

Strategic and Change Management

An introduction

Additional Reading

Strategic Advantage through the Management of Innovation and Technology - Burgelman, Christensen Wheelwright

Strategy Pure and Simple 1 and 2 Robert Michel

Jack – Jack Welch

Rise and Fall of Strategic Planning - Minzberg

The New Market Leaders Fred Wiersema

Making Sense of Strategy – Tony Manning

Strategy ?

Five Definitions

Strategy as...

- a consciously and purposefully developed **plan**;
- a **ploy** to outmaneuver a competitor;
- a **pattern** in a stream of actions, whether intended or not;
- a **position** defined either with respect to a competitor, in the context of a number of competitors, or with respect to markets; and as
- a **perspective**, i.e. a certain mindset of how to perceive the world.

Strategic planning and execution in the twenty first century is essential in retaining a market leadership position and in ensuring sustainable, meaningful results for most of the stakeholders.

Mintzberg, H. (1987). "The Strategy Concept I: Five Ps For Strategy," California Management Review 30(1) Fall: 11-24.

STRATEGY AND COMPETITORS

- Strategy is about competing differently from rivals—
 - Doing what they don't do or doing it better!
 - Doing what they can't do!
 - Doing things in ways that attract customers and set a firm apart from its rivals.
 - Doing things in a manner calculated to produce a competitive edge over rivals.

Why do we need a strategy?

- Without a strategy, we fill our time with...
 - ... **what we want, or**
 - ... **what we think the boss wants, or**
 - ... **by reacting.**
- Without a strategy, time and resources are easily wasted on piecemeal, disparate activities.

"Are you sure you have a strategy?" Donald C. Hambrick and James W. Frederickson Academy of Management Executive 2001 Vol. 15 No. 4

STRATEGY AND THE QUEST FOR COMPETITIVE ADVANTAGE

♦A firm achieves a **competitive advantage** when it provides buyers with superior value compared to rival sellers or offers the same value at a lower cost to the firm.

♦*Requires meeting customer needs either more **effectively** (with products or services that **customers value more highly**) or more **efficiently** (by providing **products or services at lower cost**).*

♦The firm achieves a **sustainable competitive advantage** if its advantage persists despite the best efforts of competitors to match or surpass its advantage.

♦*Requires giving buyers **lasting reasons** to prefer a firm's products or services over those of its competitors.*

WHY A COMPANY'S STRATEGY EVOLVES OVER TIME

♦ *Changing circumstances and ongoing management efforts to improve the strategy cause a company's strategy to evolve over time—a condition that makes the task of crafting strategy a work in progress, **not a one-time event**.*

- Managers modify strategy in response to:
 - Changing market conditions
 - Advancing technology
 - Fresh moves of competitors
 - Shifting buyer needs
 - Emerging market opportunities
 - New ideas for improving the strategy

♦ *A company's strategy is shaped partly by management analysis and choice and partly by the necessity of adapting and learning by doing.*

WHAT IS STRATEGIC PLANNING?

