HOW TO

SKIP TO MARKET

WITH

CLARITY & COHESION

by Nick Shepheard

"I believe the real difference between success and failure in a corporation can very often be traced to the question of how well the organisation brings out the great energies and talents of its people."

Thomas J Watson Jr, Chairman IBM 1963

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Introduction – The Pursuit Of Skippiness

Anyone can take control of their business and make it skip.

Anyone can make their company into the kind of place where *staff* skip in to work, ready and willing to take on the challenges of the day whilst working toward goals they care about, where *customers* are so pleased with their products and services that they quietly appoint themselves as guerilla evangelists, and where *owners* get handsomely rewarded for their involvement and support.

This manifesto is about turning any business into a place like that. It's about finding a simple, unambiguous, directional kind of *productive clarity* that brings out the energies and talents of everyone involved, gets them on the same heading and keeps things moving forward, no matter what.

If you're a leader or manager and you want your organisation to skip, fill in the blanks or ask your team to do it for you:

- ★ We exist to ...
- ★ We're currently working on ...
- ★ We believe the best way of pulling it off is ...
- ★ This is what we're doing right now to make it happen ...

If you need clearer answers, this manifesto is for you. If gives a framework you can use to clarify your purpose, focus, strategy and actions so you and your team, customers and shareholders are all skipping in the same direction.

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SECTION 1

HOW COMPANIES WORK AND HOW TO MAKE THEM BETTER
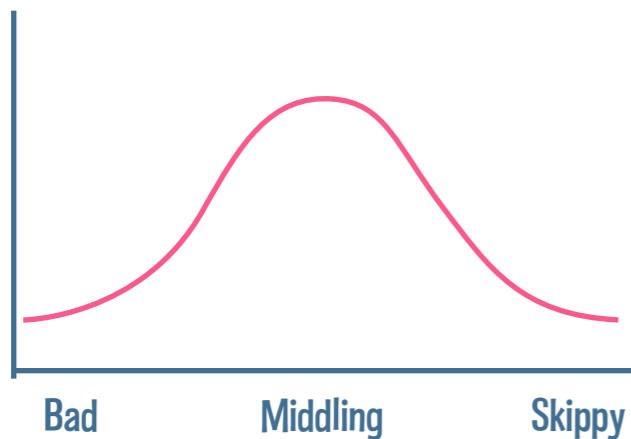
Companies just kind of work, don't they? Maybe not the super-new ones that haven't got any customers yet, but all the rest, any that have been around for a little bit.

Of course, we can all name companies that bring out a string of brilliant products and services their customers love, where everyone wants to work, that have great leaders and whose owners smile at the mere thought of results day.

They're a rare breed, the skippy few, but they're something to aspire to. Let's say they sit at the right hand edge of the bell curve.

It's an infinitely grey scale but what about the majority in the middle? They do more or less a decent job; putting out decent products, the staff kind of understand customer service but sometimes think about themselves first. They might not be the most fantastic places to work but they please most of their customers most of the time. Results are good enough to keep shareholders involved, or at least not bad enough to drive them away.

Then there's the other edge. Most of us have tales to tell of working for or dealing with companies out on the left.

Across the range though, companies just get on with it. Producing product, providing employment, earning a living. Sure, some go out of business, but if they make it through their early struggle to establish themselves, even some really weak companies can limp along for quite a while.

Bad   Middling   Skippy

How does that happen?

The same way a forest happens. The rabbits don't care too much about the spiders, the ants ignore the deer, the birds don't know anything about trees except they're a good place to nest. Everything getting on with its own business. The name of the game: survival.

It's An Ecosystem

Given stability, the forest self organises into an ecosystem. All processes in flux but related one to another; some things more important than others, some things more fragile. Everything independent but somehow connected at the same time. The winning formula is simply to duplicate and repeat.

Companies have a tendency to work the same way.

Given stability, most people just get on with their job, working with teams and other departments when they have to; self organised, independent, connected. Slowly adjusting to new conditions over time.

That last paragraph might sound healthy. But it's not. The problem is in the first two words, "given stability." In business, nothing is stable for very long so any company built for, or relying on, unchanging conditions is already weak and living with its toes over the precipice.

The healthiest companies break from the gravitational pull of false stability by setting a clear direction and working together not just to survive, but to evolve and thrive, whatever happens in the outside world.

The further you look to the left of the bell curve the more likely you'll find companies and people with their heads down, hoping what worked in the past will work in the future. Getting on with the job but adjusting too slowly as the climate changes.

A short-termist might say, "That's OK. External changes around here aren't so fundamental that they change everything, and aren't even so rapid that that they demand attention today."

But everybody knows that the market is defined by change. It may be a new technology that changes the game or a shift in tastes perhaps. Nothing truly stays the same for long and anyone who thinks it's OK to stand still is likely to be washed away by an oncoming wave.

A company that starts out far enough in front of any kind of market shift, or that paddles fast enough to stay ahead of it, can often carry on for a while the same way most animals do in the forest – day-to-day survival.

Without *direction*, a company will *self organise* through *duplication and repetition* into a stable system *fit only for stable conditions*.

But if you're even a little more long-termist, or have any ambition at all, then leaving things to luck isn't likely to be in your make up. You can probably guess that the rest of this report isn't about self organising, duplication or repetition. It's about intentional leadership, the kind of leadership that pushes for clarity and builds cohesion to make good things happen.

The real problem with middling companies though isn't so much that the boogy man might get them, it's that they're such a missed opportunity.

The three people that matter most when judging a company are its customers, staff, and shareholders. Does this company produce consistently great value through its products and services? Is this company a good place to work? What return does this company give to its owners?

Middling companies fail every test. If you think about if for a minute, I bet you could name five companies you've worked at or know well that suffer from lack of direction and have self organised into middle-of-the-bell-curve companies.

1. _____

2. _____

3. _____

4. _____

5. _____

Not sure? Compare a few *stable company characteristics* with companies you've known from the inside:

- ★ Uninspiring revenue growth, if any at all
- ★ Customers buying through habit
- ★ Leadership just about OK(ish)
- ★ More bureaucratic than you'd like
- ★ Slow product introductions
- ★ Politics
- ★ Best people leave "to do something"
- ★ A few bad apples laying around
- ★ Bit of a silo mentality

- ★ Management may be visible but don't talk with anyone
- ★ Not much cohesion at the top
- ★ Blame culture
- ★ Marketing sucks
- ★ Not much positive feedback
- ★ Department over company
- ★ Too many contradictions
- ★ Difficult to recruit new people

Most companies are doing well if they can avoid even a few of these pitfalls.

All that by way of introduction to the simple idea that without direction, a company will self organise through duplication and repetition into a stable system fit only for stable conditions. It may survive, it may even pay good wages, but it will likely fail to live up to its potential on most measures that really mean something to customers, staff and owners.

I'm not suggesting that these companies aren't trying. They might be full of smart and highly motivated people trying to do the best job they know how. No, the problem isn't the lack of effort but the lack of cohesion.

GET DIRECTION

Here's the danger. When every part of a company does what it thinks best, whether it's for stability or stardom, each piece may make a little difference but the company goes nowhere.

I first saw a picture like this under the heading *Remember Your Vector Math!* in Geoffrey Moore's *Dealing with Darwin.* The label was *Multiple Innovation Initiatives, Bubble-up Management.*
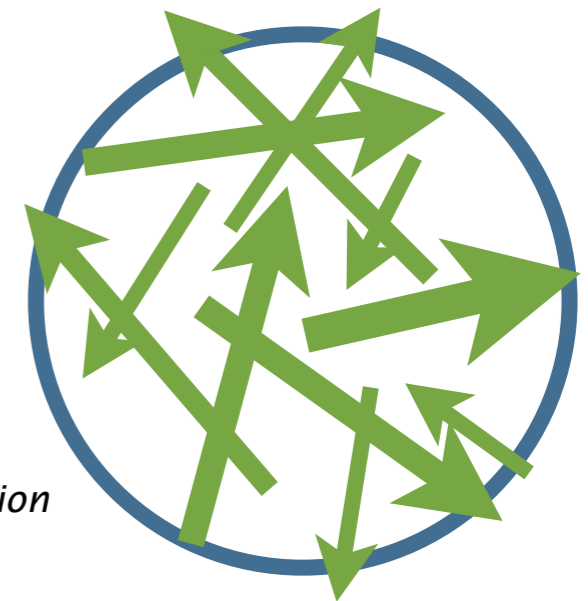
Moore's subject was innovation in large organisations and this report is aimed at building products and companies, but the danger of bubble-up management applies just the same.

That picture might represent the single most important lesson any leader can learn. To me, that blue circle represents the flywheel that Jim Collins talks about in *Good to Great.* With all those disparate forces flying around, neither it nor the company are going anywhere. And that leaves one question every leader faces, "How do we get this thing moving?" The answer is organisational.

What Does A Company Actually Look Like?

Before getting on to how to make companies better and shift them toward the skippier end of the bell curve, I think it's worth taking a look at what a company actually looks like.

It's a strange question that tugged away at the back of my head for years.

I've consulted on product development, business development and company development, I've run a few businesses and worked in many more, and all the time I had a guilty secret; I never had a clear idea in my mind of what exactly I was consulting on, running, or working in. I don't mean in a literal sense – I knew the products, the people, the buildings, the stuff – but conceptually.

What are we dealing with, what does a company look like?

Company

Customer

All the Processes that the Company actually Does
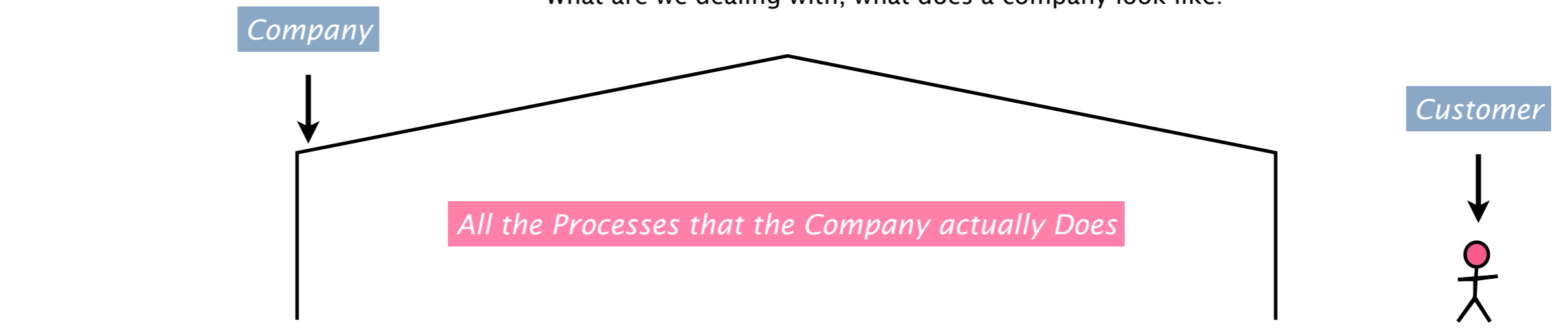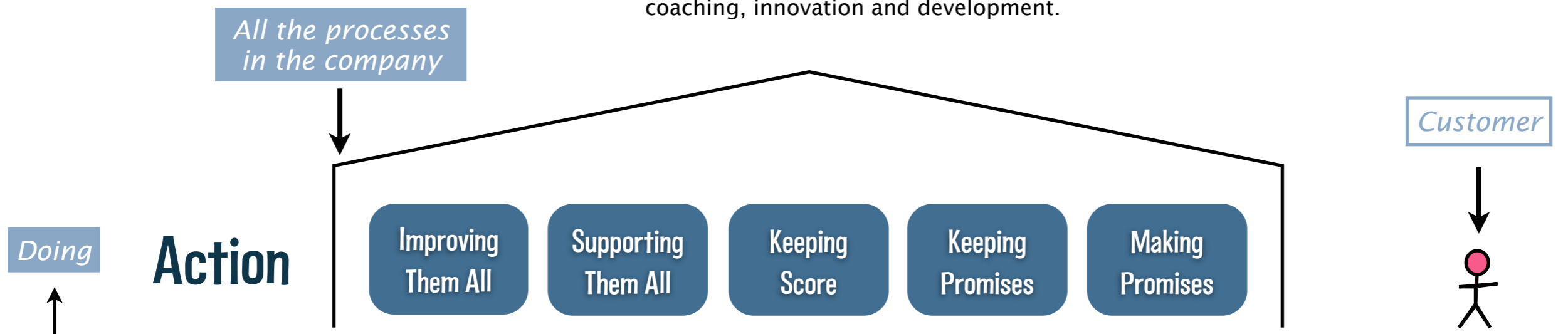
Here's the Big Idea

Conceptually, a company is best thought of as what it does, rather than what it is – think in terms of processes rather than people and things – and everything it does is for the customer.

Skippy organisations have a single direction based on a clear view of their place in the world and the benefit they bring to the customer.

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And if it's about processes, it's handy to have an idea what they're all for.

Every company is different, not even two McDonalds franchises are exactly the same, but whether there's a single employee or a hundred thousand, every thing a company does falls into one of five basic categories:

1. **Making promises** – easiest to think of this as all the things that happen in sales or marketing, along with some customer service and board functions too. Anything that makes any kind of commitment on behalf of the company is a Making Promises action.

2. **Keeping promises** – everything that even vaguely fits into operations: all the tasks that make the product, perform the service, look after customers, and pick up, package or deliver the thing.

