

Introduction

As a business professional it is critically important for you to be able to describe a company's business strategy for at least two reasons:

1. Every company has a strategy, but not every company has clearly articulated that strategy. And, unfortunately, not all companies even fully understand the strategy that they implement every day. We are always a bit shocked by how frequently executives struggle to answer some of our most basic questions about their business strategies. But, even when companies are not sure of their own strategies, they still expect you, as employees, to act in ways to support their strategies!

In our experience, employees who add real value to the business are able to describe the real strategy of their businesses and then map their own job activities to the company strategy. This mapping helps them to see more clearly how their own work on a daily basis aligns with the needs of the business and also helps employees to develop clear "no" criterion for their own work. When you can see clearly how your work maps to your company's strategy, you can also see which tasks in your job are most critical, and which tasks are least critical. You can better focus your limited work time and attention on the tasks that are most critical to support your company's strategy. This kind of decision making tends to make you shine as an employee.

2. Second, even if your company has a clearly defined and described strategy, you still have competitors in your industry that you need to consider. As you analyze your competitors to determine their next strategic moves you will need to be able to quickly and clearly describe their strategies. Doing so will help you see what actions they are most likely to take in the competitive marketplace. Describing your competitor's strategies can also help you identify their strengths and weaknesses. You may not want to attack their strengths, but their weaknesses may suggest useful opportunities.

Frameworks

What tools or frameworks might a strategist be using at this stage? This is where fundamental "what is strategy" frameworks are essential. Some examples of comprehensive frameworks include the four-question model, the diamond framework, and the business model canvas. These approaches all capture the core elements of strategy in organized ways. In addition, other basic tools or approaches are helpful here, competitive landscape maps, value chain analysis, industry classifications, market segmentation and analysis, business plans, and vision or mission statements can all be useful in describing a strategy. As you become proficient with tools such as these in your business studies your capabilities to describe a strategy will increase as well.

Framework Example: Apple's iPhone

Let's illustrate an approach to describing strategy by applying a simple framework to an incredibly important strategy that we may now take for granted: Apple's iPhone business.

Looking back to 2007, the year after the initial iPhone release, we might describe their smartphone business strategy in this way:

Apple's competed in the emerging global smartphone market by offering a high-end, tightly integrated, easy to use, beautifully designed device that did more jobs for consumers than any existing phone device on the market. It further differentiated its smartphone by ensuring seamless integration with its other

business lines of hardware (Macs) and software (iTunes). Apple competed aggressively in this market through superior R&D capabilities that facilitated the continued release of devices that stayed ahead of competitors in both design quality and ease-of-use. They also leveraged best in class marketing to enhance and expand the Apple brand.

Note that this brief description of Apple covers the basic strategy questions of where a business will compete, how they will win against the competition, and what resources and capabilities are central to the strategy.

Such a strategy statement makes it clear that Apple will likely invest heavily in design, technology R&D and branding, but also makes it clear what Apple will NOT do. This strategy statement clearly excludes bringing out a low-end commodity smartphone. Apple's strategy seems focused on the high-end consumer and we should be able to easily exclude any efforts to focus on the low end consumer and low end market. We would hope that all internal Apple leaders and managers would consistently make decisions to reinforce and support this particular strategy.

How this Illustration Helps

Now, this articulation of Apple's 2007 smartphone business strategy may seem very high level and somewhat abstract for the average Apple employee, but consider a few ways in which even this high level understanding of the strategy might help.

First, consider an entry level business analyst who receives an assignment to spend a few months analyzing Apple's supply chain to identify the greatest cost cutting opportunities. This seems like a perfectly reasonable and very normal request for any business, and many analysts might happily accept the job and move forward. But, what happens if the analyst respectfully pushes back and asks his boss why?

For example, he might say something like: "I am excited about this new opportunity and look forward to finding opportunities, but do you mind clarifying something for me? My understanding is that as a business we are really focused on differentiating our products through design and quality, and in many cases cutting costs can get in the way of improving products. Will you help me connect the dots to see how this project ties in with the overall strategy of the business? This will help me focus my analysis in ways that will create the most value."

The boss could respond with a very clear explanation of how this project ties in, or the boss might not have a clear answer and, instead, question her own boss about why they are being asked to explore cost cutting given the underlying strategy of the business. Regardless of the answer, the boss sees our analyst as a strategic thinker who will appropriately question work tasks - i.e. someone who wants to add the right kind of value and who will take the initiative to find out how to add value. Additionally, our analyst has created a small but important "alignment" moment in the business where he and his boss make sure that they are aligned in their efforts to support the right outcomes for the business. Employees who do this respectfully at the right times and in the right places tend to get promoted quickly.

Now, we are not encouraging you to question everything your boss asks you to do, but we are trying to make the point that when you understand the strategy of the business you are well positioned to appropriately question at the right times.

The second way this high-level understanding of the strategy may help is if you are a competitor to Apple in the smartphone space. Consider, for example, if you were a low end and low-price cell phone manufacturer hoping to enter the smartphone market after the release of the iPhone. Your hope is to be a fast follower to Apple and bring out a phone that is more affordable to the average consumer. By analyzing Apple's strategy, you might see clearly that Apple has no intention (or ability) to compete in the low-end segment of the market. Thus, you may be able to enter with little fear that Apple will retaliate and try to compete with you head-to-head. In other words, clearly understanding the strategy of your competitors will help you see the current and future white spaces in the competitive marketplaces.

Conclusion

Whether you are describing your own strategy or the strategy of your competitors, being able to quickly and clearly describe how and why a business succeeds is a critical foundational step to becoming a great strategist. With this foundational knowledge you can then move on to diagnosing, developing and deploying effective strategies.