In search of the essence of strategy, 
a model for strategic management in three stages

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November 2013

Abstract

The essence of something is what makes something what it is. The search for the essence of strategy is a challenging task. Determining which are the most important aspects, or the quintessence, of a strategy requires extracting and concentrating its substance. For this task we need two basic elements: firstly, an historical perspective on the evolution of the strategy; and secondly, a practical proposal for managing strategy. This means reviewing those models that have remained credible after practical tests; and then proposing an approach for managing strategy. We must recover the essence of strategy and project it into the future.

Organisations can learn. The strategic management process can be seen by an organisation as a source of constant learning. This comprehensive strategic process goes through three stages and resembles a wheel. In the centre is the raison d'être of the organisation: its mission, vision, and values. The three stages of the comprehensive strategic process are: analysis, decision, and implementation. These stages are interrelated and form a strategic continuum; however, complex processes do not always require complex models. It helps an organisation if the rules and models are easily understood by everyone. Simplicity is often the greatest sophistication.

Keywords

Strategy, General Management, Strategic Management, Strategic Process Models, Learning Organization
1. Introduction

The questions that senior managers ask about strategy are changing. CEOs used to ask academics and consultants about the latest strategic model. There was a constant stream of articles and books announcing new strategic models. These new models were described as the definitive solution for understanding the strategic challenges and the turbulent environment faced by business executives. Each new model generally claimed to make a clean break with the past, and in much the same way as a new operating system for computers, new models were supposedly a replacement for older models.

However, increasing numbers of CEOs have expressed their disappointment with these fashion trends in management ideas, and the promises made for ‘original’ strategic models that can explain everything. Designing a brilliant strategic plan no longer guarantees anything, and traditional competitive advantages are becoming less sustainable. The speed of change is forcing companies to implement strategic management processes that are permanent, in-house, and constantly revised. CEOs are assuming responsibility for the strategic process as a priority task. A growing number of senior executives are showing their scepticism with newer concepts and returning to the basics. These executives are beginning to ask about the essence of strategy. At the same time, there is growing interest in the models that have stood the test of time and proven their value. The search is on for strategic models that are more critical and objective.

The essence of something is what makes something what it is. The search for the essence of strategy is a challenging task. Determining which are the most important aspects, or the quintessence, of a strategy requires extracting and concentrating its substance. For this task we need two basic elements: firstly, an historical perspective on the evolution of the strategy; and secondly, a practical proposal for managing strategy. This means reviewing those models that have remained credible after practical tests; and then proposing an approach for managing strategy. We must recover the essence of strategy and project it into the future.

Table 1: Schools of strategic thinking
2. Strategic management

It is generally agreed that Alfred Chandler introduced the concept of management strategy in 1962. The work of the Business Policy group at Harvard Business School later expanded the field with the concept of corporate strategy. Using the metaphor of a tree, Henry Mintzberg argued that the roots of the field of strategy draw on many basic disciplines (economics, psychology, sociology, anthropology, political science, and biology) and have developed two large branches that represent the schools of strategic thinking. One branch represents the prescriptive school that emphasises planning, and the other branch represents the descriptive school that observes organisational behaviour.

These two branches have developed differently, but there are many interrelationships – especially smaller branches of study that intertwine at high levels. It could mistakenly be thought that evolution in the field of business strategy would follow a sequential process with new models replacing older models. However, it is usually the case that new ideas were assembled from previous ideas and coexist with them. Despite any commercial interests, strategic ideas are not technologies that make earlier ideas obsolete – given that theories in social science tend to evolve in a continuing process.

Over the last 20 years I have had the opportunity to facilitate strategic management processes in numerous companies and organisations in many sectors. During these projects, I used a process model to follow the stages of building and implementing a strategy. By emphasising the process, the facilitator’s role is to accompany and help design the strategy. In this process, it is crucial that senior managers develop their own strategic skills, and learn to design and manage the strategy in a manner appropriate for their organisation. The process of designing and developing a strategy involves learning by doing.

