

Four Core Elements of Strategy

Let me start with what might be a radical assumption. All organisations *have* strategy. They are all trying to get to their goal. It may or may not be effective. And, in most cases it is not consciously laid out (but built on unacknowledged assumptions about how change happens).

So how can we identify an effective strategy? Here's a definition that looks at four core elements that result from a good conscious strategy. Using it can shed light on the dynamics of your underlying strategy.

Most organisations have these elements in varying degrees and with varying levels of consciousness ("do we have a clear direction?"). When looking at one's organisation, you can use these four elements to decide – "Are we effective at this aspect? If not, how can we maximise it in the organisation?" As one makes their strategy more conscious and deliberate, you'll be able to develop a group that can check how they are going on certain strategy challenges ("are we concentrating our resources?").

The purpose of strategy is to achieve the following four elements:

Setting direction

Defining a clear and simple long-term goal which is capable of motivating effort.

Concentrating resources

Focusing all resources, efforts and enthusiasm in the agreed direction.

Maintaining consistency

Progressing in the same direction, with the same focus over long periods of time, deviating only when necessary.

Retaining flexibility

As a successful strategy become more embedded in the organisation's culture it tends to become set and increasingly resistant to change. It is therefore vital to maintain a continuous assessment of the various environments and key variables on which the strategy depends and continually review the necessity for revising the agreed strategy.

Setting direction

Strategy can be identified in operational terms as setting the direction, as in: Where are we now? Where do we want to get to? This directional idea is far from being the whole story, but it is nevertheless surely crucial. Once the direction is set, it becomes possible to take decisions in a consistent manner with regard to strategy. Only when direction is set is it possible for all members of the organisation to know which way they are headed, and only then can they shape their own efforts accordingly. With no direction, members may well allocate their efforts and enthusiasm in random and conflicting directions with no prospect of building coherence.¹

Concentrating resources

This element is the most often violated principle of effectiveness. When working for a goal, the need is to make a commitment as an organisation to that direction. That means efforts within the group must be concentrated on that direction, not always going in different directions.

One strategist, in trying to explain strategy, said: "You know you have strategy when you know what you are *not* going to do." Concentration is about keeping to the goals set out by the direction, and marshalling resources to make that happen. For Gandhi, this meant constantly assessing and deciding, "*If we do this worthy project, will it push forward our eventual goal, the overthrow of the British Empire and the cultural uplift of the Indian people?*" If not, then he might applaud the project, but not spend energy working on that project.

The reason for lack of concentration are various. The most difficult aspect of concentration is the decision to *not* do things (not join a certain protest, pass up a particular opportunity). And yet, concentration remains one of the key determinants of success.

Maintaining consistency

A third main purpose of strategy is to provide consistency. All that has been said of concentration applies to consistency. Consistency is simply concentration over time. Like concentration it applies to big, large decisions and it applies to the myriad mini-decisions which determine how an individual's time, effort, and enthusiasm will be allocated. Without consistency the organisation will continually change direction, flitting like a butterfly from one project to another.¹

Retaining flexibility

As an organisation with a direction learns to concentrate consistently, the established position and effective culture of the organisation gradually becomes more deeply imprinted on the organisation. Individual members become expert and make heavy personal and psychological investments in their expertise. The organisation as a whole accumulates substantial commitment to the existing and successful approach. This will tend gradually to render the organisation less capable of noticing, let alone creating, change in its approach.

Strategy needs to set direction, concentrate effort and provide consistency, but at the same time, it needs to ensure organisational flexibility. Direction, concentration, and consistency require determined action for their achievement. And when achieved, they militate against flexibility. Thus the purpose of strategy is rather subtle: a balance between commitment to a successful direction and the ability to change direction when required.¹

Where tool comes from:

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¹ Adapted from Strategy in Action: Strategic thinking, understanding and practise by Gordon Pearson (Financial Times Prentice Hall 1999). The original four elements of strategy are from this article.