

OnStrategy

SESSION #3: DEVELOP
STRATEGY

TEAM SESSION AGENDA

- I. Mission (30-45 Mins)
- II. Values (30-45 Mins)
- III. Vision (30-45 Mins)
- IV. Competitive Advantages (45-60 Mins)
- V. Organization-Wide Strategy (45-60 Mins)

PHASE 2: DEVELOP STRATEGY

Our Strategy Management Process

Impact

Engage. Inspire. Execute.

Getting started: ✓ Planning team ✓ Create schedule ✓ Gather documents



Determine Position

Strategy Issues: Identify strategic issues to address

Industry & Market Data: Identify market opportunities and threats

Customer Insights: Assess current satisfaction and future demand.

Employee Input: Determine strengths and weaknesses.

SWOT: Synthesize the data into summary SWOT items.



Develop Strategy

Mission: Determine your organization's core purpose.

Values: Identify your core beliefs.

Vision: Create an image of what success looks like in 5 years.

Competitive Advantages: Solidify your unique position

Org. Wide Strategies: Establish the approach for how you will succeed

Long-Term Objectives: Develop a 3 year balanced framework of 6 or less objectives.

Forecast: Develop a 3-year financial projection.



Build the Plan

Use SWOT: Process the SWOT to set priorities.

Organizational Goals: Set short-to-mid-term SMART goals. (1+ yr.)

KPIs: Select key performance indicators to track progress.

Department Goals: Cascade org goals to departments. (12 months)

Team Member Goals: Cascade dept. goals to individuals.

Budget: Align a one-year budget with the plan.



Manage Performance

Rollout: Communicate strategy to whole organization

Set Calendar: Establish schedule for progress reviews

Leverage Tools: Train team to use MyStrategicPlan

Adapt Quarterly: Hold progress reviews and modify

Update Annually: Review end of year, plan next year.

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SIX STRATEGY QUESTIONS

1. Why do we exist?
2. How will we behave?
3. Where are we going?
4. How will we succeed?
5. What is most important right “now”?
6. Who must do what?

MISSION STATEMENT

WHITEBOARD VIDEO

OnStrategy



[How To Write A Mission Statement That Inspires](#)

MISSION STATEMENT OVERVIEW

What is our purpose?

Why do we exist? What do we do?



Definition:

The mission statement describes an organization's purpose or reason for existing.

Outcome:

A short, concise, concrete statement that clearly defines the scope of the organization.

THE ANATOMY OF A GOOD MISSION STATEMENT



EXAMPLES

3M: To solve unsolved problems innovatively.

International Red Cross: To provide relief to victims of disaster and help people prevent, prepare for, and respond to emergencies.

Boy Scouts of America: To preserve the values and benefits of wilderness for present and future generations by connecting agency employees and the public with their wilderness heritage through training, information, and education.

Starbucks: To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.

Nike: To bring inspiration and innovation to every athlete* in the world.

*If you have a body, you are an athlete

DEVELOPING/REFINING YOUR MISSION STATEMENT

Materials Needed: Whiteboard

Step 1: Determine whether you need to re-write the mission statement based on the team's evaluation worksheets.

Step 2: Individually write down your answer to “How do we contribute to a better world?”

Step 3: Report out as a group - capture key phrases on a whiteboard.

Step 4: Dig deeper to understand the “why” “why do we do that” behind each theme or phrases. Refine until you feel confident that you've identified the highest reason for existence.

Step 5: Decide as a group which of the key phrases you want in the mission statement.

Step 6: Assign a writer to draft options (offline).

LEADER EVALUATION-DID WE GET IT RIGHT?

- Does your mission statement avoid clichés and vague words? (Let's make sure it is real and relevant!)
- Does it contain enough specificity to distinguish this organization from others in the same industry?
- Is it short and mostly memorable? Does it fit on a t-shirt and would you wear it?

SAVING YOUR DECISIONS

Update your [Mission Statement here.](#)

VALUES STATEMENT

WHITEBOARD VIDEO

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[How To Write A Values Statement](#)

VALUES STATEMENT OVERVIEW

How will we behave?