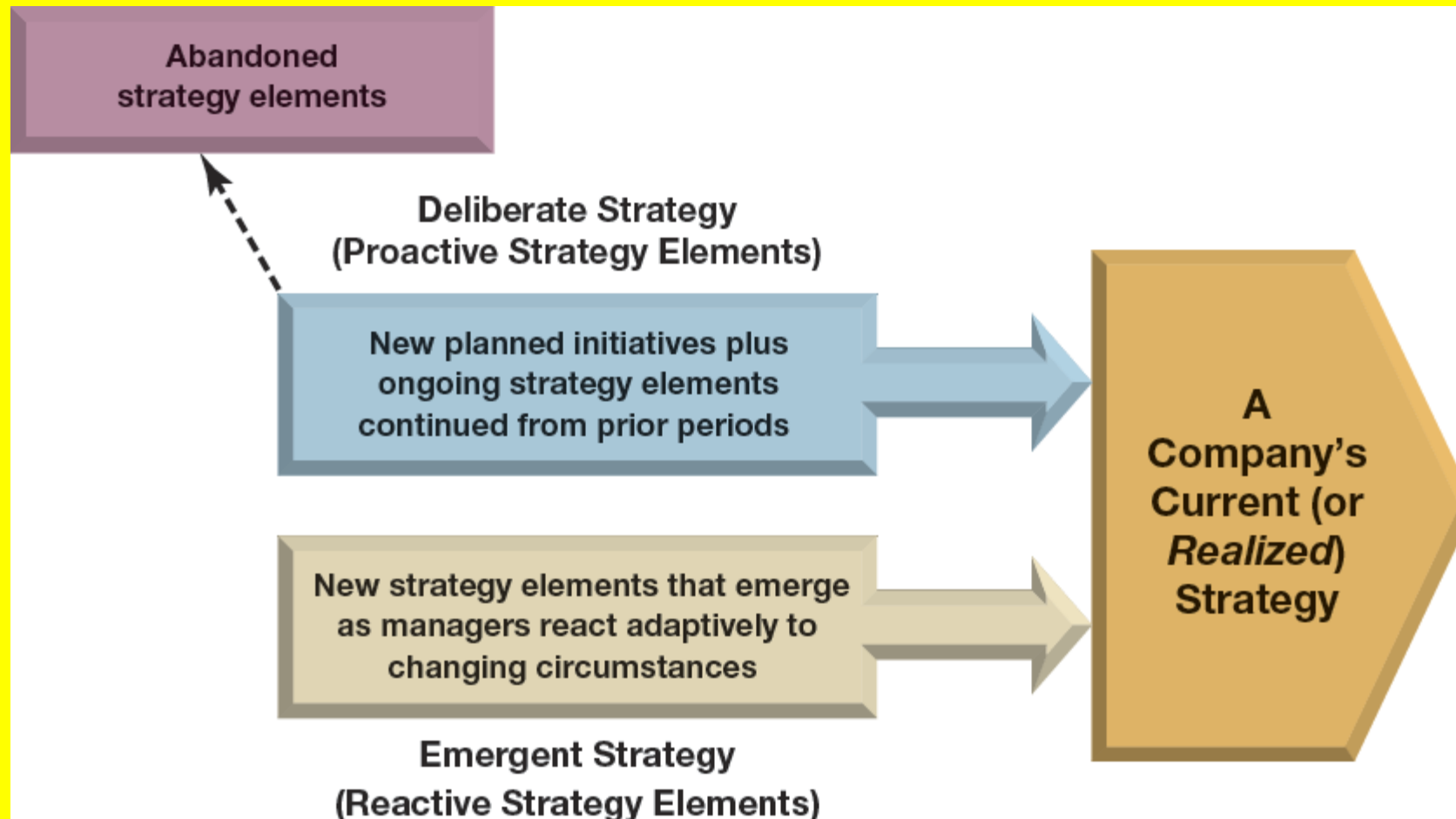
**Strategic planning or Management is a continuous,
interactive process
aimed at keeping an organisation as a whole
appropriately matched to its environment.**

