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Is Strategy a Bad Word?

Cristian Mitreanu

Corporate strategy is supposed to be the means by which an organization achieves and sustains success. Yet, it rarely rises to that level, despite an abundance of corporate strategy theory and significant research from countless organizations over the past few decades. What progress has been made has come in the form of small, theoretical refinements, not the large and significant steps required to further management's transition from art to science.

What explains the relative failure of most organizations to create effective strategy? Part of the problem is that corporations and their managers have great difficulty clearly and consistently defining what corporate strategy is, and much of that struggle can be traced to their interpretation of the word *strategy* itself.

The original meaning of the word derives from the Greek *strategia*, which is the ability to employ available resources to win a military conflict. This etymological heritage generates problems when the concept is used in a business context because it implies the existence,

even the necessity, of opponents. As a result, in most managers' minds, the notion of a corporate strategy implies a strong focus on competition. Since competition takes place almost exclusively at the offering level, most organizations concentrate their strategic efforts on constantly improving the goods and services they offer. This overemphasis on the temporary success of a given offering, however, can often obscure the kind of thinking and emphasis that would lead to sustained success. Even a continuous repetition of temporary successes does not equate to sustainable strategy. In an effort to increase the value of single offerings, the organization may be distracted from larger questions of structure, mission and opportunity.

Strategy has yet another martial connotation that can be detrimental in a business context. In war, objectives can often be clearly defined, and so strategy is thought of

as a means to a specific end. This view has persisted in the corporate world where strategies are conceived as plans to accomplish specific goals. Although corporate strategy can be very goal-oriented, especially in the early stages of a company's development, the very nature of goals implies temporary success. By contrast, sustainable success is not, and cannot be by definition, an end unto itself or a goal to achieve. That is, goal orientation becomes arguably inappropriate when success has to be indefinitely sustained.

Despite this, an overwhelming number of top executives and researchers make extensive use of objectives in their quest for lasting corporate success. Certainly, a number of factors contribute to this: the need of leaders with limited tenure to point to concrete achievements, the tyranny of meeting the expectations of the financial and equity markets and most management teams' extensive, almost pathological, reliance on forecasting and planning. Still, the idea held by most managers that strategy itself is all about goal achievement only exacerbates the situation. It is, of course, impractical and probably imprudent to advocate a total ban on using objectives in creating corporate strategy, but it is important for strategists to remember that the more specific an objective, the further away it may potentially lead the organization from its optimal big picture.

So how should strategy be, in a most literal sense, redefined? Clearly, it cannot rely too strongly on objectives nor can it focus too heavily on competition. A more fundamental concept is needed to guide an organization in seeing its big picture. And that concept is the customer. To create sustainable, long-term success, an organization must first and fundamentally understand and relate to its customers. It is the ongoing cultivation of that understanding — based neither on specific competitors nor temporal objectives — which must be at the heart of any real strategy. And it is that from which all objectives should naturally flow.

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The frequent failure of strategy might lie in its very definition.