Strategy formulation vs. strategy facilitation

A regulatory advisory perspective - why regulatory institutions cannot treat the two as interchangeable

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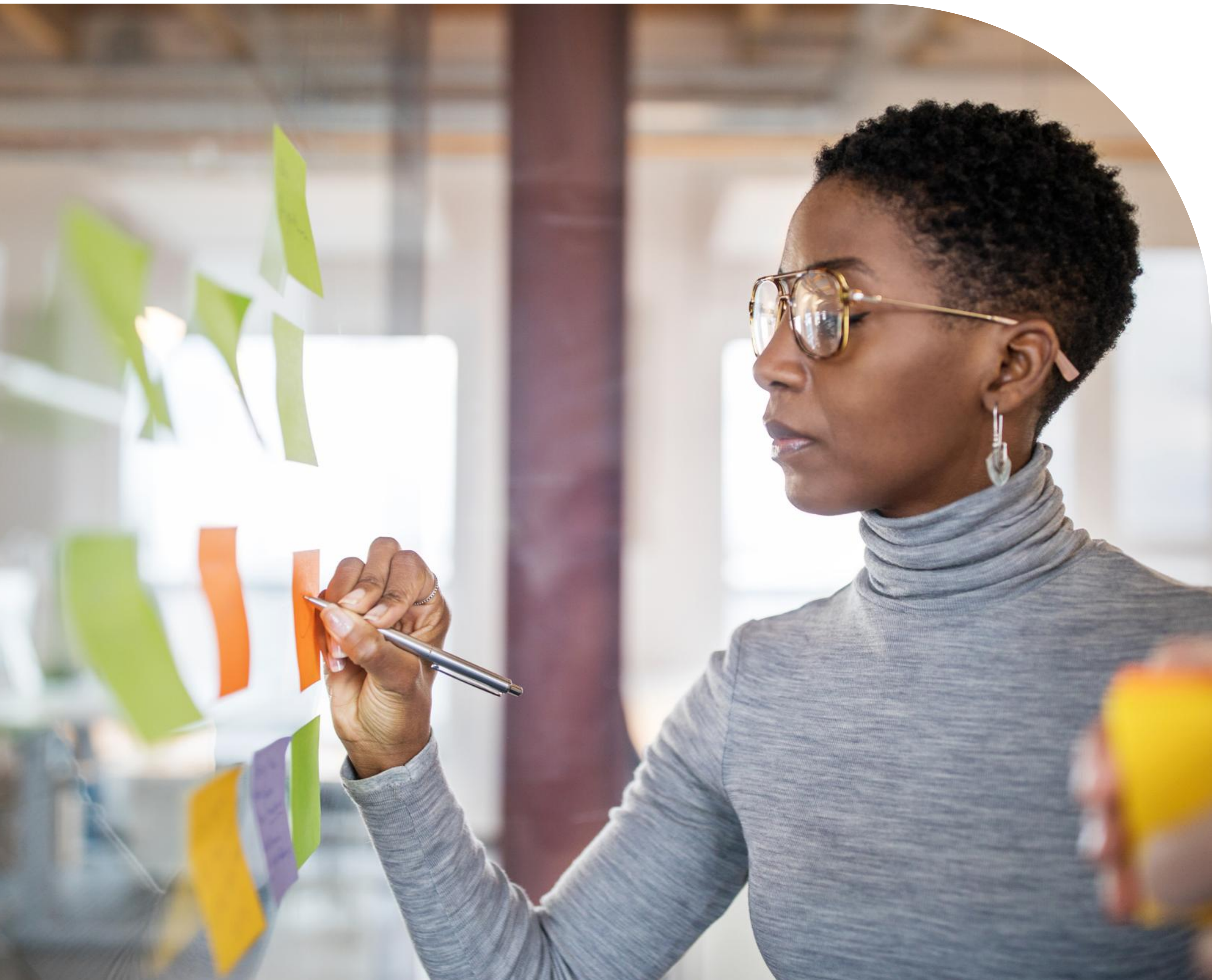

> “A regulatory institution must first understand the impact it is expected to create. Only once that is clear can its strategy move beyond the transformative becoming evolutionary in how it adapts, and, at its highest ambition, revolutionary in the impact it leaves on the country’s financial ecosystem.”
>
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> **NBFIRA Board Chairperson**

Understanding how effective regulatory strategies are built

The common planning trap. Across the regulatory community, strategic planning often begins with familiar activities: a Board retreat, facilitated workshop, stakeholder discussions and a professionally presented strategic plan. However, the more important question is how the strategy’s content was developed. Was it grounded in evidence, diagnosis and deliberate choices, or shaped mainly by facilitated consensus and participant assumptions?

