

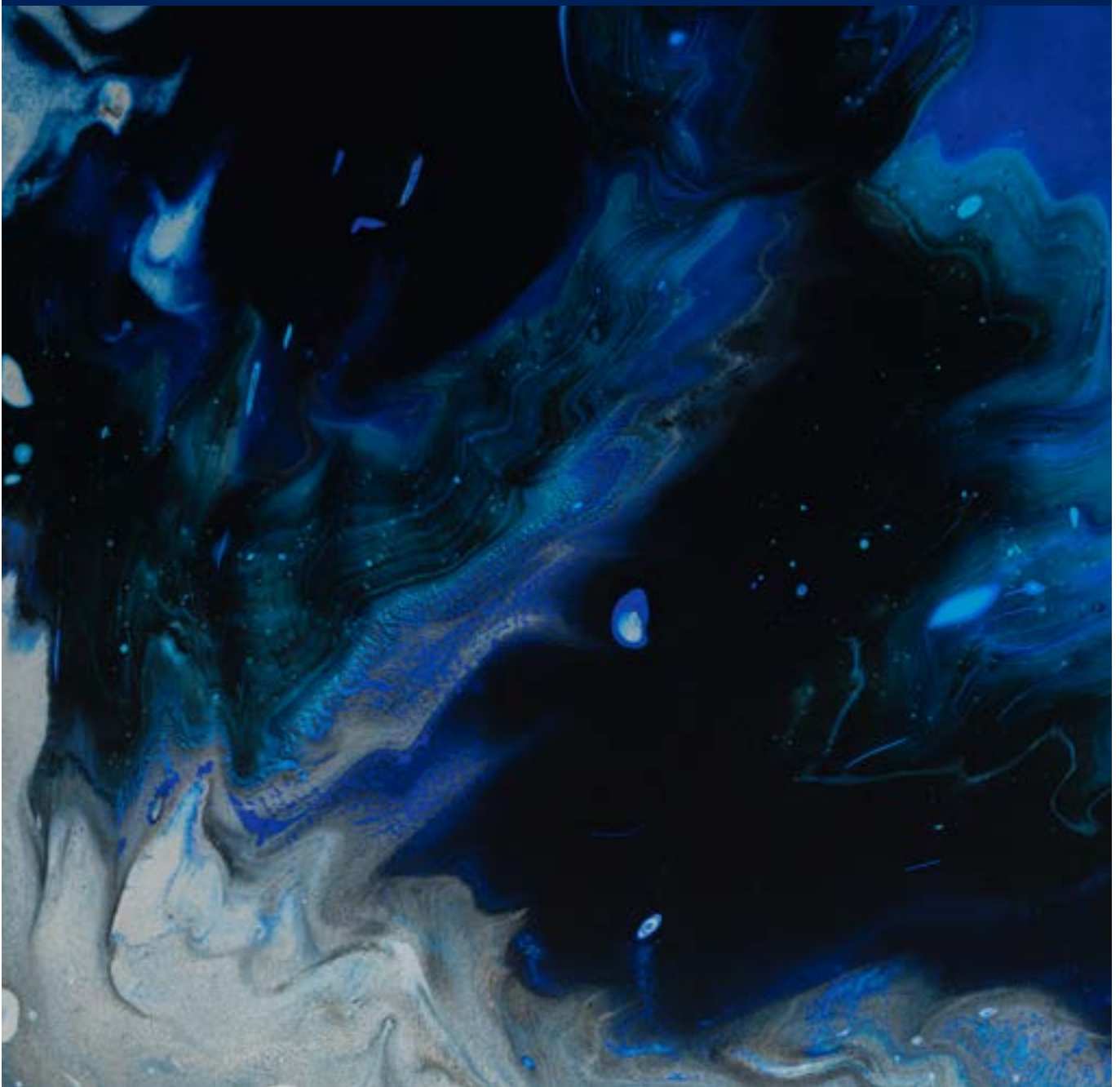


RAFFLES LEGACY LEARNING

BUSINESS STRATEGY MASTERCLASS

BOOK TWO - DEVELOPING YOUR OWN STRATEGY

PHASES OF STRATEGY II



MASTERCLASS COURSEBOOK



KEY LEVERS ON PERFORMANCE AND VALUE

Within each business there are a limited set of truly critical levers to lift business performance in the new paradigm. It is essential to isolate and focus all available force on the most important of these key levers for your own business.

