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## Winning strategies

# Making your strategy work Tony Manning

If there's one thing you can bet on in business, it's that most strategy meetings hinge on two agenda items: a SWOT (strengths, weaknesses, opportunities, threats) analysis and a bash at the vision and mission statements. Yet it's hard to think of two activities that do less to impact on a firm's results.

SWOT analysis has been around for about forty years. Strategy experts started questioning its usefulness sometime in the 1970s, but managers hang on to it the way Linus hangs on to his blanket. The fact that there are better things to do with their time seems to escape them.

Vision and mission statements are, by contrast, a new-fangled idea. They were popularised by Tom Peters and Bob Waterman in their 1980 best-seller, *In Search of Excellence*. And they consistently rank tops in an annual survey of business tools by Bain and Co., a management consultancy – though it's hard to see why they might be called “tools”.

For management ideas to stay in vogue this long is extraordinary. There's just so much on offer, so much new thinking, and so many consultants, academics, and authors peddling “breakthrough” approaches to winning against the competition.

It's even more surprising given the obvious weaknesses in both concepts.

The purpose of a SWOT analysis is to connect a firm's internal capabilities (its strengths and weaknesses) to the realities of the external world (opportunities and threats). Usually, though, it's just a handy exercise that keeps people at the company *bosberaad* busy for a few hours, gives them a bunch of flipchart pages to dump on a secretary for typing, and adds bulk to the strategic plan.

To have a thick document sitting on a shelf is seen as a useful sign that something valuable came out of a strategy workshop. Never mind the fact that it never gets looked at again. Never mind the fact that next year the same people will go through the same motions and create the same lists all over again. And never mind the fact that there are better ways to spend expensive executive time.

Vision and mission statements look equally good on the meeting agenda. And managers love them, because they can wrestle with language (“should we say ‘and’ or would ‘as well as’ be better?”) and craft pretentious statements that will surely stir emotions all around.

In theory, a SWOT analysis does have value. Firms do need to think through their capabilities and their situation within the business arena. In theory, too, vision and mission statements are necessary since they provide the direction that everyone needs.

In practice – and judging from my experience in working with a great many major companies over the past 15 years – neither “tool” is particularly helpful. (Or why is it that most people laugh about them when challenged?) But without getting into a lengthy debate here about why this is so, let's consider another approach.

To make your next strategy meeting worthwhile, begin by asking a fundamental question: “What is the purpose of this session?”

Obviously there’s more to it than just getting good answers to some tricky questions. (And hopefully more than a break from the office at some fancy lodge, a few rounds of golf, some good food, and lots of fine wine!)

Strategy workshops are the forums in which strategy is thrashed out, the place where a firm’s “strategic conversation” is shaped. So when you and your colleagues get together to talk strategy, you should do it with the aim of:

1. Sharing, clarifying, and hopefully agreeing on the assumptions that underpin your team’s thinking.
1. Learning about the business environment, the company, its customers, and its competitors.
2. Sharing “best practices” across departments, divisions, or other business units.
3. Raising the “strategic IQ” of the organisation so that people can think and act strategically in the future.
4. Making decisions about specific actions, deadlines, and responsibilities.
5. Crafting your strategic conversation so you can explain to others what you’re doing and why, so that execution is assured.

In summary, what you want is a rich, robust debate, in which assumptions, insights, opinions, and ideas are tossed into the ring, tested rigorously, and shaped into an effective strategic conversation.

So what should you talk about, if not SWOT and vision and mission? What will make for a richer discussion? What will get you more directly to your objectives?

To be competitive, you need to think through seven key issues that will impact directly on your company’s competitiveness and profitability:

1. Trends in the external environment and their possible impact on you.
2. The needs of your various stakeholders.
3. The business opportunities before you (are they opportunities for *you*, or for *someone else*?)
4. Your business purpose (much crisper and more focused than vision and mission).
5. Your business recipe (how you’ll make the difference that matters).
6. Your priorities and the actions you must take.
7. Your current resources and capabilities, and what you need for the future.

The true test of a strategy meeting is not whether you work through a rote exercise or emerge with fine prose that blows the socks off the folks back at the office. Rather, it’s that the participants emerge having been challenged, having learned something, and having improved their ability to think.

Anything less is a waste of time. Anything less could be left to almost anyone. Anything less should not be contemplated by managers serious about winning in the marketplace of tomorrow.

Strategy is serious business. If it doesn’t help a company “make a difference that matters” it’s worthless. So to keep using tools that will not give the results you hope for is daft.

If you want to rethink your strategy, begin by rethinking your *ideas* about strategy. Face the fact that this is not rocket science, and that getting results is about more than making lists or

getting randy about your rhetoric. Bring back common sense, apply a common touch, and you'll become a strategist of note.

## Sidebar

### **What to include in your strategy document**

Many strategic plans aren't worth the paper they're printed on. To make yours really useful, here's what you should include:

1. **A brief summary** (maximum *one* page!) of where you've been and how you've done.
2. **Assumptions** that underpin your future plans – i.e., what you think will change around you.
3. **Key issues** facing your firm. (Only the stuff you must do anything about.)
4. Your business **purpose**. (The “hill” you're aiming for.)
5. Your **value drivers**. Three activities that will take you where you want to go.
6. **Goals** (no more than three for each value driver).
7. **Actions** (no more than three for each goal).

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