



# Does Your Strategy Suck?

Adapted from Richard Rumelt, author of *Good Strategy Bad Strategy*

## How to identify the difference between good and bad strategy.

In this guide, we will cover:

- ◆ **The Difference Between Good and Bad Strategy**
- ◆ **Elements of Poorly Designed Strategy**
- ◆ **3 Hallmarks of a Well-Designed Strategy**
- ◆ **How to Diagnose Your Challenge/Problem**
- ◆ **Define Your Guiding Approach**
- ◆ **Creating Coordinated Actions**
- ◆ **A Cheat Sheet and Canvas to Outline a Good Strategy**

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# Good vs. Bad Strategy

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**“Good strategy is design, and design is about fitting various pieces together, so they work as a coherent whole.”**

*-Richard Rumelt, author of Good Strategy Bad Strategy*

As leaders, we spend a lot of our time and effort ensuring our team has a plan with a clear path to our desired future state.

But, sometimes even the best leaders and most strategic teams create plans that don't **really** have a great strategy. It's not because we aren't giving it the effort it deserves, but rather because we fall prey to the common traps in strategic planning.

At OnStrategy, we're big fans of Richard Rumelt's [Good Strategy Bad Strategy: The Difference and Why it Matters](#). He does a good job explaining some of the key points between what makes a strategy good [and not so good].

We've taken some of the key elements of his book and added in some of our own learning from working in the field with our own clients.

# Elements of Poorly Designed Strategy

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## Your Plan/Strategy is Full of Fluff

Big fancy words, acronyms, and strategies that sound overly complex are symptoms of a plan that's full of fluff.

There's nothing fluffy about a good plan—a solid plan requires a good, hard look at your company, the way you do things, and how successful you are at delivering to your customers. [A great place to start is by conducting a current state SWOT analysis](#) to help diagnose what challenges your organization faces. This is where the fluff will get flattened, and you can move forward to create a diagnosis that does more than explain the situation, but also defines the domain of action.

**\*\*\*Pro-Tip:** If you read through your plan and it's not clear – crystal clear – what challenge you're trying to solve and why that matters to your organization's success, it might be full of fluff.

## It Fails to Recognize the Challenges You Face

As we mentioned earlier, your current state analysis and identifying your strategic issues will help you identify what issues you need to face. If your plan doesn't address these issues head-on, then consider revising.

The foundation of strategic planning is giving your team a roadmap to overcome challenges and get to your desired designation. But, if that roadmap doesn't include how you'll overcome your biggest challenges, how do you expect to get there?

Poor plans don't recognize or define the challenge an organization may face.

**\*\*\*Pro-Tip:** If you read through your plan and it's not clear – crystal clear – what challenge you're trying to solve and why that matters to your organization's success, it might be full of fluff.

## Mistaking Goals for Strategy

A common misconception is that strategic plans are just a compilation of a bunch of goals.

Sure, a huge component of planning is creating goals and actions. But, those goals and actions must clearly align to an outcome or objective that helps an organization overcome an obstacle. Goals without a direction pull an organization apart instead of unifying it.

There's also a common misconception that goal statements can suffice for being strategic. A few examples might include, "entering new markets," or, "become the leader in..." Those statements don't tell you [or anyone on your team] how or why those statements help your organization overcome its biggest challenges.

**\*\*\*Pro-Tip:** If you have a puddle of goals that aren't aligned to objectives, consider revamping your plan to have 3-4 clear objectives with goals that support each.

## Bad Strategic Goals

By definition, achieving a strategic goal helps an organization reach a desired future state. But, if a strategic objective isn't clear about *what* that future state is, how are you supposed to achieve it?

It's also common for strategic goals to be impractical. For example, if the strategic goal is "to become a world leading b2b sales technology services" we might say this is a better vision statement instead of a strategic goal.

**\*\*\*Pro-Tip:** If your goals sound more like vision statements, revisit and revise them until they clearly articulate your biggest obstacles and how you're going to overcome them.

# Three Hallmarks of Good Strategy

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Rumelt asserts that there are three core elements to a great strategic plan. They are:

1. **A Diagnosis** – A clear articulation that explains and defines the challenge or problems your organization face. A good diagnosis simplifies the often-overwhelming complexity of reality by identifying certain aspects of the situation as critical.
2. **A Guiding Approach** – An overall approach chosen to cope with or overcome the obstacles identified in the diagnosis.
3. **Coordinated Actions** – A set of coherent actions dictate how the guiding policy is to be carried out. These are steps that are coordinated with one another to work together in accomplishing the guiding policy.

