Finalising the strategy

MODULE 5 | 5.6 | STUDENT COMPANION

Every step of strategy development needs leaders and managers to be closely involved, but their roles differ. To complete the strategy they need a **high-level implementation plan** and meaningful **key performance indicators and measures** that link the options back to the goals and show whether the strategy is succeeding.

Leaders and managers in finalising the strategy

Leaders	Managers
Set the overall direction	Understand how each option relates to the strategic drivers and the operational, people and organisational levers
Check alignment with the vision and mission, the values and the goals	Group options into themes, evaluate them against the environment, capabilities and potential advantage, and choose
Talk with major stakeholders before launch	Set the measures, and plan the sequence, owners, milestones and budget

Peak's high-level plan (imagined): the app and school programs in year one, the fourth gym in year three, and the people and systems theme running throughout. Detailed implementation is the subject of Module 6.

Peak's strategy on a page

Vision	To be Brisbane's favourite place to climb			
Mission	Help people of every age and ability discover climbing, through safe walls, expert coaching and a welcoming community			
Values	Safety first	Everyone welcome	Keep progressing	Climb together
Goals (three years)	Revenue from $6.0m to $7.5m	Weekday mornings from 25% to 60% full	Average membership from 20 to 24 months	Instructor turnover under 15% a year
Strategic themes	Fill every wall, every hour	The easiest gym to belong to	Grow where climbers are	People and systems for growth

From goals to key performance measures

Peak's goal	Key performance measures
Revenue to $7.5m	Revenue for the business, each gym and each product, so lagging areas show up
Weekday mornings 60% full	Weekday bookings by gym and by hour
Membership to 24 months	Share of members still active after three months (when most cancel)
Instructor turnover under 15%	Turnover rate and training days
Internal processes	Is the app launched on time and on budget?

A metric with built-in responses

Metric: weekday morning use

Measured weekly for each gym. Target: 40% by the end of year one, on the way to 60% by year three

40% or above →	Continue the plan
30% to 39% →	Review prices and school marketing within a month
Below 30% for two months →	Pause the strength-class rollout; move its budget into school programs

Agreed in advance, so no one argues about whether to act when the numbers slip

If reporting covers only financial results, strategic metrics get neglected. Measuring strategic performance well reduces the chance of failure, limits the damage, and helps the organisation adapt and cut wasted spending.

Popular types of strategic metrics

Type	What it tracks	Peak (imagined)
Marketing and brand	Awareness and reputation	Share of Brisbane adults who recognise the brand
Customer acquisition and satisfaction	New customers, cost to win them, how happy they are	New members a month; share who would recommend Peak
Market attractiveness and value	Size and growth of the market; share of it	Growth of Brisbane's climbing market; Peak's share
Business profitability	Margins and returns	Profit earned by each gym
Digital effectiveness and search	Online performance	Share of bookings through the app; search ranking for 'climbing gym'

The pre-implementation review

1. What changed outside?
Global events, competitors' moves, government policy and regulation

2. What changed inside?
Funding, costs, capabilities and key people

3. How will others respond?
Likely reactions from customers and competitors

4. What if events unfold differently?
Scenarios such as delays in implementation

5. Who needs to hear it?
Major stakeholders, so no one feels ignored or surprised

6. Does it still align?
Test against the vision and goals: can leaders explain it in five minutes?

Peak: a rival announces a gym in Peak's chosen suburb, and the app's owner resigns

Peak's review (imagined): the rival's announcement sends the fourth gym back for fresh evaluation, perhaps in a different suburb; the app gets a new owner and a realistic new launch date; and leaders brief the bank, staff, partner schools and members. A strategy can take months to develop, so what was right at the start may not be right at the end.

The CPA's chain of questions for Module 5

- What do we want to be, and do the vision, mission, values and goals align?
- Which options could get us there, and how do they affect the drivers and levers?
- Which are worth the effort, and how do they score against weighted criteria?
- What are their risks, and how will we treat them?
- Which themes bring them together, and do they pass Rumelt's tests?
- How will we know whether we're succeeding?

