

# YOUR STRATEGY NEEDS A STRATEGY

## How to Choose and Execute the Right Approach

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The Web site for this book is at [www.bcgperspectives.com/yourstrategyneedsastrategy](http://www.bcgperspectives.com/yourstrategyneedsastrategy).

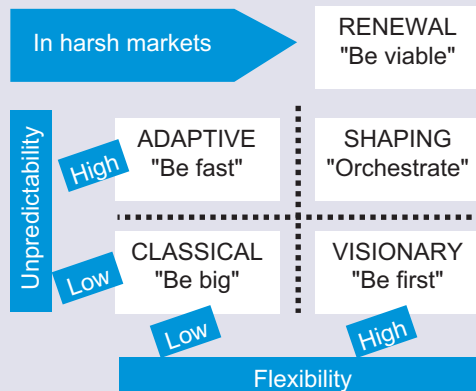
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**MAIN IDEA**

A strategy is always just a means to an end – a systematic way to generate favorable outcomes. Good strategy is never one-size-fits-all but will always be dependant on three questions:

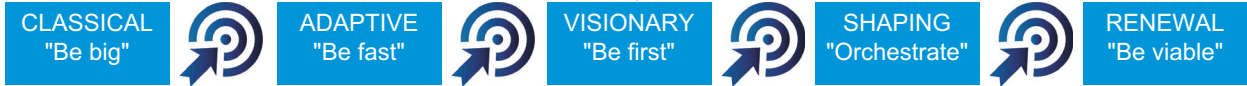


Depending on how you answer those questions, there really are just five generic approaches to strategy from which you can mix and match:



*"Strategy is, in essence, problem solving, and the best approach depends on the specific problem at hand. Your environment dictates your approach to strategy. You need to assess the environment and then match and apply the appropriate approach. Using the right approach pays off. In our research, firms that successfully match their strategy to their environment realized significantly better returns – 4 to 8 percent of total shareholder returns – over firms that didn't."*

– Martin Reeves, Knut Haanaes and Janmejaya Sinha



**Strategy #1 – CLASSICAL: "Be big" . . . . . Page 2**

When you're in a predictable marketplace with stable competitors and the opportunity to secure a sustainable competitive advantage, the goal is to position yourself optimally within the market. You do this by achieving economies of scale, by differentiation or by achieving superior operational capabilities. This is the most familiar strategy.

**Strategy #2 – ADAPTIVE: "Be fast" . . . . . Page 3**

In an unpredictable marketplace with little if any flexibility and short-lived advantages, you win by adapting to change faster than others. You should be continuously experimenting and identifying new options faster and more economically. Test new ideas and then drop what doesn't work and scale up what does.

**Strategy #3 – VISIONARY: "Be first" . . . . . Page 4**

Visionaries win by being the first to market with a revolutionary product or business model. This approach works best when you can see a clear opportunity to create a new market segment or disrupt an existing one. The challenge and imperative here is to be the first to act so you can exploit the first-mover advantage.

**Strategy #4 – SHAPING: "Be the orchestrator" . . . . . Page 5**

If the marketplace is unpredictable but flexible, then there is a great opportunity to take the lead and shape what subsequently happens. Here you need to collaborate with others to build a new market or platform and then compete for market dominance. You have to focus on the overall ecosystem to excel with this strategy.

**Strategy #5 – RENEWAL: "Be viable" . . . . . Page 6**

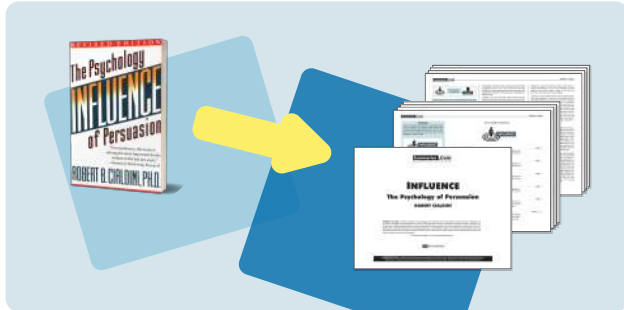
In a harsh business environment, you have to focus on first surviving the shakeout and then restoring your firm's vitality and competitiveness. When external circumstances dictate that business-as-usual won't cut it, you first economize to conserve resources and then pivot in a new and better direction.

**Mixing Strategies – "Be ambidextrous" and "Be animated" . . . . . Pages 7 - 8**

Once you understand the various strategy options and when they should be applied, you're than in a position to be ambidextrous (applying multiple approaches simultaneously in different parts of your business) and to animate a combination of multiple approaches to strategy. Big companies don't take a single approach to strategy but use a dynamic mix in different parts of the business.

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