

# Building a strategy toolkit

Lessons from business



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The Advanced Institute of Management Research (AIM) develops UK-based world-class management research. AIM seeks to identify ways to enhance the competitiveness of the UK economy and its infrastructure through research into management and organisational performance in both the private and public sectors.

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### AIM consists of:

- Over 250 AIM Fellows and Scholars – all leading academics in their fields...
- Working in cooperation with leading international academics and specialists as well as UK policymakers and business leaders...
- Undertaking a wide range of collaborative research projects on management...
- Disseminating ideas and shared learning through publications, reports, workshops and events...
- Fostering new ways of working more effectively with managers and policymakers...
- To enhance UK competitiveness and productivity.

### AIM's Objectives

**Our mission is to significantly increase the contribution of and future capacity for world class UK management research.**

Our more specific objectives are to:

- Conduct research that will identify actions to enhance the UK's international competitiveness
- Raise the quality and international standing of UK research on management
- Expand the size and capacity of the active UK research base on management
- Engage with practitioners and other users of research within and beyond the UK as co-producers of knowledge about management

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### Current AIM research projects focus on:

#### **UK productivity and performance for the 21st century.**

*How can UK policymakers evaluate and address concerns surrounding the UK's performance in relation to other countries?*

National productivity has been the concern of economists, government policymakers, and corporate decision-makers for some time. Further research by scholars from a range of disciplines is bringing new voices to the debates about how the productivity gap can be measured, and what the UK can do to improve the effectiveness of UK industry and its supporting public services.

#### **Sustaining innovation to achieve competitive advantage and high quality public services.**

*How can UK managers capture the benefits of innovation while meeting other demands of a competitive and social environment?*

Innovation is a key source of competitive advantage and public value through new strategies, products, services and organisational processes. The UK has outstanding exemplars of innovative private and public sector organisations and is investing significantly in its science and skills base to underpin future innovative capacity.

#### **Adapting promising practices to enhance performance across varied organisational contexts.**

*How can UK managers disseminate their experience whilst learning from others?*

Improved management practices are identified as important for enhancing productivity and performance. The main focus is on how evidence behind good or promising practices can be systematically assessed, creatively adapted, successfully implemented and knowledge diffused to other organisations that will benefit.



## executive summary

In an increasingly competitive business environment, the ability to spot and seize new opportunities, to plot a path of successful growth for an organisation, and to use resources effectively and efficiently, becomes paramount.

Managers have a number of management tools at their disposal to help meet the challenges that they face. Among these are tools for dealing with strategy analysis, choice and implementation. The challenge for managers is knowing which of these tools to use, how many to use, and when to use them.

Our research explored the use of strategy tools in organisations. By questioning over 2,000 business school alumni, all of whom will have been exposed to a variety of strategy tools as part of their business education, we looked at the impact of a range of variables on the use of strategy tools.

By consulting with both business academics and alumni on their knowledge and use of strategy tools, we have constructed a strategy toolkit containing a limited number of strategy tools that managers would benefit from being familiar and using in their work, particularly as their experience and seniority increases.

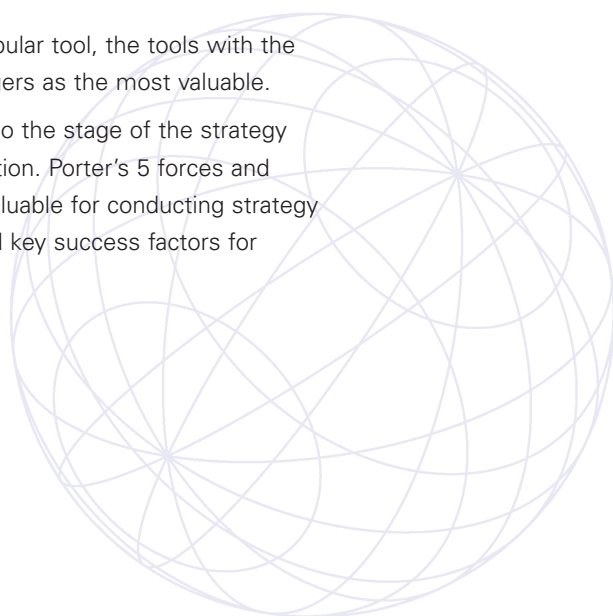
In particular, our research revealed the following:

- While the world's managers may be firmly attached to SWOT analysis, the most popular by far of the strategy tools we encountered, several other tools are both frequently used and useful.

From our research we have constructed the following core strategy toolkit for practitioners: SWOT analysis, key success factors, core competences analysis, scenario planning, value chain, Porter's 5 forces, resource-based analysis, industry life cycle, PESTLE analysis and portfolio matrices.


- Diversity is important. The majority of managers use between three and five strategy tools, providing sufficient diversity, but still manageable.
- The US and Europe are lagging behind. Managers from companies with headquarters in Asia, Africa, the Middle East or South America tend to use a higher number of tools than managers from companies with headquarters in the US and Europe.
- Even though SWOT analysis is easily the most popular tool, the tools with the most users are not the ones considered by managers as the most valuable.
- The usefulness of strategy tools varies according to the stage of the strategy process – strategy analysis, choice or implementation. Porter's 5 forces and PESTLE analysis are considered to be the more valuable for conducting strategy analysis; scenario planning for strategy choice; and key success factors for strategy implementation.

**Managers have a number of management tools at their disposal to help meet the challenges that they face.**



- Managers consider strategy tools more useful for analysis and sense-making purposes than for making and implementing decisions; this may mean that more emphasis is required during training and education on those tools that assist managers with making and implementing decisions.
- There is a strong link between training and education, age, and career progression and a greater use of strategy tools. Managers with higher levels of education (e.g. postgraduates) and who attend management training regularly (at least once a year), use more strategy tools. However, managers who left formal education less than two years ago use slightly fewer tools than other managers. Equally, senior managers tend to use more strategy tools than managers in all other hierarchical levels; the use of strategy tools starts increasing after two years in a position or firm.
- Finally, and importantly, our findings show that managers do not choose tools because of their relevance to the topics they intend to address, but those that are easier to understand and use, as well as those that hold the highest level of legitimacy with their peers i.e. the best known and most frequently used.

Not that this necessarily makes a difference to outcomes as we did not identify relevant differences in the type of tools used.



Managers consider strategy tools more useful for analysis and sense-making purposes than for making and implementing decisions...

## introduction: the importance of strategy tools

Strategy tools such as SWOT analysis, scenario planning or key success factors, are types of strategic practices that enable managers to deal with the challenges they face in managing their organisation's strategic direction. These tools have often gone through many adaptations and modifications to their theoretical definitions. Figure 1 presents a general definition, with some primary authors (in brackets, with reference works detailed in Appendix A), of the top 10 strategy tools addressed in this research.

**Figure 1: Top 10 Strategy Tools Definitions**

Strategy Tool	Definition
<b>Core Competences Analysis</b>	Those capabilities fundamental to a firm's strategy and performance that are deployed across strategic business units (Prahalad and Hamel, 1990).
<b>Critical (Key) Success Factors</b>	Those variables that management can influence through its decisions and that can significantly affect the overall competitive position of the firm in an industry (Hofer and Schendel, 1978).
<b>Industry Life Cycle</b>	Analysis of the four stages in a product's life cycle: introduction; growth; maturity; and decline (Vernon, 1966).
<b>PESTLE</b>	Analysis of wider 'meso-economic' and 'macro-economic' environments, including: Political, Economic, Social, Technological, Legal and Environmental factors (Aguilar, 1967).
<b>Porter's 5 Forces</b>	A framework for analysing an industry and determine its competitive intensity and market attractiveness. It includes three sources of horizontal competition (substitutes, entrants and rivals) and two sources of vertical competition (power of suppliers and power of buyers) (Porter, 1980).
<b>Portfolio Matrices, BCG or McKinsey</b>	Analyses the growth and profitability of potential of products (Haspeslagh, 1982).
<b>Resource-Based View</b>	Analysing the potential of firm's resources to generate sustained competitive advantage along four dimensions – value, rareness, inimitability, and non-substitutability (Wernerfelt, 1984; Barney, 1991).
<b>Scenario Planning</b>	Approach to develop flexible long-term plans. It is an attempt to consider a diverse range of possibilities which can highlight possible events that decision makers would otherwise ignore (Schoemaker and Heijden, 1992; Schoemaker, 1995).
<b>SWOT</b>	Analysis that stresses the importance of considering the firm's Strengths, Weaknesses, Opportunities and Threats (Ansoff, 1968).
<b>Value Chain</b>	Analysis that categorises and evaluates the integration of the primary and supporting value-adding activities within and around an organisation (Porter, 1985).