Two distinct disciplines. Strategy formulation and strategy facilitation are often procured under the same scope and delivered as one exercise, but they serve different purposes. Formulation determines what the strategy should contain through research, analysis, diagnosis and prioritisation. Facilitation focuses on how stakeholders engage, deliberate and align around strategic decisions.

Why the distinction matters. A regulator may run a well-managed planning process and produce a coherent, endorsed document, yet still rely on untested assumptions. Equally, strong research-led formulation can fail if engagement and validation are weak. Sustainable strategic transformation therefore depends on both the quality of the strategy and the process through which it is discussed, refined and adopted.

Regulatory relevance. For financial sector regulators, especially across Southern Africa, this distinction is increasingly important. They operate amid rapid digital transformation, wider financial inclusion mandates, rising consumer protection expectations and stronger regional harmonisation commitments. In this context, strategic misalignment can carry significant institutional and systemic costs. Differentiating facilitation from evidence-based formulation is therefore essential if strategic plans are to move beyond aspiration and deliver real regulatory impact.

Regulators shape the financial ecosystem.
Financial sector regulators have a responsibility that extends beyond their own institutions, funding authorities and supervised entities. Their mandate is to protect and strengthen the wider financial ecosystem, including consumers, businesses, savers, borrowers, investors and market participants whose confidence supports financial stability, inclusion and sustainable growth.

Strategy moves regulation beyond reaction.
Without a deliberately formulated long-term strategy, a regulator may continue to perform its statutory functions but remain largely reactive. It may respond to market developments, political priorities and periodic crises as they arise, but without a clear strategic framework, interventions risk becoming event-driven rather than purpose-led. Over time, this can lead to fragmented reforms, inconsistent prioritisation and missed opportunities to influence the future shape of the financial system.

A well-formulated strategy provides three practical benefits

Direction for the market
It gives regulated entities a clear view of the regulator’s long-term priorities and expectations, reducing uncertainty and supporting responsible innovation.

Accountability over time
It creates a transparent basis for government, industry and the public to assess institutional progress beyond annual plans or short-term programmes.

Deliberate policy choices
It enables the regulator to manage trade-offs between stability and innovation, market development and consumer protection, or prudential oversight and inclusion objectives in a purposeful way.

Different ambitions require different strategies.
Regulatory institutions often speak of transformation, evolution or systemic change, but these represent different levels different levels of ambition and require different formulation approaches.

Transformative strategy

Focuses on institutional change, such as stronger supervisory frameworks, risk-based regulation, data and analytics capability, streamlined processes and digital transformation.

Evolutionary strategy

Treats strategy as a continuous discipline. Priorities are regularly reassessed as market structure, technology, consumer behaviour and risks evolve.

Revolutionary strategy

Aims at ecosystem-level change by expanding access, enabling innovation, reaching underserved populations and creating new pathways for financial participation and economic empowerment.

The starting point is clarity of intended impact. The level of ambition determines the depth of research, diagnosis, stakeholder engagement and strategic choice needed. A regulator seeking internal transformation requires a different formulation process from one aiming to reshape the wider financial ecosystem. This clarity determines whether the strategic plan becomes a routine administrative document or a genuine instrument for shaping the future of the sector.

Strategy formulation: Step-by-step process components

Strategy formulation is a structured sequence of analytical and deliberative steps, with each stage producing inputs for the next. The framework below adapts established strategic-management practices to the specific context of a regulatory institution.

