



Strategic Management

Master IREN

2023

Camille Toussaint



ÉCOLE

POLYTECHNIQUE

INSTITUT
POLYTECHNIQUE
DE PARIS

Course presentation

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Education

Master in Management – ESCP Business School

Research Master in Organisation Studies –
Ecole des Mines, ESCP, Polytechnique, Nanterre
University

PhD – IP Paris, i3-CRG, École polytechnique

Experience

Qualitative Research on common goods,
(outer space and space debris)

Teaching in management and strategy

Research interests: global commons,
environmental grand challenges,
regulation and market creation

And you?



- Name
- Field and Background
- Objectives and career plans
- Expectations for this course
- Have you ever taken a strategy course?



Objectives of the course



- **Understand the strategic environment** in which you will use your technical skills
- Learn how to **design effective strategies and business models** in contexts of technological evolution
- **Reflect on future disruptions** brought about by the emergence of new information and communication technologies
- Orient and convince (political, industrial, financial) **decision-makers and managers**

Learning outcomes

- Discover and understand a set of fundamental tools, concepts, and methods of **strategic management**
- Know how to apply them to a **variety of case studies**
- Build a **strategic analysis** of a new technology

Course Structure

Thursday: 5.15 pm – 8.30 pm

- | | |
|-------|---|
| 14/09 | 1. What is digital strategy? |
| 21/09 | 2. Business models in digital era |
| 28/09 | 3. Platforms strategy |
| 29/09 | 4. Competing in a digital world |
| 05/10 | 5. Disruption and innovation organizing |
| 12/10 | 6. Around digitalization and technological change |
| 26/10 | 7. Exam |

Assessment

Group project

- 10-15 pages document **50%**
- Oral presentation(26/10) **40%**

Participation, attendance, punctuality **10%**

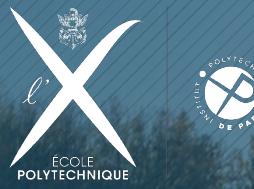
Group project

Objectives

- Investigate the strategic impact of an emerging (digital) technology
- Identify existing and potential uses
- Identify adoption barriers and drivers
- Identify competitors and analyse the environment
- Identify use cases
- Build usage-based business model impact assessment

Assessment

- Project-based assessment / 5 students per group
 - Report (10/15 pages)
1. Describe the tech, explain your choice
 2. Short section on method (+ references and data sources)
 3. Technology, Strategy and Business Model Analysis
- Oral presentation (last class)



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Session 1

What is digital strategy?

Agenda of the session

1. What is strategy?

Definitions and traditional tools for strategic analysis

2. The challenges of digital transformation

Limits of the current models and challenges to come

Break

3. Groupwork!

Learning objectives of the session

After this session, you will be able to:

- Know the basic tools of strategic analysis (Pestel, Porter's 5+1 Forces, VRIO, SWOT)
- Know how to conduct a strategic diagnostic
- Understand the challenges of digital strategy

1 What is strategy?

Origins of the term

- *Stratos* : army / *strate*, laid out in rows and layers
 - *Ageîn* : conduct, command, set in motion
-
- The art of coordinating actions and maneuvering skillfully to achieve a goal
 - A strategist (strategy-maker) in Athens is a magistrate not selected randomly

Many definitions of strategy

“...the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”

Alfred Chandler

“Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value”

Michael Porter

« A firm theory about how to gain competitive advantage »

Peter Drucker

« A pattern in a stream of decisions »