Such tools are becoming increasingly important both as private sector organisations struggle to differentiate themselves and succeed in a highly competitive global business world, and public sector organisations attempt to provide a growing range of services with limited resources.

Surprisingly, given their widespread use, little research has been conducted into the application and role of strategy tools. Our study addresses this situation by analysing the strategy tools adopted by over 2,000 domestic and international alumni from a sample of 12 leading UK business schools, where strategy tools are widely taught.

Several issues regarding the use of strategy tools were covered, and these form the basis of this report.

In particular, this report examines the following aspects relating to the use of strategy tools:

- The most common strategy tools used (the manager's core toolkit) and the range of tools that normally comprise a practitioner's portfolio;
- The effects of a company's characteristics in the use of strategy tools – looking at the variations of tools' used according to organisation size, industry and headquarter location;
- The tools used at each stage of the strategy process (strategy analysis, strategy choice and strategy implementation), revealing the tools most frequently used at each stage, and comparing the level of use with the tool's perceived value;
- The main reasons for using and not using strategy tools;
- How practitioner education, the level of management training, age, experience and career progression affects the use of strategy tools.

### **Research methods**

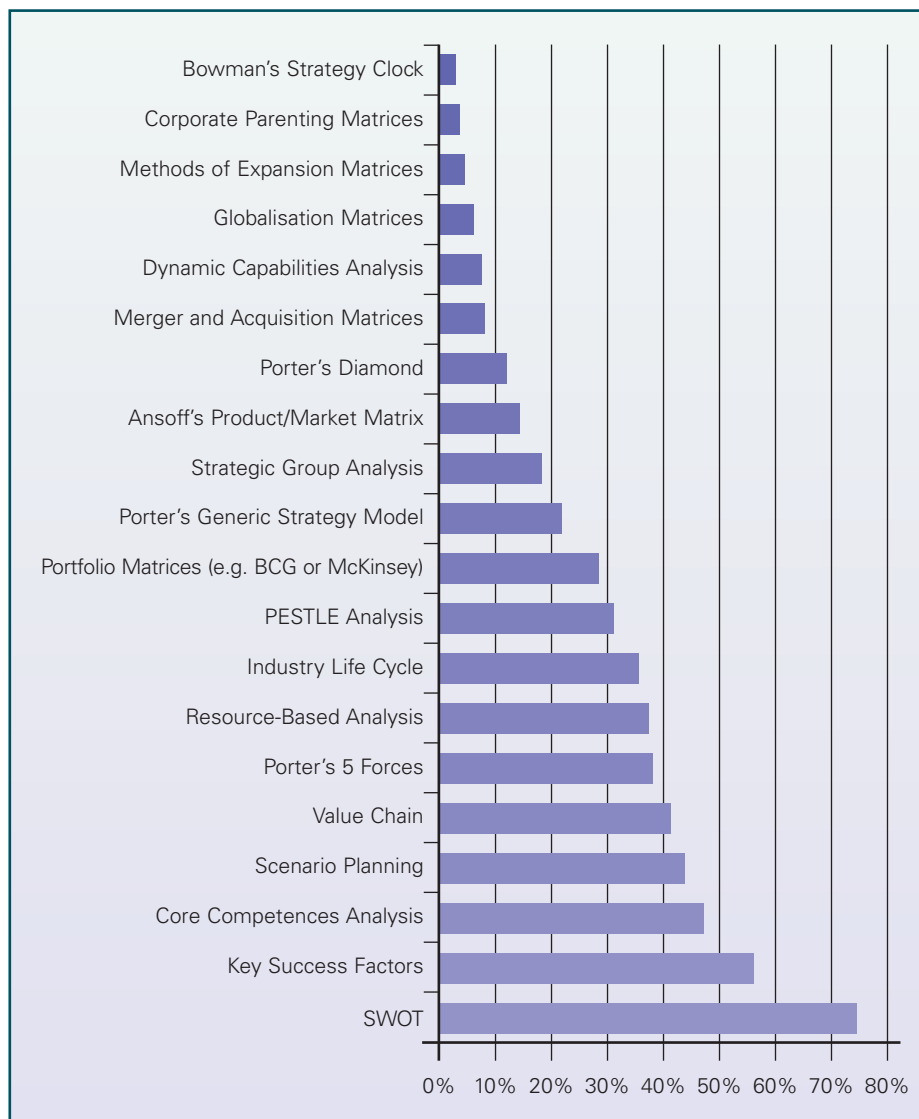
First we derived a list of 20 strategy tools by asking 66 strategy academics in the top 30 UK business schools about the tools that they typically taught in foundation strategy courses. We then conducted a survey of business school alumni from 12 of the top 30 business schools in the UK and asked them about their use of the strategy tools on the list. We received over 2000 (2148) usable responses.

Alumni are an appropriate unit of analysis as they have usually had the opportunity in their work to make use of the tools they learned about at business school.



The first step in developing a better understanding about the role and importance of strategy tools in practitioner's strategy work is to know which tools are used the most. Figure 2 shows the wide variation in the level of use of different strategy tools. Some tools such as SWOT analysis (nearly 80 per cent) and Key Success factors (nearly 60 per cent) were used by over half of the respondents. Others, such as the Bowman's strategy clock, and corporate parenting matrices, are hardly used at all.

**Figure 2: Strategy tools levels of use**



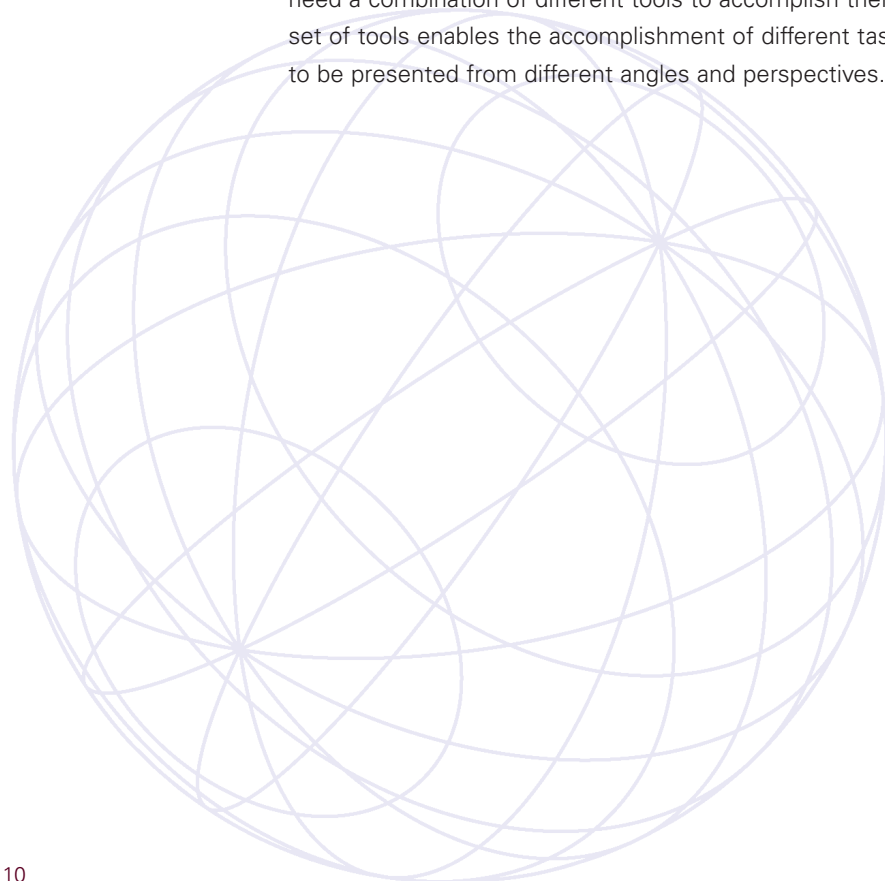
A balanced set of tools enables the accomplishment of different tasks...

