Your Strategy Needs a Strategy

Understanding and Implementing the Right Strategic Approach

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Math Debate

- Companies end up becoming numbers-driven abstractions.
- To be very clear, there is nothing wrong with numbers; good strategies must be tied directly to financial outcomes.
- But if strategic planning doesn't talk about **strategy**, if it doesn't **allocate resources effectively**, if it **doesn't connect to the front line** or integrate decisions on talent, then what is it?
- Too often it is a **debate about math**—average gross margin by region, average revenue growth by product category, etc.
- This isolates the CEOs and inhibits discussions about real things—products and people.
- It leads to abstraction and a loss of any real sense of accountability. The whole exercise becomes **a math debate: A lot of numbers, but no real discussion of financial outcomes.**

What's the primary purpose of the BCG Growth Share Matrix in business strategy?
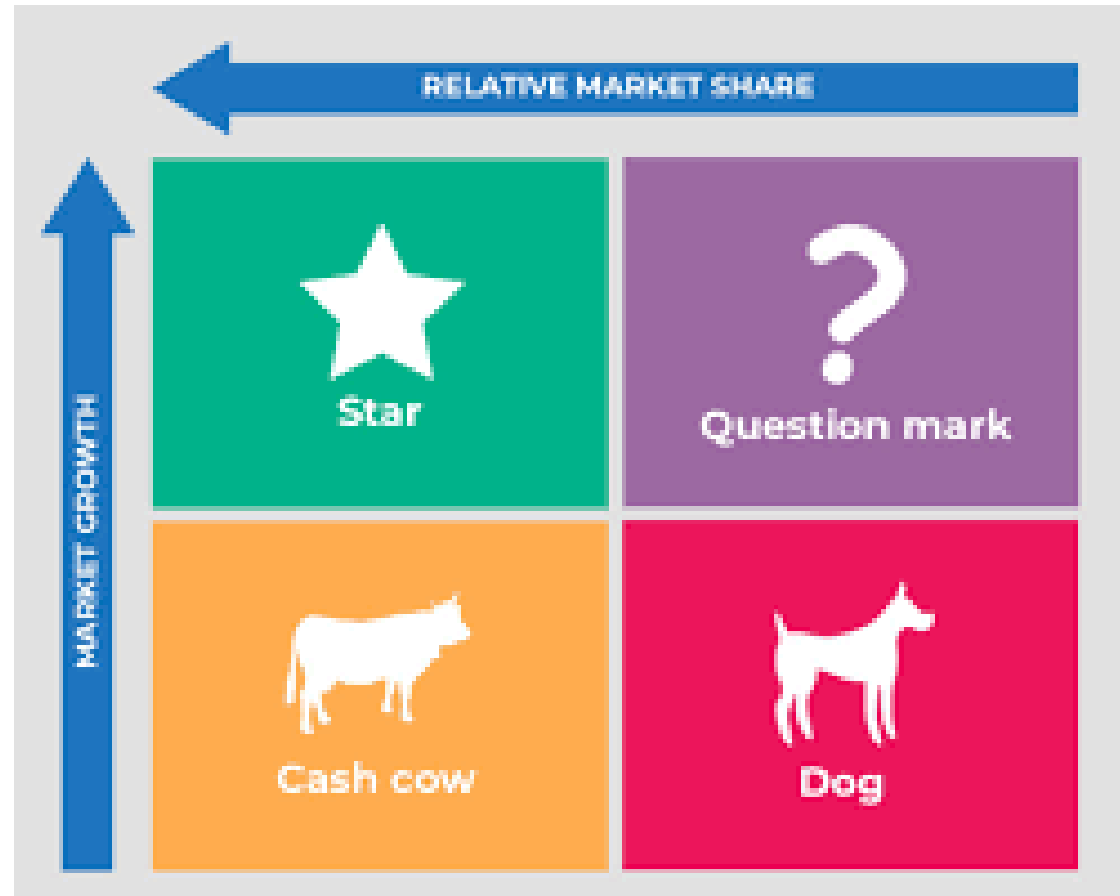
BCG Growth Share Matrix

Marketing Strategies

YOUR STRATEGY NEEDS A STRATEGY

How to Choose and Execute the Right Approach

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About the Authors

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Janmejaya is a senior partner and managing director at BCG in Mumbai. He has been with BCG for 17 years and serves as the chairman of BCG Asia-Pacific. Janmejaya is also a member of BCG's executive committee, writes regularly for the Indian press, and speaks frequently in different industry forums.

- Published: 2015
- Focus: Matching strategic approach to the business environment

What is in it for me?

Winning Corporates strategies

Decision making

budgeting

Marketing expenses

Operational expenses

Corporate objective MS%

Problems With Strategy!!!

"It's not that we lack powerful ways to approach strategy; it's that we lack a robust

way to **select the right one** for the **right**

circumstances."

