

Optimizing Strategic Value

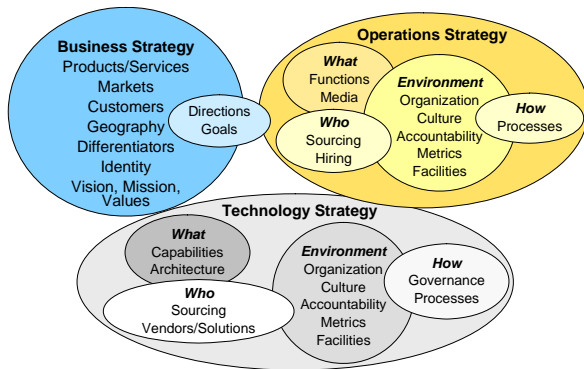
This paper helps you assess your need for strategic planning. Discuss your environment and identify the actions you need to take to optimize strategic value in your organization.

The Importance of Strategy

Strategy has always been an important element of successful businesses. Intense competition, limited financial and human capital, and the magnitude and speed of change heighten the importance of strategic planning. Now, more than ever, companies need to have a clear business strategy that defines who they are and where they are heading. At the same time, having clear operations and technology strategies is essential. These strategies translate the business strategy into action and enable the organization to achieve the defined business goals.

Too often, companies lack clear strategy and strategic alignment. Figure 1 shows the elements of the business, operations, and technology strategies. It depicts how the strategies are often disconnected. In addition, the characteristics of each strategy may not be well defined or understood—both in terms of what the company is doing and why it is doing it.

Figure 1: Strategies and Their Characteristics

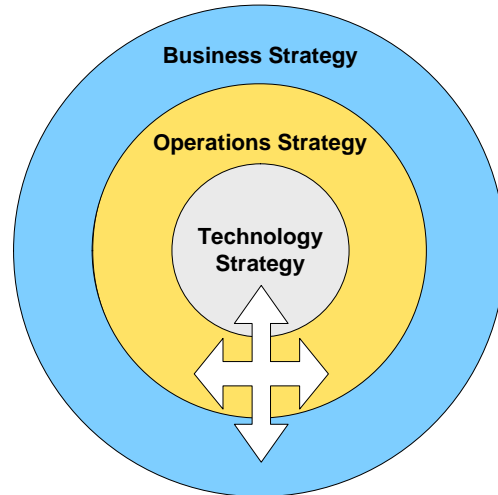


Can you clearly articulate your company's strategies—business, operations, and technology—and their characteristics? Can you answer the question: Why are we doing it this way?

Strategic Alignment

The preferred model is one of strategic alignment (see Figure 2). Business strategy is the “big picture” and outer layer within which the operations and technology strategies must fit, or align. We must understand business strategy first before we can define the operations strategy. The technology strategy makes up the inner core and enables the operations to achieve the defined business goals. Each of these strategies should address the characteristics listed in Figure 1.

Figure 2: Strategic Alignment

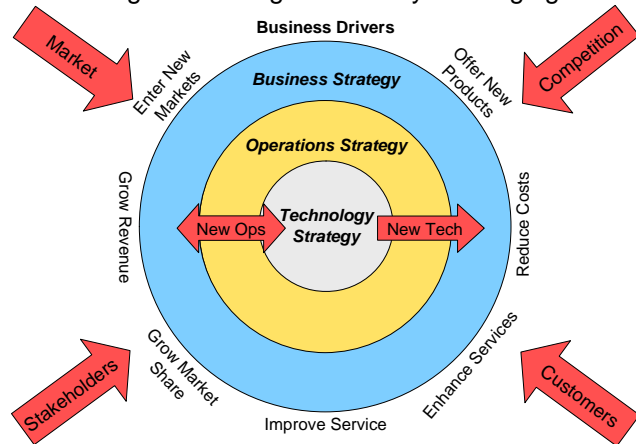


Do your strategies align to ensure that the operations focus on achieving business goals and that your technology enables operations to succeed?

Adjusting to Changes

While strategic alignment is the goal, we must recognize that the business environment is always changing. The market, competition, customers, and stakeholders constantly put pressure on companies, which necessitates the development of new strategic directions. Initiatives to grow, cut costs, offer new products or services, consolidate, or expand are typical. These business drivers demand adjustments in a company's operations and technology strategies. Further, new technology and operational methods introduce more opportunities for change.

Figure 3: Things Are Always Changing



Do you understand your current business drivers, or technical and operational changes in the market? Are you making the appropriate adjustments in your strategies to meet your business goals?