

Strategy Course Review

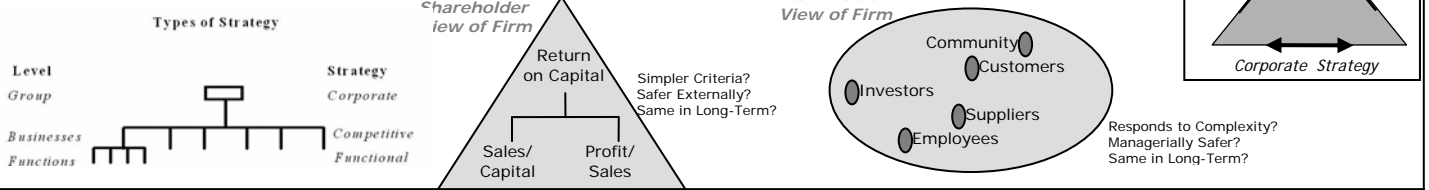
Strategic Goals

Strategy – (Chandler) The determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals

Vision - What Can the Organisation Achieve? "Where?"

Mission - What is the Organisation's Purpose? Why?"

Corporate vs. Competitive Strategy



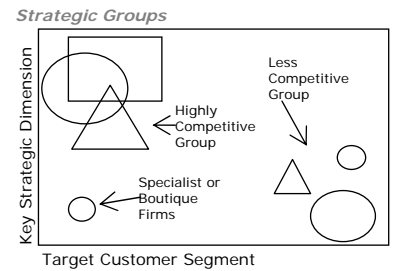
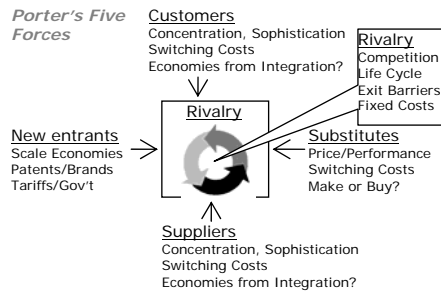
Analysing the Industry Environment

Profit potential in an industry - Is it a good industry to be in? Why is it good and will this change? How to manage change?

Competitors – customers value your product less when they have the other player's product

Complementors – customers value your product more when they have the other player's product

Key measures in structural analysis - Relative Concentration Ratios, Minimum Efficient Scale, Entry Costs (R&D, Plant, Marketing, Distribution), Star Plot of Industry Dynamics



Analysing Changing Environments

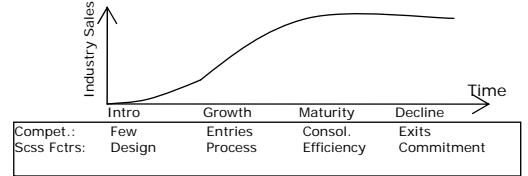
Product Innovation: Change in basic configuration of product/service elements

Dominant Design: Basic accepted configuration of product/service elements

Process Innovation: Change in production or delivery process of product/service

PESTLE: Political, Economic, Social, Technological, Legal, Environmental drivers

The Idealised Industry Life Cycle



The McKinsey & Company Typology of Uncertainty

- "A clear-enough future" - No need for scenarios; conventional analysis will do fine.
- "Alternative futures" - A limited number of scenarios, in which conventional analysis will serve fine.
- "A range of futures" - Range of scenarios, testing for robustness.
- "True ambiguity" - Range of scenarios, for exploring possible futures.

Analysing Competitive Advantage

Core competence: bundle of skills/technologies, fundamental customer benefit, competitively unique, gateway to new markets

The RBV: Resources, Capabilities, & Core Competences; what are you best at? Is it Valued by Customers? Is it Superior? Is it Imitable? Is it Substitutable? Is it Durable? Is it Core?

Generic Strategies: Low Cost/Differentiation - scope of cost leadership and differentiation can be broad or narrow; can't be mixed

Value Chain – activities necessary to deliver a business' products/services, analysable in terms of which contribute to cost/differ.

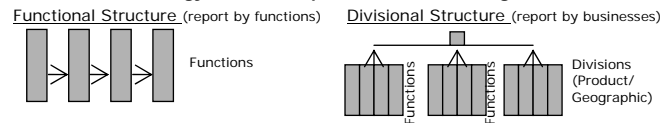
Business Designs - A mutually reinforcing configuration of business choices on key value adding dimensions, underpinned by fundamental assumptions about business drivers

Diversification

Diversification: Related & Unrelated

- Single Business
- Dominant Business
- Related Diversified
- Unrelated Diversified (conglomerate)

Structure and Strategy Relationship (Multivisional Organizations)



Organic and Acquisitive Diversification

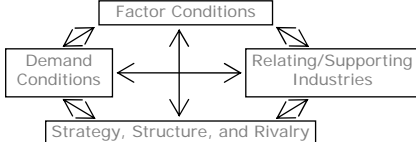
	Advantages	Disadvantages
Organic:	Incremental learning Competence enhancing Culturally compatible	Adds to industry capacity Difficult to recoup failure Slow
Acquisition:	Fast Lower rivalry Upgrading resources	Large commitment Startup Costs Duplication of resources

Synergies – Porter's Three Tests for Diversification

- The Attractiveness Test
- The Cost-of-Entry Test
- The Better-Off-Test: Will Either Firm Gain?

Global Business Strategy

Porter's Diamond Framework – External Structure of International Markets



Four Ways to Cross Borders

Type	Characteristics
Multi-domestic	Decentralized & Responsive
Simple Export	Knowledge Transfer
Simple Global	Centralized Efficiency
Transnational	Balancing the Three

Managing the Multi-Business Company

Porter's 4 Keys to Corp. Strategy: 1.Portfolio Management 2.Restricting 3.Transferring Skills among SBUs 4.Sharing Activities

Styles of Corporate Parenting – strategic planning, strategic control, financial control

Strategy as Process

4 Approaches to Strategy - Planning Approach (Portfolio Matrix, Five Forces, & Core Competence), Policy Approach (Diversification, Innovation, M&A, Internationalisation), Process Approach (Identify the Need for Change and Then Achieve Change), Practice Approach (How Managers Actually Strategize)

The Strategic Planning Cycle

