

Eriskay Associates

Creating Winning
Strategies

Detailed Strategic Audit

This document provides an overview of some of the key strategic areas, questions and documentary support required for an effective strategic audit. It is intended to form the basis of a strategic dialogue between an advisor and a client company and is not for standalone use.

To find out more about the value of strategic audits contact Eriskay Associates on 0845 838 9940 or by e-mail at: audit@eriskay-associates.co.uk

Section Plan

Section 1	Situation Assessment	What business are we in?
Section 2	Strategic Management	Do we have the team to deliver a winning strategy?
Section 3	Environmental Scanning	What are the key external factors affecting the organisation?
Section 4	Strategic Evaluation	Are we doing the right things?
Section 5	Administration and Support	Are we doing things right?
Section 6	Action Planning	Is our intended strategy sustainable, feasible and achievable (SFA)?
Section 7	Implementation	How do we translate strategy into action?
Section 8	Evaluation & Control	How will we know when we've been successful?

Eriskay Associates Limited
179 Titwood Rd, Glasgow, G41 4BL
Tel: +44 (0)845 838 9940
info@eriskay-associates.co.uk
www.eriskay-associates.co.uk

Strategic Area and Key Strategic Question	Audit Question	Suggested Evidence
<p data-bbox="263 1731 295 2049">Situation Assessment:</p> <p data-bbox="411 1682 475 2049">“What business are we in?”</p>	<p data-bbox="263 987 295 1659">What is our purpose? What is our "strategic intent"?</p>	<p data-bbox="263 188 327 645">Mission statement / Internal documentation.</p>
	<p data-bbox="363 1111 395 1659">How do we rank in our business and why?</p>	<p data-bbox="363 450 395 645">Market reports</p>
	<p data-bbox="464 1178 496 1659">What is our fiscal condition and why?</p>	<p data-bbox="464 188 528 645">Annual accounts / Five year earnings record</p>
	<p data-bbox="549 667 612 1659">What is the relationship between the business strategy, business environment, and overall performance?</p>	<p data-bbox="549 241 580 645">Business plan / Market reports</p>
	<p data-bbox="687 667 751 1659">What is our sustainable competitive advantage? What core competencies do we possess?</p>	<p data-bbox="687 342 719 645">Internal documentation</p>
	<p data-bbox="821 1043 853 1659">What are our strengths? Do we use these fully?</p>	<p data-bbox="821 454 853 645">Business plan</p>
	<p data-bbox="922 819 954 1659">What are our weaknesses? How can we solve or mitigate these?</p>	
	<p data-bbox="1023 819 1054 1659">What major products and services do we provide our customers?</p>	
	<p data-bbox="1123 1021 1155 1659">How do we provide these products and services?</p>	
	<p data-bbox="1224 999 1256 1659">How can we improve these products and services?</p>	

<p>Strategic Management:</p> <p><i>“Do we have the team to deliver a winning strategy?”</i></p>	<p>What is our collective strategic vision?</p>	<p>Internal documentation</p>
<p>Do the executives possess the right leadership skills and abilities?</p>	<p>Do the executives possess the right leadership skills and abilities?</p>	<p>Curriculum Vitae / HR records</p>
<p>Are the top managers entrepreneurial and creative?</p>	<p>Are the top managers entrepreneurial and creative?</p>	<p>Appraisal documentation</p>
<p>Are they willing to take risks?</p>	<p>Are they willing to take risks?</p>	<p>Appraisal documentation</p>
<p>Are they analytical?</p>	<p>Are they analytical?</p>	<p>Appraisal documentation</p>
<p>Do they possess necessary organisation talents?</p>	<p>Do they possess necessary organisation talents?</p>	<p>Appraisal documentation</p>
<p>Do they possess necessary interpersonal skills?</p>	<p>Do they possess necessary interpersonal skills?</p>	<p>Appraisal documentation</p>
<p>Are they willing to change?</p>	<p>Are they willing to change?</p>	<p>Appraisal documentation</p>
<p>What are their values? What is our social responsibilities and business ethics?</p>	<p>What are their values? What is our social responsibilities and business ethics?</p>	<p>Value statements / Corporate social responsibility policies</p>

