

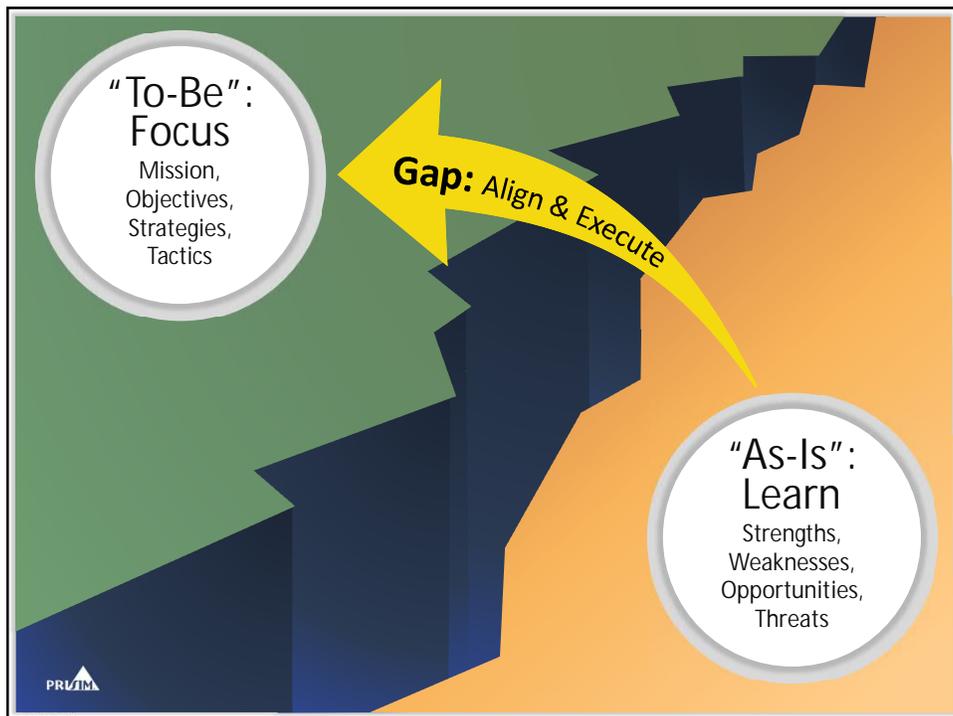
What does "Strategy" mean?

"Strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, ... and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities."

PRUIM Business School

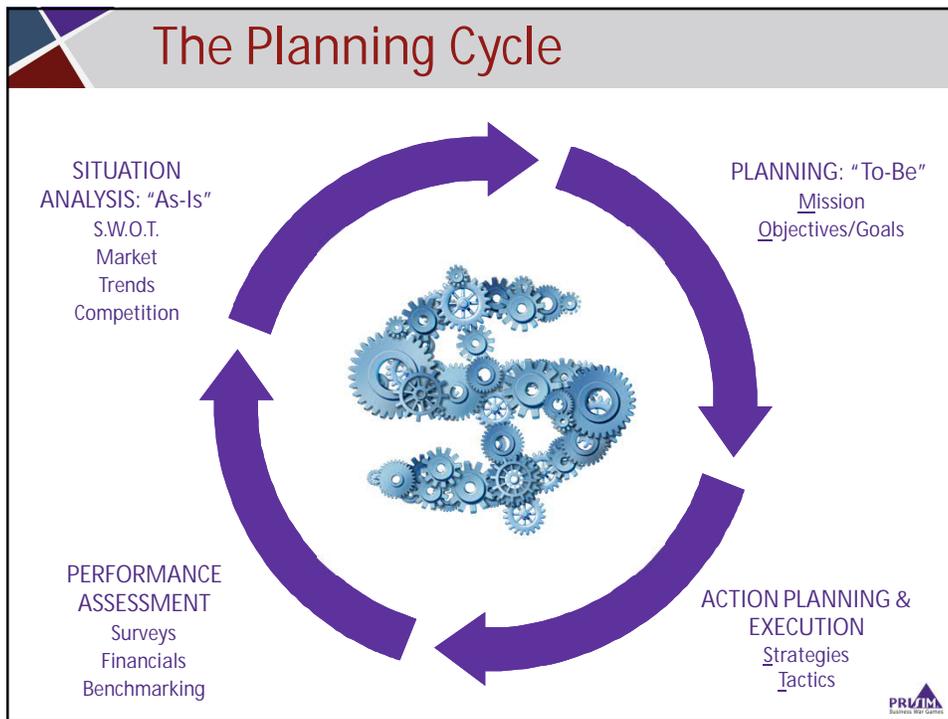
Kenneth Andrews, The Concept of Corporate Strategy (1971)

