managerial action on ...	<if satisfactory progress has not been achieved, was the proposed KPI useful in focusing attention on the managerial action needed to rectify the situation?>	<if a satisfactory level of impact has not been achieved, was the proposed KPI useful in focusing attention on the managerial action needed to rectify the situation?>

A big thank you to the wonderful [Summer of Protocols](#) team and their brilliant [Protocol Kit](#) – a lot of my newfound enthusiasm for protocols come from your great work.

4.6 Overcoming the complexity of strategy

[\(January 2024\)](#)

A good strategy, of course, is strikingly simple. It gives a simple imperative that can readily be seen to make sense and to be adopted as a guiding principle for decision-making and action across the organisation. This simplicity, however, is hard-won. As I will explain in a moment, strategy exists in a world of complexity and ultimately must triumph over that complexity. Good processes for both developing strategy and securing its adoption are, therefore, 'complexity modulators'. They provide ways firstly to reduce complexity and secondly to navigate the remaining complexity.

Let's begin with a refresher on this thing we're calling complexity. A complex system is one with many component parts and many interdependencies between those parts. These interdependencies may be non-linear, contain feedback loops and adapt over time, resulting in complex systems giving different outputs from the same inputs. This makes unpredictability a defining feature of complex systems. By contrast a merely complicated system, while intricate and perhaps difficult to understand at first, behaves in a predictable manner. Once its components and their interactions are fully understood, the system's outcomes follow a consistent pattern, making them predictable and more readily managed.

A mechanical clock, for example, is a good example of a complicated system. It is a precision instrument with gears, springs, and a pendulum, all working in a predictable, fixed pattern. Each part has a specific, unchanging role, and the clock's functionality, based on mechanical principles, remains constant over time. By contrast, a modern smart watch is a dynamic, adaptive system. It integrates sensors, software, and connectivity to interact with a broader technological ecosystem. It 'learns' from user behaviour, adapts to new information (like health data from the user or data downloaded into an app), and evolves over time with software updates. This adaptability, interconnectivity and capacity for continuous change make it a complex system.

There are four key reasons why strategy is complex:

1. Strategy is about 'orchestrating change'. It sets out to bring about a transformational outcome by means of **a multitude of interacting actions by different people and teams**. Getting alignment in pursuit of strategy requires navigating the complexity of organisational cultures, structures and politics, as well as differing (sometimes opposed) stakeholder interests.
2. As strategy runs its course, markets evolve, technologies advance, and political and economic climates change, often in unforeseen ways. **Dynamic changes in the external environment** around the organisation are a significant contributor to strategic

complexity.

3. Strategic decisions are frequently made under **conditions of uncertainty and ambiguity**. We may not know precisely where we are at the start of the strategy and we may not be able to accurately define our strategic destination. We may not know which actions will be most impactful and we probably won't fully appreciate how success or failure in one aspect of strategy will influence progress in another part.
4. Strategy's complexity is magnified by the **challenge of forecasting and preparing for a distant future**. Long-term planning must contend with unpredictable shifts and the need for adaptability over time, making the strategic pursuit of future goals a complex endeavour.

For many in senior leadership roles, explanations of the complexity of strategy, like this, can be overwhelming. Here, then, are three ways a good strategist will reduce this level of complexity, followed by three ways of navigating the remaining complexity.

Reducing the complexity around strategy:

1. **Start with strategy scoping.** Strategy is one of those things that everybody thinks they know about. We all have strategies. A health strategy to make us run and go to the gym. A sleep strategy aims to ensure a good eight hours a night. A work-life balance strategy stops you answering your boss's emails at 11pm. Yet strategy is a classic '[knowledge illusion](#)'; it is only when we get into the detail of how we should go about developing one or getting it adopted that we realise how little we really understand. Strategy scoping addresses this knowledge illusion head-on. It asks why we need a strategy. What will be different after the strategy has run its course, compared to right now? It explores practical questions like how long our strategy should last. One year or ten? What will it look like when it's written? A twenty-page essay or a single side of A4? Ideally, strategy scoping should end up with a checklist of 'good strategy criteria' that you can use to check if your strategy, once written, is good enough. By scoping a strategy before its development starts, what was once boundless and different in everyone's mind becomes bounded and agreed upon. That's a great complexity reducer.
2. **Separate strategy from strategic planning.** There is a conundrum at the heart of strategy that, if not addressed, can provoke many hours of debate and confusion amongst a great many people. How can strategy remain the constant guiding North Star it is meant to be, whilst adapting to changing circumstances? Surely it needs to be one or the other. Well, it can be both if we separate strategy from strategic planning. Strategy is designed to remain the same throughout the lifespan of the strategy and to provide a constant, long-term North Star, guiding the decisions and actions of everyone in the organisation. Strategy should be the handful of high-level changes the

organisation intends to pursue, even in the face of radical changes in circumstances. Strategic plans, on the other hand, are designed to change from the moment they are written. They not only define how the higher-level strategic goals are to be pursued, they also enable strategic agility. They have, built into them, the 'sense-decide-act' cycle that steers the organisation on to new courses to follow. All such new courses, however, remain in dogged pursuit of the handful of goals set out in the strategy. Again, we have just made strategy a bit less complex.

- 3. Separate strategy from business-as-usual.** This may sound simple and obvious but turns out, in practice, to be a remarkably powerful complexity-reducer. Business-as-usual is what your organisation does now. It is your standard operating procedures and your established ways of working. It is shaped by your organisational structure, your management and governance processes and your culture. By contrast, strategy defines how this business-as-usual needs to change, and explains why. Strategy and business-as-usual are, therefore, very different things. Obviously, for strategy to succeed, it must be underpinned by a lot of business-as-usual that not only needs to keep working but also needs to do so effectively and efficiently. But this is no reason to clutter strategy up with lots of things that are actually part of business-as-usual. So, a great discipline whilst writing a strategy is to ask whether what you've just written is actually part of business-as-usual. If the answer is yes, delete it from your strategy.

By this point we have reduced the complexity of strategy a lot. We have placed boundaries around it and ensured a common understanding of what our new strategy aims to achieve within our organisation. We have stripped strategy of business-as-usual and of strategic planning. Strategy now is a handful of high-level goals to introduce change to the organisation that will make it fitter for the future.

Despite reducing the complexity of strategy, this still leaves plenty more complexity remaining to be navigated. Here are three ways to do so:

Navigating the remaining complexity:

- 1. Destination or Path?** It has become commonplace for strategy to be referred to as the pursuit of a destination or path. What is less well understood is that this 'destination or path' issue is not just a manner of speech; it is a critical decision that needs to be taken during strategy development. To commit to a destination is to commit to a specified end-state. It articulates clearly what outcome the strategy will have brought about. A path, by contrast, is all about the route we will pursue. It leaves the destination unspecified. Another way of thinking about this is: i) strategy-as-imperative (an imperative is an authoritative command that deems something essential) or ii) strategy-as-hypothesis (a hypothesis is a proposed explanation made on the basis of limited evidence as a starting point for further investigation). In some circumstances, we can be

confident and assertive about where we want our strategy to take us. We want to gain market leadership, we want to hit a particular sales target, profit threshold or return to shareholders. Here strategy-as-imperative is the way forward. In other circumstances, it might be best for us to concede humility and admit we don't know where our strategy will end up although we know which direction to pursue. We may seek to be more innovative by diversifying our workforce. Or we may commit to embracing generative AI to boost the productivity of our content creators. In which case, strategy-as-hypothesis is the way forward. This destination or path decision can apply to the strategy overall (the overarching goal of the entire strategy may be described in terms of destination or path) or to elements of the strategy. Indeed, I would often argue that a good strategy has a mix of imperatives and hypotheses within it.

- 2. Keeping strategy well-informed.** A shortcut in deciding whether a system is complex or complicated is to determine whether it has any living systems within it. Living systems, being complex and adaptive by nature, turn the systems they belong to into complex systems. One of the key reasons organisations are complex is because they are full of human beings. These humans sense, learn and adapt. As a result of them playing different roles within their organisation, they have different perspectives on that organisation. What to one person is an unassailable challenge may be a routine task to another. What is a strategic change in one part of the organisation may be business-as-usual at the other end of the building. Navigating the complexity of strategy is, to a large part, a matter of navigating the complexity of the organisations they apply to. A key part of making this navigation successful is to involve people across the organisation in the development of strategy, the adoption of strategy and the adaptation of strategy to new and emerging circumstances. This should happen right from the start of strategy development. Listen to a wide range of views on the most pressing challenges we face. Discuss the range of possible changes we could make in response. Then draft the strategy and be open to suggestions on how it could be improved. All this will make individuals and teams better prepared to engage in discussions on how they can participate in getting the strategy adopted.
- 3. Strategy mapping.** For a strategy to have its intended impact, a great many actions need to be undertaken by many different individuals and teams across the organisation in an orchestrated way. To try to achieve this using paragraphs of text can be a struggle: the narrative flow of big chunks of text don't readily translate into discrete actions richly interconnected together. A better approach is to produce a strategy map, made up of discrete statements of action (goals) connected together as sequences of purposes and methods (see Fig. 1 and [more on strategy mapping](#)).

Figure 2 gives a brief example. I want to [hit the profit targets of the business] (high level goal) and so I need to [sell products to customers] (method of achieving high level goal) and to do this I need to [market products to prospects].

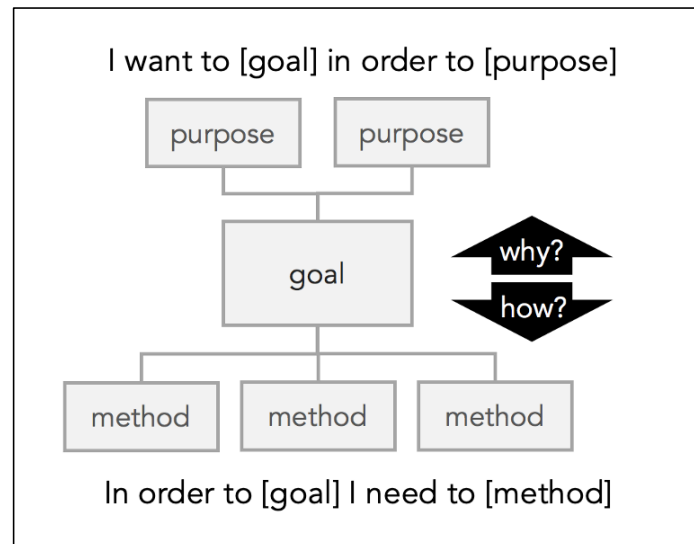


Figure 1. Strategy Mapping

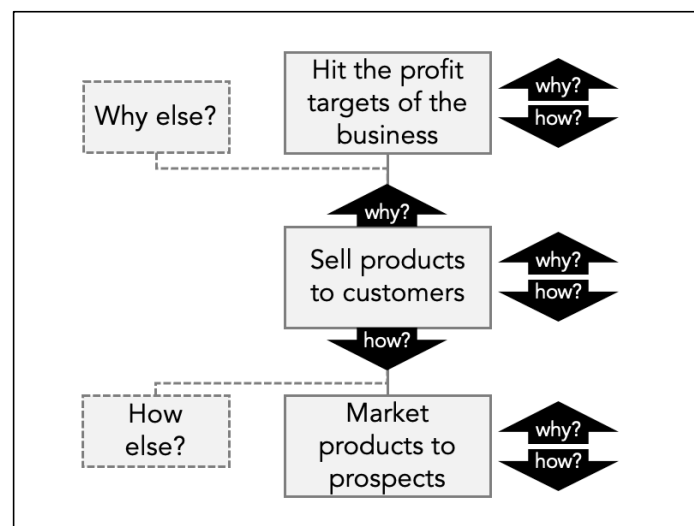


Figure 2. Strategy Mapping Example

Each goal is the purpose of the goal below it (the 'why?') and the method of achieving the goal above (the 'how?'). Having these three goals connected not only explains our methods, it also clarifies that one purpose of our marketing is profitable sales. Now whilst this is a simplistic example, the technique of strategy mapping is a powerful and indisputably logical way to tease apart the component parts of strategy and make sure they align and combine in impactful ways.

4.7 The case for strategy being limited to a handful of high-level goals

[\(November 2023\)](#)

There is often a fascinating formative period early in strategy development when people talk about ‘what kind of strategy do we want to develop?’. I call this period formative because it can have a profound influence on both strategy development and the strategy that emerges from it. At such critical moments, we strategists we need to be well prepared to make the case for our preferred form of strategy.

I always argue that strategy ought to be limited to a handful of high-level goals. Firstly, because I believe it deeply and fervently, but secondly, it leads to lots of knock-on benefits, such as: strategy being easier to track and measure; strategy being more readily adopted; keeping strategy separate from strategic plans, which makes strategy more agile.

Here is how I’d make the case for strategy being limited to a handful of high-level goals.

- Many strategies are too long.
- Many strategies are too wordy.
- Many strategies are too indiscriminate.

A good strategy clarifies priorities, recognises and resolves difficult tensions and makes tough decisions. Any strategy that says we will ‘do everything’ is a non-strategy. It is an abdication of the responsibilities of the strategist.

A good strategy guides the on-going decision-making of everyone from senior leaders to front-line teams. It can only do so if the strategic goals are simple and few.

A good strategy is achievable by the organisation. This means doing new things in new ways to better equip us for the future. It may also mean abandoning established (and possibly cherished) ways of working. Attempting too many of these strategic changes at once is usually a recipe for failure.

So, strategy should always be limited to a handful of high-level goals.

But before we grab a big fat pen, write it in huge letters and stick it on everyone’s wall, we maybe need to be sure we’ve worked out, in some detail, what it means.

Goals are very simple – they are actions with purpose. At the heart of each goal is a verb-noun pair. What is it you are going to do (verb)? And what are you doing it to (noun)? So,

'increase revenue', 'engage more customers' or 'reduce carbon footprint' are all good ways to describe strategic goals.

As I described as a 'strategy development error' in [my last newsletter](#), this is not a strategic goal:

"We will focus relentlessly on customer engagement, keen pricing and excellent customer service, in order to drive up customer acquisition, maintain our market-leading sales conversion and maximise customer retention."

At best it is nine strategic goals – focus on engagement for acquisition, focus on engagement for sales, focus on engagement for retention, etc. At worst it isn't strategic. Is says we need to focus relentlessly on ... just about everything. Is it really the case that engagement, pricing and customer service are all equally likely to lead to the future we seek? Is one of them not a higher priority than the others? Has writing this goal in this way just avoided a critical strategic decision?

High-level goals are the most important goals to bring about the strategic future we, as an organisation, seek. They are the highest order changes by which we will respond to the most pressing challenges facing us as an organisation. Clearly these are not the only goals that will need to be accomplished to bring about strategic change. Each high-level goal will have sub-goals – the methods we will use to achieve that high-level goal ('In order to achieve x, I will need to do y and z'). These, however, may not live in the strategy. If we were to separate strategy from strategic planning, these sub-goals are probably best built into a strategic plan and managed in an agile way.

Finally, why just a **handful** of high-level goals? Here are four key reasons:

1. It makes the strategy sharper, more focused, more distinctive and more impactful. Concentrate all available means on a small number of desirable ends.
2. It requires leadership to confront tensions, reconcile conflicts and make key long-term decisions. The handful-of-high-level-goals requirement acts as a forcing function to make leaders think strategically.
3. It helps keep strategy front-of-mind across the organisation. This doesn't usually happen. Data from [Sull et al 2018](#) (Fig 1), showed that only 51% of the members of companies' top teams could list their organisation's top priorities, and this percentage gets much worse as we move towards front-line teams.
4. It helps separate strategy from strategic plan. Strategy is the handful of high-level goals that provide the constant North Star to guide decision-making across the organisation. A strategic plan defines the many sub-goals and enabling goals by which the hand-full of high-level goals will be brought about, in a delegated, targeted and agile way.

As far as strategy development is concerned, **take more time to write less.**

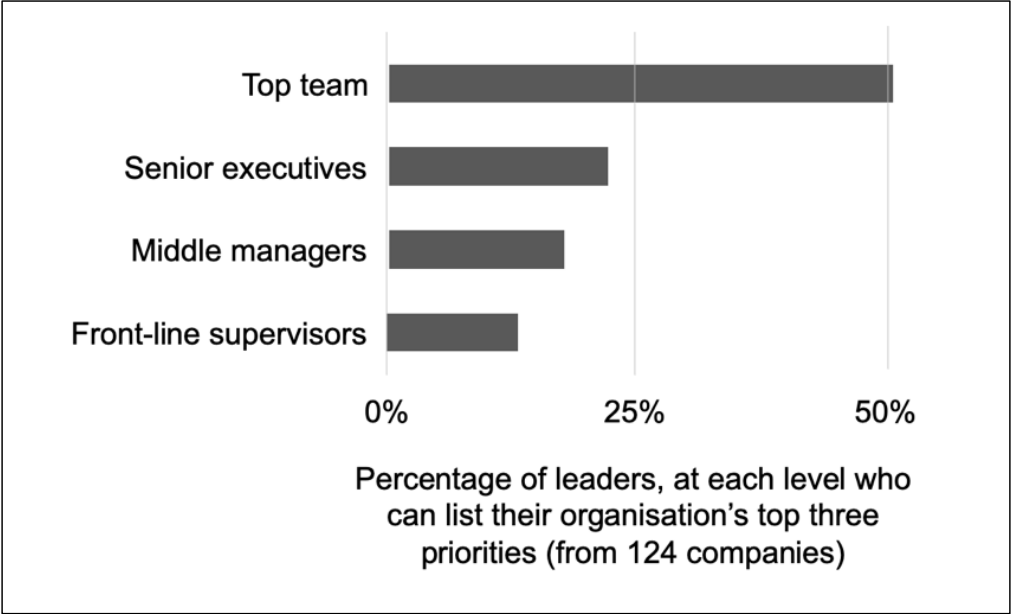


Figure 1. Leadership awareness of organisational priorities

4.8 How to think big in strategy

[\(April 2023\)](#)

Inertia. Narrow-mindset. Risk-aversion. Isn't strategy meant to overcome these kinds of entrenched 'small-thinking'? Whilst leaders might debate just how big they want their strategic thinking to be – what might be thought of as transformation by one leader might be seen as a reckless bet on the future by another – few would disagree with the need to think big. Bradley, Hirt and Smit's book [‘Strategy beyond the Hockey Stick’](#) suggests that:

- The critical success factor in strategy is to make big moves, focusing resources in a limited number of places where they will make most difference.
- In general, making no bold moves is probably the most dangerous strategy of all.