There are considerable differences between the levels of use of the 20 strategy tools examined in this research. Figure 3 indicates those tools that form the practitioners' core strategy toolkit; it appears that managers rely on the tools summarised in this table to do most of their strategy work. This does not mean that it is obligatory to use all these tools, nor does it mean that practitioners should restrict their portfolio of tools to those in the table. These results only tell us that these strategy tools appear to be highly useful for managers in accomplishing a diverse range of strategic activities.

**Figure 3: Practitioners' Core Toolkit**

SWOT
Key Success Factors
Core Competences Analysis
Scenario Planning
Value Chain
Porter's 5 Forces
Resource-Based Analysis
Industry Life Cycle
PESTLE Analysis
Portfolio Matrices, e.g. BCG or McKinsey

Typically, managers use between one and nine strategy tools. Four was the most common number cited, closely followed by three and five, suggesting managers need a combination of different tools to accomplish their strategy work. A balanced set of tools enables the accomplishment of different tasks, and allows information to be presented from different angles and perspectives.



## company characteristics and strategy tool use

The use of strategy tools alters depending on factors such as organisational size, sector, industry and companies' headquarter (HQ) location.

### The effects of size

The size of an organisation size affects both the number and type of tools used. With the number of strategy tools used, the impact of organisation size is minimal. It is worth noting, however, that on average the greatest use of strategy tools is at the micro company stage (average of 6.5 tools used) whereas at SME stage this reduces to 5.7.

The reason for this may be that companies in the first stages of their development tend to be very dynamic and therefore need to use more strategy tools to make sense of the environment in which they are competing. Additionally, companies in their start-up stages may have to spend more time designing their strategies or developing business plans in order to convince investors.

Similarly, organisation size does not appear to impact significantly on the types of tools used, other than to confirm the higher levels of usage at micro companies.



The size of an organisation size affects both the number and type of tools used.

Many strategy tools were developed from studies within the manufacturing sector...

### The effects of industry type

Unlike organisation size, our results show that the type of industry significantly affects the number of strategy tools used. Figure 4 shows that utilities (average of 6.3), technology, media and information (TMI) (6.3) and manufacturing (6.1) companies use more tools than companies in financial services (5.9), public or not-for-profit (NFP) (5.6) and other services (5.4).

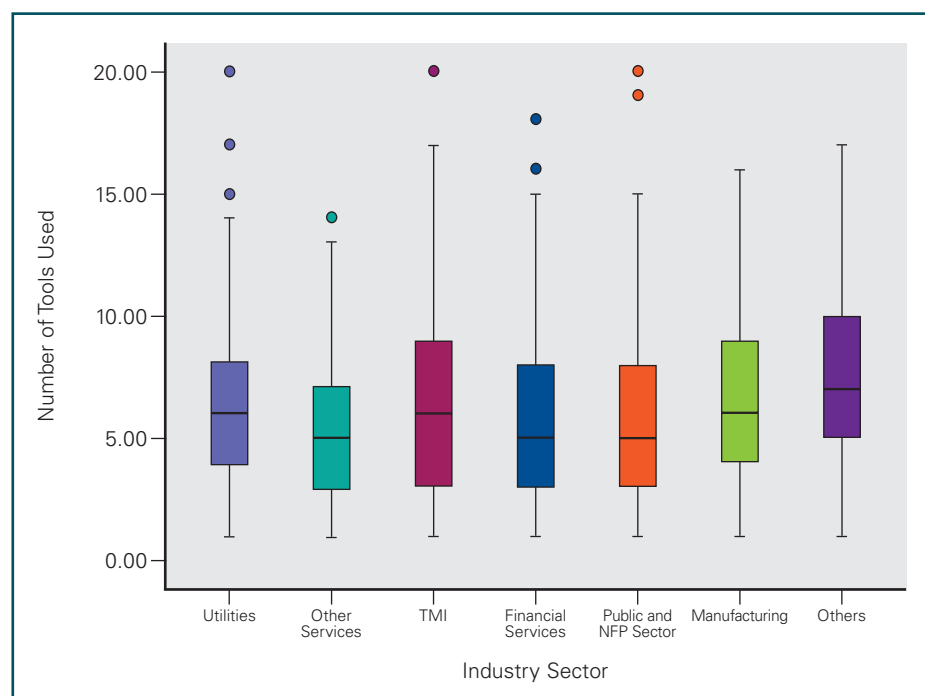
These differences may be justified by the dynamics of the sectors, the competitive environment and the problems and challenges faced by companies in their industry contexts.

Our results suggest that utilities, TMI and manufacturing companies need to use more tools to accomplish their strategy work. However, the reasons underpinning these higher levels of tool use may be different.

The highly regulated utilities firms may use greater levels of strategy tools because of a need to present strategic information appropriately to regulators and other stakeholders as part of their required transparency. Many strategy tools were developed from studies within the manufacturing sector and hence managers in manufacturing may have established patterns of using tools that are applicable in the manufacturing context. The high average use of tools and greatest range in strategy tool use displayed by TMI, on the other hand may reflect the dynamism and emergent nature of business models in this sector.

Interestingly, the public, NFP and professional services sectors use fewer strategy tools, which may reflect the different competitive environments and the knowledge and public value basis of the services that they provide.

**Figure 4: Industry and the number of strategy tools used**





Counterintuitively, the level of use of each of the core strategy tools is very similar in all the industries, with only slight variations in the public and NFP, and manufacturing sectors.

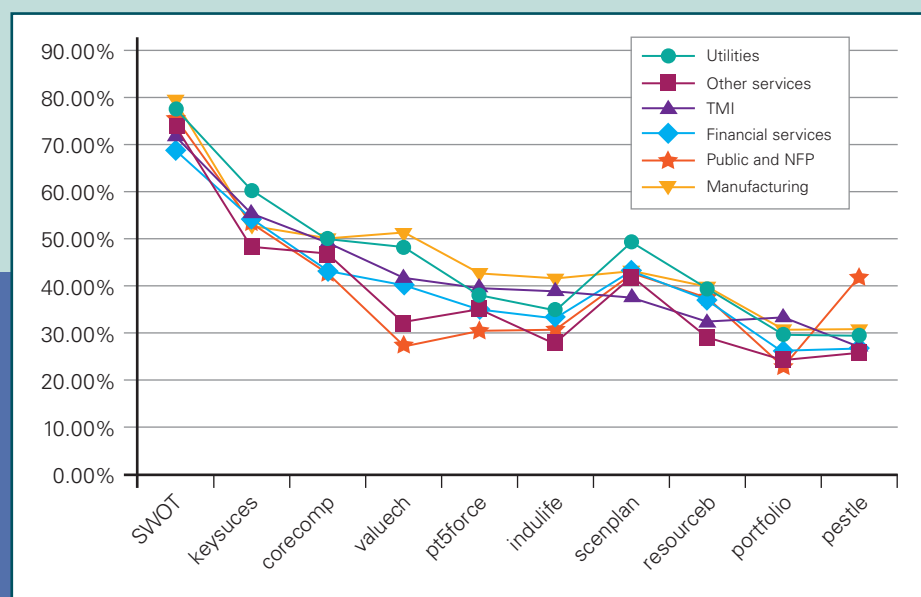
It was reasonable to assume that as managers in different industries face different needs they would use different tools to accomplish their goals. Interestingly, however, our findings suggest that the content of managers' analysis may not be an important issue in the choice of which strategy tools to employ. This also reflects the fact that managers across industries tend to use the tools that are better known and easier to use rather than those that are most appropriate for their analytic purposes.

