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Strategy
Navigator
“What
happens if
nothing
happens?”

“Strategic
leadership
means shaping
the future.”

5 Adapt the Organisational Design

*“Structure follows strategy.”
(Alfred Chandler)*

Redesign while Operating.

A new strategy is meant to improve corporate performance and increase potential. Current organisational structures and processes don't always support the new direction sufficiently. Future aspects of your business may need more attention and resources. Reviewing the organisational design clarifies where changes are meaningful.

Guiding Questions for Redesigning an Organisation

- How can we translate our strategy into organisational design criteria?
- Assessing the current organisation: Have we configured our organisation in line with our strategy and the market? (Guiding principle for the structure, lateral linkages, governance systems, core processes, human resource systems, infrastructure, etc.)
- How are our most important competitors organised?
- Which elements of our strategy need more/less/different resources?
- Which management groups and communication formats are effective?
- How are decisions made and by whom? (governance)
- What is the design of internal and external communication structures and processes?

6 Review and Adapt Governance and Strategic Controlling Systems

“You get what you measure.”

Align Governance Systems with Strategy.

Implementing a new strategy usually takes much more effort than the process of its creation. This means that the management needs to systematically review whether the strategic adjustments are really guiding the 'operative flow of events' into the desired direction. By developing and/or adapting the governance system, management will be able to detect and counteract deviations at an early stage.

The existing governance system (e.g. decision authorities) as well as controlling systems (e.g. key metrics for planning and control) need to be reviewed and adapted.

Guiding Questions for Reviewing Governance and Controlling Systems

- Which controlling system (parameters, target values, project milestones, steering committees and frequency, etc.) do we need to track the effectiveness of the chosen strategies?
- Which governance instruments and parameters currently in use (e.g. criteria for variable compensation) do we need to adapt?
- How can we coordinate the strategy reviews and the existing corporate governance systems (operative planning, target agreements, incentive systems, appraisals, etc.) over the year?
- Do we give ourselves enough time and opportunities for interim assessments?
- How can we test our common basic convictions? Are we able to discuss 'soft' factors?
- Which problems triggered by the change do we need to observe closely in the future? Who is responsible?

4 Develop a Strategy

“Define the corner stones of your future – and how to get there.”

Show the Way to the Future.

In this phase, you put the strategy into concrete terms: defining the future state you want to reach and formulating strategic programmes and measures. By doing so, you create the link between today and tomorrow. This is also the right moment to clarify the vision statement, corporate values and the understanding of leadership by reviewing and summarizing the future corporate identity.

Guiding Questions for Creating a Strategic Future Vision

- What is our contribution to the world? Mission – “Why do we exist?”
- What does the future identity look like? What is our guiding star image? Vision – “Who do we want to be?”
- What are our values in dealing with each other, with customers and with our environment? What is our understanding of leadership? Values – “What is important to us?”
- Our basic strategy: What is our product and service portfolio? Which markets do we operate in and for which target groups? Which technologies do we work with? What differentiates us from our competitors? What are we not aiming for?
- Which strategic programmes and key measures do we need to initiate in order to realise our future vision?
- Which milestones and interim goals do we set for the strategy period?

3 Deciding the Strategic Direction

*“Only those questions that are in principle undecidable, we can decide.”
(Heinz von Foerster)*

Combine Analytical Thinking and Rational Expertise with an Emotionally Attractive Entrepreneurial Vision.

Rational decision-making processes are crucial for strategic work. But so is the emotional attraction of a strategy. It should mobilise the forces in an organisation in a sustainable way and on a broad basis. Deciding on the strategic direction requires maintaining and utilising the tension between the rational and the emotional, between analytics and entrepreneurial vision.

The strategic direction chosen is the starting point for further corporate development. A sound and consistent conviction of all parties involved is the driving force for thorough and successful implementation.

Assessing and Deciding between Alternative Options

A good option

- Offers a serious chance to become one of the best in the industry
- Makes the targeted growth and profitability achievable
- Matches the stakeholders' expectations
- Takes risks and opportunities into consideration
- Utilises the organisation's core competencies
- Requires changes that the organisation can handle
- Does not put the entire organisation at risk
- Is resilient in the face of environmental developments
- Is attractive for key players and employees

2 Develop Strategic Options

“New developments start with the vision that things could be completely different.”

Develop Alternatives to the Status Quo.

Developing new visions for the future is a key element in strategy work! Challenging the status quo with real alternatives needs a mental shift. By inventing several alternative strategic options, you critically review your basic assumptions and start shaping the future instead of merely following an evolutionary development.

New future identities (very often outside the paths an organisation followed until then) are the result.

Core Questions for Developing Strategic Options

Each vision for the future needs to provide plausible answers to the following questions:

- In which markets, for which customers delivering which products and services do we want to operate? What is our core business?
- How do we differentiate from our competitors?
- Which business model or business models do we want to use?
- Which are the crucial leverage points in order to reach the objectives of this strategic option (e.g. implications on the value chain, organisation and functional areas)? Which resources do we need? Where do we need to develop?
- What are the necessary changes or developments to our core competencies in order to consistently seize opportunities?
- What is the business case for the strategic option? What are the key figures to assess reaching our strategic goals?



7 Implement Strategy

“Genius is one per cent inspiration, ninety-nine per cent perspiration.” (Thomas Edison)

Make Strategy (Implementation) Daily Business.

Announcing a strategy is just the starting point. Strategy implementation is the core of the strategic management process. Carefully planned and promoted implementation, combining the necessary support and stamina to promote the decisions with flexibility to adapt over the course of time, will lead to success.

Leverage Points for a Successful Strategy Implementation

- Ensure ongoing top management attention for the strategy implementation
- Plan information and communication activities and implement them rigorously
- Raise awareness of the strategic need for action in the entire company
- Present the strategy showing the attractive future vision
- Involve relevant decision-makers in the communication
- Create opportunities for dialogue between relevant stakeholders in order to allow for them to explore the new target vision
- Develop clear initiatives and milestones and consistently assess and redevelop them
- Support staff with strategy-oriented qualification activities for employees
- Review implementation and impact of the measures through regular monitoring

1 Strategic Analysis

Face Reality: “What happens if nothing happens?”

Develop a Common View of the ‘Case for Action’.

Developing a sustainable market strategy starts with challenging the mental models about markets, customers, technologies and the business model among staff and management. To help with this, there are tried and tested tools of strategic management, e.g. environmental analysis, stakeholder and competitor analysis or examination of technological developments, as well as of customer needs.

At this stage, the objective is to understand which risks the company will have to face in the future and which opportunities can be seen. Together with a common and realistic assessment of internally available resources and framework conditions, this forms the basis for the next steps.

Elements of Strategic Analysis

Diagnosis of the strategic starting point using different perspectives

- Discuss relevant future trends
- Examine alternative future scenarios
- Understand specific challenges for the stakeholders
- Analyse changes in competitive dynamics and rules of the industry
- Align own products and services with current and future customer needs
- Analyse portfolios (products and services, technology, countries, partnerships, etc.)
- Define core competencies
- Analyse strengths and weaknesses, benchmark analysis
- Combine the results relating external and internal analyses
- Define core challenges that the strategy process needs to provide answers for