



ChoiceWyze
Choose to Succeed



4 Steps to Effective Strategic Management and Sustainable Business Success

Contact us to learn how we can help enable effective strategic management in your business

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- 1. Why should you undertake strategic management**
2. The 4 step repeatable process
3. How to undertake strategic management
4. Who should undertake strategic management



Most businesses have a sustainable success problem

- Most businesses have a sustainable success problem – meaning that they struggle to achieve sustainable growth in revenue, profitability and the value of the business.
- Various research surveys show that 80% of businesses fail within the first 5 years.
- There are various reasons for this sustainable success problem including: lack of financing, government red tape, lack of access to markets.
- A key contributor has been found to be a lack of strategic management of the business.

Effective strategic management improves the likelihood that the business will thrive and achieve sustainable success



Struggle or Thrive



You don't just want to **survive** and **struggle** from one **crisis** to the next



Effective strategic management will help you thrive



You want to **thrive** and have **sustainable success**





Why do businesses not undertake strategic management

- They lack the necessary expertise to undertake effective strategic management
- They don't see the value in undertaking strategic management
- They are too busy – the story of “Sharpening the saw”

“A guy gets up early in the morning to take a stroll through the forest. While walking he comes across a man with a saw furiously sawing a huge tree. He greets the man and continues on his merry way. In the afternoon, on his way back he comes across the same man, with the same saw still furiously sawing the same tree.

He notices that the man has made little progress. Taking a closer look at the saw he also notices that the saw is blunt. He says to the man “Sir, your saw is blunt. Why don't you stop and sharpen the saw and you will make faster progress getting through that tree.



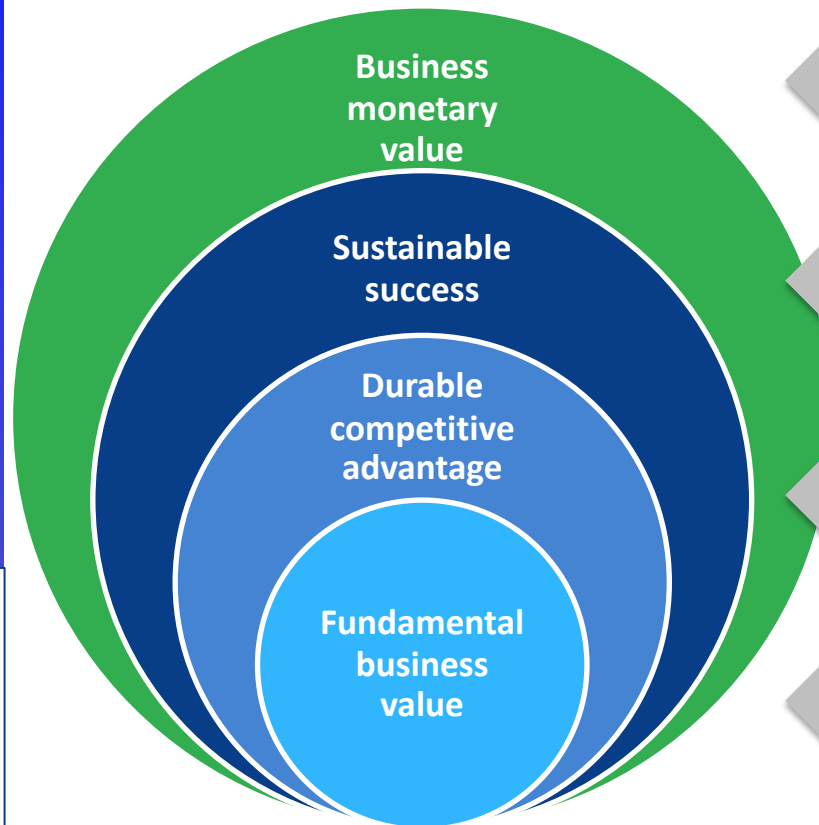
The man looks at him with exasperation. I don't have time to sharpen the saw because I'm too busy sawing!”

And this is the situation a lot of SME's find themselves in. They are so operationally focused and lurching from one crisis to the next that they don't want to create the time to be more effective through strategic planning and management. You will notice I said they don't want to create the time as opposed to not having the time. Creating the time for effective strategic management is a choice you have to make to sharpen your saw.



