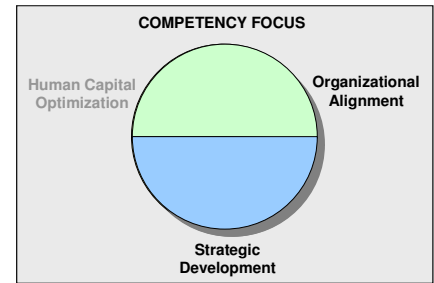


CLIENT: ALLIEDSIGNAL AEROSPACE

INDUSTRY: AEROSPACE

COMPETENCIES:

- Consolidation (hypothetical)
- Strategic Analysis & Planning
- Strategy Development
- Business Simulation



CHALLENGE

To test a proposed critical strategy to competitively respond to current and potential future consolidation of major Tier 1 Aerospace Airframe Manufacturers and Suppliers.

BACKGROUND

The largest of the Aerospace firms supplying to the airframe manufacturers were consolidating. These so called “Tier 1’s” were acquiring / partnering in unprecedented ways which was rapidly changing the competitive landscape in the industry. The question facing AlliedSignal Aerospace (a Tier 2, *i.e.*, supplier to the Tier 1’s as well as to the airframe manufacturers) was how to interactive effectively and maintain their strategic position with the newly integrated Tier 1’s while still being able to deal directly (and more profitably) with the airframe manufacturers. The leadership team at AlliedSignal Aerospace, supported by a ten-analyst Strategy Department, had developed a strategy for making alliances with certain Tier 1 and competitor Tier 2 companies, acquiring two Tier 2 companies and also acquiring as many Tier 3 companies as possible.

PROCESS

In concert with the Strategy Department, ECI designed and conducted a “war game” type business simulation. The plan for the project had three consecutive phases:

1. The proposed strategy was tested to uncover flaws in the analysis, unintended consequences and hypothetical potential “surprise” moves from competitors
2. A business game simulation was conducted, based seven years in the future, on the assumption that the plan was executed successfully, creating a “Future History” of the Company
3. A divisional CEO-level leadership team analysis of the first two phases was facilitated to review and revise the proposed strategy based on the outcome of the business simulation.

The “game” was hosted in a confidential location over a ten day period. All AlliedSignal Aerospace strategic business unit Presidents plus sixteen “high potential” Directors participated, including the President of the Company during summation.

RESULTS

The results of the ECI-directed test of the proposed strategy revealed critical nodes in the strategic decision process for AlliedSignal Aerospace. Only a number of minor business issues arose IF competitors were to behave as expected. However, through Executive Consulting’s structured cross-examination process it was discovered that if certain competitors took paths that were NOT in line with their historical norms it could be advantageous to their competitive positions, and cause major commercial damage to the Company.

The facilitation of a “Future History” strategic exercise by Executive Consulting revealed that successful execution of the strategy could not be accomplished on the timeline originally proposed and that there were two significant areas of unintended consequences. The first was the isolation of one of AlliedSignal Aerospace’s business units and the other was the probable further consolidation at the Tier 2 and Tier 3 levels of suppliers that would be the most likely reaction by competitors to the AlliedSignal Aerospace strategy.

In the third phase of the project, the participants revamped their strategy to mitigate some of the competitors’ possible reactions. They also added a divestiture strategy that, essentially, took advantage of the probable isolation of one of their business units. The Company’s aggressive acquisition and alliance program remained the core of their business strategy.