

A Special Report on Business Acceleration

Strategy, Planning & Execution

*how to establish an effective strategy
and execute successively within it*

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Strategy

Why Business Strategies Fail

Strategies fail.

Despite the best strategic planning efforts of very intelligent people all over the world, strategies still fail to deliver the desired outcomes. It's important to keep this in mind because of the euphoric state that oftentimes accompanies the completion of a strategic planning process. There is work involved in selecting an appropriate strategy, and even more work involved in operating within that strategy long enough to generate sustainable improvement in results. The purpose of this special report is to increase the chances your organization will establish an effective business strategy, operate successively within that strategy, and generate better sustainable, profitable growth.

18 Reasons Why Business Strategies Fail

1. *Obsessed With The Sizzle, Bored With The Steak*

This is by far the biggest reason why strategies fail. The strategic decision-making group, and specifically the senior executive within the group, gets extremely excited about the strategic concept for the organization. He talks about it as a cutting-edge approach to creating value for customers in the industry. Everyone in the group is jazzed about the idea. Almost without noticing it, a day goes by with nothing actually happening that supports the strategy. Another day slips by and no one says a thing. Suddenly two months go by and people within the organization start to talk behind closed doors. They ask, "What's going on with our new strategic direction?" Curiously, they hear nothing. What has happened is that the senior-level executive group has lost their enthusiasm for actually doing the things that need to be done within this new strategy. And the great idea peters out before it ever got started.

2. *Right Strategy, Wrong Culture*

A strategy is only effective if the people inside the organization can execute it. That seems so obvious, but far too often strategies that sound great in the boardroom fall flat at the execution level. Say, for example, an automobile manufacturer has a culture where employees focus on quickly producing low-cost cars with no frills. These employees take pride in not being fancy and see expensive automobiles as a waste of money. If the senior executives suddenly decide to grow market share by designing more stylish, higher cost cars, their corporate culture won't support it. It would be like telling Southwest Airlines flight attendants to sell caviar and cappuccino to customers standing in line.

3. *Right Strategy, Wrong Customers*

Many years ago, The Coca-Cola Company made an extraordinary strategic error by introducing New Coke. They thought since Coca-Cola had been a smash hit for years, they could introduce a new and improved Coke and grow market share even further. However, customers didn't want to be told they needed a new and improved product. They felt refreshed by Coca-Cola, they felt rewarded for working hard, they

felt they were taking a break when they drank a Coke, and they most definitely did not want some big corporation taking that away from them. Coca-Cola wisely and quickly shifted back to their original magic formula.

4. *The Microwave Popcorn Mindset*

If after three and a half minutes your bag of microwave popcorn has not started popping, you get concerned. That's approximately how long many people think a business strategy should take to start producing results. Not just activities, but actual results, and they better be substantial results. This obsession with the microwave mentality causes some corporations to change their strategies so often they never produce sustainable results. To produce sustainable results you actually have to have a sustained strategy.

5. *Bored With Success*

Handling success is often more difficult than handling failure. When things aren't going well, "the hope in better things to come" can sustain your efforts. However, when success arrives, you might become bored quickly with how you became successful and want to dash off to another approach. This happens when an executive comes back after attending a new seminar or reading a new book and instantly wants to change the direction of the company. One of the keys to long-term corporate success is remaining comfortable with staying the course.

6. *Scared To Confront The Industry*

Industry norms are not nearly as sacrosanct as some people think. Not all dentists need to run their own small business, not every grocer needs to know the name of every customer, and not every airline needs to provide assigned seating. When a company willingly pushes back on industry norms, good things can happen. Heartland Dental Care now owns more than 100 dentist offices, which provide extraordinary service to their patients and great benefits to their employees. Wal-Mart decided to focus on low prices when the industry was focused on small stores and personal attention. Those who weren't willing to change their strategies generally failed. Southwest Airlines focused on fun and low fares and didn't worry about assigning seats.

7. *"Me Too" Strategies*

Imitation may be the sincerest form of flattery, but it makes a lousy business strategy. If your company is following a strategy just because another organization used it and got great results, you're almost certainly destined to fail. The underpinnings of a successful strategy include a company's culture, resources, passion, and so on. The odds your company has the same infrastructure assets as another corporation are infinitesimally small. You're much better off crafting your own strategy based on your situation than on trying to copy someone else's.

8. *Addicted To Change*

I've sat in meetings where the executive in charge said, "We're going to try this approach to the business for this year, but it won't be around next year because we try something different every year." The problem was the individual saying it didn't see that as a problem. The employees were so resigned to constant change for the sake of constant change they didn't even bother putting up a fight. The results didn't just go up and down every year. They basically just went down. Strategies are like skateboards. The rider needs some momentum before he can jump off a ramp and

fly through the air. Annually changing strategies is like making the skateboarder jump on to a different skateboard every three feet.

9. *The Arrogant Executive*

Some day I'm going to write a whole book on the problems associated with arrogant executives. Suffice it to say that an arrogant executive thinks he knows it all. He thinks he knows what the customers want and need, he thinks he knows how best to deliver that value, and he thinks he knows what his employees should be able to do. When the strategy fails, the arrogant executive blames everyone except himself. Arrogant executives usually get into their role by achieving some spectacular short-term results on lower rungs of the corporate ladder. These short-term results fuel the problem in two ways: one, the individual starts to believe even more that he knows more than anyone else, and, two, he has been rewarded even though he has never achieved sustainable results. This causes arrogant CEOs to shut out other input and focus on the short-term. Thus, the arrogant executive creates a business strategy that fails to generate significant, sustainable and profitable growth.

