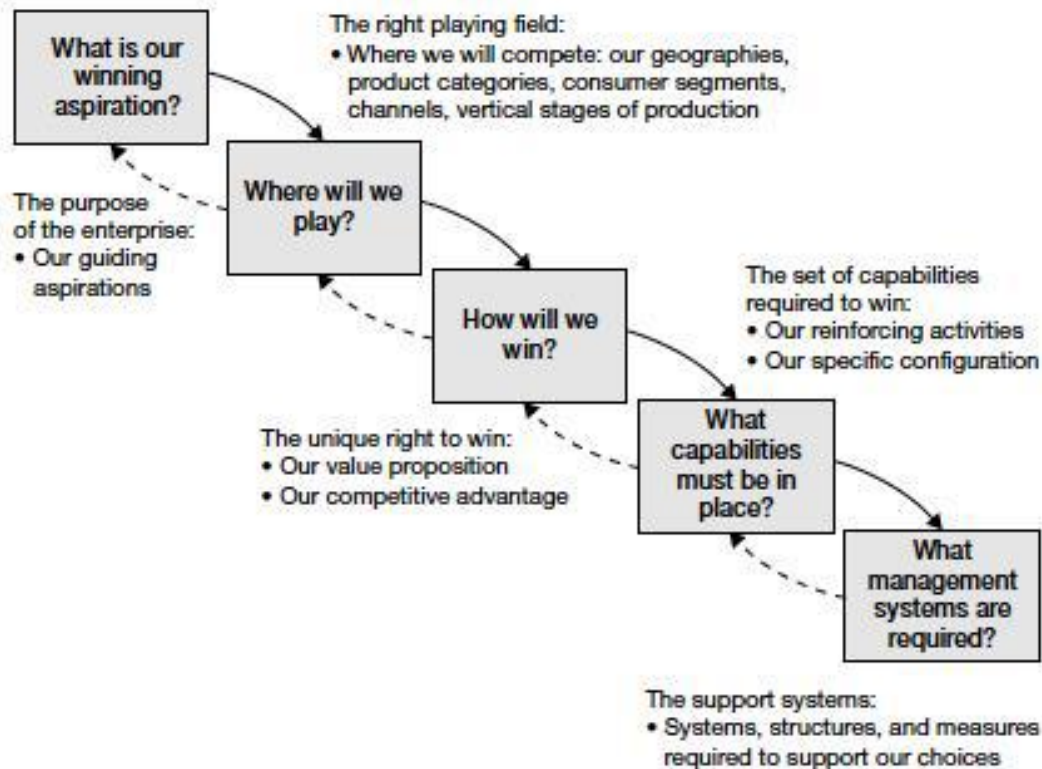


Week 4: The external environment

1. 'Playing to Win' Strategy Framework (Lafley and Martin 2013)

- When companies don't 'win' in the marketplace, it is often because they lack a strategy. Strategy is formulated to win in the market and strategy is ultimately about choice. Companies that make clear choices about where and how they want to play generally win in their markets (Martin 2014).
- This framework essentially provides a comprehensive and holistic view of a firm's 'cascade of choices' that ultimately determines whether it wins in their markets. These questions outline the choices companies/business unit/department need to make in their strategic process.



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- **1) What is our winning aspiration**
 - o A winning aspiration is a future' oriented statement about the guiding purpose of the organisation:
 - What does our organisation exist to do?
 - What does 'winning' mean for us?
- **2) Where will we play?**
 - o This choice involves defining the 'playing field' on which we choose to compete:
 - Customer segments
 - Channels
 - Product categories
 - Geographies
 - Stage of production
 - o The playing field is large and this involves defining the playing field for the company. Thus, it is also about where NOT to play
 - o This is important because it sets us up for how to win
- **3) How will we win?**
 - o How to win is a function of where we will play as there is no generic strategy for the whole industry at large as different segments have different strategies that work.
 - o The 'how will we win' choice is about *how* we will win on the playing field we've chosen
 - o Fundamentally, it is about the company's competitive advantage is – drawing from Porter (1979):

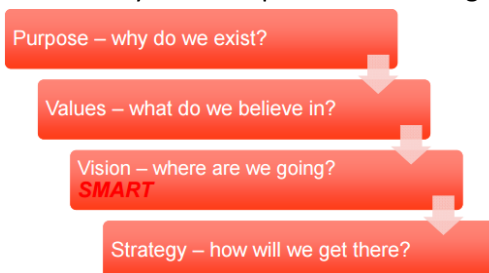


- **4) What capabilities must be in place?**
 - o Capabilities are the activities that enable our organizations to bring the 'where to play' and 'how to win' choices to life
- **5) What management systems are required?**
 - o Management systems are the processes, structures, and rules that build our capabilities and that reinforce and measure our organization's strategic choices
- Today we start at 'winning aspiration' and 'where we play'
- Uses:
 - o **Alignment** tool: For instance, this can be used at a whole of firm level e.g. KPMG national level (e.g. answering each question), they then create the boundaries for each division (e.g. audit, tax) – so each level above creates the boundaries within which the level below can do their decision – if we cascade that down the firm, it results in alignment
- **At the heart of any strategy are decisions or choices.** So if we want to understand strategy, we need to understand how individuals and groups make decisions.
- **Arrows:**
 - o Any strategy process in the real world is not a linear or mechanical process. It is a messy social process that is iterative – you have to go backwards as well as forwards e.g. when you get new data/information. It's a '3 steps forward, 2 steps back' process.

2. Mission, Vision, values and objectives

1. Setting Winning Aspiration

- There are essentially four components to setting a winning aspiration:



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- This is done at the highest level in the organisation (e.g. the KPMG whole of firm level with all 4 divisions, or USYD – not just each faculty)
- **1) Purpose or Mission: Why do we exist?**
 - o A **mission statement** aims to provide employees and stakeholders with clarity about what the organisation is fundamentally there to do.
 - This developing this statement, it is framed around two linked questions 'what would be lost if the organisation did not exist?' and 'how do we make a difference?'
- **2) Values: What do we believe in?**
 - o Statements of **corporate values** communicate the underlying and enduring **core 'principles'** that guide an organisation's strategy and define the way that the organisation should operate.