

*Another in a series of special reports  
on the power of strategy from Jay Abraham...*

## “Strategy’s Biggest Secret”

“Super-Strategists” Jay Abraham  
and Paul Lemberg on Strategy  
and Its Profit and Business  
Growth Implications on *YOUR*  
Business.

## Strategy's Biggest Secret

---

*[Jay's Note: In February of this year, as part of my immersion into the different perspectives regarding strategy and it's implication on your business, I recently met with Paul Lemberg, a leading edge entrepreneurial strategist focusing on providing strategic coaching and facilitation to lots of forward thinking "silicon valley" clientele.*

*Paul's strategic wisdom and knowledge is clearly evident by reading part one of this thoughtful and provocative transcript. Right after I met with him, I felt his insights were so illuminating I recruited him to provide private one-on-one strategic implementation coaching for the 50 companies participating in my Strategy Setting Super Summit.*

***I believe he's one of only a handful of strategic thinkers out there who really know how to take strategy and turn it into actionable bottom line driver. Stated differently, he's not theoretical.***

***Special Introductory Note: In my most reasoned and probably best experienced assessment, I think that the single most important lever point and business enhancement factor any organization large or small has available to it in today's competitive environment to dramatically change for the better the course of events, the size of their growth, the amount of profit, revenue and competitive supremacy they achieve is to change the strategy they follow.***

*I think that the vast majority of the companies out there--- most of them aren't strategic at all. They're tactical. And the ones that are strategic use weak and under performing sub optimal strategies that give them a fraction of the outcome they could.*

*But the fastest way, I think, you personally can transform and increase the result of your business is to change the strategy. And I believe a brilliant strategy modestly executed will hands-down outperform a stupid strategy brilliantly executed.*

*Please read this transcript in its entirety. I intentionally kept it under 10 pages so that you can easily assimilate Paul's powerful message and act upon it. - Jay]*

Paul: This is supposed to be you sort of interviewing me, but I'm going to start by asking you to define as succinctly as possible what you think you mean by strategy.

Jay: Well, to me...

**Strategy to me is the overarching, guiding force that the whole business is constantly moving through and to. It's the definition not just of your business model or your business purpose but what your purpose is trying to do and why---**

## Strategy's Biggest Secret

---

**and what mechanisms it's trying to do it for and what it's supposed to look like at the end.**

And I don't mean when you sell it, or retire or when go bankrupt but **when you get to the point of being in the zone, like in concert pitch.** It's like the overriding, it's the overriding command position that defines, drives, aligns, controls and adjust monitors everything else the business does. I'm not saying it very clearly.

So how do *you* define it?

Paul: Ok, It's my turn.

**Strategy is the choices you make about how to deploy your resources, and the choices you make about tactics – which tactics to select, and how you use them to achieve your overriding end.**

**That's it.** So in other words, to me, there's a cascade of ideas. **And you start with a vision.** So you have a vision of where you want your business to go. And people really try to define what the heck a vision is. To me, it's very simple, a vision is how you want your business to be in the future. So you can add all sorts of things on top that.

**From an operational standpoint a vision is the decision you make about how you want your business to be in the future.**

And how you achieve that vision is your strategy. Now some people say, "Well, I don't really have a strategy. I'm just going to take advantage of opportunities as they arise."

**And the biggest distinction, I think, is not between strategy and tactics, but between strategy and opportunism. Now.....**

Jay: That's quite interesting. Explain and define what you think the differences are.

Paul: Opportunism is just that. An opportunity presents itself. Circumstances arise and there's something there and a great client, a great potential client gets in touch with you. And you serve them. So there wasn't anything very strategic about that. That's the simplest case. An opportunity arises. Or perhaps somebody

## Strategy's Biggest Secret

---

approaches you about a joint venture opportunity and you say, "Hey, this is cool. Let's do that."

So unless your strategy is one to hang your hat out there and say, "*I'll look at joint venture opportunities as they arise.*" That might have been your strategy. But if that wasn't your strategy --- someone comes along, it's a joint venture opportunity, it not necessarily within your scope or purview but you say, "Hey, this sounds "hot." I'll do that.

