



AUTOMATING STRATEGY

**Web-based solutions to operationalize
business and IT strategy**

Draft Written by:

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70% of corporate strategic plans fail.ⁱ

Seven out of eight companies fail to deliver profitable growth...despite the fact that 90% of those companies had detailed strategic plans.ⁱⁱ

Why Most Strategic Plans Fail

The conclusion reached by each of the aforementioned research studies points to an ongoing problem that CEOs have lived with for decades – most strategic plans *will* fail.

There are two common reasons why the majority of today's strategic plans fail. One: they are generally static, paper-based documents that cannot be quickly adapted to changes in the business environment. And, two: more often than not, large multi-unit organizations are chronically misaligned.

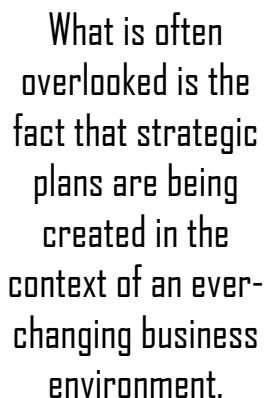
The 'typical' strategic planning process

In the year 2008, the typical strategic planning process within large organizations is *still* an extremely time intensive, manual exercise designed around the annual corporate calendar of formal presentation meetings and involving the most valuable resource of any such organization – the time and attention of senior management. The typical strategic planning effort often yields a plethora of paper-based documents that collectively attempt to describe a detailed plan for the organization's future.

Few executives will argue the need for effective strategy. There is also little doubt that sound strategic thinking and decision making are important investments and provide the foundation for the implementation of strategy. What is often overlooked is the fact that strategic plans are being created in the context of an ever-changing business environment.

Too often manual strategic planning gets boiled down to a fine-tuned manuscript spread across PowerPoint presentations and Excel spreadsheets, which in turn are also supported by additional reams of complementary data and studies. Everything is then filed into a thick binder and placed on a bookshelf, seldom to be heard from again.

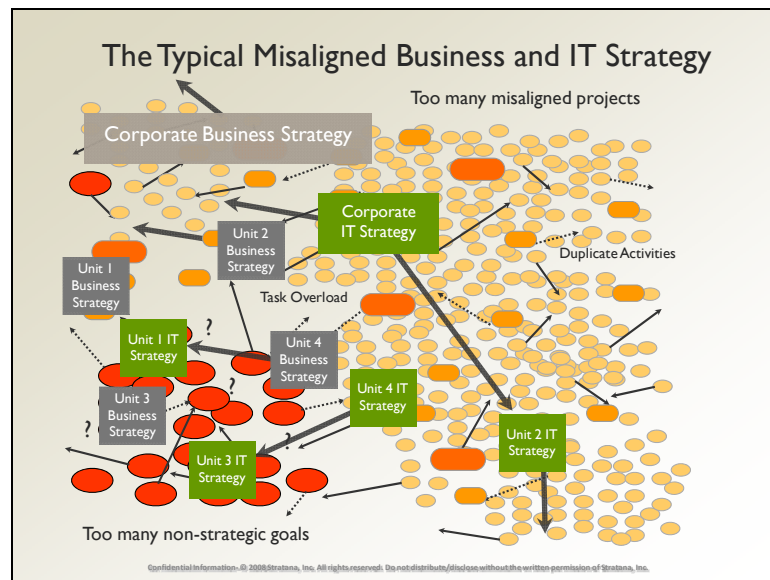
Because of the dynamic nature of business in today's global economy, the analyses and conclusions described in most paper-based plans are obsolete by the time they have been disseminated



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down the corporate ranks; such static plans, then, are no longer actionable. In turn, the next time a strategy update is scheduled, many organizations choose to re-do the entire strategic plan from the ground up, repeating the same costly effort and output with little regard for evaluating past assumptions, analyses, or results from the previous cycle. If the organization is not systematically tracking and reporting on results of past plans, the connection between strategy execution and accountability for its implementation is ultimately lost.

Chronic misalignment



The fact ... is that most large multi-unit organizations are chronically misaligned.

The fact of the matter is that most large multi-unit organizations are chronically misaligned. A quick examination of what goes on within the walls of many organizations would reveal an ever-expanding list of misaligned—often duplicative—projects and activities, an over-abundance of non-strategic goals amid the daily barrage of one-off tactical “fire drills.”

Widespread misalignment drains an organization, causing a sense of initiative overload, mission fatigue, and complacency that is then followed by a counter-response of procedural bureaucracy and competition for resources that ultimately results in a “siloed” corporate structure. Attempting to formulate and deploy corporate business strategy that is also synced with strategies at the business unit level and supported by meaningful technology strategy in such a setting is daunting and complex – exponentially so for multi-national organizations with multiple divisions and business units.