## Diagnosis | What is going on?

A diagnosis defines or explains the core challenge or problem your organization faces.

One of the easiest and most practical ways you can diagnose the critical problem(s) your organization needs to overcome is by conducting a current state analysis. In this exercise, we cover how to conduct a SWOT.

After completing your SWOT, consider what's most critical to act on to achieve your vision of success.

A good diagnosis often uses a metaphor, analogy, or an existing accepted framework to make it simple and understandable, which then suggests a domain of action.

**\*\*\*Pro Tip:** Diagnoses are judgements. "Diagnoses cannot be proven to be correct or incorrect."

### Questions to Answer to Diagnose What's Critical

- The challenges/problems we're facing are:
- The impact of that is:
- So, how do we...?:

### How You Know You Got it Right

*Does your diagnosis...*

- Focus on only one problem
- Reduce the complexity of the situation? (2-3 sentences long)
- Define a domain of action?
- Bring in data or patterns where possible?
- NOT suggest a solution?

## Guiding Approach | What is the approach?

A **guiding approach** is an overall approach chosen to cope with or overcome the obstacles identified in the diagnosis.

Your guiding approach should provide a 'direction of travel' – a clear signal about where you're headed that everyone can follow. It should be focused and decisive rather than vague and broad.

Like the guardrails on a highway, the guiding approach directs and constrains action in certain directions without defining exactly what shall be done.

**\*\*\*Pro Tip:** Use principles, not actions.

### Questions to Answer to Create an Approach

- Our approach to solving the problem is:
- We'll achieve this by:
- The strengths we have/leverage we can create is: We'll know we're successful when: <results>

### How You Know You Got it Right

*Does our guiding policy...*

- Help to focus the solution?
- Directly point to a method to solve the problem?

- Leverage our strengths?
- Define success?

## **Coordinated Actions | How we will accomplish the policy?**

A set of coherent actions dictate how the guiding policy is to be carried out. These are steps that are coordinated with one another to work together in accomplishing the guiding policy.

The actions should be coherent, meaning the use of resources, policies, and maneuvers that are undertaken should be coordinated and support each other (not fight each other, or be independent from one another).

**\*\*\*Pro Tip:** *Looking for actions that are creating the new, not continuing the current.*

### **Questions to Answer to Coordinated Actions**

*The actions we must take are:*

- People
- Processes
- Systems
- Policies

*Are our actions...*

- Dependent and interrelated?
- Tangible but not narrow?
- Required to achieve the guiding policy?
- Department-wide?
- Within our control?

# Good Strategy/ Bad Strategy Cheat Sheet

Org Name:

Date:

1

## Diagnosis | What is going on?

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**Pro Tip: Diagnoses are judgements.**

**"Diagnoses cannot be proven to be correct or incorrect."**

The challenges/problems we're facing are:

The impact of that is:

So, how do we...:

### Did We Get It Right

Does our diagnosis...

- » Focus on only one problem
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2

## Guiding Approach | What is the approach?

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**Pro Tip: Use principles not actions.**

Our approach to solving the problem is:

We'll achieve this by:

The strengths we have/leverage we can create is:

We'll know we're successful when: <results>

### Did We Get It Right

Does our guiding policy...

- » Help to focus the solution?
- » Directly point to a method to solve the problem?
- » Leverage our strengths?
- » Define success?

3

## Coordinated Actions | How will we accomplish the policy?

A set of coherent actions dictate how the guiding policy is to be carried out. These are steps that are coordinated with one another to work together in accomplishing the guiding policy.

The actions should be coherent, meaning the use of resources, policies, and maneuvers that are undertaken should be coordinated and support each other (not fight each other, or be independent from one another).

**Pro Tip: Looking for actions that are creating the new, not continuing the current.**

The actions we must take are:

People

Processes

Systems

Policies

### Did We Get It Right

Are our actions...

- » Dependent and interrelated?
- » Tangible but not narrow?
- » Required to achieve the guiding policy?
- » Department-wide?
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Need help building a great plan?

We'd love to help.

Contact us at [Hello@OnStrategyHQ.com](mailto:Hello@OnStrategyHQ.com)

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