

Free critical thinking about critique

[Business](#), [Strategy](#)



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [The Perils of Bad Strategy](#) \n \t
2. [Perils of Bad Strategy](#) \n \t
3. [Summary](#) \n \t
4. [Conclusion](#) \n \t
5. [Reference List](#) \n

\n[/toc]\n \n

The Perils of Bad Strategy

Thesis

This paper is a critique of article in the McKinsley Quarterly on The Perils of Bad Strategy. This article is a synopsis of the book ' Good Strategy / Bad Strategy: The Difference and Why It Matters' by Richard Rumelt from the UCLA Anderson School of Management. The first section of this paper will discuss the main argument and evaluation of this article. The next section of this paper will summarize the key points discussed in the article. The final section is the critique of the article, discussing the strengths and weaknesses of the discussion in the article and notable features.

Perils of Bad Strategy

Introduction

This article in the McKinsey Quarterly is the synopsis of book ' Good Strategy / Bad Strategy: The Difference and Why It Matters' by Richard Rumelt, the professor of Business & Society at the UCLA Anderson School of Management. The author has talked about bad strategy hallmarks such as

<https://assignbuster.com/free-critical-thinking-about-critique/>

the failure to face challenge, bad strategic objectives, making goals for strategy and fluff. One of his key points is to invest heavily in strong diagnosis for understanding the important challenges and obstacles (Rumelt, 2011). Something that can be easily agreed on is the point that, creating a successful strategy involves being clear about the tasks and challenges at hand. Also it is logical with Rumelt stating that many organizations that claim of having a strategy have nothing more than financial goals (Kay, 2011). The strategy has no coherent, real plan or procedure of achieving the organization targets, with no sense if achieving the financial goals will solve the challenges the organization faces (Buchanan, 2011). A great leader can identify the critical issues in a situation and focus their concentration on them. Rumelt has mentioned many organization leaders claim they have strategy even when do not have any (Schachter, 2012). Instead, they have something which the author calls ' bad strategy'. A bad strategy avoids the power of focus and choice, instead attempting accommodation of conflicting interests and demands (Richm, 2011; Hambrick & Fredrickson, 2001).

Summary

The underlying theme of this article from Richard Rumelt is that a good strategy needs an honest assessment of a situation, focuses on 1-2 key goals and involves coordinated steps for achieving the goals. The article also mentions the four hallmarks of a bad strategy these are; firstly, Failure of facing problem, if business leaders fails in identification and analyzing obstacles, you do not have a good strategy (Neilson, Martin & Powers, 2008, p. 1). Instead, you have a budget or stretch goals or a list of financial goals that a company expects to achieve. Secondly, Mistake of taking goals for

strategy also is a clear hallmark of bad strategy. It is important to have goals but having a plan for achieving these goals is equally important. Thirdly, Bad strategic objectives especially list of things that are mislabelled as objectives and strategies is not good strategy. It is important that the strategy identifies and finalizes objectives that place the business in a position of achieving future objectives. Finally, Fluff is another hallmark of bad strategy that constitutes of usual platitudes. Rumelt has defined fluff as, “ A restatement of the obvious, combined with a generous sprinkling of buzzwords that masquerade as expertise” (McCall, 2011). Crafting a good strategy has an underlying structure of three important aspects. These three aspects are; firstly, diagnosis explaining the nature of the challenge. Secondly, a policy for guiding that is an overall approach selected for overcoming or coping with obstacles identified during the diagnosis and finally, coherent set of actions that are coordinated to support in accomplishing guiding policy (Rumelt, 2011, p. 1-322; Hirsch, 2011). Despite many claiming strategy as ambition, vision, leadership or planning, it is not any of these (Mangialardo, 2012). The role of strategist is always the same, identifying the important factors in a situation, designing the path for coordinating and focusing actions for dealing with them.

A lot is written and spoken about strategy that is useless from the result-oriented point of view. It is exciting to view someone like Rumelt focusing on strategy in a useful or coherent way. The only possible disappointment with this article is that the author has not left the readers with simple, clear and straightforward approach for their life or work in a strategic manner. Simply put, in spite of offering a sophisticated and clear insight in the nature of

strategy, it is not clear how to translate it into everyday work or life. But this is just a small quibble, as this article is a good addition in the discussion over strategy (Rumelt, 2011, p. 1-322).

