

# HOW DO YOU BUILD A STRATEGIC FRAME?

Crafting a strategic frame requires introspection, creativity, and a profound curiosity about your business and the market in which it competes. Just as a picture frame has four sides, so too does the strategic frame. Once you address each area, you'll have a cohesive playing field on which to focus your business choices as the external environment goes through its machinations and gyrations. For example, outsourcing might have been a valuable proposition for your competitors in the past, but does it make sense in your organization to win in the future? Your strategic frame will help you determine that.

## 01 PURPOSE AND AMBITION = VELOCITY

Evaluating this segment of the frame will define the playing field and the game in which you're competing. What's the point? The purpose is expressed as the "why" of your business — the *raison d'être*. Enterprise purpose is expressed in many ways, some poetic and some pragmatic. Sam Walton's intention to make quality products available to ordinary folks, George Merck's commandment to "bring the best of medicine to each and every person" and Apple's drive to disrupt the status quo are all examples of companies that achieved great success by having a clear understanding of the originating intention of their enterprise.

**AMBITION** is how you define winning in the next leg of your enterprise journey. Firms often pick a five-year horizon, although I have seen ambitions expressed as far out as 20 years. What

ambition is worthy of our resources? Measurable outcomes are imperative. They may be financial, related to the organization's size and sales figures, global reach, brand influence, customer segments and impact, or something else altogether. One food company expressed their ambition in terms of a number of occasions consumers eat their products in one day. Taking that ambition and calculating the population in their segments, the occasions, etc. they arrived at a five-year gross revenue number target. However, the execution attention, the firm's "North Star" is now aimed at having a portfolio of products that captured the desired number of eating occasions. Any changes in the market space are evaluated in the context of the purpose and ambition.

## 02 STAKEHOLDER COMMITMENTS

When an enterprise fails to satisfy its key stakeholders, its existence becomes jeopardized. It's difficult to meet those expectations if you don't have a firm grasp of *who* your stakeholders are. Ask yourself: Who are our primary stakeholders other than our customers? What promises to them are we unwilling to compromise? Stakeholders may be employees, employee families, shareholders, and in one case, a firm chose to commit to "our grandchildren." Stakeholder commitments are the promises you will keep, no matter what as you are realizing your purpose. You may even retreat from an ambition in order to honor a stakeholder commitment.

## 03 GUIDING BELIEFS

Guiding beliefs are assumptions that govern your decisions. These are not based on predicting the future, but rather identifying threats to overcome and opportunities to exploit in pursuit of your ambition and on the journey of your purpose. This is where you scan the external environment for key trends, movements, and developments in your elected time horizon. It is critical to look at the future in multiple key external domains, such as the future for your industry, business in your key geographies, etc. Consider, too, the futures of your buyers, your industry, your customers, and your competitors. In each domain you examine and research the future — positive and negative, likely or merely possible. Which beliefs are most crucial to your enterprise successfully fulfilling its purpose and ambition? For example: "Proactively anticipate and lead any potential move for consolidation in the relevant value chains" or "That there will continue to be an increase in the use of advanced materials that require hi-temp processing". As you move along in your journey and realize your ambition, these guiding beliefs need to be consistently monitored and adjustments made as reality emerges.

## 04 COMPETITIVE WEAPONS

A competitive weapon is a strategic asset that sets you apart from the field. These are assets that have strategic value and are relatively unique to your organization. To discover them, you'll need to know: Who are our competitors? Who do our customers consider our competitors? What are our assets? What differentiates us from our competitors — assets, talent, intellectual capital, strategic partnerships, etc.? And most importantly, which of these assets are of high value to our customers and unique to us? A \$23B global FMCG company identified one of their weapons as "A global company acting locally." In the crowded market space they played in they realized that they had far surpassed any competitor in their global agility. One other company realized that their "iconic smallness" could actually be a weapon to use against much bigger, and harder to move, competitors. Competitive weapons rank very high on the list of assets that merit further investment. When an unexpected disruption happens in the marketplace, the strategic weapons are most often leveraged as a response.

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#### THE FRAME

Now that you've created the structure — with the inside representing market-facing strategies — undertake all short and midterm strategic decisions within that framework. Developing a set of outcomes will lead you to realizing your purpose and ambitions, leverage your competitive weapons, and help you honor your promises. When market conditions change you'll have a well-defined frame to help you create a new roadmap.