



Business Strategy Development— Adjust Your Sails to Reach Your Destination

This is the last article in my series on the business strategy development process. Now that you have developed and implemented a business strategy, it is tempting to sit back and congratulate yourself on a job well done. However, that would be a mistake; the job is never done. As we all know from experience, “if something can go wrong, it will.” That saying applies to the business strategy development process also. Fortunately, if you get into the habit of continually and consciously evaluating your business strategy, also known in the business consulting world as practicing “strategic control,” you will be able to more quickly and effectively deal with anything that may go wrong.

Business strategy, by definition, is forward looking—it is designed to allow a company to achieve its goals in the future. However, since business strategy is based on external analyses and assumptions of events to occur in the future, there are some



uncertainties that must be carefully watched on an ongoing basis. Strategic control is a method used to evaluate your strategy during and after implementation in order to identify problems or changes in the underlying assumptions.

Strategic control will answer the following questions: Are the assumptions we have made about opportunities and threats in the marketplace correct? Is the company taking the correct action and does it have the ability to successfully implement the strategy? Should the strategy be altered or abandoned?

There are many ways to evaluate your business strategy. The strategic control method I prefer to use is from the Pierce & Robinson Competitive Strategy book used in many business schools (1). They break strategic control down into four processes. The first is *premise control* and is the process under which management continuously checks to determine if the assumptions (i.e. prem-

ises) on which you based your strategy are still valid. *Premise control* involves continuously keeping an eye on the marketplace, vis-à-vis your assumptions. A good example of the necessity of *premise control* was Coca Cola’s introduction of New Coke during the mid 1980s. Despite years of taste tests and research, customers did not like it and the product did not meet sales expectations. Coca Cola quickly pulled the product from store shelves and brought back the good old formula under the name Coke Classic that quelled the outcry in the Coke-lover community. In the end, things worked out well and Coke actually saw an increase in sales.

The second process is *strategic surveillance* under which managers monitor a broad range of events, internal and external to your company, that could affect the effectiveness of your business strategy. This will include reading trade publications, talking with customers and vendors, attending trade shows, watching social networking sites, etc. A good way to perform this task in our industry would be to attend conferences such as last fall’s IPC Executive Summit where market forecast data was presented.

The third process is *special alert control* under which management quickly and thoroughly reconsiders your company’s strategy due to sudden, unexpected events. A well-known example of an unexpected event is the Tylenol poisoning scare of the early 1980s. After this incident, the company’s sales collapsed. However, Johnson & Johnson, the owner of Tylenol, was able to quickly introduce tamper proof packaging for its products. Customers were comfortable using their product once again and the company eventually regained its market share.

The fourth and final process is *implementation control* under which management determines if the overall strategy should be changed due to poor results in achieving the incremental goals and milestones set to monitor implementation. A great example, again from the early 1980s, was Coleco’s entry into the personal computer business with the Adam computer. Unfortunately for Coleco, the computer was plagued with technical and quality problems. Two years and millions of dollars later, Coleco decided to exit the business. The company went bankrupt a few years later. They surely could have benefitted from *implementation control*.

At all stages of the business development process it is important to maintain strategic flexibility. As many business strategy experts have noted, and as you have probably observed over the years, the external environment does not change on any regular or orderly basis. Sometimes there are easily recognizable events in the marketplace where everything seems to change at once and will require a strategic response, such as the 9/11 terrorist attacks. However, most market place change is far more difficult to detect as it is subtle and occurs over time. The real challenge in maintaining an effective business strategy is to detect those marketplace changes that may undermine your business in the future

(2) and to have the flexibility to adjust your course. Companies that want to be proactive to changes in the marketplace have multiple business strategies and initiatives underway simultaneously so that when the market shifts and negatively affects their current strategy they have other strategies to implement and meet their changing needs.

Remember the old saying, "If it isn't broken, don't fix it"? Well that doesn't apply to business strategy. I have a better saying: "When you are doing well in business it is like wearing a bulls-eye on your back"—your competitors are aiming to steal your market share. By incorporating strategic control into your business development process, staying flexible, and willing to reinvent yourself, you should be able to stay out of your competitor's cross hairs. As I have stated before, successful companies are constantly inno-



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vating to protect their existing business, to generate new business, and remain competitive—even when they are doing well. For example, Gillette is continuously innovating and introducing new products before their competitors do (often making their old products obsolete). It's one of the

main reasons they are so successful.

I started this article with a famous phrase and now I'll finish with one. As Jimmy Dean so aptly stated: "I can't change the direction of the wind, but I can adjust my sails to always reach my destination." Strategic control will help you adjust your sails so your company will reach its destination. □

Footnotes

1. John Pearce and Richard Robinson: Formulation, Implementation, and Control of Competitive Strategy (McGraw-Hill Irwin 2009)
2. Henry Mintzberg: Crafting Strategy (Harvard Business Review July – August 1987)

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