

THREE PHASES OF STRATEGY: DIAGNOSTICS



Key Questions:

- › What business are you in?
- › How strong are your competitors?
- › Where do you make your money?
- › How good is your organization?
- › What are the options that you have?
- › How do you evaluate your options?

INTRODUCTION

The first of the three phases of strategy is the Diagnostic Phase. This phase consists of seven steps.

Guidance

Each of the three phases of strategy share the common aspect of making sure current context is fully understood.

Step 1: "Point of departure" - what your current standing and position as a company is before developing a strategy. "Before you begin a journey, know where you start"

Step 2: "Business process portfolio"- understanding your business portfolio (profits and costs) is vital.

Step 3: "Competitors' perspective" – Who else is competing? How do you understand your competitors, and what are their strengths and weaknesses compared to yours? Maximize advantage while exploiting competitor's weaknesses is an important step. "When you spot your opponent's weak spot, hammer it" – John Heisman

Step 4: "Business dynamics" – Industries don't stand still. Are technology, customer basis, distribution channels, etc. changing, or are they likely to change?

Step 5: "Organizational assessment" - Strategy is about people and how they affect the organization. You must understand the human aspect of your company and how they compare to competitors.

Step 6: "Range of strategic options" – What options are presented to you, and what would each imply?

Step 7: "Strategic options evaluation" – Of the potential strategic options your business presents, what does each entail? What are the advantages and disadvantages of each? Understanding the strategic options will allow you to select a course to create a strategy for.