

# Playing to Win

How Strategy Really Works

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# What is Strategy?

**Strategy is an integrated set of choices that uniquely positions a firm, and its lines of businesses, to create sustainable competitive advantage and superior value relative to their competitors.**

# Ineffective Approaches to Strategy

- 1) **Defining strategy as a vision.**
- 2) **Defining strategy as a plan.**
- 3) **Denying long-term strategy is possible.**
- 4) **Defining strategy as Operational Effectiveness (OE)**

## Author Notes

*“Most leaders do not like to make choices and few can truly define winning...”*

*I was determined to get P&G’s strategy right. To me, right meant that P&G would focus on achievable ways to win – with consumers who mattered most and against the very best competition...*

*I wanted my team to understand that strategy is disciplined thinking that requires tough choices and is all about winning...*

*A strategy is a coordinated and integrated set of where-to-play, how-to-win, core capabilities, and management system choices that uniquely meet a consumer’s needs, thereby creating competitive advantage and superior value for a business. Strategy is a way to win – nothing less.”*

## Improving Your Odds

**There are no guarantees in strategy, as in business, no absolute answers or sure things. Having a clear definition of winning, a robust analytical framework, and a thoughtful review process, doesn't guarantee results but it does improve your chances of winning.**

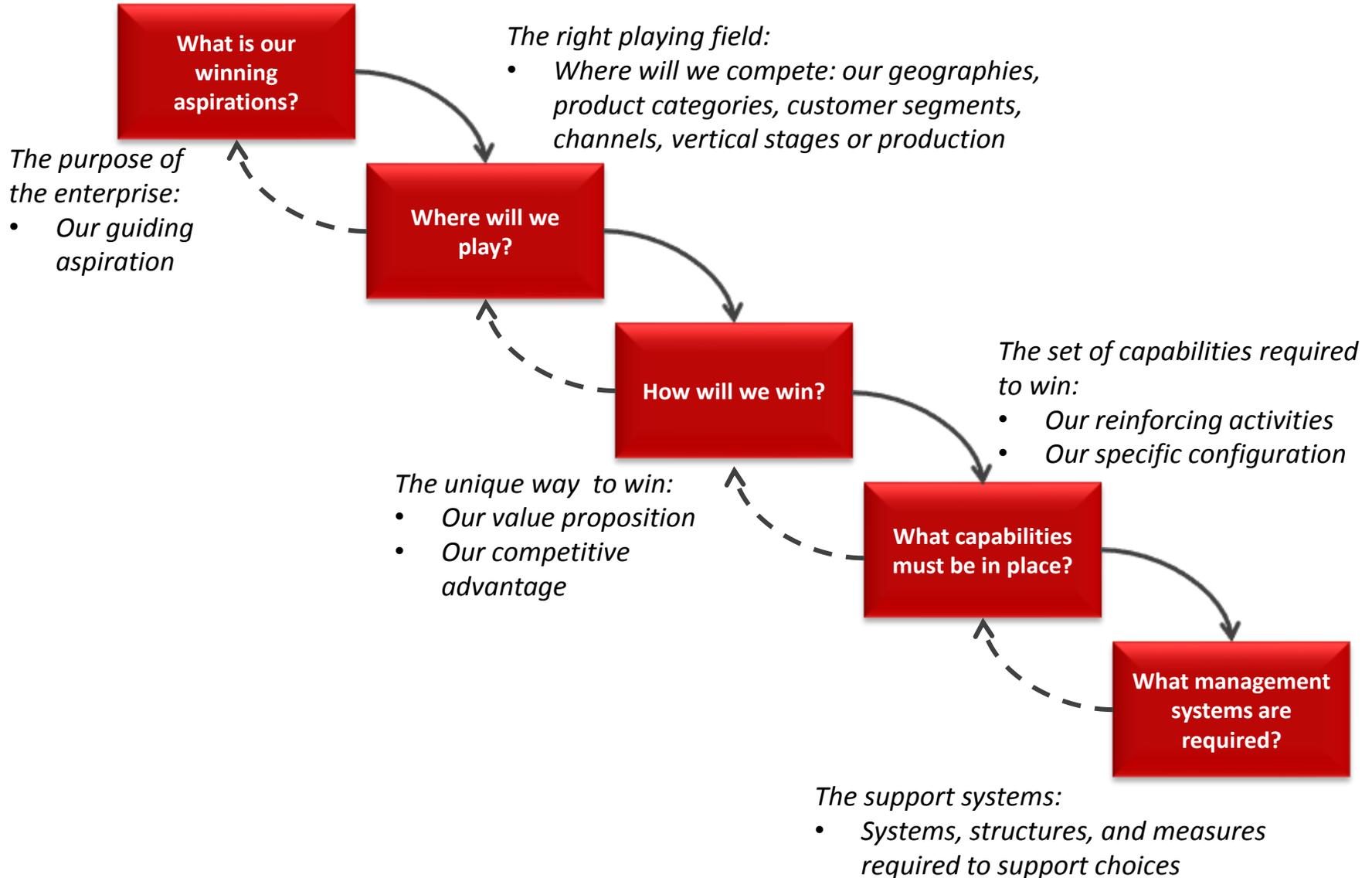
# The Traditional Approach: Generating Buy-in

## Drawbacks to the generating buy-in approach.

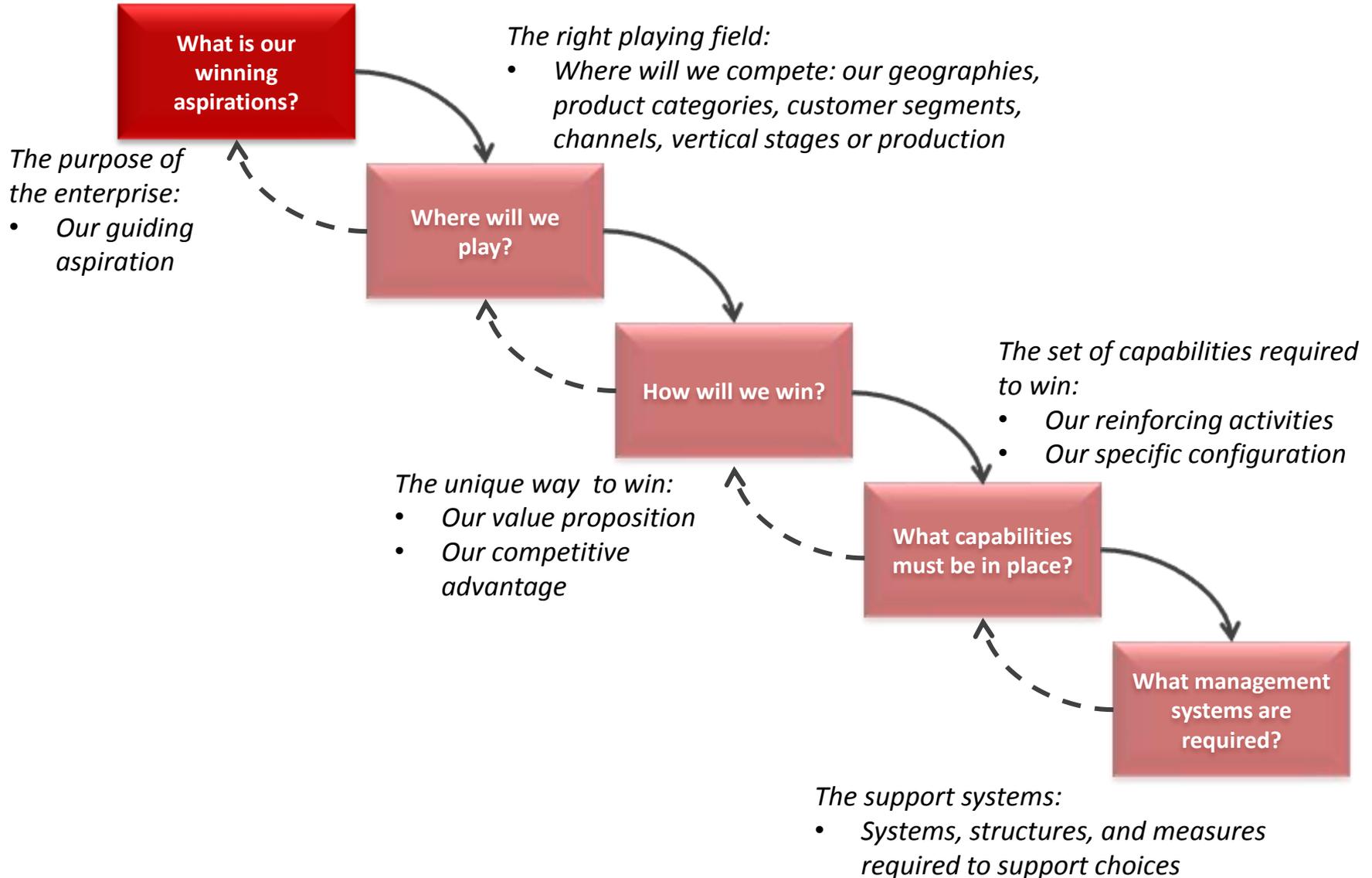
- Resource and time intensive
- Analysis tends to be scattershot and superficial
- Biases and personal agendas often interfere
- Creativity is discouraged
- Weak compromises supplant commitment and making hard choices
- Individuals sometimes feel marginalized
- Senior management is typically only engaged at the end of the process



