FAMILY OFFICE EXCHANGE INSIGHT

The Strategy Checklist

June 2022

AN END-TO-END PROCESS FOR DEVELOPING AND EXECUTING A COMPELLING CORPORATE STRATEGY

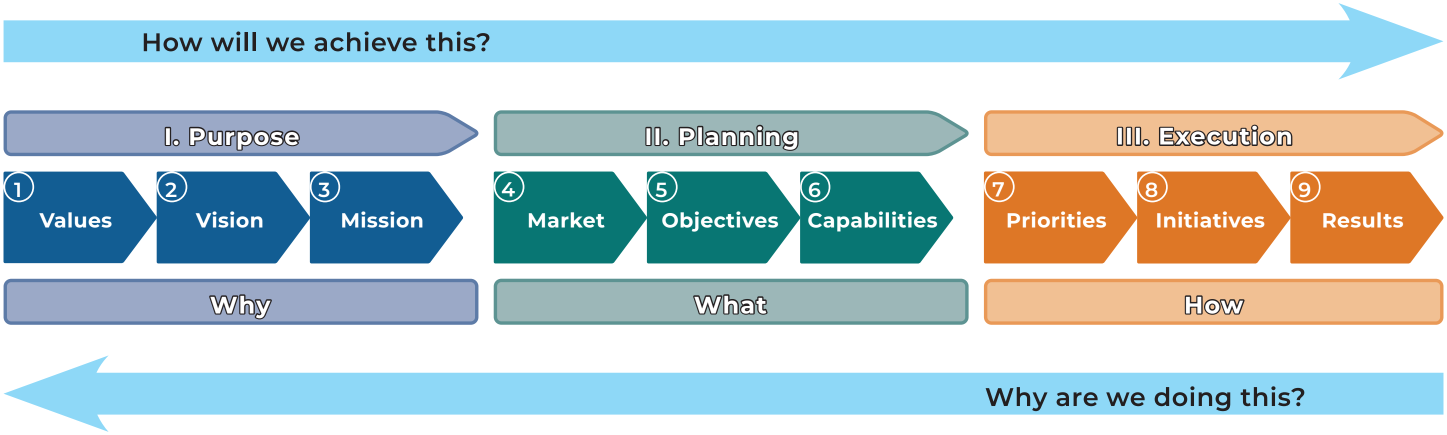
Strategy is often thought of as an art form—an unstructured, intuitive exercise propelled by inspiration and brilliance—like conceiving and producing a memorable and emotionally powerful TV commercial. And indeed, there are moments in the strategy continuum when this kind of creative originality is essential.

However, just like finance, operations, or marketing, strategy is a functional discipline with tools, frameworks, processes, best practices, and metrics. These tools are not meant to replace or stifle creativity but to enable it, guide it, nurture it, and ensure it produces tangible, meaningful outcomes.

Just like finance, operations or marketing, strategy is a functional discipline with proven tools, frameworks, processes, best practices, and metrics.

Strategy is a process—from the highly personal, nebulous stage of defining a company's values and vision, to the long-term planning stage of setting goals and priorities, and finally to the unglamorous and often overlooked stage of execution, coordination, and results-tracking.

Experience has taught me that there is a predictable and reliable recipe for designing and leading a high-quality strategy process. This process delivers a differentiating purpose, a solid plan, and a mechanism to execute successfully. Most importantly, the strategy process links all these elements into a North Star and a narrative that internal and external stakeholders can understand, connect with, and rally around.



I drew inspiration from *The Checklist Manifesto*, Atul Gawande's bestseller in which he describes how even the most unstructured activities and the most experienced and talented experts benefit greatly from, and ultimately owe their success to, structured and disciplined procedures.

The Strategy Checklist Explained

There are three distinct phases to the Strategy Checklist:

- **I. Purpose:** the vision for the future and the core values that define the company's North Star.
- **II. Planning:** the near-term and long-term objectives and roadmap for achieving the vision.
- **III. Execution:** the day-to-day processes, tools, and metrics that deliver against the plan.

The Strategy Checklist framework is an end-to-end process for developing and executing a compelling corporate strategy.

At any point along the Strategy Checklist continuum, companies and their stakeholders can answer the all-important question *"Why?"* by returning to the previous steps. For example: *"Why are we prioritizing and running these initiatives?"* Response: *"Because they close the capability gaps and help us achieve our goals, our mission, and ultimately our vision."*

Similarly, at any point, to link high-level strategy with tangible daily activities, the question *"How?"* can be answered by going forward to the subsequent steps. For instance: *"How will we achieve our vision and mission?"* Response: *"By hitting our strategic goals, as a result of executing our priority initiatives."*

PHASE I. PURPOSE

Most companies with systematic strategy processes usually jump ahead and address only phase 2 of the Strategy Checklist: Planning. That's why the corporate strategy process is most commonly called “strategic planning.” It's like the annual budget, but a little less frequent and often less consequential.