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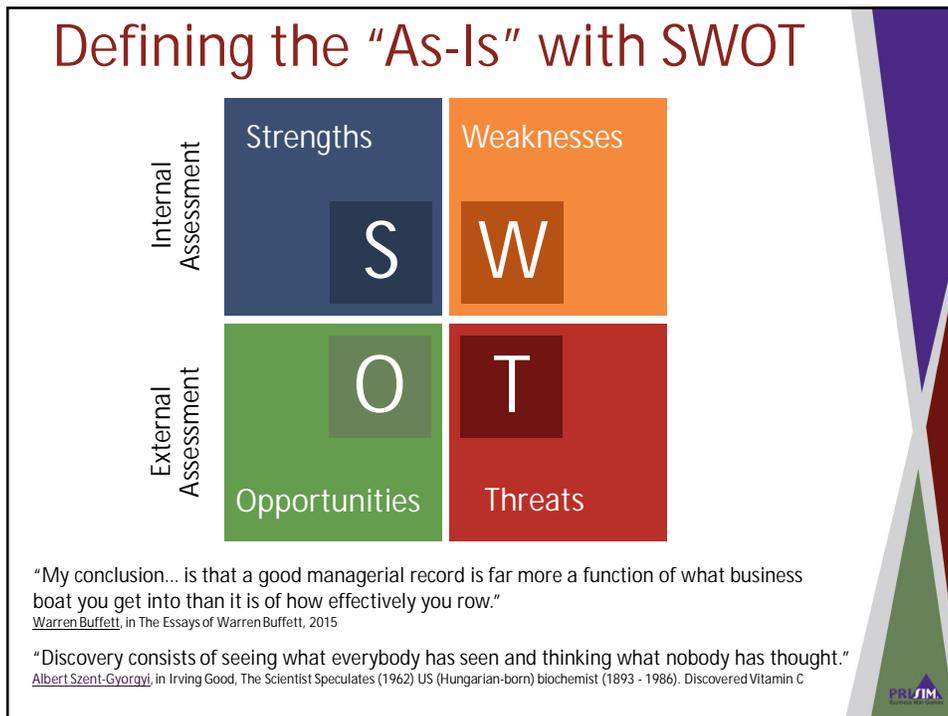


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Strategy and Business Planning



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Team Discussion (3 minutes)

Assume you are the brand-new leadership team at a company.

What are the five most important questions you will ever ask about your company?

➤ Rank the questions in importance: 1 to 5

Source: The Five MOST Important Questions, Drucker, Collins, Kotler, Kouzes, 2008



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Focus is critical

"We say no to good ideas every day.

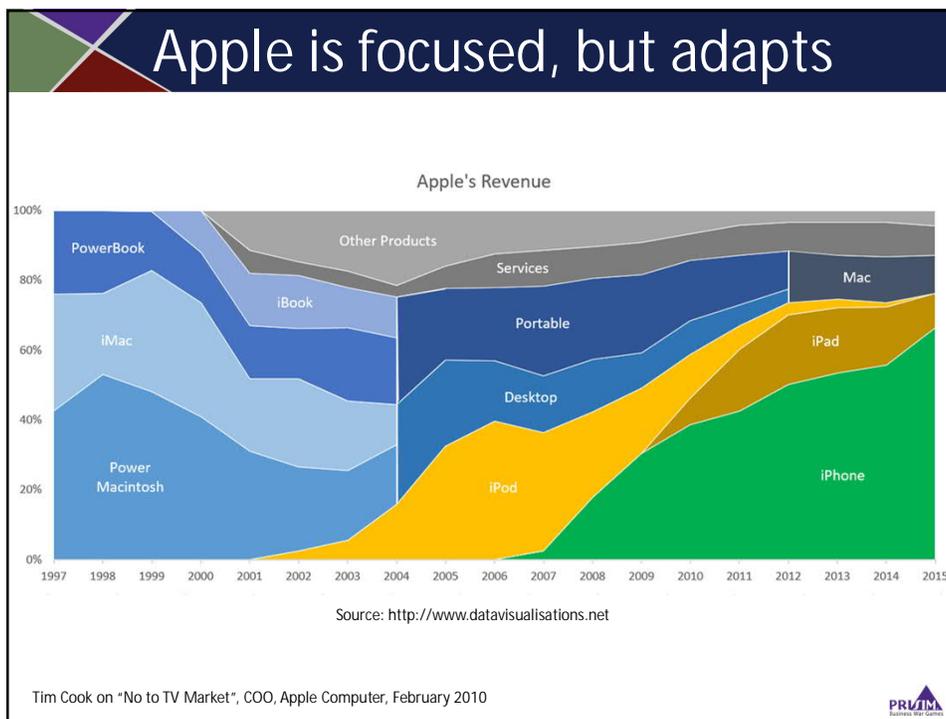
We say no to great ideas in order to keep the amount of things we focus on very small in number so that we can put enormous energy behind the ones we do choose.

