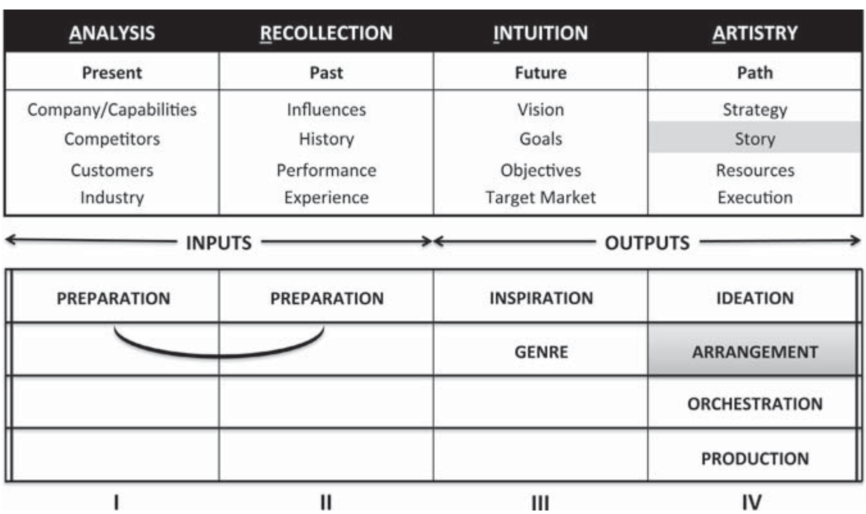
CHAPTER 6

ARRANGEMENT



What You Will Do

- Develop your strategic story

At this point in our songwriting analogy, we have a collection of really strong inspired melodies, and we have some connective tissue (in the form of our Go-to-Market Plan) to help hold those melodies together. We certainly have the makings of a great song. But that song has no structure. And at this point neither does our strategy.

You may have heard the phrase "structure follows strategy." This is based on a thesis presented by business history professor Alfred D. Chandler Jr. in his 1962 book *Strategy and Structure*. The original observation was that companies develop the structure of their businesses based on the strategy that they are trying to pursue.[1] This observation soon became a sage piece of advice to which many companies still subscribe. It follows that we need to write our strategies first and then apply a type of structure to those strategies to enable their implementation. To do this, we first arrange our strategic melodies so they can be more easily communicated; then we orchestrate our collective strategy so that it can be more effectively carried out.

There are generally three distinct steps that all lend themselves to any musical composition process: composing, arranging, and orchestrating. Because these terms are so closely related, the definitions of these three functions vary somewhat, depending on the style of music to which they are being applied. In most cases, these functions can be broken down as follows:

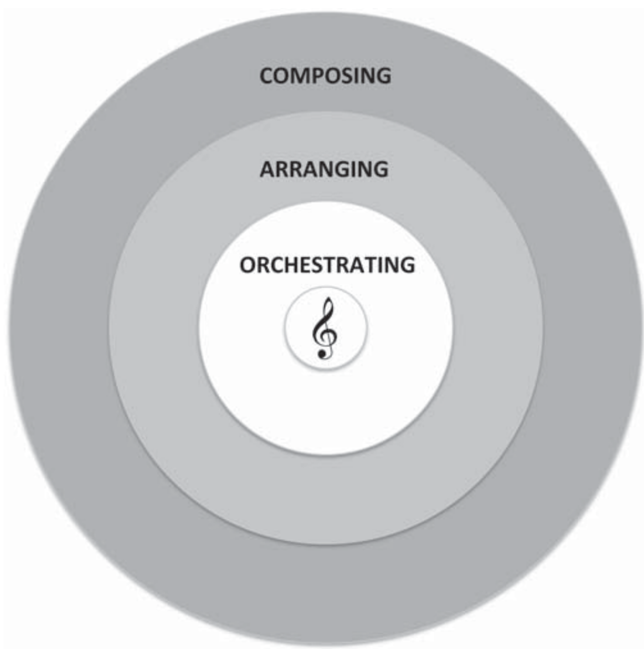
- **Composing.** The act of writing melodies, chord structures, and song structures
- **Arranging.** The act of organizing (or reorganizing) song structures and instrumentation to achieve a particular sound
- **Orchestrating.** The act of assigning and writing different instrument parts for a given musical composition

There is a hierarchy to these definitions, because the art of composing can also include arranging and orchestrating, whereas the art of arranging can also be inclusive of orchestrating. In this way, the definitions can be visually depicted as shown in Figure 6.1.

This hierarchy fits perfectly within our framework because the strategic process will include formulating ideas (melodies), arranging a story, and orchestrating parts to enable performance. Each is accomplished in three distinct steps, and each step contributes to the greater overall compositional process.

FIGURE 6.1

Composing Hierarchy



We have our strategic melodies. Now we want to arrange them into a song that can be orchestrated and performed. To fully appreciate this analogy, let's dive a bit deeper into how typical songs are structured, or, using my definition, how they are arranged.

The backbone of most songs consists of melodies, with each of those melodies having elements of both pitch and rhythm. When I arrange melodies into songs, there are three basic things that I do:

1. I complete the song by filling in the gaps between my melodies (adding verses, bridges, and any other connections) to create a cohesive composition.
2. I then assemble the parts into a logical order or pattern that will ultimately allow me to tell my story or convey whatever message I am trying to get across.
3. Finally, I enhance my song by adding harmonies, voices, additional rhythms, instrumentation, and other tonal elements that will allow the overall message to be conveyed in the most emotionally effective way.

This last step is the one most commonly associated with musical arrangement, although all three steps absolutely apply within the context of my definition. These are the same three steps that you will apply to your strategic melodies. Structure follows strategy. Arrangement follows ideation. And all of this will result in strategic songs that your organization can perform to achieve your vision, goals, and objectives.

Capturing these three steps to arranging and translating them into terms that we can apply to our strategic melodies, we have:

1. Complete
2. Assemble
3. Enhance

Figure 6.2 provides a visual outline of each of these steps. As you can see in the illustration, these three steps will ultimately allow you to arrange your strategic ideas in the form of a strategic story that can be communicated easily and effectively.

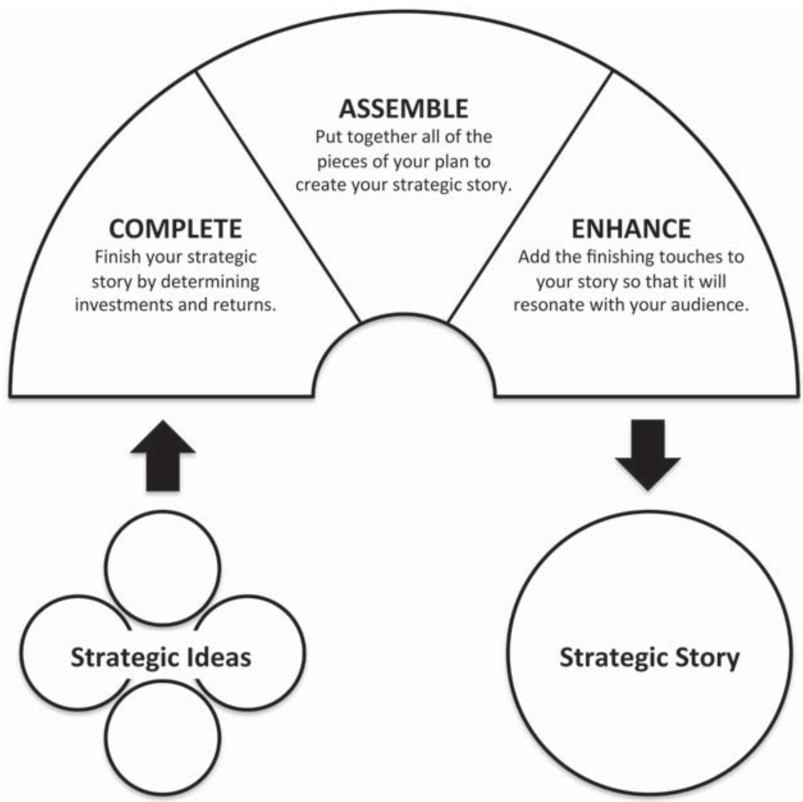
When we hear a song that we really love, it usually contains a combination of sounds that we find pleasing in some way. No different than any of our other senses, there are sounds we hear that feel good to our ears, and there are other sounds that simply do not. Of course this experience can be very subjective and is extremely hard to put into words, but for now it's enough to say that certain songs will probably sound good to a large majority of people and others probably won't.

When you find a song that sounds good, you tend to play it over and over. And with all of those repeat performances, your mind is making associations between what you are hearing and what you are feeling during those moments. In the simplest of terms, that song is becoming a soundtrack for whatever is happening in your life. Think of your memory as a sponge that is soaking up any number of inputs from any number of your senses at any given time. When those inputs become interlocked and associated, they are burned into your memory in such a way that is often difficult to separate back into its respective parts.

Stories serve the same purpose. When we hear a story, we are instantly making an association with an emotion that we've felt or an experience that we've had. We relate to it, and so it becomes an instant part of our psyche. Once the story is "burned in," we remember it and

FIGURE 6.2

Strategic Arrangement



draw upon it over and over again. This allows the overall intent, or message, of that story to be both remembered and acted upon—both of which will be critical to effectively implementing your strategic plan.

So now let's take these three steps, explore each one a bit further, and see how they can all come together to create your strategic arrangement.

COMPLETING YOUR STRATEGIC STORY

As Greek philosopher Aristotle observed, every story has a beginning, a middle, and an ending.[2] Following the process up to this point, you've written your beginning and middle, but you still have to write your ending. In terms of your strategy, this will include any resources and investments that may be required to implement your plan, as well as the overall results you expect to get in return.

Note that a strategic plan is different than a business case. A business case typically consists of a detailed financial plan that is developed for a specific product or business idea when an actual investment decision needs to be made. Usually one or more business cases will be developed in support of a strategic plan as it is being implemented. A strategic plan, on the other hand, provides overall guidance as to how a product or business will achieve its desired goals and objectives. In this context, the financial investments and returns for a strategic plan are typically outlined at a very high level and only to help validate the feasibility of the overall strategy.

Toward this end, your strategic plan is likely to include some or all of the following financial information:

Projected Investments

Development investments

Equipment investments

System investments

Infrastructure investments

Projected Ongoing Expenses

Personnel expenditures

Promotional expenses

Support and/or service costs

Revenue and Profitability Projections

Annual revenue projections

Annual growth rates

Annual margin projections

Projected future market share

Investments and costs should be presented with respect to both magnitude (how much each will cost) and time (when they are expected to be incurred). It will also be important to ensure that the impact of any investments or expenses has been considered in your future profitability projections.

Once you have outlined, at a high level, how much your company will need to spend, you should be fully equipped to reveal what the expected result will be. This is your opportunity to prove the viability of your strategy by showing that your vision, goals, and objectives will be met.

Most strategic plans are designed to look three to five years—or longer—into the future. Because of this, the accuracy of your projections is, unfortunately, not likely to be very high. To ensure that your story is credible, you need to support your projections with whatever key assumptions you used in their development. The more fact-based your assumptions are, the more believable your plan will be and the more accurate your projections are likely to be as well.

Since this will be such a critical part of your story, let's explore some of the key assumptions that can be outlined around the three most important projections you will make: revenue assumptions, margin assumptions, and market share assumptions.

Revenue Assumptions

When companies grow above expectations, they almost always celebrate their successes. When they fail to meet expectations, they usually blame the market! Both reactions may be right, or both may be wrong. To find out which is which, you might need a little more information.

When providing a revenue growth forecast, I always break the growth into three main areas:

1. **Price.** This includes any increase (or decrease) in prices that have been applied to the existing customer base. Companies usually have clear records to show what pricing changes have been initiated in this way.
2. **Market.** This is the growth (or shrinking) of the overall market, meaning that existing customers are buying more (or less) volume of your product overall. Companies usually have records on this based on customer volumes or through industry sources that publish information on overall market trends.
3. **Share.** This is reflected in the growth of business with new customers or the loss of existing customers to competitors. Companies may have information on this, or it may also be deduced if you know your price and market trends (since share would make up the remainder).

TABLE 6.1

Revenue Assumptions Example

	Forecast	Actual
Price	5%	5%
Market	0%	15%
Share	5%	–5%
TOTAL:	**10%**	**15%**

Growth will always occur among a combination of these three categories. Breaking down your projected revenue growth in this way will allow you to outline how you intend to achieve your forecast. It will also enable you to track your performance against that forecast and take the proper corrective actions in the specific areas where action may be required.

For example, let's say that I forecasted my business to grow 10 percent from year 1 to year 2. If my business actually grew 15 percent in that time period, I might be likely to celebrate. However, a closer look at my forecast might reveal a breakdown, as shown in Table 6.1.

Looking at the breakdown in Table 6.1, I see that I met my pricing objective but the market grew significantly more than I anticipated. This means that 15 percent of my growth happened as a result of existing customers buying more product, while at the same time my business shrank by 5 percent as a result of at least a portion of those customers moving to my competitors. Looking at it this way, not only should I not be celebrating, I should be actively trying to understand why I lost share and trying to figure out how I can recover that share in the future.

Putting revenue assumptions like this on the table will not only help build credibility for your plan but will also help guide you and your strategic team as your plan is being implemented and its results are being measured.

Margin Assumptions

Your margin assumptions will come from three main places:

- Price
- Costs
- Investments

Nothing will have a quicker impact on your margin than your price. It is important, then, that you state your pricing assumptions up front. These may include how you intend to vary your price over time, what value your products will bring to customers, what competitors' reactions are likely to be, what discounts, rebates, and promotions are anticipated, and any other pricing impacts that you may or may not have built into your plan.

Costing assumptions will revolve around the cost to produce your product. These will typically include assumptions about material costs, labor costs, or any additional factory expenses that may be required to carry out your strategy.

Major investments or capital expenditures will typically affect your margins in the form of depreciation, particularly if those investments are for equipment that is required to manufacture or service your product. These should be stated and calculated for any investments that you are presenting as part of your strategy.

These three items will likely make up the majority of your margin assumptions. If you are building your plan for an overall business rather than for a specific product line, however, you will likely be measuring the overall profitability of your business as well as the margins of your product. In this case, you will also want to clearly outline the impact of any additional ongoing system, infrastructure, or personnel expenses that may be required to implement your plan and that would typically be reflected outside of your product margins.

