



Strategy Development

This Learning Guide is based on the book Good Strategy Bad Strategy: The Difference and Why It Matters by Richard Rumelt, and internal insights and learnings developing Strategy Documents.

Course Content

Introduction

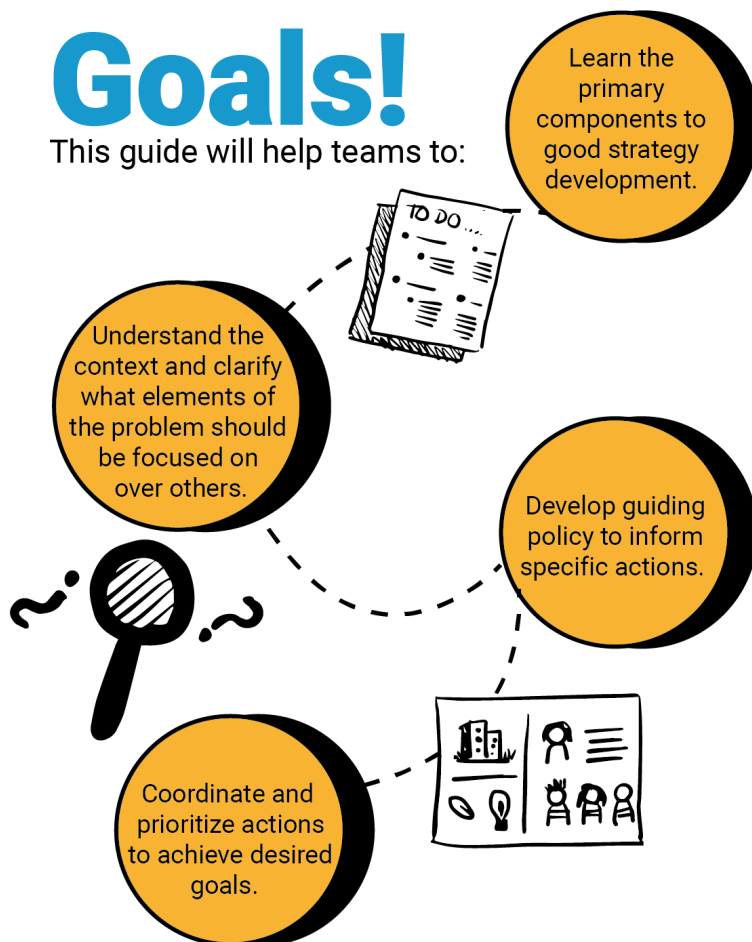
Introduction

This learning guide addresses questions related to good strategy development and helps teams build strategic plans that drive action and decision making.

While good strategy development cannot be mastered in one template, **this is meant to be a capacity-building resource specifically designed to guide teams through the strategic planning process.**

Goals!

This guide will help teams to:



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Strategic plan

REMEMBER!: This Learning Guide is designed to help you and your team orchestrate the necessary actions leading to a healthy strategic planning process. As a result, you will be well positioned (AND EMPOWERED) to write a strategy document that drives action and decision making.

IS

IS NOT

A framework to prioritize and guide internal action	A categorized portfolio of projects contributing to a larger program or initiative.
A foundation for internal communication	A communication product designed for ext/int audiences to showcase the program/initiative

Source material to inform decision-making	A narrative designed to engage partners, donors, or internal staff
Basis to secure internal alignment and coherence	

What this guide will cover

1. LET’S GET STARTED!

Learn the three primary components to strategy development

2. DIAGNOSING THE PROBLEM

Understand the situation

3. GUIDING POLICY FORMATION

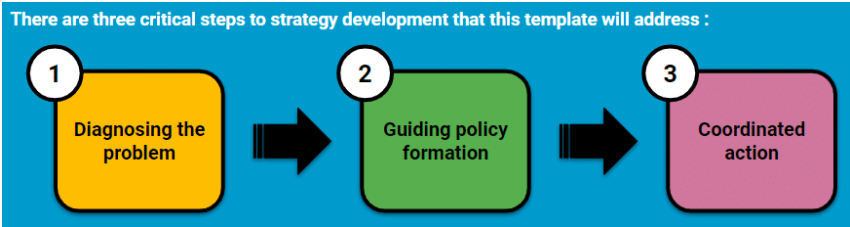
Design methods to increase guidance and focused action

