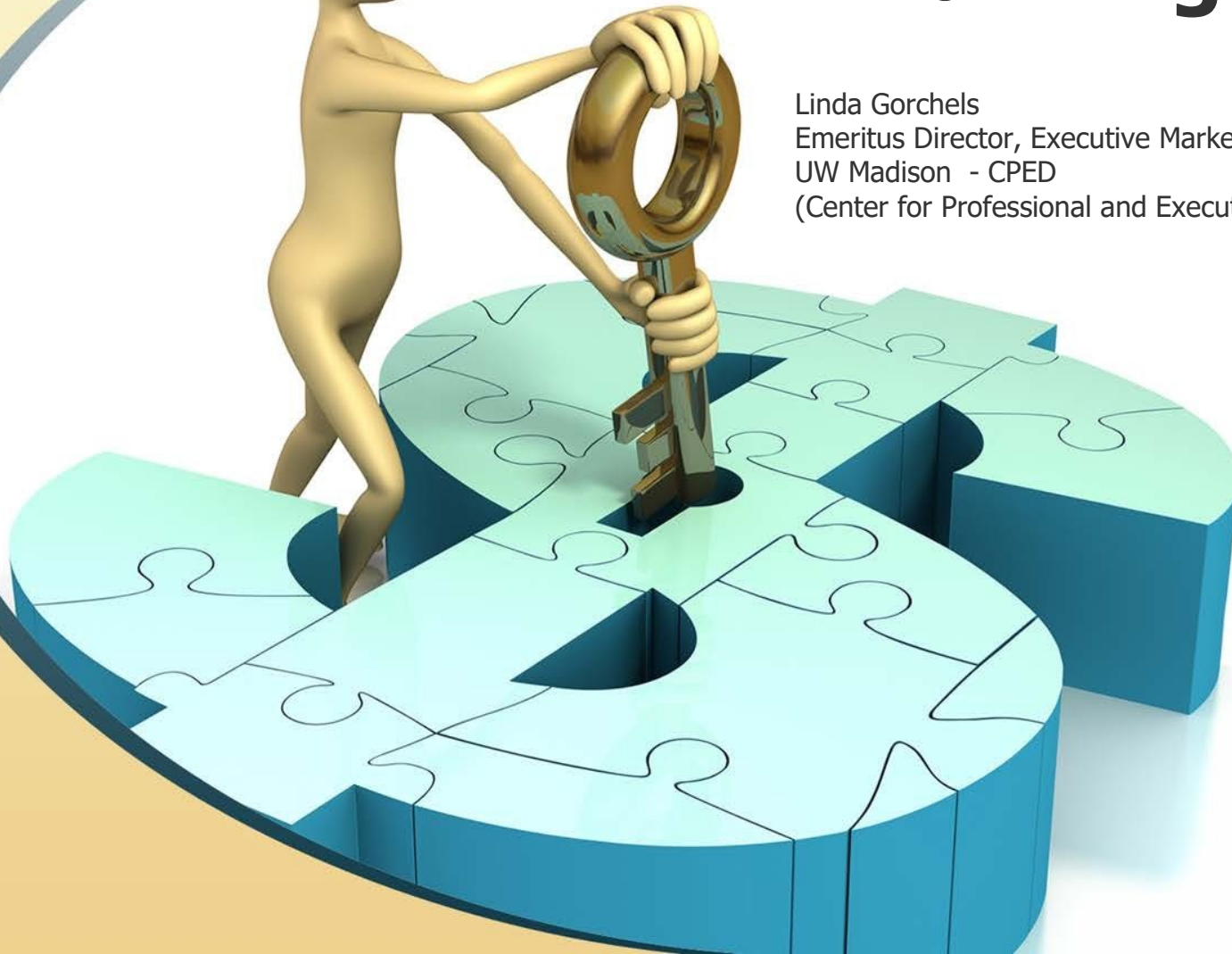
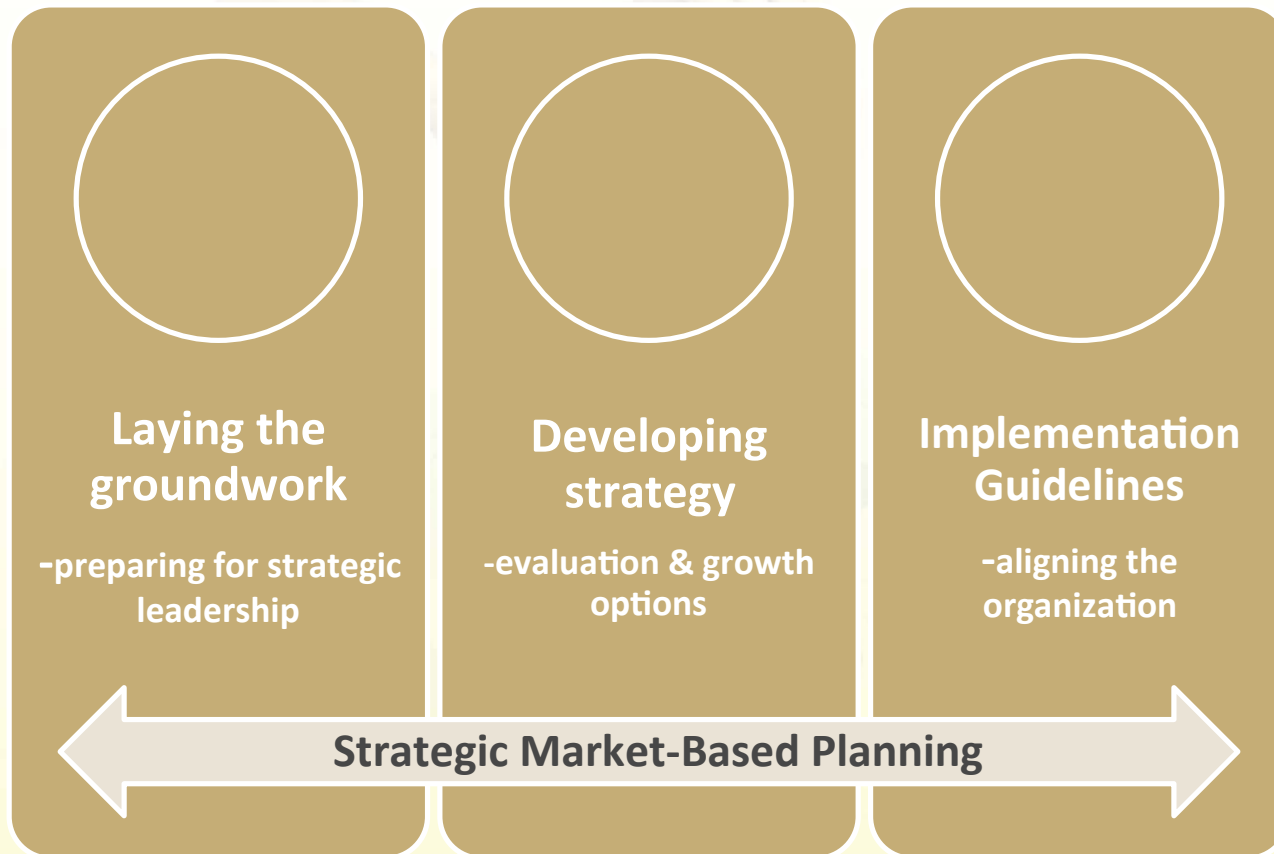


# Strategic Market-Based Planning

Linda Gorchels  
Emeritus Director, Executive Marketing Programs  
UW Madison - CPED  
(Center for Professional and Executive Development)



# The three steps...



A 3D white figure is shown from the chest up, holding a rectangular sign. The figure's head is tilted slightly to the right, and its hands are visible at the top of the sign. The background is a light yellow gradient with a large, dark blue curved line on the left side.

Everything



CHANGES

**EVERYTHING**

# Marketing dwells in strategy

Strategy is a long-term plan of action to achieve a particular goal.

- Typical business goals include growth, market dominance, efficiency, etc., with the intent of achieving competitive advantage

Strategy is sometimes viewed as the policies taken to win a war whereas tactics are the actions taken to win a battle. Both exist within the context of business models.



# Michael Porter on Strategy



# How long is “long-term?”

It varies by company and industry.  
However, here are some guidelines.

- product: 2-3 years
- business unit: 3-5 years
- company: 5-10 years
- industry: 8-10 years or more



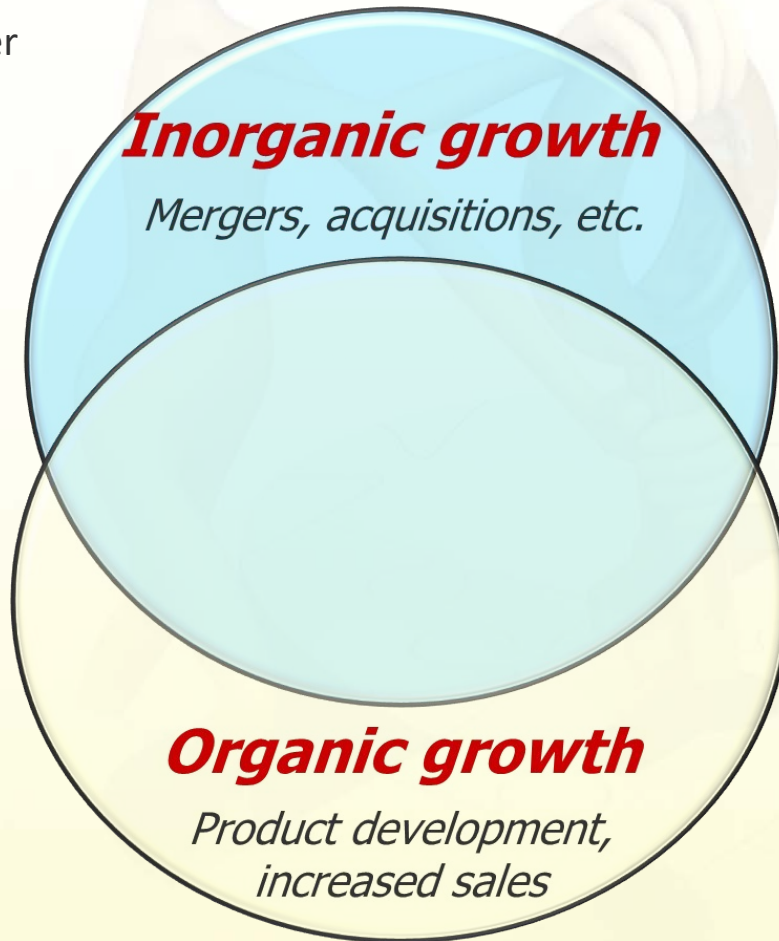


# Growth Initiatives

Stakeholder  
focus



Customer  
focus



**Corporate Strategies**

**Business Strategies**

**Program/Service Strategies**

**Field strategies**



Corporate Strategies

Business Strategies

Field Strategies

**Core mission, vision, values**

**Mergers, acquisitions, divestitures**

**Strategic market alignment**

**Organizational structure**

**Product line acquisition**

**Operational strategies**

**New product development**

**Channel redesign**

**Functional strategies**

**Account selection**

**Lead generation**

**Selling, account management**

**Fulfillment**

**Sales support & service**



# What is “market-based” strategy?

It is strategy that gives a balanced (or greater) emphasis on the external compared with the internal.

It implies an obsession on creating and delivering customer value – but in a long-term sustainable way.

It takes into account the inevitable connection to business models .

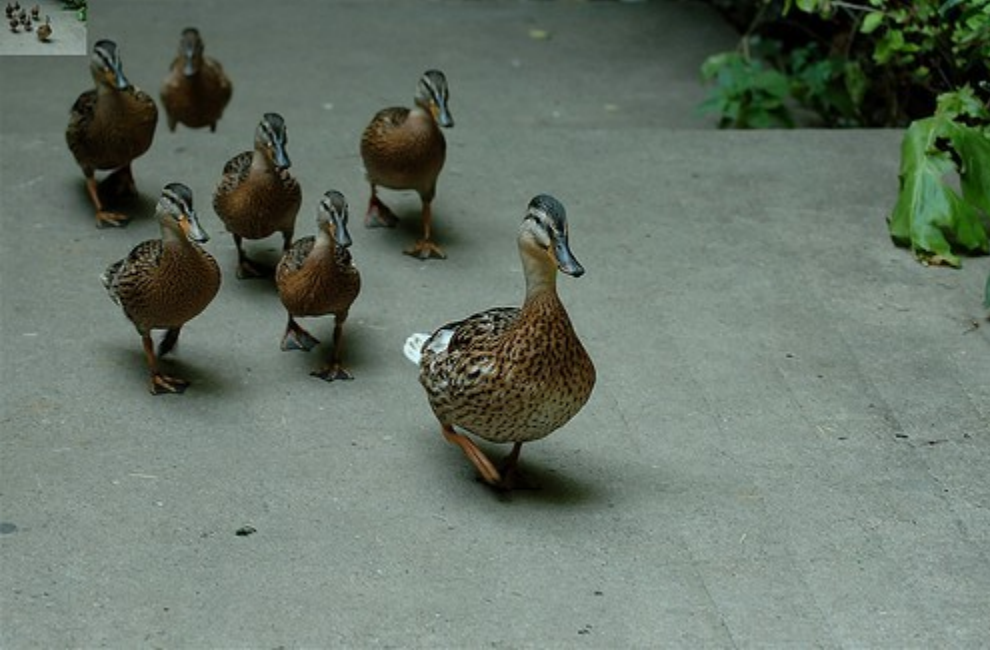
# Why is it important?



"The demand from CEOs is for foresight rather than hindsight, for innovators, not tacticians, and for marketing strategists, not marketing planners."

"In fact, most of the traditional activities under the control of marketing, such as market research, advertising, and promotions, are perhaps the least important elements in creating customer value."

Nirmalya Kumar, Marketing as Strategy (Harvard Press, 2004)

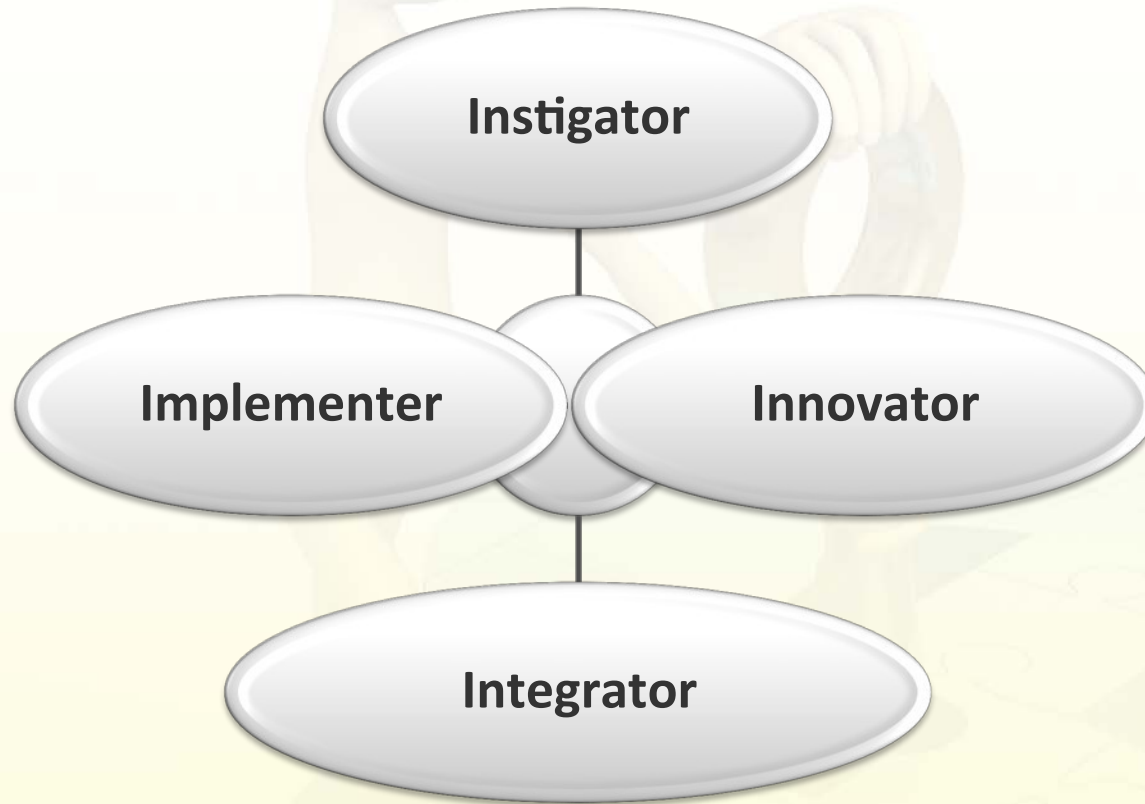


# Leadership vs. management

“Leadership and management are two distinctive and complementary systems of action. **Management is about coping with complexity.** **Leadership is about coping with change.** Leadership complements management; it doesn’t replace it. Companies manage complexity by planning & budgeting, by controlling & problem solving. By contrast, leading an organization begins by setting direction, aligning people to the direction, and inspiring people to achieve a vision.”

