JUNIPER
strategies

Interpreting Your Results from a Juniper Strategy Assessment

INTRODUCTION

Strategy is essentially an attempt to predict the future. Or, more accurately, strategy is an integrated set of goals and a plan for how you are going to meet those goals at some point in the future.

What makes this so challenging and dynamic to answer is the role of uncertainty. This is why there are so many simplifying analogies or frameworks correlating with the explosion of complexity in our business lives. When situations are more stable, prediction is easier. But in a fast-moving world that is increasingly interconnected, prediction is challenging.

First, there are more and more variables to take into account, all with their own ripple-effect interdependencies. This degree of complexity alone is challenging enough to build a solid and robust business strategy. But second, there is always a degree of uncertainty that cannot be predicted with any degree of confidence – whether a global pandemic, an unforeseen geopolitical event, or something else. These high-impact but low-probability uncertainties wreak havoc on the best of business planning and can lead people to believe that strategy or strategic planning isn't useful.

Figure 1: If you think of your business goal as a destination, then strategy is the how you choose to get there.

If you think of your business goals as a destination, then strategy is the how you choose to get there - which route, which mode of transportation, and over what time period. Consider the analogy of a road trip and how technology has changed how you plan for and then execute your road trip plan. There's not a distinct "planning" phase from the "driving" or "execution" phase. You no longer plan a route with maps and lists of places to consider for stopovers. You simply get into the car and type in your destination goal. Then you just start driving, knowing when to advance, turn, and brake by following your map application to fuse planning and doing into one motion. The same should be true for business, and this is the vision of Juniper Strategies. You set your business goal and use data and technology to show you the best possible routes to get there, leaving you to focus on execution and adapting as you need along the way.

This guide is intended to help you interpret your results from a Juniper Strategies assessment. Once you define your business goals, it will highlight the performance strengths and risks of your current strategy – essentially, giving you the equivalent of the traffic hazards and detours that a mapping application would give you for your current route.

© Juniper Strategies

DELIVERING VALUE TO YOUR CUSTOMERS

The Juniper model is based on a set of key principles. These principles are core to understanding how the model was created and therefore how to interpret your results.

1. Success, for a profit-oriented company over the long term, is defined as achieving a combination of market share, revenue growth, and profit growth. Every company can choose to pursue one of them at the expense of the others, but over the long term, all these factors must be positive for the company to be viable sustainably. For example, a company may choose to invest in a high-growth market niche to drive revenue and market share growth, yet at the expense of profits. While this might be palatable at lower revenues, at scale, most companies will expect that market segment to drive profits in line with the company financial model.

2. Customers will tend to choose the solution to their needs that they perceive as delivering the highest value at the lowest cost. The Juniper Strategies model is a holistic, causal model to understand and predict business performance. The reason for the word "causal" is the simple principle being customer purchasing behavior: that customers will tend to choose the solution that they perceive to deliver the highest value at the lowest cost. This is why customer perception is a core component of the Juniper strategy model.

3. Industry competitors might use the same metrics, but they have different strategic goals. Competitors in a given market are typically compared against each other to benchmark performance. Investors and other market stakeholders will often compare companies using the same financial metrics to make decisions about whether to invest, or in some cases, whether to purchase from, sell to, or partner with a given company. Yet, while the companies will report out similar financial metrics, to truly compare them, you need a detailed understanding of their strategies. They will have different goals that are driven by their own strategies. These goals will drive their intermediate metrics that they use for operational performance and will naturally reflect in different results on the income statement or the balance sheet.

4. Strategy is about selecting the vectors upon which you intend to differentiate yourself from the competition. Customers always have a set of purchasing criteria that are the minimum required to address for a given application, often referred to as "table stakes." They will reject any offering that does not meet these requirements. Beyond those, they will make their purchasing decision based on how various offerings from the range of competitors address their needs beyond the minimum criteria. The degree to which you choose to serve each of these is your differentiation and is the core of your strategy. Note that these can be needs about the product or service itself, but also about the experience across the entire customer journey and would be addressed by your go-to-market approach and your post-sales service and support as well.