4. COORDINATED ACTION

Establish the basis for coordinated action

5. SUMMARY

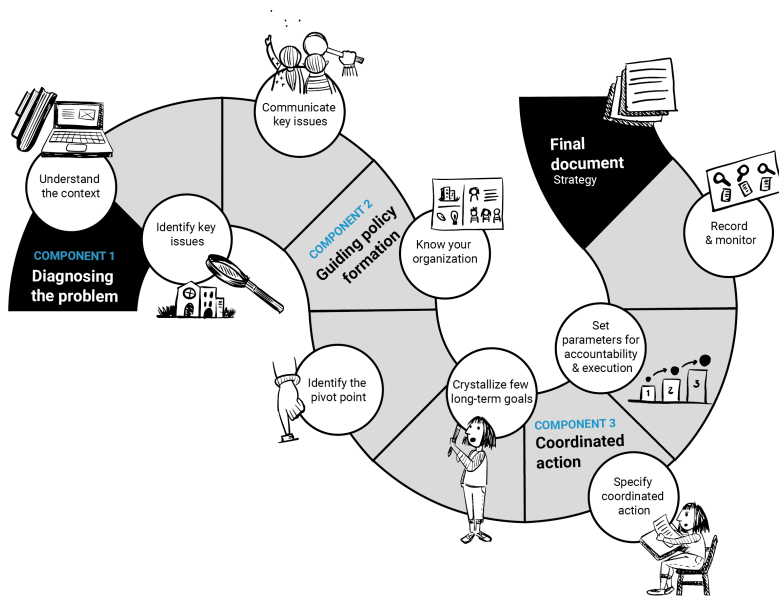
Let's get started!



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General assumption: To successfully improve or design a good strategy, your team must know what you want to do (i.e., your focus is transportation, water resilience, urban energy grids, building efficiency, etc.), and know-how to do the type of work you want to do (i.e., if your team is working on building efficiency, you already have expertise in the general technical areas of building efficiency).

Diagnosing the problem: Figuring out what is going on



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- **Diagnosing the problem comes down to understanding the situation.** Including the system, sector or community we are trying to influence and more importantly, the main challenges that need to be further understood before any course of action is identified or prioritized
- **Just as with human patients, diagnoses can evolve with the addition of new facts.** Just as a doctor charts their diagnosis so that the patient's medical history improves future diagnosis, a good strategy also relies on effectively documenting initial and ongoing diagnoses.
- Start by determining few key problems a given system, sector or community is facing – **“What are the patient's symptoms?”**

Before you start: Classify the situation

There are a few things that must happen for a problem to be diagnosed:

- Assess primary information
- Issue Identification
- Communicating the Issue

Check your sources!

At a minimum, there should be some reference to direct surveying of the target stakeholder group in the sources referenced. List the sources that your team consulted to ensure that you and your colleagues have a shared understanding of the data that is being referenced.

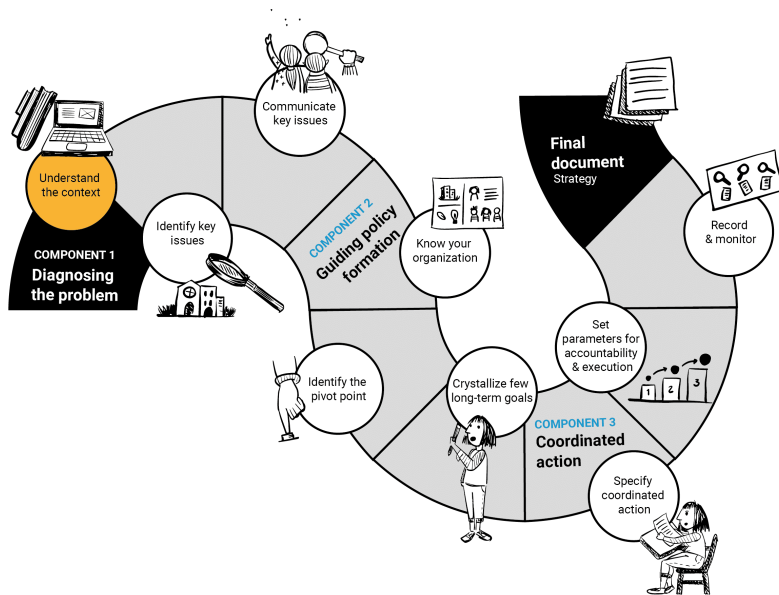
Diagnosing the problem

Important!

Prioritize feedback from organizations or individuals directly affected and consider asking questions that put them in the center:

- What is the problem that people are facing in their daily lives?
- Who is facing this problem, and why is it a problem for them?
- Is this a problem for some people (i.e., men or adults), the same reason this is a problem for other people (i.e., women or children)?
- Who is not facing this problem and why?

Understand the context



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Conduct research to understand what others have done in similar situations and **identify any patterns or trends relevant to your understanding of the issue.**

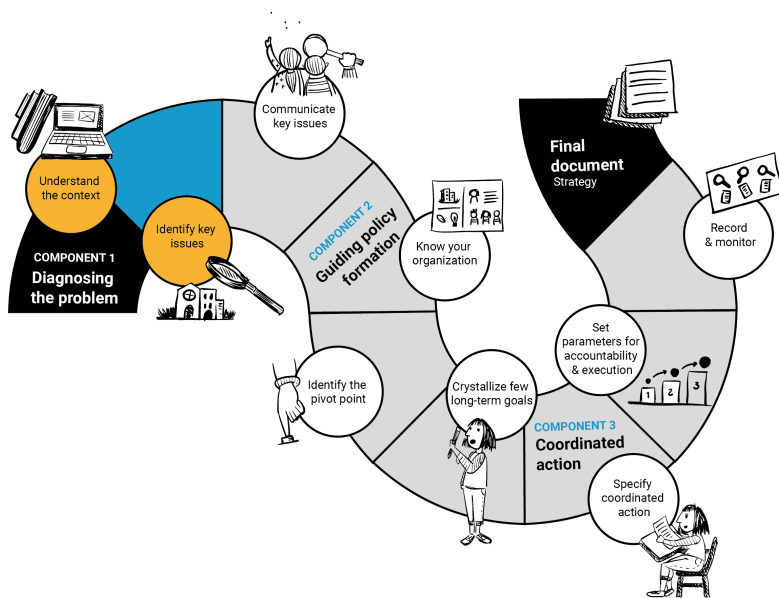
The goal is to analyze how similar circumstances have been resolved or not resolved and remember the effective or ineffective actions when addressing them.

