Getting "Strategy" Into Your "Strategy Framework"

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Article abstract

Most people would presumably agree that a strategy framework, often called a strategic plan, is essential for making change and innovating. A strategy framework consists of various choices and combinations of vision, mission, goals, priorities, initiatives, pillars, plans, tactics, diagnosis, metrics and so on. Yet, the one component that is most often missing in a strategic framework, is a strategy. One reason for this absence is confusion about what strategy is, including the belief that the framework with all of its components – often including long lists – is itself the strategy. The objective of this article is to clarify the difference between a strategy and a strategy framework and introduce the strategy -> bottleneck -> aspiration triad, the design of which is a valuable first step for incorporating a strategy into a strategy framework.

GETTING "STRATEGY" INTO YOUR "STRATEGY FRAMEWORK"

BY **PETER COMPO**

Most people would presumably agree that a strategy framework, often called a *strategic plan,* is essential for making change and innovating. A strategy framework consists of various choices and combinations of vision, mission, goals, priorities, initiatives, pillars, plans, tactics, diagnosis, metrics and so on. Yet, the one component that is most often missing in a strategic framework, is a strategy. One reason for this absence is confusion about what strategy is, including the belief that the framework with all of its components – often including long lists – is itself the strategy. The objective of this article is to clarify the difference between a strategy and a strategy framework and introduce the *strategy⬅bottleneck⬅aspiration* triad, the design of which is a valuable first step for incorporating a strategy into a strategy framework.

STRATEGY: THE CENTRAL RULE OF A STRATEGY FRAMEWORK

Figure 1 presents and defines each of the components of a full, but simpler, strategy framework. Each component

has a unique role in bringing the organization or system from a current state to a future state. Note that only large and complex endeavours will require the use of every framework component. Of particular importance is the role of rules, sometimes called policies, which provide real-time guidance for making choices and taking action during framework implementation. The strategy component is the central rule that guides and unifies all actions and choices towards overcoming what is in the way of the organization's aspiration, in other words, for "busting" the bottleneck to your aspiration. Tactics are rules that apply to smaller scopes of the endeavor. Busting means to lessen, get around, or eliminate what is in the way of the aspiration. The aspiration determines the scope and aim of the endeavor.

DESIGNING A STRATEGY←BOTTLENECK ←ASPIRATION TRIAD

The strategy←bottleneck←aspiration triad, shown in Figure 2, is the core of the strategy framework. The triad is derived from an influence-diagram model of adaptive systems. It is written with back-arrows to indicate that the bottleneck is derived from the organization's capabilities relative to the aspiration, and the strategy is derived from the bottleneck, *not* from the aspiration directly. The fluted shape indicates that when working backwards from an aspiration, the required number of choices and actions grows dramatically. The strategy must unify all of these choices and actions. The triad is aligned to varying extents with the

COMPONENTS	ROLE	TWO EXAMPLES OF EACH
Values	◀▌▌ Statement of that which has intrinsic worth or cannot be violated	**Value:** Low carbon footprint/integrity before profits.
Aspirations **Vision Mission Goals**	◀▌▌ Description of your (believed to be) desired future state	**Vision:** Grow in Africa/NGOs with limited technical skills enabled to use AI.
		Mission: Change the organization's culture/ create a new premium product line.
		Goal: Reduce Inventory by 40% in 15 months/ increase gross margin by 20% in two years.
Diagnosis **Propositions External constraints Scenarios** Bottleneck	◀▌▌ Analysis of the dynamics of the internal and external world in which you operate	**Prop:** 20% cost advantage/brand recognition.
		Ext. Const: Cannot sell to Russia/ environmental regulation.
		Scenarios: Prime rate at 2% and at 6%/ competitors abandon China.
		Bottleneck: Product line is too complicated/ organization unaligned.
Rules Strategy (central) **Tactics**	◀▌▌ Real-time guidance for taking actions and decisions to bust bottlenecks	**Strategy:** Stop investing in the product line XYZ/migrate to fully digital operation stepwise over five years.
		Tactic: Outsource product testing/ new hiring policy.
Plans/Initiatives Projections	◀▌▌ Feedforward simulations and intended actions for coordination, synchronization, and reality testing	**Plan:** Complete stability testing by 4/15/2026 or set up new sales office in Nigeria by 9/15/2025.
		Projection: African market will grow 15%/year for five years/we will increase capacity by 90% in three years.
Metrics Milestone adherence	◀▌▌ Feedback to understand how the system is evolving	**Metric:** Average quarterly sales price in Africa/policy adherence by product group.

