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EASY PLANNING

(preliminary file of a future book, do not distribute, it is still a list of topics)

1- WHERE ARE WE NOW?	2- WHERE WE WANT TO GO?	3- HOW TO GET THERE?	4- PROJECTS NEEDED (ACTIONS AND DETAILS)	5- TALENTS/ STRUCTURE TO MAKE IT HAPPEN
✓ Description of the company network ✓ Current vision, mission and strategyc statment ✓ Current business model ✓ Understanding the situation ✓ Pest Analysis ✓ Porter's 5 Forces ✓ Competitive Analysis ✓ Foresight (trends) ✓ Company diagnosis (strengths and weakness).	✓ What is the strategic issue? ✓ Defining the problem ✓ Define what winning looks like, etc. ✓ Goals and Objectives ✓ Guiding philosophy ✓ Blue Ocean Tool ✓ Identify choices ✓ Defining value proposition. ✓ Understanding strategic choices	✓ Business model changes ✓ Go to Market ✓ Communications ✓ Efficiency ✓ Collective actions ✓ Value creation, capture and sharing ✓ Vertical structures. ✓ Implications for new business model.	✓ Project descriptions ✓ Project management ✓ ASCI chart ✓ Measurement and controls.	✓ Structure ✓ Engagement ✓ Structure ✓ Leadership ✓ Discipline.

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Sumary

NEW FRAME - EASY PLANNING

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1. WHERE ARE WE NOW?

- ✓ Description of the company network
- ✓ Current vision, mission and strategic statement
- ✓ Current business model
- ✓ Understanding the situation
- ✓ Pest Analysis
- ✓ Porter's 5 Forces
- ✓ Competitive Analysis
- ✓ Foresight (trends)
- ✓ Company diagnosis (strengths and weakness).

1.1. Introduction and understanding

- Understand the company's history.
- Determine if the organization has existing plans and study them.
- Determine how the planning process is carried out in the company.
- Determine which teams will participate in the DDSP.
- Chose a person within the team who can promote relationships with other companies.
- Determine cultural aspects.
- Determine why the process is beginning at this point time (normally change of management, company professionalization, or, in the case of multinationals, requirements from the head office).
- Finally, in cases of companies with sophisticated planning processes, verify how DDSP may help the existing model and gradually adapt the company to it, without any unnecessary disruptions.

EXTERNAL ANALYSIS

1.2. Which actors are part of the company network? And which ones involve it?

Industry Attractiveness: The Five Forces Model → Source: Adapted from Porter (1980) and Grant (2002)

The threat of new entrants

- Demand for capital

- Economies of scale
- Advantage of costs
- Product differentiation
- Access to distribution channels
- Legal Barriers
- Retaliation
- Network externalities
- Expectation about future competition
- Brand value by consumers

Competitors

- Concentration
- Number
- Competitors (diversity)
- Potential for product differentiation
- Overcapacity & barriers
- Costs of businesses
- Stagnation or decline of the industry
- Prices and sales terms

Buyers Power

- Price sensitivity
- Bargaining power
- Industry concentration
- Substitute products availability
- Integration among suppliers
- Capacity to determine the prices
- Specific Investments
- Percentage of total costs

Competition from Substitutes

- Propensity of buyers to replace
- Prices and performance of the products
- Substitute products availability
-

Supplier Power

- Are the factors that determine the supplier's power the same?
- Also, it is important to analyze the following issues:
- Who are they? How many? Where are they located?
- What are their offers? What are their prices?
- Quality products?

1.3.<u>What is the STEP Structure for the Macro Environmental Analysis</u>?

The STEP Structure for the Macroenvironmental Analysis

Political and legal factors

- Political and legal structure;
- Alliances and political orientations;
- Legislative structure;
- Identification and analysis of the government agencies that legitimate;
- Antitrust policies;
- Political and governmental stability;
- Interest and exchange rates (in their political aspect)
- Labor legislation;
- International commerce regulations;
- Environmental protection legislation;
- Pressure groups;
- Power of the labor unions;
- Packaging recycling laws;
- Packaging restrictions;
- Restrictions on communication types;
- Tariff barriers;
- Taxation polices;
- Agricultural subsidy policies;
- Product certification and/or processes;
- Others.

Social and cultural factors

- Demographics;
- Life styles;

- Social mobility;
- Education levels;
- Attitudes;
- Consumerism;
- Behavior patterns;
- Women`s participation in the labor market;
- Population concentration in large cities;
- Races/ethnicity;
- Time scarcity;
- Population aging;
- Personal individuality;
- Family shopping trips
- Search for security;
- Convenience;
- Leisure;
- Wealth distribution;
- Attitudes at work;
- Concern with food safety;
- Family size;
- Environment;
- New media;
- Others.

Economic and Natural Factors

- Business life cycle;
- Interest rate;
- Exchange rate;
- Credit lines;
- Inflation rate;
- Investment levels;
- Unemployment;
- Energy costs;
- Types of financial institutions;
- Growth tendencies (gnp);
- Nature of domestic and international competition;
- Commercial blocks;
- Education level;
- Economic integration;
- Supplier concentration;
- Buyer concentration;

- Energy availability;
- Restrictions of environmental raw-materials (water, air, among others);
- Tourism expenditure;
- Others.

Technological Factors

- Government and industry level of investment in research and development;
- Speed of technology transfer;
- Product life cycle;
- Direction of technology transfer;
- Change in the cost of technology;
- Research entities and institutes, and universities that are developing research;
- Research programs;
- Life cycle of used equipment;
- Improvements in the equipment;
- Sales through mail; telephone, internet;
- Scanners, computerized stock control and delivery;
- Electronic data interchange (edi);
- Genetic modification;
- Satellites;
- Digitalization;
- Cellular telephones;
- Nano-technologies;
- Qr codes;
- Others.

Marketing Information Systems

What is the information for?

- To antecipate changes;
- To make better decisions;
- To redirect;
- To prevent ;
- To improve;
- To plan;
- To innovate;
- To renew;

Where does it fit in the planning?

- STEP;
- Consumers intermediary;
- Consumers (organizational or industrial)
- Internal (company);
- Competitor;

How to see and understand the information needs within the company?

Internal Research:

- Existing information
- Past decisions made
- Which information the company needs and wants
- What are the sources
- Updating
- New Sources
- Subjects and events
- Websites
- Periodicity

Which information is relevant to the company?

1. Internal Archives

2. Intelligence

3. Research

INTERNAL:

- Sales
- Costs
- Human Resources
- Production

EXTERNAL

- STEP
- Market
- Consumers

- Competitors
- Customers
- Government

Where/How to get the information?

- Distributors: resellers
- Salespeople: reports
- Consumers: research
- Employees
- Suppliers
- Competitors
- Shareholders
- Government
- Advisory Committee
- Advisory board

1.4.<u>What is our current market and new Market?</u>

Market evolution

- Amount of Sales ($);
- Volumes (quantity);
- Average prices;
- Sales per Company;
- Company Market Share;

1.5.<u>What are the trends for the next 10 years?</u>

Scenario planning

Final consumer

- How will the consumer look like?
- What will be value for them?
- How new products can affect the market?
- What are the trends in income?
- What will be the effect in developing and emerging countries?

- What changes will occur in buying behavior (conscious, environment, sustainable)?
- How demographic trends affect consumption?
- How preferences will change?
- How will be the acceptance to GMO's and other technologies?

Distribution

- What are the trends in retailing?
- Will retail concentration and global operation movement continue?
- What to expect from private labels?
- Which will be the effects of technology and price transparency?
- Which will be the policies toward supply chain (purchasing)?
- How competition among retailers will affect the chain?
- What will be the role of foodservice?

Marketing industry

- Which will be the speed of New Product Development (NPD)?
- How will consolidation look like?
- How will costs margins and profitability of product-lines look like?
- How will be the relationship with retailers and agro-industry?
- What are the roles of regional companies?
- Who are the new players diversifying to this market?
- Which is the growth expectation for this industry?
- How to solve the logistics problems to supply the emerging markets?

Processing industry

- How industry will be the structured?
- Will the agro-industry be concentrated?
- The agroindustry would operate in global scale?
- How would be the logistics to the clients and purchasing behavior?
- Who will be new players?
- Where they may come from?
- What will be the degree of own production of inputs?
- How will operating costs and margins look like?

Farmers

- How production will be structured?
- How will concentration happen?
- Will it be more professional?
- What will be the most competitive areas in the world?
- Which are the growing areas and declining areas?
- What will be the role of cooperatives and associations?
- Crops will be substituted in some areas?
- How plagues and diseases will affect the chain?
- How to expect from regulation changes?
- How production costs will look like?

Inputs suppliers

- What innovations will come to market?
- What movements upward the supply chain will be done?
- How will the selling and distribution channel structure look like?
- The concept of offering integrated solutions for farmers will be the most suitable one?
- How will the situation of genetic modified organism (GMO) be?

1.6.<u>How is the final costumer behavior consumers? (Online and Offline)</u>

Consumer's Buying Behavior → Source: Kotler (1997)

Marketing Stimuli (Controllable variables)

- Product;
- Price;
- Distribution;
- Communication;
- Sales Force;

Other Stimuli (Uncontrollable variables)

- Political factors;
- Social Factors;
- Cultural Factors;
- Economical Factors;
- Technological Factors;

Buyer Characteristics (consumers)

- Cultural;
- Social;
- Personal;
- Psychological;

Purchase Decision Process

- Recognition of the problem;
- Search for information;
- Evaluation of alternatives;
- Purchase decision;
- After purchase behavior;

Buyer's Decisions

- Product choice;
- Brand Choice;
- Seller choice;
- Time of purchase;
- Amount to spend;

The consumer's purchase decision process

- How the step happens?
- What ideas can be used?
- What opportunities are there for your company?
- Which questions must be asked?

