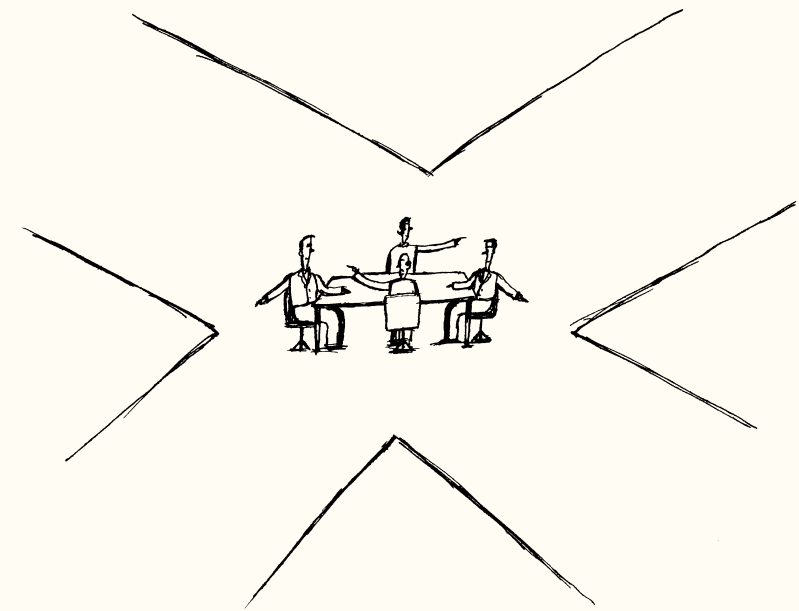# STRATEGIC CHOICE STRUCTURING™

by Roger Martin

STRATEGIC CHOICE STRUCTURING™

A set of good choices positions a firm for competitive advantage

At the root of all strategy lies the ability to make good choices. A company's strategy is defined by the multiple and varied choices it makes—choices about when and where to compete and how to win in the businesses it has chosen. For the most part the primary strategic choices that a company makes are exclusive. That is, a decision to go in one direction precludes setting off in another. A decision to stay focused on the North American market, for example, precludes becoming a truly global firm, while a decision to continue to sell through an existing distribution channel precludes a new initiative that takes the product directly to the consumer.

As these examples show, true choices require giving up one thing in order to reap the strategic benefits of the other. If multiple options can be pursued simultaneously or there is but one sensible option, the firm does not face a true strategic choice.

Choices, then, by definition are hard. And often the firm does not anticipate the need to make the choices it faces. Instead they appear unexpectedly like forks on a country road. They are driven by customers, competitors, technological change, regulatory change and sometimes even the prior actions of the company itself.

These developments produce options; they give rise to new demands from customers and new ways to approach and serve the market, and they necessitate immediate decisions. However, the firm does not always recognize that it has come upon a fork in the road, nor is it always cognizant of the reality that it *will* choose one of the branches, even if it does so by default.

WHAT IS A GOOD CHOICE?

It follows then that a good strategic choice is one made consciously and one based on valid data and sound reasoning. Most often it results from a process that builds the necessary commitment for action.

Good choices identify, and mobilize the company toward, the combination of market positioning and unique activities that represent the best scenario for where to play and how to win in a chosen market. In short, a set of good choices positions a firm for competitive advantage.

A bad choice, on the other hand, results in travel down a path that is not conducive to value maximization, a path that constrains future choices rather than opening up new possibilities. When a firm makes a sub-optimal choice, typically one consequence is that it can never work its way back to the position it was in before it made the wrong choice.

At Monitor, we have spent the past decade helping companies make good strategic choices. While it would be easy to assume that bad choices reflect bad judgment or a poor strategic outlook, in our experience, bad strategic choices result most often from flawed choice processes. Processes that don't properly identify choices, processes that don't lead to consensus in a timely manner or create real commitment. These flaws can be eliminated by paying careful attention and applying rigorous design to the choice-structuring process.

In this white paper, we will discuss the attributes of a high-quality strategic choice; the typical flaws in strategic choice processes that prevent high-quality strategic choices from being made; and an approach to strategic choice structuring that helps overcome those flaws.

ATTRIBUTES OF A HIGH-QUALITY STRATEGIC CHOICE

A high-quality strategic choice possesses four key attributes:

1. it is genuine;
2. it is sound;
3. it is actionable; and
4. it is compelling.

1 Genuine

In order for a choice to be genuine, it must be made between at least two viable options, and it must specify clearly what the firm will and will not do as a consequence. The company must choose where to play (which customers to serve, what needs to target) and where not to play, how to compete (how the firm will achieve advantage over competitors in the chosen customer groups or segments of the market) and how not to compete.

