



## **An External and Internal Assessment of the Organization Understanding the Critical Restraints**

By Lori Williams Chief Strategist for LW AND ASSOCIATES

### **Philosophy and Approach**

The following is provided for the reader who desires an in-depth understanding of the basic underlying principles which govern the consulting services provided by LW AND ASSOCIATES.

Specifically, it illustrates advanced technical information regarding the disciplined approach and technical application inherent in the underlying thoughts and processes of the Chief Strategist, Lori Williams.

### **Business Fundamentals**

LW AND ASSOCIATES uses a strategic planning model which is based on two underlying principles: financial feasibility (profit driven) and probability of occurrence (the reality component).

#### Financial Feasibility (assumptions)

- The organization is in existence for the purpose of creating profits.
- Profitability is defined by ROI as required to satisfy shareholder interest.
- Profit centers with proper cost accounting are key indicators of successful resource allocation.
- Cash flow analysis is a key data point for evaluating the viability of a potential market opportunity.

Probability of Occurrence is defined by market research, human modeling and technological change. Probability relies heavily on the reality component, assessing what is rather than what is desired.

### **Organization Strengths/Weakness**

The organizations mission/vision and resource allocation must compliment economic conditions and market demand- the right company, doing the right thing, at the right time, with the right resources.

## **Strategic Opportunities and Resource Gap Analysis**

Strategic Opportunities is defined as the difference between the current market conditions (demand) and organizational core competencies

Resource Gap Analysis involves identifying the resources that are needed in order for the company to respond to changing market forces, which includes financial and human capital.

### **AN OVERVIEW OF PROCESS**

#### **① Data Points Analysis**

1. Evaluate current business model for profitability, based on current conditions are they making or losing money  
Data point (1) –Financial Feasibility
2. Analyze current market conditions for predictability and sustainability  
Data point (2) - Probability of Occurrence
3. Identify changes in market condition and emergent trends  
Data point (3) - Strategic Opportunities
4. Calculate given resources required for current pathway and each Strategic Gap  
Data point (4) – Resource Gap Analysis

#### **→Strategic Opportunities**

Identify alternative business models by changing:

- a. Company Structure- create new strategic alliances, partnerships of M&A possibilities
- b. Sales/marketing-Change market or market perception
- c. Operations-Change product or production process (outsourcing)

#### **→Resource Gap Analysis**

Identify net resources required to secure each market pathway, (calculate ratio which can show increase decrease and overall return) Calculate change to balance sheet given each new market move-net new occurrences



## ② Assimilation and Integration

5. Sustained profitability: Data point 3 in correlation to Data points 1, 2 and 4. Assess each alternative business model based on market predictability, capital required for additional resources and profit margins- conclude net profitability for each business model and rank by highest ROI to cash flow
6. Using results of data point 5, rank primary, secondary and tertiary business models based on the ROI to cash flow
7. Determine which (or what combination of) business models (strategies) to pursue, based on above findings
8. Write mission and vision statement

## ③ Implementation:

9. Determine if and when to integrate alternative business models-may be used as risk mitigation tool
10. Create financial forecast, set ROI and analyze financing options as needed
11. Develop marketing plan for each business model-apply tie in marketing, strategic partnerships and cross selling techniques to reduce cost per sale
12. Develop operations plan-apply economies of scale

## ④ Measurement objective parameters

13. Primary business model should be responsible for at least 40% of net profits
14. Be consistent in measuring to confirm viability of each business model-set measurement amounts and deadlines in advance
15. Be prepared to revise strategic plan if necessary



## Notes/Considerations

- Additional business models can differ in description or packaging only
- Diversification should be embraced with a disciplined approach
- M&A is not to be used as a cure to an ineffective business model
- New business models should be first test prior to an addition of fixed assets (use outsourcing even if it means lower profit margins)

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