

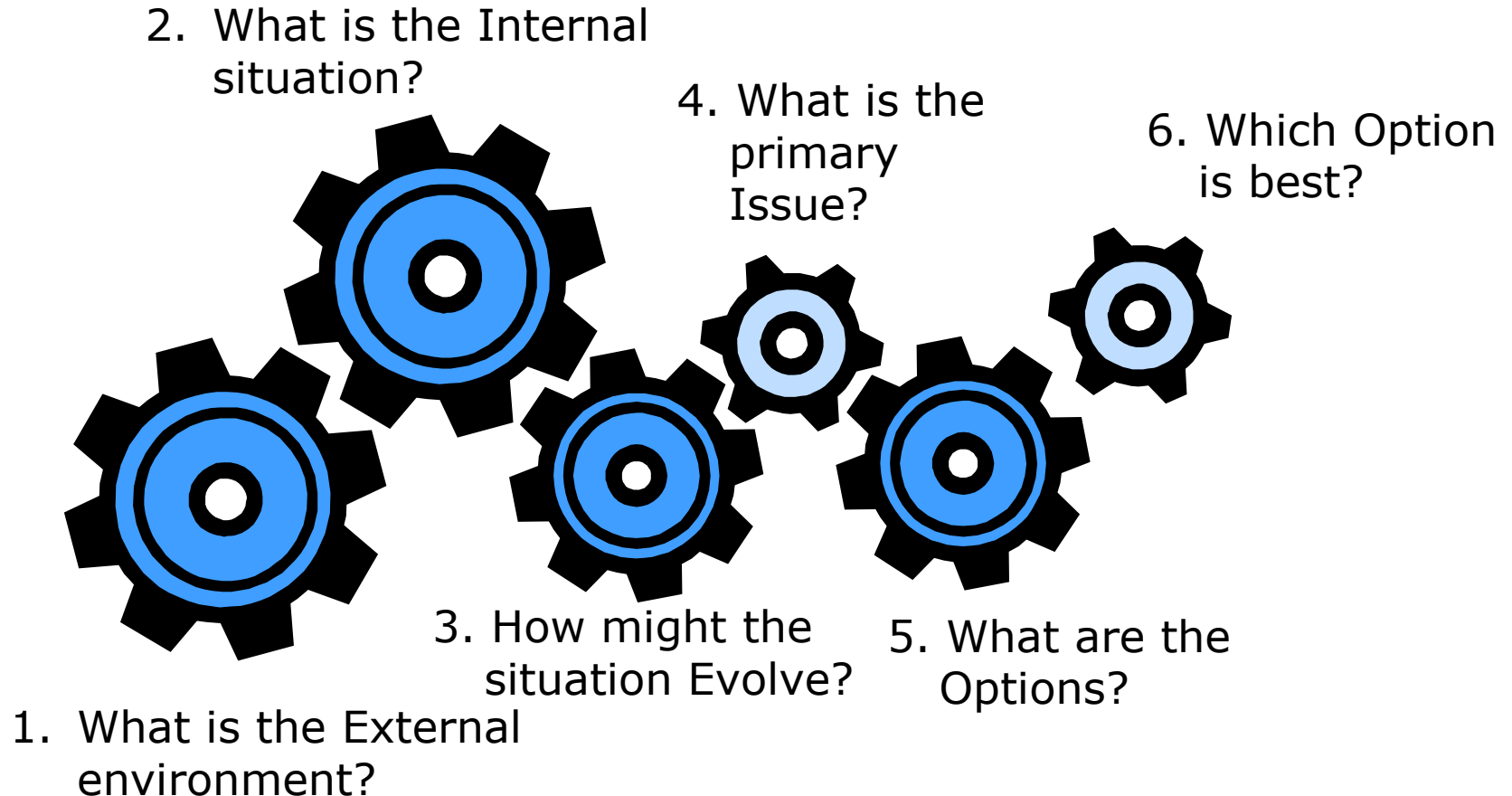
Strategy Templates

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Strategy: Answering a set of questions



“EIEIO”