Analytical foundation. Steps 2 and 3 primary research and gap assessment carry much of the analytical weight in strategy formulation. They generate the evidence that a facilitation-only engagement does not produce by design. The next section explains why these two components should be treated as non-negotiable.

01 Environmental and Regulatory Context Scan

Scans macroeconomic, political, technological, and cross-border regulatory forces to define the external context shaping the mandate.

02 Primary Research and Stakeholder Consultation

Interviews, surveys, focus groups and consultations to capture evidence that desk research and internal views may miss.

03 Gap Assessment

Compares the current state with the desired future state to identify priority gaps, root causes and issues the strategy must address.

04 Vision, Mission and Strategic Intent Articulation

Defines what the institution aims to become and why, using evidence from the context scan, research and gap assessment.

05 Strategic Objective and Pillar Design

Translates Strategic intent into a focused set of objectives or pillars each linked to evidence from the diagnostic work.

06 Prioritization and Resource Alignment

Sequences priorities against budget, staffing and institutionl capacity so the strategy is realistic , resourced and implementable.

07 Radmap, KPIs and Monitoring & Evaluation Architecture

Converts objectives into time-bound roadmap with indicators, Milestones and review mechanisms to track and refresh progress.

08 Validation, Rectification and Communication

Testing the draft strategy with the board or governing council, formally adopting it, and communicating it to the inatitution and its external stakeholders.

Gap assessment and primary research as the foundation of credible strategy formulation

Core foundation: evidence before choice. A credible strategy formulation process rests on two essential activities: gap assessment and primary research. These are not supporting exercises used to validate pre-decided assumptions. They establish an objective view of where the institution stands, what it wants to achieve, and what it must do to close the gap.

Gap assessment: defining the strategic distance. A gap assessment compares the current state with the desired future state and converts broad aspirations into measurable strategic challenges. For example, a regulator cannot build a meaningful financial inclusion strategy by simply stating an ambition to improve inclusion. It must understand current inclusion levels, benchmark gaps, underserved segments and the underlying reasons for exclusion. This diagnosis creates a factual basis for setting priorities, allocating resources and measuring progress. Without it, strategy risks reflecting internal perceptions rather than objectively established needs.

Primary research: grounding strategy in market reality. Primary research brings market perspectives directly into the strategy process. Through interviews, consultations, consumer engagement, surveys and targeted data collection, regulators obtain insights that internal discussions or secondary research alone may not reveal. It tests institutional assumptions against the experiences of consumers, regulated entities and other market participants, while also identifying emerging risks, operational constraints and opportunities that may not appear in existing reports or administrative data.

Local relevance: adapting benchmarks to context. Primary research also ensures that regional benchmarks, peer-jurisdiction lessons and international good practices are interpreted in light of domestic market conditions. A strategy may be informed by external models, but it must ultimately respond to the specific needs, constraints and opportunities of the market it is intended to serve.

Why facilitation alone is not enough. These components are often overlooked when strategic planning is treated mainly as a facilitation exercise. Workshops, retreats and consensus-building sessions are valuable for alignment and ownership, but they cannot replace the analytical rigour required to diagnose institutional and market challenges. Gap assessment and primary research generate the evidence behind strategic choices; facilitation helps stakeholders interpret, challenge and agree on those choices. Together, they create a complete strategy process, but neither should be treated as a substitute for the other.

Strategy facilitation: what it actually means

Purpose of facilitation. Strategy facilitation is the structured process through which an institution discusses, tests and agrees its strategic direction. It may take the form of leadership retreats, Board workshops or working sessions. Its role is not to decide what the strategy should contain, but to help stakeholders examine issues, consider options and reach a shared position.

Core elements of effective facilitation. A well-designed facilitation process typically helps the institution to:

- create a neutral space for leadership and stakeholder discussion;
- surface different perspectives in a structured and constructive manner;
- move from broad issues to practical options and decisions; and
- build alignment, ownership and commitment among those responsible for implementation.

