

# THE STRATEGY MACHINE

Building Your Business  
One Idea At A Time

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The Web site for this book is at [www.thestrategymachine.com](http://www.thestrategymachine.com)

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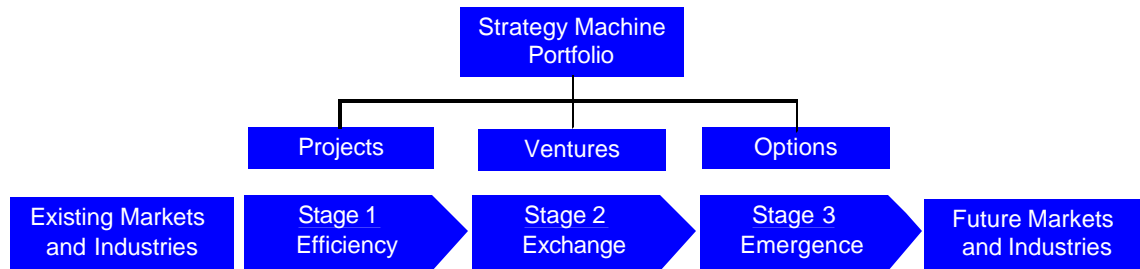
**MAIN IDEA**

Disposable computers – that are cheap enough and small enough to be embedded in everything that is made – will transform every industry. To be ready for this, the ultimate extension of the Information Revolution, you need to develop a “Strategy Machine” which will incorporate a portfolio of strategies you can use to harness these imminent and dramatic changes in the marketplace.

Running a strategy machine hedges your bets on the future of your business. It will develop a wide and robust number of approaches you may employ to exploit the upcoming emergence of an information supply chain which will run parallel with the physical supply chain. The strategy machine will suggest what information products and services you can harness to add value to your business. It will also help you offset internal inertia and resistance to change. Thus, a strategy machine will help managers reinvent their businesses to integrate and harness greater amounts of information.

A viable and effective strategy machine will have a portfolio with three types of investments:

1. Projects – which are designed to help the company serve existing customers better.
2. Ventures – new ideas which can be used to expand your markets and increase your firm’s access to new markets.
3. Options – small bets on emerging technologies which may one day become important to your business.



As shown above, each type of investment will be in synch with a different stage of the evolution of the marketplace. This is the cycle all markets will follow as the Information Revolution continues to move forward. Projects focus on creating more efficient markets, which usually lower costs for consumers. Ventures target the structural inefficiencies of industries and often result in the elimination of intermediaries who add no value. Options are effectively hedges on the future which may result when radical new industry structures emerge during the third stage of this transition.

Therefore, developing and maintaining a strategy machine is an effective way to do business when markets are evolving rapidly. It allows your company to go in a number of different directions simultaneously, even if only with a small step at first. By varying the respective numbers of each type of investment, you can alter your aggressiveness towards expanding your future operations.

In short, developing and then maintaining a strategy machine is a better way to run a business. It will work now and in the future when developments like disposable computing reach critical mass. It is an approach that is currently being used by many successful companies, and as such, deserves careful and deliberate analysis. To position your company for success today and in the future, you need to build and run a good strategy machine.

**1. Why You Need a Strategy Machine . . . . . Pages 2 - 3**

As disposable computers become integrated into manufacturing, an information supply chain is going to evolve which will run parallel to the conventional supply chains. This information supply chain is going to be an important source of added value in the future. Therefore, you need a “strategy machine” – a means of looking for ways to improve your business today while testing new ideas that may even destroy your business tomorrow. Or, to be more specific, the strategy machine looks at how these new information products will change the way you do business in the future.

**2. How To Put Together a Good Strategy Machine . . . . . Pages 4 - 6**

A good strategy machine generates a portfolio of strategies, some of which will prove to be useful and some of which will ultimately need to be dropped. The raw fuel for a strategy machine is information assets – brands, expertise and market intelligence, for example. The strategy machine takes these assets and then sets out to reinvent your business to better exploit those assets. In doing so, the strategy machine merges together the planning and execution capabilities of your business on a day-by-day basis.

**3. How To Keep Your Strategy Machine Running . . . . . Pages 7 - 8**

Strategy machines are easy to build but difficult to operate – because they create profound changes in the way your business operates. Thus, there will be many internal obstacles to overcome, especially inertia or internal resistance to change. The smart way to offset this inertia is to transform it into a catalyst that will make the strategy machine run faster, not slower.

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