

# Strategic Management - the pathway to a successful company



Source: Christian Abegglen, Unternehmen neu erfinden

---

What`s it all about?

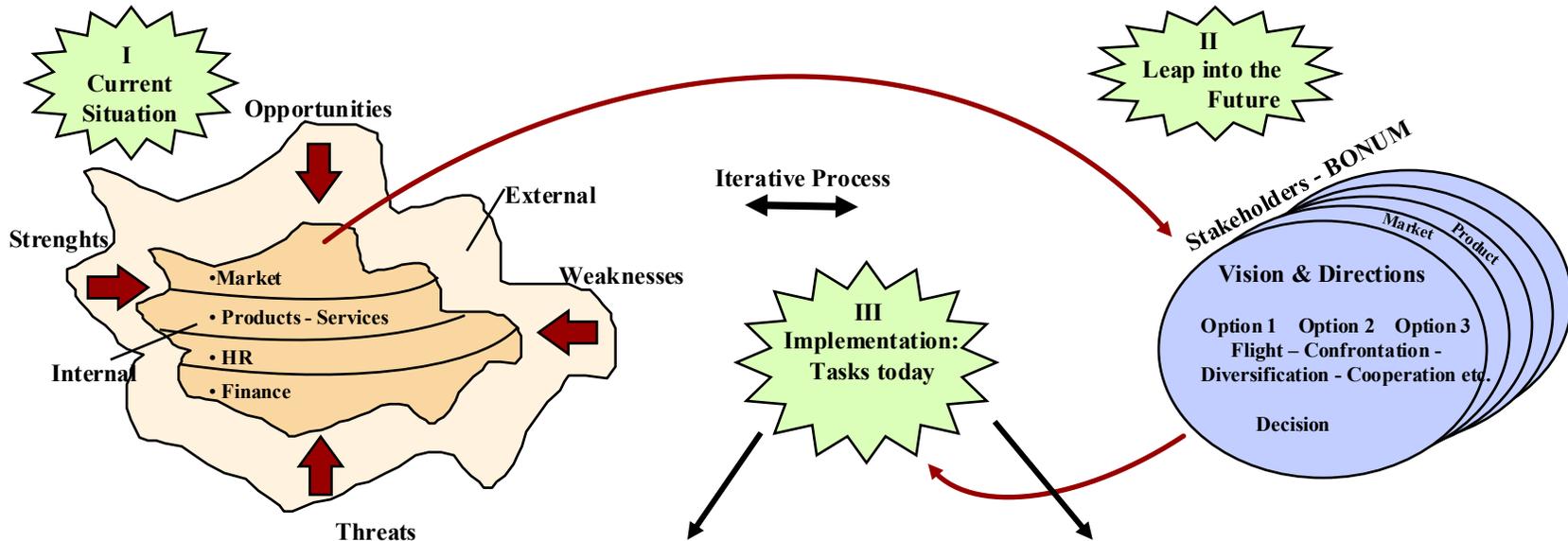
Rerum cognoscere causas et valorem (CUE)

Challenging what is and Inspiring what could be (imd)



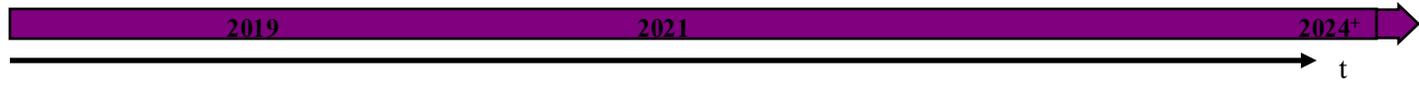
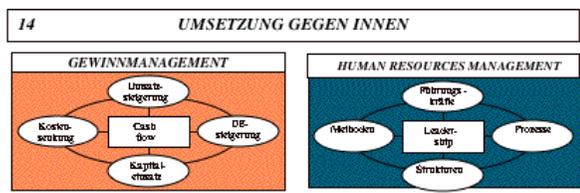
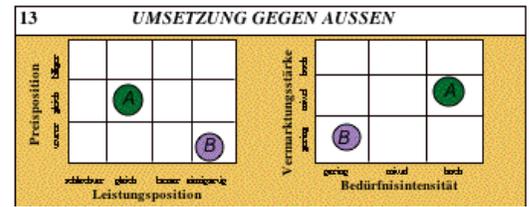
Entrance of  
UEK  
University  
Cracow

# INTEGRATED. MANAGEMENT: ROADMAP



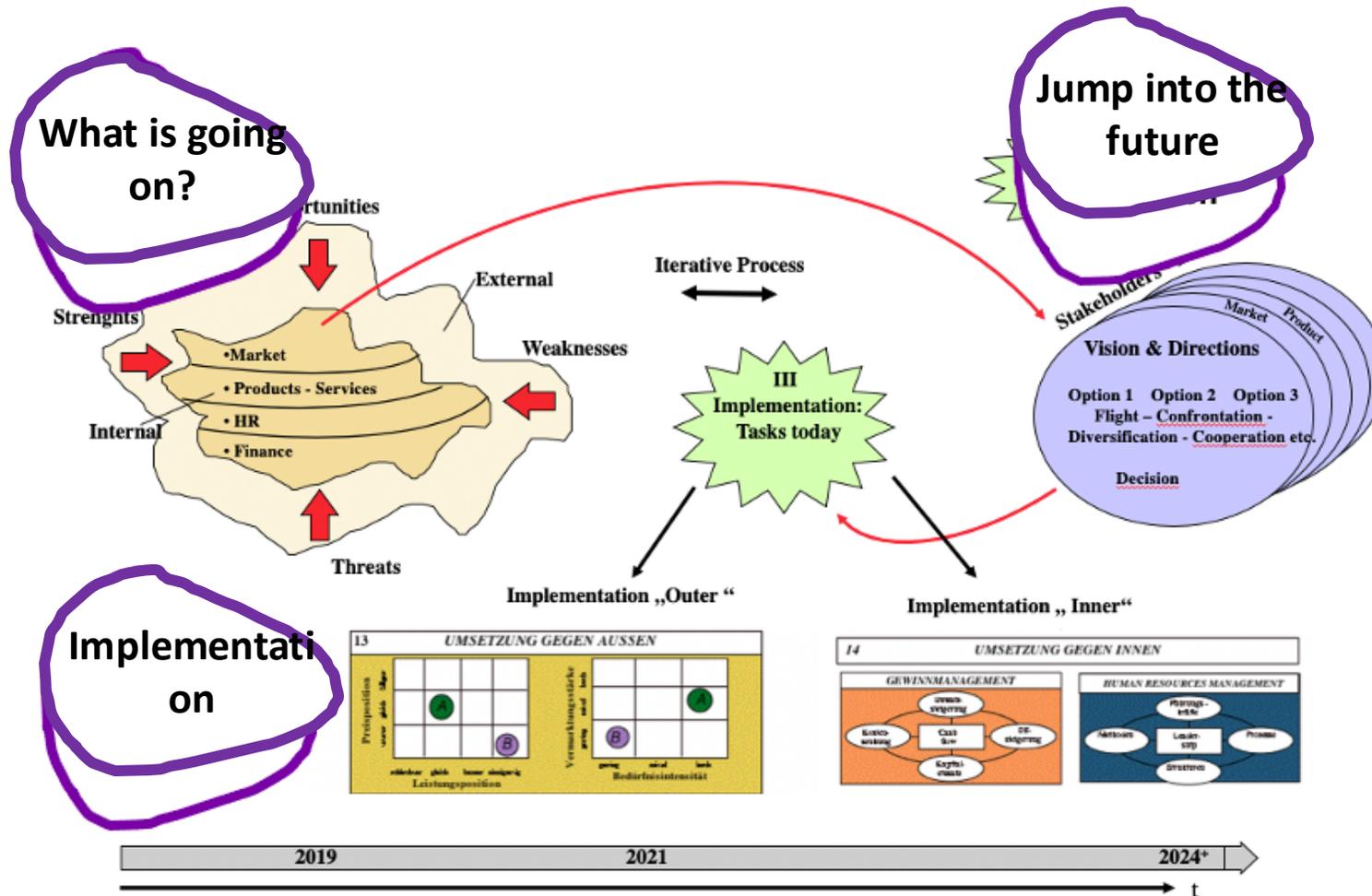
Implementation „Outer“

Implementation „Inner“

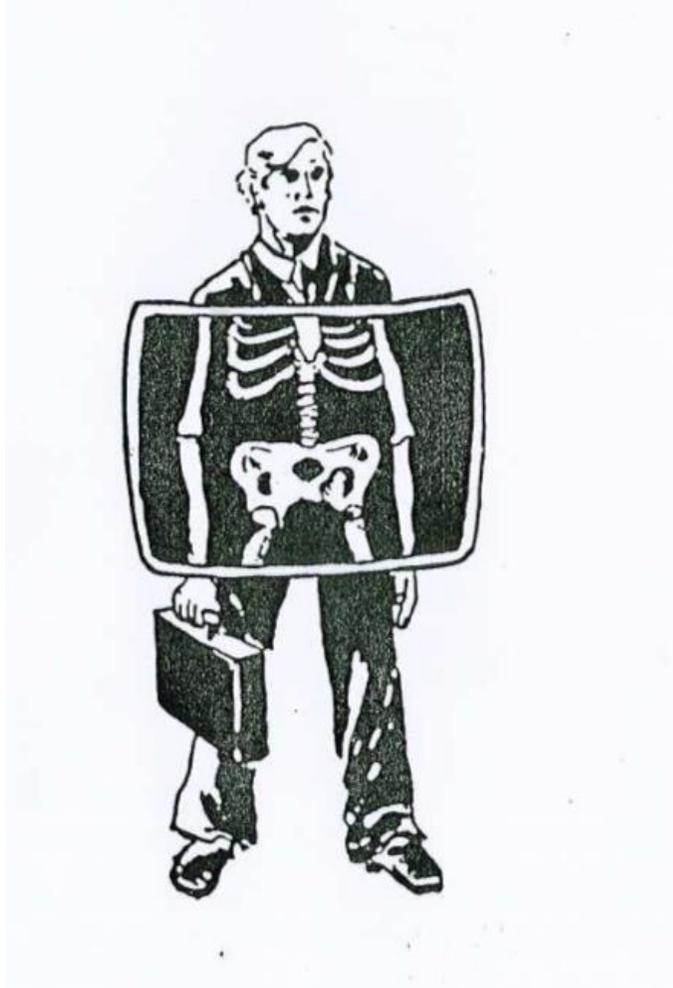


# Rerum cognoscere causas et valorem (UEK)

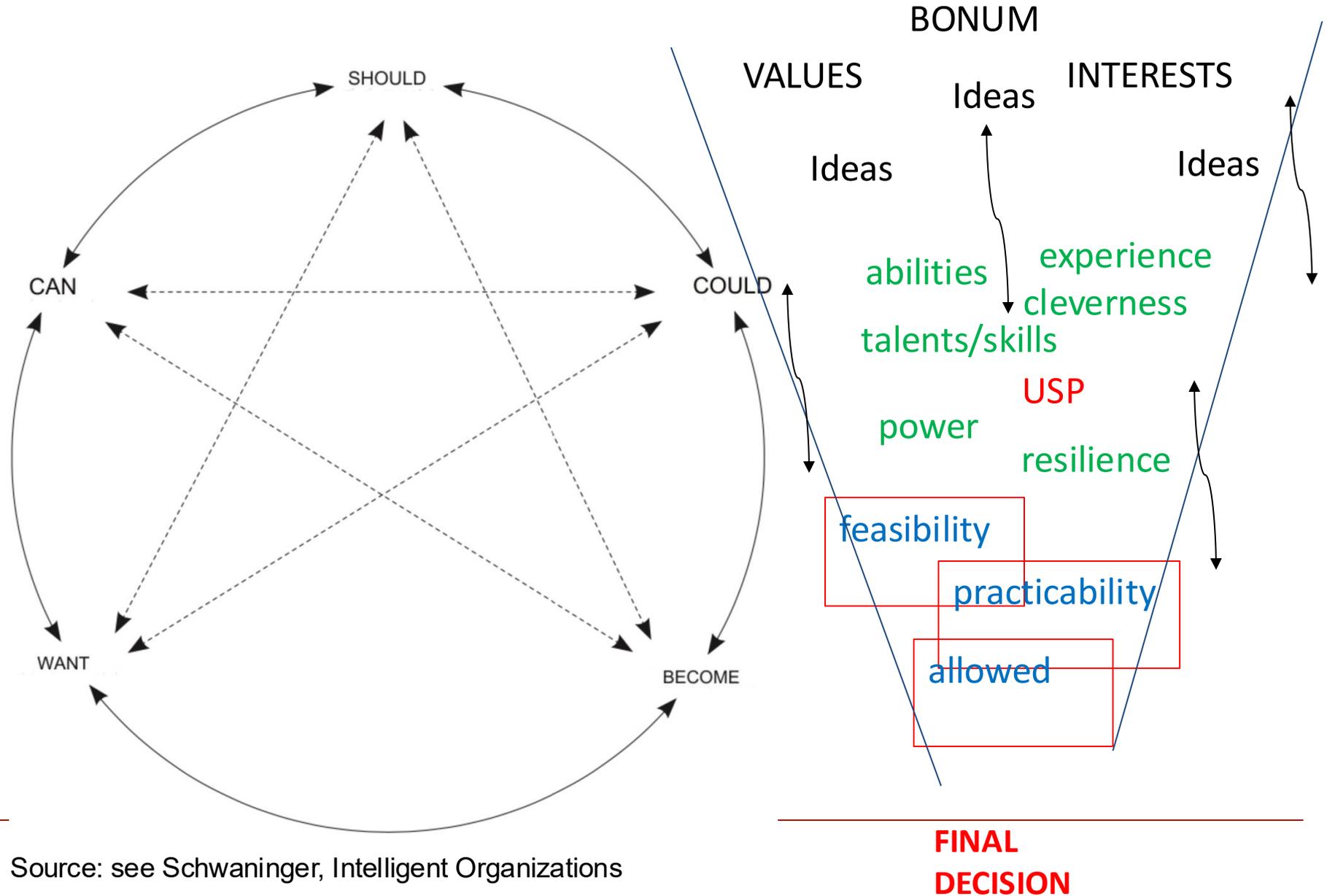
## Recognize what is and what could be PLUS: ACT & TRANSFORM



# Analysing - Rerum cognoscere causas

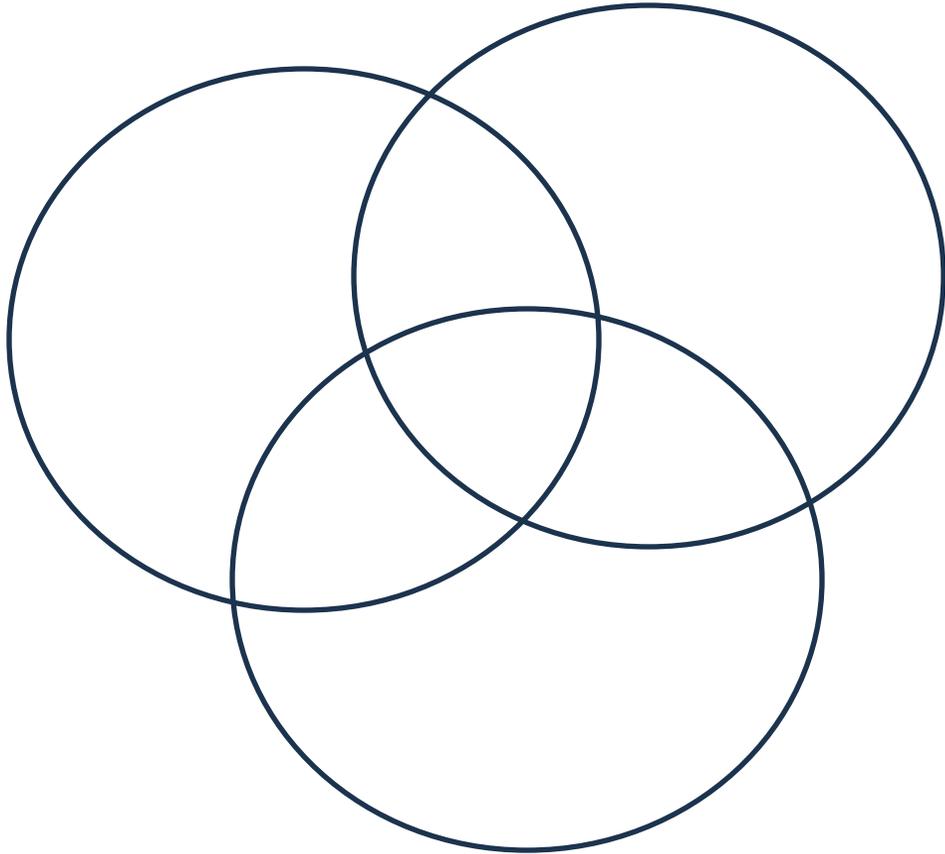


# ITERATIVE CIRCULAR PROCESSES – DECISION FUNNELS



Source: see Schwaninger, Intelligent Organizations

# Your Sweet Spot?



# Quick solutions vs. WHAT REALLY MATTERS



---

Source: compare with Ray Dalio (Principles)

How to – think, communicate and learn with Acronyms

# The „5W1H1V“ – for Business & Management Models



**S – T – P:**  
**The famous 72**

**$K_t = K_o * (1+i) ??$**   
What is missing?

## Acronyms and Visuals – Memory aids

**STP / 4F/9F      Communicate with visuals**

**SIIEEECC      How to communicate**

**CCSMWB      Developing the future**

**N – S – O      Perspectives**

**HILF      H/L-Frequency vs. H/-L-Impact**

---

GROUP WORK - HVAC

**CEESIM**







# Belimo Holding

SWX: BEAN

Übersicht

Vergleichen

Finanzen

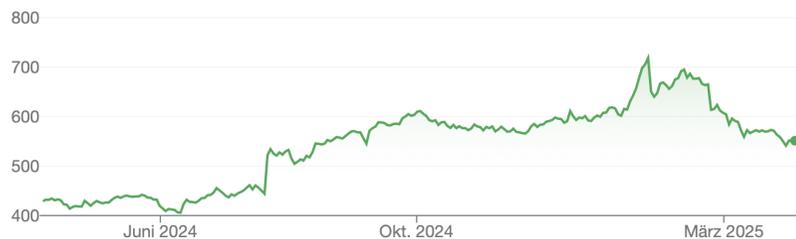
Marktbericht > Belimo Holding

## 551,50 CHF

+122,50 (28,55 %) ↑ im letzten Jahr

2. Apr., 17:31 MESZ • Haftungsausschluss

1 T. | 5 T. | 1 M. | 6 M. | YTD | **1 J.** | 5 J. | Max.



Eröffnung	549,00	Marktkap.	6,78 Mrd.	52-Wo-Hoch	721,50
Hoch	554,00	KGV	46,21	52-Wo-Tief	403,60
Tief	545,50	Rendite	1,72 %		



- 55%

- 41%

- 29%

HVAC energy usage (100%)

and Building smart field

lies in the existing building population, as it represent ~98% of buildings globally.

management (BMS), building smart field devices are a key component, can reduce HVAC energy usage by as much as 55%.



# Belimo Holding

SWX: BEAN

Übersicht

Vergleichen

Finanzen

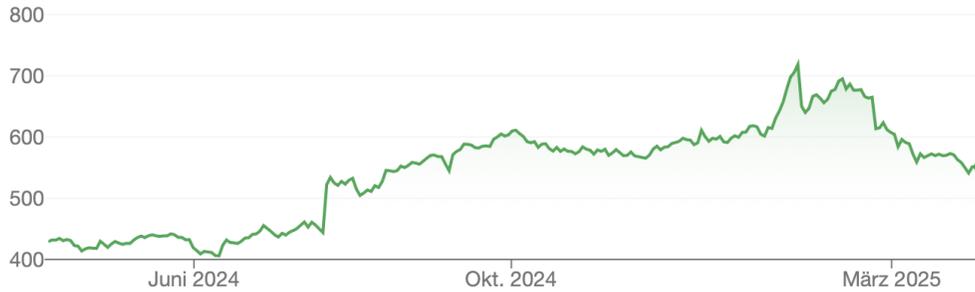
Marktbericht > Belimo Holding

## 551,50 CHF

+122,50 (28,55 %) ↑ im letzten Jahr

2. Apr., 17:31 MESZ • Haftungsausschluss

1 T. | 5 T. | 1 M. | 6 M. | YTD | 1 J. | 5 J. | Max.



Eröffnung	549,00	Marktkap.	6,78 Mrd.	52-Wo-Hoch	721,50
Hoch	554,00	KGV	46,21	52-Wo-Tief	403,60
Tief	545,50	Rendite	1,72 %		



# How to – build a structure / a process / methodology I

## MARKET | PRODUCTS | FINANCES | RESOURCES



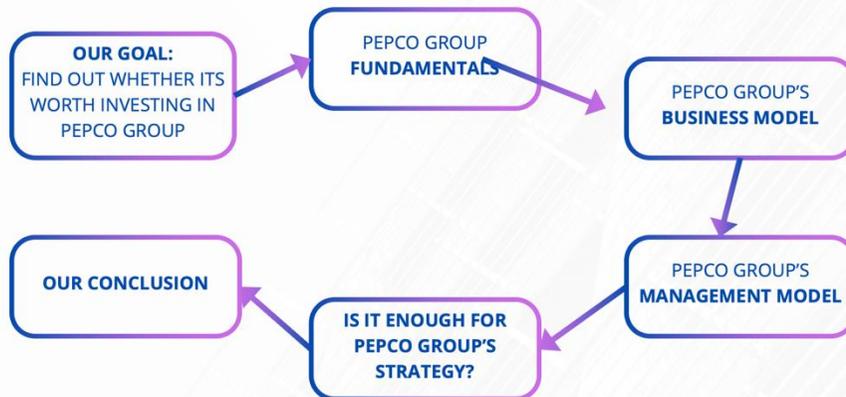
• Investment in developing employees;  
• Initiatives and programs for employees

The Pepco Group currently has employing 47,487 people. The vast majority (nearly 90%) work in stores, and the rest in our distribution centers and offices throughout Europe.