A choice that is not genuine does not clearly delineate what the company will and won't do as a result. For example, at one company with which we are familiar a six-month strategic review resulted in a committed decision to focus on the customer. Fair enough, but could the company really have decided otherwise? Could it ever truly choose to ignore the customer?

Probably not. In fact, the true test of a choice comes when a competitor decides to travel down the path not taken and succeeds with this alternative choice. Only then does a company truly have confirmation that a choice was faced and made.

2 Sound

A sound choice flows logically from the accumulated facts, figures and beliefs of the choice makers. Sound choices neither ignore nor rest on intuition. They are the product of good logic applied to accurate data—data which is representative and robust. In a well-thought-out choice making process, the logic applied to the data can be clearly articulated and easily tested.

Sound decisions are not overly influenced by the relationships or relative power positions of the key players, and as a result, they have a rigor that comes from sustained and open testing. Let me explain.

Making Strategic Choices
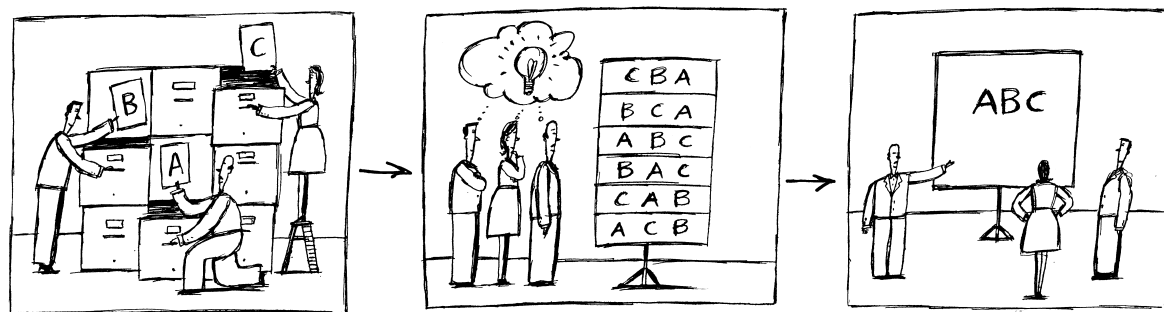
| Data | Logic | Choice |

Any team of managers starts with various types of information—results, past experience, etc. Members of the management team select key facts from the pool of available data and then apply logic to that data in order to draw the inferences necessary to make a choice. (See opposite page.)

In order for the choice to be sound, the data upon which the decision is to be made must be valid. That is, the data used in the decision making must be representative of the universe from which they were drawn. Too often in these processes the data is mined to extremes in order to support a preordained conclusion.

In addition, these processes either do not allow any non-quantitative data to be represented or they allow so many hunches to drive the process that things go askew. While many strategic decisions must be made on the basis of qualitative or 'soft' data—the salesman's experience of the customers, an engineer's understanding of a product's design features—this data, too, must be tested in a logical way, not just asserted.

Opinions, hunches and strong intuitions, after all, are simply conclusions drawn from experiences in the field, 20 years of watching a cyclical industry play out in good times or in bad, or the golden gut of a marketer. Far from being discarded, these intuitions—like the hard data in the spread sheets—need to be tested.

Typically there are many layers of inference among the data, the experience, and the recommended action or choice. This phenomenon can be illustrated on the 'ladder of inference' below.

This chain of logic must be made explicit and subjected to testing by the other members of the management team who may have alternative points of view. By vetting the logic in an open and challenging discussion, the logic chain is validated and a robust choice results.

3 Actionable

A choice is of little value unless it can be implemented. That means the choice can be easily communicated, can be broken down into a series of steps to be taken immediately, and can be further broken down into long-term achievable goals

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Ladder of Inference
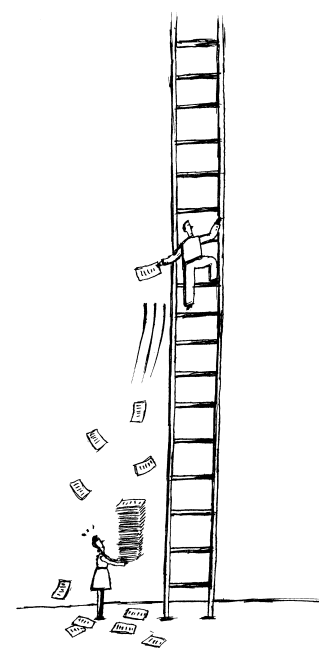
Decide what to do: Innovation and leadership are the most critical avenues to pursue.

Understand / evaluate what is happening: Customers will stick with us if we continue to innovate and lead.

Name the data: Customers value leadership and innovation.

Paraphrase the data: This customer values our leadership and innovation.

Select the data: I really like VisionTech. It has been an innovative leader for a long time.

VisionTech Customer: I really like VisionTech. It has been an innovative leader in this business for a long time. But I'm coming under increasing cost pressure and have to make tradeoffs.

