

Freedom2Act

Freedom2Act Strategy Review™

- *Create roadmap to the future*
- *Improve robustness*
- *Increase profitability*

... through greater Freedom to Act



A Few Facts...



Ernst & Young

- 61% largest value losses were due to **strategic risks**, and 33% to **operational risks**.

Yet, focus is mostly on financial and hazard risks!

Copenhagen Business School

- Half of 160 of the largest Danish corporations experienced major "surprises" the preceding 5 years.

McKinsey Quarterly

- 30% probability that a company in the industry's upper quarter will not be there in five years!

The Problem

A warrior's chance of long term survival in war depends not only on the strengths and sharpness of his weapons relative to those of his opponents, but equally well upon the robustness of his armor.

An armor has strong and weak elements. Any weak element in the armor may lead to the warrior's death or being seriously hurt.

“Your businesses’ ‘armor’ consist of 140 business aspects from market, resources, government and other external stakeholders.”



The Goal

”A business’s strategy should also be aimed at reducing its vulnerability towards its surroundings, thereby increasing its Freedom to Act.”

High Freedom to Act results in:

- Increased ability to survive
 - The company survives shocks
 - No single factor from the surroundings may affect the company seriously
 - Robustness
- Increased ability to growth
 - Always many alternatives
- Increased profits
 - A strong bargaining negotiation position
 - The power to exit – “Good Bye”!



The Approach

Analyze your businesses' "armor" with focus on 140 aspects from:

- Market: customers, competitors, suppliers, agents
- Resources: human and physical resources
- Governmental: legislation, political and economical factors
- Other stakeholders: owners, lenders, media, trends, pressure groups

Increased Freedom to Act results when you:

- Identify and exploit strengths;
- Identify and make very weak areas more robust;
- Avoid wasting management time and efforts on less important areas;
- Avoid unnecessary risks.



Means and Method

Freedom2Act Commercial Analysis™

- is a means to quickly and efficiently identify strategic, operational and financial areas of risk that may prevent a company from realizing its vision and reaching its long term financial goals.

Freedom2Act Strategy Review™

- is a method to quickly and efficiently identify a company's critical risk areas and to launch initiatives aimed at eliminating these through a workshop with the management team typically lasting three days.



Business-oriented Questions

Multiple-choice Test

- Enforces shared answers
- *“Down-to-earth questions”*
- *“Very commercially minded”*
- *“Governed by reality rather than theory”*

Project Company **Market** Resources Government Other Stakeholders Logout

Customers **Direct Competition** Substitute Competition Suppliers Agents

Business Area: Tool for sales opportunity management

Direct Competition COMPANY INC

UNIQUE BUYING POINT™: *high user friendliness*
 Who does "CCOs, sales directors, sales reps, business development managers, and management consultants" consider is best at satisfying "high user friendliness" when they compare "cloud based sales portfolio management tool" from COMPANY INC with products/services from Customer's existing CRM System?

1. The customers consider "cloud based sales portfolio management tool" from the business area "Tool for sales opportunity management" to outperform products/services from Customer's existing CRM System with respect to "high user friendliness".

2. The business area "Tool for sales opportunity management" is considered as much better than Customer's existing CRM System.



3. The business area "Tool for sales opportunity management" is considered as somewhat better than Customer's existing CRM System.

4. The business area "Tool for sales opportunity management" and Customer's existing CRM System are considered roughly equally good in terms of "high user friendliness".

5. The business area "Tool for sales opportunity management" is considered as somewhat worse than Customer's existing CRM System.

6. The business area "Tool for sales opportunity management" is considered as much worse than Customer's existing CRM System.

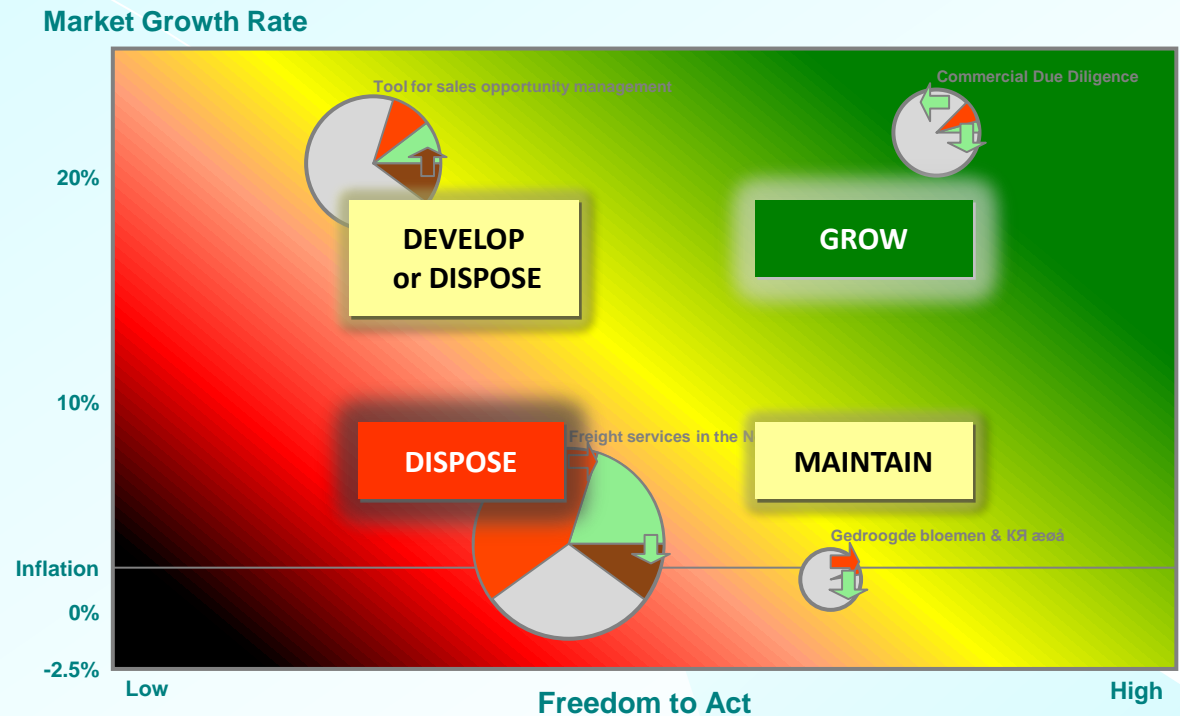
7. The business area "Tool for sales opportunity management" is considered to completely underperform Customer's existing CRM System.