3. **Keeping score** – all the things involving numbers or making sure nothing gets out of hand. A grander title would be Management Systems.

4. **Supporting them all** – actions and services that make everything else function; almost everything that happens in IT or HR for instance.

5. **Improving them all** – processes that aim to improve any of the others, like leadership, coaching, innovation and development.

All the processes in the company

Customer

Doing

Action

| Improving Them All | Supporting Them All | Keeping Score | Keeping Promises | Making Promises |

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Although it's tempting to think of Sales or Marketing as the "Making Promises" department, or a "Keeping Promises" sign hanging from the ceiling tiles in Operations, that's not quite how it works. Whilst each person probably spends most of their time in one kind of role or another, they normally get involved in some others, if not all.

It's All About The Customer

I'll come back to the Doing processes later but for now I want to highlight one thing about that picture – it's all about the customer.

Take another look at the picture on the last page, this time starting with the little pink headed fella and reading right to left.

The company promises *(1)* to do something for the customer – offering some kind of benefit through their product or service – if the customer says yes, money changes hands and the company has to live up to its *(2)* promise. Things get counted *(3)* and managed – money, units, processes, people, hours, everything. In order for the system to work, people performing each of these functions take advantage of *(4)* support services and everybody in the chain is always looking for better ways *(5)* to do each job.

Every action, every process, every little thing that happens inside any company is ultimately about making, keeping, ensuring or supporting *promises to customers* and improving the way it all gets done.

Use "do what's right for the customer" as a beacon to light your way through day-to-day company life. If you can get everybody in your company to point their little green arrows towards the customer you're bound to move a step towards the skippy end of the bell curve. But it's not enough.

Gym Example
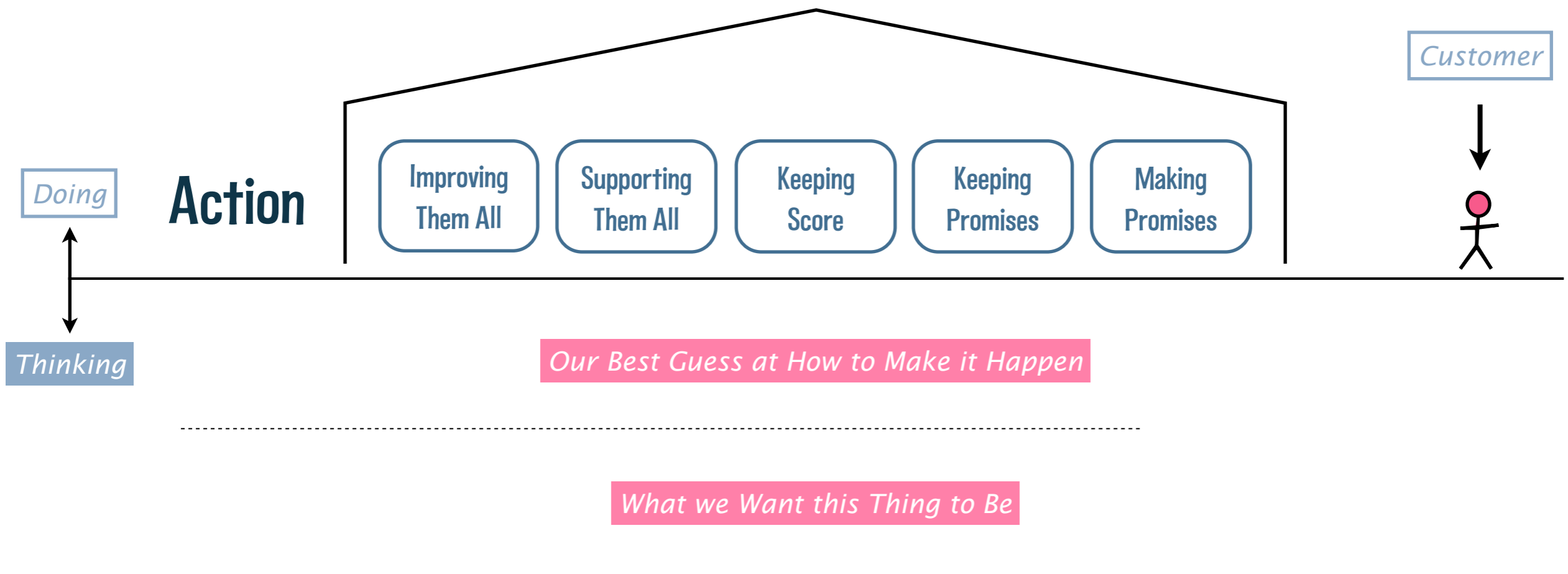
1. Nice place to get fit, good classes

2. Up-to-date equipment, well trained coaches

3. Accounting, scheduling of coaches, utilisation metrics

4. Payroll, booking system

5. Develop online booking, retrain coaches, new classes

So far we've talked about the Action layer – all the things that your company actually does – but, in a changing world, how do you know what actions to take?

How Do You Know What To Do?

Getting things done in the fire-fight and making decision in the moment is the daily stuff of management. But some questions are bigger than others and demand special attention. What's our next product? How will we go to market? Who is our customer? How much growth will we shoot for? Should we spin out that business? Where are we going?

In short, what's our plan? And answering questions like that takes some thought.
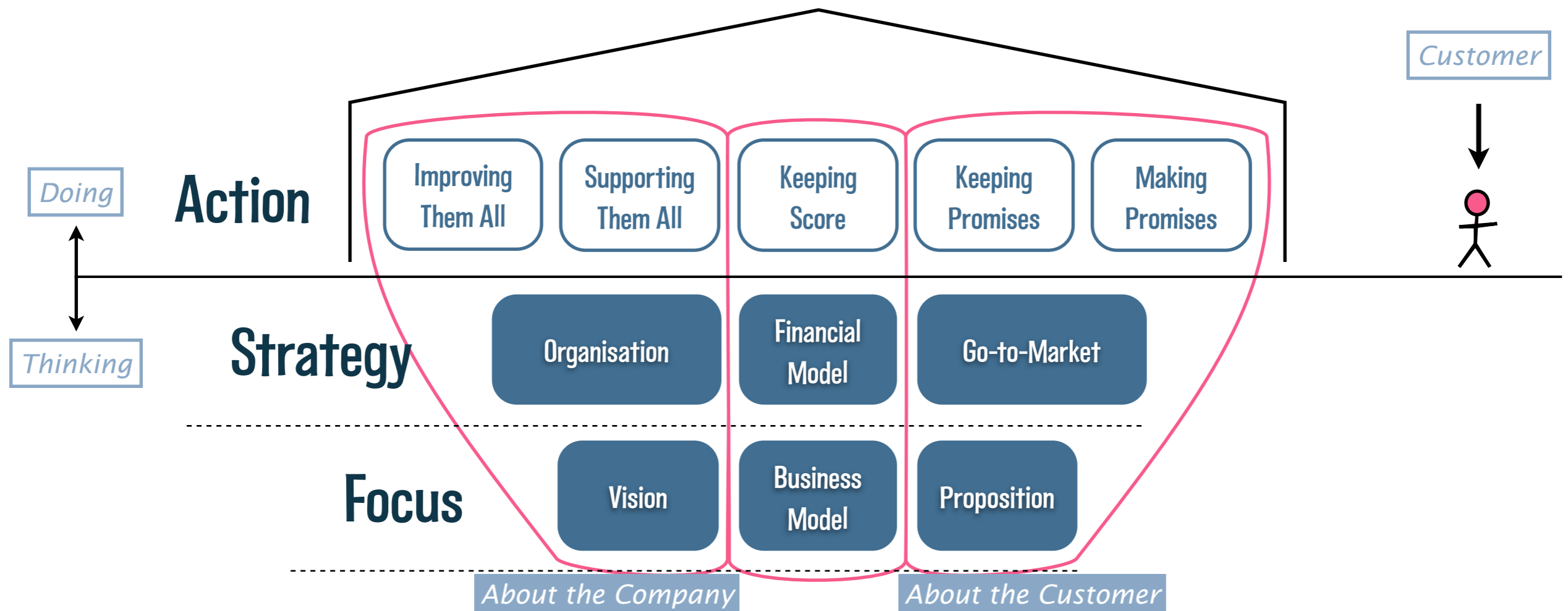
Customer

Doing

Action

| Improving Them All | Supporting Them All | Keeping Score | Keeping Promises | Making Promises |

Thinking

Our Best Guess at How to Make it Happen

What we Want this Thing to Be

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Just like a house, a strong company is built on firm foundations that are built from the bottom up:

★ **Focus – What we want this thing to be** – Made up of three blocks that define the company we're trying to build; the big picture of how money works; and the heart of our offer to customers.

★ **Strategy – Our best guess at how to make it happen** – The strategy layer is also built of three blocks, this time showing the "how to" of the blocks below them.

As you can see, the right side of the model looks at building and marketing products and services, and attends to the customer; the left side is more concerned with the

Doing

Action

Thinking

Strategy

Focus

Customer

| Improving Them All | Supporting Them All | Keeping Score | Keeping Promises | Making Promises |

Organisation | Financial Model | Go-to-Market

Vision | Business Model | Proposition

About the Company | About the Customer

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choices the company makes about itself; the glue down the middle joins the whole thing together.

The next thing you might notice about the three layers is that their life expectancy gets shorter as you move up each level – Focus lives longer than Strategy lives longer than Action.

Each layer represents a different wavelength of change. The lower the layer the longer its natural wavelength. Of course, it's always possible to speed things up by adding energy to the system (which is what change management is all about) but there's one more layer to look at, and this time the wavelength is infinite.
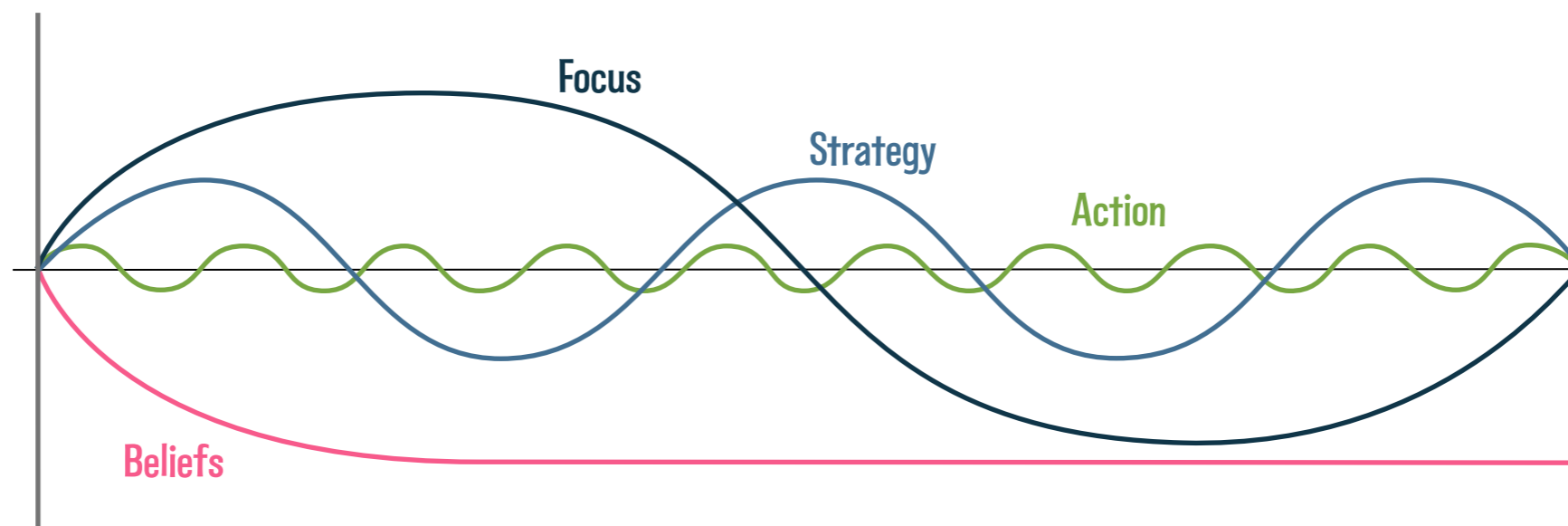
Just think about the Olympics for a moment. Every four years the summer Games are held in a new host city – London is next in 2012. In Layers terms, each new organising committee sets their Focus to produce the "best games ever" and comes up with a Strategy that includes people, sports, stadia, access and some way of paying for everything. Then people get busy with Action.

The Focus, Strategy and Actions of each organising committee are specific to their own event, but every Games serves the purpose of "a peaceful and better world

through sport," where "fair play prevails," and "it's not the winning but the taking part." Baron Pierre de Coubertin didn't say these exact words at the founding of the modern Olympics in 1894, but he could have done. Nor does every team or individual uphold them, but these beliefs form the bedrock that makes the Olympic movement timeless and strong.