1. Recognition of the Purchase Need
2. Search for Information
3. Evaluation of the Alternatives
4. Purchase Decision
5. Post Purchase Behavior

The Consumer's Risk Analysis

- What are the risks of bad performance (the product will not solve the need completely)?
- What are the risks of extra-time expenditure or lack of convenience in the purchase process?
- What are the risks of money expenditure (perception of less value for the money spent)?
- What are the risks of not belonging or not receiving pleasure, comfort and well being within the community in the purchase of the product?
- What are the risks in health or security related to the product?
- What are the risks of payments (receivables/consumer finances)?
- What are the risks in not fitting consumer's values towards environment, employment and other values a consumer might have?
- What are the risks in reselling (value of used products)?
- What are the risks in understanding features of the product?
- What are the risks in maintenance, services, or post-sales interactions?

1.7. How is the intermediate costumer behavior channels?

Collective actions of the members of a network

- Ideas for Collective Actions with Suppliers;
- Ideas for Collective Actions with its Channels;
- Ideas for Collective Actions with Facilitator Companies (freight carriers, banks, logistics operators, etc.);
- Ideas for Collective Actions with its Competitors;

INTERNAL ANALYSES

1.8. How to assess the demand orientation in the areas of the company? How is our business model performance?

Evaluation of the company's customer orientation → Sources: Author, adapting form Cooper and Lane (1997), Las Casas (1999), Jain (2000), McDonald (2002) and Lambin (2000).

Research and development

- Are you alert for global innovations, via the web and others?
- Do you take time to meet customers and listen to your problems?

- Do you accept the involvement of marketing and sales areas, among others, in each new project?
- Do you test and evaluates the competition's products?
- Do you seek to know the customer's reactions and asks for suggestions?
  Do you continually improve the product, based on the market feedback?

Purchasing and production

- Do you stimulate suppliers' continuous innovation, not allowing them to grow complacent?
- Pro-actively seeks the best suppliers, instead of choosing only from those that approach the company.
- Reduces transaction costs seeking long-term relationships with a smaller number of reliable and high quality suppliers.
- Does not make concessions to quality in order to save on price.
- Invites customers to visit and get to know the facilities.
- Visits the customer's facilities and verifies how they use the company's products.
- Continuously seeks to manufacture goods faster and/or at a lower cost.
- Continuously improves product quality, trying to reach the zero defects measure.
- Satisfies the customer's demands for "customization", when this can be made in a profitable way.

Marketing

- Listens, studies the customer's needs, and desires in well-defined market segments.
- Allocates marketing efforts according to the potential of long-term profit of the target segments.
- Creates winning offers for the target segment.
- Continually evaluates the company's image and customer's satisfaction.
- Continually collects and evaluates ideas of new products and how to improve existing products and services in order to satisfy the customer's needs.
- Has specialized knowledge of the customer's sector of activity.
- Endeavors to offer the customer "the best solution".
- Only makes promises that it can keep.
- Influences all company departments and employees so that they consider the customer in all they think and do.
- Transmits the customers' needs and ideas to the people responsible for product development.
- Serves the same customers for a long period.

- Establishes a high standard for the customer servicing, capable of answering their questions, answering their complaints and solving their problems in a quick and satisfactory way.
- Establishes a high standard for the customer servicing, capable of answering their questions, answering their complaints and solving their problems in a quick and satisfactory way.
- Publishes favorable news about the company and "controls the damage" of the unfavorable news.
- Acts as an internal customer and an advocate of the public with the intention of improving the company's policies and practices.

Accounting and finance

- Periodically prepares "profitability" reports by product, market segment,
- Geographical areas (regions, sales territories), order size and individual customers.
- Prepares invoices suitable to the customer's requirements and answers their inquiries quickly and with courtesy.
- Understands and supports marketing investments (i.e. institutional advertising) that yield the customer's preference and loyalty in the long term.
- Makes financial packages that are adequate to the customer's financial needs.
- Makes quick decisions regarding the customer's capacity of honoring their financial obligations.
- The employees that have contact with clients: Are competent, attentive, pleasant, reliable and receptive.

1.9. Do we have a demand driven behavior company and network? How are we in contracts coordination and governance?

A framework for a demand driven behavior in a network approach

Final Consumer

- How to deliver great value and built loyalty?
- How to understand the segments of consumer?
- How to anticipate trends?
- How to offer solutions?
- How to monitor the feedback?
- How to build consumers laboratories, places for interactions?
- How to improve the linkage and connectivity with consumer?

Distribution channels

- How to improve the performance of channels in terms of profit and traffic generation?
- How to offer complete solutions?
- How to build channel incentive programs?
- How to reduce transactional costs with distributors?
- How to participate in private label strategies?
- How to improve the flows from the organization to the channel?

Government

- How to contribute more with the government (helping international agreements, improving regulation systems and controls)?
- How to better use the available public resources (financing, research development institutes and others)?

Competitors

- How to make the organization open to strategic alliances, joint ventures, collective actions in a proactive approach?
- How to better participate in horizontal associations?
- How to improve ethics and Standards of the industry?

Non competitors

- How to make the organization open to alliances, joint ventures and other collective actions in a proactive approach?
- Is it structured for this?
- How to stimulate benchmarking?

Input suppliers

- How to monitor and stimulate supplier's sustainability and security procedures?
- How to improve cost and efficiency (value) of inputs?
- How to lower transaction costs with suppliers?
- How to innovate towards sustainable and renewable inputs?

Service providers

- How to have the best value service providers linked to the organization?
- How services need to be provided for the best functioning of the contractual networks?
- How services are sensitive or affected to the final consumer buying decision process?
- How to reduce transaction costs?
- How to monitor and stimulate the service provider's sustainability and security procedures?

Unsurpassed custumer experience: GROW

- Great relationships with customers: Delivering customer service
- Resources of unmatched value for FS Creating customer convenience through services that help FS business succeed
- Optimized Supply chain: integrating business systems and functions to fully leverage our System's scope and scale
- Winning innovations: Fostering a culture of idea sharing and the incubation of innovation

1.10. Witch resources do we have and how are we using?

Classification of the company's resources

TANGIBLE RESOURCES

Financial Resources

- Company's capacity for funding.
- Equity capital.
- Investment capacity.

Reputation

- Brand reputation with consumers.
- Reputation of the company in relation to quality and reliability of its products and services.

Culture

- Values, traditions and social norms.

Physical Resources

- Group of production possibilities and the impact in the company's cost position.
- Size, location, technique, plant sophistication, flexibility, and equipment.
- Raw-material reserves.

INTANGIBLE RESOURCES

Technological Resources

- Intellectual propriety, patent portfolio, copyrights, commercial secrets.
- Innovation resources: research, technicians and scientists.

HR

- Education, training and employee experience.
- Abilities available to the company.
- Employee adaptability and contribution for the flexibility of the organizational strategy.
- Collaborative and social abilities of the employees.
- Employee commitment and loyalty.

Creativity

- Product innovation, processes and ways of working.

What capabilities do we bring to the business we are in now that can serve as a foundation upon which future business can be built?

- Resources (Tangible, intangible and human) →Undustry Key Success Factors →Strategy→ Competitive advantage

Resources as the Basis for Superior Profitability

- RATE OF PROFIT IN EXCESS OF THE COMPETITIVE LEVEL

Industry Attractiveness

- Barriers to Entry (Patents, brands, retaliatory capability)
- Monopoly (Market share)
- Vertical Power (firm size, financial resources)

Competitive Advantage

- Cost Advantage (Process technology, Plant size, Low-cost inputs)
- Differentiation Advantage (Brands, Product technology, Marketing capabilities)

Integrating Resources to Create Organizational Opportunity → Robert M. Grant (2013)

- Resources (Tangible, intangible, human) → Process, Organizational structure, Motivation, Organizational Alignment) → Organizational Capabilities

Understaning Capabilities

- A firm's capacity for undertaking a particular activity
- Core competency – capabilities fundamental to a firm's performance and strategy
- Distinctive competence – activities an organization performs well relative to rivals (We will also refer to this as Strategic Capabilities)
- Always relative to other firms

What is a Strategic Capability?

- Business processes absolutely essential to executing strategy
- Basis of competitive advantage
- Create the opportunity to earn above-average profits
- Typically combine organizational systems and talent

Strategic Activity Choices Define Organizational Capabilities

Product

- Low-priced, modular, ready-to-assemble or Higher priced, fully assembled
- No customization or Customization of fabrics, colors, finishes
- Design driven by cost, simplicity and style or Design driven by image materials, varieties

Value Chain

- Centralized, in-house design or Outsourcing of some products
- All styles displayed in stores or Mid-sized showrooms with limited displays
- Large on-site inventory or Limited inventories
- Limited sales help but lots of customer information or Extensive sale assistance
- Long hours of operation or Traditional retail hours

Apprasing the Strategic Importance of Resources & Capabilities → Robert M. Grant (2013)

- THE PROFIT-EARNING POTENCIAL OF A RESOURCE OR CAPABILITY

The potencial to estabilish competitive advantage

- Scarcity
- Relevance

Sustainability of the competitive advantage

- Durability;
- Transferability;
- Replicability;

Appropriability

- Property rights;
- Relative bargaining power;
- Embeddedness;

Organizational Capabilities

An individual's functional competence:

- Technical expertise in marketing finance, operations, etc.

