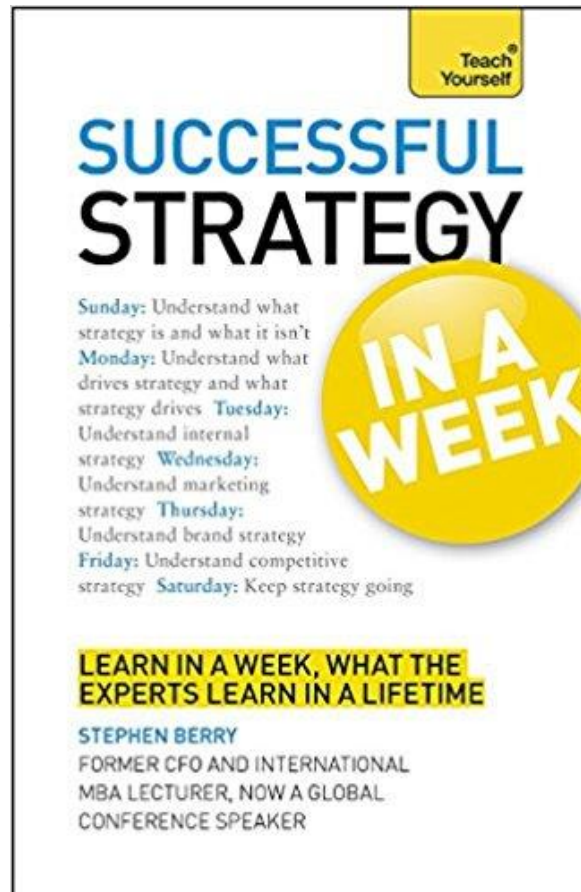


DR. ALVIN'S PUBLICATIONS

SUCCESSFUL STRATEGY BY STEPHEN BERRY

A SUMMARY BY DR. ALVIN ANG



COPYRIGHTED BY DR ALVIN ANG
WWW.ALVINANG.SG

SUCCESSFUL STRATEGY
BY STEPHEN BERRY
A SUMMARY BY DR ALVIN ANG

WHAT THIS BOOK IS ABOUT

This book explores what organizational strategy is.

1. What is Strategy
2. What is Vision
3. What is Internal Strategy
4. What is External Strategy
5. How to Keep Strategy Going.

www.AlvinAng.sg

Contents

WHAT THIS BOOK IS ABOUT	2
PART I	6
WHAT IS STRATEGY	6
1. STRATEGY IS NOT MILITARY	6
2. STRATEGY IS NOT ONLY FOR THE HYPER-INTELLIGENT.....	6
3. STRATEGY IS NOT ONLY FOR THE TOP BOARD.....	6
4. STRATEGY IS NOT A BIG DOCUMENT	6
5. STRATEGY IS AND IS NOT LIKE A JOURNEY	7
6. STRATEGY IS A PLAN [P = PLAN]	7
7. STRATEGY IS A PATTERN OF BEHAVIOUR [P = PATTERN]	8
8. STRATEGY IS A POSITION IN THE MARKET [P = POSITION]	8
9. STRATEGY IS A PERSPECTIVE [P = PERSPECTIVE]	8
10. STRATEGY IS A PLOY [P = PLOY]	8
PART II	9
WHAT IS VISION	9
1. VISION	9
2. GOALS.....	9
3. STRATEGY	9
4. TACTICS AND ACTIVITY	9
PART III	11
WHAT IS INTERNAL STRATEGY	11
PRODUCT STRATEGY	12
PEOPLE STRATEGY	12
FINANCE STRATEGY	12