Another interesting observation is that the public and NFP sectors do not follow the same pattern as other sectors in some tools – particularly in the use of resource-based analysis, and especially in PESTLE analysis, for example (see Figure 5).

This may indicate that public sector companies are strongly oriented to a careful management of their resources. It also makes sense given that factors such as changes in policy and legislation, and environmental issues, may form part of PESTLE analysis. A greater focus on internal resources in order to provide services and gain advantage with funders, rather than on external resources, is suggested by their lower use of Porter's 5 forces, a tool for competitive environment analysis, as well as their lack of attention to the value chain.

Unsurprisingly, the manufacturing sector, has the highest use of value chain analysis, whereas usage in the service industries falls off, presumably because they do not have to consider the same inbound and outbound logistics issues that are part of classic value chain analysis. For the financial services sector the use of value chain analysis is more frequent, probably because of the rising popularity of financial supply chain management (FSC).

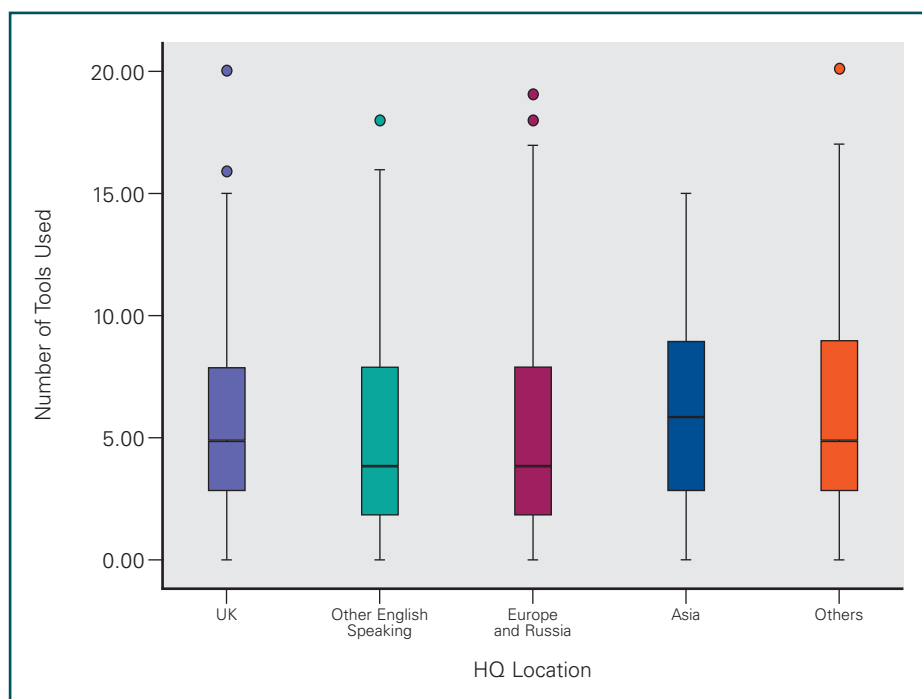
**Figure 5: Industry and the type of strategy tools used**



### The impact of company HQ location

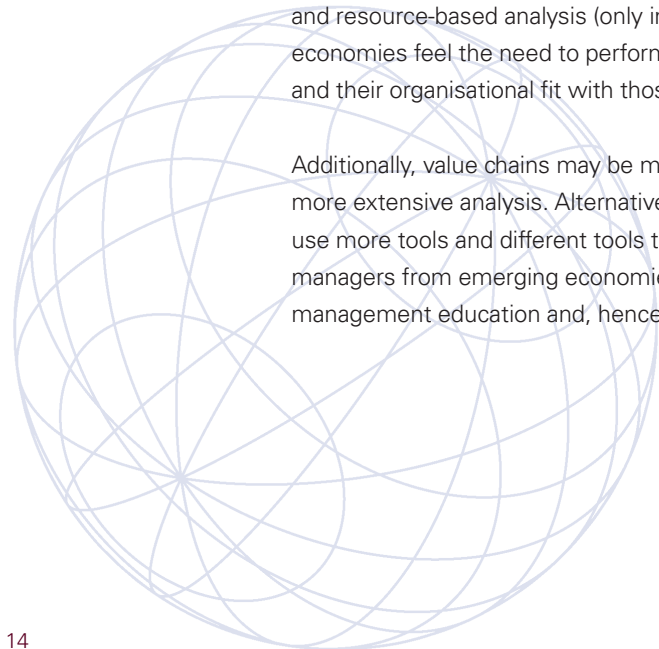
Interestingly, we found notable differences in the number of strategy tools used according to location of the company's headquarters (see Figure 6), in particular that companies located in Asia and, to a lesser extent, Others (representing Africa, Middle East and South America), use more strategy tools than companies located in the UK or other English speaking countries (US, Australia, Canada, New Zealand). Possibly this is because companies in the emerging countries face a more dynamic environment and thus the need to deal with the pace of growth and change.

**Figure 6: Company's HQ location and number of strategy tools used**

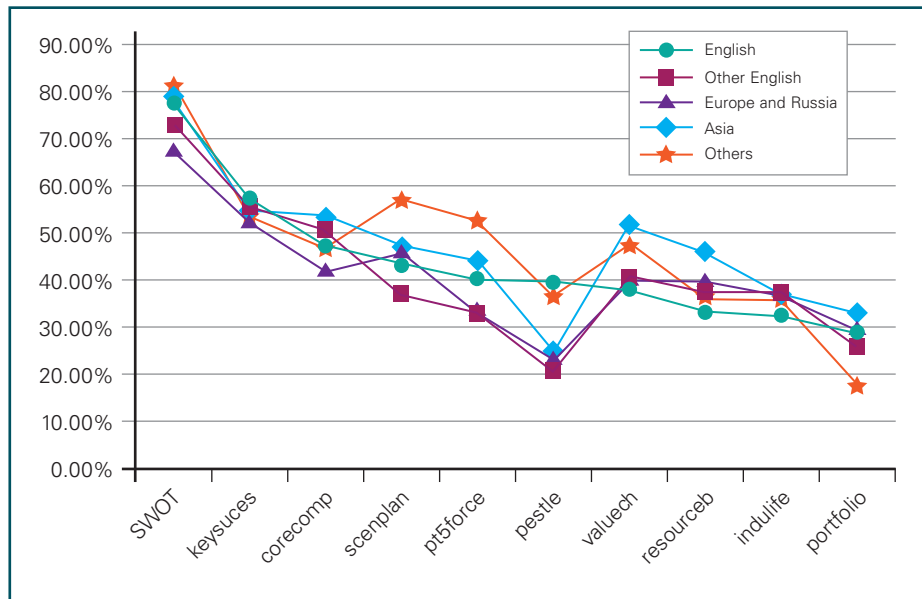


Regarding the use of different types of tools, companies in Asia and Others have considerably more managers using scenario planning, value chain, Porter's 5 forces and resource-based analysis (only in Asia). This may indicate that managers in emerging economies feel the need to perform more elaborated analysis of their environments and their organisational fit with those environments (see Figure 7).

Additionally, value chains may be more complex in emerging economies and so require more extensive analysis. Alternatively, the fact that managers in emerging economies use more tools and different tools to those in western economies may indicate that managers from emerging economies give more value to those tools learned during management education and, hence, make greater use of them in the workplace.



**Figure 7: Company's HQ location and the type of strategy tools used**



...value chains may be more complex in emerging economies and so require more extensive analysis.

## the when and how of strategy tools

As well as looking at what strategy tools were most used overall, we also broke the strategy process down into three discrete stages: strategy analysis, strategy choice and strategy implementation. Our research revealed that the most popular tools overall – SWOT analysis and Key Success factors – were also the most used during each of the three stages. On the whole, tools were used more in the analysis stage, followed by the choice and then implementation stages.

The majority of tools – SWOT, Porter's 5 forces, PESTLE, core competences and value chain – have significantly greater use in strategy analysis than in any other stage. We call these tools *analysis oriented*, meaning that they are preferred by managers for analysis and evaluation purposes.

On the whole, tools were used more in the analysis stage, followed by the choice and then implementation stages.

