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When does your Business need a Strategic Review?
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If you are a leader who reviews your business strategy after every foreign trip or change of season, then this article is not for you! On the other hand, several business leaders keep doing what, they believe, has worked for them. They keep strengthening their horse, and are unprepared when automobiles make horses redundant. The following are situations when strategic review of your business is a must:

1. **Change of leadership**
   A few years ago, the decades-long leader of a large, professionally managed engineering company had to hang up his boots. He decided to go for a strategy formulation exercise, so that the successor could hit the ground running by implementing the strategy outlined by his predecessor.
   Wasn't the old leader presumptuous? Did he think that his successor, who had risen from the ranks in the same company, was incapable of formulating the company's strategy? If that be so, didn't the leader fail in grooming a strategic thinking successor over the several decades that he was at the helm?
   Change of leadership is an opportunity for an organization to rejuvenate itself with fresh thoughts. These fresh thoughts need to be captured in a strategy document that gives direction to the company and its stake-holders. Ideally, the new leader should outline this strategy – or at least the broad strategic direction – on assuming the leadership role, or soon thereafter.

2. **Stable leadership team**
   Some organizations enjoy the luxury of a stable leadership team. While this stability has its benefits, the organization runs the risk of *strategic inertia* – a certain fixation with the organization's current strategy. If the leadership has not changed for 2-3 years, then the organization needs to make sure that its strategy is reviewed by an independent consultant who has the stature to show the organization, a mirror as well as a telescope – and a periscope, if the company is in choppy waters.

3. **Performance mismatch**
   Good organizations regularly compare their performance with an identified peer group comprising *best in class* organizations. Futuristic organizations create several such peer groups - one for every parameter that they consider important for their business. For example, a telecom company could have peer groups for technology adoption, resource mobilization, scale economics and customer service. Thus, the peer groups would comprise not just close competitors, but also exemplar performers from various other industries.
   Performance mismatches vis-à-vis close competitors is an indicator of potential problems with the organization's strategy or its execution. A strategic review is necessary to diagnose the problem and suggest remedies.
   The peer group of exemplars who are not competitors can help any organization improve even if it is an exemplar within its own industry. Organizations should regularly track these peers, and explore the possibility of importing best practices.

4. **Clock-speed mismatch**
   Walk into a Rolls Royce show room, or even your neighborhood post-office – and walk into the forex trading floor of a large brokerage. You can feel the difference in "clock-speed" – the inherent speed at which things "happen" there. If the clock-speed of your organization feels significantly different from that of your close competitors – and if that difference does not flow from your stated strategy – then you need a strategic review. A lower clock-speed than your competitors could mean that you are not doing enough; a higher clock-speed than your competitors might mean that you are organized poorly.

5. **Radical change in industry**
   Certain industries tend to see volatility in absolute or relative performance of firms comprising that industry. This could be on account of factors such as technology change, fickle customer tastes etc. Firms in such industries need to review their strategy as frequently as every year. The review team should include external experts from the domains that are the driver of radical change in their industry.

6. **Existential crisis**
   This could be on account of extended periods of performance mismatches (discussed earlier) or high-risk bets that have failed. Either way, an external consultant who does not carry the baggage of past decisions needs to spear-head the strategic review.

7. **Funding round**
   A large funding round changes not only the balance sheet, but also the targetable opportunity-set and the capacity to take risk. A strategic review needs to be performed **before** the funding round for two reasons –
   (a) make sure that potential financiers are in synch with the company's revised strategy;
   (b) make sure that the new money is not blown away without a strategic direction.

If your organizational setting resembles one or more of these seven scenarios, then you badly need a strategic review. In scenarios 2, 3, 5 and 6, the review is likely to be meaningless if performed by your internal leadership team. Even in other scenarios, external consultants can bring a different flavor to the strategic review process.

Feel free to get in touch at team@mavuca.in to share your experiences or discuss how we can help you.