Thanks to Chris Argyris for the "Ladder of Inference" framework.

and doable tasks. It is possible, after all, to reduce inventory by 10 percent. It is less doable to ensure high quality without some clear sense of what it means.

④ Compelling

The choice must be sufficiently compelling to generate management commitment to the choice —not just in an abstract *it makes sense* kind of way, but in an engaged and energetic way. The commitment of the management team will be tested twice. First by subordinates, who will judge the enthusiasm of the management team by the way in which it communicates the choice, and who will also test the logic of the decision against their own experience of the market.

Second, as the choice is implemented, both managers and employees will watch as other competing firms take strategic paths they have rejected and be successful with those alternative choices (confirming that a genuine choice indeed has been made). At this point it will be tempting for a partially committed management team to deviate from its choice and chase after other business strategies (e.g., "the market leader just entered the market with product X; we must offer product X as well").

Hence the tests of a compelling choice are: Can the management team achieve sufficient commitment to make a choice to change direction? Can the team maintain sufficient enthusiasm to enable its employees to implement the choices? And can the managers put the strategy into action for long enough to achieve success?

THE CHOICE MUST BE
SUFFICIENTLY COMPELLING
TO GENERATE MANAGEMENT
COMMITMENT TO THE
CHOICE IN AN ENGAGED
AND ENERGETIC WAY.

OBSTACLES TO HIGH-QUALITY STRATEGIC CHOICE

Many factors can get in the way of good strategic choices: politics, bad analysis, turbulent markets. But in most cases flawed choices are the product of flawed processes. In a flawed choice-structuring process:

① Choices do not get framed.
② Choices do not get made.
③ Choices appear to get made, but fall apart.
④ Choices are not sound.
⑤ Choices get made, but action is not timely.

① Choices do not get framed

Strategic choices rarely appear on the radar screen initially as choices. Instead they appear as issues, problems, challenges. For example, losing share in one's home market to a foreign competitor tends to appear on management's radar screen as a problem. The typical response to a problem, issue or challenge is to study and analyze it. However, when an issue is studied or analyzed as an issue, management might confirm (or not) the seriousness of the situation, achieve a more in-depth understanding of the issue, and bring a more clear definition to the issue, but not produce choice.

The difficulty is magnified when the management team hands the issue to a task force (whether an internal group or external consultants) to study. The task force tends to go off and study the problem as defined. It tends to form some sort of opinion based on the data it sees as salient and the inferences it sees as relevant. It reports back to the management team, typically just with data and analysis, but sometimes with a recommendation on actions to address the problem.

