

Best Practice, Strategy Creation to Execution: Addressing the 7 Inconvenient Truths of Strategy

Approximately 85% of organisations (globally) undertake some form of formal strategic planning; results of an Economist Intelligence Unit Survey show however; **“only 11% of executives are highly satisfied that (strategic planning) is worth the effort”**. So, what’s wrong with strategy? The SMI has identified **7 Inconvenient Truths** that contribute to underwhelming results from strategy.

7 Inconvenient Truths	Consequence
1. Relevance: The familiarity and structure of the entrenched 1960’s ‘planning’ regime dominates strategy processes, which are still used by as many as 76% of organisations today.	A propensity to rely on tools and techniques that are of most relevance in certain and predictable environments as opposed to the more advanced tools better suited to dynamic and less certain, unpredictable environments.
2. Structure: Unlike accounting and law, strategy has evolved into various forms and formats. Each one is independently valid but, many exist in a state of contradiction and conflict with another.	The paradoxical nature of strategy practices results in: <ul style="list-style-type: none"> o a reliance on low value, albeit easy to use tools, o a propensity to leave significant ‘gaps’ in content, o overzealous use of ‘flavour of the month’ tools.
3. Process: There is a fatal flaw in accepted strategy theory. Strategy formulation is a system, not a process; it exists as an iterative program of learning. Strategy implementation is a process.	A lack of understanding of the ‘flow’ of strategy systems/processes and structure leads to poor practices, inefficient allocation of resources, potentially poor strategy content and often underwhelming results.
4. Evaluation: When assessing strategy effectiveness, the primary focus is always on outcomes, as opposed to the ‘causal’ factors, assumptions and ‘guesstimates’ that were inevitably made about an unknown future, when the strategy was first developed.	An absence of evaluation means there is no procedure: <ul style="list-style-type: none"> • to prevent continued investment in invalid strategies, • provoke/generate content contributing to instigation of continual ‘strategic’ renewal, or • providing sufficient ‘depth’ and insight providing content for the short term/annual strategic plan.
5. Implementation: Strategy execution is notoriously unsuccessful. Our research shows that as many as 72% of organisations would like to implement strategy more effectively.	Our research also shows that only 38% of managers consider that their strategy was fully understood and owned by everyone in the organisation, a mere 15% agreed their strategy was fully understood by customers.
6. Alignment: Strategy processes lack alignment in: <ul style="list-style-type: none"> • the overall framework (from envisioning to: formulation; evaluation; implementation and integration with operations), and • other support systems; e.g. Innovation, Knowledge, Business Intelligence etc. 	A lack of alignment causes strategic disconnect which: <ul style="list-style-type: none"> • devalues the value of the strategic activities, • compromises Governance and heightens risk, • reduces the ability to get all employees aligned around a common sense of purpose and direction, and • reduces the likelihood of successful implementation.
7. Influences: Strategising is dominated by individual’s subconscious preferences and the often destructive ‘interactivity’ of teams.	Strategy tensions (influences from subconscious preferences) act as a source of discontent that creates conflict and ultimately sub-optimal strategic outcomes.

The Strategic Management Institute (SMI) accredits strategy practitioner: Certified Strategy Practitioner (CSP) at Affiliate, Associate and Fellow levels. To award accreditation we offer courses in strategy and strategically aligned content such as leadership and strategic supply chain. To facilitate networking and continual professional development of our members we conduct short courses and seminars on various topics, including a seminar on **Addressing the 7 Inconvenient Truths of Strategy: Embedding a robust strategic management capability**.

Interested? We will be delighted to talk: smi@smiknowledge.com; (03) 9863 8980.