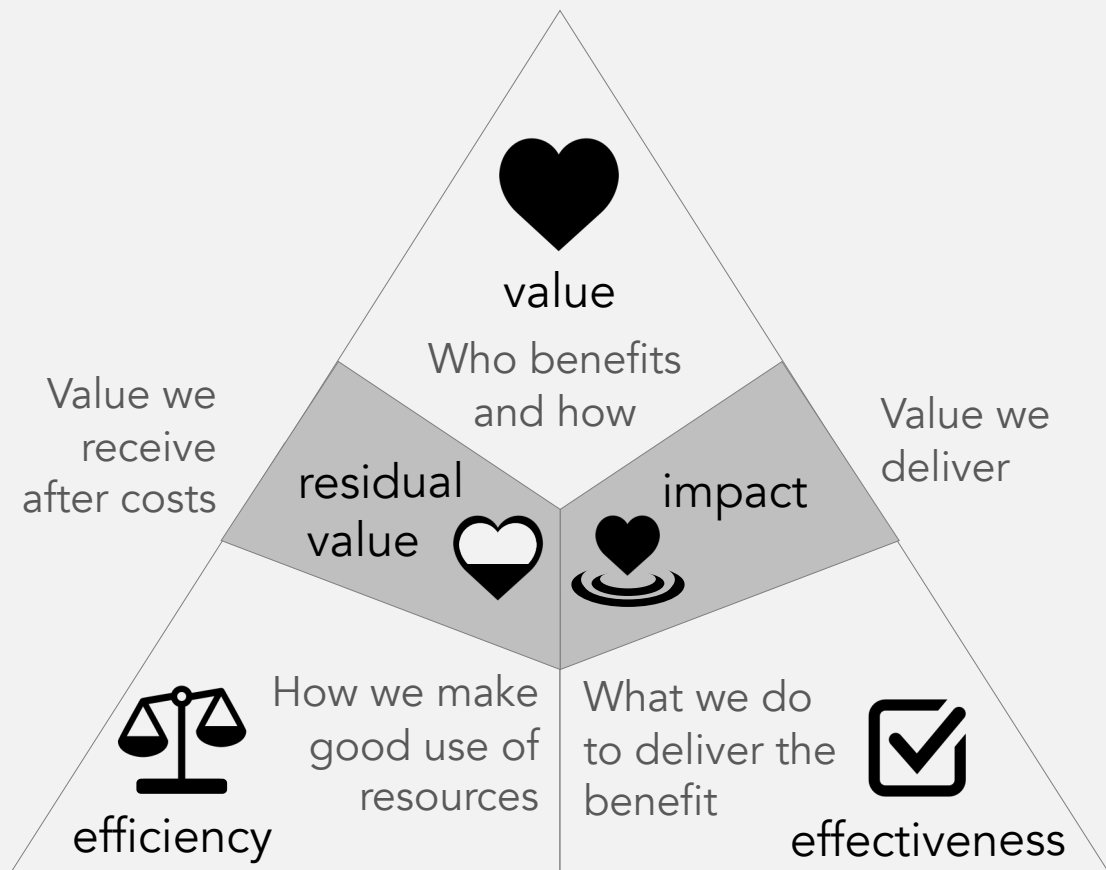


# Strategy models and frameworks

## The Value Model of Strategy



The **Value Model of Strategy** is a model representing strategy in terms of the three key defining features of strategic action: value, effectiveness and efficiency.

The Value Model of Strategy features in Goal Atlas Director, Mike Baxter's book ['The Strategy Manual: A step-by-step guide to the transformational change of anything'](#) and is also covered in our [Strategy Workshops](#).

# The Value Model of Strategy

## How to use it:

The Value Model of Strategy forces you to think deeply about the value offered by your organisation and what value you get back in return. It allows you to explore how efficient and effective you are at delivering that value, and what this means in terms of the impact you have, and the value you retain in your organisation. The Value Model can be used across the strategy lifecycle:

- in strategy production to stretch and frame ideas for strategy development;
- in strategic planning to audit the strategy you already have and ensure that you are operating at maximum effectiveness and efficiency to deliver the best value;
- in reviewing a strategy at the end of its lifecycle to inform the development of the next strategy.

## Explanation:

The Value Model of Strategy takes, as its starting point, the fact that strategy is about action and must, therefore, encompass the three key defining features of any action: what value that action is intended to deliver, how effective it is at delivering that value and how efficiently it does so.

