

# Corporate Strategy

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**Sitraka FORLER**  
Senior Data Scientist



March 2025

# Sitraka FORLER

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Luxembourg : Senior Data Scientist at Reveals SA

Luxembourg : Experienced Consultant in Digital Transformation - Data Scientist @ Initio (Square Management)

Marseille: Data Scientist @VirtualExpo

Rousset: Data Analyst @STMicroelectronics



AMSE M2 DADEE

March 2025

# What is Strategy ?

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*Corporate Strategy*

# Summary

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## 1. Macro Point of view

- 1.1. Materials
- 1.2. Use Cases

## 2. Micro Point of view

- 2.1. Materials
- 2.2. Use Cases

## 3. *Dynamics* *Updated*

# Summary

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## 1. Macro Point of view

- 1.1. Materials / Toolbox
  - 1.1.1. What is Strategy ?
  - 1.1.2. 5 Questions
  - 1.1.3. PESTEL , Porter
  - 1.1.4. SWOT

- 1.2. Use Cases

- 1.2.1. Airlines
  - 1.2.2. Constructors

## 2. Micro Point of view

- 2.1. Materials
- 2.2. Use Cases

# What is Strategy ?

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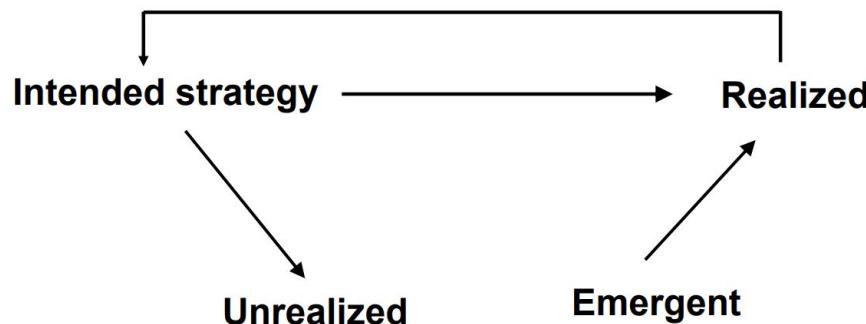
*Corporate Strategy*

# STRATEGY

στρατηγία

art of troop leader; office of general, command, generalship

plan to **achieve** one or more long-term or overall goals under conditions of **uncertainty**



# Macro Point of view

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*Corporate Strategy*



# PESTEL



Knowing the Macroeconomics env  
is crucial for each individual.

example:

a Centurion knows the key points/Objectives

# Nihil novi sub Sole

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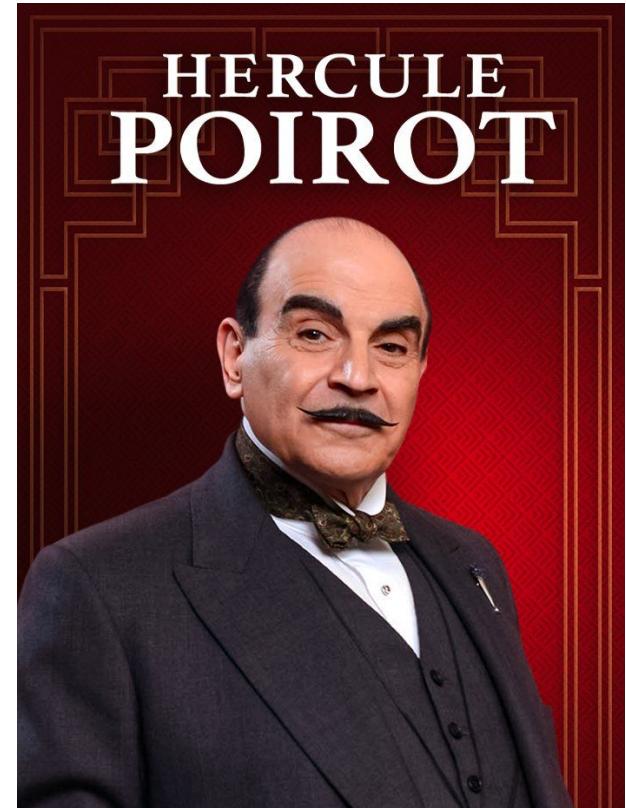
# Key questions

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<< Good advice is always certain to be ignored,  
*but that's no reason not to give it.*>>

Agatha Christie

Forever true



# Key questions \*

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## **What?**

What will be done?  
action, steps, description

## **Why?**

Why will it be done?  
justification, reason

## **Where?**

Where will it be done?  
location

## **When?**

When will it be done?  
time, dates, deadlines

## **Who?**

By whom will it be done?  
responsibility for action

## **How?**

How will it be done?  
method, process

## **How much?**

How much will it cost to make?  
cost or expenses involved

Defining strategy and its role in the organization

Explanation of what strategy is and its purpose in an organization

The difference between strategy and tactics

The relationship between strategic planning and decision making

The strategic management process

Overview of the steps involved in the strategic management process

How to conduct a SWOT analysis

Identifying a company's resources and capabilities

Types of strategies

Corporate strategy and its focus on overall direction and allocation of resources

Business strategy and its focus on competitiveness and customer value

Functional strategy and its focus on specific department or unit in the organization

"Good, fast, cheap.  
Choose two." as stated in  
the [Common Law of  
Business Balance](#), often  
expressed as

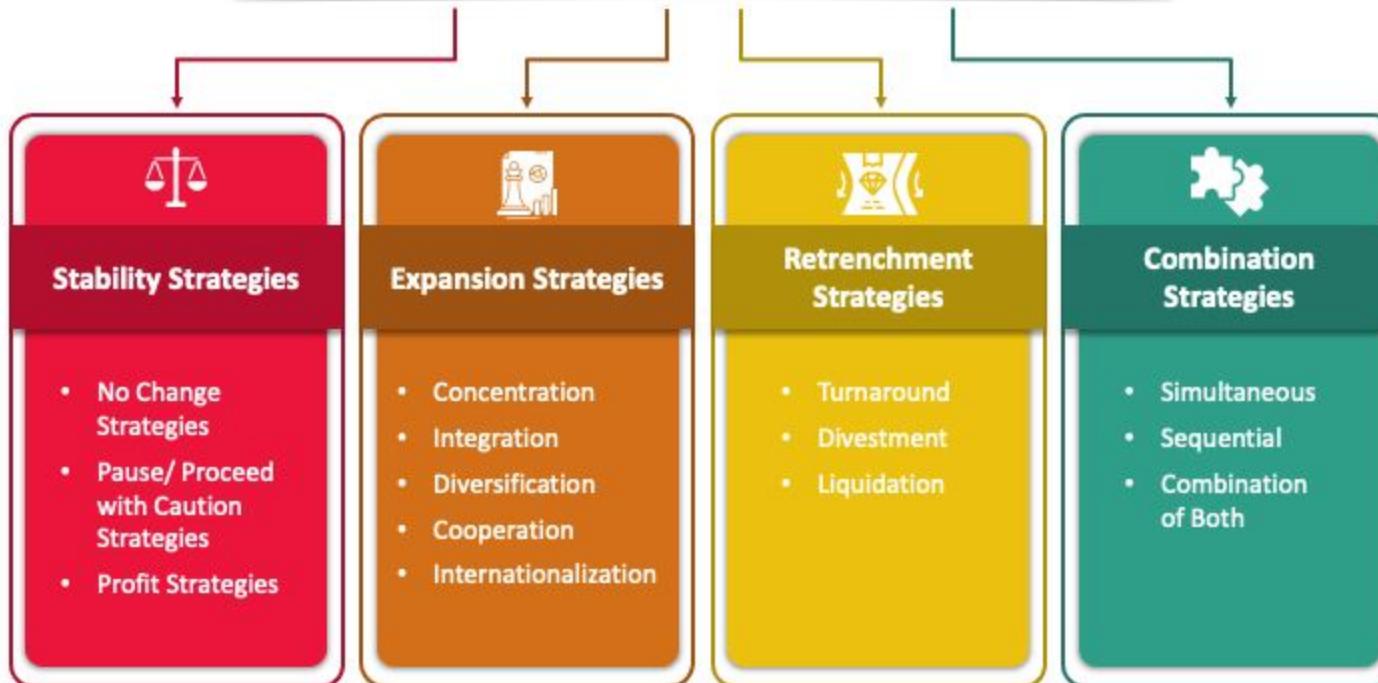
**You get what you pay  
for.**



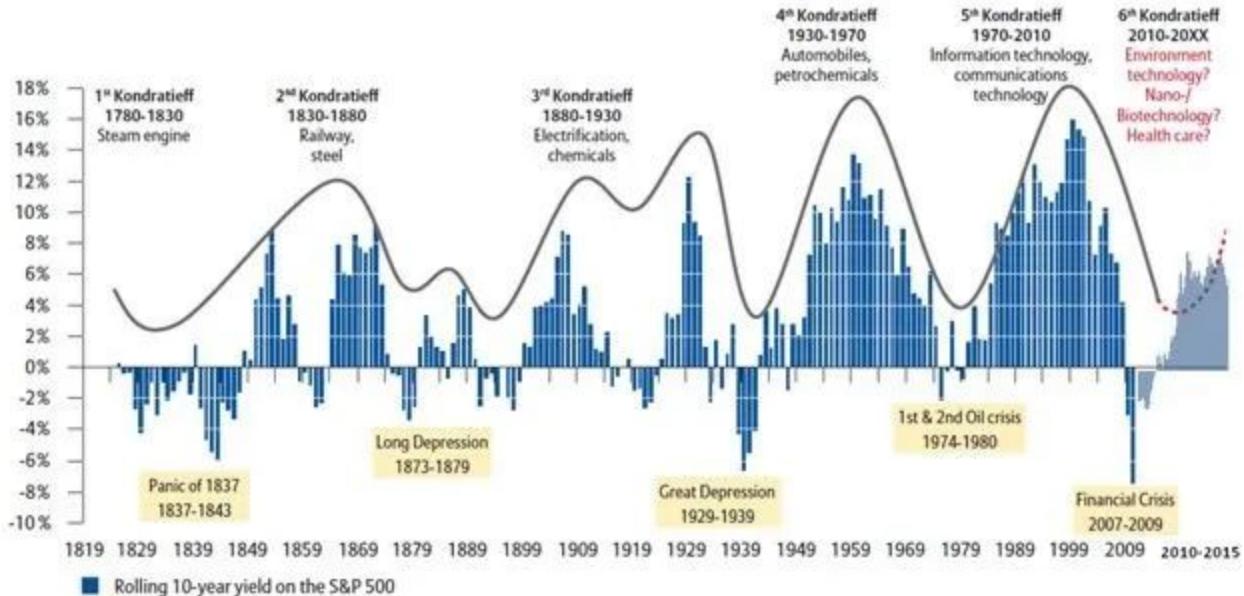
# CORPORATE LEVEL STRATEGY

Enter your sub headline here

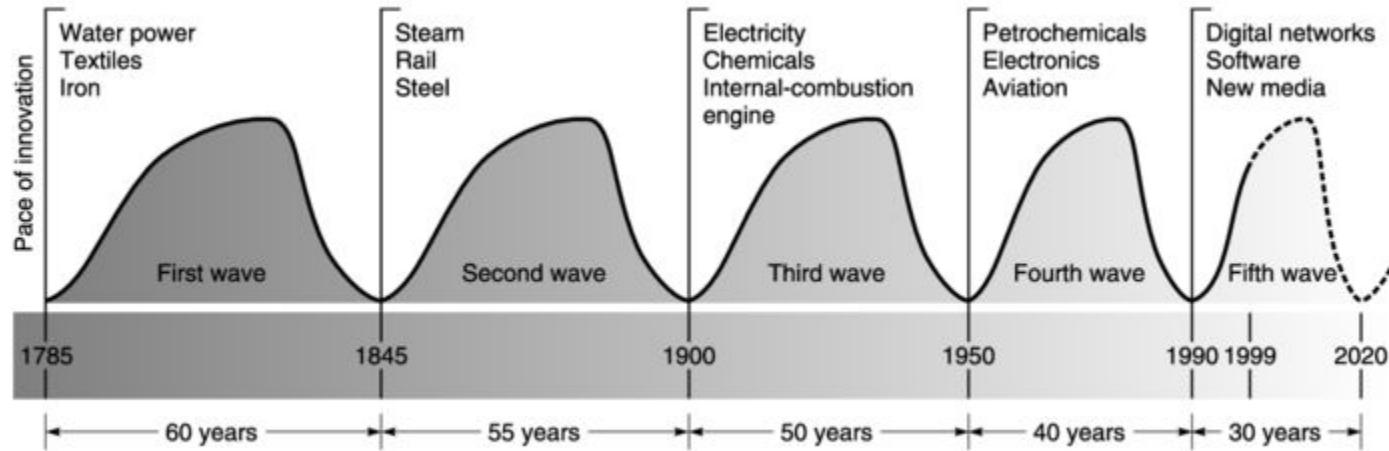
## CORPORATE LEVEL STRATEGY

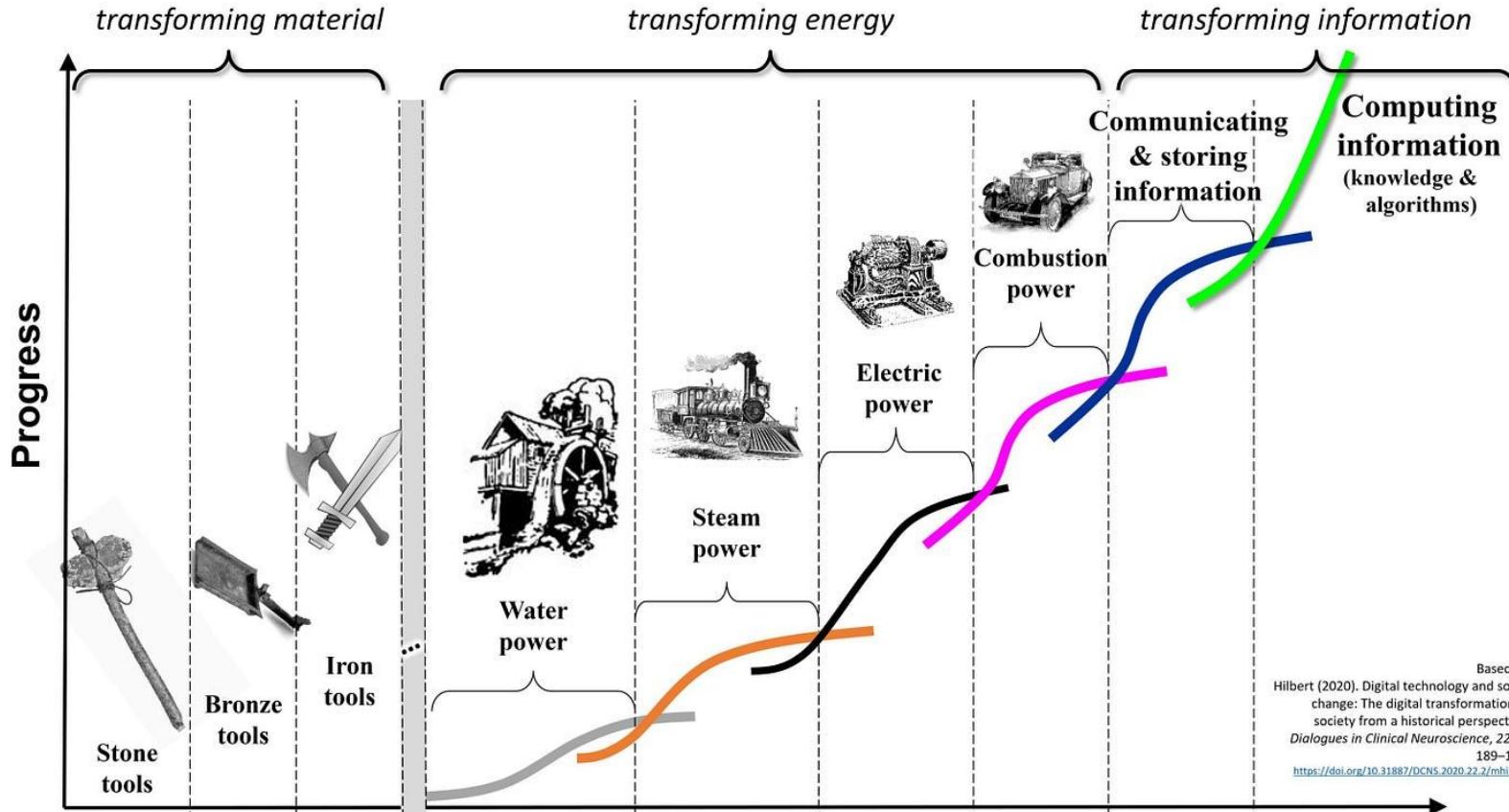


## Is it the 6<sup>th</sup> Kondratieff Wave yet?



Source: Allianz Global Investors 2010 Report –  
“The Sixth Kondratieff , long waves of prosperity”  
Updated to Q3 2015 by deconstructingrisk.com





Based on  
Hilbert (2020). Digital technology and social  
change: The digital transformation of  
society from a historical perspective.  
*Dialogues in Clinical Neuroscience*, 22(2),  
189–194.  
<https://doi.org/10.31887/DCNS.2020.22.2/mhilbert>

The History of

# INNOVATION CYCLES

Source: Edelson Institute

## FIRST WAVE

- Water power
- Textiles
- Iron

## SECOND WAVE

- Steam power
- Rail
- Steel

## THIRD WAVE

- Electricity
- Chemicals
- Internal-combustion engine

## FOURTH WAVE

- Petrochemicals
- Electronics
- Aviation

## FIFTH WAVE

- AI & IoT
- Robots & drones
- Clean tech
- Digital network
- Software
- New media

