

What Is Your Strategy?

How to Put Your Strategic Thinking onto a Single Strategy Poster

Pedersen, Carsten Lund; Ritter, Thomas

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CARSTEN LUND PEDERSEN
THOMAS RITTER

S D A T A S D P S
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WHAT IS YOUR STRATEGY?

HOW TO PUT YOUR STRATEGIC THINKING
ONTO A SINGLE STRATEGY POSTER

APRIL 2022

PRODUCT + SERVICE + DATA
INTEGRATION PROJECT



INDUSTRIENS FOND

ABOUT THIS BOOKLET

This booklet builds upon and extends our previous work on business strategy, which we published in April 2020 in the *Harvard Business Review* (HBR.org).¹ While the general ideas remain the same, certain aspects have changed from the original article. For instance, we have realized that strategic decisions regarding “position” are best served by explicitly considering three subdimensions, namely purpose, place, and performance. Likewise, in this booklet, we have reduced our focus on crisis management – the predominant context of our original article. Instead, we aim to provide a general guide for strategy development – applicable regardless of the situation at hand.

This booklet stems from research undertaken by Copenhagen Business School (CBS) as part of a three-year research project on “Product+Service+Data Integration” – in short, P+S+D Integration. The project is part of a larger initiative, Servitize.DK, which aims to enhance Danish firms’ abilities to successfully compete by providing service offerings. The project is financially supported by The Danish Industry Foundation.

HOW TO USE THE STRATEGY POSTER

With this booklet, we wish to provide a short but comprehensive guide to defining, discussing, and developing an organization’s strategy – which can be placed on a strategy poster. The dictionary definition of “poster” is as follows²:

1: a usually large, printed sheet that often contains pictures and is posted in a public place (as to promote something)

2: a person who posts something online

Both aspects are relevant for our work. We believe that the outcome of strategic discussions should be clear enough to be placed on a poster for promoting the strategy – and that strategists should increasingly act as ‘posters’, i.e., communicators of the newly developed strategy. We hope that this booklet and the application of our *Strategy Poster* help improve strategy discussions, strategy alignment, and strategy implementation.

¹ Pedersen, Carsten Lund & Thomas Ritter (2020): Preparing your business for a post-pandemic world. *Harvard Business Review* (HBR.org), 10 April 2020. Reprinted in: HBR's 10 Must Reads on Managing in a Downturn, Harvard Business Press, October 2020.

² <https://www.merriam-webster.com/dictionary/poster>

WHAT IS STRATEGY?

“What is strategy?” is a classic question in both academia and practice. Moreover, which parts of strategy should be considered? Which elements are essential? What is included and what is not?

In 1987, Henry Mintzberg offered a comprehensive list of five different understandings of strategy: the 5 Ps of strategy.³ While we appreciate and have taught Mintzberg’s 5 Ps for decades, we recognized that strategic discussions were incomplete when a view on projects and discussions on preparedness were missing – in particular in the crisis context that characterizes the current landscape of Covid-19 and the Ukraine war. We also realized that discussions on “ploy” were often anecdotal – if ploys were planned, they became projects in the execution roadmap rather than a distinct, separate dimension of a strategy. Similarly, discussions of “patterns” were often (too) backward-looking and disconnected

from future endeavors. Moreover, important implications from the “strategy as pattern” view often materialized as a part of an organization’s “perspective” (i.e., the way the organization sees itself and reacts “on autopilot”). In short, Mintzberg’s 5 Ps were and are still valid, but we believe that it should be updated to reflect the new strategy landscape.

Consequently, we adapted Mintzberg’s framework to define the new 5 Ps of strategy, as illustrated in the figure below. In the following, we shortly explain each P, offer examples and illustrations, and provide space for reflections on your organization’s strategy. At the end of this booklet, we present our Strategy Poster, which is based on our conviction that a good strategy not only comprises the 5 Ps, but should also be focused enough to be explained on a single page.

POSITION	The strategic place and purpose of an organization in its environment as well as its performance	1. What position can you attain?
PERSPECTIVE	The organizational identity and culture	2. How will your culture and identity change?
PLAN	The international agendas and initiatives	3. What is your plan?
PROJECTS	The concrete, temporary resource commitments	4. What is your project portfolio?
PREPAREDNESS	The level of readiness to meet an unknown future	5. How prepared are you?

³ Mintzberg, Henry (1987): The strategy concept I: Five Ps for strategy. California Management Review 30 (1): 11-24.

