14 Building a More Effective Strategy Development Process

We’ve now got the model but how do we get there? We’ve learnt what are the key elements for an effective strategy but how do we get the organisation set up to develop it? What’s the process? What needs to go on within the company, who must take responsibility, who must contribute? How do we build the internal machine that will develop and systematically fine-tune the strategy to keep it at its most competitive?

It is essential to construct a strategy development process that works, that will lead to output that excites and mobilises, stretches but enthuses. An effective process will help make things happen. If the process is weak we will end up watching others make it happen or be left as one of the pack wondering what did happen and how we lost out.

We all start off wanting to build or be part of a company that does go out there and ‘make it happen’. No one wants to be left at the starting post or wondering how some rival stole so much market share so quickly. The whole process of strategy development is all about building so much understanding as to the best opportunities in the market that the organisation sees what needs to be done and is able and committed to getting there quickly and ahead of its rivals. So it’s vital that the process is leveraged, that it does research the key issues, challenge the market boundaries, measure the right things, develop the best ideas and get people fired up. There’s got to be an effective process – institutionalised in the company – for identifying, implementing and monitoring strategy

This chapter is about putting in place the right strategy development process, the ‘machine that can make things happen’. But our starting point is a dismal one. Many companies that are researched and studied in fact have a poor development process in place. This often leads to strategies which are not much more than a set of targets for the next 12 months, accompanied by some woolly statements about future goals.
In Kalchas research referred to in previous chapters we found:

- Nearly two-thirds of Corporate Planning VPs dissatisfied with the strategy development process in their companies.
- Over half agreeing that their strategy process was too much an exercise in ‘filling out the numbers’ rather than any rigorous review of the future.
- 34 per cent strongly agreed that the corporate centre had ‘given up’ on strategy development, in that the strategy for the company was now simply a collection of individual business plans.

Before we look at what the right process should be, we can draw encouragement from some recent shifts in market and management thinking. Getting the strategy process right is moving up the agenda. As the millennium draws nearer, as markets in the West become more buoyant, as business starts thinking about growth more than cost cutting or re-engineering, so strategy is becoming more of a priority and so too companies are reviewing more particularly their processes for developing it.

As Business Week commented in the fall of 1996: ‘strategy planning is making a comeback . . . at one company after another strategy is again a major focus’. As companies hit the strategy comeback trail, so it also appears some are recognising that the old processes were inadequate and didn’t develop strategies which could become the driving force for the company. The Business Week research went on to point out that ‘some companies are even recreating strategic planning groups . . . but they’re back with a difference’.

What are the lessons of experience and what are the key requirements for the most leveraged process? We can set up three guiding criteria:

- The process must be separate from the annual budgeting cycle.
- The proper information must be available.
- A cross-section of people in the company must be involved.

Let us look at each of these in turn and then go on to examine the specific organisational structure and responsibilities that need to fit around the process that’s identified.

**Separate from annual budgeting**

In most companies the process for developing strategy is lumped in with the annual budgeting cycle. It’s rarely a distinct process in its own right