Like the Olympics, Skippy organisations are also built on their beliefs. They

Customer

Doing

Action

| Improving Them All | Supporting Them All | Keeping Score | Keeping Promises | Making Promises |

Thinking

Strategy

| Organisation | Financial Model | Go-to-Market |

Focus

| Vision | Business Model | Proposition |

Beliefs

Purpose + Values

Why we Exist and What Makes us Tick
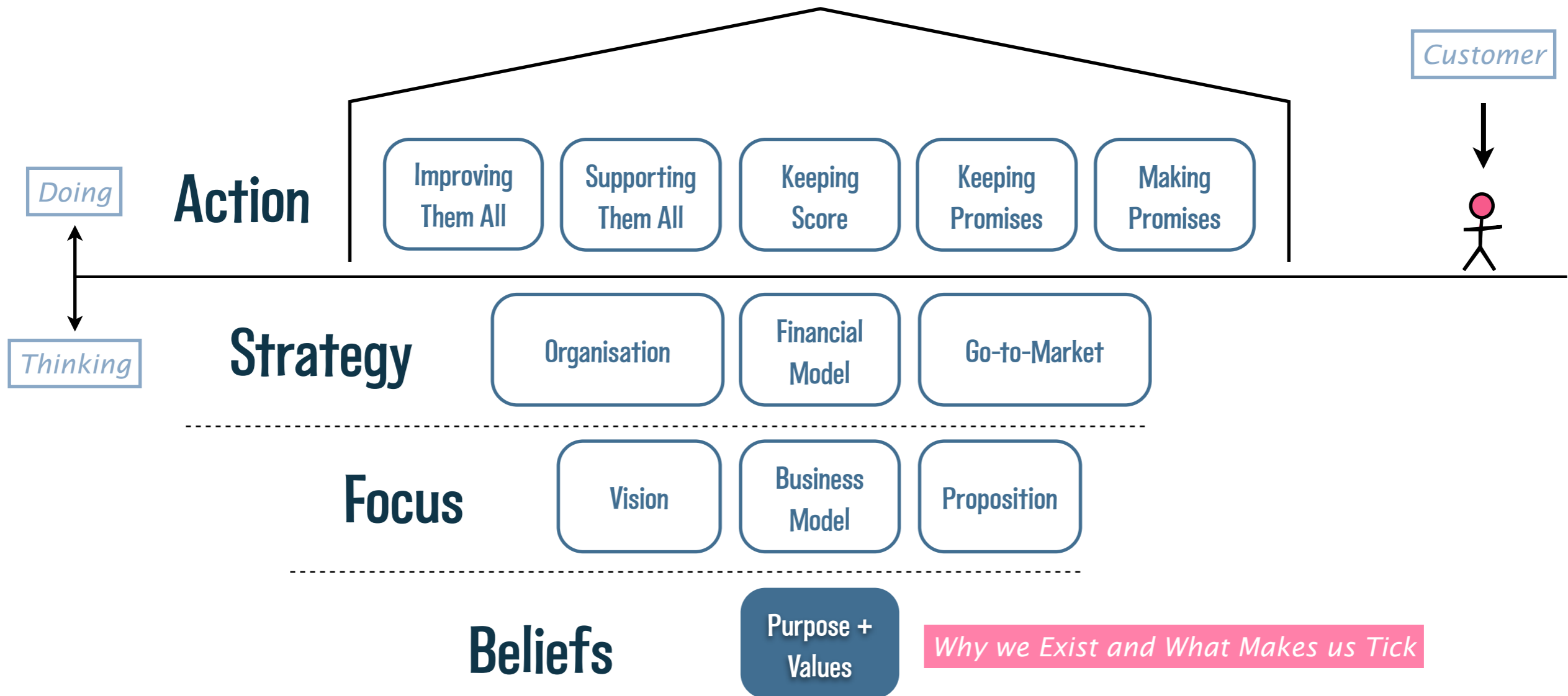
serve an unattainable purpose that makes them timeless, and they gain strength from values that consistently guide the way they make decisions.

Skippy products and companies are built when solid thinking and clarity underpins actions, and when the energies and talents of everyone involved are directed at creating value for customers. Customers win, staff win, owners win.

Every *great organisation* is built on its *beliefs*. It serves an unattainable and timeless *purpose* and gains strength from *values* that guide the way it makes decisions.

The surest way to do this is to expose deep foundations that show every employee why and how you're in business, and then set out where you want to go and how you intend to get there.

Doesn't that fit with your experience? Aren't you just a bit more motivated when you've worked out why you're doing what you're doing and that it means something? Don't you push just that little bit harder when you know exactly what you want and have a pretty good idea of what you're going to do about it?

Where Does It All Go Wrong?

Every company is made from and can be described by the same twelve building blocks. Each layer supported by the one below.

Like so many other things, the building blocks are simple to understand but difficult to line up. There are as many ways for things to go wrong as there are companies to try, but beneath the surface, there are only four root problems: Sitting in Silos, Cavities need Filling, Strategy of the Day, and Soft Thinking.
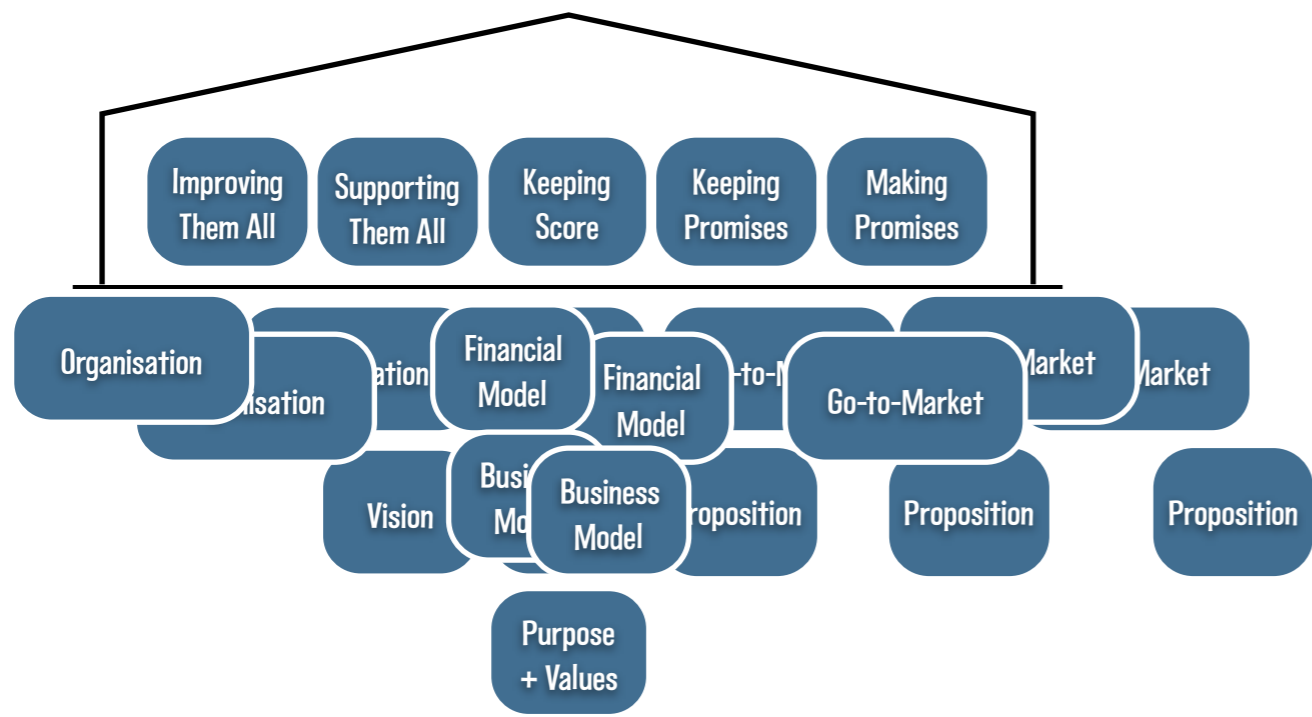
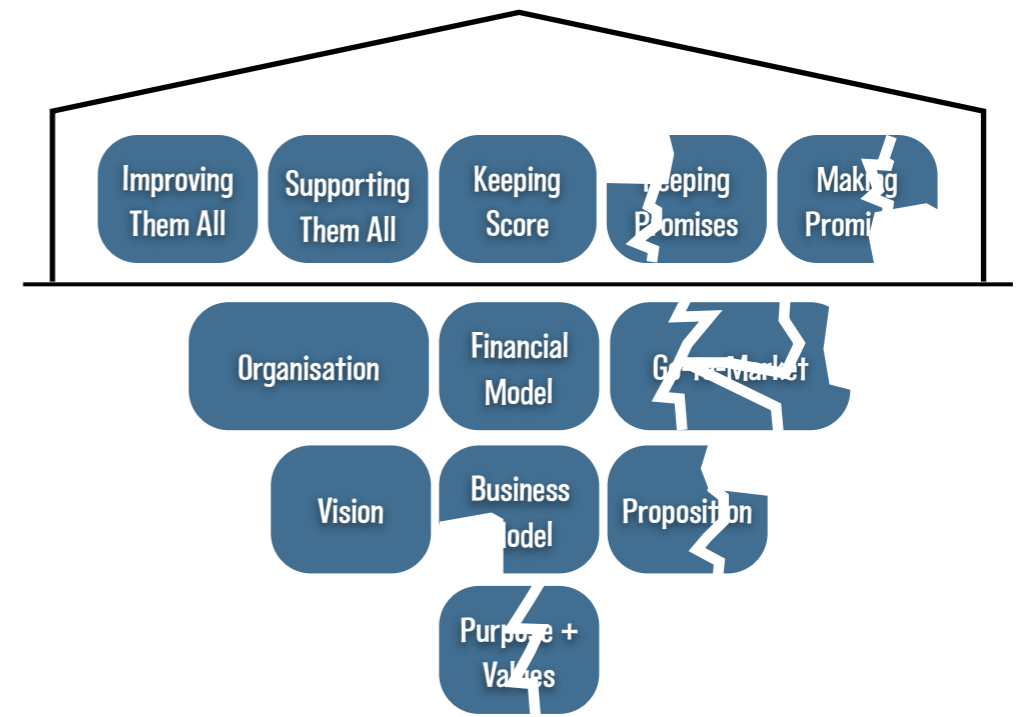# Where does it all go wrong?

Sitting in a Silo
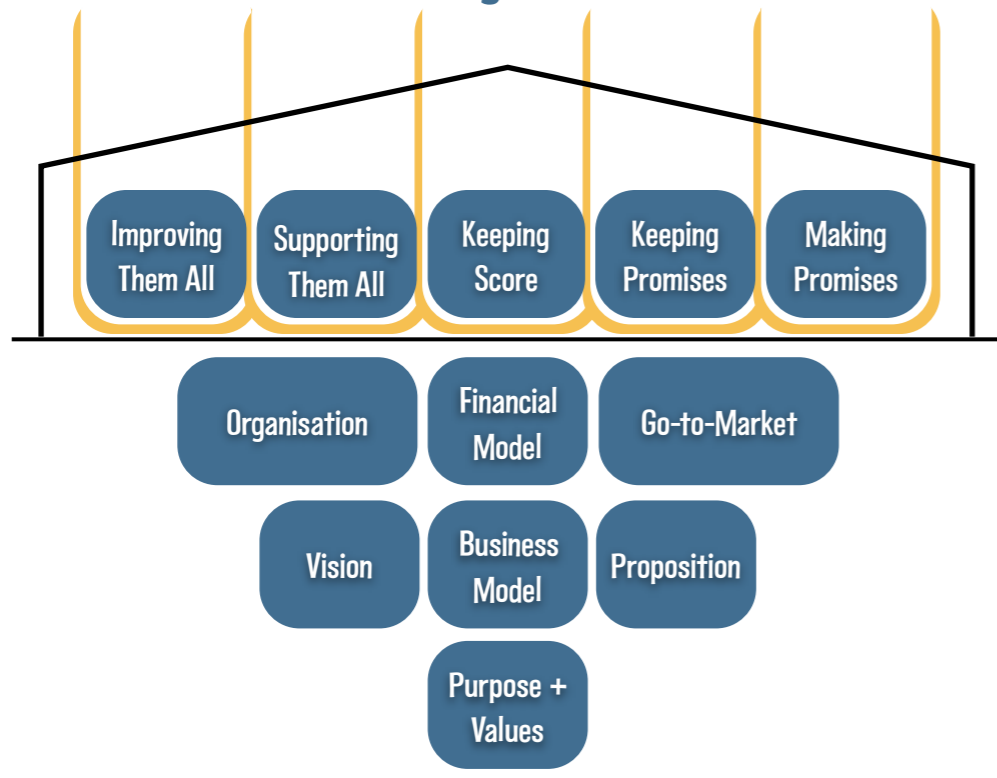
Cavities need Filling
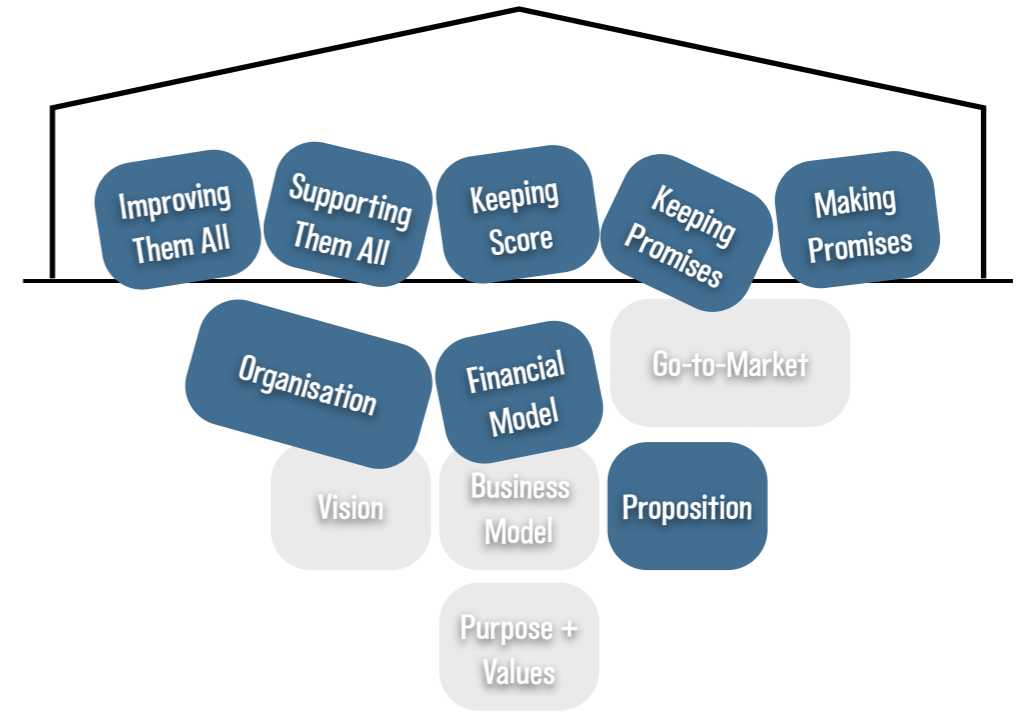
Strategy of the Day

Soft Thinking

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Above ground it's mostly about Management

★ **Sitting in a silo** – too many people or departments work to their own agenda and are only really interested in internal issues and politicking for personal gain. They forget their ultimate job is to improve the lives of the customers and move the company towards its Vision.

