

# Strategic Analysis for Management Accountants and CFOs

Mark Frigo, Ph.D., CMA, CPA

Kip Krumwiede, Ph.D., CMA, CSCA, CPA

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The Association of  
Accountants and  
Financial Professionals  
in Business

# Webinar Features and CPE Credit

Q&A

Asking Questions



Help



CPE Credit

## Certification

### Criteria for Partial Credit Option 1

- Minutes to Watch: 50
- Number of Completed Polls required: 3

### Criteria for Full Credit

- Minutes to Watch: 75
- Number of Completed Polls required: 5

# Moderator



**William Duchan, CMA, CFM**  
**Director, Credential & New Initiatives**  
**IMA**

# Featured Presenter



**Mark Frigo, Ph.D., CMA, CPA**  
Professor  
DePaul University

# Mark Frigo's Biography

- Dr. Mark Frigo is founder of the Center for Strategy, Execution and Valuation and the Strategic Risk Management Lab and Ezerski Endowed Chair of Strategy & Leadership Emeritus in the Driehaus College of Business at DePaul University in Chicago.
- He is the author of seven books and over 125 articles published in leading business journals including Harvard Business Review. He is also the co-author of the book DRIVEN: Business Strategy, Human Actions and the Creation of Wealth, which describes the strategic activities of high-performance companies as described in the Return Driven Strategy framework and a recent COSO report Creating and Protecting Value: Understanding and Implementing ERM (2020).
- Dr. Frigo is the co-author of the IMA SMA “Strategic Analysis: Methods for Achieving Superior and Sustainable Performance” (2020) which is the subject of this Webinar.
- You can reach Mark at [mfrigo@depaul.edu](mailto:mfrigo@depaul.edu).

# Featured Presenter



**Kip Krumwiede, Ph.D., CMA, CSCA, CPA**  
**Director of Research**  
**IMA**

# Kip Krumwiede's Biography

- Dr. Kip Krumwiede is the Director of Research for IMA. Prior to joining IMA, he spent 18 years as a management accounting professor and worked for two Fortune 500 companies in a variety of management accounting related positions.
- As director of research at IMA, Kip is responsible for developing and producing research studies on a variety of accounting and business topics, overseeing production of the IMA Educational Case Journal (IECJ), managing the academic grant program for IMA's Research Foundation, and supporting various other IMA programs.

# Learning Objectives

*Upon completing this webinar, you will be able to:*

1. Develop your strategic thinking and strategic communication skills.
2. Recognize which strategy frameworks work best in given situations.
3. Identify the strengths and weaknesses of various strategy frameworks.
4. Describe leading strategy frameworks and how to use them.
5. Discuss how leading strategy frameworks in strategic analysis can be used in your organization.

# What can we learn about Strategic Analysis?

The screenshot displays the IMA website interface. At the top left, the IMA logo is accompanied by the text "The Association of Accountants and Financial Professionals in Business". A banner for "Statement on Management Accounting" is visible. The main content area features a large graphic with the text "STRATEGIC ANALYSIS—METHODS FOR ACHIEVING S AND SUSTAIN PERFORMANCE". A navigation bar includes links for "Regions", "About IMA", "Store", "Cart", and "MEMBER LOGIN". A search bar is located in the top right corner. Below the navigation bar, a menu highlights several categories: "CMA Certification", "CSCA Certification", "Membership", "Education Center", "Career Resources", "Research & Publications", and "Events". A dropdown menu is open under "Research, Publications, and Insights", listing items such as "Statements on Management Accounting", "IMA Books", "Strategic Finance Magazine", "Management Accounting Quarterly", "IMA Educational Case Journal", and "IMA Research Foundation". A "Trending" section below features a news item about a new report on revenue management and a competition announcement. A sidebar on the right contains icons for "Academics" and "Employers".



# Goals of the SMA

The goals of this SMA are to help CFOs and management accountants and others to:

1. Learn about innovative ways that management accountants and CFOs can add value to the strategic analysis process.
2. Be able to apply traditional and newer strategic analysis and strategic planning concepts, tools, methods, and frameworks, organized into three types: (1) environmental scan and competitive analysis, (2) internal/external analysis, and (3) innovation, change, and market disruption.
3. Identify key factors affecting strategic analysis today and ways to address them.
4. Help lead strategic analysis to achieve superior and sustainable performance in today's global economy.
5. Learn how strategic analysis can help organizations to create long-term sustainable value.

# Strategic Analysis Tools and Frameworks

The tools and frameworks discussed in the SMA are grouped into three categories:

- Environmental scan and competitive analysis
- Internal/external strategic analysis
- Innovation, change and market disruption

# Strategic Analysis Tools and Frameworks

## ENVIRONMENTAL SCAN AND COMPETITIVE ANALYSIS

- **Porter's Five Forces:** Identify potential market threats to a company's value proposition.
- **STEEP analysis:** Identify nonmarket trends and issues relating to the general social, economic, and political environment.
- **Scenario planning:** Stimulate creative thinking to better prepare for potential scenarios.
- **Strategic risk management:** Assess and manage the strategic risks as part of the strategic planning and strategic management process.

# Top Strategic Analysis Tools and Frameworks

## INTERNAL/EXTERNAL STRATEGIC ANALYSIS

- **SWOT analysis:** Match market opportunities with internal capabilities.
- **Value chain analysis:** Identify unique value propositions.
- **Strategy maps:** Develop and articulate the strategy of an organization in a simple visual form.
- **Gap analysis:** Highlight where an organization desires to be on one of its goals and where it will be if no changes are made.
- ***Good to Great's* Hedgehog concept:** Describe the unique value proposition of a company.
- **Return Driven Strategy:** Assess how well strategies are aligned with ethically creating long-term sustainable value.

# Top Strategic Analysis Tools and Frameworks

## INNOVATION, CHANGE, AND MARKET DISRUPTION

- **Blue Ocean strategy:** Create an entirely new uncontested market space.
- **Creating shared value:** Create economic value that also creates value for society.
- **Disruptive innovation:** Disrupt the market by making something unique that creates new value for customers and the company.
- **Reverse innovation:** Innovate in a developing country and later sell the product in more developed countries.

