# The Strategic Plan is Dead. Long Live Strategy.

In today's fast-changing world, why freeze your strategic thinking in a five-year plan?

By Dana O'Donovan & Noah Rimland Flower, Standford Social Innovation Review | 23 | Jan. 10, 2013

Take a moment and read these two words: strategic plan. Now close your eyes and picture one. If what comes up is a thick binder, gathering dust on a shelf next to other thick binders from five and ten years past, you're not alone. We believe that a better understanding of the history of strategy and what caused the demise of binder-bound strategic planning can point the way to re-inventing strategy for the world we live in today. It is important to remember that strategy's roots are military. Military strategy focuses on setting objectives, collecting intelligence, and then using that intelligence to make informed decisions about how to achieve your objectives—take that hill, cut this supply line.

Historically, the battlefield was a place where you could count on a few constants:

- The past was a good predictor of the future. There were years or decades between meaningful shifts in the basic variables, such as the power of a soldier's weapons or the range of aircraft.
- Good data was scarce and hard to come by. Scouts and spies had to risk their lives to find and relay information, and had to be ever on the lookout for enemy deception.
- Lines of communication were unreliable at best. Small numbers of clear directives were a tactical imperative.

Not surprisingly, after a couple of millennia, military strategy became well adapted to these constraints. After World War II, when military strategy came into the business world as strategic planning, so did these constraints. As a result, strategic planners focused on predicting the future based on historic trend lines; invested heavily in gathering all available data; and produced a small number of directives issued from the top, for the rest of the organization to execute.

This approach to strategic planning was a reasonably good fit for much of the business world from the fifties through the eighties. But with the rise of high-tech tools and increased globalization in the nineties, the world began to change, and now it looks quite different indeed. The future is no longer reasonably predictable based on the past—in fact, it is liable to be startlingly different. Good data is easy to access and cheap to acquire. Communication is rapid, indiscriminate, and constant.

The world has become a more turbulent place, where anyone with a new idea can put it into action before you can say "startup" and launch widespread movements with a single Tweet. This has left organizational leaders with a real problem, since the trusted, traditional approach to strategic planning is based on assumptions that no longer hold. The static strategic plan is dead.

This has led to increasingly polarized attitudes about the value of having a strategy at all. Some leaders are valiantly trying to save strategic planning by urging us to focus even more on rigorous data analysis. Others deny the value of strategy, arguing that organizations need agility above all else (an attitude that famed strategist Roger Martin reports hearing with increasing frequency).

