



**The Chartered Management Institute's Short Course Programme
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Would you pass a strategy audit?

Jean Pousson asks: 'why not have an occasional strategic health check as an on-going exercise?'

Organisations have financial audits; compliance reviews and health and safety checks, but very rarely subject themselves (voluntarily) to a strategy audit. Such activity is often imposed by an incoming new Chief Executive, normally aided by consultants, or by a parent reviewing its business portfolio. Very often this review yields some very good results and is instrumental in the fresh direction of an organisation. So why not have the occasional strategic health check as an on-going exercise?

Such a process can be lengthy and time consuming but here are a few quick pointers.

1. Do you have a proper strategic planning process? When was it last changed i.e.: the process? Is it closely aligned to the annual financial budgetary/planning exercise? Strategy life cycles have become shorter and shorter and cannot be subjected to an annual review only. Don't allow the process to take over.
2. Do your employees really understand the strategy of the business? To test this go and ask a couple of employees, at all levels, and see whether the answers are consistent.
3. Could you articulate your strategy very simply i.e.: a few simple words/sentences?
4. How do you compete? This is a key question that you should be able to answer very quickly and very clearly.
5. What is your current source of competitive advantage? To what do you attribute your success?

Short Course for Management & Professional Development

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6. What about your competitors? Could you articulate their strategies as well? What is the most radical thing that your competitors could do? What could you do that your competitors would find impossible to replicate in a short to medium term? Is your strategy and that of your competitors becoming more alike or more divergent? Remember, your most dangerous competitors are the ones just like you! Because at that point you have very few strategic options left.
7. When did you last revisit your core business? Have you ever questioned your current business model? Be careful not to rely on the ongoing flywheel of momentum. Past success is no guarantee of future success and hope is not a strategy!
8. Are you able to attract new customers? A sure sign of a business entering into a difficult period is its inability to attract new customers.
9. What have been the most significant strategic decisions made over the last twelve months by the executive team?
10. Are you able to attract and retain talented people?
11. Who is involved in strategy formulation? This is no longer the sole preserve of the Chief Executive and his/her team. The environment has simply become too complex and too fast changing for this. Employees and other stakeholders need to be involved as well.

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