

Lafley and Martin's 5 Step Strategy Model

Description

This tool should be used to develop a joint competition strategy. This is a discussion tool for self-evaluation with regards to the external environment.

Time needed

1 to 2 hours discussion with partners

Type of tool

- DISCUSSION TOOL
- CHECKLIST
- THINKING FRAMEWORK

Benefits

This tool will allow you to discuss critical issues with your OI partner in order to clarify and formulate a joint strategy.

Team needed

All partners should be present during this process and go through each step together in order to provide a more holistic view of the different dimensions that are involved

Innovation Phase

- EXPLORE OPPORTUNITY
- DEVELOP CONCEPT
- VALIDATE CONCEPT
- INTRODUCE PRODUCT/SERVICE
- SCALE UP
- EXPAND & DIVERSIFY
- MANAGE OI

Expected outcome

A joint competition strategy

Complexity

4. Requires some prior knowledge about industry and market.



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WHAT ARE OUR WINNING ASPIRATIONS?

Identify what your aspirations are and how you will measure these. Aspirations could include increasing market share, open up a new revenue stream, or addressing customer needs.

WHERE ARE WE GOING TO PLAY?

Determine who your target customers and market are. Start with a potential list, then narrow it down to the most likely choices.

HOW ARE WE GOING TO WIN?

This is about determining to create unique value and sustainability and what you can provide to your customers in relations to both your competitors and the industry you have chosen.

WHAT CAPABILITIES SHOULD WE BUILT?

What capabilities do we need to win? Examples include consumer understanding, brand building, scale-up, and marketing. What do you have individually and collectively.

WHAT MANAGEMENT SYSTEMS DO WE NEED?

Management systems are important for supporting innovation and strategy. These should also focus on supporting the capabilities that you require.



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WHAT ARE OUR WINNING ASPIRATIONS?	<p>Enter French regional market in the next two years.</p>
<p>Identify what your aspirations are and how you will measure these. Aspirations could include increasing market share, open up a new revenue stream, or addressing customer needs.</p>	<ul style="list-style-type: none"> • Large manufacturers in France (maybe later) • French SMEs (possibly) • Individuals customers (definitively!)
WHERE ARE WE GOING TO PLAY?	
<p>Determine who your target customers and market are. Start with a potential list, then narrow it down to the most likely choices.</p>	<p>We can produce things cheaper and faster than current competitors</p>
HOW ARE WE GOING TO WIN?	
<p>This is about determining to create unique value and sustainability and what you can provide to your customers in relations to both your competitors and the industry you have chosen.</p>	<p>We need cost driven production systems that reduce our reliance on big suppliers</p>
WHAT CAPABILITIES SHOULD WE BUILT?	
<p>What capabilities do we need to win? Examples include consumer understanding, brand building, scale-up, and marketing. What do you have individually and collectively.</p>	<p>Need to improve establish our purchasing department and source manufacturing technology.</p>
WHAT MANAGEMENT SYSTEMS DO WE NEED?	
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Use Guidelines

The Lafley and Martin Model was developed to provide a practical framework towards developing a cohesive business strategy.

While the tool itself was designed to be implemented by a single entrepreneur, it can be adapted for a collaborative brainstorm in order to develop a common strategic vision.

The tool itself addresses many of the concepts explored by other more sophisticated tools (such as Porter's 5 Forces), but it provides a higher level perspective and an ease of use which is beneficial when two parties are negotiating.

The tool can be used as a focal point in a brainstorming session, or it can also be filled in separately and provide a starting point or negotiations.

Following are more detailed explanations for each of the stages of strategy formulation.

Step 1 - Winning Aspirations

The winning aspirations refers to the long-term objectives of the business.

These need to be focused on the market application and the commercialization of a product or service, as most of the following steps will be focused on its achievement.

It is also important to make sure that winning aspirations can be measurable. This is so that monitoring can be carried out and it can be determined whether or not the objective has been met.

Examples of winning aspirations: Increase market share, develop a new revenue stream, increase revenue by 3%, enter a new market or industry.



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Step 2 - Where are we going to play?

This step focuses on identifying potential customers and finding a target market.

Steps 2 and 3 of this model are typically carried out in conjunction, as the chosen market will also influence how an SME may be expected to win. Therefore the question of where to play and how to win must be considered at the same time.

Things to consider include which markets, which customers or consumers, what industry or what sector. The idea is to understand who your target group is.

Other tools that could be useful for this stage is Porter's 5 Forces.

Step 3 - How are we going to win?

As mentioned above, steps 2 and 3 must be considered at the same time.

The how to win needs to be focused specifically on the industry/market that has been chosen.

It is important for entrepreneurs to understand what their competitive advantage or unique value proposition. For collaborations, it is important to have a clear idea of the USP of each partner as well as the collective USP.

Porter's generic strategy can be used for this stage along with the USP.



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Step 4 - What capabilities should be build?

Steps 4 and 5 should also be thought of in conjunction.

This step focuses on identifying the range and quality of activities required to compete within the chosen industry/market.

The range of capabilities required will differ depending on where they have chosen to compete, where some may not be required at all.

Some examples of key capabilities include: marketing, scale-up, production, customer relations.

The analysis could first focus on what capabilities the SME already has, which ones they need to enhance, and which ones they need to acquire.

This stage could also be used to further identify where other potential partners could contribute.

Step 5 - What management system do we need?

As mentioned before, steps 4 and 5 should also be thought of in conjunction.

When building and developing capabilities to compete in a given market/industry, it is important for firms to structure their organization to help create a favorable environment.

For this step it is important for SMEs and their partners to determine how their current structure helps or hinders their innovation practices, and how they could improve it.

Tools that can help with this stage include those that are found in the Joint Business Model module.



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Training material guidelines

What is it?

A tool that will allow SMEs and Entrepreneurs develop a joint competition strategy.

Why should you use it?

This tool is easy to understand and uses direct terminology that will help entrepreneurs focus their ideas. The tool also guides entrepreneurs through formulating to implementing strategic choices.

This tool will help teams to:

- Focus on competition as the primary driver of strategy formulation
- Develop a holistic plan that includes building the researchers and capabilities to implement desired strategic choices.