A good starting point is looking at what partner organizations and development agencies are publishing in their websites. Impact evaluations are particularly helpful.

Write It Down!

Record your findings. Be sure to include document links for your future self and/or new team members.

Identify key issues



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Issue identification is all about clarifying what elements of the problem should be focused on over others. The goal here is to call attention to the crucial aspects of the problem to define the main areas that will focus on action (your key leverage points). Your team should look for key leverage points rather than an idealized outcome.

Use your team's technical knowledge and previous information to identify the critical actionable issue to address the problem you are trying to solve. Your team should also justify why they selected this issue

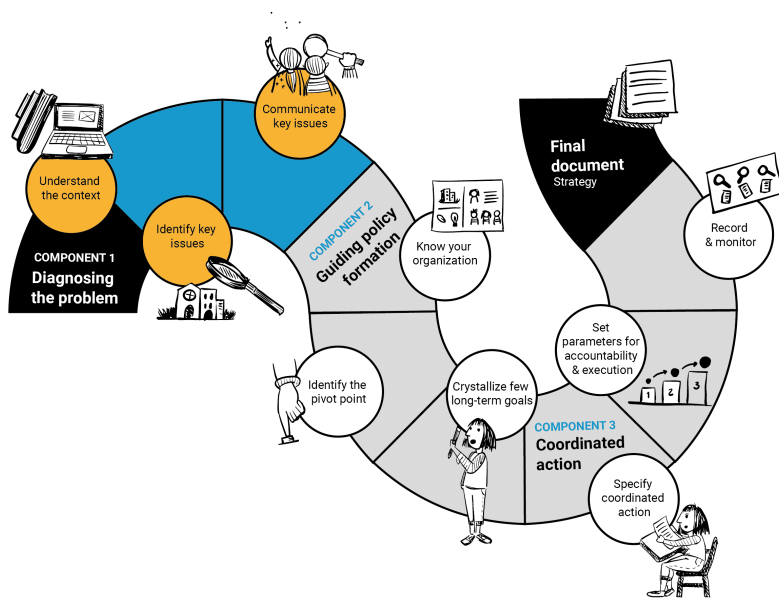
Key leverage points

A **key leverage point** is an action or problem that your team is in the strongest position to effect/solve.

Important!

Be **clear and direct** when wording the issue. Any strategy that includes language such as "**culture change is needed**" is not a good strategy because the term is too ambiguous and says nothing about the action that needs to happen. If your team is trying to address an issue as complex as social class or culture, it must be broken down into more minor, actionable elements.

Communicate key issues



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Your strategy's communication is central to its success. People must understand what the plan is before they can buy into it. This starts with a shared understanding of the issue to be addressed.

[Pro Tip]

Sometimes using a metaphor, analogy, or reference to a diagnosis or framework that has already gained acceptance will help ensure that your issue is understood and remembered.

Example: People in Mexico City spend 21 days a year sitting in traffic. That's 2.4 years within 40 years period (from our video below).

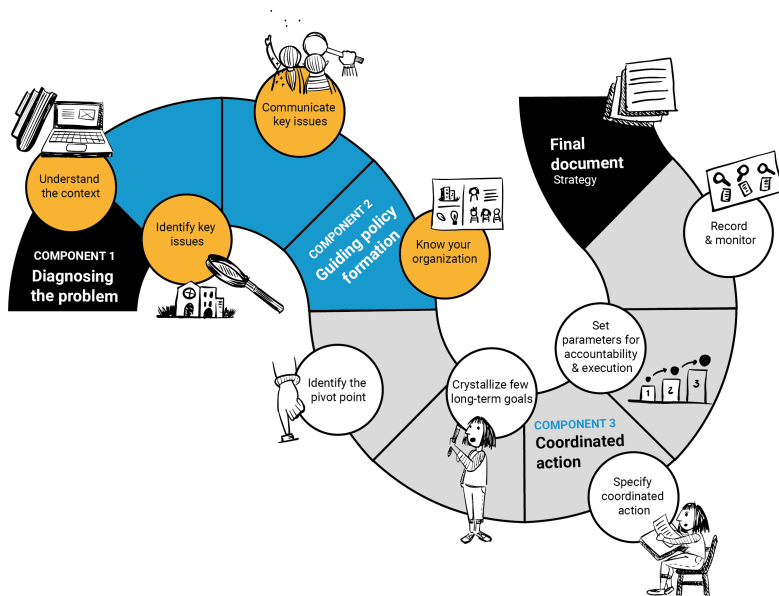
The way you communicate your diagnosis should simplify the complexity of the situation by focusing on the specific critical elements (your key leverage points).