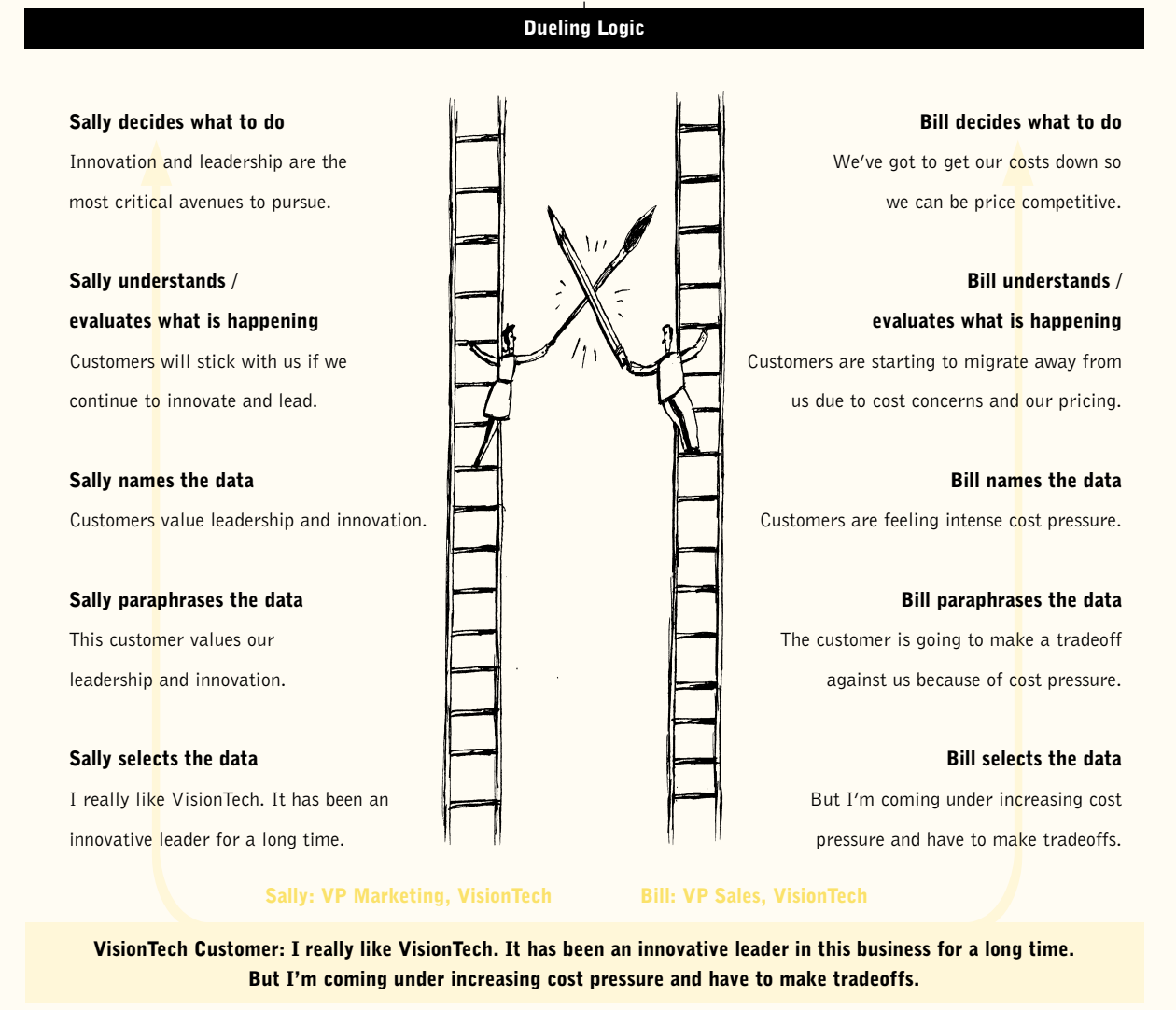In the case where the report is just data and analysis, the management team is only marginally closer to a strategic choice. The choice has not yet been framed and the data and analysis produced by the task force may or may not be relevant to the choice that eventually must be contemplated to make the issue, challenge, problem go away. In the case of a recommendation, the task force frames the choice—either implicitly or explicitly—and produces a recommended option, but the management team is likely to see either the choice as inappropriately framed or the data and logic as less than compelling—despite the fact that the data is entirely compelling to the task force.

Thus, if the choice is not framed at the outset as a choice, the ensuing process is highly unlikely to produce concerted action despite the time-consuming and expensive efforts of the management team and the task force.

② Choices do not get made

In cases where the management team does correctly frame the issue as a strategic choice, it may still fail to generate a choice because of fundamental disagreements among members of the management team.

Fundamental disagreements occur when each member of the management team applies his own pattern of inferences to his own accumulated data to reach a conclusion. Often team members can't articulate their logic or talk about the data that was most powerful to them in reaching their conclusion. As a result, individual members of the management team can reach conclusions that are highly contradictory. They develop 'dueling ladders of inference' even if they start out appearing to observe the same data, as in the example below:

Dueling Logic

Sally decides what to do
Innovation and leadership are the most critical avenues to pursue.

Sally understands / evaluates what is happening
Customers will stick with us if we continue to innovate and lead.

Sally names the data
Customers value leadership and innovation.

Sally paraphrases the data
This customer values our leadership and innovation.

Sally selects the data
I really like VisionTech. It has been an innovative leader for a long time.

Bill decides what to do
We've got to get our costs down so we can be price competitive.

Bill understands / evaluates what is happening
Customers are starting to migrate away from us due to cost concerns and our pricing.

Bill names the data
Customers are feeling intense cost pressure.

Bill paraphrases the data
The customer is going to make a tradeoff against us because of cost pressure.

Bill selects the data
But I'm coming under increasing cost pressure and have to make tradeoffs.

Sally: VP Marketing, VisionTech   **Bill: VP Sales, VisionTech**

VisionTech Customer: I really like VisionTech. It has been an innovative leader in this business for a long time. But I'm coming under increasing cost pressure and have to make tradeoffs.

In this example, the two managers reach conclusions that are irreconcilable at that elevated level of inference. Neither manager can understand how the other got to his or her conclusion. Each begins to attribute that the other "simply doesn't get it." The participants either shout at each other from the tops of their ladders (i.e., at the conclusion level) or withdraw from the process, or shout first and then withdraw.

In either case, the management team tends to experience gridlock, which eventually causes them to abandon the choice (or miss the relevant window of choice) and allow the status quo to prevail. Reconciling the dueling ladders feels impossible, especially when the duel is not between just two managers but the many members of the management team, and the momentum of the current state simply wins out and no change is made.

This has negative consequences in both the short and long term. The short-term consequence is a bad immediate strategic choice. In the long term, if the management team continually runs into gridlock around strategic choices, the team can become fractionalized, and members will begin to distance themselves and withdraw from future decision-making processes.