10. *Desire To Leave Your Fingerprints*

I've seen consultants convince executives to develop a ten-year corporate vision by replacing the words "Wall Street Journal" with the executive's name. For example, if the executive's name is Tom Brown, then it becomes The Brown Street Journal. All of his top reports then work to write articles for this fictitious paper describing what their area of the business will look like in ten years. The intent of thinking long-term is a good idea, but the net result of this approach is an organization that focuses on serving the boss and not on adding more value to clients. One mission statement I came across more or less says the mission of the company is to succeed by ensuring that every product and service they sell cultivates the vision of the founder. Funny, but I thought the purpose of a company was to add more value to customers, not to focus on the founder.

11. *Obsession With Complexity*

There are two types of CEOs: those in love with simplicity and those in love with complexity. Based on my informal research, I would say the former beat the latter in terms of generating sustainable, profitable growth by a long shot. Effective top decision-makers talk about their company's strategy in a few sentences and they do it with pride. They say things like:

- "Look, we keep things pretty simple around here. We give the customer what they're looking for and we do it faster than anybody else."
- "Our job is pretty clear: we manufacture planes and we take care of those planes so our clients can focus on their customers."
- "Our customers want a break. They want to feel refreshed. So we give them not only a great dessert, but also a comfortable place where they can eat and talk with their friends."

However, some CEOs get embarrassed when they talk about their business in simple terms, and so they give long dissertations describing their organization and how it adds value to customers. Usually these are the organizations where people are running all over the place trying to do too many things and not delivering any extraordinary value to their customers.

12. Passion Outage

If you burn out your employees, pretty much any strategy will fail. If your organization reaches a point where people simply put in their time to get a paycheck, you have virtually no chance for success. How do these passion outages occur? Here are three ways to suck the life right out of your employees:

- *Fire Them Early and Often*
Use layoffs as the answer to every problem. When your revenues don't reach the desired number, fire a bunch of people. When your profit doesn't satisfy the analysts, get rid of 15% of your workforce. When your productivity per employee hour doesn't improve the way you want, force every manager to lay off the bottom 10% of their employees.
- *Always Hire Executives From The Outside*
If you hire every key person in your organization from the outside, your employees will believe no matter how hard they work or how much they achieve they will never be promoted. They become like the dog who hits the electronic fence over and over and eventually stops trying to go into the street. These employees will eventually stop trying to support any strategy.
- *Change Strategies Constantly*
If you change your strategy every year regardless of how the company performs, employees will not support any strategy with passion. They'll say, "Why get excited about this approach? It's going to change in a year anyway."

13. No Money

There's a great old quote that says it's okay to build castles in the sky as long as you build a foundation underneath them. Having a glorious corporate vision and a good approach to convert it into reality loses all momentum when the reality hits home that you don't have enough money to do what the strategy calls for. Every strategy has parameters it has to operate within. One of those parameters is your organization's financial strength.

14. Lack Of Skill

All of the money in the world won't matter if your employees don't know how to deliver the value your strategy calls for. What competencies or skills are necessary for your strategy to be effectively implemented? Do your employees have those skills? If they don't, do you have the resources to develop those skills in your employees or hire new employees? If not, you need to pursue a different strategy.

15. Better Competitor Strategy

The toy industry went through a massive upheaval in the past three years. While some stores focused on providing extraordinary toys at relatively high prices that provided great learning experiences, other stores focused on selling toys in mass quantities at very low prices. By and large, cheaper toys won out over expensive toys and some companies focused on high-end toys went out of business. If your strategy doesn't provide differentiating value that matters more to your customers than what your competition is doing, you're doomed to working hard and getting terrible results.

16. Lack of Leadership

I believe people at all levels in an organization can be effective leaders. Leadership means influencing how people think in ways that generate better, sustainable results both for the organization and the people in it. Leadership is not based on a label, an income, or a position of authority. It's based solely on the ability to influence how other people think. If you have an absence of effective influencers in your organization, your strategy will never gain buy-in from the people who need to execute it at the point of customer interaction. If your desire is to be the fastest deliverer of service in your industry and you have a lack of leadership in your organization, the concept of speed will remain a dream.

17. The Charismatic Consultant

If you hire a consultant to help you in the strategic planning process, be careful not to be seduced by the charm with which she poses a potential strategy. Sometimes consultants jump to an idea for a strategy on pure intuition, and then spend their time selling the members of the group on why that strategy is the best one for the organization. That's a bad move. A consultant can effectively facilitate the strategic planning and implementation process, but he should never be the one to determine an organization's strategy.

18. Can't Execute

This final reason is really a summary of a number of other reasons. No strategy can deliver results if you have not developed an execution culture in your organization. An execution culture happens when employees focus on identifying what needs to be done, why it needs to be done, how it will be done, who will do it, when it will happen, and where it will happen. In an execution culture, employees get busy on executing the proper tactics and staying on top of the many details that need to happen in order to get the job done. In the absence of this culture, strategies remain meaningless statements in the corporate boardroom.

Strategic Questions

Is your organization or business unit achieving the type of sustainable results you want? If not, why do you think the strategy is not generating those results? Use these reasons *Why Business Strategies Fail* as your first set of screens and then look at other possible reasons.