## SIXTH WAVE

1785

1845

55 YEARS

1900

50 YEARS

1950

40 YEARS

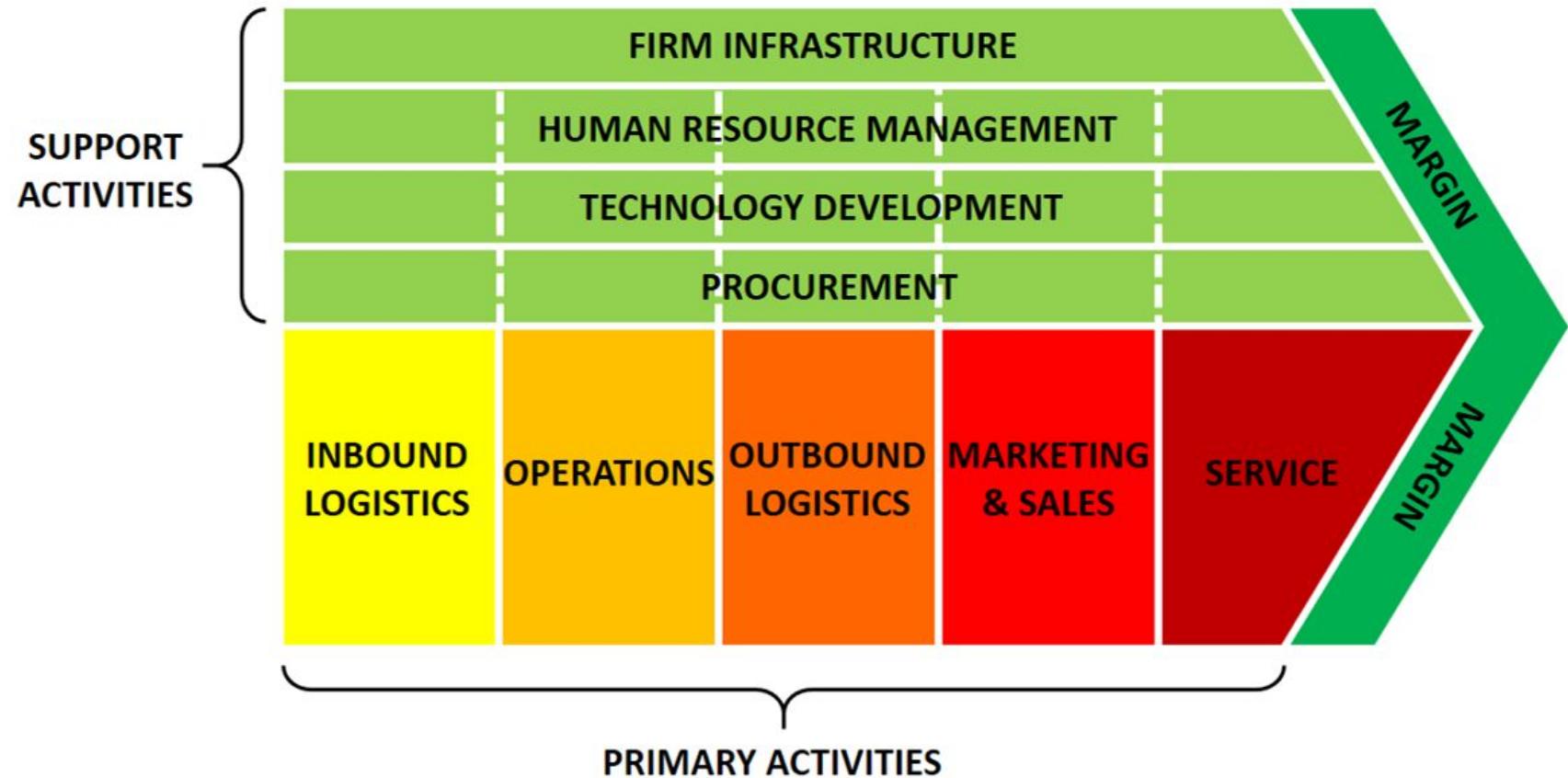
1990

30 YEARS

2020

25 YEARS

# The five key of Porter







# Southwest (1967)

1967



Small company

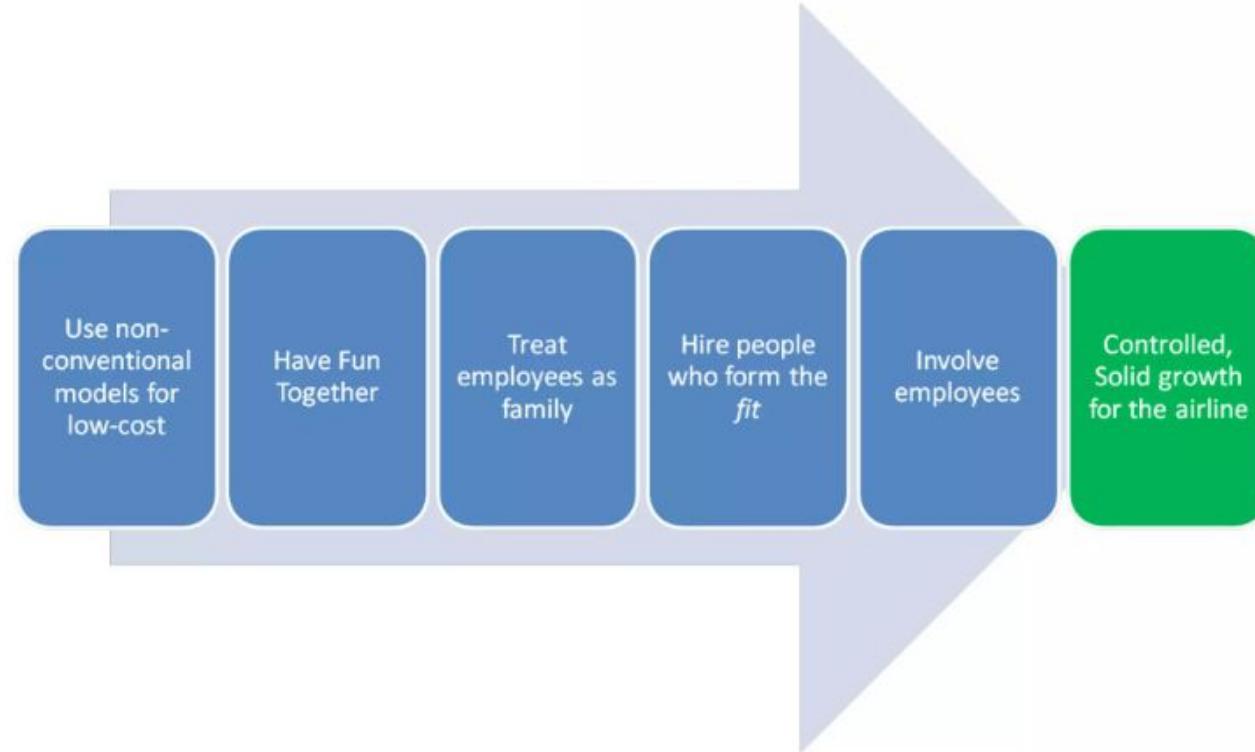
Small prices

Small cities

“small” people” → “*The neighbor of my flight didn’t have a tie*”

# Southwest (1967)

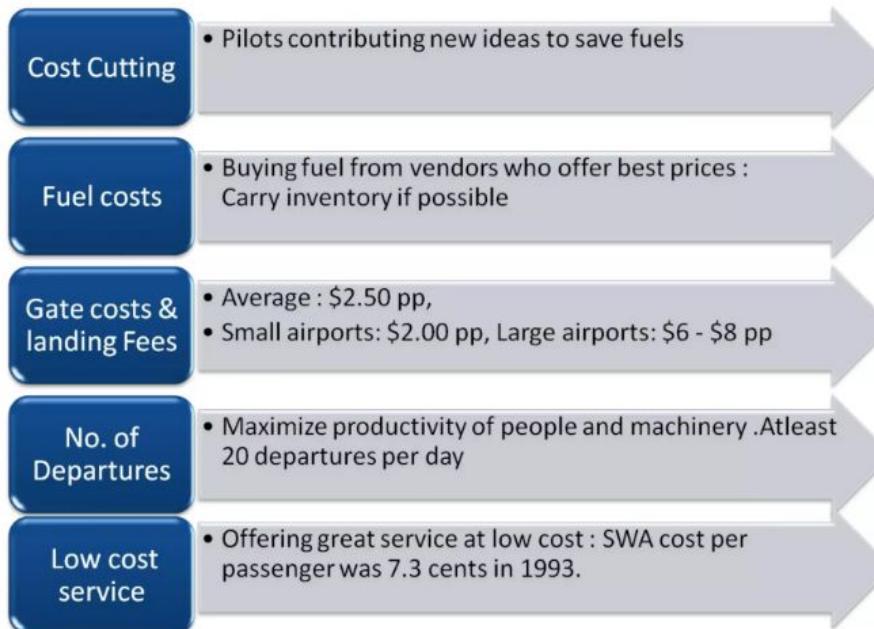
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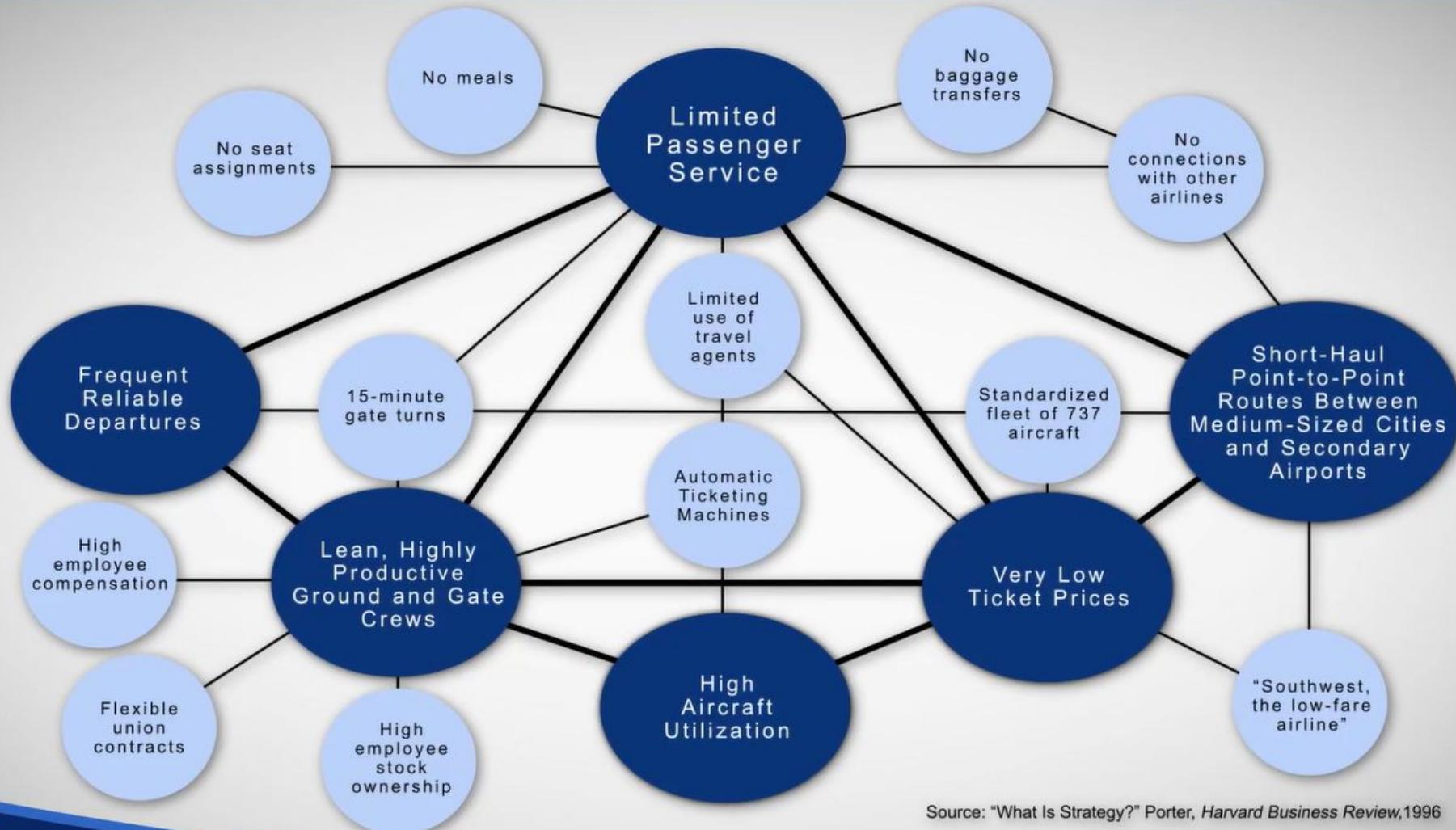


# Southwest (1967)

## COST CONTROL

"Airlines don't have revenue problems, they have cost problems"



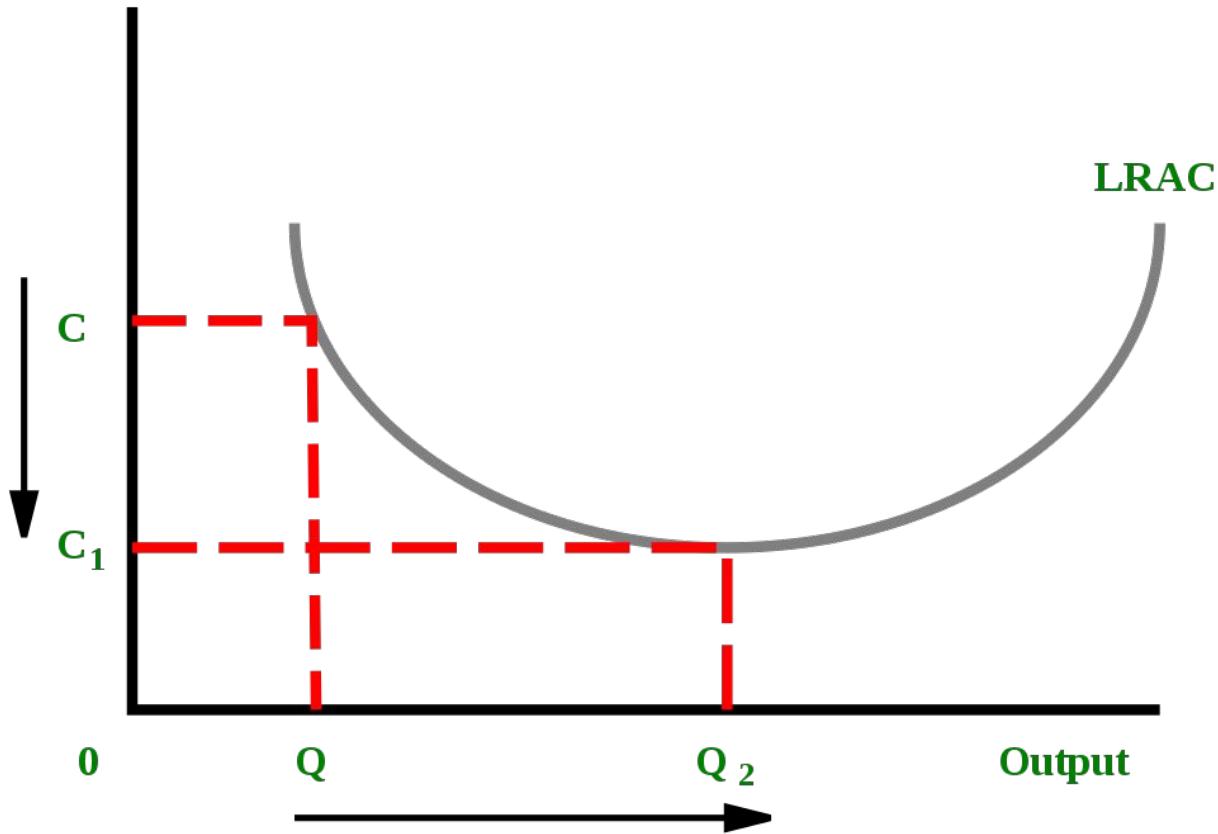


Source: "What Is Strategy?" Porter, Harvard Business Review, 1996

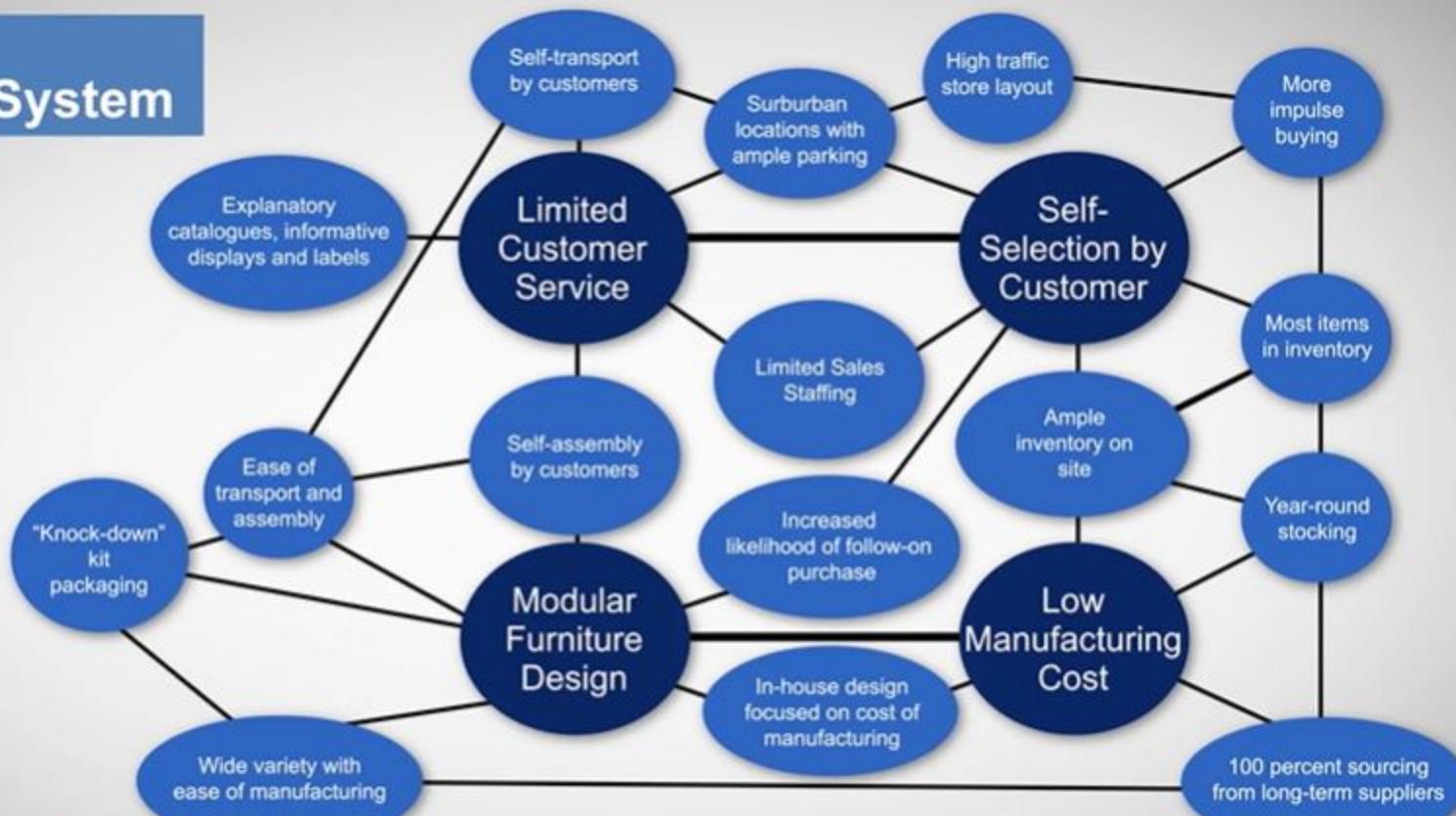
# “Continental Lite”

Activities Matching Southwest on a Subset of Routes	Activities Changed Across the Board	Activities Left Unchanged
<ul style="list-style-type: none"><li>• Point-to-point route network within Continental's hub-and-spoke system</li><li>• First class service eliminated</li><li>• Meals on Lite flights eliminated</li><li>• Fares lowered</li><li>• Quickened turnaround time at gate</li></ul>	<ul style="list-style-type: none"><li>• Reduced commissions to travel agents</li><li>• Ended upgrades and promotions on frequent-flier program</li><li>• Overhaul of fare structure for short flights</li><li>• Focus 75% of advertising budget on Lite service</li></ul>	<ul style="list-style-type: none"><li>• Maintained position as full-service airline</li><li>• Continued use of existing hub-and-spoke system</li><li>• Maintain fleet of several types of aircraft</li><li>• Interline baggage checking and seat assignments</li></ul>