Scenario planning, however, is used more for strategy choice than for any other stage, as are resource analysis, portfolio matrices and industry life cycle tools, which we call *choice oriented* – tools that are used by managers when they are making strategic choices.

Finally, key success factors is the only tool used more in strategy implementation than in any other stage. The use of strategy tools is at a lower level in strategy implementation. This may suggest a lack of tools oriented to implementation purposes, or that practitioners do not give as much value to this stage of the strategy process. Alternatively, as the tools surveyed are typically taught in foundation strategy courses, it may be that foundation strategy courses are more focused on analysis and choice than on implementation. If so, given that implementation is something that all managers will be involved with, perhaps strategy implementation needs to be a foundation course or implementation tools need to be taught in strategy foundation courses.

### The value of strategy tools

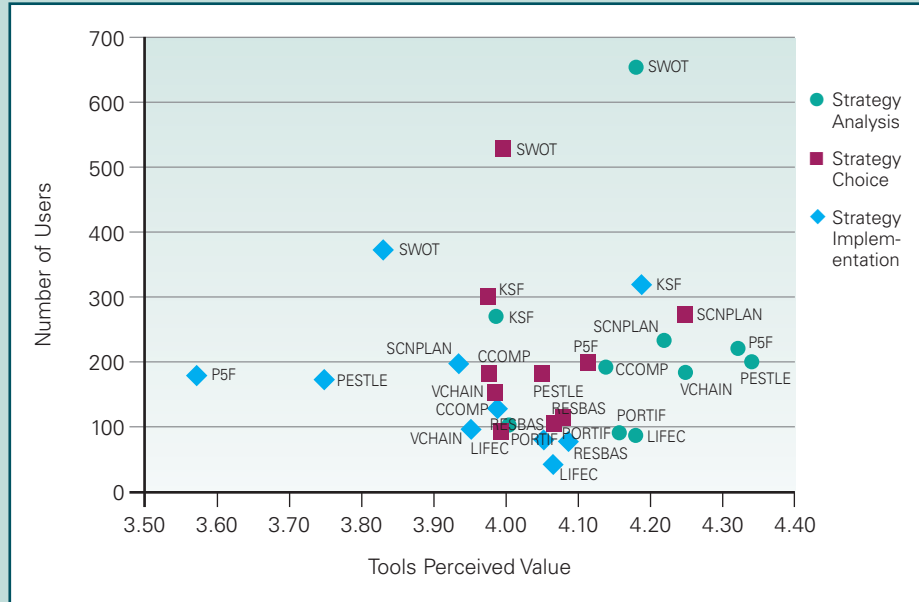
We also asked respondents to classify the added value of each tool (on a scale of 1 – adds little value – to 5 – adds much value) for each stage of the strategy process. The findings from this data enable us to compare a tool's level of use with its perceived value.

Figure 8 enables a comparison of the use and value of the top 10 tools across the three stages of the strategy process. Overall, Figure 8 illustrates that the top 10 tools have less perceived value in the strategy implementation stage (the green triangles). In contrast, the tools used in strategy analysis (the blue diamonds) are those with the highest perceived value.

As 4.2 is a reasonably high perceived value, we suggest that the tools higher than that value are extremely valuable in strategy work. Consequently, four strategy tools may be considered highly valued in strategy analysis, while only one (scenario planning) is highly valuable in strategy choice and one (key success factors) in strategy implementation (although its perceived value is slightly below 4.2). The tools are, in general, more valuable on a sliding scale from strategy analysis to strategy choice to strategy implementation.



**Figure 8: Strategy tools use and perceived value across the three stages of the strategy process**



When comparing the tools most used and those most valued we find some interesting differences, which are summarised in Figure 9. SWOT and core competences are among the most used for strategy analysis but they are not among the most valued – it is suggested that their popularity may be due to a greater awareness of these tools than others, rather than greater efficacy, necessarily.

In contrast, scenario planning is not one of the tools most used but it is one of the most valued. Regarding strategy choice, we can see that only scenario planning is highly valued. Finally, in strategy implementation, key success factors is both the most used and most valued.

**Figure 9: Most valuable strategy tools in the different stages of the strategy process**

	Most Used Tools	Most Valued Tools
<b>Strategy Analysis</b>	SWOT, Porter's 5 Forces, PESTLE, Core Competences and Value Chain	PESTLE, Porter's 5 Forces, Value Chain, Scenario Planning
<b>Strategy Choice</b>	Scenario Planning, Resource Analysis, Portfolio Matrices and Industry Lifecycle	Scenario Planning
<b>Strategy Implementation</b>	Key Success Factors	Key Success Factors

## why strategy tools are used (and not used)

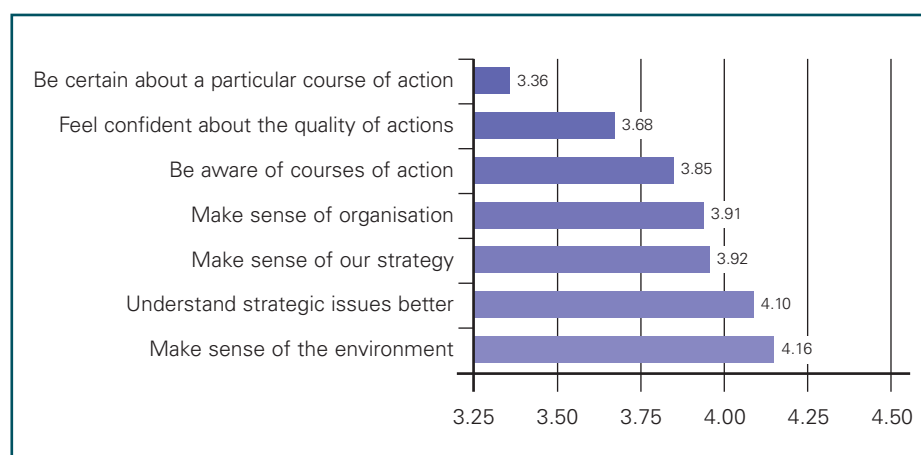
It is worth noting that managers perceive greater value in the use of tools for performing strategy analysis, which typically focuses on the external environment.

To increase our understanding about the use of strategy tools we also examined the reasons managers give to justify their use of strategy tools, as well as the reasons why they stop using them.

We asked respondents to classify their levels of agreement or disagreement with various potential reasons for the general use of strategy tools on a five-point scale. Two reasons stand out (see Figure 10).

The main reason for using strategy tools is to enable managers to make sense of the environment (average of 4.16), and in particular the external environment, confirming that managers are highly concerned about the external events surrounding their companies and use strategy tools to interpret those events. It is worth noting that managers perceive greater value in the use of tools for performing strategy analysis, which typically focuses on the external environment.