5. These vectors of differentiation define your business model. No company can differentiate on all vectors simultaneously because every company has expense constraints. Companies have limited resources driven by a financial model. And given a budget target, a company must choose where they will invest to serve their chosen vectors of differentiation, and where they will accept to be at parity with the competition or even in some cases below the

© Juniper Strategies

competition, provided it meets the customers' minimum expectations. The combinations of value delivered and the processes you use to create that value comprise your business model.

6. The potential vectors of differentiation are quantified by the Juniper engines to enable competitive comparisons. The Juniper Strategies model quantifies the degree to which the company satisfies customer needs across the entire customer journey (the Customer Value engines) and the company's efficiency in serving those needs across that journey (the Business Value engines). These engines are driven by data – market data, customer sentiment data, competitor data, and company data – and are described in more detail in the following section.

7. The vectors of differentiation and your business model define the culture you need to shape and fit your strategy. It's long been debated whether strategy or culture is more important to business success. The reality is that you need strength in both, and they must fit together for the company to be successful. Your market, competitor, and customer conditions should drive your strategy, and your culture needs to evolve to align to it. Here we are defining culture by the organizational behaviors that the company exhibits at scale – for example, the decision-making culture. If your company strategy is to lead in post-sales service and support, then a decision-making culture that is very "command and control" will not be successful; you need to leave autonomy for employees in services teams to make decisions in advocacy of the customer in real time. The Juniper toolset can also measure the culture in this definition and how well aligns to your strategy, to quantify how much a degree of misalignment could impact your business results. If the culture is not quantified, the Juniper financial models will assume perfect alignment between the strategy and the culture.

Figure 2: The Juniper model is based on a set of key principles. These principles are core to understanding how the model was created and therefore how to interpret your results.

© Juniper Strategies

THE JUNIPER STRATEGY ASSESSMENT

These core principles are the foundation of the Juniper Strategy Assessment model. This model assesses an organization's strategy by using algorithms to calculate the quality and strength of the strategic processes that power the Customer Value Creation and Business Value Creation engines of the organization. The measure of the strength of these strategic processes is dependent on a single powerful, yet simple, principle: that strategic success is defined as taking market share.

Taking share, as a measure of strategy success, works equally well in both growing and declining markets. In strong markets, it avoids the illusion of success when an organization achieves growth of the type described as "a rising tide lifts all boats." In a declining market, it avoids not recognizing strategic success that may actually be occurring but is masked by falling revenues. If a strategy is successful, an organization will take share regardless of market conditions, and it is this characteristic that makes "taking share" particularly useful as a measure of strategic success.

Moreover, a second metric that is often defined as a measure of strategic success is profitable growth or gaining share profitably. We consider the choice to gain share profitability as the defining of an organization's goals. There are many situations where an organization's owners choose to invest in a strategy that is not profitable for some period of time. They may define goals such as market dominance or gaining a first mover advantage and do so by investing at a rate that is not profitable. The profitability of an organization's strategy is also assessed with the Juniper tool set.

The value creation engines can be arranged as twelve engines in a chart as shown in Figure 4. Each engine is quantitatively represented by one metric: the Customer Value Creation metrics of effectiveness across the top, and the Business Value Creation metrics of efficiency across the bottom. The Customer Value Creation metrics relate to the organization's *growth* potential, whereas the Business Value Creation metrics are more closely related to the organization's *margin* potential.

Figure 3: Taking market share is key to strategic success.