# Poll Question 1

Which strategy frameworks have you used previously?  
(please select all that apply)

- a) SWOT analysis
- b) Porter's Five Forces
- c) Return Driven Strategy
- d) Blue Ocean Strategy
- e) Good to Great Strategy

# Poll Question 1 Results (Placeholder)

# How Can CFOs and Management Accountants Use Strategic Analysis?

When management accounting professionals have the necessary skills and abilities, they can create value in various leadership roles using strategic analysis, including:

1. Helping to develop innovation and growth strategies.
2. Reviewing and refining strategies to create greater long-term sustainable value.
3. Analyzing where the company or business units are in the competitive life cycle.
4. Communicating the strategy within the company and to the board of directors.
5. Developing information for investor relations presentations by the CFO.
6. Evaluating merger and acquisition (M&A) opportunities and risks.
7. Assessing strategic risks of the organization.
8. Developing a strategy for the finance organization.

# The Value of Strategic Analysis Skills



“Strategic analysis skills and help CFOs and management accountants to help companies create greater long-term sustainable value”

- Dr. Mark L. Frigo

# Poll Question 2

How would you rate your skills in using strategic analysis tools?

- a) High
- b) Relatively high
- c) Average
- d) Relatively low
- e) Low

# Poll Question 2 Results (Placeholder)

# Now Let's Review Some of the Frameworks

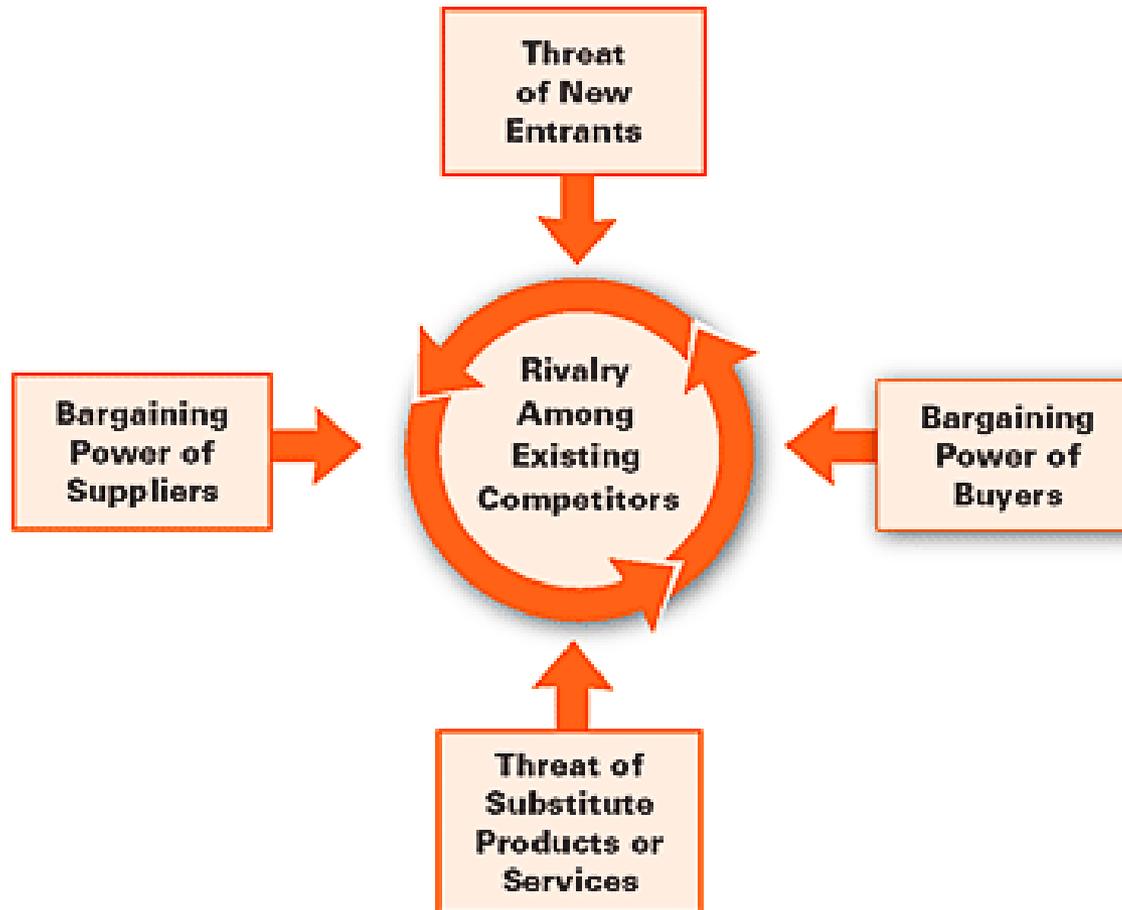
- Porter's Five Forces
- SWOT Analysis
- Return Driven Strategy
- Blue Ocean Strategy
- Good to Great Strategy
- Strategic Risk Management

# For each strategy framework we describe

- Purpose
- How it Works
- Strengths and Limitations
- Role of the Management Accountants

# Porter's Five Forces Analysis

## The Five Forces That Shape Industry Competition



# SWOT Analysis

## HOW IT WORKS

### 1. Strengths:

There are the internal areas that make the organization more competitive than its peer companies, i.e., where the company has a distinct advantage over its competitors. Areas could include expertise, innovativeness, activities, available resources, culture, systems, practices, and management's values.

### 2. Weaknesses:

Opposite to strengths, these are internal limitations within the organization that make it less competitive than its peer companies.

### 3. Opportunities:

These represent any favorable current or potential situations in the company's external environment that would allow it to enhance its competitive position or meet a new market need. Situations may include positive trends, events, demand, market saturation, government policies, or economic conditions.

