

# Strategise – the way to energise your company!

By Mike Perry

The last five years has been a period of unprecedented turmoil and stress for your managers. Whether it's been the excitement of a boom or the challenges of a sudden slowdown, it has often been a tough grind – now it's time to create freshness of vision.



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**Lesson:** Creating a new strategy is not possible without objectivity.

## Strategising – The Rewards:

Client executives, having just completed a strategy review process, made the following points:

"It's created a new sense of participation; it's our strategy, we're keen to implement aggressively."

"There's a new clarity; although we were headed in the right direction, there were some important issues that we'd overlooked."

"It's been invigorating; if you've been in distribution for many years, it can be repetitive, even boring; it's great to look at new ways of doing things."

"Working on strategy is fun; we end up with clearer vision and a sense of joint purpose."

## Strategising – Where Are The Opportunities To Refresh?

Change creeps up on you. You might notice the constant buzz of small changes but once these have been running for a number of years, they can create significant opportunities or threats. The ideas to refresh your business strategy can be stimulated by asking a series of 'What ifs?'

What If our existing strategy is actually an assortment of tactical initiatives?

A patchwork quilt of bright ideas can be a great start; the problem is that there are usually gaps and they might not be integrated into a single strategic concept. Do that, however, and you might end up creating competitive advantage.

**What If** we've globalised but not localised our new-found competencies?

Most firms now have some form of international reach, co-operation or alliance. The question is whether we have systematically evaluated how this new knowledge can be used to build innovative strategies. It might be that our international partners have new products, new packages of services or new distribution schemes. How can we adopt these to change our own approach?

**What If** we're not seeing our market as the competitors do?

There's a new form of marketing myopia. Successful companies often define their markets and measurements on the basis of existing product sets. Trouble is the alternative products and services that emerge in a booming market. We've been able to prove to clients that their competitors are seeing the market as being 50% bigger. This encourages the opposition to invest and innovate whilst our client had been content with steady growth of his traditional products.

**What If** today's success is making us too comfortable to change?

Today's top performance is probably due to your past innovations and a good team that's now comfortable with implementing these.

The comforts of success make it hard to innovate. It's easiest to think about innovation when there is new competitive action. It's more difficult to imagine that new legislation, regulations or trade agreements will force you to think differently.

## Strategising – The Tough Questions:

Working on strategies in today's environment, we notice four tough questions that a number of clients are facing:

### 1 How do you create differentiation if you're a late-comer to a particular market?

Early movers take a permanent lead: in generic medicines, for example, the first to launch tends to end up owning 70% of the segment; the next player is 30% of that and the third, 30% of the second (the 70:30:30 rule). If you're not first, you're going to have to innovate in terms of packaging, delivery or proposition for the middle man.

### 2 How do we capitalise on new, growing distribution channels without upsetting our existing customers?

The best solutions might involve developing entirely new customer value propositions or

even setting up an independent business unit to look after the new routes to market.

### 3 How do we remodel our value chain?

The fact is that to remain cost competitive against international competition, you might have to consider removing some links of the chain and decide at what point to take your profit – for example, in distribution or at the factory?

### 4 How do you change traditional sales processes?

Much of what the salesperson used to do, for example, collecting orders, can be done automatically. Yet sales forces faced with these opportunities for efficiency in generating "repeat orders" won't change.

The answer might be to reconfigure trading terms or use call centres to disintermediate the sales person from repetitive environments, thereby encouraging them to look elsewhere for new sales opportunities.

## Strategising – Where To Start:

Creating a new strategy is not possible without objectivity. There are only two ways of achieving this.

The first is to set up a "skunk works", where an independent team is given the task of dreaming up and bringing new concepts to market. The second is to use objective outsiders to scrutinise your business issues. If going this route, choose those consultants with the experience and track record, allowing you to benefit from their "economies of knowledge".

## Strategising – The Bottom Line:

As Michael Porter says ...

*"Operational excellence is not strategy. Operational excellence is about running the same race faster – strategy is about choosing to run a different race."*