Senior managers, in the same way as everybody else, sometimes learn without realising. We often unconsciously make decisions. However, it pays to stop and think carefully before making important decisions. Failure also forces us to stop and reflect on what has happened – and review the process, rethink the reasons for our actions, and our current situation. Such an approach can be a source of lifelong learning, as well as a personal and professional development for directors.

Figure 1: Strategic management model
Organisations can learn. The strategic management process can be seen by an organisation as a source of constant learning. This comprehensive strategic process goes through three stages and resembles a wheel. In the centre is the *raison d'être* of the organisation: its mission, vision, and values. The three stages of the comprehensive strategic process are: analysis, decision, and implementation. These stages are interrelated and form a strategic continuum; however, complex processes do not always require complex models. It helps an organisation if the rules and models are easily understood by everyone. Simplicity is often the greatest sophistication.

2.1. Strategic analysis

An analysis is an attempt to understand the strategic position of the organisation in relation to the evolution of its environment and internal capabilities. Analysis is an activity that requires a certain distance and perspective. An analysis must be rigorous and search for data, but it should also seek to identify opportunities and trends. Analysis resembles the colour green – a cold colour that transmits hope. Some questions to be answered include: what are the main environmental opportunities and threats? How will the sector and strategic positioning of the company evolve? What is the organisational culture and who are its key stakeholders? What are the main strengths and weaknesses of the organisation? What makes the company better than the competition?

This stage of strategic analysis can be divided into three parts:

- **Environmental analysis.** We have to analyse the general environment – including those elements furthest from the company and over which it has little influence (although the company can be affected by them): specifically political, economic, social and technological aspects. Moreover, the immediate business sector and competitive arena must be analysed. This where the company has to compete and where it can exert most influence through its activity: customers, suppliers, current, and future competitors, substitute products, specific legislation, etc. Various tools can be used for this environmental analysis – one of the classic tools being ‘strategic scenarios’ where certain key variables are selected and hypotheses are suggested about their possible
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Examples of such models include PEST, or the simulations used by the major oil companies (Shell, BP). A classic model, developed by Learned, Christensen, Andrews and Guth (1965), examines the environment for new opportunities and threats, and then compares them with internal strengths and weaknesses (summarised in the acronym SWOT). Another common model for examining the immediate environment, which has its roots in the field of industrial organisation economics, is the analysis of the attractiveness of an industrial sector based on Porter’s five competitive forces (1980).

- **Analysis of culture and stakeholders.** This analysis can be performed at an external level to study the social context and influence of organised groups, from unions to consumer associations and the media. This analysis can also be performed internally, to describe the culture of the organisation and its main stakeholders (primarily, the shareholders, but also executives, employees, and suppliers). Several studies and tools for analysis can be found on the influence of national cultures in business management, starting from the early research of Hofstede (1980). Johnson and Scholes (1996) introduced the concept of a cultural framework to study internal business cultures through the analysis of their paradigms, stories, symbols, rituals, control systems and organisational structures. For the analysis of stakeholders, various authors suggest the use of maps to identify and design power-dynamism and power-interest matrices for classification. These analyses also led to research on company ethics and corporate social responsibility (CSR).

- **Internal analysis.** The aim of this analysis is to assess the resources of the organisation. One of the tools most used to study the internal capacity of a company involves an examination of its strengths and weaknesses in order to make a comparison with an analysis of the environment, according to the SWOT methodology. Hamel and Prahalad (1994) consider that the key is to identify the essential skills, and see how they can be developed or acquired by the organisation. Another approach is based on the tangible and intangible resources of the firm (Grant, 1998). The Porter value chain (1985) also enables the company to be analysed as a series of activities, each of which adds value to the service or product. There are also various matrix models for studying the company or product portfolio. These tools for analysis have been developed by consulting firms (such as McKinsey, Boston Consulting Group, and Arthur D.
Little) and can be useful to gain an ordered overview of the products or the business.