### 4. Threats:

Opposite to opportunities, these are unfavorable current or potential situations in the company's external environment that could damage its competitive position. These situations may include negative trends, barriers, constraints, or any changes in the environment that may impede the success of the organization. They include the factors that make up Porter's Five Forces.

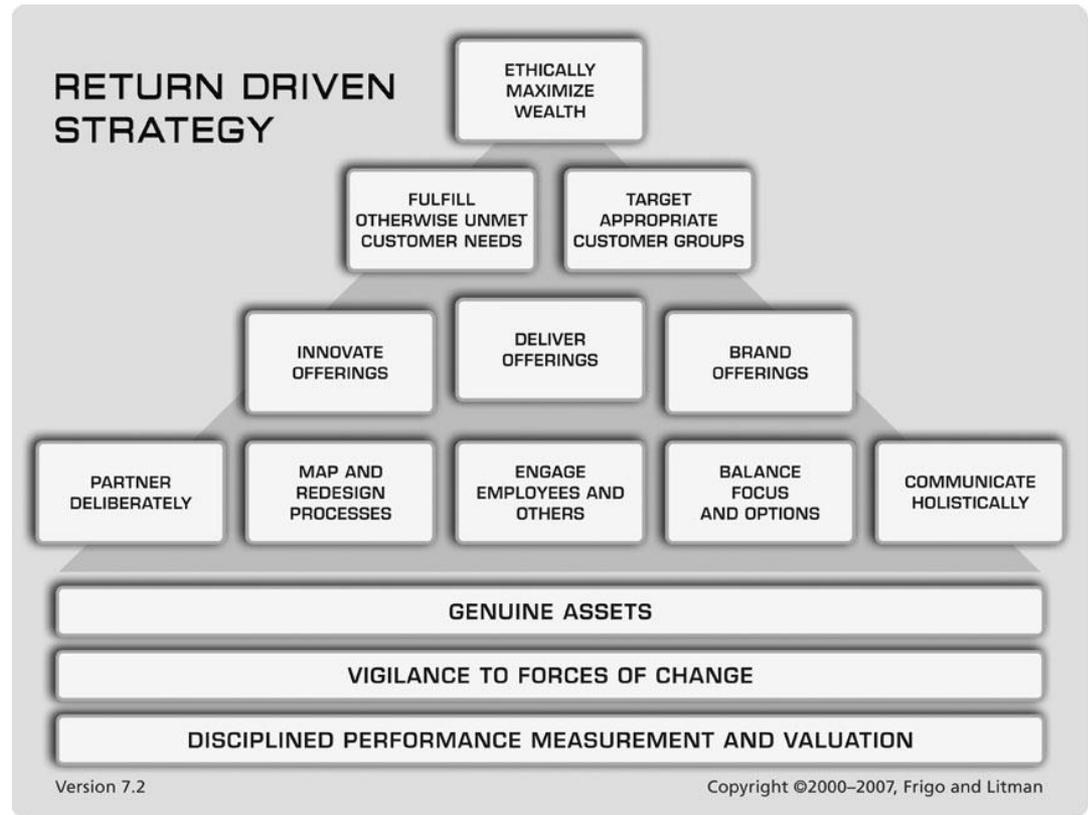
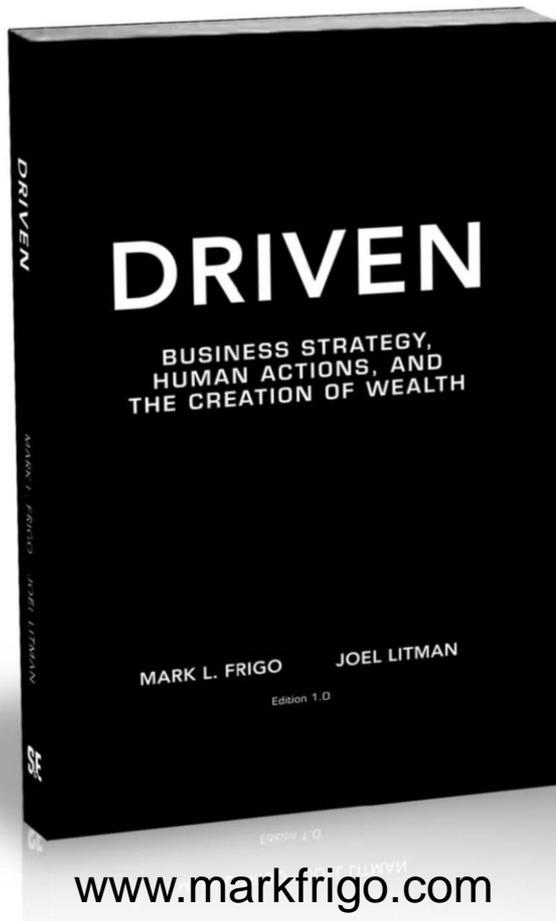
# Poll Question 3

How would you rate your company's efforts to do a "Five Forces" or "SWOT" type analysis in the past few months?

