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.

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Introduction

In the world of finance, stock analysts are always seeking innovative methods to evaluate a company's potential for success. The "Optimal Strategic Performance Positioning (OSPP) Matrix" is one such tool that provides an evaluative framework for assessing a company's strategic performance. The OSPP matrix is designed to analyze the interrelationship of four variables: "Strategic Posture," "Strategic Investment," "Future Competitive Position," and "Future Industry Prospects." By analyzing these variables and plotting the results on the matrix, the OSPP matrix enables analysts to rate a company's shares as buy, neutral, or sell, based on its position in relation to the "optimal strategic position."

This research explores the implementation of the OSPP matrix as an evaluative tool for stock analysts and highlights its potential to offer significant and meaningful validations or discrepancies compared to traditional financial analysis. By utilizing the OSPP matrix as a complementary tool to existing methods, stock analysts can gain a deeper understanding of a company's strategic performance and potential for future success.

Conventional Stock Financial Analysis

Stock analysis involves estimating a company's future performance, usually through determining the estimated future net earnings divided by the total number of shares (EPS). The EPS, which is reported quarterly by publicly listed companies, is a key factor affecting stock prices. A stock analyst's main job is to forecast a company's earnings and perform financial analysis to assign a stock rating, such as Strong Buy, Buy or Accumulate; Neutral or Hold; or Sell or Avoid. The stock valuation is determined through Price/Earnings or Discount Cash Flow analysis.

Volatility in stock prices tends to increase with earnings reports, which occur every quarter. When a company's earnings are better than expected, a "positive earnings surprise" occurs, resulting in a sharp increase in the stock price and a positive gap on the stock price chart. Conversely, when a company's earnings are worse than expected, a "negative earnings surprise" occurs, resulting in a sharp decrease in the stock price and a negative gap on the stock price chart.

However, stock analysts typically focus solely on financial analysis and often ignore a company's strategic profile or its non-financial information, such as its strategy. This limitation can lead to an

incomplete analysis of a company's performance. While publicly available information is restricted to generic guidance, non-financial strategic information can be obtained from various sources, such as 10-k reports, functional managers, and the Investor Relations department. Human resources (HR) managers can also provide valuable strategic information, given the central role of HR in generating corporate strategy.

Purpose of Management/Strategy Analysis

Financial stock analysis has become largely accessible to the public online, which has made offering stock analysis to investors a challenging proposition. The value of the service has decreased, and it has become a commodity. Previously, Wall Street was an exclusive "club," where research was available only to the best "members" who were willing to pay any price. However, after a 25-year career on Wall Street, analysts can now only offer investors a stock research product that is practically worthless. Now an army of stock analysts are struggling to aggregate financial data into their reports, which is largely available and used by anyone.

To innovate stock analysis, the approach needs to take advantage of the strong relationship between financial performance (stock price) and a few strategic variables such as management, strategy, and environment. For example, Wall Street analysts rated specific stocks as a sell, and the stocks skyrocketed, multiplying their value several times. A non-financial strategic analysis would have suggested buying the stock instead of selling it. For instance, the case of Apple at $10/share in 2004, where most analysts were negative on the stock due to their "financial myopia," while a non-financial analysis of management and strategy could have suggested the explosion of the stock to over $700 (and still maintain a reasonable valuation) in 2012 (see appendix 1).

Purpose of Management/Strategy Analysis

According to Bonelli (2018), the OSPP model is based on revisited principles of the Ansoff Strategic Success Hypothesis (Ansoff et al., 1993), which asserts that a firm must align its industry environmental turbulence (ETL) assessment, strategic aggressiveness (SA), and general management capability responsiveness (CR) to achieve optimal strategic potential. Thwaites and Glaister (1993) further suggest that an organization must select a mode of strategic behavior that matches the levels of environmental turbulence and develop a resource capability that complements the chosen mode to succeed in an industry.

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The OSPP model enhances this analysis by adding two crucial future variables to the two Ansoffian variables. As such, the OSPP matrix is based on four measurable values/variables, namely:

Strategic Posture

Strategic Investment

Future Competitive Position

Future Industry Prospects

The widely used matrices such as BCG and GE/McKinsey are commonly employed by various firms across different industries. However, they analyze only one dimension of a firm, such as market share or market growth, which are undoubtedly crucial elements. But if only these one-sided dimensions are considered, the analysis can only describe the current situation, and there is no guarantee that these elements can be indicative of future performance.

On the other hand, by considering strategic posture and strategic budget, and ensuring that the strategic posture matches ETL, and can be supported by strategic investment, one can assess not only the present but also the firm's future market share and growth. When all the variables and their interaction are considered together, the strength of predictive results about the firm's future performance position will substantially increase. In a similar vein, Kipley, Lewis, and Jeng (2012) attempted to blend Ansoff's concepts with the most used analysis tools today, developing an interrelated matrix named "the Optimal Strategic Performance Positioning Matrix (OSPP)."

Strategic Posture

Strategic posture involves quantifying a firm's "strategic aggressiveness" and "capability responsiveness," and their relationship to one another and to ETL. In essence, it considers how aggressive the firm is in competing/responding at a given level of ETL. The capabilities of the firm's managers and functional areas are also crucial, as they determine whether the firm's capabilities can support the strategic aggressiveness or strategy required for implementation. The subsequent strategy is developed in response to an ETL.

The concept of strategic posture has been empirically validated by 1,800 firms, which found that "firms with capabilities 'responses supportive of strategic aggressiveness aligned to a specific level of turbulence' achieve a higher performance level in their industry" (Bonelli, 2018).