## MANAGEMENT MODEL

## METHODOLOGY

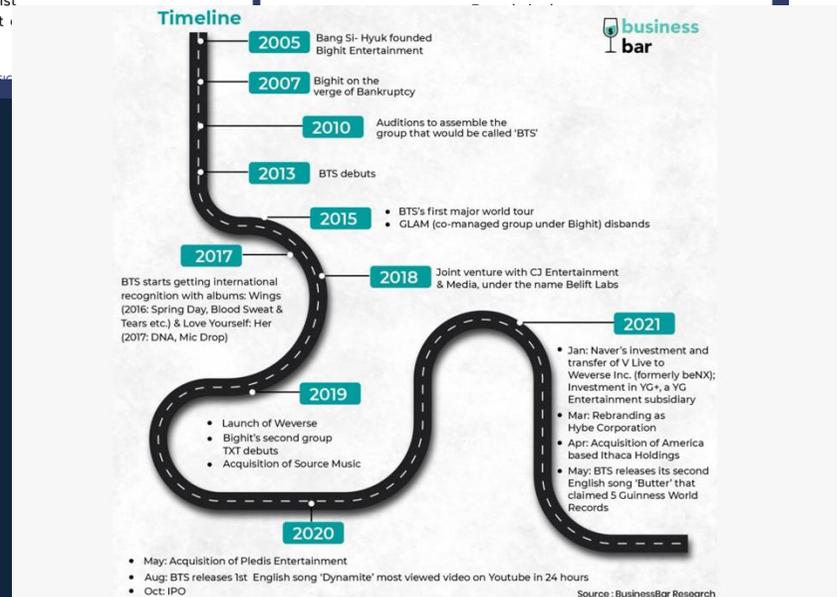
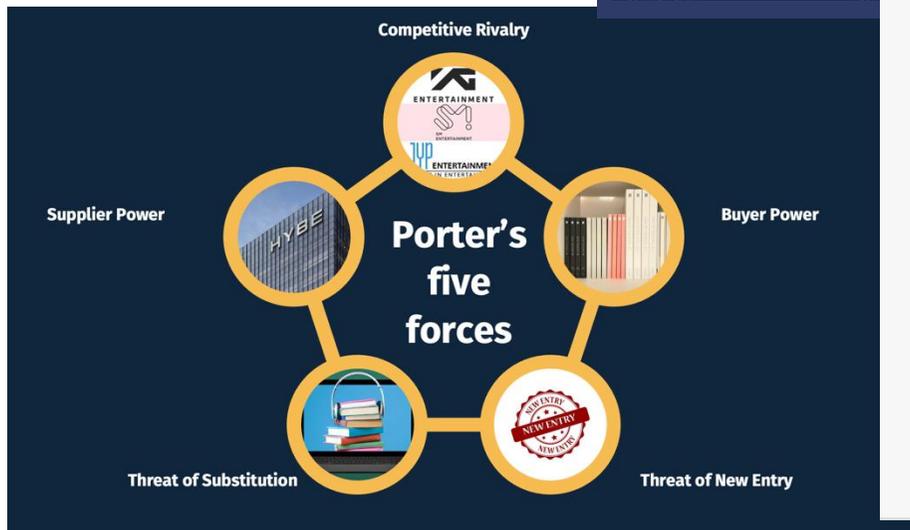
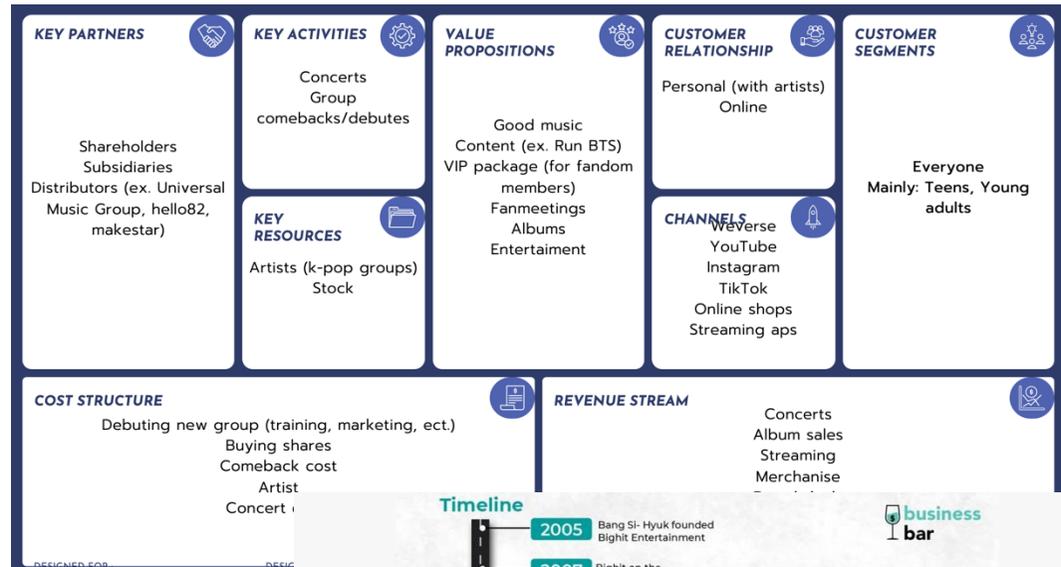


<b>CONSTITUTION</b> • BOARD OF DIRECTORS OVERSEES STRATEGY IMPLEMENTATION AND REGULATIONS	<b>VISION</b> • BECOMING BIGGEST AND BEST DISCOUNT VARIETY BUSINESS IN EUROPE	<b>CULTURE</b> • CUSTOMER FOCUS • TEAMWORK AND COLLABORATION • INTEGRITY AND RESPECT
<b>ORGANIZATION</b> • 4 BRANDS WITH DIFFERENT LEADERSHIP BUT THE SAME STRATEGIC FRAMEWORK • VERTICAL INTEGRATION • FLAT HIERARCHY	<b>STRATEGY</b> • EXPANDING STORE NETWORK, ENHANCING THE CUSTOMER OFFER, DRIVING COST AND OPERATIONAL EFFICIENCY, INVESTING IN INFRASTRUCTURE	<b>LEADERSHIP</b> • SUPPORTIVE LEADERSHIP • DECENTRALIZED DECISION-MAKING • WHISTLEBLOWER
<b>PROCESSES</b> • ESTABLISHED PROCEDURES • PROCESSES OFTEN CONTROLLED AND MEASURED BY DIGITAL TECHNOLOGIES • SIMILAR THROUGHOUT THE WHOLE GROUP	<b>TASKS</b> • ALLOCATE RESOURCES FOR FURTHER DEVELOPMENT • CONTINUOUS IMPROVEMENT OF CUSTOMER SERVICE • SUPPLIER RELATIONSHIP	<b>ACTIONS</b> • OPEN COMMUNICATION • EMPLOYEE ASSISTANCE PROGRAMS • GRIEVANCE MECHANISMS

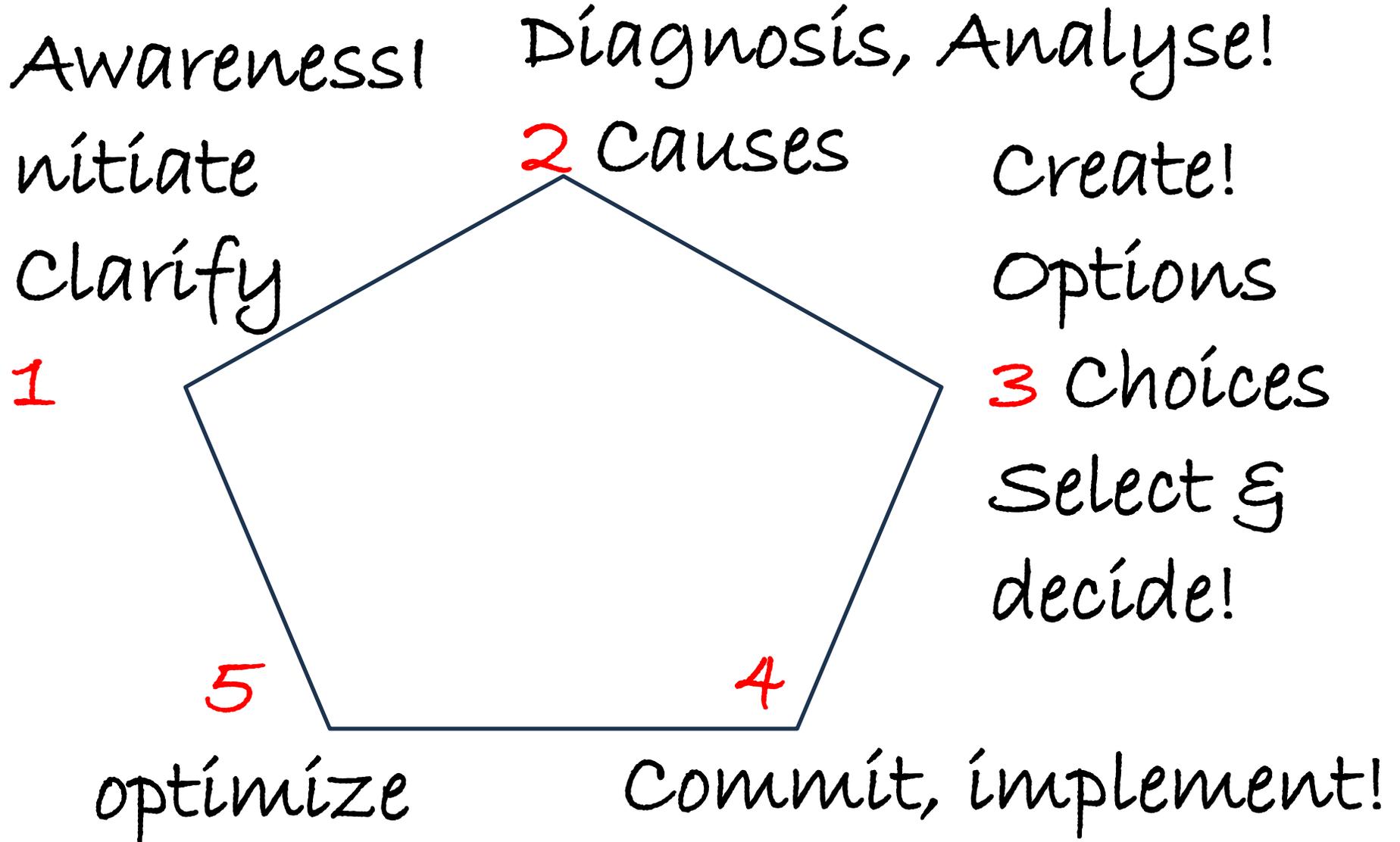
# How to – build a structure / a process / methodology II

## AGENDA

1. General information
2. Iceberg model
3. Porter's five forces
4. Business model
5. Marketing
6. Data analysis
7. Business problems
8. Invest?



# St. Gallen Knowledge Navigator I



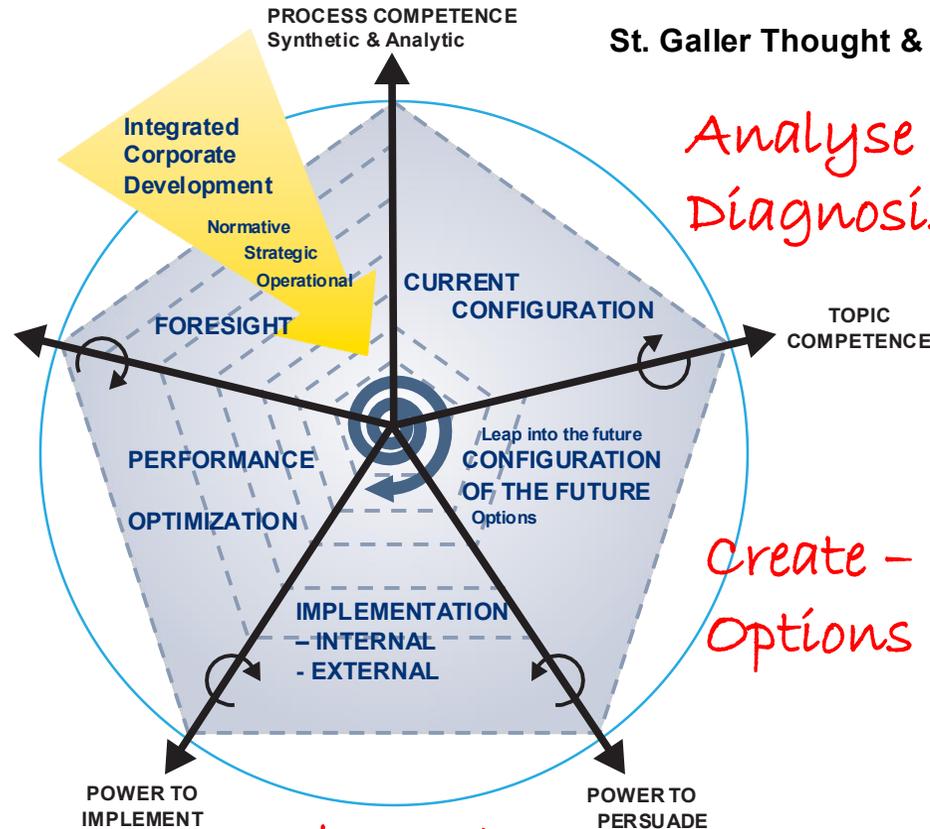
# St. Gallen Knowledge Navigator II

## How to develop a strategy

### Clarify

- problems ahead?
- sustain / exploit or explore/renew?

optimize



St. Gallen Thought & Knowledge Navigator

Analyse -  
Diagnosis Causes

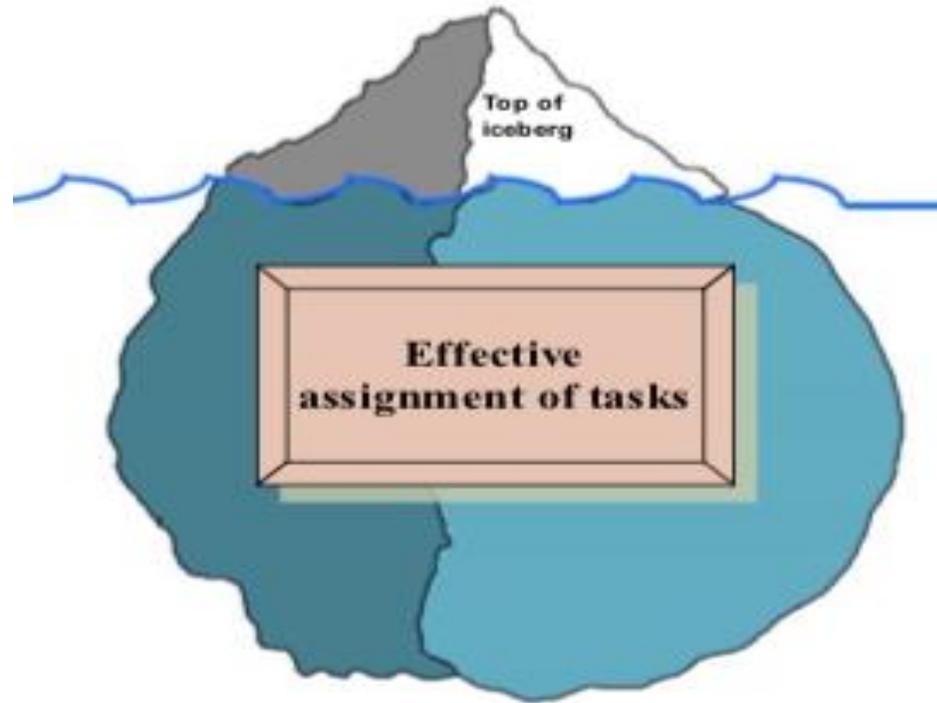
Create - choose -  
Options

Implement -  
Commit

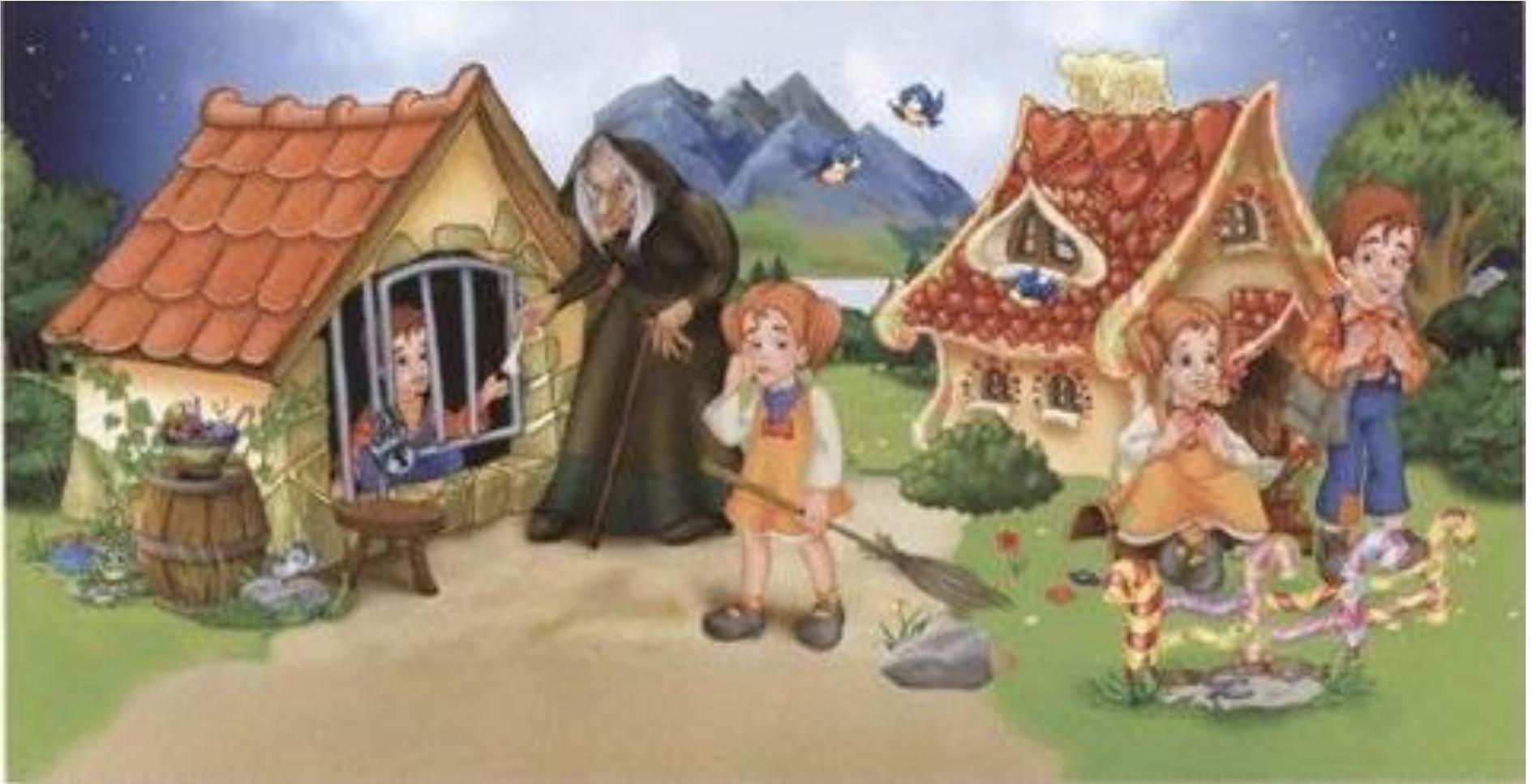
# Step 1: Awareness - ICEBERG – MISSILE AHEAD?



