



02 Strategy

Strategy – the art of a commander-in-chief, the art of projecting and directing the larger military movements and operations. (*The Shorter Oxford English Dictionary*)

Hence the art of business owner/managers projecting and directing the larger movements and operations of their enterprise. It is Strategy, as much as anything, which reflects or creates the culture of the company.

The first article of the series explained the value of Vision, Mission and Goals, and how they related to one another. Strategy sits between Mission and Goals, and like the other subjects, must be developed by the team of key players and written down. It serves to bridge the time gap between the short-term Goals and the long-term outcome of the Vision by addressing the broad thrust of the medium term (for example two to four years).

It is useful to have the Strategy planning process facilitated by a third party. The process should be realistic, discerning, objective and done away from the demands of the workplace.

A good starting point is to look back over the previous period and assess how things have been. How was the company managed? Did it make the desired profit? How? What market place developments had there been? How did the company respond to unexpected pressures? Where did the customers come from, and so on. Drill down as far as you can. by questioning each successive answer

To proceed with the Strategy planning, one helpful tool is a **SWOT analysis** – Strengths, Weaknesses, Opportunities and Threats. These form two groups, those which are internal to the company (Strengths and Weaknesses) and those that are external (Opportunities and

Threats). The Strengths and Weaknesses group will include such things as Management, Production, Products, Sales and Marketing, Finance, Systems and Processes.

Under Opportunities and Threats, include the Industry, Marketplace, Legislation, Competition and Technological Developments.

When you feel that the four lists are complete, you are then able to make decisions as to which Strengths to give more emphasis to or enhance, which Opportunities to seize, which Weaknesses to reduce or eliminate and which Threats to neutralise.

Another useful tool is **Force Field Analysis**. This technique looks at the balance between Driving Forces and Restraining Forces in your business. It is a way of evaluating whether a particular plan is feasible.

For example, let's say the plan is to double sales. Driving Forces may be things like More Customers, Greater Profit, Machine Downtime, Raw Material Discounts. Restraining Forces may be Cashflow, Staff Morale, Insufficient Salesmen, Restrictive Pricing Policy, Small Product Range.

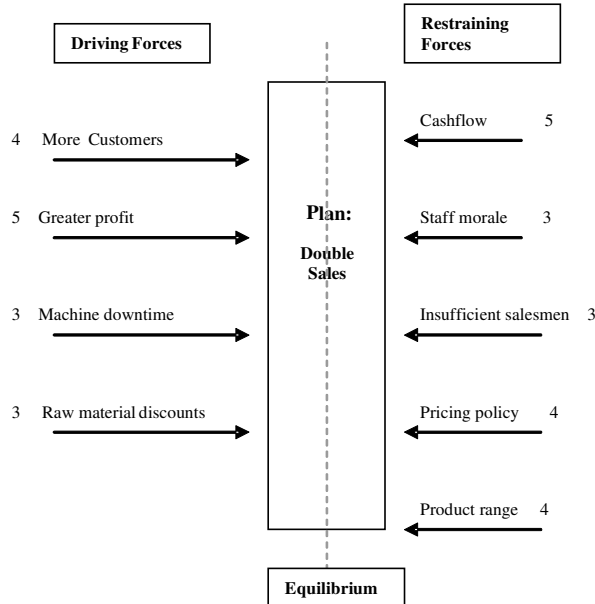
Score each of these on a scale of 1 – 5 according to how large the Force looms, and commit it to paper as per the illustration on the next page.

The vertical line labelled Equilibrium in the illustration represents the current position in which the forces are balanced, thereby maintaining the status quo. When considering, for example, to enhance a Driving Force, there can be a disruption of equilibrium if the counter-effects are not then taken into account in the Restraining Forces.



Transforming Business Performance

Force Field Analysis Example



In Summary

Strategy is linked to company culture. The Strategic Plan is the result of the business owner and key individuals reviewing all important aspects of their business, both internal and external. It is a scene-setter, linking the intentions of the Mission with the performance of the Goals.

By considering objectively how the business performed in the past, what internal and external factors the future might hold, a consensus decision can be reached on what fundamentals need to be changed to create the best foundation upon which Goals can be built and achieved.

Whatever analysis tool (or combination of tools) you use, the resulting decisions should be a consensus on the fundamentals needed to accomplish the Mission. Again using the example above, the following ideas might well be part of the emerging strategy:

- Cashflow – increase line of credit at the bank and open a VAT deposit account.
- Pricing policy – allow discounting for multiple orders.
- More customers – use consultancy to review marketing opportunities.
- Greater profit – reduce costs by eliminating downtime and increasing efficiency.
- etc

Unless Strategy is fully considered (and implemented!), the best-formed Mission and most convincing Goals can fail because of unconsidered factors beyond the control of those charged with the responsibility to fulfil them.

'Your priority should be to change not what people think, but what they do. That way they will discover that 'the way we do things around here' is not cast in stone, and that other ways work better. And over time, your organisation's culture will change....Culture shapes behaviour as much as behaviour shapes culture. Understanding this is a key insight for strategists' – Making Sense of Strategy – Tony Manning

The Strategy should be recorded as the Strategic Plan, taking up no more than 2 or 3 pages. All goals should be reviewed to ensure that they are aligned to the agreed strategic plan.

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