Think To Win

“Unleashing the Power of Strategic Thinking”

October 23, 2015
Paul Butler, President, Globaledg LLC
Session Outcomes

• Understand the principles necessary for successful strategic thinking
• Learn a proven approach for strategic thinking and planning
• Share tools leaders are finding useful in developing this capability
A Changing World

1. What business challenges are we facing in 2015 that are dramatically different from 2012?

2. Implications for business leaders?
The Methodology
Strategic Thinking Methodology

First The Principles

- Challenge Assumptions
- Scope the Issue
- Focus on the Vital Few
- Facts Inform Outcomes
- Linkage: Connect the Dots

Then Focus on the Questions!

- What do we know? (Fact versus Opinion)
- What is most important?
- What differentiates us?
- Insights / So what?
- What is our purpose and position?
- What should we aim to achieve?
- What choices do we make?
- Did we win?
Without them … you might be heading in the wrong direction!
Principle #1 Challenge Assumptions

Willingly challenge all existing assumptions and question accepted beliefs

Why is this important?
Think about it....

“We don’t like their sound, and guitar music is on the way out.”

Decca Recording Company rejecting the Beatles, 1962
Think about it....

“Who the hell wants to hear actors talk?”

H.M. Warner, Warner Brothers, 1927
Think about it …..

“The concept is interesting and well-informed, but in order to earn better than a “C,” the idea must be feasible.”

A Yale University management professor in response to Fred Smith’s paper proposing reliable overnight delivery service. Smith went on to found FedEx.
Think about it ....

“640K ought to be enough for anybody.”

Bill Gates, 1981
Principle #2: Scope the Issue

Determine the appropriate scale of analysis:

- Company
- Business unit
- Team

Why is this important?
Principle #3: The Vital Few

Apply the **90-10** rule, i.e., focus on the 10% of activities that will deliver 90% of the results

*Why is this important?*
Principle #4 Facts Inform Decisions

Employ fact-based decision making, not conjecture or opinions.

Why is this important?
Principle #5 Linkage: Connect the Dots

Think **linkage** to connect the ideas – both upstream and downstream

*Why is this important?*
### The Principles

#### 5 Principles

<table>
<thead>
<tr>
<th>Principle</th>
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<tr>
<td>Challenge Assumptions</td>
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**Where Do Leaders Score the Lowest?**
The Approach

Focus on the Questions!

Converge

Diverge

Thinking

What do we know? (Fact versus Opinion)

What is important?

What insights do we have?

So what?

What is our purpose and position?

What should we aim to achieve?

What choices do we make?

Did we win?
The Umbrella Statement Tool
Where the Process Begins

This is a simple statement that starts to frame your issue or problem ....

• What are you really trying to solve for?
• Answers the question: *what is keeping leaders awake at night?*

It is critically important to make this statement precise, concise, and something agreed to by everyone involved.
Umbrella Statements

**Ineffective:** Merchandising is an important part of our business. We do not have the optimal solution in place for our product lines. Unless we completely change the way we package our products, we will be at a competitive disadvantage.

**Effective:** Smart Stores has challenged us to provide an innovative merchandising system to display our personal care products in-store during the holiday season. If we are not their vendor of choice, our sales loss will be severe.
Strong Umbrella Statements/Questions -- Elements

- Do not have solutions / actions
- Includes External / Internal Elements
- Have big picture in mind – not sub issues
- Must be significant and compelling -- hooks the audience!
- Captures tension
If I had one hour to save the world, I would spend 55 minutes defining the problem and only five minutes finding the solution.

– Albert Einstein
Umbrella Statement

What do we know?
(Fact versus Opinion)

What is most important?

What differentiates us?

Insights / So what?

What is our purpose and position?

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Did we win?
Use Framework Tools Effectively

Existing frameworks can be a useful starting point… but recognize that they are a TOOL, not the solution

<table>
<thead>
<tr>
<th>Some Common frameworks</th>
<th>Appropriate for:</th>
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<tbody>
<tr>
<td><strong>Functional Example</strong>“4Ps”: Product, Pricing, Promotion, Placement</td>
<td>New product marketing</td>
</tr>
<tr>
<td><strong>“7Ss”</strong>: Strategy, Structure, Systems, Staff, Skills, Style/Culture, Shared Values (Source: McKinsey)</td>
<td>Internal company evaluation, M&amp;As</td>
</tr>
<tr>
<td><strong>Porter’s Five Forces</strong>: Suppliers, Customers, Barriers to Entry, Substitutes, Competitive rivalry</td>
<td>Industry analysis</td>
</tr>
<tr>
<td><strong>“7Cs”</strong>: Company, Colleagues, Category, Customers, Consumers, Competitors, Community (GlobalEdg)</td>
<td>External/Internal Situation assessment</td>
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Existing frameworks can be a useful starting point… but recognize that they are a TOOL, not the solution.
What do we know?
(Fact versus Opinion)

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The Ideal SWOT: Still a Relevant Tool!

**7C’s**

- Company
- Colleagues

**SWOT**

- **Strengths**: Areas that provide competitive advantage and enable execution of strategy
- **Weaknesses**: Areas where we are lacking relative to what is needed to execute strategy
- **Opportunities**: External factors that are or could offer attractive financial or strategic potential
- **Threats**: External factors that are or could be damaging to our interests
# Value of SWOT

Use the list of **Strengths** in the context of **Opportunities** to identify Potential Strategies

<table>
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<th>Internal</th>
<th>External</th>
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<tr>
<td><strong>Strengths</strong></td>
<td><strong>Opportunities</strong></td>
</tr>
<tr>
<td>- Strong household brand associated with high quality</td>
<td>- Growing consumer trend of health &amp; wellness</td>
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<tr>
<td>- Loyal consumer base</td>
<td>- Consolidation of smaller customers which simplifies sales &amp; distribution</td>
</tr>
<tr>
<td>- Best-in-class manufacturing facilities</td>
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</tbody>
</table>
What differentiates us?

