

STRATEGY PRESENTATION

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WHAT IS STRATEGY FROM POLICY TO TACTICS

- STRATEGY IS PERSPECTIVE, VISION AND DIRECTIONS
- STRATEGY IS POSITION
- STRATEGY REFERS TO BASIC DIRECTIONS AND DECISIONS, THAT IS, TO PURPOSE AND MISSIONS
- STRATEGY CONSISTS OF THE IMPORTANT ACTIONS NECESSARY TO REALIZE THE DIRECTIONS.
- STRATEGY ANSWERS THE QUESTION “WHAT”
- STRATEGY IS PURE, NO NEED TO JUSTIFY



STRATEGY DEFINITION

- STRAT 'E 'GY [STRÁTTƏJEE] (PLURAL STRAT 'E 'GIES)

NOUN DEFINITION: 1. **PLANNING IN ANY FIELD:** A CAREFULLY DEVISED PLAN OF ACTION TO ACHIEVE A GOAL, OR THE ART OF DEVELOPING OR CARRYING OUT SUCH A PLAN

BUSINESS STRATEGY

2. **MILITARY PLANNING OF WAR:** THE SCIENCE OR ART OF PLANNING AND CONDUCTING A WAR OR A MILITARY CAMPAIGN

3. **BIOLOGY ADAPTATION IMPORTANT TO EVOLUTIONARY SUCCESS:** IN EVOLUTIONARY THEORY, A BEHAVIOR, STRUCTURE, OR OTHER ADAPTATION THAT IMPROVES VIABILITY

[EARLY 19TH CENTURY. VIA FRENCH *STRATÉGIE* < GREEK *STRATĒGIA* "GENERALSHIP" < *STRATĒGOS* "GENERAL" < *STRATOS* "ARMY" + *AGEIN* "TO LEAD"]



STRATEGY DEFINITION

- THE PLAN (FRAMEWORK) TO POSITION A COMPANY IN THE MARKET, LONG TERM TO ACCOMPLISH THE VISION / MISSION AND THE SHAREHOLDERS / OWNERS OBLIGATIONS BY SETTING OBJECTIVES AND PLANS TO IMPLEMENT, EVALUATE PERFORMANCE AND CONTINUALLY ADAPTING AND CHANGE / IMPROVE AS NEEDED.



WHY STRATEGY STILL MATTERS

A CRISIS OR AN OPPORTUNITY – WHAT MAKES THE DIFFERENCE = BE PREPARED

- ACTION OR REACTION
 - MARKET REGULATIONS AND CONSUMER BEHAVIOR
 - NEW TECHNOLOGIES (PRODUCT AND PROCESS)
- SUSTAINABILITY MATTERS
 - ANTICIPATE
 - 80% OF START UPS FAIL
 - COMPANIES GOING OUT OF BUSINESS OR IN CHAPTER 11 HAD A STRATEGY, BUT FAILED IN THE PROCESS OF EXECUTION, ASSUMPTIONS OR LATE RECOGNITION OF INTERNAL / EXTERNAL CHANGES.
- IS GOVERNMENT INTERVENTION STRATEGIC OR TACTICAL
 - STRATEGIC IF IT HAS AN IMPACT ON WHAT – THE GOVERNMENT BECOMES THE STRATEGIC PLAN



BUSINESS STRATEGY

- STRATEGY FORMULATION
 - POSITIONING IN THE MARKET
 - PRODUCTS / SERVICES / GROWTH / MARKETING / OPERATION
 - COST LEADER, DIFFERENTIATION, MARKET SEGMENTATION
 - GROWTH / SECURING / DEFENSIVE / EXIT STRATEGIES
- STRATEGY IMPLEMENTATION
 - DETAIL BUSINESS PLAN / ROADMAP / MILESTONES
 - ORGANIZATION, MARKETING, FINANCIAL PLAN
- STRATEGY
 - MEASURE AND CONTROL
 - CPI
 - SCORECARD



