

SUMMARY
BY ALYSSA BURNETTE

STRATEGY RULES

BY DAVID B. YOFFIE
AND MICHAEL A. CUSUMANO



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Summary of “Strategy Rules” by David B. Yoffie and Michael A. Cusumano

Written by Alyssa Burnette

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Introduction

What do you want to be when you grow up? As kids, we're asked this question all the time, but we sort of stop answering it once we really do grow up. Often, that's because we get bogged down in the demands of "real life," most of which strongly imply that whatever our dream job was as a kid, it's never going to come true. We learn to trade our dreams for inventing the next Google, becoming the next Steve Jobs, or pioneering the next Facebook in favor of a solid day job that will help us pay off our mortgage. But what do you really want to be when you grow up? And what if you really could launch the next tech giant?

The author believes you can if you simply have the right information-- the keys to success which will help you understand why some start-ups succeed and others fall short. That's why Strategy Rules exists. Because if you want to be the best, you have to learn from the best! And who better to learn from than the guys who pioneered a service we use literally every day? Taking top tips from icons like Bill Gates and Steve Jobs, the authors have created a personalized guide to implementing the practical strategies that the world's top CEOs have employed to achieve unprecedented success. Over the course of this summary, we'll learn how you can employ their strategies and emulate their success for yourself.

Building a Successful Vision

If you were to build a successful start-up-- launching from nothing only to one day make it to the top-- and you had to design a campaign with the slogan, “Passion lead us here,” what would that look like for you? What would that passion be? And where would it take you? Identifying your passion and then allowing it to inform the future direction of your business is critical for success. That knowledge is one of the key things that Bill Gates, Steve Jobs, and Mark Zuckerberg all have in common. It’s also one of the primary reasons that their businesses have been successful! That’s because each of these titans of technology built businesses that were founded on passion and a vision. But how do you cultivate a vision that will change the world? It would be great if “idea shops” were a thing that existed, but unfortunately, they aren’t! Sadly, you can’t walk into your local idea shop and order “one vision for a company that will change the world.”

Instead, you have to cultivate it on your own by tapping into a cause that’s close to your heart. But it’s also important to ensure that your vision connects with other people’s hearts as well. For example, in an episode of the popular NBC comedy series *Superstore*, one character remarks that her vision for a business involves selling some cat toys she has made out of tampon applicators. Much to her surprise and disappointment, her invention is not met with wonder and delight, but with sheer confusion. So far from being excited about her idea, her co-workers feel gross and freaked out. So, one of the key take-aways from this chapter is that you don’t want your vision for your business to be a “cat toy tampon” thing. You want people to be excited about your idea, but the most exciting idea doesn’t necessarily mean the most outlandish. So, how do you find the “right” vision for your company? And why is a vision so important?

Well, establishing a vision for your company is vital because passion is awesome, but a vision is what gives it legs and enables it to rise up and take action. So, as an entrepreneur, you need to begin by asking yourself two questions: what’s your personal mission? And what is your mission for your

company? The answers to these questions will bleed together and influence each other so it's important that you know-- and feel good about-- these answers. That's because your vision for your company is a key means of connecting with customers. (You can also think of this as a way of avoiding a "cat toy tampon" catastrophe!)

Customers know, of course, that pretty much everybody wants to make money and sell stuff. But, like all of us, they hope for a little more than that. Your customers want to know that your company has some substance to it, a cause or a set of values that inspires you to be your best. Your customers want a story to believe in. And that's why it's crucial for you to find your story. And if you want to use an obvious example-- like starting a social network-- let's think about the core values that inform a company like Facebook.

What would motivate you to develop a new social network? Is it because Facebook is famous and you think it would be cool to be that famous too? Or does your start-up have a meaningful vision at its heart? For example, do you want to start a social network because you believe in the power of connecting people? Because you're passionate about transparency in social media? Because you want to make the world a better place?

Finding the right answer to those questions is crucial because your answers will determine your company's success and its founding ideology. So, before you do anything else, identify your company's ethos. Once you've got that nailed down, you can return to your vision time and time again to help you make tough decisions that will guide your company and keep it afloat. Your mission can also help to provide morale and this is especially true when you have the right people at your company's heart. Because just as your customers want something to believe in, so do your employees. Everyone wants their lives to be about something more than the daily grind of buying, selling, and productivity. At the core, we want to know that we're making a difference. So, if you have a mission that you and your employees can be enthusiastic about, your company will thrive because everyone will be excited about coming to work!