Defining principle: content neutrality. The defining feature of strategy facilitation is neutrality on content. The facilitator's expertise lies in guiding the process, not in shaping the substance of the strategy. A skilled facilitator creates the conditions for leaders, technical specialists and stakeholders to contribute their knowledge effectively. Once the facilitator begins advocating specific strategic outcomes, the role moves from facilitation to strategy development, weakening the neutrality, ownership and consensus that facilitation is meant to protect.

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Process Design:
Structuring workshops, retreats and engagement sessions in a manner that supports informed decision-making. This includes selecting appropriate methodologies such as prioritisation frameworks, scenario planning exercises, structured brainstorming techniques and decision-making tools aligned to the objectives of the engagement.

Neutral Management of Stakeholder Dynamics:
Creating an environment in which diverse perspectives can be openly expressed and constructively debated. This involves ensuring that differing viewpoints are surfaced and considered, while providing equal opportunity for participation across leadership levels and stakeholder groups.

Maintaining Focus and Discipline:
Guiding discussions in a structured manner, keeping participants focused on the issues under consideration, managing time effectively and preventing discussions from being dominated by individual voices or influenced by premature consensus.

Synthesis and Documentation:
Converting complex discussions into coherent outputs, including strategic themes, priority areas, draft strategic pillars, action options and workshop outcomes that can inform subsequent decision-making and planning activities.

Building Ownership and Buy-In:
Supporting the development of collective commitment to strategic choices by ensuring that stakeholders have meaningfully contributed to the process and understand the rationale underpinning key decisions.

What strategy facilitation does not include

Understanding the boundaries of facilitation.

Strategy facilitation enables structured discussion, alignment and decision-making. It does not generate the evidence, analysis or technical content needed to shape strategic choices. As a standalone service, it should be clearly distinguished from strategy formulation.

Primary research and data collection	Market surveys, stakeholder consultations, consumer research and industry diagnostics generate new evidence. These activities belong to strategy formulation, not facilitation.
Gap assessment	Assessing the current state, defining the desired future state, identifying gaps and diagnosing root causes require analytical work beyond a facilitation scope.
Subject-matter or technical advisory input	A facilitator may understand the sector, but their role is to manage the process, not advise on prudential regulation, supervision, market development or policy choices.
Authorship of strategic choices	Decisions on strategic pillars, priority initiatives, regulatory trade-offs, targets and institutional direction should emerge from evidence and stakeholder deliberation. The facilitator guides the discussion; they do not determine the outcome.
An evidence-based strategic plan	Facilitation usually produces workshop outputs, discussion summaries, prioritised actions and draft themes. Converting these into a full strategy document requires research, diagnostics, drafting and implementation design.
Implementation accountability	Responsibility for executing the strategy and achieving outcomes remains with the institution and those responsible for the strategic content. The facilitator is accountable for the quality and neutrality of the engagement process.
Ongoing monitoring, evaluation or strategy refresh	Tracking performance, assessing outcomes and updating priorities require dedicated governance and review mechanisms after the strategy is adopted.

Facilitation-only vs. full-service strategy engagement. In a facilitation-only engagement, the institution has already completed the required research, diagnostics and evidence gathering. The external support is primarily used to convert those inputs into structured discussion, decisions and organisational alignment. In a full-service strategy engagement, the provider supports the broader formulation journey, including research, gap assessment, strategic design, documentation and, where relevant, implementation support. Problems arise when a facilitation-focused scope is expected to produce a formulation-led outcome. In such cases, the final strategy reflects the limits of the process rather than the full ambition of the institution.

Formulation vs. facilitation: A working comparison

The two disciplines are complementary, not competing but they answer different questions, draw on different expertise, and should be scoped and resourced separately.

Dimension	Strategy Formulation	Strategy Facilitation
Nature of contribution	Content- determines what the strategy says	Process- determines how the strategy is arrived at
Core inputs	Primary research, gap assessment, sector and regulatory expertise	Institutional knowledge already held by the people in the room
Typical deliverable	A ratified, evidence-based strategic plan	Structured workshop outputs, session notes, facilitated consensus
Expertise required	Sector and regulatory subject-matter expertise	Group process and facilitation methodology
Accountability	Shared with the client for the plan's content and outcomes	Limited to the quality and neutrality of the process
Right fit when…	the institution needs the substance of a strategy built or diagnosed from evidence	the institution already knows its substance and needs help reaching aligned, well-structured decisions on it

Defining realistic expectations from a strategy facilitation engagement

What facilitation should deliver

Board-ready alignment creates a disciplined forum for leaders and stakeholders to debate strategic issues, test options and converge on shared priorities.