③ Choices appear to get made, but fall apart

In this scenario, the management team appears to reach consensus, but it is a false or weak consensus lacking the commitment necessary to drive action.

False consensus occurs when one or more members of the management team do not agree with the choice that emerges but do not reveal their concerns or discomfort to the group during the process. Often this is a mechanism for individuals to distance themselves in order to "get the process over with." Alternatively, it can result from a feeling of intimidation, a fear of reproach for making unpopular opinions public. If the concerns of these silent members are not voice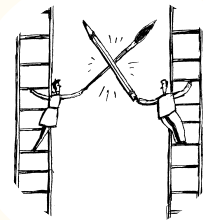d, the concerns cannot be resolved in the process and commitment cannot be built throughout the management team. The result: the silent but doubting members of the team drag their feet in implementation or work actively to subvert implementation.

Weak consensus occurs when one or more members of the management team have discomfort with the choice but believe that they have enough commitment to support implementation even if they have some doubts. Weak consensus of this sort tends to break down the moment the company hits the first bump in the road toward implementation. At this point, team members with weak commitment question the intelligence and validity of the choice and typically call for rethinking the choice based on the 'new data' that has come forward. The desire to rethink the choice tends to prevail and the earlier choice is negated.

④ Choices are not sound

The fourth obstacle to good strategic choice is a process that does not produce sound choices. This can occur for one of two reasons: invalid data or substandard logic.

Invalid data is a problem when the process is rushed and the group members are forced to use

only the data in hand—some of which is likely to be outdated. Similarly, if only a subset of the relevant managers is involved in the choice process, data that is salient to them but not to other relevant managers may dominate the considerations.

Substandard logic is a problem when there is no public testing of inferences. Testing of inferences is best done by a group of managers whose familiarity with the data and the business situation enables them to consider carefully the validity of each inference. For example, given the data from the customer interviews, what can we infer about the priorities for product development?

This testing is best performed when the management team works as a group and openly debates each team member's logic. If management team members fail to reveal their own logic or demur in challenging the logic of others, there is a high likelihood of producing substandard logic. Incomplete discussions of logic are often the result of subordinates fearing the consequences of questioning the logic of a more senior member of the management team.

⑤ Choices get made, but action is not timely

The final manifestation of a flawed choice-structuring process results when a choice is made, but not acted on in a timely way. This can happen for two primary reasons: First, the choice process can take so long that the choice is no longer timely. This is a variant of the inability-to-choose problem discussed above.

Second, the choice can be made by a subset of the relevant management team but then the selling process required for getting "buy-in" can take such an inordinate amount of time that the choice becomes obsolete (competitors have beat you to it, the problem has changed, etc.). In this case the flaw is in the selection of the group that works together to produce the choice. If the group does not include the breadth of managers necessary to drive action, then the process is almost guaranteed to produce a delay between choice and action as other constituents are brought on board.
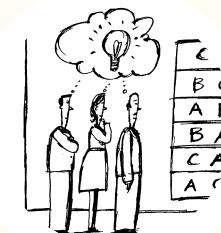
SUBSTANDARD LOGIC OCCURS IF MANAGEMENT TEAM MEMBERS FAIL TO REVEAL THEIR OWN LOGIC OR DEMUR IN CHALLENGING THE LOGIC OF OTHERS.

A PROCESS FOR STRUCTURING STRATEGIC CHOICES

The goal of a choice-structuring process is to produce sound strategic choices that lead to successful action. The strategic choice-structuring process has five steps as follows:

① Frame the choice.
② Brainstorm possible options.
③ Specify conditions necessary to validate each option.
④ Prioritize the conditions which create the greatest barrier to choice.
⑤ Design valid tests for the key barrier conditions.

1 Frame the choice clearly

Amalgamated Paper (AP) has been experiencing low profitability at its kraft pulp mill on the West Coast for some time. The mill drifts in and out of cash-operating loss depending on the pulp price cycle. Closing the mill is not an easy option for two reasons: First, the mill is an integral part of the West Coast operations. If it were closed, the government would be almost certain to retaliate against AP by taking away its timber cutting rights which would be devastating for the rest of the West Coast operations. Second, the West Coast has always been considered an integral part of AP's core business. Any reduction in the scale and scope of the West Coast operation would lead Wall Street analysts to doubt AP's overall strategy. More importantly, the mill has long been an important asset to AP—closing it would be a blow to corporate morale and a huge drain on the economy around it. So the problem remained as a problem—how to deal with the profitability problem on the West Coast—even after three studies.

The first step in choice structuring is to frame the issue as a choice. This involves looking beyond the problem to discern the type of tradeoff the problem embodies and hence the type of choice required in order to solve it. Until a minimum of two mutually exclusive options are identified that would neutralize the issue/problem, the choice is not framed. Until a choice is framed, it cannot be made.

