

Strategy Development - Detail

1. Strategic Analysis



What are the Key Issues facing us?

Macro Environment scan (PESTEL)
Micro Environment scan (5 Forces)
Internal Scan (Value Chain Analysis)
Strategy of Record Review
Key Issues Identification (SWOT)

2. Strategy Formulation



How can we best compete?

Where to Compete - Niche Position
Differentiators: Value Proposition
How to Compete: Strategy Map
Financial Model/Strat Ex.

3. Value Gap Analysis



What do we do to close Value Gap?

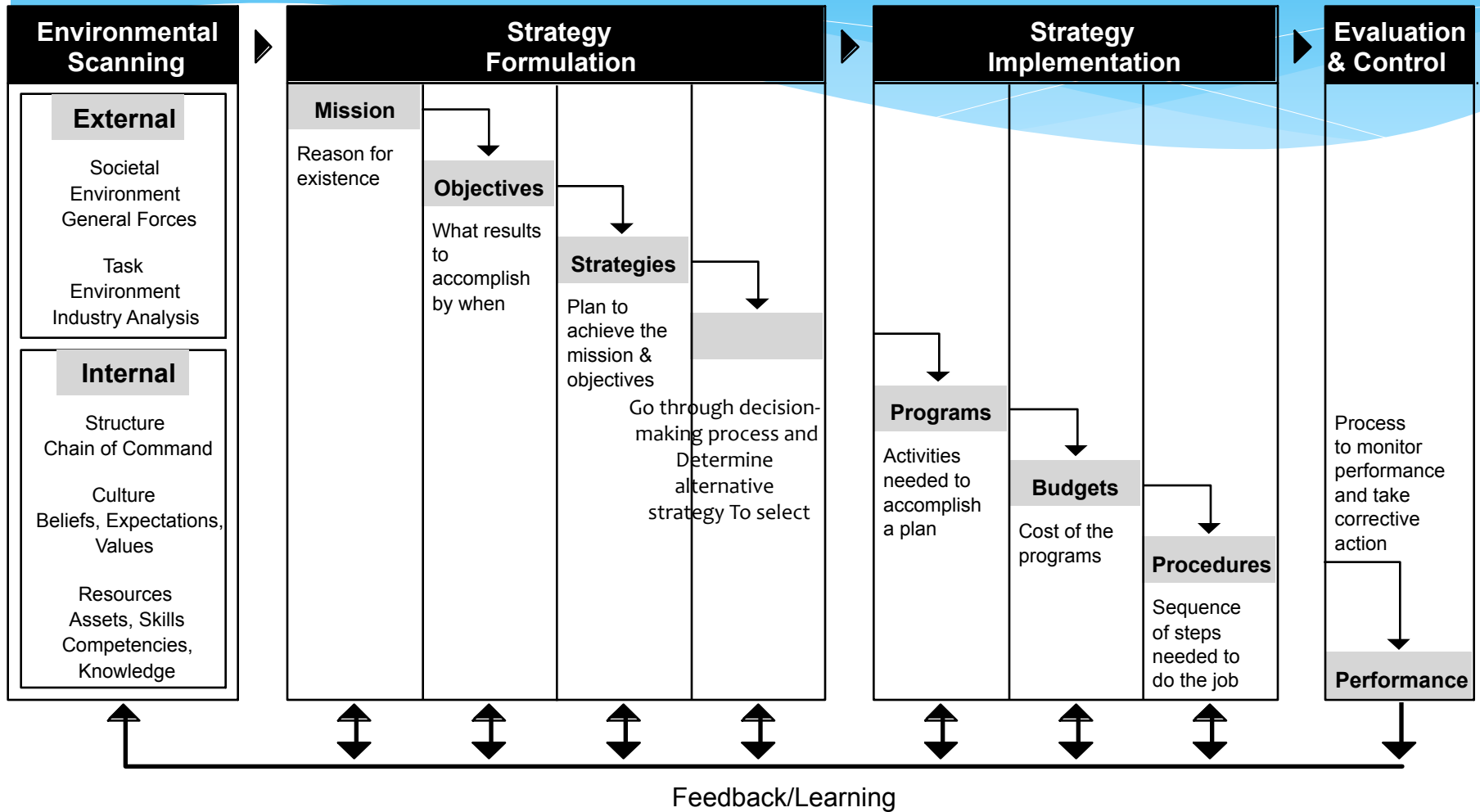
Confirm Value Gap Defined & Quantified
Decompose Value Gap

4. Implement a Planning Cycle

How do we implement a Planning Cycle?

