



Business strategy is one of the key concepts in the corporate community that can truly have a direct impact on the growth and profitability of your company. At 2by2, we have come to realize that the understanding of strategy, the concept in itself, the way of working with strategy, and the perception of the key benefits and challenges with strategy all vary greatly between companies.

In order to better understand how companies perceive strategy, 2by2 launched a strategy survey that focused specifically on trying to assess key aspects of the functional area of strategy. The survey had four sections: (A) Strategy in general, (B) Strategy in your company, (C) Company information, and (D) Personal information.

The 2by2 strategy survey is an ongoing survey that visitors to 2by2.se have the opportunity to fill out. We will update the findings on a regular basis and present them in the form of a strategy survey report.

In this insight, we would like to take the opportunity to share key findings from the initial 2by2 strategy survey where close to 50 executives have contributed with their own perspective on strategy.

Strategy survey
2012

Executive summary

There is a strong belief among the respondents of the survey that strategy has the ability to clearly impact a company's business result; this underlines the importance of strategy. While many people can see the potential of strategy, the definition of the concept of strategy is believed to be ambiguous. Furthermore, the definition of strategy is not believed to be the only challenge with strategy; implementation clearly stands out as a major challenge in realizing value through strategy.

One of the interesting findings from the survey is that despite all the challenges related to strategy, most of the respondents believe that strategy has been clearly defined in their own company. However, even though most respondents believe their companies have a clearly defined strategy, few believe that the strategy has a direct impact on the companies' performance.

By looking more closely at the strategies defined in the companies of the survey respondents, we found it very interesting that not one single respondent indicated that they have chosen to compete with price leadership.

Finally, we could conclude that development of strategy has largely been delegated in the organizations in the survey. The board of directors, which we at 2by2 believe is ultimately responsible for a company's strategy, is not even involved in more than half of the strategy processes.



”Strategy is a term that everybody loves to use but few dare to explain”

”65 percent of the survey respondents indicate that the implementation of strategy is one of the key challenges with

Strategy has significant potential to impact business results, but its definition is ambiguous

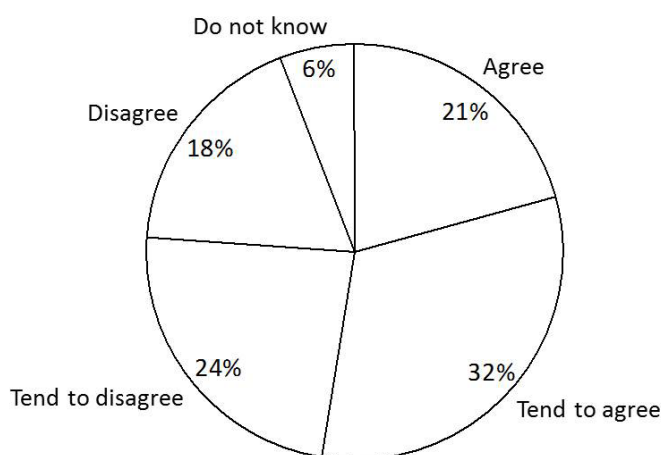
Almost all of the survey respondents (97 percent) believe that strategy can have a significant impact on a company’s ability to generate profitable growth. This is extremely strong evidence that demonstrates the importance and potential value of the functional area of strategy.

A1. Strategy can have a significant impact on a company’s ability to achieve

*Agree 94%
Tend to agree 3%
Disagree 3%*

However, while the potential value of strategy is undisputable, the definition of strategy is seen as highly ambiguous. At 2by2, we often say, “Strategy is a term that everybody loves to use but few dare to explain”, and this has clearly been confirmed through the survey.

A2. The concept of strategy is clearly and consistently defined



We believe that the ambiguous definition of strategy threatens to prohibit companies from fully leveraging strategy to improve their ability to generate profitable growth.

The challenge of implementing a strategy once it is defined

While the concept of strategy is believed to be ambiguous, there are some more acute challenges that prevent companies from fully leveraging the full power of strategy. As many as 65 percent of the survey respondents indicate that the implementation of strategy is one of the challenges with strategy; furthermore, difficulties in identifying a competitive edge and the strategy development process are challenges that should be added to the list

A3. The key challenge/s with strategy is ...