Market Share Assumptions

Market share is simply your product sales stated as a percentage of an overall market size. That seems simple enough to calculate, but there are some complexities that go along with it. First of all, you must determine if you want to measure your sales numbers in terms of dollar revenues or unit volumes. If you choose to measure share in terms of revenue, then you will need to take any anticipated price increases or decreases into consideration as well (both for your product and for the overall market). This measurement may be preferred by some organizations, but it does add a level of complexity when you are attempting to project your share into future years. Choosing to measure share based on volume will give a more accurate picture of your true unit share or gain, but it may not reflect how well you are actually translating those unit sales into real dollars that your company can use. Whichever methodology you choose, you must state both your sales and market numbers in similar terms, and you must indicate any related assumptions accordingly.

Once you have determined which type of share you will be measuring, you will then be tasked with obtaining overall market numbers. This is often difficult to do because competitors rarely share their sales or volume numbers with the public down to a product level. So at best you will need to make some high-level assumptions about your competitors' performance based on market feedback, win-loss analysis, and any other industry sources that you might be able to find.

Next you have to determine what your definition of the market is. For example, if I am selling USB outlets that can replace standard electrical outlets, I can either state my share in terms of only other competitors' USB outlet device sales or I can state my share in terms of *all* electrical outlet device sales. The choice would largely depend on the type of strategy I am trying to implement. If I were trying to grow my business by taking share from other USB outlet competitors, then I might use this to define my market. On the other hand, if my strategy was to convert all electrical outlet users over to USB outlets, then I might want to measure my share against a market that is inclusive of both. All of these assumptions must be clearly stated so that your market share numbers can be accurately interpreted.

One last consideration for market share is to be sure that you tie your market assumptions to your revenue assumptions as well as to your share assumptions. For example, if you state that your market is growing from $1 billion to $2 billion in five years, and you also state that you are growing your share from 25 percent to 30 percent over that same time period, your resulting revenue projection will be $600 million, as shown in Table 6.2.

TABLE 6.2

Market Share Assumptions, Example 1

	Market	Share	Revenue
Year 1	$1.0B	25%	$250M
Year 6	$2.0B	30%	**$600M**

TABLE 6.3

Market Share Assumptions, Example 2

	Market	Share	Revenue
Year 1	$1.0B	25%	$250M
Year 6	$2.0B	**20%**	$400M

If you had actually projected a more conservative revenue growth of, say, approximately 10 percent per year (from $250 million to $400 million), without tying this back to the projected market growth, you would inadvertently be implying that you are actually *losing* 5 points of share, as shown in Table 6.3.

More than likely, this isn't your plan. But if you aren't careful and you forget to reconcile your market, market share, and revenue numbers, you can lose credibility quickly in front of a sharp audience. Of course, I wouldn't mention this if I hadn't witnessed this scenario play out many times, so don't say I didn't warn you!

Now that your parts are complete and your assumptions are all laid out in front of you, it's time to begin assembling all of these different pieces and bringing together your strategic story.

ASSEMBLING ALL OF YOUR STORY ELEMENTS

No matter what source you read, most will agree that there are five main elements that make up a story. Although the origin of this particular theory is a bit unclear, five traditional elements are most commonly cited:

1. Theme
2. Setting
3. Character(s)
4. Plot
5. Conflict

More than likely, these elements were derived, in some shape, form, or fashion, from Aristotle's *Poetics*, which dates back to approximately 335 BC and is one of the earliest accounts of dramatic theory and structure. In it Aristotle notes six parts that make up a dramatic tragedy. These are (depending on the translation) plot, character, diction, thought, spectacle, and song.[3]

Clearly there is a strong correlation between Aristotle's observations and the five elements that are commonly mentioned nowadays. And so it is, as with any of these analyses, that the five story elements have been debated, reduced, added to, and redefined in just about every way imaginable over the years. But arguing the basic theory would be missing the point. Whatever you choose to call them, these five basic elements, in some form or another, are present in just about every story that has ever been told. More important, if these five elements are not present, then you probably won't be telling a story; instead, you'll be giving a narrative that is unlikely to connect with your audience.

To ensure that we can align our stories properly around these elements, let's explore each one in more depth.

Theme

Every story should have some reason for existing. Most people would agree that the best stories, at their core, show you something that you didn't know, feel, or think about before. The theme, then, is that reason for a story's existence. Sometimes, we refer to this as the moral of the story. It can be a lesson. But it can also be a feeling that you're left with, like what remains with you for days after an amazing movie that took you on a very emotional journey. In short, all of this makes up your theme. It's what you want your story to be about, the emotion you want to evoke, and the impression or message you want to leave people with when it's all said and done.

Setting

Your story has to take place somewhere and at some point (or points) in time. This is your setting, and it goes hand in hand with your theme. Where and when your story takes place will be an integral part of setting the mood for your story. For example, if I am writing a love story, I can place my characters in a romantic, dimly lit room with strawberries, champagne, and candlelight, or I can put them in a dirty cave full of insects, bats, and mud. I can tell the exact same story, but by setting that story in a romantic room, I'll be telling the story of love, passion, and desire. By setting that story in a cave, I may still be telling the same love story but now it will be in the face of hardship, discomfort, and challenges that must be overcome. And that will add a completely different element that will evoke a completely different emotional response. The same can be said about time. A story told in medieval times will set a different mood than one set in the year 2112. In fact, we've all experienced stories that have been handed down generation after generation in which similar characters go through similar situations with similar messages. By changing the setting, the story takes on a completely different feel.

Character(s)

We have a theme and we have a setting; now we have to add somebody or something that will ultimately interact with or within this environment. That will be our character. The setting is just a static backdrop, but characters will allow our story to come to life. The trick is, a character doesn't have to be a person or even a living being. A character is anything that you give action to. You can tell an entire story in which the main character is a rock. But if the rock doesn't experience anything, then it will just be part of the setting. The minute that rock experiences action, it becomes a character. That doesn't necessarily mean the rock will be an *interesting* character; but it will be a character nevertheless. The key to creating effective characters is to give them a purpose for being. To do that you need to make your audience care about them. We've all heard critics talk about mediocre movies in which the characters were never fully developed. What this generally means is that the author didn't reveal enough aspects about that character to make the audience care about what happens to him or her. So a character experiences some sort of action, but a good character, as part of a good story, experiences action that we care about.

Plot

The plot is the action that your characters experience. Many people mistakenly confuse the plot with the story itself because, admittedly, the plot is one of the most important of these five elements. When we think about a plot, we usually think about whatever the characters go through. It is their journey, so to speak. But just as there are some characters that are more interesting than others, depending on how effectively you can connect your audience's emotions to them, so there are some plots that are more interesting than others, depending on how well you develop the action throughout your story. The way this is typically done is by creating some level of our next element: conflict.

Conflict

Conflict is what makes a plot interesting. When you think of conflict, you are likely to picture a type of battle. In the context of a story, that is certainly one form of conflict, but it is by no means the only one. A conflict is actually any level of discord or disparity that needs to be resolved. So a battle is certainly the easiest form of conflict to understand. There are two sides, with each one seeing something differently than the other. So you establish why they see things the way they do, you establish that there is some level of discord between these two viewpoints, and then you have your conflict that needs to be resolved. Simple. But what about conflict of a less obvious sort? Let's say we have two characters who are in love. They're not in a battle at all (at least not until after they've been married for a few years!). So can you have a viable story if both characters see things the same way? Yes and no. They certainly don't have to be at odds with each other, but they have to be experiencing some sort of disequilibrium in order for any kind of action to take place. For example, perhaps they want to be together all the time but they can't. That sets up a conflict—not between the two characters, but between the characters and their ability to get what they want. Or perhaps they have parents who won't allow them to see each other. This also creates a tension that needs to be resolved. If all you had were two characters who felt exactly the same way about each other and experienced exactly the same things at exactly the same times, your story wouldn't move. To really bring this point home, think about what you learned in your high school physics class. In order for something to move, you need to have some form of potential energy that exists. A rock sitting on the ground has no potential energy between it and the ground, and so it has nowhere to go. But hold that rock above the surface, and now there is potential energy, in the form of gravity, between it and the ground. If you drop the rock, you will be able to turn that energy into movement. Conflict is just like potential energy. Without it, there can be no movement, and without movement, there can be no story.

Those are the elements of a story, and, on the surface, they appear to be fairly complete. Upon closer inspection, however, you may notice that these five elements are not all created equally. Our first three elements—theme, setting, and character—are all static. In short, they are our storytelling nouns (people, places, and things). The last two elements—plot and conflict—are both in motion. So they are our storytelling verbs (figuratively, not literally). This is an important distinction, because for our verbs we need to describe not only their existence but also their motion. And to do that, we will need to introduce yet another storytelling concept: the concept of a dramatic arc.

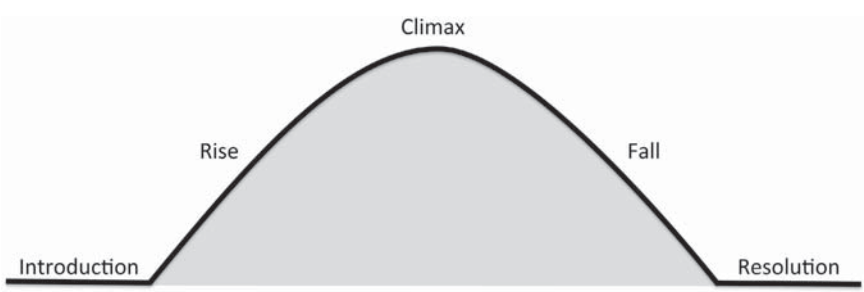
THE STRATEGIC ARC

Having all five of our elements absolutely gives us a story, but it doesn't necessarily give us a *good* story. To create a good story, we need to make people care about what's happening to our elements. And to make people care, we need to take them on an emotional journey. That's where the dramatic arc comes in.

In 1863, a German novelist and playwright, Gustav Freytag, wrote a book entitled *Die Technik des Dramas*, translated as *The Technique of the Drama*. In this book Freytag provided a critical analysis of the well-known five-act narrative structure used by many playwrights, including William Shakespeare. In one particularly compelling section of Freytag's book, he lays out what has come to be known as Freytag's pyramid, whereby he gives both names and motion to each of these five-act dramatic story parts.[4] This is sometimes referred to as the *dramatic arc*, a version of which is shown in Figure 6.3.

FIGURE 6.3

The Dramatic Arc



Although there have been many different interpretations of this general idea over the years, the basic principles remain thoroughly unchanged. The five events of the dramatic arc can be summarized as follows:

1. **Introduction.** Sometimes referred to as *exposition*, this is the stage in which the main story elements such as characters, setting, and any applicable back stories are introduced.
2. **Rise.** During this stage the main story elements interact with one another, building tension through conflict as they go, and working toward a peak point of interest. This is the stage of complication, or, in simpler terms, the building up of something that will eventually need to be resolved.
3. **Climax.** The climax is often referred to as the *turning point*. It is the point in the story where the tension comes to a peak and a change occurs that will allow the conflict to work toward being resolved.
4. **Fall.** After the climax, the conflict begins to reverse itself, working toward a final outcome. In some cases, the final outcome is left unknown until the very end of the story.
5. **Resolution.** In this final stage the conflict is finally resolved. This is sometimes referred to as *dénouement* (the final outcome), *revelation* (when the unknown becomes known), or *catastrophe* (where the main character meets with some tragic ending).

This is storytelling in a classical sense. You need to have a theme, a setting, characters, a plot, and some type of conflict, and the action of the story needs to follow some sort of dramatic arc.

But before we get too technical about all of this, just as with strategic theory, I contend that these theoretical approaches will only get you part of the way there. The real trick is to learn to tap into your creative center and develop your story intuitively, not because it follows a framework, but because you truly care about it. If you care, so will your audience. And that's how great storytelling is really done.

I absolutely believe that a great story has to contain all of the elements that were mentioned previously. But I prefer that you use these tools as more of a checklist to validate that you have a great story rather than attempting to build your story as a result of them. This is a critical distinction because, by following the theory alone, you run a greater risk of overthinking your task and, in so doing, potentially missing the point of what it is that you're really trying to accomplish. This is similar to writing your melodies based purely on knowledge and without any passion.

In my experience, a story does two things really well, both in relation to your audience:

1. It connects to them.
2. It entertains them.

I remember a particularly moving scene in Disney Pixar's animated movie *Up*. Anyone who has seen that movie will immediately know the scene that I'm referring to, but if you haven't seen it, you may want to skip over this next paragraph for fear of a spoiler alert!

In a matter of only a few minutes (just over four to be exact), we are told the story of two characters, Carl and Ellie, as they take their life's journey from marriage into their golden years. This is a story within a story and, as such, all of the five elements are prominently featured, and the dramatic arc is brilliantly on display—right down to the final tragic ending where Ellie passes away, leaving her husband alone in his retirement years, after never quite achieving what they both had set out to achieve. The end of this short story, as it turns out, sets up the arc for the main story that the movie ultimately goes on to tell, but this brief montage is so effective that it could easily stand alone as its own movie as well.[5]

When I first saw this scene in theaters, I doubt if there was a dry eye in the house. Still, to this day, it is the only scene in just about any movie that makes me cry out loud. The reason, yes, is partly due to the use of the classic storytelling techniques that I spoke about previously. But almost all movies use those same techniques, and almost none have had such a profound effect on me. What makes this particular scene so incredibly effective is the fact that the story elements connect so deeply with things that I myself feel—namely, my undying love for my wife, as well as the sense that I will likely never be able to accomplish everything that I want to. These are feelings that many of us have, and many of us have them so deeply that, when they are put into motion in front of our very eyes, it's hard not to imagine ourselves in the shoes of the characters going through these same emotions. We connect, and, in so doing, we understand—and we remember.

The second thing that makes this scene so effective is the speed with which the writers take us through the dramatic arc. Not that faster is always better, but if you can use the arc to expose your characters, take them through a conflict, bring that conflict to a climax, resolve the conflict, and reveal a tragic ending all in a time span that allows you to never lose grip of your audience's attention, you will undoubtedly keep them that much more entertained. And in so doing, your message will land that much more powerfully.