Introduction

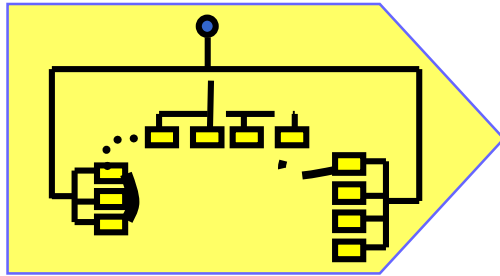
- What follows is a set of templates that I find most useful in designing a strategy
- There are certainly many others and many variants that could be used
- I have limited myself to those I teach and find I most commonly use when doing a strategy. I have also added some slides that people seem to find helpful even if they are not quite what I would think of as templates
- I have added some notes in the notes section. I only add them if I think there is some particular issue with the template and they are not a comprehensive guide to how to use the template
- The templates are best used in conjunction with attending one of my strategy courses and/or my book: What you need to know about strategy (also see Whatyouneedtoknowaboutstrategy.com)
- I hope they help – please send comments and questions to jo.whitehead@ashridge.org.uk

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1. External Environment
2. Internal environment
3. Prioritising uncertainties
4. Issues
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6. Evaluating options

In general, can segment on “Who, What, How”

How?



Part of the industry
value chain/
organisation design

Wholesale,
Cafes

What?



Products/ service/
Value proposition

Coffee, other
beverages, food
“US” versus “?”

Who?



Geographies
customers, customer
needs, channel

Franchisees, city versus
provincial, mass market
versus niche, country

Source: All the Right Moves; C. Markides

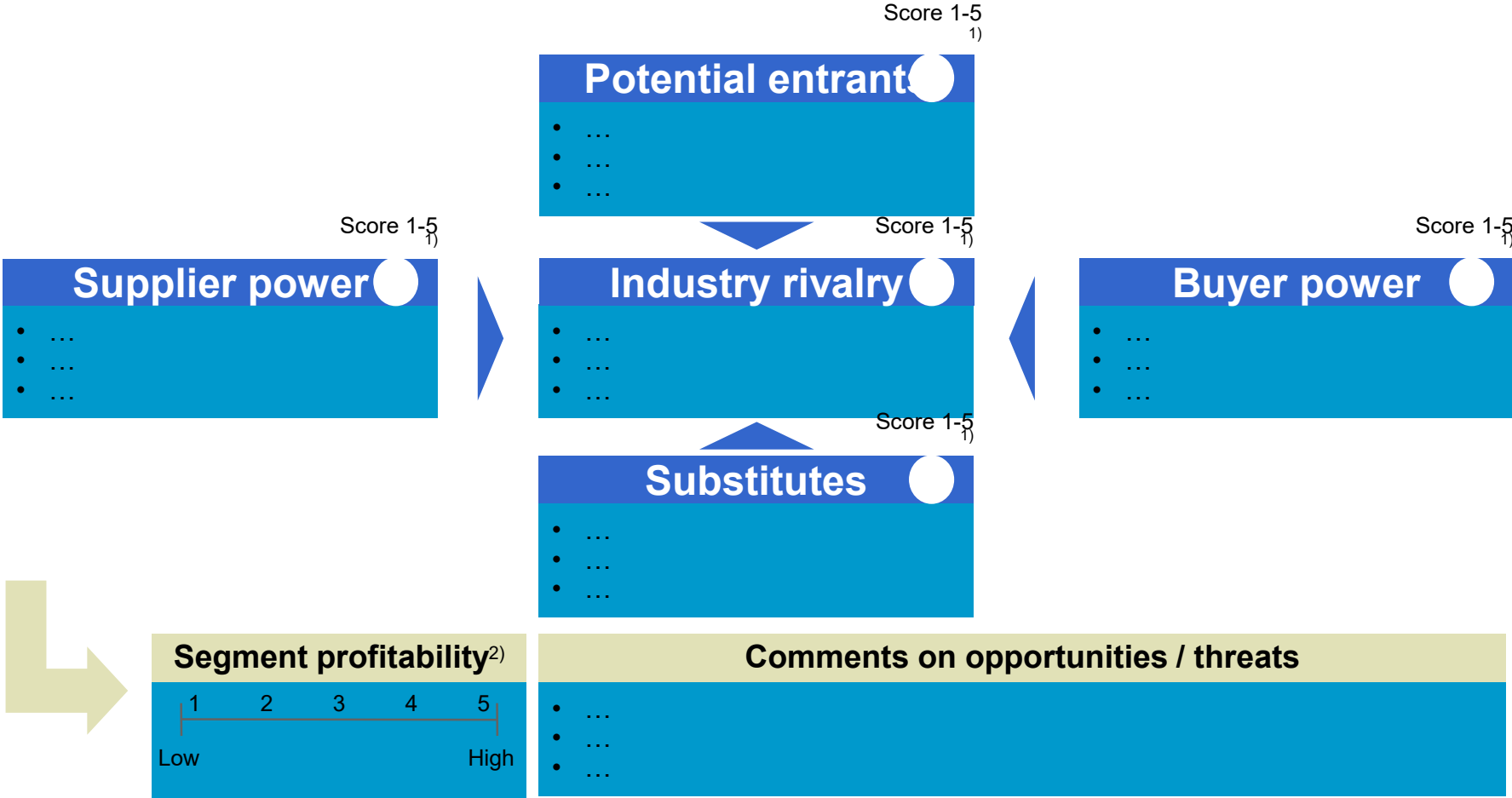
Picking a segmentation: Coffee shop example

