THE STRATEGOS LOOP

Operating Playbook

A step-by-step field guide to running every movement — process, flow, activities and tools

The operational companion to the Complete Manual · Edition 2026

Contents

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INTRODUCTION

How to Use This Playbook

This playbook is the operational companion to the Strategos Loop manual. Where the manual explains what each movement is and why it matters, this playbook tells you exactly how to run it: the process, the flow, the sequence of activities, the tools to apply at each step, the artifact each step produces, and the gate that must be cleared before you move on. It is written to be used in the room — during a strategy sprint, an offsite, or a working session — rather than read in an armchair.

How each movement is laid out

Every one of the six movements — plus the RENEW ring — is documented the same way, so the structure becomes familiar:

- **At a glance** — the inputs it needs, the outputs it produces, who owns it, who takes part, and how long it typically takes.
- **Process flow** — a one-line diagram of the whole movement, from inputs through the steps to the exit gate and outputs.
- **The steps in detail** — each step as a Do this / How / Use / Output block, granular enough to follow without further instruction.
- **Models & tools** — every framework the movement uses, with a short how-to for applying it.
- **Exit gate** — the conditions that must be true before you proceed to the next movement.
- **Process pitfalls and handoff** — what goes wrong, and what you pass to the next movement.

The cardinal rule of sequence

READ FIRST **Do the movements in order — and resist jumping to CHOOSE.**

The single most common way strategy work fails is to leap to answers (CHOOSE) before doing the honest diagnostic work (OBSERVE and ORIENT). The gates in this playbook exist to prevent exactly that. Do not select a strategy before you have an evidence-based situation picture and a written diagnosis. The discipline of the sequence is where most of the value is.

Timeboxes given for each movement assume a focused strategy sprint; compress or extend them to fit your organisation, but keep the sequence and the gates. A rushed movement is better than a skipped one; a skipped gate is how bad strategy is born.

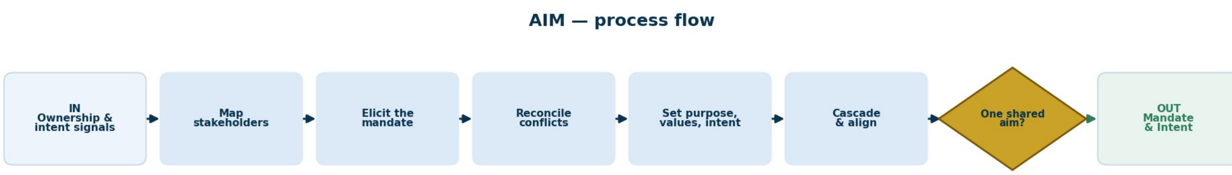
MOVEMENT 1

AIM — Purpose, Mandate & Intent

AIM fixes what the organisation is for and what it is committed to, before any analysis begins. Its product is a single, shared mandate and a stretching strategic intent that every later movement will serve.

AT A GLANCE

- **Inputs:** Ownership signals; the board's expectations; existing vision statements.
- **Outputs:** A reconciled mandate and a strategic intent, captured on an AIM Canvas.
- **Owner:** The board / owners (accountable); the CEO (runs it).
- **Participants:** Owners, CEO, top team.
- **Typical duration:** 1–2 focused sessions over 1–2 weeks.



AIM process flow.

The steps in detail

STEP 1 — Map the stakeholders

Do this: Identify everyone with a stake in or influence over the strategy, and prioritise them.

How:

- List the owners from the cap table, then the wider stakeholders: customers, employees, key suppliers, financiers, community and regulators.
- Plot each on a power–interest grid (Mendelow): high/low power against high/low interest.
- Classify each into manage closely, keep satisfied, keep informed, or monitor.
- Flag any stakeholder whose support the strategy will critically require.

Use: *Stakeholder power–interest matrix (Mendelow).*

Output: A prioritised stakeholder map identifying whose aims must be reconciled.

STEP 2 — Elicit the mandate

Do this: Extract each significant owner's true expectations, in numbers and dates.

How:

- Interview or convene each major owner; do not accept 'grow the business' — press for specifics.
- Capture five dimensions: return expectation, growth ambition, time horizon, risk appetite, and non-financial aims (legacy, independence, impact).

- Record answers verbatim so differences between owners are visible, not smoothed over.
- Note the resources each owner is willing to commit — this feeds the feasibility test in Step 5.

Use: *Mandate elicitation template (five dimensions).*

Output: Raw mandate statements for each owner.

STEP 3 — Reconcile the conflicts

Do this: Resolve contradictory owner expectations into one mandate the organisation can serve.

How:

- Surface the sharpest tensions explicitly (for example, aggressive growth versus a near-term exit, or dividends versus reinvestment).
- Facilitate a trade-off discussion; where owners cannot agree, apply an agreed decision rule (majority, chair's casting vote, or shareholder-agreement terms).
- Draft a single reconciled mandate and secure explicit sign-off from the owners.
- If reconciliation fails, stop: an unreconciled mandate will wreck every downstream movement.

Use: *Conflict / trade-off matrix.*

Output: One reconciled, signed-off mandate.

STEP 4 — Set purpose, values and strategic intent

Do this: Articulate the enduring direction and the stretching ambition.

How:

- Run a purpose session: state, in one sentence, why the organisation exists beyond profit; test it for endurance (would it survive today's products vanishing?).
- Identify three to five core values; stress-test each against a real past decision where it did — or should have — cost something.
- Set a strategic intent / BHAG roughly a decade out: bold, concrete, and deliberately beyond current resources.
- Confirm the intent stretches the organisation without breaking the mandate's risk boundary.

Use: *Purpose / Values / BHAG canvas; the strategic-intent stretch test (Hamel & Prahalad).*

Output: A stated purpose, a small set of values, and a strategic intent.

STEP 5 — Cascade and pressure-test

Do this: Make the aim shared, and confirm it is achievable with the resources committed.

How:

- Translate the mandate, purpose and intent into language each level of the organisation can act on.
- Communicate it, then test alignment: can every member of the top team restate the aim identically?
- Run the means test: is the ambition achievable with the resources the owners will actually commit? If not, change the ambition or the resourcing now.
- Record the result on the AIM Canvas.

