



# ***The Strategic Planning Process***

**A focused approach**

*KPA Ltd.*   
Management Consulting

# *the 3 Qs...*

- Where are we now?
- Where do we want to go?
- How will we get there?

# *process objectives*

- Achieve consensus, at the management level, regarding the current position of the company's products in the market.
- Agree on what the company wants to achieve
- Decide on a concrete workplan



# **Short Term (ST) Impact Analysis**

# *ST Impact Analysis*

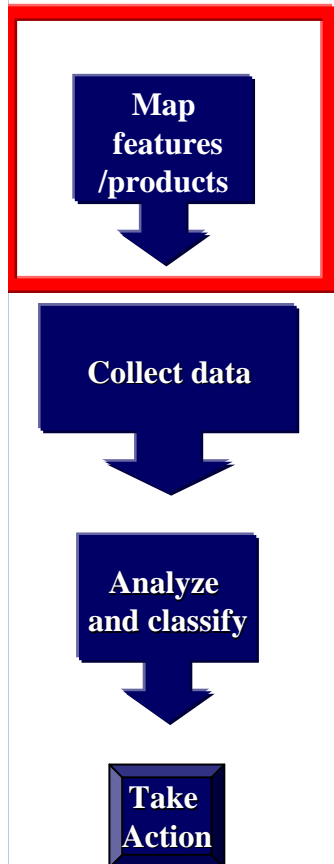
**Map features/products**

**Collect data**

**Analyze and classify**

**Take Action**

# ST Impact Analysis



	Feature/ Product Name	Functional Description	Source	Main application
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2				
3				
4				
5				

# *ST Impact Analysis*

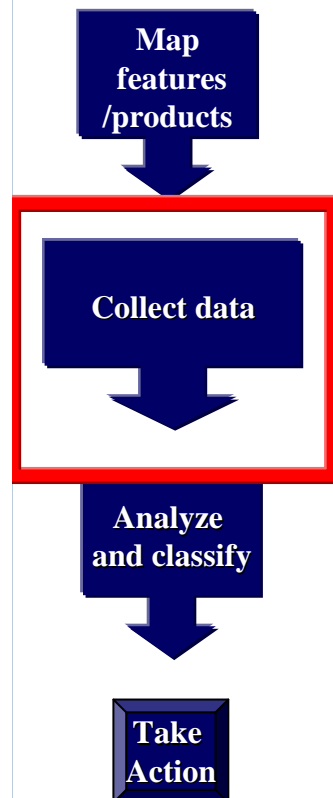
## **Two complementary estimates**

**D\$ = Direct sales, by market**

*Sales due to implementation of solution*

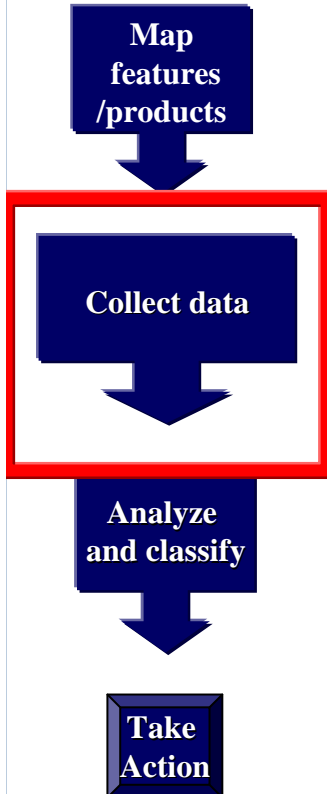
**I\$ = Indirect sales, by market**

*Additional sales due to upsell*



# ST Impact Analysis

## Inputs from markets



		Impact Analysis Worksheet														R&D				Roadmap		Decisions
		International market				US market				Israeli market				Man power(man/years)				Roadmap				
#	Features/ Products	2006		2007		2006		2007		2006		2007		H/W	S/W	Doc	others	contrac. (\$)	mater. (\$)	Beta	Release	
		Sales I (\$M)	Sales D (\$M)	Expen. (\$M)	Sales I (\$M)	Sales D (\$M)	Sales I (\$M)	Sales D (\$M)	Expen. (\$M)	Sales I (\$M)	Sales D (\$M)	Sales I (\$M)	Sales D (\$M)									
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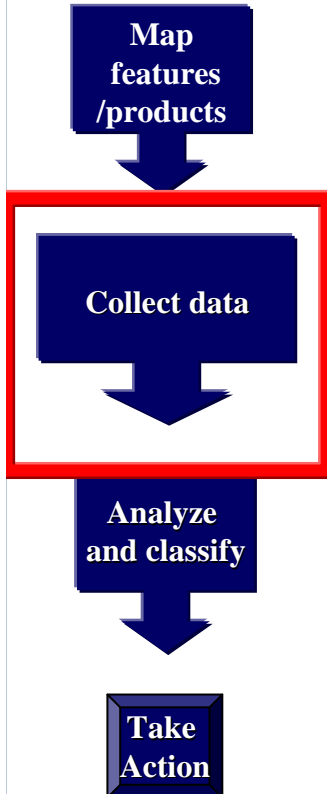
Legend: I = Indirect D = Direct Expen = Expenses Doc = Training and documentation Contrac = Contractors Mater = Materials