PROCESS STRATEGY	13
TECHNOLOGY STRATEGY	13
PART IV	14
WHAT IS EXTERNAL STRATEGY	14
BRAND STRATEGY	15
MARKETING STRATEGY	17
THE MARKETING FUNNEL	18
COMPETITIVE MAPPING STRATEGY	20
<i>How to do Competitive Mapping (CM)?</i>	20
Step 1 – Identify Customers’ Key Issues.	20
Step 2 – Rank the Customers’ Issues	21
Step 3 – Self Analysis (see Figure 3).....	21
Step 4 – Competitor’s Analysis (see Figure 3).....	21
Stage 5 – Market Movements	21
Step 6 – Consider Options	22
Step 7 – Choose and Implement	23
PART V	24
HOW TO KEEP STRATEGY GOING	24
ACTION 1	24
GET ON WITH IT = THE 5 P’S	24
ACTION 2	25
CONSTRUCT THE VISION LADDER	25
ACTION 3	25
IDENTIFY KEY STAKEHOLDERS AND COMMUNICATE YOUR ACTIONS TO THEM	25
ACTION 4	25
MAKE USE OF THE INTERBRAND 10 CRITERIA TO BUILD BRAND STRATEGY	25

ACTION 5	25
IDENTIFY THE CURRENT MARKETING STRATEGY AND LINK IT TO PARTS OF THE MARKETING FUNNEL. THEN MAKE NEW MARKETING INITIATIVES.	25
ACTION 4	25
DO COMPETITIVE MAPPING OF YOURSELF AND YOUR COMPETITORS	25
ABOUT THE AUTHORS	26
ABOUT STEPHEN BERRY.....	26
ABOUT DR. ALVIN ANG.....	26

www.AlvinAng.sg

PART I

WHAT IS STRATEGY

Strategy = ‘Stratos’ (Army) and ‘Ago’ (Lead) and is such about ‘leading armies’. But that is not a useful definition of business. Strategy is simple. It is about establishing where you want to be and planning to get there.

1. STRATEGY IS NOT MILITARY

A military focus to business strategy would be disastrous. The military focus is on defeating the enemy. In business, the focus is on profitably satisfying the customer’s needs. Any military option has an end – victory. In business, ongoing success is the aim. Strategy aims for long-term survival and longevity, not a single definitive victory end point. Military operations have a limited sphere of activity. Business can choose to limit itself or can choose to be globally omnipresent. The sphere of activity is not limited to geography. The overarching framework of strategy is that it is much bigger, longer lasting and more widely encompassing than the military aspects often used to describe strategy.

2. STRATEGY IS NOT ONLY FOR THE HYPER-INTELLIGENT

3. STRATEGY IS NOT ONLY FOR THE TOP BOARD

Far too often in business, we have middle management paralysis. They choose not to take action as they are waiting for direction and wisdom from the board. Good management teams readily communicate sufficient vision and direction to inspire and enable the middle management to make decisions and take action. Poor management teams do not communicate. Strategy formulation is for all levels of the business – we each create the strategy pertinent to our role and level.

4. STRATEGY IS NOT A BIG DOCUMENT

Strategy is not an annual exercise, it is an ongoing evolving discipline. It constantly changes in response to initiatives and changes in the market and the business. It is worth completing a strategic

plan, on the condition that it takes no more than a few days, sets direction and seeks to draw together disparate activities. However, a strategic plan as an inhibitive cumbersome document is not strategy, it is bureaucracy.

5. STRATEGY IS AND IS NOT LIKE A JOURNEY

Journey template:

- ✓ Where am I?
- ✓ Where do I want to go?
- ✓ What are my options for getting there?
- ✓ What are the various bases on which I make that choice?
- ✓ What resources will I need?
- ✓ What are my staging posts? Where should I be in 6 months? 1 year? 2 years?
- ✓ Do I have agreement and buy-in from all relevant stakeholders?
- ✓ Am I on track?

Use the journey template when formulating strategy, but bear in mind that the route and destination may change in response to external or internal factors at any time.

[Strategy is 5 P's = Plan, Pattern, Position, Perspective, Ploy]

6. STRATEGY IS A PLAN [P = PLAN]

Few of us ever do exactly as planned. The market is constantly changing and the strategy adapts accordingly. Sometimes, things just do not go as planned or sometimes we make decisions that are not part of the plan. Strategy is a constantly evolving plan.