Figure 3: Strategic decisions

2.2. Strategic decisions

This part of strategic management is intended to help in the task of choosing a strategy. Without a decision there is no strategy. Once a series of options have been created and compared, the art of management is choosing a unique mixture of options. In this way, a course is set for the future with the seriousness of the colour blue. Some relevant questions at this stage include: what are the main policy options? Do we want to differentiate or offer the industry’s lowest prices? How will we grow? Do we grow using our own resources, or do we make alliances? What is the business model? How will we develop strategic options? What will be the criteria for evaluating? Who and how will we make the decision on which plan to follow?

To improve the quality of this decision, it is proposed that three steps are followed: generation of strategic options, an evaluation of these options; and a selection of the most suitable strategy.

- **Strategic options.** When making the strategic decision it is advisable to generate various strategic options, or at least build a strategic dilemma. Various models or strategic tools can be used to generate these strategic options. One option is to use the generic strategies described by Porter (1985) which aim to help a company gain a lasting competitive advantage over its competition. The cost leadership strategy aims to guide all the company resources towards the goal of minimising total costs and winning a competitive advantage over competitors. The differentiation strategy seeks to establish a unique position in its industry in aspects that are generally valued by buyers. Achieving and sustaining this differentiation will produce above average results if the sale price exceeds the extra costs incurred by being unique. The targeting strategy is based on the choice of a competitive range that is restricted to a customer group, or a geographic market. This focus can be based on cost or differentiation. More recently, Kim and Mauborgne (2005) have argued that competitive advantage must be sought in new sectors where low levels of competition enable greater growth – a strategy the authors term blue ocean.
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This approach overcomes the trade-off between cost and differentiation strategies, and shows how competitive advantage can be obtained by offering the maximum differentiation at the minimum cost through value innovation.

Another option is based on development or growth strategies, and in this area the product-market matrix (Ansoff, 1965) remains a widely used tool. In the current market and with current products, a penetration strategy can be developed with the goal of increasing market share. Alternatively, consolidation or withdrawal strategies can be developed. A product development strategy aims to increase sales in existing markets using new, improved, or recreated products. Market development strategies aim to introduce existing products in new markets through geographic expansion, entry into new distribution channels, or new market segments. A diversification strategy attempts to enter new markets with new products. Diversification could be linked to the company's current activity, or other activities that have no connection with the company's current business. Each of the above strategic options can be developed through internal growth of the organisation (endogenous), by in-house manufacturing, or by opening new offices in new markets. Another option is external growth (exogenous) in partnership with other companies. The various forms of strategic alliances may be ranked, from lowest to highest levels of commitment, as: temporary agreements, consortia, joint ventures, minority or majority acquisition, total acquisition and merger (which may be a merger between equals or a takeover).

Another option is to focus the strategy from the business model. One of the currently most popular tools, designed by Osterwalder and Pigneur (2010), enables users to design the business model on a 'canvas' by organising nine core modules that cover four main areas: clients, offer, infrastructure, and economic viability. Users can assess the viability of the business model, and build new patterns and strategies.

- **Assessment of options.** Options can be evaluated using diverse criteria. One common approach is to use three generic criteria: consistency, feasibility, and acceptability. Consistency is a criterion for assessing the extent to which strategic options are consistent with strategic analysis, and how these options maintain or improve the company's competitive advantage. A variety of tools can be used for evaluating consistency (including portfolio analysis, life cycle, or
value chain) to verify the strategic logic of the various options. **Feasibility** criteria evaluate the proposed changes for each option in terms of economic, financial, human, and technological resources. **Acceptability** can be difficult criteria to apply since acceptability is closely related to the expectations of the various stakeholders and people involved, both internally and externally.

