

Strategy, nothing more, nothing less

Origin of strategy

We must look back to antiquity for the origin of the word “strategy” (from the Greek *strategos*, general < *stratos* (army, campaign) + *agein*, to lead). At the start of every military campaign it was decided which strategist would be placed in charge of top command. Such a strategist was called *στρατηγός αυτοκράτωρ*, *strátégos autokrátor*. Although he had to be held to account at the end of the mission or campaign to which he was appointed for his actions, he enjoyed great authority with almost unlimited power during his term in office and scope of his activities...

Strategy and management

Strategy has been making more significant inroads into management since the 1960s with the introduction of certain managerial techniques in corporate practice (SWOT analysis, portfolio matrix and others). Since 1980 strategy has increased in importance due to the rising competition on world markets (M. Porter, Competitive forces). Today strategy is a separate managerial and scientific field which is taught at universities and above all at business schools, and is part of the instruction and training of top managers. Today teachers and students of PhD programmes, strategy consultants and corporate strategists are all engaged in strategy. In pharmaceutical companies the typical job positions responsible for strategy are those of the vice-president for strategy, directors for global strategy within individual segments of global markets and also all top managers on regional and local markets. In other words, tens of hundreds of people in the most important managerial positions are engaged in strategies within one multinational company.

A series of outputs from the field of evidence-based strategy (large management studies and consultation projects) as well as technology and system management processes (Business Intelligence, Market Intelligence, advanced CRM applications) have particularly helped them in their activities in recent years a lot more than natural intuition or special personality prerequisites. The latest publications in the field of strategy clearly stress the system approach (Porter, HBR 2008, Chan, INSEAD, 2006) while the popular strategic management methodologies abundantly applied in most corporations are being shelved.

What is (and is not) strategy?

In the light of current information most managers do not know. This arises from studies about leadership and strategy conducted among the population of European and American managers mostly in cooperation with corporations and consultancy firms. Despite the fact that they all happily talk about strategy and hold countless meetings on the subject, in this case we can state that this concerns ignorant incompetence. It is typical for them to confuse corporate and marketing strategy, to mistake strategy for tactics, marketing mix and very often definitions of market triumphs. Moreover, they use obsolete techniques and tools which served strategists in the “stone age” well but today are a display of past times.

Despite this, there is no point in arguing about what is the sole correct definition of strategy, and agreement can be reached by stating this concerns **a procedural definition of strategic objectives and methods and how to achieve them. This is done by using processes, methodologies and technologies which constantly develop at the time and course of strategy development.**

The fundamental feature of modern strategy is that the strategic objective is not a priori determined, but emerges during the creation of a strategy as its product. This apparently minor difference is of fundamental significance not only to a company's profitability, but also to its constant restructuring and its very ability to achieve its objectives and succeed on markets. All managers and employees are well aware of the situation when somebody upstairs in a more or less unclear manner "spits out" a figure that is to be achieved and then "creative", often almost desperate ways are sought of how to achieve it. In "better" cases primitive methods are applied of the 1960s-1980s: this begins with the SWOT analysis, the meaningless PEST analysis, continuing with procuring rigid indicative or specialised segmentation of clients, invalid and unreliable assessment of a share of voice and hazardous definition of positioning... Everything ends with a plan of a routine marketing mix or marketing plan from which the company will almost always deviate in the very next quarter. Many corporations have bizarre, robust software for this with even more bizarre names (Strategic Planning, Strategist, ...) in view of the fact that this does not concern strategy. Many have nothing and the triad of *attempt- error- drill* is presented as a method by "smart guy" type managers. The result corresponds to the performance of the methodologies today: where there is nothing ...not even the market share grows...or only for a while. Then personnel changes follow and finally the "consultants" are called in to grind everything about again.

Today's strategy and market triumph

We cannot expect a recipe but procedures – procedures which are currently used by companies in cooperation with consultancy centres or universities, testing and gradually improving them. Some then become methodologies or at least recommended procedures (medicine likes to use the expression guidelines). In simple terms and to save space, we will only mention those we consider the most fundamental as future winning strategies of pharmaceutical companies.

- *Corporate boundaries are disappearing, the degree of corporate openness to the outer world and cooperation with external subjects is growing*

Let us say that there is somebody else on the markets on which you operate who knows something you do not and you invite him inside your company. Should the creation of strategy in your company resemble a fortified castle and strategy is created only by the managers within it, wherever it comes from, you will starve or fail.

- *Start to use those products you force on you customers yourselves*

Advise your managers and colleagues to read something about meta-analyses, recommended procedures, evidence-based and value assessments **not in medicine, but in strategy**, or organise a seminar or workshop for them on this subject. You will do more for them and their management development than anyone else.

- *Market Intelligence*

Move from *simplex* to *complex* forms of market work. Intelligent work with the market today functions far more like a *system*, than *systematic* approach which all managers like to enforce because it can be seen. *System* means many things, among these the ability to “handle data”, synthesise market data, create meta-data, interpret them or semi-quantify the qualitative nature of information. It also means the involvement of managers in key sources of information which do not lie inside a company (publication sources, consultancy sources, universities, think tanks). Introduce this and you will not need a marketing plan as you know and laboriously create it. You will also sleep much easier.

- *Trend analysis: not if and why at all, but how?*

Start to really work with trends, it is not enough to talk about them at the start of marketing presentations and then basically ignore them by moving to segmentations or financial data. If you create or adopt a system of work with trends, you will be acclaimed by the next 2-3 generations of managers. If you then introduce a good and simple system which will allow an interconnection of megatrends, metatrends, secondary with primary trends, then process it all and link up to strategy creation, you will also be acclaimed by your financiers because the company will already make money next year.

- *Before you start with the blue ocean, make sure that you are not already drowning in the port*

Do not succumb as strategists do to the introduction of routine procedures and aids where they do not really belong. Today the relatively popular Blue Ocean methodology and many other offered procedures for strategy creation are more suitable in MBA type schools than in practice. Just as SWOT and the BCG matrix (star, cow, cat, dog) were popular once and were greatly introduced by companies, today they are totally ignored. Methodology alone cannot resolve the inability of working comprehensively with market data. Should there be no data from trends or desegmentation principles, for example, in your Blue Ocean-type strategic curve, you will be sending people to the “Titanic”.

- *If your strategy is ready, give notice*

Today’s strategies emerge too dynamically for them to be completed at any time. So the strategy life cycle lasts an infinitely long time, the strategic objective is subject to the pressure of redefinition the instance it is uttered. Part of the parameters of strategy creation is also the system of continuous interaction with the client (CIM-Customer Interaction Management), for which different marketing tools are more suitable than field force. Should you have such a system in operation then you warrant praise.

- *Dynamics, agility and sustainability of strategy*

The human brain is a marvellous organ, nevertheless one individual is not enough to create and maintain a good strategy. Yet those who still think this today belong in show business, not management. The core of a good strategy is also the fact that it belongs to the company, is constantly documented in it and incorporated into other processes and systems (Commercial Engineering, ICT) and does not leave with the manager who goes to work elsewhere. **Strategy is not a company product, but the company is the product of strategy.**

In the next issue will look at the marketing C-mix strategy.