An individual's leadership ability

- Set direction;

- Communication;
- Vision;
- Motivate people;

An organization's core competences:

- Core technical competencies (risk management, supply chain management, agronomic, expertise)

An organization's capabilities:

- A companies DNA
- Culture
- Personality

11 Generic Organizational Capabilities

- Talent: attracting, motivating, and retaining competent and committed people
- Speed: making important changes rapidly
- Shared Mind-Set and Coherent Brand Identity: ensuring employees/customers have positive &
- consistent images of & experiences with our organization
- Accountability: obtaining high performance from employees
- Collaboration: working across boundaries to ensure both efficiency & leverage
- Learning: generating & generalizing ideas with impact
- Leadership: embedding leaders throughout the organization
- Customer Connectivity: building enduring relationships of trust with targeted customers
- Strategic Unity: articulating & sharing a strategic point of view
- Innovation: articulating & sharing a strategic point of view
- Efficiency: managing costs

Guidelines for a Capabilities Audit

- Get focused
- Recognize the interdependence of capabilities
- Learn from the best
- Create a virtuous cycle of assessment and investment
- Compare capability perceptions
- Match capability with delivery

CSPG: Capabilities to deliver an unsurpassed customer experience

Great Relationships

- Focus on customer success
- Knowledge of GMK & Customer ops
- Excellent customer service delivery
- Trust
- Leadership culture
- Elite talent
- Co-op culture (and shared purpose)
- System unity
- Discipline to act in best interest of whole & long-term

Resources of Unmatched Value

- Brand clarity and support
- Proprietary products
- Training
- Market advice
- Risk management (markets & operational)
- Forecasting
- Business consulting
- Common systems (IT/HR)

Optimized Supply Chain

- Strategic asset investment (and the ability to do so)
- Logistics efficiency

Partnerships – upstream

- Partnerships – downstream
- Systems integration
- Access to data
- Ability to bring insights from data
- Best in class processes
- Scale to play with the bigs

Winning Innovations

- OMNI channel access for customer (Enterprise-wide customer experience portal)
- Developing full capabilities in the areas under G,R, and O – will require innovation

Two dimensions to strengthen or build capabilities

We did this last year

- An explicit articulation of what the organization is trying to achieve (desired performance)

We are trying to do this now

- Identification of the set of processes, activities, institutional assets, types of people, and other elements that will likely be needed to deliver that performance.

1.11. <u>How we compared with competitors?</u>

What should companies try to know about their competitors?

Market

- Number of units sold;
- Sales by product line;
- Tendency of sales;
- Market share;
- Trends in market share.

Buyers

- Customer profile;
- Purchase motives;
- Standard product use;
- New customers;
- Lost customers;
- Proportion of repeat purchases;

- Loyalty to the brand;
- Identity and image among the customers;
- Level of product satisfaction, performance, quality and reliability;
- Existence of special relationships.

Products, Services, Brands and packages

- Amplitude and depth of the product lines;
- Level of product performance;
- New products policy ;
- Investments in R&D;
- Modification and introduction of new products;
- Quality level;
- Style, design;
- Name, brands and packaging;
- Warranty and support services;
- Lead-times;
- Patents.

Communication

- Level of investments and standards;
- Effectiveness of the promotional actions;
- Fliers and product catalogs;
- Sales promotions;
- Publicity and advertising;
- Media plans and schedules;
- Public relations.

Distribution channels

- Programs for customer return or loyalty;
- Types of distribution channels used;
- Relationships and power balance;
- Shipping structure;
- Costs structure;
- Flexibility;
- Existence of contracts;
- Dealer objectives;

- Level of distributor performance;
- Capacity and level of dealer support;
- Inventory level;
- Shelf space;
- Warehouse location;
- Profit margins of intermediaries.

Sales Force/RH

- Size, capacity and experience;
- Geographical and customer coverage;
- Level of assistance available;
- Salaries and commissions
- Post sales service;
- Customer support philosophy;
- Sales territory;
- Competency, courtesy, presentation, friendliness and knowledge;
- Governance form.

Prices

- Cost level;
- Cost structure;
- Price list and discount table;
- Credit and payment conditions;
- Special terms;
- Product return operations.

Finance

- Performance level, margins and profitability;
- Availability of financial resources and flexibility;
- Structure of capital;
- Financial flexibility.

Administration

- Main executives;
- Objectives (short and long term);
- Philosophy and culture;
- Expectations;
- Attitudes towards risk;
- Special abilities;
- Competitive strategies;
- Strategic commitment;
- Organizational structure;
- Investment plans;
- Critical success factors.

Others (production, environment, etc.)

- Actions related to the environment;
- ISO norms;
- Certifications;
- Labeling;
- Sales per employee;
- Capacity utilization;
- Types of equipment used;
- Methods of acquisition of raw-material;
- Main suppliers;
- Degree of vertical/ horizontal integration;
- Commitment to market sectors;
- Efficiency/quickness;
- Work environment;
- Developing technological innovations.

Internal analysis versus competition

FACTORS OF EVALUATION

Product

- Quality
- Style
- Brands, packages
- Warranty and support services

- Cost
- Lead time

Price

- Price level
- Discount policy
- Credit conditions
- Payment conditions
- Special payment terms

Comunications

- Publicity
- Personal sales
- Promotion
- Advertising

Distribution

- Distribution channels
- Channel coverage
- Location
- Transport system

Human Resources

…

Production Process

- Quickness
- Efficiency
- Capacity utilization

1.12. How are we in the critical success factors?

Identifying the company's critical success factors → Source: Adapted by the author from Grant (2002, p. 97).

What do the clients want? (Demand Analysis)

- Who are our clients?
- What do they desire?

How does the company win the competition? (Competitors Analysis)

- What is leading this competition?
- How big are the main competitors?
- How intense is the competition?
- How to obtain competitive advantage

2. WHERE WE WANT TO GO?

- ✓ What is the strategic issue?
- ✓ Defining the problem
- ✓ Define what winning looks like, etc.
- ✓ Goals and Objectives
- ✓ Guiding philosophy
- ✓ Blue Ocean Tool
- ✓ Identify choices
- ✓ Defining value proposition.
- ✓ Understanding strategic choices

2.1. **One can argue that making decisions today is more challenging than it was 5 years ago. Why?**

Proact Framework (Problem, Objectives, Alternatives, Consequences, trade-offs)

- Focus on important issues;
- Disciplined use of the process will clarify the decisions;
- Why we not define the 'right' problem?
    - Haste (hurry);
    - Laziness;
    - Lack of attention (listening);
    - Lack of perspective;
    - Lack of creativity;
    - Focus on symptoms not causes;

Problem: Defining the problem

- What do you need?
- What triggered the decision for this problem statement? Why am I considering it?
    - Watch out for problems here….
- Question the constraints in your problem statement (what do we miss in our problem?)
    - These may be limiting your alternatives to see everything
- What are the essential elements that are components of our defined problem?
    - Think of these as sub-questions/mini-problems
- Understand what other decisions relate on this problem decision
    - Will you set precedent, will this trigger other decisions?
- Consider the scope of your decision of the problem
    - Just how broad or narrow should your focus be?
- Seek outside perspective, or an alternative way to define the problem
    - Can be critical in stretching your thinking, seeing alternative ways of framing the problem

Objectives

- Objectives are your decision criteria
    - Good objectives, like good problem definition, make your analysis much easier;
    - Become your evaluation criteria for assessing alternatives (if we miss the objective);
- Defining the Objectives:
    - Help determine what information to seek;
    - Help you explain your choice to others;
    - Help determine how important the decision is;
- Some ideas:
    - Write down all concerns you hope to address;
    - Convert your concerns into succinct objectives;

Alternatives

- Can't pick an alternative you have not considered;
- Your choice can be no better than the best of your set of alternatives;
- In the world you work in, there is a tendency to short-change this step;
- Process alternatives: vote, auction, standards;
- Win-win alternatives: what is 'their'decision problem?

- Information-gathering alternatives: realoption thinking;
- Time-buying alternatives: real-option thinking;

- Better alternatives:
    - Use your objectives – ask how?
    - Challenge constraints: real? Workarounds? Solution without the constraints?
    - Set high aspirations: open up possibilities;
    - Learn from experience: look outside;
    - Create alternatives, then evaluate;

- Constraints on our thinking about alternatives:
    - Do business as usual: 'what did we do last year';
    - Incrementalizing: 'tweak the last campaign';
    - Default alternatives: 'we can always do that';
    - First possible solution: 'meeting over, let's play golf!';

Consequences

- Describe consequences of each alternative for each objective:
    - Step 1. Mentally put yourself in the future;
    - Step 2. Create a free-form description of;
    - the consequences of the alternative;
    - Step 3. Eliminate any clearly inferior alternatives;
    - Step 4. Organize remaining alternatives into a consequences table;

Tradeoffs

- Making Tradeoff;
- You need to give up something on one objective to achieve more on another;
- Decisions with multiple objectives can not be resolved by focusing on any one objective;
- Eliminate alternatives which are dominated by other alternatives:
    - If A is better than B on some objectives, and no worse on all others, A dominates B;
    - Practical dominance implies that even if B is slightly better on 1 or more objectives, the improvement offered by B is not enough to offset A's superiority;
    - Use a ranked Consequences Table to determine dominance, eliminate alternatives;

The Strategy Paradox (Source: Strategy Paradox – Michael Raynor)

- "Strategies with the greatest possibility of success also have the greatest possibility of failure" (Michael Raynor);
- Causes:
    - Collision of commitment and uncertainty;
    - Complete adaptation is impossible;
    - Accurate prediction of future is impossible;

- Possible Solutions:
    - Uncertainty – consider uncertainty and exercise;
    - Strategic Flexibility – identifying the relevant strategic unknowns and devoting resources to creating options to overcome them;

Increasing Strategic Flexibility (Source: Strategy Paradox – Michael Raynor)

Anticipate:

- Identify drivers of change;
- Define the range of possible futures;
- Determine which are truly plausible;

- Risks as function of the unpredictability of the future;
- Can bound the range of possible futures with scenarios:"possibility space";
- Tools on How to Increase Strategic Flexibility (Antecipate):
    - External analysis;
    - Scenario Analysis;
    - Market Scan;
    - Risks classificating;
    - PEST analysis;

Formulate:

- Develop an optimal strategy for each scenario;
- Compare optimal strategies to define "core"and "contingent" elements;

- Determine a strategy for each scenario;
- Decompose each strategy into:
    - Constituent elements: technologies, capabilities, or other assets;
    - Core elements: elements common to many optimal strategic;
    - Contingent elements: common to a few optimal strategies or unique to one strategy;

- Tools on How to Increase Strategic Flexibility (Formulate):
    - Decision Tree;
    - Payoff Matrices;
    - Options Analysis;

Accumulate:

- Commit to the core
- elements
- Take options on the
- contingent elements

- Pursue core elements, since they don't have any strategic risk – they are common to all scenarios;
- Develop portfolio of options to cover the contingent elements – We will need and they are appropriate only under some (unknown) conditions.
- Tools on How to Increase Strategic Flexibility (Accumulate):
    - Make Necessary Commitments;
    - Pursue Options that Reduce Uncertain;

Operate:

- Monitor the environment;
- Determine which optimal strategy is most appropriate;
- Exercise relevant options;
- Combine with core elements;

- Close monitoring of the environment to determine:
    - The scenario the most representative of the future, then…
    - The most appropriate strategy, then…
    - The required contingent elements, then…
    - The options to exercise and the ones to abandon.

