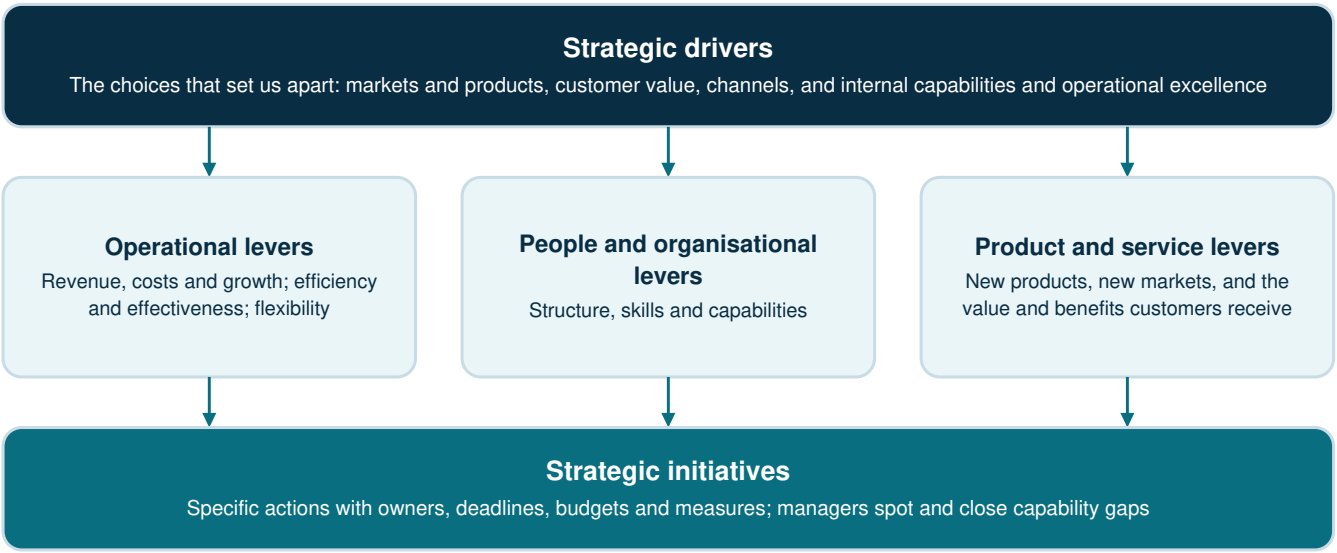
Strategic drivers and operational levers

MODULE 5 | 5.2.1 | STUDENT COMPANION

The **gaps** found in the strategic analysis (where the environment is moving one way and the organisation's capabilities or results point another) become the **strategic drivers**: the issues the strategy must address to create or protect a competitive advantage. A driver without the capability to act on it is just a wish, so having, building or acquiring capabilities is part of the strategy.

Peak Indoor Climbing (imagined) runs three gyms in Brisbane. Indoor climbing is booming among young adults and families, and customers expect to book and pay on their phones. But Peak still takes bookings by phone and at the desk, two gyms are crowded at peak times and empty during the day, and a well-funded rival has opened nearby.

From strategic drivers to strategic initiatives



Peak: launch the booking app by March; owner, operations manager; budget $80,000; target, half of bookings online within six months

A good initiative names an **owner, a deadline, a budget and a measure**, so everyone knows what success looks like and who is responsible for it.

Strategic options under each driver

Industry
A fast-growing industry, or a newer, riskier one. Peak: guided outdoor climbing trips

Markets
Concentrate on one market, or take the offer to new places. Peak: a fourth gym in a growing suburb

Products and services
Add related services, or drop those that don't fit. Peak: yoga and strength classes; drop the tired retail corner

Customers
A new customer group, or a shift to full-price customers. Peak: school and corporate programs for quiet weekdays

Channels and operations
Online presence, round-the-clock service, social media, referral rewards, or exceptional traditional channels. Peak: a booking app

Peak's booking app and the operational drivers

Revenue
More bookings and memberships, at any hour; prices that vary by time of day fill quiet hours

Costs
Upfront investment and ongoing fees, offset by less staff time on the phone and at the desk

Growth
A channel to younger customers who rarely pick up a phone

Watch-out: too little personal contact could weaken loyalty, so pair the app with a staffed welcome desk at busy times

