

MindSpring
Empowering Minds, Unleashing Potential



Growing Enterprise Value in Turbulent Times



Thinking of how to grow the value of enterprise especially in these difficult times We would like to share with you the 2 things that if your organizations does very well - will breeze through during turbulence.

The first is “**Managing of the Strategic Agenda**” and The second is “**Managing the Execution of the Strategic Agenda**”.

Before we dive into the discussion, we need to first understand the phrase “strategic agenda” and the key is to understand the word ‘Strategy.’ It is unfortunate that the word ‘strategy’ which is a simple yet profound word has been so misused simply because it is sexy. Therefore for the purpose of this discussion we will use the word strategy defined as follows:

Strategy in itself refers to establishing clear differentiation that gives rise to sustainable competitive advantage. The goal of strategy is to maximize the firm's share of profit within its industry.

Therefore the phrase strategic agenda simply means the plans that will allow you to realize the strategy

The next 2 words that need to be differentiated are “**manage**” and “**execute**” and in this case, manage means the act of ensuring that the strategic agenda the point of convergence of all plans, initiatives, actions etc. Execution is the ensuring that there are indeed plans, initiatives, actions and that they are all been acted on

The accountability for “managing the strategic agenda” rests with the Board and it includes ensuring that there is a well articulated strategy that will achieve differentiation and sustainable advantage. And to ensure that progress is being made toward that realization of that strategy. It can take years of actions and many steps before one is able to say that the strategy has been realized, and hence managing the strategic agenda, ensuring that the organization doesn't lose sight or get distracted from the strategic agenda is crucial for long term success. It also means that Boards must ensure that they are, in-

heart and in soul, aligned and committed to that agenda and are prepared to provide the resource for management to realize that agenda.

The accountability for the “execution of the strategic agenda” rest on the shoulders of the CEO and his management team. CEO's must be committed and must commit all their resources to ensuring that the strategic agenda is realized. Beyond People, Systems, Structure, Processes - the CEO must ensure that the culture and shared values of the organization are in sync with what is required of the strategy.

The biggest benefit of focusing on the strategy is alignment, that it creates a clearly defined common goal for both the Board and Management to have constructive engagements and allow for the productive use of scarce capital and resources. It removes the focus away short term-ism which in every instance has given rise to crisis or crime. Revenue and profitability, margins, customer satisfaction, etc are all measures of how well the strategy is being executed and are inputs to the discussion and not conclusions of the discussions.

Again the goal of strategy is to maximize the firm's share of profits within the industry. Therefore it is implicit in the management of the strategic agenda and the execution of the strategic agenda that there is profitable growth, but all encompassing objective is to build differentiation that leads to sustainable competitive advantage.

What next?

Here are the questions that organizations need to ask themselves:

- Is the "strategic agenda" of your organization clearly understood?
- Is your Board clear about its role in Managing the Strategic Agenda?
- Is your Management clear about their role in executing the strategic agenda?

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