



GLOBAL GYAN
LEADERSHIP ACADEMY

Building Business Acumen: Strategic Thinking

ELGi Equipments

WORKSHOP 1



“

**A wise man
can learn more
from a foolish
question than
a fool can learn
from a wise
answer.**



Quote by Bruce Lee
*Egyptian Vulture at IIM, Ahmedabad in 2013 | PC : Srinivasa Addepalli
(Shot on Canon 7D)*

What?

INFORMATION

Why?



INSIGHTS

So What?



IMAGINATION



INFLUENCE

LEVEL-3 THINKING: QUESTIONS TO ASK



**What can we do
about this insight?**



**How do we
benefit from it?**



**What have we not
done in the past?**



**How are others
using this insight?**



**One crazy idea that
we can try out?**



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External Trends (Outside-in)



Mega-Trends

INDUSTRY REDEFINED

Eco-systems, Technology-driven, Consumer oriented

THE FUTURE OF SMART

IoT, AI, ML, Robotics, Cloud, Software... connected devices

THE FUTURE OF WORK

Jobs → Gigs → AI

BEHAVIOURAL REVOLUTION

Encourage “right” behaviour; social recognition > rewards

EMPOWERED CUSTOMER

Access to information & choices; Control; Co-creation

URBAN WORLD

Migration; Reverse Migration; Role of Internet & Infrastructure

HEALTH REIMAGINED

Proactively healthy, fitness. Yoga, Wearables, Organic...

RESOURCEFUL PLANET

Green, Sustainability, Renewables, EV, Water...



What is Changing in New Industry Definitions?



Who is the customer?



What product we sell?



How we make money?



How we manage our cash-flows?



How we partner with others?



New skills that are needed



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Understanding Strategy



“

*There is only one valid definition of
business purpose:
to create a customer.*

- Peter F. Drucker

Indigo Mantras for Successful Business



**All actions are decisions
/ choices.
Break the “Rules”**



**Make choices aligned to
ONE primary goal**



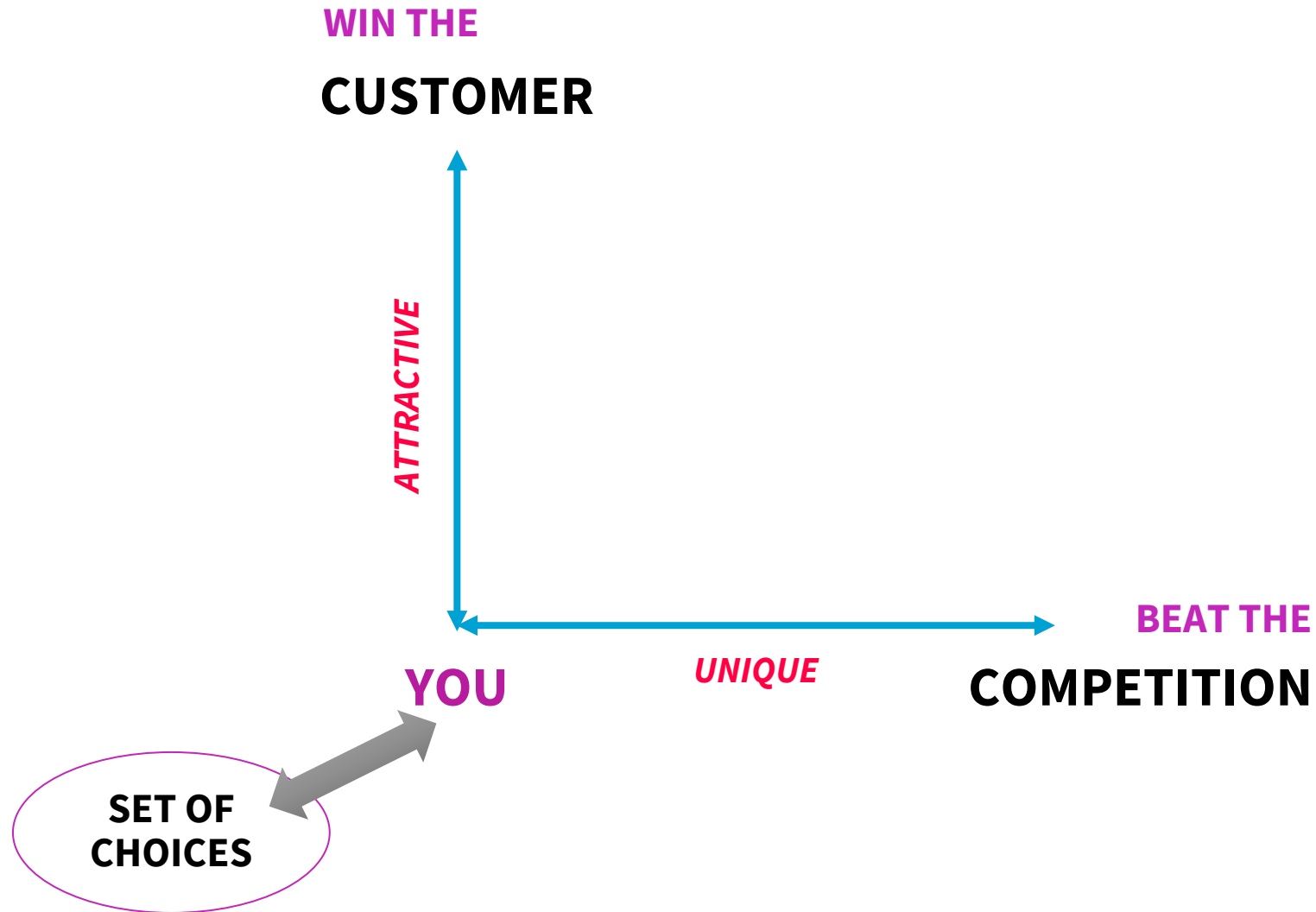
**Primary goal is to WIN
the Customer
(create Value)**