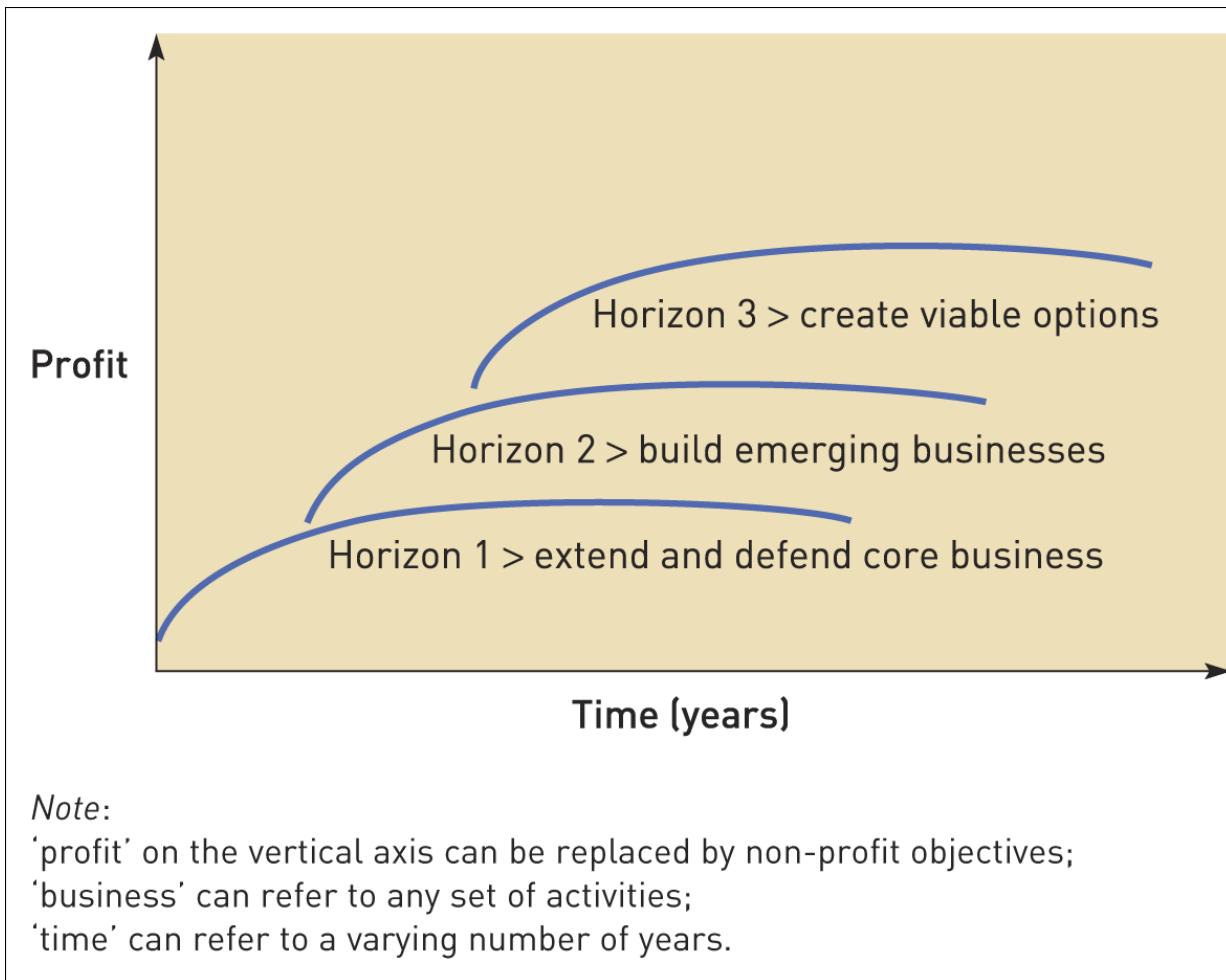
Henry Mintzberg



« A long-term orientation of an organization »

« A **long-term** orientation of an organization »

Different strategic horizons



« A long-term **orientation** of an organization »

Strategic orientation

Dependent of long-term objectives



SOCCER LEAGUE TABLE

NO	TEAM	P	W	D	L	GD	PTS
01	TEAM NAME A	31	24	1	7	52	85
02	TEAM NAME B	34	22	0	9	48	58
03	TEAM NAME C	30	21	0	11	43	77
04	TEAM NAME D	31	19	0	9	-08	67
05	TEAM NAME E	30	24	1	9	52	85
06	TEAM NAME F	31	24	1	9	-27	58
07	TEAM NAME G	30	22	0	9	-11	77

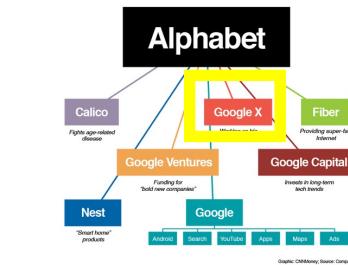
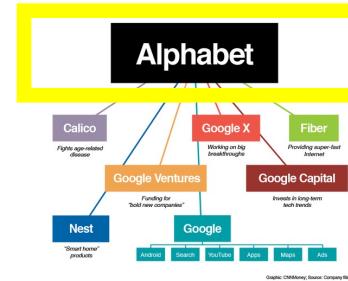
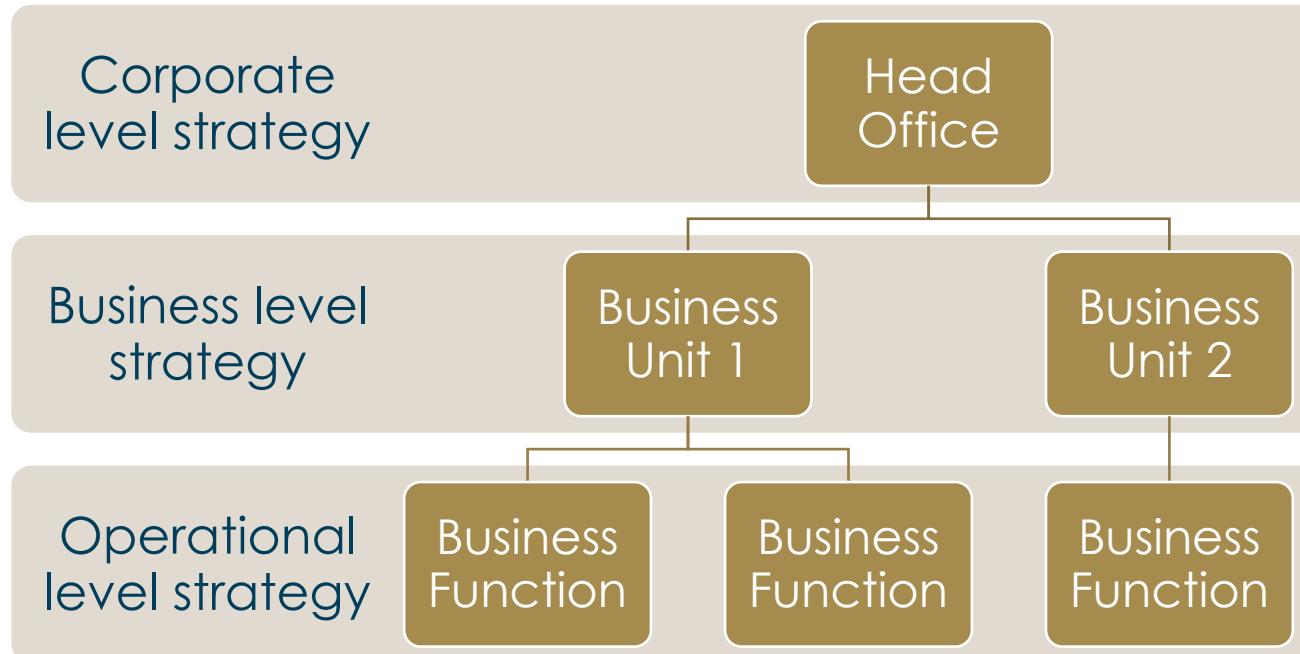
■ Champion
■ Relegation