**Figure 10: Reasons for using strategy tools**

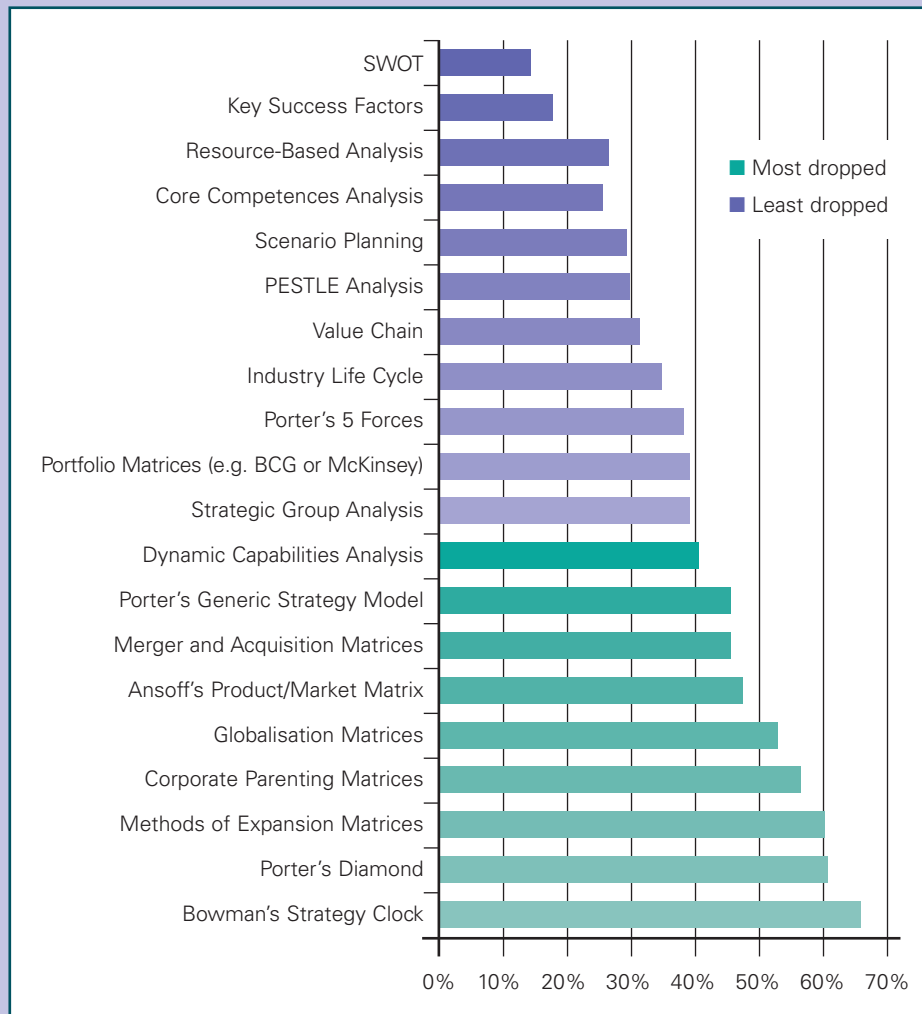


'Be certain about a particular course of action' is the reason that scored the lowest. This suggests that managers consider tools less important as a means to act confidently than as a way to make sense of the environment, strategic issues and the organisation – the tools most used by managers seem less appropriate to trigger action than to perform analyses.

We also looked at which tools are most and least typically discarded (see Figure 11) with the analysis showing that the tools most discarded were also among those least used by practitioners, and also among the most unknown.

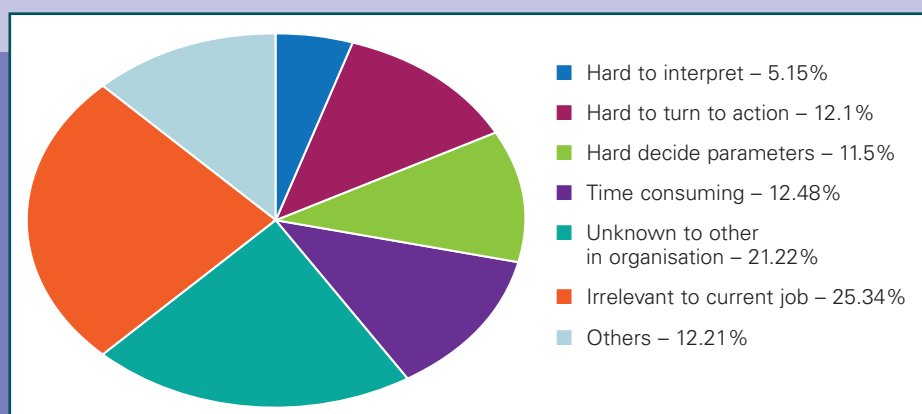
This may indicate that these tools are no longer appropriate to deal with the challenges faced by the majority of the companies, or just that a low awareness of these particular tools discourages managers from using them because the majority of their colleagues do not know and do not feel confident using tools such as corporate parenting matrices, globalisation matrices, Bowman's strategy clock, and Porter's diamond and expansion matrices.

**Figure 11: Most and least dropped strategy tools**



These two reasons are borne out by more detailed analysis with 25 of practitioners citing irrelevance to their current job as the reason for abandoning tools, and 21 selecting 'tools are unknown to the majority of other members in [the] organisation' as this reason – an issue of legitimacy within the organisation and with their peers.

**Figure 12: Reasons to drop strategy tools**



## the effects on the use of strategy tools

Variation in the use of strategy tools by managers may be down to individual characteristics...

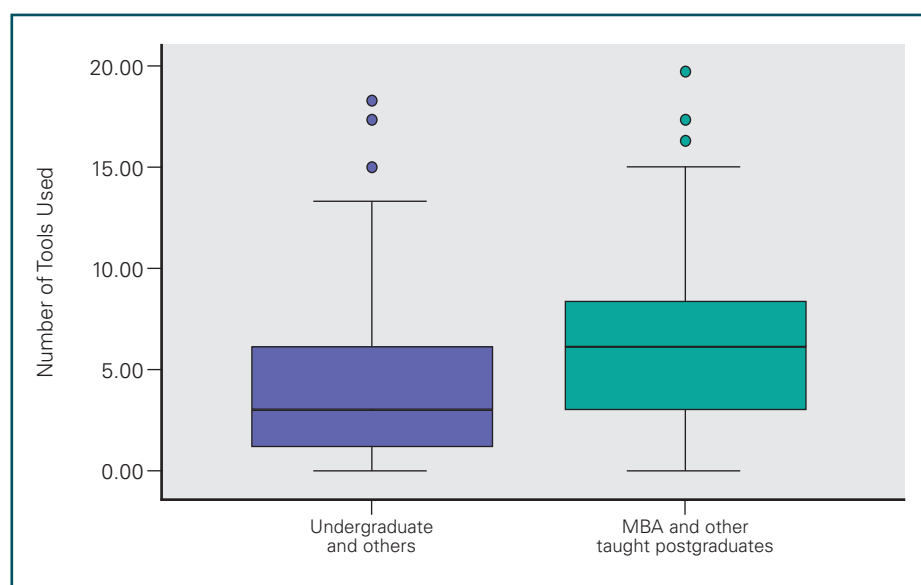
### Education and training

Variation in the use of strategy tools by managers may be down to individual characteristics, so our research also explored what impact, if any, a practitioners' education, training, time since education, hierarchical position, time working for the company, time in current position and age had on the adoption of strategy tools.

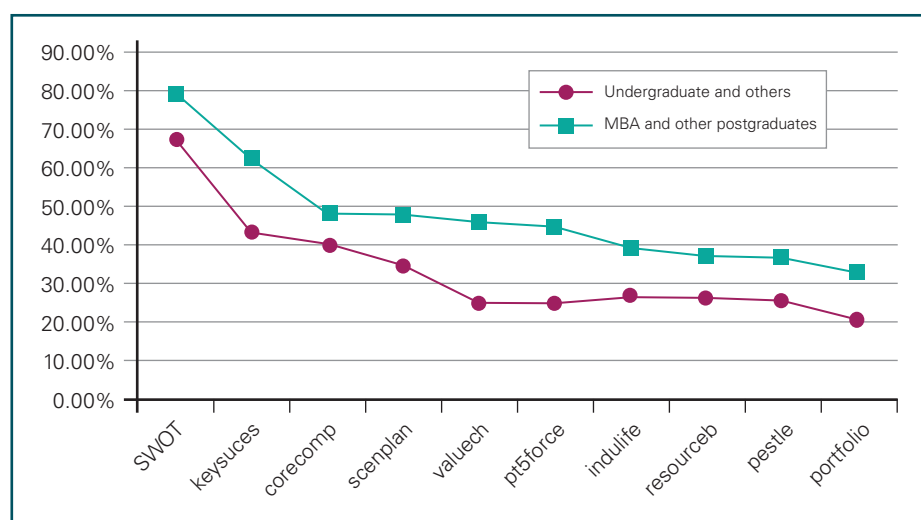
The results show that the greater the level of management training and education, the more an individual will use strategy tools and use a greater selection of tools. (See Figures 13, 14, 15 and 16). The difference is particularly marked between undergraduates and postgraduates.

Education and training, however, does not appear to affect the relative popularity of the different types of strategy tools.

