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Catalyzing strategy: guidelines for better strategy and strategic thinking

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Abstract

Purpose – VUCA times are pressuring senior executives more than ever to find pathways to growth, reinvention, and innovation. Strategy continues to be a primary tool in the toolkit, and yet execution is regularly rated as poor, and strategy is often misunderstood and misaligned. The article identifies patterns and symptoms of poor strategy processes and structures, and highlights successful approaches to activating strategy by breaking down barriers, communicating strategy more effectively, and creating the conditions for strategic thinking to permeate the organization.

Design/methodology/approach – This article usefully highlights trends in approaches to the strategy process and strategic practices, drawn from a range of recent robust surveys of thousands of senior strategists, CEOs, and senior executive teams across industries, sectors, continents. It also integrates examples and insights gleaned from applied strategy consulting engagements across industries, and curates contemporary examples from an array of sectors.

Findings – Most strategy execution is ineffective, slow, and misunderstood. Many strategy processes and structures do not overcome bureaucracy and misalignment, and many organizations lose sight of the links between mission, purpose, and strategy. Higher performing organizations invest in communicating strategy and purpose extensively, deploy dedicated strategy teams at multiple altitudes, and make strategy and strategic thinking a routine practice that informs decision-making (not a static, annual exercise).

Originality/value – Through succinct examples drawn from an array of industries and the distillation of a range of survey results of strategists and senior executives/CEOs, this paper identifies patterns and symptoms of poor strategy and poor strategic thinking, highlights examples of good strategic thinking and processes, and proposes practical guidelines for improvement to catalyze strategy and strategic thinking throughout an organization. The insights are relevant to an array of organizations, large, medium and small, across industries and sectors.

Keywords Strategy, Strategic thinking, Implementation, Strategic alignment, Strategic management

Paper type Viewpoint

Like it or not, we live in “interesting times” – an expression said to be an ancient Chinese curse, to be hurled at your enemies. Many statesmen over the years have invoked this phrase to describe, as Senator Robert F. Kennedy put it in 1966, “times of danger and uncertainty.”^[1]

Leaders and strategists have a right to complain about the times we’re in: as the Covid-19 crisis and its repercussions illuminated, they’re volatile, uncertain, complex, and ambiguous (“VUCA”). Customers have more power and choices than ever, supply chains are repeatedly disrupted, threatening the stability and predictability of running and steering businesses, and mega-forces – from climate change and wars, disease outbreaks, furiously evolving information technology, artificial intelligence, regulatory shifts, and myriad social disruptions – all conspire to compress lifecycles and response times. Margins for strategic or execution errors are thin. Leaders and strategists are compelled to anticipate the future, taking steps to protect or create new competitive advantages, even while doing battle in the present.



Senior leaders recognize that the stakes are high, and that the path to survival lies (variously) in growth, reinvention, and innovation. For example, in one recent survey of almost 5,000 CEOs, 45% asserted that “their company will not be viable in ten years if it stays on its current path” (up from 39% the previous year); three out of four CEOs reported taking “at least one action that had a large or very large impact on their company’s business model[2].” In another survey, 45% of CEOs surveyed ranked growth in their top 3 strategic priorities (and 62% of CFOs put it in their top three)[3]. “Innovation” has become an obsession as a primary pathway to growth, one regularly deemed by business gurus as “the most important force in our economy,[4]” and leading business executives often proclaim it as a core business strategy. According to a recent McKinsey study, 84% of executives think that innovation is important to their growth strategy[5].

So, in the face of these VUCA challenges, threats, and opportunities, strategic planning and thinking seem to be more in demand, and more relevant, than ever before.

Formal strategic planning indeed remains a top tool in the leadership toolkit, across industries and sectors. And leaders and strategists are attempting to use the process to tackle these urgent priorities, as illustrated in the results from a poll of 167 senior strategists[6], as shown in Figure 1:

But sadly, conventional strategic planning doesn’t seem to be very helpful to either identify where to go or how to get there. Indeed, most (55%) of CEOs report poor execution of strategy: note that only 4% report that it’s very effective, as shown in Figure 2:

Why strategy isn’t working

Again, if there were ever a time for a well-honed strategic planning process, it would be now. So why is it (still) ineffective? Here are some potential reasons:

Employees (still) don’t understand the strategy

Back in 2005, Professors Robert Kaplan and Norton alarmed us with research that suggested “on average, 95% of a company’s employees are unaware of, or do not understand, its



Source: Created by author

Figure 1. Strategic priorities



Source: Created by author

Figure 2. Effectiveness of strategy execution

strategy.” They went on to underscore an obvious truth: “If the employees who are closest to customers and who operate processes that create value are unaware of the strategy, they surely cannot help the organization implement it effectively [7].”

