

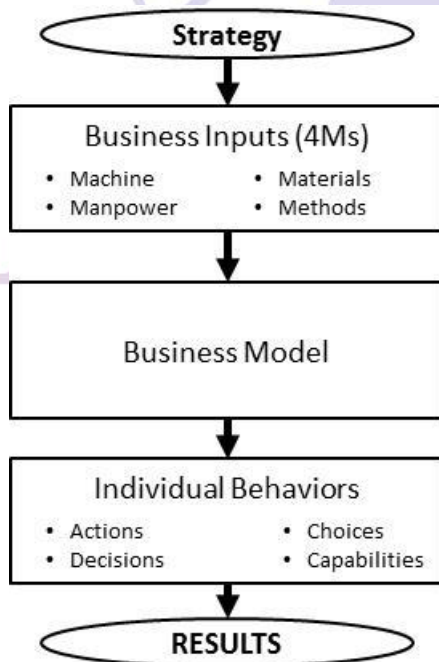
Business Model Alignment

“Take a handful of competitors and the difference in performance is often the business model that enables or gets in the way of business execution.”

Do you experience delays in decision making? Does performance frequently fall short of plan? Do you know with certainty that performance will be better tomorrow than it was yesterday? Are most managers occupied with problem firefighting? Are customers asking for more process assurance? We suspect that you answered yes to most of these questions.

Business performance and strategy execution is largely dictated by the business model (Figure 1) and its influence on individual behaviors.

Figure 1: Business Engine

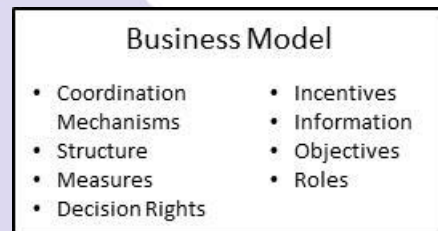


Organizations that have focused on their business model such as McDonalds,

ExxonMobil, etc. have produced great results for customers and investors. Employees know the norms and basic processes and act with confidence and speed.

So what is a business model? It's the rationale for how an organization creates; delivers and captures value (Figure 2).

Figure 2: Business Model



To achieve leading performance, companies can no longer leave their business model to past practices. Nor can a company rely solely on hiring talent to fill performance shortfalls. Rather, companies need to more clearly define how the organization should work. Equally, the business model needs to be aligned with the strategy to ensure the plan is executed.

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