

Progressive approximation in developing strategy: example of a planning approach

'Progressive Approximation' in Developing Strategy

(Adapted from Richard Koch, 2000. *The Financial Times Guide to Strategy: How to create and deliver a useful strategy*. Pearson Education: Edinburgh.)

A great deal of time can be wasted on trying to get precise and definite answers to strategic issues. Very often the worst result is not the waste of time, but exhaustion or impatience on the part of the participants, leading them to throw out strategic thinking as being too academic, wearisome or anti-action. The answer to this syndrome is *Progressive Approximation*.

The basic point is that you should come up with your best initial answer very quickly, and then decide whether it is worth the time and effort to improve on it by data-gathering and analysis. This is actually the way nearly all managers generally behave as they go about their daily lives. There is no reason why strategy development should be an exception.

The procedure is:

- *State as clearly and crisply as you can the questions you want to answer: the Critical Issues.* The idea is that if you knew the answers to the Critical Issues, you would know exactly what to do. Do this on one sheet of paper: you should have no more than seven Critical Issues (ideally between four and six).
- *Then construct, on another clean, single sheet of paper or screen page, your Hypothesis on the Critical Issues.* Your hypothesis on each Critical Issue is your best guess at what the answer might be. At this stage it does not matter whether you are right or wrong. The key thing is to imagine the shape of a possible answer, so that you can then reframe the hypothesis later in the light of new information or insight.
- *Now list on a third sheet the information you would ideally like to help you resolve each Critical Issue.* When you have finished, take another page and compile two columns, labelled "Most Important Data" on the left and "Easiest to Find Data" on the right, and rank the information you want under both headings. Decide which bits of information you want to acquire first – a combination of the most important and the most accessible information. Italicise the data you aim to collect in this first round.
- *Decide who among your fellow managers to involve in the strategy development process.* This should include anyone who will be important in actually carrying out the new strategy. Then ask each of them to go through the steps above.
- *You and your colleagues should then meet or use e-mail to compare notes and come up with a consensus three pages of Critical Issues, Hypotheses and Data.* Decide how the information is to be acquired, who is to do this, and when you will all meet again to review the results.



- *Review the new data, and see whether it is pretty clear what the new strategy should be.* If you are still in serious doubt, or there is lack of consensus, agree what the most important points still at issue are, and decide what data should be gathered in the second round to help settle the issue. Then decide who will collect the data and when you will review the results collectively.
- *Continue the process until you agree.* This agreement can be either on the answer, or that there is a consensus that the answer is likely to be X, and that the cost and delay involved in further investigation is not merited, so that everyone agrees that X should be pursued.

This process of 'progressive approximation' will give you a quicker, cheaper and probably better answer than conventional methods, but the key benefit is that the new strategy will be implemented more quickly and effectively. On some complex and important issues you may still need to use consultants, but do it under the control of the working managers and do not allow the consultants to usurp the process. The operating managers must remain in charge, and must do the main thinking.