

Business Strategy

INTRODUCTION

Identify the brand/company

“Half circle full circle half circle A, half circle full circle, right angle A”

➤ COCA COLA

TOP 10 Most Valuable Brands In The World

- #1. Apple inc. \$323 bln.
- #2. Amazon. \$200,7 bln.
- #3. Microsoft. \$166 bln.
- #4. Google. \$165.4 bln.
- #5. Samsung. \$62.3 bln.
- #6. Coca-Cola. \$56.9 bln.
- #7. Toyota. \$51.6 bln.
- #8. Mercedes-Benz. \$49.3 bln.

What is the reason behind this?

STRATEGY

- Strategy is about winning.
- Strategy is the creation of a unique and valuable position, involving a different set of activities (Michael E. Porter,).
- 3 distinct sources
 - ✓ Serving few needs of many customers, *Coke*
 - ✓ Serving broad needs of few customers,
 - ✓ serving broad needs of many customers in a narrow market *Apple*

Questions?

- What is strategy?
- Why is strategy so valuable?
- And how can we, as employees, managers or owners of businesses, be sure that our strategies are as effective as possible?

Strategy?

- Strategy is the means by which individuals or organization **achieve their objectives**.
- The determination of long-run goals and objectives of an enterprise, and the adoption of course of action and the allocation of resources necessary for carrying out these goals (Chandler, 1962)

Strategy/ Strategic Mg Definition

- Strategy is the art and science of informed action **to achieve a specific vision**, an overarching objective, or a higher purpose for a business enterprises (Daniell, 2006)
- Strategic management : the art and science of **formulating, implementing, and evaluating cross-functional** decisions that enable an organization to achieve its objectives.

The purpose of strategic management

- To achieve superior performance
- To exploit and create new and different opportunities for tomorrow; long-range planning, in contrast, tries to optimize for tomorrow the trends of today.
- A company can outperform rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or do both.

Three important questions to answer in developing a strategic plan

- Where are we now?
- Where do we want to go?
- How are we going to get there?
- "If we know where we are and something about how we got there, we might see where we are trending—and if the outcomes which lie naturally in our course are unacceptable, to make timely change." (Abraham Lincoln)

Why do firms need strategy?

Strategy assists the effective management of organization by

- Strategy as decision support
- Strategy as a coordinating device
- Strategy as target

Corporate and Business Strategy

- Corporate strategy defines the scope of the firm in terms of the industries and markets in which it competes (e.g. diversification, acquisition etc.)
- Business strategy is concerned with how the firm competes within an industry, it must establish a competitive advantage over the rivals (competitive strategy)

Describing Strategy

- **Where** is the firm competing?

Relates to product, firm supplies, the customers, countries and localities, range of activities

- **How** it is competing?

differential strategy, brand image, market share leadership.

e.g. COKE

Not simply about “competing for today”;
concerned with “competing for tomorrow”

Key terms

- Competitive advantage,
- Strategists,
- Vision and mission statements,
- External opportunities and threats,
- Internal strengths and weaknesses,
- Long-term objectives,
- Strategies,
- Annual objectives, and
- Policies

Competitive Advantage

- Competition: “anything that a firm does especially well compared to rival firms.”
- When a firm can do something that rival firms cannot do, or owns something that rival firms desire, that can represent a competitive advantage.
- Firm can sustain a competitive advantage for only a certain period due to rival firms imitating and undermining that advantage.

Firm must strive to achieve sustained competitive advantage

- Continually adapting to changes in external trends and events and internal capabilities, competencies, and resources; and by
- Effectively formulating, implementing, and evaluating strategies that capitalize upon those factors.

Strategist

- Strategists are the individuals who are most responsible for the success or failure of an organization.
- Strategists have various job titles, such as chief executive officer, president, owner, chair of the board, executive director, chancellor, dean, or entrepreneur.
- “All strategists have to be chief learning officers. We are in an extended period of change. If our leaders aren’t highly adaptive and great models during this period, then our companies won’t adapt either. because ultimately leadership is about being a role model.

