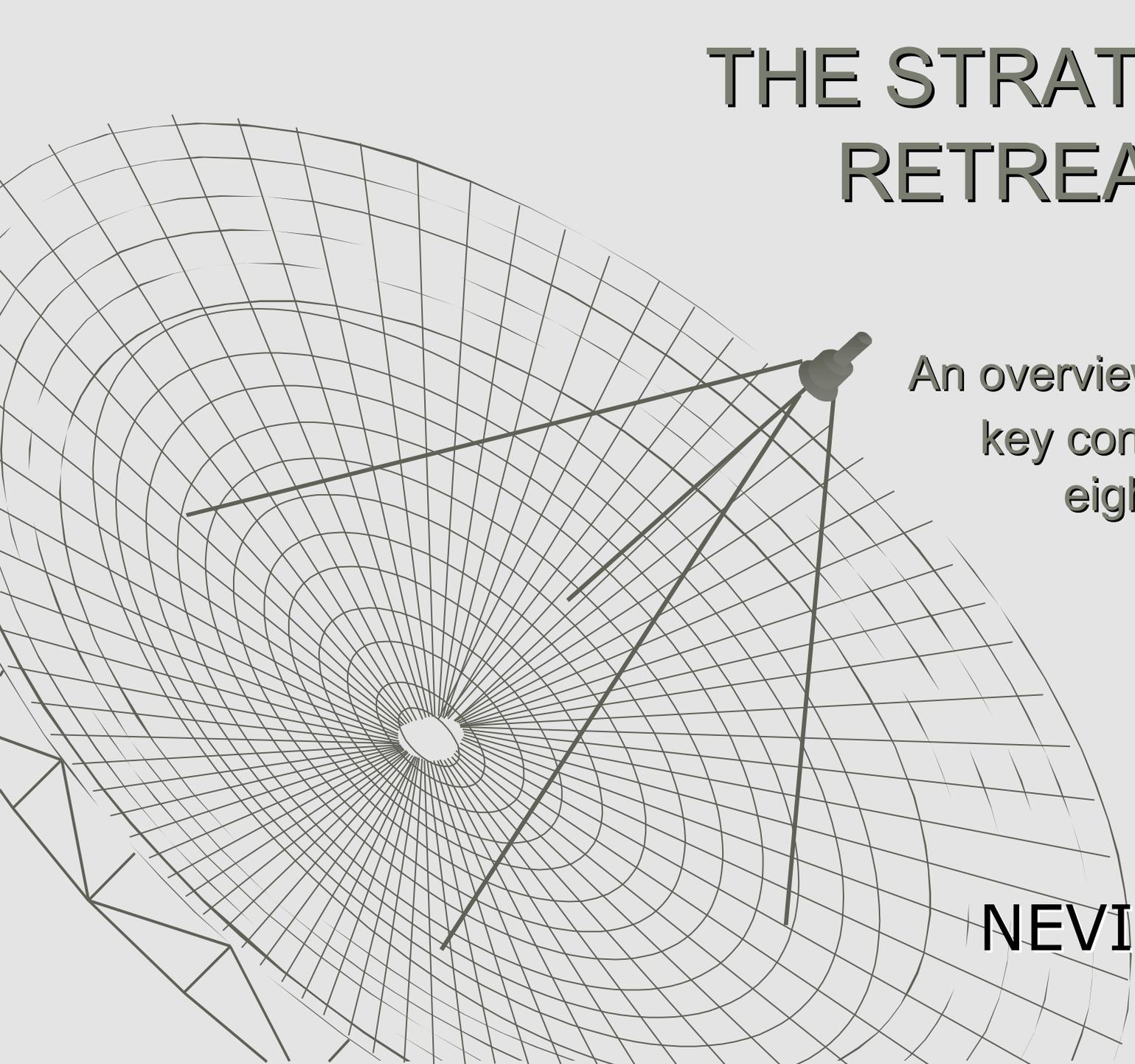


# THE STRATEGIC RETREAT



An overview of  
key concepts and  
eight techniques

NEVILLE LAKE

# NOTE

This workbook is intended to provide you with an overview of the key concepts that apply in a strategic retreat along with eight practical techniques. It is not intended to be a full guide to a strategic retreat. For this level of assistance, please see the resources section of my website [www.lakegroup.com.au](http://www.lakegroup.com.au)