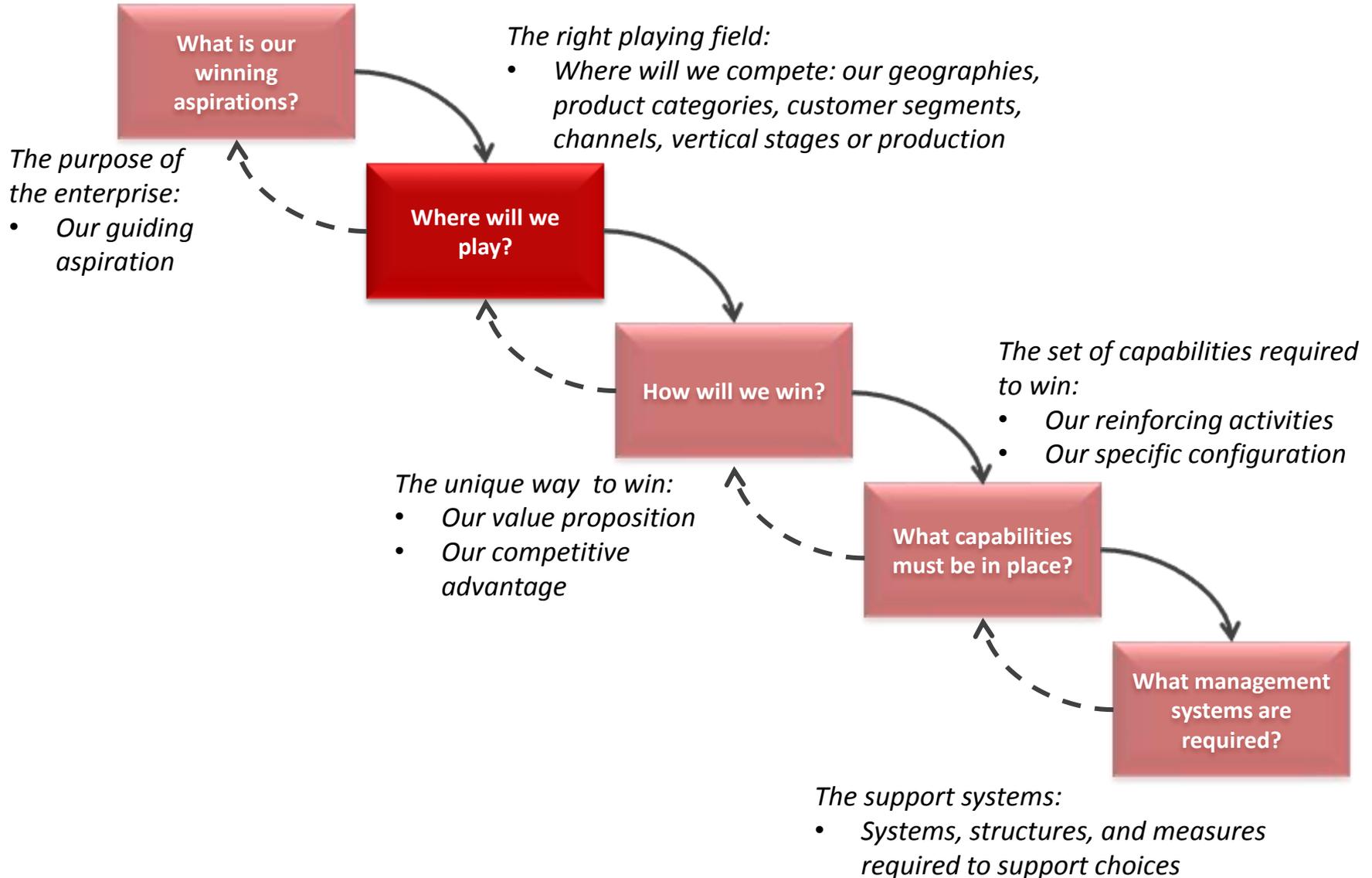
# Five Choices Framework



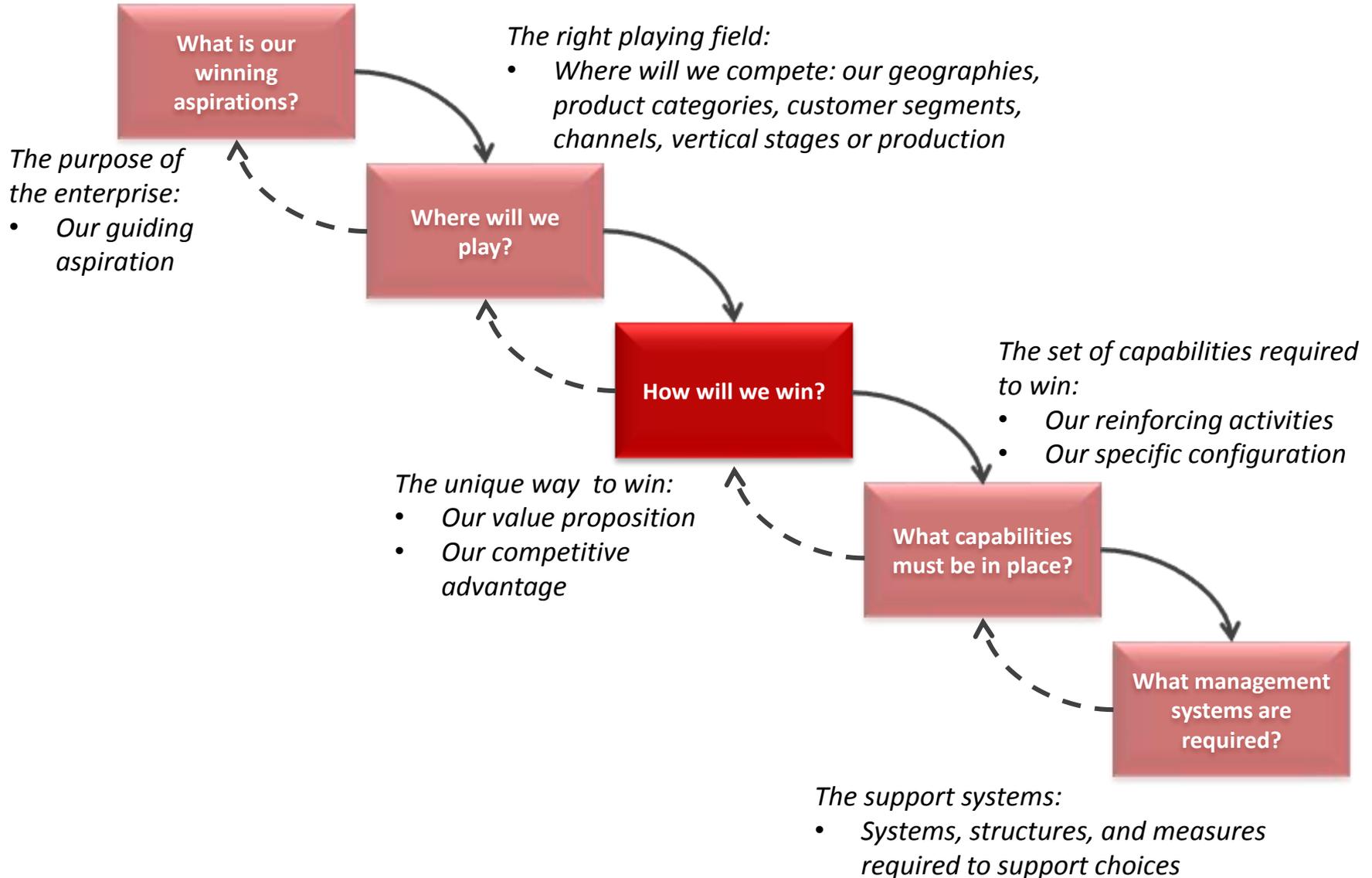
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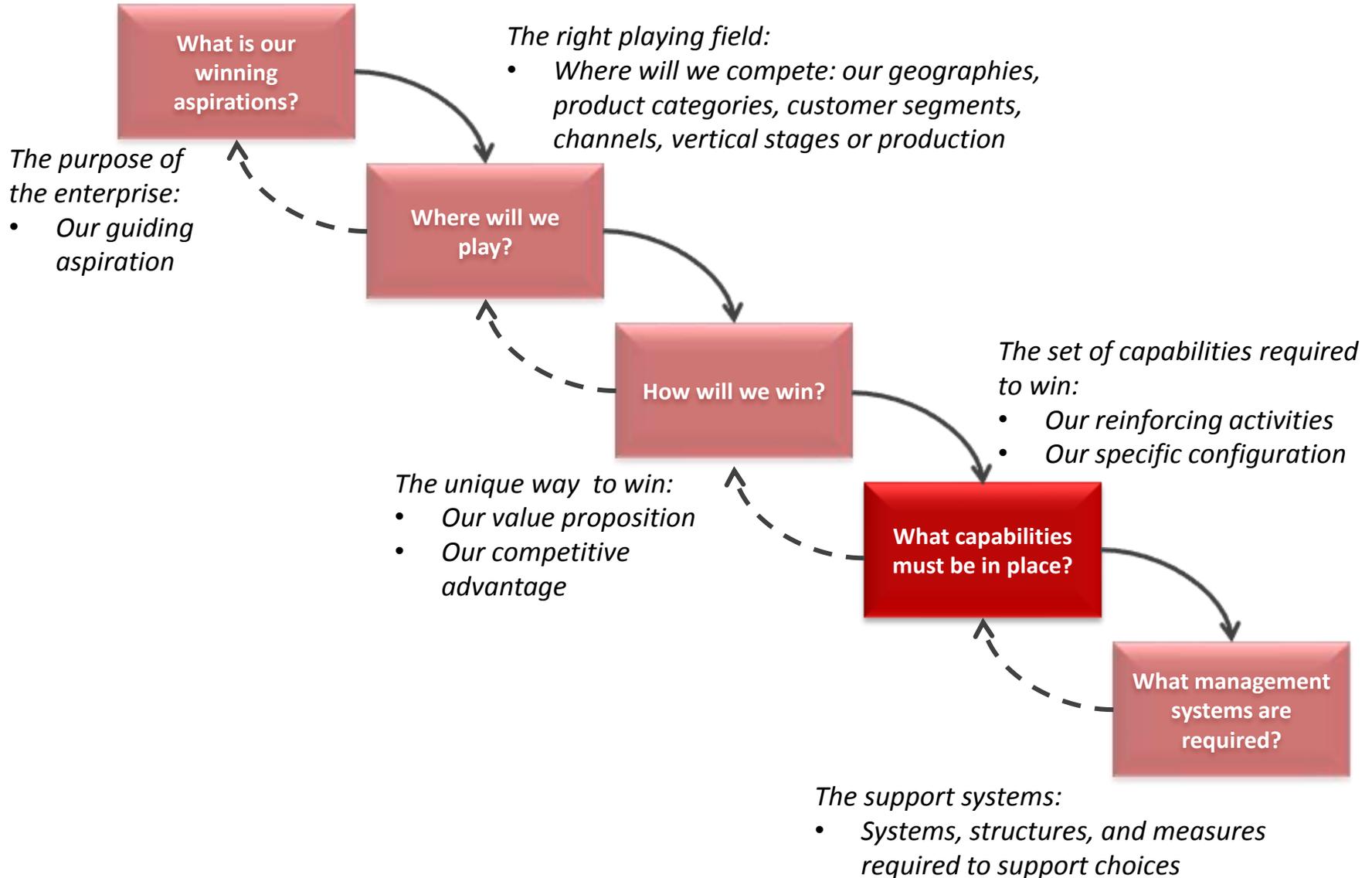
