

GUIDELINES FOR STRATEGIC PLANNING AND MAKING A BUSINESS DECISION

DEVELOP A NEW STRATEGY



Enterprise Response to COVID-19: Review and Develop your Strategy

Now that you have been able to assess and measure the possible impacts and the mitigating measures that you may need to put in place for your enterprise, you should also consider critically appraising your strategic planning and operating model. Often your organisation's mission and vision may remain the same while your objectives and goals will need to be revised or updated. When this happens, you will need to either adapt your strategy or begin the process over again.

Taking a long-term view today will help business resilience in the face of future threats and assist with delivering growth.

Moreover, in this particular context, a strategic plan needs to be adaptive to last over unprecedented and unanticipated conditions like the COVID-19.

Why is having a Strategy important?

In difficult times it becomes compulsory to review your strategy. The analogy of the bus (Jim Collins, 2001, Good to Great) in the image (top right) might help to understand the integration between your Vision, Mission and Strategies.

In that bus, you are heading somewhere and that is your vision. In the present context your vision can change. Find answers to: *Where does your enterprise intend to be in the future?*

Why you are going there is your mission. Ask yourself: *Why do you exist as an enterprise? What is your purpose?* Developing a new mission statement will give a sense of purpose to you and to your team, a sense of identity very much needed to overcome the difficulties.

The scenery around you is the industry or market you are operating in. *What is your competitive advantage in this 'landscape'?*

And what about the bus you are driving? *Is it heading fast? Is it slow? Why? Are your operations lean? How well are you using your resources? Have you identified the wastes that you can reduce or eliminate?*

Your employees are in the same bus. *What is the atmosphere on the bus? What is the culture of your organization and how strong is that culture to think and act together? Is there teamwork? How is the leadership felt? How are your employees behaving in a climate of change? What are the skills and capabilities of your employees? How far can those skills and capabilities be upgraded or changed?*

The road you select to travel is your strategy. Developing a good strategy will help you reach your destination.



Source: istockphoto.com

Review your



Strategy



What is the purpose of a Strategy?

"A competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value." Michael Porter. 1996. What is a strategy? Harvard Business Review (November-December): 64. According to Michael Porter, "the essence of strategy is choosing to perform activities differently than rivals. Strategy is the creation of a unique and valuable position, involving a different set of activities."

Where is your business?

W. Chan Kim & Renée Mauborgne coined the terms Red and Blue oceans to denote the market universe. The Red Ocean is full of competition and therefore it can be difficult to differentiate your products or services. Remaining competitive will require that you deliver consistently at a better price than your competitors and also keep your costs low by being efficient and effective. The Blue Ocean, on the contrary, offers little competition and in the eyes of the customer, you are offering a product or service that very few are offering. Yet you will still need to consistently deliver in order to meet your customers' expectations.

Strategic considerations

- Establish a cross-functional team to review and develop your strategy
- Decide on the medium to conduct the meeting(s). (WhatsApp, Skype, Zoom, etc.)
- Establish a planning schedule. Move at a pace that works best for you and your team
- Collect current data: the last strategic plan (if available), the Business Plan, Vision, Mission and Values (if available), the last financial records, Marketing Plan, last year's SWOT, sales projections, etc.
- Communicate with staff and stakeholders as you go along the exercise
- Set priorities, allocate resources, decide on a time period, come up with controlling mechanisms, assign employees and provide guidelines as to how each and every one of these aspects should be dealt with to achieve the specific goal in the best way possible



Making a Business Decision

Identify Strategic Issues

COVID-19, a disease unknown a few months ago, is compelling enterprises to embark on a strategic planning review NOW.

Questions to ask:

- How will I stabilise, grow, or retrench in order to sustain my enterprise in the near future?
- How will I diversify my revenue?
- How can I reduce my dependence on a major customer?
- What must I do to stay competitive?
- How and where must I innovate my products and services?

