



Strategically Growing Your Business The 3HAG Way

Strategy is the creation of a unique and valuable position based on a set or system of different activities.

- Michael Porter

Strategy comes from the Greek - the General's point of view. The general has a broad view of the field of battle and beyond. Strategy requires creating a context for strategic decision-making.

- Elizabeth Crook

Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.

- Sun Tzu

INTRODUCTION

The 3HAG Way helps business leaders develop and clarify a broad view that informs the creation of a unique and valuable position based on *a set of different activities*.

HOW IT CAME TO BE

For close to thirty years, I have worked with CEOs and their leadership teams to help them grow their businesses. During that time, I have used a variety of approaches and tools to grow profit and impact. We have worked on many parts of their businesses, from culture to operations, and people to processes.

Even though I used approaches that claimed to be strategic planning, it was not until I met Shannon Susko, serial entrepreneur, speaker, writer and coach and learned about the process she developed as she grew her spectacularly successful businesses, that I found an effective way to help companies define and evolve their strategy and truly build value.

This is an overview of the approach that has helped her clients, my clients, and the clients of some sixty 3HAG coaches around the world. It is a strategic execution system. Most popular planning approaches today focus on execution — operational plans for the short term/near future. But that's not enough. Strategy is key to successful growth and value creation.

What Does 3HAG Mean?

Jim Collins, renowned business thinker and writer of such classics as *Good to Great*, *How the Mighty Fall*, and *Great by Choice*, coined the term BHAG ® Big Hairy Audacious Goal with his colleague Jerry Porras. A BHAG ® may be ten to thirty years in the future. It's inspiring and we may not know at the moment how we will get there, but it acts like a North Star, pointing the way.



An early Microsoft BHAG ® was A computer on every desk in every home. Another famous example is John Kennedy’s statement, “We will put a man on the moon this decade.” And we did, back in 1969.

Planning for ten years, much less thirty isn’t practical or meaningful. Too many things will change. Even five years is too far out. Ah, but three years — we can imagine that. So 3HAG stands for **3**-year **H**ighly **A**chievable **G**oal.

Components of The 3HAG Way

The term 3HAG Way is a methodology for growth. An approach that makes the business trajectory faster and easier in building real value. It includes six components or systems.

- **Culture:** Purpose, Values, BHAG
- **Cohesive Team:** Built on trust (and delivering results — think Pat Lencioni’s 5 *Dysfunctions of Team*)
- **Talent:** Getting and keeping the right people
- **Strategy:** Creating and evolving a unique and valuable position in the marketplace
- **Execution:** Doing the right things right
- **Cash:** The fuel for growth

What Makes It Special?

You may be saying, yeah yeah, these components sound pretty standard to me. What makes The 3HAG Way so special?

There is something in every component to talk about, and coaches and advisors who work with this approach include all of them in our work. But what sets this methodology apart are the following:

1. Strategy development
2. Strategic execution
3. Widget-Based cash forecasting
4. Ongoing iteration and evolution
5. Embracing “good enough”

Let’s dig in with more detail.

1. Strategy Development

Strategy is about creating a unique and valuable position in the market, not about being “best.”



It is about deeply understanding your context — just like the general! This includes:

- **Your Marketplace:** Who's in it and how do they relate. Who's selling what to whom and how? How does the money flow and how much among?
 - Customers
 - Channels
 - Vendors
 - Competitors
 - Partners and more
- **Your Core Customer** (both current and future)
 - His/her Needs
 - The benefits they derive from your product/service
- **Your Industry Characteristics/Attributes:** How do companies in your industry compete, it's not just on price or quality and how do YOU compare to others in the industry?
- **Your White Space:** Are there opportunities to compete in underserved areas, or are you overspending in areas where you can't gain competitive advantage?

Now here is where The 3HAG Way really shines!

Once you have these insights, we go through a series of explorations to identify not only your *differentiators* but the *different set of activities* that create a unique and valuable position for your company — your strategy. That is a key driver of value!

2. Strategic Execution

Understanding your unique and valuable position is one thing, getting there is another. I help you create “swim lanes,” which is the term I use to describe the quarter over quarter progression of milestones for accomplishing the tangible changes that are required to execute your strategy.

This is NOT a project plan or action plan. It sits close to, but apart from, the usual annual and quarterly goals. They are all important, but they aren't the same thing!

- **Organization Function Chart:** Most companies have an org chart, whereas in 3HAG we have a function chart. We want to know the major (and minor) functions and who is accountable for each. In the early stages, someone's name may appear in more than one place. What's key is to know the functions — sales, marketing, customer service, and so on — the business requires.

- **Key Process Flow Map:** One of the most critical and valuable ways to keep the company balanced and on track. Put simply, these are the functions that drive revenue into your company, which lead to contracts to production to invoices to

dollars. This is important because it gives the leadership team a way to see on a regular basis where any key process may be under performing and explore why. Low

lead volume will be felt all the way down the chain. However, if a process is exceeding its goals, the team can anticipate increased demand for the next process. For example, if sales are running ahead of plan, what are the implications for production?

3. Widget-Based Forecasting

Faced with setting annual revenue goals, too many companies frankly, just guess. *Ten percent, fifteen percent growth? Does that sound about right?*

In The 3HAG Way, companies tie their revenue numbers to widgets. A widget is what flows through your company to make money — leads to sales to production to delivery.

Why widgets? Because just putting a number out there doesn't invite (or force) you to think about the implications for the whole business. *If we want to grow revenue by whatever %, what must also grow? Marketing spend? Sales force? Production capacity, and so on.*

This approach means the leadership team, not just the CFO, owns the forecast. And when you can forecast widgets, it's easier to forecast CASH. It may be commonplace to say that cash is King or Queen, but guess what? It still is.

Cash fuels your growth. Cash gives you choices.

4. On-going Iteration and Evolution

Too many plans in too many companies are stagnant. In today's fast changing world, that's not a good option. In The 3HAG Way, we are always looking at our market, our customer, and even our strategy, as other things change.

Annually we review and set new 3-year goals (3HAG) and identify the capabilities needed to reach them.

We look at the other components mentioned frequently, from weekly to monthly to quarterly, adjusting them as needed. This creates a resilient and nimble company, able to exploit opportunities and avoid risks.



5. Embracing “Good Enough”

We don’t believe in perfect solutions. Someone wisely said, “perfect is the enemy of good.”

The point in working through the various components of The 3HAG Way is to have a good enough answer and understanding to move forward. With each iteration we gain confidence

that our thinking is clear or that we need to rethink a piece of the puzzle, either because we weren’t clear enough OR, more likely, that circumstances around us have changed.

Embracing “Good Enough” allows the business to become GREAT, through iteration and evolution.

If you are interested in learning more about The 3HAG Way, contact Elizabeth Crook, CEO Orchard Advisors - elizabeth@orchardadvisors.com