# ST Impact Analysis

## Inputs from R&D

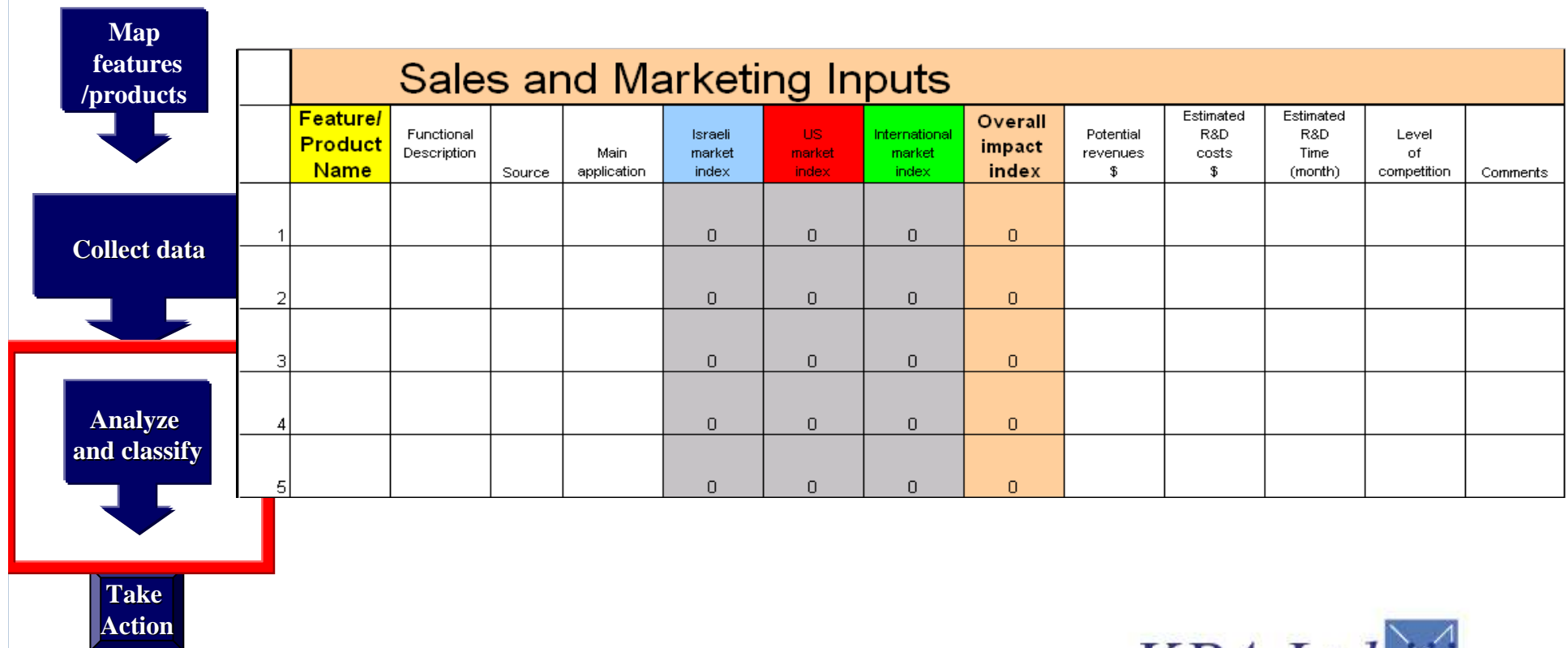


Impact Analysis Worksheet																														
#	Features/ Products	International market						US market						Israeli market				R&D												
		2006			2007			2006			2007			2006		2007		Man power(man/years)				Roadmap								
		Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Contract (\$)	Material (\$)	Beta	Release	Decision
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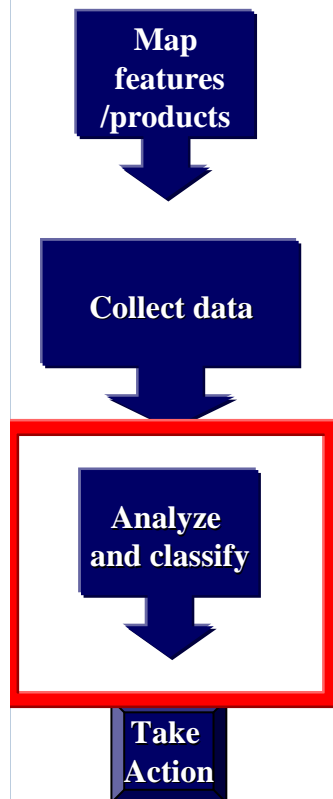
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# ST Impact Analysis

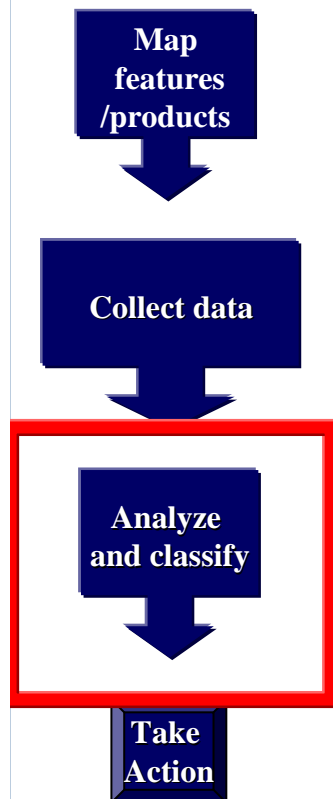


# ST Impact Analysis



Product Managers Input										
General Architecture description	Internal implementation option	External implementation option	Implementation by 3rd party	Estimated implementation time	Estimated R&D costs	Estimated production costs	Technological or business risks	Damage delay to current R&D plan	General business worthiness	Comments

