



Making Strategy Work



As a leader in your organization, the development and successful implementation of long-term strategy is one of your key responsibilities. Does your strategic planning process give you the results you desire? This is the second in a series of brief articles that offers best practices in strategic planning.

2. Focus

Quick quiz: What wildly successful beverage company has had less than successful forays into the publishing, music and internet lifestyle portal businesses? (Keep reading for the answer.) Here's another question that might hit closer to home: What idea has your organization pursued that was outside of your core expertise and yielded less than desired results? Organizations can become a victim of their own success and cleverness by losing focus. When addressing a new idea, they ask the wrong question – “Can we do this?” instead of “Should we do this?” Invariably – and I mean just about every time – as consultants we find ourselves needing to work with our clients on that second question. While it is true that smart leaders are capable of pursuing many ideas, they must focus on those opportunities that best move the organization toward realization of vision and long-term goals.

Maintaining the right focus does not mean you won't pursue new products, services, distribution channels, vertical markets, global markets, etc. It means that you have a very clear understanding of how new opportunities fit or don't fit with your core strengths and what additional capabilities are required for success.

Before talking about how to ensure that you are maintaining the right focus, let's list some of the means of identifying a pool of new ideas for your organization. Innovation tools and approaches are in abundance, but a few important concepts are key:

- Observe your product or service through every aspect of its distribution and use, and find out where everyone who comes in contact with it has opportunities to reduce time, save money, or enhance the experience associated with its use. Each of these can suggest an improvement opportunity or even an entirely new product or service.
- Ensure that you understand in great detail what attributes different types of customers and potential customers consider when evaluating a product or service, as well as what importance they place on these attributes. Often there are dozens of attributes, and the point of positioning is to develop an offering that excels in the attributes most valued by your target market – as opposed to watering down your offering to make it palatable to everyone.
- Listen to your customers (and non-customers) systematically, but remember that your customers often cannot suggest new ideas when their thinking is constrained by the status quo. Find out what deeper needs they have, come up with ideas for how to meet those needs, and then ask them what they think.
- Be ruthless in vetting your core competencies by encouraging candid input from your team, your customers and your business partners. (I cannot count the number of times I have heard “the management team” identified as a core competency!) Then follow a careful process of identifying adjacent market segments in which they can be successfully applied.

With this pool of new ideas, maintaining the right focus requires the development of an evaluation framework. One simple approach is to identify criteria (fit with mission/vision, financial return, fit with core competencies, operational risk, competitor strength, alignment with customer needs, etc.), assign weights to each criterion, and score the ideas based on solid research and analysis (not the team's best guesses). Many organizations use a “stage-gate” process which requires ideas to pass through ever increasing hurdles that involve more detailed research and analysis along the way. Whatever approach you use, ensure that it is as objective as possible.

One of Straight Path's clients, a healthcare insurer, wanted to develop products to be sold directly to individuals. We conducted research to understand specific healthcare needs that different population

segments had depending on various demographic, psychographic and health status variables, and then identified product attributes to meet target segments' needs and wants. In addition, the company was able to leverage its existing infrastructure and organizational strengths to minimize the risk of launching the new products.

If you're still wondering, the beverage company is Starbucks. Next time we will discuss identifying the right strategies.

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Here are five questions to consider in the process of developing your strategic plan:

- 1. Do we have the right planning team (key decision makers, diverse representation, creative thinkers)?*
- 2. Does our planning process include a strong customer voice?*
- 3. Is it fact-based (properly grounded in research and analysis)?*
- 4. Is there room for creativity and innovation?*
- 5. Does our process ensure organization-wide buy-in?*

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