BUSINESS STRATEGY

START UP - FRANCHISE

- WORK FROM OWNERS STRATEGIC PORTFOLIO
 - KNOWLEDGE
 - PRODUCT OR SERVICE IDEA
 - MARKET KNOWLEDGE
 - FINANCE
 - PERSONAL CONNECTIONS
 - EXIT STRATEGY
 - EQUITY
 - WORK FOR CASH
- GET A PERSONALITY TEST
 - WONDERLICH
 - MYERS BRIGGS



STRATEGY FORMULATION

- POSITIONING FORCES BEFORE THE ACTION
 - WHAT IS YOUR BUSINESS
 - EXTERNAL ASSESSMENT
 - INTERNAL ASSESSMENT
 - ANALYSIS AND CHOICE
 - EFE
 - COMPETITIVE PROFILE
 - IFE
 - TOWS
 - SPACE
 - STRATEGY MATRIX
 - BCG



SIX SECTORS TO INCLUDE IN YOUR STRATEGIC PLANNING

- BREAKTHROUGH TECHNOLOGIES
- ECONOMIC AND BUSINESS FORECAST
- ENVIRONMENT AND RESOURCE OUTLOOK
- SOCIAL TRENDS
- DEMOGRAPHICS
- GOVERNMENT AND REGULATORY TRENDS



EXTERNAL AND INTERNAL FACTORS

EXAMPLES

<p>INTERNAL STRATEGIC POSITION</p> <p>FINANCIAL STRENGTH RETURN ON INVESTMENT LEVERAGE LIQUIDITY WORKING CAPITAL CASH FLOW EASE FROM EXIT FROM MARKET RISK INVOLVED IN BUSINESS</p>	<p>EXTERNAL STRATEGIC POSITION</p> <p>TECHNOLOGICAL CHANGES RATE OF INFLATION DEMAND VARIABILITY PRICE RANGE OF COMPETING PRODUCTS BARRIERS TO ENTRY INTO MARKET COMPETITIVE PRESSURE PRICE ELASTICITY OF DEMAND</p>
<p>COMPETITIVE ADVANTAGE</p> <p>MARKET SHARE PRODUCT QUALITY PRODUCT LIFE CYCLE CUSTOMER LOYALTY COMPETITORS CAPACITY UTILIZATION TECHNOLOGICAL KNOW HOW CONTROL OVER SUPPLIERS AND DISTRIBUTION</p>	<p>INDUSTRY STRENGTH</p> <p>GROWTH POTENTIAL PROFIT POTENTIAL FINANCIAL STABILITY TECHNOLOGICAL KNOW –HOW RESOURCE UTILIZATION CAPITAL INTENSITY EASE OF ENTRY INTO MARKET PRODUCTIVITY AND CAPACITY UTILIZATION</p>