The reason I like this particular example is because the storytelling techniques used in books and movies are usually too lengthy to translate into a business setting, where people's attention spans are infamously short. For a strategic story, you not only have to connect and entertain but also do so practically at the speed of light! That means that brevity will have to be another defining characteristic when you translate these techniques over to your strategic presentation.

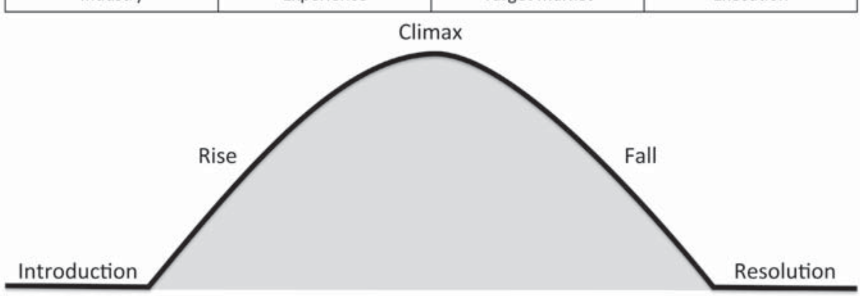
Conveniently enough, the strategic process that I've been taking you through follows the dramatic arc to a tee. So, as far as the action of your story, it is already laid out for you, as shown in Figure 6.4. From this point forward, I will refer to this as the *strategic arc*.

Note how the dramatic arc in Figure 6.4 aligns perfectly with the story elements of the Creative Strategy Generation framework shown above it. To provide a bit more detail on how to make a story

FIGURE 6.4

The Strategic Arc

ANALYSIS	RECOLLECTION	INTUITION	ARTISTRY
Present	**Past**	**Future**	**Path**
Company/Capabilities	Influences	Vision	Strategy
Competitors	History	Goals	Story
Customers	Performance	Objectives	Resources
Industry	Experience	Target Market	Execution



out of all this, what follows is a brief outline that you can use to directly model the action of your strategic story (with the symbols in parentheses indicating the position that each element occupies on the strategic arc.):

Introduction (__)

- State the performance of your product or business today.
- Introduce the customer, competitor, and industry factors.

Rise (/)

- State the problem that you are trying to solve.
- Tell us about any history, references, or experiences that you plan to draw from.
- Build to your vision, goals, and objectives.

Climax (*)

- Tell us what your customers need.
- Tell us what you intend to do. Make it impactful!

Fall (\)

- Present the details of your strategy and how you intend to implement it.
- Outline the investments and resources you'll need.
- Anticipate how your competitors and customers will react.

Resolution (__)

- Reveal the financial impact that your strategy will have after it has been successfully implemented.
- Tell us how both the company and customers' problems were solved.

At this point you have the framework for your story. But you may not have the framework for a *good* story, because you still need to both connect to and entertain your audience in order to fully engage them. What follows then, are some tips on how to do this, building off of the same concepts we have examined so far:

- **Connect with your audience.** To truly connect with your audience you need to know something about them and to focus your story on characters and situational elements that they can relate to. For example, if your product is a robot used on an assembly line for automobile parts, you might start your story by asking, "Did you ever wonder how the car you drove to work today was actually built?" Immediately, you will have connected your audience to your product by making it relatable to something that they personally experience every day. You can use this same technique when introducing customers into your story. Try using the techniques that we talked about in Chapter 4 by giving personalities to your customer segments that your audience can relate to. Then, when you take these characters through the strategic arc, your audience will be traveling right along with them.

- **Keep your audience entertained.** Telling your story in an entertaining way will involve ensuring that all parts of your strategic arc connect fluidly together and in a way that excites your audience. If you go through your strategic arc in bullet-point form, you will never hold your audience's interest. Instead, you need to provide the right amount of connective tissue between all of your main points and tie them all together around a common point of interest. Otherwise, your story may still be there, but your audience will never hear it. It is also important to tell your story with both excitement and passion. If you don't care about your strategy, your audience won't care either. Similarly, if you *tell* your story as if you don't care about it, the end result will be the same.
- **Keep it succinct, and repeat where necessary.** Here, I'll take a page out of our songwriting book. Most popular songs are between three and five minutes long. They stir your emotions, make their point, make it again, and then conclude. Your strategic story should follow similar suit. As a strategist, you might be tempted to let your audience in on your every thought, particularly if that audience consists of your bosses and company executives. You might feel that you have to show your audience that you know, in fine detail, what you're talking about and that you've done all of your homework. Believe me, they'll know—but not by you presenting mounds of boring data and backstories that nobody can digest. Instead, your deep knowledge of any topic can most effectively be demonstrated through your ability to break down that knowledge in a way that everyone can easily understand and absorb.

- **Be brutally honest where required.** Oftentimes, company leaders approach the strategic process with preconceived notions. Consequently you may be inclined to present a strategy that you think your bosses would want to pursue but that really doesn't support the baseline information that you've gathered. Or, perhaps more commonly, you'll present a result that doesn't match your story but that *does* match the result your executives have asked you to produce. This is dangerous thinking in terms of strategic planning. If your company has absolute targets that must be met, then by all means you should put a strategy in place to meet them. But be sure to outline the true resources and investments that will be required to implement that strategy. Or be sure to show the true result that will be achieved without them. In short, make sure that the ending matches the story and that the entire thing is believable from beginning to end.
- **End with the ending.** When putting together your strategic story, never put your anticipated financial results at the beginning of your story. Follow the strategic arc: start with where you are today, set up the problem, reveal your solution, tell people how much it will cost, and then end with how much they'll get in return. If you lead with the results—or, worse, the costs—your audience will be much more likely to start asking you for details that will inevitably be covered later in your story. You'll then be forced to share information out of order and without the impact that your story is designed to give. Leave the idea of an executive summary for your term paper. Your strategic presentation needs to tell a story, and telling that story in the right order will be critical to its success.

Now that you've put all of your strategic elements together in a way that can be easily communicated, understood, and remembered, there is still one more element that can be added to help bring your story to life in a way that nobody will ever forget: the oft-referenced sixth story element of *style*.

ENHANCING YOUR STRATEGIC STORY

Style is the way in which a story is told. This includes the tone that is used, the rhythm, the grammar, the sentence structure, the point of view, and any other number of elusive elements that help to drive a story in support of its plot. In terms of our strategic story, the style will serve to enhance the impact of your story—both when you go to present your strategy and when you go to implement it. So let's take a little time to find out what some of these stylistic elements might consist of.

First, on the musical side—just to set the stage. The style of a song will be dictated by the way it is executed. If, for example, you take a song and apply different instruments, rhythms, or harmonies to it, you'll get a completely different emotional effect. Many examples of this can be found in the remix versions of popular songs where slow, heartfelt ballads have been turned into driving, energetic dance songs just by altering the rhythm and adding some selective electronic instrumentation.

Your strategic story will be affected by similar stylistic elements or enhancements that can also serve to alter the entire feel of, and ensuing response to, your strategic plan. Because your style can include any number of subtleties, let's just focus on the three that will likely have the greatest effect. They are tone, energy, and harmony.

Tone

In a literal sense, tone refers to the quality of a sound, which in and of itself is nearly impossible to define. So we do so by relating it to something that we *can* define—more specifically, how a certain tone makes us feel. A sweet tone makes us feel happy, a soothing tone makes us feel calm, a harsh tone makes us feel uncomfortable, and an angry tone makes us feel mad. In music, the type of instrumentation that you use will have a direct effect on the tonal qualities of a song and consequently on the feelings that it imparts to its listeners.

Music most likely takes its cues from human speech patterns. A sweet musical tone is thought to sound that way to our ears because when a human being is feeling happy the tonal qualities in his or her voice take on similar characteristics to that which we consider to be pleasant sounding. These qualities are then mimicked in music, and we relate to them accordingly. Other emotional sounds likely follow similar connections to human speech.[6] Whatever the relationship to music, one thing is clear: how we feel about something will have a direct effect on the tone of our voice, and the tone of our voice will in turn have a direct effect on how we make other people feel.

Because of this correlation between expression and impact, the term *tone* has been expanded to other applications. For example, I am writing this paragraph using a certain tone. If I change the phrasing and punctuation of my sentences, that will have a direct effect on the tone that you interpret:

- How do you feel?
- How are you feeling?
- How do you feel now?!
- Are you feeling OK?

All of these sentences are asking the exact same question. However, each one is written using a different tone. By changing the phrasing, punctuation, and sentence structure, I go from an inquisitive tone, to a concerned tone, to an angry tone, to a casual tone. You are only able to interpret this because my written word is a representation of my spoken word. So, you are "speaking" my words in your head as you read the sentences and, depending on how I write each phrase, you translate my written words into tonal speech qualities that each make you feel differently about the question I am asking you.

So tone begins with sound, which originates from speech, which can be represented in words.

But there is another form of tone that cannot be ignored: your body language. Like the tonal qualities of your voice, the expressions you make with your physical body will be a direct reflection of how you feel and how you are likely to make others feel as a result. When we are angry, our faces become stiff and intimidating, our bodies stand upright in a show of strength, and our muscles become tense so that we can best defend ourselves against a possible counterattack. Similarly, if we are happy, our bodies are loose, relaxed, and approachable, evoking a demeanor that others will immediately be drawn to. And if we are excited we become aggressively nonthreatening, remaining flexible and vulnerable yet still ready to spring into action should the chance immediately present itself.

Albert Mehrabian, a professor emeritus at UCLA, published two separate studies in 1967 that have since come to form the

"7-38-55 rule." This says that one person's interpretation of another person's feelings is essentially determined by the following:

- 7 percent words
- 38 percent tone of voice
- 55 percent body language[7]

Translating this to our discussion, how we receive another person's verbal message would theoretically be 93 percent determined by a combination of both their audio tone and their visual tone. Whether or not such exact percentages can be so broadly applied, the key point here is that the way in which we interpret a message will be dictated by the way we *feel* about that message. And the way we feel about a message will be dictated by the way the *communicator* of that message feels, which ultimately will be reflected in both his audio and visual tone.

So what, then, is the secret to adjusting your tone? Simply put, your tone cannot be faked, and it cannot be hidden, neither in music nor in strategy. How you feel will be reflected in your story. There is absolutely nothing you can do about that. What you *can* do, however, is make sure that *you* feel the same way about your strategy that you want others to feel about it. And you can do that by reviewing the section in Chapter 1 on Artistry. Make sure that you have found your passion in your strategy; if you haven't, then keep working on your strategy until you do.

Whatever you feel, your audience will feel as well. And when members of the audience say that you're passionate about your product or business, you'll know that you're setting the right tone.

Energy

If tone is your instrumentation, than energy is your rhythm. The same melody played at two different tempos or underscored by two different drumbeats will have completely different emotional impacts, just as in the remix example mentioned earlier. In the case of your strategy, the rhythm of your story will be set by your energy level.

You may be thinking that I'm going to tell you to always maintain a high energy level. Not true. It *is* true that your energy level will be infectious, and if your high energy is a high *positive* energy, then this is certainly the ideal situation. But I have seen plenty of examples of negative high energy as well. Such energy can manifest itself in the form of panic, anxiety, overt aggression, or even being overly comedic in a situation in which that behavior might not be appropriate.

Every strategy will call for a different approach and a different energy level. It will be up to you to find the right balance for your particular situation. Although high positive energy is usually preferable, there may be situations that call for lower energy levels. Such might be the case if you are presenting in a more formal or an appropriately somber setting, or if you want to convey a feeling of calm, controlled professionalism.

The best advice I can give you is to make sure you are passionate about your strategy, know what rhythm you want to set, and then be constantly aware of how your energy is affecting that rhythm. If any of those things are out of alignment, your audience will pick up on it, and the effectiveness of your strategic story might be put in jeopardy.

Harmony

In music, harmony is another stylistic element that will help define a song's arrangement and, consequently, how that song will sound and feel. Strictly defined, harmony is any combination of musical notes played simultaneously, usually in conjunction with the melodies of a song. The result is almost always a richer and more powerful sound and therefore a richer and more powerful song. But that doesn't always have to be the case.

Without getting too deep into music theory, musical notes are nothing more than sound waves traveling at certain frequencies that are within the range of our normal hearing. Waves traveling at different frequencies will be heard as different pitches. The closer together the frequencies are, the harder our ears will have to work in order to discern them. So there are ideal spacings between frequencies that are more comfortable to our ears than others when two or more different notes are played together. Each unique spacing between frequencies will induce a different musical sound, which will evoke a different emotional response. So the key to writing harmony is to choose a combination of simultaneously played notes with spacings that work together to produce whatever sound or emotion you are trying to achieve.

Few hit songs have been successfully produced with one single voice and absolutely no other instruments at all. Instead most songs feature different instruments and different voices all collaborating together in harmony to produce an overall sound that helps bring the song to life.

For your strategy this concept will manifest itself in the form of all the other team members with whom you will collaborate to implement your plan. In the next chapter, we'll talk about how you will assign specific roles and parts to each of these players in order to drive them all toward a common end result. At this point, you need to know what kind of accompaniment you'll need and what types of different "instruments" you believe will be required to achieve the overall sound and feel of your strategic song.

As with all of our other story elements, these three styles of tone, energy, and harmony are inseparable in their mission. All will collectively help to convey your message, and all will affect the impact that your story will ultimately have when it is communicated.

THE STORY THAT NEVER ENDS

Writing a book is difficult because you have only one chance to tell your story. Once that story is committed to print, it may be years before you can update or evolve it based on whatever feedback you might receive. The nice thing about your strategic story is that you will always have a chance to dynamically evolve it—that is, as long as you allow it.

Whenever I enter into a strategic consultancy, I give the same disclaimer. I tell my clients that they will love me in the beginning of the process, hate me in the middle, and love me again at the end. The hate part usually comes right around the time I'm offering feedback on a strategic story that a client feels is complete but that I, as the audience member, feel needs more work. This is exacerbated by the fact that the story usually evolved the way it did because of advice that I gave!

The reason this happens is because, just as with a song, you never know how a story is going to feel until you hear it. Every story has a flow and a dynamic and an impact; all of which will be heavily influenced by the elements we examined throughout this chapter. All of the pieces may even come together a little bit differently every time you tell your story, and this may continue to happen until you have told it enough times to truly get it right. In short, you need to allow yourself the flexibility to let your story continue to evolve. I like to say that the process is emotionally iterative, and it really is true. There are times you will absolutely hate the process of massaging your story. But when you hit the mark and everything flows together in just the right way and your story has just the impact that you intended, there is no better feeling in the world. (That, by the way, is when the client loves me again!)