**That's not strategic. That's opportunistic.**

Jay: Yes. But you're saying opportunistic could be, also, an element of your strategy.

Paul: Well, your strategy could be opportunistic strategy.

Jay: Yeah. It could be, "*We're going to take advantage of every opportunistic joint venture or alliance we can do as part of our business initi....*

Paul: I call it the "*trawling strategy*". The trawling strategy, which is you drag yourself through the ocean. You drag your net through the ocean and then you pull it in.

You hang out your shingle. You do advertise . You run a seminar. You publish an e-zine. You put up a website. These are all trawling strategies. Or trawling tactics. Right? And you say clearly, "my strategy is trawling." I'm going to put my name out there. Allow people to mill around it. Give people an idea of what it is that I do and if people think I'm interesting they'll come to me. Then you can evaluate them and decide if you want their business

However, that's not most people's strategy. **Most people's strategy is they're doing "something else" and an opportunity arises. And they look at it and they go, "Oh, well that might be interesting. And they do it.**

Jay: That is a tactical action.

Paul: It's a tactical action and it's not strategic.

Being strategic requires you have a mission. There's something important you're trying to accomplish in the larger sense of things. And your strategy from the get-go is saying, "What are my best opportunities to achieve this end?"

All strategy arises out of that one question, which is: What are my best opportunities to achieve this important, significant end? From there you begin to set things in motion to achieve those ends.

Jay: Let me ask you a question. You've operated for years as a strategist. The clientele you deal with are entrepreneurial but a lot of them are high-tech and let's

## Strategy's Biggest Secret

---

say, fast-paced, very competitive based enterprises. How many different forms of strategy have you uncovered? Do you think there's an infinite number or do you think there's twenty, thirty, ten, one? Give me like your genesis. What you think for people who don't even have a clue of how to get their arms around this, which is probably about everybody.

Help me help, whether I transcribe it, whether it's a tape, whether it's both --- the people being exposed to the ideas in this get the best understanding of how to go from wherever they are, which I'm going to submit by-and-large is going to be more tactical, you may disagree, to the most sophisticated strategy they are capable of evolving.

And, again, we're not going to do it in one or two interviews but I want to give them some insight. I want to give them some pitfalls. I want to give them some examples. I want to give them some components. I want to ask you some more questions.

Paul: So let's start where I think you have to start.

Jay: So where do we start?

Paul: So you have a .....you didn't finish the sentence, but I know which question the sentence is:

### How to get from where you are to where you want to be?

Jay: Yes.

Paul: To me, **this is the fundamental strategic question**. Your future depends on you addressing it directly.

Jay: And knowing what it is and where it is you do want to be.

Paul: Yes. A moment ago you asked me how many strategies there are. And I said I thought it was the wrong question. The taxonomy of strategy is personally interesting to me and I'm working on defining one in my new book. But it's not, I think, the fundamental question for an entrepreneur.

Jay: The entrepreneur's question should be what?

Paul: The entrepreneur's question --- the #1 entrepreneurial question is: **Where do I want to go?** There is a great, and often mis-used quote from Clausewitz: "*War is the continuation of politics by another means*" People use this to say whatever they want. To entrepreneurs I think it means: The application of strategy is

## Strategy's Biggest Secret

---

simply a way to achieve ends when you understand what they are. There can no strategy if you don't know where you're going.

You're no longer strategic....

**You cannot be strategic if you don't know where you're going. Strategy assumes that it's about a range of resources and tactics in service of a specific important, significant goal or vision. You have a sense of where you want to be.**

Jay: I'm probably doing a disservice because I tend to want to be an optimal performer in service to others so I want to take people to the ultimate hierarchy or the ultimate evolution of having what I'll call the absolute best and highest producing optimal strategy. But what we're talking about right here is just start off by answering what in the world are we trying to get to and why?

Paul: How can you go from where you are to where you want to be if you don't know where you want to be?

Jay: I like that and I agree with that.

Paul: My process starts by getting the senior team out of the office, whether it's a hotel across the street or whether it's something nicer than that. And the first question is about defining the vision and mission. **It's simply asking: Where does the company want to go? Or more strongly, Where is the Company Committed to Going?**

Jay: And will you agree with me that the vast majority really don't know and if you ask ten different people in the company, you're going to get nine different answers?