S.C CERTO and J.P PETER

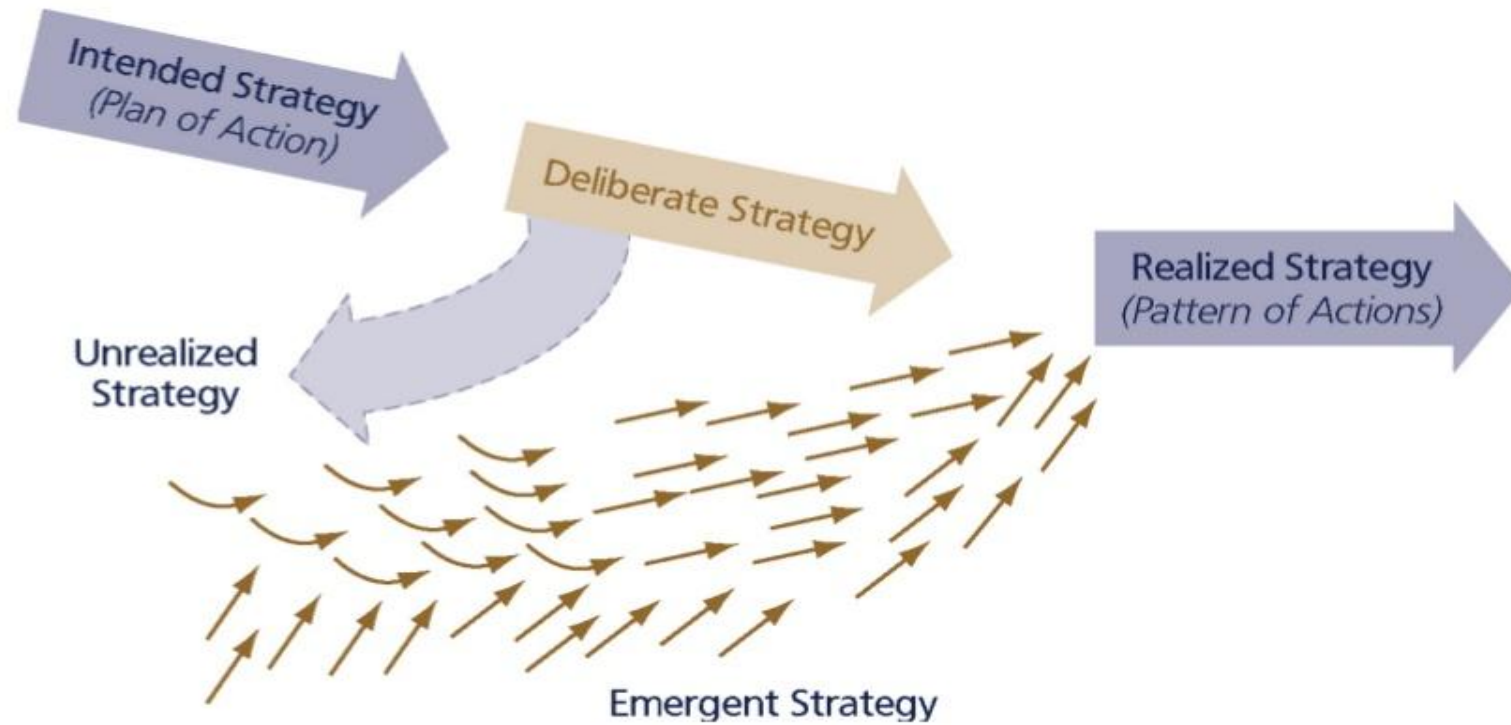
**Strategic Planning or Management is the
art and science
of formulating, implementing and evaluating cross-functional
decisions that enable an organisation to achieve its objectives.**

FRED R. DAVID

FIGURE 1.2 A Company's Strategy Is a Blend of Proactive Initiatives and Reactive Adjustments



