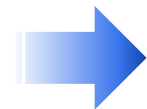
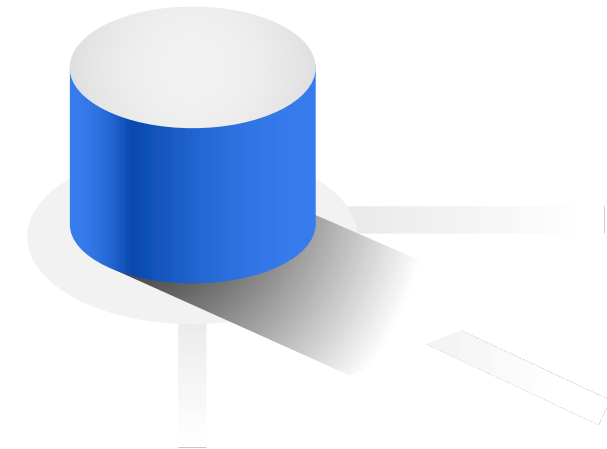
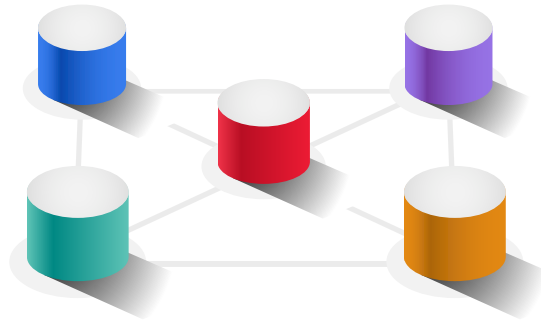

Clarifying Strategic Positioning:

An RBL Approach

Two levels of strategy

As we work with clients to help them position for customer advantage, we focus on creating alignment on two levels:



Enterprise Strategy:

Clarifies the number of businesses that exist within an enterprise. It also defines the type of interaction, sharing, and governance in organizations that have more than one business

Business Strategy:

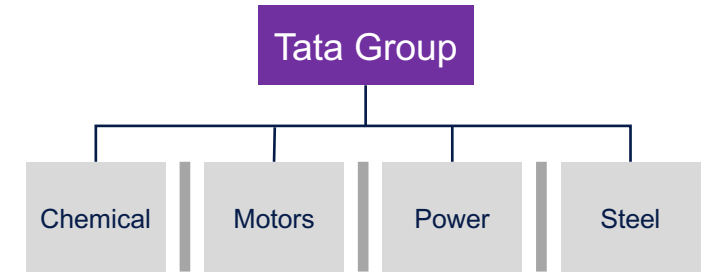
Defines how you create distinctiveness in the eyes of your customer and competitive advantage in the market within each individual business

Enterprise strategy is a clearly defined choice from three possible enterprise models

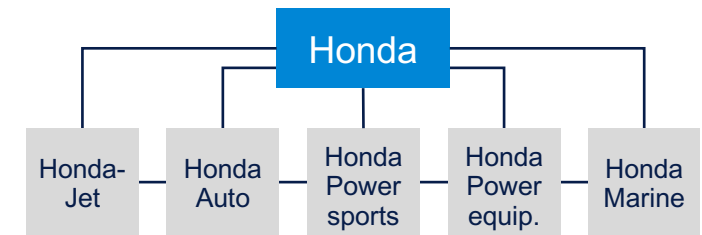
Enterprise Model is the fundamental way a corporation chooses to organize to carry out its vision and manage the portfolio. It clarifies how many businesses you are in. It provides the framework for how business and functional units relate to each other, which capabilities and processes are shared or leveraged and who “owns” and is accountable for the business strategies. It provides a framework for corporate governance and fiduciary responsibilities.

Most corporations use a variation on one of the following three Enterprise Models:

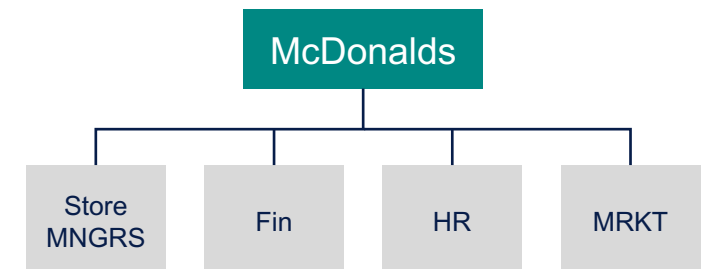
Holding Company
(example)



Allied Business
(example)



Single Business
(example)



Contrasting Enterprise Models: What is different?

