

Talking strategy

Know your environment

It can be difficult to develop new managers so they start to think and act more strategically. In this series Phil Jones, Strategy Specialist at Excitant Ltd, looks at ways we can help our staff develop the way they think and talk about strategy.

One of the hardest aspects of developing your team and promoting staff is helping them to think about the wider aspects of the business: to think more strategically and act more strategically. As Owners and Directors we are used to getting in the helicopter to see the wider picture. We understand where we can add value to our customers and differentiate our services.

We appreciate how the wider economy can affect our finances. How do we develop this ability in our people? How can we develop our staff so they too can contribute to this wider picture? In this series we'll be looking at various aspects of strategy, making it easier to understand and easier to explain to others. There are many aspects to strategy and we shall cover some in this series. I believe the best place to start is the characteristic that all great strategists, entrepreneurs, and even generals share. They understand the external environment in which they are operating and they are in touch with it as it changes and evolves.

Throughout history great generals have won their battles before they were fought by knowing the ground, knowing the opposition's capability, before they choose where to fight and how to fight. Successful entrepreneurs, such as Richard Branson, Steve Jobs and the dragons, may seem lucky to outsiders, but in reality have an extensive knowledge of their industry, their products or services, and their markets. This depth of knowledge enables them to assess and grasp opportunities that others cannot see. Successful investors and traders, like Warren Buffet, do careful and extensive research to spot opportunities and trends that others seem to miss. In each case it is this superior knowledge of the environment that provides the foundation to identify, create and exploit opportunities.

In contrast, someone who invests in an opportunity or organisation, but that does not know the environment, context, or market, is at best guessing. If you do not understand your customers' needs, what the competition are doing, what the regulators want, what the suppliers can provide, then you are working blind. If you fail to notice changes when the customers are changing you might fail to adapt. Many an organisation has died supplying a dying market. What can we do to help others to build their appreciation of our organisation's environment? How can we stay in touch? Where can we start? Our diagram to the right provides a checklist to think about the external environment of any organisation. Let us look at just three aspects of this diagram.

What do your customers think about?

It is a cliché to say, understand your customers so I suggest you be more specific. Give your staff the chance to visit customer sites, talk to specific people and ask specific questions. Ask for a tour around their business. Understand how they use your products or services and to try their products? Question them about what worries them most and what problem they would like solved? Go further and ask your customers what worries their customers most? Look at their accounts and balanced sheets as well: what are they telling you? Do the same with your suppliers. This deeper and specific questioning will help your managers and staff better understand the immediate landscape in which you operate. They will even start relationships that may last. As they take an interest in what is going on they will start to pick up snippets of intelligence. Tap into this and you will develop a vital source of intelligence that you can use to detail your overall picture.

What are your competition thinking and doing?

If you and your staff have a good idea what the competition are doing, you have the potential to stay either a step ahead or occupy a space that they cannot exploit. Make sure your staff are reading the industry magazines and attending trade shows. When at a trade show, don't let them stay around your stand, but target other stands so you systematically visit competitors and others searching for ideas. They should look with a purpose expecting to report back and be debriefed on what they have seen.

Encourage your staff to also look for trends in the way the whole industry is moving or where segments are fragmenting. Players in the car and electrical industry regularly acquire a competitor's product to use it, examine it and even take it apart. Service industries regularly do mystery shopping on their competition. Encourage your staff to do the same. You might even be surprised who your people know in competitors. This can be a surprisingly rich source of intelligence, as well as development for your staff.

Taking a wider view?

To be strategic it is important to look at the context of your industry and also learn from others. Make sure they look at the industry as a whole, for trends and changes. If you are in a regulated industry, encourage your managers to read the source regulation and investigate what changes are being discussed. What technologies might be emerging? What technologies are being used in other countries? Do not restrict yourself to your own industry. Look across different industries and service sectors. What can you learn from seeing how others operate? What can you apply in your organisation from the practices of others?



The service and public sectors are now applying the lean factory practices that industry has been using for over 20 years. What are you missing that others have been doing for ages?

Finally

The extent to which you as a management team and organisation are plugged into your environment will determine the quality of your strategic thinking, analysis and action.

Do one final thing with this article. Take the diagram above, and in each sector, mark out of 10 how well you are in touch with that sector, for instance, how well do you know your customers, suppliers, the regulations, the local economy, the national economy? For those sectors that score the lowest, list three things you can do as a management team to plug yourselves into that aspect of your environment. Then, take some of those managers you wish to develop and give them each an area to research, encouraging them to widen their horizons, while you mentor them. It is a good way to develop your staff and ensure you organisation and your strategy remain plugged in to the changing external environment. To discuss any aspects of this article, Phil can be contacted at 08456 809 209 or via phil.jones@excitant.co.uk.