

SUMMARY

GOOD STRATEGY

BAD STRATEGY

RICHARD RUMELT



Summary of “Good Strategy, Bad Strategy” by Richard Rumelt

Written by Alyssa Burnette

Learn why strategic choices can make or break your
life.

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Introduction

Do you live your life according to a strategic set of rules? Do you start each day with a plan or say, “Today, I will do this because that’s the best strategy for success!” If you’re like most people, your answer is probably no. That’s because most of us are too busy trying to survive each day to be bothered with strategic planning. We lose our keys, we miss the bus, we run late for meetings and complain about our bad luck because we never implemented a strategy for maximizing our potential and success. The author observes that this is the primary reason why many people are so unsatisfied with their lives. According to his philosophy, if you fail to plan, you plan to fail! When you think about it that way, that’s a pretty scary concept! Even if we don’t wake up with a plan for the day, we never see ourselves as having planned to fail. But over the course of this summary, we’ll explore the truth behind the author’s theory and learn why a plan for success is the crucial ingredient we’re missing in our lives.



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What is A Strategy?

Have you ever thought about what a strategy really is? The author believes that many people make the mistake of confusing strategies with other things like “goals,” “plans,” or “targets.” When we make to-do lists or identify the things we would like to accomplish, we might erroneously assume that we have identified a strategy. But the truth is that a strategy is actually a different animal altogether! Why? Because a goal is where you want to be. A strategy is a plan for how to get there. To put this into context, let’s consider an example. The world is teeming with advice on how to make good decisions and improve your life and some of that advice is useless. But other tips-- like the practice of developing SMART goals-- is actually really helpful! The concept of SMART goals comes from another self-help author named Richard Duhigg. And Duhigg devised a system for prioritizing your time, making better decisions, and accomplishing your goals.

He called that system SMART because SMART is an acronym for creating goals that are Specific, Measurable, Achievable, Realistic, and Time-specific. Here’s how it works: let’s say you’re working toward a big goal like losing weight or you’re focusing on some aspect of personal development. A goal like “Lose 100 pounds!” is a pretty tall order and it can be tough to know how to get started. And that’s where SMART goals come in. So, here’s how you can use that process to accomplish your goals. Start by making your goal specific. You might think that “lose 100 pounds” is pretty specific, but it’s actually quite vague. That’s because you haven’t specified how you intend to lose that weight or the timeframe in which you hope to do so. By contrast, “exercise every day for a week” is a very specific goal! This statement clearly articulates what you intend to do and when. So, once you’ve defined your specific goal, think about how you will measure it. In other words, how will you notice real, tangible results? How will you put your goals into practice? Your goal will become measurable when you add a qualifier like, “I will exercise every day for a week by running a mile around the neighborhood before I leave for work.” Now that you’ve put these steps into practice, you can turn your attention to the “A” in SMART: making your goal achievable.

Can you lose 100 pounds if you exercise every day for a week? No. That's not humanly possible. But if you run a mile every day for a week and repeat this practice over the period of several weeks, then it certainly might be! You might also need to add other qualifiers, like supporting your running routine with a healthy diet and a trip to the gym, but these can be added to the "specific" or "measurable" parts of your SMART goal later on if needed. Once you've done that, the next step is being realistic. As we discussed in our analysis of achievable goals, some things-- like losing 100 pounds in a week-- just aren't possible. So, make sure that you're not committing to something that you literally can't do. It's important to set very realistic goals because, sadly, this is a common problem that many people experience.

All too often, people get caught up in the excitement of setting big, ambitious goals for themselves. They imagine that accomplishing that goal will change their lives and they put all their hopes and dreams into their fantasy of that goal. But if that goal is unrealistic, then it will never be anything more than a fantasy. Because you can run every day for a week and run as hard and long as you want, but you still won't lose 100 pounds in a week just by running. At the end of the week, you would just be very tired and disappointed that you hadn't accomplished your goal. But all of that disappointment could have been avoided by simply setting a more realistic goal! So, make sure that your goals are, above all, realistic.

And last but not least, make sure that your goals are time-specific. Setting a deadline for your goals is crucial because if we leave it open-ended, we will naturally procrastinate. It's only human nature. So, if your goal is to lose 100 pounds, find a realistic time frame that's somewhere between a week and fifty years from now. (A month might be a better time frame!) Putting a deadline on your goal will help you to work towards it quickly and efficiently and that deadline will provide you with some added motivation. You can even set smaller milestones within your wider timeframe to give you a sense of motivation and accomplishment each time you reach a small milestone! And the best part is that you can implement the SMART strategy with anything from projects at work to personal goals!

What's interesting about this example is that Duhigg never advertised his SMART system as being a specific type of strategy. But as you can see from the example above, that's exactly what it is! By breaking down your goal and developing an action plan for accomplishing it, you've just created a strategy for success. So, this example illustrates the difference between a strategy and a goal and why you need a strategy if you want to accomplish anything. As you can see from the previous example, it's easy to think up big, ambitious goals for yourself. But until you take action and start putting your ideas into practice, your goals will simply be unfulfilled dreams floating around in your head. And the author firmly believes that you have the power to make those dreams reality.



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What Makes A Good Strategy

In the previous chapter, we learned what a strategy is. But now it's time to evaluate the difference between a good strategy and a bad strategy so you can devise the most effective plan. As we can see in the previous chapter's example, a good strategy utilizes SMART goals and action planning. But it also contains a few other key ingredients. The author observes that a good strategy is actually like a piece of popcorn. And if you're wondering what a strategy could possibly have in common with a snack, you're not alone! But if you think about a piece of popcorn, then you know that it has more layers than meets the eye. On the surface, it's hard and round and puffy. It has layers of crunchy goodness. But all of those layers come from a single kernel. Before that kernel is popped, it just looks like a seed. But when you put that little "seed" of popcorn under enough heat and pressure, it blossoms to create something wonderful.