But, how do we think big, strategically? There are three ideas we're going to explore here that can help at different stages of strategy scoping and development:

1. Principled (as opposed to constructed) strategy;
2. Grand challenges;
3. Grand strategy.

Principled strategy

This one, surprisingly enough, comes from Albert Einstein. Writing in a letter to The Times newspaper in 1919, Einstein explained how to distinguish different kinds of theories in physics. Most theories, he suggested, are 'constructive'. They attempt to build up a picture of the more complex phenomena out of the materials of a relatively simple formal scheme from which they start out. The kinetic theory of gases is one such theory. It begins with the physical, molecular constituents of gas and how they interact. It is from these constituents that the more general theory is built up or constructed. A second class of theories Einstein calls 'principle theories'. These employ the analytic, not the synthetic, method. They are based on natural processes, which, in physics, are usually mathematically formulated. The science of thermodynamics, for example, seeks to explain how heat, work and temperature interact, given the universal principle that perpetual motion is impossible. In strategy too, it seems that this distinction between constructed vs principled may be valuable. How often is a strategy constructed to give a semblance of coherence to a disparate array of facts? We are losing market share, we are suffering price erosion and our competitors are launching more new products than we are. So, we need an innovation strategy. That will fix all our woes. Or we have poor staff survey results and high levels of staff turnover, so we need to transform into a talent brand. These are courses of action designed to resolve a particular construction of the challenges faced by the organisation.

By contrast, a principled strategy would focus on some of the 'natural processes' shaping the organisation. One obvious way to do so is to base strategy on the 'lived' values within the organisation (learn more about values-based strategy in my recent book ['Core Values'](#)). So, your strategy could be built around your sense of community, your customer-focus or your agility in response the changes in your market.

Grand challenges

'Grand challenges' are difficult but important problems, defined to stimulate focused, collective and collaborative effort by a wide range of individuals and organisations on solving those challenges. From their origins in finding solutions to [unsolved mathematical puzzles](#) to resolving [key global health problems](#) and [sustainable development](#), grand challenges are fundamental in their need to capture both imagination and support. For strategy, adopting the notion of grand challenges enables you to 'think big' by identifying the greatest needs of your organisation that will both inspire and align all those involved in meeting those needs.

In his recent book, [The Crux](#), Richard Rumelt suggests that the crux of any strategy is to identify the most important challenges facing the organisation that are addressable and likely to be resolved by coherent action. Identifying and prioritising challenges is, therefore, a great starting point in the development of any strategy.

A challenge can be an opportunity or a threat, an aspiration or a driver that can help you [scope out your strategy](#). Here are some common examples in strategy:

- Increase our profit margin;
- Become market leader in our sector;
- Reduce our staff churn;
- Respond to forthcoming Government regulations on x;
- Reduce the carbon footprint of our transport fleet;
- Increase the range and quality of our marketing output.

To 'go grand' on a given set of strategic challenges is to ask if they are a component part of a bigger issue, a symptom of a greater cause or an aspect of a broader trend. If they are, would the strategy be better to focus on the grand challenge? To run through our examples again:

- Should we aim to be more effective and efficient as an organisation and use profit margin as one measure of success?
- Should we aim to be more competitive and use our rank in market leadership as one measure of success?
- Should we develop a more employee-centric culture and use staff churn as one measure of success?

- Should we aim to be more resilient and use our ability to respond to regulatory change as one measure of success?
- Should we become more environmentally sustainable and use our carbon footprint as one indicator of progress?
- Should we aim to lead our competitors in 'share-of-mind' in our key customers, and use the range and quality of our content output as one measure of success?

Grand strategy

The concept of grand strategy has military origins. Where a strategy would set out how to undertake a battle or a campaign, grand strategy would define how a nation sets out to achieve its national interests, including by armed conflict. So grand strategy would determine how to allocate resources amongst various services (including military), how to support various types of manufacturing (including armaments) and which international alliances to enter into ([Wikipedia](#)).

More generally, grand strategy can be thought of as 'higher strategy' and a simple way to make sense of it is to think of corporate strategy being higher than the business unit strategies across the corporation; or organisation strategy being higher than the functional strategies of departments within the organisation.

To use the concept of grand strategy to help you think big, strategically, you must ask yourself if your current thoughts on strategy are actually a component part of something more long-term, something broader or more expansive, something deeper and more insightful. Are your current thoughts on strategy actually the sub-strategy that sits under a grand strategy?

In a way the thinking process is similar to the one just described for grand challenges. I, however, tend to use them as separate ways of thinking big because they apply at different stages of strategy development. It is useful to think of grand challenges early in strategy development, as the ideas underpinning your strategy are starting to coalesce. Grand strategy applies much later as your strategy is beginning to take shape.

Similar tools and processes can, however, be used for both. Here are two that I use:

1. [Strategy mapping](#) – by teasing apart the why:how logic connecting the goals within a strategy, you can keep asking why to get to grander challenges and grander strategic ideas.
2. [Root cause analysis](#) – this sets out to systematically prevent and solve underlying issues rather than just treating ad-hoc symptoms.

You can use the notions of 'principled strategy', 'grand challenges' and 'grand strategy' to

help you 'think big' about strategy. This is not to say that you will lose focus, rather that you will challenge the inertia, narrow-mindset and risk-aversion that can often leave strategy as a small step towards tweaking 'business-as-usual' rather than the transformational change that moves your organisation forward and takes everyone along with you.

4.9 The case for strategy scoping

[\(February 23\)](#)

I talk a lot, in my consultancy work, about strategy scoping. I have yet to meet a client who would not benefit from a scoping process prior to embarking on strategy development. So, I was quite surprised, as I reviewed all the topics I've covered in the [past 20 issues of Strategy Distilled](#) that I hadn't mentioned strategy scoping.

So, here goes.

Strategy scoping writes the brief for strategy development. It ensures the strategy you develop is rigorous and fit-for-purpose, setting both signposts and milestones for strategy development.

Strategy Scoping has three main objectives:

1. To enable initial decisions to be made about what purpose your forthcoming strategy is intended to serve, what, broadly, is in- and out-of-scope and to assemble a body of evidence to explain and justify those decisions.
2. To propose what needs to be done during strategy development, who needs to be involved and how key strategic decisions are going to be made, validated and ratified.
3. To define a set of criteria by which the strategy, once produced, will be deemed to be fit-for-purpose.

Strategy Scoping has five main benefits:

1. Strategy development becomes simpler, more focused and more straightforward to manage by identifying why the strategy is needed, which decisions need to be made and what evidence is needed to make them.
2. The process of strategy scoping aligns senior leaders on strategic intentions and aspirations.
3. Strategy development becomes more transparent and hence can lead to more involvement, and better-quality involvement, across the organisation.
4. Strategy development becomes less prone to bias, more evidence based, more data-driven and hence a lot more robust.

5. Over the longer term, a simpler, more transparent and more justifiable strategy will be more readily engaged with, more willingly committed to and more eagerly adopted. As a result, it is more likely to achieve the strategic success it defines for itself.

These are benefits for the Executives and the Board who will ultimately own the strategy, for the Strategy Team who will be developing and launching the strategy and for the Planning Team who will manage the resourcing and tracking of its success.

What strategy scoping involves

Strategy Scoping varies in size considerably across different organisations. For a start-up or a small organisation, it could be completed in a single two-hour workshop. For a large organisation, especially if it operates in multiple markets or territories, strategy scoping can take months, as the views of front-line teams are sampled and aggregated across the organisation. In my own work with clients, I always try to complete strategy scoping in a single 4- to 6-week sprint, culminating in a full day workshop to review the evidence accumulated during the sprint and to make the key strategy scoping decisions. This serves as a great forcing function to get the first round of strategy decisions made in a reasonable timescale.

These key scoping decisions fall into three main categories:

1. Strategy horizon scoping: what is the purpose of this new strategy for the organisation – is it to accelerate our success or save us from failure? Is there an obvious destination or direction of travel that the new strategy should built around? Are there clear boundaries that the new strategy must fit within? Horizon scoping is based on:

- **key insights from situation analysis.** I typically use the House of Strategy Model for this analysis.
- **an analysis of strategic aspirations** (what are the hopes and dreams that strategy might deliver?), **and strategy drivers** (are there any burning issues that will need to be resolved by the strategy?)
- **strategy time-horizon.** Do any of these analyses lend themselves to the strategy being for a particular duration?

2. Strategy development scoping: what work will be needed to develop the strategy? This can be tackled in a structured way by:

- **identifying the key decisions needed for strategy to be developed.** Are they about customers, or competitors, or pricing & finance, or technology & innovation? Are those decisions focused on growth, on transformation & change management or on consolidation and efficiency?
- **identifying the evidence, analysis and insights needed to inform those decisions.** Is the evidence already available or do you need to acquire it? Once you have the

evidence how easy will it be to analyse? How readily will it yield the insights you need for strategic decision-making? Do any of these decisions depend on expertise you will need to outsource? Or do they depend on finding consensus-of-opinion (or diversity-of-opinion) through a consultation process?

- **identifying the key strategy development jobs to be done.** Given the evidence, analysis and insights required, what jobs will need to be done, who will need to do them and how long will they take?

3. Strategy acceptance criteria: how will you know when you've developed a strategy that is fit-for-purpose? Just to be clear, because this is often a source of confusion, this is not about the strategic KPIs that will be used to track the progress of the strategy after it is launched. All we are trying to do here is work out whether we have written a good enough strategy for it to be accepted as our strategy and launched. If, for example, we identify in horizon scoping that we need growth, both of revenue and customers, or we will need to reduce staff costs, the acceptance criteria for strategy launch would be thorough, evidence-based projections of costs and revenue with credible methods of achieving them.

My [Strategy Scoping Checklist \(download free pdf\)](#) can be used to prompt discussion of the key scoping decisions described in the three categories above. You can read more about Strategy Scoping in [The Strategy Manual](#) where there is a whole chapter dedicated to the principles and practicalities of strategy scoping as a precursor to strategy development.

4.10 Strategy destination or strategy aspiration?

[\(March 2022\)](#)

A challenge at the heart of any strategy is how to label where your strategy is going. When I wrote [The Strategy Manual](#), I described this 'where-is-your-strategy-going' in two different ways: firstly, I said that one of the key objectives of strategy was 'to commit the organisation to a future destination'. Secondly, I proposed that a key part of strategy scoping was to define your new strategy in terms of its aspirations.

So, how do we best describe 'where-is-your-strategy-going'? Is it better thought of as a destination or an aspiration?

One important factor to consider in answering this question is that strategy can be described in terms of a direction rather than a destination: the terms trajectory or path are sometimes used instead of direction. In other words, strategy can sometimes commit to 'how we will strive to get somewhere' rather than 'where we will strive to get to'. For example, my strategy might be to increase investment in research, innovation and product development. This is definitely a means rather than an end; a direction more than a destination. Of course, this direction could be translated into a corresponding destination. By means of increased investment in research, innovation and product development, I aim to lead the market in how rapidly I launch new products. However, requiring strategy to be defined in terms of a destination may be an unwise 'forcing function' in some circumstances. Launching more new products than my competitors is one possible destination but improving the product-market fit of my existing products might be another. In some cases, it might be more judicious to leave strategy defined in terms of direction.

Aspiration perhaps comes to our rescue here. We can aspire to either a destination or a direction for our strategy. This would also align us with some illustrious company. Lafley & Martin, in their excellent 2013 book 'Playing to Win: How Strategy Really Works', locate strategy 'aspiration' front and centre of their model:

- "What is your winning aspiration? The purpose of your enterprise, its motivating aspiration?" (p14)
- Winning aspiration "sets the frame for all other decisions ... Aspirations are statements about the ideal future. At a later stage in the process, a company ties to those aspirations some specific benchmarks that measure progress towards them." (pp 18-19)

There is just one word of caution to heed in relation to 'aspiration'. It can be used in two distinct ways in relation to strategy:

- *Visionary aspiration* – What is our ‘vision’? Where do we want to be ultimately? How do we see the world when our work is done?
- *Strategic aspiration* – Where will this strategy take us at the end of this prescribed time period? What is our ideal future state at this defined time in the future?

So, here are my rules for defining ‘where strategy is going’:

1. If you can definitively and confidently define a strategy destination, do so. It provides a clear endpoint for strategy, with stopping rules so you’ll know when you’ve arrived, and KPIs against which you can measure your progress.
2. For some strategies this will be a step too far. The only thing you can be certain of is your direction of travel. To force yourself to commit to a particular destination may prematurely rule out alternative destinations. In which case define a strategy direction.
3. If you’re not sure which is going to apply to your own strategy, perhaps because you haven’t resolved it sufficiently yet, talk about strategy aspiration, because that can be either a destination or a direction. Make sure, in this case, you don’t confound visionary aspiration and strategic aspiration.

4.11 Twelve strategy questions... and the resources to help answer them

[\(March 2022\)](#)

Here are twelve questions I'm frequently asked about strategy ... and the models I typically reach for to help answer them.

1. We need a new strategy – but where do we start?

This is a great question. Starting in the wrong place with your strategy thinking could cost you a lot of wasted time. My go-to starting point is always to ask the three questions in the [Value Model of Strategy](#). Firstly, what value do you deliver to the world – and how could you do this differently in future? Secondly, what is it that you do in order to deliver that value – and how could you do this more effectively in the future? Thirdly, how do you manage your inputs and outputs to ensure your value delivery is profitable – and how could you do so more efficiently in future?

2. How do we draw a line between strategy and 'business-as-usual'?

This is a question that ought to be asked a lot more often than it actually is. I developed the [Boundary Model of Strategy](#) specifically to help answer it.

3. Do we really need clear separation between our strategy and our strategic plan?

Yes. Yes! YES! [The Separation Model of Strategy](#) starts to explain why.

4. How do we make sure our vision, mission and strategy are complementary but still well-aligned?

Okay, that's not the question I'm actually asked, but it should be. A great foundation for any new strategy is to have vision and mission doing the different jobs they're meant to whilst being nicely aligned. The [House of Strategy Model](#) presents this graphically and provides a template to either analyse your existing vision, mission and strategy or devise new ones.

5. How do we get everyone to 'take the long-view' and see the entire strategy process from conception to completion?

As of [last month's newsletter](#), we have two ways of answering this. Our original [Strategy Lifecycle Model](#) highlights the cyclic nature of strategy whereas last month's [Triple Diamond Model of Strategy](#) emphasises the three cycles of creative thinking that make up the strategy process. Take a look at both and decide which suits your purpose best.

6. How do we make sure our strategic thinking has been deep enough and creative

enough?

[Framing](#) is a good answer. It sets your strategic thinking in a new context, and, in doing so, injects sources of creativity into strategic thinking. It stimulates 'divergent thinking' by frame-stretching and then 'convergent thinking' by frame-setting. [The Futures Cone](#) can also provoke useful discussion.

7. How do we make sure our various strategy initiatives align effectively and join up across our organisation?

This is my favourite question, because it is rarely done well, and it is so much easier to do than most people imagine... provided it is built into your strategy process from the start. Learn more by watching this [3-minute video](#) or exploring the [Cascade Model of Strategy and Strategy Mapping](#). Once you've built your strategy map, validate it, by checking that all goals are sufficient and necessary for strategic success, using the [SaNity Check Model](#).

8. How do we check if our draft strategy is good enough?

The [Strategy Design Model](#) provides a checklist of the eight features every good strategy ought to have.

9. How do we ensure our strategic plan is resilient and agile enough?

The [Pyramid Model of Strategy Adaptation](#) helps you check that your sense-making, decision-making and change-making are good enough to ensure your plan remains adaptable.

10. How can we get everyone across the organisation actively engaged with, and willingly committed to, our new strategy?

The simple answer is to have lots and lots of 'strategy adoption conversations' and the ['H' Model of Strategy Adoption](#) sets out how to do them well (this model is also referred to in relation to Rob Estreito's suggestions on 'control', in the snippets below). Remember strategy adoption needs on-going support – check you've got all the necessary elements in place using the [Goal Adoption Support Model](#).

11. How do we get Key Performance Indicators (KPIs) to work for strategy?

I'd have to admit that most of the times I get asked this question it turns out the problem is not actually to do with KPIs. It is more to do with goal definition and goal alignment (covered in 7 above), which need to be well resolved first if our strategy KPIs are going to aggregate up to a summative indicator of strategic success. Provided the underlying goal structure is resolved, the [AMP Model](#) will steer you towards good KPIs.

12. How do we align our management of risks with our management of strategy?

Firstly, recognise strategic risks (see [Strategic Risk Model and Risk Register](#)). Next, categorise the different ways to deal with them (see [VACU Model](#)) and then prioritise the

risks and plan how to manage them (see [PRISM](#)). See also the McKinsey item in snippets below.

As always, if you'd like to chat in more detail about any of these, [get in touch](#).

Strategy snippets you might have missed on 'Strategy Scoping & Development'...

Published examples of Strategy Scoping documents

[\(September 2024\)](#)

In [February 2023's Strategy Distilled](#), I explained the case for strategy scoping. Here is how I began ...

Strategy scoping writes the brief for strategy development. It ensures the strategy you develop is rigorous and fit-for-purpose, setting both signposts and milestones for strategy development. Strategy Scoping has three main objectives:

- 1. To enable initial decisions to be made about what purpose your forthcoming strategy is intended to serve, what, broadly, is in- and out-of-scope and to assemble a body of evidence to explain and justify those decisions.*
- 2. To propose what needs to be done during strategy development, who needs to be involved and how key strategic decisions are going to be made, validated and ratified.*
- 3. To define a set of criteria by which the strategy, once produced, will be deemed to be fit-for-purpose.*

It is, however, hard to find published examples of strategy scoping documents, partly because they are often called something other than 'strategy scoping document'. But as a result of a spoonful of effort and a heaped spoonful of luck, I've found two.

The first is the Sussex Partnership NHS Trust, who have published a document entitled '[Developing our organisational strategy for 2025-2030](#)' that opens with these words:

"We are pleased to share that during 2024 we will be working in partnership with people who use our services, our staff and our partner organisations to develop our new organisational strategy. This is an opportunity to bring together people's experience, expertise and ideas to help shape our future plans. Our new strategy will describe our vision and ambition and define how we will deliver high quality, specialist NHS mental health, learning disability and neurodiversity services for patients, families and carers."

Secondly, Medact, a charity that supports health professionals from all disciplines to work together towards a world in which everyone can truly achieve and exercise their human right

to health, recently published a blog post '[Working towards our new Organisational Strategy](#)'. In it they say:

"Medact's Organisational Strategy sets out our approach to winning our vision of a better world, including our theory of change that guides our movement in this mission whilst embracing our collective vision and values. We are currently in the process of developing our next Organisational Strategy. As a member-led organisation, we have and will continue to prioritise time for deep discussion and detailed input to this process from our members, supporters, local and issue groups, individuals involved in our work, the board of Trustees, and the staff team."

Whenever you are planning to conduct a strategy scoping exercise within your own organisation, or for a client, have a look at these for inspiration.

Strategy on a Page

[\(January 2024\)](#)

Fellow consultant and colleague, Neil Perkin, [argues that reducing strategy to a one-page summary is "a very useful exercise to go through"](#) because it forces leaders to articulate what their high-level strategy is, it helps communicate the strategy and it can help teams to own the strategy. He points to Salesforce's V2MOM as one way to sharpen focus sufficiently to produce the one-pager: Vision: What do you want to achieve? Values: What's important to you? Methods: How do you get it? Obstacles: What's preventing you from being successful? Measures: How will you know you've been successful? He goes on to suggest that such a one-pager needs to be supported by a clearly articulated (preferably written) strategy which gives the necessary supporting detail. I'm not so sure about this, as I've argued [here](#) (The case for strategy being limited to a handful of high-level goals) and [here](#) (Separating Strategy from Strategic Planning) ... but still an interesting read.