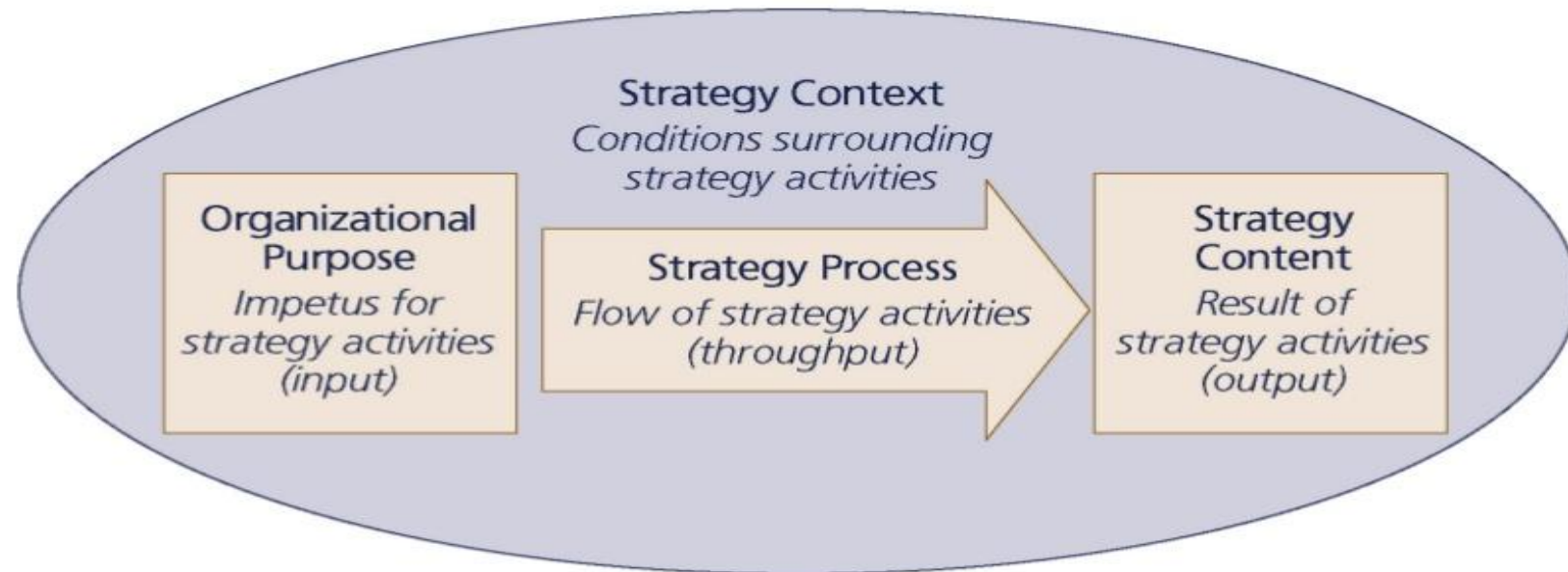
Strategy Formation



"Strategy: Process, Content, Context" 3rd edition De Wit & Meyer Thomson Learning 2004