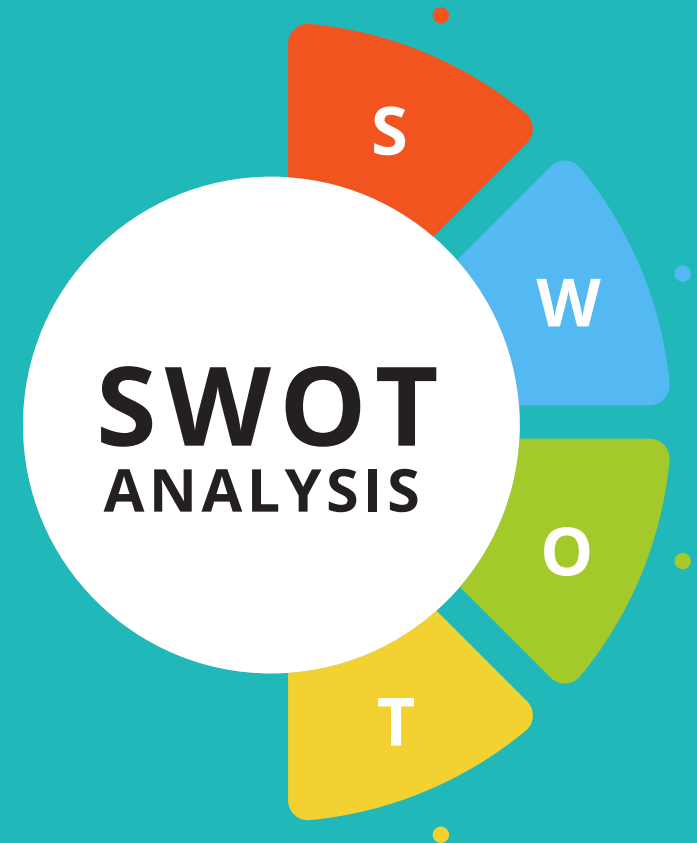
Determine your Strategic Position

The **Strengths (S)**, **Weaknesses (W)**, **Opportunities (O)** and **Threats (T)** (SWOT) analysis method will help you determine your strategic position.

SWOT analysis refers to the assessment and evaluation of various strengths (S), weaknesses (W), opportunities (O), threats (T), and other factors that influence your business. It helps to formulate the matching strategies, plans, and countermeasures, which are based on the results of the assessment.

This method can be used to identify favorable and unfavorable factors and conditions, solve current problems in a targeted manner, recognize the challenges and obstacles faced, and formulate strategic plans to guide scientific decisions

- A SWOT analysis is a compilation of your company's strengths, weaknesses, opportunities and threats.
- The primary objective of a SWOT analysis is to help organisations develop a full awareness of all the factors involved in making a business decision.
- Perform a SWOT analysis before you commit to any sort of company action, whether you are exploring new initiatives, revamping internal policies, considering opportunities to change a plan midway through its execution.
- Use your SWOT analysis to discover recommendations and strategies, with a focus on leveraging strengths and opportunities to overcome weaknesses and threats.



SWOT

Strengths

refer to what your company does well.

Questions to ask:

- What do you want to build on?
- What do you do well (in sales, marketing, operations, management)?
- What are your core competencies?
- What are your assets?
- Where are you making money?
- What differentiates you from your competitors?
- Why do your customers buy from you?

Weaknesses

refer to any limitations a company faces in developing or implementing a strategy.

Questions to ask:

- What do you need (finance, accounting, planning, marketing, customer service, quality etc.)
- Where do you lack resources?
- What can you do better?
- Where are you losing money?
- What do you currently lack (manpower, expertise, funds, technology etc.)
- In what areas do your competitors have an edge?

Opportunities

are situations that exist but must be acted on if the business is to benefit from them.

Questions to ask:

- What new needs of customers could you meet?
- What are the economic trends that benefit you?
- What are the emerging political and social opportunities?
- What are the technological breakthroughs you can use?
- What niches have your competitors missed?

Threats

refer to external conditions or barriers that may prevent a company from reaching its objectives.

Questions to ask:

- What are the negative economic trends?
- What are the negative political and social trends?
- Where are competitors about to be better than you?
- Where are you vulnerable?

SWOT

Determine your Strategic Position

Internal

STRENGTHS <i>Strengths are what the company can offer that will propel you forward to success</i>	WEAKNESSES <i>Weaknesses within the company are the things that may hold you back from success</i>
OPPORTUNITIES <i>Opportunities are those things external to your company that are currently available, or likely to become available, which may assist you in achieving success</i>	THREATS <i>Threats are those things your company may have to face while working towards success</i>

External



Figure 1

Example: A small company manufacturing 'Faratas/dholl puri'

STRENGTHS <ul style="list-style-type: none">Local Brand: well known in local supermarkets and shopsBetter quality as products are standard with new machinesMultitasks workforceAbility to diversify in new productsFreshness of products due to daily production	WEAKNESSES <ul style="list-style-type: none">Relying on supermarkets and shops onlyDifficulty to keep distance among workers as work area is crampedLack of skills in technology/web site etc
OPPORTUNITIES <ul style="list-style-type: none">Moving to frozen faratasLooking for 'niches'- hotels, restaurantsExploiting other channels-on line selling	THREATS <ul style="list-style-type: none">New competitors entering the market can take a share of the market.Price of raw materials can increase because of the Coronavirus. This can increase production cost.Risk of economic recession and job losses can impact on the buying power of customers.New type of competitors like online selling can have an impact on sales and distribution channels.

