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Crafting & Executing **STRATEGY**

THE QUEST FOR COMPETITIVE ADVANTAGE

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chapter 1 What Is Strategy and Why Is It Important?

PART 1 Concepts and Techniques
for Crafting and Executing Strategy

What Do We Mean By *Strategy* ?

Definition

A company's **strategy** is the coordinated set of actions that its managers take in order to outperform the company's competitors and achieve superior profitability.



HOW TO...

Strategy =
Choosing
HOW
to compete:

Products &
Customers

Company
Positioning

Resources &
Capabilities

Functional
Areas

Performance
Targets

Grow the
Business

Figure 1.1

Identifying a Firm's Strategy— What to Look For

Source: Textbook



It is all
about

...

**COMPETITIVE
ADVANTAGE**

Strategic Capabilities



LOCKHEED MARTIN



Strategic Resources



Strategic Capabilities and/or Resources: Are they?

V VALUABLE	R RARE	I INIMITABLE	O ORGANIZED	
NO				COMPETITIVE DISADVANTAGE
YES	NO			COMPETITIVE PARITY
YES	YES	NO		TEMPORARY COMPETITIVE ADVANTAGE
YES	YES	YES	NO	UNUSED COMPETITIVE ADVANTAGE
YES	YES	YES	YES	SUSTAINABLE COMPETITIVE ADVANTAGE

Company's Business Model

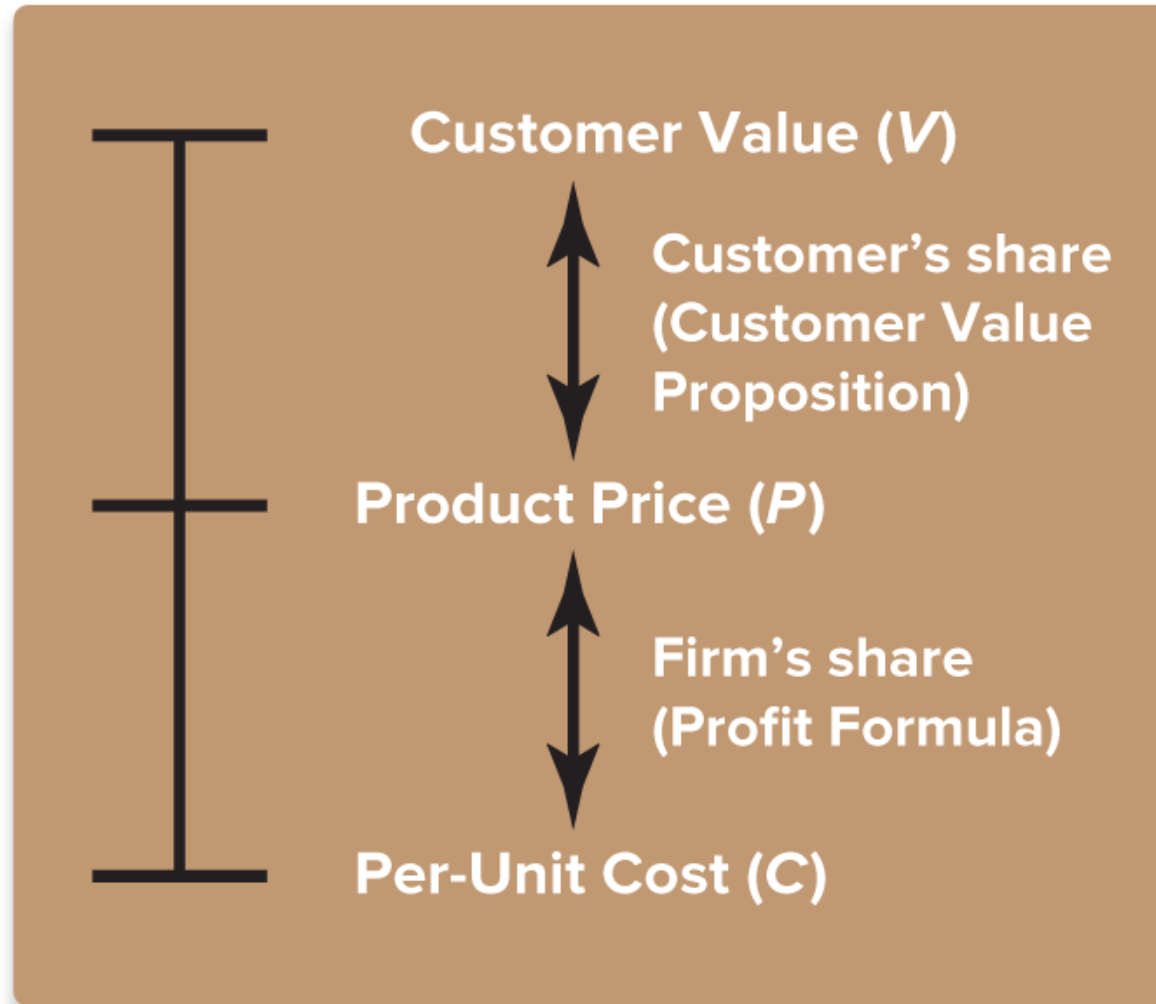
Customer
Value
Proposition

Profit
Formula

THE BUSINESS MODEL CANVAS

KEY PARTNERS <ul style="list-style-type: none">• Who will we need to partner with to develop our idea?• Why does it make sense to partner?	KEY ACTIVITIES <ul style="list-style-type: none">• What key activities do our value propositions, distribution channels, etc. need?	VALUE PROPOSITION <ul style="list-style-type: none">• What value are we providing to customers?• Which needs are we solving?	CUSTOMER RELATIONSHIPS <ul style="list-style-type: none">• What types of relationships will each segment expect + require?	CUSTOMER SEGMENTS <ul style="list-style-type: none">• Which group of customers benefit from the idea and how?• How might an idea affect each group?• Who is the most important customer?
COST STRUCTURE <ul style="list-style-type: none">• What are the most significant costs in developing and implementing our idea?• Which resources, activities, or partnerships have the highest cost?		REVENUE STREAMS <ul style="list-style-type: none">• How does our idea make revenue?• How will we price it?		

FIGURE 1.3 The Business Model and the Value-Price-Cost Framework



[Access the text alternative for slide images.](#)

5 GENERIC STRATEGIES

**Low
Cost
Provider**

**Broad
Differentiation**

**Best
Cost/Value
Provider**

**Focused
Low
Cost**

**Focused
Differentiation**

Strategy Evolves Over Time:



Competitors

Fix Old Strategy

Buyers

Changes



New Ideas

Market



The Three Tests of a Winning Strategy

Strategic Fit

How well does the strategy fit the company's situation?

Competitive Advantage

Is the strategy helping achieve a sustainable competitive advantage?

Performance

Is the strategy producing good company performance?

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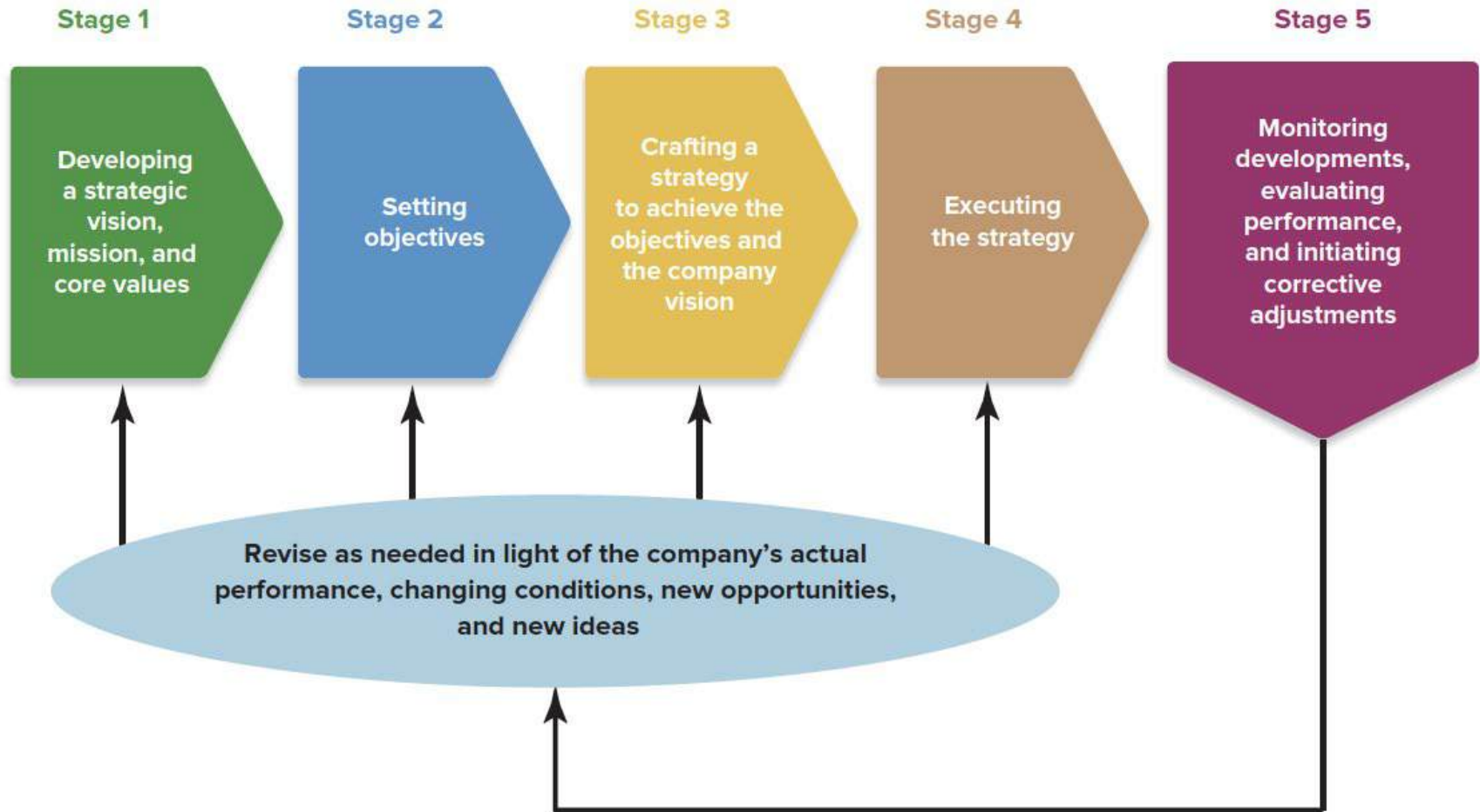


chapter 2

Charting a Company's Direction

Its Vision, Mission,
Objectives, and Strategy

FIGURE 2.1 The Strategy-Making, Strategy-Executing Process



[Access the text alternative for slide images.](#)



Stage 1: Developing a Strategic Vision, a Mission, And Core Values

**Where are we
going?**

Distinctive

Specific

Compelling



EXAMPLES OF STRATEGIC VISIONS—HOW WELL DO THEY MEASURE UP?

Vision Statement

Heinz

We define a compelling, sustainable future and create the path to achieve it.

Procter & Gamble

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come. As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, our shareholders, and the communities in which we live and work to prosper.

Effective Elements

- Directional
- Flexible
- Desirable

Shortcomings

- Bland and uninspiring
- Too broad
- Vague
- Not distinctive
- Too broad
- Too reliant on superlatives



Other Examples



"To inspire healthier communities by connecting people to real food."



"To spread the power of optimism."



"Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."



"We work hard every day to make American Express the world's most respected service brand."

Communicating the Strategic Vision





MAYO
CLINIC



Using Slogans

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

The best care to every patient every day

REENPEAC

To halt environmental abuse and promote environmental solutions.



VISION & MISSION

vs.

Strategic Vision

Future business path

Mission Statement

Present business purpose



Mission Statement Example

The mission of Trader Joe's is to give our customers the best food and beverage values that they can find anywhere and to provide them with the information required for informed buying decisions.

We provide these with a dedication to the highest quality of customer satisfaction delivered with a sense of warmth, friendliness, fun, individual pride, and company spirit.



What About Profit?

Profit is an *objective* and a *result*.

Profit is **not**:
“who we are and what we do.”

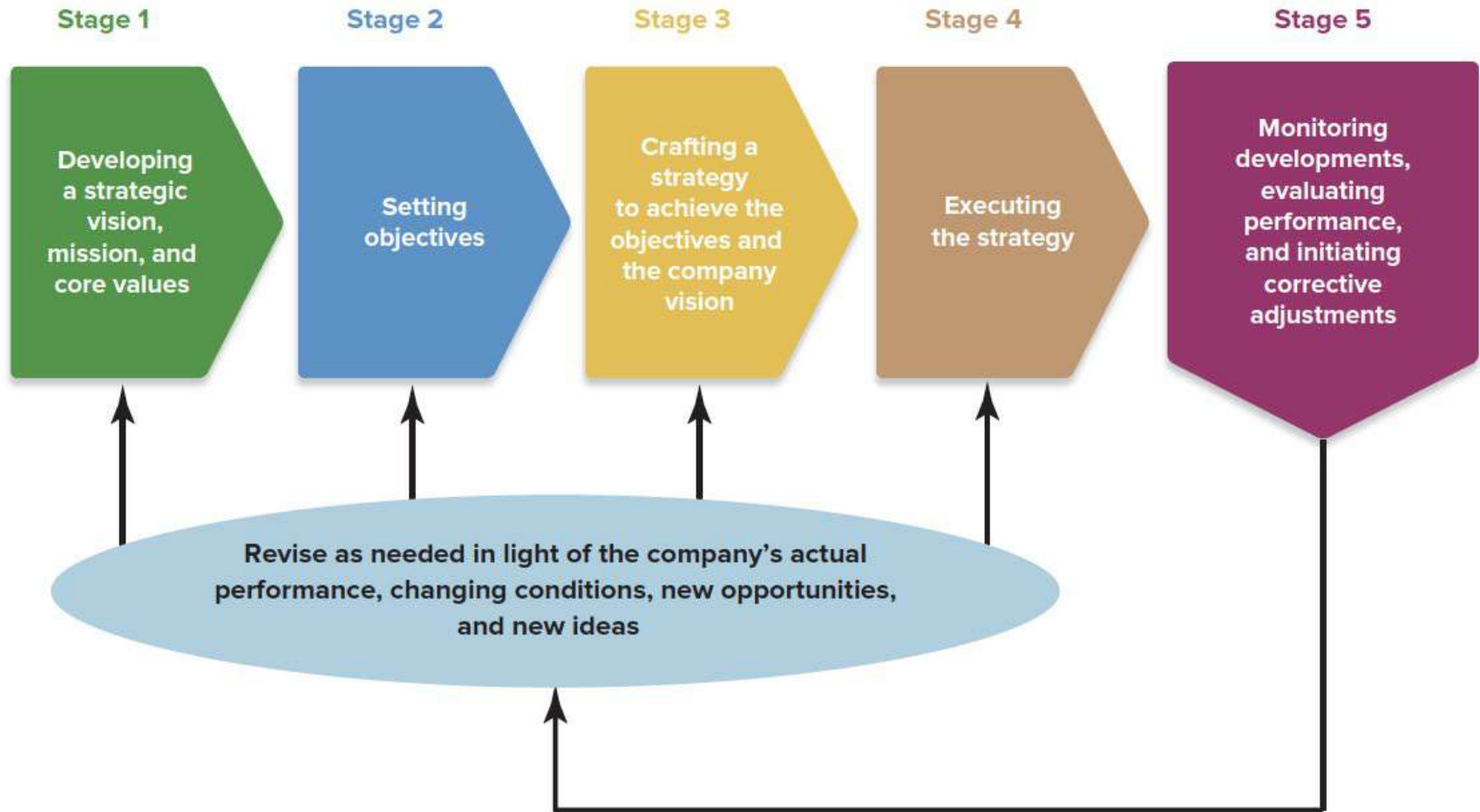


fair treatment
honor and integrity
ethical behavior
innovativeness
teamwork
passion for excellence
social responsibility
community citizenship

CORE VALUES



FIGURE 2.1 The Strategy-Making, Strategy-Executing Process



[Access the text alternative for slide images.](#)

Stage 2: Setting Objectives



What Kinds of Objectives To Set

Financial Objectives:

- Communicate top management's goals for financial performance.
- Are focused internally on the firm's operations and activities.



Strategic Objectives:

- Are the firm's goals related to market standing and competitive position.
- Are focused externally on competition vis-à-vis the firm's rivals.



Examples:

Financial Objectives

- An x percent increase in annual revenues
- Annual increases in earnings per share of x percent
- An x percent return on capital employed (ROCE) or shareholder investment (ROE)
- Bond and credit ratings of x
- Internal cash flows of x to fund new capital investment



Strategic Objectives

- Win an x percent market share
- Achieve customer satisfaction rates of x percent
- Achieve a customer retention rate of x percent
- Acquire x number of new customers
- Introduce x number of new products in the next three years
- Reduce product development times to x months
- Increase percentage of sales coming from new products to x percent
- Improve information systems capabilities to give frontline managers defect information in x minutes
- Improve teamwork by increasing the number of projects involving more than one business unit to x



BALANCED SCORECARD

Balanced Scorecard -- Elements

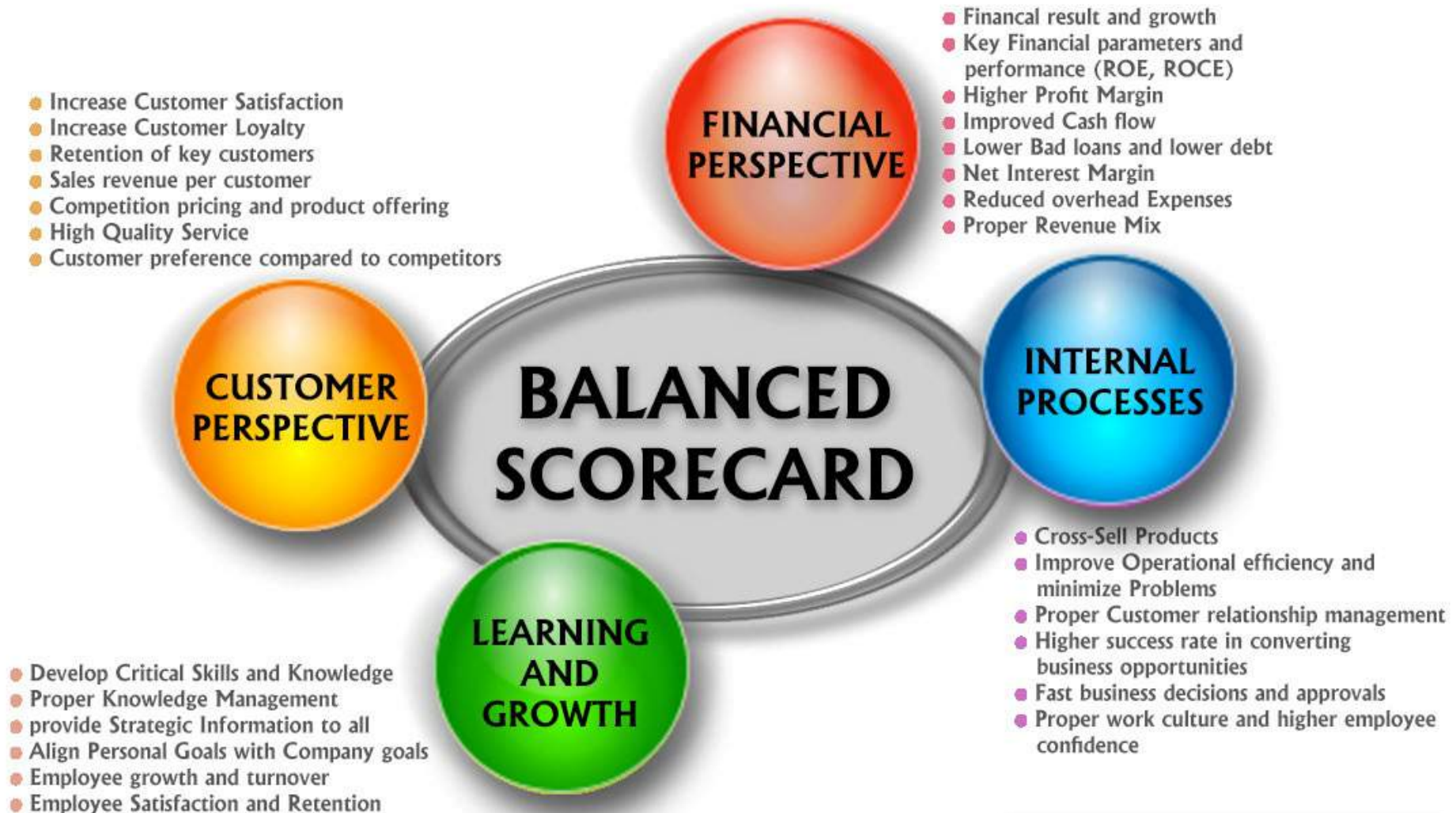
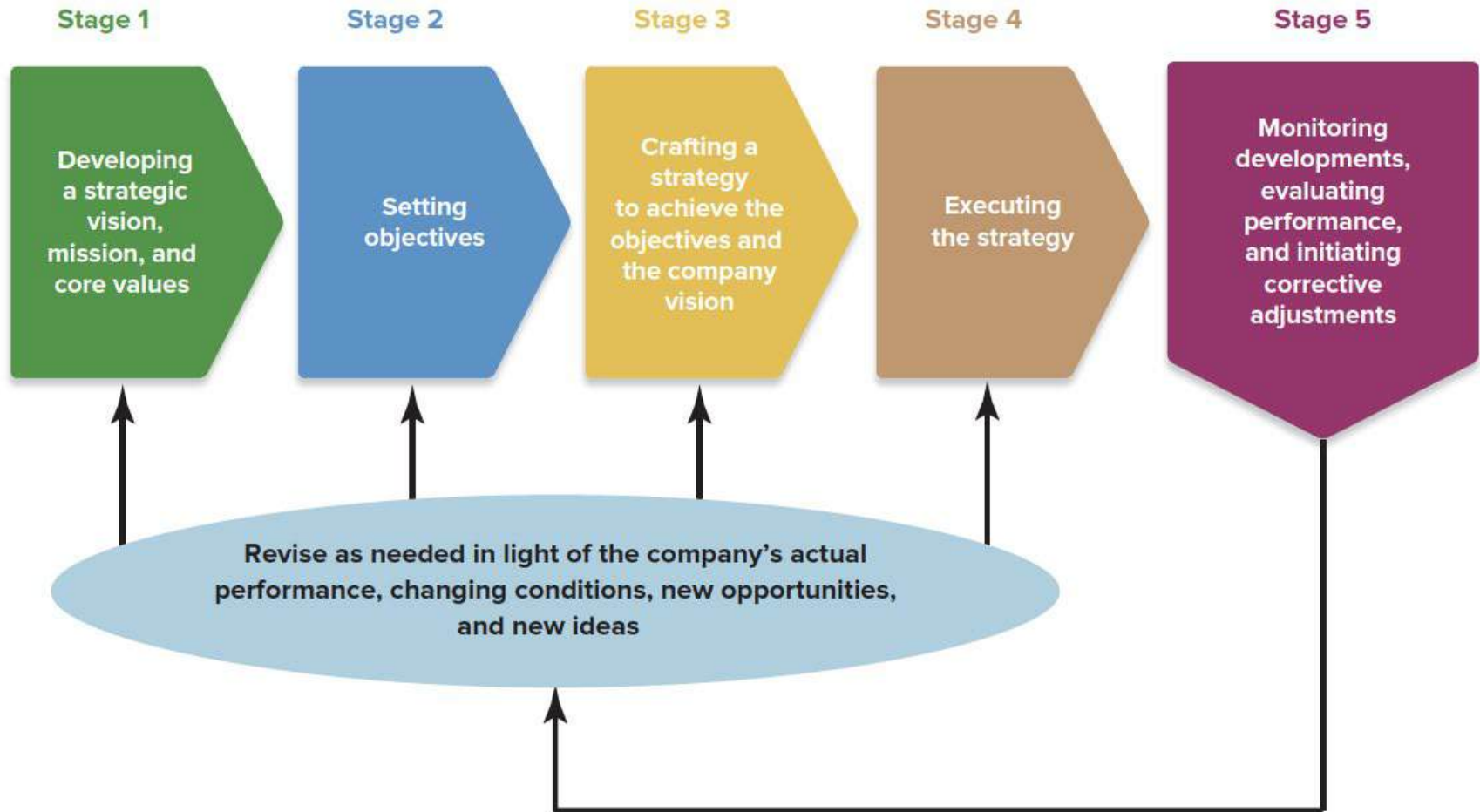


FIGURE 2.1 The Strategy-Making, Strategy-Executing Process



[Access the text alternative for slide images.](#)

Stage 3: Crafting a Strategy



HOW

Uniting the Strategy-making Hierarchy

Functional Level ↓

↑ Operational Level ↓

↑ Corporate Level ↓

↑ Business Level

Components of a company's strategy up and down the strategy hierarchy should be cohesive and mutually reinforcing.

Elements of a Firm's Strategic Plan

Vision

Goals

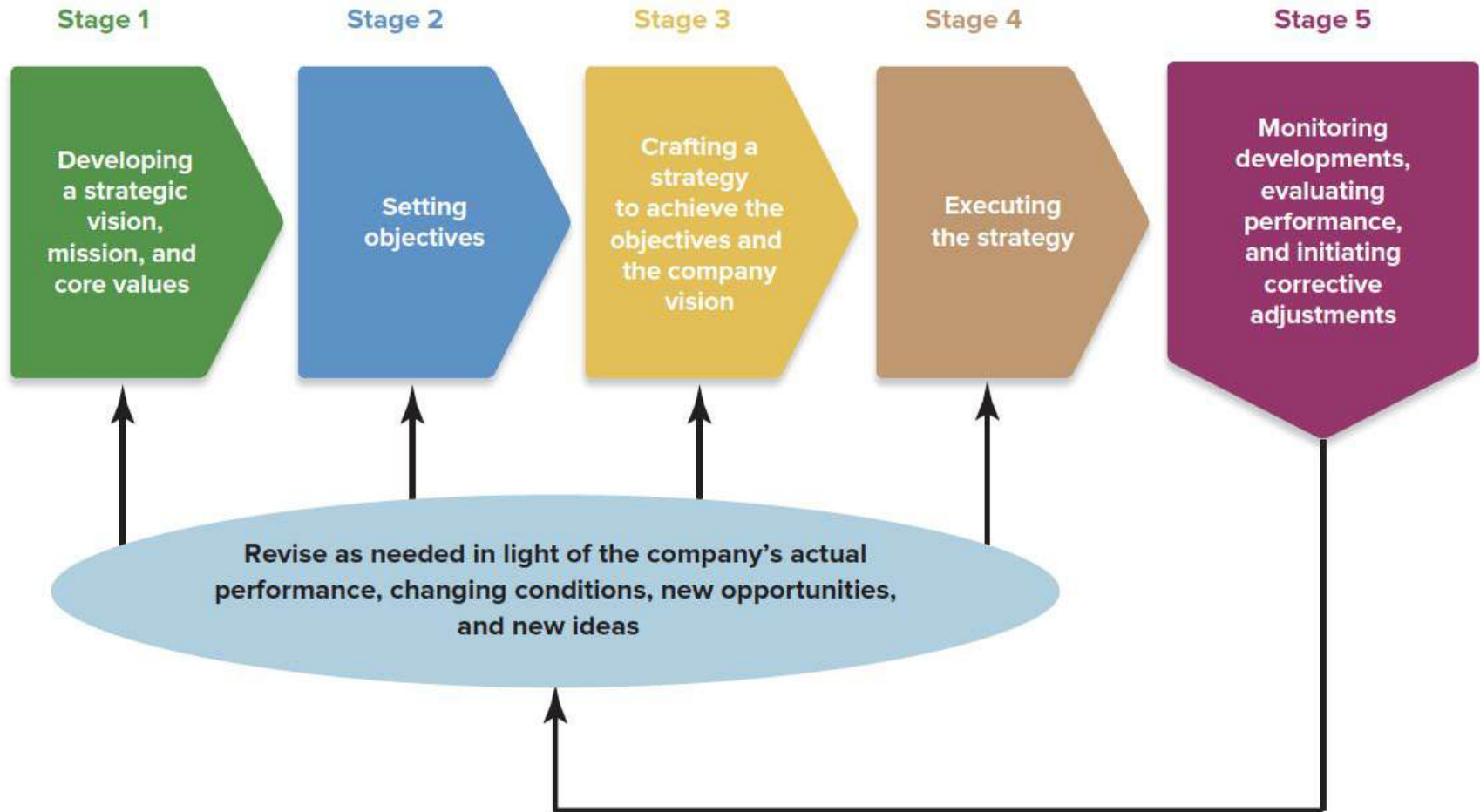
**Corporate
Strategy**

Strategies

Initiatives



FIGURE 2.1 The Strategy-Making, Strategy-Executing Process



[Access the text alternative for slide images.](#)

Stage 4: Execution

Staffing the
organization

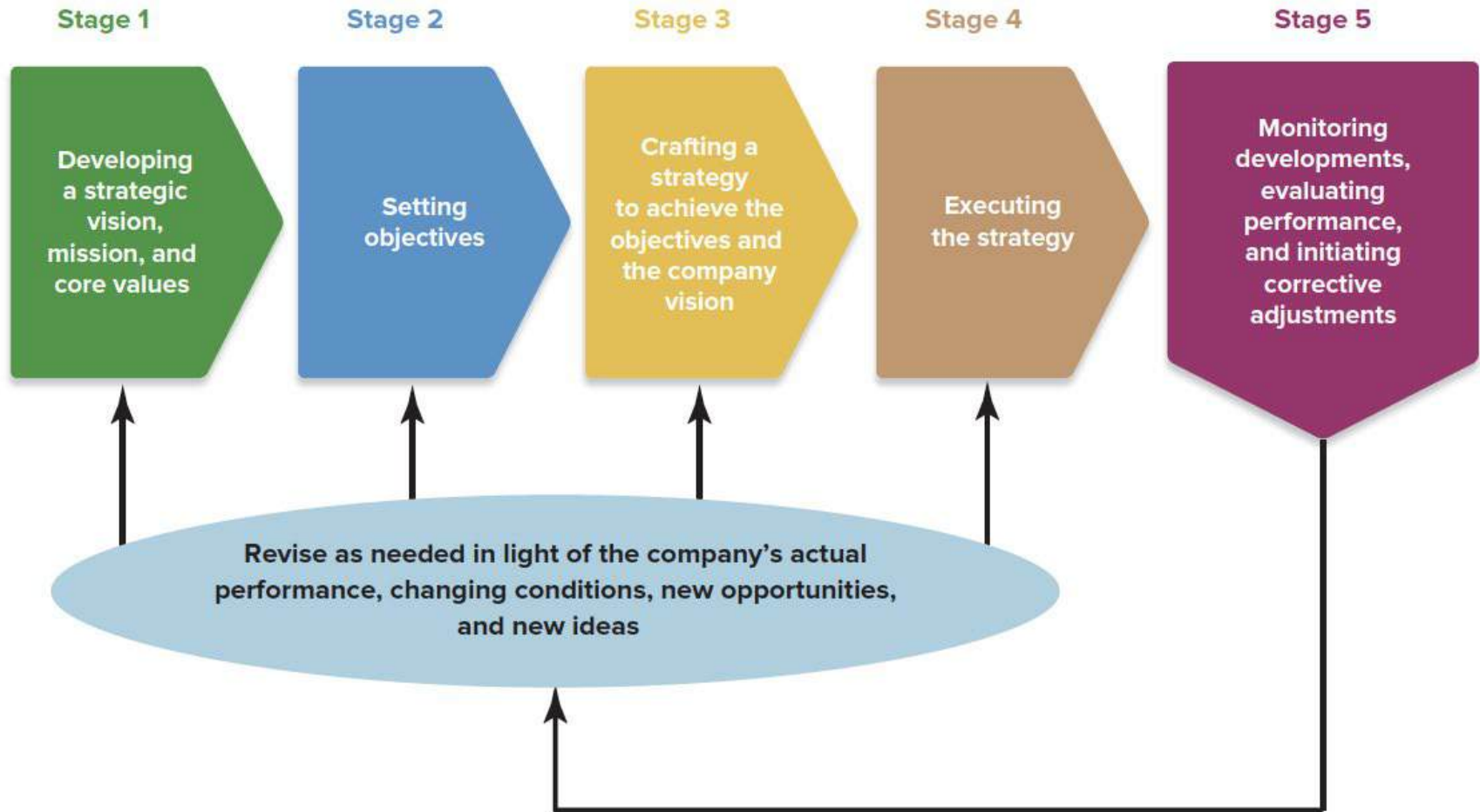
Allocating ample
resources

Policies and
procedures to
facilitate

Enabling IT and
Operating Systems



FIGURE 2.1 The Strategy-Making, Strategy-Executing Process



[Access the text alternative for slide images.](#)

Stage 5: Evaluating Performance





Is there a need for change?

Monitor for disruptions

Evaluate recent performance

Make corrective adjustments

A photograph of a conference room with a long, dark wooden table and several white chairs. The chairs are arranged in a row, and the table is in the foreground. The text "BOARD OF DIRECTORS" is overlaid on the image in a white, bold, sans-serif font. The words "BOARD OF" are smaller and positioned above "DIRECTORS". There are horizontal lines on either side of "BOARD OF".

BOARD OF
DIRECTORS

Strong Boards Lead to Good Corporate Governance

A Strong, Independent Board of Directors:

1. **Well-informed** about company performance.
2. **Guides and judges** the CEO and other top executives.
3. **Courage** to curb inappropriate or unduly risky actions.
4. **Certifies** to shareholders the board's expectations.
5. **Provides insight and advice** to management.
6. **Intensely involved in debating** key decisions and actions.



