

Strategy is as important as Execution

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Abstract: *Strategy should be given as much importance as Execution Once at a Job Interview I was rejected because the Interviewer said - I am not a doer but a thinker. I have always been strategy guy and not an execution guy. Hence my top pinnacle career achievement has been Business Planner advising Father of Indian Software Industry - Dr Lalit Kanodia.*

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Like always let me start from my real life experience. I used to work for CMC in the early 1990s. Back then CMC, a public sector IT company in India was among the top IT companies. But by 2010, CMC was nowhere.

The reason is simple. Whereas other IT Companies focused on a vast international market, CMC focused on the Indian market and thus whereas other IT companies in India grew at break neck speed of 45% per year, CMC barely grew at a 10% growth rate and thus while other company size grew by 1000 fold size in 2 decades and CMC barely grew 10 times.

Thus the strategy of ignoring international markets proved costly for CMC.

Next in 2000, I worked for Datamatics. In Datamatics customers used to leave the company services. Now in Information Technology, 95% of new business comes from old customers. Thus the strategy flaw that led to inadequate focus on retaining old customers cost a lot to Datamatics.

Finally, in 2008, I worked for Mastek. Here, the IT company focused on solution projects, whereas most IT business that comes to India is rather menial support project. Thus the wrong strategy of focusing on solution projects cost Mastek a lot.

But working for these IT companies taught me that the wrong strategy can destroy a company.

You have heard of the of repeated wisdom - "Execution is the Key". This often means that strategy doesn't matter much. What matters is execution.

Now internationally one great strategy that caused failure could be Nokia phones. Now Nokia was a brand in the early 2000s but it resisted the switch to android, relying more on its brand value and finally people preferred Android from many phone manufacturers over Nokia.

Let us now see examples of good strategies. Now if CMC, Datamatics and Mastek are examples of bad strategy when it comes to Information technology companies in India then Infosys, Wipro and TCS are companies known for good strategy by sticking to the boring maintenance work rather than trying something different.

Internationally McDonalds grew by franchising their burger joints with 95% of its outlets being franchises. That is strategy success.

In the software industry IBM selling DOS to Microsoft was a big strategic mistake. Because after that all PC was for DOS and there were many PC manufacturers. If IBM had retained DOS then it could be selling all those Pcs.

In an article on "Strategy or Execution - Which is more Important", Ken Favoro points out that while that execution is key to success and strategy doesn't ensure success, this doesn't mean the strategy isn't important. Hence Ken says that whenever you hear statements like "You don't win by Strategy, you win by execution" well then take time to ponder. Ken says when a company is not performing well it is time to look at strategy.

Consider India. As a nation, India was growing at 3.5% per annum. But after the strategy of liberalization India started growing at 7%. Communist China had 30 million deaths during the Mao era, but after abandoning Communism, China's strategy has paid well and China is all set to be the new Superpower.

The trouble is Strategy is something of an art. And you are better off consulting management consultants rather than doing it yourself.

Just that don't jump into execution without an adequate strategy.

Strategy costs less but gives the greatest return on investment.

In East strategy was prized always. Art of war by Sun Tzu was the oldest strategy book written in the 5th Century BC in China. Arthshastra was a book on Economics written by Kautilya in India in the 3rd century BC.

Benjamin Gilad in an article on "Strategy or Execution - Which is more important for your success" points out that 99.99% of employees would say execution is more important. But these are workers. Leaders should know better. Excellent execution cannot save a bad strategy, whereas Good strategy fumbling on bad execution can be redeemed. Strategy is hard - but worth the effort. Execution cannot save a lack of strategy. Most people don't give enough importance to strategy. You should.