

Seven Strategy Questions

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Evaluation: 

Some years ago I participated in a strategy seminar in one of the divisions of a large company listed on the exchange. Most of the morning we discussed the goals announced by the board for revenue growth and return on sales, and suddenly a project director spontaneously stated: This is not possible. If we are to grow revenue we must win more orders and then we must offer at a lower price – but then again we cannot maintain the return on sales. What are we supposed to focus on: create turnover or increase the return on sales? His last comment was: This is unfair!

But management is all about achieving various different goals, being able to set priorities and change priorities, and navigating under changeable business conditions and strategic uncertainties. Both municipal and county authorities are facing exactly the same challenges at the moment: We shall increase the quality in the public schools more young people shall complete youth education, more treatments shall take place at the hospitals, etc. And at the same time public expenses and tax payment should be reduced.

It is indeed demanding to implement a strategy balancing such conflicting considerations, whether the question is short-termed surplus versus growth, quality versus expenditures, or the employees' immediate demands versus the long-term survival of the company. The reply from the executive director in charge of the division to the spontaneous "injustice" was that the strategy meeting was to find solutions to exactly this: Which structures, processes and subsidiary goals can as a whole ensure the balancing of the demands made on the division.

Such fundamental themes has also engaged Professor Robert Simons for more than 25 years, and the book *Seven Strategy Questions* gives his version. The book is inspiring and well written; and concerns strategy implementation seen from a top management perspective. The focus is thus not on the details of project management, the building of scorecards or IT systems, but on management principles and structures. If you are familiar with Simons' previous books, *Levers of Control* (Harvard Business School Press, 1995) and *Levers of Organization Design* (Harvard Business School Press 2005) this book may not add much new material. But if you are not familiar with his previous books, this book offers a good and uncomplicated access to strategic management.

Simons' point of departure is that the goals and strategies should be translated into daily routines to prevent them from remaining airy visions. The resources should be directed towards the correct priorities, and this requires the correct balance between conflicting demands and wishes. It is evident that Robert S. Simons does not give the answer regarding a specific company, but in the book he asks seven questions which are supposed to create the necessary management dialogue.

The *first* question – who is the primary customer – represents the foundation of the strategy and decides where to put the strategic focus in the value chain, on the way to the end-user. The *next* question – how to prioritize shareholders, customers and employees – is about balancing the consideration to key stakeholders. The *third* question – which critical performance variables to track – focuses on the management structures and on how responsibility is created for the respective goals. The question is followed by the *fourth* question, focusing on the strategic boundaries for the activities of the company, and by the *fifth* question, focusing on how to produce creative tensions spurring innovation.

The *sixth* question – how committed are the employees to the cross-disciplinary priorities – focuses on the common goals and the working relationship interface requiring a specific commitment to the organization. Finally, Simons asks the decisive question in the *seventh* chapter: What strategic uncertainties keep you awake at night? And how can everyone focus on them?

The book *Seven Strategy Questions* is an easily accessible book that asks relevant questions in particular challenging the unspoken assumptions forming the basis for the strategy of the organization. It is easy to say that the decisive criterion for success is the implementation of the strategy – or that lack of results is due to poor execution. Robert Simons does not settle for this. By means of the seven questions he shows how the implementation of the strategy can be analyzed in processes and in structures.

The book has many examples. However, the main part consists of repetitions from his previous books, but they illustrate excellently the mode of analysis concept he describes in the book. All things considered, the book is very useful and may give a constructive input to strategy processes in both public and private companies. I hope that many of you will take the time to read it before the spring strategy seminar.

Robert Simons, 2010, *Seven Strategy Questions: A simple Approach for Better Strategy Execution*, Boston: Harvard Business Press, USD 24.95