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A long-term orientation of an **organization**

Strategy levels



Different type of strategic decisions

- Find a business model creating value
- Avoid the business model to be imitated
- Allocate (financial, human, technologic, physical, commercial...) ressources



What is the aim of strategy? Strategic concepts

Raison d'être: How and for whom can our organization make a difference?



Vision: What do we want to achieve? How do we see the future?



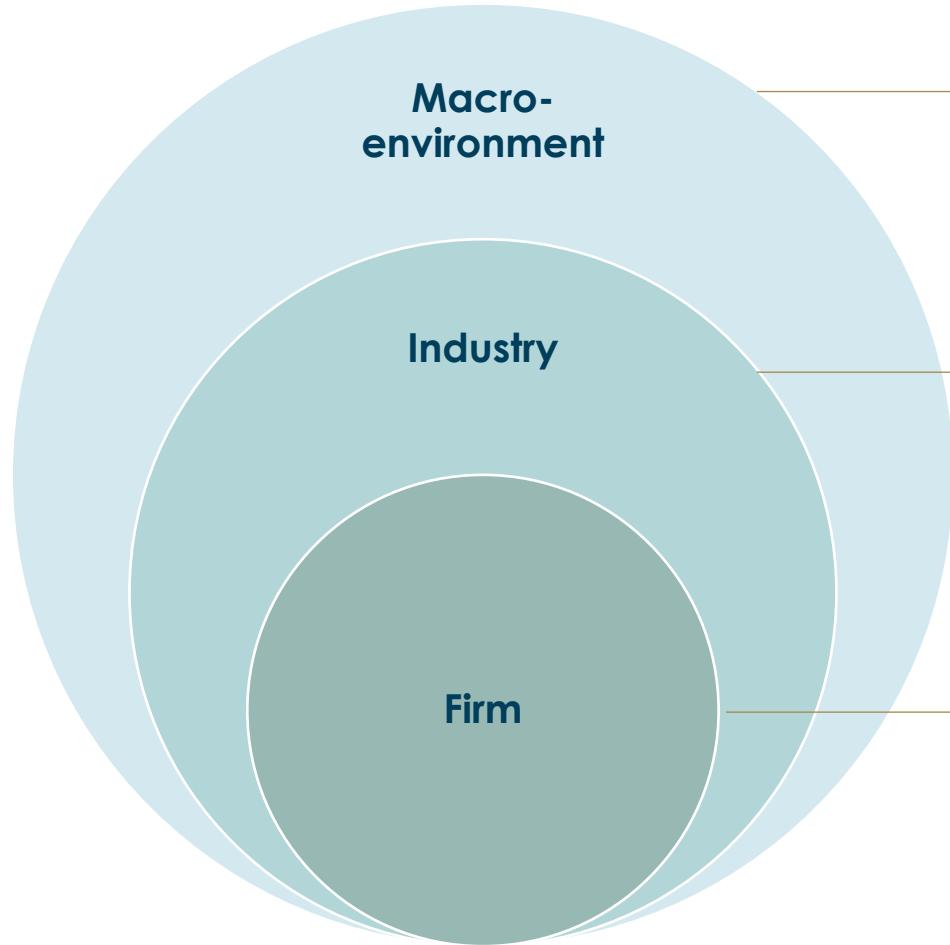
Mission: What is the purpose of our organization? What do we do and what makes us different?