- John P. Kotter

# Marketer's DNA



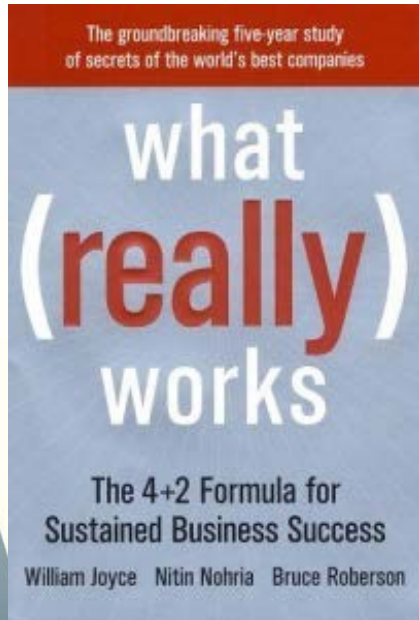
Comstock, Gulati, Liguori, "Unleashing the Power of Marketing," **Harvard Business Review**, October 2010.

## Unleashing The Power Of Marketing

When GE realized that its products would no longer sell themselves, it had to invent a formidable marketing function from scratch.  
by Beth Comstock, Anjay Gulati, and Stephen Liguori



Photo: Harvard Business Review / October 2010



“Most of the management tools and techniques we studied had no direct causal relationship to superior business performance. What does matter, it turns out, is having a strong grasp of the basics. Without exception, companies that outperformed their industry peers excelled at what we call the four primary management practices – strategy, execution, culture, and structure.”

Joyce, Nohria, Roberson



Christian Stadler

# ENDURING SUCCESS

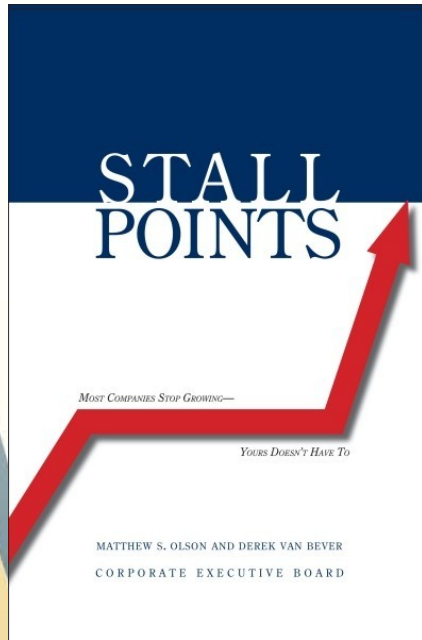
*What We Can Learn From  
Outstanding Corporations*



- Exploit existing assets and capabilities before exploring new ones.
- Diversify your business portfolio. Great companies are adaptive, but generally exploit economies of scope.
- Remember your mistakes – and don't repeat them.
- Be conservative about change.

Christian Stadler





“An examination of over 400 companies listed at some point on the Fortune 100 since its inception revealed that 87% experienced a stall. Fewer than half were able to return to moderate or high growth within a decade, and for some the delay was fatal.”

Matthew Olson & Derek van Bever

# **What is a business model?**

The totality of how a firm produces value—including strategy, organizational design, infrastructure, culture and operational processes. It implicitly takes into account the ability to profitably execute strategy, and is consequently broader and more comprehensive than a strategy. Strategic marketers must understand business models to be effective.

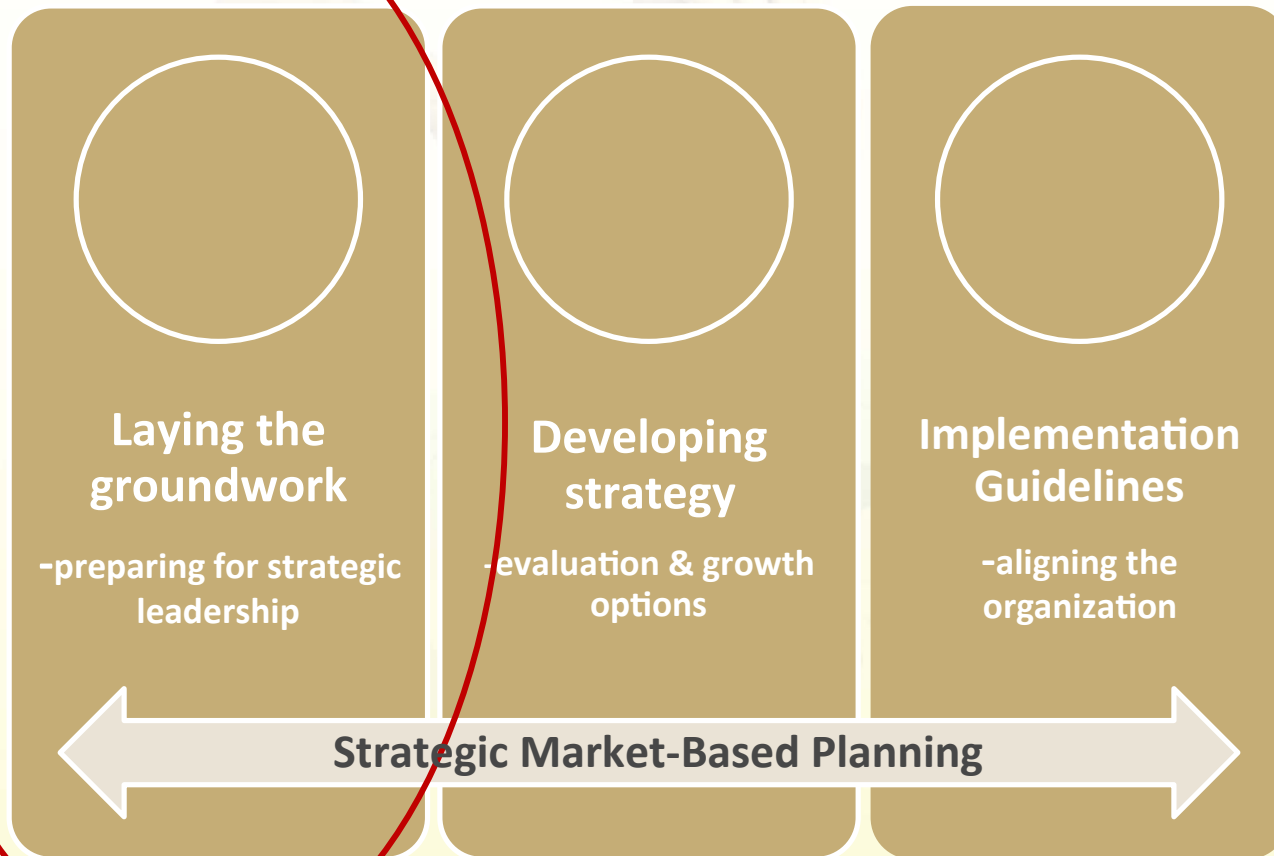
## When One Business Model Isn't Enough

LAN Airlines flourishes by running three distinctly different operations at the same time, by Ramon Casadesus-Masanell and Jorge Tarrjón

“Strategy has been the primary building block of competitiveness over the past three decades, but in the future, the quest for sustainable advantage may well begin with the business model. Seven out of 10 companies are trying to create innovative business models and 98% are modifying existing ones.”

“How to Design a Winning Business Model” (Ramon Casadesus-Masanell, Joan Ricart), *Harvard Business Review*, January-February 2011, pp. 101+

# The three steps...



# **Step one: Laying the groundwork**



# Laying the groundwork

1. Environmental scanning
  - Moving through a 3-step process
2. Preparing for strategic leadership
  - Moving from vision to action
3. Change readiness
  - Moving toward alignment



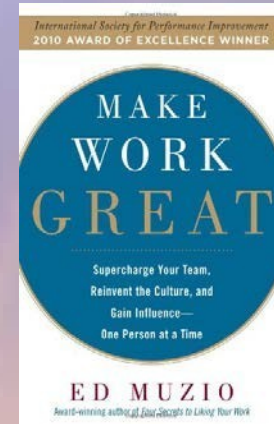
**1.1 ...**

# Environmental scanning



# Context

*“People are generally bad at accepting the importance of context ... We fall prey to what the social psychologist Lee Ross called ‘the fundamental attribution error’ ...”*



## *Environmental scan for context*

**1**

**Compile**

**Data  
Hindsight**



**2**

**Project**

**Plausible futures  
Foresight**



**3**

**Assess**

**Business impacts  
Insight**



# Compile



Environmental scanning – step 1:

A good starting point could be a traditional SWOT (strengths, weaknesses, opportunities & threats) analysis