Example 1

Example 2

Guiding policy formation

Know your organization



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Anticipate actions and reactions – A common pitfall in strategic planning is to assume that a “product” will directly help people ranging from national ministers to local community advocates to business leaders. They may appear to be the same on paper, but they often differ.

Anticipating actions and reactions helps clarifying what the response will be when there are competing priorities.

For example: A donor cares more about scaling quickly, but staff care more about social equity.

What will the team prioritize? A good Guiding Policy should be explicit about priorities.

Guiding policy formation

A Guiding Policy is a METHOD of ruling out possible choices to reduce transaction costs and increase coordination and focus on action.

However, a guiding policy is not a rigid set of rules that must always be followed; it is more like the rails outline a path. Your team should be allowed maximum flexibility to make decisions while at the same time keeping everyone moving along the same route.

Remember

Any actions that do not align with your stated objectives should not be seen as a strategic priority and should only be allocated resources after the needs of the strategic priorities have been met (if at all!).

Caution!

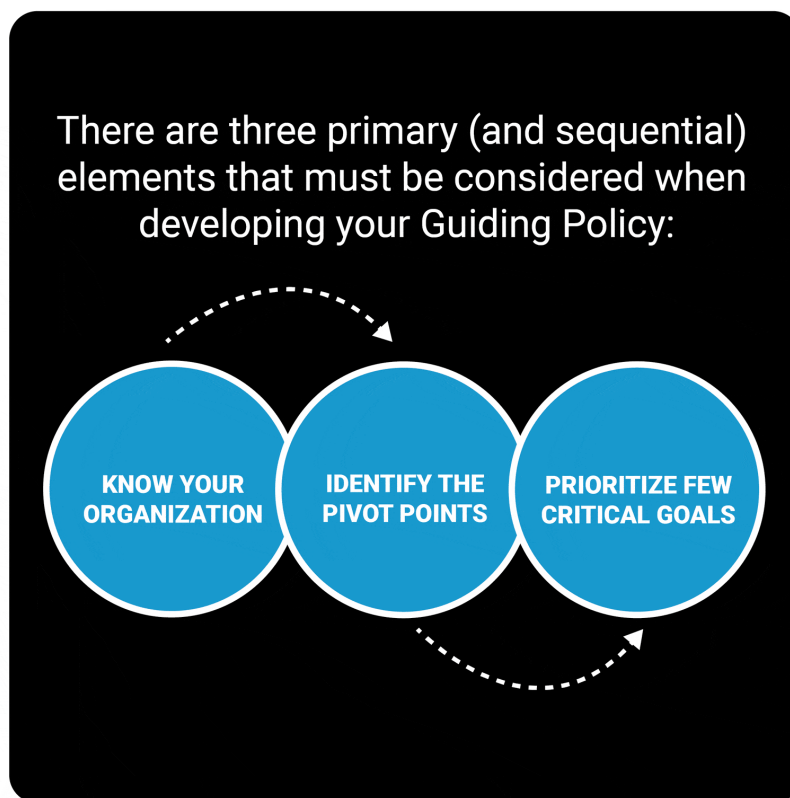
The Guiding Policy IS NOT a vision statement, a goal statement, or a picture of the desired end state.

The Guiding Policy IS a method to ensure strategic focus, alignment, and coherence.

*Such policy often results in a set of goals, principles and incentives well known and followed by the entire organization in order to address critical issues identified in the previous phase (diagnosis).

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Primary elements that must be consider when developing your Guiding Policy



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Remember

When developing a strategy, your team must understand the needs and wants of the people or entities funding the initiative, or benefited from our work. This information is collected in the diagnosis phase.

Anticipating actions must be explicit about the assumed motivations of different stakeholders to be effective.

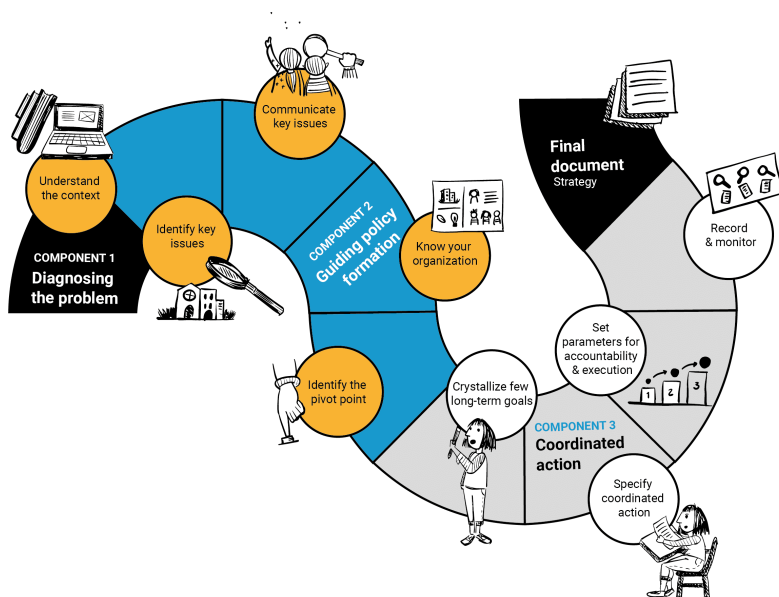
Pro Tip

A good resource for teams is to develop a good **SWOT analysis** and highlight the importance of bringing perspectives from external actors that are familiar with the organization (donors, partners, board members, etc).