## Average Cost

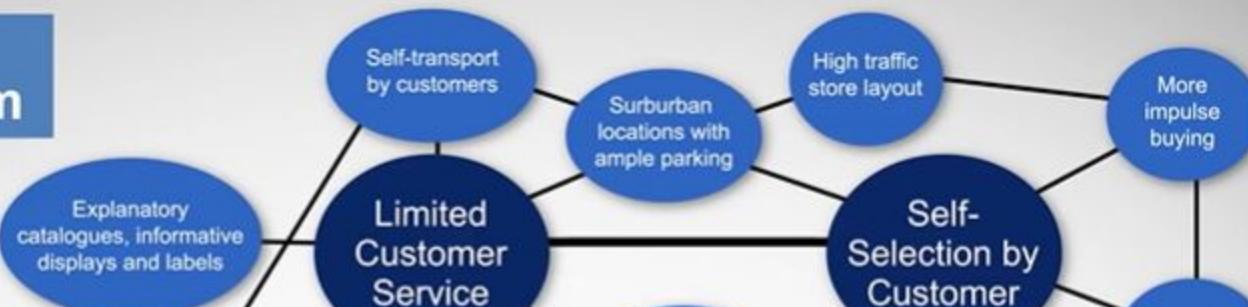


# IKEA Activity System

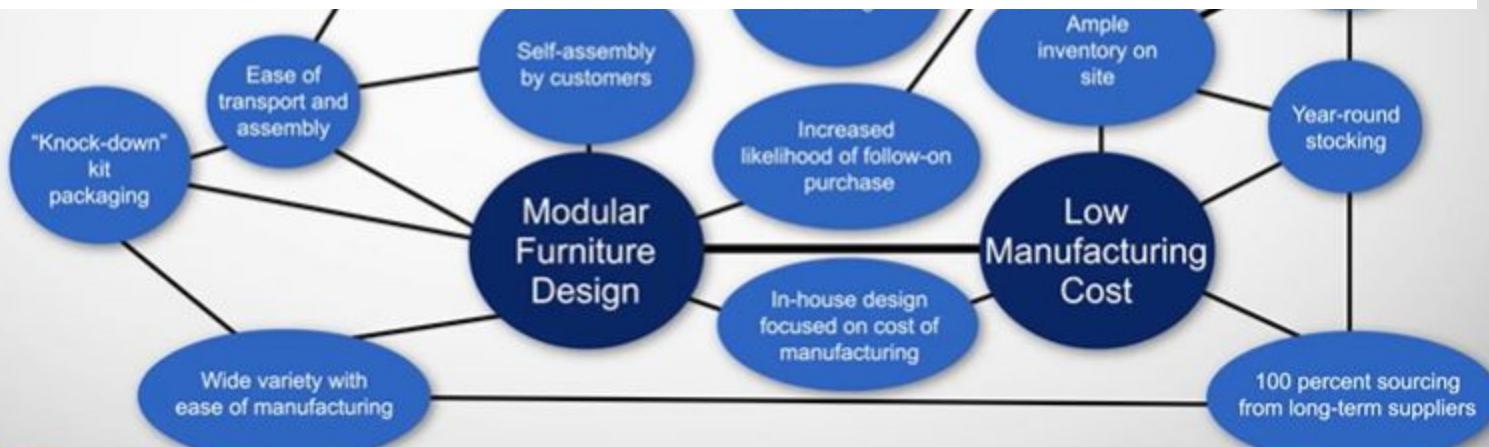


Source: Porter, 1998

## IKEA Activity System



Keep this in mind we will use it in the next section

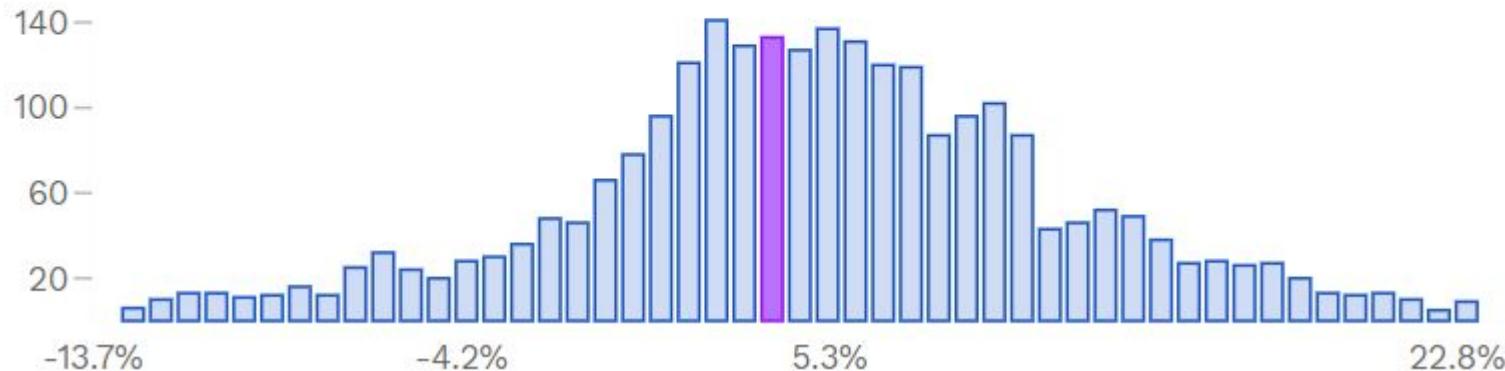


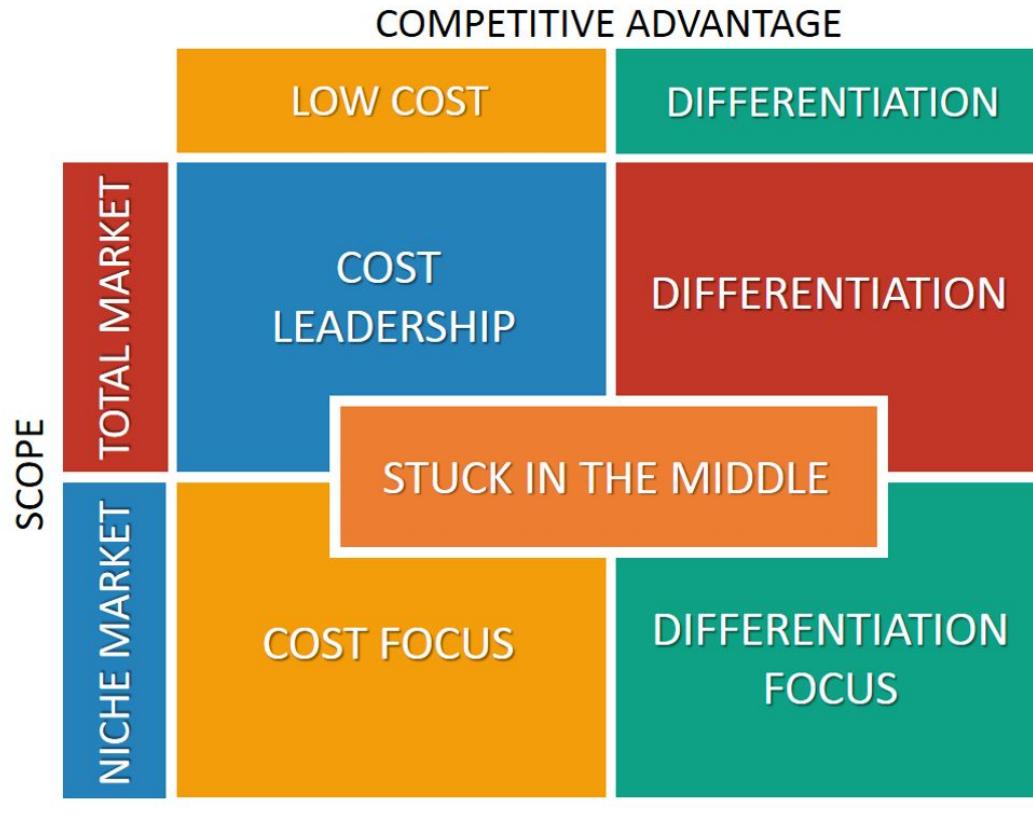
Source: Porter, 1998

# Southwest (ROI for 2022)

## Sector Benchmark Analysis

Sector
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# SWOT ANALYSIS



# SWOT

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Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1. Brand loyalty</li> <li>2. Brand reputation</li> <li>3. Easy to use software</li> <li>4. Strong distribution channels</li> <li>5. Robust financial performance</li> </ul>	<ul style="list-style-type: none"> <li>1. Poor acquisitions and investments</li> <li>2. Dependence on hardware manufacturers</li> <li>3. Criticism over security flaws</li> <li>4. Mature PC markets</li> <li>5. Slow to innovate</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>1. Cloud based services</li> <li>2. Mobile advertising</li> <li>3. Mobile device industry</li> <li>4. Growth through acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>1. Intense competition in software products</li> <li>2. Changing consumer needs and habits</li> <li>3. Open source projects</li> <li>4. Potential lawsuits</li> </ul>

# SWOT ANALYSIS OF MICROSOFT



## STRENGTHS

- Leading Software Company
- World's largest Company with dominant market share
- Vast market reach
- Constant growth
- Addition of newer SKUs (Stock Keeping Units)
- Reputed Brand with superior customer loyalty

## OPPORTUNITIES

- Cloud business growth
- Innovation and Artificial Intelligence
- Partnerships and Acquisitions
- Smartphone industry
- Cost leadership strategy



## WEAKNESSES

- Overexposure to the PC market
- Cybercrime theft
- Lacking innovation
- Lacking market leadership in Internet browser segment
- Unsuccessful acquisitions

## THREATS

- Workforce's related criticisms
- Gay reference controversy
- Aggressive competition
- Changing preferences of consumers
- Open source projects
- Cybercrime and piracy

# Practice : Fabricando fabri fimus

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# SWOT ANALYSIS OF H&M



## STRENGTHS

- Effective Strategy
- Global Presence
- Competitive Pricing
- Variety of Products
- Valuable brand
- Strong Online Channel

## OPPORTUNITIES

- Diversify Products
- Exploit e-Commerce Fully
- Focus on Emerging Markets
- Expand through Acquisition and Mergers



## WEAKNESSES

- Overdependence on Outsourcing
- Controversial Products
- Uninspired Fashion

## THREATS

- Impending Recession
- Intense Competition
- Increase in Counterfeits
- Rising Operation Costs
- Trade Tariffs
- Global Pandemic

# You place it.



# You place it.

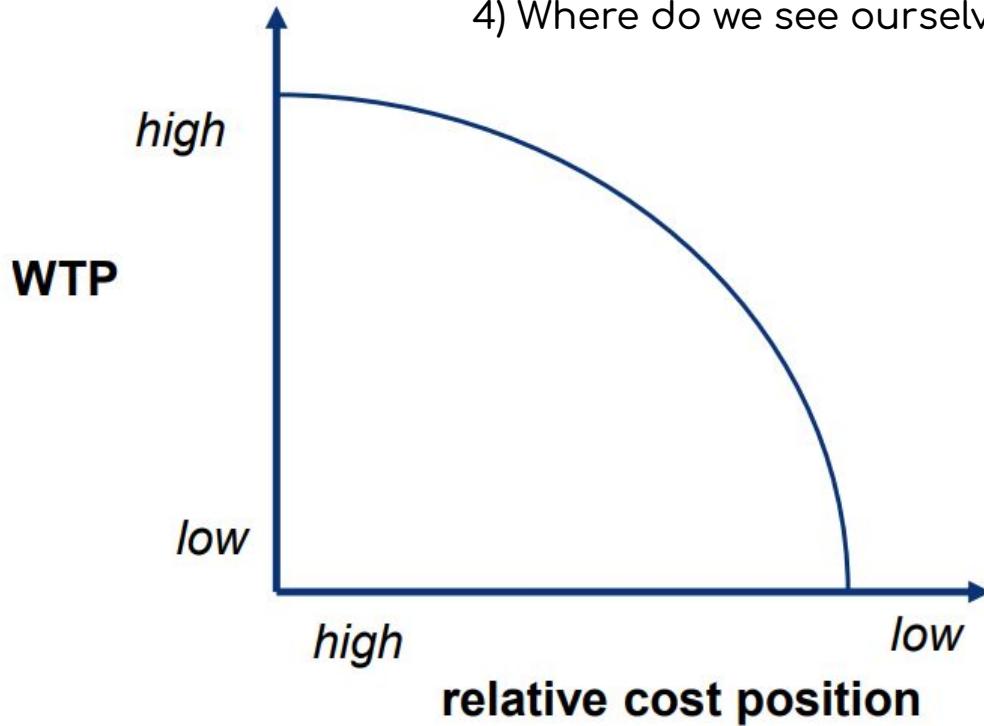


L'ORÉAL



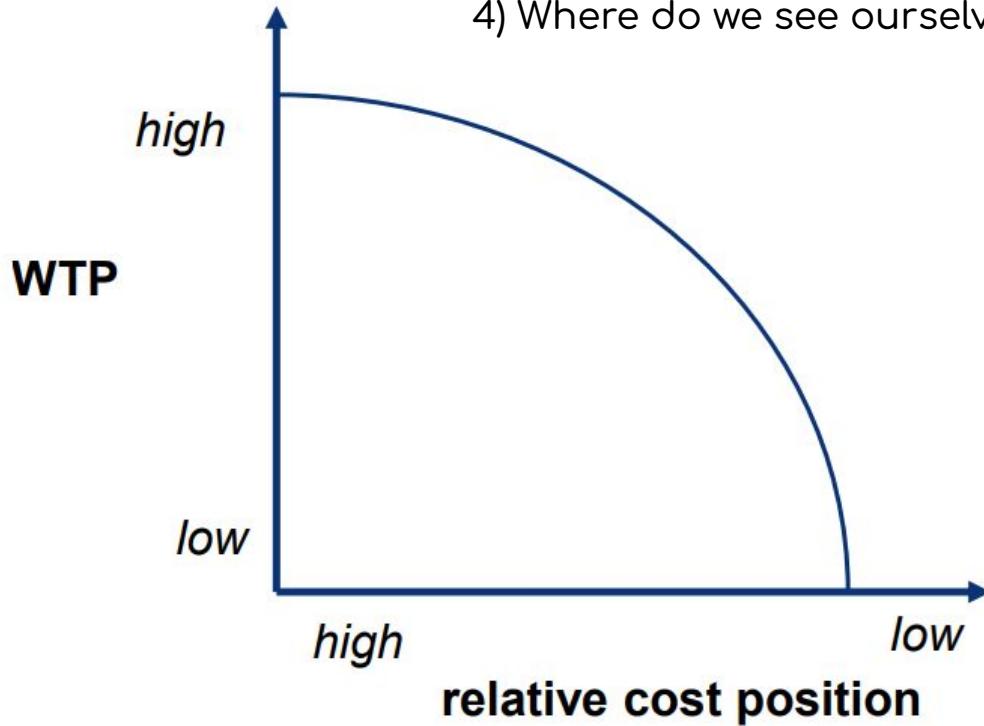
# You place it.

- 1) Where are we located?
- 2) Where are our competitors currently located?
- 3) Where do we believe our competitors are moving toward?
- 4) Where do we see ourselves going?



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 **OpenAI**

 MISTRAL  
AI\_

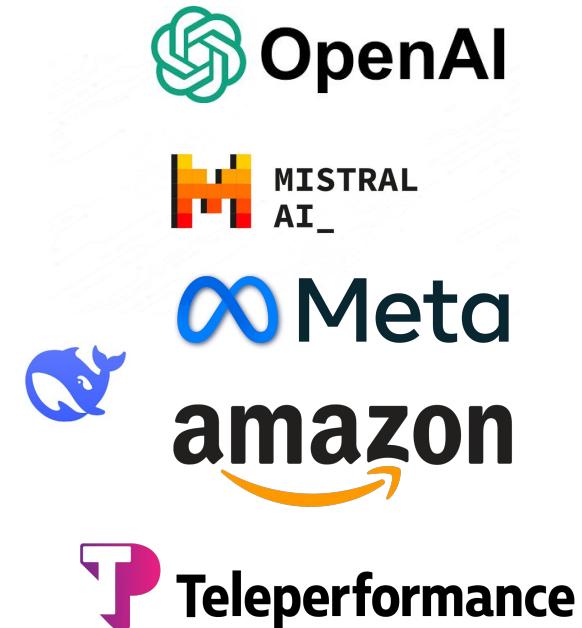
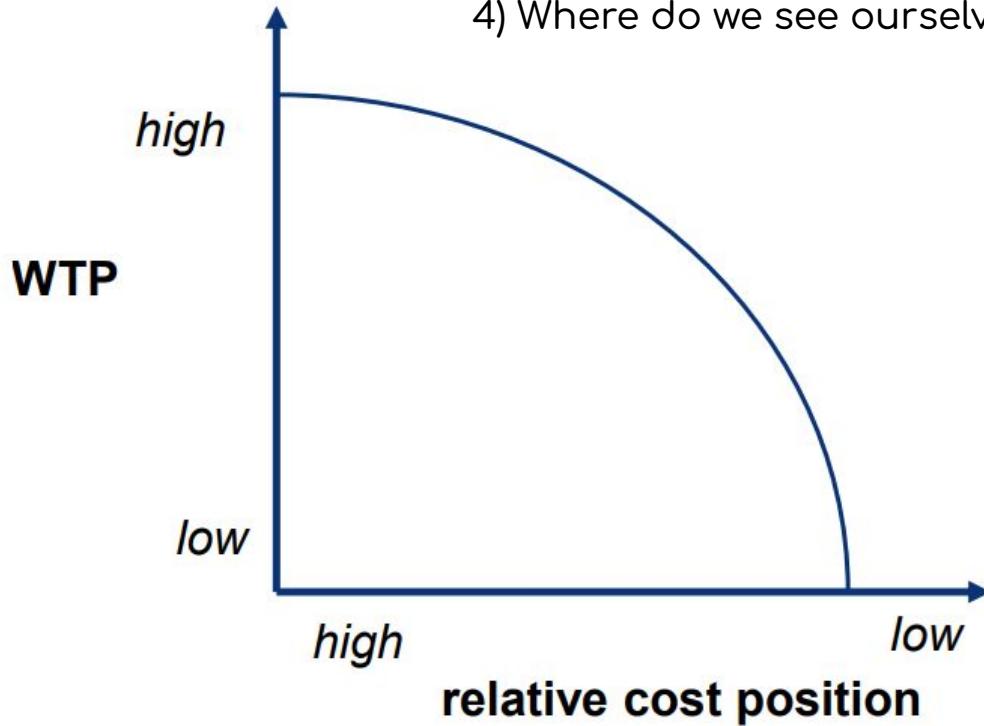
 **Meta**

