

Entrepreneurial Strategy

Session 6

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Agenda



- Competitive Positioning
 - SWOT
 - Generic Strategies
 - Activities System Mapping
- Teamwork

Competitive
positioning



SWOT



SWOT

- Tool for External & Internal analysis
 - External: Opportunities & Threats
 - Internal: Strengths & Weaknesses



SWOT

Strengths

- ☐ What do you do particularly well?
- ☐ What do you do that is unique? (what resources you have, that are a source of a sustainable competitive advantage?)

Weaknesses

- ☐ What do you not perform well (compared with your competitors)?
- ☐ What needed resources, staff, or skills do you lack?

Opportunities

- ☐ Are there interesting “gaps” uncovered in the market that you can cover by building on your strengths?
- ☐ Are there interesting partnerships that would allow you to expand your products or services?

Threats

- ☐ Who is your competitor? How are they doing? Are there anything that they are providing you're not good at?
- ☐ Is the environment changing? What new situations / technologies are appearing?

SWOT



	Strengths – S List Strengths	Weaknesses – W List Weaknesses
Opportunities – O List Opportunities	SO Strategies <i>Use strengths to take advantage of opportunities</i>	WO Strategies <i>Overcoming weaknesses by taking advantage of opportunities</i>
Threats – T List Threats	ST Strategies <i>Use strengths to avoid threats</i>	WT Strategies <i>Minimize weaknesses and avoid threats</i>

SWOT

What steps can you take to:

- Capitalize on your strengths?
- Overcome or minimize your weaknesses?
- Take advantage of some new opportunities?
- Respond to the threats?



SWOT

Set your strategy

- Establish goals and objectives

If not used properly... SWOT = Such a Waste Of Time!



Generic Strategies



Positioning strategy in the automotive industry case



Mercedes-Benz



What resources are key for BMW, Mercedes, and Audi business? (e.g. sources of sustainable competitive advantage over other potential competitors in the automotive industry)