Design Fiction

[\(July 2023\)](#)

Design fiction is a form of storytelling that provides a narrative impression of aspects of the future that could be brought about by design. Julian Bleeker, probably the best known pioneer of [design fiction](#), produced a [quick start guide for a self-driving car](#). Offering a fictional but “grounded experience [rather] than discussing aspects of autonomous vehicles in the abstract, we set ourselves to the task of embodying the technical, user-interface, user-experience, and hot-button socio-technical issues through the archetype of a Quick Start Guide”. I’m looking forward to finding my first client to translate this idea across to strategy fiction.

Complexity from brevity – a strategy development error

[\(October 2023\)](#)

A rant from me ... How many strategies do we read with sentences like this:

“We will focus relentlessly on customer engagement, keen pricing and excellent customer service, in order to drive up customer acquisition, maintain our market-leading sales conversion and maximise customer retention.”

That’s three causes and three effects. Together that’s nine possible interactions (focus on engagement for acquisition, for conversion and for retention, focus on pricing for acquisition, for conversion and for retention etc.) and most likely nine strategic KPIs. Really? From a single 29-word sentence? Or is this merely a feel-good declaration that avoids saying what the strategy really ought to be. What is it we really need? Is it improved acquisition, conversion or retention? Surely one is more important than the others. And what is our preferred route to achieving it? Do we need to get better at engaging our customers, serving our customer or do we need to shake up our prices? Surely, it’s not all three!

How well does your strategy travel?

[\(July 2022\)](#)

The world of learning and development has a concept of near- and far-transfer, which, I've realised, could be very useful for strategists. Imagine a trainer delivering a training session. By the end of it, the trainees will, hopefully, be able to do what you've been training them to do. If, for example, the session was on personal responsibilities for cyber-security, you hope that they commit to changing their passwords periodically. If they do, you have achieved near-transfer of knowledge and skills. If they also start thinking about aspects of their work that you didn't cover in the training, then you have also achieved far-transfer of knowledge and skills. They might, for example, check that the new CRM system they've recently started using encrypts all customer data that it stores.

So, how does this concept of near- and far-transfer apply to strategy? There are two senses of transfer distance that I think might be useful. Firstly, it could apply in organisational terms. A strategy that achieves only near-transfer affects the thinking and action of the executive team; one that achieves far-transfer drives change across the organisation. Secondly, it could apply to domains of application. A strategy might, for example, seek to increase income by expanding the audience reached by marketing materials. If income did indeed increase because of audience expansion, the strategy would have achieved near-transfer. If the strategy also made marketers think of other domains of application for the same strategic principle (e.g. segmenting the audience and investing disproportionately in segments with higher purchase-propensity) the strategy would have achieved far-transfer.

The practical lesson here is to use transfer distance as a way of validating your strategy in the late stages of its development. For each of the main strategic initiatives, think how you might be able to change how the initiative is described to increase the chance of it achieving far-transfer, without diminishing its likelihood of near-transfer.

For more on the details of near- and far-transfer, as it applies to learning and development, see Hempenstall K, 2019. [Near and far transfer in cognitive training](#). National Institute for Direct Training.

McKinsey's Seven Step Problem-Solving Process

(June 2022)

A great deal of strategy is about problem-solving. Elements of [McKinsey's problem-solving process](#) are particularly relevant for strategy.

- 1. Define the problem clearly and concisely.** Describing the problem context is critical for subsequently determining how likely the proposed strategy is to resolve it.
- 2. Use logic trees to disaggregate the problem.** Break the problem down into a cascade of sub-problems and sub-sub-problems. The resulting logic diagram can then be translated into a corresponding cascade of goals and sub-goals to solve each of the problems and sub-problems. This logic tree of goals is a [strategy map](#).
- 3. Prioritise rigorously.** Which part of the logic tree is likely to yield best, fastest, most efficient (pick whichever one best suits your needs) results?
- 4. Produce a work plan.** This is where thinking turns into action. Who needs to do what to tackle this problem and its component parts? How can we bring stakeholders along with this plan? Are we sure we've got executive commitment to the plan?
- 5. Problem analysis.** What analysis needs to be undertaken to crack the problem? Problem analysis corresponds to the divergent thinking phase of strategy development ([Learn more about divergent and convergent thinking for strategy development](#) in May's Strategy Distilled newsletter).
- 6. Solution synthesis.** How do we pull together insights from analysis in order to synthesise a solution to the problem? Solution synthesis corresponds to the convergent thinking phase of strategy development.
- 7. Solution communication.** Problems of any complexity are rarely solved once by a single person. Typically, they need to be solved again and again across organisations. This requires lots of people to be able to firstly recognise the problem and secondly know how best to solve it.

Lessons for strategy from Pixar's 22 rules for storytelling

[\(January 2022\)](#)

What's not to like? The magic of Pixar distilled into [rules for storytelling](#). And if that's not enough, here's a handful of them with powerful lessons for strategy as well.

Rule #2 You gotta keep in mind what's interesting to you as an audience, not what's fun to do as a writer. They can be very different.

Lesson for strategy: For strategy, think of beneficiary rather than audience. Who is going to be the primary beneficiary of your strategy? It is likely to be your customers, although it could be your suppliers or partners. The benefits to your own organisation and their shareholders ought to be secondary to the primary beneficiary. As you are actually writing the strategy, you do also need to consider its audience – who will be reading it? What do they know and what are they thinking before they start reading it? And what do you want them to do when they are finished reading it?

Rule #4 Once upon a time there was _____. Every day, _____. One day _____. Because of that, _____. Because of that, _____. Until finally _____.

Lesson for strategy: Strategy, like storytelling, is a cascade of consequences. Small things done by a few people combine together to make up bigger consequences for more people. Then ultimately, strategic success affects a whole lot of people in profound ways. Telling the story of a strategy sets out that cascade of consequences.

Rule #5 Simplify. Focus. Combine characters. Hop over detours. You'll feel like you're losing valuable stuff but it sets you free.

Lesson for strategy: How hard is it to get rid of good stuff? Really hard! But if by getting rid of good stuff your force yourself to find even better stuff, the hardship is all worthwhile. And since the best strategies (like the best stories) usually hinge upon a few brilliant ideas, casting off ideas that are 'merely' good may be the price of success.

Rule #7 Come up with your ending before you figure out your middle. Seriously. Endings are hard, get yours working up front.

Lesson for strategy: True destination-thinking doesn't come naturally to many leaders. Many are method-thinkers – how are we going to get there, rather than where are we trying to get to. Others think in terms of destination-proxies (a proxy is a substitute for something of true value). So, picking up on the example I used at the start of this newsletter, market leadership is a destination proxy. It doesn't explain what type of

organisation we need to become in order to attain (and earn) that leadership.

Rule #16 What are the stakes? Give us reason to root for the character. What happens if they don't succeed? Stack the odds against.

Lesson for strategy: Great stories really matter to their audience. The hero's triumph elates me; their loss saddens me. Strategy too, needs to matter to those on whose efforts it depends. So, strategy needs to define more than just a destination. It needs to persuade all stakeholders in the strategy that this destination matters and failing to reach it will be everyone's loss, not just the CEO's.

Social proof

[\(November 2021\)](#)

What is it? Social proof is a psychological and social phenomenon whereby information about the choices of others tends to give rise to conformant choices in recipients of that information. It is a decision-making heuristic leading us to believe what is good enough for others is probably good enough for me.

Why does it matter for strategy? Social proof often doesn't make it all the way to the final published strategy document but may play a critical role in the decision-making about what is included in strategy. There are two types of social proof relevant to strategy: what do other people within the organisation think and what have other organisations (our peers or our competitors) done? So, for example, knowing that 72% of the organisation thought that 'Including customers more in our product development' was important or very important makes it more likely that customer consultation will be featured in the new strategy. Or, knowing that 4 of our 6 key competitors either had reduced prices or were planning to do so, makes it more likely that price reductions feature in our new strategy.

Strategy and the eigenquestion

[\(September 2021\)](#)

Knowing your matsaaruti from your pukak is important if you live in central Siberia. Matsaaruti is wet snow that can ice-up the runners of your sledge, pukak is the salt-like crystalline snow that your sledge glides over. Just like words for snow in the Eskimo family of languages, discovering a word for an idea that didn't previously have one can be something of a revelation. For me, 'eigenquestion' was one such word. Derived from the mathematical concept of the 'eigenvector' (the most discriminating vector that accounts for most variance in a data set), the eigenquestion is 'the most important question' to ask about a challenge or opportunity.

I discovered eigenquestions in an [article by Shishir Mehrotra and Matt Hudson from Coda.io](#) and they provide a useful operational definition, which connects to a process for finding eigenquestions. The eigenquestion for a particular topic is, they suggest, a question which, when answered, will also answer many other questions about the topic. To find the eigenquestion for strategy, start writing down a bunch of questions about a strategy issue you are working on. Let's imagine that your strategy issue is how to increase quarterly revenue consistently over the next few years. You start writing down questions about pricing and margins, costs and efficiencies, innovation and new product launches. Then, according to Mehrotra and Hudson, you rank these questions in terms of importance. Does one high-ranking question also provide the answer to many of your other questions? In our example, the eigenquestion is probably whether you can attain market leadership in your sector. If so, you can charge more than your competitors, drive harder negotiations with suppliers, drive up margins and have more to spend on new product development.

Why does this matter for strategy?

Strategy is plagued by [Type III errors](#) – getting the right answer to the wrong question. Applying eigenquestions to your strategic thinking makes it more likely that your strategy will answer the right question.

The Six Roles Required for Strategy Development

[\(August 2021\)](#)

In light of the [McKinsey article](#), published in 2014, I thought I would release my own set of archetypes that I published in [The Strategy Manual](#). These 6 roles (the Magician, the Executive, the Advocate, the Analyst, the Author and the Controller) can be used as provocations to explore the very different kinds of strategy jobs that will be needed for strategy development, and how best they might be filled by individuals and teams within your organisation.

Download the [The Six Roles Required for Strategy Development as a pdf](#) or see [all strategy models](#) released by Goal Atlas so far.

Released under [Creative Commons License](#), all our models are free for you to use in your strategy documents and presentations (attribute to Goal Atlas 2024).

Framing – a lesson from behavioural economics

One of many findings from behavioural economics we need to know about as strategists

[\(July 2021\)](#)

What is it? Framing is the use of a set of ideas (the frame) to make sense of the world around us. How we interpret someone rapidly closing and opening an eye, depends on whether we frame it as a blink (involuntary movement due to a speck of dust) or a wink (a socially meaningful signal directed at an individual). How individuals within an organisation frame situations can have a profound effect on their subsequent attitudes and behaviour. To some individuals in a company that recently landed a Venture Capital funding round, this was recognition of our success and an opportunity to accelerate us towards even more success in the future. To others it was an attempt by faceless rich people to get even richer on the back of our collective labours.

Why does it matter for strategy? Framing explains why different people can hold very different views about the same facts and hence may have wildly different beliefs about where the most promising future for their organisation lies. A key part of strategy development, therefore, is to try to make sure people are, as far as possible, framing the strategy situation in similar ways. Where this is not possible, the next best option is to have people's different 'frames' out in the open and mutually understood. This way, a common strategic destination may still be agreed, even if different people may explain and justify the strategy in different ways because they frame the world differently.

Framing: Frame-stretching & Frame-setting

[\(July 2021\)](#)

We have taken the principles behind framing and applied them as a creative strategy tool to help you 'think of all possible [strategy] ideas and then select the best'. [Framing](#) uses different strategy models (e.g. SWOT analysis, value proposition design, stakeholder analysis) to re-contextualise the strategy being developed, and, in doing so, inject sources of creativity into strategic thinking. It stimulates 'divergent thinking' by **frame-stretching** and then 'convergent thinking' by **frame-setting**. Framing is a key part of strategy development and use of a variety of frame-stretching and frame-setting tools can enhance the range and quality of strategic ideas.

Frame-stretching is a creative thinking technique using strategy models as a basis for coming up with new ideas about what could potentially be included in a new strategy.

Frame-setting is an exercise to select, refine and combine creative ideas generated for a new strategy. It differentiates between what's included in strategy and what's excluded.

Download the [Framing model as a pdf](#) or see [all strategy models](#) released by Goal Atlas so far.

Released under [Creative Commons License](#), all our models are free for you to use in your strategy documents and presentations (attribute to Goal Atlas 2024).

THEME 5: ENGAGEMENT & CONSULTATION



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

5.1 Engagement: A missing ingredient in too many strategies

[\(April 2024\)](#)

If strategy could be achieved by the efforts of the CEO alone, there would never be any need for a strategy document. A personal to-do-list would work just as well.

So, securing engagement from others across the organisation is essential for strategy to be successful. This article will set out the case for engagement in strategy, and in doing so will define the main ways engagement needs to be undertaken at different stages of the strategy lifecycle.

The essence of strategy is to define what future success we, as an organisation, aspire to and how the efforts of many across the organisation ought to be aligned and focused to bring about that success. The purpose of engaging people across the organisation to get them to think about strategy is to secure their commitment to the actions that will bring about strategic success.

Let's start at the end – our strategy has just reached its end date. Ideally, we can look back with a warm glow of satisfaction, confident that our strategy has:

1. energised enough people across the organisation to work together to bring about the transformational change specified by the strategy;
2. met the indicators of strategic success specified in the strategy.

That's how strategy is meant to work!

To get there, we need to get 'enough people' across the organisation to engage with the strategy throughout its lifespan (see Fig. 1 showing the strategy lifecycle). For many strategies in many organisations, 'enough people' means most people across the entire organisation (see my Strategy Distilled newsletter from February 2024 on ['strategy is for everyone'](#)). Other strategies are narrow and focused only on a particular function within the organisation (e.g. a marketing and sales strategy), in which case only the people delivering that function might need to be engaged in thinking about, and committing to, the strategy (although this is still likely to be in pursuit the success of an overarching organisational strategy).

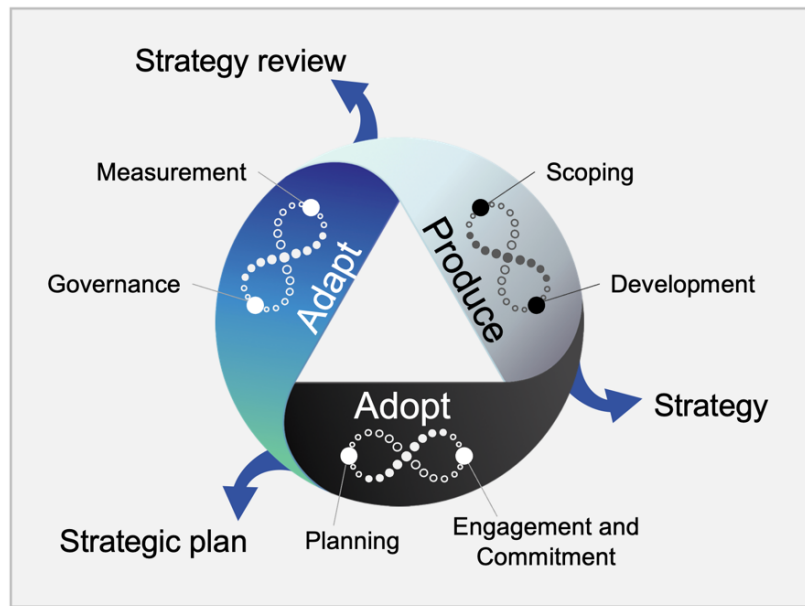


Figure 1 The Strategy Lifecycle

The peak level of engagement we seek needs to be sustained across most of the lifespan of the strategy. Here are some of the key requirements:

1. On-going, practical, front-of-mind, awareness of the goals set out in the strategy;
2. An active plan for how 'my work' needs to contribute to these strategic goals;
3. An in-depth operational understanding of how my ways of working will align with the ways of working of my team-mates and colleagues to deliver defined strategic outcomes by agreed dates;
4. On-going vigilance and measurement to detect changes in our operating environment that require strategic plans to adapt;
5. Effective governance of strategy to:
 - drive strategic change;
 - remove blockers to strategic change;
 - adapt strategic plans to address issues and challenges that arise throughout the duration of the strategy sufficiently for them to be resolved.

To this end, there are purposeful actions that can be taken over the development of strategy to help ramp up engagement to reach this peak level of engagement in the first place:

1. Start by sharing a statement of 'strategy scope' (see my Strategy Distilled newsletter from February 2023 on ['the case for strategy scoping'](#)). A statement of the scope of a strategy can outline, for example:
 - Why we need a new strategy;
 - The things this strategy must change;
 - Any reasons why this strategy needs to have a particular duration;

- How the new strategy will be developed;
 - The opportunities that will be provided to comment on / contribute to the new strategy.
2. For those charged with developing the strategy, it is important that they:
 - Share their ideas on strategy as the strategy develops;
 - Seek input on what's missing;
 - Seek feedback on which strategy ideas are supported / endorsed and which are challenged / disagreed with;
 - Ensure that those engaged with feel 'heard' and show how their views have been impactful.
 3. As strategic plans are developed and strategic goals are delegated across the organisation, everyone delegating goals must take the time to have meaningful strategy adoption conversations (download a pdf on '[rules for strategy adoption conversations](#)'). Good delegation strikes the right balance between executive focus (this is what we want to change and why) and front-line ownership (here is what we know about what works now and here is what we feel is the best approach to making the required changes). The act of delegating a strategic goal secures a two-way commitment: a front-line commitment to act in pursuit of agreed targets and deadlines and an executive commitment to resource the work needed and to facilitate any necessary support from other parts of the organisation.

From all this, it may be useful to think of the process of developing engagement in strategy as follows (See Fig. 2).

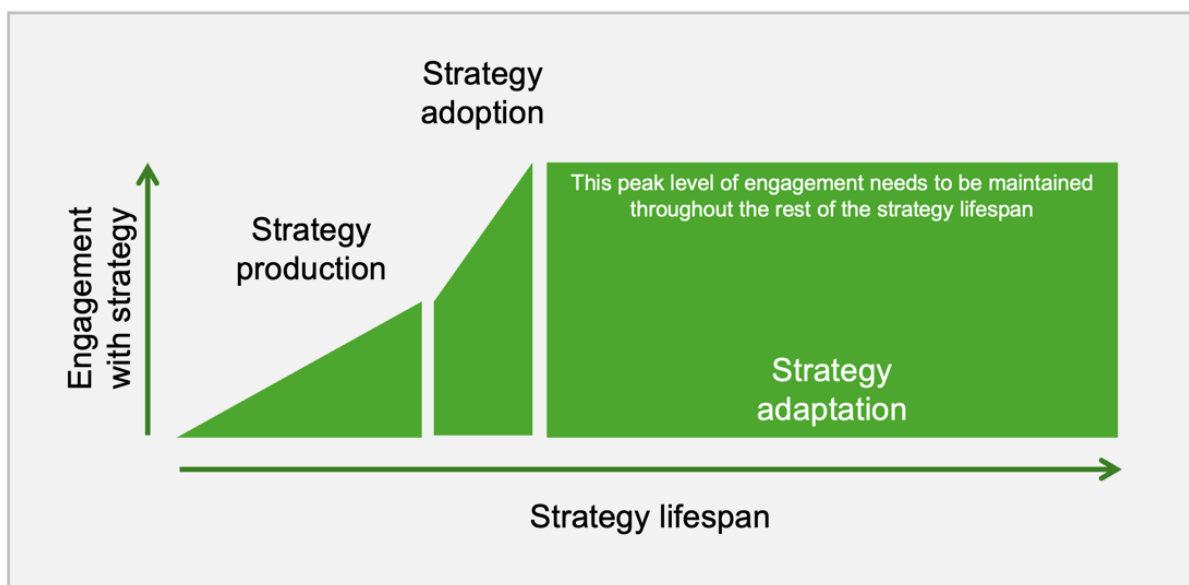


Figure 2. The development of strategy engagement over the strategy lifecycle

Engagement with strategy ramps up throughout strategy production. This is achieved by means of good communication about the emerging strategy plus opportunities for people across the organisation to comment upon and influence strategy development.

