

**Why Us & Why Not Us?**  
*determine the direction and purposeful actions for your organization*

**A White Paper By**  
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**REPLACING “VISION, STRATEGY & TACTICS” WITH “UNDERSTANDING, DIRECTION, AND ACTIONS”**

In this article I’m going to avoid using the word strategy.

It’s tough to use a word when it has so many different meanings. Over the past 20 years I have read dozens of books and articles on strategy and have had dozens of conversations with senior executives in many different businesses and industries from small businesses to medium-sized businesses to Fortune 100 companies about strategy.

Here’s the odd thing. These conversations had very, very little in common. As far as I can remember I’ve never heard two people define strategy the same way or use the same approach to developing their strategy or use their strategy in exactly the same way in making decisions.

Instead of saying vision, strategy and tactics in this article, I’m going to use these three words: understanding, direction, and actions. Here are the steps in this approach:

- Understand the customers you want to serve and how you are or are not adding value to them right now.
- Clarify the direction you want to go in terms of the specific value you will deliver to your desired customers and the values you will demonstrate in that delivery.
- Refine your direction by clarifying what you will do in terms of connecting your organization’s activities to each other and to the value you want to deliver to customers.
- Establish the efforts you will take to strengthen your brand in this customer value area.
- Determine how you will innovate in ways that fit with your desired direction over the long term and do so in a way that allows you to increase your prices and/or decrease your costs.
- Plan purposeful actions for the next 100 days that support the creation and delivery of that specific value for your customers.

I’m going to ask you to answer six questions. Here are the questions, and then I will go through each one of them in more depth.

**Understanding**

1. *Why us and why not us?* (Understanding)

***Direction***

2. Who are our desired customers and what value do they really want or need to receive that we're capable of delivering in a unique way? (Clarification)
3. *What activities will we do in our business to deliver that specific value to customers and how do these activities connect to each other?* (Connections)
4. *How will we reinforce in the minds of our customers that they receive this particular value from us, and how will we gain entry into the minds of our prospective customers that they can gain this particular value from us?* (Branding)
5. *What will we do to improve the creation and delivery of this particular value for our customers that will allow us to increase our prices and/or decrease our costs?* (Innovation)

## **Actions**

6. *Based on what we want to do in the areas of connections, branding, and innovation, what specific actions will we commit our time and resources to actually do this year, and what will we not do this year?* (Planning)

## **UNDERSTAND YOUR CURRENT BUSINESS**

The process of determining the direction of your business begins with a single question:

### ***Why us and why not us?***

Ultimately, people choose to buy or not to buy from your organization based on value and values: the value you deliver toward helping them to achieve something and the values you demonstrate in delivering that value.

This question forces you to look at your business from the perspectives of your current and potential customers both today and in the future. Answering it can be both exciting and very humbling. Don't start by writing what you want success to look like. Far too many people write a vision statement of what they want in an ideal world without an understanding of what their desired customers want in the real world.

Instead really think about your business from the perspective of your customers and prospective customers. After you see why they do and don't buy from you, you will begin to see an area for your business to operate in. From that you will begin to formulate what success could look like in the future.

### ***The Present***

Here are a few questions I encourage you to discuss with other leaders in your organization:

“Who buys our products and services? Why do they buy them?” After you write down what you hear, ask, “Okay I wrote that down, but why else do they buy our products and services?” Pause and be patient. Then write down what they say. Repeat the question several more times.

In the beginning of your conversation your group will probably land on some aspects of your business that should not change. These are the value and values which have helped your business to be successful up to this point. However, at some point during the discussion your group will run out of reasons for why customers choose your products and services and will start to see what your organization does that is just like several other companies and what it does that is not as good as some aspects of your customers’ other alternatives.

Maybe the other alternatives are more convenient, more reliable, longer-lasting, more impactful, easier to work with, or less expensive than you. This is valuable information. You want to know from your customers’ perspective what is special about you, what is mediocre, and what pales in comparison to other organizations they can buy from to achieve what they want.

To further your understanding of your current business, ask your group these questions:

“Who would buy our products and services if they knew more about them?” This question opens up a greater understanding of your brand. “Why would they buy them?” Pause, listen, write, and then ask, “Why else would they buy them?” Repeat several more times. You will begin to see further the strengths and the weaknesses in what you have to offer.

Then examine the customers who don’t buy from your organization even though they know about your products and services. Walk your group through these questions:

“Why are our desired customers not buying from us even though they know about us?” Pause, listen, write, and then ask, “Why else are they not buying from us?” Repeat several more times. This will help you to understand where you can either execute or innovate more effectively.

Of course, the best sources of answers to these questions are your customers and prospective customers. Listen to your customers and your prospective customers, observe them in action, and get to know some of them really well. The most important step in improving the direction of your business is to understand what your customers and prospective customers are thinking and feeling.

### *The Future*

You can even extend this question into the future by asking your group of leaders this question, “If we don’t change what we’re doing today, who will be buying from us five years from now and why will that be happening?” This can be another wake-up call question that forces you to think from the perspective of your customers and prospects about how you need to execute and innovate more effectively.