Testimonials by Group President of global provider of shipping services

Exploit Strategic Opportunities

- Focus on the best opportunities
 - Powerful, graphical reporting
 - Spot high potential business areas
 - Spot poor business areas



Identify Improvement Areas

- 360° perspective
- Shared view on "as-is" situation
- Objective and consistent
 - SWOT analysis of 140 business aspects by business area
- Risk Management
 - Powerful charts/graphics
 - Spot critical risk areas
 - Make weak areas more robust



Result: Roadmap to the Future

#		Improvements Required	Who	Due	Easy/ Hard
1036	U3	FINANCIAL RESOURCES The financial resources of Customer's existing CRM System are at least ten times larger than those of the business area.			
1080	U3	MOBILITY OF LEADER It is very difficult to find a successor of the present leader of the business area. The leader can find another job outside COMPANY INC after some difficulties.			
1041	U2	INFORMATION QUALITY The answers are based upon the best of our knowledge.			
1020	U2	TECHNOLOGY SHIFT "CCOs, sales directors, sales reps, business development managers, and management consultants" primarily consist of technology enthusiasts and visionaries, who themselves knows how they will exploit "cloud based sales portfolio management tool". Some work remains regarding identification of business areas addressing customers classified as pragmatists of the early majority and putting in place sales and marketing plans and channel strategy for these.			

Freedom2Act Strategy Review™

“The road to achieve goals is paved with stones, some small, some large, some boulders

.....removing large “stones” increases the success rate!”



Quick and efficient generation of a “Roadmap” to the future

Citation: Johan Mellin, Commercial Risk Manager, TeliaSonera

Typical Uses of Freedom2Act Strategy Review™

■ Team Building

- Shared view on "as-is" situation
- Alignment behind mitigation initiatives

■ Strategic Planning

- Situation analysis, SWOT analysis and risk assessment
- Action and implementation plan
- Facilitate agreement in management group on strategic goals and means

■ Sales and Marketing

- Identification of homogeneous market segments
- Assessment of competitiveness
- Identification of the customer's Unique Buying Points™

Typical Uses of Freedom2Act Strategy Review™

■ Succession and M&A Processes

- Commercial Due Diligence
- May affect earnings multiplier by ½-1, e.g. from 6x to 6½-7x
- Fast transfer of know-how regarding important business areas
- Acceleration of the 100 days after a take-over
- Identification and mitigation of critical risks

■ Board Meetings

- Template for strategic workshop
- Quick overview of a company

■ Enterprise Risk Management

- Risk assessment and mitigation

Proven Technology

*Proven on more than a thousand businesses
large and small
in
Northern Europe*

Selected Testimonials

- *“May impact the earnings multiplier by ½-1!”*
- *“The method is down to earth.”*
- *“Contains what is required to analyze a company and come to concrete actions.”*
- *“Provides a more strict business case.”*
- *“Visibility on the company (to be acquired)’s capabilities.”*
- *“Rapid identification of problem areas.”*
- *“Good to jumpstart integration processes (of new acquisition).”*
- *“Extremely useful to the due diligence processes for acquisitions“*
- *“Effective transfer of knowledge from the acquired to the purchaser.”*

Selected References



Who are We?

Freedom2Act ApS

- Founded 2001
- Strategy reviews
- Risk identification and assessments
- Risk mitigation
- Sales opportunity qualification
- Portfolio segmentation

The Founder

- Finn Ritslev
- M.ScEE, DTU, Denmark
PED, IMD Business School, Switzerland
- Software development,
project management,
marketing and sales,
business development, and
strategic planning

Partners

- Alameda Global Consulting Limited
- Bluecon
- IEAS International Executive Advisory Services GmbH
- IIB Executive Consultants

Freedom2Act Strategy Review™

Methodology and results

Methodology

- **Identify „key business drivers“ from the customer’s point of view**
 - Unique Selling Points vs. Unique Buying Points™
 - Competitiveness Analysis
- **Identify and evaluate factors that may affect growth potential and limitations**
 - There are just any many important decisions made outside as by the company.
 - It is a risk if the other party alone controls the outcome of a relation.
 - It is the relations with a business’s stakeholders that decides its potential
- **SWOT Analysis**
 - Rating of 140 business aspects for each business area
- **Agree on mitigation plan for identified critical risk areas**
- **Determine attractiveness of sales portfolio [optional]**