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Turbulence Assessment

According to Bonelli (2018), the value rating of a firm competing in a specific industry is influenced by several factors, including changes in the economy, technology, and external environmental factors. To determine the level of turbulence, variables are measured to determine their susceptibility to creating disruptive changes that could either present significant opportunities or major threats to the firm. The Optimal Strategic Performance Positioning Matrix (OSPP) employs a comprehensive set of assessment questions, including those related to the industry lifecycle, technological and economic effects, monetary policy, inflation rate, and global/domestic policy, to evaluate the level of turbulence in a specific industry. The ETL assessment is conducted through a specific, granular analysis that considers the number of questions asked to evaluate the turbulence level. The industry segmentation must be highly specific to ensure a precise ETL assessment, and the OSPP model recommends specific industry segmentations to achieve this. Proper assessment of the industry's ETL is critical for formulating a successful strategic plan, as indicated by Davis, Morris, and Allen (1991) and Calantone, Garcia, and Droge (2003). The OSPP model defines Strategic Posture by combining the ETL, strategic aggressiveness, and general management capability responsiveness. Managers analyze the industry's future ETL using a list of 36 turbulence-level descriptors that are classified on a scale ranging from 1 (placid and stable) and transferred to the summary output screen.

Table 1. Environmental Turbulence Level Assessment (Source Kipley et all, 2012)

"Environmental Turbulence Level Assessment (1-5)	Industry Assessment					Enter # Here
Industry	**1**	**2**	**3**	**4**	**5**	
1. Frequency of New ProductsIn Industry	Infrequent5 or more yrs	Low	Moderate	High	Very High -Several per yr	2
2. Rapidityof Industry Change	None	Change occurs incrementally slow	Change occurs incrementally fast	Change is discontinuous but familiar	Change is discontinuousand novel	3

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3. Length of Product lifeCycle in industry	Very long 10 or moreyrs	Long (7-10)	Moderate (3-7)	Short (1-3)	Short - less than 1yr	4
4. Numberof Competing Technologies in industry	None	1	2 >3	4>5	5+	4
5. Industry Technological Intensity	Low	Low increasing	Moderate	High	Very High	5
6. Rate of Technological Obsolescence	Low	Low	High	High	Very High	5
7. Level of Product Performance Differentiation in industry	None	Low	Moderate	High	Drastic (based on Discontinuous Technology)	4
8. Societal Pressures on Industry	None	Moderate	Strong	Very Strong	Strong and Novel	2
9. Visibilityof future change events in industry	Complete visibility	Future visibility is extrapolative	Future visibilityis predictable	Future visibility is partially predictable	Future visibility is completely unpredictable	4
11. Rate ofChange in theindustry	No Change	Change is slower than firm response time	Firm response time is equal to change	Change occurs faster than firm response time	Change is completely unexpected	12. Barriers to Entry of New Competitors in industry
12. Barriers to Entry of New Competitors in industry	None	Low	Moderate	High	Very High	4
13. Frequency of Turbulence level shifts inindustry	Rare	Low	Occasional	Often	Regularly	4
14. Competitive Scope	Regional	Multi-Regional	Domestic	Multi-National	International	3

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	Macro Environmental Assessment					Future Industry Innovation Turbulence(2A)	3.5
Environmental Turbulence Level Assessment (1-5)							
Market	1	2	3	4	5	
1. Industry Market Structure	Monopoly	Duopoly	Oligopoly	Multi-Competitor	Many with Major newentrant	4
2. Consumer Pressure in industry	None	Weak	Strong	Demanding	Threatening	4
3. Pressureby Unions on Industry	None	Weak	Strong	Demanding	Threatening	4
4. Pressureby Government on Industry	None	Weak	Strong	Demanding	Threatening	3.5
5. GDP Trend	<-1.0-2.0	.0--.09	0.0-.09	1.0-2.9	3>	4
6. Federal Government Budget Deficit	Declining	Stable	Predictable increase	Predictable modest increase	Unpredictable, rapid,high increase	2
7. Interest Rates	Stable	Extrapolable change	Predictable change occursequal to firm response	Predictable change occurs faster than firm can respond	Unpredictable, rapid, instability - firm completely surprised	1
8. Inflation Rates	Stable	Extrapolable change	Predictable change occursequal to firm response	Predictable change occurs faster than firm can respond	Unpredictable, rapid, instability - firm completely surprised	1
9. Worker Productivity	Decreasing	Stable	No Change	Increase	Rapid Increase	4
10. Value ofdollar on world market	Declining	Stable	Predictable increase	Predictable increase	Unpredictable, rapid, increase	3
11. Tax Rates	Decreasing	Stable	No Change	Increase	Unpredictable, rapid, increase	4

12. Economic condition of ASEAN	Stable	Extrapolable change	Predictable change occursequal to firm response	Predictable instability change occurs faster than firm can respond	Unpredictable, rapid, instability - firm completely surprised	3
13. Economic condition ofEU	Stable	Extrapolable change	Predictable change occursequal to firm response	Predictable instability change occurs faster than firm can respond	Unpredictable, rapid, instability - firm completely surprised	4
14. Unemployment Rate	Low/Stable	Moderately Low	Moderate	Moderately High	High/Rapid increases	3
15. Industry Growth Rate	Declining	Stagnant	Very Fast (G1)	Fast (G2)	Mature (M)	3
16. Level of Capital Intensity Required	None	Low	Moderate	High	Very High	3
17. Pressure by Environmental Groups on Industry	None	Weak	Strong	Demanding	Threatening	3
18. Frequency ofNew Marketing Strategies in Industry	None	Low	Moderate	High	Revolutionary	2
19. Level of Product Image Differentiation found in industry	None	Low	Moderate	High	Drastic	3
20. Critical industry Marketing Success Factors	Control of the market	Dominate Market Share/Low production costs	Product Appeal/Rapid Response to customer needs/Custome rSatisfaction	Anticipation of change in needs/responsiveness to changing customer values	Identification of Latent/Underdeveloped customer needs	2
21. Demand-to-Industry Capacity	D>>Ic	D>Ic	D=Ic	Ic>D	Ic>>D	4
22. Diversity of Competing Marketing Techniques	None	Few	Moderate	Several	Multiple	2
					Future Marketing Turbulence	3.02

	(2B)	
	Future Environmental Turbulence Level (Figure 1A/1B Environmental Turbulence Level)	3. 30 "

Table 2. Strategic Aggressiveness-Innovation Aggressiveness.(Source: Kipley et all 2012)

