



**BUSINESS**  
**STRATEGY**  
**NAVIGATION**

MAPPING FOR SUCCESS

**STRATEGY**  
INTERNATIONAL 

**STRATEGY** is at once the **course we chart**,  
the **journey we imagine** and,  
at the same time, it is the **COURSE WE STEER**,  
the **trip we actually make**.

Even when we are embarking on a voyage of discovery,  
with no particular destination in mind,  
the voyage has a **PURPOSE**,  
an **outcome**,  
an **END TO BE KEPT IN VIEW**.

[Fred Nickols]

## LET US CONSIDER:

**O**ur corporate strategy research has determined that firms that lack acceptable profitable growth are driven by one

or more of these five issues:

1. Lack of Profitable orientation
2. Not enough focus on customers to drive the competitive advantage
3. Lack of cross-functional, cross-border, intra-hierarchical teamwork
4. Lack of sense of urgency
5. No shared vision or common strategy planning

This business strategy report expresses a solution for the strategic planner to solve these problems.

**E**very American third-grader is taught to chase her dreams—if not by Oprah, then (surprisingly) through the oft-dreaded academic discipline of social studies. Textbooks regale children with stories of the great explorers (Cortés, Drake, Erickson), whose adventures are celebrated with pomp and circumstance. When Columbus Day meant a class popcorn party, the explorers' heady determination was the stuff of heroic myth. As Columbus Day became less important—coincided with the high school marketing test or, later, the marketing managers' meeting—so did the explorers. Our new heroes are successful entrepreneurs who command wealth from mahogany desks instead of wresting it from foreign mud. Upon reflection, though, it becomes apparent that in a New Economy as vast and exhilaratingly uncertain as the (old) New World, today's successful manager more resembles explorers half a millennium away than s/he does the CEOs of two decades ago.

Consider Ferdinand Magellan, who piloted the first global circumnavigation. Magellan's ambition drove him to forsake his unsupportive Portuguese government, relinquish military titles, and bargain for patronage with the king of rival Spain. Having found support, Magellan set his sights on reaching the Spice Islands, a globally coveted commodity, via a circuitous and uncertain route around South America. In September of 1519, Magellan left Spain with five ships, 250 men, broad sailing experience, a general plan, and a fistful of *chutzpah*. While at sea, he encountered and overcame mutiny, debilitating storms, malnutrition and

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scurvy, the loss of ships and theft of supplies, and ambiguous direction. In order to discover and navigate the now-famous (and globally indispensable) Strait of Magellan, the crew tried inlet after inlet without success. 38 backbreaking days after its discovery, the icy-cold Strait coughed them into the Pacific Ocean, a vast field of adventurous potential. Magellan's navigational strategy was simple: goal in sight, he set off with a general master plan—and trusted his knowledge and intuition to guide him through waves of uncertainty.

The New Economy and the New World may not be physically identical—but in an age when knowledge is gold and markets depend on the windy whims of innovation, a comparison between managers and Renaissance explorers is apt. It was the explorers' well-defined missions and plans, combined with capitalization on uncertainty, which facilitated profitable serendipity. Like Magellan, every company needs a strategic navigational tool that's strong but flexible; that impels, inspires, and self-enforces; and that encourages creativity, adaptability, and surprise.

## THE STATE OF THE ENVIRONMENT

**I**t hardly takes a rocket scientist to point out the economy's unpredictability. It is painted vividly all over business today: the Herculean rise and Icarean fall of dot.coms; the ever-present fear of "getting Amazoned" by the newest phenom; fickle and unrepresentative market data; a "winner takes all economy" that rewards aerodynamic little prodigies with world-power status; and heavy dependence on intangible assets.<sup>1</sup> This—an environment stocked with and characterized by uncertainty—is the market we inherit. Our only hope of navigation is *strategy*—the sort that flooded the explorers with both order and industrious creativity.

