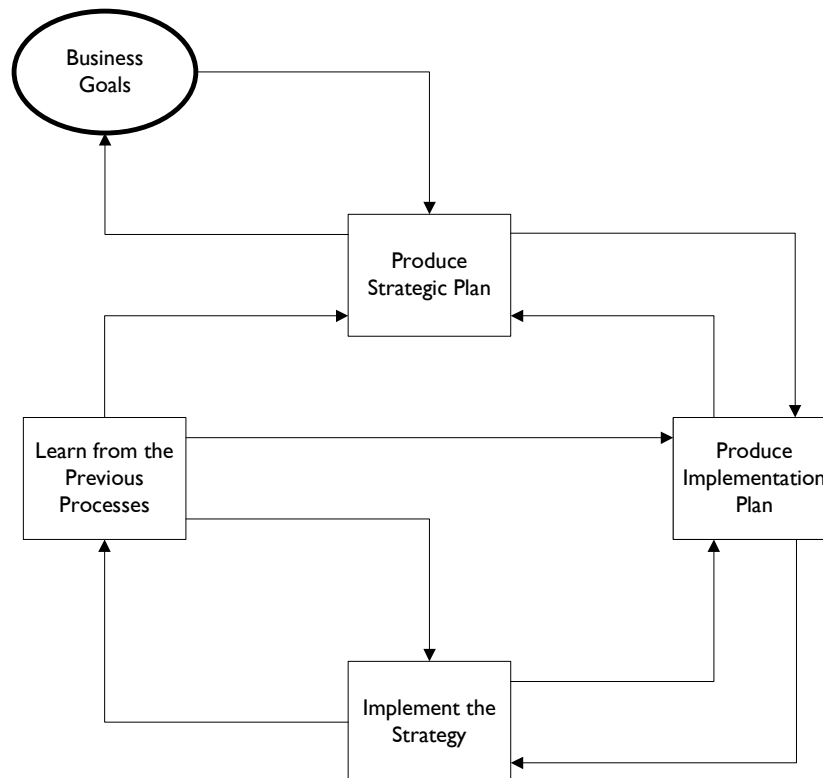


## A Note on Strategy and Its Descendents

Strategy<sup>1</sup> can be defined as:

“Statements of intent, especially for meeting the Vision. They describe principle approaches and actions that Corp plans to implement to achieve the Goals or Objectives.”

Implicit here is that a strategy is not a specific plan for implementation. It's rather like saying the our strategy is getting from here to there by a certain time, and not laying out the specific byways (e.g., google maps) for getting there



**Figure 1 Strategy and Its Relatives**

Strategy is the result of thinking about how to meet the goals of a business. Goals can be described as:

‘High level “objectives” owned by the Board and set from the Vision comprising quantity and timescale elements. They represent specific endpoints at which Corp must arrive.’<sup>2</sup>

For example:

1. To be first or second in share in markets Corp chooses to serve.
2. To provide a return to the shareholder that consistently attracts quality investors.

<sup>1</sup> James Drogan, Thinking About the Business Configuration, 2007, Available: <http://jmsdrgn.squarespace.com/storage/Thinking%20About%20the%20Business%20Configuration.pdf>, February 28, 2007.

<sup>2</sup> Drogan, Thinking About the Business Configuration.

3. To present a combination of challenge and reward that attracts and retains the high quality people.<sup>3</sup>

A strategy discusses how the general sets of assets in control of the organization will be deployed to meet the goals. An example of asset sets is:<sup>4</sup>

**Everything to  
be managed  
is always  
reachable.**

- Inventory
- Resources
- Commitments
- Customers
- Collaborators

### Figure 2 Asset Sets

A strategy might therefore be likened to high level set of rules. For example:

1. Manage our portfolio of customers to maximize its value to the shareholders.
2. Enter into strategic alliances with best-in-class collaborators.

These strategies do not easily emerge from consideration of the goals of the firm. If they did, strategic planning would be much easier than it is.

These statements of strategy become input into the process that produces the implementation plan. Here, for example, if our strategic goal is to “manage our portfolio of customers to maximize its value to the shareholders,” then we might have the following, more specific plans:

1. Marketing will determine the gross value generated by our customers over the past five years and project the value for the next 10 years.<sup>5</sup>
2. Sales and Service will determine the cost-to-serve of our customers over the past five years and project the cost for the next 10 years.
3. All major value-adding departments (this might add Procurement, Logistics, and Manufacturing to the aforementioned) will meet to agree on a set of actions that will maximize the value of the customer portfolio over the next 10 years.