- **Selection of the strategy.** Strategy can be selected by assessing three major measures: **performance, risk, and stakeholder expectations.** A key measure for the selection of a strategic choice is the assessment of the **performance** obtainable for the organisation. There are a wide range of tools for analysing performance, including: profitability analysis; cost-benefit analysis; or the creation of shareholder value. Another measure that differs from performance is an assessment of the **risk** the organisation is willing to assume under various strategic options. There are a variety of tools to measure the levels of risk and build differing scenarios, according to the relative probabilities. As for the expectations of stakeholders, it should be remembered that maps and matrices can be valuable tools when making strategic decisions. Finally, there are various techniques to help make the final decision: screening options, comparison basis, rankings, decision trees, etc.

Figure 4: Strategy implementation

### 2.3. Implementation of strategy

Analysis and decisions form part of the formulation of strategy. Without implementation, a strategy formulation is only a theoretical exercise. The implementation of strategy is a key part of the comprehensive management of strategy. This is the part where words are turned into action. The fundamental question is how to advance from ideas to reality. How to make change happen? It is a warm decision that is red in colour as it is associated with people and their efforts to change. Some management questions might include: what are the key resources and capabilities for implementing the strategy? What is the most appropriate organisational structure? What system metrics and indicators will be applied to monitor the plan? How do we create a sense of urgency in the organisation? What will be the major centres of resistance and how will the change process be managed?
To implement the strategy it is necessary to plan the distribution of resources; build a system of metrics and indicators to monitor the plan properly; and manage the strategic change process.

- **Plan resources.** The allocation of the resources necessary to lead strategic change takes place at two levels: the corporate, where the issue is the distribution between different parts of the organisation (for example, between different business units, or geographic areas); and the business (where limited resources are distributed between departments, functions, or projects). For the distribution of resources, tools such as budgeting, human resource plans, or development projects, can be used. A key aspect is the form or organisational structure chosen by the organisation. Managers can choose from a great diversity of structures (Galbraith and Kazanjian, 1986) to find which best fits with the chosen strategy (simple, functional, multidivisional, matrix, holding, etc.). However, the structure is just the skeleton and does not in itself ensure correct implementation. The organisational design (Mintzberg, 1979) determines where the responsibility for decision-making and management systems are found – by mutual agreement, direct supervision, standardisation of production and work processes, control of skills and standards, and so on.

- **Indicator systems.** To monitor the implementation of a strategy it is essential to establish a system of scorecard tracking indicators. This concept derives from the French ‘tableau de bord’ for the management and control of a company. There has been a shift towards management systems that deal with the implementation of the strategy across the whole organisation. The ‘balanced scorecard’ by Robert Kaplan and David Norton (1992) is one of the tools most commonly used in administration control systems and keeps track of the implementation of the strategic plan using goal and performance indicators for the objectives. With a global view of the organisation, various types of indicators can be used to obtain economic and financial perspectives of clients, processes, or staff development. This close monitoring of the implementation of strategy enables, in turn, continued adjustments and helps generate new plans and projects.

- **Change management.** The implementation of a strategy aims to generate changes in the habits and behaviour of the organisation. These changes usually cause resistance among various stakeholders. The process of managing this
change is a key element for the implementation of strategy. John Kotter (1995) argued that it is a process of change, and added that as the first of eight steps it was important to create a sense of urgency so that the organisation would understand the need for change. The subsequent steps include forming a powerful coalition that is capable of creating a final vision that can be communicated effectively, empowering key people, creating short-term victories, consolidating improvements, and finally, institutionalising changes. Another tool that can be used to implement change is project management. Authors such as Argyris (1991) and Senge (1990) suggest that the need for change is a collective project by which organisations learn and develop strategically.

Figure 5: Model of strategic management in three stages

Table 2: Questions of strategic management

3. Strategic management at senior management level

Senior managers who think and manage strategically often find difficulties in developing these plans. One of the reasons for these difficulties is the widespread belief that it is a task which always requires outside help. It is true that the everyday activity of managers is to address problems related to the specific operations of an area or department. Such problems often require quick decisions and few resources and it is here that most managers develop their management skills.

