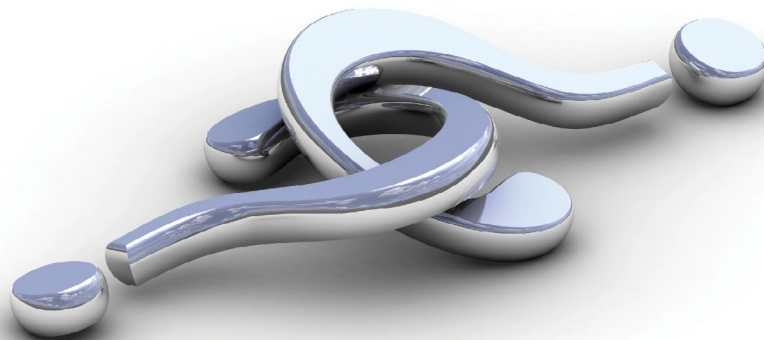


# BEAUTY IN SIMPLICITY



*Strategy begins and  
ends with a question*

*By Nicky Bicket*

We often find beauty in complexity but, when it comes to creating a strategy, perhaps the mantra should be: keep it simple, stupid. After all, the more complex the strategy, the more it can be open to interpretation and potential confusion. In this article, **Nicky Bicket, MD of the Strategic Thinking Group and Managing Partner of The Katale Partnership**, argues the case for simplicity and asserts that, if strategy is really about making choices, your choices should begin and end with a very simple question.

‘Simple’ and ‘simplistic’: two words which mean very different things. We often confuse them and unwittingly deride rather than value something because it is simple because what we really mean is that it is simplistic. Simple means “not complicated or elaborate” while simplistic implies “... misleading simplicity” (SOED).

Following on from my previous article **The Hidden Meaning of Strategy** and a related Criticaleye Strategy Lunch, I would argue that all strategies should provide clarity of purpose and sharpness of focus. They should not be misleading: elaborate and complicated strategies are simplistic and useless. Simple strategies just mean they aren’t complicated. The choice is yours of course. The creation of a simple strategy is a very different (and much more difficult exercise) than creating a simplistic one.

So, to keep matters simple, I want to claim the one and only *raison d’être* for organisations is to serve and satisfy customer needs. It doesn’t matter whether you’re a FTSE100 company, a mom-and-pop bakery, a charity, a church, a school, university, hospital or a government service. If you’re not serving and satisfying needs, you’re not in business. Test this concept on your own business if



## COMMUNITY COMMENT

**Martin Balaam**  
MD - BT Engage IT, BT Group

- Lots of people confuse strategy with vision - strategy is how you are going to achieve your vision. If you don’t know where you want to be then you better start with getting a vision. And your strategy must be simple - if you cannot articulate it in a few bullet points of plain English, then it’s too complex. Strategies need to be practical and easy to translate by your staff. Try to put yourself in, for example, a receptionist’s shoes; will it be relevant to them? Will they know how they should behave and how their role helps execute the strategy?
- Don’t take a blinkered view - look at the macro economic trends. Most smaller businesses should ignore at their peril what the global trend is on their products and services. Look at Gartner or Forrester or ask their advisors if they have access to some market research. I would never recommend setting a strategy on the back of market research by others, but it may bring to the fore a trend that you knew was there but were in ‘subconscious denial’ about.
- Be realistic about your current issues. There is no point in having the world’s best long-term strategy if you do not achieve the minimum short-term, financial, objectives. Deal with your short-term financial issues now, or it may be someone else executing your amazing strategy while you are looking for a new employer.
- Customer and employee experience is everything - if your strategy does not explicitly deal with how you’re looking to improve in these areas, then make sure it does.
- Once you have your strategy, sit down and work out what ‘strategic initiatives’ need to be taken to achieve the strategy. Then follow up by looking at each department in your business to produce a detailed action plan which shows how each area will help achieve the strategic initiatives. And consider looking into bonus schemes.
- Live it. Most companies set a strategy, spend lots of time communicating it, then forget about it. Your strategic plan should be at your fingertips, you should spend at least an hour each month at the Board meeting reviewing progress and plan quarterly meetings to focus just on strategy.

