



A simple strategy for success

In crafting strategy it is all too easy to get caught up in complexity and lose the simple essence of what makes a business tick. Too many feel that if a strategy is not clever and somewhat complex, that it must not be good. But, quite to the contrary, the best strategies tend to be "boiled down" or simplified to their essence.

A simple strategy is easy to communicate, easy for all to understand, and therefore easy to put into action. When the strategy is simple and clear, the company leaders can deliver and reinforce the message in a passing hallway conversation, dozens of times each day. A strategy distilled to this level becomes a beacon that lights a path through the clutter of conflicting priorities.

Everyone in the company learns the strategy and can align their efforts to support it. The more simple and tangible the understanding of what it takes to make profit, the easier it is to manage and communicate.

Creating such a simple, boiled down strategy is not easy to do. It often takes several years of thoughtful discussions about focus and competencies to bring a team to consensus as to a model that will profitably drive a business forward in their unique competitive environment. One of the simplest expressions of a company's strategy is to identify the single most important "profit factor" for your business:

When creating strategy, don't make it too complex. Distill it down to the essence of what drives profits in your business. A crystal clear understanding of how you make money, allows you to communicate strategy easily and effectively. Work to identify a simple model that captures how you repeatedly generate profits in your business. Avoid getting caught up in dozens of metrics and all kinds of reports. While these have their place and may be useful for analysis, the ability for the management team to focus on a simple model that drives profit is critical.

Businesses that have a good understanding of "what makes them tick" are usually the most profitable and successful businesses.

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