Once that happens and you have a song that's ready to be performed, it's time to begin rallying the troops around the parts that each of them will play to collectively help bring your song to life. In short, it's time to orchestrate your strategy.

Finding Your Creativity

You may think that creativity only applies to coming up with inventive, new ideas. But there is a big difference between great melodies and great songs. So here are some tips to help you find your creativity when you are putting all of your strategic ideas together:

- A piece of art may be unique, but it will only be considered to be creative if someone appreciates that uniqueness. To achieve this, the artist must find a way to connect to what other people are feeling. Your strategic story is no different. Pull yourself away from the details and think about the overall purpose of your strategy and what you are ultimately trying to achieve. Then think about how you can make other people understand that importance by connecting it to something that they feel strongly about as well. Creativity lives in the connection between unique and impactful; you won't find it in just one of those alone.
- There are many creative ways to tell stories—some of which may not yet have been conceived. Don't be afraid to deviate from the standard slide presentation that has become the norm for most businesses. The use of video, music, props, or other interactive forms of media may not be common, but their use can help draw your audiences in to your message and leave them with an impression that they won't soon forget.
- Your strategy not only has to connect to others, it has to connect to you as well. Don't try to put your story together based solely on templates or a formula. These can be used as a guide, but, ultimately, every strategy must have its own unique story. Put your story together in a way that feels right to you, even if that doesn't follow the exact order that I have suggested here. If your story doesn't flow well for you, it isn't likely to flow well for anyone else either.

CHAPTER 7

ORCHESTRATION

ANALYSIS	RECOLLECTION	INTUITION	ARTISTRY
Present	Past	Future	Path
Company/Capabilities Competitors Customers Industry	Influences History Performance Experience	Vision Goals Objectives Target Market	Strategy Story Resources Execution

← INPUTS → ← OUTPUTS →

I	II	III	IV
PREPARATION	PREPARATION	INSPIRATION	IDEATION
		GENRE	ARRANGEMENT
			ORCHESTRATION
			PRODUCTION

What You Will Do

- Assign and guide your resources

If arranging is the art of knowing what you want a piece of music to sound like, then orchestration is the art of providing directions to all of the different instrumentalists so that your desired sound can be achieved. For our strategic process, the person who develops the strategy will more than likely be the same person who orchestrates that strategy. However, the fact that, in music, orchestration is often a completely different role certainly speaks to the complexity of the task at hand.

Technically speaking, orchestration is defined as the practice of writing music for an orchestra, which itself has a fairly strict definition with regard to the number and types of instruments that it will contain. However, the practice of orchestration is not limited to this exact configuration of instruments. In fact, the term has come to be applied to the practice of writing for whatever instruments the music calls for, from large ensembles to small rock bands. More precisely than that, orchestration has come to be known (as discussed in the previous chapter) as the assigning and writing of musical parts, even if some of those parts are not played by a human being. A case in point is the practice of computer orchestration where musical parts are assigned, written, and then fed into a computer program that translates those parts into electronic sounds. This, in fact, is the technique that I use for much of the music that I compose, since I do not have ready access to the New York Philharmonic! So orchestration is really about these things:

1. Knowing what the composer's vision is
2. Choosing what resources will be needed to carry out that vision, and assigning roles accordingly
3. Understanding the capabilities and limitations of those resources
4. Providing clear directions and guidance so that those resources can all work together to achieve the composer's vision

I hope it is clear as to why this analogy applies so perfectly to our strategic composition process.

With this backdrop, let's step through each of these four basic steps so that we can better understand this critical concept of bringing together an "orchestra" to help carry out your strategic plan.

KNOWING THE VISION

Although music composing, arranging, and orchestrating are three separate tasks, they are not always three separate roles. In practice, it is perhaps more typical to have a composer/arranger who works with a separate orchestrator or a composer who works with a separate arranger/orchestrator. In either case, because two separate people will usually be carrying out these three different activities, the meetings that take place between them will be critical to creating an overall musical composition and performance that is in line with the composer's original vision.

Perhaps one of the most common of these relationships can be found between composers and orchestrators in the world of musical theater. Musicals tend to be composed and at least partially arranged by one individual and then orchestrated by another. This allows the composer to focus on the high demands of writing what is the equivalent of a modern-day opera, carefully integrating music and action to tell an entertaining story to the audience. This process generally requires a lot of upfront research, intense collaboration, and multiple rewrites as the story is slowly tested, rehearsed, and modified for the limitations of what ultimately will be a relatively confined space. With all of this activity, musical theater composers, more often than not, will require the help of someone who can then take their music and bring it to life through an orchestra or ensemble of some shape and size. Many times, at least part of the arranging (as we've defined it) has already been completed, or at the very least contemplated, by the composer. The structure of the songs has been determined, the feel and emotion of the songs has been set, and the overall sound of the music has more than likely been envisioned. This allows the orchestrator to focus on bringing the three stylistic elements of tone, energy, and harmony to life through instrumentation, rhythm, and collaboration.

When working in this way, it is critical that the orchestrator thoroughly understands all of these intricacies that are in the composer's mind. This is usually accomplished through a series of meetings and working sessions wherein these individuals will closely collaborate to ensure that the original intent of the music is translated into the sounds that audiences will ultimately hear. Because you will serve in both of these roles for your strategic process, it may be helpful for you to think about how you as a composer/arranger might prepare for such a meeting if someone else was orchestrating your strategy.

The first step is just to take mental note of the things you determined in your arrangement:

- What do you want your strategy to achieve?
- What is the overall theme of your strategic story?
- How do you want your strategy to come across?
- Whom do you think you'll need help from?

Make sure the answers to these questions are clear in your mind, because these are the things you will need to know when choosing the resources that will help make all of this come to life.

CHOOSING RESOURCES

The number-one key contributing success factor for your strategy will be the people who will help you implement it. I've learned some difficult lessons throughout my career about trying to do too many things on my own and, believe me, every single time that I have collaborated with others, the result was better than when I tried to do it all by myself.

Collaboration isn't always easy, but it is almost always more rewarding than doing something by yourself—as long as you seek to truly understand the people you're collaborating with. One of the reasons that people may find it difficult to collaborate has to do with the fact that it takes time, effort, and emotional fortitude, especially in the early stages. The time is in finding the right people to collaborate with; the effort is in working with those people to share your vision and to gain a common understanding of how you can best collaborate together; the emotional fortitude is in the fact that you have to accept some level of disagreement and pushback that you wouldn't have otherwise had to deal with. Given all of this, sometimes you may feel that it's just easier to avoid collaborating altogether.

But that would be a bad choice, for several reasons:

- Collaboration introduces skills and capabilities that you may not possess.
- Collaboration leads to ideas and perspectives that you might not otherwise have been aware of.

- Collaboration simply gives you more human resources to work with. This translates into more time and energy that can collectively be dedicated to achieving your objectives.
- Finally, collaboration can be a lot of fun, providing education, camaraderie, and another person or persons with whom to celebrate your successes.

Viewed through this lens, there are many more reasons to collaborate than not. However, those reasons will quickly diminish if you choose the wrong people to collaborate with or if you misjudge the contributions that each of those people should make.

In a musical environment, every instrument—and every player, for that matter—will bring a certain sound to the finished piece. It is the orchestrator's job to know which sound is associated with each instrument and to also know how to combine all of these different sounds to achieve the desired overall musical effect. This will involve having not only a deep understanding of what each instrument brings to the party but also an intimate understanding of the overall objectives that you are trying to achieve so that the right instruments can be brought into the mix at any given time. In terms of your strategy, this translates into fully understanding what each collaborative function does and what each will contribute to achieving the overall objectives of your plan.

Fortunately, companies, like orchestras, are all organized in similar ways: there are some fairly standardized functions within each organization, and for the most part what those functions *do* is also fairly consistent from company to company. Although this is by no means an exhaustive list, I will attempt to outline the most common of these functions, along with what they will more than likely contribute to your overall strategic plan.

Product Management

The product management team, if one exists in your company, will more than likely be responsible for running the business of your products. As such, this team is usually responsible for product strategy, with a product manager acting as the owner of that strategy. Product Management usually exists in bigger, more complex organizations that have large numbers of products or product portfolios. The goal of the product management team is to help companies maintain a sharp focus on individual products and portfolios within what is usually a larger matrixed organization. To do this, product managers are typically tasked with running their product as if it were its own mini-business: utilizing shared resources from other departments to act as their product business staff. Note that not all companies have a separate product management team. Sometimes the marketing team maintains ownership of product strategies. Other times, particularly in small to midsized companies, the product business is led directly by the general manager or by a similar business unit leader. Whatever the structure, when I refer to the product management team, I am referring to whichever team owns the product strategy.

Marketing

Marketing generally has two components: an inbound portion and an outbound portion. Inbound marketing involves gathering information on what is happening in the marketplace, including customer, competitor, and industry insights. If it exists as a separate function, the inbound marketing team will serve as a critical resource to the strategic composer throughout the preparation phase. Outbound marketing most often involves the promotion portion of the marketing mix. Many marketing teams, however, have some level of responsibility for price and place as well (if product is handled by a separate team, as noted earlier). As such, outbound marketing teams play key roles in helping determine and implement many of the specific actions that will support the Go-to-Market Plan.

Sales

The sales team is primarily responsible for convincing someone to buy your products or to utilize your company's services. If it is Marketing's job to broadly let prospective customers know a product exists, it is the job of Sales to follow up with these prospects (often called "leads") on an individual basis and turn them into paying customers. From the standpoint of the strategic process, the sales team will usually represent a company's front line. As such, members of this team will typically provide critical inputs throughout the strategic process as to which actions can feasibly be taken to achieve a desired strategic result, based on their vast experience of what may or may not have worked in the past.

> *NOTE: The traditional model of Sales and Marketing is changing. The model that many of us are familiar with is that the marketing team is responsible for mass-messaging to large numbers of people, mostly through some form of advertising or promotion, and the sales team is responsible for one-on-one follow-up and interaction with customers who are attracted to those promotions. Today, people are communicating differently. With the advent of social media and the Internet, the line between mass messaging and personal interaction is becoming blurrier by the day. That's not to say that both functions aren't still required, but it does mean that, in some instances, Sales and Marketing are more and more becoming less and less two separate entities.*

Operations

Traditionally, the operations team is responsible for manufacturing your product. But this team can take many forms, depending on what type of product or service you are trying to bring to market. If it is a manufactured product, this team will consist of your manufacturing plants, as well as your supply chain and logistical functions. If your product is a service, your operations team will consist of the people who are actually responsible for providing whatever service you are offering. In addition to the obvious implementation aspects of this function, your operations team can also provide key inputs to your strategy regarding any additional investments that may be required to support existing capabilities or resources. One of the most important considerations when working with Operations is to ensure that the functional goals and objectives of this team are firmly aligned with your strategic goals and objectives. Oftentimes, operations teams will be concerned with supplying a product or service at the lowest possible cost. The key word here is *possible*, implying that there is a limit to how low that cost should actually be. For example, will the cost be limited only by the technical specifications of a product, or are there other considerations, such as service, support, delivery, quality, customization, or breadth of portfolio that will need to be strategically maintained? These are some of the alignment issues that typically have to be sorted out between the strategy owner and the operations team.

Engineering

Engineering can have many facets. I have seen this term applied to research, development, technical support, field engineering, applications engineering, industrial engineering, and any number of other technical disciplines. Many of these roles may even fall into one of the other functional categories that I am presenting in this section. From the standpoint of our strategic process, my definition of *Engineering* is the team that takes a product idea and turns it into something that can be sold to a customer. As such, this team will have a lot to say about what can and cannot be feasibly developed, as well as how much money will be required to produce and maintain your product. Engineering will also be instrumental in carrying out your product action plan, in that the product management team will define the big picture of what you want to achieve (turning their product roadmaps into product requirements), while the engineering team will define the specific technical specifications for a product that will meet those requirements.

Service

Service involves any function that provides support for a product after it has been made available to customers. This can include Customer Service, Field Service, Technical Support, or even any number of contracted repair centers or other service providers. Service teams will usually be involved in the implementation of your strategy, and because of that they must be perfectly aligned with whatever message you want the marketplace to receive about your product. Service teams will also be able to contribute valuable information about any service-related investments that may be needed to support your plan.

Support (Internal)

No strategic plan will be successful without drawing upon the expertise of internal support functions. The main purpose of internal support teams, from the standpoint of our strategic process, will be to provide key expertise that the strategy owner might not otherwise possess. In this way, these functions will act as consultants for your plan but will also be instrumental in implementing your plan from the standpoint of both supporting whatever unexpected situations might arise, as well as helping you track the success of your plan. These are the most common internal support functions that you will draw upon:

- **Finance.** Provides guidance on your company's overall fiduciary responsibilities and objectives, as well as key information on how all of the financial aspects of your plan (revenue, costs, expenses, investments) will come together to achieve your objectives
- **Human Resources (HR).** Provides guidance related to the human skills and capabilities that exist in your company and what, if any, additional skills, training, or personnel might be required to implement your plan
- **Legal.** Provides guidance on compliance issues, patent issues, and any other legal implications that could affect your plan, as well as ongoing support for any unexpected legal issues that might arise throughout your implementation stage

Information Technology

The information technology (IT) team primarily manages the technology that is used to run a company's business. Traditionally, this function has focused on the systems that served as part of a company's internal technology infrastructure. With the explosion of technology that has occurred in recent years, however, this infrastructure has expanded into all of the systems, devices, and software that drive every employee's job function, as well as many of the systems, programs, or apps that are used by a company's external customers. All of these are considered products—some internal, and some external. Therefore, it is not uncommon for people in IT departments to serve in one (or more) of the following four roles:

- **Internal Product Management.** If they are developing a strategy for a technology used by internal employees
- **Engineering.** If they are developing a product that will be used by external customers
- **Service.** If they are providing support for a technology used by external customers
- **Support.** If they are providing support for a technology used by internal employees

Because of these complexities, it is not uncommon for IT departments to be both very large and also to be split by, at the very least, an internal and an external component in order to perform any or all of the above roles.