Use: *AIM Canvas; alignment and means tests.*

Output: An aligned, resourced aim, ready to direct OBSERVE.

Models & tools used in AIM

- **Stakeholder power–interest matrix (Mendelow):** plot power against interest to decide whom to manage closely, satisfy, inform or monitor.
- **Mandate elicitation (five dimensions):** return, growth, horizon, risk, non-financial — the complete specification of an owner's aim.
- **Vision architecture (Collins & Porras):** core purpose (enduring why), core values (costly principles), BHAG (bold goal).
- **Strategic intent (Hamel & Prahalad):** an ambition that exceeds resources and thereby mobilises the organisation.
- **AIM Canvas:** the one-page artifact capturing mandate, purpose, values, intent and the alignment test.

GATE **Exit gate — do not proceed until:**

- ► One reconciled mandate exists, signed off by the owners.
- ► Purpose, values and a stretching intent are articulated and stress-tested.
- ► Every top-team member can restate the aim identically.
- ► The ambition is matched by the resources that will actually be committed.

PROCESS PITFALLS

- ► **Smoothing over owner conflict** instead of reconciling it — the contradiction resurfaces mid-execution.
- ► **Aspirational values** that have never cost anything, which teach the organisation to ignore them.
- ► **An intent with no stretch,** which fails to mobilise, or one with no resources, which cannot be met.

Handoff to OBSERVE

AIM hands OBSERVE a clear aim: the mandate that bounds what counts as success, and the intent that sets the ambition. OBSERVE now gathers the evidence about whether and how that aim can be achieved.

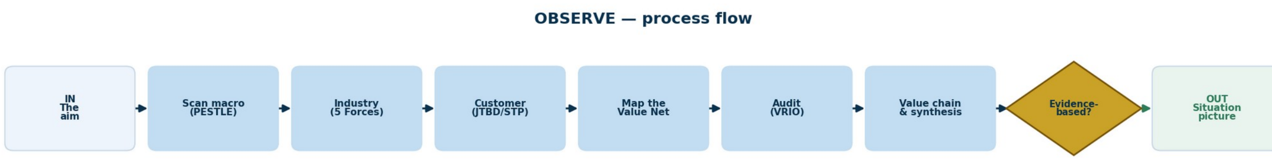
MOVEMENT 2

OBSERVE — Scan Outside and In

OBSERVE builds the evidence base the whole strategy will rest on, looking outward at environment, industry and customers and inward at the organisation's own capabilities with equal rigour. Its product is a single, evidence-based situation picture.

AT A GLANCE

- ► **Inputs:** The aim (mandate and intent) from AIM.
- ► **Outputs:** A situation picture: outward scan plus an honest internal audit, with the key tensions flagged.
- ► **Owner:** The CEO (accountable); a strategy lead or analyst (runs the analysis).
- ► **Participants:** Top team, functional leads, external data/market inputs.
- ► **Typical duration:** 2–4 weeks, much of it pre-work.



OBSERVE process flow.

The steps in detail

STEP 1 — Scan the macro-environment (PESTLE)

Do this: Catalogue the external forces that will shape the strategy over its horizon, and judge their timing.

How:

- For each PESTLE domain — political, economic, social, technological, legal, environmental — list the significant forces.
- Rate each force for impact (high/medium/low), likelihood, and timing (when it will bite).
- Convert each material force into a concrete implication — a threat to guard against or an opening to prepare for.
- Set watch-points for the forces whose timing is most uncertain.

Use: *PESTLE grid with impact / likelihood / timing scoring*.

Output: A shortlist of macro implications, timed.

STEP 2 — Analyse the industry (Five Forces)

Do this: Assess industry structure to see where profit is possible and where pressure is greatest.

How:

- For each of the five forces — buyer power, supplier power, threat of entry, threat of substitutes, rivalry — list the underlying drivers.

- Rate each force strong / moderate / weak, citing evidence, and note whether it is strengthening or weakening.
- Identify where the profit pools sit and which forces most limit your profitability.
- Add complementors if your industry has them, bridging into the Value Net step.

Use: *Porter's Five Forces worksheet.*

Output: An industry-structure assessment naming the binding constraints on profit.

STEP 3 — Read the customer (STP + Jobs-to-be-Done)

Do this: Understand who your customers are and, more importantly, what job they hire you to do.

How:

- Segment the market; select the target segments that matter for the aim.
- For each target segment, run Jobs-to-be-Done inquiry: what progress is the customer trying to make, in what circumstance, and what pains and desired gains surround it?
- Capture where the job is unmet, overserved or changing.
- Distinguish the functional, emotional and social dimensions of the job.

Use: *Segmentation–Targeting–Positioning; Jobs-to-be-Done interview guide.*

Output: Segment definitions and a job map for each target segment.

STEP 4 — Map the Value Net

Do this: See the whole game around you — not only competitors, but complementors, suppliers and customers.

How:

- List the four players: customers, suppliers, competitors and complementors.
- Identify where co-operation (co-opetition) could grow the pie, and where a player could turn against you.
- Note dependencies and bargaining positions upstream and downstream.
- Flag any complementor whose fortunes materially affect yours.

Use: *The Value Net (Brandenburger & Nalebuff).*

Output: A value-net map of the players and the plays available.

STEP 5 — Audit your resources (VRIO) and name core competencies

Do this: Look in the mirror as rigorously as you looked outward — the step most organisations skimp.

How:

- Inventory your tangible and intangible resources and capabilities.
- Apply the VRIO test to each in sequence: is it Valuable? Rare? costly to Imitate? supported by Organisation?
- Classify each as competitive disadvantage, parity, temporary advantage, or sustained advantage.
- Identify your core competencies — capabilities that span multiple products, matter to customers, and resist imitation.

Use: *VRIO table (Barney); the core-competence test (Prahalad & Hamel).*

Output: A candid capability audit naming your genuinely rare, hard-to-imitate strengths.