More recent data from similar studies reveals that we haven’t been able to improve over the past two decades: a 2018 MIT Sloan analysis of 124 organizations across industries found that only 28% of executives and middle managers responsible for executing strategy could list three of their company’s strategic priorities[8]. Even worse, but not surprisingly, strategic understanding and alignment plummets as you descend in the organization, as shown in Figure 3:

An interesting – and equally unsettling – confirmation from yet another recent survey of 1,750 senior executives on their approach to strategy: just half of “team members” (staff below the C-suite) know how the strategy is tracked, and less than half “feel part of the strategy[9].”

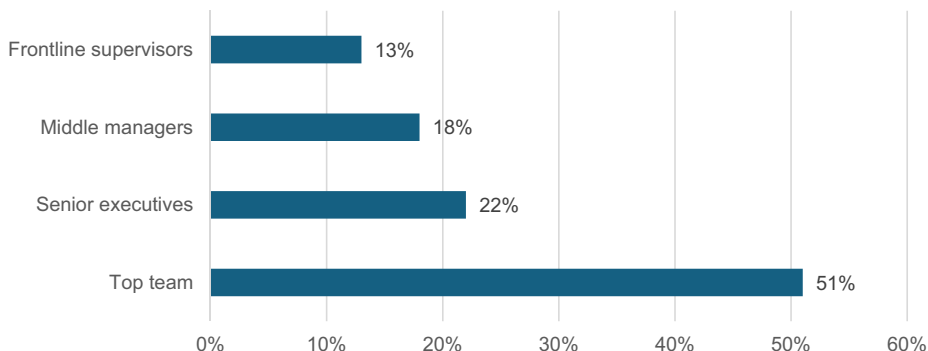
Bureaucracy and organizational silos smother and slow implementation

With growth and scale come complexity. PWC’s survey of close to five thousand CEOs relays that 39% believe that “bureaucratic processes” in their company inhibit their ability to “change the way they create, deliver, and capture value[10].”

Other survey results are even more damning: according to Bain, 50% agree that “bureaucracy and organizational silos are impeding our growth and innovation,” and 53% assert that “excessive complexity is raising our costs and hindering our growth[11].

Those barriers directly impact the speed with which strategy can be implemented. So, irrespective of the quality of strategy articulation, leaders report that their organizations are simply far too slow in implementation: more than two-thirds report that it takes more than 24 months to implement a new strategy, which seems remarkably out of sync with the pace of change in the competitive marketplace, as shown in Figure 4[12]:

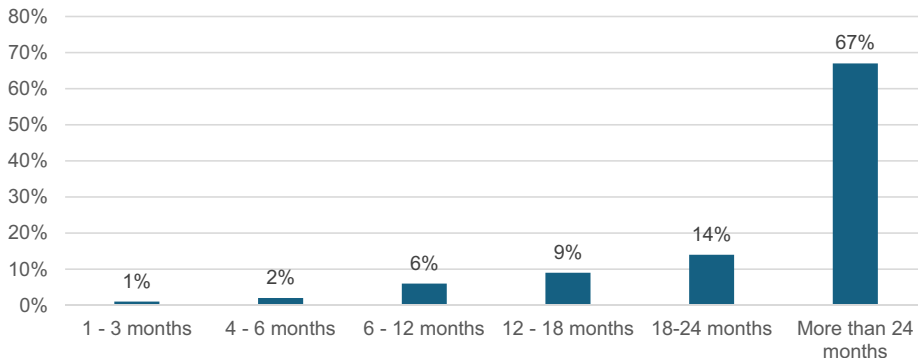
% of leaders at each level who can list company's top three priorities



Source: Created by author

Figure 3. Understanding the strategy

The average time it takes for my organization to implement a new strategy is...