But planning, near term or long term, can be a rudderless exercise if phase 1, Purpose, is left unclear or undefined. Deciding what a company stands for, what it believes in, what it values, and what it strives for, and making that purpose clear to everyone, are critical steps to having a strong culture, a differentiated strategic position, and a successful business. In addition, it defines the company’s North Star and its internal and external stakeholders.

There are three basic steps in the purpose phase of the Strategy Checklist:

1. Values

If you keep asking “Why?” long enough, you eventually get to values. Values are the most deeply ingrained beliefs and motivators. They are what defines people and companies. Family members, guardians, and role models pass them down. Values are deeply personal and rooted in emotions and principles.

> *If you keep asking “why” long enough, you eventually get to values.*

Values are not about what we do—they are about how we do things and why we do them. They are the ultimate compass that steers our decisions and choices. The U.S. Marine Corps and *The New York Times* provide good examples of clearly defined values that don't even mention what these organizations do—their values motivate their people and guide their mission.

Usually, an organization's founders establish values that are "forever." As times or leaders change, values can be revisited or refreshed, but these tend to be rare occasions.

2. Vision
This step is about envisioning the future we want to create and live in, the dreams we want to fulfill, and the things we want to build and experience. The vision inspires all stakeholders and is a beacon to keep referencing when formulating plans or facing challenges.

Vision is the future state of the world that the team aspires to - an inspirational beacon for all of the organization's stakeholders.

The vision of Oxfam, an international charitable organization, is a clear and powerful example: *"A world without poverty."* And in 1980, Bill Gates formulated a simple, prophetic vision for Microsoft: *"A computer on every desk and in every home."*

Defining the vision for the company is perhaps the most important thing a CEO must do. And because of that, it should happen as soon as new leaders take the reins of an organization. Ideally, the definition of a vision should be in timeless terms to ensure its longevity and continued relevance. Yet, even the most evergreen of visions should probably be updated every 3–5 years, given how fast the world is changing.

Finally, a vision is not what the company does—it is a future state it aspires to. Therefore, two very different organizations with different capabilities, business models, or products can have the same vision of the future. In fact, the best way to identify strategic partners is to find companies and teams that share the same inspirational vision.

3. Mission
This step starts the conversation about what the company does daily, who it serves, how it creates value, and how it competes. The mission is more concrete and action-oriented than the vision – it describes the company's core activities in service of the stated vision. Additionally, it can refer to how a company defines and measures success, thus starting to connect with the eventual objectives and KPIs in the planning phase.

For example, *The New York Times'* mission is: *"We seek the truth and help people understand the world."* And TED, the nonprofit that gave its name to short, poignant talks, synthesized its mission in true TED fashion: *"Spread ideas."*

PHASE II. PLANNING

Planning is the most familiar and commonly practiced phase of the strategy process. Most companies have recognized that just budget planning alone, while necessary to achieve their financial objectives, is not sufficient to ensure success in the long run. This stays true for strategic planning.

In this phase, the leadership team looks at the appropriate strategic horizon—could be 1–2 years, could be 3–5—and defines the top objectives for the organization and the significant steps it needs to take to achieve them. When phase 1 is complete, all planning should be in service of the company's stated vision and mission and in keeping with its values and purpose.

4. Market
A market-based approach is the most powerful way to develop a winning business strategy. It starts with understanding what the market needs and where there are openings left unfilled by competitors. It is the most important first step of any business strategy.

At any point of the process, the answer to "Why are we doing this?" can be found by going back to the previous steps of the Strategy Checklist.

A thorough and systematic analysis of client needs, which leads to the definition and sizing of a target market, is critical to developing a differentiated strategy. This analysis commonly includes creating a comprehensive map of customer needs, delineating different customer segments, and prioritizing the top customer segments on which the company will focus its efforts and strategy.

Once the team has identified and prioritized what clients want or need and what they are looking for or willing to spend money on, the next step is to take a 360-degree look at the competitive landscape. The goal is to analyze the players aiming to fill those customer needs, assess the products and services they provide and evaluate how well they are fulfilling their clients' needs and expectations. This is where companies establish whether the target market is attractive and strive to carve out a unique competitive niche for themselves.

5. Objectives

Once a company has made its strategic competitive differentiation choices, the next step of any planning process is to set goals. At this stage of the strategic planning exercise, CEOs must decide on and communicate the top objectives the organization will need to attain to advance its mission and translate them into specific goals to make meaningful progress toward achieving its vision.

Objectives provide the bridge between the more abstract corporate vision and the concrete initiatives the company will have to execute as it moves forward.

