

Strategy and Understanding Strategic Thinking

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Strategy and Understanding Strategic Thinking

- 1. What is strategy**
- 2. Understanding Strategy**
- 3. Strategic Thinking**
- 4. Strategy Tools**
- 5. Strategy Development**
- 6. Conclusion**

WHAT IS STRATEGY?

- The term “strategy” is derived indirectly from the Classic and Byzantine (330 A.D.) Greek “strategos,” which means “general.”
- While the term is credited to the Greeks, no Greek ever used the word.
- The Greek equivalent for the modern word “strategy” would have been “strategike episteme” or (general’s knowledge) “strategon sophia” (general’s wisdom).

Strategy



**Imagination is more
important than
knowledge.**

-Albert Einstein

WHAT IS STRATEGY?

- Strategy, broadly defined, is the process of interrelating **means** and **ends**.
- Strategy provides a coherent blueprint to bridge the gap between the **realities of today** and a **desired future**.

WHAT IS STRATEGY?

- Strategy is expressed in terms of ends, ways and means.

Strategy = Ends + Ways + Means.

<i>Component</i>	<i>Definition</i>
Ends	Objectives towards which one strives
Ways	Course of action
Means	Instruments by which some end can be achieved

INTRODUCTION

• Strategy provides direction for individuals, organizations and the state to follow, to get to their destinations.

WHAT IS STRATEGY?

- **In other words,
strategy is a plan of action designed to
achieve a particular goal, most often "winning".**

WHAT IS STRATEGY?

In other words a strategy is a plan of action designed to achieve a particular goal, most often "winning".

Generalship is all about winning.
How do the generals do this?

The generals win by utilizing all the resources available to them systematically to achieve the purpose of war. The general moved forces and directed operations as a means to achieve victory in battle.

WHAT IS STRATEGY?

- **Strategy, broadly defined, is the process of interrelating ways, means and ends.**



WHAT IS STRATEGY?

- ***Ends (objectives)*** explain “what” is to be accomplished.
 - They flow from a consideration of the interest, which is expressed as a desired end state.
 - In strategy, objectives are expressed with explicit verbs (e.g. to **organise** a successful AGSM, to **prevent** cheating in exams, to **conduct** a successful membership clinical exams.). Explicit verbs force the strategist to consider and qualify what is to be accomplished.

WHAT IS STRATEGY?

- It is essential that the **desired end state** in the context of the **strategic environment** (both internal and external) are **analyzed** and fully **understood**

WHAT IS STRATEGY?

- **Ways** explain “how” the objectives are to be accomplished by using instruments of power(resources) in action.
 - *Ways* link resources to the objectives by addressing **who does what, where, when, how, and why** ----explaining “how” an objective will be achieved.

WHAT IS STRATEGY

- ***Means*** in strategy formulation, determine the types and levels of resources that are necessary to support the ***ways*** of the strategy
 - In strategy, resources can be **tangible** or **intangible**.
 - Examples of **tangible resources** include forces, people, equipment, money, and facilities.
 - **Intangible resources** such as:- discipline, integrity and self respect

WHAT IS STRATEGY?

- **The focus of strategy is on how the ways, means and ends interact with the strategic environment to produce the desired effects.**

WHAT IS STRATEGY?

- Strategy, by its nature, seeks a synergy and symmetry of **Ends, Ways, and Means** to increase the probability of policy success and the favorable consequences that follow from that success.

UNDERSTANDING STRATEGY

Principles of Strategy

- 1) Strategy is proactive and anticipatory, but not predictive.
- 2) Political purpose dominates all strategy; this idea has been perhaps best set forth in Clausewitz' famous dictum, "War is merely the continuation of policy by other means." Political purpose is stated in policy. Policy is the expression of the desired end state sought by the leadership/authority.

UNDERSTANDING STRATEGY

- 3) Strategy is subordinate to the nature of the strategic environment.
- 4) strategy is holistic in outlook. It demands comprehensive consideration. It is cognizant of the “big picture”. Good strategy is never developed piecemeal or in isolation.
- 5) Strategy creates a security dilemma for the strategist and other actors. Any strategy, once known or implemented, introduces change into the strategic environment, even when it seeks to maintain the status quo.

UNDERSTANDING STRATEGY

- 6) What is to be accomplished must be known—that is, the end state that is to be achieved.
- 7) Strategy is an inherently human enterprise. Not solely a consideration of objective factors, “strategy involves human passions, values, and beliefs, few of which are quantifiable.”