Important!

Actively seek feedback from different people in and outside of your team and organization. The more perspectives you can gather about your stakeholders and your team will help strengthen other elements of your strategy.

Identify the pivot point



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References

Identifying a pivot point is about finding where your limited action can have an outsized impact on creating a change, a place where your team can make or extend the advantage to achieve the desired result. Pivot points are often akin to your team's competitive advantage but, it may be the case that a pivot point relates to new technology or a situation where there is not yet any established expertise

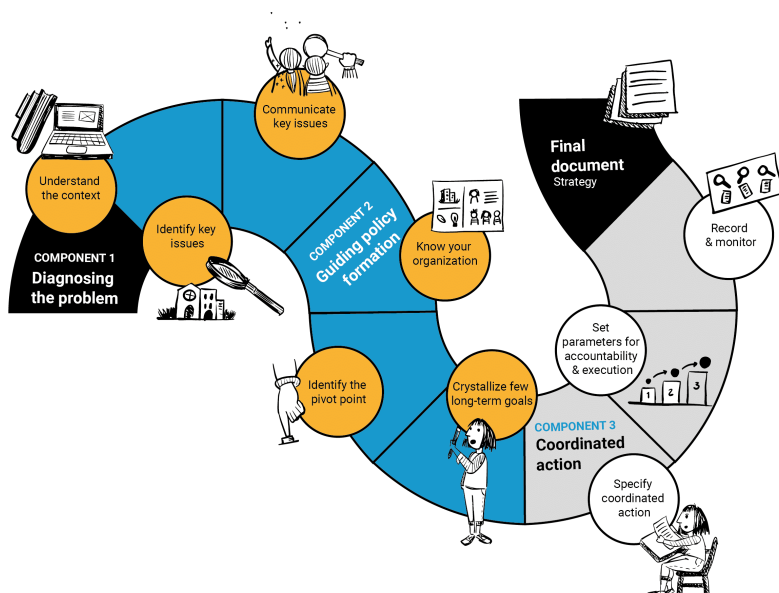
Find your team's niche that will serve as an entry point for achieving the end goal.

Things that might help identify pivot points: Detailed context analysis combined with quality monitoring and evaluation data will support this decision-making.

Write It Down!

Record at least one action your team can take that will leverage your team's strength to address the wants and needs of your beneficiaries when your team has identified a pivot point.

Cristallize few long-term goals



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Concentrated action is the idea that aggregated actions are more effective at achieving change than disaggregated action. Anything below this threshold will have little or no payoff as it will not achieve the desired change. Anything above this threshold is exceeded and is wasting valuable resources that could be allocated to something else. When considering actions to be taken, the team should consider if that action is getting them closer to achieving their specific goal. If not, that action should not be a priority.

The goal of concentrated action is to ensure that your strategy sets your team up for success by focusing on a specific objective that will help build momentum. In summary, is about prioritizing a few critical goals.

Remember

Even a small win gives people confidence that their efforts are impacting, and they are further energized to continue and build on their work. This is in comparison with excellent or very disparate efforts. 100% of 10 often sounds better than 20% of 100.

Set parameters for S.M.A.R.T. outcomes!

SET PARAMETERS FOR S.M.A.R.T. OUTCOMES!

An Outcome is the behavior change from an external actor that results, at least in part, from the strategy's activities and outputs.

WRI uses S.M.A.R.T Outcomes statements to set, monitor, and evaluate such goals. Outcomes statements can be external (e.i. By 2026, 1M under-served residents gain access to core services in 5 cities) or internal (e.i. By 2026,...).

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It is important for your team to define the specific outcomes for each component of strategy development, as well as to define the overall outcome of the strategy to measure success and locate improvement areas. Assessing progress of global outcomes in the Strategic Plan is a critical step of the annual work planning process. It informs decision making and allocation of human and financial

resources.

Add specificity when feasible

Components in outcomes include:

VERB INDICATING CHANGE	WHAT CHANGES?	WHO CHANGES?
Ex. Increased, improved, used.	Ex. coverage, behavior, models.	Ex. Individuals, communities, institutions.

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For example: Where you expect to see this change? (include geography); By when do you expect to see the change? (include date); How much change do you expect to see? (include target).

[Guide to Developing Measurable Outcome Statements](#)

Coordinated action: What the team does

The last critical element of strategy development is coordinated action. If diagnosing the problem gave you a general sense of where you need to go and guiding policy established the guide rails that keep your team on the trail, coordinated action is what keeps your team moving together along the path instead of running into and blocking each other.

