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Recommended Reading

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Good Strategy/Bad Strategy: The Difference and Why It Matters. By Richard Rumelt

Is your strategy a mix of slogans and goals, or a set of objectives that offer solutions to key problems? Richard Rumelt, in his forthcoming book to be released in the U.S., July 19th, *Good Strategy/Bad Strategy: The Difference and Why It Matters*, leverages 40 years of academic and strategy consulting experience.

Rumelt uses interesting stories and firsthand experiences to explain the logic of good strategy, while highlighting the pitfalls and fallacies you must avoid in bad strategy. Rumelt states, "Bad strategy ignores the power of choice and focus, trying instead to accommodate a multitude of conflicting demands and interests. Like a quarterback whose only advice to his teammates is 'let's win,' bad strategy covers up its failure to guide by embracing the language of broad goals, ambition, vision, and values."

Consider Rumelt's four pitfalls to avoid a bad strategy:

- 1. Failure to Face the Problem:** A strategy is an approach to overcoming obstacles. If you fail to identify and analyze the obstacles, you don't have a strategy.
- 2. Mistaking goals for strategy:** Setting goals without a supporting strategy can mislead the organization. Rumelt cites a military general who may justly ask his troupes for "one last push," but the goal still needs to be supported by a clearly defined strategy. A good strategy will create the conditions that will make the "push" effective and worthy of the effort required.
- 3. Bad strategic objectives:** A long list of goals and projects cobbled together at a planning session, or a set of ideas that no one has a clue about what to do or how to get there, are signs of bad strategic objectives. Good strategic objectives, in contrast, focus energy on a very few high impact objectives. And they build a bridge between the obstacles being solved for by the strategy, and the needed action.
- 4. Fluff:** Rumelt defines Fluff as a "restatement of the obvious, combined with generous sprinkling of buzzwords that masquerade as expertise designed to mask the absence of thought." An example of "fluff" from a retail bank states: "Our fundamental strategy is one of customer-centric intermediation."

As you might imagine, there are many reasons for bad strategy. Rumelt suggests that the underlying factor contributing to bad strategy is lack of commitment to the hard work. Good strategy, results from investing the time to make the hard choices to gain focus, and identifying obstacles and working out how to deal with them. Rumelt states that there are three key elements that make up good strategy:

- 1. A diagnosis:** an explanation of the nature of the challenge.
- 2. A guiding policy:** an overall approach chosen to cope with or overcome the obstacles identified in the diagnosis.
- 3. Coherent action:** steps that coordinate with one another to support the accomplishment of the guiding policy.



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In a recent poll by SmartBrief on Leadership, readers were asked, "What is the biggest challenge ahead of your organization in 2011?" A majority, 64% responded they needed to execute better (33%), and needed to think more strategically (31%). Are you doing the hard work to overcome obstacles to realize your vision? Are you achieving all your strategic objectives? What would happen if you did achieve all your objectives? Albu Consulting has helped its

We believe you cannot underestimate the value of a good strategy. As Rumelt argues, “a coherent strategy can be, by itself, a significant source of competitive advantage.”

We recommend you look into this new book when it is released on July 19th, and let us know what you think by dropping us a line.

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