FIGURE 1: A STRATEGY FRAMEWORK (STRATEGIC PLAN) SHOWING STRATEGY AS ONE COMPONENT

works of Rumelt (2011, 2022), Sull and Eisenhardt (2015), Goldratt (1990), and Xiu-bao Yu (2021).

The following four activities introduce the basics of desiging a triad and incorporating the results into the strategy framework using an emergent approach. Such an approach uses an agile design process that begins with a minimum essential draft that is then refined, not a buildup in sequential steps. Think of it as solving a puzzle guided by design principles.

Activity 1: Draft the Triad

The strategy team drafts a triad by working backwards from an aspiration to articulate possible bottlenecks and strategies for busting the bottlenecks. Like everything else in agile strategy design, an aspiration may change as the overall framework evolves and as the implications of the envisioned future state become clear. The one exception is if leadership supplies non-negotiable marching orders. All three types of aspiration – vision, mission, specific goal – are not needed. Choose the type that best captures the aim of the endeavor.

An aspiration can range from a massive vision or mission for creating an entire new business or product platform to improvement of an existing one. The need for improvement can range from the desire to capture new opportunities to dissatisfaction with current performance, up to response to a crisis. In every case, the design approach is the same and it is the aspiration, not the strategy, that sets the scope and time horizon for the endeavor. Strategy is not just for long term. It is for achieving any future state that has uncertainty and requires tradeoffs to acheive.
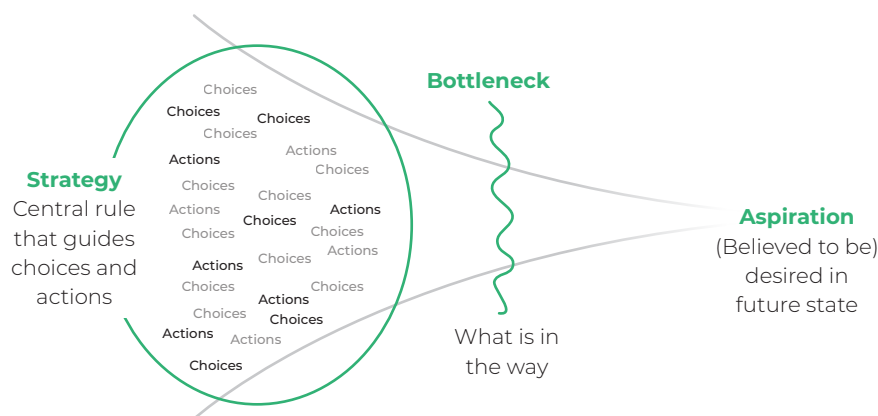

FIGURE 2: THE STRATEGY←BOTTLENECK←ASPIRATION TRIAD

Consider the example of a product line that has grown at a good rate over several years but leadership is dissatisfied with its profitability. A team is formed to design a strategy framework to achieve raising gross margin by 12% in two years. Figure 3 shows this aspiration (a specific goal) along with the team's initial brainstormed ideas for possible bottlenecks and strategies. They do this without too much concern for design principles, knowing the ideas will be refined.

