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FRAMEWORK;
Strategies for the 21st century

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In 2006, the radically changing economic, technological and political environment will require every organization to review and reevaluate the theory of the business it operates on. Drucker described this as the set of assumptions as to what its business is, what its objectives are, how it defines results, who its customers are, what the customers value and pay for. It is strategy that converts this theory of the business into performance. Its purpose, therefore, is to enable an organization to achieve its desired results or objectives in an unpredictable environment.

Strategy is the ultimate test of the viability of an organization's theory of the business. The failure of the strategy to attain the desired results is the first indication that the whole "theory of the business" needs to be reviewed and rethought again.

Drucker, however, adds that unexpected successes are often also the first indications that the theory of the business needs to be also rethought. What is an "opportunity" to the business can be decided only if there was a strategy. Otherwise, there is no way to tell what genuinely advances the organization towards its desired results, and what is diversion and splintering of resources.

There is a general agreement that every company needs a strategy - either explicit or implicit. There are, however, differences of opinion on the content and process of developing strategy. Three main areas of controversy have been generally accepted:

- * What constitutes the content and process of strategy;
- * Strategy as analysis or creativity; and,
- * Strategy dynamics.

There are two main schools of thought on what strategy is. The Michael Porter school views strategy primarily as positioning the company in its industry environment. Thus, strategy is all about choosing a good game plan to play.

The other school of thought considers positioning to be "static" and, therefore, encourages a more "dynamic" view of strategy which emphasizes outplaying and outmaneuvering competitors no matter what game they are playing. According to management professor and writer Constantino Markides, strategy is more about how you play the game than about choosing what game plan to play.

From my point of view, it is obvious strategy is a combination of both these schools of thought because an organization must decide what game it wants to play and then determine how to play that game well.

Deciding on what game to play boils down to making choices on two dimensions: Who to target as customers and what to offer them. Determining how to play this game requires us to decide what value chain activities we will perform (and what not to). Put the two together and it becomes quite clear that strategy is all about finding answers to three interrelated questions. Who will be my targeted customers? What products and services will I be offering? And how should I offer these products and services to my targeted customers in an efficient and innovative way? (Markides 2000)

In their best-selling book Competing for the Future, Hame and Prahalad (1994) presented a possible third view of strategy. They argued that strategy was too preoccupied with fixing the problems in the existing business rather than thinking about future business. To them, strategy is not about deciding on "what game to play?" or "how to play the game?" because both of these issues emphasize how to win in the current business. According to them, the essence of a good strategy is to create new markets, new products and even new industries. Their position was that strategy should be competing for the industries of the future rather than competing for market share in the industries of today.

It is hard to argue with the need to focus attention on discovering new markets. But this should not come at the expense of today's businesses. While every company needs to worry about the future, it must also ensure that it is still making money in the existing markets.

After all, without making sure that we are winning in the markets of today, there will be no future to worry about. (Markides 2001)

Therefore, the key question for any company is not whether or not it should try to create the markets of the future, but how to take care of its existing markets while at the same time trying to create the markets of the future.

Strategy, therefore, is deciding what game to play, playing the game well, and preparing the company for an unknown future by creating this new future itself or by creating the conditions that will allow it to exploit the future when it unfolds.

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