## GETTING STARTED: THE NEED FOR STRATEGIC PLANNING

**U**npredictability offers managers three options: to idly float with the environment's current and winds; to drop anchor and cling to the present (albeit mediocre) position; or to harness the currents and charge ahead. The first two represent stasis and, therefore, death. To survive, an organization must be dynamic. Does your company exhibit "a sense of urgency, or complacency?"<sup>2</sup> If you recognize the urgency of the present, be proactive and commit to strategy. If complacency defines you, *move*.

Strategy International partners with companies to develop business strategy according to a time-tested, proprietary strategy design: a choice blend of plan and action that has produced visible change for clients in a range of industries. In our experience, the process of designing a strategy (defined by CEO Bob Jonas as “a plan for the skillful conduct of a large field of operations towards the achievement of a known goal”<sup>3</sup>) consists of seven elements:

- Confront reality
- Set objectives
- Anticipate demand
- Set strategy
- Invent
- Plan Execution
- Implement

All of these, by necessity, happen in the market environment. The secret is to create a competitive advantage strategy that both adapts to and controls that unpredictable medium.

## RIGHT NOW: CONFRONT REALITY

**A**s Magellan gazed at the mouth of the waterway to bear his name, he had a choice. He could worry himself blind about the future; turn left and take the (safe bet) long route; stab blindly into potentially vicious waters; or take stock of his situation and make an educated guess. Fortunately, he chose the last. The first step in business strategy is similar: confront reality. Kaplan and Norton say it well: “Merely slapping performance measures on existing processes may drive local improvement but is unlikely to lead to breakthrough performance for the entire organization.”<sup>4</sup> Your “existing processes,” mindsets, and goals must be assessed before strategy can begin. Without knowledge of your company’s present situation (or “current reality”), movement *from* that situation is arduous, if not impossible.

Elements to consider in your confronting reality assessment include:

- Determine the key performance metrics, knowing if you are ahead of or behind.
- Determine where business performance is worrisome.
- Assess where you are strong.
- Appraise your competitive position.

## SET OBJECTIVES

**H**aving adequately assessed the present, embark on the adventure of the future. The most unpredictable and chaotic market environment is navigable with skill and control. A clear vision of your ideal future allows for well-defined, progressive movement.

The elements of a proactive future focus are simple:

- **Purpose.** In general terms, the purpose of any business is to satisfy its stakeholders (this group includes shareholders, customers, executives/ partners, and the community).
- **Mission.** Your business’ mission is its objective goal, the peak toward which you propel yourself. A mission may be purely financial (“we will achieve billion-dollar annual sales”), product-oriented (“we will develop the most fuel efficient compact car on the market”), or customer-focused (“we will attain 99% customer retention”). If purpose is your reason for existing in *your* eyes, mission is your reason for existing in *consumers’* eyes.
- **Vision.** A vision is exactly as it sounds: a mental picture of the way your business will look, feel, and appear once you have fulfilled your mission.

A caveat: Though definition of these terms is necessary, the key to successful navigation of an unpredictable environment is adaptability. Vision can easily change since, as part of the system, it is largely subject to the whims of the environment. According to the Columbia School of Business, strategy should actually serve to “build flexibility into your system...some way of keeping uncertainty alive and kicking.”<sup>5</sup> This requires creativity: the vision must entail and encourage originality.

## THE RIDE, PART I: THE FUTURE TRENDS AND STRATEGY

**M**agellan’s strategy was clear and simple: reach the Spice Islands via circumnavigation in order to secure spice trade for Spain and adventure for himself. His plan? Sail west, with prevailing winds. Seek (by trial and error) a channel through the enormous roadblock known as South America. Maintain knowledge of present position and plan for future direction.

It is safe to assume that during the two-year trip, Magellan and his crew constantly assessed this plan’s rationality and feasibility. It is also safe to assume that Magellan did not need a wide-ranging measurement rubric to track each strategic move. Here lies the difference between the Renaissance explorer and the Information Age manager.

To develop a business strategy, corporate leaders must identify and understand the future trends in their industry that will impact the demand for their products and services. The leaders need to create a database of activities. The Trends Analysis should result in a grouping of converging trends. These are the opportunities for future growth.