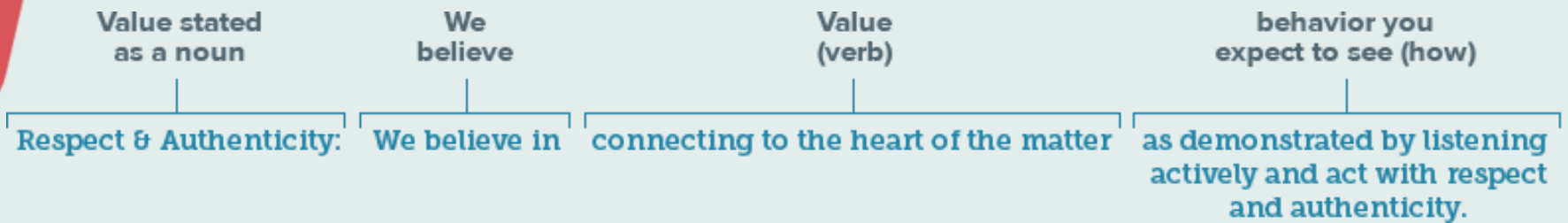
Definition:

Your **values** statement clarifies what your organization stands for, believes in and the behaviors you expect to see as a result.

Outcome:

Short list of 5-7 core values.

THE ANATOMY OF A GOOD VALUES STATEMENT



EXAMPLES

- Dedicated
- Consistent
- Outstanding
- Value
- Helpful
- Customer service
- Image
- Service
- Relationships
- Dependable
- Guarantee
- 100% effort
- Dedication
- Commitment
- Adaptable
- Security
- Trust
- People
- Personal growth
- Company growth
- Respect
- Community responsibility
- Continuous improvement
- Quality
- Embracing change
- Environmental responsibility
- Energy
- Personal
- Responsibility
- Advocacy
- Openness

EXAMPLES

Core Values from Zappos.com:

- **Embrace and Drive Change:** Part of being in a growing company is that change is constant.
- **Be Humble:** While we have grown quickly in the past, we recognize that there are always challenges ahead to tackle.
- **Pursue Growth and Learning:** We think it's important for employees to grow both personally and professionally.
- **Be Passionate and Determined:** Passion is the fuel that drives us and our company forward.

DEVELOPING / REFINING YOUR VALUES STATEMENT

Materials Needed: Small sticky notes & whiteboard

Step 1: Determine whether you need to re-write the values statement based on the team's evaluation worksheets.

Step 2: Individually write down your answer to “What are the 3 most important guiding principles that are core to how we operate in this organization??” One value per sticky note.

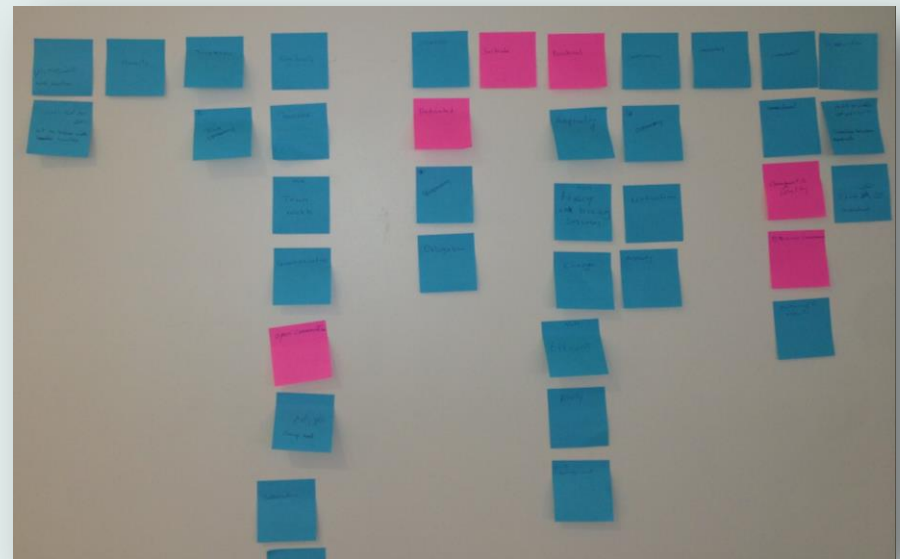
Step 3: Ask one person to report out first by placing the sticky notes horizontally on the whiteboard (like columns). Explain why you choose the guiding principle.

Step 4: Ask each person in the room to add their values either under an idea that is already on the wall or starting a new “column” if it is a new idea.

Step 5: Based on the values that have the most sticky notes, choose those as the core values of the organization.

Step 6: For each value, quickly discuss “how we behave when we are living the value. Capture this information on the whiteboard.

