

ATN Business Sense  
March 2010

Barry Jenner is a Chartered Accountant and Management Consultant specialising in improving the profitability of road transport and associated businesses.

Businesses often find that strategies that worked well in the past have lost their effectiveness or no longer work at all. What do you do when that happens? Your on-going Strategic Business Planning process should deal with it. But, if you do not have a process you may find yourself trying to implement a defunct strategy. If not addressed promptly serious damage may be inflicted on the business. Following an out-dated strategy can even result in business failure. Remember, if you do not have a plan, the market place will do it for you!

Scenario planning, devised many years ago, is a tool used by some businesses to describe hypothetical futures and refine their business plans. They develop three or four and while any one of them rarely eventuates exactly, the process helps prepare the business to deal with new challenges which inevitably arise.

A new way of developing strategy in our rapidly changing world was put by Michael G. Jacobides writing in the January-February 2010 Harvard Business Review. He wrote that “Most tools wrongly assume that incumbents are more important than new entrants; that corporations can easily identify their rivals, suppliers, and customers; and that companies can compete only by changing what they do...a company should write a playscript that details all the changes in a business and the roles that it and others are playing. Words are more powerful than numbers because they allow a company to focus on the underlying causes of change, enable it to update strategy constantly, and alert it to the idea that it can change the business.”

If you have a Strategic Business Plan, is it understandable, readable and more importantly, implemented? If it is more than 15 pages long, the chances are there is little or inadequate implementation. What action can you take to create a Strategic Business Plan; one that you and your people will implement? If unsure don't be afraid to ask for help.

Jacobides went on: “Companies develop playscripts by tracking plots and subplots at the level of both the corporate centre and the business unit. By writing and rewriting playscripts, companies can also capture employees' imagination because people understand words better than numbers, maps and charts.”

Incorporating brief playscripts into your Strategic Business Plan is a good way to understand more clearly where you are now, where you want to go and how to get there. In your Now Analysis, why not briefly describe key people, their tasks and how they link with others, internally and externally. Describe how they generate and add value. Your Where Analysis could include how you see your business meeting customer's needs and solving their problems in the future. Writing that will give you ideas on actions needed to be taken to meet the future needs of your customers. Importantly, you also need to answer the question “How are customers' needs evolving?”

Jacobides notes that ways you may be losing the plot include: finding yourself needing to justify the value you add (and so do your competitors); you continue linking in the same way to the same actors, while the sector is being re-defined through new providers or all-in-one propositions; you believe customers still value the same attributes and value is being created by players in adjoining parts of the process.

What do you need to do now to stop losing the plot and create a more successful future?

Barry Jenner is a profit and business improvement specialist. Email: [bjenner@mindshop.com.au](mailto:bjenner@mindshop.com.au) or phone 0418 821 183 any time.