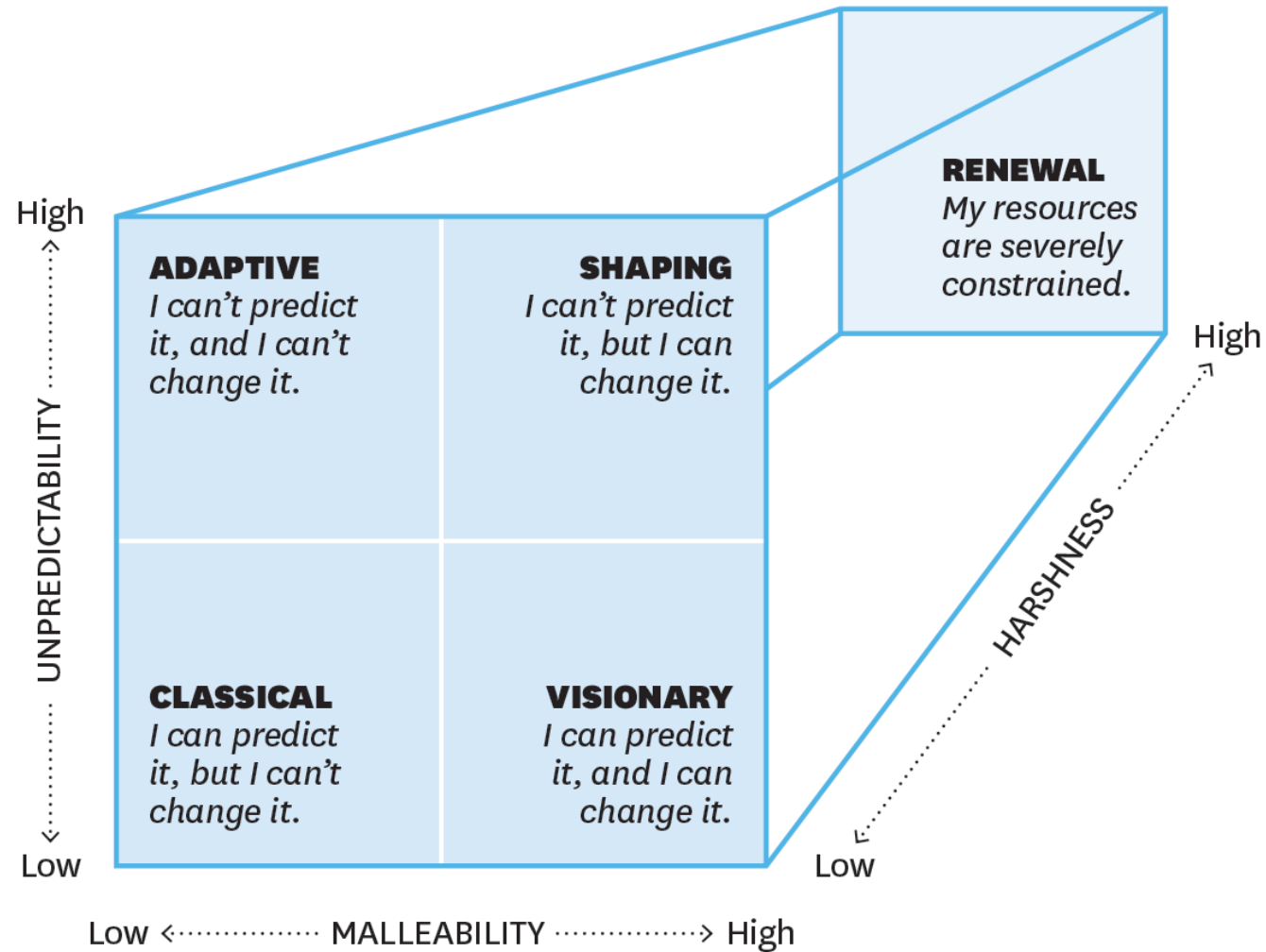*Your Strategy Needs a Strategy*
(HBR Press, 2015)

Idea in brief

- Companies that correctly match their strategy making processes to their competitive circumstances perform better than those that don't.

- But too many use approaches appropriate only to **predictable environments**—even in highly **volatile situations**.

- What executives in these cases need is a ***strategy for setting strategy***.

- The authors present a framework for choosing one, which begins with two questions:

* How unpredictable is your environment? and
* How much power do you or others have to change that environment?

The Strategy Palette

Classical Strategy
Be Big

- Predictable and stable environments
- Focus on analysis, planning, and execution

- Examples
  Manufacturing, Consumer Goods

P&G

THINK BIG, DREAM BIG, BELIEVE BIG and The Result WILL BE BIG.

Procter & Gamble operates in the consumer goods industry, which is relatively stable and predictable. P&G focuses on extensive market research, long-term planning, and efficient execution of strategies. They rely on detailed analytical processes to drive product innovation and *market penetration*.