- ...the ambiguous definition of the concept (21%)*
- ...the analytical effort involved (12%)*
- ...the strategy development process (29%)*
- ...the difficulties in identifying a comp. edge (41%)*
- ...the implementation of the strategy (65%)*
- ...other (3%)*

Companies have managed to clearly define a strategy, despite the challenges

The survey confirmed that the functional area of strategy has great potential, but also some significant challenges. Having considered this, we were positively surprised about the positive responses in the survey considering the respondents’ own companies.

Close to 80 percent of the respondents believe that they have a clearly defined strategy (agree and tend to agree) in their own company – we feel this is a very high number given the challenges identified.

B1. My company has a clearly defined strategy

*Agree (32%)
Tend to agree (47%)
Tend do disagree (15%)
Diagree (6%)*

”... none actually indicated that price leadership was their choice of competitive edge!”

”More than 70 percent of respondents believe that their strategy clearly articulates a competitive edge ...”

At 2by2, we believe that any viable strategy must accurately articulate the companies' choice in four key dimensions: what products and services to deliver, which customers to target, how to compete in the market, and how to make money (that is, the business model of choice).

Based on the findings from the strategy survey, it looks like most of the companies, through a clearly defined strategy, actually managed to articulate their choice among these four key dimensions.

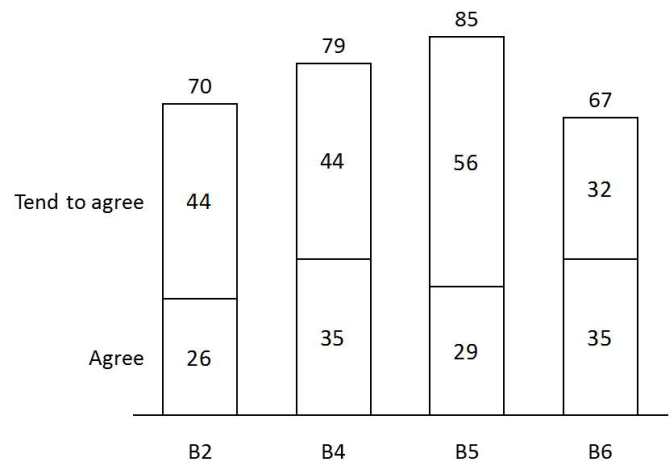
More than 70 percent of respondents believe that their strategy clearly articulates a competitive edge, while roughly four out of five believe that their strategy clearly articulates target customers and markets. Eighty-five percent believe that their strategy clearly defines what products and services they should bring to the market, and nearly 70 percent believe the strategy clearly defined their business model.

B2. My company's strategy clearly articulates our competitive advantage

B4. My company's strategy clearly defines our target customers and markets

B5. My company's strategy clearly defines the products and services we intend to bring to the market

B6. My company's strategy clearly defines the business model we leverage



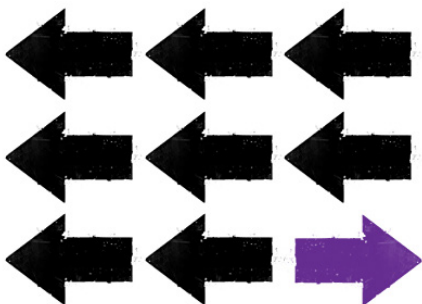
Everybody competes on price, yet it is nobody's strategy to be the price leader

One of interesting findings from the strategy survey relates to the choice of competitive edge. As noted, more than 70 percent of the respondents believe their strategy clearly articulate the choice of competitive edge; that is, how they should compete in the market.

When we at 2by2 observe the business community in different industries, we often see companies that actively try to compete with a competitive price. When looking at the survey responses, we believe it is interesting to see that none actually indicated that price leadership was their choice of competitive edge!

B3. In our company's strategy we have defined our competitive advantage as ...