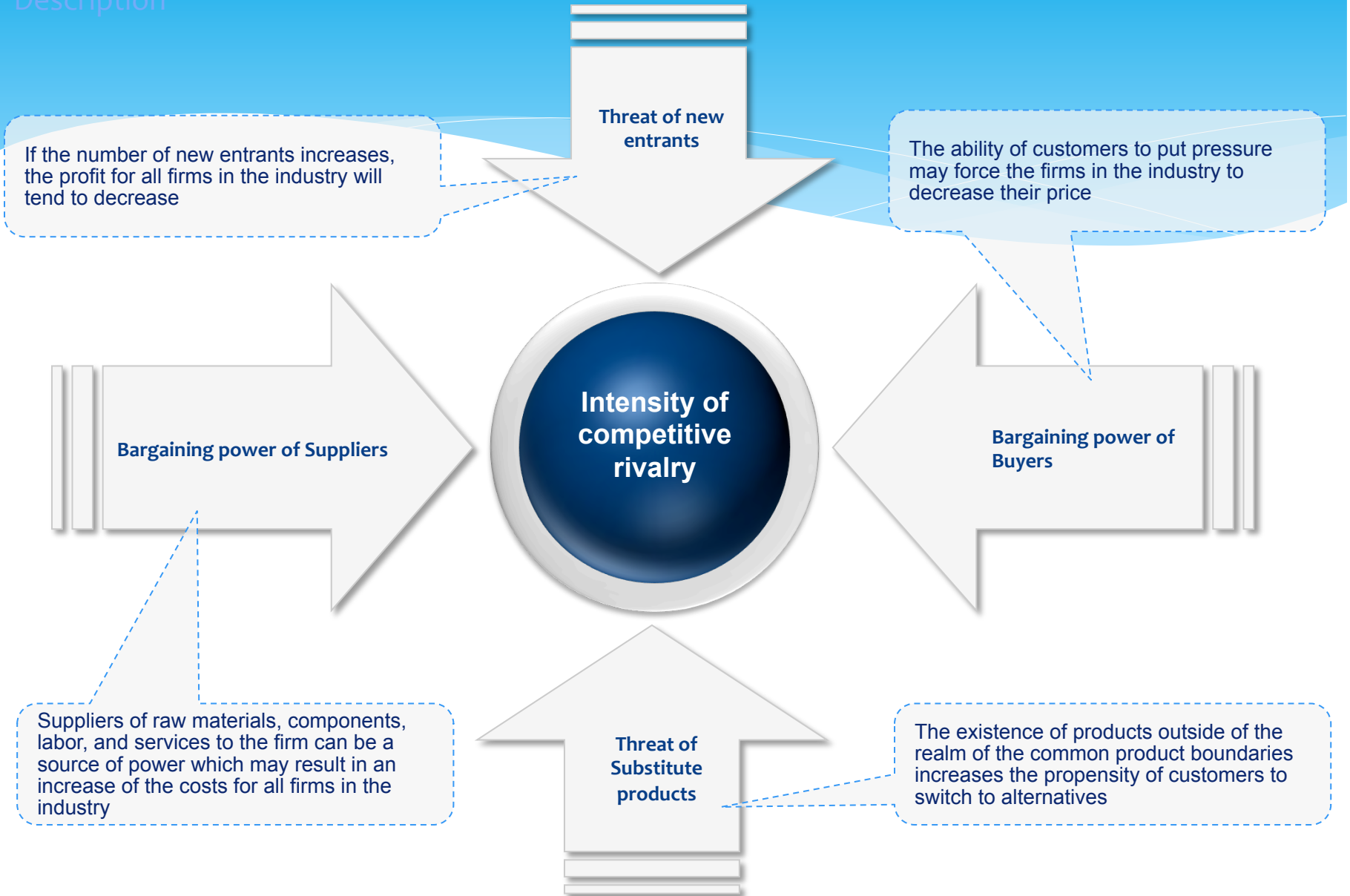
Balanced Scorecard Kick-Off Meeting
Define & Institute regular planning cycle

Strategic Management Model



Porter's Five Forces tool

Description



The Balanced Scorecard

The Four Perspectives

- The Balanced Scorecard helps measure the impact of strategic decisions on the enterprise by factoring metrics from four key areas:

Perspective	Description
<i>Financial</i>	Represents the financial outcomes (profits, revenue, etc.)
<i>Customer</i>	Drives financial results. Includes service, image, price, quality, etc.
<i>Internal Process</i>	Measures internal actions that provide the greatest value to customers: includes delivery, production, quality, distribution, etc.
<i>Learning & Growth</i>	Includes people, systems, and organizations that enable internal business process.