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#### COMMUNITY COMMENT

**Tony Cocker, CEO  
E.ON Energy Trading SE**

Strategy is formed from listening to external stakeholder perspectives and debating their competing philosophies. Diversity of perspective is vital. At E.ON, we build scenarios for the future and benchmark against our competitors like any other big company. But we also seek to have quality conversations with our external stakeholders - the NGOs, governments and representatives of our customers that observe our industry - to find out what they think. Coming out of the downturn, it's been essential to make these conversations work and to feed back the debates, so that we are actively challenging reality, not just the numbers. We've taken the old tools, honed them, and seek to have better conversations around them – conversations that do not exclude the voices at the lower levels of the organisation. We're now more focused on our priorities and have made our portfolios simpler. We ask what our base view of the future is and align our portfolio against it. Then we look at the scenarios and decide on the options.

you think you disagree. Do be careful not to reject it because it's simple, but by all means debate whether it's simplistic. Because if the simplicity of the notion of serving and satisfying needs actually does describe the purpose of an organisation's being, creating a strategy becomes not only, well, simpler, but forces it to be outwardly focused, focused on the needs of those you serve and satisfy.

Strategy then builds on this. Simply put (and why put it any other way?) strategy is really just a synonym for choice; strategic planning forces a business to choose what we do (what needs we choose to serve and satisfy) and how we choose to do that, better than anyone else and make a profit.

Growing and sustainable profit, of course is a desirable and necessary outcome of a well-executed strategy, but it is not sufficient in itself to be a strategy or a reason for being. Returns, greater than your costs (including your cost of capital), are essential if the business is to survive

and thrive. But remember, strategy is about choice and therefore profit can only be a strategic issue if you feel that, on the question of profit, you have a choice.

Strategic planning starts (and ends), then, with the simple question, "What needs are we – or do we want to – serve and satisfy? But, as with all simple questions, the answers never are. Executives will argue and debate for hours on this challenge and quite often never agree. It is extraordinarily easy for strategic planning sessions to descend into areas of product, markets, services, distribution, customer segments and the like either before they have answered the 'needs' question or as a proxy answer to it. This is a fatal mistake since, if organisations cannot articulate which needs they are serving and satisfying, how can they possibly decide/choose who their customers are, what products and prices are required to satisfy them and how they will differentiate themselves (in the eyes of their customers) from their competitors serving the same needs? And, more importantly, which products, services, customers and markets the company will NOT serve. Companies that lose their strategic way are invariably those that do not have the discipline to ask the simple question about the satisfaction of needs and, if they lack the discipline to get over the first hurdle, the strategic outcome will become implausible, unactionable, and, frankly, a meaningless waste of time.

Strategy is about making choices, but making sure we really understand the range of available actions and outcomes is a key step. True customer insight is difficult to generate and a key task is to make sure it permeates an organisation, from 'bottom to top'. Once the 'needs' hurdle has been passed, the rest of the strategy, while never easy and requiring discipline and open-mindedness, becomes much more manageable – and fun!

Here are the remaining questions, the answers to which provide the most important layer to the strategic plan.

- Who has those needs? (customers)
- Where are those people? (markets)

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for organisations is to serve  
and satisfy customer needs*



#### COMMUNITY COMMENT

**Clive Ansell, MD of  
Technology, Tribal Group**

Strategy is about making choices, but making sure we really understand the range of available actions and outcomes is a key step. True customer insight is difficult to generate and a key task is to make sure it permeates an organisation, from 'bottom to top'. I would also add the following caveats:

- Keep an eye on the macroeconomic scene as a constraint on the business
- Emphasise building core competences over time - even through the ups and downs
- Create strategic flexibility - some alternatives in the company's future
- Get to grips with your stakeholder management