Source: Created by author

Figure 4. Time to implement new strategy

Teams lose sight of the mission, purpose, and values of the strategy

High performing organizations reinforce the links between mission, vision, values and strategy, so that there's a practical framework available to guide decision-making. When that doesn't happen consistently, executives make bad choices, with serious repercussions. The Theranos saga is an infamous example, in which the ambitious blood-testing technology CEO seemed to lose sight of the patient in her dogged pursuit of revenue, faking data from blood tests, inflating accuracy statistics on the company's proprietary technology, and

ultimately falsifying revenue results. The impacts were significant for customers, patients, and investors, and led to the company's failure (and in 2023, the CEO's imprisonment for 11 years)[13]. Poor decision-making in pursuit of short-term gains, untethered to a moral compass, led to the firm's demise.

Boeing's massive missteps of the past six years provide another sobering example of how teams can betray the organization's mission and values when they're lost in the throes of the competitive hunt. Boeing has been a legendary US manufacturer virtually since its founding in 1916. For decades, through world wars and the US's global expansion, Boeing has been a robust symbol of American ingenuity and technology. But a series of significant errors in judgment, process, and culture started to emerge in 2018 and 2019, when a series of deadly air crashes, killing 346 passengers, were linked to Boeing 737 Max airplanes. In 2021, Boeing agreed to pay a \$2.5 billion penalty to settle criminal charges over accusations it concealed information about its 737 Max airplane, admitting it had "deceived" the FAA about the MCAS system's reliability[14].

It would have been reasonable to assume that this highly visible punishment punctuated the end of a tumultuous period, setting the stage for a new trajectory that better aligned the corporation's mission and values with its strategic priorities. But sadly, a slew of new problems surfaced in 2023, most visibly with the 737 Max plane door, which blew off in flight, thanks to what seem to be shortcuts taken by suppliers and Boeing quality assurance and safety staff. It appears that within the organization, two strategies came into repeated conflict: a productivity and growth strategy versus an ongoing regulatory/safety strategy. As CEO Dave Calhoun relayed publicly: "We have this bad habit in our company...When you move it down the line, it sends a message to your own people that "Wow, I guess the movement of the airplane is more important than the first-time quality of the product." And we have got to get that in way more balanced. Without a doubt[15]."

Notwithstanding this admission, analysts have chronicled a sustained culture of miscommunication and poor decision-making, which led to the inevitable dismissal of the CEO and the CEO & President of the commercial Division. Unfortunately, these impacts are not over yet: in fact, they seem to be escalating, as Boeing's share price plummeted 30% in early 2024 alone, erasing \$50B in value. The impact on suppliers, customers, and the industry as a whole is still being felt. In April 2024, the emergence of a new whistleblower's lawsuit concerning significant safety issues with the company's flagship 787 Dreamliner program further depressed share price, pummeling the brand, and provoking a slew of additional federal probes[16]. It's not clear how or if Boeing will fully recover.

How to do better: guidelines for better strategy and strategic thinking

While there are certainly no universal or easy fixes to the strategy process to propose, here are some guidelines to consider:

Crystallize vision, delineate an accessible, relevant mission and purpose

Clear visions and crisp statements of purpose can move mountains, aligning staff and stakeholders and supercharging organizations. Pfizer's CEO, Albert Bourla, seems to epitomize this. His articulation of Pfizer's "purpose" – "Breakthroughs that change patients' lives[17]" – during the early days of the covid-19 crisis, gave his team an organizing principle that both galvanized them and gave them permission to break old rules and forge new partners: Pfizer launched "Project Lightspeed" and signed a joint venture agreement with BioNTech just six days after the World Health Organization declared the covid-19 pandemic. Under Bourla's bold leadership, Pfizer executed a remarkably accelerated and successful development program, and even vertically integrated previously outsourced

elements of the supply chain, to compress production cycles and boost quality. “I knew we had to act,” Bourla later said. “I thought, ‘If not us, then who?’ We had the technical expertise and resources to make the bold moves necessary to develop a vaccine in record time—and that’s exactly what we did[18].”