**Create Clarity through
simple Communication
to all levels**

STRATEGY IS BORING

What is Strategy?



Typical Choices we make... Attractive & Unique



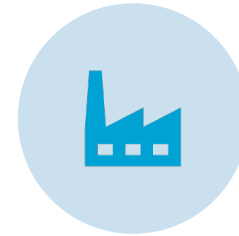
WHO IS THE
CUSTOMER
(SEGMENT) THAT
WE WANT TO WIN



THE **OFFERING**
(PRODUCT /
SERVICE /
FEATURES /
BENEFITS)



COMMUNICATION
/ AWARENESS
CREATION /
BRANDING /
MARKETING



DISTRIBUTION
AND SALES
MECHANISM;
SUPPLY CHAIN;
CHANNELS



PRICE,
COMMERCIAL
MODELS, TCO,
TERMS

Strategy Framework

1

WHAT DOES THE CUSTOMER VALUE?

Who is my target customer?
What are customer's needs / pain-points?
What does the customer care about?



2

WHO IS MY COMPETITION FOR THE CUSTOMER?

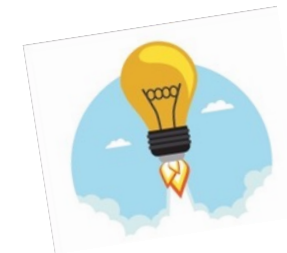
Who else can serve the customers' needs?
What are they good at, what are they missing?
What are likely substitutes or new entrants?



3

WHAT IS MY VALUE PROPOSITION?

What makes my offering attractive to customer?
What makes my offering unique vs. competitors?
SIMULTANEOUSLY!



