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*What is Strategy?
The Million Dollar
Question!*

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What is ‘strategy’?

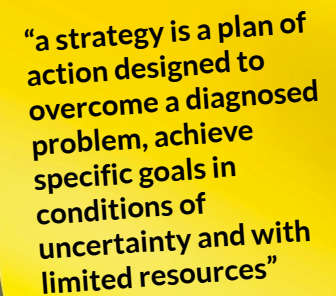
At Ionology we run regular workshops for senior marketing managers and business leaders. One of the first tasks I ask them to do is to take a post-it note and write down the meaning of the word “strategy”. Then I ask them to stick it up at the front of the room. While there is often a diverse range of terms written, they all answer the question with great accuracy and similar context.

“A strategy gives direction to overcome problems,” one would say.

“A strategy is a plan of action to overcome an obstacle” another would write.

“A strategy allows us to set out a plan and share where we are going in the future” would be another alternative.

Once I’ve read them all out we collaborate to create a single sentence to encompass the mainstream of opinion. We usually agree that “a strategy is a plan of action designed to overcome a diagnosed problem, achieve specific goals in conditions of uncertainty and with limited resources”.



“a strategy is a plan of action designed to overcome a diagnosed problem, achieve specific goals in conditions of uncertainty and with limited resources”

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The Science of Strategy for Transformation

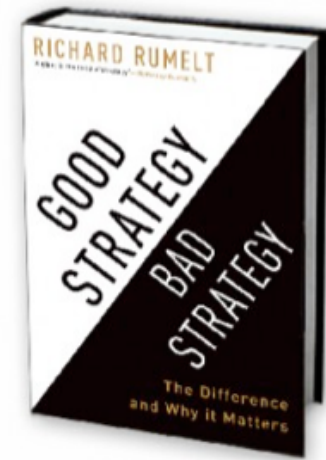
Next I ask the participants to compare their digital strategies with the agreed term. We look at a 'Content Strategy' and ask what were the agreed specific goals? We look at the 'Social Media Strategy' and ask what was the problem that was diagnosed that social media could overcome; what goals were set, conditions of uncertainty were defined and how do we control, measure or scale resources? Inevitably we fail to qualify our digital strategies against our own definition of what a strategy actually is.

'Good Strategy/Bad Strategy: The Difference and Why it Matters' was chosen as one of six finalists for the Financial Times & Goldman Sachs Business Book of the Year award for 2011. The book's author, Richard Rumelt is Professor of Business & Society at UCLA Anderson.

In his book Rumelt argues that strategy is a form of problem solving and for a plan of action to be strategic it must have three distinctive elements. These elements form the kernel of the strategy.

The three elements are:

- A truly diagnosed understanding of what the near term challenge is and what's causing it (Not an easy task when you're working inside the business).
- A plan of action that will deal with overcoming the diagnosed challenge.
- Coherent action to deal with the challenge.



At a seminar he gave at the London School of Economics he noted that strategy comes from identifying one or two critical issues in the situation – the pivotal points that can multiply the effectiveness of effort – then focusing and concentrating action and resources on them.

The Professor illustrates how we often start with incoherent action without first properly diagnosing the situation and the impediments prohibiting us from reaching our goals.

For many, digital tactics are simply incoherent action without proper diagnoses of the challenge. Our plans of action are to “engage with customer” or to “drive traffic to the website”, but what near term challenge is this addressing? All too often, the real challenge is that the business hasn’t developed an innovative and unique value proposition or it doesn’t have the scale to compete effectively in the marketplace. It’s solving the wrong problem first.



Professor Richard Rumelt
*Author of Good Strategy/Bad Strategy: The
Difference and Why it Matters*

So businesses are busy, but they are not being strategic.

So, what is *Digital* Strategy?

At iONOLGY we develop digital strategies for businesses. The term Digital Strategy is commonly confused with a mish-mash of social media tactics or technology infrastructure. Digital Strategy is developed for the business as a whole - not just for marketing and not just for IT. We prefer to call it Digital Business Strategy - because it is the Business Strategy that's important and we view the business challenges through a Digital lens.

Digital Business Strategy is the starting point for Digital BusinessTransformation.

The definition is...

Digital Business Strategy is a process of diagnosing and eliminating near term challenges using technology, in order to progress a business towards its stated vision.

Digital Business Transformation is the managerial process of creating alignment between the digital business strategy, organisational culture, closing digital competency gaps, agile innovation and tactical excellence.

References:

Watch Richard Rummelt's seminar here. <http://youtu.be/UZrTI16hZdk>

(Tip! The full video is 1h 35 mins. To skip the intro and Q&A Rummelt's talk is from 5.15mins to 1.08.54. It is 63 mins and 29 seconds of strategy insight.)

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