

The Optimal Strategic Performance Positioning (OSPP) Matrix as an Evaluative Tool for Stock Analysts

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Abstract

This article investigates the implementation of the "Optimal Strategic Performance Positioning (OSPP) Matrix" (Kipley et al., 2012), which evaluates the interconnectedness of four factors: "Strategic Posture," "Strategic Investment," "Future Competitive Position," and "Future Industry Prospects." The values/results of these variables are assessed and used to determine the company's positioning within the matrix.

To assess the firm's position in relation to the "optimal strategic position" and provide a stock rating, the stock analyst can plot the values/results of the four variables on a matrix. This allows the analyst to determine whether the firm's position is optimal, suboptimal, or nonviable.

Based on the firm's position on the matrix, the stock analyst can rate the company's shares as either buy, neutral, or sell. If the firm's position is in the optimal strategic position, the shares may be rated as a buy. If the firm's position is suboptimal, the shares may be rated as neutral. If the firm's position is nonviable, the shares may be rated as a sell.

By comparing the stock rating generated by the "optimal strategic position" approach to the one produced by traditional financial analysis, analysts can identify significant validations or discrepancies that equity investors can act on. This comparison can provide meaningful insights into the firm's performance and potential, helping investors make more informed investment decisions.

Keywords: Optimal Strategic Performance Positioning (OSPP) Matrix, Strategic Posture, Strategic Investment, Future Competitive Position, Future Industry Prospects, shares, stocks, stock financial analysis.