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Make simplicity your strategic edge

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To most people, strategy is a mysterious subject. They can't understand it, and they assume that only a few smart executives can "do" it. This is one reason many companies under-perform, and many individuals don't make the contributions they could.

So let's un-complicate things.

Strategy is firstly about three decisions: 1) what to sell, 2) to which customers, and 3) how you'll do it, in the world of tomorrow (Figure 1). Then, it's about taking the actions that will get you where you want to go.

This is easy to say, and harder to do. For the deciding part, you need some sense of what tomorrow will look like. What will customers be buying, and how? What will competitors offer? Will the economy be growing or stagnant? What new laws might impact the way you do business? Will there be political stability? How might social factors like HIV/Aids, crime, and unemployment affect you? And so on.

Then you need to make hard trade-offs. For example, when you choose what to sell, you also have to choose what *not* to sell. (It's either hot dogs or passenger jets, but it can't be both!) When you choose to go after one customer – housewives with laundry problems, for example – you have to forego yuppies lusting after sports cars. And to serve your "right" customers in the way that's best for both you and them, you have to be clear about what you will or won't do for them, and also about the way you do everything.

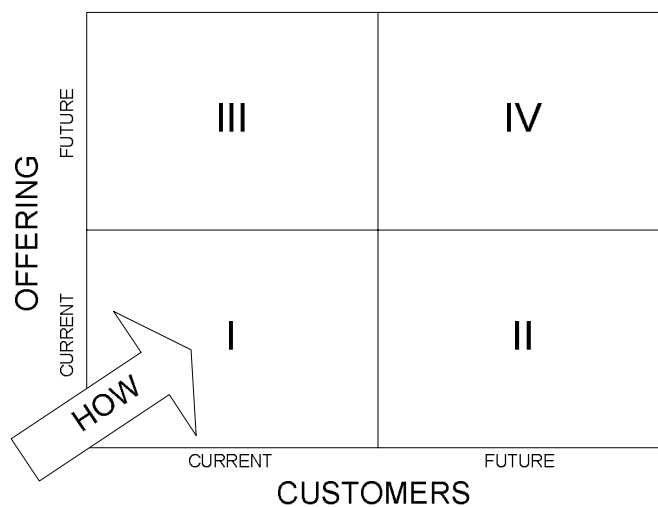


Figure 1: three basic questions: what, who, and how?

With 24 hours in a day, and too few resources to do everything, we all have to be strict about our “to do” lists. This is especially so for companies. “Spray and pray” strategies and more than a handful of key actions are a recipe for confusion and disaster.

Some of these decisions can be made occasionally – at your annual *bosberaad*, say, or maybe even less often. Others need to be rethought constantly. But you do need to make them deliberately, rather than just let things happen by default. If you don’t choose, someone else will do it for you, and that might be a very bad thing.

Okay, so now you have a roadmap. It’s action time.

From the moment you announce your strategy, you can bank on one certainty: both you and your team are likely to start ignoring it almost right away. Selling your passenger jets will take longer than you thought, and out of the corner of your eye you’ll see customers clamouring for hot dogs. Or you’ll get off to a fast start, then quickly slow down under a burden of bureaucratic nonsense. Or an aggressive competitor will slash prices and scare the hell out of you, so you’ll do the same even though it makes no sense.

Holding your course is hard work. It’s made more difficult by the fact that things keep changing, and you have to keep bobbing, weaving, and adjusting.

Strategy is partly about deciding and largely about doing and learning. In theory, the thinking bit belongs to the “*grootkoppe*” – the smart and experienced senior executives who have the gifts of foresight, insight, judgement, and all that. The working part is handed down to “empowered” people who must make sense of those lofty thoughts, and get stuff done.

That’s the theory. In real life, strategy is a messy process. Everyone has imagination. Anyone might have the next big idea. If every employee isn’t the “eyes and ears” of your company, you’ll be sure to sooner or later miss an important signal, a new trend, a shift in customer or competitor behaviour that spells either opportunity or threat.

You’ll also struggle to improve productivity and service. In these areas, top management might suggest that the bar of excellence be raised, but they can’t do the grunt work of raising it. Only people who work “where the action is” can do that. It’s they who know most about their functions, they who daily deal with the hassles, and they who see the small changes that can make a big difference to their performance. Bosses are just too remote – too far from the front line – to know where there are opportunities.

What’s more, if people throughout your organisation are not inspired to do better, and if they don’t feel a gut-level drive to do so, you’ll never get the results that you could. If they don’t choose to unleash their true potential, you can’t force them to do it. If they don’t volunteer to do extraordinary things, you’ll have to treat them as conscripts who do only the most ordinary things.

Strategy is partly about analysis and choices, and largely about tackling the world head on, experimenting and adapting as you go. It’s an intensely human activity, laced with uncertainty, excitement, and creativity.

Logically, then, strategy is for sharing, not for keeping to yourself. So involve your people early, tell them as much as possible, listen carefully to their opinions and suggestions, and give them space to invent new ways of delivering value and cutting

costs. With few exceptions, they'll willingly come on board. Often, they'll surprise you with their contributions. And always, all of you will grow from the experience.

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