

What Is It?

SWOT (strengths, weaknesses, opportunities and threats) analysis provides a framework for quickly isolating the key issues relevant to a business situation.

When Do I Use It?

Use SWOT to:

- Gain insight into your organization's assets and liabilities.
- Identify the external forces that will influence your success in a given area.
- Help answer the question "should we go down this path?" Examples:
 - Should we open a new office in Lisbon?
 - Should we launch this new service now?
 - Should we sell products on our web site?

SWOT also helps to:

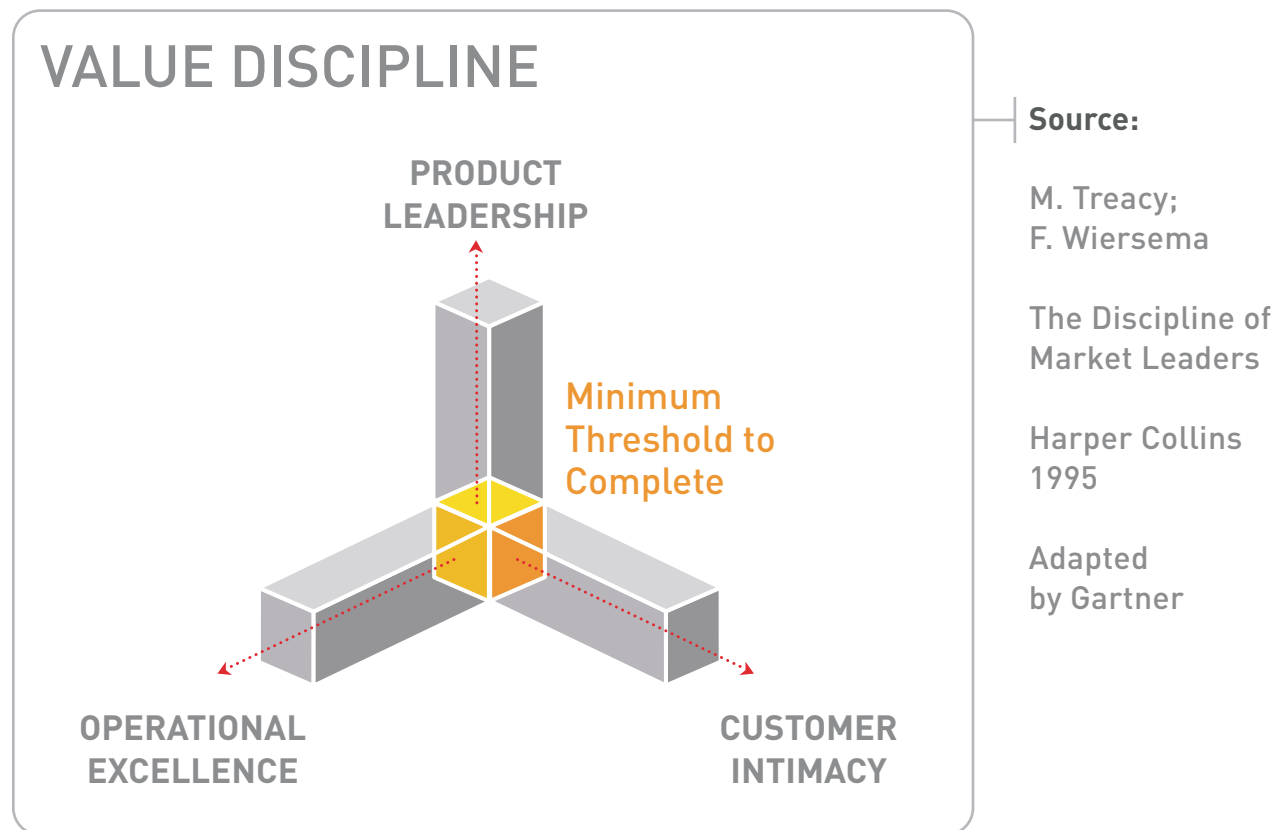
- Quickly isolate your strengths relative to your weaknesses.
- To understand the broader context of the business issue you are considering.

Consider This

- Use SWOT with other, more in-depth evaluation tools to help make go/no go decisions.
- Don't ignore the downstream implications (e.g. the cost and complexity of overcoming weaknesses).

SWOT works best when:

- A knowledgeable cross-section of individuals and interests is included.
- People are brutally honest and can back up their views with facts or representative examples.



What Is It?

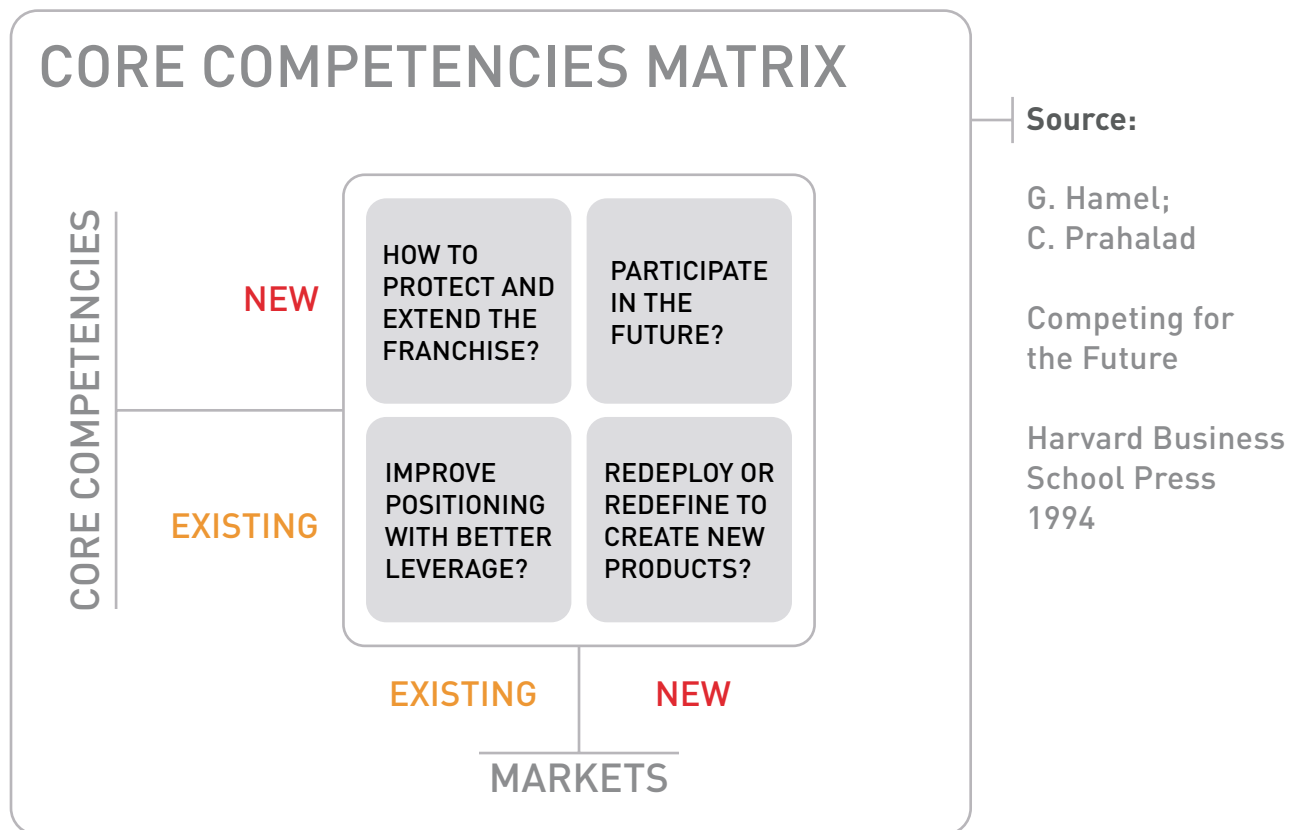
- Value disciplines is a framework that plots three areas in which a company may choose to excel, each producing a different kind of customer value:
 - operational excellence
 - customer intimacy
 - product leadership
- To compete, a company must be competent in all three disciplines.
- To become a market leader, a company must outperform competitors in one discipline.