- a) High
- b) Relatively high
- c) Average
- d) Relatively low
- e) Low

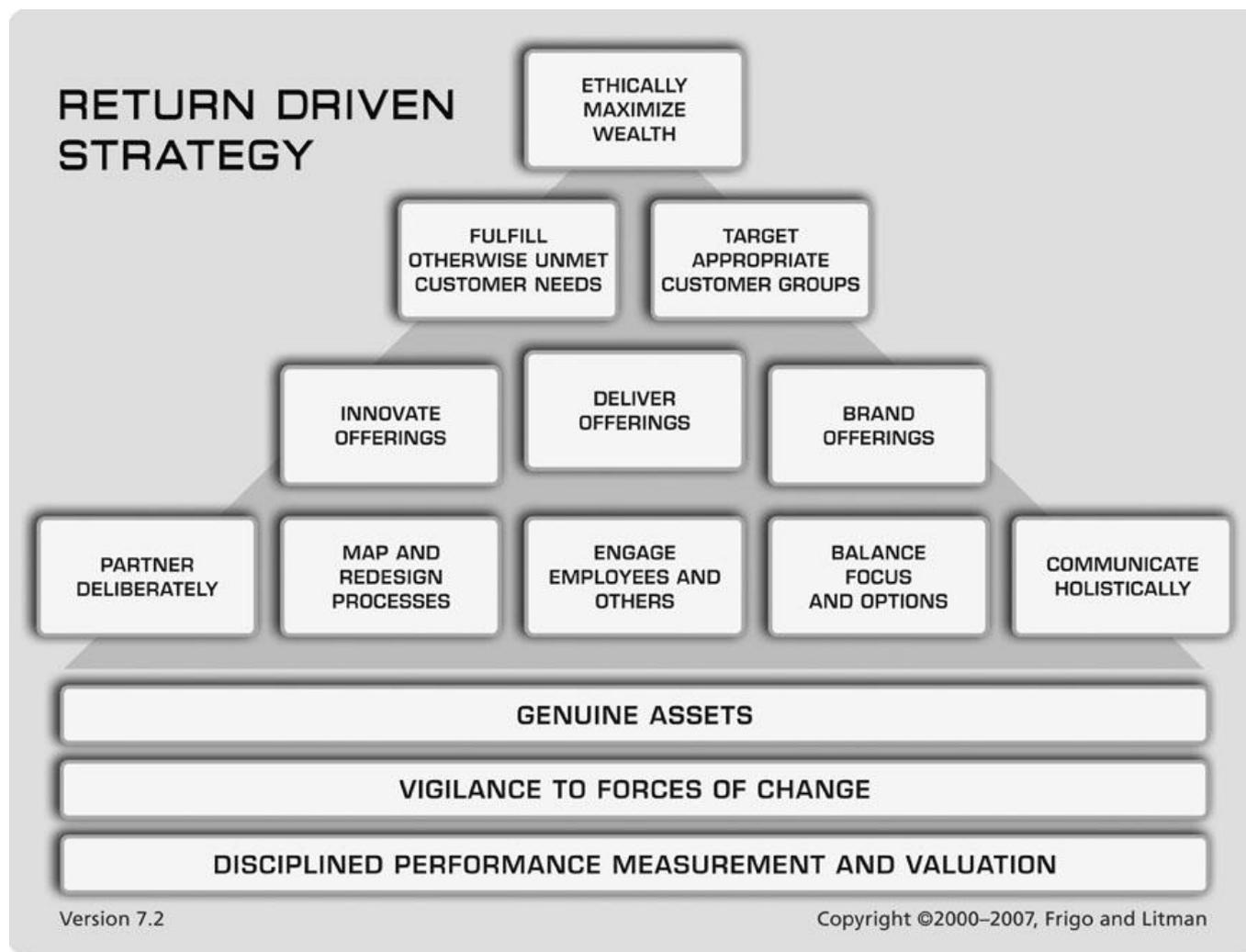
# Poll Question 3 Results (Placeholder)

# What can we learn from High Performing Companies?



Source: Frigo and Litman, *DRIVEN - Business Strategy, Human Actions and the Creation of Wealth* (2007)

# Return Driven Strategy



Source: Frigo and Litman, *DRIVEN - Business Strategy, Human Actions and the Creation of Wealth* (2007)

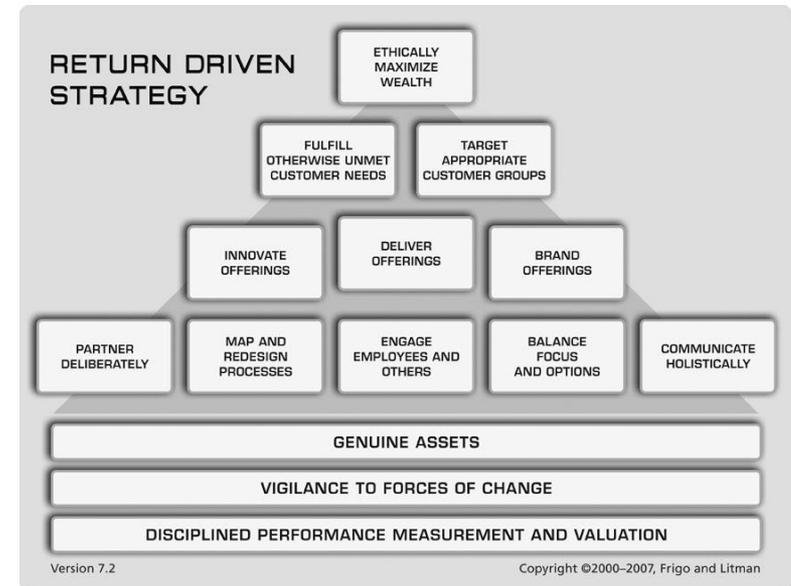
# Reading Bakery Systems Case

## “Thinking Differently about Your Business”



**E. Terry Groff**  
Chairman, Reading Bakery Systems

Terry Groff, CEO and Chairman of Reading Bakery Systems keynote presentation at a CFO Summit in Miami describing how CFOs and management teams can use the Return Driven Strategy framework.



### EXAMPLE OF RETURN DRIVEN STRATEGY

Reading Bakery Systems implemented the Return Driven Strategy approach.<sup>27</sup> Before introducing the framework to the management team, the company was struggling to achieve sustainable profitable growth. After using Return Driven Strategy to reshape the strategy of the company and how it thought about its business, the company witnessed substantial growth, achieving more than 190% growth in revenue and earnings before taxes, interest, depreciation, and amortization from 2006 to 2011.

Terry Groff, CEO and chairman of Reading Bakery Systems, credits the company’s turnaround to changing how the company views its customer and innovates its offerings. He especially attributes the success in applying the framework to the following tenets:

- (2) **Fulfill Otherwise Unmet Customer Needs:** Focused on snack and cracker baked production lines, which were growing rapidly.
- (3) **Target Appropriate Customer Groups:** Targeted customers based on their unique needs and locations as well as to prioritize customers.
- (5) **Innovate Offerings:** Developed or co-created new product lines with customers in their labs.
- (6) **Brand Offerings:** Actively branded the company as the name customers think of based on continually meeting customers’ changing needs.
- (9) **Engage Employees and Others:** Measured and rewarded employees based on financial results as well as operational metrics.