- Tools on How to Increase Strategic Flexibility (Operate):
    - Psychological Traps;
    - Decision Triggers;

2.2.Can you say what your strategy is?

Strategic Planning Road Map

- What is Strategic Thinking?
- What is Good Strategy?
- Developing a Clear Strategy Statement:
    - Objective;
    - Scope;
    - Advantage;
- Small group sharing;

Strategic Thinking

- Strategic thinking is all about change:
    - Anticipating the future;
    - Shaping the future;
    - Capitalizing on the future;

Developing a strategy is about answering key questions and making tradeoffs

What is our winning aspiration?

- The purpose of the enterprise:
    - Our guiding aspirations;

Where will we play?

- The right playing field/ Where we will compete:
    - Geographies;
    - Product categories;
    - Customer segments;
    - Channels;
    - Vertical stages of production;

How will we win?

What capabilities must be in place?

- The set of capabilities required to win:
    - Our key talent;
    - Our reinforcing activities;
    - Our specific configuration;

What management systems are required?

- The support systems:
    - Systems, structures, and measures required to support our choices;

What is Strategy?

Operational Effectiveness

- Assimilating, attaining, and extending best practices;
- Run the same race faster;

Strategic Positioning

- Creating a unique and sustainable competitive position;
- Choose to run a different race;

What Does Good Strategy Look Like?

Strategy's Kernel Elements

- A guide policy; a set of coherent actions; a diagnosis;
- A unique value proposition;
- A different, tailored value chain;
- Clear tradeoffs, and choosing what not to do;
- Activities that fit together;
- Sustain the Strategy;

- What Customers?
    - What end users?
    - What channels?
- Which Needs?
    - Which products?
    - Which features?
    - Which services?
- What Relative Price?
    - A novel value proposition;

Kinds of customers

- Customer 1:
  - Concerned with obtaining precisely what they need;
  - Will sacrifice some price or delivery time if it helps them meet their unique requirements;
  - The specific characteristics of the product or the way the service is delivered is far more important to them than any reasonable price premium or purchase inconvenience they might incur;
  - They assign value to the product/service according to how closely it appears to be designed just for them;

- Customer 2:
  - Defines value as a combination of price, convenience and quality with price being the dominant factor;
  - Less particular about what they buy than getting at the lowest possible price and with the least hassle;
  - They want high quality goods and services, but even more, they want them cheaply or easily or both;

- Customer 3:
  - New, different, and unusual products/services count most;
  - Value state-of-the-art products because their own customers demand the latest technology from them;
  - Want service providers that help them seize opportunities in their own markets;
  - Willing to sacrifice price and convenience to be on the cutting edge;

What is your Market Discipline?

- Strategy 1: price
  - Product: low-priced, modular, ready-to assemble; no customization; design driven by cost, simplicity and style;
  - Value Chain: Centralized, in-house design; all styles displayed in stores; large on-site inventory; limited sales help but lots of customer info; long hours of operation;

- Strategy 2: differentiation
  - Product: higher priced, fully assembled; customization of fabrics, colors, finishes, etc; design driven by image, materials, varieties;
  - Value Chain: outsourcing of some products; mid-sized showrooms with limited displays; limited inventories; extensive sales assistance; traditional retail hours;

- Long-term Consistency of the Value Proposition
    - Creates clarity for the business, the customer, and the channel partners;
    - Allows you to focus on building unique skills and assets to deliver the value proposition;
- Continuous Improvement as Part of the Strategy
    - Focus is on improving ways to realize the value proposition;
    - Sustaining the value proposition allows the learning and change needed for continuous improvement;

- Strategic Positioning (Creating a unique and sustainable competitive position) → Operational Effectiveness (Assimilating, attaining, and extending best practices);

Can we say what our strategy is?

- Mission: why we exist;
- Values: what we believe in and how we will behave?
- Vision: What we quant to be?
- Strategy: what our competitive game plan will be
    - Basic elements of a strategy statement: objetctives (ends); scope (domain); advantage (means)
- Balanced scored card: how we will monitor and implement that plan;
- Context (technology, industry demographics, regulation); competitors (offerings); customers (needs); company's (capabilities);
- The sweet spot is what the company can delivery, according with the customer's needs, different of their competitors;

5 Questions to help you develop your strategy

- How will you "beat" the market?
- What is your true source of competitive advantage?
- What specific markets and value chain spaces will you compete in?
- What privileged insights does your strategy rely on?
- What are the specific action steps you need to take to execute the strategy?

<u>Why is culture important? (source: Pedro Paro presentation)</u>

- We have passed by a cultural and management change;
- The cultural challenge in business is relevant;
- Culture delivers value for the stakeholders;
- Coherence between culture and strategy generates higher financial performance;

Seven appropriate contexts

1- **M&A**: When two companies need to map and manage their strengths so that the strategy of the new company is realized.
2- **Open Capital**: facilitate cultural transformation from an internal perspective to an action that serves all stakeholders.
3- **Change Management**: ensure that the change project is aligned with culture and respect the challenges of adapting people to the new reality.
4- **Repositioning**: align culture to enable the new business strategy and adapt to the digital world and industry 4.0.
5- **Turnaround:** define an identity that supports the new direction of the company at a critical moment in its history.
6- **Professionalization**: support the transition from a culture centered on clan loyalty to a results culture.
7- **New leadership**: support leadership in the process of aligning established culture or building a new organizational culture.

Evolutionary process and awakening of consciousness

- **Diagnosis**: awakening of consciousness;
- **Proposal of intervention**: co-creation of a roadmap;
- **Execution of changes in points of organizational unity**: coordination and coevolution;
- **Learning with the process of co-creation and co-evolution**: knowledge integration.

Humanized companies

- Conscious Leadership;
- Stakeholders orientation;
- Larger purpose;
- Conscious culture;

A paradigm shift

- Belief
    - Previous Paradigm: scarcity
    - New Paradigm: abundancy

- Thought
    - Previous Paradigm: ego centric
    - New Paradigm: eco centric

- Look
    - Previous Paradigm: short term
    - New Paradigm: long term

- Priority
    - Previous Paradigm: actionist value
    - New Paradigm: shared value

- Guidance
    - Previous Paradigm: financial results
    - New Paradigm: impact generated

- Measure
    - Previous Paradigm: profit
    - New Paradigm: Triple Bottom Line

- Relations
    - Previous Paradigm: wins-lose
    - New Paradigm: wins-wins-wins

- Result
    - Previous Paradigm: objectives
    - New Paradigm:consequence

Formation and identification of strategic issues in organizations (Source: Soufiane and Zhamila Presentation)

Strategic issues

- The concept of strategic issues was introduced when strategic planners faced a gap between SWOT analysis of Harvard model and strategy formulation;
- Strategic issue identification is important as it has a particular effect on the organization's present and future strategies and could put problems or opportunities in the way of organization's decision makers.

Strategic issues: definition

- Strategic inssues can be defined as developments, events and trends having the potential to impact an organizational strategy (Ansoff, 1980; Dutton, 1987);

- A matter the decision of witch involves important consequences (Oxford dictionary, 1989);
- Issues are events, developmentes and trends that an organization's members collectively recognize as having some consequence to the organization (Dutton & Dukerich, 1991);
- Emerging developments, trends or events which is the judgment of some strategic decision maker are likely to have a significant impact on the organization's present or future strategy (Dutton & Ashford, 1993);
- Strategic issues typically have the following características (Perace II & Robson, 1994):
    - Require large amount of the firm's resources;
    - Often affect the firms long term prosperity;
    - They are future oriented;
    - Usually have multifunctional consequences;
    - They require consideration of the firm's external environment, and
    - Require top management decisions.
- A strategic issue is an analytically distinct sub-system of a strategic problem, pertaining to a specific topic (Meyer, 2007)

Strategic issues: dimensions

- Analytic dimensions: abstractness, age of issue, certainty, complexity, decision maker's interest, direction of impact, duration permanence, locus: internal/external, interconnectedness, pervasiveness, scope, time pressure, visibility, label: threat/opportunity.
- Issue content: Geographical referent, type, competitive forces.
- Issue action: amount of payoff from action, certainty of payoff from action, controllability, feasibility.
- Issue source: chosen versus externally induced, responsibility, influence, strategic location, personal attachment, relevance.

Environment sensing

- Environment assessment refers to activities based on which decision-makers examine, scan, and monitor the organization's environment
- The author specifies 4 styles of the environmental monitoring as follows:

1. Undirected viewing;
2. Conditioned viewing;
3. Informal search;
4. Formal search.

- Interpretation means the process of transformation the events, development of models for understanding, discovering the meaning and cresting conceptual schemas among key managers:
    - Management ideas about analyzability of the external environment
    - The extent to which the organization permeates into the environment in order to understand it.
- Sense making may sometimes encompass interpretation. In other words, sense making concerns the ways in which people offer their interpretations;
- Sense making is more about invention rather than discovery. For participating in sense making, we should create, filter, frame, realize, and interpret the subjectivity to a more tangible thing.

Strategic issue selling

- Managers and individuals + Chief managers → Organization's strategic direction.
- Target: influence on other's awareness in issue understanding;
- Collect data, name, talk, establish role or task force.