"Strategic Aggressiveness Assessment (1-5)	INNOVATION AGGRESSIVENES S					Enter # Here
Industry Innovation	**1**	**2**	**3**	**4**	**5**	
1. Firm responsiveness to Customers	Neglect	Our product is what the customer wants'	Anticipation of customer needs	Identification of unfilled needs	Identification of latent needs	1
2. Firm strategic focus of new product Development	Process efficiency	Product imitation	Incremental product improvement	Product innovation	Product pioneering	1
3. Firm's Product Life Cycles	Very Long (5 or more yrs)	Long (3-5 yrs)	Moderate (2-3yrs)	Short (1yr)	Very Short (several per yr)	4
4. Market Development focus	Stay with current customers	Follow Competition	Expand to familiar markets	Expand to Foreign markets	Create new markets	4
5. Focus of Research& Development	None	Technology imitation	Technology improvement	Adaptation of new technology	Pioneering novel technology	4
6. Strategic Time Perspective	Past	Present	Familiar Future	Perceivable Future	New Futures	5
7. Change Trigger	Crisis	Accept familiar risks	Seek familiar risks	Seek Unfamiliar risks	Seeks novel risks	4
8. Firm's Success Model	Stability	Efficiency/ Performance	Effective Growth	Effective Diversification	Innovation	4
9. Firm position on Research Leadership	Imitator	>	Follower	>	Innovator	4
10. Firm position on Product Leadership	Imitator	>	Follower	>	Innovator	4
11. Firm position on Process Leadership	Imitator	>	Follower	>	Innovator	4
12. Firm's Risk Propensity	Avoid	Accept	Seek familiar risks	Seek Unfamiliar risks	Embrace novel risks	4
13. Frequency of New Product Introduction	Rare (every 5 or more yrs)	Low (3-5 yrs)	Moderate (2-3 yrs)	High (every yr)	Very High (Several per yr)	4

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14. What will be the critical innovation success factors in your industry in the next 2-5yrs?	Cost Reduction	Reactive product improvement	Aggressive product improvement	Aggressive product innovation based on incremental improvements	Creation of radically new products based on discontinuous developments	4
					Present Strategic Aggressiveness of Firms Innovation (3A)	**3.64**
					Innovation Component Gap (1B)	0.35"

Table 3. Strategic Aggressiveness-Marketing Aggressiveness.(Source Kipley et all 2012)

"Strategic Aggressiveness Assessment (1-5)	MARKETING AGGRESSIVENESS					Enter # Here
Marketing Strategy	1	2	3	4	5	
1. Firm salesAggressiveness	Low	Moderate	High	Very High	Single Focus	2
2. Firm Response to Competition	We do not compete'	We will respond to aggression'	We will not be undersold'	We are the market leader'	We are our own competition'	4
3. Firm Response to Customers needs	Low	Moderate	High	Very High	Single Focus	4
4. Sales Networkdevelopment	None	Below Average	Average	Above Average	Best in Class	4
5. Service Network development	None	Below Average	Average	Above Average	Best in Class	4
6. Market shareStrategy	Organic Growth	Defend position	Increase	Control market segment	Dominate market segment	4
7. Promotion and Advertising Strategy	Our products sell themselves'	Reactive	Aggressive	Innovative	Creative	4
8. Organizationspresent Marketing Concept	None	Traditional	Advanced	Innovative	Creative	4
9. % of Firms strategic budget spent on Marketing	Very low (less than 5%)	Low (5%-10%)	Moderate (10%-20%)	High (20%-30%)	Very High (more than 30%)	4
10. Frequency of firm introducing new products	Infrequent (every 5 yrs or more)	Low (every two years)	Moderate	High	Very High (several per yr)	4
11. Strategy of theMarketing Division	To sell what the firm produces'	To convince customers that our products are superior'	To serve the customer'	To establish the firm as a marketing leader'	To establish the firm as a marketing innovator'	4

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	Present Strategic Aggressiveness of Firms Marketing (3B)	**3.82**
	Marketing Component Gap (1B)	**0.52**
Firm Present Strategic Aggressiveness Level - Innovation + Marketing Strategic Aggressiveness/2 (Figure 3A/3B Strategic Aggressiveness Level)		3.73
	Strategic Aggressiveness Gap (1B) (Future ETL - Present Strategic Aggressiveness)	**0.433"**

On a scale of 1 to 5, where 1 represents "None" and 5 represents "Very High", rate the barriers to entry of new competitors in the industry.

Table 4. General Manager's Capability Assessment (Source: Kipley et all, 2012)

"Capability Component Assessment (1-5)	GENERAL MANAGERS					Enter# Here
Managers Attributes	1	2	3	4	5	
1. Current Leadership Style	Political / Custodial	Disciplinary/ Controllership	Inspirational/ Common Purpose	Entrepreneurial/ dynamic	Creative/Futurist	2
2. Problem Solving Skills	Trial and Error	Diagnostic	Optimization	Seek Alternatives	Creative	2
3. Social Judgment Skills	Perspective taking	+	Social Perception	Behavioral flexibility	Social Performance	2
4. Managers Risk Propensity	Reject Risk	Accept familiar risks	Seek familiar risks	Seek new risks	Gamble on innovation	2
5. Knowledge base of Managers	Internal Politics	Internal Operations	Traditional Markets	Global Environment	Emerging Environment	2
6. Time Orientation	Based on Past Precedents	Historical	Historical Extrapolated Future	New Future Opportunities	Invent the Future Opportunity	2
7. External vs. Internal Orientation	Introverted	>>	<Balanced>	>>	Extroverted	2
8. Intelligence	Custodial	Production Efficiency	Planning	Entrepreneurial	Creator	2
9. General Cognitive Ability	Perceptual processing	Information processing	General reasoning	Creative reasoning	Divergent thinking	2

