

Reporting Strategy Insights

Introduction

Strategy tools and frameworks can lead you through days, weeks and/or months of work as you try to perform a strategic audit for a company, but how do you actually report your insights and emphasize what you have learned? How do you quickly and concisely convey what may be hundreds or thousands of hours worth of work?

Let's first draw a clear distinction between the tools and frameworks to help you DO strategy work and the tools and frameworks that help you CATEGORIZE insights.

The Four D process of describing, diagnosing, developing and deploying is a high-level process to help you DO strategy work. As you engage each of the Four Ds you will reach into your strategy toolkit to pull out tools and frameworks that help you generate and categorize insights. Oftentimes, in practice, you intuitively engage all of the four Ds simultaneously. As you describe a strategy you also start diagnosing pieces that you see, and you immediately start considering new strategy developments and how you might deploy them.

But, what key decision makers care about is the INSIGHTS, not the process. So, nobody really cares about whether or not you used the Four D process to generate insights, they don't really want to hear about all the details of your time with your team going through the effort of analyzing information and data, they don't want to hear about all the difficulty you had trying to figure out where to get information, and so forth. What they care about is the key outcomes of your work, they care about what you learned and why it matters for the business.

Consider, for example, our strategist doing a strategic audit for Ford Motor Company in 2018. She does a complete analysis and realizes that Ford simply does not have the competitive capabilities it needs to compete in the passenger car segment of the auto industry. Thus, her recommendation might be for Ford to exit the passenger car segment.

How might she present her work? Well, executives probably don't care about all the time she spent analyzing the external environment or hearing about what she did first, then second, then third as she worked her way to the insights. What they DO care about, however, is WHAT she thinks based on her analysis. That is, they want to know why she thinks they should exit the passenger car segment. There are three basic ingredients to an effective strategy presentation: (1) build the foundation, (2) highlight the insights and (3) map out the recommendations.

1. Build the Foundation

First, in order for her insights and recommendations to make any sense she needs to build the foundation for her work. This is often done by clearly, quickly and directly *describing* the existing strategy. Recall that strategy is a compelling set of answers to four key questions: where do we compete, what unique value do we offer to customers, how do we deliver that value, and how do we sustain our ability to deliver that value? Compelling answers to these four questions explain why a business actually works and why it may continue to work in the future. In other words, answers to these questions explain why our business survives.

Now, you may be tempted to assume that executives and key decision makers already know the answers to these questions, so reviewing these responses is a waste of time. But clearly describing the company strategy is important for at least three reasons.

First, companies often fail to understand key aspects of their own strategies. Remember that managers and executives are often fighting fires and dealing with the daily insanity of running the business. Sometimes they start doing things that just work without fully understanding why they work. Sometimes the world around them is shifting and changing in ways that they cannot fully see or understand. Really good leaders and executives may have a hard time “seeing” the truth of their strategies despite their best desires and efforts. Every company has a strategy, but not every company can articulate what its strategy really is.

It is possible, for example, that Ford has incorrect assumptions about why customers actually buy their passenger cars. Maybe they believe it is due to Ford’s brand, but it is really about price relative to other options. A clear articulation of Ford’s strategy will bring this misconception to the surface and help executives see a different reality.

Second, different decision makers may have different perspectives on the company’s strategy. Strategy is rarely so simple that everyone in the business sees it the same way. More often than not there is at least some disagreement about the underlying parts and pieces of a company’s strategy within the leadership team.

In our Ford example, imagine what might happen if different executives have different opinions about why customers buy Ford passenger cars? Some may believe customers buy because of the brand, others may believe they buy because of the price, and still others may believe they buy because of the quality. These different assumptions about why customers buy imply fundamentally different strategic decisions moving forward. If we think it is all about brand then we invest significantly in brand building capabilities, if we believe it is all about price then we invest in cost cutting capabilities, and if we believe it is all about quality then we invest in quality improvement capabilities.