Remember, every musical composition needs to have a certain sound. The composer has a vision of what this sound needs to be based on the overall feeling that the song needs to convey—which itself is based on the inspiration, the genre, the idea, and the arrangement for that song. The orchestrator's job, then, is to choose the right mix of instruments to achieve that sound.

Now that we know what each instrument in our strategic orchestra does, we need to know how to balance those instruments in order to achieve the sound we're looking for. To do this, we need to consider not only which functions to draw from but also how to position those functions with respect to one another.

Assigning Roles

When choosing the parts that my strategic orchestra will play, I like to assign each team to one of the following four roles (listed in order of strategic influence):

- **Leaders.** These are the people who will help to lead and oversee the strategy.
- **Drivers.** These are the people who will mainly be responsible for implementing the strategy in the marketplace.
- **Supporters.** These are the people who will provide critical deliverables to the strategy.
- **Accentuators.** These are the people who will enhance the effectiveness of the strategic implementation.

These four roles—which make up my LADS model (**L**eaders, **A**ccentuators, **D**rivers, **S**upporters)—may also be accompanied by a singular owner role that will be occupied by the person who owns the strategy from beginning to end. This strategy owner might be a product manager, a general manager, or even a CEO, but this role will always be held by an individual rather than a team or function. The owner is the person who is ultimately responsible for both developing and carrying out the strategy, so, in most cases, it is probably going to be you!

The role that each team or function will perform should be aligned with the overall intent of the strategy. Going back to our strategic melodies, if, for example, you are pursuing a market-focused strategy with new products in new markets, the role assignments might look like this:

- **Leaders.** Product Management
- **Drivers.** Sales, Marketing
- **Supporters.** Operations, Engineering
- **Accentuators.** Service, Support

A strategy based on maintaining a cost leadership position with existing products in existing markets, on the other hand, might look something like this:

- **Leaders.** Product Management
- **Drivers.** Operations, Engineering
- **Supporters.** Sales, Marketing
- **Accentuators.** Service, Support

This is really just a type of responsibility assignment matrix, not unlike the commonly used RACI analysis (Responsible, Accountable, Consulted, Informed), or the expanded RASCI (which adds *Support*) or CAIRO (which adds *Omitted*) models.[1] The LADS model that I am proposing is more applicable to teams, and so it is a very effective way to guide how each function will contribute to the overall implementation of your strategy.

The only reason for assigning roles in this way is so you can have a clear idea of what you, as the strategy owner, will need from each team as you work toward your production phase. This will also help define how you should interact with each one (and how they should interact with each other) as the strategic implementation unfolds. In my experience, this is a critical step in ensuring that each team works together harmoniously toward a common end goal.

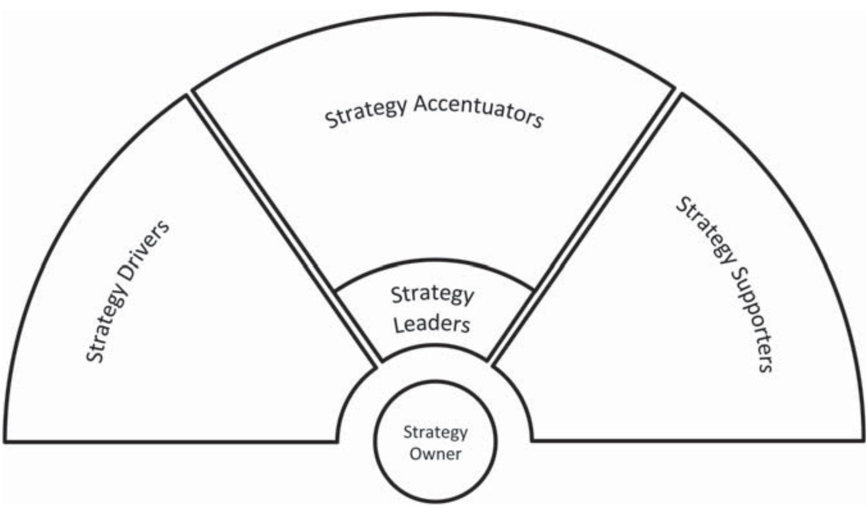
Once you have determined what instruments your orchestra will consist of and what roles each will play, it's helpful to draw a quick map so that everyone will always remain aligned as the strategy is being implemented. To do this, I like to think again in terms of a standard orchestra layout, where usually the conductor is front and center, the high strings (the drivers of the melody) are to the left, the low strings (the supporters of the melody) are to the right, and the woodwinds, brass, and percussion (the accentuators of the melody) are down the middle. This layout varies slightly from orchestra to orchestra, but usually the idea is to have melody to the left, backbone to the right, and highlights down the middle.

Without being overly literal, I like to use this same basic guide to lay out the map of my strategic team, adding the role of leaders directly in front of, and as a virtual extension of, the conductor or owner. To do this, I follow the template shown in Figure 7.1.

It may seem odd to lay out your strategic team in the form of an orchestra, but let me give you one truly compelling reason to consider this approach. The reason that an orchestra is laid out in a semicircle is so that all of the players can see one another while still remaining focused on the overall vision and direction that is being communicated by the conductor. So each section has its own role, but each role must also rely on all of the other roles, as well as the conductor, in order to come together to create music. If you have ever heard an orchestra (or any other musical group) that is out of alignment, you'll recall that it is an absolute catastrophe to listen to. In rock music, there is perhaps no greater compliment than to say that a band sounds "tight." Roughly translated, you're saying that the band is completely

FIGURE 7.1

Strategic Orchestra Map



aligned, all working together toward a common goal. And even if that goal is not your particular cup of tea, you'll still acknowledge that they sound great together.

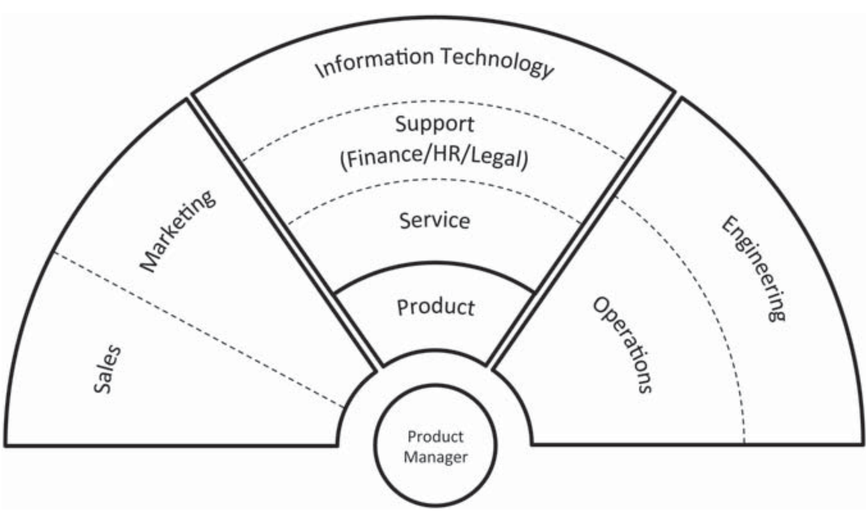
If you work for a large company, you've probably heard of (or experienced) *organizational silos*—usually within a negative context. This is when individual functions become more concerned with serving their own goals and objectives over those of the company as a whole. In reality, if a company tried to operate without any silos at all, it may lack form, structure, or functional purpose. But if organizational silos become too strong, they can prevent internal departments from all working together toward a common overall vision. Laying out your strategic implementation team in the shape of an orchestra, if only symbolically, may be the first step toward striking just the right balance between these two extremes.

Taking this one step further, once you've assigned your strategic roles, you can begin to draw your map by filling in the team names and physically arranging them with respect to the other teams with whom they will most closely need to work. Applying the roles that we might establish for a differentiated new product strategy, we can arrange our map as shown in Figure 7.2.

This is just one of many possible configurations. It will be your job as the strategic orchestrator to choose your orchestra,

FIGURE 7.2

Strategic Orchestra Map Example



assign their roles, and lay them out according to the needs of your particular strategic plan. Doing so will help clear the path for a cohesive strategic implementation team that has only one thing in mind: working together to achieve the vision, goals, and objectives of your strategic plan.

UNDERSTANDING YOUR RESOURCES

Now that you've chosen your resources and laid them out according to your strategy, it is important that you take some time to fully understand the true capabilities of those resources before you go about the task of orchestrating your plan.

When writing for an orchestra, the orchestrator must deeply understand the range of each instrument that he or she is writing for. Every instrument has a certain range of notes that it can play, which may also vary somewhat based on the level of skill that each individual player has. This means that all of the instruments must work together to produce the full range of notes and sounds that will be required by any given piece of music. Knowing how and when to combine these different parts will be one of the keys to an orchestrator's success.

In addition to note range, the orchestrator must also be keenly aware of how each instrument is capable of being played. For example, a player's hands can only move so swiftly from one note to another on any given instrument, and each instrument has different capabilities in this regard. This has to do not only with the agility with which a player can manipulate the instrument but also with the physical spacing of notes on some instruments versus others. So all of these elements must be carefully considered.

I remember my first attempt at writing for a string quartet. I wrote the entire piece digitally, using the *sounds* of violins, cellos, and violas but without having any practical knowledge of whether or not these actual instruments could ever really play what I was writing. Later, when I asked members of a real string quartet if they could realistically perform the piece, they informed me, as nicely as they could, that it would be absolutely impossible to play! It wasn't until I dutifully learned all of the ranges and capabilities for the instruments for which I was writing that I could produce a piece of music that could actually be played.

The point is that you absolutely have to understand the ranges of the teams that you are leading through the strategic process if you want to have any chance of orchestrating a plan that can be effectively implemented. The best way to do that is to talk to them, meet with them, communicate with them, and bring them in on your plan. For very large teams, this can be done through the team leaders. For smaller teams, you may be able to manage this knowledge transfer yourself. Whatever the case, this is a critical step that absolutely cannot be overlooked, because if you give directions to a team that they either can't follow or can't perform, they won't always come back to correct you. More often than not, they just won't do whatever it is that you're asking them to do.

So what happens if your plan requires capabilities that your team simply doesn't possess? This is when you have to invest.

Unfortunately I have seen many strategic plans that simply don't consider whether or not a company possesses the capabilities needed to execute it. Companies have great ideas and high aspirations, but they don't always want to admit when they aren't capable of doing something.

I remember working with a company that was deep into the implementation stage of a strategy to provide electronic devices for a specific industrial application. This company sold mechanical components in this particular market; in fact, it was one of the share leaders in this space. Being intimately familiar with this market, they rightly identified a need for electronic devices that would be used in conjunction with some of their mechanical products. As it turned out, other electronic device manufacturers had all but ignored this market, leaving an open opportunity for somebody else to provide a solution to a very real market problem. All the stars were aligned, so this company forged ahead with its strategic plan.

On paper everything looked perfect. The company had planned to outsource much of the development and manufacturing of the product, keeping ongoing fixed costs low. The market share projections were fabulous, the margins looked very attractive, and the expected return on investment was nearly double what the company was getting from any of its other investments. And none of this was smoke and mirrors. This company had done its homework and really had a good plan on its hands. Throughout the process, strategic planners and implementers did everything right. They had a great story, had assembled all the right people, and they were able to rally their teams collectively around their common strategic goal. The product was developed on time, released to the marketplace, and outpaced all projections in a very short period of time.

But, unfortunately, they weren't able to brag about all of this success. The reason is that, several years into the implementation, something had gone terribly wrong. A quality problem with the supplier had, almost overnight, caused mass quantities of these electronic devices to fail. The problem with the product itself was bad enough, but this issue was also starting to affect the leading share position the company had with its mechanical products.

In the end, it was decided to kill the electronic device product and shut the line down. But that's not the part of the story I'm trying to tell. The important part of this particular story had to do with the root cause of the problem. Way back in the strategic planning process, through all of the celebration of this hidden gem of an opportunity that they had found, people missed something. They failed to consider their own capabilities. They knew that they could neither develop nor manufacture electronic devices without a lot of investment. So they rightly decided to outsource these capabilities. This, as it turns out, was a good decision and helped to keep upfront investment costs low. What wasn't such a good decision, however, was the failure to recognize the need for a sustainable infrastructure to support and service the product after it was released. Had they factored this into their strategy, the additional ongoing expenses would likely have resulted in an unprofitable plan or at best a longer payback period than they were willing to accept. They knew the market, they understood the need, but they failed to understand their own capabilities. Therefore, the strategy failed as well.

This particular story helps to outline a critical point. Yes, sometimes companies actively mislead themselves about the true investment that will be required to fully implement a plan with an otherwise attractive return. But many times companies just overlook their own weaknesses. It's difficult for any of us to admit that we might not be able to accomplish something with the capabilities that we currently possess, particularly when we're excited about the end goal. And, believe me, I'm the first person to say that *anything* is possible. But you'll never hear me say that anything is possible for *free*. That just wouldn't be realistic.

Now is the time for you, as the strategic composer and orchestrator, to take a good, hard look at your own internal resources—be they people, systems, knowledge, or infrastructure—and compare your capabilities to whatever will truly be required to meet your strategic objectives. If there is a gap, you can take one of two directions: you can account for the investment or you can change your strategy. That's it. But now is the time to make that choice.

When everything lines up and the strategy still makes sense, now you're ready to start providing direction to the orchestra.

PROVIDING DIRECTION

Returning to the music analogy, once all of the instruments have been chosen and the capabilities are well understood, the final step in the orchestration process will be to provide directions for each of the instruments in the form of a notated musical score. This score will typically include a written part or parts for each instrument type, with every musical direction meticulously notated, from notes to rhythms, to volume changes, and sometimes right down to the expression with which each note should be played. In this way, the score takes a composer's structured song and ensures that just about any group of instrumentalists can put that song into action exactly as the orchestrator intended. This level of detail is typical for classical music, musical theater, or any style of music that is intended to be played the same way by multiple different instrumentalists at multiple different times.

Other styles of music, on the other hand, tend to be much more dynamic. Orchestrations for jazz or rock music, for example, may be less specific than for other genres, and in some cases may not even be written out at all. These musical performances rely much more heavily on the individual skills of each musician, as well as the dynamic interplay between them. So orchestration in these situations often happens in real time as the performance evolves. Sometimes the entire compositional process is a collective one, with more than one performer developing not only the orchestrations but also the melodies and songs themselves. In these cases, the formal notation of each and every orchestration may be unnecessary because the same resources will be composing, arranging, and orchestrating all at the same time.

