

# Strategy - where to play and how to win

## Boardroom questions

Defining Strategy and ensuring successful execution enables organisations to find value in an ever-changing market environment



Boards are dedicating more time to strategy: undertaking a **more active role** in the shaping, development and ongoing testing of strategic plans

Primary drivers for increasing interest, involvement and influence include:



**Greater disruption in the marketplace caused by globalisation and new technologies**



**Growing shareholder activism**



**Intensified governmental regulations and scrutiny**



**Increasing differentiation between winners and losers**

### A company's long-term sustainability is continually challenged by:

- **Customers** demanding ever increasing value and changing consumption patterns (e.g. rise of e-commerce and digital channels).
- **Competitors** making aggressive moves to capture market share and improve their cost advantage.
- **Regulators** introducing new rules and constraints for conducting business, changing the profitability dynamics.
- **Disruptors** redefining value propositions, creating new markets, converging previously unrelated sectors, and radically changing operating models.

### In addition, macro trends relentlessly reshape the landscape, threatening well-established business and operating models:

- **Political:** changing direction, agendas and business support, instability and democratic movements in emerging economies, threat from international illegal / terrorist groups.
- **Economic:** globalisation, new economic blocks and rise of frontier markets.
- **Social:** shifting demographics, urbanisation, consumerism and increasingly connected and 'social' communities.
- **Technology:** democratisation of information access, accelerated advances in computing, big data, sophisticated analytics.
- **Legal and Risk:** increasing regulation and legal controls e.g. global tax policies and data privacy.
- **Environmental:** constraints on natural resources (e.g. oil, minerals), increasing environmental protection and corporate citizenship, impact of and action against climate change.

A well-planned strategy is essential to navigate this complex, dynamic environment, setting the agenda, determining how and where to compete, guiding investment of resources, and enabling focus and discipline in day-to-day activities.

### Boardroom Questions to Executive Directors

- For previous strategies, how well have we historically **achieved our stated goals** leading to key stakeholders confidence?
- When was the **last analysis undertaken** of our industry, market and competitors?
- What is the **performance of the current strategy** regarding commitments to investors?
- What have we learned from **the current strategy execution**?
- How ready are we for **market changes** and disruption?
- What is the scope of our talent gap to **implement strategy** throughout the organisation?
- Does the **executive team have sufficient resources** to implement new ideas alongside running the business profitably?

### What actions can the Board take?

- Call for an **in-depth review of the current strategy**, assessing its relevance to the business environment and organisational reality.
- Examine the **business model opportunities and threats** arising from the macro landscapes, business environment and organisation's capabilities.
- **Stress test** the current strategy against competitive threats and market disruption.
- Examine the **performance gap** against the company's potential and existing commitments to the investors.
- Develop, with the Executive team, **robust and pragmatic strategies** to enable long term sustainable growth.
- Engage with the senior management to improve, develop and **adjust strategies on an ongoing basis**.
- Consider whether the existing **management has the capacity** to optimise growth.
- **Design board agendas that maintain ongoing focus** on strategy development, execution and recalibration.

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