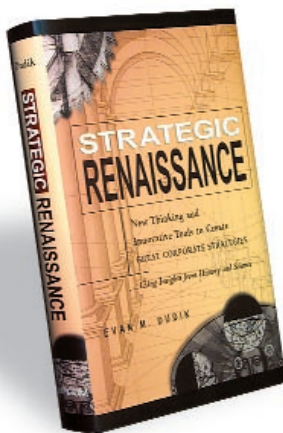




# Executive Book Summaries®



By Evan M. Dudik

## New Thinking and Innovative Tools to Create Great Corporate Strategies

# STRATEGIC RENAISSANCE

### THE SUMMARY IN BRIEF

Do you have confidence in your corporate strategy? Is it succeeding in today's hyper-competitive world? If your company needs to develop a more scientific strategic approach, one that's sophisticated and creative, yet rigorous and results-oriented, then this summary is for you.

You have probably discovered that the old strategic approaches, including the pet concept of sustainable competitive advantage, just aren't working anymore. Your company is probably falling short because it is relying on imitating your competitor's strategies, brainstorming in dead-end circles with consultants, or seeing great ideas smothered by your corporate culture and the old way of doing things.

This summary offers a better way to develop strategy, showing you how to set your own course by systematically creating and exploiting opportunities. You will first be introduced to four guidelines for developing strategy: creating a strategic hypothesis; creating the if-then statement; using the Pivot and Hammer strategy; and understanding the principal of complementarity. You will learn, especially, how the military strategy of the Pivot and Hammer can be applied to business.

Next, you will learn why sustainable competitive advantage (SCA) doesn't work and how it should be replaced with opportunity creation and exploitation (OCE). You will then learn how to test and exploit the most promising strategies you created, expanding on the strategy until you have used it to its full advantage and it is time to start the cycle all over again. You will begin creating flexible asset bases that allow for continual re-deployment into new strategies.

Finally, you will learn the importance of an effective top management team to harmonize your company's strategy and culture.

By applying the techniques you will explore in this summary, you will create a strategic renaissance for your company as we enter a new era of business where the old rules no longer apply.



### CONTENTS

#### Don't Let Case Studies Decide Your Strategy

Page 2, 3

#### The Four Key Elements of a Successful Strategy

Page 3

#### Strategy's Hammer and Pivot

Page 4, 5

#### The Twilight of Sustainable Competitive Advantage

Page 5

#### The Dawn of Opportunity Creation and Exploitation

Page 5, 6

#### Better Tools for Better Strategies

Page 6, 7

#### Making the Right Choices and Choosing the Right Tools

Page 7, 8

#### Corporate Strategy Meets Corporate Culture

Page 8

# STRATEGIC RENAISSANCE

by Evan M. Dudik

## — THE COMPLETE SUMMARY

### Don't Let Case Studies Decide Your Strategy

Business leaders, executives and strategists have looked for years to business books for strategic success. These books tout both the latest and the oldest business strategy concepts, usually using well-known companies as examples of how the strategy the author is touting works. The problem is that most of the time the companies used to illustrate the author's theory were hand-picked to prove why the author's theory is right. We don't know how many other successful companies the authors ignored because their strategy didn't fit the author's theory. The writer espouses a theory and then goes looking for confirming evidence.

Consider this example. When a well-known expert on logic and the scientific method, Professor Bob Cane, agreed to appear on television to debate the validity of horoscopes with a professional astronomer, he expected to squash the astrologer like a bug on the windshield of the scientific method. Instead, it was the astrologer who squashed him. The astrologer had truckloads of supporting facts at his disposal. He cited case after case in which the stars had predicted natural cataclysms, wars and the deaths of famous people. He had hundreds of confirming examples.

What the audience didn't hear about, of course, were the millions of predictions that never came true. But the astrologer was using the same logic as most strategy book authors. They provide as evidence lists of companies in which the strategy worked, but leave out any mention of companies in which the strategy didn't work. The premise that examples are proof is simply wrong.