Potential segmentation	Helps highlight practical choices about aims and pathway?	Large differences in size, growth, profitability or "ways to win"?
Wholesale versus cafes		
Franchisees (big and small) versus concessions versus company owned		
City versus provisional versus suburbs		
Product mix		
Brand Positioning (e.g., "US")		
Customer Niche		
Country		

Evaluation of industry/segment profitability

Group:

Market segment:

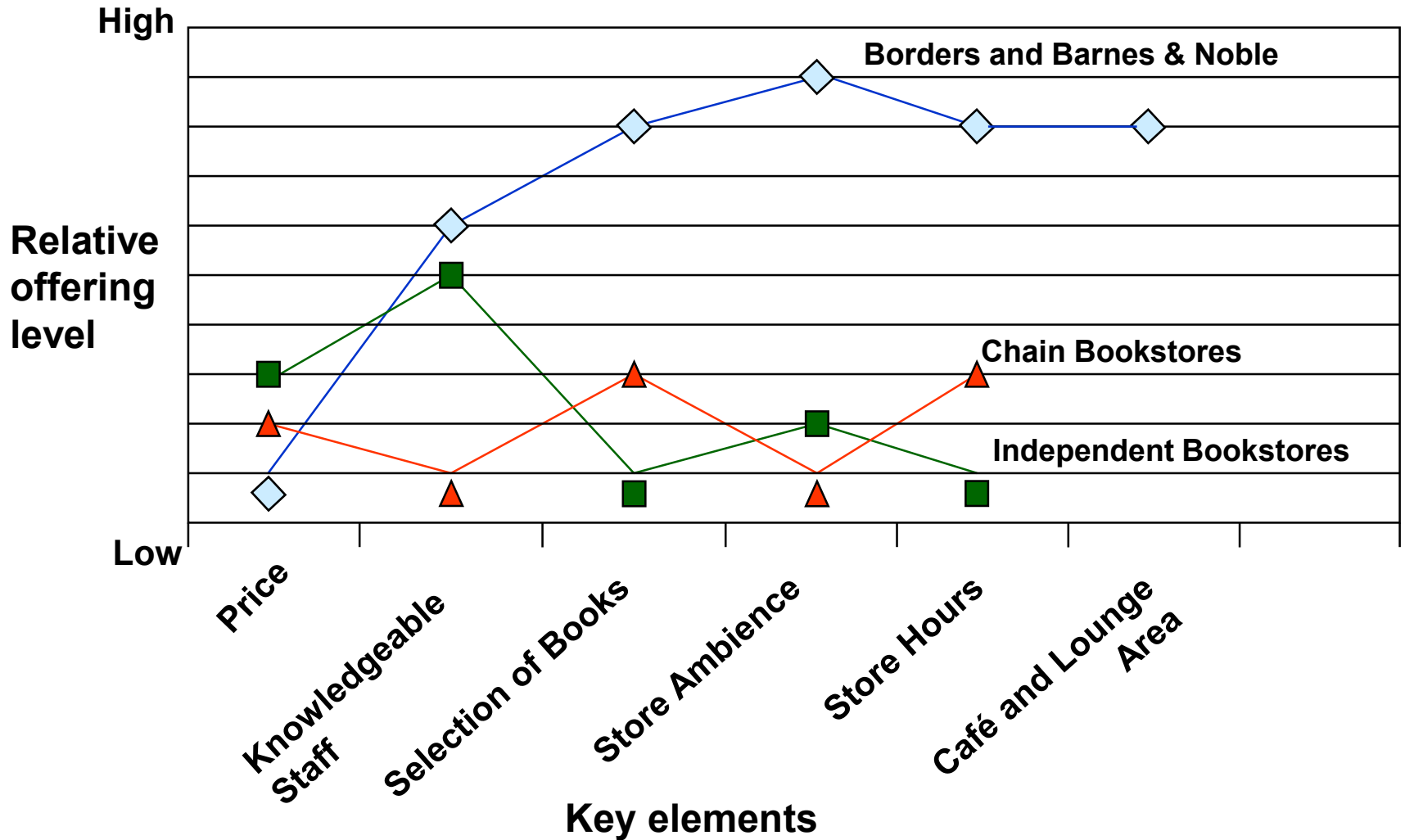


1) 1 = high power 5 = low power (= good for segment profitability)
 2) Note: Low scores in, for example, supplier power, correspond with high scores in segment profitability

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Customer advantage: Value Curve example



Adapted from *Blue Ocean Strategy*, Kim and Mauborgne, 1999



Positional Advantage

Source of advantage	Relevant?	Drives Lower Cost or Higher Value?
<ul style="list-style-type: none"> • Size: Market share, scale, scope and experience curve • Brand and Differentiation • Value chain design and vertical integration • Input costs • Access to unique resources or relationships e.g., patents, raw materials, technology, suppliers, customers, government relationships • Focus on a particular product line 		

Capability Advantage

Source of advantage	Relevant?	Drives Lower Cost or Higher Value?
<ul style="list-style-type: none"> • IT and logistics e.g., Walmart, Tesco • Processes e.g., Cisco M&A and integration • Skills e.g., credit risk management at a bank • People e.g., Goldman Sachs • Organisational culture, values and behavioural norms e.g., Southwest Airlines 		

Competitive Advantage Table Template

Target market segment:	Product characteristics that drive customer value:
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Sources of advantage	% Weight now	% Weight 2015	Our Company	Competitor A	Competitor B	Mgt. Effort	Financial resources

*Should be weighted – for simplicity, not shown here

Evaluation of competitive advantage

Group: Competitor: Market / segment (s):

Sources of competitive advantage ²⁾	Importance		Evaluation of competitors ¹⁾			
	2010	2020	Your company today	Your company potentially	Competitor one	Competit
1						
2						
3						
4						
5						
Overall	100%	100%				