Agenda formation

- Individual's actions ("champions" "policy entrepreneurs")
    - Communication;
    - Interpersonal influence;
    - Temporal sensitivities.
- Group or collective actions
    - Coalition mobilization around the issue

Strategic issue formation

1. Environment sensing SCANNING;
2. Issue sensing DIAGNOSIS, SELLING;
3. Agenda formation ENTRANCE.

Strategy problem formulation: biases and assumptions embedded in alternative decision making models (Lyles and Thomas, 1998) – source: Marina e Pedro presentation

6. Need to examine how strategic decisions are formulated by management;
7. Critical task: identification of the most important problems threatening the organization's ability to survive;
8. These are not every day routine problems;
9. Wicked problems:

9.1.Related to other problems;
9.2.Uncertainty in a dynamic environment;
9.3.Have conflicting trade-offs associated with alternative solutions;

Strategic Problem Formulation (SPF)

- The process of resolving the nature of these major strategic problems;
- Critical strategic capability;
- Examine how strategic problem formulation is treated within five commonly accepted models of organizational decision-making;

Factors that affect Strategic Problem Formulation

- Firms do not define unanticipated problems
    - Solution generation is often adopted as a means of problem sensing
- The complexity of strategic problems;
    - Leads to different views regarding the nature of these problems
- Individual interpret the same situation differently;
    - An individual's interpretation will be a function of his/her background and prior experience ;
- SPF is sensed by individuals
    - The process emerges into an organizational process in which biases are commonly introduced.

Strategic decision-making models

- Rational model
    - Decision emerge from a process of conscious choice;
    - Full information is available;
    - Power, conflict, fear, credibility or turnover will not influence the process;
    - There is a correct formulation of the nature of the problem;
    - There is no biases;
    - Many of the assumptions of this model are problematic;
    - Few researchers have accepted this view;
    - Can be useful only for low-level managerial problems.

- Avoidance model
    - Beliefs that organizations will avoid uncertainty:
        - The status quo must be maintained;
        - Avoid the identification of new problems, because new problems can indicate that management is not doing its job;

        - Recognition of a problem will occur only when the status quo is threatened;
        - If symptoms to a problem are ignored, the problem will eventually go away;
        - May be useful in situations of high ambiguity and uncertainty;
        - Occurs in organizations where there is no pressure for new activities or no competition for resources;
        - The danger is that the firm may procrastinate about resolving a problem that will affect its strategic capability and survival.

- Adaptive model:
    - The change must be introduced slowly and incrementally;
    - Identifying new problems is a necessary evil and that some change may be necessary;
    - This should not however create dramatic changes.
    - It is better to:
        - Take incremental steps;
        - Be flexible to new information;
        - Be cyclical and cover a large period.
    - Biases in this approach would be:
        - Utilizing new data to support previous view;
        - The illusion of better control by moving slowly;
        - Selective perception.

- Political model;
    - Contrary to those of the rational model.
    - Here it is assumed that people are biased and personally motivated.
    - Even if everyone looks at the same symptoms of a problem, they will commonly adopt different viewpoints.
        - Everyone has one view of the problem;
        - People will act in own self-interest;
        - There is no one correct view;
        - Minimize conflict;
        - Performance outcome: agreement.

- Decisive model;
    - It extends the Political model one step further by suggesting that there are inherent inconsistencies in the way people experience information and perceive the environment.
    - Everyone has ready-made solutions that they fit to situations.
        - Environment is very dynamic;
        - Actions are the most important;
        - Random process;
        - Emotional stress, social pressures;
        - Performance outcome: new situation.

Five approaches to strategic problem formulation

- Assumptions
    - Rational:
        - Full information;
        - One right formulation;
        - No biases inherent.

    - Avoidance:
        - Maintain status quo;
        - If problem is ignored, it will go away;
        - Symptoms change.

    - Adaptive:
        - Maintenance of status quo;
        - Environment is too uncertain to predict.

    - Political:
        - Everyone has one view of problem;
        - People will act in own self-interest;
        - There is no one correct view Minimize conflict.

    - Decisive:
        - Environment is very dynamic;
        - Actions are the most important management task.

- Criteria
    - Rational: Rationaly;
    - Avoidance: Maintenance;
    - Adaptive: Incrementalism satisficing;
    - Political: Bargaining;
    - Decisive: Action generation.

- Performance outcome
    - Rational: True definition;
    - Avoidance: Maintenance of status quo;
    - Adaptive: Incremental change;
    - Political: Agreement;
    - Decisive: New situation.

- Process
    - Rational: Sequencial

    - Avoidance: Discontinous
    - Adaptive:
        - Improvements;
        - Incrementalism cyclical.

    - Political: Cyclical
    - Decisive: Random

- Biases
    - Rational:
        - Wishful thinking;
        - Rationalization.

    - Avoidance:
        - Selective perception Rationalization;
        - Wishful thinking Anchoring.

    - Adaptive:
        - Escalating commitment;
        - Illusion of control;
        - Selective perception.

    - Political:
        - Social pressure;
        - Escalating commitment;
        - Illusion of control.

    - Decisive:
        - Emotional stress Social pressures;
        - Prior hypothesis bias;
        - Illusion of controll.

- Evidence
    - Rational: Facts;
    - Avoidance: Status quo;
    - Adaptive: Intuition;
    - Political: Power;
    - Decisive: Actions.

Characteristics of successful and unsuccessful strategic problem formulators

- Successful:

- Contextual:
    - Generate multiple scenarios of worst case;
    - Many past experiences with unanticipated events
- Defining:
    - Multiviews of problems nature;
    - Strong discussion or debate;
    - Tolerance for ambiguity
- Responding:
    - Past success programs;
    - Newly designed programs;
    - Unlearning
    - Action-taking;
    - Flexibility.

- Unsuccessful:
    - Contextual:
        - Formalized environmental scanning and low scenario generation;
        - Few past experiences with unanticipated events;
        - Centralized.
    - Defining:
        - Single view of problems nature;
        - Consensus or mandated;
        - Strong need to reduce ambiguity.
    - Responding:
        - Past success programs well developed;
        - Rigid;
        - Poor discrimination skills

Customer Intimacy and Other Value Disciplines (Source: Michael Treacy and Fred Wiersema - Carlos and Zhamilya presentation)

How some companies have taken leadership position in their industries?

- Redefine value for the customer;
- Customer expectation have changed;
- Three value disciplines: Operational Excellence, Customer Intimacy and Product Leadership;

Value

- Marketing value is a business philosophy that focuses on developing and delivering value to the customer;
- It´s based on the customer perspective:
    - Value for the Customer = Perceived Benefits - Perceived Costs.

OperationaL Excellence

- Providing customers with reliable products or services at competitive prices and delivered with minimal difficulty or inconvenience;
- Automating manufacturing processes and work procedures in order to streamline operations and reduce cost;
- Is ideal for markets where customers value cost over choice.

Customer Intimacy

- Offer a unique range of customer services that allows for the personalization or customization of products to meet differing customer needs;
- Spend money now to build customer loyalty for the long run;
- They address several small sub segments, to maximize customer satisfaction.

Sustaining the LEAD

- Value discipline = Selecting customer;
- Price is a dominant fator;
- Precise with what they need;
- New, different and unusual.

Future Scenario Planning in Strategic Management (Source: Ilya Barav, 2009. Fabio e Mariana presentation)

Future Scenario

What is Future Scenario?

- "Future scenario is a rich, data-driven story about future that drives better decisions today. Scenarios offer a way to organize and test assumption about the future dispite inherent complexity and uncertainty. Scenarios provide a framework for recognizing

and adapting to change over time – ahead of time" (Global Business Network, 2008, p.11)

Why create a Future Scenario?

- Scenario help to deal with uncertainty in following ways:
    - Understand the environment – More rational in risk taking;
    - Acknowledge structural uncertainty – Avoid taking unreasonable risks;
    - Became adaptable – Expanding mental models;
    - Avoid denial – Think unthinkable;
    - Avoid paralysis – Quick and rational decisions.

Scenario Aplicability

- **Business Eviroment: Stable times**
    - Decision marker's mental models: management's mental model and reality match well
    - Scope of decisions; little adjustments and fine-tuning
    - Aplicability of scenario planning: scenarios are not suitable

- **Business Eviroment: Rapid change/ complex enviroment**
    - Decision marker's mental models: mental model do not match reality
    - Scope of decisions: big strategic decisions
    - Aplicability of scenario planning: scenario approach can make the difference.

Terminology

- Focal issue – "What is the future of energy market in Europe in 2050?
- Official Future – Common sense in a organization about the future environment;
- Driving Forces – Major forces, outside control of an organization that affect the future
    - Predetermined elements;
    - Critical uncertainties;
- Scenario implication – Opportunities, challenges, options;
- Leading Indication – Sign that an organization can monitor in order to determinate if a particular scenario begins to unfold.

Scenario Planning Team

- Client - who is the main beneficiary of the scenario process? Ex. management team with the aim of reviewing the strategic Direction of the organization;
- Stakeholder – Other beneficiaries of the scenarios;
- Experts – people with subject knowledge;
- Remarkable people – Individuals who are capable to think broadly and can help to open up the discussion and introduce new perspectives;
- Facilitator – Person involved in promoting and facilitation the scenario process.

Analysis of Methodology

- Scenario planners start – "big issues" (concerns of the stakeholders)
- Principal Methods (source: Van der Heijden, 2005):
    - Generative Scnario Planning
        - Generative Scenario Process is an iterative process;
        - Starting with the first set of scenarios used as a way to understand the strategic situation better and proceed to next iteration of the scenario set;
        - Repeating until the strategic situation is successfully reframed.

    - Adaptative;
        - In adaptative process scenario building phase is linear and predetermined;
        - In most cases the first or the second generation of the scenarios is used to evaluate the strategy of the organization;

- Other Methods (Fulton and Scearce, 2004): Scenarios that are created during each iteration of generative and adaptative processes can be done accordind to three widely used methods – inductive, deductive and incremental approaches.

    - Inductive Scenario Planning (Van der Heijden, 2005)
        - Starts with brainstorming of the possible events in the future and the scenarios are constructed out of these events as story elements;
        - The structure of the scenarios emerges by itself (Van der Heijden, 2005, p. 236).
        - Scenario structure, based on inductive method (Van der Heijden, 2005, p. 246).

            - **Dominant trends**: ecological system crisis + economical system crisis;
            - **Scenarios:** global mercantilism + sustainable world.
        - This method can lead to powerful results;

- However it is less structured and relies on the patience of the group to continue working until the final agreement is achieved (Ogilvy and Schwarts, 1998);
- The caveat is that such unsystematic approach requires a great degree of creativity and tolerance for ambiguity.