★ **Cavities that need filling** – when somebody looks down and doesn't understand what they see, or finds nothing supporting them at all, they have one of two reactions. 1) Freeze; not knowing what to do next, they do nothing, or 2) Make it up on their own; which jumps every person, team or department into their own little silos.

Below ground it's mostly about Leadership

★ **Strategy of the day** – "We going North. No, no, we've decided we better go East. Oh, did I say East, I meant South." Changing direction too often confuses everybody and stops progress. The effect is the same as building on cavities because nobody trusts the ground beneath their feet.

★ **Soft thinking** – every company has to make its building blocks whilst getting on with its real job, but blocks built carelessly or under too much time pressure can crumble when you need them most. The danger:

   ★ Everyone second guesses blocks they don't trust = Strategy of the day.
   ★ Blocks that aren't supported by the market, company or financial reality.

What To Do About It

Building products and companies that people love takes the talents and energies of all the people involved. But companies have a natural tendency towards a lower ordered state so it's no surprise that many end up looking like a mashed-up version of all four pictures on the last page.

When people aren't working together, shearing forces within and between the layers tear order apart and can leave a forest of individuals in their wake. Companies at the skippier end of the bell curve manage the strain and draw strength from the process.

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The not so secret ingredients are leadership, clarity, cohesion and flexibility. Leadership to pull everyone together and keep things on track. Clarity so everyone knows what they're supposed to be working towards, how they're going to do it, and why it matters in the first place. Cohesion so the team is working together. And flexibility so they can adapt the plan to the reality they meet in that big old world out there.

For anyone taking the leadership role, clarity and flexibility in particular can be a delicate balancing act. Clear but not limiting, flexible but not flopping around in the breeze.

We exist *to do this*, we're *working on this*, we believe the best way of pulling it off is *like this*, and this is what we're doing right now *to make it happen*.

I'm talking about the kind of clarity that creates a shared language, keeps everyone together and gives them the confidence to bring their creativity to the table, solve problems, make decisions and point all their energy at a common cause.

It's a simple, unambiguous, directional kind of *productive clarity:* "We exist to do this, we're currently working on this, we believe the best way of pulling it off is like this, and this is what we're doing right now to make it happen."

Clarity doesn't mean rigid or right. It doesn't need six months of thought and six hundred pages of reasoning. There is no such thing as the perfect plan. The best you can hope for is a clear plan that everyone understands, buys in to, and is committed to pulling off.

The short cut to cohesion is to push for honesty, get as much help from your team as possible when making difficult choices, and make sure the people who will make things happen are as involved as possible in thinking things through.

This report deals mostly in clarity and cohesion as I'm leaving leadership and flexibility for next time.

Every company is built around customers and products so Section 2 starts with getting a clear idea of the customer and then works through the right-hand side of the framework, looking at every skippy company's number one priority – how to get to market with products that customers will love.

Section 3 steps through the blocks on the left-hand side which deal with the longer wavelength processes that align staff and owners around a clear view of the company they're trying to build.

■   ■   ■   ■   ■   ■   ■

Section 2

Going to Market with Products that Customers Love

Customers love products that do their job, do it brilliantly, and do it every time. Those rare products that completely fulfil their marketing promise. To go to market with products that customers actually want to buy, first figure out what those customers need and then give it to them, brilliantly, every time.

Like so many simple ideas, it's difficult to do. Setting out on the path is easy enough, all it takes is an act of choice, but carrying it off takes cohesion, commitment and will. Anyone who makes that choice has a job to do; bringing everyone behind a single idea and getting them to pull together in pursuit of the goal.

It's a job worth doing though. Customers that love your products will tell their friends.

Great products = great word of mouth = higher sales + lower costs = *good business*.

Getting everyone to bring their talents and energies to the table and work towards a common aim demands a shared view of what you're trying to achieve, and enough autonomy to get on with it.

1% inspiration, 99% perspiration? Whatever the ratio, great products don't pop out of great ideas. Shiny bright sparkling ideas have a habit of going cloudy as soon as you try to share them, building takes longer that you think and marketing is a marathon that only starts on the launch line. There's a lot of time and a lot of places for things to go wrong and it's all too common to find new product teams working hard but not making progress.

It's easy to lose sight of the basics, such as who the customer is, our offer to them, and how we make money. That's what this section is about. Clarity and cohesion. Clarifying the basics and developing a shared language so everyone knows what they're working on.

★ Customers – Who are our target customers?

★ Proposition – How do we make their life easier?

★ Business Model – How does our business work?

★ Go-to-Market Strategy – How do we take our product to market?

★ Financial Model – How does money really work around here?

★ Action – How do we turn words into action?

This section steps through some of the challenges of putting a go-to-market strategy together. Starting with a clear idea of *customers* then working up the customer facing right-hand side of the model from *focus* to *strategy* to *action*.
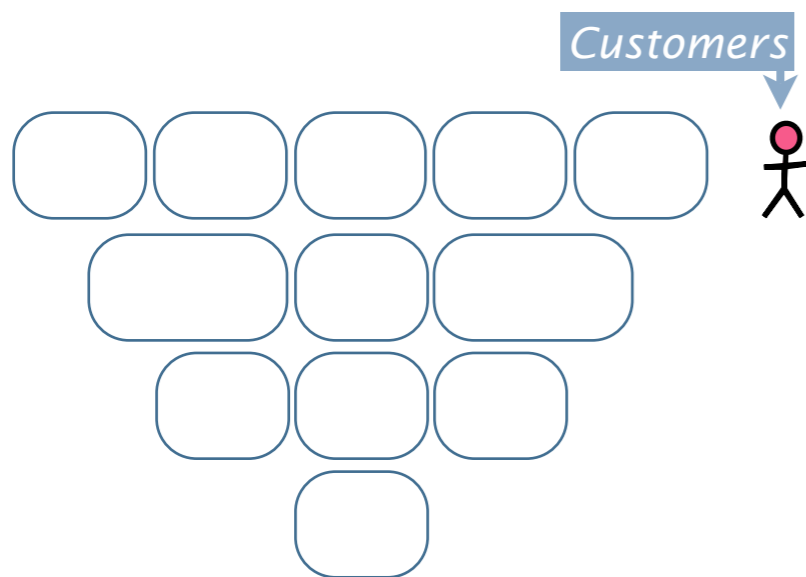
CUSTOMERS – WHO ARE OUR TARGET CUSTOMERS?

Customers

The difficulty here is separating the people who buy your product – all of those real or potential *paying* customers – from the people you think of when defining, developing and delivering your product – your *target* customers.

It's so tempting to fudge target customers by just including everybody who could ever use your product – but the wider your focus the less sharp it is. You have to be as specific as possible about the people you're working for.

Of course, in the cut and thrust of day-to-day selling you can never know too much about your customers but for now, and for the sake of clarity, let's look at three key aspects of target customers: who the users are, the jobs they need to get done, and the pain of having to do that job today.
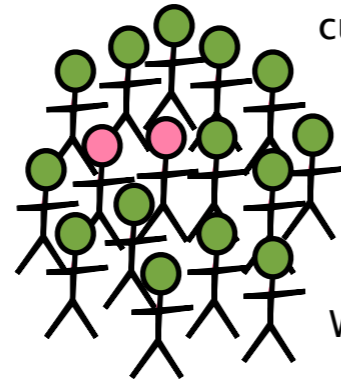
Who are your users? It often helps to think in terms of users rather than customers. Identify your target users as clearly as possible and keep them in mind whenever you have to make decisions about the product.

For example, let's say you're in the computer games business and are planning a new game. Who are you targeting? Teenagers, 20 somethings, girls or boys, experienced or new gamers, XBox competitive types or Wii family fun types.

Without knowing anything else, it's easy to see that the choice of a 20 something casual game playing women will take your product development and marketing in a completely different direction than if you aimed at teenage boy shoot 'em up fanatics. People from every group might buy the game, and love it, but you can't design for, or market, to everybody.

What job do they need to get done? Customers buy products when they have a compelling "job" that needs to be done and they think the product will help them on their way. The job may be an away-from job (I want to move away from some problem) and/or a towards-something job (I want to move towards some goal), either way, every product has to do a job for the customer.

In our computer games example, the user may want to get away from boredom and/or move towards entertaining himself, keeping fit, or gaining kudos amongst his friends.

Any product that lets customers get the "job" done effectively, conveniently and at a reasonable cost will always find customers.

Now there's a couple of things to bear in mind here. Firstly, you'll notice that I said a job that ***they*** are trying to get done, not a job ***you*** want them to do. Secondly, the more satisfied they are with their current way of doing things, the harder you'll have to work to convince them to change. Weaknesses in either of these two areas can

lead to some very well executed products chasing around trying to find a market.

What is their pain? Or, to put it a bit more practically, what pain do they go through when they try to do the job without your product?

The easiest way to consider this question is with day-in-the-life scenarios. Map out how users currently go about the job and keep an eye out for what's wrong with their existing way of doing things.

What practical difficulties do they experience, how much effort is involved, what hoops do they have to jump through, what gets in the way? What is the cost in time, money, inconvenience, joy?

To get a full picture, sit around a table and white board with your target customers and ... well ... ask them. Users who have a job that needs doing and no pain-free way to do it are usually more than happy to muck in. Try to find users with problems that are *irritating* enough that they'd like to find a better way of doing it and *costly* enough that they want to?

It's important to have as clear a picture of your target customer as possible and keep it in mind at all times. But the most successful products, the ones customers love, are built around a simple idea of how to make their life easier.
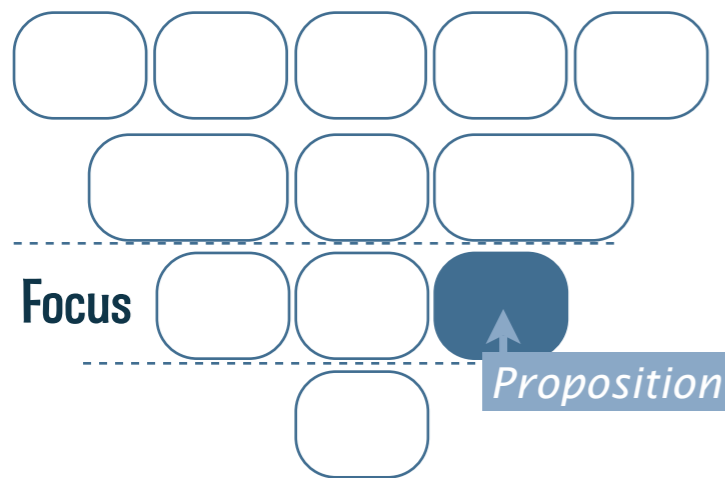
PROPOSITION – HOW WILL WE MAKE THEIR LIFE EASIER?

The whole of the Focus layer, is about goal setting. The clearer your team is about what you want to do for your customers, the more motivated they'll be to pull it off. The challenge is to forget about clever marketing messages or elevator pitches for long enough to crystallise your proposition, simply, clearly and without ambiguity.

What's in the box? Whether you sell products or services, answering this question is normally pretty straightforward. You're looking for the category name your

Focus

Proposition

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customers would use with their friends, like internet search engine, running shoes, legal services.

What result do you offer? I read once that Charles Revson, founder of Revlon, said his company put cosmetics in the box but offered hope in the stores. Google is definitely a search engine but their offer is relevance – relevant results to searchers, relevant eyeballs to advertisers – which results in better use of time for searchers and new business for advertisers.
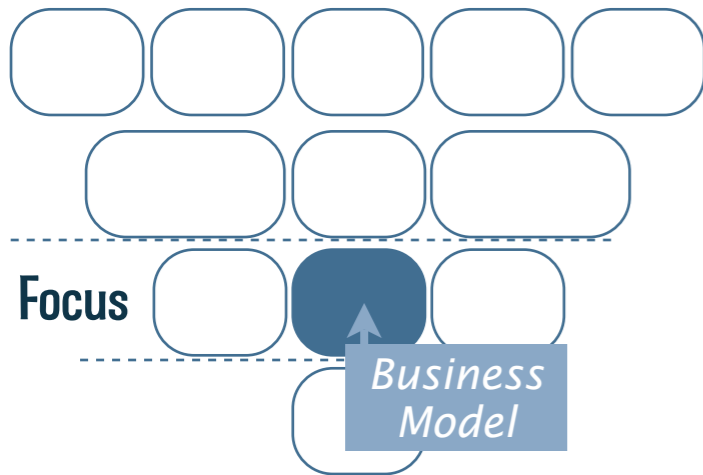
Ask five members of your team what you offer and you'll probably get five different answers and the start of an interesting debate. Try to work out what customers think is the *value gained* from your product in terms of the ultimate result or consequence. There's no need to wordsmith the answers but it's important that everyone has a shared view.