Some of the material in this workbook is taken from **THE STRATEGIC PLANNING WORKBOOK** (first published 2002, revised edition in 2006) which is part of **THE SUNDAY TIMES** business enterprise guide series and is recommended by the Institute of Directors. This book is written by NEVILLE LAKE ([www.lakegroup.com.au](http://www.lakegroup.com.au)) and sections are reproduced with the kind permission of the publishers.

# KEY CONCEPTS

THE CIRCLE OF OPPORTUNITY

THE FOUR KEY OPTIONS

THE TWO CHOICES

# WHAT IS STRATEGY?

Strategy has two parts:

1. **Strategic planning** which involves (a) gathering information about where you are now (b) gaining insights about where you should be in the future and (c) generating the decisions about how to bridge the gap
2. **Strategic application** which is the relentless application and monitoring of those decisions in practical, day-to-day activities so that the desired outcomes are achieved

Strategy is not hard – it is just that most people make it so

# WHAT IS POSSIBLE?

The book "THE THIRD PRINCIPLE – HOW TO GET 20% MORE OUT OF YOUR BUSINESS" written by NEVILLE LAKE (first published 1999) shows that every business is sub-optimised by at least 20%.

A straightforward set of diagnostics can show where profits are trapped in processes that under-perform, opportunities are dissipated through weak links with the customer, and focus is squandered by chasing the wrong measures.

There is more available to your business. A lot more.

While you can make a **20%+** improvement in operation efficiency by applying the concepts in THE THIRD PRINCIPLE, you can make a **200%+** improvement in performance through boosting your strategic effectiveness

# A PRACTICAL WAY TO VIEW STRATEGIC PLANNING

Your business could produce many products and deliver many services. You could offer these to a large number of potential customers and markets. This is your circle of opportunity

However, you cannot profitably service everything and everyone in that circle.

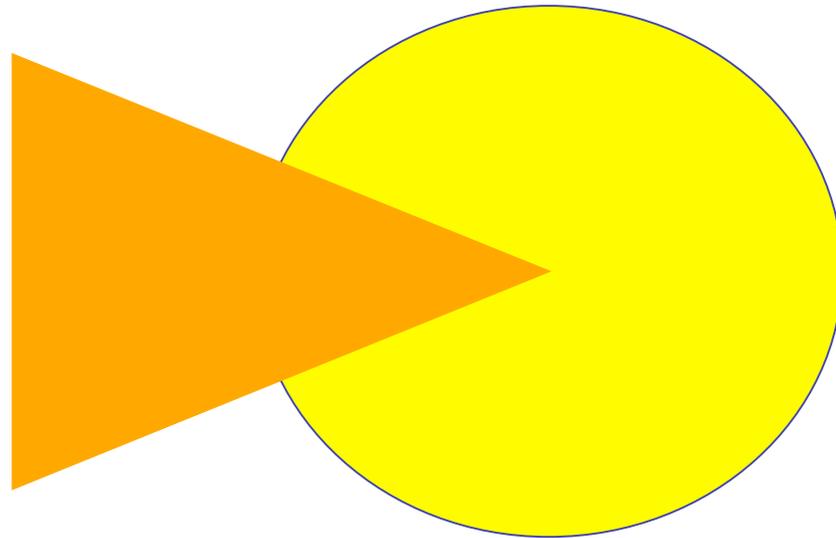
There is a right place for your business. A place where you have a sustainable uniqueness. A place that enables your business to optimise profits, to steadily gain the right kind of customers and markets and become all that your business could be - and should be.

Everything that lies outside that place drains away resources and effort, everything that belongs in that place will make you stronger.