Undertake ongoing, effective strategic management to grow the value of the business

The purpose of strategy is to maximise business (monetary) value



Sustainable business success leads to increasing business monetary value

Durable competitive advantage drives sustainable business success

Fundamental business value results in durable competitive advantage

Effective strategy maximises fundamental business value – to create and deliver value to the customer and capture value for the business on a consistent basis





Benefits of effective strategic management

Persistent focus

- Persistent **focus** on what **matters most**
- The strategy **focuses** the **operational/execution excellence** of the business

Makes the business better at winning

- “The aim of strategy is to **make the business better at winning**. A business with an effective strategy is more likely to have sustained success than a business without a strategy.”
A.G. Lafley. Former CEO of Procter and Gamble

Makes the business more effective

- Effectiveness is being **good at allocating effort, resources and capital** where it will have the greatest impact
- Warren Buffet lists his ability to allocate capital as one of his best business attributes

Reduces crises

- Businesses that don't undertake effective strategic management suffer from **constant crises**. They struggle from one crises to the next and crises management is even viewed as an important part of how the business is managed.
- Effective strategic management leads to **continuous business improvement**, reducing the occurrence of crises – thereby freeing up time, freeing up resources and freeing up capital

Provides structure

- Strategy provides **structure** which in turn **reduces complexity**

Delivers traction

- An effective strategy **delivers traction and momentum** for the business. You have a desired destination, and you can measure your journey getting there



Benefits of effective strategic management

Accountability and discipline

- Effective strategy brings **accountability and discipline** to execution in the organisation

Improved economic performance

- Effective strategy can result in **higher revenue, higher profitability and stronger returns** on invested capital

Improves decision making quality

- Effective strategy improves the **decision-making quality** of the executive

Greater understanding

- The process of strategic planning results in **greater understanding** of the business

Maximise the business value

- The proxy for business value is the net present value of future free cashflows (defined as cashflow generated from operations less capital expenditure)
- Therefore, by being focused on maximizing fundamental business value, you maximise profitability and in turn **maximise the value of the business**

Reduces entrepreneurial frustrations

- Reduces entrepreneurial frustrations including:
- A **lack of control** over your time and the business
 - **Frustration with stakeholders** such as employees, vendors and partners
 - **Feeling overwhelmed** by a growth ceiling that seems insurmountable
 - Nothing seems to be working and you seem to be experiencing a lot of **wheel spin**



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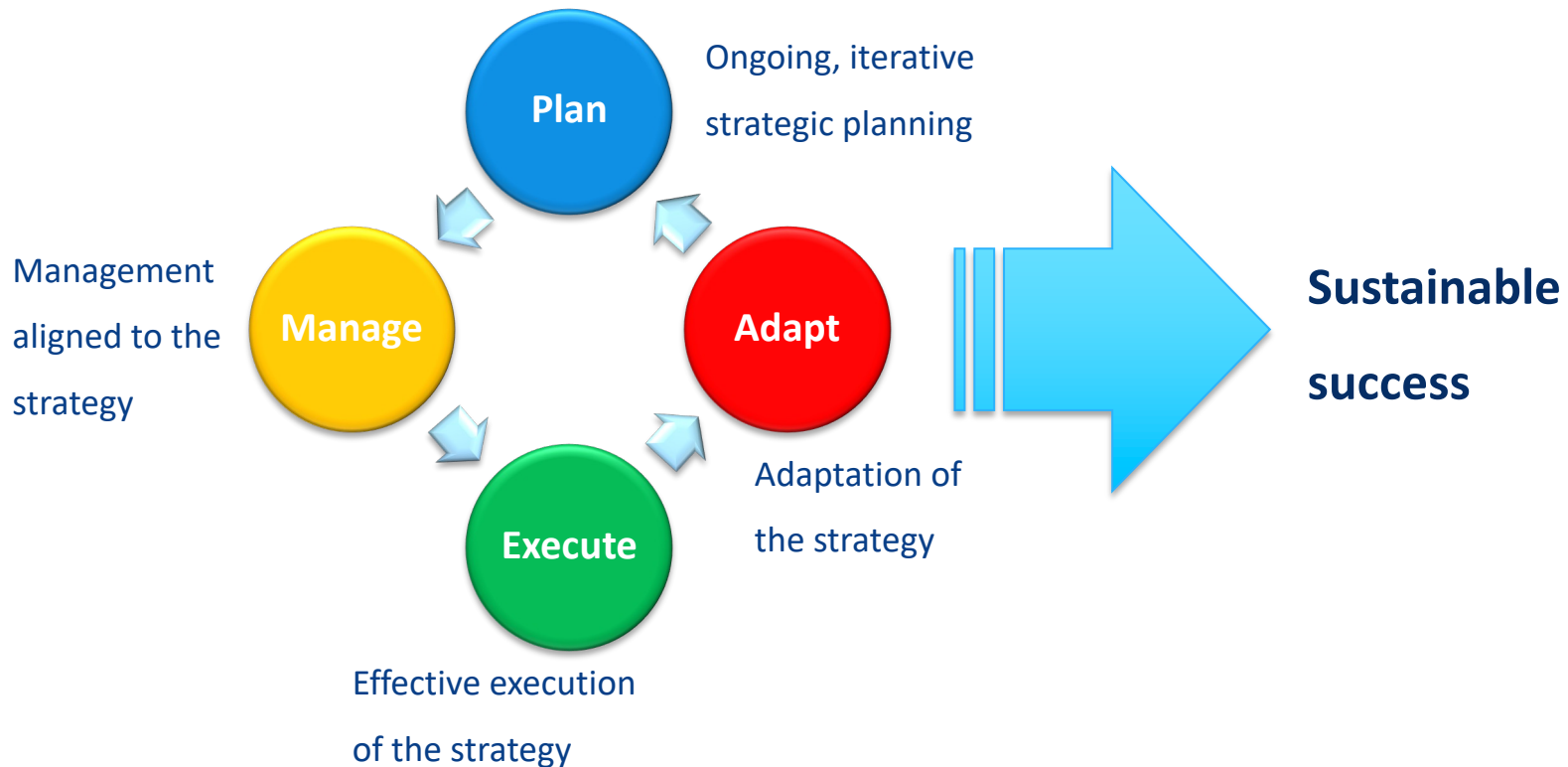
The 4 Steps of Effective Strategic Management