# ST Impact Analysis

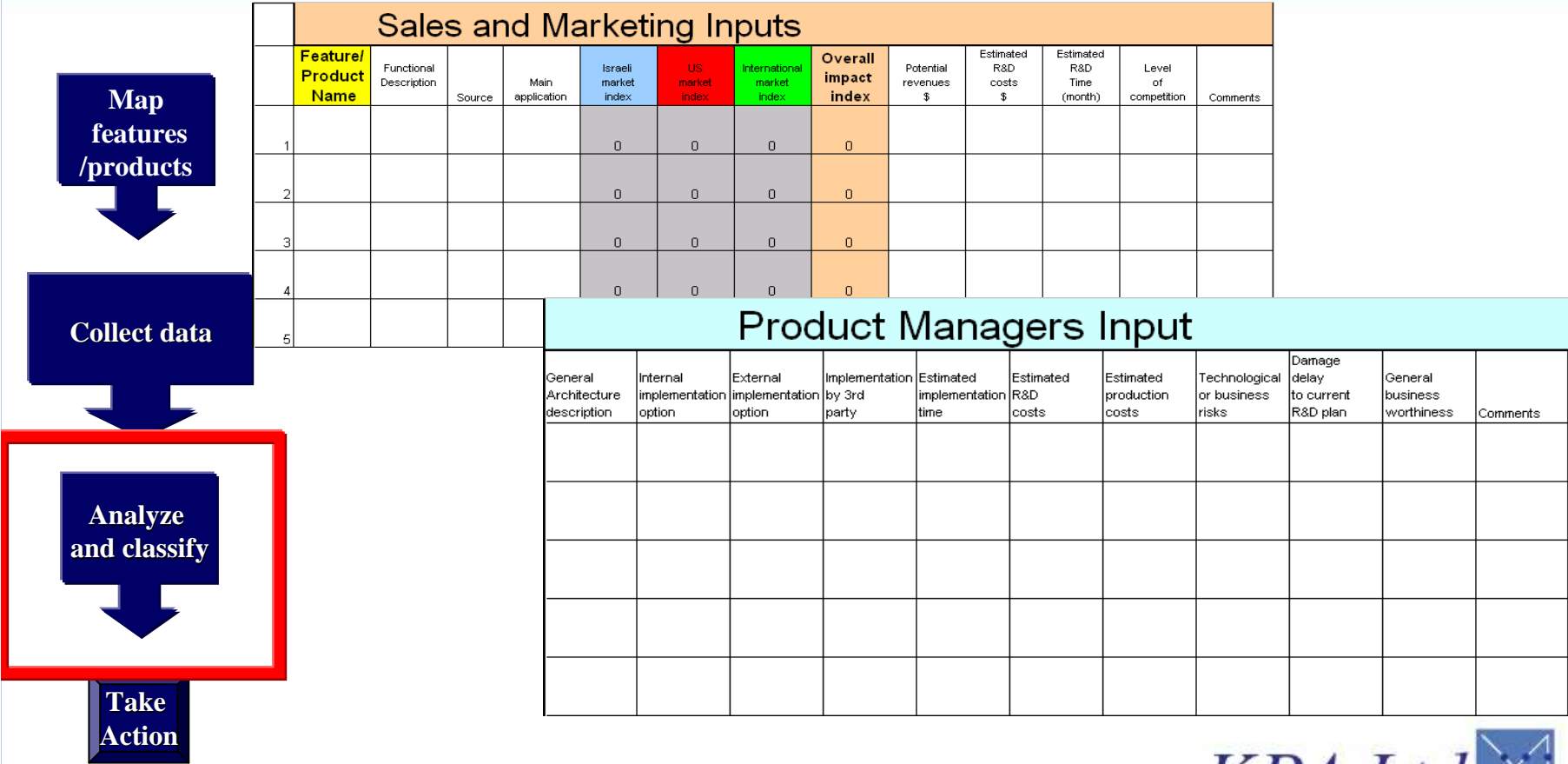


<u>Product</u>	<u>Family</u>	<u>Index</u>
A	CCC	17.250
B	CCC	10.650
D	CCC	8.025
C	CCC	5.750
S	DDD	3.600
G	OOO	3.500
P	DDD	3.300
I	OOO	3.000
J	CCC	2.850