There is a better way. It isn't the amount of evidence that can be marshaled to support a theory, such as examples of life happening according to horoscopes, business surging according to prescribed strategy, and weight dropping because of diet. Instead of proving a theory, we must go about disproving it. If you intend to prove the business strategy you want to pursue is right, you must pose the question in a way intended to prove it wrong — in other words, in a way that it is falsifiable. Here's how.

#### *If-Then Statements*

A business strategy is a prediction about what markets, customers and the competition will do in the future and

### A Tale of Two Theories

Wal-Mart has steadily been taking retail discount store market share from Kmart. The last decade has been a tale of two strategies. Kmart focused on upgrading its merchandise and store atmosphere. Wal-Mart focused on reducing inventory costs through sophisticated inventory management, improved vendor relations and lower transportation costs.

Each company's strategy was and is a testable hypothesis. Wal-Mart bet that overall lower prices would let it gain market share while Kmart bet that an upgrade would increase its market share. Their assumptions might have looked like this:

**Kmart:** If store atmosphere is upgraded through a \$200 per square foot investment, and selection is upgraded by 2 percent per item on average, and a \$50 million ad campaign focused on value and selection is launched, then in markets where we compete with Wal-Mart and Target, our market share will increase five points and average gross margin will increase at least 10 percent.

**Wal-Mart:** If prices are lowered storewide by an average of 2.5 percent, and we maintain gross margins at their current levels by reducing logistics costs, then market share in areas where we compete with Kmart will increase by at least 5 percent compared to stores without price reductions.

how that will change depending on the action you take.

The best way to make a strategy falsifiable is to put it in the form of an if-then statement; the "if" clause sets out the conditions and the "then" clause sets out the expected results — precisely. The more precisely you state the conditions and the results, the more testable the strategy becomes.

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### Don't Let Case Studies Decide Your Strategy

(continued from page 2)

For example, the statement “consumers will like lower prices” isn't good enough. A business strategy statement would be “If we can reduce average prices below competition by 3 percent, our market share will grow 10 points.” That hypothesis can be tested — in other words, can be proven true or false. After you reduce prices by 3 percent, measure whether your market share grew 10 points. That's much easier than trying to assess whether consumers like lower prices. ■

### The Four Key Elements of a Successful Strategy

There are no cookbooks for strategies. Because of the many variables involved in the success of a company, strategies will always differ in some ways from company to company.

The four elements in this article, therefore, do not represent a formula for a successful strategy for your company, but rather four guidelines to help in the development of a strategy. These four guidelines are as follows:

#### 1. The Strategic Hypothesis

The first guideline is to create a strategic hypothesis that is about something vital, crucial and central to the company. Ask yourself, “If this strategy were adopted, would it be vital to the company?” If the answer is yes, ask what would be even more vital to the company. If you do, you will be cutting to the core of what your company needs to create a winning strategy.

#### 2. The If-Then Statement

The second guideline is to recognize that the strategy must be conditional, an if-then statement. The “if” part of the strategic hypothesis sets the conditions for the expected result. The “then” part sets out the results, or at least what we hope the result will be. Don't confuse a strategic hypothesis with a goal. When GE says it plans to be number one or number two in every market it serves, it is stating a goal, not outlining a strategy. A computer company competing with Compaq might state, “If we focus resources (\$x millions, y engineers) on new product development, then we will be able to match Compaq in time to market, beating them on price by 3 to 5 percent. The result will be \$x million in cash flow and \$x reduction in inventory.”

#### 3. The Pivot and the Hammer

Successful armies have long concentrated their force at an identified “decisive point.” The place where you decide to concentrate your effort is the Hammer. The

### Microsoft Uses Hammer and Pivot Against Netscape

In the 1980s and 1990s, Microsoft used its market power in operating systems as a Pivot point on which to Hammer one software sector after another — Lotus in spreadsheets and office suites and WordPerfect in word-processing. It hammered and hammered away until it fully dominated the office suite software market. Then came Netscape and the Internet explosion. When Microsoft realized it needed to get into the browser business, it pivoted using its now dominant office suite Office and developed a clunky browser it gave away free. And resources that could go into improving Office now go into Internet, e-commerce and multimedia development.

Hammer is where you play offense versus your competitors. But the Hammer depends on the Pivot. The Pivot is where you play defense, where you are already strong enough to hold the line while you channel resources into the Hammer.