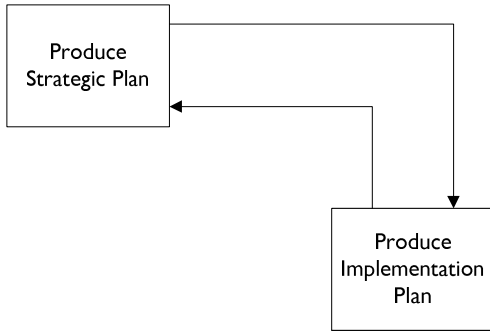
From this set of actions one constructs the details of the implementation plan.

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<sup>3</sup> Drogan, Thinking About the Business Configuration.

<sup>4</sup> James Drogan, Information System Fundamentals, 2005, Available:  
<http://jmsdrgn.squarespace.com/storage/Information%20System%20Fundamentals.pdf>, January 28, 2007.

<sup>5</sup> Five and 10 years are arbitrarily chosen here. These time horizons should be set based on an understanding of the underlying business cycles.



Note this section of Figure 1. There is a feedback loop from Produce Implementation Plan to Produce Strategic Plan.

This calls our attention to the idea that the strategic plan may call for a goal that cannot be practically implemented. This subsequently calls for a revision to the strategic plan.

Similar feedback loops occur through the diagram.

The feedback loops inform us that the process of changing an organization as embodied in its strategic and implementation plans is not a once-through and all-is-well

undertaking. Trade-offs will need to be made and minds will need to be adjusted as the ambitions of the firm come into contact with reality.

Producing the strategic plan is not the same as producing the implementation plan. Different outcomes are to be expected and different sets of knowledge, skills, and experience are to be required. For example:

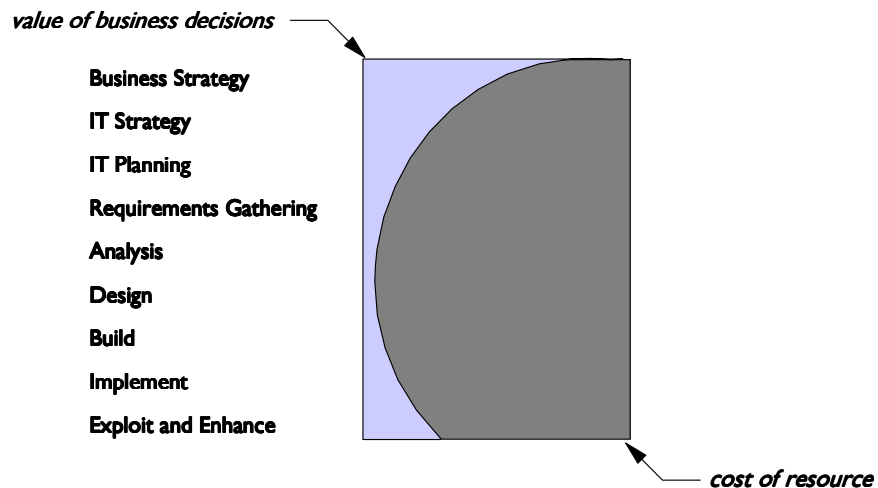


Figure 3 Value of Business Decisions vs Cost of Resource<sup>6</sup>

Business decisions of significant value are generally made by a small group of people whose aggregate costs may be relatively low. The building and implementation of these decisions will add relatively minor levels of business value, but consume relatively large amounts of resource.

I compare Figure 1 and Figure 3 in the following manner.

Produce Strategic Plan	Business Strategy IT Strategy
Produce Implementation Plan	IT Planning Requirements Gathering Analysis
Implement the Strategy	Design Build