Three key members of the management team (CEO, VP Strategy, VP R&D) were convened to consider the West Coast problem. They concluded that the status quo would surely produce continued low and variable profitability which would depress the earnings of the overall firm.

They came to the conclusion that AP either had to invest more in the West Coast, divest, or significantly restructure its West Coast operations through merger/joint venture to make the problem go away. At this point, they had framed the problem as a choice, and the challenge now was to make that choice.

It was critical at that early stage, and at each successive stage, to involve the individuals who will be taking action in order to build commitment.

The three-person team recognized that it needed to broaden immediately to five managers by adding the head of the pulp business unit whose mill was central to the deliberations and the head of the paper business, who would be involved in any possible forward integration into paper products at the site of the mill.

2 Brainstorm options

The second step in the choice-structuring process is to create an inclusive list of viable options. The initial step of framing the issue as a choice identified a subset of options, but now, with an appropriate group of managers, the task is to broaden the list.

The objective in this step is to be inclusive rather than restrictive of the number and diversity of options on the table. Later in the process the team will hone and prune the list. At this stage, it is important not to trivialize or dismiss options—everything is fair game. The later steps of the choice-structuring process will weed out options that are not viable.

An option should be thought of as a story, a story that describes how the firm could choose a place in the market to play and a way to win against competition. These stories derive from the individual interpretations of managers as to how the market functions (what customers will

want, what competitors will do, how the future of the industry will likely evolve, etc.). At this point in the process, the standard of rigor applied to the stories is mild. If the story has internal logical consistency and results in the firm's winning in the market, it should be included as an option. If, however, it is not possible to tell a story of why a given action (e.g., focus on price-insensitive customers) would result in competitive advantage for the firm, then it should not be considered as an option.

> AN OPTION SHOULD BE
> THOUGHT OF AS
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> HOW THE FIRM COULD
> CHOOSE A PLACE
> IN THE MARKET TO PLAY
> AND A WAY TO
> WIN AGAINST COMPETITION.

Characterizing the options as stories helps ensure that they are not seen negatively as "your opinion," "biased," or "unsubstantiated." They are simply ways of thinking about the market that may or may not be proven to have validity. This characterization helps ensure that more radical, out-of-the-box ideas are put on the table and that the goal of inclusiveness is met. There is plenty of time for the process to reduce the option set, but the process will underachieve if the sourcing of options at the front end is restricted.

The AP management team generated eleven options, then reviewed and synthesized those options into the following five: 1) & 2) forward integration at the existing pulp mill into two different grades of value-added paper; 3) closing of the pulp mill and replacing it with a solid-wood products operation to maintain timber

rights; 4) merger with a key West Coast player to simultaneously improve the industry structure and generate a competitively attractive position in combination; and 5) selling off the entire West Coast operations including the pulp mill, sawmills and timber rights. The status quo was rejected as an option because no member of the team could tell a compelling story as to how the status quo could produce competitive advantage.
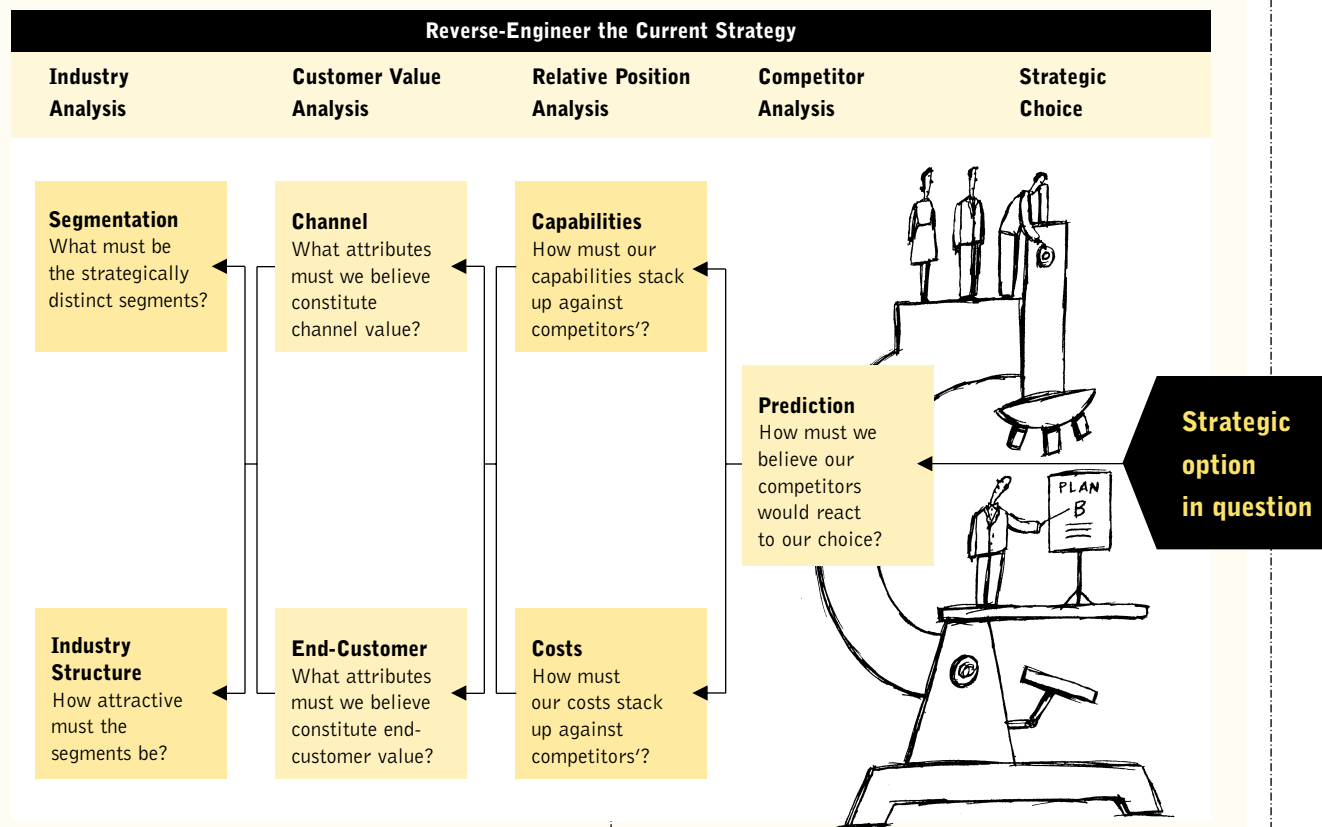
3 Specify conditions