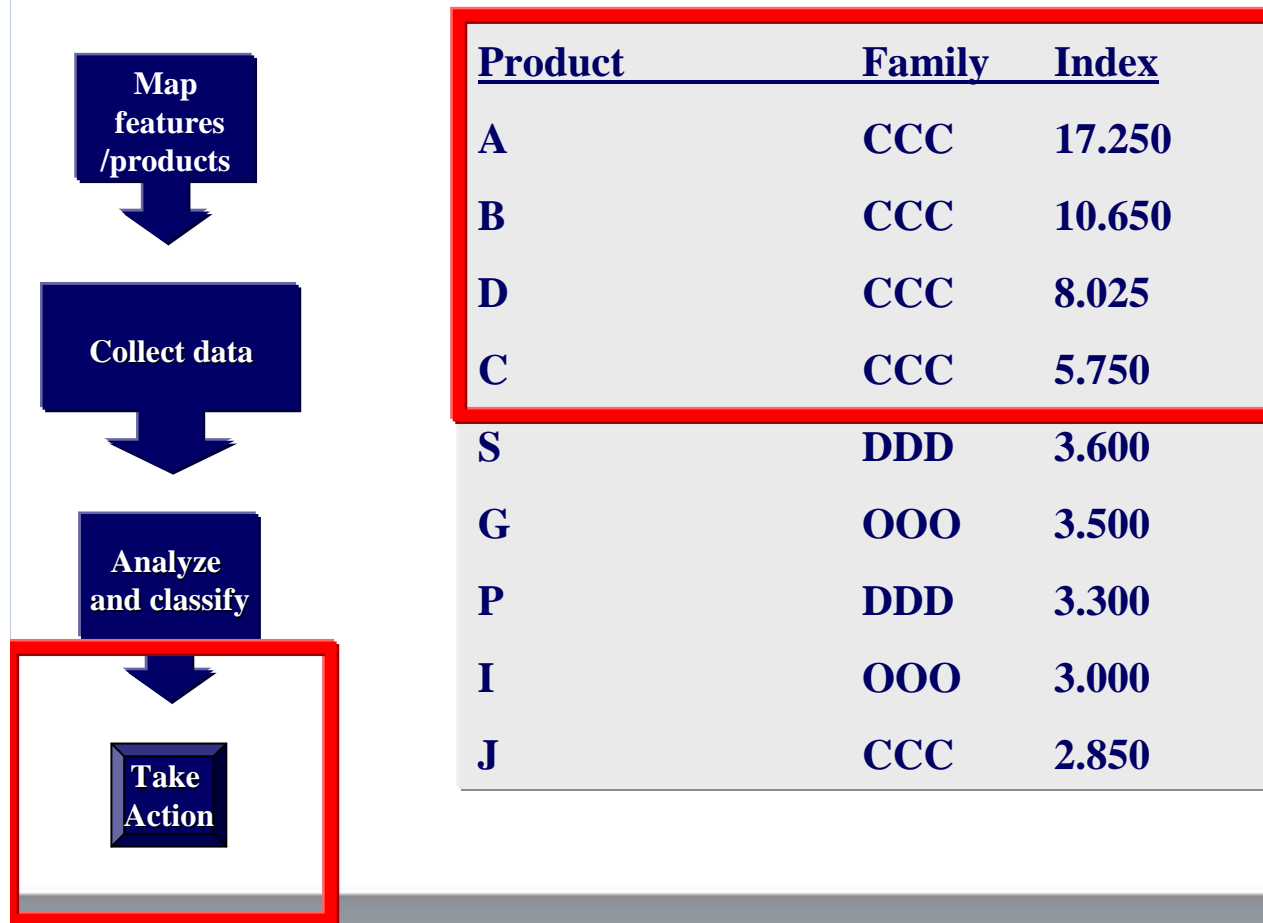
## Pareto Analysis of Impact Index

$$\text{Index} = I + D$$

# Setting priorities

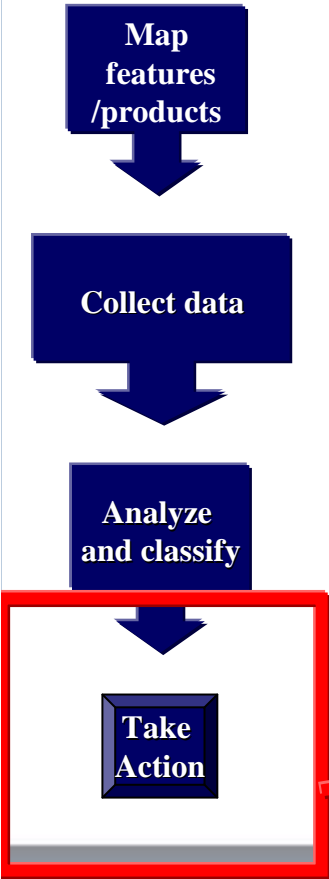


# Setting priorities



1. Assign responsibilities
2. Plan activities
3. Track progress
4. Review overall progress at pre-specified milestones

# setting priorities



**Impact Analysis Worksheet**

#	Features/ Products	International market						US market						Israeli market						R&D						Roadmap	Decisions
		2006			2007			2006			2007			2006			2007			Man power(man/years)		contract		mater.			
		Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Sales I (\$M)	Sales D (\$M)	Expen (\$M)	Man	power	contract	(\$)	mater.	(\$)		
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# **Long Term Strategic Analysis**





# *Strategic Portfolio Models*

- Marketing
- Technology
- Finance

# Strategic Assessment Questionnaire

## Market Attractiveness

- 2.11 Market growth rate
- 2.12 Market profitability
- 2.13 Volatility of market demand
- 2.14 Customer bargaining power<sup>^^</sup>
- 2.15 Price elasticity
- 2.16 Customer brand loyalty
- 2.17 Product differentiation
- 2.18 Stage in life cycle
- 2.21 Market barriers to entry/exit
- 2.22 Access to critical/special components
- 2.23 Rate of technological change<sup>^^</sup>
- 2.24 Technology/Innovation importance as perceived by customers
- 2.31 Regulatory climate<sup>^^</sup>
- 2.32 Volatility of exchange rates/inflation/political situation<sup>^^</sup>
- 2.41 Level of competition after analyzing the characteristics of competition<sup>^^</sup>
- 2.42 Threats by alternative solutions<sup>^^</sup>

## Relative Market position

- 2.51 Relative market share
- 2.52 Market share growth
- 2.53 Company's image as perceived by customers
- 2.54 Customer loyalty to our company
- 2.55 Company's prices relative to competitors<sup>^^</sup>
- 2.56 Company's quality relative to competitors
- 2.57 Company's service relative to competitors
- 2.58 Leader in technological innovation
- 2.61 Marketing skills and strength
- 2.62 Relationships with regulators
- 2.63 Distribution network coverage