How does the Hammer and the Pivot work? Since the Pivot is largely defensive, it relies on the idea that it takes much less effort to defend a position on the battlefield or a brand on the shelf than attacking or creating a new brand. Thus, as shown in the example above, Microsoft was able to play defense with its operating systems — where it was already strong — while moving on the offensive in other software sectors.

This is the power of defense. Armies that use the Hammer and Pivot to their advantage pull forces from their defensive positions (the Pivot) to their offensive position (the Hammer) and strike with overwhelming force. Businesses can do the same.

The next article explores the Hammer and Pivot strategy in more detail.

#### 4. The Principal of Complementarity

A sound business strategy needs to consider complementarity. That is, the elements of the strategy must complement what your company already does. Consider Costco, for example. It sells to its customers in larger than normal quantities, thus complementing its strategy of buying larger than normal quantities at low per unit cost. Another example: Requiring vendors to package their items to fit Costco's specific, standardized warehouse pallet dimensions complements its marketing message that consumers can find items at Costco not found anywhere else. ■

## Strategic Anatomy: Strategy's Hammer and Pivot

One strategy stands head and shoulders above the others. If you can fashion a robust Pivot and a powerful Hammer, half the battle is won. However, it's easier said than done. To do it right you must understand what lies behind the strategy. That means understanding what or where your Pivot is.

What is a Pivot? It's those aspects of your current business that you can rely on to hold their own while you shift resources to create the conditions called for in your strategic hypothesis. Those aspects of business can be:

- ✓ functional areas like finance, control, manufacturing or sales;
- ✓ main business units that are steady money-makers;
- ✓ a brand name prominent in consumers' minds; or
- ✓ a geographic business unit.

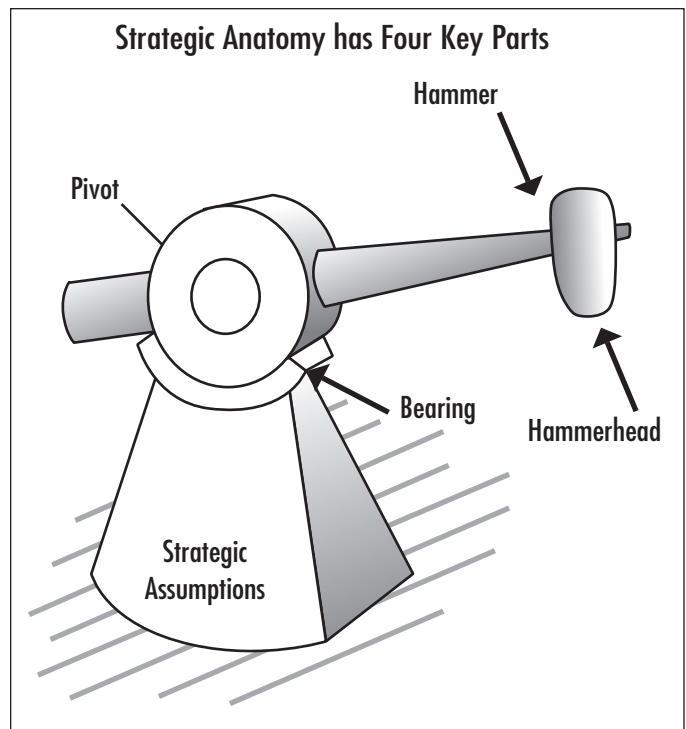
For example, Chrysler's brand name is synonymous with cars, but the automaker is marshalling its resources into trucks and SUVs. Thus, for Chrysler, cars represent the Pivot while trucks and SUVs represent the Hammer.

Once you identify the Pivot, you should continue to dig deeper, looking for a Bearing. Often you will find that there is one crucial element that makes the Pivot a Pivot; this is the Bearing. It might be something like a

### Hammerheads in the Music Industry

The music industry is undergoing a revolution, and the turmoil illustrates that no business can take the anatomy of its Hammer and Hammerhead for granted. Record labels are being threatened by the advent of digital music transmission and the downloading of tunes to computers and portable players. For years, the industry's Hammer has been to field talent scouts to spot acts and artists with potential. Once found, the Hammerhead had been huge amounts of money spent on publicity, media events and advertising. Awareness created music store demand, driving less recognized artists off the shelves.