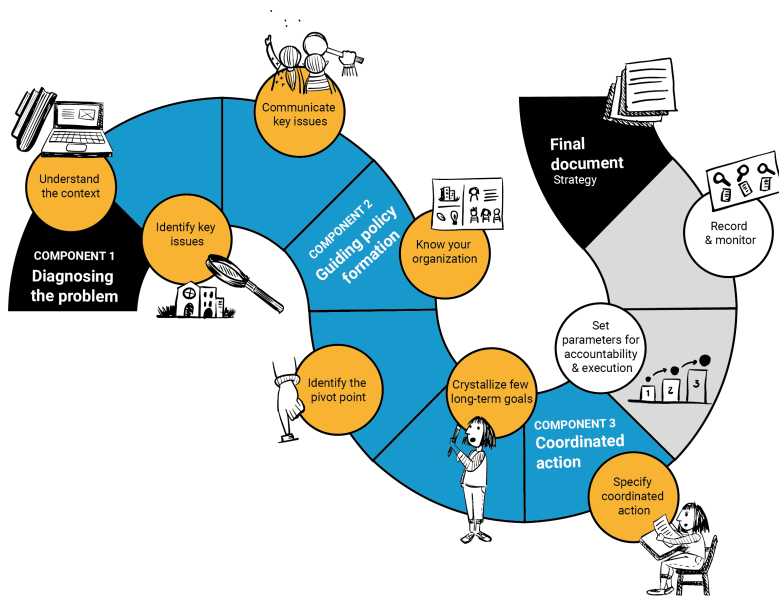
The role of your strategy is not to ensure that everything is coordinated but to specify what specific actions should be coordinated to achieve your desired goals.

Pro Tip

Follow three steps to ensure coordination:

1. Specify coordinated action,
2. Set parameters for execution and accountability,
3. Record and monitor.

Specify coordinated action

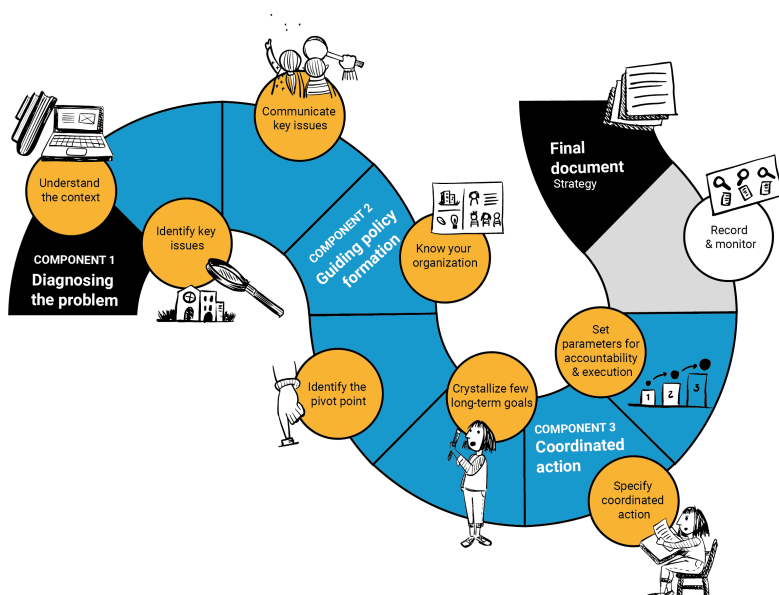


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- Your strategy doesn't need to describe every single action that's needed to achieve the goals of the organization, but those that are more critical requiring close collaboration among different actors.
- Coordination is not something that is universally desirable. There are very real transaction costs that are incurred in every coordinated action. It demands a high level of discipline, focus and commitment by the leadership and the entire organization.
- The strategy provides critical insights about the **type of actions needed**. The annual work plan process allows teams design and execute those actions.

Coordinated action

Set parameters for accountability and execution



After key action types are specified, your strategy needs to suggest or establish mechanisms enabling teams within the organization to advance those critical actions. Examples of enabling mechanisms

include funding, defining a management structure responsible for actions and results, and a clear mandate and very strong degree of top-down support.

Additionally, **the team should understand accountability as a critical feature of coordination.** Ensuring that there are documented and disseminated accountability mechanisms is necessary to enforce strategic, coordinated actions.