So how do the leaders drive the organization to succeed. They create a competition strategy. Michael Porter defined competitive strategy in 1996. “Competitive strategy is about being different. It means... choosing to perform activities differently or to perform different activities than rivals.” “Strategy is making tradeoffs in competing. The essence of strategy is choosing what not to do.”

Further strategy is a unique way of creating and delivering value that pervades the entire organization. It is your enduring reason for being that makes your customers want you to flourish and thrive. It is what you do that creates value and makes you hard for others to imitate.

SI’s definition of business strategy ... an integrated and align set of strategic initiatives (tactics) all working together to create unique customer value and thereby unique customer perception.

Once armed with a well-framed strategy statement, a business must hit the road. Beat the pavement. Spend deserved time and resources creating a detailed, albeit flexible, roadmap that takes you from here (current reality) to there (objectives).

Again, commitment to adaptability is vital. Strategy, write Kaplan and Norton, “must reflect the structure of the organization for which [it] has been formulated.” Both—the structure and the strategy—must be persistent but flexible enough to facilitate innovation and market adaptation. A strategy designed to propel a company toward an ambitious goal cannot be represented by a stodgy table or bar graph. The strategy map’s structured chaos perfectly captures the paradox of direction and flexibility that characterizes successful strategy. For this reason, Strategy International consultants help businesses create execution plans, aphoristic visual representations of the whole strategy process from confronted reality to trends, objective to initiative.

## THE RIDE, PART II: IMPLEMENTATION

**O**nce the ship has hit the water, it’s time to move. The most intricate and brilliant execution plan is worthless hidden in a desk drawer beneath a stapler and dirty coffee mug. Strategy’s beauty lies in its careful implementation—and ubiquitous involvement. Any disturbance of the status quo is bound to make waves among employees and managers all-too-familiar

with alleged strategic panaceas. Front-liners must be assured that the strategy is relevant and necessary. The American Productivity and Quality Center suggests company-wide education and involvement: “There must be a sense of urgency and a convincing argument that the proposed [strategy] will mitigate wasteful, whimsical changes.”<sup>6</sup>

A well-designed strategy avoids such “wasteful, whimsical changes” by consistently involving representatives from all areas and levels in its creation and implementation. None of the new initiatives is irrelevant, because each builds on the input of those it affects. None is an annoying surprise, because each initiative addresses a widely understood goal. And nothing happens suddenly or irrationally: “a management system does not appear instantaneously,” write Kaplan and Norton. “Because of its scope, complexity, and impact, a new management system must be phased in over time.” A Strategy International execution plan facilitates strategic planning with the benefits of short-term proactive change. It does not expect—or, indeed, allow expectation of—sudden results, but promotes steady, directed, creative work toward a discernable future goal. It harnesses the creativity and proactivity of all of the organization’s members in its movement toward a final objective.

## YOU CAN’T MANAGE WHAT YOU CAN’T MEASURE

**M**anagement, by definition, requires intimate knowledge of what is being managed. And business knowledge depends on measurement. Strategy International’s execution plans encourage and demand constant measurement of progress toward each initiative and objective. This measurement occurs via both internal and external feedback. Each consists of hard-and-fast performance measures (financial growth, percent customer retention) in key strategic areas, as well as qualitative responses to the changes taking place. The mechanism of measurement encourages adaptability: external feedback notifies managers of relevant (and sometimes urgent) changes in the environment, while internal feedback efficiently integrates employee innovation and input.

## THE PROBLEM OF STRATEGY

Strategy” has become a priority for all intelligent managers. Strategy, however, is slippery, unwilling to be quickly defined or easily grasped. Indeed, in his tome on strategic planning, Henry Mintzberg offers four disparate but prevailing definitions of “strategy:”<sup>7</sup>

- a plan, a “how,” a means of getting from here to there;
- a pattern in actions over time;
- position; that is, [strategy] reflects decisions to offer particular products or services in particular markets;
- perspective, that is, vision and direction.

An execution plan approach adamantly rejects separation of these strategic elements from each other. It takes each of these definitions into account, combining assessment of current position, dreams of the future, and the “how” of implementation. And it offers an added bonus: serendipity. By planning for uncertainty and encouraging flexibility, strategy undoes its more stringent definitions and replaces them with a strong but flexible model.

