

## LESSON 22: Business Performance

# Developing an Unconventional Strategy

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### A CASE FOR AN UNCONVENTIONAL STRATEGY

How does a company that started 24 years ago become the organization with the largest valuation in America? Although the answer to that question may be more complex, the simple answer is, *Amazon's success was due to an unconventional strategy.*

The conventional approach to buying a book in 1994 was to go to a local bookstore and browse 150,000+ titles they typically carried. Jeff Bezos discovered that there were typically 3 million books in print, but most were inaccessible to the public.

He believed that the internet was going to be a game changer for the book selling industry, so he developed what seemed like a very unconventional business approach at that time. He began selling books online.

According to a man who goes by the moniker Data Guy, Amazon now sells 37% of all books in print and dominates 82% of all e-book sales—and that's just one part of Amazon's \$178 billion business.

Bezos' success was due to his willingness to develop a plan different from the conventional approach to selling books.

As business owners we can choose to go along with the crowd and develop a similar business model as our peers, but eventually that model results in being a very competitive model typically driven by price. The lowest price may win customers but will most likely lose when it comes to profitability.

Throughout scripture we see how God directed his people to use unconventional strategies. Joshua took down the walls of Jericho by marching and blowing trumpets. Gideon weeded out thousands of soldiers, ultimately using only 300 to defeat countless Midianites. More Bible accounts continue with this theme.

What about your business? Is your strategy built around what your competitors are doing, or have you developed an approach that will differentiate your business from your peers?

### THREE TYPES OF STRATEGIES

Businessdictionary.com defines strategy as, “A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem.” One of the most noted thinkers and authors on corporate strategy is Professor Michael E Porter. Porter claims that *a successful strategy is when your strategy generates a sustainable, above average industry profit*. Porter also claims that there are three basic types of strategy for us to consider.

1. **Cost Leadership** - A business can be successful if it has the lowest cost structure of the industry, provided it can still charge industry average prices or higher. Unfortunately, there can only be one company in an industry that has the lowest cost structure, dramatically limiting the opportunity for success of using this model.
2. **Differentiation** - Differentiators develop products or services of superior value. This approach costs more so it requires the ability to charge above industry prices for the increased value. This may require cutting costs in non-core areas to make the strategy successful.
3. **Focus** - Target a specific industry niche and ignore the rest. This is usually when competition is weak.

Porter also urges businesses not to attempt to have more than one of these strategies. Getting stuck in the middle will be the result if you do.

Porter claims that the granddaddy of all mistakes is competing to be the best. You can't go down the path of everyone else and think somehow you will achieve better results.

## DISCUSSION QUESTIONS

1. Which of the three types of strategies best defines your business' current strategy?

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2. How do you feel about your current strategy? Is it as successful as you would like? If so, do you feel that success is sustainable?

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3. Considering the size of your industry, how much upside potential do you think could be available to you if you had an outstanding strategy?

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### DEVELOPING YOUR UNCONVENTIONAL STRATEGY

Strategy is often confused with marketing. Many leaders believe that their strategy is figuring out how to drive sales to greater heights. Instead, strategy is about developing an overall approach and business model that would include a marketing strategy. Sound strategy is designed to best meet the needs of your customer in a way that is appealing to them while setting you apart from the competition.

Developing a unique strategy is hard work and comes with risk. Building an unconventional strategy that is pleasing to God requires divinely inspired wisdom.

Proverbs 2:6 teaches us, *“For the Lord gives wisdom; from his mouth comes knowledge and understanding.”*

Wisdom is the practice of applying the knowledge and understanding that we have gained from our experiences, as well as harnessing skills to discern the overarching path forward as we listen to the prompting and leading of the Holy Spirit.

The more experiences and skills you draw on, the better. Building an unconventional strategy should leverage team members, advisors, and especially the Holy Spirit. Here are some steps you can take to begin building your own strategy.

**Step 1: *Seek God's Wisdom.*** Ask your team to join you in prayer on determining how God would uniquely approach your industry and business model.

**Step 2: *Clearly Define Success.*** First, consider an individual customer. Envision what success would look like at the end of the transaction from the customer's perspective and from your perspective if the customer bought your product or service. Next, define success for your organization globally. Three to five years from now, what would be your desired goal for your customers, your community, and your organization? Think beyond just revenue volume.

**Step 3: *Update Research on Your Industry.*** Gather current research on your industry including typical demographic and psychographic profiles of customers, size of industry revenue, changes in buying patterns, when and where do customers typically buy, why they buy, and how they typically buy.

**Step 4: *Define your Opportunities and Threats.*** Take a macro look at your industry. What are the opportunities you see for the future of your industry? What threats are on the horizon? What is it about your industry that customers like or dislike?

**Step 5: *Discern your Strengths and Weaknesses.*** As objectively as possible, assess your individual and corporate strengths and weaknesses that can either be leveraged or avoided in your future strategy. Be sure you consider your staff's views, and if possible the views of customers.

**Step 6: *Brainstorm and Define your Unconventional Strategy.*** Schedule a time with your staff, board, and/or advisors to discuss the information gathered in the previous steps and then brainstorm on specific strategies. Here are some things to consider before the meeting.

- Do not stifle creativity but encourage all ideas.
- Think outside the box; Cirque Du Soleil took the circus industry into a new direction.
- Frontline feedback is crucial to truly determine your customer likes and dislikes.
- Consider asking each person, "What business are we in currently? Then ask, "What business should we be in?"
- Think in terms of what would "delight your customers."
- Specifically discuss Porter's three types of strategies. Which one are you employing now? Which one do you want to use going forward?
- Discuss what might be possible in the future that customers don't yet know.
- Does your current strategy honor God? How could it better honor God?

## DISCUSSION QUESTIONS

1. As you read this lesson, what ideas came to mind that may better help you position your business for the future?

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2. What, if any, unconventional elements do you have in your existing business strategy that differentiates you from your competitors? How might you better leverage those?

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3. If you didn't have any ideas for question 2, how do you feel your lack of differentiation might limit or impact your future?

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4. During the next month, what steps are you willing to execute to build or expand upon a God-centered, unconventional strategy?

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**Optional Exercise:** It's hard to be objective about an industry that you have been a part of for years. Since it would take too long to get each group member's view of your industry, consider selecting one or two members to ask privately about their thoughts regarding what the public likes and dislikes most about your industry.