Five Steps To Developing An Effective Strategy

A strategy is not something you do. It's something that helps you decide what to do. A business strategy is a guideline for making decisions regarding what to do and what not to do in an organization or a business unit. A business strategy defines an organization, or a part of an organization, and the way in which it adds value to its desired customers. Before explaining what to do to develop an effective strategy, here's one suggestion:

**Don't ask your group to develop a vision statement
for your organization or business unit.**

I know that seems counter consultant-like, but my reasoning is based on real-life business circumstances. Organizations only have "x" amount of time to dedicate resources toward developing their strategic plan. When subgroups are asked to develop

a vision statement, they invariably spend an inordinate amount of time philosophizing about what they want the future to look like. There's nothing wrong with doing those exercises, but in reality I find that groups end up using a disproportionate amount of their time doing the "fun" stuff, which is perfecting a vision statement, and then run out of time to do the "grunt work" of establishing tactics, planned activities, milestones, roles, responsibilities, and timelines, and then actually executing those items effectively. If you follow the five steps I'm going to recommend in the order they're presented, you will end up clarifying your desired outcomes, which will serve as your vision. However, by following these five steps, you will begin the process by focusing on the current reality of your organization and the marketplace rather than on the hoped for reality expressed in a vision statement. It's a somewhat subtle but important shift in clarifying an effective strategic plan.

Also, I encourage you to build a Management Council regardless of the size of your organization or business unit to help you every step of the way in establishing your objectives, strategy, and plan of action. The members of the Management Council should represent a broad spectrum of your business with a variety of opinions. Invariably, the group will come up with a better solution than you could generate working in a vacuum.

Strategic Components

If you put two children on a see saw, the larger child will win every time and stick the smaller child up in the air. However, if the fulcrum is moved towards the larger child, the smaller child can gain the leverage he needs to stick the larger child in the air. This relationship is shown in Figure 1.



If the smaller child moves the fulcrum too close to the other one, he loses his leverage and can't lift him. If the smaller child places the fulcrum too close to his end, he can't lift the larger child either. Finding the appropriate fulcrum point is the most important factor for the smaller child to lift the larger one off of the ground.

This analogy represents the four components involved in establishing an effective strategy:

- **Your organization's strengths** – represented by the smaller child.
- **The market conditions** – represented by the lever.
- **Your organization's outcomes** – represented by the larger child.
- **Your business strategy** – represented by where you place the fulcrum.

The goal is to determine what strategy, if executed properly, will best help your organization or business unit to achieve your desired objectives. An effective strategy leverages your organization's assets in a way that adds meaningful and differentiating value to your desired customers, operates within the conditions of the market, and generates significant, sustainable and profitable growth. Choosing the wrong strategy means your company either has no leverage or does not impact the marketplace in any meaningful manner. In order to establish an effective strategy, you first need to really understand your current organization, the market conditions, your desired business outcomes, and your current business strategy.

Step One: Conduct An Organizational Asset Audit

No strategy is effective unless it can be executed. In order to understand what an organization can effectively do, you need to understand what makes up the organization. Every organization has five components: values, skills, passions, resources, and knowledge. The better you understand each component, the better you will understand what strategies will and will not work for your organization.

➤ **Values**

Values are beliefs that determine behaviors. An organization's culture is the set of consistently displayed behaviors. What values are being demonstrated on a consistent basis in your organization? Walk around and observe the employees in a variety of situations. Notice how the executives behave. Notice how people talk about each other. Observe how they refer to the stated corporate values. Do they consider them to be a joke or do they use them as the basis for making decisions? Observe people at different levels in the organization and see if there are consistent behaviors displayed by people in different groups.

➤ **Skills**

What do your employees have the ability to do well? That's no small question when you consider the vast array of talent in your organization. These skills don't necessarily need to be in action at the moment. The more you can understand the variety of skills in your organization, the more you will understand what strategies can be implemented. Apple Corporation has a vast array of talent in its workforce, but most people thought the skills could only be applied to personal computers. Little did the world know that those same skills could change the music industry through the creation of the iPod. What skills do your employees have that could add value to customers in ways you've never dreamed of?

Exercise: Skill Identification

Respond to the following questions, each of which begins with the same part. Your answers could describe just a few of your employees. Not every employee has to have a certain skill in order for that skill to be within your organization.

How would you describe your employees' capacity to:

- Respond to customer questions in a rapid fashion?
- Manage financial resources?
- Learn new technologies and apply those technologies in ways that add value to customers?

- Develop long-term relationships with customers that lead to repeat business and referrals?
- Manage multiple projects simultaneously and move each of them forward in a steady and productive manner?
- Take on a new, extremely large, risky and multiple-year project and convert it into a financial success?
- Incorporate multiple cultures both within your organization and in your client base?
- Open new successful operations in a variety of cities around the world?
- Manage the flow of mass volumes of inventory?
- Implement a variety of nuances that continually enhance the customer's experience?
- Teach new ideas and processes in ways that add value to customers?
- Create a fun and exciting environment for customers?

You just answered a dozen questions. Create a dozen more that will cause you to really examine the range of skills in your organization.

➤ **Passions**

Ask your employees why they work. What motivates them to take purposeful and effective action? What trips their trigger and gets them to perform at their highest levels? By understanding the real passions in your organization, you can clarify which strategic approaches will be enthusiastically supported and which ones won't. To understand the passions among your employees, you can survey them and interview them, but I think the best way is to observe them. Watch them in action and see what turns them on.

