

Portfolio Management and Corporate Objectives, Mission, Vision, Core Values and Strategic

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INTRODUCTION

- We all dream of being super investors.
- In spite of our best efforts, most of us fail to be more than average investors.
- Nonetheless, we keep trying, hoping that we can be more like the investing legends.

What is a Portfolio ?

- A portfolio refers to a collection of investment tools such as stocks, shares, mutual funds, bonds, cash and so on depending on the investor's income, budget and convenient time frame.



DEFINITION of 'Portfolio Management'

It is the art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance.



Portfolio management is all about strengths, weaknesses, opportunities and threats

- Portfolio management refers to managing money of an individual under the expert guidance of portfolio managers.
- In a layman's language, the art of managing an individual's investment is called as portfolio management.
- Portfolio management enables the portfolio managers to **provide customized investment solutions** to clients as per their needs and requirements.



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Types of Portfolio Management

- Portfolio Management is further of the following types:
- **Active Portfolio Management:** in an active portfolio management service, the portfolio managers are actively involved in buying and selling of securities to ensure maximum profits to individuals.
- **Passive Portfolio Management:** The portfolio manager deals with a fixed portfolio designed to match the current market scenario.
- **Discretionary Portfolio management services:** an individual authorizes a portfolio manager to take care of his financial needs on his behalf. The individual issues money to the portfolio manager who in turn takes care of all his investment needs, paper work, documentation, filing and so on. In discretionary portfolio management, the portfolio manager has full rights to take decisions on his client's behalf.
- **Non-Discretionary Portfolio management services:** the portfolio manager can merely advise the client what is good and bad for him but the client reserves full right to take his own decisions

Its all about organisational architecture

*Its all about organisational Architecture
how the different aspects of organisational
development fit logically together*

- **Mission - Why are we in business**
- **Vision - Where are we going**
- **Strategic imperatives - What must we do**
- **Values - How must we behave**

Quote

- Our struggle to put first things first can be characterized by the contrast between two powerful tools that direct us: the clock and the compass. The clock represents our commitments, appointments, schedules, goals, activities -- what we do with, and how we manage our time.
- The compass represents our vision, values, principles, mission, conscience, direction -- what we feel is important and how we lead our lives.....

Stephen Covey

it all starts with a dream.

'I have a dream'

Martin Luther King



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Vision – a company's destination defined in broad but clear terms



It is a long-term view that concentrates on the future.



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Without a clear, detailed vision for the future, an organization—regardless of its size—cannot rationally select the right issues on which to focus



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Visionary Companies

- Display remarkable degree of resiliency



They are ... **'Built to last'** *J. Collins/J. Porras*

VISION

Vision must be broad & continuous

- Vision leads to Mission



MISSION

- Moves the 'dream' vision to reality – specifics
- Its the expressed reason for existence
- It defines the basic purpose or purposes of the organization
- Outlines why the organization exists.
- This is the primary overall objectives of an organization

Mission Statement

- Mission should be formally expressed and communicated to all the stake holders of the organization
- A statement of mission is a general statement of how you will achieve your vision.



Vision Statements and Mission Statements should Inspire

- Use inspiring words chosen to clearly and concisely convey the direction of the organization.
- By crafting a clear mission statement and vision statement, you can powerfully motivate your team or organization to realize an attractive and inspiring common vision of the future.



Features of an effective mission statement

Include:

- Clarity and lack of ambiguity
- Vivid and clear picture
- Description of a bright future
- Memorable and engaging wording
- Realistic aspirations
- Alignment with organizational business, values and culture

If employees and even managers can not recite a mission statement easily then its not effective.

GOALS

Once you have developed your vision and mission you can then develop the goals and objectives needed to achieve your vision.

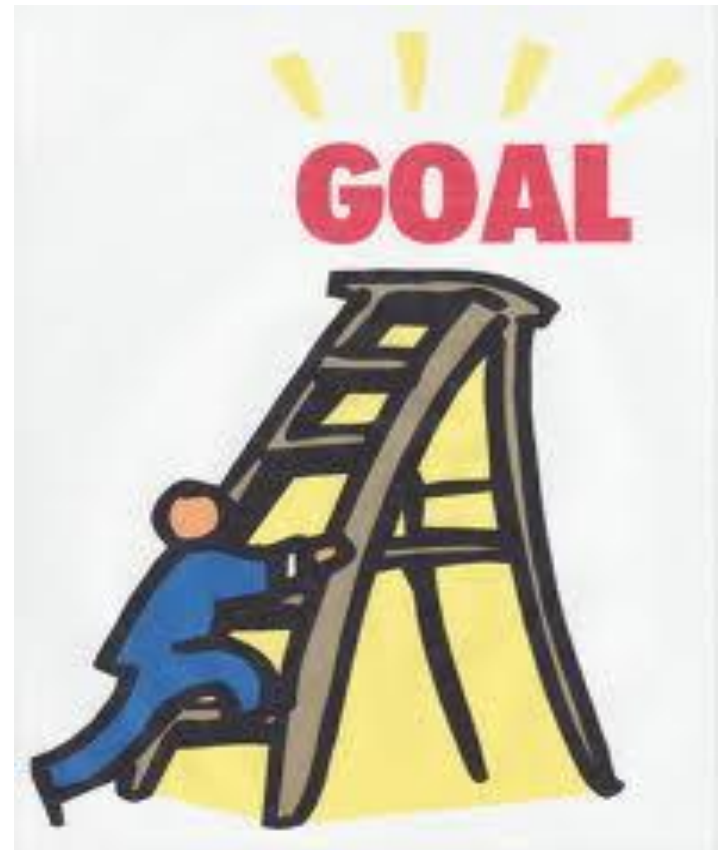
Goals -- Goals are general statements of what you want to achieve derived from mission.