Objectives: What are the objectives you need to reach to fulfill our mission?



4 tools for strategic analysis



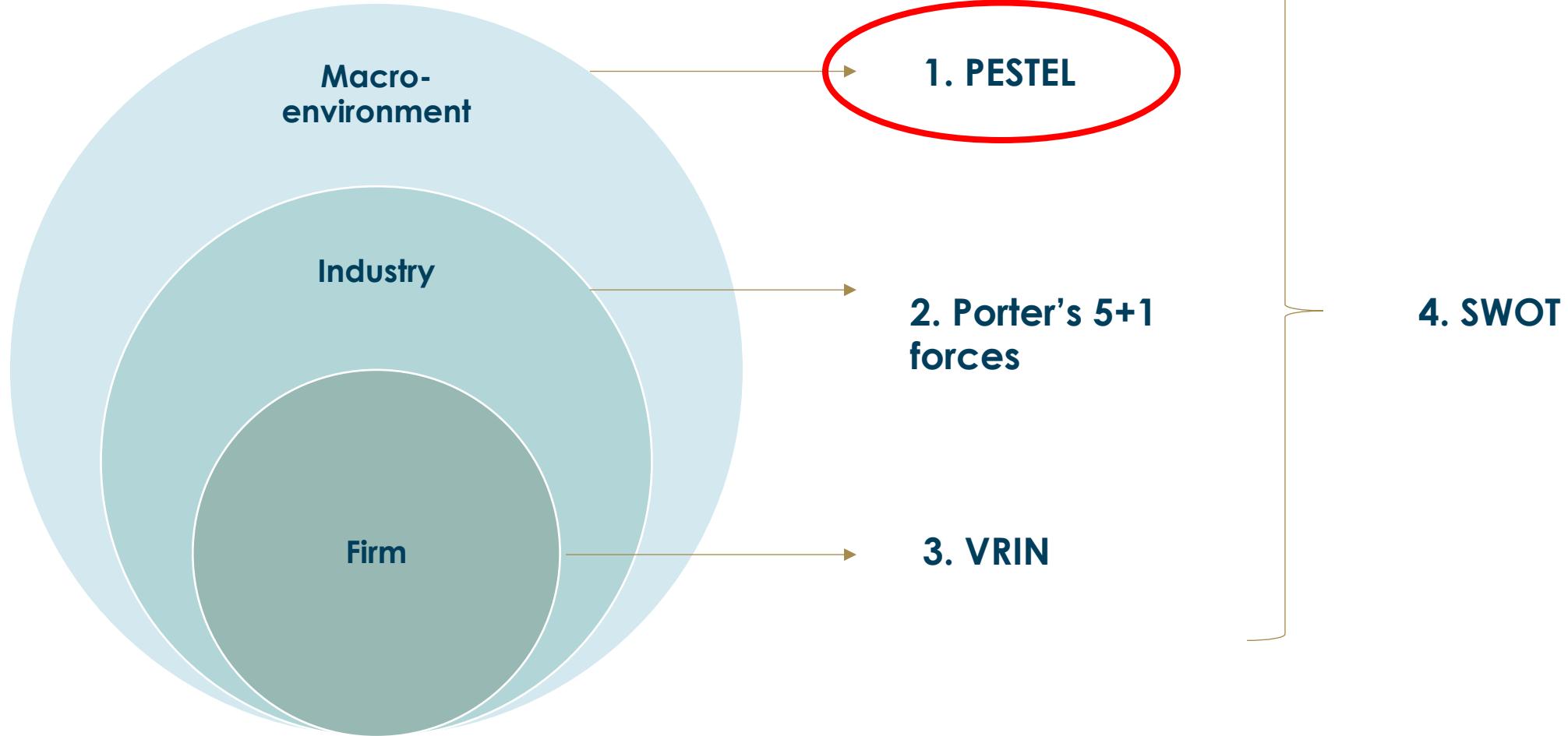
1. PESTEL

**2. Porter's 5+1
forces**

3. VRIN

4. SWOT

4 tools for strategic analysis



1/4 PESTEL

How to analyse the macro-environment?