➤ **Resources**

What physical and financial assets does your organization have to leverage that could add value to some customers? Does your organization own facilities or land that could be used for other purposes? What capital assets do you have inside your facilities? Make a list of your organization's reserve funds, short-term and long-term debt, available lines of credit, and any long-term financial commitments on your books, i.e. pensions, retirement plans, insurance, etc. Know what resources you have available to deploy against any strategy.

➤ **Knowledge**

What do your employees know well? Again, this doesn't have to apply to all of your employees. Clarify what industry knowledge is strong in your organization. What knowledge do employees have of different cultures, demographics and buying patterns? Identify the various technical knowledge employees have. The better you know what your employees know, the better chance you have of finding the best strategy for your corporation.

Step Two: Understand The Market Conditions

Market conditions exist outside of and are independent of your organization. There are two kinds of market conditions: temporary and long-term. The dot.com era was a short-term market condition. The internet is a market condition that will affect corporations for many years to come. The economic downturn at the beginning of the 21st Century was cyclical. The economic expansion that occurred in China at the same time will have a

lasting affect on the world's economy, although it's hard to predict what that impact will be. Population trends can generally be predicted for a period of twenty to thirty years. These affect a vast array of organizations. Make a list of the current market conditions. Make your list as comprehensive as possible. For example, what are the current market conditions in regards to technology, digitization, routinization, gasoline prices, personal and organizational security, buying habits by different demographics, makeup of the workforce, starting salaries, disposable income, consumer confidence, economic expansion, and population trends? Divide your list of items into two categories: short-term conditions and long-term conditions. Understanding the conditions of the markets you want to operate in will give you a strong feel for which strategies can be successfully implemented and which ones won't generate sustainable success.

A subset of the general market conditions are your desired customer's trends, wants, and needs. Define your desired customers as clearly as you can. Here are some questions that may help you better understand your desired customers. The better you understand them, the better your chances of establishing an appropriate business strategy.

Exercise: 25 Customer Defining Questions

1. Which three of your desired customers' highest priority outcomes can your organization help them to improve?
2. How would your desired customers prioritize the following items for the product or service you sell: quality, cost, reliability, personal attention, speed, user friendliness, customer service, ease of purchase, and convenience of delivery.
3. Do your desired customers want to pay a premium in order to be a member of an elite status?
4. Do your desired customers want to pay the lowest price on the market for products and services?
5. What are the age demographics of your desired customers?
6. What are the geographic demographics of your desired customers?
7. How often would your desired customers make a purchase from your organization? Once every three years? Once a year? Once a month? Once a week? Once a day? Once an hour?
8. Do your desired customers want to build a long-term relationship with your organization?
9. Do your desired customers want to buy from you in bulk?
10. Do your desired customers expect your organization to be a one-stop shop that can solve all of their problems in a given area?
11. Do your desired customers expect you to work in collaboration with other suppliers to meet their needs?
12. In general, how long will the sales cycle take with your desired customers?
13. Do your desired customers make buying decisions in the form of a committee or by a single individual?
14. Is providing your desired customers with on-going guidance an important aspect for them?
15. Are your desired customers coming to you for an enriching experience? If so, what type of experience would it ideally be for them?
16. Are your desired customers only interested in buying the best product or service on the market?

17. Are your desired customers focused on maintaining certain buying traditions?
18. Do your desired customers want to work with suppliers they know personally?
19. Is the ability to leverage the Internet with suppliers an important consideration for your desired customers?
20. Are your desired customers looking to demonstrate their current level of success through their purchases?
21. Are your desired customers more focused on the functionality of a product or service than on its name recognition?
22. Is price the differentiating factor for your desired customers?
23. Is brand name recognition the differentiating factor for your desired customers?
24. Are your desired customers obsessed with buying cutting-edge products and services?
25. What degree of risk are your desired customers willing to take in making a purchase?

By answering these questions and providing a written rationale for each of your answers, you will sketch a very clear picture of your desired customers. Add any additional questions you feel are important to answer in order to better understand your desired customers.

Step Three: Understand Your Desired Outcomes

A strategy can only be effective in helping an organization achieve its desired outcomes if the people in the organization know those desired outcomes. Seems obvious, but it's most definitely not always done. If you think this is obvious, ask everyone in your work group to write down the three most important business outcomes your group or organization is working to achieve this year. Then compare the answers. Many times I've seen a group generate a huge number of important outcomes. This means the members don't agree on what is most important. It's impossible to implement an effective strategy without knowing the most important measures of success because the point of a strategy is to generate specific results.

Exercise: Defining Desired Outcomes

Select the key outcomes that will help you determine whether or not you have selected the right strategy, and whether or not you are implementing it well. These business outcomes could fall into the following areas as well as others:

Financial

What revenue do we want to generate?

What do we want our operating income/cash flow to be?

What do we want our operating costs to be?

Market Share

What do we want our client mix to look like?

What percentage of our business do we want each client to represent?

What percentage of our business do we want our current clients to represent?

What percentage of our business do we want each revenue-producing activity to generate?

Long-Term Growth Potential

What products/services are we developing to generate sustainable, profitable growth in the future?

What percentage of the operating budget will we commit to developing these potential products/services?