© Juniper Strategies

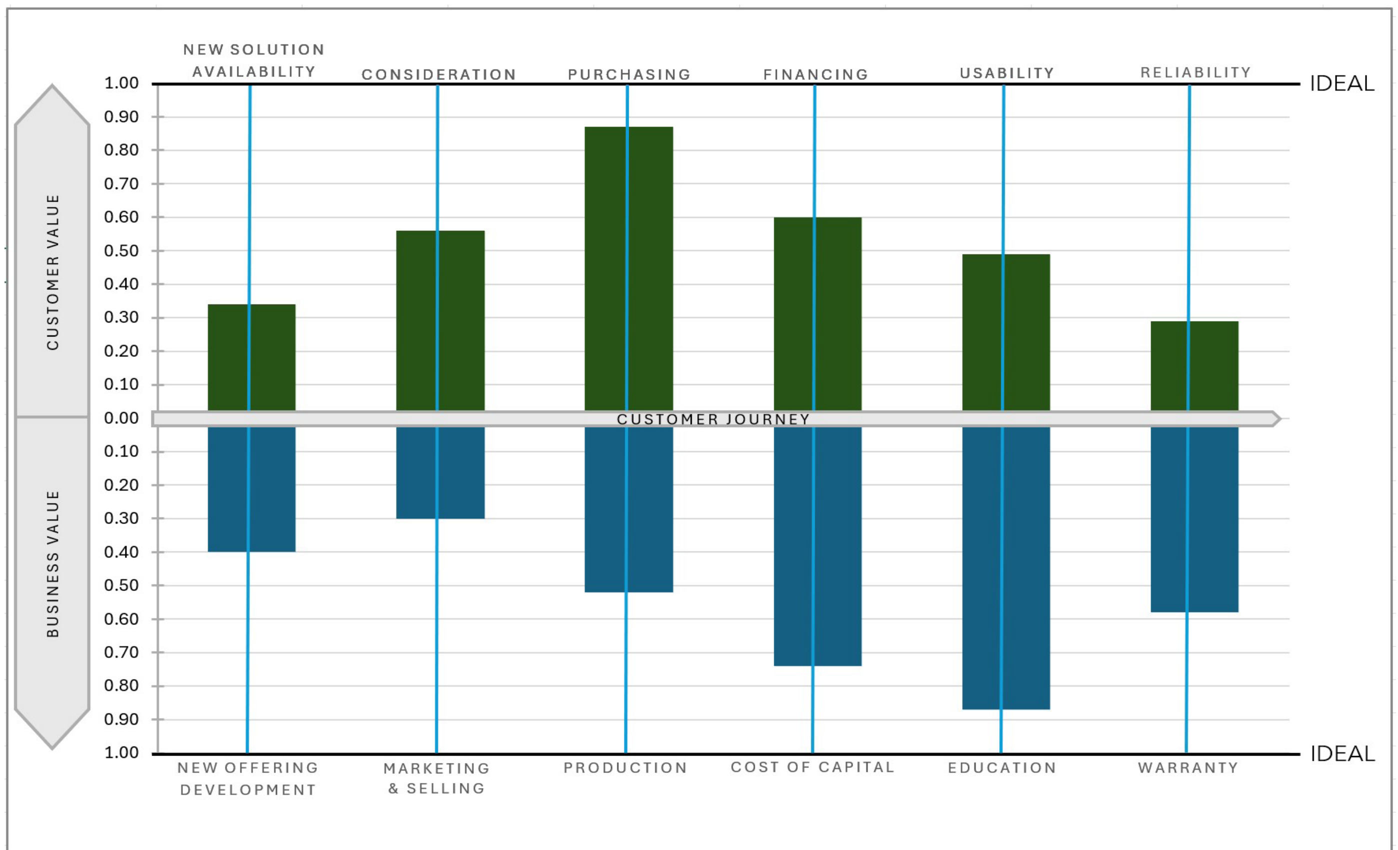

Figure 4: Value creation engines arranged using twelve metrics. The Customer Value Creation metrics of effectiveness across the top, and the Business Value Creation metrics of efficiency across the bottom. The Customer Value Creation metrics relate to the organization's growth potential, whereas the Business Value Creation metrics are more closely related to the organization's margin potential.

The Customer Value Creation engines measure the total value that is created and delivered to a customer. They evaluate the complete set of actions and decisions that a customer undergoes over the entire customer journey. These are absolute scores, as each engine is measured relative to perfect delivery on customer expectations. The assumption is that a business that delivered total value in every engine would win market share. If two or more businesses have the same score, then they are most likely to split the market share equally. The Customer Value Creation engines lean heavily on the Jobs to be Done framework popularized by Clayton Christensen to assess customer needs. This is ideally done with a survey of current and potential customers in the target market segment, but it can also be proxied if the organization has enough market and customer knowledge.

The Business Value Creation engines measure the efficiency of how well the business creates the customer value. This makes them a matched set. Balancing effectiveness with efficiency provides for a profitable, winning business. These engines evaluate the complete set of actions and decisions that the business must undertake to deliver value to the customer over the entire customer journey. These scores are measured relative to the industry weighted average for the competition in terms of their costs per engine.