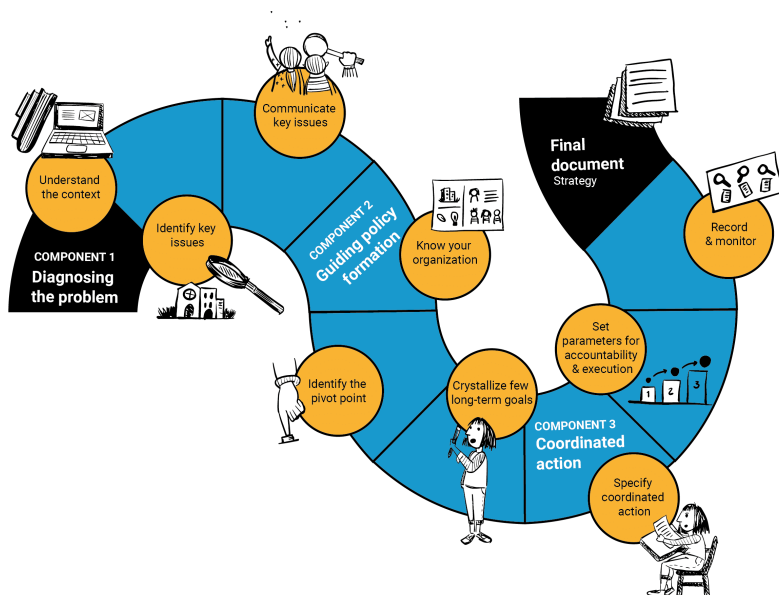
There should be direct accountability for the costs and benefits of actions between those responsible for making a decision and the direct result of that decision.

Pro Tip

Building accountability and ownership early in the planning process improves execution and fosters a sense of co-responsibility.

As much as possible, get members from the leadership team and managers involved in the design of coordination mechanisms and incentives.

Record & Monitor



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Record how your team is strategically approaching coordinated action. This write-up should include:

- The specific centrally coordinated and decentralized actions, including particular decision-making points that the team views as necessary to ensure that strategic objectives are met.
- The individuals/teams accountable for the costs/benefits associated with the previously identified centrally or decentralized coordinated actions.
- The specific results you want your strategy to produce to ensure success and continuity.

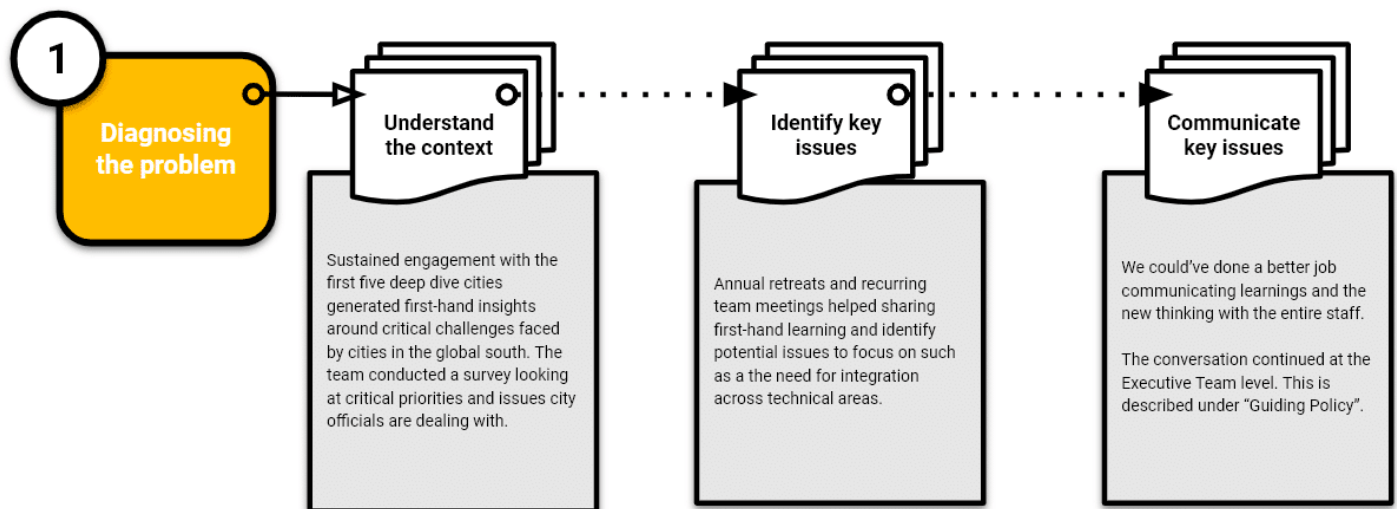
Pro Tip

Coordinating actions is complex, and your strategy needs to consider the current capabilities of your team/organization. Identify a specific project or policy where a culture of coordination can be established and then update your strategy as coordination becomes more ingrained.