Your answers don't need to be perfect to the 12th decimal point. You just want to emphasize the types of business outcomes that are the most important for your organization to achieve. For example, if it is decided that diversifying your client base is a critically important business outcome, then you might set a goal that no client, or type of client, will represent more than 20% of your revenue.

Continue to build your list of questions for clarifying desired business outcomes. Just make sure you're focused on business outcomes and not on internal activities. For example, hiring 50 new employees is a goal, but it's not a business outcome. If someone said that was his goal, I would ask, "What business outcome are you hoping to generate as a result of hiring 50 new employees?"

Step Four: Understand Your Current Business Strategy

The final piece to clarify is the business strategy your organization currently uses. Remember, a business strategy defines an organization and the way in which it adds value to the desired customers. It is the statement that guides all decision-making in an organization.

In order to understand whether your business strategy is effective, you need to know what it is. I'm not talking necessarily about the business strategy hanging on the wall or written in your business brochures or posted on your website or placed in your annual report. I'm talking about what actually guides decision-making in your organization today. You can accomplish this by completing the following statement:

We are a _____ organization that provides _____ to _____ through _____ .

The Walt Disney Company could complete that sentence by saying, "We are an entertainment organization that provides quality entertainment to all members of the family through television shows, theme parks, films, cruises, videos, retail stores, licensed products, and other avenues."

Starbucks might complete the sentence by saying, "We are a retail organization that provides high quality coffee and a relaxing, comfortable atmosphere to a wide range of adults through our conveniently located restaurants."

If you ask twenty employees and twenty customers to complete this statement for your organization, you will get a much clearer idea of your actual business strategy. Look at the commonalities between their answers and craft the best statement you can to reflect the reality of what they say. In Step Five, you will use that statement as a point of comparison to other possible strategies in deciding what would be the best strategy for your organization or business unit.

Step Five: Make A Strategic Decision

The question now becomes, “Is this the most effective strategy for leveraging our organizational strengths, addressing the needs of the market place, and generating our desired business outcomes? If not, what strategy should we select?” In other words, has your organization selected the best fulcrum point? The other key question to ask is, “If this is the best strategy, what other people do we need in our organization, if any, to execute it, and what desired outcomes, if any, do we need to adjust?”

In summary, there are four components to consider in terms of developing an appropriate strategy: your organization’s assets, your desired business outcomes, the market conditions, and your current strategy. While you can’t change the market conditions, you can change your organization, the outcomes you decide to pursue, and your business strategy. Consequently, you have a variety of options to choose from.

The Six Strategic Options

- Option #1: Change nothing.
- Option #2: Change your business strategy.
- Option #3: Change your desired business outcomes.
- Option #4: Change your organization.
- Option #5: Change two out of the three.
- Option #6: Change all three.

Option #1: Change nothing.

If you want to accelerate your organization’s most important business outcomes, a valid decision may be to change nothing. Deciding to keep your organization the same, to keep pursuing the same types of customers, and to keep using the same approach with your customers may very well be the smartest approach. Of course, you can still work to improve your organization, your understanding of your customers’ changing needs, and the execution of your strategy.

Option #2: Change your business strategy.

You might decide you have the right organization for your desired customers, but the way in which your organization adds value to them needs to be changed. In that case, the question becomes, “What business strategy do we need to use instead?” Remember, an effective strategy optimally leverages your organization’s assets, adds differentiating value to your desired customers, and generates significant and sustainable improvements in your desired outcomes.

Option #3: Change your desired business outcomes.

This really is not as easy as it sounds. Regardless of your success with your current customers, you have built up a certain amount of “client equity” in the marketplace. People associate your organization with serving certain types of people. These associations generate referrals, testimonials, and recommendations that lead these people to you. If you suddenly change your focus in terms of the business outcomes you’re pursuing, you may create some confusion in the marketplace. You may receive calls from prospects that no longer fit your screens. You’re going to have to work to build relationships with new types of customers. Having said all of that, sometimes this is the decision that makes all the difference in the world for a corporation. Deciding to diversify your customer base, optimize short-term cash flow, inject money into long-term projects, or any number of other desired outcomes can enhance the relationship between your

organization's strengths, its approach to the market, and the results it generates. Even though it's painful, going after a different type of outcome may be the best strategic decision you can make.

Option #4: Change your organization.

Regardless of the size of your company, this is no small trick. We're talking about changing the values, passions, skills, resources and/or knowledge in your organization. However, in many situations, this needs to be done in order to fully execute the new strategic direction for your organization. If you choose this option, where do you begin? I suggest you take each of the five variables listed above and decide which ones you can keep and which ones need to be changed.

If you decide you need to change the values and passions in the organization, you're really talking about changing your corporate culture. This is doable, but not an easy thing to accomplish. In order to change organizational values, which are the beliefs that determine behaviors, you need to change the behaviors you recognize and reward, you need to have role models at high levels demonstrating those new behaviors, and you need to provide negative consequences when people use old behaviors. This is very hard for some people to accept and many people will leave or will stay in the organization without really making any positive contributions. In order to change passions, which are the things that get people really excited, it may mean you have to hire different people. Employees can't fake their passions. If you've built an organization of people who are passionate about improving manufacturing processes and you now want an organization where people are passionate about customer service, you may not be able to flip a switch and get these same people to enthusiastically switch their focus.

