

Strategic Management

Recommended Sources of Best Practice

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Introduction



This report is a simple guide to useful and easily accessible sources of ideas and best practices on the subject of strategic management, which takes in a wide range of strategic management subjects.

- Effective strategic management is key to the success of a business, and the challenges in today's environment are daunting.
- Keeping up-to-date with best practice and developing new ideas for how to develop and implement strategy is a difficult task for any busy executive.
- Over the last few years, we have reviewed a wide range of sources to identify the most useful sources on the subject of strategic management.
- We focus on identifying research which provides clear evidence of best practice (or at least good practice) and practical case examples of what needs to be done.
- Many of the references highlighted in this note are free but in some cases there is a small per item charge from the publisher. Click on each title to open the appropriate link on the Internet.

How to Make Use of This Review



- The references can be useful for providing input on a range of different activities for both large and small companies, for example:
 - For the **annual strategic planning process**, review the best practices in strategic planning, and use specific references to stimulate debate at planning away days on subjects like innovation and growth.
 - If you are embarking on a **strategic transformation** or **restructuring programme**, make sure you look at the best practice ideas on this subject such as “Executing Strategic Change” from the California Management Review.
 - Best practices in **post-merger integration** and **strategic alliance formation** are essential reading for anyone pursuing these activities which typically have a high failure rate.
 - Before **developing a business plan** for any new activity, make sure you take a look at some of the references on entrepreneurship such as “How to Write a Great Business Plan” from the Harvard Business Review.
- There are many other uses for best practices research so if you don’t see what you need here, let us know and we can probably advise on where to find it.

Strategic Management Subjects



The strategic management subjects we include in our research reviews cover all the main aspects of strategy development and implementation. Each of these subjects includes several sub-categories and if you would like more specific references to follow up, just let us know.

Strategy

Leadership

Strategic Planning

Strategy Execution & Change Management

Growth

Innovation

Mergers & Acquisitions

Strategic Alliances & Joint Ventures

Entrepreneurship

Why Is This Important?



Research reported in the Harvard Business Review illustrated the importance of best practices:

“We carefully examined more than 200 well-established management practices as they were employed over a 10 year period by 160 companies. Our findings took us quite by surprise. Most of the management tools and techniques we studied had no direct causal relationship to superior business performance.”

“What does matter, it turns out, is having a strong grasp of the business basics. Without exception, companies that outperformed their industry peers excelled at what we call the 4 primary management practices—strategy, execution, culture, and structure.”

“And they supplemented their great skill in those areas with a mastery of any 2 out of 4 secondary management practices — talent, innovation, leadership, and mergers and partnerships.”

“What Really Works”, Harvard Business Review, 2003

Strategy



Our “strategy” sub-category relates to the broader concept of strategy rather than specific strategies which might be of interest in particular situations. The first is a relatively old contribution from Michael Porter which is really essential reading for understanding the concept of strategy. The article “Reinventing Your Business Model” by Clayton Christensen et al describes a useful approach for understanding business models, a key component of strategy.

- [What Is Strategy?](#), Harvard Business Review, 1996
Michael Porter explains why the essence of successful strategy is choosing a unique and valuable position which is embedded in processes and activities that are difficult to copy.
- [Have You Tested Your Strategy Lately?](#), McKinsey Quarterly, 2011
An overview of 10 tests you can apply to understand how robust your strategy is, covering all the key dimensions that need to be considered.
- [Reinventing Your Business Model](#), Harvard Business Review, 2009
This article describes the main components of a "business model" - customer value proposition, the profit formula, key resources and key processes and goes on to explain when a new business model is needed.
- [Obliquity](#), Financial Times, 2004
An insightful article from John Kay which looks at the actual process by which companies reach their goals and the pitfalls in taking a rigid, planning based approach to strategy.

Leadership



Leadership is a central component of strategic management and most companies are actively training future leaders throughout their organisations. These articles will provide you with some very clear actions you can take to improve leadership at your company. For example, “The Uncompromising Leader” identifies the key features of leaders of high-performing organizations, such as earning trust from all stakeholders and creating a broad and collective leadership capability.

- [The Uncompromising Leader](#), Harvard Business Review, 2008
An article based on research at 22 high performing companies which focuses on how leaders can achieve high performance at the same time as build sustainable high commitment from employees.
- [A Blueprint for Strategic Leadership](#), Strategy & Business, 2007
Consultants from Booz & Co use examples to show how the components of successful leadership need to include commitment to the company’s purpose; the makeup of the top management team; the capabilities and motivation of people throughout the organization; and focused, well-chosen strategic initiatives that can take the company forward.
- [Are You a Vigilant Leader?](#), MIT Sloan Management Review, 2008
In one survey, 97% of strategists said their companies lacked any early warning systems. Based on a survey of 119 global companies, this article shows why it is critical that leaders develop peripheral vision and strategic foresight.