STRATEGIC POSITION

A central question for any organization is: What position do we have today, and what position do we want to have in the future? The strategy community uses many terms for this, including “vision,” “mission,” “goal,” “target,” and “ambition.” We adopt Mintzberg’s choice of “position,” as it more accurately describes the central objective of this part of strategic thinking – to determine where we are in our marketplace, where we want to go, and against whom we are competing.

Our work has revealed that position is best discussed and defined when three different, but equally important aspects are discussed: purpose, place, and performance.

PURPOSE: Many firms spend significant resources on defining their purpose – the answers to the questions of “*Why do we exist*” and “*What will the world miss if we stop existing?*”. For some firms, such discussions reveal that they have always had a purpose and that their original purpose is still relevant. Take Novo Nordisk as an example. In 1923, Novo Nordisk started producing insulin to help people struggling with diabetes. Today, the company highlights the continued relevance of this purpose: “For almost 100 years, we have been translating the unmet medical needs of people living with a serious chronic disease into innovative medicines and delivery systems.”⁴ Novo Nordisk has a solid and stable purpose that serves as its guide. In contrast, some organizations realize that they either do not have a clearly defined purpose or that their purpose is becoming outdated and, thus, must be renewed. The Danish Oil and Gas (DONG) corporation realized that its oil and gas business was not sustainable in view of climate and societal developments. Hence, it restated its purpose as being “a renewable energy company that takes tangible action to create a world that runs entirely on green energy.”⁵

PLACE: Beyond purpose, a firm must define the place it wants to hold in the market. Some firms are, or want to be, the largest; others want to be the cheapest, the most innovative, or closest to the customers. All of these are typical places where firms want to be in their markets. Firms with the same or fairly similar purposes can still differ in their places in the market. Banks, for instance, share an overall purpose of enabling financial transactions and, thus, supporting societal stability. However, some are big, some are customer-centric, and some are innovative. Similarly, some IT suppliers are the most technically proficient (i.e., they are technological leaders and pioneers with dominance in technical expertise), others are reliable (i.e., the most trusted), and others may know their customers the best (i.e., leaders in customer intimacy).

PERFORMANCE: A position statement always explicitly or implicitly includes a statement on key performance indicators. These indicators respond to such questions as: “*What turnover do we envision?*”, “*How many employees will we have?*”, “*What is our profitability target?*”, “*How much will we invest in research and technology?*”, and “*What do we expect in terms of customer and employee satisfaction?*”. More recently, climate and ESG targets have been explicitly mentioned in, for instance, goals for climate neutrality, reduced energy consumption and waste, and CO₂ emissions. While the contents of performance may differ, performance forecasts provide investors and other important stakeholders with guidance on expectations for the organization.

⁴ <https://www.novonordisk.com/about/what-we-do.html>

⁵ <https://orsted.com/en/about-us>

THINK OF YOUR ORGANIZATION:

WHAT IS YOUR CURRENT POSITION? WHAT WILL YOUR POSITION BE?

POSITION	TODAY	NEXT YEAR	IN FIVE YEARS
PURPOSE			
PLACE			
PERFORMANCE			

Based on the above, consider the following questions:

(1) What can disrupt this position? (2) What new competitors might be encountered in this position?

COMMENTS

STRATEGIC PERSPECTIVE

Perspective looks “inside the organization, indeed inside the heads of the collective strategist.”⁶ It captures the way an organization works, its values and norms, its culture, its identity, and its character. It describes the way an organization sees the world, its role in this world, how it thinks of itself and, thus, what the organization can do. In a sense, it is the personality of an organization and can, therefore, be seen as the organization’s culture and identity. Companies like McKinsey, Maersk, or Bang & Olufsen are all characterized by strong cultures and identities. Their employees see themselves in a certain manner. Such perspectives can be beneficial for performance, but they may also be a liability if the environment changes and other behaviors are needed.

Many, if not all, organizations have agreed on their “values.” If correctly and clearly defined, those values often cover a strategic perspective. For example, the Danish film production company Nordic Film adopted “10 dogma rules” that guided their decision making for a series of specific movies.⁷ While the rules were highly restrictive (e.g., only natural light could be used), this Nordic simplicity approach enabled numerous innovative applications and earned international recognition.