Classical Strategy
Be Big

- Pharmaceutical Example
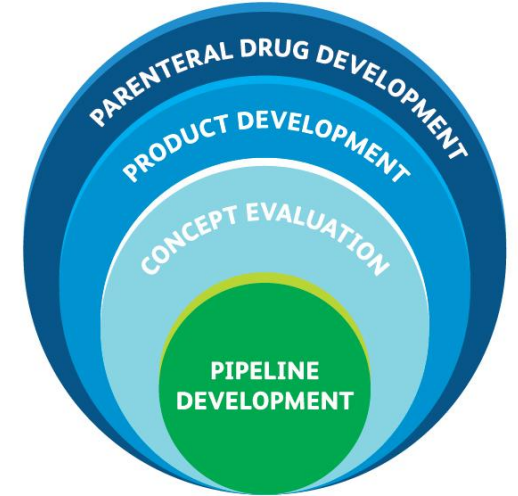
Pfizer operates in the pharmaceutical industry, which often involves long product development cycles and regulatory requirements, creating a relatively stable and predictable environment. Pfizer focuses on rigorous **clinical trials, long-term R&D planning, and efficient execution of go-to-market strategies**. This classical approach helps Pfizer maintain a competitive edge in drug development and commercialization.

Classical Strategy
Be Big

WHAT

Classical strategy is based on achieving sustainable competitive advantage by positioning a firm optimally in an attractive market. Since the basis of **competitive advantage** in these environments is known and nonmalleable, advantage can be based on superior scale, **differentiation** (or, equivalently, scale within a narrower market segment), or superior capabilities.

WHEN

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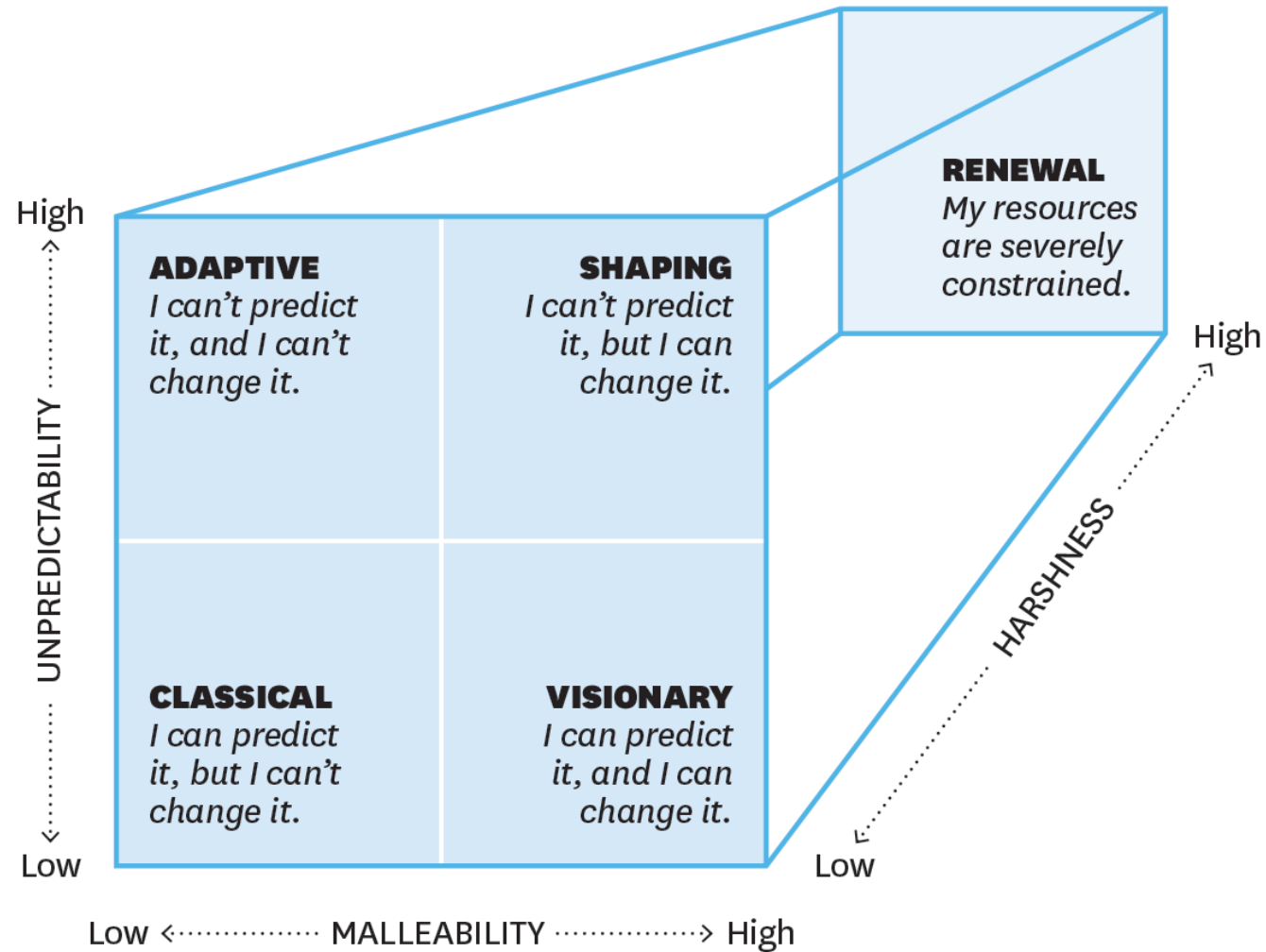
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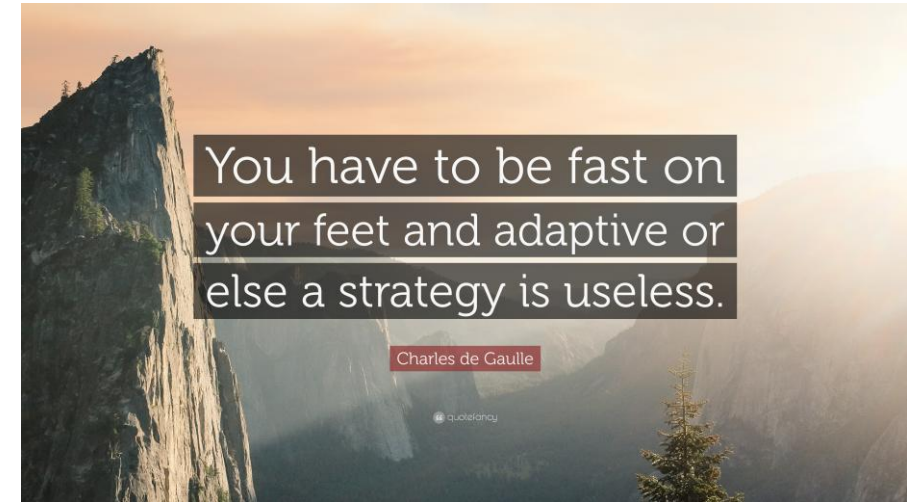
The Strategy Palette

