

# Using Strategy to drive Company Value and Share Price

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Strategic Alignment Limited**

Jefferies

 **CAPITAL MARKETS**  
LIMITED

 **JAMAICA  
OBSERVER**

Television Jamaica  
  
*Just Look At Us Now!*

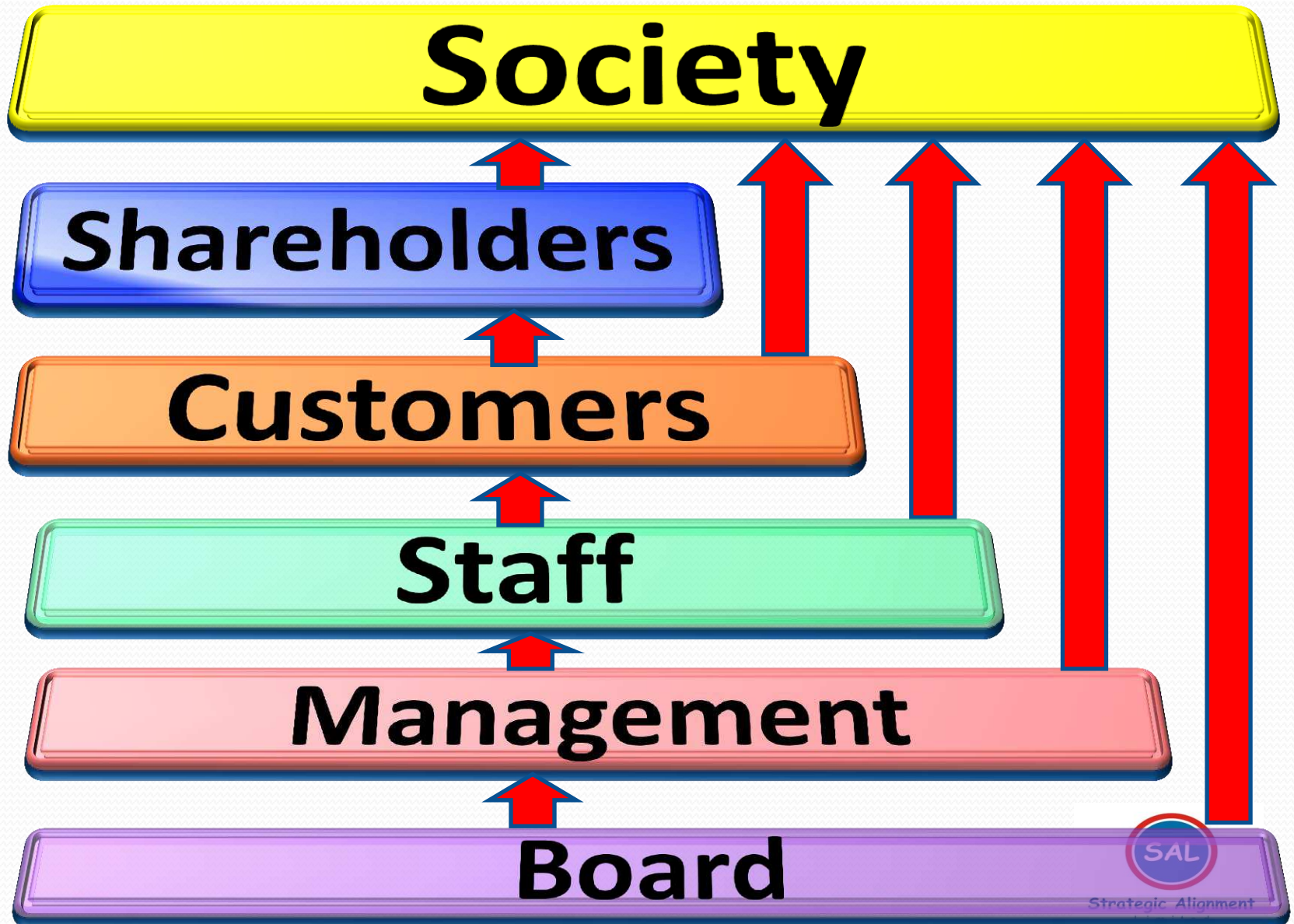
  
**Strategic Alignment**  
Limited

# Organization Purpose Defined

- ✓ The fundamental purpose of any organization is to....
- ✓ Create Value



# How is Value Created in an Organization



# Options in valuing a Company

**Shareholders Equity**



**As per Balance Sheet Calculations  
– Driven largely by Tangible Assets**

**Market Capitalization**



**From the Viewpoint of Investors – Driven by both Tangible and Intangible Assets**



# Let us look at Market Premiums for JSE Listed Companies



# Market Premium of Listed Companies

Company	Market Premium
1. Carreras Limited	1597.0%
2. Jamaica Stock Exchange	335.4%
3. Caribbean Cement Co.	303.1%
4. Supreme Ventures Limited	282.3%
5. Proven Investments Limited	149.0%



# Market Premium of Listed Companies

Company	Market Premium