You need to (a) understand the circle and then (b) choose the right place for your business within that circle

CIRCLE OF  
OPPORTUNITY

YOUR BUSINESS



# A PRACTICAL WAY TO VIEW STRATEGIC CHOICES

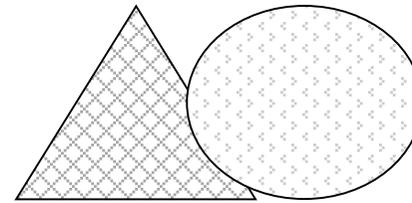
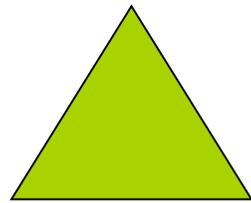
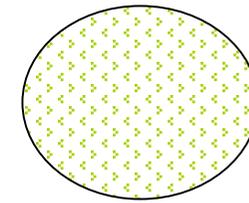
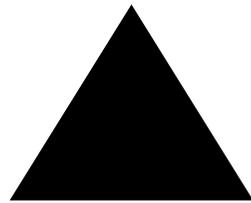
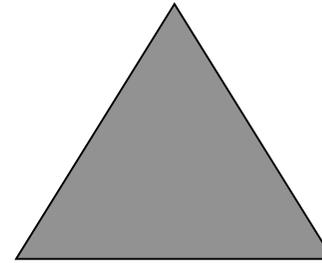
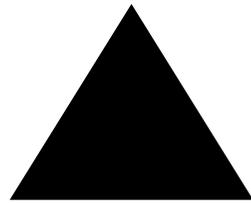
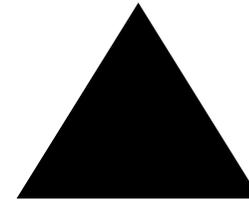
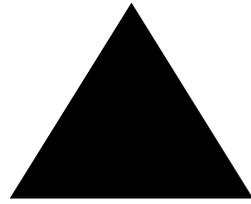
The **first choice** and most important choice you have to make is where to place your business in your circle of opportunity

Once you are in the right place then the **second choice** is do you want to:

1. Stay much the same, and get better
2. Stay much the same, and get bigger
3. Go in a new direction
4. Go in a new direction, and keep improved parts of what you do now

These four options are drawn on the next page

# THE FOUR OPTIONS



# AN AMAZINGLY POWERFUL WAY TO MAKE THESE CHOICES

These choices are usually made at **the strategic retreat**. It can be run following intensive research (see “The Strategic Planning Workbook” for a description of 17 practical information gathering tools) , or for smaller businesses (where much of what needs to be known is already in the heads of the managers) it can be run as a stand alone event.

The strategic retreat is when the senior managers consider all the information and options available, and make the decisions that will take the business forward. It can be spectacularly successful.

Eight techniques are typically used to support the analysis and decision making process applied at the strategic retreat.

These techniques are outlined on the following pages

# THE EIGHT TECHNIQUES

SCENARIO OPTIONS ANALYSIS

MARKET FUTURE ANALYSIS

LIFE CYCLE ANALYSIS

PORTFOLIO ANALYSIS

SWOT ANALYSIS

THE ACTIVITY HEDGEHOG

MOVEMENT ANALYSIS

CONCENTRATION OF EFFORT ANALYSIS

# SCENARIO OPTIONS ANALYSIS OVERVIEW

This analysis helps you to identify what kind of future is most likely for your business. To identify the 3 – 6 pathways down which your business will probably travel, you need to explore some key questions:

- If you could project five years into the future, what is the likelihood that your organisation will be the same as it is today?
- What are the changes (internal and external) that will shape your organisation?
- How will you respond to these?
- What different versions of your organisation are possible?
- Which are the most likely to come true?
- Is there any evidence that one of these options is already dominating?