When Do I Use It?

- An excellent framework for establishing the focus and discipline necessary for market leadership.
- Useful in answering the fundamental question: "What defines us?".
- An essential precursor to defining organizational structure and business processes.

Consider This

- Companies that attempt to excel in all three areas will likely run into organizational and process conflicts.
- Only a handful of companies (e.g. Dell) have mastered all three disciplines.
- Successful, companies have a keen awareness of their value to customers and optimize their efforts around that value.
- The company's leadership team must define and articulate its values for the benefit of all stakeholders.

**What Is It?**

A Framework that identifies the existing core competencies that can be leveraged or restructured and new core competencies that may be needed in the future.

When Do I Use It?

Use Value Disciplines when:

- Considering your company's current and future opportunities and its "readiness" to exploit them.
- Assessing the implications of allocating resources to achieve particular goals.

Also useful for:

- Understanding the tradeoffs inherent in your strategy decisions.
- Evaluating competitive position.

Helps to answer the questions:

- What new core competencies will we need to build to protect and extend our franchise in current markets?
- What new core competencies will we need to build to participate in the most exciting markets of the future?
- What is the opportunity to improve our position in existing markets by better leveraging our existing core competencies?
- What new products or services could we create by creatively redeploying or recombining our current core competencies?

Consider This

In times when resources are scarce — such as during economic downturns — companies must scrutinize investments, and can use the core competencies matrix to that end.

BALANCED SCORECARD



Source:

R. Kaplan;
D. Norton

The Balanced Scorecard:
Translating Strategy
into Action

Harvard Business
School Press
1996

What Is It?

A comprehensive measurement-based approach to managing a business that considers performance in four areas:

- Financial (e.g., cost, revenues)
- Customer (e.g., service, quality)
- Business Process (e.g., efficiency, effectiveness)
- Innovation & Growth (e.g., capacity for innovation)

When Do I Use It?

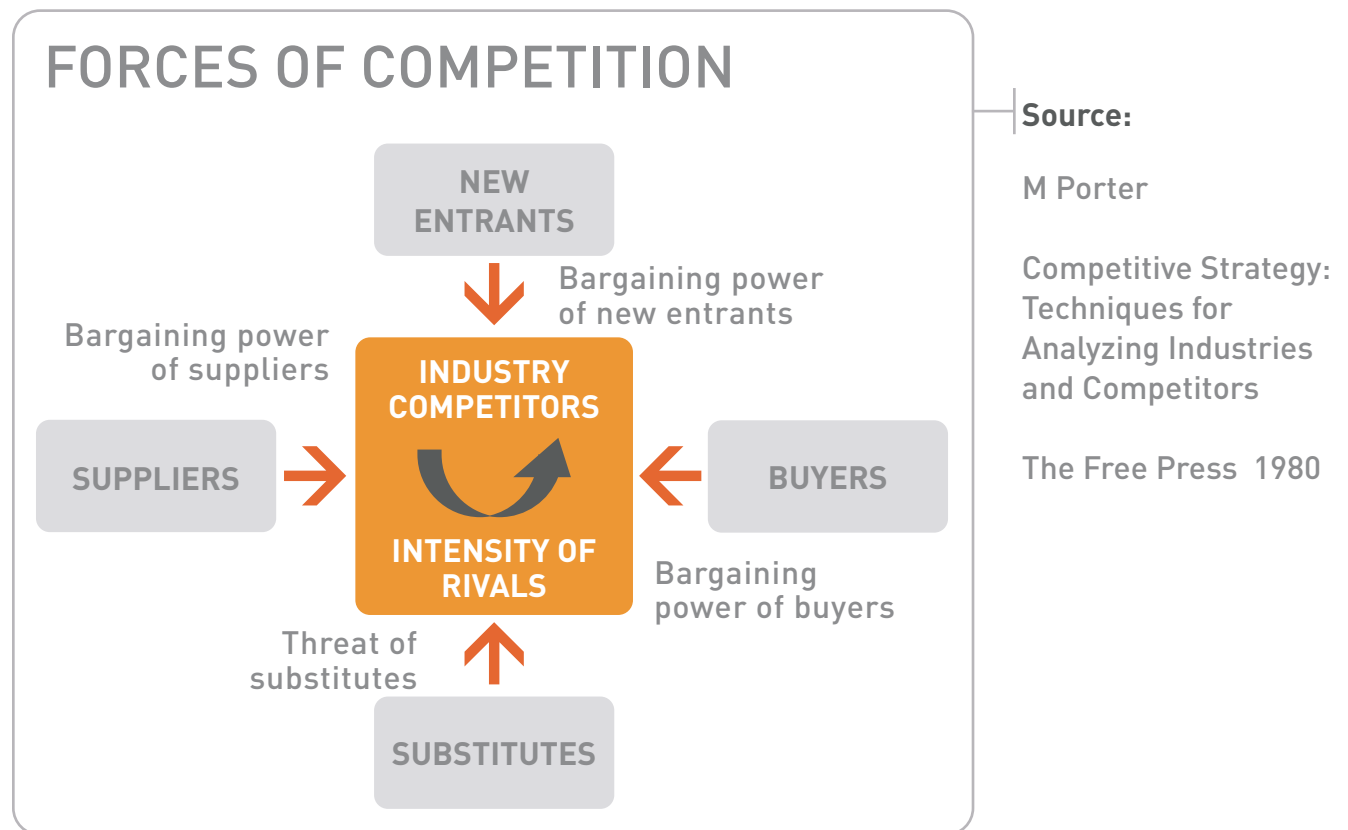
When looking to:

- align day-to-day processes and activities with an overall strategic plan.
- define metrics to assess performance, establish benchmarks and uncover best practices.
- improve visibility into the company with an eye toward reducing costs and improving productivity.

When evaluating investment proposals.

Consider This

- The balanced scorecard approach provides a more realistic, rationale approach to evaluating current business activities and potential investments.
 - The financial perspective only tells part of the story.
- The balanced scorecard can be implemented for an individual group or department, for a business unit or for the entire organization.



What Is It?