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10. Crystallized Cognitive Ability	Comprehension of Basic Information	Mastery of basic skills	Comprehension of Complex Information	Mastery of comple xideas	Communicatio n ofComplex Ideas	2
11. Motivation	Willingness	+	Dominance	+	Committed to Social Good	2
12. Personality	Open	Tolerance for ambiguity	Curiosity	Confident	Adaptability	4
13. Power of GM	Micro-Manage	Management by Objective	Innovation Management	Manageme nt by Exceptio on	Managemen t by Exceptio n	2
14. Managers perception of success factors	Stability/ Repetition	Growth/ Economies of Scale/ lowest price	Response to market needs/ image differentiation	Strategic Positioning/ balanced portfolio/ flexibility/ societal responsiveness	Technological creativity/ Creationof needs	2
15. History of Effective Problem Solving	Basic solution+	Original solutions+	Logical solutions +	Effective solutions+	Unique solutions	1
16. Do the firm's finance/accounting managers have adequate experience and training?	Position open and unfilled	Untrained/ basic education	Trained/ basic education in Finance/Accounting	Experience/advan ceddegree in Finance/Accounti ng	International experience/advan ceddegree in Finance/Account ing	4
17. Do the firm's marketing managers have adequate experience and training?	Position open and unfilled	Untrained/ basic education	Trained/ basic education in Marketing	Experience/adva nceddegree in marketing	International experience/advan ceddegree in marketing	3
18. Do the firm's Operations managers have adequate experience and training?	Position open and unfilled	Untrained/ basic education	Trained/ basic education in Operations	Experience/adva nceddegree in Operations	International experience/advan ceddegree in Operations	1
19. Do the firm's Research & Development managers have adequate experience and training?	Position open and unfilled	Untrained/ basic education	Trained/ basic education in R&D	Experience/adva nceddegree in R&D	International experience/advan ceddegree in R&D	3
20. Do the firm's MIS managers have adequate experience and training?	Position open and unfilled	Untrained/ basic education	Trained/ basic education in Information Systems	Experience/adva nceddegree in Information Systems	International experience/advan ceddegree in Information Systems	2

21. Do the firm's Sales managers have adequate experience and training?	Position open and unfilled	Untrained/ basic education	Trained/ basic education in Sales Leadership	Experience/advanceddegree in Behavioral Science	International experience/advanceddegree in Behavioral Science	1
22. History of Management Performance	Low	+	Moderate	+	High	3
					Present General Manager Responsiveness Level (4A)	2.18
					Managers Gap (1B)	1.12"

Table 5. Culture Capability Assessment

"Capability Component Assessment(1-5)	CULTURE					Enter # Here
Culture Attributes	1	2	3	4	5	
1. Current Rewards and Incentives	Length of service	Past Performance	Contributionto future growth	Entrepreneurship	Creativity	2
2. Values and Attitudes	Stability	Adaptation	Grow	Diversify	Create	2
3. Attitude toward Change	Reject	React	Seek familiar change	Seek Novel change	Create change	1
4. Propensity toward Risk Taking	Avoid	Only when forced	Tolerates	Accepts ModerateRisk	Accepts High Risk	2
5. What Triggers the need for Change	Crisis	Accumulation of Unsatisfactory performance	Responding to market	Seeking Change	Creating Change	2
6. Time Perspective in which Management perceives its problems	Past	>	Present	>	Future	1
7. Strengthof union influence on firm culture	High/Adversarial	High/Negotiable	Moderate Participatory	Low	None	4
8. Employee morale	Low	>	Moderate	>	High	3

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9. Employee absenteeism	High	>	Moderate	>	Low	2
10. Employee turnover	High	>	Moderate	>	Low	3
11. Success Criterion	Stability	Efficiency/ Performance	Effective Response to competitionand marketneeds	Dynamic balance of the organization portfolio/ Growth	Innovation leadership	2
					Present Culture Responsivenes sLevel (4B)	2.18
					Culture Gap (1B)	1.12"

Table 6. Structure Assessment (Source Kipley et all 2012)

Capability Component Assessment (1-5)	STRUCTURE					Enter # Here
Structure Attributes	1	2	3	4	5	
1. Current Organizational Form	Bureaucratic	Functional	Divisional	Matrix/ New Venture	Flexible structure	2
2. Organizational structure focus	Specific task	Performance	Organic Growth	Industry Opportunity	Industry Growth	1
3. Organizational Structural Flexibility	Rigid	Low Flexibility	Moderate Flexibility	Adaptive	Highly Adaptive	2
4. Current System	Control	Budgeting	LRP	Strategic Planning	Issue/Surprise Management	1
5. Management Focus	Control of deviation	Allocation of resources	Coordination of growth/profits	Management of Strategic Innovation	Management of Partially/ unpredictable change	2
6. Primary purpose of structure	Maintain status quo	Minimize operating costs of the firm	Optimize the firm's profits	Develop the firm's near term profit potential	Develop the firm's long term profit potential	1
7. Power Center within the organization	Bureaucratic	Production	Marketing	General Management	Research & Development	1
8. Current Organization has too many levels of management	Strongly Agree	Agree	< >	Disagree	Strongly Disagree	4

9. Our organization has too many meeting attended by too many people	Strongly Agree	Agree	< >	Disagree	Strongly Disagree	3
10. Too much attention is directed toward solving interdepartmenta l conflicts	Strongly Agree	Agree	< >	Disagree	Strongly Disagree	4
11. Functional departments havetoo large of a span of control	Strongly Agree	Agree	< >	Disagree	Strongly Disagree	2
12. Organization hastoo many unachieved objectives	Strongly Agree	Agree	< >	Disagree	Strongly Disagree	2
13. Revenue and/or earnings divided by the number of managers is low compared to rivals	Strongly Agree	Agree	< >	Disagree	Strongly Disagree	2
					Present Structure Responsiveness Level (4C)	2.08
					Structure Gap (1B)	1.22"

Table 7. System Assessment (Source Kipley et all, 2012)

"Capability Component Assessment(1-5)	SYSTEMS					Enter # Here
Systems Attributes	1	2	3	4	5	
1. Current Information gathering system	Precedent based	Historica lsuccess	Extrapolated Future	Scenario Planning/ 'what-if scenarios'	Artificial Intelligence/ DataMining	3
2. Current purpose priority of systems withinorganization	Status Quo	Performance	Growth	New Opportunit ies	Creativity	2
3. Organizations problem 'trigger'	React to crisis	Accumulation of unsatisfactory performance	Anticipated threats	New Opportunit ies	Breakthrou ghs	2

