STRATEGIC INTENT

New global competition has managers working hard to match competitive advantages such as low labor costs and global economies of scale. However, many of these companies are merely trying to imitate the advantages that their competitors have already mastered. Imitation will not bring about competitive revitalization. In order to regain competitiveness, many strategies must be rethought. Generally, strategic analysis focuses on current competitors and their resources rather than taking into account the potential for new competition. This is like a snapshot of a moving car that gives no indication as to the speed or direction.

There are two basic and contrasting models of strategy that are not necessarily mutually exclusive, but have differing foci: The Western model centers on balancing the fit between current resources and opportunities, while the Asian model leverages available resources to achieve nearly unattainable goals. Figure 1 contrasts the two models.

Figure 1: Alternative Models of Strategy

Success in today's business environment requires a comprehensive understanding of the fundamental concepts behind corporate strategy. The “Western” approach to corporate strategy was focused on resource management and incremental improvements in operating efficiencies in an effort to beat competition. However, this view limits a corporation's strategic horizon to maintaining the status quo, or to attaining cost and quality advantages that competitors already enjoy. With today’s increasing base of competition, managers must look for ways to build new competitive advantages. Managers must go beyond the Western model of finding “strategic fit”, building “generic strategies”, or managing “strategic hierarchies”. Competitive revitalization requires a “strategic intent” that drives the entire corporation. It requires “an obsession with winning at all levels of the organization.”

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The Western model is tends to be reactionary while the Far Eastern model is more proactive. The first model is more the strategic application of tactics than the tactical application of strategy seen in the second model. Today’s business world has never before been closer to military battle, and many lessons learned on the battlefield are applicable to business operations. As a military strategist, Sun Tzu is unsurpassed in recognizing that strategy is the foundation whereby tactics is the application. Likewise, business strategy should precede development of tactics to achieve strategic objectives.

**Strategic intent captures the essence of winning, is stable over time, and sets goals that deserve personal effort and commitment.** It is a vision that defines the desired leadership position for a firm and grounds the objectives by which success will be assessed. Additionally, it takes an active management process to focus organizational attention from top to bottom in the firm on the “essence of winning”. All employees in a firm that are grounded in strategic intent will have the same vision - beat the competition, be the best, be the market leader, etc. Strategic intent accomplishes this by setting goals that require personal effort throughout the firm and produce a “team” commitment to targeted objectives. Strategic intent should be consistent over time, providing short term stability to focus actions, while allowing longer range flexibility to take advantage of new opportunities without sacrificing the strategic intent itself.

**Strategic planning is not strategic intent and can cause competitive decline.** Most companies make strategic plans but do not have a strategic intent. The strategic planning process typically focuses attention on available resources and the feasibility of alternative strategies in utilizing existing resources. The process often acts as a “feasibility sieve” whereby strategies are accepted or rejected based on the ability to define the tactics needed to employ the strategy. Viable strategies can, therefore, be eliminated due to the apparent lack of feasibility rather than their appropriateness to the organizational vision. Western managers admit that their strategic planning processes focuses more on today’s problems than on potential future opportunities.

**Strategic intent is focused on the ends, while the means are left to be flexible.** The objective of strategic intent is to provide the company a focus for developing strategic plans that allow the firm to move closer to achieving the strategic intent. Strategic plans focus on means to the end, while strategic intent clearly defines the ends and leaves the means unconstrained. Strategic intent leaves room for improvisation and opens innovation opportunities.

**MANAGING CORPORATE CHALLENGES**

*Implementing strategic intent requires a firm to stretch capabilities and resources to meet and win corporate challenges.* A firm that sets its strategic intent to be a global market leader may soon find it does not have the resources or capabilities to meet its objective. This requires the organization to increase learning, build new advantages, and become more inventive in the utilization of resources in order to compete against current market leaders. Corporate challenges further stretch the organization to analyze competition and understand their industry’s evolution. Such analysis leads to new competitive openings and identifies the new competitive advantages that are required for success.