Strengths and weaknesses refer to internal variables

Opportunities and threats refer to external variables

# SWOT



Internal

## Strengths



## Weaknesses



External

## Opportunities



## Threats



# SWOT



Internal

**Strengths**



**Weaknesses**



External

**Opportunities**



**Threats**





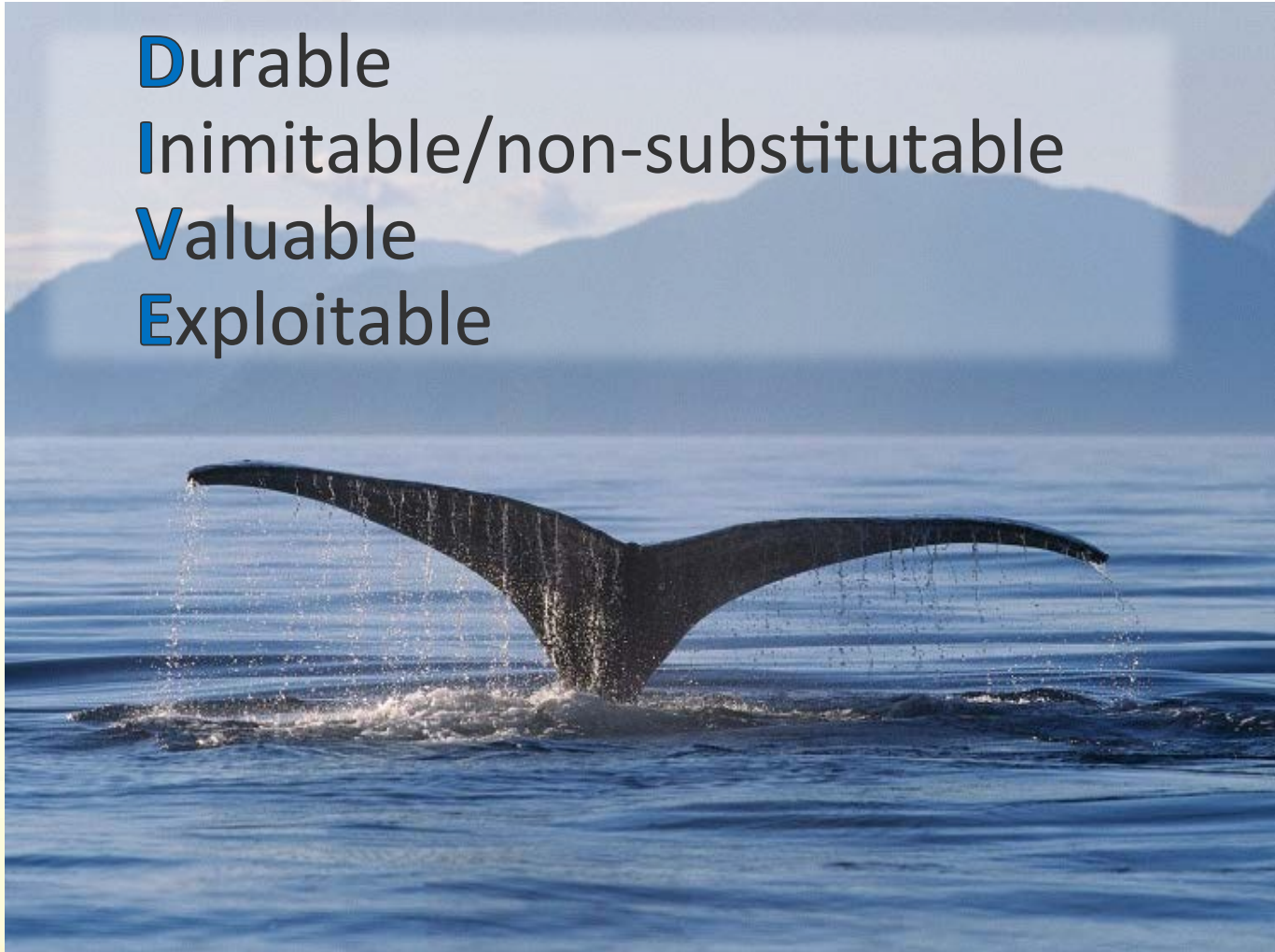
# Dive into **DISTINCTIVE** strengths

**D**urable

**I**nimitable/non-substitutable

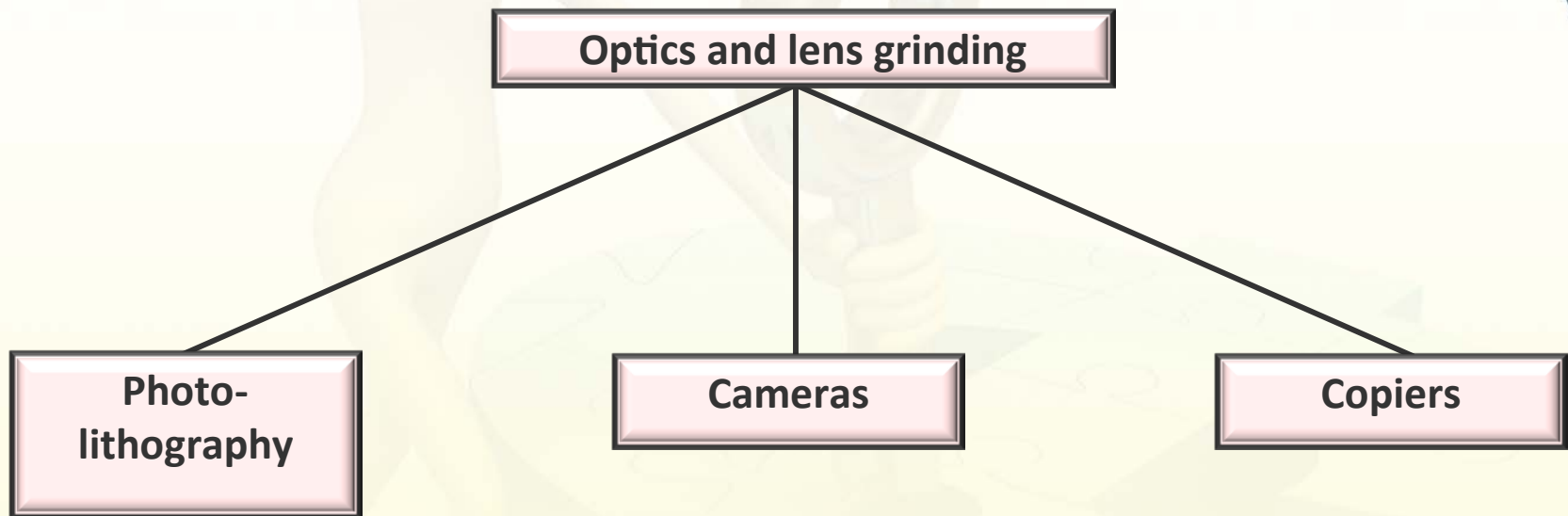
**V**aluable

**E**xploitable



# Leveraging competencies

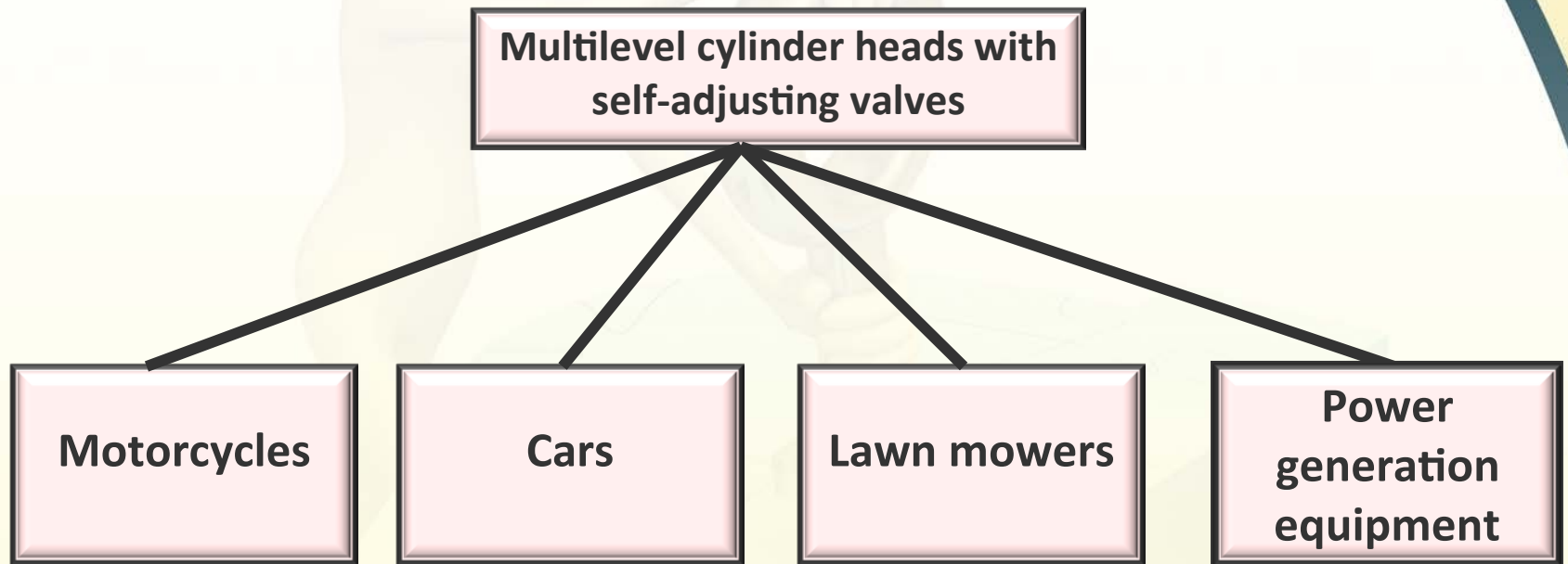
## Canon



Source: Michel Robert, **Strategy, Pure & Simple** (NY: McGraw-Hill) pp. 78-82

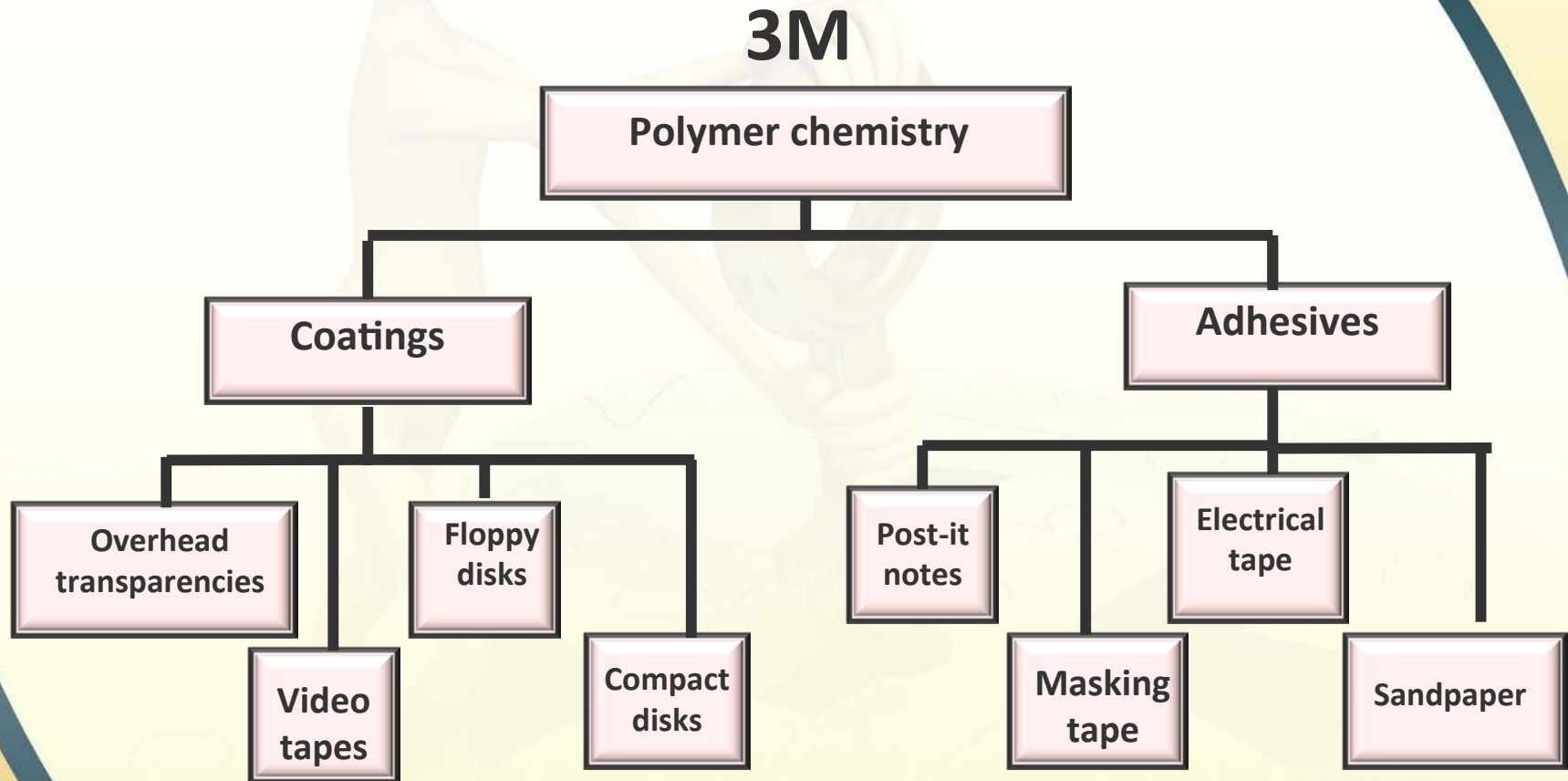
# Leveraging competencies

## Honda



Source: Michel Robert, **Strategy, Pure & Simple** (NY: McGraw-Hill) pp. 78-82

# Leveraging competencies



Source: Michel Robert, **Strategy, Pure & Simple** (NY: McGraw-Hill) pp. 78-82

# Assessing a firm's resources

Resource	Example indicators
Financial resources	Debt to equity ratio Credit rating
Physical resources	Resale value Scale of plants
Technological resources	Patents R&D staff
Reputation	Brand recognition Price premium
Human resources	Qualifications Turnover rate

# SWOT



Internal

**Strengths**



**Weaknesses**



External

**Opportunities**

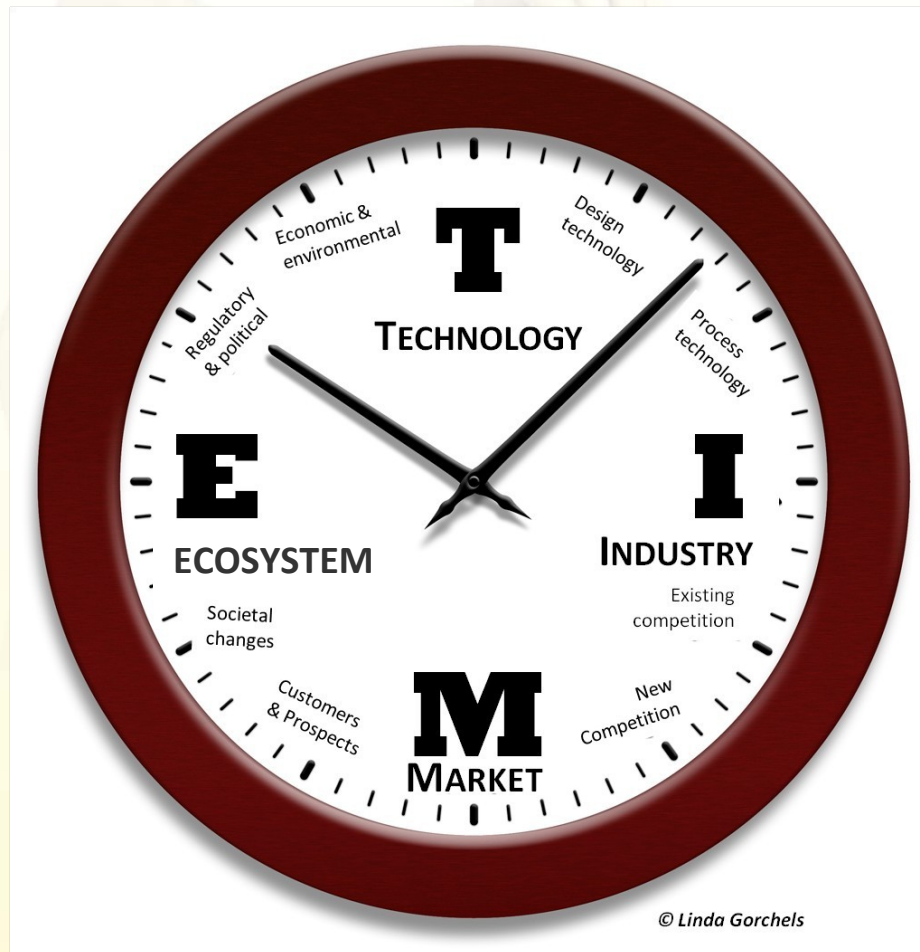


**Threats**





# External scan over TIME



# Technology analysis

Describe technology, science & innovation in your industry and in similar industries.

- Can technologies from other industries be adapted?
- Are novel applications possible?

What technological changes are expected or anticipated?

# Industry & competitive analysis

- Strategic competitors, their competencies, and their strategies
- Key success factors
- Changes in industry structure
  - Porter's Five Forces Model

# Porter's Five Forces

<b>Buyer power</b>	<ul style="list-style-type: none"><li>• Economic size</li><li>• Bargaining strength</li><li>• Price sensitivity</li><li>• Switching costs</li></ul>
<b>Supplier power</b>	<ul style="list-style-type: none"><li>• Economic size</li><li>• Number of suppliers</li><li>• Bargaining strength</li><li>• Uniqueness of offering</li></ul>
<b>Threat of new competitors</b>	<ul style="list-style-type: none"><li>• Entry barriers (capital requirements, regulations, etc.)</li><li>• Economies of scale</li><li>• Technology protection</li><li>• Current brand strength</li></ul>
<b>Threat of substitution</b>	<ul style="list-style-type: none"><li>• Easy to copy functionality</li><li>• Emergence of new technology</li><li>• Do-it-yourself potentiality</li><li>• Perceptual changes</li></ul>
<b>Existing competitive rivalry</b>	<ul style="list-style-type: none"><li>• Oligopolistic or pure competition</li><li>• Willingness to attack/defend positions</li><li>• Financial strength</li><li>• Exit barriers</li></ul>

# Market analysis

- Is your primary market stable, growing, or declining?
- How might it change in the future?
- What articulated or unarticulated needs must you prepare for?
- Have you saturated your existing market?
- What geographic opportunities are emerging?
- What are your most relevant markets?

# Market statistics categories

- Segment characteristics
- Size & projected growth rates
- Market share (yours & the competition)
- Profitability
- Entry barriers
- Cost structure
- Distribution systems



# Socio-cultural analysis

What social and cultural trends might impact your customers, your employees, or your competitors?

- lifestyles
- values
- religion
- leisure
- education
- environmental issues
- health issues

# Ecosystem

External events, economy, environment & everything else!

What pending legislation might affect your future?

Are there existing laws or requirements that pose opportunities or threats?

What governmental and political changes might happen?

- World affairs, politics, and public policy

What environmental or sustainability issues should you consider?

# Beyond Financials

## Triple Bottom Line

- Economic, social & environmental success

## Dow Jones Sustainability Indexes

- <http://www.sustainability-index.com/>

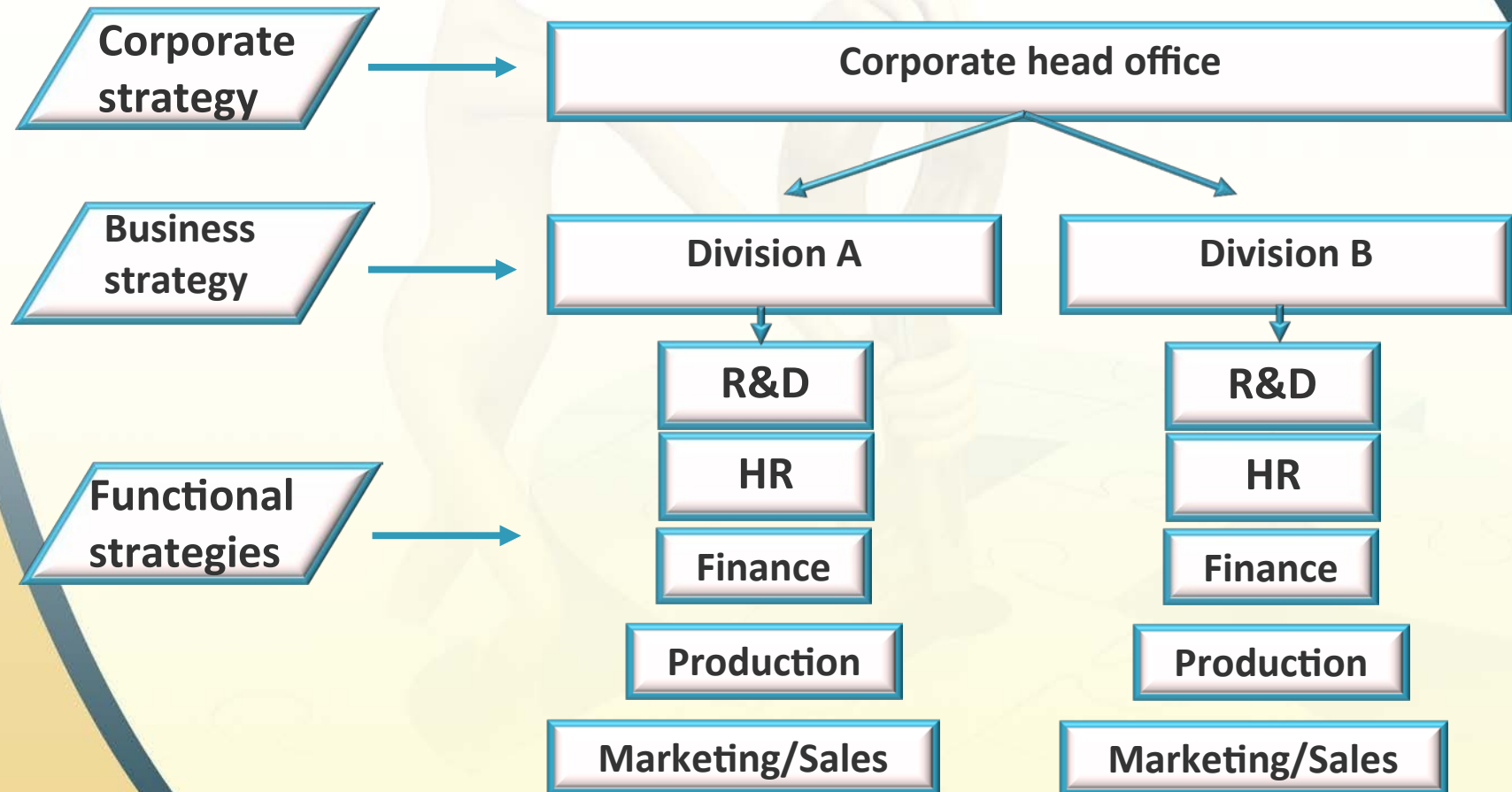


# Upstream business goals

In addition to the SWOT, if the strategy is being prepared for a business unit or a product line (as opposed to a corporate strategy), the scan should assess upstream business goals.

Are your goals determined or affected by higher-level corporate, division or business unit goals?

# Strategic goals should be linked



*Contemporary Strategy Analysis*, by Robert Grant, (Blackwell Publishers, 1998) p. 20.

# PROJECT

# What's Next?

*Environmental scanning – step 2*

Conceptualize 3-4 plausible futures.

- The “baseline” future will be a continuation of the status quo. How plausible is that?
- Craft a couple more scenarios that project different -- yet realistic – futures.





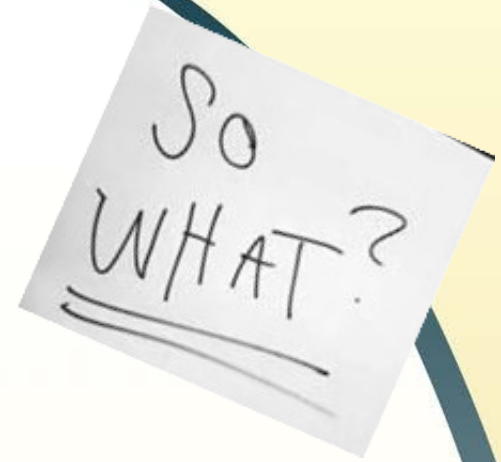
# ASSESS

## *Environmental scanning – step 3*

Consider...

- The likelihood of each scenario
- The potential impact on your business
- How you might *build* on strengths, *resolve* weaknesses, *exploit* opportunities and *minimize* threats

Can you craft a strategy with enough flexibility to fit multiple scenarios?



**1.2...**

# Preparing for Strategic Leadership





Strategic Marketing Leaders ....

**... MUST BE DOMAIN SPANNERS –  
WITH BROAD AREAS OF EXPERTISE!**

# **What is the role of strategy?**

Strategy is the art and science of striving for sustainable competitive advantage through the most appropriate utilization of resources and assets. It starts with an internal and external scan, then requires leadership in defining a company's future direction, making trade-offs, and managing implementation and change initiatives.

