

# 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

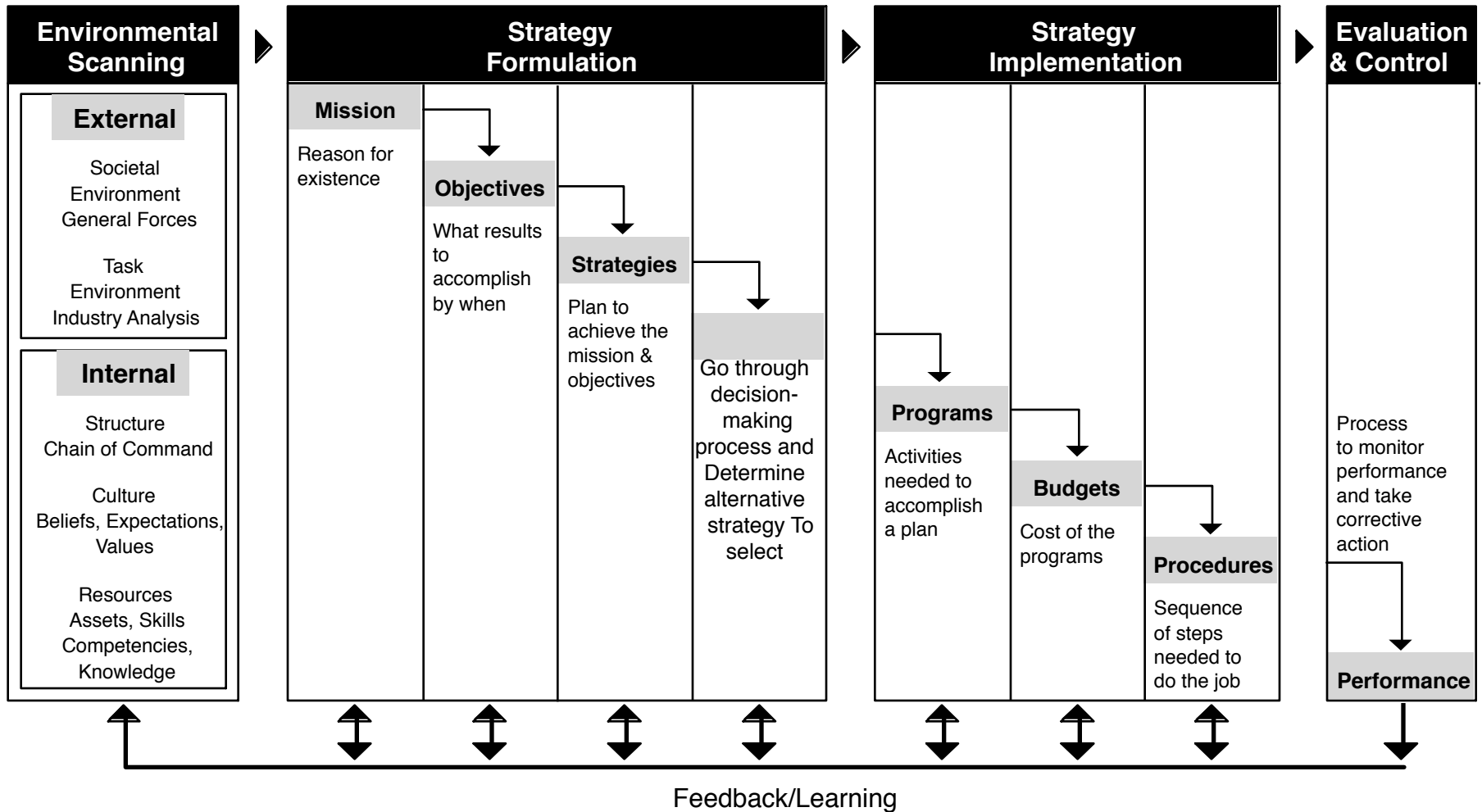
## 4. Implement a Planning Cycle

### How do we implement a Planning Cycle?

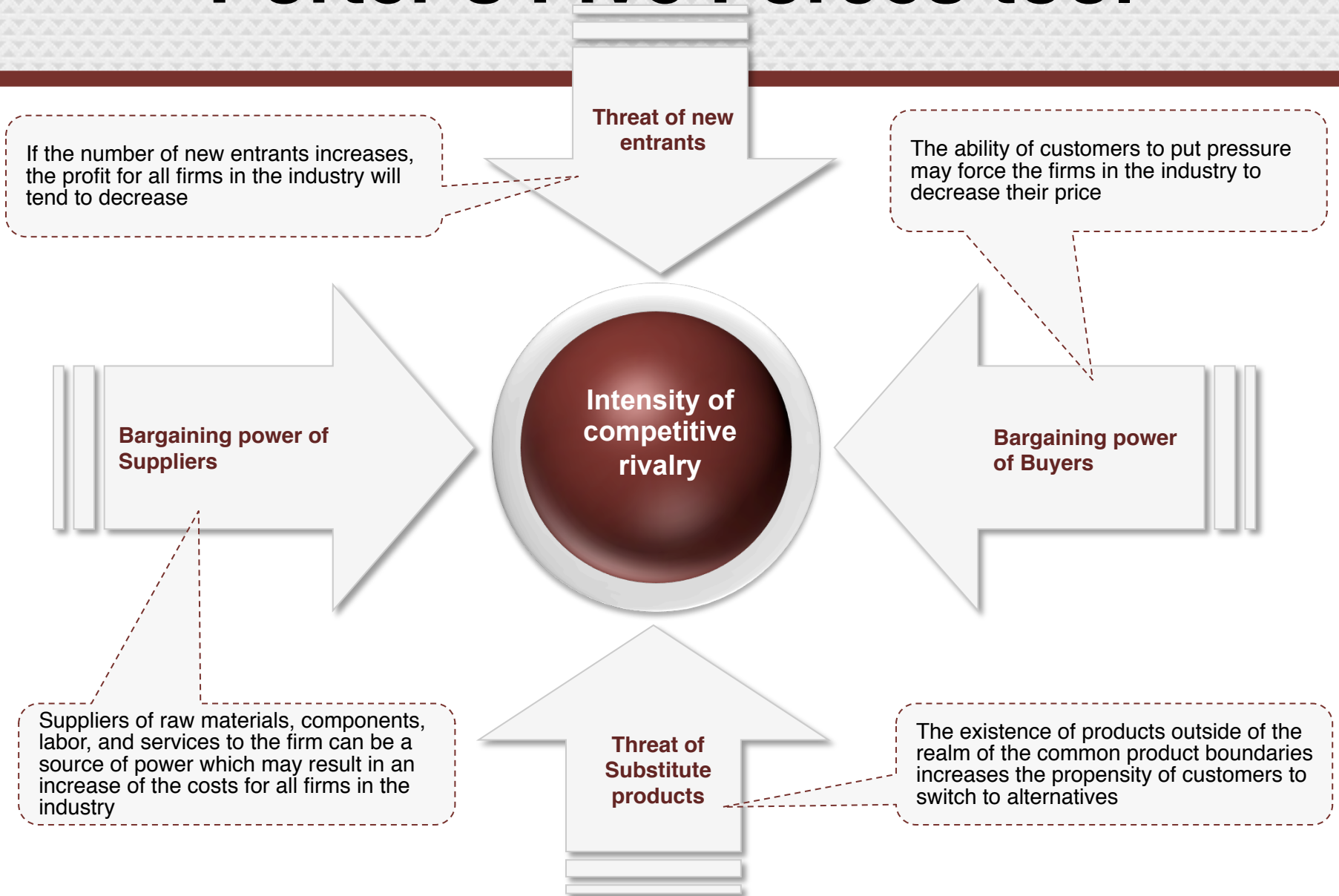
---

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

# Strategic Management Model



# Porter's Five Forces tool



# The Balanced Scorecard

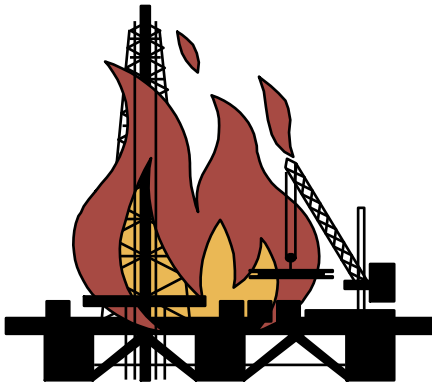
The Balanced Scorecard helps measure the impact of strategic decisions on the enterprise by factoring metrics from four key areas:

