Strategy, What is it?
Byron A. Ellis – September 08, 2017

A strategy is a plan of action or policy designed to achieve a primary or overall aim. However, many organizations do not have a clearly defined plan of action or strategy intended to achieve organizational objectives. Others do not clearly define or measure organizational goals across the organization. Thus, they implement initiatives with no metrics or accountability.

Mintzberg (1992) notes that strategy is a multi-meaning word and identified five common usages: (1) plan, (2) ploy, (3) pattern, (4) position, and (5) perspective. Porter (1996) believes that strategy is about being different, deliberately choosing a different set of activities to deliver a unique mix of value. For Porter, "…the essence of strategy is in the activities—choosing to perform activities differently or to perform different activities than rivals" (p. 5). He notes that strategy is the creation of a unique and valuable position, involving a different set of activities; if there were only one ideal position, there would be no need for strategy.

Creating a strategy

Organizations are systems with interrelated subsystems; any organizational strategy must account for interdependencies of subsystems. Ellis and Fisher (1994) indicated that the first principle of systems is wholeness; every component of the system affects and is affected by every other component. Accordingly, a change in one part affects changes in all other parts.

The organization's macro strategy emerges from top leadership and cascades down and upwards. The strategy cannot emerge in a vacuum; it must address gaps, "to be" conditions and framed within a measurable framework, such as the balanced scorecard (BSC) developed by Kaplan and Norton (1992). BSC is suitable for strategy development, performance measurement, and goal accountability (Niven, 2003; Lang, 2004).

The BSC has four perspectives: (1) innovation and learning, (2) customer, (3) internal business, and (4) financial. It guards against organizational sub-optimization by forcing simultaneous account of all-important operational measures (Letza, 1996) and allows managers to examine the organization from the four perspectives simultaneously.

Figure 1 depicts how the BSC links the organization's mission and vision to measurable strategies (goals) associated with the four BSC perspectives (Sharma, 2009).

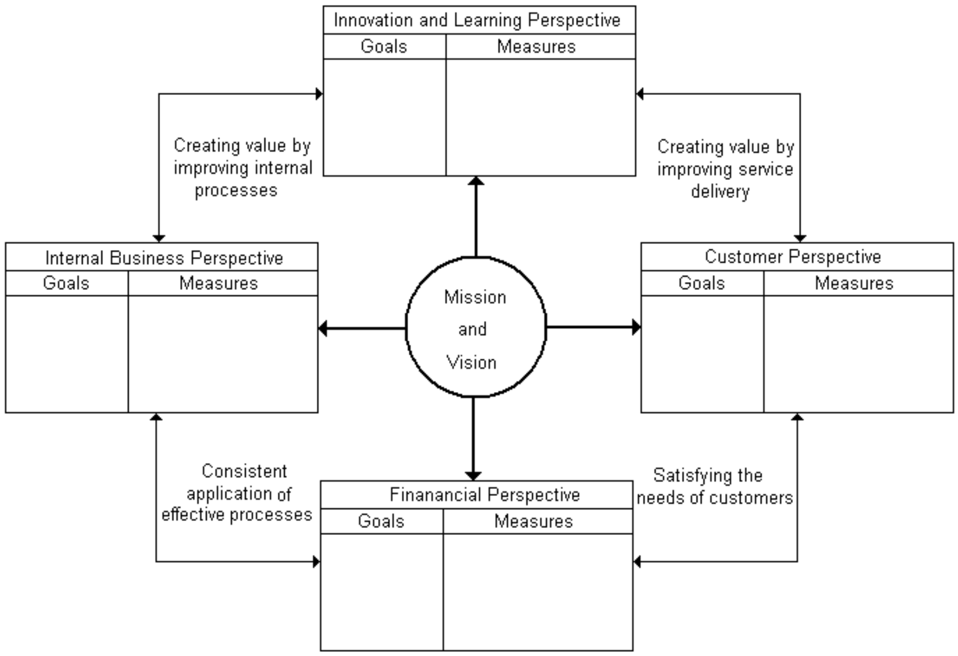

Figure 1 - Perspectives of the Balanced Scorecard

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