AN INDEPENDENT BOARD OF
DIRECTORS CAN CHANGE
YOUR BUSINESS



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chapter 3
**Evaluating a
Company's
External
Environment**

Industry Analysis & the External Environment

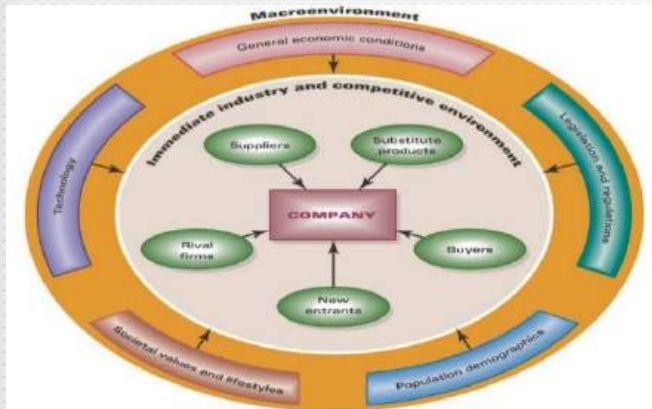
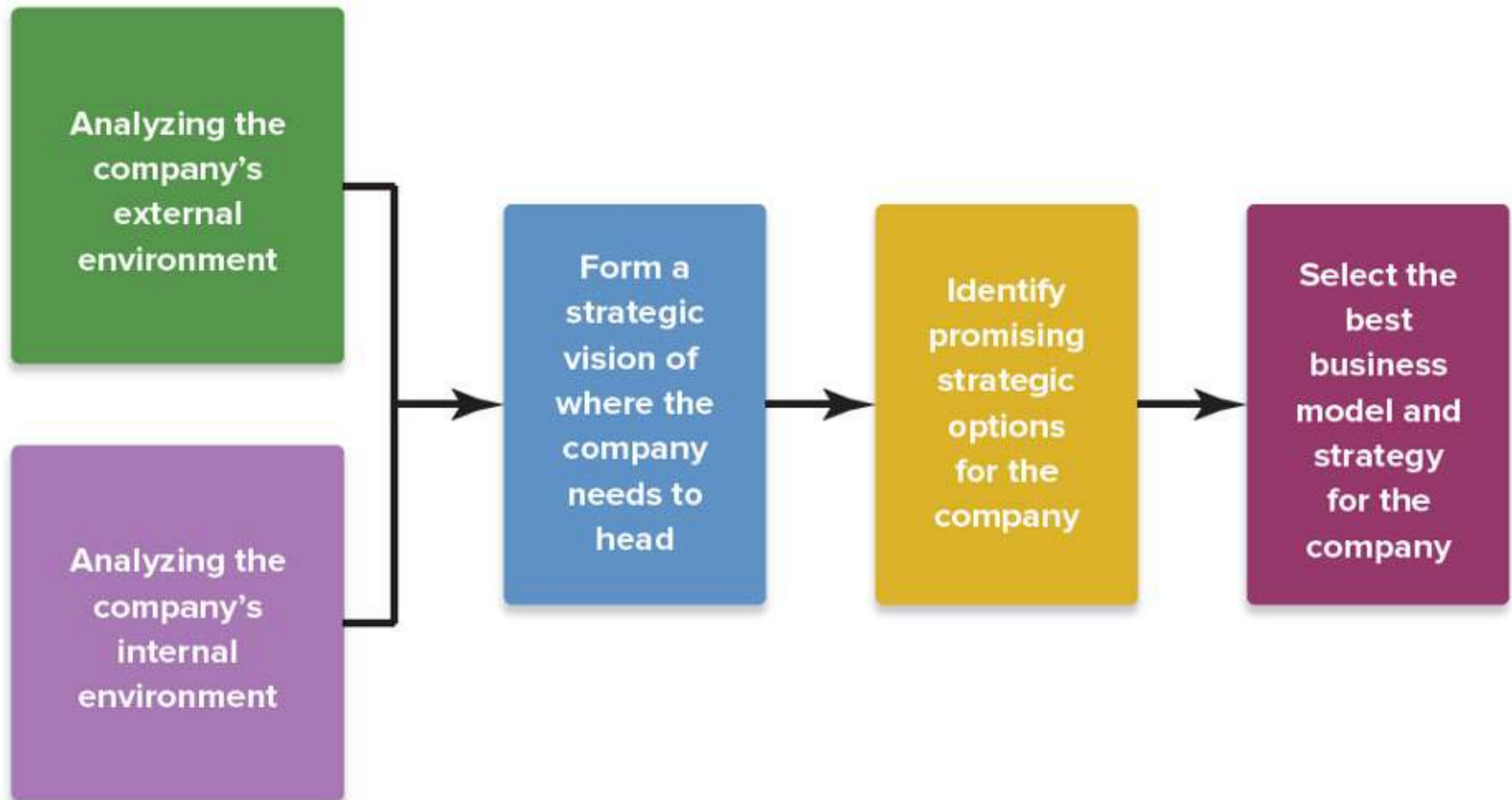


FIGURE 3.1 From Analyzing the Company's Situation to Choosing a Strategy



Chapter 3 discussed the External Environment, and Chapter 4 discusses the Internal Environment.

[Access the text alternative for slide images.](#)

The Three Tests of a Winning Strategy

Strategic Fit

How well does the strategy fit the company's situation?

Competitive Advantage

Is the strategy helping achieve a sustainable competitive advantage?

Performance

Is the strategy producing good company performance?

The First Test of a Winning Strategy:

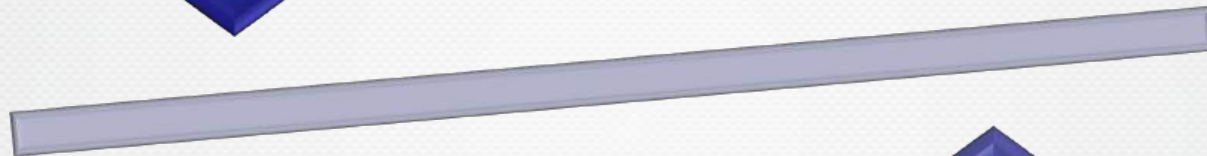
“How well does the strategy fit the company’s external situation?”



The Balancing Act



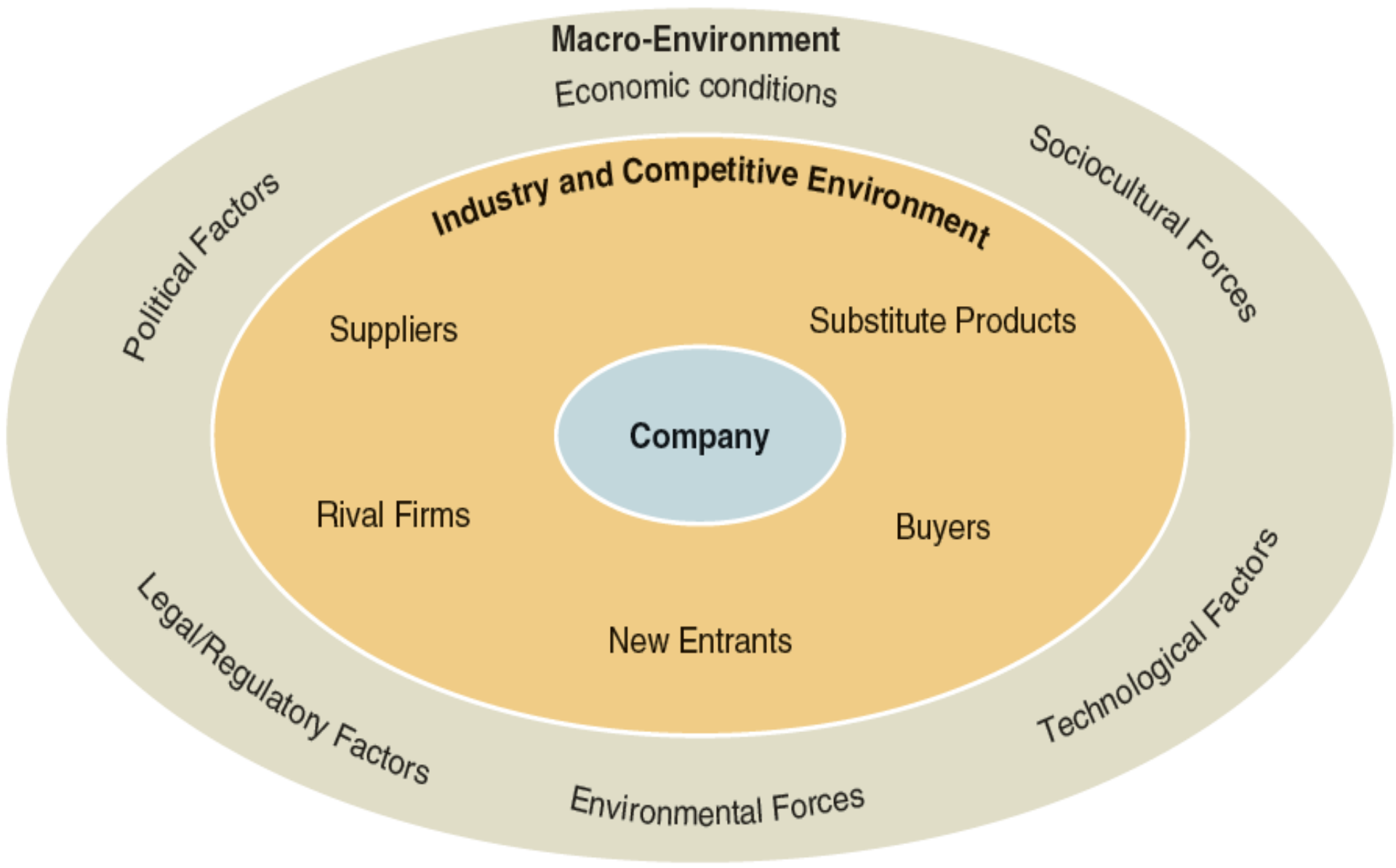
**Industry &
Competitive
Environments
(External)**



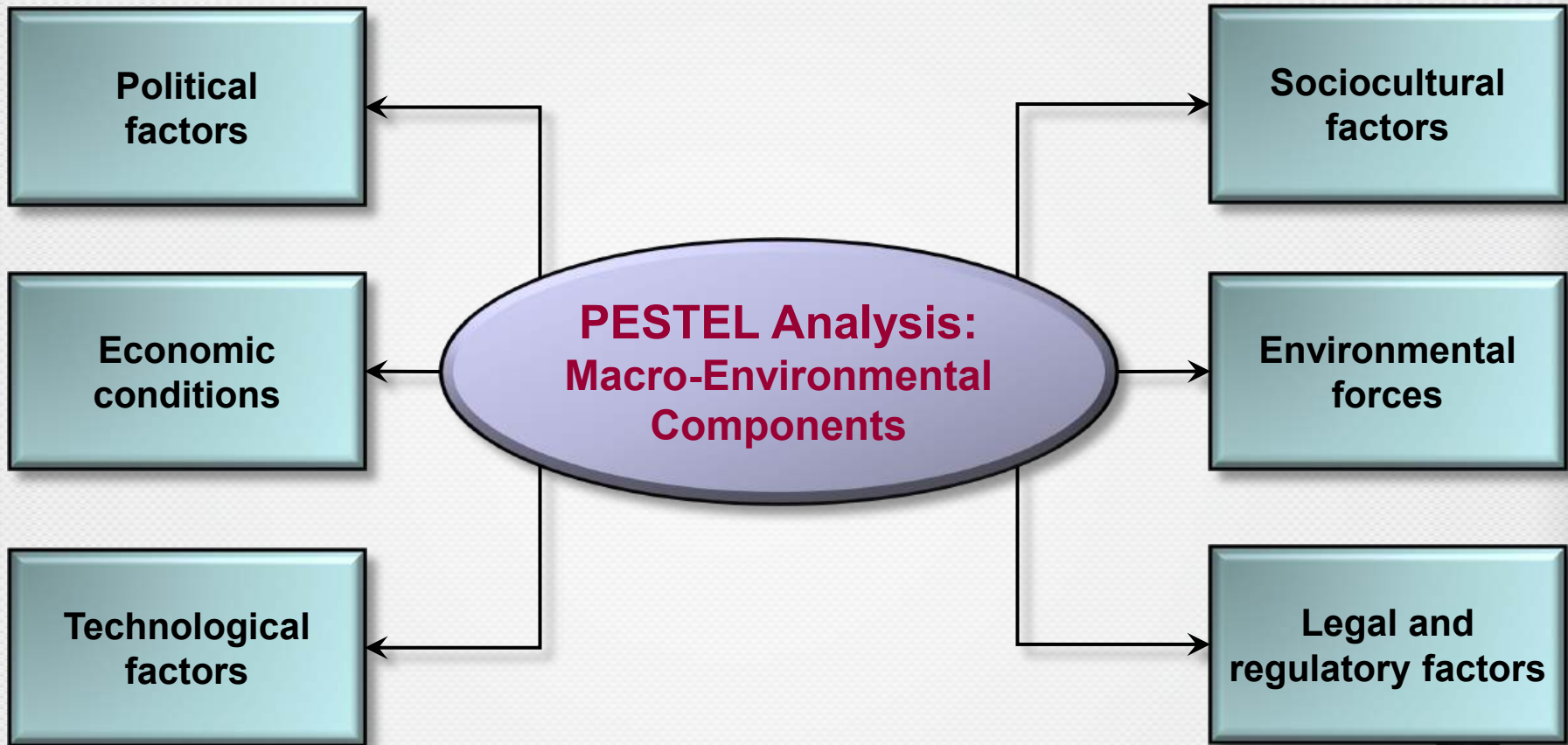
**Resources &
Organizational
Capabilities
(Internal)**



The Components of a Company's External or Macro-Environment



PESTEL Analysis



But.... Competitive Forces Also Shape Strategy



The Second Test of a Winning Strategy:

“What Does our Industry Competition Look Like Today?”



Porter's Five Forces Model

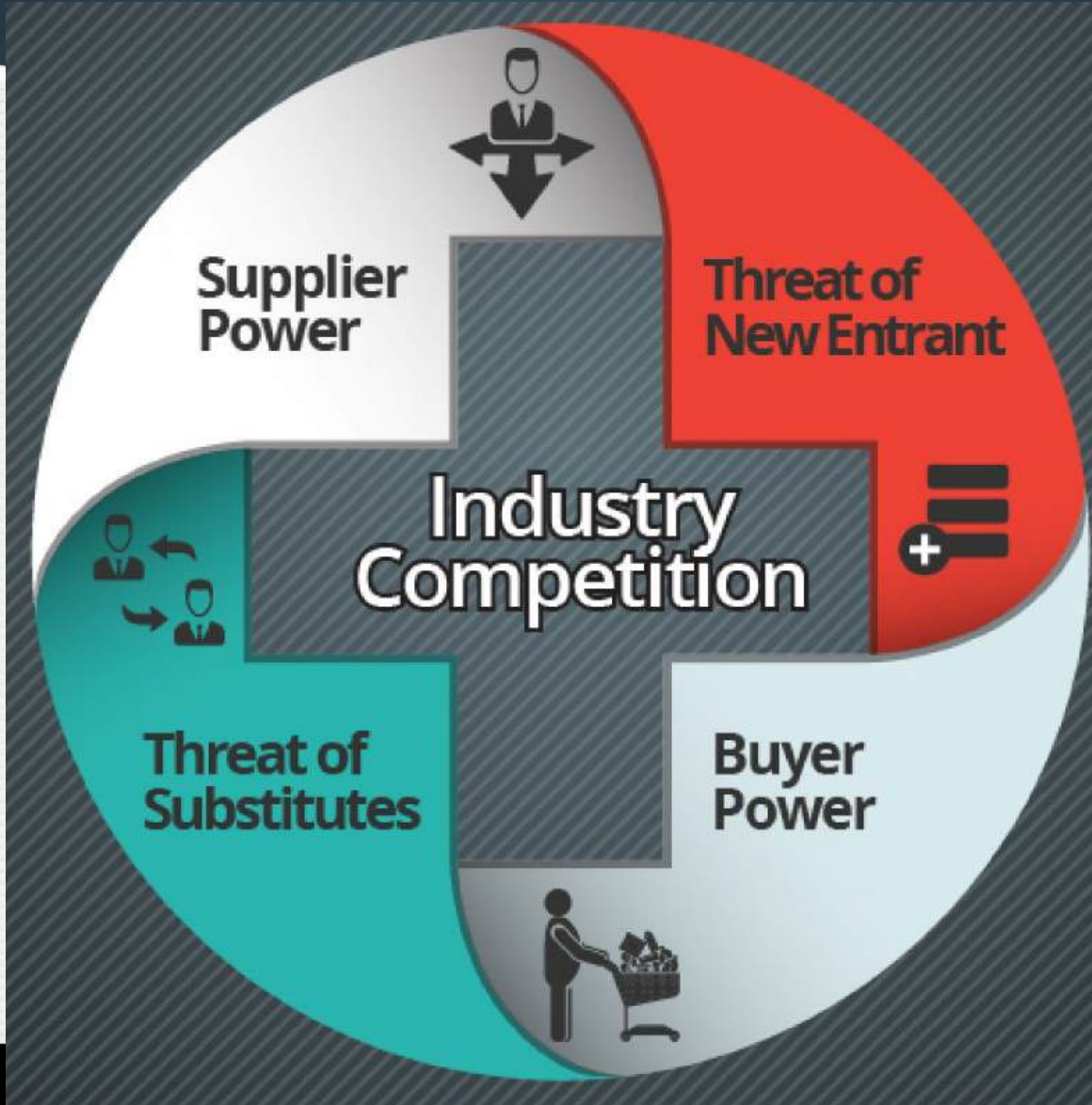


FIGURE 3.2

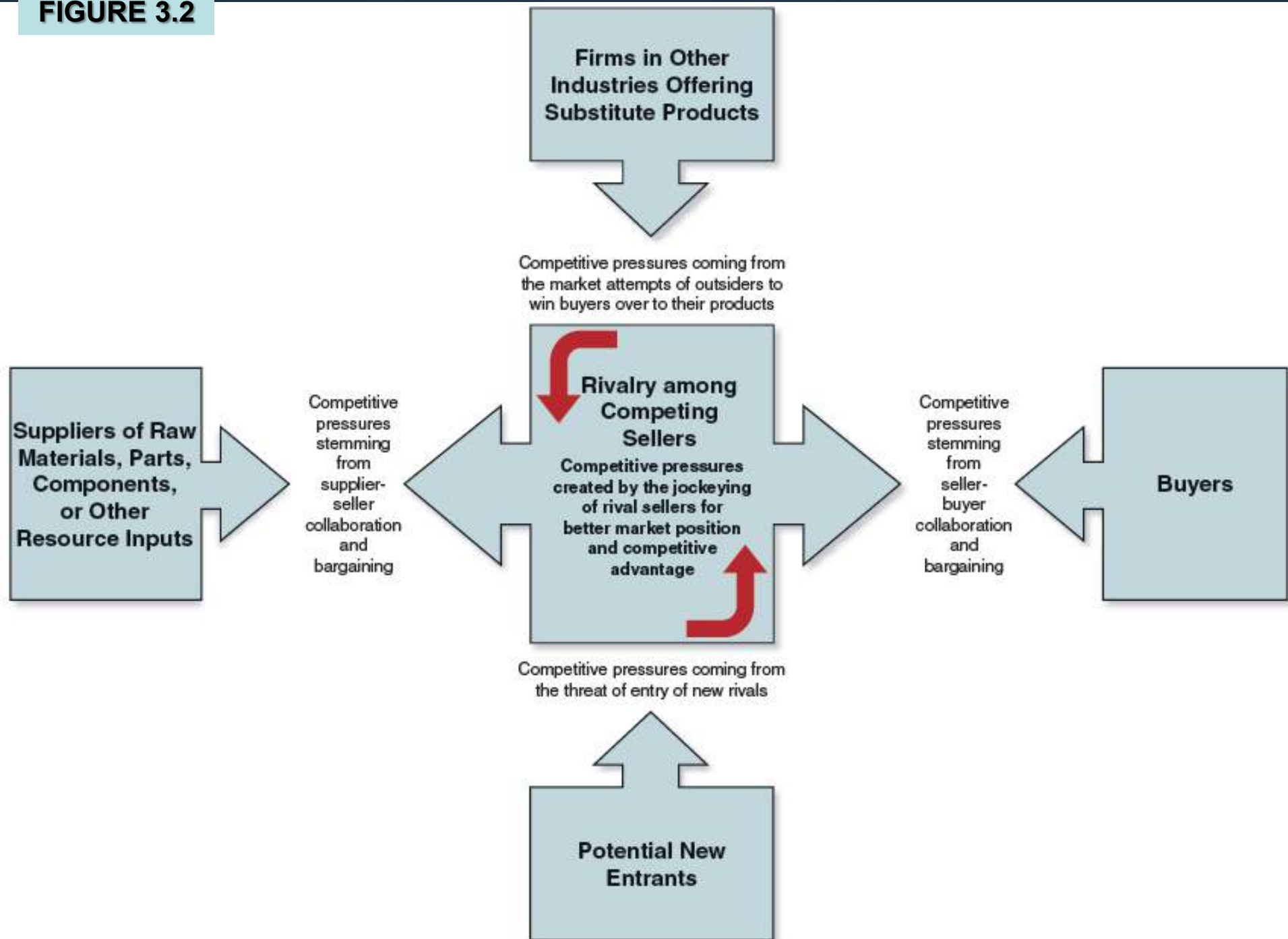


FIGURE 3.3

Buyer Bargaining Power

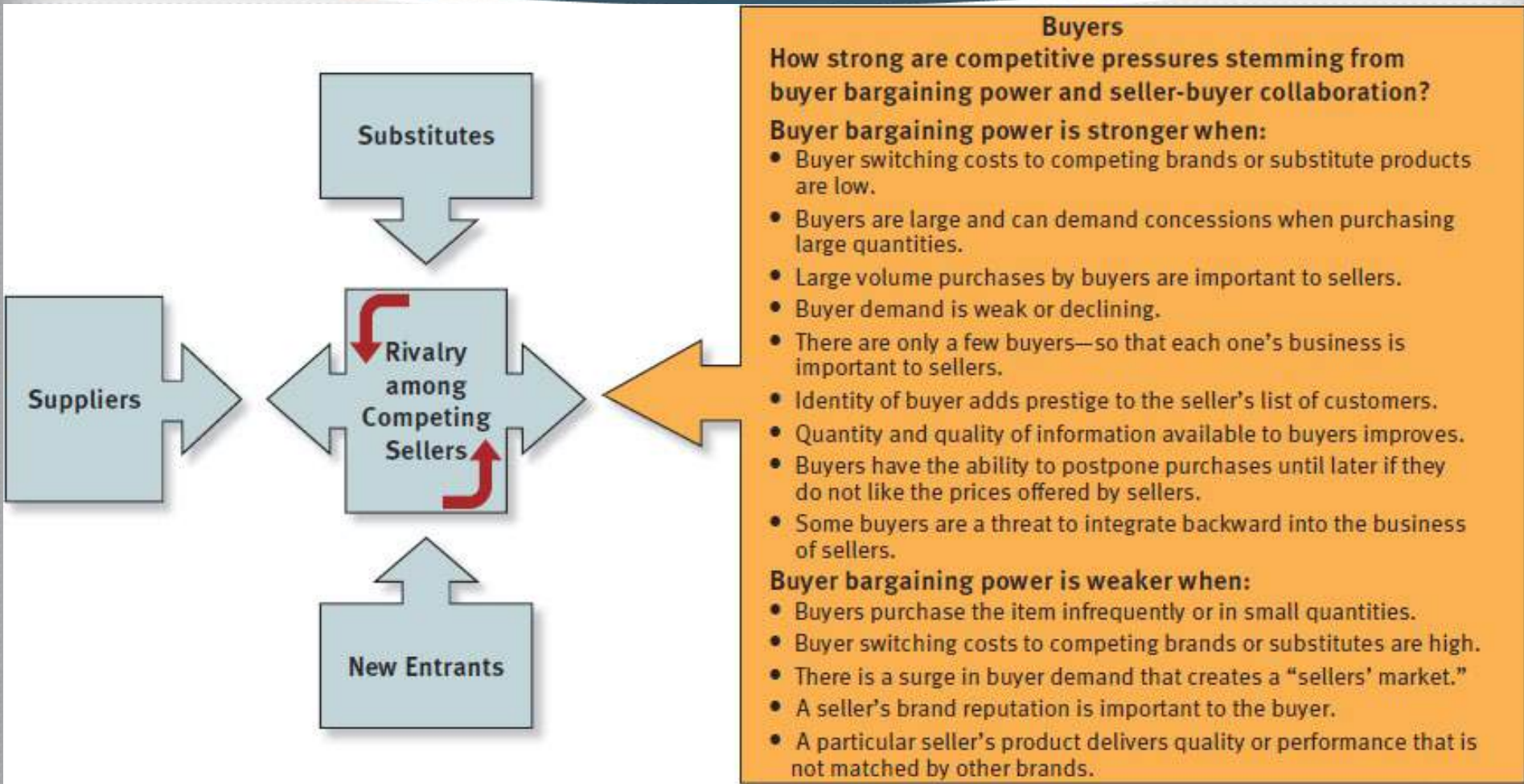


FIGURE 3.4

Substitute Products



Firms in Other Industries Offering Substitute Products

How strong are competitive pressures coming from substitute products from outside the industry?

Competitive pressures from substitutes are stronger when:

- Good substitutes are readily available or new ones are emerging.
- Substitutes are attractively priced.
- Substitutes have comparable or better performance features.
- End users have low costs in switching to substitutes.
- End users grow more comfortable with using substitutes.

Competitive pressures from substitutes are weaker when:

- Good substitutes are not readily available or don't exist.
- Substitutes are higher priced relative to the performance they deliver.
- End users have high costs in switching to substitutes.

Signs that Competition from Substitutes Is Strong

- Sales of substitutes are growing faster than sales of the industry being analyzed (an indication that the sellers of substitutes are drawing customers away from the industry in question).
- Producers of substitutes are moving to add new capacity.
- Profits of the producers of substitutes are on the rise.

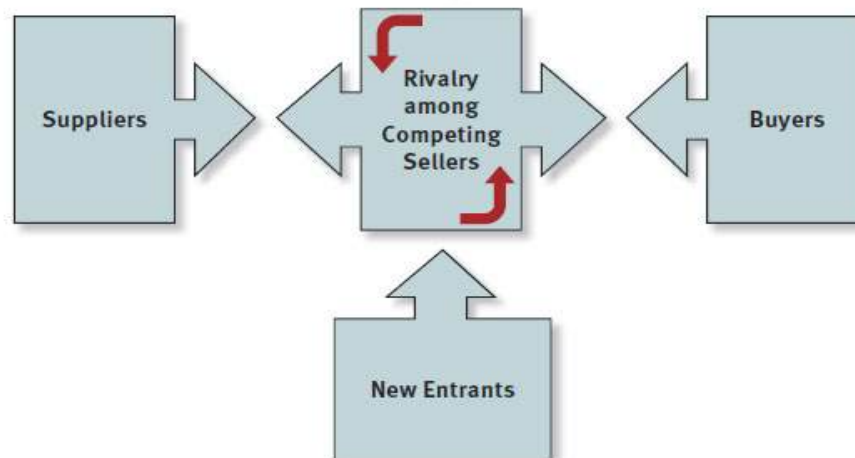


FIGURE 3.5

Supplier Bargaining Power

Suppliers of Resource Inputs

How strong are the competitive pressures stemming from supplier bargaining power and seller-supplier collaboration?

Supplier bargaining power is stronger when:

- Industry members incur high costs in switching their purchases to alternative suppliers.
- Needed inputs are in short supply (which gives suppliers more leverage in setting prices).
- A supplier has a differentiated input that enhances the quality, performance, or image of sellers' products or is a valuable or critical part of sellers' production processes.
- There are only a few suppliers of a particular input.

Supplier bargaining power is weaker when:

- The item being supplied is a "commodity" that is readily available from many suppliers at the going market price.
- Seller switching costs to alternative suppliers are low.
- Good substitute inputs exist or new ones emerge.
- There is a surge in the availability of supplies (thus greatly weakening supplier pricing power).
- Industry members account for a big fraction of suppliers' total sales and continued high volume purchases are important to the well-being of suppliers.
- Industry members are a threat to integrate backward into the business of suppliers and to self-manufacture their own requirements.

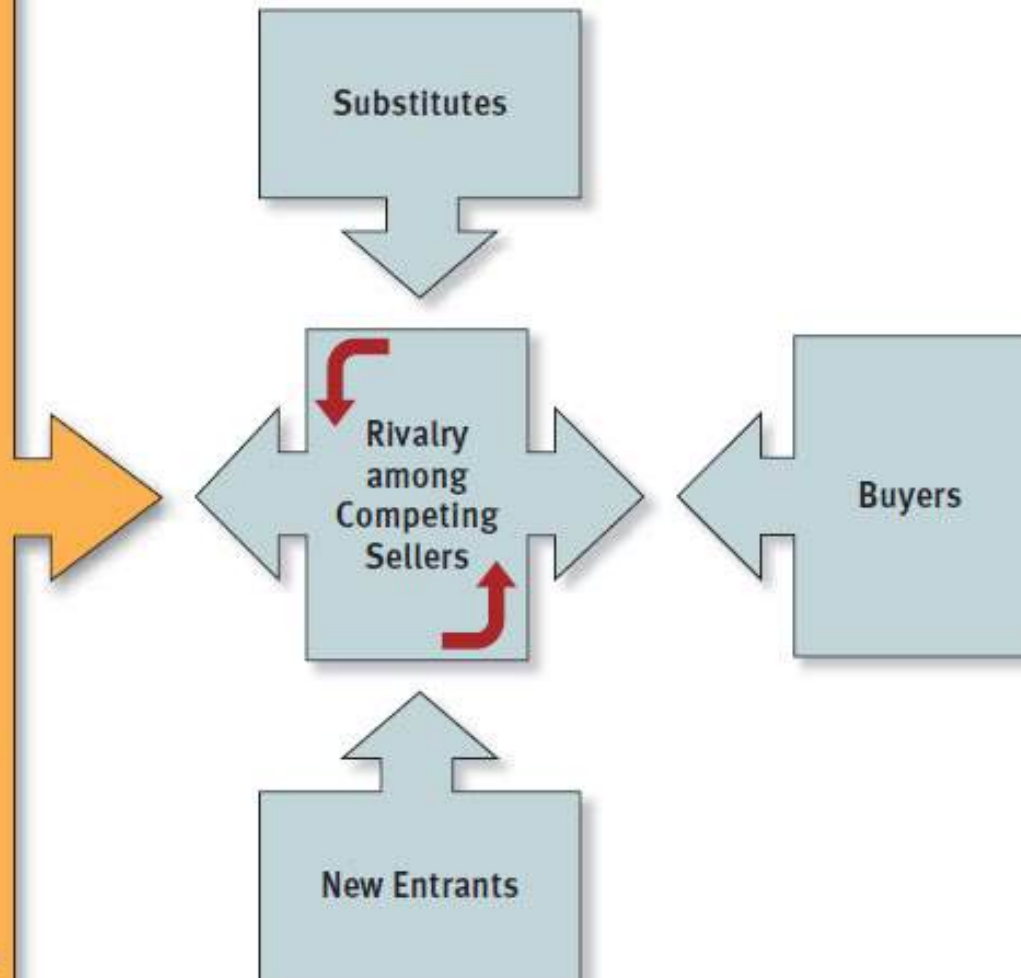
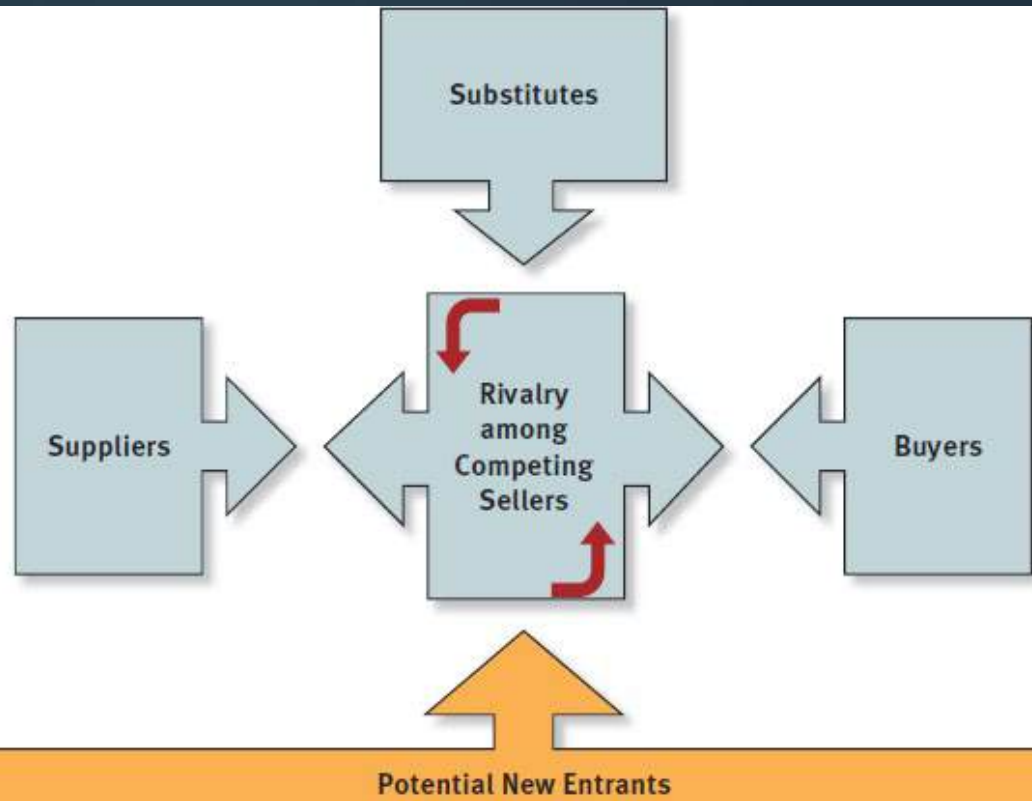


TABLE 3.6

Threat of Entry



How strong are the competitive pressures associated with the entry threat from new rivals?

Entry threats are stronger when:

- The pool of entry candidates is large and some have resources that would make them formidable market contenders.
- Entry barriers are low or can be readily hurdled by the likely entry candidates.
- Existing industry members are looking to expand their market reach by entering product segments or geographic areas where they currently do not have a presence.
- Newcomers can expect to earn attractive profits.
- Buyer demand is growing rapidly.
- Industry members are unable (or unwilling) to strongly contest the entry of newcomers.

Entry threats are weaker when:

- The pool of entry candidates is small.
- Entry barriers are high.
- Existing competitors are struggling to earn good profits.
- The industry's outlook is risky or uncertain.
- Buyer demand is growing slowly or is stagnant.
- Industry members will strongly contest the efforts of new entrants to gain a market foothold.