High-performing leaders regularly revisit and pressure-test their vision statements, ensuring that the links between vision, purpose, and strategy are robust and aligned.

Communicate it better, making sure it permeates the organization in relevant frames/contexts
A celebrated study published in the Harvard Business Review from 1957 found that we retain about half of what we hear[19]. But even when we do retain it, do we share a common understanding of what the words mean?

Most of us have had the experience of squaring off against colleagues who look at the same data but draw wildly different conclusions. The fascinating ongoing study by data scientists Andrew and Michael Mauboussin highlights how even straightforward, nontechnical words are actually interpreted differently: “always” doesn’t always mean always (100% of the time); even “real possibility” can mean different things to different people. In fact, “the probability range that most attribute to an event with a ‘real possibility’ of happening spans about 20% to 80%[20].” When “usually” can range from 60% to 80% likely, and “unlikely” can be understood to mean as much as 50% likely, the need for precision in language becomes clear!

Surprisingly (to some), gender can play an important dissonant role too: their research found that “women are more likely than men to interpret certain probabilistic words or phrases positively (i.e. as indicating that an event will occur)[21].” (Women rate in particular the terms “possibly,” “serious possibility” and “real possibility” meaningfully higher than men).

These differences might really matter in the context of important strategic and resource allocation decisions.

A recent example of this dynamic: an innovation team at a \$50B+ consumer healthcare and pharma multinational corporation, in response to a strategic mandate to inboard “disruptive and breakthrough” new over-the-counter products, pursued an exciting new clinical stage technology that delivered digestive relief in a new “patient-friendly” form. While the target new product would challenge some of the brand’s existing parameters – shifting to a new active ingredient, for example – the early data were exciting: it was safe, effective, and patients and physicians preferred it resoundingly over existing product offerings. The innovation team was encouraged to take risks to “shake up” the category, and they interpreted that to mean they were authorized to pursue this kind of innovation and present a business case with a 3.5-year expected breakeven. After close to a full year of due diligence, involving the engagement of multiple functional experts across the company, and steady consensus building and box-checking, they presented the program to a cross-departmental panel of senior executives for final approval. To their dismay, the proposal was rejected for being “too risky;” the return-on-investment window “too long,” and concerns about “straining” the brand identity surfaced. Ultimately the brand team (in conflict with the regional sales teams) rejected the proposal, electing to pursue a far more conservative line extension strategy focusing on launching a new flavor – not a new product form or active ingredient. The diagnosis? The teams and senior decision-makers did not share the same interpretations of “disruptive” or “breakthrough” or “risk.” The innovation team had wasted many months of effort, new sources of competitive advantage were not captured, the new technology escaped the firm, and collaboration across teams hit a new low.

The implication for leaders: communicate the strategy clearly, often, and take pains to unpack it in precise terms, especially when delineating strategy and coordinating strategic decision-making across functional boundaries[22].

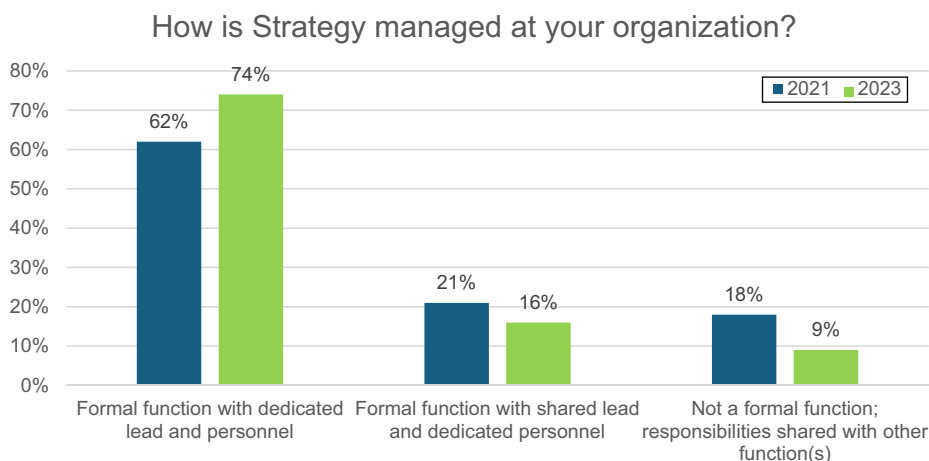
Catalyze the strategy process: activate and permeate both strategy and strategic thinking[23]