Third, and closely related, clearly describing the company strategy allows decision makers to understand the assumptions underlying your recommendations. If you make recommendations that challenge their core assumptions, then they may dismiss you as being irrelevant. But if you take the time to clearly describe the strategy then you are laying out your assumptions about the business. This gives decision makers the context they need to make sense of your recommendations.

Imagine what would happen if you recommended investing in cost cutting capabilities to a group of leaders who deeply believed that customers bought Ford due to the brand. You would be laughed out of the room! But if you lay out clearly why you think their strategy revolves around customers buying due to low price then they can see where your recommendation comes from. They might have some questions about why your view of the strategy differs, but they will understand why you made the cost capabilities recommendation given your assumptions.

Thus, it is critical to start with a clear and careful articulation of the company’s strategy. Sometimes just describing the strategy is the most important work you do for a company!

2. Highlighting the Insights

Second, if you have effectively built the foundation by clearly describing the strategy then you can highlight your strategy insights in a way that will make sense to your audience. It is important to note that your insights are just the tip of the strategy iceberg. All the details of your analysis remain below the surface, but your key insights pop out clearly above the water line.

In our Ford example our strategist may mention that she has done a detailed PEST analysis (that remains below the surface) and that one key insight is that passenger car customers seem more and more interested in electric vehicles moving forward. Rather than talking about all the points from her deep and rich PEST analysis, she focuses on this one because it is so critical and central to everything else.

She might then mention her industry analysis and describe a shift in buyer power that makes mass market cars a much less profitable segment. Again, rather than going through all the points, she focuses on data and information that supports this one critical point that came from her analysis. So, not only are consumers shifting away from internal combustion engines in these segments, but they are also getting more powerful and demanding lower prices.

Then, she might shift to her internal analysis tools and bring out a few key points. For example, she may highlight Ford's lack of resources and capabilities around EVs, where the market seems to be going for mid-market passenger cars. Thus, Ford does not seem to be able to compete in this shifting external environment.

Executives can always ask for more details if they want, but many of the details of the analysis stay below the water line. Appendices are great places for these rich additional details.

Highlighting the insights shows what sticks out from the strategy analysis. Are external shifts positive or negative for our business? Does our unique value fit with the changing external environment? Do our resources and capabilities fit our new external realities? Carefully calling out and supporting these key insights then sets up our recommendations.

3. Mapping out Recommendations

The insights you highlight should naturally lead to recommendations, and these recommendations should very clearly fit with your insights. Your recommendations could be for the company to double down on its current strategy, completely revamp its strategy, close the business, buy a new business, shift internal operations, etc. You could recommend anything as long as it flows naturally from the insights you highlight and seems to improve the business's value creation potential.

In our Ford example our strategist could make several recommendations. She might recommend going aggressively into electric vehicles for the mass auto market. But, one of her insights suggests that Ford doesn't really have the capability to compete in this space right now. Thus, she could recommend heavy investment in building the needed capabilities. But her analysis further suggests that Ford will be a distant follower by the time they have a viable passenger EV on the market. Accordingly, pursuing a presence in the mass electric vehicle passenger car market seems to have too many pitfalls and risks for Ford.

Thus, alternatively, she could recommend that Ford exit the passenger car business. This segment seems to be getting less profitable with time and Ford's resources and capabilities are getting less and less useful in this changing segment.

Now, our purpose here is not to take a stance on what Ford should do in 2018, but simply to use this decision point as an example for how to present the results of a strategy analysis.

Conclusion

We hope you can see that no matter how much detailed strategy work you do in the process of developing insights and recommendations, strong reports and presentations include (1) building the foundation, (2) highlighting the insights and (3) mapping out the recommendations. These three ingredients help you make sure that everyone is on the same page before sharing your insights, and then connect your recommendations clearly to your insights.

We hope this perspective helps you see how to better present your strategy work!