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## The Art of the General



Derived from the Greek word *strategos*, strategy was first narrowly defined as the 'art of the general' and dealt with military campaigns, moving forces, and deceiving the enemy. Leaders such as Genghis Khan and Napoleon studied their opponents and created various battle scenarios before conquering new territories. Since that time, many military strategists, most notably Sun Tzu, Napoleon and Patton, have attempted to encapsulate a successful strategy in a set of fundamental principles. The basics of these principles include clearly defining

the objective and strategies to achieve success, simulating scenarios, allocating resources, maneuvering against the enemy, and communicating articulately and succinctly.

Over time, strategy and scenario planning fundamentals naturally migrated into the business world. Many executive teams are trained on scenario planning using simulation games that combine a variety of hypothetical facts such as core competencies, target market demographics, the competition, and macro economic trends. Incorporating these various factors into multiple scenarios, each with alternative probabilities, should result in many potential future outcomes, ideally highlighting opportunities to launch new businesses or enter new markets.

Clearly, scenario planning is as vital to today's business leader as it was 10 centuries ago to military leaders of that time. Today's computing power, advancements in price science and the internet have all combined to enable interactive strategic and tactical planning. Instead of taking months to study China like Genghis Khan did a thousand years ago, today's business leader can relatively quickly develop smarter and more comprehensive "target market" plans by using the "what if" scenario planning pricing capabilities offered by Vistaar. For example, assessing whether to enter the Hong Kong market requires first studying today's equivalent facts such as the company's customers, sales distribution capabilities, market trends, competition and consumer spending. The next step is to establish variable probabilities by leveraging price science quantitative techniques or simply incorporating a subjective set of business rules or assumptions. Vistaar provides the price science tools and expertise to calculate appropriate variables, assess alternative options and take action.

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Getting started with "what if" advanced scenario planning begins with building a multi-dimension enterprise data model that represents key aspects of the business and its external market environment. For example:

- A product mix dimension might consist of attributes such as hardware, software and services. Derived measures aligned with this dimension might include list, distributor and floor prices. A customer or market dimension would characterize various market sectors by including attributes such as geography, industry, and spending habits.
- The sales or deal context dimension includes account histories, competitive intelligence, price guidelines, deal and bundle characteristics, and sales forecasts. This could cover each combination of market offering, line item and customer category and at multiple levels of aggregation along different hierarchies of the dimension and attributes. Each dimension is continuously refreshed with data from daily transactions, enterprise systems, or external market data.

Because these dimensions reside within a multi-dimensional data model, multiple users have the ability to create "what if" scenarios simultaneously, and invite collaborative input, thereby allowing the greater group to strike the right balance among disparate 'locally' optimal solutions to hone in on the best overall 'global' solution for the business. Each dimension is continuously refreshed with data from daily transactions, enterprise systems, and external market data. Because the data model resides in memory, responses to in-line pricing analytics inquiries are real-time and accurate. This includes the ability to drill-down into past sales performance, market data, and current transactions for any dimension requested by the pricing analyst. Only Vistaar can enable comprehensive scenario planning for the entire price waterfall simultaneously, from standard list to pocket price.

Pricing managers have the opportunity to develop any number of scenario plans from Vistaar's multi-dimensional enterprise pricing model. For instance, testing different sales forecasts, looking at new product availability options, factoring in geographic sales history and account profitability over time, and adjusting target markets can be incorporated into explicit "what if" go-to-market scenarios. By introducing slight modifications to primary scenarios, such as experimenting with higher or lower product prices, various demand or sales probabilities, or bundling promotions with different price bands, numerous optional scenarios can be executed. The possibilities are unlimited.

From the eleventh to the twenty first century, Leaders have always been constrained by internal resources, challenged to gain visibility into the enemy's camp, and plagued by the inability to predict and plan for the future economic conditions. However, today's leaders, whether political, military or business, are leveraging technology to gain real-time access to information that historic figures could only dream about. With Vistaar, business leaders now have the tool to access account histories, sales forecasts and market intelligence - to analyze, drill-down, simulate future scenarios, enable them to make optimal decisions.