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## **Briefing on Strategy – key updates**

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# Agenda

- 1) Three models to stimulate conversation
- 2) How to evaluate strategy

# Strategy – a three-legged stool



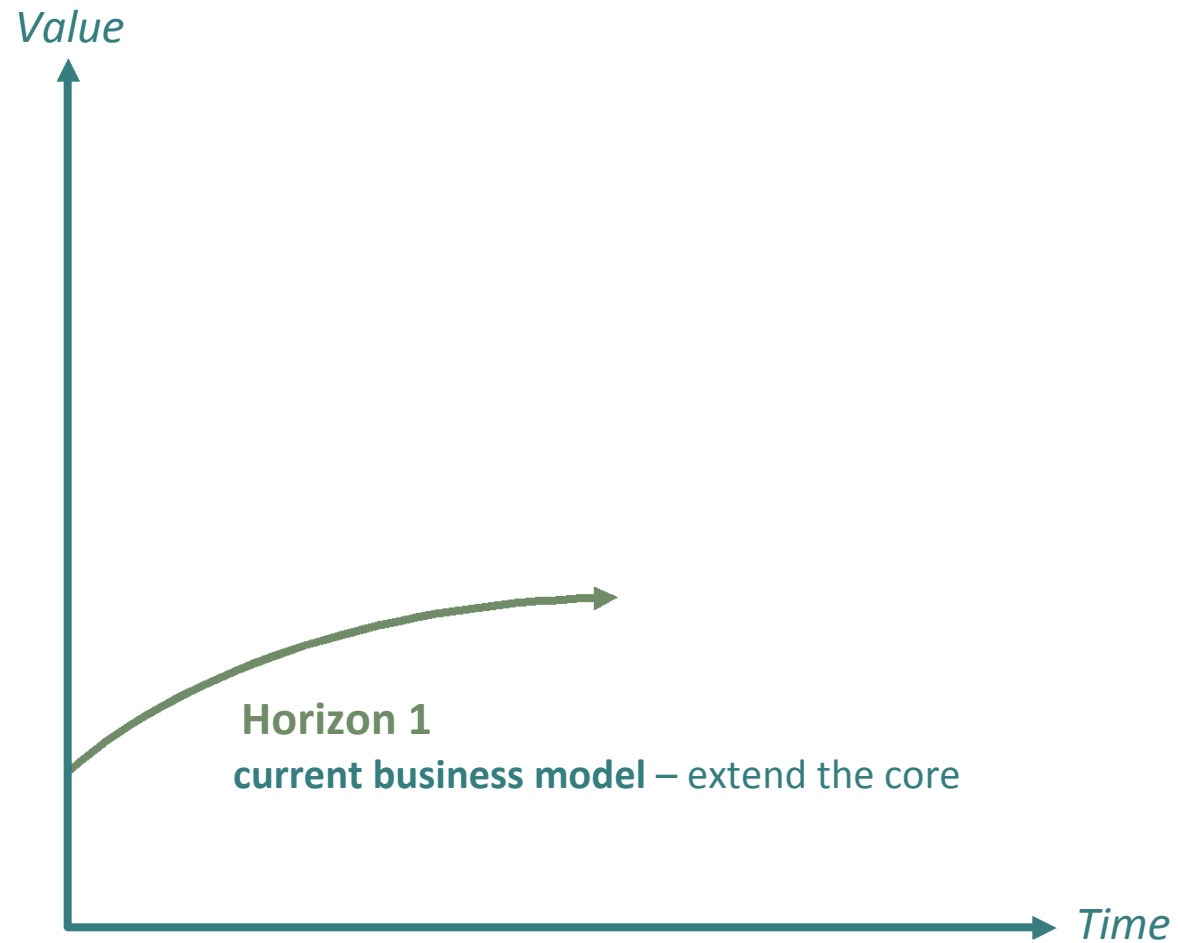
# Strategy – a three-legged stool



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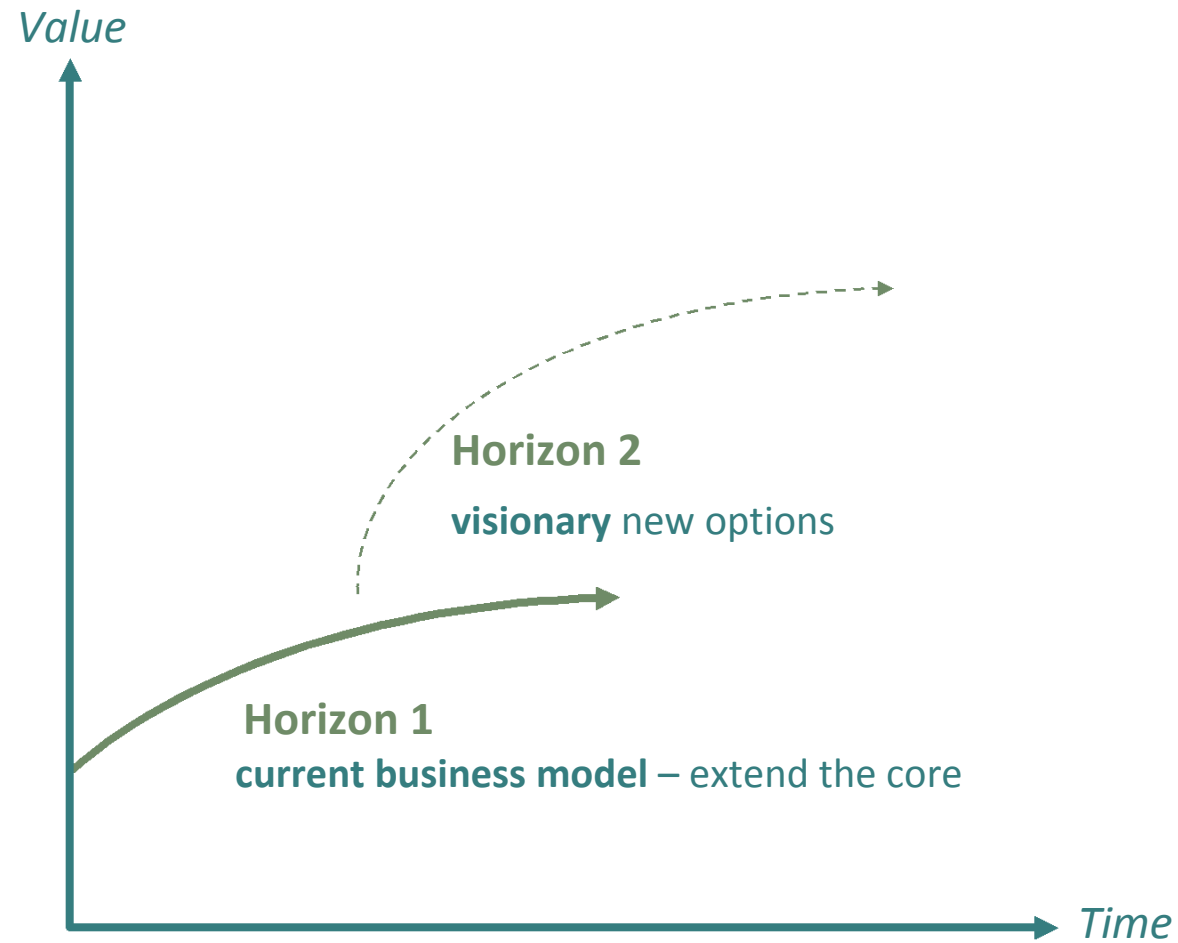