Perspective can be a battleground for intense strategic debates. In December 2021, the global logistics firm, Maersk, revealed an internal disagreement on its strategic perspective: Was Maersk a container shipping company that happened to invest in the digitalization of its business? Alternatively, had Maersk become an IT tech giant that happened to have some container ships?⁸ The public debate, which involved a board member among others, revealed that emotions are strong around the issue of perspective.

Perspective also provides some relevant boundaries for your strategy. It is very difficult to branch outside your existing perspective as an organization. Hence, doing so should be done with care and cultural consideration. Moreover, managers should always be cognizant of the cultural heritage of an organization and its existing culture when initiating new initiatives.

⁶ Mintzberg, Henry (1987, p. 16).

⁷ <http://www.dogme95.dk>

⁸ <https://www.ft.com/content/22c7e56d-eae8-4a42-8bf8-35e30e5ee0c0>

WHAT IS YOUR STRATEGIC PERSPECTIVE?

	FIVE YEARS AGO	TODAY	IN FIVE YEARS
STRATEGIC PERSPECTIVE			

Based on the above, consider the following questions:

How is the perspective a benefit for your organization's future development?

How is the perspective a straitjacket for your organization's future development?

COMMENTS

STRATEGIC PLAN

Plans describe the agendas, programs, and initiatives that an organization needs to implement to reach its envisioned position: “Which initiatives and programs do we need to launch to reach our strategic position?”. A plan is the path to the target – not the target itself (which is described under “position”). Put simply, “to be the most digitalized competitor in the market” is not a plan – a plan is to invest in IT capabilities, to develop digital offerings, or to create a webshop.

A plan sets priorities. It indicates which initiatives are important and when, and it suggests a certain prioritization of resource allocation. We suggest thinking of plans as a set of initiatives that fall into five categories:⁹

- **SELECTED INITIATIVES:** These initiatives are explicitly chosen and described concretely (e.g., “In the next five years, we will invest USD 15 million in improving our IT infrastructure and creating a world-class IT department”).
- **FRAMED INITIATIVES:** These initiatives are desired but are not described in concrete terms (e.g., “We want to digitalize our customer interface. Therefore, we invite suggestions from all corners of the organization”).

- **POSTPONED INITIATIVES:** These initiatives are relevant but cannot be implemented right away (e.g., “Due to the Covid-19 crisis, we have postponed the updating of our IT systems to allow for more managerial focus on current challenges”).
- **ABANDONED INITIATIVES:** These initiatives are no longer being pursued (e.g., “We will not extend our production capability in Asia as originally planned due to a reevaluation of our global footprint”).
- **ENTERING INITIATIVES:** These initiatives have not been formulated and no official statement is available on them. Yet, companies can still formulate initiatives that anticipate the unexpected, such as having improved resilience or adaptiveness as a strategic initiative.

Plans are often expressed in terms of phases. For example, the plan may be to first build profitability and then grow the business, or first to cut costs and later to innovate and scale.

Most plans have three to five items, and they often include digitalization, sustainability, and growth at current.

⁹ Pedersen, Carsten Lund, Thomas Ritter and Torben Juul Andersen (2020): A Project-based Perspective on Strategic Renewal. Strategic Management Review.

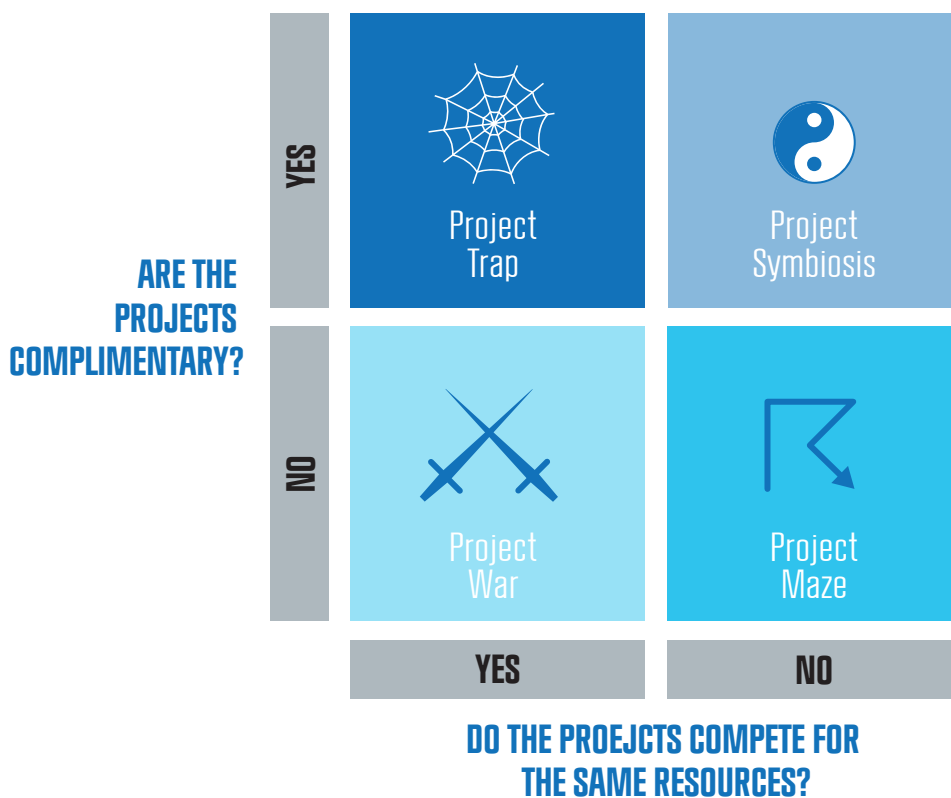
WHAT IS YOUR STRATEGIC PLAN?

