



Strategic Fossils

by Bob Whipple, MBA, CPLP

In current courses on "Competitive Advantage" in business schools, many of the texts used are more than a decade old. For example the "Father" of competitive theory is Michael Porter, who was a professor at Harvard University back in the 1980s. His book, *Competitive Advantage* came out in 1985. It is from that work that most of the theories students study today were derived. I have a copy of his original book in my library, and I even read quite a bit of it before falling asleep.

One thing that struck me in going through the MBA reading list was that the world changes so quickly that in just a few years theories can become obsolete. The world of today is a vastly different place than the early 2000s when many business texts were written. Many of the companies analyzed in the examples are now extinct - the result of failed strategic choices or mergers. For example, *The Strategy Process* by Mintzberg came out in 2003. It gives examples of personal computer makers as AT&T, IBM, Apple, and Compaq. In intervening years, as the market changed, as technology changed, as the decisions got more complicated, only the strong survived. AT&T has gotten out of the computer business completely, choosing to focus on the growing cellular market. Apple has made a name for itself selling iPads, and iPhones, changing the landscape of computing. Their mobile media device sales dwarf their computer sales. While you can still buy something called a "Think Pad" which looks like an IBM product, it is made and sold by a company called Lenovo. How many of us heard of Lenovo ten years ago? Although IBM still sells refurbished computers, their main products are networking and information management now: servers, cloud computing, network security, and custom client solutions. Compaq was bought out by HP and still limps along – at least for the moment – but it is far from the powerhouse it used to be. Each company coped with change in its own way and came up with vastly different strategies and results.

Today the world is far more fluid and "flat," meaning that many of the strategies that proved successful in the early 2000s would now fail. So, the number one rule of strategic thinking is to be **current**. That means getting out in the world to understand how it really operates today.

Far too many strategic planners become fossilized by parochial thinking and models that have existed in ancient history - like anything more than 2 years old is good for historical purposes but not for generating brilliant winning strategies. You cannot survive simply by studying the theories of the past. You must be thinking ahead of the power curve so you at least have an accurate view of the environment in which you are trying to survive. So, what is the benefit of reading books that outline great details about models for strategic planning? The benefit is that the process of strategic thinking and the mental steps you take are fixed and really do apply even in vastly different environments.

Let me illustrate with an example. There is a concept called "Segmentation Strategy." This is where an organization slices and dices the market into chunks that can be addressed with slightly different tactics depending on the characteristics of each chunk. This segmentation idea could be applied whether you were making and selling wood stoves in 1900 or some kind of personal vapor heating body envelope concept in the year 2040. Even though the world is vastly different over time, the fundamental thinking process in trying to laser-focus marketing efforts on the precise segment you are trying to reach is a good one.

As you read and think about the various strategic tools, try to not get caught up on the specific examples the authors use, because the logic in examples is illustrative of the time when they occurred. Rather, think about the overarching principles involved in the techniques. These will not change much regardless of the current world and technological conditions.

The artistic part of strategic thinking is that you get the chance to paint a new picture every day. The canvas is there for you, and you can select not only the brush and colors to use, but also the subject you wish to paint. The only stipulation is that you need to produce a viable idea out of your effort. It reminds me of the story of the coal miner. Someone asked him if he got bored down in the mine. He said, "Bored? No way! I enjoy being down in the mine. I like the lack of restrictions. I have absolute freedom to do anything I want down in the mine, provided I get hold of two tons of coal every day."



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