7. STRATEGY IS A PATTERN OF BEHAVIOUR [P = PATTERN]

Strategy is a series of behaviours that form a pattern. The organization generates a consistency of behaviour that becomes its strategy. A Ferrari is all about aspiration, expensive, fast sport. The pattern of behaviour of this brand and company has generated an icon.

8. STRATEGY IS A POSITION IN THE MARKET [P = POSITION]

What position in the market will you choose and why? Some companies choose to sell a product as cheaply as possible, aspiring to gain profitability through high volume, while another will choose to sell a smaller volume of more expensive premium priced products.

9. STRATEGY IS A PERSPECTIVE [P = PERSPECTIVE]

Perspective means the organization's way of doing things or the culture.

10. STRATEGY IS A PLOY [P = PLOY]

Ploy = A specific action aimed at outmaneuvering a competitor.

PART II

WHAT IS VISION

1. VISION

The organizational vision drives everything. The vision is the statement of desire – what the business wants to be. It states the intention of the business (what we do).

2. GOALS

Goals sets out what needs to be achieved in order to make the vision a reality. It directs the business, inspire and motivate the staff, initiate and steers the strategy.

3. STRATEGY

Strategy finds a way to achieve goals (how we do things). It establishes the ethics, values, modus operandi and the culture.

www.AlvinAng.sg

4. TACTICS AND ACTIVITY

Since strategy should not exist in a separate bubble with the organization, it is thus broken down into smaller units called Tactics and Activity. Tactics are shorter-term, day to day activities of every employee. Each person is therefore making small contributions to the achievement of the vision with each action.

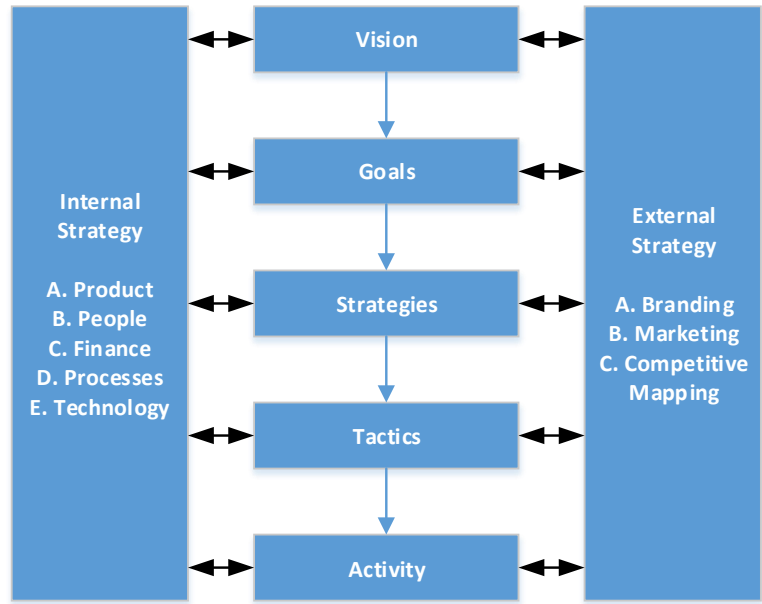


Figure 1: How Vision Drives Strategy, and Strategy drives Activity

www.AlvinAng.sg

PART III

WHAT IS INTERNAL STRATEGY

Internal Strategy of a company comprises of:

- A. Product Strategy
- B. People Strategy
- C. Finance Strategy
- D. Processes Strategy
- E. Technology Strategy

A point to note is that the customer has to be paramount in each strategy – and not a separate entity on its own. In other words, the customer is still the core focus – at every strategic level.

www.AlvinAng.sg

PRODUCT STRATEGY

Product Strategy is about producing what people will buy. If the customer does not realize it, the need is not perceived, and so there is no use for the product until the customer realizes it. The product must meet a clearly defined need and the customer must agree that it is. The organization needs to have in place product strategies to enhance this perception of need.

