

Basics On Strategy

by John Johnson, Changemaking Systems, LLC

To explore strategy and its use by emerging business and organizational leaders/managers; not to review a comprehensive model for a strategic planning process.

Being strategic enough; being of strategic importance.

2. "Strategy" from Greek words meaning "to lead an army;" "tactics" from "to put in order."

THINKING before acting - putting yourself in a position to take action successfully.

Drucker, THE ESSENTIAL DRUCKER, p. 187: "The strategies work, not because they are clever, but because most suppliers-of goods as well as of services, businesses as well as public service institutions-do not think." So...if you think, then.....

THINKING (in the sense of being strategic) breaks out into:

- **S** Seeing and anticipating (need facts, analysis, brutal honesty, not denial)
- **U** Understanding (implications)
- **R** Reconfiguration (kaleidoscope, imagination, out-of-box, right brain)
- **F** Focusing (strategic targets)

Then, action.

PRIORITIZATION - differentiating the more important from the less important.
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Thinking strategically in an organization AT ANY LEVEL:

- Company
- Division
- Product line
- Team
- Individual (at any level)

COMPETITION is the context for strategy - putting yourself in a position to win or at least compete well; knowing your competitive advantage and using it.

HOW you get to your goal -- assuming you know your target goal (vision) and you know much about your current situation, how do you plan to get from your current situation to your target goal? The answer to that question is your strategy.

SWOT:

- Internal strengths (S) and external opportunities (O) = advantages.
- Internal weaknesses (W) and external threats (T) = disadvantages.

Much of strategic thinking consists of assessing the SWOT elements and then intentionally attempting to LEVERAGE THE STRENGTHS to CAPITALIZE ON THE OPPORTUNITIES, in order to PREEMPT THE WEAKNESSES and AVOID THE THREATS.

Strategy is about "DOING THE RIGHT THING, not doing the thing right." "There is little worse than doing the wrong thing better and better."

"Strategy is not a lengthy action plan but rather the evolution of a CENTRAL IDEA

through continually changing circumstances." (Jack Welch, quoting Helmuth Von Moltke, Military Advisor to the Ottoman Court)

A business, large or small, has strategic CHOICES to make regarding a set of VARIABLES:

WHAT: What do I do for customers? Services/products offered.

WHO: For whom? Customers/markets and their emerging needs.

HOW: With what capabilities? Which are core competencies? Which not?

R&D, innovation, design?

Production, operations?

Sales, distribution?

Overall management, systems?

OUTCOMES: Results: Size, timing, returns.

How have we done within each category?

Which one leads? Should lead?

That is the Driving Force, Value Discipline, Overall Strategy, the Evolving Central Idea.

Starting with the driving force, what do we want to do within each category (strategic objectives) in order to achieve our goals in this period of time?

The answers to these questions become the STRATEGIC FRAMEWORK, which shapes all other planning and operational decisions, staffing, performance expectations, allocations, daily prioritization, releases of new products, who the field people should spend time with, invests, and divests, etc.

Ultimately there are only a few strategic choices, a small MENU, for the central ideas

of any business:

Michael Porter:

Compete on the basis of cost, being the BEST TOTAL COST option (commodity, CPI, obsessed with driving cost out without sacrificing quality).

If you want to charge more than others, then DIFFERENTIATE yourself, compete on the basis of product, being the BEST PRODUCT (design, development, branding as the best, and worth it; thought leaders; sometimes called technology-driven).

Or, FOCUS in on a much narrower market (niche or niches), leverage special inside knowledge, special relationships, and become the BEST TOTAL SOLUTION for that narrower market (brokering or delivering many services for a few customers).

Treacy and Wiersema:

Value (value to the customer) Disciplines:

Operational Excellence (G.E. and Six Sigma; almost military org.; new 3M)

Product Leader (Texas Instruments; product brands; Medtronic; 3M of old)

Customer Intimacy (many professional service firms; credit cards-Gold, Silver; airlines' frequent traveler categories; many



lesser known, under-the-radar co's,

like Drucker mentions in "specialty market strategy.")

What strategy is not:

- Not just planning
- Not just vision (and not mission, vision, and values)
- Not equal to long range planning; is just as short range as long
- Not done with just one process (one size fits all), because it depends on your particular situation and what your driving force becomes, since the sequence builds on the driving force you select.

What are your key strategies?

John Johnson, Changemaking Systems, LLC, founded Changemaking Systems in 1982. His professional background is diverse. He has worked as a consultant to businesses, a general manager, a community organizer, counselor, the vice president of a 120-member professional firm, an administrator, educator, writer, small business owner, and a minister. .

His formal learning has come through Gustavus Adolphus College, Northwestern Lutheran Theological Seminary, the Preparing Educational Trainers and Consultants study and laboratory series at the Northwest Regional Educational Laboratory and the University of Michigan School of Social Research, as well as many days of workshops, seminars, labs, practicums, and tutorials on the various dimensions of organizational, personal and management development, including those of the National Training Laboratory.

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