# What is the situation in your company?



# AWARENESS: THE BIG PICTURE



*Leap into the future: What options does Hansel have?*

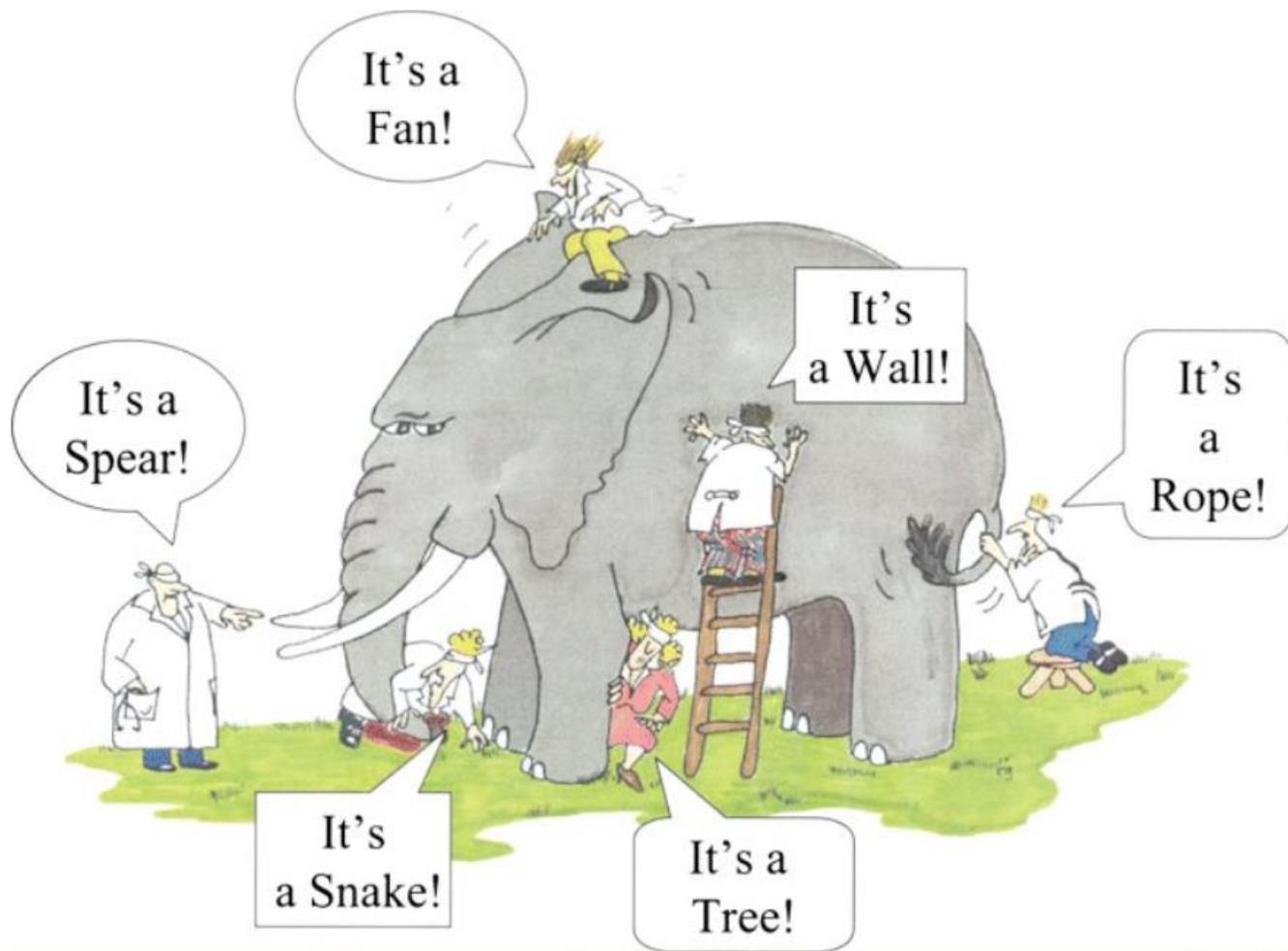
---

# WEAK SIGNALS



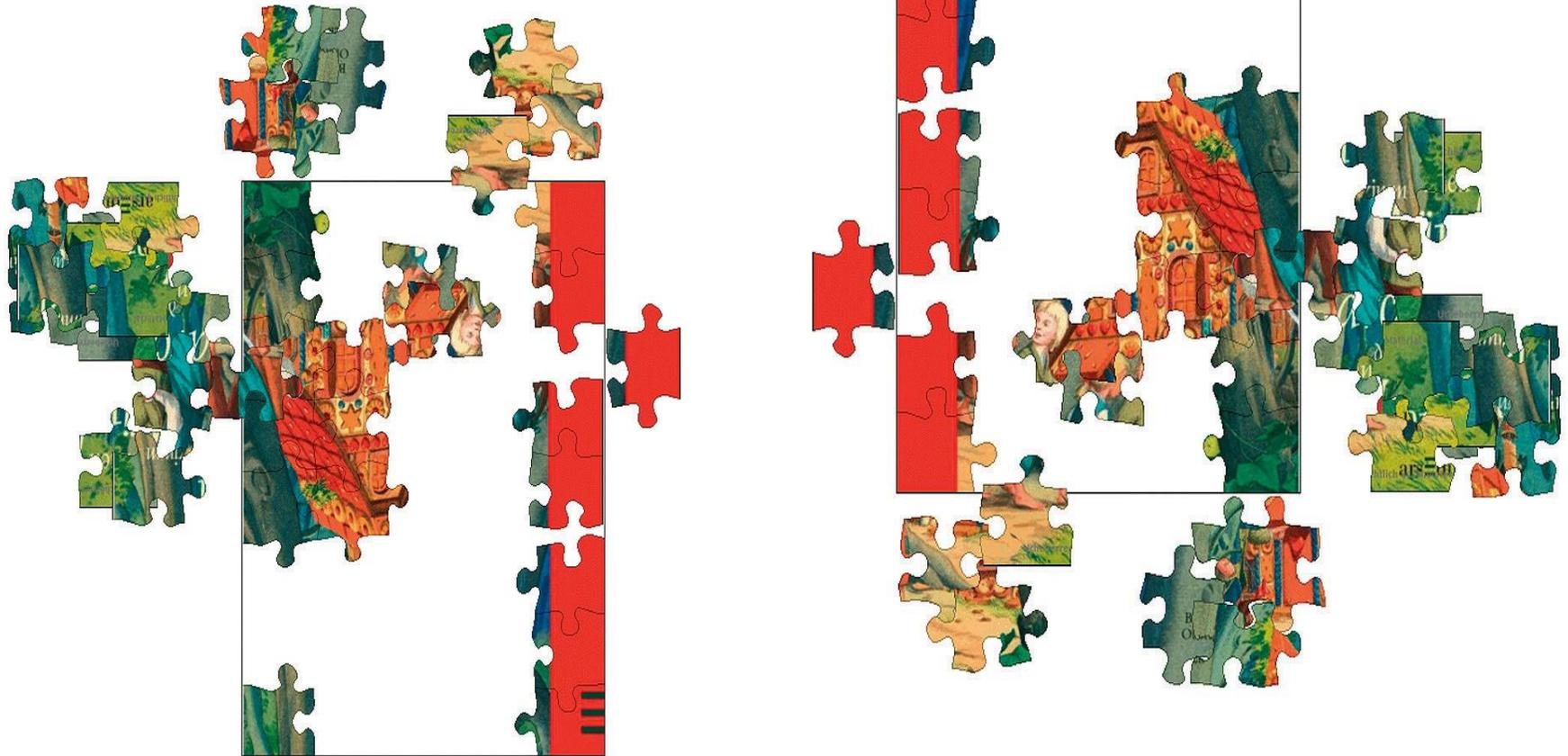
**What's going on in the jungle?  
Opportunity or danger?  
Do tree fellers want to poison us  
or tourists with money ahead?**

## Step 2: Diagnosis



## Current situation: What is going on, inside - outside

*Is it worth conducting an in-depth analysis?  
What is my role in the game?*

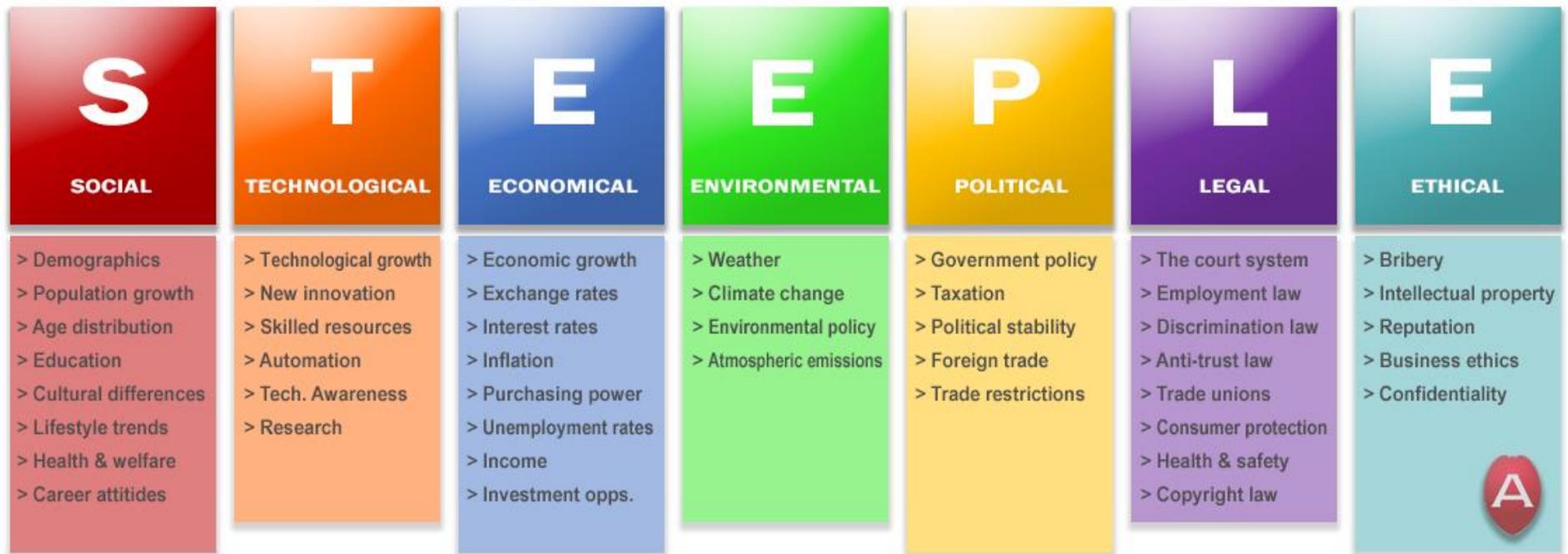


# Criteria to analyse

- A framework for quick analysis

Always start with the most important questions:

In what business are we in (Ted Levitt)? What are the driving forces?



...and apply tools like BCG matrix, Porter curve etc.

# Step 3: Create – Options - Choices - Select – Vision - Mission



# Create – Vision - Mission



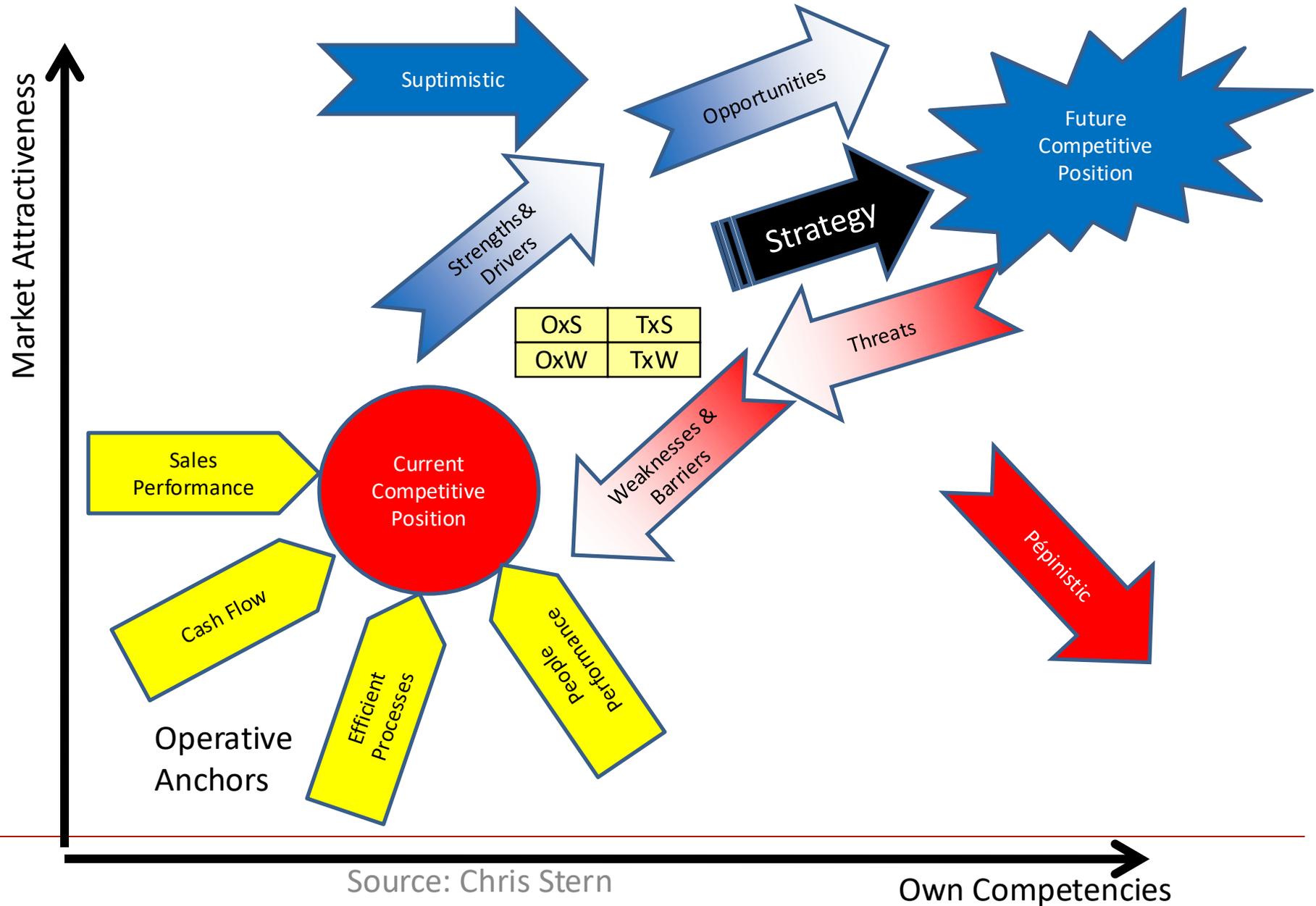
But – a Vision without a plan... so we need  
A Vision without a Plan is a Hallucination



---

A Plan without Resources is a Delusion  
Source: Chris Stern

# SWOT as Strategic Option Generator



# Options – Example Ansoff

Examples:

- 1) Starbucks wants to sell more coffee in the U.S. and opens more coffee shops at airports
- 2) Starbucks intends to conquer the eastern European markets with coffee shops

Product \ Market		Old		New	
		Old	1) Market penetration		2) Market Development
Probability of success in %: 50	Ratio of resources: 1		Probability of success in %: 20-30	Ratio of resources: 4-6	
New	3) Related diversification (Product Development)		4) Unrelated diversification		
	Probability of success in %: 20-30	Ratio of resources: 6-8	Probability of success in %: 5	Ratio of resources: 12-16	

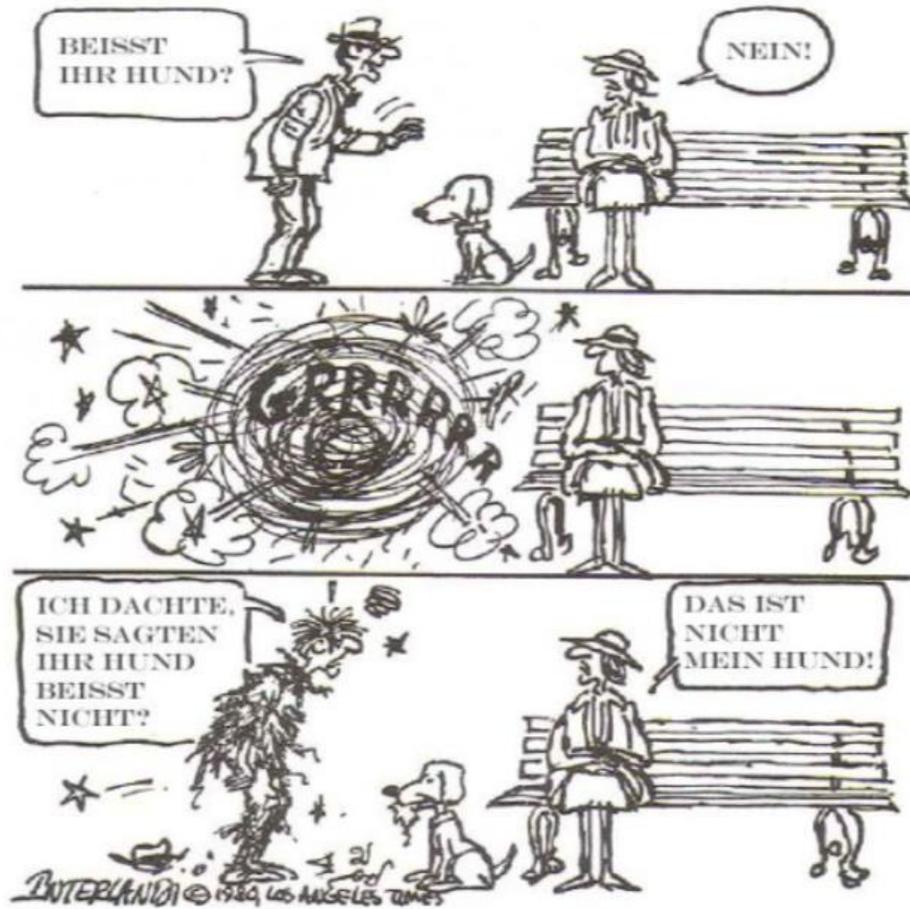
- 3) Starbucks develops ice cream and sells it in its coffee shops in the U.S.
- 4) Starbucks would want to sell coffee shop furniture in China

Source: Ansoff

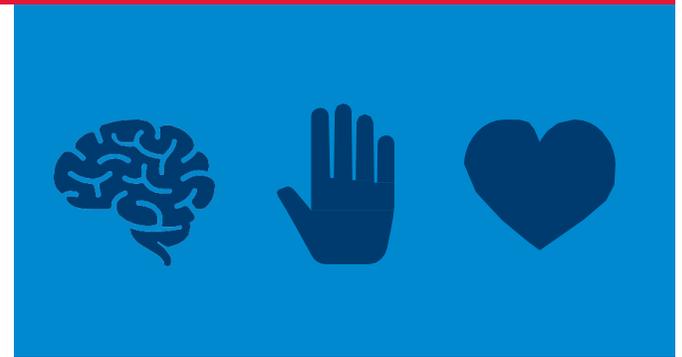
# Step 4: Commit - Implement



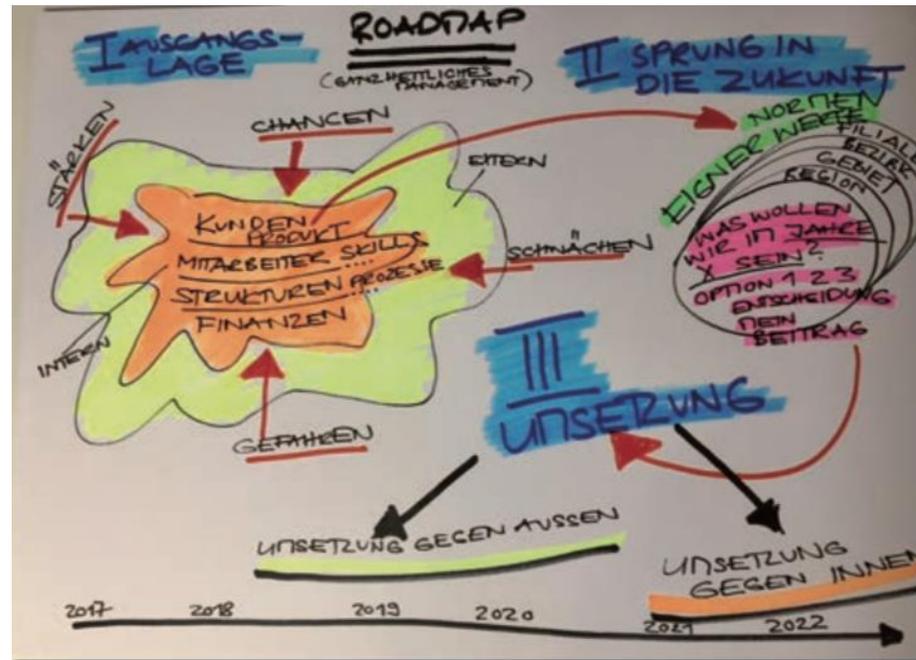
Communication / understanding is Key



# Step 5: Optimize



# How to build a framework, a model



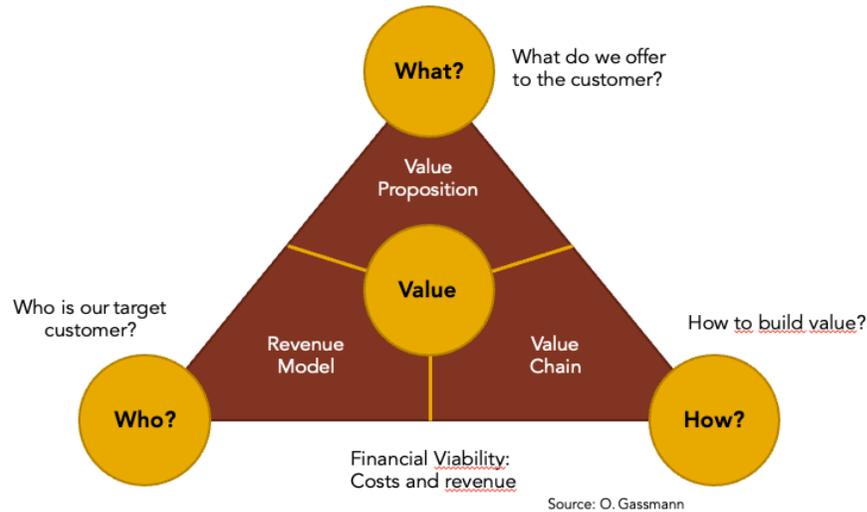
# Business Model vs. Management Model?



# StGallen Business Model – Oliver Gassmann

Market  
Who?  
(Customer

Product  
What?