# Strategy as horizons



Source: McKinsey & Company

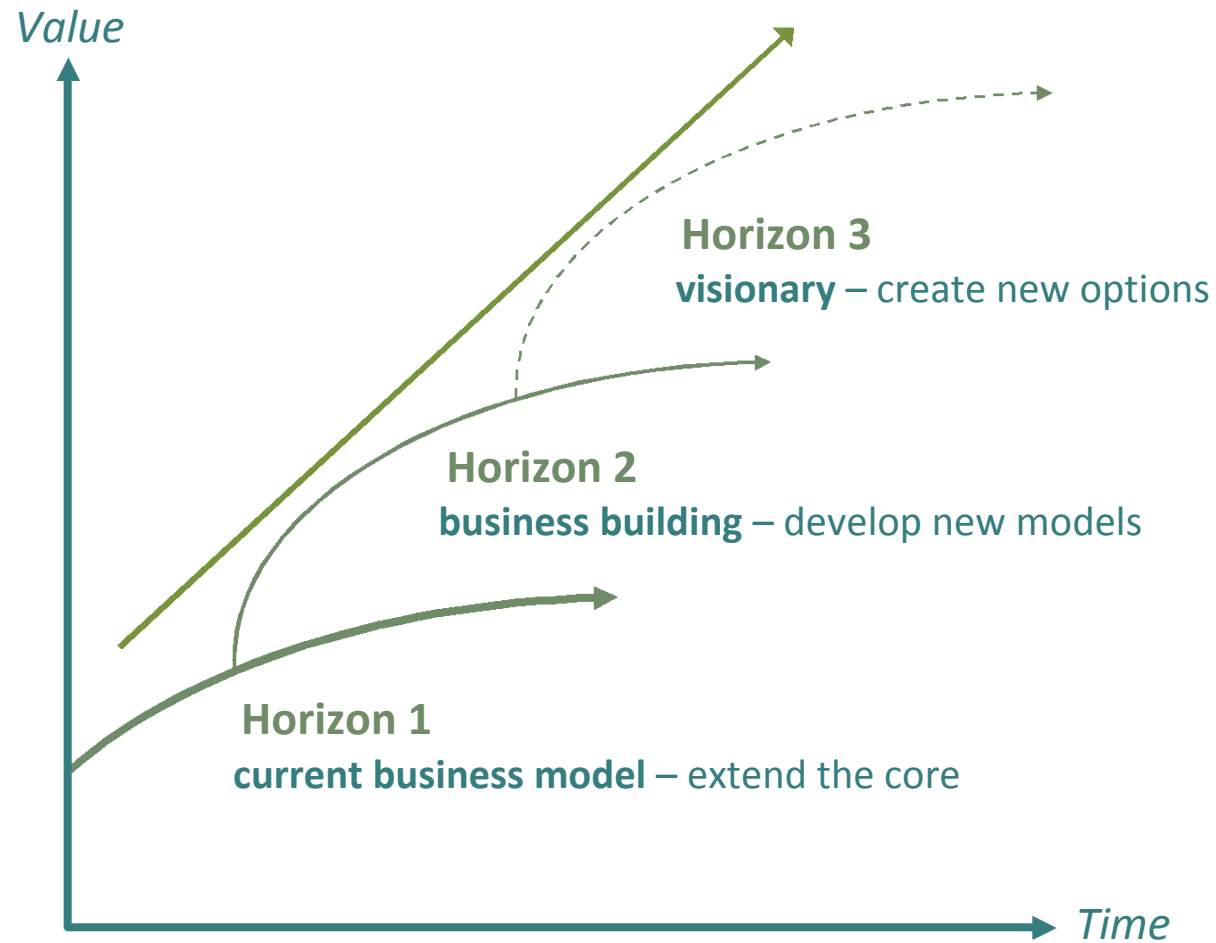
# Strategy as horizons



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# Strategy as horizons

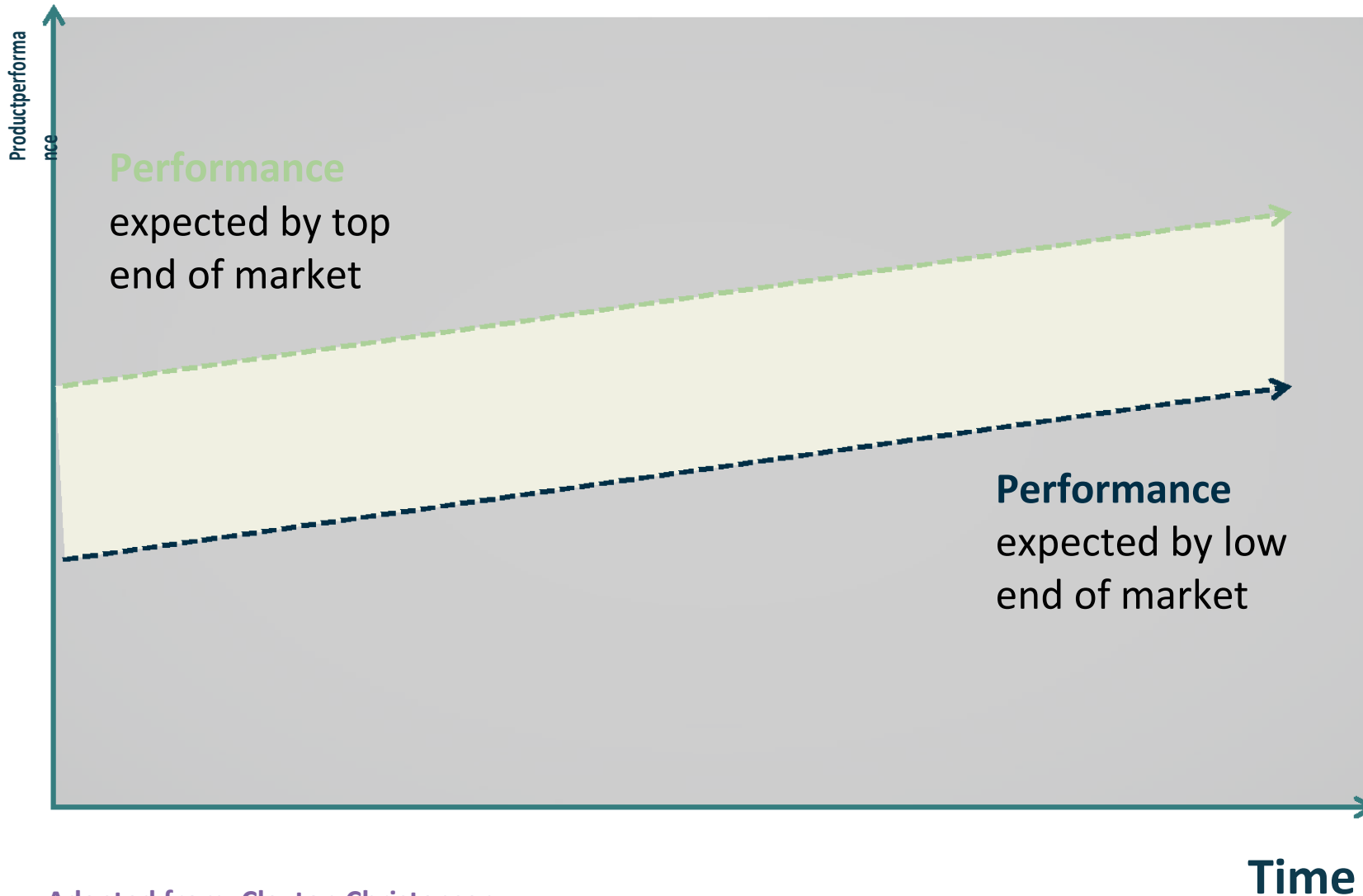


Adapted from McKinsey & Company

# Aligning business horizons

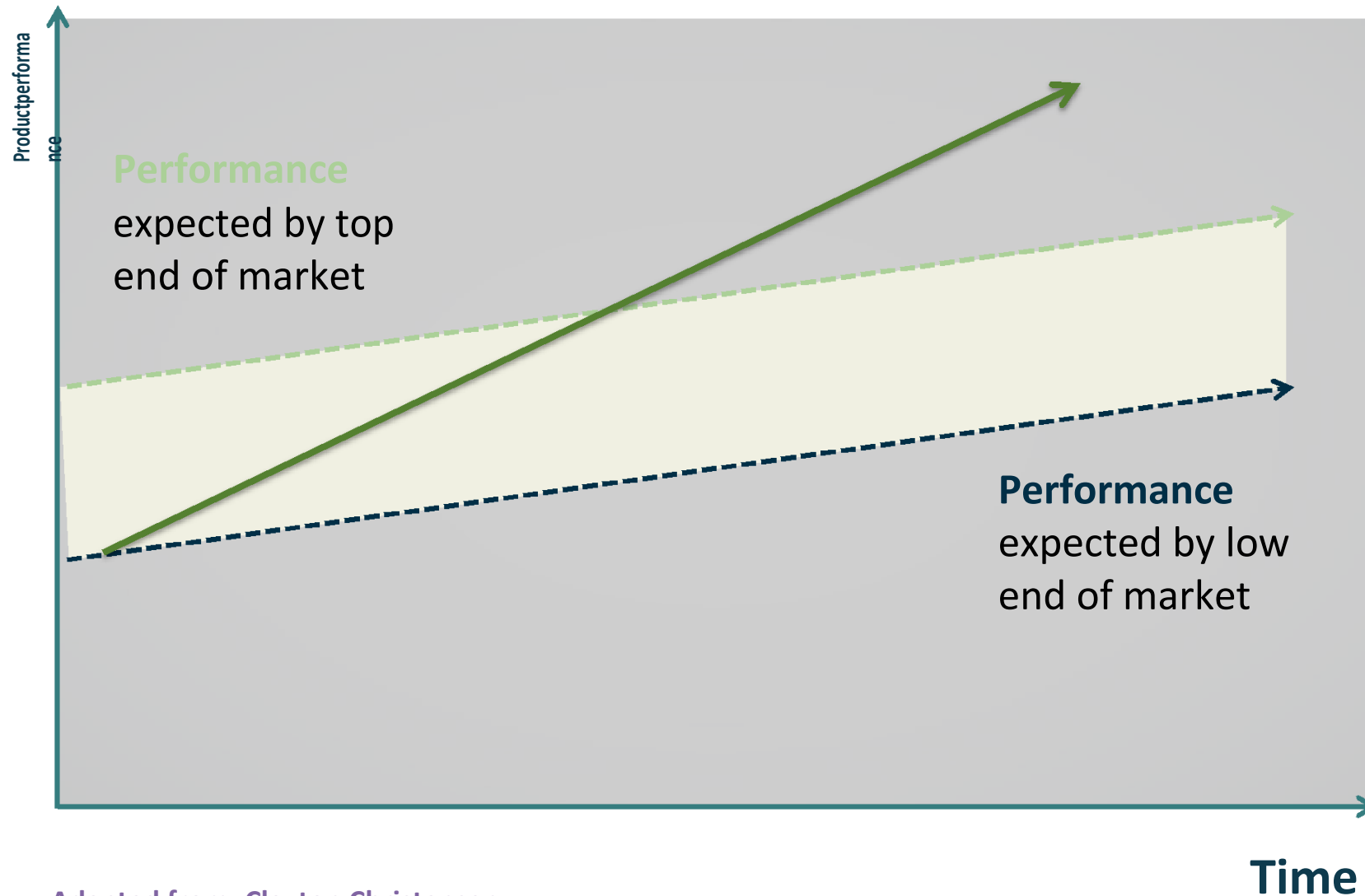
	Horizon 1: Established business	Horizon 2: Next business	Horizon 3: Future business?
Focus	Defend and increase the profitability of existing business	Pivot the enterprise and build the newbusiness	Discover options and place selected bets on emerging opportunities
Risk consideration	Protecting business models from downside risk	Seeing value in opportunity (upside risk)	Investment in experimentation
Executive focus	'Manager' Cost,efficiency, customer intimacy, incremental innovation	'Entrepreneur' Transformational leadership backed by the capacity and appetite for change	'Innovator' Exploration of new possibilities unfettered by current business
Resources	Majority	Extraordinary when transitioning	Some
Metrics	Profit, margins, costs	Market position, growth	Milestones
Information	Clear		Uncertain

