



## Leadership Essentials

# Developing Strategy

Visionary leaders inspire people to action and achievement by defining the destination and the journey to get there



**“Essentially, developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals”**

## Michael E. Porter (1980)

Unlike the day-to-day activities, strategy focuses on a broader spectrum of long term plans of at least a year or more ahead, with many covering a period of three to five years. The plan focuses on the achievement of the organisation’s goals, often with a whole business improvement emphasis. Some examples of strategic goals might include:

Delivering growth in income through digital marketing

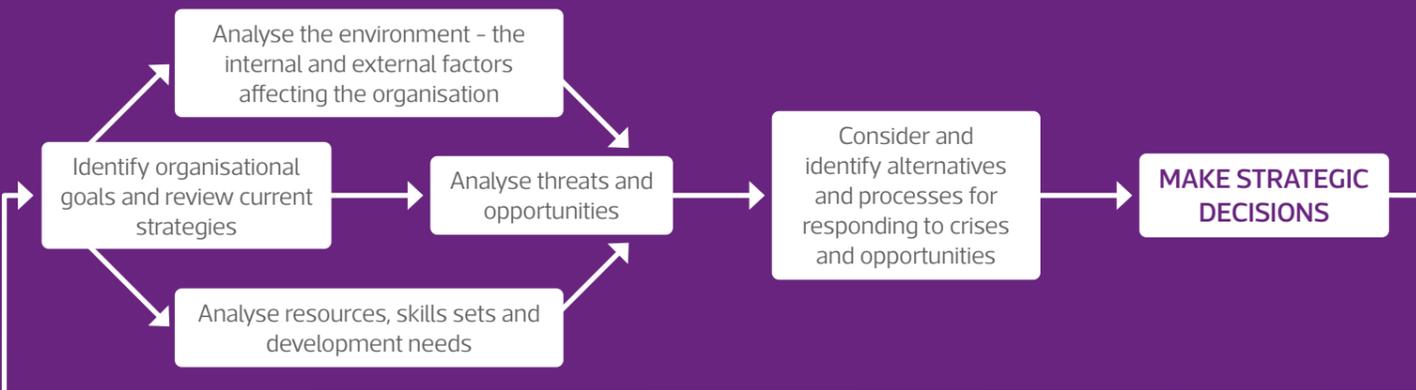
Launching a new product / service

Introducing an Apprenticeship training scheme

Even with clearly planned strategy, unexpected events and crises can cause deviation from the planned outcomes with an emergent approach needing to be applied. As such, it is essential to have effective processes in place to respond to both opportunities and crises, in order to underpin and support formal planning.

### Strategic Planning

To achieve the desired goals and purpose, business leaders will need to make choices and decisions about which approaches to take. To do this a strategic planning process needs to be applied, which will look something like this:



‘According to Osterwalder et al. (2010)’ a strategic plan requires consideration of the following:

<b>What is the current situation?</b>	What is happening at the moment? What are the organisation’s needs? How does this fit with the organisation’s mission?
<b>What do we want to achieve?</b>	What do we need to do? What is the vision? How will processes and systems need to change? What investment will be needed? Is the vision feasible?
<b>How can we do it?</b>	The new processes, strategies and staffing that will be put place. How will investment support this. How will this be monitored and evaluated?

To plan effectively, leaders need to consider macro areas (those over which it has no control), meso areas (those over which it has some control) and micro areas (those over which the organisation has full control). There are a number of tools which can help leadership teams apply this strategic planning process and consider the macro, meso and micro areas affecting its plans, as set out in the strategic models section. (Oxford Learning Lab).

### Strategy Models

A strategy model identifies the purpose of the organisation and the process that will be followed to achieve this. Strategy models may be:

- Basic – these have fewer components and are unlikely to apply to a whole organisation context e.g. SWOT and PESTLE.
- Complex – these have multiple components and focus on the operation of the organisation as a whole, considering factors such as resource availability, organisational culture and values, e.g. McKinsey’s 7S Framework, Porter’s 5 forces, as well as The Balanced Scorecard.

<b>McKinsey’s 7S framework</b>	This can be used to analyse the effectiveness of teams within the organisation, as well as the impact of change, and looks at structure, strategy, systems, skills, style, staff and shared values. (Bryan, 2008)
<b>Porter’s 5 Forces model</b>	This analyses the ‘attractiveness’ of a particular market by looking at the degree of rivalry, the power of customers, the power of suppliers, the threat of new competitors and the threat of substitute products or services. (Martin, 2017)
<b>SWOT analysis</b>	This tool allows you to analyse the strengths and weaknesses of the organisation, as well as to evaluate the opportunities and threats, anticipating the key challenges and informing decision making. (Fallon, 2017).
<b>PESTLE analysis</b>	This tool allows you to analyse the external factors affecting the organisation’s operations (political, economic, social, technological, legal and environmental). More recently the concept of Ethic’s has been included turning PESTLE into STEEPLE. (Oxford Learning Lab)
<b>The Balanced Scorecard</b>	This analyses the financial performance and the organisation’s use of the financial resources available, the customer/stakeholder view of performance, the quality and efficiency of internal processes, and organisational capacity (i.e. the scope to perform as required to achieve its purpose). (Balanced Scorecard Institute, 2017)

### Strategic Thinking

Strategic thinking is the ability to see the bigger picture and think about the future. Strategic thinkers can identify new solutions for existing problems and identify new ideas. (Walsh, 2014)

It is invaluable for your organisation to encourage strategic thinking for all staff, not just those within senior leadership or management positions. Oestreicher (2017) states Strategic thinking can be developed by encouraging employees to be:



## Strategy Top Tips

- Remember that strategy is a process
- Keep revisiting your goals to ensure the strategy effectively aligns with these
- Involve all stakeholders
- Communicate effectively - ensuring the message is understood - with outcomes, accountability and deadlines clearly defined
- Monitor and review - continuously testing your assumptions

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## Dimensions of Leadership

The Institute of Leadership & Management's Dimensions of Leadership offer, often elusive, insights into great leadership. This is not a static representation but an evolving description of the complex nature of leadership activity.

Find out more at [www.InstituteLM.com/learning/dimensions-of-leadership.html](http://www.InstituteLM.com/learning/dimensions-of-leadership.html)