Competitive advantage

1 2 3 4 5

Worst in class
Best in class

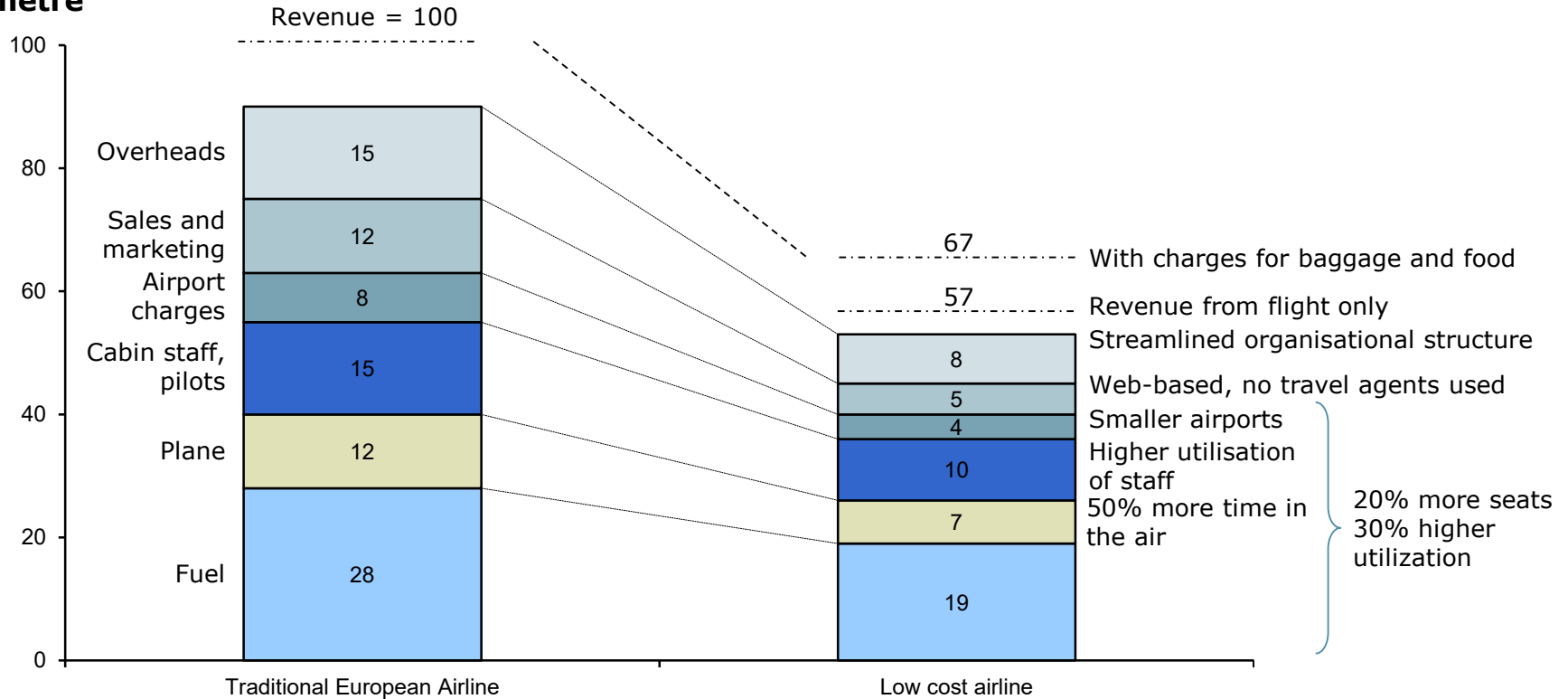
Comments on strengths / weaknesses

- ...
- ...
- ...

1) 1 = Worst in class, 3 = industry average, 5 = Best in class
 2) Hint: Think of 3-5 drivers of current advantage and 3-5 drivers of ability to build new sources of advantage