 **amazon**

 **Teleperformance**

# You place it.

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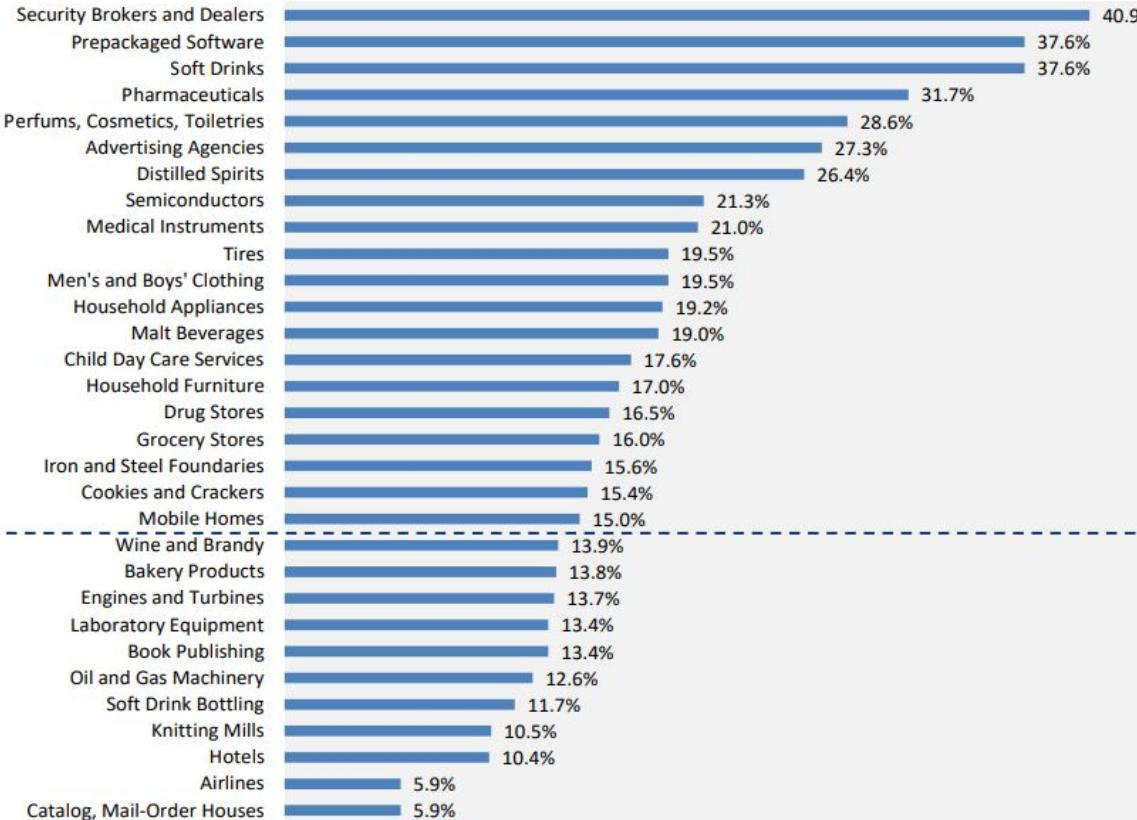


# Don't forget NUMBERS

	PESSIMISTIC	BASE	OPTIMISTIC
Permitting Duration	18 months	12 months	6 months
Construction Duration	24 months	18 months	18 months
Hard Costs	+10%	0%	-5%
Rents + Prices	-10%	0%	+15%
Exit Cap Rates	+0.50%	0.00%	-0.50%
Interest Rate	+2.00%	0.00%	-0.50%
<b>PROJECT</b>			
Total Development Cost	485,112,921	438,810,486	422,051,863
Unleveraged IRR	9.9%	14.3%	18.7%
Leveraged IRR	11.1%	22.4%	32.3%
Gross Equity Multiple	2.10	2.84	3.64
<b>INVESTOR</b>			
Total Equity	218,300,815	197,464,719	189,923,338
Unleveraged IRR	9.9%	13.5%	17.5%
Leveraged IRR	10.8%	19.9%	26.3%
Gross Equity Multiple	2.06	2.30	2.66
<b>SPONSOR</b>			
Total Equity	24,255,646	21,940,524	21,102,593
Unleveraged IRR	9.9%	19.0%	25.3%
Leveraged IRR	12.8%	35.6%	66.0%
Gross Equity Multiple	2.53	7.76	12.47

- Accounting is not to be neglected
- ROI is everything
- Quantitative work is the easiest way to prove value

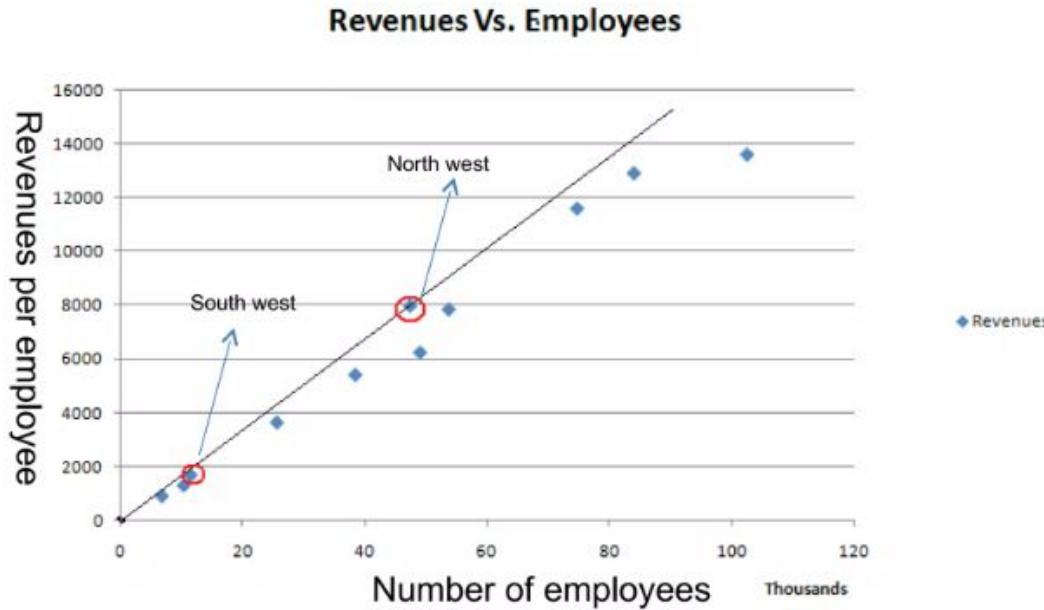
# Average ROIC, 1992–2006



Source: "The Five Competitive Forces That Shape Strategy" Porter, *Harvard Business Review*, 2008

# Don't forget NUMBERS (1/3)

## Revenue Vs. Employees ( DEA )



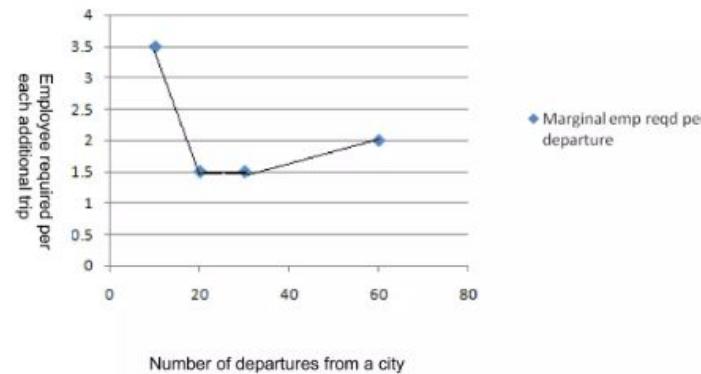
# Don't forget NUMBERS (2/3)

## Ground crew staffing efficiency

Wages as % of total expenses – 29.78% ( Industry average = 35.17%)

Lowest among Non-Chapter11 Airlines for the year 1992 . How was it possible ?

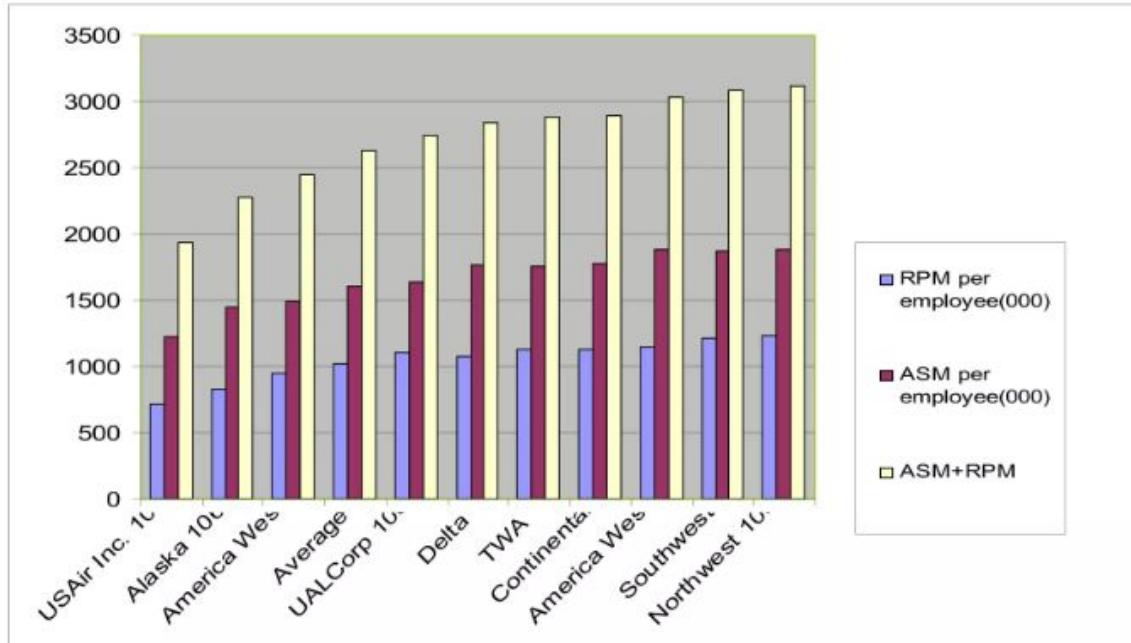
Ground Crew Staffing Levels based on number of departures at an Average Southwest city		
Departures	People	Marginal emp reqd per departure
10	35	3.5
20	45	1.5
30	60	1.5
60	120	2



- Competitors runs with at least three times as much staff .
- E.g., South-West effect on Burbank –Oakland market.

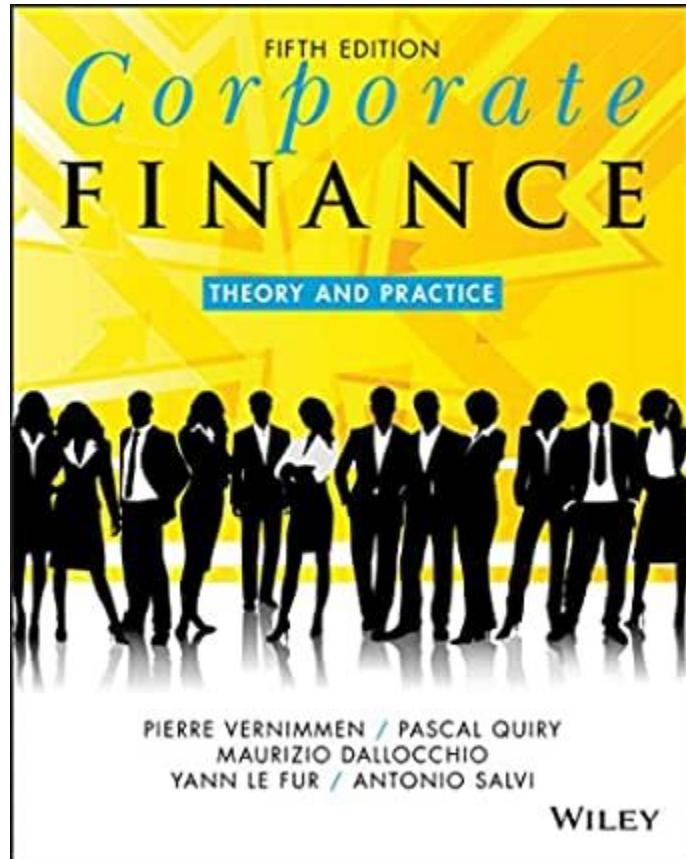
# Don't forget NUMBERS (3/3)

## Employee productivity (1992)



ASM: Average Seat Mile ; RPM : Revenue Passenger Mile

# Don't forget NUMBERS



# Don't forget NUMBERS



# PAN AM

Prohibition : Cuba

US Flagship

Focus Cities : All capitals

White Collars

Had HUBS !!

Boeing

Had Subsidiaries



# PAN AM aka forgetting numbers

**Example Corporation**  
**Income Statement**  
**Years ended December 31**

	(in thousands of dollars)		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net sales	\$ 3,980	\$ 3,750	\$ 3,400
Cost of sales	3,100	2,950	2,700
Gross profit	880	800	700
Selling, general and administrative expenses	640	590	510
Operating income	240	210	190
Interest expense	20	15	15
Loss on sale of equipment	5	-	4
Income before income taxes	215	195	171
Income tax expense	50	40	36
Net income	<u>\$ 165</u>	<u>\$ 155</u>	<u>\$ 135</u>

See notes to the financial statements.



# PAN AM aka forgetting numbers

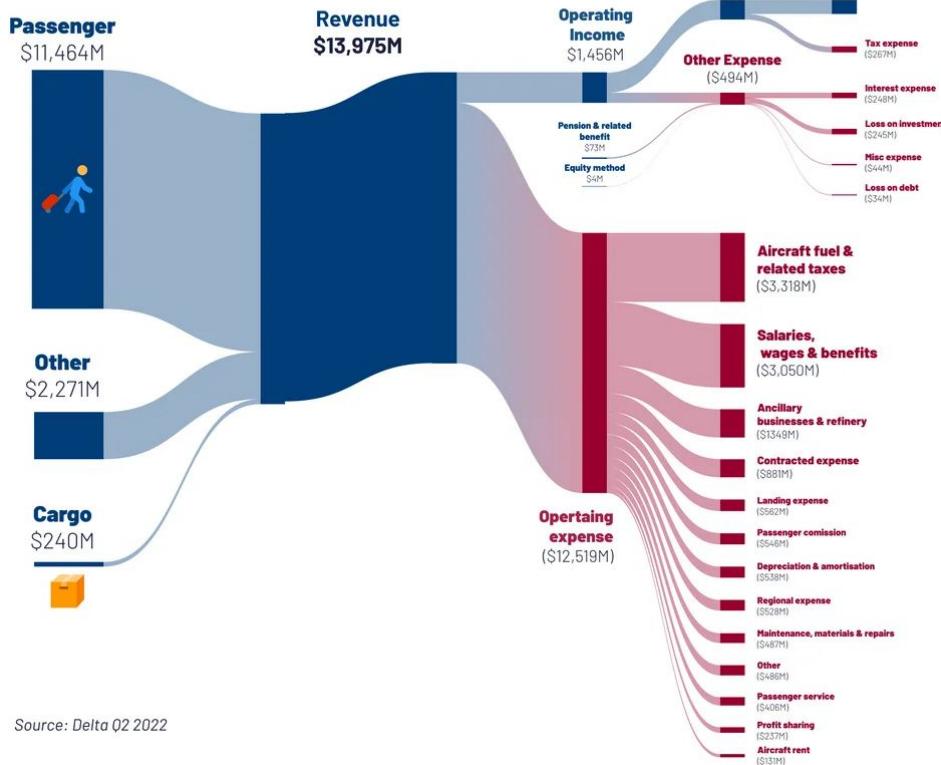
Excel Sports Income Statement For the quarter ended 30 September 2018		
Revenue	Merchandise Sale	25,800
	Revenue from Training	5,000
	Total Revenue	30,800
Expenses	Procurement Costs	8,000
	Wages	700
	Rent	1,000
	Interest Paid	500
	Transportation	300
	Utilities	150
	Total Expenses	10,650
Gains	Income from sale of van	2,000
Losses	Settlement cost of consumer lawsuit	800
Net Income	(Revenue + Gains) - (Expenses + Losses)	21,350



# Sankey Diagram (1898) Energy & Money

## How does Delta make money?

▲ DELTA



Source: Delta Q2 2022

# Southwest vs PanAm



# Southwest vs PanAm



We live in a DYNAMIC world.

You need to adapt,  
to change

Bad predictions, because you have wrongly defined the basic conditions or wrongly anticipated future conditions, can have great or disastrous consequences.

That's why: Whatever your predictions, try to explain why and to quantify it.

