

# A guide to business strategy: Do you understand your company's strategy? - checklist

## Exercise 1: What do you know of your company's strategy?

Does your company have an explicit business strategy?

Yes

No

## Exercise 2: Strategy development in your organisation

For your organisation, decide what is the principal method (or methods) of strategy development:

- who is involved in your strategy and what does this mean for your organisation - positive and negative?
- what is the focus of your strategy - past, present or future?
- what effects occur within your organisation due to the way strategy is developed?
- are you involved and, if so, in what way?

Reflect on what this means. For example, are you excluded or included in decisions about the company's future?

## Exercise 3: Vision, values and strategic intent

Consider the vision of your own organisation. This will probably be available in management or company communications.

Is it clear? Understood? Communicated well? Up to date? What are the key values that underpin this vision?

## Exercise 4: Global drivers of a company's strategy

Think about how such changes might affect business in the short and longer term and what that might mean in terms of strategic direction. Also note the implications for a company's strategy.

## Exercise 5: Using the PESTEL framework to consider key trends impacting your business

[Using the PESTEL framework as a guide\\*](#), use the diagram as a checklist to pin down in more detail the key trends over the next few years that you believe will have the greatest impact on your business.

We will now consider more specific forces affecting your business, using the Five Forces Model.

## Exercise 6: Five Forces and your company - key trends

[Consider each aspect in turn of the Five Forces as they affect your industry and your business.\\*](#)

How vulnerable or secure are you, in the short term and in the long term?

## Exercise 7: How is your firm positioned?

Start by listing the attributes that customers value when they buy your product: list four or five in order of importance. Then look at your prices versus that of your competitors. You may find it surprising to discover your relative position when you look at this from the customers' perspective: there is a tendency to rate yourself in blanket terms as 'we are the best' and this method gets below the surface.

Market positioning is always relative to that of competitors. Successfully building unique and sustainable competitive advantage requires not only knowing the needs of your customers but also a clear understanding of your organisation's capabilities compared with those of your competitors:

- what are their shares of the market?
- what are their product qualities and service levels like?
- what is their promotion strategy, their technological capability, their financial strength?

You need to review the market constantly and be alert to the possible entry of new competitors and/or substitute products. You can also get information from annual reports and market research data from companies such as Datamonitor or Mintel. If you have a market research function, it may well have access to this information.

## Exercise 8: SWOT analysis

<b>Strengths</b>	<b>Weaknesses</b>
<b>Opportunities</b>	<b>Threats</b>

List the key strategic issues/factors inside or outside the organisation that significantly impact the long-term competitive position of your organisation in the SWOT matrix:

- strengths - potential factors that make your company more competitive than your direct competitors
- weaknesses - potential limitations and defects ingrained in your company and/or weak factors relative to direct competitors
- opportunities - future factors that allow your company to improve its relative competitive position
- threats - future factors that reduce your company's relative competitive position

## Exercise 9: What makes your company special?

- what are the resources and core competencies in your organisation?
- what are the distinctive capabilities that exist within your organisation?
- how difficult is it for a competitor to imitate the resources and capabilities that lie within your organisation?

If you know the answers to these questions, this process of assessing the resources in your firm helps you ascertain where its strengths and weaknesses lie and compare these findings with where you need to compete, both today and with any planned future strategies. You can then use this information to devise strategies based on your firm's current set of resources as a powerful way to maintain advantage. This assessment process should be carried out regularly because changes in the environment or shifts in customers' needs may cause resources to become obsolete or highlight particular resources that are required for the future. For you to answer these questions, you have to ask other people who know the business well. Include human resources in your list.

## Exercise 10: Final questions for reflection

Read through the questions and exercises under each section and decide:

- what is the nature of your industry and how are you likely to be affected by social, political, economic and other changes?
- what are the strengths and weaknesses of your organisation?
- how strong are you in your respective markets and are there any weaknesses that should be remedied?
- what effect is this likely to have?
- who is involved in your strategy and what does this mean for your organisation, good and bad?
- what is your involvement in strategy development and implementation - should you be playing a different role from your involvement currently?
- with whom do you need to discuss these matters?

It will now be clear that strategy formulation is a complex mix of assessing the external environment in which your organisation operates and also having a clear understanding of the unique skills and capabilities of your organisation. Possessing this information gives you the ability to devise a strategy that will benefit the organisation in the best way for the long term. Of course, simply putting together a strategy is not enough: implementation is a critical aspect of strategy in practice. Importantly, strategy is not a static document, it is the result of important conversations with key people about the shape and direction of the business. These discussions need to take place periodically.

\*To view related content, commentary and analysis, sign-in to LexisPSL In-house or request a 1 week trial.

[Begin your free trial now >](#)