In this article, Rumelt has not discussed another traditional tip offered by other business books for students. Many business leaders in the past have not known what they are doing and how to think when identifying and choosing a strategy. This is what this article is all about how should a business think when choosing a strategy. Having a goal is important but having a strategy for achieving that goal is equally important. The author has argued, that only a few leaders think how to achieve their goals (Parry, 2011). Honestly, this is due to the fact that it is very difficult to think the correct strategy every time for every goal. Thinking the perfect strategy would involve, assessing strengths and facing the weaknesses that serve as obstacles. Then these obstacles are needed to be evaluated in a manner of competition by making calculations about its formidability and weaknesses. Only after this, the strategy can be planned for capitalizing the strengths or weaknesses of chosen strategy (Srodes, 2011).

In the case mentioned in the article about management of International Harvester, that is planning to increase profitability with their complicated strategy for boosting their market share in every division. This plan had set goal of achieving higher profitability without accessing weakness of the organization's rotten labour relations and crippled workforce rules. These weaknesses led to other improvements in market boosting and cost control unresolved. Since, the labour problems were tough to resolve and to ignore the critical weakness led to the failure of strategy. This is where Rumlet's

thinking breaks rank through his advice genre offering by informing the readers about how to recognize a strategy and fashion it in numerous situations (Srodes, 2011).

In the United States, financial industry has grown due to focus being in the balance sheet driven management (Faroohar, 2011). In his article, Mr. Rumelt has stated that the inability of selecting and using a template-style thinking strategy are the source of failure and origination of bad strategy (Zayyat, 2011; Roberts 2011). This article is focused on how poorly many businesses make decisions and how these decisions can be transformational when strategists think clearly about their position, choices and actions. A corporate leader has to deal with competition and market changes; a foreign policy architect has to choose between historical precedents for picking policy responses to solve current political problems. Information for making strategic decisions is always available, this article challenges the people responsible to gather and analyze the information before setting goals that are not achievable. The strategists can either choose the right way or keep doing thing their way and complain every time when things don't pan out as they has planned (Srodes, 2011). Strategy needs to be a way through the obstacle, overcoming difficulties and responding to challenges. In the challenge is undefined, it becomes impossible or difficult to access the quality a strategy can deliver. If the strategy cannot be accessed, it cannot be improved as good one or rejected as bad strategy (Paycor, 2014).

Conclusion

Good Strategy isn't about goals or vision. It is deeply researched and properly designed plan for meeting the challenge. However, business leaders

tend to substitute exhortations, targets and slogans for strategy. A bad strategy contains fluff, mistakes goals as strategy, dodges problems and sets unrealistic goals. A good strategy is focused on critical issues and decisions to address them. It is based on research and analysis, decisive planning, hard choices and actions. Identification and leveraging action is initiation of the strategy. Diagnosis is a guiding policy and collection of coherent actions structures the kernel of a good strategy. Strategists have always designed their own approach for solving problems; they rarely choose from standard options available. Strategic objectives always have to be feasible and practical. A good strategy represents a well-educated guess, about the way to increase the business in the most effective way.

Reference List

Andersen, E. (2011). Good Strategy is good. Available: <http://www.forbes.com/sites/erikaandersen/2011/12/08/good-strategy-is-good/>. Last accessed 17 February 2014.

Buchanan, L. (2011). Book Review: Good Strategy/Bad Strategy. Available: <http://www.inc.com/magazine/201107/book-review-good-strategybad-strategy.html>. Last accessed 17 February 2014.

Faroohar, R. (2011). Driven off the Road by M. B. A. s. Available: <http://content.time.com/time/magazine/article/0,9171,2081930,00.html>. Last accessed 17 February 2014.

Hambrick, D. C. & Fredrickson, J. W. (4). Are you sure you have a strategy?. The Academy of Management Executive . 15 (1), 48-59.

