

Be Bold. Win Big.

OPERATIONAL STRATEGY
FOR COMMANDING
MARKET LEADERSHIP



PRTM

Where Innovation OperatesSM

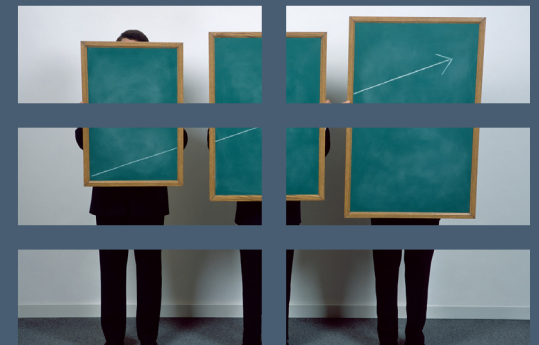
Even the most brilliant business strategies fail without the right operational strategy

Good business strategy includes plotting where a company is going. A winning operational strategy translates that direction into operational reality, creating strategic competitive advantage. Operational strategy finds new ways to structure your business operations and economics to create breakout results in top-line growth, earnings, and valuation.

What is your operational strategy, and what is it doing for your company? Is it simply making you a better competitor? Or is it positioning you for commanding market leadership?

PRTM's management consultants are passionate about finding new ways for you to operate to achieve market dominance. We help you realize your operational strategies through world-class execution.

PRTM knows how to build operational strategies that are bold...so you can win big.



Operational strategy should not be left to chance

Traditional functional definitions of operations tend to focus on operational execution—management processes, organizational structures, and implementation quality. In fact, operational strategy is a critical component of corporate strategy. It is essential to give strategic attention to the overarching operational strategies that directly impact financial performance and guide day-to-day execution priorities and investments.

The best of the best are making the bold operational moves that fundamentally restructure the industries in which they compete. These companies are executing innovative operating models that disproportionately deliver value for their customers and shareholders, often at the expense of their competitors.

Changing the game on competitors, sometimes permanently, is the outcome of a winning operational strategy.



Ask more of your operational strategy

Many companies are content to focus on operational improvement—working to become more competent by improving the performance of an individual function like manufacturing or development.

And increasingly, companies are committing to operational excellence. These companies are getting the most from the key value streams that run across functions. The supply chain is a good example of a value stream. It incorporates demand planning, sourcing, manufacturing, provisioning, and distribution logistics. If you are focused on operational excellence, your strategy is

really to transform that entire value stream to achieve business competitiveness.

But beyond competence and competitiveness is the opportunity to innovate operationally—to redefine the way your business competes and the way your competitors are forced to react. This is operational innovation.

Operational innovation defines operational breakthroughs that alter the way you compete, creating enduring sources of business value and competitive advantage. It allows you to change the game versus having the game changed on you.



Essential ingredients of operational strategy

Our experience points to five essential ingredients of operational strategy that can lead to operational innovations:

- ▶ **TRANSFORM MARKET FORCES INTO OPERATIONAL ADVANTAGE.** Examine the external macro and micro global market forces shaping your operational context, including macroeconomic, demographic, regulatory, technology, competitor, and customer shifts.

Which are putting you on the defensive? How can they be turned to your advantage? What new arbitrage opportunities do they introduce?

- ▶ **DO ONE THING EXTRAORDINARILY WELL.** Companies that deliver disproportionate shareholder value identify the one thing above all others that they do extraordinarily well, and then execute relentlessly.

Consider the case of Apple iTunes. Its 73 percent share of the digital music player market is fueled by Apple's relentless pursuit of ease of use as a basis of competition.

Isolate your company's singular basis of competition. Some companies focus on product leadership, and are consistently first to market with the right new products. Some companies like Wal-Mart are all about

cost leadership, attaining the lowest end-to-end operational cost and the highest productivity. Others are focused on winning based on customer intimacy, delivering an exceptional total product and service customer experience.

Wherever you choose to play, the key is to have the discipline of focus.



▶ **THINK END-TO-END, CONTINUOUS, REAL-TIME, AND HORIZONTALLY.** Every organization has a set of core operational domains that make up its operational model. For most, these comprise some combination of the development chain, the supply chain, and the customer chain.

Operational strategy configures these operational domains to deliver against business strategy, and create advantage in their own right.

▶ **DRIVE INNOVATION IN YOUR OPERATIONS AND BUSINESS MODEL.** Peter Drucker defined innovation as change that creates a new dimension of performance. He also stated that innovation is a key accountability of the CEO.

Too often innovation is perceived to be a technical or product-oriented activity. The reality is that operational innovation is creating the commanding leaders today.

Will you settle for operational improvement, will you target operational excellence, or will you set your sights on operational innovation?

CEOs that don't challenge their organizations to break operational rules and reward them for succeeding will ultimately have to settle for less.

▶ **EXECUTE RELENTLESSLY.** A complete operational strategy requires a commitment to execution, identifying the critical programs to integrate efforts and making the necessary changes in 1) organization and management systems; 2) talent, culture, and leadership; 3) business technology systems; and 4) process architecture.

Our research shows that companies with commanding leads in their markets execute relentlessly across all four of these dimensions of execution, informed by their global marketplace insight, aligned to a singular competitive focus, emboldened by a

clear innovation intent, and guided by a sound operational model aligned with business strategy and business economics.

In the 21st century, companies that make all aspects of their operations a source of strategic innovation will dominate their markets, delivering unparalleled revenue growth, EBITDA performance, and shareholder return.



How PRTM Can Help

PRTM is the premier operational strategy consulting firm, focusing on operational innovations that drive growth, boost profitability, and set new standards for market leadership. We help our clients shift markets and make history. We draw from our 30 years addressing key operational areas including supply chain, product development, and customer management. Our breakthrough ideas often result in the operational innovations that change the very nature of the game our clients play.

We have a history of standard-setting frameworks. Our Product And Cycle-time Excellence® (PACE®) framework represents a

multi-disciplinary approach to product and service innovation and development. We co-developed the Supply-Chain Operations Reference-model (SCOR®) with the Supply-Chain Council. This cross-industry standard helps companies respond to fast-changing market conditions in supply/demand planning and operations.

Transforming operations into a source of innovation creates breakthroughs that change companies and industries. We believe every company is capable of operational innovation, and are driven to identify and realize those innovations that will be game changers for our clients.

Since 1976, PRTM has created a competitive advantage for its clients by changing the way companies operate. PRTM management consultants work with senior executives to develop and implement innovative operational strategies that deliver breakthrough results. The firm is a leader in operational strategy, supply chain, product development, and customer management. PRTM has 16 offices worldwide and serves major industry and government sectors.



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