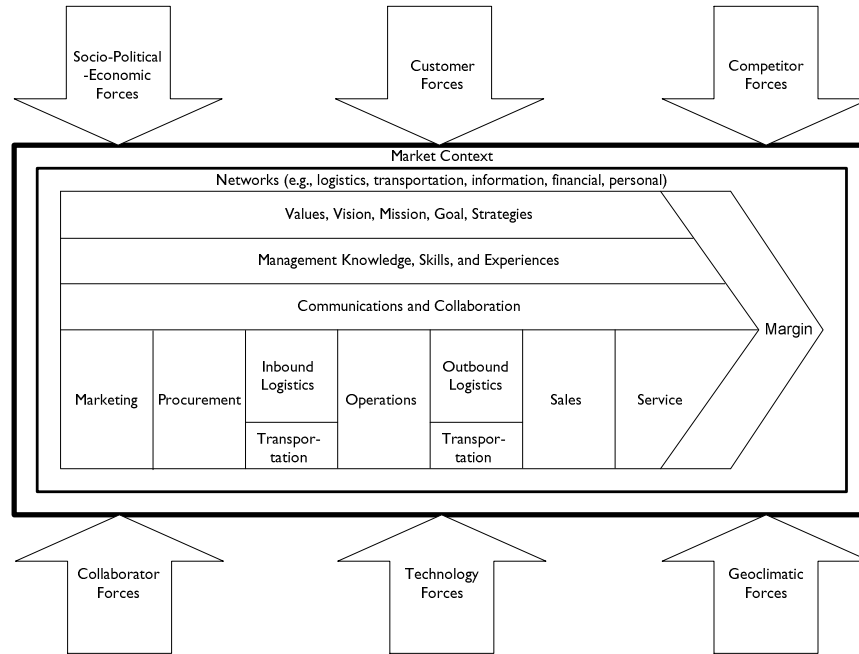
<sup>6</sup> James Drogan, *Notes from the It Frontline 1965 - 2003*, Available: <http://jmsdrgn.squarespace.com/storage/Notes%20from%20the%20IT%20Frontline%20October%201,%202003.pdf>, July 20, 2007.

	Implement
Learn from the Previous Processes	Exploit and Enhance

**Table I Comparison of Two Views of the System Life Cycle**

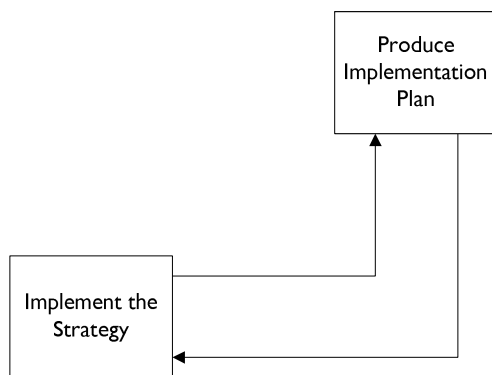
“No battle plan survives contact with the enemy”<sup>7</sup>

The same applies to a strategy with respect to implementation. Recall the Context of Interest.



**Figure 4 The Context of Interest**

Many (most? all?) of the key components of the Context of Interest are in a state of flux. The strategy is based on the best approximation of the state of these variables and what’s likely to happen. It is terribly naïve to think that output from the labor of defining the strategy will not be buffeted by the currents in the context.



While there is a feedback loop evident in this couple, it is likely of less “strength” than the feedback loop from Produce Implementation Plan to Produce Strategic Plan.

The reason for this is that when one commits to implementation the commitment is usually one of significantly greater resources and may have been more-or-less publically made. These two factors make changing the plans more difficult. This then puts a premium on getting the implementation plan correct.

The final “descendent” of the strategy, and yet, in some important ways its antecedent, is Learn from Previous Processes. The purpose of the learning is to enable the firm to improve its ability to conceive,

<sup>7</sup> Wikipedia, “Helmuth von Moltke the Elder,” [http://en.wikipedia.org/wiki/Helmuth\\_von\\_Moltke\\_the\\_Elder](http://en.wikipedia.org/wiki/Helmuth_von_Moltke_the_Elder) [February 3, 2009]

plan, and implement actions that will improve its performance. Hence, a formal learning process is recommended. After action reviews<sup>8</sup> are an example.

In an after action review I am looking to answer three questions:

1. What worked?
2. Where did I get stuck?
3. What should I do differently next time?

The answers then inform me as to how I can improve my performance.

Learn from Previous Processes is used to improve the other three processes in the relationship depicted in Figure 1. Ideally, there is an After Action Review in each of the processes

## Coda

To my way of thinking strategic planning, implementation planning, and implementation are three distinct processes. They have different purposes and produce different outputs. They require different sets of knowledge, skills, and experiences. The approach one uses to managing each is likely to differ. The risks and rewards of each differ. The time frames associated with each are different.

We run the risk of missing these essential differences and thereby arriving at a less than acceptable result when we conflate the processes.

James Drogan  
February 4, 2009

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<sup>8</sup> This phrase comes to me through my contact with US military personnel while at SUNY Maritime. A nice summary of this process can be found at [After Action Review](#). I frequently conduct reviews of this nature after individual classes and at the completion of a course.

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