

THE STRATEGY WORKOUT

**Analyze and develop
The fitness of your Business Strategy**

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The Strategy Workout

Complete the following strategy audit questions.

What is the vision of the leader of the organization?

(Where is he taking the organization in the long run?)

What core competencies need to be obtained?

What will the organization look like in five year's time?

THE EXTERNAL ENVIRONMENT WORKOUT

What are the most important economic factors in the organization's domestic market?

1. _____ 2. _____

3. _____ 4. _____

What are the most important economic factors in market abroad?

1. _____ 2. _____

3. _____ 4. _____

What are the most important political factors likely to effect the organization?

1. _____ 2. _____

3. _____ 4. _____

Which legal factors affect or could affect the organization?

1. _____ 2. _____

3. _____ 4. _____

Which current demographic trends may affect the organization's workforce?

1. _____ 2. _____

3. _____ 4. _____

What are the trends in demand for the organization's main services or products?

1. _____ 2. _____

3. _____ 4. _____

Is the any key political legislation, which could affect your industry (ies)?

1. _____ 2. _____

3. _____ 4. _____

THE COMPETITOR ANALYSIS WORKOUT

Current Industry Competitors

Under each category put in the names of companies or people where appropriate. Regard this as a simple measure of your knowledge of the industry.

Which are the top performers in your industry?

1. _____ 2. _____

3. _____ 4. _____

Are there any other important national competitors?

1. _____ 2. _____

3. _____ 4. _____

Who are the strategically most dangerous people in competing organizations?

1. _____ 2. _____

3. _____ 4. _____

Which are the most important regional or local competitors?

1. _____ 2. _____

3. _____ 4. _____

Which are the current customers most likely to integrate backward?

1. _____ 2. _____

3. _____ 4. _____

Which are the current suppliers most likely to integrate forward?

1. _____ 2. _____

3. _____ 4. _____

Any organizations, which might enter the industry?

1. _____ 2. _____

3. _____ 4. _____

THE INDIVIDUAL COMPETITORS PROFILE WORKOUT

Complete one of these for each important competitor mentioned on the previous page.

What is the competitor's Company name? _____

What is its annual revenue and its annual profit? _____

What is the name of the competitor's leader? _____

What is his psychology? _____

Yes / No

If not, what strategic moves do you think it will make?

What action from your organizations will provoke the fiercest retaliation?

What are the competitor's most important strengths?

What are the competitor's most important weaknesses?

STRENGTHS, NEUTRALS AND WEAKNESSES WORKOUT

Check each of the following categories in terms of it being strength, neutral. Or a weakness. Sometimes it helps to allocate a number from 1 to 5 including high (5), medium (3), or low (1). Thus, a neutral with a 5 on it would be very close to strength with a 1 on the same category.

Organization	Strength	Neutral	Weakness
Accounting skills(Financial)	_____	_____	_____
Accounting Skills(Management)	_____	_____	_____
Access to finance	_____	_____	_____
Business Strategy	_____	_____	_____
Corporate Strategy	_____	_____	_____
Cost Structure of business	_____	_____	_____
Distributors network	_____	_____	_____
Divisional Strategy	_____	_____	_____
Entry barrier	_____	_____	_____
Exit barrier	_____	_____	_____
Information Technology	_____	_____	_____
Innovation (turning research into products)	_____	_____	_____
Lateral Communication	_____	_____	_____
Leader's ability	_____	_____	_____
Leadership in general	_____	_____	_____
Loyalty of workforce	_____	_____	_____
Management ability	_____	_____	_____
Manufacturing Skills	_____	_____	_____
Marketing Skills	_____	_____	_____
Organizations Structure	_____	_____	_____
Products	_____	_____	_____
Quality of brands	_____	_____	_____
Quality of Staff	_____	_____	_____
Organization function	Strength	Neutral	Weakness
Reputation in market	_____	_____	_____
Reputation as employer	_____	_____	_____
Relationship with government	_____	_____	_____
Relationship with regulator	_____	_____	_____
Relationship with trade union	_____	_____	_____
Relationship with suppliers	_____	_____	_____
Research and development	_____	_____	_____
Services	_____	_____	_____
Selling Skills	_____	_____	_____
Technical engineering Skills	_____	_____	_____
Personal administration	_____	_____	_____
Vertical communication	_____	_____	_____

Additional Categories

(Relevant to your particular business)

SUMMARY OF SNW WORKOUT

Select the top strengths, neutrals, and weaknesses from your analysis on the previous audit pages and set them out below with a brief note on how you might use, neutralize or improve the effects of each on the success organization's strategy.

The Strengths

- 1 _____
- 2 _____
- 3 _____
- 4 _____

The Neutrals

- 1 _____
- 2 _____
- 3 _____
- 4 _____

The Weaknesses

- 1 _____
- 2 _____
- 3 _____
- 4 _____

THE CULTURE WORKOUT

Culture is “the way do things around here.” Complete each of the following categories with the most important features under each category. It is important to note the effect of each subject.

E.g. for past leaders, put their name – but also what behaviors remain in the organization because of the way they did things when they were the leader.

History

List the important events in the organization’s history.

Event 1 _____

Effect of Event 1 _____

Event 2 _____

Effect of Event 2 _____

Event 3 _____

Effect of Event 3 _____

What is the most important feature of the mental environment?