Then engagement ramps up more steeply as strategy adoption conversations drill down into the details of strategic plans. As the goals within strategic plans are delegated, engagement turns into commitment.

Finally, for the rest of the strategy lifespan (as the strategic plans are adapted in response to changing circumstances) engagement and commitment needs to be maintained at peak levels. This is led by visible, tangible, on-going commitment to the strategy by senior leaders and is sustained by good participative governance of strategy (see '[Strategy governance from the boardroom to front-line teams](#)' in Strategy Distilled from April 2022).

5.2 Strategy is for Everyone

[\(February 2024\)](#)

I've been arguing that strategy is for everyone for many years. Here are some great supporting arguments from Assaf Weinberg, Steven Stowell & Stephanie Mead and Willie Pietersen.

'Most people think they have to be an executive to do "strategy". Most executives think "strategy" is simply a label that applies to anything they do. Turns out they're both wrong. Strategy is a process for getting things done that starts at the top and rolls recursively all the way through a company ... If everyone in the organization thinks strategically, then every "how" is tied to the "how" above it. Strategic thinking isn't only for executives, it's for everyone. It starts at the top, but everyone has to apply it within their own scope to be effective. Whether you're working in a company of 10,000 or a startup of 1, clearly defining your goal and recursively choosing your "how's" is going to be the best way to stop being reactive and start getting things done'. [Weinberg, 2021](#)

'If you think strategy is just for the executive team or CEO, think again. In reality, strategy is everyone's job. Every individual inside the organization is linked to the success of the business and plays a part in the firm's strategy mosaic. Everyone in the organization should be asking themselves, How do I add value to the business? Who are my customers? How do I drive benefits? How does my function contribute to the competitive advantage of the organization in the marketplace? To harvest strategic opportunities or avert potential hazards, each function, team, and person needs to answer these questions and take responsibility for delivering results today while formulating and implementing the strategic changes that will shape the future'. [Stowell & Mead 2013](#)

'A survey by Right Management Consultants found that two-thirds of employees do not know or understand their company's strategy ... If a strategy exists only at the top of an organization, it will have little effect. To produce unity of action, strategy must be translated to and acted on at every level within the organization. No one is exempt. All the motivational research points to one fundamental truth. Success resides in the gap between compliance and commitment'. [Pietersen, 2016](#)

The practical implication of 'strategy is for everyone' is that whilst executives may devise strategy, they cannot, on their own, make it succeed. This is down to the active engagement and willing commitment of middle managers and front-line teams. Many strategy experts talk of strategy cascading through organisations and, indeed, I have in the past used the idea of a strategy cascade myself. More recently, however, I have become unsettled by the idea. It sounds too top-down; too command and control. The 'cascade' metaphor gives the

impression of a torrent of water sweeping through the organisation whilst members of that organisation are passively swept along in its wake. The reality of a successful strategy is that individuals and teams are guided by the directionality of strategy, which inspires them to devise their own strategic ideas on how best to make the overarching strategy succeed. A strategy is the means of lighting the fires of a dozen sub-strategies. And each of these sub-strategies is a creative work of strategic thinking in its own right. So, individuals and teams across the organisation are empowered to be strategists in their own area of responsibility, in service of the organisational strategy.

5.3 Justifying stakeholder consultation in strategy development

(May 2023)

What role does consultation play within strategy development? Is it an add-on? A nice-to-have? Or is it an essential part of strategy development? It seems to me that there is a move towards more stakeholder consultation, rather than less. It is, however, a significant undertaking if it is to be done well. Strategists, therefore, need to marshal strong justification if they are to get senior managers and budget-holders to commit to it. Here are three lines of evidence to use.

1. The 'engagement' argument. There is a great deal of common-sense logic to this argument. If strategy is to align and amplify actions across the organisation, towards some future goal, then surely getting employees engaged in discussing and shaping that future goal has got to make it easier for them to commit to it. A more empirical argument comes from Ulrich and Brockbank's (2005) VOICE framework (described in this [book chapter](#) co-authored by Ulrich). By analysing the employee engagement surveys of several large consulting firms, they were able to identify several ways of achieving employee engagement that all these surveys pointed towards (Fig. 1).

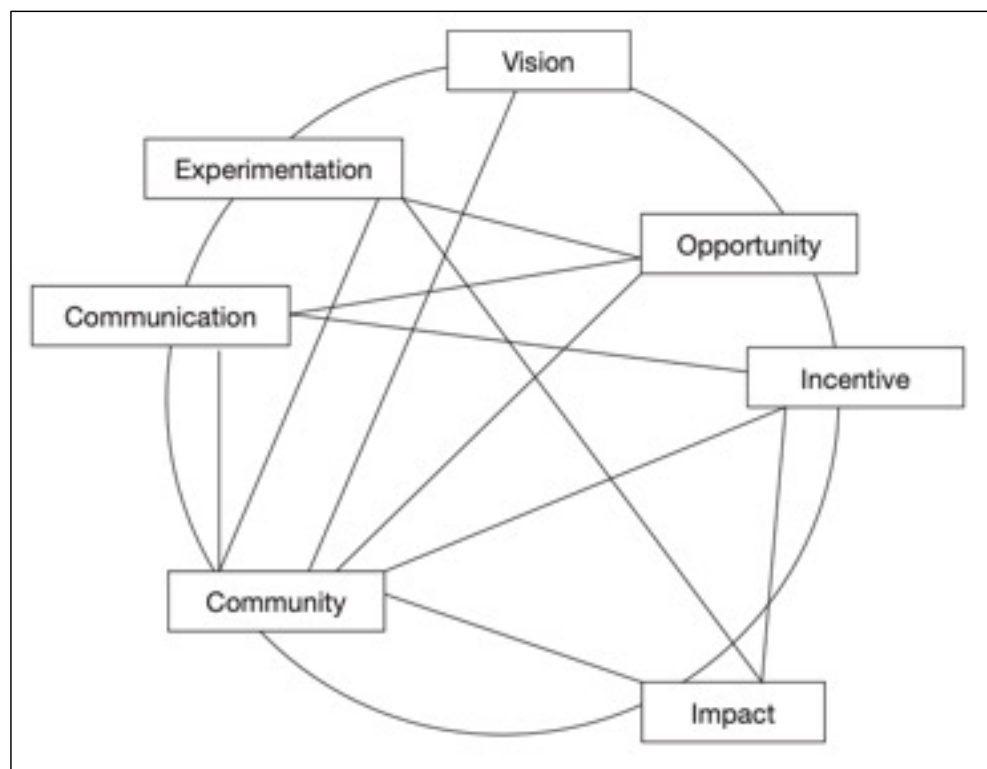


Figure 1. The VOICE framework (Storey, Ulrich, Welbourne and Wright, 2009)

Summarised below are how the elements of the VOICE framework are described by Storey, Ulrich, Welbourne and Wright (*lightly paraphrased by me from their original description*) and, in **bold**, how stakeholder conversations about strategy can **enhance employee engagement** (added by me).

In order to achieve a strong sense of engagement, employees need to feel that their workplace provides them with the following seven elements:

- Vision: *Employees are engaged, heart-and-mind, by a clear sense of purpose and future aspiration.* By participating in strategy development, employees are likely to feel a much stronger sense of ownership of the organisation's purpose and future aspiration.
- Opportunity: The work on offer provides a chance to grow both personally and professionally, through participation in the work unit's activities. **By understanding strategy, employees may see ways in which they could get involved in strategic change initiatives and contribute directly to strategic success.**
- Incentive: *The compensation package is fair and equitable, including base salary, bonus, and other financial incentives.* By understanding the benefits of strategy, employees will realise that strategic success will ultimately benefit everyone.
- Impact: The work itself makes a difference or creates meaning, particularly as it connects the employee with a customer who uses the employee's work. **By participating in strategy development, employees will come to realise how their work supports the work of the organisation.**
- Community: *The social environment includes being part of a team when appropriate, and working with co-workers who care.* By understanding strategy, employees will realise how inter-connected strategic goals are and how strategic success depends on everyone pulling in the same direction.
- Communication: *The flow of information is two-way, so employees are in the know about what is going on.* Strategy, too, requires two-way communication. Leadership makes clear where we are striving to get to. Front-line teams help shape the best ways to get there.
- Experimentation: *The organisation's policies are flexible and designed to adapt to the needs of both the firm and the employee.* **A deep understanding of strategy will reveal that high-level strategic goals remain a consistent North Star guiding our decisions and actions and that our more detailed strategic plan needs to adapt to the circumstances of the moment.**

2. The 'diminished resistance' argument. Unfortunately, we live in a world of increasingly polarised opinions. Politics has become more polarised in many countries (see e.g. [Carothers & O'Donohue, 2019](#)) and consumption of social media is known to polarise personal opinions (see e.g. [Overgaard & Woolley, 2022](#)). Strategy can act as a magnet for polarised opinions. Any proposal to make significant changes to established ways of working (which is what strategy is, almost by definition) will have supporters and detractors, some of whom are likely to be vehement in their views. One well-proven but not-widely-understood fact about such polarised opinions is that they are usually built upon a 'knowledge illusion'. Here is one of the key experiments that demonstrated it. Asking a sample of Americans whether or not the USA should unilaterally impose sanctions against Iran, most people were found to have strongly held opinions on the subject. Some were strongly in favour, some were strongly against. However, when they were asked to explain how such sanctions would be decided upon, imposed and have impact, most participants realised they had a poor understanding of international sanctions. Then, having made that realisation, their strength of opinion on sanctions against Iran was substantially diminished – regardless of whether they were initially for or against them. This is one of many examples cited by Steven Sloman and Phillip Fernbach in their 2017 book, [The Knowledge Illusion](#). The clear implication from this is that the polarised opinions that may resist strategic change are likely to be a lot less polarised, and consequently a lot less resistant, if the nature of the proposed strategic changes were better understood and the justification for those changes more transparent.

3. The 'better strategy' argument. The final, and most positive argument in favour of stakeholder conversations during strategy development is simply that it will result in a better strategy. Again, a lovely experiment explains how this works. Part of a growing amount of research that uses Wikipedia as its source material, Shi et al (2019) ([article](#), [pdf](#)) examined the political alignments of Wikipedia's editors, firstly by looking at their contributions to conservative and liberal articles and then by confirming these findings through a survey that asked about their political views. The main point of the research was then the discovery that articles with a diversity of political views amongst their editors were of higher quality than articles edited by only conservative editors or only liberal editors. They called this effect the 'wisdom of polarised crowds' and said, "analysis of article 'talk pages' reveals that politically polarized teams engage in longer, more constructive, competitive, and substantively focused but linguistically diverse debates than political moderates".

So, stakeholder consultation gets you out of the senior management echo-chamber. It gets you talking to a much greater diversity of people and opens your ears to more polarised opinions. These, of course, can be hard work. It would be much easier to write a Wikipedia article with your friends and confidants. But if you take the trouble to write it with your adversaries and critics, it will be a better article. And the same goes for your strategy.

Here, then, are three arguments you can use to justify the effort and time needed to do

stakeholder consultations well:

1. You will engage the organisation more and make the individuals and teams with whom you engage much more ready to adopt the strategy once it is launched.
 2. You will diminish resistance to the changes demanded by the strategy by reducing the polarisation of views about the strategy. The more familiar people are with the strategy the less their knowledge illusions are likely to set them against it.
 3. By engaging with a wide diversity of stakeholders, the more robust your conversations about strategy are likely to be ... and hence the better your strategy is likely to become.
-

5.4 Boosting collaborative skills for strategy

The STEER framework

[\(June 2022\)](#)

Most strategies depend on colleagues across the organisation working together in ways they are not accustomed to. Yet how often are collaborative skills boosted to help the strategy have its intended impact? To address this, I have developed a new practical framework to boost collaborative skills called the STEER framework (Fig. 1).

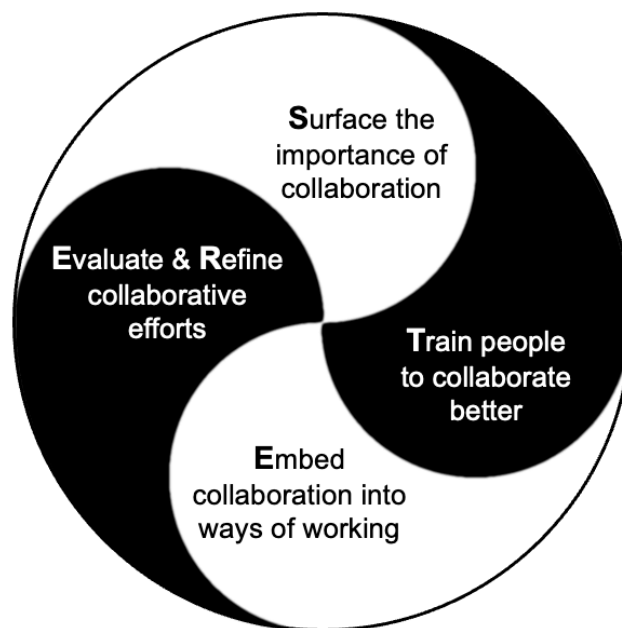


Figure 1. The STEER framework to boost collaborative skills for strategy

The STEER framework features four objectives:

1. Surface the importance of collaboration.

Managers in most organisations tend to remain in their own lane; venturing outside it costs time and effort as well as incurring risk. Collaboration must, therefore, be made to appear worthwhile. So, make sure, whilst introducing or reviewing strategy, that the need for collaboration is surfaced in the discussion. It may be that strategy simply won't work without collaboration. Or it may be that strategy, worked on collaboratively, will have more impact. Be clear why collaboration is needed. Work through the logic or the evidence showing why collaboration is necessary. Managers who take personal ownership of the need to collaborate are much more likely to commit to collaboration than those who are merely told it is needed. It is also important to bring deeper issues to the surface. What do people feel about collaboration? What experiences have they had of both good and bad collaboration? Give people the opportunity to share attitudes

and beliefs and then let them discuss how to make collaboration work better.

2. Train people to collaborate better.

There are two types of training needs to think about:

a. *Awareness training* – this involves raising awareness of the things that good collaboration requires, such as:

- i. strong social awareness (e.g. recognising that different individuals have different communication abilities and different learning styles);
- ii. good communication skills (e.g. the ability to describe a challenge clearly and specify the collaboration needed to resolve it);
- iii. active willingness to share knowledge and offer solutions, whilst recognising the contributions of others.

b. *Skills training* – this involves training individuals and teams in the tools and processes that can be used to help people collaborate better, such as:

- i. 360-degree reviews and how to do them well;
- ii. how to audit a collaborative process;
- iii. negotiation and conflict avoidance/resolution skills.

3. Embed collaboration into ways of working.

Where individuals are expected to collaborate on a strategic project, make sure they are briefed together. Make the processes, tools and data needed to do the work available to all collaborators. Provide shared working spaces, both physical and digital. Make sure collaborators have enough time to dedicate to their joint project; big differences in the time available to work on a project usually results in different levels of ownership and responsibility. Where possible, encourage collaborators to take personal ownership of different sub-goals, so they can get recognition for their individual efforts on some of the work. Always try to get collaborators to report their progress together. Ensure that reports and presentations credit all collaborating individuals. Where possible have the line managers of each collaborator in attendance for key presentations of their work.

4. Evaluate and Refine collaborative efforts.

Whenever a collaborative project is reviewed, discussion should cover the facts of the collaboration: who is doing what, how they are working, both individually and together, and which aspects of the collaboration are working well and which are struggling. When the individuals involved in collaborative projects are performance-reviewed, their collaborative achievements should always feature in that review. Make it clear that good collaborative skills, a genuine commitment to collaboration and evidence of productive outcomes from collaboration are all valued traits for progression and promotion within the organisation.

The STEER framework was inspired by:

1. Deb Mashek's 2022 article '[Collaboration Is a Key Skill. So Why Aren't We Teaching It?](#)' in MIT Sloan Management Review (June 23, 2022 Reprint #64111)
 2. Claire Scoular, Daniel Duckworth, Jonathan Heard & Dara Ramalingam's 2020 report 'Collaboration: Skill Development Framework'. Australian Council for Educational Research ([download pdf](#)).
-

5.5 Engaging middle managers in strategy

[\(April 2022\)](#)

Organisations of any significant size have middle managers. They report, directly or indirectly, to senior executives and they line-manage, again directly or indirectly, front-line teams. They have the unenviable position of being 'shot at from all directions'. Their objectives come from above: a strategic change here, a stretch target there, an efficiency gain elsewhere. And as they work out how to achieve these objectives, they feel the sands shifting beneath their feet as their front-line teams seek new, improved ways of working just to maintain current performance. The working life of a middle manager is typically demanding, multi-faceted and can feel high-pressure and stressful. Perhaps not surprisingly, many middle managers have an attitude of 'if it ain't broke, don't fix it'. And this, for an executive team seeking strategic change, can look like the [frozen middle](#) slowing down the rest of the organisation. Not surprising, then, that [NOBL's recent newsletter](#) focused on how to win middle managers over to the need to change. The key lessons for senior executives that I took from their article were:

- 1. Start with why.** Make sure middle managers know why change is needed and how the entire organisation will benefit from (or possibly depends upon) the proposed changes.
- 2. Listen carefully as they explain what these changes mean for them.** Make sure they feel [psychologically safe](#) before they start. And make sure you are aware of the full implications of the changes – don't let them gloss over or diminish how much impact it will have on their work.
- 3. Help them take ownership of these changes.** Maybe rehearse how they might explain these changes to their teams. Make sure you both end up with a clear understanding of the part they will play in contributing to the overall organisational change.
- 4. Clarify what, if anything, the middle manager needs from senior leadership to make these changes happen.** Approval to change standard operating procedures? Authorisation to experiment and, occasionally, to fail? Cooperation from other parts of the organisation?
- 5. End up with explicit (ideally written and signed-off) agreements about expectations, next steps and timetables.** Be clear about minimum expectations. Not every middle manager needs to become a vocal champion of change, but they must never be actively sabotaging changemaking.