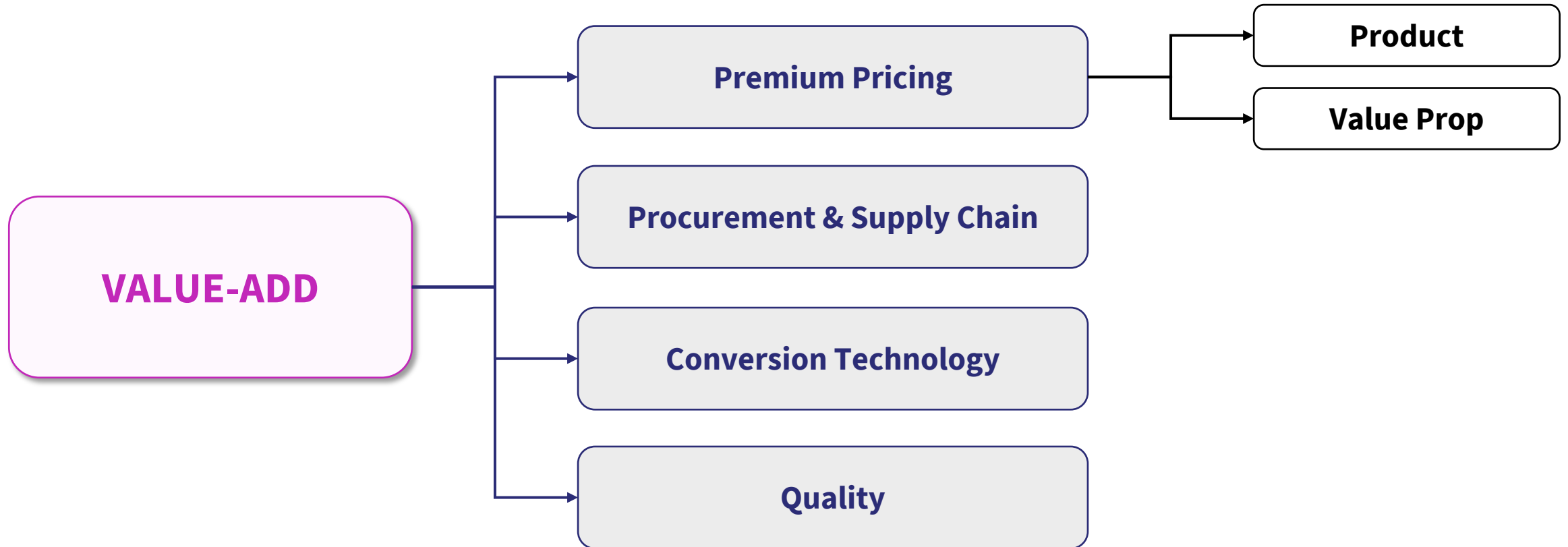


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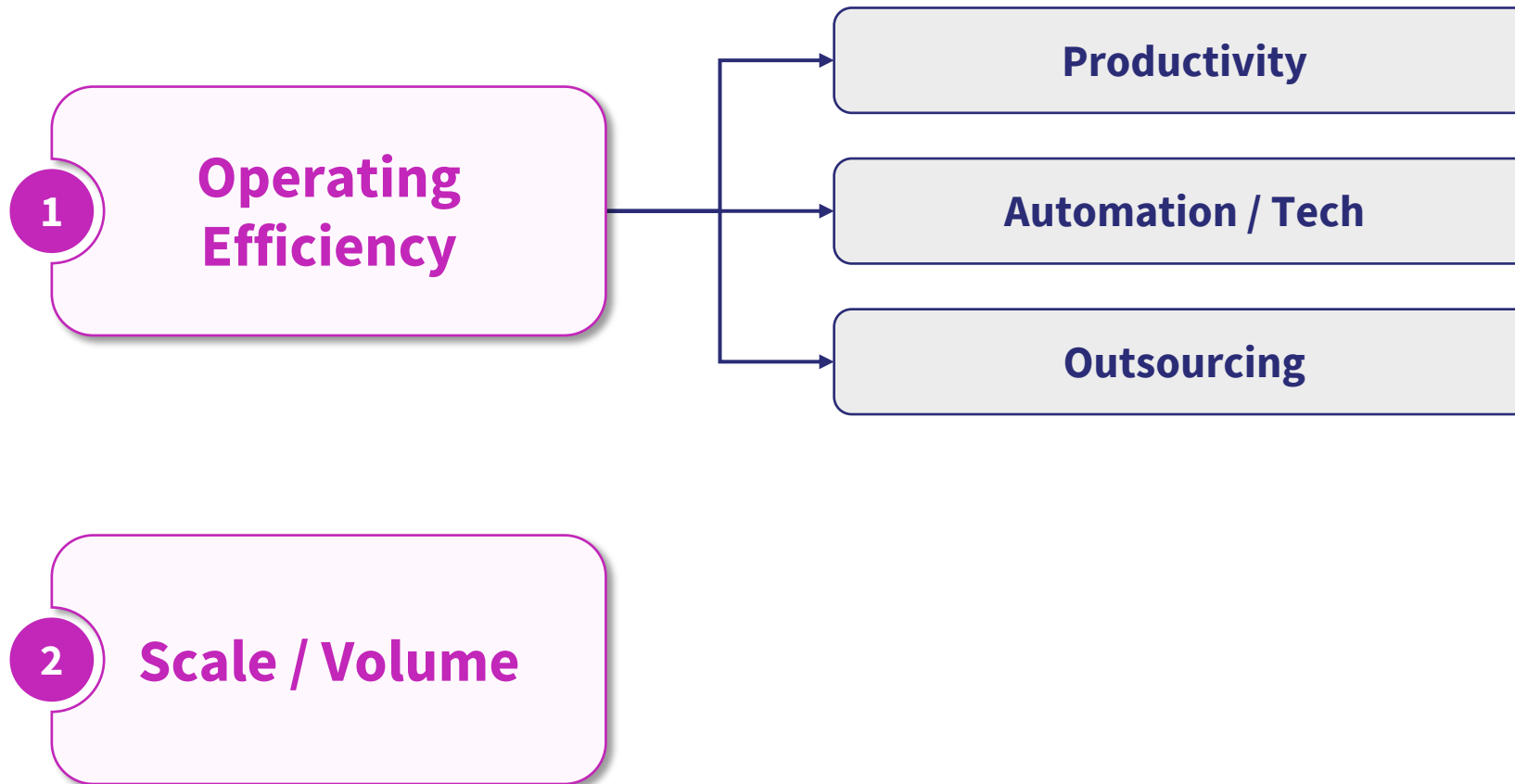


Financial Acumen

Gross Margin: What does it mean?



Operating Margin: What does it mean?



**Increase in Receivables and/or Inventory
causes NWC to go up**

**Increase in NWC consumes cash
(from borrowings or your bank balance)**

**On the other hand, decrease in NWC
releases cash to the business**

CASH IS KING



**Money loses value
with time**

**Money in future is
worth less today**

How do we deliver Return on Capital?

RoC

PROFIT
—
CAPITAL

=

PROFIT
—
ASSETS

Profit
—
Sales

X

Sales
—
Assets

Profitability


Asset Turnover

Value Creation: Return on Capital Employed

$$\text{ROCE} = \text{PROFIT MARGIN} \times \text{ASSET TURNOVER}$$



Pricing
Operational Efficiency
Cost Management
Automation
Supply Chain



Capacity Utilization
Faster Sales
Faster Collection
Outsourcing
Investment timing



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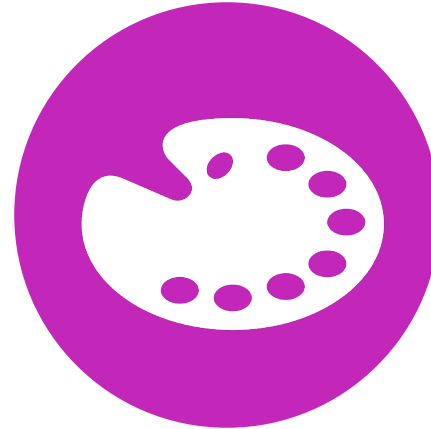
Building Business Acumen

