



STRATEGY GUIDE

Manage today and shape tomorrow.



CRAWFORD

INTRODUCTION.

This guide is a collection of thoughts and a curation of approaches learned and developed through helping ambitious business owners build stronger more profitable companies.

Whilst all clients and their situations are different, at the point ambitious business owners reach out to discuss the benefits of an external view, and extra horsepower to build a stronger company I've observed some common themes:

TIME AND RESOURCES.

Growing a business, or changing its profit position, at least for the better, is rarely easy.

Working in the business and on the business at the same time, can be daunting. Time can be the business owners scarcest resource. Most owners have a sense of the future they want, and a timeframe in mind for getting there, however, find both managing today and shaping tomorrow difficult.

A BUSINESS OWNERS THREE HATS.

1. Entrepreneur
2. Technician
3. Manager

Taken from Michael Gerber's excellent E-Myth revisited, where he describes his belief that business owners are very often comfortable with two of the three hats "Technician" and "Entrepreneur" yet find the "Manager" role less natural. In essence business owners enjoy idea creation more than day-to-day management and find solace in the Technician role of doing work in the company at the expense of working on the company.

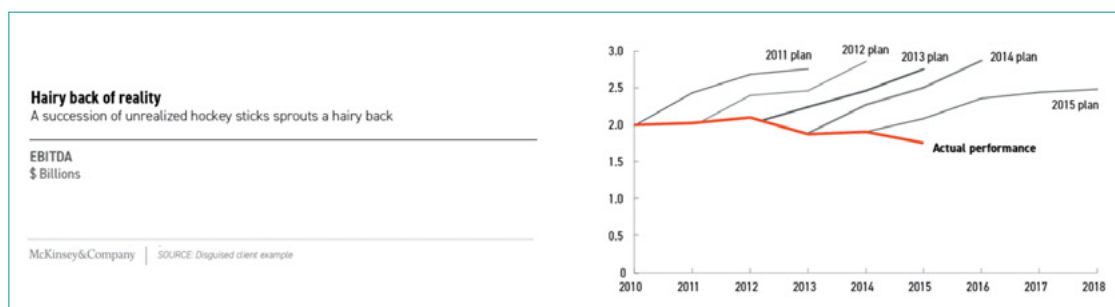
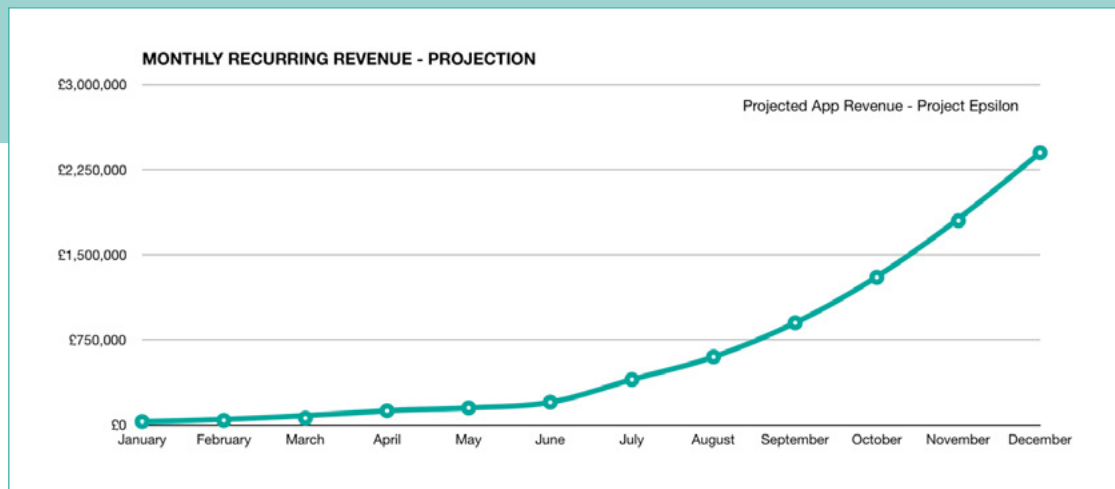
BUSINESSES MORE OFTEN DIE FROM INDIGESTION THAN STARVATION.

