

# STRATEGY HQ

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## It's (Simply) Complicated



# It's Simply Complicated

By K. Williams

Every now and then, reflecting on the successes and failures of organizations proves to be a worthwhile goal. We should all strive to understand from whence we came and how we arrived at our current point in life. This is true for us as humans and the same holds true for organizations, whether the organization exists as a standalone business or an internal unit of some larger structure. As our respective organizations move through time, they take on certain traits that define and distinguish them from others. Their goals may be different, even though they operate within the same business sectors as their identified competitors. While one organization seeks to increase market share of a specific type of product, another may seek to promote services which sustain and grow a community. The organization's success is determined by how well they execute their respective strategies. More importantly, however, is how they maintain and grow their market influence over long periods of time. It is on this we dive into the conversation about how organizations become and remain viable over time.

## Purpose of the Organization

As mentioned previously, every organization is created with a purpose in mind. That purpose is captured in its charter and its advertised products or lines of business. Given that most organizations have a presence on the Internet, there is usually a link on their websites entitled "About Us". By clicking on this link, a visitor to that site can learn everything the organization wishes to promote about themselves and their respective purpose for existence. They tout that

they are the best at something. They mention the compelling need for the products and services they provide. You get the point.

In the current market, these organizations may be at the top of their respective markets. They all have a bottom line in order to remain at the top of the market. That information you read in the About Us part of their website constitutes their key lines of business. In short, no matter what happens, these lines

of business must remain viable and productive in order for the organization to thrive. They are, in fact, business imperatives.

## Business Imperatives

The word imperative was deliberately chosen to set the tone of how organizations motivate themselves to succeed while facing all types of odds. Some of the odds are expected, but others may come out of nowhere to disrupt the expected patterns of business. Imperatives are

mandatory for the organization and, therefore, cannot fail. How are these business imperatives accounted for in the business? Usually, a company produces products or services which they provide to their respective customers. The company's brand has to represent value to the customers or the customers will not continue to purchase them. There are attributes of such products and services that allow one company to stand out above their competitors. Let's focus on two of the most common attributes of quality and accuracy. If the market segment in question is (I'm making this up) mouse traps, for instance, we can assess value based on the listed attributes in the following manner:

- **QUALITY** – Once a mouse is captured using Mouse-O-Matic, the mouse cannot escape the trap 99% of the time.
- **ACCURACY** – As compared to competitor products, the Mouse-O-Matic has proven to catch more mice than any others on the market.

At this time, there is no more appropriate time to quote the words of a wildly entertaining professional wrestler.

*“If you want to be the man, you gotta beat the man! Whoooo”*  
– Ric Flair

If your company is sitting at top of the market, you had better believe your competitors are actively seeking to de-throne you in order to take your place and become the new market leader. This is just the way the game is played. In this dog-eat-dog dynamic, however, the imperatives of each company are at stake. What does this mean? It simply means you must continue to assess the

competition and create new and better ways to keep your products and services viable. It also means your organization must be aware of and be able to leverage the latest best practices in the industry in order to remain viable and productive. These ideas are details some companies fail to understand.

### **Structural Pitfalls**

There is a long list of companies [whose names are easily recognizable] that ignored these principles. The old paradigm of get there first and own the market will only sustain a company for a short period of time. Companies must make a conscious effort to avoid the trap of tooling up for a long-term production of a [currently] successful product or service. They must also consciously guard against creating structural hierarchies within their organizations to support the currently successful line of products. Such moves can lock a company into patterns of operation that seems to protect its market share.

*“Sit, walk, or run, but don't wobble.”*  
- Zen proverb

However, this ensures a static approach to business and will possibly lead to the demise of the current product line and potentially the existence of the company itself.

### **Enabling the Status Quo**

While some organizations operate within very narrow market niches, the concept of agility must remain in the forefront of their thought patterns. Once the mindset of organizing around a product is formed, the attitudes towards new ideas are often negative. The new ideas are subsequently rejected. Why? Because



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the company is producing and bringing in revenue, the leadership may have a false sense of security about their market position. Almost every facet of the company's business is consumed by perfecting the current and not exploring the new.

