

What is modern strategy and why it matters?

THE ART OF STRATEGY



LEARNING TO SEE

BY GERARD CHIVA

Preface

In preparation for our upcoming book on Product Strategy we have decided to launch this book to explain what strategy is and why is so important right now.

Strategy crafting in most organization nowadays is still a wishful thinking process. We believe that strategy formulation can be significantly improved.

To this extent we wrote this book with the purpose of showing you what a bad strategy looks like, provide you with our decalogue of a good strategy and some useful tools and real-world examples.

The goal of good strategy is to fundamentally reinvent the existing competitive space or invent an entirely new competitive space in ways that delight customers and discourage competitors. Sustainable and profitable growth is the product of anticipation. In turn, in order to be able to anticipate you must learn to see.

The future does not belong to those who own a crystal ball, but to those who are willing to challenge the boundaries, assumptions and constraints of their industries and markets.

The goal is not to predict the future and make a plan to achieve it, but to imagine a future made possible by changes in technology, lifestyle, work style, regulation, global geopolitics and so on and iteratively and incrementally build capabilities and exploit opportunities as future unfolds.

This book and the next that will follow start with a fundamental premise based on our observation of the business world in last 20 years: we reached the limits of operational effectiveness. Business agility is no longer a strategic advantage, if it ever was. Getting a product to market faster, improving quality and responding to market changes quickly is not enough.

Pursuing incremental advantages while competitors are fundamentally reinventing the business landscape is not very wise.

In alignment with Professor Michael Porter¹ of Harvard who long-ago insisted that operational excellence is not strategy. Essentially, because improvements that can be readily mimicked are not strategic.

On the other hand, doing the wrong thing very fast and nimble will send your business over the cliff.

This book is not about survival or resilience, instead we want you to think about growth and getting ahead.

Many companies have already done much of the hard work of catching up on cost, quality, speed, and flexibility. Now they are turning their attention to growth.

This book is about strategy. The intelligent adaptation over an extended period of time in the face of discouraging uncertainty. The domain of entrepreneurs not planners.

¹ Porter, M. E. "What Is Strategy?" Harvard Business Review 74, no. 6 (November–December 1996): 61–78. Print.

Strategy

Strategic decision-making is both an art and a science. It is a craftsmanship.

There is a part of intuition, creativity and design supported by an analysis of reality, forecasting of future movements, data and the scientific method.

In essence, strategy boils down to identifying a guiding policy and designing a coherent action for a given problem. Hence, in order to create a sound strategy, we must be able to have a clear picture of the situation and the right diagnose, which is where most businesses operate blindly nowadays due to the uncertainty and volatility of current times.

Strategy is one of those business concepts that if we ask people, they will give us very different definitions.

Its practical application leaves much to be desired in general.

In many companies they talk about strategy when in reality they only have illusory plans full of fictitious hopes, more typical of the former Soviet Union than of a modern and agile company.

A common pattern we've seen in good strategy books and articles is the constant reference to the military. We firmly believe that the military is about 200 years ahead of us (at least) when it comes to modern strategy. And, if we go to "The Art of Warfare" by Sun-Tzu, then more than 2,000 years of advantage.

The military discovered many years ago how to think and organize in environments of great uncertainty and volatility, and how to adapt as events unfold.

Before talking about practices, techniques and tools, we must understand what strategy is. And that's the purpose of this book you are reading.

Definitions of Strategy

When a strategy is successful it seems magical, unknown and inexplicable beforehand but obvious in hindsight. But behind every winning strategy there is a deliberate design process and a set of explicit, coherent and synchronized decisions and actions.

Let's see some definitions of strategy.²

Mike Porter

<< Strategy is about making specific choices to win in the marketplace.

A firm creates a sustainable competitive advantage over its rivals by deliberately choosing a different set of activities to deliver unique value.

Strategy is choice. It is an integrated set of choices that uniquely positions the firm in its industry so as to create sustainable advantage and superior value relative to the competition.>>

Stephen Bungay

<<Strategy is a framework for decision making, a guide to thoughtful, purposive action.

It is an original choice about direction, which enables subsequent choices about action. It prepares the organization to make those choices.

Without a strategy, the actions taken by an organization degenerate into arbitrary sets of activity.

A strategy enables people to reflect on the activity and gives them a rationale for deciding what to do next.>>

Hamilton Helmer

<< A route to continuing Power in significant markets.>>

² You can find the references in the bibliography section at the end of the guide.

Richard Rumelt

<< Good strategy is coherent action backed up by an argument, an effective mixture of thought and action with a basic underlying structure.>>

As you can see there are certain commonalities between the different definitions:

- Strategy is about winning in the marketplace by establishing positions of power
- Strategy is both thinking and doing
- Strategy is design

Later on, we will see why these concepts are so important.

Structure of the Book

The book begins with [the seven capital sins of strategy](#), where we explain the main mistakes many companies make when defining their strategies.

