

	Year 1	Year 2	Year 3	Year 4	Year 5
Measure 1					
Measure 2					
Measure n					
Business diagnostic	What do changes in key performance measures over time tell you about competitive positioning for the firm? Are there any product/market/customer issues arising from this? Can you identify any business rules of thumb that underpin the organization’s performance?				
Cultural rule of thumb 1					
Cultural rule of thumb 2					
Cultural rule of thumb n					
Cultural diagnostic	Are there any obvious tensions between the business and cultural rules of thumb within the organization?				
Strategic influencer 1					
Strategic influencer 2					
Strategic influencer n					
Political diagnostic	By mapping the strategic influencers we get a sense of the political dynamics of the firm’s current situation. Ask how strategic influencer will react to the performance measures set out above. Who, if anyone, is generating political pressure for change?				
Diagnostic summary	A one paragraph summary of the organization’s current situation and the challenge it needs to overcome.				

Figure 4.4 Diagnostic template

Apple					
Business issues					
	1994	1995	1996	1997	1998
Net sales	\$9,189M	\$11,062M	\$9,833M	\$7,081M	\$5,941M
Net income	\$310M	\$424M	(\$816M)	(\$1,045M)	\$309M
R&D expenditure	\$564M	\$614M	\$604M	\$485M	\$303M
Business diagnostic	Falling sales and growing losses were not good news. Apple's 1997 annual report also acknowledges the worry of being marginalized by a declining share of the personal computer market.				
Cultural rules of thumb					
1	We're design led				
2	We think differently				
3	We make insanely great products				
Apple					
Business issues					
	1994	1995	1996	1997	1998
Cultural diagnostic	Apple's culture had drifted in the absence of Jobs. There is a fine line between being different and being irrelevant. A succession of so-so products and falling market share was in danger of making Apple just another computing firm. Confidence within the firm was at an all-time low.				
Political issues					
Strategic influencer 1	Steve Jobs				
Strategic influencer 2	Apple board members				
Strategic influencer 3	Regulators				
Political diagnostic	Shareholders were growing increasingly concerned in the face of deteriorating performance. The decision to rehire Steve Jobs was born of desperation. It would help reengage Apple's loyal but dwindling group of customers. Notably, Microsoft even extended financial support to Apple to help prevent it disappearing altogether. This surprising act was probably motivated by self-interest. Microsoft needed at least one competitor to help convince regulators that their monopoly position wasn't absolute.				
Diagnostic summary	On his return to Apple, the diagnosis from Steve Jobs was clear. The firm's survival was under threat. Apple could not take on the then dominant Windows-Intel platform head on. Jobs cut expenditure on R&D, effected a rapid and radical reduction of the product range but critically, he then reintroduced design flair with the iMac range. Apple was smaller but profitable again. Jobs reconnected with Apple's culture of building "insanely great products" in the eyes of both colleagues and customers. With Apple stabilized, he waited for an opportunity to redefine the basis of competition. Almost four years passed before digital music gave Apple the opportunity to leverage its design flair in a new market. The iPod was launched, Apple switched from being a computing firm to a consumer electronics firm and the rest, as they say, is history.				

Figure 4.5 Diagnosis for Apple circa 1997