<p>Environmental Scanning:</p> <p><i>“What are the key external factors affecting the organisation?”</i></p>	How do we evaluate the scope of our operations and primary competitors?	Industry reports
	What industry forces work for and against us? What strategic group are we in, and what are the mobility barriers?	
	Whom do we serve and who has a stake in our actions? What are their needs and requirements?	Share register / Stakeholder lists
	What are our opportunities? How can we exploit these?	Business plan
	What are the threats to us? What can we do about them?	
	Based on the above, do you think stakeholder support will remain about the same?	Scenario plans
	Based on the above, what is the scenario for the future?	

<p>Strategy Evaluation:</p> <p><i>“Are we doing the right things?”</i></p>	<p>What business(es) should we be in to add shareholder value?</p> <hr/> <p>What is our generic business strategy?</p> <hr/> <p>How about our international strategy?</p> <hr/> <p>How do you evaluate this current strategy?</p> <hr/> <p>What really makes the difference between success and failure in our business?</p> <hr/> <p>What are the industry key success factors?</p> <hr/> <p>Is the strategy consistent with the foregoing analysis?</p> <hr/> <p>Is the strategy consistent with desired risk, available resources, and timing?</p>	<p>Business plan and internal documentation.</p> <hr/> <p>External audit or evaluation Industry analyses</p>
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<p>Administration and Support</p> <p><i>“Are we doing things right?”</i></p>	<p>What is the role of headquarters? How are we creating a “learning organisation”?</p> <p>How are our value-creating activities organised? How should we measure and re-organise these processes?</p> <p>What kind of structure characterises our organisation?</p> <p>In what ways and in what directions do our systems focus people’s attention and energy?</p> <p>What are the guiding concepts or fundamental ideas around which we have built our organisation?</p> <p>What are the basic management characteristics in this organisation?</p> <p>What is our approach to human resource management?</p> <p>To what extent do the above structure, systems, and processes uniquely reinforce and support our strategy?</p> <p>Can we change and transform the organisation?</p>	<p>Internal documentation</p> <p>Organisational structures</p> <p>Process documentation</p> <p>Historical documentation</p> <p>Internal / external consultations and evaluations</p>
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<p>Action Planning:</p> <p><i>“Is our intended strategy sustainable, feasible and achievable (SFA)?”</i></p>	<p>Which activities will enhance our organisation’s performance?</p>	<p>Internal / external analysis and evaluation</p>
	<p>What are the planning premises?</p>	<p>Planning systems and documentation</p>
	<p>What are the expected fiscal results?</p>	<p>Budgets and forecasts</p>
	<p>What are the feasible alternatives to these activities?</p>	<p>Scenario plans</p>

Implementation:	Business plan / Project plan
<p><i>“How do we translate strategy into action?”</i></p>	<p>What resources will this action plan require from finance, human resources, marketing, operations, and other functional areas and departments?</p>
	<p>What changes will have to occur for us to be successful in 2 to 5 years?</p>
	<p>Are there other organisations or individuals we might collaborate with?</p>
	<p>What training is necessary?</p>
	<p>Can we afford it?</p>

<p>Performance Evaluation and Control:</p> <p><i>“How will we know when we’ve been successful?”</i></p>	<p>When and how will we evaluate performance?</p> <p>What are the desired quantitative and qualitative measurements of success?</p> <p>Will this strategy justify the needed time and resources?</p> <p>Realistically, can we implement this action plan?</p> <p>Have we included all supporting programs?</p> <p>Can we clearly establish accountability?</p>	<p>Balanced scorecard / KPIs / Management systems</p> <p>Feasibility analysis and evaluation</p> <p>Project plan</p>
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