THE COMPETITIVE EDGE

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GROWTH STOPPERS

This is a good time to check for growth stoppers. Here are eleven traps that can stop a business from finding an effective growth strategy:
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Insufficient Time: You are in this trap if you assume (1) the time needed to craft a growth path is small and (2) the time can be chopped into small pieces – an hour here, an hour there. These assumptions, too often, lead to disappointment. Finding a good strategy takes careful thought and examination of assumptions about a firm's value, markets, and competitive situation. A rushed, chopped-up approach does not allow enough time for the thinking needed. The result is usually a status quo strategy, or worse.

No Process: Leaders of some companies don't think they need a formal process for growth strategy development. Decisions are then based on a strategy that is not fully articulated or understood by them or by those who must carry out the unclear strategy.

Reactive Only: Leaders caught in this trap think strategically only in reaction to events that compel such thought. Such events include actions by competitors and changes in the economy, in regulations, and in technology. Leaders caught in this trap do not think proactively about how to improve the firm's competitive position.

My Way: The false assumption that the CEO alone should craft the vision and strategy is alive and well. An approach based on this assumption can lead to bad decision frames about the process to use: CEO goes up the mountain, comes down with the stone tablets and dictates what shall be in a loud, commanding voice. The outcome that follows is often not pretty.

Data-Driven Ritual: Companies caught in this trap treat strategy development is a mind-numbing parade of numbers in support of the current direction. The process tends to be bottom-up, with ritualized presentations where the business leaders are exposed to hours of richly colored, excessively detailed Power Point slides. Discussion is limited and superficial, with careful language rituals, and in the worst cases, with executives focused more on their compensation than on achieving healthy growth.

Fad Following: The siren song of the gurus has lured many a corporation onto the rocks. Yet the temptation remains. Someone with a neat sounding formula gives a sense of comfort not to be found in the anxious realm of independent thought, where guideposts are scarce. The neat-sounding formula is adopted and put to use. More often than not, the results are disappointing and the management team demoralized by yet another "flavor of the month."

Outsourced Strategy Development: Some business leaders think all they need to do is call in some brand-name content consulting firm and have them come up with a strategy. The firm bills a lot of hours gathering and analyzing data based on the methodology du jour, then present a recommended strategy.

Sometimes the strategies are quite good, other times not. More important, there is often no ownership of or enthusiasm for the strategy by those who must implement it, leading to mediocre implementation.

GROWTH STOPPERS (cont.)

Operational Focus: If your company's planning is primarily an exercise in tactical improvement tweaks--ideas on product development, manufacturing, supply chain logistics, strengthening of distribution, countering competitor moves, and so on. While these tweaks are important, they are not a substitute for choosing a growth strategy. Operational initiatives should be identified and prioritized after the broad strategy is set so the strategy guides their identification and prioritization.

Looking Backward : The trap: assume what occurred in the past will continue in the future. Base your growth strategy on this assumption. The result: things may be okay for a time but eventually looking backward leads to a crash.

Ford looked backward in the 1920s and got clobbered by General Motors. General Motors, Ford, and Chrysler looked back in the 1970s, and got clobbered by the Japanese. IBM and Kmart in the 1980s and dot.com companies in the late 1990s were hurt by looking backward. The trap causes executives to ignore new competitive threats and changes in key growth drivers.

Myopia If a company's growth search is limited to just minor changes from the current strategy, it is caught in the myopia trap. A wider, more imaginative search can reveal previously overlooked opportunities.

No Implementation: With this trap, the leaders of a business produce a good strategy. And that is it. Little thought is given to how the strategy should be implemented. The strategy gathers dust as people continue doing what they've always done. In some cases, there is an initial effort to implement, but the follow-through is sporadic and low priority.

As a company moves into its planning process for 2012, it is a good idea to check for the presence of these traps. Eliminating any that are present will improve the potential for profitable growth.

DOING IT THE RIGHT WAY

To get successful growth strategies, the following strategy-development principles can really help:

1. Allow enough time in large-enough chunks to get the job done.
2. Avoid the other ten growth-stopper traps described in this newsletter.
3. Use the 80-20 rule to guide how work is done throughout the strategy development effort.
4. Use the right pace, slightly urgent but not frenetic. Space events close enough together so the memory of one carries to the next. Space them far enough apart so needed analysis gets done.
5. Welcome iteration. You do not have to get it right the first time. This is not an exam. It is a learning process. As learning happens, perceptions of the best strategy change.
6. The entire process should not take more than 2-3 months.
7. Involve the right participants--those with valuable insights, executive authority, and/or key implementation responsibility.
8. Design the process so it builds ownership of, and enthusiastic commitment to, the strategy.
9. End with a comprehensive implementation plan and schedule of implementation progress meetings.
10. Do a good job of communicating the company's vision and strategy throughout the company.

Check how your strategy development process measures up against these ten principles. Make changes until the process design rates high on all ten and you will like the results you get.