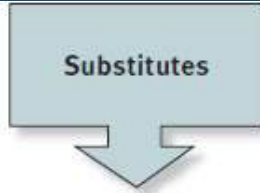
Key Question: What Are the Barriers to Entry?

- The presence of **sizable economies of scale** in production or other areas of operation
- **Other cost and resource disadvantages** not related to scale of operation
- Strong brand preferences and high degrees of **customer loyalty**
- **High capital requirements**
- **Restrictive regulatory policies**
- The difficulties of building a **network of distributors-retailers** and securing adequate space on retailers' shelves
- **Tariffs** and international trade restrictions
- The ability and willingness of industry incumbents to launch vigorous **counterattacks**



FIGURE 3.7

Competitive Rivalry



Rivalry among Competing Sellers

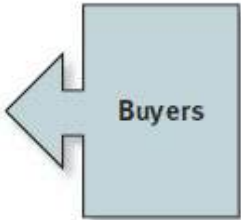
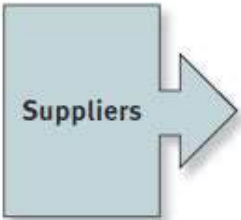
How strong is seller-related competition?

Rivalry is generally stronger when:

- Competing sellers are active in making fresh moves to improve their market standing and business performance.
- Buyer demand is growing slowly.
- Buyer demand falls off and sellers find themselves with excess capacity and/or inventory.
- The number of rivals increases and rivals are of roughly equal size and competitive capability.
- The products of rival sellers are commodities or else weakly differentiated.
- Buyer costs to switch brands are low.
- Outsiders have recently acquired weak competitors and are trying to turn them into major contenders.

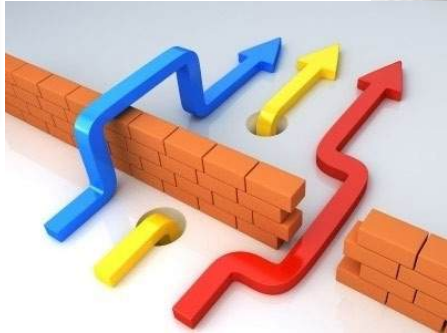
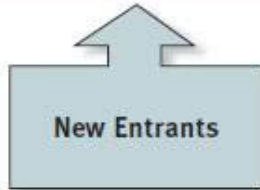
Rivalry is generally weaker when:

- Industry members aren't aggressive in drawing sales and market share away from rivals.
- Buyer demand is growing rapidly.
- The products of rival sellers are strongly differentiated and customer loyalty is high.
- Buyer costs to switch brands are high.
- There are fewer than 5 sellers or else so many rivals that any one company's actions have little direct impact on rivals' business.

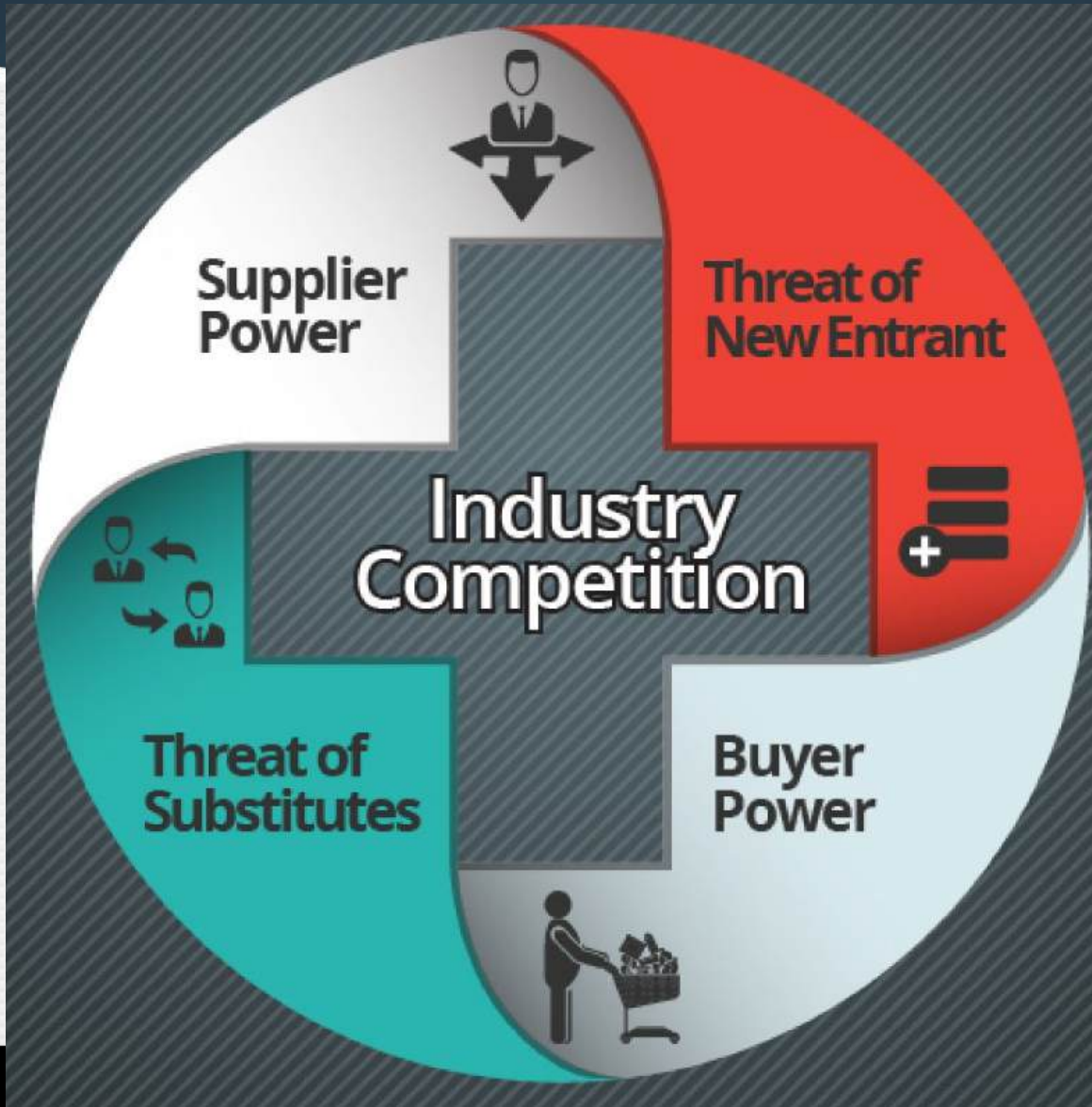


Typical "Weapons" for Battling Rivals and Attracting Buyers

- Lower prices
- More or different features
- Better product performance
- Higher quality
- Stronger brand image
- Wider selection of models
- Bigger/better dealer network
- Low interest rate financing
- Higher levels of advertising
- Better customer service
- Product customization



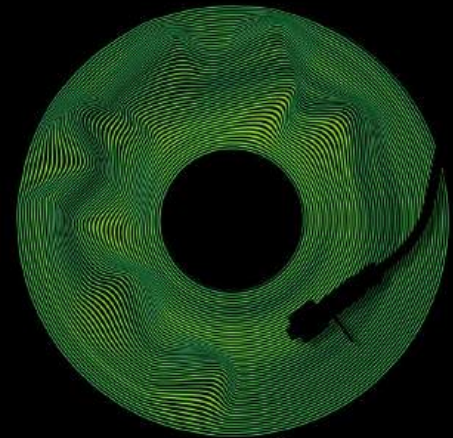
Porter's Five Forces Model



The Third Test of a Winning Strategy:

Strategy:

“What Does our Industry Profitability Look Like?”



The Collective Strengths mean...

As a rule, the stronger the collective impact of the five competitive forces, the lower the combined profitability of industry participants.

The stronger the forces of competition, the much harder it becomes for industry members to earn attractive profits.



When do you find Attractive Industry Conditions?

The ideal competitive environment for earning superior profits is when:

- Suppliers and customers are in weak bargaining positions
- There are no good substitutes
- High entry barriers deter entry of new competitors
- Internal rivalry is producing only moderate competitive pressure



Unattractive Industry Conditions?

An industry is competitively unattractive when all five forces are producing strong competitive pressures:

- Internal rivalry among competitors is strong.
- Low entry barriers result in entry of new competitors.
- Competition from substitutes is intense.
- Suppliers and customers are in strong bargaining positions.



How Porter's Model Links with Industry Profitability

Low industry profits associated with:

- Strong suppliers
- Strong customers (buyers)
- Low entry barriers
- Many opportunities for substitutes
- Intense rivalry

High industry profits associated with:

- Weak suppliers
- Weak customers (buyers)
- High entry barriers
- Few opportunities for substitutes
- Little rivalry

KEY QUESTIONS?



Key Question: What are the Driving Forces of Change?

Growth

Globalization

How we buy/use

Technology

Innovation

Regulation

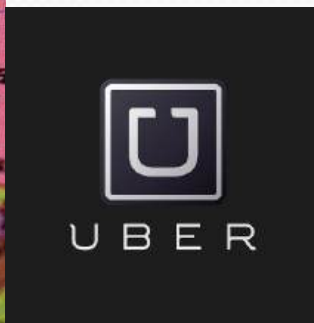
Entry/Exit

Cost /Efficiency

Societal preferences



Key Question: How Are Industry Rivals Positioned?



Strategic Group Maps

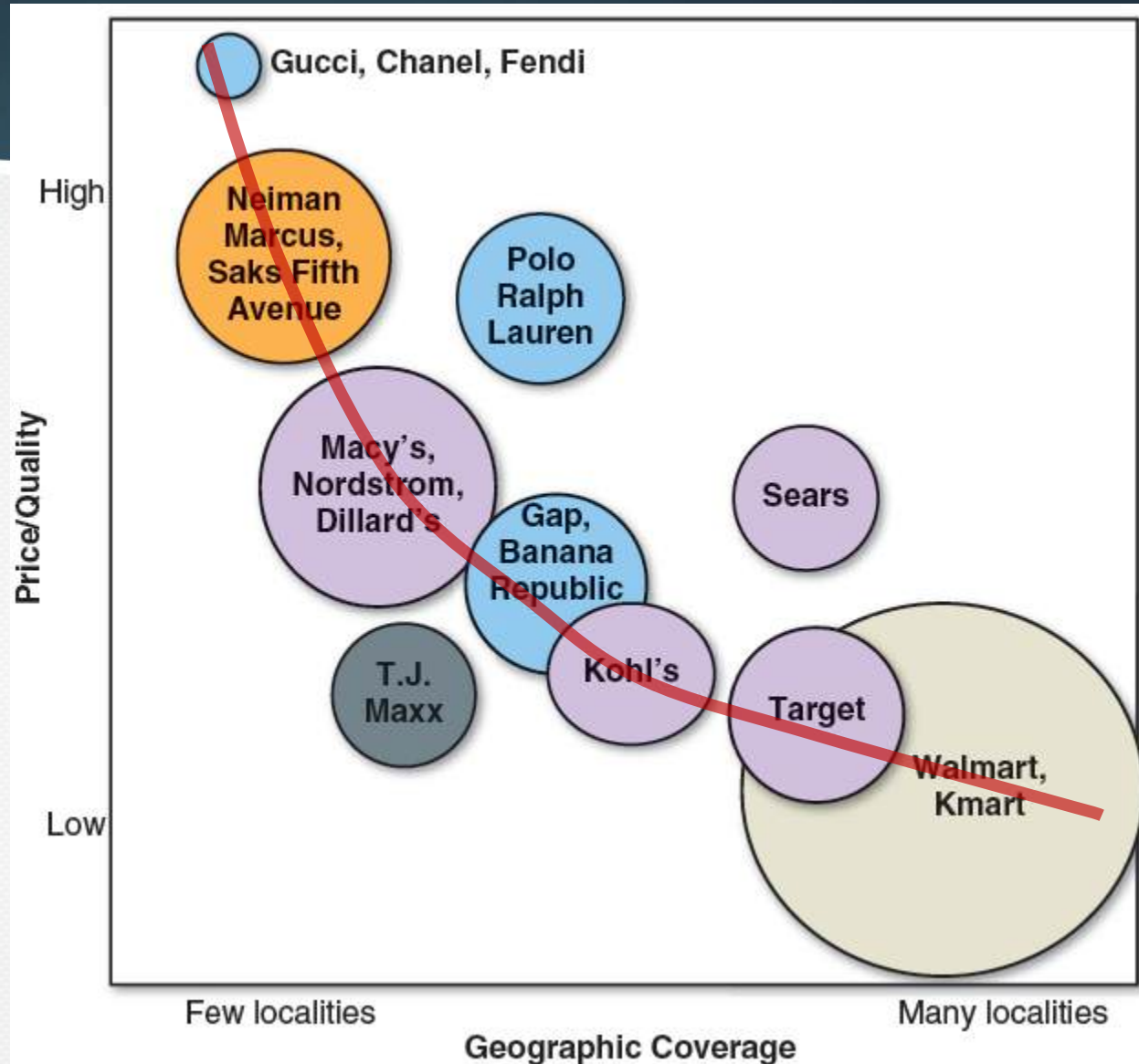
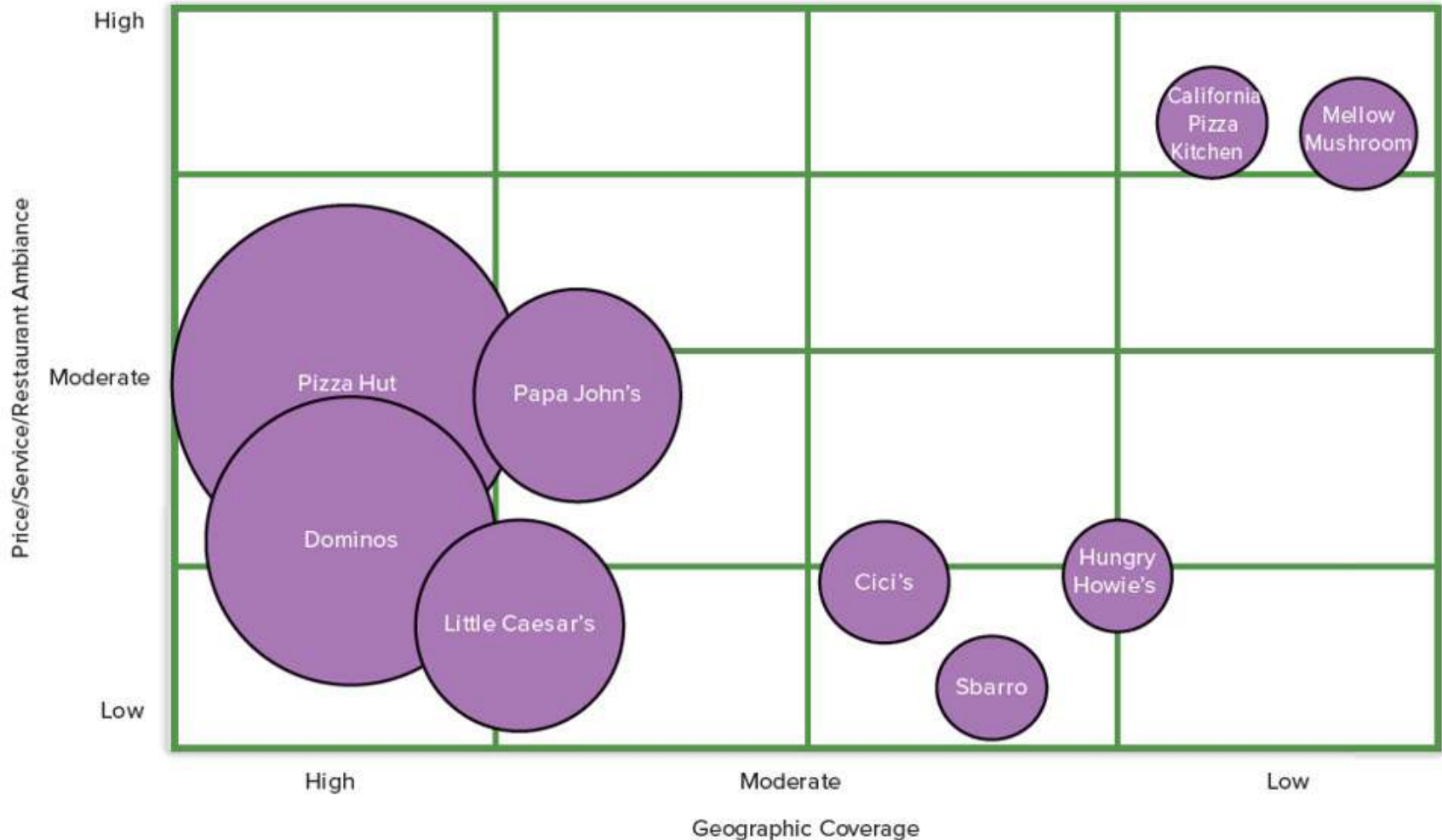


Illustration Capsule 3.2 Comparative Market Positions of Selected Companies in the Pizza Chain Industry: A Strategic Group Map Example



Note: Circles are drawn roughly proportional to the sizes of the chains, based on revenues.

[Access the text alternative for these images.](#)

Competitor Analysis

Competitive Intelligence

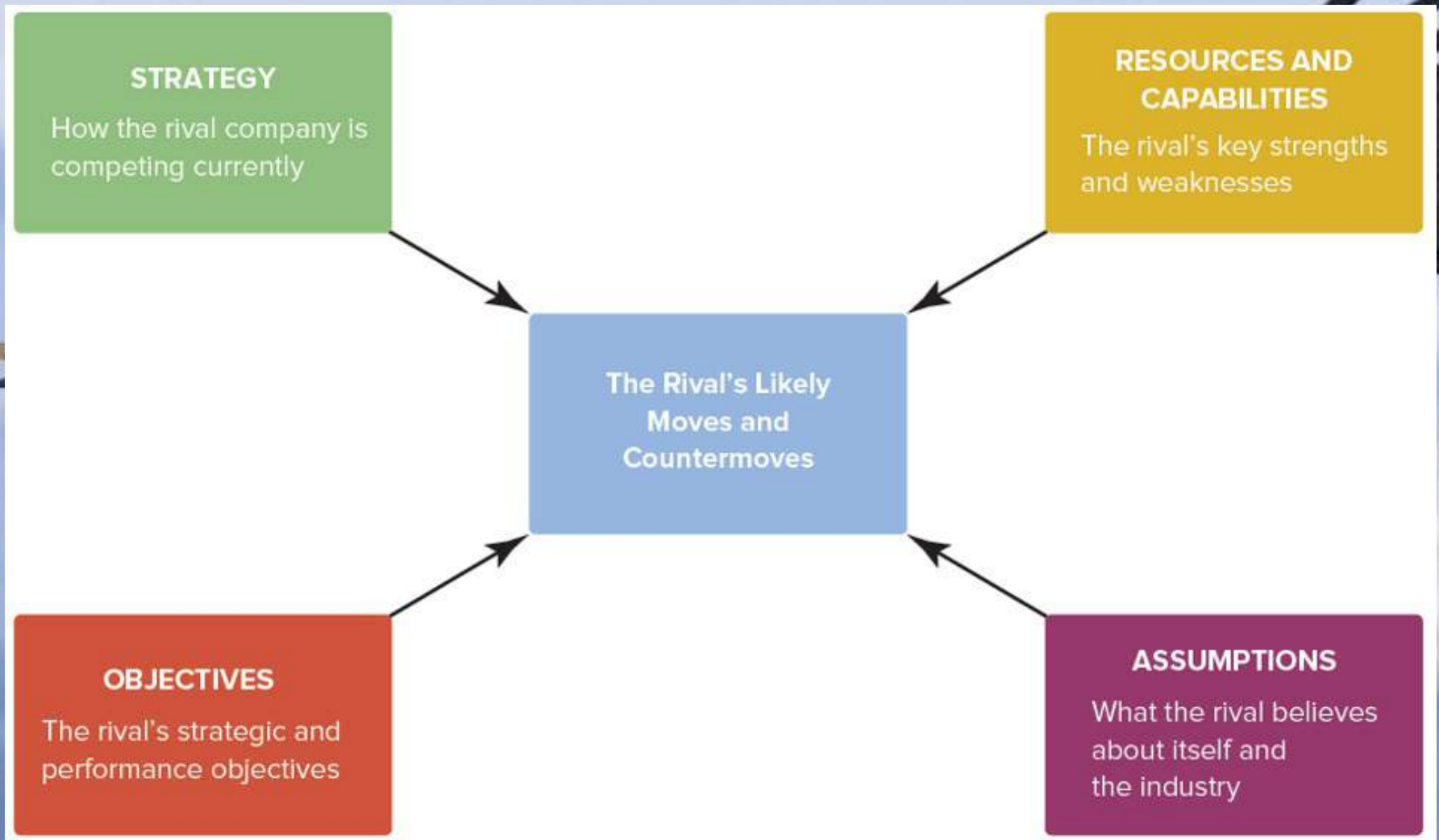
- Information about rivals that is useful in anticipating their next strategic moves.

Signals of the likelihood of strategic moves:

- Rivals under pressure to improve financial performance.
- Rivals seeking to increase market standing.
- Public statements of rivals' intentions.
- Profiles developed by competitive intelligence units.



FIGURE 3.10 The SOAR Framework for Competitor Analysis





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chapter 4
Evaluating a
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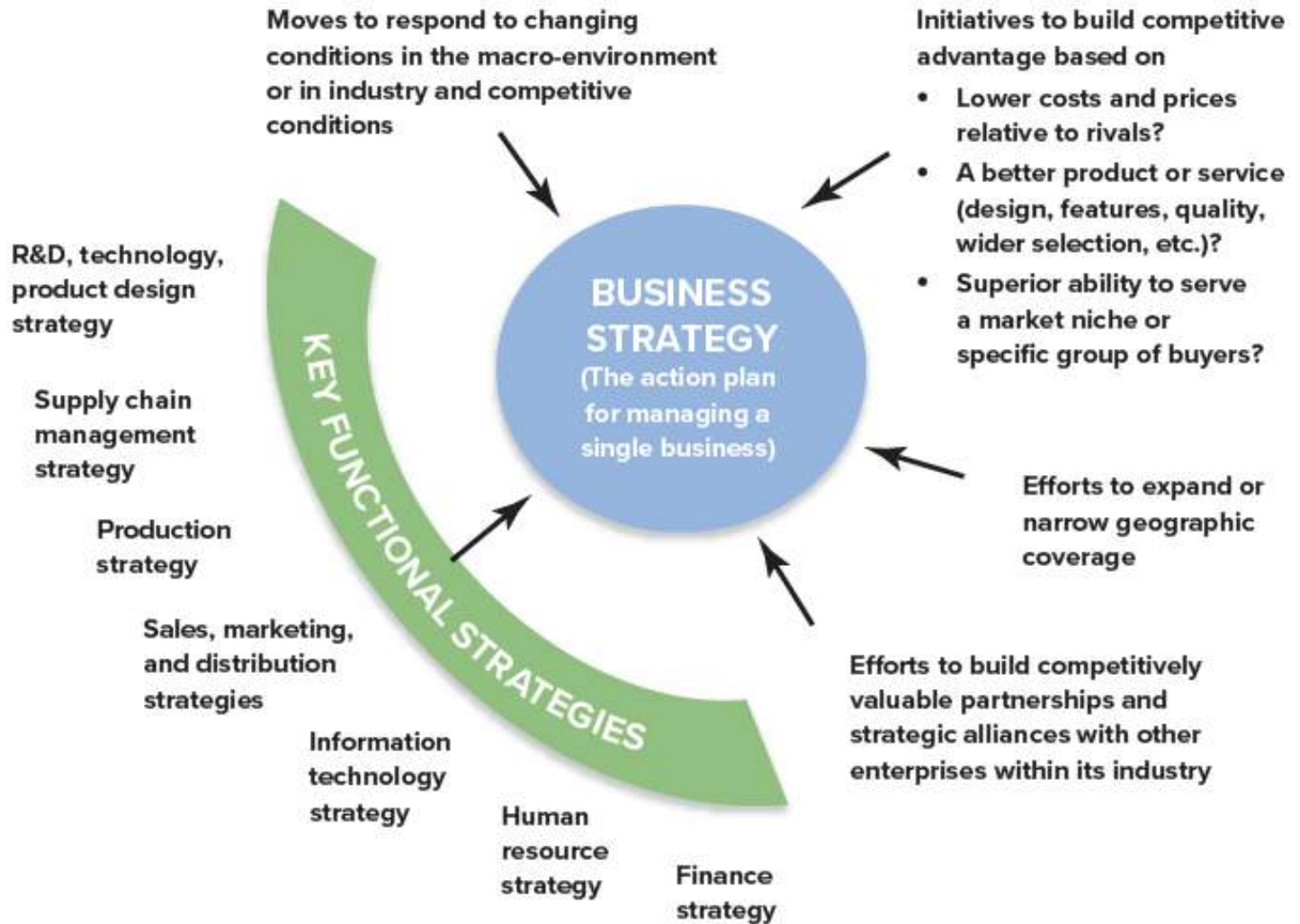
Question 1: How Well Is the Company's Strategy Working?

The two best indicators of how well a firm's strategy is working are:

- Whether the firm **is achieving goals** AND **recording gains** in financial strength and profitability.
- Whether the firm's competitive strength and market standing **is improving.**



Question 1: How Well Is the Company's Strategy Working?



©McGraw Hill

FIGURE 4.1

Identifying the Components of a Single-Business Company's Strategy

Q#1 -- Ratio Analysis

- Trends in the firm's sales and earnings growth.
- Trends in the firm's stock price.
- The firm's overall financial strength.
- The firm's customer retention rate.
- The rate at which new customers are acquired.
- Changes in the firm's image and reputation with customers.
- Evidence of internal improvement in processes such as defect rate, order fulfillment, delivery times, days of inventory, and employee productivity



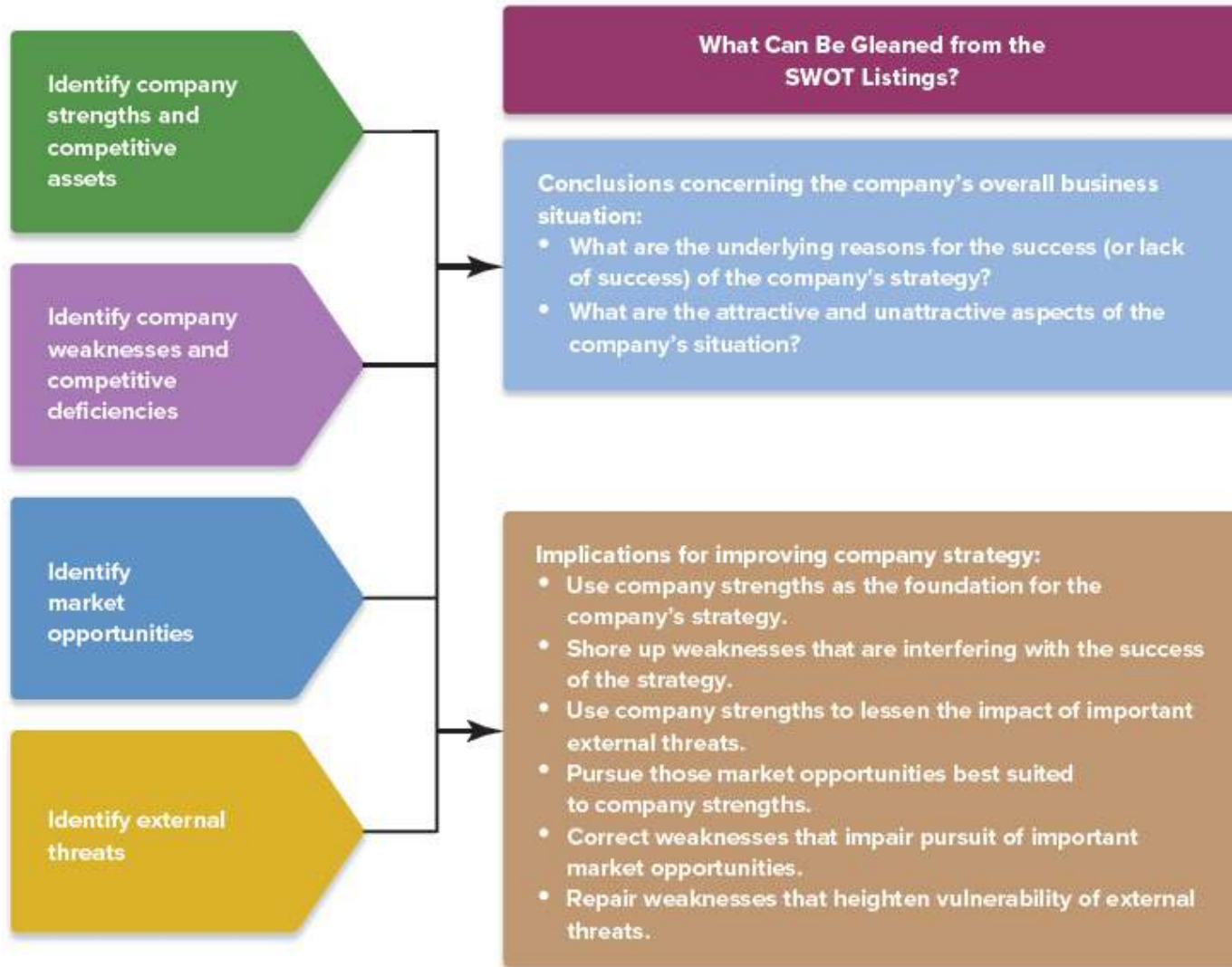
Question 2: What Are the Company's Strengths and Weaknesses? Opportunities? Threats?



Internal

External

FIGURE 4.2 The Steps Involved in SWOT Analysis: Identify the Four Components of SWOT, Draw Conclusions, Translate Implications into Strategic Actions

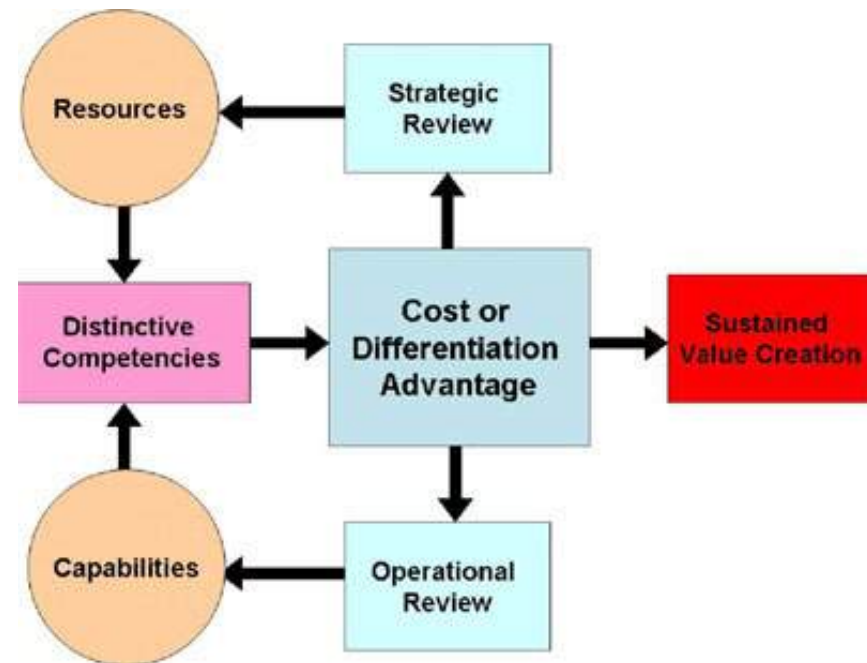


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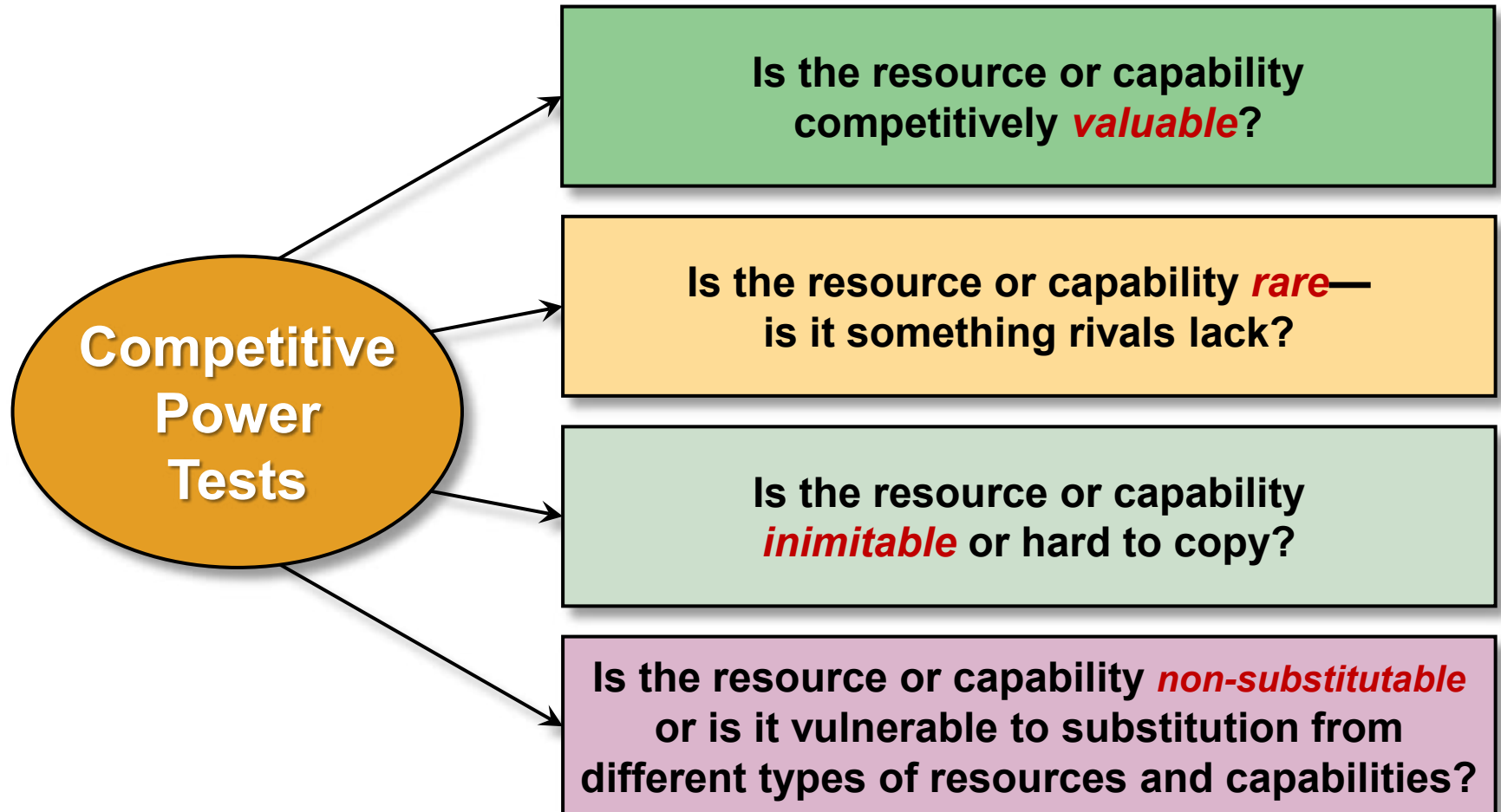
Question 3: What Are the Company's Competitively Important Resources and Capabilities?

