

# Strategy Course Review

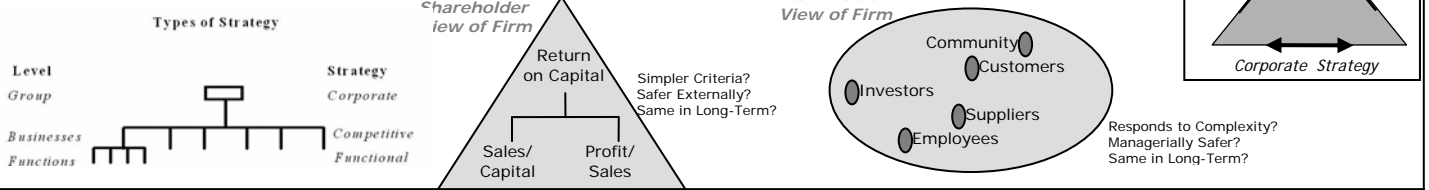
## Strategic Goals

**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



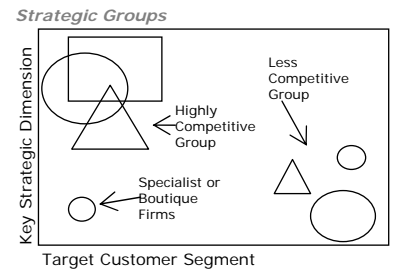
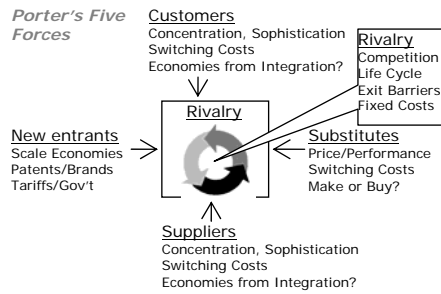
## Analysing the Industry Environment

**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

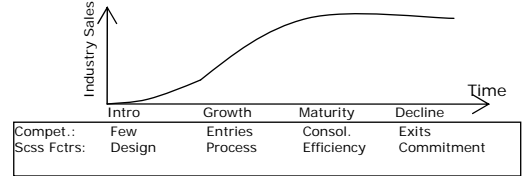
**Dominant Design**: Basic accepted configuration of product/service elements

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

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

### The McKinsey & Company Typology of Uncertainty

### The Idealised Industry Life Cycle



- "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

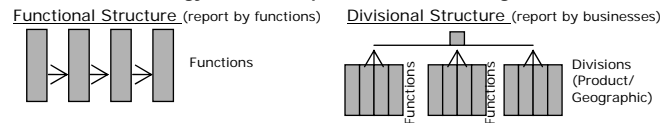
## Diversification

**Diversification: Related & Unrelated**

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

### Structure and Strategy Relationship (Multivisional Organizations)

### Organic and Acquisitive Diversification



**Organic:**

- Advantages: Incremental learning, Competence enhancing, Culturally compatible
- Disadvantages: Adds to industry capacity, Difficult to recoup failure, Slow

**Acquisition:**

- Fast
- Lower rivalry
- Upgrading resources
- Large commitment
- Startup Costs
- Duplication of resources

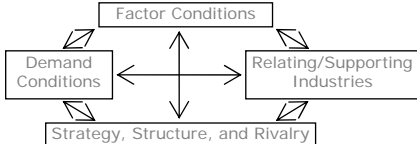
### Synergies – Porter's Three Tests for Diversification

- 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