However, strategic management is different. It is an activity that relates to the future of the company and the objectives are medium to long term. It involves decisions that affect the whole of the company and usually imply major commitments. The difficulty for managers is that they have to make these decisions with limited information and few previous references. Strategic decisions are highly uncertain and when there is a lack of previous experience, senior managers tend to seek outside help. The problem is that when managers become overly dependent on external help, the development of their own strategic skills can be stunted.

From my point of view, general management should be responsible for strategy and it is very important that strategy is designed by those who have to put it into practice.
Strategic skills are developed by practice. Another difficulty is the deeply rooted belief that there are models that automatically develop strategy. The aim is to adopt a strategic model and then apply it. For this task, it may be necessary to find an expert in the application of the model – and this is usually somebody external to the organisation. The model is usually put before the context; however, there are many contexts to be applied and the contexts are more important than the strategic models. The strategy in a new company is not the same as in a large corporation, or a NGO, or a professional organisation.

Not every model fits every context. The key is within the organisation, and its circumstances, and the context. Organisations and senior managers must select the most appropriate models to build their strategy. The models are tools. Every organisation must select the tools needed for each stage of its strategy. However, it is a fact of life that whoever is holding a hammer sees nails everywhere. When a CEO discovers a tool, he or she tends to use it on all occasions. It is important to ensure that there is an awareness of the wide variety of tools available for designing strategy. Senior managers have a large toolbox for the construction of strategy and it is vital that the right tools are properly used to manage the strategic process.

Table 3: Contexts and strategy

4. Learning to think strategically

I have never seen anyone who has become a good strategist without first practicing. Although some individuals may have some innate skills, practice is still needed. In the same way as in sport, the development of strategic skills is a discipline that requires training, commitment, and hard work. Strategy must be seen as a general management task – something that can and should be managed. The CEO must be the owner of corporate strategy. As Henry Mintzberg (1987) remarked: the strategy chosen will be a synthesis of established and emerging strategies. There will always be undeveloped areas and new initiatives. Nevertheless, it is process that needs managing and a wheel that the CEO must push forward.

The process of strategic management is part science and part art. The process involves checking current reality, formulating new questions and hypotheses, conducting research, evaluating results, and drawing conclusions. This is a process that requires creativity and rigour. Each phase or stage is important, and has its own
logic and colour. Not all managers give equal importance to each stage. There are differing approaches and styles of strategy management. It is important to understand the management style used for each organisational strategy. It is also crucial to know what can be done and what needs to be learnt. It is necessary to identify the management style of a strategy in order to see how it can be improved.

There are managers who can think clearly yet are paralysed at the analysis stage because they have trouble deciding on action. The opposite occurs with other managers: these individuals are very active but only handle day to day tasks. Their world is based on constant action and they have difficulty thinking and then making decisions. Perhaps the most commonly found style is that of trial and error, managers who make decisions without making an analysis. Learning for these individuals is a movement of action and reaction, without reflection. However, companies increasingly need managers who can think and act strategically – individuals who have a reflective-active approach; or when starting from action, individuals who know how to think strategically with an active-reflective approach.

**Figure 6: Strategic management styles**

Strategy retains its importance in these times of profound and increasingly rapid change in technology and globalisation. Organisations must have a continually updated strategy to renew and update their competitive advantage. Senior managers cannot delegate this task, or outsource externally. Management is responsible for strategy. But this does not mean that it is an individual or lonely task. Building a strategy is a process in which senior managers must orchestrate the whole organisation. The task of exploring new opportunities must be combined with exploiting existing advantages. Strategic skills must be cultivated.