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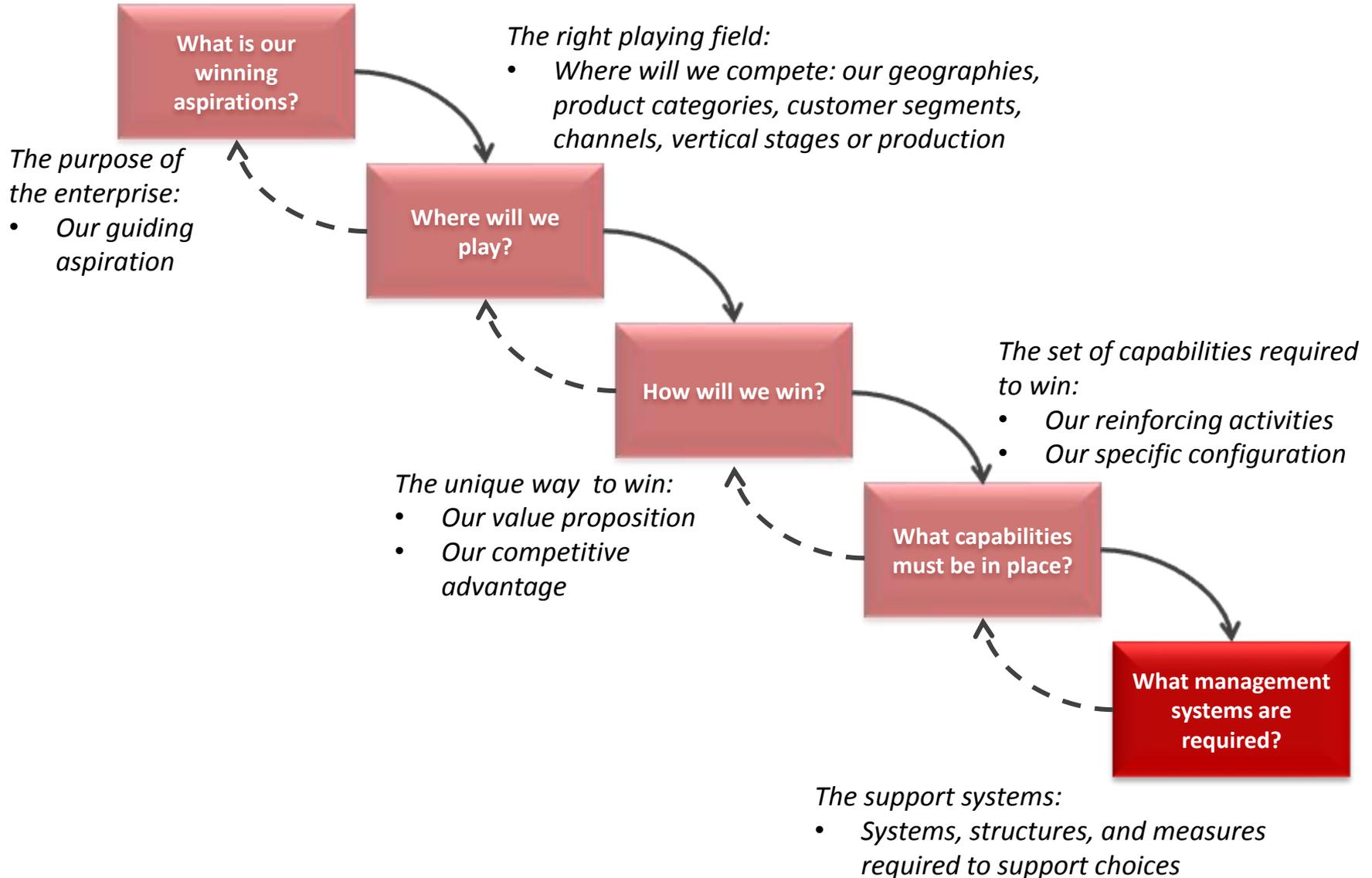
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## Author Notes

