

What is Strategy?

I. What Strategy is Not

- a. Examples of statements that are not strategies
 - i. "Our strategy is to be the low cost provider"
 - ii. "We're pursuing a global strategy"
 - iii. "The company's strategy is to integrate a set of regional acquisitions"
 - iv. "Our strategy is to provide unrivaled customer service"
 - v. "Our strategic intent is to always be the first-mover"
 - vi. "Our strategy is to move from defense to industrial applications"
- b. Tactics, goals, objectives and descriptions, but not strategies. They are mere strategic threads, small components of overall strategies.

II. What is Strategy?

- a. Bringing hidden strengths against the weakness of the enemy at the point of attack to achieve a goal
- b. Providing high level orchestration and vision
- c. Coordinating all the necessary pieces, even sacrificing some pieces when necessary, in order to ensure the overall goal is achieved.
- d. A set of complex tactics and activities that lead to a victory.

III. Figuring Out Our Strategy -A good strategy provides clear and concise answers to four key questions:

- a. Where do we compete?
 - i. In other words, what competitive arenas or markets will we be active in?
 - ii. We define markets as industries, product markets within those industries, and geographic markets.
- b. What unique value do we bring to win in those markets?
 - i. In other words, why do our customers choose our products and services when they could have chosen the products and services of any competitor out there?
 - ii. Our unique value could be cost or differentiation which includes image, customization, styling, reliability, etc.
- c. What resources and capabilities do we utilize to deliver that value?
 - i. Do we have exceptional human capital, superior technology, unrivaled network connections or a unique reputation?
 - ii. Resources generally refer to the things we have in our toolbox. These things can be tangible such as a diamond mine or an oil field, or they can be intangible, such as a reputation.
 - iii. Capabilities generally refer to the things that we can do, or our abilities to use the things in our toolbox.
- d. How do we sustain our ability to provide that unique value?
 - i. Are there barriers to imitation; are there factors that keep our competitors from being willing or able to replicate the value we create for our customers?
 - ii. This last question focuses on understanding what factors allow us to continue to win over time.

IV. Example of a Strategy-IKEA

- a. Where do they compete?
 - i. Sale relatively inexpensive, contemporary, Scandinavian style furniture and home furnishings to primarily young white collar customers all over the world.
- b. What unique value do they bring to win in those markets?
 - i. Inexpensive
 - ii. Stylish furniture
 - iii. Order fulfillment immediate
- c. What resources and capabilities do they utilize to deliver that value?
 - i. In every major country
 - ii. Greater scale
 - iii. Excellent design capabilities
 - iv. Mass production techniques
 - v. Shipped in flat boxes
- d. How do they sustain their ability to provide that unique value?
 - i. The complex interdependence of IKEA's strategy
 - ii. To imitate IKEA they would have to completely change the way they design, manufacture, and ship their furniture.

V. Conclusion -

- a. There are differences between an intended strategy, an emergent strategy and a realized strategy.
- b. Strategy is really more about what you actually do rather than what you intend to do
- c. Importance of staging, or timing. You may have a great plan, but if you execute the plan with poor timing it may fall flat.
- d. To be successful you also need to have a well-orchestrated set of timed steps in order to win in the marketplace.

VI. Summary -

- a. As you strategically analyze companies and/or develop your own strategies, you need to have compelling answers to these four questions:
 - i. Where do we compete?
 - ii. What unique value do we bring to the table in those markets?
 - iii. What resources and capabilities do we utilize to deliver that value?
 - iv. How do we sustain our ability to provide that unique value?