



Strategic Management

Glossary of Terms

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Activity

One of the steps required to complete a process.

Analysis

The examination and close scrutiny of data and information without the introduction of opinions, biased perceptions of the data and information, or evaluative statements.

Balanced Scorecard

(ASP) Developed by Kaplan and Norton, the concept of a "balanced scorecard" stressed the need to monitor, measure and control strategic performance within four perspectives: Financial, Customer, Internal Business Process, and Learning and Growth. The main value of the balanced scorecard model lies in its emphasis on forging a balanced approach to measuring and managing strategic control factors. It remains for each organization to identify its own key strategy, strategic objectives, strategic initiatives and strategic measurements.

Baseline

The organization's actual performance level from the most recent reporting period.

Benchmark

A third-party comparison point on performance, e.g. industry standard, published statistics, peer comparison, etc.

Business model canvas

The Business Model Canvas is a strategic management and lean startup template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances.

Cascading

Cascading is arranging strategic devices (objectives) to ensure collaboration and cooperation downward through all levels of the organizational system in a connected series or sequence, like a waterfall, so that the intended strategy is exhibited from leadership levels all the way to the customer-facing personnel.

Change management

The process of moving an organization, function, or process through a transformation process to a new and/or improved level of performance.

Competitive positioning

Competitive positioning is about defining how you'll "differentiate" your offering and create value for your market. It's about carving out a spot in the competitive landscape, putting your stake in the ground, and winning mindshare in the marketplace – being known for a certain "something."

Consensus

A group decision or action that all members agree to support, even though it may not exactly reflect an individual's preferred choice. Consensus is possible when diverse points of view have been heard thoroughly and openly.

Core competency

Any area, factor, or consideration perceived by the customer that differentiates the organization and provides for a competitive edge over its rivals.

Cross-functional

A process or activity that includes portions of the process or activity from two or more functions within an organization.

Customer

The person(s), or organizations who use your output. Whether your customers are internal or external to your organization, they use your output as an input to their work processes.

Customer Value Proposition

Customer Value Proposition is the intended overall value and/or benefit a customer/stakeholder will gain from your product or service in return for its costs, including money, time and effort; a marketing statement that summarizes the tangible and intangible value of a particular offering helping the customer to understand why they might want to buy a product or use a service.

Delta

The delta is where change occurs. It is where people stop operating in the old way, learn new ways, make mistakes, mourn the loss of the old, test the new way and integrate it into ongoing operations.

Development

The results of systematic efforts to bring about structural, operational, and performance improvements, in a set of capabilities in order to enhance and/or increase outputs.

Double loop learning

In double-loop learning, feedback from management consequences is fed back to the action strategy development process and back into the governing variables that were used to develop the strategies in the first place.

Environmental scan

A systematic review of current and/or emerging trends, events, situations, problems, and issues that are or might impact the organization, its operation, and/or its performance. A scan may be focused on either external or internal factors.

Environmental assessment

Environmental Assessment is a thoughtful analysis and evaluation of the strategic environment facing the organization

Evaluation

The process of comparing and assessing some entity or attribute using a specific criterion (or criteria), i.e., a norm, standard, regulation, or expectation.

External analyses

An examination of the dimensions of an organization's external environment, including the close scrutiny of those trends, events, that are having, or might have an impact on the performance capabilities of the management, resources, structure, processes, and operation of an organization.

Function

Specialized area of related activities within an organization that are grouped together in order to manage them effectively and efficiently, for example, finance, marketing, and operations.

Functional management

A level of management below general management that is in charge of a given function.

Globalization

A process of interaction and integration among the people, companies, and governments of different nations, driven by international trade and investment and aided by information technology. This process also impacts the environment, culture, political systems, economic development and prosperity, and human well-being in societies around the world. It includes investing, managing, organizing, and operating on a world-wide scale, i.e., across national boundaries and in different cultures and societies.

(Overarching) Goal

A long-term result to be achieved as an organization moves toward the vision.

Growth

The measurable increase in the input, throughput, or output of an organization, process, or activity.

Implementation

The set of management and operational processes required to add to, or modify, an existing strategy, organization structure, process or operating system, such that the change is accepted by the organization as the new strategic and operational norm.