Another dimension of goal setting is to align the company's internal vision and ambitions with the opportunities the team identified externally during the market analysis. This is where values, vision, and mission articulated in the purpose phase can be a powerful tool to help the team decide which market opportunities to pursue and which ones to drop. Just because there is an attractive business opportunity in the marketplace doesn't mean a company should automatically pursue it. A great way to decide is to examine market opportunities through the lens of the company's stated values, vision, and mission.

Following this approach, objectives become the bridge between the more abstract corporate vision and the concrete initiatives the company decides to execute as it moves forward. Well-defined strategic objectives are rooted in the "Why?" spelled out in the purpose phase. Progress against them must be observable and measurable to allow the organization to gauge its advancement and success.

6. Capabilities

After establishing goals, the next step is to conduct what strategists call a "gap analysis"—what capabilities does the company need that it currently lacks, or what does it need to do, incrementally or differently, to be able to achieve its goals.

Usually, "people, process, technology" terms help define capabilities, which can either be cultivated internally or acquired externally. So, for example, to achieve its goals, a company may need new talent or expertise; it may require technology, tools, or intellectual capital; or it may need new procedures, governance, and management disciplines.

Defining the "gaps" of strategic capability for the company lays the foundation for the actual initiatives and projects it will have to include in its strategic plan.

PHASE III. EXECUTION

In many companies, the strategy group does not oversee and orchestrate this phase of the strategy continuum, which is a significant miss. And often, no one is given this task. Instead, execution is left to individual groups and managers without any central process to track, coordinate, and report progress against the strategic objectives.

Organizations that do this phase well have a Corporate PMO (Program Management Office) embedded in their strategy function. They provide centralized administration, coordination, and systematic tools for tracking and reporting on all strategic initiatives that have been prioritized as part of the strategic plan. It doesn't have to be the rigid and bureaucratic structure many imagine when they hear "PMO." On the contrary, the best PMO units are intimately familiar with and invested in the business. They are flexible and client-service oriented, and they help business teams execute and meet their objectives as much as they track and administer the process.

The Strategy function is often not involved in overseeing or coordinating the execution of the strategic plan—and in many cases, no one is.

7. Priorities
Once the identification of required capabilities and actions to achieve the strategic goals is complete, the most critical execution step the leadership team must take is to assign priorities. Unfortunately, few organizations have the resources or capacity to do everything they plan, so setting priorities is key to success.

Most organizations are surprisingly deficient at this task. Competing agendas, pet projects, and the desire to please everyone all get in the way of effective prioritization. This is why it is critical that priorities get decided at the top and clearly communicated down.

There are a number of frameworks that are used to assign different priorities to initiatives, projects, and tasks. The most common ones involve mapping initiatives on a 2-D matrix based on "importance versus urgency" or "effort versus value" and prioritizing the most feasible and impactful activities. Taking sequencing into consideration is also part of this process, as certain activities may depend on others.

8. Initiatives

The first-order-of-business responsibility for a Corporate PMO is to help the team construct and formalize the Corporate Portfolio of Strategic Initiatives. This takes all the necessary activities identified during the capabilities step, overlays the agreed-upon priorities, and creates a project portfolio that embodies the strategic plan and its day-to-day manifestation to the entire organization.

A well-constructed corporate portfolio of initiatives should rely on a collection of PMO tools and processes that ensure consistency and discipline of execution. In addition, each initiative should have a formal charter stating its purpose and objectives, main planned activities, milestones and success KPIs, executive sponsors, steering committee, and team members. A RACI matrix (short for Responsible, Accountable, Consulted, Informed) is a critical tool to clarify who's in charge, who needs to answer for what, and who is doing what.

A well-constructed corporate portfolio of initiatives should rely on a collection of project management tools and processes that ensure consistency and discipline of execution.

In addition to formalizing the governance charters for each initiative, the Corporate PMO should also deliver an ongoing process for reviewing the portfolio as a whole. This makes finding common threads and efficiencies among initiatives easier and ensures teams in different silos running different initiatives learn from each other, make the necessary connections, and operate from the same priorities and strategic narratives.

This is the realm of day-to-day project management, utilizing detailed project plans, task lists, issue logs, and risk matrices. Ideally, all initiatives that comprise the corporate portfolio should use the same discipline of PMO processes and tools and be on one project management platform, such as Smartsheet.

9. Results

Defining and tracking success metrics is the final step of the strategy process. It is, unfortunately, often overlooked or reduced to just tracking obvious KPIs, such as revenue or cost, which are among the ultimate outputs of executing the strategy. However, this measurement alone may not reveal if the execution of the plan is in line with all the strategic objectives and values the company established in the earlier stages of the process. Throughout the execution phase of the strategy process, the leadership team should be focused and constantly track their progress against the correct KPIs. But what are those? The right KPIs close the loop between the highest aspirations and goals the team set in the early phases of the strategy process and the actual outcomes that the company is producing as a result of executing the strategic initiatives. If the results are achieving the company's goals, fulfilling its mission, and advancing its vision, while living the corporate values, then the strategy is working. If all the initiatives are being executed, yet the KPIs do not align with the goals, mission, and vision, something is broken.

