

MEMORANDUM

From: Director Strategy LegacyCo

To Executive committee

Subject: Proposed initiatives

As per the Excom request my staff has assembled a list of strategic Actions that we could undertake in the light of our market needs and the demands we can expect from Munro to fund NewCo. If we drive for the efficiencies we will need to support Munro, we will have to pare our headcount and discretionary expenditure cuts with supporting initiatives or we will compromise our market position. This will be an interesting challenge.

The potential Actions have been listed by function and have been roughly costed and the competence gains and other benefits assessed using the 'best guess' method! I have elected not to pre-empt the discussion by trimming the list.

As we assess the items we need to remember that each will put change stress on the organization. So I recommend that no more than 3 be done in any one function in each period.

Finally, it is important that we take in initiatives to support committed funding. Without the requisite action the full effects of the funding will not be obtained.

DECISION HINTS: LEADERSHIP FUNCTION

Below are data to help make a decision on Actions to take.

Impact on Technical Competence: 0 = no impact; += increased competence; - = lowered competence

Impact on Stress: 0 = no impact; + = increased stress; - = lowered stress

Impact on Adaptability: 0 = no impact; + increased Adaptability; - = lowered Adaptability

LEADERSHIP

Action	One time cost \$000	Per period Benefit \$000	Impact on Technical Competence	Impact on Stress	Impact on Adaptability
Explain the 'cash cow' role to the organization (compulsory)	0	0	0	+	0
Adopt efficiency philosophy aligned to 'cash cow' status	0	0	+	0	+
Aggressively pursue	0	0	0	0	0

intellectual property rights					
Aggressively build legal department to defend litigation	0	0	+	0	-
Develop in-house leadership program with major university	0	0	+	+	+
Top leadership travel rules symbolically revised to cut costs	0	0	0	-	0
Executive bonus move to 20% base pay maximum	0	0	0	-	0
Executive base pay revision : 50% function, 50% corporate	0	0	0	+	+
Planning & budgeting assumptions given 'performance' focus	0	0	0	+	-
Focus Balanced Scorecard on efficient 'performance'	0	0	0	0	+
Revise compensation programs to reward efficiency by function	0	0	+	+	+

MARKETING & ADVERTISING

Action	One time cost \$000	Per period Benefit \$000	Impact on Technical	Impact on Stress	Impact on Adaptability
Develop Internet-based, market research program	1,500,000		+	0	0
Introduce 'Agile Marketing' Program	250,000	-50,000	+	0	-
Develop advertising approach based on price	25,000		0	0	0

SALES & DISTRIBUTION

Action	One time cost \$000	Per period Benefit \$000	Impact on Technical	Impact on Stress	Impact on Adaptability
Introduce Digital Marketing concept	0	50,000	+	0	0
CONTRACT with OUTSIDE social media company	1,000,000	1,000,000	+	0	+
Program to involve leadership in front line customer relations	150,000		+	0	-

Smart Decisions program uses web data for improved selling	250,000	-150,000	+	0	0
Upgrade of the customer management system	1,500,000		+	0	+
Customer profitability study proposed to eliminate unprofitable accounts	1,000	-750,000	0	0	0
Start negotiations with Value Added Resellers (VARs) to cut costs	100,000	- 2,000,000	0	0	0
Salesforce training program upgrade	500,000	-200,000	+	0	0
Develop call centres to deal with VARs requests	2,000,000	- 1,000,000	+	0	-

OFFERING SUPPORT

Action	One time cost \$000	Per period Benefit \$000	Impact on Technical	Impact on Stress	Impact on Adaptability
Major push to reduce warranty costs	1,500,000	-750,000	0	0	0
Support operations restructured to reduce costs	1,250,000	-600,000	+	+	+
Business customer support training moved to the Web	1,500,000	- 2,000,000	+	+	-
Move consumer support operations to outside call centre suppliers	3,000,000	- 1,000,000	+	+	-
Move all staff product and support training to the Web	1,500,000	- 1,750,000	+	+	-

LOGISTICS & IT

Action	One time cost \$000	Per period Benefit \$000	Impact on Technical	Impact on Stress	Impact on Adaptability
Work with suppliers on 6 sigma programs	750,000	- 2,000,000	+	+	+
Work with suppliers on 'Green' program	750,000	0	+	+	+
Shift to new (total) enterprise systems: major	4,000,000	-	+	+	+

installation		1,000,000			
Introduce 'hackathon' approach to process improvement	25000	-500000	0	0	0
Continue process re-engineering and codification	750,000	-500,000	0	+	+
Security and privacy focus following breach	250,000	0	0	+	0
Install Knowledge mgmt. systems	3,000,000	500,000	+	+	-
Promotion of continuous improvement ethos	250,000	0	+	+	-
Maintenance management program installed	200,000	-300,000	1	+	0
Focus on effectiveness of transactional IT infrastructure	200,000	-50,000	0	0	-
Invest in creation of full data warehouse	1,500,000	700,000	0	+	+

PRODUCT DEVELOPMENT

Action	One time cost \$000	Per period Benefit \$000	Impact on Technical	Impact on Stress	Impact on Adaptability
All offerings to be assessed by Green Initiative Team	40,000	40,000	+	+	+
Mandate all offerings to be passed before Legal Dept before project milestone discussions	40,000	60,000	+	+	+
Introduce 3M-style innovation budget	0		+	+	+
Increase developer customer needs awareness through customer visits	45,000		0	0	0
Defend suits over patents usage by pirates	500,000	250,000	0	+	+
Product developer compensation tied to new product success	0		0	+	0

in market					
Agile development model in software introduced	0		+	+	-
Introduce concept of co-development	100,000	50,000	+	+	-