In business I find that the majority of situations will call for an approach that is somewhere in the middle of these two extremes. What this means is that as you begin to turn your strategies into actions, it will be up to the teams who are helping to implement the plan to also help design the specific actions that will ultimately drive that plan. Not only is this evolution encouraged, it is required. In most large organizations, once the strategy goes into the implementation stage, strategy owners simply cannot manage every aspect of continuously adjusting and readjusting every single action by themselves. If they try, they will almost certainly sacrifice the company's ability to act and react quickly in the marketplace.

One of the mistakes that I often see strategists make is that they feel they need to single-handedly develop not only their high-level strategies but also the more granular tactics that go along with those strategies. The whole point of developing the Go-to-Market Plan is to provide high-level strategic direction for each of the marketing mix elements. Doing so will allow you to provide crisp and well-communicated guidance for almost any action that will be taken while still allowing your action plans to evolve over time as market and competitive conditions change. Remember, you have to think like a chess player. Every single move is not going to be strictly mapped out. Instead, your strategy should allow for any number of different moves to be chosen as situations present themselves. The faster you can adapt, the more effective your overall strategy will be. Calling upon your team to help dynamically develop your tactics will allow for this level of strategic agility.

Following this model will provide you with these key benefits:

- You will gain access to ground-level skills and expertise that you yourself may not possess.
- Your team will buy in on your strategy because they will feel like they have some part in creating it.
- The company decision makers and stakeholders will have more confidence in your strategy once they see that your team also supports it.
- The entire team will feel they have collective ownership of the strategy, which also means they will take accountability for making sure the strategic results are achieved.

Against this backdrop, your role in the orchestration process will be to both understand and *enable* resources by providing whatever high-level direction they may need in order to help carry out your strategy. To do this, your role must begin to shift from orchestrator to orchestra conductor as your strategy moves into the implementation stage.

Bringing our analogy full circle, let's explore what some of these strategic orchestrations, or actions, might look like in relation to the high-level guidance that was provided in your Go-to-Market Plan:

- **Product actions.** Specific features, function, aesthetics, packaging, manuals, service, support, versions, releases, and so on, including the timing and availability of each
- **Pricing actions.** Specific pricing, timing, variations, competitive positions, bundling, discounts, rebates, pricing promotions, and so on
- **Promotion actions.** Specific messages, campaigns, mediums (radio, television, billboard, print ads, social media, viral videos), branding, and so on
- **Place actions.** Specific geographies, partners, methodologies (online, telephone, physical distribution, retail), exclusivity, programs, and so on

There are many more actions that could be conceived, but these categories should provide some idea as to the types of actions that your orchestra will help you not only carry out but also create. And this will be made possible by the context provided in your strategic melodies and Go-to-Market Plan, supported by the guidance you will continue to provide as you conduct the orchestra throughout the implementation phase.

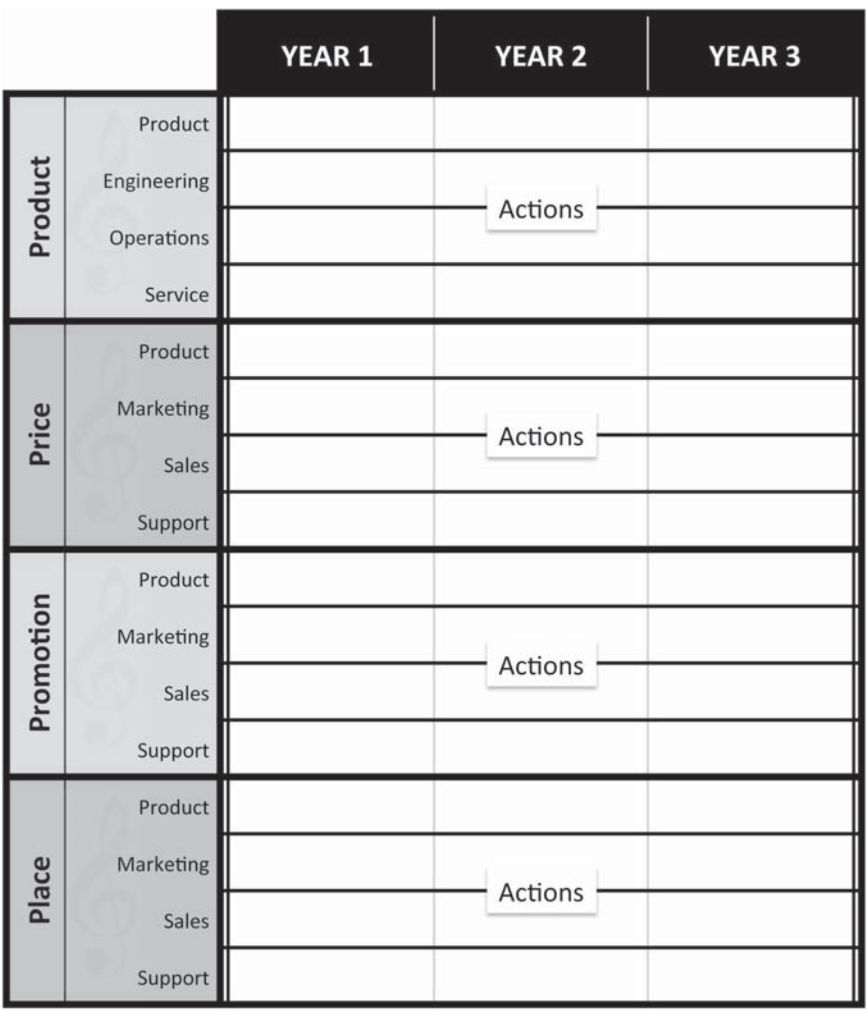
Depending on the type of strategy you are putting together, you may or may not decide to put these actions to paper. Again, this decision will be based on how much flexibility you want to give your team, which will likely be based on factors such as how big that team is, how dynamic your strategy needs to be, and how quickly your team needs to be able to move. As mentioned earlier, you can choose to notate every action up front, as in classical music, or you can allow team members to dynamically develop their own actions around the framework of a higher-level plan, as in jazz music. My personal preference is to work somewhere in between these two extremes.

To capture this I like to produce what I call a *strategic score*. This is a high-level summary of each action (orchestration) as it relates to each Go-to-Market Plan element, the time frame (tempo) for completing each element, and the functions (instruments) that will ultimately be responsible for performing each action. For an example of what this strategic score might look like, see Figure 7.3.

Keep in mind that this particular tool is meant only to provide the key actions that will be required by your strategy. This allows

FIGURE 7.3

The Strategic Score



team members to also develop their own actions along the way, as long as those actions are in line with the strategic intent of your plan. In music, this is referred to as *improvisation*, or the act of creating music spontaneously, while still working within a given set of boundaries. This technique often results in some of the most unique, inventive, and successful music ever performed, and it is highly recommended for at least some portion of your strategic composition as well.

In the end, it will be up to you, as the strategic orchestrator, to communicate your score to the teams. And if everything goes as planned, it will be up to you, as the strategy owner, to conduct your orchestra through the final phase of your strategic process as well. Your strategy will be nothing more than a dream until you turn it into a performance. It's time, now, to put your strategy into full production.

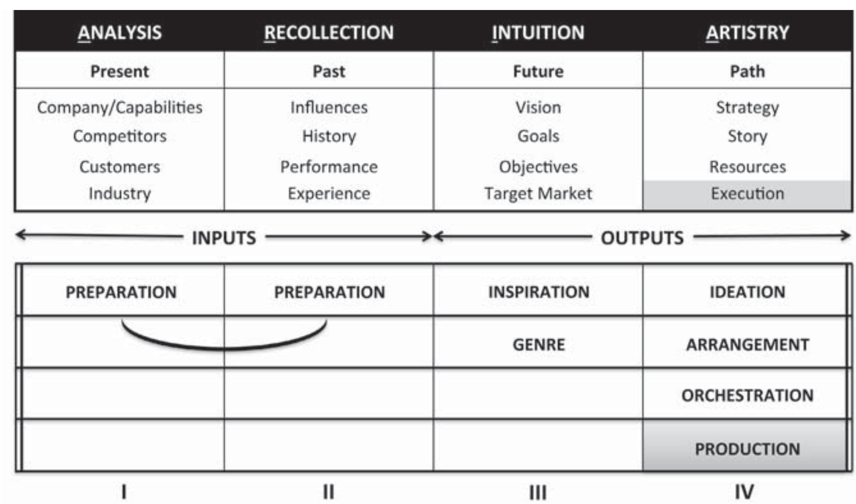
Finding Your Creativity

Orchestrating the same piece of music in different ways will produce very different results. The same can be said of your strategic orchestrations. Here, then, are some tips to help you find your creativity as you prepare to orchestrate your strategy:

- When orchestrating a piece of music, a good orchestrator will only utilize those instruments that will add value to the overall sound, style, and message that he or she is trying to communicate. Why, then, should it be any different for corporate strategies? Don't feel as though every function in your company needs to be involved in the execution of every strategy you compose. Doing so may lead to overlapping team members all competing for the same parts. Creative strategic orchestration can be most effectively achieved by streamlining your ensemble to fit the purpose of your plan.
- The typical departmental roles that I've described in this chapter may be the de facto standard for most organizations, but they aren't the only options that exist. Stringed instruments that are plucked instead of strummed or bowed take on a more percussive quality, thereby changing their traditional roles. Similarly, when keyboards were invented that could effectively mimic other instruments by way of digital sampling, entirely new creative possibilities were opened up to composers and orchestrators alike. Challenging the traditional roles of standard company functions might just have a similar effect.
- Always see the orchestration of your strategy as part of the creative process. It's not enough to have ideas; you'll also need to execute those ideas in a meaningful and impactful way. Toward that end, the more you choose to collaborate with the targeted teams and functions that can help you achieve your vision, goals, and objectives, the better chance you'll have of being able to implement your strategy in an exciting new way. Draw upon those teams as you orchestrate your strategy, and they will help you forge your creative path.

CHAPTER 8

PRODUCTION



What You Will Do

- Implement your strategy
- Measure the results

A producer is perhaps one of the most misunderstood roles in the entertainment industry, which is interesting because this is the only industry I know of that actually uses this term. I think the confusion stems from the tendency to associate a producer with “someone who produces something.” In fact, that’s not exactly how the term, as we know it today, is usually applied. What a producer actually does is to ensure that a production takes place. In very broad terms, the person in that role is responsible for taking an idea for a production, ensuring that financing is available, lining up resources, managing schedules and budgets, overseeing all aspects of the actual production, and having the final say when creative decisions have to be made along the way. If you believe that, as the owner of your strategy, you will have similar responsibilities when your plan goes into production, then you are definitely in the right frame of mind!

Different industries within the entertainment business each have slightly different definitions of what a producer does, ranging from having mostly financial and business responsibilities to overseeing more of the creative decisions. There are also different levels of producers that might focus on slightly different aspects of a given production. An executive producer, for example, might deal with more of the business-related issues, whereas other types of producers (associate producers, supervising producers, line producers, co-producers, and so on) might handle other, perhaps more creative parts of the production.

All of these producer roles, in one way or another, are considered to be general managers over one or more aspects of a production. In this way, the role of a producer will encompass some level of leadership, business, and creative/visionary responsibilities.

It should come as no surprise that the implementation of your strategy will be the equivalent of your strategic production—that is, you will be taking a creative vision and turning it into a reality. It should also come as no surprise that your role at this point in the process will be much like that of a producer. As such, you will be overseeing all aspects of your strategic production, ensuring that all of the different implementation pieces come together in line with your original vision.

As the process shifts from orchestration to production, there are three main steps that you will have to take in order to bring your idea to life:

1. You need to convince investors and stakeholders that your strategic plan is worth pursuing. For this, you'll need to know who those stakeholders are, and you'll need to persuade them to commit their hard-earned time, money, and resources to your plan.
2. You need to perform. To do this, just like the conductor of an orchestra, you will need to take the stage, inspire your team, and passionately lead the implementation of your strategy.
3. You need to track and measure the results and make adjustments as necessary. This will require a firm understanding of your overall objectives, a keen eye on the performance of your plan, and acceptance of a level of accountability that reaches beyond any official position that you may have within your company.

With this agreed, let's explore each of these three areas more closely as we work toward bringing our strategic composition to life. In summary, they are:

1. Convincing investors
2. Performing
3. Measuring results

CONVINCING INVESTORS

If you've made it this far in the process, you should have a strategy that both you and your future implementation teams truly believe in. Your challenge now will be to convince your strategic stakeholders to believe in it too.

You may be in a position to finance your strategy yourself. But more often than not, the ability to implement your plan will be contingent upon your company or some outside investors supporting and financing your plan. This could come in the form of a one-time investment, such as a bank loan or an *angel investor* or, as in the case of larger companies, in the form of a general commitment of both money and resources over a long period of time. In this latter (and more common) case, getting buy-in on your strategic plan does not mean that every subsequent business case related to your plan will automatically be accepted. There is a much higher probability, however, that these future business cases will be funded if they are tied back to a fully supported strategy.

In Chapter 6 we examined how to put together your strategic story, which culminates in how much the plan will cost and what will come as a result. Your investors will likely think of this in terms of what is commonly called a *return on investment*, or *ROI*. There are several different ways to analyze what kind of return any given investment will yield. The official calculation looks at how much money you make as a percentage of how much you invest. But this is not the only way in which returns can be analyzed. For example, you can look at how long the investment will take to pay itself back, how much money a company will net out of the investment over any given period of time, or how a given investment compares to other investments that could otherwise have been made with the same amount of cash. Although it is unlikely that your investors will be thinking in these detailed terms at this stage of the game, they are definitely going to be interested in how much they have to give versus how much they will ultimately get. And this is the stage where you'll need to translate your strategic story into an actual strategic presentation to help bring it all together for them.