Strategic Planning



The strategic planning process takes up a huge amount of time for most companies and is often a disappointment. These articles provide some clear recommendations on how to manage and improve the process. Following the financial crisis, there has been a revived interest in scenario planning and so the article “Eyes Wide Open: Embracing Uncertainty through Scenario Planning” from Knowledge@Wharton gives a current view on this important tool.

- [How to Improve Strategic Planning](#), McKinsey & Company, 2007
A description of 5 ideas for improving the strategic planning process, such as focusing on issues rather than data, and making sure the right people are involved.
- [Does Your Strategy Need Stretching?](#), Boston Consulting Group, 2008
BCG looks at the strategy development process and finds that while frustrations exist, leading companies are stretching their time horizons, thinking and engagement models to make the process more effective.
- [How to Make Sense of Weak Signals](#), MIT Sloan Management Review, 2009
A valuable analysis of how companies can better spot, interpret and act on the weak signals of future threats and opportunities.
- [Eyes Wide Open: Embracing Uncertainty through Scenario Planning](#), Knowledge@Wharton, 2009
Wharton professors give their views on the theory and application of scenario planning, which is of growing interest in the wake of the financial crisis.

Strategy Execution & Change Management



According to some experts, most strategies fail due to poor execution and there is no doubting a renewed focus on strategy execution as a key discipline. The subject of “strategy execution” overlaps with “change management” so the two are combined in our review. “Mastering the Management System” from the Harvard Business Review takes a broader look at the whole management system as the title suggests, but has a focus on linking all the elements to ensure successful strategy execution.

- [The Secrets to Successful Strategy Execution](#), Harvard Business Review, 2008
The article, from consultants at Booz & Co, is based on research with 125,000 employees at more than 1,000 companies and identifies the critical success factors for strategy execution.
- [Executing Strategic Change](#), California Management Review, 2009
“Executing Strategic Change” reports on in-depth research at 93 companies identifying the factors which distinguish those who succeed at executing strategy.
- [Mastering the Management System](#), Harvard Business Review, 2008
This articles describes a 5 stage, closed-loop management system from strategy development (including mission, vision, values) to monitoring and learning.
- [Enabling Bold Visions](#), MIT Sloan Management Review, 2007
Based on research at 40 global companies, this article assesses why bold visions often fail to be executed and recommends an approach to deal with this problem.

Growth



Like most strategic management issues, the specific challenges of growth for any company are very dependent on the company's starting point and its environment so generalisation is difficult. Nevertheless, most companies do not find growth easy because it typically involves difficult decisions about moving into new and unfamiliar areas. These articles show how growth tends to stall at large companies, and look at the issues relating to finding new core businesses and growing into new markets.

- [When Growth Stalls](#), Harvard Business Review, 2008
This article is based on extensive research by the Corporate Executive Board into the reasons why growth at previously successful companies can suddenly come to an end.
- [Finding Your Next Core Business](#), Harvard Business Review, 2007
This article explains how to evaluate the strength of your core business, decide whether to develop a new core, and what options you might have for doing that.
- [Growth Outside the Core](#), Harvard Business Review, 2003
Based on a study of corporate growth involving 1,850 companies, the article concludes that most sustained, profitable growth comes when a company expands the boundaries of its core business into an adjacent space.
- [Beating the Odds in Market Entry](#), McKinsey Quarterly, 2005
The article describes the practical steps companies can take to control the biases in market entry decisions and avoid the failures other companies have made in the past.

Innovation



Our own research shows that senior executives typically say that innovation is vital for both revenue growth and efficiency improvement but in many cases innovation is not well understood and managed. Apart from the inspiration of visionary and creative leaders, there are clear best practices to follow and these are well articulated in the report by AT Kearney. The “corporate venturing” model is well explored in the article “What Every CEO Should Know About Creating New Businesses”.