The digital revolution is a direct attack on the Hammerhead. It lets artists bypass the publicity machine and get right to the consumer, wherever he might be. No doubt music industry moguls are getting nervous and working to develop a strategic plan of their own.



crucial asset, skill, culture factor or even in some cases an individual like a brilliant engineer or researcher.

Let's take the example of a large retail chain. The cash flow of its successful stores allowed it to move into new markets. The stores are the Pivot of the company's strategy. But why were the stores so successful? Location and pricing were important, but the true key to the success of this retail chain was the chain's team of competitive and savvy retail buyers that was successfully mobilizing every day the right mix of merchandise to a customer base whose demographics changed constantly. The team was managed and motivated by an energetic veteran of several department store chains. This veteran was the Bearing.

For the strategic Hammer, the counterpart to the Bearing of the Pivot is the Hammerhead. The Hammer is where the force of a strategy is focused; the Hammerhead is the part of the Hammer that transmits that force.

Tupperware's Hammer is its sales force. The Hammerhead: the ability of Tupperware representatives to recruit hostesses and sell effectively to the parties' participants. Those few minutes of the sales pitch are when the full force of the Hammer is deployed.

### Using the Hammer and Pivot

To develop a competitive strategy using the Hammer and Pivot, you must identify your competitor's Hammer and Pivot and decide which of the two you will attack, when and how.

(continued on page 5)

### Strategic Anatomy: Strategy's Hammer and Pivot

(continued from page 4)

For example, you might develop a hypothesis in which you decide to use your company's Hammer to go head-to-head with the competitor's Hammer. Thus, if a competitor grows its sales force by 800 people, you grow yours by the same amount.

Another strategy: Attack the Pivot. Blockbuster developed exclusivity deals with motion picture studios, thus attacking the Pivot of the independent video stores: their ability to get product in their stores. ■

### The End of an Era: The Twilight of Sustainable Competitive Advantage

To develop a winning strategy, you must focus on finding what you can do *differently* than your competitors. Being different makes a difference — but only if you choose the right aspects on which to be different.

When McDonald's faced declining same store sales and stiff competition from other fast food chains, it did what most businesses do: It reduced the price on its flagship sandwiches, the Big Mac and Egg McMuffin, to a mere 55 cents, if bought as part of a "value meal." Apparently McDonald's couldn't think of any way to be different from Burger King, Wendy's and other competitors other than on price. But competitors quickly retaliated with their own "value meals."

McDonald's then tried to offer different food, notably the "adult" sandwich, the Arch Deluxe. The new product failed.

McDonald's succeeded only when it returned to the tried-and-true strategy of focusing on kids, in this case by developing new movie tie-ins. The difference was no longer in the food or the pricing. Instead, food was redefined as a form of entertainment rather than nourishment.

#### *The Problem with Sustainability*

Being different gives a company a competitive advantage. Sustainable competitive advantage — finding an advantage and then making sure that no competitor can match that advantage — is the traditional approach to strategy. The problem is that sustainability is becoming impossible to achieve.

Today, no new product is likely to be without imitators for more than a few months. Low prices are also no guarantee of a sustainable advantage for a number of reasons. One example: With consumers comparing prices on the Internet, only the absolute lowest cost pro-

### Stress and the Finch

Stress has become a byword for people everywhere in the industrialized world. And recent studies into the evolution of animals may carry clues to how stress can be a useful response encouraging change and innovation in the animal kingdom and the business world. How finch face and respond to environmental stress is instructive.

When faced with stresses like El Nino or drought, finch populations become more and more differentiated as they respond to stress and adapt. Within years, not generations, they are so different they can no longer interbreed. If the rapidly changing business climate we face as we globalize is anything like the stress finch suffer and adapt to, businesses would be well advised to emulate nature by creating and trying out as many strategic hypotheses as they can. Some will fail, but others will carry the key to success.

ducer wins. And even if you are the lowest cost producer and can somehow make a profit, someone else can come along and offer irrationally low prices. The Internet will now let someone who was able to get an item for a nickel on the dollar reach your customer — and take business away from you.