5.6 The case for strategy workshops

[\(July 2021\)](#)

Workshops are amongst the most valuable strategic tools available to senior leaders. Here is the case for their use in your organisation.

Why strategy workshops?

The key benefits of a well-run strategy workshop include:

- **Productivity:** A workshop is designed to be a high-productivity event – participants get a lot back from the time they invest. For this to happen, considerable preparatory work may be needed by the workshop facilitator.
- **Diversity:** A workshop is designed to solicit a diversity of inputs. Try, as far as possible, to invite participants with different backgrounds, responsibilities and objectives.
- **Inclusivity:** Every participant matters, and every participant's voice is heard. This has two benefits: firstly, every participant's contribution is listened to and valued. Secondly, there are no passengers in a workshop.
- **Safety:** A workshop is a safe-to-fail environment – commitment to the psychological safety of participants needs to be made clear in the facilitator's introductory remarks. Ensure that all criticism is constructive and that it is ideas that are judged, not individuals. Explain how great ideas are often triggered by someone else's outrageous, silly, far-fetched or impractical ideas.
- **Defence from bias:** A workshop can be a great defence against 'confirmation bias' in strategic thinking. Learn more about confirmation bias from [last month's newsletter](#).
- **Impact:** A workshop ought to have an executive sponsor – to ensure the conclusions of the workshop are acted upon and enable them to have their intended impact.

How to make strategy workshops succeed?

- **People:** Workshop planning involves at least two key people. Firstly, the workshop sponsor – they need the answers a workshop seeks to provide, and they also have both an interest in the outcome of the workshop and the authority to act upon the workshop conclusions. Secondly, the workshop facilitator, who will manage the workshop proceedings and deliver the workshop conclusions.

- **Purpose:** A workshop sets out with a clear and explicit purpose. Examples could include:
 - a. To build the foundation for deciding ...;
 - b. To decide ...;
 - c. To examine the evidence for and against ...;
 - d. To prioritise ...;
 - e. To review the decision to ...;
 - f. To risk-assess ...
- **Process:** A workshop usually benefits from working around a process, model or framework. Here's one that works well:

Frame it, See it, Do it is a workshop process that begins with the facilitator explaining a framework for participants to think about a topic – this is 'Frame-it' part. Then show an example of how to apply the framework – the 'See-it' part of the process. Finally, participants are asked to apply the framework to something of their own choosing – the Do-it part.

Imagine we were in a workshop to devise a new mission statement for an organisation. We frame this challenge in two ways. Firstly, the term 'mission' is defined. An organisation's mission is its purpose. What is the organisation, now? What does it do, what does it aspire to be, right now. Secondly mission is placed in context, alongside other 'identity signals' of the organisation. 'Vision' is all about the future. 'Strategy' is how we plan to get from mission and make progress towards vision (see more in Goal Atlas's House of Strategy model). This completes the 'Frame-it' part of our workshop on mission. The next step is to exemplify it. We choose LinkedIn as an example. Their mission is 'connect the world's professionals to make them more productive and successful'. This is the very heart of what LinkedIn does. It is LinkedIn's purpose. Which connects elegantly with LinkedIn's vision to create economic opportunity for every member of the global workforce. With these learnings, our workshop participants are now well equipped to start working on a new mission for their own organisation in the Do-it part of the process.





[Frame-stretching](#), our new strategy model released in this newsletter, is, of course, another model that can form the basis of a strategy workshop.

*Strategy snippets you might have missed
on 'Engagement & Consultation'...*

Hand signals for meetings

[\(April 2025\)](#)

Getting all voices heard in meetings is difficult and I loved this idea of agreeing a set of hand signals and their meaning at the start of a meeting (or more generally, as part of agreed organisational culture). These hand signals, according to [Wikipedia](#), originated in the Occupy Movement but I feel a variation of them could be usefully used in any meeting.

Meaning	Gesture	Description	Notes
Agreement		"Up twinkles"; both hands raised with fingers pointing up and being wiggled.	This handsignal was borrowed from the Green Party , who borrowed it from the ASL word for applause. It may be referred to as simply "twinkles".
		Thumbs up	Some locations use thumb gestures to show approval, neutrality, or disapproval.
Disagreement		"Down twinkles"; arms raised but showing the back of both hands with fingers pointing down and wiggling	One will be asked by the facilitator to clarify one's objection. In Occupy Boston (possibly other sites), down twinkles go by the alternate name of "squid fingers". ^[12]
		Thumbs down	
Neutral / unsure		Flat hands	One may be asked to clarify one's position.
		Thumb to side	
Oppose		Fist raised	Opposition to the proposal
Hard block		Arms up and crossed	Firm opposition to the proposal, a break from the consensus that cannot be supported by this individual.

Why meetings need a constructive Devil's Advocate

[\(February 2025\)](#)

Published last week in MIT Sloan Management Review, [Ogbonnaya et al](#) present the results of research showing that when one person takes on the role of testing assumptions and evaluating ideas in meetings, it leads to better-considered next steps and fewer follow-up discussions. Sounds like a must-have for every strategy meeting!

Loretta Ross's 'calling-in' framework

[\(August 2023\)](#)

If you call someone out, you do so publicly and usually antagonistically, with the intention of shaming them. Calling-in, according to Professor Loretta Ross, is a very different way of handling opinions you disagree with. You invite the person you disagree with 'in' for a private conversation. You listen to them respectfully. It doesn't mean you should ignore any harm, slight or damage you feel, but nor should they be exaggerated. Calling out assumes the worst. Calling in involves conversation, compassion and context. Since so much of strategy involves reconciling differing opinions, it seems that the principle of calling-in should feature in the early conversations of every strategy development team. Learn more at [The New York Times](#) (possible paywall) and on [YouTube](#).

Strategic decision-making

[\(January 2022\)](#)

Related to Pixar's rule #16 above ([Lessons for strategy from Pixar's 22 rules for storytelling](#)), I love this [quote from Thomas Sowell](#): "It is hard to imagine a more stupid or more dangerous way of making decisions than by putting those decisions in the hands of people who pay no price for being wrong". The lesson for strategy – always make sure that decision-makers across the entire organisation have [skin-in-the-game](#) for the strategic decisions they make.

DICE instead of RACI

[\(October 2022\)](#)

Recently, I've been working with clients on strategy adoption and our conversations never get far before talk turns to who is going to do what across the organisation. Inevitably, discussion soon progresses into the different roles individuals and teams are going to play in strategy adoption and before long someone has started sketching out a RACI table. With strategic initiatives itemised as column headers and the individuals and teams involved as row headers, the cells can then be filled with (adapted from [Wikipedia](#)):

- 'R' – Responsible: those who do the work to complete the initiative;
- 'A' – Accountable: the one ultimately answerable for the correct and thorough completion of the deliverable or initiative;
- 'C' – Consulted: those whose opinions are sought on the initiative, typically subject-matter experts;
- 'I' – Informed: those who are kept up-to-date on decisions made and progress made on the initiative.

[Clay Parker Jones argues](#) that "RACI is vague, hard to use, and reinforces the 'what the hell is happening here' status quo". His refinement of RACI – DICE – is, he proposes, "specific, easy to use, and shines a bright light on dysfunction". His new framework replaces 'responsible' and 'accountable' with 'decides' and 'executes'. Here's how he explains the benefits. "Decides [...] is specific. Identifying [...] who decides about what (and how) is the most powerful tool in the structuring of work, and we deserve specific words that push us to make these kinds of choices". "Executes is exceptionally clear: it's the person or team that actually does the thing. Writes the deck. Washes the tomatoes. Writes the check to the vendor. Updates the page on the website." "'Informed' and 'Consulted' get to stay. These are quite clear, especially once we get precise with Decides and Executes".

What if You had a Strategy and None of Your Employees Knew About It?

[\(June 2022\)](#)

So asks Prof Timothy Devinney of Manchester Business School. This was prompted by [his research](#) showing that “70% of employees could not identify their employer’s publicly presented corporate strategy when compared to its three major competitors”.

The good news is that some companies are better than others in having their strategies known by their employees. Their secrets seem to lie in three key areas:

1. They feature strategy in training ... a lot. This is probably due in part to some sort of rote memorisation effect (tell people the same thing often enough and they will end up remembering it) and also a strategy contextualising effect (the more that individuals see how strategy matters to different aspects of their working lives, the more meaning it will have and the more they are likely to remember and apply it).
 2. Perhaps most obviously, connecting strategy to recognition and reward during performance appraisal does wonders for strategy recall. This could be quite general ('Describe how your work has contributed to the organisation’s strategic goals') or very specific ('Provide evidence of how your team has cut its carbon footprint, contributing to the organisation’s aim of becoming carbon neutral by 2030').
 3. They recognise that some employees are more influential than others in spreading the word about strategy. Middle managers are particularly important in this regard.
-

What the Beatles can teach us about strategy

[\(January 2022\)](#)

When [Peter Jackson's remarkable documentary on the Beatles](#) was launched, I guess [The Economist](#) needed to reach for the business angle, however much of a stretch that was. A couple of their 'lessons' are worth re-casting in terms of strategy. Firstly, Ringo's role as conflict-resolver and bridge-builder exemplifies how the performance of groups (including teams working on strategy) is not correlated with their intelligence, but rather their sensitivity to the views of other team-members and how good they are at giving everyone time to speak. Another 'lesson' is to listen to others outside your organisation and use the learnings to drive innovation. For the Beatles, it was the arrival of pianist Billy Preston that made the recording session really start to click.

The synergy of Virgin Atlantic's 'double helix' strategy

[\(July 2021\)](#)

We often hear about how the key initiatives within a strategy ought to give rise to synergy. Synergy is where an interaction gives rise to an outcome that is greater than the sum of the interacting parts. Usually one of the initiatives has an amplifying effect on the outcome of the other initiative. We hear about such synergies often enough, but it is refreshing to hear about one actually happening. Virgin Atlantic has taken their well-established [expertise in customer experience \(CX\) and then applied the same principles to employee experience \(EX\)](#). In exactly the same way that they seek to understand and improve the lifts and drags on customer experience, so they now seek to do the same for employee experience ... with the added benefit that this not only creates a happy workforce but that these happy employees serve customer needs better, making for happier customers, which makes for happier employees and so on around the loop.

The front-line paradox

[\(July 2021\)](#)

In an article in MIT Sloan Management Review from a couple of weeks ago, Carsten Lund Pedersen from Copenhagen Business School, suggests that [front-line employees are often the first to sense strategic change yet the last to have their voices heard](#).

Despite the treasure trove of insights front-line employees can offer up for strategic decision-making, top management teams rarely ask for their opinions and hence “deprive themselves of new information that could improve their analyses — risking decisions being made in isolation within the C-suite echo chamber”. Citing examples from companies such as Best Buy and Zara, Pedersen goes on to suggest what steps strategists can make to better engage front-line intelligence in strategic decision-making.

THEME 6: STRATEGIC PLANNING



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

6.1 How strategy actually works

[\(March 23\)](#)

I've read a lot of strategy books and papers. Hundreds of them. And I've done a lot of strategy consulting with dozens of clients. What I've become increasingly aware of, over the years, is the mismatch between what the books and articles say and what the clients struggle most with. So much so that I'm starting to think there is a piece missing in the strategy literature on how strategy actually works. The notes I've been making on this idea are already too extensive to be covered in a single newsletter but here is a sample of my thinking (maybe a new book in the making – let me know what you think).

1. What is strategy?

What does strategy mean and what purpose is it intended to serve in your organisation? For some, strategy is a manifesto for survival, for others it is a vision of ultimate success. These will be very different strategies and the processes for creating and managing them will not be the same. When you talk of strategy, are you referring to a single strategy or many within your organisation? One of my clients was surprised to discover they had 13 separate strategies, none of which was particularly tightly integrated with any other. Are targets indicating strategic success included within the strategy itself or are they documented separately? I have had clients that say there is absolutely no scope for negotiation here – on both sides of the argument!

There are no definitive right and wrong answers here, but there are better and worse answers for different organisations in different circumstances. Having a clear position on what you, within your own organisation, take strategy to mean and what you want it to do for your organisation is, however, always a good idea. This benefits everyone across the organisation. For middle managers and front-line teams, it gives context for making sense of the strategy and for deciding how much they need to engage with and commit to its objectives. For executive decision-makers, it's essential so that they all approach their decision-making in the same frame of mind and have a shared sense of what these decisions are ultimately intended to achieve.

2. Strategy vs Business-as-usual.

In a way, this next point is part of the previous one, but it is such a fundamental decision about strategy that I feel it warrants its own heading. If you can reach where you want to get to merely with tactics, do you actually need a strategy? Where does business-as-usual end and strategy begin? This, of course assumes they are separate in the first place. Most organisations have the implicit assumption that they are, but few are explicit about why. Even fewer are clear about how strategy and business-as-usual will be managed differently. My starting point in this conversation is usually Sergey Brin's (Google co-founder) [70, 20, 10](#)

[rule](#), which suggested that 70% of everyone's efforts ought to be focused on Google's core business, 20% ought to be focused on improving that core business and 10% ought to be "on wild bets". My generalisation from Brin's rule is that organisations ought to spend the majority of their efforts on their current business-as-usual and a minority of their efforts on devising the business-as-usual they will adopt in years to come. This bears a striking resemblance to Nassim Nicholas Taleb's Barbell Strategy for investing (see Taleb's book, [Black Swan: The Impact of the Highly Improbable](#) and a [summary by David Kadavy](#)): invest 85-90% of your money in "sure bets", where both the returns and the risks involved are low (e.g. government bonds – assuming, in [today's uncertain times](#), that they are still sure bets! – or gold) and invest the remaining 10-15% in "wildcards" where the risks are higher but the potential gains are huge (investing in start-ups or crypto-currency). Strategy can be seen as Brin's wild bets, which devise new ways of working, and Taleb's wildcards which are risky but potentially offer huge returns. Strategy, seen in this way, is distinct from business-as-usual, which is keeping the lights on and the wheels turning, whilst providing modest returns on investment with low risk.

All of which makes for some interesting decision-making when you start planning for your next strategy in your own organisation. How big should strategy be? How much effort should be put into it? What budget should be allocated to it, and how? How much risk is too much?

I've worked with clients who have set aside a certain percentage of their budget to fund strategic initiatives. This is great but it doesn't cover the investment made in people's time to work on strategy, which may turn out to be the bigger investment.

3. What do you move on to, after the strategy is written?

There are three common answers to this, all of which I believe are wrong: strategy execution, strategy implementation and strategy deployment. This is what I wrote in [The Strategy Manual](#):

"Such labels raise two issues. The first is that they make it look as though, once the hard work of producing the strategy is done, strategy success will just happen, almost on its own. It just needs to be deployed. It merely needs implementation. It requires only execution, as per the instructions that the strategy itself contains. The second, somewhat related, issue is that it looks as though strategy is something done by leaders to followers. It makes the front-line teams appear to be passive recipients. All of which, of course, is nonsense. It is once the strategy is written that the hard work begins. Aspirations need to be translated into actions. Actions need to be delegated, and possibly delegated again and again in a large organisation. Resources need to be prioritised. Targets need to be set and then checked to ensure they aggregate up to strategic success. New ways of working need to be devised. Innovation needs to be conjured into existence. Strategic success needs to be squeezed from the organisation

(or individual), drop by drop. So, strategy doesn't just need to be implemented, deployed or executed. It needs to be adopted." p303-304.

How, then, do we get strategy adopted? Having worked with several clients on this challenge, this often comes down to 4 key actions:

1. Turn your strategy into clear, discrete goals;
2. Secure commitment from senior executives to take ownership of the top-level goals in the strategy;
3. Conduct "adoption conversations" where the senior executive explains the aspirations of their strategic goal and asks for input from the relevant individuals and teams on how to achieve this goal (see my [H-model of Strategy Adoption](#)). This creates a cascade of goals from high-level strategic goals to the lower-level goals necessary to achieve them;
4. Use these adoption conversations to delegate goals, agreed by both parties (delegator and delegatee). These delegated goals can be either imperatives (this is what we will do) or hypotheses (this is what we will try and, once we know the result, we will review the delegated goal). They also ought to be time-bound and have explicit success-metrics.

This strategy adoption process needs to be built into a robust planning process to ensure commitments to work on strategic goals are accompanied by appropriate resourcing (of time and money) and to ensure progress is tracked, aggregated meaningfully and acted upon, where necessary.

There is a lot more to be written here and I'll maybe return for Part 2 in a future Strategy Distilled newsletter. My main take-away from what I've written so far is that understanding how strategy actually works within your own organisation makes strategy a lot more systematic and effective. If any of this resonates with you, I'd love to chat more about it and learn from your experience. [Drop me an email](#).

6.2 Separating Strategy from Strategic Planning

[\(July 2022\)](#)

I've been toying with the idea for some time now that there are only a handful of foundational ideas in strategy. A foundational idea is one which underpins other strategic thinking – a strategic idea upon which other strategic ideas build. It is also foundational in the sense of solidifying or making more robust – a strategic idea that makes other strategic thinking more powerful and more impactful. In both my thinking about strategy and my hands-on, practical strategy work with clients I have concluded that one of the most foundational ideas in strategy is the separation of strategy from strategic planning.

Here's the idea in a nutshell:

1. Strategy and strategic planning serve different purposes within organisations. They require very different approaches, processes and tools and they produce different outputs.
2. Strategy designs a preferred vision of the future for the organisation and sets out the types of change needed to bring this vision about. A strategic plan operationalises these changes over a defined planning period. It is all about people, priorities, resources, deadlines and targets.
3. Strategy is designed to remain unchanged over several years. It remains the North Star guiding and informing the important direction-setting decisions for everyone across the organisation. The strategic plan changes annually (or even quarterly) and enables the organisation to remain agile in how it seeks to navigate changing circumstances to reach the destination defined by the strategy.

Failing to separate strategy from strategic planning can be damaging for your organisation in several different ways:

1. If you put too much operational detail in a strategy, that detail soon goes out of date, potentially de-railing the whole strategy.
2. If you change or refresh strategy too frequently, you don't give enough time for big changes to embed within your organisation.
3. If you fail to connect strategic planning rigorously enough to strategy, then change happens, just not the change defined by the strategy.

To explore this in more depth, check out my [Separation Model of Strategy](#) or watch Roger Martin's recent 10-minute video called '[A Plan is not a Strategy](#)', containing these key insights:

1. Strategy does not equal planning;

2. Most of what is called strategic planning has nothing to do with strategy;
 3. Strategic planning is usually a list of things the organisation intends to do;
 4. A strategy is “an integrative set of choices that positions you on a playing field of your choice in a way that you win”;
 5. Strategy is a theory – here is why this playing field is better than any other and here is how, on that playing field, we will be better at serving customers than our competitors;
 6. To be a great strategy, it needs to be both coherent and do-able;
 7. Strategy is a lot more risky and harder to manage than planning, which is why managers tend to gravitate towards planning and avoid genuine strategic thinking.
-

6.3 Five strategy lessons from Amazon

[\(June 2021\)](#)

Lesson 1: Single-mindedness

Strategic decision-making is a lot simpler if you are optimising for a single factor (e.g. the customer) rather than trying to optimise around three or four competing factors (e.g. customers, shareholders, employees & suppliers). By being single-mindedly obsessed with the interests of the customer, strategic focus stays sharp, the need for strategic compromise diminishes and the evaluation of strategic success becomes clearer. Here are two examples.