Step 7: Assign a writer to draft the values statement similar to that of the Zappos structure - theme and 1 or 2 sentences explaining the behaviors.



LEADER EVALUATION-DID WE GET IT RIGHT?

- As a group, do they explain a replicable and consistent success formula?
- Are these non-negotiables in how we operate?
- Are you willing to stand by these values no matter what the cost - for example lost clients or lost revenue?

SAVING YOUR DECISIONS

Update your [Values Statement here.](#)

VISION STATEMENT

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[How To Write A Vision Statement](#)

VISION STATEMENT OVERVIEW

Where are we going?



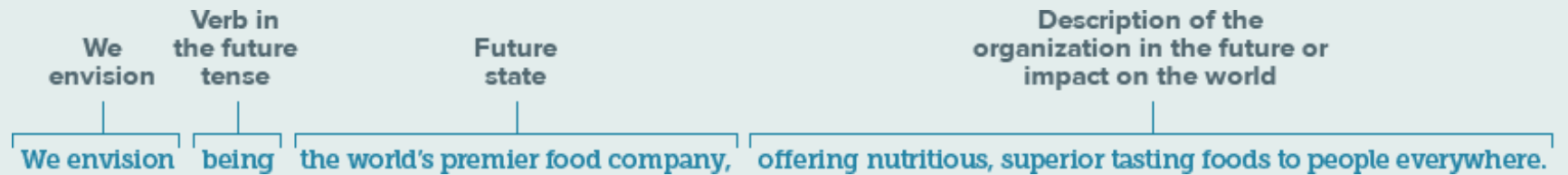
Definition:

A Vision Statement defines your desired future state and provides direction for where we are going as an organization.

Outcome:

A picture of the future

THE ANATOMY OF A GOOD VISION STATEMENT



EXAMPLES

- **Chemtura:** To grow a global portfolio of leading specialty chemical businesses, committed to innovation and the creation of value for our stakeholders.
- **DuPont:** To be the world's most dynamic science company, creating sustainable solutions essential to a better, safer, and healthier life for people everywhere.
- **Heinz:** To be the world's premier food company, offering nutritious, superior tasting foods to people everywhere.
- **Susan G. Komen for the Cure:** A world without breast cancer.
- **Novo Nordisk:** To be the world's leading diabetes care company.

DEVELOPING/REFINING YOUR VISION STATEMENT

Materials Needed: Whiteboard

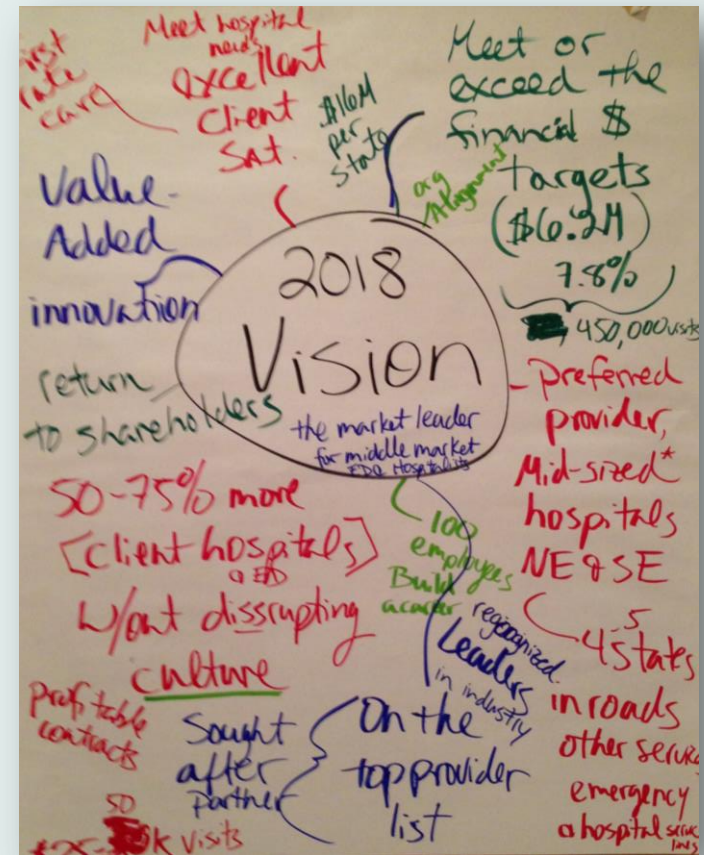
Step 1: Determine whether you need to re-write the vision statement based on the team's evaluation worksheets.