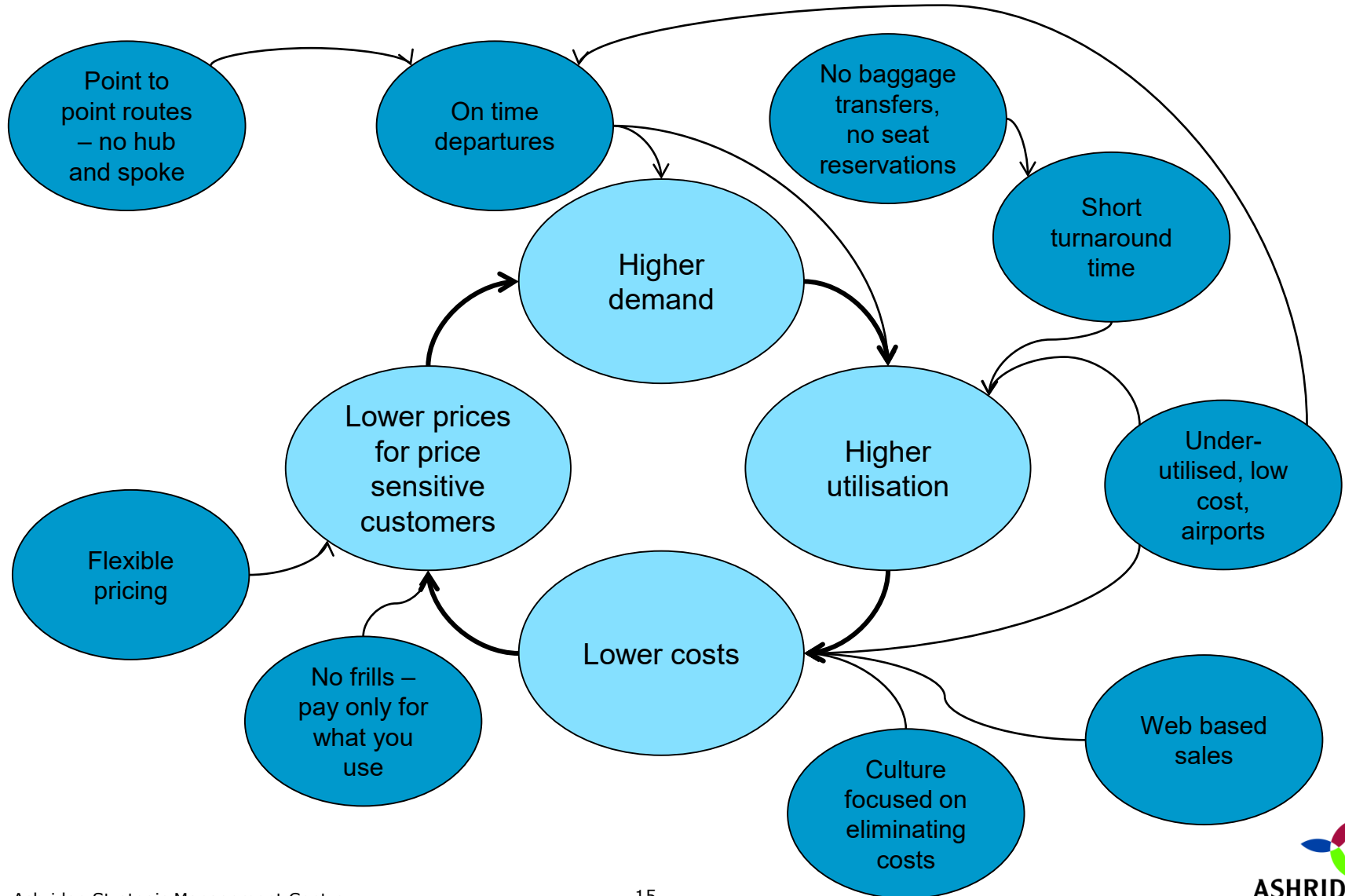
Economics View of Advantage

Cost per customer kilometre



Lower costs from different business model

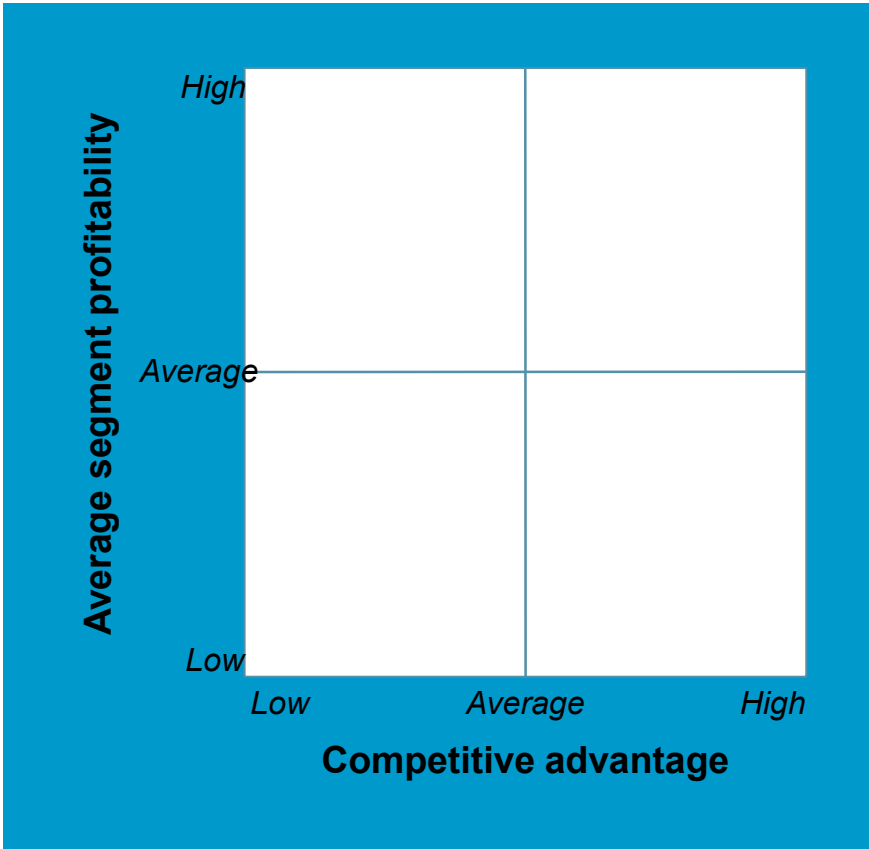
Systems view of Advantage



Evaluation of overall competitive position

Group: Competitor: Market / segment (s):

Attractiveness / advantage matrix



Comments

Competitive position

- ...
- ...
- ...