Insights / So what?

What is our purpose and position?

What should we aim to achieve?

What choices do we make?

Did we win?

What do we know?
(Fact versus Opinion)

What is most important?
Strategic Competitive Advantage Tool

Source(s) of Competitive Advantage:
What truly separates you from the pack; this is the key(s) to your leverage and margin in the marketplace

Sustainable Competitive Advantage?
- Temporary or built into the organization
- Can be sustained for 3 or more years
- Increasingly difficult to create
Who does the YMCA compete with?

http://well.blogs.nytimes.com/2015/06/15/the-y-m-c-a-s-work-outside-the-gym/?_r=0
Competitive Advantage
Strategic Competitive Advantage Questions

1. What must we do that no one else can do?

2. What do we want to be best in the world at?

3. What is the single best reason for our success?

4. Is our competitive advantage anything that a competitor could say about their organization?
Core Competency/Skill Tool

(Company) Strengths
Come From SWOT’S

Universal Agreement
• Financial
• Market
• Portfolio
• R&D
• Sales
• Operations
• New Products
• H.R.
• Information Technology
• Regulatory
• Acquisitions

Core Competency Screening Criteria

A core competency is a skill that:
1. Is Meaningful
2. Adds Value
3. We Do It Better Than Anyone Else
4. Is Leverageable
5. Is Sustainable

Overall (Company) Core Competencies

Universal Agreement
Opportunity to leverage and provide competitive advantage

Enablers/Need-to-Be
(Areas for Development)

Required to eliminate competitor advantage

SWOT - Strengths, Weaknesses, Opportunities, Threats
Thinking → Focusing

What do we know?
(Fact versus Opinion)

What is most important?

What differentiates us?

Insights / So what?

Changing ← Winning

What is our purpose and position?

What should we aim to achieve?

What choices do we make?

Did we win?
Key Issues As A Tool

Key Issues are:

• The most important “takeaways” from the Situation Assessment
• A shortlist of items the business must address in the near future

Implications are:

• The “so what” of the Key Issues
• Combines potential/risk and action language
Thinking → Focusing

- What do we know?
  (Fact versus Opinion)
- What is most important?
- What differentiates us?
- Insights / So what?

Winning ← Changing

- What is our purpose and position?
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The Governing Statement Tool
Where to Play?

A Governing / Objective Statement is:

A statement of purpose that helps the organization focus and provides a point of view and guardrails for the business. It sets the context for addressing the most critical strategic issues for the business.
Personal Governing Statement

Emma ..... 

Position myself to global organizations, headquartered in the Northeast U.S. (ideally in HR) that leverages my core capabilities to achieve personal and professional growth.
Thinking → Focusing

What do we know?
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Did we win?
Key issues and Goals should be

... ... **Balanced**, i.e., considers implications and impact on:

- People
- Organization
- Marketplace
- Financial

**The 3M Methodology**
What do we know?  
(Fact versus Opinion)

What is most important?

What differentiates us?

Insights / So what?

What is our purpose and position?

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Did we win?
Goals vs. Strategies

Goals

- Are the **WHAT** – measurable ends that we want to achieve
- Are MECE (mutually exclusive collectively exhaustive) – goals generally should not overlap with one another

Strategies

- Are the **HOW** – description of the choices we will make in order to achieve our goals
- Are usually not MECE – one goal can have multiple supporting strategies and some strategies can support multiple goals
Strategies Choice Tool
What Needs to be True?

Strategic Options
1. xxxx
2. xxxx
3. xxxx
4. xxxx
5. xxxx
6. xxxx
7. xxxx
8. xxxx
9. xxxx

Screening Criteria
X
X
X
X

Final Choices
1. xxxx
2. xxxx
3. xxxx
4. xxxx
5. xxxx
Thinking → Focusing

What do we know?
(Fact versus Opinion)

What is most important?

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What is our purpose and position?

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Did we win?
Did We Win?
Strategy & Execution

Assess
- Fact-based Analysis
  - Internal Scan
  - External Scan
  - SWOT Summary
  - Competitive Advantage
  - Key Issues
  - Business Implications

Plan
- Objectives / Goals
  - Non-financial, e.g.,
    - Organization
    - People
    - Business Process
    - Customer/Consumer

- Strategic Priorities
  1
  2
  3

Execute
- Key Initiatives & Programs/Projects
  1.1
  1.2
  1.3
  2.1
  2.2
  2.3
  3.1
  3.2
  3.3

Financial Objectives
- '09
- '10
- '11
- '12

Source: PK Associates
The Winning Never Ends – Anchoring Change Tool
What levers do you push?

“Easier” to push

• Symbols & Signals
• Training & Development
• Recognition
• Champions & Sponsors
• Policies & Procedures
• Communication

“Harder” to push

• Organizational Structure
• Technology & Resources
• Physical Work Environment
• Rewards (compensation)
• Measures & Feedback Systems
• Values, Behaviors & Norms
Thank you!

Paul Butler  
*President*  
GlobalEdg LLC  
pbutler@globaledg.com  
(203) 405-6810  
www.Globaledg.com