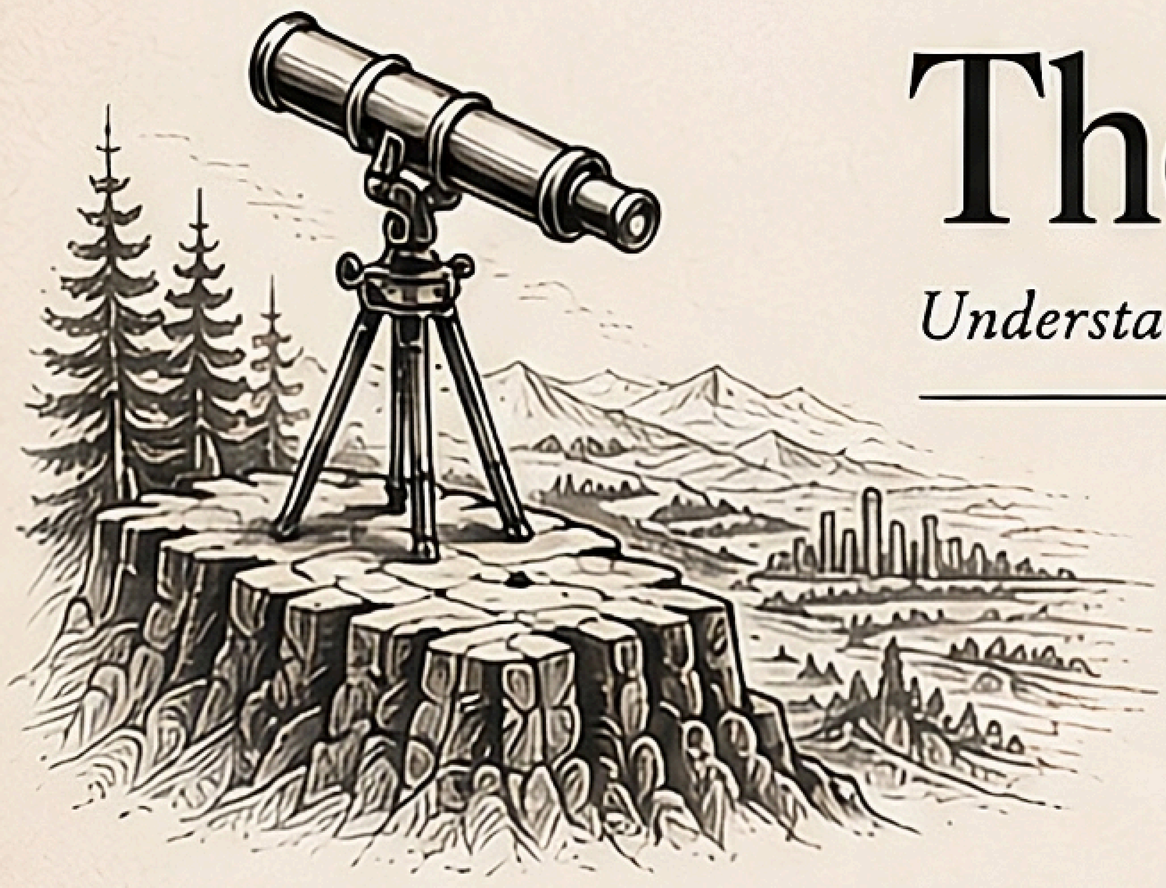
Reality changes before organizations do.