# Nagumo's Dilemma

## Send an immediate strike



questionable location,  
unkown composition



some planes carrying  
the wrong ordnance



have additional planes  
ditch

## Send a strike after recovering Tomonaga's force



no planes would have  
to ditch



all planes properly armed



there is ample time, out  
of American strike range

# Don't forget NUMBERS



DIMENSION	DESCRIPTION
<b>Structuring</b> 	<ul style="list-style-type: none"> <li>• Focus on the right question</li> <li>• Break down the question into an exhaustive set of independent drivers</li> <li>• Provide an approach to solving the case</li> <li>• Share helpful insights</li> </ul>
<b>Numeracy</b> 	<ul style="list-style-type: none"> <li>• Lay out a clear and optimal approach</li> <li>• Calculate correctly, quickly and confidently, without help</li> <li>• State implications</li> </ul>
<b>Judgement and insights</b> 	<ul style="list-style-type: none"> <li>• Connect findings to develop sound recommendations</li> <li>• Make reasonable hypotheses</li> <li>• Share impressive insights</li> <li>• Flag far-reaching implications</li> </ul>
<b>Creativity</b>	<ul style="list-style-type: none"> <li>• Share numerous and varied sound ideas in a structured way</li> </ul>
<b>Synthesis</b>	<ul style="list-style-type: none"> <li>• Make a clear and sound recommendation in a convincing way</li> <li>• Support recommendation with key points, followed by specific next steps</li> </ul>

# You

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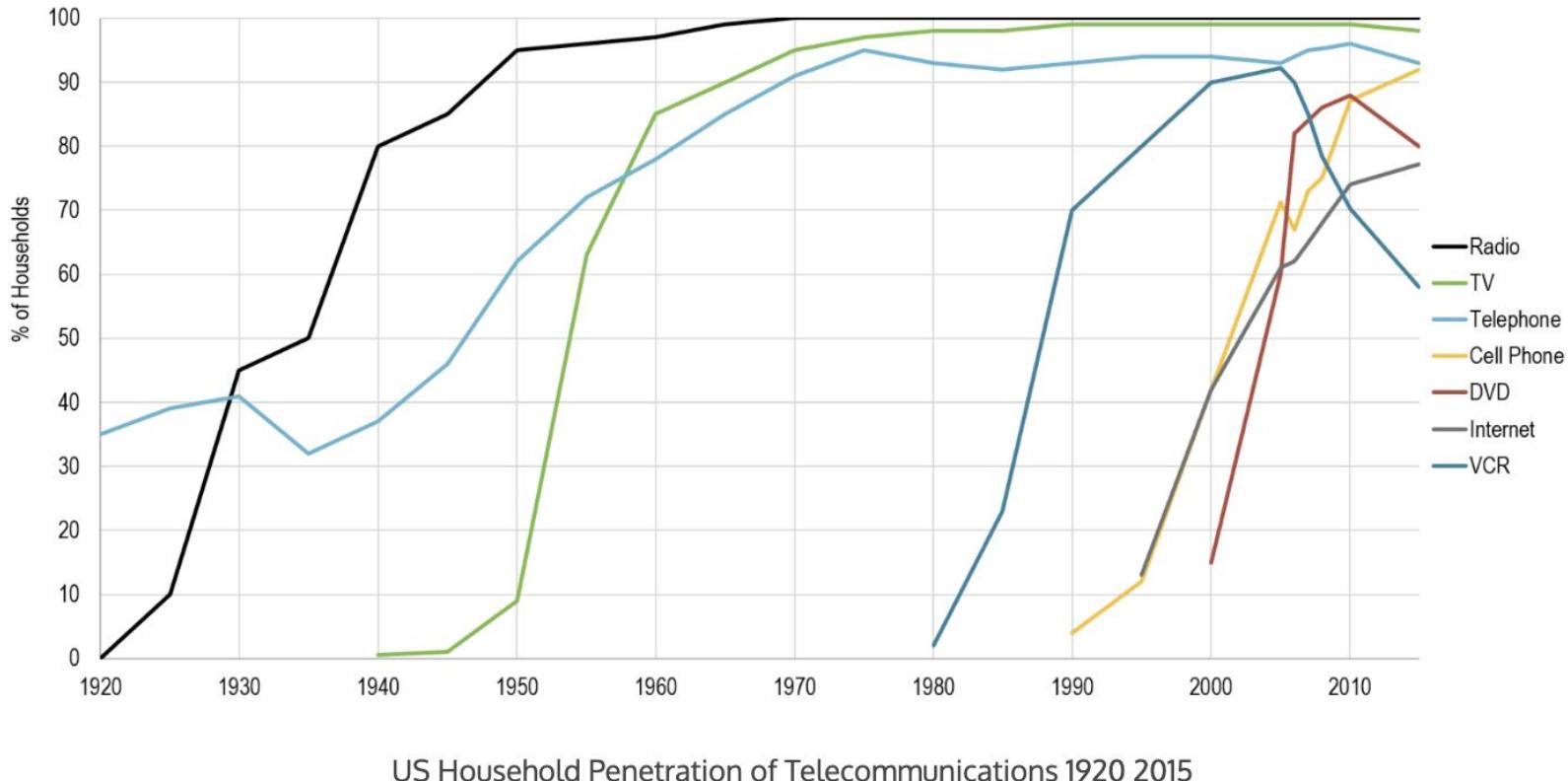
*Corporate Strategy*

# CAT Critical Analytical Thinking

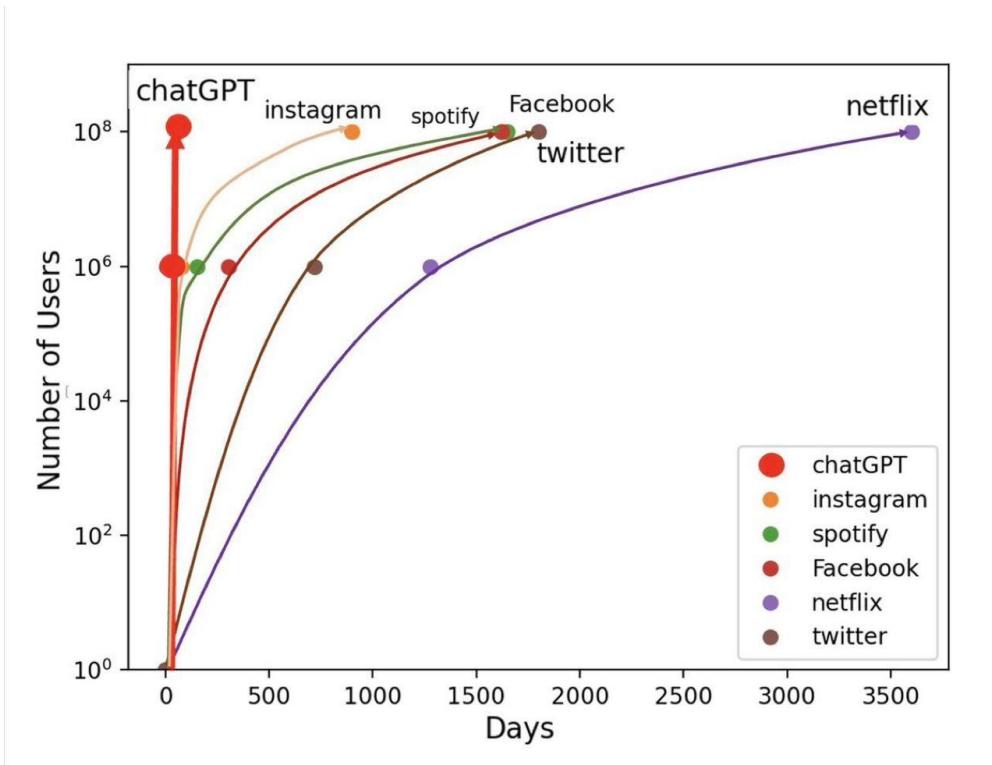
- 1. Accounting**
- 2. Finance**
- 3. Economic Analysis and Policy**
- 4. General and Interdisciplinary**
- 5. Marketing**
- 6. Organizational Behavior**
- 7. Operations, Information and Technology**
- 8. Political Economics**
- 9. Strategic Management**



Which pattern/ econ law can you see ?

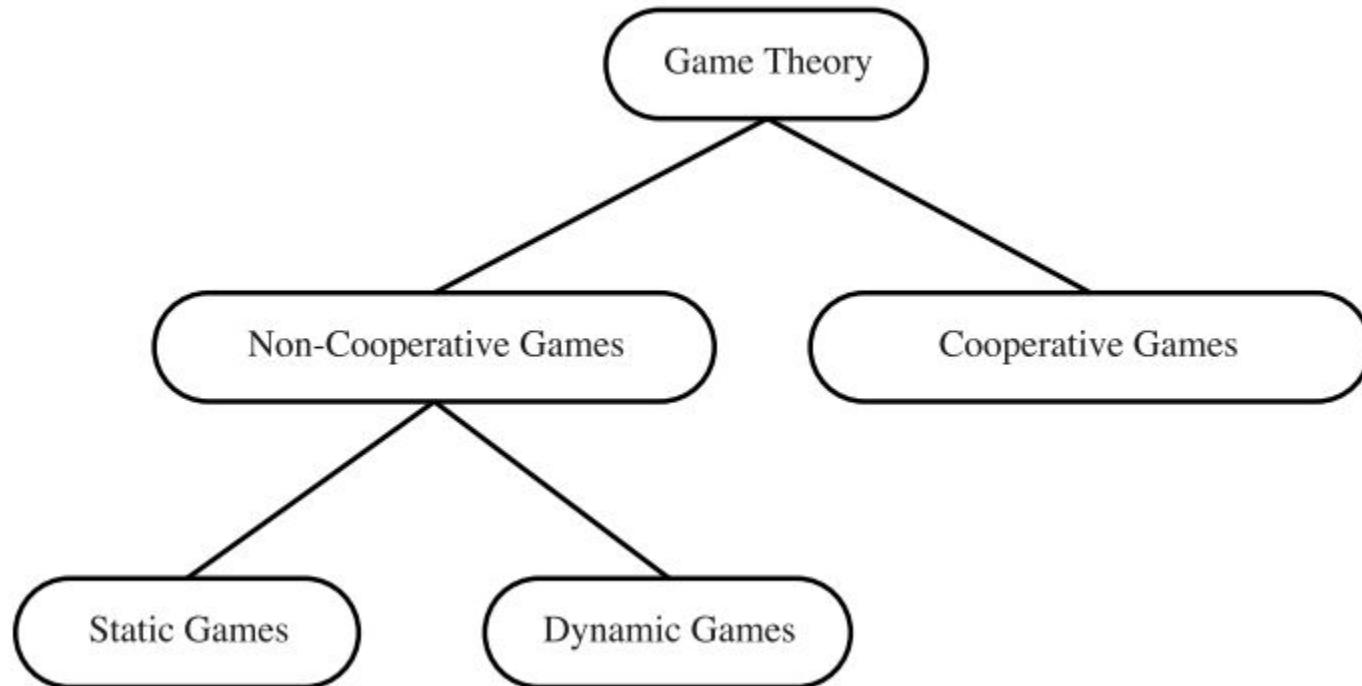


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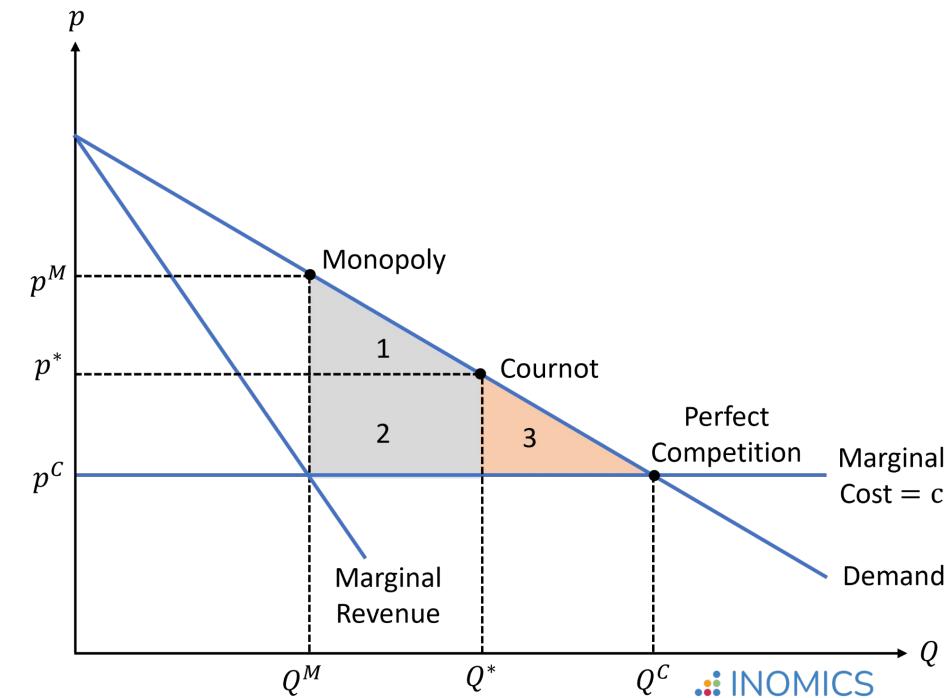
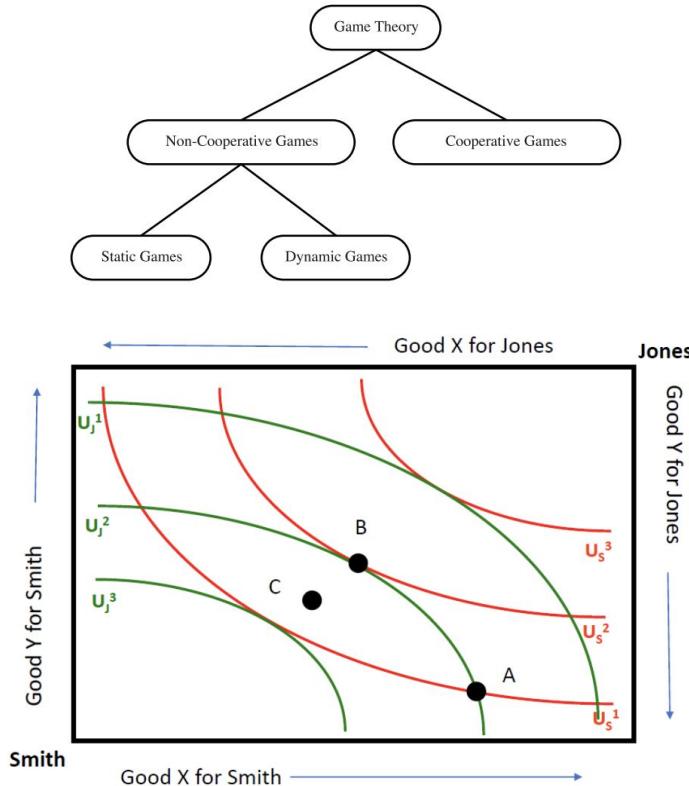
**"You are not as smart as you think you are,  
but you learned a lot more here than you know."**

Robert L. Joss



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$$y_i = \beta_1 x_{i1} + \beta_2 x_{i2} + \cdots + \beta_p x_{ip} + \varepsilon_i,$$

# CAT and GSB

1. Accounting
2. Finance ✓
3. Economic Analysis and Policy ✓
4. General and Interdisciplinary ✓
5. Marketing
6. Organizational Behavior ✓
7. Operations, Information and Technology ✓
8. Political Economics ✓
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ROI



# ROI





# Concorde

**The need of  
MACRO-Economics  
understanding.**



# Concorde

Extremely High Operating Costs  
Fuel-intensive & expensive maintenance

Limited Market Demand  
Tickets were too expensive for mass adoption

Regulatory & Environmental Issues  
Sonic booms restricted routes

Competition from Efficient Subsonic Planes  
Boeing 747 offered cheaper alternatives

The 2000 Air France Crash  
Hurt public confidence, leading to retirement in 2003

**Some companies are more in need of a strategy than others**



Source: Greenwald & Kahn 2005: 13

# Some companies are more in need of a strategy than others



# Concorde

Extremely High Operating Costs

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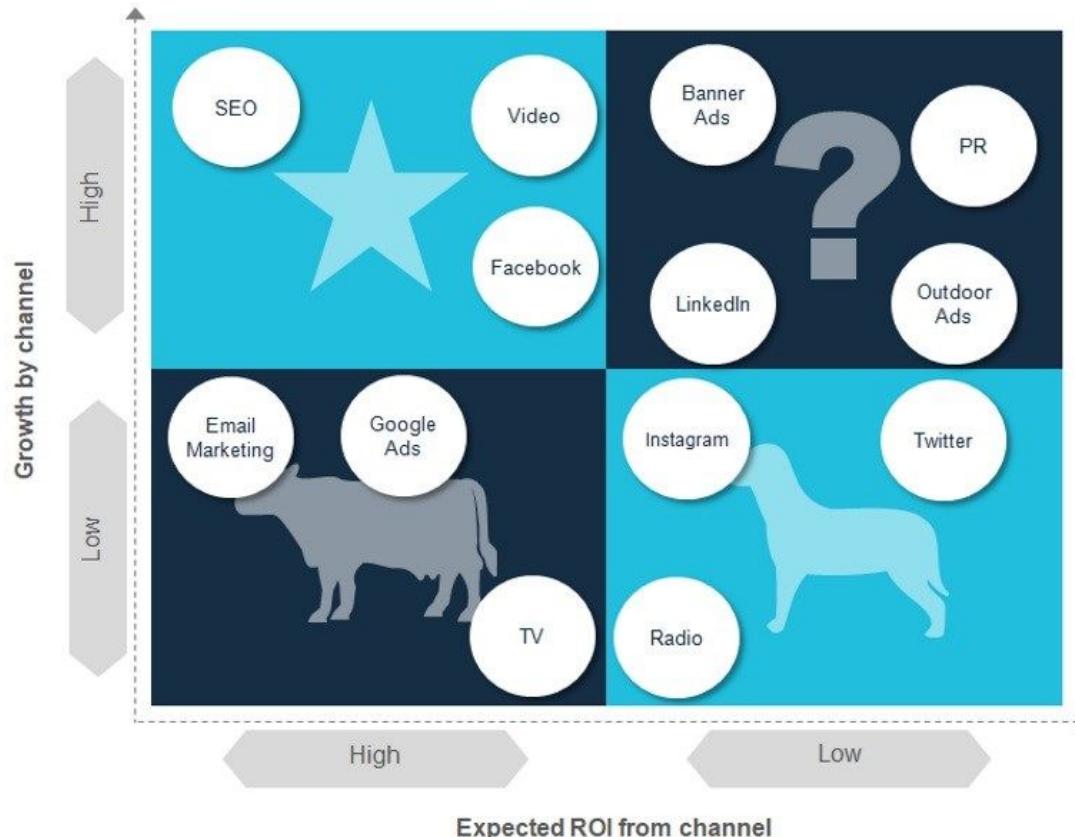
Hurt public confidence, leading to retirement in 2003



# 5 Porter Force



# Vache à Lait



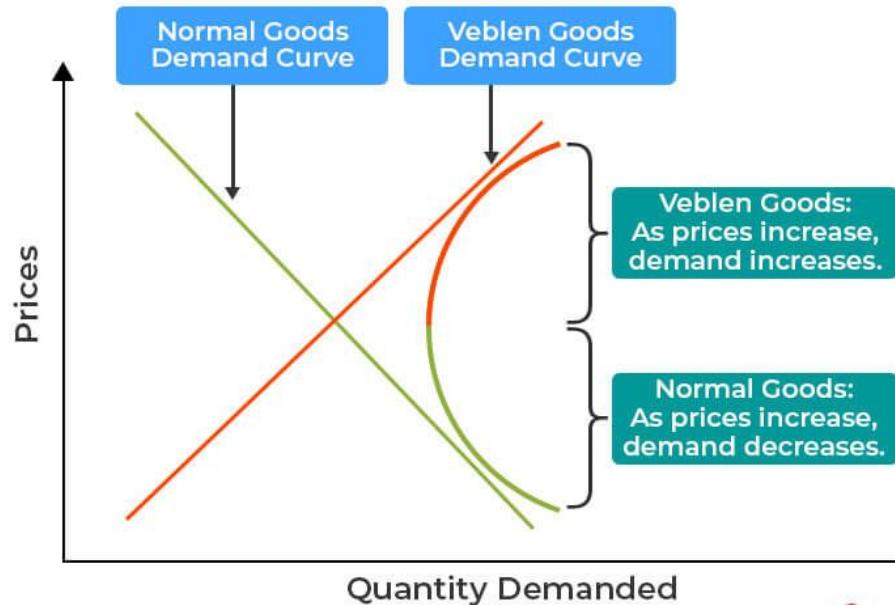
# Hermès

## Veblen Goods



# Hermès

## Veblen Goods Demand Curve



# Hermès

- **Higher Price = Higher Demand –**  
Consumers view expensive goods as status symbols
- **Exclusivity & Scarcity –** Limited production increases desirability
- **Luxury Branding & Social Status –** Owning a Birkin signals wealth and prestige
- **Resale Value & Investment Appeal –** Prices often appreciate over time
- **Irrational Consumer Behavior –** Buyers value the bag more because it's hard to get