'I almost never get the question: what's not going to change in the next ten years ... It's impossible for me to imagine a future ten years from where a customer comes to me and says, *"Jeff, I love Amazon but I just wish the prices were a little higher."* or *"I love Amazon, I just wish you'd deliver more slowly."* ... you can build a business strategy around the things that are stable in time'. ([Jeff Bezos Interview 2012](#))

In July 2000, the fourth Harry Potter book – Goblet of Fire – was published. Amazon offered it with a 40 percent discount including express delivery so customers got it on publication day. It lost Amazon a few dollars on each of the 255,000 books they sold, yet customers were waiting by the door for their Amazon delivery to arrive and "some seven hundred stories about the new Harry Potter novel in June and July that year" mentioned that Amazon deal. (From Brad Stone's book on Amazon, [The Everything Store](#))

So, single-mindedness gives strategy clarity and focus. It makes clear to everyone across the organisation that if you have a tricky decision to make, especially if it involves a trade-off, always put the interests of the customer first. Single-mindedness also gives you a strategic advantage over competitors who are less single-minded.

Lesson 2: Long-term thinking

'Our first shareholder letter, in 1997, was entitled, "It's all about the long term" ... If everything you do needs to work on a three-year time horizon, then you're competing against a lot of people ... At Amazon we like things to work in five to seven years. We're willing to plant seeds, let them grow. We say we're stubborn on vision and flexible on details.' (Jeff Bezos [interview in Wired magazine, 2011](#))

So, long-term thinking enables you to think grander and build bigger competitive advantages than shorter-term thinkers.

Lesson 3: Flywheels and platforms

So, what does all this customer-obsessed long-term thinking lead to? The answer, from Amazon, is a quite distinctive approach to innovation that can be characterised by flywheels and platforms. Here is one of Amazon's flywheels: "Lower prices led to more customer visits. More customers increased the volume of sales and attracted more commission-paying third party sellers to the site. That allowed Amazon to get more out of fixed costs like the fulfillment centers and the servers they needed to run the website. This greater efficiency then enabled it to lower prices further. Feed any part of this flywheel... and it should accelerate the loop." (From [Sam Seeley's post on The Amazon Flywheel](#))

And the platform part? Three of Amazon's transformative innovations involved turning an internal process or asset into a platform that people outside the company could access and make money from. The first was providing access to the entire Amazon catalogue of products via an API in order to facilitate massive scale affiliate-sales. The second was enabling third party merchants to sell their own goods on the Amazon e-commerce platform via Amazon Marketplace. The third was to provide access to Amazon's technical infrastructure via Amazon Web Services. (From [Zack Kanter's post on Amazon's platforms](#))

So, building a strategy flywheel enables multiple inputs to build momentum, turning the flywheel faster and faster – it is a form of compounding of strategic impact. Opening up your products and services by means of platforms enables others, outside of your organisation, to add their effort to turning your strategic flywheel. That's what makes flywheels and platforms such a great strategic combination.

Lesson 4: Culture – made visible

Many organisations have a set of values, intended to define what sort of organisation they are, or aspire to be. Amazon goes much further.

According to Doug Gurr, UK Manager of Amazon, they have had a "very clear set of operational principles ... from the start". These are: customer obsession, a passion for invention, commitment to operational excellence and long-term thinking. (Doug Gurr was quoted in [BBC Radio 4's Inside the Brain of Jeff Bezos](#))

Over several iterations, Amazon developed these into [14 leadership principles](#) – described as the company's living breathing constitution. Here are three to give a flavour of their content and level of detail:

1. Leaders are owners. They think long term and don't sacrifice long-term value for short-term results. They act on behalf of the entire company, beyond just their own team. They never say, "That's not my job".

2. Leaders are right, a lot. They have strong judgement and good instincts. They seek diverse perspectives and work to disconfirm their beliefs.
3. Deep dive. Leaders operate at all levels, stay connected to the details, audit frequently and are skeptical when metrics and anecdotes differ. No task is beneath them.

So, recognising that culture is notoriously difficult to get right, Amazon makes it clear that certain attitudes and behaviours are expected from everyone in a leadership role. What they do brilliantly is to do this in an inspiring and expansive way, not in a controlling, constraining way.

Lesson 5: Painstaking planning and measurement

Amazon's planning cycle is designed to provide precise goals to align the independent plans of a multitude of their famously autonomous teams with the company's over-arching goals. This 'painstaking process requiring four to eight weeks of intensive work for the managers and many staff members of every team in the company' begins with the senior leadership team creating high-level objectives for the entire company. Then each group produces an operating plan, which comprises a bottom-up response to the higher-level company-wide objectives. Finally, any gaps between the top-down and bottom-up objectives are reconciled. (Read more on pages 17 – 23 of Bryar and Carr's 2021 book [Working Backwards: Insights, Stories and Secrets from Inside Amazon](#))

So, in the debate about how much strategic planning is too much, Amazon leaves no doubt about their position. They do a LOT of planning – four to eight weeks of intensive effort for every team in the company, every year. Wow! How much time do you set aside for strategic planning in your organisation?

Strategy snippets you might have missed on 'Strategic Planning'...

Vector theory of change by Dave Snowden

[\(April 2024\)](#)

"The Vector Theory of Change encourages taking small, safe-to-fail steps in the desired direction, continuously sensing and responding to emerging challenges and opportunities. It empowers decision-making at various levels of the organisation, closer to where the expertise and knowledge reside. This approach allows for co-evolution, where all stakeholders engage in shaping the direction of change collectively." Quote from a [review of Snowden's work by David Gurteen](#).

Strategic autonomy

is enabled by clear intent and technical excellence

[\(September 2022\)](#)

This great guiding principle from [Jason Yip](#), is explained with a quote from David Marquet's remarkable book 'Turn the Ship Around'.

"Control, we discovered, only works with a competent workforce that understands the organization's purpose. Hence, as control is divested, both technical competence and organizational clarity need to be strengthened."

The strategy lesson for me is that the more you want your strategy to be adopted widely across the organisation the more clarity there needs to be about its strategic intent.

Introducing the idea of 'scruffy strategy'

[\(August 2022\)](#)

[Rob Estreitinho](#) takes the idea of '[scruffy hospitality](#)' and uses it to make a useful point about strategy.

"Scruffy hospitality means you're more interested in quality conversation than the impression your home or lawn makes. If we only share meals with friends when we're excellent, we aren't truly sharing life together."

'Scruffy strategy' (and this is what I took from what Rob wrote) means sharing the essence of strategy, well before its presentation is perfected, to make sure it is grounded in reality, is seen from different perspectives and is stress tested by comparison with alternative strategic opinions. In my opinion, leaders need to spend a lot more time on the scruffy versions of their strategy in order to make the polished version more likely to succeed and more impactful when it does.

Strategic resilience

[\(March 2022\)](#)

McKinsey published a useful exhortation to organisations that they ought to [move from risk management to strategic resilience](#):

"... in the past, their risk management focus was on a small number of well-defined risks, primarily financial risks ... now, risk is encompassing the broader mandate of resiliency management. It is woven into long-term strategy development at top organizations, helping companies navigate a far more dynamic operating environment."

Gaining control

[\(March 2022\)](#)

I picked up several gems from [Rob Estreito's 21 slices to end 2021](#) but my favourite is number 5 which he called 'control' (BTW, this is the lesson for strategy that I took from his post, not what he actually said):

1. What would it take for you to feel in control?
2. Once in control, what would you want to change?
3. What impact would you want that change to deliver?

What a great set of questions to weave into discussions on strategy. I plan to use these on two occasions: during early engagement on the development of a new strategy and during strategy adoption conversations (see the ['H' Model of Strategy Adoption](#)). What a hugely empowering way to get people involved in the whole strategy process.

The VACU Model

[\(June 2021\)](#)

The VACU Model* analyses strategic risks in terms of Volatility, Ambiguity, Complexity and Uncertainty and demonstrates that future possibilities, with different degrees of understanding and predictability, present different challenges and are therefore best managed using different solutions.

Download the [VACU Model as a pdf](#) or see [all strategy models](#) released by Goal Atlas so far. Released under [Creative Commons License](#), all our models are free for you to use in your strategy documents and presentations (attribute to Goal Atlas 2024).

*The VACU Model is an adaptation of the VUCA framework, often attributed to General Maxwell Thurman, and [cited in published sources](#) as far back as 1987.

The 'H' model of Strategy Adoption

[\(November 2021\)](#)

Once your strategy is written, strategy adoption depends on the active engagement and willing commitment of change-makers. The **'H' Model of Strategy Adoption** is designed to explain this more fully, and demonstrates how to combine the efforts of senior leadership and front-line teams through '**strategy adoption conversations**'. These conversations provide a way of understanding and realising your strategic goals. There are some key ways, suggested by Ed Morrison and colleagues in their book *Strategic Doing*, that you can make sure these conversations happen effectively:

1. Have rules for these conversations and make them explicit;
2. Be clear from the start about intentions, purpose and outcomes;
3. Make time for the conversation;
4. Optimise the group size;
5. Ensure the psychological safety of participants;
6. Provide conversational leadership.

To find out more, download the ['H' Model of Strategy Adoption as a pdf](#) or [view it online](#). You can also see [all strategy models](#) released by Goal Atlas so far on our website. Released under [Creative Commons License](#), all our models are free for you to use in your strategy documents and presentations (attribute to Goal Atlas 2024).

Antifragility

[\(September 2021\)](#)

We usually think of strategy as avoiding or mitigating risks, but the concept of antifragility turns this on its head. We say something is antifragile if it gets stronger the more it is stressed. A well-known example of this is bones getting stronger in response to the loads they are subjected to. Here is how Nassim Nicholas Taleb described antifragility in his 2012 book 'Antifragile: Things That Gain from Disorder.'

"Some things benefit from shocks; they thrive and grow when exposed to volatility, randomness, disorder, and stressors ... Yet, in spite of the ubiquity of the phenomenon, there is no word for the exact opposite of fragile. Let us call it antifragile. Antifragility is beyond resilience or robustness. The resilient resists shocks and stays the same; the antifragile gets better."

A good strategy will, therefore, not just avoid fragility. It should actively seek to promote antifragility. Becoming proficient at building and testing minimum viable products (MVPs) is one way to become antifragile. Another is having leading indicators within your framework of strategic KPIs; leading indicators can be 'early warning systems' of poor outcomes, enabling you to grow stronger by failing fast.

THEME 7: VALUES & CULTURE



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

7.1 Building a writing culture for strategy

[\(September 2023\)](#)

When I first came across the idea of building a writing culture within organisations, I hugely underestimated its importance. This was probably Amazon's fault. As with so many things that are written about Amazon, the myth tends to obscure the underlying value. Amazon's approach, at first, sounds prescriptive, dogmatic and idiosyncratic: all (and they did mean all) proposals for support for an innovative idea needed to be presented as a 'Press Release / Frequently Asked Questions' (PR/FAQ) for the new product or service, as if it was ready for launch, accompanied by a 6-page memo explaining, contextualising and justifying the innovation.

Digging into it a little, however, soon reveals the underlying value.

Here's how [Colin Bryer, former Chief of Staff to Jeff Bezos, described the PR/FAQ](#):

"Most of Amazon's major products and initiatives since 2004 have one very Amazonian thing in common— they were created through a process called Working Backwards. Working Backwards is a process to vet ideas and create products or services. Its key tenet is to start by defining the customer experience, then iteratively work backwards from that point until the team achieves clarity of thought around what to build. Its principal tool is a written narrative called the PR/FAQ, short for press release/frequently asked questions. The PR/FAQ is written for the customer in a language a customer can understand. The process ensures that the customer is top of mind throughout the entire journey of turning an idea into a product or service for the company. You start with the customer and work backwards, rather than starting with an idea for a product and trying to bolt customers onto it".

And here is how Bezos himself [described the 6-page memo](#):

"We don't do Powerpoint (or any other slide-oriented) presentations at Amazon. Instead, we write narratively structured six-page memos. We silently read one at the start of each meeting in a kind of "study-hall". Readers [...] know a [great memo] when they see it [...] great memos are written and re-written, shared with colleagues who are asked to improve the work, set aside for a couple of days and then edited again with a fresh mind. They simply can't be done in a day or two [...] a great memo probably should take a week or more."

Distilling the essence of Amazon's writing practice provides some great advice for strategy development. Get everyone involved in strategy development to present their proposed

ideas for inclusion in the new strategy in writing and in two distinct ways:

1. Explain how the world will be a better place (or your customers will be happier or your company will be more profitable, depending on the level of ambition of your strategy), once your proposed idea for the new strategy has succeeded. This should be concise, compelling and persuasive. It is more the language of advertising than a business case.
2. Then comes a longer, more rigorous explanation, contextualisation and justification of your proposed idea for the new strategy. This should be systematic, logical, in-depth and evidence-based. It is more a business case than the language of advertising.

Should you ban slides? To me, that seems to put visual-thinkers at a huge disadvantage and may even exclude considerable amount of graphic and symbolic communication from strategy development ... it is just so much harder to develop visual concepts in software designed to process text (looking at you, Word!).

Should your detailed strategy proposal be exactly 6 pages long? Of course not. But it shouldn't be one page – that won't be enough detail. And it shouldn't be twenty pages – you haven't distilled your thinking rigorously enough.

And should you expect everyone to be proficient writers from the start? No; building a writing culture takes every bit as long as developing any aspect of organisational culture. It needs to be nurtured into existence.

Stripe, the payments platform, describe themselves as a company focused on numbers but, despite this, they have built an enviable writing culture. Here is [what they learned in the process](#):

"To develop a culture that embraces writing and documentation: lead by example; know when to standardize internal writing and when not to; make your documents easy to read; develop a support system that encourages and empowers everyone to write. These are the building blocks from which any company can build a culture where writing and documentation become second nature."

Once you have built that culture, the advantages for the organisation, again from [Stripe](#), are:

1. **Time efficiency.** Sharing ideas through writing eliminates the need for repetitive verbal updates to disseminate ideas and information.
2. **Knowledge sharing.** Documenting important ideas forces clarity of thought and makes information more accessible to everyone in the company, versus slide decks that are ephemeral and require less rigor of thought.
3. **Communication.** Clear writing requires clear thinking, meaning employees invest more time shaping their ideas before sharing them.

As far as strategy is concerned, building a writing culture seems like an ambition well worth the perseverance.

To go deeper into this notion of building a writing culture, Justin Garrison's article [The Document Culture of Amazon](#) does a great job of explaining Amazon's writing culture, whereas Salman Paracha's [The perils of a writing culture — the Amazon hammer to decision making](#) is more critical and questions the value of aspects of it. Also, [Slab.com'sblog](#) has articles on the writing cultures at [Stripe](#) (cited above), [Loom](#), [Glossier](#) and [Shopify](#), as well as a more general article on [writing in the workplace](#).

7.2 The difference between core values and 'what we care about'

[\(June 2023\)](#)

Having just published [Core Values](#) three months ago, my attention is easily grabbed by anything new on the subject of 'values'. So [Nir Eyal's post](#) on '20 common values and why people can't agree on more' was an instant must-read, especially since, as the author of the excellent '[Hooked: How to Build Habit-Forming Products](#)', Nir's writings are always well-considered and thought-provoking. The main point he makes in his post is that there is an important distinction between one's core values and the things we care about. To emphasise this point, he refers to survey results that fail to make this distinction. Indeed, they define core values as 'the things we care about' and, as a result, they end up with core values such as freedom of speech, leisure, financial security. These are not bad things, says Nir, but they are not core values. He goes on to explain:

"What we care about changes every day – every minute, even – and that's why it's hard to agree on a list of common values. When your kid is throwing a tantrum, you care about getting some peace and quiet. When you're stuck in bumper-to-bumper traffic with an empty fuel tank, you care about whether there's a gas station nearby. But these things are not your values".

He then suggests that 'values are more forward-thinking than simply reactions to the immediate moment. They are attributes of the person you want to be'. He then proposes a simple test: 'if someone can take it away from you, then it's not one of your values'.

This is great stuff. Deep insight with a practical way to apply it. There's only one problem. Having read and re-read his post, I have ended up questioning both of his main points. Here's why.

1. *"What we care about changes every day ... But these things are not your values".*
Of course, some of 'what we care about' changes every day. But not all of it. Some of what I care about is enduring. When I was a kid, I had boundless curiosity to explore new ideas, new ways of seeing the world and delving deep into things I didn't understand or didn't agree with. Decades later, this hasn't changed. Indeed, I would say that the things I value in an enduring way are a great way to define my core values. It is their very endurance over a prolonged period in the past that makes it useful for me to recognise them as my core values – because they are likely to continue to shape my perceptions, my decisions and my actions into the future.

Conversely, but also challenging this point of Nir's, our core values can also change in a short period of time, for example as a result of a profound event in our lives. The birth of a child, the loss of a loved one, surviving a threat to life or simply gaining new knowledge could all lead us to reassess our core values at a deep level, whether it be finding spirituality, committing to altruism or sustainability, or being more, or less, risk-averse. The fact that core values can be changed by profound life-experiences is another of their defining features.

2. *"If someone can take it away from you, then it's not one of your values".*

Nir's test suggests that 'values' are immutable – they can't be taken from you, unlike 'things we value'. While the ability to express your values may be taken away from you, the value itself cannot. If you are in prison, you can still value freedom; if you are in a recession, you can still value financial security. Indeed, part of the reason we have core values is to remind us to continue making progress towards a better version of ourselves that either we haven't yet achieved or haven't managed to maintain consistently. As Schwartz (1994) says, a core value "is a belief that pertains to desirable end states or modes of conduct that transcend specific situations."

Given that a value is a principle or belief that guides your decisions and actions (taken from my [Core Values book](#) p8), by this definition your values exist inside your head. The only way to lose a value is if you yourself change your mind – this is not a value being 'taken from me'.

So, Nir Eyal's post is truly thought-provoking. It has prompted me to think more deeply about different aspects of core values than I had previously, at the end of which I have come to a different definition of core values:

Core values are a recognition of things we value deeply in an enduring way or are a result of profound life experiences.

Finally, it is worth noting that Nir Eyal's post focuses on the core values we have as individuals. The core values I wrote about in my book were the organisational core values that shape strategy. The main points above, relate, in my view, to both and, in Part 3 of the book, I discuss in some detail how to move from the values of individuals within an organisation to a set of explicit organisational core values.

NEW BOOK:

7.3 Core Values ... and how they underpin strategy and organisational culture

[\(January 23\)](#)

In [last month's Strategy Distilled](#) I wrote about the book I was working on as my 'minimus opus' on the subject of 'core values'. I proposed that I was hoping to have it published by the end of January... and the good news is that is exactly what I have done! As I said in my last newsletter, "resolving the core values of an organisation [is] a forcing function that helps to resolve your people strategy and hence starts the transition towards the culture your organisation seeks. And, of course, having the right organisational culture can make the difference between success and failure for any strategy." My 'Core Values' book offers a framework for thinking about and making sense of core values followed by a workflow explaining what work needs to be done, in which order and according to what logic in order to produce amazing and impactful core values for an organisation.