STEP 6 — Map the value chain and synthesise

Do this: Locate where your cost and differentiation actually arise, and assemble the whole picture.

How:

- Disaggregate the business into primary and support activities (Porter's value chain).
- Mark where cost advantage and differentiation are genuinely created, and where value leaks.

- Combine the outward scan and the inward audit into one situation picture.
- Flag the two or three tensions or puzzles that ORIENT must interpret.

Use: *Porter's value chain; a situation-picture template.*

Output: The situation picture — the single input to ORIENT.

Models & tools used in OBSERVE

- **PESTLE:** the macro scan across six external domains, scored for impact and timing (Sun Tzu's Heaven).
- **Porter's Five Forces:** industry structure and profit potential; where the binding constraints sit.
- **Segmentation–Targeting–Positioning & Jobs-to-be-Done:** who the customer is, and the progress they hire you to make.
- **Value Net / co-opetition:** the full field of customers, suppliers, competitors and complementors.
- **VRIO & core competencies:** the disciplined internal audit that turns 'know yourself' into evidence.
- **Value chain:** where cost and differentiation are actually created.
- **Scenario planning (optional):** combine the most uncertain, high-impact forces into two or three plausible futures and test robustness.

GATE **Exit gate — do not proceed until:**

- ► Every material macro force has an implication and, where uncertain, a watch-point.
- ► We know which forces most limit industry profitability.
- ► We can state the job our target customers hire us to do.
- ► We have applied VRIO honestly and named our rare, hard-to-imitate resources.
- ► The internal audit is as candid as the external scan, and the picture is assembled with its tensions flagged.

PROCESS PITFALLS

- ► **Outside-only analysis** — a rich external scan with a shallow, flattering internal audit.
- ► **Listing without judging** — cataloguing forces without rating impact, timing or implication.
- ► **Counting parity as advantage** — treating a common capability as a strength; only VRIO-positive resources qualify.

Handoff to ORIENT

OBSERVE hands ORIENT a complete, evidence-based situation picture with its key tensions flagged. ORIENT will now interpret it — comparing you against rivals, judging the situation's nature, and naming the crux.

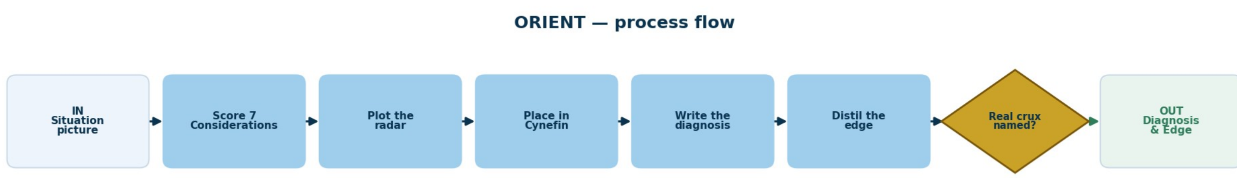
MOVEMENT 3

ORIENT — Diagnose and Assess

ORIENT turns the situation picture into understanding. It compares you honestly against rivals, judges what kind of problem you face, and produces the two things the rest of the loop depends on: a written diagnosis of the real crux, and the decisive edge you will build on. This is Boyd's pivotal phase — do it well and everything downstream improves.

AT A GLANCE

- **Inputs:** The situation picture from OBSERVE.
- **Outputs:** A written diagnosis (the crux) and a one-sentence statement of the decisive edge.
- **Owner:** The CEO (accountable); a facilitator to hold candour.
- **Participants:** Top team; ideally one outside perspective to check bias.
- **Typical duration:** 1–2 intensive sessions.



ORIENT process flow.

The steps in detail

STEP 1 — Score the Seven Considerations

Do this: Compare your organisation against each serious rival across the seven factors that decide contests.

How:

- Convene a small, candid, cross-functional group; brief them that honesty about weakness is the point.
- Score yourself and each rival 1–5 on each consideration: alignment, leadership, timing & terrain, discipline, strength, people, and consistent incentives.
- Require evidence for each score; challenge any self-score that flatters.
- Compute the gaps — where you lead and where you lag — for each rival.

Use: *Seven-Considerations scorecard*.

Output: A scored, evidence-backed comparison of you against each rival.

STEP 2 — Plot the radar and read the asymmetries

Do this: Turn the scores into a picture so the asymmetries are obvious.

How:

- Map the scores onto a radar (the five factors, or all seven considerations).

- Overlay your profile and each rival's on the same chart.
- Identify the two or three largest gaps in each direction.
- Mark which advantages you could actually bring to bear on favourable ground, and which deficiencies are dangerous.

Use: *Five-Factors / Seven-Considerations radar*.

Output: An asymmetry map: your real leads and lags.

STEP 3 — Place the situation in Cynefin

Do this: Decide what kind of problem this is, so you use the right method to solve it.

How:

- Classify the core challenge: clear (obvious cause-effect), complicated (knowable by analysis), complex (only knowable by probing), or chaotic (act first to stabilise).
- Choose the matching approach: best practice for clear, expert analysis for complicated, safe-to-fail experiments for complex, decisive action for chaotic.
- Where different parts of the challenge sit in different domains, split them and treat each accordingly.

Use: *The Cynefin framework (Snowden).*

Output: The decision approach matched to the situation's domain.

STEP 4 — Write the diagnosis

Do this: Name the single most important obstacle or opportunity — the crux everything turns on.

How:

- Use root-cause analysis (5 Whys or an Ishikawa 'fishbone' diagram) to get past symptoms to the underlying cause.
- Write the diagnosis in two to four sentences: what is really going on, and why it matters.
- Test it: does it name a crux, or merely restate a goal? A goal is not a diagnosis.
- Validate with the team and, if possible, an outsider who will challenge it.

Use: *Rumelt's diagnosis; 5 Whys / Ishikawa fishbone.*

Output: A written diagnosis of the crux.

STEP 5 — Distil the decisive edge

Do this: Converge the whole analysis on the one advantage a winning strategy can be built around.