Improvement

The enhanced capability and/or performance of an organization, its functions, processes, or activities made possible by changes in their design, management, and/or operation.

(Strategic) Initiative

Strategic initiative is a collective endeavor, with a defined beginning and end, to reduce performance gaps and help accomplish strategic objectives.

Innovation

Introduction and adaptation of a new idea, concept, or invention to an activity or process.

Input

The materials, equipment, information, people, money, or environmental conditions that are needed beforehand.

Internal analyses

Critical examination of the internal dimensions and performance capabilities of the management, resources, structure, processes, and operation of an organization.

Key driver of success

A Key Driver of Success is an explicitly stated area where tangible results must be realized to achieve a desired goal(s).

Key performance indicator

A key performance indicator (KPI) is a measure, for which the organization has data, that helps quantify the achievement of a desired strategic objective or outcome.

Lagging indicator

A measurable economic activity that changes after the economy has established a pattern or trend. They have no predictive value, but they are useful in confirming changes that have taken place in economic activity.

Leading indicator

A measurable economic activity that changes before the economy has established a pattern or trend. Useful in predicting changes in economic activity.

Line Manager

Person who heads a department or sub-function and is responsible for collaborating with his team to achieve a specific objective(s) via listening, learning, policy making, target setting, decision making.

Macro environment

Forces at work in the external operating environment that can affect an organization's ability to serve its customers and make a profit, e.g. demographic changes and economic trends.

Market positioning

The process of identifying and occupying a distinct niche or place in the market for products and services in order to achieve an advantage over competing products and services.

Measure

A Measure is a quantifiable value that is used to track and manage operations or assess strategic performance.

Micro environment

External forces close to an organization that affect its ability to serve its customers and make a profit, e.g. regulatory changes and stakeholder perceptions.

Milestone

A key activity, whether a deliverable or a decision, being completed in a project or in the development or in the operations of the organization.

(Focused) Mission

Statement of purpose that provides the rationale for an organization's existence.

(Strategic) Objective

A broadly defined outcome that an organization must achieve to make its strategy succeed.

Objectives and key results (OKRs)

OKRs is a critical thinking framework and ongoing discipline that seeks to ensure employees work together, focusing their efforts to make measurable contributions that drive the company forward.

Operations

The organization's day-to-day activities with respect to all functions, processes, and departments of the organization.

Organization culture

The specific collection of values and norms that are shared by people and groups in an organization, and that control the way they interact with each other and with stakeholders outside the organization.

OTSW evaluation (sometimes known as SWOT analysis)

An evaluation of the external environmental scan to determine opportunities or threats, followed by an evaluation of internal scan to determine strengths and weaknesses. The result of this evaluation will be the development a comprehensive understanding of the current environment and context of the organization. This, in turn, will provide the foundation for strategic thinking and planning.

Performance management

Performance Management is the process of achieving desired organizational outcomes. It includes all organizational activities aimed at ensuring that the organization's strategic goal(s) and objectives are met in an effective and efficient manner.

Performance measurement

Performance Measurement is a process of collecting, analyzing and reporting information regarding the performance of a component.

Planning

Planning is a process of thinking and organizing activities to achieve a future-oriented goal. Planning involves forethought and forecasting.

Planning Horizon

The length of time the strategy is being developed for.

Process

A sequence of steps, tasks, or activities that converts inputs to outputs. A work process adds value to the inputs by changing them or using them to produce something new. Some processes may be contained wholly within a department or function (that is, accounting, marketing). However, the critical areas of work performed by an organization usually involve processes that cross functional or departmental boundaries. These are cross-functional processes. Processes are composed of sub processes that in turn consist of a group of related activities (e.g. order entry). Activities consist of groups of related tasks (e.g. writing an order). Tasks are elementary actions of work (e.g. time stamping an invoice).

Project

An undertaking with a defined starting point and ending point. It includes significant allocation of resources and has defined parameters that determine completion of the project. A project has finite or limited resources assigned to it. In the case of a new projects it includes increased levels of risk and uncertainty.

