

Strategy Advice

by Rich Horwath

February's combination of snowdrifts and Valentine's Day seems like the appropriate time to respond to some of the most pressing reader letters regarding strategy. So here goes:

Dear Strategy Guy:

The SVP of our Division requires us to fill out a 40-slide PowerPoint template, which we then turn into a 20-page written strategic plan. Problem is, the plan basically sits on a shelf collecting dust the rest of the year and we don't really use it. Any thoughts?"

— Plan on a Shelf

Dear Plan on a Shelf:

I call this Penguin Planning because it reminds me of how Emperor penguins reproduce. They travel up to 75 miles once a year to mate for a few minutes and then the female immediately disappears. If strategy for your group is a once-a-year trip that lasts a few days and then disappears into a binder that never gets opened, you're practicing Penguin Planning.

Find a new strategy process that includes periodic strategy tune-ups and a 1-2 page plan that can actually be used on a daily basis. As a general rule, you should be strategizing and mating more than once a year. If not, please seek professional help. I can assist with the strategy part. Probably not so much the mating part.

Dear Strategy Guy:

Our group tends to get caught in the weeds of the business. We spend most of our time coming up with new tactics to respond to competitors but don't really have a strategy that drives the direction of the business. What should we do?"

— Weed-Eater

Dear Weed-Eater:

Your team's M.O. is a lot like the Milkweed plant. It's named Milkweed because of the milky white juice that seeps out when the plant is broken off or cut. The dried juice serves as a bandage that covers the exposed area. Rushing to plug holes in the business with reactive tactics is also a bandage that will sooner or later be ripped off by the competition. Better to establish a sound strategy and then use the strategy to filter initiatives and tactics. If your leadership team thinks they can continue to get by with tactics and no strategy, they may have moved from being in the weeds to smoking them.

Dear Strategy Guy:

Our strategy seems to be an "everything but the kitchen sink" approach to the market. We're trying to be all things to all people and it's frustrating because we're spreading ourselves too thin. We don't do anything really well. Is there a way we can improve?

— Kitchen Sink

Dear Kitchen Sink:

When strategy becomes a catch-all for everything, it loses its meaning. Just ask the Bonobo. This type of Chimpanzee has taken the act of mating and expanded it to mean everything from a casual greeting to conflict resolution. If you think this type of intimacy confusion is challenging for a Bonobo, imagine the bewilderment inspired by a "Bonobo strategy" with no trade-offs.

Without the criteria and discipline to say no to potential offerings, types of customers and adjacent markets, we're no more advanced than the Bonobo. Start by choosing your 'nots,' the

products and services you're not going to provide, customers you're not going to serve and markets you're not going to enter. Stop approaching every opportunity like a Bonobo and put some clothes on your strategy!

The three reader challenges identified are relatively common. Here are some potential solutions if your group is facing one or more of these obstacles.

Challenge: Penguin Planning

One of the greatest causes of frustration with the strategy process is that it's not flexible enough to be used throughout the year. After the plan is developed, if it's not in a format that can be easily updated, it loses relevance very quickly. Once it has lost relevance, it becomes useless and sits on the shelf collecting dust.

I'd recommend a five-step strategy process that includes the following phases:

- 1. Discovery** – pulling together current intelligence on the market, customers and competitors.
- 2. Strategic Thinking** – using a structured set of questions, models and frameworks to generate new insights that become the foundation for truly differentiated strategy.
- 3. Strategic Planning** – channeling the new business insights into an action plan designed to achieve goals and objectives.
- 4. Strategy Rollout** – a thoughtful approach to communicating and translating the strategy throughout the functional group, business unit or organization.
- 5. Strategy Tune-up** – a monthly or quarterly meeting to review the key questions, frameworks and models to determine changes in the business and any appropriate modifications of strategy.

Challenge: In the Weeds

Once a culture of tactical firefighting has been established, it's difficult to break free from the reactionary mindset. A framework that can change people's behavior in a relatively short period of time is the three disciplines of strategic

thinking. Use these three A's of strategy to help you elevate your thinking on a daily basis:

- 1. Acumen:** What is the key insight behind this proposed initiative, project, activity or tactic? If you can't identify the underlying insight, scrap it.
- 2. Allocation:** Based on the insight, where should we invest resources (time, talent and budget) and just as important, where should we not invest resources?
- 3. Action:** What are the important – not urgent – things we need to do to successfully execute our strategy?

Challenge: Bonobo Strategy

Great strategy requires bold trade-offs. Bold trade-offs require the discipline to say no. The clearer you are on what you're not going to offer, which types of potential customers you're not going to serve and the areas you're not going to invest budget, the greater focus your business will have.

One tool to help you work through your "not's" is the Trade-off Matrix. Create a 2x2 grid and label the upper left box "Eliminate," the upper right box "Increase," the lower left box "Decrease," and the lower right box "Create." Identify the factors you're currently investing in and then place them in one of the four boxes based on the level of resources they'll receive in the future. Not listing any factors in the eliminate or decrease boxes is a strong indication you're not making the tough trade-offs.

If your group is practicing penguin planning, can't pull themselves up and out of the milkweeds or approaches every opportunity like a Bonobo, it's time to make a change. The change begins with how you think and ends when you don't.