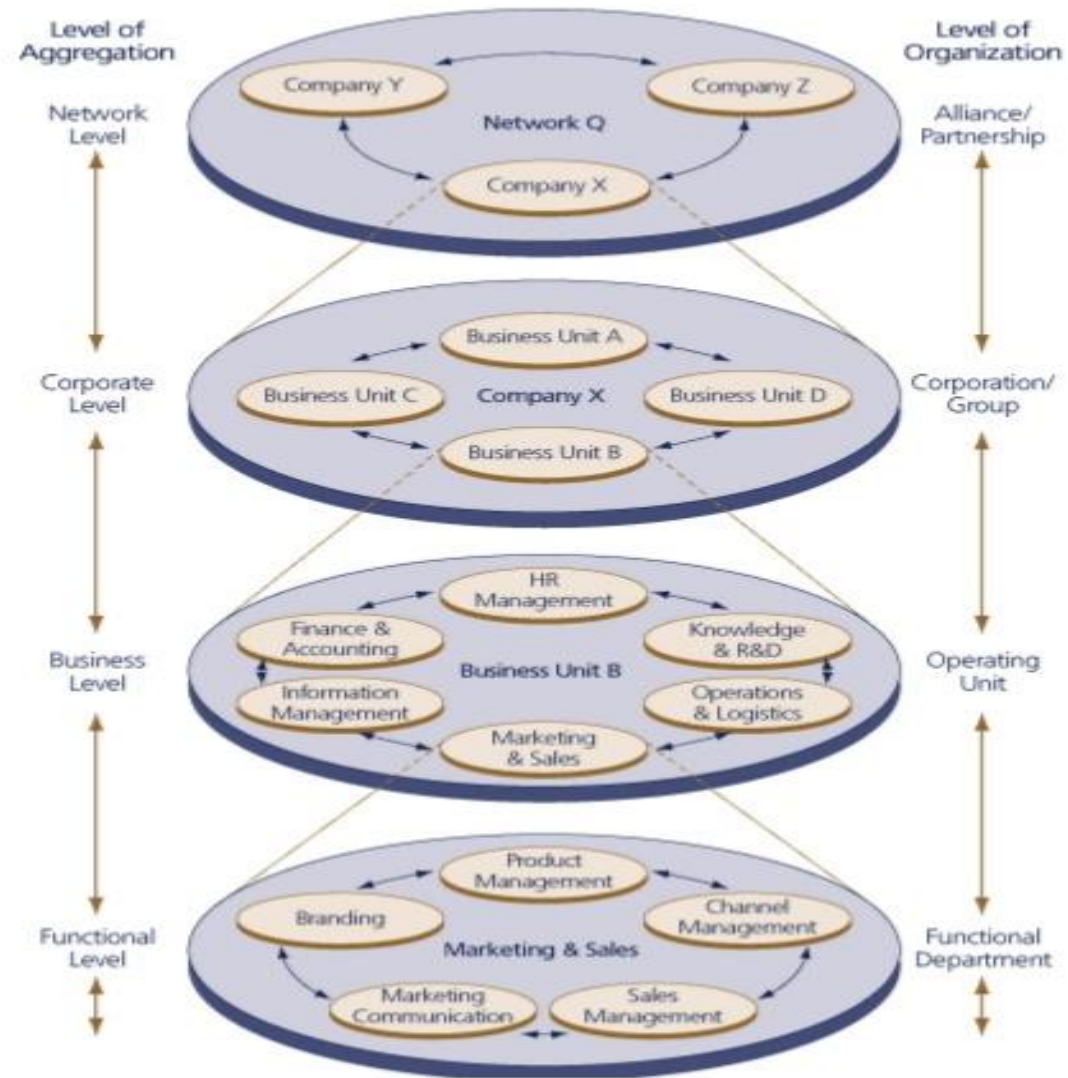
Dimensions of Strategy

Process, Content, Context



"Strategy: Process, Content, Context" 3rd edition De Wit & Meyer Thomson Learning 2004

Strategy Content



"Strategy: Process, Content, Context" 3rd edition De Wit & Meyer Thomson Learning 2004

