

Don't Let Strategy Become Planning

I must have heard the words “we need to create a strategic plan” at least an order of magnitude more times than I have heard “we need to create a strategy.” This is because most people see strategy as an exercise in producing a planning document. In this conception, strategy is manifested as a long list of initiatives with timeframes associated and resources assigned.

Somewhat intriguingly, at least to me, the initiatives are themselves often called “strategies.” That is, each different initiative is a strategy and the plan is an organized list of the strategies. But how does a strategic plan of this sort differ from a budget? Many people with whom I work find it hard to distinguish between the two and wonder why a company needs to have both. And I think they are right to wonder. **The vast majority of strategic plans that I have seen over 30 years of working in the strategy realm are simply budgets with lots of explanatory words attached.** This may be the case because the finance function is deeply involved in the strategy process in most organizations. But it is also the cause of the deep antipathy I see, especially amongst line executives, toward strategic planning. I know very few who look forward with joy to the commencement of the next strategic planning cycle. **To make strategy more interesting — and different from a budget — we need to break free of this obsession with planning.** Strategy is not planning — it is the making of an integrated set of choices that collectively position the firm in its industry so as to create sustainable advantage relative to competition and deliver superior financial returns. I find that once this is made clear to line managers they recognize that strategy is not just fancily-worded budgeting and they get much more interested in it.

Obviously you can't execute a strategy without initiatives, investments, and budgeting. But what you need to get managers focused on before you start on those things is the strategy that will make these initiatives coherent.

That strategy is a singular thing; there is one strategy for a given business — not a set of strategies. It is one integrated set of choices: what is our winning aspiration; where will we play; how will we win; what capabilities need to be in place; and what management systems must be instituted?

That strategy tells you what initiatives actually make sense and are likely to produce the result you actually want. Such a strategy actually makes planning easy. There are fewer fights about which initiatives should and should not make the list, because the strategy enables discernment of what is critical and what is not.

This conception of strategy also helps define the length of your strategic plan. **The five questions can easily be answered on one page** and if they take more than five pages (i.e. one page per question) then your strategy is probably morphing unhelpfully into a more classical strategic plan.

This definition of strategy can be disconcerting to those who have spent a lifetime generating traditional strategic plans. Not long ago I facilitated a day long strategy session with the senior team of a very successful \$10 billion company with an outstanding CEO. By the end of the day (in part thanks to a goodly amount of pre-work by the head of strategy), we got to

a nice set of integrated choices. I congratulated the group on its great thinking and working and affirmed what I judged to be an excellent strategy.

My enthusiasm notwithstanding, the CEO was troubled. I asked him why. “Is that all we have to do?” he asked, as if he thought he had cheated on an exam. I am sure he expected that he had to fill binders and long lists of initiatives to feel that he had been thorough in this year’s strategic planning process. I reassured him that he had given strategy anything but short shrift. And that day strategy prevailed over planning. I suspect that CEO will never go back. So if you pass the five-page mark is time to ask: Are we answering the five key questions or are we doing something else and calling it strategy? If it is the latter: eject, eject!

*Download a free chapter from **Playing to Win**, Roger’s brand-new book with A.G. Lafley.*

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