Adaptive Strategy
Be Fast

- Unpredictable and evolving environments
- Emphasis on flexibility, experimentation, and learning

- Examples
- Industries: Technology, Startups

Google operates in the fast-paced technology sector, where **rapid changes and unpredictability are common**. The company embraces **an adaptive strategy** by fostering a culture of innovation, experimentation, and learning. Google frequently launches new products and services, testing their viability in the market and quickly iterating based on feedback.

Adaptive Strategy

Pharmaceutical Example:
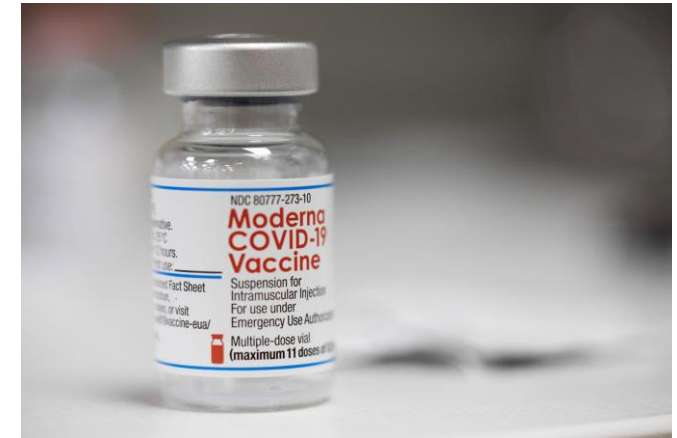
Moderna exemplifies adaptive strategy in the pharmaceutical industry, particularly evident during the COVID-19 pandemic. The company **rapidly adapted to the emerging situation** by leveraging its mRNA technology platform to develop a vaccine. Moderna's flexible and experimental approach, coupled with quick iterations and collaboration with global health authorities, enabled them to bring the vaccine to market in record time.

Adaptive Strategy
Be Fast

WHAT

Strategy rests on the idea of serial **temporary advantage**. In **unpredictable** and nonmalleable **environments**, the emphasis is on continuous experimentation and real-time adjustment rather than on long-term analysis and planning. Since advantage is temporary, the focus is on means, not ends.