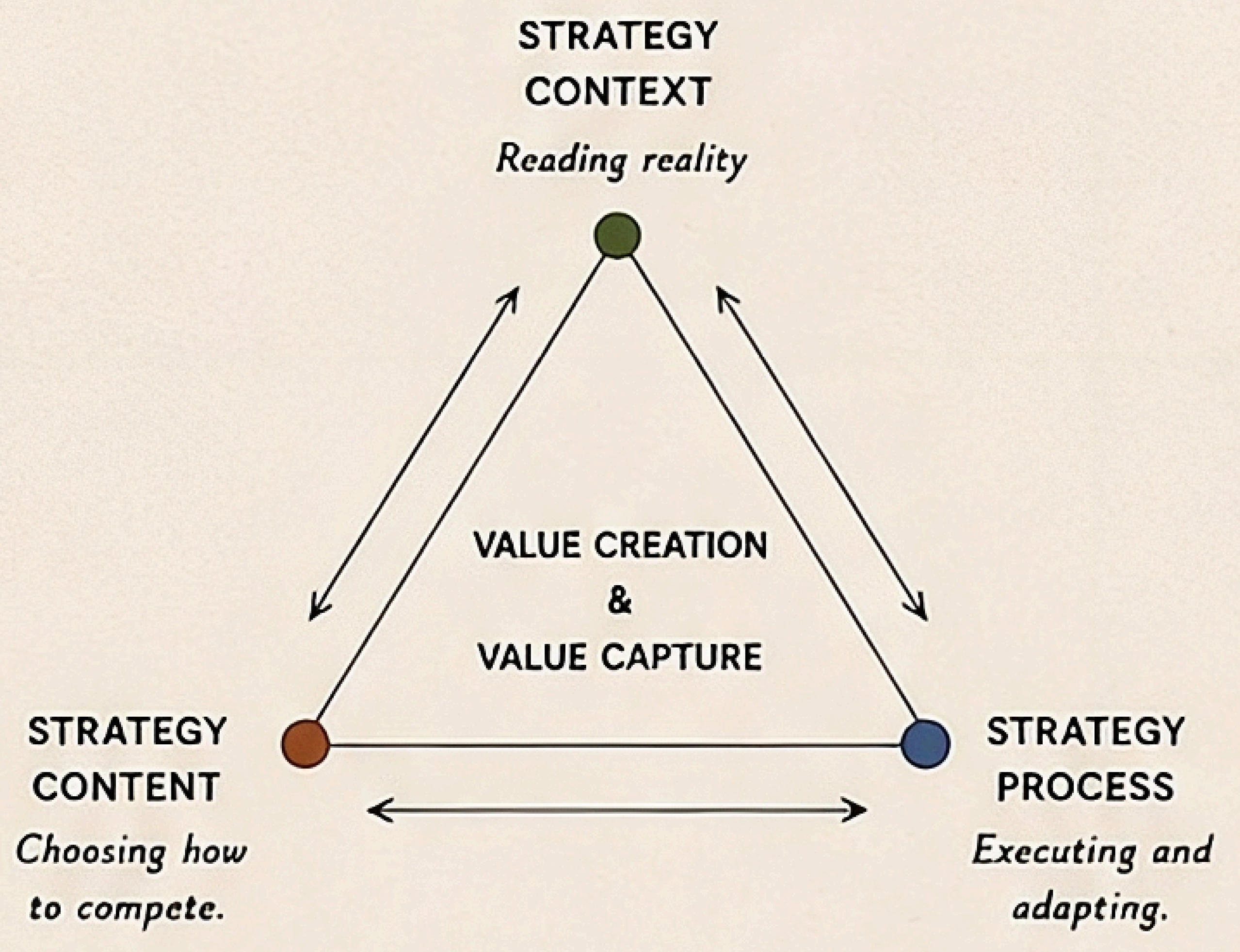


The Outside World

Understanding the Environment and Choosing How to Compete

ORGANIZATIONS RARELY FAIL BECAUSE THE WORLD CHANGES.
THEY FAIL WHEN THEY EITHER STOP UNDERSTANDING THOSE CHANGES
OR FAIL TO ADAPT TO THEM.

THE STRATEGY PYRAMID



Adapted from Johnson et al. (2017)

WHERE WE ARE

01 — **FIELD NOTE 001**
The Whole System (The Big Picture)
✓ Complete

02 — **FIELD NOTE 002**
The Outside World (Strategy Context & Content)
● Current

03 — **FIELD NOTE 003**
The Inside World (Strategy Process)
○ Next

ACT I — STRATEGY CONTEXT

Reading Reality

CUSTOMERS

Who we serve and what they value.

FRAMEWORKS
- Customer Segmentation
- Targeting
- Customer Analysis
- Market Mapping

COMPETITORS

Who we compete against.

FRAMEWORKS
- Competitor Analysis
- Direct Competitors
- Indirect Competitors
- Substitutes
- Strategic Groups

INDUSTRIES

The structure and forces shaping profitability.

FRAMEWORKS
- Industry Analysis
- Porter's Five Forces
- Value Chain Analysis
- Strategic Groups

ENVIRONMENT

Broader forces that create risk and opportunity.

