

Strategy: A Very Short Summary

By Tom Coyne

What is strategy? The modern term comes from the Greek word “strategos”, which translates as “the general’s art.” A strategy is a coherent set of critical choices about how to achieve an organization’s most important goals in the face of uncertainty, with limited resources and an acceptable degree of risk.

A choice is likely to be strategic if it will have a pervasive and persistent impact on an organization, because it will focus and set boundaries on a large number of subsidiary decisions and actions.

A well-crafted strategy proposal includes the following:

(1) An assessment of the results of previous strategy, and the lessons that can be learned from them;

(2) An assessment of, and assumptions about the trajectories of key trends, and the range of possible outcomes for critical uncertainties that could affect the nature of the organization’s goals and its ability to achieve them;

(3) Assumptions about the capabilities and resources that will be available to the organization over the time frame covered by the strategy (and note that good strategists don’t simply assume the capabilities and resources needed will magically appear; they either explicitly explain why they assume this will be the case, or devise creative ways to achieve desired ends with the current means available);

(4) The coherent set of strategic choices that determine how scarce resources will be used to achieve the organization’s goals; and

(5) An assessment of the risks inherent in the proposed strategy, and how they will be managed.

In contrast to strategy, a plan is an integrated sequence of actions that use specifically identified resources to achieve a relatively short-term and measurable objective. When you hear someone refer to “strategies”, they are usually referring to plans, unless they are referring to the strategies employed by different organizations.

An example may help to make clear this important distinction between strategy and plans. Apple’s strategy includes some very clear choices about where to compete (e.g., primarily focus on consumer markets, which over time have grown to include computers, music, photography, video, telephony, and tablets), and about how to create value (e.g., through superior design, superior ease of use, and superior brand experience). To implement this strategy and deliver results for consumers and shareholders, Apple has crafted and executed a very large number of plans.