6. Sagicor Group Jamaica	100.2%
7. Kingston Wharves	100.1%
8. Berger Paints	91.2%
Average	46.2%
9. Jamaica Broilers Group	41.0%
10. Seprod Limited	35.2%



# Market Premium of Listed Companies

Company	Market Premium
11. Radio Jamaica Limited	32.9%
12. National Commercial Bank Jamaica Ltd.	32.9%
13. Sagicor Real Estate X Fund	31.9%
14. Sterling Investments Limited	26.9%
15. Jamaica Producers Group	23.0%



# Market Premium of Listed Companies

Company	Market Premium
16. Palace Amusement	22.2%
17. Scotia Group Jamaica	21.8%
18. Pan-Jamaican Investment Trust	20.3%
19. Barita Investments Limited	18.4%
20. JMMB Group Limited	9.7%

# Market Premium of Listed Companies

Company	Market Premium
21. Salada Foods Ja.	7.9%
22. Grace Kennedy Ltd.	-4.1%
23. Montego Bay Ice	-5.8%
24. Scotia Investments Jamaica Limited	-7.0%
25. 138 Student Living Jamaica Limited	-8.2%

# Market Premium of Listed Companies

Company	Market Premium
26. 1834 Investments Limited	-10.5%
27. Kingston Properties Limited	-21.4%
28. Mayberry Investments Ltd.	-27.2%
29. Pulse Investments Limited	-44.4%