Neutral decision environment manages Board and executive-level dynamics so divergent views are surfaced constructively and resolved without compromising ownership.

Outcome-focused deliberation channels discussion from broad themes to practical choices, clear trade-offs, agreed actions and implementation-relevant next steps.

Documented institutional consensus captures decisions, priorities and action points in a structured form that the institution can use for follow-through.

Stronger commitment to execution builds ownership because the strategic direction is shaped through collective deliberation, not imposed through external prescription.

Focused and time-bound engagement delivers concentrated value within days or weeks, rather than functioning as a substitute for a full formulation exercise.

What facilitation should not be expected to deliver. Expectations must remain aligned to the nature of the service. A facilitation engagement should not be expected to:

- produce a research-led, evidence-validated strategy;
- undertake an independent institutional or sector-wide diagnostic;
- generate technical regulatory recommendations or original strategic analysis;
- develop strategic options grounded in primary research; or
- deliver a fully developed strategy document ready for Board approval without further analytical and drafting work.

These boundaries do not reduce the value of facilitation; they clarify its purpose. Accountability for the quality and effectiveness of the strategy remains with the institution and those responsible for formulating its content, while the facilitator is accountable for the quality, neutrality and discipline of the engagement process.

Key lesson for scoping external support.

- Define the engagement scope clearly from the outset.
- Treat strategy formulation and strategy facilitation as complementary but distinct workstreams when both evidence and consensus are required.
- Use formulation to generate the analysis, research, diagnostics and recommendations that inform decisions.
- Use facilitation to help stakeholders interrogate evidence, align on priorities and build ownership of the agreed direction.
- Avoid confusing the two, as this can lead to unmet expectations, incomplete strategies and gaps between ambition and execution.

Conclusion: Strategy formulation and strategy facilitation are complementary, not interchangeable

Strategic conclusion. Regulatory institutions should treat strategy formulation and strategy facilitation as distinct but mutually reinforcing disciplines. Formulation creates the evidence base, strategic choices and implementation logic; facilitation builds alignment, ownership and disciplined decision-making around those choices. When both are clearly scoped and combined, the institution moves beyond workshop-led consensus to a strategy that is credible, practical and capable of shaping future regulatory outcomes.

Define the scope upfront: separate formulation from facilitation so expectations, roles and deliverables are clear.

Anchor choices in evidence: use diagnostics, gap assessment and primary research to shape the substance of strategy.

Use facilitation for ownership: deploy workshops to test, challenge and align around evidence-based strategic choices.

Deliver strategic impact: combine evidence and consensus to produce an endorsed, implementable and future-ready strategy.

How we can help

Strategy consulting

Support strategic planning through a stakeholder-driven approach that aligns with current market realities and the business's desired future state.

Operational improvement

Help align people, processes, and technology with strategy to enhance operational efficiency and drive change.

Market assessment and feasibility study

Help businesses navigate their operating environment, align strategic goals, assess new opportunities and resources, and evaluate their strengths and weaknesses. We also conduct customer satisfaction and employee engagement surveys.

Integrated reporting

Assist with integrated reporting, which concisely shows how an organisation uses financial and non-financial capitals (manufactured, intellectual, human, social and relationship, and natural) to create and sustain value.

Finance transformation

Assess how an organisation's finance function aligns with best practice through an independent review of people, processes, and technology. This includes a skills audit, gap analysis, and recommendations to improve efficiency and effectiveness.

We also review finance policies (the "what") and procedures (the "how") to ensure alignment with sound financial practices.

HRDC approved trainings and BQA approved training consultant

Offer a comprehensive suite of training programs designed to empower individuals and organisations to thrive in today's dynamic business landscape. Our expert-led training courses focus on enhancing key skills for career development, employee engagement, and organisational performance.

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