

“What If” it’s time to test your business strategy?

By Mike Perry

Creating strategic advantage is about insight, inspiration, ignition and implementation. Here are ten guidelines to help you check that your business strategy doesn’t have ‘missing links’.

Look for strategic insights:

The starting point for serious strategy development is to look at your firm and environment with a ‘fresh’ set of eyes:

1. Sagging performance leaves you no option but to change strategy...

Whatever the criteria, be it market share, sales growth or profit ratios, the price of falling behind the competition on a continuous basis will ultimately be extinction. More of the same cannot be tolerated.

Now is the time to ask fundamental questions about the future of the business and how to get there. The best route might be to call for objective, external scrutiny of both strategic direction and implementation.

2... and trends

Create a list of future events, either anticipated or threatened. Develop charts and graphs that project important trends five and 10 years into the future. Do this on the assumption that what’s happening today will continue at the same rate throughout this future period.

Look at the end picture that emerges. How different will your world be? How well will your firm fit?

Developments in regulations, market structure, competition, globalization and technology drive the need for new business strategies. 30 years’ experience of strategy developments tells us that no business in South Africa today can overlook any one of these trends.

3. Examine the “What ifs?”

Examine the scenarios, not only of the market but also competitive plays that might occur in the future. Using the “What If?” approach ensures a future-oriented approach to business and marketing solutions. It will help reveal how your portfolio of products, brands or businesses should be re-shaped.

4. Challenge the salesforce design & processes

In over 100 assignments, we’ve proven that there’s often the chance for change in this area. Whilst companies and markets have restructured, the shape of most salesforces has not changed. Following merger and acquisition activity, it is inevitable that a single salesforce will have to do the job where two were previously needed.

5. Price for sustainable profit

This is another region of least change in many companies’ strategic canvass. The lack of scientific scrutiny of pricing policy and actual realizations inevitably results in ‘money being left on the table’. This is usually the case because, more often than not, sales people rank price as the determining factor in getting the sale. It’s equally true, however, that customers generally rank price as no. 3 amongst their decision-making criteria. Under those circumstances, revenue opportunities are lost.

Seek inspiration:

Having looked at the future with ‘fresh eyes’, we must now open our minds to new strategic solutions. Do this by undertaking:

6. The 360° scan of your business practices

Take a broad look at business practices here and internationally. Remember that the innovation you’re seeking by definition won’t come from your own industry. Look at other players in the value chain and maintain a healthy interest in other industries and disciplines, such as IT or financial services. Be open-minded about hiring in or acquiring new competences.

Ignite the action:

Successful implementation will only follow if spe-

cific steps are introduced that are designed to break the behaviour of the past:

7. Change the rules of the game in the marketplace

This is often the first step to actually achieving real strategic advantage. It might mean innovating the marketing mix, wrapping product and service together into packages, or finding ways of extending the product lifecycle. It’s the marketing team that must ignite implementation.

8. Focus accountability

One way of making a strategic initiative happen is to create an independent business unit (IBU) that is charged with the success of your strategic initiative. Create a team of people who are not only accountable for the new enterprise, but who have no other responsibilities that allows them to hide or provide plausible reasons for not focusing on the ‘now’.

9. Launch without compromise

Research proves that over 90% of new products fail. The same research indicates that in 64% of these cases, failure is due to the watering down of what was once a radical concept through compromise.

Corporations with a tendency to manage through meetings are a fruitful environment for this enemy of successful implementation. A forceful launch of a ‘no brainer’ proposition with an energetic and sustained follow-through is essential to success. The first 24 months after launch will determine the level of market share that your new initiative will achieve.

10. Ask the salesforce

If they aren’t convinced that your new strategy will positively change the way in which they make the sale, you will not succeed.

“It’s management’s job to see the company not as it is, but as it can become.”