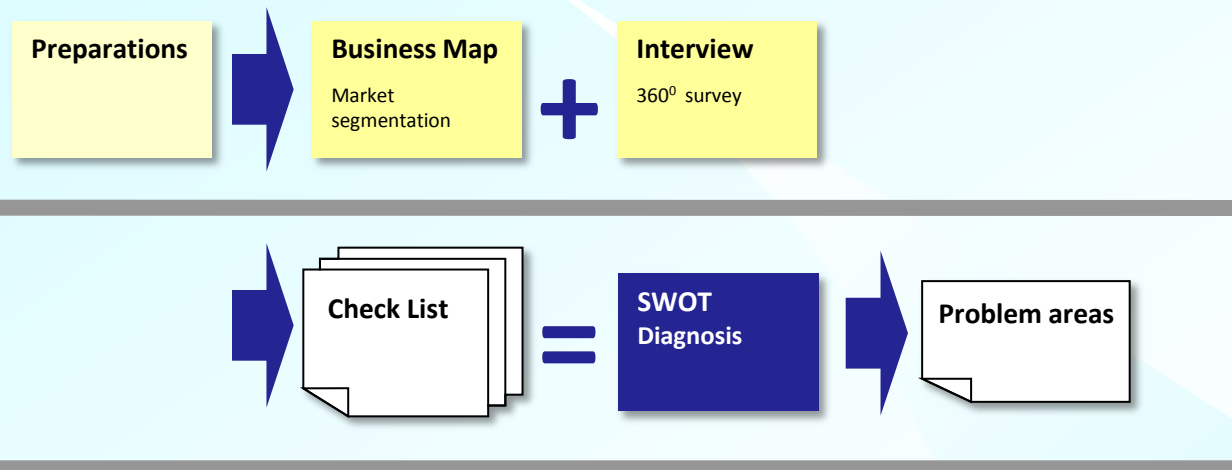
Stages in a Freedom2Act Strategy Review™ Process

A Freedom2Act Strategy Review™ process consists of two workshops with participation of management and key persons.

The strengths and weaknesses of the 5-7 most important business areas are identified and appraised through an intensive fact-finding workshop.

The process leads to a collective and realistic recognition of the "as-is" Situation. It concludes with establishing an action plan and a strategic catalog with improvements mitigating critical risk areas. Furthermore, the process opens up for new strategic perspectives for the businesses.