STRATEGY IMPLEMENTATION

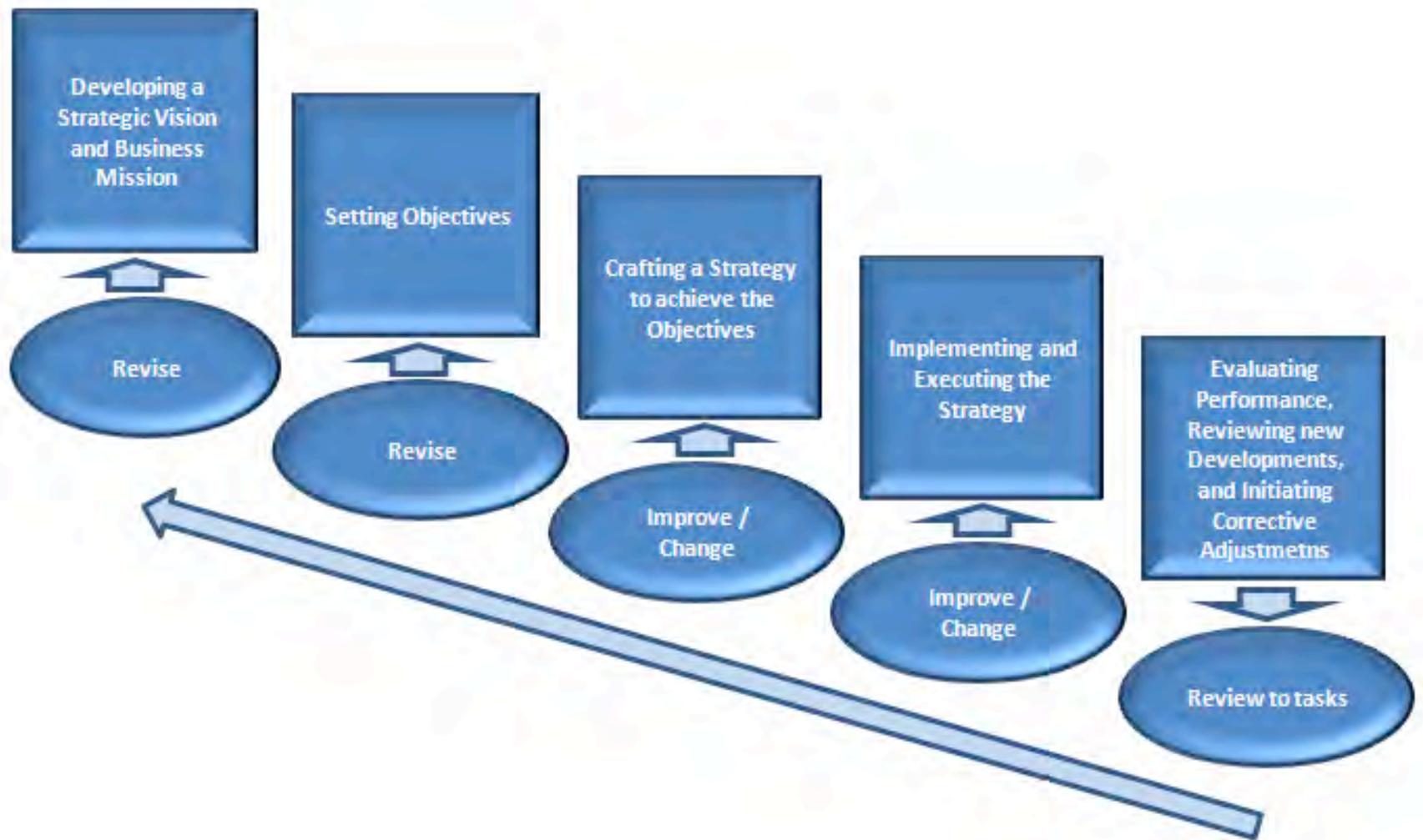
- MANAGING FORCES DRIVING THE ACTION
 - EFFICIENCY
 - OPERATIONAL
 - MOTIVATION
 - LEADERSHIP
- BUSINESS PLAN
 - MARKETING AND SALES STRATEGY
 - OPERATIONAL STRATEGY
 - FINANCIAL PLANNING
 - ORGANIZATION
 - INFRASTRUCTURE



STRATEGY CYCLE

- STRATEGY IS A DYNAMIC PROCESS
 - MONITOR ENVIRONMENT
 - MONITOR COMPETITORS
 - MONITOR CUSTOMERS
 - MONITOR TECHNOLOGIES
- ADAPT TO THE DYNAMICS
 - ANTICIPATE AND MAKE CLEAR ASSUMPTIONS
 - STATE ASSUMPTIONS
 - REVIEW AND ADJUST
- STRATEGY IS NEVER DEFINITE BUT DEFINITE
 - NEVER QUESTION REVIEW AND ADJUST