- ... our unique products / services (32%)*
- ... our unique product / service bundles (32%)*
- ... price leadership (0%)*
- ... best quality (26%)*
- ... best service (26%)*
- ... strongest brand (18%)*
- ... unique business model (18%)*
- ... other (9%)*



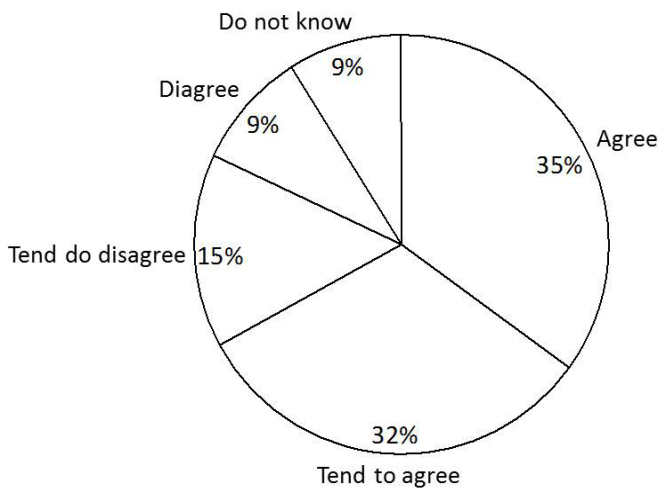
”... only one-quarter believe that the strategy has a clear impact on their ability to generate profitable growth.”

” the board is involved in defining the strategy in fewer than half of the cases.”

Although clearly defined, not all strategies deliver value

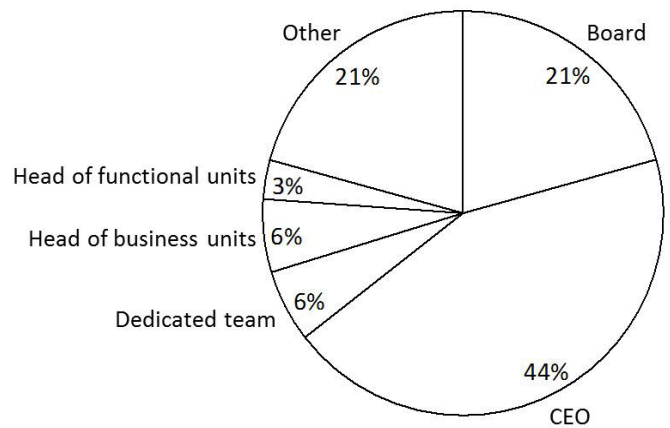
While most of the respondents believe that their company has a clearly defined strategy, only one-quarter believe that the strategy has a clear impact on their ability to generate profitable growth.

B7. The strategy in our company has a clear impact on our ability to generate profitable growth



that the board is involved in defining the strategy in fewer than half of the cases.

B8. Who is ultimately responsible for defining the strategy in your organization



B9. Who is involved in defining the strategy?

- Board (47%)
- CEO (76%)
- Dedicated team (24%)
- Head of business units (59%)
- Head of functional units (38%)
- Head of strategy / business development (41%)
- Other (12%)

Development of strategy has been delegated, board only involved in the process to a limited extent

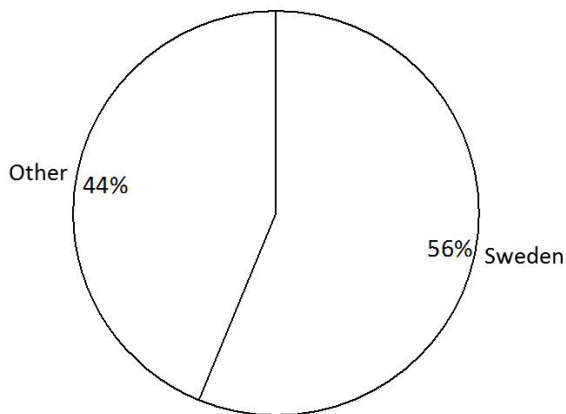
At 2by2 we were interested in better understanding how the ownership of strategy has been arranged in different companies. We are strong believers that strategy should be a top priority, with ownership high up in the organization. In previous insights on strategy, we have described the likely scenario when the ownership of strategy is distributed too extensively.