The book is a short (just under 100 pages), highly accessible and practical guide for anyone interested in making core values impactful for an organisation. It sets out to enable you to:

- think more deeply & systematically about core values;
- discuss core values more meaningfully & perceptively;
- decide on core values for your organisation more rigorously;
- present & apply core values more impactfully.

'Core Values' is [available to buy on Amazon](#) – I look forward to hearing your views!

7.4 The role of values in strategy and the rise of people strategies

[\(September 2022\)](#)

As many of you will know, I always have a strand of research that I'm working on to help build new models and processes and to keep our consultancy fresh. Back in 2019 my research focused on analysing and benchmarking the published strategies of UK Universities, because every university has a published strategy, something most other sectors don't do. I published an [80 page report](#) on my findings at the time.

Recently, I decided to repeat this university strategy analysis, looking at strategies with a long-ish timespan (those with an end-date of 2030 or beyond) and currently I'm exploring how they present their strategic values. In this edition of Strategy Distilled, I want to give you a preview of the thinking behind this work and offer some suggestions on how you should think about strategic values in your own organisation, so they are more impactful in shaping organisational culture.

As I mentioned in last [November's edition of Strategy Distilled](#) in my piece on 'connecting values with strategy' (data below from [Sull et al 2020](#)):

- 82% of all companies have official statements of their corporate culture and 72% of these referred to their company's culture as values or core values.
- 75% of all CEOs interviewed in Harvard Business Review discussed their company's culture or core values — even when not specifically asked about it.

The takeaway from this seems simple. Publishing and talking about your strategic values is important and is seen to be strongly connected to organisational culture.

Zoom out from the specifics and we can perhaps tie this into to a much broader trend that certainly seems to be happening in the UK – interest in 'people strategy' is on the rise over the past three years. Figure 1 gives a summary of Google Trends data on how frequently the term 'people strategy' was searched for in the UK – 63% more searches today compared to 2019.

Clearly, some of this will be driven by the practicalities of managing pandemic-triggered working-from-home. But there also seem to be deeper undercurrents at play. Organisational change is, [allegedly](#), increasing in both volume and pace. As it does, leadership styles need to [focus less on 'command and control' and more on direction-setting and facilitation](#). And if front-line teams are going to be less micro-managed by the executive, they need to have [strong values and tangible cultural norms to guide their decision-making](#).

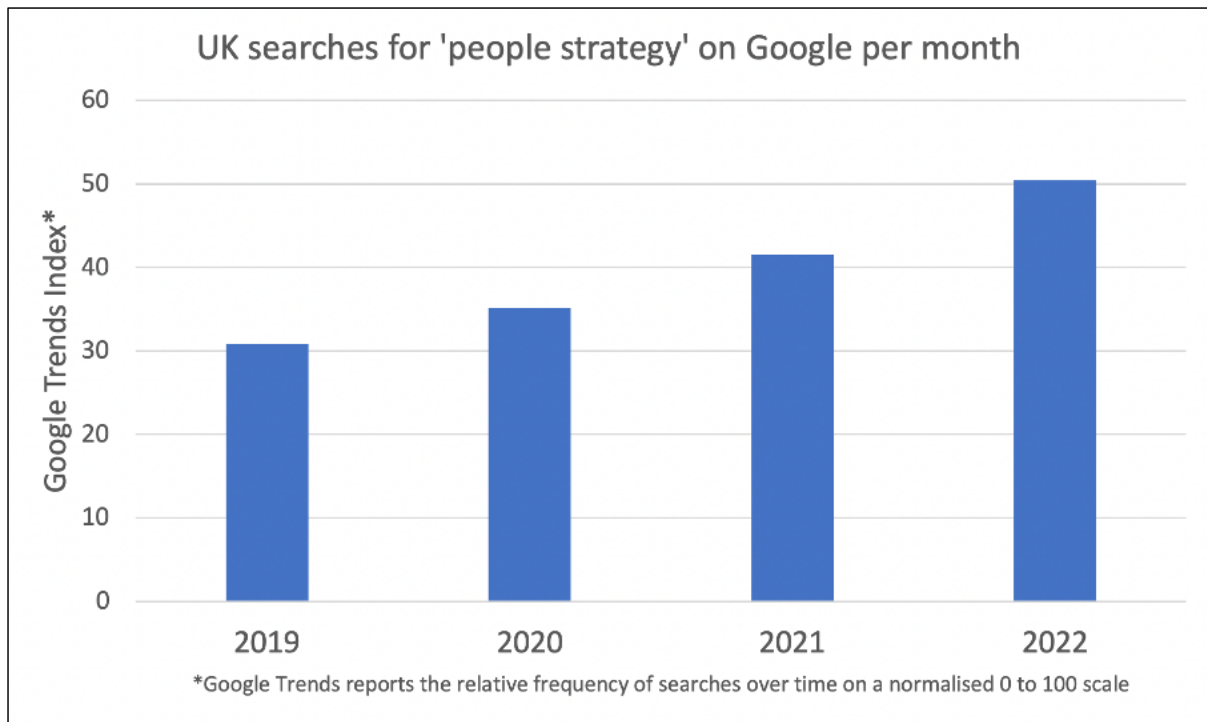


Figure 1. Google Trends data on the search term 'people strategy'

Which brings me to the crux of my proposition to you. The 'people' part of your strategy needs to assume much higher significance than it has in the past. This is to equip you better for the changes your organisation is going to need to make without having the time it would like to prepare for them. You need to build a strong organisational culture enabling front-line teams to feel guided and empowered to make decisions without having to refer everything 'upstairs' for approval. Organisational culture, in turn, needs to be underpinned by strong organisational values, but this underpinning will only work if the values are clear enough to relate to employees' lived experience in their workplace and strong enough to facilitate their decision-making in unforeseen circumstances.

How, then, do we present organisational values effectively? The first and often overlooked requirement is to be clear about what these values are and what they are for. In a recent [interview with McKinsey](#), Melissa Daimler, Chief Learning Officer of Udemy and author of 'ReCulturing: Design Your Company Culture to Connect with Strategy and Purpose for Lasting Success', argued that achieving culture-fit doesn't mean trying to get everyone to fit into the culture you already have. Instead, it is much better to bring a different set of perspectives that still complement who you are and what you're doing as a company. You can't continue to grow and be innovative, she suggests, if you don't have additional perspectives on your team. Rob Estreitinho's [perspective](#) is "don't hire for culture fit, hire for culture add".

Not everyone in the organisation needs to hold your organisational values personally. They are organisational values, not a prescription for the individual values of every employee. It

would be an odd organisation indeed that said it cherished and sought diversity across its workforce in every regard except the personal values they hold.

Values do, however, need to be acted upon, and need to be seen to be acted on, across the organisation. Many organisations have a published set of values, yet they are never talked about. They are not referred to in meetings. They don't seem to have had any influence on the key decisions made by senior leaders. It may not even be clear how values are meant to inform decisions and guide actions. Which brings us to the second requirement for presenting organisational values effectively: be explicit about how your values are meant to be translated into action. In [November's Strategy Distilled](#), I gave three examples of companies explaining how employees ought to be 'innovative'. Nvidia: "We know our path to discovery will be paved with mistakes. We anticipate and avoid the ones we can. We accept, learn from, and share the ones that occur". Biogen: "We encourage candor to test assumptions and uncover the best ideas". Amazon: "Leaders expect and require innovation and invention from their teams and always find ways to simplify". I recently found an even better example from Jon Azoulay, founder of tech recruiting platform talent.io. His company had a value called 'Think team' and this is part of how he described [how to turn it into action](#):

1. Conflict happens – stay aware of that.
2. It's not OK to be aggressive towards others, but it's OK to really defend your opinion if you feel strongly about it. Be hard on the problems, soft on the people.
3. If conflict arises, address it immediately and face to face.
4. If you can't resolve it, it's OK to involve a mediator — another team member trusted by both parties.

A couple of interesting case studies here come from Minecraft and Birkbeck, University of London. As covered in this past [July's Strategy Distilled](#), Minecraft, one of the biggest selling games of all time, recently decided to exclude non-fungible tokens (NFTs) from its platform because they "don't align with Minecraft values" – a great example of values being used to guide strategic action. Birkbeck, University of London recently [hit the headlines](#) with a dramatic example of a values-driven decision. They banned all fossil fuel companies from recruiting students through their university careers service, on the basis that they didn't want to hold relationships of any kind with the oil, gas or mining companies they considered "most responsible for destroying the planet". Whilst undoubtedly a bold move, taken, they explain, in response to campaigns by their students, there is an interesting twist to this tale in the present context. Neither Birkbeck's [strategy](#) nor their [statement of organisational values on their website](#) suggest they have the slightest interest in any environmental issues at all, far less any inclination towards radical, sector-leading activism on environmental campaigns. The lesson for all of us here? Try to keep our values and our actions aligned or in at least approximate harmony.

Finally, the third requirement for presenting organisational values effectively: if values are really going to serve as useful decision tools, guidance will be needed on how the different values take precedence or are reconciled. Imagine facing a decision between two options. Option one will make more money but increase our carbon footprint. Option two will make less money but reduce our carbon footprint. Our values say we need to be both commercial and sustainable. At face value they don't seem to help me make this decision. If, however, the sustainability value went on to explain that our long-term goal was to be carbon neutral by 2030 and, in the meantime, any new initiative that increased our carbon footprint would need sign-off by the senior leadership team, I then have a basis for my decision-making. I have the authority to approve Option 2 myself but if I'm convinced Option 1 is better for the organisation, I'd better start preparing the case to go the leadership team.

Four things I hope you might take away from this:

1. Look at the values in your strategy in a new light – they may increasingly underpin your organisational culture and drive the people aspect of your strategy;
 2. Start making moves to clarify what your values are for and how they should be used across the organisation (especially how they influence the behaviour and decisions of senior leadership);
 3. For each of your organisational values, be explicit about how that value ought to be translated into action. What, if we are to comply with this value, should we strive to do that we might otherwise have overlooked and what should we strive to avoid that we otherwise might have done?
 4. Guide and advise on how different values take precedence or are reconciled, should they come into conflict.
-

7.5 Connecting values with strategy

[\(November 2021\)](#)

Values are important 'identity marks' for organisations (an identity mark is a text or graphic signal of the core identity of the organisation: identity marks include vision, mission, values and strategy). Or at least CEOs seem to think they are. In an [analysis](#) of interviews with CEOs in Harvard Business Review, three quarters discussed their company's culture or core values — even when not specifically asked about it.

Donald Sull, Stefano Turconi, and Charles Sull, in a [2020 MIT Sloan Management Review article](#), analysed the websites and annual reports of 689 large, mainly U.S. organisations and found 82% had official statements of their corporate culture. Of these 72% referred to their company's culture as values or core values; the other companies used labels such as principles, philosophy, or ideals. Companies typically have between 3 and 7 values and these values are hugely diverse. Over 62 different values were identified with "integrity cited by 65% of all companies, followed by collaboration (53%), customer focus (48%), and respect (35%). No other value was cited by more than one-third of companies".

The fascinating part of this research was their follow-up to the analysis of values. They compared which values companies espoused with how positively employees talked about those values in the free text of their Glassdoor reviews. Of the nine correlations calculated, all were weak and four were negative, meaning the more prominently a company featured a particular value the more negatively employees rated it.

So, how should we connect values with strategy? Here are two lessons I took away from Sull et al's research:

1. Explain what values are for and why they matter. Hubspot (#1 place to work in 2020 according to Glassdoor) explains that "culture doesn't just help attract amazing people, it amplifies their abilities and helps them do their best work." Deutsche Bank explains that "by living our values and beliefs ... [e.g. integrity and honesty] ... in daily interactions with our stakeholders, employees have a critical role to play in helping us to restore the trust lost during the financial crisis."
2. Ensure everyone understands what each value means and how it should be applied. Here is how different companies explain how employees ought to be 'innovative'. Nvidia: "We know our path to discovery will be paved with mistakes. We anticipate and avoid the ones we can. We accept, learn from, and share the ones that occur". Biogen: "We encourage candor to test assumptions and uncover the best ideas". Amazon: "Leaders expect and require innovation and invention from their teams and always find

ways to simplify”.

Also, don't forget, we covered the ten elements of organisational culture that mean most to employees in [September's Strategy Distilled Newsletter](#).

Strategy snippets you might have missed on 'Values & Culture'...

Don't Fix Things. Write a New Story.

[\(November 2023\)](#)

"When two or more people with authority and influence (formal or otherwise) have competing narratives for what's broken, why, and what to do about it, you can end up with a narrative stalemate." [John Cutler](#)

Introducing a positive narrative, such as strategy, "unites people despite their different narratives for what might be broken at that particular moment." So, strategy is a way to story-tell your way out of narrative stalemate. Love it!

Core Values from Brave New Work

[\(October 2023\)](#)

Eight months on from the publication of my [Core Values](#) book and I'm still collecting the wisdom of others on how they make sense of, and work with organisational values. [Brave New Work's newsletter from last week was all on Values](#) and it includes this advice on translating values into actions:

Translating Values Into Action Gets Us...

FROM empty words thrown together for PR efforts **TO** principles that help steer strategic work and hold colleagues accountable to one another.

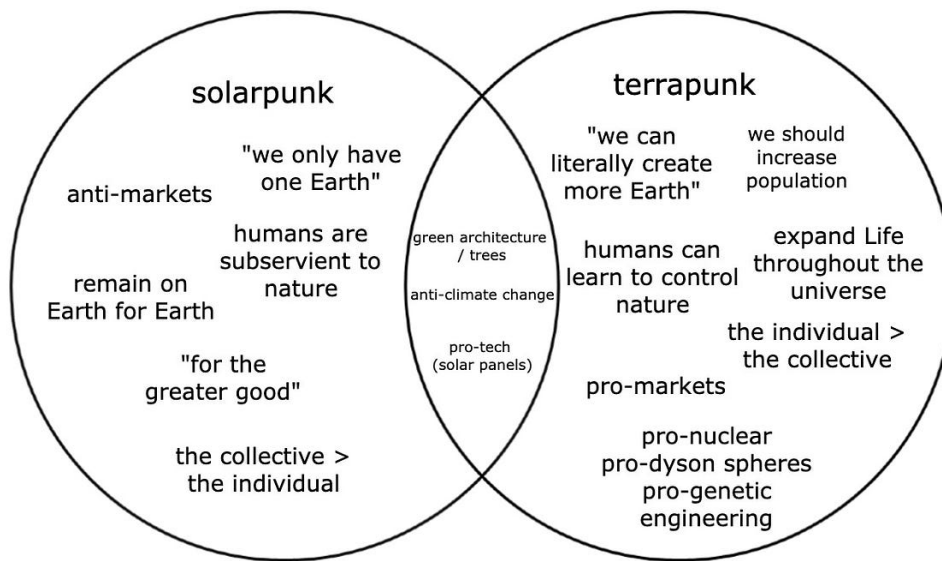
FROM the same-old motivational poster values every company uses **TO** identifying and emphasising what's most important and unique to us.

FROM diminished confidence, togetherness, and engagement **TO** boosted trust, motivation, and clarity.

Strategy for environmental sustainability – what kind of 'green' are you?

[\(November 2023\)](#)

With so much focus on environmental sustainability entering strategy discussions, I thought [this was an interesting provocation](#), by Jack Nasjaq in 2022, to help organisations decide which variety of 'green' they are – are you more solarpunk or terrapunk?



Glossary of company values

[\(July 2023\)](#)

A great resource to pair with my book on [Core Values and How They Underpin Strategy & Organisational Culture](#), which I published this spring, this glossary is a [28-page pdf from Hubspot](#) (free but registration required) listing 50 common company values and providing an explanation of each. Use it to get inspired when writing your own organisational values and “note which ones resonate the most with you, your leadership team, and the purpose of your company’s existence”. Here, for example is how they describe the value ‘diversity’:

“Making a company-wide commitment to build a diverse and inclusive organization that’s reflective of your customer base. You’ve likely heard that diverse teams are proven to perform better than teams that lack diversity. But creating a company culture where everyone’s unique ideas, backgrounds, and perspectives are valued is also the right thing to do for your employees, customers, and candidates.

Making diversity a core value at your company may look like evolving your recruiting processes to be more inclusive, introducing employee resource groups, and investing in career growth opportunities for underrepresented minorities. Once you’ve made changes internally, sharing your value of diversity externally can help signal to customers and candidates that they’re welcome at your organization.”

Just how JEDI are you? (Justice, Equity, Diversity, Inclusion)

[\(May 2023\)](#)

The Ready (a future-of-work consultancy) argue that, “Through exploring and exercising new practices, structures, and ways of working, organizations can actually embed justice, equity, diversity, and inclusion — not only through words, but also through actions.” ([Pooran, 2021](#)). This JEDI framework is, they argue, needed “to combat and uproot long standing injustices and supremacist ideologies and practices” and “make small changes that shift a team’s approach to collaborating, deciding, meeting, and relating that meaningfully accumulate over time” ([Brave New Work Newsletter, 2023](#)). In order to turn JEDI principles into cornerstones of how your organisation works, *The Ready* suggests starting with organisational values and connecting what they say with how they work (I argued the same in *Core Values* and went on to show how it can be done). Then Pooran (2021) goes on to propose “four key principles we believe connect with and inform more human and equitable ways of working:

1. **Complexity Conscious:** The belief that our organizations are complex systems we can neither control nor predict. It’s tempting to see our organizations as machines with replaceable parts. But our organizations are less like wristwatches or car engines and more like gardens.
 2. **People Positive:** The belief that people are naturally motivated, capable of self-direction, and worthy of trust and respect. This can act as an antidote to ways of working that prioritize micromanagement, productivity-tracking, and information-hoarding.
 3. **Progress over perfection:** The belief that work shouldn’t stop moving forward or be perpetually blocked just because it could be better or because one power holder doesn’t like it.
 4. **Transparency:** The belief that information should be made available and accessible to all members of a team or organization. Individuals and teams should “default-to-open” when sharing data, knowledge, and insights.”
-

'Care' as a big thinking theme for strategy

[\(April 2023\)](#)

It was as I pulled together my ideas on big thinking in strategy that I bumped into the concept of 'care' in a number of different contexts. Inevitably I started wondering if this was a useful big thinking theme to apply to strategy. Potentially, I could see it applying in several different ways. Customer care sounds like a more purposeful theme than customer experience. Caring for employees may be a good theme to anchor a people strategy to. And maybe caring for all stakeholders is fundamental to the new [stakeholder capitalism](#) movement.

For anyone wanting to explore the concept of care in more depth, here are two good resources on the principles of care:

1. The Internet Encyclopedia of Philosophy's entry on ['Care Ethics'](#);
2. Boris Groys' 2022 book ['Philosophy of Care'](#).

