

Extreme Strategy: 3 Key Decisions To Propel Economic Recovery

By Donald A. Metzник

When your business emerges from the recession, it may be tempting to return to pre-recession activity and hope for pre-recession results. Unfortunately, many economists are saying that this may not happen, at least for a very long time. But even if it does, is this a sound argument for returning to the status quo?

I believe not. It is the very nature of owners of small and mid-size businesses to seize on a vision and work relentlessly toward it—this is how they succeeded in the past. I suggest that they forge a new vision to create a better future.

Here are three critical questions for a business owner to consider to help re-vision the business of the future:

1. Will you play the same game, or will you change the game?
2. Will you return to normal, or will you create a new normal?
3. Will you limit the way you monitor your business to old systems, or will you add new ones?

Change The Game

The game is business. You may find comfort in playing the game the way it has always been played—work harder than the competition and earn a bigger slice of the pie. Today, however, the pie has shrunk, and it may not get much larger very soon. Now is the time to change the game and make your competition irrelevant, or at least less formidable. You can create a new, bigger pie and keep it to yourself.

1. Begin by rewriting the unwritten rules. “...unwritten rules form what you and all your competitors implicitly agree to and fight along. These rules are typically set by the current market leader who educates the customers—who then force the rules upon new entrants...” (*Inbound Marketing* Halligan and Shah).

2. Next, think differently about your business. For example, look for new combinations. Kim and Mauborgne, in their book *Blue Ocean Strategy*, suggest six strategies including “Look across alternative industries and buyer groups...”

In other words, think about how you may have restricted your actions by restraints that do not exist, or which exist in the mind more than in reality. What rules do you feel bound by? Clear them all from your mind.

3. Next, use technology to help break down old but vulnerable barriers. Consider this classic example (see full article for more examples):

- Apple changed the game of music sales by introducing the iPod (which simplified downloading, storing, and playing music) and enabling its distribution with iTunes technology.

Businesses of any size can produce superior results when they commit to changing how their game is played.

Summary: Change the game by:

- Discarding old ways of thinking
- Looking for new combinations
- Using technology to guide you

Create The New Normal

If the economy forced you to cut back, to turn the spigot off in areas like marketing and hiring, what will you do when the economy improves? Simply turn the spigot back on?

This is an option, of course, but this option cuts your business off from a major opportunity. This is the opportunity to create a new normal that raises the level of performance throughout the company and bridges critical gaps to higher achievement and competitiveness.

As businesses grow, gaps form when challenges and opportunities exceed the resources available to address them. In good times, these gaps are often masked by rising profits. However, they exist and they widen to the point where future profits are compromised. A typical area where performance gaps occur include assigning new responsibilities (e.g. marketing and technology) to existing employees who may have an interest but not a competency in the area.

Less obvious, but equally impactful, is the opportunity loss from the lack of training. Consider this upside; for every 10 persons a company employs, helping each person work 10% more effectively (doing more in the existing time and reducing unproductive time) is the equivalent of ADDING 1 PERSON AT NO COST. This is a training issue, and can be easily remedied.

Summary: The new normal requires:

- Thinking about getting better, not more of the same
- Bridging performance gaps
- Helping everyone work smarter

Monitor For Success

The business that seeks to make competition irrelevant and create its own new normal requires a monitoring system that catches problems or identifies issues before they become crises that endanger the health of an organization.

Consider all the different monitoring systems you can use, beyond the accounting system that is in place. These options include:

1. Marketing Systems: monitor online conversations, and set up listening posts to hear the voice of the customer.
2. Management Systems: expand forecasting into strategic planning; divide business into customer segments and track individually.

3. Internal Systems: the boss doesn't know everything that is being said or thought. Find someone who can gain the trust of your employees, listen to what they say, and assimilate this into recommendations and insights.

Next, ensure that intangible assets like your database are organized, complete, and easily accessible.

Finally, keep your people healthy by setting standards of excellence and offering ongoing training

Summary: Monitor to keep your business healthy by:

- Improving the depth and sensitivity of monitoring systems
- Heeding early warning signals and acting promptly
- Respecting and seeking the wisdom and insights of your employees

Moving Forward

Use the transformative force of social technologies to change your game, use techniques of excellence to create a new normal, and then monitor performance to preserve your new vision.

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