

## Strategy Critical Processes

Most businesses spend an enormous amount of time and resource developing their strategy. However, similar effort is not expended on correctly identifying and managing the related strategy-critical processes. As the name implies, these processes link to activities that have a significant impact on the business' ability to achieve the mission, values, goals and objectives stated in the strategic plan.

MGA has identified approximately seventy (70) processes that are required for businesses to function. Depending on the nature of the business, some of these processes are "strategy critical" regardless of whether the business leaders have definitively designated them as such. Strategy critical processes differ from one business to another. For example, the process to "Establish and Maintain Distribution Channels" may not be of great importance to a hospital, but could be strategy-critical to a company that sells medical supplies.

The need to focus on strategy critical processes is a crucial to building value. The market will severely punish organizations that fall short in those areas. And organizations have limited resources making it impossible to focus on all aspects of the business. Therefore, it is often necessary to have a two-tiered approach to oversight and improvement activities since strategy critical processes require more detailed and time-sensitive analysis.

Executives should address several questions:

- Are they and other key individuals within the organization in agreement regarding which processes are strategy critical?
- What is the organization doing to develop sustainable competitive advantages around its strategy critical processes?
- Are the indicators used to judge the performance of these processes adequate?
- Are incentives within the organization aligned to ensure focus is kept on critical processes?

*MGA categorizes processes as tangible or intangible. Intangible processes are usually categorized as intangible assets for accounting purposes and can account for more than 50 percent of a business' value. Intangible processes expand on the concept typically referred to as culture and includes 12 processes such as- Providing Leadership, Making Decisions, and Managing Workforce Competencies. Tangible processes include those often associated with operations-such as Managing Information Systems or Conducting Customer Service. As a result, MGA believes a unified model should be used to analyze both tangible and intangible processes and that each category should be weighted similarly when analyzing organizational performance.*