*1-2 days workshop:
FACT-FINDING*



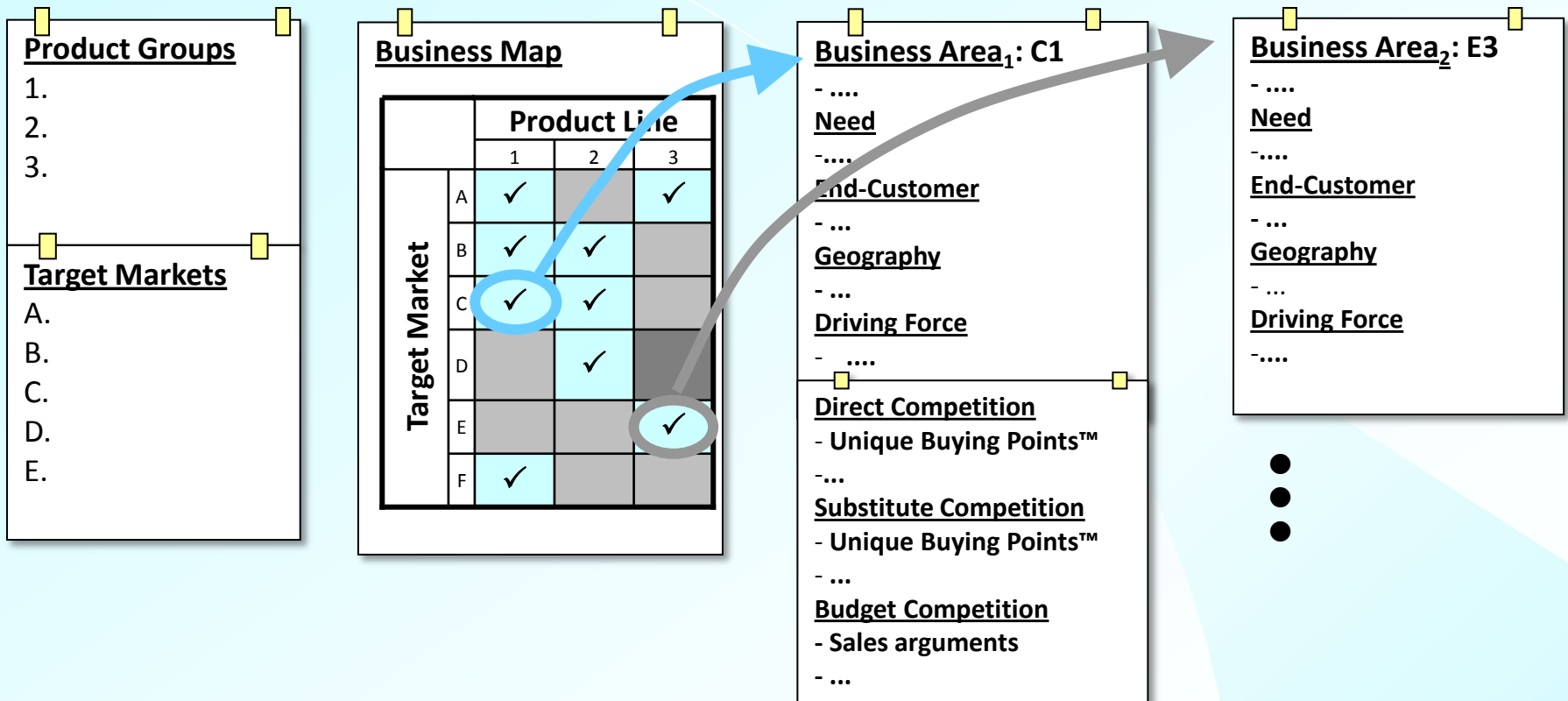
*1 day workshop:
RISK MITIGATION*



Fact-finding: business mapping

Outside-In mapping of business areas from a customer perspective

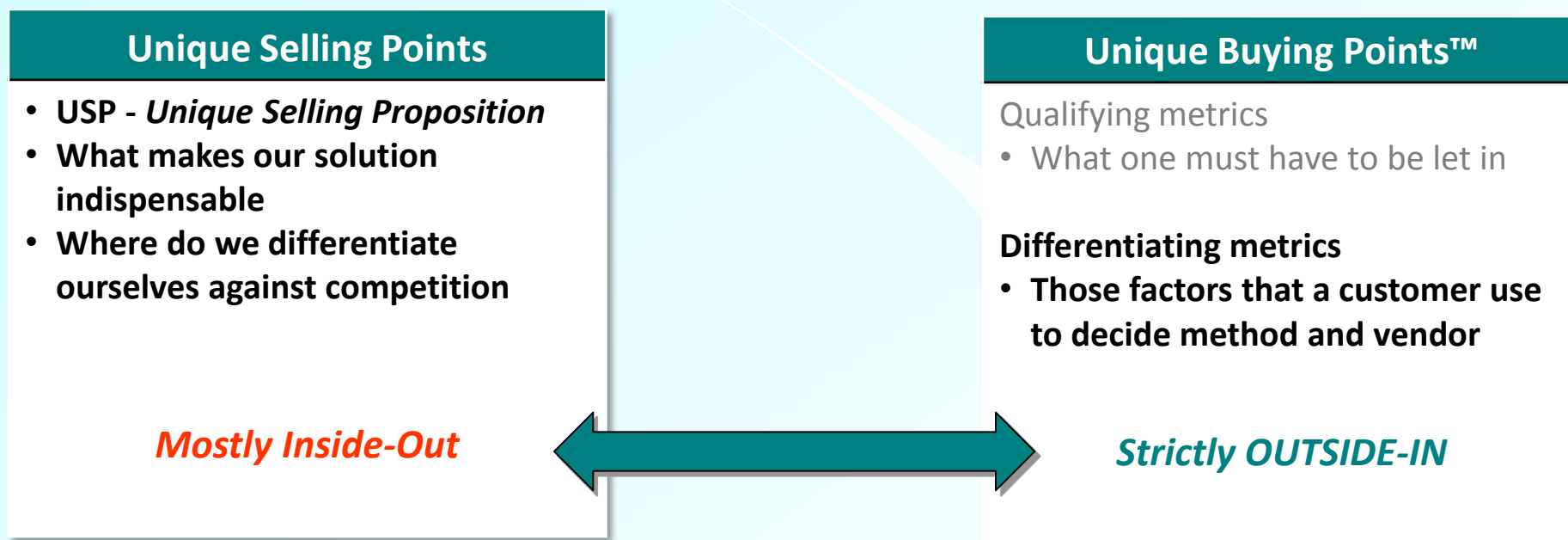
The fact-finding process starts with a Business Mapping, where we jointly identify major business areas and their mission based on the customers' needs and decision parameters - and not on who they are.



Fact-finding: business mapping

The Buyer's Unique Buying Points™

The business mapping is conducted strictly from a customer perspective. The result is a segmentation of the market in mutually exclusive groups of customers that share similar behaviors and preferences that interact with one business area. Seeing the market with fresh eyes has for many of our customers been an "eye-opener" that has revealed new strategic business opportunities and better ways to organize sales and optimize internal processes to create more customer value.



“In order to optimize its opportunities, a company’s ”Unique Selling Points” must match its customers’ ”Unique Buying Points™”!”

Freedom2Act Strategy Review™

The process

Method

Fact-finding Workshop

Day One

Day Two

08:30
09:00
09:30
10:00
10:30
11:00
11:30
12:00
12:30
13:00
13:30
14:00
14:30
15:00
15:30
16:00
16:30
17:00
17:30
18:00
18:30
19:00
19:30
20:00

Welcome	Interview • Business Area ₁ (cont'd)
Outside-In Business Mapping	Interview • Business Area ₂
	Dream in Deadline
	Interview • Business Area ₃
	Interview • Business Area ₄
	Interview • Business Area ₅
Interview • Business Area ₁	Interview • Business Area ₆
Freedom2Act Commercial Analysis Tool	

Checklist

Charts

List of problem areas

SWOT diagnosis

Freedom2Act Seminar

08:30
09:00
09:30
10:00
10:30
11:00
11:30
12:00
12:30
13:00
13:30
14:00
14:30
15:00
15:30
16:00
16:30
17:00
17:30
18:00
18:30
19:00
19:30
20:00

