

## On Strategy

Strategy and strategic management are probably the most comprehensively researched fields in business. Yet, you sometimes wonder why many companies seem to get it wrong on so many occasions.

The key reason is surely related to the environmental factors of VUCA:



Volatility, Uncertainty, Complexity and Ambiguity. VUCA seems to be constantly increasing and many companies are unable to define an adequately strategy to react to this.

So does this make strategy less relevant or even obsolete? To answer this question, I would like to take a quick look at the essence of strategy. Strategy is generally described as a high-level method or plan to achieve a desired outcome. For the better part of the last 35 years this meant analyzing the relevant market, defining an aspiration of where you want to be (“we want to be the market leader in ...”) and then using the company’s resources and capabilities to work towards achieving this aspiration. Models such as Michael Porter’s Five Forces or the BCG Matrix were the key toolkits for any strategic analysis.

Now, what has changed? Well, primarily the environment. This brings me back to the initial question of relevance. In my view, strategy remains relevant if not to say without alternative. It is, however, necessary to take a different perspective.

First, the perspective must change and move away from the old-fashioned, but still prevailing, thinking that strategy is carved in stone. Clearly a more conscious and more frequent review of the defined strategy is required.

Second, strategic tools that have become so beloved need to be adjusted or even exchanged. Analyzing an industry or competitor is far more demanding that it used to be. A static look at them is just as likely to success as having a set tactic in football without consideration of the opponent’s moves.

So what's my point here? Well, the point is that extensive data analysis may not lead to the desired outcome anymore. It also means that plans need to be re-adjusted on the go to ensure maximum flexibility. Lastly, it also means that testing the grounds with a strategy that is imperfect but flexible may just be the right way to proceed. As tools I recommend employing more elements of scenario technique and game theory rather than a classical industry analysis.

Or as Dwight D. Eisenhower puts it: "Plans are useless. But planning is everything."

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