In sum, this is the era of the twilight of the sustainable competitive advantage. Most of the differences used in the past to erect sustainable advantage are disappearing due to technology, transportation, communication and the globalization of culture. Sustainable competitive advantage should no longer be the touchstone for the quality of strategic thinking. ■

### Making Strategy Dynamic: The Dawn of Opportunity Creation and Exploitation

What will replace the concept of a sustainable competitive advantage (SCA)? Companies can turn instead to *opportunity creation and exploitation* (or OCE) as an alternative. Unlike SCA, OCE is a cycle of activity rather than a single state to be reached.

#### *Creation and Discovery*

The first phase of the OCE cycle involves **opportunity creation and discovery**.

In most companies, the best approach is to generate many strategic hypotheses, test them, modify them to make them more precise, and winnow out the likely winners from the losers. This, of course, is the exact

(continued on page 6)

### Making Strategy Dynamic: The Dawn of Opportunity Creation and Exploitation

(continued from page 5)

opposite of what most companies do. Typically, a company and its consultants seek one perfect strategy for the company and decide which one to pursue without any testing. What the planners really need to do is become a laboratory of strategic experimentation and testing. That's the only way to avoid the astrologer's trap of only paying attention to confirming evidence and ignoring everything else.

#### **Recognition, Breakthrough and Exploitation**

The next step in the cycle — **opportunity recognition, breakthrough and exploitation** — begins with an analysis of each tested hypothesis to determine which was a success, a near success or a failure. Resources must then be allocated to create a breakthrough, or first measurable success from the strategic hypothesis.

#### **Consolidation**

Next comes **opportunity consolidation**. At this stage, the strategy takes hold and begins to earn a return on investment. It's time to turn the project or products over to less-experienced managers. Meanwhile, those who created and exploited the strategic opportunity can prepare for the next phase. They will be responsible for making the links between the "if" and "then" portions of the strategy as definitive and predictable as possible.

#### **Dismantling and Recycling**

The final phase is characterized by **opportunity dismantling and recycling**. Even the most brilliant, well-tested, and thoroughly implemented strategy must someday come to an end. Instead of trying to keep it alive as long as possible, a healthy approach is to proactively dismantle it. Here's the approach to take:

First, continually test the current successful strategy until its boundaries are revealed, anomalies begin to occur, and breakdown is just over the horizon.

Then, account for all assets — physical, financial, human and emotional — committed to the strategy, and withdraw these assets from the old strategy so they can be redirected into a new one.

Remember, testing the current strategy and attempting to falsify it is never over. Also remember that opportunity creation and discovery must be continual. Don't wait to start opportunity creation until your current strategy is wearing down! The world is moving too fast for even the most successful companies to stop pushing their strategic functions. ■

### Better Tools for Better Strategies: Creating, Testing and Falsifying Strategic Ideas

The first stage of opportunity creation and exploitation is opening your mind to strategic hypotheses or opportunities and then choosing among them. Later, you will have to close your mind through testing and falsification of the hypotheses. But what does it take to open your mind up to new opportunities for exploration? After all, in today's world of fierce competition, the most important criteria for hypotheses generation is beating your competition to the best ideas. To do this, you must:

- ✓ **Be intellectually productive and produce lots of hypotheses.**
- ✓ **Have a broad range of strategic hypotheses.**
- ✓ **Get those hypotheses from the right sources.**

This may all seem logical, but the reality is different in most companies. Rather than explore lots of ideas, most will scrutinize all new ideas and eliminate most before they see the light of day. Another major problem is that in most companies the same people develop ideas over and over again. Yet the key to creativity is to start with lots of ideas, not a few. It also helps to use the right tools. There are three good tools for idea generation.