How:

- Intersect your VRIO-positive strengths (from OBSERVE) with the empty, undefended ground and the favourable timing.
- State the edge in a single sentence: our strength X, meeting opportunity Y, at moment Z, that rivals cannot easily contest.
- Confirm the edge is defensible and genuinely hard for rivals to match.
- If no clear edge emerges, return to OBSERVE — you are missing something.

Use: *Edge distillation (strength × opportunity × timing); optionally SWOT/TOWS to synthesise.*

Output: The decisive edge, in one sentence.

Models & tools used in ORIENT

- **Seven-Considerations scorecard:** Sun Tzu's structured you-versus-rival comparison, scored with evidence.

- **Five-Factors radar:** a visual of the asymmetries that the strategy will exploit or avoid.
- **Cynefin (Snowden):** matches the decision method to the problem's domain — the check most teams skip.
- **Rumelt's diagnosis:** the mandatory, written account of the crux; the first element of real strategy.
- **5 Whys / Ishikawa fishbone:** root-cause techniques to get beneath symptoms to the true cause.
- **SWOT / TOWS:** a synthesis grid that turns strengths, weaknesses, opportunities and threats into strategic options.

GATE **Exit gate — do not proceed until:**

- ► We have scored ourselves against rivals on the Seven Considerations, with evidence.
- ► We know our largest asymmetries in both directions.
- ► We have matched our method to the situation's domain.
- ► We have a written diagnosis that names a crux, not a goal.
- ► We can state our decisive edge in one sentence.

PROCESS PITFALLS

- ► **Flattering self-scores** — the audit becomes comfort rather than foreknowledge.
- ► **No diagnosis** — the team leaps to solutions with no account of the real problem (Rumelt's 'bad strategy').
- ► **Wrong method for the domain** — rigid analysis applied to a genuinely complex, unknowable situation.
- ► **Analysis paralysis** — treating ORIENT as a place to gather more data rather than decide what it means.

Handoff to CHOOSE

ORIENT hands CHOOSE a sharp diagnosis and a decisive edge. CHOOSE will now turn them into a commitment: where to play and how to win.

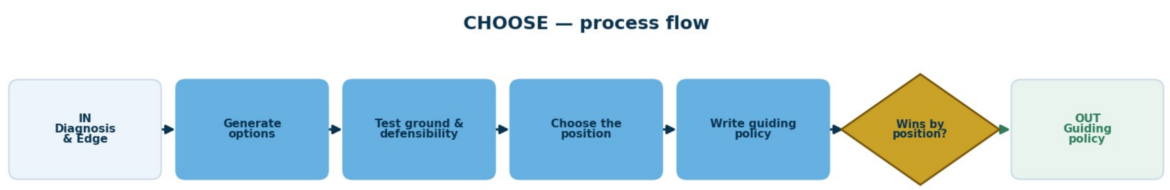
MOVEMENT 4

CHOOSE — Where to Play and How to Win

CHOOSE converts diagnosis and edge into commitment. It generates a rich set of options, filters them for favourable ground and defensibility, commits to a clear competitive position, and states a guiding policy — all tested against the standard of winning by position rather than by out-spending.

AT A GLANCE

- **Inputs:** The diagnosis and the decisive edge from ORIENT.
- **Outputs:** A guiding policy: where we will play, how we will win, and the win-without-fighting test result.
- **Owner:** The CEO (accountable and decisive).
- **Participants:** Top team; the decision is ultimately the CEO's to make.
- **Typical duration:** 1–2 sessions, plus option analysis between them.



CHOOSE process flow.

The steps in detail

STEP 1 — Generate options

Do this: Produce a genuinely diverse set of where-to-play and how-to-win candidates before narrowing.

How:

- Use the Ansoff matrix to span growth by existing/new products and existing/new markets.
- Use the Three Horizons to force options across the core (H1), emerging businesses (H2) and future bets (H3).
- Use the Blue Ocean strategy canvas and the Eliminate–Reduce–Raise–Create (ERRC) grid to search for uncontested space.
- Diverge first: generate many options without judging; premature convergence is the enemy of good choice.

Use: *Ansoff matrix; Three Horizons; Blue Ocean strategy canvas + ERRC grid.*

Output: A rich set of strategic options.

STEP 2 — Test each for ground, defensibility and timing

Do this: Filter the options down to the few worth serious commitment.

How:

- Apply the strength–weakness test: does the option send your strength against a rival's weakness (empty ground) or into their strength (fortified ground)?
- Assess defensibility: could you hold this ground once proven — is there a moat, or will a stronger rival simply take it?
- Check timing against the OBSERVE read, and fit against the AIM mandate and intent.
- Score the surviving options against weighted criteria (value, defensibility, fit, risk, speed).

Use: *Weighted option-scoring matrix; economic-moat test; the strength–weakness test.*

Output: A shortlist of two or three viable options.

STEP 3 — Choose the position — how you will win

Do this: Commit to a clear basis of advantage; refuse to be everything to everyone.

How:

- Choose a generic strategy: cost leadership, differentiation, or focus — and confirm you are not 'stuck in the middle'.
- Or choose a value discipline: operational excellence, product leadership, or customer intimacy — leading on one, matching on the others.
- Align the chosen position tightly to the decisive edge from ORIENT.
- Write down what you are deliberately choosing NOT to do — the mark of a real choice.

Use: *Porter's generic strategies; Treacy & Wiersema's value disciplines.*

Output: A committed competitive position.

STEP 4 — Write the guiding policy and test it

Do this: State the overarching approach that will channel all subsequent action, and validate it.

How:

- Write the guiding policy in one or two sentences (Rumelt): the coherent overall approach to the crux.
- Apply the win-without-fighting test: does this win by position and preparation, or does it depend on out-spending a stronger rival?
- Check coherence: does the guiding policy actually address the diagnosis, and does it build on the edge?
- If it fails any test, change the ground until it passes — do not proceed on a strategy that merely spends.

Use: *Rumelt's guiding policy; the win-without-fighting test.*

Output: A guiding policy that passes the tests — the output of CHOOSE.

