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Start with Strategy

BY LINDA WOLSTENCROFT

Sometimes businesses believe that they need that one thing – that “silver bullet” to get themselves on a growth trajectory. That “silver bullet” could be winning a new project, acquiring another business, building a new facility, developing a new website, acquiring a new technical capability, obtaining a new piece of Intellectual Property, or signing a licensing agreement. Simply put, it’s something they feel they lack and believe if that if they possess it, they would be set for growth.

In one case, a company believed that if they could only sign a particular international licensing agreement that would give them access to a huge market they would be set: they would be making money, they would have a business base that is secure, and eventually they would be able to leverage that licensing agreement to win huge amounts of new business. Life would be good and everything would fall into place.

They were correct in that, signing the licensing agreement would help their financial security. Upon signing the agreement and after all the usual challenges with starting up were ironed out, they easily acquired the domestic business that was tied to the agreement. Subsequently, they then turned their attention to winning other, much larger, new business opportunities that they thought would easily come to them.

However, they were unsuccessful. They found that they were not well-positioned to win new business because of several factors they hadn’t carefully considered prior to signing: they didn’t know the marketplace nor the competitors; they didn’t know where they could find people with the necessary skill-set needed (they hadn’t even started to

look); their product and service offering was not ready; they didn’t know the customers, and in turn customers didn’t know them. This made the customers unconvinced of their credibility.

Needless to say, they found out that they still had a tremendous amount of work to do. They did not understand the scope of the new business that they wanted to bid on and what it would take to win.

What was the mistake? It was relying on the signing of the licensing agreement to be the single-most important item to facilitate their growth. They had failed to realize that in order to realize that growth, they would have to analyze the full spectrum of their business and how it would need to adjust for that eventual growth.

In another case, a company acquired another company with a complementary capability, thinking it would grow the entire business. However, the acquiring company didn’t have a strategy for after the transaction and didn’t bother to come up with one. The capability purchased was a thriving company that was reduced to a mere shadow of what it once was. Once again, it could be seen that there was reliance on one item to facilitate growth. In both of these cases, neither company had a strategy.

What is a strategy? It is an over-arching approach to business that sets out the principles by which an organization can operate and grow profitably. A strategy considers the entire business – meaning all its elements - on a high level. Strategy clarifies direction and priorities and does not leave out any business factors. It helps prioritize effort and investment.

A strategy covers the organization’s approach to customers: What will compel the customers to buy from our company instead of the competitors?

A strategy covers the product and service offering: What are the products and services that we need to have in order to address the marketplace, and how will we develop them?

A strategy covers the people and information in the company: What skill-sets and expertise are required? Which part of the organization should be trained and developed? What information are we missing about the market and our competition?

And a strategy covers the financial aspects of the business: How and what should be measured, and how the business is to be financed?

But, overall, the strategy should define what the main distinction is between your organization and others. Is it that the people expertise is second to none? Is the product cutting edge and continuously invested in to remain there so that the very best can only be bought from your organization? Is it that you know your customers better than anyone else and can proactively serve their needs?

Operating without a clear strategy is like leading blindly but operating with a strategy that is carefully developed and thoroughly implemented leads to business growth. Start with strategy. Always.

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