From there we jump into the second chapter, where we describe the [decatalogue of a good strategy](#). We explore every point of the decatalogue with great detail and provide examples so you can grasp the concepts and put them into practice in your context.

Afterwards we provide you with a catalog of the main [strategic design tools](#) for the modern company, and we finish the guide with a [strategy assessment](#) that you can use to evaluate your company's strategic capabilities.

My recommendation is that you read the book in order, but you can also start with the strategy assessment at the end so that you can understand what you need to change and then go back to the beginning and learn how to do it.

Enjoy!

Gerard Chiva

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CONTENTS

INTRODUCTION	1
WHAT IS MODERN STRATEGY?	2
WHY IS IT IMPORTANT NOW?	4
LEARNING TO SEE	5
ALIGNMENT	6
INSPECTION & ADAPTATION	7
HOW DO I GET STARTED WITH STRATEGY?	7
EXECUTIVE OR BUSINESS OWNER	8
PRODUCT MANAGER	9
THE SEVEN CAPITAL SINS OF STRATEGY	11
FALLING IN LOVE WITH THE PROBLEM	12
THE SEVEN CAPITAL SINS OF STRATEGY	13
BLINDNESS	14
NOT FACING A CHALLENGE	16
FLUFF	19
MISTAKING GOALS FOR STRATEGY	21
STRATEGIC INTENT	24
CHALLENGES	26
STRATEGY	26
SETTING THE WRONG OBJECTIVES	28
INCONSISTENT OBJECTIVES	28
ILLUSORY OBJECTIVES	29
SEPARATION OF PLANNING AND DOING	30
EXECUTION OF STRATEGY	31
The Art of Strategy	vii

THE SECRETS OF SUCCESS	34
SUMMARY	36
DECALOGUE OF A GOOD STRATEGY	38
LEARNING TO SEE	39
THE STRATEGY CYCLE	40
DECALOGUE OF A GOOD STRATEGY	42
INTENT	43
FACE A CHALLENGE	45
SITUATIONAL AWARENESS	47
INDUSTRY FORESIGHT	48
DESIGN PROCESS	52
LEVERAGE	53
PIVOT POINTS	54
APPLE	55
FOCUS	58
APPLE	59
PLANNING AND EXECUTION	61
TWO SIDES OF THE SAME COIN	61
ADAPTIVE	63
SIMPLE BUT NOT SIMPLISTIC	65
SHARED	66
SUMMARY	67
STRATEGY TOOLS	68
STRATEGY TOOLS	69
WARDLEY MAPS	70
1 – STRATEGY	71
2 – MAPS	74
3 – COMMUNICATION	76

4 – PATTERNS	77
5 – ANTICIPATION	78
JOBS TO BE DONE	80
INTRODUCTION TO JOBS TO BE DONE (JTBD)	80
DEFINITION OF JTBD	82
LEARNING TO SEE	83
THE MARKET	84
PERSPECTIVES OF JTBD	85
PRINCIPLES OF JTBD	86
BENEFITS OF JTBD	87
PRODUCT STRATEGY WITH JTBD	87
BLUE OCEAN STRATEGY	94
CIRQUE DU SOLEIL	94
KEY PRINCIPLES OF THE BLUE OCEAN STRATEGY	95
RED OCEAN VS BLUE OCEAN	96
THE FOUR ACTIONS FRAMEWORK	97
THE STRATEGIC DASHBOARD OF CIRQUE DU SOLEIL	98
SUMMARY	100
<u>STRATEGY ASSESSMENT</u>	<u>101</u>
THE ASSESSMENT	104
INTENT	105
SITUATIONAL AWARENESS	105
DOCTRINE	106
ALIGNMENT	106
RESULTS	107
INSTRUCTIONS	107
THE RATING SCALE	108
SCORING INSTRUCTIONS	108

INTERPRETING RESULTS	108
<u>BIBLIOGRAPHY</u>	<u>111</u>
<u>ABOUT AKTIA SOLUTIONS</u>	<u>112</u>
<u>ABOUT THE AUTHOR</u>	<u>114</u>

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About the Author



I help companies build better products and executives to build leading product organizations

GERARD CHIVA has spent the last 20 years in functions related to technology. As an engineer, manager, consultant, agile coach, team coach, executive coach and product coach.

Gerard helps digital product companies to develop successful products, combining his experience in product strategy design, product management, organizational design, *Lean*, *Lean Startup*, *Agile* and executive coaching.

He is the co-founder and managing director of [AKTIA Solutions](#), a management consulting firm that works with its clients to develop successful products quickly, innovate and organize for the 21st century.

Gerard has a very wide experience, combining professional coaching, management, consulting, engineering and entrepreneurship. He has worked in different types of industries and different roles, which gives him a broad perspective on how organizations work.

He is passionate about *Lean*, [writes](#) about innovation, product management and operational excellence. He is also a youtuber, speaker at conferences and also teaches *Lean Startup* at BAU Design School in Barcelona.