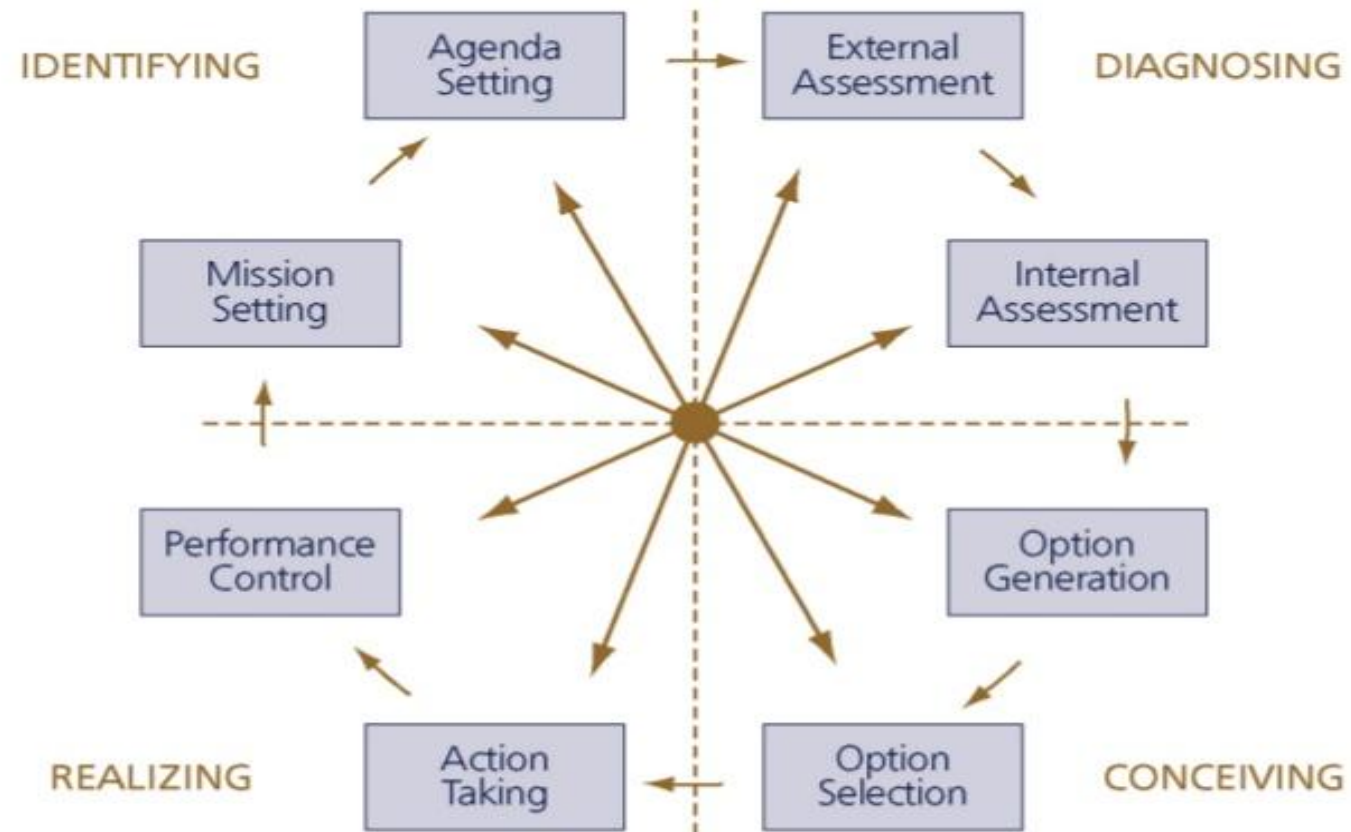
Strategic Tensions

Dimension	Topic	Tension
Strategy Process	Strategic Thinking	Logic ↔ Creativity
	Strategy Formation	Deliberateness ↔ Emergence
	Strategic Change	Revolution ↔ Evolution
Strategy Content	Business Level Strategy	Markets ↔ Resources
	Corporate Level Strategy	Responsiveness ↔ Synergy
	Network Level Strategy	Competition ↔ Cooperation
Strategy Context	Industry Context	Compliance ↔ Choice
	Organizational Context	Control ↔ Chaos
	International Context	Globalization ↔ Localization
Purpose	Organizational Purpose	Profitability ↔ Responsibility