WHEN

An adaptive approach works when the business environment is **hard to predict** and to shape, and when advantage may be short-lived. Ongoing, substantial changes in technologies, customer needs, competitive offerings, or industry structure may all signal the need for an adaptive approach.
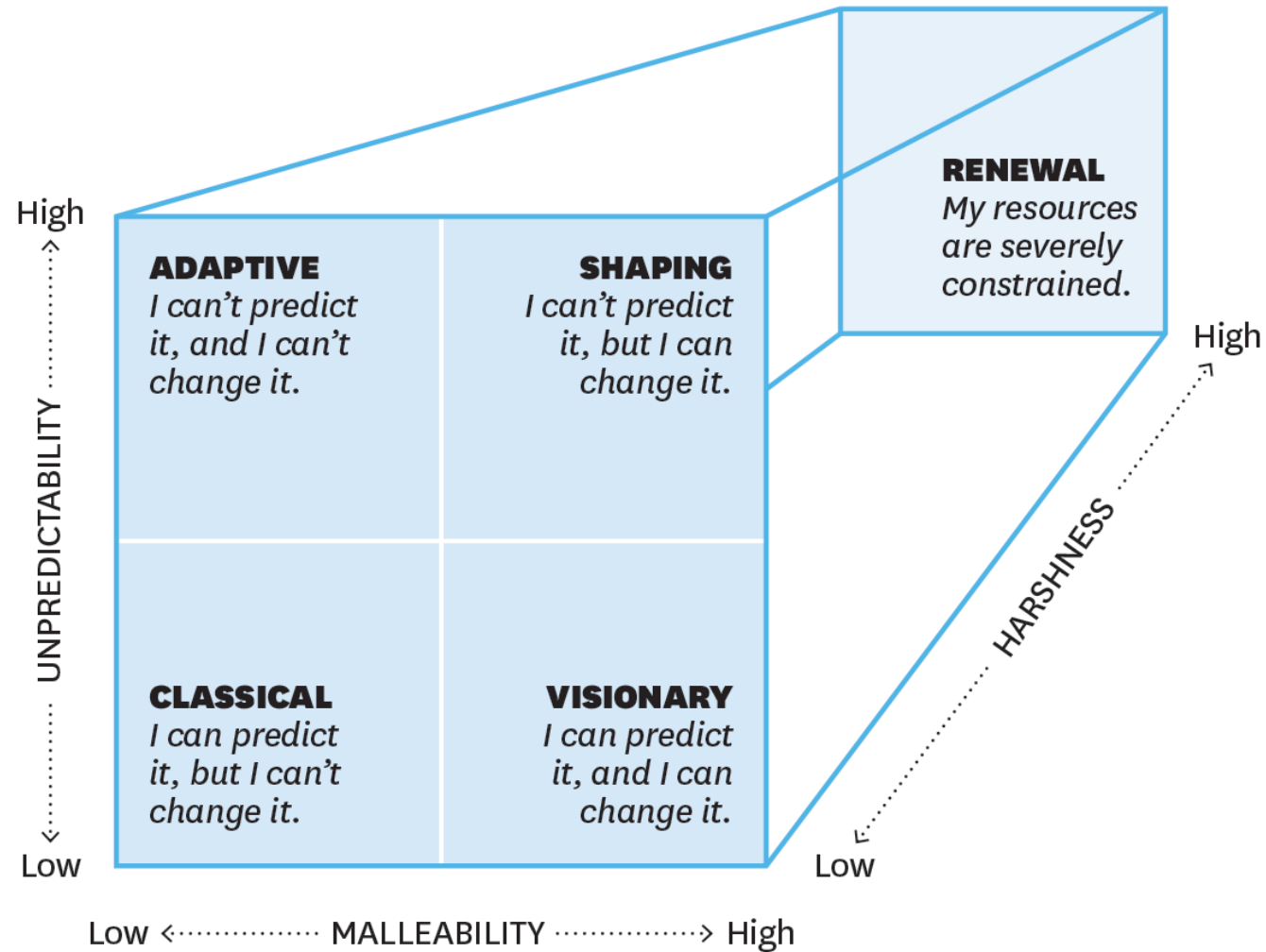
HOW

Strategizing in the adaptive context requires a process of **watching and responding to changes in the environment** by capturing change signals and managing a portfolio of experiments. Adaptive firms continuously vary the way they do business by trying many novel approaches and then scaling up and exploiting the most promising before repeating the cycle.

The Strategy Palette

Visionary Strategy
Be First

- Creating and shaping new markets
- Bold vision and transformational leadership

- Examples
- Companies: Tesla, SpaceX

Tesla, under the leadership of Elon Musk, employs a visionary strategy by aiming to revolutionize the automotive and energy industries. Tesla's bold vision includes transitioning the world to sustainable energy through electric vehicles and renewable energy products. The company continuously pushes technological boundaries and sets ambitious goals to **shape the future of transportation and energy.**

Visionary Strategy
Be First

- Pniuimaceuiical Example:

Novartis employs a visionary strategy by aiming to lead the industry in **gene and cell therapy**. Their bold vision includes transforming the treatment landscape for complex diseases through innovative therapies. Novartis continuously invests in cutting-edge research and sets ambitious goals to pioneer advancements in **personalized medicine and gene editing technologies.**

The Novartis Gene Therapies Manufacturing Process

The manufacture of gene therapy is complex. Novartis has developed a reproducible manufacturing process.

Step 1: Expanding the Number of Cells

The process starts with one vial containing 10 million cells.

For nearly three weeks, they are continuously supplied with fresh

Step 2: Plasmid DNA is Added in the Bioreactor

Once the cells reach 10 billion in number, they are transferred into a bioreactor where they continue to expand and multiply.

