

HOW TO STRATEGIZE



CHALLENGE

IDENTIFY THE CHALLENGE, A GOAL OR A PROBLEM, YOU WANT YOUR STRATEGY TO SOLVE

01

02

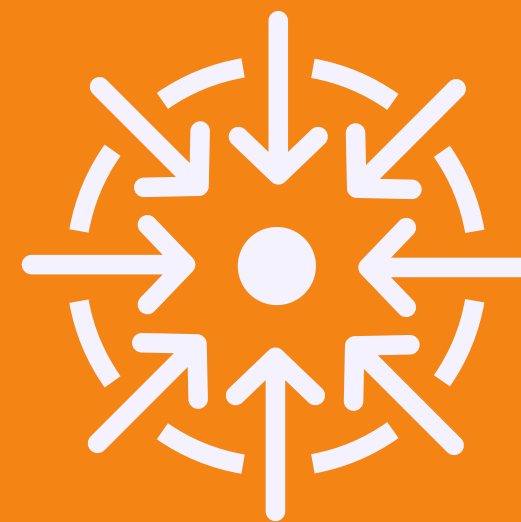


CONSTRAINTS

UNCOVER WHAT COULD PREVENT YOU FROM OVERCOMING THIS CHALLENGE

APPROACH

FIGURE OUT WHAT METHOD WILL YOU USE TO OVERCOME THIS CHALLENGE



03

04

ACTIONS

LIST A SET OF ACTIONS OR INITIATIVES THAT WILL DICTATE HOW YOU WILL OVERCOME THIS CHALLENGE





CHALLENGE

IDENTIFY THE CHALLENGE, A GOAL
OR A PROBLEM, YOU WANT YOUR
STRATEGY TO SOLVE

01

DIAGNOSE THE CHALLENGE

There are two ways to look at challenges. It is either a problem you must solve or a goal you want to achieve.

Understanding what you want is THE key to creating an effective strategy.

A good diagnosis of the challenge will simplify the complexity and identify critical aspects.

TOOLS

Many tools can help with identifying the challenge. One of the most useful ones is to ask questions:

- Is it a problem, or is it a goal?
- Is it an immediate issue?
- Is there a pattern that can be identified?
- Why is this important?
- Who does this challenge affect?
- How big of an effect does it have?
- Is it addressable? Can something be done about it?

Examples

In the late 1990s, Apple Inc. struggled to compete against the dominant Windows-based personal computer market. The company's diagnosis identified that the primary issue was a lack of focus on its core strengths – innovation and design. Apple attempted to compete on too many fronts, diluting its resources and brand image.

When visiting a doctor, it is crucial to identify the correct problem since misdiagnosing can often lead to a risky outcome.

Doctors ask patients questions to identify how immediate the pain maybe, if there is a pattern, and how much it affects a person's life.

02



CONSTRAINTS

UNCOVER WHAT COULD
PREVENT YOU FROM
OVERCOMING THIS CHALLENGE

SURFACE CONSTRAINTS

Constraints can help identify your approach to resolving the problem or achieving the goal.

In a perfect world, there wouldn't be any constraints, but here on our planet, we have to deal with two types of constraints.

Internal constraints are usually solvable; you could do something about it. External constraints are factors that you have little control over.

TYPES OF CONSTRAINTS

Internal constraints are often easily identifiable and can be addressed quickly. They include time, cost, scope, quality, organization and resources.

External constraints are often hard to uncover and difficult to address. They include social, economic, technological, legislative, environmental and security.

Examples

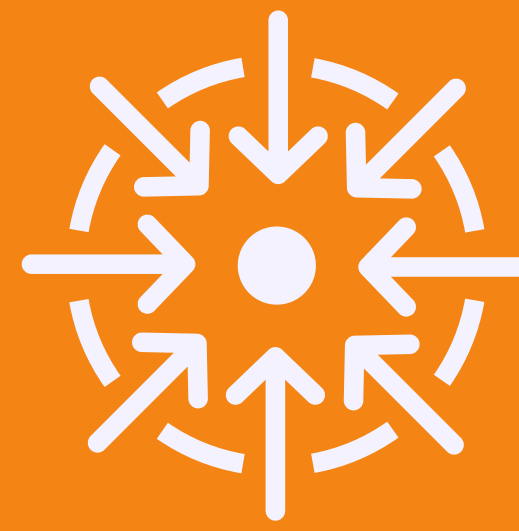
In 2001, when Apple Inc. began developing the iPod, its engineering team faced a significant constraint. So far, no MP3 player has been able to hold more than a few hundred songs. Steve Jobs wanted the iPod to hold thousands. At the time, no flash disk was big enough to fit that many songs. This constraint determined the approach Apple used when creating the iPod.

A doctor examining a patient faces several constraints at once.

An ER doctor might be constrained by how much time she may have to diagnose a problem. The hospital may not have enough beds, or the patient might need special drugs for treatment.

APPROACH

FIGURE OUT WHAT METHOD
WILL YOU USE TO OVERCOME
THIS CHALLENGE



03

CHOOSE AN APPROACH

With the challenge and constraints identified, the next step is to figure out a method to overcome the challenge within the specific constraints.

