

What's Wrong with Strategy Today

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By Mitchell Levy

Author of the book *E-Volve-or-Die.com*, Creator of *The Value Framework™* (<http://ecnow.com/value/>)

The terms strategy and business models are often used interchangeably. That's the first problem with strategy. Strategy and business models as unique, interrelated business tools that need to work together to generate long-term success. Assuming, they are treated as separate business tools, the high-level issues with both are:

- In today's economic environment, strategy is treated like a four letter word. I often hear, "it's not strategy we want, it's tactics." This approach can often lead to long-term failure. There's never been a more important time to redraft and recreate your company's vision and approach.
- There isn't an easy to apply mechanism or logical framework for engineering business models.

Companies today are not just looking for ways to increase revenue, but ways to bring in enough revenue to ensure long-term survival. Some would say that they are looking for the magic carpet to pull them out of today's economic doldrums. Business models that worked in the past, no longer work. Business models that appear to have promise may not pay off. With much uncertainty, most companies have myriad potential directions to take their companies, products and/or services. The problem is trying to figure out which carpet to ride.

How do companies succeed in this environment? Experimenting with new and existing business models with the support of their employees, partners and customers is key. Figuring out a consistent mechanism to run experiments and simultaneously deploying, managing and evolving multiple business models is paramount to survival.

The problem with applying this approach is that it flies in the face of conventional theory. It is certainly part of Silicon Valley culture, however, experimentation is not taught in school and is primarily not available in literature. When executives turn to the theories on strategy in the marketplace, there are two primary problems with the way strategy is applied at corporations:

- 1) There's an assumption that at the time of strategy, the slate is clean
- 2) There's an assumption that strategy is a liner periodic (typically annual) event

Look at the strategy and business process reengineering (BPR) books on the book shelves today and you won't see BPR and strategy covered in the same book.

The Value Framework™ simultaneously looks at BPR and the continual application of strategy. This is necessary in today's environment. Looking at corporations at any one point in time, they are simultaneously deploying, managing and evolving a couple, tens, or maybe hundreds of business models. Analyzing the components of the business models allows one to determine what's working today and what reengineering needs to occur to fit the model into the evolving strategy. Looking at how those models are being deployed, managed and evolved allows one to conceptualize the business the way that it actually runs; dynamically. Business is dynamic and strategy should be as well.

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ECnow.com defines business models as a combination of Business Processes, Transaction Types, Participants and internal and external Influences. Looking at the company from the perspective of these four components will allow you to dissect the business currently in place. Then taking these models and identifying where the company is in terms of their deployment, management and evolution (strategy) will allow you to continually apply strategy to the models to reflect the current and projected future environment.

A simple example of its success was at Trestria, the publisher of the Silicon Valley Map and Calendar. The framework immediately saw the need to transcend the company's traditional "spot" selling practice into a "recurring" transaction. According to the CEO and publisher, Jill Amen *"After our meeting, I implemented a new business model that allowed me to immediately bring in a recurring revenue stream that instantly added \$12K to my bottom line and \$100k+ over the next three years. The Value Framework™ went directly to the point of highlighting opportunities for growing my business and increasing my revenue stream and profitability."*

In the complicated, fast-paced economic environment businesses are facing today, it may not be immediately apparent where the magic carpet is. It's important to get all the help you can to be successful. Getting your employees on board as well as your partners and customers can make the difference between companies that survive and those that do not.

Learning how to continuously deploy, manage and evolve your business will markedly move you and your company in the right direction. Think about your company in this framework and help to communicate that info and philosophy to the employee base so they can help management create value and drive success.

About the Author:

Mitchell Levy is the Director and Chief Strategy Officer of the Silicon Valley Executive Business Program (<http://SiliconValleyPACE.com>), President and CEO of ECnow.com, a management consulting firm, author of the book "E-Volve-or-Die.com" and creator of The Value Framework (<http://ecnow.com/value/>). You can reach him at mitchell.levy@ecnow.com. You can reach him at mitchell.levy@ecnow.com.