The right KPIs close the loop between the highest aspirations and goals the team set in the early phases of the strategy process and the actual outcomes the company is producing as a result of executing the strategic initiatives.

For example, suppose increasing diversity or innovation were key objectives that advance the company's mission and vision. In that case, it is necessary to identify appropriate KPIs that adequately measure the progress against these goals. Just tracking revenues, earnings, or market share will not shed light on the company's success toward its diversity or innovation objectives.

A powerful practical tool to manage this final stage of the Strategy Checklist is the balanced scorecard, first developed by U.S. management thinkers Robert S. Kaplan and David P. Norton. Initially, the pair introduced this tool as an alternative to unidimensional performance systems focused excessively on one metric, such as earnings per share or return on investment. The balanced scorecard proposed a multidimensional view of a company's performance, introducing a construct that involved several metrics along four critical perspectives of the business: financial, operational, customer, and innovation and learning.

Since their invention, balanced scorecards have taken many forms, and leadership teams have been adapting and customizing them to their particular strategies and needs. The idea is not necessarily to follow the exact framework developed by Kaplan and Norton, but to create a multidimensional performance measurement tool and populate it with the right metrics that clearly measure whether the company is achieving its strategic goals and realizing its vision.

The other critical tool to apply in this stage is OKRs (Objectives and Key Results). OKRs are the final step in the strategy continuum that aligns the performance measurement, compensation, and incentives of individual leaders and employees to the strategic goals and KPIs defined in the earlier stages. First introduced by Andy Grove when he was CEO at Intel, and later popularized by Google, OKRs are a simple, practical, and powerful tool to standardize employee performance measurement while connecting it with the company's strategy.

FAMILY OFFICE EXCHANGE INSIGHT

Strategy is a journey that starts at a higher place with fuzzy concepts and emotionally charged beliefs. Ultimately, it needs to get translated into specific, even mundane, tasks and actions that collectively, over time, result in the realization of the original vision.

It is much like the process by which the artistic vision and divine inspiration of an architect, such as renowned 19th-century Catalan modernist Antoni Gaudí, is eventually (after 144 years) realized by the daily toil of masons, bricklayers, and stone carvers to produce the magnificent La Sagrada Familia Basilica.

The Strategy Checklist is a practical recipe to plan, organize, and execute a cohesive and orderly strategy process that starts with the highest values and aspirations, translates them into specific objectives and plans, and employs disciplined execution tools to ensure the realization of the strategic vision.

Peter Moustakerski

CEO

pmoustakerski@familyoffice.com

Peter Moustakerski is CEO of Family Office Exchange (FOX), the premier resource for families managing private enterprises and family wealth across generations. For over 30 years, FOX has been recognized as the industry's most exclusive, innovative, and influential community for peer networking and learning, and has provided independent insights, expert guidance, and practical solutions to complex problems related to family transitions and family wealth.

Peter has spent more than 25 years as a C-level strategist and executive across a variety of industries, including wealth management, capital markets, and technology. He is a former family office executive and FOX member, management consultant, and entrepreneur. He has served as a strategy, innovation, and growth leader for a number of private and public companies and founded two start-ups in New York City and China.

Prior to joining FOX, Peter served as Chief Operating Officer of the family office of the founder of Bridgewater Associates, where he worked closely with the principal family members to envision and oversee the redesign of the family office strategy and day-to-day operations to better serve the evolving needs of the family. Before that, Peter was a management consultant at Booz Allen Hamilton, advising many of the world's top C-suite leaders, and a strategy executive at UBS, leading all growth and transformation initiatives for the bank's wealth management organization.

Most recently, Peter was Chief Strategy Officer of News America Marketing, a former News Corp. subsidiary, where he built and led the Corporate Strategy and M&A function, and led the company's successful carve-out and sale to a private equity sponsor. In addition, for more than 20 years, Peter has been a contributing writer and researcher with The Economist Intelligence Unit (EIU), and has led many qualitative and quantitative research projects, and written a number of influential white papers for the EIU, NBER, and other research institutions and media publications.

Peter holds an MBA from Columbia Business School and a BS in Computer Science and Engineering from Zhejiang University in China, and is proficient in Mandarin, Russian, and Bulgarian.

Areas of Expertise: Enterprise Strategy, Strategy-to-Execution Best Practices, Digital Transformation

---

Family
Office
Exchange