Step 2: Individually write down your answer to "In your view, what does success look like by 2020?"

Step 3: Report out as a group - capture key phrases on a whiteboard. Group the phrases by topic or theme (financial, customer, people, operations)

Step 4: Based on the discussion, determine if it is possible to summarize the ideas by completing this sentence "We envision....". Use the rest of the themes to draft "vision descriptors".

Step 5: Assign a writer to draft options (offline).



LEADER EVALUATION-DID WE GET IT RIGHT?

- Does the vision represent the preferred future of the organization or the impact you want to have?
- Is it clear, compelling, and easy to grasp?
- Is it somehow connected to the core purpose?
- Will it be exciting to a broad base of people in the organization, not just those with executive responsibility?

SAVING YOUR DECISIONS

Update your [Vision here.](#)

COMPETITIVE ADVANTAGE

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[How To Develop A Competitive Advantage](#)

Unique Strengths

What you do well



Core Competencies

What you do better than your competitors



Competitive Advantage

How you provide value

What are we best at?

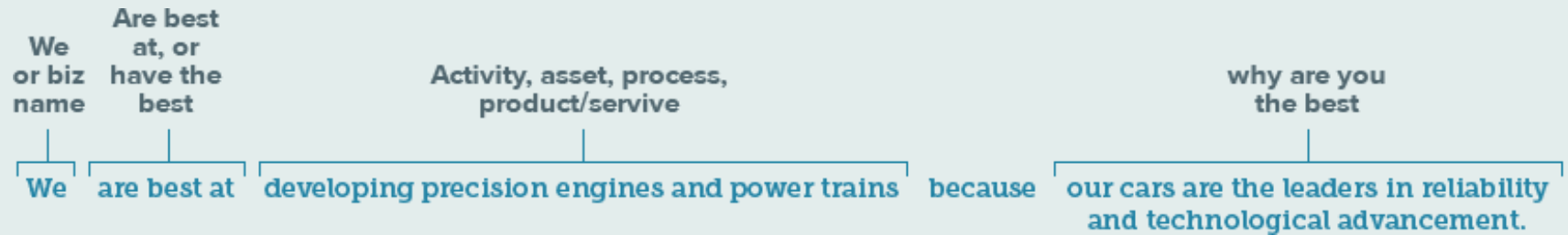
Definition:

A characteristic(s) of an organization that allows it to meet their customer's need(s) better than their competition can.

Outcome:

A list of 2 or 3 items that honestly express the organization's foundation for winning.

THE ANATOMY OF A GOOD COMPETITIVE ADVANTAGE



EXAMPLES

FORMULA FOR A COMPETITIVE ADVANTAGE

A statement that explains what your company is best at.

Your Business Name	+ What you're best at	+ Why
Honda	is best at developing precision engines and power trains	because its products are the leaders in reliability and technological advancement
Bikram Yoga	is best at productizing the yoga experience and practice	because it's packaged for franchising
Google	is best at optimizing searches for any type of information	because it continues to innovate and push technology past what was thought possible

EXAMPLES

- **Pershing General Hospital:** Provides high-quality emergency, primary care, and retail pharmacy within its area. Staffs the hospital with personnel that have superior knowledge to support efficient operations. Offers the best care possible by maintaining its full staff of highly-experienced nurses.
- **Abbott:** Creating a product portfolio that lowers the cost of health care.
- **Fannie Mae:** Could become the best capital markets player in anything that pertains to mortgages.
- **Gillette:** Could become the best at building global brands of daily necessities that require sophisticated manufacturing technology.
- **Wells Fargo:** Could become the best at running a bank focused on the western United States.

DEVELOPING/REFINING YOUR COMPETITIVE ADVANTAGES

Materials Needed: Whiteboard/Sticky Notes

Step 1: Sticky note the strengths from your SWOT. Draw a table like the one below on your whiteboard.

Step 2: For each strength, ask:

1. Do we <strength> better than our competitors?
2. If yes, is it something that our customers value?
3. **Bonus:** Is it sustainable over the next few years?

Step 3: Refine those items that pass at least the first 2 criteria to clearly document what the advantage is and why.