"As-is" Situation Debriefing
Mitigation
Action Plan
3in12 Actions

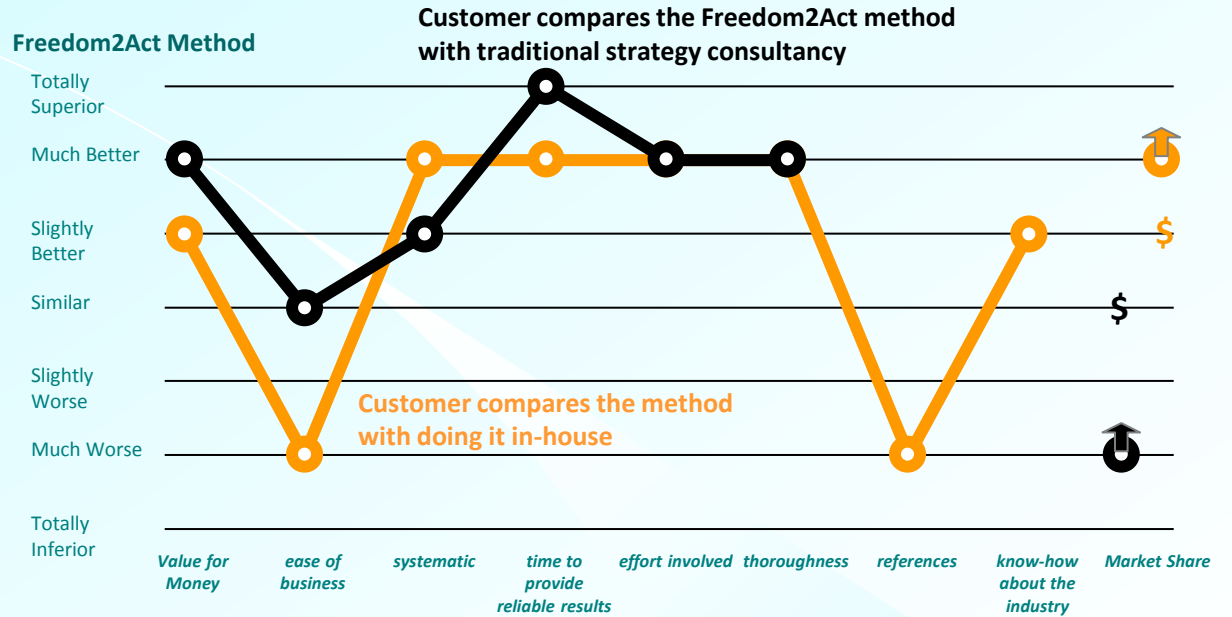
Situation Analysis Report

Action Plan & Strategic Catalog

Competitive Situation

The Debriefing takes place shortly after the first workshop. It consists of a debriefing and a Freedom2Act Seminar and establishes a Roadmap to the future. The Debriefing highlights the most essential findings of the diagnosis supported by highly communicative graphics illustrated by the figures of this flyer. The debriefing is complemented by a report including a comprehensive internal and external analysis of the "as-is" situation and an extended SWOT analysis. Each investigated business aspect includes a rating of the effect on the company of each analyzed aspect, positive as negative.