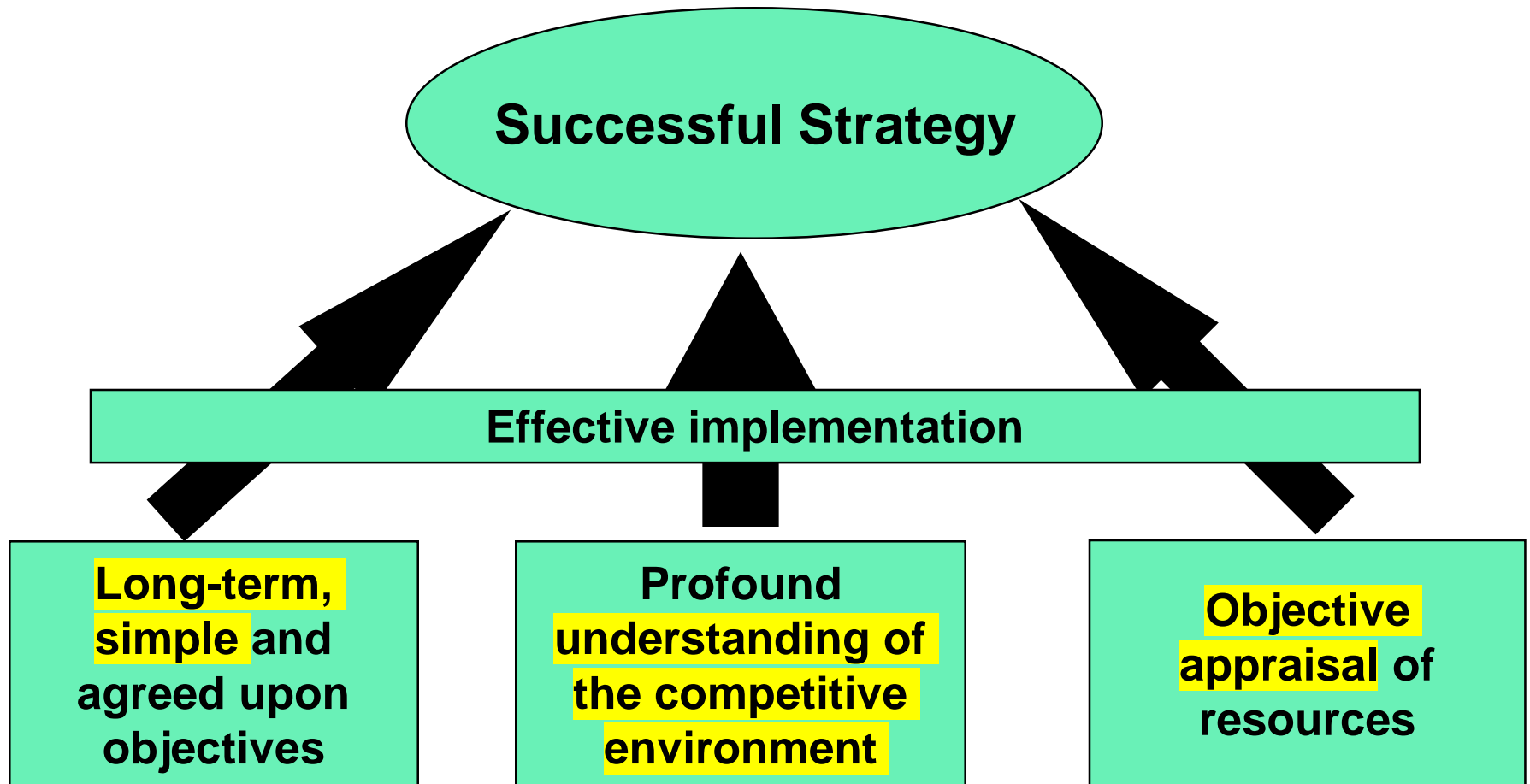
Strategists help an organization

- To gather, analyze, and organize information.
- Track industry and competitive trends,
- Develop forecasting models and scenario analyses,
- Evaluate corporate and divisional performance,
- Spot emerging market opportunities,
- Identify business threats, and
- Develop creative action plans.

