



ChoiceWyze
Choose to Succeed



Strategic management fundamentals



Contents

- 1. Why do strategic management**
2. What is strategic management



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



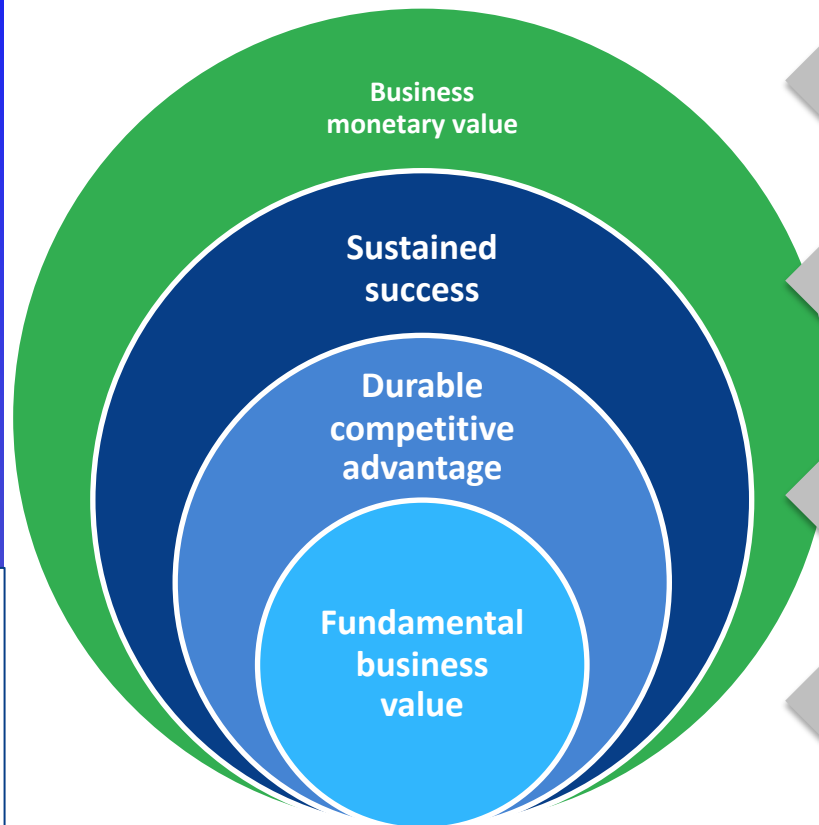
You want to **thrive** and have **sustained success**





Why every business should do effective strategy

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



Sustained business success leads to increasing business monetary value

Durable competitive advantage drives sustained 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

Do effective strategy to grow the value of the business





Benefits of effective strategy

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 crisis to the next and crisis 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 strategy

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

- 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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Defining strategic management

Strategic management is:

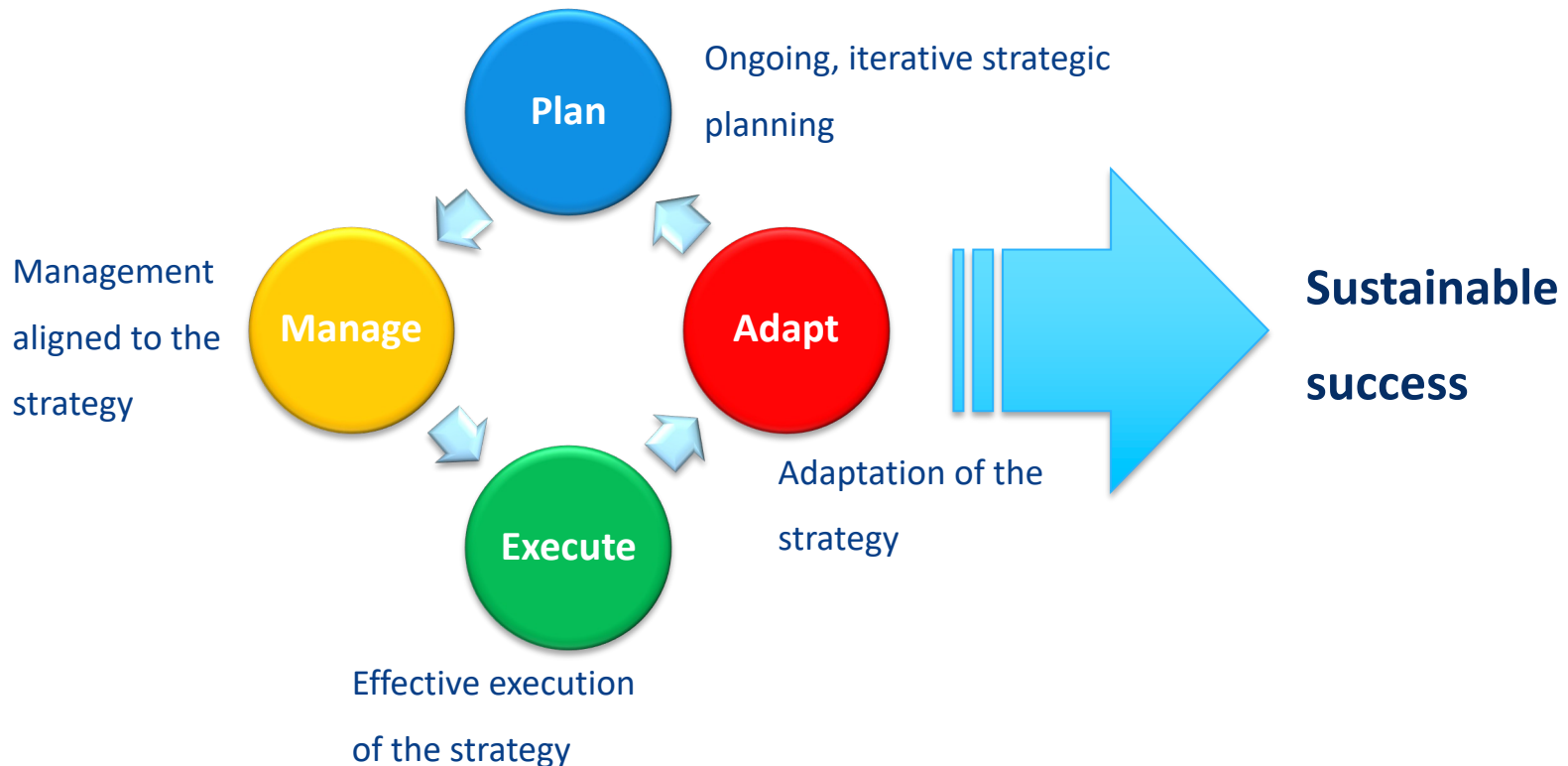
- the undertaking of ongoing and iterative strategic planning
- the management of the business aligned to the strategy
- the effective and efficient execution of the strategy
- the adaptation of the strategy





A Strategic management framework

The strategic management framework represents a repeatable process that is applied to drive the sustainable success of the business





Four foundational principles of strategic management

The process of strategic planning is a process of business model optimisation

1. **Strategy** - a set of coherent choices that leads to coherent action in order to achieve a success outcome.
2. The **Fundamental Business Value** is to create and deliver value for the customer and to capture value for the business.
3. The creation, delivery and capture of value can be represented in the structure of the **business model** framework
4. By optimising the components of the business model on a continuous basis, you optimise the creation, delivery and capture of value, thereby keeping the business on the path of sustainable success – this process is known as **business model optimisation**





Utilise a business model framework to structure your business and thinking



The business model framework represents the building blocks of your business

The creation, delivery and capture of value can be represented in the structure of the **business model framework**