# Strategy requires thinking & planning

Strategic  
Thinking

≠

Strategic  
Planning

Broad

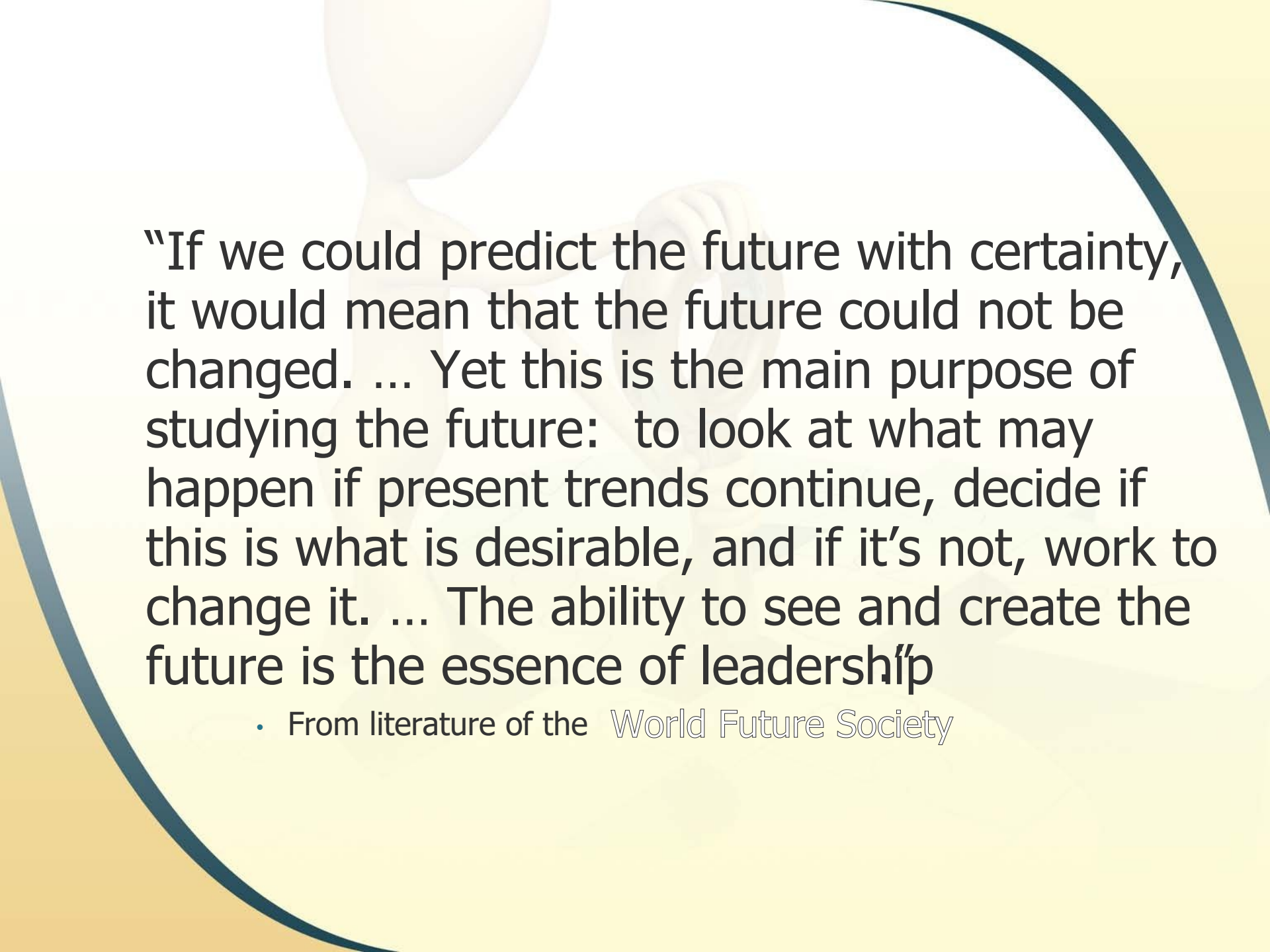
focused

Vision without action is a daydream.  
Action without vision is a nightmare.

- Japanese proverb







“If we could predict the future with certainty, it would mean that the future could not be changed. ... Yet this is the main purpose of studying the future: to look at what may happen if present trends continue, decide if this is what is desirable, and if it's not, work to change it. ... The ability to see and create the future is the essence of leadership”

- From literature of the [World Future Society](#)

# Strategic marketers must be able to

- Shape the vision and the future
- Determine and understand the need for change
  - Gather market knowledge
  - Predict the future
- Demonstrate leadership commitment
  - Establish strategy
  - Align structures, systems and incentives
  - Implement strategy

# Strategic marketers shape the future

- Core values
  - Beliefs your firm's members hold in common
  - May be different from *aspirational* values
- Mission
  - Defines *why* your firm exists
- Strategic vision
  - A description of the desired *future* state of your firm

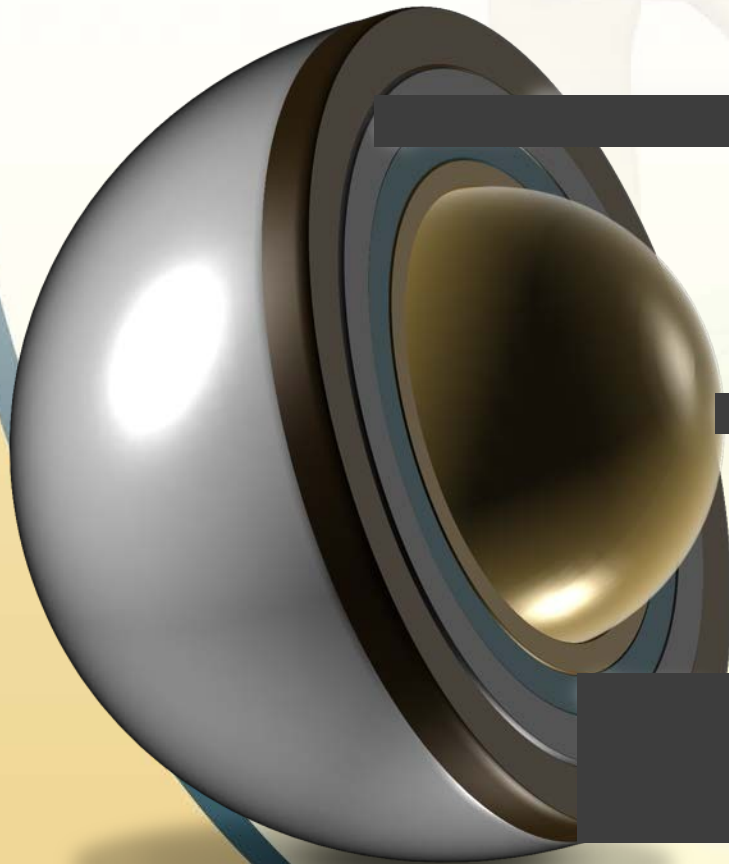


# Core Values

Enduring principles that guide the “culture” of a firm

Link to reputation, positioning and brand identity

May be part of the mission statement or a separate pronouncement



# IBM Core values



For 72 hours in 2011, we invited all 319,000 IBMers around the world to engage in an open "values jam" on our global intranet. IBMers by the tens of thousands weighed in. They were thoughtful and passionate about the company they want to be a part of. They were also brutally honest. ...

In the end, IBMers determined that our actions will be driven by these values:


Dedication to every client's success

Innovation that matters, for our company and for the world

Trust and personal responsibility in all relationships

[www.ibm.com](http://www.ibm.com), Feb, 2012

# Mission

Five red 3D figures are standing in a row, holding a large white sign. They are positioned in front of a large, faint, stylized sun or lightbulb graphic. The background is a light yellow gradient with a dark blue curved line on the right side.

Why your organization exists (purpose & values)  
What it does to achieve its purpose (business)





# Mission statement -YMCA

The YMCA of San Francisco, based in Judeo-Christian heritage [ values\$, seeks to enhance the lives of all people [ purpose\$ through programs designed to develop spirit, mind and body [ business\$

Source: *VolunteerMatch* website, January 2008 (descriptors – values, purpose, business – added).

# OneAmerica Financial Partners



## Mission

The essence of the OneAmerica enterprise, however, is to help protect the future of our customers. We help individuals and businesses create and protect assets through trusted advisors.

## Our Values

Being a mutual holding company organization allows us to focus first on the needs of our companies' policyholders.

Corporate website, 2009

# Simon Sinek: Start with Why



# Strategic vision



The “mental picture” of what the company will be in the future.

- Where is the company going; what will it look like; what will it become?
- What will it do *differently* to attain profitable competitive advantage?

Martin Luther King, Jr. started his vision statement with, “*I have a dream ...*”

# Strategic vision example

## Komatsu

- Encircle Caterpillar



<u>Date</u>	<u>Corporate Challenge</u>	<u>Activities</u>
• 1960s	Protect home market Begin quality efforts	Licensing deals Quality programs
• 1970s late 70s	Build export markets Create new products markets	Industrializing nations Future and Frontiers program

# Komatsu's re-visioning

Komatsu's vision changed in the 1990s.

The exclusive focus on best practices to compete against Caterpillar caused Komatsu to stop thinking about strategic choices beyond head-to-head competition.

Now it seeks out new opportunities





# Interface Inc.



## Vision

To be the first company that, by its deeds, shows the entire industrial world what sustainability is in all its dimensions: People, process, product, place and profits — by 2020 — and in doing so we will become restorative through the power of influence.

Corporate website

# American Physical Therapy Assoc.



American Physical Therapy Association  
*The Science of Healing. The Art of Caring.™*

By 2020, physical therapy will be provided by physical therapists who are doctors of physical therapy, recognized by consumers and other health care professionals as the practitioners of choice to whom consumers have direct access for the diagnosis of, interventions for, and prevention of impairments, functional limitations, and disabilities related to movement, function, and health.

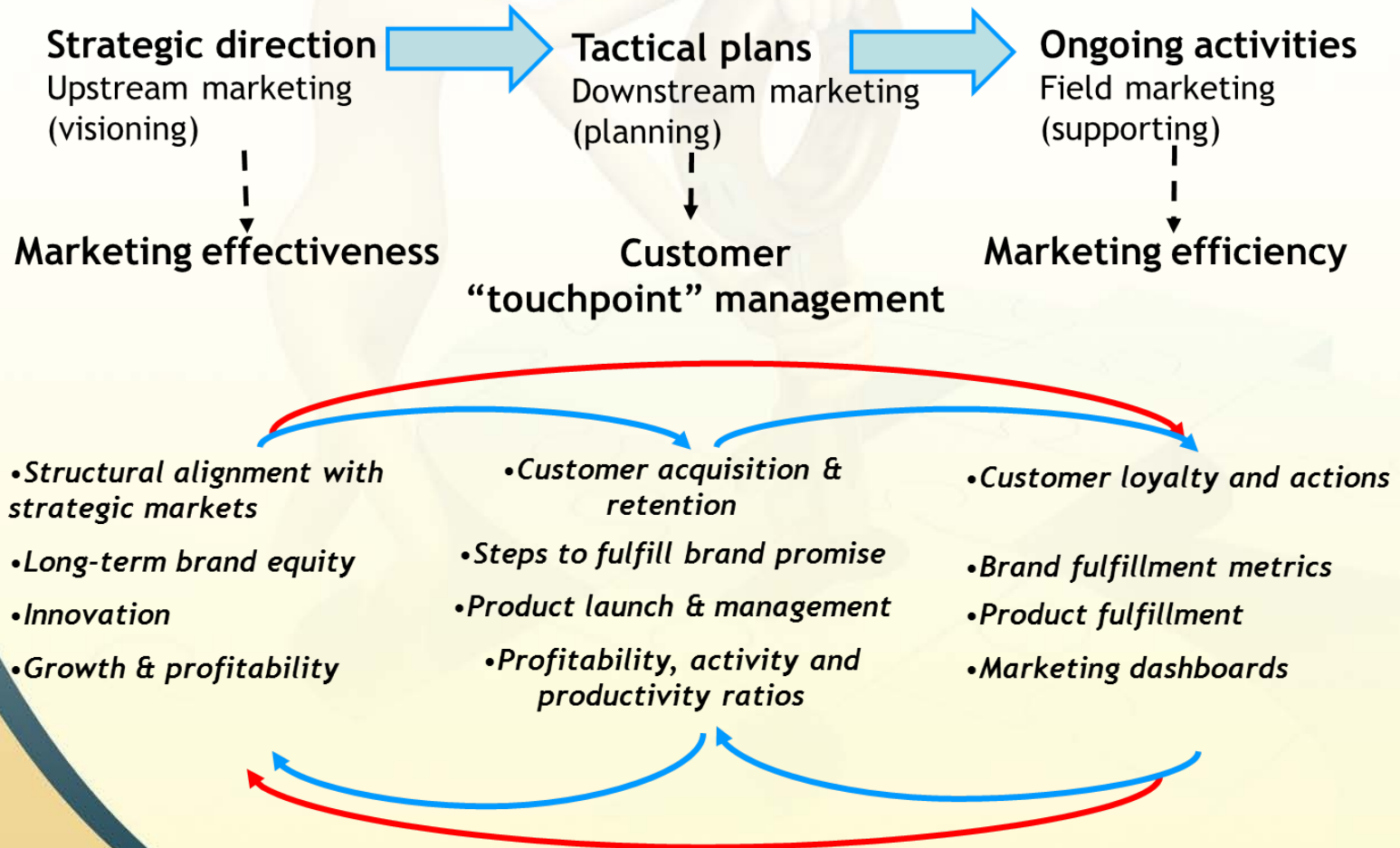
Association website, 2009

**1.3...**

# Change readiness



# Align structures & measures



# Diagnose your firm's readiness to change



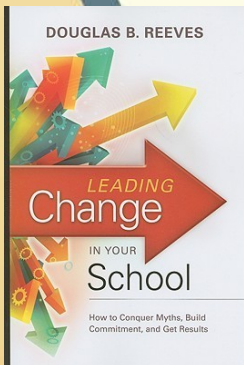
Is there sufficient dissatisfaction with the status quo to support change?

Do employees believe the organization has the capacity for successful change?

Are there enough key supporters throughout the organization with a “readiness to change” propensity?

# Change Readiness Matrix

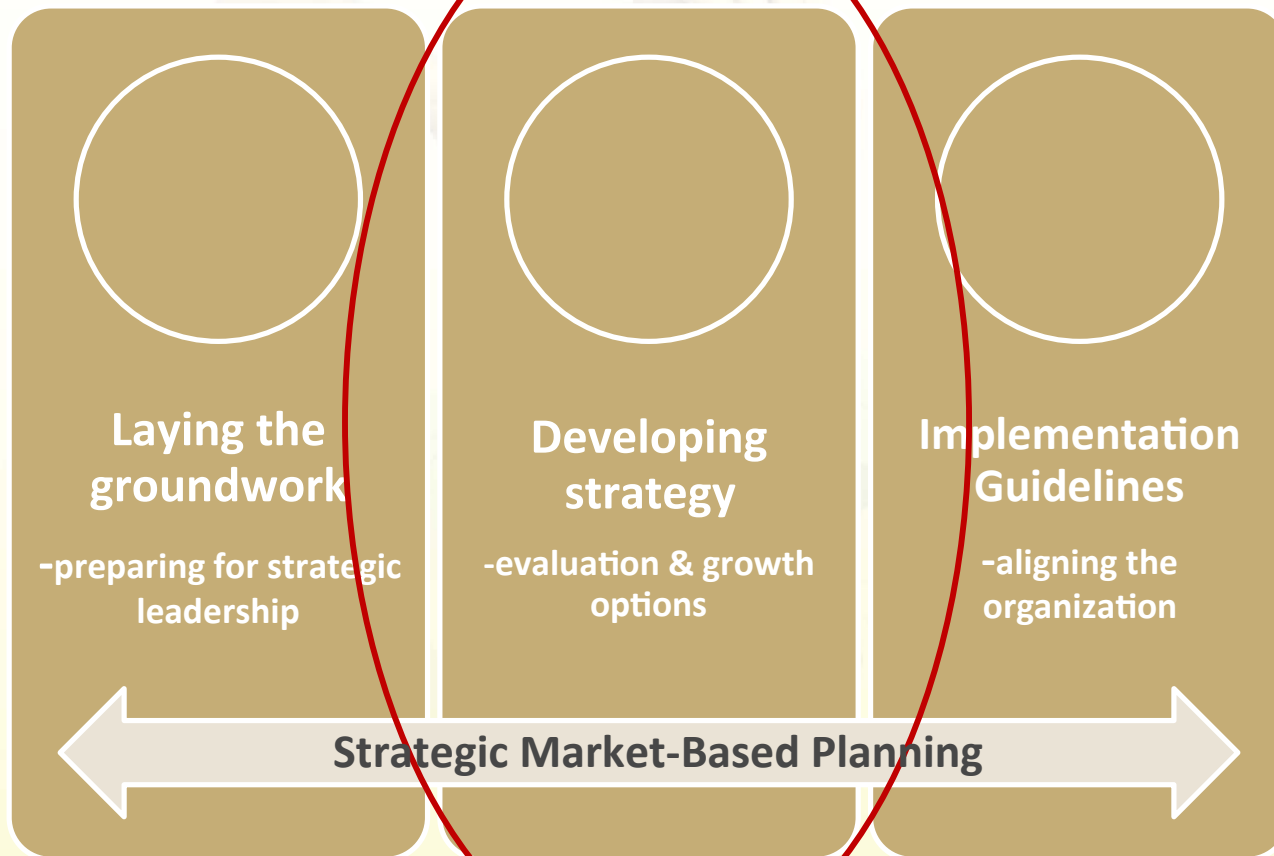
<i>Leadership Change Capacity</i>	High	Ready for learning	Ready for change
	Low	Ready for resistance	Ready for frustration
		Low	High
		<i>Organizational Propensity to Change</i>	



Adapted from Douglas B. Reeves, "Leading Change in Your School," ASCD 2009.