Perhaps a consequence of time scarcity and a bias toward idea creation, businesses rarely struggle to meet their goals through a lack of opportunity, more often progress is impeded by taking on too many things at once. Michael Porter, perhaps, the best known thinker on business strategy tells us, "strategy is choosing what not to do".

HOCKEY STICKS AND HAIRY BACKS.

Through the financial planning process most businesses set out an annual budget, often this is back-end loaded, with the improvements in performance ramping up through the year, too often, these gains are not realised, yet the management team predict the same set of gains, with different supporting strategies year in year out.

The hockey stick graph, where growth in revenues and or profits climb rapidly towards the end of the planning period are synonymous with strategic planning. McKinsey and Company in their excellent book 'Strategy beyond the Hockey Stick' describe as a 'hairy back' the picture you get when you join several years of unrealised hockey stick growth plans together.



IT TAKES BIG MOVES TO BEAT THE ODDS.

The paradox is, that where great strategy is well implemented the results often create a hockey stick performance. Lack of time, and resources, too many candidate strategies, apathy from the realisation that the once high growth business has developed a hairy back can combine to prevent leaders and teams to think big enough or allocate sufficient resource for this to be the year or idea where a hockey stick performance is realised.

As an organisation grows then demand for resources grow with it. Sharing business resource evenly across divisions, product and service lines, keeps the peace between managers however doesn't usually represent the real situation where opportunity is unevenly spread across the business.

This guide should help ambitious owners in similar position's take control of their strategy planning and help them both manage today and shape tomorrow.

OUR STRATEGY TOOLS:

- 1. Understand the reach of strategy in your business.**
- 2. Strategic planning template.**

DEFINING STRATEGY.

GOOD STRATEGY AND BAD STRATEGY - THE DIFFERENCE AND WHY IT MATTERS.

One of the challenges surrounding strategy is the wealth of books, articles, podcasts, models and more on the topic. Even if you had time to read, study and listen to them all, many contradict each other and the case studies more often than not are huge, decades old companies or incredibly fast-growth silicon valley start-ups, lessening the resonance of the lessons within, for those of us involved in more modest enterprises.

That said there are many great resources to learn from, one of my favourites is Good Strategy, Bad Strategy by Richard Rumelt, it's very entertaining and contains, an excellent definition, as the title suggests, for good and bad strategy. I've paraphrased Rumelt on the next page.

BAD STRATEGY

1. Failure to face the challenge (or opportunity) - you must define the challenge (or opportunity) fully before you can plot a strategy to overcome or capitalise on it.
2. Mistaking goals for strategy - do not confuse desire with a plan to overcome obstacles.
3. Bad objectives - failure to address critical issues, the objectives are impractical or worse conflicting.

There is an apocryphal story about Albert Einstein, that when posed the question, “Albert faced with a world ending event, you have been asked to prevent armageddon, and have an hour in which to do it, what would you do?”, the story goes that Einstein responded, “I would spend fifty five minutes fully diagnosing the problem and five minutes solving it”.

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GOOD STRATEGY

Defining strategy as Identifying key challenges and opportunities and the means by which to overcome and capitalise on them, leads to a conclusion that developing strategy is an exercise in problem-solving. The essence of good strategy can be described as:

1. Diagnosis - of problems and opportunities;
2. Guiding policy - the signpost that indicates future direction;
3. Coherent action - application of sufficient time and resources.

Strategy isn't about grandiose goals, in isolation, albeit these are powerful as a call to arms and can help create some of the conditions for change needed. Strategy is about how an organisation will move forward.

It emerges from identifying one or two critical issues in the situation and then focuses and concentrates action and resources on them. Ambitious business owners are, in my experience, awash with insight and ideas, in short ideal strategy partners.

GUIDE - MANAGE TODAY AND SHAPE TOMORROW.

START AT THE END, AND GUIDE THE JOURNEY.

What long term goals do you have for your business? If you were being really audacious what might you hope to achieve? What compelling vision of the future can you foresee, will this inspire your team to follow you on the journey?