UNDERSTANDING STRATEGY

- 8) Strategy must identify an appropriate balance among the objectives sought, the methods to pursue the objectives, and the resources available.
- 9) strategy is hierarchical. Strategy is the purview of the leader and represents both general consensus and comprehensive direction. Strategy cascades from the top level down to the lower levels.

UNDERSTANDING STRATEGY

- 10) Strategy is cumulative. Effects in the strategic environment are cumulative; once enacted, they become a part of the play of continuity and change.
- 11) Efficiency is subordinate to effectiveness in strategy. This is not to say that efficiency is not desired. Good strategy is both effective and efficient, but the purpose of strategy is to create strategic effect.

UNDERSTANDING STRATEGY

12) Strategy has a symbiotic relationship with time. A strategic choice must have continuity with the past as it bridges to the future.

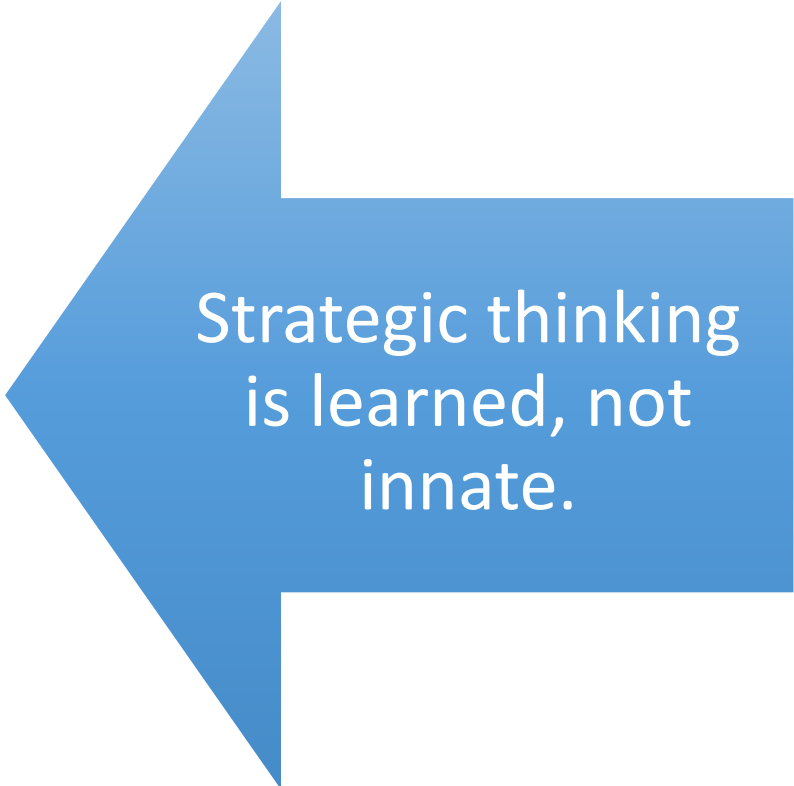
13) Risk is inherent in all activity. Seriously consider the risks involved and produce a favourable balance against failure.

Strategic thinking

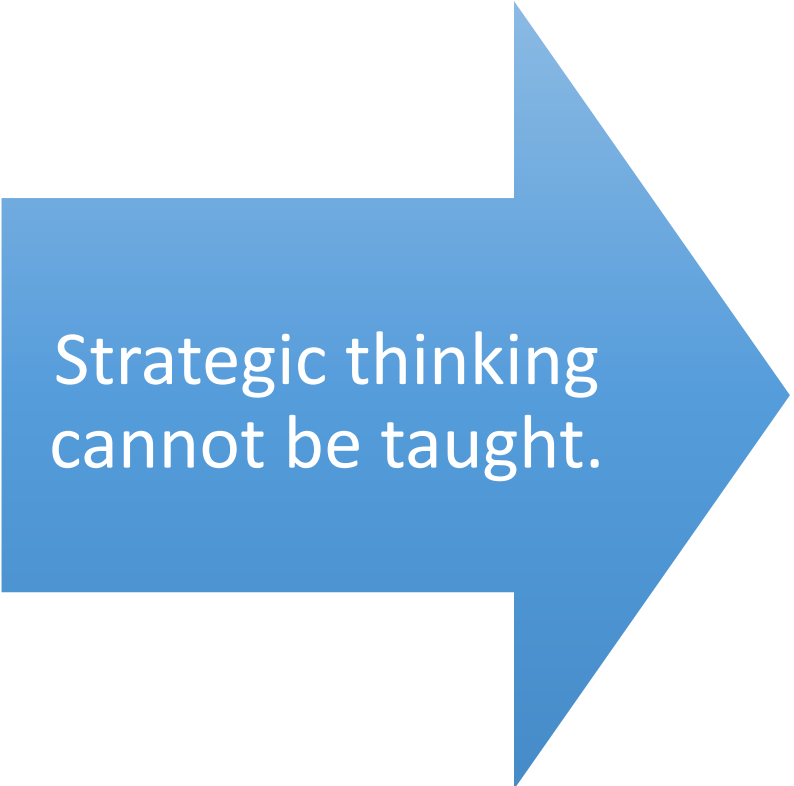
What is strategic thinking?

