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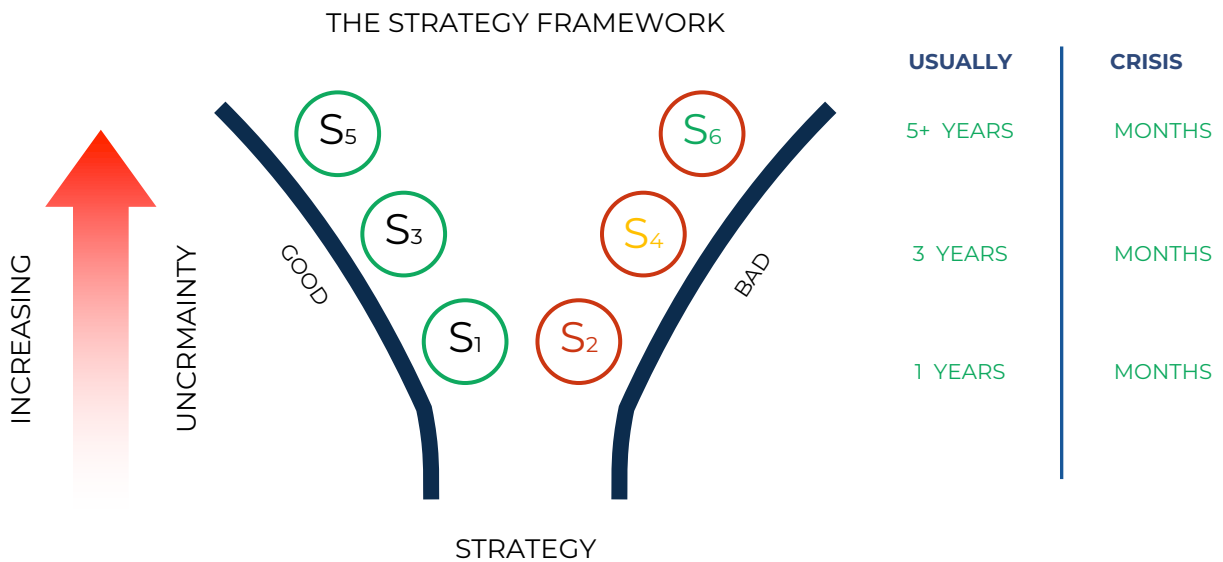
# THE STRATEGY FUNNEL

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I've taken a sales and marketing tool and turned it into a strategy tool that you might find very helpful when navigating times of crisis. The concept works like this:

There are a range of possible futures playing out for you. None you can be certain about. The further out in time you look the more uncertain the view. Nothing new here. What is your response? Generally, scenario planning and forecasting. The questions you should be asking yourself now is how many scenarios should I be considering and how can I move them along the strategy funnel?

The strategy funnel is shown here. It starts with scenarios built on the furthest time horizons. Ones with greatest uncertainty and greatest variability between good and bad outcomes. The further down the funnel, the more certainty prevails with less (hopefully) variability. To start I recommend at least six scenarios. One for each positive and negative scenario, situated at three different time horizons.



When dealing with sudden uncertain times you want to shift the time horizons from years to months. The good news about this is, you will know how good your bets were a lot sooner.

To set the funnel up for the next 6 months of crisis management, make a record of the main assumptions you have made in each of the scenarios. Below is an example of scenarios you could have chosen from soon after Covid first hit Australia:

- The economy recovers sufficiently; the government decides it does not need to extend the stimulus package beyond September.
- A second wave occurs, and restrictions are reintroduced.
- A second wave occurs and restrictions are not reintroduced; there is a return in large numbers of hospitalisations and multiple fatalities.
- Your competitors reduce/increase prices.
- Consumer confidence improves/remains the same.

Now orientate your strategy to cater for as many of the scenarios as possible or the most likely ones. Now prepare to move the scenarios through your funnel and reorientate your strategy on say a monthly basis.

Bryan Whitefield is a management consultant operating since 2001, specialising in **risk-based decision making** and influencing decision makers, born from his more than twenty years of facilitating executive and board workshops. He is the author of three books, is licenced by the RMIA as a Certified Chief Risk Officer (CCRO) and is designer and facilitator of their flagship Enterprise Risk Course since 2009.

