

Title:

The Secrets Of Strategy - Part 2 Of 2

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Summary:

Of course you've heard that when you do what you've always done, you'll likely get what you've always got. In this case that means playing the tactical game: coming up with acceptable--or worse--comfortable options and executing them as time permits. Likely, what you'll get is business as usual, and things will be... well, they'll be fine.

But "fine" may not be what you're after, and you are probably reading a series called "How to Create Strategies That Work" so you can d...

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Article Body:

Of course you've heard that when you do what you've always done, you'll likely get what you've always got. In this case that means playing the tactical game: coming up with acceptable--or worse--comfortable options and executing them as time permits. Likely, what you'll get is business as usual, and things will be... well, they'll be fine.

But "fine" may not be what you're after, and you are probably reading a series called "How to Create Strategies That Work" so you can do better -- perhaps much better...

And if you are willing to take some time and do your homework: the research, inquiry, analysis, synthesis, and the activation of strategy -- you can add dramatically more power to each one of your individual tactics, and potentially revolutionize your entire business.

In the beginning of this series I showed you how to start the process of selecting a market-dominating business and marketing strategy.

The first four steps are:

- Set your vision

- Gather environmental and competitive intelligence
- Take stock of your organization's strengths and weaknesses
- Answer the Global Strategy Question

I covered those in The Secrets of Strategy, Part 1. In this article I'm going to cover the next four steps:

- Establish decisive objectives
- Rate and rank your "SWOTs"
- Match your internal and external factors to identify strategic alternatives
- Select the highest-impact strategies for implementation

Establish Decisive Objectives

Strategy is contextual. This means you should not make any kind of strategic decision--choosing strategy A over Strategy B, for instance -- without first setting a context with Decisive Objectives.

The word decisive is from the Latin *decidere*, which means to cut off. Decisive objectives are the goals that cut off irrelevant business opportunities and distracting details. They define the boundaries of your company's efforts and direction, and establish the measures by which you will gauge your success.

This step is to select company-defining goals, the attainment of which will mean your vision has started to become a reality. These objectives or goals should relate to the following:

In what markets will you do business?

What market share will you have? Will you be a marginal player with a small percentage, a big player with a significant portion of the market, or will you dominate your market and crush all competition?

Where will you operate geographically? This question ties back to the issue of market share; you might dominate the market locally but be a small player nationally.

How much revenue and profit will you earn? Larger revenue goals will have

different strategic needs.

What impact will your business have on your industry, your community, your world?

How will you exit your business? Will you run the business and eventually pass it on to family members? Will you sell it privately? Will you go public?

These are examples of the kinds of goals which shape your company. The decisive objectives create the context for the strategy alternatives you generate.

Rate and rank your "SWOTs"

Previously, you analyzed your external environment and internal strengths and weaknesses. Now rate and rank the most important factors.

Evaluate each external factor: is it an opportunity to be taken advantage of, a threat to be defended against, or is simply something neutral you can safely ignore? Do the same for your internal factors: are they strengths to capitalize upon, weaknesses which much be bolstered or outsourced, or neutral conditions?

Using your Decisive Objectives as a guide, select amongst the potential opportunities, threats, strengths and weaknesses, those factors you consider critical to the success of your business. (Ignore the neutral factors.)

Group the critical factors into internal and external. Rate each internal factor from .01 to .99 based on its perceived importance to your business. The total should add up to 1.0. Do the same for the external factors.

Select the top five to ten internal factors and external factors for matching.

Match your internal and external factors to identify strategic alternatives

Matching combines each internal factor with an external factor, generating a potentially relevant strategy. A software manufacturer might match an internal strength such as flexibility with an external opportunity of a new law in a related industry, yielding a strategic alternative to reconfigure the software and provide solutions to the new legal requirements.

Or, a duck farmer might match his internal strength of breeding expertise with an external opportunity demanding low-fat, high-protein foods to yield a strategy selling low- fat duck.

Strengths are matched with opportunities to create SO strategies. These are

generally your strongest, highest leverage options. Strengths match with threats to create ST strategies. These use your natural assets to minimize external threats to existing revenue streams and your current competitive position. But since the best defense is often a strong offense, you may find yourself reverting to an SO strategy -- typically a better alternative.

WO strategies use external opportunities to reduce the impact of internal weaknesses. Of course, you may simply choose to put your resources into areas of strength and outsource weak factors.

WT strategies are the weakest of all: defensive approaches designed to minimize internal weaknesses or external threats. Sometimes necessary to protect weakening revenue streams, there are often other, more powerful approaches that take better advantage of company strengths.

This process is often called SWOT, named for the four types of internal and external factors. I prefer to call it SOT, since the most powerful options will not pay much attention to weaknesses. In our business philosophy you will gain more ground more quickly by amplifying and exploiting your strengths and outsourcing -- or ignoring -- the areas in which you are weak.

Select specific strategies for implementation

At this point many people choose to intuitively select which strategies to pursue. Others may prefer to bring rigor to the ranking process. This final step combines your various subjective analyses into a defined framework, giving each strategy a strategic impact score.

Compare your new strategic alternatives to your list of critical factors to find those factors affected by each strategy. For each match, rank the attractiveness of the strategy relative to the factor from 1-4 (1-not attractive, 2-somewhat attractive, 3-reasonably attractive, 4-highly attractive) and multiply it by the factor's rating (.01 - .99). Sum all the scores for that strategy into a total "strategic impact score."

Lastly, select your go-forward strategies based on the highest strategic impact scores.

This is a demanding process with many steps, but it is well worth the effort. The strategies you create will take greatest advantage of your strengths and opportunities, while protecting your company most effectively against threats and weaknesses. They will provide your company with leverage to make the most of your assets, your competitive position and your markets, all while insuring your

strategies are consistent with your company's vision and goals.

Important notice for strategy-minded entrepreneurs:

Strategy creation is a long road to hoe, and goes much more smoothly when you know what questions to ask and in what sequence. To make it easier for you and your senior team, I've created the Growth Strategy Roadmap.

This program of flowcharts, questions, checklists, and detailed processes takes you through the entire progression of evaluating your external and internal environments, and provides all the steps and forms necessary to generate matched options, and rate, rank and select a high-leverage, high-growth strategy.

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