

Book Review

Reinventing Strategy

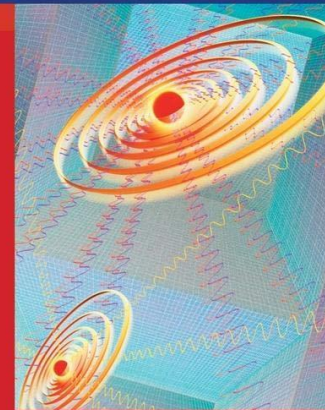
Using Strategic Learning to Create & Sustain Breakthrough Performance



Rajesh Koul

REINVENTING STRATEGY

Using Strategic Learning to Create
& Sustain Breakthrough Performance



W I L L I E P I E T E R S E N

1. The New Playing Field

To succeed in the *new economy there are three questions every business leader must be able to answer.

It is important for a leader to understand the field the company is playing on and be the Chief sense maker for his organization.

- What is the Environment in which our organization must compete and win ?
- What are those few things our organization must do outstandingly well to win and go on winning in this environment
- How will we mobilize our organization to implement these things faster and better than our competitions ?

Sense Making in the information age

- The **distinction between knowledge and mere information** as with modern technologies information has become a commodity (abundant , cheap and rapidly transferable commodity)
- True knowledge is as rare and as valuable as ever so sense making an ability to turn floods of information into real knowledge
- Primary source of wealth of a firm is therefore **derived from insights, knowledge and ideas**

Power Shifts

- Internet has shaken up entire business categories, forcing companies to reinvent themselves and enabling ordinary individuals to accomplish extraordinary results).
- Buyers now have a much wider range of choices and lower switching costs than ever before.
- Virtually everybody access to the same information. It is this transparency that has caused the shift in power from sellers to buyers

Margin Squeeze

- Companies in almost every business are using the Internet to connect themselves closely with suppliers around the world, making it fast and easy to buy raw materials, machine parts, or manufactured equipment in just the amounts needed at the lowest possible cost.
- Sellers seldom get to keep the benefits of the lower costs; they must be passed on to buyers in the form of lower prices if the sellers hope to remain in the game. The first challenge for any company doing business in this merciless environment: **to improve your own efficiencies fast enough to maintain your profit margins.**
- To win, you must go beyond cost cutting to produce **genuine strategic innovation** that creates new and better ways of serving customers.

The Resurgence of Brands

- The broad array of choices on the Internet can be liberating, but it can also be confusing, and increasingly customers are looking for guidance
- In the twenty-first century, super brands like Walt Disney are becoming our guides to what is good and trustworthy for a wide range of products and services. Such companies are increasingly filling the role of **knowledge brokers for consumer audiences.**

Multichannel Marketplaces

- Sometimes, it's simply not possible to maintain your existing business indefinitely; the challenge then becomes to maintain your overall profit stream and avoid sudden collapse. This is a tricky balance, one that Harvard's Clayton M. Christensen has dubbed "the innovator's dilemma

* New rules by the competition and how they are effecting everyone , everywhere

Understanding the New Economy

2. The Challenge of Change

- Long-term success in business depends on the ability to do **two seemingly contradictory things at the same time:**
 - Improve existing processes and products (continuous, incremental change) and
 - invent totally new, better processes and products (discontinuous, breakthrough change).

The latter is a particularly important, and difficult, task to accomplish. Companies will never become long-term winners through continuous improvement alone; they must also be willing to make large—and sometimes nerve-racking—leaps

High Jump Story

1. Scissors
2. Western Roll
3. straddle
4. Fosbury Flop

Liker, J.K. (2003). The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer. McGraw-Hill