### **Facilitation of an Organization's Demise**

Some companies tend to treat their respective products and services as unique and protected intellectual property that everyone seeks to buy. In today's reality, however, the world has realized that numerous solutions exist for nearly any problem that surfaced. So the manner in which companies regard their wares must, likewise, change. Company products enjoy such a short lifespan that they must be regarded as commodities.

If competitors are not making your product today, they will make an enhanced version tomorrow that will supersede your product and coerce the market in their favor. Agility is a key trait of today's successful businesses. That agility is gained when the company's products are regarded as short-term [commodity] revenue producers and market drivers. To view it any other way could mean that your company will begin to rapidly fall behind.

### **Competition – This is the Change For Which You were Not Looking**

While you may never be certain of what your competition will unleash upon the market, that should be motivation enough to continue improving your offerings to grow your overall market share.

Such unexpected events can disrupt your ability to retain or grow your customer base. Some disruptions could have the effect of reducing your projected revenues and put your goals at risk. Other disruptions can totally invalidate your entire product line. So how do you compete? There are multiple perspectives to consider.

### **Play the Game with Existing Rules**

First of all, do you believe that your company is competing within an established market which has known potential? If so, this is a cat and

mouse game you are playing with your competition to win over the set of customers in that market. The market may be finite in size but the



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fundamental approach is to work within the given construct to achieve your business goals.

### **Add new Rules to the Existing Game**

Another approach is to try and expand the existing market to allow more customers to enter the market. Such an objective is achieved when new product capabilities are introduced which provide new and useful functions that attracts more customers, and therefore, grows the overall market size.

### **Create a New Game**

The riskiest and potentially the most rewarding approach may be to create a new market. If successful, you become a major disruptive force by defining a new set of capabilities your competition did not anticipate.

*"The best way to predict the future is to invent it."*  
- Alan Kay

Additionally, this move places your company and its products in the lead position because the products and services are so new that they could not be replicated for some time in the future. When you make up the game, you establish the rules by which everyone else must play (at least for a short time).

### **Fast and Steady**

Remember those core lines of business you established as imperatives to keep

running? Well, that is easier said than done. As we have been discussing so far, the market and the competition are never static. They change all the time and this must compel your thinking and your business tactics to change, accordingly.

*"Learning and innovation go hand in hand. The arrogance of success is to think that what you did yesterday will be sufficient for tomorrow."*  
- William Pollard

There are a number of factors that must be properly negotiated to



achieve the desired level of success. The factors include the people within your organization, the processes that determine how well you manage the processes within your organization, the technologies used to enable and facilitate business and the business environment in which your company competes. They collectively represent the knobs and levers to navigate your organization to live up to its potential and to protect its lines of business. Remember the imperatives!

■ PEOPLE:

People are free-willed and have a tendency to seek opportunities that benefit them more than

remaining in your organization. Your company's capabilities may be altered substantially if the most knowledgeable and most skilled people decide to leave. The damage further increases if those same people find employment with your toughest business rival. Do whatever is necessary to keep the best and brightest people working to advance your company's strategic goals or you may become the victim of your rival's strategic goals!

■ PROCESSES:

Processes executed within the organization are critical to your bottom line. Making your offerings

with great quality and accuracy requires a certain amount of discipline. This usually means that formal processes must exist and people at particular points within these processes are accountable for the quality and accuracy of whatever is being produced. Many organizations fail at constructing useful processes by making them excessively long and by allowing way too many people to have a say on what products go forward and which ones get rejected. There must be a healthy balance which suits the purposes of protecting the brand and moving product out of the door.

#### ■ TECHNOLOGY:

Technology represents the means by which work is performed and the manner in which experiences are delivered. If you know anyone who is roughly in their mid-seventies and upward, you may have noticed a (general) characteristic about the manner in which they do business. Have you watched them pay bills? They either sit down at a desk and write checks, seal them in envelopes to be mailed, or, they get in their cars and drive to each individual business and pay them at the counter. It's painful to watch, but it still happens. You must learn to trust the new technologies! They help way more than they hurt. As newer companies are established, they have the advantage of not being burdened with the older technologies or the attitudes of previous generations.