# Reading Bakery Systems Case

## “Thinking Differently about Your Business”

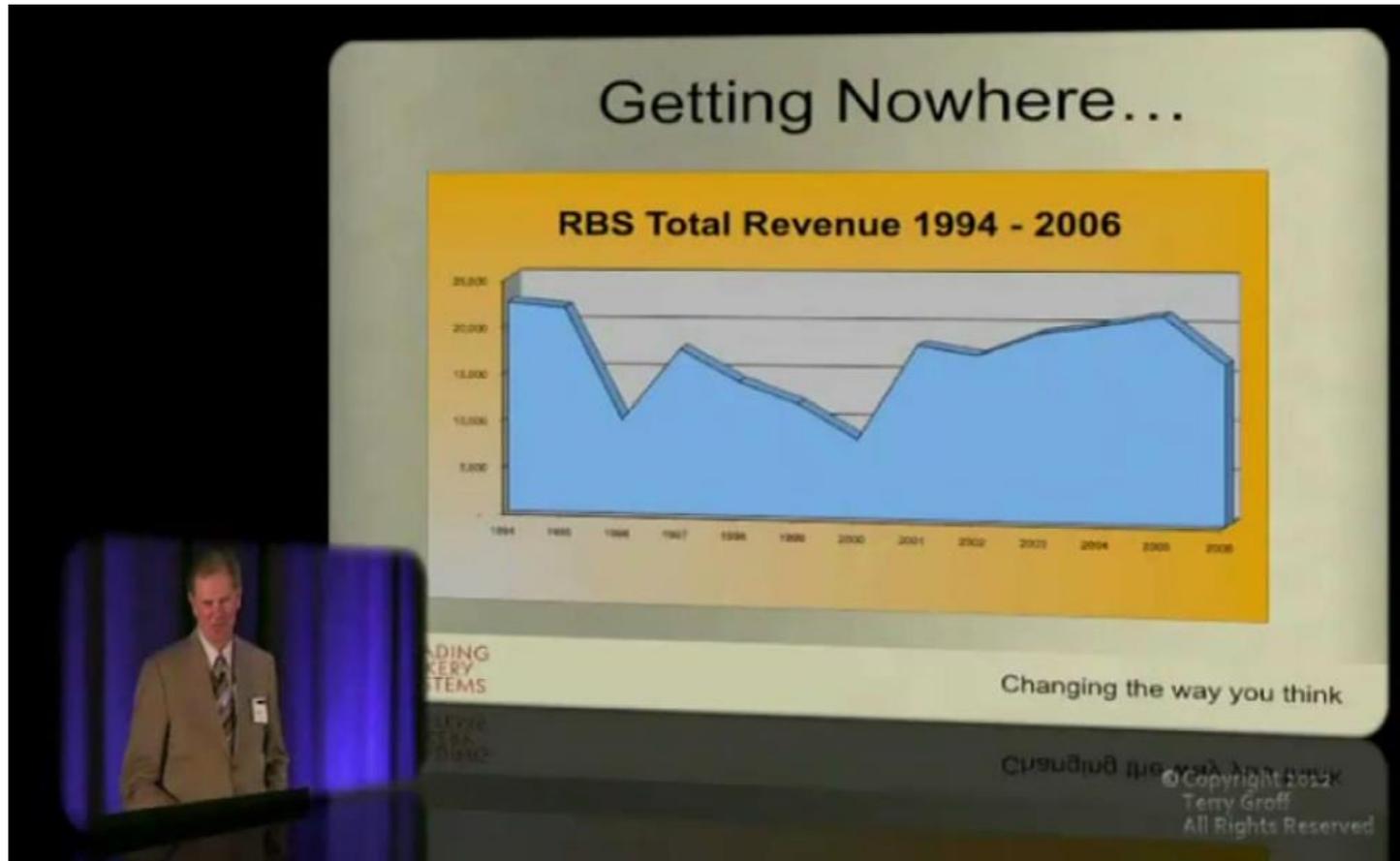
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# “Changing the Way We Think” Video



# DRIVEN Thinking Video

## A New Way of Looking at Your Business



# Strategic Life-Cycle Analysis

## Knowing when and where to invest?

**STRATEGIC LIFE-CYCLE ANALYSIS: THE ROLE OF THE CFO**

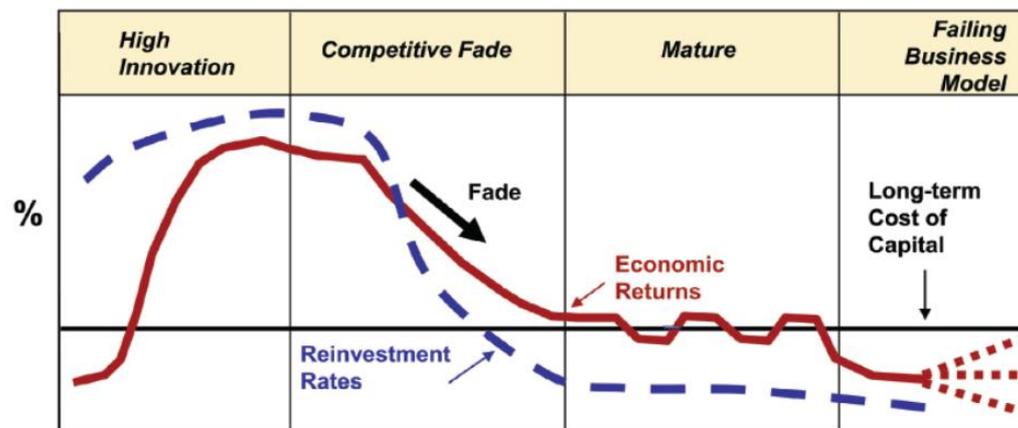
**CFOs can play a pivotal role in driving long-term sustainable value creation.**