The third step in the process is to specify the key conditions that would need to be substantiated in order for the management team to believe that the story is sound and therefore an option to which they could commit themselves.

We use a process called *reverse engineering* to identify the key conditions that would have to hold for a given option to be sound. The reverse engineering framework (shown on the next page) explores conditions in four broad areas of typical relevance to strategy—the industry, customer needs, relative competitive position, competitor response—to identify the conditions that must be satisfied for each option to be sound.

In the case of AP's solid-wood products option, for example: 1) that segments of the solid-wood market are big enough to enable AP to use its timber cutting rights to a sufficient extent to retain them; 2) that these segments are and will continue to be sufficiently structurally attractive to warrant AP's entry; 3) that the specific wood resources AP controls (i.e. tree variety and size) are appropriate for the customers' needs; and 4) that AP can achieve a competitive cost position in the chosen segments.

At this point, the process does not seek to dismiss or even question options. Rather, the process seeks to have those in the management

Reverse-Engineer the Current Strategy

Industry Analysis	Customer Value Analysis	Relative Position Analysis	Competitor Analysis	Strategic Choice

Segmentation
What must be the strategically distinct segments?

Channel
What attributes must we believe constitute channel value?

Capabilities
How must our capabilities stack up against competitors'?

Prediction
How must we believe our competitors would react to our choice?

Strategic option in question

Industry Structure
How attractive must the segments be?

End-Customer
What attributes must we believe constitute end-customer value?

Costs
How must our costs stack up against competitors'?

team with reservations about a particular option specify what condition they would need to see met in order to feel confident about the option. Making the origins of these reservations clear will enable each option to be tested in public rather than tested privately in the minds of team members. If the conditions are tested and validated, the public testing will generate commitment to action. If conditions are invalidated, then the generator of the option will see that the option has been fairly considered and found not to have sufficient merit to prevail as the choice.

④ Prioritize the barriers to choice
The fourth step further focuses the resources applied to strategic choice by prioritizing the conditions based on the degree to which they constitute a barrier to choice. In this step the participants analyze the conditions that represent the greatest barriers first, so that other conditions will not have to be explored if the prior barrier is not overcome.

In what we call "the lazy man's approach to

strategy," we analyze the conditions in the reverse order of the management team's confidence that they will be confirmed. In this way, if the condition about which they are least confident cannot be met, none of the remaining conditions will have to be explored.

This sequential approach minimizes the amount of analytical work necessary, which saves both time and resources. For example, we helped one major manufacturer study its choices and reach fundamental conclusions about the future of the business in just 14 weeks.

In the case of the solid-wood option, the management team was least confident of the match of the specific wood resources to market segments that could support the scale of operation required. Thus the exploration of market segment size and match with wood resources came first, and questions of structural attractiveness and cost competitiveness were left for later.