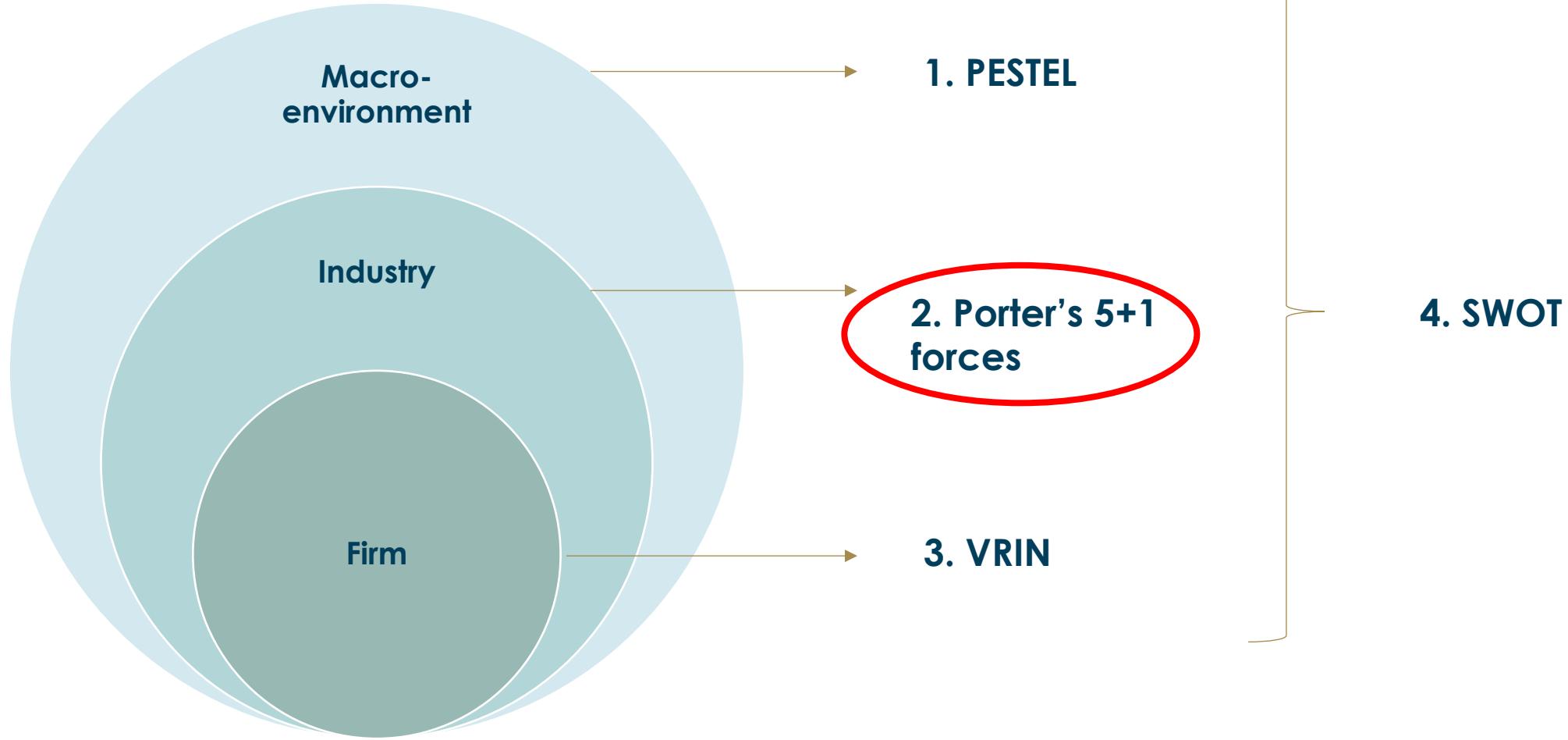
Economic	<ul style="list-style-type: none">Economic and business trends, interest rates, inflation, (un)employment, household disposable income...
Political	<ul style="list-style-type: none">Government stability, Taxation policy, Foreign trade regulations, Social welfare policies...
Sociological	<ul style="list-style-type: none">Demographics, Income distribution, Social mobility, Lifestyle, Attitudes to work and leisure, Consumerism, Levels of education...
Technological	<ul style="list-style-type: none">Investment in research & development, number of patents, rate of technology transfer and obsolescence...
Environmental	<ul style="list-style-type: none">Environmental laws, Waste disposal, Energy consumption...
Legal	<ul style="list-style-type: none">Monopolies legislation, Employment law, Health and safety laws, industry standards...

6 categories of environmental factors of influences
Quantitative / qualitative analysis

What are the key drivers of change?