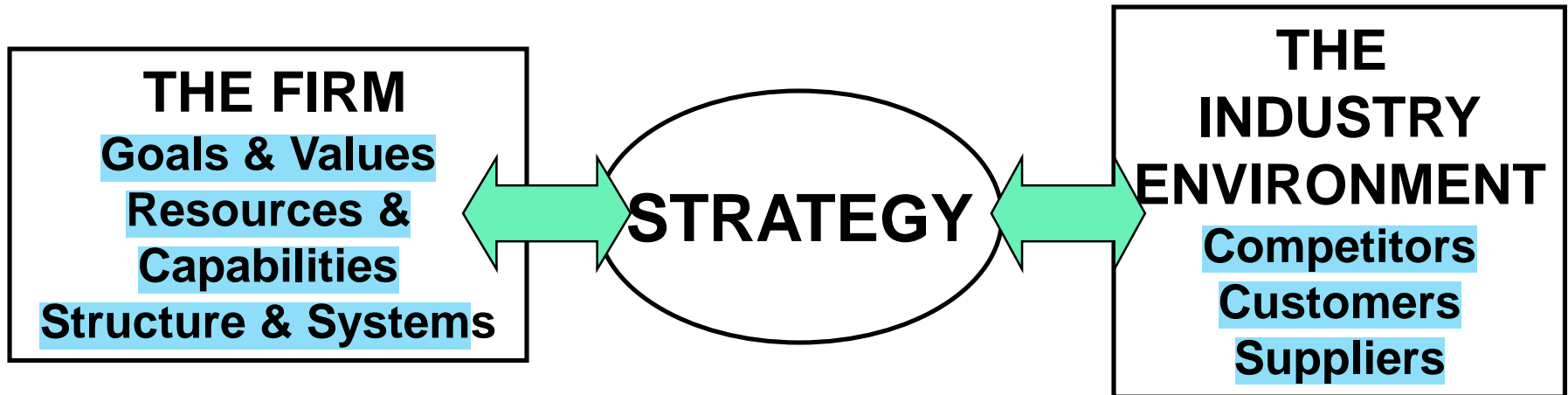
Level of Decision



Common elements in successful Strategy



Strategy:
the Link between the Firm and its
Environment



PEST

Vision Statement

- Vision is that for which the firm strives to achieve in the **long term**
- Reflects management's vision of **what the organization seeks to do and become**

“What do we want to become?”

Stokes Eye Clinic in Florence, South Carolina, is

“Our vision is to take care of your vision.”

Cont.

- The vision statement should be short, preferably one sentence
- As many managers as possible should have input into developing the statement.
- Provides a clear view of what the organization is trying to accomplish for its customers
- Indicates intent to take a business position

Apple vision statement

- **“We believe that we are on the face of the earth to make great products and that’s not changing.”**

Through this statement, the company highlights that they are always determined

- to deliver quality products for its clients.
- to do so for quite some time.
- detailed account of how the company approaches its operations to position itself as the dominant player in the sector it operates in.

Components associated with this statement

- Innovations
- Integration of partners and excellence
- Market specialization

Mission statement

- Enduring statements of purpose that distinguish one business from other similar firms.
- Identifies the scope of a firm's operations in product and market terms.
- It addresses the basic question that faces all strategists:

“What is our business?”

Describes the values and priorities of an organization

- Developing a mission statement compels strategists to think about the nature and scope of present operations
- To assess the potential attractiveness of future markets and activities.
- A mission statement broadly charts the future direction of an organization.

Cont.

- A mission statement is a constant reminder to its employees of why the organization exists and
- What the founders envisioned when they put their fame and fortune at risk to breathe life into their dreams. (David, 2015)

Apple's original mission statement

- “Apple is dedicated to the empowerment of man—to making personal computing accessible to each and every individual so as to help change the way we think, work, learn, and communicate.” (David Andrew)
- Apple mission statement is “ **to bringing the best user experience to its customers through its innovative hardware, software, and services.** ”
- Tim Cook, Apple's current CEO, stated this as the company's mission statement and included it in the 2018 annual report.

Through their mission statement, Apple highlights that it exists :

- To offer its clients the best service that it can.
- Describes how the company intends to achieve this.
- The company highlights the scope of its operations and how it exploits these to satisfy the needs of its client base.

While focusing on the dynamic technological changes over time, Apple stays clear that

- impacting positive change through innovation is its central objective.

The following components arise from this mission statement:

- Best user experience
- Improving the lives of people
- Empowerment of the public
- Top-quality products

Characteristics

- Strategy concerns both organization and environment.
- The substance of strategy is complex
- Strategy affects the overall welfare of the organization.
- Strategy involves issues of both content and process.
- Strategies are not purely deliberate
- Strategies exist on different levels.
- Strategy involves various thought processes.

- Thank you