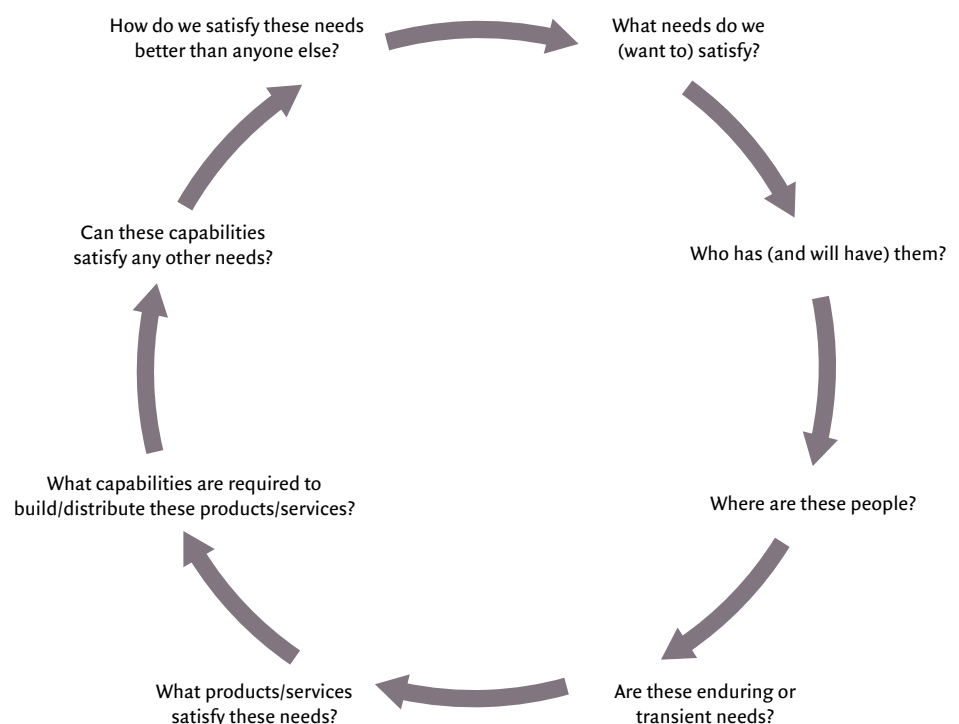
- Are people who don't have those needs likely to develop them? (think emerging markets - potential new markets)
- Are those needs likely to change or even disappear? (sustainability)
- What products and/or services satisfy those needs? (output)
- What capabilities do we require to serve and satisfy those needs? (competence)
- How do we ensure that people with the needs we satisfy and serve choose us rather than our competitors? (differentiation)

Then there are some second order choices which can be made (although developing these second-order strategies will depend on the ambition and resources your company has or is able to acquire). For example, Canon's origins were in the satisfaction of their customers' needs for a camera. There capability required to build the camera was photo-imaging. Technically, the need was for photo-imaging although that's not how it was articulated by their potential customers. Once that need was satisfied, though, the next question was, "If our photo-imaging capability not only satisfies our customers' needs for a camera, what other needs are there which could be satisfied by the self-same capability?" Answer: printers, scanners, binoculars, compact digital cameras, film and digital SLR cameras, and lenses. And ophthalmic and x-ray devices, broadcast lenses, semiconductors, digital microfilm scanners. All of the same core capability satisfying the same core need.

The questions around operating model, organisational design, culture and financial structure all hang off the answer to the 'need' question since, in a very real way, they have to be able to answer the 'need' question too

– or at least align to and support the strategy which does. These 'operational' questions have to be dealt with and, to an extent, they are strategic (choices have to be made). But, to a greater extent, these decisions move into the realm of strategy execution – how are we going to implement the choices we've made? – rather than form the main body of the strategy itself. The key here is alignment.

So, in a very simple nutshell, here is the simple way to develop your strategy - and when you've answered all these questions you will have a strategy:



But, just before the executive team rushes off to the bar for that celebratory strategic drink, ask yourself one last time, "are the needs we started off wanting to serve and satisfy truly served and satisfied by the remaining choices we've made?" If the answer is yes, you will have a great strategy which everyone can understand and action. If the honest answer is no, start again.

Now all that remains is to go out and execute – and make a profit. But that's another story...

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Nicky is Managing Director of the Strategic Thinking Group and Managing Partner of The Katala Partnership. The Strategic Thinking Group is a boutique consulting company which helps mid and smaller companies work through and articulate their strategy. The Katala Partnership offers change management, leadership development, HR and communications consulting and facilitation, as well as coaching to senior executives.

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