If you want to change the skills and knowledge in your organization, you can provide training and development for your current employees, hire new people who bring the desired skills and knowledge, or do both. In any case, it's a costly proposition, but it may be the step you need to really gain leverage out of your current strategy.

If you want to change your resources, you will need to change your patterns of investment. This takes time and effort to do so effectively.

Option #5: Change two out of the three.

This option really provides you with three choices:

- Change your organization, change your business strategy, and go after the same desired outcomes.
- Change your business strategy, change the outcomes you pursue, and leave your organization the same.
- Change your organization, change the outcomes you pursue, and stick with your business strategy.

All three of these choices are viable routes to go through. Keep in mind a strategy can only be executed if the organization in place has the capacity to execute it. No strategy can be executed by a "hoped for organization." Many times, executives establish a really exciting strategy and then blame its future failure on the organization's inability to execute. Clearly, those executives missed the point. First, the necessary organization has to be created before a strategy can be used effectively.

Option #6 Change all three.

Essentially, this means you're starting from scratch. You're changing your organization, your approach to the marketplace, and the outcomes you're pursuing. There really are two reasons to do this:

1. Your current situation has completely failed.
2. Even though your current situation has been moderately successful, you believe your organization will only decline if it continues on its current path.

In the first scenario, you will want to change everything as quickly as possible. Cut your losses, apply the lessons you've learned, and start over. If you and the other key decision-makers have made mistakes on all three fronts, then admit the error of your ways and start over. You'll never achieve greatness sticking with a completely flawed business approach.

In the second scenario, you can reasonably buy yourself some time as you transition your business. Begin with your organization. Start to hire and develop the type of employees you want to execute a new strategy. Once the necessary employees, incentive programs, and management approaches are in place, begin to implement the new strategy and direct it toward your new desired outcomes. In time, you can shift a higher and higher percentage of your employees toward these new desired values, passions, skills and knowledge either through replacing your current workforce or retraining your current employees. By steadily shifting your organization, your strategy and your desired outcomes, you will steadily create a completely new business scenario. Your organization will develop a different brand, a different reputation in the marketplace. This really takes double effort because not only do you need to shift your organization, strategy and desired outcomes, but you also have to be patient enough to allow this shift to take place in the minds of your customers and prospects.

Choosing An Option

The key question to answer in selecting one of these six options is, "Why did you select that option?" No one option is better than another, but you need to determine why you've decided to do what you're about to do. All three non-fixed variables (your organization, your desired outcomes, and your business strategy) are dependent on one another for success. Ignoring any one of them will likely result in failure to generate significant, sustainable and profitable growth. However, when all the pieces connect properly, you create an organization with extraordinary leverage in adding value to targeted customers that continually delivers profitable growth.

Twelve Corporate Strategies

The purpose of this section is to give you a breadth of understanding of different business strategies. My hope is this will help you decide whether to continue forward with your current strategy or consider another organizational approach. In the end I will challenge you to carefully select the ONE strategy that will guide your organization or business unit. This might be your current strategy, one of these twelve, or a completely different one.

1. The Democratization Strategy

eBay has democratized the auctioneering business while IKEA has democratized buying good furniture. This approach is not about offering the lowest prices. It is about expanding the horizons of millions of people who otherwise could not operate in the given arena.

2. Depth and Breadth

The Walt Disney Company dominates family entertainment so thoroughly both in terms of the breadth of ways they provide entertainment and the depth in which they deliver each method that they virtually own the industry. Their challenges have been largely created when they stepped out of this core concept into far more “adult” versions of entertainment. GE applies the same concept of depth and breadth to developing and deploying their managers across a wide array of companies.

3. The Friendliness Factor

It is possible for a company to use “friendliness” as an economic advantage over competitors who simply aren’t as friendly. Even though everyone has the capacity to be friendly, corporations using this approach understand that few people can deliver friendly service day in and day out. Nordstrom’s and Marriott stand out in their respective industries because of the extraordinarily friendly service they provide.

4. Price Matters

Wal-Mart and Budget Rent-A-Car are just two examples of corporations who use low price as a competitive advantage. This business strategy continues to attract customers and generate profitable growth through small margins and massive volume.

5. The Value of Elitism

Louis Vuitton and Mercedes-Benz demonstrate the capacity for profitable growth that stems from some consumers’ need to feel part of an elite group. The status derived from an “elite purchase” is critically important for these consumers. Organizations who successfully overcome the vast challenges of remaining an elite brand can enjoy extraordinary customer loyalty based on highly emotional purchases.

6. Iconic Status

Rarely do organizations fall in this category, but when they do they enjoy a rare blessing. The blessing is the extraordinary demand for their products or services that remains constant for years and years. Coca-Cola and Microsoft represent the rewards of having reached iconic status. Of course, it’s hard work to remain an icon forever.

7. The Neighborhood Brands

This corporate strategy is as old as Tupperware and Mary Kay Cosmetics and as new as Pampered Chef, Southern Living and Creative Memories. The idea quite literally is to get potential customers to open their doors and invite your organization

into their homes. This creates a unique advantage over traditional retail stores, but it also provides challenges in the area of marketing and distribution.

8. “I feel a need for speed.”

These organizations understand that all things being equal, they separate themselves from their competitors by delivering the product or service faster than any other organization. Dell and QuikTrip gas stations provide maniacal emphasis on speed and delight customers all the way to the bank.