A company's strategy and business model:

- Must be well-matched to its collection of resources and capabilities.
- Requires a tight fit with a company's internal situation.
- Is strengthened when exploiting resources that are competitively valuable, rare, hard to copy, and not easily imitated by rivals



Determining the Competitive Power of a Company's Resources and Capabilities



Q#3 - VRIN/VRIO Framework

V VALUABLE	R RARE	I INIMITABLE	O ORGANIZED	
NO				COMPETITIVE DISADVANTAGE
YES	NO			COMPETITIVE PARITY
YES	YES	NO		TEMPORARY COMPETITIVE ADVANTAGE
YES	YES	YES	NO	UNUSED COMPETITIVE ADVANTAGE
YES	YES	YES	YES	SUSTAINABLE COMPETITIVE ADVANTAGE

Question 4: Are the Company's Cost Structure And Customer Value Proposition Competitive?

Signs of strength?

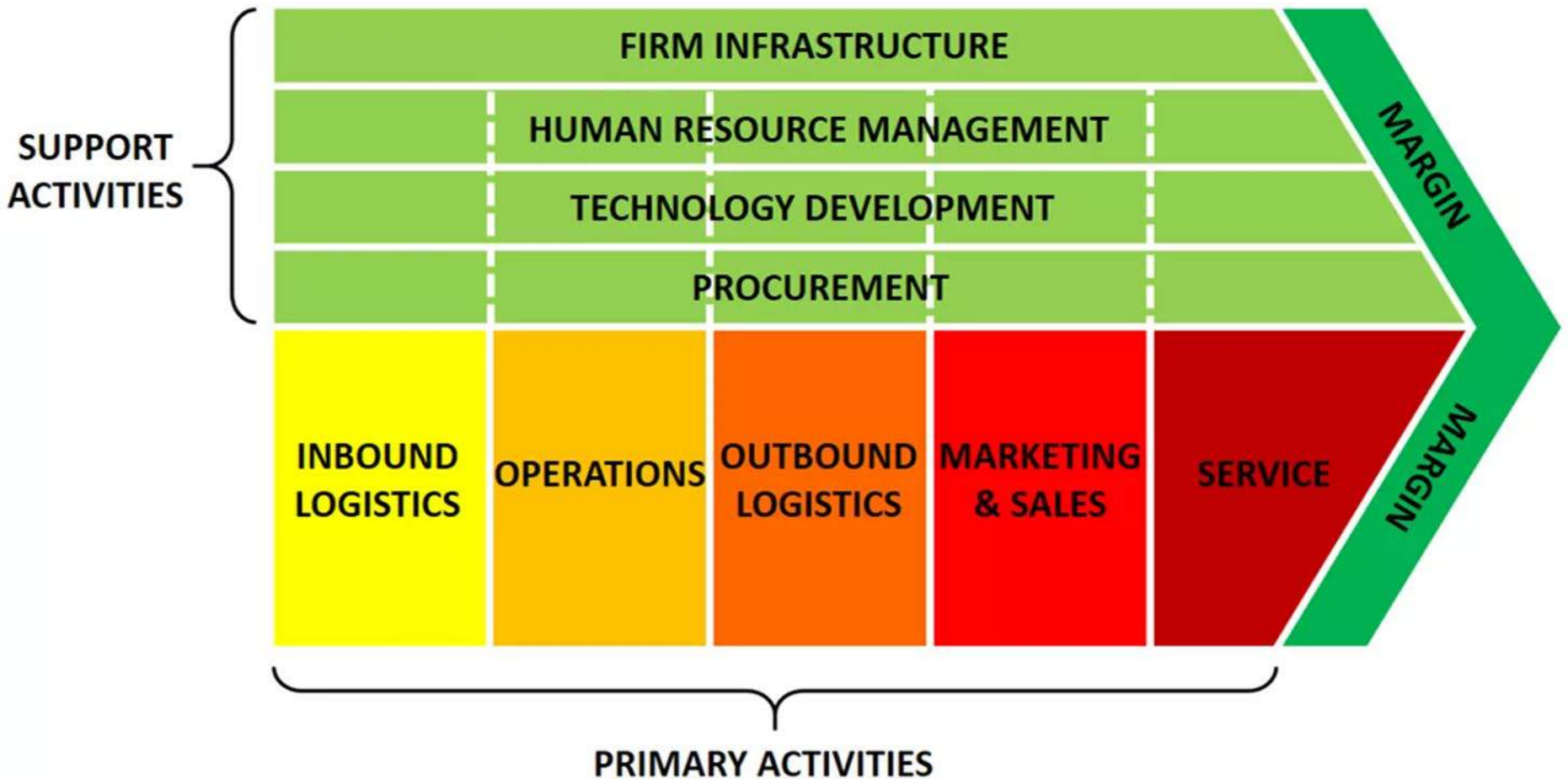
- Prices and costs in line with rivals?
- Customer Value Proposition competitive and cost effective?
- Yielding sustainable competitive advantage?

Useful analytical tools:

- Value chain analysis
- Benchmarking



Q#4: The Value Chain



Q#4 - Value Chain Analysis

A Value Chain Analysis



- **Collection Service**
 - Time
 - Request Processing
- **Self Return**
 - Plant Scheduling
 - Plant capacity
 - Proximity to plant
- **Product Quality**
 - Quality Expectation
 - Order fulfillment
 - Customer Visit
- **Ordering**
 - Order Fulfillment
 - Emergency Load
 - On Time Delivery
 - Customer Pick Up
 - Inventory Management
 - Transaction Management
 - Reporting
 - EDI
 - Reconciliation
 - Audit
 - Invoice Accuracy
- **Account Management**
 - Pricing
 - Pricing Structure
 - Total Cost of Acquisition
 - Invoicing
 - Credit process
 - Understanding the value of our product
 - Understand what customer needs
- **Customer Call Center**
 - Problem resolution
 - Speed
 - Solution
 - Customer Survey
 - Audit variance reconciliation
 - Customer Location Audit

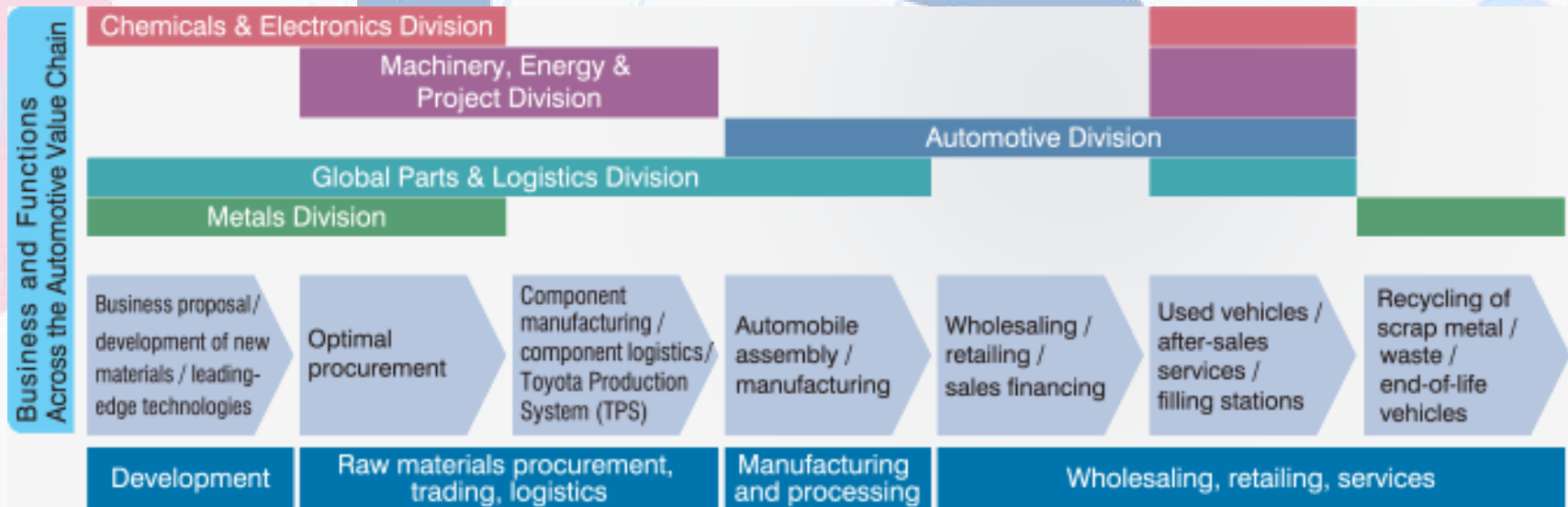
Q#4 - Value Chain Analysis

Amazon



Q#4 - Value Chain Analysis

Toyota Automotive



Q#4 - Benchmarking

- **Chart it.** Show how a firm compares against its rivals, factor by factor or capability by capability.
- **Rate It.** Indicate whether a firm is at net competitive advantage or disadvantage against each rival.
- **Beat it.** Provide guidelines for designing wise offensive and defensive strategies.
- **Protect it.** Point to competitive weaknesses of the firm that will require defensive moves to correct.



Question 5: Are We Stronger or Weaker than Key Rivals?

Assessing overall competitive strength:

- How does the firm rank relative to competitors on each of the important factors that determine market success?
- Does the firm have a net competitive advantage or disadvantage versus major competitors?

TABLE 4.4
A Representative Weighted Competitive Strength Assessment

Competitive Strength Assessment (rating scale: 1 = very weak, 10 = very strong)							
Key Success Factor/Strength Measure	Importance Weight	ABC Co.		Rival 1		Rival 2	
		Strength Rating	Weighted Score	Strength Rating	Weighted Score	Strength Rating	Weighted Score
Quality/product performance	0.10	8	0.80	5	0.50	1	0.10
Reputation/image	0.10	8	0.80	7	0.70	1	0.10
Manufacturing capability	0.10	2	0.20	10	1.00	5	0.50
Technological skills	0.05	10	0.50	1	0.05	3	0.15
Dealer network/distribution capability	0.05	9	0.45	4	0.20	5	0.25
New product innovation capability	0.05	9	0.45	4	0.20	5	0.25
Financial resources	0.10	5	0.50	10	1.00	3	0.30
Relative cost position	0.30	5	1.50	10	3.00	1	0.30
Customer service capabilities	<u>0.15</u>	5	<u>0.75</u>	7	<u>1.05</u>	1	<u>0.15</u>
Sum of importance weights	1.00						
Overall weighted competitive strength rating			5.95		7.70		2.10

Question 5: What Strategic Issues and Problems Must Be Addressed by Management?

The final and most important analytical step is to zero in on exactly what strategic issues company managers need to address.

- The results of industry and competitive analyses pinpoint precisely the agenda items (“worry list”) that management must attend to when engaged in strategy making to improve the company’s performance and business outlook.



Burning Questions

HOW DO WE?

- Meet New Competitors
- Combat Pricing
- Cost Management
- Sustain Growth
- Adapt to Changing Demand

SHOULD WE?

- Expand Rapidly or cautiously
- Reposition the firm
- Substitute products
- Expand Product Line?
- Acquisitions?





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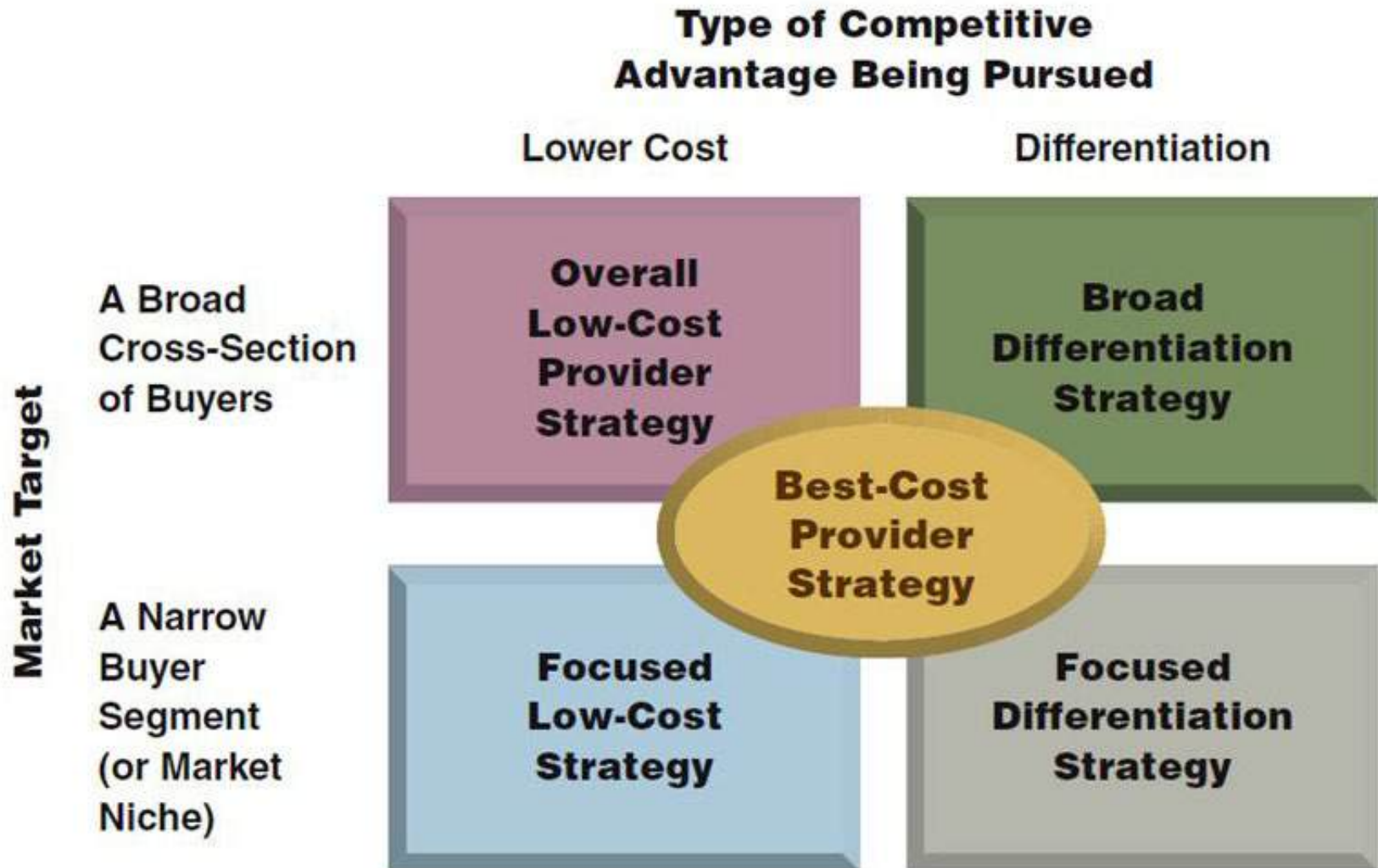
Concepts



chapter 5
**The Five
Generic
Competitive
Strategies**

**PART 1 Concepts and Techniques
for Crafting and Executing Strategy**

The Five Generic Competitive Strategies



Low-Cost Provider Strategies

A powerful competitive approach with price-sensitive buyers when a firm's offering:

- Has a lower cost
- Includes features and services that buyers consider essential.
- Is viewed by buyers as offering equivalent or higher value (not pricing)



Translating a Low Cost Strategy Into Attractive Profit Performance

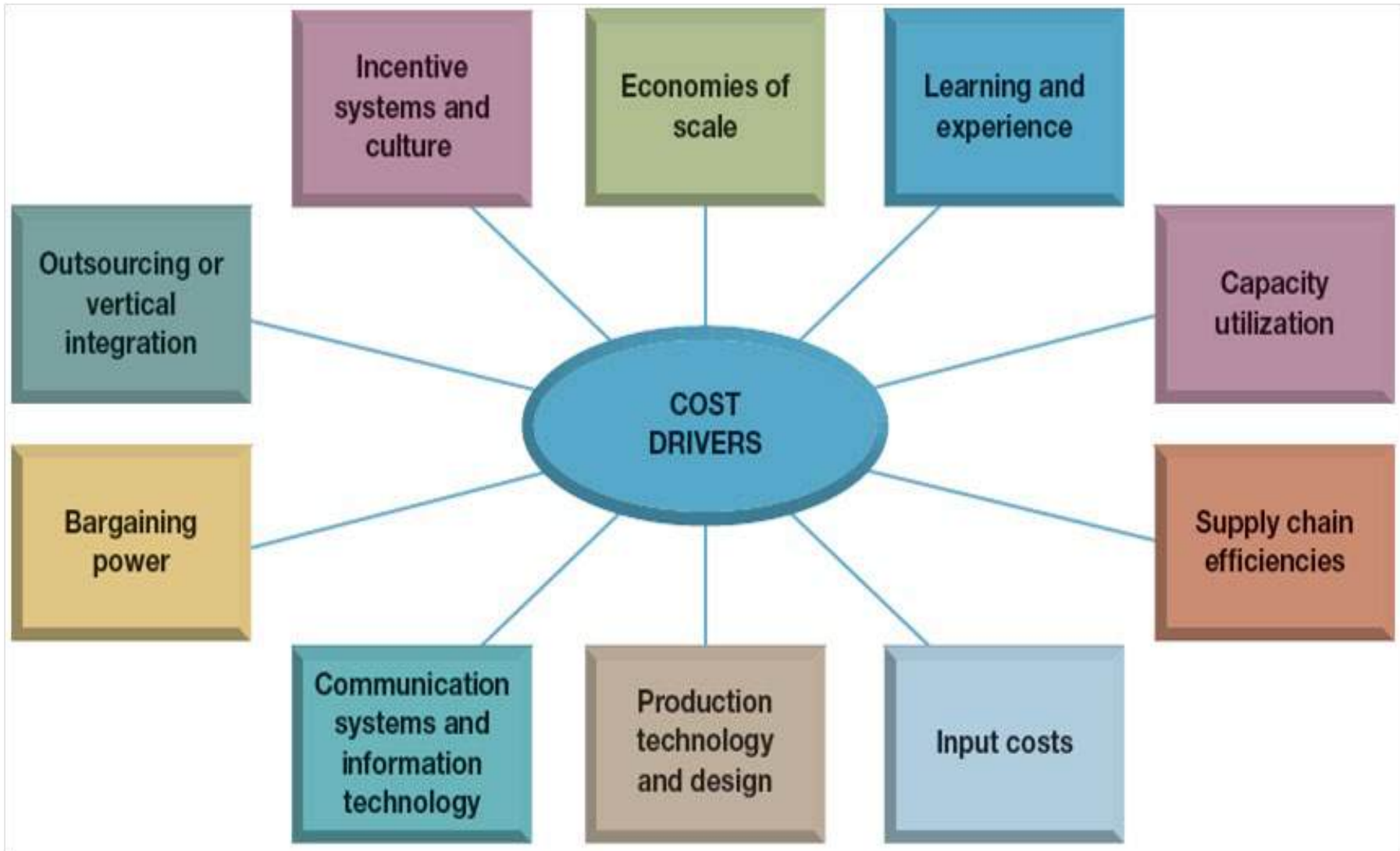
Option 1

Underprice competitors and attract price-sensitive buyers in great enough numbers to increase total profits

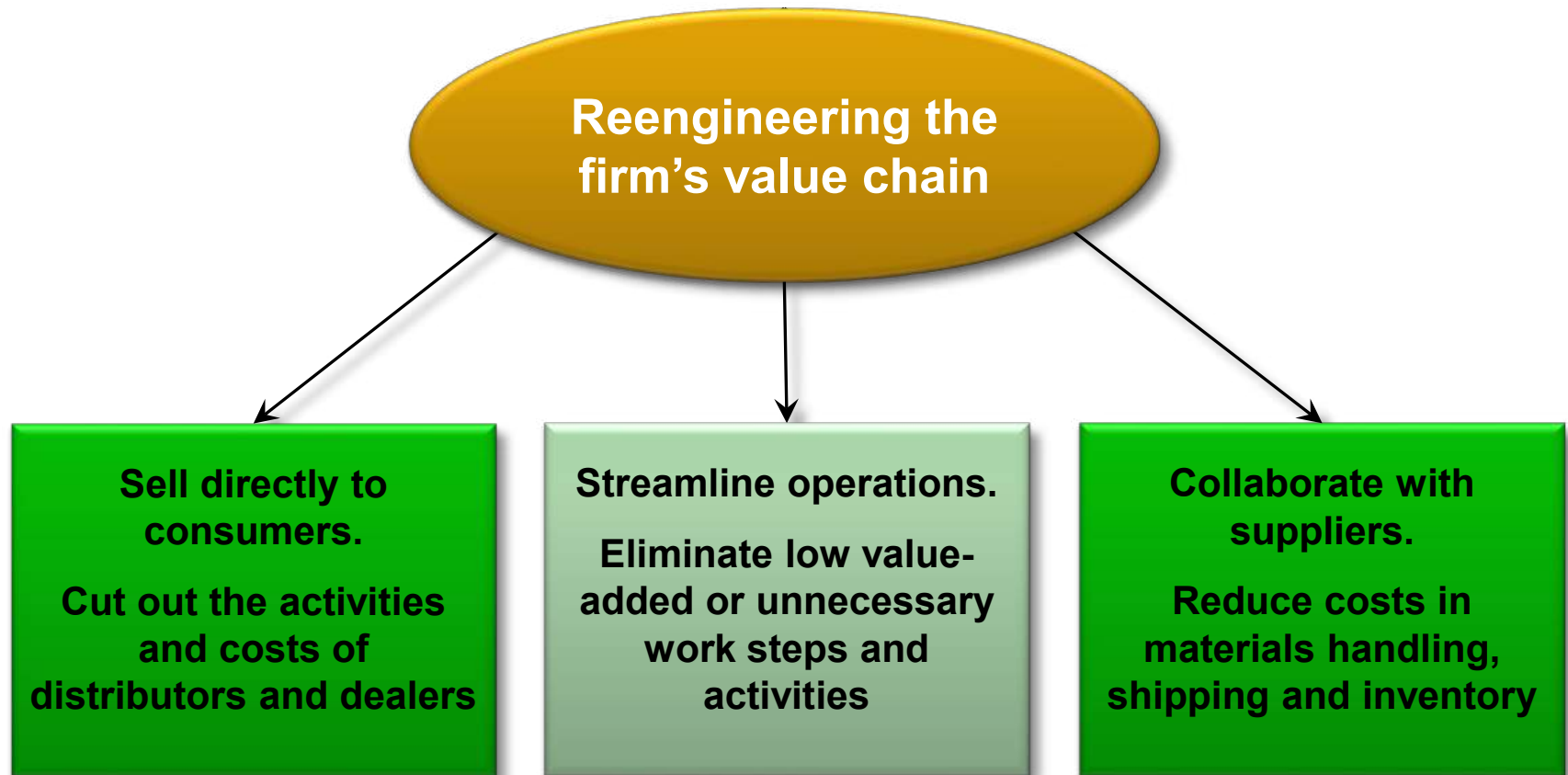
Option 2

Maintain present price and market share, and use lower-cost edge to earn a higher profit margin on each unit sold

Major Cost Drivers in a Value Chain



Revamping the Value Chain



When a Low Cost Strategy Works Best

1. **Price competition** among rival sellers is especially **vigorous**.
2. The **products** of rival sellers are **essentially identical** and are readily available from several sellers.
3. There are **few ways to achieve product differentiation** that have value to buyers.
4. **Buyers incur low costs in switching** their purchases from one seller to another.
5. The majority of industry sales are made to a **few, large-volume buyers**.
6. Industry **newcomers use introductory low prices** to attract buyers and build a customer base.



Broad Differentiation Strategies



Attractive whenever buyers' needs and preferences are too diverse to be fully satisfied by a standardized product or service.



Benefits of Successful Differentiation

Successful execution of a differentiation strategy allows a firm to:

Command a premium price



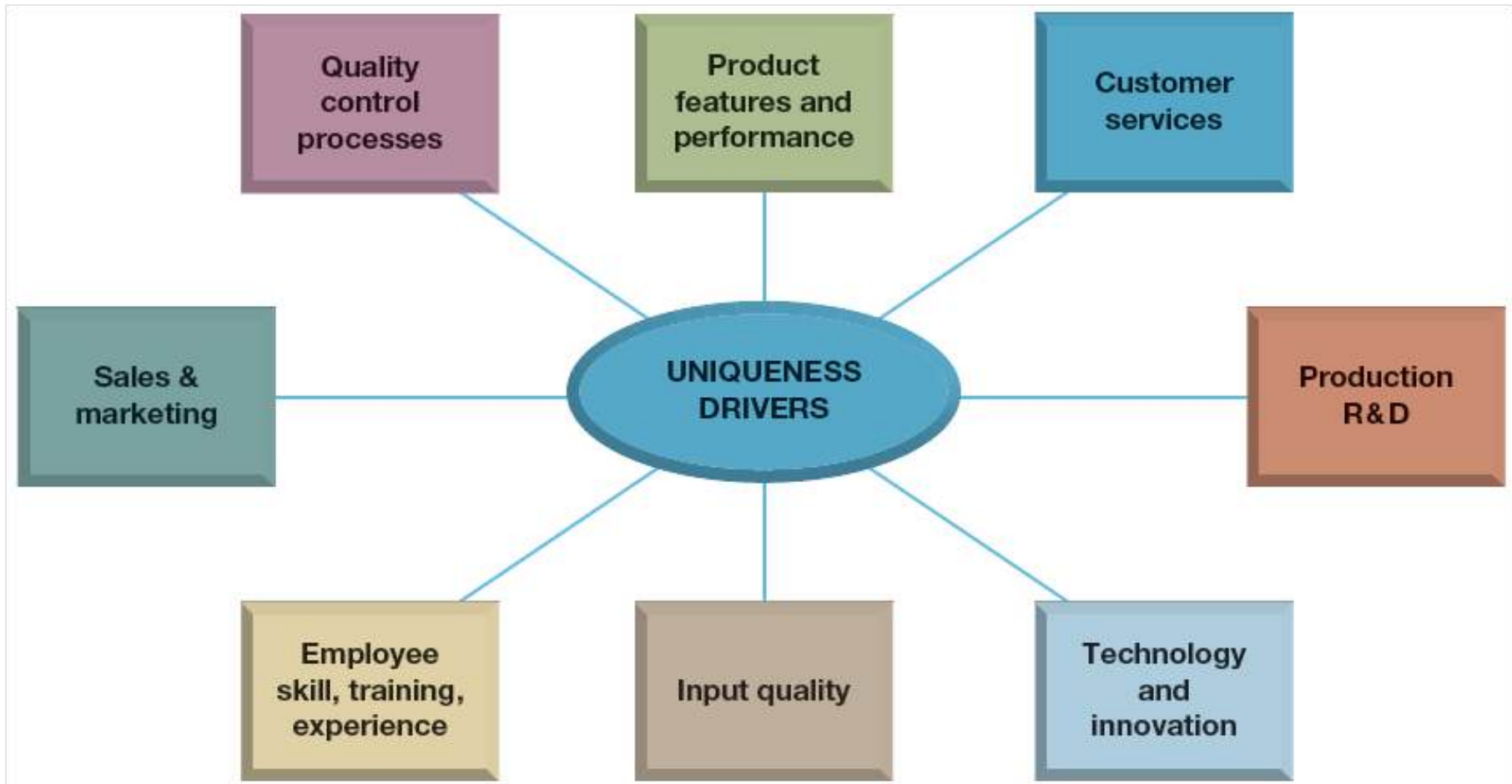
Increase its unit sales



Gain buyer loyalty to its brand



Uniqueness Drivers in a Value Chain



When a Differentiation Strategy Works Best

1. Buyer needs and uses of the product are diverse.
2. There are many ways to differentiate the product or service that have value to buyers.
3. Few rival firms are following a similar differentiation approach.
4. Technological change is fast-paced and competition revolves around rapidly evolving product features.



Pitfalls in Pursuing a Differentiation Strategy

- Attributes are easily and quickly copied.
- Product features/attributes in which buyers see little value.



Pitfalls in Pursuing a Differentiation Strategy

- **Overspending and eroding profitability**
- **Over-differentiating and exceeding the buyers' needs.**



Pitfalls in Pursuing a Differentiation Strategy

- Trying to charge too high a price premium.
- Not establishing meaningful gaps over rivals.



A Focused Low-Cost Strategy

Achieves its cost advantage:

- same way as for low-cost leadership
- outmanaging rivals in keeping costs low
- bypassing or reducing nonessential activities.



Love at 425°™

Focused Differentiation Strategy

Features:

- Carefully designed products or services
- Uniqueness
- Narrow, well-defined group of buyers



Best-Cost Provider Strategies



Are a hybrid of low cost provider and differentiation strategies that:

- Involves giving customers **more value for money** by
 - ❖ satisfying expectations on
 - key quality/features/
 - performance/service attributes
 - ❖ while exceeding expectations on
 - price



When a Best-Cost Provider Strategy Works Best

- Product **differentiation** is the norm.
- Large numbers of **value-conscious buyers want mid-range products**, especially during recessionary times.
- A provider can offer either a **medium-quality product at a below-average price** or a **high-quality product at an average or slightly higher-than-average price**.



Neiman Marcus





Thompson

Peteraf

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 **chapter 6**
**Strengthening
a Company's
Competitive
Position:**
Strategic Moves,
Timing, and Scope
of Operations

Maximizing the Power of a Strategy

Making choices that complement a competitive approach and maximize the power of strategy.

**Offensive
and
defensive
competitive
actions.**

**Competitive
dynamics
and the
timing of
strategic
moves.**

**Scope of
operations
along the
industry's
value chain.**

TYPES OF STRATEGIES

DEFENSIVE

Strategy for Market Leaders

Expand Market with New Ideas

Block Competitive Moves

OFFENSIVE

Strategy for #2 or #3

Avoid Leader's Strengths

Attack Leader's Weaknesses

FLANKING

Strategy for New Entrants

Look for Uncontested Segments

Move with Surprise

GUERRILLA

Strategy for Niche Players

Find Niche Small Enough to Defend

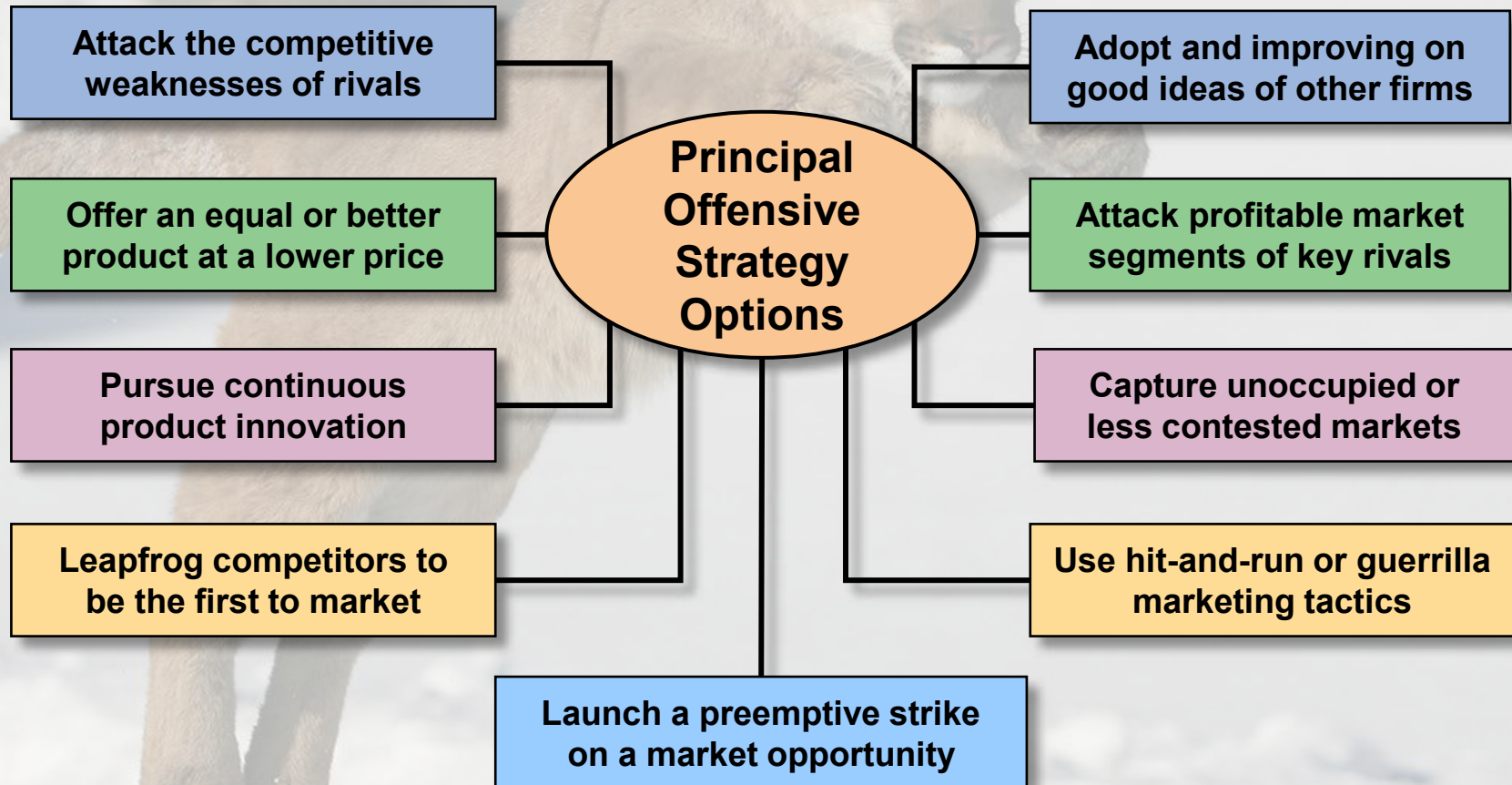
Prepare to Bug Out

Launching Offensives to Improve Market Position

The best offensives use a firm's resource strengths to attack its rivals' weaknesses.