Simple Tips to Build Strategic Thinking Capabilities



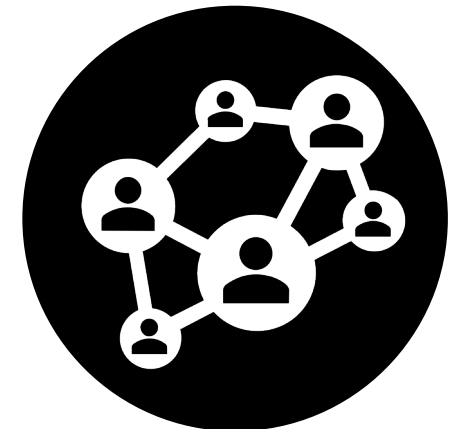
CURIOSITY

**Spend 1-hour a week
reading about
new/unrelated stuff**



CREATIVITY

**Spend 1-hour a week
pursuing
an active hobby**

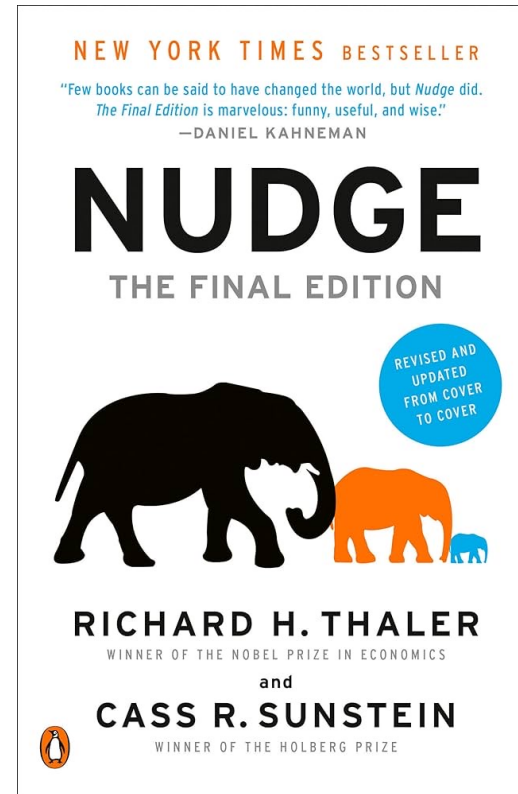
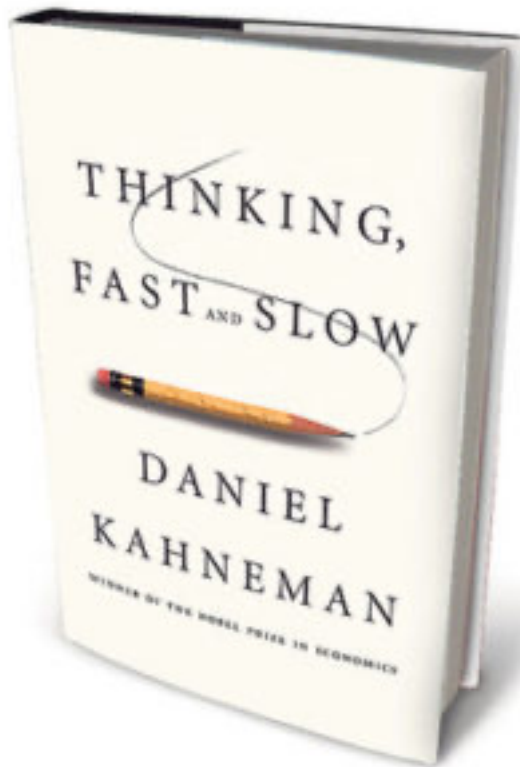