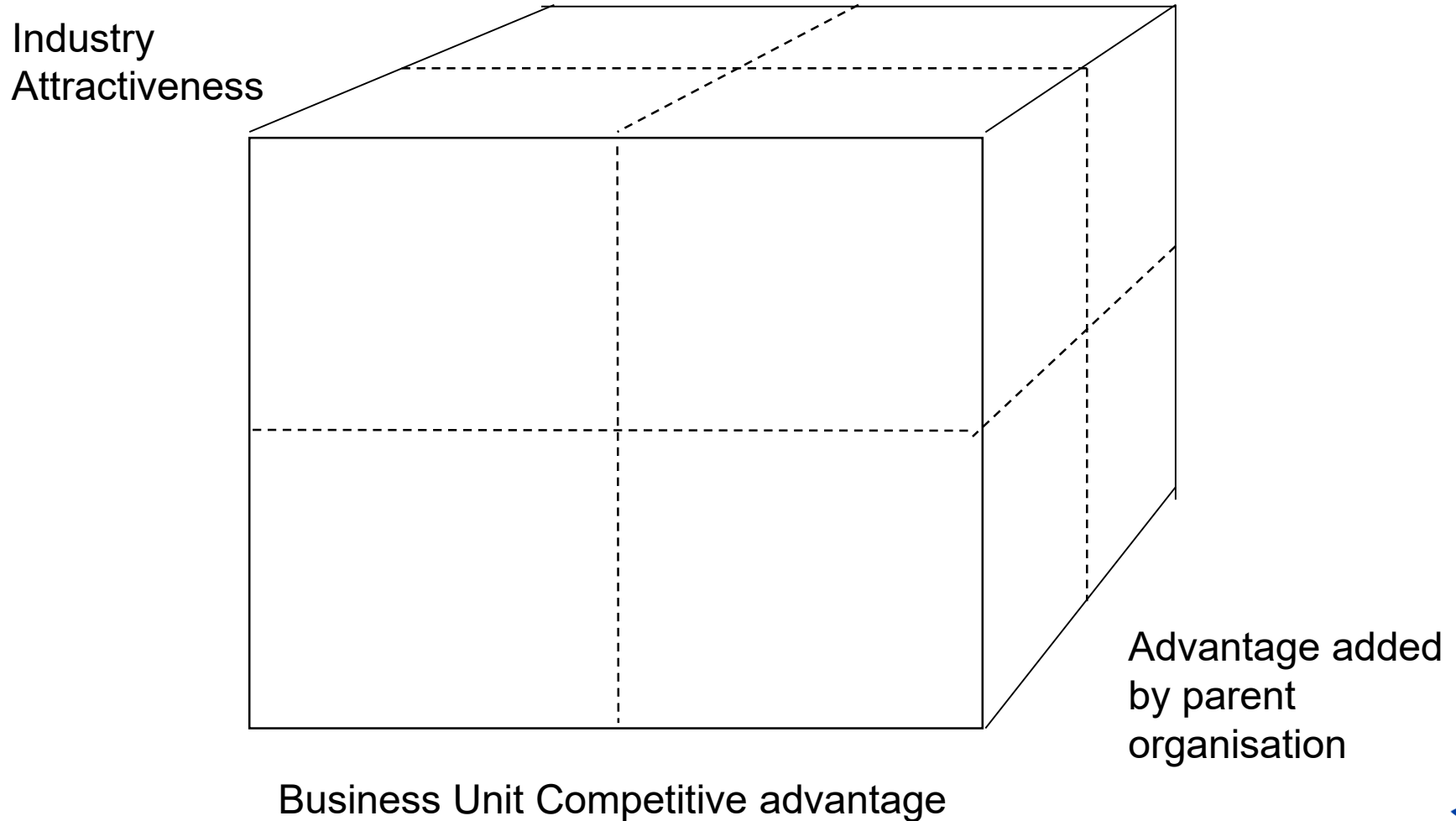
Short-term challenges 1-2 years

- ...
- ...
- ...

Mid- / long-term challenges > 3 years

- ...
- ...
- ...

How does the opportunity look?



Evaluation of position: The Strategy Triangle

“Aims” (goals, ambitions, vision, objectives, intent)

“Capabilities”

- Assets
- Technology
- Skills
- Culture
- Market positions
- Customer relationships
- Brand
- Etc.



“Opportunities”

- Markets
- Products
- New customers
- Competitors/ Acquisitions
- Etc
- Should include even changes that you think are a threat (as every change is, in theory, an opportunity if you have the right capabilities)

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Framework for prioritising uncertainties

Probability of variance from the base case	Likely	<p>Example: Changes in demand for power</p> <p>Action: Adapt in real time</p>	<p>Example: Resistance by grid company to power plant</p> <p>Action: Mould strategy to manage</p>
	Very unlikely	<p>Example: Changes in quality of water supply to the power plant</p> <p>Action: Ignore</p>	<p>Example: Forced closure of all CO2 emitting power plants</p> <p>Action: Hedge downside, retain upside</p>
		Low	Very significant

Potential Impact of variance from the base case

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Definition of issue and generation of options

Group: Opportunity: Market / segment:

Opportunities/ Threats



Issue

No.	Option description	Time-frame
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Different horizons for issues and options

Type of option	Typical time frame	Approach for generating options
"Planning"	1 – 3 years	<ul style="list-style-type: none">• Look for low hanging fruit• Redouble current initiatives• Incrementally improve position
Medium term strategy	3 – 5 years	<ul style="list-style-type: none">• Address important issues and challenges• Build new sources of advantage• Position in more attractive segments
Long term objective or vision	5+ years	<ul style="list-style-type: none">• Define your ideal outcome• Analyse megatrends, scenarios – prepare for potential developments• Share the future

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Evaluation of options

Group:

Issue:

Market / segment:

Option	Evaluation ¹⁾						Overall score	Comment
	Contribution to attractiveness	Competitive advantage	Corporate value added	Implementation		Other		
				Do-ability	Risk ²⁾			
1:								
2:								
3:								
Internal prerequisites								
<ul style="list-style-type: none"> • ... • ... • ... • ... 								

1) 1 = low ... 5 = high 2) 1 = high risk... 5 = low risk

Assessing an opportunity