Since it is presumed that performance greater than the market average will result in taking share, it is important that the definition of "market average" reflects the size of competitors. For example, consider a market where one competitor has 90% of the market, with many small competitors making up the remaining 10%. A simple unweighted average of the competition could result in an average market performance that underestimates the level of performance required to take share: that is, to compete with the dominant market leader. So, care must be taken when computing market averages, particularly as competitor share within the market is almost never evenly distributed. This is addressed with revenue-weighted averages.

© Juniper Strategies

THE FOUR ACTIONS

The metrics for the twelve engines can be considered singly or combined into higher-level measures. The simplest combinations are to combine metrics by Customer or Business Value, and pre- and post-sale. This creates four groupings, or Actions: Providing, Satisfying, Generating, Supporting. Each of these represents a primary dimension upon which a company can differentiate.

Customer Value Engines

Providing: the Providing Action represents the customer presales experience. The three engines that comprise this Action are:

- New Solution Availability: relates to the company's ability to understand customer needs for the product or service
- Consideration: relates to the company's awareness and credibility with customers
- Purchasing: relates to the perceived value and ease of the purchasing process.

Satisfying: the Satisfying Action describes how well the organization serves the customer with the product or service once they've purchased it. This Action comprises:

- Financing: relates to minimizing the capital exchanged to convert the customer needs to a solution that meets their needs.
- Usability: relates to the customer experience with getting started with the product and/or service out of the box or upon initial deployment.
- Reliability: relates to the ongoing reliability of a system over time.

Business Value Engines

Generating: the Generating Action assesses how efficient an organization is in identifying, building, commercializing, and producing its products and services. It comprises:

- New Offering Development Engine: relates to the research and development costs to deliver benefits related to a given solution.
- Marketing & Selling: relates to the marketing and selling costs to sell a solution.
- Production: relates to the cost to produce and deliver products and services to customers.

Supporting: the Supporting Action addresses the costs associated with supporting customers once they have the product or service in house. It comprises:

- Cost of Capital: relates to the capital needed to operate the business.
- Education: relates to the costs required to bring customers up to speed to realize the benefits of their solution.
- Warranty: relates to costs required to provide unexpected, unmonetized repair, services, and/or support.

© Juniper Strategies

THE TWELVE ENGINES

We've introduced that each of the twelve engines measures a specific unique process step in the customer journey – either from the point of view of the customer, or from the perspective of the organization itself. This section will provide more detail on each of the engines, what each one measures, and what the primary driver of that measurement.

Customer Value Engines						
	Providing Action			Satisfying Action		
Engine Name	**New Solution Availability (NSA)**	**Consideration (CON)**	**Purchasing (PUR)**	**Financing (FIN)**	**Usability (USA)**	**Reliability (REL)**
Desired Job Outcome	Maximize the solutions customers can hire to complete existing & new jobs	Maximize the ability to choose the best solution	Maximize convenience, timeliness, and confidence (minimize risk) when purchasing	Minimize the capital exchanged to outsource the job to a solution	Maximize the benefits derived from a solution	Maximize the usable time (up-time) of a solution
Description of Measurement	What outcomes a customer can hire a solution for	• Ease of obtaining/ comparing information • Confidence/ trust in provided information	• Ease of purchasing and returns • Timeliness of acquisition • Quality (confidence) of returns	Total cost of exchanging value	Deployment of benefits	Time a solution is available to provide benefits
Driving Metrics	ODI (Outcome-Driven Innovation) opportunity score using the Jobs-to-be-Done framework	• Solution Awareness • Solution Equity (Brand Equity)	• Out of Box • Quality(proxy) OTD to Request Date	1 divided by (Price + Financing Cost)	Time to 100% availability of benefits	MTTF (mean time to failure) of weighted benefits