# Hermès

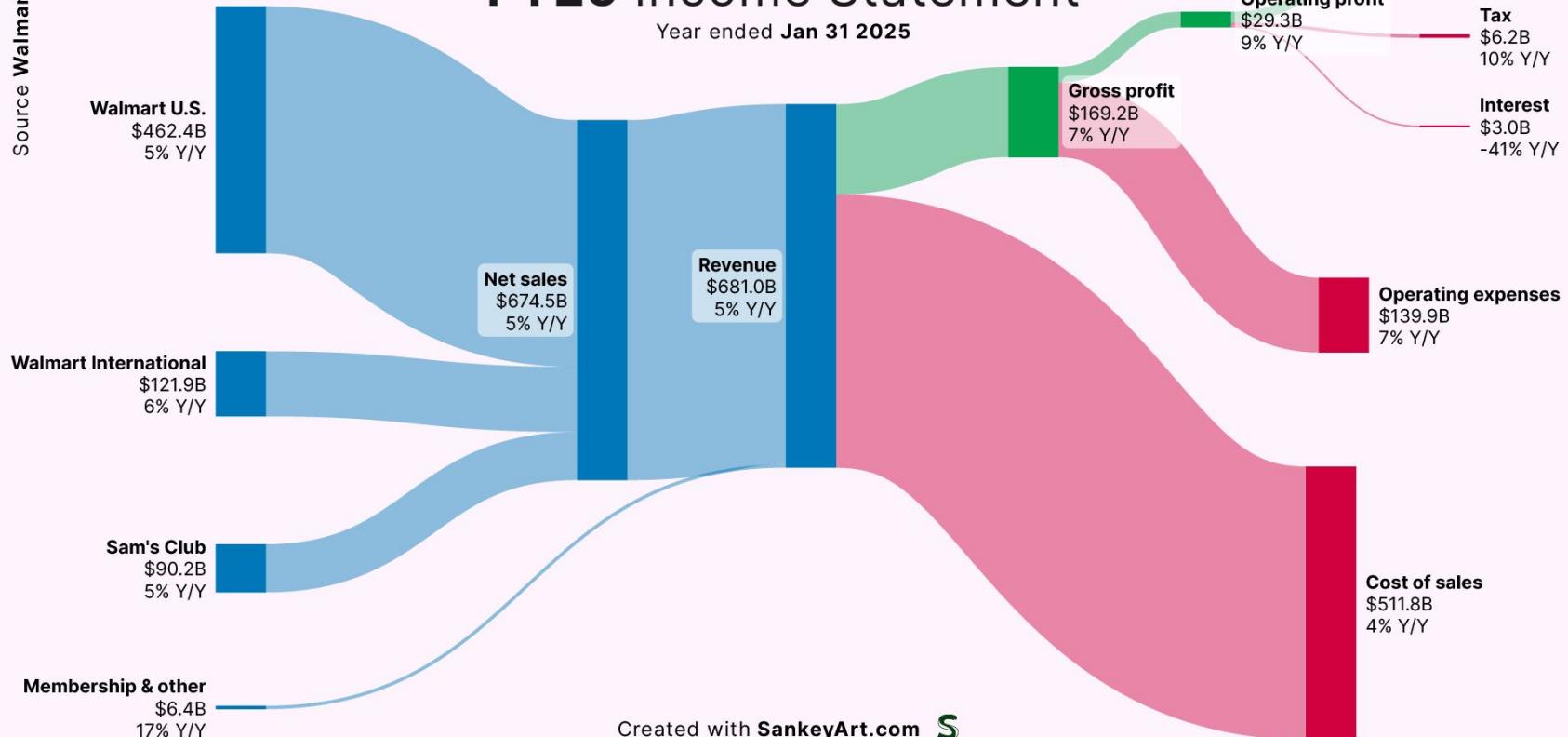
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## FY25 Income Statement

Year ended Jan 31 2025



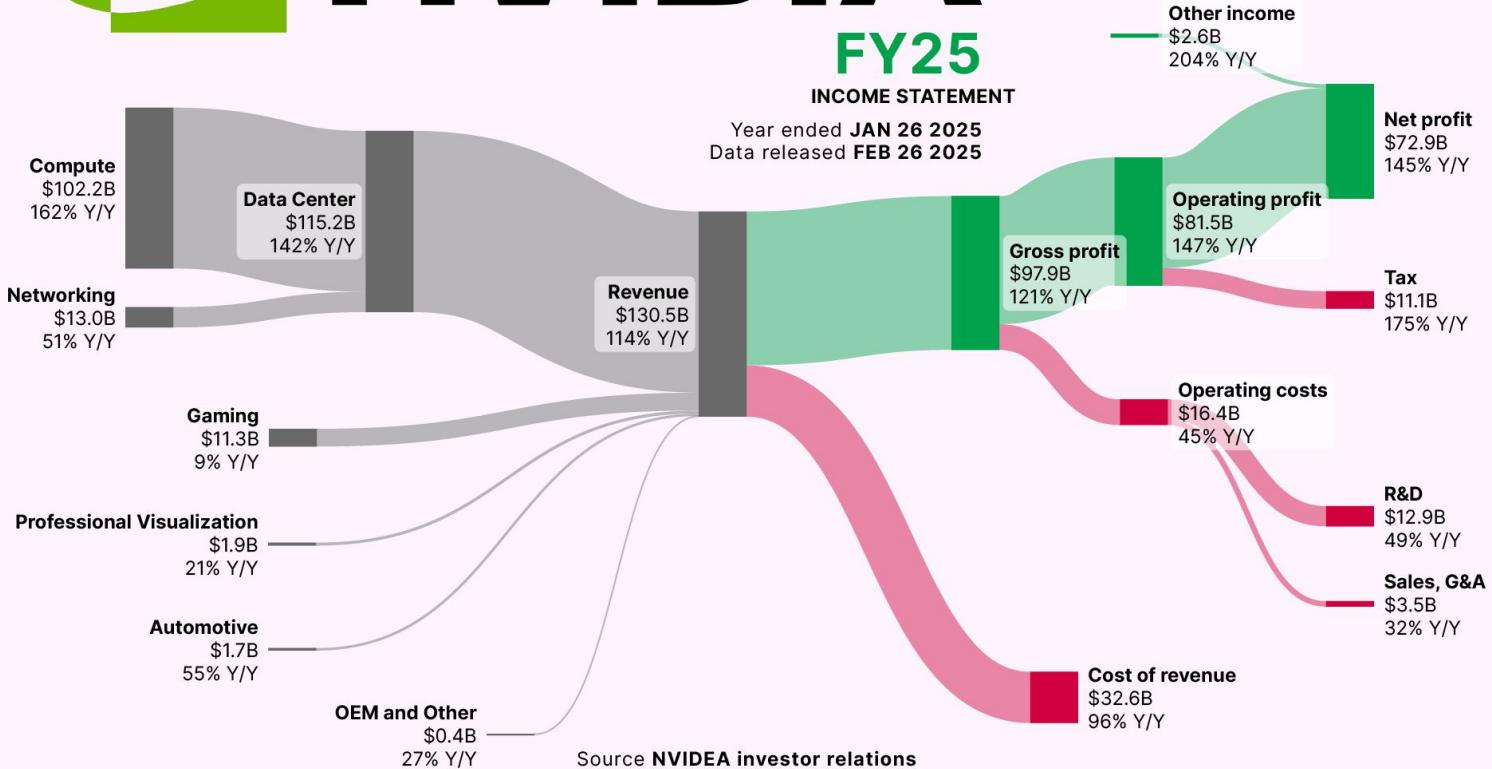


# NVIDIA

## FY25

### INCOME STATEMENT

Year ended JAN 26 2025  
Data released FEB 26 2025



Created with SankeyArt.com

# DYNAMIC ?

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*Corporate Strategy*

# When the new becomes old

We live in a DYNAMIC world.

You need to adapt,  
to change

Bad predictions, because you have wrongly defined the basic conditions or wrongly anticipated future conditions, can have great or disastrous consequences.

That's why: Whatever your predictions, try to explain why and to quantify it.

# When the new becomes old

1. Air travel on the whole is historically cheap. It's possible to find airfares on "legacy" airlines that rival "low-cost" airlines, once items like checked bags are factored in, and the "legacy" airlines also started offering reduced-fare "basic economy" "no-frills seats"
  - only there ARE more frills than the budget carriers offer.
2. Widespread and severe reputational damage to the "budget" carriers via social media is driving people to check the "legacy" airlines - which people are discovering aren't that much more expensive than the "budget" carriers.

BUSINESS and LEISURE

But BUSINESS TRAVEL IS STILL FALLING

# Southwest vs PanAm

- **Low-Cost Model vs. Premium Strategy**

Southwest focused on affordability and efficiency, while Pan Am relied on luxury and high-end services, making it vulnerable to economic downturns.

- **Point-to-Point vs. Hub-and-Spoke**

Southwest's point-to-point network reduced delays and turnaround times, whereas Pan Am's reliance on complex international hubs led to inefficiencies.

- **Fleet Simplicity vs. Costly Operations**

Southwest used only Boeing 737s, lowering maintenance and training costs, while Pan Am operated a diverse, expensive fleet, including fuel-hungry 747s.

- **Adaptability vs. Rigidity**

Southwest thrived post-deregulation by expanding strategically, while Pan Am, lacking a domestic network, struggled to compete with U.S. carriers.

- **Strong Company Culture vs. Leadership Challenges**

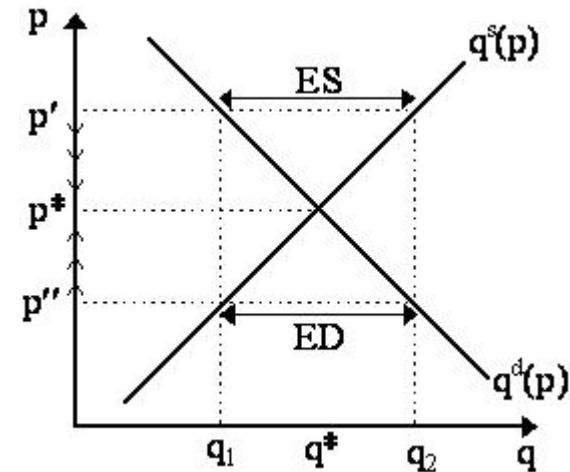
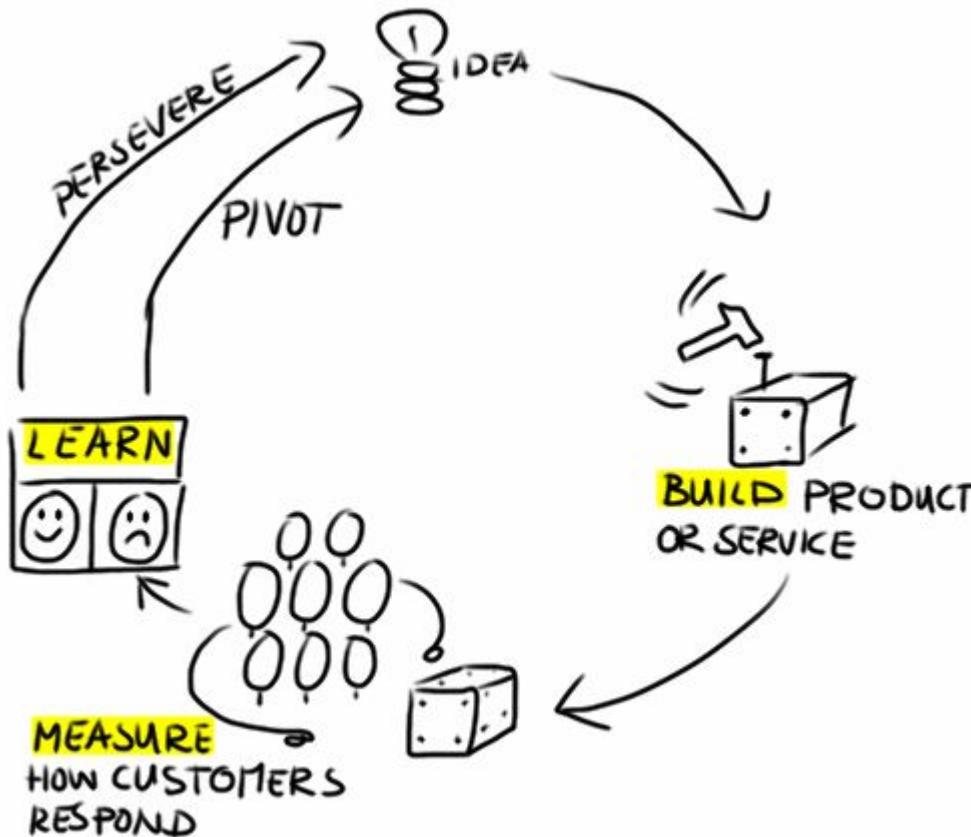
Southwest built a customer- and employee-friendly culture, while Pan Am suffered from management issues, financial missteps, and external crises.

# Southwest vs PanAm

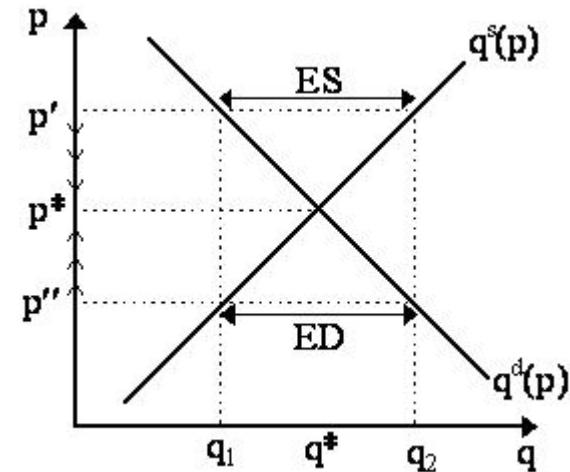
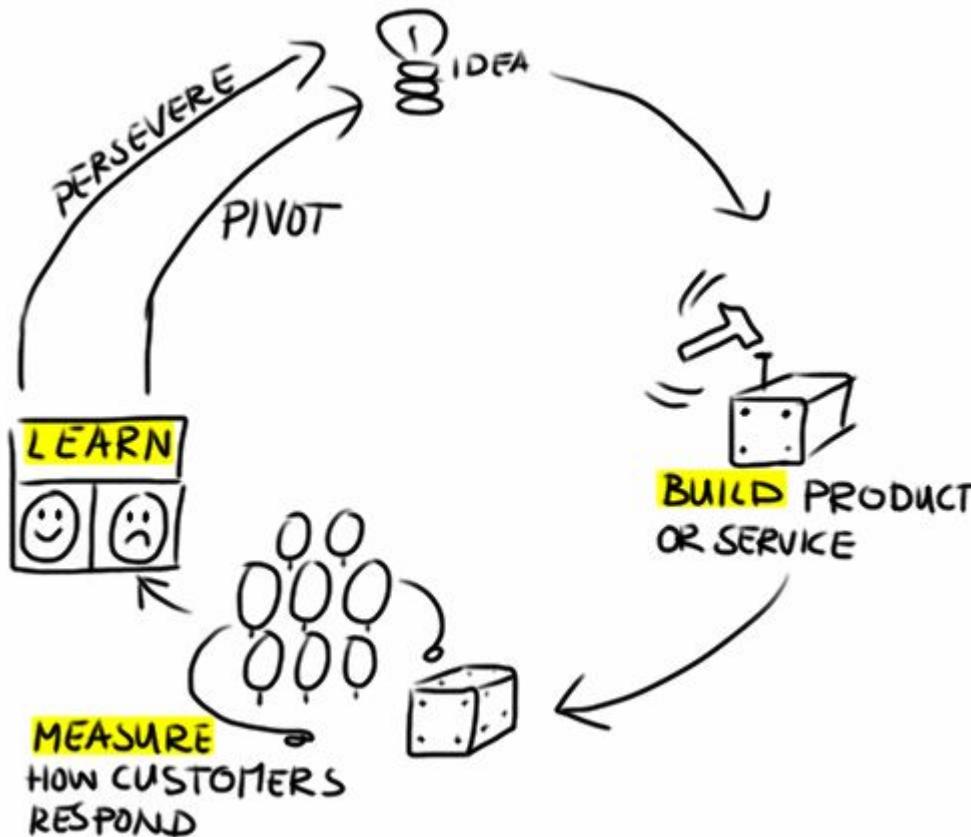
## Deregulation Adaptation vs. Failure to Pivot

- After the **Airline Deregulation Act (1978)**, Southwest adapted quickly, expanding into new markets and maintaining profitability.
- Pan Am struggled without a **domestic hub system**, lost market share, and eventually collapsed in 1991.