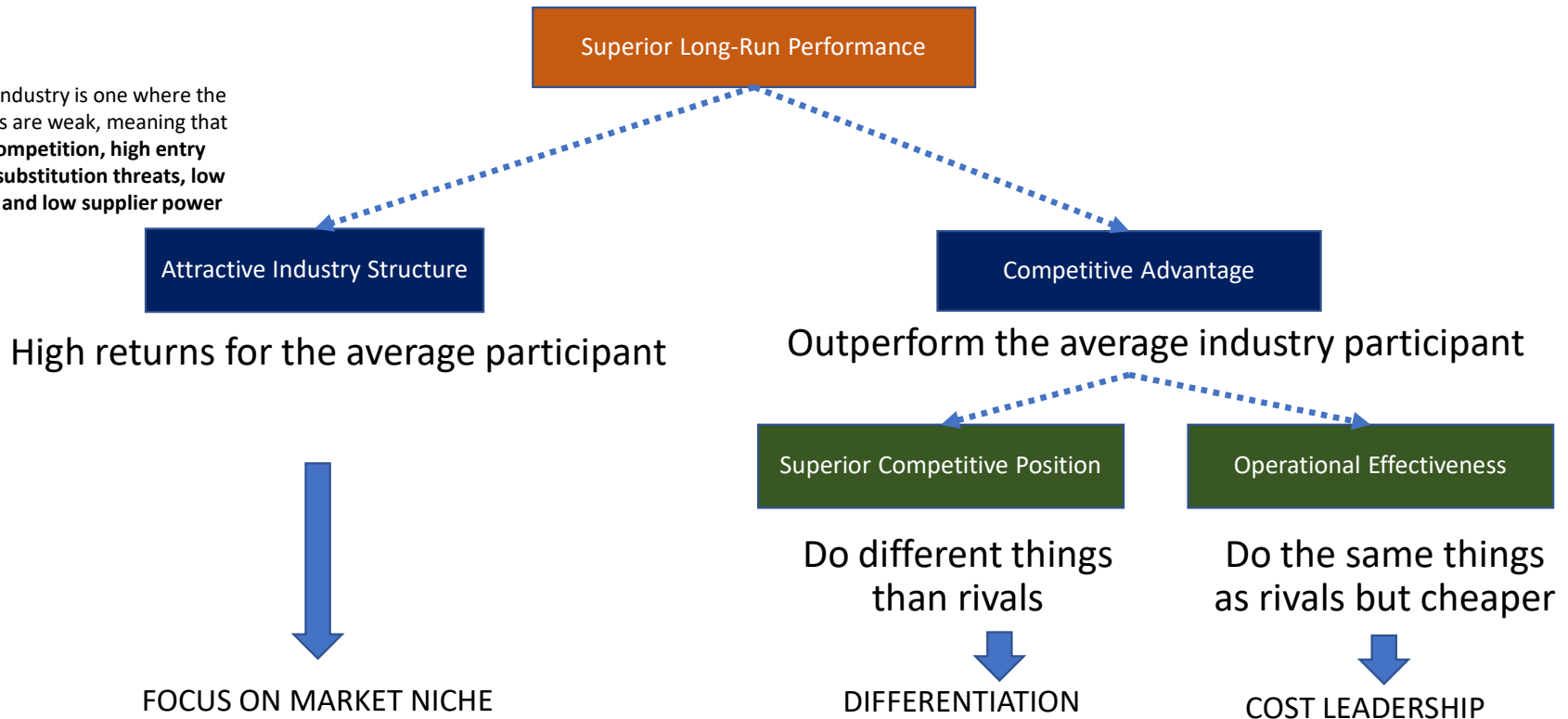


What resources are key for Microsoft business? (e.g. sources of sustainable competitive advantage over other potential competitors in the software industry)



How to achieve superior Long-Run Performance?

An attractive industry is one where the Porter 5 forces are weak, meaning that there is **low competition, high entry barriers, low substitution threats, low buyer power, and low supplier power**

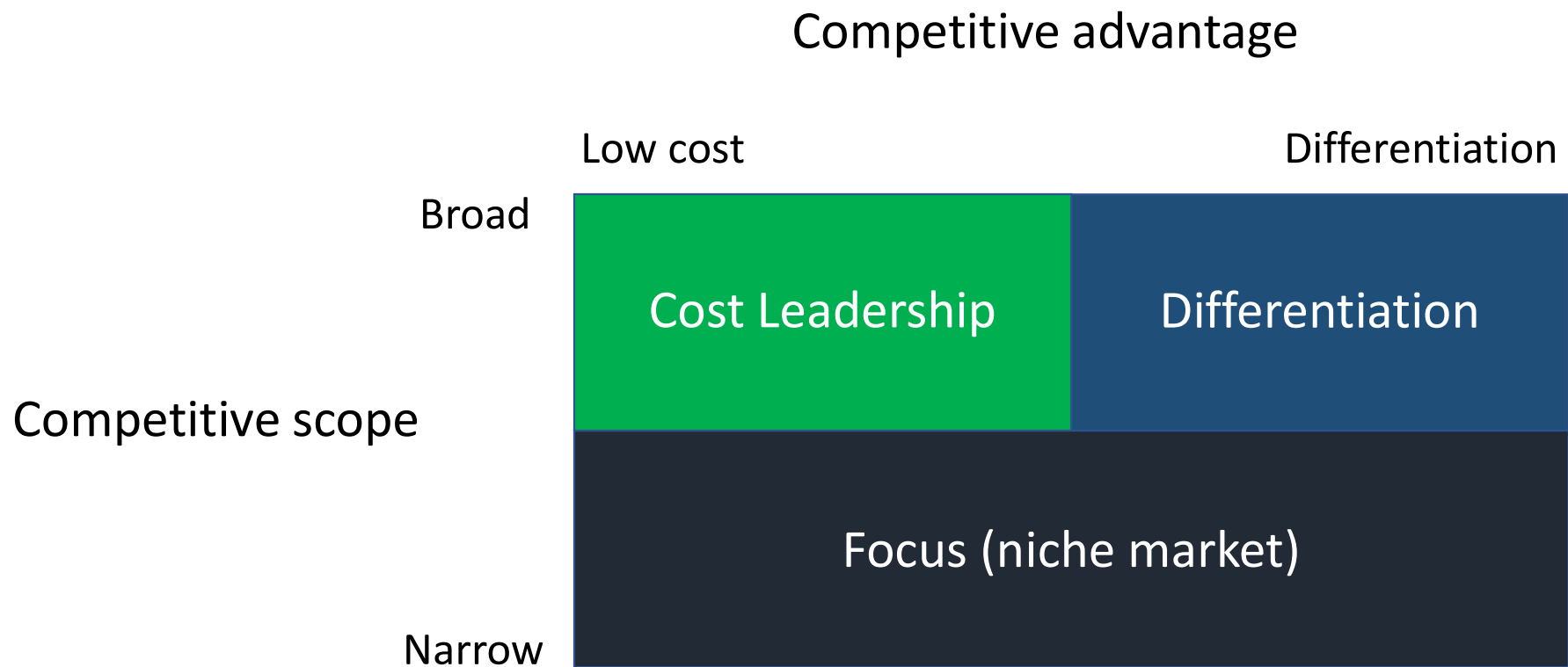


Discussion

- What differences you can outline between the strategies of Mont Blanc and Bic?



