

Questions Mindset

Introduction

Great strategists understand that strategy is far more about asking the right questions than it is about delivering the right answers. There are rarely “right” answers. There are often many pathways forward in any situation and it is almost impossible to know for sure which pathway is going to be best.

There are nested questions for each strategy framework

Useful strategy frameworks encourage strategists to ask good questions in hopes that asking those questions will lead to strategic insights. Consider, for example, the classic strategy tool for industry analysis. Industry analysis provides a framework to explore how different competitive forces shape industry profits. But, one way to think about this framework is a series of nested questions. At the highest level we might ask: what are the industry forces that affect the overall profitability of an industry? The framework tells us that these forces are rivalry, threat of entrants, buyer power, supplier power, availability of viable substitutes and availability of attractive complements.

We then can ask a series of questions about each of these forces. So, for buyer power we might ask questions like: how important is our product to our buyer? How many other viable options do our buyers have? How costly is it for buyers to switch away from our products? What percentage of our buyers’ total costs comes from our products? And so forth. Answering these additional questions can help us to identify the extent to which buyer power effectively threatens industry profits.

The same is true for any strategy framework. There is some high-level question the framework seeks to address, and then there are a host of nested questions that guide the strategist to insights.

This is especially important because strategists aren’t always the most knowledgeable people in the room related to the detailed business operations. They cannot know nearly as much about the customer experience as the marketing professionals in the room, they cannot know nearly as much about the capital structure as the finance people in the room, they cannot know nearly as much about the human capital systems and processes and the HR people in the room, and so forth. But if they are well equipped to ask the right questions, they can help these different functions with different (and valuable) expertise work together to generate useful insights. These insights can then guide big picture decisions about where to allocate resources, how to update the strategy, which new businesses to start or acquire, and so forth.

Conclusion

Thus, great strategists invest in deeply understanding the right questions to ask in any business situation rather than developing the best answers. They are comfortable being experts of questions rather than experts of answers because they recognize how important these questions can be for the long-term success of the business. If you hope to be a great strategist, then work on mastering the art of asking great questions!