1. **Value** refers to a value exchange between you and the world. What do you offer to the world and what do you get in exchange? Value will mean different things for different organisations, including “purpose beyond profits”, such as reducing pollution, increasing recycling, becoming carbon-neutral, promoting diversity and inclusion amongst employees or committing a proportion of profit to charitable causes. Value can be seen in three ways:
  - a. **Value** describes, in general terms, who benefits and how. What is the purpose of your actions? Why are you doing it? Who are the beneficiaries? Think beyond your customers to all stakeholders who may benefit from your actions.
  - b. **Impact** sits between effectiveness and value – it is how much value you can actually deliver, by means of the work you do. Do you enable your customers to get jobs done? Or make people’s lives easier? Or contribute to a more sustainable world? It is your ‘ultimate effectiveness’ (the sum of all your operational effectiveness – see 2 below).
  - c. **Residual value** sits between efficiency and value – by making good use of your resources, the cost of you delivering value to the world doesn’t use up all the value you receive in exchange. It is the value you receive minus the cost of the value you deliver. This is not just profit – it could be reputation, expertise, recognition, staff well-being etc. It is your ‘ultimate efficiency’ (the sum of all your operational efficiencies – see 3 below).
2. **Effectiveness** is what you do to deliver value to your beneficiaries; how, and how well, you deliver value. It can be defined as ‘doing the right thing’. Operational effectiveness involves doing lots of different ‘right things’. You must know what you need to do, you must be able to do it all and you must do it in a way that achieves your purpose. Effectiveness is typically measured in terms of outputs or the benefits arising from those outputs. What would it take to have excellent effectiveness? What about world-class effectiveness?
3. **Efficiency** is how you make good use of resources. It can be defined as ‘doing the thing right’. Was the action undertaken in the best possible way, or was time, energy or money wasted in the process? How do you make good use of resources? When does it need to be done by? What do you have to ‘spend’ (what resources do you need) to deliver value? How could that be improved and what would world-class efficiency look like? Operational efficiency tries to ensure you ‘get more out than you put in’ across a wide range of tasks. It is about cutting waste, reducing costs, compressing timelines or increasing return on investment. Efficiency is usually measured using rates, ratios or comparisons with benchmarks – costs per new customer, time to deploy new software, percentage of calls answered within 30 seconds of calling etc.

Strategy:

Prepared by:

Date:



## The Value Model of Strategy



*value*

Who benefits  
and how



*residual value*

Value we receive  
after costs

*impact*

Value we  
deliver

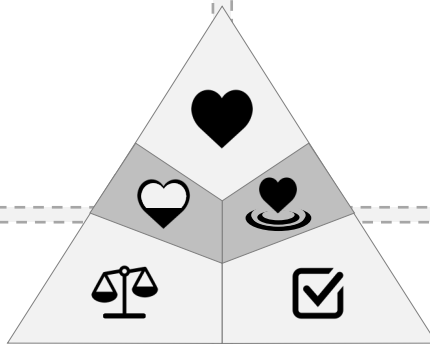


*efficiency*

How we make  
good use of resources

*effectiveness*

What we do to  
deliver the benefit





## The Value Model of Strategy

### Employees

- inclusion & diversity

### Other Businesses

- business role model

### Warby Parker

- sustainable business with a conscience



### value

Who benefits and how

### Customers

- effective, affordable eyewear with a conscience

### Environment

- harmlessness

### Charity beneficiaries

- effective free eyewear with a conscience



### residual value

Value we receive after costs

- brand equity: a good company to buy from / work for
- organic business growth
- happiness of staff
- profit

### impact

Value we deliver



- “designer eyewear at a revolutionary price”
- “leading the way for socially conscious businesses”
- improved sight & happiness



### efficiency

How we make good use of resources

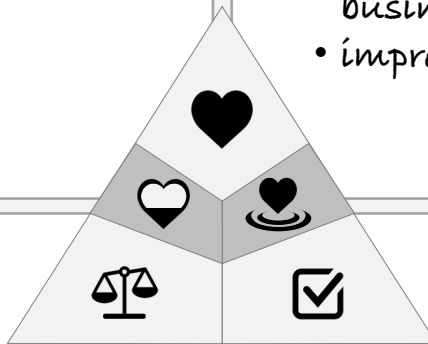
- economies of scale
- efficient marketing
- design glasses in-house
- circumvent traditional supply channels
- engage with customers directly