Competitive Strategies



Strategic variables within each dimension



Cost leadership

- Optimization of costs/unit
- Newness of plant and equipment
- Product pricing
- Capacity utilization
- Backward vertical integration
- Process R&D



Differentiation

- Percentage of sales from products introduced over last 2 or 3 years R&D as a percentage of sales
- Average age of products
- Frequency of major product changes
- Product quality
- Product image
- Marketing expenses
- Advertising and promotion
- Sales force
- Services quality



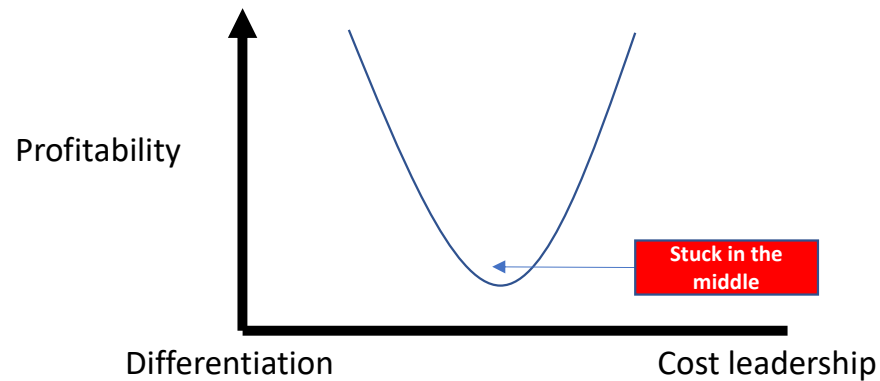
Focus/Niche market

- Product line breadth
- Breadth of customer types
- Geographic coverage

Stuck in the middle

Stuck in the Middle Hypothesis

A strategic position is not sustainable unless there are tradeoffs with other positions



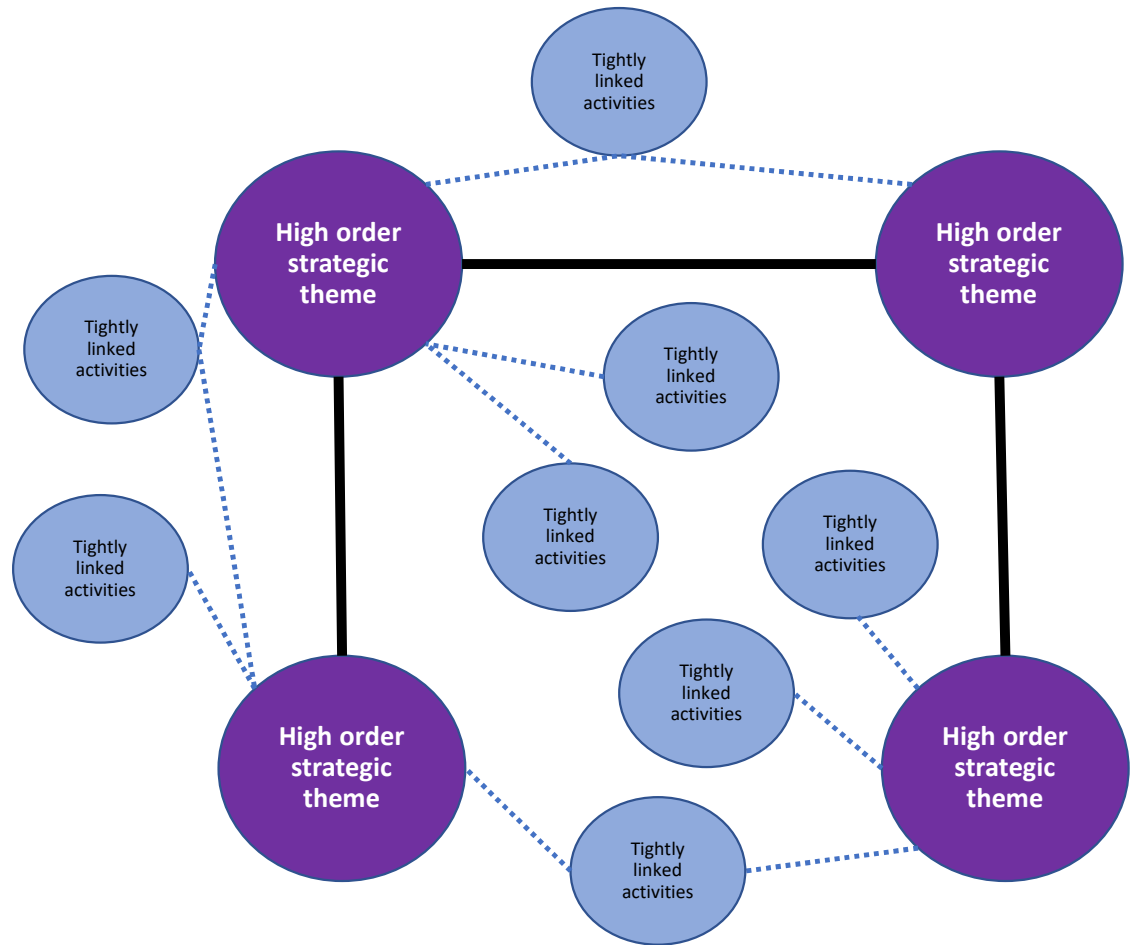
Strategic
positioning
implementation:

Activity Systems
Analysis



Mapping Activity Systems

- “*The competitive value of individual activities cannot be separated from the whole*”
- (Porter, 2008)



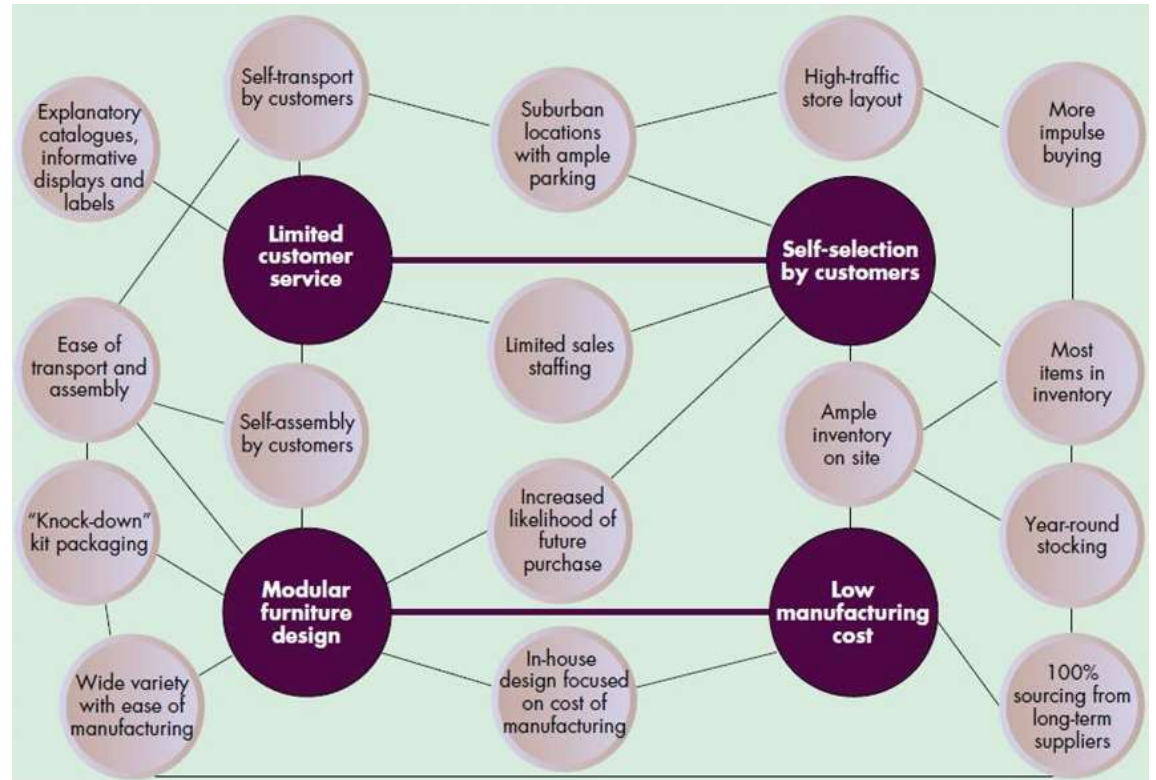


Ikea case

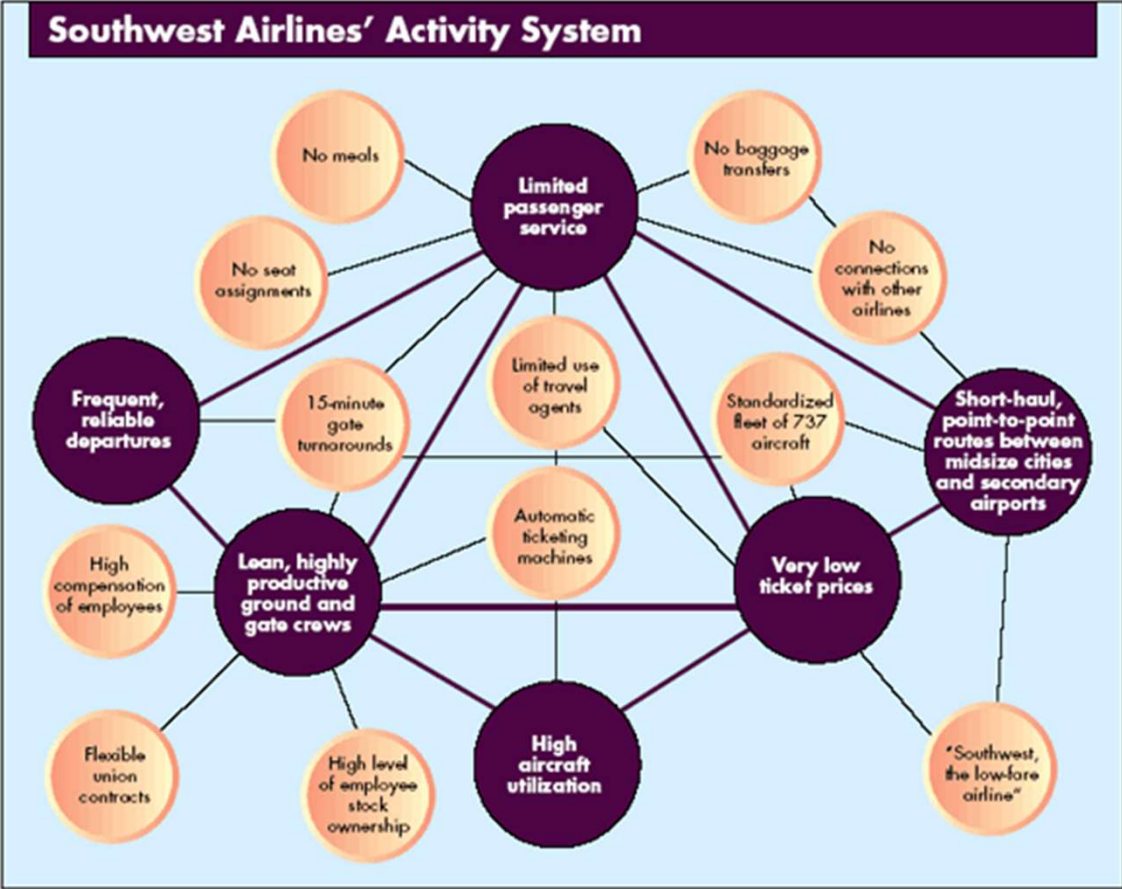
What allows Ikea to reduce costs and be so affordable?



IKEA's Activity System



Southwest Airlines's Activity System





Overall Picture

Modern strategic positioning goes beyond the generic strategies, but two factors are still essential:

- Strategic Fit
- Strategic Trade-offs



Teamwork time!

Assignment:

Which resources
provide you with a
competitive advantage

by Wednesday,
November the
29th, 23:59h

- Add 3 more sections (~2 pages each) to your project proposal answering the following key questions:
 - **Section 1:** Strategic positioning (industry): List the closest analogues of your solution and describe what your advantage is. In text include: 1) Name of the company; 2) Key attributes of the company (e.g. where they are, when they were created, revenue, etc.); 3) The specific product/service that they offer that is similar to yours (describe its key features and its limitations) 4) Describe how your solution is better. At the end, provide a summary table – product/service names horizontally, key features you compare vertically. Include links to the sources.
 - **Section 2:** Strategic positioning (academia). List at least 3 scientific groups, institutes, or companies conducting similar developments/research and describe what your advantage is.
 - **Section 3:** Market opportunity. Indicate the markets in which the project could potentially be implemented: list countries, regions, indicate the main customers (e.g. companies, organizations), estimate the approximate size of the market, its dynamics (e.g. market growth rate (CARG), and your future positioning on it (explaining about your key features that will convince customers).

See you next
class!