Management's need is to improve predictability and profitability

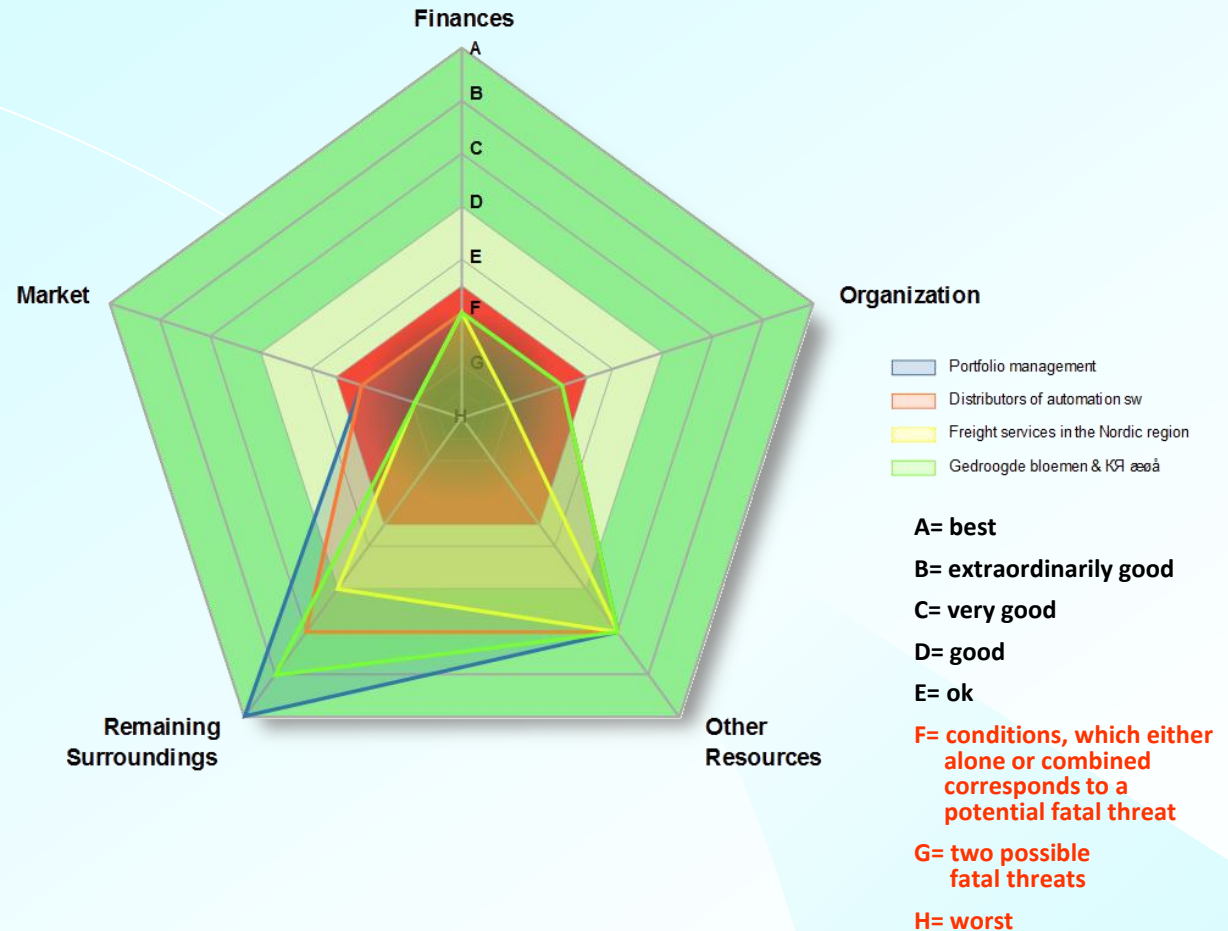


The Customers' Unique Buying Points™

View on Business Development

The Freedom to Act is presented for each analyzed business area.

The further from the center the corners are, the better the future prospects of the business area. In other words a large and even profile implies a high Freedom to Act symbolizing the ability of the business to withstand forces from the outside. No part of the profile should be inside the red square in the center of the picture. Thus, if any part of the profile is inside the red area it means that one or more factors or stakeholders may bring the business to a halt.



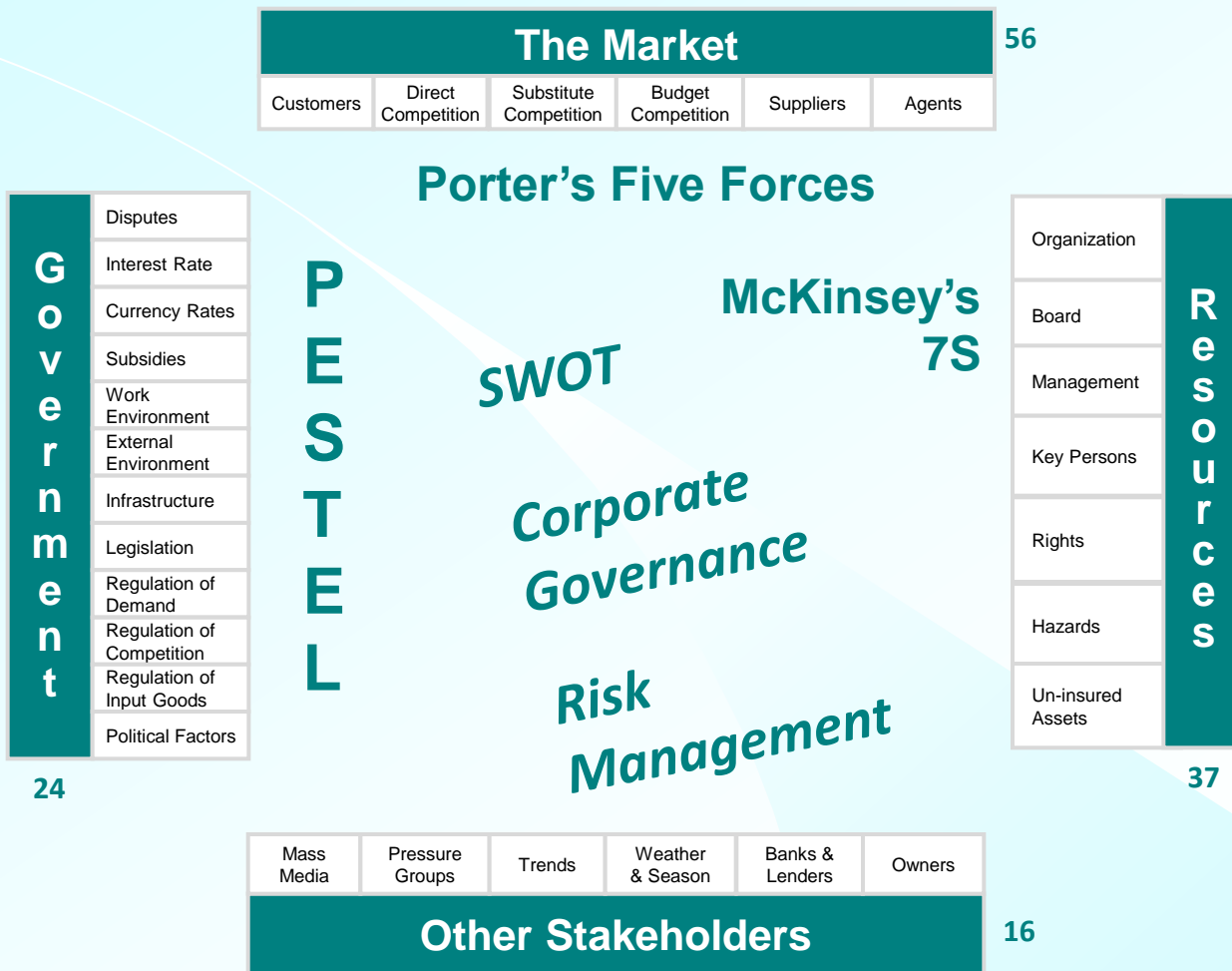
The Outside World Decides



Diagnose with a 360° Perspective

The diagnosis is based upon the answers given during the fact-finding process and it identifies and assesses those factors, which controls and limits a business's potential to develop.