Choosing the Basis for Competitive Attack



Choosing Which Rivals to Attack

**Best Targets
for Offensive
Attacks**

Market leaders that are vulnerable.

Runner-up firms with weaknesses in areas where the challenger is strong.

Struggling enterprises that are on the verge of going under.

Small local and regional firms with limited capabilities.

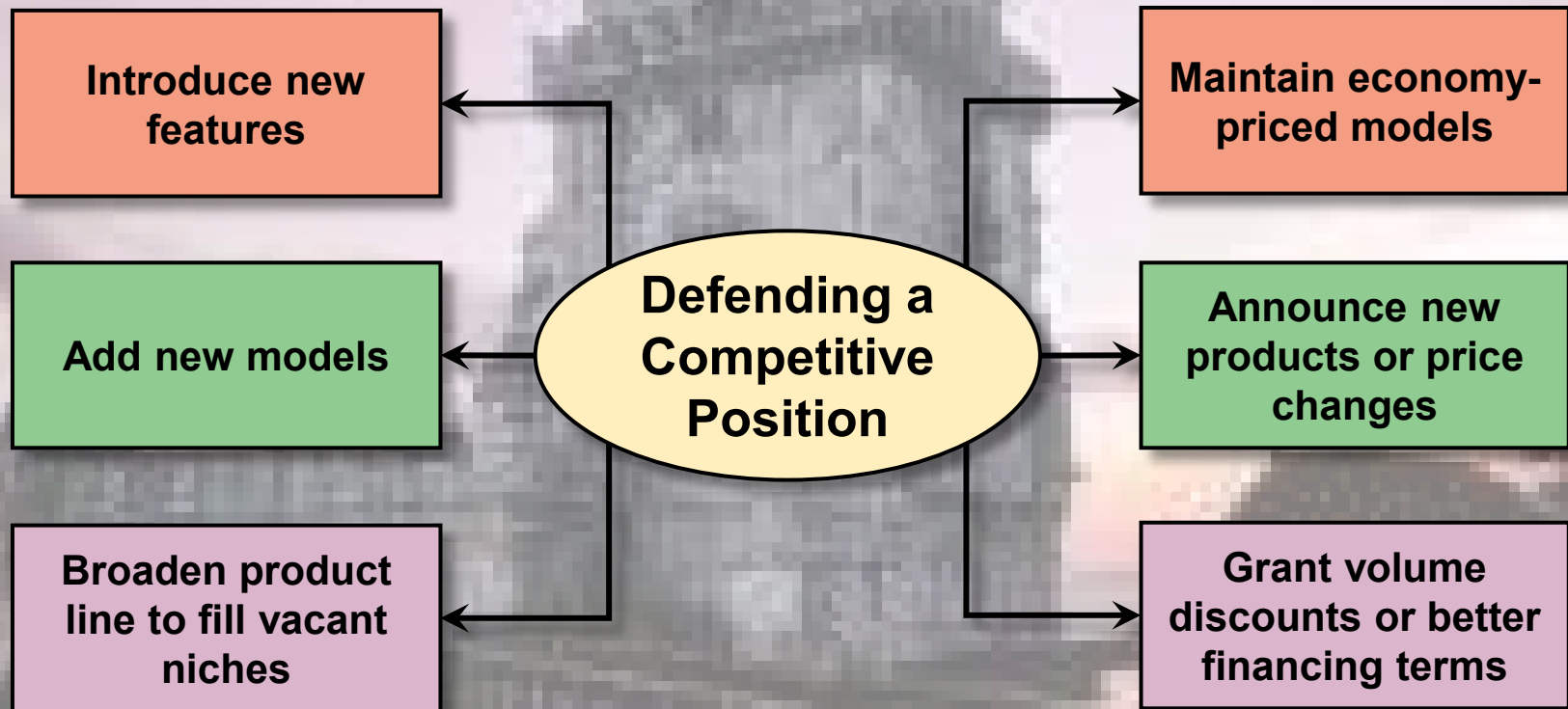
Defensive Strategies Protect Market Position and Competitive Advantage

Defensive strategies defend by:

- Lowering the risk of being attacked.
- Weakening the impact of any attack that occurs.
- Influencing challengers to aim their competitive efforts towards other rivals.



Blocking the Avenues Open to Challengers



Signaling Challengers That Retaliation Is Likely

**Dissuading
or diverting
competitors**



```
graph LR; A((Dissuading or diverting competitors)) --> B[Publicly announcing management's strong commitment to maintain the firm's present market share]; A --> C[Publicly committing the firm to a policy of matching competitors' terms or prices]; A --> D[Maintaining a war chest of cash and marketable securities]; A --> E[Making a strong counter response to weak competitor moves to enhance the firm's image as a tough defender];
```

Publicly announcing management's strong commitment to maintain the firm's present market share

Publicly committing the firm to a policy of matching competitors' terms or prices

Maintaining a war chest of cash and marketable securities

Making a strong counter response to weak competitor moves to enhance the firm's image as a tough defender

Blue Ocean Strategy— A Special Kind of Offensive

Create a competitive advantage by abandoning existing markets and inventing an exclusive new market segment, making former competitors irrelevant.



SUMMARY

Fundamentals of **DEFENSIVE** Marketing Warfare

How many customers can a market leader lose to an offensive competitor before they are second best?

1 FOR THE MARKET LEADER ONLY
Others should utilize offensive, flanking, or guerrilla strategies.

2 ATTACK YOURSELF
Attacking your own business is the best defense.

3 BLOCK STRONGEST OFFENSIVES
Block the strongest offensive moves made by the competition.



Fundamentals of **OFFENSIVE** Marketing Warfare

An offensive strategy is most appropriate when your company is the 2nd or 3rd in the market.

1 FOCUS ON THE MARKET LEADER
Not on your own strengths or weaknesses.

2 FIND WEAKNESS IN STRENGTH
It's easy for a big company to fix a simple weakness.

3 EXECUTE A FOCUSED ATTACK
Avoid broad attacks, they are harder to sustain.

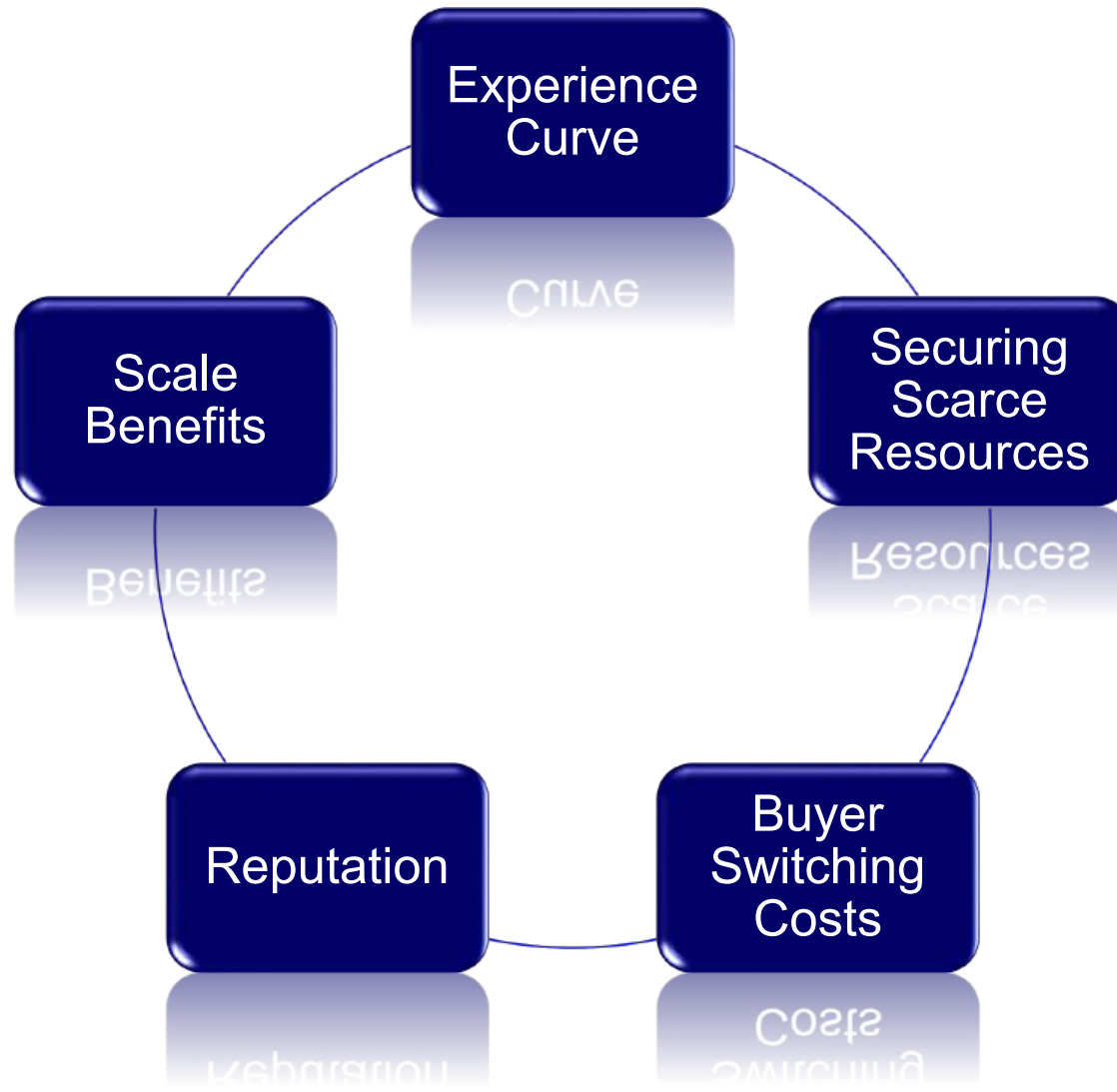


Timing a Company's Offensive and Defensive Strategic Moves

When to make a strategic move is often as crucial as *what* move to make.



First-Mover Advantages



First-Mover Examples



Late-Mover Advantages (or First-Mover Disadvantages)

When:

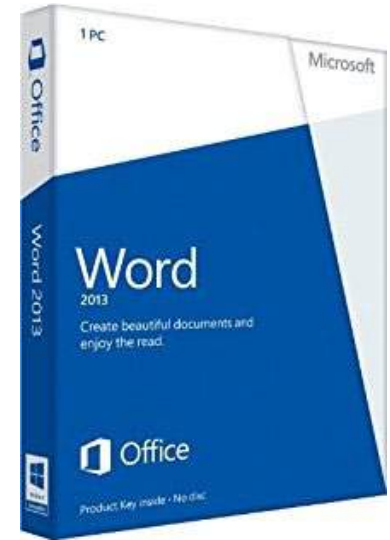
- Pioneering is **more costly** than imitation.
- Innovation is **primitive**, and not living up to expectations.
- **Skepticism** about new technology/product benefits.
- Rapid market and technology changes allow **leapfrogging** of pioneers.



Late-Mover Examples



VS



The Sweet Spot – Fast Followers



Capitalize on:

**Positioning
Mistakes**

**Product
Mistakes**

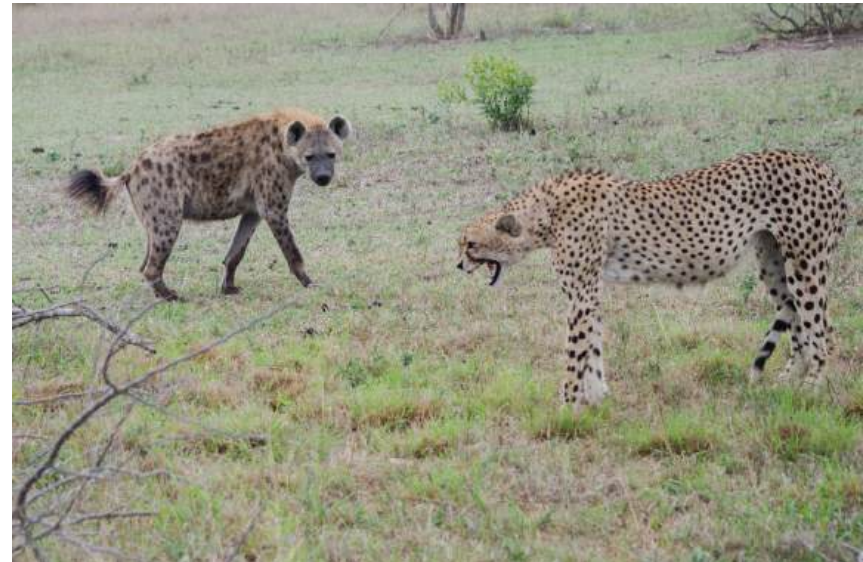
**Marketing
Mistakes**

**Latest
Technology**

**Pioneer's
Limited
Resources**

Fast Follower Example

- **Google search algorithms vs. Yahoo**
- **CTR model vs. CTC**
- **Contextual-based Advertising**



VERTICAL INTEGRATION



The Advantages of a Vertical Integration Strategy

Potential Benefits of Vertical Integration:

Add materially to a firm's technological capabilities.

Strengthen the firm's competitive position.

Boost the firm's profitability.

Disadvantages of a Vertical Integration Strategy

Increased business risk due to large capital investment.

Slow acceptance of technological advances or more efficient production methods.

Less flexibility in accommodating shifting buyer preferences that require non-internally produced parts.

Internal production levels may not reach volumes that create economies of scale.

Efficient production of internally-produced components and parts hampered by capacity matching problems.

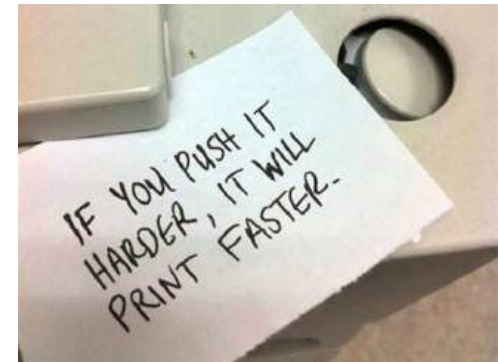
New or different resources and capabilities requirements.

Outsourcing Strategies: Narrowing the Scope of Operations



Outsourcing an activity should be considered when:

- It can be performed better by outside specialists.
- It is not crucial to achieving a sustainable competitive advantage
- It improves organizational flexibility and speeds time to market.
- It reduces a firm's risk exposure to changing technology and/or buyer preferences.
- It allows a firm to concentrate on its core business, leverage its key resources and core competencies



The Big Risk of Outsourcing

Farming out the wrong types of activities and thereby hollowing out strategically-important capabilities.

Ultimately, that leads to reduction of the firm's strategic competitiveness and long-run success in the marketplace.



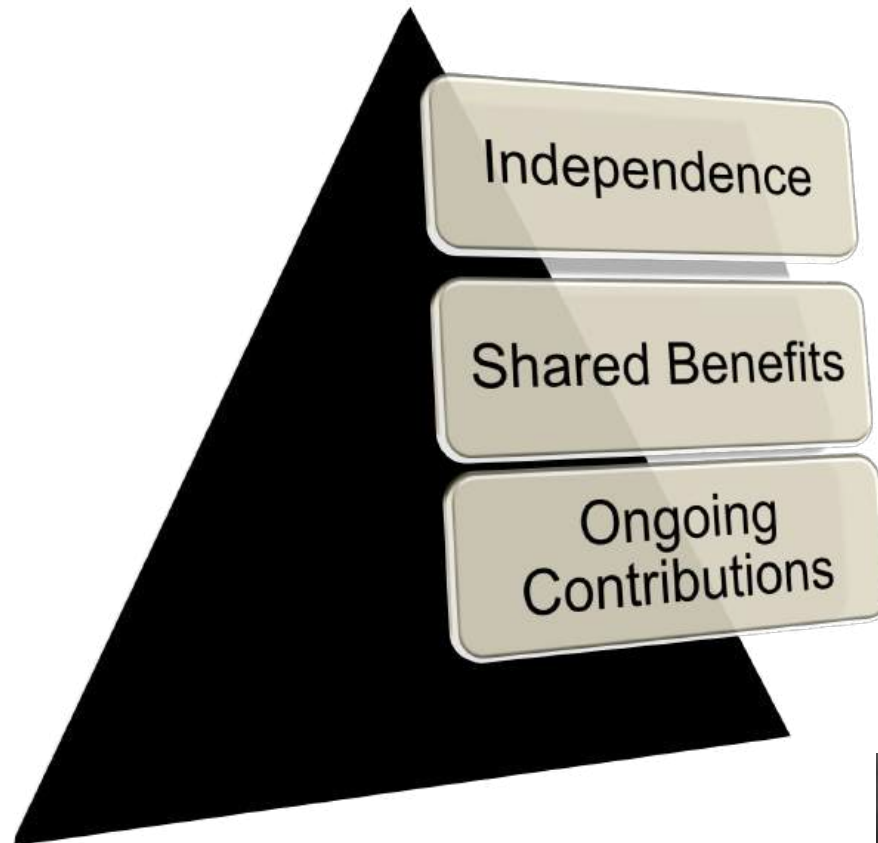
Strategic Alliances and Partnerships

Strategic Alliance

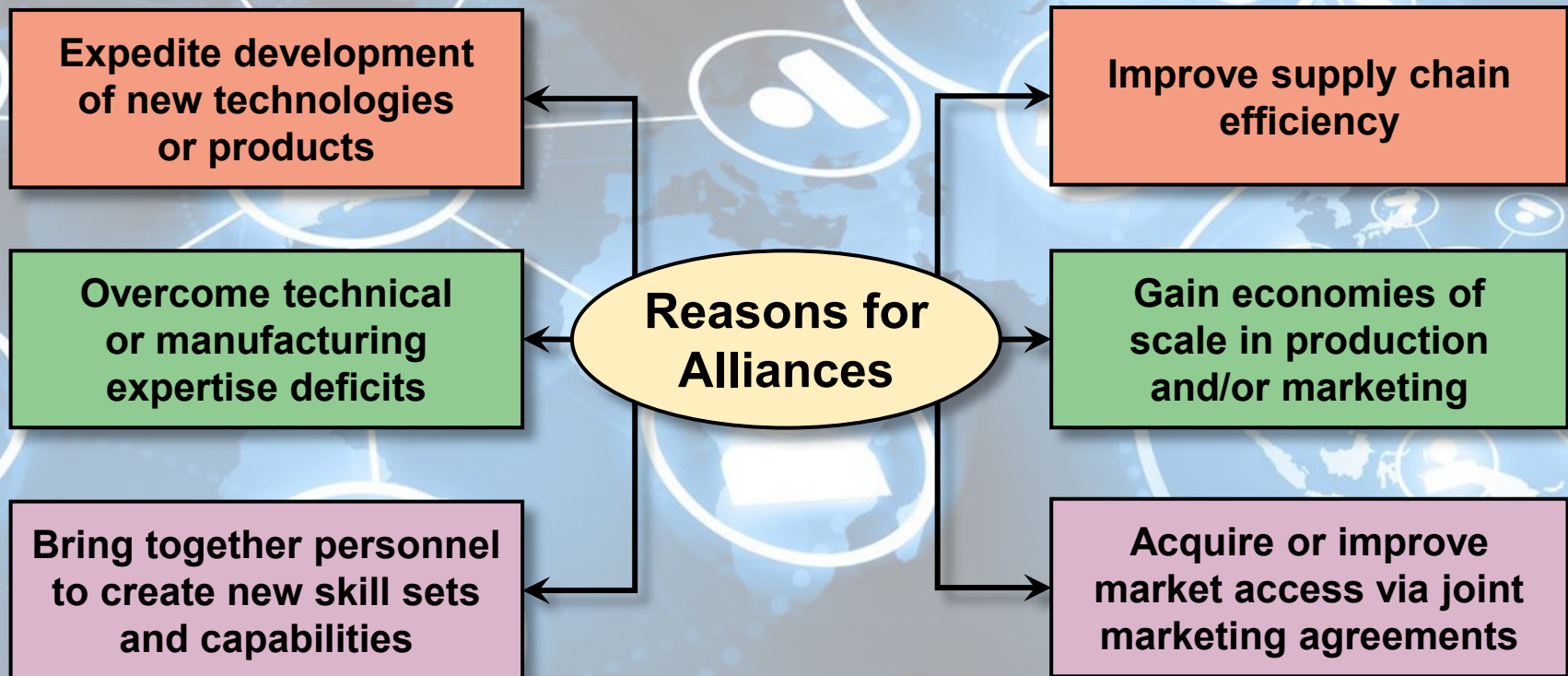
- Is a formal contractual agreement
- Strategically relevant collaboration
- Joint contribution of resources
- Shared risk
- Shared control
- Mutual dependence
- Allows firms to bundle resources and competencies



Alliance and Joint Venture Strategies



Reasons for Firms to Enter Into Strategic Alliances



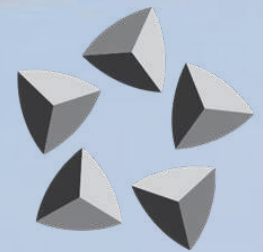
Reasons for Firms to Continue In Strategic Alliances

Alliances are likely to be long-lasting if:

- Partners do not compete directly.
- A trusting relationship has been established.
- Both parties conclude that continued collaboration is in their mutual interest.

Experience indicates that:

- They can reduce a firm's competitive disadvantage but seldom result in a firm gaining a durable competitive.



STAR ALLIANCE

Failed Strategic Alliances and Cooperative Partnerships

Common causes for the failure of 60–70% of alliances each year:

- Diverging objectives and priorities
- An inability to work well together
- Changing conditions that make the purpose of the alliance obsolete
- The emergence of alternative paths
- Marketplace rivalry



The Strategic Dangers of Relying on Alliances



The Achilles' heel of alliances and cooperative partnerships is becoming dependent on other companies for essential expertise and capabilities.

Ultimately, a firm must develop its own resources and capabilities





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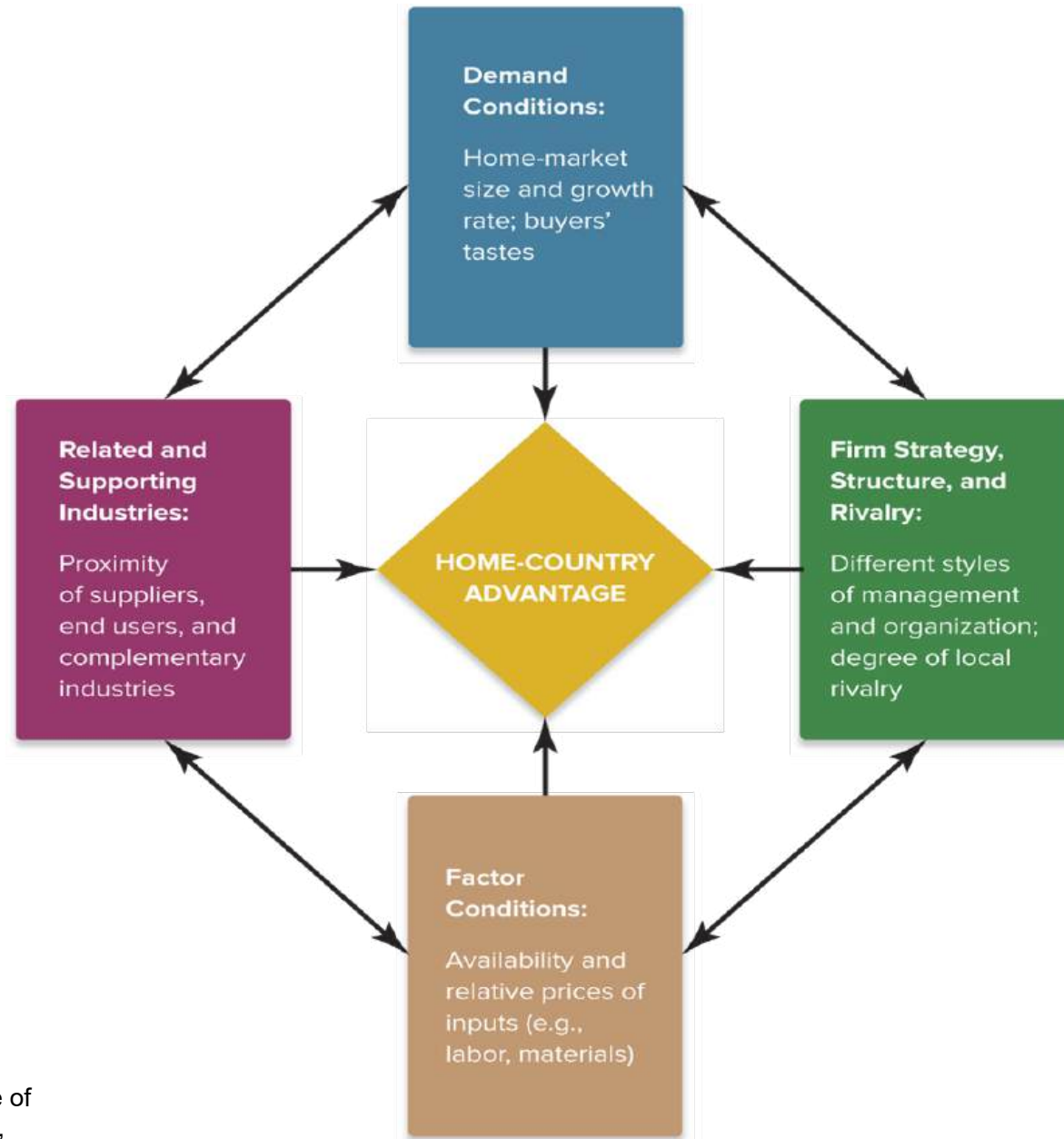
Concepts



chapter 7
**Strategies for
Competing in
International
Markets**

FIGURE 7.1

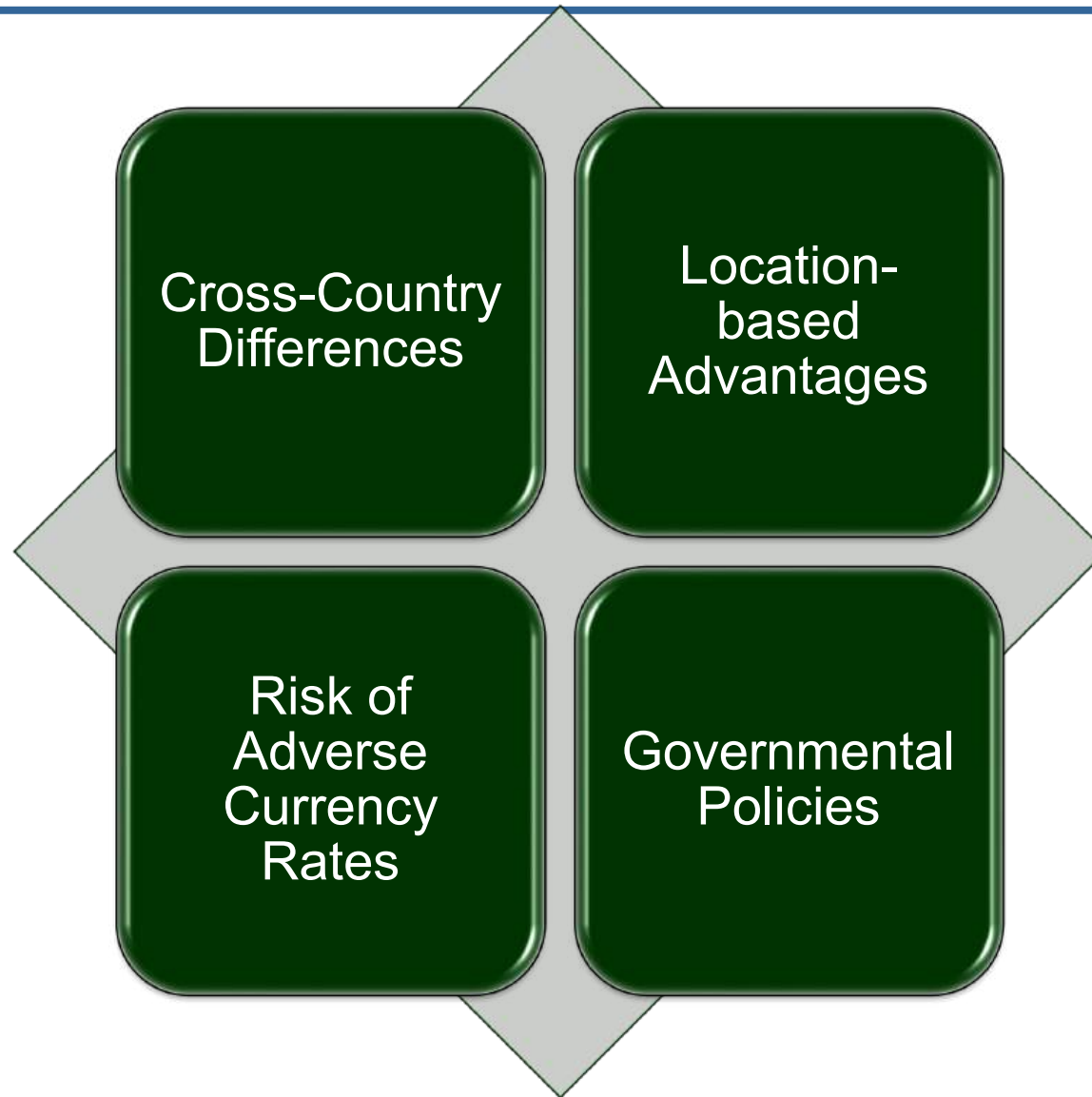
The Diamond of National Advantage



Source: Adapted from Michael E. Porter, "The Competitive Advantage of Nations," Harvard Business Review, March-April 1990, pp. 73-93.




[Access the text alternative for slide images.](#)

Factors That Shape Strategy Choices in International Markets



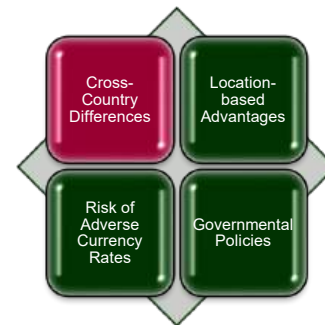
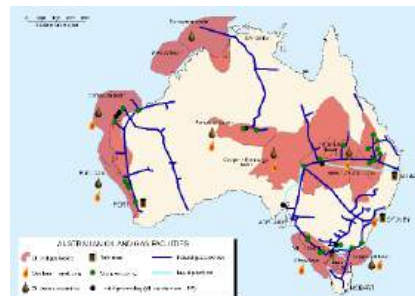
Cross-Country Differences

Local buyer tastes

- Manufacturing and distribution costs 
- Scale economies 
- Learning curve effects. 