Strength > Competitive Advantage	Better than competitors?	Customers value?	Sustainable?
Strength one	Yes (why?)	Yes (why?)	Yes
Strength two	No		
Strength three	Yes	No	
Etc.			

LEADER EVALUATION-DID WE GET IT RIGHT?

- Did you identify at least three advantages that you are better than your competitors and your customers care about?
- Do they encompass the key strengths in your SWOT?
- Can you constantly improve the competitive advantages you identified?

SAVING YOUR DECISIONS

Update your [Competitive Advantage here](#).

ORG-WIDE STRATEGIES

WHITEBOARD VIDEO

OnStrategy



[Identifying Organization-Wide Strategies](#)

Tactics are the things you do.
Strategy is the thing you do
together. One strategy always
trumps lots of tactics.

How will we succeed?

Definition:

Your **strategies** are the general methods you intend to use to reach your vision. No matter what the level, a strategy answers the question “how.”

Outcome:

The general, umbrella methods you intend to use to reach your vision established.

THE THREE LEVELS OF STRATEGY

LEVELS OF STRATEGY

Corporate Level Strategy

Business Unit Level Strategy

Business Unit Level Strategy

Market
Level Strategy

Market
Level Strategy

Market
Level Strategy

Market
Level Strategy

Example

Edward Jones's Strategy Statement:

Corporate Strategy: To grow to 17,000 financial advisors by 2012 by... (Growth)

Business Level Strategy:offering trusted and convenient face-to-face financial advice to conservative individual investors who delegate their financial decisions through... (Customer Intimacy)

Market Level Strategy: ... a national network of one-on-one financial adviser offices. (Market Penetration & Expansion)

CORPORATE LEVEL STRATEGY

- Growth
- Retrenchment
- Stability

BUSINESS LEVEL STRATEGY

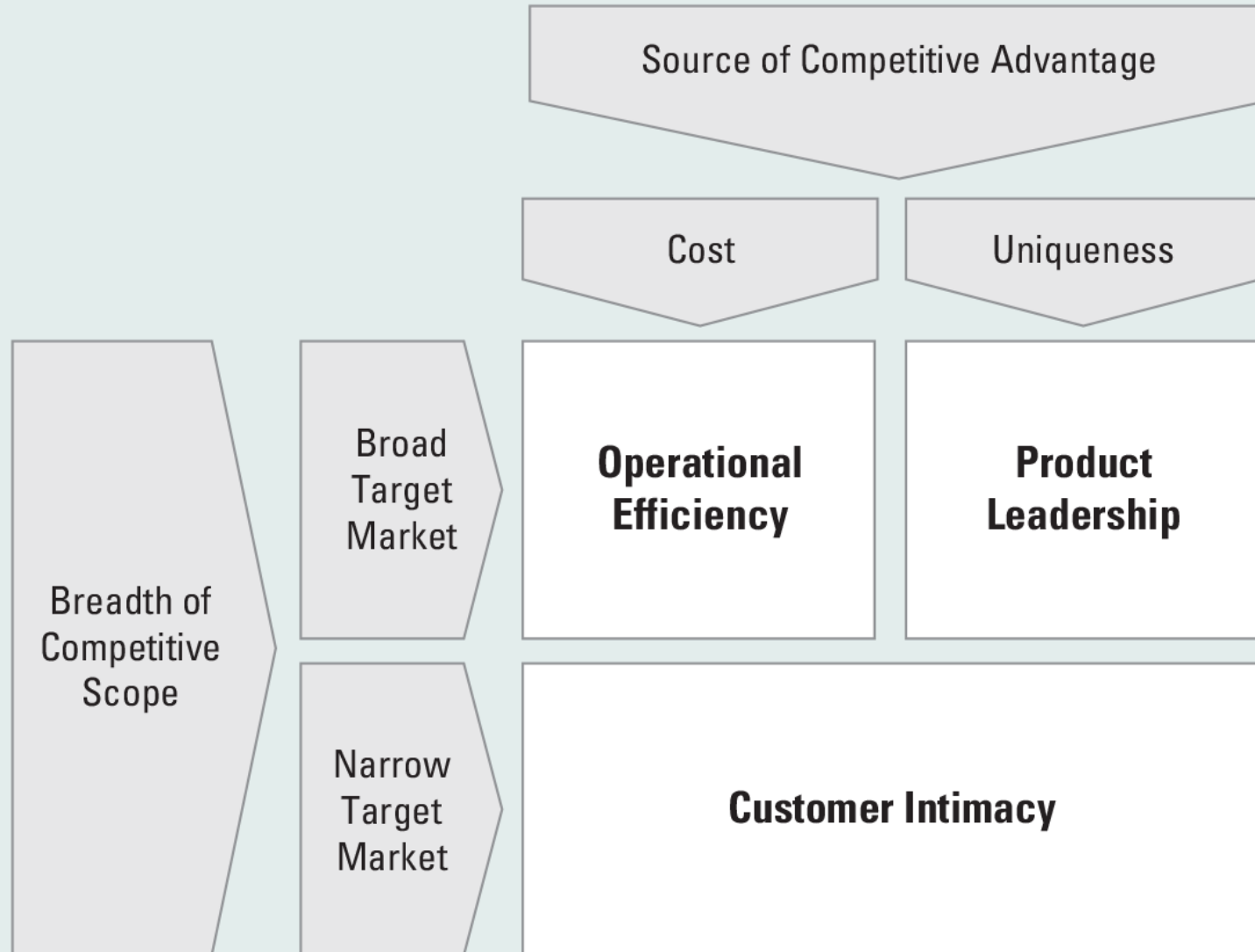
1. Where to play (Breadth of Scope)