CONNECTING

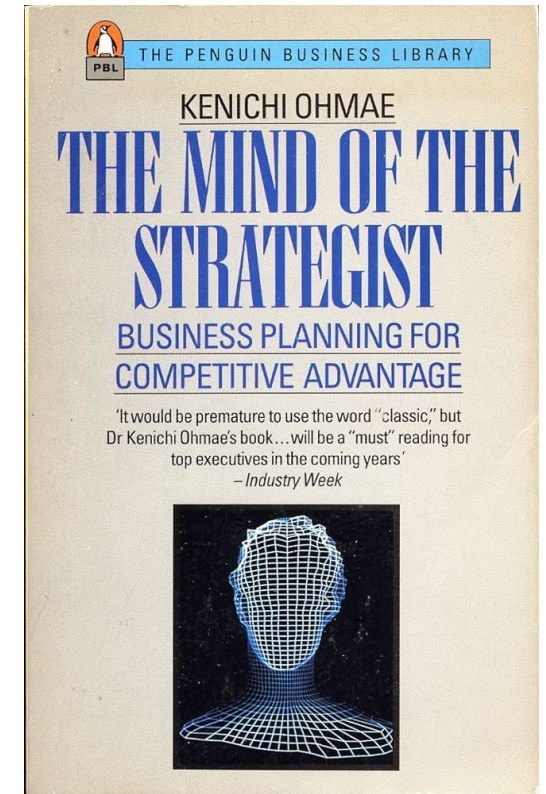
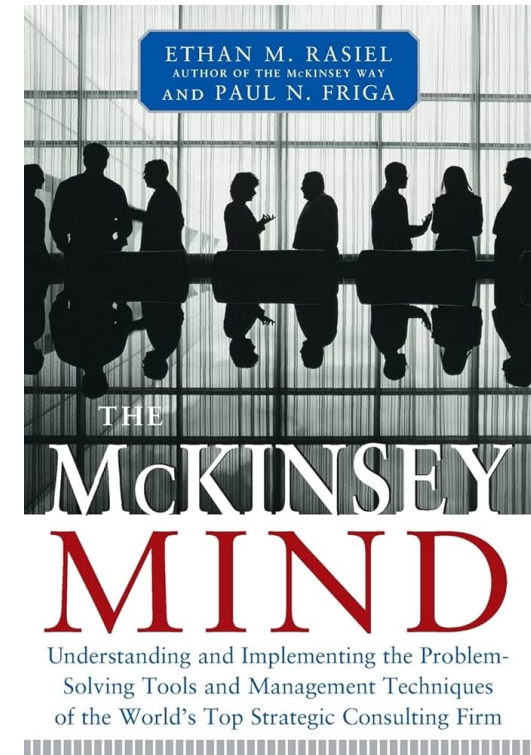
**Participate in
cross-functional or
customer insight
activities**

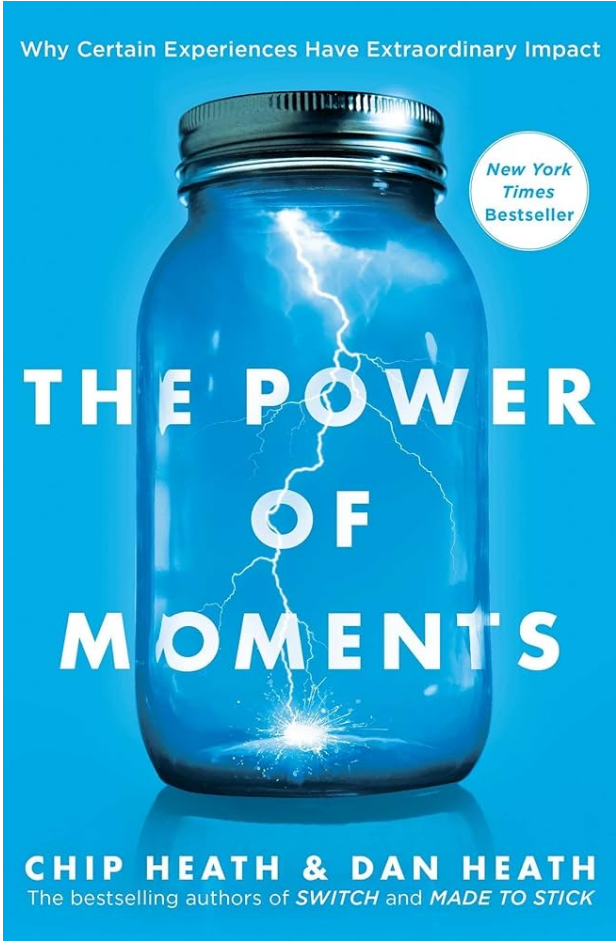


Behaviour Economics



Strategic Thinking





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