Paul: Absolutely. Absolutely. And most people might, if they actually believe they could get somewhere, might really tell you something. But, all things being equal, they won't tell you anything because most people are afraid to say, "That's where I want to go."

Jay: I get it...

**So your first goal is to get them to see what the vision is and why.**

Paul: For me, the #1 step to delineating an optimal strategy is to have an optimal perspective on where you want to go. And I reserve judgment. You know, if

## Strategy's Biggest Secret

---

somebody says they want to go somewhere and you can look at it and you can say that's a good idea or that's a bad idea.

Jay: You don't really...you don't discriminate ...

Paul: I stay out of it unless it's a really wimpy idea. I'll give you a little example. I met with a client the other day who has a brand new business, it's about six months old. She did about \$750,000 and was quite profitable at that. So probably took \$300,000 out that \$750,000. So pretty impressive.

Jay: Very impressive.

Paul: She wants to hire me and I say, *"How much business do you want to do over the next year?"* She said, *"If we don't do anything, we'll do \$1.2 million."* I said, *"All right. So?"* She said, *"Well, we could probably do \$1.5."* I said, *"So....."* So finally she gets to about \$2. I said, *"Well, all right. So maybe you're talking about something that's vaguely interesting."* So I will jump in. I said to her, *"Where do you really want to be in five to seven years? Do you want to have a \$5 million business that throws off an O.K. lifestyle? Or have a \$100,000,000 business, which given her market and her business model is entirely possible."*

I said, *"What do you really want to do?"* And it was fascinating to me because the question had not been posed previously.

**That's the definition of scope and scale. You have to answer it.**

Jay: Well, now, was she gripped with either revelation, epiphany, just dismay trying to think, *"Wow...."*

Paul: No. Never dismayed at all. She said, *"Wow! That's a great question."* She thought about it for two minutes and said, *"\$100 million in seven years."*

Jay: And you didn't give any commentary to the accuracy, the doability. You said, *"Great! Now we've got a vision."*

Paul: Exactly. Because I knew, given the business she's in, it was entirely possible. And I made a snap evaluation of this entrepreneur and I said, *"Yes, she could do this."*

Jay: So that stated, so now a client, a company, any business first figures out what their vision is. Perhaps, or perhaps not, they envision why they believe that way.

Paul: Yeah. I am actually not concerned about people's motivations unless I think they are evil. . It's not my nature.

## Strategy's Biggest Secret

---

Jay: Let me tell why it's mine. Because I'm trying to come up with hybrids here. Somebody will say to me, "*I want to do a \$100 million.*" And I'll say, "*Why?*" And they'll say, "So that we can .....so I can make \$5 million a year."

**And here's my key distinction I almost always floor people with--- I'll say, "O.K. But if there's an easier, faster, safer strategy to get you the \$5 or \$10 million would you be willing to examine that against this?"**

Paul: Wow! That's revelational! That's a pretty great question. So insightful. The question I was asking about was the \$5 million or \$100,000,000 ---- I was more interested in scope and scale. Because I meet many entrepreneurs. A lot of my clients are these \$5 million guys who are pulling out \$700,000, \$800,000, \$900,000, a million, out of their \$5 million business and hey, you know what? They're happy with that.

Jay: They've got a great lifestyle.

Paul: They're happy and they should be. Right? It's all quite lovely. On the other hand, they're not really having a big impact. Now that might not be of any interest to them. Somebody who wants to build a \$100,000,000 company probably has in the back of their mind they want to change the world – or at least some dimension of it. .

Jay: Yes. Or they want to make an impact profound enough to deserve that reward.

Paul: Exactly. And this woman is looking at the music industry. She wants to change the music industry. She has some vision about what changes could happen there. That's why I threw up the number – I could see the grandeur of her vision and I wanted to test just how big it was. I said to myself, "*Let's test this right away.*" For me, part of formulating strategy is making assumptions and then testing them.

Jay: And I like all that. Again, I've done it very, very conceptually, very non-specifically, very intuitively, never with a formulation of any kind of a process or system. So I'm very interested to hear the mindset, the methods, the sequence and the rationale for what you do and how you see business life. So continue.