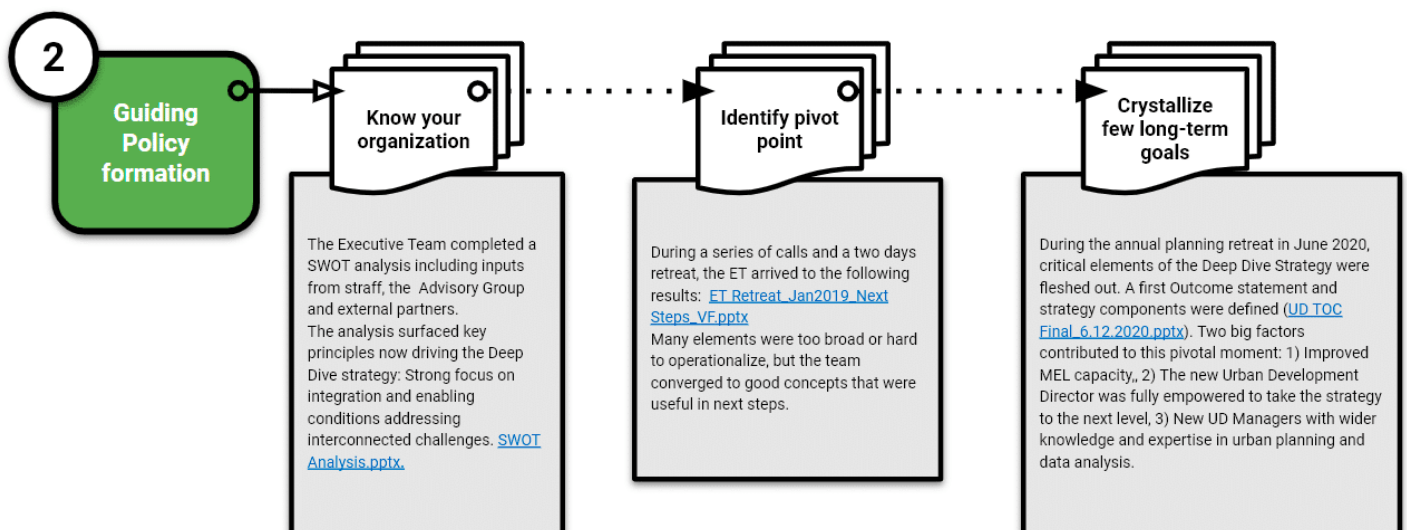
Summary

Teams that seek to develop a sound strategy must address three primary components to move forward successfully and reach desired goals: diagnosing the problem, creating a guiding policy, and establishing coordinated action.

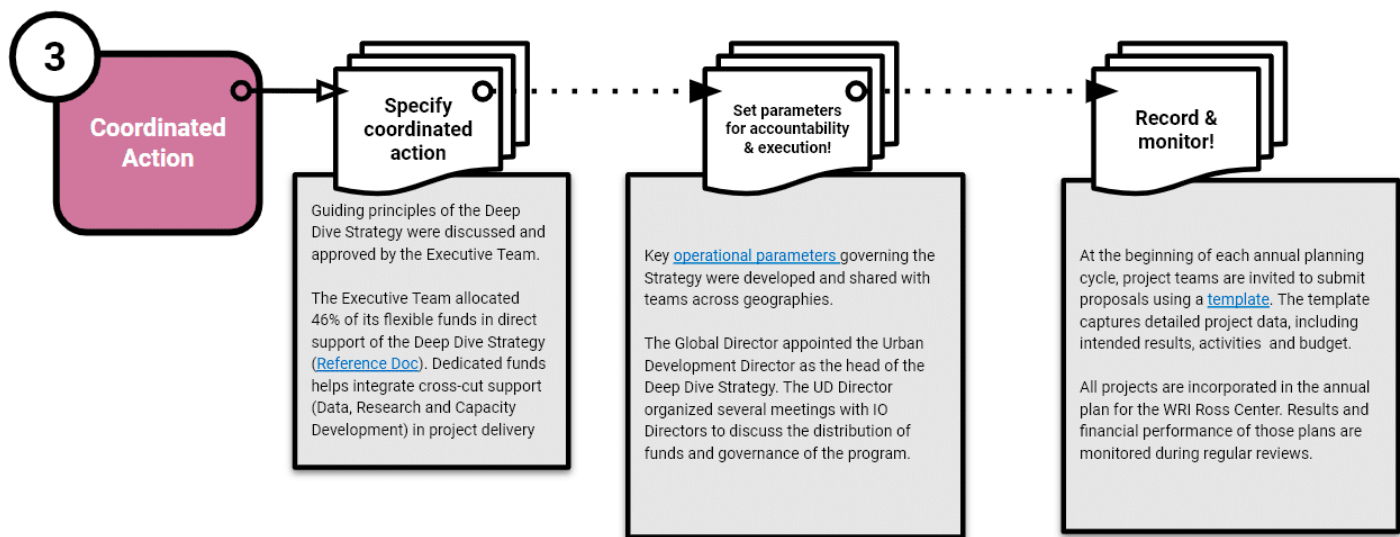
1. Diagnosing the problem comes down to understanding the situation, an informed judgment about the meaning of the facts in front of you. Keep in mind that diagnoses can evolve with the addition of new facts. Make sure key leverage points are identified and communicated to the staff.
2. A guiding policy is a method of ruling out possible choices to reduce transaction costs and increase coordination and focus on action. It is not a rigid set of rules that must always be followed, but information that should allow your team maximum flexibility to make decisions while at the same time ensuring you are all heading towards a common goal (outcome).
3. Coordinated action is what keeps your team working to achieve your desired goals instead of blocking each other. The role of your strategy is not to ensure that everything is coordinated but to specify what specific actions should be coordinated to be successful and effective.



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References

- [SWOT Analysis.pptx](#).
- [ET Retreat_Jan2019_Next Steps_VF.pptx](#)
- [UD TOC Final_6.12.2020.pptx](#)
- [Reference Doc](#)
- [Operational parameters](#)
- [Template](#)

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