

A Big Shift In The Practice Of Strategy

by Jon Craighead

For many years the purpose of strategy has been defined as designing and creating a sustainable competitive edge that is difficult to be copied or replicated by your competition. Because of the current volatility in the market place this definition leaves a lot to be desired. In a recently released book titled *The End of Competitive Advantage*, Dr. Rita McGrath from Columbia University Business School brings us into the 21st century. While recognizing the contribution of strategy's most fundamental concept of the sustainable competitive advantage, McGrath argues that for most companies it is no longer relevant. She goes so far as to propose that "the deeply ingrained structures and systems that executives rely on to extract maximum value from a competitive advantage are liabilities – outdated and even dangerous – in a fast-moving competitive environment."

I wholeheartedly agree with Dr. McGrath's hypothesis based on my own observations and experiences working with organizational leaders in today's erratic and circumstantial business environment. It is foolhardy to operate on the premise of a presumed stability that in fact does not exist. The practice of creating a plan at the beginning of the year and not including contingencies for making necessary adjustments to deal with unpredictable challenges and opportunities is a recipe for failure. Such an approach provides an explanation for why so many organizations fail to meet their objectives.

To illustrate the level of explosive change never before experienced, consider the technology and products that have come into use in recent years and are now in the "unimaginable-to-do-without" category – examples such as iPhone, Apps, The Social Network, GPS, Hybrid cars, Facebook, Twitter, Text Messaging, Wikipedia, Napster, Human Genome Project, Google Search, Nintendo. And then there are the institutions, once so standard to our lives, that are now in jeopardy of disappearing – family farms, libraries, newspapers and print magazines. Even occupations such as sports umpires and referees may one day be replaced by more reliable electronic technologies – for example, in professional tennis tournaments the use of a computer-camera system that can instantly review and resolve contended line calls is now standard.

Particularly notable is the fact that these inventions were under our noses and we didn't see them coming. Innovation is not always an entirely new idea. The telephone was invented in 1874; the iPhone was invented in 2008. Although the iPhone is now considered a pocket computer it is still primarily a telephone. The automobile, invented in 1886, has advanced far beyond the original design. The Internet was conceived as a government project in 1958. Its usage became widespread in 1993. Can you imagine a world without the Internet? E-mail was conceived in 1963 – where would we be without it today? The people who anticipated more efficient ways of doing things, and who were willing to risk what they knew and were familiar with, are the ones who have succeeded in breaking through, and we have all benefited from their efforts.

The point I want to make is that volatility is not necessarily an undesirable phenomenon. Most often it is extremely valuable in driving innovations that improve the quality of life. However, if you are not in tune with these evolving dynamics you will find yourself behind the power curve, which puts you at a competitive disadvantage.

So what does it take to provide leadership in today's business environment? It requires a management that is committed to the organization's viability and prepared for any contingencies it may face. It means that one must be conscious of the trends and counter-trends in the marketplace. You must build operational platforms that are designed to move quickly, adapt, and take advantage of short-lived opportunities that may disappear as quickly as they appeared. You must be willing to question your assumptions, regardless of how much you like them. You must be willing to learn new data and appreciate other ideas as well as your own. Most importantly, you must be an advocate for a bright future, accepting of change and not driven by your past. Failure to practice these principles today is like not wearing your seatbelt – it's not a problem until there's an accident.