Business Value Engines						
	Providing Action			Satisfying Action		
Engine Name	**New Offering Development (NOD)**	**Marketing and Selling (SEL)**	**Production (PRD)**	**Cost of Capital (COC)**	**Education (EDU)**	**Warranty (WAR)**
Desired Job Outcome	Minimize the resources needed to design and create a solution	Minimize the cost to sell a solution to a customer	Minimize the cost to build and deliver a solution to a customer	Minimize the capital used to operate the business	Minimize the cost to educate and train users to get the benefits	Minimize the resources need to maintain customer's ability to use a solution
Description of Measurement	R&D Cost to deliver benefits associated with market size	Marketing and Sales costs to sell a solution	Costs to produce a solution	Total cost of working capital to a business	Education and training costs	Cost to provide warranty and free, services and/or support
Driving Metrics	Annual R&D costs	Annual S&M costs	COGS (%) and Delivery costs	Weighted Average Cost of Capital	Training and Education costs	Warranty and Service or Support costs

© Juniper Strategies

PRIMARY BUSINESS DIFFERENTIATORS

The twelve Engines, organized into the four Actions, define how a company can drive value to customers and to the business. But again, no company can simultaneously excel at all of them because every company operates under constraints of a financial plan. Where and how a company chooses to differentiate is core to its strategy.

Figure 5: Companies cannot simultaneously excel at all vectors under constraints of financial plan, and must make tradeoff to choose where and how to differentiate.

There are 4 primary vectors upon which a company can differentiate. These are:

Presales Focus – differentiation through focus on understanding customer needs and serving them at lower cost than the competition

Postsales Focus – Differentiation through focus on serving the customer's usage experience and serving it at lower cost than the competition

Customer Experience Focus – differentiation through focus on maximizing the customer experience across the entire journey

Business Efficiency Focus - differentiation through focus on business efficiency

These are mutually exclusive and create dynamic tensions – for example, a company can differentiate on holistic Customer Experience, but not simultaneously on Business Efficiency, as differentiating on customer experience comes at a higher cost at a tradeoff against business efficiency. Similarly, companies cannot simultaneously differentiate on the Presales customer experience and serving that need at a lower cost then the competition and the Postsales customer experience and cost – as that effectively means simultaneously attempting to differentiate in every dimension of customer value and business cost efficiency.

© Juniper Strategies

INTERPRETING SAMPLE RESULTS

Your strategy report will include two key visualizations: one showing your results by Customer Value and Business Value, as shown in a previous figure, and another showing your opportunities to rebalance.

In the first visualization (Figure 6), recall that an ideal company would score a 1 across all twelve engines. However, no company can realistically deliver perfect scores unilaterally given that every company is operating under constraints of a financial model to satisfy all its stakeholders. Consider this example as shown in the previous figure. In this case, this shows that the company has relative strengths in Purchasing and Education. Contrastly, it has room to improve in delivering on the customer's desired features in products and services as indicated through a weaker score