Organizations typically evolve their strategy processes as they mature, moving from top-down, seat-of-the-pants, intuitive decision-making to regular (annual) strategy exercises that, in more sophisticated organizations, precede the annual budgeting cycle. But having a process in place doesn't ensure the quality or precision of the output. In my decades of experience as a strategy consultant, I've noticed that the strategy process is routinely starved of invaluable external inputs – of customer inputs, competitive analysis, and external stakeholder perspectives – that together provide critical context for strategy decisions, counterbalancing the natural tendency toward myopia[24]. High-performing organizations do even more: they create the conditions for “strategic thinking” to flourish. They create structures, processes, roles, and habits of communicating that help team members use strategy less as a roadmap than as a compass, or a framework for decision-making that can be invoked as the territory changes.

Deloitte's 2023 survey of Chief Strategy Officers offers some illuminating patterns[25] that underscore this investment. More organizations are formalizing the strategy process and teams, as compared with 2021, as shown in Figure 5:

And importantly, in line with efforts to break down barriers and enrich perspectives, more organizations are decentralizing the strategy function, with dedicated staff residing at both the corporate and business unit levels, as illustrated in Figure 6:

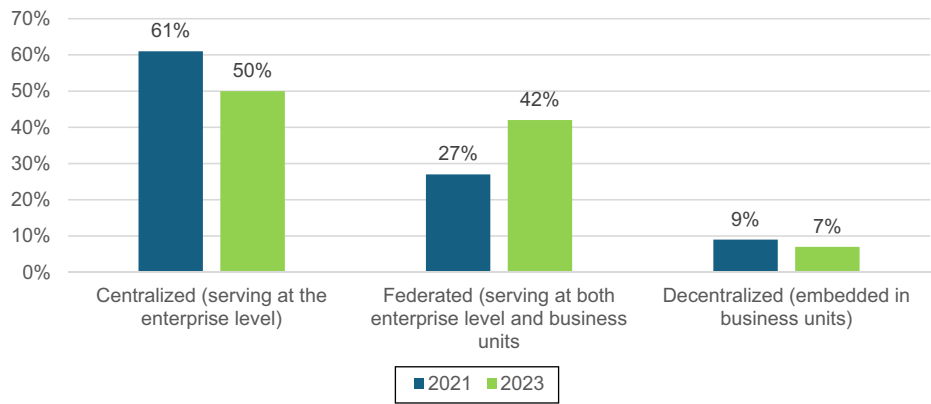
Chief Strategy Officers and the small teams they deploy can play a catalytic role in stimulating strategic thinking, unlocking the potential for more strategic decision-making at multiple levels in an organization. They can focus on intersections in the internal and external ecosystem, creating shorter feedback loops, with fewer biases, better tools and



Source: Created by author

Figure 5. How strategy is managed

How is Strategy structured at your organization?



Source: Created by author

Figure 6. How strategy is structured

analytics, and the latitude to challenge assumptions. The best CSOs become relentless stewards of and advocates for alignment and coherence: they relentlessly ask: “how do things fit together?” They offer a broader, systems-view, consider multiple time horizons, provide a forum for collaboration between divisions or functional groups, fortifying the links between strategy and implementation, where so much gets lost in translation.

What does it look like when strategic thinking permeates an organization? Shifts can occur that preserve the organization’s mission and even fortify the business model, as leaders anticipate and navigate the VUCA landscape. The innovative Mast Reforestation company seems to exemplify this capability.

Mast’s CEO Grant Canary’s vision was to “fix reforestation^[26]”: to invent an innovative and efficient approach to respond to the devastation that wildfires are increasingly inflicting all over the world. The end goal: climate mitigation through replanting more trees more quickly. Recognizing that planting seeds successfully in fire-scorched earth was a big barrier, he pioneered using high-tech drones to drop seeds in nutrient-rich “pucks” – a futuristic “Greentech” method that garnered significant media attention. Two fundamental problems soon emerged, however: the seeds dropped were not taking easily, requiring the deposition of substantially more seeds, and equally daunting, the budgets of his target customers (forest agencies) were revealed to be depleted (as more and more scant public dollars were directed to fighting the wildfires, not replanting). In short, the business model was a flop.

