

Forming company strategy

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Strategic planning is not, at the bottom, a highly technical field. It consists of responding to one or more of the following perceived problems;

1. Identifying events in the external environment that might have an impact on the company; discovering which company operations will be affected by the impact and how strongly they will be affected; and formulating a response.

2. Conducting a similar identification-discovery-formulation process for competitors' actions.

3. Analyzing information about its internal environment, and searching for new insights into its strengths, weakness and critical success factors.

4. Stepping back to look at the company from a distance, to determine if its parts fit together harmoniously and if the company itself seems to fit well into its environment.

5. Conducting various forecasts to discover if, should events run their course, the company will get stronger and stronger or weaker and weaker.

Surviving in a high tech economy

These five factors are just as necessary for a small or medium-sized company as for a large company, but the analysis may be carried out informally, since communication is less of a problem and formality is therefore less of a necessity.

Furthermore, smaller companies are sometimes able to be more daring in their planning, since they are more flexible. Consider this admittedly extreme comparison of the large with the small: General Motors cannot convert to a computer company, but an auto mechanic can become a computer repair technician. That's the kind of flexibility that makes up for modest resources. Size used to be an asset. Now it is frequently a liability.

The immense resources that large companies have spent during the last 15 years in learning how to plan has finally trickled all the way down. Here's what has happened:

1. The high priced consultants have written \$25 volumes on how to plan. (Check the American Management Association's book service for a representative sample.)

2. Low cost information (detailed demographic data, for instance) is available through information services connected to databases. Even detailed forecasts in highly specialized fields may be bought "off the shelf."

3. Venture capitalists are looking for very small companies and are providing some coaching in planning.

4. Planning is part of the M.B.A. curriculum even for operational managers. So many companies can turn to their non-planning executives for participation in planning.

How can you get started? Go away for the weekend with the top executives, and answer the following questions;

1. What is the single greatest opportunity your company will face in the next 24 months?

2. What events outside the company will affect your CEO's ability to respond to the opportunity? If the events will be external, who is responsible for monitoring their course?

3. What resources will your company have to make to exploit the opportunity, and what changes will have to be managed?

4. Do barriers exist that will prevent your competitors from exploiting the opportunity?

5. What actions are your competitors likely to take during the next two years, and what should you do to respond?

6. What outside events or trends might devastate your company during the next two years, and what can you do now to protect yourselves?

These are just the start, of course. Since most of the questions refer to the unique nature of your own company, answering these questions will require some dedication and fearless analysis. But your long-term future is in doubt if you can't address the best and the worst that might happen to you. .

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