As you answer these first two Proposition questions, try to keep in mind that you aren't looking for unique answers that nobody has thought of before. The category and offer aren't differentiating factors, they are *motivating factors*.

What's the source of your magic? Or I could say, what's the big idea, philosophy or concept that sits at the heart of your proposition and differentiates you from everybody else?

For instance, Google had a clever idea for using references <u>to</u> web pages <u>from</u> other web pages as the key to ranking their relevance. Of course they had to write the algorithm, design the interface, build the architecture, buy the servers, all that stuff, but the source of their magic and differentiation was a clever idea about better ranking.

Work with your team to boil down everybody's thoughts until you share an explicit understanding of your magic source. Get it down to a single idea or the place where two or three ideas come together.

Nail the proposition questions and you'll have a tighter team and clearer idea of your offering than most, if not all, of your competitors. What's more, when you come to positioning, and figuring out your communications messages, you'll find you've already done most of the heavy lifting.

Business Model – How Does Our Business Work?

Everything so far has been about reducing your business to its fundamental concepts and a broad "we're going north" sense of direction.

Now you need to map out the landscape. Your business model is the ultimate big picture of your world, showing a bird's eye view of where you're set up, how money flows in and out, and the headlines of how you create value.

Forget about jargon and buzz words, draw a picture of your business model and expose how it all hangs together.

Where do you fit? Let's start with a back of the napkin sketch showing your business sitting between suppliers and customers.

Focus

Business Model

Suppliers → You ← Customer groups

Some businesses really are that simple but most live in a more complex world with other companies between them and the end user. Add in any Partners and Channels you rely on to make an impact on sales, costs, or cash, and any Competitor products that sit in your category.

One final group to add are other products or services that aren't in your category but compete for the same money, as theatre does with cinema.

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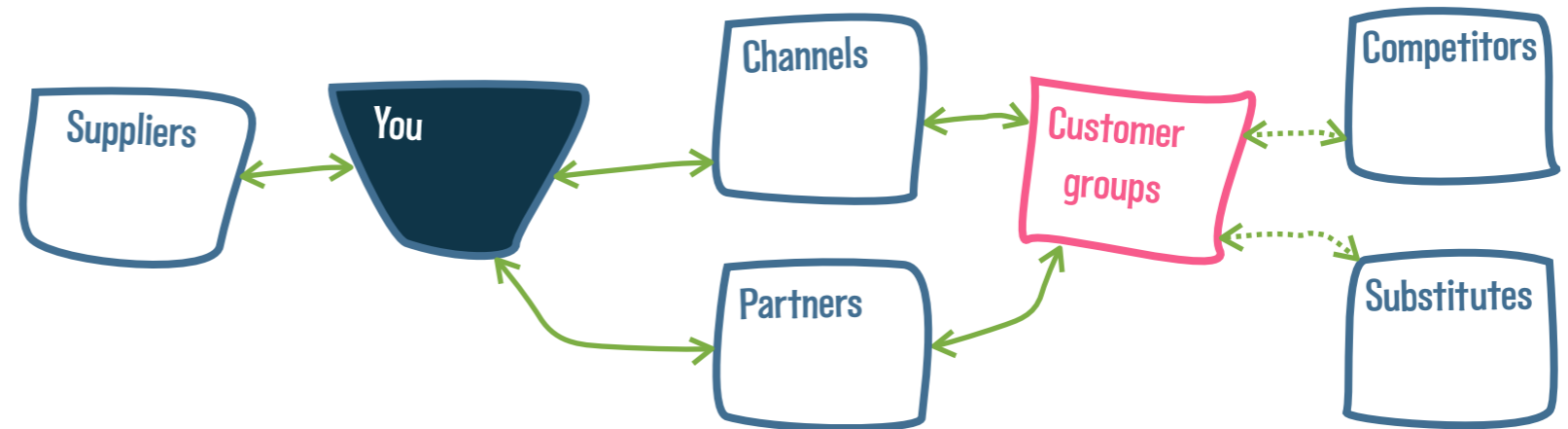
Every business in a blue box is an engine designed to create value, tuned to extract money from the system. Some work with you, some against.

How does money flow? Products flow in one direction and money flows back the other way. How much money ends up with each business depends on the value they add and their relative strength in the chain.

For example, Apple captures much of the financial value from its iPhone business because its market defining hardware gives it strength when dealing with phone companies, and because iTunes is the primary channel to consumers for software and content providers.

What's your formula for success? Much of a company's formula is already visible by reading across the boxes and arrows of the model, upstream to suppliers and downstream to customers.

Thinking of Apple again and filling in the boxes, it would be easy to see that they outsource manufacturing and own or carefully control distribution channels all the way through to their target customers groups. You'd also see their revenue and technology partnerships with software and content providers.

By the way, business models apply at an organisational level. This isn't a problem for start-ups who have to make everything up as they go along, but new products in

existing companies are often stifled at birth if they challenge an established business model too much.

The reason: business models have a naturally long wavelength of change so the entire organisation is designed around them. That's a lot of vested financial and personal interest in the current way of doing things. Often, the only way an existing company can introduce a product that could disrupt its business model is to spin it out into an separate business unit.

The visible part of your formula is seen through external relationships but there's more going on inside. Zoom in to the map and lift the lid on your company, what core activities does your model rely on? Where have you invested most resources? What strengths give you most leverage? Apple's success, for example, is built on design and marketing.

By the time you've finished the process of discussing, clarifying and writing down your Focus you'll be able to describe your business in less than five minutes and at a level of detail that opens up discussions with customers, owners, partners or investors.

Even more important, you'll tighten your thinking and get everyone pointing in the same direction.

Strategy
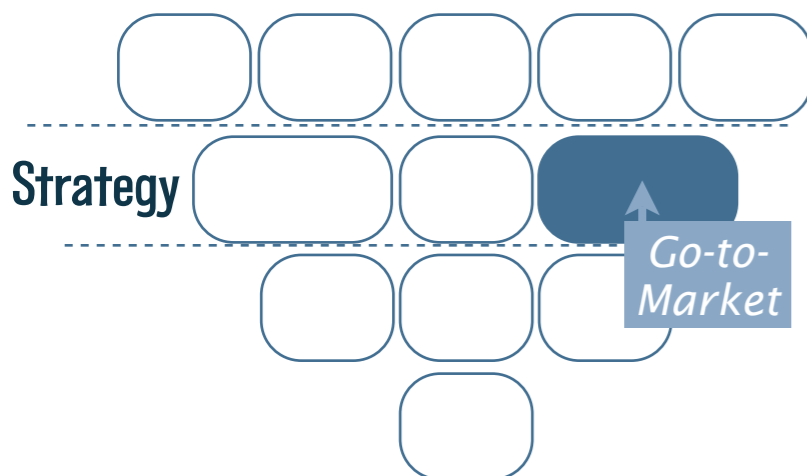
Go-to-Market

Go-to-Market Strategy – How Do We Take Our Product To Market?

Now it's time to turn concepts into plans and lay out the route you think you'll take to make things happen.

Every successful strategy is partly intentional (which takes clarity) and partly discovered (which takes flexibility). You need a hypothesis – knowing what we know now, this is how we think things will work – that you'll adjust whenever things go better, worse or just different than expected. The key is keeping everyone on the

same page with unambiguous answers to each part of the plan, even when you're not sure, and especially when something changes.

The problem of course is the number of moving parts. Let's break down the go-to-market question – *How* will these *people* take this *product* to this *market*? – by taking each of the four components in reverse order:

What is your target market? We've already talked about target customers and end users as individuals who have jobs that need doing. Markets, on the other hand, are made of groups of these people who have enough in common that the same product and marketing approach appeals to all of them.
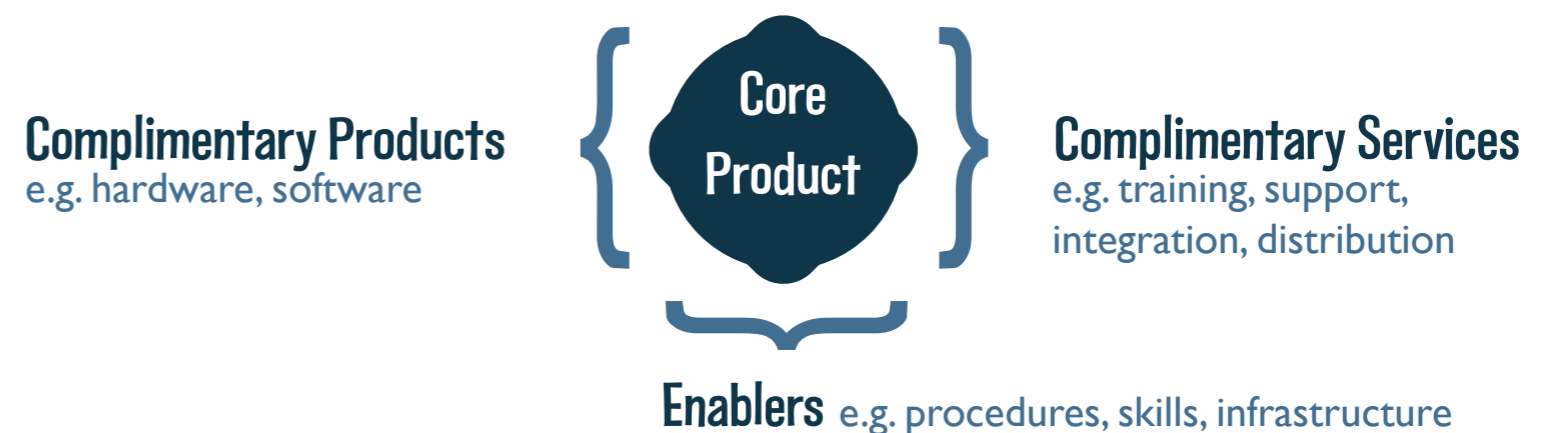
An ideal market is a *sufficiently large* group of people who all have an *agenda* and a *budget* to do a *known job* but have *failed to deal with it adequately*.
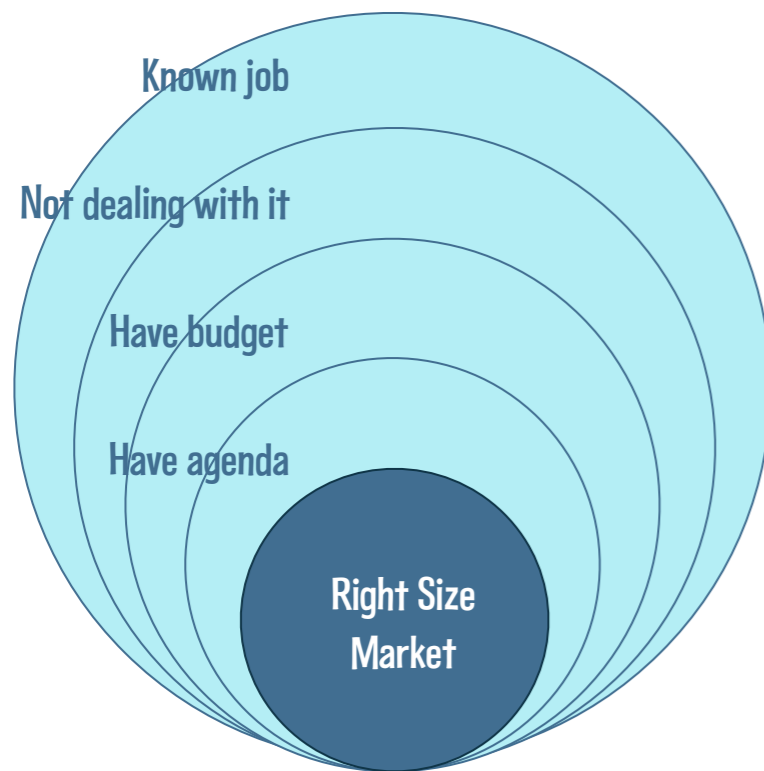
★ **Known job** – if they don't recognise a job that needs doing you face a long and probably expensive battle to educate them before they'll even listen to your story.

★ **Failed to deal with it adequately** – happy markets are difficult to break in to. Are you sure the pain you described in Focus is great enough to give them a compelling reason to consider your ideas?

★ **Budget** – they must have or be able to get hold of the money. What pot are you targeting?

★ **Agenda** – it has to be something they care about enough that they're *actively trying* to do something about it right now. What agenda are you playing to?

★ **Sufficiently large** – but not too big. Your pond should be big enough to support you but small enough to dominate. What is your market, how many customers are there, where are they, how do your sales channels communicate with them, who are the buyers?