1. Identify the key variables
2. Evaluate their importance
3. Prioritize them

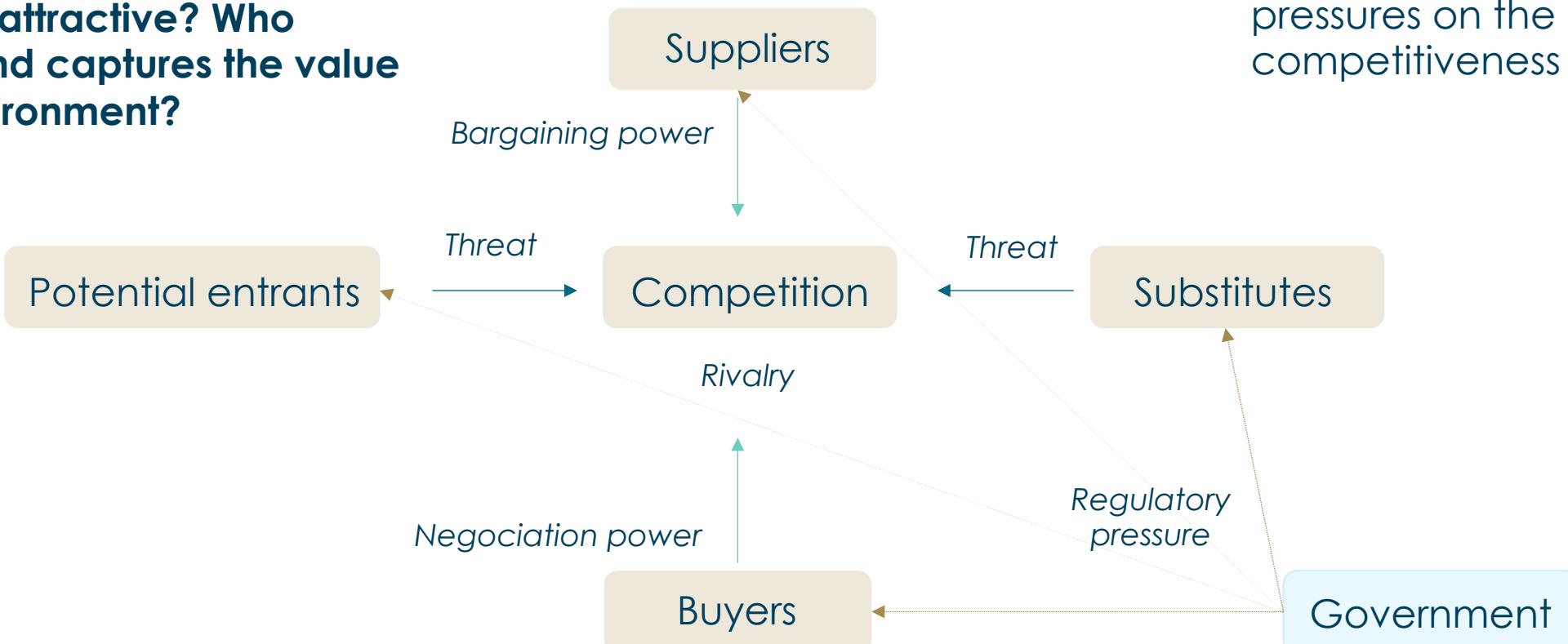
4 tools for strategic analysis



2/4 Porter 5 forces

How to analyse the industry?

Is the firm attractive? Who creates and captures the value in the environment?



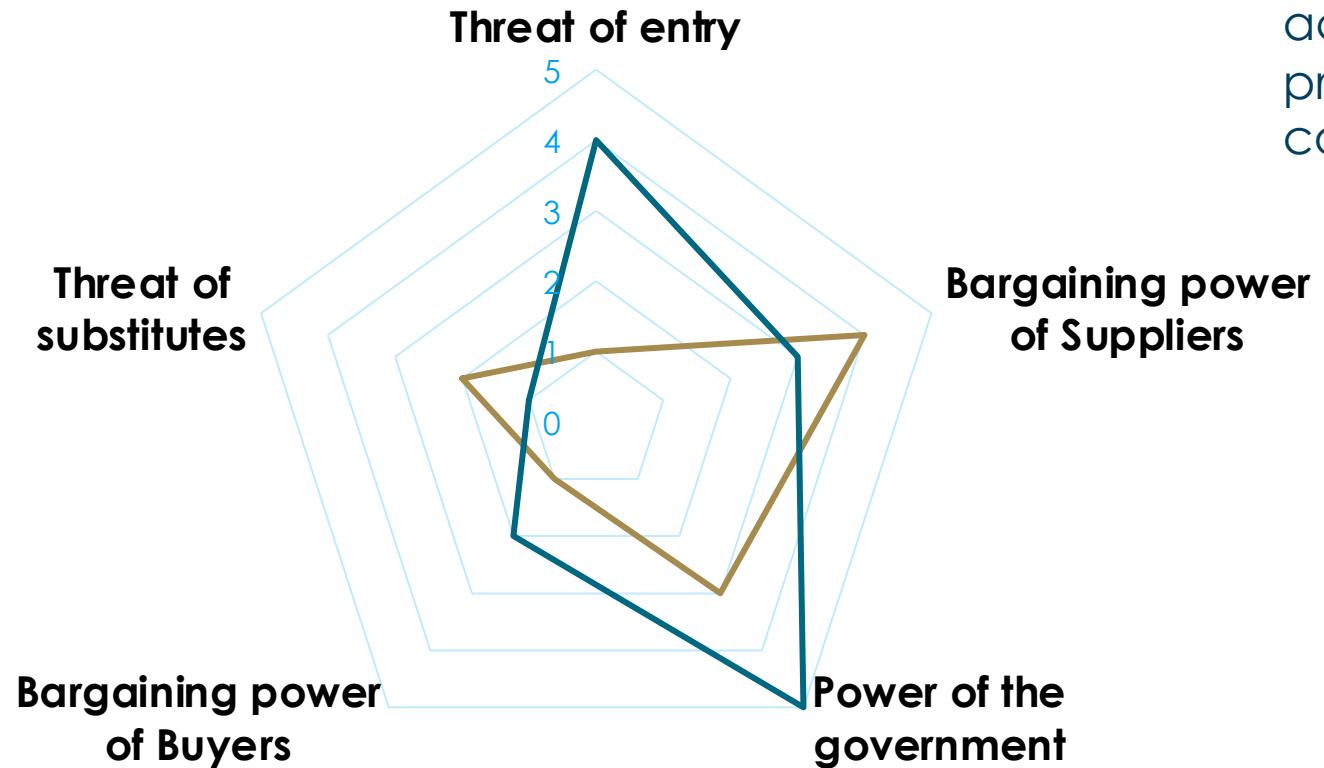
5+1 categories of actors that exercise pressures on the firm's competitiveness

Government

Standards, Taxes, Protectionism, Politics, etc.