*“Clear and simple strategies can be easily understood and internalized, and have the best chance of galvanizing an organization...”*

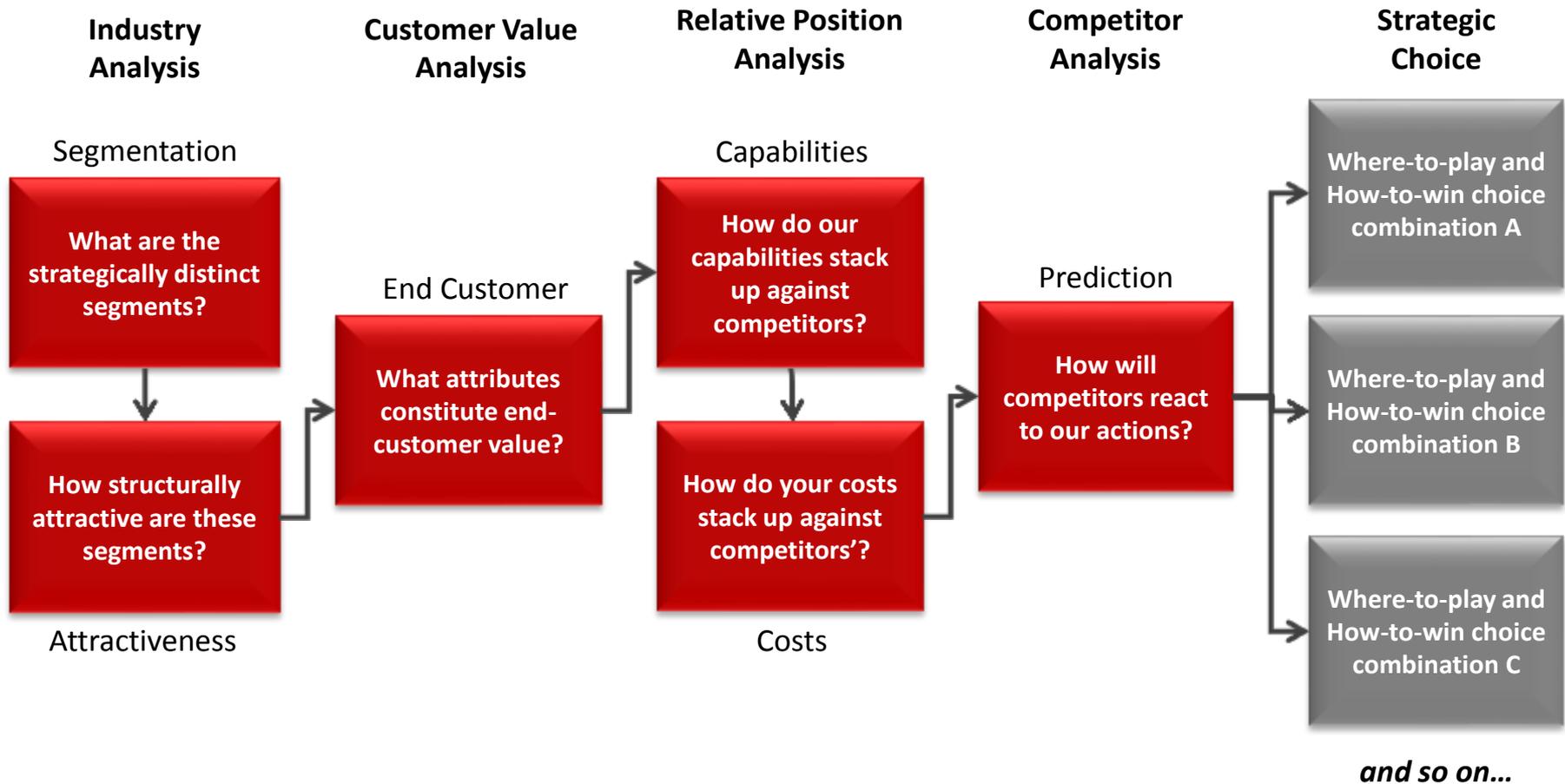
*Communicate strategic choices and intent in the simplest and most compelling terms possible...*

*Talk openly about integrity and trust – they are fundamental to business...*

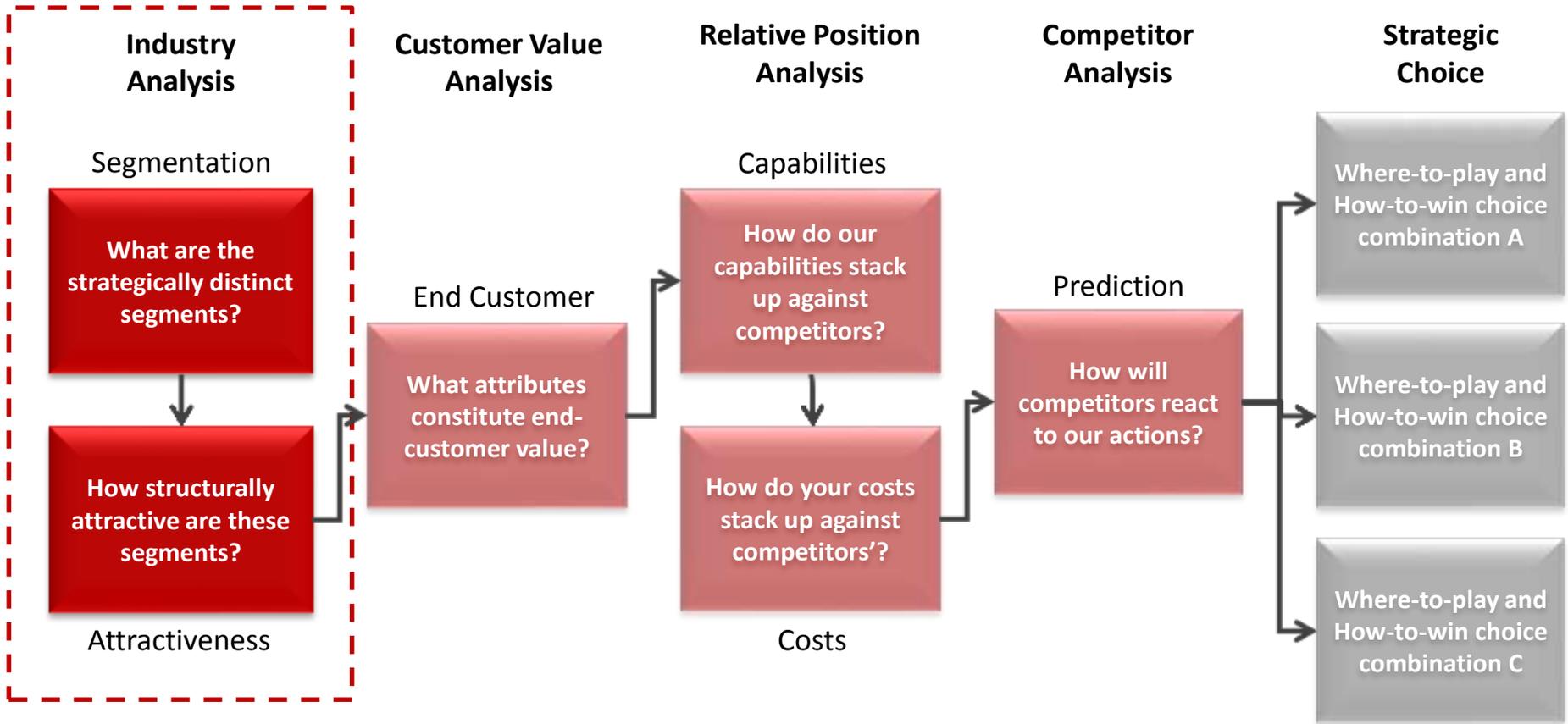
*Explicitly place customers over profit – better yet, at the center of it all. No customers, no business...*