Known job

Not dealing with it

Have budget

Have agenda

Right Size Market

What "total package" will do the job brilliantly? As I said at the beginning of this section, products that completely fulfil their marketing promise are a rare breed. Why? Most companies consider their products in isolation and simply assume the customer will happily jump through whatever hoops are necessary to get it to do the job-that-needs-doing.

Skippy companies take that burden on themselves. They see their product sitting in a wider ecosystem of complimentary products, services and enablers that all have to be in place and working well if their product is to play its part in helping the customer do their job-that-needs-doing pain free. It's a difference of perspective, customer-centric rather than product-centric.

Complimentary Products
e.g. hardware, software

Core Product

Complimentary Services
e.g. training, support, integration, distribution

Enablers e.g. procedures, skills, infrastructure

Use an "after" version of the day-in-the-life scenario to figure out the total solution customers need in terms of the products, services and enablers.

Start with your own product and work outwards: How is your magic source brought to life, *what features will deliver the promise*? What part of the total package does your core product deliver, what else are you responsible for, and what can you do to get your allies, partners or customers to provide the rest?

Google turned their clever search ranking idea into an algorithm and then into a fully fledged search engine for better quicker results. Their product has a simple and

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playful interface that loads fast and delivers lightening results. There's a lot of hardware behind their software, they work on access to content, and they need connectivity.

Who's on your team? It's no good coming up with a winning product and plan if the people involved aren't capable of executing. Who, both inside and outside your organisation, is on your team?

Working from the list of features you just uncovered, build up an extended org' chart with names and responsibilities. Who is working on the core product and service features, which allies and partners will do what, what are your distribution channels, who is bringing them on board and making sure they're successful? In other words, now you all know where you're going, who is responsible for each part of the journey?

If your distribution plan includes middlemen between you and your customer, make sure you only work with companies who care as much about the success of your end user as you do, and even then only if they're totally committed (rather than merely interested).

What's your positioning story? Let's assume for a moment that everyone is on track, pulling together, and your proposition is at the centre of an ecosystem that helps your users do the job-that-needs-doing. If you build it they will come, right? Maybe, but maybe not, and probably not as quickly as you'd like. At some point (today) you have to start telling people about what you're doing – which means marketing.

All of marketing is about getting a short cut to a short list, and the best place to be is inside a customer's head on a short list of one, occupying the undisputed position of "best buy for that kind of thing". The enemy is mixed messages. The answer is to define, in three dimensions, the point where you are the best buy –

where *market need* meets *product offer* and *unique solution* – and use all your communications to reinforce this single position.

★ Market – target users

★ Need – job-to-be-done

★ Product – what's-in-the-box

★ Offer – result of product

Need

Product

★ Unique – how you bring magic to life

Solution

For instance, this one is obvious:

★ **Market** – You know how internet users

★ **Need** – need to find stuff without wasting time?

★ **Product** – Well, our search engine

★ **Offer** – lets them get back to using information rather than hunting for it.

★ **Unique** – We put the most relevant results at the top of the page, lightening fast.

Here's another:

★ **Market** – You know how large company IT compliance managers

★ **Need** – are unhappy that as soon as staff walk out of the building they leave the firewall behind and open themselves and the company to all the risks their firewall systems were designed to protect against.

★ **Product** – Well, our mobile internet filtering service

★ **Offer** – lets compliance managers wrap external devices in internal policies.

★ **Unique** – We work with the network operators and ensure total IT compliance.

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When you tell your story like this, anyone with even a passing knowledge of your subject should start nodding their head and ask, "How do you do that?" If you answer with a convincing reason to believe, by the end of the conversation they'll have you labelled in their mind as "best buy" for your kind of product.

Design all your communications to support your positioning.

How will you organise to make it all happen? As you work through markets, products and people it's likely you'll come up with some answers that are more "how you'd like things to be" than "how they are now".

What's your plan for closing the gaps?

1 *Name your plan.* Nothing fancy, just something obvious that can act as a rallying cry throughout the period that it covers and that serves as a thematic goal to organise everything else. Something that challenges your team to bring all their talents to the table and prioritise to hit the goal.

For instance, a new product team might build a three month Get Set or First Contact plan, and then a one year Credible Threat or Becoming Top Two. If every member of your team can reasonably answer the question, "What are you working on?" with the same, "I'm working on *[rallying call]*", then you've probably got everybody working on a common cause.

2 *Decision time.* What are the load bearing walls that you need to put in place before you get your thematic goal?

Load bearing walls are *qualitative* strategic imperatives, the chunky lumpy stuff of infrastructure or organisational development. You can't do everything so prioritise only four or five imperatives that will make the biggest difference.

Like build the website, re-brand, sign a charter customer, hire a C-level operations person, set-up an accreditation program, get distribution in Europe.

The point is to set out an action framework that you can manage against. Beware of "we've done it" syndrome, when you've put the load bearing walls in place and completed the strategic imperatives, return to step one and come up with a new rallying call if you want to keep moving forward.

If you're working on something small or very new, it's likely that the wavelength of your goals will be quite short – new products, new markets or start-ups might have a series of 100 day goals. But as we'll see in Section 3, on company building, the wavelength of an organisational strategy might easily be five or more years.

3 *Measure for success*. Look for five or six ongoing *quantitative* measures that you'll always monitor and can act as a litmus test to the success or otherwise of your strategy. Try to find a few magic numbers that show you how things are going from a subjective viewpoint – like revenue, net promoter score, market share, profit, utilisation.

Strategy
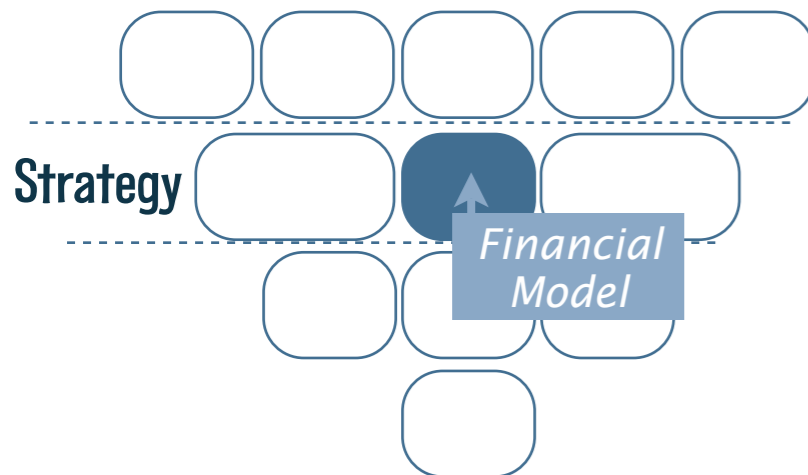
Financial Model

Financial Model – How Does Money Really Work Around Here?

When you strip it back to the bone, your go-to-market strategy makes clear cut choices about how you intend to compete. The harsh truth is that you only get to stay in the game if you make more money than you spend and can generate enough cash to keep things moving.

A financial model lets you see how the game works as you clarify the *relationship* between how you *spend* money and how you *make* it. A good model helps you analyse options, poke at assumptions and makes for informed choices – how much stock, what price, how fast can we grow, do we need more capital, what if we're wrong about this, what about that, how much will it cost to …?

How do you make money? Push for complete clarity within the team about all the types of revenue you have and when they come on line. This can

be more difficult than it seems, especially for a complex proposition.

Price is the most obvious variable but there's often a range of views on how to charge, when you'll launch and how long your product will take to hit its stride. Don't try to kill differences of opinion, but use them to mine for every assumption and get the spreads into the model.

How do you spend money? This should be easy. The major categories to consider are usually people, assets, marketing, running expenses, and all the variable costs that are involved in servicing a sale or a customer.

Don't fall into the trap of looking at last years actuals and adding a growth percentage. Try to pin every number in the budget to a specific objective. Make sure you include whatever costs it will take to build the load bearing walls in your plan and remember to set targets for each of your success measures.

How is everything related? The real magic in a model is in the relationship between the answers to questions one and two. The weakest models I've seen are all lacking on this point with no explicit link between marketing activity and sales, for instance, or where an increase in customers has no impact on variable costs. Almost everything is related – dig for the links and work them into the model.

Build from the "bottom up" – we have three sales people (assumption) who each make four calls a day (assumption) with a 15% conversion rate (assumption) at an average order value of £1,000 (assumption).

Use real numbers wherever you can but don't be afraid to put dummy numbers in as starting points – the cost of office space should be pretty easy to work out for example, but many assumptions are difficult to pin down in a low-data environment like a new product – just start the discussion with your best guess. And discuss you must. Is this how our business works? What about that 15% conversion rate? Can we really collect our payments in the second month after shipping?

Work it out with the team – it's likely to be an iterative process and it will probably need quite a bit of metal bashing. Eventually, you'll have a model that reflects the collective view of "how this business works". Still full of assumptions, but they'll be shared assumptions, something to manage as you go into action.

Action

Keeping Score = *Keeping Promises* = *Making Promises*
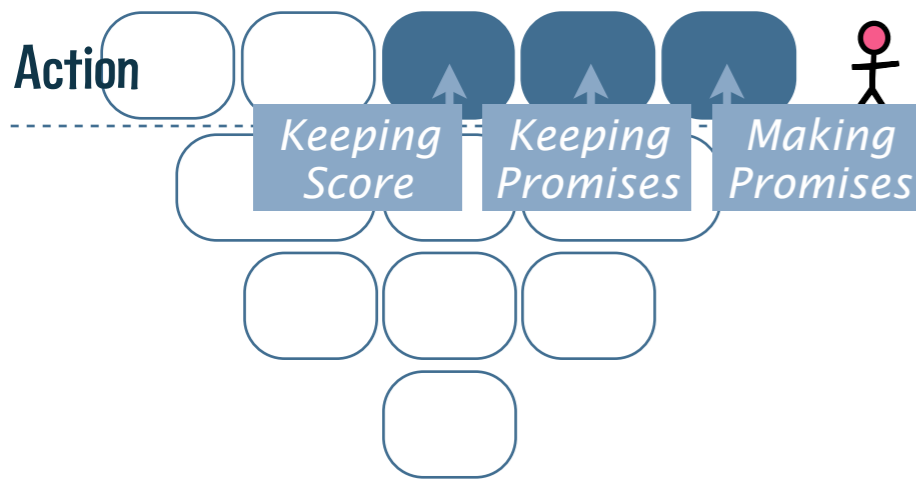
Action – How Will We Turn Words Into Action?

You should be able to complete the thinking layers in only a few days, maybe a little longer if you need to do much research or have to work up a complex financial model. In fact, if you research and prepare models in advance, it's normally possible to bring your team together and complete the go-to-market planning process in a two-day offsite meeting.

But remember, every strategic plan is only a hypothesis. As I said at the beginning of go-to-market, every successful strategy is part intention (which takes clarity) and part discovery (which takes flexibility).

Clarity comes from strategic planning, but flexibility only comes if you create a culture of trust and commitment that motivates your team to deliver to the spirit of the plan, not just to the letter.

A great start to building that culture is to explain the strategy to everyone involved in carrying it out. Practically, that means a short presentation with an open ended Q&A where everyone is encouraged to ask as many questions as they need to fully understand the decisions so far and the thinking behind them.

But the most important step is to involve people on the front line in working out how to turn the fine intentions of the strategy into operational reality.

I'm not suggesting management by committee – someone always has to make final decisions – but an honest and open process that makes people feel valued and responsible will create buy-in and commitment from the start.

There are two parts to an operating plan and everyone should contribute: making the strategy real, and nailing down the numbers.

How will you hit your objectives? For example, let's say the "Get Set" plan for your new technology product includes the strategic imperative to "build our profile in the market".

How will you do that? It's a simple question that the team should turn into a straightforward plan that covers who will do the work, what they'll do, the costs involved, the infrastructure they need, and how they'll measure results.

Work through each strategic imperative and success target in the same way until you have an action plan that you think will take you to your goals.

The first job of any leader is getting the right people in the right place. Which really means getting **people who can make things happen**? Who will take on marketing, communication, finance? Who will drive the major projects?

What about the numbers? As you develop the plan, make sure to push for greater clarity on the assumptions and targets that you set out in your financial model. As you get more detail make sure to feed it back into the financial model, replacing assumptions with actuals whenever you can, and letting the model evolve when it makes sense.

Building operating plans and budgets like this can take a few passes but the effort is worth it. As soon as you're happy with the balance between costs, objectives, and available cash, hit Save, and get on with the day-to-day process of running the business and managing what you measure.

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The Go-To-Market Building Blocks In Brief

★ **Your target customers**

Who are the end users, what job do they need to get done, what is their pain?

★ **How you make their life easier**

What's in the box, what result do you offer, what's the source of your magic?

★ **How your business works**

Where do you fit, how does money flow, what's your formula for success?

★ **How you take your product to market**

What is your target market, what "total package" will do the job brilliantly, who is on your team, what's your positioning story, how will you organise to make it all happen?

★ **How money really works around here**

How do you make money, how do you spend money, how are the two related?

★ **How you turn words into action**

How will you hit your objectives, what about the numbers? And super important … who is responsible?

Section 3

Building a Company that Staff and Owners Love

In the last section I argued that customers love those rare products that make them successful and that completely and brilliantly fulfil their marketing promise every time.

It's exactly the same for people inside the company. Owners and staff, including leaders and managers, love companies that promise to make them personally successful and then live up to the fine words. The reward: staff invest their energy and enthusiasm – measured in units of time, effort and creativity – and owners put their money and support behind the management team.