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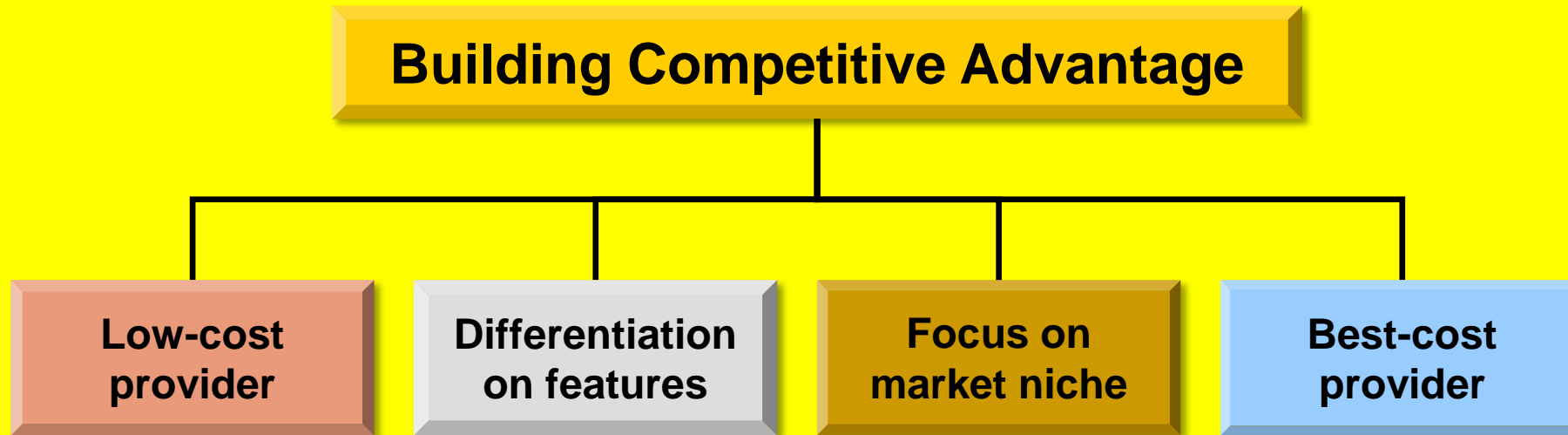
Realized Strategy

Strategy Formation Activities



"Strategy: Process, Content, Context" 3rd edition De Wit & Meyer Thomson Learning 2004

STRATEGIC APPROACH CHOICES



Building a competitive advantage by:

Striving to become the industry's low-cost provider (efficiency).

Outcompeting rivals on differentiating features (effectiveness).

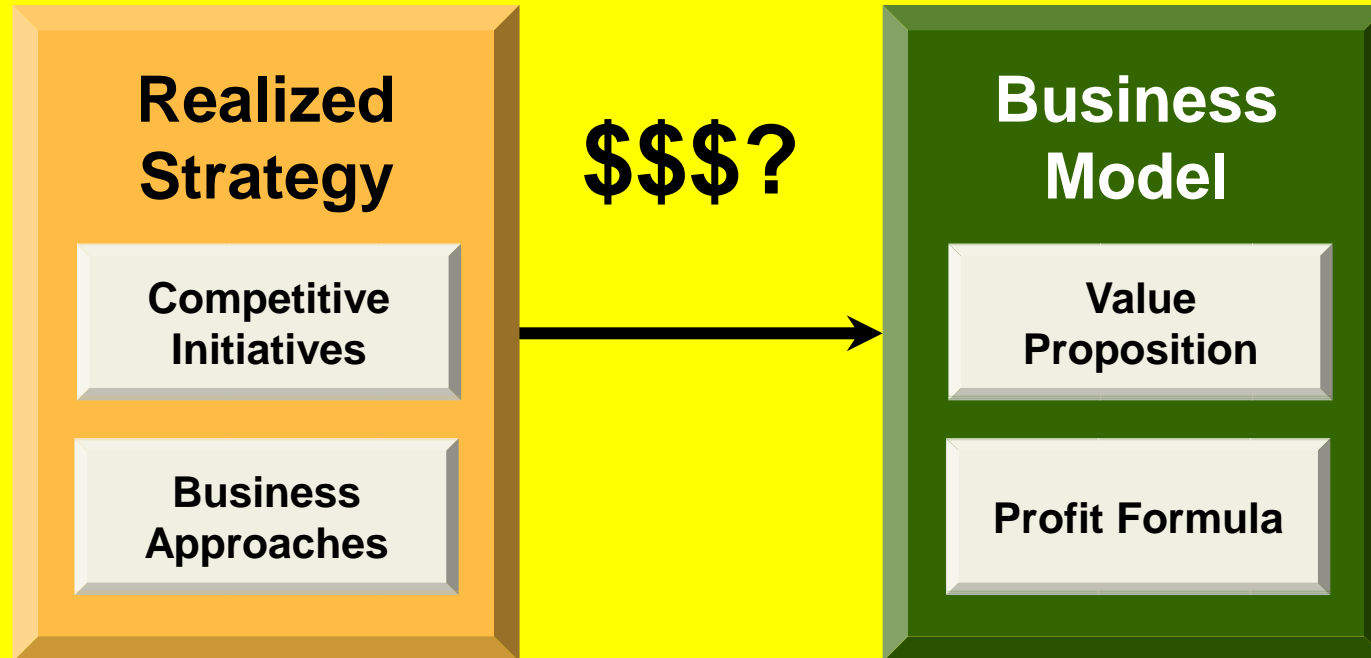
Offering the lowest (best) prices for differentiated goods (best-cost provider).

