

North American Management Briefs

Published by:



LEHNEN, MOLLAN & Associates
 Channel Distribution and Pricing Consultants
 Phone: 1-815-226-1666 www.LMAUSA.com

You Should Know...

No Fun

Health officials in Madison County, Illinois shut down an 11-year-old girl's cupcake business and informed her she needed to set up a licensed commercial kitchen to continue.

The Point: What's next, no Kool-Aid stands?

Don't Play Ball

Youth participation in the four most popular US team sports (basketball, soccer, baseball, and football) has declined every year since 2008 reports *The Wall Street Journal*.

The Point: Perhaps social networks and technology are drawing children and teens away from sports.

Who Are The 1%?

Those who favor taxing the wealthiest 1% to more evenly distribute wealth in the US should be careful. It turns out that on a global basis everyone making \$35,000 US dollars or more annually is in the top 1% worldwide creating an interesting ethical dilemma.

The Point: One country's poor is another country's 1%.

But They Are Rich

Bloomberg reports that the 300 richest people in the world have a combined net worth of \$3.7 trillion which is more than the GDP of every nation in the world except the US and China.

The Point: They could bail out Greece and Turkey themselves.

March's Quote

"Life moves by pretty fast. If you don't stop and look around you could miss it."

Ferris Bueller

Choosing a Strategy

We all know how important it is for an organization to have a clear, well defined strategy, one that is communicated to all employees.

The thought of developing one, however, often causes executives' eyes to glaze over. They envision endless meetings culminating with a watered down four-sentence paragraph full of platitudes.

First, what is a strategy? Merriam-Webster defines it as "a careful plan or method for achieving a particular goal usually over a long period of time."

Perhaps more useful is the military definition which is "the science and art of military command exercised to meet the enemy in combat under advantageous conditions." Business is really a form of combat with your competitors, so perhaps the latter is the best definition.

Inherent in the definition, however, is the assumption that an organization understands what the "most advantageous conditions" are. Here's where it gets pragmatic.

A manufacturer of B2B products can choose from one of three basic strategies. It can:

- A. Be the low cost producer.** This means having a cost advantage that may be used to lower prices, invest in technology, invest in marketing, etc.
- B. Offer physically and/or functionally differentiated products.** This means offering products that are different from those of your competitors in a way that's valuable to your markets.
- C. Provide a complete menu of products, services, and knowledge to a particular market niche.** This means focusing on

providing an all-encompassing product line including compatible products and service solutions to a specific vertical market.

Strategies A and B are mutually exclusive, but either can be combined with C. You need to select one.

The authors are aware that this sounds simplistic; however, in our practice we have observed many organizations that have skipped the hard part, identifying the most advantageous strategy, and focused on developing and executing the tactics.

This is like packing for a trip without first deciding where you are going.

If you are lacking an advantage around which to develop the strategy, you probably can't compete and should "blow the whistle" early in the process.

If you have one, decide which of the three strategies is right for your organization, communicate it to all employees and associates, and ensure your human and financial resources (and indeed everything you do) are focused on the success of that strategy.

The Point: Success in business is about focus. Without a clear strategic focus it is impossible.

Top 10 Ancestries of the US Population

Ancestry	Millions
German	42.8
Irish	30.5
Afro-American	24.9
English	24.5
American	20.2
Mexican	18.4
Italian	15.6
Polish	9
French	8.3
American Indian	7.9

Source: US Census Bureau