Differences in the intensity of local competition



Opportunities for Location-Based Cost Advantages

A firm's costs and profitability are impacted by location due to:

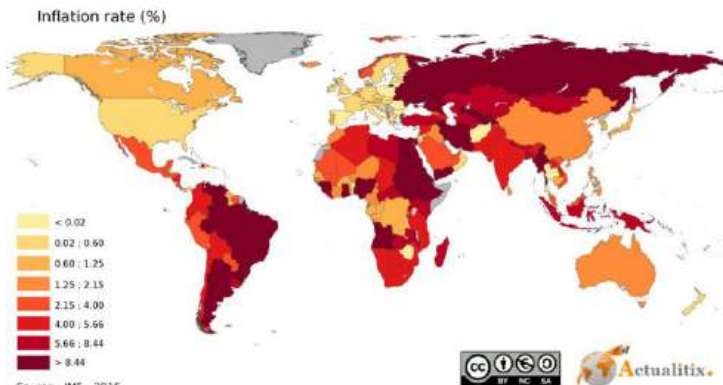
- Wage rates
- Worker productivity
- Energy costs
- Environmental regulations



Opportunities for Location-Based Cost Advantages

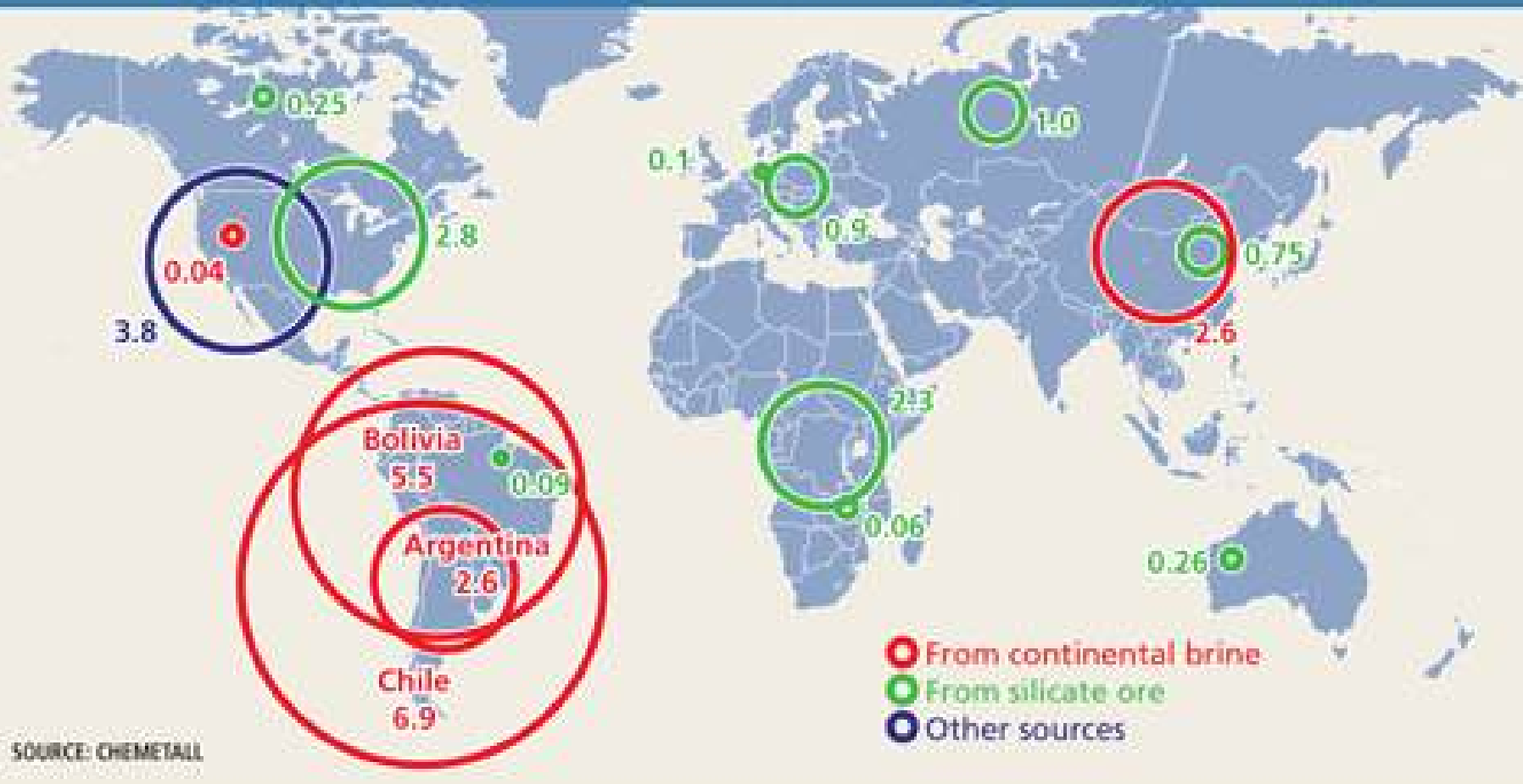
A firm's costs and profitability are impacted by the location of its activities due to:

- Tax rates
- Inflation rates
- Access to resources



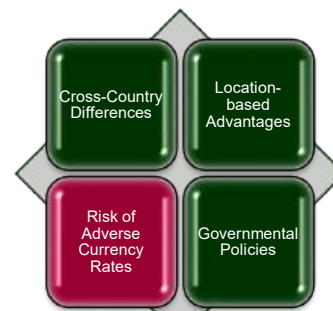
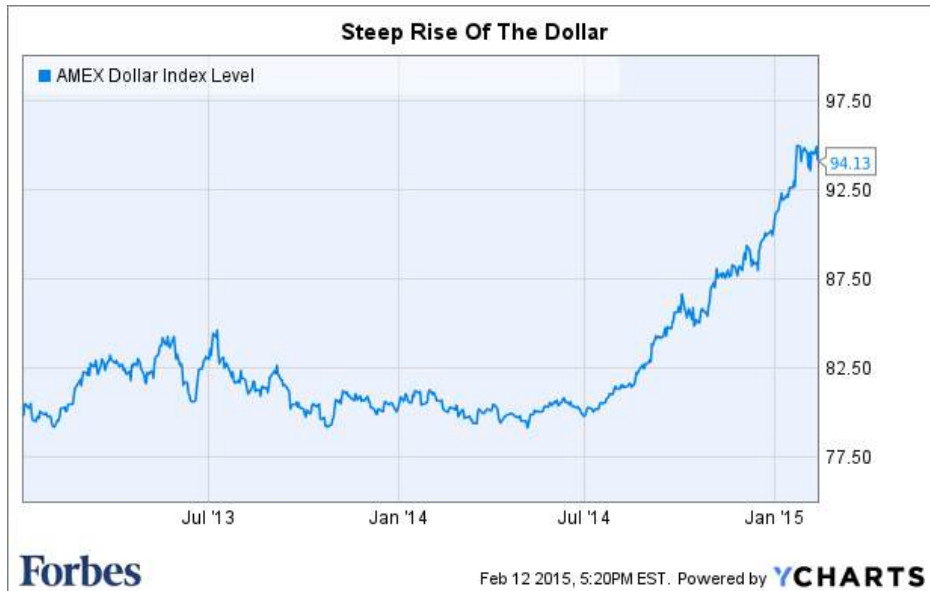
Case Study: Lithium

WORLDWIDE LITHIUM POTENTIAL RESOURCES 2008 (M TONNES LITHIUM)

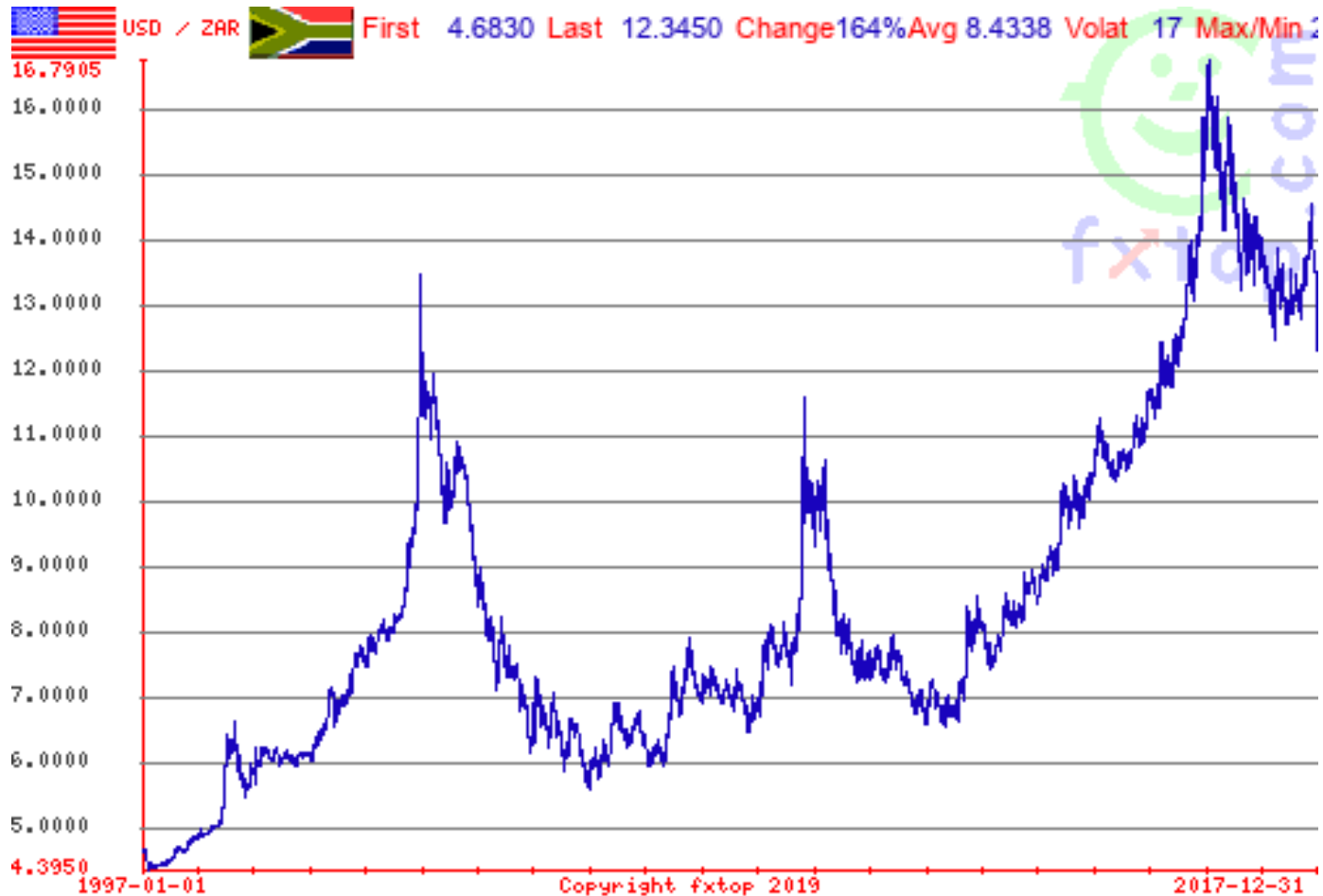


The Risks of Adverse Exchange Rate Shifts

An exporter loses profitability when the “manufacturing” currency grows stronger relative to the “consumer” currency.



USD/ZAR Exchange Rate 1997-2017



Cross-Country
Differences

Location-
based
Advantages

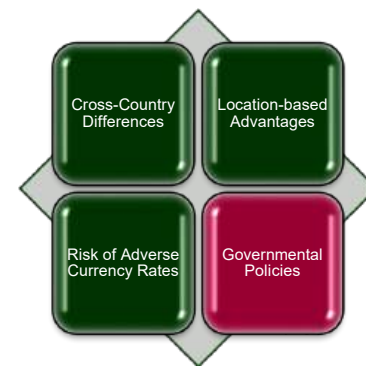
Risk of
Adverse
Currency
Rates

Governmental
Policies

The Impact of Government Policies

Host government policies that are favorable to foreign firms agreeing to construct or expand production and distribution facilities include:

- Reduced taxes
- Low-cost loans
- Site-development assistance

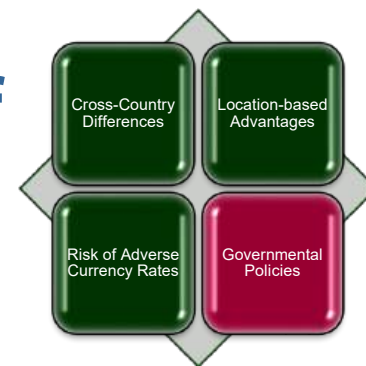


Risks: Political vs Economic

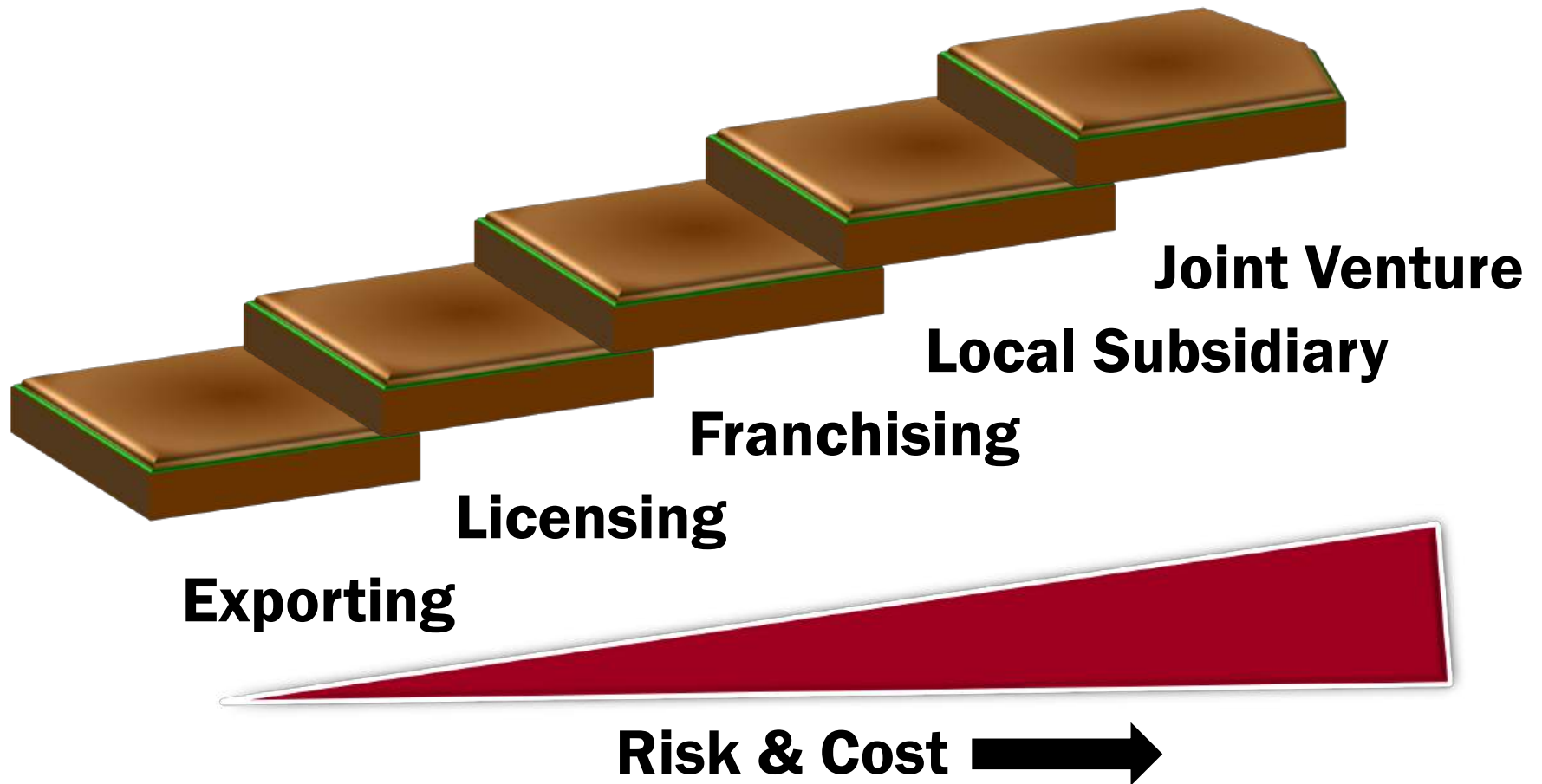
Political risks stem from instability or weakness in national governments and hostility to foreign business.



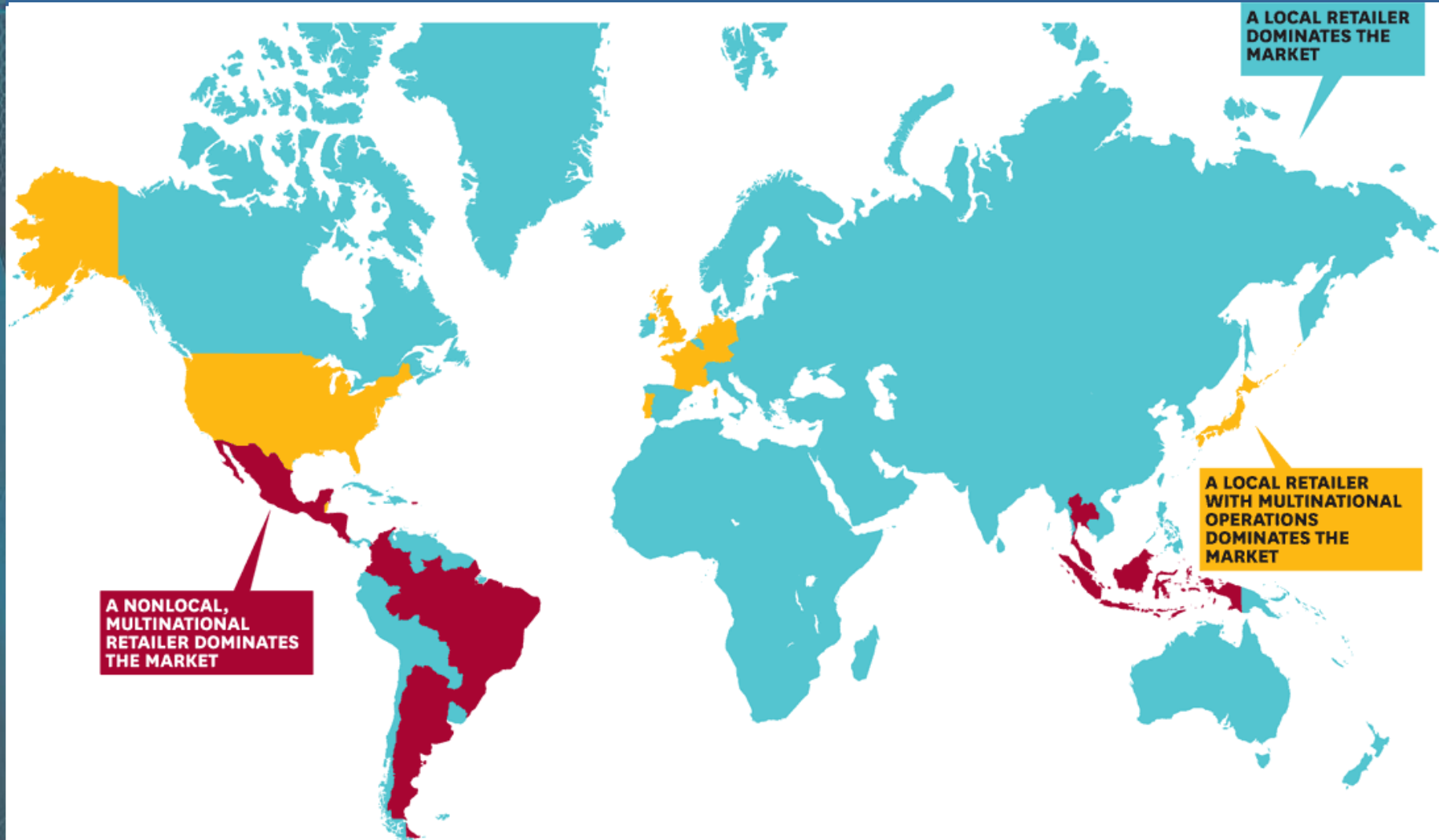
Economic risks stem from the instability of a country's monetary system, changes in economic and regulatory policies, and the lack of property rights protections.



Strategy Options for Entering Foreign Markets



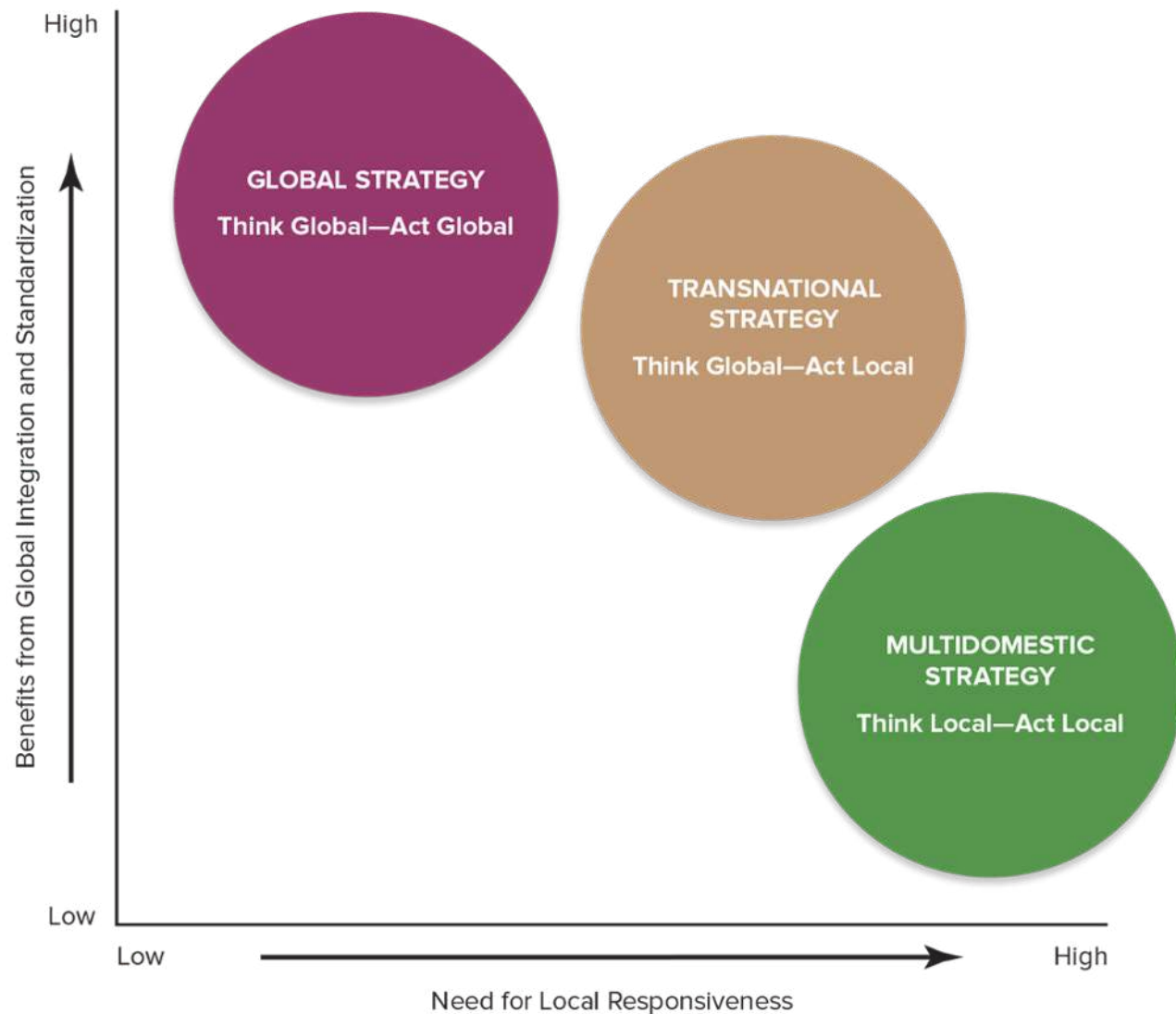
Case Study: Retailing is a Local Business



International Strategy: The Three Principal Options



FIGURE 7.2 Three Approaches for Competing Internationally



[Access the text alternative for slide images.](#)

Multidomestic Strategy

Think Local, Act Local

- A firm varies its product offerings and basic competitive strategy from country to country.

Useful When:

- **Significant country-to-country differences exist** in customer preferences, buying habits, distribution channels, or marketing methods.
- **Host governments enact local content requirements or trade restrictions** that preclude a uniform, coordinated worldwide market approach.

Global Strategy

Global
Strategy
(think global, act
global)

Think Global, Act Global Strategy

- **Globally integrates and coordinates** the firm's strategic moves.
- **Promotes an identifiable, uniform brand image** and reputation from country to country.
- **Focuses the firm's full resources** on securing a sustainable low-cost or differentiation-based competitive advantage over both domestic rivals and global rivals.



Transnational Strategy

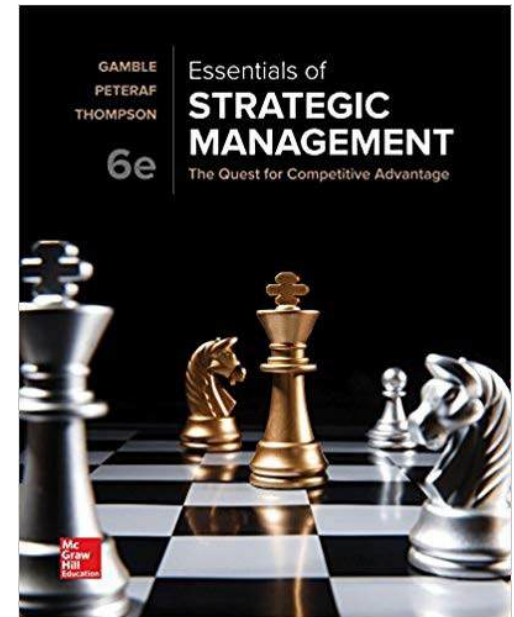
Transnational
strategy
(think global, act
local)

Think Global, Act Local:

- Utilizing the same basic competitive theme (low-cost, differentiation, or focused) in each country **but allows local managers the latitude** to:
 - ❖ Incorporate whatever country-specific variations in product attributes are needed to best satisfy local buyers
 - ❖ Make whatever adjustments in production, distribution, and marketing are needed to respond to local market conditions and compete successfully against local rivals.

Strategic Options in Diversification

Chapter 8



When Business Diversification Becomes a Consideration



Diversification is called for when:

- Diminishing growth prospects in the present business
- An expansion opportunity exists in a complementary industry
- Existing competencies and capabilities can be leveraged
- Costs can be reduced by diversifying
- A powerful brand name can be transferred to the products of other businesses



Crafting a Diversified Company's Overall Corporate Strategy



Step 1 – How/Where to Diversify

- Which New Industries to Enter
- Means of Entry



Step 2 – Pursue Competitive Advantage

- Leverage Value Chain Relationships
- Strategic Fit



Step 3 – Establish Investment Priorities

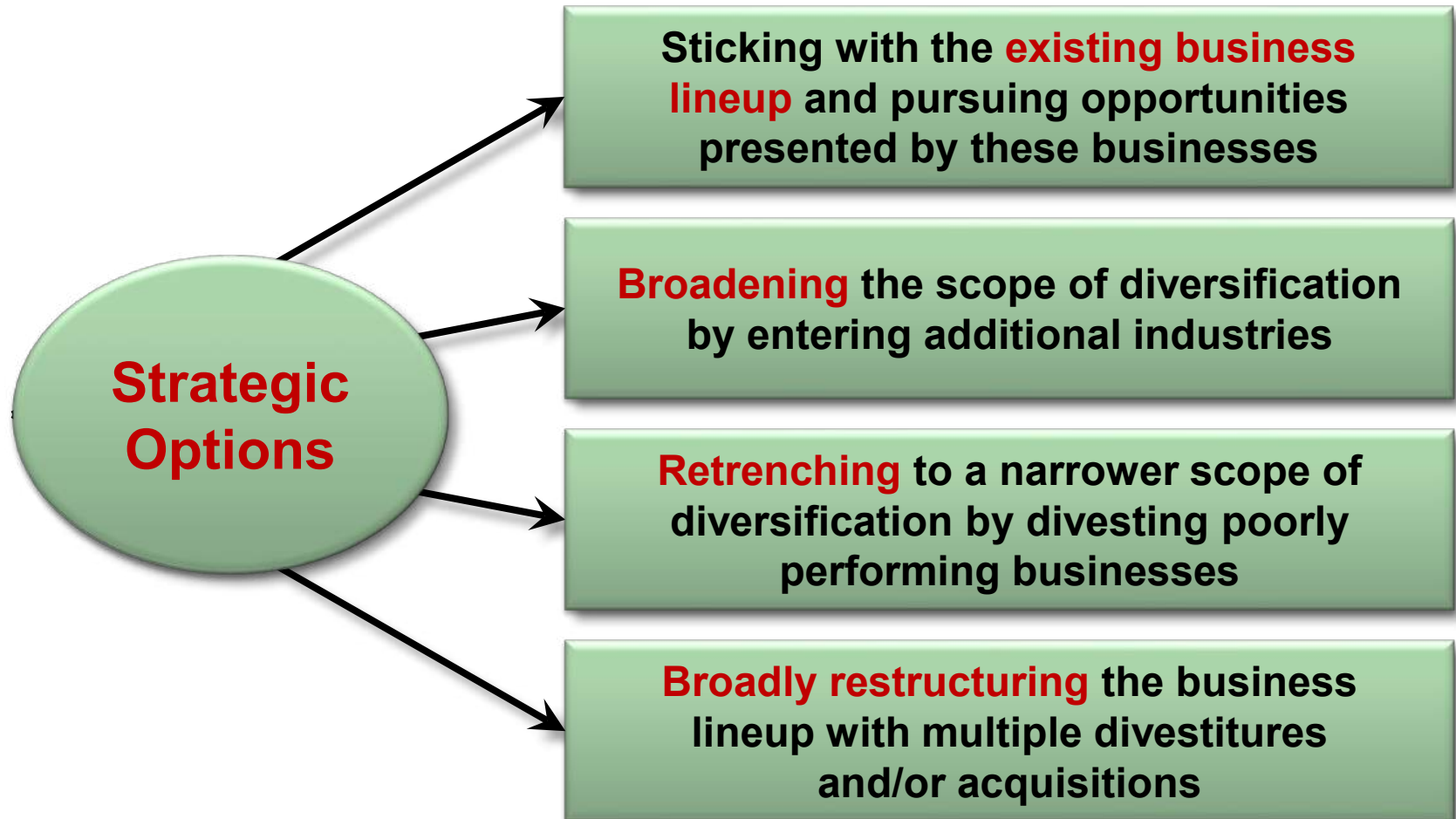
- Level of Resourcing
- Source and Target of Resources



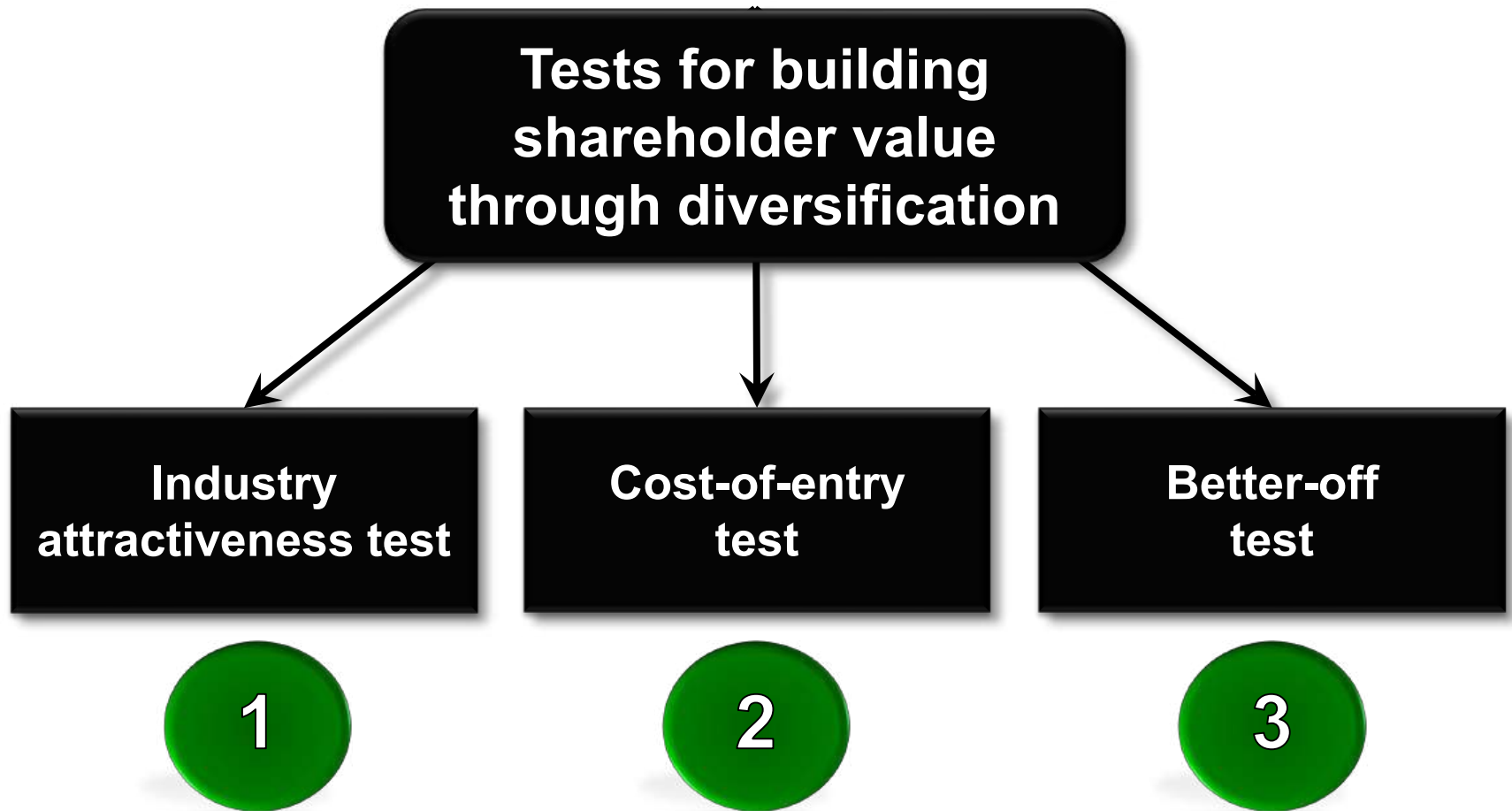
Step 4 – Boost Performance

- Initiate Actions
- Across All Corporate Businesses/Units

Strategic Options for Diversified Corporations



Building Shareholder Value: The Ultimate Justification for Business Diversification



Approaches to Diversifying the Business Lineup

Options for entering new industries and lines of business

Diversification by acquisition of an existing business

Entering a new line of business through internal development

Using joint ventures to achieve diversification

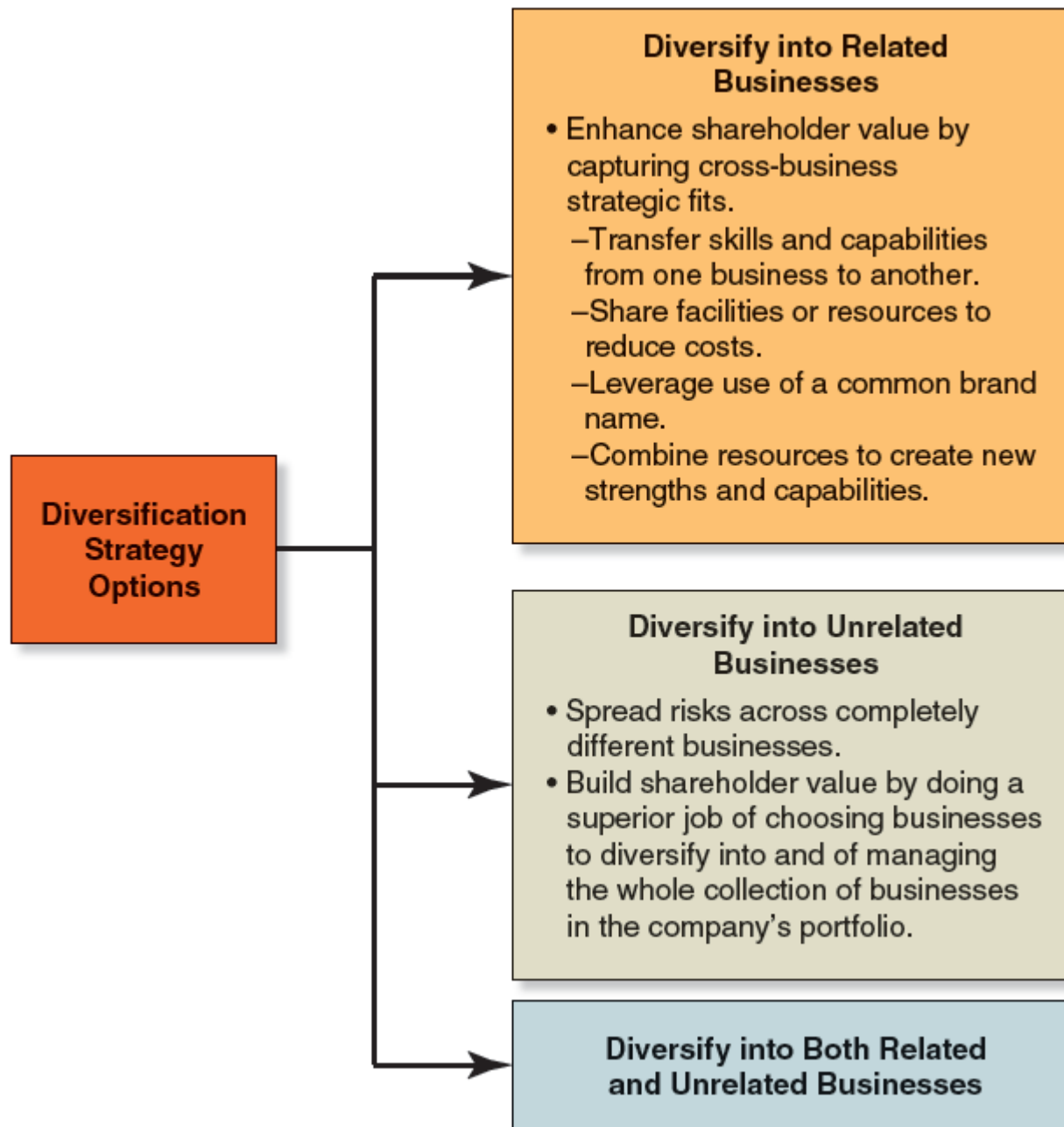


Choosing the Diversification Path: Related Versus Unrelated Businesses



**Related Businesses
VS.
Unrelated Businesses**





The Case For Related Diversification

STRATEGIC FIT

- ❖ **Transferring competitively valuable** resources, expertise, technological know-how, or other capabilities from one business to another.
- ❖ **Cost sharing** between separate businesses where value chain activities can be combined.
- ❖ **Brand sharing** between business units that have common customers or that draw upon common core competencies.