*Employees are a company’s primary assets, enable them to flourish and grow...”*

# Strategy Logic Flow

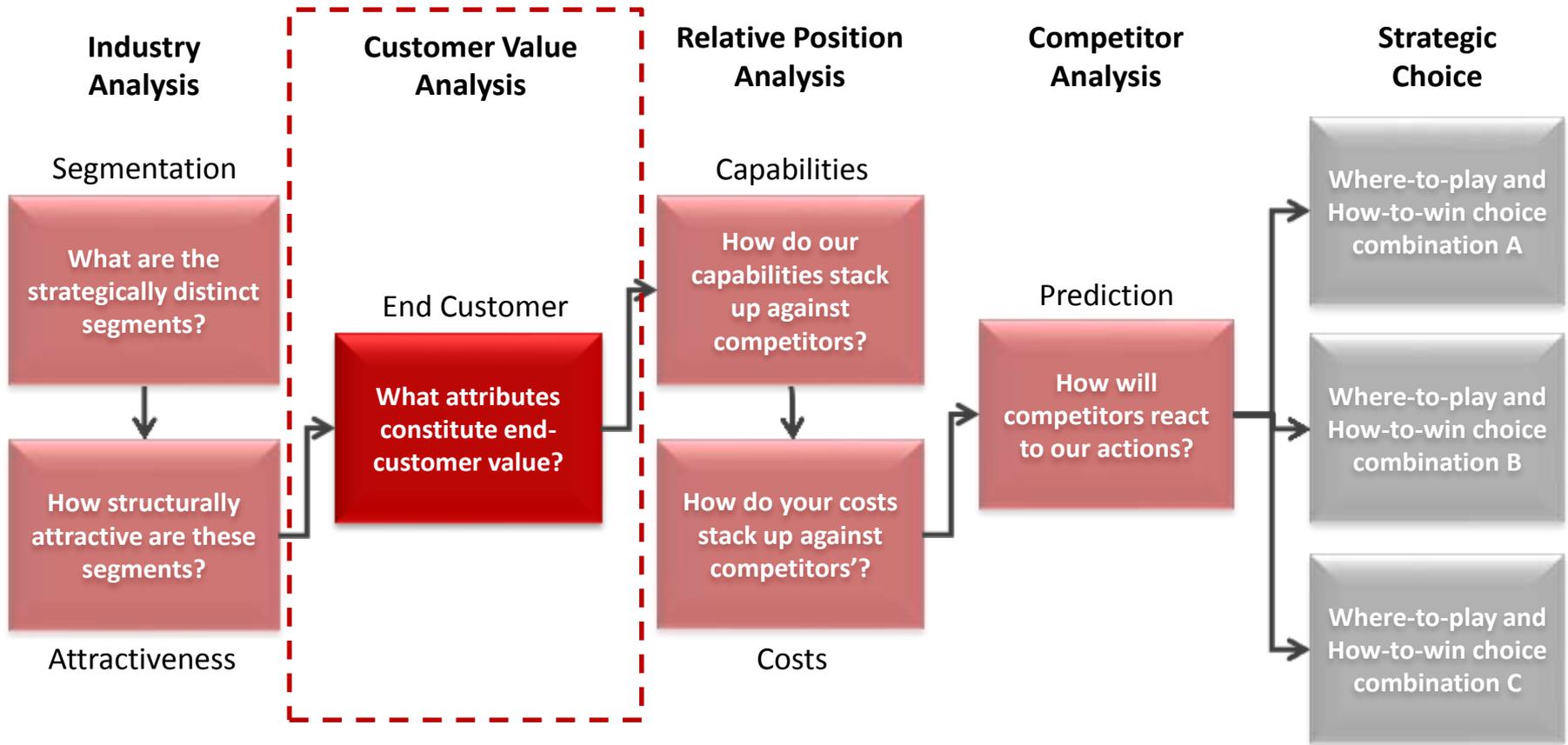


# Strategy Logic Flow



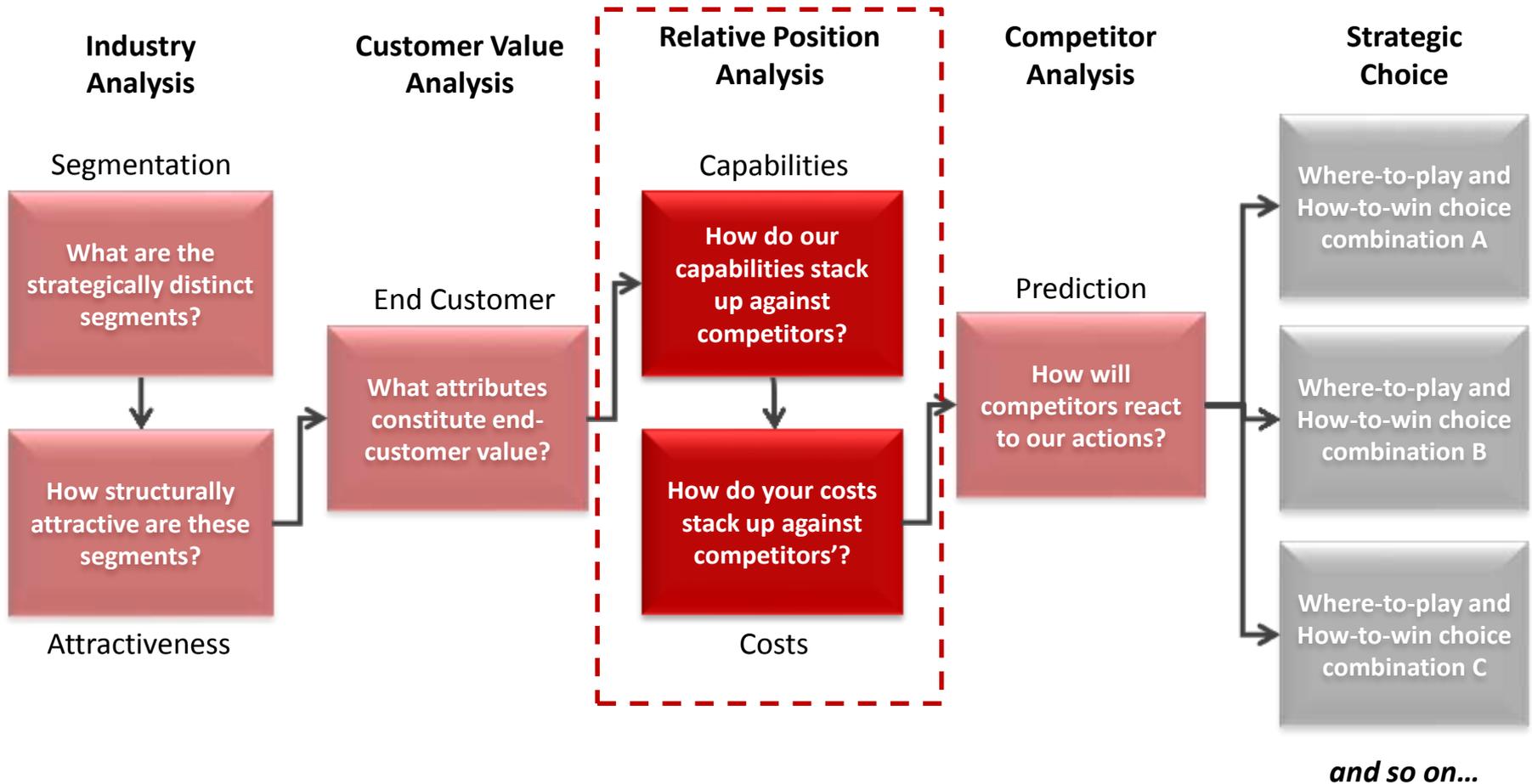
*and so on...*

# Strategy Logic Flow

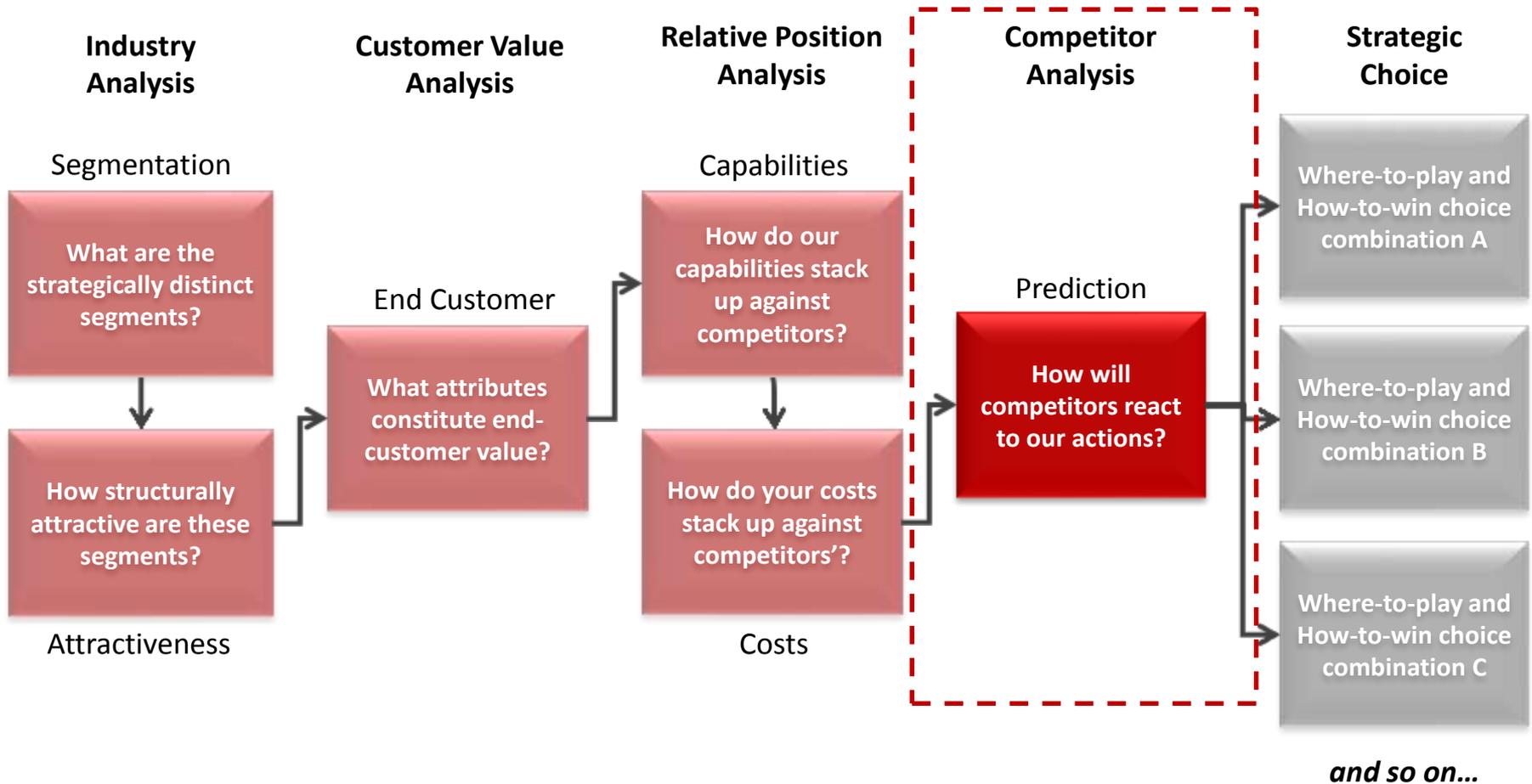


*and so on...*

# Strategy Logic Flow



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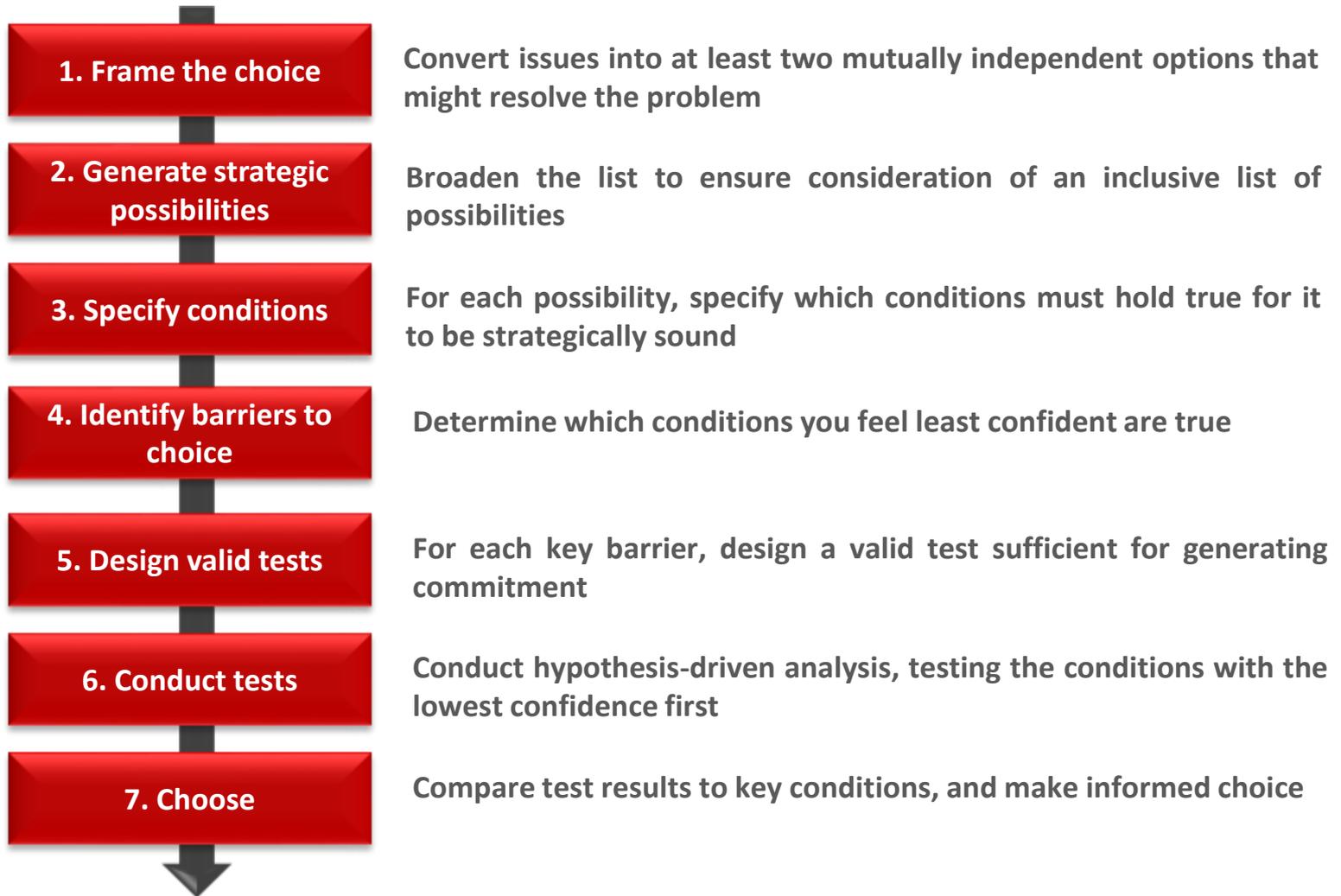


# Strategic Flow

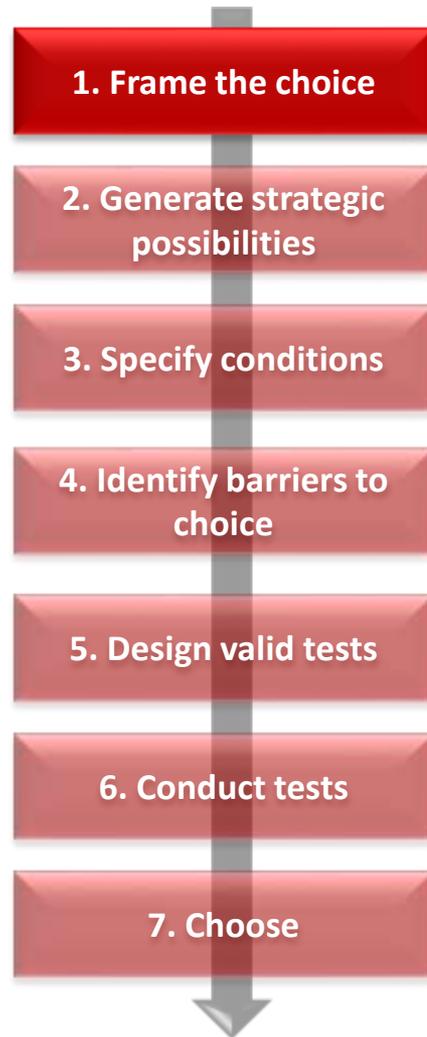
## Dos and Don'ts

- Do explore all four critical dimensions of strategic choice.
- Do look beyond your current understanding of the industry.
- Don't accept that entire industries are or must be unattractive.
- Do consider both channel and end customer value equation.
- Don't expect either the channel or the end customer to tell you what constitutes value.
- Don't be blasé about your relative capabilities or costs; compare them with those of your best competition.
- Do explore a range of possible competitive reactions to your choices.

