

Dick Maggiore: Test, learn, tweak to formulate business strategy

By [Dick Maggiore Special](#) to The Canton Repository

Posted at 7:31 AM

Learning to write and solve equations is the foundation of formal education for many of us.

There are thousands of equations and formulas that guide work in many industries, from making special alloy steel to building spacecraft that can travel to the end of our solar system and beyond.

In business, we have equations, too, but sadly, only a few of them are helpful in developing marketing strategy. This we can attribute to the fact we're dealing with the psychology of the mind.

It's unfortunate that people (and, therefore, businesses) don't respond as repeatedly the way objects do.

Where do we start? Which strategies will work best? We take them one at a time. Potential strategies can be overlaid with your particular business model. It's a lot like trial and error — or put a better way: test and learn.

For it to be a good strategy, it must be the right fit. In the world of numbers, equations are exact. No "almost's." Businesses, on the other hand, operate mostly in the "almost's."

Sometimes we make the decision to execute fully some strategy straight from the gate. This can be very risky.

A better approach is test before making the decision to deploy. This course of action might involve evaluating several potential strategies in an effort to beat out your current, best-working strategy.

One useful planning tool is the SWOT analysis. SWOT stands for "Strengths, Weaknesses, Opportunities and Threats." It's a lot more fun than it sounds. This framework is often used at an off-site strategy retreat. Take a few ideas you've had and create a SWOT matrix for each.

In research, the current strategy is called the “control.” The game (goal) is to beat the control — the current winner.

We can do this by finding a small variation in our existing strategy or maybe by finding a completely new strategy. When we do find a new winner, it becomes the new control. Then, we do it all over again.

This push to optimize can be thought of as continuous innovation.

The most successful strategies are in genuine alignment with the organization, its business model and its **brand position**.

It rarely works to retrofit. It must be a “true” fit with the organization.

We all know it’s getting tougher to win more business. Since the Great Recession, growth has slowed, yet the pace of change is increasing. Further, customers are more demanding and consumers expect things quicker, better and cheaper.

This adds up to the fact that finding a better strategy has become paramount. You can only win the game by outplaying the competition.

There are only two strategic choices. One is price. If you compete on price, you must be the cheapest provider of your product or service. Walmart is the poster child for the low-price strategy. There is at least one low-cost provider in almost every category.

It’s easier for the bigger guys in a category to compete with low price due to economies of scale. For the rest of us, we move on to the only other choice: being different.

The being different choice is, well, about being different.

The challenge is to first find your difference, then to demonstrate to your customer you really are different (and therefore) better than the competition.

If successful, this would allow you not only to sell more, but also to command a higher price. This is what good brand positioning is all about. It’s why we do it.

Strategy is often a misunderstood term. Strategy is not the mission statement. Strategy is not the company’s values. Strategy is not even the company’s vision.

Rather, strategy is about aligning resources and making choices. Deciding what not to do is just as important as deciding what to do. Strategy is about making priorities.

Strategy is about playing where you can win and not playing elsewhere. Strategy is about finding the path to growth.

Strategy is about targeting customers rather than trying to be everything for everybody. Strategy is about being different. Strategy is about owning a distinctive idea that your customers value.

Strategy is about continuously innovating on your distinctive idea.

Strategy is only good when mated with an achievable tactic. If it's not executable, it's bad strategy. With a good strategy, the tactics will look different than the competitor's tactics.

Our hope is we will spur some thinking about strategies that you can test, learn and optimize with your own business or organization.

“The essence of strategy is choosing what not to do.” — Michael Porter

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