	Holding Company	Allied	Integrated/Single Business
Business strategy	Each business	Each business	One
Customers	Independent	Some shared	Same
Corporate role	Resource allocation and Financial Roll-up/Analysis	Define what is shared; find leverage across businesses	Run the business
Human capital	Independent	Some shared	Common
Systems	A few common – most different	Some common	Common
Enabling processes	Decentralized	Combination	Centralized
Functional strategy	Separate for each business	Each business, plus enterprise plan	Single

Implications of NOT clarifying enterprise model



Not Effective

- Leaders optimize business/function and sub-optimize enterprise
- Power and politics play larger role in senior executive relationships: Execs on different pages about what success looks like
- Support organizations unable to optimize impact- too many or too few programs, initiatives, not aligned
- More siloed: Brand promises are harder to deliver
- Potential for customer confusion

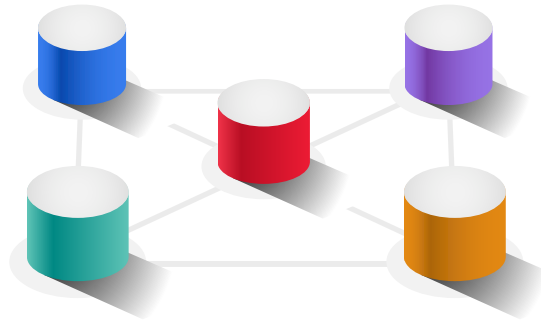


Not Efficient

- Ongoing confusion over what work is centralized and what work is embedded in a business or product line
- Overspend on both corporate and business support functions
- Difficult to ensure whole is greater than sum of parts- not sharing “right” things
- Priorities unclear. Everything is important: lack logic for making tradeoffs and driving efficiencies
- Misguided intention to invest more in areas that don't matter

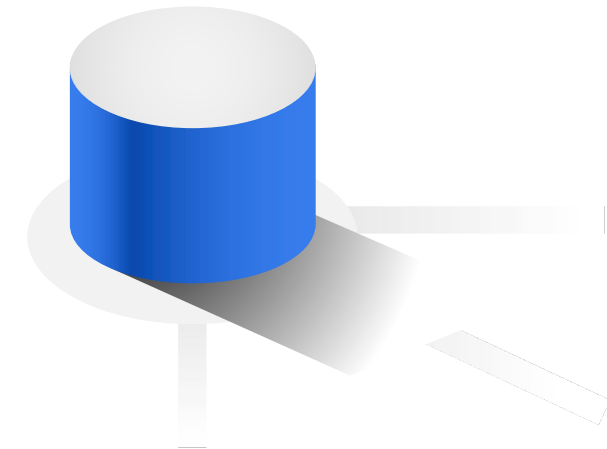
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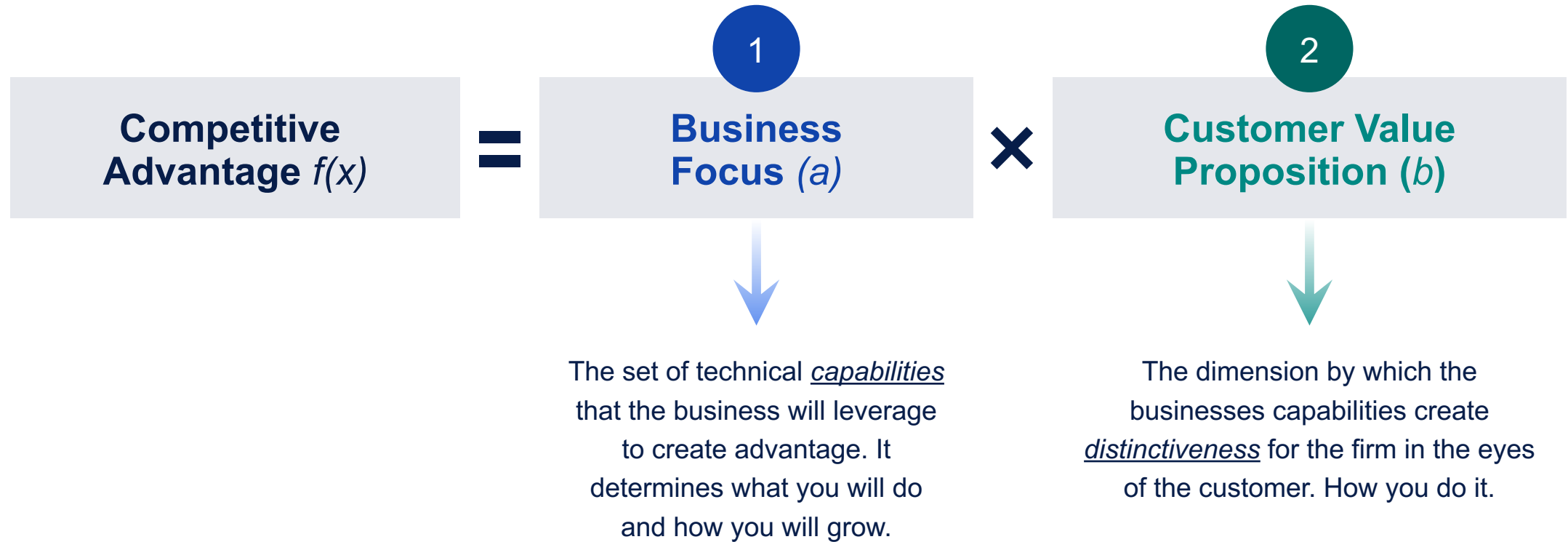
Clarifies the number of businesses that exist within an enterprise. It also defines the type of interaction, sharing, and governance in organizations that have more than one business