- Deductive Scenario Planning
  - The team creates an overall framework first and then fits the pieces of data and possible future events into the framework the way they fit naturally (Van der Heijden, 2005, p. 236);
  - In practice a framework is a matrix which ensures scenarios are qualitatively different in a logical way and ensures that the key drivers are taken into account in all scenarios (Ogilvy and Schwarts, 1998);

- Deductive Scenario Planning
  - Deductive method is a very structured approach, which gives freedom for the creativity in the group and at the same time, allows robust estimation of the timing of the scenario creating process.

- Incremental Approaches Scenario Planning
  - The incremental method, described by Fulton and Scearce (2004) and Van den Heijden (2005), but sometimes also referred as modified inductive method (Ogilvy and Schwarts, 1998);
  - Starts by articulating the official future and then brainstorming for at least two different scenarios that diverge from the official future
  - According to Van den Heijden (2005, p.236) this approach aims lower and usually does not produce as insightful results as other methods;
  - Useful for the clients who are not familiar with the scenario planning approach and are strongly attached to the "official future";
  - Easier to start development of the scenarios from a "surprise-free" scenario or a "consensus forecast", to provide a natural bridge to the future;
  - Often without the "surprise-free" scenario, all future possibilities may appear alien to the managers involved in the scenario planning for the first time and they may reject the project (Wack, 1984).

The basic five-step scenario-thinking problem (Source:Elvin and Rafiq presentation)

1. Orient: interviews, focal inssue;
2. Explore: critical uncertainties, predetermined elements;
3. Synthesize: scenario framework, scenarios;
4. Act: implications, strategic agenda;

5. Monitor: leading indicators, monitoring system.

Approaches to identify driving forces

3. HOW TO GET THERE?

Business model changes

- ✓ Go to Market
- ✓ Communications
- ✓ Efficiency
- ✓ Collective actions
- ✓ Value creation, capture and sharing
- ✓ Vertical structures.
- ✓ Implications for new business model.

3.1. Four pillars of sustained (BU) growth strategy

Pilar 1. A strong, well-defined core with leadership economics in the core "core of the core":

- Defining the core is the cornerstone of strategy;
- "The core" is what makes you unique; the REAL root cause of competitive advantage;
- More strategic errors come from inadequate self-awareness – the core – than other cause;
- Many management teams do not agree on the core and some have never even talked about it;

Profit from the core:

- Core of the core
  - Subset of the core;
  - Often traces back to the roots of the business;
  - Highest levels of success: leadership economics; customer loyalty; competitive outperformance;

- Core
    - Core assets/capabilities (few: 4-7 items often)
        - Differentiated;
        - Strategically important;
        - Measurable;
    - Core positions
      Intersection of strongest…
    - Customers;
        - Channels;
        - Products;
        - Geographies;
        - Value chain activities;

- Business full potential:
    - Core full potential (current market/products);
    - Adjacency expansion (new market/products);
    - Redefinition potential (new core models);

The paradox of Leadership

- The stronger the position of your business the more likely it is operating below full potential;

Successful growth companies relentlessly pursue answers 4 questions:

Question 1. What is the core?

- What are the business'core capabilities?
    - What is our greatest competency?
    - What are our fundamental skills and technologies?
    - What differentiates us in our customers' minds?
    - Do we have any unique assets?

- Who are the business' core customers?
    - Who do we define as our core customer segments?
    - Who are our most profitable customer segments?
    - What other potential customer groups do we touch?
    - What do our core customers most value about us?

- What are the business' cost advantages?
    - What do we do better and more cost effectively than other players?
    - What is the major source of our cost advantage?

- What are the business' core products/services?
  - What products or services are the most profitable?
  - What products or services generate the most sales?
  - What products or services have allowed the business to grow?
  - What do our competitors offer that we don't?

Question 2. What is the full potential of the core? (Focus)

- Strategic
  - Do we have the right scale?
  - Are we participating in the right channels, with the right products and services, targeting the right customers?
  - Do we have the right degree of complexity?

- Operational
  - Are we maximizing our revenues? (Customer segmentation -Product design -Delivery excellence -Pricing practices)
  - Are we minimizing our costs?
  - Are we measuring ourselves effectively?

- Organizational
  - Do we have the right capabilities?
  - Is it clear who makes decisions?
  - Do we have a high performance culture?

- Financial
  - Can we increase working capital and cash flow?
  - Is the balance sheet optimized?
  - How efficient is our use of capital?

Question 3. How can I expand into adjacencies, ideally with a repeatable formula? (Expand)

- Clean sheet brainstorming
  - "White space";
  - New market opportunities ;
  - New businesses;
  - New channels;

- Assess customer needs accurately
  - Evaluate current competitor offerings;
  - Assess our true core capabilities objectively;
  - Develop financial model;

Question 4. When and how will I need to redefine the core? (Redefine)

Pilar 2. Pursuit of the right adjacencies (avoiding wrong ones);

Business face many growth choices

- Core: New geographies; New Channels, New Businesses; New Value Chain Steps; New Customers Segments;

Economics distance from the core is measured on 5 dimensions:

- Shared customers, costs, channels, competitors, capabilities/technology;

The paradox of Adjacency Expansion

- The best adjacency strategies leverage and reinforce the core business;

Pilar 3. Become the best at following the customer;

Pilar 4. Use of repeatable formulas;

- Strategic clarity;
- Superior Learning;
- Speed of recognition, decision, action;
- Lower management complexity;
- More focused innovation;

Tests adjacencies for relatedness & attractiveness

Relatedness

- Shared customers
  - What percentage of our current customers would want this product/service?
  - How easy will it be to attract other customers? (How different would they be compared to our current customers?)

- Shared costs
  - Is there a high degree of overlap of direct costs between this adjacency and the products and services we currently offer?

    - Is there a need to increase costs to perform in the adjacent market?

- Shared capabilities
    - Do we have unique skills or talents that we would leverage as we pursue the adjacency?
    - Would this capability give us a sustainable competitive advantage? (Can we win the game due to this capability?)

Attractiveness

- Market size
    - What is size of the relevant market segment pertaining to the adjacency?

- Market growth
    - How quickly is this adjacency market growing?

- Profit potential
    - What are the profit margins in the adjacency industry?
    - How competitive is this industry? How many players?
    - Are these margin sustainable?

3.2.Growth Strategies and Firm Boundaries

Macro strategies available

- Leadership type and focus;
- Vertical integration (back and front);
- Diversification (business and non-related products);
- New methods for the portfolio;
- Targeted Targeting and Placement;
- Conquest of share (penetration);
- Development of new products;
- Sale / lease;
- Fusion and acquisition;
- Joint Venture;
- Creating, capturing and sharing value (sustainable competitive advantage);

Growth Strategies Ansoff product/market expansion grid (Source: Ansoff (1965, p. 109). Figure 5.3 Growth strategies (product/market expansion grid))

- New Products + Current Market = Product Development;
- New Products + New Market = Diversification;
- Current Products + Current Market = Market Penetration;
- Current Products + New Market = Market Development;

BCG Matrix – Growth x Share (Source: Adapted from Henderson (1984) and Grant (2002). Obs.: relative market participation (in relation to the second place). Figure 5.4 BCG matrix – growth ´ share.)

GE/McKinsey Market Attractiveness Matrix (Source: Adapted from Hamermesh (1986) and Kotler (1996). Figure 5.5 GE/McKinsey Market Attractiveness Matrix)

- Market Attractiveness Strong + Competitive Position Strong:
    - Protecting Position
        - Invest for maximum growth;
        - Concentrate efforts for keeping position;

- Market Attractiveness Medium + Competitive Position Strong:
    - Selective Growth
        - Strongly invest in the attractive segment;
        - Develop skills in order to stop the competitors;
        - Emphasize profitability through gains in productivity;

- Market Attractiveness Weak + Competitive Position Strong:
    - Protecting and reorienting
        - Manage the current profits;
        - Concentrate on attractive segments;
        - Defend competitive position;

- Market Attractiveness Strong + Competitive Position Medium:
    - Investing for growing
        - Challenge to leadership;
        - Selective growth on the strong features;
        - Reinforce vulnerable areas;

- Market Attractiveness Medium + Competitive Position Medium:
    - Selectivity/ profit emphasis
        - Protect the current program;
        - Concentrate investments in segments with good profitability and relatively low risks;

- Market Attractiveness Weak + Competitive Position Medium:
    - Protecting and reorienting
        - Protect position in the most profitable segments;
        - Expand the products line;
        - Minimize investments;

- Market Attractiveness Strong + Competitive Position Weak:
    - Selective growth
        - Specialize in well defined competitive positions;
        - Develop skills in order to counter competitors;
        - Emphasize profitability throught gains in productivity;

- Market Attractiveness Medium + Competitive Position Weak:
    - Limited expansion or deceleration
        - Look for ways to expand without high risks or to minimize the investments and rationalize operations.

- Market Attractiveness Weak + Competitive Position Weak:
    - Abandoning
        - Sell at the right moment in order to maximize the invested capital
        - Eliminate fixed costs and avoid new investments

9 Possibilities of Growth Strategies (Source: Produced by the author based on Ansoff (1965), Rumelt (1986), Salter and Weinhold (1979) Kotler (1997), Besanko et al. (2000).)

1 - Larger market share of the current Market:

- Stimulate current consumers to buy larger quantities of the product, communicate and publicize the product's benefits, attract the competition's consumers, stimulate change of brands and converting non-users into users;

2 - Developing new markets

- New markets for existing products, whether in new groups of potential customers in its area, or in other distribution channels in current markets or expanding its operational area to other regions not yet explored;

3 - Developing the product

- New products for markets in which the company already operates, creating different models, differentiated level of quality, versions or innovations.

4 - Concentric diversification

- A strategy where the company seeks new products or opportunities that have synergy in terms of technology and marketing with current products, even if these products meet needs of different customers.

5 - Horizontal diversification

- In this case, the company can seek new and different products that serve the same segment of consumers it currently serves, whose products are not related technologically with the current product lines.

6 - Conglomerate diversification

- This is the situation where the company seeks or develops new businesses that are not related to its current technology, products and market

7 - Vertical integration backwards

- The company buys out a supplier as a supply strategy

8 - Vertical integration forwards

- The company buys out a distributor or the next productive stage as a strategy of advancing in the chain.

