The five faux pas of strategic planning

By Sid Peimer

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Strategy is part science (based on fact) and part art (based on ideas). The result is that there is no one right answer. However, there are some wrong ones, and I have listed the five common causes below.

1. Top of the list is the fact that most strategies fail, because the market (people) did not do what we expected it to. We treat every initiative as if the consumer behaves subject to the 'economic man' model. People do not think in a reasonable way and very often they can't even explain their behaviour.

   There are times when people do behave subject to the normal demand curve - when prices go down, demand goes up. That's why we have sales. That works fine most of the time, but reducing prices, adding more features etc befuddles us when the market does not respond in the way we expected it to.

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2. Not sticking to the 55/5 rule. Although of unknown origin, this quote attributed to Einstein explains it nicely:

   "If I had one hour to save the world, I would spend 55 minutes thinking about the problem and 5 minutes thinking about solutions"

   We often just take briefs without doing the literal spadework - digging for what the real problem is as opposed to force-fitting our brilliant solutions to a brief that demands superficial outcomes such as increased awareness.

3. Making E3 errors. Simply stated this is solving the wrong problem precisely. Refer to point 2.

4. Searching for the magic silver bullet insight. Sometimes solutions are based on insights (depending on how you define the term), but if you have isolated the problem, brilliant communication can come from something as mundane as a product feature.

5. Blinding yourself with data. I have even seen a presentation where the female market was identified as the target market, as they made up a whopping 40% of the total market. Think about that.

Data can be dangerous

If we took all married couples, we would find that the average person has one testicle and one breast (assuming same sex marriages occur equally for men and women). Data can be dangerous - Steve Jobs went for the iPod simply because everyone listened to music, no one had got it right and the market was growing. He even quoted Henry Ford: "If I asked my customer what they wanted they would have just said a faster horse".

Strategy is a high-risk endeavour, because it entails predicting the future and I have yet to see "Clairvoyant wins lottery". In addition, as was quoted in *The Economist* as far back as 1993, and is even more relevant today: "Consultants that compete for giving advice to companies, cannot even agree on the most basic question: what is strategy?"

How can a team come together and provide a solution if they don't have a similar 'take' on what strategy is. We then just have a number of disparate opinions that hopefully moves us forward to a solution.

I never intended this to become sales spiel, but I seem to have migrated to promoting my course, because it is not possible to fix the problem in an article. 'Strategy in a Day' gets everyone on the same page.

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