And the same is true of strategies. The author asserts that all strategies start with a kernel and within that kernel are three key components. Every good strategy contains the triad of a diagnosis, a policy, and an actionable plan. So, how do these components work? It starts with the diagnosis. This is very similar to the scientific method because the scientific method starts with a question about a problem. Likewise, the first step of any strategy begins when you ask questions about the problem at hand. For example, if your goal is to create a more successful and meaningful life, you might start by asking, "What's holding me back? Why isn't my life successful and meaningful now? And what can I do to get where I want to be?" Answering these questions can help you to diagnose the problem and find a simple answer to explain a complex situation.

Once you've diagnosed the problem, you can begin to devise an action plan. In other words, when you know what's wrong, your next step is figuring out how to fix it. You can start to develop your action plan by writing down a mission statement and a set of actionable steps that will help you realize your goal. Once you've successfully accomplished these steps, you can begin the

final phase of your strategy development process: putting those actionable steps into practice. As you implement these action steps, remember that it's important to make them clear, coherent, and on-brand. Your steps should never conflict with or contradict your action plan or your diagnosis of the problem. Rather, your three-part kernel should be seamlessly connected, with each step flowing into the next one for maximum effectiveness.



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Look to the Future to Gain an Advantage

The author asserts that you can measure the effectiveness of any given strategy by assessing the competitive advantage it gives you. After all, if you want to be successful, you should make choices that will keep you ahead of the competition and ensure that you're profiting from your superior strategy. If you're not seeing any benefit from your strategy, it might be time to go back to the drawing board and re-work your strategy until it's a clear recipe for success. The author also believes that anticipation is a key component of any successful strategy, so in this chapter, we'll explore the relationship between anticipation and success. In this case, anticipation means that you are looking to the future and employing big-picture thinking to stay ahead of your competition. No matter what your goal is, no matter what industry you work in, you can apply these principles. So, how does anticipation work? And why is it beneficial?

Well, the author believes that anticipating trends is a crucial skill for any aspiring visionary leader. Because if you want to succeed in today's ever-evolving global marketplace, it's not enough to simply be aware of the trends that currently exist. You must also have your finger on the pulse of society and be able to predict what's coming next. However, anticipation doesn't mean that you're able to predict the future or that you should even try to do so. Instead, anticipation is all about awareness and quick thinking, both of which are crucial for the development of any successful strategy. But why is it so critical to be ahead of the game? The author observes that anticipation is vital because that quick thinking can save your company! It can also make you successful beyond your wildest dreams.

To put this into practice, let's imagine that you have an idea at the same time as everybody else. For the sake of this hypothetical scenario, let's say that the current trend is streaming music. Companies like Apple and Spotify predicted that this fad was on the rise and they got in front of it by developing music streaming platforms of their own. But you weren't quite so aware, so you hopped on the bandwagon a little too late. So, when you design your own

streaming platform, it's not original and it's not new. It's just a third-rate competitor for Apple Music and Spotify. As a result, you're unlikely to make enough to even cover your startup costs, much less turn a profit. So, your budding music company quickly fades from existence, along with your hopes, dreams, and self-esteem.

You don't want that to be you! So, let's imagine an alternate reality. Instead of jumping into the music streaming craze right as it's taking off, you come in as it's winding down. Streaming music is the norm now; there's nothing new and exciting about it. The market is poised for a new trend and you have a bright idea: what if, instead of just listening to your own music, you could share songs with your friends in real time? What if an app allowed you to see what anyone in the world was listening to and let you enjoy that song with them? By calling up your best friend's profile or Lady Gaga's, you can listen along and compare your music taste to that of anyone else in the world. You could discover new songs, tell your friends you love what they're listening to, and curate a following who loves you for your favorite tunes! This could be the next new trend in music and you become successful because you anticipated it.

As you can see from these two examples, anticipation makes the difference between success and failure. And the key component is to stay ahead of your competitors by at least six to nine years. Because although the example described above is hypothetical, if your revolutionary music app took off, it would take some time for other people to catch up. By the time other companies did their market research, designed an app of their own, and dodged all the copyright issues, you would have established dominance on the market and built a base of loyal customers. That means that companies who later seek to capitalize on this trend are ultimately developing knock-offs of your hit idea!

Of course, that's not to say that your idea will be foolproof or that you will be able to plan for all eventualities. Because your idea is ultimately being conceptualized and implemented by humans, it's fallible in the way that all

human beings are. So, while your idea may not be perfect and you may be subjected to some unexpected bumps in the road, you can see from this example that timing is everything. That's why the key lesson from this chapter is to keep your finger on the pulse of the latest trends and prepare as much as possible.



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Final Summary

Most people don't have a strategy for living their lives. They simply muddle through each day by hoping they'll get by somehow. But if you want to be successful, the author believes that you must plan for success. And that means developing and implementing a successful strategy. By learning about the key components of a successful strategy and applying them to your life, you can dramatically increase your success.

It's also important to identify the differences between a strategy and a goal and between a good or bad strategy. Once you understand these differences, you must also be willing to learn, anticipate, and adapt. You might have to go back to the drawing board to re-work your strategy sometimes, but that's okay! Because when you employ the right strategy, you can be certain that your life is headed in the right direction.



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