A systematic way of looking at forces in the environment (trends, events, circumstances and information) to determine implications for the institution, parts of the institution, and one's work within the institution.

What is strategic thinking?

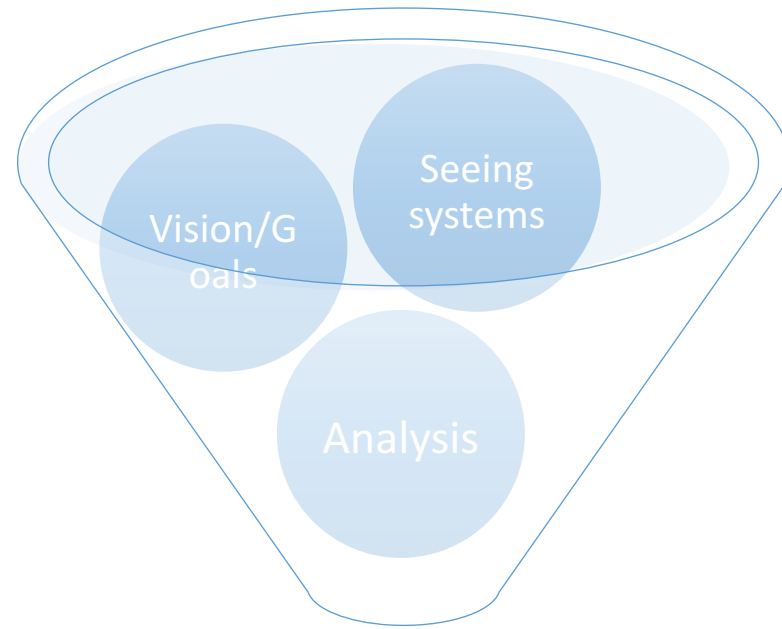


Strategic thinking
is learned, not
innate.



Strategic thinking
cannot be taught.

What is strategic thinking?



**The ability to see what is - and what could be –
and make choices that lead to desired outcomes.**

Components of Strategic Thinking

Vision/goal driven.

Analytical. (Makes sense of diverse input and data.)

Sees systems. (causes, relationships, leverage points)

Focused on long term forces, trends, impacts.

Weighs decisions against criteria.

Thinks across past, present and future.

Anticipates unwanted events and risk.

Allows for "intelligent opportunism"

Questions assumptions, habits and conclusions.

Strategic thinking--Strategy tools

- ❑ Strategy tools are the most visible part of strategy practices.
- ❑ Strategy tools are used to guide cognition in a specific way as concerns the object of analysis a tool is designed for.
- ❑ Let us examine some of the tools

1. SWOT analysis

- ❑ A SWOT analysis is a simple but widely used tool that helps in understanding the strengths, weaknesses, opportunities and threats involved.
- ❑ Strengths and weaknesses are often internal to an organization, while opportunities and threats generally relate to external factors.
- ❑ By analyzing the *external environment* (threats and opportunities), and the internal *environment* (weaknesses and strengths), these techniques can be used to think about the strategy of the whole organization

SWOT analysis

- ❑ It starts by defining the objective of the activity and identifies the internal and external factors that are important to achieving that objective.
- ❑ Strengths and weaknesses are usually internal to the organization, while opportunities and threats are usually external.
- ❑ SWOT analysis helps you get a better understanding of the strategic choices that you face. Remember that "strategy" is the art of determining how you'll "win".

