



BLOGS

Roger Martin

On: Strategy, Leadership, Innovation



May 26, 2010

Five Questions to Build a Strategy

People make strategy much harder than it needs to be. For some, the problem is that they focus too much on the tools: environmental scans, SWOT analyses, customer analyses, competitor analyses, financial modeling, and so on. Other people get into trouble because they think it's all about the broad, conceptual, future-oriented, big picture stuff — not to be confused with tactics. Still other times, people think that strategy is what happens when we think about changing directions.

The reality is that strategy is at some level about all those things, and you can't do a satisfactory job with your analysis alone, or your big picture alone, or your changes alone. You have to do a bit of work on all of them.

That's actually a lot easier than it sounds. My preferred approach is to treat strategy-making as developing a set of answers to five interlinked questions. The questions — which cascade logically from the first to the last — are as follows:

1. What are our broad **aspirations** for our organization & the concrete **goals** against which we can measure our progress?
2. Across the potential field available to us, **where** will we choose **to play** and not play?
3. In our chosen place to play, **how** will we choose **to win** against the competitors there?
4. What **capabilities** are necessary **to build** and maintain to win in our chosen manner?
5. What **management systems** are necessary **to operate** to build and maintain the key capabilities?

The trick is to have five answers that are consistent with one another and actually reinforce one another. Aspirations & Goals to be a great international player and a

Where to Play response that is domestic doesn't match well with a How to Win on the basis of proprietary R&D — because the competitors with global aspirations will almost certainly out-invest and outflank you. Winning on the basis of superior distribution is unlikely to happen if you don't have a concrete plan to build the capabilities and a management system to maintain them.

So where do you start? Most organizations start at the top with some kind of mission/vision exercise that drives participants around the bend. The reason it drives them crazy is that it is extremely difficult to create a meaningful aspiration/mission/vision in the absence of some idea Where to Play and How to Win. That is why those conversations tend to go around in circles with nobody knowing how to actually agree on anything. Any mission or vision will do when you don't have a thought-through Where to Play or How to Win.

That said, if you think entirely about Where to Play and How to Win without consideration of Aspirations & Goals, you may end up with a strategy that is effective for its intended goal but isn't something you would actually want.

What this means is that to create a strategy, you have to iterate — think a little bit about Aspirations & Goals, then a little bit about Where to Play and How to Win, then back to Aspirations & Goals to check and modify, then down to Capabilities and Management Systems to check whether it is really doable, then back up again to modify accordingly.

While it may sound a bit daunting, iterating like this actually makes strategy easier. It will save you from endless visioning exercises, misdirected SWOT analyses, and lots of heroically uninformed big thinking. Crafting your strategy in relatively small and concrete chunks and honing the answers to the five questions through iteration will get you a better strategy, with much less pain and wasted time.

*Roger Martin (www.rogerlmartin.com) is the Dean of the Rotman School of Management at the University of Toronto in Canada. He is the author of *The Design of Business: How Design Thinking is the Next Competitive Advantage* (Harvard Business Press, 2009).*