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⑤ Design valid tests
The final step in the choice-structuring process is to build commitment to the choice. For each key barrier condition (in order of the prioritization in Step Four), we work with the management team—member by member as necessary—to specify the test that they would see as compelling in confirming the proposition that the condition holds. Management team members may have different tests that they view as valid, resulting in the need to apply multiple tests for a given condition. However, in practice, management teams tend to be able to coalesce around a single test that they see as valid.

The AP team worked together to design a test for the condition on solid-wood products segment size. They felt that the wood products operation would have to utilize a minimum of 70 percent of the current allowable timber cut for the government not to take back the rights. (The rest could be sold as logs and chips to other mill operators.) They felt that the most new wood products segments (e.g., multi-density fibreboard, kiln-dried dimensional lumber, cedar shakes) AP could comfortably enter would be three distinct product segments (or they would risk being overwhelmed by the complexity of the new operation). They further felt that it would be unreasonable to assume that AP could achieve a market share of the product segment higher than the current North American market share leader. Hence the test was: Could three or fewer product segments in which AP achieved market share equal to the North American share leader utilize at least 70 percent of the current allowable cut?

In addition to having a view on the nature of the test which would confirm the condition in question, each member of the management team will have a standard of proof associated with the condition and the test of that condition. The more

skeptical the manager, the higher the burden of proof. In order to build commitment, it is critical to set the standard of proof for each test (and each element of the test) as the standard generated by the most demanding member of the management team. Each manager must specify the standard of proof that would, if achieved in the subsequent testing, cause him/her to be sufficiently confident to be committed to the choice.

Different AP managers had different standards of proof for the wood products segment size test. Some managers felt that 50 or 60 percent utilization of the allowable cut would be sufficient to maintain rights, but one manager felt the standard would be 70 percent. Some managers felt that they could successfully enter numerous segments, but one manager felt that three was the maximum with which he would be comfortable. Some managers felt that it would be possible to enter certain segments and achieve dominant market share, but others felt uncomfortable in using that as an assumption. Hence the test combined the highest standard of proof across the various sub-elements.

The ultimate goal is to design tests that will enable each member of the management team to put his hand on his heart and commit himself to both choosing and taking action on the choice if the analysis confirms the condition. This designs quality into the choice process from the beginning.

The wood products work revealed that indeed there were several segments of the wood products market that were of sufficient size to confirm the first priority test. However, the second test failed to confirm the match between the needs of those segments and the specific wood resources. AP's mix of tree species was not a good match for the product segments (the analysis demonstrated that the segments in

THE MANAGEMENT TEAM BUILDS EMOTIONAL COMMITMENT TO
WHAT CAN BE A TOUGH CHOICE FROM THE BEGINNING OF THE PROCESS BY
CONSIDERING THE OPTION AND DESCRIBING WHAT PROOF
WOULD BE NECESSARY FOR THEM TO COMMIT THEMSELVES TO IT.

question required much more homogenous wood resources in size and species than AP's wood resources). Hence this option was eliminated without performing detailed structural attractiveness or cost competitiveness work.

The wood products option was eliminated, as were the two paper options (due to cost competitiveness and evolving structural attractiveness), and the merger/restructuring option (no potential partner was able to produce the required benefits). Exit was the only remaining option. Despite the challenge in reconciling this option with the overall strategy of the firm, the management team made the choice to exit at the end of the analytical process, and AP announced that its entire West Coast operation was for sale.

BENEFITS OF STRATEGIC CHOICE STRUCTURING

The rigorous structuring of the strategic choice process, using the five-step process outlined, produces three key benefits to strategy development:

1. The choice is easier to make when the time comes.
2. The choice is designed for action.
3. The overall strategy development process is more economic and efficient.

1. The choice is easier to make when the time comes.

Through choice structuring, the team identifies the barriers to choice at the inception of the process rather than at the end of the process. By anticipating these roadblocks and discussing them early, the team has more time to work through critical roadblocks and can avoid spending time and resources on non-critical analyses or analyses with less than compelling standards of proof.

In addition, the management team builds emotional commitment to what can be a tough choice from the beginning of the process by considering the option and describing what proof would be necessary for them to commit themselves to it. If the analyses come back confirming that pursuing a difficult option is required, the team has already gone through a substantial portion of the difficult emotional work by having considered the option and laid out the conditions at the beginning of the process.

2. The choice is designed for action.

The choice-structuring process explicitly builds commitment throughout the process. This is an important benefit because it is difficult and time-consuming to sell the choice to key managers after the fact. Additionally, the process of specifying options and conditions not only allows, but demands, that the management team be specific about the actions and operational implications that would arise from, or be required by, each option, hence speeding the translation of choice into action.

3. The overall strategy development process is more economic and efficient.

The choice structuring process focuses the expensive and time-consuming data collection and analysis sequentially on only the most critical questions and eliminates extraneous work. Task forces—whether internal or external—will be much more cost-effective if their work is guided by an effective choice-structuring process. ✍ RM

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