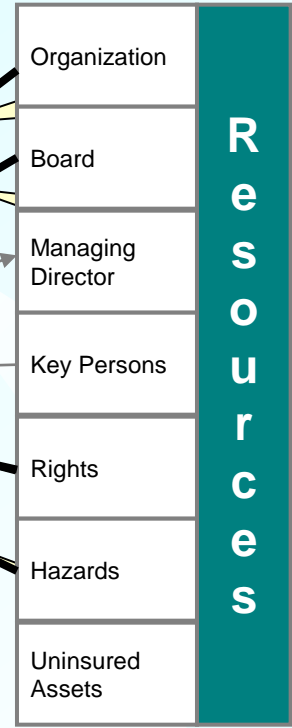
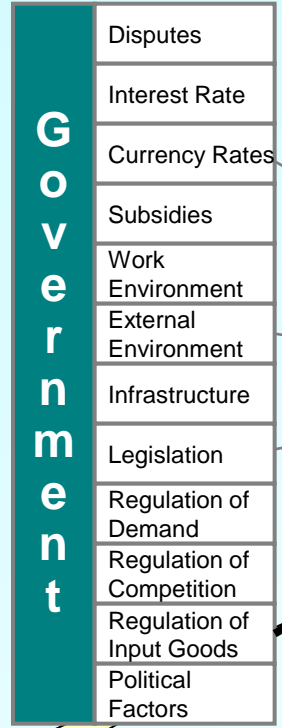
A report includes a comprehensive external and internal situation analysis and a SWOT analysis comprising 140 business aspects in each analyzed business area complemented by intuitive and communicative graphics.



- Fatal dependency of largest customer.
- Excessive customer specific stock and equipment.

- Competitor A has a superior market share and financial power in a saturated market.

- Largest agent sells competitive products



- Vague strategy and goals.
- Inadequate procedures and systems for control, reporting and IT.
- Number of employees are not well adapted to goals and strategy.
- Training is not quite adapted the tasks of the employees.

- No external board members with high competences or good relevant network.
- Lack of important impulses from board.
- Board relies solely on the reporting from management.

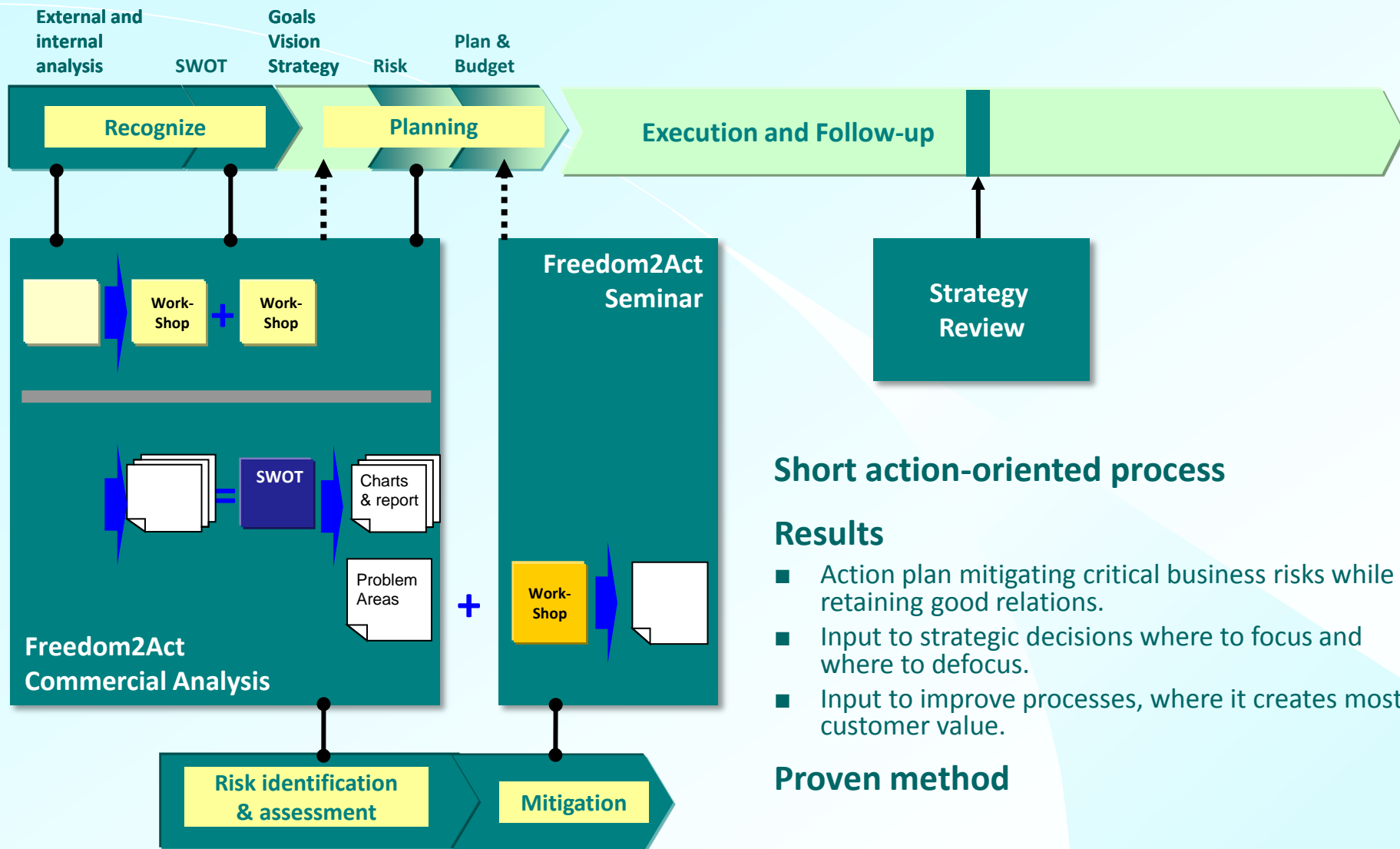
- Important rights belong to third party.