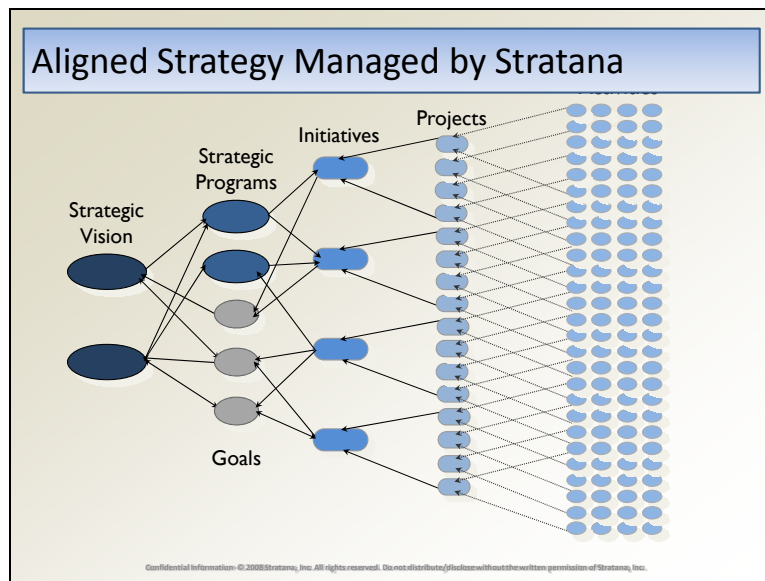
The inability to rectify ... widespread misalignment ... is a recipe for failure.

Without question, inherent complexity, initiative overload, and misalignment exist as a reality of most multi-unit organizations. The inability to rectify such widespread misalignment of the overall corporate strategy is a recipe for failure on a grand scale.

The shift toward software-supported strategy management

Designed to transform the strategic planning process and promote a shift from today’s stagnant paper-based plans that do nothing more than collect dust on a shelf, web-based strategy management software aims to make the strategic plan a dynamic, living document that can be accessed from anywhere – at any time – and acted upon.

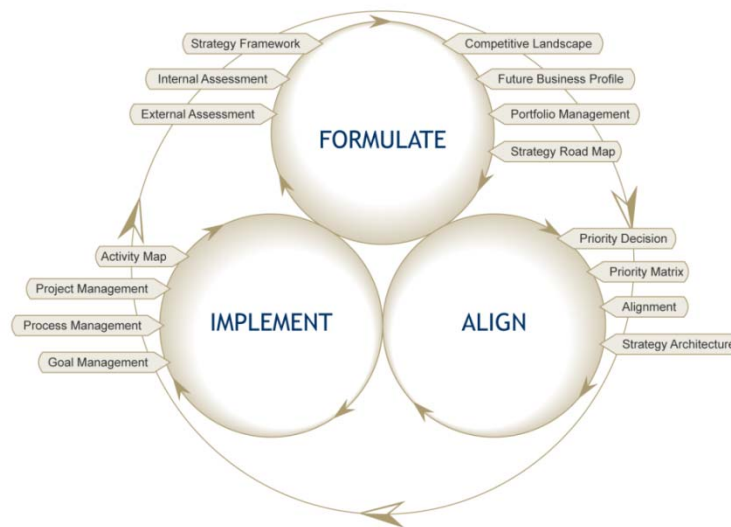
Stratana’s mission is to provide solutions that assure strategic vision is powerful, operationalized, and translated into clear business outcomes. Stratana has created a new class of web-based software called Enterprise Strategy Management (ESM). ESM allows an organization to rapidly formulate, align, and implement strategy, all within a single web-based software application.



ESM is designed to take an organization from a state of chronic misalignment to a state where ongoing strategy alignment across the enterprise is manageable and can become a source of competitive advantage. Strategic vision, goals, programs, and value platforms are supported by initiatives and their subordinate projects and activities, which are then aligned across all levels and locations of the organization through a clear and transparent strategy architecture.

Stratana's ESM: A Possible Solution

The ESM Strategy Cycle



The ESM Strategy Cycle is broken up into three main suites: Formulate, Align, and Implement. The software includes powerful, patented strategy formulation and alignment tools and methods that produce a crystallized strategic vision and lay the framework for the enterprise-wide strategic alignment necessary to orchestrate and drive execution and operational results.

The **Formulate** suite of tools helps an organization analyze and monitor the external industry and competitive drivers in order to better identify emerging opportunities and/or threats. Without looking beyond the confines of the organization's existing value chain, breakthrough strategic vision is rarely viewable. The Formulate suite also has tools for conducting strategic vision, developing plans, creating portfolios, and preparing new goals and initiatives for eventual deployment.

The **Align** suite of tools provides visual control over strategy deployment and enables new capabilities to connect and integrate all essential elements of strategy. Enterprise alignment can be achieved and maintained by creating strategy and/or operational alignment frameworks for all units across an organization. Each strategy framework aligns business unit initiatives to support overall strategic direction and performance measures while establishing clear accountability for implementation. An integrated alignment architecture provides organizations with the capability to manage live strategy implementation and track enterprise-wide


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results, all in real-time. The larger and more complex the organization, the higher the priority for an integrated alignment architecture to manage its interdependencies.

