

[Silicon Valley Business Ink, LLC](#) / [Silicon Valley Biz Ink](#) / [Archive](#) / [2003](#) / [Silicon Valley Biz Ink, April 11, 2003](#) / What's wrong with strategy today?

What's wrong with strategy today?

Published: Friday, April 11, 2003

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

* 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 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 they are looking for the magic carpet to pull them out of the economic doldrums. Some business models that worked in the past no longer work. Some 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? It's key to experiment with new and existing business models with the support of their employees, partners and customers. Figuring out a consistent mechanism to run experiments, while 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. Experimentation is certainly part of Silicon Valley culture; however, it is not taught in school and is primarily not available in literature. 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; and 2) There's an assumption that strategy is a linear periodic (typically annual) event.

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

My approach, called The Value Framework, looks at BPR and the continual application of strategy simultaneously. At any point, corporations 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.

Business models are a combination of business processes, transaction types, participants and internal and external influences. Looking at a company from the perspective of these components will allow you to dissect the business 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 future environment.

In the complicated, fast-paced economic environment businesses face 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, partners and customers on board 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 the information and philosophy to the employee base so they can help management create value and drive success.

Mitchell Levy is 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 (www.ecnow.com/value). You can reach him at mitchell.levy@ecnow.com. To send a letter to the editor, e-mail jmaragoni@svbizink.com.

[Subscription Options for *Silicon Valley Biz Ink*](#)

Send a summary of this publication to a colleague

Enter colleague's email address:

If you have a credit card dispute, please call Digital River E-Subscriptions, Inc. at 952-646-5695 and ask for "Billing Support".

© 2004 Silicon Valley Business Ink. All rights reserved. This material may not be published, broadcast, rewritten for broadcast or publication or redistribution directly or indirectly in any medium. Neither these Silicon Valley Business Ink. materials nor any portion thereof may be stored in a computer except for personal and non-commercial use. Silicon Valley Business Ink. will not be held liable for any delays, inaccuracies, errors or omissions therefrom or in the transmission or delivery of all or any part thereof or for any damages arising from any of the foregoing.