

EXECUTION IS THE REAL COMPETITIVE ADVANTAGE

Tony Manning

Faced with a new competitive challenge, most companies respond in a predictable way. The process unfolds like this:

1. First, they consider the “me too” route. (“If they’re cutting prices, we’ll cut ours too” ... “A new product? Get our R&D people onto it right away” ... “More advertising? OK, let’s see who really has the biggest budget.”)
2. Then they try new tools. Fortunately, someone on the top team has just read about a new concept in the *Harvard Business Review*, or attended a Tom Peters seminar, so there’s an answer within reach.
3. As the war escalates and sales keep sliding, the top team takes off for a *bosberaad*. Time out in a luxury hideaway is a management favourite in South Africa; if there’s one way to fix any problem it’s through executive bonding and by covering the walls in flip chart notes.
4. When that doesn’t work, consultants are hauled in for some heavy-duty analysis. They interview and observe and produce thick reports and slick charts. They make recommendations which involve new value chains and complex implementation plans. They manage to hang around for a while, or their documents are quickly shelved and forgotten. Either way, as the Arab saying goes, “The dogs bark and the caravan passes.”
5. Heads are cut, jobs are shuffled and a new IT system is evaluated. The product line is rationalised, senior people (seldom the CEO in SA!) leave “to pursue their own interests”, and the cycle starts again.

When the stuff hits the fan, smart managers become surprisingly irrational. Common sense flies out the window. People who should know better make a mantra of complexity, and rapidly escalate their own problems. Some take a long time to slide from sophistication to desperation. Others do it with remarkable ease and speed.

Let me say again what I have said countless times: *business is not rocket science*. If you can’t explain yourself in words of one syllable, and if what you’re saying doesn’t make immediate sense, you are in trouble. Complicated business recipes usually flop. When a strategy is hard to understand, it’s hard to do; when key stakeholders don’t “get it”, they are unlikely to support or drive it.

The counter, of course, is that being obscure will confuse your competitors; to create a sustainable competitive advantage, you should make it as hard as possible for them to decode what you’re about. But there are two problems with this view.

First, in trying to deceive your enemy, you can wind up befuddling yourself. And confusion in your own ranks is not a great idea.

Second, it is virtually impossible to make your strategy too clever for an outsider to read. I work with major companies in just about every industry, and almost every briefing I get begins with

two statements: “Our business is different” and “What we’re telling you is confidential.” Then they tell me what I’ve heard many times before, and what I could probably have figured out by reading an annual report or company brochure, or even the daily press!

Strategy is partly about making hard choices and trade-offs, and largely about execution. The choices don’t need to be especially clever, or even the “best” of a range of possibilities. But they do need to be brave.

When you elect to focus on one customer, on one technology or on one distribution system, by implication you choose to abandon another. This is never easy and it always comes with a risk. If you’re not serious about your first course of action, another will start to look attractive the moment you hit difficulties.

The fact that you’re willing to make a choice – and that you commit to one – may give you a compelling advantage. Most of your competitors are likely to opt for a “spray and pray” approach to hedge their bets. While you focus on doing a few things brilliantly for a narrow target audience, you can be the 100% professional; companies that try to do many things for a wide market can only be quite good amateurs.

Ultimately, though, *execution* is what matters. It helps if a strategy is underpinned by serious resources – costly or complex infrastructure, sophisticated systems, a big marketing budget – because that makes it harder to emulate. But skills, experience and attitude make those hard assets valuable and offer the most robust advantage.

Imagine, for example, trying to take on a company like Sasol. Your first hurdle would be to fund and build plants that could produce alternative products. But the bigger challenge would be to build a team like the one they have developed over several decades.

Or consider what it would take to take on Hunt Lascaris, Nando’s or Makro. Or worse, BMW, Sony, Coca-Cola or Nokia. These firms have been preparing for today’s competitive wars for many years. You may be able to see some of their strategy and decode it easily, but you can’t copy what’s in their hearts, their minds or their souls.

Tomorrow’s battleground will see a fierce fight between business models and companies in every industry will have to re-think, redesign and reconfigure themselves faster and more radically. But the real war will be a war of imagination and spirit. And that’s the struggle that gets less attention that it needs.

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