

Boardroom questions

Strategy - Where to play and how to win?

KPMG Board Leadership Center (India)

In an era defined by dynamic market forces, globalisation, and disruptive technologies, the need for strategic acumen at the board level has never been more pressing. By infusing their ranks with strategic expertise, boards can lead their organisations toward a future marked by success, innovation, and resilience.

Now more than ever, a company's long-term sustainability is being challenged. The crises only comprise one aspect of the challenge. There are additional ones, brought on when:

- Customers demand ever-increasing value and are changing their consumption patterns
- Competitors move aggressively in your industries to capture market share and improve much needed cost advantage
- Regulators display increased activism and introduce new rules and constraints to conducting business, including the ability to change profit dynamics
- Disruptors redefine value propositions, create new markets and converge previously unrelated sectors, thereby radically changing operating models.

Therefore, a carefully planned strategy is essential across all business issues including:

Growth: top and bottom-line focus

Cost optimisation: managing the cost base

Digital: leveraging new and emerging technologies to transform future business and operating models

Deal assessment: focus on buying or selling businesses and implementing strategic alliances

Enterprise-wide transformation and portfolio evaluation: focus on end-to-end corporate strategy and portfolio optimisation

ESG: in which fields of play to make an impact on society



What questions should boards consider asking?

A well-planned strategy is essential in navigating this complex, challenging and dynamic environment. It determines how and where to compete, guides investment of resources and enables a clear focus on day-to-day activities by providing answers to questions on: ambition

“what is our purpose and what do we aim for” business model (where to play) and operating model (how to win).

More specifically, management should tackle the following key questions, and board members should be aware of it.



On ambition:

- What is our purpose and what role do we intend to play in society?
- What (financial) goals does the company want to achieve, over what timeframe?
- What do investors and shareholders want?
- What is the appetite for investment and risk?



On business model:

- Which markets are the most important or attractive to serve?
- How should the competitive position be bolstered?
- What is the optimal product/service portfolio to serve customer demand, now and in the foreseeable future?
- What are the most attractive customer segments, and how can we attract, convert and retain them?
- How do we digitally transform future business models?



On operating model:

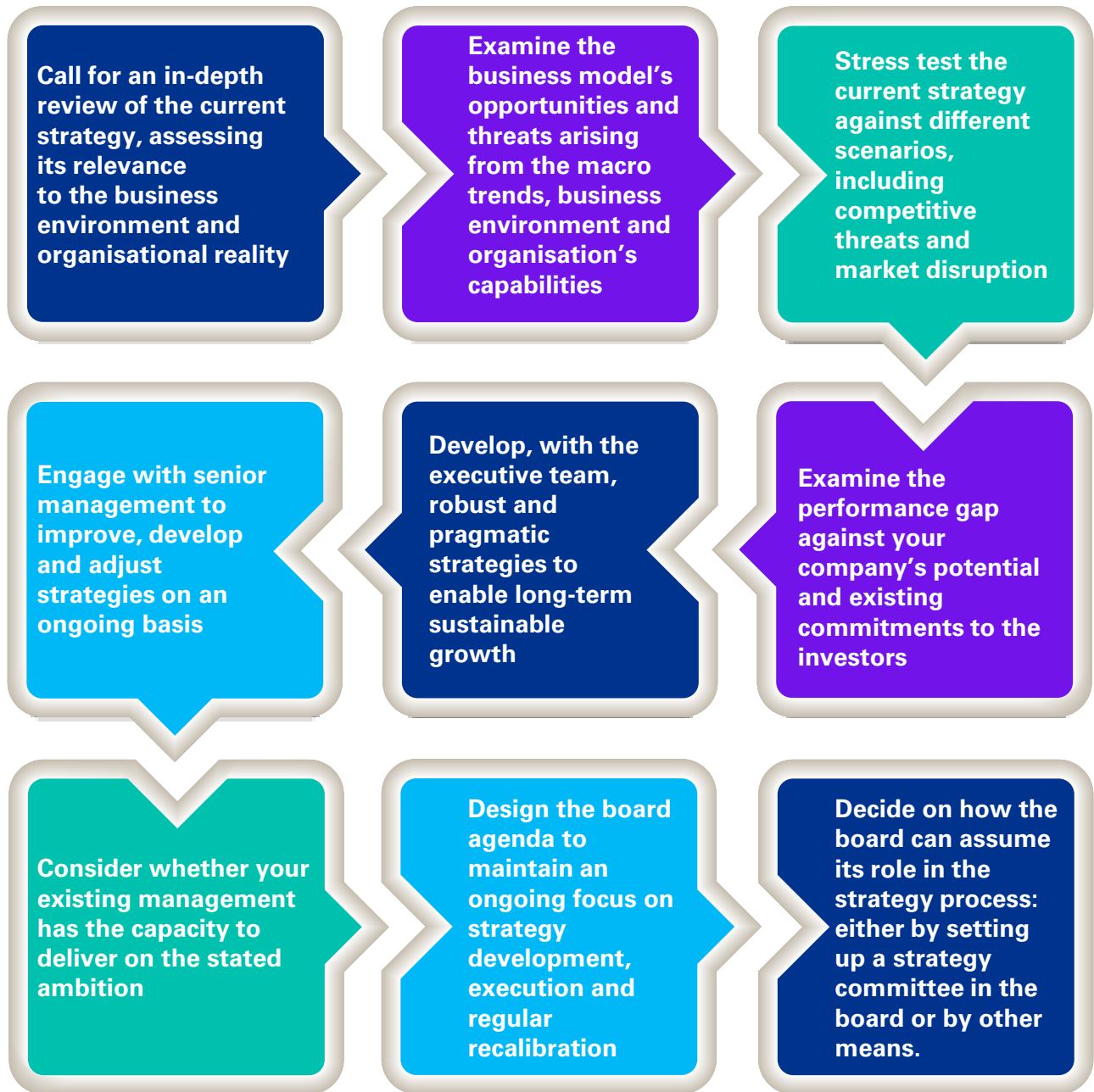
- Which business processes are core to delivering the value proposition?
- How can these processes be made more efficient?
- How can new and emerging technologies be utilised?
- How can governance and risk controls be made (more) effective?
- How does the organisation achieve the full potential of its people? Are they properly measured and incentivised? What would we like our corporate culture to be?



Of the executive team:

- Board members can keep abreast of the success and relevance of the company's strategy by constructively challenging the executive team with a set of questions:
- Historically, how well have we achieved our stated goals of leading to investor confidence?
 - How well is the current strategy performing, regarding commitments to investors?
 - What does the business of the future look like? Who will we serve? Who will we compete against?
 - Are leadership and management aligned in terms of strategic priorities and resulting initiatives?
 - What are the lessons learned from the current strategy execution?
 - How ready are we for disruption and evolving macro trends?
 - Do we have the necessary talent to successfully implement our strategy throughout the organisation?
 - Are there sufficient resources to implement new ideas while running the business profitably?

What actions can the board consider?



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30 years
and beyond

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