The table each of you are sitting at today, you could probably put every product on it that Apple makes, yet Apple's revenue last year was \$40 billion."

Tim Cook on "No to TV Market", COO, Apple Computer, February 2010



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Other leaders agree about focus

"The difference between successful people and really successful people is that really successful people say no to almost everything." – Warren Buffett

"focus means ... saying no to the hundred other good ideas that there are. You have to pick carefully. ... Innovation is saying no to 1,000 things." – Steve Jobs

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Strategy and Business Planning

Not all competitive advantages are sustainable

Why do companies with very different approaches succeed and others, who follow their own distinct approach, do not?

GOAL: Create competitive advantages (preferably sustainable, but most are contestable) through better decision-making.

Business Impact

Competitive Advantage

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"MOST" framework provides structure

Short-term

Long-Term

M Mission (Vision)

O Objectives (Goals)

S Strategies

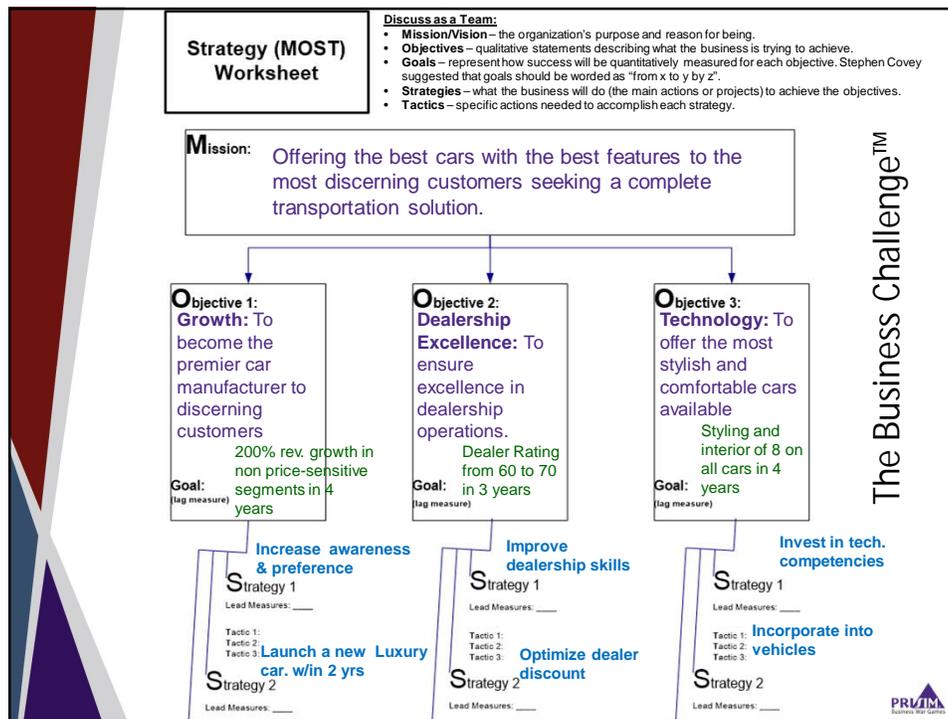
T Tactics

Conceptual

Detailed

10

Strategy and Business Planning



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Execution is still key: 4 Disciplines of Execution

Execution Breakdown

- 85% Don't Know Goal
- 87% Don't Know What To Do To Achieve
- 80% Don't Keep Score
- 72% Are Not Held Accountable

Actions: "Stroke of Pen" vs. Behavioral

- Hire/Buy vs. Improve Experience/Higher Quality/Consistency
- 2011 Bain study, "65% of initiatives required significant behavioral change..."

