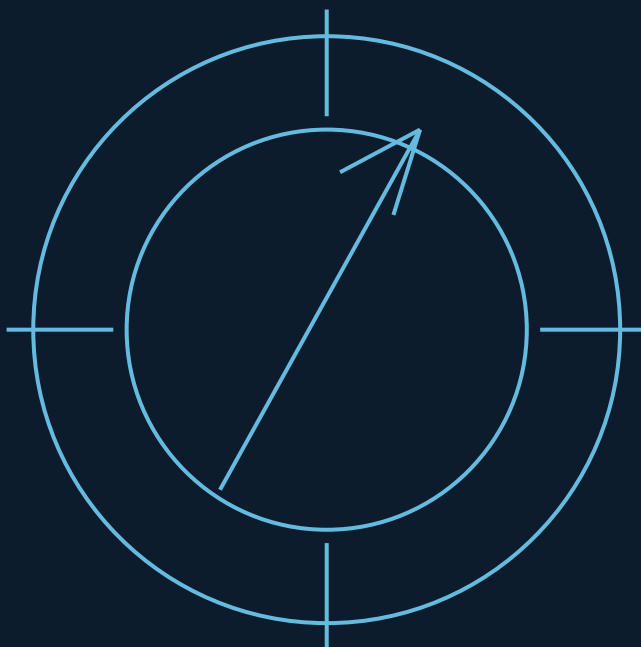


THE STRATEGY WE NEVER WROTE DOWN

When Strategic Consistency Stops Being Strategic Choice



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When Strategic Consistency Stops Being Strategic Choice

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Consistency is usually considered a sign of strategic discipline.

A company chooses where to compete, concentrates resources, builds capabilities, develops talent and reinforces its competitive position over time.

Years later, the pattern remains remarkably consistent.

That may be evidence of a strategy working exactly as intended.

But it may also mean something very different.

Strategy and inertia can leave remarkably similar footprints.

Both can produce consistent capital allocation. Both can reinforce the same capabilities.

Both can favor the same businesses, customers and markets. Both can lead an organization to reject the same alternatives year after year.

From the outside—and sometimes from the inside—they can look almost identical.

The difference lies beneath the pattern:

Are we still making those choices because their strategic logic remains valid, or are we making them because the organization we built around yesterday's choices now makes them increasingly difficult to reconsider?

When a strategic choice becomes an organization

Most strategies eventually leave an organizational footprint.

A decision to compete in a particular way influences where capital goes.

Capital builds assets and capabilities.

Capabilities attract particular talent.

Talent develops experience.

Experience shapes processes.

Processes become routines.

Routines influence incentives, structures and eventually organizational identity.

What began as a strategic choice gradually becomes embedded in the company's assets, capabilities, routines and identity.

That is often exactly what successful execution requires.

But it also creates a paradox.

The stronger an organization becomes at executing a particular strategic logic, the more of the organization is built around the assumptions that made that logic sensible in the first place.

Over time, the relationship can begin to reverse.

Initially, strategy shapes the organization. Eventually, the organization can begin shaping which strategies remain thinkable.

Nothing necessarily goes wrong when this happens.

That is precisely why it can be difficult to see.

The strategy may still be working

Strategic inertia is easy to recognize when performance deteriorates.

It is much harder to recognize when the business is still successful.
Customers remain.
Margins remain attractive.
Management continues meeting expectations.
The capabilities built over many years still differentiate the company.
There may be no obvious reason to question the underlying choices.
But current performance answers a different question from strategic relevance.
It tells us something about whether yesterday's choices are still producing results.
It does not necessarily tell us whether those same choices remain the best ones for tomorrow.

Strategic consistency creates value only as long as the logic that justified it remains valid.

A company can therefore remain highly effective at executing its historical strategy while gradually becoming less capable of questioning it.
And this is where strategic consistency can quietly become strategic inertia.

The evidence of strategy can also be the evidence of inertia

One way to understand a company's real strategic direction is to look at what it repeatedly does rather than only at what it says.
Where does incremental capital go?
Which businesses receive the strongest talent?
Which customers command senior management attention?
Which capabilities continue to receive investment?
Which opportunities are repeatedly rejected?
Which businesses are protected when resources become scarce?
Those decisions reveal a pattern.
But the pattern alone does not tell us enough.
A repeated pattern may reflect deliberate strategic intent.
It may also reflect legacy assets, historical capabilities, existing incentives, sunk investments, organizational dynamics or simply the accumulated weight of previous decisions.

Consistency tells us what the organization keeps doing. It does not necessarily tell us whether the organization keeps choosing it.

That distinction may be more important than it first appears.

The strategy nobody chose

Organizations rarely redesign themselves from zero.
Every new leadership team inherits something.
Assets. Capabilities. Customer relationships. Contracts. People. Systems. Capital commitments. Organizational structures.
And assumptions about how the business works.
Each inherited element influences the next set of choices.
Individually, those choices may be completely rational.
Invest behind the business where we already have capabilities.
Hire people who understand the model.
Prioritize customers where relationships already exist.
Use capital where returns are best understood.
Protect businesses that generate cash.

Avoid opportunities where the organization lacks experience.

Over time, however, individually rational decisions can reinforce one another until the organization develops a direction that no single leadership team ever consciously selected.

There may still be a strategy presentation.

There may still be annual strategic discussions.

But underneath them sits something more powerful:

the accumulated consequences of previous choices.

The organization may believe it is choosing its future direction when, increasingly, it is choosing among the alternatives its history has left available.

This is not an argument against consistency

Constant strategic reinvention would be equally dangerous.

Competitive advantage often requires persistence.

Capabilities take years to build.

Customer relationships compound.

Scale matters.

Experience matters.

Organizations that continually change direction may never remain committed long enough for strategic choices to produce their full economic value.

The question, therefore, is not whether a company should remain consistent.

It is whether that consistency remains **deliberate**.

That requires periodically reconstructing the logic behind the pattern.

Why these businesses?

Why these customers?

Why this portfolio?

Why this degree of vertical integration?

Why these capabilities?

Why this allocation of capital?

Why not the alternatives?

But there is an even more revealing question:

What would have to become true for us to choose differently?

If leadership can articulate that threshold, the organization is still testing its competitive thesis against reality.

If no plausible change in customers, technology, regulation, competition, economics or capabilities would cause the organization to reconsider its choices, something may have changed.

The organization may no longer be defending a strategic thesis.

It may be defending itself.

A different conversation at the Board table

Perhaps this suggests a different way to periodically discuss strategy.

Instead of beginning with the strategy presentation, begin with the organization's consequential decisions over the last several years.

Capital allocated. Businesses entered and exited. Acquisitions made or rejected.

Capabilities strengthened—and capabilities allowed to deteriorate. Senior talent deployed. Customers prioritized. Technologies adopted—or ignored.

Then ask:

What strategy would an outsider infer from these decisions?

Would it be the strategy we believe we are pursuing?

More importantly:

Can we still explain why that pattern of choices should create value under the conditions we expect tomorrow—not simply the conditions under which those choices were originally made?

And perhaps the most revealing question:

What choices would we make today if we did not already own the assets, possess the capabilities and carry the organizational history we have inherited?

The objective is not to erase history.

History creates capabilities, knowledge and competitive advantage.

But it also constrains the range of alternatives an organization naturally considers.

The challenge is knowing which is which.

Because one of the most difficult transitions to recognize in business may occur without any visible change in direction at all:

Yesterday's deliberate choice gradually becomes today's organizational inertia.

So perhaps the question is no longer simply:

What is our strategy?

It is:

Are we still making our strategic choices—or has the organization built around yesterday's choices begun making them for us?