9 - Horizontal integration

- The company grows by buying out competitors.

Diversification Strategies and Its Alternatives

1 - Managerial Factors

- Means or incentives: Executives' search for status/prestige and increase in salaries through the organization's growth;
- Alternatives to diversification: focus on obtaining status and higher salary level through the pursuit of market leadership or innovation

2 - Risk reduction

- Means or incentives: The Company seeks to reduce its risks through diversification. This can happen when companies have cash flows coming from different sources, and can transfer resources to avoid insolvency;

- Alternatives to diversification:
    - shareholders diversify their stock portfolio in other companies;
    - resources can be cheaper from other sources;

3 – Profitability

- Means or incentives: diversification because of attractiveness of a new business with high rates of return;

- Alternatives to diversification: By reaching economies of scale it will be possible to have higher levels of profit;

4 - Market power

- Means or incentives:
    - Diversification can bring predatory prices, dumping, crossed subsidies;
    - Reciprocal purchases between companies;
    - Arrangements between company conglomerates, with one buying from another;

- Alternatives to diversification:
    - Other forms of vertical coordination, such as contracts, joint ventures, licensing, strategic alliances, franchises;
    - Other forms of horizontal coordination, such as collective actions as well as initiatives through participation in associations;
    -

5 - Economies of Scope

- Means or incentives:
    - Increase savings producing different products or in different businesses;
    - Tangibles: share information systems, distribution channels, sales force, research laboratories, centralization of administrative services, R&D;
    - Intangibles: share the brand, corporate image, technology, organizational competencies at the corporate level;

- Alternatives to diversification:
    - other forms of vertical coordination, such as contracts, joint ventures, licensing, strategic alliances, franchises Ø other forms of horizontal coordination, such as collective actions as well as initiatives through participation in associations;

6 - Synergies between business units

- Means or incentives:
    - In supply chain purchasing;
    - Joint administration;
    - Create a service market;
    - Information sharing;

- Learning – experience curve;
- Share legal, human resources, accountancy services;
- Fiscal planning;

- Alternatives to diversification
  - Outsourcing can be more efficient than maintaining internal activities;

Growth Strategies Towards the Marketing Channels or the Supply Chain

Advantages and Risks in Strategic Alliances (Joint Ventures)

Advantages of Strategic Alliances / Joint Ventures

- Can increase access to critical resources;
- Avoid legal and economical entry barriers;
- Gain more market force and coverage (scale);
- Spread risks;
- Acquire experience and contact network;
- Avoid supplier and/or distributor power;
- Access to distribution channels;
- Decrease in stocks, better logistic coordination Idle capacity utilization;
- Adaptation capacity in local markets;
- Lower cultural risks to enter new markets;
- Increase R&D;
- Unite efforts to reach common objectives;

Risks of Strategic Alliances / Joint Ventures

- Conflicts between companies (cultural diferences);
- Delicate construction of the administrative team;
- Creating its own identity is critical;
- Risk of technology transfer without any compensation;
- Risks of unbalanced power;
- Hold-up risk (contract break) when only one of the parts makes investments in specific assets;
- Partners can disagree about the division of the investments, marketing or other policies;
- A dynamic partner in a joint venture can become a strong competitor;
- Risk of choosing the wrong partner.

Advantages and Risks in Franchising

Advantages in franchises For the franchiser (the owner of the concept):

- Long-term strategic relationship;
- Business expansion without demanding high levels of investment;
- Brand management and control;
- More flexibility than vertical integration;
- Scale for marketing and technology (advertisement, new product development, administrative procedures);
- Capture local knowledge of the franchisee;
- Capture entrepreneurial spirit of the franchisee and incentives (it is his business);
- Network integration process and participation of the franchisees in strategies and new developments;
- Receive marketing support;
- Location for the venture;
- Efficiency in the supply chain;
- Market research;
- Project and layout;
- Financial counseling;
- Operational manuals;
- Administrative training;
- Employee training;
- Knowledge already acquired from the franchiser's experience;
- Access to consolidated brands in the market.

Risks in franchises For the franchiser (the owner of the concept)

- "Franchise brokers" and "franchisee cooperatives" (where franchisees meet to increase their bargain power with the franchiser) can threaten the system;
- Concentration in the hands of few franchisees can make the negotiation process unequal between the parts;
- Labor aspects on the franchisee's behalf that could result in law suits for the franchiser;
- Brand value loss due to the offering of lower quality products;
- Other activities done by the franchisee;
- Ex-franchisees copying the business;
- Unknown expenses in the system;
- Geographical concentration of franchisees in the same area generating competition within the franchise system;
- Lack of investments from the franchiser in marketing and innovation;
- Can limit creativity and innovation of entrepreneurs or franchisees;

- The payment system can be discouraging with the initial fixed fee plus part of the economic result (royalties) and contributions for communication;
- Mandatory purchase of inputs from the franchiser that can be overpriced;
- New units in the area competing;
- Lack of openess to discuss environmental changes.

Factors to Consider and Risks in the Vertical Integration Strategies

Factors to Consider in Vertical Integration

- Complete control of the channels or supply chain;
- Access to market information;
- Protection against market oscillations;
- "Agency" costs as a result of different interests in the organization;
- Integrated tax planning in the chain;
- Differentiation opportunity;
- Increased negotiation power with other distributors or suppliers;
- Creation of scale and entry barriers to new competitors;
- Units working as consumer laboratories;

Risks in Vertical Integration

- The cost to change becomes too high;
- Costs and expenses associated with the integration can be higher than other alternatives;
- Possible lack of flexibility;
- Larger investments and exit barriers;
- May reduce and limit the innovation rate;
- Clients may become competitors;
- Differences in optimum production scale;
- Possible lack of administrative synergy;
- Problems in one production stage threaten production and profitability of all other stages;
- The activities may be very different;

<u>What happens in the Supply Chain?</u>

In what should we "think about" when developing our supply chain?

Cost

- Knowledge/technology;
- Global sourcing;
- Scale in buying;
- Efficiency of suppliers;
- Innovation;
- Competition of suppliers;
- Avoid supplier concentration dependence;
- Quality/security;
- Inbound logistics.

Relationships

- Collaboration and Coordination (flexibility and responsiveness);
- Transaction costs;
- Information Flow;
- Simplicity, control/predictability;
- Year round supply;
- Look at the best (brands of suppliers);
- Fairness;
- Ethics and behavior of suppliers (supplier code of conduct);
- Stimulate benchmarking;
- Building committees and trust.

Other Differentials

- Stimulating inclusion;
- Certifications;
- Direct connection;
- Buying local;
- Environmental issues (energy, water, carbon, waist);
- Social issues of suppliers (treating employees, community, etc.).

Growth Strategies Towards the Supply Chain

How to organize the supply chain of a company?

- Step 1: Understand the Company´s Integrated Supply Chain Structure
    - Major inputs (products or services) purchased or internally produced;
    - Costs involved (procurement costs, handling, transaction costs, stocks);
    - Way that the transactions are done (governance forms, like contracts, markets and other forms).

- Step 2: Market Analysis of Major Inputs
    - Number of suppliers, products, brands, channels, prices;
    - Concentration of suppliers;
    - Selling behavior of suppliers (transactions);
    - Services offered by suppliers;
    - Locations;
    - Major macro-environmental risks.

- Step 3: Diagnosis of Each Input of Company´s Integrated Supply Chain
    - Company acquires x market characteristics;
    - Resources given x benefits;
    - Single supplier x multiple suppliers;
    - Degree of sophistication of the relationships;
    - Vulnerabilities and risks;
    - Degree of dependence on specific suppliers;
    - Priority list for interventions;
    - Long term goals of the Company and traditions;
    - Internal resistance to change (cultural aspects and barriers).

- Step 4: Proposal of a Governance Structure for Each Input
    - Analyze economics and margins and value capture possibilities;
    - Specialization gains;
    - Reversibility if needed (technology switch) and adaptability;
    - Building entry barriers for competitors;
    - Promote development and inclusions and with this accessing public credit lines.

- Step 5: Building the Contract (Relationship)
    - Negotiation and how to consider macro-environmental changes;
    - Regulation of products, services, communications, payment and information flows;
    - Analysis of specific investments needed and the risks associated to these investments;
    - How to promote incentives and share results of competitiveness gains.

- Step 6: Management of the Relationship
    - Governance forms, with boards and external evaluation committees;
    - Search for continuous transactions costs reductions;

- Sharing benefits of experience curve and innovation gains and sharing;
- Continuous benchmark process and evaluation of alternatives;
- Bringing motivation and avoiding the risk of accommodation;
- Sharing open communication platforms;
- Flexibility and responsiveness improving services and support;
- Promoting networking and cooperation for learning and benchmarking;
- Permanently increasing trust.

What should a contract cover (transaction from one company to the other)?

Products and Services in Contracts

- Identify the function, make responsibility analysis (who does it and how) and identify possible improvement (proposals).
- The products and services function can be:
    - Inventory management and its levels;
    - Product delivery;
    - Product modification;
    - Product lines and variety;
    - New product evaluation;
    - Sales volume (performance) forecast;
    - User help/installation technical service;
    - After sales service and Sales service supply (team);
    - Training: range and costs;
    - Product maintenance;
    - Package/specifications issues;
    - Exclusivity and Territorial rights;
    - Market coverage expected;
    - Exports aspects expected;
    - Time frame (period to carry out the flows);
    - Adaptation for specific legislations;
    - Exclusivity and Territorial rights;
    - Market coverage expected;
    - Exports aspects expected ;
    - Time frame (period to carry out the flows);
    - Adaptation for specific legislations ;
    - Others.

Communications in Contracts

- Identify the function, make responsibility analysis (who does it and how) and identify possible improvement (proposals).
- The communications function can be:

- Advertisement (all forms);
- Sales promotion (all);
- Public relations actions (all);
- Direct marketing actions;
- Information about the products;
- Participation in the communication budget;
- New media forms of communication;
- Package information;
- Others.