Examples of company goals are:

- To improve profitability
- To increase efficiency
- To capture a bigger market share
- To provide better customer service
- To improve employee training
- To reduce carbon emissions

Goals

- Make sure the goals are focused on the important properties of the business.
- Be careful not to set too many goals. You run the risk of losing focus.
- Design your goals so that they don't contradict and interfere with each other.



OBJECTIVES

Objectives are specific, quantifiable, time-sensitive statements of what is going to be achieved and when it will be achieved. They are milestones along the path of achieving your goals.



Establishment of objective

- Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
- Moreover objectives focus the attention of managers on the end results to be achieved.
- Objectives should be SMART –
Specific, Measurable, Attainable, Realistic & Time-bound
- stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
- Hence objectives should be practical, acceptable, workable and achievable

Strategies

- Strategies are statements of how you are going to achieve something.
- In a sense, a strategy is how you will use your mission to achieve your vision.
- A strategy is a series of actions or activities designed to achieve the goal.
- Goals and objectives provide milestones for measuring the success of the strategy in achieving the vision.

- Strategy, narrowly defined, means "the art of the general" (from Greek *stratigos*). A combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there.
- A strategy is sometimes called a roadmap which is the path chosen to plow towards the end vision.

Strategic Imperative

Strategic Imperative is that one critical activity that, if focused on, will insure the attainment of strategic intent (ie. Vision & Mission)

Its an initiative, key project, or major objective that is systemic (strategic) and a must-do (imperative) over the next 6 – 12 months to significantly move a team/organization toward its vision and mission

Strategic imperatives

- ***Strategic Imperatives*** unpack the vision into components that provide a clearer basis for planning
- Form basis of allocation of human and material resources
- Provide basis for assessing performance
- Help alignment/cohesion of the various teams in the organisation.

The Process

The process for implementing Strategic Imperatives is to form teams for each imperative using this template:

- Executive sponsor/owner
- Team leader
- Possible Team members
- Team mandate/charter
- Timelines/stages

Once the teams are set and their mandate/charter agreed to by the larger executive or steering team overseeing this work, each Strategic Imperative Team then develops and manages:

1. Development of a detailed implementation plan - Action plan
2. Execution

Strategic Analysis

- When developing strategies, analysis of the organization and its environment as it is at the moment and how it may develop in the future, is important.
- The analysis has to be executed at an internal level as well as an external level to identify all opportunities and threats of the external environment as well as the strengths and weaknesses of the organizations.
- There are several factors to assess in the external situation analysis:
 - Markets (customers)
 - Competition
 - Technology
 - Supplier markets
 - Labor markets
 - The economy
 - The regulatory environment

Action plan

- This is the detail of operations, events and activities that will be carried out to achieve the objectives
- Decisions will be made and all decisions must be guided by the company's policies, procedures, rules.
- There must be a schedule showing the sequence & time scale of operations

Resource Allocation

These are

- Manpower - Deciding how many staff is required and who is going to do what.
- Machinery tools - Deciding on equipment and tools
- Money - There must a budget showing the source of finance, & allocating resources quantitatively.
- Materials required, how to obtain them & when

Ensure that you

- Minimise waste
- Expand Market share of all our brands
- Make the most use of the Human Capital in the organisation
- Excite/delight the customer
- Maximise efficiencies
- Top line growth
- Bottom line growth

CORE VALUES

- Values, by definition, are emotional.
- A strongly held value is a guiding principle that engages passions.
- The term “core value” is the same—it conjures emotions.
- “Core” refers to that which is central, innermost, vital or the most essential part of something, according to dictionaries.
- Core value is central or essential in a neutral sense. It means that there is widespread consensus, not disagreement.

- A principle that guides an organization's internal conduct as well as its relationship with the external world.
- Core values are usually summarized in the mission statement or in a statement of core values.

Characteristics of Core Value

- It has to be strongly held. People can't be lukewarm on it.
- It must be widely held. This simply means that a very large majority must strongly hold the value.
- The value has to be stable over time.
- The value doesn't vary much when we compare people of different ages, levels of education, culture and so forth.

- **Values are** Beliefs that are shared among the stakeholders of an organization.
- Values drive an organization's culture and priorities and provide a framework in which decisions are made.
- For example, "Knowledge and skills are the keys to success" or "give a man bread and feed him for a day, but teach him to farm and feed him for life". These example values may set the priorities of self sufficiency over shelter

Core values

- Core values are the code of ethics/conduct that members of the organisation subscribe to
- They help define/shape the culture of the organisation and gives it its unique character/personality (*Who we are*)
- They provide the platform upon which organisational reputation is based
- Also, the basis of assessing acceptable behaviour in the organisation
- They provide a potent source of competitive advantage

Core values - Examples

- Commitment to excellence
- Respect for others
- Customer service orientation
- Grow people
- Value diversity
- Balance in life
- Celebrate success
- Integrity
- Affirm others
- Passion for what we do

CONCLUSION

- ***Evaluate portfolio performance***
- The final part of the process, and often the most interesting is after all focused on one objective and one objective alone, which is to make the most money you can, given your particular risk preferences.
- Performance evaluation is just as important to the individual investor who constructs his or her own portfolio, since the feedback from it should largely determine how that investor approaches investing in the future.

Whatever your
excuse is,
it is time to stop
believing it.



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Stay Afloat and Advance!!!