# SCENARIO OPTIONS ANALYSIS USING IT WITH A GROUP

Ask the group to list the possible ways in which your business will probably change in the next 5 – 10 years

Cluster these into the sets of changes that go together

Identify the six (or so) most likely to occur

Break the people into the same number of groups as there are options and ask them to:

- List the impacts
- Determine your response
- Specify the type of organisation that will result
- Identify if there are any indicators that suggest that this is beginning to happen

You now have a set of reference points for the decision making that will occur later on

# MARKET FUTURE ANALYSIS OVERVIEW

A market that used to provide lots of healthy profits may not have the same potential in the future. A market that initially looked promising may contain less than expected. A market that you had not seriously considered may offer more than you previously thought.

The market future analysis identifies your key customers and/ or markets and reveals the likely levels of profits that will be available to your business. This analysis shows the likely fortunes of your business (if you do not make a change) and you can use this information to reasonably accurately predict future profits.

The analysis involves creating a series of graphs for current and potential customers and charting the past two years profits (or raw sales dollars if profits are not analysed at this level) and then estimating the next three years (on the basis of orders, contracts, and other information). The charts can be placed in groups – increasing, staying the same, declining. The values of each can then be calculated.

This will show you where your business is headed

# MARKET FUTURE ANALYSIS USING IT WITH A GROUP

First, list the key customers and/ or markets for your business (including potential customers and/ or markets)

Then break the group into smaller teams and evenly allocate the names on the list

Give each team a set of blank graphs and ask them to chart the past two years and the next three years. This graph should be based on as much factual information as possible (people will need to do some homework for this analysis)

Once the graphs are complete ask people to calculate the value of each customer/ market (make sure there is no double counting)

Put all the graphs together and identify where there will be an increase, decrease or no change

Calculate the totals for the business over the next three years

# LIFECYCLE ANALYSIS OVERVIEW

Every product/ service has a life cycle.

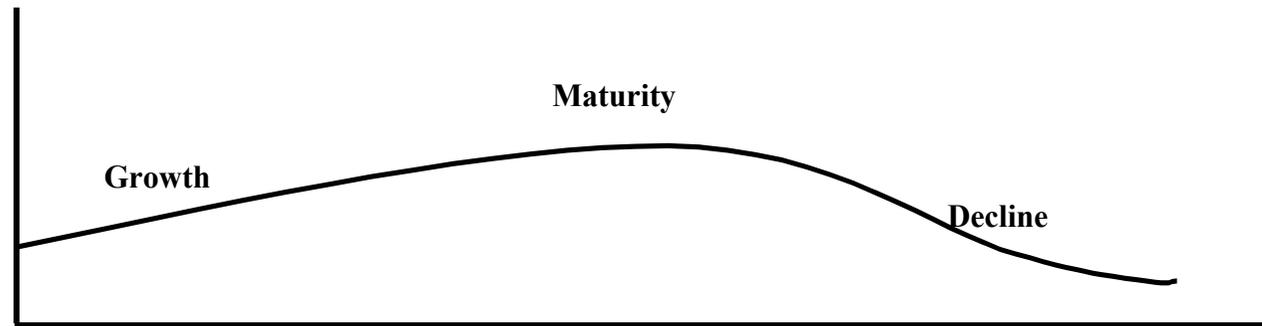
Like a person there is the birth where the product/ service is full of promise and consumes amazing quantities of time and resources. There is a growth spurt in adolescence when it seems invincible, where rules do not apply and there is a feeling that the good times will always roll. Then there is the maturing of the product/ service where costs have to be managed, where growth slows and where the best years are behind. Finally, there is the decline and ultimately the demise of the product/ service. Unlike people, however, it is possible for a product/ service to get reborn – particularly those in the fashion industry – but this is not typical.

Products/ services in different stages of the life cycle have different profit expectations, and they require different approaches from management.

The early stages require funding and support, the growth stages are sustained by allocating your best people and by allowing experimentation and initiative, the mature years call for controls, the consolidation of processes, the formalisation of decision making, the relentless pursuit of budgets and targets. The decline needs to be recognised when it comes, so that resources can be withdrawn quickly before the profit made in the early years is eaten away.

