

# Jomer & Co

## The foundation for a winning strategy

The three essential leadership questions we usually phrase when meeting senior executives are:

- What is the environment in which our organization must compete and win?
- What are those few things our organization must do outstandingly well to win and keep on winning in this environment?
- How will we mobilize our organization to implement these things faster and better than our competitors?

This white paper explores the first of these essential questions and elaborates how to understand the environment in which a company must compete and win. Ultimately, the one with the best insights is the most likely to win, since every business breakthrough usually starts with a unique insight. The struggle for superior insights is increasingly becoming the real starting point for any business competition<sup>1</sup>. Hence, the company, which draws the right insights first and transforms them into successful actions, creates a superior competitive advantage.

Companies, which have a systematic process for divergent learning and expand their minds, find that it enables them to uncover meaningful insights about their business environment. Those companies also have the best chances of finding the best insights first.

The world serves a never-ending series of temptations, distractions, doubts, and uncertainties. It is impossible to predict the future with precision and attempting to do so is a waste of time. However, the future is already somewhat known, even if it is not yet evenly distributed. In other words, the many signs, trends and symptoms all around us indicate how the future will be.

So, try to understand the future consequences of the present realities instead of trying to paint a perfect picture of the future. After all, at the root of strategy lies the ability to make good strategic choices. In order to choose well and outmaneuver competition, the current and future realities must be seen as they are, first and better than the competitors. The pursuit of winning starts with identifying unique insights, and the quality of the insights will have a direct effect on the quality of the strategy. By early recognizing important trends and understanding their implications will give the company a head start.

Our research conclusions on the subject of Strategy Creation and Implementation<sup>2</sup> suggest that 58% of top executives are not satisfied with the output from their strategy promise. Put differently, there is a strategy-to-execution gap close to 60% among the researched top executives in terms of how they perceive their strategy promise and the

---

<sup>1</sup> Inspired by the thinking of Willie Pietersen.

<sup>2</sup> Jomer & Co Research: Strategy Creation and Implementation, 2013.

actual strategy output. 65% of the researched top executives also say that they do not have access to effective learning mechanisms for capturing and transferring knowledge to convert short-term results into lasting capabilities. There is clearly a need for an effective learning mechanism among the majority of top executives.

### Learn is one of four steps in a virtuous strategy cycle



**Figure 1. Strategic Learning is a systems approach to strategy and execution**

performance. The more often an organization repeats this cycle, the better it will become in doing it, thus enhancing its adaptive capability. The result is a process of ongoing renewal that characterizes a truly adaptive organization.

Strategic Learning is a systems approach to strategy and execution that embraces, develops and disseminates knowledge and is able to adapt to changes in the world so that it benefits customers, employees, shareholders and society.

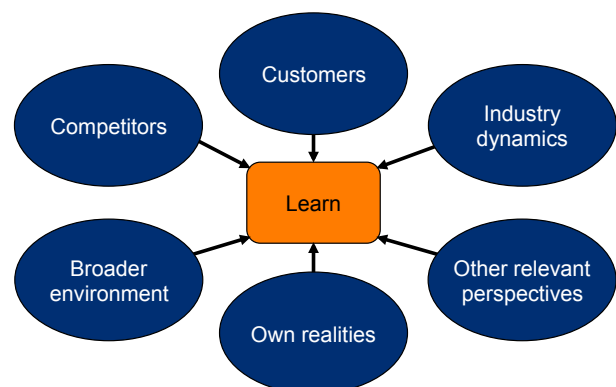
The Strategic Learning strategy process framework has a four-phase dynamic cycle of Learn, Focus, Align, and Execute. See fig. 1. These phases build on each other and are repeated to create and sustain a winning

### Insight is an extension of knowledge as the saying goes

The essential context for insights is how the environment in which the company must compete and win today differs from yesterday and how it will be different tomorrow. When the distinction between true knowledge and mere information has become more important than ever, there is a dense information jungle to pass through in pursuit of finding knowledge to be converted into usable insights.

An insight is a crystallized and concise understanding of how a company will be impacted by changes in the business environment, e.g. in terms of customers, competitors, the company’s own realities, industry dynamics, and the broader environment. See fig. 2. Hence, it is crucial to thoroughly scan these areas for trends. Note that these perspectives are the minimum number to scan, and depending on the business and the specific industry, additional perspectives may be added.