THE STRATEGY MATRIX

RAPID MARKET GROWTH

WEAK COMPETITIVE POSITION

MARKET DEVELOPMENT
 MARKET PENETRATION
 PRODUCT DEVELOPMENT
 HORIZONTAL INTEGRATION
 DIVESTITURE
 LIQUIDATION

MARKET DEVELOPMENT
 MARKET PENETRATION
 PRODUCT DEVELOPMENT
 FORWARD INTEGRATION
 BACKWARD INTEGRATION
 HORIZONTAL INTEGRATION
 CONCENTRIC DIVERSIFICATION

STRONG COMPETITIVE POSITION

RETRENCHMENT
 CONCENTRIC DIVERSIFICATION
 HORIZONTAL DIVERSIFICATION
 CONGLOMERATE DIVERSIFICATION
 DIVESTITURE
 LIQUIDATION

CONCENTRIC DIVERSIFICATION
 HORIZONTAL DIVERSIFICATION
 CONGLOMERATE DIVERSIFICATION
 JOINT VENTURES

SLOW MARKET GROWTH



SWOT (TOWS)

EXTERNAL TREATS / OPPORTUNITIES INTERNAL STRENGTH / WEAKNESS	STRENGTH – S LIST STRENGTHS	WEAKNESS – W LIST WEAKNESS
OPPORTUNITIES - O LIST OPPORTUNITIES	SO – STRATEGIES USE STRENGTH TO TAKE ADVANTAGE OF OPPORTUNITIES	WO – STRATEGIES OVERCOME WEAKNESS BY TAKING ADVANTAGE OF OPPORTUNITIES
THREATS – T LIST THREATS	ST – STRATEGIES USE STRENGTH TO AVOID THREATS	WT – STRATEGIES MINIMIZE WEAKNESS AND AVOID THREATS



THE EXIT STRATEGY OPTIONS

- TRANSFER TO FAMILY MEMBER
- TRANSFER TO KEY EMPLOYEE'S
- TRANSFER TO KEY EMPLOYEES VIA ESOP
- SALE TO CO-OWNERS
- SALE TO A THIRD PARTY
- IPO
- ASSUME PASSIVE OWNERSHIP
- LIQUIDATION



THE EXIT STRATEGY PROCESS

STEP 1 – IDENTIFY EXIT OBJECTIVES

STEP 2 – QUANTIFY BUSINESS AND PERSONAL FINANCIAL RESOURCES

STEP 3 – MAXIMIZE AND PROTECT BUSINESS VALUE

STEP 4 – OWNERSHIP TRANSFER TO THIRD PARTIES

STEP 5 – OWNERSHIP TRANSFER TO INSIDERS

STEP 6 – BUSINESS CONTINUITY

STEP 7 – PERSONAL WEALTH AND ESTATE PLANNING



STEP 3 – MAXIMIZE AND PROTECT BUSINESS VALUE

- IN MILITARY STRATEGY AN EXIT STRATEGY IS UNDERSTOOD TO MINIMIZE WHAT MILITARY JARGON CALLS (LIVES AND MATÉRIEL).
- IN ENTREPRENEURSHIP AND STRATEGIC MANAGEMENT AN EXIT STRATEGY, EXIT PLAN, OR STRATEGIC WITHDRAWAL, IS A WAY TO TERMINATE EITHER ONE'S OWNERSHIP OF A COMPANY OR THE OPERATION OF SOME PART OF THE COMPANY. ENTREPRENEURS AND INVESTORS DEVISE WAYS OF RECOUPING THE CAPITAL THEY HAVE INVESTED IN A COMPANY. THE MOST COMMON STRATEGY IS SIMPLY TO SELL THEIR EQUITY POSITION TO SOMEONE ELSE. FROM TIME TO TIME, MANAGEMENT MAY DECIDE IT IS NECESSARY TO DOWNSIZE ITS OPERATIONS. THIS TYPICALLY INVOLVES DISCONTINUING LESS PROFITABLE BRANDS, PRODUCTS, PRODUCT LINES, OR OPERATING DIVISIONS

• FROM WIKIPEDIA