- [The 5 Myths of Innovation](#), MIT Sloan Management Review, 2010
An insightful assessment of some key innovation issues such as how innovations occur, the role of open innovation, and the benefits of bottom-up versus top-down innovation processes.
- [The Innovator’s DNA](#), Harvard Business Review, 2009
A study of the habits of 25 innovative entrepreneurs and survey of more than 3,000 executives and 500 individuals who had started innovative companies identifies the traits of successful innovators.
- [Innovation Management – Strategies for Success and Leadership](#), A.T. Kearney, 2008
This report, based on research with 250 companies worldwide, identified the traits of successful innovators, compared to those who are less successful.
- [What Every CEO Should Know About Creating New Businesses](#), Harvard Business Review, 2004
The article describes all the specific challenges for large companies starting new businesses which range from cultural dynamics to inflexibility with business plans.

Mergers & Acquisitions



The success rate of mergers and acquisitions is quite low. For example, according to the KPMG report listed below, returns to acquiring shareholders in all stock deals are on average 10% below the industry average over a 24 month period following an acquisition. These valuable articles and reports highlight some of the crucial best practices through the whole process, from target selection to post merger integration.

- [Deals Without Delusions](#), Harvard Business Review, 2007
This article by McKinsey consultants provides guidance on how to avoid the assumptions that can damage a deal and describes 8 red flags to look out for.
- [Making the Most of M&A](#), Strategy & Business, 2008
Consultants from Booz & Co recommend best practice approaches for the 4 main stages of doing a deal, from the pre-deal business case to executing integration.
- [The Determinants of M&A Success](#), KPMG, 2010
This paper identifies some key success factors based on a statistical analysis of 510 deals worldwide between 2002 and 2006.
- [Powering Up For PMI - Making The Right Strategic Choices](#), Boston Consulting Group, 2007
The first in a series of reports on post merger integration based on BCG's client experience sets out an overall framework for post-merger integration.

Strategic Alliances & Joint Ventures



Strategic alliances and joint ventures of different types have become increasingly important in recent years as the world becomes more inter-connected, but as in the case for mergers and acquisitions the success rate is relatively low. AT Kearney helpfully set out 17 different categories of alliance and review the stages of the value chain at which alliances typically take place by major industry sector. The majority of alliances are horizontal alliances - between companies that compete or share components of the value chain.

- [The Art of the Alliance](#), AT Kearney, 2008
This paper looks at 200 alliances by European companies and categorises them into different types, industry sectors and stages of the value chain.
- [Simple Rules for Making Alliances Work](#), Harvard Business Review, 2007
This article is based on systematic research and claims that companies following the recommendations in the article have achieved success in 90% of cases.
- [Breaking Up is Never Easy](#), California Management Review, 2008
This article focuses on the issue of how to plan for exit in alliances, something which most companies fail to do properly.
- [The Strategic Logic of Alliances](#), Boston Consulting Group, 2006
This overview of strategic alliances includes a description of a 6 step process for setting up and managing an alliance.

Entrepreneurship



Many people will think that entrepreneurship is a more relevant subject for smaller businesses than for larger businesses but all companies can learn from the entrepreneurial process as can be seen by the articles highlighted here. “Disciplined Entrepreneurship” shows how the stereotype of entrepreneurs as wild risk takers is completely wrong and 2 of the articles have a specific focus on the role of business plans, which are crucial in any new venture.

- [Disciplined Entrepreneurship](#), MIT Sloan Management Review, 2004
The critical task of entrepreneurship is to manage the inherent uncertainty in trying something new; the article reports the results of in-depth research on how start-ups and established companies have done this.
- [How to Write a Great Business Plan](#), Harvard Business Review, 1997
A seminal article from HBS professor William Sahlman which explains what needs to be included in a business plan, either for an entrepreneurial start-up or for a new project within a large company.
- [Why Business Plans Don't Deliver](#), MIT Sloan Management Review, 2009
John Mullins of London Business School uses his practical experience of business plans to identify 5 main reasons why most will fail to convince investors.
- [Knowing a Winning Business Idea When You See One](#), Harvard Business Review, 2000
The article describes a systematic approach to reducing the uncertainties of innovation. From a database of companies that have innovated successfully the authors created 3 analytic tools to help managers make decisions.

About Us



- Michael Pearson founded Clarus Investments in 2006 to invest in early stage ventures. The Clarus Insight research service has been developed on the back of the research work carried out for Clarus Investments.
- Michael is a strategy and corporate development expert with 25 years' experience working for and advising financial institutions worldwide, developing new ventures, and investing in start-ups. He has an MBA from Harvard Business School.
- Michael is a strategic adviser to the European Financial Marketing Association (Efma) and is the author of the Efma reports "Innovation in Retail Banking" and "Retail Financial Services - Strategic Insights and Best Practices".
- Michael also works with early stage and more established companies on a wide range of strategic management issues, and has completed assignments across Europe, the Middle East and Africa.

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