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For nearly 50 years, "strategy" has been a business of promoting universal prescriptions based on what appears to explain the success of a few revered companies. At first glance, this practice makes perfect sense. Why not draw lessons from those who seem to have figured it all out? In reality, though, the approach has the deadly effect of separating the true owners of a company's strategy (the prescription promoters) from those implementing it (management). No doubt, the promoters work hard to win management's acceptance of their concept. But when the inevitable bumps in the road appear, the strategy concept is ditched, often with management saying it doesn't work and its promoters blaming poor implementation.

In the 1960s and 1970s, the hot concepts were the experience curve, the growth-share matrix, and SWOT (strengths, weaknesses, opportunities, and threats) analysis. The 1980s gave us five forces, value chain strategy, scenario planning, and total quality management. In the 1990s, business process engineering, customer loyalty, competing for time, competing for the future (core competencies), and growth horizons gained traction. Those ideas were followed by co-opetition, BHAGs (big, hairy, audacious goals), growth adjacencies, and blue oceans in the 2000s. These hugely popular concepts, and many others, have largely faded after enjoying a few years of attention and acclaim. Very few have had a lasting impact on the art, practice, and substance of strategy — though they have left behind a lot of jargon.

Nevertheless, the business of strategy will continue to churn out the next big thing, because strategy concepts provide a modicum of comfort in an uncertain, complex world. But the most capable strategists are never swept up in the hype. They understand the limitations of such concepts and resist the allure generated by their popularity. Perhaps most important, they know that new concepts — however popular — lack the three essential characteristics of a great strategy. A great strategy is unique, specific, and complete; it stands on the shoulders of a big idea; and it is owned by a leader who is ultimately responsible for its implementation.

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The Strategic Five

By their nature, big strategy concepts are not particular to any one company. That's problematic, because when they become wildly popular and widely adopted, no one gains advantage from them. In fact, the me-too pursuit of strategy concepts stymies their supposed benefits. For example, in 1972, DuPont adopted the experience curve concept as the strategy of its titanium dioxide business. It invested more than US$400 million in new capacity to maximize market share, following the concept's logic, until 1979, when industry capacity utilization collapsed from 88 percent to 64 percent. DuPont's margins fell to half of what they were when the company first embraced the experience curve.

Great strategies answer five critical questions ("the strategic five") in ways that are unique to your company: (1) What business or businesses should your company be in? (2) How should you add value to your businesses? (3) Who should be the target customers for your businesses? (4) What should be your value propositions to those target customers? (5) What capabilities should differentiate your ability to add value to your businesses and deliver their value propositions?

You won't find the answers to these questions in most strategy concepts. Consider total quality management (TQM), a prescription for reducing cost by minimizing error. TQM is mostly silent on what kind of businesses should be in your portfolio and why, or who your target customers should be and why they're glad your company exists. It is also a dangerously narrow prescription for what you have to be better at doing than anyone else to achieve and sustain great success.

Instead of asking “Should we adopt TQM?” leaders should ask “How can TQM improve our answers to the strategic five?” A company such as Danaher, which actively seeks to add operational value to each business in its portfolio, would have an answer very different from those of Berkshire Hathaway or IKEA, because the three companies have different strategies for adding value to their businesses. Furthermore, because these companies can answer each of the strategic five questions with precision, they can be disciplined about whether they use TQM and, if so, how. In other words, their strategies are not just unique and specific, but also complete. This enables them to get the most out of strategy concepts without becoming hostage to them.

What’s the Big Idea?

Too often, strategy concepts conflate goals with ideas. For example, competing for time and the experience curve are, respectively, prescriptions to operate faster than everyone else and to minimize cost by maximizing market share. But “maximize speed” and “increase quality” — or, for that matter, “maximize net promoter score,” “expand growth horizons,” and “occupy white space” — are really just generic goals that any company might adopt. They are not big ideas.

Big ideas are novel solutions to specific problems that are unique to particular companies. Sam Walton, founder of Walmart, had the idea to build a network of centrally coordinated shops to serve a regional population of millions. This solved the problem of profitably serving towns smaller than 100,000 people with full-line discount stores.