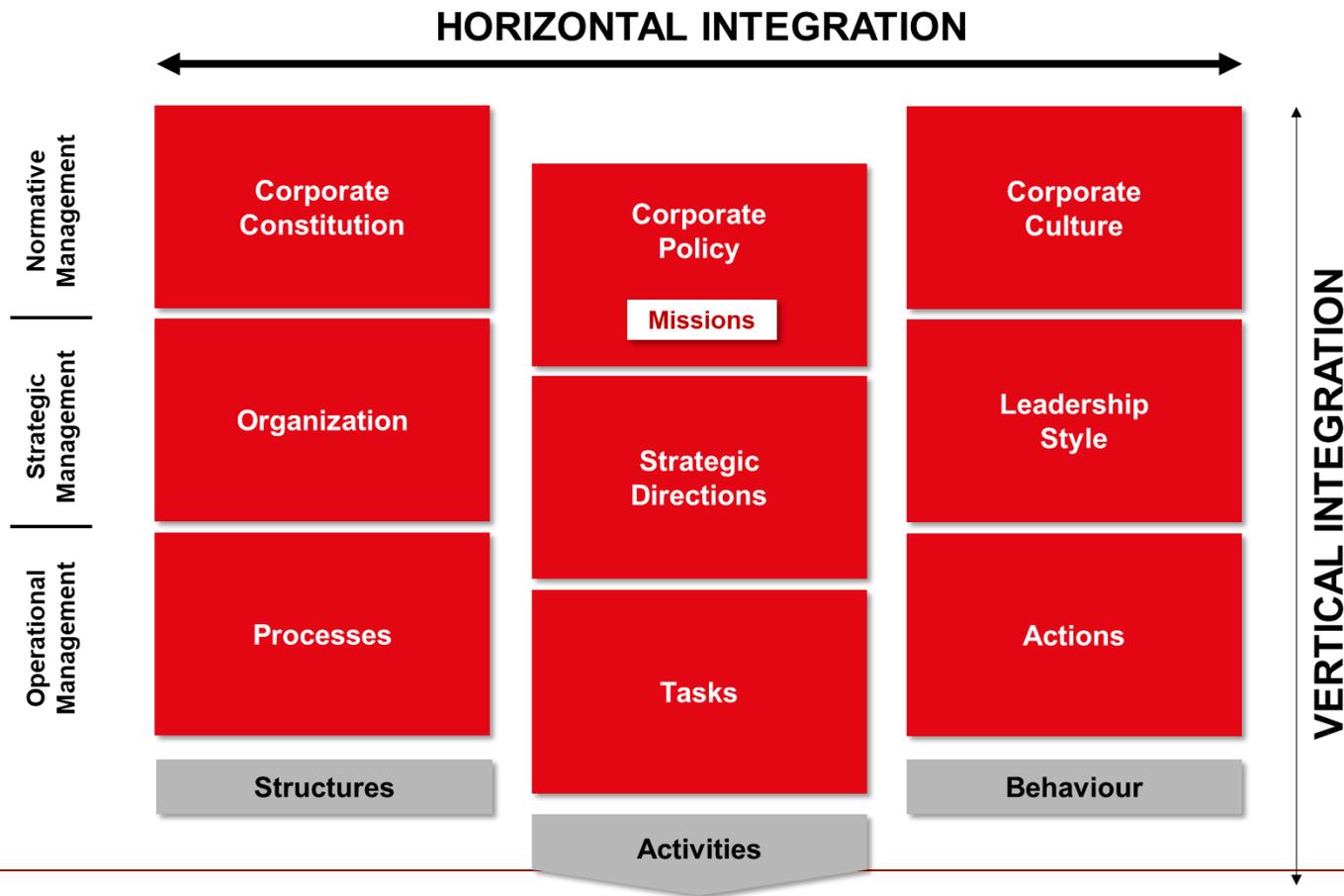
(Financials  
(Value)

PKP

HOW

People/Partner,  
Knowledge, Power  
(Brand, Key success  
factors, Abilities,  
capabilites etc.)

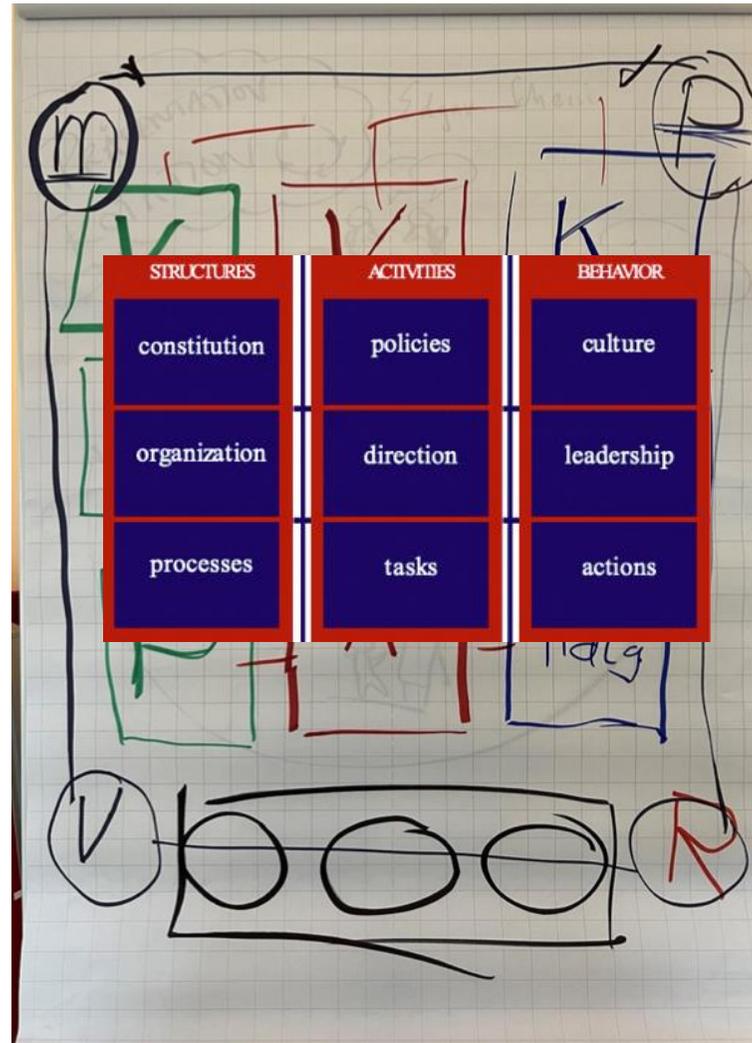
# StGallen Management Model – Knut Bleicher



# StGallen Concept – Knut Bleicher

Market  
Who?  
(Customer)

(Financials  
Value)



Product  
What?

Resources

How

People, Partner, Know  
how, Brand, Key  
success factors etc.

# Road Map - Framework

Screening:  
What is going on?  
Iceberg ahead?

Regular review process:

explore vs. exploit  
renew vs. optimize

1

## Adaption/Development & Implementation of a Strategy

2

### Detailed Analysis

Normative Framework/Owner/Ethics

#### Inside-out:

- Performance/offerings
- Processes
- Organisation/structures
- Capabilities/employees
- Cost position
- Experience curve
- Complexity curve

#### Outside-in:

- Market definition
- Market data
- Competition analysis
- 5 Forces
- Porter curve
- Trends/potentials
- Life cycle
- Customer needs
- Substitution

How to build options:

- Portfolio management
- Ansoff matrix
- Morphological box
- Business model frameworks
- Scenario management

3

### Options

Option 1

Option 2

Option ...

6

### Implementation

Implementation controlling

#### External

Marketing mix (market positioning, market entry)

#### Internal

Planning/measures for processes, structures, systems, human & financial resources



Iteration

4

### Evaluation

- SWOT analysis

5

Decision

# Examples: Research boot camp

- Creativity tool: St. Gallen Tablau -

Market:				
Customers	Customer Needs	Products/Offerings	Channels	Capabilities, Success Factors (internal)

# Examples: Research boot camp

- Creativity tool: Customer needs -

Customer needs:	rating					Over/under achievement (If (-) Difference): New competitive advantage? (If (+)Difference): Cost savings potential?
	1	2	3	4	5	
(customer expectation) (purchasing criteria) (relation criteria)	<b>Importance for sale:</b>  Customer point of view  Own performance					1=unimportant    3=important    5=very important 1=weak            3=sufficient       5=excellent

## Strategy – Definition

### **„Art of troop leader“ – The art to creat longterm VALUE**

(from greek „strategia“, strategos = troop leader)

„Strategy is the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals“

A.Chandler

„...broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals“, "...combination of the *ends* (goals) for which the firm is striving and the *means* (policies) by which it is seeking to get there.“

M.Porter

---

# Some Principles

1. Clarity, simplicity and focus on the future
  2. Concentration of forces
  3. Differentiation, efficiency and accurate timing
  4. Capitalise strengths and weaknesses
  5. Capitalise opportunities and threats
  6. Multiply successful operations
  7. Successful management of risks
  8. „Unité de doctrine“
-

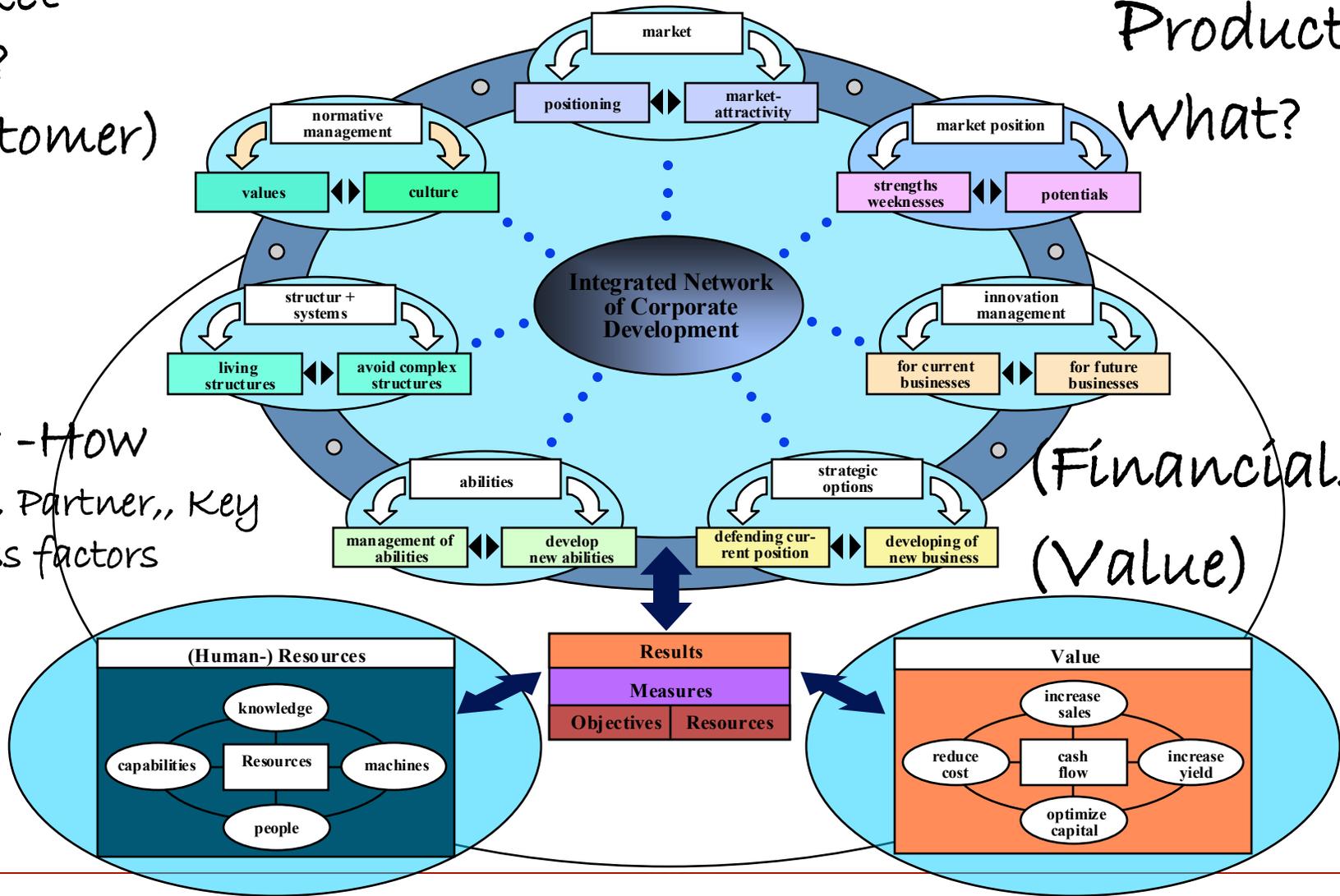
# StGallen Business & Management Model – in a nutshell

Market  
Who?  
(customer)

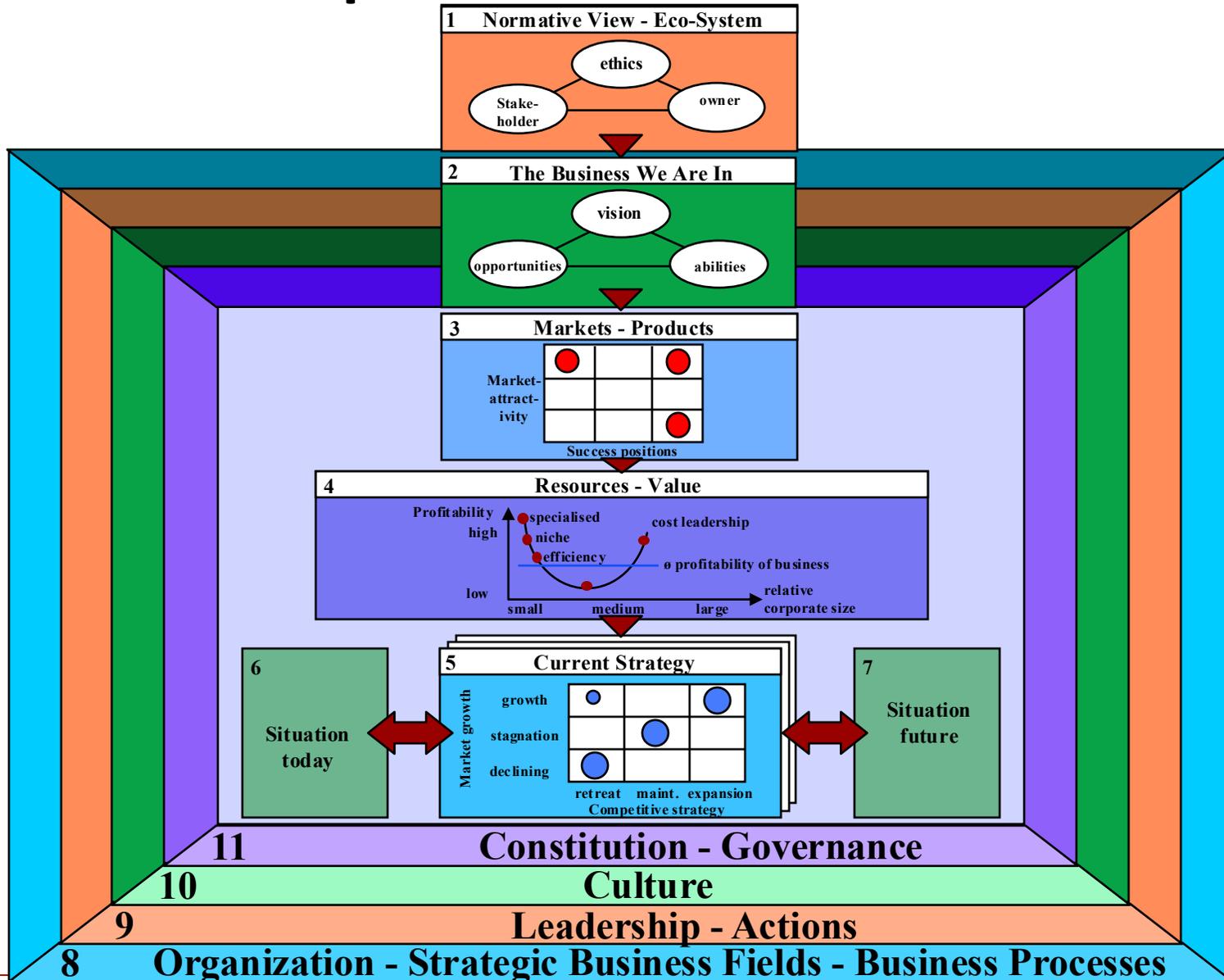
Product  
What?

PKP - HOW  
People, Partner,, Key  
success factors

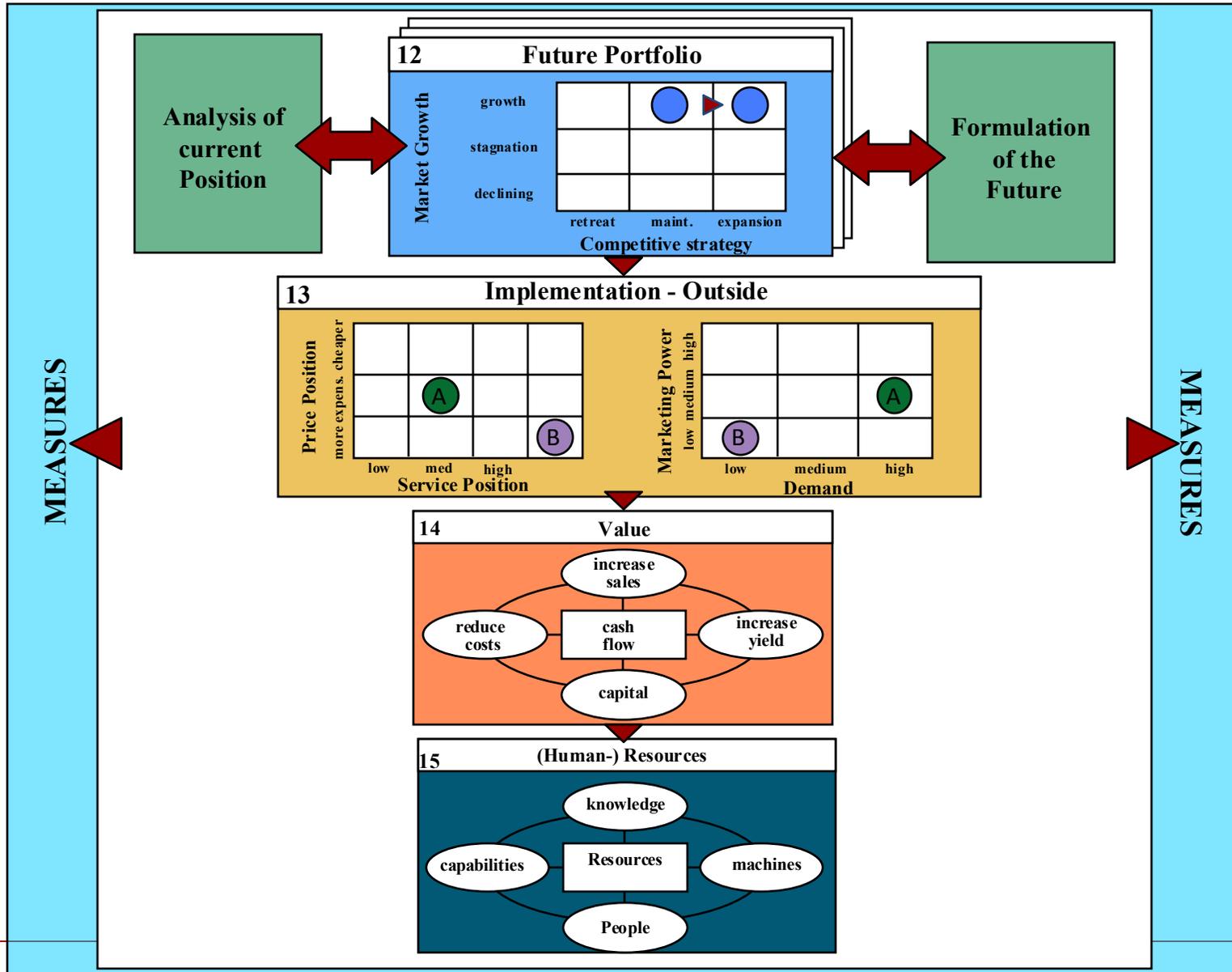
(Financials  
(Value)



# StGallen Concept - Process View I



# StGallen Concept - Process View II



# Road Map - Framework



Regular review process:

explore vs. exploit  
renew vs. optimize

## Adaption/Development & Implementation of a Strategy

**2**

### Detailed Analysis

Normative Framework/Owner/Ethics

#### Inside-out:

- Performance/offerings
- Processes
- Organisation/structures
- Capabilities/employees
- Cost position
- Experience curve
- Complexity curve

#### Outside-in:

- Market definition
- Market data
- Competition analysis
- 5 Forces
- Porter curve
- Trends/potentials
- Life cycle
- Customer needs
- Substitution

### How to build options:

- Portfolio management
- Ansoff matrix
- Morphological box
- Business model frameworks
- Scenario management



Iteration

**4**

### Evaluation

- SWOT analysis

**3**

### Options

Option 1

Option 2

Option ...

