#### Strategy Analysis

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#### The Quality of Planning Statements

- What is our business?
- Who is the customer?
- Where is the customer located?
- What products or services does the customer want from us?
- What does the customer consider as value?
- What is the customer prepared to "pay"?
- What will the business be, in the future?
- What is the key strategic thrust?

Using Strategy Analysis to Define the Future

## Step 1—Understand the Mission and Purpose

- Awareness of the environment.
- how the environment will change in the future.
- What the business is doing now.
- What the business is doing now.
- What is happening in the environment.
- What the business should be doing in the future.
- It should broadly indicate markets, customers, products and services.

### Step 2—Identify the Major Business Areas

- ► There will typically be 6 to 10 major nouns. These nouns should enable us to determine what parts of the business are involved
- For example:
- Develop, deliver, and support products and services which satisfy the needs of customers in markets where we can achieve a return on investment of at least 20% within two years of market entry.

NOUN	Involved Business Areas	
Product	Production	
Needs	Research and Development	
Customer	Distribution	
Market	Marketing	
ROI	Finance	

## Step 3—Determine What Has to Be Achieved

- ▶ Identifying goals.
- Refining Goals
- Policies
- valid goals
- internal rules s or external rules
- Duration of strategy analysis

#### Step 3—CONT

Goals and objectives are measurable target

1.Measure.

2.Level.

3.Time

- Asset growth
- Profitability:
- Market share:
- Market analysis:

# Step 4—Identify Issues Representing Opportunities or Problems



### Step 5 — Determine What Will Achieve or Resolve the Issues

- Focus on strengths to achieve opportunities
- Take advantage of technologies
- Aggressive strategies that focus on competitive advantage
- What should we do to take advantage of the opportunities?
- What technologies are available to assist us?

#### Step 5. CONT

- What strengths can we use to help us?
- What has to be done to resolve the problems?
- What should we do to protect ourselves from the threats?
- What should we do to correct our weaknesses?

#### Step5. CONT

- Asset Disposal Strategy:
- Market Exit Strategy:
- ► Financial Reporting Strategy:
- Budget Control Strategy
- Market Survey Strategy:
- Product Range Strategy:
- Product Pricing Strategy:

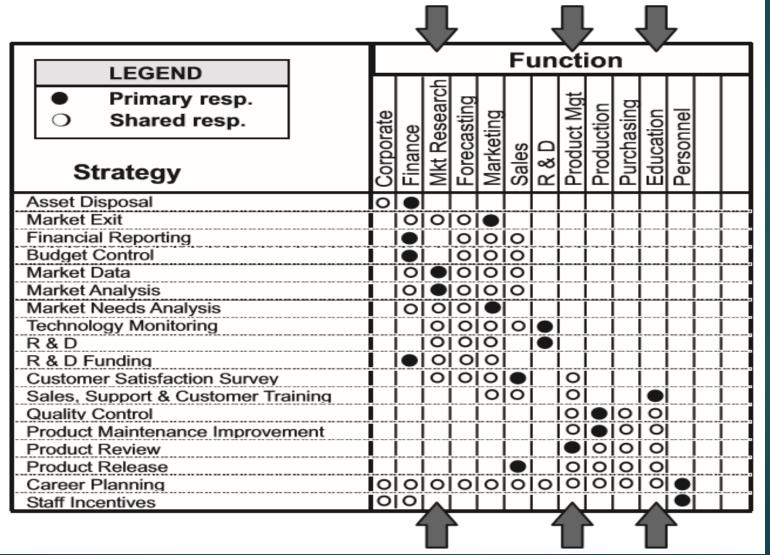
### Step 6—Define Key Performance Indicators

- Achive market share targets Market share depends not only on pricing, but also on advertising
- Manager allocate resources optimally, to achieve defined objectives
- Unit Market Share KPI
- Pricing Strategy

## Step 7—Identify the Current Functions That Exist

- ▶ Function.
- Corporate.
- Finance.
- ► Forecasting Marketing;
- Sales;
- Research and development;
- Production;
- ▶ Purchasing;

# Step 8—Allocate Functional Responsibility to Implement Strategies



## Step 9—Define Job Role Responsibilities for Each Function

Table 3.5	CFO lob Role Description	and Tactical Business	Plan for the Finance Department	nt

Position: Chief financial officer
Reports to: President and CEO

Asset Growth Monitor performance of all aspects of our business so that each activity has

a favorable effect, directly or indirectly, on our mission ROI.

Issues Many investments in declining markets

High market entry cost into marginal markets High debt levels for assets in sunset markets

Asset Disposal Strategy Identify assets that cannot provide a return within 2 years consistent with

the mission ROI, and dispose of them at the best possible price.

Asset Disposal Objective Following Board approval, dispose of all nonperforming assets within

12 months.

Profitability Monitor financial performance of all activities to ensure that profit and

cash flow projections are achieved according to, or ahead of, plan.

Issues Delayed financial reporting

High interest costs

Poor cash flow management

Strengths Profitable

Cash rich

Weaknesses Poor financial reporting

Poor budget control

Financial Reporting Strategy | Implement flexible financial reporting systems able to be introduced at any

organizational level, and which can provide profit and loss statements for any defined reporting frequency, with associated balance sheet statements.

Financial Reporting Objective | Implement financial reporting systems within 6 months that provide profit

and loss, balance sheet, and cash flow reporting within 1 day of the close of any defined financial period.

Budget Control Strategy Establish and maintain strong budgetary controls for all expenditures, linked

directly to revenue achievement. All financial statements must clearly show actual revenue and expenditure against budget, and indicate percentage change from the previous reporting level.

Budget Control Objective Implement budget control systems directly linked to financial reports

according to the budget control strategy, within 6 months.