Synergy

$$1 + 1 = 3$$



Strategic Fit - Economies

Economies of **Scope**

Are cost reductions that flow from resource sharing

Economies of **Scale**

Unit cost reductions due to the increased size of operations.

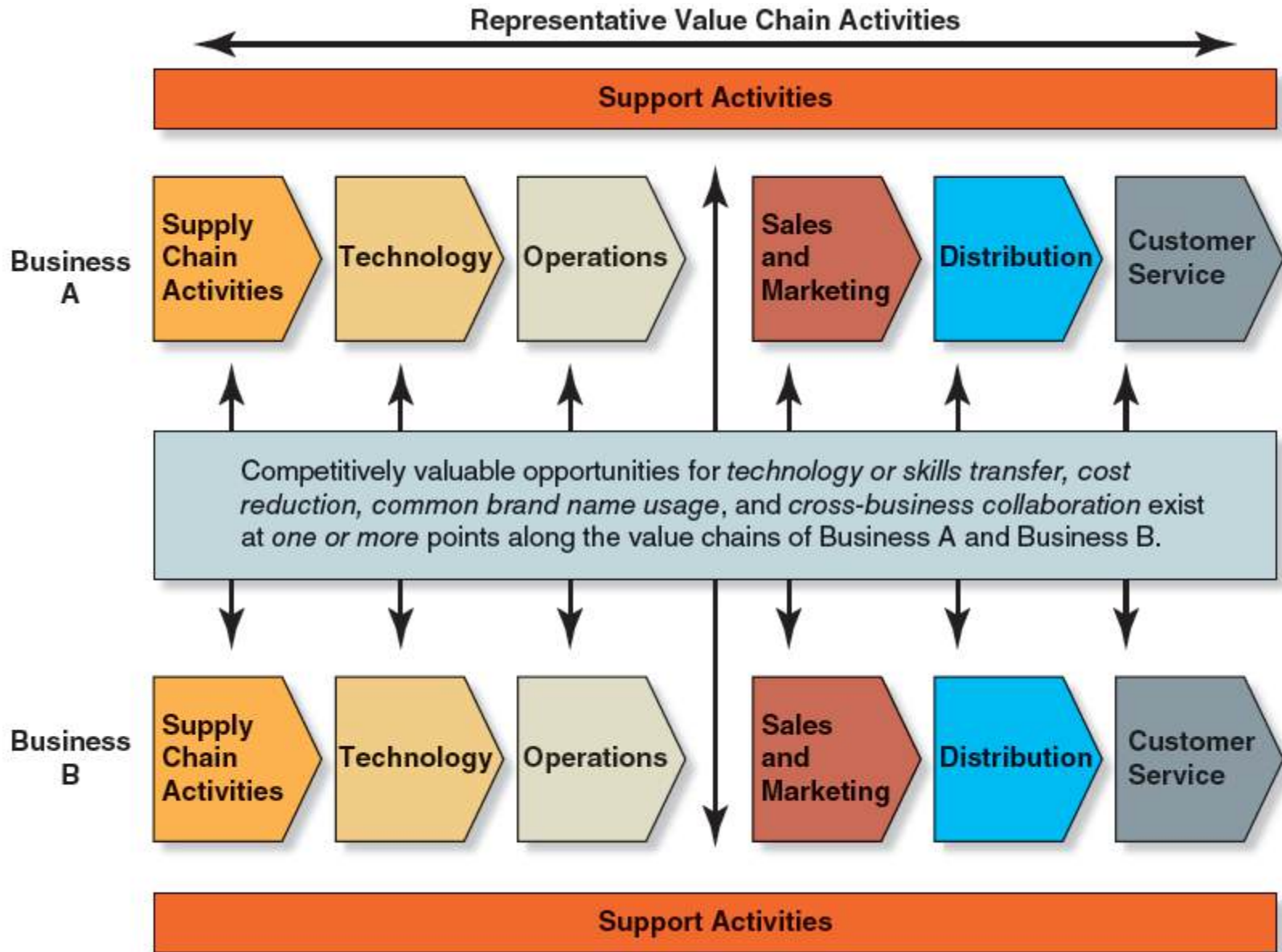
Diversification – Related

Examples:



FIGURE 8.2

Related Diversification Is Built upon Competitively Valuable Strategic Fit in Value Chain Activities

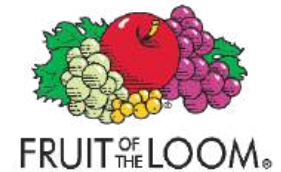


Diversifying into Unrelated Businesses

Strategic approach:

➤ Growth through acquisition into any area where:

- Corporate Revenues
- Earnings
- Stock Price



➤ While industry attractiveness and cost-of-entry tests are important, the better-off test is secondary.



Diversifying into Unrelated Businesses

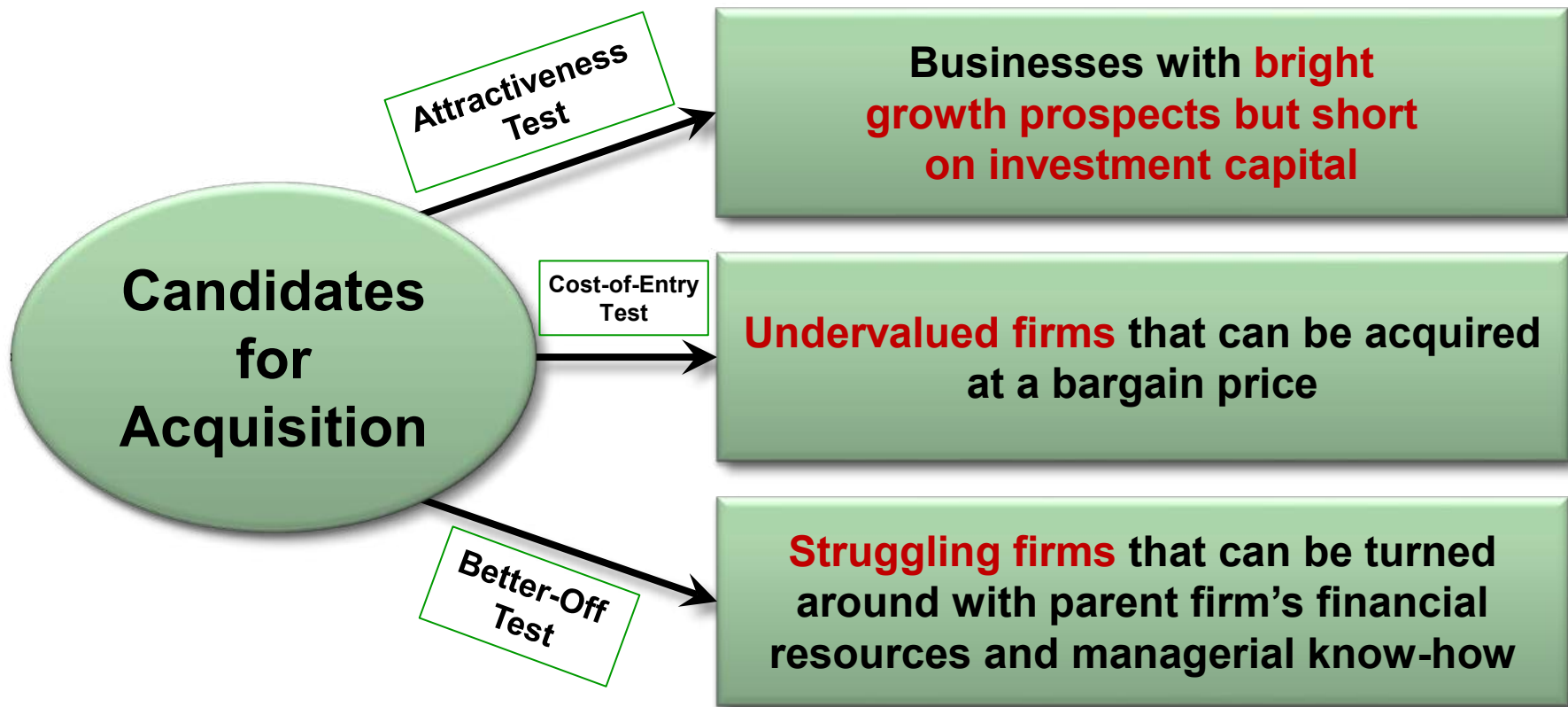
Involves diversifying into businesses with:

- No strategic fit
- No meaningful value chain relationships
- No unifying strategic theme

The Pampered Chef®



Types of Acquisition Candidates in Unrelated Diversification Strategies



Building Shareholder Value Through Unrelated Diversification

Corporate executives need to:

- Consistently good earnings and returns on investment.
- Negotiate favorable acquisition prices.
- Do a stellar job *overseeing* and *parenting* acquisitions

General Electrics



Appliances



imagination at work



Aviation



Healthcare



Energy



Financial services



Consumer products

Virgin



Radio



Telecom and media



Travel agent



Airlines



Railways

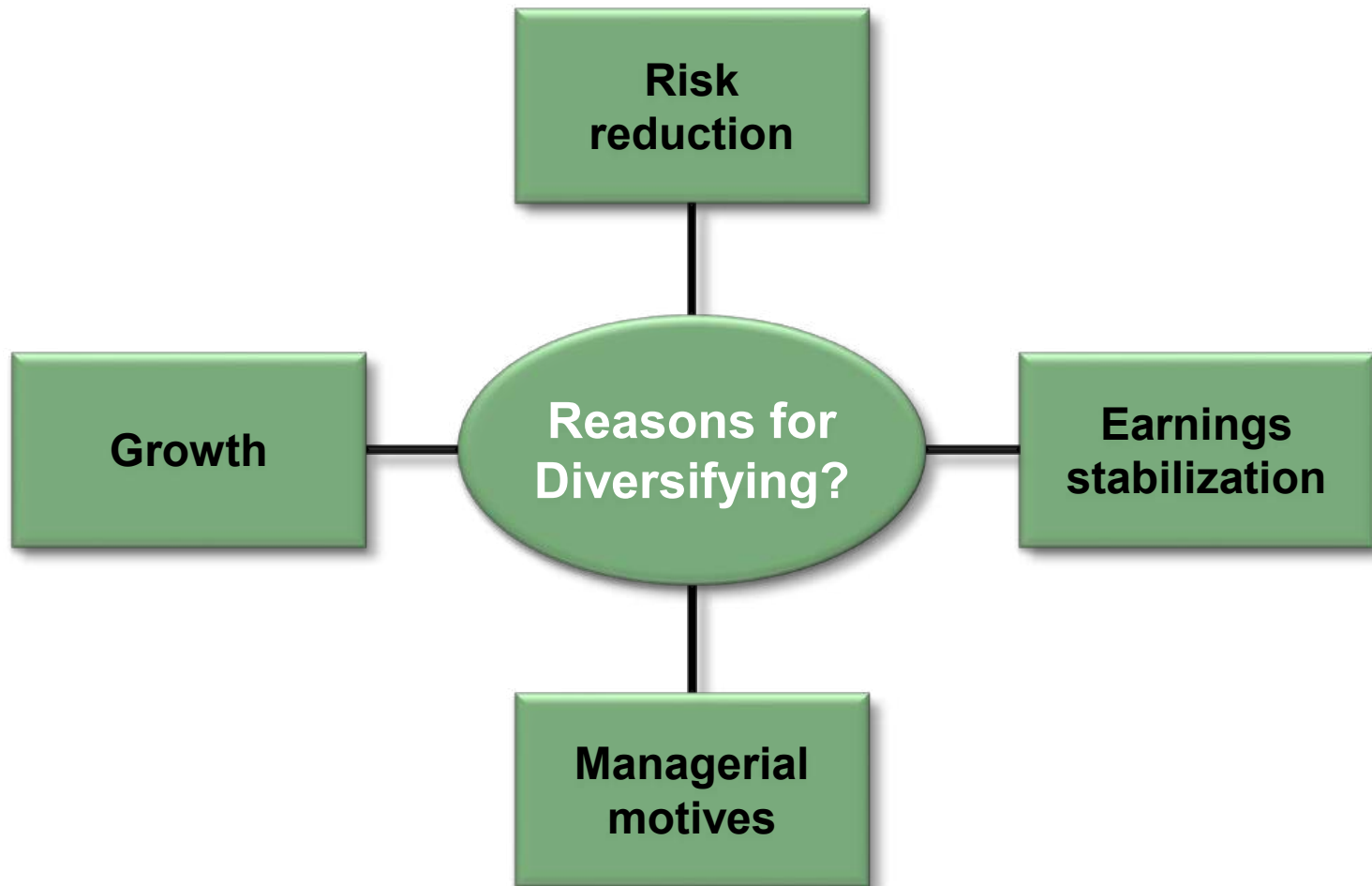


Megastore

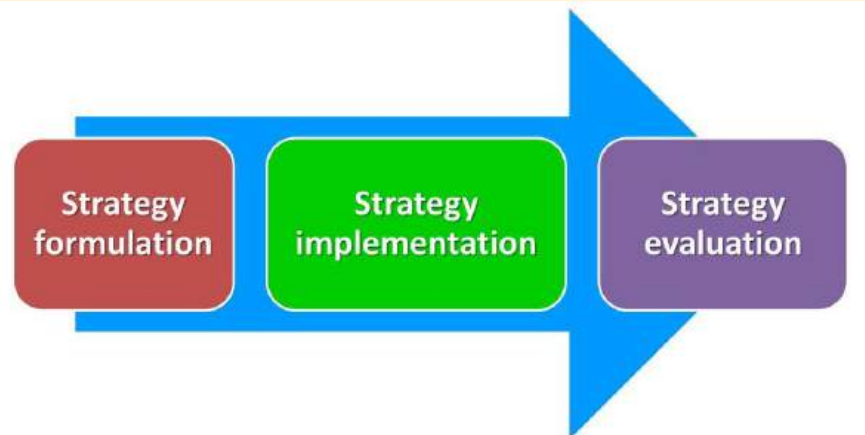
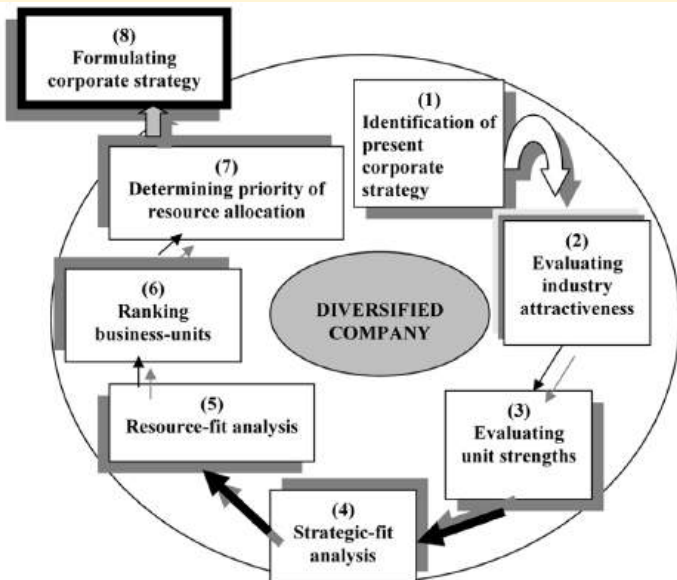


Soft drinks

Misguided Reasons for Pursuing Unrelated Diversification (Careful!)



So, How do I Evaluate Strategy in a Diversified Company?



Evaluating the Strategy of a Diversified Company

Step 1

Assess the attractiveness of the industries the firm has diversified into.

Step 2

Assess the competitive strength of the firm's business units.

Step 3

Evaluate the extent of cross-business strategic fit along the value chains of the firm's various business units.

Step 4

Check whether the firm's resources fit the requirements of its present business lineup.

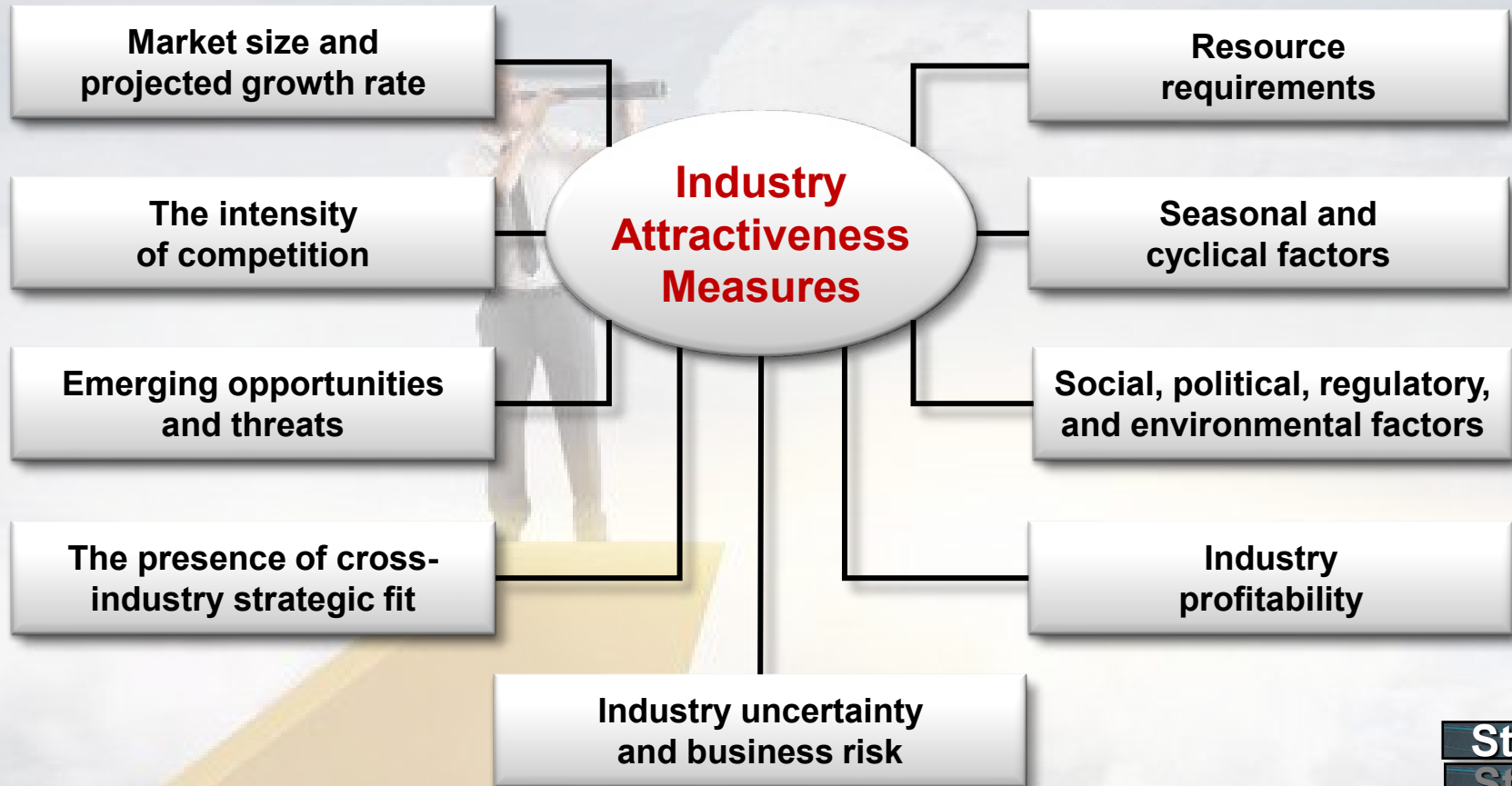
Step 5

Rank the performance of the businesses from best to worst and determine a priority for allocating resources.

Step 6

Craft new strategic moves to improve overall corporate performance.

Step 1: Evaluating Industry Attractiveness



Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

TABLE 8.1

Calculating Weighted Industry Attractiveness Scores

Rating scale: 1 = Very unattractive to company; 10 = Very attractive to company

Industry Attractiveness Measure	Importance Weight	Industry A Rating/Score	Industry B Rating/Score	Industry C Rating/Score	Industry D Rating/Score
Market size and projected growth rate	0.10	8/0.80	5/0.50	2/0.20	3/0.30
Intensity of competition	0.25	8/2.00	7/1.75	3/0.75	2/0.50
Emerging opportunities and threats	0.10	2/0.20	9/0.90	4/0.40	5/0.50
Cross-industry strategic fit	0.20	8/1.60	4/0.80	8/1.60	2/0.40
Resource requirements	0.10	9/0.90	7/0.70	5/0.50	5/0.50
Seasonal and cyclical influences	0.05	9/0.45	8/0.40	10/0.50	5/0.25
Societal, political, regulatory, and environmental factors	0.05	10/0.50	7/0.35	7/0.35	3/0.15
Industry profitability	0.10	5/0.50	10/1.00	3/0.30	3/0.30
Industry uncertainty and business risk	0.05	5/0.25	7/0.35	10/0.50	1/0.05
Sum of the assigned weights	1.00				
Overall weighted industry attractiveness scores		7.20	6.75	5.10	2.95

Step 1

Step 2

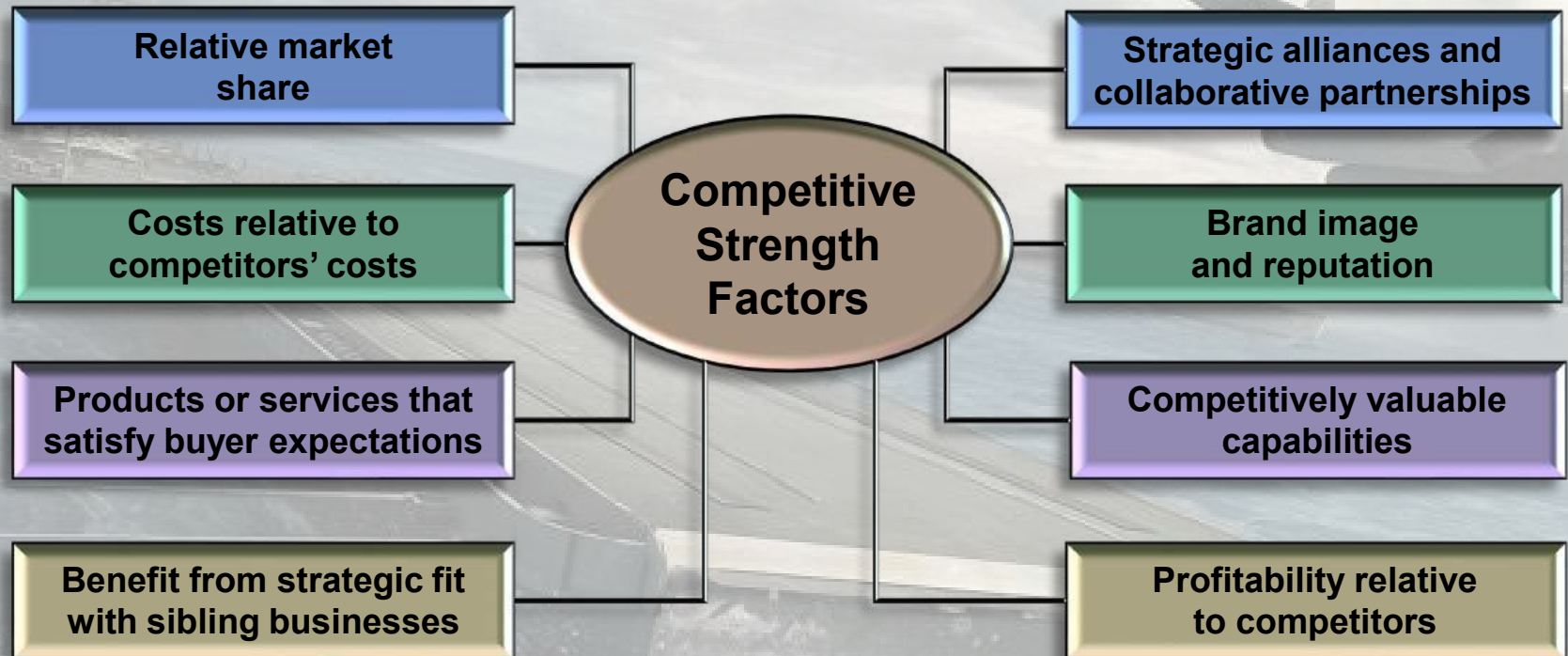
Step 3

Step 4

Step 5

Step 6

Step 2: Evaluating Business-Unit Competitive Strength



- Step 1
- Step 2**
- Step 3
- Step 4
- Step 5
- Step 6

TABLE 8.2

Calculating Weighted Competitive Strength Scores for a Diversified Company's Business Units

Rating scale: 1 = Very weak; 10 = Very strong

Competitive Strength Measure	Importance Weight	Business A In Industry A Rating/Score	Business B In Industry B Rating/Score	Business C In Industry C Rating/Score	Business D In Industry D Rating/Score
Relative market share	0.15	10/1.50	1/0.15	6/0.90	2/0.30
Costs relative to competitors' costs	0.20	7/1.40	2/0.40	5/1.00	3/0.60
Ability to match or beat rivals on key product attributes	0.05	9/0.45	4/0.20	8/0.40	4/0.20
Ability to benefit from strategic fit with sister businesses	0.20	8/1.60	4/0.80	4/0.80	2/0.60
Bargaining leverage with suppliers/ buyers; caliber of alliances	0.05	9/0.45	3/0.15	6/0.30	2/0.10
Brand image and reputation	0.10	9/0.90	2/0.20	7/0.70	5/0.50
Competitively valuable capabilities	0.15	7/1.05	2/0.30	5/0.75	3/0.45
Profitability relative to competitors	0.10	5/0.50	1/0.10	4/0.40	4/0.40
Sum of the assigned weights	1.00				
Overall weighted competitive strength scores		7.85	2.30	5.25	3.15

Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

Step 3: Determining the Competitive Value of Strategic Fit in Multibusiness Companies

Value chain matchups provide competitive advantage when there are opportunities to:

- **Combine performance of certain activities**, thereby reducing costs and capturing economies of scope.
- **Transfer skills, technology, or intellectual capital** from one business to another.
- **Share a respected brand name** across multiple product and/or service categories.

Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

Step 3: Determining the Competitive Value of Strategic Fit in Multibusiness Companies



Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

Step 4: Evaluating Resource Fit

A diversified firm's lineup of businesses exhibit good resource fit when:

1. Each of a firm's businesses, individually, **strengthen the firm's overall mix** of resources and capabilities.
2. A **firm has sufficient resources** that add customer value to support its entire group of businesses without spreading itself too thin.



Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

Cash Cows vs Cash Hogs



A cash hog generates operating cash flows that are too small to fully fund its operations and growth



A cash cow generates operating cash flows over and above its internal requirements

- Step 1
- Step 2
- Step 3
- Step 4
- Step 5
- Step 6

Assessing Cash Hogs

“DON’T DIVEST IF...”

**Reasons for
keeping a cash
hog business**

It has highly valuable strategic fit with other business units

Capital infusions needed from the corporate parent are modest relative to the funds available

There’s a decent chance of growing the cash hog into a solid bottom-line contributor.



Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

Step 5: Ranking Business Units and Setting a Priority for Resource Allocation

Factors to consider in judging business-unit performance

Sales growth

Profit growth

Earnings contribution

Cash flow generation

Return on investment

Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

FIGURE 8.4

The Chief Strategic and Financial Options for Allocating a Diversified Company's Financial Resources

Strategic Options for Allocating Company Financial Resources

Invest in ways to strengthen or grow existing business

Make acquisitions to establish positions in new industries or to complement existing businesses

Fund long-range R&D ventures aimed at opening market opportunities in new or existing businesses

Financial Options for Allocating Company Financial Resources

Pay off existing long-term or short-term debt

Increase dividend payments to shareholders

Repurchase shares of the company's common stock

Build cash reserves; invest in short-term securities

Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

GENERAL ELECTRIC (GE) STRATEGIC BUSINESS PLANNING GRID

Industry Attractiveness

Business Strength

Strong

Average

Weak

	Strong	Average	Weak
High	Invest / Grow	Invest / Grow	Selective Investment
Average	Invest / Grow	Selective Investment	Harvest/ Divest
Low	Selective Investment	Harvest/ Divest	Harvest/ Divest