The **Implement** suite consists of easy-to-use strategy implementation tools designed to oversee the deployment and tracking of initiatives and projects, the management of key processes, and performance management – including roles-based dashboards. The Performance Management tool in ESM does more than just set and track performance metrics – it is specifically designed to move the performance dials in the right direction by employing tight integration with initiatives, strategies and project management functionality. Therefore, ESM is not your typical metric-centric “balanced scorecard” approach, which often starts and ends with cascading, static goals. Becoming overly reliant on textbook-inspired strategy maps and generic balanced scorecard software can be detrimental to achieving breakthrough strategic results – the typical non-integrated, shrink-wrapped software package does little to differentiate an organization from its competition and therefore rarely results in powerful and unique strategic vision.

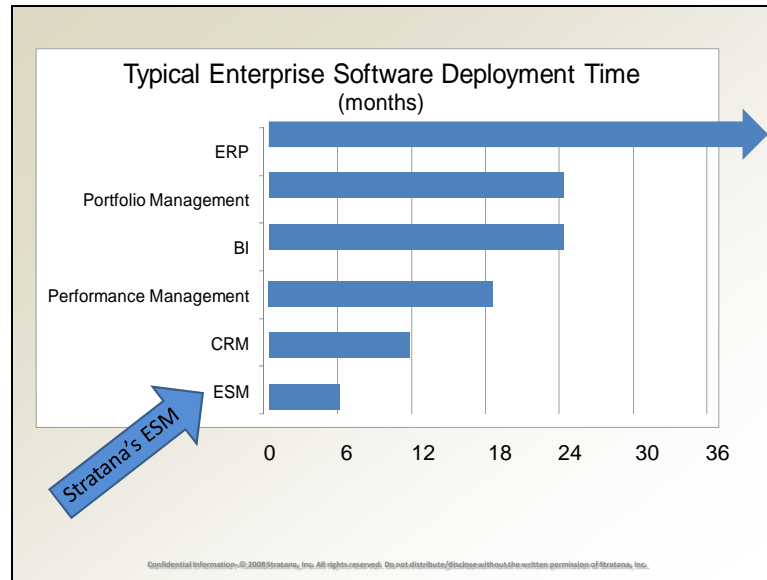
The ESM difference

Stratana’s ESM manages the full strategy cycle, from formulation through alignment and implementation (and back), complete with full-featured reporting tools and real-time tracking and management. ESM enables rapid deployment of live strategy across an organization as quickly as you can open a web browser, and is designed specifically for C-level executives, business unit heads, strategists, and leaders of large and midsize companies with a need to guide business and IT strategy deliverables. Once strategic plans are launched, initiatives, projects, and performance metrics are automatically deployed and displayed on the dashboard of the appropriate executive, manager or staff member for further implementation and tracking. All strategic data is stored in one centralized application that can be accessed from anyplace that has an internet connection.



ESM enables rapid deployment of **live strategy** across an organization.

Buying separate software tools from different vendors and trying to integrate them into one effective strategy implementation system increases the “total cost of ownership” by an alarming factor.



Deployment of enterprise software by large vendors can take anywhere from many months to several years, exhausting a significant amount of time and monetary resources in the process – not to mention additional costs for activation, upkeep, and widespread integration with other tools that have been previously deployed, further increasing adoption time and constantly adding new levels of complexity for the everyday user.

All this is in stark contrast to Stratana’s ESM software, utilizing open design standards that enable it to sit above and communicate with other enterprise applications. Integration with existing ERP, business intelligence, performance management, or project management tools is fast and cost effective. This open design choice also allows for rapid customization often unseen with software of this nature. The ability to rapidly customize the embedded strategy processes, tools, navigation, and terminology to match an organization’s existing business and IT strategy processes is an important priority for ESM. Just as strategy should differentiate a firm from its competition, the process of strategy should never be shrink-wrapped and should allow for total integration into an organization’s existing culture and planning approaches.

[The process of strategy] should allow for total integration into an organization’s existing culture.

Stratana’s ESM is the first Strategy and Business Operating System software to automate and integrate the complete process of corporate, business, and IT strategy at the enterprise-level. ***Strategy on-demand – with streaming strategy results.***

About Stratana, Inc.

Stratana, Inc., based in Costa Mesa, California, is a pioneer in the enterprise strategy management software space. Stratana develops, markets, and deploys web-based corporate, business, and IT strategy software and services for large and midsize organizations.

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About the author

David R. Flores is the Founder and CEO of Stratana, Inc. As a software executive, he has led the development of strategy management software for the past 10 years, holding multiple patents in this field. Prior to his time as a strategy software executive, David spent over 10 years as a strategy consultant, working with numerous *Fortune* 500 companies in the U.S., Europe, and Japan. Previous to that he led the Quality Improvement Center at American Honda Motor. He received his MBA from the University of Southern California.

ⁱ “Why CEO’s Fail,” *Fortune*, 6/21/99

ⁱⁱ Bain Consulting Study, 1988-1998