Plasmid DNA – genetic material carrying blueprints needed for the cells to develop gene therapies – are introduced.

A triple transfection of the cells produces adeno-associated viruses, or AAV vectors, which serve as vehicles to get therapeutic genetic material into a patient's cells. These are

Visionary Strategy
Be First

WHAT

WHEN

HOW

Rare but incredibly effective, it empowers a firm to create or re-create an industry with some degree of predictability by seeing an opportunity and pursuing it single-mindedly. Being first confers the advantage of superior size that comes with being ahead of rivals and allows a firm to set industry standards, influence customer preferences, develop a superior cost position.

Deploy a visionary strategy when there is an opportunity to create or re-create an industry— when a firm sees the outcome as predictable and the environment as malleable, even if others don't share that vision. Visionary circumstances can arise when a firm spots an emerging megatrend before someone else sees or acts on it.
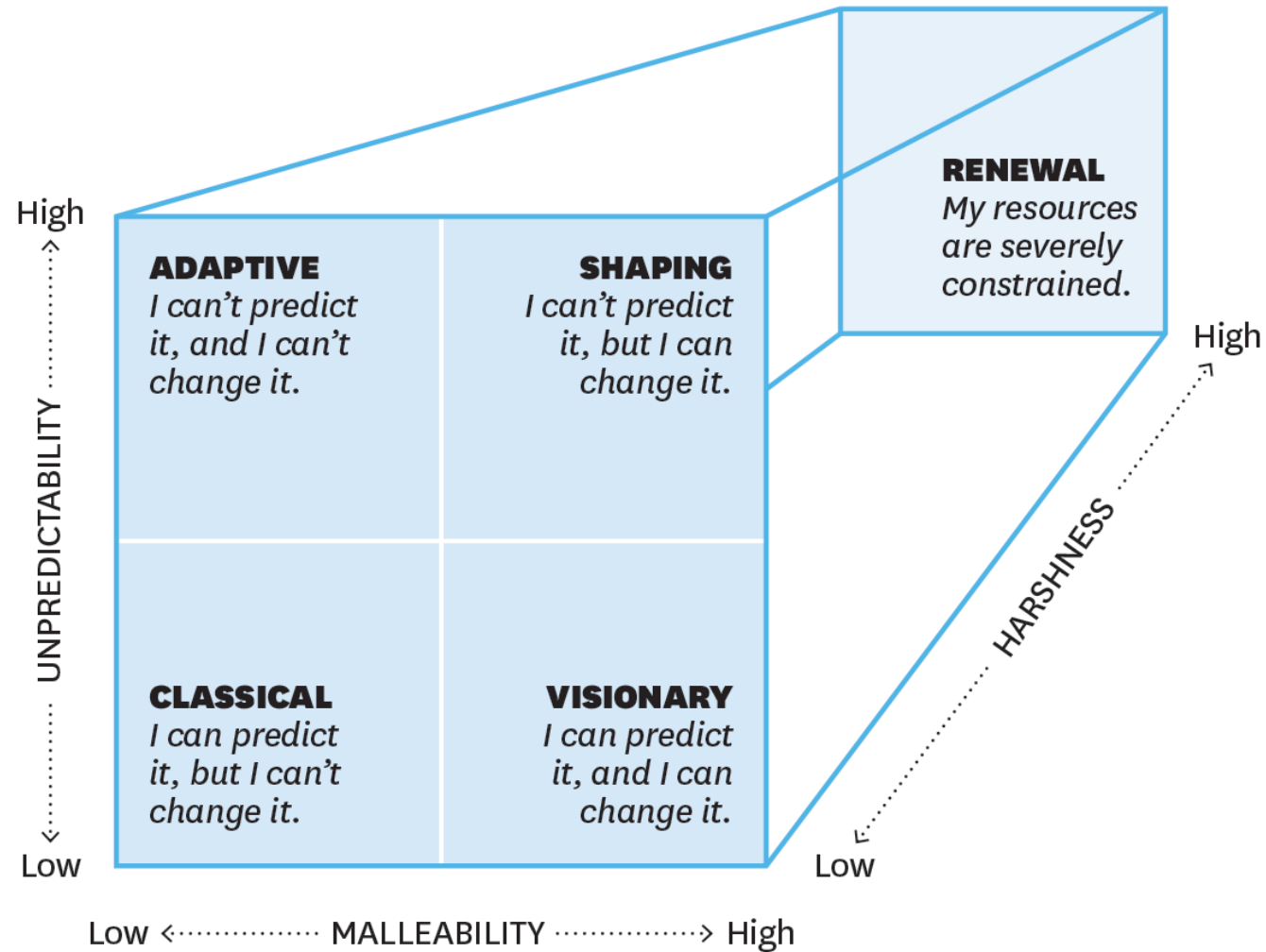
Timing is critical: successful visionary firms capitalize on gaps—among the emergence of an opportunity, the recognition and acceptance of an idea, and the reaction by established players—by envisaging, building, and persisting.