2/4 Porter 5 forces

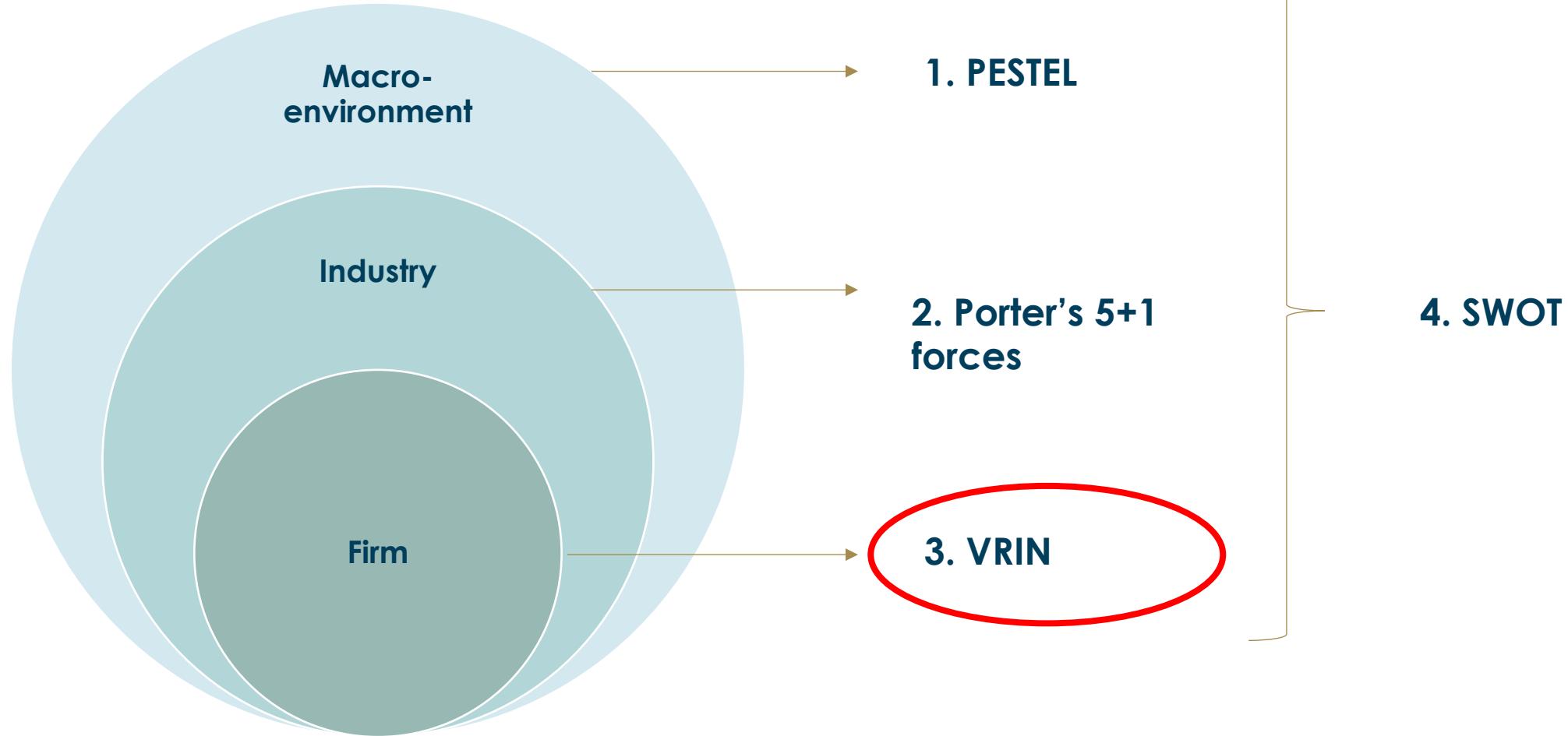
How to analyse the industry?



5+1 categories of actors that exert pressures on the firm's competitiveness

1. List the actors
2. Evaluate potential pressure
3. Identify key success factors

4 tools for strategic analysis



3/4 VRIN Model

How to analyse the firm competitive advantage?