**Figure 13: Managers education and the number of strategy tools used**

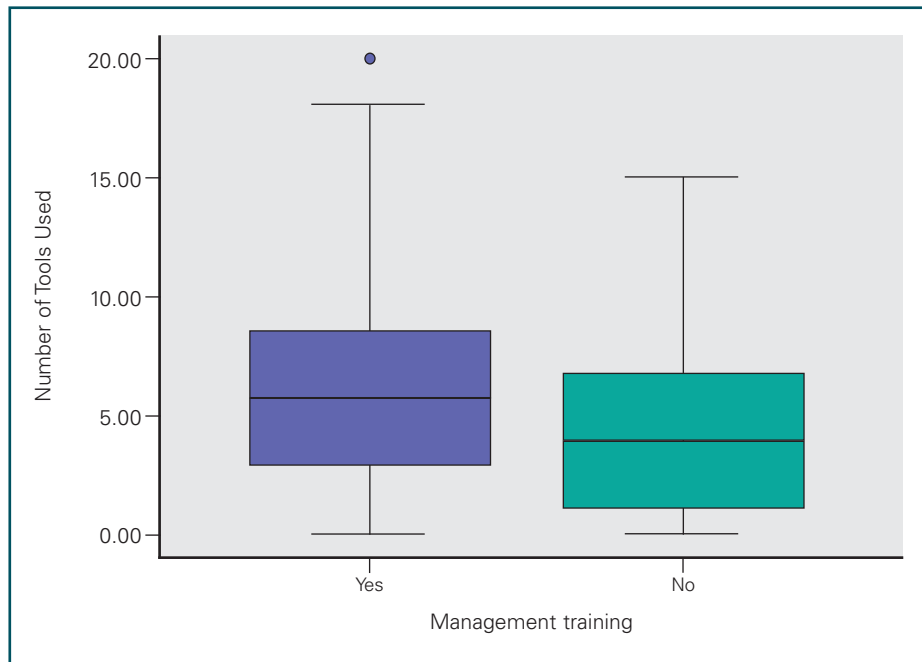


**Figure 14: Managers education and the type of strategy tools use**

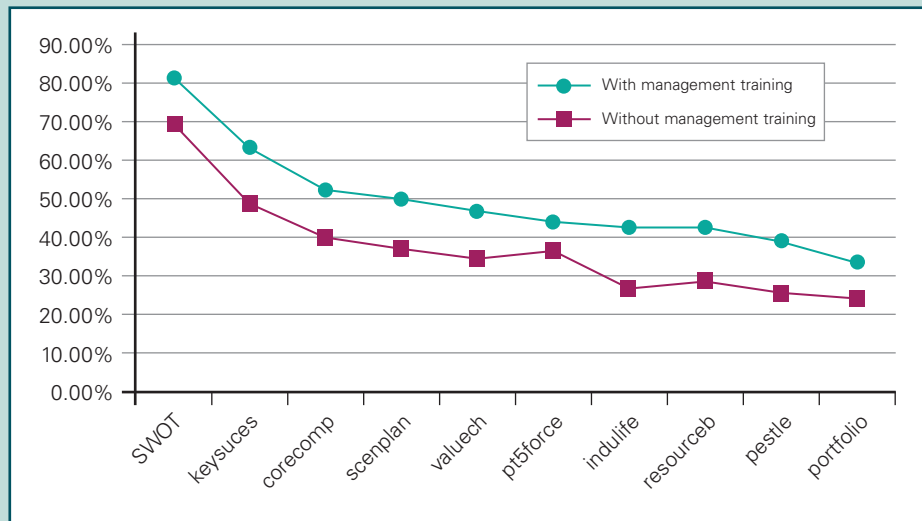




**Figure 15: Management training and the number of strategy tools used**

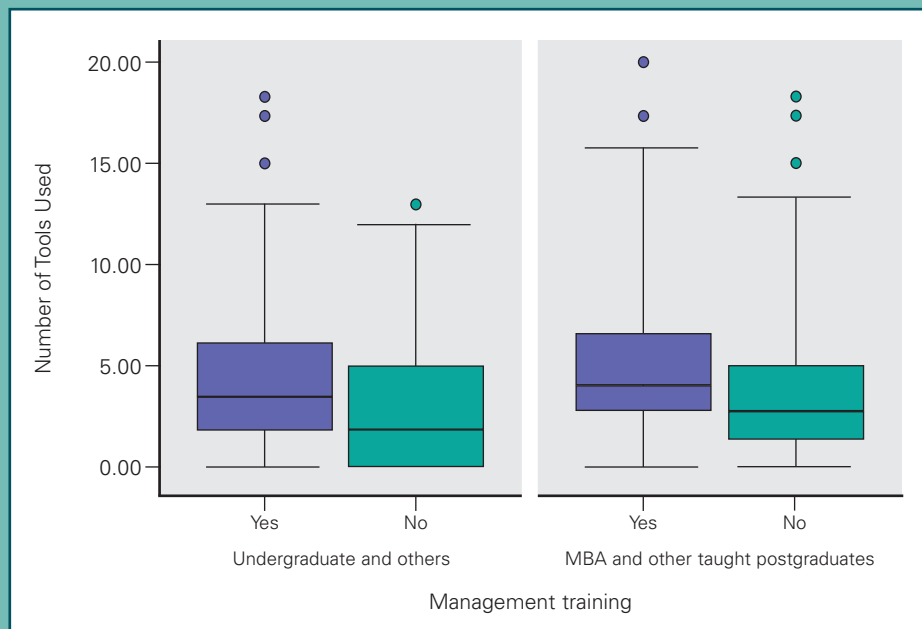


**Figure 16: Managers training effect in the type of strategy tools used**



The research also reveals a cumulative effect of management training on both managers with undergraduate and postgraduate education, strongly suggesting that while gaining a postgraduate business degree is important, in order to be up to date and prepared to use a higher number of tools, it is also necessary to have regular management training.

**Figure 17: Management training and education effects in number of strategy tools**



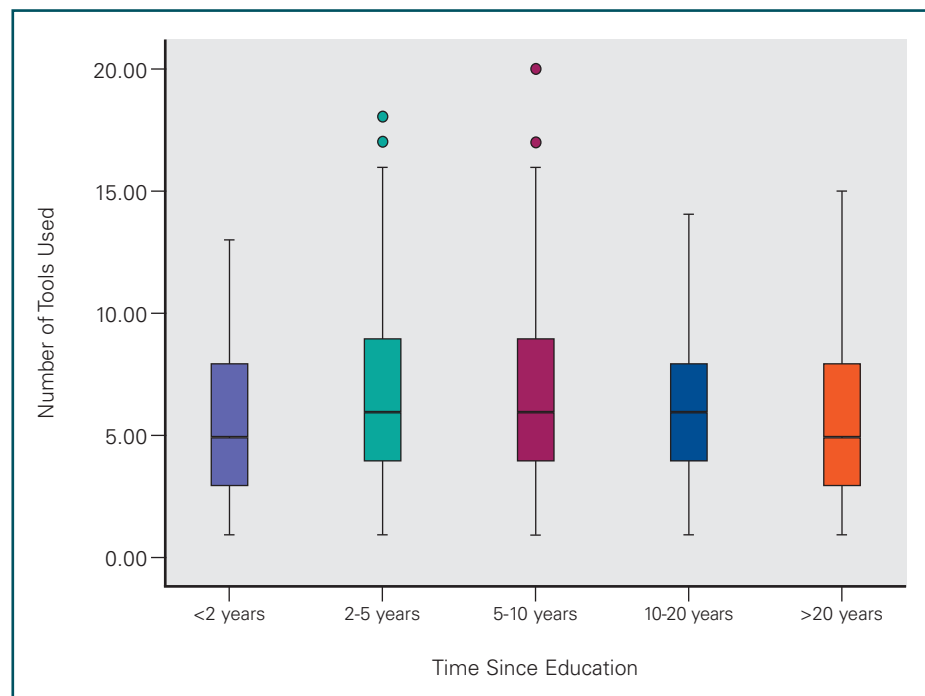
The amount of time that has elapsed since having left education also has an impact. Managers with the most recent education (less than 2 years) display a lower use in almost all the top 10 strategy tools, thereafter, as employees become embedded in their work, their need for tools rises a little and then remains rather constant throughout their careers.