True insights are seldom something you have when you are forced to come up with a strategy and only have access to half-formed ideas, assumptions, surveys and scattered industry reports. Gaining insights require an iterative work process. Gaining



**Figure 2. Situation Analysis perspectives**

superior insights deem hard work, but is rewarding since competing for insights are not just a good idea, it is vital for the company to survive. Basically, you have to see what everyone already sees, but think what no one else has thought yet. The following perspectives are key and relevant for all businesses and organizations in their pursuit of gaining superior insight.

*Customers:* Who are your customers and what are their hierarchies of needs? What and why do they buy from you? Are they missing anything in your offerings? Do you see any trends? You need to understand the underlying trends, which influence your customers' preferences, and the value you offer them. What drive changes in customers' demand? You have to sense what the next big breakthrough will be in serving the customers' needs.

*Competitors:* In order to win, you have to understand your traditional and non-traditional competitors and what your customers think of them. Do your competitors show any signs of understanding the driving forces that shape the marketplace better than you? What do the customers value in their offerings? Do you understand the game your competitors are playing and where their strengths and weaknesses lie in the eyes of the customers? Who are the key competitors and why? Do you see any trends?

*Own realities:* You have to understand your own realities, i.e. your own operation and how it works. What are the variables in your company's economic engine and what makes it tick. Where are you making money and where are you not? Start at the bottom of the profit and loss statement, not at the top. To understand shifts in profit, you have to understand demand, offerings, pricing and costs. You need to drill down on volume, the span from gross to net price, and the mix of sold products with associated fixed and variable cost. You have to disaggregate profitability by customer, products, assets, and/or geography to get a realistic assessment of where the real issues lie. Do you need to consider how your company consumes current sources of energy and raw materials? How does your company benefit from an aging workforce? Do you see any trends?

*Industry dynamics:* You need to understand the dynamics of your industry. Which trends are the most important ones in shaping the future of your business? Is there forward or backward integration going on?

Consolidation? Has supply exceeded demand? Are your suppliers gaining or losing power? What challenges and barriers do your company need to overcome in order to take a profitability lead? There is hardly any industry that is immune from global or large-scale change in society. See fig 3. When that happens, how does it affect your company? Is there any innovative technology, which could destroy or protect existing or new revenue streams?

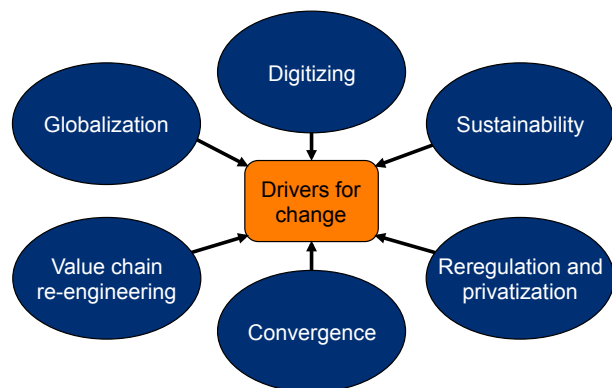
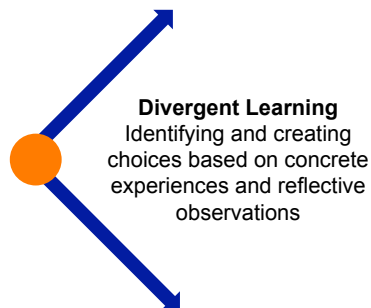


Figure 3. The six drivers for change

*The broader environment:* What is happening in society and macroeconomics and how will such changes impact the business? Do you see any economic trends, social and

habitual trends, changing demographics, technology trends, or legislation and regulation trends? See fig. 3.

## Situation analysis – Learn to make the right strategic choices



**Figure 4.** The situational analysis is a systematic way to apply divergent learning

The situational analysis is the vehicle for describing relevant trends and consolidating insights from increased learning. It is a systematic way to apply divergent learning that enables a company to uncover meaningful insights about its business environment. See fig. 4. The trick of conducting a good situation analysis is to ask and answer the right penetrating questions that provoke meaningful insights. Hence, a company must define adequate questions based on its own circumstances. Ask bespoke and bold questions, which probe and explore the deeper trends, both certain and uncertain, at work in relevant areas for the company. Key trends in business and society tend to march along a measured pace. However, when

change happens fast, it is usually because multiple trends are enforcing each other to accelerate the process. The situation analysis lays the foundation for the unique insights required to create a winning strategy. Hence, the challenge is to answer these questions better and faster than competition.