9. Aspirational Qualities

Ralph Lauren Polo, Starbucks and L’Oreal provide products that embrace the feeling for consumers they are on their way to a loftier position or a more relaxing lifestyle. This age-old focus on providing hope for millions of consumers brings with it a variety of challenges in terms of maintaining staying power in the minds of the target audience.

10. The Family Traditions

John Deere and General Motors sell products that are promoted from one generation to the next. Organizations using this strategy focus on items that have been engrained in the minds of family members. They emphasize how these items are part of a family’s legacy and have historic value. This strategy requires both a great deal of time to develop such a reputation and a great deal of care in maintaining the integrity of the brand.

11. The Best And Always Getting Better

Organizations in this category separate themselves from their competitors by developing a reputation for always improving their current work at a rate faster than any competitor can maintain. Intel and Nokia have successfully used this approach to differentiating their products and generating sustainable, profitable growth. The challenge is to not get stuck in a niche that sucks the life out of an organization like quicksand. Another challenge is to not remain in an industry that has become obsolete. This concept of fanatical continuous improvement has to be applied to a general concept and not to a single product.

12. Combined Strategies

The secret to McDonald’s success over the past fifty years has been their ability to deliver quality products at a great value with fast, friendly and accurate service in clean and inviting environments. These strategies simply cannot be unbundled or delivered sporadically. As you might imagine, that level of expectation put on 30,000 business units is pretty tough to live up to everyday with every customer, but that’s how you become one of the best brands in the world. Organizations deploying a “combined strategy” approach are much different than organizations that change their strategy on an annual basis. Their combination of strategies actual becomes a single strategy in and of itself because this unique combination remains constant for the organization over the long-term.

Select a Business Strategy

At this point, it's decision time. Given the conditions of the marketplace, what strategy do you believe will best leverage your organization's or business unit's assets in a way that will generate your desired outcomes? You can choose the one you currently have, one of these twelve strategies, or another one. However, you must clarify a single business strategy before any effective planning or execution can take place.

Planning

Once the business objectives and strategy have been determined, you can begin to put in place the remaining components of your business plan, which are the tactics and planned activities.

Determining Your Tactics and Establishing Planned Activities For Each Tactic

About two out of every three groups I've observed in establishing a strategic plan have wasted a huge amount of time and energy debating over what is a strategy, a tactic, and a planned activity. This semantics death spiral ends up driving people over the edge, and then they just want to get the whole darn process over with as fast as possible. Keep it simple. A strategy is about what to do. A tactic is about how to do it. Planned activities are the actual steps that will be carried out for a given tactic. If the strategy is to diversify your client base, the tactics might include defining and pursuing new market segments, creating a referral bonus program with existing customers, and redesigning your website in order to appeal to a broader audience. The planned activities would clarify what steps need to be carried out for each of these tactics.

Two important filters need to be kept in mind for tactics and planned activities. First, do each of the chosen tactics truly fit within and support the strategy? Second, are you attempting to do a reasonable amount of planned activities that won't overwhelm the members of your organization or business unit? If you get a "no" or a "maybe" as the answer to either question, then go back and discuss the tactics and planned activities again with the members of the Management Council until you can answer "yes" to both questions.

Execution

The strategic plan is complete and now your day job begins anew. The process of execution begins the moment the planned activities have been selected. Here are thirteen steps for effectively executing the planned activities:

1. Sequence the planned activities

Write each planned activity on an index card, take out a large year-long calendar and begin to move the index cards around. Constantly ask yourself, "What's the best order of events?" For example, in the retail industry it's best to do a major cleanup just prior to a major sale. In the accounting profession, it's best to do training on a major change before January 1st and after April 15th.

2. Sacrifice some planned activities

I've yet to meet the organization where people choose to do too few planned activities. Invariably, they choose way too many. Keep in mind that every planned activity impacts

multiple people, departments, and functions. If there are only three planned activities under operations on the business plan that doesn't mean there aren't seven other activities that will impact the people in the operations function. You have to really force the other members of the decision-making group to look at what is going to overwhelm their staff members, and cut down the number of planned activities to the fewest number that will both support the strategy and generate better results in the highest priority business outcomes. Keep in mind that business acceleration is the art of sacrifice.

3. Schedule the activities

Take the remaining planned activities and put them on your organization's calendar in the proper sequence. This way people can begin to put in place their individual calendars in a manner that supports executing these organizational planned activities. Be vigilant about keeping the organizational calendar dates fixed on the calendar. Moving meetings and canceling events throws off employees tremendously and lessens their impact on delivering the desired outcomes.

4. Establish a critical path for each planned activity

A critical path is a fancy cross-functional term for a to-do list. For the overall planned activity to be accomplished, what specifically needs to be done and by what date? Map out every little detail that has to be taken care of and put a deadline on each piece. Clarify what milestones need to be achieved along the way and by what date in order to be on track toward achieving the bigger goals established in the strategic planning process. This requires department heads to communicate on what needs to be done.

5. Assign people to specific roles and responsibilities for each activity

Of course, the little details don't get taken care of unless it's clear who is responsible for doing them. This is not micro-management. This is an organized approach to execution. How a person carries out a detail is his choice, but if it's not clear who's responsible for doing each item, there's a very good chance some details will be missed.

6. Follow up with these individuals

Get formal and informal updates about how the details are going. Obviously, make sure that each detail was actually taken care of, but also ask about what is working well, what is not working well, what lessons are being learned, and what adjustments could be made right now or in the future. You might be thinking, "Should the high-level executive responsible for establishing the strategy really be involved in making sure that the details are taken care of?" I would say, "Absolutely." Remember, the end game is to win, not just have a great strategy.