# Market disruption



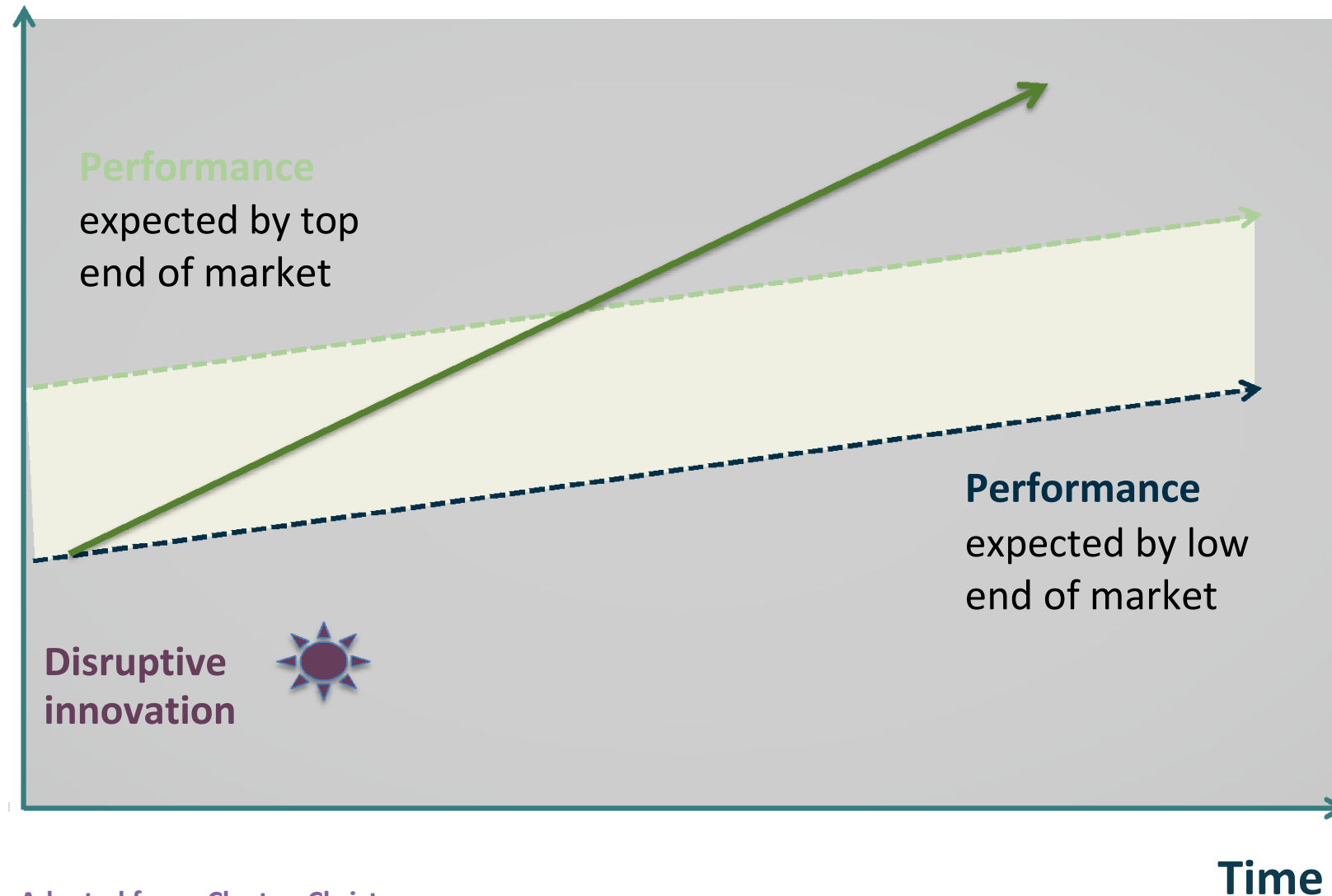
Adapted from: Clayton Christensen

# Market disruption



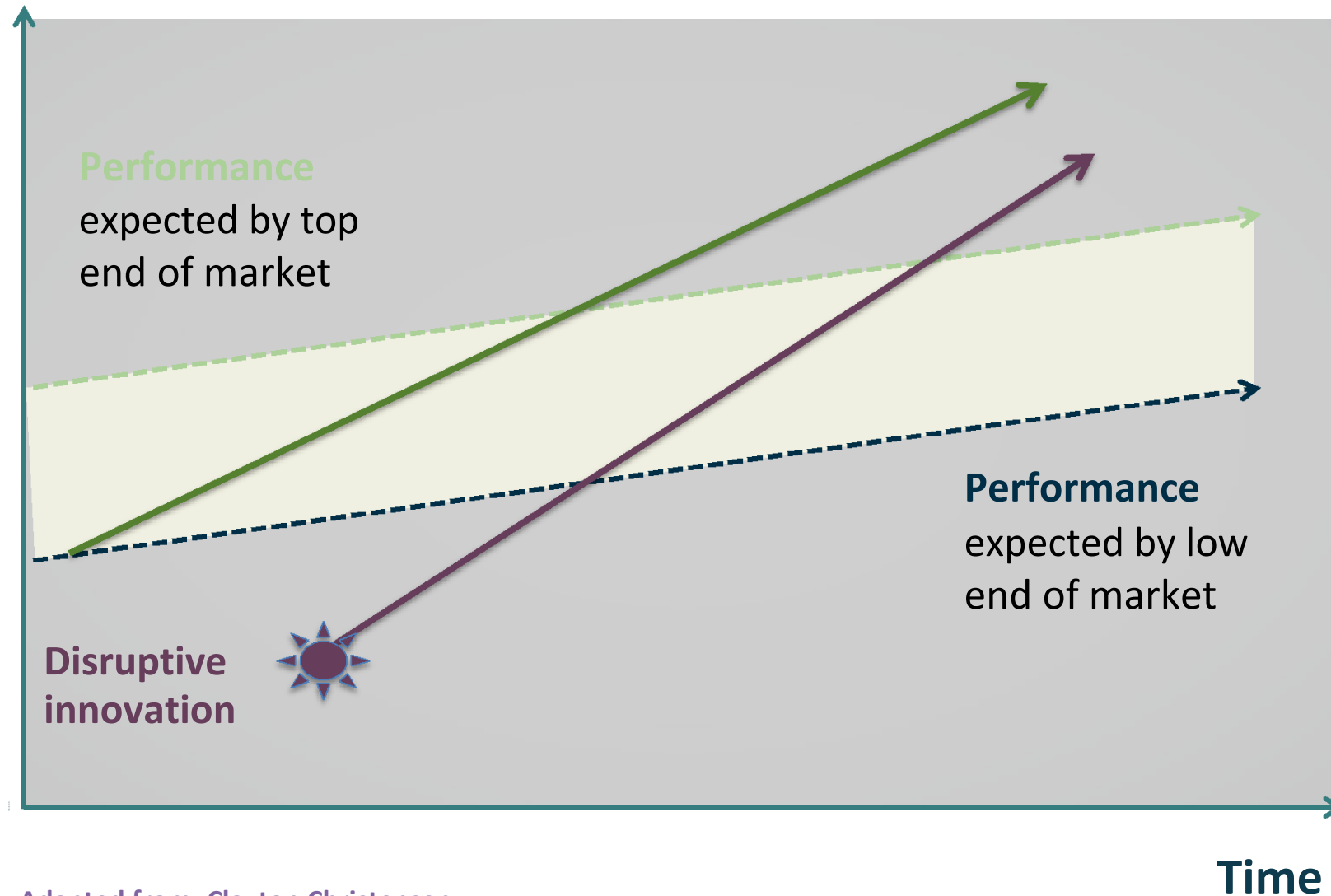
Adapted from: Clayton Christensen

# Market disruption



Adapted from: Clayton Christensen

# Market disruption



Adapted from: Clayton Christensen

# How to evaluate strategy?

- 1) Causal relationships, factors outwith control and time lags make outcome measures suspect
- 2) Inputs and processes are controllable
- 3) McKinsey's '10' leads to IOD's '20'

Institute of Directors – Strategy Health Check please download and use



Complete this 20-question IoD strategy health-check. Share this with your other board members and use the results to help develop your organisation's strategy process.

Use a 0–10 scale (0 if the factor doesn't describe your organisation at all and 10 if it fully reflects it).

	Factor	Score (0-10)
1	Our organisation has a compelling purpose that guides our strategy	
2	We have a clear strategy that adds value in the context of our industry/sector	
3	Our strategy is based on analysis of our internal and external environments	
4	We understand the implications of technological change for our strategy	
5	Our strategy focuses on our key challenges	
6	The assumptions underpinning our strategy are regularly reviewed	
7	We involve the right variety of people in our strategy process	
8	We are clear about our risk appetite in relation to strategic decisions	
9	Decisions are taken after thorough deliberation by the leadership team	
10	Our stakeholders support our strategy	
11	We consider the ethical implications of our strategy	
12	We nurture our corporate reputation	
13	We know our products/services and understand how they fit in the marketplace	
14	We are clear about our sources of competitive advantage	
15	Our organisation is cohesively aligned to deliver our strategy	
16	We commit the resources required to implement our strategy	
17	We can identify sources of business in the short and medium term	
18	Our strategy invests in identifying and cultivating longer-term opportunities	
19	We have the capacity to cope with unforeseen events	
20	We review our strategy's progress	
<b>TOTAL</b>		

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