

🕒 2021.05.24

# The Mind of the Strategist: The Art of Japanese Business by Kenichi Ohmae

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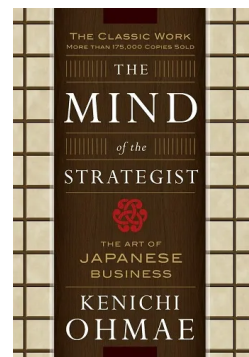
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Category: Corporate Strategy

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**Why:** I need to decide on a strategy for the DIY tools business.

**Goal:** Learn how to decide which strategy to use and when.



**Action:** **Analyze and Reconstruct Resources.**

## 3 Key Concepts

1. Strategize to bring about competitive advantage at the right time.
2. Business strategy is relative, win the edge over other competitors.
3. Perfectionism is a trap, performance comes from both planning and execution.

## Summary

How to analyze the situation and reconstruct strengths?



Analyze the **current situation** is always the first step to every problem-solving effort. Strategizing is to solve the situation with the company's resources or recognize the defeat and attempt to change the battlefield itself.

**This book shows the power of both analytic skills** and creative skills in business strategy. I couldn't help myself see how this is ingrained in a case interview to become a management consultant. It makes sense. This is their daily work.

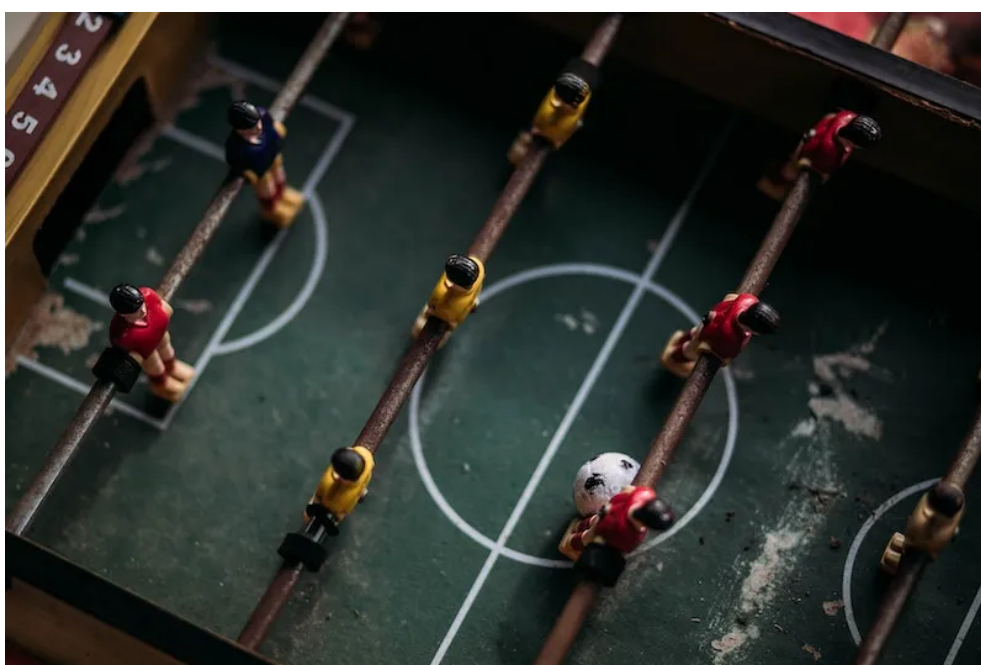
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## Goal of Strategy

To bring about the conditions most favorable to one's own side; **gain a competitive advantage**.

At the **right moment** to attack or withdraw.

By assessing the **limits of compromise** in resource allocation correctly.



At the **right moment** to attack or withdraw.

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## Strategy is Relative

To win in an absolute term is not only unrealistic, but it is also unnecessary. Because of the capital scarcity, any attempt that goes beyond the company's capability is a waste.

Corporate strategy implies an attempt to alter a company's strength **relative to its competitors** in the most efficient way.



“ Without competitors,  
there would be no need  
for strategy.

Kenichi Ohmae

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## Four Routes to Strategic Advantage

Aim: to attain a situation in which

- (a) we gain a relative advantage that hard to be followed.
- (b) extend that advantage further and sustainably.

21	4 Routes to Strategic Advantage		335
	Product offered		
	Old	New	
	Key Factors for Success (KFS)	Aggressive Initiatives	
	→ Intensify functional differentiation	→ Ask "why-whys"	
Compete			
	Relative superiority	Strategic degrees of freedom	
	→ Exploit competitor's weakness	→ Maximize user benefit	
Avoid			
(Aim): to attain a situation in which (a) we gain a relative advantage that hard to follow and (b) extend that advantage further.			
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### First: Key Factors for Success

For an existing product to compete for head-on.

By intensifying functional differentiation.

The strategy is that a company allocates resources to strengthen company's capabilities to increase its market share and profitability.

### 2 Approaches



1. Dissect the market as imaginative as possible to **identify key segments**.
2. Analyze and distinguish **differences** between **winners and losers**.

## Second: Relative Superiority

For an existing product to avoid head-on competition.

By exploiting competitor's weaknesses.

## 2 Approaches

1. make use of technology and sales network profitability.
2. make use of differences in the composition of assets between companies.

## Third: Aggressive Initiatives

For a new product to compete for head-on with well-established competitors.

By asking why-whys to scrutinize what really was the selling point, we can win.

The strategy is to **upset KFS** on which the competitor has built an advantage. If there is no KFS to win on with the current situation, one goes so far as to **change the game's rules or status quo**.

## Fourth: Strategic Degree of Freedom

For a new product to avoid head-on competition.

By maximizing user benefit in a certain axis in a certain sequence.

The strategy is to deploy innovations. For example, opening up new markets, developing new products to exploit untouched/unsatisfied market segments.

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## Perils of Perfectionism

In the VUCA world, any strategy that fails to take account of ever-changing trends is deemed suboptimal or, at times, useless. Because it loses the potential to draw out company performance.

**Corporate performance is the result of combining planning and execution.**



Corporate performance is like a boat race. No matter how hard each crew rows, if the coxswain doesn't choose the right direction, the crew can never hope to win. Also true vice and versa.

Kenichi Ohmae

**To sum up**, any strategy starts with a good analysis of the situation, followed by a precise reconstruction of effort to match the company's strength.



The other book underlines strategy in action is “What I Didn’t Learn in Business School: How Strategy Works in the Real World” by Jay B. Barney & Trish Gorman Clifford.

**Goal check:** I learned which strategy to use for my product and current business situation.


Wasu’s Review  
( 4.5 / 5.0 )

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**Bonus:** learn more about 3Cs: in the construction of any business strategy, 3 main players must be taken into account: **Customer, Corporate, and Competitor.**


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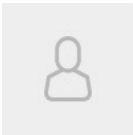
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