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4. Organizations system for decision making strategy	Systems & Procedures	Budgeting	Extrapolative strategic planning	Entrepreneurial strategic planning/ capability planning	Strategic Issue management /Crisis management	1
5. Current Systems typical problems	Control of Deviation	Resource allocation	Coordinating growth/profits	Strategic Coherence	Management of discontinuous changes	2
6. Procedures for Systems Improvement	None	When forced by competition	Accommodate current growth	Planned for Future Capability Needs	Planned for Future Creative Capability Needs	1
7. Which phrase best describes the organization when control is lost	Deviation from stable state	Deviation from budgets	Deviation from plans	Seek new opportunities	Creative drive	2
					Present Systems Responsiveness Level (4D)	1.86
					Systems Gap (1B)	1.44"

Table 8. Technology/Capacity Assessment.(Source Kipley et all. 2012)

"Capability Component Assessment (1-5)	MANAGEMENT TECHNOLOGY					Enter # Here
Management Technology Attributes	1	2	3	4	5	
1. Current Analytical Model being used by organization	Standard procedures	Work study/ Ratio analysis/ Equipment replacement	Capital budgeting/ Optimization	Futurology	Creativity	2
2. Process Technology Level	None	Low	Moderate	Advanced	Industry Leader	2
3. Technology Acquisition	Minimal	Reactive	Proactive	Opportunity Seeking	Opportunity Creating	2
4. Product/Service Innovation	None	Low	Moderate	High	Industry Leader	1
5. Investment in Technology	None	Low	Moderate	High	Industry Leader	2
6. Frequency of new Technology	None	Low	Moderate	High	Industry Leader	1
7. Technology as a Competitive tool	Unimportant	>	Moderate	>	Essential	2

8. Technological positioning	Imitator	>	Follower	>	Innovator	2
9. Does the firm have technological competence	None	Developing	Industry Parity	Advanced	Industry Leader	3
10. Current Technological Surveillance system being used by	Statistical Files	Statistical performance control	Performance Extrapolation	Non-linear forecasting/ what-if models	Artificial Intelligence	1
organization						
				Present Management Technology Responsiveness Level (4E)		1.80
				Technology Gap (1B)		1.50
Capability Component Assessment (1-5)	MANAGEMENT CAPACITY					Enter # Here
Management Capacity Attributes	1	2	3	4	5	
1. Which term best describes the capacity of your organization's general management	Minimal	Adequate for breakeven	Sufficient for profit making work	Sufficient for strategic and profit making work	Sufficient for creativity/ strategic/ and profit making work	2
2. Which term best describes the capacity of your organization's staff	Minimal	Adequate for breakeven	Sufficient for profit making work	Sufficient for strategic and profit making work	Sufficient for creativity/ strategic/ and profit making work	1
				Present Management Capacity Responsiveness Level (4E)		1.50
				Technology Gap (1B)		1.80
			Capability Responsiveness Gap (1B)			1.647

After completing the six profiles questionnaires, the results are calculated and recorded in the summary output, along with the component gaps for each assessment, according to Kipley et al. (2012) (see Table 12). The second capabilities responsiveness gap is also calculated and entered into the summary output. The Contingent Strategic Success Hypothesis emphasizes the importance of aligning SA/CR with ETL to achieve optimal strategic success. Ansoff's hypothesis suggests that a gap in SA and/or CR will have a negative impact on the firm's performance (Ansoff et al., 2012). OSPP determines the size of the gap in both SA and Capabilities Responsiveness and

assigns a coefficient for each, which acts as a "discounter" of the Strategic Posture from an optimal position, according to Bonelli (2018). The formula for the function is Aopt = 5 x (coef SA) (coef CR). With the data collection complete, the stock analyst can determine the position of the Strategic Posture variable on the final matrix (Fig. 1).

Strategic Investment (ISTRATEGIC)

Strategic Investment (SI) refers to the financial resources a firm invests in its strategic operations relative to the market leader. The proportion of SI allocated to R&D, Operations, and Marketing varies depending on the type of firm. For instance, a technology firm would allocate more of its budget to R&D, while a retail firm would allocate more budget to marketing. The SI variable is quantifiable, obtained directly from the firm's balance sheet, and is understood by stock analysts and investors alike. The Strategic Investment Screen is the firm's total commitment of resources to an SBA, divided into Operations, R&D, and Marketing. Each component must be above its own critical mass, and an optimal mass represents the level of investment beyond which the incremental effect of the strategic budget on profitability starts to decrease. The Strategic Investment Ratio is calculated using a questionnaire with 12 descriptors for SI and 9 descriptors for Capacity Investment (CI), relative to the industry leader. The stock analyst now has the data needed to determine the position of the second variable, SI, on the final matrix.

Table 9. Strategic Budget. (Source: Kipley et all, 2012)

"Capacity Investment Assessment (1-5)	EFFECTIVE CAPACITY INVESTMENT (RELATIVE TO MARKET LEADER)					Enter# Here
Capacity Attributes	1 0%-10%	2 11%-29%	3 30% - 59%	4 60% -79%	5 Industry leader - 80-100%	
1. Production facilities						4
2. Distribution network						4
3. Marketing						4
4. Acquisitionof personnel						4
5. Training of personnel						4
6. Acquisitionof Technology						4
7. Costs of Systems integration						4
8. Machinery						4

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9. Research and Development						4
RELATIVE TO INDUSTRY LEADER…. If-ICR/IOPT-ICR…..Investment in this category are the cost of facilities andequipment needed to provide the necessary capacity of the above list.				Present Capacity Investment Level		**4.00**
				Capacity Investment Coefficient		**0.80"**
"Strategic Investment Assessment(1-5)	STRATEGIC INVESTMENT (RELATIVE TO MARKET LEADER)					Enter # Here
Strategic Attributes	1 0%-10%	2 11%-29%	3 30% - 59%	4 60% -79%	5 Industry leader - 80-100%	
1. Strategic Planning						4
2. Market Research						4
3. Market Testing						4
4. Management Training						4
5. Product Development						4
6. Process Technology						4
7. Automation						4
8. Computer Assisted Production						4
9. Strategy Development						4
10. Capability Development						4
11. New Facilities & Equipment						4
12. Product Launching						4
RELATIVE TO INDUSTRY LEADER ……If-ICR/IOPT-ICR….Investment in this category are the cost needed to provide the necessary strategic investments for the firm.				Present Strategic Investment Level		**4.00**
				Strategic Investment Coefficient		**0.80"**