It is this business strategy model that is critical to the success of any adventuresome organization seeking to explore and gain a competitive advantage to expand its market. Only with a clear strategy and well-formed strategic plan for its achievement can true innovation, momentum, and accomplishment be attained.

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## About Strategy International

Strategy International’s clients say that SI consultants assist them in generated profits far beyond the investment required and therefore increased value to the shareholders. SI provides time-proven methodologies that changes the management orientation to profits, causes management to focus on its customers and prospects, creates a sense of urgency, builds teams to handle the complexity of growth, and provides the communication tools to share the long view of the firm’s direction..

SI is a well-planned, well-integrated management consulting firm specially designed for middle-market clients. Its well-known and valued strategies continually enhance client sales and management teams. Strategy International has created specific management tools based upon its 20 years of consulting experience:



### SalesAdvantage

provides prospective customer intelligence through specialized research



### CustomerTouch

creates heightened customer management through time-proven business modeling



### CustomerSatisfactionResearch

tracking company performance against your customers’ expectations



### 360° CorporateProfiling

increases profits through in-depth company analysis

You can review more of our reports on how to improve your firm’s performance by contacting us at 815.519.2234.

# Biography

## Robert J. Jonas

Partner, Strategy International

Robert Jonas is an experienced business owner, entrepreneur, corporate executive, management consultant and executive coach. Bob has founded and operated several manufacturing and business service companies during the past 30 years. He focuses on helping executives manage change with value growth planning to achieve the business owner's goals and objectives. He provides time-proven methodologies that transition the management orientation to profits, causes management to focus on its customers and prospects, creates a sense of urgency, builds teams to handle complexity of growth and provides the communication tools to share the long view of the firm's direction.



Bob is very experienced working with middle market and small firms. His MBA from Northern Illinois University in Financial Marketing gave him the basis for his business ownership and consulting. Bob's management consulting involved buy-sell transactions including marketing, due diligence, start-up companies, corporate buy-side transactions, international strategic alliances and business transfers.

As an experienced strategist for over 30 years, Bob recognizes that knowledge is power and is the essential component in today's increasingly global competition. He has helped clients develop and execute strategies that succeed in competitive markets.

### **Education**

Northern Illinois University, B.S. in Marketing & Finance  
Northern Illinois University, MBA

### **Affiliations**

Institute of Management Consultants  
Exit Planning Institute

### **Specialties**

Value Growth Advisory, Strategic Planning Consultant, International Business Development, Organic Growth, Leadership Development

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- <sup>1</sup> David Campbell and Ron Hulme, "The winner-takes-all economy," *McKinsey Quarterly Online* (2001). [http://www.mckinseyquarterly.com/article\\_page.asp?tk=:1001:21&ar=1001&L2=21&L3=37](http://www.mckinseyquarterly.com/article_page.asp?tk=:1001:21&ar=1001&L2=21&L3=37)
- <sup>2</sup> *The Balanced Scorecard Institute Home Page*, The Balanced Scorecard Institute. <http://www.balancedscorecard.org/>
- <sup>3</sup> Robert J. Jonas, "Strategic Thinking: A Vital Skill Set for 21<sup>st</sup> Century Survival," *National Business News* (May/June 1999).
- <sup>4</sup> Robert S. Kaplan and David P. Norton, *The Balanced Scorecard: Translating Strategy into Action* (Boston: Harvard, 1996).
- <sup>5</sup> Lawrence M. Fisher, "The State of Strategy, 2001," *strategy + business Online* (1Q 2001). <http://www.strategy-business.com/research/01121/page1.html>
- <sup>6</sup> American Productivity & Quality Center, "Establishing Balanced Scorecards," *American Productivity & Quality Center Home Page* (April 2001). <http://www.bettermanagement.com/library/Library.asp?libraryid=776&A=11>
- <sup>7</sup> Fred Nickols, "Strategy: Definitions and Meaning," *BetterManagement.com* (2000). <http://www.bettermanagement.com/library/Library.asp?libraryid=549&A=11>

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