Let's be frank, most people think all those *mission statements* in *fancy frames* at corporate headquarters are *just so much junk*.

The big idea for building companies like these is to treat the company like a product. Set out a picture of success (the job that needs doing) that motivates staff and owners alike, and then organise to make it happen.

This section is about uncovering that picture so your insiders know what they're shooting for and have a clear idea of what success looks like, both organisationally and personally. These can be some of the most energising or difficult conversations a leader and team can have. Either way, getting through the process results in a deep seated clarity and cohesion that is worth the effort.

It starts with a clear set of *beliefs* that anchor the company to solid bedrock, next comes the *vision* of the company you're trying to build, then a *plan* for transforming the organisation you have into the one you want.

★ Beliefs – Who we are and what makes us tick

★ Vision – Our picture of the future

★ Organisation – Our best guess at a winning formula
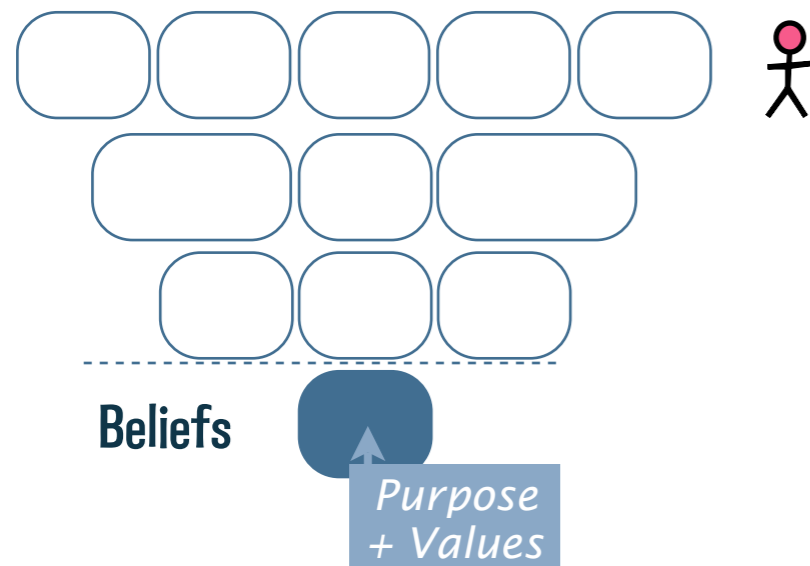
BELIEFS – WHO ARE WE AND WHAT MAKES US TICK?

Let's be frank, most people think all those Mission Statements in fancy frames at corporate headquarters, Purpose handouts given to new recruits, and lists of values in annual reports are just so much junk.

And most of the time they're right. Nearly all attempts end up as fine sounding but boring drivel, nothing more than a Chairman's rose-tinted fantasy and a cynics' charter. So derided are they in fact that around 80% of companies don't even bother, (and most of the others have wasted their time).

Why then do so many commentators think this stuff is important? Because every now and again you come across an organisation that seems to have a clear and honest idea of itself. Almost as soon as you walk in the door you notice something different, a confidence and clarity of effort. Is it coincidence these companies are more skippy, recognised as leaders in their market, and featured in lists of "best companies to work for"?

So, for the 20% that think this stuff is worth putting the effort into, (and I'm one of them) let's nail straight away the most common problem that afflicts most of the "unhelpful" mission/purpose/values statements out there – they are lies.

If you want to join everyone in your organisation with a single thread, if you think it

Beliefs

Purpose + Values

might help to have you and your team working together for a common cause, you have to speak the truth. Whether it's a beautiful first day of a new venture or a turn around for a centuries old institution, uncovering the eternal beliefs of an organisation should be treated as an *act of discovery, not creativity*.

The next trap companies often fall into is to list out long, boring and forgettable statements about "delivering superior quality products and dedicated to serving our customers through leadership and partnership blah, blah, blah".

At best they're lists of nice-to-haves disguised as objectives, at worst they're management-speak gobbledegook that make you doubt the management team.

An organisations' beliefs are built on its Purpose and Values.

What is your business all about? Call it what you like; purpose, mission, its reason for being, the difference it makes in the world. Whatever you use, (I'm using Purpose from now on), this is the "Why" of your organisation.

Purpose should be short and inspiring. Find the job that your company has always done, but will never <u>be</u> done.

Write it in this space: _____

Remember the Olympics example from the first section and imagine a hundred years have slipped by. Can you imagine a time when an organisation built on *improving the world through sport* will fail to inspire or run out of reasons to exist? Short, inspiring, never done.

What about companies built on *enabling care*, or *organising the world's information*? Short, inspiring, never done.

Expose the central ideal. The one thing that was always and will always be woven into everything you do – not a marketing tag line, not something for external consumption at all. Just some truth that speaks of the eternal need for your

organisation. Punchy enough to inspire but too short to prescribe a specific goal or strategy. Goals and strategy come <u>from</u> Purpose, they're not substitutes for it.

One final note on Purpose; this is not a word-smithing exercise. Whilst it's a good idea to agree a single phrase that everyone is comfortable using, don't imagine that the actual words are set in stone, just the sentiment.
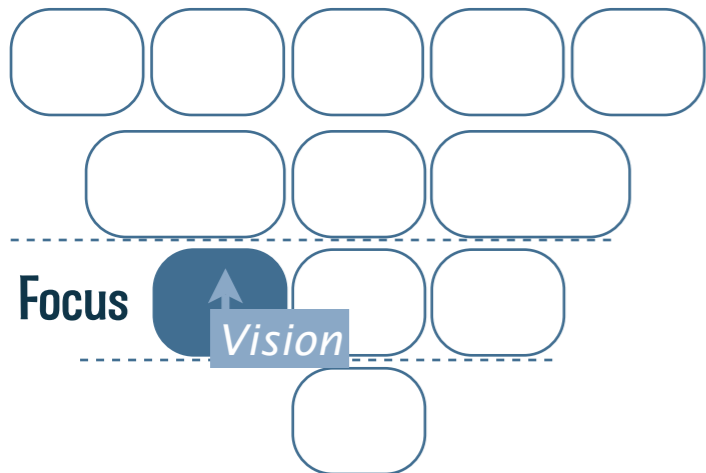
How do you make judgement calls? Is safety more important than profit? Given the choice between buying portable defibrillators or keeping the cash, what would you do? If you run an airline or a theme park, safety first, right? But what if you run an investment bank?

Judgement calls like these ask you to prioritise values. Not whether you value profit OR safety, everybody wants both, but which one does your organisation put above the other.

Few decisions are as stark as whether or not to invest in defibrillators but every business has to make its own kind of trade-offs every day – when setting goals, allocating resources, hiring people, forming policies or making the host of choices that make up day-to-day management life.

How do you want your team to make choices like these? What are the most important values in your decision making rule book?

★ **Prioritise them** – to let people know how you want them to make trade-offs.

★ **Set a limit of five** – a long list of values describes niceness but it's about as useful as a dictionary for making decisions.

★ **Talk about success** – nobody believes you if you don't mention money (or a not-for-profit's equivalent).

★ **Communicate with stories** – a list of values is good, but stories that demonstrate them are better.

Having taken the time to get specific, it's important to lay them out so everyone knows what's expected and can live by them every day. As a leader you should then take every opportunity to highlight founder, customer and staff stories that show the values in action.

Vision – What's Our Picture Of The Future?

If Beliefs are the eternal truths of an organisation, then Vision is its aspiration for how the future could look. Not a dry and dusty vision statement but a goal, something to shoot for, a clear idea of the kind of company you'd build if you could catch a following wind and overcome all the obstacles and distractions along the way.

With a natural wavelength of 10 to 25 years, Vision forces you to shift up a gear, think in the long-term, and get creative.

> *"This nation should dedicate itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to earth."*

At the time John F Kennedy made his speech in 1961, NASA had one 15 minute space flight to its name. The big picture was clear but there were a few unknowns involved, not least the question of exactly how to get to, orbit around, land on, live on, take off, and return safely from the moon. The answer involved a very different organisation with new people, materials, fuels, engines, vehicles, computers and systems. New everything then, and all "before this decade is out" please.

Nobody knew exactly how to do it, but the people advising Kennedy believed it could be done. Vision isn't about impossible dreams, it's about clear headed, time bound, just-about-possible goals that can galvanise and inspire the whole organisation.

Vision, the ultimate benchmark of organisational success, breaks down into two parts; the goal you're shooting for and what life will look like when you get there.

Focus

Vision

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Big picture, what goal are you shooting for? Not all of us get to go to the moon, but every organisation can be brought together around a single, compelling goal. What's yours, and how will you know when you cross the finish line?

★ A start-up with the goal to eliminate administration for every nurse in the UK.

★ A technology company whose rallying cry is Kill Bill. Not a person, but the 800 pound gorilla in their market.

★ A division in a much larger company wants to be the role model for how to run a business in the group, and become the one place where everyone in the company wants to work. This from a start point of being deadbeats at the end of a dark corridor where nobody wants to walk.

★ A software company determined to be the world leader in their market within 10 years, which means going from one customer to one thousand.

It doesn't matter whether you choose a quantitative or qualitative goal, just that it's simple enough for everyone who hears it to "see it" within a few seconds and "get it" within five minutes of conversation.

Coming up with a compelling vision is often a messy process that puts head and heart in play. The challenge is to be ambitious enough to force the kind of discomfort that gets people thinking about what they'll have to change to pull it off, but not so outrageous they can ignore the whole idea as wishful thinking.

Setting a direction that could last a generation is important stuff that can take anything from hours to months depending on the levels of urgency, trust and teamwork you start with, and how many feet of analysis you need to convince yourselves where to set the compass.

More important than how long it takes though is that you end up with a genuine sense of belief, an understanding if you like, that even though it will be hard, you

can, maybe, just about, pull it off.

Paint a clear picture of what your goal actually means and what it will demand of the company. For example, if you're goal is to become the leader in your market, what does that mean? A leader in revenue, profit, unsolicited job applications, innovation, patents? Will you have to attract a different kind of employee, what will you do for them?

What does it look like? As you discuss goals, try to picture the organisation you'd build in the process.

What would it look like? Something just like today but with different products and staff, or a larger company serving many markets, leading the pack as it takes on all comers? What kind of people would work there? Do you have any metrics in mind? What will customers and industry peers say about your products and your company?

As ever, you're looking to be clear enough so everyone knows where they stand but open ended enough for creativity and flexibility to flow.

Setting out your beliefs and vision may take some time to nail but it shouldn't produce pages and pages of output. In fact, everything in this section so far should happily fit onto one side of paper.

Beliefs (Truth – Eternal)		*Vision* (Aspirations – 10-25 years)	
Purpose • Just a few words		**Big Picture** • One or two sentences	
Values • Four or five, with stories		**What it looks like** • Four or five paragraphs	

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Let's just check where we're up to. Building a company that staff and owners love means treating the company as a product and making sure its "users" are successful.

The bedrock is a system of beliefs everybody inside the company should live by, and the foundations are a vision of success they can work towards.

So far so good, but beliefs and vision have very long wavelengths. I don't think I'm the only one who can't tell you exactly what they'll be up to five years from now, let alone in fifteen or twenty-five years. To get out of bed every morning and feel like we're making progress, being successful, most of us need something that works on a more human time scale. Two or three years maybe.

Organisation Strategy – What's Our Best Guess At A Winning Formula?

Boiled down to its essence, strategy is simply about resource allocation. "We'll spend our time, talent and money on these things because we think they add up to a winning formula."

Put like that, strategy is about making clear choices on what you'll do in the next two or three years that you think will make you successful in the short term and move you towards your long-term vision.

The process of working out your overriding organisational strategy involves a certain amount of dog work and debate but, despite what all the books and MBA courses might have you believe, it's not difficult. Don't be tempted to over-strategise, over-complicate or over-analyse, and keep as far away as you can from clever charts and wads of theory.

All you need are some clear answers to a single question. What are you going to do – start doing, stop doing, continue with or change – that will take you closer to your vision and build your business?

Strategy

Organisation

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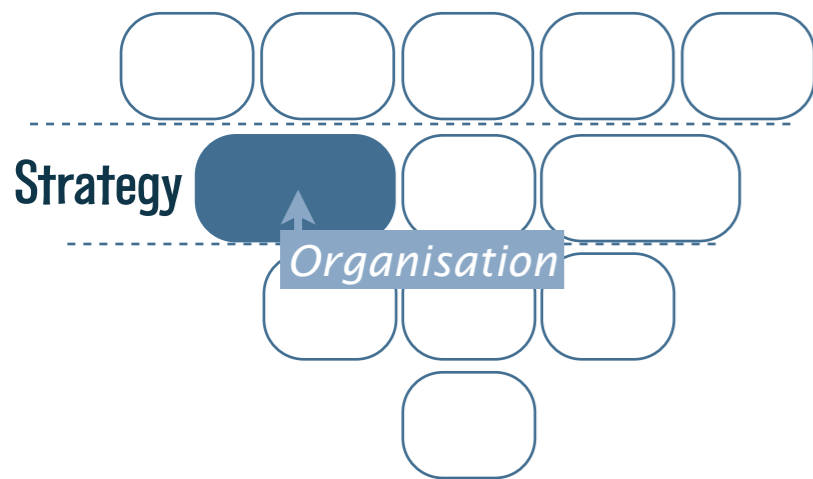
The Strategy Making Process is an iterative game than can run anything from two days to a month.