Future Competitive Position

The future competitive position variable in OSPP (as shown in Table 10) combines concepts from the BCG matrix, the Industry Life Cycle, the GE/McKinsey, and the Competitive Profile matrix to assess a specific firm's competitiveness in its industry. This variable takes into account various factors such as marketing, sales aggressiveness, distribution channels, and technology, which will

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determine a firm's future competitiveness relative to its competitors. To assess this variable, the stock analyst must consider both financial and soft data. The analyst can use their own earnings estimates for the company stock or average the estimates of several other analysts if they don't have their own. Soft data can be obtained by interpreting the company's conference calls or announcements, participating in investment conferences, or contacting the top management or investor relations. The higher the future competitive position factors are, the more competitive the firm will be in its industry.

Table 10. Future Competitive Position (Source: Kipley et all, 2012)

"Future Competitive Position (1-5)	Future Competitive Position					Enter # Here
Relative to Industry	**1**	**2**	**3**	**4**	**5**	
1. Frequency of the firm introducing new products into the industry	Infrequent (every5 yrs or more)	Low	Moderate	High	Very High (several per yr)	3.95
2. Firm's number of competing technologies	None	None	More than 1	<5	5>	4.15
3. Rate of technological change	Low	Slow/ Incremental	Moderate	Fast/ Discontinuous	Unexpected/ Discontinuous	4
4. Product performance differentiation	None	Low	Moderate	High	Disruptive	4.15
5. Firm's access to Distribution Channels	None	Limited	Moderate	High	Unlimited	4.05
6. Firm's sale aggressiveness	Low	Moderate	High	Very High	Single Focus	3.9
7. Responsiveness to competition	None	Reactive	Anticipatory	Proactive	Disruptive	4
9. Profit margin (relativeto competition)	Very low	Low	Moderate	High	Very High	3.95
10. % of strategic budgeton marketing	Very low (less than 5%)	Low (5%-10%)	Moderate (10%-20%)	High (20%-30%)	Very High (more than 30%)	4.05
11. Product leadership	Follower	2nd mover	1st mover	Innovator	Creator	4
12. Firm's production Capacity	<< demand	< demand	Match Demand	>Excess	>> Excess	3

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	Historical	Extrapolative based on Historical data	Predictive/ threat- opportunity analysis	Deductive analysis	Impact analysis	
13.Mgmt.'s knowledge of Environment	Historical	Extrapolative based on Historical data	Predictive/ threat-opportunity analysis	Deductive analysis	Impact analysis	4.1
14. Frequencyof firm introducing new technologies in industry	Infrequent (every5 yrs or more)	Low (every 3 yrs)	Moderate (every yr)	High	Very High (several per yr)	3.85
15. Firm's competitive Intensity	None	Low	Moderate	High	Extreme	3.95
16. Aggressiveness of firm's strategy	None	Low	Moderate	High	Disruptive	3.85
17. Firm's product image differentiation	None	Low	Moderate	High	Drastic	3.9
18. # of firm's patents, trademarks, copyrights	None	Below Average	Average	Above Average	High (industry leader)	4.1
19. Quality of firm's products	Poor	Low	Industry Average	Above Average	Industry Leader	4.1
20. Firm's Marketing development focus	Existing products/existing customers	Existing products/ new customers	New products/existing customers	New products/new customers	New products/new markets	4.1
21. Firm's brand equity	Poor	Low	Average	High	Exceptional	3.95
22. Firm's Level of Customer Service	Poor	Low	Industry Average	Above Average	Industry Leader	4.1
23. Performance of firm's Products	Poor	Low	Industry Average	Above Average	Industry Leader	3.9
24. Growth in Market Share	Declining	Stagnant	<5%	>5% - 8%	8%>	3.85
25. Reliability of firm's products	Poor	Low	Industry Average	Above Average	Industry Leader	4
26. Firm's Market Share	Declining	Stagnant	<5%	>5% - 8%	8%>	3.95
	Future Competitive Position					3.96"

In the OSPP model, a questionnaire consisting of 27 competitive descriptors is used to determine a firm's future competitive position in its industry. Managers are required to identify and enter the characteristic that best describes the future condition of the industry for each attribute of future competitive position, using a numerical scale to assign a number to each point. However, for our purposes, we believe that fewer soft data points are necessary, and the only financial data required would be the earnings estimates mentioned earlier. The analyst can then average the numbers obtained and enter the average into the summary table, resulting in the third variable of the firm's future competitive position being ready to be posted on the final matrix.

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Prospect of the Industry

In OSPP, the prospects of the industry are evaluated through a 20-point questionnaire (refer to Table 11), which examines the industry life cycle, product introduction, profit generation, and new entrants or exits in the industry. If new products are being introduced or there are no new participants entering the industry, it may indicate a mature industry. Declining industry profits could also be a sign of a mature or declining stage. The analyst should assess whether a firm's market leadership in a declining industry is favorable or not, as exemplified by Ansoff's electronic valve example.

To evaluate the future prospects of the industry, the analyst should use the questionnaire to identify and assign numbers to each attribute of the industry's future prospects, and then average the results to obtain the final score. This process is similar to that of the previous variables, and the results are entered into the summary table for further analysis. The necessary data to assess the industry's future prospects are readily available to any analyst.