Models & tools used in CHOOSE

- **Ansoff matrix:** growth options across existing/new products and markets.
- **Three Horizons (McKinsey):** forces a portfolio of options across today, tomorrow and the future.
- **Blue Ocean strategy canvas & ERRC grid:** find uncontested space by eliminating, reducing, raising and creating factors of competition.
- **Weighted option-scoring matrix:** evaluate shortlisted options against agreed, weighted criteria.
- **Economic moats:** test whether an advantage, once seized, can be defended.
- **Generic strategies (Porter) & value disciplines (Treacy & Wiersema):** the two menus for choosing how to win.
- **Rumelt's kernel & the win-without-fighting test:** the quality checks that separate a real strategy from a wish.

GATE **Exit gate — do not proceed until:**

- ► We have named where we will play — and, explicitly, where we will not.
- ► We have committed to a clear how-to-win position, aligned to our edge.
- ► We have a guiding policy of one or two sentences that addresses the diagnosis.
- ► The strategy passes the win-without-fighting test.

PROCESS PITFALLS

- ► **Converging too early** — picking the first plausible option instead of generating a real set.
- ► **Stuck in the middle** — refusing to choose a clear position, so the strategy is neither low-cost nor truly differentiated.
- ► **Goals mistaken for strategy** — a list of targets with no guiding policy and no chosen basis of advantage.
- ► **Passing the buck on the 'not' list** — failing to name what you will not do, which means you have not really chosen.

Handoff to DESIGN

CHOOSE hands DESIGN a guiding policy — a clear where-to-play and how-to-win. DESIGN will now build the business and operating model that turns that choice into a working, money-making machine.

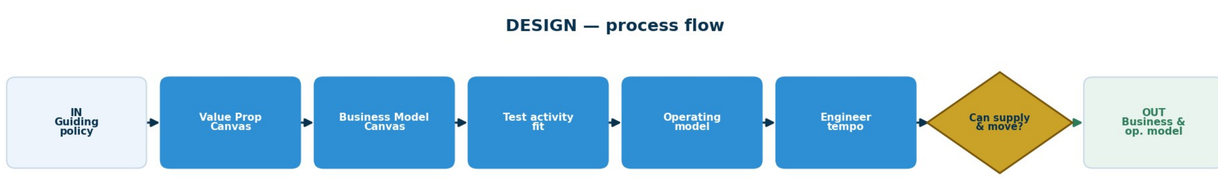
MOVEMENT 5

DESIGN — The Business Model and the System

DESIGN turns the guiding policy into a working machine: a business model that creates, delivers and — crucially — captures value, and an operating model that can supply, fund and move at the required speed. It closes the gap between deciding and doing.

AT A GLANCE

- **Inputs:** The guiding policy from CHOOSE; the customer job maps from OBSERVE.
- **Outputs:** A coherent business model, an operating model, and a tempo plan.
- **Owner:** The CEO with the COO / CFO (accountable).
- **Participants:** Top team, product, operations, finance.
- **Typical duration:** 2–4 weeks.



DESIGN process flow.

The steps in detail

STEP 1 — Sharpen the value proposition

Do this: Confirm the offer relieves real customer pains and creates real gains for the jobs you identified.

How:

- List the customer's jobs, pains and gains from the OBSERVE job maps.
- Design pain relievers and gain creators; map them onto the customer profile.
- Check the fit: does each element of the offer address a real job, pain or gain?
- Test the proposition with a handful of real customers before building around it.

Use: *The Value Proposition Canvas (Osterwalder).*

Output: A validated value proposition.

STEP 2 — Build the business model

Do this: Specify how the whole business creates, delivers and captures value — not just what it sells.

How:

- Complete the nine blocks of the Business Model Canvas: segments, value propositions, channels, relationships, revenue streams, key resources, activities, partnerships, cost structure.

- Give special attention to revenue streams and cost structure — how value is captured, the most common blind spot.
- Compute the unit economics: contribution margin, customer acquisition cost (CAC) and lifetime value (LTV); confirm the model makes money at the unit level.
- Iterate the blocks until they are internally consistent.

Use: *Business Model Canvas + unit economics (CAC / LTV / contribution).*

Output: A complete business model with sound unit economics.

STEP 3 — Test activity-system fit

Do this: Ensure the choices reinforce one another rather than merely coexisting.

How:

- Map the key activities and how they connect to the chosen position.
- Check that each activity reinforces the position and the other activities.
- Look for a self-reinforcing loop that a rival cannot copy piecemeal — the source of durable advantage.
- Remove or rework any activity that does not fit the system.

Use: *Porter's activity-system map.*

Output: A fit assessment confirming a reinforcing system.

STEP 4 — Design the operating model

Do this: Specify the capacity, supply, systems and financial control that will deliver the strategy — Sun Tzu's Method.

How:

- Define the operating-model components: organisation, core processes, technology, supplier network and governance.
- Build a resource and capacity plan; confirm you can supply and fund the strategy to its conclusion.
- Set financial controls and the funding path (including any raise the AIM mandate assumed).
- Identify the operating risks and how they will be managed.

Use: *Operating-model design; the Method audit (systems, logistics, cost control).*

Output: An operating model that can actually deliver the strategy.

STEP 5 — Engineer tempo, and build position and momentum

Do this: Remove the bottlenecks between decision and delivery, and prepare the decisive move.

How:

- Map the delivery flow from decision to customer; find the single binding constraint (Theory of Constraints).
- Reduce cycle time at the constraint; re-check that the constraint has not simply moved.
- Sequence the rollout for speed and, where possible, surprise — arriving before rivals react.
- Arrange the business for durable advantage (position) and concentrate resources and timing so the decisive move carries force (momentum).

Use: *Value-stream mapping / Theory of Constraints; rollout sequencing.*

Output: A tempo plan, and a business arranged for position and momentum.

Models & tools used in DESIGN

- **Value Proposition Canvas:** tests the fit of the offer to the customer's jobs, pains and gains.

- **Business Model Canvas:** specifies how the business creates, delivers and captures value across nine blocks.
- **Unit economics (CAC / LTV / contribution):** confirms the model makes money at the level of a single customer.
- **Activity-system map (Porter):** checks that activities reinforce one another into a hard-to-copy system.
- **Operating-model design:** the organisation, processes, technology, supply and governance that deliver the strategy.
- **Theory of Constraints / value-stream mapping:** finds and relieves the bottleneck that limits tempo.