Case note: Quibi

Quibi, founded by Jeffrey Katzenberg with Meg Whitman as chief executive, raised US$1.75 billion. Its name came from 'quick bites': premium shows in episodes of up to ten minutes, made for phones and short breaks such as commutes. It launched on 6 April 2020, as COVID-19 lockdowns kept people at home; casting to a TV arrived only in late May. It aimed for 7.4 million subscribers in its first year but had about 500,000 paying users by October. Announcing the closure on 21 October 2020, the founders said the idea or the timing, or both, was to blame. Streaming ended around 1 December, and Roku bought the rights to its shows in January 2021. A review against the changed environment was exactly what the strategy needed.

Sources: TechCrunch, 23 October 2020; AFP, 5 April 2020; TheWrap, 21 October 2020; TV Technology, 8 January 2021.

Module 5 at a glance

Lesson	Key ideas and tools
5.1	Strategy development sequence; CPA skills; aligning vision, mission, values, SMART goals
5.2.1-5.2.2	Strategic drivers; operational, people and product levers; initiatives; success factors for new products and markets
5.3.1-5.3.2	Value and effort grid; weighted criteria and sensitivity; descriptive, predictive and prescriptive analytics; customer lifetime value
5.4.1-5.4.2	Five-step risk assessment; strategic risks; risk matrix; eliminate, accept, reduce, share; what-if and cost-benefit analysis; timing
5.5	Strategic themes, tested with Rumelt's criteria: fit outside and inside, deliverability, and a lasting edge
5.6	Strategy on a page; measures with built-in responses; metric types; pre-implementation review

Practice questions

MODULE 5 | 5.6 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Write a metric with built-in responses

Lakeside Library (imagined) aims to increase active members aged 18 to 30 from 2,000 to 3,000 within two years.

Part of the definition	Your answer
What is measured, and how often?	
Target	
Level 1 and response	
Level 2 and response	
Level 3 and response	

Question 2 - Sort the metrics

Metric for Spokehouse (an imagined online bike shop)	Type
(a) Share of visitors who arrive from search engines	
(b) Brand awareness among cyclists	
(c) Cost to acquire each new customer	
(d) Gross margin by product category	
(e) Growth of the national e-bike market	
(f) Share of customers who would recommend the shop	
(g) Share of website visits that become sales	
(h) Share of online bike sales nationally	
(i) Profit per order after shipping costs	
(j) Social media followers and engagement	

Question 3 - A pre-implementation review

Hopsmith Brewing (imagined) spent nine months developing a strategy to sell through bottle shops interstate. Meanwhile, the excise on beer rose, its head brewer resigned, a large rival launched a similar craft range at lower prices, and its bank tightened lending. Conduct a pre-implementation review: what would you check, and what might change?

Worked answers

MODULE 5 | 5.6 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Lakeside Library (sample)

Part	Sample answer
Measure	Active members aged 18 to 30 (borrowed or attended in the last 90 days), counted monthly
Target	2,500 by the end of year one; 3,000 by the end of year two
On track: 2,500 or more	Continue the plan
Watch: 2,200 to 2,499	Review events and social media campaigns within a month
Act: below 2,200 for two months	Redirect budget to the most popular programs and survey young non-members

Question 2 - Spokehouse

Type	Metrics
Marketing and brand	(b) brand awareness; (j) social media
Customer acquisition and satisfaction	(c) acquisition cost; (f) would recommend
Market attractiveness and value	(e) market growth; (h) market share
Business profitability	(d) gross margin; (i) profit per order
Digital effectiveness and search	(a) search visitors; (g) conversion rate

Question 3 - Hopsmith Brewing

- **Outside:** the excise rise and the rival's cheaper range change prices and margins; re-run the forecasts and the what-if analysis.
- **Inside:** the head brewer's departure threatens quality and capacity; recruit, or delay the launch.
- **Responses and scenarios:** how will bottle shops and the rival react? Model a slower roll-out and a price war.
- **Funding:** tighter lending may mean a smaller, staged entry, one state first.
- **Stakeholders and alignment:** brief staff, the bank and key retailers; check that the revised strategy still fits the vision and can be explained in five minutes.