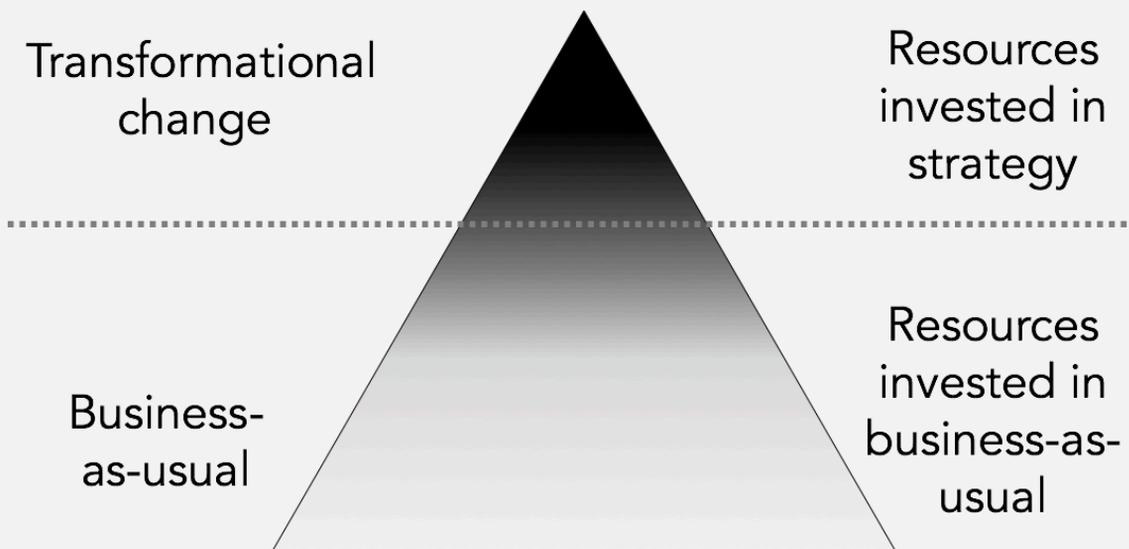


Strategy models and frameworks

Boundary Model of Strategy



The **Boundary Model of Strategy** proposes that an important early decision about any new strategy is what proportion of resources will be allocated to strategic initiatives, as opposed to the maintenance of business-as-usual.

The Boundary Model of Strategy features in Goal Atlas Director, Mike Baxter's book '[The Strategy Manual: A step-by-step guide to the transformational change of anything](#)' and is also covered in our [Strategy Master Workshops](#).

The Boundary Model of Strategy

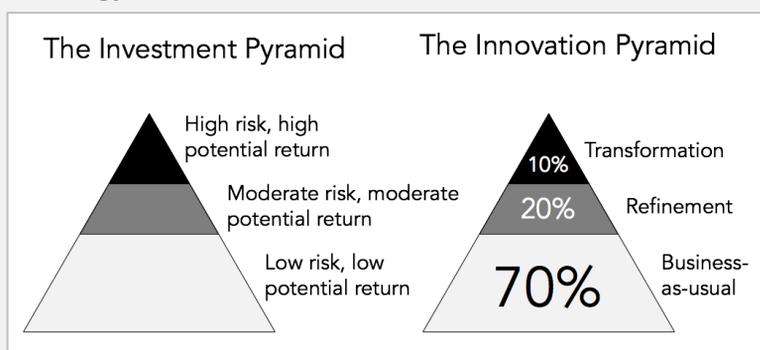
How to use it:

Strategy is about the future. It is about transformational change; the sort of change that won't happen just by carrying on with business-as-usual. The Boundary Model can be used as a provocation across your entire organisation. Is your 'board' convinced not just of the content of your strategy but of the level of effort and resource being invested to bring it about? For senior leaders, middle managers and front-line team leaders - how much of their time should they spend on strategy? In each round of budget allocation, are you spending the right amount on strategic initiatives? The Boundary Model of Strategy helps you build the foundation to answer all these questions.

Explanation:

The Boundary Model of Strategy assumes that strategy is about the management of transformational change over a long period of time (typically years). It proposes that an important early decision about any new strategy is what proportion of your organisation's resources (time, money, staff, capital etc) are to be allocated to strategic initiatives, as opposed to the maintenance of business-as-usual. The 'boundary' is the dividing line between the resources allocated to strategy and those allocated to business-as-usual. The Boundary Model of Strategy derives from a combination of strategy as innovation and strategy as investment.