Know Your Customer and Your Market

This statement might seem overly obvious as well, but bear with us! Because even though you might hope that the entire world is your customer base, the truth is that that's not always realistic. Instead, it's far more likely that you have an "ideal customer" out there-- one who is exactly right for your organization. Your job is to find out who that customer is. To do that, you can follow some of the world's leading business models which recommend that you categorize your customers according to "primary" and "supporting" customers.

A primary customer can best be defined as the person who most needs the service you have to offer. For example, let's say you run a non-profit that's dedicated to providing meals for children who experience food insecurity. In this case, your primary customer would be the children who directly benefit from the lunches you provide. Your supporting customers would therefore be the people who don't directly benefit from your service, but who are literally responsible for supporting you, your customers, or your business. In the case of this example, your supporting customers might be the children's parents, the children's schools, or local grocery stores and restaurants who will donate to help your cause.

Categorizing your customers according to this method will provide your organization with an increase in clarity and focus. That's because you'll be able to devote the bulk of your time and resources to helping the group who can most directly benefit from your efforts. Without this insight, many organizations make the mistake of dividing their resources unequally, pouring more time and effort into their supporting customers without realizing that this can result in an imbalance of resources for the group who needs your help the most! That's why the author advocates for the importance of knowing your customers. But the benefits of identifying your primary and supporting customers don't end there! This insight can also help with your organization's evolution, as we discussed in the previous chapter. Knowing your audience will help you know when it's time for your

organization to update its practices. This in turn will help you stay relevant and enable you to meet your audience's needs!

Steve Jobs knew the importance of this and he targeted his customers accordingly when he launched the first Apple devices. But he also understood that you have to know your market. Knowing your market will help you determine when, where, and how you should unveil your product to the world. For example, prior to the launch of the iPad, Jobs observed that accessibility to WiFi was limited in the early 2000s. If you can't get consistent and fast WiFi anywhere, you might not be able to fully enjoy your iPad. As a result, Jobs concluded that this would be a bad time to release the iPad. Even though he knew his customers and knew that his target audience would be delighted with the iPad, he also knew that if people tried it and felt they couldn't really use it, it would be a flop right out of the gate. So, he did his market research, waited patiently, and launched the iPad at a better time.

But in addition to these helpful insights, it's also crucial to know how to release your product. Bill Gates showed that he was a master of this art form when he created the Disk Operating System (now known as DOS). In this case, Gates had an advantage over Steve Jobs because he understood the power of accessibility. If you're an iPhone user, you know that exclusivity is one of the hallmarks of the iPhone. Many things are only compatible with iPhones; for example, someone who owns an Android phone typically can't access a number of apps, devices, or features that are exclusive to iPhones. That's because Jobs wanted to retain control over his platform. According to his business philosophy, maintaining exclusivity was the way to go because it meant more revenue. If people wanted to access other Apple features, they would need to buy more Apple devices, thus increasing Apple's successful monopoly on the technology industry.

But Bill Gates took another approach. Gates understood that accessibility is a great way to get a foothold in your industry because it allows you to undercut the competition. That's why, instead of seeking exclusivity, Gates negotiated for the right to sell his DOS to as many companies as possible.

He understood that if he sold his product en masse at record prices, his product could become the industry standard. And if he did so, his competitors would be automatically driven out of business because they would literally be unable to compete with him! And it worked. That strategy is just one of many successful maneuvers that enabled Bill Gates to become the titan of industry he is today.

Final Summary

These might seem like a few simple tips but the truth is that they're so much more. Because when you apply this knowledge correctly in the right circumstances, you can become every bit as successful as Bill Gates, Steve Jobs, or Mark Zuckerberg. Because these guys have designed the products that we use every day of our lives, we often assume that they are super-geniuses who must have access to a secret formula for success. But the truth is that they are just ordinary people who had a vision and a great strategy for executing it!

If you can identify the ethos and mission behind your business, that's the first strategy for creating a business that will change the world. From there, the next step is to know your customers, know your market, and know when to release your product. It's also important to know how to release your product; as Steve Jobs' example shows, timing is everything. And as we can see through the example of Bill Gates, it's more important to create a platform than a product. Because if you can create a platform that everyone can use, the accessibility of your invention will enable you to crush the competition and make your business the industry standard.



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