These levers will vary by type of business and by the current set of challenges facing an organization.

Such elements of strategy as relative market share and strength at a key step in the value chain, lively brand presence, superior service levels, control of key distribution channels, ownership of key patents and technologies, share of the most attractive customer segments and other potentially key levers should all be considered.

These levers and their resulting imperatives will serve as a bridge between a vision and specific action priorities, targets and high impact investments. They provide the bridge from broad objective to specific achievements.

These imperatives for competitive advantage should be fully considered in determining the long list of potential initiatives and the final matrix of selected priorities.

By reminding managers of the need to stay focused on the high impact levers on performance and value and the need to keep competitors clearly in view at all times, respect for these imperatives can make all the difference between a winning and losing strategic exercise.

Identifying, understanding, and focusing your energy to move these levers will allow your team to lift the business to its maximum potential level of performance and value.





Selecting the 'levers' to focus on will require answering a few simple questions:

- What capabilities are needed to achieve market leadership?
- What key actions are driving competitor success and failure?
- What correlates most strongly to leading revenue performance?
- What correlates most strongly to superior cost positives?
- What correlates most strongly to profit and cash flow performance?
- Looking forward, what will create valuable differentiation for key customer segments in the market?
- What will drive superior capital efficiency and total stakeholder return in the future?



Once the key levers have been identified, the task is to define how they can best be applied to create the greatest positive impact for your organization.

Answers to these seven questions may be neatly captured in a framework driven by the 7 C's model, which is described in Chapter I at page 22 of Strategy (Selected Reading)

The resulting imperatives will serve as a bridge between the vision and specific priorities, targets and investments.

DOES THIS LEVER → IMPROVE THIS KEY BUSINESS ELEMENT ↓	RELATIVE MARKET SHARE	DESIGN & BRAND VALUES	DISTRIBUTION/ SERVICE PRESENCE	RELATIVE COST POSITION	LOWEST PRICE	TECHNOLOGY AND R&D	CUSTOMER SEGMENTATION/ LOYALTY	PORTFOLIO FOCUS	TOTAL STANDARD RETURN
Customer Value	NO	YES	YES	NO	NO	YES	YES	NO	NO
Competitive Position	YES	YES	YES	YES	NO	YES	YES	YES	YES
Channel Presence	YES	YES	YES	NO	YES	NO	YES	YES	NO
Capabilities	YES	YES	YES	YES	YES	YES	YES	YES	YES
Cost Position	YES	NO	YES	YES	NO	NO	YES	YES	YES
Capital/Market Performance	YES	YES	YES	YES	NO	NO	YES	YES	YES
Context/Market	YES	YES	YES	YES	NO	YES	YES	YES	YES
Total "Yes"	6	6	7	5	2	4	7	6	5
Key Lever	YES	YES	YES	YES	NO	NO	YES	YES	YES
	★	★	★	★			★	★	★



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EXAMPLE: IMPERATIVES FOR COMPETITIVE ADVANTAGE

Key Lever	Imperatives for competitive advantage
Relative market share	<ul style="list-style-type: none"> • 2x relative market share vs. next largest competitor by 2012 (i.e. twice as big as #2) in Europe
Brand Values	<ul style="list-style-type: none"> • Highest awareness • Most aspirational brand values • Caring and responsible parent company
Distribution presence	<ul style="list-style-type: none"> • Achieve leadership presence in top 20 countries • Capital city presence in countries 21-40
Customer Segmentation	<ul style="list-style-type: none"> • Deep understanding of key segments • Customer-tailored program for key segments
Portfolio Focus	<ul style="list-style-type: none"> • Watch and related services and products only
Cost Reduction	<ul style="list-style-type: none"> • Reduce excessive HQ cost by 20%



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