1. The undertaking of ongoing and iterative strategic planning
2. The management of the business aligned to the strategy
3. The effective and efficient execution of the strategy
4. The adaptation of the strategy





The 4 step repeatable process of Effective Strategic Management



Effective strategic management is a repeatable process that should be integral to how the business is run



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Ongoing, iterative strategic planning

Wikipedia

“Strategic planning is an organization’s **process of defining its strategy** and making decisions on allocating its resources to pursue the strategy”

Key elements of the strategic planning process

- Determine **strategic choices**
- Define a **clear and compelling desired destination**
- Define the **series of goals** that represent the **route** to the destination
- Determining the **initiatives or actions**

Strategic planning is **ongoing, iterative and adaptive**

Strategic planning
is the process of
defining strategy





Management of the business aligned to the strategy

The leadership team is responsible for managing the business aligned to the strategy



What does this mean?

- **Clearly communicating desired destination**
- **Clearly communicating the route**
 - long term goals
 - year goals
 - quarterly goals
- **Translate goals to initiatives**
- **Meet frequently** to gauge progress, execute effectively and adapt where required





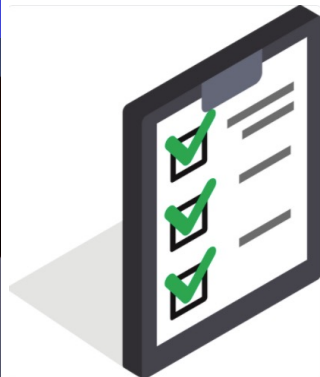
Effective execution of the strategy



Morris Chang, Taiwanese-American billionaire businessman
“Without strategy, execution is aimless. Without execution, strategy is useless”



- strategy must be **executed** on an **ongoing** basis
- execution must be **led** by your **strategy** for it to be most **effective** and **impactful**



Execute through the **initiatives**

Execute through
strategic initiatives





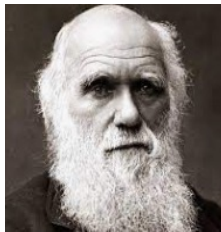
Adaptation of the strategy

Adapt or die



Heraclitus, Greek Philosopher

“The only constant is change”



Charles Darwin, Biologist

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change”

Adaptation triggers

- Failed execution
- Organisational change
- External environment changes

Adapt

- Strategic choices
- Desired destination
- Goals
- Initiatives





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Who should undertake strategic management?

Strategic management should be driven by the leadership team and become part of the culture of the business

- **Every** business is making strategic choices
- [Every business should undertake strategic management](#)
- **Undertaken by the leadership** team
- In **collaboration** with the rest of the business
 - Small business - business owner; management team
 - Larger business - CEO; executive team
- **Continuous improvement** - part of the culture



THANK YOU

A bright yellow speech bubble with rounded corners and a pointed tail at the bottom right. The words "THANK YOU" are cut out of the bubble in a bold, blue, sans-serif font. The bubble is set against a solid blue background.