**Teams and individuals must understand a challenge and realize the impact that is will have on their own jobs before it can be effective.** For corporate challenges to lead to competitive advantage, top management must:

- Create a sense of urgency — point out environmental signals to stress the need for change and improvement
- Develop a competitor focus at every level through widespread use of competitive intelligence — all employees should be able to benchmark performance against the best competitor in the same class for personal incentive
- Provide employees with the skills they need to work effectively — teach employees the skills they need to do their jobs
- Give the organization time to digest one challenge before launching another — don’t shift priorities, complete one task before beginning another
- Establish clear milestones and review mechanisms — track performance and reinforce with
For a corporate challenge to be successful, lower level employees must feel responsible for the overall competitiveness of the organization. If employees reap the benefits, but also suffer the penalties associated with meeting or failing their challenges, the company will find advantages from deep within the company.

The key is to create competitive advantages for tomorrow quicker than competitors can copy the ones in place today. The biggest competitive advantage is for an organization to be able to improve existing skills and learn new ones. In general, competitive advantages are not long lasting. If the competitive advantage is low cost leadership, someone will eventually come along and beat your production and delivery costs. If the advantage is quality or value engineering, someone will eventually simpler, higher value added products. However, a well-established program for managing corporate challenges will develop new competitive advantages to replace the old. Managers should not worry about keeping score on existing advantages; in contrast they should find and develop new competitive advantages for tomorrow. Ultimately, the one true, long lasting, competitive advantage is the capacity to improve current skills and learn new ones that lead to future competitive advantages that can be exploited at least in the short term.

**COMPETITIVE INNOVATION**

*To win competitive challenges while reducing competitive risk, organizations must focus on competitive innovation.*

The four approaches to competitive innovation are:

- **Building layers of advantage** — the more advantages a company has, the less risk they face; an example is to pursue both low cost and differentiation
- **Searching for loose bricks** — look for tactical surprises; look for new and possible unconventional ways to enter a market and challenge a competitor
- **Changing the terms of engagement** — refuse to accept the leader’s definition of the industry and segments; take advantage of the fact that successful companies are often slow to change
- **Compete through collaboration** — my enemy’s enemy is my friend; take advantage of the development efforts of potential rivals

**COMPETITIVE REVITALIZATION ROADMAP**

![Competitive Revitalization Roadmap](image)

Figure 2 depicts the competitive revitalization roadmap. Strategic intent provides the framework for long term consistency in resource allocation, clear corporate challenges focuses organizational employees on medium term activities, and competitive innovation reduces competitive risk in the short term.

**THE PROCESS OF SURRENDER**

*The “process of surrender” (the series of actions and inactions by which a firm loses competitive advantage) starts with managers’ inability to perceive the strategic intent of competition, is accelerated by managers’ underestimation of the threat, and culminates with managers’ sense of inevitability after losing battle after battle with the competition.* (Figure 3)

Generic strategies and “cookbook” strategies lead to competitive surrender. Strategic recipes yield entirely predictable strategies that competitors can easily identify and exploit. “Generic Strategies” limit the number of strategic options, potentially eliminating a winning strategy from the list of alternatives. It is not enough to map the current industry and its current product-market segments and related constraints. Managers must find new business opportunities and create new product-market segments where the firm can develop and hold competitive advantage.
The “process of surrender” highlights the fundamental flaws in “Western” strategic thought. Industry definition does not constant and strategy requires more than the management of available resources to meet attainable ambitions. The strategic hierarchy, which generates strategic goals for SBU strategies and drives functional tactics, overlooks strategic vision and its implementation. Investment allocations to SBUs and their product-market strategies fail to create core competencies for the corporation. The process of surrender can only be diverted by recognizing potential threats and identifying strategic intent (beyond Sun Tzu’s tactics), and redefining the corporate challenge to creating a unique competitive advantage.

**CONCLUSION**

The bottom line is that top management must involve all levels of the organization in attaining global competitiveness. Managers must believe in their ability to succeed in achieving strategic intent by ensuring consistency in vision up and down the organization. Managers must motivate the organization, focus attention long enough to internalize new capabilities, and have confidence in their own ability to involve the entire organization in revitalization versus an incremental change strategy. Only when the entire organization is committed to success can the company become a global leader.