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## **STRATEGIST'S TOOLKIT: STRATEGY MAPS**

In an increasingly competitive business environment, the ability to spot and seize new opportunities, to plot a path of successful growth for an organization, and to use resources effectively and efficiently, becomes paramount. Managers have a number of management tools at their disposal to help meet the challenges that they face. Among these are tools for dealing with strategy analysis, choice and implementation. The challenge for managers is knowing which of these tools to use, how many to use, and when to use them. By consulting with both business academics and alumni on their knowledge and use of strategy tools, we have constructed the following core strategy toolkit for practitioners: SWOT analysis, key success factors, core competences analysis, scenario planning, value chain, Porter's 5 forces, resource-based analysis, industry life cycle, PESTLE analysis and portfolio matrices.

An issue under considerations is how we begin to understand competitive positioning and get our hands around point how different companies are positioning themselves within the market. So let me introduce a tool from our toolkit here called Strategic M. Strategic Maps are a very generic tool. You can see widespread use of them in consulting and other practices, and they can take many different forms. Basically, you're taking a couple factors, they may be 2 or 3 factors, and you're mapping the various players within the industry grounding on those factors. Here, you see illustrated a way of doing a three-factor map.

You have an x-axis for factor one, a y-axis for factor two, and then the size of the circle reflects a third factor. So let me give you an example here. Here we have Autos in 2002. On one axis, we're observing average vehicle costs. On another axis, we're observing somewhat subjective indicator such as sportiness of the vehicles. And then, finally, we use the size of the circle to determine the number of models available by that company. So what do we see? We see someone like Porsche, once again, way up in the upper right corner. High average vehicle cost, high on sportiness here.

Clearly, there appears to be a niche player within the industry here, trying to position himself or herself as a top luxury automobile manufacturer. On the opposite side, we have Kia. Lower average vehicle cost, perhaps lower on sportiness, but appealing to a more low cost focused strategy here.

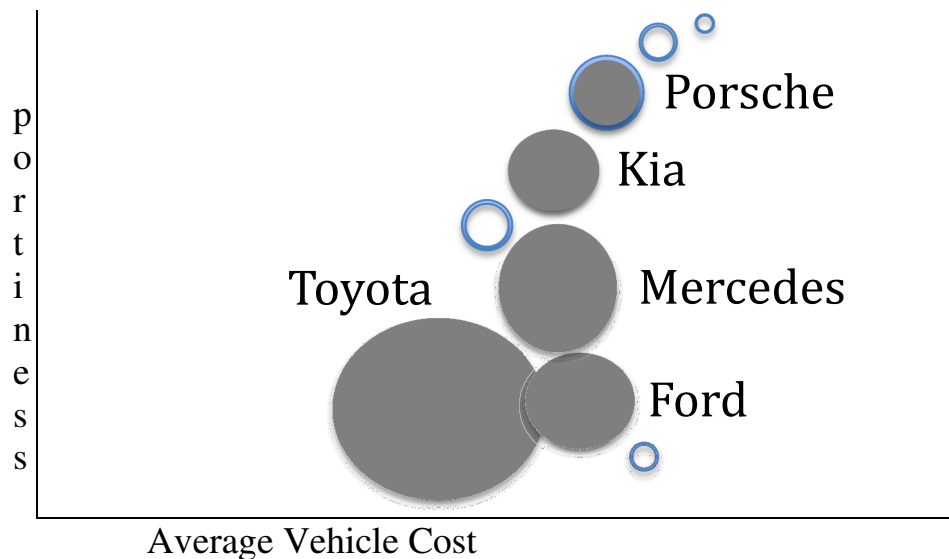


Fig.1. Strategic Map: Auto (2013)

We have Mercedes. Mercedes is higher on sportiness, maybe higher on average vehicle cost. A broader array of vehicles that they offer, this would be perhaps a differentiation strategy. We look at Ford of models similar number. They have lower average vehicle costs, and perhaps they are a little bit lower in terms of sportiness. It might be a cost leadership strategy. And then Toyota, on the other side, has an integrative strategy, trying to be both differentiated and low cost simultaneously.

Managers consider strategy tools more useful for analysis and sense-making purposes than for making and implementing decisions; this may mean that more emphasis is required during training and education on those tools that assist managers with making and implementing decisions.

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