GATE **Exit gate — do not proceed until:**

► Our value proposition demonstrably fits the customer's jobs, pains and gains.
► We know exactly how we capture value, and the unit economics work.
► Our activities reinforce one another as a system.
► We can supply and fund the strategy to its conclusion.
► We can move fast enough to win the opening.

PROCESS PITFALLS

► **Value created but not captured** — a great offer with no clear, sound revenue model.
► **A pile of activities, not a system** — choices that coexist but do not reinforce, easy to imitate.
► **Assuming the operating model** — committing to a strategy you cannot supply, fund or move fast enough to deliver.

Handoff to ACT

DESIGN hands ACT a working business and operating model with a tempo plan. ACT will now mobilise the organisation, align it, and measure the execution.

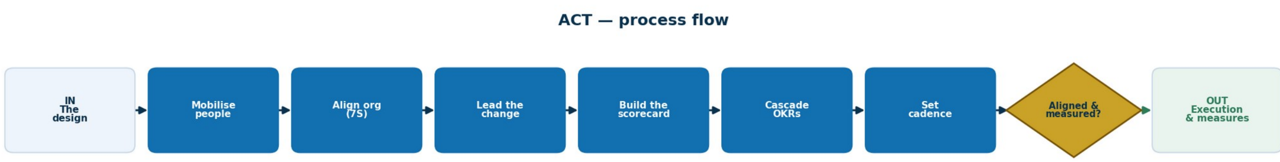
MOVEMENT 6

ACT — Mobilize, Align and Measure

ACT executes: it mobilises people, aligns structure, systems and culture to the strategy, leads the change, and installs the measurement and cadence that reveal whether the strategy is working and feed the RENEW loop. This is where momentum is released — and where most strategies quietly die for want of alignment and measurement.

AT A GLANCE

- ▶ **Inputs:** The business and operating model from DESIGN.
- ▶ **Outputs:** Aligned execution, a live scorecard, a cascaded OKR set, and a running cadence.
- ▶ **Owner:** The CEO and the leadership team (accountable).
- ▶ **Participants:** The whole organisation, in their areas.
- ▶ **Typical duration:** Ongoing; set up over 2–4 weeks, then run continuously.



ACT process flow.

The steps in detail

STEP 1 — Mobilise people

Do this: Put your strongest people and their incentives on the decisive ground.

How:

- Assign your best talent to the initiatives that matter most to the strategy — not to whatever is loudest.
- Align incentives and recognition to the strategy's outcomes, not to legacy targets.
- Ensure every team can state how its work connects to the strategy.
- Lead with both discipline and care — the combination that builds morale and momentum.

Use: *Talent-to-strategy mapping; incentive alignment.*

Output: Mobilised, aligned teams on the decisive ground.

STEP 2 — Align the organisation (7S)

Do this: Make structure, systems and culture consistent with the strategy, so it is not quietly rejected.

How:

- Run a 7S diagnostic across strategy, structure, systems, staff, skills, style and shared values.
- Identify every element that is inconsistent with the new strategy.
- Create specific alignment actions for each misalignment, with owners and dates.

- Re-check: a single unaddressed misalignment (an old incentive, a wrong structure) can defeat a sound plan.

Use: *The McKinsey 7S framework*.

Output: A set of alignment actions with owners.

STEP 3 — Lead the change (Kotter)

Do this: Carry the organisation through the transition the strategy demands.

How:

- Establish a sense of urgency; build a guiding coalition with real authority.
- Communicate the change vision relentlessly and in plain terms.
- Enable action by removing barriers; generate visible early wins to build belief.
- Consolidate gains and anchor the new approaches in the culture.

Use: *Kotter's eight steps for leading change*.

Output: A change plan in motion, with early wins.

STEP 4 — Build the scorecard and strategy map

Do this: Install balanced measurement so you track leading as well as lagging indicators.

How:

- Build a strategy map linking objectives across the four perspectives: financial, customer, internal process, and learning & growth.
- Define a measure and a target for each objective.
- Choose the leading indicators — the early signals that predict the lagging outcomes.
- Keep the scorecard small enough to be watched, not admired.

Use: *The Balanced Scorecard and strategy map (Kaplan & Norton)*.

Output: A live scorecard with leading and lagging measures.

STEP 5 — Cascade OKRs

Do this: Translate the strategy into a few aligned, measurable goals at every level.

How:

- Set three to five top-level objectives, each with two to four measurable key results.
- Cascade them downward, using 'catchball' (Hoshin Kanri) so teams shape their own aligned OKRs.
- Keep them few, ambitious and measurable; align, do not merely stack.
- Set the review rhythm for the OKRs (typically quarterly).

Use: *OKRs; Hoshin Kanri (catchball cascade)*.

Output: An aligned OKR cascade.

STEP 6 — Set the cadence and governance

Do this: Establish the rhythm, ownership and risk management that keep execution on course.

How:

- Design nested review cadences: leading indicators weekly, operations monthly, OKRs and strategy quarterly (the QBR).
- Assign a RACI (responsible, accountable, consulted, informed) for each major initiative.
- Stand up a risk register and review it on cadence.
- Plan and time the decisive push so effort is concentrated, not dribbled away.

Use: *Cadence design; RACI; risk register; the 4 Disciplines of Execution (WIGs, lead measures, scoreboard, cadence of accountability).*
Output: A running execution system that feeds RENEW.

Models & tools used in ACT

- **Talent-to-strategy mapping & incentive alignment:** the right people and rewards on the decisive ground.
- **McKinsey 7S:** aligns structure, systems, staff, skills, style and shared values with the strategy.
- **Kotter's 8 steps:** the discipline of leading organisational change.
- **Balanced Scorecard & strategy map:** balanced measurement across four linked perspectives.
- **OKRs & Hoshin Kanri:** cascade the strategy into aligned, measurable goals.
- **RACI, risk register, 4DX:** clear ownership, managed risk, and a cadence of accountability.