The Forces of Competition framework succinctly illustrates the five distinct sources of competition that organizations must keep on their radar screen. These forces will influence their success and profitability, and include:

- Threat of new entrants
- Bargaining power of buyers
- Threat of substitutes
- Rivalry among existing firms
- Bargaining power of suppliers

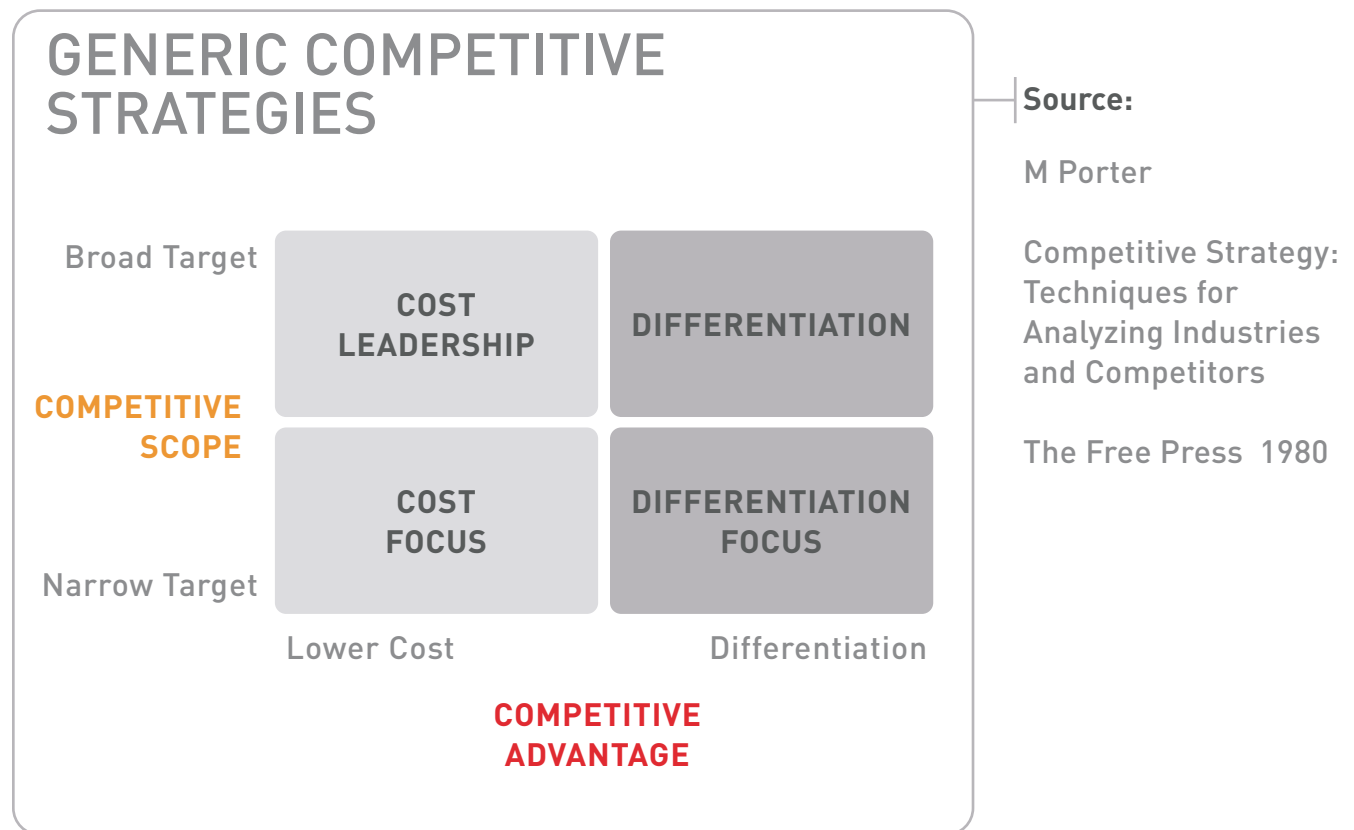
When Do I Use It?

Use Forces of Competition when looking to:

- Develop a competitive advantage over rival firms.
- Further your understanding of the dynamics that influence your industry and your position in it.
- Assess your strategic position and spark ideas for disruptive initiatives.

Consider This

- The traditional rivals in your industry are but one source of competition. Ignore others at your peril.
- Blunting the competition will require different strategies at the departmental, business unit and corporate level.
- Understanding the complexities of competition can help organizations get beyond simplistic price (and profit eroding) wars.

**What Is It?**

This framework helps executives ascertain the strengths—the source for competitive advantage—for their companies, and focus on it. Potential areas of strength include:

- cost leadership (being a low cost producer)
- differentiation (having unique products)
- focus (broadly or narrowly targeting a market)

The generic competitive strategies framework applies equally well to big and small companies, and across industries.

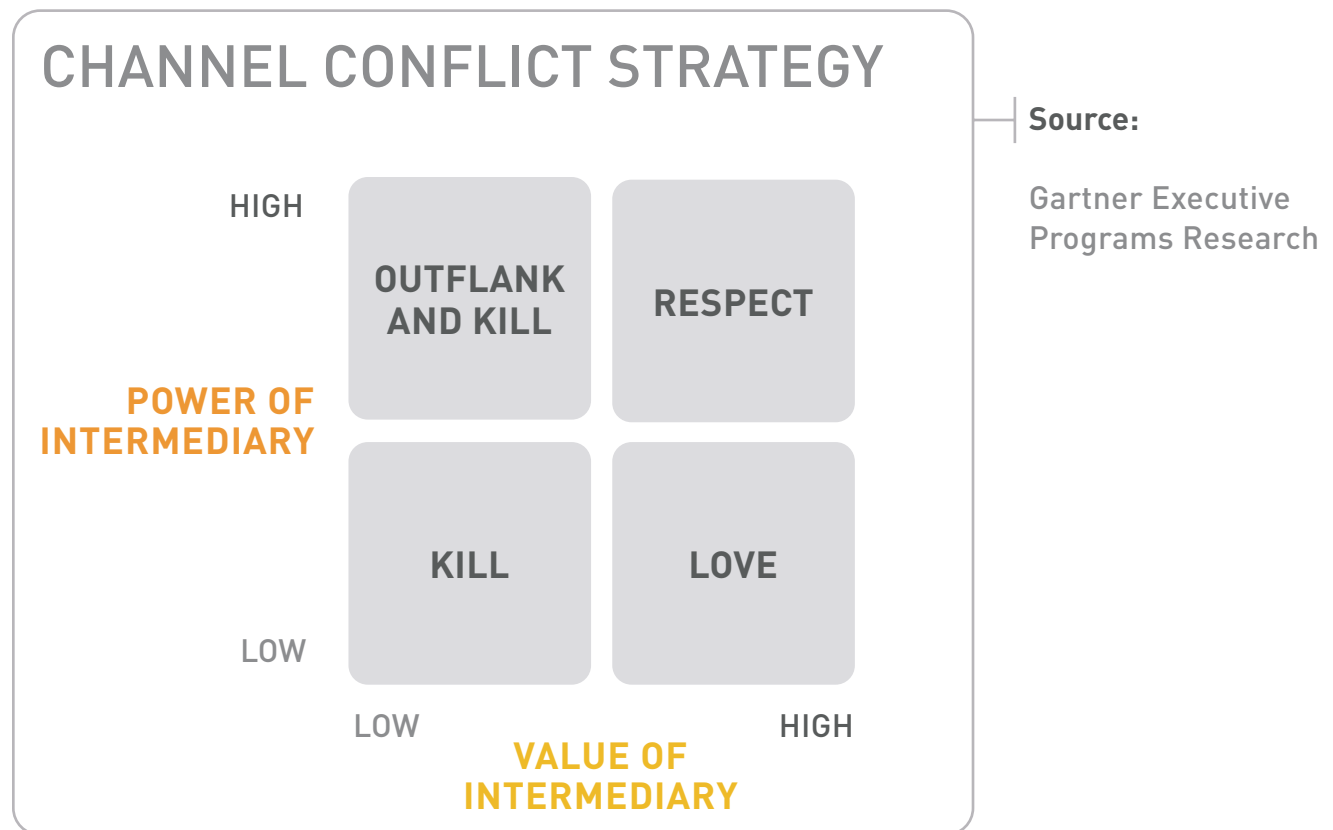
When Do I Use It?