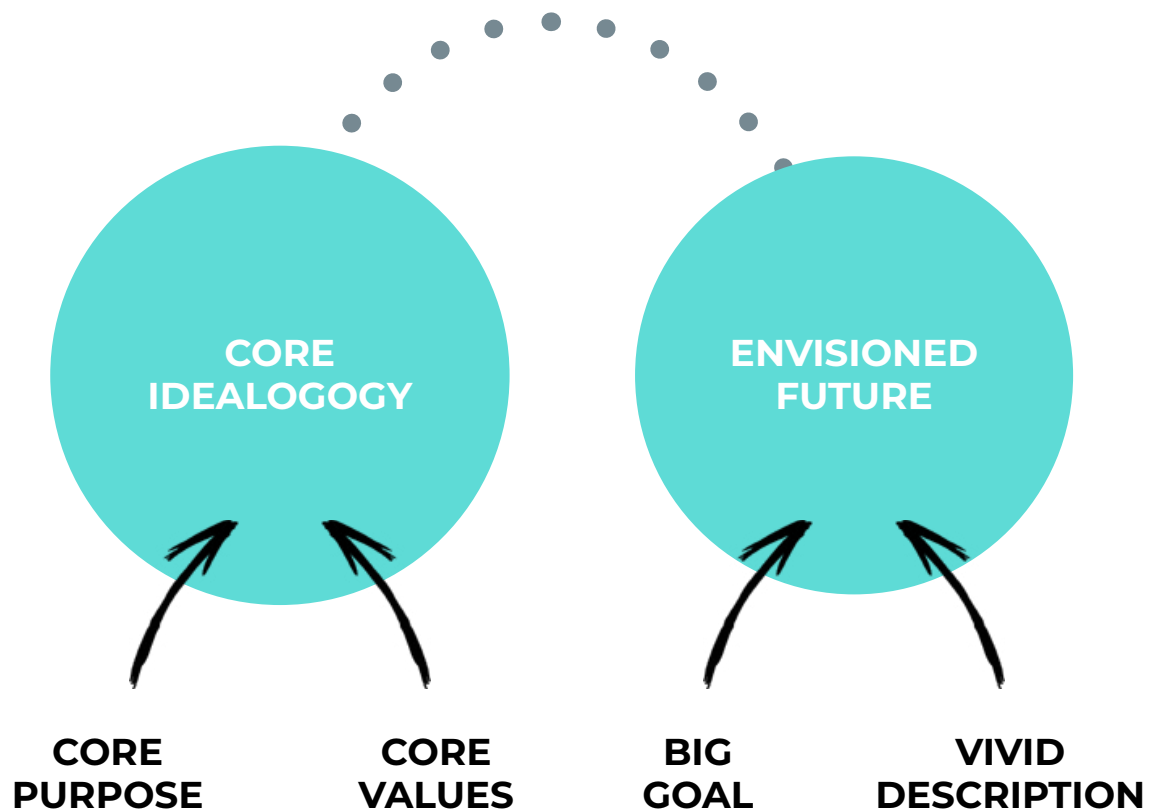
What is the purpose of your business now, is this a rallying cry for your team? Why does your organisation have a right to prosper and succeed over your competitors? When customers purchase from you, what are you promising them in and beyond the product or service they have bought? How do you guide your teams decisions without being involved in every choice?

Jim Collins and Jerry Porras are credited with starting the Mission, Vision and Values revolution with their article Organisational Vision and Visionary Organizations.

[Porras and Collins model on next page >](#)

JERRY PORRAS AND JIM COLLINS

VISIONARY LEADERS



PRESERVE THE CORE & STIMULATE PROGRESS

1. ENVISIONED FUTURE - START AT THE END

Divided between a longer term Big Hairy Audacious Goal and a Vivid Description of the future the purpose of this element is to set out the need for change through a compelling goal, and then soften that, and inspire confidence in it's achievement through a Vivid Description of what success will look like and mean.

2. CORE IDEOLOGY - GUIDE THE JOURNEY

What are the Core Values that will guide the team and stakeholders, what is the Core Purpose that provides a compelling reason to be part of the team on the journey?

LEVERAGE STRENGTH FOR AN OUTSIZED RETURN.

Whilst Strategy is an exercise in problem solving, focus and planning that requires you to say no more often, preserving resources for what will really count it is also about leverage, how do you maximise your returns?