BY MARK L. FRIGO, PH.D., CMA, CPA, AND BARTLEY J. MADDEN

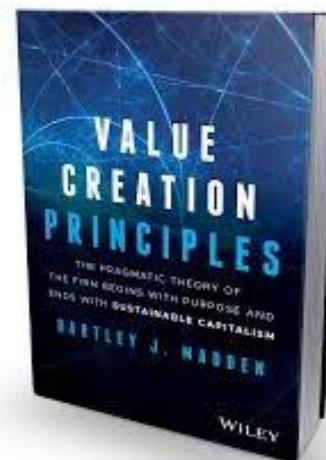
This article is part of the "Creating Greater Long-Term Sustainable Value" series launched by the October 2018 article (see Mark L. Frigo, with Dominic Barton, "Creating Greater Long-Term Sustainable Value," [bit.ly/2RfcMwm](http://bit.ly/2RfcMwm)).

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FIGURE 1: BUSINESS UNIT LIFE-CYCLE REVIEWS



Source: Bartley J. Madden, *Value Creation Principles*, 2020. Used with permission.



# Poll Question 4

Where in the strategic life cycle would you say your company (or business unit) is at this time?

- a) High innovation/startup
- b) Competitive fade
- c) Mature
- d) Failing business model

# Poll Question 4 Results (Placeholder)

# Blue Ocean Strategy

## BLUE OCEAN STRATEGY

**PURPOSE:** Blue Ocean strategy is a strategy planning approach focused on creating an entirely new market space.

- Examples: eBay, Apple (iPod, iPhone), Wikipedia
- Reconstructs industry boundaries to create new market space and unlock latent demand.
- Satisfy a consumer need or want that is not yet established or is being developed in the industry,
- Only way to truly execute a Blue Ocean strategy is through innovation and being uniquely different:
  - “Blue Oceans...are defined by untapped market space, demand creation, and the opportunity for highly profitable growth.”

# Blue Ocean Strategy

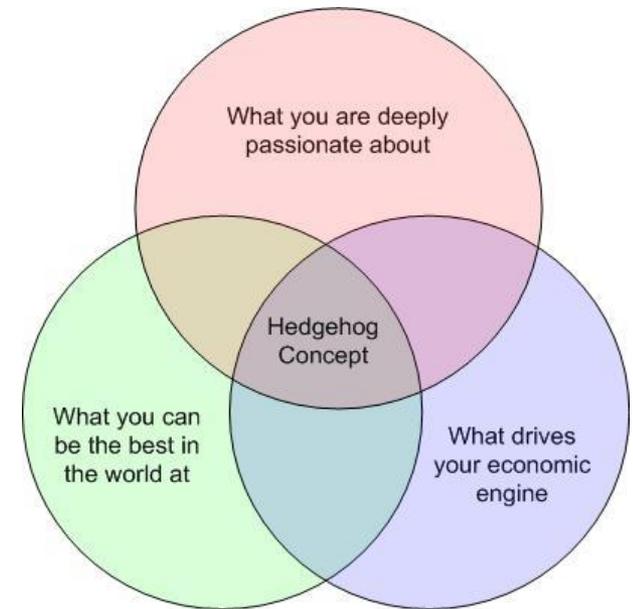
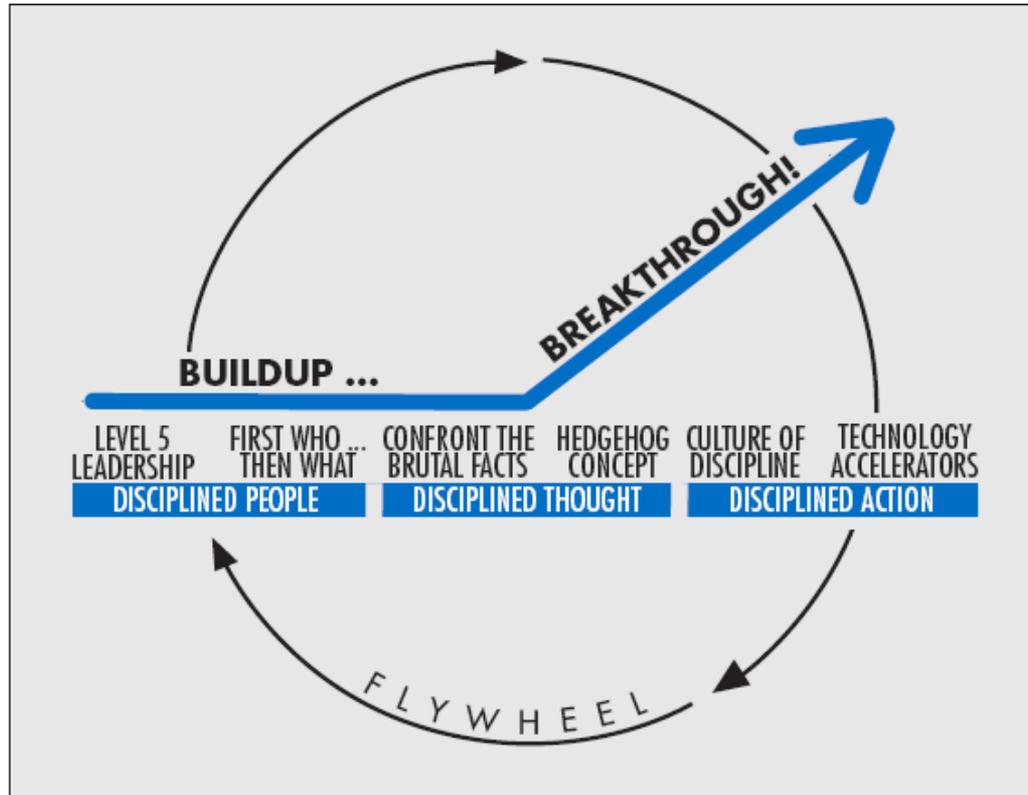
## Red Ocean Strategy vs Blue Ocean Strategy

