

Board of Directors Lunch Presentation
April 29, 2013, Peabody Hotel, Orlando, FL

Capabilities-Driven Strategy

presented by Cesare Mainardi, CEO, Booz & Company

Strategies based on the conventional wisdom that “bigger is better” have not borne fruit. A recent Booz & Company survey of 2,800 executives across all major industries revealed that more than half do not have confidence in their strategy. Moreover, two out of three told us they don’t have the capabilities needed to execute on that strategy. Only one in five believe they have the right to win in the markets they’ve chosen to serve. The only thing on which virtually everybody seems to agree is that they are chasing way too many priorities.

That’s a rather rousing vote of no confidence in the strategy status quo. Booz & Company CEO Cesare Mainardi believes it’s because the fundamental question guiding strategy is no longer WHERE should we go for growth...but WHO should we be? What are the few things that we do incredibly well...better than anyone else? What are our distinctive capabilities? And how do those line up with the winning positions in our emerging marketplace? Where’s our window of opportunity to turn the natural momentum of the market to our favor by being the best at what makes us great?

When you get the answer to that question right, you are no longer chasing growth around every corner, you are inviting it.

Mr. Mainardi pioneered this new approach called Capabilities-Driven Strategy and introduced it in his critically acclaimed book *The Essential Advantage*. The key is to build a system of three to six unique capabilities—the things your company does better than anyone else—and then focus your entire organization around this. At Apple, it’s appealing, intuitive, ergonomic design. At Walmart, it’s rigorous, sharp-penciled supplier management. At Southwest Airlines, it’s enlisting passenger engagement in keeping airline travel low-cost and fun.

Companies who follow Capabilities-Driven Strategy and stay focused on one to three firm-wide strategic priorities are proven to perform better. In fact they are almost twice as likely to report above average profitability and revenue growth. In his upcoming presentation, Mr. Mainardi will provide practical advice on how to apply this strategic approach.