#### ■ BUSINESS ENVIRONMENT:

The business environment is the field of competition. Like gladiators, each company involved in the business environment is there to win.

*"Innovation is the only way to win"*  
– Steve Jobs

That usually means one huge fact: this environment is extremely dynamic and requires keen awareness in order to survive and thrive. Use your strategy as your point of reference. Blind competition with competitors is a bad move because it means you are playing their game. Recall that many companies can play in the same market but have opposing or even complementary goals. Every move you make must consider how you are attempting to meet your strategic goals. That should

be the major point of reference and it keeps you focused in that regard. Sometimes, it may be important to team with other companies to fulfill a customer's requirements. Other times, you may be required to create a custom product that deviates from the mass production models that sustains your revenues.

The bottom line is that if you keep your eyes on the people, processes, technologies and the business environment, you stand a greater chance of navigating your business successfully as these variables constantly shift and challenge your abilities to operate.

#### **Creativity and Innovation are the Keys to Nirvana**

Given all of the other details we have covered concerning the agility of the organization to adjust for the expected and unexpected, there are some really concrete but fun things to incorporate into your organization to help it thrive. How many ways are there to make a burger? In general, a burger is an edible product that is made with pieces of bread on both sides of another food item in the center. Beyond that contrived description, however, the sky is the limit on how to make a burger. Making the best burger is a great example of pure innovation. I'm certain that many people reading the words here have seen hamburgers with no ham, with beef, made of vegetables and other ingredients. The idea is that there are numerous companies selling products called "burgers" and they all have pioneered niches that customers crave. This same idea exists in numerous other markets! We just have to pursue them

to identify and capitalize on their respective value.

#### **Make Room for the Curious**

In addition to marketing and producing products that are core to the business, companies must also be willing to make room for other ideas so the current lines of business may be expanded. This helps the company grow by increasing its product

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offerings but also hedges against competitive disruption. Artisans and technologists are people who never seem to run out of ideas.

As a way to keep them interested in working in your organization, ask them for their help in defining new products. Solicit their ideas and reward them for their contributions. Most great ideas actually come from people with hands-on or minds-on experience in their respective areas of specialty.

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## Next Q: The Economics of Distance

Small-scale production. High-speed connectivity. Logistics efficiencies. These factors, underpinned by technological advancements, will drive the way consumers and businesses innovate, produce, transport and utilize goods and services. From rapid industrialization and urbanization to human and financial capital migration, spatial economics enables an incredible number of business opportunities – and unpredictable danger.

### Motivating the Change You Seek

One of the great things about a strategy is that it projects a view of where the organization wishes to be or has the capability to do so at some point in the future. This imaginary view into the future is extremely useful in defining the necessary steps to achieve the goals of the strategy. In fact, without such a view, the organization is effectively “just doing stuff”. In order to be successful in meeting your goals, the strategy must be properly socialized within the organization to get buy-in and involvement of everyone in the company. If they breathe, they have a stake in the strategy. This is a critical step and requires focus by everyone in the organization.

### Innovation Via Implementation

While soliciting the buy-in from members of the organization and motivating the change, per the strategy, implementation of the ideas is equally as critical. Valuing and



incorporating new ideas into the business is crucial for two reasons. First, it engenders loyalty to the members who contribute their ideas to move the company forward. Second, it increases the scope and scale of product offerings far beyond those ideas that come strictly from company leadership. The larger issue is to create ways to fold creative ideas into meaningful outcomes that help the organization to thrive.

### Summary

The business world is littered with unfulfilled dreams which were not realized because organizations either feared change or were not agile enough to navigate through the dynamics of the markets. As we have discussed, the critical focus

should always be on the business imperatives. Under all circumstances, keep the core lines of business viable and thriving as everything around the business moves through expected and unanticipated changes. This level

of resilience is essential to thrive in dynamic markets of today. Position your organization so that it avoids being caught in the chaotic swirl of the marketplace. Once the swirl begins, your organization should be properly poised to avoid the inevitable sound of unprepared businesses being flushed out of the market.