GATE **Exit gate — do not proceed until:**

- ► Our best people and incentives are on the decisive ground.
- ► Structure, systems, staff, skills, style and shared values all support the strategy.
- ► We are leading the change deliberately, with early wins.
- ► We measure leading and lagging indicators across all four perspectives.
- ► We have a running cadence and clear ownership that feed the renewal loop.

PROCESS PITFALLS

- ► **Strategy thrown over the wall** — handed to the organisation without alignment, and it stalls.
- ► **Alignment ignored** — structure, systems or culture left inconsistent, so the strategy is rejected.
- ► **Lagging metrics only** — watching results that report the past with no leading indicators to steer by.
- ► **No cadence** — launched and then unmonitored, so drift goes unnoticed until results disappoint.

Handoff to RENEW

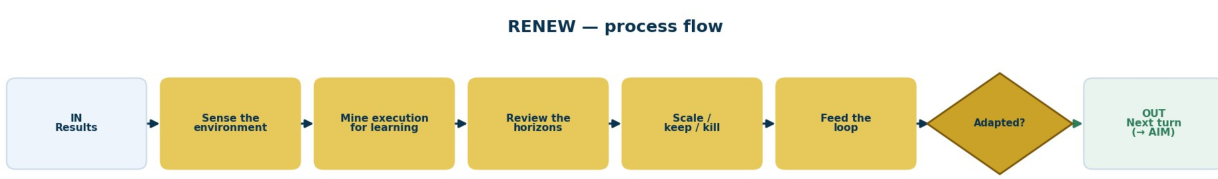
ACT hands RENEW a running strategy and a stream of results. RENEW will now sense, learn, and adapt — and feed the next turn of the loop.

RENEW — Keep the Loop Turning

RENEW is not a seventh step performed once but a continuous discipline wrapped around all six movements. It senses change, mines execution for learning, rebalances the portfolio across time horizons, makes honest scale/keep/kill decisions, and feeds what it learns back to AIM. It is what makes the model a loop rather than a plan.

AT A GLANCE

- **Inputs:** Results and signals from ACT and the environment.
- **Outputs:** Adaptations fed back into the loop; a rebalanced portfolio; updated inputs to the next turn.
- **Owner:** The CEO (accountable); the leadership team.
- **Participants:** Top team; initiative owners.
- **Typical duration:** Continuous sensing; a formal review each quarter.



RENEW process flow.

The steps in detail

STEP 1 — Sense the environment

Do this: Keep foreknowledge live so change is detected early, not discovered late.

How:

- Maintain the watch-points set in OBSERVE and monitor competitor and market signals.
- Run leading-indicator dashboards that trigger a review when a signal moves.
- Assign owners to each watch-point so sensing is somebody's job, not nobody's.

Use: *Sensing dashboard; watch-points; the dynamic-capabilities 'sense' lens (Teece).*

Output: A live stream of signals.

STEP 2 — Mine execution for learning

Do this: Treat every result, especially every surprise, as strategic data.

How:

- Run after-action reviews (AAR) on major initiatives: what was expected, what happened, why, and what to change.
- Analyse variance against plan — not to assign blame but to learn what the market is teaching.

- Capture the emergent strategy: the patterns that worked which no one planned.

Use: *After-Action Review; variance analysis; Mintzberg's emergent-strategy lens.*

Output: A short list of validated lessons.

STEP 3 — Review the horizons

Do this: Rebalance the portfolio of bets across time so today does not starve tomorrow.

How:

- Review the portfolio across Horizon 1 (core), Horizon 2 (emerging) and Horizon 3 (future options).
- Assess each bet's maturity and performance.
- Rebalance investment as the core matures and emerging bets prove out.

Use: *Three Horizons portfolio review.*

Output: A current portfolio status across the three horizons.

STEP 4 — Scale, persevere or kill

Do this: Make honest bet decisions, and free the strength that failing bets are consuming.

How:

- Apply stage-gate criteria to each experiment and initiative.
- Decide for each: scale it, persevere with changes, or kill it.
- Reallocate the resources freed by kills to the bets worth scaling.
- Record the decisions and their rationale.

Use: *Stage-gate; the pivot / persevere / kill decision.*

Output: Clear, resourced bet decisions.

STEP 5 — Feed the loop

Do this: Return what you have learned to the start, and begin the next turn better informed.

How:

- Update the AIM mandate if conditions or ownership have changed.
- Refresh the ORIENT diagnosis in light of what execution revealed.
- Adjust the OKRs and the plan accordingly.
- Before committing the adapted plan, run a pre-mortem: imagine it has failed, and list why.

Use: *Loop feedback; the pre-mortem.*

Output: Updated inputs to the next turn of the loop.

Models & tools used in RENEW

- **Sensing dashboards & watch-points:** continuous foreknowledge, with owners.
- **After-Action Review & variance analysis:** turn execution into learning.
- **Three Horizons portfolio review:** balance core, emerging and future bets.
- **Stage-gate & pivot/persevere/kill:** honest, resourced bet decisions.
- **Pre-mortem:** surface the reasons the adapted plan might fail, before committing it.
- **Dynamic-capabilities lens (Teece):** sense, seize and transform as a standing capability.

GATE **Exit gate — do not proceed until:**

► We have live sensing with owners, not an annual scan.

► We treat results and surprises as strategic learning.

- ► We hold a balanced portfolio across the three horizons.
- ► We make honest scale/persevere/kill decisions on cadence.
- ► What we learn actually changes the next turn of the loop.

PROCESS PITFALLS

- ► **Set and forget** — executing without sensing or learning until the world has moved on.
- ► **Exploitation only** — optimising today while starving tomorrow, the classic path to disruption.
- ► **Repeating the winning play** — reusing last cycle's tactics mechanically into changed conditions.
- ► **No honest kills** — letting failing bets linger and drain the strength needed for the next move.

APPENDICES

Reference & Running the Loop

Tool index, cadence, roles, and a one-page summary

APPENDIX A

Master Tool Index

Every model, framework and technique the playbook uses, where it is applied, and what it is for.