In sales and marketing, customers are moved through or out of the funnel via sales and/or marketing contact points. For example: from clicking on an advertisement; to filling out an inquiry form to a call from a sales rep to problem definition, solution and an offer being made. The potential customer can become a customer or exit the funnel at any one of these touch points.

In the case of the strategy funnel, the scenarios are moved through the funnel by asking the question “Was this assumption right or wrong?” If for one particular scenario you are answering “wrong” often enough, the scenario exits the funnel to be replaced by a new scenario.

I know this might seem like quite a bit of work. However, having a flexible strategy is critical. Even more critical is knowing when to re-orientate it. But choose a timeline that makes sense for your business right now.

For navigating a prolonged crisis have a look at the example I prepared below, again using COVID-19. At the time of preparing this example one of my sons was co-managing the bars in a three-level restaurant offering a variety of dining experiences. It is located in Manly here in Sydney, which is a tourist area and I thought I would use the restaurant's owners as an example.

A large organisation with a strategy team and/or crisis management team would develop many more scenarios with differing time horizons than I have below, however, to keep this brief, and to make it applicable for a restaurant owner, I only went with two scenarios at the six months horizon.

At the time of writing there were signs of a second wave of the virus occurring in Australia, albeit Victoria was pouring massive resources into combating its outbreaks. In Manly, pubs and restaurants were open but with social distancing restrictions limiting the number of patrons by the 4 sq. m. rule. A number that many might find generally unaffordable if not for government support for wages.

<b>Scenario 1 – Good 6-month scenario</b>	<b>Scenario 2 – Bad 6-month scenario</b>
<ul style="list-style-type: none"> <li>○ The Virus – Second wave minimal and controlled. Contact tracing and testing strategy is highly effective. No vaccine available for the foreseeable future.</li> <li>○ Social Distancing Restrictions – The 4-sq metre restriction capping the number of patrons for inside venues is lifted.</li> <li>○ The Government (Economy) – Direct financial support to pay employees (JobKeeper in Australia) is not ceased end of September as planned. It is phased out via monthly reductions through to 31 December 2020.</li> </ul>	<ul style="list-style-type: none"> <li>○ The Virus – Second wave occurred and health authorities lost control initially but as spring arrived regained control. No vaccine available for the foreseeable future.</li> <li>○ Social Distancing Restrictions – Strict social distancing was reintroduced in July and pubs and restaurants were closed again through to November 2020.</li> <li>○ The Government (Economy) – Direct financial support to pay employees (JobKeeper in Australia) is not ceased end of September as planned. It is phased out via monthly reductions through to 31 December 2020.</li> </ul>

- The Borders – Interstate borders are fully open. International visitors are welcome but must be tested on arrival and quarantine for 24hrs until test result received.
- The Public (Economy) – The level of spending stays steady through the back end of 2020.
- The Public (Health) – The vast majority feel comfortable enough to visit pubs and restaurants.

- The Borders – Interstate borders are open between NSW and Victoria all other borders are closed. International visitors remain banned.
- The Public (Economy) – The level of spending returns to June levels by November 2020.
- The Public (Health) – A healthy majority of people return to pubs and clubs by November.

The challenge becomes: How do you orientate your strategy?

Again using the restaurant as an example: Can you devise a way of running your business so it can be profitable under both scenarios? For example, can you run a menu set that is cost effective enough, but of sufficient quality to allow you to charge enough to make a profit? Can you get more efficient in your kitchens, so you need less staff? Can you centralise some food prep? Can you keep enough reserves in cash to outlast your competitors when government support ends and the industry faces the inevitable rationalisation unless a vaccine becomes available? Can you innovate your business model? For example, developing an at-home fine dining experience using catering equipment and a team of mobile chefs otherwise unemployed?

Once your strategy is set, you need to work hard on it for a month, doing your best not to second guess your assumptions unless something major happens. Then revisit the two scenarios at the end of the month. The scenarios will change or might be completely jettisoned if your assumptions prove very different to the unveiling reality.