

“Strategy in organisations: Common failures.” by Dr Mark Granitto

INTRODUCTION: DEFINITION OF STRATEGY:

Strategy:-a term used by many organisations from lawyers, governments, consultants and politicians to: retail giants, medical groups and indeed, accountants and business consultants. We need a strategy. We need to get more strategic? Do we have a strategic plan? Strategic asset planning, strategic policies, strategic groups:-Common quips that are often recited and heard. What does strategy actually mean? Not surprisingly, to the majority of organisations or sections of organisations, strategy is mischaracterised or misguided and/or not given the importance that is needed. The contextual use of the meaning of strategy has somewhat drifted.

There is an abundance of literature that defines strategy but the term has become blurred and tortured over time through linguistic laziness and commercial and academic ignorance. A similar transformational confusion has taken place between the definitions of ‘marketing’ and ‘selling’. Marketing and selling are not interchangeable terms. Marketing is not selling and selling is not marketing. We need to narrow down the exact meaning of strategy prior to outlining what some of the common failures of strategy are in organisations.

With the abundance of information defining strategy and some of those definitions are given by some unlearned consultants and/or academics (and the like); I find the terminology provided by Horwath R (2006) as the most efficacious to begin with: Horwath aptly defines strategy:

“as derived from the Classic and Byzantine (330 A.D.) Greek ‘strategos,’ meaning ‘general.’”

Horwath also expands this meaning citing Latin works in the area of military strategy written by Sextus Julius Frontinus (a water Engineer). Frontinus’ chief work however, was “De aquaeductur” where he presented a report to the Emperor on the state of the aqueducts of Rome. The Strategemata was written by Frontinus’ meaning:

“Strategemata describes a compilation of strategema, or ‘strategems,’ which are ‘tricks of war.’”

Horwath furthers the meaning to Roman historians whom introduced the term “strategia” to refer to territories under control of a strategus:-

“a military commander in ancient Athens and a member of the Council of War”.

The word strategy says Horwath, retained a narrow geographic meaning until Count Guibert, a French military thinker, introduced the term ‘La Strategique’ in 1799. Conclusively, strategy has strong affiliations to a sense of military impetus and thought. In commerce, strategy is commonly applied to the definition of strategic planning. Two of the foremost scholars of strategy are Michael Porter and Henry Mintzberg. Though these scholars’ ideas have been manipulated by many with the effluxion of time and technology, the fundamental meanings of their work has not been affected and it can also be safely said, that some individuals reshape and repackage the definition of strategy from the meanings of Porter and Mintzberg. Much like the four ‘P’s of marketing, Mintzberg has five ‘P’s of strategy: Plan, Ploy, Pattern, Position, Perspective. Porter instead, describes strategy as Cost Leadership (advantage) and Differentiation.

Naturally, I base my definitions and perspectives of strategy around these notable scholars rather than ‘fly-by-night’ management fads. Though, there is no discounting the military element because the market place is a continual ‘cold war’ between competitors that are competing for clients, technology, human resources, capital and ideas:- just to name a few.

ORGANISATIONS ADOPTING STRATEGY:

Every organisation (not just some) needs a strategy. Small organisations may see owners create the strategy in their own minds, modifying it ‘as they go’ or when an idea comes to mind or when they are simply socialising with others or watching television. Larger organisations should have well-documented strategic plans (or do they?)

THE COMMON FAILURES:

What are some of the common failures by organisations relating to strategy and specifically strategic planning? Here is a list that is by no means exhaustive so let’s attempt to limit them to 10:

1. **Failure** to plan, develop and ***carefully document*** a strategic plan (“plan”). Avoid preparing plans that are overly colourful and full of graphics. Your plan must have scientific facts and figures and qualitative information that is triangulated from a number of sources;
2. **Failure** to involve a group of relevant individuals in preparing a plan each with their respective expertise and experience. You need individuals with strong research skills that don't rely on an Information Technology applications to prepare the plan;
3. **Failure** to incorporate a marketing plan (if necessary) into the plan. A marketing plan in itself is a substantive document;
4. **Failure** to consider the funding of costings, cash flows, capital raising, debt-management, tax planning and profit margins;
5. **Failure** by planning too far ahead. A plan in today's environment should not exceed ***three years***. Five, ten and indeed, 30 year plans are irresponsible and naïve;
6. **Failure** to iteratively review the plan periodically. If you need to make material changes to your plan, it clearly means that you have mismanaged it. It is preferable and wise to recommence the plan rather than modify the existing imbroglio you created;
7. **Failure** to be disciplined to adhere to the plan. Keep your plan positive, realistic and humble. At all costs, avoid embarrassing terminologies and megalomaniac statements such as....”wanting to be the biggest restaurant chain in your region” or the “largest legal firm in the country”;
8. **Failure** to regularly communicate and instil the plan into the culture of the organisation;
9. **Failure** to recruit, select and retain the people needed to adhere to the plan;
10. **Failure** to correctly implement the plan.

CONCLUDING REMARKS:

Whether you are in private, public or the not-for-profit enterprises, you need to plan. It is not recommended to request a consultant to prepare the strategic plan.

Competent consultants are difficult to find and therefore, if you are to utilise a consultant, it is advisable to engage serious professionals. If you utilise the services of a major consultancy group, you will be disappointed because the plans are prepared by junior staff and simply overseen by the partner(s) of the consultancy group. In other words, don't deal with neo-graduates or know-it-alls that have been out of University for only a few years.

The Directors of the company or organisation should complete the strategic plan but consult on an 'as needs' basis with a competent external professional qualified consultant.

The market is saturated with management fads that are still surprisingly used by large enterprises and organisations. Avoid replacing classic management literature that has been settled. For some of you, perhaps to supplement your reading, it is suggested that you read the work of Robert Burns (1785) included in the Kilmarnock volume.

Your organisation in business operates in a 'cold war' environment and as in any war, you need to be focused, disciplined, trained, fully armed and on the offensive.

In closing, I will adapt a most appropriate saying from an Australia Judge [unnamed] in one of his Decisions which referred to a case being prosecuted. Ensure your plan is not so prepared that when reading your plan, “...it is not like walking through a forest of information only to come out of the forest and ending up in a desert”.