**6**

### Implementation

Implementation controlling

#### External

Marketing mix (market positioning, market entry)

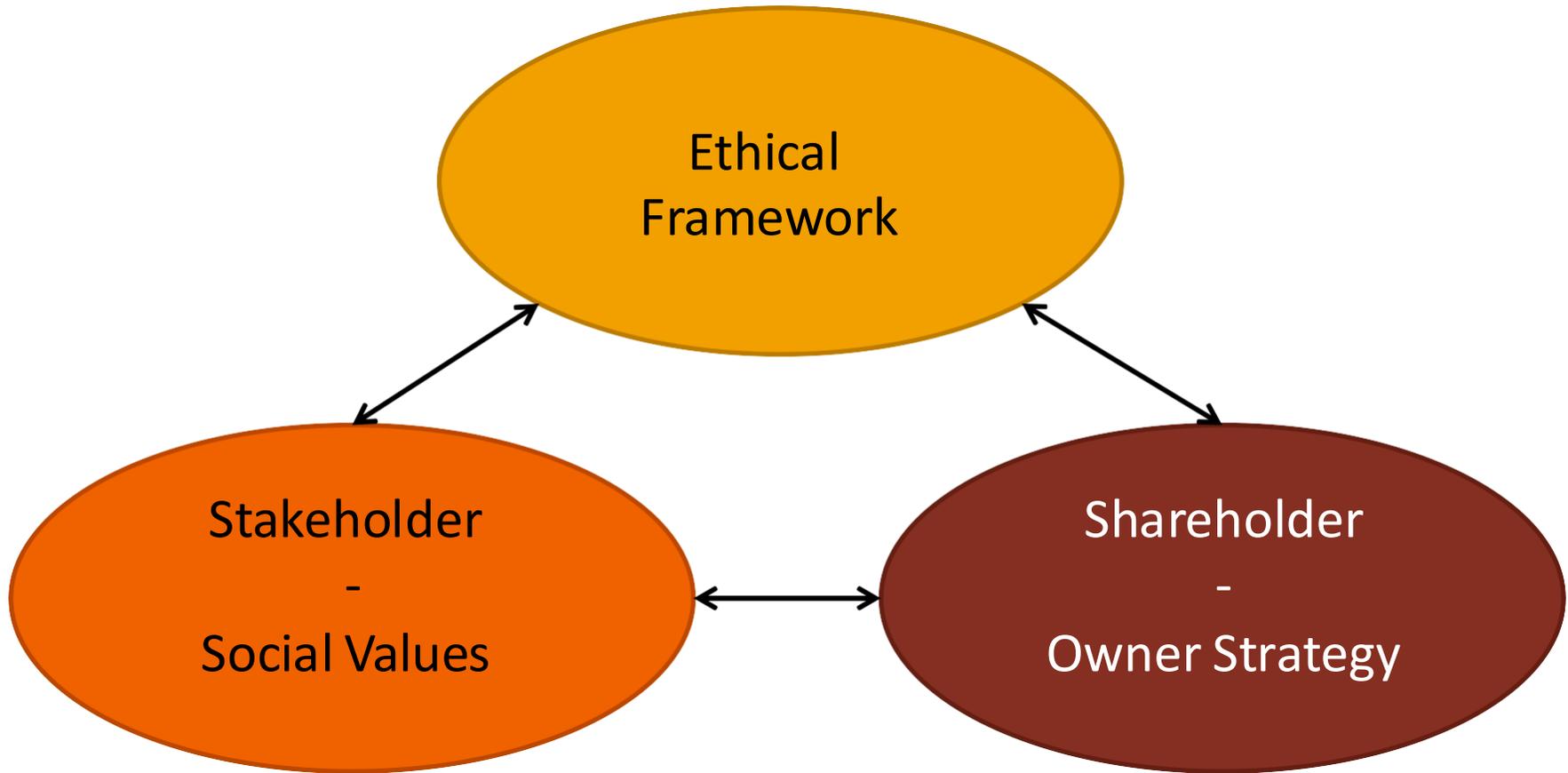
#### Internal

Planning/measures for processes, structures, systems, human & financial resources

**5**

Decision

## Analysis – Normative Framework



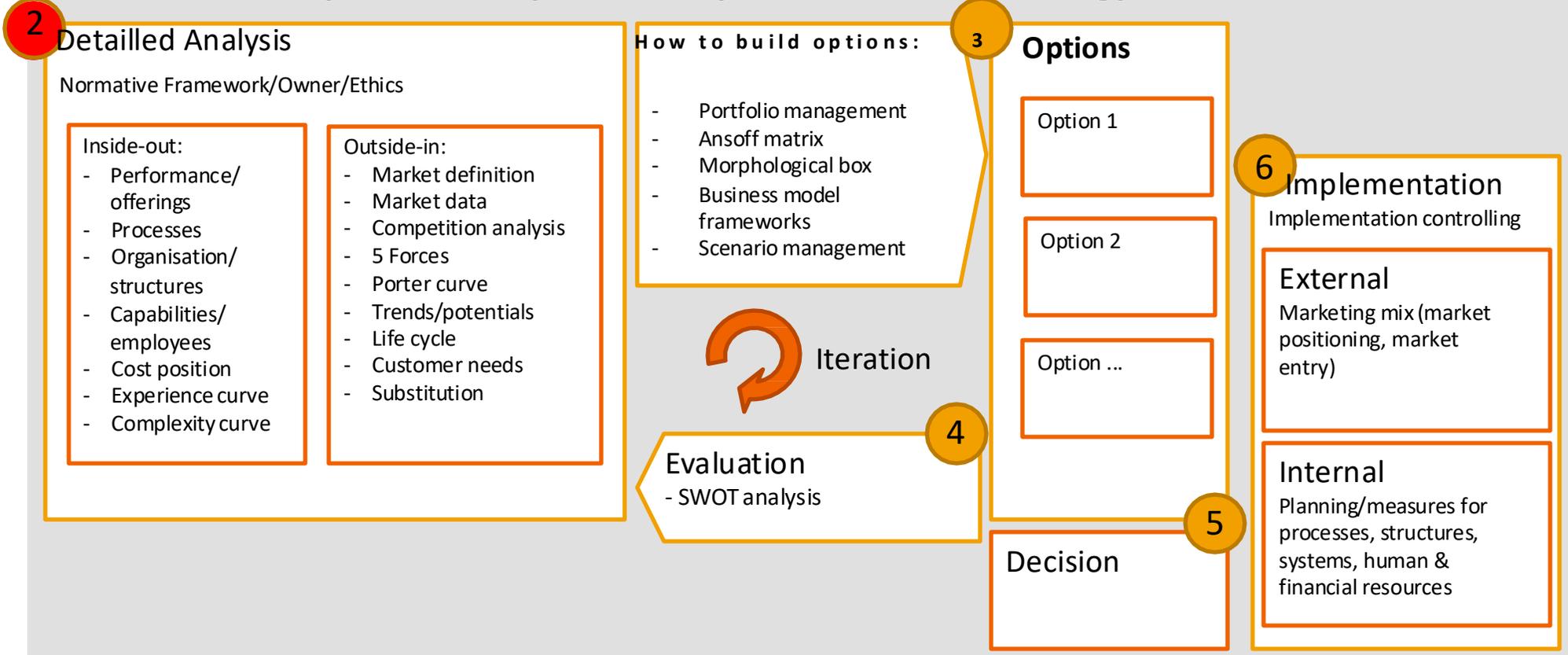
# Road Map - Framework



Regular review process:

explore vs. exploit  
renew vs. optimize

## Adaption/Development & Implementation of a Strategy



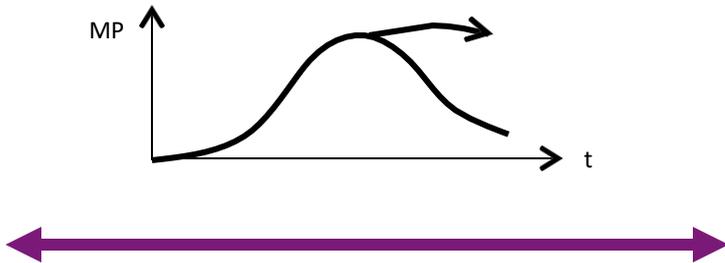
# Analysis – Business Modelling: Outside-in vs. Inside-out

Vision

**Inside-out**

Competence driven view  
„technology push“

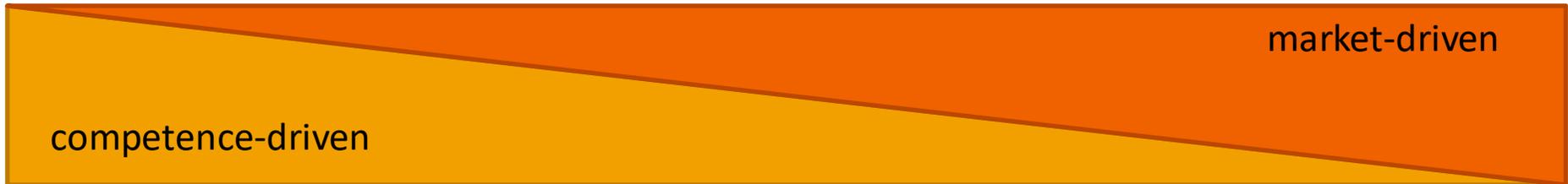
C.K. Prahalad, Gary Hamel



**Outside-in**

Market driven view  
„market pull“

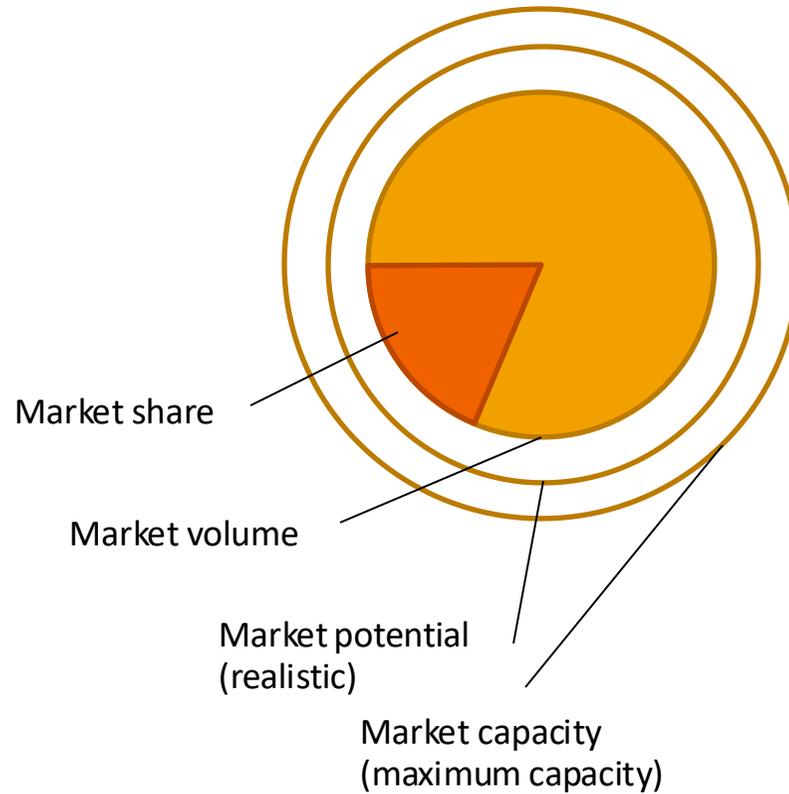
M. Porter



# Analysis – Outside-in: Market Definition/Market Data

Classification of a market by:

- Content  
(need, object, matter, market offering)
- Space
- Time

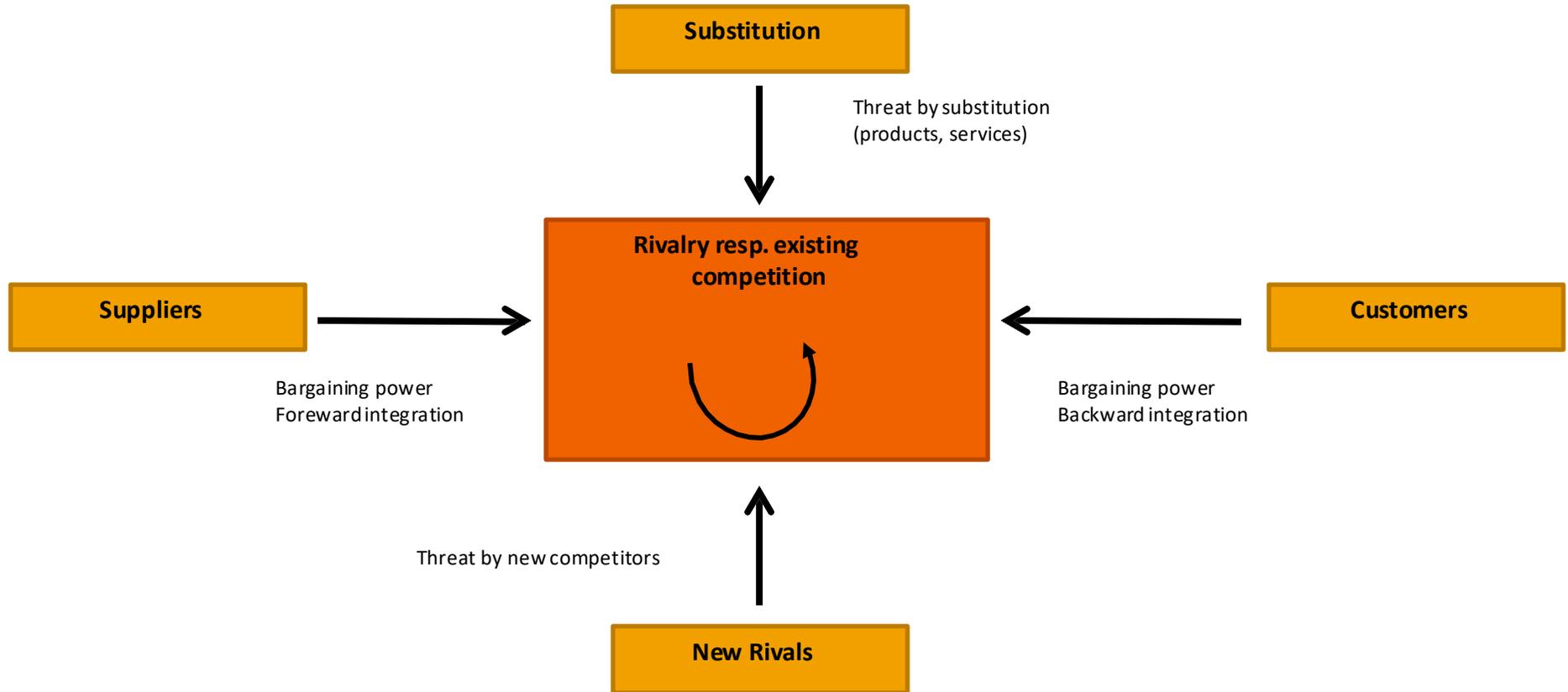


# Analysis – Outside-in: Competitor analysis

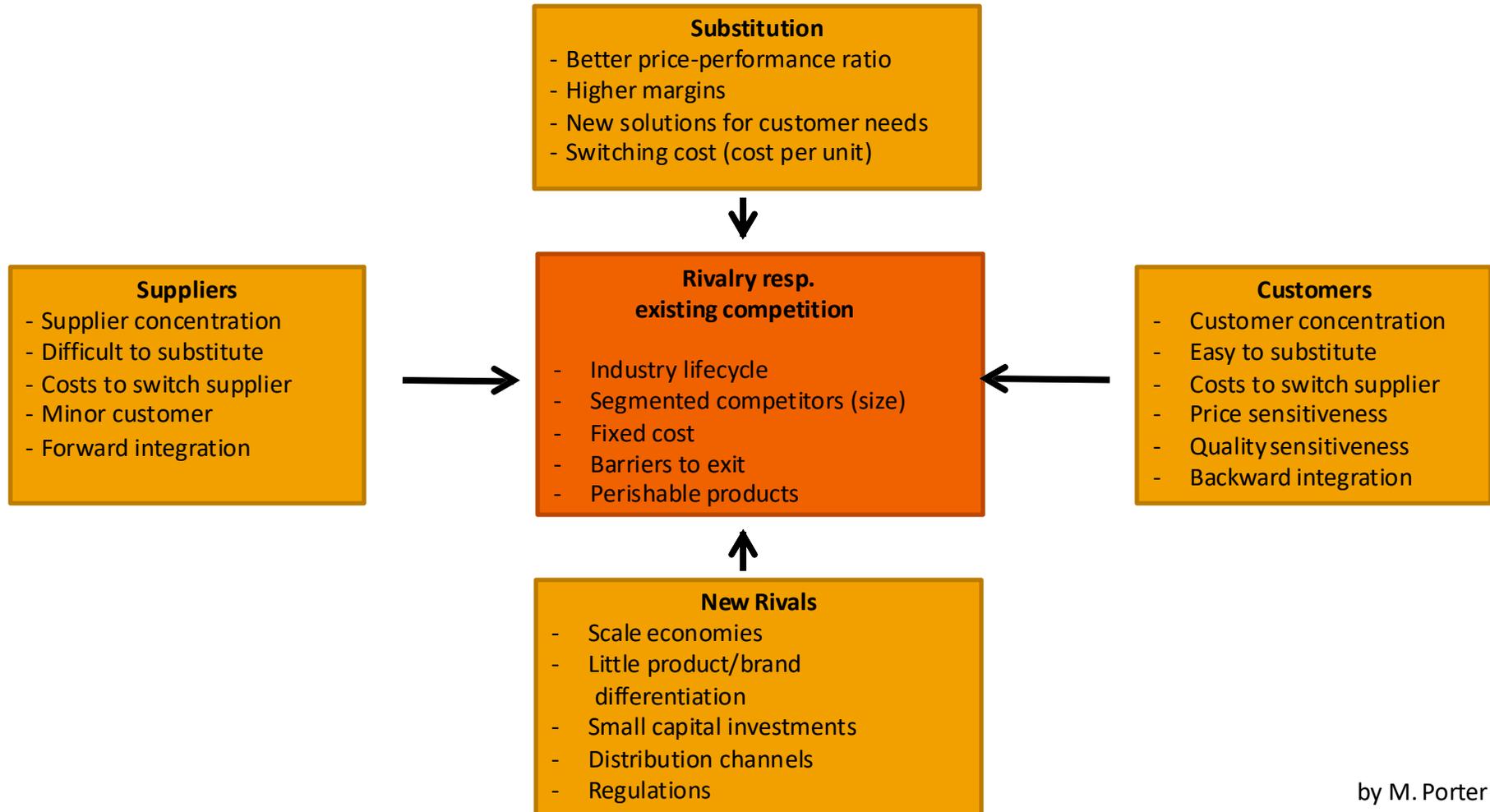
<b>Competitors</b>	<b>Main competitors today</b>	<b>Future potential competitors from within the industrial sector</b>	<b>Future potential competitors from outside the industrial sector</b>
Main competitors (name)	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li></ul>
Strengths of the competitors:			
Weaknesses of the competitors:			
What could we learn from our competitor?			
Where ist the „Achilles' heel“ of the competition (and ourselves)?			

---

# Analysis – Outside-in: 5-Forces

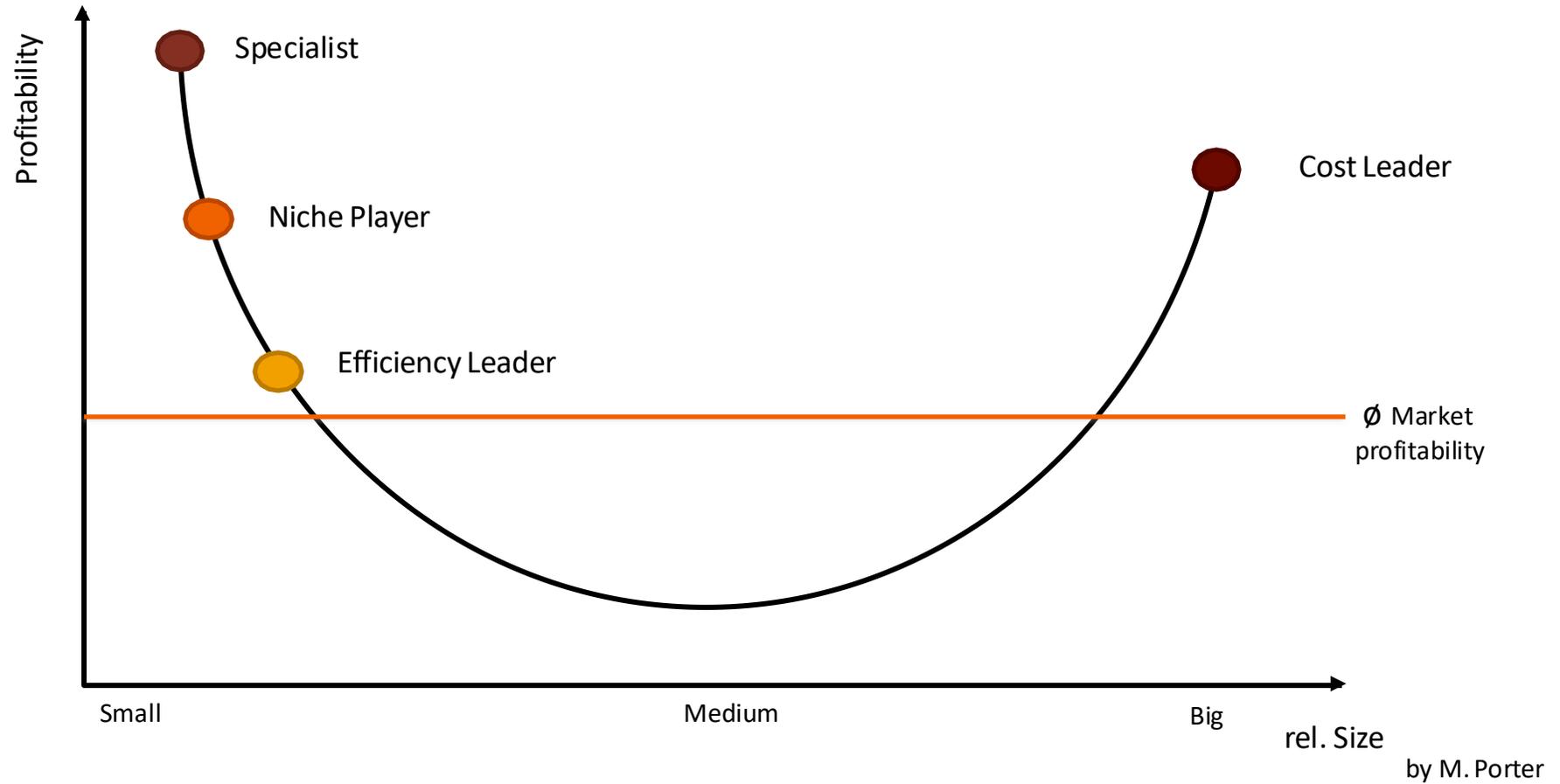


# Analysis – Outside-in: 5-Forces

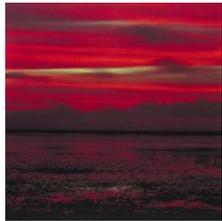


by M. Porter

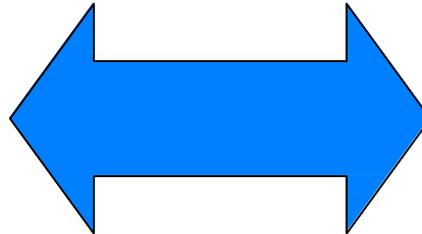
# Analysis – Outside-in: Porter Curve



# Excursus: Differentiation - Blue vs. Red Ocean



“Best Practice”