# LIFECYCLE ANALYSIS USING IT WITH A GROUP

Break the executive team into smaller groups. Ask them to draw the bell curved life cycle picture and place a mark at the point where each of your key products/ services is located. Place all these pictures next to each other.



If you have a lot of mature or declining products then you are an organisation that may be depending on past glory, rather than deliberately trying to invent the products for the future. If you have few mature or declining products then you are either an established business where the market just keeps on expanding, or you are relatively new and you need to start to develop the disciplines that will help you to cut costs so that you can retain your margins.

# PORTFOLIO ANALYSIS OVERVIEW

Every product and/ or customer can be put into one of four categories:

- Cash Cows
- Stars
- Dogs
- Unknown

## CASH COWS

These are the established customers that are reliably producing outcomes. These products predictably pump money into the organisation that can be used to pay today's bills, and fund your investments tomorrow.

## STARS

It is unlikely that your cash cows will continue to produce profits indefinitely. Therefore you need a crop of new customers that will grow into the cash cows of the future. These are the stars.

# PORTFOLIO ANALYSIS OVERVIEW (CONTINUED)

## DOGS

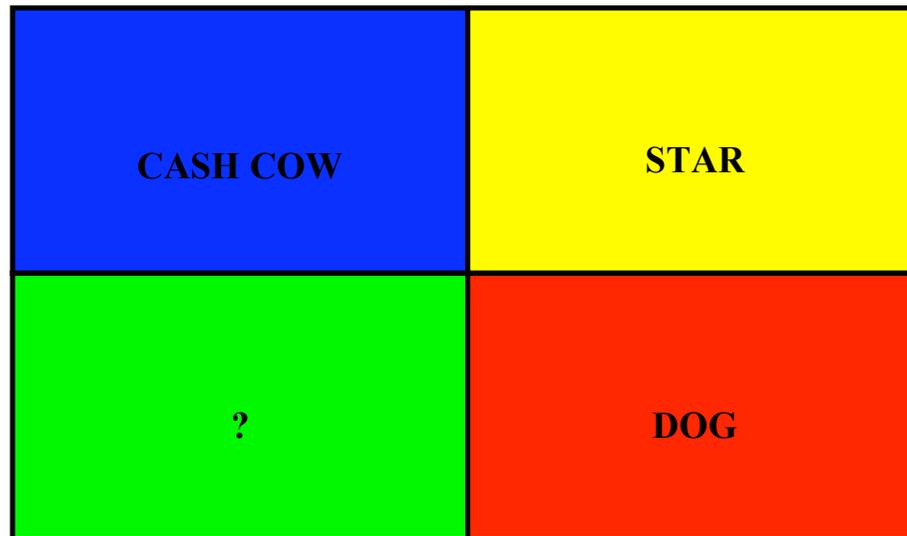
These are the products/ services that soak up more time and resources than they are worth.  
They could represent up to 15% of all your current products/ services

## UNKNOWN

This heading is for the products/ services that no one understands well enough to categorise.  
Until you know where they truly fit, you will not know how best to manage them. These need to be carefully examined, and then properly allocated.

# PORTFOLIO ANALYSIS USING IT WITH A GROUP

Break the people into a number of smaller groups, and give each sub-group a parcel of product/ service names. Ask each group to allocate the products/ services to each of these categories using the framework provided below:



Note: If you found this exercise particularly revealing then do it again, but this time with your customers.

# SWOT ANALYSIS OVERVIEW

This is the 'old standard' technique, and it is particularly effective – but only if it is used properly. It asks you to consider the following:

## STRENGTHS AND WEAKNESSES

These relate to what is happening within your organisation. You need to consider the sources of your current success and the forces that sap your energy and outcomes.

## OPPORTUNITIES AND THREATS

The opportunities and threats relate to what is happening outside your organisation. Here you will consider where the opportunities lie in the market place, and the threats that could affect your business.