When brainstorming, be expansive in exploring what the bottleneck could be using the following list as thought starters. The natural impulse is to consider traditionally measurable factors and outside influences, but bottlenecks come in many varieties and require a hard self-critical look at reality. For example:

- Culture
- Emotions
- Intelligence (market, competition, government)
- Process capability
- Digital capability
- Assets or equipment
- Methods
- Procedures
- Capital
- Complexity
- Lack of alignment or common language
- Bad or missing strategy framework
- Bad or missing tactical policy

Activity 2: Refine the Diagnose of the Bottleneck

Once an aspiration, possible bottlenecks, and strategies are identified, the team can focus on debating and discovering which is truly in the way of the aspiration – the dominant bottleneck. While there is no simple formula for doing so, three guidelines can help determine if the bottleneck selected is the correct one. The **first guideline** is that the bottleneck should not be extremely easy or impossibly hard to bust. For example, the bottleneck in Figure 3, "We have not communicated the margin imperative," is in many cases trivial because the team can just go do it. The bottleneck, "Our factories are in a high-cost region," might be impossibly hard to bust and therefore not useful either if, for instance,

Strategy?

1. Reduce raw material and supply chain cost by 15%, increase yields by 5% and first pass quality by 15%, and raise prices for highest cost products
2. Launch fewer new products but spend more time on designing them for lower cost
3. Change the product line to the right balance between features for customers and cost
4. Create three initiatives: raw material cost reduction, supply-chain simplification, and customer understanding

Bottleneck?

- Marketing is used to getting whatever they want
- Marketing ignores the cost of the product features they demand and manufacturing is accused of not being "customer-focused" if they object
- Our factories are located in a high-cost region
- Our culture is growth at any cost
- Our profitability is in the bottom quartile of our industry
- We haven't communicated the margin imperative

Aspiration

Raise gross margin by 12% in two years

FIGURE 3: DRAFT TRIAD IDEAS FOR THE ASPIRATION OF INCREASING PROFITABILITY

relocating the factories will cost more than five years of earnings.

The **second guideline** is that the bottleneck should not be simply a restatement of the aspiration or the reason for the aspiration. "Our profitability is in the bottom quartile of our industry," in Figure 3, may be a more vivid description of the need for improved margins, but the team already knows that profitability is lacking. The **third guideline** is that the bottleneck should not be a list of items because listing drives the thinking away from discovering what is the dominant bottleneck in the way of the full aspiration. There will always be multiple secondary bottlenecks, but it is the role of tactics to bust these. Working to identify the dominant bottleneck is invaluable because identifying the problem is a problem half solved, as the adage goes.

The other brainstormed bottlenecks, shown in Figure 3, pass these three guidelines. Each could be the right one to bust. Only further investigation of the organization and value chain can lead to determining which is truly limiting progress.

After debate and investigation, the team agrees that the true bottleneck in Figure 3 is "Marketing ignores the cost of the product features they demand and manufacturing is accused of not being 'customer focused' if they object." It's concluded that there's no selfish intent, just a naive organizational belief that 'if customer are happy, profit will follow.'

Activity 3: Refine the Strategy

The strategy designed to bust the "Marketing ignores the cost" bottleneck identified during Activity 2 was also articulated in Figure 3: "Launch fewer new products but spend more time on designing them for lower cost." The strategy team believes this rule will bust the bottleneck because launching fewer products will allow time for the organization to learn the sweet spot between features for customers and product cost.

This rule illustrates an essential feature of a strategy, that it must be somewhat abstract. The strategy does not say which products to produce or which detailed choices to make. Rather, it establishes the boundaries, or "guardrails" as Rumelt says (2011), within which choices and actions will be guided.

There is no magic recipe for finding the strategy rule, or any framework component for that matter. Just as there are for bottlenecks, however, there are design principles and guidelines to help. In particular, there is a set of strategy tests called the Five Disqualifiers – **opposite**, **list**, **number**, **duplicate**, and **excluded** – which enable clarity. The focus here will be on the first three disqualifiers.

If the **opposite** of a statement is absurd, it is at best a goal, but often a cliché because there are no tradeoffs associated with it. A tradeoff is a sacrifice in one area that enables an even greater benefit in another. All strategies must have

tradeoffs. Consider the proposed strategy, from Figure 3, "Launch fewer new products." The opposite is quite reasonable. However, the third strategy alternative, "Change the product line to the right balance…" fails the opposite disqualifier because it is an aspiration. Who would want the wrong balance?