Two options compared on the operational drivers

Driver	Booking app	Fourth gym
Revenue	More frequent bookings; time-of-day pricing	A whole new catchment of members
Costs	Upfront build and ongoing fees; less desk and phone time	A lease, a fit-out of perhaps $2 million and a new team
Growth	Younger customers	A new market
Watch-out	Loss of the personal welcome	If it is too close to an existing gym, members simply switch: model how many are genuinely new

Options affect each other

- Off-peak prices can fill weekdays, but if too generous they move existing customers from busy times to cheaper ones, cutting revenue.
- The same weekday wall space can't host a school group and an adult class at once, so the two options compete for capacity, and managers must decide which earns more or how to schedule both.

Sizing an operational effect: school programs

Students per weekday morning	60
Days a week	4
School weeks a year	40
Price per student	$12
New revenue per gym: 60 x 4 x 40 x $12	**$115,200**

Walls and staff already exist, so most of this revenue flows to profit

Case note: Domino's turnaround

By 2009 Domino's had a poor reputation for taste in the US, and its US same-store sales had fallen in 2007 and 2008. On 27 December 2009 it launched a new recipe with advertising that openly admitted customers' complaints. US same-store sales jumped **14.3%** in the first quarter of 2010 and 9.9% for the year. It also kept investing in digital ordering: the online **Pizza Tracker** arrived in January 2008, and digital channels passed half of US sales by the end of 2015 and 85% in 2025. The share price, under US$10 throughout 2009, first passed US$400 in August 2020 (buybacks and dividends played a part too). A better product (revenue) and a cheaper, faster channel (costs and growth) worked together.

Sources: Domino's Pizza Form 10-K reports (2009 and 2025) and results releases (May 2010, March 2011); Domino's Pizza Tracker release, January 2008; Pizza Marketplace, August 2020.

Practice questions

MODULE 5 | 5.2.1 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Sort the options into drivers

Option for Bluegum Regional Airport (imagined)	Strategic driver
(a) Build a freight hub for local farm exports	
(b) Add direct flights to a second capital city	
(c) Open a business lounge	
(d) Sell season passes to fly-in fly-out mine workers	
(e) Launch an app for parking bookings and flight alerts	
(f) Lease spare land for a solar farm	
(g) Close the loss-making souvenir shop	
(h) Run summer flights to a nearby holiday island	
(i) Win contracts with pilot-training schools	
(j) Give locals free parking for referring friends	

Question 2 - A cafe in every store

Pageturner Books (imagined) runs 12 bookshops and is considering a cafe in every store. Analyse the option against revenue, costs and growth, and name one way it could interfere with the existing business.

Question 3 - Fill the empty seats

Calculate the extra annual revenue from tickets and from the candy bar, and name two costs that would rise.

Item	Starlight Cinemas (imagined)
Screens and seats	6 screens of 150 seats
Weekday daytime sessions	About 20% full
Seniors and schools program	300 extra tickets each weekday (Monday to Friday)
Ticket price	$11
Candy-bar spend	$4 per extra ticket
Weeks a year	50

Worked answers

MODULE 5 | 5.2.1 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Bluegum Regional Airport

Option	Driver
(a) Freight hub; (f) solar farm	Industry: moving into new industries (logistics, energy)
(b) Second capital city; (h) island flights	Markets: new places
(c) Business lounge; (g) close the shop	Products and services: add a related service; drop a misfit
(d) Mine workers; (i) pilot schools	Customers: new customer groups
(e) App; (j) referral rewards	Channels and operations

Question 2 - Pageturner Books

Driver	Analysis
Revenue	Coffee and food sales; longer visits that lift book sales; events such as author talks
Costs	Fit-out and equipment, cafe staff, food waste, food-safety compliance, and the shelf space given up
Growth	New groups such as students and remote workers; a reason to visit more often
Interference	The cafe takes space from higher-margin books, and customers may linger without buying. A CPA should compare contribution per square metre for books and for the cafe.

Question 3 - Starlight Cinemas

Extra tickets a year: 300 x 5 days x 50 weeks	75,000
Ticket revenue: 75,000 x $11	$825,000
Candy-bar revenue: 75,000 x $4	$300,000
Total extra revenue	**$1,125,000**

Costs that rise: the distributor's share of ticket sales, staff, cleaning, and marketing to seniors and schools