Paul: O.K. So that's Step One. It might be complicated or not. I'll do the session with the senior managers in a company, however many there are. Sometimes just one, once there were 27! It can get pretty hairy because they don't really agree. At least not at the get-go. They always agree when we're done. I have a process that I get people to agree on, simply by having everyone share what it is they see. And then to start to kind of harmonize them. I call it Creative Alignment, if you follow me.

Jay: I do.



## Strategy's Biggest Secret

---

Paul: So I will work that as long as it takes. Sometimes that's an hour, and sometimes it takes a day. Or two. But it's rarely more than that. And you know, executives get frustrated because they feel like they're spending a lot of time on this and they want to get to their business strategy. You know? But this is the core. The Core of their strategy. So all time spent on this is valuable time.

Jay: That's good. So what you're saying....and I want to paraphrase what I'm hearing and I've hearing different things because my mind is traipsing out into reflection, too.

### **I'm hearing you say that most companies don't have a vision.....**

Paul: Absolutely.

Jay: That they're clear on for the moment or for the future and the ones that do don't necessarily know why they have it and what they want to do but the bigger the vision if they are realistic the more clear they are about what they're trying to do in the world.

Paul: Yes. Yes. Which is not to say that they know how to do it. But they have a sense of something they're trying to accomplish. These are the people I'm excited by, by the way.

Jay: People who their vision is clear and it's indelibly clear in their brain.

Paul: They're trying to make something happen. Whatever it is. Whatever it is, they're trying to make something happen.

Jay: And they're coming to you to help them.....what?

Paul: To figure out HOW to make it happen. People need a specific plan. They think there is ONE WAY. Right? They see their strategic plan as a map of all the actions that they're going to take over the next three years to get where they're trying to go.

Jay: But how does that differ from a strategy?

Paul: **First of all I think that's impossible.** Have you ever heard the expression "the fog of war"?

Jay: Yes.

Paul: Clausewitz talks about the fog of war.

## Strategy's Biggest Secret

---

Jay: And it means?

Paul: In the 19<sup>th</sup> century war was really foggy. It was physically foggy. When you watch movies of war in the 1900s, there are all these muskets and cannons firing there's smoke everywhere and nobody can see a damned thing. That's on one level. That's the fog of war. Men and material moving across the battlefield towards each other and nobody can see what's going on. But on top of that, there are layers upon layers of confusion that occur in a battle. And you get those same layers of confusion in the competitive marketplace where people send signals that they're doing one thing when they're really doing something totally different. They're setting up partnerships that aren't visible. Ideas are being exchanged, technology's being exchanged, intellectual property's being exchanged, customer lists are being exchanged. And all sorts of things are happening behind the scene, none of which are visible. .

Jay: I agree.

Paul: I used a formal strategic planning model for awhile, where you laid out all your action steps for the next up to ten months and then you tried to execute them.

And what I found was that you could only go a few steps and then your plan fell apart. Every time. And the reasons your plans falls apart is because you're not dealing with a static situation. You are dealing with people—who respond! And who are executing their own plans. Your market is not static. You do something and the market responds to you. The market could be your customers. The market could be your suppliers. The market could be your vendors. The market could be your competitors. But you do something and the market responds.

Jay: Agreed. Right.

Paul: So how many steps out can you take before the response of the market totally discombobulates anything you were planning?

Jay: Yes. Well stated.

Paul: Not very many. You can't go very far out. So to me, the strategy is how are you going to lay things out as best you can to get as far down the road as you can toward your vision and then you define some initial tactics and you execute them.

The process I use now is called Iterative Strategy. First you define your vision and mission. You look as far as possible into the future of your market and your competitive landscape. Then you define major strategies to gain the greatest leverage (biggest output for the smallest input.) You deploy – or position – your resources based on that strategy – what you will expend quickly as well as what you will hold in reserve. Then you choose your opening tactics – and mobilize

## **Strategy's Biggest Secret**

---

into action. Then you reconnoiter. Evaluate your strategy. You test and measure, and if necessary regroup. And make your next moves.

The big mistake people make is to think their strategies and tactics are set in stone. Even for a year. The next biggest mistake is to switch too quickly without waiting for things to work.