

## Strategy In An Age Of Unprecedented Transformation

People frequently ask me whether the concept of strategy has any relevance in the world in which we are now living. Technology seems to leap ahead by week and month, let alone by year or decade. New generations of consumers are entering the marketplace oblivious to old ways of buying things: witness the relative decline of the traditional news media, or the rise of on-line music sales. The role of government and the way it deals with citizens is being recast: for example, politicians court votes along side rock stars using YouTube. And companies are being urged to embrace "Wikinomics" - to use the customer as the innovator - rather than rely on traditional market research.

In the face of such unprecedented change, how should organizations approach the issue of strategy?

First, don't adopt the ostrich position.

It is tempting, with change happening all around, to say that that an organization's best approach is not to plan too far ahead: stay flexible, and focus on dealing with short-term issues. Such a stance is appropriate for a real crisis; indeed when critical events happen, reacting swiftly to challenges that threaten the business is mandatory. But day to day pressures really are "business as usual": they'll be here today and tomorrow as well. Dealing with them must be routine.

However, letting day to day pressures become an excuse for not having a strategy is an abdication of managerial responsibility. And, ironically, the absence of a strategy makes dealing with short-term pressures more difficult. Why should that be so?

Picture two more or less similar organizations of roughly the same size, operating in the same marketplace and having similar products. They are active competitors. One of these organizations has a strategy and vision that is updated annually, which key people in the organization understand and have helped to build. The other, run by a CEO who believes that she can deal with any eventuality, does not have a written-down strategy. When a major event happens - such as the rapid introduction of a new technology that disrupts the industry - the organization that has considered such possibilities in advance as part of its future visioning has its response on the launch pad. By comparison, the organization without a strategy will likely fall into heated internal debates about the best course of action to adopt. Not a recipe for success.

So the issue of strategy becomes even more important in an era of rapid change. But what approach to strategy should be used? Medium or longer term? CEO-led or with grass-roots involvement? Visionary or perhaps more traditional?

In general, organizations should adopt longer-term outlooks to deal with short term rapid change. A turbulent marketplace is often a symptom of one undergoing longer-term structural transitions rather than say, an economic downturn. A recent example has been the difficulty experienced by gaming software companies. With heavy investment in games development based on PlayStation and, more recently X-Box, many developers failed to see the rapid emergence of Wii interactive technologies. Yet the longer term outlook (greater interactivity and more collaborative gaming) has been evident for some time, even though specific developments and the timing of these was not clear. Spending time thinking about these trends and developing scenario-based visions would have provided an important advantage to such companies.

And it's not just internet based businesses that are driven by the need to plan for the long-term. For example, if you've looked at the concrete business recently you'll be aware that this industry is experiencing something of resurgence, inspired in part by new concrete mixtures with improved properties in terms of durability, creep and shrink resistance, and recycling capability. Manufacturers have had to make sure that designers and architects understood

how to exploit concrete's new qualities. Understanding how to reach those who will influence the way concrete is used in new build would be an important part of a manufacturer's visioning process.

So, the focus in prolonged times of change should be for longer range, visioning-based strategic planning. Don't try to make rapid change an excuse for short-term thinking, neatly dressed up as flexibility. Create long-term visionary pictures that help illuminate your future business environment and reap the benefit now.

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