Here’s where strategic thinking seems to have kicked in. Recognizing supply chain gaps for both seeds and seedlings, Mast pivoted, vertically integrating to buy seed suppliers and nurseries. They paused the drone technology, and hired blue collar workforce to tackle manual, old-school seed extraction and planting. And they pivoted further by changing customers: they shifted their focus to large corporations seeking carbon offsets. The marriage of old technology (with a predictable supply chain under their control) with new strategic technology (e.g. adapted medical imaging technology deployed to maximize the hit ratio of

fertile seeds) is making them attractive to corporations driven by powerful external factors (like mounting ESG requirements) to reduce their carbon footprint. Mast's reforestation program offers them a tangible demonstration of carbon offsets at work: the public can see that new trees are growing, differentiating this approach from many more abstract carbon offset programs.

While it's still early in this new phase of growth, Mast seems to have successfully preserved its mission and vision (climate mitigation through accelerated reforestation), even while evolving the business model. Strategic thinking inside Mast has enabled the kind of agile and timely strategic adaptation that many organizations aspire to replicate.

The takeaway for leaders: as illustrated in [Figure 7](#), strategic thinking is a practice that need not be concentrated in a single individual or department. In high-performing organizations, it permeates, and informs not just the formal strategic planning process, but also ongoing strategic management, and critically, strategic adaptation (when strategy must shift to respond to new internal and external dynamics).

Conclusion

Returning for a moment to the “may you live in interesting times” reference, it's noteworthy that Senator Kennedy went on to say that these “dangerous and uncertain times are also the most creative of any time in the history of mankind[27].” In adversity and turmoil lies opportunity. How best to embrace it, strategically?

- Keep elucidating and reinforcing the link between mission, vision, strategy, and execution.
- Relentlessly define, and redefine, “strategy” in terms that are relevant to stakeholders, wherever they sit.
- Catalyze strategic thinking across the organization, at multiple altitudes, to enable your staff to regularly assess where they are, what's coming, and how to move forward to protect and amplify value[28].

At its best, strategy is not a rigid plan, or a rote annual exercise: it's a robust and evolving process that provides a set of guiding principles for testing opportunities, and a framework for decision-making that permeates the organization. Having a formal strategy and deploying the strategic toolkit are no guarantees of future success, but they can help organizations build the resilient capacity required to thrive in these turbulent times, rather than being victimized by them. They can help leaders navigate the endless challenge of adapting to change – differentiating the map from the territory.



Source: Created by author

Figure 7. Strategic thinking infusing everything

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matter — both for their team *and* for the organization as whole. Across 69 items included in our execution survey, the single best predictor of strategic alignment was how consistently managers — from top executives to frontline supervisors — explained their team’s priorities in terms of their unit *and* the entire company.” <https://sloanreview.mit.edu/article/no-one-knows-your-strategy-not-even-your-top-leaders/>

23. There is no single accepted definition of ‘strategic thinking’ – it provokes millions of hits on typical search engines. In fact, it’s easier to define what’s *not* strategic thinking: short-term, unidimensional, operational or tactical perspectives. It’s tempting to invoke the famous Supreme Court Justice Stewart’s definition of obscenity (“I know it when I see it”) or Louis Armstrong’s retort to the question about jazz (“If you have to ask, you’ll never know”). My practical description: it’s a capability that requires applying multidimensional, critical analyses to solve complex problems and create value. Strategic thinking almost always challenges assumptions, interrogates evidence, considers systems, probes the drivers of business models, and invokes different timeframes to enhance perspective.
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27. See Kennedy speech, *op cit*.
28. Enlightened organizations continue to experiment with structures and staffing models to improve and embed strategic thinking. Talented consultants can jumpstart the process and offer new analytic tools, but overreliance on external contractors risks what one senior executive termed “outsourcing the thinking”. More research is needed qualifying and quantifying the relative effectiveness of consultants, enhancing selection criteria for key roles, and other strategic thinking processes and interventions.

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