Six deadly sins of strategic management

Most successful companies throughout the world use the principles of strategic management Fundamentally, the principles of strategic management provide a framework for decision-making by the company. Questions asked in a strategic management process excel in simplicity even though the answers to them are of extreme Importance in business and enterprise planning. Not to answer them can easily lead to lack of foresight and Insight, and thereby to the eventual failure of an enterprise.

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- **Where do we want to go?**

As a business, where do you want to be in the future; what is the vision for your business? It is a volatile, competitive global economic environment. Your company has particular strengths and weaknesses. How do you capitalize on your particular business core capabilities and seize opportunities to move forward. Basically, where do you want your business to be in four to five years?

- **Where are** we now?

Context is vitally important. As an organization you must be aware of the business economy within which you operate. For example, in Kazakhstan one of the main issues that will impact business is entry into the World Trade Organization (WTO). Going forward, this move into the global trade system may have significant impacts on your business. Now is the time to assess the opportunities and constraints of this move to the global market place.
The key part of the question "where are we now?" is to build a portfolio of facts. Most businesses do not properly keep and use key facts in making their day-to-day decisions based on a clear, strategic direction. Many business owners make decisions on "gut-feelings" as opposed to hard facts. In an information society it is critical to use information to your advantage.

- **How** do we get there?

This component describes the key steps that will be used by the company to achieve the vision. Specifically, it is a work plan that identifies:
- What needs to be completed in a prioritized sequential manner?
- Who is responsible for each task?
- The timing of the tasks; and a methodology to constantly monitor and check what is happening Quality guru W. E. Demming used a
Plan-Do-Check-Act (PDCA) Model to provide a simple method of describing strategic management.
In this model the company must plan **its** direction and activities; actually do these functions; check constantly to measure and assess performance; and act to improve quality and performance.
Most companies view strategic management as important and most companies would confirm that they operate using a strategic plan or strategic management principles. In theory, strategic management is quite simple; however, in application it can be very difficult. In their journey to be strategic many organizations make many mistakes.
Indeed, there arc six key problems many organizations face in using strategic management principles.

Six Deadly Sins of Strategic Management

We Don't Need A Strategy - Many companies see strategy as a simple task and they are not interested in the time, effort and cost involved in doing a strategy properly. However, companies large and small should take a moment and reflect on what a strategy is, who it is for; and, why it is important. A strategy is simply a vision and road map to achieve that vision. In a complex fast-changing world it is important to build a strategy to reflect your business within your business environment. The strategy is for internal use by managers, employees and stakeholders; AND, for external use by potential funders, partners and customers. A good strategy sets out the company game plan and can be a marketing piece clearly telling external stakeholders (and investors) about your company or organization. Indeed, strategic management is important for all types and sizes of organizations.

Lack of Buy-In Once the decision to develop a strategy has been made the process of making a

strategy is vitally important. To be successful a strategy must involve people in how the strategy is formed and this involvement should be at various stages in the exercise from start to finish. Most successful strategies use cross-departmental teams and specifically include vertical integration of those teams to ensure input from the top to the bottom of the organization. Many organizations will hire **a** consultant or designate an individual to simply go off and write a strategy. Ultimately strategies built without proper and timely participation by stakeholders are ineffective.

Little or No Strategic Alignment - A successful strategy is one that is connected to other corporate priorities, functions and plans. For component of organizational budgets, human resource and improvement plans. There must be a clear, visible link between the various directions and directives of the company. Many companies adopt corporate plans or documents that are not linked properly to other corporate priorities.

