



## Strategy = Destination + Journey

Last month, we launched our Strategy Tips series, where we share insights by combining state-of-the-art academic thinking with decades of hands-on experience. Our second tip is on the definition of strategy, a term that holds significant importance in the business world but often remains elusive.

Using our combined experience as strategy consultants and business owners, and after a wide reading of the literature - involving not just thinkers on business strategy, but also the military where the term originates - we pose that strategy is about selecting a future destination and defining the journey to get there.

### The destination

The first element in strategy is selecting your destination. As our esteemed mentor Roger Martin articulates, the smart way to define the destination is making five choices.

- **What aspiration:** What is your ultimate goal? What does "winning" look like?
- **Where to play:** In which industries, markets, and segments will you compete?
- **How to win:** What are your customer propositions and your competitive advantage that enable you to play?
- **What capabilities:** What assets, knowledge and relations must you have to win?
- **What management systems:** Which structure, culture, processes, metrics, decision rights and technologies are critical to build and maintain your capabilities?

These choices should be mutually reinforcing and adapted to the environment. They can be made through a process of options ideation and testing.

Every manager makes these decisions all the time, often implicitly. But without explicit choices your efforts tends to be spread out thinly, new opportunities or threats market may be missed, and decisions may be made too reactively and disconnected from long-term objectives.

To illustrate, Remco Groeneveld, one of our founders, made clear choices for SOIL, a restaurant chain he co-owns with his Berkeley MBA classmate Gustavo Bottino (pictured). It has strong processes in place around food R&D and location scouting, which build the capabilities SOIL needs to win with unique experiences for customers that seek tasty vegan food, so it meets its founders' aspirations.

## The journey

Element two is laying out the journey toward your destination. This entails a plan that closes the gaps between your current and new choices. For instance, if China is a future market choice but not a current one, put 'enter China' in your plan. To facilitate communication, group actions around a few themes.

Laying out these actions over time creates a roadmap with designated owners and milestones. This is a tricky and often underappreciated aspect of strategy since you can't do everything all at once. Timing is everything: invest too soon and demand might not be there, invest too late and your competitors will have stolen a march on you.

And, contrary to what a lot of people seem to think, strategy is not about setting very specific financial goals, like y% revenue growth or x% EBITDA margin. It is about crafting a cohesive plan that aligns every aspect of the business towards your destination. To quote US General and President Eisenhower: "Plans are nothing, planning is everything"

## The Bottom Line

Making five strategic decisions and outlining a clear path will distinguish you from others and increase the likelihood of creating value for all stakeholders. Any strategy is a bet on the future, but if you are well prepared you will only have to make a small leap of faith.

## Let's Engage

We help business leaders navigate strategy. Want to know more? Drop us a line or share your thoughts in the comments.

#Emery #Strategy #StrategyDefinition #WhatIsStrategy #DecisionMaking