PEOPLE STRATEGY

People Strategies include:

1. Remuneration
2. Recruitment
3. Engagement
4. Leadership
5. Working Environment
6. Performance Management
7. Bonus and Recognition

FINANCE STRATEGY

Finance Strategy is about getting the right product to the right customers at the right price, which means that the customer buys and the company profits. This is harder to achieve than it sounds. The correct price is always what the customer is willing to pay and so the best pricing strategy is often to work backwards:

- How much is the customer willing to pay?

- How much can I manufacture the product for?
- Does the difference between the two give me adequate margin?
- If not, what strategies can I put in place to increase the value in the customers' opinion and what strategies can I put in place to drive down costs?

PROCESS STRATEGY

Every process in the business should be smooth. Whether it is your customers' interface with you or whether it is the generation of your management accounts.

Better processes:

- ✓ decrease cost
- ✓ decrease people frustration
- ✓ enhance customers experience

Think about customer focussed processes – is your business exceptionally easy to deal with or have you erected barriers to contact, barriers that create time delays or barriers that delay the customer receiving the product?

TECHNOLOGY STRATEGY

The critical factor in considering technology strategies is the use of the word 'appropriate'. It is easy to get seduced by a desire for the latest or greatest when it is not required. In Europe and US, where both labour costs and educational levels are high, high technology levels are likely to be more appropriate than in some other parts of the world.

PART IV

WHAT IS EXTERNAL STRATEGY

External Strategy of a company comprises of:

- A. Brand Strategy
- B. Marketing Strategy
- C. Competitive Mapping Strategy

www.AlvinAng.sg

BRAND STRATEGY

The purpose of brands is to identify ownership and to seek to ensure that the product stands out to the customer. It contains an image, service and quality. A brand has value. Interbrand (<http://interbrand.com/>) makes an assessment of the world's most valuable brands each year. The brand value assessment includes:

- a. An analysis of the recent historic financial performance.
- b. The role of the brand, meaning the proportion of the consumers' decision influenced to purchase due to the brand.
- c. The brand's strength, meaning the ability of the brand to derive expected future financial earnings. It has 10 criteria to measure brand strength:
 1. Clarity: Clarity on who are the target customers and what causes them to choose to buy.
 2. Commitment: The time and investment support the brand receives.
 3. Protection: Legal protection of propriety aspects.
 4. Responsiveness: The ability of the brand to respond to market changes, challenges and opportunities.
 5. Authenticity: Defined heritage and a well-grounded value set. It can achieve the expectations that customers have of it.
 6. Relevance: The extent to which the brand fits with customers' needs or desires.
 7. Differentiation: The extent to which customers perceive the brand to be distinctive from the competition.
 8. Consistency: The degree to which a brand is experienced with uniformity wherever the customer encounters it.

9. Presence: Extent to which it is talked about positively by consumers in both tradition and social media.
10. Understanding: The brand is understood by the customers for its distinctive qualities and characteristics.

Three aspects are critical to the success of any business – financial performance, the customers' choice and securing the future. Note that these three considerations have respective timeframes of 'past-present-future'. Any successful brand will be achieving in all three areas and all three timeframes.

How brand strength is enhanced:

- ✓ Brand name
- ✓ Logo
- ✓ Straplines: e.g. American Express: Don't leave home without it.

www.AlvinAng.sg

- ✓ Shapes
- ✓ Colors

- ✓ Smells
- ✓ Sounds
- ✓ Graphics
- ✓ Packaging
- ✓ Extensions: JCB earth moving equipment is tough, rugged, and durable and works in harsh environments. Their launch of a tough, rugged, durable clothing range for those working in tough environments is entirely appropriate and enhances the brand.

MARKETING STRATEGY

Marketing is an art, not a science. Marketing strategy and marketing efforts are not exact – they are not a scientific formula where X (advertising) + Y (on-pack promotion) = Z (Sales). Similar marketing strategies deployed in different areas does not guarantee similar results upon repetition. Marketing requires judgment on what would be effective and appropriate. In many cases, actual results differ significantly from expected results.

The essence of any investment is to establish what you seek to achieve and then to measure the extent to which you achieved your objectives. Investment in marketing is no different. Vague marketing aims are likely to waste money. Well thought through, coordinated targeted marketing with specific outputs are more likely to yield success.