Table 11. Future Prospect of the Industry (Source: Kipley et all, 2012)

"Future Prospects of Industry (1-5)	Future Prospects of the Industry					Enter # Here
Industry	**1**	**2**	**3**	**4**	**5**	
1. Market Growth Rate	Declining	Stagnant	Mature	G2	G1	3
2. Market Size	Declining	Low	Low	Moderate	High	4
3. Level of Demand Saturation	Very High	High	Moderate	Low	Very Low	2
4. Demand Variability	Very High	High	Moderate	Low	Very low	4
5. Industry profitability	None	Low	Moderate	High	Very High	5
6. Frequency of new products in industry	None	Low	Moderate	High	Very High	4
7. Length of product life cycle	Very Long (10yrs of more)	Long (7 - 10yrs)	Moderate (3-7yrs)	Short (1-3yrs)	Very Short (less than 1 yr)	3
8. Forced product obsolescence	Extreme	Very High	High	Moderate	Low	4
9. Industry Rivalry	Many	High	Moderate	Oligopoly	Monopoly	5
10. Barriers to Entry	Low	Moderate	Moderate	High	High	4
11. Global opportunities	None	Low	Moderate	High	Very High	3
12. Political/Social impact on industry	Very High	High	Moderate	Low	Very Low	3

13. Environmental impact on industry	Very High	High	Moderate	Low	Very Low	4
14. Macro-environmental impact on industry	Very High	High	Moderate	Low	Very low	5
15. Rate of Technological innovation	Very Low	Low	Moderate	High	Very High	4
16. Threat to growth and profitability	Very High	High	Moderate	Low	Very low	3
17. Is the need of the consumer still relevant?	No	Diminishing need	Need is shifting	High	Extreme	2
18. GDP Growth Prospects	Negative	Stagnant	1%	1-3%	4>%	3
19. Inflation Rate	>10%	6-9%	3-5%	Low	Very Low	4
20. Technological impact on industry	Very High	High	Moderate	Low	Very Low	3
	Future Prospects of Industry					3.60 ,,

OSPP Output

The firm's Strategic Aggressiveness (SA) is comprised of two components: innovation aggressiveness and marketing aggressiveness, which are averaged to obtain an SA value of 3.73 with a .44 gap relative to ETL, which is SA of 3.73 minus ETL of 3.30 (refer to Table 12). General Management Capabilities Responsiveness is assessed across six areas of the firm, including managers, culture, structure, systems, technology, and capacity, and the combined components are summed and averaged to obtain a CR value of 1.93 with a gap of 1.36. Coefficients can be determined based on the SA/ETL and CR/ETL gaps, which can then be entered into the formula Aopt = 5 (coef SA) (coef CR) The SA gap of .43 yields a coefficient of .80 (highlighted in blue in the second part of Table 12), while the CR gap of 1.36 corresponds to a coefficient value of .40 (highlighted in green). Using the formula above, the optimal strategic performance positioning is calculated to be: 5 (.80) (.40) = 1.60

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Table 12. Component Gaps and Closing Costs.(Source Kipley et all, 2012)

COMPONENT GAPS AND CLOSING COSTS			
ENVIRONMENTAL TURBULENCE LEVEL	3.30		
STRATEGIC COMPONENTS		COMPONENT GAPS	ANNUNCIATOR PANEL
INNOVATION AGGRESSIVENESS	3.64	0.35	
MARKETING AGGRESSIVENESS	3.82	0.52	
FIRM'S AGGRESSIVENESS LEVEL	3.73		
STRATEGIC AGGRESSIVENESS GAP		0.43	
		SUB TOTAL COSTS	
GENERAL MANAGEMENT CAPABILITY COMPONENTS		COMPONENT GAPS	PRIORITIES
MANAGERS	2.18	1.12	
CULTURE	2.18	1.12	
STRUCTURE	2.08	1.22	
SYSTEMS	1.86	1.44	
TECHNOLOGY	1.80	1.50	
CAPACITY	1.50	1.80	
FIRM CAPABILITY RESPONSIVENESS LEVEL	1.93	SUB TOTAL COSTS	
CAPABILITY RESPONSIVENESS GAP		1.36	
		TOTAL COST	

Aopt = 5 *(Diff ETL/SA gap *a*
* Diff ETL/CR gap *b*)

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	A			
Gap of .000 - .049 = 1.00			0.000	1.00
			0.050	0.95
			0.101	0.90
			0.251	0.85
			0.351	0.80
			0.501	0.70
			0.751	0.60
			1.001	0.50
			1.251	0.40
			1.751	0.30
Gap of .050 - .100 = .95				
5 x .90 = 4.5	0.05	3.15		
Gap of .101 - .250 = .90	0.1			
Gap of .251 - .350 = .85	0.15			
Gap of .351 – .500 = .80	0.2			
Gap of .501 – .750 = .70	0.3			
Gap of .751 – 1.000 = .60	0.4			
Gap of 1.001 – 1.250 = .50	0.5			
Gap of 1.251 – 1.750 = .40	0.6			
Gap of 1.751 or > = .30 (Critical Misalignment)	0.7			
Capabilities responsiveness				
Gap of .000 - .049 = 1.00	b			
Gap of .050 - .100 = .95				
5 x .90 = 4.5	0.05			
Gap of .101 - .250 = .90	0.1			
Gap of .251 - .350 = .85	0.15			

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Gap of .351 – .500 = .80	0.2	
Gap of .501 – .750 = .70	0.3	
Gap of .751 – 1.000 = .60	0.4	
Gap of 1.001 – 1.250 = .50	0.5	

Gap of 1.251 – 1.750 = .40   0.6
Gap of 1.751 or > = .30 (Critical Misalignment)   0.7

Notes. Above are the cited proprietary tables to calculate the coefficients CA CR .80 and .40,required to calculate SP 5 (.80) (.40) = 1.60

Table 13. Numerical Values of the Matrix Variables. (Source: Kipley et all, 2012)

Firm's Strategic Posture	**1.60**
Strategic Budget	**3.20**
Firm's Future Competitive Position	**3.96**
Future Industry Prospects	**3.60**

Table 13 displays the results of the strategic posture and SI formulas, as well as the firm's future competitive position and industry prospects. The results are: 1.60, 3.20, 3.96, and 3.60, which need to be plotted on the matrix (refer to Figure 1) to determine the firm's Center of Gravity (COG), which represents the firm's performance position. The optimal performance positioning is achieved by placing the firm in the highest proximity to the top right corner of the matrix. (Kipley,2012)