Below there are three, interrelated elements, developed from my experience and excellent books by Jim Collins, *Great by Choice* and W. Chan Kim & Renee Mauborgne, *Blue Ocean Strategy*.

1. SUCCESS RECIPE

In *Great by Choice*, Jim Collins plots the journey of companies that have outperformed markets and peers by a factor of ten over multiple decades (10x companies). One of the principles he proffers as explaining their outsized returns is a steadfastness to what made them great at the outset, this he calls a Success Recipe. His research showed that 10x companies made fewer changes to their Success Recipe than competitors who prospered and then died.

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2. BRAND PROMISE - DIFFERENT NOT UNIQUE

Sales and marketing guides implore executives and sales people to focus on their Unique Selling Points (USPs). Few if any companies can claim to have a sustainable unique selling proposition. Business has never been faster, more connected and have lower barriers to entry than now.

Companies who do have a genuine, sustainable, unique proposition, service or product have perhaps already reached strategic nirvana. For the rest of us, we know that unless we differentiate, we will move towards commodity and therefore be required to compete on price and discount. Brand promise is both what customer will get in the product or service and beyond.

It's in the Brand Promise that companies can articulate how they will differentiate themselves from competitors.

3. BLUE OCEANS NOT RED OCEANS

W. Chan Kim & Renee Mauborgne, in Blue Ocean Strategy, seek to convince us that to sustain a long-term competitive advantage we need to position our products and services in new, Blue Oceans, avoiding the competition and sharks that cause Red Oceans.

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RED OCEANS

1. Existing marketplaces
2. Focus on beating the competition
3. Winning is about exploiting demand

BLUE OCEANS

1. Create uncontested market space
2. Make the competition irrelevant
3. Create and capture new demand

At the heart of the books advice is a call to break the value/cost trade off. The value/cost trade-off is the view that a company has the choice between creating more value for customers but at a higher cost, or reasonable value for customers at a lower cost. In contrast, those who attempt a Blue Ocean strategy aim to achieve differentiation and at the same time, low cost.

RED OCEANS

1. Make the value/cost trade off.
2. Align the whole system of a firms activities with its strategic choice of differentiation or low cost.

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BLUE OCEANS

1. Break the value/cost trade off.
2. Align the whole system of a firms activities with its strategic choice of differentiation and low cost.

In the book the authors cite South West Airlines, the granddaddy of low cost airlines, who have sustained and prospered in a sector littered with failures, and Cirque de Soleil who launched into the Circus marketplace at a time of low prices, high competition, rising costs and protests demanding animal welfare, as examples of Blue Ocean strategy.

I think of Apple, under Steve Jobs in the same vein, when he returned he cut the range, and focused on creating demand in new segments.

Think of the vast array of products sold by Samsung or huge breadth of Microsoft's software and hardware empire. In contrast Apple make iPhones, iPads, Apple Watches and Apple TV they use variations of the same technology and components and run on variations of the same operating system iOS. They also make laptops and pc's these run of the same operating system MacOS. As a consequence one of the most innovative companies of all time, also has the smallest R&D budget of its contemporaries.

TAKE TIME TO DIAGNOSE AND PRIORITISE.

Cambridge University, Institute for Manufacturing, through their consulting arm, have developed a very simple yet powerful methodology that can help in this area. I've seen lots of variations on their approach and use one of my own.

In a workshop environment explore the elements of your organisation using a simple matrix to evaluate the areas that are of high importance to your strategy and customers, and are currently not as good as they could be. This provides an internal view of challenges and opportunities to be better.

Take an external view of challenges and opportunities through a similar matrix this time looking outside of the business and use a matrix that will identify what is most likely to happen and have the biggest impact if it does.

Taking forward the areas for improvement, challenges and opportunities and expressing these as a project that would answer the need to improve, opportunity or threat as a project then rank them again using a matrix in order to establish those that are relatively easy to implement for a good level of return.

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Remembering businesses more often fail as a consequence of indigestion than starvation, don't launch too many projects at once. Try to express them in ways that the project can be completed inside ninety days.

What I find particularly powerful about the process is the discussions and prioritisation exercises create space to use all of the strategy models and approaches you read about and would learn on an MBA, be that Ansoffs grid, BCG's product portfolio, Porters Five Forces, Porters Generic Strategies (although it should be noted this contradicts Blue Ocean thinking), McKinseys 7-s, Business Model Canvas and more.