Project management

Project Management is the discipline of mobilizing resources to bring about the successful completion of specific project outcomes and outputs.

Risk appetite

The broad-based amount of risk an organization is willing to accept in pursuit of its mission/vision. It is established by the organization's most senior level leadership and serves as the guidepost to set strategy and select objectives.

Risk tolerance

The acceptable level of variance in performance relative to the achievement of objectives. It is generally established at the program, objective or component level. In setting risk tolerance levels, management considers the relative importance of the related objectives and aligns risk tolerance with risk appetite.

SBU

A Strategic Business Unit of an organization. An internal profit center composed of discrete and independent product or market segments. An SBU may be any size, but it must have a unique mission, identifiable competitors, an external market focus, and significant control over its business functions and processes.

Scenario planning

Scenario Planning is a discipline for rediscovering the original entrepreneurial power of creative foresight in contexts of accelerated change, greater complexity, and genuine uncertainty.

Stakeholder

Individual person, group, association, or external organization that has a significant interest in, and/or impact on an organization.

Standard

Rule, norm, regulation, custom, or principle that is used as a basis for measurement, evaluation, comparison or judgment.

Strategic alternatives

Potentially actionable options for achieving the direction of the organization. Options should be consistent with the external and internal dimensions of the organization to leverage its strengths and exploit available opportunities.

Strategic direction

The vision, mission, values, policies, and primary goal statements of a strategic plan.

Strategic information system

The system established to maintain an organization's strategic focus through ongoing management and communication of information related to the development, implementation, and performance evaluation of strategy.

Strategic management

The set of processes and competencies required to specify the goals and objectives and develop and manage the initiatives to attain them. It includes those decisions and actions that determine the long-run performance of an organization.

Strategic operating plan

The blueprint for strategy execution linking strategic objectives with deployable implementation plan. It is a set of marching orders detailing exactly *what* will be done to achieve measurable results during the upcoming operating cycles. It includes the objectives, responsibilities, measures and initiatives to be implemented and tracked in the current and next annual operating cycle.

Strategic operational planning

(Strategic) operational planning is a process of converting strategic goals and objectives to tactical goals and objectives.

Strategic plan

A long-term, comprehensive document that summarizes the outputs of longer term strategic thinking and planning. Key elements include strategic direction, key drivers and time-phased strategies, and strategic objectives.

Strategic planning

The process of converting the results of strategic thinking as a set of potentially actionable strategies into an integrated plan of action that can be implemented.

Strategic policy

Guidelines developed for use in an organization to influence, instruct, and specify how leaders should act when making decisions in given circumstances.

Strategic thinking

Primarily an analytic and creative decision-making process that ultimately results in an appropriate strategic plan for the organization.

Strategy

A plan of action to achieve a goal(s).

Strategy cadence

Strategy Cadence is the pace of moving from the present state to the desired future state.

Strategy canvas

The strategy canvas is a central diagnostic tool and an action framework developed by W. Chan Kim and Renée Mauborgne for building a compelling blue ocean strategy. The canvas graphically captures, in one picture, the current strategic landscape and future prospects for a company.

Strategy formulation

The processes required to articulate the overall strategic direction of the organization, to compile a set of feasible strategies, and to evaluate and select those strategic options that are to be included in the strategic plan.

Strategy map

A strategy map is a visual representation of the cause and effect relationships among strategic objectives driving the achievement of the organization's goal(s).

Supplier

The people (functions, departments, or organizations) who supply a process with its necessary inputs.

SWOT analysis

(See OTSW Evaluation) An evaluation of the external environmental scan to determine opportunities or threats, followed by an evaluation of internal scan to determine strengths and weaknesses. The result of this evaluation will be the development a comprehensive understanding of the current environment and context of the organization. This, in turn, will provide the foundation for strategic thinking and planning.

Tactic

Actions taken by line management to deploy and implement corporate strategy throughout all levels and functions of the organization.

Tasks

One of the steps required to accomplish a particular process or project.

(Core) Values

Belief, preference, or philosophy held by members of an organization that is a primary determinant of an organization's culture and ethical behavior.

(Shared) Vision

The extrapolation of a current organizational state to a desired future state.