Business Strategy:

Defines how you create distinctiveness in the eyes of your customer and competitive advantage in the market within each individual business

Business Strategy is determined by two key decisions:



Businesses grow by focusing on increasing revenues from one of five focus areas

Customer/ market	Distribution	Product/Service	Production capacity	Technology
<ul style="list-style-type: none"> • Anchored to a class/set of users • Identifying customer / market segment needs is a crucial capability • Multiple products made to satisfy the same customers / market segments • Product “destiny” is in customer’s / market’s hands 	<ul style="list-style-type: none"> • Unique way of getting products / services to the customers • Sell anything that can be pushed through the distribution process • Leverage many products in channel 	<ul style="list-style-type: none"> • Tied to a product or service • Future products resemble current and past products • Future products derivative of existing products • Leverage across multiple customers 	<ul style="list-style-type: none"> • Maximize utilization of assets or a resource or a system or a capability • “Keep it running” or “keep it full” • Optimize unit cost • Full capacity is the key to profitability 	<ul style="list-style-type: none"> • Ability to apply a technological capability to create or improve products or services • Solutions looking for problems • Market creation is a key capability



Decisions on **Business focus** answer key questions like: How will the organization generate new growth? What part of the industry value-chain will the firm “anchor” and build internal capabilities that deliver customer needs and create advantage over the competition?

Businesses differentiate from competitors by providing different kinds of value to customers

Innovation	Quality	Service	Speed	Price
Capability to continually reinvent product/ service and be first to market with new concepts or functionality	Capability to deliver highest quality products or services versus customer specifications	Capability to assist customer in the use of the product or service and make it easy for the customer to do business with the organization	Capability to provide fastest products and services to the customer	Capability to sustain lowest overall cost or price



Customer Value Proposition answers the question of: How will the firm differentiate itself in the eyes of the customer – measured in terms of the factors that the market uses to evaluate all suppliers?

RBL's Business Strategic Options Matrix allows leaders to compare their strategic positioning with competitors

BUSINESS FOCUS	CUSTOMER VALUE PROPOSITION				
	Price	Quality	Speed	Service	Innovation
Customer/Market					
Distribution					
Product/Service					
Production Capacity					
Technology					

As you review your organization's plot on the strategic options matrix compared with competitors, ask yourself these questions:

- Have we created a unique and sustainable position for our organization?
- What capabilities are required to deliver this strategy? Are we world class in those areas?
- Do we have the right capabilities and are we investing in the right areas to ensure future growth?
- If this exercise were given to the leaders/employees of our organization, how consistent would the responses be?

Implications of NOT clarifying business strategy



- Stalled growth – chasing too many opportunities
 - Ongoing confusion on what to opportunities to pursue how to invest for growth
 - Continually changing priorities
- Difficult for employees to see how their contribution contributes to where the organization is headed
- Greatly inhibits speed and agility because the direction is not clear
- Excessive battles over how resources should be allocated – political power often wins over strategic logic
- Inability to build distinctive capabilities

If You Have Ongoing Concerns With....

- Tensions between how to optimize your business versus optimizing your functions
- Confusion over what work is best centralized and what work is best embedded in the business
- Executives who are on a different page about what success looks like
- Differing or unclear views on what makes you distinctive and why customers choose your products and services
- Continually changing priorities and difficulty reaching agreement on resource allocation

...clarifying your enterprise and/or business strategy will position you to win.

We can help.

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