The situation analysis combines creative brainstorming with rational analysis. One must engage intellectual and creative people on all levels, not only the few at the top, to gain full power. When multidisciplinary individuals from multiple functions are engaged to generate insights, the chance of discovering surprising and unexpected truths about the business and the environment is greatly enhanced. The situation analysis must uncover what is strategically important, reveal the key trends and issues, and filter the important from the unimportant. The understanding gained in this process will help making the most intelligent choices.

When the situation analysis is completed, the organization has a set of key insights about both the external business environment in which it operates and the internal strengths and weaknesses the company brings to the customers. These insights will have a direct impact on the choices when and where to compete and how to win in the marketplace.

## Leadership evolution

The business curriculum is full of stories about smart companies that incur huge losses when they enter unknown territory, new alliances, new markets, new products and new technologies. Most senior executives and managers can most definitely articulate the major trends of the day. But in the course of conducting situation analyses in a number of industries and working directly with the leadership teams, we have discovered that it is difficult to recognize the less obvious but profound ways these trends are influencing customers' aspirations, attitudes, and behaviors.

Senior executives and managers advancing into the fog of the future tend sometimes to either cling to the fiction of prediction despite limited visibility, or head to the other extreme, relying on past wins, good luck and hoping for the best. Neither extreme is effective, nor necessary. Indeed, a careful examination of the actual environment always reveals recurrent patterns and helps increase the understanding. This helps navigating in a foggy future. The leadership teams that we have supported in the systematic process of divergent learning have gained deeper insights about their customers, competitors, their own realities, their particular industry dynamics and the broader environment. These deepened insights have been crucial for their strategic choices and strategies.

We have come to understand that these senior executives have built continued successes from challenging their thinking and ritualized analyses, which tend to reinforce the existing mental models of how their business environment works. They have challenged their existing assumptions, boosted creativity and started to identify and explore alternative strategic choices, which in the end have helped them create strategies that more clearly differentiate them from their competitors. Making strategic choices is the task of Focus, the following phase in the Strategic Learning strategy process.

### **How can we help?**

It is impossible to eliminate risks from strategic decision-making, but we know that one can minimize the risk by developing superior insights and thereby significantly improve the company's chances of success when it comes to finding the right strategic focus, making the right choices and creating a winning strategy.

The trick is to get as many "Aha" moments as possible before making the strategic choices instead of getting them when struggling with the implementation of the strategy. These "Aha" moments are when people all of a sudden begin to make connections or see answers, which have not been noticed before. This is when superior insights begin to surface, and new ways of thinking happen.

Jomer & Co has long experience and deep knowledge of helping leadership teams and senior executives to benefit from the systematic process of divergent learning and orchestrating situation analyses by working intensively together with people from different functions and hierarchical levels to generate insights from their assigned areas. Our support is always bespoke and there are several possible entry points to a successful collaboration, for example:

- Running an Insights Workshop with the management team is a proven process for identifying areas in need of deeper and additional insights.
- Conducting a Strategy Audit with focus on a set of insight areas. This is a reverse-engineering approach for validating the company's current or planned strategy, as well as the strategic effectiveness.
- Engaging in Strategic Coaching of senior managers' strategic challenges supports and assists them individually in their ongoing strategy development and implementation work.
- Running the Learn Phase of the Strategic Learning strategy process gives management a comprehensive approach to strategy creation.

## **Jomer & Co**

We help clients close the strategy-to-execution gap by creating and implementing winning strategies.

Jomer & Co is a boutique advisory firm, focusing on strategy creation and implementation. Our focus on employing professionals with extensive experience provides us with the executive resources of a larger organization while still being flexible and responsive in the relation to our clients' challenges.

We are devoted to knowledge and situational insight and are aligned to the shift in demand for management consulting services by its way of leveraging knowledge, experience and giving advice. Our experienced Consulting Associates work closely with clients throughout the stages of strategy creation and implementation.

For contact and more information, please email [info@jomer.se](mailto:info@jomer.se).