However, and it's an important however, the workshop works very well without specific knowledge of these.

CREATE RYTHM AND ROUTINES FOR STRATEGY.

Make strategy creation and implementation a core business function. Agree how you will approach it and make it part of your firms calendar.

Don't fret over the perfect process or your knowledge of the well-known or more esoteric strategy models or approaches. It's your business, you and your team know your markets, products, services and competition; your time will be well spent, so long as you implement the findings.

It will take time to craft your Envisioned Future and Core Ideology, or at least translate what you feel or believe into words. With these in place hold an annual strategy planning meeting. Supplement your annual meeting with quarterly meetings to rerun diagnosis and prioritisation and to set out the next set of ninety day plans. Review progress against the plans at your monthly board or leadership meeting.

Use OKR's, Objectives with a set of measurable Key Results with your management team and staff to ensure that their activities align to your strategy. This is a tactic used by Silicon Valley start-up, scale-up and behemoths. At google below your entry in the phone directory are your current set of OKR's. Being engineers googlers grade their OKR's 0.0 to 1.0. Every level of the business from founders Larry and Sergey through to entry level staff participates. The results are compiled across the company and used to measure their execution of strategy.

TRACK THE GOLDEN NUMBERS.

Having set out your strategic direction, agree how progress will be measured. I favour a simple flow of measures, trends, reasons and actions. Measures should be split between:

Leading measures - these help to communicate change and aim to be predictive. Lagging measures - these tend to tell us the impact of the changes, and are usually but not exclusively found in the balance sheet or profit and loss. I have lost count of the number of costly dashboard projects I have seen started and either not completed or completed way over budget and time.

Worse the result achieved is so often compromised by one or more data issues. Even good implementations suffer from creep over time as managers and leaders add ever more specific and complex views. These rarely if ever impact behaviour and decision making in the way that was sought.

Sure they have an immediate 'ta-da' moment, however, quickly suffer creep and audience become almost 'report blind'. They tend to be costly in time and or resource and can prove inflexible as strategy changes over time. Following my preferred flow of measures trends, reasons and actions I recommend simple boards that are the responsibility of the leader of each area.

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This might be as basic as a hand-drawn chart, there is something compelling about drawing a line going up (improving measure) or drawing a line going down (worsening measure).

When teams can see their leader writing up and explaining the results (trends and reasons) and then speaking to them about how improvements will be achieved (actions), it fosters buy-in, in a way that clever graphics and smart click-throughs can't.

CONCLUSION

Too many business owners worry about achieving the right balance between working on and in their businesses.

To overcome this, strategy creation and implementation needs to be part of the business routines, this guide is designed to help ambitious business owners do exactly that.

Strategy is a vastly over used word, attaching it as a prefix or suffix is, sadly, too often, designed to convey an importance to a person, their achievements or the project they wish to undertake. Define strategy for your own business and focus on implementing improvement projects that answer prioritised business challenges and opportunities. This is not a case of spreading resources evenly across departments, divisions, products, people or markets it's the opposite applying resources in a concentrated way to achieve outsized returns.

Use measures to guide the way and report on impact. Strategy is by its nature a speculative enterprise, getting solid data that helps you make decisions and change behaviour is essential. A graph with a rapidly growing bar or rising line, is a great rallying call to teams, reinforcing their contribution. When a falling line or shrinking bar, spawns actions to address the fall and a narrative from the leader to explain what has been tried and what has happened this inspires trust and confidence, and importantly helps reinforce a value of exploration and controlled risk.

Get started today with our strategic planning tools

STRATEGY	PEOPLE	IMPLEMENTATION
<p>Our employees can articulate the company's long term goal.</p>	<p>We would enthusiastically hire every employee again.</p>	<p>We are making progress towards the company's goals and rarely spend time responding to crisis.</p>
<p>Our managers can clearly articulate our companies strategy.</p>	<p>Who is responsible for what and how the what is measured is clear and visible to all.</p>	<p>We measure employee alignment and the execution of strategy.</p>
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Strategic Planning Template

GOAL	PURPOSE

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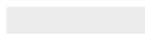
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