Red Ocean Strategy <i>Focuses on current Customers</i>	Blue Ocean Strategy <i>Focuses on noncustomers</i>
Compete in existing markets	Create uncontested marketplace
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade off	Break the value-cost trade off
Align the whole system of a firm's activities with its strategic choice of differentiation OR low cost	Align the whole system of a firm's activities in pursuit of differentiation AND low cost



Source: W. Chan Kim, Renée Mauborgne, Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant (2005) and Blue Ocean Shift: Beyond Competing - Proven Steps to Inspire Confidence and Seize New Growth (2017)

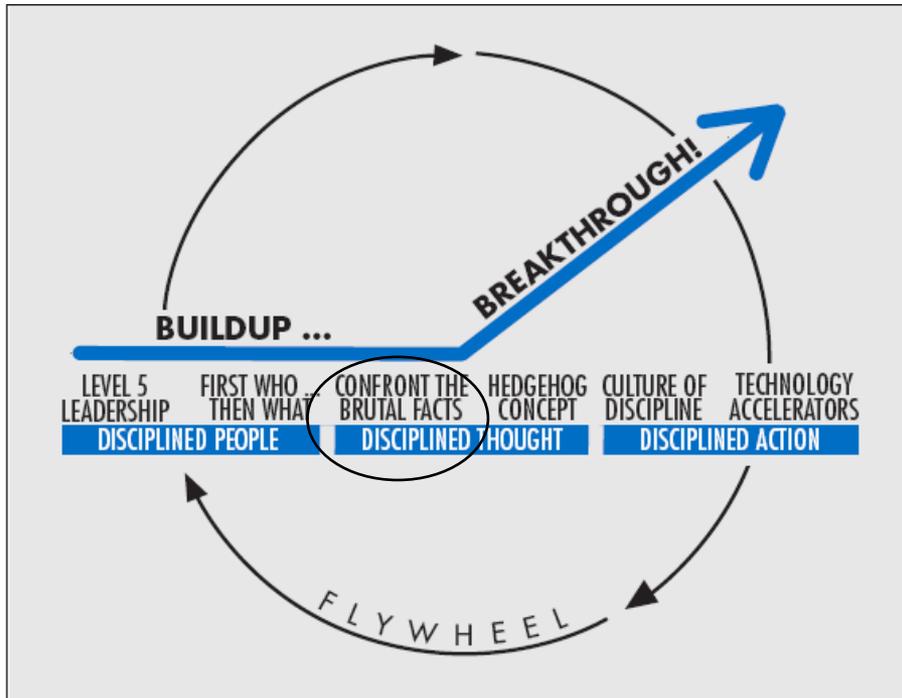
# Good to Great Strategy



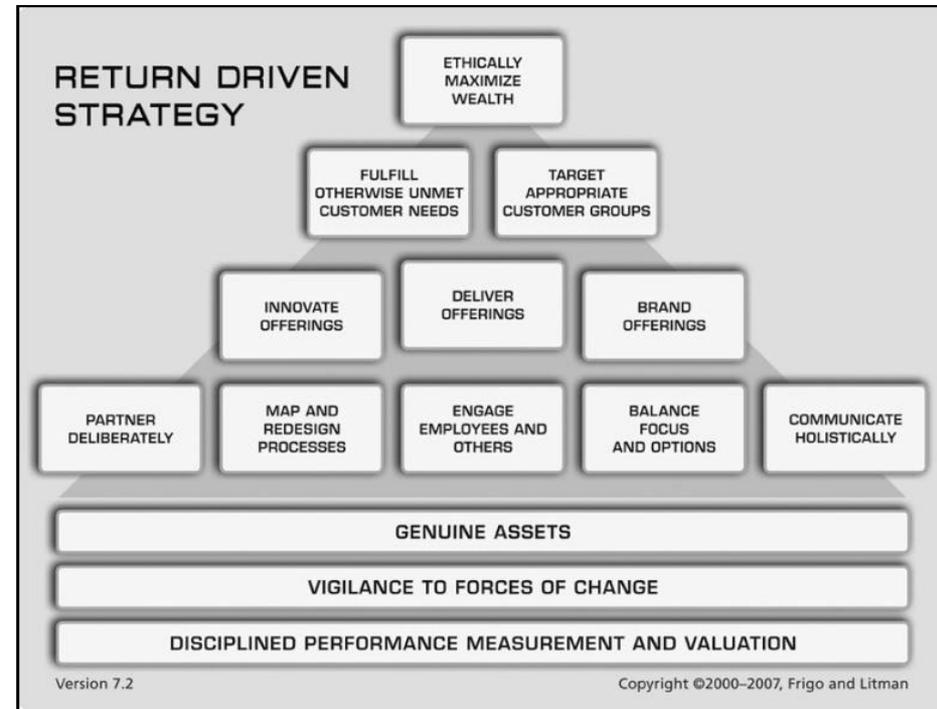
Source: Jim Collins, *Good to Great – Why Some Companies Make the Leap ...and Others Don't* (2001) and Jim Collins, *Turning the Flywheel: A Monograph to Accompany Good to Great* (2019)