A **list** of choices of pillars, priorities, goals, plans, or initiatives is not a strategy. Yet the vast majority of "strategies" are just lists. Lists are popular because they circumvent the need for tradeoffs. "We're going to do everything that's important." But when everything matters, nothing matters. Writing down everything that might be important to achieve a given aspiration obscures what *must* be done: busting the bottleneck. The fourth strategy alternative from Figure 3, "Create three new initiatives: raw material cost reducation, supply-chain customization, and customer understanding" fails the list disqualifier.

Finally, if the statement has **numbers**, it is usually a goal and sometimes a tactic. The first strategy alternative fails both the list and the numbers disqualifier.

If a compelling strategy is not 'emerging from the triad,' the team may need a Strategy Alternative Matrix (SAM) for the systematic development and evolution of strategy framework alternatives. The SAM is a special type of decision matrix that enables exploration of full frameworks each with a unique strategy rule. In fact, in most endeavors, a SAM is recommended. The SAM enables both clearer articulation of the *fitness criteria* by which strategy alternatives are judged – both objective and subjective using words and numbers – and greater creative tension for discovering new alternatives.

Activity 4: Integrate into Strategy Framework

Once the triad is complete (remember, this will not be sequential in a real situation), the other necessary framework components can be designed, including plans, tactics, and metrics for implementation (Figure 4). Most endeavors will require a more complete diagnosis beyond simply stating the bottleneck. Additionally, the inclusion of values and additional tiers of aspirations may be required. Organizations with hierarchies and multiple functions need subunits such as IT, HR, operations, and R&D to have strategies tailored to achieve their unique aspirations while aligning with the overall corporate aspiration. This technique is called *Nested Strategy Frameworks* and it ensures that not only are lower-level frameworks properly, and minimally, constrained by higher-level ones, but that peer frameworks are consistent with each other.

Recognize that no matter how compelling the framework, when implementation begins, new choices will be needed, including choices around the specifics of product design, manufacturing, and target customer segments. It is the **strategy rule** and the rest of the framework that guides these choices. Furthermore, frameworks require modification during implementation. If the metrics are designed properly, including the measurement of adherence to the rules, not just results, the team will be triggered to modify the framework if new information or insight demands it.

CONCLUSION

A strategy is the central rule of a strategic framework, not the framework itself. This short article presents the basics of the strategy←bottleneck←aspiration triad, which serves not only as an excellent illustration of the function of the strategy rule but an excellent starting point for full strategy framework design. For full details of all the concepts presented here, see Compo (2022 and 2024).

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GOAL	RAISE GROSS MARGIN BY 12% IN 2 YEARS
Diagnosis	Bottleneck: marketing ignores the cost of the constant stream of products they demand and manufacturing is shut down if they push back
Strategy	**Launch fewer new products but spend more time on designing them for lower cost**
Plans	• Product manager: socialize the new product strategy broadly by April 15 (hopefully all departments were involved in the strategy design process) • Sales leader: inform early-adopter customers of the extended product timeline by May 1. Determine by June 1 if the product JSB.1685, scheduled for 3Q launch, can be delayed until 4Q. • R&D: complete evaluation of new flexible raw materials for existing products by October • Operations director: hire or engage consultant with lean expertise to simplify the supply chain (2Q)
Tactics	• Institute that all product developments will be managed through a new Agile-Lean protocol, with representation from all departments; R&D director to lead • Segmentation rules will determine which customers will be allowed higher-cost products (Product Manager)
Metrics	• Business director audit if all departments are adhering to the new strategy and tactics (monthly, then quarterly if audits are positive) • Raw material flexibility milestones met? (quarterly) • Cycle time and yields by product (monthly)

FIGURE 4: EXAMPLES OF FRAMEWORK COMPONENTS FOR THE MARGIN IMPROVEMENT ASPIRATION

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