

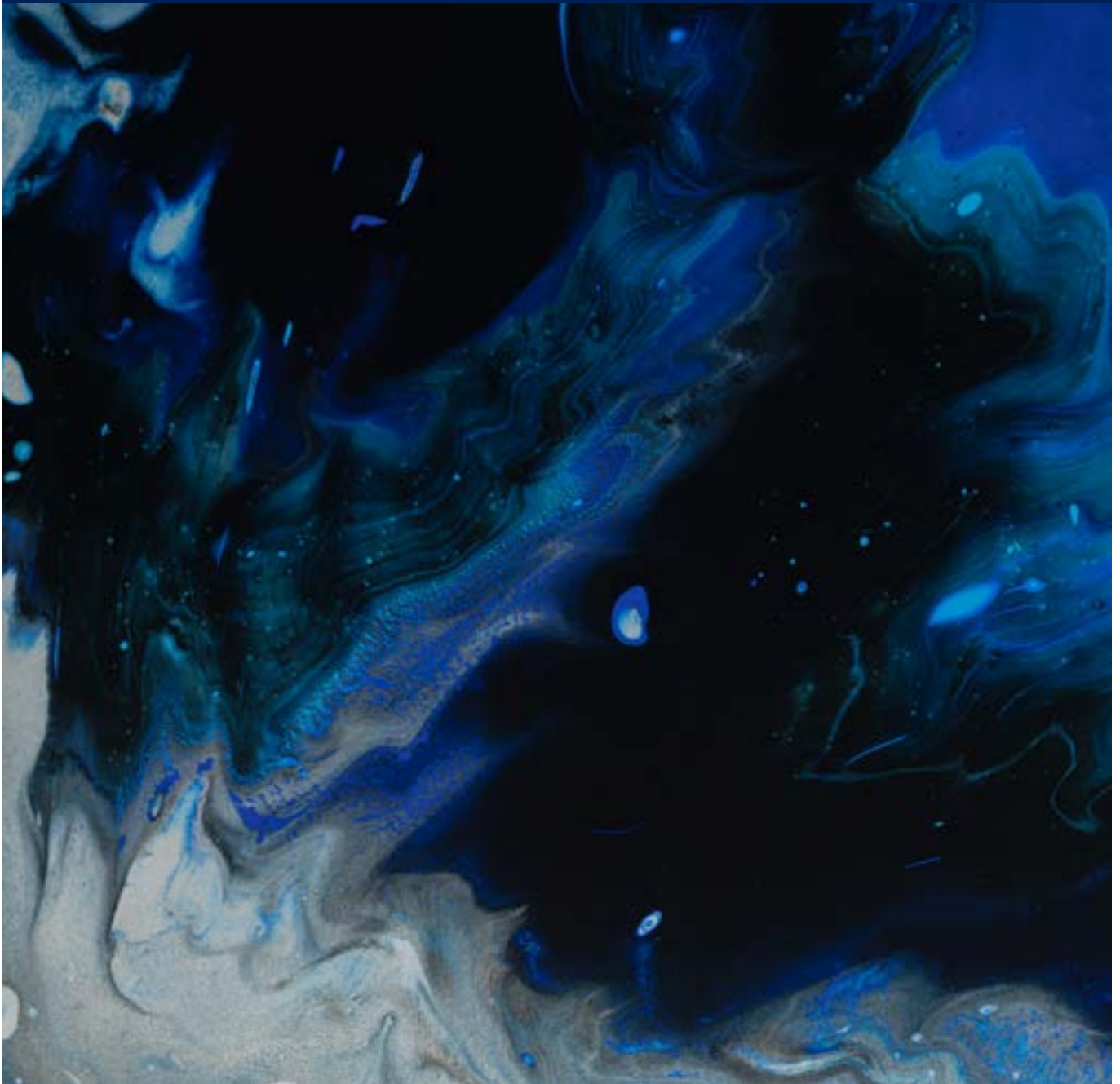


RAFFLES LEGACY LEARNING

# **BUSINESS STRATEGY MASTERCLASS**

## **BOOK TWO - DEVELOPING YOUR OWN STRATEGY**

*PHASES OF STRATEGY II*



**MASTERCLASS COURSEBOOK**



## THREE PHASES OF STRATEGY

Phase I:  
Diagnosis



Phase II:  
Design



Phase III:  
Implementation



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Defining Vision / Mission  
/ Values



