

DEFINING “STRATEGIC” – YOU AND WHAT ARMY?

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Typically, when you hear the word “strategic,” you think “long-term” or “expensive.” You also think BIG – armies, football teams. By the same token, we can all think of strategic decisions that were actually quite small or executed over a very short time. Like so many other things in business, politics, or life, we “know it when we see it” but we have a hard time defining such concepts.

THE CONCEPT OF STRATEGIC

Gregory D. Foster argued in a 1990 Washington Quarterly article that there is no standard, general theory of strategy in the United States. To underscore the truth of his assertion, you can easily find scores of attempts to define strategic. Many such definitions are found in military writings. Clausewitz, the famous Prussian military thinker called strategy “the doctrine of the use of individual battles for the purpose of the war.” H. Richard Yagar of the US Army War College provides a more modern definition: a valid strategy must find a balance among ends, ways, and means consistent with the risk one is willing to accept (Yagar 2000).

Business looks at the concept a bit differently. According to Michael Porter, strategy is the creation of a unique and valuable position, involving a different set of activities, making tradeoffs in competing, and deciding what not to do. Porter further states that strategy also involves “creating fit among a company’s activities.” (Porter 1996) Famed management guru, Peter Drucker was fond of saying that strategic planning deals with the futurity of present decisions, rather than with future decisions.

In less elegant terms (but still

insightfully) Larry Greenfield, in a 1997 on-line column for the non-profit Data Warehousing Information Center, offers “for working purposes let me say that a strategic decision is one that involves spending a lot of money and/or firing/re-assigning/hiring a lot of people and/or that is going to cause a lot of pain/joy until the next strategic decision is made. (Of course “a lot of” is a relative term.)”

In business, it has been said that business strategy is all about competitive advantage. The sole purpose of strategic planning is to enable a company to gain, as efficiently as possible, a sustainable edge over its competitors. Corporate strategy thus implies an attempt to alter a company’s strength relative to that of its competitors in the most efficient way.

In some ways, these definitions are all different. Highlighting these differences leads you to believe that:

- Strategy or strategic thinking is just too hard to pin down.
- You will have to live with a certain degree of ambiguity.
- You will have to hope that when you say you want to do something “strategic,” that everyone will sort of know what you mean.

This, in turn, makes the role of strategic intelligence even fuzzier. Strategic intelligence is intelligence that supports either the formulation or execution of a strategy. That doesn’t help much, though, if the word strategy is still up in the air.

A UNIFORM DEFINITION

For this reason, it is vital to develop a uniform definition of strategy

and strategic. Such a definition should work not only for armies and football teams but also for companies or governments, private firms or multinational corporations. This new definition of strategic cannot be developed in a vacuum, however. A genuinely new definition should build on and extract from the common theme in the previous definitions. For the competitive intelligence specialist it should increase understanding of the client’s needs.

We believe that such a theme exists and that the concept of resources at risk links all definitions of strategy and strategic together. All decisions involve risk and strategic decisions involve lots of risk but, more importantly, lots of risk to lots of available resources. Strategic decisions, then, are decisions where the resources at risk from the decision-maker’s perspective are large relative to the decision-maker’s total resources.

For example, suppose a person owns a dry cleaning store. This person is considering opening another dry cleaning store on the other side of town. Such a decision is clearly a strategic one for the owner. The owner will have to gamble a substantial amount of his current and future resources on the prospect of a successful outcome to this decision. If he decides to take the risk and it flops, he could lose his original shop, and therefore, his livelihood. A decision to proceed will inevitably tie up large chunks of capital and time – all scarce resources.

This is not the case for another person who owns a chain of 1000 dry cleaning stores. The decision to open a new store, by itself, is unlikely to be strategic as failure is not likely to significantly impact the

owner's available resources. Using this definition of strategic forces us to reconsider how we view each decisionmaker and what tools and methods we will apply to the problems each decisionmaker faces. It helps us see the issue from their standpoint.

STRATEGY VS. TACTICS

Beyond the definition of strategy, we often get hung up on defining boundaries between "strategic" and "tactical." They both involve planning and they both involve allocation of resources toward a specific goal. Instead of focusing on the goal itself as the point of definition, we suggest the focus is better placed on the decision-maker's intelligence needs at varying levels of resource commitment. To help us avoid this strategic vs. tactical confusion, in his *Towards A Theory of Strategy: Art Lykke and the Army War College Strategy Model*, H. Richard Yarger provides us with this simple breakdown while adding a useful middle ground, the operational:

Tactics concerns itself with the parts or pieces; operational art with the combination of the pieces; and strategy with the combinations of combinations.

Applying these concepts to our example of the dry cleaner first requires a clear statement of the objective: for example, to grow the business by increasing his service availability to a larger customer base. The tactical intelligence questions involved in his potential expansion strategy impact a modest level of resources, for example: Will my new clientele expect different or additional services?

His operational intelligence questions comprise the process of determining how the answers to the tactical questions ought to be implemented. These involve a moderate level of resource commitment and could include such questions as: Depending on the location and the

target market, will I need to change my pricing structure?

Once the tactical and operational issues are settled, at least in his mind or on paper, the dry cleaner must determine how well his responses to these questions will fulfill his objective. To ensure that his strategy is sound, he must fully appraise it. In testing Art Lykke's widely accepted three-legged stool strategy model comprising the elements of objectives, concepts, and resources, the War College developed the following three criteria for evaluating the validity of any strategy:

- **Suitability** – will its attainment accomplish the effect desired (relates to objective)?
- **Feasibility** – can the action be accomplished by the means available (relates to concept)?
- **Acceptability** – are the consequences of cost justified by the importance of the effect desired (relates to resources/concept)?

This is where the assessment of risk vs. return comes in and the heavy consideration of how to best allocate the dry cleaner's limited resources. If he decides to risk his resources on this new venture, has he done all he could to ensure the achievement of his objective? Does he truly have adequate resources to meet all of the challenges he is likely to encounter? Is it really worth the potential loss of all he has already worked for? No matter how he eventually responds to these questions, the end result will still be a strategic decision that will need to be supported by intelligence at all three levels of implementation, whether he decides to go ahead with the venture or not.

In this world, strategic intelligence makes perfect sense. Firmly grounded in the decision-maker's needs and with a clear vision of what is at stake, the competitive intelligence analyst is ready to examine those elements of the environment that could impact the strategy and provide the clearest possible analysis in support

of formulating or evaluating a client's strategy.

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