Use Generic Competitive Strategies framework when:

- Defining competitive strategy that will result in above average profitability (within your industry)
- Honing your defensible niche in the marketplace for a particular line of business

Consider This

- Apply these firms at the business unit, not corporatewide level. This is especially true for diversified companies, which may adopt a different competitive strategy across businesses.
- Technology is constantly lowering the bar for companies set on pursuing cost leadership strategies.
- To some degree, these strategies are mutually exclusive. Pursuing strength in a certain area will invariably weaken your position in another.



What Is It?

Channel Conflict Strategy is a Gartner framework that helps companies assess the impact and importance of its channel partners. It helps companies assess their partners' influence along two dimensions as perceived by customers:

- The extra value added to the company's final product or service
- Their power, or ability to control the market

A company may take one of four courses of action in response to channel conflicts:

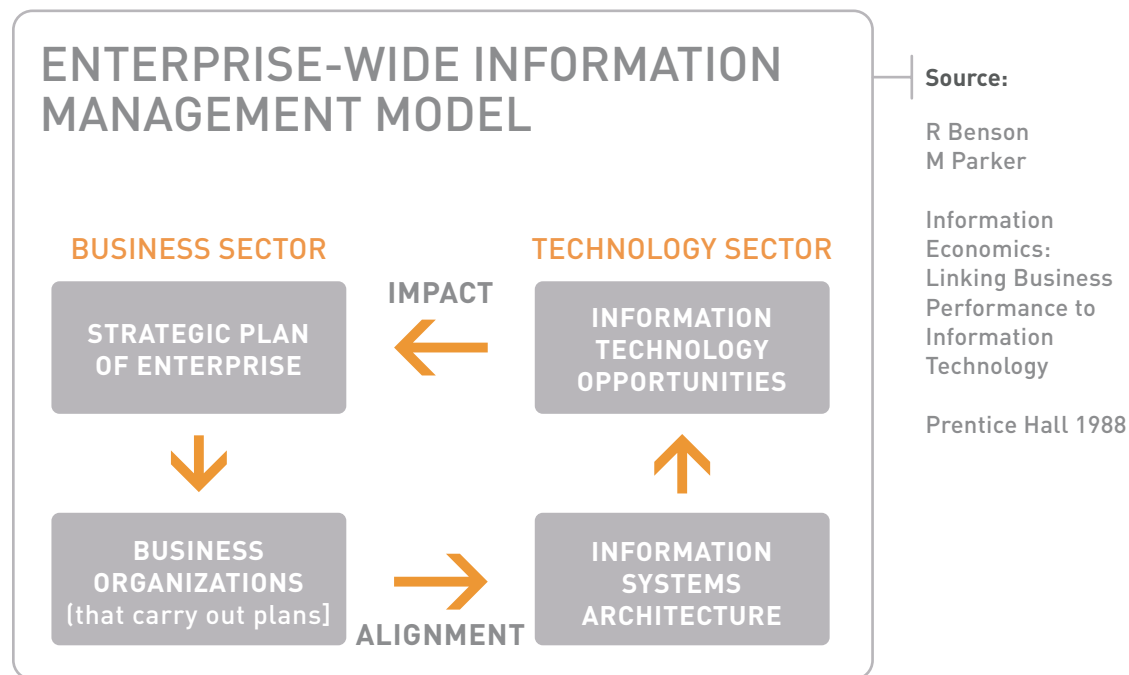
- Kill (remove the channel)
- Outflank (bypass the channel over a period of time)
- Love (accept the channel as needed and willing to comply with your policies)
- Respect (accept the channel is needed but willing to do business on its own terms only)

When Do I Use It?

- Whenever sorting out channel conflict issues with your partners. Potential areas of conflict include:
 - When channel partners are eroding your margins.
 - When channel partners have conflicting markets or territories.
 - When you are at risk of being disintermediated or are considering a disintermediation strategy.
- When preparing to negotiate with channel partners.
- When regulatory changes or other external forces have placed your market in a state of flux.

Consider This

- Given the rate of business change, continually evaluating competitors is essential to anticipating competitive threats and opportunities to your channels.
- As companies make more use of strategic partners, a more rigorous framework for deciding which intermediaries really add value will be required.



What is it?

This framework illustrates the two ways that information technology (IT) can serve lines of business:

- by supporting current operations, called alignment; and
- by influencing future ways of working, called impact.

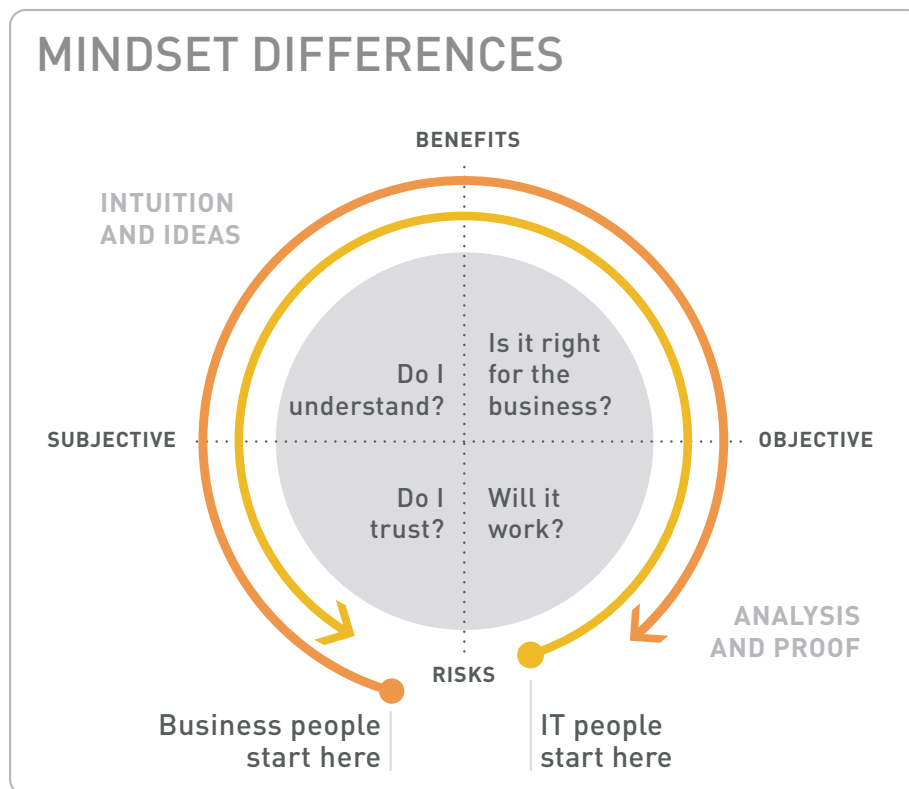
When do I use it?