Regions, customer segments, service/product categories, and channels in which you will operate

2. How to win there (Source of Advantage)

Find a distinctive (lead) way to win on your chosen playing field. Choose specific approach(s) that are different from your competitor's

THREE PRIMARY BUSINESS LEVEL STRATEGIES



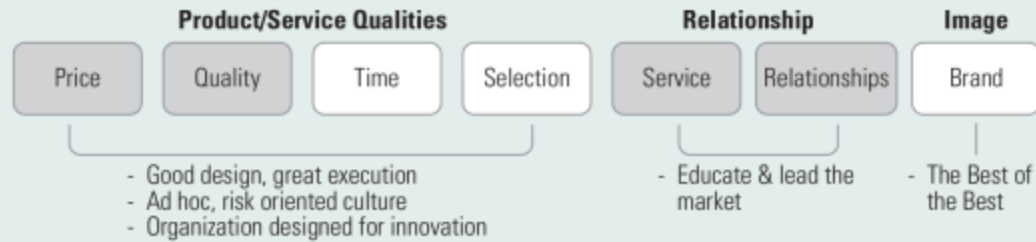
LOWEST TOTAL COST - COMPETE ON SCALE

"Our focus on efficiency allows us to provide consistent products and services at the lowest cost."



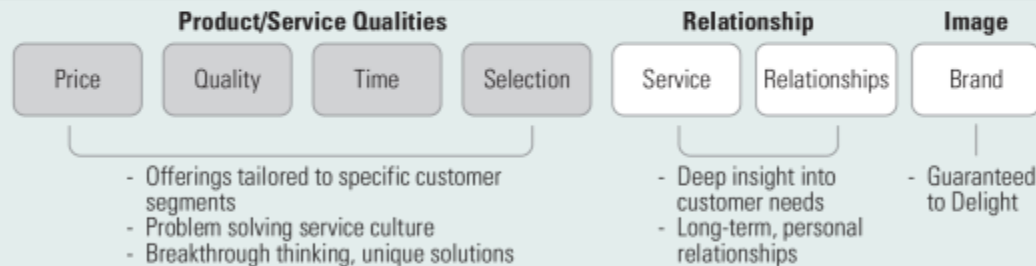
PRODUCT/SERVICE LEADERSHIP - COMPETE ON SPEED

"Our products and services go above and beyond the usual offerings."



CUSTOMER INTIMACY - COMPETE ON SCOPE

"We understand our customers and provide them the products and services that they need."



Note: Adapted from Drs. Robert Kaplan and David Norton, creators of the Balanced Scorecard.

Differentiator

Standard

Strategy #1

Product Leadership - Compete on Speed

- Good design, great execution
- Educate & lead the market
- Ad hoc, risk oriented culture
- Organization designed for innovation

Examples:

- Quality (Mercedes)
- Design (Apple)
- Image (Nike)
- Functionality (Sony)
- Special niches (Zitner's candied apples; independent films)

“We offer products and services that expand existing boundaries past what was thought possible.”