Key Levers on  
Performance and Value



Innovation and Creativity



Priorities and Resource  
Allocation



New Organizational  
Approach



Risk Management



Target Results



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## DEFINING VISION/MISSION/VALUES

Following the selection of the most valuable strategic option in the Diagnostic Phase, the team working on the strategy exercise will proceed to the Design Phase, in which the long-term vision, mission and values are set, and the details of the strategy are developed.

The strategy will also be described in a format which can easily be communicated to the relevant constituencies within and surrounding the business.

Defining and committing to a clear vision or 'Promise', provides an opportunity for business leaders to address a broader set of challenges to reach the heart and soul of an enterprise and the people within it.

The Vision is perhaps the most important element in any strategy, as it sets the overarching goal that will unite and motivate employees behind a common purpose, guide investment decisions, and inspire effort to work together toward something greater than what may be seen in daily job tasks.

The Vision Statement describes the overarching purpose, and goal of the enterprise. It may also include a high-level summary of the most important imperatives, the values, or the target objectives of the organization.

The statement can vary from a pithy summary to a longer statement of an overarching goal. Others range from one-page bullet point summaries to three-page speeches. Generally, the shorter and punchier, the better - what one British pundit once described as "gritty."

The vision statement selected in this phase of strategic design may provide the headline content of a more detailed statement which builds from the restated vision to spell out in more detail what the organization is trying to accomplish.

This is a particularly important step as strategy itself can be defined as "the art and science of informed action to realize an overarching vision or set of higher order goals". Getting your vision, mission and values right goes to the heart of what your strategy is all about.





In the future, businesses would be well advised to broaden their mission statements beyond pure financial and operating goals to encompass aspirations for community and environmental impact.

And in many countries, from Malaysia to the United States, an explicit commitment to diversity is an essential part of strategy.

Corporations need to be sure that they are welcome whenever they do business, and at home in various marketplaces. Only through a more harmonious relationship with all key constituencies and the local ecological systems can businesses ensure they will be able to grow, prosper, and realize the full aspirational missions they set for themselves.

In strategy, business leaders are encouraged to go beyond the traditional approach to vision and address a broader set of challenges to reach the heart and soul of an enterprise.

By making 'The Promise', there is an opportunity to signal a deeper and more personal commitment and to address a full set of concerns relevant to a business enterprise and the people within it.

The Promise is perhaps the most important element in any strategy as it sets the overarching goal and higher purpose of the enterprise.

It answers a number of key questions:

- What is the purpose of an organization?
- What is it trying to achieve?
- What is the guiding star to which decisions can be oriented to drive an organization consistently toward a common goal?
- What is the aspirational goal that will motivate employees, guide investment decisions, and inspire shareholders?



There are four key elements of in setting out a long-term aspirational objective for the future, which may be collectively referred to as ‘The Promise’ for the future:



**1** A Clear Vision



**2** A More Detailed Mission Statement



**3** A Commitment to Values



**4** A Program of Engagement and Responsibility



## 1. A Clear Vision

***Raffles Watches*** will become the world's leading luxury watch house and one of the world's most highly respected companies, constantly setting and achieving new standards of excellence in timepiece design, manufacture, sales and service.



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## 2. A More Detailed Mission Statement

A well-crafted mission statement is a powerful tool to expand on the vision, communicate throughout an organization, manage change, and guide execution of strategy.

