



Simons' Seven Strategy Questions

Improving the Implementation of Your Strategy

Imagine that you've spent several months developing your organization's strategy. You've consulted with key stakeholders and senior managers, everyone agrees with your ideas, and you feel pleased with your progress.

However, developing strategy is only the start of the process, and you need to execute it successfully. The biggest challenge, though, is dealing with common problems that can easily undermine the implementation process.

This is where Simons' Seven Strategy Questions are useful, because they help you identify these issues and take decisive action to avoid them becoming a problem.

The Seven Questions

Harvard Business School professor Robert Simons developed the Seven Strategy Questions based on 25 years of study. He then published them in the November 2010 Harvard Business Review article "[Stress-Test Your Strategy: The 7 Questions to Ask](#)."

Note:

These questions don't tell you how to develop your strategy. We are assuming you have already done this.

Let's look at each question in more detail.

1. "Who Is Your Primary Customer?"

Your "primary customer" can be an individual or a particular group. Once you've identified this person or group, you can dedicate the majority of your resources to satisfying their needs, and you can improve your decision making by asking yourself which option is better for them.

Consider the following questions to sharpen up your view of your primary customer:

- Who are your potential customers?
- Who do you want to serve particularly well?
- Who don't you want to serve?

- What does your primary customer value?
- How do you make sure that you provide the greatest possible value?
- Are you allocating enough resources to serving your primary customer?
- Does everyone clearly understand who your primary customer is?

2. "How Do You Prioritize the Needs of Shareholders, Employees and Customers With Your Core Values?"

Next, you should decide how to prioritize the needs of your stakeholders, employees and customers. Ultimately, your organization's core values should determine who you put first, but it's easy to forget about this when you're developing strategy – for example, by prioritizing the needs of the end users you exist to serve.

Once you've prioritized the needs of a specific group, your decisions should be consistent with this choice.

However, it's important to remember that all three groups have a stake in your business's success. So, while you may choose to put the needs of one first, don't neglect the other two.

Consider the following questions:

- What are your organization's core values?
- Does everyone in your organization understand your core values?
- Do they include ensuring that all stakeholders – stakeholders, employees and customers – are treated [responsibly](#)?
- Do you use them to make decisions?
- What tough decisions have you made using those values?
- Are any elements of your strategy misaligned with these values?

3. "What Critical Performance Variables Are You Tracking?"

Simons' first two questions determine how you'll provide resources and make decisions. Here, you make sure that your people are focused on delivering results.

Start by identifying what drives value for your customers. Once you know what these things are, you can communicate them to your people, so that everyone can focus their efforts on satisfying your primary customer.

This list does not need to be exhaustive, you just need to identify critical variables. The fewer they are, the better people will remember them, and you risk losing focus and diluting your efforts if you have too many.

It's important to build in accountability at this stage. So, after you set your performance measures, make sure that you follow up on them as a routine part of your management process, so that people perform to the expectations you've set. You should introduce rewards for meeting and exceeding them, and consequences for falling short.

Ask yourself the following questions:

- How do you think value is created for your primary customers?
- Do you measure what really matters?
- How can your people create value on a daily basis?
- How do you hold people accountable for their performance?
- Are your performance measures consistent, and do they motivate the correct behaviours?
- Do you use your performance measures fairly?

4. "What Strategic Boundaries Have You Set?"

We've looked at how to allocate your resources, make decisions and track performance. Next, we'll focus on controlling strategic risk.

Good strategy execution relies on people making good decisions, and you likely won't be involved in everyone. Therefore, you have two options: tell people what to do or tell them what **not** to do. Simons argues that the second is the most powerful way to establish boundaries. You can provide clear and unambiguous direction by stating what can't be done, and by attaching a clear consequence.

The same is true for strategic opportunities – clearly state what possible ventures you will choose **not** to pursue, and act accordingly.

People know what activities off limits are when you set boundaries, and the rest is up to them to decide. This also eliminates a lot of bureaucracy and allows your organization to operate in a more fluid way.

Tip:

Be careful not to go too far with this. Where your business faces a significant risk, you need to manage it closely. If you get the rules even slightly wrong in these areas – or if people choose not to follow them – you risk serious problems.

Think about these questions:

- What strategic initiatives do you **not** want to support?
- How will you communicate what the boundaries are?
- How will you enforce them?

5. "How Are You Generating Creative Tension?"

Next, you should ensure that your strategy encourages innovation. Organizations that fail to innovate, and change with the times, are unlikely to be successful.

Innovation often happens more frequently when you break habits. Within an organization, this could mean challenging people and encouraging them to innovate. Otherwise, there may be little incentive to break away from predictable, comfortable routines.

In [his article](#), Simons presents six ways to motivate people to stretch beyond their comfort zones, and find innovative ways to stay ahead of the competition. These are:

- Assign big goals.
- Rank individuals.
- Rank business units.
- Increase everyone's accountability, including for cross-departmental outcomes.
- Allocate costs across the company and monitor costs on a cross-departmental basis.
- Create cross-departmental "task forces."

Tip 1:

Setting aggressive targets can work well in some situations, but it can be counter-productive in others (for example, where people are already working as hard and as intelligently as they can). So, use this approach carefully.

Tip 2:

Think carefully about the behaviours you want to encourage when you set up motivational systems. If you want to promote teamwork, for example, ranking individuals within a team may be the **last** thing you should do.

6. "How Committed Are Your Employees to Helping Each Other?"

It's important to encourage your team members to excel individually, but you also want them to work together and help one another. Simons argues that committed organizations should have the following four attributes:

- **Pride in purpose** – A mission that people feel strongly about.
- **Identification with the group** – A sense of pride about being part of the organization.
- **Trust** – Showing people you have their best interests in mind. Also, sharing rewards freely to signify that you're all on the same team.
- **Fairness** – Looking at how you pay people and distribute perks. Also, minimizing the differences in how senior people are treated, compared with everyone else in the organization.

Consider the following questions:

- What is your [mission and vision](#)

- How do you foster pride in the workplace?
- Do your compensation policies and performance measures promote or hinder people working together?
- Do you share rewards fairly and equitably across the organization?

7. "What Strategic Uncertainties Keep You Awake at Night?"

This final question looks at how easily you adapt to change. We all know that change is inevitable, so how you handle it will determine the success of your strategy.

Realistically, you may change your long-term strategy from time to time. However, as long as you continue to have well thought-through targets, and you're clear about what you want to accomplish, you're more likely to be successful.

This means paying attention to strategic uncertainty, regularly looking at various [contingencies](#)

- How are you keeping people's attention focused on these issues?
- How are you engaging people throughout the organization?
- What questions are you asking to encourage human interaction and sharing?
- How is your culture supporting top-down and bottom-up learning?
- What are you doing to encourage debate, and to challenge the status quo?

Key Points

Simons' Seven Strategy Questions encourage you to think critically about your strategic plan, and consider what you can do to support it throughout your organization.

First, the questions encourage you to make sure that you've chosen the right customer to serve.

Next, they ask you to decide how to organize your people and resources, and compensate and motivate team members to work toward a common goal.

Finally, they help you plan for continued success by engaging people and focusing on the risks and uncertainties that may affect your strategy.

By asking these questions, you can sense-check your strategy, make it more robust, and identify any flaws that, if not corrected, could cause it to fail.

Source: Mindtools.com