# Reverse-Engineering Strategic Options



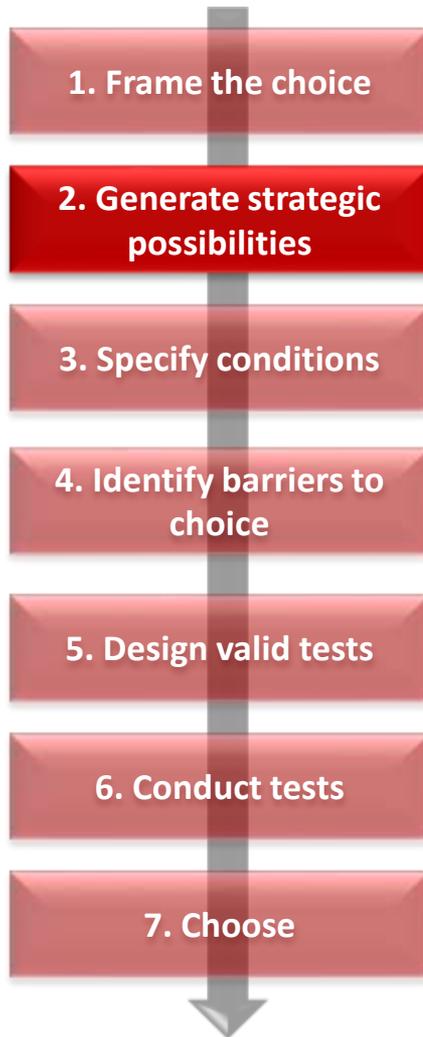
# Reverse-Engineering Process



Framing and articulating a choice provides a gut-check for team members. It enables them to feel the emotional consequence of an alternative by crystalizing the issues and making possible courses of actions immediately and meaningful.



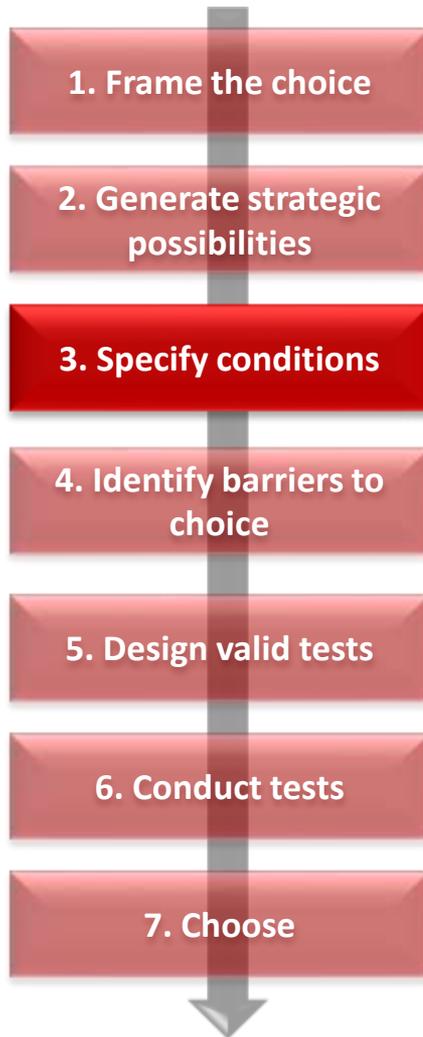
# Reverse-Engineering Process



Strategic possibilities should then be broaden. New possibilities may related to one of the previously identified options (amplifications or nuances) or expand. Note: At this stage creativity and out-of-the-box thinking should be encouraged and no suggestions should be trivialized or dismissed.



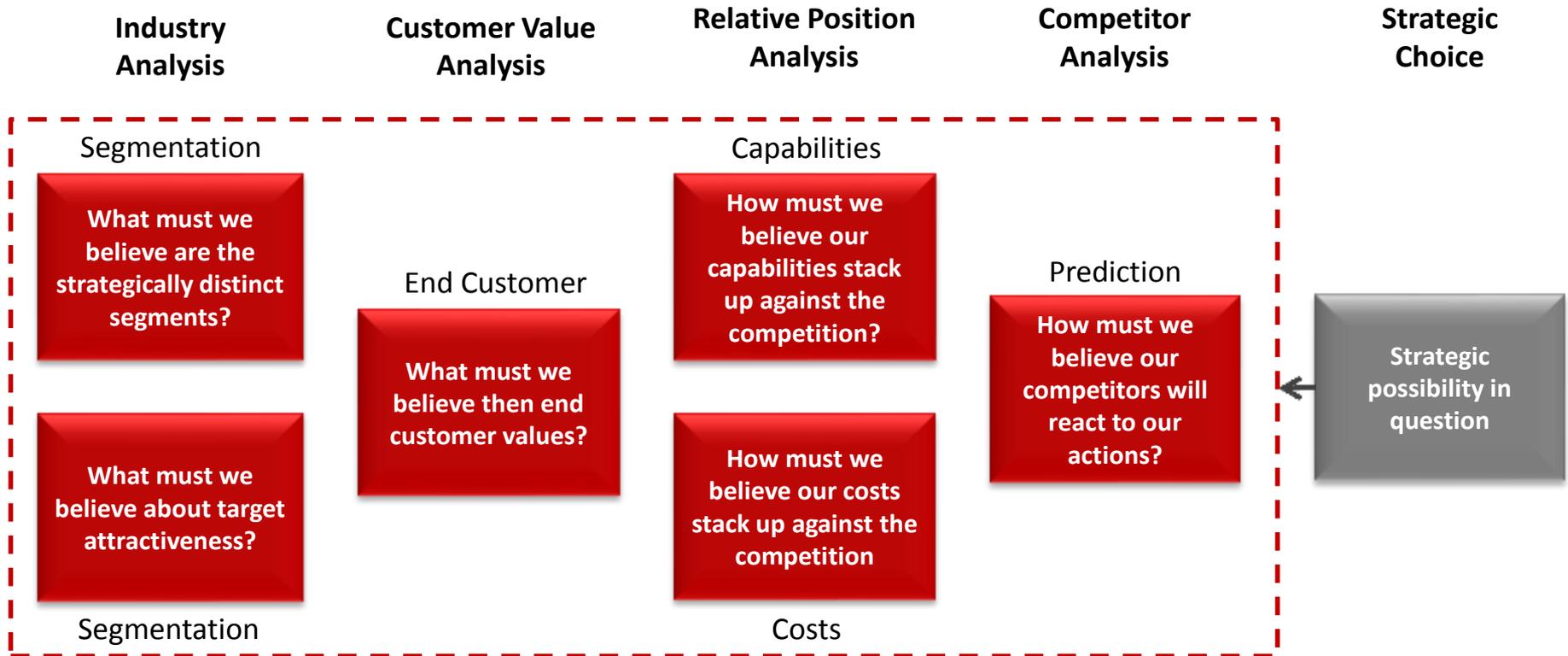
# Reverse-Engineering Process



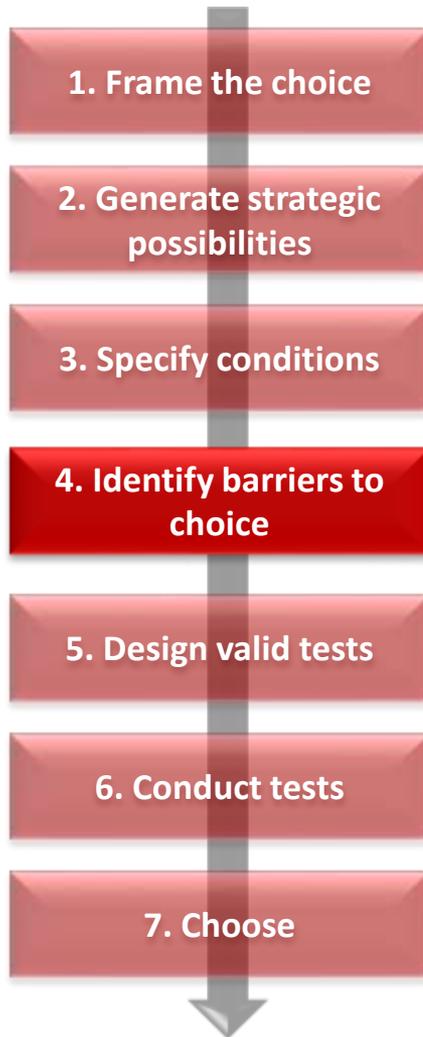
In the reverse engineering process, skeptics must specify the exact source of their skepticism (through a condition) rather than a vaguely disagreeing with a possibility. This approach helps the possibility's proponents understand the reservations of the group, reduces the power of personal agendas, and creates a standard of proof to address them.