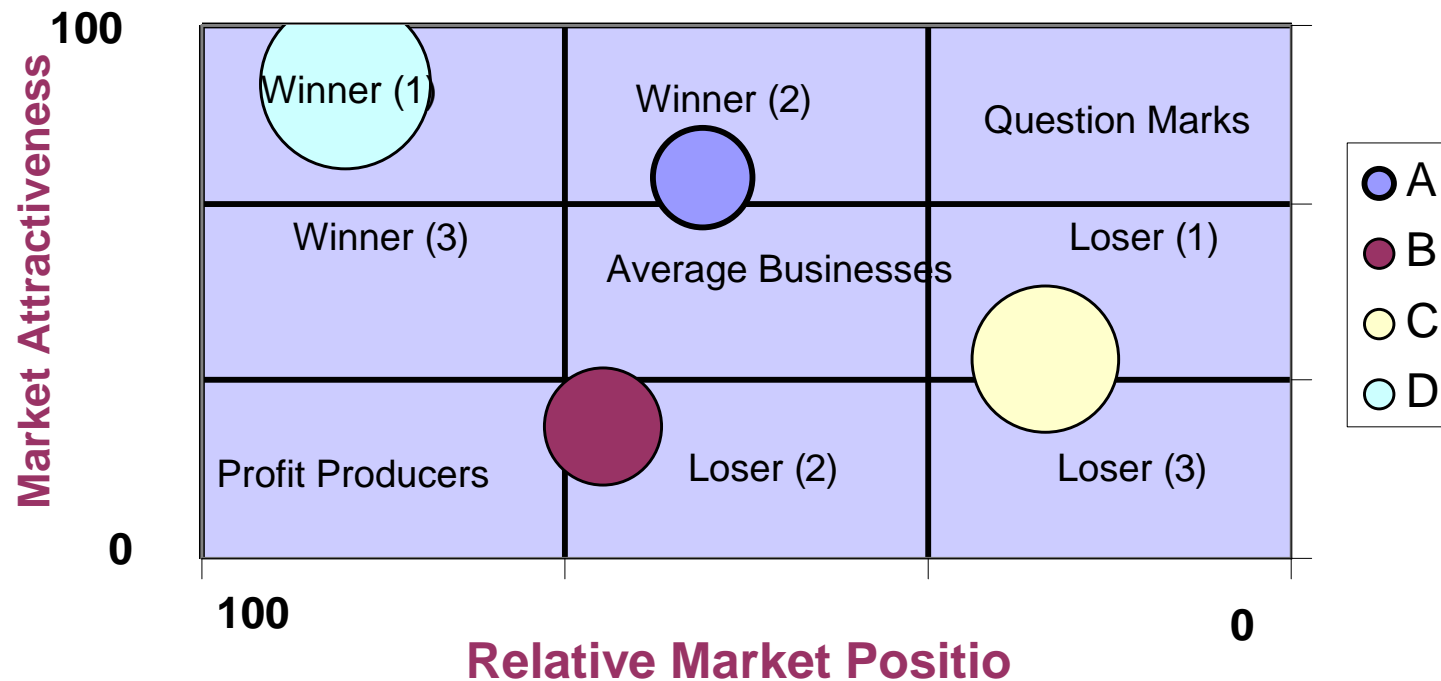
- 2.64 Distribution network effectiveness
- 2.65 After-sales service
- 2.71 Probability of marketing plan success
- 2.72 Overall competitive position

## Technology

- 3.11 Innovation
- 3.12 Technological competitive strength
- 3.13 Patented technology, product or process
- 3.14 Technology skills (production)
- 3.15 Production efficiency
- 3.16 Relative cost position<sup>^^</sup>
- 3.17 Quality of personnel
- 3.18 Company's responsiveness
- 3.19 Probability of technical success

- 4.11 Potential Reward

# Market positioning



Note: The circles in the diagram indicate relative sales

# Market positioning

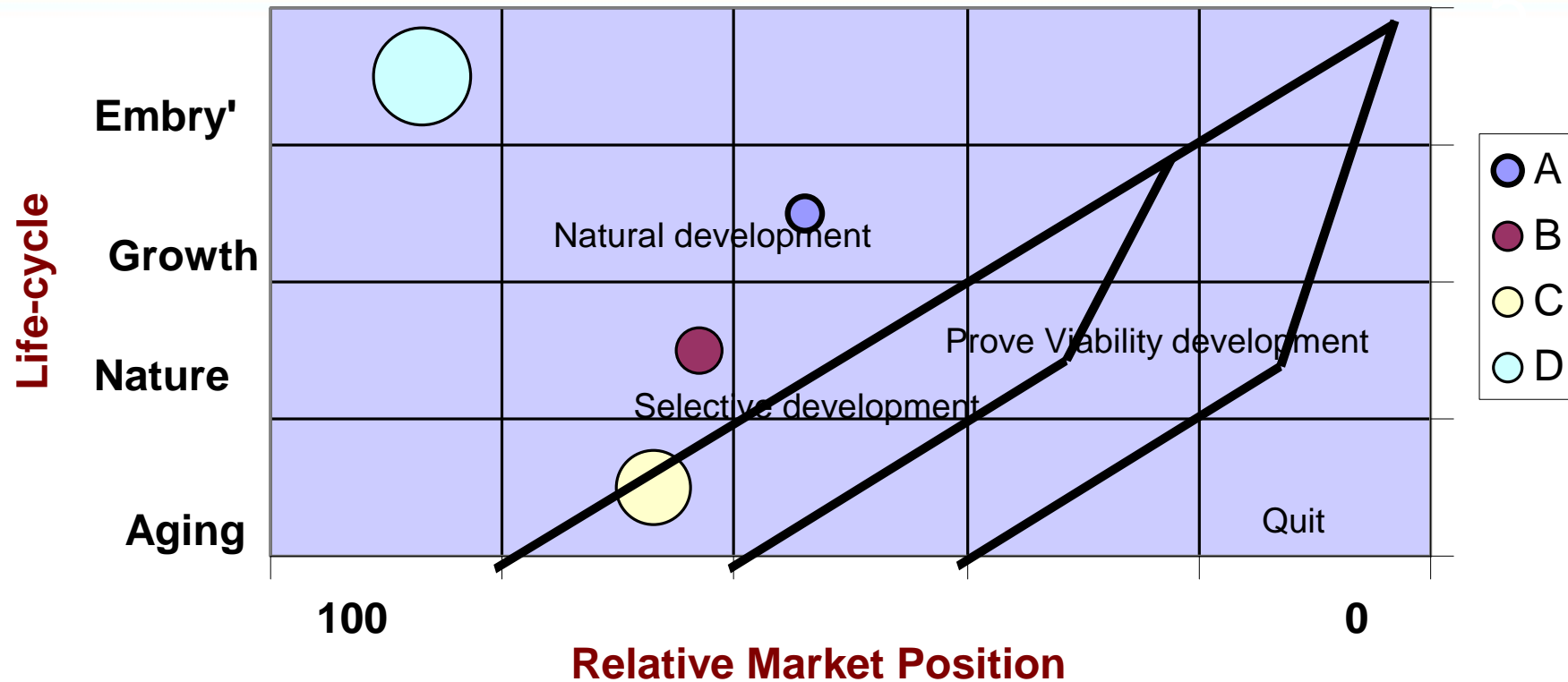
## Relative market dominance variables:

- Market growth rate
- Market profitability
- Volatility of market demand
- Customer bargaining power
- Price elasticity
- Customer brand loyalty
- Product differentiation
- Market barriers to entry/exit
- Access to critical/special components
- Rate of technological change
- Regulatory climate
- Volatility of exchange rates/inflation/political situation
- Level of competition after analyzing the characteristics of competition
- Threats by alternative solutions

## Market Attractiveness variables:

- Relative market share
- Market share growth
- Company's image as perceived by customers
- Customer loyalty to our company
- Company's prices relative to competitors
- Company's quality relative to competitors
- Company's service relative to competitors
- Leading technological innovation
- Marketing skills and strength
- Relationships with regulators
- Distribution network coverage
- Distribution network effectiveness
- After-sales service
- Technological competitive strength
- Patented technology, product or process
- Technology skills (production)
- Production efficiency
- Relative cost position
- Quality of personnel

# Life cycle position



Note: The circles in the diagram indicate relative sales

# Life cycle position

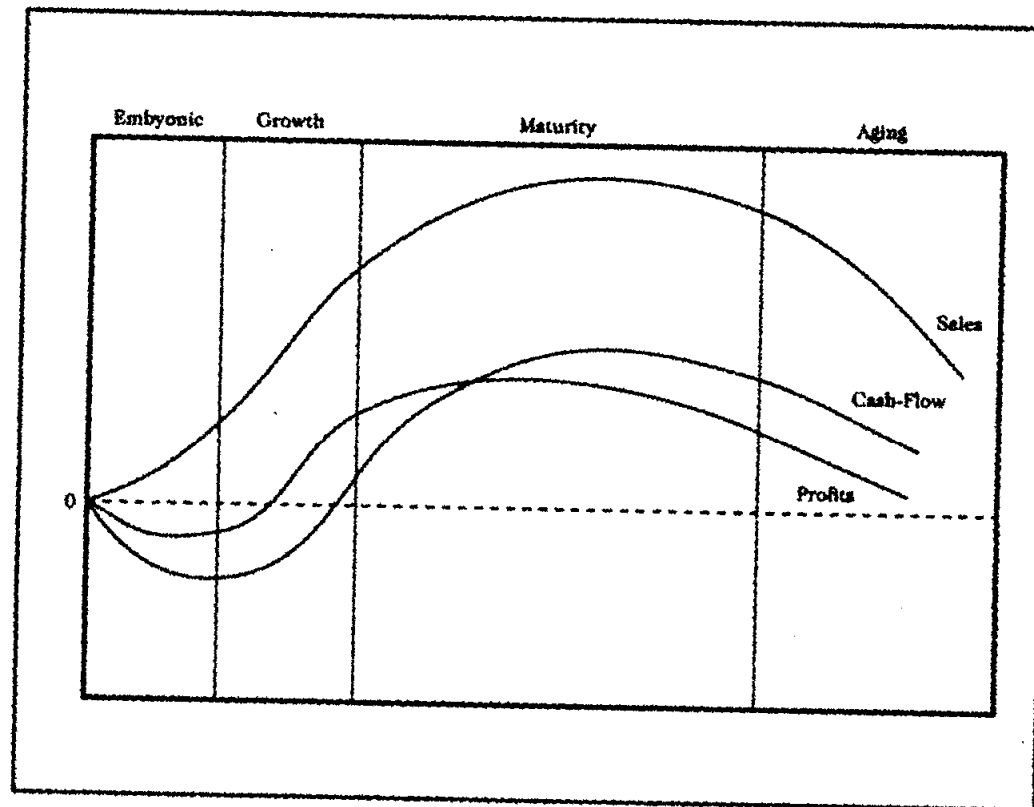
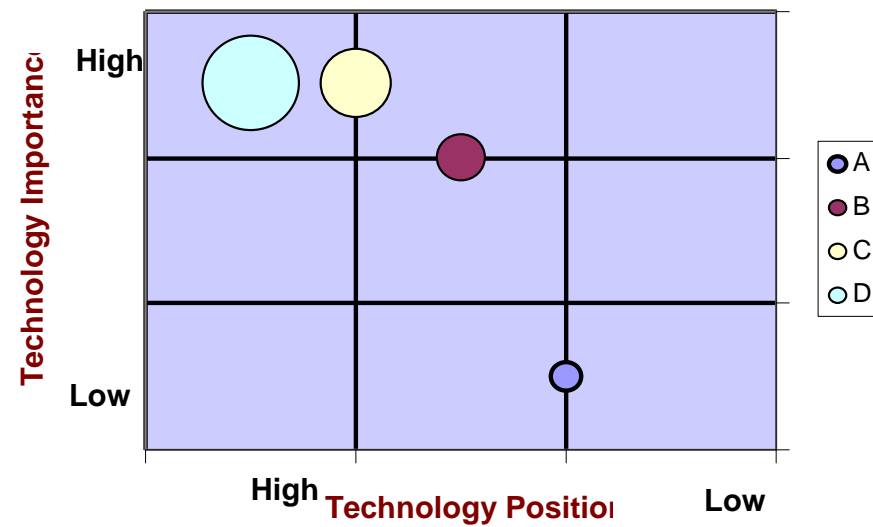
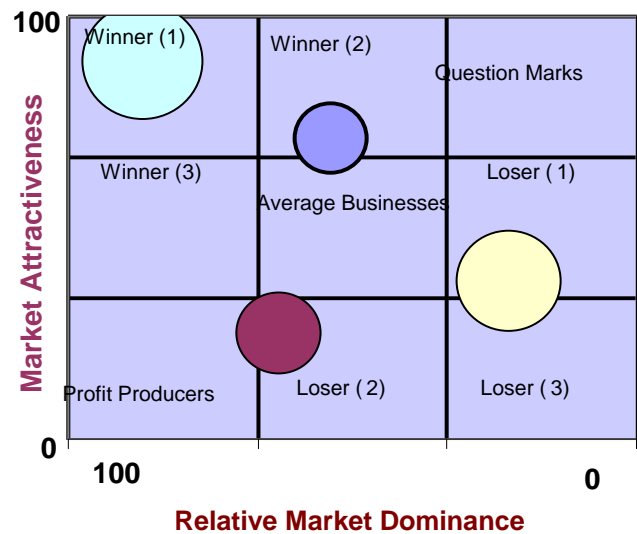
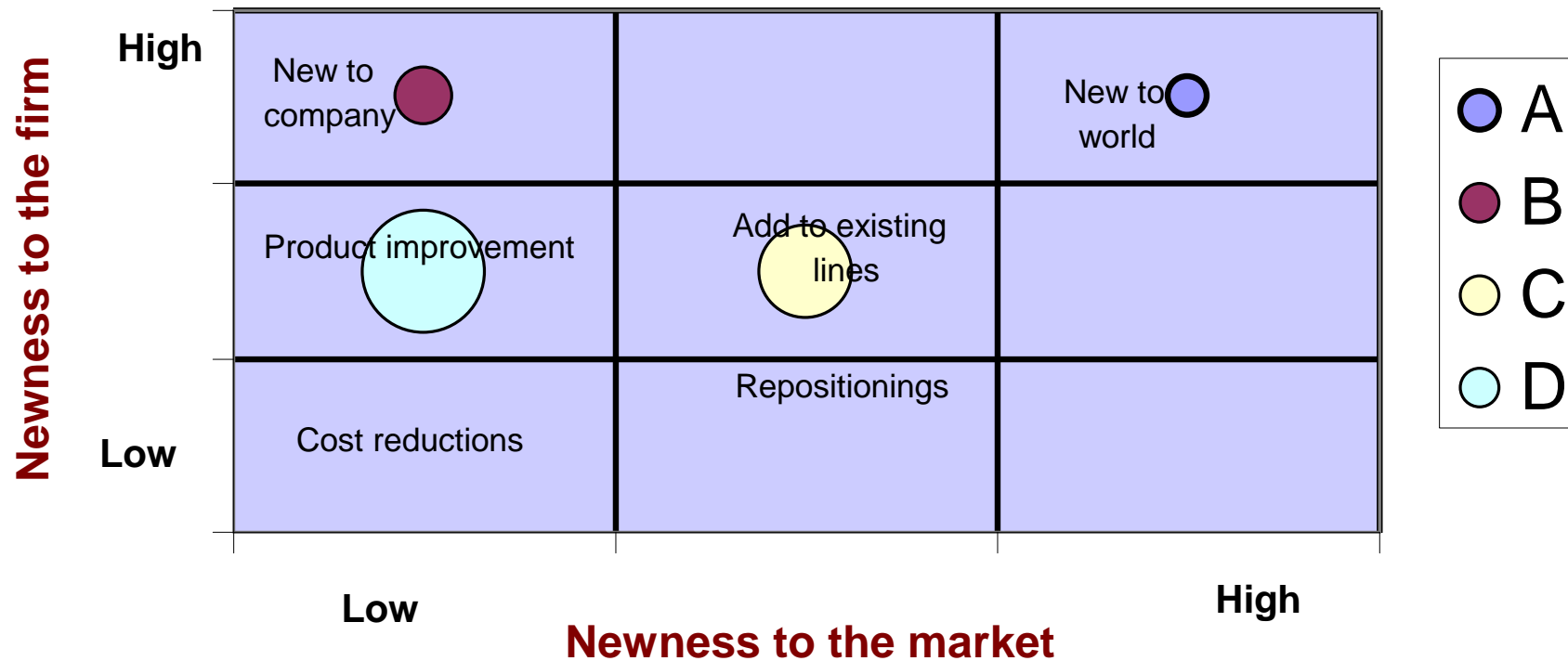


Figure 6.2 Yearly sales, cash flow, and profits through the industry life-cycle stages.

