Leaders Must Move From Execution to Strategy to Draw the Next Big S-Curve

By Dev Patnaik

Many businesses have experienced tremendous growth over the last five years due to strong execution. However, that alone won't get you to the next S-curve. This article outlines how you'll need a future-focused strategy that defines where to play and how to win next in order to unlock the next big wave of growth.

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Looking back on the past five years, most corporate leaders are giving themselves a well-deserved pat on the back.

Many have skillfully ridden the pandemic-induced consumer spending surge and near zero interest rates to achieve growth milestones far more quickly than expected. Companies previously worth $500 million have joined the $1 billion club; $5 billion firms have broken through the $10 billion barrier.

As we approach year end, though, leadership teams are going into strategy sessions to figure out what's next for their business—and change is in the air. They know they can't keep doing the same things and expect the same results. Economic tailwinds have turned to headwinds with borrowing rates at two-decade highs and consumer spending running out of steam. S&P 500 companies just reported their worst earnings quarter since 2020.

In just the last week, I've had this conversation with three leaders, each in a different industry. Here's what's interesting: they know they need to do something different to engineer the next big S-curve, but they recognize that they have a vague idea of how.

Given the uncertainty ahead, leaders must take a step back and reassess their strategy. They need to identify and embrace new pathways to growth, and—just as importantly—be willing to sacrifice aspects of the business that may have worked in the past but which don't fit the future.

Getting From Here to There

Marshall Goldsmith addressed a similar concern in his bestselling book, *What Got You Here Won't Get You There*, in which he describes how leaders need to evolve as they climb the corporate ladder. The challenge today is broader and harder—it's one that calls on the whole company to evolve.

First, organizations must recognize what got them here. Much of the recent success has been achieved through strong execution. Companies from retailers to tech startups to groceries navigated the pandemic through operational excellence. They optimized supply chains, improved customer outreach, and figured out the right pricing.

Great execution is crucial—but you can't execute your way out of slower growth and uncertainty.

For that, you need a strategy to transform and reposition for the future. This doesn't mean starting from scratch. But developing a strategy requires sacrificing some of what got you "here" and adopting new approaches to get you "there."

Taking a Step Back to Stride Forward

Questioning a winning recipe can feel like taking a step back. But it's a step worth taking to avoid the high costs of plowing ahead with a playbook that no longer fits the game.

There are three core questions leaders need to ask when developing their next growth strategy:

1. Do the next five years look like the last five years?

If the answer is yes, then read no further. Just keep going. For the vast majority of companies, however, factors like the rapid advance of technology, disintegrating sales channels and changing consumer behaviors mean the next five years will look quite different. The playbook needs to change.

This isn't about predicting the future and going all in. Mark Zuckerberg was so confident that the metaverse was the future that he renamed his entire company after it. Meta has since been playing catch-up on AI. This is about taking a studied, portfolio approach to what might happen based on underlying shifts, and ensuring your company is ready to capitalize. You can be future-focused by engaging with varied trends, planning on a longer time frame, and encouraging a culture of experimentation.

2. Where to play?

Once you've clarified your vision of the future, you need to decide where you're going to play in it. Too often, companies get comfortable in their current space, and become fixated on market size rather than on the truly important metric—market growth. That's a recipe for competitive decline and missed opportunities.

Consider the recent fortunes of Infosys and Wipro, two Indian companies that have ridden the strong growth in demand for IT services over the past 20 years. Infosys boosted its revenues by 43% from 2016 to 2021, compared to Wipro's 11%. The major difference? Where they've been playing. Infosys focused its business on the fast-growing financial services industry, while Wipro remained tied to the far less dynamic oil and gas industry.

3. How to win?

Leaders need to think hard about whether they have the right strategies to win in the part of the future they've chosen to play in. Are you doing something that's truly differentiated, or are you using the same playbooks as your competitors? Do you know something about your new market that no one else knows?

Consider how Mattel has made the shift from toy seller to an IP and content company, a transformation that gave us *Barbie*, the box-office phenomenon of the year. Mattel's leadership chose to enter a new marketplace. In doing that, they needed to reassess their entire go-to-market approach. They needed to change the type of partner they worked with and how they communicated with consumers. That flowed down to impact their teams and capabilities, as they hired veteran Hollywood producer Robbie Brenner to head up Mattel Films. This worked for Mattel because they had a clear strategic vision. Too often, companies focus first on the capabilities they need rather than taking a step back to sharpen the vision.

Focusing on strategy is as much a psychological hurdle as anything else. Most leaders, like most humans, are wired to focus on the present—solving today's problems rather than grappling with the ambiguity of a future that's years away. That's the challenge for leaders as they prepare for next year. It's well worth facing, because the costs of not having a future-focused strategy are about to get much higher.

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