Understanding your current business is the starting point for improving the direction of your business. You have to know where you are now in order to determine how you can improve it. You will start to see not only what you do well for your desired customers, but also why your

desired customers should probably choose another alternative for a variety of reasons. You will see what makes you unique, but you will also see what you do that is not unique at all and where other options are really better than yours. The more you dig into answering these questions, the more you will see what you want to keep the same and what you will have to change in order to provide something that is uniquely valuable to your desired customers that will cause them to stay with you or come to you.

The more honest you are in answering these questions, the more effective your organization's planning of purposeful actions will be in the years to come. There are multiple forces at work toward keeping the profits of any company as low as possible. For a great explanation of these, I encourage you to read chapter two called "The Five Forces: Competing for Profits" in Joan Magretta's book, *Understanding Michael Porter*.

In order to overcome these forces it is tremendously important to understand what is of great value to certain people that your organization can deliver, and then to hone and continually improve the creation and delivery of that value to those people.

## **DETERMINE YOUR COMPANY'S DESIRED DIRECTION**

This is the crucial moment for moving forward effectively. You have to decide on the specific value you want to be known for delivering to certain customers and the specific values you want guiding the creation and delivery of that value. This is just as much about choosing what you don't want to be known for as it is about choosing what you do want to be known for.

Any time we talk about direction we have to start with a question. You don't go on a family vacation and head in a direction. You start with a question, and the question is, "Where do we want to go and why do we want to go there?" Once that's answered everything else starts to fall into place and you end up with a sense of direction. For example, your next questions might include "What do we want to do?" and "What do we want to see?"

### **Clarify the specific value your organization will create and deliver to your customers.**

Regarding your business, the basic question you want to ask is,

*Who are our desired customers and what value do they really want or need to receive that we're capable of delivering in a unique way? (Clarification)*

You may not be delivering this type of value right now, and that's okay. You have to decide on a direction for your organization, which might be similar to where you are now or it might be quite different.

You can clarify the direction of your business by filling in this blank:

Our desired customers are \_\_\_\_\_ and they will buy from us because of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ .

You might have more than three reasons why they will buy from you, but make sure your answers are not generic answers that any company in your field can say. Otherwise, you will always be competing on having the lowest price.

You want specific reasons why you stand out in the crowd of choices that your desired customer can choose from. This is a relatively simple and incredibly difficult and important step. Until you know why your desired customers are going to buy from your organization in both the short term and the long term, you can't effectively determine what activities to connect together, what brand you want to build, or where you can innovate. Once you fill in those blanks you are ready to move forward as an organization in an effective way.

I believe this is the step where most mistakes are made. Companies don't really clarify the specific value they will deliver to certain customers. When the answer is vague or extremely broad, the people in the business end up doing a lot of things that don't connect together and don't create anything special for the customer. I encourage you to invest sufficient time and discipline into crafting a very clear and specific answer to this assignment. It's not about being number one in your industry or world-class or any of the sexy statements that pop up all over vision statements. It's about clarifying a specific value that you will deliver to a specific type of customer.

**Strengthen the connections both between the activities in your business and with the value you want to deliver to customers.**

Now that you and the members of your group have clarified the value you want to deliver to certain types of customers, the next step is to consider how you're going to accomplish it.

*What activities will we do in our business to deliver that specific value to customers and how do these activities connect to each other? (Connections)*

Take out a sheet of paper and write down the activities your organization will need to do in order to create and deliver the specific value you want to provide to your desired customers. Be very deliberate about this. Don't skip over any of the activities you will need to do, and don't include any activities that don't help to create and deliver this specific customer value, even if you've done them for years in your organization.

This question will force you to make some very hard decisions. You will have to focus on a few things, which will require you to sacrifice a wide variety of paths that you could take. This is not a one-time exercise. This should become part of your on-going thought process: which activities should we stop doing that no longer support the value we want to be known for delivering, which activities should we start doing, and which activities should we continue to do?

After you've created your list of activities to actually do, look at each of them as a piece in a jigsaw puzzle. Look at how they connect to one another. Are there ways that you can improve the connections between the pieces in order to create and deliver the specific customer value with higher quality or in ways that will reduce your cost of creating and delivering that value? With higher quality, could you increase your prices? With lower costs, could you keep the price the same and increase your profits? Or could you lower the price, increase volume, and

increase profitability? Ultimately a business plan should help your organization generate sustainable profitable growth.

This work of constantly looking at the connections between the activities in your business and the connections between the activities and the value you want to create and deliver to customers is very important. If you maintain discipline, you can keep finding ways to enhance quality and increase efficiency in the creation and delivery of that value. It might also mean that you will need to let go of old activities on a regular basis.

*How will we reinforce in the minds of our customers that they receive this particular value from us, and how will we gain entry into the minds of our prospective customers that they can gain this particular value from us? (Branding)*

This question is about branding. As you create and deliver value (execution), you will also need to proactively work to strengthen your brand. Your brand is not something you control because it exists outside of your business and inside the minds of your customers and potential customers. You can make intentional efforts to work toward strengthening your organization's brand. This question connects to your entire business: operations, people, sales, and marketing. The more effectively you can communicate to your customers and prospects the value they receive or will receive from your organization, the better your chances are of strengthening your brand.