SWOT analysis

- ❑ SWOT essentially tells you what is good and bad about a particular proposition. The aim is to improve it, then work on translating:
 - **strengths (maintain, build and leverage),**
 - **opportunities (prioritize and optimize),**
 - **weaknesses (remedy or exit),**
 - **threats (counter)**

SWOT analysis

- ▶ This helps you identify strategic alternatives that address the following additional questions:
 - Strengths and Opportunities (SO) – How can you use your strengths to take advantage of the opportunities?
 - Strengths and Threats (ST) – How can you take advantage of your strengths to avoid real and potential threats?
 - Weaknesses and Opportunities (WO) – How can you use your opportunities to overcome the weaknesses you are experiencing?
 - Weaknesses and Threats (WT) – How can you minimize your weaknesses and avoid threats?

Strengths

- What does your organisation do better than others?
- What are your unique selling points?
- What do your competitors perceive as your strengths?
- What is your organizations competitive edge?

Weakness

- What do other organizations do better than you?
- What elements add little or no value?
- What do competitors perceive as your weakness?

Opportunities

- What political, economic, social–cultural, or technology (PEST) changes are taking place that could be favourable to you?
- Where are there currently gaps or unfulfilled demand?
- What new innovation could your organization bring?

Threats

- What political, economic, social–cultural, or technology (PEST) changes are taking place that could be unfavourable to you?
- What restraints do you face?
- What is your competition doing that could negatively impact you?

SWOT Analysis

- **Strengths:**

- What advantages does your organization have?
- What do you do better than anyone else?
- What unique resources can you draw upon that others can't?
- What do people see as your strengths?
- What is your organization's Unique Selling Proposition (USP)?

SWOT analysis

- Consider your strengths from both an internal and external perspectives.
- If you're having any difficulty with this, try writing down a list of your organization's characteristics.
- Some of these will hopefully be strengths! When looking at your strengths, think about them in relation to your competitors.

SWOT analysis

□ **Weaknesses:**

- What could you improve?
- What should you avoid?
- What are people likely to see as weaknesses?
- Again, consider this from an internal and external basis: Do other people seem to perceive weaknesses that you don't see? Are your competitors doing any better than you?
- It's best to be realistic now, and face any unpleasant truths as soon as possible.

SWOT analysis

□ Opportunities:

- What good opportunities can you spot?
- What interesting trends are you aware of?
- Useful opportunities can come from such things as:
 - Changes in technology.
 - Changes in government policy related to your field.
 - Changes in social patterns, population profiles, lifestyle changes, and so on.
 - Local events.

SWOT analysis

❑ Threats

- What obstacles do you face?
- What are your competitors doing?
- Are quality standards or specifications for your job, products or services changing?
- Is changing technology threatening your position?
- Do you have problems?
- Could any of your weaknesses seriously threaten your organization?

2. Strategic Gap Analysis

- **Gap analysis consists of**

- listing of characteristic factors (such as attributes, competencies, performance levels) of the present situation ("what is"),
- listing factors needed to achieve future objectives ("what should be"), and then
- highlighting the gaps that exist and need to be filled.

Strategic Gap Analysis

- Strategic gap refers to the situation where actual performance levels are significantly different from the desired performance levels.
- The analysis of such situation, for the grey areas to be recognized and to suggest what needs to be done to achieve the desired performance level or the strategic objectives is called Strategic Gap Analysis.

Strategic Gap Analysis

- The purpose of Strategic Gap Analysis is to identify the accurate reasons why the policy/programme fails to achieve the objectives and also to rationalize the appropriate measures to remedy the situation and to meet the objectives.
- It also covers the assessment and allocation of required resources to achieve the goals.
- The format below can be used to prepare one page Strategic Gap Analysis.

Strategic Gap Analysis

Strategic Planning Element	Current Position	Desired or Potential Position	Reasons of Deviations	Way out	Resources

Strategic Gap Analysis

- **Where we are?** – The answer would be the current position of the Policy/Programme
- **Where we want to be or we should be?** – The answer would be the desired or potential position of the Policy/Programme.
- In response to the second question quantity and quality of tangible and intangible resources is to be assessed. On the basis of this assessment a realistic desired or potential position of the Policy/Programme is to be determined for each strategic planning element.