In Part 3 of this book, I provide a compilation of tools that will help you master the strategic process that I've outlined. Among those tools is a guideline for your strategic presentation that will allow your story to be told effectively, succinctly, and with the impact required to persuade investors to believe in your plan. As you are presenting this story to your potential investors, I urge you to keep the following key points in mind, based on some of the most common missteps that I have witnessed during this stage. Most of these tips apply to people working in large, publicly traded companies, although the lessons can be applied to smaller companies and private investment arrangements as well:

1. Remember that the financial resources you seek do not always belong to the decision makers. Your executives are there to represent the interests of the true owners of the company: its shareholders. As such, your executives do not have an obligation to provide you with funding. Instead, their obligation is to ensure that the shareholders' money is wisely spent. If your strategy does not get executive support, it is up to

you to understand the reason and then work to identify a strategy that is more in line with shareholder interests, as represented by your executives. Remember, your shareholders' money isn't owed to you; it is up to you to earn the right to invest it, and it is up to your executives to retain the right to decide who does. Even if you are a small business manager applying for a loan, that money does not belong to the loan officer. That person is a representative, and it is incumbent upon you to fully understand whatever interests they are representing.

2. Once you have been given the authority to invest your shareholders' money, you need to act as if it is personally yours. The reason your executives act as if they own the company's money is because they have been entrusted with taking personal accountability for how that money is handled, and if they fail in that task, they will not be entrusted with it again. You need to adopt the same line of thinking for your strategy. If you were running a small business (as I currently am), every financial decision you make could put your company out of business. If you spend your money unwisely, you will not be able to pay your employees. That's a fact. There is no bailout plan. The only bailout is to create a better strategy. No matter the size of your company, taking that same level of accountability and ownership over whatever money is entrusted to you will be critical to the success of your strategy.
3. Perhaps most important, your company is investing in both your strategy and *you*—and usually in fairly equal parts. Your executives or investors want to know that *you* believe in your idea before they will ever think of taking a chance on it. To measure this, they will be analyzing your level of personal accountability, observing your passion, and gauging whether or not you've done all of your homework and truly understand your customers, competitors, and company. Then they will be judging your ability to personally lead your strategy, keep the implementation team motivated, drive through any barriers, and remain truly accountable for achieving the results. The shareholders have entrusted their money to the executives, and now the executives are entrusting that

> money to you. If you don't show your investors that you're unconditionally ready to take on that challenge, their money will never change hands, mostly because they don't believe that the customers' money will change hands in return.

What all of this equates to is one pure and simple rule: you need to lead your strategy. You are the general; if you are truly willing to take on that role and all of the responsibilities and accountabilities that go along with it, then your strategy will be green-lighted. Only then will you be ready to perform.

PERFORMING

Chances are, you as the strategy owner will also be the one leading the strategic implementation team. More than likely, most of that team will not work directly for you. Such is the dilemma of anyone who owns a strategic plan. This includes business managers, general managers, and even CEOs.

There is a common misconception that just because a person sits at the top of an organization, she or he will have no trouble getting things done. This couldn't be farther from the truth. In fact, it might arguably be *more* difficult to prompt people into action from that position because employees may automatically assume they are being *told* what to do, which is in fact exactly the opposite of what people generally want. And it is exactly the opposite of what organizational leaders should want to do.

Telling employees what to do rarely results in anything positive. Think about your own experiences in this regard. Have you ever been directed to do something that you didn't fully understand or embrace? Chances are, you did it reluctantly and only to the absolute bare-minimum requirement, or you found a way not to do it at all. Neither of these reactions will help a company grow. Instead, a true leader needs to *inspire* people into action, and this can be done regardless of structural hierarchies. The idea is to have people work not for a person, but for a shared vision. This is the type of environment that great leaders will strive to create.

Your strategic team will want this same type of inspiration from you. In addition to being inspired, they'll also want to know what role they play in the bigger picture, they'll want to be informed along the way, and they'll want to be held truly accountable for their actions. This will require four things from you as the owner of the strategy:

- ☐ Inspiration
- ☐ Role clarity
- ☐ Communication
- ☐ Empowerment

If you can master these four things, you'll be able to lead your team into action. So let's explore each one in a bit more detail.

First: inspiration. I've dedicated an entire chapter just to that subject. If your strategy is inspired, then you will be able to translate that inspiration to your team as well.

Inspiration—Check

- ☑ Inspiration
- ☐ Role clarity
- ☐ Communication
- ☐ Empowerment

Next: role clarity. This is why you spent so much time orchestrating your strategic score. Again, I've dedicated an entire chapter just to preparing you for this requirement. If you've completed this step, you will be able to bring clarity to your implementation team.

Role clarity—Check

- ☑ Inspiration
- ☑ Role clarity
- ☐ Communication
- ☐ Empowerment

Next: communication. This will involve sharing the final strategic presentation with the implementation team, as well as updating this team with the results of your strategy as it is being carried out. Remember that your plan will be constantly moving, constantly evolving, and constantly changing. This will require a high frequency of communication from you, the strategic owner, as the plan evolves.

To help with this, you might wish to select representatives from your strategic team who can act as conduits between you and each of their respective functions. These individuals do not necessarily have to be the organizational leaders of their functions; instead, they can simply serve as the functional go-to leaders for the purposes of implementing your strategy.

Almost every orchestra utilizes principal players or *principals* to help drive the performance of each individual section of instrumentalists. Some orchestras feature as many as 100 individual musicians. With these numbers, the conductor can only effectively lead those individuals with the help of these principals who, among other tasks, assist the conductor in communicating between and among the respective instrumental groups. An orchestra really is not unlike a company, which is why I like this particular analogy so much.

Your strategic principals can help you manage an evolving strategy. After you identify who your principals are, you need to meet with them regularly, solicit their feedback, give them responsibility over creating and leading actions that will evolve from your strategy, and utilize their leadership skills to communicate any changes in your plan back to the teams who will be tasked with implementing those changes. Orchestras perform together week after week. But they never stop meeting and rehearsing between performances to ensure that their programs continue to evolve. Your strategy is just as dynamic. Never stop evolving it, and never stop letting people know that you did.

Communication—Check

☑ Inspiration

☑ Role clarity

☑ Communication

☐ Empowerment

The last item is going to take a little more examination, which I believe can best be accomplished through a story.

After moving into a new home, I needed to buy window treatments. So I measured my windows, went down to a local home improvement store, picked out the blinds that I wanted to purchase, and went to place the order. I wanted a turnkey solution and was told, by a very polite store associate, that this was certainly an option but that such an arrangement would require that *they* come out to measure my windows before placing the order.

"How long will that take?" I inquired. "A couple of weeks at most" was the reply. So I signed up and waited for the call, even though I already had my measurements in hand.

Weeks went by. No call. So I called the store back to see what was going on. That's when someone told me that the store had been having some problems with the installation company. When I signed up for this, the store and the installer appeared to be one and the same. But now that there was a problem, the installer was apparently a completely separate entity. Still, with fast follow-up assured, I gave all parties involved the benefit of the doubt and decided to continue on.

More weeks went by, with more installation problems and more phone calls to and from any number of different people at the store who really couldn't help me. The installation company simply was not doing the job I needed it to do, and all of the different associates, supervisors, and managers that I was dealing with at the store apparently couldn't do a thing about it. The reason, I was told, was because the choosing of installers was handled at a different level in the company. So the decisions that directly affected my buying experience were too far removed from the people who were supposed to be tasked with solving my problems.

Needless to say, with each call or visit back to the store, I was growing more frustrated, and, although I'm ashamed to admit it, I thought that screaming at someone might just make me feel better. But picking on any of the people with whom I was dealing would constitute nothing short of bullying on my part, because there was really nothing that any of these individuals could do to help me with my issues. They all worked for a company that apparently said all of the right things in its strategy—providing a great customer experience, providing excellent service, and so on. But none of these employees had actually been *empowered* to fully carry out that strategy. And so the strategy could not possibly be implemented—at least not in this particular situation.

On the way home from one of my more frustrating visits, I stopped by a local Chinese restaurant for a meal with my family. My son ordered the Chicken Lo Mein, and part way through the meal he said that it tasted a little funny. Unfortunately, when you live in an environment where service providers aren't empowered to solve your problems, you eventually become conditioned to stop complaining altogether. Fresh off our window treatment fiasco, both my wife and my son had this exact initial reaction to the Chicken Lo Mein: "Just forget about it," they both said. But I had a lot of scores to settle that day, and I wasn't about to let this one pass. So I called the waiter over and politely told him what was going on. The plate was half eaten, mind you (my son has a healthy appetite, even for "funky" chicken, it seems). No matter. Without a question, without so much as a sniff of the plate, the waiter whisked the dish away and asked if he could get my son something else. Then within two minutes the manager came over and took the entire item off our bill.

This waiter was empowered to take the food back without any questions asked, and the manager backed it up without a thought. Smaller companies may have an easier time doing this because the chief decision maker is always close at hand. But what happens when that Chinese restaurant becomes a chain and the decision maker for that chain isn't always immediately accessible? The key will be for that decision maker to inspire his or her employees around the overall strategy of the company, ensure that everyone knows what part they can and should play in implementing the strategy, clearly communicate the strategy so that the employees can effectively carry it out, and empower each employee to take actions that will align with the overall strategic intent.

Check, Check, Check, and Check

☑ Inspiration
☑ Role clarity
☑ Communication
☑ Empowerment

This is how to successfully perform: four simple items that must be lived, not just spoken. If you do that, your team will perform, not for you, but for a strategy that they all truly believe in and *want* to carry out. This is the only way you will be able to achieve your strategic results.

One final thing about performing: there will always be a need for someone, at some point in time, to make the final call. Returning to our music analogy, one of the key roles of a record producer is to keep the band members from wanting to hurt one another as the album is being recorded! Creative people have creative differences, many of which are based on ego, personal preference, or one's own experiences.

It is the producer's job to reconcile all of these opinions and make the final creative call as to which direction to take. If you want to do this effectively, it will be important to clearly know your vision, stay firmly connected with your customers' needs, keep the big picture of your strategy constantly at the top of your mind, listen to feedback with an open mind, process all of that information almost instantaneously, and know when to step in to make the final call. In essence, the strategic producer will always have the final creative say. So when you are in the producer's role don't be afraid to step in when that final say is needed. Your investors expect it, your team will expect it, and your strategy is sure to require that level of involvement at one point or another.

Now your performance is under way. Everyone is excited, everyone is engaged, and before long, your performance will take on a life of its own—so much so, in fact, that you might even begin to lose sight of why you were performing in the first place. If this sounds inconceivable, just think about how many things your company currently does because that's "just the way you do them." Long-term plans tend to suffer from long-term amnesia, which is why you must stay constantly focused on why you developed your plan in the first place. And you do this by constantly, consistently, and diligently measuring your results against your original, sometimes evolving objectives.

MEASURING RESULTS

One of the key roles you will have as a strategic producer is to measure the success of your plan as it is being implemented. Assuming that you are following your own strategic score and are working with your principals, each of whom will help to lead her or his respective section of the orchestra, it will now be your job to conduct this orchestra by both keeping everyone focused on the score and driving the score with both leadership and feedback.

The role of strategic conductor, then, is the next hat you will need to wear in the strategic implementation process.

Conductors lead their teams by standing front and center, where all members of the orchestra can see them, and using their batons as a beacon upon which all members of the orchestra can keep their eyes focused. This provides necessary direction and helps join everyone together around the pursuit of a common goal. In business, your baton will be the *profit and loss statement (P&L).*

In my experience, the P&L (also called the *income statement*) is the financial tool that all business managers feel they *should* know; consequently, far too few ever admit if they don't know it, which is why I want to review it within the context of our process. At its core, the P&L is an extremely simple tool. To understand what it's all about, picture yourself running a small business, selling something like pencils. You know that you have to buy the pencils for a certain cost. And you want to sell the pencils for a price that will allow you to make some type of profit. Easy enough. So:

$$\text{Price} - \text{Cost} = \text{Profit}$$

If you multiply your unit price by the number of units you sell, you get the total dollars that you will be taking in as a result of selling your pencils. This becomes your *revenue*. If you do the same thing with your costs, you call this your *cost of goods sold (COGS)*. The difference between these two things is usually referred to as your *gross profit*. So now you have:

$$\text{Revenue} - \text{COGS} = \text{Gross Profit}$$

Your gross profit can be expressed either in terms of absolute dollars or as a percentage of your revenue, in which case it is usually referred to as a *gross margin*. Either way, this number does not yet represent what you will actually put in your pocket because, more than likely, there are still other expenses that need to be incurred in order to run your business. Perhaps you have travel expenses, marketing expenses, costs associated with running a small office, or the cost of other employees that you've hired. All of these expenses must be factored in before you can determine the true profit that your business will make. Typically these expenses are not directly related to the cost of the product you are selling, and therefore they are typically referred to as *operating expenses*.

Subtracting these expenses will now give you what is referred to as your *operating income* or *operating profit*, which can also be expressed either as an absolute dollar amount or as a percentage of your revenues (in which case it would typically be referred to as your *operating margin*). So now our formulas become:

$$\text{Revenue} - \text{COGS} = \text{Gross Profit}$$
$$\text{Gross Profit} - \text{Operating Expenses} = \text{Operating Income}$$

TABLE 8.1

Simplified P&L

Revenue	A
Cost of Goods Sold	B
Gross Profit	**A – B = C**
Operating Expenses	D
Operating Income	**C – D = E**

If we put this into tabular form, it looks something like Table 8.1.

Of course, if everything were this simple, nobody would ever have to admit that they don't fully understand the P&L! Unfortunately, most businesses are a lot more complex than our initial example would imply, and so the P&Ls for those businesses tend to be somewhat more complicated as well.

What you need to know is that the P&L will always boil down to these same five basic elements: revenue, cost of goods, gross profit, operating expenses, and operating income. The problem is that the more things you want to track, the more convoluted each of these line items will become. For example, there are many different ways to look at revenue. You can track gross sales, discounts, rebates, returns, or any other number of other revenue-related intricacies that might apply to your particular business. At the end of it all will be the net dollar amount that your company will collect from the sale of its products, often referred to as *net sales* or *net revenues*. But your P&L may show quite a few different revenue-related line items before you get down to that number.

Similarly, your cost of goods can be broken down into any number of different categories. For starters, you can track your variable costs separately from your fixed costs. *Variable costs* are defined as any cost that varies in proportion to the amount you sell, while *fixed costs* generally do not vary in direct proportion with how much you sell. You can also break down your product costs based on how they are being incurred. For example, if you are manufacturing your own product, you might want to track your labor, materials, and any related manufacturing overhead costs all as separate line items—the idea being that you may wish to understand and therefore manage each of these costs separately.

