



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 third in a series of brief articles that offers best practices in strategic planning.

Focus (continued)

Let's continue our discussion on focus by thinking about two questions:

1. Among the pool of all possible customers for your products/services, do you know which ones represent your "most attractive" target?
2. Do you know exactly what that target defines as value?

In simplest terms, *your target customers should be those whose definition of value best matches what you can profitably deliver better than your competitors.* This requires an iterative process of deeply understanding customer needs – not just features and functionality, but all aspects of the customer's desired experience and relationship with you and your products/services over time – and developing a comprehensive approach or "offering" to meeting those needs. This iterative process is helpful in causing organizations to rethink their target market (Is there another group of potential customers who better values what we deliver?) and/or their offering (Does our offering need to change in order to

better address our target customers' definition of value?). Finding answers to these questions involves careful research to understand value in more detail, and then smart segmentation of your potential market primarily along the lines of what constitutes value in the minds of customers (level of service/personal attention, a "wow" experience, initial cost and ongoing cost of using, convenience, speed, flexibility, durability, functionality, post-sales support, etc.). Then you can design or re-design your offering to deliver value to your target customer segment(s). We picked on Starbucks last time, but no one can deny that they have been masters at understanding that their target market is coffee drinkers who value an overall experience – and are willing to pay for it!

One of the keys to making strategy work, then, is clearly defining your target market based on a deep understanding of what they value, and designing a comprehensive offering that includes the product/service you sell plus all aspects of the customer relationship that constitute value in your target customers' minds. This is the essence of your brand – the multi-dimensional image that you want your target customers to have of your organization, which includes the value you promise to deliver, why you are different/better than your competitors, and the intangible goodwill that predisposes customers to want to choose you.

The last part of the "focus" section of the framework is the development of strategies that will successfully deliver on your vision, long-term goals, brand promise and offering. You must coordinate the planning efforts of all your organization's functions such that their plans are aligned and aimed properly. This is the work that Thomas Edison famously referred to when he said, "Genius is 1% inspiration and 99% perspiration." As the leader of your organization, your job is to ensure that plans are in place throughout the organization to move toward your desired future. Further, you will need to be aware that your team's daily activities (the "tyranny of the urgent") often get in the way of making progress on long-term plans. This requires setting realistic expectations, particularly in the pacing of your plans.

One of Straight Path's clients, a financial services firm, lacked a coherent targeting strategy, and consequently their offering and marketing messages were broad and unconvincing. We were able to help them sharpen the focus of who the target market should be and develop a deep understanding of the target's definition of value. This led to a redesign of the offering and the business development process, which positioned the firm for accelerated growth.

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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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