Focusing on better serving a niche market's needs (efficiency and/or effectiveness).

GAINING SUSTAINABLE COMPETITIVE ADVANTAGE

- How to create a sustainable competitive advantage:
 - Develop valuable expertise and competitive capabilities over the long-term that rivals cannot readily copy, match or best.
 - Put the constant quest for sustainable competitive advantage at center stage in crafting your strategy.

THE RELATIONSHIP BETWEEN A FIRM'S STRATEGY AND ITS BUSINESS MODEL



A COMPANY'S STRATEGY AND ITS BUSINESS MODEL

- How the business will make money :
 - By providing customers with value.
 - The firm's customer value proposition
 - By generating revenues sufficient to cover costs and produce attractive profits.
 - The firm's profit formula

It takes a proven business model—one that yields appealing profitability—to demonstrate viability of a firm's strategy.

BUSINESS MODEL ELEMENTS

- The Customer Value Proposition
 - Satisfying buyer wants and needs at a price customers will consider a good value.
 - The greater the value provided (V) and the lower the price (P), the more attractive the value proposition is to customers.

BUSINESS MODEL ELEMENTS (CONT'D)

- The Profit Formula
 - Creating a cost structure that allows for acceptable profits, given that pricing is tied to the customer value proposition.
 - V —the value provided to customers
 - P —the price charged to customers
 - C —the firm's costs
 - The lower the costs (C) for a given customer value proposition ($V - P$), the greater the ability of the business model to be a moneymaker.

FIGURE 1.1 Identifying a Company's Strategy—What to Look For



WHAT MAKES A STRATEGY A WINNER?

- A winning strategy must pass three tests:
 - The Fit Test
 - Does it exhibit dynamic fit with the external and internal aspects of the firm's overall situation?
 - The Competitive Advantage Test
 - Can it help the firm achieve a significant and sustainable competitive advantage?
 - The Performance Test
 - Can it produce good performance as measured by the firm's profitability, financial and competitive strengths, and market standing?

WHY CRAFTING AND EXECUTING STRATEGY ARE IMPORTANT TASKS

- Strategy provides:
 - A prescription for doing business.
 - A road map to competitive advantage.
 - A game plan for pleasing customers.
 - A formula for attaining long-term standout marketplace performance.

Good Strategy + Good Strategy Execution =
Good Management

THE ROAD AHEAD

- Strategy is about asking the right questions:
 - What must managers do, and do well, to make a firm a winner in the marketplace?
- Strategy requires getting the right answers:
 - Good strategic thinking and good management of the strategy-making, strategy-executing process.
 - First-rate capabilities and skills in crafting and executing strategy are essential to managing successfully.

Welcome and best wishes for your success!

Seven challenges facing responsible African business

capitalism 3.0,

1.0 version is characterised by the pursuit of wild profit, with no care for law nor morality.

2.0 pursues legal profit and the

3.0 version emphasises legitimate profit.

legitimacy of profit depends, upstream, on how it is made and, downstream, on how it is used. Profit is

legitimate if it is achieved without harming people and nature. Downstream, profit is legitimate if a

significant share of it is reinvested in the development of the ecosystem that made it possible

clean development,

human capital,