There are multiple ways you could approach the challenge. You can concentrate all your effort on one direction or identify pivot points that could solve the problem through leverage.

WINNING APPROACH

Seek an Edge to overcome the challenge. In the business world, competition is the rule of the game. You must seek an advantage to win, which is the competition's main goal. And an advantage can only come from asymmetry.

The winning approach is the one that will use asymmetry to create an advantage with which you will overcome the challenge.

What is your advantage?

Examples

There were other phones. There were dominant players in the market. Steve Jobs understood that he needed to use Apple's advantage - thinking differently to win.

Apple used its edge to overcome the challenge of a new entrant by combining four separate devices into one. The iPhone made history.

Illness can be a severe challenge, and finding the right treatment approach can be a matter of life or death.

A doctor must seek an edge in this battle. Figuring out which drug will be the best at curing the patient is paramount to the life and wellbeing of the patient.

04

ACTIONS

LIST A SET OF ACTIONS OR INITIATIVES THAT WILL DICTATE HOW YOU WILL OVERCOME THIS CHALLENGE



COORDINATED ACTION

The approach should dictate what steps to take next to overcome the challenge. Every strategy must consist of at least one next step. If there are more, these steps or actions should be coordinated and built upon one another.

Keep it simple but coherent. The simplest strategy to beat an opponent in soccer is to feint going to the left and moving right. Actions must be easy to follow and work well together.

AMPLIFYING ASYMMETRY

Actions must use the identified asymmetry and amplify it. They should be logical, coordinated, and mutually reinforcing, ensuring they collectively amplify the chosen approach and help to overcome the challenge.

The edge identified in the approach could be amplified by stacking actions that provide natural advantage.

Examples

To win in the landscape of existing music players, it was not enough for Apple to release the iPod. It would need to use a set of coordinated initiatives to beat the competition.

That's what Apple did. The release of iTunes and convincing music labels to sell their music in iTunes was enough to leave their competitors in the dust.

To cure an illness taking medication is often not enough. Patients suffering from heart disease are given a set of actions they should do to recover fully.

Working out, eating healthy, and appreciating life are mutually reinforcing and amplifying steps that help defeat the heart disease.



WHAT IS STRATEGY

First and foremost, strategy is the art of making a choice. A choice about what to focus on with your limited energy, time and resources.

Strategy is the art of identifying a challenge, understanding your constraints and approach, and taking coherent steps to overcome the challenge.

Strategy is an art because there is no one way of making it work.

Every situation is different, and every challenge is unique to the individual or the organization.

Finally, strategy is an art because it is open to interpretation.

Everyone looking at a strategy will see a different picture and extract a different meaning.

CLEAR AND SIMPLE

Because everyone can interpret the strategy differently, it must be clear. What is the challenge, and what are the constraints, approach and action? There shouldn't be multiple ways to interpret it. Clarity is paramount.

The strategy must be simple.

Complexity breeds confusion, and with confusion often comes unanticipated results. Keep your strategy super simple.

How to Strategize

Start with identifying the challenge. Richard Rumelt, the godfather of strategy, calls this process the diagnosis. This is about finding the right problem to solve. Spend the most time in this phase because it is the most important one.

Understanding your constraints is crucial to figuring out if the challenge is addressable. Answering the question "Can you do something about it" is paramount.

Find your edge. What advantage do you have that can help you win? What asymmetry can you gain with your approach?

Finally, create a set of coordinated actions that will amplify your advantage and help you win the day.

This simple framework can be applied to any area of business or life.

Strategy is a universal concept; all can benefit from becoming better strategists.

HOW TO DIAGNOSE THE PROBLEM

What is the problem? This is the most important question you need to answer to create a successful strategy. You might start with a goal. For example, your goal could be to become a millionaire by 30. The first question you probably should ask is, why aren't you a millionaire yet? The answer to this question will set the stage for how you can drill down to diagnose the actual problem you need to solve.

After learning why you are not a millionaire, most people's thoughts will turn to the next obvious question, what does it take to become a millionaire? But that is the wrong question because the answer could send you in the wrong direction.

There are many ways to become a millionaire. You can start a business. You can save and invest your money. You can get a job with a fast track to partnership, making you a millionaire. Thinking about these possibilities opens up more ideas. What kind of business should you start? Where to invest the money? What partnership firm should you join? And on and on it goes.

Taking this route misses one important aspect of diagnosing the right problem. And that's what you want, to find the right problem to solve.

After you've identified why you are not a millionaire, the next most important question you should ask is, why do you want to be a millionaire? The answer to this question will guide finding the right problem because it could force you to rethink the original goal. Why do you want to be a millionaire? What outcomes will you achieve by becoming a millionaire?

And this is where the problem is found. In examining the reasons behind your goals or problems, you've highlighted.

Find the right problem, and you will be halfway to solving it. Two basic questions will help with that:

1. Why have you not achieved your goal, or why have you not solved the problem you've identified?
2. Why do you want to achieve that goal or solve that problem?

Exploring this avenue will help you identify the right problem.