A wide range of tools are available – from tried and tested classics to the latest innovations. Moreover, the senior manager toolbox can include classics with newest and most popular tools. The manager's job is to read extensively, select the most adequate tools, and know how to apply these tools in the context of the organisation. In this process, managers can learn strategy by applying strategy – making decisions, putting them into practice, and analysing the results. In other words, managers must push the wheel of strategy forward. This is the essence of strategy, a concept that shapes the future.
5. Bibliography


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# SCHOOLS OF STRATEGIC THINKING

<table>
<thead>
<tr>
<th>SCHOOLS OF THOUGHT</th>
<th>AUTHORS</th>
<th>STRATEGY APPROACH</th>
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<tbody>
<tr>
<td>DESIGN - PRESCRIPTIVE -</td>
<td>CHANDLER, ANDREWS</td>
<td>Trade-off between internal strengths and weaknesses and external opportunities and threats.</td>
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<tr>
<td>(DESIGN PROCESS)</td>
<td></td>
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</tr>
<tr>
<td>PLANNING - PRESCRIPTIVE -</td>
<td>ANSOFF</td>
<td>Planned process following a script and supported by various techniques (objectives, budgets, programs, and plans).</td>
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<td>(FORMAL PROCESS)</td>
<td></td>
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<tr>
<td>POSITIONING - PRESCRIPTIVE-</td>
<td>PORTER, Scheckel, BCG, PIMS PROJECT</td>
<td>Using a formal analysis of the industrial sector and selection of a generic strategy.</td>
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<tr>
<td>(ANALYTICAL PROCESS)</td>
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<td>ENTREPRENEUR - DESCRIPTIVE-</td>
<td>SCHUMPETER</td>
<td>The centre is the entrepreneur and his or her vision of the project.</td>
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<tr>
<td>(VISIONARY PROCESS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COGNITIVE - DESCRIPTIVE -</td>
<td>SIMON, MARCH</td>
<td>A mental process of the individuals who process information and build new concepts.</td>
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<tr>
<td>(MENTAL PROCESS)</td>
<td></td>
<td></td>
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<td>LEARNING - DESCRIPTIVE -</td>
<td>QUINN, PRAHALAD, HAMEL</td>
<td>Arising from the organisation in the collective process of action and reflection.</td>
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<td>(EMERGENT PROCESS)</td>
<td></td>
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<td>POWER - DESCRIPTIVE -</td>
<td>ALLISON, ASTLEY</td>
<td>A political process involving negotiation, conflict, and agreements.</td>
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<td>(NEGOTIATING PROCESS)</td>
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<tr>
<td>CULTURAL - DESCRIPTIVE -</td>
<td>RHENMAN, NORMANN</td>
<td>A social process based on the values and beliefs of the organisation.</td>
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<td>ENVIRONMENTAL - DESCRIPTIVE-</td>
<td>HANNAN, FREEMAN</td>
<td>A process of adapting to environmental conditions.</td>
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<td>CONFIGURATION - DESCRIPTIVE-</td>
<td>CHANDLER, MINTZBERG,</td>
<td>A process influenced by organisational characteristics and behaviour.</td>
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<td>(TRANSFORMATION PROCESS)</td>
<td>MILES, SNOW</td>
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Source: Adapted by the author from Mintzberg (1990, 1994, 1998)
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**FIGURE 1: STRATEGIC MANAGEMENT MODEL**

Source: Prepared by the author from model of Johnson & Scholes (1996)
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**FIGURE 2: STRATEGIC ANALYSIS**

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<th>DECISION</th>
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<td>CULTURE AND STAKEHOLDERS</td>
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<th>BUSINESS SITUATION EVOLUTION</th>
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<td>INTERNAL</td>
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FIGURE 3: STRATEGIC DECISIONS

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### TABLE 2: STRATEGIC MANAGEMENT QUESTIONS