Information in Contracts

- Identify the function, make responsibility analysis (who does it and how) and identify possible improvement (proposals).
- The information function can be:
  - Share info. about the consumer market;
  - Share info. about the competition;
  - Share info. about the changes in the environment;
  - Participation in the planning process;
  - Frequency and quality of the information;
  - Share information about complaints;
  - Electronic orders;
  - Others (fill in).

Payments and Requests in Contracts

- Identify the function, make responsibility analysis (who does it and how) and identify possible improvement (proposals).
- The Variables of Payments and Requests function can be:
  - Frequency of product orders Policies for prices and payments Margin analysis Commissions (volume and frequency) Grant credit to the final consumer Billing consumers Search for sources of finance Price guarantees Others (fill in).

4. PROJECTS NEEDED (ACTIONS AND DETAILS)

- ✓ Project descriptions
- ✓ Project management
- ✓ ASCI chart

- ✓ Measurement and controls

W<u>hat are the Main Steps for Management and Control of Strategic Planning Process?</u>

6. Identify the Strategic Projects;
7. Prioritize Strategic Projects;
8. Develop a Management Committee;
9. Define a Timeline for Action and Project Management;
10. Understand Possible Challenges and How to Mitigate It;

1- Identify the Strategic Projects;

What is a project?

A project is a set of coordinated activities with established objectives and timeline, with a finite and transient duration. The project involves several functional areas and hierarchical levels while extrapolates the routine.

Scheme for Structuring a Project (Source: Pensa. Figure 12.1 Scheme for structuring a project)

Activities have to organized with marketing, HR and logistics departments and aligned with the objectives and deadline of the project.

Fundamental Topics in Project Management

Detailed Description of the Plan Developed in the Concept Phase:

- Coordinator and team:
  - Definition of a coordinator for the project;
  - Appoint a team or someone committed to getting the project going.

- Objectives:
  - The project must have clear objectives. In the same way the objectives of the strategic plan were made, the project (operational) objectives must be defined.
- Scope:
  - Define the outline (project boundaries)/
  - List the actions that are part of the project/
  - Clarify what is not a part of the project (in cases where boundaries are not very clear);

- Results:
    - The results expected from the actions to be developed must be clear and well defined; it is the expectation at the end of the Project;

- Expected Schedule:
    - Make a time matrix scheduling the project's activities;
    - Define activities in an analytical structure which successively decomposes the project's final result into stages and sub stages, until a level is reached where activities are sufficiently small for deadline estimates to be defined.

- Points of Control (indicators):
    - Indicate the important points for the committee to follow up on the project. For example, the end of an economical analysis, a technical essay, the opinion of a specialist, etc.
    - Indicators: Point out items that will evaluate the efficacy of the project's result. For example:
    - Cost: Reduce ABCD's production cost by x%;
    - Margin: Increase the EFGH's product line margin by y%;
    - Quality: Reduce the contamination index to z%;
    - Image: Change to w% the positive image evaluation index of products, according to perception research.

- Budget / Resource Balance?
    - A large percentage of all projects will involve expenses in order to implement defined actions. Therefore, the budget of what will be spent should be discussed by the committee and the expenses approved.

- Contingency Plan
    - Actions to be taken can be highlighted, where there are unexpected or undesirable events.

First steps:

- Develop a governance structure and an implementation process;
- Evaluate and adapt the resources;
- Involve different levels and agents in the execution process to gain align across agents in the chain;
- Build and motivate the teams for the strategic projects;
- Define goals and objectives for people;
- Build a committee to discuss specific issues and solve problems;
- Seek public-private partnerships;
- Communicate the plan to the different organizations and agents involved;

2- Prioritize Strategic Projects

Project Prioritization Tool

- Resources (time and money) are finite and limiting for an organization - Actions must be prioritized accordingly with the current objective and long term planning of organizations.
    - Urgency (need for rapid Implementation);
    - Relevance (impact on company results);
    - Investment Needed ($$);

Prioritization of Projects Matrix

- Hight relevance and easier to implement (Short Term):
    - Fast Gains: easy to implement with high returns;
- Hight relevance and harder to implement (Medium Term):
    - Challenging and Rewarding: projects that aim for stability in the long term;
- Low relevance and easier to implement (Medium Term):
    - Good to Have: Not a priority but can complement other projects;
- Low relevance and harder to implement (Long Term):
    - Potencial Future Efforts hard to happen nowadays but it can be considered in the future.

3- Develop a Management Committee

Implementation Method: Committee

- Who are they: oganization members and possible external agents;
- Definition of responsibilities of the Steering Committee and of the Project Coordinator;
- Management/Steering Committee:
    - Defined by the controllers;
    - Small decision-maker group;
    - Project's evaluation and adjustments forum;
    - Monthly meetings;
    - Company management routine;

4- Define a Timeline for Action and Project Management

Implementation Process (Source: elaborated by Markestrat from PMBok – PMI)

- Initialization: Recognize that the project should begin and commit with it. Authorization to initialize;
- Planning: Plan and develop an action plan. Review of objectives and actions. Definition of team responsibilities;
- Execution: Involves coordination of people and resources for compliance with the proposed actions and activities;
- Control: Monitoring and evaluation of activities. Track the performance and progress, and make refinements when needed;
- Finishing: Finish and formalize project closure.

Tools for Plan Management

- For management and tracking of plan's execution, several tools may be used, varying with the complexity of the plan, nunmber of projects, resources that the organization owns, the team knowledge on project management tools, and the level of control wanted.
- Some tools that can be used vary from simple or customized Excel spreadsheets to project management softwares (online and offline).
- Some examples of softwares that are used for managing projects:
    - Oracle Primavera;
    - Microsoft Project;
    - Deskaway;
    - jxProject;
    - GanttProject;
    - OpenProj;
    - Project Planner;
    - Project Engine Personal;
    - Streber;
    - Eventor;
    - Go Plan;
    - Wrike;
    - Project2Manage;
    - Task Juggler;
    - Open Workbench;
    - Planner;
    - NB Projet;
    - Tutos;
    - OmniPlan
    - Planner;
    - DotProject.

Management and Control

- Questions:
    - Company is heading the right direction?
    - The main resources are allocated where it should?
    - External environment variables and trends are still valid or should be reviewed?
    - Critical activities are being developed?
    - Strategic guidelines need to be adjusted or rebuild?
    - Progress has been made until now?
    - Objectives and timelines are being fulfilled?
    - Method adjustments are necessary?

- Strategic control:
    - Preliminary: prevent possible mistakes and deviations;
    - Simultaneous: events and process monitoring according to its development, problem correction when it appears;
    - Feedback: disclosure of achieved results and performance indicators of strategic projects and objectives.

5- Understand Possible Challenges and How to Mitigate It

Barriers in Implementing (Source: elaborated by Markestrat from O'Regan and Ghobadian (2002))

- Lack of understanding about planning and strategy concepts by the participant;
- Not anticipating problems and conflict of priorities;
- Finding key volunteer leaders with motivation;
- Inadequate leadership ability among leaders;
- Lack of discipline/motivation of members and organizations;
- Political and cultural issues within participants;
- Poor team integration; • Different agents seeking their own objectives;
- Allowing some to believe they are owners of the collective; • Lack of understanding and clarity of goals and objectives;
- Lack of established indicators to be monitored;
- Lack of standards for implementation;
- Not creating a simplified version of the detailed plan for internal communication (an executive manner).

Difficulties in Planning Implementation and Mitigation (how to reduce?)

- Insufficient human resources (minimal): Hire staff; Personal change; Outsource projects.
- Political and Cultural issues (oppositions): Hability to recognize and change it (lobbying and politics); Create status positions.
- Divergent goals: Understand, seek for common gorund; Listen to everyone.
- Perception of a "top/down" process: Since the beginning, promote participation (questionnaire, sugestion boxes, intranet, breakfasts) – They all should fell they are "parents" of the plan.
- Demotivation over time: Stimulating monthly meetings, rewards and incentives.
- Loose relevance and tune: Always update STEP analysis and keep the whole vision of the project at each meeting;
- Lack of discipline and order: Implement strategic management meetings.
- Lack of leadership: Choose wisely the project leader; train people.;
- Lack of standards: Create chart, tables and slides templates.
- Poor governance: Ethical standards; consensus and clear rules.
- Poor communication: Constantly communicate entire organization.
- Low implementing will: Stimulus; gather those who make it happen.
- Lack of resources: IPO, fundings, credit.
- Aversion to risk and conservatism: Broad process of convincing, testimonials.
- Lack of technologies and other resources: Internal development and resource's flexivility.

Important Aspects for the Effective Implementation of the Strategic Plan (Source: Thompson and Strickland, 1990. Table 12.1 Important aspects for the effective implementation of the strategic marketing plan and the planning process as a whole.)

- Build an organization that is capable of executing the strategy:
    - Create an organizational structure of support for the strategy;
    - Develop abilities and distinct competencies on which strategy is based;
    - Select people for key positions.

- Establish a budgetary support strategy:
    - See that each organizational unit has a budget to conduct its part of the strategic plan;
    - Make sure that resources are being used efficiently.

- Construct internal management support systems:
    - Establish and administrate policies and procedures which facilitate the strategy;
    - Develop management and operational systems to provide critical capacities to the organization's strategy.

- Distribute prizes and incentives that are strongly connected to the objectives and strategy:
    - Motivate organizational units and individuals to carry out the strategy;
    - Designate prizes and incentives that lead to the employee's desired performance;
    - Promote orientation to results.

- Mould corporate culture to adjust to the strategy:
    - Establish shared values;
    - Define ethical standards;
    - Create a work environment that supports the strategy.

- Exercise strategic leadership:
    - Lead the process of creating values, modeling culture and motivating the creation of the strategy;
    - Keep the organization innovative, responsive and alert to market opportunities;
    - Lead strategy policies, creating consensus;
    - Reinforce ethical and behavioral standards;
    - Initiate corrective actions to improve the strategy's execution.

5. TALENTS/ STRUCTURE TO MAKE IT HAPPEN

- ✓ Structure
- ✓ Engagement
- ✓ Structure
- ✓ Leadership
- ✓ Discipline.