Strategic Gap Analysis

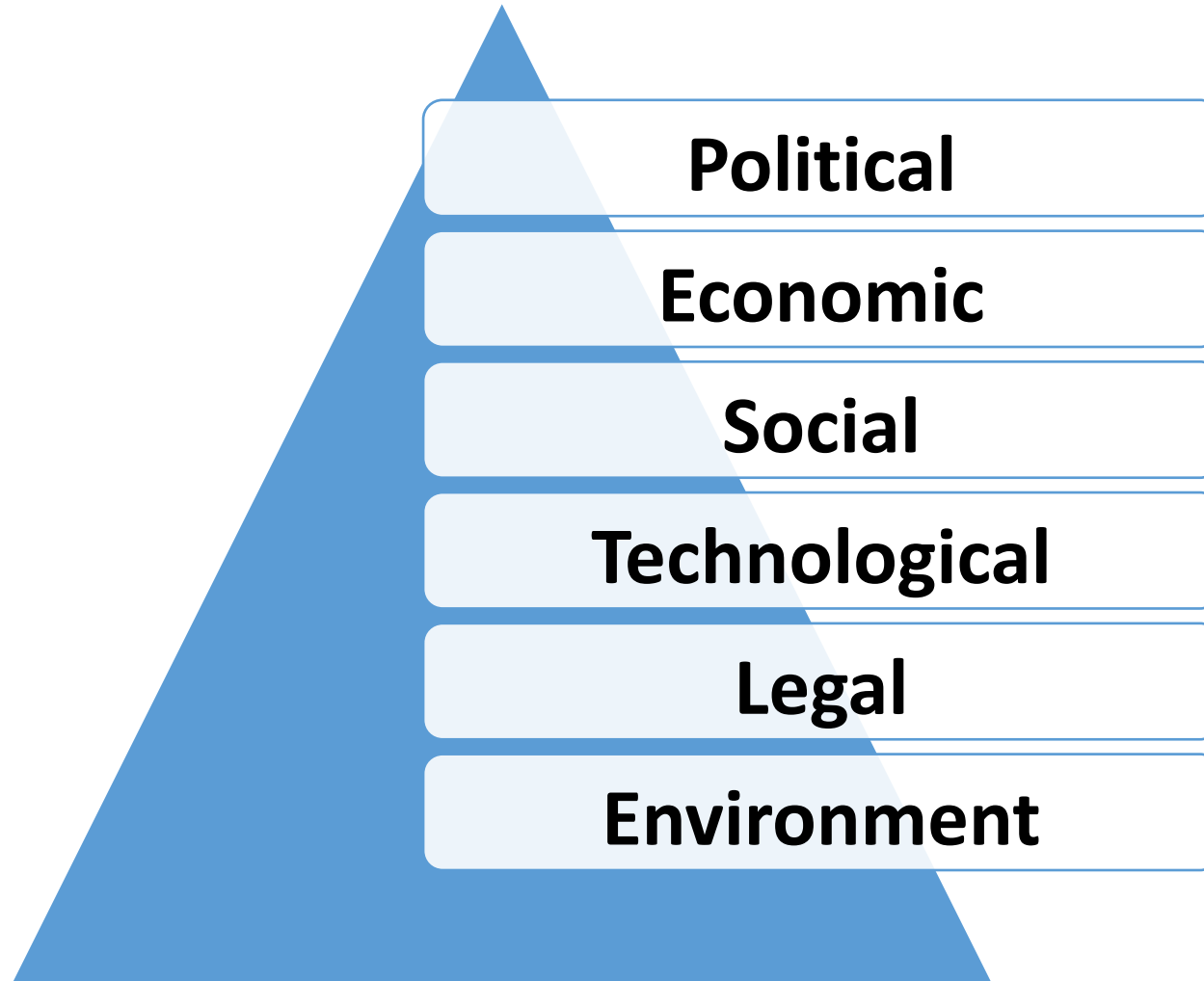
- **What are the critical issues?** – The answer to this question would be the reasons or causes of the deviations from desired positions. The response will highlight the shortcomings.
- **How to overcome the deficiencies?** – The reply to the question would be devising appropriate measures to get out of the current situation and to achieve the desired or potential position.
- **How to allocate the resources?** – must be appropriate resources

Strategic Gap Analysis

❑ **Why this gap does happens?** This could be due to a no. of reasons. For example :-

- Objectives were not realistically determined.
- They may not have been aggressively pursued.
- Objectives may not have been communicated properly to the concerned individual.

