



strategyplay!

Strategyplay! describes a range of agents that impact the formation of effective strategy and therefore should be considered in any strategic planning process and around which strategic conversations should occur.



Understanding and appreciating the **History** of an enterprise is the starting point to building effective strategy. Think of it this way, every person has a different personality that is the sum of their genetic make-up and their life experiences, which underpins their ability to perform certain tasks. Our history and personality make all of us inherently good at some things and bad at others. An enterprise is no different in that it has a certain personality and a history that affect its ability to move forward and compete.



Strategic Analysis and Thinking is the core of the business planning process. It represents an analysis of the business's competitive posture and provides the factual basis upon which a competitive strategy is built. However, this segment requires not only factual analysis using appropriate tools but also a balancing of this analysis with intuition and judgement to arrive at succinct and insightful observations.

Strategic analysis and thinking is considered in three stages in progression:

The **Marketplace** represents a consideration and definition of what markets the business competes in. It may seem strange to say, but often enterprises do not clearly understand the boundaries of the market in which they compete and their implications. And without a clear understanding of the boundaries of the market it is not possible to identify the forces at play within the market and to therefore build effective strategies.

The **Competitive Landscape** represents an identification of the players in the marketplace, the market segments that they serve and the respective market share they hold. Once the competitors within the market have been identified an analysis of the competitive offering of each competitor in the market may be made. This analysis represents not only an assessment of the strength of their competitive offering but also an identification of the basis upon which enterprises in the market compete. This is an important discovery as once a realisation has been made of the basis of competing within the market then you may determine how your business should compete.

The final segment of the strategic analysis stage is **Positioning**. This segment represents an analysis of the competitive strength of the business. The tools that would normally apply in this segment are

- ✓ SWOT analysis
- ✓ Value & Supply Chain analysis
- ✓ Core competencies or Resources/Capabilities analysis

These tools are applied to identify and better understand the strengths of the business relative to competitors so as to form a posture where the business may compete effectively. Due to the nature of competition this posture will change continuously, however, the process of business planning will permit the identification of a platform upon which the enterprise may effectively compete.



The third element is the **Organisation**. Once an understanding has been built of the market in which the enterprise competes, its competitors and its positioning, it is then necessary to build a view of the 'enterprise' that will need to exist to deliver the competitive strategy that has been formed. This view is not limited to merely an organisational chart but represents the purpose and values of the enterprise (its vision), the personality or culture that the enterprise should exhibit, the processes that it will need to undertake and the capabilities that it must master.



The fourth element represents an articulation of the **Future**. This articulation is a clear expression of how the enterprise intends to compete in the future and forms a basis for communicating with the community in which the enterprise exists. It draws upon all of the prior segments and sets a platform with which to move forward. The use of scenario planning where by you test and refine this future enables the establishment of *simple guiding principles* that enable the enterprise and everyone within it to answer the questions of what is the right thing to do and what is important as it moves forward in competing.



The fifth element is **Financial Analysis** and represents a *validation* of the competitive strategy described under the Future. The financial analysis includes forecast Profit and Loss, Balance Sheets and Cash flows drawn from the competitive strategy that has been built. A degree of sensitivity analysis would normally also be undertaken on key drivers to provide a measure of risk management.



The **Risk Management** segment represents an integral component of every business planning exercise. A risk management analysis must be undertaken in which the risk profile of the business is reassessed based upon the proposed strategy. This risk analysis includes a review of strategic, operational, financial, insurance, process, intellectual property and human resource risks etc., as appropriate.



The final segment and possibly the most important element of the business planning process is that of **Implementation**. The competitive strategy formed is nothing more than words and thoughts until it has been successfully implemented. Importantly then, a strategy cannot be formed unless consideration has been given to how it may be implemented. Percolating elements of strategy implementation throughout different parts and levels of the enterprise brings the strategy to life and makes business planning a continuous activity. Aligning all decision-making, rewards and incentives to the strategy ensures that individuals within the enterprise don't forget or ignore the chosen strategy and that direction and focus is clear. It also serves to ensure the enterprise believes the message carried in the business plan.