Tool / model	Movement	What it does
Stakeholder power–interest matrix	AIM	Prioritises whose aims to reconcile.
Mandate elicitation (5 dimensions)	AIM	Captures return, growth, horizon, risk, non-financial aims.
Vision architecture (purpose/values/BHAG)	AIM	Fixes enduring direction (Collins & Porras).
Strategic intent	AIM	Sets a stretching, resource-exceeding ambition (Hamel & Prahalad).
PESTLE	OBSERVE	Scans the macro-environment for timed forces.
Porter's Five Forces	OBSERVE	Reads industry structure and profit potential.
STP + Jobs-to-be-Done	OBSERVE	Segments the market and finds the job customers hire you for.
Value Net / co-opetition	OBSERVE	Maps competitors and complementors alike.
VRIO + core competencies	OBSERVE	Audits internal resources for real, durable advantage.
Value chain	OBSERVE	Locates where cost and differentiation arise.
Seven-Considerations scorecard	ORIENT	Compares you against rivals across seven factors.
Five-Factors radar	ORIENT	Visualises the asymmetries.
Cynefin	ORIENT	Matches the decision method to the problem's domain.
Rumelt's diagnosis	ORIENT	Names the crux; the first element of real strategy.
5 Whys / Ishikawa fishbone	ORIENT	Gets past symptoms to root cause.
Ansoff matrix	CHOOSE	Generates growth options by product and market.
Three Horizons	CHOOSE / RENEW	Balances core, emerging and future bets.
Blue Ocean canvas + ERRC	CHOOSE	Finds uncontested space via value innovation.
Weighted option-scoring matrix	CHOOSE	Evaluates options against agreed criteria.
Generic strategies / value disciplines	CHOOSE	Chooses how to win.
Rumelt kernel + win-without-fighting test	CHOOSE	Quality-checks the strategy.
Value Proposition Canvas	DESIGN	Fits the offer to customer jobs, pains and gains.
Business Model Canvas + unit economics	DESIGN	Specifies value creation, delivery and capture.
Activity-system map	DESIGN	Checks activities reinforce into a hard-to-copy system.
Theory of Constraints / value-stream	DESIGN	Finds and relieves the tempo bottleneck.
McKinsey 7S	ACT	Aligns structure, systems and culture with strategy.
Kotter's 8 steps	ACT	Leads organisational change.
Balanced Scorecard + strategy map	ACT	Measures strategy across four perspectives.
OKRs + Hoshin Kanri	ACT	Cascades aligned, measurable goals.

RACI / risk register / 4DX	ACT	Ownership, risk and a cadence of accountability.
After-Action Review / variance analysis	RENEW	Turns execution into learning.
Stage-gate / pivot-persevere-kill	RENEW	Makes honest bet decisions.
Pre-mortem	RENEW	Surfaces why the adapted plan might fail.

APPENDIX B

Running the Loop: Cadence & Sprint Agenda

The three rhythms

Rhythm	Frequency	What happens
Full loop	Annual	Work all six movements; set the year's strategy and measures.
Renewal review (QBR)	Quarterly	Run RENEW; scale/persevere/kill; adjust OKRs.
Operating review	Monthly	Track scorecard and initiatives.
Leading-indicator review	Weekly	Watch the early signals; trigger action.
Sensing	Continuous	Watch-points and market/competitor listening.

A first-loop sprint agenda

A practical way to run the first full loop as a facilitated sprint. Do the pre-work; hold the sequence; clear each gate before moving on.

Session	Movement(s)	Key steps	Time
Pre-work	OBSERVE	Assemble the dossier: PESTLE, Five Forces, JTBD, VRIO, value chain.	1–2 wks
Session 1	AIM	Map stakeholders; elicit & reconcile mandate; set purpose/values/intent.	half day
Session 2	OBSERVE + ORIENT	Walk the dossier; score the Seven Considerations; Cynefin; write diagnosis; distil edge.	full day
Session 3	CHOOSE	Generate options; test them; choose position; write guiding policy; apply the test.	half day
Session 4	DESIGN + ACT	Sketch business & operating model; set 7S actions, scorecard, first OKRs, cadence.	full day
Close	—	Owners, dates, review rhythm; schedule the first QBR.	1 hr

APPENDIX C

Who Does What — RACI Across the Loop

R = responsible (does the work), A = accountable (owns the outcome), C = consulted, I = informed.

Movement	Board / Owners	CEO	Leadership team	Facilitator	Teams
AIM	A	R	C	R	I
OBSERVE	I	A	R	R	C
ORIENT	C	A	R	R	I
CHOOSE	C	A / R	C	R	I
DESIGN	I	A	R	C	C
ACT	I	A	R	C	R
RENEW	C	A	R	R	R

APPENDIX D

The Loop on One Page

Movement	Do these steps	Key output	Gate
1. AIM	Map stakeholders → elicit mandate → reconcile → set purpose/values/intent → cascade	Mandate & intent	One shared, resourced aim
2. OBSERVE	PESTLE → Five Forces → JTBD → Value Net → VRIO → value chain	Situation picture	Evidence-based, candid inside & out
3. ORIENT	Score 7 Considerations → radar → Cynefin → diagnosis → distil edge	Diagnosis & edge	A real crux named
4. CHOOSE	Generate options → test → choose position → guiding policy	Guiding policy	Wins by position, not spend
5. DESIGN	Value prop → business model → fit → operating model → tempo	Business & operating model	Can supply, fund & move
6. ACT	Mobilise → align (7S) → change → scorecard → OKRs → cadence	Execution & measures	Aligned & measured
RENEW	Sense → learn → review horizons → scale/keep/kill → feed loop	Adapted strategy	Learning changes the next turn

Run the movements in order, clear each gate, and keep the loop turning. The discipline of the sequence — and the honesty of OBSERVE and ORIENT before the temptation of CHOOSE — is where the strategy is won.

The Strategos Loop — Operating Playbook. The operational companion to the Complete Manual. Frameworks attributed to their originators; Sun Tzu from the Giles translation (1910). Edition 2026.