

# where to play and how to win

by marc levy



## Right thinking

- A recent focus in many of our strategy workshops has been to consider two important strategic questions:
  - Where should we compete?
  - How will we win there?
- This approach to strategic thinking gives rise to interesting, engaging and ultimately useful strategic discussions at the executive team and board level.

In our work we help clients with strategic thinking and strategic planning. The thinking part is frequently informed by a series of strategic questions: Where will we compete? What is and will be our distinctive value proposition? What capabilities do we need? (see 'Ten strategic questions you need to ask' overleaf)

We've recently worked with several clients on two strategic questions in particular: where should we compete and how will we win there. These questions were popularised by North American strategy academic Roger Martin (2012).

We've adopted and adapted what we think is the best of the academic frameworks relating to where and how an organisation competes and combined it with our own thinking.

Our focus has been on how to work with clients in workshop settings to answer these simple but profound questions.

We've come up with what we believe is a simple and galvanising method. It centres on:

- working hypothesis about where we compete or **scope** and continua that force scope choices; and
- a set of **differentiation** dimensions, that go to how an organisation will compete, and the activity system required to support differentiation.

This approach gives rise to interesting, engaging and ultimately useful strategic discussions at the executive team and board level.

## Where will we compete?

We start with a discussion with the CEO regarding scope. What are her or his 'working hypotheses' about where the organisation will compete and win – which customer groups, which products, which geographies? What is in and what is out of scope? What are the implied shifts?

The second technique we use is to make explicit what that means the organisation will do and definitely won't do. Our US colleague Bob Frisch (2012) calls this walking the walls and fences. 'Walking the walls and fences' entails 'collectively testing and affirming the boundaries of an organisation's business model.'

'Walls are the boundaries around any business that are assumed to be immovable. But by challenging these assumptions, teams can discover that walls are sometimes fences – boundaries that can in fact be moved if there's a compelling reason to do so, opening up strategic space...'

## How will we win there?

Differentiation can be a loose baggy monster. And it can be particularly challenging to have beneficial discussion about it in a workshop setting. We have found that a two-part framework derived from the work of Harvard academics David Collis and Mike Rukstad (2008) and Michael Porter (1996) can be helpful.

Collis and Rukstad suggest that the 'complete definition of an organisation's competitive advantage (or uniqueness) consists of two parts.

'The first is a statement of the customer value proposition. Any strategy statement that cannot explain why customers should buy your product or service is doomed to failure. A simple graphic that maps your value proposition against those of rivals can be an extremely easy and useful way of identifying what makes yours distinctive.'

Prior to workshops, we ask participants to consider a set of potential differentiators

such as price, service, brand affinity and customer intimacy. For each dimension where are they now and do they think they should and could be in future – behind peers, meeting the market, ahead of peers or distinctive? We've found that executive teams and boards derive great benefit from surfacing and discussing different perspectives and working towards a handful of specific bases of differentiation.

But identifying bases of differentiation is only part of the answer. As Michael Porter points out competitive advantage is a function of many complementary, reinforcing activities. Accordingly '... the second part ... captures the unique ... combination of activities allowing that firm alone to deliver the customer value proposition.'

According to Porter, 'Activity-system maps ... show how a company's strategic position is contained in a set of tailored activities designed to deliver it. In companies with a clear strategic position, a number of higher-order strategic themes can be identified and implemented through clusters of tightly linked activities.'

We work with clients to elaborate the specific bases of differentiation derived from the previous exercise (the higher-order strategic themes) and then to identify the clusters of tightly linked activities that support them.

Strategic thinking precedes strategic planning. We've found that being strategic about where and how an organisation competes – that is, its scope and differentiation – is a highly engaging and valuable precursor to strategic planning discussions about objectives, measures of success and initiatives.

Sources:

Collis, D & Rukstad, M, 2008, 'Can You Say What Your Strategy Is?', *HBR*, April

Frisch, R, 2012, *Who's in the room? How great leaders structure and manage the teams around them*, Jossey-Bass, San Francisco CA

Lafley, A & Martin, R, (2012) *Playing to win: How strategy really works*, Harvard Business Review Press

Porter, M, 1996, 'What is strategy?', *HBR*, November

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## Ten strategic questions you need to ask

1. Why do we do what we do? What's the problem or opportunity in the world with which we are engaging?
2. Who are our primary customers?
3. What do we want to be famous for?
4. Where will we compete, specifically?
5. What is our winning move/s?
6. How will we add value to our stakeholders?
7. How does our strategy rest on insight that only we have?
8. How does our strategy put us ahead of the market?
9. What capabilities do we need to be successful in the future?
10. What could a competitor do to hurt us?

This is an extract from the Right Lane Review June 2014 article [Ten strategic questions you need to ask](#). For full article including references visit [www.rightlane.com.au](http://www.rightlane.com.au)

## want to know more?

If you would like Right Lane to help your organisation work out where to play and how to win, contact **Marc Levy:**

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