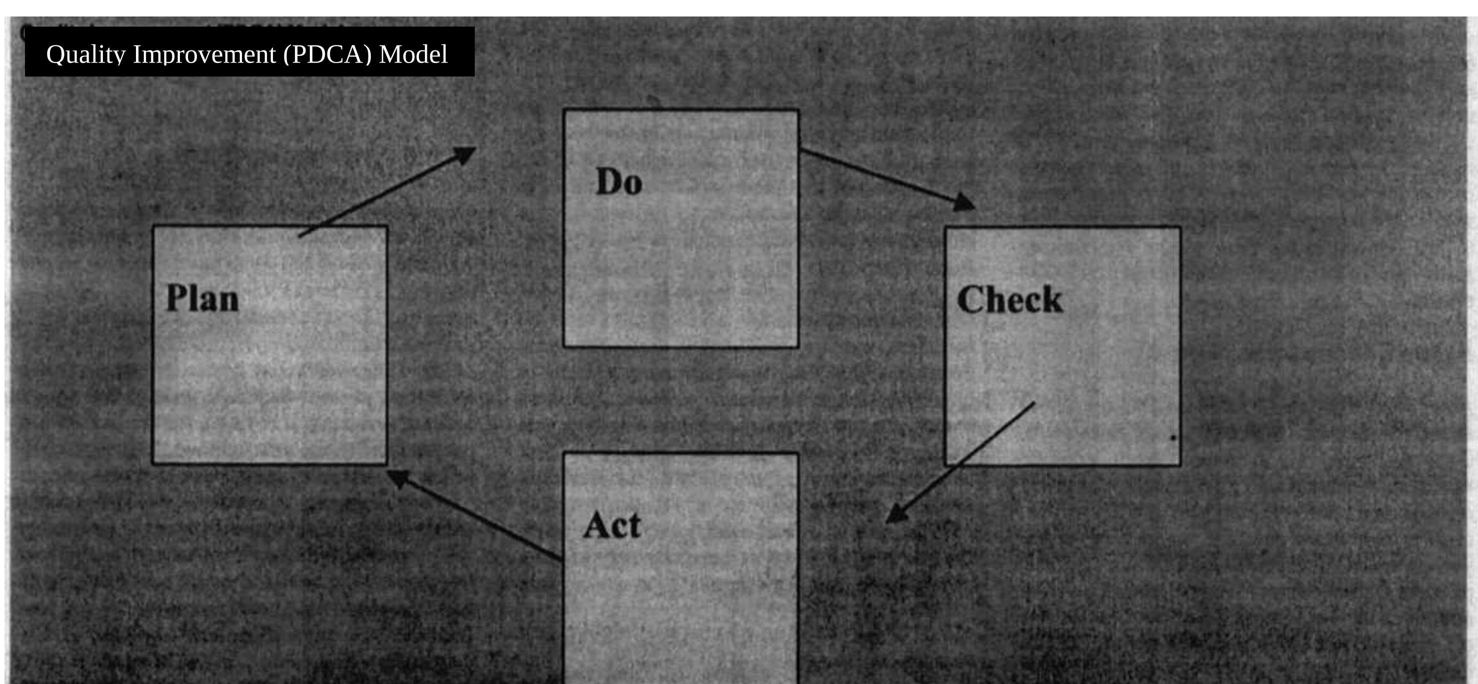
The Unadopted and Unused Strategy - On completion, a strategy should be openly and formally adopted by an organization. Adoption is a final "stamp of approval" and one that is curiously missed by many companies and organizations. Also, the strategy must be used constantly to support decision-making on a regular basis.
A strategy which only sees the light of day annually at a prescribed time for formal review is likely not overly helpful.

Failure to Communicate the Strategy - It is important to communicate the strategy both internally and externally. Print it and circulate to employees. Include it on your company's web page. Reference it in living, working decisions your company makes. Knowledge about the strategy and its importance makes it an important useful document. Finally, remember employees and stakeholders change. As a result, communication must be seen as ongoing and not "one-off". Ensure the strategy is provided to new hires with a view to explaining both its importance and your company vision.

Lack of Evaluating a Strategy- Fundamentally, a strategy or strategic plan is a document providing a framework for decision-making and improvement.
It must be regularly used, progress charted and credit given to those employees who make strategy happen day-to-day on the front lines. To evaluate a strategy effectively requires the development and use of performance indicators. Ensure these indicators are widely known and used by your company or organization. Most successful companies and organizations use strategic management principles and evaluating the strategy is a vital part of the quality improvement process.

Conclusion

Strategic management is simply about charting a course for your business or organization. It is all about planning ahead to meet uncertainties and change. One certainty in today's business environment is that things will change. A good strategy helps a business in managing change and provides the direction and guidance necessary to advance and improve in a fast-changing information-based, global economy.



This quality improvement model advocated by Deming provides a quick, easy to understand graphic illustration of the key parts of strategic management process

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