Marketing may not be aimed at increasing sales, but rather:

- ✓ Maintaining the present position
- ✓ Minimizing the negative impact
- ✓ Response to competitive action
- ✓ Awareness marketing
- ✓ To change perception or behavior
- ✓ Corporate Social Responsibility

www.AlvinAng.sg

THE MARKETING FUNNEL

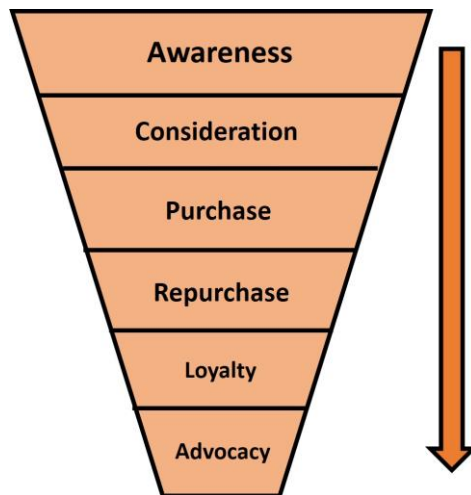


Figure 2: The Marketing Funnel

Traditional marketing seeks to drive customers through the funnel and the construction of the diagram hints at a wider audience for awareness, fewer for consideration, even fewer for purchase (as some are lost at each stage). Traditional marketing approach seeks to maximize the speed with which they take customers downwards and minimize the loss of customers at each stage in that movement.

Soft drinks, shampoo, beers, fit Traditional Marketing approach well. This is because they will have greater growth from attracting a wide number of customers to buy once than it would from a smaller number of customers buying frequently.

Traditional Marketing Product characteristics include:

- Low purchase value
- Is a frequent purchase product
- Has a wide choice of alternative competing products
- Is an impulsive purchase decision

At the Purchase level/section of the funnel, it is not unusual for inexperienced marketers to seek to start here without having paid appropriate attention to the previous stages. Then they will wonder why their efforts achieve no success.

Some Marketing Key Performance Indicators (KPIs) include: Proportion of geographical coverage, Rate of sale – how many units are sold in a retail store in a week, Repeat purchase rates, Proportion of the target population who have purchased your product.