# The three steps...



## **Step Two: Develop strategy**



# Developing strategy

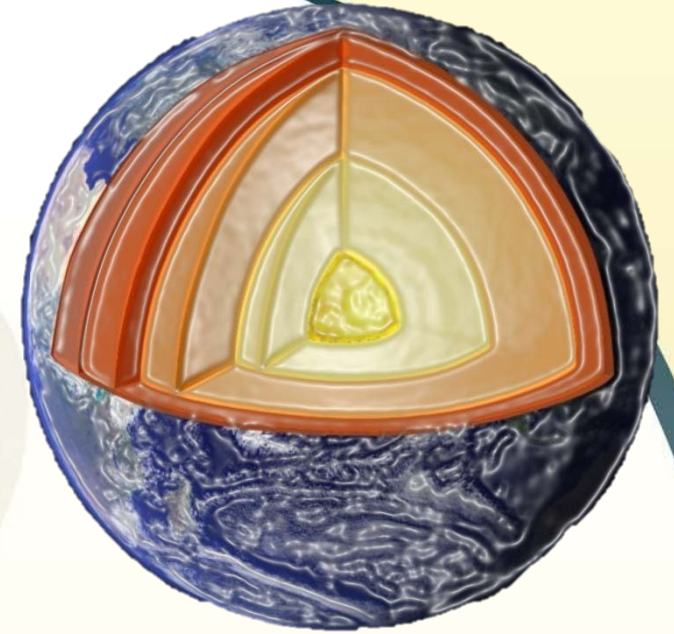
1. “Mental models”
2. Company self-evaluation
  - go beyond the SWOT
  - define strategic brand and positioning(s)
3. Strategic roadmaps and plans
  - customer acquisition and/or retention
  - development and/or acquisition of assets
  - components of a long-term plan

## 2.1...

# Mental models of strategy

Marketers set strategic goals based on the environmental scan and on knowledge of the mission, vision and values. Different “gurus” have presented different “mental models” to help with this process:

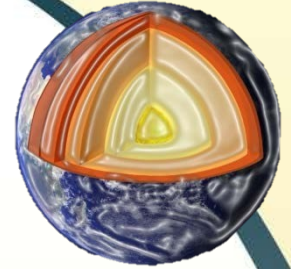
- Growth from the core
- Pursuit of differential advantage
- Seeking untapped markets
- Anticipating disruption



**Mental model:**

**Grow from the core**

# Grow From The Core



Strengthen and grow your core business

- Profit from the Core (Chris Zook)
- Beyond the Core (Chris Zook)

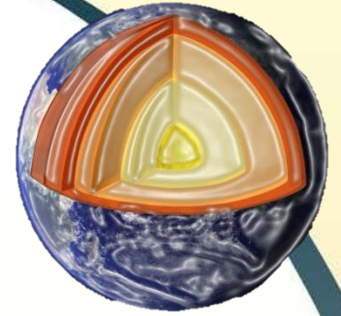
Leverage core competencies

- Competing for the Future (Gary Hamel & C.K. Prahalad)

Move toward BHAGs that build on core ideologies

- Built to Last (James Collins & Jerry Porras)
- The Soul of the Corporation (Hamid Bouchikhi & John Kimberly)





Can your core  
business be  
grown?

Do you need to  
move into  
adjacencies?



**Mental model:**

**Pursue competitive advantage**

# Pursue Differential Advantage



- Define the structure of an industry, identify the key success factors, and work to either change the structure in your favor or gain superiority in the key success factors
  - Competitive Strategy (Michael Porter)
  - Market-Driven Strategy (George Day)

Define key success factors (table stakes) in your industry and determine how to succeed by excelling at them and/or redefining them.





**Mental model:**

**Seek untapped marketspace**

# Seek Untapped Marketspace



Move away from the boundaries of comparative competitiveness and look for products and services to fulfill a yet unmet demand

- *Blue Ocean Strategy* (W. Chan Kim & Renee Mauborgne)
- *MarketBusters* (Rita Gunther McGrath & Ian C. MacMillan)



Identify market opportunities that you have the skills to satisfy, but that are currently being underserved in your industry





**Mental model:**

**Anticipate disruption**

# Anticipate Disruption



This is another look at new marketspace, but from the perspective of estimating when an emerging trend will take off, and building a strategy to take advantage of it

- *The Tipping Point* (Malcolm Gladwell)
- *The Innovator's Solution* (Clayton Christensen & Michael Raynor)

Follow technology,  
industry, and market  
trends to identify – and  
take advantage of –  
tipping points as early  
as possible.



**2.2...**

## Company self-evaluation



# Historical background

## Background

- What is the history of the company?  
What have been its areas of success?  
Failure?
- What products, markets and customers are most “consistent” with the company?  
Why?
- What are the core values of the organization?



# Past & present performance

What are the current ...

- sales & profitability
- levels of customer satisfaction
- product portfolios and quality
- brand associations

# Historical strategies

## Strategy

- How well is the present strategy working?
- What are the long-term and short-term goals, mission and objectives of the company?
- What are the historical and short-term trends?
- What changes have been made in business design?

# Existing & future resources

## Core competencies, capabilities & processes

### Current:

- What knowledge, skills, abilities are the “areas of excellence” for the firm?
- What efforts have been made to cultivate them?

### Future:

- What new capabilities need to be developed to respond to changing markets and environments?
- How can business units and product areas benefit from these capabilities?

# Assess tangible assets

What opportunities exist for economizing on the use of finance, inventories, and fixed assets?

How can existing assets be used more profitably?



# **Assess human resources**

What skills and attributes of individual employees add to your firm's competitive advantage?

Have these “competencies” been identified and groomed?

# **Assess intangible assets**

What reputational assets provide value to your firm?

Can they be enhanced?



# What is a brand?



At its core, a brand is a distinctive symbol (name, term, number, design, etc.) that uniquely identifies a product, service, company, organization, or offering.

*However  
a brand goes  
beyond mere recognition  
to carry evaluative meaning.*

*It implies some promise or contract  
of performance. It is the mental “stereotype”  
or “executive summary” of what the brand stands for.  
The visual and auditory symbols are created by the seller,  
but the meaning is in the minds of customers and stakeholders.*

# Remember ...

Brands are important corporate assets that require management.

Strong brands link with strategy and human resources to offer...

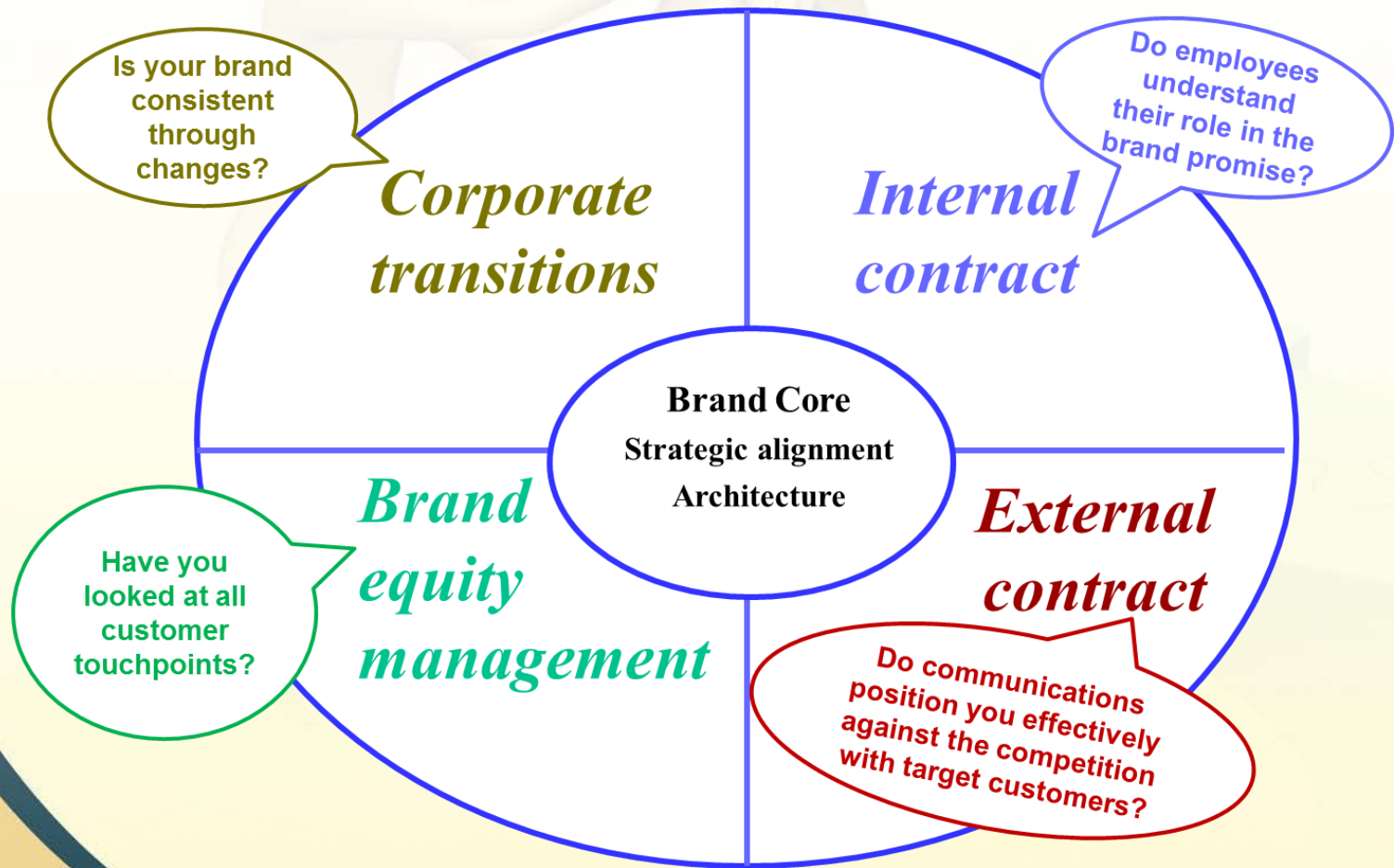
- unique and valued identities
- sufficient depth to realize corporate strategies
- deliverable promises of ongoing customer value and emotion

Corporate changes should consider brand impact

- Use brand strategy as a new product filter
- Reinforce and revitalize brands as required by internal and external changes
- Corporate name changes, M&As and divestitures should take branding strategy into account.



# Why should customers trust you?



## 2.3 ...

# Strategic roadmaps and plans





# FACTS Tools for Planning



**Flowcharts**



**Action  
maps**



**Checklists**



**Templates**



**Schedules**



# How should you start?

Start with strategic issues before budget

Avoid over-optimism

Avoid status quo bias

Bring together the right people

Adapt planning cycles to issue requirements

Implement a strategic performance management and incentive system

# High-level plan components

Scope (what is our area of focus?)

- linkages among units

Direction (what should we achieve?)

- vision, goals, stakeholders

Posture (how and where might we compete?)

- product / service offering, customers, position

Implementation (what steps should we take?)

- Structure, incentives, measures

# Example strategic plan outline

Summary of SWOT analyses  
(with details relegated to an appendix)

Mission and vision statements

Strategic goals

High-level strategy statements

Programs to support each strategy statement

- Assigned responsibilities
- Timelines & metrics
- Tools

Projections

- Profit/cash
- Expected returns

Requirements

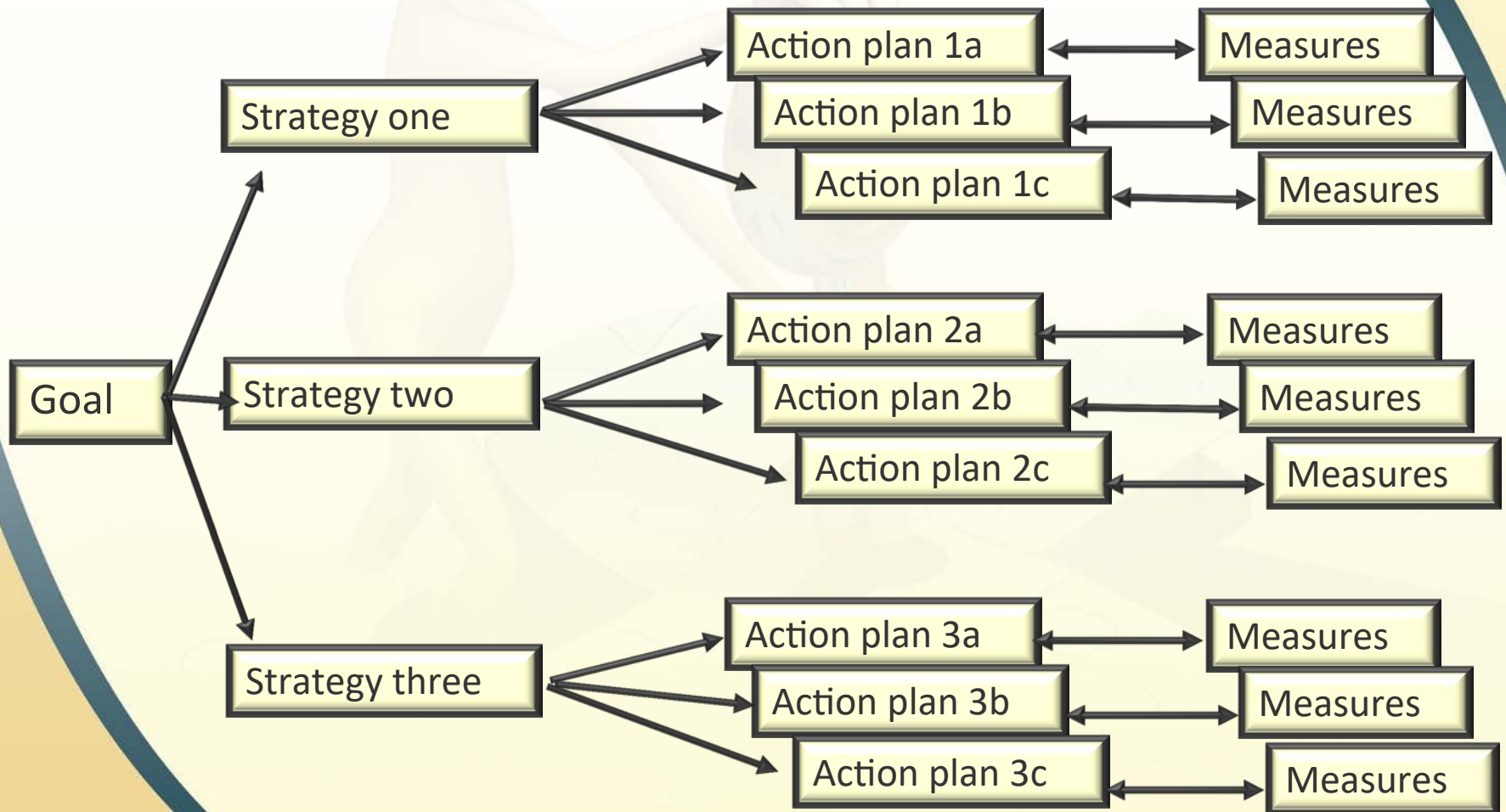
- Capacity
- Personnel
- Investment

Efforts to mitigate risk

Appendices

Performance measurement plan

# Moving toward execution

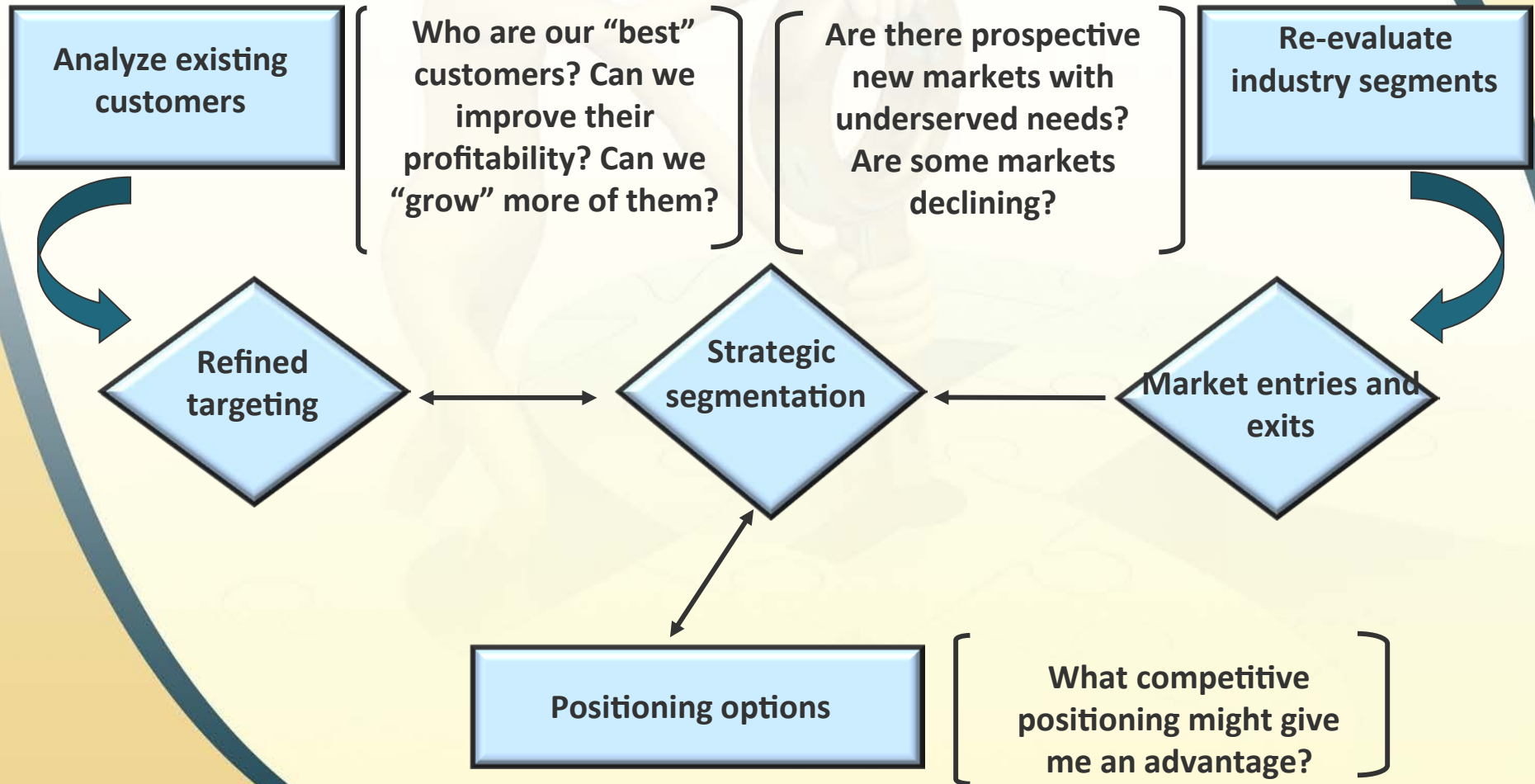


# Develop a strategic vision

Summarize your analyses from yesterday, and answer the following questions.