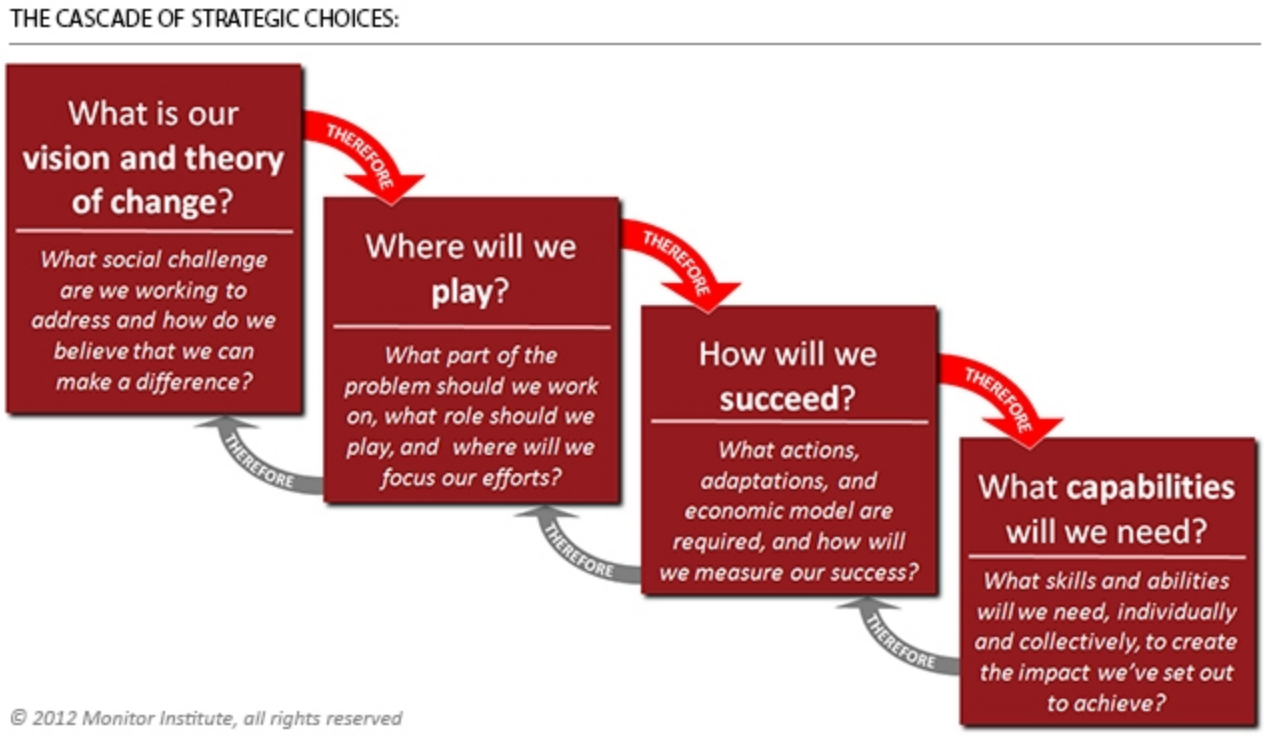
We think that what is necessary today is a strategy that breaks free of static plans to be adaptive and directive, that emphasizes learning and control, and that reclaims the value of strategic thinking for the world that now surrounds us. Martin acknowledged this point at the Skoll World Forum in 2010 when he said: "Every model is wrong and every strategy is wrong. Strategy in a way helps you learn what is 'righter'. People think you can prove a strategy in advance. You can't."

The approach we developed in working with our clients at Monitor Institute is what we call *adaptive strategy*. We create a roadmap of the terrain that lies before an organization and develop a set of navigational tools, realizing that there will be many different options for reaching the destination. If necessary, the destination itself may shift based on what we learn along the way.

Creating strategies that are truly adaptive requires that we give up on many long-held assumptions. As the complexity of our physical and social systems make the world more unpredictable, we have to abandon our focus on predictions and shift into rapid prototyping and experimentation so that we learn quickly about what actually works. With data now ubiquitous, we have to give up our claim to expertise in data collection and move into pattern recognition so that we know what data is worth our attention. We also know that simple directives from the top are frequently neither necessary nor helpful. We instead find ways to delegate authority, get information directly from the front lines, and make decisions based on a real-time understanding of what's happening on the ground. Instead of the old approach of "making a plan and sticking to it," which led to centralized strategic planning around fixed time horizons, we believe in "setting a direction and testing to it," treating the whole organization as a team that is experimenting its way to success.

This approach wouldn't surprise anyone in the world of current military strategy. Recent generations of military thinkers have long since moved beyond the traditional approach, most notably famed fighter pilot John Boyd. He saw strategy as a continuous mental loop that ran from *observe* to *orient* to *decide* and finally to *act*, returning immediately to further observation. By adopting his mindset (with a particular emphasis on the two O's, given our turbulent context), we can get much better at making strategy a self-correcting series of intentional experiments.

To provide structure to this fluid approach, we focus on answering a series of four interrelated questions about the organization's strategic direction: what vision you want to pursue, how you will make a difference, how you will succeed, and what capabilities it will take to get there.



The skills and mindset for today's strategic planning will come from continuously asking ourselves these questions about our organizations, programs, and initiatives. Once we accept Dwight D. Eisenhower's sage advice that "Plans are useless, but planning is everything," we will be ready to adapt to whatever curveballs the twenty-first century sees fit to throw.