*What will we do to improve the creation and delivery of this particular value for our customers that will allow us to increase our prices, decrease our costs, and/or profitably increase the volume of our sales by lowering our prices? (Innovation)*

This question is all about innovation, and this question will lead you into customer research, creating prototypes, small-group testing, large-group testing, and rollout of new or enhanced products and services. Clarifying the innovations you will pursue this year should be part of every organization's annual planning process. To make this step even more challenging, you ultimately will want to create more appropriate value for your customers while reducing the cost of creating and delivering that value. This requires significant thinking time. If you do this successfully, you will be able to raise your prices because customers will be getting more value for their investment, decrease the cost of running your business, or profitably increase the volume of your sales by lowering your prices..

## **PLANNING PURPOSEFUL ACTIONS**

The point of planning your actions is to convert your organization's direction into a reality. This means executing today the way you want to execute, building brand recognition that helps you to retain current customers and attract new ones, and creating even more appropriate value for your desired customers in the future through innovation so that they will continue to stay with your organization and attract even more new customers.

### **Know your objectives and how you will measure success.**

Each of these areas (connections, branding, and execution) will need clear objectives and time frames, and you will need to know how you will measure success. These are important as you

move throughout the year in order to know whether or not you are making the type of progress that you want to make.

Notice that these goals are internally- and customer-focused, but are not comparing you directly to any specific competitor. I encourage you to focus on mindshare rather than on market share. Mindshare focuses on the value customers think in their own mind that they have received from you. Market share focuses on how you compare to your competitors. However, if you're creating unique value for your customers, then how can you compare your performance to a competitor? Keep your focus on the relationship between your organization and your customers rather than on the competition with another organization. You're not competing to beat your competitor. You're creating value for your customer to generate sustainable profitable growth. This is a very important distinction.

### **Commit to specific actions and to specific sacrifices.**

The key here is be very clear about what you intend to do and what you intend not to do.

*Based on what we want to do in the areas of connections, branding, and innovation, what specific actions will we commit our time and resources to actually do this year, and what will we not do this year? (Planning)*

Now reality has hit home. You have to commit to do something, and you can't do everything. This means you have to plan to do some things, and you also have to plan to stop doing other things and say no to other possibilities. I suggest you take out a piece of paper and write down these three words: connections, branding, and innovation. Under connections write down a few bullet points on what your organization will commit to doing this year to create and deliver the specific customer value you want to be known for delivering. Also, write down what you will stop doing so you have the time and the energy to commit to doing what you have committed to doing. Repeat that process for branding and innovation.

You now have planned purposeful actions in the three key areas of your business: connections, branding, and innovation. Your actions were derived from an understanding of your current business based on why certain people either buy from you or don't buy from you. You want to generate sustainable profitable growth. This will only happen when you create value that really matters to certain people who have the ability to pay for it, the value you're offering is more unique than anyone else's, you have worked to optimize the connections between the activities you do to create and deliver that value, you have consistently focused on strengthening your brand of delivering this specific value, and you continually work to improve the creation and delivery of that particular customer value.

### **FIVE CAUSES OF ORGANIZATIONAL FAILURE**

Despite the best efforts in business planning, organizations can fail to achieve the progress they want. Here are five causes that I have seen ruin an organization's potential success.

*Lack of Understanding*

They didn't do enough homework to understand what the customer really wants or needs, what other organizations had to offer, and what they really were capable of creating and delivering.

#### *Lack of Clarity*

They did not land on a clear description of the specific value they would offer to specific customers. Consequently, they poured in a lot of time, money, and energy in an inefficient way. They never penetrated any specific part of the marketplace.

#### *Lack of Sacrifice*

They never stopped doing anything they had been doing, but they added new activities in an attempt to deliver the specific customer value that they wanted to be known for. Consequently, they were never able to give the new activities their full attention. Again, their time, money, and energy were dispersed over too many disconnected activities that were trying to deliver value to customers in a wide variety of ways. They tried to be great at everything and ended up not being very good at anything.

#### *Lack of Innovation*

They started at a basic level in a specific area of customer value, but they never got better at it and then other organizations started to pass them by.

#### *Lack of Patience*

They expected success to happen overnight even though they were trying to deliver a more specific type of value than they had ever done so in the past. Sometimes they gave up on the direction they chose, and then shot off in another direction, only to give up on that one as well and go in another direction. It takes time to get really good at and to become really well known for delivering a certain type of value to a certain type of customer. It is important to keep your costs as low as possible as you get better and better at delivering that specific value you've chosen to deliver to certain types of customers.

### **Five Really Good Books on Strategy**

*Understanding Michael Porter* by Joan Magretta

*Elevate* by Rich Horwath

*Management* by Peter Drucker (specifically chapters nine and ten)

*Entrepreneurial Leadership* by Jim Collins (specifically chapter three)

*Blue Ocean Strategy* by Chan Kim and Renee Mauborgne