- How will the customers of tomorrow be different from the customers of today? How will that affect how you do business? What products will these customers expect or demand?
- Will you need to develop new products or markets?
- Do your existing core competencies, capabilities provide an advantage today? Will they tomorrow?
- Given your culture, are there aspirational pursuits to consider?

# Initiate strategic alignment





# **What items might you include in the vision?**

Growth, size, impact

Competitive positioning

Technological positioning

Sustainability, environmental stewardship

Social responsibility or equity

Customer emphasis

# Is your vision statement...

Understandable?

Inspiring?

Energizing?

Aligned within/across the organization?

Clear enough so cross-functional teams  
know what to expect?

Balanced?



# Vision to goals to strategies

Vision is a “fuzzy,” directional statement

A goal is a more concrete long-term statement of direction

- it's a long-term what
- it drives toward sustainable advantage

A strategy is a roadmap to reach the goal

- it's a long-term how

# Strategic goals...

Quantitatively define the desired result of a strategy (in terms of performance targets)

Generally incorporate high-level financials such as sales/profits and/or growth rates

Clarify metrics that can be used to define success (financial and non-financial)

Should help prioritize projects

Should help direct emergent strategies

# From Goals To Strategies

After strategic thinking, marketing leaders must move to strategic planning, i.e., move from goals to strategies.

Where to compete:

- Target industries, accounts, countries, etc.

How/when to compete:

- Focus on specific products, opportunities
- Build specific competencies and skills
- Choose appropriate timing

# Assess values & culture

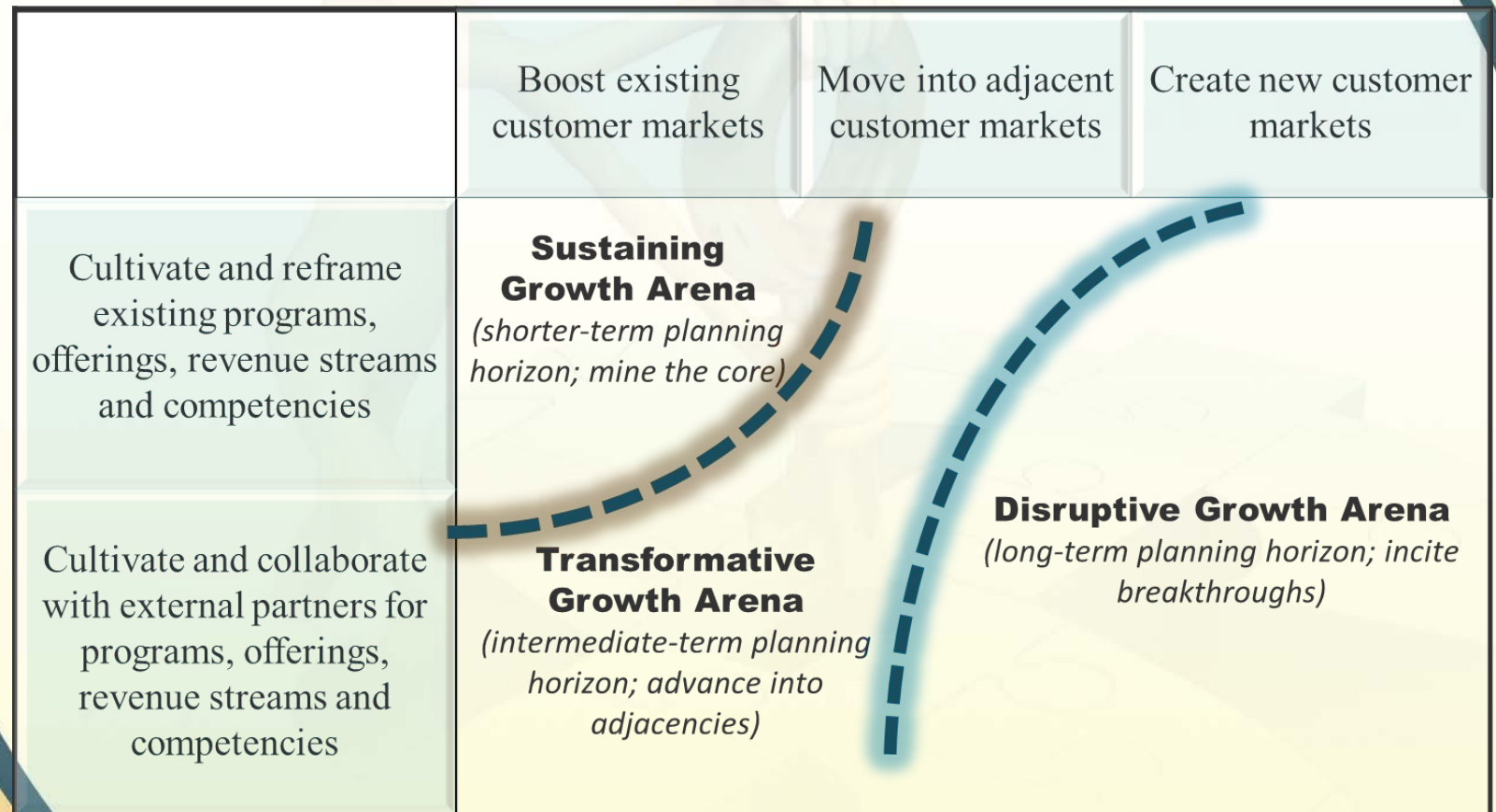
Corporate culture gives employees a sense of direction, a sense of how to behave.

A strong culture without vision can breed complacency.

A strategy inconsistent with values and culture will be difficult to implement. It may be necessary to adjust either the strategy or the culture.



# Strategic marketing growth portfolio





Can I achieve my goals  
& a sustainable  
advantage with existing  
customers and  
capabilities?

Might externalities  
*force* a change?  
When?

Will I need to move  
into adjacencies or  
new markets?  
New capabilities?

How can I build a  
portfolio of short-,  
medium-, and long-  
term growth  
options?



# For each arena, consider ...



**What will be my differentiators?**

**Can we win?**

**Is the timing right?**

**How much effort is required?**

**Will we succeed financially?**

**Is there a cultural fit?**

# Strategy roadmaps provide...

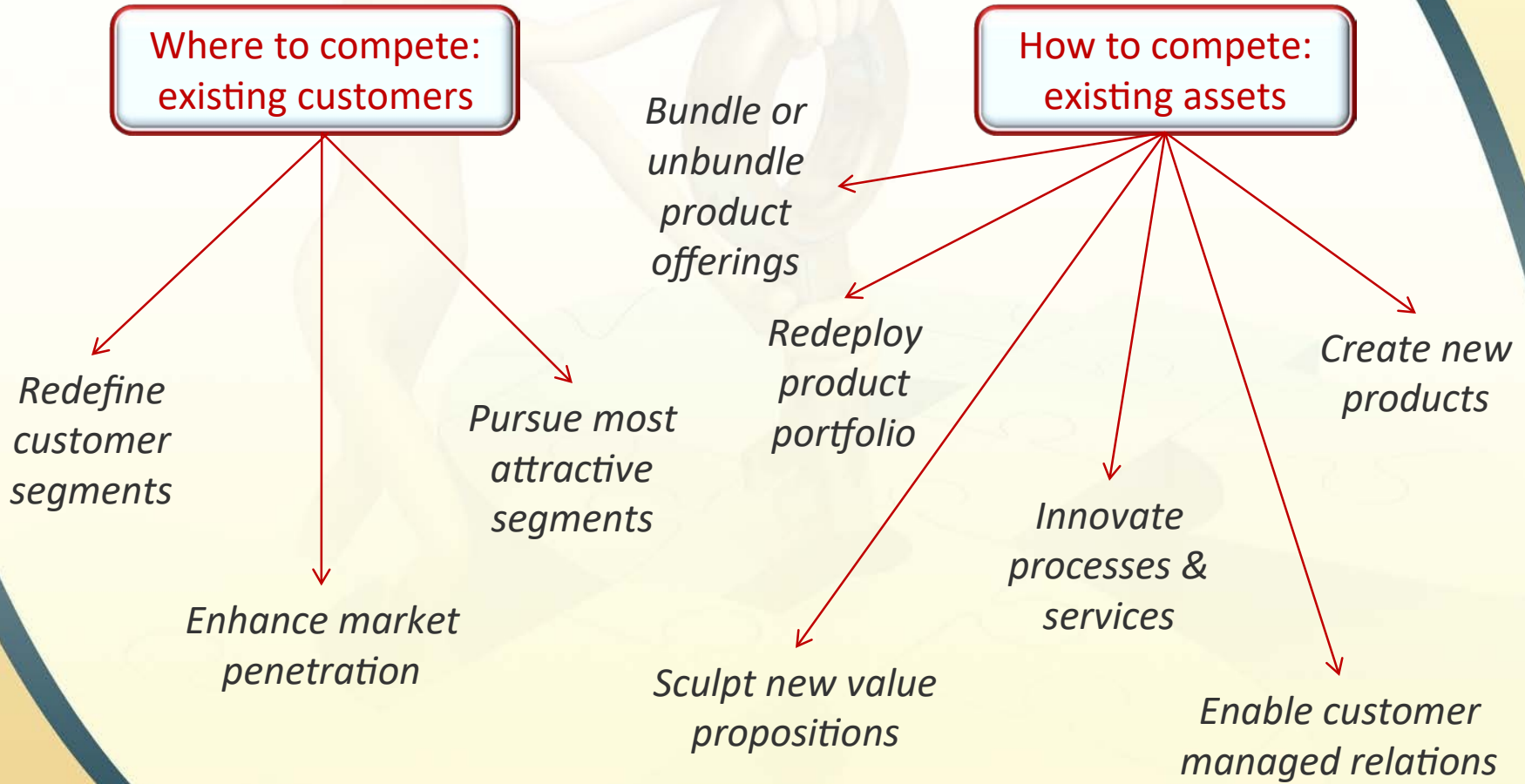
High-level projects, programs and initiatives that drive performance toward the stated opportunities and goals

Projections of profit/cash, investment needs, expected returns, capacity & personnel requirements, risk management

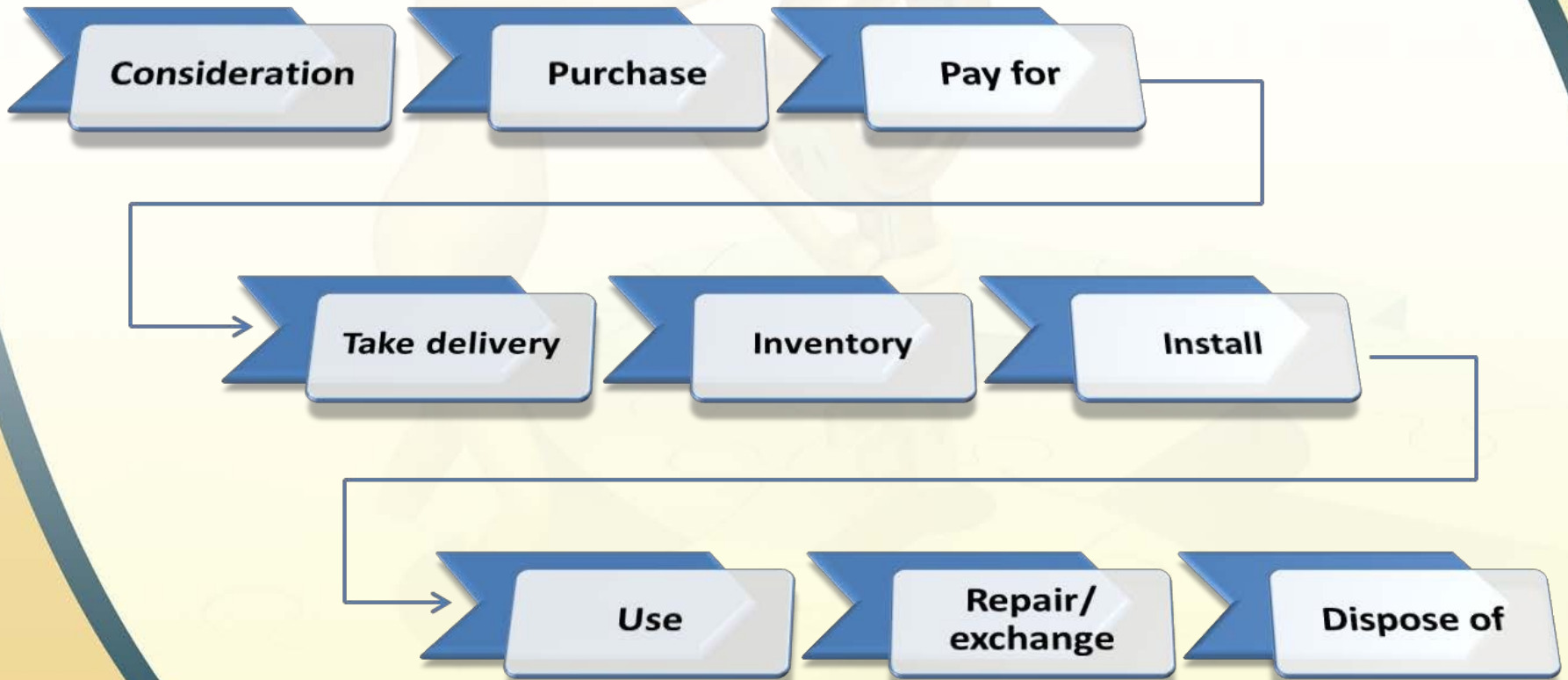
A potential horizon of rolling annual plans



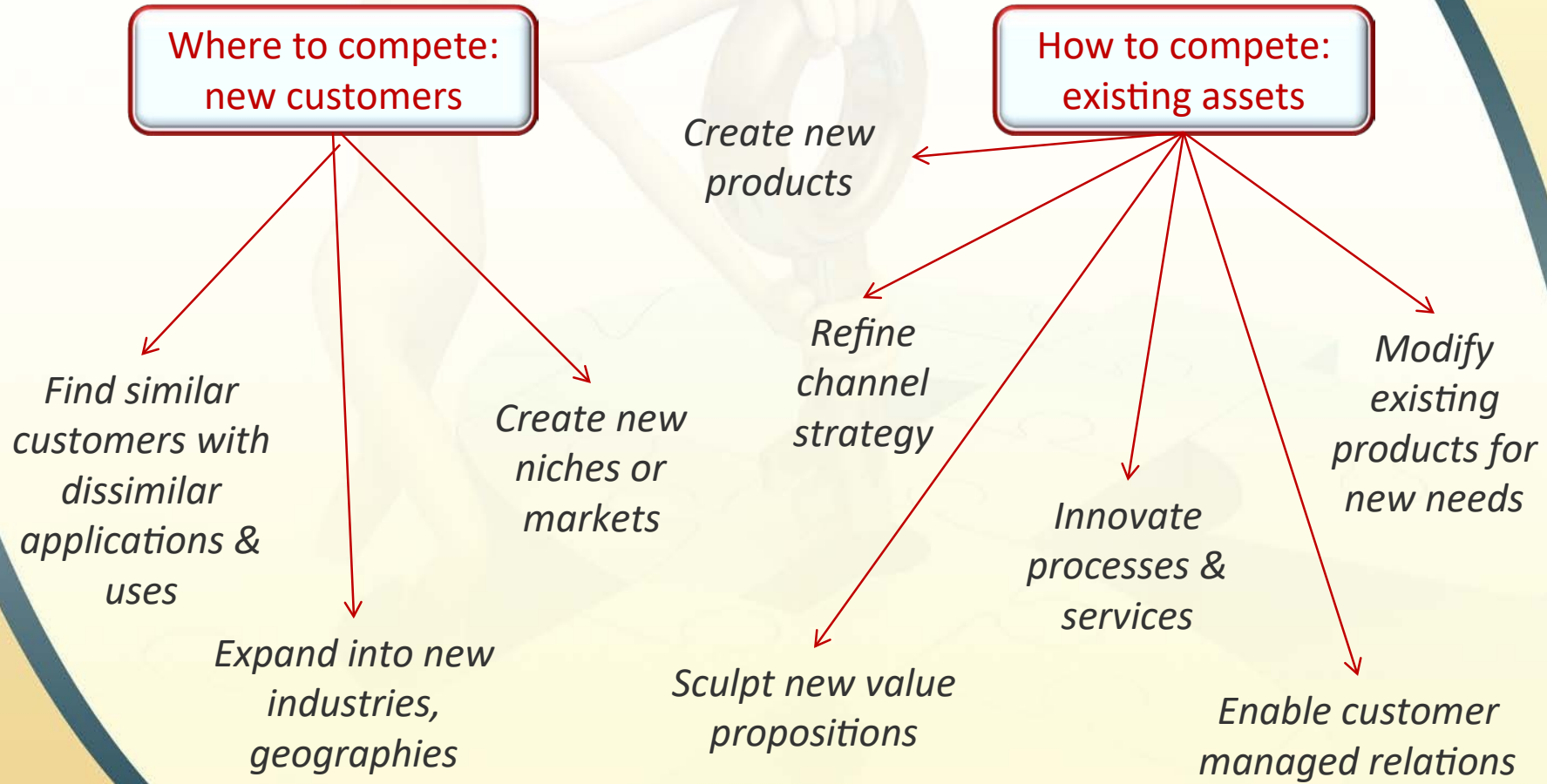
# Sustaining growth: projects, programs, initiatives