Likewise, Starbucks’s strategy to create a nationwide chain of coffee shops as a “third place” between office and home originated in Howard Schultz’s big idea to re-create the Italian espresso bar experience. Henry Ford’s strategy to offer just one model (the Model T) in just one color (black) started with an idea that changed the world forever: the moving assembly line. A decade later GM replaced Ford as the world’s largest automobile manufacturer by adopting Alfred Sloan’s revolutionary idea of branding different price points (Chevrolet for the lowest price point and Cadillac for the highest). Lou Gerstner turned around IBM with his idea of being a fully integrated IT partner of corporate clients. None of the ideas that made (or remade) these great companies came from a strategy concept.

The concept of BHAGs, enormously popular in the 2000s, takes the conflation of big goals with big ideas to its ultimate extreme by suggesting that strategy starts with setting a big, hairy, audacious goal. This came out of *Built to Last*, by Jim Collins and Jerry L. Porras (Harper Business, 1994), a study of enduringly successful companies. One of the supposed common de-

Illustration by André da Loba

nominators across these companies was the best practice of setting ambitious goals. But big ideas never emerge from a best practice — the latter is someone else's solution, not your own.

Owning Your Strategy

Great strategies always go against the grain of accepted wisdom. Markets and organizations have powerful immune systems that erect multiple barriers to implementation. Leaders who own their strategies are more likely to persevere through such resistance, and prevail. Great strategies take leaders who believe enough in them — and the ideas they depend on — to be willing to fight their own organization and the broader market for however long it takes to realize the strategy.

For example, only Walton believed that you could profitably serve small towns with a full-line discount store. Among the dozens of auto company leaders in the early 1900s, Ford was alone in seeking to "democratize the automobile"; everyone else was fixated on making better cars for the wealthy few who could afford them. Sloan faced fierce internal resistance to the pricing and style boundaries his branded-price-points strategy placed on GM's divisions. Gerstner had to resist loud, persistent calls to break up IBM in order to implement his new strategy for the company. Schultz was just an employee of Starbucks when he proposed his strategy to build a chain of espresso bars for enjoying high-quality coffee drinks. His bosses — the company's founders — repeatedly rejected it, in large part because they could not see U.S. customers paying for expensive espresso. Larry Page and Sergey Brin sought to "organize the world's information" with their idea to rank Web pages the way academic publications are ranked. They started Google because no one would buy their idea.

Capable strategists know that great strategies are like children: You never love someone else's as much as you love your own. Thus, leaders must be their own strategist. In-house and third-party experts can help you make your strategy great, and keep it that way. But the choices that form the backbone of your strategy and the big idea that gives your choices economic power have to be yours. You cannot delegate these to anyone else, and simply be the chief "reviewer and approver" of their thinking, inspiration, and work. This goes for boards, too. A board that sees itself as responsible for the company's strategy cannot then just sit back and give a thumbs-up or thumbs-down to the CEO's presentation.

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There Are No Shortcuts

Strategy concepts go viral when they resonate with a widely shared problem in the corporate community. TQM came to life during the Japanese quality invasion, business process reengineering hit it big in the wake of a recession, and growth horizons and blue oceans arose during a time of high growth for tech companies and growth stagnation for everyone else. Today, we are seeing the rise of a new generation of popular strategies, such as lean startup, disruptive innovation, digital strategy, transient advantage, and agile strategy. The conditions for wasting executive time and organizational energy are as ripe as ever.

The obvious solution might be to resist the ebb and flow of strategy concepts altogether. But strategy can never stand still. A great strategy can quickly become mediocre in a dynamic market. You should always be seeking ways to open your eyes to new possibilities for your strategies. Strategy concepts are one such way if they stimulate your thinking without substituting for it, and if they enhance your strategy without becoming it. Those are two big *ifs*.

To exploit strategy concepts without allowing them to take over, consider each one that comes along to be an opportunity to challenge and improve the strategy you already have. If you don't already have a strategy to which you are truly committed, you are particularly vulnerable to being captured by the latest strategy fashion. If you do, ask how a new concept can enhance it. But never let that concept become a shortcut: a way to skip the hard work of identifying the big idea that will power your company's strategy; of formulating a unique, specific, and complete set of answers to the "strategic five"; and of owning your strategy through thick and thin. +

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