3. PESTEL Analysis



PESTEL ANALYSIS

- PEST analysis is a useful tool for understanding the political, economic, socio-cultural and technological environment in which an organization exists.
- Sometimes two additional factors, environmental and legal, will be added to make a PESTEL analysis.

PESTEL ANALYSIS

- It is used to scan the external macro-environment that an organization operates in.
- The use of PEST helps to break free of unconscious assumptions, and help to effectively adapt to the realities of the new environment.
- PEST is a framework for reviewing a situation, and can be applied to review strategic directions

PESTEL ANALYSIS

- **Political factors.** These include government regulations. Other political factors are trade restrictions and political stability.
- **Economic factors.** These affect the cost of capital and purchasing power of an organisation. Economic factors include economic growth, interest rates, inflation and currency exchange rates.
- **Social factors.** Social factors include population growth, age demographics and attitudes towards health.
- **Technological factors.** These influence barriers to entry, make or buy decisions and investment in innovation, such as automation, investment incentives and the rate of technological change.

PESTEL ANALYSIS

- Before producing a good PEST analysis, it is of primary importance to:
 - first, brainstorm the relevant factors that apply to its environment.
 - Second is to identify the information that applies to these factors.

PESTEL ANALYSIS

- third, to draw conclusions from this information. It is, however, necessary not only to describe factors, but to think through what they mean and how they impact the organization.
- PEST analysis is only a strategic starting point, and has its own limitations, emphasizing the need to test the conclusions and findings against the reality.

Understanding Strategy Development

- Strategy Development is a road map to success.
- It is a dynamic process that creates action plans, allocates resources, measures results and makes adjustments so that strategies are realized.
- Strategy Development provides the tools to implement strategies through a dynamic planning process that is responsive to results, internal and external changes.

STEPS IN STRATEGY DEVELOPMENT

STEP 1– Crafting Mission, Vision, and Value Statements

- The **mission** is a brief, typically one-sentence statement that defines the fundamental purpose of the organization.
 - ✓ The mission is the organization's purpose stated in a memorable phrase.
 - ✓ An organization's mission describes *what* it is going to do and *why* it's going to do that.

STEPS IN STRATEGY DEVELOPMENT

- importance of honesty;
- integrity and ethical behavior;
- corporate citizenship;
- respect for the employee and welfare of employees;
- and
- importance of safety and protecting the environment, etc

STEPS IN STRATEGY DEVELOPMENT

- ❑ **The vision** is a concise statement that defines the mid-to long-term goals (three to ten years) of a community.
 - ✓ Your vision is your dream.
 - ✓ The vision statement is the image or state to which the association aspires.
 - ✓ It emphasizes the dream of where the association will be at a specific time.

STEPS IN STRATEGY DEVELOPMENT

- ✓ There are certain characteristics that most vision statements have in common. In general, vision statements should be:
 - Understood and shared by members of the community
 - Inspiring and uplifting to everyone involved in your effort
 - Easy to communicate - for example, they are generally short enough to fit on a T-shirt (*Towards a greater College*).

STEPS IN STRATEGY DEVELOPMENT

STEP 2– Define and Decompose Strategic Goals

- Quantifying the vision makes it possible to integrate target setting with the exploration of feasible strategies.
- The vision's quantified success factor becomes the reference point for judging the feasibility of strategies.
- Therefore, in this step, the specific goals referring to the vision should be developed.

STEPS IN STRATEGY DEVELOPMENT

- A goal is a specific target, an end result or something to be desired.
- It is a major step in achieving the vision of the organisation.
- A goal is a place where the organisation wants to be, in other words a destination.
- For example, a goal for a sporting organisation might be to have 50 qualified and active coaches.
- An organisation may set several goals that will outline a path to achieving the vision.

STEPS IN STRATEGY DEVELOPMENT

❑ **STEP 3– Strategic Analysis**

- With a clear picture of what it needs to achieve, the community must now perform an internal and external analysis.
- External analysis: The external analysis should mainly include the existing policies and legal framework. National and international guidelines or restrictions should necessarily be considered when developing the strategy.

STEPS IN STRATEGY DEVELOPMENT

- Internal analysis: For the internal analysis, it is most important to consider background information like socio cultural issues to find out about the communities' own performance and capabilities.
- After performing the external and internal analysis, a SWOT analysis should be conducted.