What is its culture effect? _____

LEADERSHIP ISSUES

1. The past leader

Name the most memorable past leader _____

What behavior is still attributable to him/her? _____

2. The current leader

Name the current main leader? _____

What particular qualities do you associate with him/her? _____

What is the physical environment of head office? _____

What is the physical environment of the rest of the organization? _____

Technology of the Organization

Which of the following technologies applies to the organization?

(Check whichever one of the following pairs applies to your organization.)

Paper based	<input type="checkbox"/>	or	Computer based	<input type="checkbox"/>
Batch technology	<input type="checkbox"/>	or	Process technology	<input type="checkbox"/>
National scale of operations	<input type="checkbox"/>	or	International scale	<input type="checkbox"/>
Mature industries	<input type="checkbox"/>	or	New industries	<input type="checkbox"/>
Product	<input type="checkbox"/>	or	Service	<input type="checkbox"/>

What culture effect does each of those you have checked off upon the organization?

The way people behave in the organization is learned through the stories and anecdotes they hear when they join and while they remain. Try to think of those affected the way you behave:

MYTHS *(These are stories which are probably untrue but which get told anyway.)*

What is the best known myth in the organization?

LEGENDS *(These are stories which have sources long buried in the past. But which get passed on anyway. With variation.)*

What is the best legend in the organization?

STORIES *(These are just the probably true stories you are told to explain how to do things around here.)*

What is the best-known story in the organization?

ANECDOTES *(These are entertaining stories which also teach.)*

What is the best-known anecdote in the organization?

VALUE CHAIN ANALYSIS WORKOUT

Find your business’s current positions(s) in the value chain (s) of its main products and services.

Fill in the vertical opportunities for products and services currently being supplied by competitors.

Complete the backwards and forwards integration opportunities from the point of view of:

1. Attitude of customer
2. Availability of business to purchase or capability of competitors.
3. Profit margins.
4. Your business’s competencies and alignment with the desired strategic direction.

	Stage one	Stage two	Stage three	Stage four	Stage five
	Finding raw materials	Manufacture of components	Assembly of final distribution	Wholesale distribution	Retail to final user
Typical profit level range	%	%	%	%	%
Typical risk	Low/Medium/High	Low/Medium/High	Low/Medium/High	Low/Medium/High	Low/Medium/High
Key Factor					

LONG – TERM STRATEGY WORKOUT

What competing products and / or services would you like in your own business's portfolio?

Are there any competitors you might like to take over which are available or buyable? Name them

Are there any suppliers, making superior profit margins to your own business, which you could effectively take over and successfully manage? Name them.

Should the firm grow, remain stable, or diminish in size?

Which parts of the business should:

Focus?	Differentiate?	Be an industry cost leader?
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What are the organization's main objectives over which time horizons?

Only complete the time horizons relevant to your organization or your part of the organization. Ignore time horizons. Which are too long for you to contemplate. Name the new areas of interest of the business and state your overall revenue and profit targets for each stage.

10 Years _____

5 Years _____

4 Years _____

3 Years _____

2 Years _____

ORGANIZATIONAL STRUCTURE WORKOUT

What is the size of the organization?

People? _____ Revenue? _____ Profits? _____

What geographical area does it cover?

Local? _____ Regional? _____ Country? _____ International? _____

Does the organization provide many or a few services or products?

What is the better known?

The company name? _____ The brand names of the products? _____

Is the organization currently centralized? _____ Or decentralized? _____

Are there lots of rules? _____ Or very few rules? _____

What is the proportion of managers to workers? _____

How do you communicate?

Verbally? _____ Written messages? _____ Electronic mail? _____

Does the organization offer the same services all the time? _____

Does almost every order require a different process? _____

How is the organization structured now?

Functional Geographical Product Matrix Mixed

What is the average span of control (span of control = the number of people managed by each manager), at each level in the hierarchy of the business?

Are there rational reasons for the differences between levels in the hierarchy?

How many direct supports does the leader have?

What is the total number of employees?

What is the total number of operators, meaning people with direct “doing” jobs?

What is the total number of supervisors and managers? _____

Can you design a structure, which decreases the number of managers?

What are the major advantages of your design?

What are the major disadvantages of your design?

Please think about all the answer you have written above. Although they will not give an automatic answer, they will guide you to the way one could ideally structure the organization.

SHOT – TERM TACTICS WORKOUT

Part One The Short – Term Targets

Two and three-year strategic decide the key three or four measurable objective that must be achieved this year to ensure that the organizations is on track for the long-term mission.

Priority 1 _____

Measure _____

Priority 2 _____

Measure _____

Priority 3 _____

Measure _____

Priority 4 _____

Measure _____

SHOT –TERM TACTICS WORKOUT (cont.)

Part Two The Accounts

To get your tactics into context

Corporate/ business/ department's total revenue Rs. _____

Operating Profits Rs. _____

Profit before tax Rs. _____

This year's profit as percent of net revenue Rs. _____

Cash flow Rs. _____

Assets Rs. _____

Budget for your department

(Complete the lines which are relevant to you.)

Total Expenditure Rs. _____

Total costs Rs. _____

Total sales Rs. _____

Budgets profit/loss Rs. _____

Total number of subordinates in the department at beginning of year _____

Total number of subordinates in the department at end of year _____

Total bonus for department Rs. _____

1. _____ 2. _____

3. _____ 4. _____