

STRATEGY AND TACTICS



Guidance

Key Takeaways

- › Develop a matrix summarizing all the elements that determine strategy
- › Create a checklist for relative valuation of options based on the seven-element model:
 - › Value impact in capital markets
 - › Net Present Value (NPV) impact
 - › Contribution to profitable growth potential
 - › Fit with organizational capabilities
 - › Impact on strategic balance sheets
 - › Positive change in customer relationships
 - › Contribution to competitive differentiation
- › Attaching a different weighting to one or more elements to reflect the difference in importance and elevate the calculations to a more valuable plan

At the end of the diagnostic phase, a number of practical options were discussed: maintaining status quo, selling, restructuring, refocusing, adding new ventures, and M&A. Changes can be made either at incremental or at breakthrough rates. Once these options have been discussed and reviewed, what's the best way forward? How can I choose the best long-term option?

The best way to decide this is to list the options, and list ways you can evaluate strategy. Decide which options have the greatest growth for the future, what will have the greatest impact, what will strengthen your strategic balance sheet, what will limit the liabilities, which will create customer value and competitive value. These can then be summarized into a matrix of all the elements that determine strategy. Assign each option with a score based on the aforementioned questions, then calculate which appears to be the most valuable strategy.

Strategy is the art and science of informed action to achieve an overarching purpose, objective, or vision

It is important, with this definition in mind, to remember that strategy is just as much an art as a science. When thinking about the numbers, think about the qualitative factors such as risk factors, what the organization will do, and whether it is feasible. Leadership is as much about leading from the heart of the organization as it is from the head of the table. Being able to turn data into a motivating strategy is paramount and requires a level of artistic thinking. Consider all factors and determine which strategic option will bring the highest positive yield at the highest likelihood and pursue that strategy.