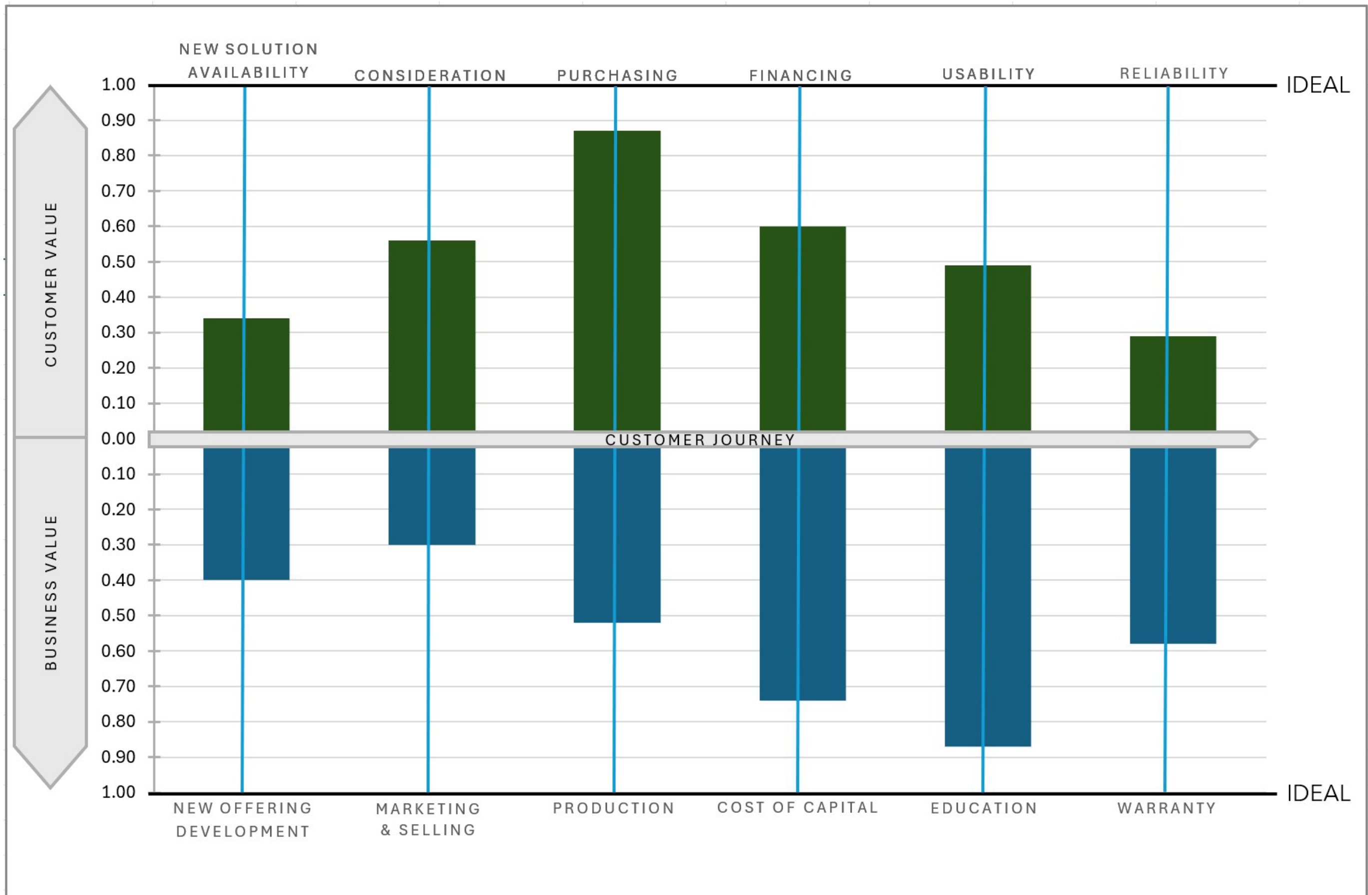

Figure 6: Twelve value creation engines

© Juniper Strategies

TAKING THE NEXT STEP

Now that you have the results of your strategy assessment, the next natural question is: now what?

First, ask us at Juniper Strategies if there are any surprises in your results. We can help you understand what data parameters were the dominant factors behind your results. Then you might consider embarking on a root-cause analysis internally to understand why a particular data parameter was that way, and if it was undesired, what can be done to improve it. Juniper Strategies can help guide you through that discovery.

Second, if you've only evaluated your current state strategy baseline, you also might consider evaluating alternate strategies to business success. Juniper Strategies can help you quantitatively assess the outcome of, say, expanding your product and services portfolio, expanding into a new market, or expanding geographically, using the same data-driven approach. This can open up new opportunities for driving growth and profitability.

Lastly, culture is critical to the success of any strategy. Specifically, it is important that the company culture support and is aligned to the strategy. By "culture," we are not using a definition of employee engagement or satisfaction with employee perks; rather, we are referring to the organizational behaviors that are exhibited at scale. The most important behaviors for strategy success relate to how decisions are made in the organization. For example, if your strategy is to grow through serving customers post-sales, then a culture that is very "command and control," with decisions made at the top and trickled down, will be less likely to be successful than one that gives autonomy to employees who are in direct contact with customers. It's better to empower those employees to make decisions rapidly in advocacy of the customer while directly involved in a customer interaction. Contact Juniper Strategies to learn more about a culture assessment and culture-strategy fit in your organization.

This assessment will help you optimize your company's strategy and align the team around where you are today and where you could go tomorrow. We appreciate the opportunity to work with you to enhance your organization's success.

juniperstrategies.com | info@juniperstrategies.com

© Juniper Strategies