

The Strategic Continuum

Short-term operational performance and longer-term strategy are tightly linked. There's a continuum where long-term strategy drives short-term operational plans, and the results of these plans drive the evolution of your strategy. The business reality is that your key initiatives for the next six months are also the first six months of your longer-term business strategy.

The balance between operational performance and strategy is like driving a car. Operational performance tends to look out the rear window while strategy focuses more on the road ahead. A good assessment of your company's operating performance identifies which of your strategies are working, which need to be revised and uncovers new opportunities.

Business Is Never Static

Because markets, customers and competitors are never static, continuous assessment and revision to both short-term and longer-term planning is vital for sustained business success. Following this 4-step framework can help you efficiently assess and strengthen your strategy.

1. Use your operational assessment findings as the basis to evaluate the effectiveness of your strategy.
2. Use a series of key questions to focus your strategy discussions.
3. Evolve your strategy as needed.
4. Insure that your strategy is resourced for success.

Let's look at each of these four steps in more detail.

Evaluate Strategy Effectiveness

The Key Performance Indicators (KPIs) that you used to track business performance are leading indicators of basic strategy effectiveness. These indicators were established to help you track performance and also communicate effectively with your board and investors.

Use Questions To Focus

Use this series of basic questions that you can use to frame your strategy evaluation and discussion. Add to or delete from the following starter list as necessary to help you and your management team focus on the most relevant discussion topics.

- Where do we want to compete?
- How do we achieve competitive advantage?
- What is our current competitive position in each of our competitive segments?
- What do we want to achieve?
- Why do we think we will be successful?
- What are the resource requirements?
- What are the key assumptions in our plan?
- How are our plans linked to shorter term operational plans?

Evolve Your Strategy

In setting your current strategy and operational plan, you established a set of key assumptions that form the foundation of your planning. Re-evaluate your previous assumptions based on the realities of current performance, market evolution and competitive reaction. These updated assumptions form the basis of any good plan and also the amount of risk you are willing to undertake.

Prepare a new set of strategic initiatives that use the balance of the current year as the foundation for the next year.

Insure that your strategy is resourced for success

After you have updated and revised your strategy, clearly identify the resource requirements. What are the funding requirements and also people requirements needed for success? Do you realistically have access to the resources required? If not, pare back your strategic aspirations.

First View of Next Year

Remember that your longer-term strategy provides your board and investors with their first view of the upcoming year. The feedback and reaction you receive can be invaluable as the current year unfolds and next year's operation plan is developed.