FRAMEWORKS
- PESTEL Analysis
- Scenario Analysis
- Environmental Scanning
- Trend Analysis

ACT II — STRATEGY CONTENT

Choosing How to Compete

1 COMPETITIVE STRATEGY

Creating value and establishing a position.

FRAMEWORKS
- Value Creation
- Value Capture
- Business Models
- Value Proposition
- Revenue Models

2 STRATEGIC POSITIONING

What position are we trying to establish?

FRAMEWORKS
- Cost Leadership
- Differentiation
- Focus Strategies (Cost / Differentiation)
- Hybrid Strategies
- Strategic Stance

3 STRATEGIC FIT

Do our capabilities support our position?

FRAMEWORKS
- Resource-Based View
- VRIO Framework
- Core Capabilities
- Capability Audit
- Strategic Fit

4 STRATEGIC CHOICE

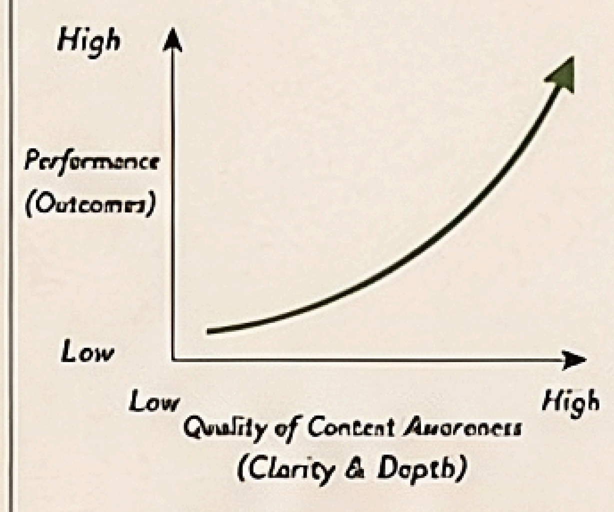
Where to play, how to grow and renew?

FRAMEWORKS
- SAF Framework
- BCG Matrix
- Ansoff Matrix
- Blue Ocean Strategy
- Strategic Ambidexterity

KEY INSIGHT

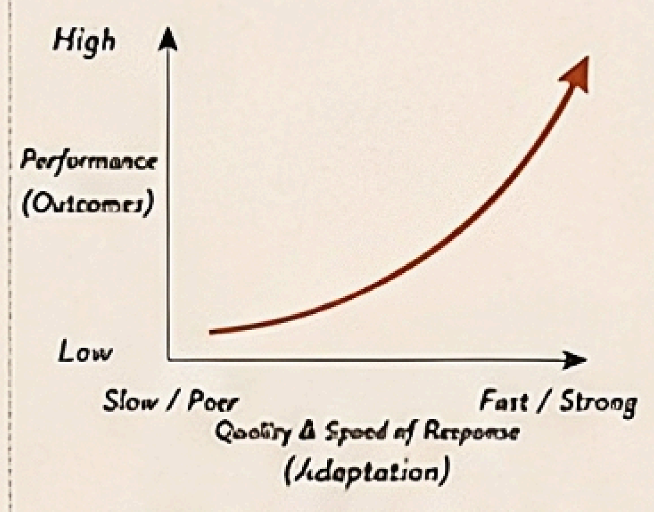
Sustained performance comes from understanding reality and adapting fast.

1. QUALITY OF CONTEXT AWARENESS (ACT I)



The better we understand reality, the better we decide.

2. QUALITY & SPEED OF STRATEGIC RESPONSE (ACT II)



The faster and better we adapt, the better we execute.

Time matters: the advantage goes to those who understand sooner and adapt faster—before others do.

REFLECTION QUESTIONS

- What assumptions about our customers might no longer be true?
- What changes in our industry or environment are we underestimating?
- What position are we trying to establish in the market?
- Do our capabilities truly support that position?
- Which opportunities should we pursue—and which should we choose to ignore?

PRACTICAL TIPS

- Scan the environment regularly and broadly.
- Separate observation from action; see clearly before you move.
- Focus on strategic choices, not just activities.
- Build capabilities that reinforce your chosen position.
- Review assumptions before reviewing plans.

REMEMBER

Strategy begins with seeing.

Competitive advantage begins with choosing.