And here are two books on how the concept of care has been used to drive political change:

1. The Care Collective's 2020 book ['The Care Manifesto: The Politics of Interdependence: The Politics of Compassion'](#);
 2. The Boston Review's 2020 book ['The Politics of Care: from Covid to Black Lives Matter'](#).
-

If you want to change culture, change the language you use

[\(September 2022\)](#)

Related to my article on "[The role of values in strategy and the rise of people strategies](#)" comes more wise words from a favourite of Strategy Distilled, [Tim Casasola](#). Tim suggests that old habits are often sustained by familiar use of language and that introducing new habits into an organisation can often be facilitated by changing the language used. He gives the example from his organisation of an 'Air Traffic Controller' (ATC), whose role is to help a project run as smoothly as possible. The ATC is aware of everything: deadlines, stakeholders, internal meeting times, client meeting times, team dynamics, client dynamics, etc. This, he argues, is different from a project manager, who is often a dedicated professional who does nothing else but project manage. Tim's Air Traffic Controllers are different. They are strategists, designers, and developers who take on an ATC role, for one project, whilst contributing to other projects in their discipline. Perhaps more importantly, though, the introduction of a new form of words to describe a new role, signals new ways of working for every team working on every project.

Connecting strategy and culture

[\(May 2022\)](#)

Nobl's [recent post nicely connects strategy and culture](#) in a much more useful and realistic way, compared to the usual 'culture eats strategy for breakfast'. They suggest that "organizational culture is the 'how' of strategy ... If strategy dictates tradeoffs, culture is the means by which those tradeoffs are executed. Without culture, strategy is a set of toothless intentions on a page. For every strategic tradeoff, there is a cascading set of cultural tradeoffs required to make it possible." Useful!

Minecraft's values have bite

[\(July 2022\)](#)

A non-fungible token (NFT) is a unique, non-editable, digital token stored on a blockchain and often purchased with cryptocurrencies like Bitcoin. NFTs are commonly used to designate ownership of digital media, such as images or videos and these assets are increasingly being used in online games. Minecraft, one of the biggest selling games of all time, recently decided to exclude NFTs because they 'don't align with Minecraft values'. Here is an excerpt from their [announcement](#):

"[Using] NFTs and other blockchain technologies creates digital ownership based on scarcity and exclusion, which does not align with Minecraft values of creative inclusion and playing together. NFTs are not inclusive of all our community and create a scenario of the haves and the have-nots. The speculative pricing and investment mentality around NFTs takes the focus away from playing the game and encourages profiteering, which we think is inconsistent with the long-term joy and success of our players."

This is a great example of values being used to guide strategic action. So different from having values as 'wishful thinking' or values as 'wallpaper', as seems to be the case in so many organisations. Ideally every articulation of organisational values should be accompanied by a statement of how these values translate into action – they either encourage one type of action or discourage another. If, when you publish your values, you don't have real-life examples of where these values have, in the past, changed the actions of individuals in the organisation, at least work through some hypothetical examples of where they could have impact. These don't need to be published but at least they will challenge you to check that the values you are about to publish are the most impactful ones you could choose.

Strategy and culture

[\(September 2021\)](#)

Culture eats strategy for breakfast. Or so the saying from Peter Drucker goes, suggesting that an organisation's culture will determine its success regardless of how effective their strategy might be. I disagree and explained why in this [video with Peter Abraham and Michael Crowe](#). This, however, doesn't mean that culture is strategically unimportant. Having the right culture across an organisation is a key ingredient for both strategy adoption and strategy adaptation. A recent article by Donald Sull and Charles Sull, published by MIT Sloan Review, gives the [10 Elements of Culture That Matter Most to Employees](#):

- 1. Employees feel respected.** Employees are treated with consideration, courtesy, and dignity, and their perspectives are taken seriously.
 - 2. Supportive leaders.** Leaders help employees do their work, respond to requests, accommodate employees' individual needs, offer encouragement, and have their backs.
 - 3. Leaders live core values.** Leaders' actions are consistent with the organisation's values.
 - 4. Toxic managers.** Leaders create a poisonous work environment and are described in extremely negative terms.
 - 5. Unethical behaviour.** Managers and employees lack integrity and act in an unethical manner.
 - 6. Benefits.** Employees' assessment of all employer-provided benefits.
 - 7. Perks.** Employees' assessment of workplace amenities and perks.
 - 8. Learning and development.** Employees' assessment of opportunities for formal and informal learning.
 - 9. Job security.** Perceived job security, including fear of layoffs, offshoring, and automation.
 - 10. Reorganisations.** How employees view reorganisations, including frequency and quality.
-

THEME 8: STRATEGY MEASUREMENT & KPIS



Subscribe to Strategy Distilled at: goalatlas.com/sign-up/

8.1 Leading and lagging indicators as strategy metrics

[\(August 2022\)](#)

This year has turned into a year of two halves, as far as my consultancy work is concerned. The first half was all about strategy production, the second half is all about strategy adoption. Which has led me to two interesting reflections on how to make strategy properly joined up across the strategy lifecycle.

My first reflection is on the adoption-readiness of strategy. Typically, strategy is written as a flowing narrative. It is designed to tell the story of an organisation's future (or at least the future they seek to bring about). It needs to read well. It needs to be engaging. It needs to be compelling. This is great as a piece of communication but it isn't a great place to start strategic planning (in [last month's newsletter](#) I emphasised the importance of separating strategy from strategic planning). For strategic planning, the narrative of a written strategy needs to be translated into discrete goals that can be clearly defined, meaningfully delegated and effectively resourced and performance-managed. This process of making strategy adoption-ready seems to be a missing link in many organisations' management of strategy. To help rectify this in the Higher Education sector, I'm running a [hands-on workshop on the subject in London on the 6th October](#). If you can't make it, or would like me to show you how to apply the principles to another sector, drop me a line (mike@goalatlas.com) and I will send you some materials on the subject.

My second reflection is on tracking progress towards strategic goals, and it is this idea that I want to drill down into in this newsletter. I see tracking progress as quite a different thing from 'measuring the impact of strategy', which is talked about more commonly. Clearly, both are important. If you want to prove (for example to your board or your customers) that your recently completed strategy was a success, you need to measure its impact. To do so you will use lagging indicators – measures of the outcome of your past actions. There are two issues with this. Firstly, lagging indicators, as the name suggests, are delayed in yielding results. Your strategic actions take time to have their intended impact and hence lagging indicators take time to quantify the impact of your actions. Secondly, most strategies are designed to drive change over long periods of time. Lagging indicators of strategic impact are, therefore, doubly delayed.

This is why I believe talking about tracking progress towards strategic goals may be a lot more useful. Tracking uses leading indicators – measures of likely future performance. These measures are much better suited to guiding and adapting strategic plans to respond to circumstances that were unforeseen (and possibly unforeseeable) when the strategy was first written.

Just to make sure we are clear, there are two criteria that differentiate leading and lagging indicators, namely time frame and purpose (Fig.1):

	Time frame	Purpose of the metric
Leading indicator	Prospective: A measurement indicating progress towards some ultimate objective	A measure of progress which should also be a proxy measure or predictor of impact or value
Lagging indicator	Retrospective: a measurement of the impact or value of completed actions	A measure of something with tangible value – this is where we actually want to get to, by means of our actions.

Figure 1. Timeframe and purpose for leading and lagging indicators

Some examples of leading and lagging indicators are given in Figure 2.

Topic	Leading indicator	Lagging indicator
Diet	Calories consumed (kcal)	Weight loss (kg)
Marathon training	Training run distance (miles / week)	Race finish time (hrs/mins)
Ecommerce	Online sessions (#/month) Bounce rate (%) Add-to-basket value (£)	Online revenue (£/month)
Sales	Calls completed (#/week) Sales pipeline (£ x probability of conversion)	Sales revenue (£/quarter)
Employee engagement	Absence rate (days/yr) Participation rate (%) Customer complaints (#/month)	Staff retention (years) Net Promoter Score (NPS #)

Figure 2. Examples of leading and lagging indicators

To dig into this in more depth, let's sketch out the process for deciding how best to measure strategy – both its progress and its impact.

The starting point, and one that's often overlooked, is to be clear about what your strategy is for. What is its purpose? This isn't as straightforward a question as it might first appear. Michael Porter proposed that there are three generic strategies that organisations of all sizes and in all sectors can choose between.

- 1. Cost leadership**, where organisations succeed by having the lowest priced products in a market, which is only possible if they maintain the lowest operating costs. Aldi, Lidl and Walmart are cost leaders in the retail sector.
- 2. Value differentiation**, where organisations offer value that their competitors find hard to replicate. Such value differentiation usually enables organisations to charge premium prices. Apple and Tesla are successful value differentiators.
- 3. Focus**, where organisations focus on meeting the needs of a market niche, often within a geographic niche. Much of the hospitality sector operates focus strategies, with bars,

restaurants and hotels focused on the needs and preferences of a particular type of customer in their particular neighbourhood.

Subsequent research, such as that by Donald Hambrick (see [here](#) and [here](#)), has elaborated Porter's generic strategies considerably. These include:

- Strategies for aggressive market entry versus strategies for managed decline and market exit;
- Strategies focused entirely on shareholder's interests versus strategies focused on all stakeholders' interests;
- Strategies for innovation and growth versus strategies for cost management and profit maximisation;
- Strategies to make money versus strategies to make the world a better place.

Deciding on the purpose of your strategy should give a clear indication of how you need to measure its ultimate success: if you seek cost leadership, you need to measure your prices and operating costs; if your strategy is entirely focused on shareholder benefit, you need to measure dividends and stock price.

Given such measures of ultimate strategic success, are there secondary measures of success that you need to add? Remember here that the purpose of your strategy is not the same as your actual strategy. Your strategy needs to set out HOW you plan to achieve your strategy's purpose. What specific combination of actions will lead you to that ultimate measure of success. Measures of the impact of those various actions might then become your secondary measures of success.

Okay, that ought to have resolved the measures of success for your strategy. These will all be lagging measures. They seek to retrospectively quantify the impact of your past actions. They may, therefore, not be fully resolved until a year or two after the strategy is complete – something everyone responsible for strategy governance needs to be fully aware of.

Then, finally, we can consider leading indicators – the measures of progress that will guide and adapt our strategic plans to respond to changing circumstances. Leading indicators, of course, should be predictors of lagging indicators. If you make good progress towards a strategic goal, this should give you confidence that your lagging indicator will go on to prove your actions have had their desired impact.

One thing to remember when choosing leading indicators is that binary metrics are often useful. This is because the only question you need to answer in a lot of strategy work is 'have you completed the action needed to make progress?' Have you organised the team to work on the strategic goal? Have you specified, exactly, what goal you will be working on? Have you secured the resources you need to start work? Have you achieved the goal

yet? These are all yes/no questions, which make the tracking of them as easy as you can get.

Another thing to think about when planning the leading indicators across an entire strategy is that leading indicators should cascade. Making progress on sub-goals should lead to progress being made on main goals. Ultimately, reaching leading indicators should lead to the achievement of lagging indicators and hence the cascade of strategy metrics should connect together in one single cascade of inter-connected measurements. Anyone who knows me will realise that [strategy mapping](#) is my tool of choice for planning and validating the cascade of goals that make up a strategy and subsequently for cascading the metrics by which both progress and impact are measured.

8.2 Strategy KPIs: avoiding the tyranny of measurement

[\(January 2022\)](#)

It is the season to look ahead, to decide on priorities and to set aspirations. And, of course, if we are doing all that, we mustn't forget to set the metrics by which our endeavours will be judged a success or not.

Setting success metrics for strategy is hard. The outcome that the strategy is designed to achieve may be years in the future (in which case you might be better thinking about process accountability rather than outcome accountability as I discussed in the [August 2021 Strategy Distilled Newsletter](#)). That outcome may also be hugely dependent not just on your own success but also on circumstances you have no control over (e.g. achieving market leadership in your sector will depend on the performance of your competitors).

The [tyranny of measurement](#) is an idea used by some to argue against the use of KPIs at all. In fact, it is an eloquent cautionary warning against the poor use of KPIs. The [Ford Pinto](#) is the classic case study for the tyranny of measurement. Launched in 1971 in response to the success of imported small cars from outside the USA, the Pinto was designed to weigh less than 2,000 lbs and cost less than \$2,000. These success metrics, combined with a hurried development timescale meant that the Pinto launched with a known safety hazard. Its fuel tank ruptured causing serious fire risk in the event of a rear-end collision. One such Pinto accident, which had fatal consequences, resulted in the [largest ever jury settlement of \\$128M being made against Ford in a court case in 1978](#).

The secret to avoiding the tyranny of measurement is to stress-test your strategy KPIs. How could your KPIs be fully met yet your strategy still be a failure? Usually, such a stress-test will lead you to specify additional KPIs to mitigate risks not covered by the original KPIs. In the Ford Pinto's case, maybe industry-standard safety compliance should have been added to the weight and price (although [research completed long after the above court case](#) suggested it was compact cars in general that were a lot more risky than the larger cars Americans were used to. The Pinto was as safe as several of its direct competitors).

In practice, stress-testing KPIs can often be done in a dedicated workshop with a diverse range of specialists from across the organisation. It is a 'what-could-go-wrong' session. It opens with a review and explanation of the chosen KPIs for the new strategy. Working groups then explore scenarios where the KPIs are met but the strategy is still considered to have failed. The workshop concludes with a list of 'strategy failure modes' which the proposed KPIs failed to avoid, and follow-up actions can be delegated to revise the strategy KPIs accordingly.

8.3 Protocol for 'Selecting Strategy KPIs'

[\(March 2024\)](#)

Note: This article is taken from a longer article on ['Protocols for Strategy'](#)

Definition of a protocol: A protocol is a simple description of how, in principle, to approach a particular challenge in a way that will produce good enough outcomes, most of the time.

What is the challenge?

How do we ensure that the strategy KPIs we choose are the right ones?

To do so, we need to select strategy KPIs that track both strategic actions and their outcomes to ensure strategy is kept on-track and strategic goals are met.

What is a good enough outcome?

Our selected KPIs must:

1. be 'good' measures, i.e. be precise and accurate enough to serve their purpose.
2. enable meaningful evaluation of our strategy:
 - measures of impact must indicate meaningful contributions to the overall aspirations of our strategy.
 - measures of progress must show advancement toward the likely achievement of impact.
3. be conducive to effective managerial action to keep strategy on-track.

A simple framework to execute this protocol

Using the framework in Table 1, for each proposed strategy KPI, add the KPI in the top left cell and then complete the other cells in the table for this KPI. Compare and contrast with other proposed strategy KPIs.

The three things I particularly like about applying protocols to strategy:

1. They force highly structured thinking about how we do strategy;
2. They strike a great balance between defining what is to be done and avoiding over-specifying how to do it;
3. In doing this, they leave enough space for the creative interpretation of strategy whilst ensuring this remains bounded creativity.

Table 1. Selection criteria for good Strategy KPIs

<enter proposed strategy KPI here>	... the progress of strategy	... the impact of strategy
Is a good measure of ...	<is the proposed strategy KPI accurate and precise enough to serve its purpose, given the available data sources? >	
Enables meaningful evaluation of ...	<is the proposed strategy KPI a meaningful evaluation of the progress achieved by work on the strategy>	<is the proposed strategy KPI a meaningful evaluation of the impact achieved by work on the strategy>
Is conducive to effective managerial action on ...	<if satisfactory progress has not been achieved, was the proposed KPI useful in focusing attention on the managerial action needed to rectify the situation?>	<if a satisfactory level of impact has not been achieved, was the proposed KPI useful in focusing attention on the managerial action needed to rectify the situation?>

A big thank you to the wonderful [Summer of Protocols](#) team and their brilliant [Protocol Kit](#) – a lot of my newfound enthusiasm for protocols come from your great work.

Strategy snippets you might have missed on 'Strategy Measurement & KPIs'...

Net Promoter Score 3.0

[\(October 2021\)](#)

In this month's [Harvard Business Review](#), Fred Reichheld is back with a new update to Net Promoter Score (NPS). NPS gives a score for customer satisfaction based on how customers answer a single question – "How likely are you to recommend my product / service to a friend?" Developed almost 20 years ago, the NPS is used by two-thirds of Fortune 1,000 companies and is often a key measure of strategic success for organisations with customer-centric strategies. Despite this remarkable success, critics still contend that NPS is a 'soft measure'. It indicates how much customers say they will promote your organisation, not how much they actually do; nor how much revenue or profit is derived from those promotions. Hence this latest update to Net Promoter 3.0 which introduces the concept of 'earned growth'.

The earned growth rate of an organisation is the amount of growth that comes from returning customers or their referrals. It requires sales teams to ask all new customers the much more factual question, "were you referred from an existing customer?", rather than asking the more hypothetical question "how likely are you to recommend my product / service to a friend?" Specifically, the earned growth rate of an organisation is the amount of growth due to orders by returning customers or from people who were referred by existing customers. Earned Growth Ratio is the ratio of earned growth to total growth.

Process accountability

– the most important thing I learned this month

[\(August 2021\)](#)

I find myself talking a lot these days about the 'strategic agility conundrum'. How can a strategy be, at the same time, a constant North Star informing and guiding decision-making whilst also adapting to changing circumstances? Or, as [Adam Grant put it when interviewed by Shane Parrish](#), "how do you balance the need to be open to ideas with the need to be decisive?"

Here's his answer (lightly paraphrased): This is really about the way we hold people to account in organisations. Normally people are counted as successful if they get a good result and failed if they get a bad result. But it often takes years to find out what the results were. So, it is easy for people to persist with a failing project for a long time. Research suggests we need to move to process accountability, not just outcome accountability. How do we get people to think seriously about how they know their process is a thoughtful and thorough decision process as opposed to one that is driven by whim or intuition? We need to stop rewarding good outcomes from bad processes – that's just luck – a bone-headed decision that happened to turn out well. We need to start celebrating, or at least normalising, good processes with bad outcomes. That was an experiment worth running.

His conclusion: "I'm constantly shocked about how few people think this way."

Brilliant! 'Process accountability' has got to be the way forward in the early stages of a new strategy to reconcile the need for strategy to have the consistency to guide action whilst also having the adaptability to respond to changing circumstances.

The parable of the pottery class – quantity trumps quality

[\(August 2021\)](#)

From [Jeff Atwood](#) (originally from a [longer post in Kevin Kelly's Cool Tools](#)), comes the following cautionary tale:

"The ceramics teacher announced on opening day that he was dividing the class into two groups. All those on the left side of the studio, he said, would be graded solely on the quantity of work they produced, all those on the right solely on its quality – they only needed to produce one pot – albeit a perfect one. At grading time, a curious fact emerged: the works of highest quality were all produced by the group being graded for quantity. It seems that while the "quantity" group was busily churning out piles of work – and learning from their mistakes – the "quality" group had sat theorising about perfection, and in the end had little more to show for their efforts than grandiose theories and a pile of dead clay."

It always concerns me when the launch of a new strategy triggers weeks or even months of research, analysis and contemplation. Is there nothing you can just jump right into and start trying out? Sure, you are going to make lots of mistakes, but so long as they are not expensive or damaging mistakes you may end up with a better-quality outcome than if you sought perfection from the start.