As might be expected, between 10-20 years, when managers are in middle management or potentially upper middle management, they increase the application of some tools, such as value chain and portfolio analysis, presumably because they have activities of this nature to manage, whereas early in their career they use these tools less.

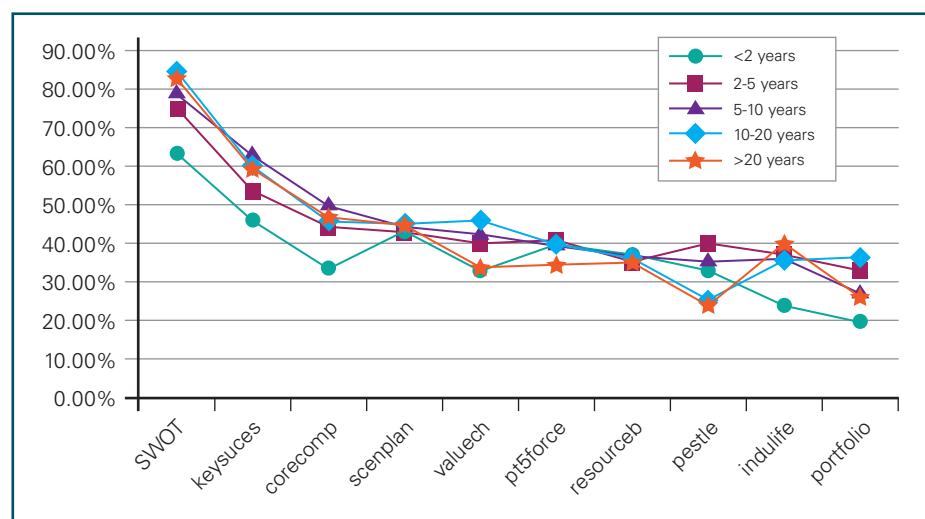
Interestingly, those who had their last education experience more than 20 years ago, are using tools like resource-based analysis and core competences which they are unlikely to have been taught in business school at that time. This means that these managers have learned these tools in their workplace or through management training.

...when managers are in middle management or potentially upper middle management, they increase the application of some tools...

**Figure 18: Effects of time since education on number of strategy tools used**




**Figure 19: Effects of time since education**



### Career effects

Our results show that employee seniority affects the number of strategy tools used. Senior managers use more strategy tools than any other type of practitioners (see Figure 20). The mean number of tools used by senior managers is 6.16, compared with the mean for professionals (4.74), middle managers (4.83) and others (4.68). This outcome reflects the fact that senior managers not only have more responsibility for corporate strategy, but also that they appear to use more strategy tools within their positions.

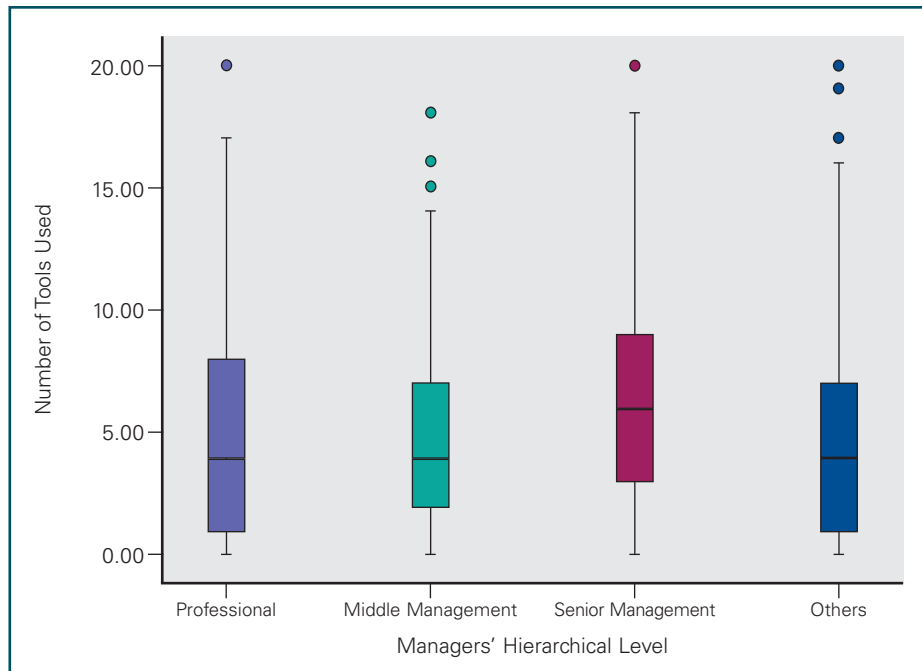
While there were no significant differences between other levels of management, the number of tools used by professionals is noteworthy, as it seems to indicate that they are indeed more called upon to adopt managerial practices and roles that necessitate the use of strategy tools, whereas previously they were perceived to focus more on their professions than on management activities.



Our results show that employee seniority affects the number of strategy tools used. Senior managers use more strategy tools than any other type of practitioners...



**Figure 20: Hierarchical level effect on the number of strategy tools used**



Indeed our research shows that age, time in the company, and time in a current position, are the highest predictors of use of any particular tool, indicating that knowledge and experience in a company, most likely associated with increased responsibility and, possibly, seniority, are important influences on the use of strategy tools.

So, for example, managers aged under 30 use far fewer strategy tools (average of 4.2), than managers between 30-40 (average of 5.5) and managers older than 40 (average of 6.0). Similarly the older the manager the greater the overall use of strategy tools.

And the more experienced the manager, the greater the overall levels of use of strategy tools and the greater the number of different tools used. In terms of the number of tools used managers with less than two years experience use an average of 4.6 tools, with 2-5 years 5.4 tools, and with plus five years 5.7 tools.

These findings are to be expected if we consider that with more time in a company, or a particular post, managers may gain more confidence, status, responsibility (more influence on company's strategy) and knowledge about their working environment, enabling them to test and use more strategy tools.

## conclusion

**Our research also shows that the use of a greater variety of strategy tools is linked to increased education and training, as well as career progression and greater work experience.**

As many business practitioners will attest, strategy tools can be very useful in helping managers analyse, choose and implement organisational strategy. Indeed, in an increasingly competitive business environment, where the ability to spot and seize new opportunities, to plot a path of successful growth for an organisation, and to use resources effectively and efficiently, becomes paramount, these kinds of tools are particularly important. The challenge for managers, however, is deciding which of these tools to use, how many of these tools to use and when best to use them.

In exploring the use of strategy tools in organisations, by questioning over 2,000 business school alumni about their use of strategy tools in their job, we have discovered a number of important findings.

To begin with, our research reveals that an optimal core strategy toolkit for managers comprises of ten strategy tools: SWOT analysis, key success factors, core competences analysis, scenario planning, value chain, Porter's 5 forces, resource-based analysis, industry life cycle, PESTLE analysis and portfolio matrices.

Of these, managers can provide adequate strategic input using between three and five strategy tools – sufficient diversity, but still manageable – as the majority of managers we surveyed do.

Also, the usefulness of strategy tools varies according to the stage of the strategy process – strategy analysis, choice or implementation. Porter's 5 forces and PESTLE analysis are considered to be the more valuable for conducting strategy analysis; scenario planning for strategy choice; and key success factor for strategy implementation.

For lovers of SWOT analysis it is worth noting that, even though SWOT analysis is easily the most popular tool, the tools considered by managers as most valuable are not the ones with the most users. Indeed, the survey found that popularity does not mean high value.

Our research also shows that the use of a greater variety of strategy tools is linked to increased education and training, as well as career progression and greater work experience.

Finally, however, there is a word of warning for western economies, and managers in general.

Our research shows that managers from companies with headquarters in Asia, Africa, Middle East or South America tend to use a higher number of tools than managers from companies with headquarters in western countries, in the US and Europe. This may have repercussions for the future competitiveness of western headquartered firms in global markets.

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