The Strategy Palette

Shaping Strategy
Be the Orchestrator

- Build the stakeholder ,Collaborative ecosystems and networks
- Co-evolution and influencing industry standards
- Examples
- Industries: Digital Platforms, Online Marketplaces

Alibaba leverages a shaping strategy by creating and nurturing a vast **ecosystem of buyers, sellers,** and service providers. The company influences and shapes the e-commerce industry in China and beyond by setting industry standards, providing infrastructure, and fostering collaboration among participants in its ecosystem.

Shaping Strategy
Be the Orchestrator

- Pharmaceutical Example:
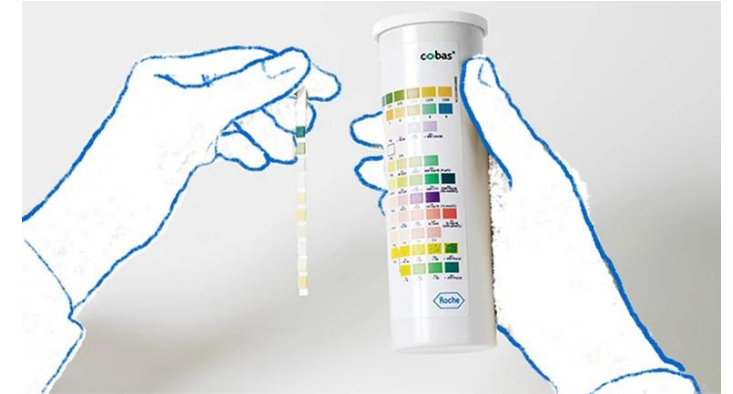
Roche leverages a shaping strategy by fostering a **collaborative ecosystem** in the *biotechnology and diagnostics sectors*. The company sets industry standards through *partnerships and alliances with academic institutions, biotech firms, and healthcare providers*. Roche's approach to shaping the market includes providing advanced **diagnostics tools** and innovative treatments that influence industry practices and patient care standards.

Shaping Strategy
Be the Orchestrator

WHAT

WHEN

HOW

Shaping firms mold or reshape an industry by influencing the development of a market in its favor through **coordination with other players**. A shaping approach both permits and requires a firm to collaborate with others in a diverse ecosystem that distributes risk, supplies complementary capabilities and resources, and builds the market quickly through strength in numbers.

Deploy a shaping strategy when there is an opportunity to write or rewrite the rules of an industry at a nascent stage of its development. Highly fragmented**, young, dynamic industries;** freshly disrupted industries; and emerging markets are all ripe for shaping.
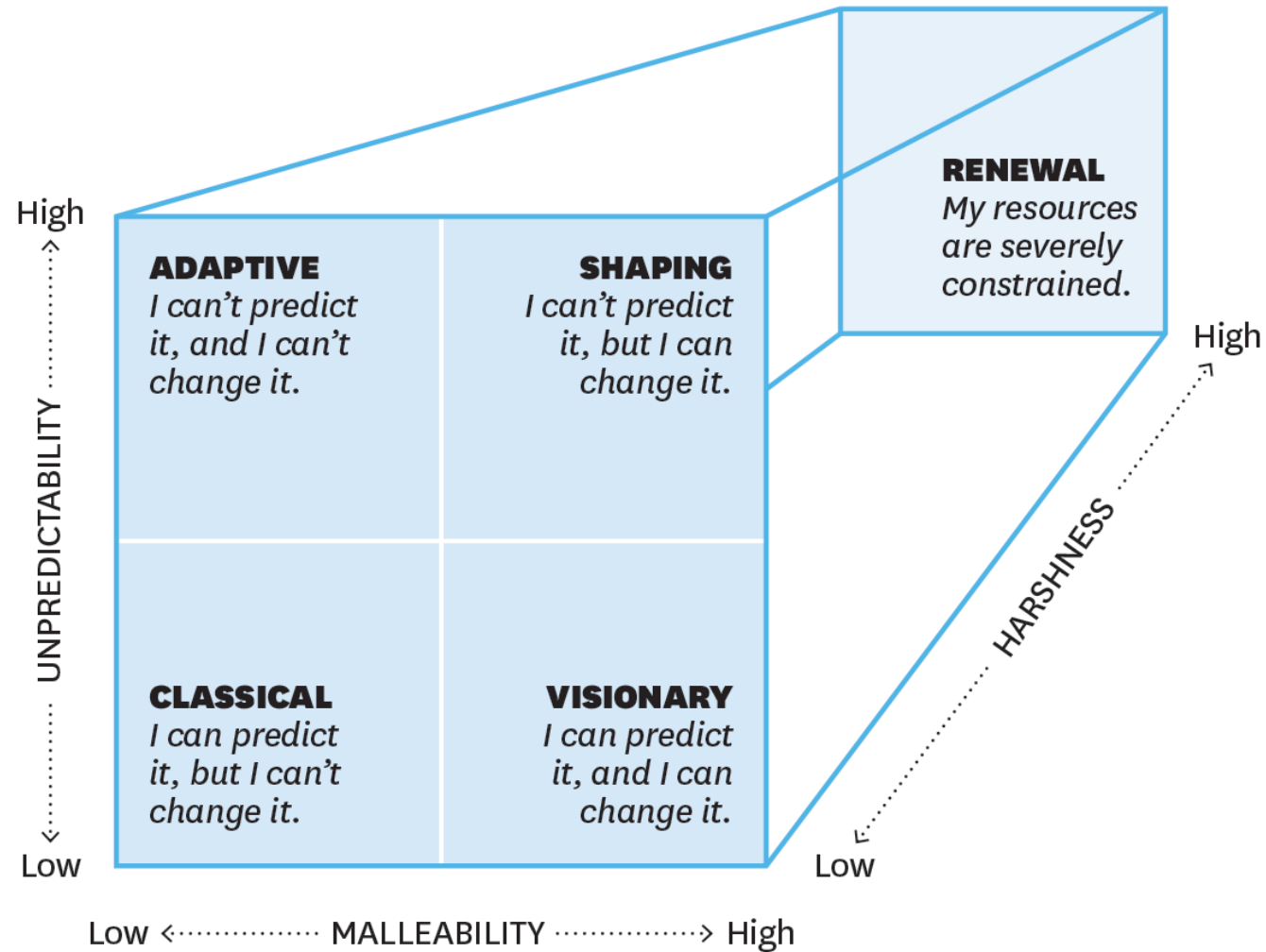
Shaping firms **engage other stakeholders to create a shared vision** at the right point in time, to build a platform through which they influence and orchestrate collaboration, and, finally, to evolve the platform and ecosystem by scaling it and keeping it flexible.