- A good mission statement will:
- Promote a common understanding of the vision for all employees
- Provide common goals and unify beliefs so that strategy can be easily communicated at all levels of the business
- Guide strategic management decisions
- Set criteria for strategic decisions
- Define and communicate priorities
  - to analysts and shareholders
  - to employees

By setting out a broader understanding of the mission – critical objectives, there will be greater understanding of what is required to achieve the overall vision.

Some mission statements may go so far as to include “mission metrics” – precise measures of performance necessary and sufficient to achieve the overall vision.



## 2. A More Detailed Mission Statement (continued)

### EXAMPLE – MISSION STATEMENT

*Raffles Watches* will become the world's leading luxury watch house and one of the world's most highly respected companies, constantly setting and achieving new standards of excellence in timepiece design, manufacture, sales, and service.

Achieving this vision will require us to:

- Build and communicate the exclusive value of the *Raffles Watches* brands.
- Design and deliver exquisite timepieces to select customers
- Center our entire business on watches and related products and services.
- Establish and expand on global leadership in quality, market presence, and organizational excellence in our selected customer, product and market segments.
- Attract, develop, and support the best people in our industry
- Continue to build our enterprise as a caring company which contributes to the greater world community

Achievement of this Mission will allow *Raffles Watches* to preserve and enhance our heritage of quality, excellence, and aspirational value, surpassing all others in our industry.



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### 3. A Commitment to Values

Values are made up of the principles and ethics of an operation and defining the character of the enterprise. They are defined in action rather than just in words and are tested in a wide variety of circumstances on a daily basis.

The statement of real values is an important part of both strategy and a related communications program. Unlike the diagnostic values tool, where insight is created by a critical approach, the values summary here is a part of the present and vision of an enterprise and thus needs to be aspirational and positive in content.

To be credible, it is critical that the stated values must be adhered to or actively worked toward across the organization. It is no use citing product quality as a value if poor quality is a blatant problem lying unmanaged within the business, fully exposed to the market. Most essential to address in action and in a strategic plan are the values that drive the culture and differentiating actions of the enterprise.

Where possible, setting priorities (say, a maximum of five each for internal and external) on the long list of desired values and linking them to confirming actions will focus this section of a strategic plan and make it more meaningful.

Guiding principles test and give meaning to values.

Far too often, values statements are lists of positive values (actually virtues in many cases) without saying what these values really mean, and how to test them with agreed measures to see if the organization is living up to its own stated values.

Without targets and specific metrics, it is too easy to let progress stagnate, or even slip backward.

So, if a target value is diversity, it is important to spell out what diversity is sought – gender, race, academic background, nationality, etc. – and put in place a measurable target to work on with a target date for the achievement of results.



As is well known in the strategy world: ‘what gets measured gets done...’

For example, a statement of values that includes diversity could set a guiding principle of having 20% of the workforce from minorities in the country where they operate in three years, or 50% of suppliers need to be SMEs in less developed areas of the country.

#### EXAMPLE – STATEMENT OF VALUES

**Raffles Watches** is committed to the values necessary to realize our vision and achieve the full potential of our enterprise. To that end we commit and dedicate ourselves to build:

- A **value-driven organization**, which respects the values of our heritage and moves forward to apply these values in a creative as well as classic manner, in particular:
  - Integrity
  - Quality
  - Elegance
  - Service
- An **expert organization** which is focused on world class achievements for our customers and our products. We are always prepared to provide prompt and punctual services which impress and exceed customer and distributor expectations.
- An **open organization** which reviews its performance openly, honestly and fairly, makes appropriate corrections and improvement where needed, and takes creative initiatives to satisfy customer desires for “the world’s leading luxury timepieces for a variety of occasions”.
- A **learning organization**, wherein our people constantly grow, adapt to change within the business environment, and strive to learn and improve themselves in order to provide superior products and services to our customers.



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## 4. A Program of Engagement and Responsibility

It is no longer possible for leaders to avoid a broader engagement in the world in which their businesses operate.