# **How can we extract greater value from Intangible Assets?**

**By articulating and executing strategy**

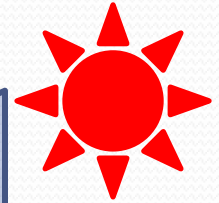
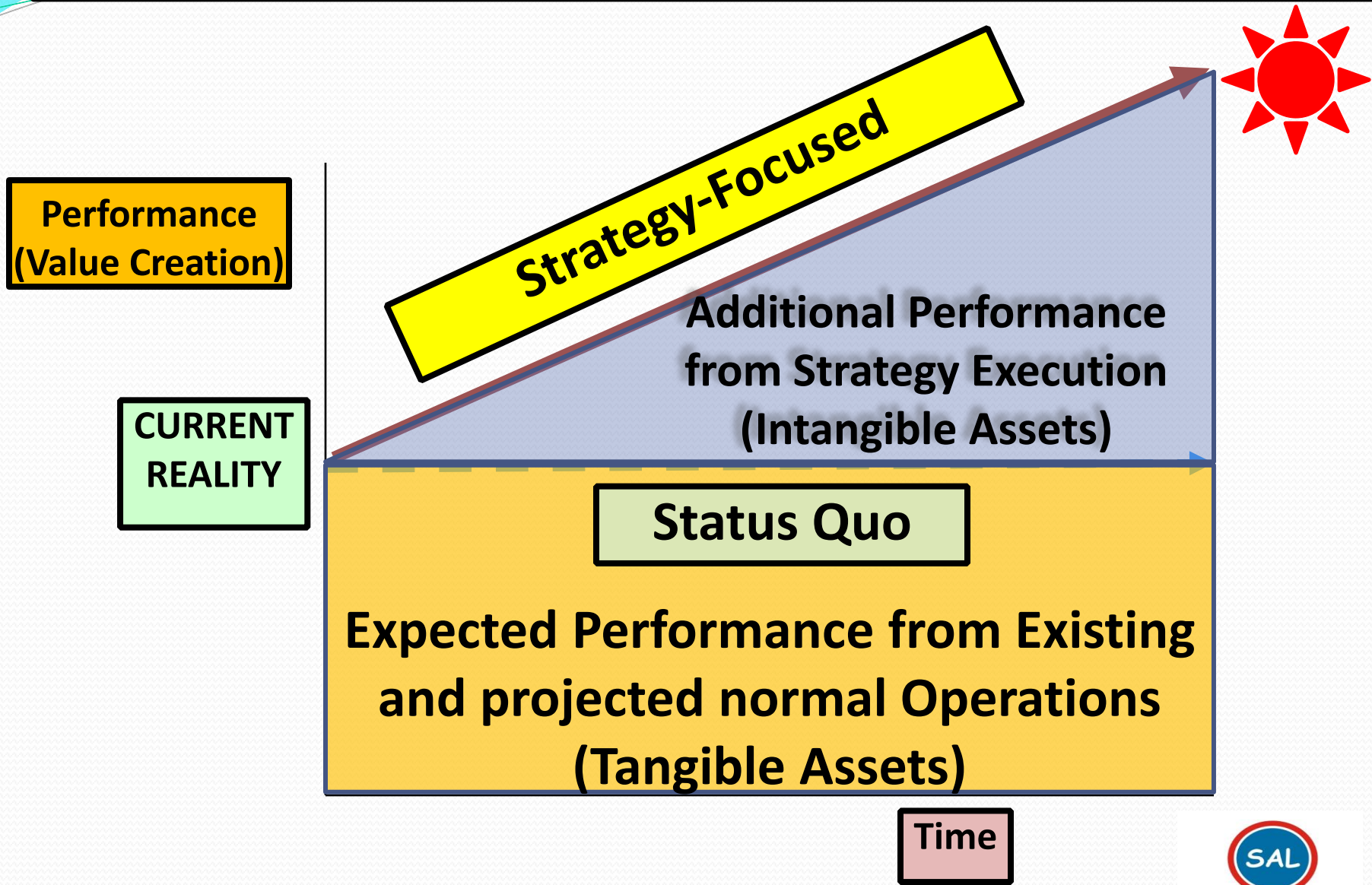


# Strategy Defined

- ✓ **Determines how to win customers' preference; and how to create a sustainable competitive advantage while ensuring a fair return to shareholders**



# Impact of Strategy



# Strategy and Execution key to Success

Enhanced Organization Value & Share Price

Flawless Execution

Strategic Direction  
(Demand)

Strategic Readiness  
(Supply)

Strategy to address the Gap

Performance Gap

Mission

Vision



**As per Michael Lee Chin**

✓ **Success is 1%**

**Strategy and**

**99% Execution**





# Barriers to Strategy Execution

## The Management Barrier

85% of executive teams spend less than one hour per month discussing strategy

## The People Barrier

Only 25% of Managers have incentives linked to overall strategy

*9 out of 10  
companies fail  
to execute  
strategy*

## The Vision Barrier

Only 5% of the workforce understand the strategy

## The Resource Barrier

60% of organizations do not link budget to strategy

# A word of caution about Strategic Plans

- ✓ If one has much to say, one does so in few words;
- ✓ However if one has nothing to say, one does so in many words
- ✓ Be wary of voluminous plans:
  1. Vision 2030 Plan – 428 pages
  2. Growth Strategy – 280 pages
  3. Medium Term Framework – 175 pages
  4. National Pledge – 1 page

# Jamaica's National Pledge

Before God and All mankind...

- ✓ I pledge the love and loyalty of my heart; the wisdom and courage of my mind; the strength and vigour of my body in the service of my fellow citizens.
- ✓ I promise to stand up for justice, Brotherhood and Peace, to work diligently and creatively, to think generously and honestly, so that:
- ✓ Jamaica may, under God, increase in beauty, fellowship and prosperity, and play her part in advancing the welfare of the whole human race.