# SWOT ANALYSIS USING IT WITH A GROUP

Break the people into two groups. Ask one group to discuss and specify your strengths & weaknesses, and ask the other to discuss and specify your opportunities and threats. You will probably produce a long list under each heading.

So much information will be unwieldy, so ask the executive groups to rank order each list into a three categories – A (the items that are having the greatest impact), B (those that are having a medium impact), C (those that are having minimal impact).

Put aside the B & C lists - you will have plenty to do just dealing with the A list.

# CONCENTRATION OF EFFORT ANALYSIS OVERVIEW

The Market Future Analysis, Lifecycle, Portfolio, and SWOT analyses set against the background of the Scenario Options analysis will have surfaced many different opportunities and barriers. No more than 20% of the possible 'high priority' items are going to be able to be advanced. The art is to select the right 20%. This analysis helps you to convert the insights you have generated so far into actions.

To find the best place to concentrate your effort, you need to place your options within a broader context. You are now going to ask some of the big strategic questions:

- Where are we going as an organisation?
- Where do we want to be going?
- What is our uniqueness?
- What is our strategic intent?

You have the data and information to resolve them all, but you need to be sure that you stay with the facts, and that you give everyone enough time to have their say, and enough space to digest the consequences of their decisions.

# CONCENTRATION OF EFFORT ANALYSIS USING IT WITH A GROUP

Challenge the group with the four questions. Make them consider the data you have produced, and using only that data, ask them to identify your circle of opportunity, and the place that you are best equipped to occupy.

Take a step back and confirm the direction that has emerged. This is your best and most straightforward pathway towards short term profits and long term success. If you choose not to take it, then you will need a very good reason.

Assuming that the direction makes sense, give people 10 gold stars and ask them to identify what will help you to achieve the future you want

Then give them 10 red dots and ask them to highlight what will have the greatest negative impact.

You have just made some difficult decisions in a painless way.

# ACTIVITY HEDGEHOG OVERVIEW

The activity hedgehog is a really powerful and straightforward way to:

- Convert each of the items decorated with a gold star or red spot and turn them into an achievable project
- Identify the time and resources required
- Enable the executives present to select which projects or aspects of projects they can commit to complete
- Confirm who will be doing what by when

# ACTIVITY HEDGEHOG USING IT WITH A GROUP

Create a card for each of the gold star and red dot items. Ask the executive team to rank order these cards, and keep only the top 10. Then restate each item as a project.

Write the name of the project in the middle of a piece of flip chart paper. Now, break the executive group into small teams, and ask them to specify the key activities and likely time and resources that will be required to complete that activity.

Write each of these activities (along with timing and resource requirements) on a “post-it” note and stick them around the project name. Each flip chart page will now resemble a hedgehog (hence the name). Colour code the activities that belong to each project with a coloured dot (a different colour for each project).

Now, let each member of the executive team select which aspects of which project they will commit to delivering. They will do this by collecting the post-it notes that they will be responsible for actioning. Each executive can then display what they will be doing.

You have just made another set of complex decisions. You can now see what your business needs to do to become the best possible version of itself.

Good luck.

# MORE ASSISTANCE

I hope you have enjoyed this workbook. There are several levels of assistance available:

On my website: [www.lakegroup.com.au](http://www.lakegroup.com.au) you will find a number of my articles

Through my website you will find my books:

- “The Third Principle - how to get 20% more out of your business”
- “Making Strategic Planning Happen”
- “The Strategic Planning Workbook”
- “Making Customer Service Happen”
- “The Customer Service Workbook”

In the resources section of my website you will find detailed, comprehensive kits to guide you through your strategic retreat

If you are interested in a thought-provoking, practical, productive and profitable couple of days I would be delighted to facilitate your next strategic retreat

If you would like a full strategic plan, then I can help you to conduct the analysis, gain the insights, make the decisions, develop the action plan, implement that plan, and measure the success

I wish you well on the journey to your best possible future. Remember the Inuit saying:

**“Life is a like a dog sled team - if you are not the lead dog the scenery never changes”**