Title:
Strategy Cycle

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Summary:
The strategy cycle is a simple tool that will help you to achieve the goals of your organisation. Consisting of four main phases, the cycle is an iterative process that you can use to build and improve your business year after year.

Keywords:
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Article Body:
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Research

Successful business relies on informed decision making. Managers with access to information on the market, competitors and their own business will be better placed to set goals and devise strategies, than those who are less well informed.

Larger organisations often have business intelligence units, specifically tasked with the collection and analysis of data, but there is nothing to stop managers from smaller businesses from spending a couple of hours each month collecting their own business intelligence.

Often a manager's personal knowledge and experience of the market can be just as effective as expensive research studies and decisions are made through 'market sensing' as opposed to 'market research'.

As the strategy cycle is an iterative process, the results of previous strategies should feed into the business intelligence, along with any important experiences or key learning's gained.

Planning

After analysing the business intelligence to identify the most important internal and external factors affecting the organisation, managers can begin to formulate appropriate strategies for meeting their goals.

Organisational goals are the aspirations that the business seeks to achieve. These generally revolve around growing the business and increasing profitability, but can also be industry specific, such as a technology company wanting to become the leading innovator.

To make these goals possible, managers set objectives which provide a more tangible destination for the business to move towards.

For example, a business seeking market leadership would probably set objectives around increasing sales and reducing costs. It would then be up to the heads of finance, marketing, HR, R&D and production to develop strategies to achieve these objectives.

A strategy can be described as a collection of activities that will enable the organisation to reach it's objective. A cost reduction strategy may involve staff redundancies, renegotiation of contractual terms with suppliers and the development of more efficient supply chains.

Throughout the planning process, managers should constantly consult with other heads of department and with employees further down the line who will be responsible for implementing the strategy activities.

Without suitable levels of communication, the different parts of the business will not be able to take an integrated approach towards the objectives, often resulting in duplication of effort or inability to deliver to customers.

A good example of this would be the marketing department implementing a campaign to increase sales, without informing the production department, who will not have had enough time to prepare for the increased level of demand.

Other important factors to consider during the planning process include:

-- Determining how the success of the strategy will be measured
-- Outlining the key milestones and stating when these will be achieved
-- Financial planning to agree appropriate budgets for each activity within the strategy
-- Undertaking a risk assessment and identifying ways to mitigate major risks
-- Establishing an approval and sign-off process for each activity

Implementation

Strategy implementation involves the delivery of a number of inter-related activities to an agreed standard and schedule. This is often referred to as project management.

To successfully deliver projects, managers need to have good communication, financial and time management skills, so that they can liaise with staff, contractors and customers (both internal and external), whilst ensuring the project remains on schedule and within budget.

In larger organisations there may be a number of inter-related projects taking place in order to meet an objective. This is often referred to as programme management, with a programme board regularly monitoring each project to ensure it is delivering.

As each milestone activity in the strategy is completed, it should be reviewed and signed-off by designated managers. Activities that are not delivered to time or quality should be reviewed to understand why and corrective action undertaken to try and get the delivery of the strategy back on track.

Measurement

Once implementation of the strategy is complete, it is important to assess the degree to which it enabled the objective to be achieved. Without proper measurement it will be difficult to accurately understand what worked and what improvements might be needed for future strategies.

The method of measuring the strategy should be closely related to the objective that was set. Therefore an organisation whose objective was to increase sales turnover, would use the increase (or decrease) in actual sales as one of its measurements.

On some occasions it will not always be possible to use internal data to measure strategy success, especially for less tangible factors such as brand awareness. In these cases it will be necessary to seek external data in the form of market research surveys and opinion polls.