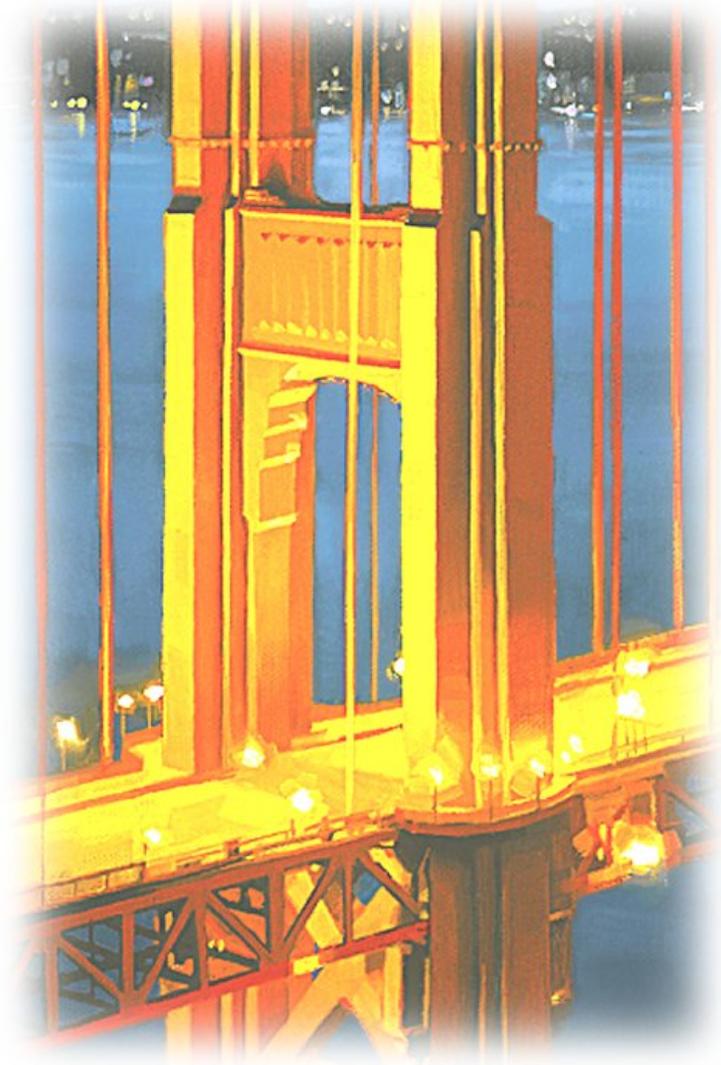

IDEABRIDGE



The IdeaBridge White Paper Series:
Developing a Business Strategy



DEVELOPING A BUSINESS STRATEGY

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Strategy is about choosing different ways of competing that are not necessarily good for everybody, but that are uniquely good for you, in your company, given the particular market outcome you aspire to achieve.

The essence of strategy is tradeoffs - making choices about what you won't do, in order to do other things uniquely well. The weakness of many companies is that they lack the discipline to limit themselves to competing in some business segments while avoiding others. They react to pressure to broaden their position without considering the strategic impact. Many small business owners think that offering every conceivable product or service somehow creates a competitive advantage. We *fundamentally* disagree with that premise. Here's why:

Everyday, you and your employees are making choices - about how to spend your time, about what to say to individual customers, about whom to call on - and those choices are going to be either consistent or inconsistent with your chosen strategy. It's essential that everybody's choices are consistent with your strategy, and that means the strategy has to be constantly reinforced through lots of communicating...by *you*.

Ultimately, sustainable competitive advantage comes from being different. Essentially, what one must ask is: "How can we, by limiting what we do, by not seeking to serve all customers, by not seeking to offer every product, by not seeking to enter every geography, how can we, by limiting ourselves, be unique?" That is the essential strategic question you alone must answer. Then, you and your senior team must be diligent enforcers of those strategic limits.

The strategic mindset understands trade-off. The strategic mindset is willing to sacrifice customers. The strategic mindset is willing to forgo making customers happy if they're not profitable customers. The strategic mindset is willing to give up on opportunities for growth if they are not consistent with the strategy.

This means that you must learn to say "NO" - *a lot!* In any organization, there are countless opportunities to invest money, to incorporate new technologies, to add new features, to chase a new market segment, to respond to a competitor. There is constant pressure from all directions, to blur, homogenize, and imitate in the name of "opportunity." So, while you are developing and reinforcing your strategy - communicating how you are different and what you are willing to give up in the name of strategy and focus- you must also have the self-discipline and courage to be the enforcer of those limits. Only by setting limits can you truly be unique. Without being unique, you will have no competitive advantage.

The hallmark of strategic thinking is making those crucial tradeoffs. You must have the willpower to turn away some customers, pass on some opportunities and abandon some markets in order to focus on what you do best. Small business owners don't like to hear this, because in the short term, sticking to a core strategy may constrict growth. But those who have the guts and determination to focus on the areas where they have a unique competitive advantage will build a much stronger, and ultimately, more successful company.