

White Paper: Four Phases of Strategy



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“A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be.”

— Wayne Gretzky

The purpose of this white paper is to provide organizational leaders with an overview of the many different approaches to formulating and implementing organizational strategy, as well as provide them with what we believe are the four phases of strategy.

Definition

Perhaps no other word in business has been associated with so many different definitions as the word strategy. After reading and considering nearly all of them, the one we like the most comes from Mintzberg, Ahlstrand, & Lampel (1998). They define strategy in this way:

“The real world inevitably involves some thinking ahead as well as some adaptation en route.”

What we love about this definition is that it incorporates the two most important elements of strategy—forecasting and responding—without overemphasizing either one.

The Five Ps for Strategy

Mintzberg, Ahlstrand, & Lampel (1998) also provide a helpful framework for organizing the different ways that strategy can be viewed. They call them the Five Ps.

1. **Strategy is a PLAN.** Strategy provides a roadmap or guidelines for an organization to move forward into its future.
2. **Strategy is a PATTERN.** Strategy is framework for achieving consistency over time and across departments and locations.
3. **Strategy is a POSITION.** Strategy is placing specific products in specific markets for specific purposes.
4. **Strategy is a PERSPECTIVE.** Strategy is an articulation of how an organization conducts its business.
5. **Strategy is a PLOY.** Strategy is action taken that is designed to outmaneuver a competitor or an opponent.

“When I have won a victory I do not repeat my tactics but respond to circumstances in an infinite variety of ways.”

—Sun Tzu

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The Four Phases of Strategy

After studying what has been written and researched about strategy over the past 40 years or so, we have come to the conclusion that no matter which approach you use or from which school of thought you come, there are four phases of strategy.

Phase I: Strategy Formulation

During the Formulation phase, organizational leaders decide which approach(es) they are going to adopt and then set about on the challenging task of formulating a strategy for their organization. During this phase, organizational leaders should consider these things:

- Objectives
- Operational Capabilities & Learning Capacities
- Environment

Phase II: Strategy Selection

During the Selection phase, the organizational leader who has the decision-making authority selects the strategy that the organization will adopt. This is an important step in the process, one which a surprisingly large number of organizations never get past. For organizations to grow, someone has to decide on the overall direction in which the organization is to go.

Phase III: Strategy Implementation

During the Implementation phase, the strategy works its way down from those who formulated the strategy to those who will be implementing the strategy. A best practice is to make sure that the most junior person in your organization has a clear idea of how his or her job links in to the overall strategy for the organization. In addition to knowing *what* they are doing, everyone needs to know *why* they are doing it.

Phase IV: Strategy Management

During the Management phase, organizational leaders are actively paying attention to those issues that affect their organization's strategy. Adding this phase helps keep strategy from ending up as just words on a page. Managing strategy ensures that strategy remains a dynamic process in the organization. During this phase, leaders should be doing these things:

- Measuring progress toward objectives
- Identifying emergent capabilities and opportunities
- Revising strategy or organization as needed

Avoiding Failure

Charan and Colvin (1999) found that the number one reason that strategies fail is because leaders fail to execute them properly. Our Four Phases of Strategy gives leaders a way to avoid that problem.

Conclusion

Remember, the goal of any strategy is to GROW or IMPROVE your organization. Let us help you implement a Four Phase strategy in your organization.

References:

Charan, R., & Colvin, G. (1999). Why CEOs fail. *Fortune*, 69-82.

Mintzberg, H., Ahlstrand, B., & Lampel, J. (1998). *Strategy safari*. New York: Free Press.

“However beautiful the strategy, you should occasionally look at the results.”

—Sir Winston Churchill