- Incomplete security procedures regarding sensitive information.

- Lawmakers intend to change the basic conditions of the industry.

There Is a Better Way

Freedom2Act Strategy Review™ for strategic planning and risk management



Short action-oriented process

Results

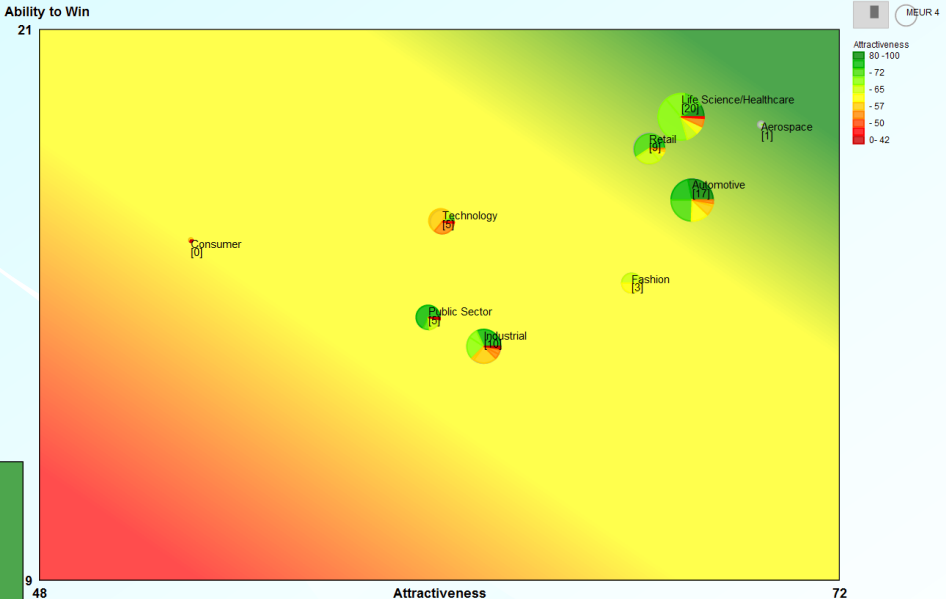
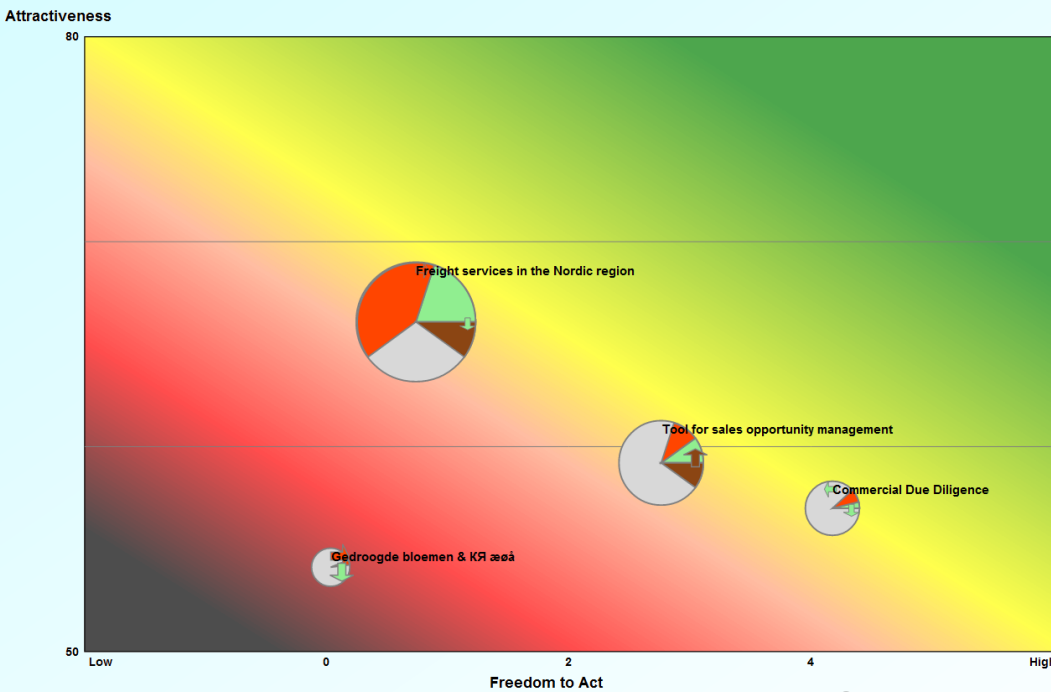
- Action plan mitigating critical business risks while retaining good relations.
- Input to strategic decisions where to focus and where to defocus.
- Input to improve processes, where it creates most customer value.

Proven method

Portfolio Analysis [optional]

Know which are the most attractive segments by

- Business Area
- Product line
- Region
- Target Market



The size of a circle equals the total weighted contract value of the portfolio. Each pie is a sales opportunity with size corresponding to weighted contract value - the color to the attractiveness.

Circles correspond to projected sales by portfolio segment