www.AlvinAng.sg

COMPETITIVE MAPPING STRATEGY

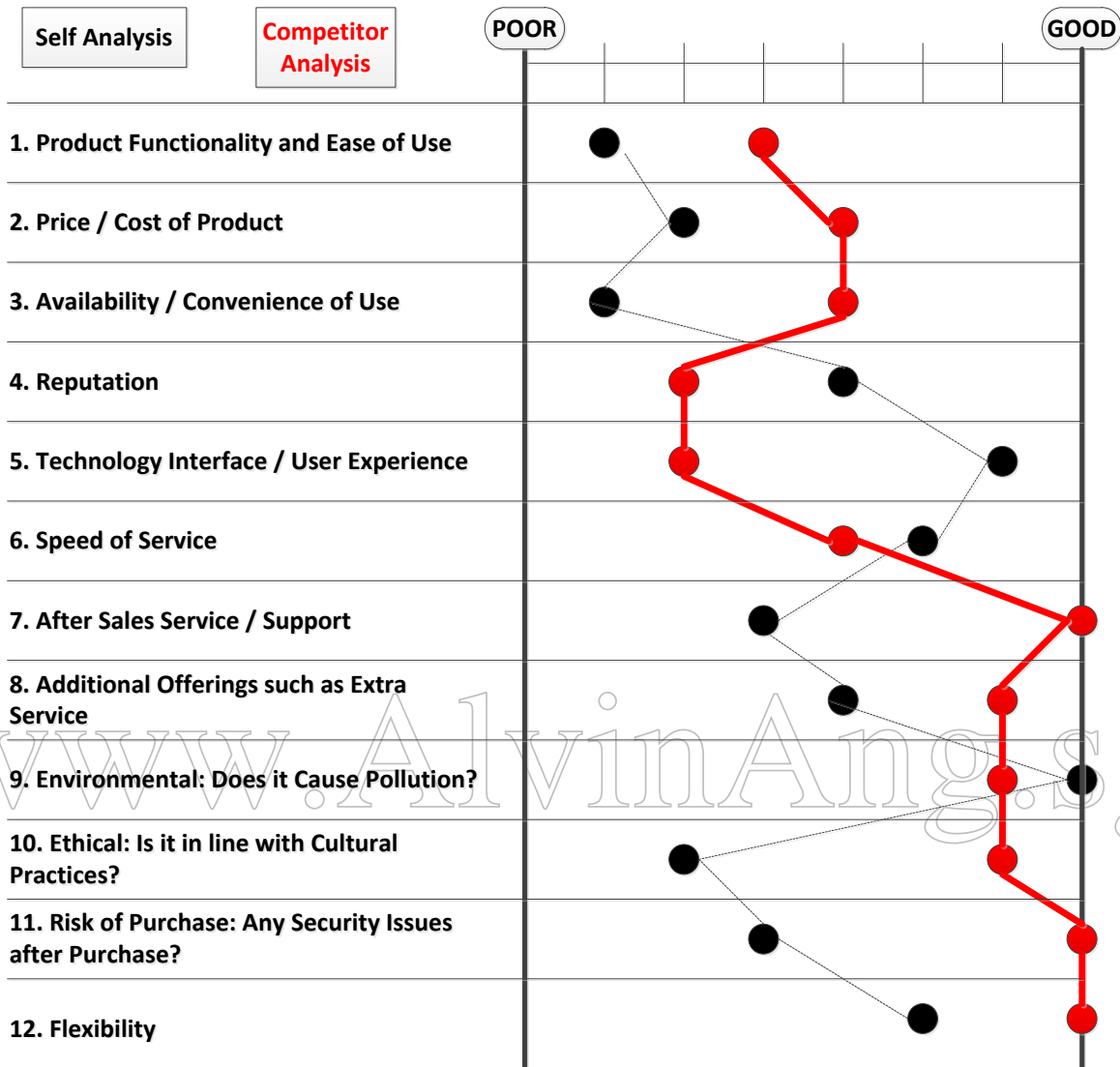


Figure 3: Competitive Mapping

HOW TO DO COMPETITIVE MAPPING (CM)?

Step 1 – Identify Customers’ Key Issues.

Figure 3 shows an example of how Competitive Mapping (CM) is done. Although there are 12 Key Issues presented, they are non-exhaustive. Since this is only an example, it is not sufficient to simply

choose from the list to create any CM, but to ask the question “What is really important for our customers?”

Step 2 – Rank the Customers’ Issues

Rank these Key Issues in order of priority to the customer – NOT the business. In CM, we only consider the customers. Getting the priority wrong can lead to poor customer targeting.

Step 3 – Self Analysis (see Figure 3)

Step 4 – Competitor’s Analysis (see Figure 3)

Stage 5 – Market Movements

Many strategic analyses are static and therefore out of date as soon as they are produced. To make this more dynamic, the key issues can be marked with arrows to indicate an ongoing repositioning.

-
- A list of 12 factors, each preceded by a red arrow. The arrows point to items 2, 7, 11, and 12. The list is as follows:
- 2. Price / Cost of Product
 - 1. Product Functionality and Ease of Use
 - 3. Availability / Convenience of Use
 - 7. After Sales Service / Support
 - 5. Technology Interface / User Experience
 - 6. Speed of Service
 - 4. Reputation
 - 8. Additional Offerings such as Extra Service
 - 9. Environmental: Does it Cause Pollution?
 - 12. Flexibility
 - 11. Risk of Purchase: Any Security Issues after Purchase?
 - 10. Ethical: Is it in line with Cultural Practices?