# Strategy Logic Flow



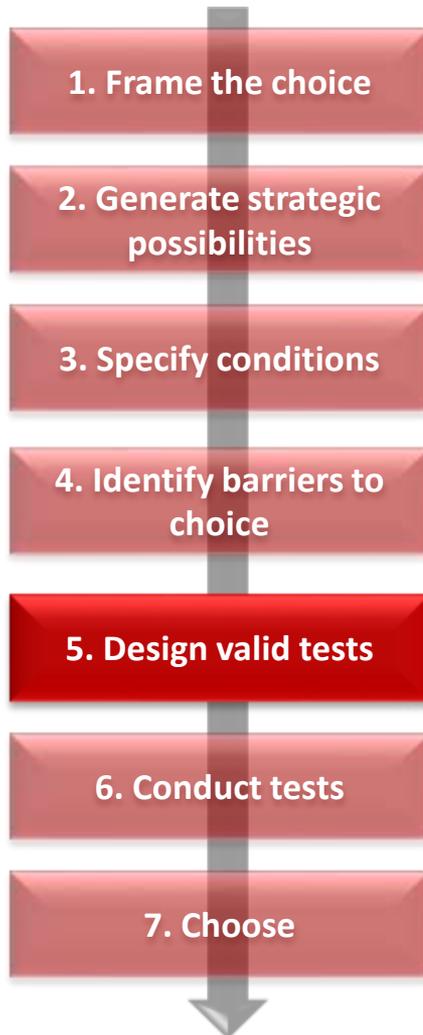
# Reverse-Engineering Process



Distinguishing nice-to-have conditions from must-have conditions is critical at this stage. This is the first time in the process that team members are able to be critical of conditions, not strategic choices. It is extremely important to pay close attention to the team members who are the most skeptical/critical of a given condition.



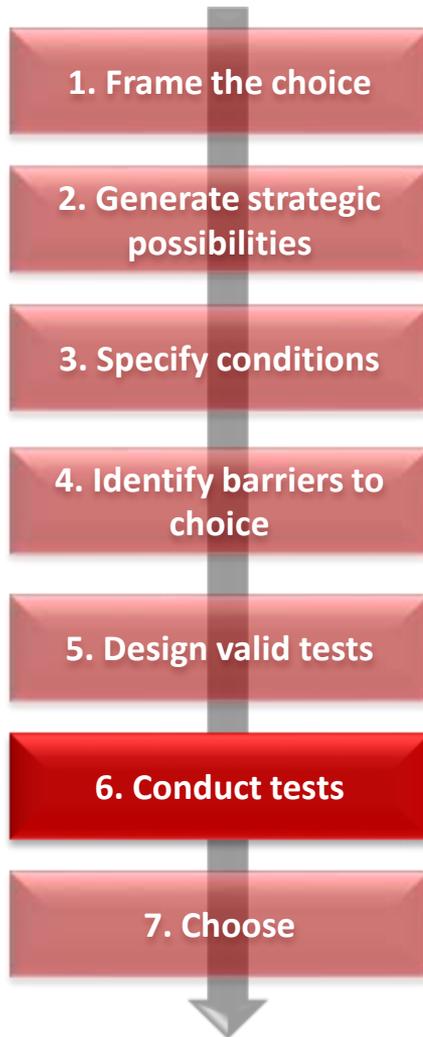
# Reverse-Engineering Process



Once key barrier conditions are identified, they must be tested in ways the entire group finds compelling. The most effective approach is to have the condition's greatest skeptic design the test for that condition – if they're satisfied, everyone else (who is defined as less skeptical) will most likely be satisfied.



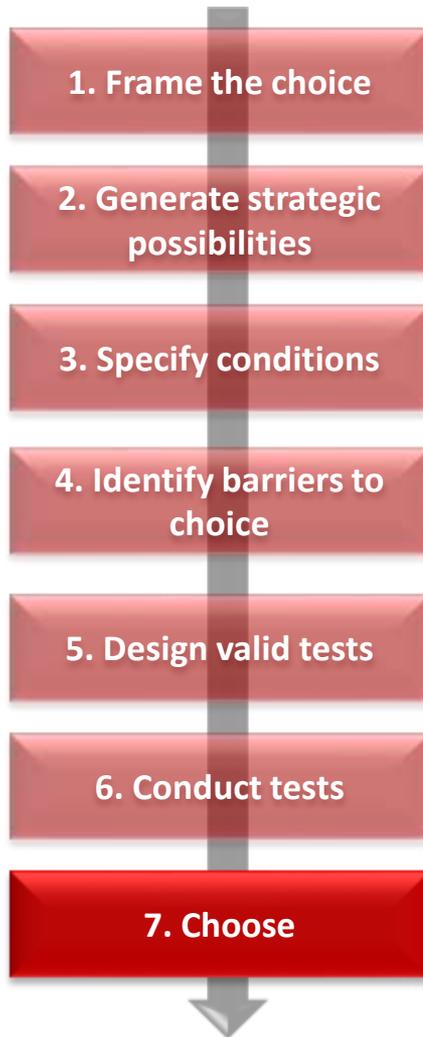
# Reverse-Engineering Process



To be cost-effective, should be tested in least-likely-to-be-true order. If the team's suspicions are right, the possibility will be eliminated without having to test all of the conditions.



# Reverse-Engineering Process



The final step in the reverse-engineering process is to choose. At this stage only viable strategic options remain, as all other possibilities failed to pass their barrier-condition tests.



# Reverse-Engineering Process

## Dos and Don'ts

- Don't spend a lot of time analyzing up front.
- Do frame a clear and important choices.
- Do explore a wide range of where-to-play and how-to-win possibilities.
- Do stay focused on the most important question (what would have to be true for this to be a winning possibility?).
- Don't forget to go back and eliminate any nice-to-have conditions.
- Do encourage skeptics to express their concerns.
- Don't have proponents of a given possibility set and preform the condition tests.
- Do test the biggest barrier first.
- Do use a facilitator to run the reverse-engineering process.

# Appendix

# OGSM Sample

Objectives	Strategy	Measures
<p><b>Winning aspiration:</b></p> <ul style="list-style-type: none"> <li>• Improve the lives of families by providing consumer-preferred paper products for kitchen and bathroom</li> <li>• Be the operating TSR leader in North American tissue/towel and value creator for P&amp;G</li> </ul>	<p><b>Where to play:</b></p> <ul style="list-style-type: none"> <li>• Win in North America</li> <li>• Grow Bounty and Charmin margin of leadership</li> <li>• Win in supermarket and mass discount channels</li> <li>• Build performance, sensory, and value consumer segments</li> </ul>	<ul style="list-style-type: none"> <li>• Operating TSR progress</li> <li>• Share and sales growth progress</li> <li>• Profit growth progress</li> </ul> <p><b>Efficiency measurers:</b></p> <ul style="list-style-type: none"> <li>• Capital efficiency</li> <li>• Inventory turns</li> </ul>
<p><b>Goals</b></p> <ul style="list-style-type: none"> <li>• Year-on year operating TSR &gt;x%</li> <li>• X% annual share and sales growth</li> <li>• X% annual gross and operating profit margin improvement</li> <li>• X% return on capital investments in plant equipment and inventory</li> </ul>	<p><b>How to win:</b></p> <ul style="list-style-type: none"> <li>• Be lean               <ul style="list-style-type: none"> <li>• Get plant/equipment capital spend to xx of sales</li> <li>• Reduce inventory by x%</li> </ul> </li> <li>• Be the choice of consumers               <ul style="list-style-type: none"> <li>• Superior base products, prices right</li> <li>• Preferred products formats and designs</li> </ul> </li> </ul>	<p><b>Consumer preference measurers:</b></p> <ul style="list-style-type: none"> <li>• Weighted purchase intent</li> <li>• Trial, purchase, and loyalty</li> </ul>