



RAFFLES LEGACY LEARNING

BUSINESS STRATEGY MASTERCLASS

BOOK TWO - DEVELOPING YOUR OWN STRATEGY

PHASES OF STRATEGY I



MASTERCLASS COURSEBOOK



RANGE OF STRATEGIC OPTIONS

After defining the elements of diagnosis that describe where a business is coming from and where it currently is from multiple perspectives, the full range of real strategic options should be set out, based on the preceding analytical steps.

The penultimate stage of the diagnostic phase identifies the realistic options available in pursuing a selected vision and spells out the pros and cons of each. Although there are always endless theoretical options available, most real and valuable options can be captured in a relatively limited grouping. A disciplined approach usually limits the options to six or fewer, ranging from options of incremental change to radical breakthrough opportunities.

One option is always to protect the status quo, where little change is recommended due to limited forecast change in the environment and an already satisfactory performance. In today's dynamic world, this is rarely the best option. One characteristic of winning companies is constant dissatisfaction with the status quo, signaling that this option is useful to ambitious managers in only the rarest of instances.

At the other end of the spectrum are more radical and more risky options. These high-profile options exploit all high priority opportunities and pursue a dramatic program of change and transformation.

Easy or attractive to choose in theory, the more radical options may be very difficult to implement and the costs of failure significant. According to one Harvard Business School study, major transformation programs failed in more than half the cases where they were launched.

If a breakthrough program is to include a proposed alliance or acquisition, it is important to remember that more than half of these high-profile initiatives fail as well. Realism is essential in selecting a strategic pathway forward, and management teams should invest heavily in assessing risks as well as opportunities in selecting a bold option and setting out on an ambitious program of change.





Between the unsatisfactory status quo and high-risk breakthrough options lie intermediate options that can serve either as alternative end point goals or as steps along a path to more long-term change.

While there is an infinite number of permutations, clear thought can usually group options under a few coherent strategic options, which may include reduction to a smaller core of businesses, investing for rapid organic growth, merger or acquisition, adding international markets or diversification.

The options usually can often be filtered down to six or fewer, through a process of discussion and evaluation. In the process, some actions can be reallocated from one option to another, and summary titles of each option rewritten to reflect progress in understanding.

By allocating actions and initiatives to clearly labelled options, the senior team will be more capable of discussing the relative merits of the options proposed.

	OPTION A	OPTION B	OPTION C	OPTION D	OPTION E
	Status quo plus	Focus on international watch growth	Hybrid and network model	Breakthrough	Sell Company
Content:	<ul style="list-style-type: none"> Stabilize profits Retain and fix Perso Increase brand spend Improve performance of existing distribution systems No mergers, acquisitions or divestitures Stay private No major initiatives in ladies' or sports range 	<ul style="list-style-type: none"> As option A plus <ul style="list-style-type: none"> Launch second line Sign up 50 new distributors Add 15 owned outlets Add international sales resources Reduce costs 20% Sell Perso Build service division 	<ul style="list-style-type: none"> As option A plus <ul style="list-style-type: none"> Increase points of sale to 1,000 with partners Set up network of sales JVs in key countries Merge OECD distribution/logistics system with European competitor Keep Perso 	<ul style="list-style-type: none"> Launch RWW sports brand or acquire sports watch company Relaunch ladies' brand Launch Collection Establish service division Grow owned outlets to 75 from 36 Add 100 third part outlets Cut costs 20% Sell Perso Public listing of RWW 	<ul style="list-style-type: none"> Hire investment bank to sell off (or majority) of equity



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