Step 6 – Consider Options

www.AlvinAng.sg

Once the competitive scenario is mapped out, a variety of options emerge:

- Continue doing what we are doing
- Catch up in an area where the competitor is ahead
- Choose not to catch up where the competitor is ahead and seek to shift any market focus away from this area
- Actively seek to forge ahead – this option can be enacted where we are ahead, level or behind a competitor
- Build barriers where the competitor is behind

- Seek to aggressively target the competitor by dragging them backwards - this can be where they are ahead, level or behind
- Choose to do nothing except keeping a watchful eye on the competitor and re-evaluate if their position changes
- Keep an eye on the market 'key issues', establish which ones are moving up and down. Keep an eye on your competitors and continually evaluate which 'key issues' they are directing their strategies towards.

Step 7 – Choose and Implement

Analysis without resulting action is futile. Action without analysis is foolish. The task of the analysis is to assist us to make informed judgments.

www.AlvinAng.sg

PART V

HOW TO KEEP STRATEGY GOING

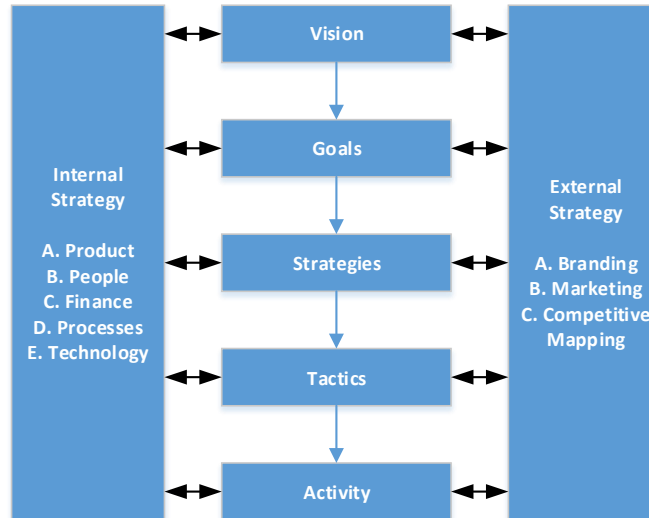
ACTION 1

GET ON WITH IT = THE 5 P'S

- ✓ Start considering strategy now = the 5 P's
 - Plan: an intended set of actions
 - Pattern: a consistent behavior
 - Position: A location of products in a market
 - Perspective: A view, opinion or stance
 - Ploy: A maneuver
- ✓ For many organizations who consider strategy as a big document – it can become a progress limiter rather than an enabler. It can make your strategy static, cast in stone, and therefore unable to act and react as the market, competition and business changes.
- ✓ Often, a criteria for success in business is the ability to adapt in response to changes.
- ✓ By acting rather than waiting, you will not fall into the strategic paralysis where no strategic thinking is developed due to middle managers abdicating all strategic responsibility to the board.

ACTION 2

CONSTRUCT THE VISION LADDER



ACTION 3

IDENTIFY KEY STAKEHOLDERS AND COMMUNICATE YOUR ACTIONS TO THEM

www.AlvinAng.sg

ACTION 4

MAKE USE OF THE INTERBRAND 10 CRITERIA TO BUILD BRAND STRATEGY

ACTION 5

IDENTIFY THE CURRENT MARKETING STRATEGY AND LINK IT TO PARTS OF THE MARKETING FUNNEL. THEN MAKE NEW MARKETING INITIATIVES.

ACTION 4

DO COMPETITIVE MAPPING OF YOURSELF AND YOUR COMPETITORS

ABOUT THE AUTHORS

ABOUT STEPHEN BERRY

Stephen Berry was a former CFO and an international MBA lecturer in Business Strategy. He has also trained many executives in strategic thinking and assisted a wide variety of organizations in facilitating strategical sessions. Stephen is passionate about making strategy practical, understandable and successful.

ABOUT DR. ALVIN ANG

Dr. Alvin Ang earned his Ph.D., Masters and Bachelor degrees from NTU, Singapore. He is a scientist, entrepreneur, as well as a personal/business advisor. More about him at [www. AlvinAng.sg](http://www.AlvinAng.sg).

www.AlvinAng.sg