At the end of the SWOT analysis, questions to ask:

"How do you...?"

- Build on your strengths
- Control your weaknesses
- Capitalize on your opportunities
- Manage your threats

Look at what can be addressed immediately.



SWOT Analysis combined with a PEST / PESTLE Analysis (Figure 2)

The SWOT analysis headings provide a good framework for reviewing strategy, position and direction of your company or your business proposition. The Strengths and Weaknesses can also be analysed from the following perspectives: Financial, Customers, Internal Processes and People. The Opportunities and Threats can be discussed through the PESTLE analysis, i.e. Political, Economic, Societal, Technological, Legal and Environmental/Ecological Factors that may affect the business decision.

- Political factors include tax policies, employment laws, trade restrictions, consumer protection laws, environmental regulations, political stability of a country etc.
- Economic factors include economic growth indicators, inflation rate, interest rates, exchange rates, fiscal policies, unemployment trends etc.
- Social factors include health consciousness, cultural aspects, age distribution, career attitudes, population growth rate, social classes etc.
- Technological factors include rate of technological change, technology incentives, spending on research & development, basic infrastructure level etc.
- Legal factors include tax laws, labor laws, data protection laws, new regulations or any other laws that concern your business that are not considered in political factors.
- Environmental factors include data about the environment, ecology which can be critical for a business

Internal

Financial	STRENGTHS <i>Strengths</i> are what the company can offer that will propel you forward to success	WEAKNESSES <i>Weaknesses</i> within the company are the things that may hold you back from success
Customers		
Internal Processes		
People		
Political	OPPORTUNITIES <i>Opportunities</i> are those things external to your company that are currently available, or likely to become available, which may assist you in achieving success	THREATS <i>Threats</i> are those things your company may have to face while working towards success
Economic		
Societal		
Technological		
Environmental/ Ecological		
Legal		

External

Figure 2

By conducting a PESTLE/SWOT analysis you can easily visualise all the factors in one table for better decision-making. The tool is also important as it will help you and your team to be cautious with your decision taking.



Develop your Strategic Objectives

Evaluate the options you have generated and identify the strategic objectives that give the greatest benefits, that will put your company on the fast track. Make strategic choices about what to do and not to do and be prepared to make some hard choices. A good strategic plan is one that is clear and focused (not too many goals and objectives) and balanced. Strategic objectives (not more than one or two for each perspective) can be defined in terms of financial performance, customer or market growth, internal processes and people.

Example:

Financial Strategic Objectives:

- To become financially stable.
- To Shift revenue mix majority of product sales to service sales
- Profitability: To maintain margins at XX%.

Customer Strategic Objectives:

- To introduce current products to two new markets
- To have a new value proposition
- To increase loyalty, customer satisfaction

Internal Process Strategic Objectives

- To achieve order on time delivery through on-line system
- To improve or institute a sales process
- To improve your brand management

People Strategic Objectives

- To retain full-time workers
- To train employees into the new business area

Finance

Customer



Process

People



Convert the Strategic Objectives into Short-Term, Mid-Term and Long-Term Goals

You should translate your strategic objectives into goals and measures that can be clearly communicated to your team. Each goal should have a specific target, stating clearly what, when, how, and who and also measurable. Goals should be SMART-acronym for Specific, Measurable, Attainable, Responsible and Time specific.

Example - One-year Goals

Financial: Achieve sales growth of xx% per year. (Measure: Monthly sales / Target: xx%)

Customer: Reach a xx% annual increase with new customers (Measure: % increase in new Customers segment / Target: xx%)

Internal Processes: Increase the on line service by xx% (Measure: cycle time to deliver/ Target xx minutes/client)

People: Train current employees in new business in two-months (Measure: Skills development/ Target XX%)

Sources

- Good to Great: Why Some Companies Make the Leap and Others Don't Hardcover – Unabridged, October 16, 2001, by Jim Collins
- On Strategy, The Complete Guide to Strategic Planning

GOALS should be...



...SMART



The NPCC can facilitate the discussions for the modules where you need us most.
We can arrange for online discussions and group work.

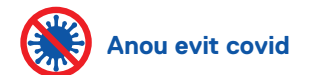
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