*"If you have more than 3 priorities, you don't have any."
Jim Collins*

- **Focus** on the wildly important goal - WIG (whirlwind, lag measure, from x to y by z)
- **Act** on the lead measures (levers you can influence)
- Keep a compelling/fun **scoreboard** (of lag and lead measures)
- Hold each other **accountable** (weekly review/commitments)

Source: 2012, McChesney, Covey, Huling, The 4 Disciplines of Execution

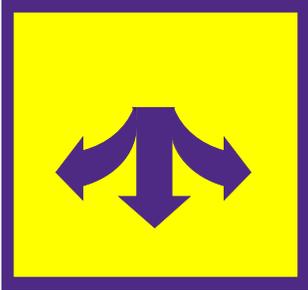
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Michael Porter defined 3 classic "generic strategies"

1. Cost Leadership

2. Positional Differentiation

3. Focus (very narrow market segment)



Source: "Competitive Strategy" by Michael Porter



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The 4 Ps of Marketing

Price – how are your prices compared to competitor's and in terms of the perceived value to the consumer?

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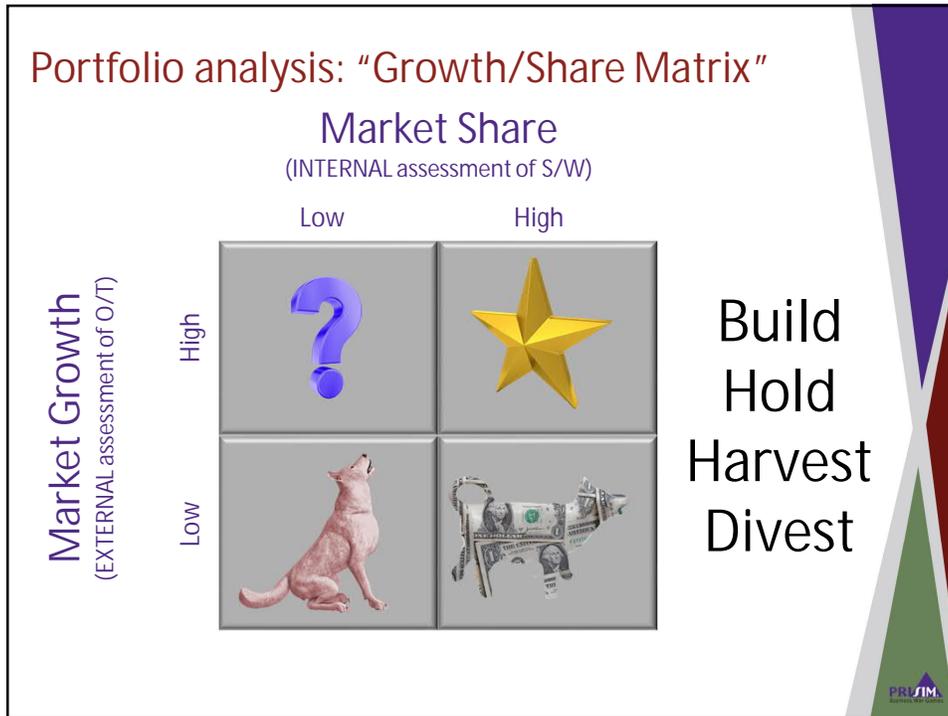
Product – what makes your products unique in the customer's mind?

Place – where are your products distributed/sold?

Promotion – how are your products advertised/ marketed and how are customers incentivized to purchase them?



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Customer experience: "Moments of Truth"

"As SAS we used to think of ourselves as the sum total of our aircraft, our maintenance bases, our offices, and our administrative procedures. But if you ask our customers about SAS..."

- They'll talk about their experiences with the people at SAS
- Contact lasted an average of 15 seconds each time
- SAS is "created" 50 million times a year, 15 seconds at a time
- These 50 million "moments of truth" are the moments that ultimately determine whether SAS will succeed or fail as a company

Source: Moments of Truth, Carlzon

Today, search engines are the "new digital store shelves", and consumers use online ranking, rating, product review, and social media sites to choose products and services.

Google calls this the "Zero Moment of Truth", or **ZMOT**, that now shapes brand images and consumer experiences.

Source: Winning the Zero Moment of Truth, 2011, by Jim Lecinski and Google Inc.

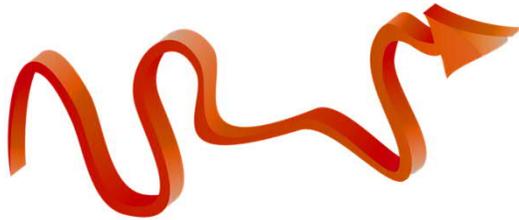


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Planning should not strive for perfection

- **NOT** to develop “perfect” strategies & plans
- Planning should
 - establish a process to progressively refine strategies & plans through rapid experimentation and adjustment
 - develop strategies & plans that take us in the right direction

In general: tells an organization how to focus and direct resources (limited, including time) toward achieving goals.



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