Hirsch, L. (2011). Recognizing a Bad Strategy: Lessons in Leadership for Healthcare Marketing Strategists. Available: <http://www.healthcaresuccess.com>

<https://assignbuster.com/free-critical-thinking-about-critique/>

com/blog/healthcare-marketing/recognizing-a-bad-strategy-lessons-in-leadership-for-healthcare-marketing-strategists. html. Last accessed 17 February 2014.

Kay, A. (2011). 4 ways NFPs learn from the perils of bad strategy and lack of clarity.

Available: <http://frymonkeys.com/4-ways-for-nfps-to-learn-from-the-perils-of-bad-strategy-and-lack-of-clarity/>. Last accessed 17 February 2014.

Limacher, R. (2011). The Perils of Bad Strategy. Available: <http://www.strategyhub.net/2011/03/strategic-reader-feb-2011.html>. Last accessed 17 February 2014.

McCall, C. (2011). How to tell a good strategy from a bad one. Available: <https://thespurgroup.com/how-to-tell-a-good-strategy-from-a-bad-one/>. Last Accessed 21 February 2014

Mangialardo, D. (2012). Vision, Strategy and Bad Strategy: 5 tips. Available: <http://crystal-ize.com/2012/04/24/vision-strategy-and-bad-strategy-5-tips/>. Last accessed 17 February 2014.

Neilson, G., Martin, K., & Powers, E. (2008). The Secrets to Successful Strategy Execution. Available: <http://hbr.org/2008/06/the-secrets-to-successful-strategy-execution/ar/1>. Last accessed 22th February 2014.

Parry, R. (2011). Book Review: Good Strategy/Bad Strategy, By Richard Rumelt. Available: <http://www.managementtoday.co.uk/books/1071179/book-review-good-strategy-bad-strategy-richard-rumelt/>. Last accessed 17 February 2014.

Richm. (2011). WHAT IS BAD STRATEGY?. Available: <http://ux.sears.com/thoughts-on-the-perils-of-bad-strategy-mckinsey-quarterly/>. Last

<https://assignbuster.com/free-critical-thinking-about-critique/>

accessed 17 February 2014.

Roberts, G. (2011). Your Company Strategy Is It Good or Bad? Available: [http://www.businessinsider.com/your-company-strategy-is-it-good-or-bad-2011-7? IR= T](http://www.businessinsider.com/your-company-strategy-is-it-good-or-bad-2011-7?IR=T). Last accessed 17 February 2014.

Rumelt, R . (2011). The Perils of Bad Strategy. Available: http://www.mckinsey.com/insights/strategy/the_perils_of_bad_strategy. Last accessed 17 February 2014.

Rumelt, R. P. (2011). Good strategy, bad strategy: The difference and why it matters. New York: Crown Business. 1-322.

Schachter, H. (2012). The perils of bad leadership strategy. Available: <http://www.theglobeandmail.com/report-on-business/careers/management/the-perils-of-bad-leadership-strategy/article616688/>. Last accessed 17 February 2014.

Srodes, J. (2011). BOOK REVIEW: ' Good Strategy/Bad Strategy'. Available: <http://www.washingtontimes.com/news/2011/dec/14/when-goals-are-not-strategy/#ixzz2tas2ovsE>. Last accessed 17 February 2014.

Zayyat, M. A. (2011). The Perils of Bad Strategy. Available: <http://www.zayyat.com/2011/08/16/the-perils-of-bad-strategy/>. Last accessed 17 February 2014.

(2011). The Perils Of Bad Strategy. Available: <http://www.ceo.com/strategy/the-perils-of-bad-strategy/>. Last accessed 17 February 2014.

(2011). The Perils Of Bad Strategy. Available: <http://www.cmo.com/content/cmo-com/home/articles/2011/6/27/the-perils-of-bad-strategy.html>. Last accessed 17 February 2014.

(2011). The Perils of Bad Strategy. Available: <http://www.plexusconsulting.com>

<https://assignbuster.com/free-critical-thinking-about-critique/>

com/Articles/ThePerilsofBadStrategy. pdf. Last accessed 17 February 2014.
(2014). What is Strategy?. Available: [https://www. paycor. com/resource-center/what-is-strategy](https://www.paycor.com/resource-center/what-is-strategy). Last accessed 17 February 2014.