



## TenStep Supplemental Paper

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### Sound Strategies for Success

In 1939, Hewlett and Packard started their company in a garage with USD \$538 in Palo Alto, California. By 2000, the company had employed over 85,400 people in 120 countries with annual sales of over \$42.2 billion.

The company strategy has always emphasized excellence and innovation. Yet, over the years, there was neither a grand vision of technological breakthrough nor a desire to take risks. Describing the early days, Bill Hewlett explained with a grin, “Professors of management are devastated when I say, we were successful because we had no plans. We just did odd jobs.” However, Hewlett was over-simplifying matters when he said this.

There were some sound strategies behind their success.

1. Over the years, the company aimed at building market dominance in computer peripherals. They experienced huge success in the field of printers.
2. They believed that alliances would strengthen their core competencies. An example of this is their alliance with Netscape Communications in 1996.
3. The “HP Way” is the company’s strategy. An informal and open management style.
4. “Management by walking around” was another concept developed by HP. A popular management strategy used by many companies around the world.
5. Employee stock options were first started by HP more than two decades ago to retain and motivate employees.

### The Essence of Corporate Strategy

Corporate strategies give a sense of purpose for the organization. HP's original sense of purpose was to provide employment for two partners. In the later years, this changed. The purpose became a broader concept. It included the benefit of shareholders, employees and customers. Ansoff and Drucker refer to this aspect of strategy as “mapping out the future direction that needs to be adopted against the resources possessed by the organization.”

Purpose alone is, however, not the strategy. Plans and actions need to be developed to activate the purpose. At HP, the process started with calculators and continues with the investment in Internet technology. They also evolved a management style to suit their purpose.

Using the HP Way, every company needs to manage its strategies in three areas:

- The organization’s internal resources.
- The external environment.
- The organization’s ability to add value to what it does.

It is a linking process between the internal resources and external customers, suppliers, competitors and the economic and social environment. The core of any corporate strategy



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is the basic SWOT analysis. It matches the internal strengths to available external opportunities, fights threats, and rectifies internal weaknesses, so that an organization can ward off all external threats.

The organization relates with the external environment and evolves strategies to control and plan resources, so that the organization can achieve maximum benefit from the external environment. Similarly it has to evolve strategies to control the external environment. It has to develop strategies continuously for value addition to the company. All this encompasses corporate strategies.

### **Strategic Intent-Winning Corporate Battles**

Strategy is all about winning wars - the art of being a successful warlord. Corporate decisions are no less important, dangerous and often uncertain than battlefield decisions. The sole intention is to be a winner. Hence, strategy is all about creating a favorable condition within the organization to ensure victory.

Strategy is also about making a plan and implementing it. The combative environment of today's corporate world creates instability, thus making long-term planning difficult. So, your strategy should be in coordination with the external environment. Tactics are used to achieve this strategic intent.

Strategy intent is a statement or a series of statements which outline what the organization wants to achieve in the long term. This intent has to be simple enough to be communicated unambiguously. It is important to hold internal and external customers' attention, and the consequences of failing are sufficiently compelling to mobilize a huge effort.

Simplicity, clarity and a high degree of focused commercial aggression seem to characterize many of the most successful corporate strategies.

Strategic intent is an aspiration; it can have either a futuristic character or a benign intent with a strong flavor of ambition, but it should energize and motivate the employees.

Strategy intent must stimulate your employees for an exceptional performance. They must feel it's worth their time, effort and attention. You have a win-win situation when the company strategy also aligns to an employee's personal goals.