### effectiveness

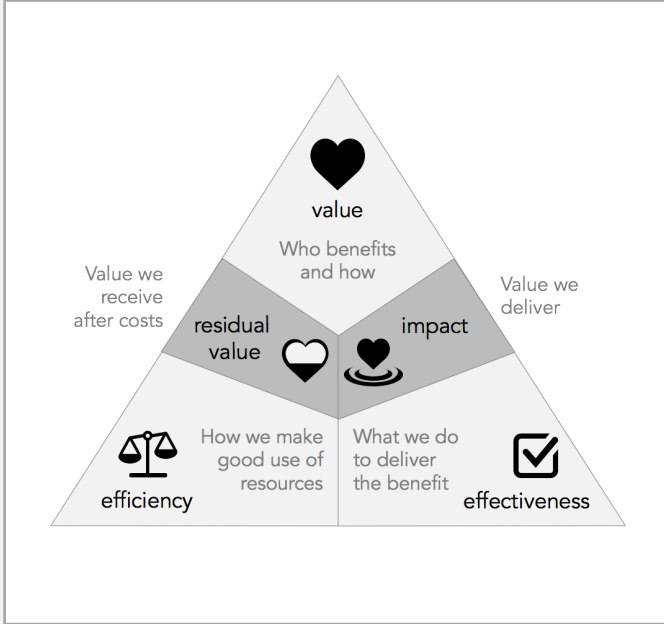
What we do to deliver the benefit



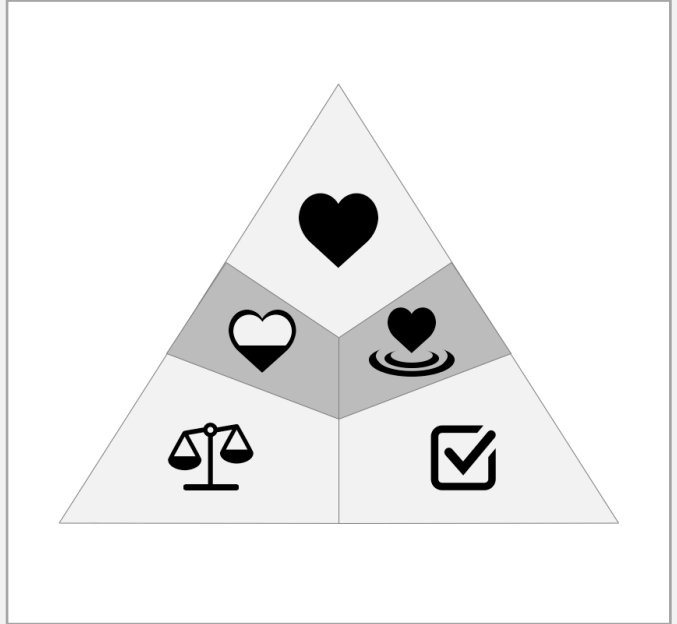
- buy-a-pair, give-a-pair
- inclusion & diversity in the workplace
- try 5 different styles at home and choose one
- 100% carbon neutral



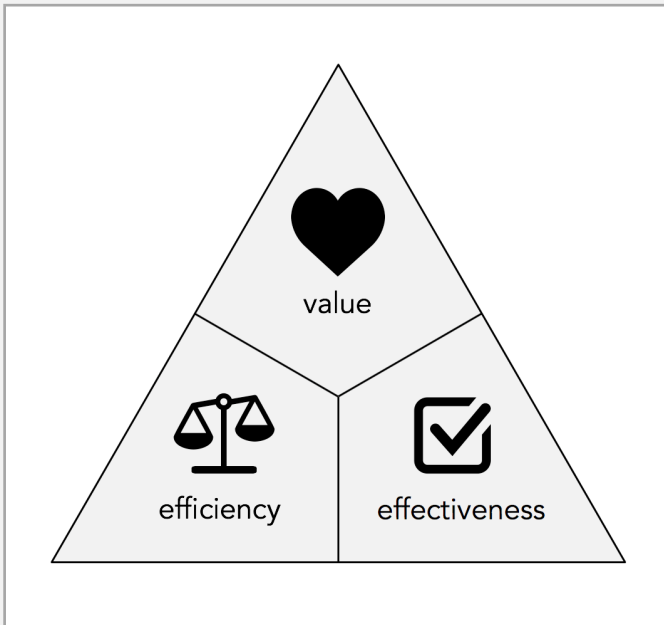
## The Value Model of Strategy: Downloadable Image Assets



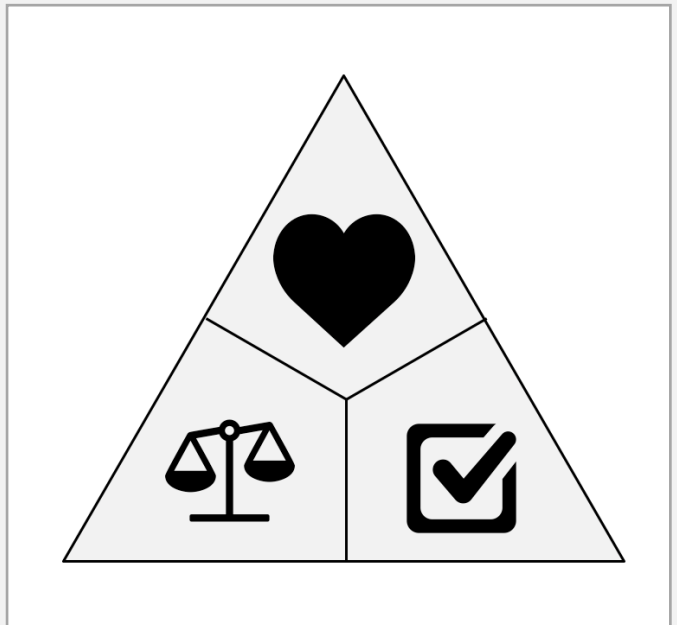
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