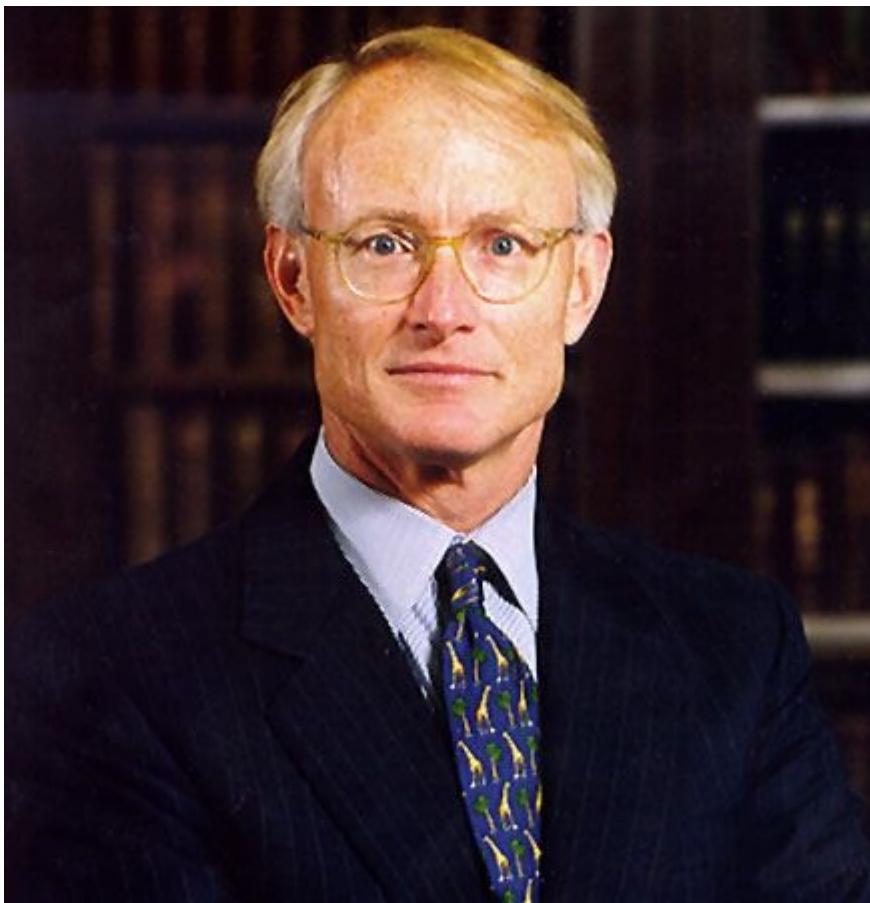
# Southwest vs PanAm



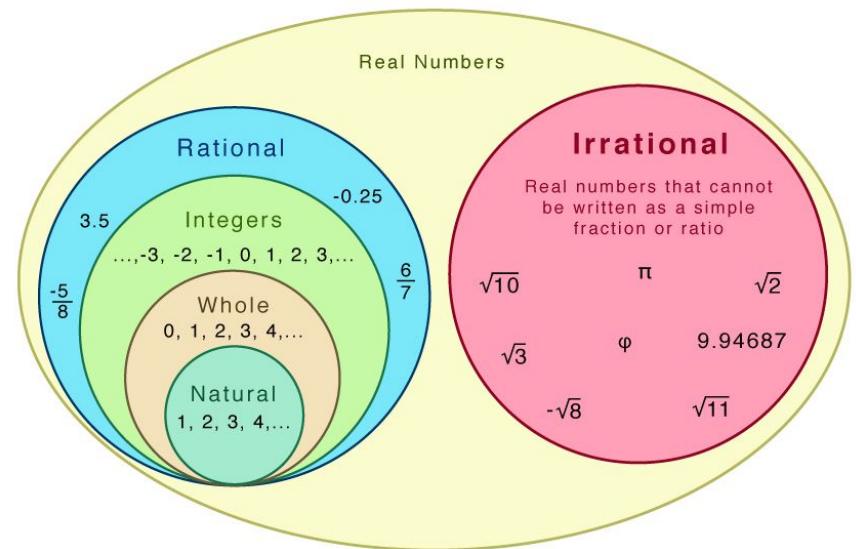
# Southwest vs PanAm



# Homo Economicus



## Irrational Numbers



# Bonus

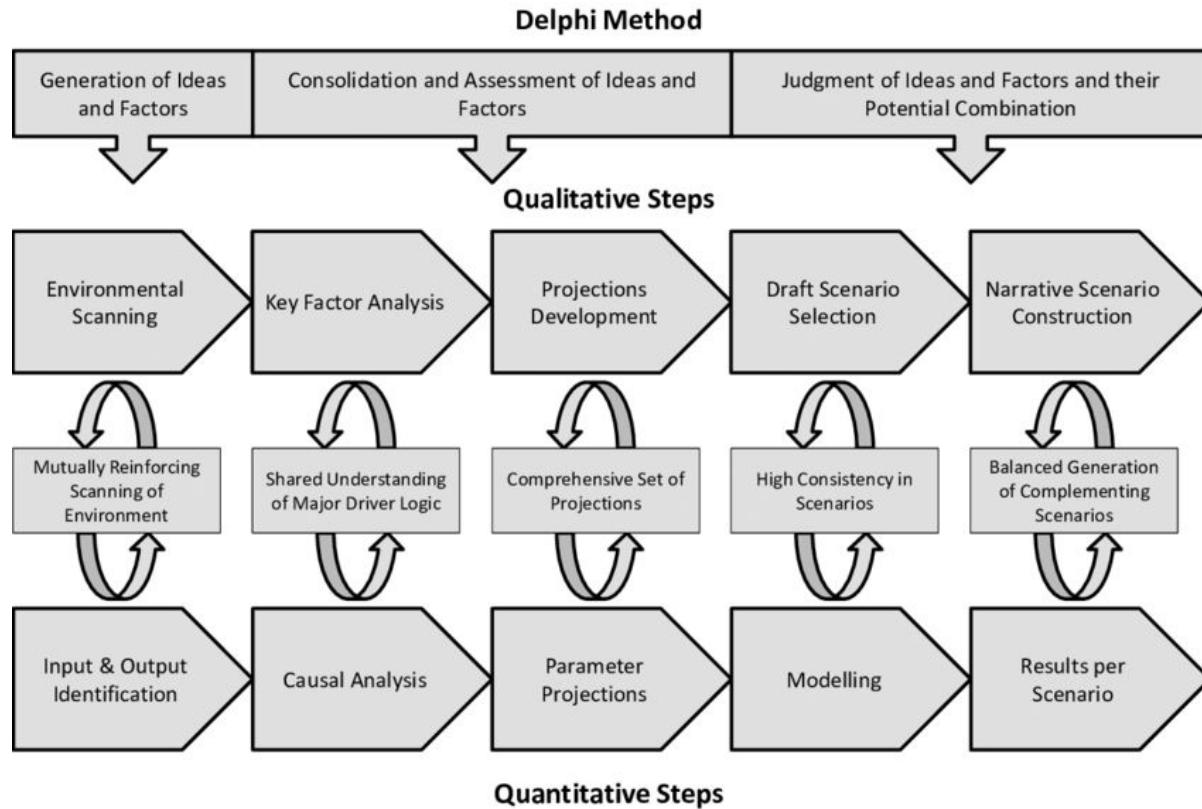
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*Corporate Strategy*

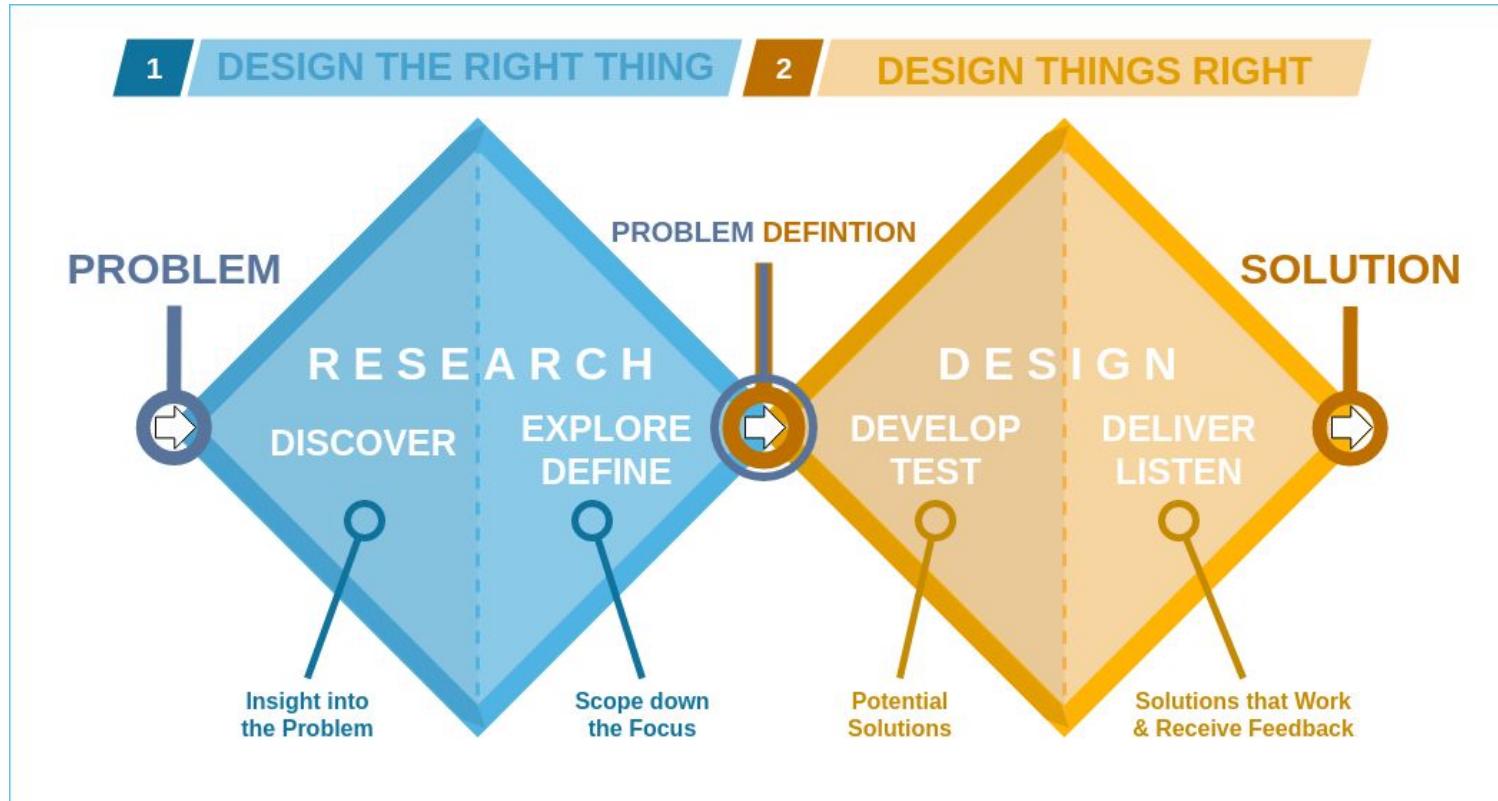
# MECE Method



# Delphi Method



# Design Thinking



# Design Thinking

## User-Centered Approach

Focuses on understanding user needs and problems

## Iterative Process

Continuous prototyping, testing, and refining solutions

## Cross-Disciplinary Collaboration

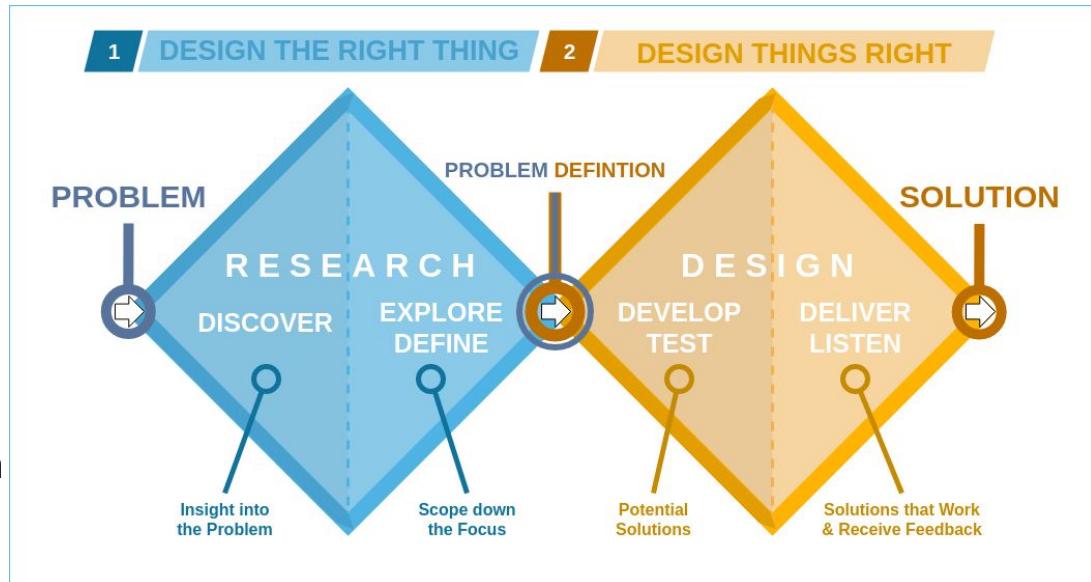
Encourages diverse perspectives for innovation

## Emphasizes Creativity & Experimentation

Generates out-of-the-box solutions

## Problem-Solving Mindset

Balances desirability, feasibility, and viability



# What ?

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What ?

So What ?  
Value

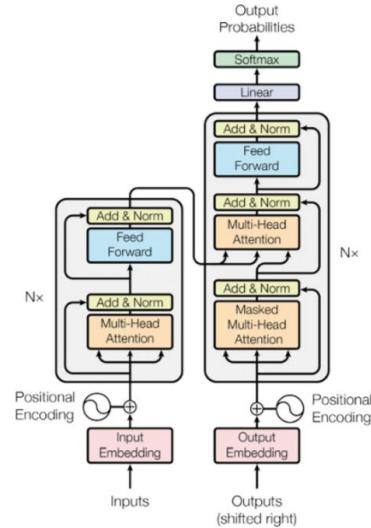
Now What ?  
Let's go (doing it or rethink it)

**CONCISE AND CLEAR**

# Attention !

## Transformer

**Attention Is All You Need**



# Attention !

**MISTRAL 7B** ChatGPT

**is 187x**  
**cheaper**



**187x**



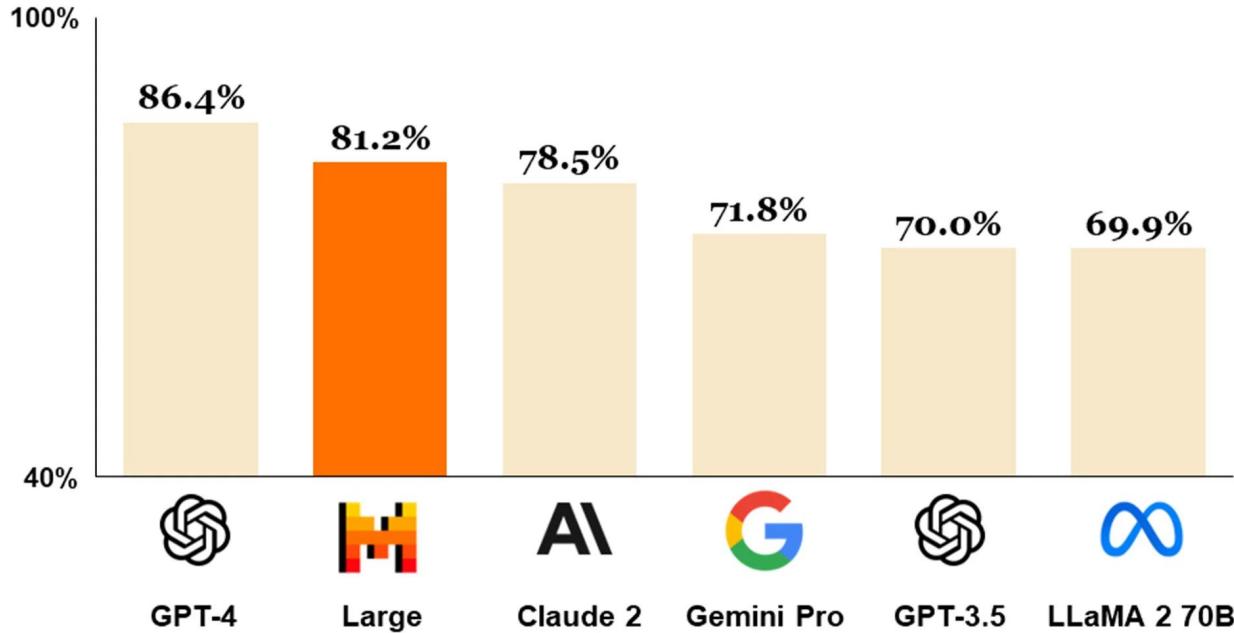
**MISTRAL AI\_**



Compared to GPT-4

# Attention !

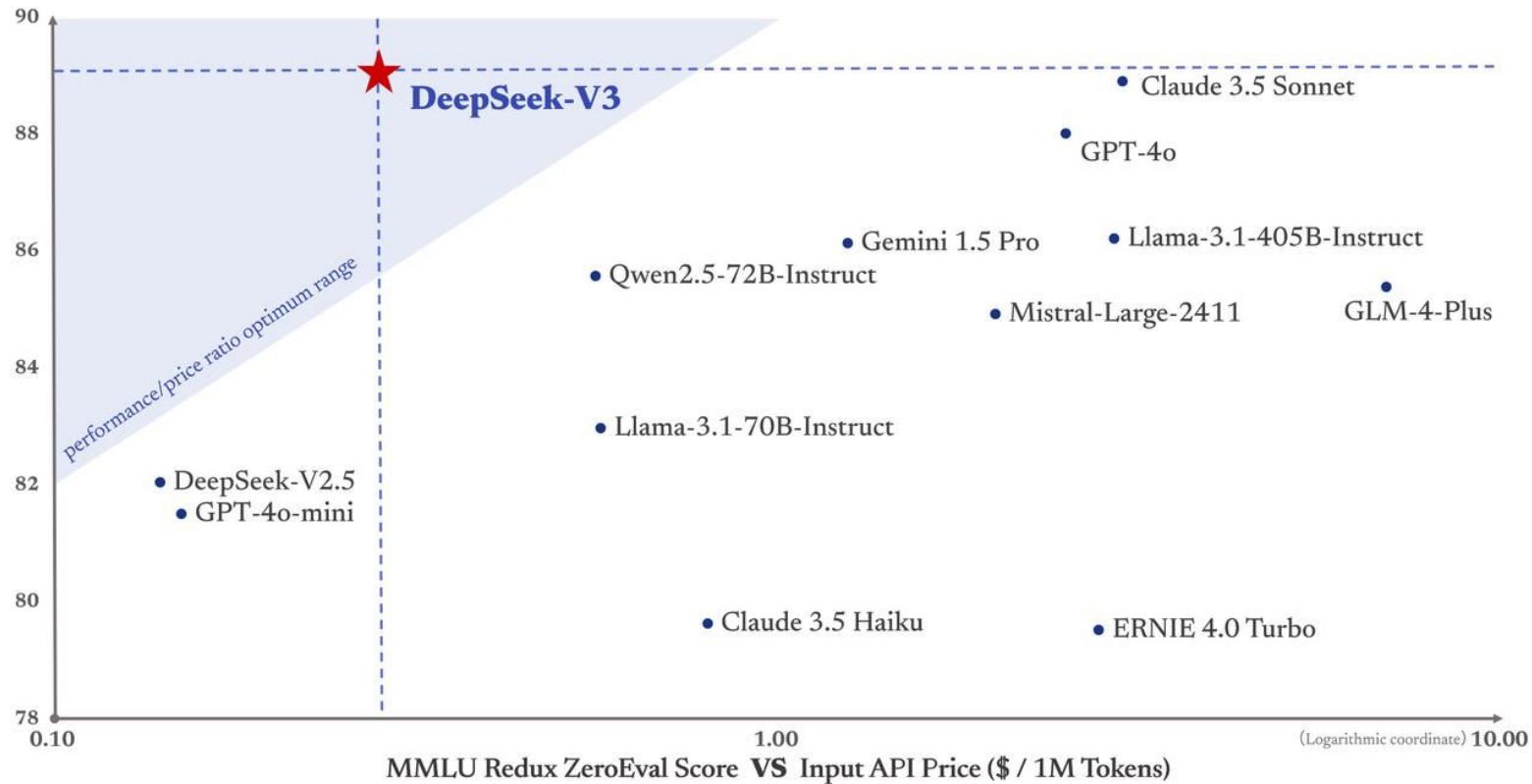
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Hi, I'm DeepSeek.  
How can I help you today?

# Attention !





Thank you for your  
**attention**

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<https://www.linkedin.com/in/sitraka-matthieu-forler/>

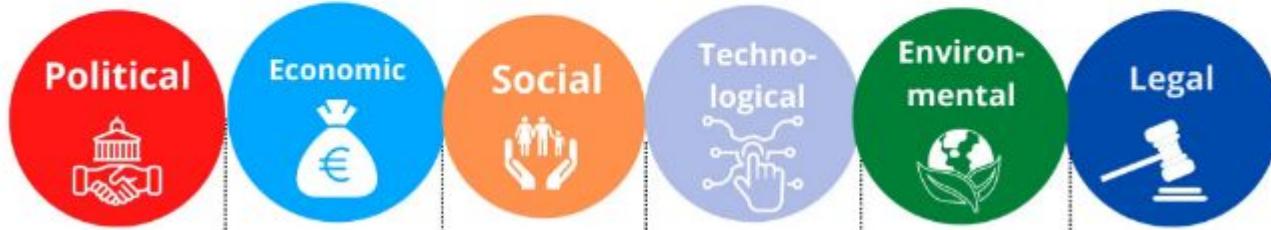


# Macro Quizz

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"The way to get started is to  
**quit talking** and begin **doing**"

# PESTEL



What are the risks ?  
Give explicit examples.