#### **The Executive in the Parking Lot**

First, it's essential to get your top management out of the executive office and into the parking lot and field. Most executives are bright, industrious and very capable of generating great ideas. Brought face to face with real customers, most executives readily come up with reams of ideas. Left in the corporate suite, they lose touch with what customers need and want. If you can't get them out in the field, at least make sure they hear audio or see

(continued on page 7)

### The Wrong Tools

Don't use the wrong tools for idea generation. First, forget about most standard market research. The problem is that researchers don't know what questions to ask. Surveys only measure past experience and can't get at unknown desires or needs. Another problem with market research is that it eliminates serendipitous discoveries because it only answers questions that are asked. You won't fare much better using the other standard idea generator, a consultant. Most consultants come prepared to find the strategy they think the company should follow, which is hardly conducive to testing multiple strategies at the same time.

### Better Tools for Better Strategies: Creating, Testing and Falsifying Strategic Ideas

(continued from page 6)

written feedback from real people.

#### *The Focus Group*

Another great tool if used properly is the focus group. Focus groups are great for generating ideas, pushing your thinking, ruling out nonstarter hypotheses, and providing raw materials for idea generation. Don't use them to test live hypotheses, though.

There are some rules for using focus groups.

The first is to format group sessions so that responses are anonymous. This can be done using group decision software and letting participants type their responses at their workstations. Everyone can "talk" at once, no one or two group members monopolize the conversation, and all responses are recorded for later review. An electronic boardroom can mean the group is three to five times as productive as it would be in the usual group setting. Focus groups also do well using props and simulated shopping experiences.

Another powerful tool for focus group idea generation is a technique called guided imagery. A skilled moderator takes the group on an imaginary tour in which they solve a problem similar to the one they face but still very different. For example, a group trying to generate ideas for improving a company's Web site were lead on a guided imagery tour of the history of the compass. Next, they were asked to describe the ideal compass if they were modern day explorers, then asked to compare this ideal compass to the ideal Web site. Out of the session came a new "killer" application that led to a profitable income stream for the company.

#### *The Stretch Target*

A third tool is the stretch target. Create an apparently impossible target in market share, profitability, product features, productivity or cost. Then challenge your team to imagine any possible way to reach the goal. By forcing people to stretch their ideas almost to the breaking point, sometimes solutions come forward that would never have been conceived if the goals were more modest.

#### *Testing Ideas in the Courtroom Laboratory*

After the ideas have been generated, and the hypotheses formulated, it is time to test them. Begin by breaking into legal teams. Those assigned the role of supporting the idea become prosecutors while those assigned the opposition role will have to fight against it. Each strategic hypothesis consists of four things:

1. A set of givens or assumptions that are agreed upon. For example, an assumption might be that your

### UPS In-Depth and Sideways Exploitation

A classic example of taking a winning strategy and expanding on it is the UPS story. For years, UPS focused on a strategy that involved wringing the last drop of efficiency out of its system. It dominates the parcel delivery market through the relentless pursuit of logistical efficiency. Drivers are trained how to get into and out of their trucks, when to idle, even when to risk a parking ticket. Operations run with military precision. No one can touch UPS for small parcel delivery nationwide. Efficiency is number one and lets UPS reach into communities that other carriers couldn't afford to reach.

By the mid-1980s, UPS realized it had wrung as much efficiency out of its strategy as it could. It then moved its strategy sideways into rapid air delivery of smaller parcels, and into the overseas market.

company is losing market share to a newcomer in town.

2. The logic of the strategy, which must include a discussion of the supposed relationship between the "if" statement in the hypothesis and the "then" statement. The logic must be such that people who hear the "if" statement naturally believe the "then" portion should follow. For example, if Kmart undertook to revamp store images, it must have been because top management had a belief that there was a relationship between nicer stores and better merchandise and greater sales.

3. The fact-based reports that support the logic of the if-then statements. These could include customer comments and pilot studies.

4. Refutation of the assumptions put forth by the opposing team's logic or facts. ■

### Strategic Breakthrough: Making the Right Choices and Choosing the Right Tools

Once your strategic hypothesis has survived a "trial," it is ready to use. At this crucial juncture, there are choices top management must make to take advantage of a breakthrough hypothesis and eliminate those that aren't going to work as hypothesized. Management must then make some tough choices about asset allocations in order to take advantage of the breakthrough ideas.