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<th>Analysis</th>
<th>Where to Compete?</th>
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<tbody>
<tr>
<td>Environment</td>
<td>What are the main opportunities and threats?  How will the sector change?</td>
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<tr>
<td>Culture &amp; Stakeholders</td>
<td>What is the organisational culture?  Who are the key stakeholders?</td>
</tr>
<tr>
<td>Internal</td>
<td>What are the main strengths and weaknesses?  What makes it better than the competition?</td>
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<table>
<thead>
<tr>
<th>Decision</th>
<th>Which Strategy to Follow?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options</td>
<td>What are the main strategic options and their business models?</td>
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<tr>
<td>Assessment</td>
<td>What will be the criteria for evaluating strategic options?</td>
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<tr>
<td>Selection</td>
<td>How will the decision on which strategic plan to follow be made, and by who?</td>
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<tr>
<th>Implementation</th>
<th>How to Implement the Strategy?</th>
</tr>
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<tbody>
<tr>
<td>Resources</td>
<td>What are the key resources and capabilities?  What is the organisational structure?</td>
</tr>
<tr>
<td>Indicators</td>
<td>What system of measurements and indicators will be used to monitor the plan?</td>
</tr>
<tr>
<td>Change Management</td>
<td>How to create a sense of urgency?  What will be the major resistances and how should change be managed?</td>
</tr>
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</table>
New companies must have a strategy before competing. The most common tool is the business plan – which explains how an opportunity is being turned into a business and so also acts as a business card for future partners and investors. A key aspect of strategy is that the product or service must be able to find clients who provide the resources necessary to make the new company viable. The business model canvas template is being increasingly used to assess the strength of a project and for validating and prototyping new products and services.

Managers and owners of small and medium sized businesses do not have the time and resources to make very complete and detailed strategic plans. The major advantage of small businesses is that there are few levels in the organisation and so strategy can be quickly adapted to a changing environment. The most common tool is the growth plan – which sets the strategy for developing the company in the years ahead. These businesses are often family owned and the culture and management of stakeholders is often crucial. Periods of generational handover are critical.

Strategic thinking processes are the most extensive and sophisticated in major corporations – and specialised outside consultants are often used. A wide variety of tools are employed and strategic plans encompass periods of several years. There is a differentiation between corporate strategy (which decides in which sectors the company will compete); and business strategy (which decides how the company will compete in each sector). Implementing strategy in large and geographically dispersed organisations can be challenging. If listed, the company must also respond to the pressure of publishing quarterly results.

NGO’s do not aim to make a profit but must still be sustainable and follow a strategy. The organisational mission is the central part of strategy – yet future plans must still be specified. Although many charities rely on volunteers, a key aspect is the strategy for obtaining the funds necessary to make the organisation sustainable: whether donor, private, or government contributions. Depending on their size, various strategic planning tools are used: but the founding mission and sustainability must always remain at the forefront.

<table>
<thead>
<tr>
<th>NEW COMPANIES</th>
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<th>CORPORATIONS</th>
<th>NGO</th>
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<td>New companies must have a strategy before competing. The most common tool is the business plan – which explains how an opportunity is being turned into a business and so also acts as a business card for future partners and investors. A key aspect of strategy is that the product or service must be able to find clients who provide the resources necessary to make the new company viable. The business model canvas template is being increasingly used to assess the strength of a project and for validating and prototyping new products and services.</td>
<td>Managers and owners of small and medium sized businesses do not have the time and resources to make very complete and detailed strategic plans. The major advantage of small businesses is that there are few levels in the organisation and so strategy can be quickly adapted to a changing environment. The most common tool is the growth plan – which sets the strategy for developing the company in the years ahead. These businesses are often family owned and the culture and management of stakeholders is often crucial. Periods of generational handover are critical.</td>
<td>Strategic thinking processes are the most extensive and sophisticated in major corporations – and specialised outside consultants are often used. A wide variety of tools are employed and strategic plans encompass periods of several years. There is a differentiation between corporate strategy (which decides in which sectors the company will compete); and business strategy (which decides how the company will compete in each sector). Implementing strategy in large and geographically dispersed organisations can be challenging. If listed, the company must also respond to the pressure of publishing quarterly results.</td>
<td>NGO’s do not aim to make a profit but must still be sustainable and follow a strategy. The organisational mission is the central part of strategy – yet future plans must still be specified. Although many charities rely on volunteers, a key aspect is the strategy for obtaining the funds necessary to make the organisation sustainable: whether donor, private, or government contributions. Depending on their size, various strategic planning tools are used: but the founding mission and sustainability must always remain at the forefront.</td>
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In search of the essence of strategy, a model for strategic management in three stages