The 12 Key Strategy Mistakes and How to Avoid Them

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12 Key Strategy Mistakes White Paper

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Creating a winning corporate strategy is fundamental to your business success.

But creating great strategy is hard. Common issues include:

1. You know you need a strategy, but where do you start?
2. There are many strategy tools, but which ones are the best?
3. What are the right steps to take? In what order?
4. How do I know what questions to ask?
5. What is the best way to document my strategy creation?
6. How do I turn my Strategic initiatives into action steps and a project plan?
7. How to I make my team accountable for completion of Strategy actions?
8. How do I measure success/failure of my Strategy?

In order to answer these questions, we are going to review the 12 keystrategy mistakes many companies make with their strategy plans and how to avoid them.

#1 – Not Having a Strategy

Mistake: Many companies pay lip service to strategy with by creating a set of yearly financial objectives that have weak basis for the projections. They do not have formal strategic plan format or process that they use to work through all the factors that drive a winning strategy.

Solution: It is imperative that the CEO/Business Owner personally owns the Strategic Plan and works with his leadership team using a rigorous templated strategic planning process that identifies all the core strategic elements, documents the results, and creates a method for tracking strategy execution.

#2 – Not Creating a Vivid Vision Document

Mistake: In order to lead a company forward, the CEO and leadership must have a shared vision of what success looks like in vivid detail. Short vision statements favored by many companies do not provide the detail and inspiration to create the changes required to move a company forward.

Solution: The CEO should create a 3 to 4 page Vivid Vision document that describes what the company looks like in three years using present-tense language.

#3 - Not Having Clear Core Values to Support Your Why

Mistake: Companies must have clear Core Values that everyone in the company believes and lives every day.

These values are a key foundational element for strategic analysis and planning. Moreover, these Core Values define how you hire, fire and work with customers, partners and each other.

Solution: Create and document your 3 to 7 core values for your entire company. Share these core values with everyone and integrate them into all your business processes and personal interactions.

#4 – Not Focusing on Target Markets and Ideal Customers

Mistake: Many businesses attempt to be too many things to too many people. It is tempting to chase large amorphous markets, but it is difficult to become the market leader with unique solutions and benefits if the customer challenges do not converge.

Solution: Clearly identify the key markets you will serve. As your company focuses on key markets, you can identify your Ideal Customers and develop the develop the decision-making personas at these customers.

#5 – Not Having Balanced Scorecard Objectives That are SMART

Mistake: Many companies identify their strategic objectives in financial terms only (e.g. revenues, margins, profits). They often do not characterize and quantify objects in other corporate areas that directly affect the financial metrics. Also, the financial objectives are specific in currency units but only have a 1-Year or maybe 3-Year time horizon

Solution: A much better method is to create objectives using the Balanced Scorecard areas of Financial, Customer, Business Process, and Talent & Teamwork. When these objectives are documented they must meet the SMART criteria – Specific, Measurable, Achievable, Realistic, and Time-based.

#6 – Not Understanding Key Factors You Can and Can't Control

Mistake: There are many external and internal factors and forces that impact your business and will dictate your ultimate strategy. Many companies do not take the time to understand these key factors and document potential actions should these issues arise. Assuming the status quo will continue indefinitely is foolish. The only constant is change.

Solution: Your strategy planning tools need to utilize the best in class tools for discovery, inspection, and analysis of Key External and Internal factors such as PESTEL, Porter's Five Forces and SWOT that are proven ways to drive meaningful strategic insights.

#7 - Not Analyzing Your Competitors Using Multiple Viewpoints

Mistake: Just listing your competitors and the products/services they provide will not drive strategic insights that will push your company to create ways to distinguish you from your competitors and create long term competitive advantage.

Solution: You need to identify all forms of your competitors (direct, internal at customer, emerging). Then to get into heads of your competitors and look at the world through their lenses to identify their mostly like strategic plans and directions.

#8 – Not Creating an Industry Canvas That Shows Uniqueness

Mistake: Not identifying what makes your company unique and distinguishes you from your competition. Without this information you cannot create the story of how you will serve your customers better than your competitors.

Solution: Utilizing an industry canvas map - that is a derivation of the Blue Ocean techniques – that places the amount of customer value realized on the y-axis and product/service features across the x-axis for you and your competitors. Then you can visually identify the areas you need to pursue to become unique and create a defensible market position.

#9 – Not Having a Coherent Business Model with Recurring Revenue

Mistake: Not examining your business model in the light of changing customer needs and market forces. It is easy to "do what we did last year", and not pursue new ways to create predictable recurring revenues using innovative business models that serve your customers in new ways.

Solution: As we have seen by the "unicorn" companies that have disrupted industries and grown from nothing to billions in market value, using innovative business models coupled with enabling technology is a winning strategy. You must constantly look to innovate your business model by leveraging various ways to serve your customers. Importantly, every business can find ways to utilize recurring revenue strategies (such as Amazon did with Prime memberships) to enhance financial performance and drive customer loyalty.

#10 – Not Having a Strategy Map to Drive Company-wide Buy-in

Mistake: Even if you have created a strategic plan and strategic initiatives, they must be presented in a way that can be understood by everyone in your company. Often, many of your staff are guessing at what they should be doing to support the new strategic plan. Remember, strategy is doing things in a different way and that takes change and coordination.

Solution: Using a Strategy Map is an excellent way to coherently bring things together and present to company team members. This positions the company strategy for downstream departmental execution of strategy action plans - provided you have not committed the next KeyMistake #11.

#11 – Not Having a Strategy Execution Project Plan and Accountabilities

Mistake: Strategy without action is merely a dream. You just can't create a strategy binder and just put it on the shelf. Many companies do not have a Strategy Project Plan that has action items, accountabilities and timelines. Most CEOs do not have a formal way of assessing Strategy progress.

Solution: Use a software tool and process that turns strategic initiatives into a strategy action plan where action items can be assigned to team members, executed and tracked. The strategy action assignments must be tracked as high priority tasks by accountable team members if your strategy is to be executed successfully.

#12 - Not Reviewing Strategy Execution Status Monthly and Take Corrective Action

Mistake: There are often frenetic strategic planning activities for a few weeks at the end or beginning of a fiscal year and then things tend to quickly drift back to the normal daily routine. The resulting Strategic Plan goes on the shelf - or worse yet hidden in some shared folder on a server.

Solution: It is essential that a strategy execution process is instituted and driven by the leadership team. The strategic goals need to be linked to departmental objectives and actions prioritized in order to realize strategic changes. A regular monthly strategy execution review cadence is required.

Avoiding These 12 Key Mistakes – Use the StratPlan Solution

Having a coherent and well executed strategy is essential to your company's success. To avoid suffering the 12 key strategy mistakes we discussed, you should implement a strategy planning and execution system such as StratPlan from TargetOutcome. Using the StratPlan system will provide you and your team the ability to create a winning strategy and then execute your strategy to realize your successful business outcome. Learn more at https://targetoutcome.com/stratplan/.