Use this framework when:

- business and technology executives are coming together to discuss IT's contribution to business goals
- considering the use of technology to not only react to, but also to shape, business strategy
- developing a balanced technology portfolio

Consider This

- Only one in five companies will sustain or increase technology investment levels during an economic slowdown.
- Those that do will improve their competitive position once the economy picks up again.



What is it?

This Gartner framework was initially developed to help business and information technology (IT) executives break through longstanding communications gaps by acknowledging that they often think in fundamentally different ways.

- Typically, business people are more comfortable with intuition and ideas. They start by asking “do I trust?” then “do I understand?” proceeding clockwise.
- IT people start with “will it work?” then “is it right for the business?” before proceeding in the opposite direction.

When do I use it?

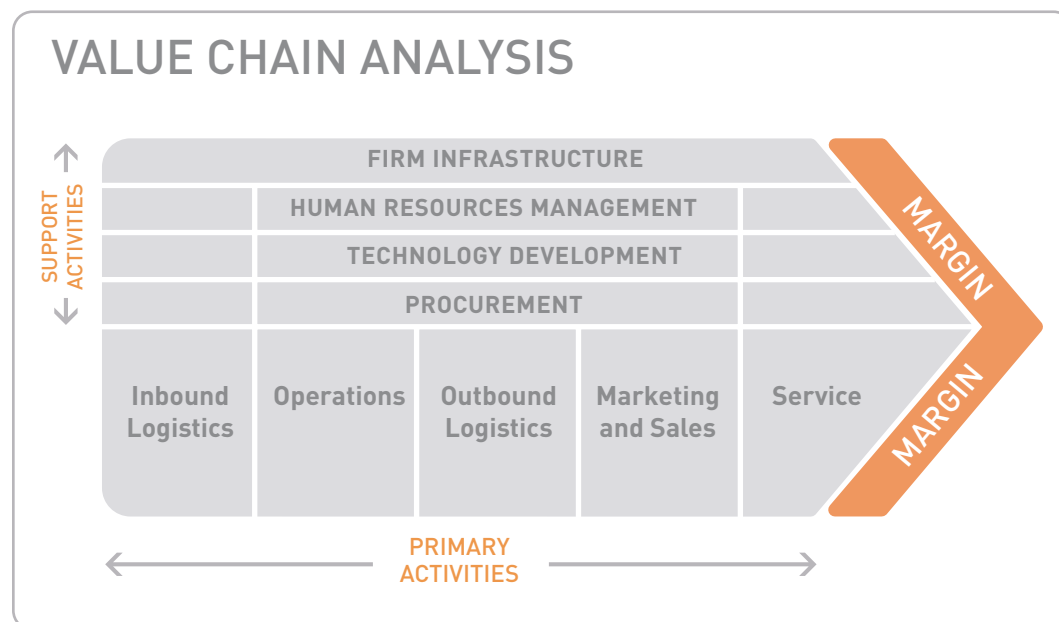
- When kicking off projects and bringing technology and business staff together for the first time.
- When appraising IT investment proposals and considering the rationale behind them.

Consider This

- Despite these innate differences, today’s successful IT executives are also astute business executives.
- Having a board level executive who has in-depth knowledge of both technology and business issues can be a huge asset to strategic planning efforts.

Where communications gaps do exist, often among rank-and-file workers on project teams, consider:

- involving people who are fluent in both the language of the business and also in technology, and who may interpolate for both sides.
- co-locating teams for the duration of the project. Physically isolating IT people from the internal clients they serve often contributes to misunderstandings and lack of trust.



Source: M. Porter The Competitive Advantage of Nations Collier Macmillan 1989
For its application in relation to the Internet see: M. Porter Strategy and the Internet Harvard Business Review March 2001

What is it?

Value Chain Analysis is a framework developed by Michael Porter that helps companies examine their production and support processes for their value and contribution to competitive advantage. It excludes the external factors that will likewise influence success.

When do I use it?

Among its many applications, value chain analysis is helpful in:

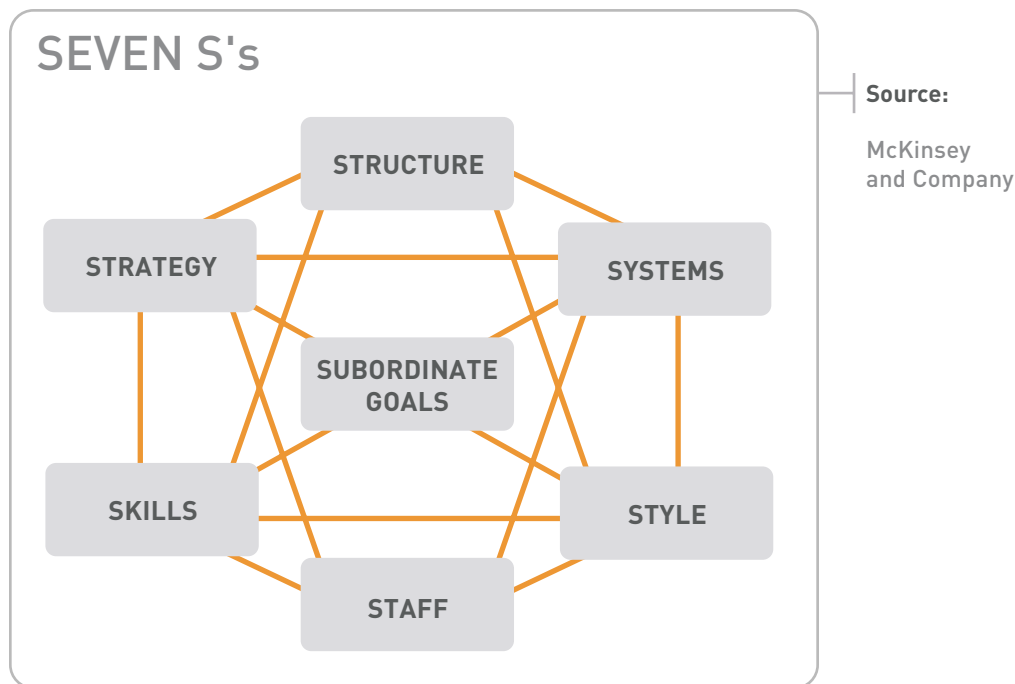
- segmenting and analyzing business costs
- identifying steps in which value is created
- isolating your core competencies relative to competitors

The outcome of these analyses will influence a number of strategic technology decisions including:

- which IT investments are most in line with corporate objectives and will delivery the best payback
- which functions may be considered for outsourcing

Consider This

- Porter's value chain analysis is a good lens through which to view IT's contribution and effectiveness relative to business goals.
- Technology may be the single largest contributing factor in achieving competitive advantage



What Is It?