Operating expenses also have many different categories that can be tracked, many of which must be allocated across multiple product lines, making this section of the P&L much more applicable at a business unit level than at a product line level.

There are many other complexities that can be discussed in relation to the P&L, including the different terminologies that can be used to express any one of these five line items, as well as the many other types of margins that can be calculated using any of the numerous subcategories that typically occur between these five lines. Then there is the discussion about which costs should be counted as part of your COGS or which should be counted toward operating expenses. There is also the discussion around interest and taxes, which are accounted for after operating income, resulting in a company's *net income* or *net profit.* And, if we want to get really complicated, we can talk about *earnings before interest and taxes*, or *EBIT* for short (which is typically the same as operating income except that it may include some amount of nonoperating earnings as well), or *earnings before interest, taxes, depreciation, and amortization*, or *EBITDA* for short (which requires that you understand how certain assets have been depreciated or how certain expenses have been amortized within the P&L so that they can be removed and separately analyzed). This latter discussion will also require a firm understanding of how the P&L works together with another commonly used financial tool: the balance sheet, which keeps track of the actual assets and liabilities that a company has at any given time.

Although a deep discussion of these important complexities is outside of the context of this book, it is important that you learn as much as possible about all of the financial tools that are available to help you track the performance of your strategy. To assist you with this task, I have provided several excellent references in the back of this book, and I also encourage you to consult with whatever accounting and financial resources are available to you within your company or business, many of whom should also be a part of your strategic implementation team.

Even with all of these nuances, and the many more that I am not covering here, the P&L is generally a simple tool to both use and understand, as long as you are reading it *vertically* (that is, top to bottom). Used in this way, the P&L will help you gauge the relative short-term health of your business, meaning that a positive net profit in any given period should, at some point in the future, translate into cash for your business.

With that said, this is really only a small part of what a P&L is used for. More often than not, the P&L is used not only as an indicator of the current performance of your business but also as a tool to track that performance against some known baseline. That baseline can be in the form of a previous performance period, or a forecast that was completed for the current period you are measuring. In either scenario, in order to use the P&L in this way, you will need to know how to read the P&L both vertically and *horizontally* as well.

When I talk about reading the P&L horizontally, I am simply referring to adding two extra columns: one for your baseline and one for the variance between the baseline and the actual results. Essentially you need to compare your actual performance to some reference point in order to determine whether or not your objectives are being met. I have worked in businesses in which a 10 percent operating margin was considered to be world-class performance, whereas others would have been escorting people out the door with those numbers. The truth is, you can only gauge your company's performance based on your own expectations. That applies whether you are comparing to your own internal forecast, your business case, your strategic plan, your previous performance, your competitors' performance, or, as is most often the case, a combination of all these reference points. The idea here is that the absolute value of your performance is only relevant when looked at in comparison to the absolute value that you projected or that you previously achieved.

Table 8.2 is an example of what this horizontal P&L might look like using an internal forecast as the baseline comparison. To illustrate how to use this form of the P&L, we'll need to look at a quick example.

TABLE 8.2

Simplified P&L with Baseline Comparison

	Forecast	Actual	Variance
Revenue	A1	A2	A2 – A1
Cost of Goods Sold	B1	B2	B2 – B1
Gross Profit	**C1**	**C2**	**C2 – C1**
Operating Expenses	D1	D2	D2 – D1
Operating Income	**E1**	**E2**	**E2 – E1**

Let's say that your revenues for any given period are below your forecast—that is, A2 – A1 is a negative number. Let's also say that your COGS for that same period is above your forecast—that is, B2 – B1 is a positive number. So your sales were lower and your costs were higher than anticipated. To understand what may have happened in this case, you need to expand the revenue lines to see how many units were actually sold versus how many you thought you would sell. You can then derive the price to see if your price was higher or lower than you anticipated. Finally, you can derive your cost per unit using the same math. Once you have this information, you will have more clues as to what may have happened. These are just a few of the possible scenarios:

1. You raised your prices based on higher costs, and as a result you sold less.
2. You sold a different mix of products than you anticipated.
3. You sold to a different mix of customers than you anticipated.

By itself, a P&L will not tell you which, if any, of these scenarios actually occurred. What it will give you, however, are indicators that will help you narrow down the most probable causes. This, in turn, will allow you to target the specific metrics that can be used to validate the actual root cause of whatever variance you are seeing, thereby allowing you to take the necessary corrective actions (or build on your key successes).

The good news is that each business will, after some period of time, begin to show repeating patterns; that will allow you, in the role of the strategy owner, to identify the most likely causes of most any variance almost at a glance. This is where the magic of understanding the P&L horizontally will really come into play.

Using this information, you can keep your strategic team aligned by involving them in both the planning and tracking process. Your strategic principals will then feel some level of accountability in helping to forecast the business performance, and they will feel equal levels of accountability for achieving the results that they themselves helped to forecast. In this way, there is no greater tool to help drive teams toward common strategic objectives than the P&L.

I mentioned earlier that the P&L, by itself, rarely tells the entire story of what's happening within a business. It will give you ready clues as to where you need to dig deeper, but you will still require another level of key metrics that can help you to measure your performance against a set of fairly specific strategic objectives.

Enter the *balanced scorecard*.

The concept of the balanced scorecard was first brought to light in two *Harvard Business Review* articles written between 1992 and 1993 by Robert S. Kaplan and his associate David P. Norton. This was followed by a book by the same authors, written in 1996, entitled *The Balanced Scorecard: Translating Strategy into Action*—which is an appropriate reference for this stage of our process.

In its simplest form, the balanced scorecard encourages companies to measure their business performance using metrics that align with their strategies. That sounds simple enough. The twist, however, is that these metrics do not all have to be financially based. In fact, the basic design calls for measurements in each of four main categories as follows:

- Financial
- Customer
- Internal business process
- Learning and growth[1]

The idea is to take your strategic vision and resulting strategic objectives and tie these objectives to a manageable number of measurements that can be used to solidify your plan, track the effectiveness of your strategy, communicate the results back to your team, and drive your teams into action based on whatever results you are getting. The possibilities for measurements within each of these categories are nearly endless, and there are other categories that can and have been conceived since. The point is to have some set of tools and metrics that you can use to both further understand the underlying performance trends of your business and track the effectiveness of your strategy over the long term,

It is worth noting that this balanced scorecard concept, along with almost all of the previously established tools, processes, and frameworks that I have referenced throughout this book, continue to be evolved, refocused, and reapplied according to what works, what doesn't, and what each individual company needs. This, in my opinion, is just as it should be. One concept builds from another. One thought serves as the foundation for the next. This is as it is in business, just as it is in music, just as it is in life.

I believe this is quite possibly the most important lesson that you can take away from the entire strategic process that I have presented to you. Rather than try to follow every step exactly the way that I have written it, you can use my thoughts to inspire your own, just as I have used the thoughts of many others before me to inspire mine. The strategic process is a creative one, and creative processes will always continue to evolve.

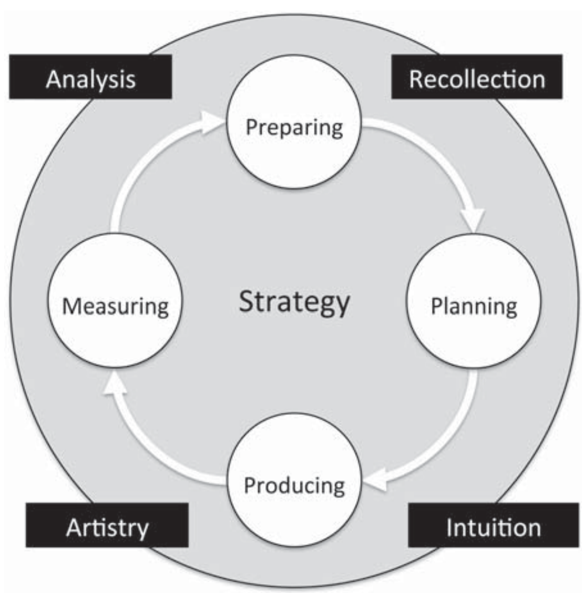
Once your strategy goes into production, you will continue upon a nearly endless cycle of preparing, planning, producing, and measuring, using the past, present, and future to forge a path that can only be built upon Analysis, Recollection, Intuition, and Artistry. The steps will get you to this stage; your proficiencies will keep the cycle going, growing, and alive.

Figure 8.1 captures the strategic life cycle that you will continue to draw from and build upon throughout the production stage.

As your strategy is being implemented, it is important that you continue to measure your results against your plan and that you continue to reenvision your plan based on what you achieve and

FIGURE 8.1

The Strategic Life Cycle



what you learn. This will lead to other strategies that address evolving business needs before they become urgent and evolving market needs before they are addressed by someone else. The best musical artists in the world are constantly reinventing themselves in response to their audience's likes, preferences, and needs. Their strategies are always evolving, and their fame and fortune are continuously sustainable as a result. Compare that to the countless number of one-hit wonders, who put out one good song before fading into obscurity. Those careers are usually short-lived, which is the same fate your business will suffer if you do not look after your strategic life cycle.

ENDGAME

At this point in our analogy, we've taken a feeling, translated it into a melody, arranged the melody into a song, orchestrated the song to achieve maximum impact, and then produced that song into something that is recorded, performed, and rewarded. So here's my measurement of whether or not a song has met its objectives:

When music reaches me the way the composer or songwriter intended it to, I get chills. That's the ultimate measurement for me. Once that happens, I want to keep feeling that way over and over again. I'll listen to the song many times; I'll buy an overpriced ticket to go see the song performed live; and I'll even shell out $60 for a concert T-shirt that probably cost no more than a few dollars to produce. Chills are a powerful reaction; they indicate that something has touched me beyond my rational mind. If one of my songs has accomplished that for someone else, there can be no better measurement of success.

When your strategy hits the mark, it will inspire those same chills. And those chills will translate into financial results, customer results, process results, and even learning results. Because when you hit the mark, everything else follows.

That's what I want you, your teams, and your customers to feel. Yes, your strategy should cause physical chills because it was *that* good. That's what will separate a strategic plan from a strategic composition, and that's what will separate the science from the art.

And when it all comes together, you'll know you've experienced the true art of creative strategy generation.

Finding Your Creativity

You've written the songs, you've decided who will play what parts, and you've laid out how those parts should be played. Is there really any room for creativity during the production stage? Absolutely! Here are some tips to help you find yours:

- When musicians enter the studio to record a new track, the same song played 50 different times can literally sound 50 different ways, even though all the same notes are being played. The difference between the good and bad takes is in how connected the musicians felt to what they were playing, and how connected they felt to one another while they were playing it. It is the producer's job to pick up on those connections and, if possible, inspire them to happen. As the strategic producer, you can do this by drawing upon your Artistry, where passion and expression join together to help you create something that's unique, exciting, and impactful.
- There is a creative energy that happens when people get together to brainstorm ideas and seek out positive solutions to challenging situations. If the results of your strategy are not meeting expectations, brainstorming will go much farther toward solving the problem than finger pointing. Every finger of blame that you point represents a missed collaborative connection and, with it, a missed potential creative solution. Instead of reaching out your finger to point at people, reach it out to connect with them.
- The band KISS wrote some great songs. But where they really differentiated themselves was in their performance. KISS concerts were unlike anything anyone had ever seen. Why? Because the band members expressed themselves in a way that nobody had done before them. Through that expression, they were able to connect with their audiences and give people something they needed and couldn't get from anywhere else. This helped make KISS one of the most successful rock bands in history. The point is: you don't have to execute your strategy like everyone else. Companies won't always do business the way they're doing it today. Someone will come along and redefine it—and that someone could very well be you.

CHAPTER 9

CODA

Now that we have stepped through the Creative Strategy Generation process using music composition as the analogy, I think it is important to reinforce a few key points. The idea behind composing great strategies is to utilize a creative process rather than an academic or imitative one. In Part 1 of this book, I introduced you to the four proficiencies (Analysis, Recollection, Intuition, and Artistry) that you must build in order to generate creative strategies. In Part 2, I showed you how to use those proficiencies to compose strategies using a creative process similar to that of writing music. And although music happens to be my passion, and one that many people can relate to, it is by no means the only creative process that can be metaphorically explored.

The mnemonic ARIA that I used to capture the four strategic proficiencies actually has a very interesting subtext that applies to nearly any creative endeavor. In music, the term *aria* is typically defined as a "solo song with instrumental accompaniment."[1] Now that we have stepped through the entire process, it is easy to see how this term so perfectly encapsulates the role that your proficiencies should play. Analysis, Recollection, Intuition, and Artistry are solo skills that you need to possess in order to compose and lead a creative strategic plan. As you apply your process, however, accompaniment will also be required in order to bring those skills to life. In this way, your creative process will involve bringing more and more resources together around your proficiencies to help you produce a unique and special output. This can involve bringing in outside insights, tools, training, people, or any other type of collaborative resources that can help you grow your ideas into full-fledged works of art. A solo with accompaniment: I can't think of a better way to describe the entire strategic process.

The idea, then, isn't to write your strategies exactly the way I write songs. That's just one way to look at it. Part 2 of this book is simply a metaphor for applying your own collaborative creative process to the solo proficiencies that you developed and explored in Part 1. No matter the creative analogy, the seven steps will always be the same:

1. **Preparation.** Your training, skills, research, and observation
2. **Inspiration.** What you hope to achieve and what is driving you
3. **Genre.** Your target audience
4. **Ideation.** The core of what you want to express
5. **Arrangement.** Building a story to help you express your ideas
6. **Orchestration.** Bringing together resources to help you tell your story
7. **Production.** Producing a final work of art

Whether you are a composer, an artist, a screenwriter, a theatrical producer, or a business strategist, these are the same seven steps that will be required to produce your creative work of art. And make no mistake about it: the very best business strategies are indeed creative works of art.

Feel free to find your own metaphor based on whatever creative endeavor you happen to be passionate about. Then use that metaphor to help you generate your own creative strategy by applying the same steps. Whatever analogy you choose, you need to find your passion not only in the end result but also in the entire process from concept to delivery. When you do that, you'll be composing timeless strategies that other people will be writing about for years to come. That's when you'll have found the key to creative strategy generation.