THE ULTIMATE GUIDE TO HIGH GROWTH BUSINESS STRATEGY DEVELOPMENT

The Ultimate Guide to High Growth Business Strategy Development
LEWIS CARROLL:

"IF YOU DON'T KNOW WHERE YOU ARE GOING, ANY ROAD WILL GET YOU THERE"
YOUR DIGITAL MARKETING GUIDE

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WHAT IS THE PURPOSE?

A bold title but over the years I have seen the emergence of some great low cost strategy development tools based on solid research and experience. This turns the development of your business strategy into a systematic process which applies to any size of business. The result is a focused execution because the business knows which choices it needs to make going forward.

A clear strategy combined with everybody aligned to that strategy means that everybody in the business knows what needs to be done. The focus is then on those projects which drive towards the overall goal.

The main benefit of the process is faster organic growth than would have been achieved without that focus, hence the use of the words high growth in the title. Following this process you should be able to exceed 20% growth year on year purely because you are focussed on the right activity.

An additional benefit of the process is that you have single page documents that can be easily updated so that keeping the plan up to date is not seen as an onerous task and can be part of the normal management of the business.

The purpose of this book is to give you an overview of the overall process, to show you what is possible and to provide links to the original material so that you can use them yourself in your business.
7 STEP PROCESS

So what are the key components to the ultimate guide to strategy development?

Developing your strategy is a 7 step process:

- You need to understand what drives you. What is your passion and purpose?
- What is happening around you? What are the opportunities and threats?
- What value do you bring to your customers?
- What can you do to stand apart from your competitors and make a real difference for your customers?
- What are your objectives for the next 3 years? What are the critical success factors?
- What will be your business model for achieving the objectives?
- How do your objectives translate into action?

So why bother?

If you are looking to grow your business then this process is invaluable at getting you to focus on what is important to you and your customers so that you concentrate on projects that take you in the right direction faster than you would otherwise.
PASSION AND PURPOSE

Step 1 is about deciding what you are really passionate about.

Passion drives purpose. Once you are clear on what really motivates you then you can channel that into the purpose of the business.

- What drives you?
- What gets you out of bed in the morning?
- What tools are available to help you?

For me, the there are three key books which can help you to identify your motivation:

Johnson, S. "Who Moved My Cheese", Vermillion
Collins, J. (2001), "Good to Great". Random House

"Who Moved My Cheese" by Spencer Johnson is a story about two mice and how they dealt with change. For me this illustrated that these days the world is constantly changing which means our customers' needs are continually changing. This means that we should be adjusting our tactics to suit whilst the end goal remains the same. If you don't understand why change is important then this book is a good starting point.
PASSION AND PURPOSE

Reading the book “Start with Why” by Simon Sinek and watching the YouTube video was a pivotal point in my life. It helped me understand why Apple is so successful and why Dell failed to sell its MP3 players even though both are large successful computer companies. If you are in business and want to be successful you need to understand your “WHY”. If you don’t you will not understand why people buy from you and you will just be another player in a crowded market selling on price.

Why
What is your purpose?
This is why people buy from you

How
Benefits derived from your products & services

What
Products & services that you offer
“Good to Great” by Jim Collins identified a number of key elements that you need to get right for a business to be successful. One of the elements from the book, The Hedgehog Principle is the key to understanding why harnessing your passion is the key to success. Basically, it says that success comes from the intersection of what you are passionate about, what you are best at and what drives your profits or economic engine.
PASSION AND PURPOSE

At the end of step 1 you should have a clear idea of:

• What drives you

• The purpose of your business

• What your business can be best at

• What drives your economic engine (i.e. what is your most profitable products & services that fit with what you are best at and can be passionate about)

ACTIONS & NOTES
EXTERNAL ANALYSIS

Understanding what is happening around you and how that will affect your business is critical to your survival. The senior management team are responsible for scanning for opportunities and threats as they set the vision for the business and also watch out for the inevitable rocks. You only have to look at Kodak and Blockbuster to wonder what was happening at the helm of those businesses.

The external analysis breaks down into understanding 3 areas:

- External factors that are happening in the world today
- Your markets and changing customer demand
- Your industry, who has the power, what is changing
EXTERNAL ANALYSIS

So what external factors do you need to consider?

You need to look at factors that are happening:

- Social
- Technological
- Economic
- Environmental
- Political

Think about changes that happening in each of these areas and identify the opportunities or threats that are likely to come about through the changes that are happening.
EXTERNAL ANALYSIS

The next stage moves you closer to your business. What is happening in your market place that you need to consider?

