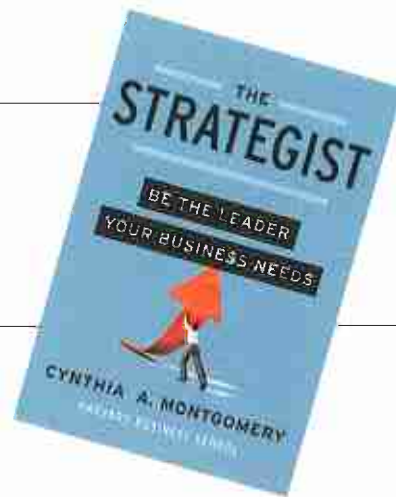


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Style and substance

→ Gucci's revival shows strategy must be matched with execution. By Philip Delves Broughton

Just as ancient theologians once debated how many angels could dance on the head of a pin, so today business executives thrash around the futile question of what matters more – strategy or execution? It is a ridiculous question because the answer is obviously both. A good strategy poorly executed is as worthless as a bad strategy well executed.

It takes a bold, or perhaps shameful, writer to venture once more into this particular breach, but Cynthia Montgomery, professor of business administration at Harvard Business School, does just this. But we should thank her, because in a brisk 158 pages, she offers a clear summary of how to think about the overlap between strategy and execution. In terms of basic usefulness, *The Strategist: Be the Leader Your Business Needs* outshines books several times its length.

Montgomery quotes the German military commander Helmuth von Moltke, who noted that no plans survive contact with the enemy, and that strategy should therefore be viewed as a system of decision making, of “penetrating the uncertainty of veiled situations to evaluate facts, to clarify the unknown, to make decisions rapidly, and then to carry them out with strength and constancy”.

She uses a few case studies to make her point, notably Gucci, Ikea and Apple. Gucci was a fabled but dysfunctional and failing family business in 1995 when Domenico de Sole, a tax lawyer, became its chief executive. Many inside and outside Gucci



Tom Ford's design revamp was crucial to Gucci's revival

had forceful ideas about what the company should do. But de Sole started by examining where it was to start with. That is the beginning of any strategy. Before you dream of the future, it is worth taking a harsh inventory of where you are.

De Sole noted that Gucci's traditional high-end leather goods were not selling as briskly as its seasonal items, so the company implemented a plan to become “fashion-forward, high quality and good value”. This involved reinventing the design process, promoting a young designer, Tom Ford, and revamping production, the supply chain, marketing and retail.

The strategy, like every great strategy, says Montgomery, was a “system of value creation, a set of mutually reinforcing parts”. Everything the company did reinforced its new focus.

As De Sole said later, Gucci's revival was the fruit of “a lot of little things. We were very aggressive in establishing priorities, and needed to act decisively, quickly.”

Action and decisiveness are vital to a successful strategy. Implementation always involves sacrifice – yes/no decisions that lead to the abandonment of pet projects, people, dreams or long-held assets. Montgomery teaches mid-career

executives at Harvard and writes that many of them say how hard it is to kick off the old in pursuit of the new, but once they have made the choice and taken the necessary actions they feel a great sense of liberation. Taking on new challenges is always more invigorating than managing the same old problems.

She says external strategists can be helpful in defining a path to the

“profit frontier”, where you have a wider gap than your peers between your costs and your customers' willingness to pay. But ultimately it is the corporate executive who must take responsibility for building that set of mutually reinforcing actions that enable any strategy to work. It is an open and ever-changing process that requires “continuous, not intermittent, leadership”.

Gucci's strategy was a system of value creation, a set of mutually reinforcing parts