

# Building a Successful Strategy as a CEO

CEOs lead purpose, direction, and execution. And people are central to all. Whilst Boards may have the formal accountability for strategy, it is the CEO who has the task to propose your strategy and explain how it will be executed and measured.



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### **How to build a successful strategy?**

The CEO strategy task is unique – to set the direction for the enterprise. As **Angus Flett** remarks:

*“Deciding on strategy is not a democratic process, but one based on both facts and conviction and owned by the successful CEO. Architecting an effective strategy is a science and an art. The science part is based on facts and logical arguments – what can be achieved based on what strategic effort. When it comes to the science of strategy there is much knowledge about how to scope and measure strategy that CEOs can leverage. The art of strategy is about the crafting of a compelling narrative or story, here people leadership is the key, and the CEO must use their team to engage and create followers.”*

**Christian Nyhlen** continues:

*“Research into effective and ineffective strategy execution clarifies that to be successful in the strategy task, the CEO must first be able to also secure that the organisation’s purpose, mission, direction, and vision are clearly formed and aligned. Then an effective strategy can be scoped and, ultimately, the best possible strategic choices made. As the CEO, you need to create strategic direction that is followable – even inspiring – and yet to still underpin decisions with hard researched facts and not personal opinions (i.e., what market share can we realistically change; how can we effect our margin; what talent can we attract to execute our plans, etc.). Continuously securing that the organisation has a common understanding of the direction and what should be achieved, boosts both selfleadership and proactive behaviour. The combination of this focus on communication and using fact-based logics in strategy development are in themselves success factors.”*

And **Richard Moore** points to why there is no possible standard solution for effective strategy development, but there are important conditions:

*“To build a successful strategy, the unique circumstances of the organisation, its results needs, and success criteria must be agreed between the CEO and the Board. Effective CEO and Board working is vital for strategy formulation, as is a proper analysis and the development of a compelling strategic narrative. Only with the precise context commonly understood – the situation, the results needed, the options available, the direction chosen – and with the people dynamic functioning well – can the foundations for successful strategy work be laid.”*

**Christian** continues with a focus on how science can help:

*“Strategy is nowadays a well-researched area. We know that each organisational context and so strategic effort, is unique. Nonetheless we also know that there are sound frameworks available to use to ensure the right strategic questions are asked. Whilst you may choose to work with Strategy Consultants, today it is also possible to use well-*

*proven frameworks without such help. However the task is approached, reflecting on it from a scientific basis will help. After all, the CEO strategy task is simply the systematic analysis of a complex issue and the creation of a valid hypothesis. Conduct research, formulate an evidence-based theory and identify the steps that are needed to achieve the objective. Consider what effort is required and what resources are available - human, technological, materials (products or IPR) and funding, and test the theory to learn and change as needed."*

What should the scope of a sound strategic analysis be? **Richard** picks up the topic:

*"I would put forward 4 core question areas, that if answered effectively, will secure a sound strategy analysis and cover the systematic analysis Christian refers to. They cover the core elements of a strategic plan and can be looked at past-present-future:*

- *Market & Company Context*
- *Results Requirement, Gaps and Opportunities*
- *Organisational Effectiveness*
- *People Capabilities*

*Of course, there are many other questions you may need to ask unique to your context, but this scope will give you a well-proven and comprehensive base. For examples of specific questions you might ask related to these four areas, see the information box."*

And in analysing and building a strategy with the required scope, **Angus** adds two principles from his practical experience.

*"Once you understand the scope of a sound strategic analysis it is valuable to apply two rules:*

- *Address the required scope with the end in mind. What should eventually be achieved? This may sound obvious, but in their excellent book 'Working Backwards' Bryar and Carr explain simply how to do this properly. In my experience CEOs and strategic planners can be too fast to focus on internal strategy drivers rather than building them around customer need and future value creation.*
- *Make sure you have time-bound measures in place. Interim goals for your long-term vision and measurement of your strategy implementation are important. One year is too short, ten years too long so break strategy followup down to interim steps of three to four years. Strategy is about effort to get to*

#### 15 Questions to scope a sound Strategy Analysis

1. What does your data tell you about where your organisation stands now?
2. What is different from where you stood last time you reviewed the data?
3. How are the customer needs and how your organisation addresses them affected by change?
4. Which customer segments and locations will you prioritise next?
5. Should your future market goals change, if so, how?
6. What competitors will you face? How will you benchmark?
7. What position will you take towards stakeholders and society?
8. What type of financial performance will you plan to achieve? What KPIs will you choose?
9. How will you foster organisation strength?
  - Operating Model
  - Organisation Design
  - People Capability
  - Technology
  - Infrastructure and IPR
10. Which stakeholder relations and position in society will you develop?
11. What adjustments to vision, mission, value proposition and goals are needed?
12. What changes to operating model, organisation structure, technology, leadership, and management are needed?
13. Which leaders do you need to achieve the results required and how will you attract and select them effectively?
14. Where in the organisation should leaders be placed so they perform optimally?
15. What people capabilities do you need to build?

results. What are your proof points that will show your strategy is executed over three-to four-year periods? Or to put it in more scientific language – how will your team test your strategic hypothesis and adapt?”

And **Christian** adds:

*“Strategies need to be able to be adapted, sometimes as soon as they are set. Modification of strategy requires adaptive skills as the context changes, from the CEO, the Board, and leaders in the team. Logic and data explain what is not working and increasingly can propose decisions. But it is people that must adapt, change, and achieve in new situations. Don’t be afraid to change your strategy. Strategy is a choice where to put focused effort (or not) and the choice is easier to make with a strong outside-in perspective, good metrics, and continual review.”*

Finally, **Angus** reminds us of the essential art of strategy:



**“To build a strategy based on proven frameworks and measure it effectively is one thing, but to lead your team to higher success, you must equip your team to execute it. Remember that widely cited research indicates that nearly half of new CEOs don’t make it past 18 months (AESC ‘Minimize Risk’, 2021). At the end of the day, successful CEOs implement strategy through everyone else and your people are the most important aspect of strategic planning and execution.”**