Social, legal and shareholder pressures, employee demands, and the increasing value – short and long term – of a more deliberately responsible approach to business are creating an environment where it is essential to address a broader engagement and sense of responsibility for eight areas, four of them internal and four external:

INTERNAL	EXTERNAL
<ul style="list-style-type: none"><li>• Workplace</li><li>• Business System<ul style="list-style-type: none"><li>• Reporting</li></ul></li><li>• Governance</li></ul>	<ul style="list-style-type: none"><li>• Customers</li><li>• Environment</li><li>• Social Community</li><li>• Business Community</li></ul>

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Drawing on the best practice approach of the world's largest multinationals, and input from the world's leading multilateral institutions, a summary matrix to key initiatives can be developed and applied.



#### 4. A Program of Engagement and Responsibility (continued)

Some companies may prefer a more emotive version of their statement of engagement and responsibility, providing a summary that can look like the following:

##### EXAMPLE - ENGAGEMENT AND RESPONSIBILITY

	Workplace	Business System	Reporting	Governance
Internal	<ul style="list-style-type: none"> <li>Continue "Watch It" safety program</li> <li>No accidents</li> <li>Improve lighting and eye care standards</li> <li>Commitment to hire wheelchair-bound</li> </ul>	<ul style="list-style-type: none"> <li>Gold suppliers healthy work practices verified</li> <li>Distributors service excellence training</li> </ul>	<ul style="list-style-type: none"> <li>Adopt triple bottom line accounting</li> <li>Public "annual report", even pre-IPO</li> </ul>	<ul style="list-style-type: none"> <li>Add two independent non-Swiss directors to Board within 2 years</li> <li>Add Board Committee on Corporate Responsibility</li> </ul>
	Customers	Environment	Social Community	Business Community
External	<ul style="list-style-type: none"> <li>Provide lifetime product guarantee</li> <li>Ensure safe packaging material used</li> </ul>	<ul style="list-style-type: none"> <li>Cut toxic effluents from cleaning fluids by 80%</li> <li>Invest R&amp;D funds to find alternatives to plastics in packaging</li> </ul>	<ul style="list-style-type: none"> <li>Increase annual eye care project contribution</li> <li>World Watch Institute</li> <li>Provide clocks and teaching materials to African program</li> </ul>	<ul style="list-style-type: none"> <li>Fund 20% of budget of watch-makers college</li> <li>Chairman on Board of Swiss Industry Council</li> </ul>


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## 4. A Program of Engagement and Responsibility (continued)

### EXAMPLE – STATEMENT OF VALUES

#### *The Purpose to Which We Commit Ourselves*

We believe in the value of business, the dignity of work and the duty to honor our obligations to all stakeholders in our enterprises - customers, employees, owners, suppliers, partners, fellow citizens in our communities and the host governments of countries where we are present.

We recognize that we now live and work in a world more interdependent than ever before, a world in which the actions of a few can touch the lives of many.

We also recognize that the economic freedom to pursue our business aspirations in this interdependent world carries with it responsibilities as well.

By committing to the full content of this statement, we acknowledge those responsibilities and commit ourselves to develop our businesses in a sustainable manner consistent with the following principles:

#### ***The Principles of Our Commitment***

- I. Customers:** Our businesses exist to serve the needs of our customers. We commit to delivering high quality, elegant and enduring timepieces, and great service to them – and possibly for their future generations as well.
- II. Environment:** We hold the environment in trust for all future generations and realize that many current environmental trends are not sustainable. We commit to monitoring the impact our businesses have on the environment and shall contribute to the protection and preservation of the quality of all elements of the environment - air, water, land, forest, flora and fauna. We shall specify the standards to which we operate and the principles we observe with regard to the environment.
- III. Non-discrimination:** We shall not tolerate any form of discrimination on the grounds of race, gender, religion, or ethnic origin in decisions relating to hiring, promoting, and rewarding individuals within our businesses.
- IV. Corporate governance:** We commit to the establishment of a governance structure and operating system, which leads to high quality decision making, facilitates transparency and supports good management of our enterprise.



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