INTENDED PLAN (formulated)	SELECTED INITIATIVES	
	FRAMED INITIATIVES	
	POSTPONED INITIATIVES	
	ABANDONED INITIATIVES	
UNINTENDED PLAN (not formulated)	ENTERING INITIATIVES	

STRATEGIC PROJECTS

While plans are directive, projects are the true engine of implementation. Projects are time-limited resource commitments with a clear beginning and end. In other words, projects are the framework in which resources are committed to achieve specific goals. For example, if “digitalization” and “closer to customers” are part of the plan, projects may include “building a new architecture for customer data,” “developing new customer reports for sales and call centers,” and “training frontline employees.”

An understanding of strategy as a living portfolio of projects offers a new, dynamic, and concrete view on implementing an organization’s plan and achieving the desired position while honoring its perspective. In daily practice, projects are described using a multitude of terms, including “roadmap,” “implementation map,” and “execution charter.” An important challenge is to create a project portfolio that is possible and meaningful to implement. As the below figure illustrates, project symbiosis may not always be possible – many organizations struggle with an overload of projects that makes the implementation of a strategy difficult or impossible.



¹⁰ The matrix was developed and further explained in: Pedersen, Carsten Lund & Thomas Ritter (2018), "The Four Executive Challenges of Project-Based Strategy," *Strategy & Leadership*, Vol. 46 (6), pp. 44-49.

WHAT IS YOUR PORTFOLIO OF STRATEGIC PROJECTS?

WHICH PROJECTS DO YOU HAVE IN YOUR PORTFOLIO?

WHICH PROJECTS SHOULD YOU HAVE IN YOUR PORTFOLIO?

WHICH PROJECTS HAVE THE POTENTIAL TO BE RETROSPECTIVELY VIEWED AS KEY IN 10 YEARS?

How do your projects fit together?
Do they compete for the same resources?

COMMENTS

STRATEGIC PREPAREDNESS

While risk management and the handling of uncertainties have always played a role in strategic management, recent crises (e.g., the Covid-19 crisis, geopolitical crises, cyberattacks, supply chain disruptions, natural disasters) have made it clear that preparedness requires much more attention than it has typically received. In other words, being prepared is too strategically important to be left out of strategic thinking. Preparedness covers an organization's ability to handle unforeseen events, and its ability to deal with uncertainty in general. To some degree, investments in preparedness are like insurance: while you hope you will never need to draw on your insurance, as that would imply the occurrence of a negative event, you pay for insurance – just in case.

To develop a better understanding of an organization's preparedness, we suggest distinguishing among:¹¹

- Robustness – the ability to withstand a crisis;
- Recovery – the ability to return to normal after an outage period;
- Improvisation – the ability to engage in ad hoc problem solving; and
- Innovation – the ability to invent new ways of working.

Consider, for instance, a cyberattack. How robust is your organization (i.e., how long can systems withstand an attack)? How fast can your IT system be rebooted after a crash? How can the outage of an online storefront be mitigated spontaneously (e.g., through employees organizing a telephone hotline for orders)? Could customer data be compromised? Are you prepared to deal with a ransomware attack? Can a new system be developed that is not vulnerable to similar attacks in the future (i.e., innovating for future robustness)? In short, how prepared is your organization? How prepared should it be?