Ultimate Measures

Drivers

Execution is the Key



The “burning platform” in business today

“The problem is...the mistaken belief that developing the right strategy will enable a company to rocket past competitors. In reality, strategy is less than half the battle. ... In the majority of cases – we estimate 79% - the real problem isn’t [bad strategy].. It’s bad execution.”

Source: “Why CEO’s Fail” Ram Charam and Geoffrey Colvin, Fortune

Based Upon Current Research, There Are Four Barriers To Strategic Implementation



How does the Balanced scorecard help with strategy?

At the highest conceptual level, the Balanced Scorecard is a framework that helps organizations translate Strategy into operational objectives that drive both behavior and performance.

What Constitutes an Excellent Balanced Scorecard?

A good Balanced Scorecard will “tell the story” of your strategy.

Criteria For a Good Balanced Scorecard

1. **Cause-and-Effect Relationships**
Every objective selected should be part of a chain of cause and effect that represents the strategy
2. **Linked to Financials**
Every measure selected can ultimately be related to financial results
3. **Performance Drivers**
A balance of outcome measures and leading measures facilitates anticipatory management
4. **Executive Involvement**
Strategic decision makers must validate the strategy and related measures
5. **Management System**
The Balanced Scorecard should be used as the foundation of the management process

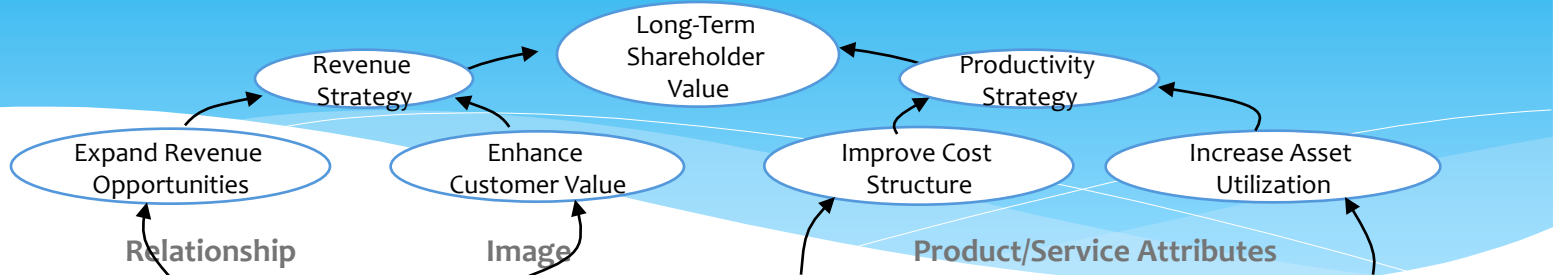
The Art of Strategy

- * “Is to Identify and Excel at the *Critical Few Processes* that are the Most Important to the Customer Value Proposition”

Source: *Strategy Maps* –
Robert S. Kaplan and David P.
Norton

Learning and Growth – Value is Created through the Strategic Alignment of Intangible Assets

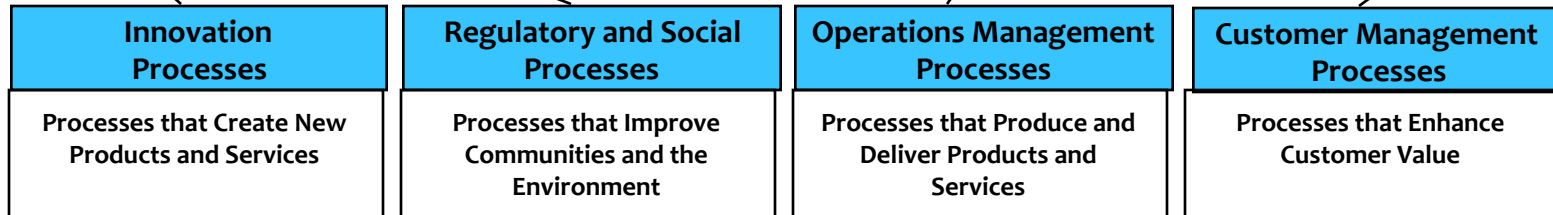
Financial Perspective



Customer Perspective



Internal Perspective



CREATING ALIGNMENT



CREATING READINESS

Learning and Growth Perspective