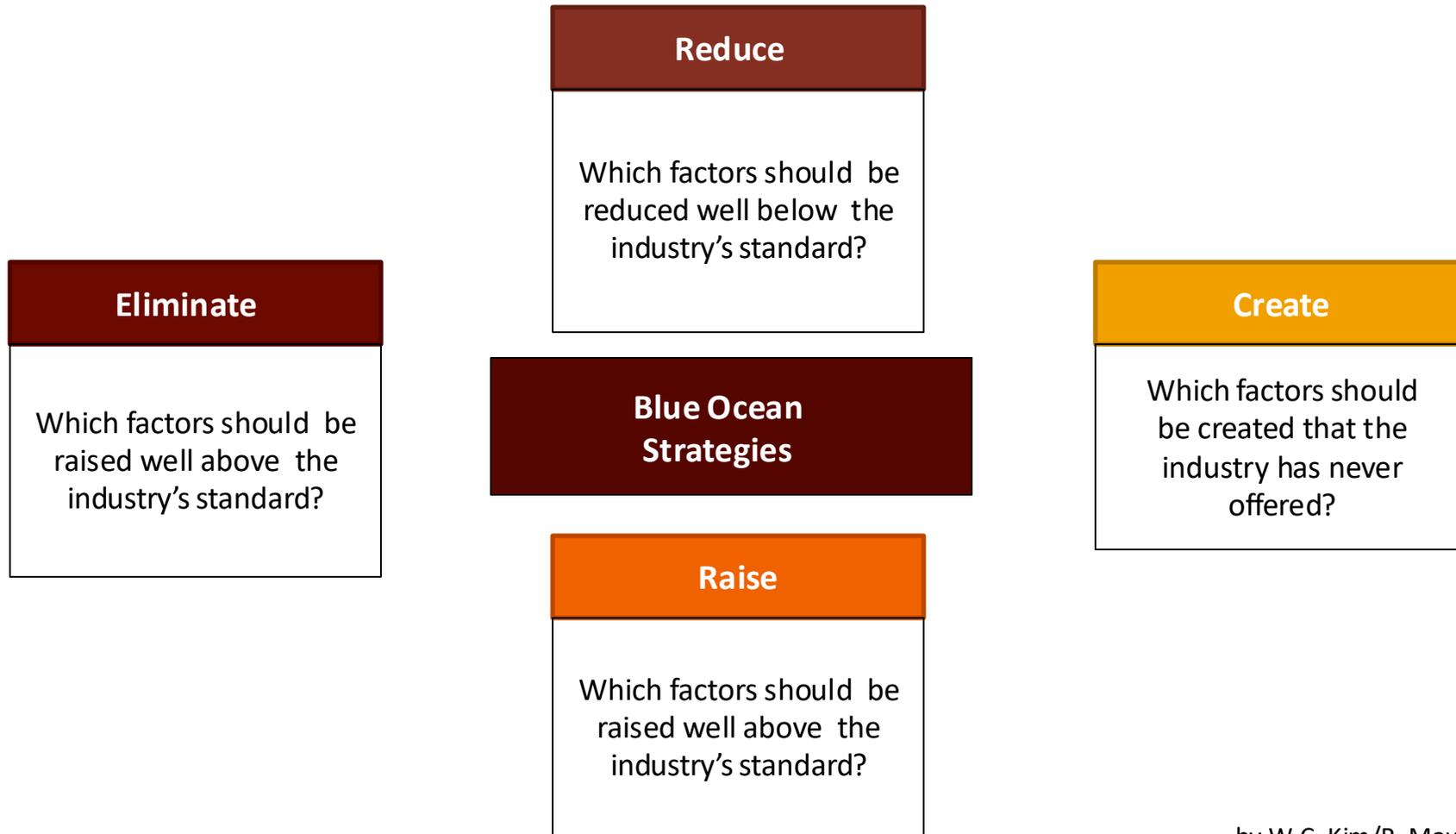


“New Practice”

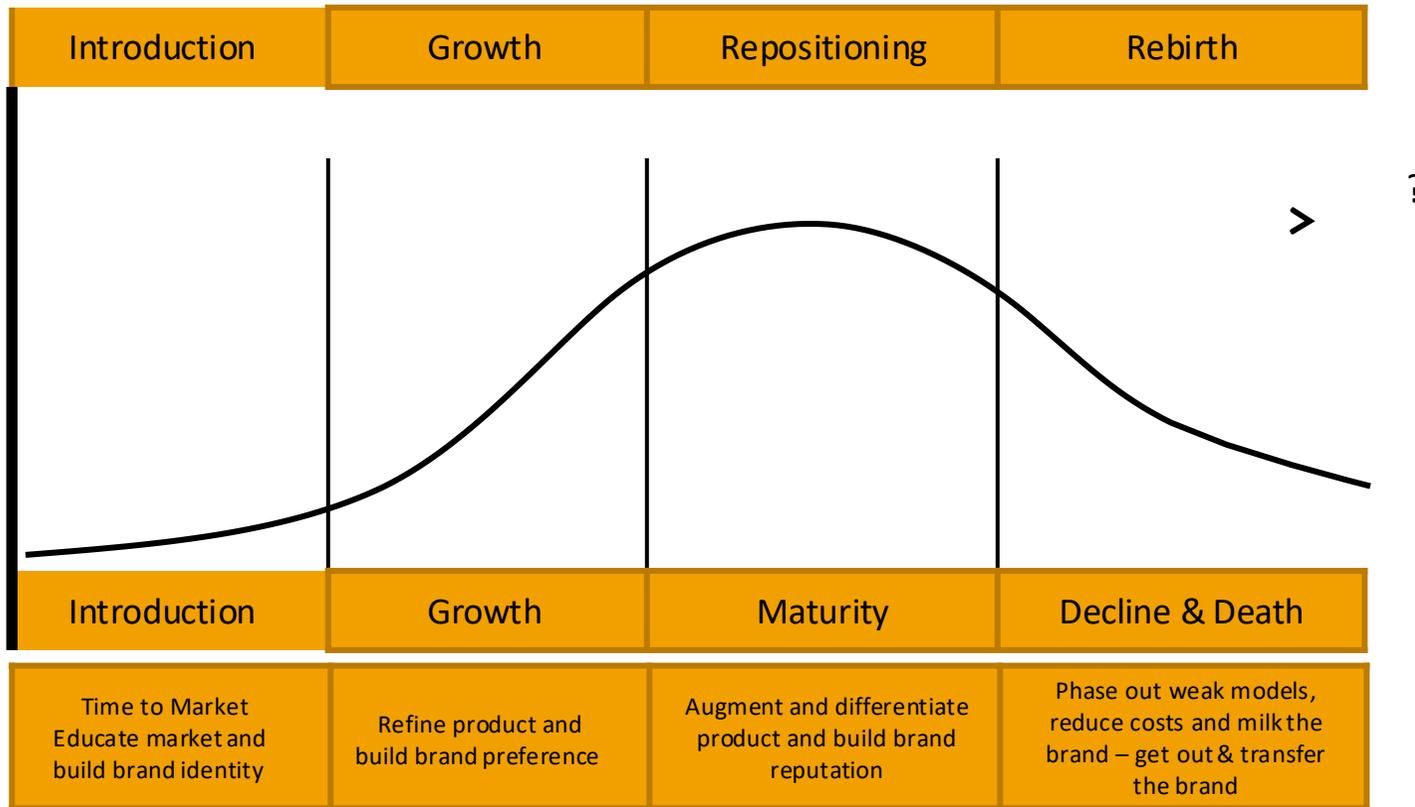


Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Compete in existing market space
Beat the competition	Beat the competition
Exploit existing demand	Exploit existing demand

## Excursus: Differentiation - Blue vs. Red Ocean

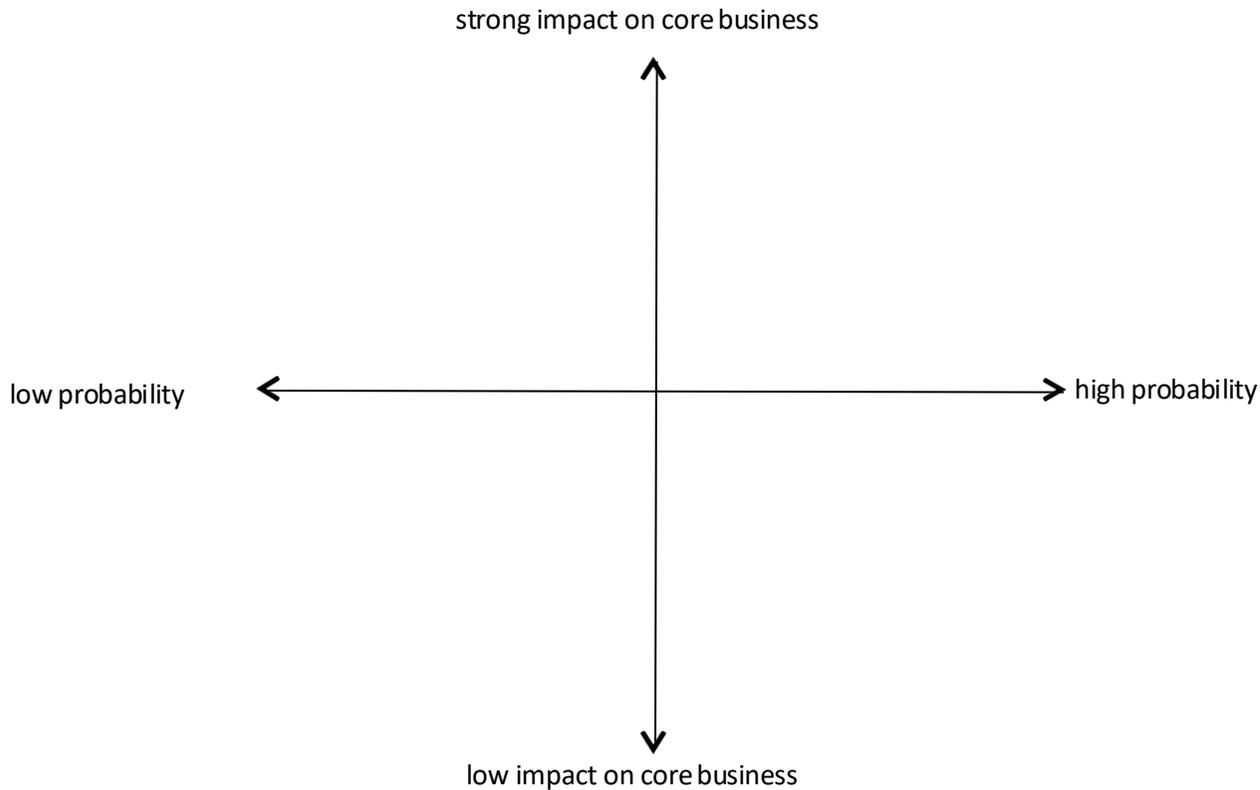


# Analysis – Outside-in: Life Cycle



# Analysis – Outside-in: Trend Analysis

What relevant trends by future stakeholders can be inferred to our business and our market (e.g. next 5 years):

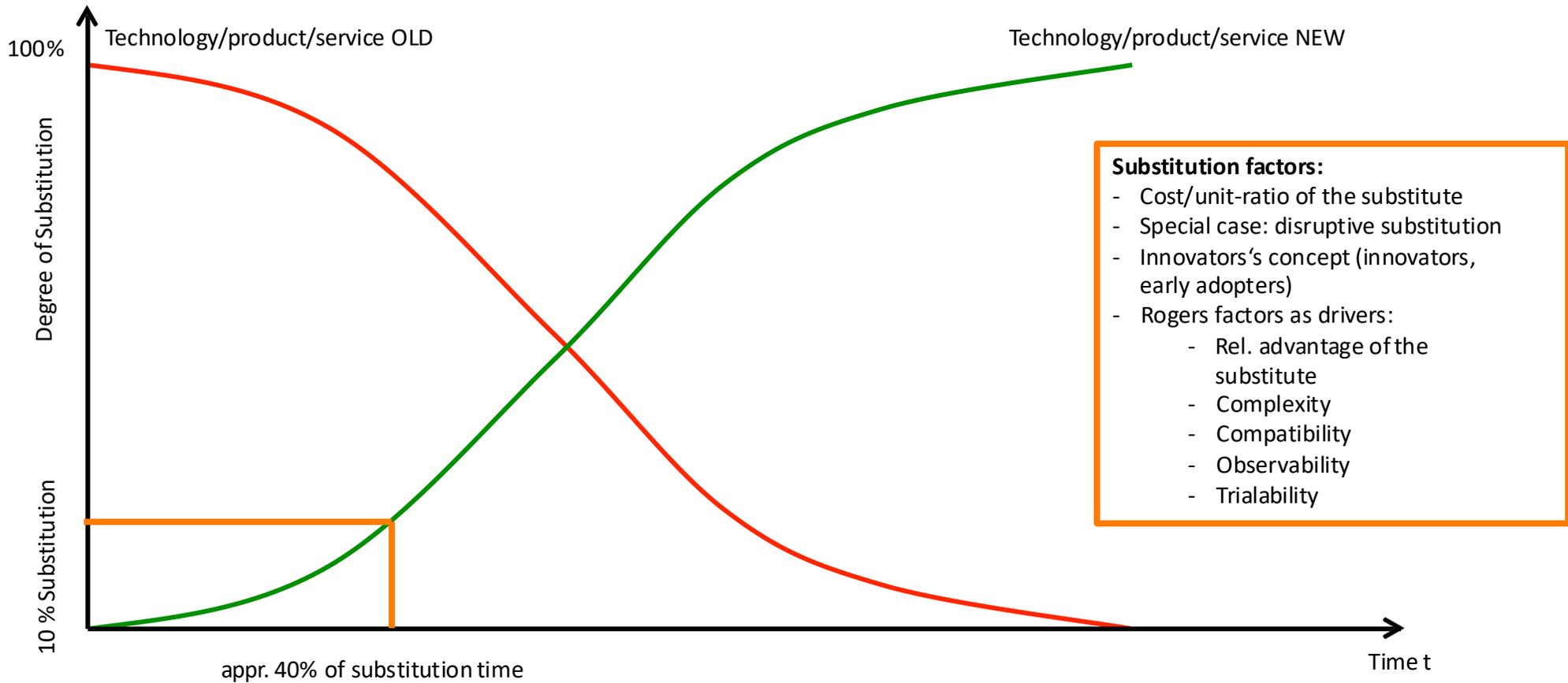


Trend	Colour
	purple
	dark blue
	blue
	light blue
	green
	yellow
	orange
	red
	dark red
	brown

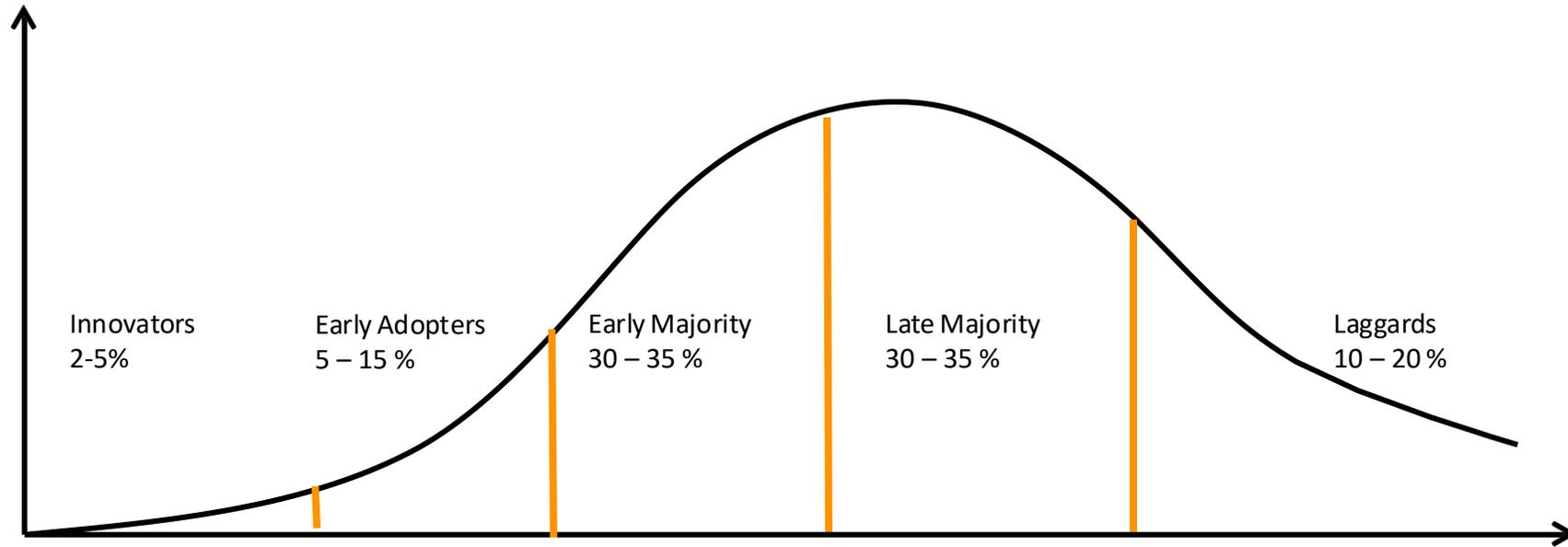
# Analysis – Outside-in: Customer Needs Analysis

Market:	Target Group:					Product:
The customer wants today:	Ranking:					Over/under performance/achievement
	1	2	3	4	5	
Importance for purchase decision:	1 = not important		3 = important		5 = very important	
Degree of fulfillment:	1 = very low		3 = satisfying		5 = very high	

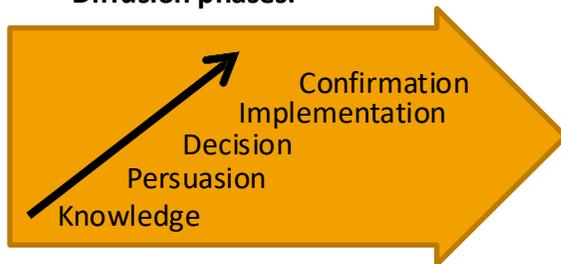
# Analysis – Outside-in: Substitution



# Analysis – Outside-in: Innovator's Concept (Diffusion of Innovation)



## Diffusion phases:



## Success factors:

- Rel. Advantage
- Complexity
- Compatibility
- Observability
- Trialability

# Analysis – Inside-out: Competences/Employees

Core competences, capabilities	Importance for success			Comparison to competition				
	1	2	3	1	2	3	4	5

Code:

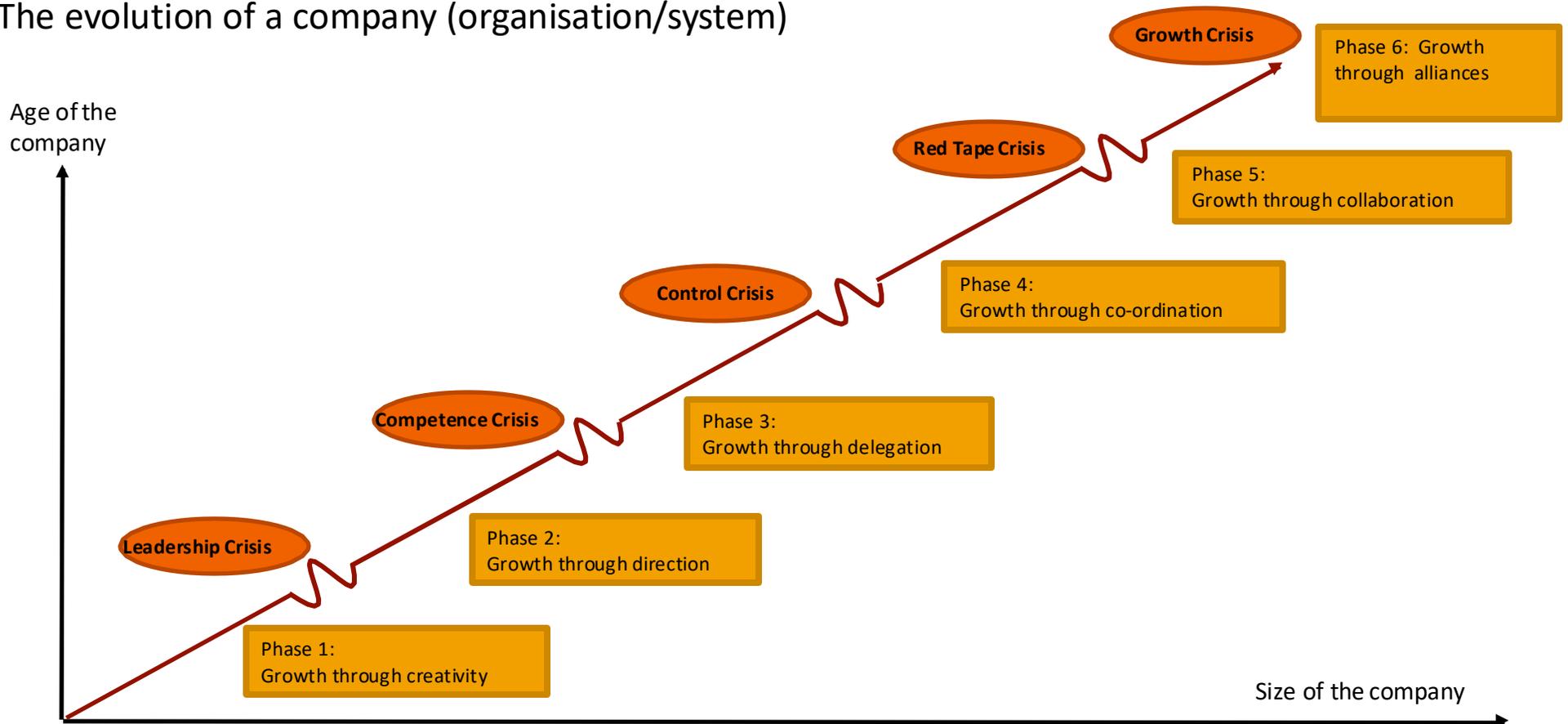
3 = crucial  
 2 = very important  
 1 = important

Code:

5 = much better  
 4 = better  
 3 = same  
 2 = worse  
 1 = much worse

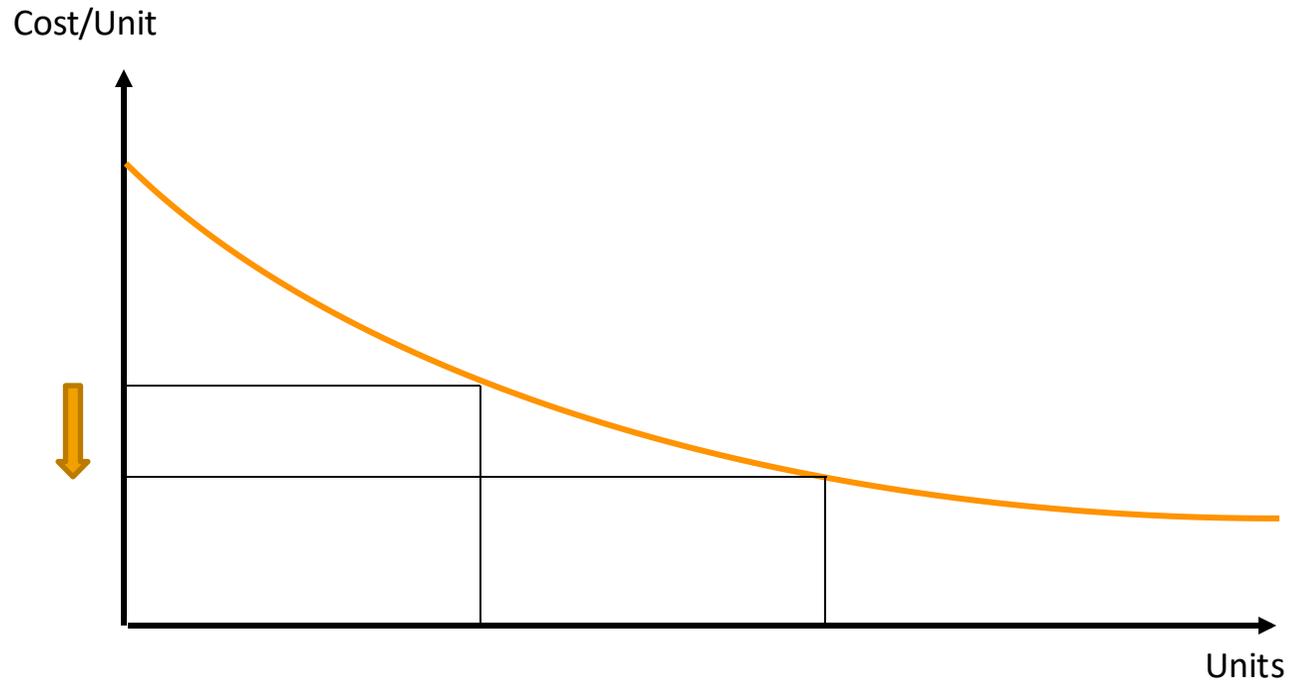
# Analysis – Inside-out: Organisation - Greiner's Curve

The evolution of a company (organisation/system)



by L. Greiner

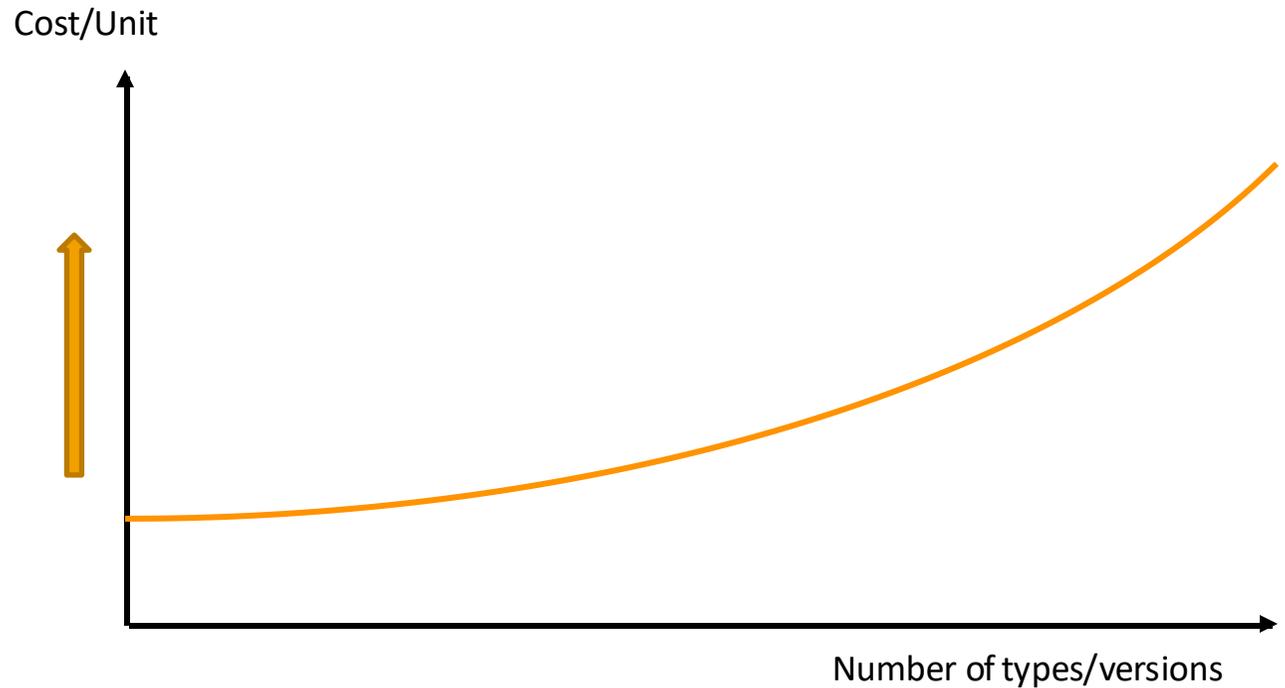
# Analysis – Inside-out: Experience Curve



**Potential** for cost reduction  
20-30% per unit

- Learning effects
- Purchase effects
- Operational effects
- Fixed cost degression

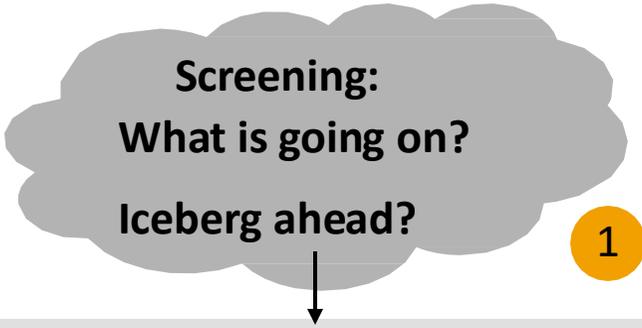
# Analyse – Inside-out: Complexity Curve



## Raising cost of complexity

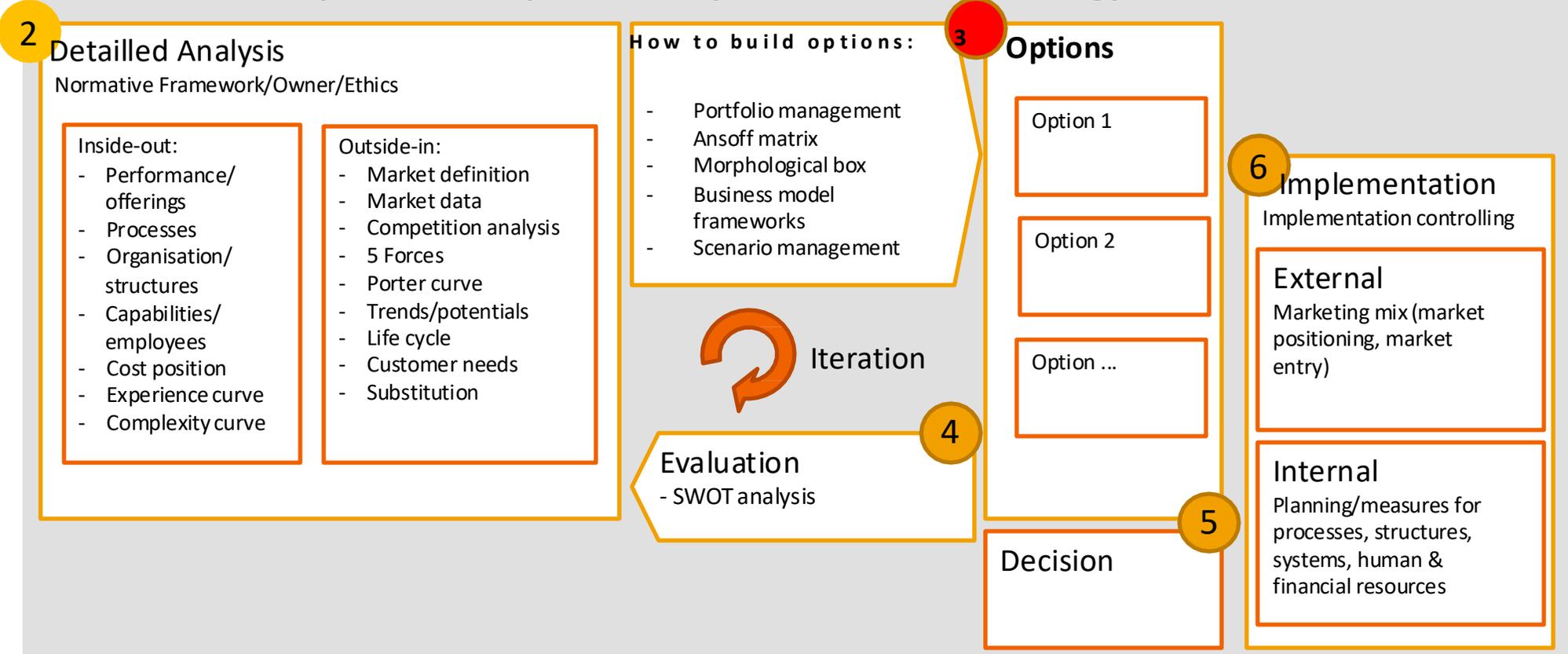
- Unique direct costs of complexity (development, construction, additional parts, new tools, testing)
- Lasting direct costs of complexity (customer service, quality measures, inventory, documentation, trainings)
- Opportunity cost of complexity (lost margins because of suboptimal use of resources, cannibalisation)

# Road Map - Framework

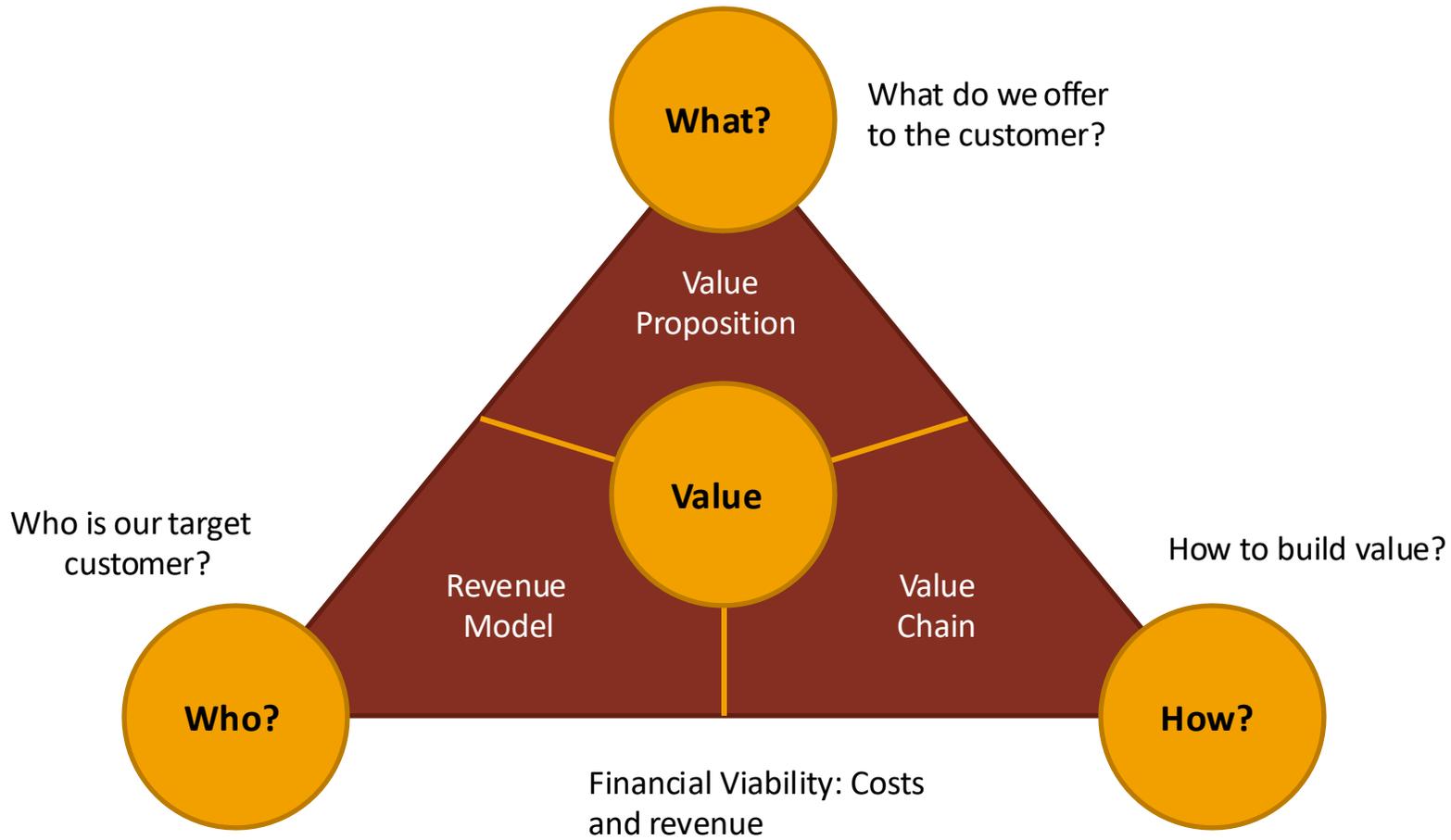


Regular review process:  
explore vs. exploit  
renew vs. optimize

## Adaption/Development & Implementation of a Strategy



# St. Gallen Business Model

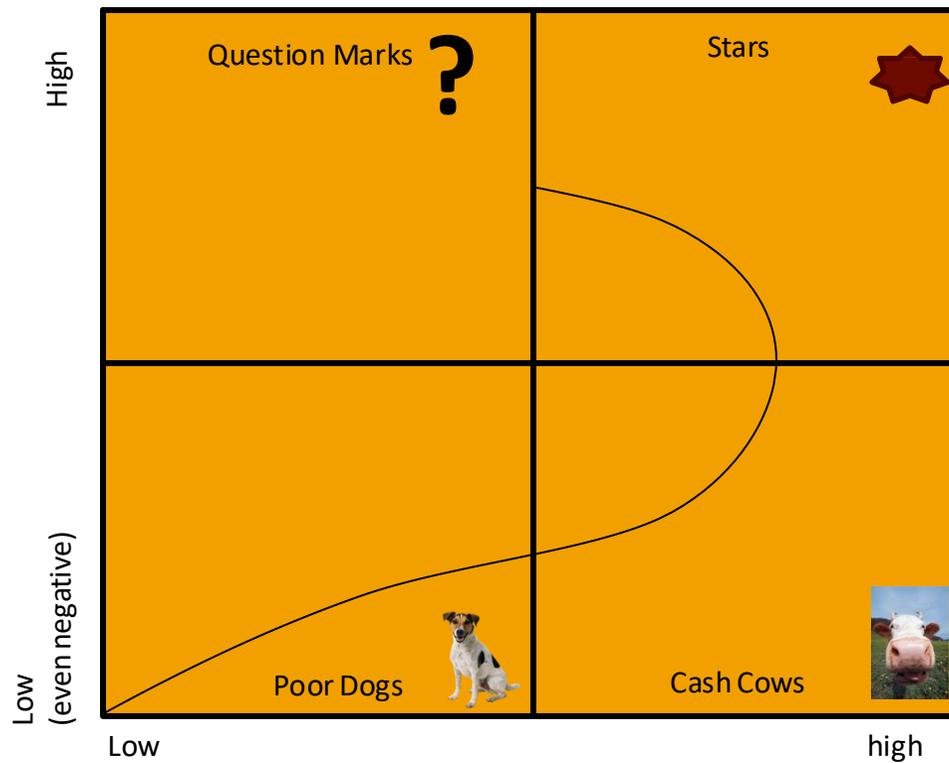


Source: O. Gassmann

# How to build options – Portfolio Management

## 4 Field Portfolio/BCG-Matrix

(external)  
Market Growth

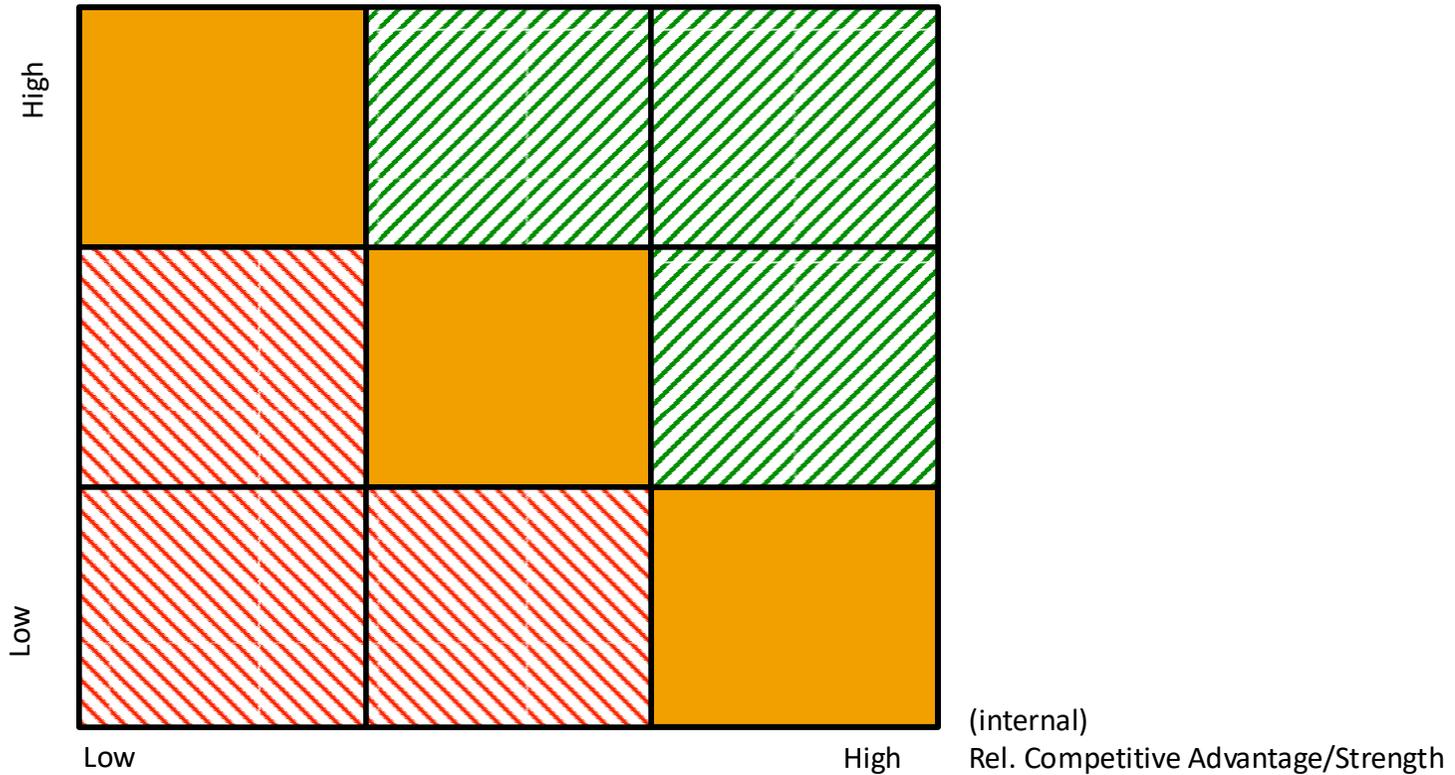


(internal)  
Rel. Market Share

# How to build options – Portfolio Management

## 9 Field Portfolio/McKinsey-Matrix

(external)  
Market  
Attractiveness



(internal)  
Rel. Competitive Advantage/Strength

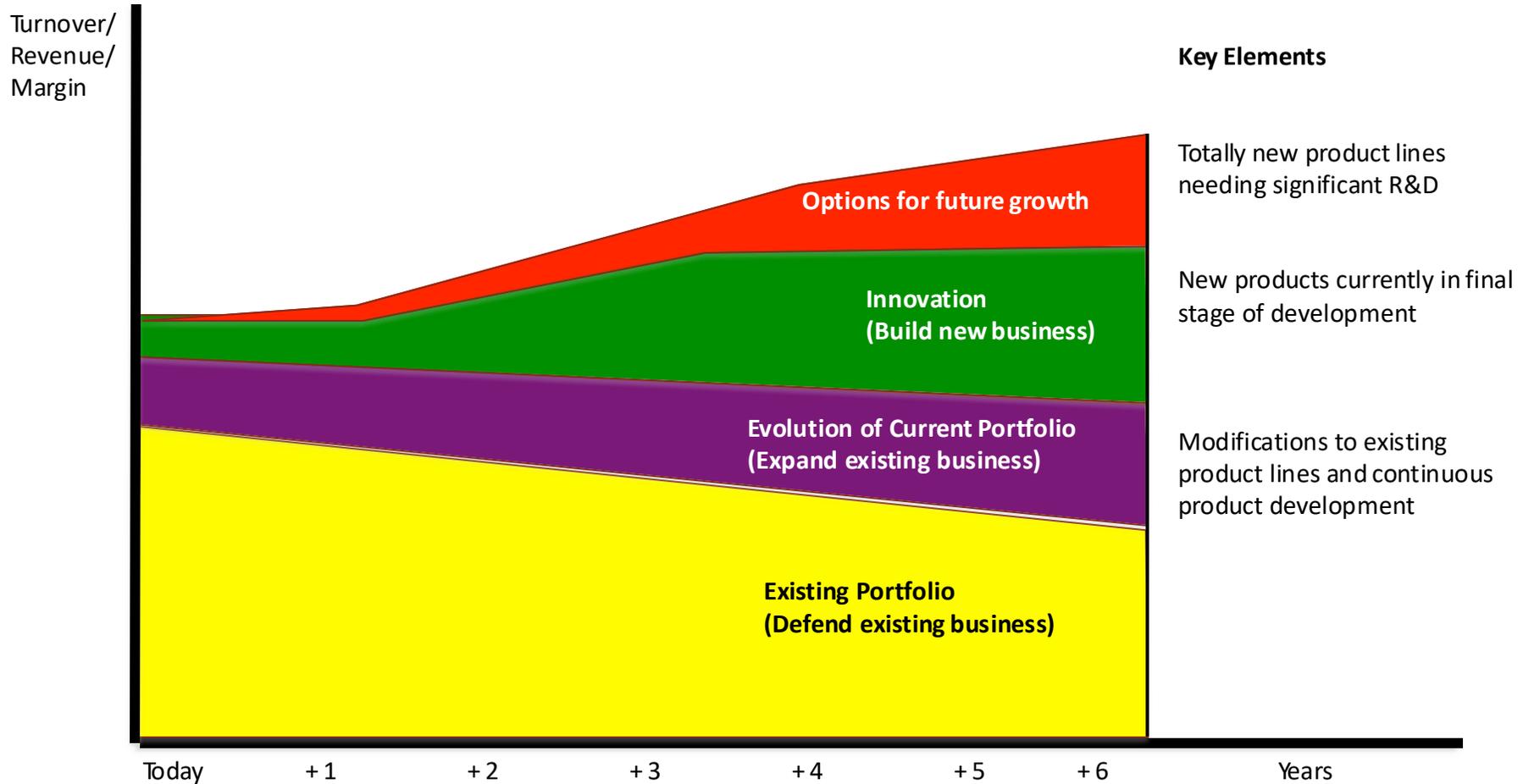
## How to build options – Portfolio Management: Market Attractiveness