Step 1

Step 2

Step 3

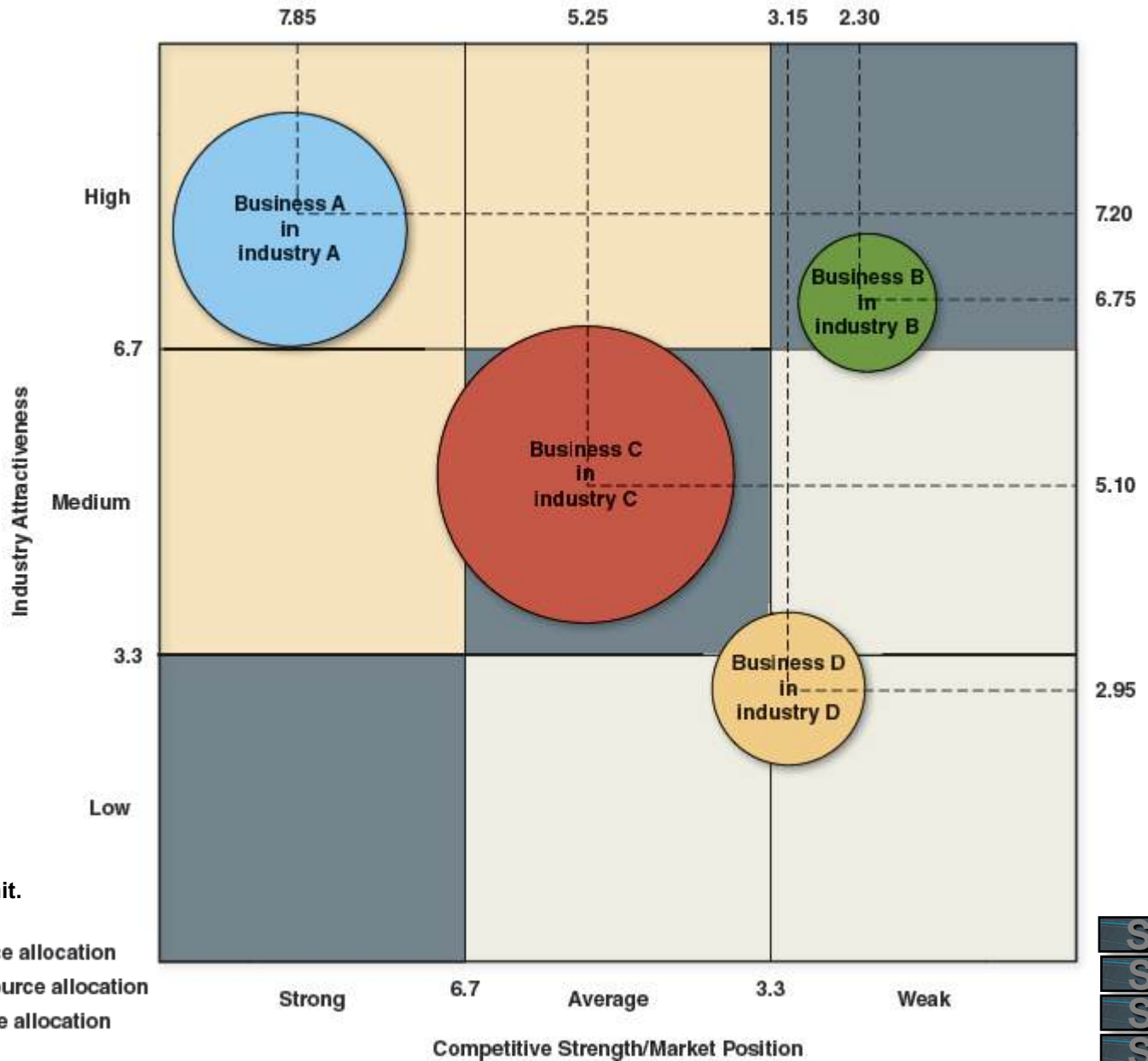
Step 4

Step 5

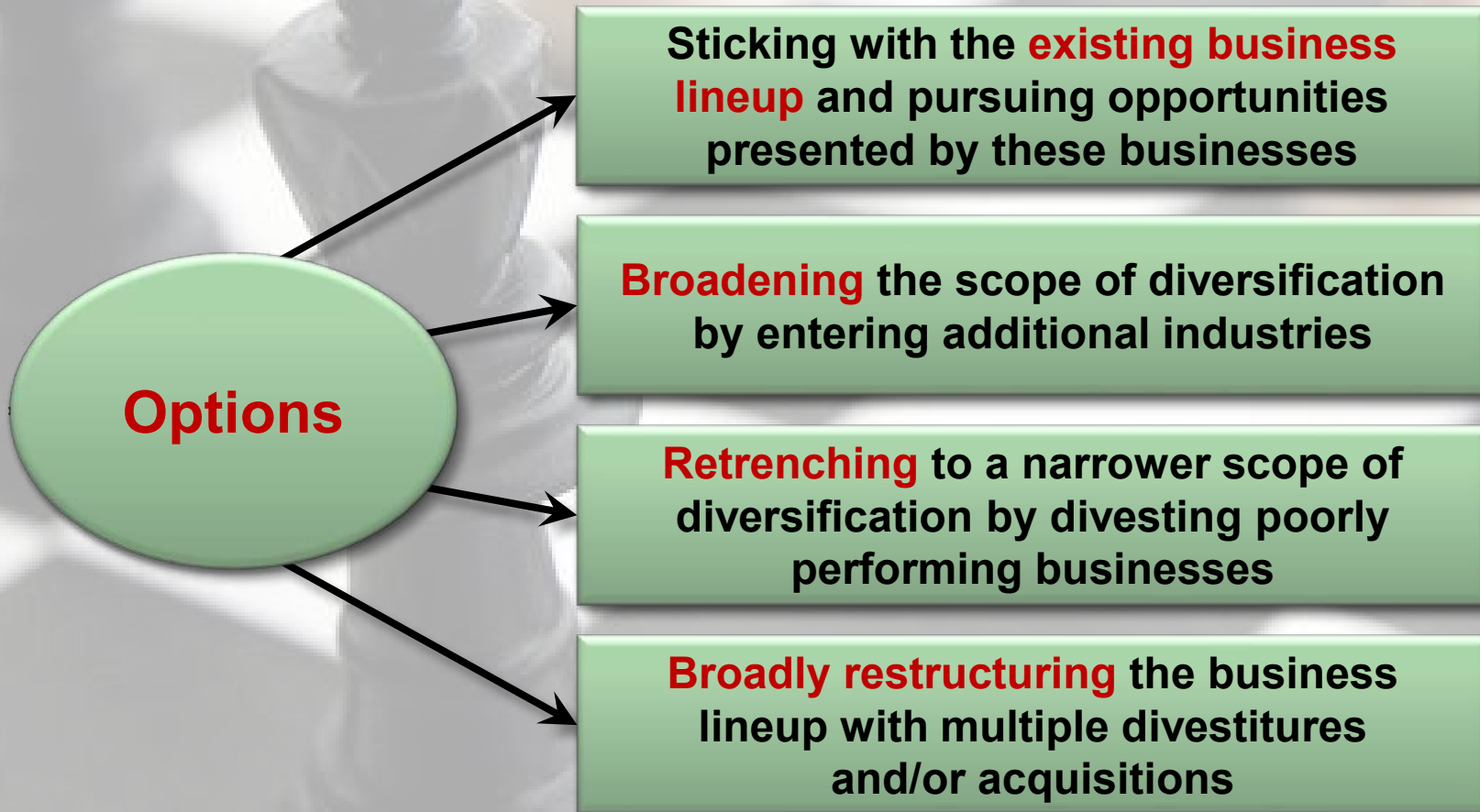
Step 6

FIGURE 8.3

A Nine-Cell Industry Attractiveness–Competitive Strength Matrix



Step 6: Crafting New Strategic Moves to Improve Overall Corporate Performance

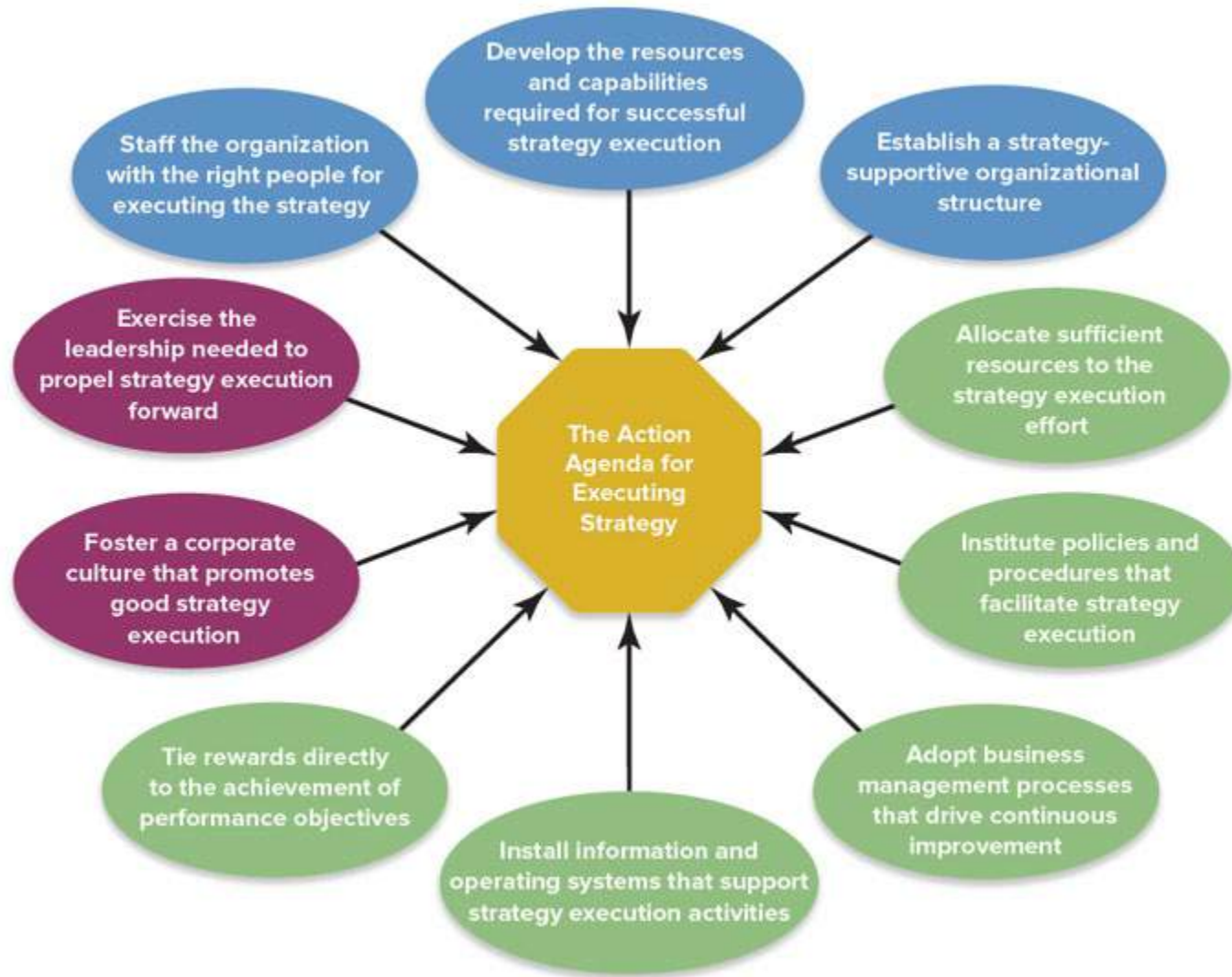


Step 1
Step 2
Step 3
Step 4
Step 5
Step 6

Executing a Strategy - Framework

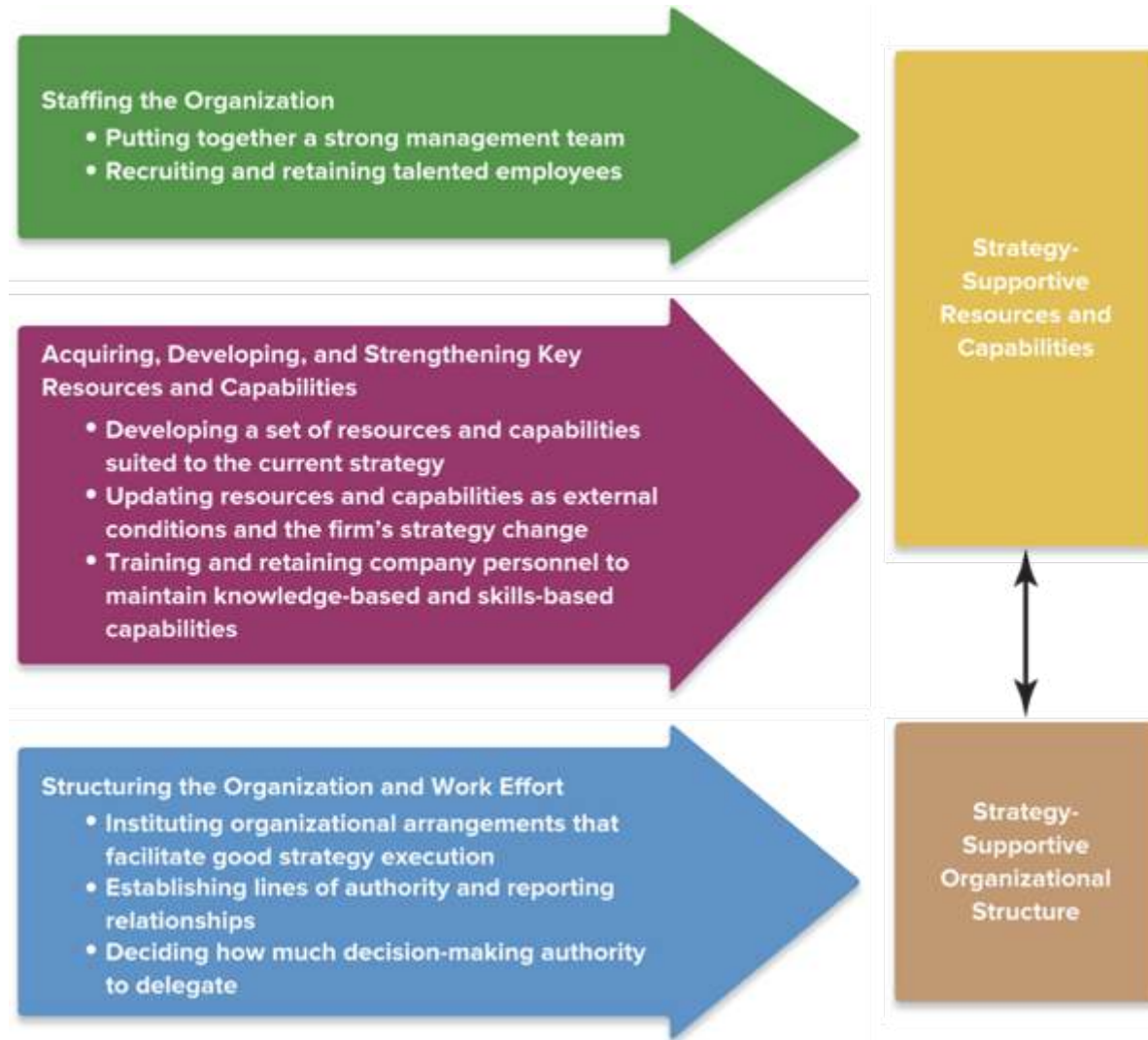


FIGURE 10.1 The 10 Basic Tasks of the Strategy Execution Process



- [Access the text alternative for slide images.](#)

FIGURE 10.2 Building an Organization Capable of Proficient Strategy Execution: Three Key Actions



[Access the text alternative for slide images.](#)

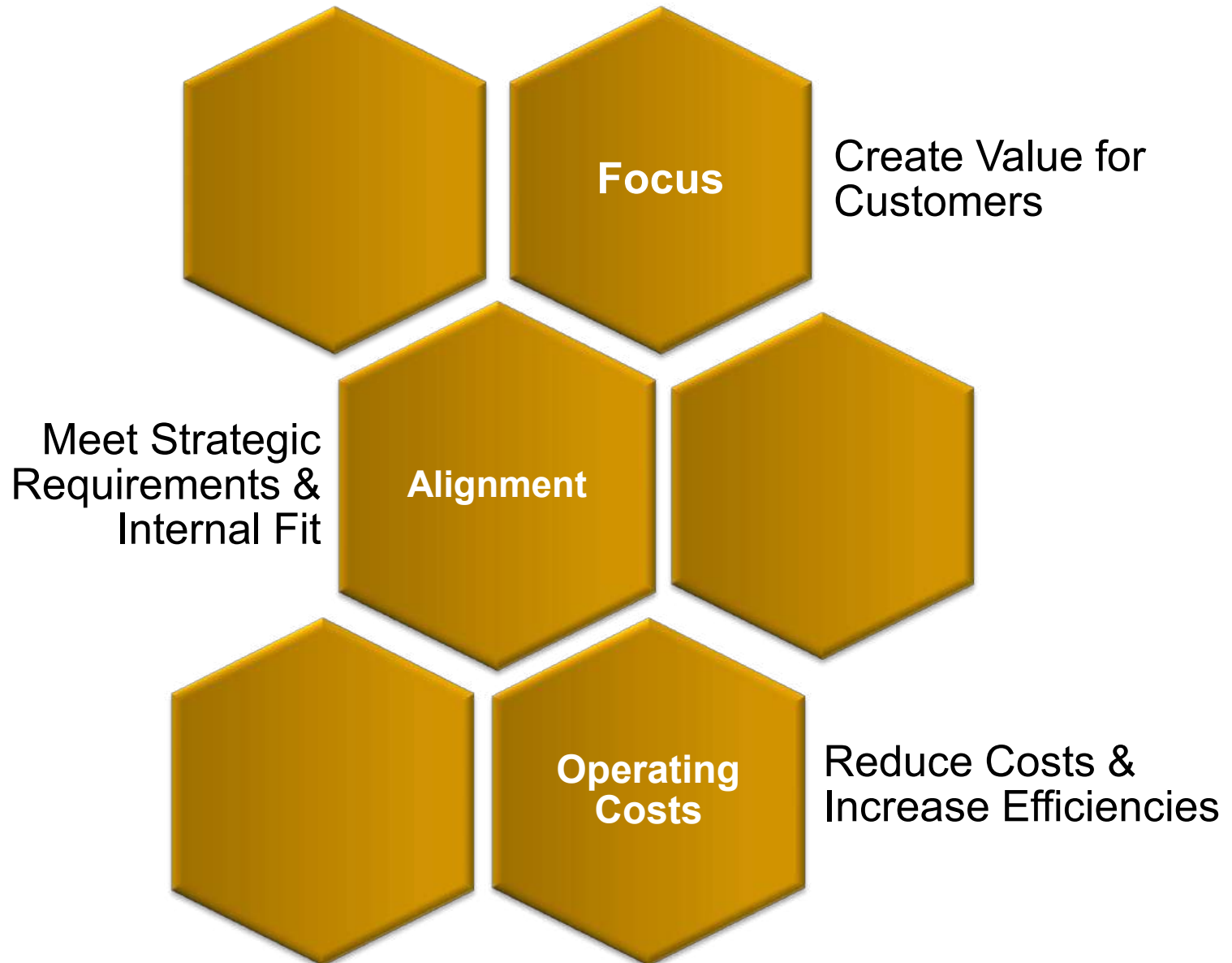
Value Chain Activities to Perform Internally and Which to Outsource



Potential Benefits:

- Outperform Rivals
 - ✓ Distinctive Competence
- Lean Organization
 - ✓ Flat
 - ✓ Speed of decisions
- Partnerships
 - ✓ Increase capabilities
 - ✓ Improve strategy execution

Aligning Structure with Strategy



Matching a Type of Organizational Structure to Strategy Execution Requirements

Simple Structure

(Line-and-Staff)

Functional Structure

(Departmental or Unitary)

Multidivisional Structure

(Divisional or M-form)

Matrix Structure

(Composite or Combination)


Strategy Execution Requirements:

- Chosen Strategy.
- Capabilities and Competencies.
- Centralized or Decentralized Control.

Organizational Approaches to Decision Making



**Centralized
Decision
Making**

A large blue circle with a white border, containing the text 'Centralized Decision Making' in white, bold, sans-serif font, centered within the circle.

**Decentralized
Decision
Making**

A large blue circle with a white border, containing the text 'Decentralized Decision Making' in white, bold, sans-serif font, centered within the circle.



Thompson

Peteraf

Gamble

Strickland

chapter

12

**Corporate
Culture and
Leadership:
Keys to Good
Strategy
Execution**

23e
Crafting & Executing
STRATEGY

THE QUEST FOR COMPETITIVE ADVANTAGE

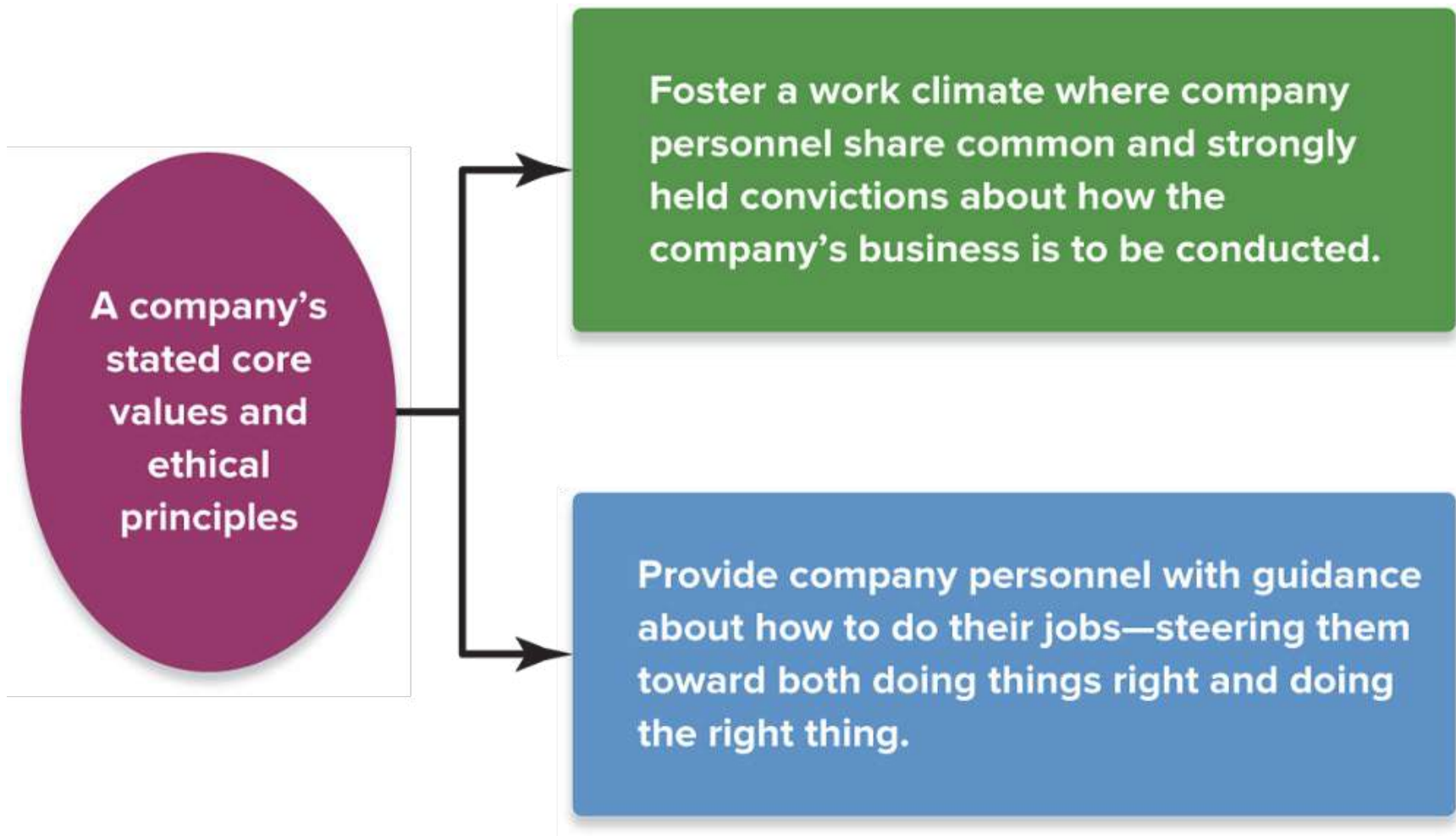
Mc
Graw
Hill

Concepts

Identifying the Key Features of a Company's Corporate Culture

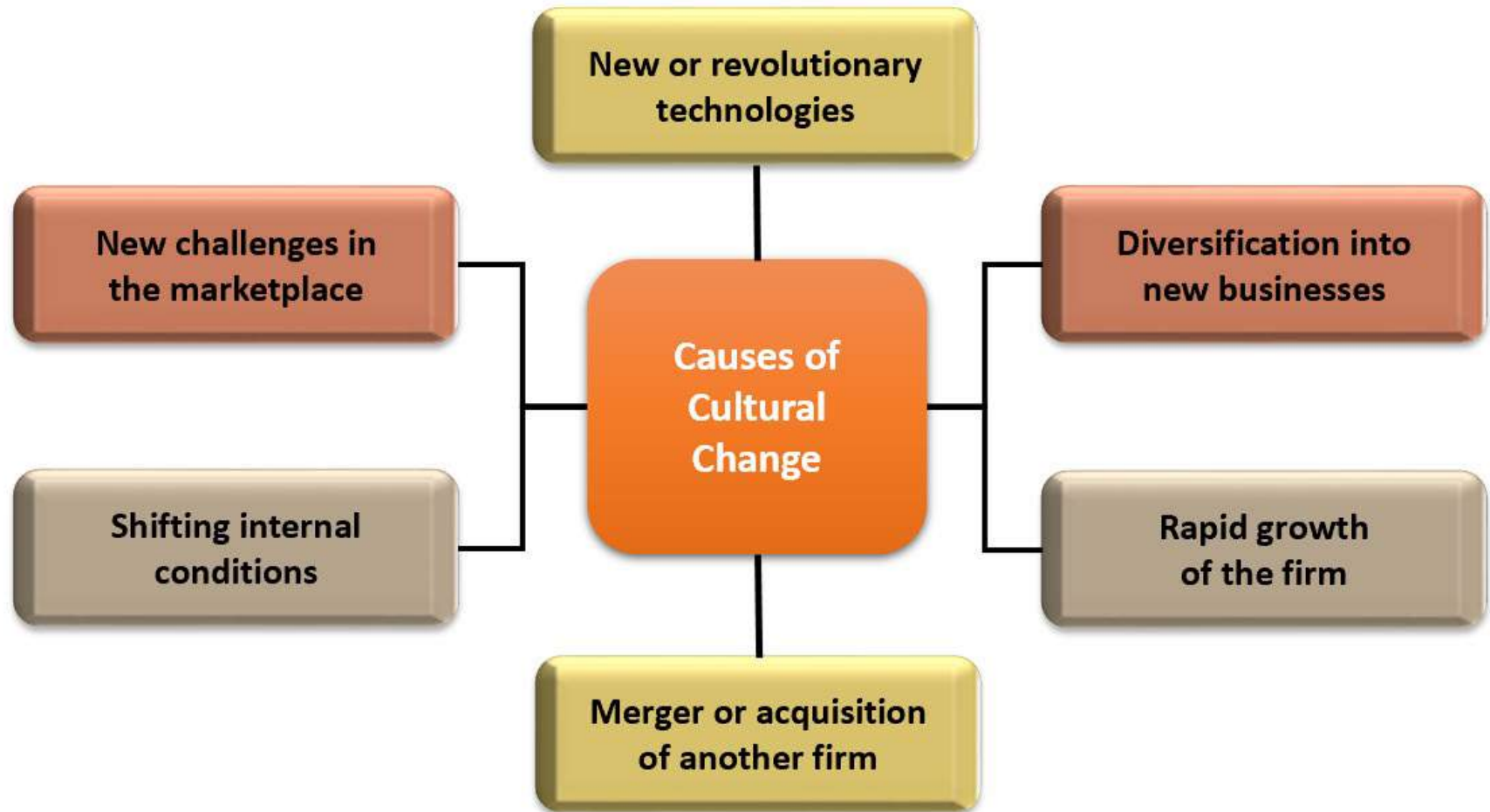


FIGURE 12.1 The Two Culture-Building Roles of a Company's Core Values and Ethical Standards



[Access the text alternative for slide image.](#)

Forces that Cause a Firm's Culture to Evolve



Healthy Cultures that Aid Good Strategy Execution



Unhealthy Cultures that Impede Good Strategy Execution



Changing a Problem Culture

Step 1 – Identify Dysfunctional Elements



```
graph TD; A[Step 1 – Identify Dysfunctional Elements] --> B[Step 2 – Clearly Specify Expected Cultural Elements]; B --> C[Step 3 – Talk Openly]; C --> D[Step 4 – Use Visible and Forcible Actions (both symbolic and substantive)];
```

Step 2 – Clearly Specify Expected Cultural Elements

Step 3 – Talk Openly

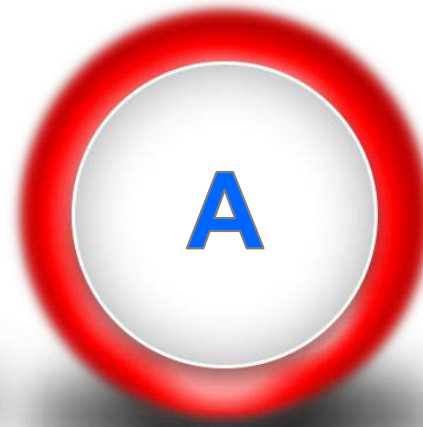
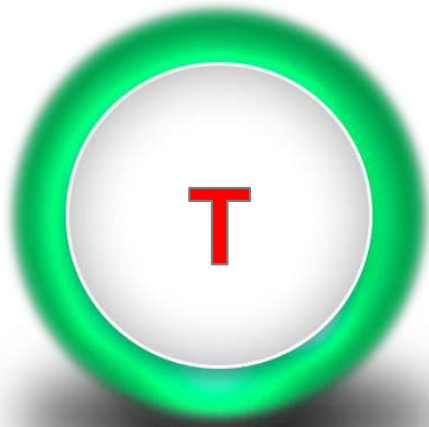
Step 4 – Use Visible and Forcible Actions (both symbolic and substantive)

Symbolic Culture-Changing Actions

**Top executive
and upper
management
behaviors**

**Ceremonial
events to honor
exemplary
employees**

**Physical
symbols that
represent the
new culture**



Together Everyone Achieves More
T O G E T H E R E A C H A M O N G A C H I E V E S M O R E



EVERY GROUP PROJECT

**DOES 99%
OF THE WORK**

**HAS NO
IDEA WHAT'S
GOING ON THE
WHOLE TIME**

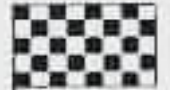
**SAYS HE'S
GOING TO
HELP BUT
HE'S NOT**

**DISAPPEAR
AT THE VERY
BEGINNING AND
DOESN'T SHOW
UP AGAIN TIL
THE VERY END**

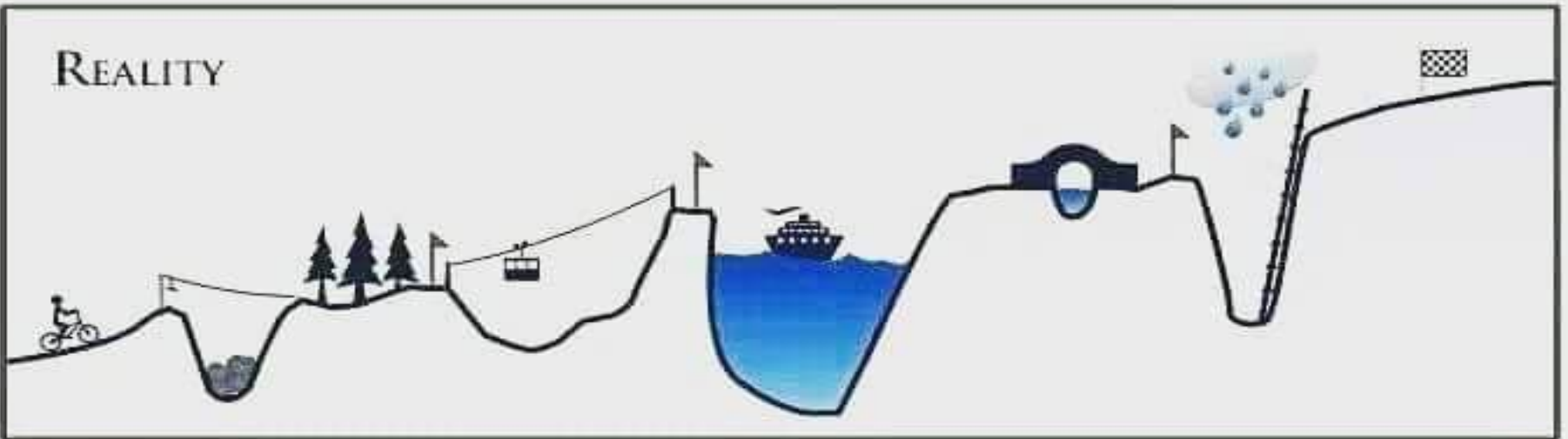
IN SCHOOL YOU HAVE EVER DONE

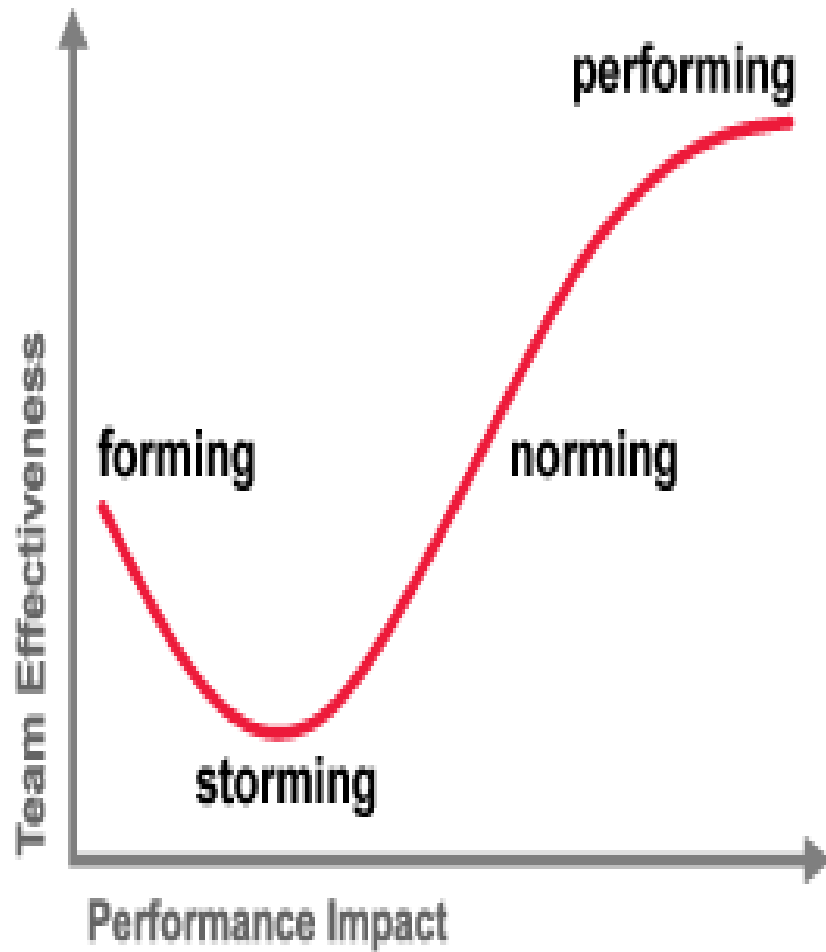


YOUR PLAN



REALITY





Forming	The team act as individuals and there is a lack of clarity about the team's purpose and individual roles.
Storming	Conflict arises as people begin to establish their place in the team.
Norming	There is a level of consensus and agreement within the team. There is clarity about individual roles. The role of the leader is important in managing this.
Performing	The group has a clear strategy and shared vision. It can operate autonomously and resolve issues positively.

Adapted from Tuckman 1965



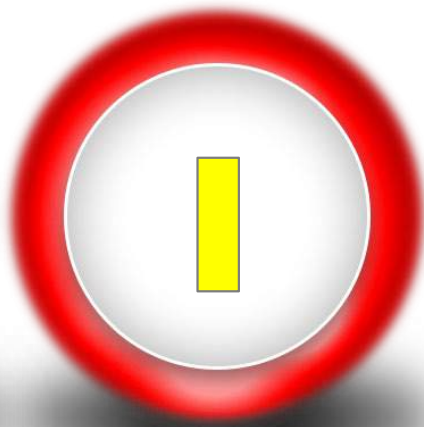
**Coming together is a
beginning, staying
together is progress,
working together is
success.**

Henry Ford





Dominance



Influence



Steadiness



Conscientious



Task-oriented



Conscientious



Dominance

Indirect

Steadiness



Influence



Direct

People-oriented



Indirect



Soft Spoken

Likes to be alone

Body language is calm and controlled



Direct



Talks Loud

Likes to be with people

Expressive, lively body language



Task-oriented



Focused on completing tasks

Decision based on facts and figures

Does not walk away from conflicts



Focused on building relationships

Decision based on emotions and feelings

Does not like conflicts



People-oriented



Value to the Team



Objective
Conscientious
High standards
gets information,
Devils advocate
Detail oriented



Self-starter
Forward looking
Competitive
Initiates activity
Results oriented
Challenges the status quo



Dependable
Hard worker
Great listener
Patient
Finish tasks
Loyal



Optimism and
enthusiasm
Creative problem
solving
Sense of humor
Team Player



Possible Limitations



Analysis paralysis
Critical of others
Being defensive
Hard on themselves
Avoid controversy



Overstep authority
Too directive
Impatient
Take on too many tasks
Push people vs lead them



Resist change
Internalize feelings
Wait for orders
Self doubt
Lack of urgency



Oversell
Act impulsively,
Trust people
Time management
Poor listener



Checklist for Communicating



Stick to business
Be accurate
Don't push too hard
Be organized
Don't criticize



Be clear
Come prepared
No small talk
Be organized
Be brief and to the point



Break the ice
Don't rush
Don't be demanding
Don't force them to respond quickly



Friendly environment
Limit details
Don't be curt, cold
Don't control the conversation
Don't drive on facts



Top 7 High Performing Team Considerations

1. Understand the project and know what is expected
2. Invest in the team
3. Choose a leader/rotate
4. Give everyone a voice – Don't pout
5. Actively participate
6. Create a plan of action - Monitor progress – Keep a scorecard
7. Use the Platinum Rule