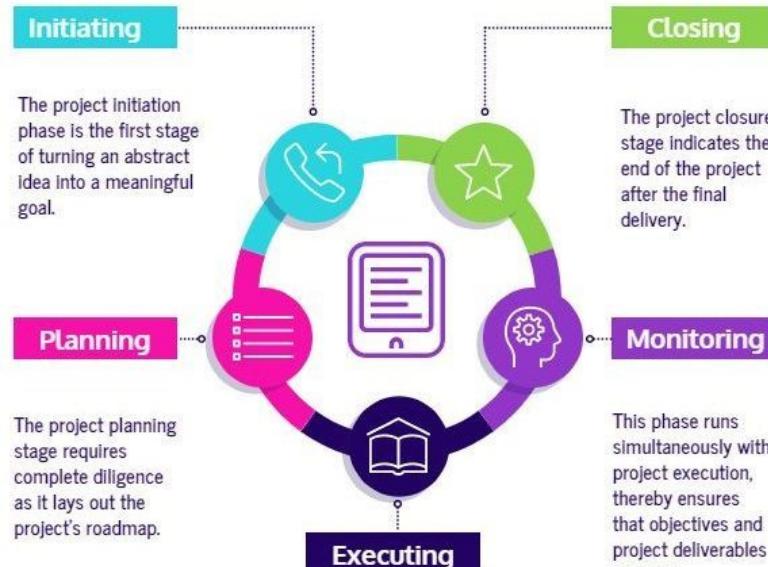
Is ROI enough to decide a Strategy ?  
Do you have examples ?

Is ROI enough to decide a Strategy ?  
Do you have examples ?

# Basic Elements of Project Management & Project Management Processes

Project management processes can be classified under five headings: Initiating, Planning, Executing, Monitoring and Controlling, Closing.

<http://pm-templates.info/>



The project execution stage is where your team does the actual work.

# M2 Données, Analyse, Décision et Évaluation Économique (DADEE)

Ce parcours de master a pour objectif de former des économistes **capables** de **concevoir, conduire** et **évaluer** des projets ou des programmes économiques ainsi que de contribuer à la prise de **décision** ou la conduite de projets **managériaux**.

Fondé sur les méthodes du calcul économique appliqué, il permet d'ancrer les décisions dans l'analyse sectorielle fine des données.

Les savoirs et savoir-faire développés permettent aux diplômés de revendiquer une **expertise forte** dans le domaine des politiques et des **décisions** publiques (aménagement, développement, éducation, environnement, logement, santé, transports,...) aussi bien que dans le **diagnostic**, la **prospective** et le management des **projets des firmes privées**.

Ce parcours est intégralement enseigné en anglais.

## Marketing: Marketing Management

Develop skills to apply analytical concepts and marketing tools to decisions like segmentation and targeting, branding, pricing, distribution, and promotion.

## Microeconomics: Microeconomics for Managers

Master the basic theory of microeconomics: supply, demand, consumer behavior, market price and output, production, cost, simple competitive market equilibrium, simple monopoly pricing and output determination, price discrimination, and bundling.

## Microeconomics: Advanced Microeconomics for Managers

Apply microeconomic theory to firm management and learn how to use microeconomics to enhance decision making. Topics include: sophisticated pricing policies, transfer pricing, strategies for dealing with competitor firms, cooperation strategies, managing under uncertainty, and more.

## Statistics: Regression Analysis for Managers

Become familiar with two key statistical methodologies for working with data: regression analysis and experimentation. Learn techniques such as least-squares estimation, tests and confidence intervals, correlation and autocorrelation, collinearity, and randomization.

## Management Communication: Speaking and Writing

*Speaking:* Strengthen your skills in persuasion, speaking confidently, and handling Q&A during the Fall speaking course. You'll have a choice of advanced topics during the Spring speaking courses.

# MBA Master of Business Administration

## SECTION I: THE STRATEGIC ENVIRONMENT

### Module 2

Economics for managers

### Module 3

Competitive strategy

### Module 4

Corporate strategy

## SECTION II: THE FINANCIAL TOOLKIT

### Module 5

Financial accounting

### Module 6

Management accounting

### Module 7

Analysing financial statements

### Module 1

Leading with influence

## SECTION III: THE HUMAN ELEMENT

### Module 8

In the mind of the manager

### Module 9

Nudging behaviour

### Module 10

Organisational culture as a leadership tool

# PROJECT

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*Corporate Strategy*

# PRO-JECT

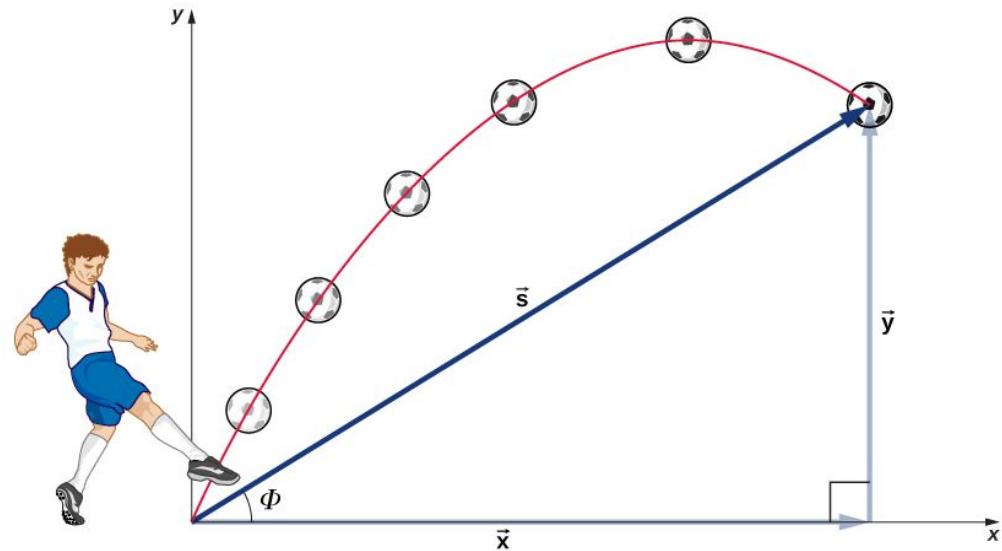
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*Corporate Strategy*

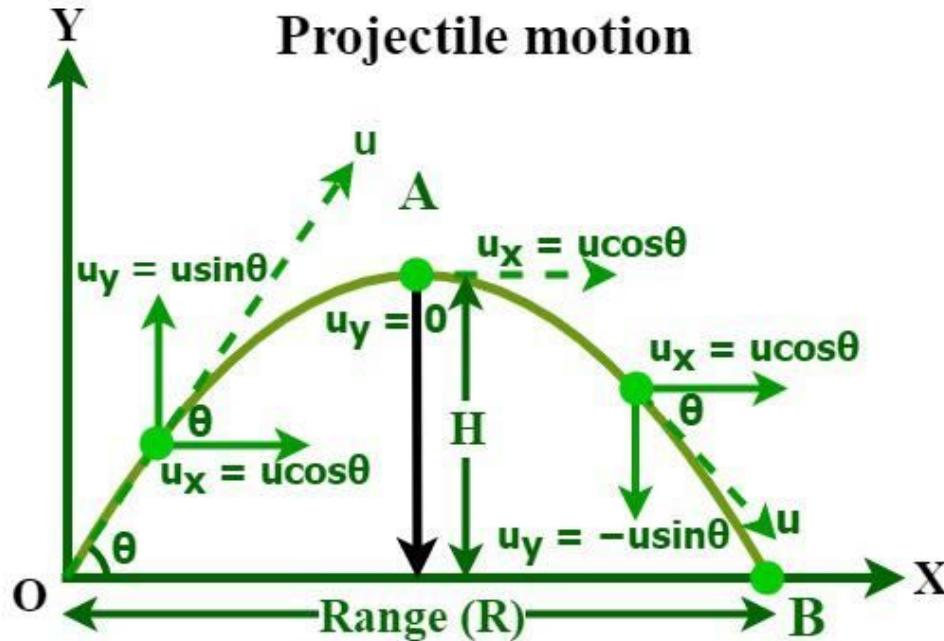
<< Everything that is more than 1 Step...  
IS A PROJECT>>

GSB

Forever true



# Key questions



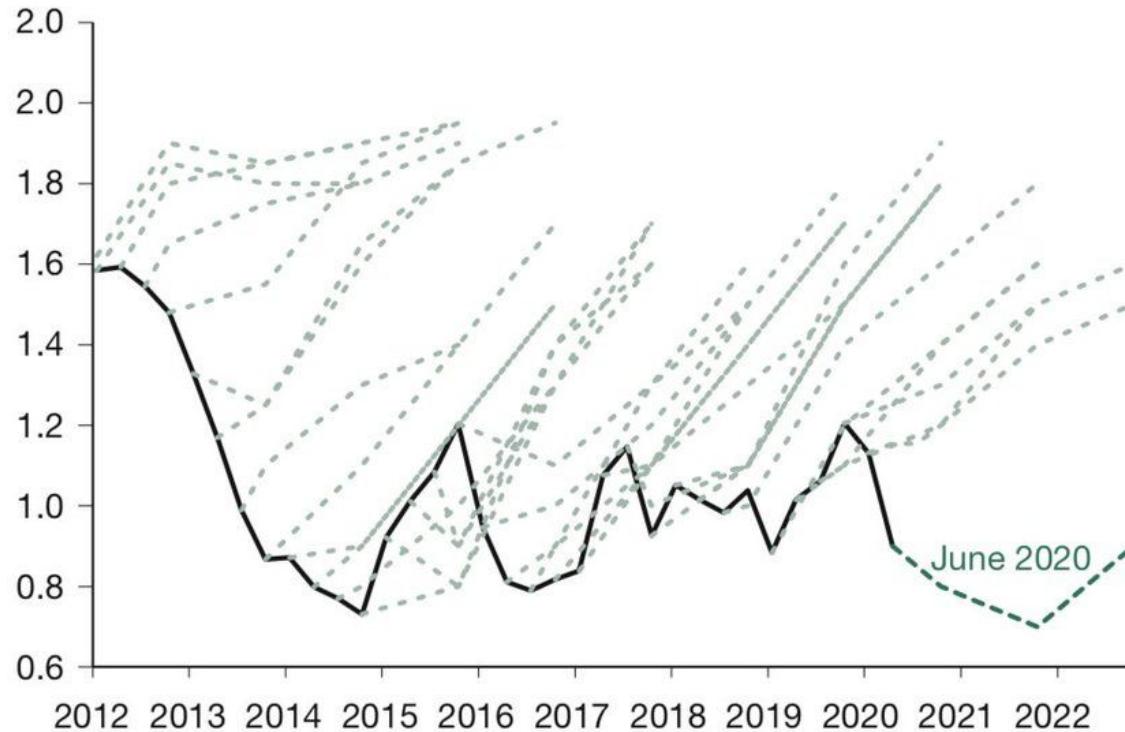
# ECB inflation forecasts

K

year-over-year rate, in %

E

d'aix-marseille  
ol of economics

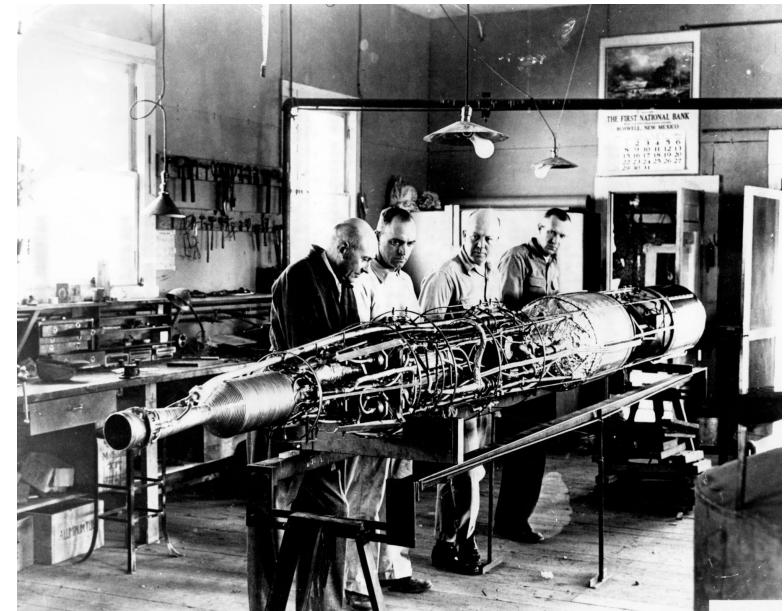


3). Note: ECB forecast for core inflation, March 2012 to June 2020.

Source: Haver Analytics.

Il est bien difficile de définir ce qui est impossible,  
car le rêve d'hier est l'espoir d'aujourd'hui  
et la réalité de demain.

Robert H. Goddard,  
l'un des pères fondateurs du moteur-fusée



The History of

# INNOVATION CYCLES

Source: Edelson Institute

## FIRST WAVE

- Water power
- Textiles
- Iron

## SECOND WAVE

- Steam power
- Rail
- Steel

## THIRD WAVE

- Electricity
- Chemicals
- Internal-combustion engine

## FOURTH WAVE

- Petrochemicals
- Electronics
- Aviation

## FIFTH WAVE

- AI & IoT
- Robots & drones
- Clean tech
- Digital network
- Software
- New media

## SIXTH WAVE

1785

1845

55 YEARS

1900

50 YEARS

1950

40 YEARS

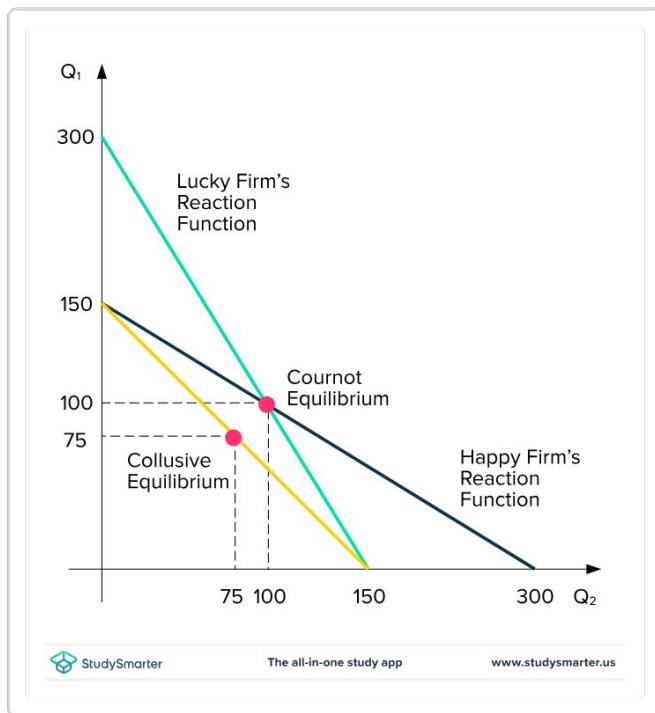
1990

30 YEARS

2020

25 YEARS

# Find the Max



# Game Theory - Dynamic



## Maturity Mismatch & Strategic Exposure

- SVB invested in long-term bonds while financing short-term deposits, creating a **liquidity trap** when interest rates rose.

# Game Theory - Dynamic



## Maturity Mismatch & Strategic Exposure

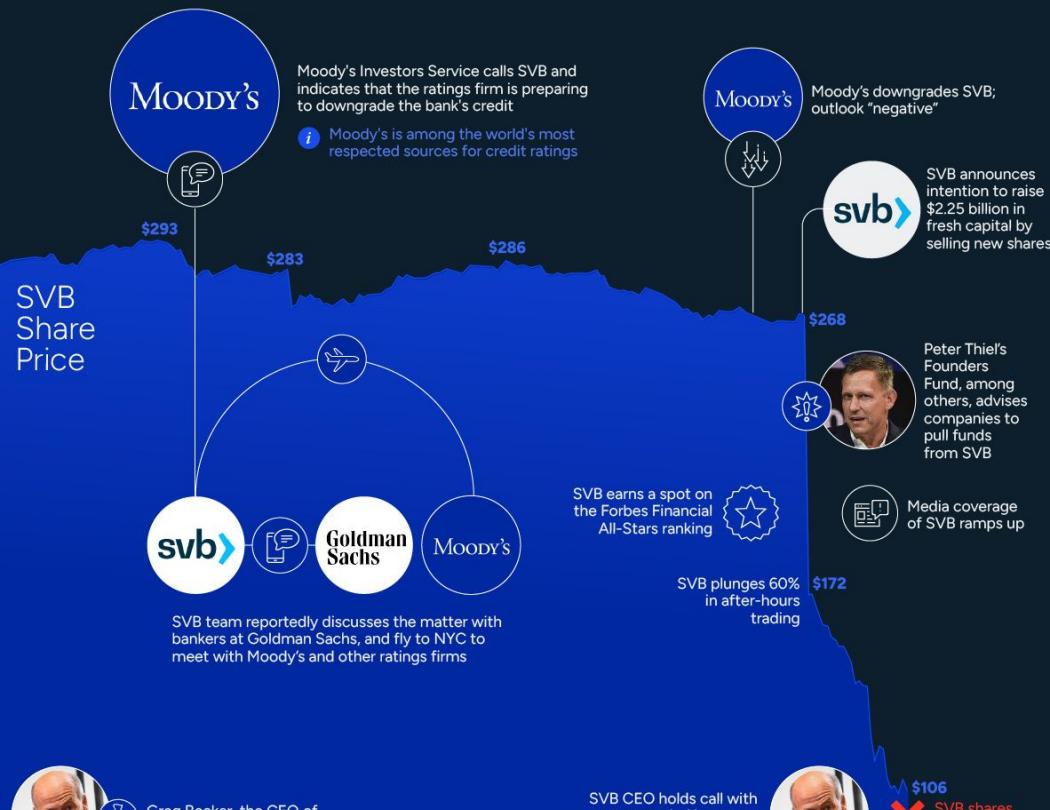
- SVB invested in long-term bonds while financing short-term deposits, creating a **liquidity trap** when interest rates rose.

## Prisoner's Dilemma & Bank Run

- Depositors faced a classic **prisoner's dilemma**: withdraw early (self-preserve) or stay (trust the bank). Fear led to a **run**

# Silicon Valley Bank Collapse

*SVB collapsed after widespread client withdrawals in what could become the second biggest bank failure in U.S. history. Below is a timeline of key events:*



## Signaling & Herd Behavior

- High-profile VC firms **publicly advised startups to withdraw funds**, amplifying panic and triggering **rational herding**.

## Moral Hazard & Risk Mispricing

- SVB pursued **aggressive risk-taking**, assuming **implicit government support**... a common **moral hazard** in banking.

## Coordination Failure & Policy Response

- The lack of early intervention allowed **self-fulfilling expectations of collapse**, forcing emergency regulatory actions.



Greg Packer, the CEO of