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

**Ultimate Measures**

**Drivers**

# Execution is key

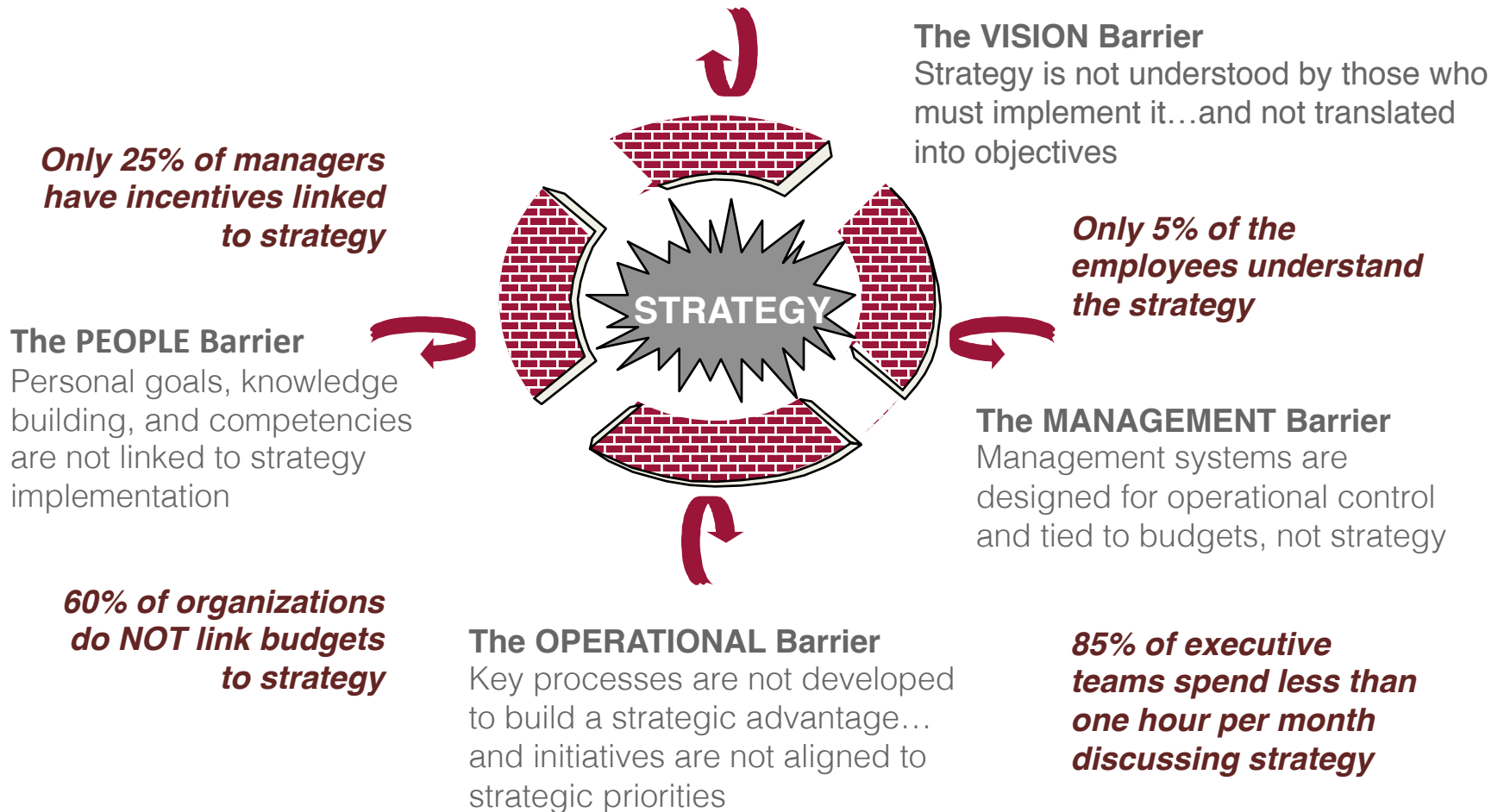


The “burning platform” in business today

“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*

# Barriers to strategic implementation



# How can the Balanced Scorecard help?

---

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

“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**

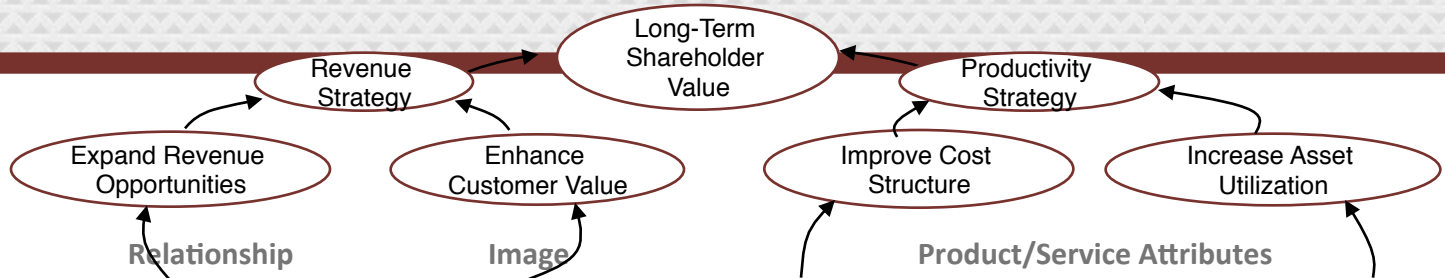