Strategy #2

Low Total Cost - Compete on Scale

- Low price, limited options, ultimate convenience
- Managed customer expectations
- Supply chain and infrastructure investment prioritization
- Processes & transactions continually redesigned for efficiency

Examples:

- Dell Computers (logistics, volume)
- Motel 6 (location, services, salespeople).
- Southwest Airlines (corporate culture, service)
- Wal-Mart
- Software as a Service

“We offer products and services that are always consistent, on-time, and low in cost.”

Strategy #3

Customer Intimacy - Compete on Scope

- Offerings tailored to customers & segments
- Deep insight into customer needs
- Problem solving service culture
- Full range of services, so customers stay
- Custom, unique solutions

Examples:

- Amazon
- Narrow (Consulting practices)
- Segmented (Computer security, Financial services - Edward Jones)

“We provide the best total solution to our customers because we make a practice of delivering exactly what they need.”

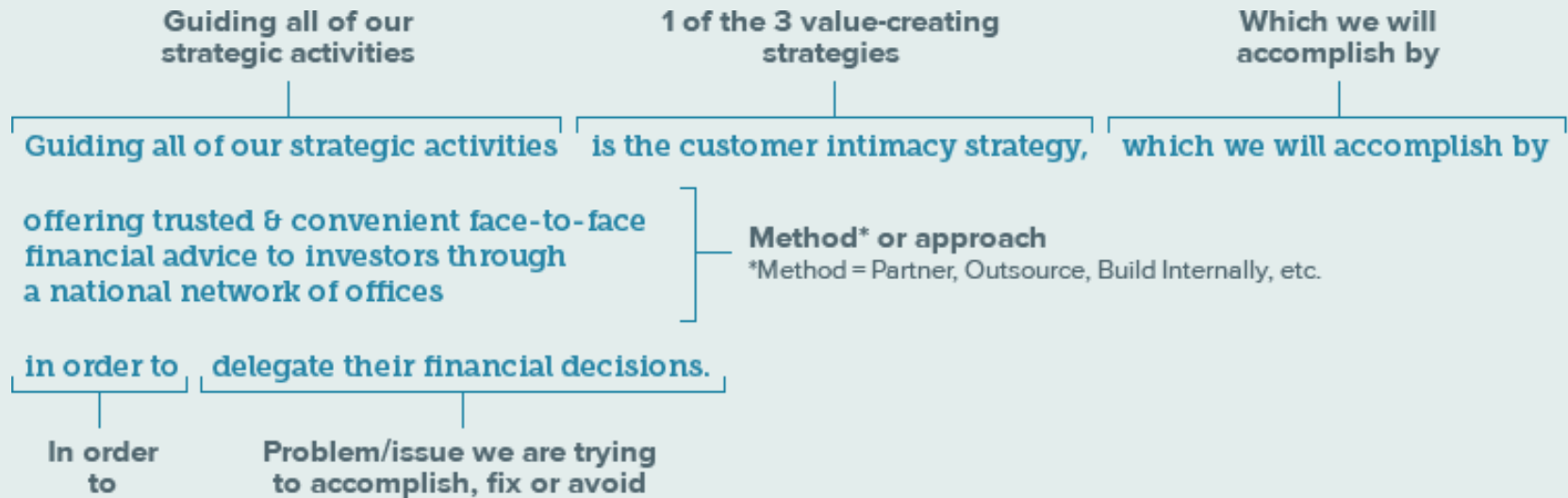
DEVELOPING YOUR ORG-WIDE STRATEGY

Step One: Identify your corporate strategy \Rightarrow Growth, stability, retrenchment

Step Two: Identify your business-level strategy \Rightarrow Customer intimacy, product/service leadership, low total cost

Step Three: For each customer segment, select your market growth strategy \Rightarrow Market penetration, market development, product/service development, diversification.

THE ANATOMY OF GOOD ORG-WIDE STRATEGIES



Example

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LEADER EVALUATION-DID WE GET IT RIGHT?

- Does your organization-wide strategy(s) clear spell out how you will succeed and be differentiated in the market?
- Is the strategy(s) phrased as methods to be implemented—NOT results to be achieved?
- Is it support or work together with your competitive advantages?

SAVING YOUR DECISIONS

Update your [Organization-Wide Strategy here.](#)

TEAM PRE-WORK FOR SESSION #4

Strategy Leader will finalize Mission, Vision and Values.

Team Pre-Work:

1. Read the Phase 3: Strategic Plan Development How-To Guide.
2. Read SMART goal handout.