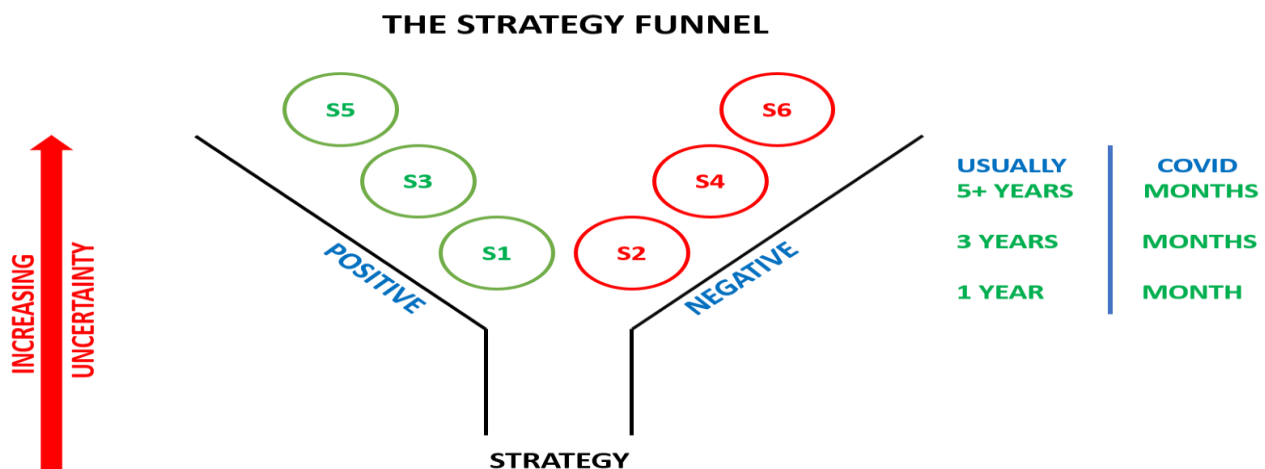


The Strategy Funnel

We have taken a sales and marketing tool and turned it into a strategy tool that you might find very helpful right now. The concept works like this:

There are a range of possible futures playing out for each of us. None we can be certain about. The further out in time we look the more uncertain the view and our usual response - generally, scenario planning and forecasting. **The questions you should be asking yourself now is how many scenarios should you be considering for your business and how can I move them along the strategy funnel?**

The strategy funnel is shown here. It starts with scenarios built on the furthest time horizons- ones with the greatest uncertainty and the greatest variability between good and bad outcomes. The further down the funnel, the more certainty prevails with the less variability. **To start look at least four and preferably six scenarios - one for each positive and negative scenario, situated at three different time horizons.**



The difference between a strategy sales funnel of a year ago, and now, is the shift in time horizons from years to months. The good news about this is, you will know how good your bets were a lot sooner.

To set the funnel up for the next 6 months (plus) of COVID, make a record of the main assumptions you have made in each of the scenarios. For example:

- The economy recovers sufficiently; the government decides it does not need to extend the stimulus package beyond September.
- A second wave occurs, and restrictions are reintroduced.
- A second wave occurs and restrictions are not reintroduced; there is a return in large numbers of hospitalisations and multiple fatalities.
- Your competitors reduce/increase prices.
- Consumer confidence improves/remains the same.

Re-Visit Strategic Priorities

Companies that emerge stronger after recessions are not those that cut faster and deeper. **To emerge stronger, redirect costs to the right growth drivers.** Step one in achieving this balance is to answer some simple questions about strategy.

- **How has your market changed? What's happened to your customers, suppliers and competitors? What market trends or disruptors have accelerated?**
- **What business value propositions look promising in a post-COVID-19 world?**
- **Can you articulate the few things your organisation needs to do better than anyone else in order to meet those value propositions? What will your competitive advantage be?**
- **Are you investing enough in those few things? Where do you need to spend less so you have the funds to redirect costs to value-creating differentiation?**

These questions should help you quickly frame your few must-haves — the handful of capabilities that differentiate your company in the market. Doubling down in these areas helps ensure that no matter what the outcome, your business has the right muscles to emerge stronger.

Keep in mind that what was differentiating your firm before the crisis may now no longer be working.

In the case of the strategy funnel, the scenarios are moved through the funnel by asking the question “Was this assumption right or wrong?” If for one scenario you are answering “wrong” often enough, the scenario exits the funnel to be replaced by a new scenario.

We know this might seem like quite a bit of work. However, **having a flexible strategy is critical right now; even more critical is knowing when to re-orientate it. But choose a timeline that makes sense for your business. That might be monthly or quarterly or even longer, especially if you are in a less volatile industry sector.**

For assistance with determining your new strategic direction in the recovery and revitalise phase post- COVID, please contact Lyall Bear, our dedicated business advisory consultant, who can help guide you and your business to be well placed into the future.

Scenario planning helps to identify what might happen in the future of your business, such as predicting cash flow in the short, medium or long term.

By modelling each scenario, you can create contingency plans to better prepare you for any situation. An example of this is below:

	Scenario 1: Not achieving plan	Scenario 2: Significant downturn	Scenario 3: Cashflow crisis
Potential impact to your business	<ul style="list-style-type: none">• Change to customer behaviour.• Flat to mild decline in revenue.• Disruption to operations.	<ul style="list-style-type: none">• Significant impact likely over multiple years.• Some lines of business no longer profitable.• Significant operational disruption.	<ul style="list-style-type: none">• Sustained reduction in revenue.• Doubts about sustained viability of certain lines of business.

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