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Introduction

The defining challenge facing business leaders is to develop and drive performance into the future. For commercial firms, this generally means building profits and growing the value of the business. Although their focus may be on nonfinancial outcomes, public services, voluntary groups, and other not-for-profit organizations share the same central challenge—continually improving their performance. When the causes of performance through time are not understood, management has difficulty making the right decisions about important issues. Worse, entire organizations are led into ill-chosen strategies for their future.

To overcome these problems, leaders need the means to answer three basic questions:

1. Why is business performance following its current path?
2. Where are current policies, decisions, and strategy leading us?
3. How can future prospects be improved?

These questions are the starting point for this book.

The key to achieving business success is the ability to develop and sustain critical resources and capabilities, leveraging what we have today to grow more of what we will need tomorrow. *This book explains* the journey your organization takes through time as it builds this portfolio of vital resources. It provides innovative ideas that enable readers to answer the three questions and develop a sustainable winning strategy.

The approach described here is based on strategy dynamics (Warren, 2008), a rigorous, fact-based method for developing and managing strategy. The underlying science is known as system dynamics, which originated at the Massachusetts Institute of Technology in the 1960s (Forrester, 1961; Sterman, 2000). Strategy dynamics explain why the performance of an organization has changed through time in the way that it has, provide estimates of where it is likely to go in the future, and allow management to design strategies and policies to improve that future path. Strategy dynamics achieve this by building an integrated, fact-based picture of how the resources of your business are developing through time, driven by mutual interdependence, management policies, external opportunities, and constraints.

This book has been written in a compact and easy-to-read style to help managers quickly understand the underlying causes of strategic challenges so that they can take action to improve performance. It uses clear examples to show how things can go well if managers have a firm grasp of the changing resources in their business, or badly if this perspective is missing. It describes practical techniques for developing a dynamic, time-based picture of a range of challenges. It includes

- **a clear overview at the start of each chapter** setting out the issues and techniques to be explained;
- **action checklists** highlighting practical considerations to help ensure that the approach is applied successfully;
- **worked examples, diagrams, and tips on doing it right**, showing how the techniques and ideas can be implemented to uncover new insights and benefit your entire organization.

Traveling the critical path to organizational success is a challenging and fascinating journey. This book provides a practical, in-depth guide to help you along the way. If you would like to understand and discuss these techniques in more detail, I would be delighted to hear from you at <http://www.strategydynamics.com/> or visit to my blog at <http://www.kimwarren.com>.