It's time for a real-world test. Come up with an implementation strategy. Focus all efforts on a single, real-world realization of the hypothesis. In the Kmart store revitalization example, this phase would include creating a portfolio of floor plans and merchandise selection

(continued on page 8)

### Strategic Breakthrough: Making the Right Choices and Choosing the Right Tools

*(continued from page 7)*

followed by an all-out effort in a few stores to implement the revamp. If the stores do as well as the hypothesis suggests, it's time to use the Hammer. Commit resources from a Pivot and get the rest of the stores up to the level of the trial stores.

Exploitation of a winning strategy means looking at the results and tweaking them. Do some store layouts produce greater sales than others? If so, modify the plans. This is sideways exploitation of the strategy (see box on page 7).

At some point into your strategy you will face the choice of going deeper or expanding sideways. Be careful. You may not be strong enough to deeply exploit your strategy while you also expand it sideways. Make a conscious choice of which path to take, realizing that going deeper exploits the Hammer while expanding sideways means using your newfound strategic strength as the Pivot.

#### **Deploying Resources**

The appearance of a real-world, money-making success signaling a hoped-for strategic breakthrough is one of the most exhilarating and most dangerous moments in a company's history. That's because a true breakthrough demands the wholesale commitment of resources to its exploitation. At this point in your strategic plan it becomes crucial to focus on asset mobility and creating reserves.

Asset mobility means that the assets of your company can be used to exploit varying opportunities and can be shifted as breakthroughs are achieved. Resources must be withdrawn from less promising endeavors and shifted where the strategy says they are needed. Of course, asset mobility means that those assets have to be flexible or adaptable. The problem is that building in flexibility may mean those assets aren't as efficient as they could be. Perhaps the classic example of inflexible assets is the ultramodern Mazda plant built in Hiroshima, Japan in 1992. At the time it was the most modern and efficient plant in the world. When sales of the models the plant was designed to produce efficiently dried up, the assets weren't flexible enough to allow retooling. As a result the efficient plant sits largely idle.

Hard assets aren't the only ones that have to be flexible; so do soft assets like human resources. The best way to gain a flexible human resource pool is to stop the typical corporate behavior of hiring only from within the industry. That's a guarantee of inflexibility.

To maintain maximum flexibility, smart companies create a reserve similar to what the military has done. This rapid deployment force can then be counted on to

be moved into position when a strategic hypothesis turns out to be a winner. Your rapid deployment force (or RDP) should be as flexible as possible to allow deployment into new and difficult areas. Creating an RDP isn't as difficult as it might at first seem. In fact, most companies already have a force. These are the few trusted executives who can always be counted on to take on really important or onerous missions.

If you are going to succeed at exploiting the opportunities you have created, you also need to create financial reserves. Without them, you won't be able to efficiently exploit opportunities you discover. ■

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### Born Allies and Sworn Enemies: Corporate Strategy Meets Corporate Culture

To succeed, a company needs a robust strategy vigorously executed. Strategy is the cerebral side of success. The other side is hands-on implementation of strategy. Implementation puts a premium on a responsive organization and its culture. Successful implementation makes two demands on a company's culture.

First, the culture must have enough confidence to be both a bold, fertile creator and a stern tester of hypotheses. Second, the culture must be strong while remaining flexible, prepared to play offense in crucial, targeted areas and an unyielding defense in others. The problem with corporate cultures is that they often produce behaviors that trip, ensnare and defeat strategies that could be winners. Culture routinely sabotages strategy.

The key to success is to make sure your top management team understands the cycle of strategic hypothesis generation, implementation and exploitation. They then drive the rest of the workforce.

#### **Top Management Teamwork**

If the key to successful strategy implementation is a committed top team, companies need to know how to assemble that team. The top management team (TMT) is the vital bridge between company culture and strategic vision. To create the team, create these conditions:

- ✓ **Make the fate of the individual the fate of the unit.**
- ✓ **Give the team common goals that are concrete and tough.**
- ✓ **Ensure high frequency of association.**
- ✓ **Ruthlessly weed out untrustworthy team members.**
- ✓ **Create exit barriers to leaving the team.**
- ✓ **Make the team as small as possible.**
- ✓ **Choose generalists for top team positions.** ■