

# Why an effective strategy is critical for growth

**304%**

In profits

**332%**

In sales

**883%**

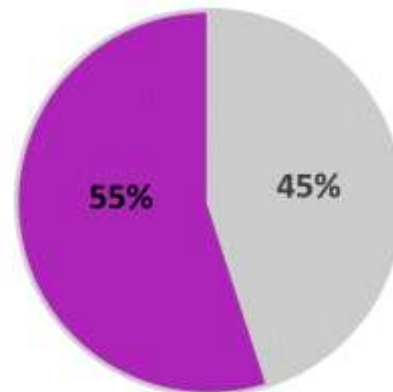
Total return to Shareholders

Firms with a clearly defined and well-articulated strategies on average outperformed competitors by above figures <sup>(1)</sup>

Companies with an effective strategic plan are:

**40%** larger

**45%** more productive <sup>(2)</sup>



A survey of 200 mid-sized companies revealed this focus. Market focused companies grew faster than industry rate v. operationally focused companies that only grew at market rate. <sup>(3)</sup>

A survey of 160 companies over 10 years found that, without exception, financially successful companies had a clearly defined and well-articulated strategy, outperforming losing companies as follows <sup>(4)</sup>:

	Companies with strategy	Companies without strategy
Margin in Total return to Shareholders	945%	62%
Sales	415%	83%
Assets	358%	97%
Operating income	326%	22%
Return on invested capital	5.45%	-8.52%

## Advantages of an effective strategy:

- ↗ Increase in revenue and profitability
- ↗ Actionable strategic plan
- ↗ Clarity of direction across organization
- ↗ Focus on limited resources leading to greater productivity
- ↗ Strategic filters for decision making at all levels
- ↗ Positioning for competitive advantage
- ↗ List of critical issues to guide teams work
- ↗ Unity of effort – all functional units working to same end
- ↗ Confidence – morale increases when people have a clear purpose

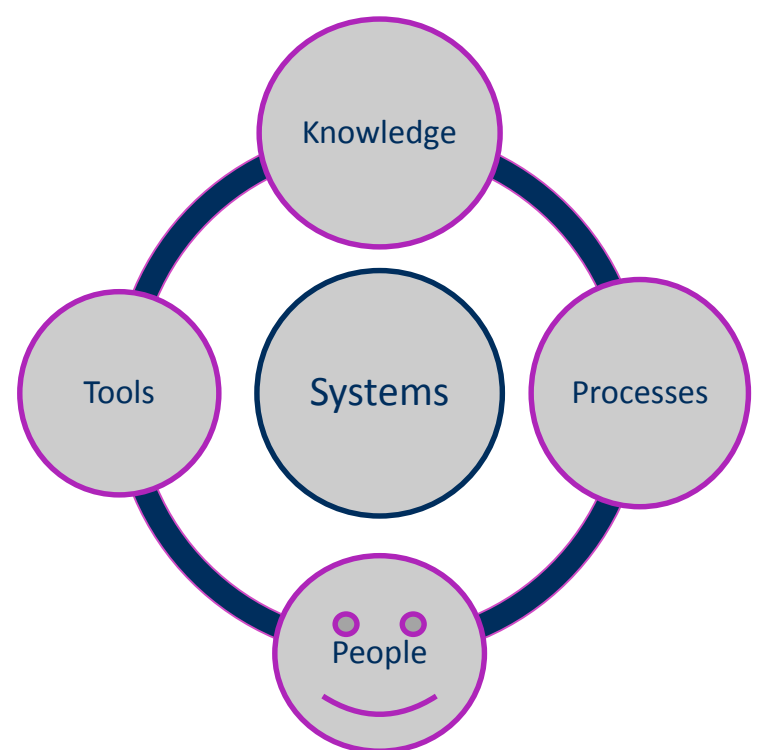
Companies with a capabilities driven approach and a unique value proposition are: <sup>(5)</sup>

**3 x**

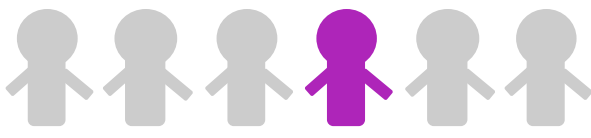
As likely to grow faster than average industry companies.

**2.5 x**

As likely to be more profitable than industry average.



The capabilities driven approach to strategy enables companies to have a unique value proposition <sup>(5)</sup>

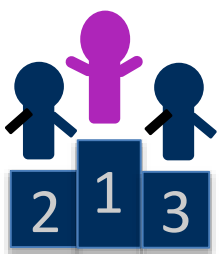


**80%**

%age of Managers who believe their companies are strongly differentiated.

**8%**

%age of Customers who agree. <sup>(6)</sup>



Only **1 in 10**

Strategic planners consider expected competitor reactions when making decisions. Less than 1 in 5 expect to do so in the future.

**71%**

of companies who claim to use competitive information for decision making do so for tactical reasons rather than strategic ones. <sup>(7)</sup>

A study of more than 300 executives revealed that: <sup>(5)</sup>

**More than half**

Don't think they have a winning strategy

**4 out of 5**

Admit their own strategy isn't well understood within their own company.

**9 out of 10**

Concede they are missing major opportunities in the market.

**2 out of 3**

Admit they don't have the capabilities to create value.

**2 out of 3**

Are frustrated because they have too many conflicting priorities.

1 Harvard Business school 10 year study  
2 PWC  
3 Chief Outsiders & UT McCombs school of business  
4 The Evergreen Project  
5 Strategy&  
6 Strategy Skills  
7 Frost