This timeless framework was originally developed in the 1970s by Tom Peters when he was a McKinsey consultant. It reminds us that management includes a broad scope of concerns:

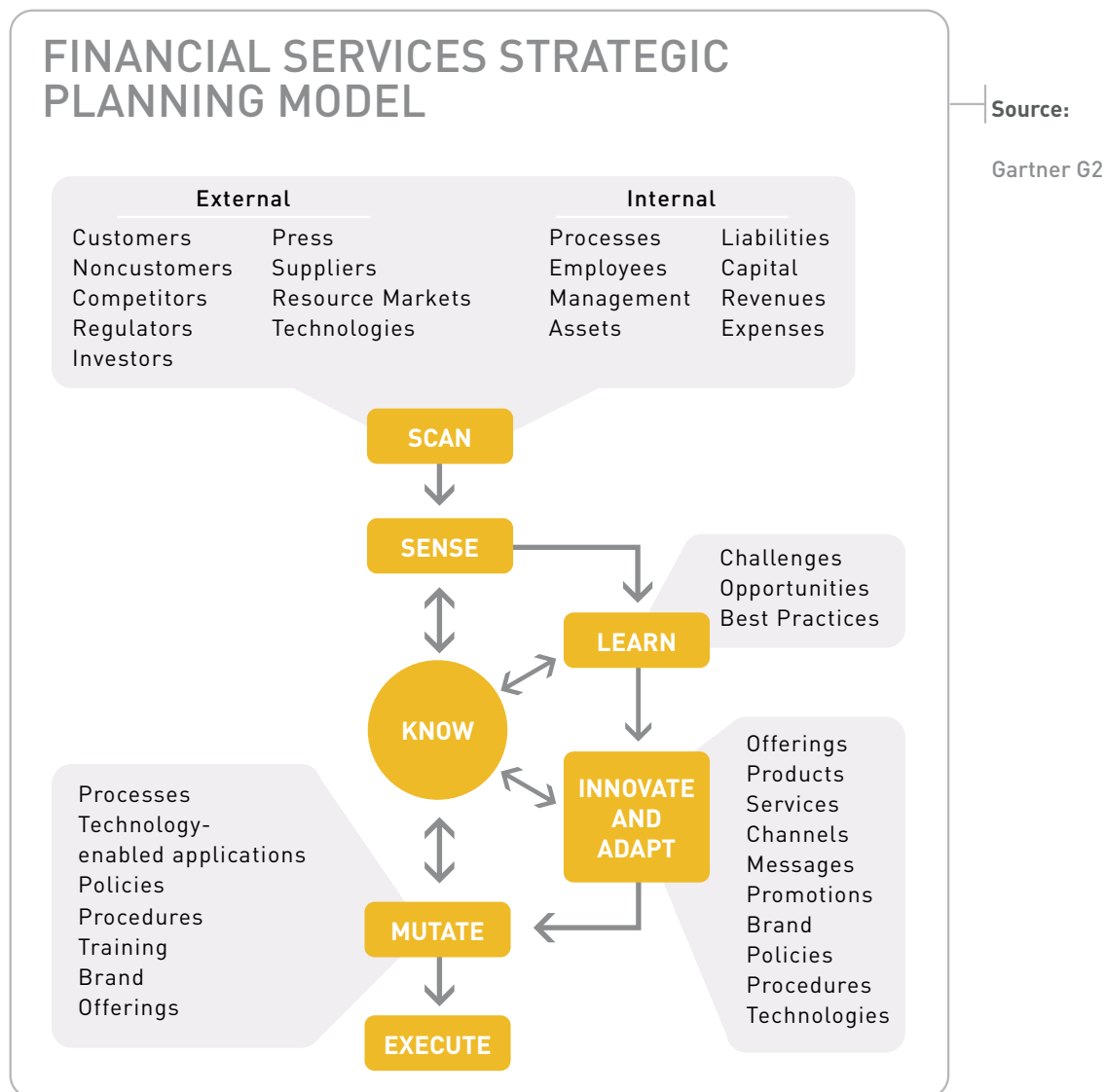
1. Strategy - A coherent set of actions aimed at corporate success.
2. Structure - The organizational chart and accompanying detail that defines lines of reporting and division of responsibility.
3. Systems - The process and flows that enable an organization to operate effectively.
4. Shared values - The values that go beyond formal goals and objectives.
5. Skills - The capabilities that are possessed by an organization as a whole rather than the people within it.
6. Style - The way management collectively allocates time and attention and uses symbolic behavior, which indicates what is considered important.
7. Staff - The people in an organization

When Do I Use It?

- To remind managers of the scope of what can be managed. By recognizing that real change in large institutions is a function of at least seven chunks of complexity, managers are made appropriately more humble about the difficulty of changing a large institution in any fundamental way.
- As a checklist when implementing a strategy, no matter how large or small, to ensure you've covered all the bases.

Consider This

- A new generation of managers may have overlooked this message entirely. It bears repeating early and often.
- All of the Seven S's are interdependent; ignoring one or more puts them all in peril
- The relative importance of each S will change over time.



What Is It?

This GartnerG2 framework defines seven strategic competencies critical to organizational success regardless of strategy or markets. The seven competencies are:

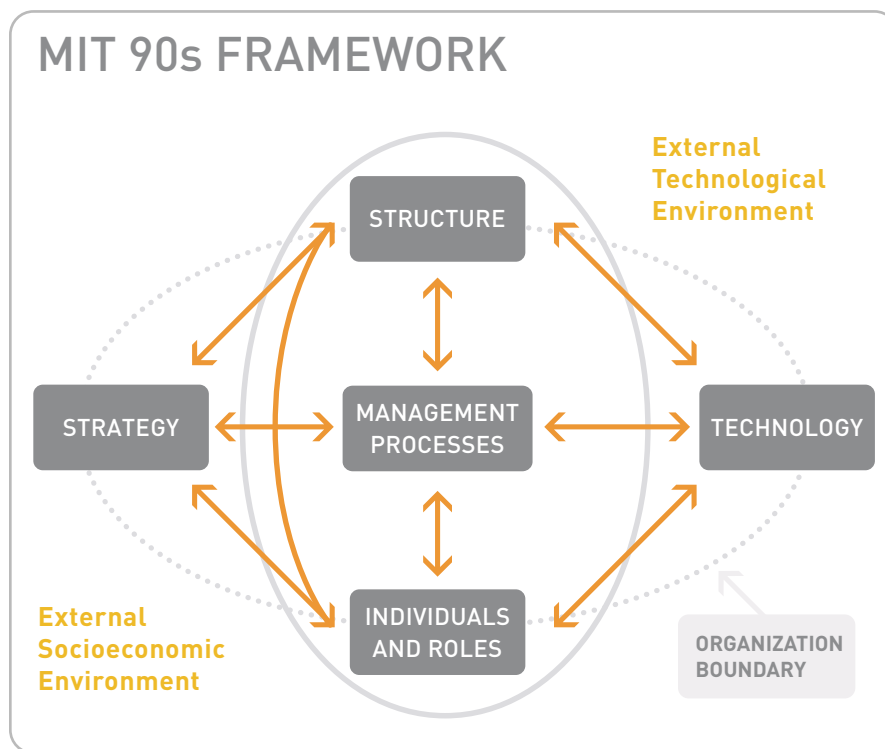
- Scan and Sense - to determine changes in any stakeholders who may influence the organization's performance.
- Learn - to compare this information to the organization's core knowledge base.
- Innovate and Adapt - to create new value and adjust to changing market conditions
- Mutate - Deliver innovations and adapt to the market ahead of the competition
- Execute - Flawless market delivery.