STEPS IN STRATEGY DEVELOPMENT

❑ **STEP 4 – Strategy Formulation**

- Strategy formulation refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision.
- The strategy formulation consists of many parts:
- The strategy needs to be formulated and documented, including creating a community action plan. This ensures that the change of the strategy is linked to the planning and execution process.

STEPS IN STRATEGY DEVELOPMENT

- The developed strategy should be transparent for all community members. Therefore, raising awareness, for example through local media campaigns is of great importance.
- Furthermore, the new strategy should be adapted in the policies and legal framework of the community to enable its enforcement.
- Even though these four steps can be seen as a framework for developing a strategy, the concrete process of strategy development depends on the community/the local context.

STRATEGY DEVELOPMENT PROCESS

STRATEGY DEVELOPMENT PROCESS`	OBJECTIVE	PLATFORM ISSUES	REPRESENTATIVE ACTIVITIES
STEP 1: Vision, Mission, and Values (What business are we in, and why?)	To re-affirm the highest – level of guidelines about organizational purpose and conduct.	Establish the Vision in terms that are conducive to education	<ul style="list-style-type: none">- Mission Analysis- Vision Statement- Core values- Enhance vision

STRATEGY DEVELOPMENT PROCESS

STRATEGY DEVELOPMENT PROCESS	OBJECTIVE	PLATFORM ISSUES	REPRESENTATIVE ACTIVITIES
STEP 2: Strategic Goals (Where are we going)	To clearly define the highest – level goals that will drive strategy	Establish the model that will be used throughout the strategy development process.	<ul style="list-style-type: none">- Macro Mission – Measure- Value gap decomposition- Strategic themes- 3 to 10 year goals.- Financial Model

STRATEGY DEVELOPMENT PROCESS

STRATEGY DEVELOPMENT PROCESS	OBJECTIVE	PLATFORM ISSUES	REPRESENTATIVE ACTIVITIES
STEP 3: Strategic Analysis (What are our key issues)	To identify through structured analysis, the events, forces, and experiences that impact and modify the strategy.	- Define the linkage between the influencing forces and the process of value creation.	<ul style="list-style-type: none">- Environmental scan (PESTEL)- Internal Scan (SWOT)- Strategy of record review.- Key Issue Identification

STRATEGY DEVELOPMENT PROCESS

STRATEGY DEVELOPMENT PROCESS	OBJECTIVE	PLATFORM ISSUES	REPRESENTATIVE ACTIVITIES
STEP 4: Strategy Formulation (How can we best compete?)	To define where and how the organization will compete.	<ul style="list-style-type: none">- Ensure that changes in strategy are linked to changes in the planning and execution process.- Establish the boundaries of permissible change.	<ul style="list-style-type: none">• Where to compete (niches)• Differentiators (value proposition)• How to compete (strategy map)• Strategic change agenda

Developing Successful Strategies:

- ❑ Strategy creation follows a three-stage process:
 - ✓ Analyzing the context in which you're operating.
 - ✓ Identifying strategic options.
 - ✓ Evaluating and selecting the best options.

Developing Successful Strategies:

- It's no good developing a strategy if you don't implement it successfully, and this is where many people go astray.
- When you're putting your strategy in place, consider the Three Cs of Implementing Strategy –
 - ✓ Clarify
 - ✓ Communicate and
 - ✓ Cascade

Action Plan

- An action plan consists of a number of action steps or changes to be brought about in your community.
- Each action step or change to be sought should include the following information:
 - ✓ **What** actions or changes will occur
 - ✓ **Who** will carry out these changes
 - ✓ **By when** they will take place, and for how long
 - ✓ **What resources** (i.e., money, staff) are needed to carry out these changes
 - ✓ **Communication** (who should know what?)

Action Plan

- The action plan for your initiative should meet several criteria.
- Is the action plan:
 - ✓ *Complete*? Does it list all the action steps or changes to be sought in all relevant parts of the community (e.g., schools, business, government, faith community)?
 - ✓ *Clear*? Is it apparent who will do what by when?
 - ✓ *Current*? Does the action plan reflect the current work? Does it anticipate newly emerging opportunities and barriers?

CONCLUSION

- ❖ Strategic thinking focuses on finding and developing unique opportunities to create value for your organization.
- ❖ It involves careful and deliberate anticipation of threats and vulnerabilities to guard against; and opportunities to pursue....

Thank you
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