Interpreting the Matrix

In the same way the analyst uses his financial models to rate his stockbuy, neutral, or sell, the matrix results will position the firm (and its stock) in a quadrant that would permit us to attribute a rating to the stock. Optimal performance positioning on the matrixwill indicate the rating of the stock. The highest is the proximity of the firm (and its stock) to thetop right corner of the matrix, the higher will be the rating. We divided the 16 quadrants of the matrix into 5 Buys, 6 Neutral and 5 Sell (see Figure 1)
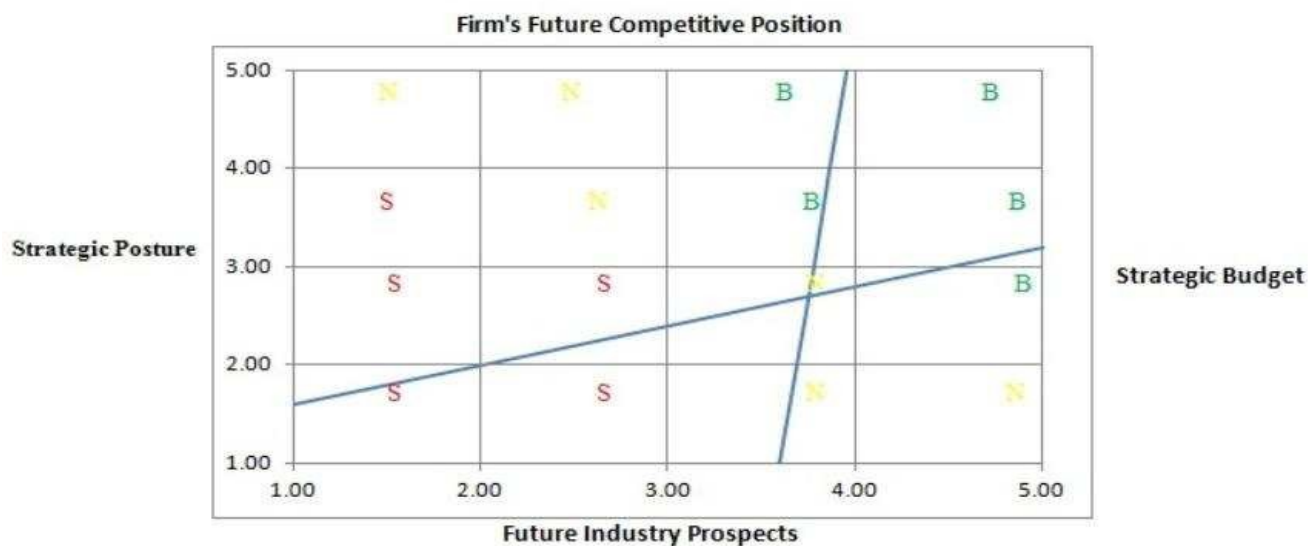
Figure 1. OSPP Matrix (Source: Kipley et all, 2012).

OSPP as Part of Stock Analysis

The suggested intent of OSPP is to be a valuable necessary validation tool. However, it should complement financial stock analysis and not try to replace it.We think that it offers at least three innovative aspects: The first aspect is the systematic evaluation of the future strategic environment and profile of a company, using a pre-defined methodology. This has almost never been accomplished by a stock analyst. The second aspect involves the validation of a Buy rating on a stock offered by OSPP. When there is no discrepancy between the financial and the OSPP ratings, the chance of generating optimal earnings increases dramatically, triggering the situation of "earnings surprises" in the companies'quarterly reports. That normally substantially increases the valuation of stocks. Conversely, the third aspect regards a divergence between the rating generated by financial analysis and OSPP could indicate increased chances of "earnings disappointment" where the quarterly earnings' report is below the expectations of the stock analyst.

Conclusive Remarks

The OSPP may be better applied in firms operating in a highly changing, turbulent environment of level 3 or above, where there is a higher need for capable strategies and management. OSPP could be more relevant when applied to "higher valuation" stocks or the so called "growth stock" (stocks that are poised to grow faster than average, often due to exploiting a new technology or a new market), rather than on "value stocks" with a lower valuation. "Growth stocks"? are expected

to have faster growing earnings per share (EPS).With a given P/E ratio, this implies that the stock price would appreciate substantially and rapidly. In many cases, growth stocks are awarded a higher P/E ratio than average to "reward" the company to grow quickly. In addition, we think that OSPP better applies to stock sectors that are not greatly affected by macro variables like interest rates and oil costs. Thus, OSPP might not apply well to the oil industry or to the highly interest sensitive financial stocks. Better results can be obtained in sectors where the influence of strategy or management is higher compared with the impact on the stock of macro variables. We can assume that OSPP works best in the technology and consumer discretionary sectors and for "growth stock" operating in high turbulent environments.

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Appendix A

Bloomberg Chart of Apple

Notes. This illustrates a possible divergence between financial rating analysts (on average neutral until the end of 2005) and a possible buy signal coming from OSPP since 2002. In the period 2000-2005 financial analysts were skeptical on Apple stock. From 2002 to end of 2012 the stock climbed from $10 to $ 700.

Appendix B

Bloomberg Chart of Amazon

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Notes. The circles indicate positive gaps (sharp price increases) due to earnings' surprises. A matching of buy ratings between financial analysts and OSPP increases the chances for earnings'surprises.

Appendix C
Bloomberg Table of Current Analysts Rating of Amazon (AMZN)
Notes. Yearly analysts' average earnings estimate is $4.27; 44 Analysts are accredited to cover the stock; 68% have a buy rating, 27% have a neutral rating, and 5% have a sell rating

Appendix D
   Bloomberg chart of Amazon (AMZN) matched by stock rating
   reiteration of Eugene Munster of Piper Jaffrey

Notes. Jaffrey was correct in his recommendation estimating his target price using (discountedcash flow) financial analysis; his correct estimates could have been further validated using OSPP.