When Do I Use It?

- Adopt this process for managing — and capitalizing on — change on a continuous basis.
- Use it a way to simultaneously manage both short and long term strategic planning objectives.

Consider This

- While this framework was designed for financial services firms, it is applicable to any company operating in an industry marked by rapid change.
- Strategic processes must be updated and retooled in much the same way as operational processes.



Source: M Scott Morton, ed, *The Corporation of the 1990's: Information Technology and Organizational Transformation*, Oxford University Press, 1991

What Is It?

The MIT 90s framework asserts that organizations comprise five sets of forces. They include:

- corporate structure (how you are organized)
- corporate strategy (your corporate objectives and how you intend to go about achieving them)
- management processes (your operations for executing strategy)
- technology (the underlying infrastructure that supports the business)
- individuals & roles (contribution at the employee level)

A central task of management is to ensure that all five forces remain in equilibrium as they change over time. Changes in technology should go hand in hand with changes in the other four areas.

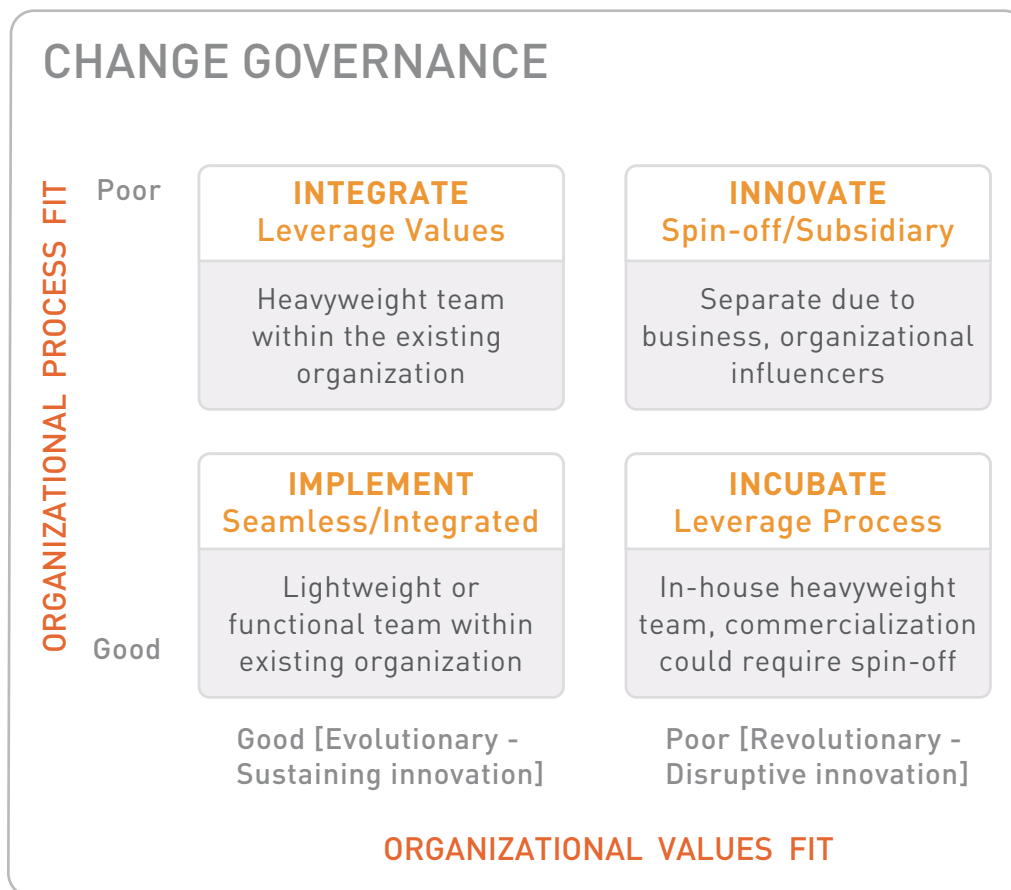
When Do I Use It?

Use this framework:

- when planning for, implementing or responding to changes within your company or market
- when merging with or acquiring another company, or when being acquired
- in times of turmoil or upheaval to ensure that you develop and execute a coordinated response

Consider This

- The technology implications of changes, whether big or small, are often the least understood and wreck the most havoc in times of change.
- Since this model was originally conceived in the early 90s, companies' are much more intertwined with and interdependent upon one another, hence increasing the importance of external forces in this equation.



Source: C. Christensen and M. Overdorf, Harvard Business Review, March–April 2000, adapted by Gartner

What Is It?

This framework helps companies figure out the best way to implement changes. The appropriate course will be driven by the extent to which the proposed change is or is not in line with existing corporate processes and values.

- Changes that affect only resources and processes can generally be accommodated within the existing line management structure.
- Christensen maintains that those affecting values and culture are best accommodated in a spin-off.

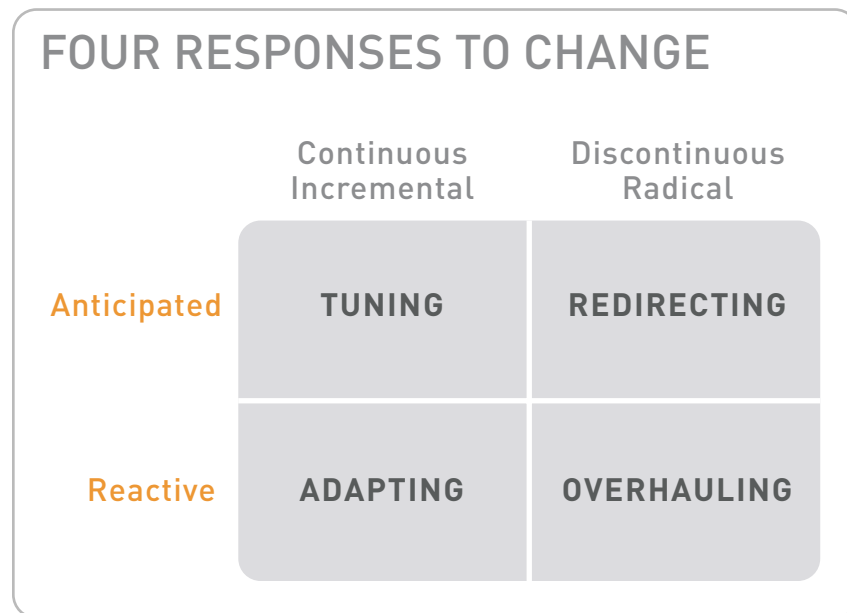
When Do I Use It?

