

The What's Next Process for Creating A Winning Competitive Strategy

The Old The old customary procedure of strategy development has a pure and sound logic. It has been designed in order to answer the question: What is it that we should do in order to achieve our goals The process essentially involves three stages: 1. Where are we now 2. Where do we want to be 3. How are we to get there This process is based on Gap Analysis. Supposedly, the competitor who will manage to execute it better and wiser (and will also carry out the strategy with consistence and persistence), will be the one who achieves the competitive advantage over the rest of the market. I claim that this time honored process is no longer adequate. It is not sufficient for the competitive environment of this day and age. It does not help managers steer their organizations in the direction of success and profitability. I call it: "Wishful Strategizing". Its outcome is more often than not, failure. This results in executives who lose faith in strategy making altogether. What is wrong with the classic process Before anything else, its basic assumptions are erroneous: Assumption # 1: We know our goals. Our evaluation of potential is based upon the current situation, and on consumers' answers to market research questions. However, the real potential, that which we cannot see while adhering to this approach, is based on "what could be". Our initiatives and actions continuously change customer desires. Products that no consumer ever wished to exist become vital necessities. Hence raise the famous historic mistakes in market potential assessment of commercial flights, cars, computers, and so many other products and services. Assumption # 2: The world is stable. We assume that if we just define where we want to get to, we would surely be able to either find or make our route to get there. The leading image, in the background of it all, is that of driving through a more or less previously explored landscape that anyway remains unaltered while we progress across it. Well, the choice of image could not be more misleading. In the past, companies succeeded by discovering or unveiling unsatisfied customer needs. Today, generally speaking, there is no such thing as ungratified needs. Moreover, customers have become infested with options. Their expectations are constantly rising. Their wants are volatile. If in the past, "market share" was a stable index of achievements (as we used to say: "we have achieved a market share of x"), than today, in many fields, the market share data changes by the month, by the week, and even by the day. We can speak only of our average market share. Most managers will admit that there are no more sustainable competitive advantages, and that the mission has become the achievement of a repeatable competitive advantage. While the old approach is a control-oriented approach (we aspire for market dominance), the new orientation of marketing behavior is that of a dance-along with the market trends and with the customers. Assumption # 3: Only we are doing this (or: we do it better). The illusion that we are capable of defining specific goals and of moving towards them virtually unimpeded, assumes that our competitors are going to continue doing exactly what they have been doing so far. Well, surprise! They will do no such thing. First of all, the competitors of today may not be the competitors of tomorrow. Manufacturing in china, electronic trade, and the limitless openness of customers to novelties have lowered entrance barriers in many market categories. Furthermore, managers now spend less time in their posts. This means that new managers constantly pop up in competing companies and bring with them with new ideas, or at least a fresh ambition. In the past, when the game consisted of a rat-race toward unfulfilled customer needs one could know exactly what one's competition was attempting to achieve. Since then, more and more companies have realized the need for inventiveness and innovation, in order to do something that could succeed, and that their competitors have not yet tried. The New So then, what is the alternative to the old brick road to strategy I propose that we move from wish-oriented management to opportunity-oriented management. I would like to hereby offer a new process leading to successful strategizing, which we have been using in our consulting work for the last few years. It includes four stages: 1. What's now 2. What's possible 3. What's feasible 4. What's next The new heart of the process is the question "what is possible". Admittedly, the old process does encompass a SWOT Analysis, in which there is an Opportunity component (the O bit). It is however a minor and usually pretty much neglected step in the strategy development process. It has no method; it has no tools. You just list whatever opportunities come to mind. As opposed to that, the process I am offering is based totally on systematic examination and thorough scanning of available opportunities. We have developed a comprehensive methodology for doing that. We named it 'The Opportunity Scan' or in short 'The O-Scan'. This set of procedures and tools is designed to map the full scale of opportunities that are available to the company at a certain point of time. Judging from my experience, defining goals is much more meaningful, far-reaching and effective, after a proper opportunity scan. We have created the O-Scan after having analyzed in depths more than 150 companies who have managed to come up with a "next thing", and succeeded. This "new thing" usually was - A new winning business concept - A new winning competitive strategy - A new segment that offers growth potential - An innovative 'Hit' product (or service) - An irresistible brand strategy. Our analysis asked the question: "where and how was the new opportunity found and identified". Based on the conclusions of this extensive study as well as of our own accumulating experience, we determined that a systematic opportunity search should encompass six modules for which we assembled or designed the most appropriate instruments: 1. Consumer Fore-Search 2. Competition analysis 3. Internal Audit 4. Brand Audit 5. Worldwide Lookup 6. Inventive Thinking The What's Next Process for strategy development, could be summed by the three "Open Your I's" commandments: Identify, Invent, Implement. The static nature of the old process manifests itself once more in the norm of performing the process of strategy development infrequently, because "one does not change one's strategy every day". In contrast, the approach I am professing reads: strategy in motion, strategy in constant development that stems from the tension between the need of continuity, and the accommodation to the changing environment and opportunities. Therefore, the strategy development process is a continuous one, which constitutes an essential element of the routine management work.

About the Author

Dr. Dan Herman, a globally renowned strategy consultant, an author and a lecturer, is the author of "Outsmart the MBA Clones: The Alternative Guide to Competitive Strategy, Marketing, and Branding" (<http://www.outsmart-mba-clones.com>). The book is available from amazon.com.