# Customer value chain



# Transformative growth: projects, programs, initiatives





# Disruptive growth: projects, programs, initiatives

Where to compete:  
new customers

*Find similar  
customers with  
dissimilar  
applications &  
uses*

*Expand into new  
industries,  
geographies*

*Create new  
niches or  
markets*

How to compete:  
external assets

*Enter into  
strategic  
alliances*

*Acquire another  
company or its  
assets*

*Enter into a joint  
venture*

*Merge with  
another  
company*

*Create breakthrough  
products*





## Tips for disruptive growth

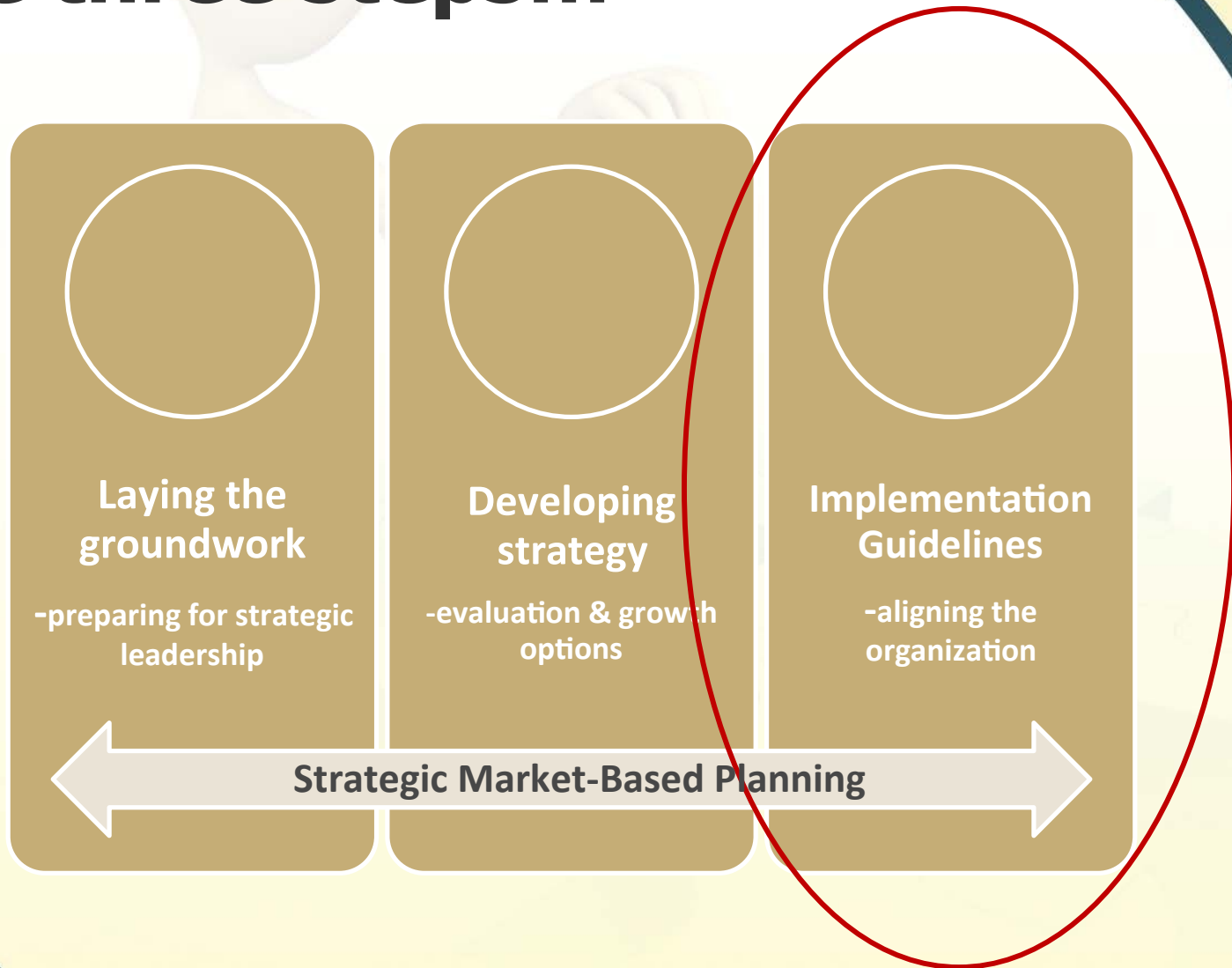
- Explore several plausible futures
- Avoid reliance on “best” customers
  - jumpstart emerging markets
- Maintain a long-term perspective (even long-term incrementalism)

# **The Innovation Paradox**

**Robert C. Wolcott**



# The three steps...



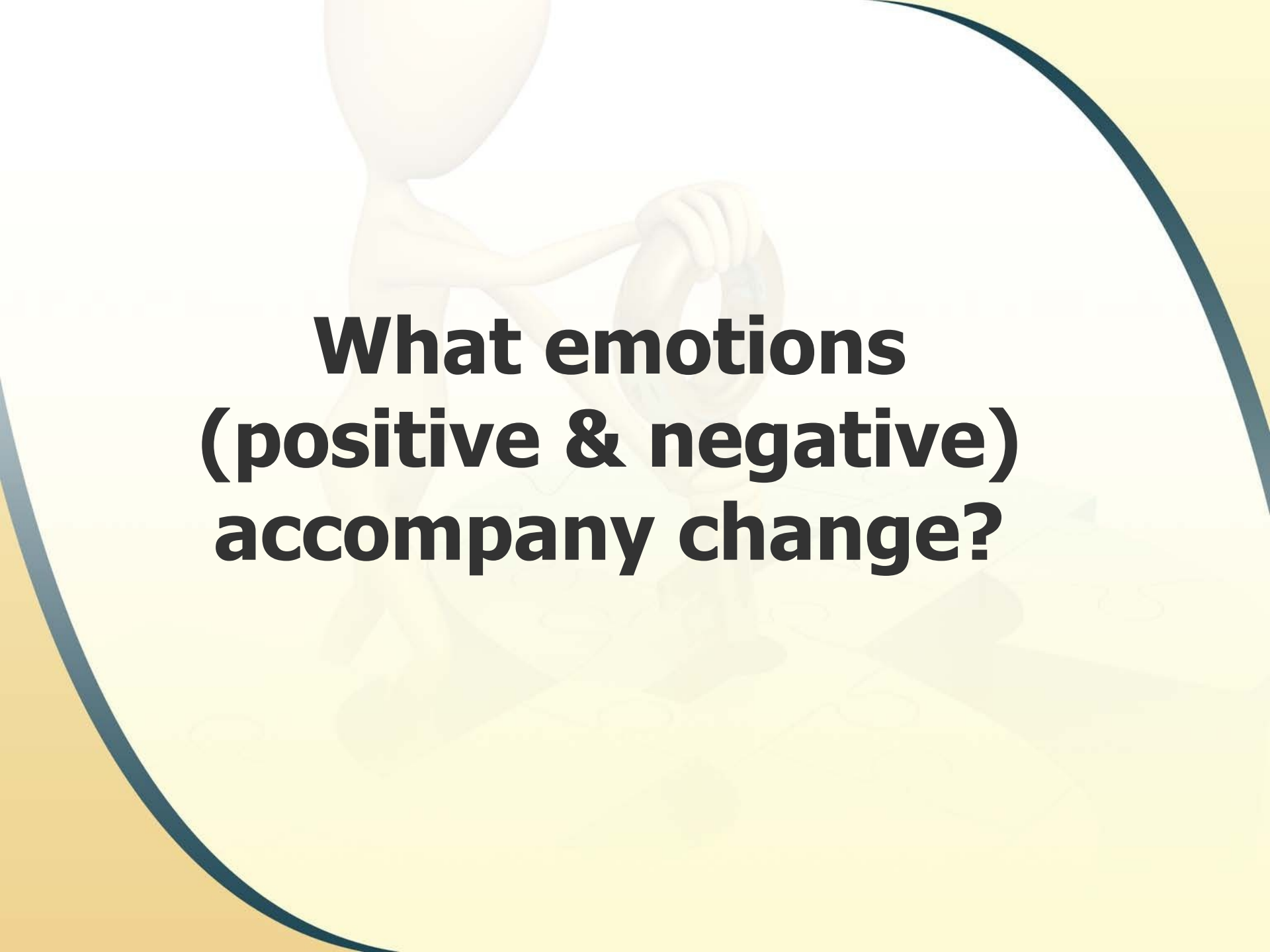
# **Alignment: Implementing strategy in the organization**



# So, what's today's agenda?

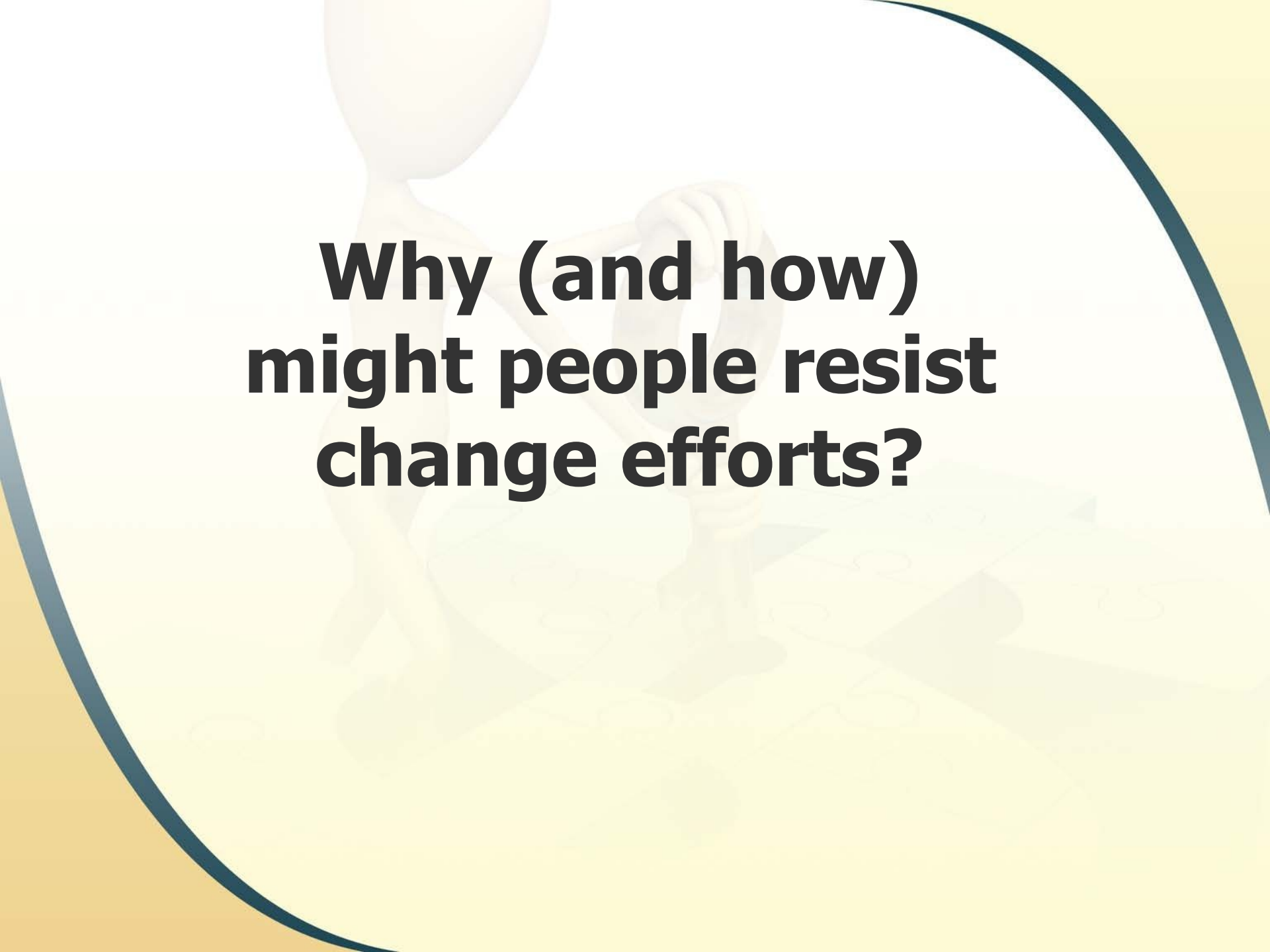
The emphasis shifts from **what** to **how**.

*You need to **sell** any changes to the people responsible for paying for it; for implementing it; or for being involved in any capacity.*



**What emotions  
(positive & negative)  
accompany change?**





**Why (and how)  
might people resist  
change efforts?**

One cannot become a  
butterfly by  
remaining a  
caterpillar.



# Structure is the skeleton of an organization.

## **Legal framework**

- sole proprietorship, partnership, LLC, corporation, ESOP, benefit corporation, cooperative