The process to understand the market you operate in looks at:

- Customer Segments – Which customers share the same characteristics?
- Customer needs and demands. What do you customers really need and want?
- What are the key issues in your market that need to be addressed?
- What are the switching costs for a customer to move from you to a competitor?
- How attractive is the market you are operating in? How easy will it be to make the right level of profit?
EXTERNAL ANALYSIS

The last stage in the section is to understand the forces in your market. What is happening in your industry? Are the number of competitors reducing through consolidation, has the customer got too much power? What is the threat of new entrants? Michael Porter developed a simple approach called The Five Forces and this was published in an easy to read format in Magretta, J. (2012). Understanding Michael Porter. Harvard Business Review Press (The original paper it was published in is an academic paper and takes more work to read.)

To understand what is happening in your industry you need to look at:

What power do your suppliers have over you?
What power do your customers have over you? (Think about supplier to the large supermarkets as an example of strong customer power?)
How strong are your competitors? What is the competition like?
What is the threat of new entrants? How high are the entry and exit costs?
What substitute products or services are out there? Can it be done cheaper and better using an alternate product?
VALUE PROPOSITION

This stage is about finding how what your value proposition is. This stage replaces the traditional Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis that was done traditionally as this process goes a lot deeper and is a lot more effective.

This process is documented in:


And the Value Proposition Canvas is:
BLUE OCEAN STRATEGY

Blue Ocean Strategy is essentially a process to take your current value proposition and through the process how you can really differentiate yourself so that you make your competitors irrelevant. Experience with the companies I have worked with shows that this is an iterative process but really helps you to identify the journey you need to start in order to stand out from the competition.

The process is explained in:


The key to the process is:

In practice after this exercise you will have identified areas for development. Where a company believes in continuous improvement then they may already have developed features that put them well ahead of the competition. For the majority of companies I have worked with it this is work in progress but the process does highlight those factors that need to be developed with some urgency.
ORBIT STRATEGIC PLANNING TOOL

The previous stages could be thought of as a diagnostic phase as they are about understanding the purpose behind the business, the opportunities and threats you face, what your customers really need and want and identifying the features and products necessary to allow you to compete effectively.

This next stage is to plan for the future.

**What are you looking to achieve?**

The Orbit Strategic Planning Tool was used by on the Government’s GrowthAccelerator and for me was very successful at helping companies achieve their desired rate of growth.

**Step 5 is to complete the Orbit.**
ORBIT STRATEGIC PLANNING TOOL

The axes can be anything you like and there is usually quite a bit of discussion as to what should be on each axis. For me turnover and a measure of profit are critical. I usually include number of people as it is an indicator of how large the business will be and whether the business will need to move premises or not.

Other axes might include words rather than numbers. This could be marketing initiatives, new geographic areas, targeting new customer segments. I try to include the critical success factors the business needs to get right and the associated KPIs which if achieved should drive revenue and profit.

This document should be reviewed on a quarterly basis to ensure annual targets will be reached.
Step 6 is to do a sense check on the business model to make sure there are no gaps in what the company is offering its customers and the activities and resources to make this happen. We are back to Strategyzer for this as their business model planning tool is a very simple but effective way to check that everything makes sense and if not what needs to be done to fill the gaps.

The book which explains all is:


The business model canvas:
STRATEGIC PROJECT DEPLOYMENT MATRIX

Step 7 is all about putting the objectives into action. Borrowing from the world of lean manufacturing I have borrowed the Policy Deployment Matrix. The Strategic Project Deployment Matrix handles the complexity of more complex businesses but is still simple enough for everybody to grasp and use.

An example matrix is shown below:
CONCLUSION

The 7 step process for developing your strategy has only been possible by the advances in management techniques over the last 5 years.

This is the process I follow when working with companies to help them break through their current thinking and develop a strategy that will help them grow their businesses with rates of growth of 20% or more.

For more information please go to KUB Web page on Strategy workshops and bought in a free consultation with us.
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ABOUT US

Peter Dickinson has worked with many companies over the years and has developed a large network of contacts and usually knows somebody who can resolve a problem, test out an idea or simply to connect with to market or sell a product or service.

With an MBA through the Open University and having worked with over 300 companies in a range of industries, Peter has a good understanding of many markets and is often able to take good ideas from one industry and apply them in another. The MBA and the extensive practical experience working at board level means that Peter can bring a lot of structured and practical thinking that works to a management team.

As a digital non-executive director with a good understanding of technology and digital marketing, Peter can help you gain a competitive advantage through the use of technology. As a chartered member of The Chartered Institute of IT, Peter operates to the highest standards.

Having worked with both technology companies and users whose strategic advantage comes with technology, Peter can help you decide whether they need to become experts themselves or whether to outsource to the experts (the Make of Buy decision) as often it can be a minefield trying to understand the technical language as well as show the level of risk involved.

Working at a strategic level as a digital non-executive director Peter is able to help management teams look forward to the future and help them identify how technology can help them meet their business goals. If you found this document useful and would like an informal chat, please call 0845 053 7417 or Skype PeterjDickinsonUK or read the latest articles on www.kub-uk.net