¹¹ These four crisis-management opportunities were developed and further explained in: Pedersen, Carsten Lund & Thomas Ritter (2022): The Market-Shaping Potential of a Crisis. *Industrial Marketing Management*, Vol. 103, 146-153.

HOW WELL PREPARED IS YOUR ORGANIZATION?

WHAT EVENTS DO YOU PREPARE FOR?

HOW ROBUST IS YOUR BUSINESS MODEL?

HOW FAST CAN YOUR BUSINESS MODEL RECOVER?

HOW GOOD IS YOUR AD HOC PROBLEM SOLVING?

HOW GOOD ARE YOU IN INNOVATING?

THE STRATEGY POSTER OF THE DANISH ENERGY COMPANY ØRSTED

For illustrating strategic thinking along the 5 Ps, we provide the below one-page strategy poster illustration for Ørsted, a Danish energy company. The illustration is based on Ørsted's 2021 Annual Report and a press release concerning the Ukraine

crisis. We have prepared this example solely to illustrate how our 5 Ps framework works, not to discuss the quality of the strategy itself.

PLAN	PROJECTS	POSITION
<p>Accelerating the global build-out of renewables</p> <p>Validating our ambitions on science-based climate action our 2040 net-zero commitment</p> <p>Building a multi-technology growth platform to meet customer needs</p> <p>Our sustainability priorities</p>	<p>Ørsted Partners with AXA IM AIFs and Crédit Agricole Assurances on Hornsea 2 Offshore Wind Farm</p> <p>Ørsted completes onshore wind farm Haystack Wind in Nebraska</p> <p>Ørsted and Maersk sign landmark green fuels agreement, as Ørsted enters the US Power-to-X market</p> <p>Partnership behind "Green Fuels for Denmark" accelerates project and investigates production of green jet fuel by 2025</p> <p>Ørsted partners with Liquid Wind and expands presence in green fuels with investment in large-scale e-methanol project in Sweden</p>	<p>PURPOSE Let's create a world, that runs entirely on green energy</p> <p>PLACE The world's leading energy major</p> <p>PERFORMANCE</p> <p>Financial estimates</p> <ul style="list-style-type: none"> Total gross investments spend Average return on capital employed (ROCE) Average share of EBITDA from long-term regulated and contracted activities Average yearly increase in EBITDA from offshore and onshore assets in operation <p>Financial Policies</p> <ul style="list-style-type: none"> Rating: Min.Baa1/BBB+/BBB+(Moody's/S&P/Fitch) Capital structure: -25% (F00/adjusted net debt) Dividend policy: Ambition to increase the dividend paid by a high single-digit rate compared to the previous years' dividends, covering the period through 2025 ESG performance indicators strategic targets
<p>PREPAREDNESS</p> <ul style="list-style-type: none"> (#1 in 2020) Inflation and interest rates (#3 in 2020) Increased competition leading to price pressure (#New in top 6) Cost inflation and supply chains (#2 in 2020) Currencies and energy prices (#New in top 6) Offshore power generation (#5 in 2020) Cybersecurity 	<p>Ørsted updates investors on the company's exposure to gas contract with Gazprom Export</p>	<p>PERSPECTIVE</p> <p>Hans Christian Ørsted's ground-breaking discovery was a result of his curiosity, passion and interest in nature. These are all qualities we're highly inspired by, embodying everything we need to create a world that runs entirely on green energy. Moreover, his name was not that foreign to us, since our more than 100 year-old combined heat and power plant, H.C. Ørsted Power Station, is named after him.</p>

Source: Based on Ørsted's strategy (from the 2021 Annual Report, released February 2, 2022)

DEVELOP YOUR OWN STRATEGY POSTER



<p>PLAN</p> <div data-bbox="207 1680 853 2072"> </div> <p>PREPAREDNESS</p> <div data-bbox="853 1680 1133 2072"> </div>	<p>PROJECTS</p> <div data-bbox="207 582 1133 1657"> </div>	<p>POSITION</p> <div data-bbox="207 168 1133 548"> <p>PURPOSE </p> <p>PLACE </p> <p>PERFORMANCE </p> </div> <p>PERSPECTIVE</p> <div data-bbox="1133 168 1460 548"> </div>
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AUTHORS

Carsten Lund Pedersen
Department of Business IT
IT University of Copenhagen
calp@itu.dk

Thomas Ritter
Department of Strategy and Innovation
Copenhagen Business School
tr.si@cbs.dk

LAYOUT

CBS Communications

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