## **Reporting relationships**

- function, product, customer, division, geography, matrix

## **Shared services**

- centralized vs. decentralized

## **Levels**

- hierarchical vs. flat

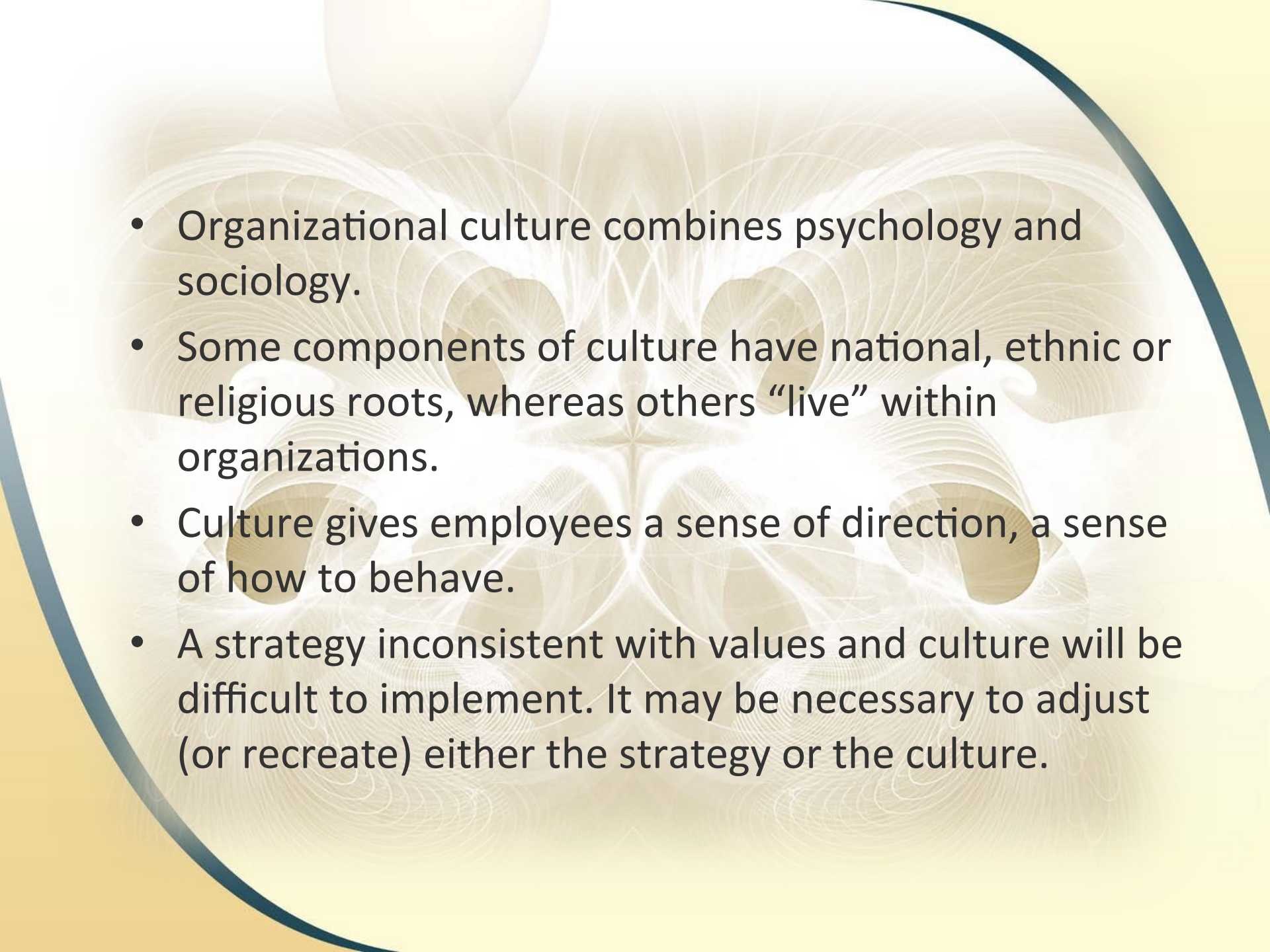






**Culture is the soul.**



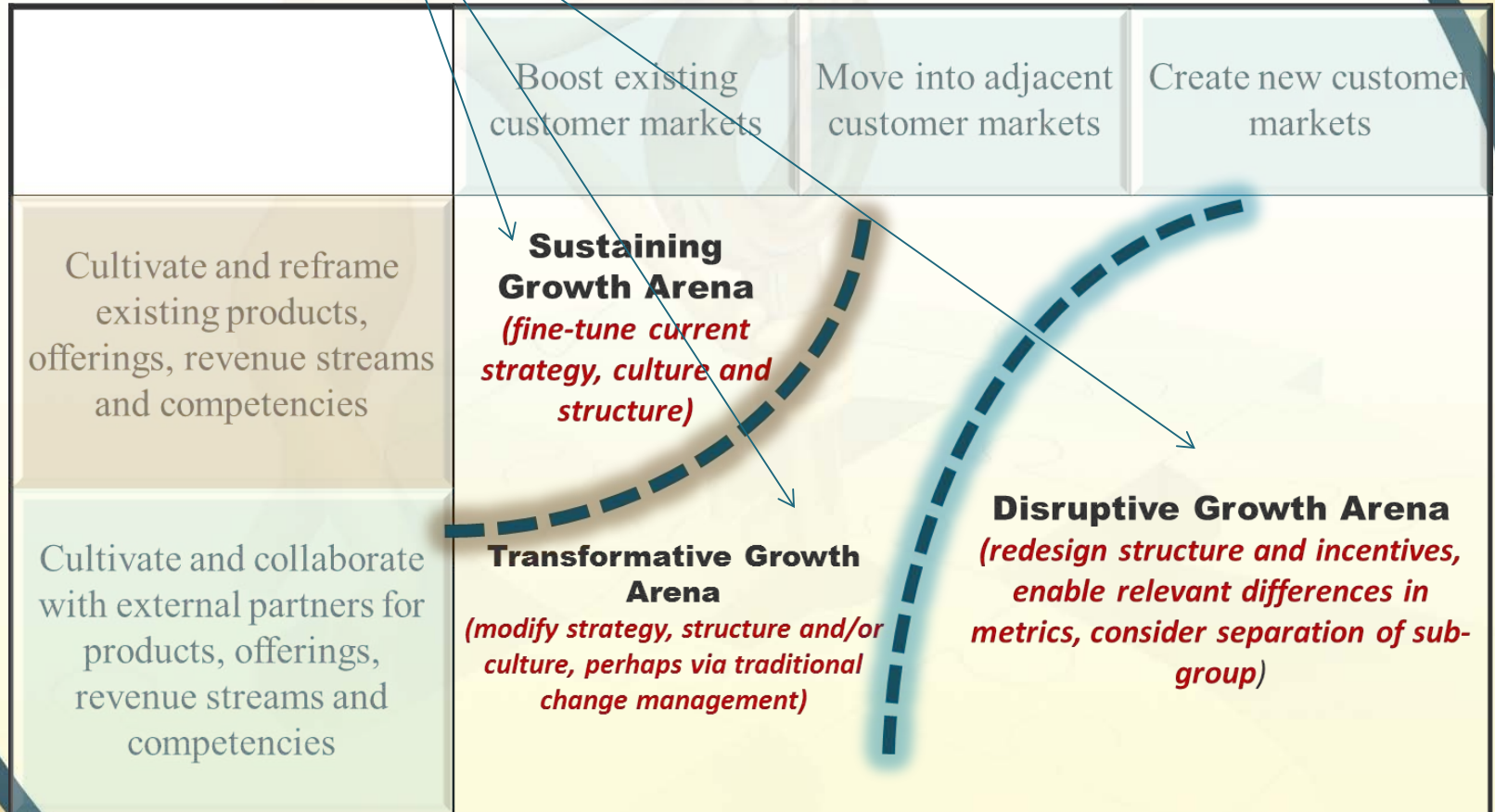
- 
- Organizational culture combines psychology and sociology.
  - Some components of culture have national, ethnic or religious roots, whereas others “live” within organizations.
  - Culture gives employees a sense of direction, a sense of how to behave.
  - A strategy inconsistent with values and culture will be difficult to implement. It may be necessary to adjust (or recreate) either the strategy or the culture.

# Henry Mintzberg on culture

*“Culture is the soul of the organization — the beliefs and values, and how they are manifested. I think of the structure as the skeleton, and as the flesh and blood. And culture is the soul that holds the thing together and gives it life force.”*

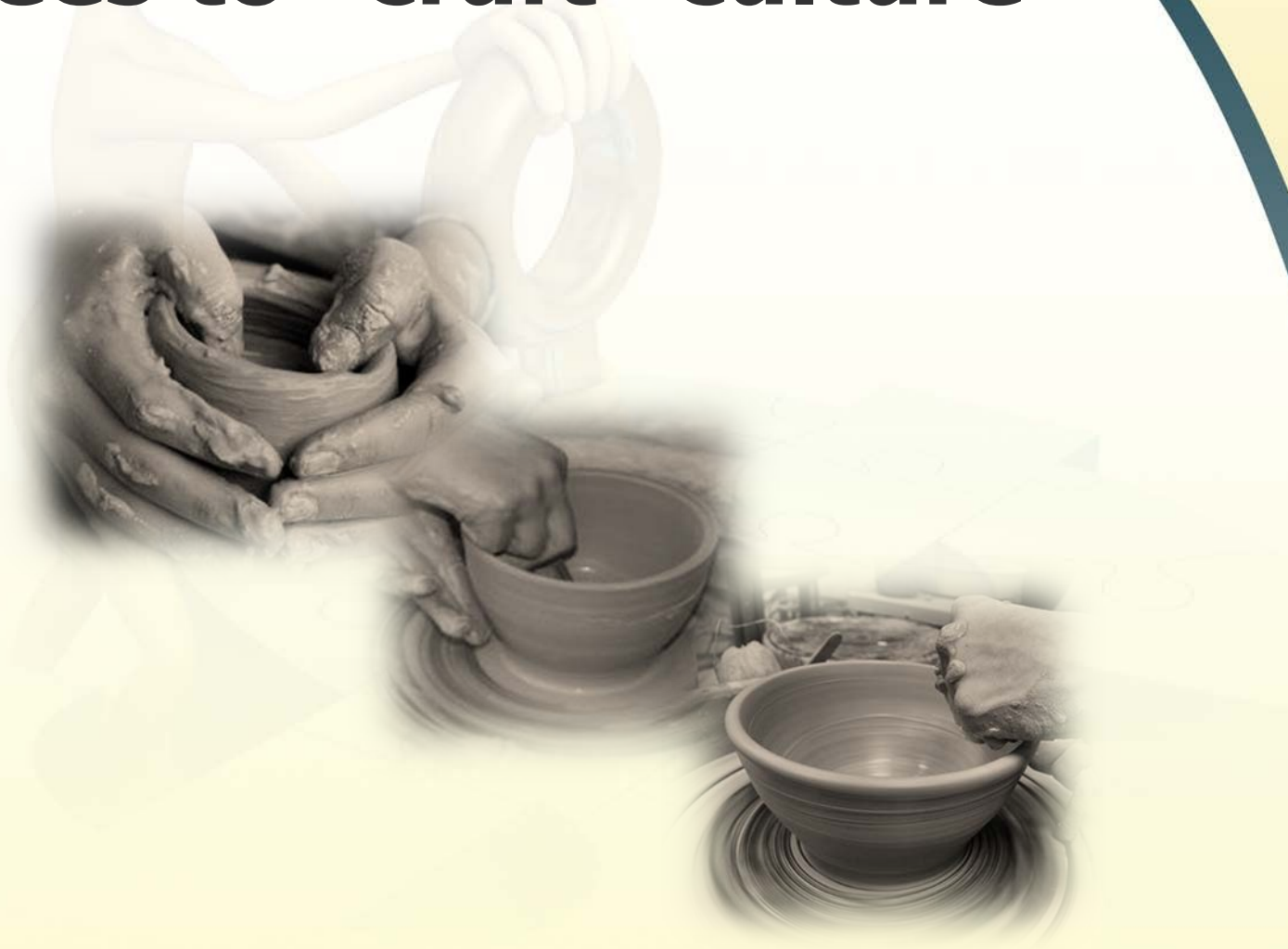


# Think about alignment





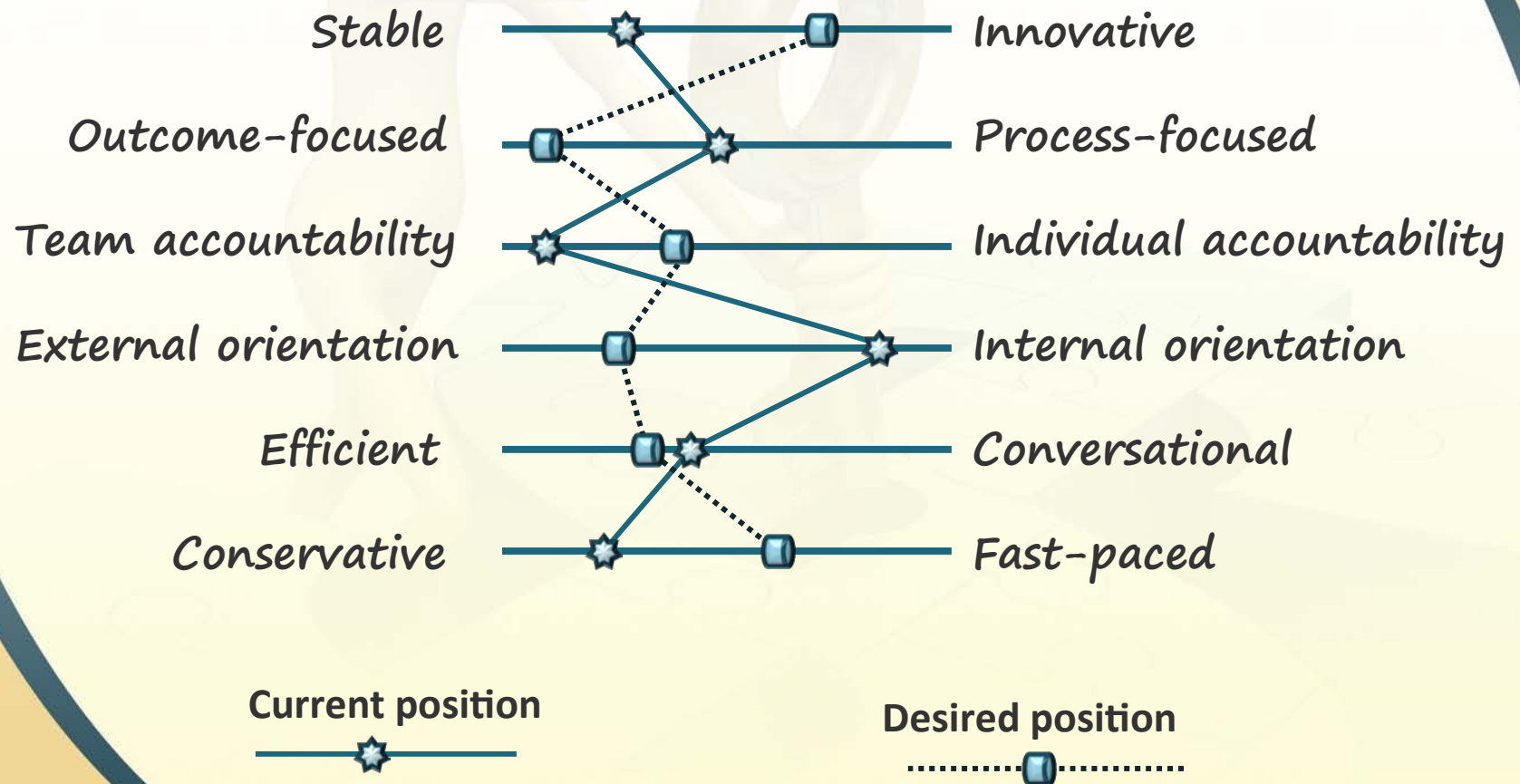
**For fine-tuning, allow  
employees to “craft” culture  
shifts**





For more  
transformative or  
disruptive change,  
start with  
measurement.

# Determine what changes might necessary



# Build a sense of urgency

- The reason for change is not always obvious
- Demonstrate how the status quo is more dangerous than change



# Create a powerful vision

Create a shared need. Do employees:

- See the reason for change?
- Understand why the change is important?
- See how it will help the *business* in the short- and long-term?
- See how it will help *them* in the short- and long-term?





# Disseminate the vision



Be an evangelist and convert one mind at a time if necessary

Don't worry about redundancy (as long as the message is consistent)

Help employees get excited about the change



# Remember

People need to know:

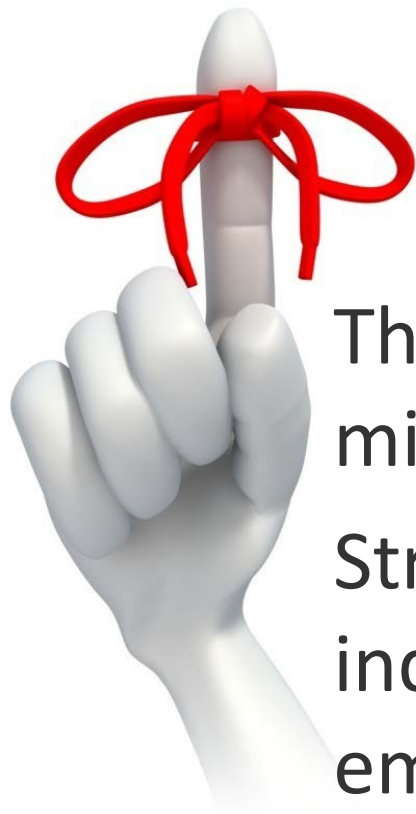
- How is this change relevant to what I do?
- What, specifically, should I do?
- How will I be measured and what consequences will I face?
- What tools & support are available?
- What's in it for me?



# Embed into the culture

Make the change “the way we do things around here”

Ensure the structure, systems, resources and people are in sync



## **Remember ....**

The actual strategies implemented might not be the strategies planned. Strategy emerges through the individual actions of various employees.

That's why Henry Mintzberg used the phrase "crafting strategy."

Be open to different approaches to achieving your vision.

# So what does this mean for you as a strategic marketing leader?

Determine the need for change

- Conscientiously scan the environment

Shape the vision and define the goals

- Prepare long-term direction and plausible futures

Craft strategic business models to attain the goals

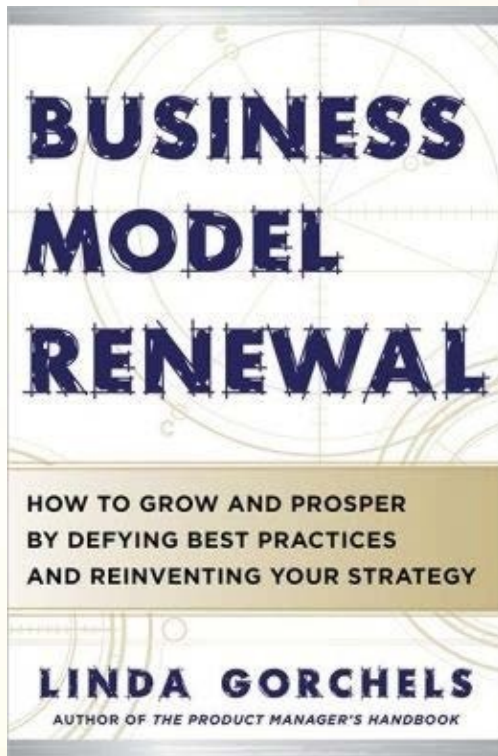
- Manage sustaining, transformative and disruptive change options

Align business model components

- Adapt organizational structure and culture

Manage change efforts

- Involve and energize employees and stakeholders



[Business Model Renewal](#)  
[Amazon.com](#)

Linda Gorchels  
[www.LindaGorchels.com](http://www.LindaGorchels.com)



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**Tim Aurand**  
**Professor**  
**Northern Illinois University**





# Linda M. Gorchels

Just as we routinely upgrade computer systems, we must upgrade our own knowledge systems. Linda has helped over 10,000 people over a 25+ year period with these educational upgrades, merging anecdotal client experience with researched “best practices,” and sharing the resulting insights with managers and executives. After working in the office products, publishing and insurance industries, she joined UW-Madison’s Center for Professional and Executive Development, both as a corporate trainer and program director. Now, as a director emerita, she provides workshops for select clients.

An award-winning author of *The Product Manager’s Handbook*, she has also written *The Product Manager’s Field Guide*, *The Manager’s Guide to Distribution Channels*, *Business Model Renewal*, and *Product Management ShortRead Series*.