In many countries, we can also conclude that the laws of association clearly give the board full responsibility for the company’s strategy. Therefore, it was particularly interesting in the strategy survey to note that only slightly more than one-fifth of respondents believed that the board has the ultimate responsibility for strategy. Nearly 45 percent of the respondents believe that strategy is the CEO’s responsibility. Along those lines, we also believe it is remarkable

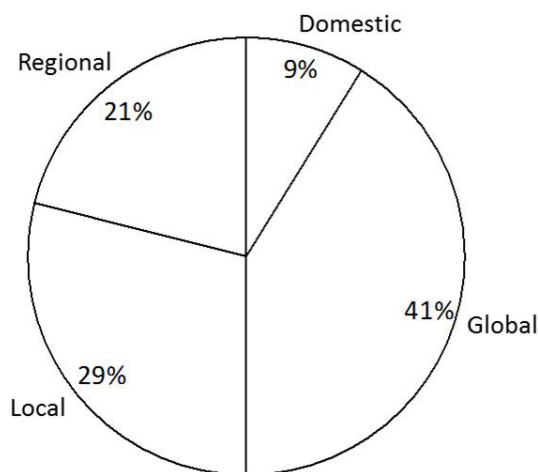


Appendix A: Profile of respondents

C1. Country in which your company's headquarter is located



C2. Geographic presence of my company



C3. Primary industry of your company

Accounting/Finance	(6%)
Banking and Financial Services	(6%)
Construction Materials and Natural Resources	(3%)
Consumer Goods	(3%)
Consumer Products	(18%)
Education	(6%)
Industrial Manufacturing	(3%)
Insurance	(3%)
Media and Entertainment	(3%)
Pharmaceuticals Life Sciences and Medical Pr.	(3%)
Professional Services	(26%)
Retail and Wholesale	(6%)
Telecommunications	(15%)

Appendix B: Strategy survey questionnaire

A1. Strategy can have a significant impact on a company's ability to achieve profitable growth

- Agree
- Tend to agree
- Tend to disagree
- Disagree
- Do not know

A2. The concept of strategy is clearly and consistently defined

- Agree
- Tend to agree
- Tend to disagree
- Disagree
- Do not know

A3. The key challenge/s with strategy is ... (multiple choices allowed)

- ...the ambiguous definition of the concept
- ...the analytical effort involved
- ...the strategy development process
- ...the difficulties in identifying a competitive edge
- ...the implementation of the strategy
- ...other

B1. My company has a clearly defined strategy

- Agree
- Tend to agree
- Tend to disagree
- Disagree
- Do not know

B2. My company's strategy clearly articulates our competitive advantage

- Agree
- Tend to agree
- Tend to disagree
- Disagree
- Do not know

B3. In our company's strategy we have defined our competitive advantage as ...

- ... our unique products / services
- ... our unique product / service bundles
- ... price leadership
- ... best quality
- ... best service (delivered in addition to core product/service)
- ... strongest brand
- ... unique business model
- ... other

B4. My company's strategy clearly defines our target customers and markets

- Agree
- Tend to agree
- Tend do disagree
- Diagree
- Do not know

B5. My company's strategy clearly defines the products and services we intend to bring to the market

- Agree
- Tend to agree
- Tend do disagree
- Diagree
- Do not know

B6. My company's strategy clearly defines the business model we leverage

- Agree
- Tend to agree
- Tend do disagree
- Diagree
- Do not know

B7. The strategy in our company has a clear impact on our ability to generate profitable growth

- Agree
- Tend to agree
- Tend do disagree
- Diagree
- Do not know

B8. Who is ultimately responsible for defining the strategy in your organization

- Board
- CEO
- Dedicated team
- Head of business units
- Head of functional units
- Other

B9. Who is involved in defining the strategy?

- Board
- CEO
- Dedicated team
- Head of business units
- Head of functional units
- Head of strategy / business development
- Other

B10. I anticipate a change in the strategy of our company in the next 12 months

- Agree
- Tend to agree
- Tend do disagree
- Diagree
- Do not know

C1. Country in which your company's headquarter is located

- Afghanistan
- Belize
- Benin
- Brunei
- Norway
- Sweden
- Switzerland
- Taiwan
- United Kingdom
- United States

C2. Geographic presence of my company

- Domestic
- Global
- Local
- Regional

C3. Primary industry of your company

- Accounting/Finance
- Banking and Financial Services
- Construction Materials and Natural Resources
- Consumer Goods
- Consumer Products
- Education
- Industrial Manufacturing
- Insurance
- Media and Entertainment
- Pharmaceuticals Life Sciences and Medical Products
- Professional Services
- Retail and Wholesale
- Telecommunications



STRATEGY ADVISOR

2by2 is a consulting firm with specific focus on providing advisory services within the functional area of strategy. We provide services to help companies assess, develop and realize *value through strategy*.

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