



## Digital Has Killed the Strategic Plan

### Four crucial steps to creating a business strategy fit for the digital age.

Today's newspaper industry reflects the way online and digital strategies are undermining traditional business models. Many newspapers are now being undercut by entirely disintermediated online news channels ensuring world news is now readily available through any number of portals, including those created by traditional newspaper companies.

The **Daily Mail Online**, for instance, is one of the biggest news websites in the world and read globally. Its newsgathering process is 24/7, undertaken in centres around the world. Its journalists appear never to sleep and its readers are constantly up to date. Mike Darcy, the CEO of The Times of London, characterised the Mail Online as an entirely new product. "The Daily Mail is a U.K. print product, while the Mail Online is a global celebrity news service targeted at a different audience" he notes in my latest book, **Digital Stractics: How Strategy Met Tactics and Killed the Strategic Plan**.

The Daily Mail is a hybrid, a traditional company which increasingly operates in the digital space. As a digital player, it is influenced by its pure digital counterparts or "pure plays", which are changing the game by shortening or throwing out their strategic plans and aiming for growth and market share at the expense of short-term profit.

#### Think rapid

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Decisions have to be made faster, because strategy and tactics have increasingly become intertwined. This rapidity was recognised by Sidar Sahin of Turkey's **Peak Games** who said, "to succeed you have got to read the customer feedback in real time – looking at it monthly is far too slow – that is why small agile teams win."

Having said that, some traditional aspects of business strategy are as important now as they have ever been:

- Being bold and visionary
- Focussing on customer differentiation and competitive advantage
- Striving for high relative market shares
- Translating this into profit to be invested back into the business

In the light of these points, there are four factors that are crucial in creating a business strategy fit for the digital age for both hybrids and pure plays.

#### 1: Start with a vision, and a bold one at that

Having an ambitious vision around which the organisation can galvanise is vital in a rapidly, and unpredictably, evolving world. This vision should be

a statement of intent that will inspire people and get them excited about being part of the journey.

Amazon and Google have bold visions. Amazon's "earth's most customer-centric business" and Google's "organise the world's information" achieve the delicate balance of being ambitious, motivational and uplifting while also communicating durability and attainability.

Remember: If you're changing your vision regularly, it is probably not a good vision or indeed a vision at all.

## 2: Establish 90-day strategic goals

Define 90 day priorities for everyone in your organisation. Everything now moves so fast that 90 days is probably the right point at which to assess whether the strategic objectives and goals are appropriate and achievable.

In setting these 90 day objectives, companies need to make sure that they are consistent and all functions in the business are aligned. This is best done by getting all the right people in a room and debating these objectives and whether they need to be adjusted to reflect organisational stress.

Operating in a digital world requires a far greater degree of cross-functional working than in a traditional enterprise: all teams need to be pulling in the same direction.

## 3: Refresh and recalibrate your financial plans annually

All digital businesses need a three-year financial plan to reassure banks and investors that there is a profitable future, and that their money is being put to good use. However, three year plans in the fast-paced digital business landscape are at best only a broad indication of what might be financially possible – and companies have to be brutally honest about what they plan to deliver together with the financial and operational consequences. After the first year, this honesty must continue – how have things worked out? What has not worked? How should the company's strategy change to reflect the things we've learnt? And how will this affect our financial performance and financial needs? These questions are imperative to effectively planning the future with greater insight and understanding.

## 4: Install new measures of success

The data rich nature of digital business has created myriad ways to measure and monitor success. For example, the "customer journey", monitored correctly, gives businesses unique insight about customer behaviour. This, in turn, presents

opportunities to redesign and optimise the customer experience based on its findings...and to measure it accordingly through services like on-time deliveries.

In addition, these metrics need to be sophisticated enough to recognise that experimentation is part and parcel of the digital world, and a degree of failure of such experiments is also a way of life. Only by trying different approaches, evaluating them rapidly and regrouping around the experiments which appear to be working and abandoning those which are not, can you refine and develop strategy in the New World.

Business leaders, no matter the size of their organisation, need to worry about growth and market share rather than short term profitability and cash generation. The investor market understands the importance of being a market leader and that leadership positions give more opportunities for monetisation. CEOs and business leaders therefore need to focus on measures that allow them to understand whether their companies are outgrowing the market and taking share from competitors in both the online and offline spaces. If you are a fast-moving, fast-growing, online-only business and your more conventional offline competitor is at a loss to understand what is happening, then you are in a winner-takes-all situation.

## Strategy for the digital age

Strategy in the digital age has become an increasingly interactive process. The fluidity of digital business models impact upon the rapidity in which decisions are made and processed. If you have an offline business and are very quick to adopt and roll out the appropriate digital models to complement, protect and grow this business then you are probably in the best of all worlds. Move slowly and you will probably lose out to more nimble digital competitors.

In the longer term the offline and online will converge in many businesses and "digital" as a word will cease to be a useful way of describing the old or the new world. Winning companies will be those able to integrate old and new world thinking to create sustainable competitive advantage and the value that goes with it.

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