4 The Inadequacies of Existing Strategy Models

It is clear that the competitive environment has changed – fundamentally and forever. What we now need to understand in more detail is what impact this has on existing strategy tools and frameworks. In that way we can see more precisely why they are inadequate and are failing today’s management. We need to identify what the specific lessons are so that any new model that is put forward builds on them and guides future strategic thinking in the most relevant and contemporary way.

A recent Kalchas study examined attitudes and satisfaction with existing strategy tools and frameworks and asked CEOs and Corporate Planning VPs what they thought about them:

- More than 60% found them ‘too theoretical, superficial and confusing’.
- 38% said they found them ‘inapplicable’ to their business situation.
- More than a quarter of interviewees agreed that existing tools were not helpful enough in today’s competitive environment.
- A significant majority felt that ‘some new model was required’, that was also practical and helped identify potential sources of competitive advantage.
- A majority also agreed that any such framework must start by being customer and market-driven (as opposed to being driven by the corporation’s own strengths).

A clear conclusion from this study with over 100 senior management respondents from UK and US corporations is that existing strategy tools are generally not helpful.

Many of the interviewees went on to comment that developing strategy felt like ‘crystal ball gazing’ or like ‘trying to find a needle in a haystack’. A number commented how strategy debates in their companies often felt unreal, divorced from day-to-day realities.
• 'what we do is form filling, we should be having great big arguments about where the market’s going';

• 'we don’t seem to have a process or something that really deals with strategy and that people around here accept';

• 'everyone’s got a different view about what strategy is and so we don’t ever seem to get to grips with it'.

For these sort of reasons many Corporate Planning VPs especially talked about how difficult they found it to engage operating line managers and get them to stand back from the business and think about the future.

Against this background, there was a lot of consensus around the idea of developing a new strategy tool that would be easy and practical to apply – 'it must be immediately obvious to any busy line manager and require only the minimum of explanation'. There was also a general demand for making that new strategy tool specific rather than theoretical – 'we need to deal with practical ways of competing', 'it’s no use talking about “differentiation” if there’s no examples about what that means'.

The findings of this research are stark. They cry out for a new approach to strategy and a new model or framework that works. And this new approach must start by addressing the problems we’ve uncovered so far. It must deal with what CEOs and Planning VPs are saying. There’s a great need for something that’s practical and specific and easy to use rather than theoretical or superficial, something that defines what strategy is and shows people how to think about it.

And in building this new strategy model we also need to address the demands of these times and these late 1990s market conditions to deal with the new rules of the game, to move on from anachronistic concepts such as scale, to leave behind the asset-led approach of ‘what are we good at, what are our strengths’, and replace that with a model rooted in the business realities of the marketplace, of what customers will value and pay for now and in the future.

Taking this and other research into account we can identify seven criteria which should be used to govern the development of any new framework. And we can also use these same criteria to more precisely evaluate existing strategy tools. We can see more clearly where they succeed but also where they fail to meet the new demands of the marketplace, and learn what contribution, if any, they can make to strategy planning and thinking in the future.