7. Evaluate their performance

Here's the code word: honesty. If a person is a top performer, be honest and tell her. If a person is an average performer, tell her. If the person is a poor performer that is on the verge of being let go and who needs to improve specific behaviors immediately, tell her that as well. Not everyone is a great performer or even an average performer. If you can't be honest with people about their performance, then don't be a manager or an executive. Remember, if you give everyone the same rating, you reduce the motivation of both the top performer and the poor performer. The poor performer will think, "Well, if I'm considered as good as that great performer, then there's no need for me to improve." The top performer will think, "If my boss thinks I'm as bad as that weak performer, then he has no idea what a good performer really is and I'm done giving my best effort."

8. Give them guidance and feedback

You've worked so hard to get to this point. You researched your organization and the marketplace. You clarified the strategy, tactics, and planned activities. You narrowed the planned activities to the fewest that would really matter. You helped map out what needed to be done for each planned activity, assigned roles and responsibilities, and evaluated performance. Unfortunately, your work has just begun. You need to stay engaged in the process of execution by meeting with people involved in doing the planned activities and give them guidance and feedback. Perhaps the best way to do that is to ask open-ended questions, hear their perspectives, offer your point of view, and maintain an open conversation that searches for ways to improve performance. Staying hands on is not being a micromanager. It's giving positive feedback and constructive criticism. It's helping everyone stay focused on the few things that will really matter over the long run.

9. Give top performers rewards and greater responsibilities

If you take the top four players off any successful football team, you almost always hurt the team's performance and their number of victories. Great performers put organizations over the top. Look at the Chicago Bulls since Michael Jordan retired. If you added Jordan and Pippen to the supporting cast the year after they left, they still would have been very, very good. Know your top performers, challenge them, and reward them regularly. They are the key to extraordinary execution.

10. Work to improve the average performers

In terms of numbers of people, the average performers will always represent the largest number. If you develop poor relationships with people in that group, you can pretty much kiss away any hope at sustainable improvement in results. These are the people who can put your organization in a position to be very successful. They need to be treated with respect and coached to consistently improve their performance. If they collectively improve their performance by a reasonable percentage year after year, your organization will be in a position to achieve remarkable results.

11. Remove poor performers

First, it's awful when any person loses his job, and even more so when the person will probably never find a job that matches his current income. It's awful for the person doing the firing, and way more awful for the person being fired. However, not removing a poor performer who won't or can't do his job or a comparable job reasonably well, regardless of how many years he has been in the organization, is a cowardly act for numerous reasons. First, you're avoiding the current conflict and postponing it until someone else will have to deal with it in the future. The next manager suffers as well as the poor performer who will be even older and less likely to find quality work. Second, if you avoid dealing with poor performers now, eventually the overall performance of the organization may be so poor that lots of people will lose their job or the company will dissolve.

If you can financially swing it and particularly for employees who have been with your organization for a long time, I suggest you clarify for the poor performer the specific behavior he needs to learn and exemplify, provide him with good training, and give him one year to accomplish that objective. Then if he still hasn't improved, let him go. This should happen on an on-going basis every year, not just in bad times. If you wait for bad times to let poor performers go, then it may be too late to save other people's jobs. All of this sounds so cold and harsh. My concern is if I tippy-toe around this topic you may not realize its critical importance. Of course, you should treat the poor performer with dignity

and respect and provide candid feedback in a timely and professional manner behind closed doors. You should not wait until the last minute to let the person know he needs to improve his knowledge, skills or behaviors, but you also shouldn't ignore the poor performance. By confronting the other person and communicating the very real option that he might have to leave the organization, you might help him turn his performance around and step up as a leader and generate better sustainable results. Even if he doesn't, at least you gave him the respect of honest communication and the opportunity to improve.

12. Continually evaluate the efficiency and effectiveness of each planned activity

Most of the process of execution is done in the trenches working with people in real, day-to-day business situations. However, you also need to frequently step off of the train, evaluate the overall progress of the various planned activities, ensure that the efforts still support the overall strategy, determine that progress is really being made toward the achievement of the desired outcomes, and make any necessary adjustments.

13. Be aware of opportunities and dangers

Of utmost importance is to continually identify potential opportunities and dangers that your business faces, bring them to the attention of the Management Council on a quarterly basis at a minimum, and decide if any adjustments need to be made to the objectives, strategy, tactics, or planned activities. The strategic plan is a guide, but it's not written on stone tablets. Be willing to be flexible, particularly when it comes to adjusting tactics and planned activities.

Recommended Resources

Winning by Jack Welch

Execution and *Confronting Reality* by Ram Charan and Larry Bossidy

Positioning by Jack Trout and Al Ries

Dan Coughlin is author of **Corporate Catalysts: How To Make Your Company More Successful, Whatever Your Title, Income, Or Authority** (Career Press 2005), has provided over 1,000 Executive Coaching sessions, and given more than 500 presentations on Business Acceleration.

As a consultant, Dan Coughlin works with organizations to effectively establish a business strategy for their organization or business unit, develop a clear plan of action, and execute the tactics and planned activities necessary to generate better sustainable results. He can be reached at 877/450-9433 or dan@thecoughlincompany.com.