



Strategy

*Keep it lean,
mean and clear
so that you
can stay more
than one step
ahead of the
competition.*

Strategy is defined as: “The science or art of combining and employing the means of war in planning and directing large military movements and operations.

“In military usage, a distinction is made between strategy and tactics. Strategy is the utilization, during both peace and war, of all of a nation’s forces, through large-scale, long-range planning and development, to ensure security or victory. Tactics deals with the use and deployment of troops in actual combat.”

And so it is in business. Most businessmen and businesswomen are pretty good at tactics — but don’t spend enough time on developing and honing their strategies.

In business, strategy feels a little nebulous — something that expensive consultants like to talk about, something that doesn’t have any real value in the day-to-day running of a business. Believe it or not, all companies have a strategy. Some are explicit; they are discussed, debated, written and broadcast to the company on a regular basis. Other strategies are more muddled — not articulated and they live in the head of the CEO.

Developing your strategy is extremely important, as it will establish a company’s ability to adapt and compete over the long term. A number of components are taken into consideration while developing strategy: company goals, market situation, competitive landscape, company competencies/competitive advantage. In short, your strategy is all about what the company is today and what you would like it to be a year from now, even five or 10 years from now. Action plans are derived from strategies (not the other way around).

Let’s leave the PVF world for a moment and talk about two companies we are all familiar with: Rolls Royce and General Motors. On the face of it, these companies are similar. They make cars (and not much else — unlike many Japanese manufacturers that make cars, motorcycles, snowmobiles, lawnmowers, etc.). Yet, they have had very different strategies over the years. The Rolls Royce strategy has been one focused almost exclusively on brand and the image of luxury. You don’t think of Rolls Royce vehicles as being fast or gas efficient, or as technological wonders, because a Rolls is none of those things. These aren’t part of their strategic mission. You can

be sure that Rolls will never introduce an “economy” Rolls — that would do untold damage to one of their core strategic values.

GM, on the other hand, has tried its hand at many things. Low-cost producer, fast cars, luxury cars, trucks, etc. Once upon a time the breadth and depth of their manufacturing was their competitive advantage and a main component of their strategy. “We’re GM — We can out-manufacture anybody.” This was true for a very long time. (Don’t forget that GM was the dominant automaker for decades.) It is hard to say what GM’s strategy is these days, beyond not getting killed by the competition. They stuck to their “we can out-manufacture anybody” too long. They didn’t respond to that new manufacturing marvel — their biggest threat — Toyota. And now they are struggling.

Strategies must be ever-changing. No strategy is bullet-proof. The brilliant strategies will get noticed by the competition, and sooner or later somebody will copy it. This is a strategy itself — letting the other company go through the struggles of developing a new strategy and when it looks successful, copy it. This is called the “me-too” strategy. On one hand, these companies are never first to market with a new service, product or concept. On the other hand, they minimize their risks.

Now let’s look at a completely different market: celebrity chefs. I am sure that 25 - 30 years ago, Wolfgang Puck had a simple strategy about creating a different high-end dining experience. Celebrity chefs didn’t really exist back then. There was no Emeril, no cooking channel. Puck has been brilliant in adapting his strategy. Over the years, he has opened numerous restaurants designed by up-and-coming architects, he has a line of Wolfgang Puck foodstuffs sold in grocery stores, he has TV shows, he has a line of cookware. I may never eat in one of his restaurants, but I might pick up a bottle of his lime, cilantro fish marinade tomorrow. He has constantly updated his original strategy, turning it into something much broader— elevating him above the competitive reach of the newest batch of celebrity chefs. Some argue that he has overextended his name, and thus, his brand. Maybe, but Mr. Puck is no longer “just a celebrity chef,” he is the head of a large international business.

So if you have never really thought out your strategy or maybe it has been a really, really long time, now's the time.

Building a strategy is a messy affair. It requires a team effort.

■ Begin by calling a handful of brainstorming sessions. Be sure representatives from marketing, sales, purchasing and operations attend.

■ Dedicate your first session to asking questions about the company: What are we? For example, is your company the low-cost solution? The expertise-based solution? A leader or follower?

■ Is your company dominant in your geography or are you a niche player?

Your company is something. Now is the time to figure out what. Your customers aren't at this meeting and they can't hear you - so drop your "We're the greatest" sales pitch for a moment and get down to the truth. GM is paying dearly for its strategic blind spot vis-a-vis Toyota.

They didn't get to the truth. (Surprise! Someone else can out-manufacture everyone.) List your core competencies and the competitive threat to each (how soon can the competition catch up?). Everything you do now can and will be offered by others at some point. Strategy is when you start thinking about what you are going to do next.

And before you go down the "We want to do everything for our customers" path, STOP. Being all things to all people is a terrible business strategy. No one can do it all, certainly not well. Make part of building a focused strategy for your company a winnowing process — identify those things you do now that don't bring you increased revenues, higher margins or new customers. It's tough, but this is just as important as figuring out which areas are the winners.

Your strategy is all about your company,

what you're good at, what you are going to be in 10 years. You want your strategy to be lean, mean and very clear. Do this and it will keep you better than one step ahead of the competition. <<

Joan S. Adams has consulted for industrial clients for more than 15 years. She headed DITT, the consultancy arm of the French National Utility, Electricité de France, and was a managing consultant at A.T. Kearney. Later, she started Pierian, a consultancy that brings sustained and measurable success through operational excellence, customer focus, and competitive market strategy. Joan Adams speaks French and Spanish. She has worked on projects in Europe, Central America, Africa, Asia as well as North America. She has engineering degrees from the University of Wisconsin-Madison and MIT. She also has an MBA from the Wharton School. She can be reached at adams@pierian.net.

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