I'm a big fan of the two day offsite, but whether you go fast or slow, you should build your strategy by following a pretty standard three part pattern.

Preparation is key. Before the first meeting, ask everyone to think about one or two questions that the company is wrestling with and to ready themselves with a short presentation designed to open up the discussion on one of the Making Sense topics below.

1 Make sure you know where you're heading

2 Make sense of where you are now

This is the where those short presentations come in handy. Ask one person to take point on each topic.

Push for open inquiry and lively debate.

Don't allow "happy talk".

Do ask, "Why do you say that?"

This is not about winning arguments or scoring points.

★ **Our vision** – try to ensure everyone is clear about the company's overriding direction and vision and that they're committed to doing whatever it takes to turn the vision into reality. If you haven't sorted this out yet, now is the time.

★ **What's going on in our world?** – It's a big world out there and you need to get a good feel for what's going on. Bring the outside in, with as much clarity and candour as you can muster.

★ What *markets* are you in or are moving into, how large are they, how well are you penetrated? Are your markets growing, shrinking, stable or dying? What segments are growing at different rates?

★ Who are your *competitors and substitutes*, what are they good at and where are they weak, what have they been up to in the last year? How are they different from you in terms of products, people, positioning and performance?

★ What industry, social, political, economic, regulatory or technology *trends* are mixing things up or changing the game?

★ What are your customers saying about what you do and how you could help them more? Invite some customers, rely on surveys, or use a specialist to bring the *voice of the customer* into the room. However you do it, make sure you get a clear picture of your customers' needs and state of mind.

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★ **What's going on around here?** – Life inside any organisation can be pretty full on and it's easy to lose sight of the important issues. Try to cut through the day-to-day noise and find some perspective on the reality inside your company.

★ What have you been spending your time and money on? What *innovations* or new ideas have you brought to the table? Have you launched a new product, invested in new equipment, brought new skills into the company? What have you done to break the mold?

★ In the same way you did with competitors, ask, what are you *good at* and where are you weak? This can be a difficult assessment from the inside but it's vital if you're to build on strengths and minimise weaknesses. Fill in the gaps by asking some trusted outsiders like key customers, advisers, and new recruits.

★ What have you got going for you, what gives you an *edge*? Do you have any winning intellectual property, cracking products, access to cash, superstar people, important partnerships?

★ What have you been wrestling with and what are you *missing*? Delayed products, skill shortages, decisions left hanging. There are always some fundamental issues that never seem to be resolved. Give everyone the chance to put them on the table. Be honest.

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3 Make decisions about what comes next

This is the where you make clear choices about what you intend to do over the next two-to-five years.

What will you start doing, stop doing, keep doing or change that will keep you on track as you build towards your vision?

★ **What's our winning formula?** – The last step is setting out your strategy – as much about what you won't do as what you will. Aim for a logical, first-level-of-detail plan for where and how you intend to compete in the next few years.

What groups of *customers* will you continue to work for? Which new market segments will you enter? What needs will you start tapping in to or leave to the competition?

E.g. We remain committed to higher end road bikers and will enter the equivalent triathlon market this year. We will launch into two European markets in 2011.

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Making Promises

How will you talk to your customers and what *products* will you offer? How will you position the company? Will you make any changes in product line or mix? What kind of products does your vision suggest you make?

E.g. We will continue to offer custom built titanium frame bikes. We will introduce a triathlon specific frame in February. We will get PR by sponsoring a team of "everyman" age group triathletes, chosen and profiled through a leading triathlon magazine.

Keeping Promises

How will your *operations* live up to your promises? How will you produce your products? What standards will you work to and how will you distribute?

E.g. We will continue to manufacture in-house and sell through specialist bike shops whilst working direct with end users to make their bike bespoke. We will seek out and support innovative component manufacturers.

Keeping Score

What *measures and management systems* will you use to keep an eye on the company's performance as a whole? What critical numbers form your early warning system?

E.g. Our revenue will grow 25% year on year. Margins will drop to 20% this year but we'll get back to 30% after that. We will self fund through sales.

Supporting Them All

What *people, processes and things* are needed to support and build your operations? Are there any critical hires you need to make?

E.g. We'll continue to hire people who feel the passion and panache of cycling. We will rework our website to allow customers to see options and configure their own bike. We need a senior designer and two new frame builders.

Improving Them All

How will you *strengthen the organisation* and make sure it continues to develop?

E.g. We will look into new workflows to reduce build times by 50%. We will continue to invest in ongoing training for every member of the team in every job.

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★ **What are our priorities?** – Decide on four or five key priorities for the next period. Pick out a few strategic imperatives that you simply must deal with to make sure you're on the right track.

E.g. Appoint a new head of marketing. Launch new website in June. Sign up a magazine to partner on the "everyman" team.

Financial Model

How will we pay for it? – The last step is to plumb all the changes into your financial model so you can see how it affects cash flow and funding.

E.g. The shift from exhibitions to sponsorship releases 50,000 back to the budget.

The output of the process should be a "best guess" that runs to no more than three or four pages. It should push the organisation towards its vision, allows flexibility in the face of changing conditions, and build strengths and resources that convert into competitive advantage.

Every plan is a pathfinder. To make a difference, so you truly stay on track and get closer to your vision, you have to use it. And in skippy companies that means using it every day, all the time.
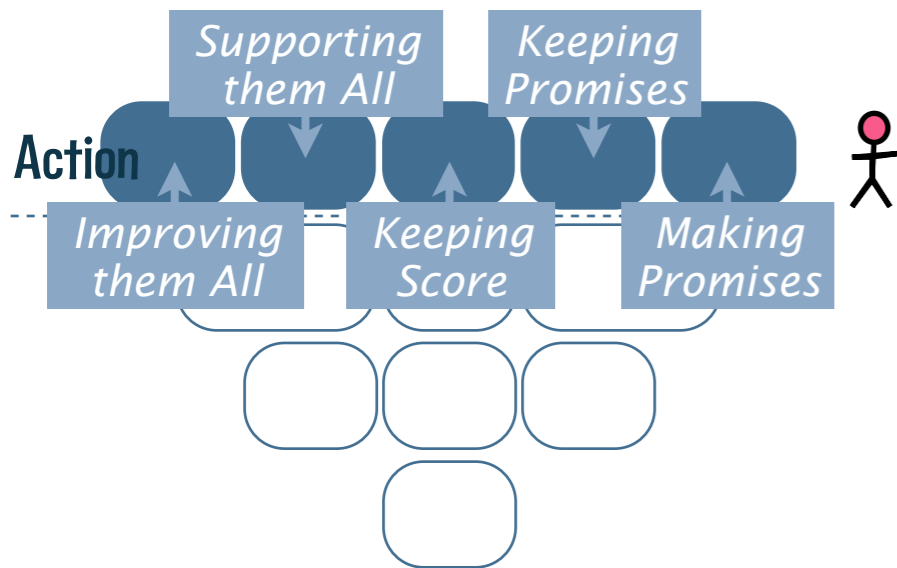
Action – Clarity And Flexibility, Communication And Execution

Just as beliefs and vision are the foundation of the strategy, so strategy should now be used to underpin department and personal plans, to set goals, hire people, choose milestones, to help run meetings, and all of a hundred other things that get you through the year in better shape.

Everything that happens in the company should fit within bounds of the plan. In fact, everybody in the company should be able to say exactly where they fit into the strategy and how, right now, they're contributing to long-term success.

This means that having gone through the strategy making process, you and the

Action

Supporting them All

Keeping Promises

Improving them All

Keeping Score

Making Promises

rest of the leadership team should spend almost all your time communicating and executing which is the subject of my second report: Leadership and Management in the Pursuit of Skippiness, which you can download here:

http://shearinglayers.com/leadershipebook

and you can subscribe to the *Shearing Layers* leadership blog at:

http://shearinglayers.com/newsletter

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THE COMPANY BUILDING BLOCKS IN BRIEF

★ **Your beliefs**

What is your business about and how do you make judgement calls?

★ **Your picture of the future**

What's the big picture, what does it look like and what goals are you shooting for?

★ **Your best guess at a winning formula**

What's your strategy for customers, products, operations, management, support and innovation? What are you priorities and how will you fund things?

★ **Turning words into action**

How will you build the strategy into the day-to-day of running your business?

Last Words

In the end, building skippy products and businesses that customers, staff and owners love means getting an lot of things right, all at the same time. There are so many choices to make and distractions along the way that it's almost a miracle that any company raises its head.

Money helps. It pays for time and buys you out of mistakes. But ambition and determination will point your feet in the right direction and clarity and flexibility will take you on your way.

Nothing about the process is particularly difficult on its own. The hardest part might just be committing to the path in the first place.

If you want to declare you own commitment, or give me feedback of any kind, then please take a moment to post your thoughts to my blog:
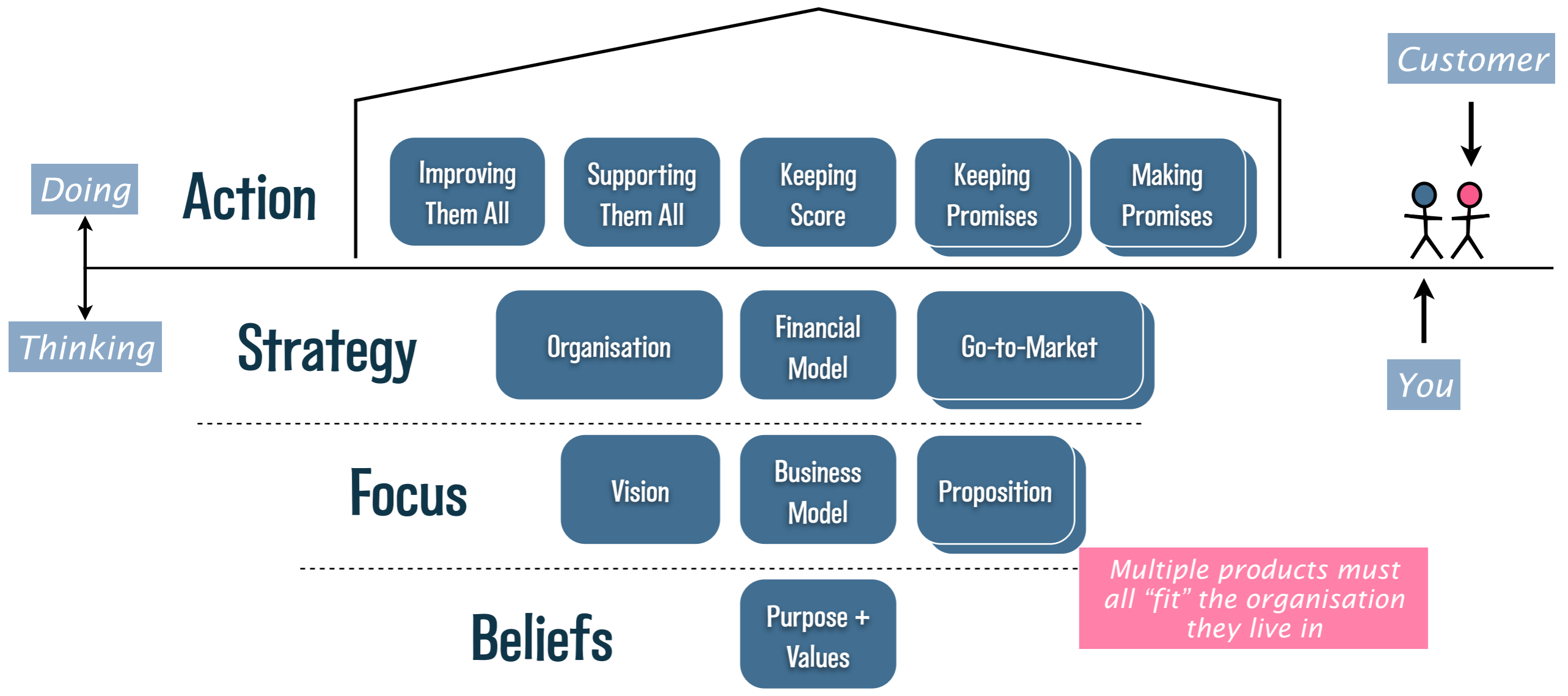
http://shearinglayers.com/skip-to-market-manifesto

or send me an email:

nick@shearinglayers.com

Skip to market …

Nick

The Layers Framework

Action — Improving Them All | Supporting Them All | Keeping Score | Keeping Promises | Making Promises

Strategy — Organisation | Financial Model | Go-to-Market

Focus — Vision | Business Model | Proposition

Beliefs — Purpose + Values

Doing

Thinking

Customer

You

Multiple products must all "fit" the organisation they live in

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About Nick Shepheard

I'm on a life long mission to understand the business of business and I've never met a concept or whiteboard I didn't want to introduce to each other.

I write the *Shearing Layers* blog and work with leaders and teams in small and mid-sized companies to build clarity, cohesion, commitment and action into their business development projects like strategy, new markets, and growth.

I cut my management teeth with information giants Dun & Bradstreet and Reed Elsevier before starting my second life as an outsider. Prior to Shearing Layers, I ran the world's oldest newspaper, consulted and interimed in the web and technology worlds and set up a market development company – all based on the principles I've talked about here.

I eat, sleep and breathe business and market development and I love hearing stories so please get in touch. You can visit, comment and subscribe to my blog which you'll find at *shearinglayers.com*, (I'll be your friend for life) or email me:

nick@shearinglayers.com.

I promise to reply with a skip.

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What this means