# Technology position

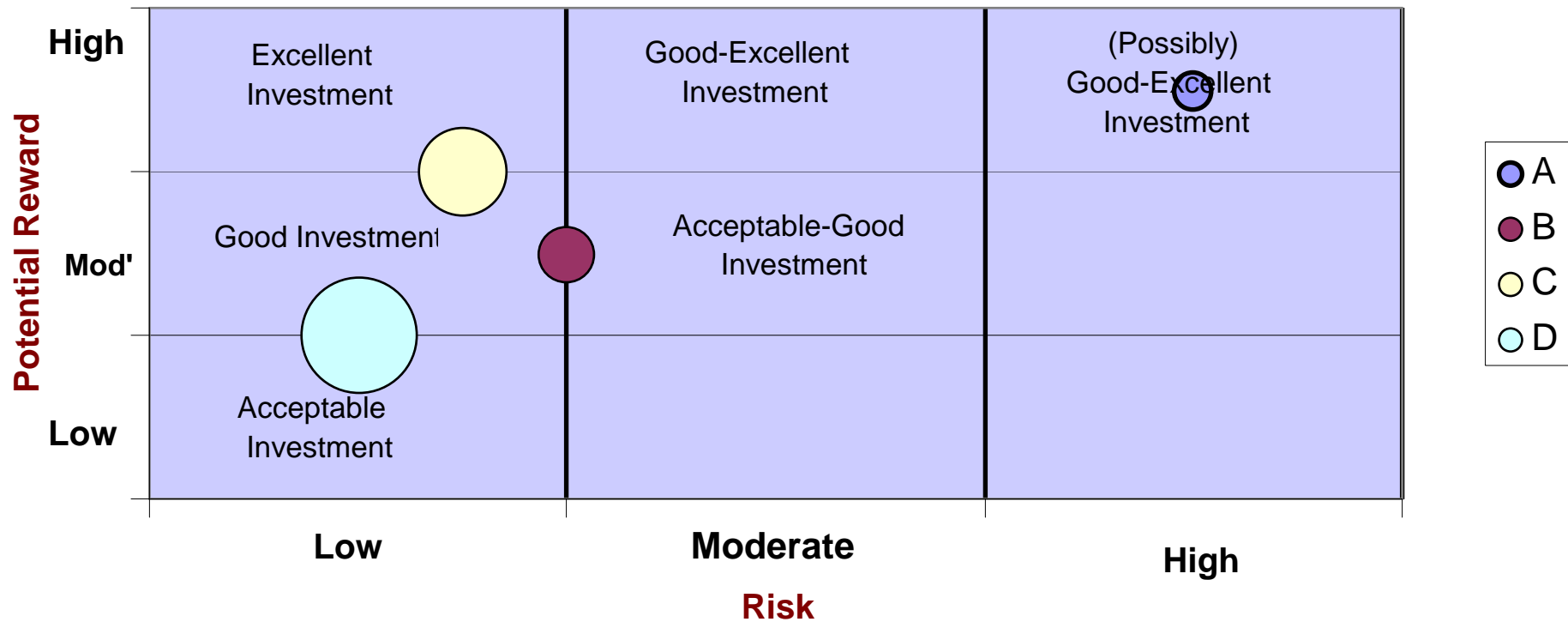


# Innovation position

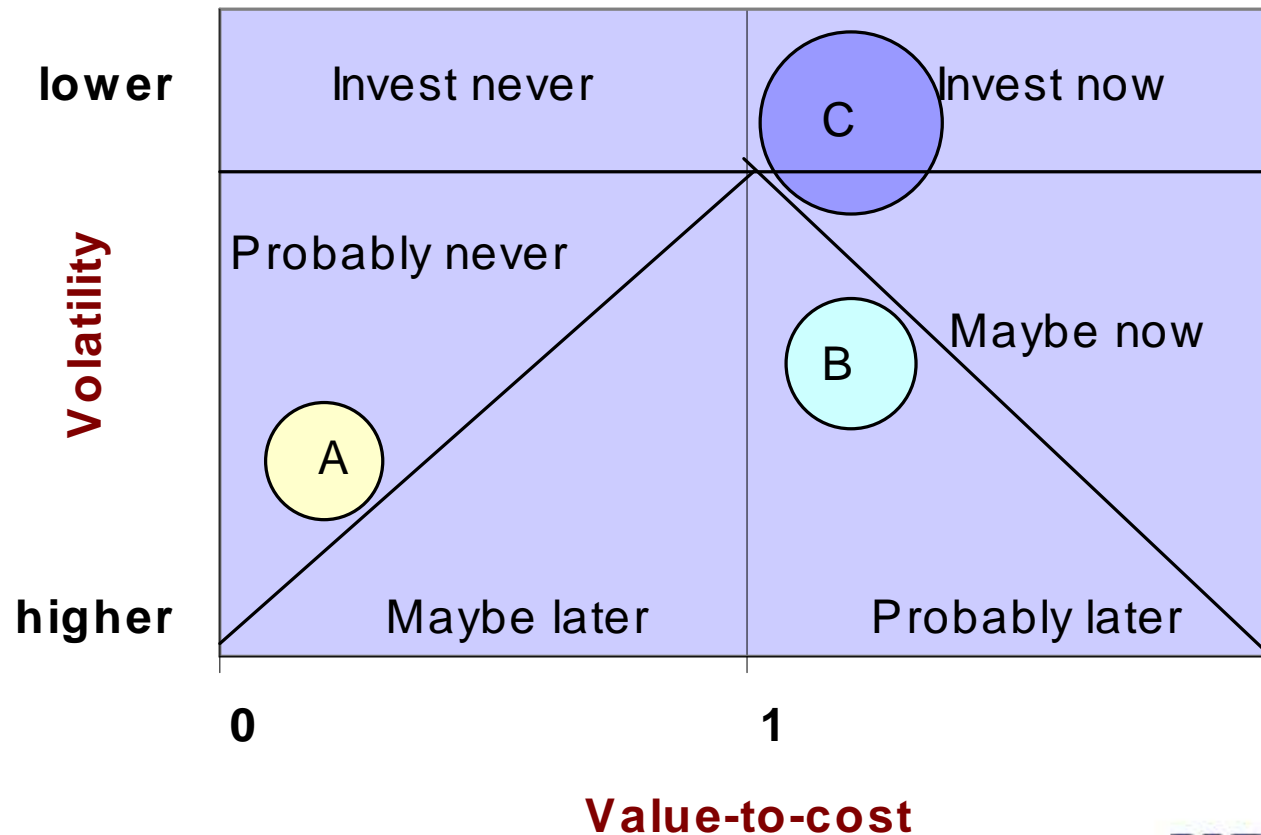




# Risk reward position



# Real options





***Thank You***

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