# Learning and Growth

---

**Value is created through strategic alignment of intangible assets**

# Learning and Growth

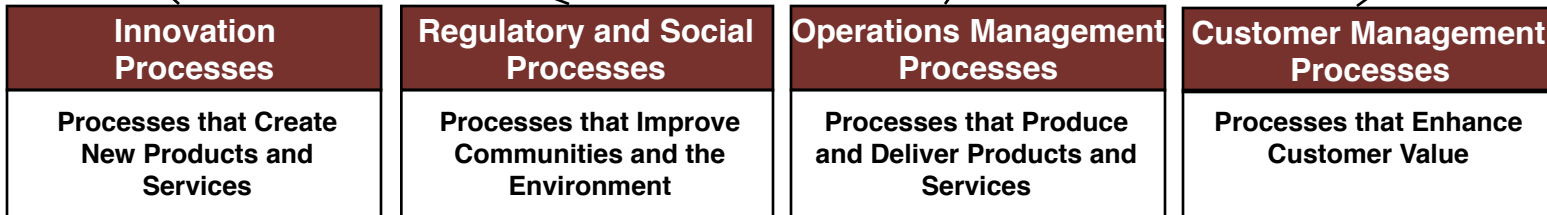
**FINANCIAL PERSPECTIVE**



**CUSTOMER PERSPECTIVE**



**INTERNAL PERSPECTIVE**



**CREATING ALIGNMENT**

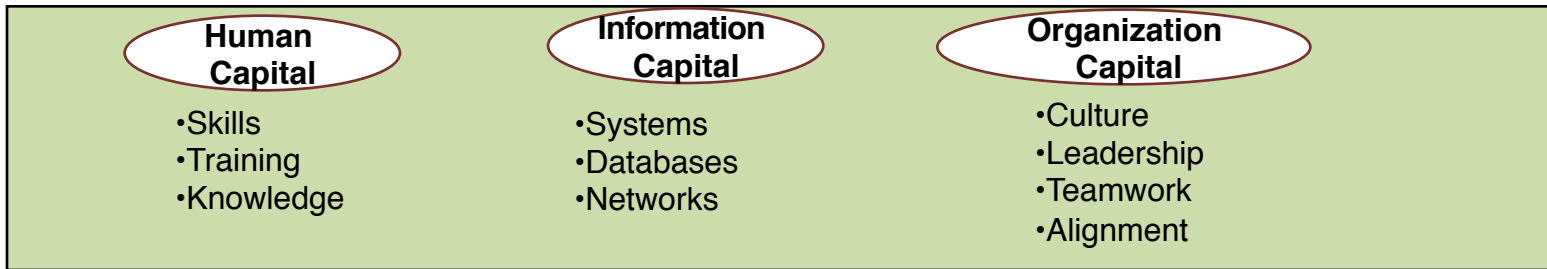
Strategic Job Families

Strategic IT Portfolio

Organizational Change Agenda

**CREATING READINESS**

**LEARNING & GROWTH PERSPECTIVE**



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