



**THE BUSINESS
GYM**

Exercise your
full potential

the **strategy** Bernard Ross and Clare Segal **workout**

tried-and-tested
10

The
steps that will
build your strategic
thinking

'Concise, accessible and thorough, the first step in any strategy is
to read this book!'

Tim Reed, CEO, Health Action International, Holland

Praise for *The Strategy Workout*

'A practical and highly useful "how to" manual for developing the all-important strategy for any organisation. This is a must-read for anyone starting out in management, and would be useful even at senior management and board level.'

Geoff Peters, CEO, Moore DM Group and
Chairman, CDR Fundraising Group USA

'This is the book I wish I'd when a junior manager keen to make my way in complex organisations. It's clear and insightfully covers all the big issues and techniques.'

Peter Hewitt, Chief Executive, Guy's and St Thomas' Charity

'The first step in any strategy is to read this book! Ross and Segal present a concise, accessible and thorough read and offer all the tools you need to contribute to strategy.'

Tim Reed, CEO, Health Action International, Holland

'So many people are intimidated by strategy, and particularly by books about how to create it. This one takes the fear away and cuts through the waffle that often surrounds strategy development. It's particularly good for emerging managers who want to contribute more but aren't sure how. I'd also recommend to those who have done it so many times before it's gotten stale – this is a good refresher.'

Caroline Harper PhD, CEO, Sightsavers International

Internal driver fact	Driver implication
<ul style="list-style-type: none">• Staff consultations suggest we do not always communicate effectively• Existing departmental structures have been in place for some time	We operate in departmental and geographical silos – and this may mean information and ideas are not shared easily, and we miss opportunities
<ul style="list-style-type: none">• Our staff retention means we have an ageing and expensive workforce• Staff survey indicates areas of concern in terms of morale – few promotion opportunities	If Bield is to deliver outstanding customer service it needs to be the Employer of Choice to attract new staff and retain key staff
<ul style="list-style-type: none">• Our governance structures – developed when Bield was much smaller – do not seem appropriate• Other agencies are working in a more entrepreneurial way – and growing	Our governance, leadership and management structures need to be flexible and able to compete effectively in a fast-changing market



Exercise

Review the PEST and SWOT you completed in **Step 3** for your team, department or organisation. Identify as many issues as possible with specific bits of data attached and put them beside your VMVC. Then, as described above, ABC each of the issues in terms of your vision and mission. Move all the As together and look for those vital few clusters. Use the checklist above to help. Then put them into a table, like the one below.

External facts from analysis	Likely implication
Internal facts from analysis	Likely implication

Once you have done this, you will have a fairly solid set of drivers. The next phase is to decide how to tackle these drivers. The rest of the book will help you with this.

Engaging lots of people . . . or a few?

Several times we have created a simple engagement format in the online survey software Survey Monkey to allow widely distributed organisations to involve many hundreds, or even thousands, of staff and managers in deciding what the key drivers should be from a range of identified issues.

We have done this with a multinational organisation spread across 160 countries, asking every small and large branch to contribute. The result was a fully involved group of almost 6,000 managers and staff who really engaged with the issues. They were then much more ready to accept the proposed solutions in the strategic plan.

Call to action

- Can you help identify and prioritise the big issues that your organisation, department or team is facing?
- What techniques should you use to identify the big issues? What will have most credibility?
- Is it clear to you that you have identified all the issues that need to be addressed? Are there any that might be missing?
- Who could you turn to, to check that these are the key issues? Can you identify external individuals with independent minds to help?
- Can you separate the facts or data from the implication? Together, they form the driver, but make sure you sense-check the implication.
- Who can you turn to and check out whether your opinion is accurate or backed up by evidence?

Step 5

Imagine possibilities: thinking like a futurologist

After reading this step you will be able to:

- Understand how to think imaginatively about the future
- Explain the difference between trends analysis and scenarios
- Appreciate the potential use of a scenario approach
- Develop some scenarios for your own work.

The problem with prediction

Strategy is about the future. If only it was possible to plan the future with any real degree of certainty, business – and life – would be much easier. In truth, the new reality often can be stranger than we imagine and a good strategy should take this possibility into account. (See **Skill 7** on black swans for really weird stuff.)

As a result of this, the principles of futurology, or scenario planning, are becoming increasingly popular and useful for anyone developing a strategy in what seems destined to remain an uncertain and fast-changing world. A well-organised scenario planning session will help you to avoid the dreaded paralysis by analysis mentioned in **Step 3** and it will allow you to contribute some of your fresh thinking about the future. (Sometimes, senior managers find new thinking most acceptable from younger or more junior colleagues. Seize the chance to share your ideas and encourage others to come up with their radical ideas.)

Even the experts get it wrong

History is littered with cases of the leading experts getting the future wrong. Here are some famous examples:

'Make no mistake, this weapon will change absolutely nothing.'

General Haig, UK Commander,
on the first use of the machine gun in 1914

'I think there is a world market for maybe five computers.'

Tom Watson, CEO IBM, on demand for computers in 1943

'We don't like their sound, and guitar music is on the way out.'

Decca Recording Co., rejecting The Beatles in 1962

'It's a bad joke that won't last. Not with winter coming.'

Coco Chanel on the miniskirt in 1966

'640K ought to be enough for anybody.'

Bill Gates, on the need for computer memory in 1981

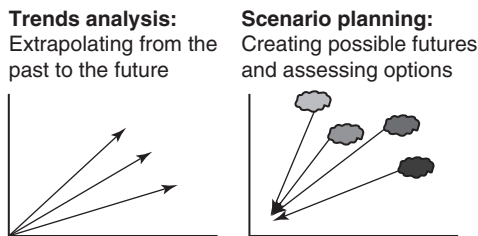
'You'll never make any money out of children's books.'

Barry Cunningham, editor at Bloomsbury Books,
to J. K. Rowling in 1996

Scenario planning is now regularly used by many of the largest companies worldwide, including Shell, Walmart, British Telecom, Accenture and even Disney. The commercial originator was Shell, which developed a number of scenarios in the 1990s to identify what its future challenges might be. It is important to say that most of the scenarios it created did not happen – but a number did. So, for example, Shell predicted the first Gulf War and the effect it would have on oil prices, and, as a result, had plans to deal with this. Key learning is that scenarios are about possibilities.

Let us be clear. Scenarios are not trends or predictions extrapolating out from the past to the future – though these are the basis of most strategic thinking. In scenario planning, you begin by creating a limited number of possible outcomes and then work out how likely this is to happen and what you would do if that situation – scenario – developed. It is the difference between what is called strategic hindsight and strategic foresight.

The figures and table below illustrate this essential difference.



This fundamental difference is important since, in one case, you start from what you know and work out towards the future. And, in the second, you begin from what might be possible and work back to what you know. The following table expands on this distinction: