

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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Elements of a Strategic Plan

1. What does success look like? (Vision)
2. Why do we exist? (Mission)
3. How will we behave? (Values)

SWOT: Diagnosis of the current situation

4. How will we succeed? (Strategic Objectives)
5. What is most important right “now”? (Initiatives)
6. How will we measure success? (KPIs)
7. Who must do what? (Tactics)

MISSION STATEMENT

WHITEBOARD VIDEO

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[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



QUESTIONS TO ASK

- What is the purpose of your organization?
- Why are we here? Why do we exist?
- How do we contribute to a better world?
- Why do you work here? Why is it special to work here?
- What would happen if we were not here?
- What do we intend to accomplish on behalf of our customers? Or who benefits from our work?

MISSION STATEMENT EXAMPLE

Whose Mission Statement is this?

“To experience the sheer joy of advancing and applying technology for the benefit of the public.”

SONY®

MISSION STATEMENT EXAMPLE

Whose Mission Statement is this?

“To inspire and nurture the human spirit - one person, one cup and one neighborhood at a time.”



MISSION STATEMENT EXAMPLE

Whose Mission Statement is this?

“We save people money so they can live better.”



MISSION STATEMENT EXAMPLE

Whose Mission Statement is this?

“To organize the world’s information and make it universally accessible and useful.”

The Google logo, consisting of the word "Google" in its characteristic multi-colored font: blue 'G', red 'o', yellow 'o', blue 'g', green 'l', and red 'e'.

MISSION STATEMENT EXAMPLE

Whose Mission Statement is this?

“To make people who are away from home feel they are among friends and really wanted.”



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 or the SPI report.

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?

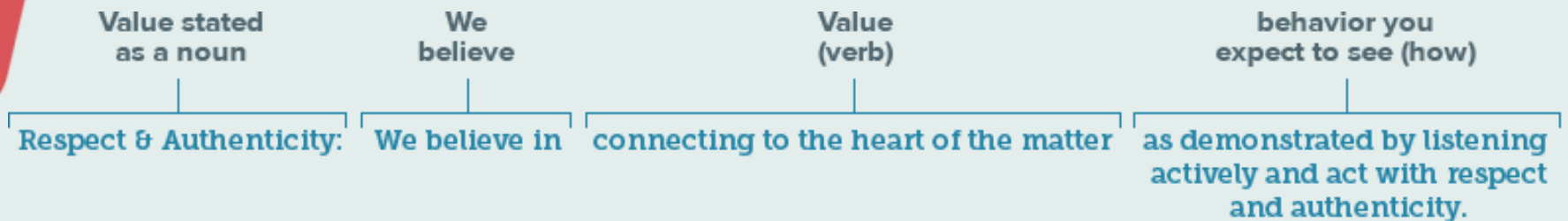
Definition:

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



QUESTIONS TO ASK

- What are the key non-negotiables that are critical to the success of the company?
- What are the guiding principles that are core to how we operate in this organization?
- What behaviors do you expect to see?
- If the circumstances changed and penalized us for holding this core value, would we still keep it?

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 or the SPI Report.

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.

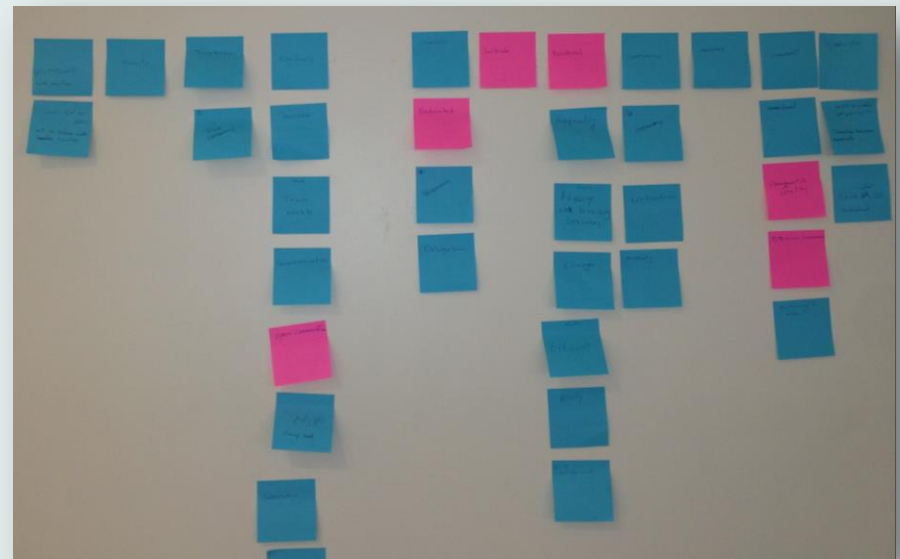
Step 3: Ask one person to report out first by placing the sticky notes horizontally on the whiteboard (like columns). Explain why you choose the guiding principle.

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

WHITEBOARD VIDEO

OnStrategy



[How To Write A Vision Statement](#)

VISION STATEMENT OVERVIEW

Where are we going?



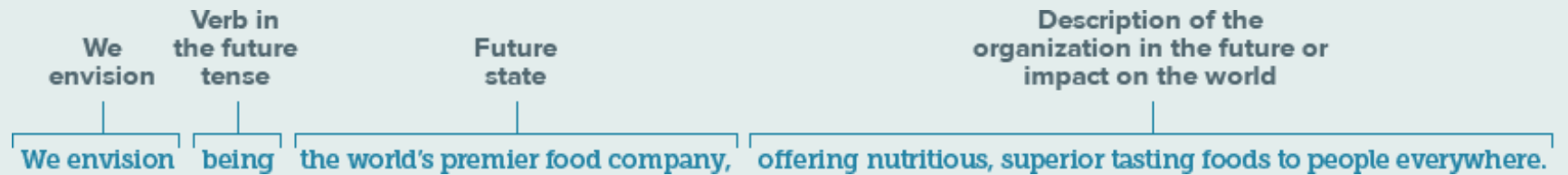
Definition:

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



QUESTIONS TO ASK

- What will our organization look like five+ years from now?
- What does success look like?
- What are we aspiring to achieve?
- What mountain are you climbing and why?

VISION STATEMENT EXAMPLE

Susan G. Komen for the Cure's Vision Statement:

“A world without breast cancer.”



VISION STATEMENT EXAMPLE

Amazon.com's Vision Statement:

“Our vision is to be earth's most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.”



VISION STATEMENT EXAMPLES

McDonald's Vision Statement:

“To be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile.”



DEVELOPING/REFINING YOUR VISION STATEMENT

Materials Needed: Whiteboard

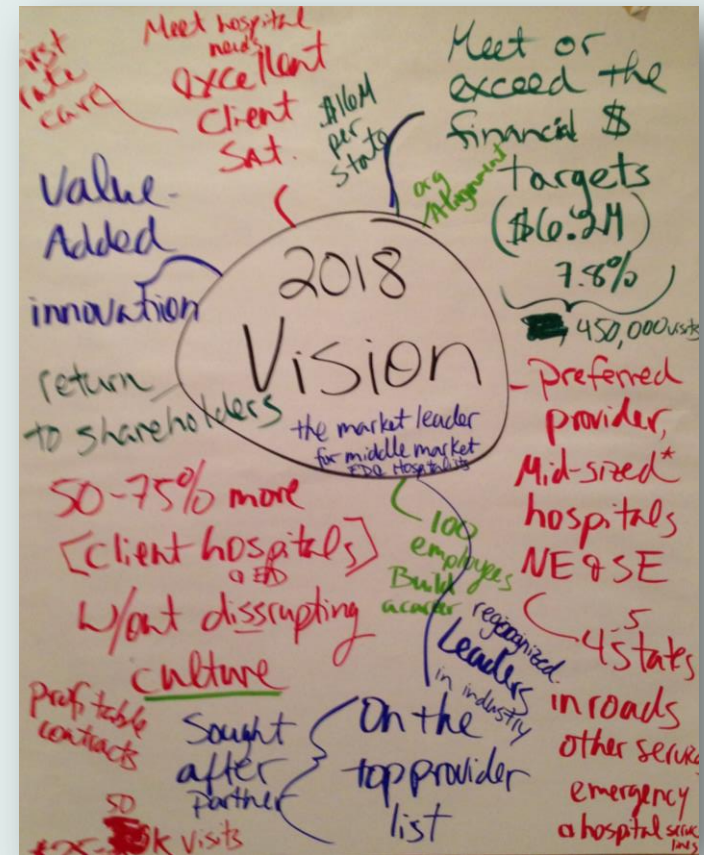
Step 1: Determine whether you need to re-write the vision statement based on the team's evaluation worksheets or SPI Report.

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

WHITEBOARD VIDEO

OnStrategy



[How To Develop A Competitive Advantage](#)

What are we best at?

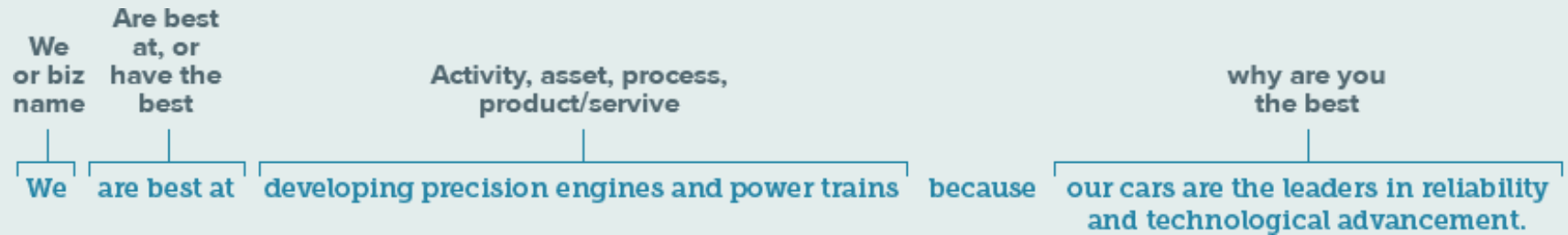
Definition:

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



Unique Strengths

What you do well



Core Competencies

What you do better than your competitors



Competitive Advantage

How you provide value



QUESTIONS TO ASK

- What are your unique strengths?
- What are the unique strengths of similar organizations?
- What are you best at in your market?
- Do your customers still value what is being delivered? Ask them.
- Has a competitor copied any of your advantages?
- How do your value propositions stack up in the marketplace?

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

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.

ORGANIZATION-WIDE STRATEGY

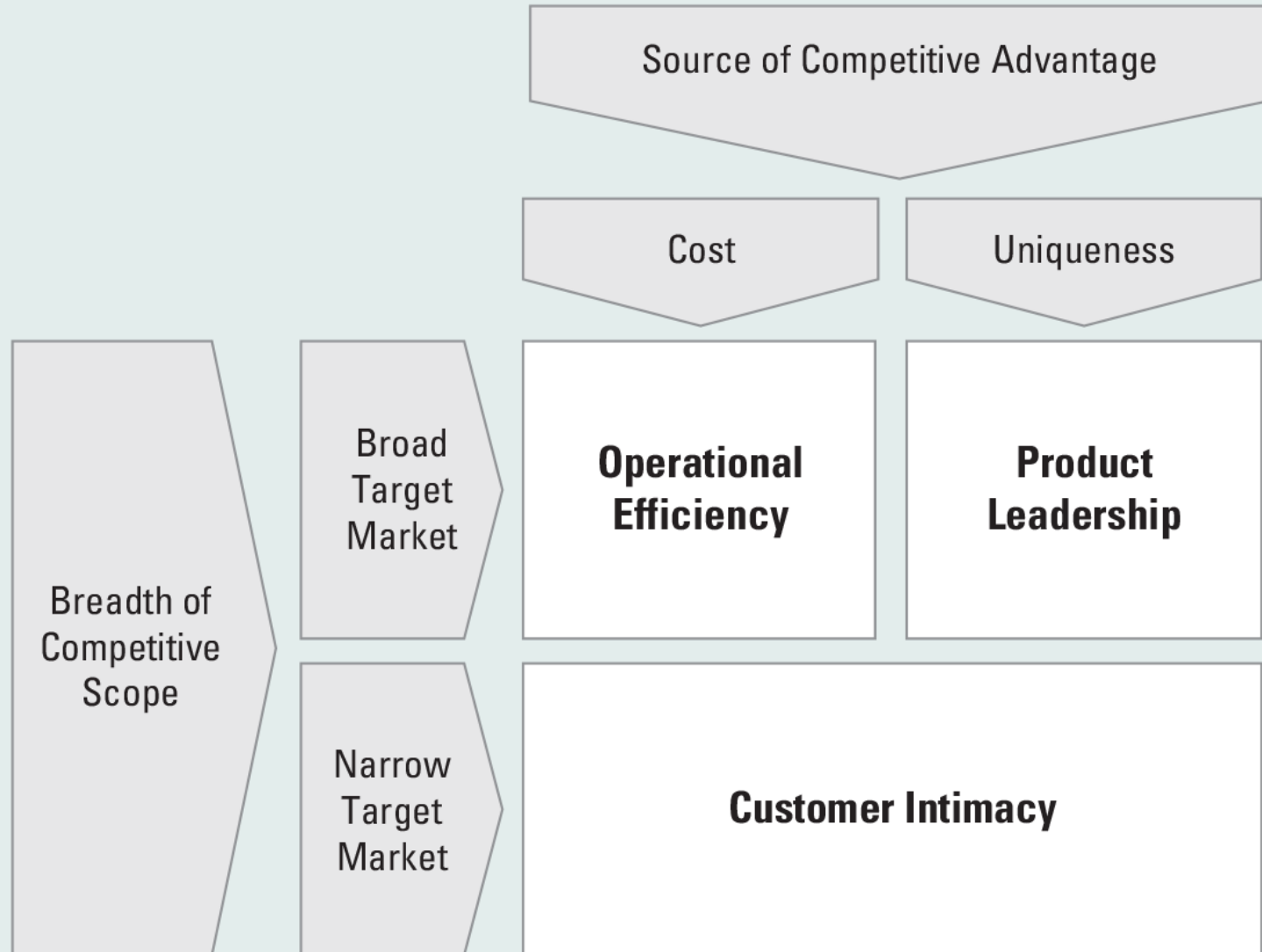
1. Where to play (Breadth of Scope)

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 ORG-WIDE STRATEGIES



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

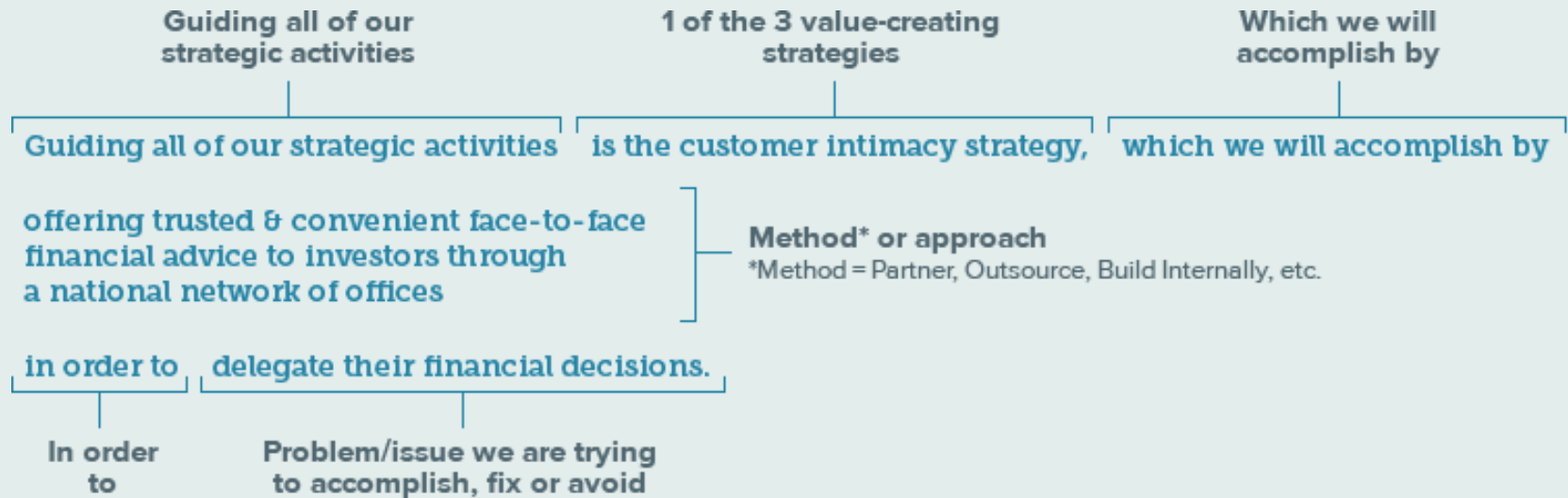
- Offerings tailored to customers & segments
- Deep insight into customer needs
- Problem solving service culture
- Full range of services, so customers stay
- Custom, unique solutions

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.”

THE ANATOMY OF GOOD ORG-WIDE STRATEGIES



DEVELOPING YOUR ORGANIZATION-WIDE STRATEGY

1. Refer to the diagram on slide 50 and ask, “Is your market or industry target broad or narrow?”
 - Broad: market scope; a relatively wide market emphasis.
 - Narrow: limited to only one or few segments in the market
2. Does your competitive position focus on lowest total cost or product/service differentiation or both?
 - If the target is broad and competitive position is low cost, then the overall strategy is **lowest total cost**.
 - If the target is broad and competitive position is product differentiation, then the strategy is **product/service leadership**.
 - If the target is narrow and competitive position is low cost or product differentiation, then the strategy is **customer intimacy**.

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)

LEADER EVALUATION-DID WE GET IT RIGHT?

- Does your organization-wide strategy clear spell out how you will succeed and be differentiated in the market?
- Is the strategy phrased as methods to be implemented—NOT results to be achieved?
- Does 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.

DEVELOP STRATEGY: STEP-BY-STEP

1. Ask your team to complete the Mission, Vision, and Values worksheets.
2. During the Develop Strategy planning session:
 - a) Use the exercise on slide 11 to review and refine your mission statement
 - b) Use the exercise on slide 21 to review and refine your Values
 - c) Use the exercise on slide 30 to review and refine your Vision
 - d) Use the exercise on slide 41 to determine your Competitive Advantages
 - e) Use the exercise on slide 57 to determine your Organization-Wide Strategy
3. Follow up to session by finalizing your Mission, Vision, and Values Statements.
4. Enter all final information into OnStrategy.