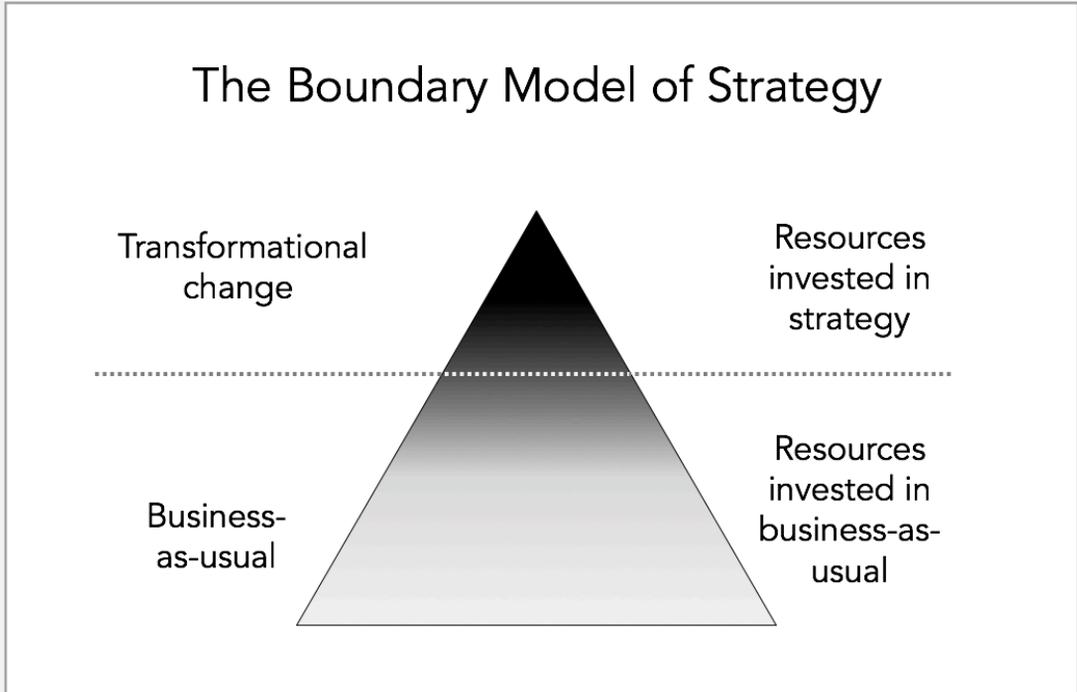
The **investment pyramid** shows how good investment decisions set out to balance the different risk and return profiles of different types of investments. The pyramid shape reflects typical investment advice to keep the majority of your investment assets in low risk, low potential return investments, and a minority in high risk investments with high potential return.



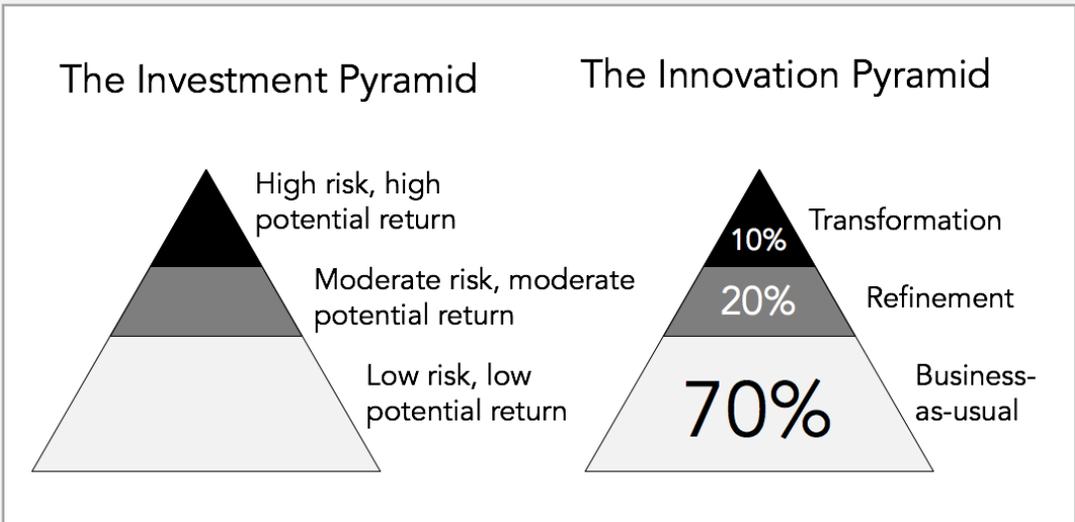
The **innovation pyramid** shows a rule of thumb for innovation management that Sergey Brin, cofounder of Google devised. Here is Brin's initial explanation, as recalled by Eric Schmidt, former CEO and Chairman of Google, in an interview on The Tim Ferris Show. "70% [of resources go] on your core business, 20% on adjacent or nearby things, and 10% on wild bets...you need the 70% because you need the revenue, the revenue growth. You need the 20% because you need to extend your franchise, and you need the 10%, which is crucially important for the things that you will want to do five or 10 years from now." Whilst 70, 20, 10 are typical ratios for the innovation pyramid in 'high performing firms', these ratios can vary considerably for other types of firms. It's not important that you find a right answer here. What is essential, however, is that your board has a view on how much of which resources your organisation invests in strategy.

Strategy doesn't have a great deal of value for managing business-as-usual. There are policies, processes, standard operating procedures and accepted ways of working for this. Effective business-as-usual needs competent management and efficient administration more than it needs strategy. Strategy is about the future. Strategy is about change. Strategy has much more to say about the long-term, typically cross-functional activities aimed at business transformation. Strategic initiatives are what you spend a minority of your organisation's time and resources on, in order to provide the high-risk, high-return element of how your organisation invests for its long-term future. So, deciding how much to invest in business transformation, as opposed to the maintenance of business-as-usual is to decide how much you are investing in strategy. This is the essence of the Boundary Model of Strategy.

Boundary Model of Strategy: Downloadable Image Assets



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