This framework is useful when:

- determining the corporate structure and governance for a new business entity (product, service or brand, for instance)

Consider This

- Christensen has come under fire in the wake of the dot com meltdown, as spinoffs have fallen out of favor.
- While his recommendations are the subject of many a lively debate, the model is still a useful lens for contemplating how to accomplish new strategies.



Source: "Champions of Change" David A. Nadler 1998

What Is It?

This simple framework evaluates the impact of External Change on a company and the type of response that is called for. Approaches include:

- Tuning (making incremental adjustments consistently over time)
- Redirecting (a conscious and often dramatic change in course based on a belief about future events)
- Adapting (responding to change with some action that is within the company's original plan)
- Overhauling (A response to radical change, usually dictated by a powerful and unexpected external force)

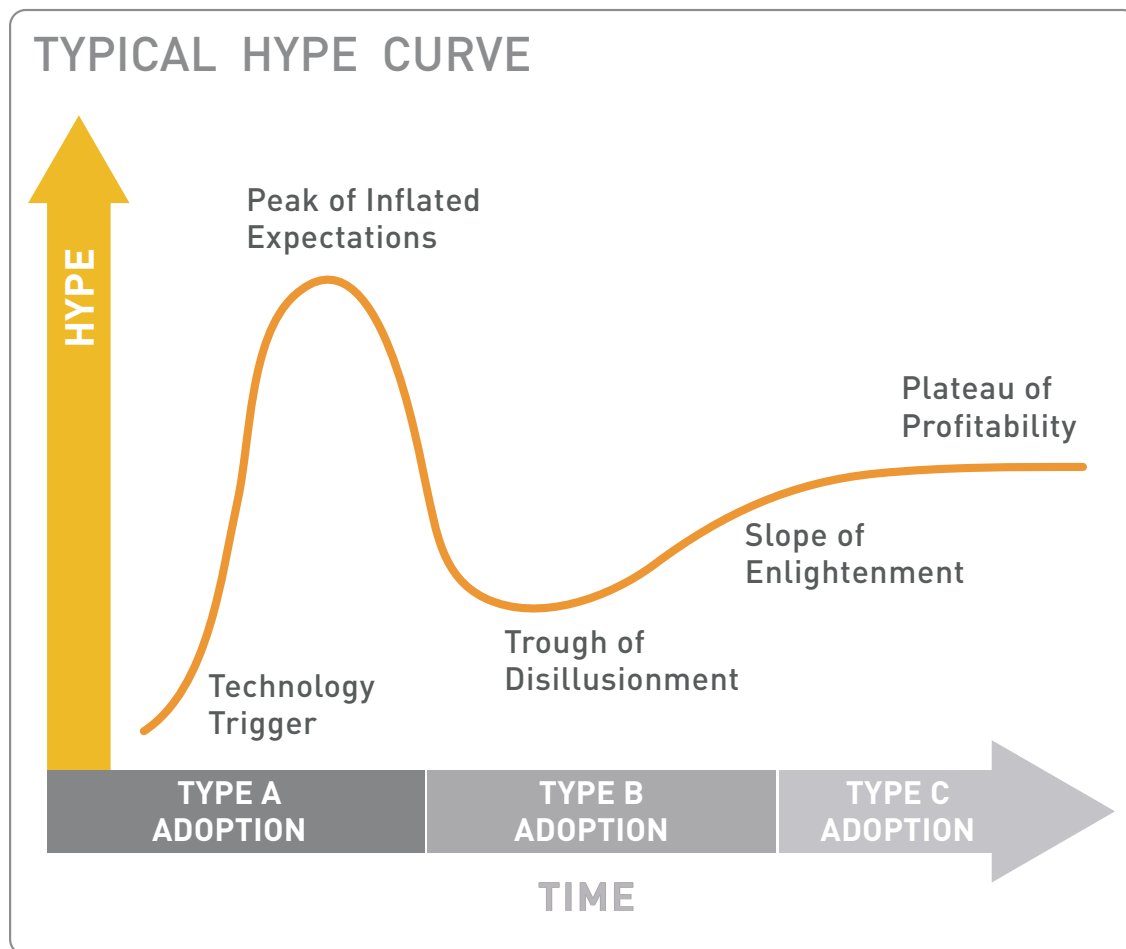
When Do I Use It?

This framework is helpful when:

- performing a self-assessment of the organization and its ability to respond to change;
- formulating business strategy and, by extension, a change management strategy.

Consider This

- Different responses require leadership at different levels within the organization.
- Tuning is part of every manager's daily activities.
- Redirecting is part and parcel with a proactive executive management approach.
- Adaptation occurs at the business unit level.
- Overhauling must be spear headed by executive management
- No response to change is not an option. The question is: do you want to control your destiny or simply become swept up in a maelstrom of change?
- Adapting to change is a viable strategy; overhauling is usually a signal that a company has poor early warning systems and an unhealthy resistance to change.



Source:

GartnerG2

May 2001

What Is It?

This classic Gartner framework plots the typical progression of a technology from its initial introduction through its maturation to broad market acceptance. The progression includes these steps:

- **Technology Trigger.** A scientific breakthrough, public announcement, product launch or other event generates significant press and industry interest.
- **Peak of Inflated Expectations.** Over-enthusiasm and unrealistic projections combined with a flurry of well-publicized activity by technology leaders characterize this phase. Some successes but even more failures result as the technology is pushed to its limits. Conference organizers and magazine publishers seem to benefit most from the technology.
- **Trough of Disillusionment.** Because the technology does not live up to its over-inflated expectations, it rapidly becomes unfashionable and the press abandons the topic.
- **Slope of Enlightenment.** Meanwhile, behind the scenes, focused experimentation and hard work by an increasingly diverse range of organizations lead to a true understanding of the technology's applicability, risks and benefits. Commercial off-the-shelf methodologies and tools become available to assist with its use.
- **Plateau of Productivity.** The real-world benefits of the technology are demonstrated and the technology gains wide-spread acceptance.

[continued]

TYPICAL HYPE CURVE (continued)

When Do I Use It?

Though initially developed for IT professionals, this framework is also extremely useful for business strategists whose market and strategy decisions are influenced to a large degree by technology developments. Business strategists may use this framework to:

- Discern potential threats and emerging opportunities enabled by technology. Companies must continually update and monitor their “technology radar screen” lest they are caught unawares by a key competitor.
- Time their adoption of a technology relative to competitors. Aggressive “Type A” firms are more likely to adopt a technology that is newly introduced or in the peak of inflated expectations.
- Risk averse firms will generally wait until a technology achieves widespread acceptance before considering it’s adoption.
- Mitigate risk. By distributing technology investments along the Hype Cycle, an organization can mitigate risk while not completely forfeiting first-mover advantage.

Consider This

- Some ill-conceived technologies never emerge from the trough of disillusionment.
- Individual market entrants may cycle through this process at varying rates.
- The most high-profile vendors (e.g. IBM, Apple, Microsoft) generally create the highest peak of inflated expectations and suffer the lowest periods of disillusionment due to extensive scrutiny.