Criteria	Evaluation Scale (e.g. 1-9)	Weighting	Evaluation	Sum
Rivalry	e.g: High intensity of competition: 1 Medium intensity of competition: 5 Low intensity of competition: 9	0.2	6	1.2
Supplier power				
Customer power				
Threat by new rivals				
Threat by substitution				
...				
...				
...				
...				
<b>Total</b>		1.0		

## How to build options – Portfolio Management: Rel. Competitive Advantage

Criteria	Evaluation Scale (e.g. 1-9)	Weighting	Evaluation	Sum
Financial perspective	e.g: High cash flow: 9 Medium cash flow: 5 Low cash flow: 1	0.2	6	1.2
Customer perspective				
Process perspective				
Employee perspective				
...				
...				
...				
...				
...				
<b>Total</b>		1.0		

# How to build options – Portfolio Management: Options for Growth



## How to build options – Ansoff-Matrix: Options for Growth

Product \ Market		Old		New	
		Old		New	
Old	1) Market Penetration		2) Market Development		
	Probability of success in%: 50	Ratio of resources: 1	Probability of success in%: 30-40	Ratio of resources: 4-6	
New	3) Product Development		4) Diversification		
	Probability of success in%: 20-30	Ratio of resources: 6-8	Probability of success in%: 2-5	Ratio of resources: 12-16	

## How to build options – Morphological Box

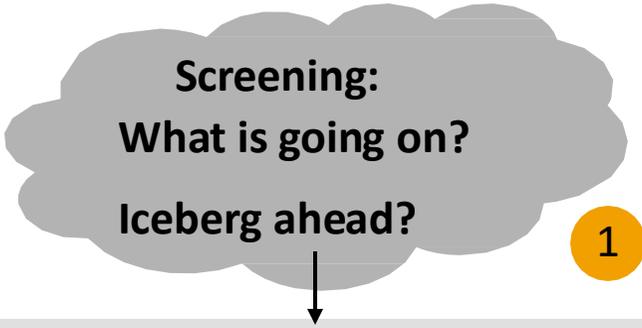
<b>Market:</b>				
<b>Customers</b>	<b>Customer Needs</b>	<b>Products/Offerings</b>	<b>Channels</b>	<b>Capabilities, Success Factors (internal)</b>

---

# How to build options – Business Model Canvas

<p><b>Key Partners</b></p> <ul style="list-style-type: none"> <li>- Suppliers</li> <li>- Key resources from partners</li> <li>- Key activities performed by partners</li> </ul>	<p><b>Key Activities</b></p> <ul style="list-style-type: none"> <li>- For our value propositions</li> <li>- Distribution</li> <li>- Customer relationship</li> <li>- Revenue streams</li> </ul>	<p><b>Value Propositions</b></p> <ul style="list-style-type: none"> <li>- Offerings/bundles</li> <li>- Customer problems</li> <li>- Value/price</li> </ul>	<p><b>Customer Relationships</b></p> <ul style="list-style-type: none"> <li>- Relationship models</li> <li>- Cost of customer relation</li> <li>- Basis of customer relationship</li> <li>- Alternatives</li> </ul>	<p><b>Customer Segments</b></p> <ul style="list-style-type: none"> <li>- Target group</li> <li>- Customer valuation (importance, ABC analysis)</li> <li>- Role of a customer (innovator, early adopter etc.)</li> </ul>
<p><b>Cost Structure</b></p> <ul style="list-style-type: none"> <li>- Fixed/direct cost</li> <li>- Main cost drivers?</li> <li>- Main costly resources?</li> <li>- Main costly activities?</li> <li>- Origins and structure of assets</li> </ul>	<p><b>Key Resources</b></p> <ul style="list-style-type: none"> <li>- Critical resources</li> <li>- Supply chain management</li> <li>- Critical competences</li> </ul>		<p><b>Channels</b></p> <ul style="list-style-type: none"> <li>- Distribution</li> <li>- Communication</li> <li>- Logistics</li> <li>- Cost efficiency of channels</li> <li>- Customer integration</li> </ul>	
			<p><b>Revenue Streams</b></p> <ul style="list-style-type: none"> <li>- Pricing models</li> <li>- Payment models</li> <li>- What does a customer pay today?</li> <li>- What would a customer be willing to pay (value based pricing)?</li> </ul>	

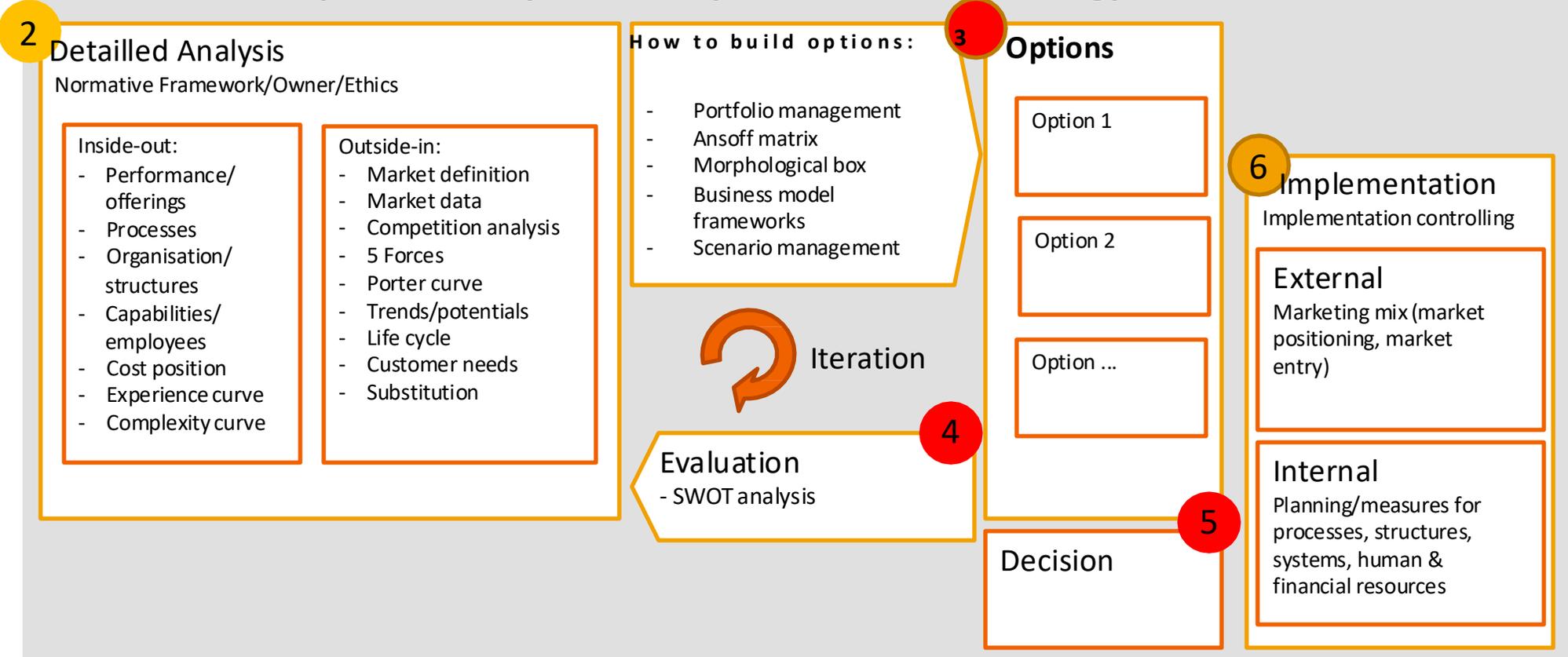
# Road Map - Framework



Regular review process:

- explore vs. exploit
- renew vs. optimize

## Adaption/Development & Implementation of a Strategy



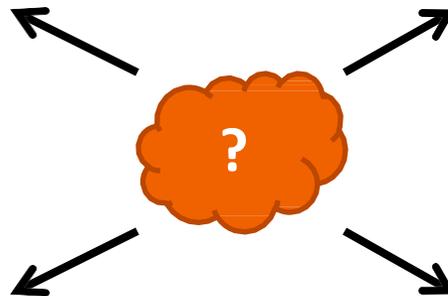
# Evaluation – Discussing Options

**Strategy as before:**

Empty text area for notes on the current strategy.

**Alternative 3:**

Empty text area for notes on Alternative 3.



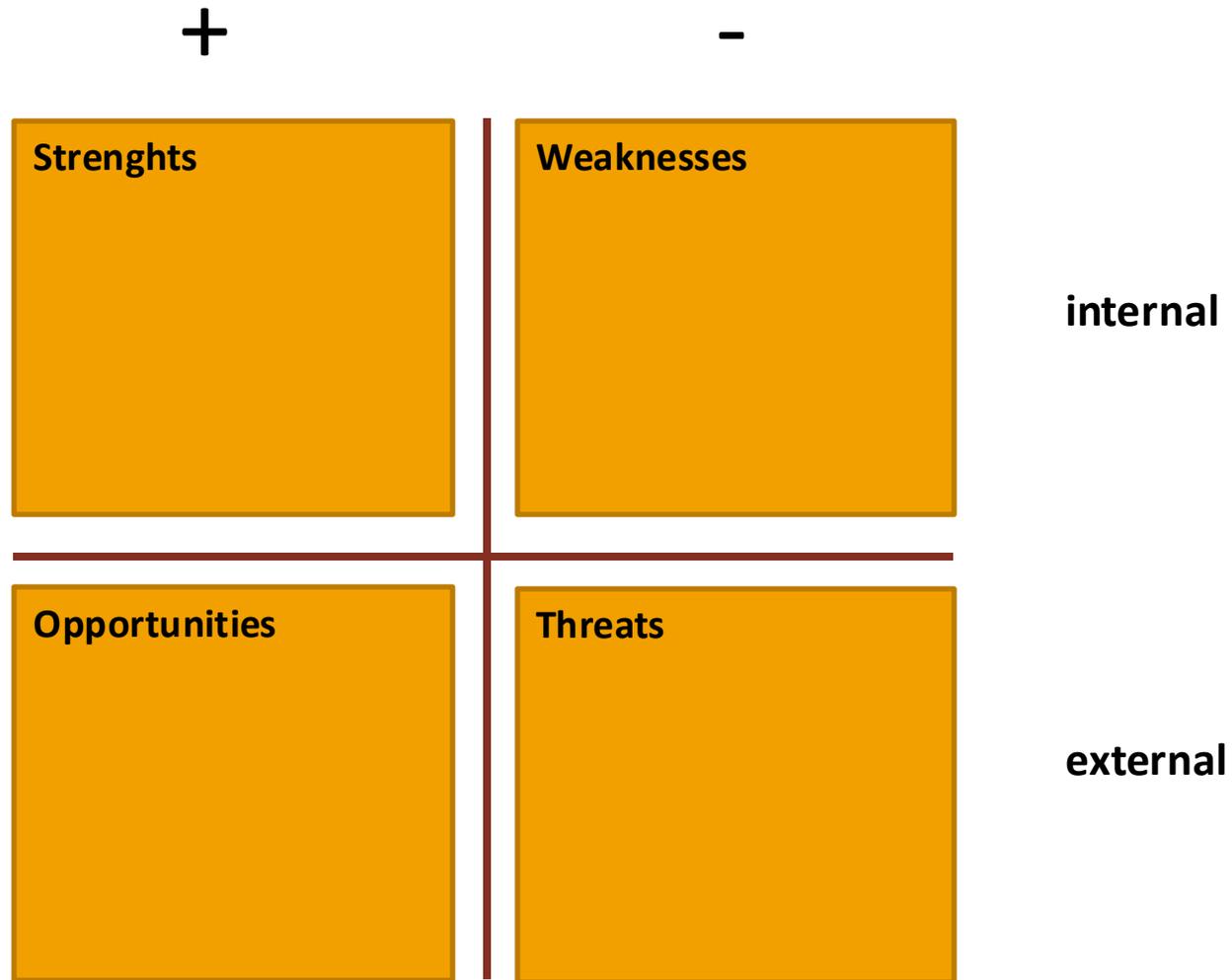
**Alternative 1:**

Empty text area for notes on Alternative 1.

**Alternative 2:**

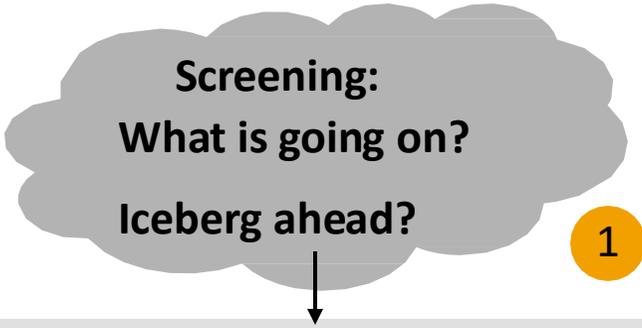
Empty text area for notes on Alternative 2.

# Evaluation – SWOT-Analysis



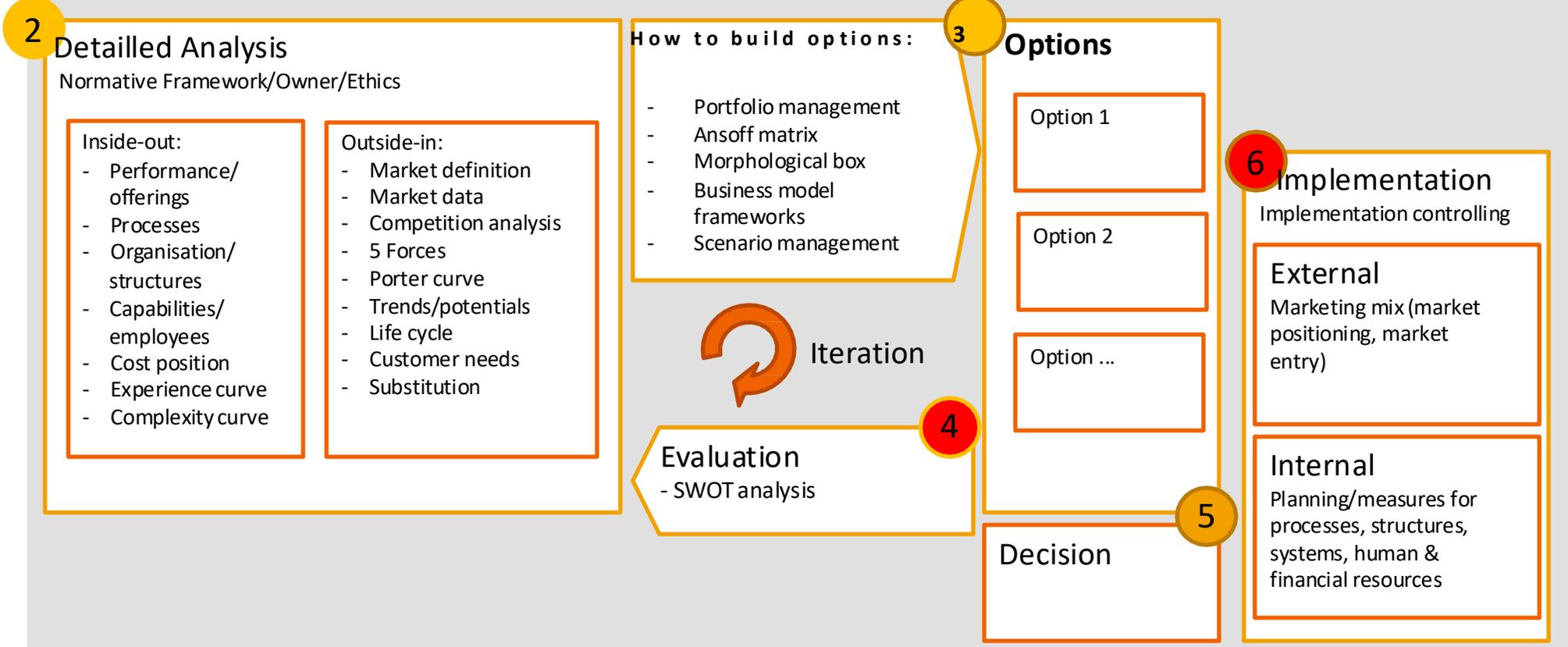


# Road Map - Framework

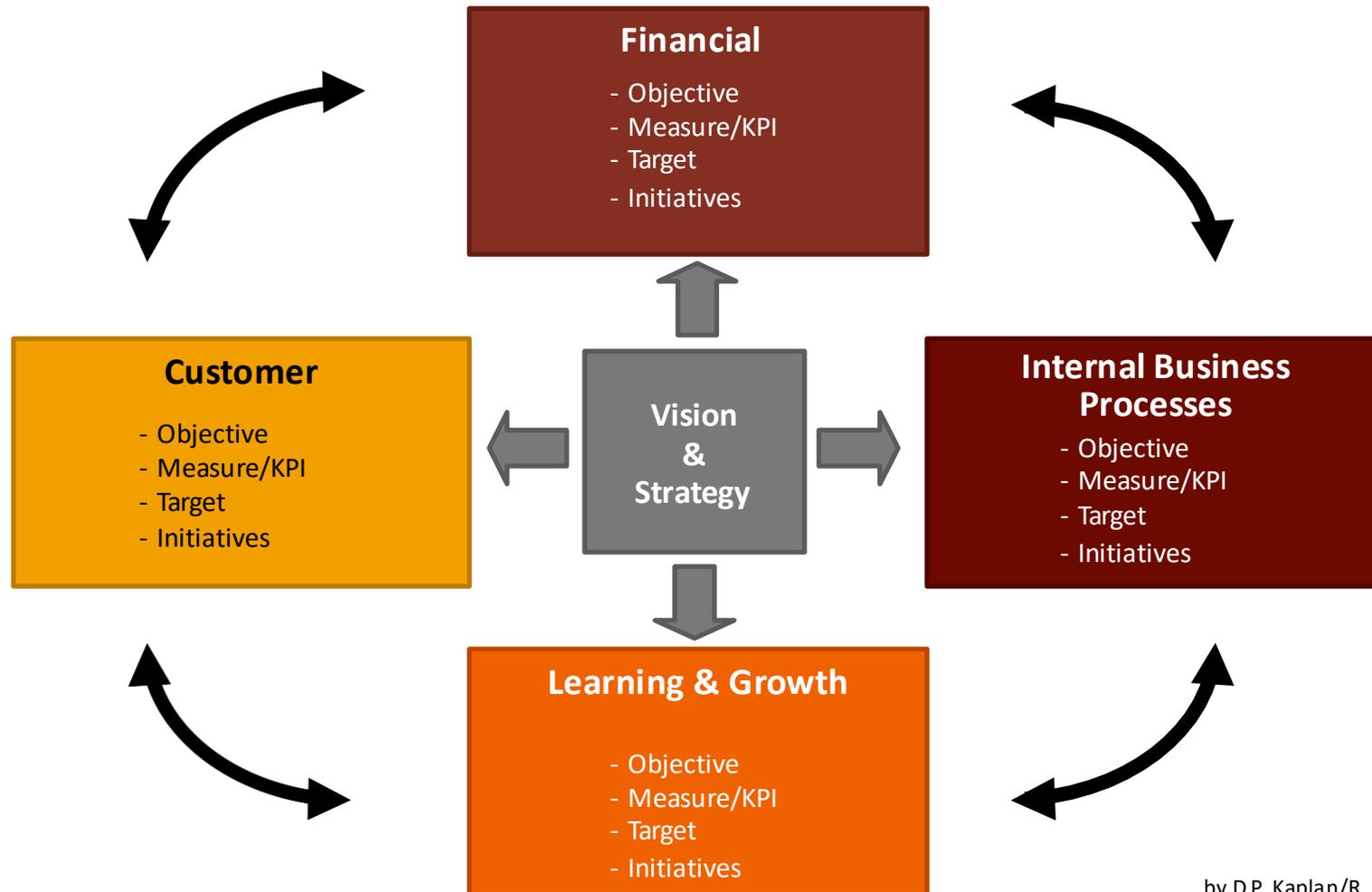


Regular review process:  
explore vs. exploit  
renew vs. optimize

## Adaption/Development & Implementation of a Strategy



# Strategy Controlling – Balanced Scorecard



# External Implementation – Marketing Mix/Marketing Portfolio

		Price/Performance Position			
Price Position	cheaper				
	same				
	more				
		worse	same	better	unique
		Performance Position			

		Marketing Power/Intensity of Needs		
Marketing Power	high			
	medium			
	low			
		low	medium	high
		Intensity of Needs		



Option:

... ..