# Good to Great - Disciplined People, Thought and Action

## Return Driven Strategy - A Framework for Disciplined Thought & Action

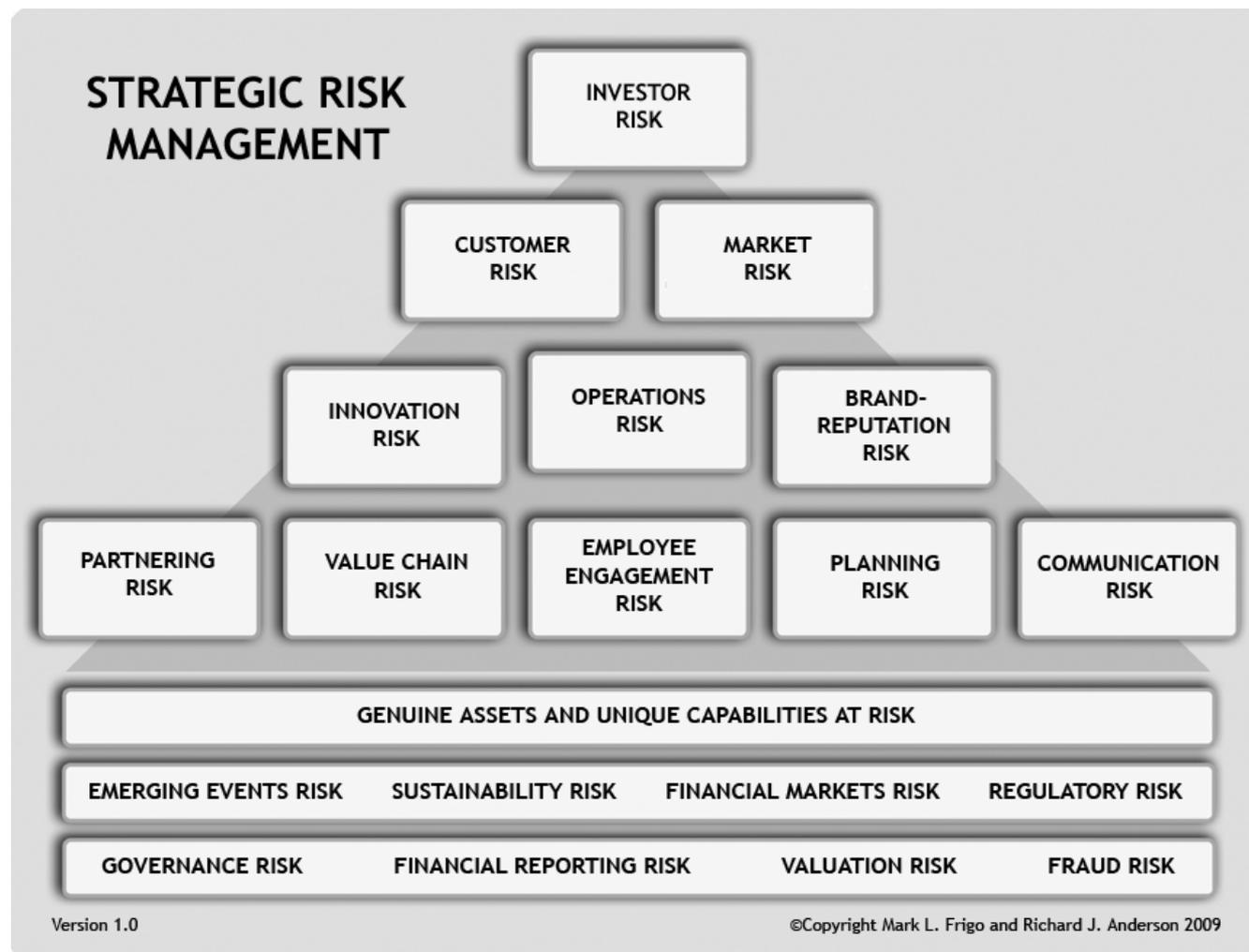


Source: Jim Collins, *Good to Great – Why Some Companies Make the Leap ...and Others Don't* (2001)



Source: Frigo and Litman, *DRIVEN - Business Strategy, Human Actions and the Creation of Wealth* (2007)

# Strategic Risk Management



Source: "Creating and Protecting Value: Understanding and Implementing Enterprise Risk Management" COSO 2020 Anderson and Frigo <https://www.coso.org/Documents/COSO-ERM-Creating-and-Protecting-Value.pdf>

# Where do I start?

- Study the SMA, “Strategy Analysis—Methods for Achieving Superior and Sustainable Performance” on the IMA website
- Understand the business!
- Develop action items to improve strategic analysis in your company.
  - Choose one or two strategic analysis tools and try them.
  - Start with a pilot study.
  - If the methods show potential, become a champion for its use, as there will probably be organizational resistance.
  - After you have gained some momentum, work on building support for the tools in your company, especially among top management.

# Poll Question 5

What type of internal or external training on strategic analysis would be the most useful?

- a) How to use Strategic Analysis Tools
- b) How to present Strategic Analysis
- c) How to ask the right questions in conducting Strategic Analysis
- d) Case examples of Strategic Analysis

# Poll Question 5 Results (Placeholder)

# Questions & Answers

***Use the Q & A Panel to send your questions to our panelists.***



**Mark Frigo, Ph.D., CMA, CPA**  
Professor  
DePaul University



**Kip Krumwiede, Ph.D., CMA, CSCA, CPA**  
Director of Research  
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**William Duchan, CMA, CFM**  
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# Thank You to Our Presenters!



**Mark Frigo, Ph.D., CMA, CPA**  
**Professor**  
DePaul University



**Kip Krumwiede, Ph.D., CMA, CSCA, CPA**  
**Director of Research**  
IMA

# Final Reminders

- ▶ **Complete the Evaluation poll – 2 Options**
  - On your screen
  - Click the “Evaluation Survey” icon at the bottom of your screen
- ▶ **Access to your CPE Certificate – 2 Options**
  - Click the “CPE” icon at the bottom of your console
  - or
  - Click the “CPE Credit” link in your post-event email
- ▶ Please print a copy of the CPE certificate for your records.
- ▶ Your CPE credit will be automatically recorded in your transcript.



**STRATEGIC  
MANAGEMENT  
SERIES**

**Thank You!**





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## **About IMA® and the CMA® Program**

IMA® (Institute of Management Accountants) is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) and CSCA® (Certified in Strategy and Competitive Analysis) certification programs, continuing education, networking, and advocacy of the highest ethical business practices.

For nearly 50 years, the CMA certification has been the global benchmark for accounting and finance professionals. It demonstrates mastery in 12 critical practice areas in business, including technology, analytics, financial planning and analysis, performance, and control. Professionals who earn the CMA can gain greater credibility, career advancement opportunities, and higher earning potential.

For more information about the CMA, visit [www.imanet.org/cma](http://www.imanet.org/cma).