The Strategy Palette

Renewal Strategy
Be Viable

- Declining or crisis environments
- Focus on cost-cutting, restructuring, and turnaround
- **Temporary**

- Examples
- Companies: IBM, Ford

IBM has successfully employed a renewal strategy during times of decline. Faced with shrinking revenues from its traditional hardware business, IBM pivoted towards **software, services, and cloud computing**. The company underwent significant restructuring, divesting non-core businesses, and investing in new growth areas to achieve a successful turnaround.

Renewal Strategy
Be Viable

Pharmaceutical Example:

AstraZeneca has successfully implemented a renewal strategy to navigate through periods of decline and reposition itself for growth. Facing **patent expirations** and revenue losses, the company undertook significant restructuring, focusing on cost-cutting measures and divesting non-core assets. AstraZeneca strategically invested in its pipeline of innovative oncology and cardiovascular drugs, **collaborating with biotech** firms and **increasing R&D efficiency**. This renewal strategy helped AstraZeneca rejuvenate its product portfolio and achieve a successful turnaround.

Renewal Strategy
Be Viable

WHAT

It is the vitality and competitiveness of a firm when it is operating in a harsh environment. When circumstances are so difficult that the **current way of doing business cannot be sustained**, changing course to preserve and free up resources—and then later to redirect toward growth—is the only way to not merely survive but to eventually thrive again.

WHEN

Harsh conditions can pose a threat to the survival of a firm. These conditions can arise from a protracted mismatch between a firm's approach to strategy and its environment or by an external or internal shock.

HOW

A company must first notice and react to the deteriorating environment **as early as possible**. Then, the firm needs to economize to decisively address its immediate impediments to financial viability or even its very survival. To do so, the **company must focus the business, cut costs, and preserve capital while also freeing up resources to fund the next journey.**

Problems With Strategy!!!

"It's not that we lack powerful ways to approach strategy; it's that we lack a robust

way to *select the right one* for the **right**

circumstances."

Your Strategy Needs a Strategy
(HBR Press, 2015)

Take away from the book

Leaders will learn how to use the strategy palette to choose the right approach to strategy and execution for their organizations. The strategy palette consists of **five** approaches:

- **Classical** - Leaders utilizing the classical approach believe that the world is **predictable**, the basis of competition is **stable**, and advantage is sustainable.

- **Adaptive** - Leaders use the adaptive approach when their business environments are **not predictable or malleable**. Adaptive leaders continually vary the way they do business to renew their advantage.

- **Visionary** - Leaders using the visionary approach believe that they can reliably **create or re-create environments by themselves**. When they see a clear opportunity for the creation of a **new market segment** or the disruption of an existing one, they take action.

- **Shaping** - Leaders utilizing the shaping approach face a future that is **unpredictable but malleable**. These leaders **engage other stakeholders** to create shared visions of the future, build platforms to **orchestrate collaboration**, and evolve platforms and stakeholder ecosystems over time.

- **Renewal** - Leaders using the renewal approach aim **to restore the vitality** and competitiveness of their organizations when they are operating **in harsh and unforgiving environments**.

Q&A

- Questions and Discussion

Thank You