1903



1892



1917



1665

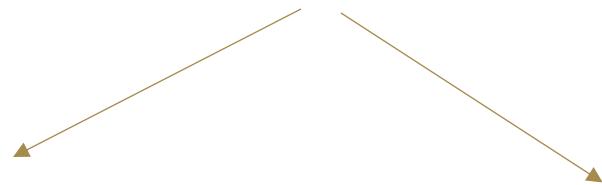


1976

3/4 VRIN Model

How to analyse the firm competitive advantage?

Strategic capability



Ressources

All assets controlled by the firm
=> What we have

- Tangible,
- Intangible
- Human



Competences

The way these resources are used effectively
=> What we do well



3/4 VRIN Model

How to analyse the firm competitive advantage?

Strategic capability

Ressources

All assets controled by the firm
=> What we have

Competences

The way these resources are used effectively
=> What we do well

- **Threshold capabilities:** required to operate in a given market
- **Distinctive capabilities:** required to gain (sustained) competitive advantage



3/4 VRIN Model

How to analyse the firm competitive advantage?

Value

Are capabilities valued by customers and provide potential competitive advantage?

Rarity

Are there resources and competences that few competitors possess?

Inimitability

Are there resources and competences that few competitors obtain or master?

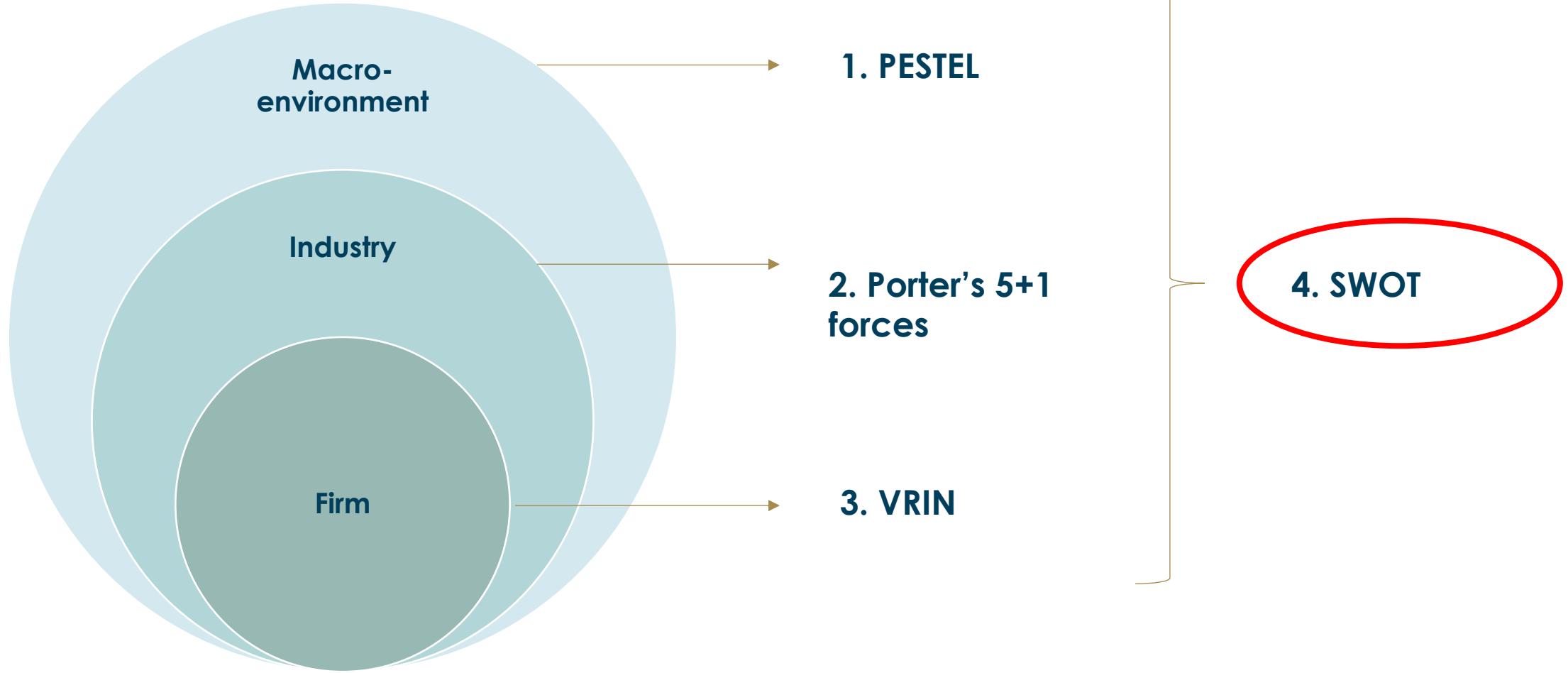
Non-susbsitutability

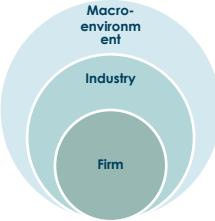
Is the risk of capability substitution low?

Provides competitive advantage

Provides sustainability

4 tools for strategic analysis





4/4 SWOT Model

How to synthetise a strategic analysis?

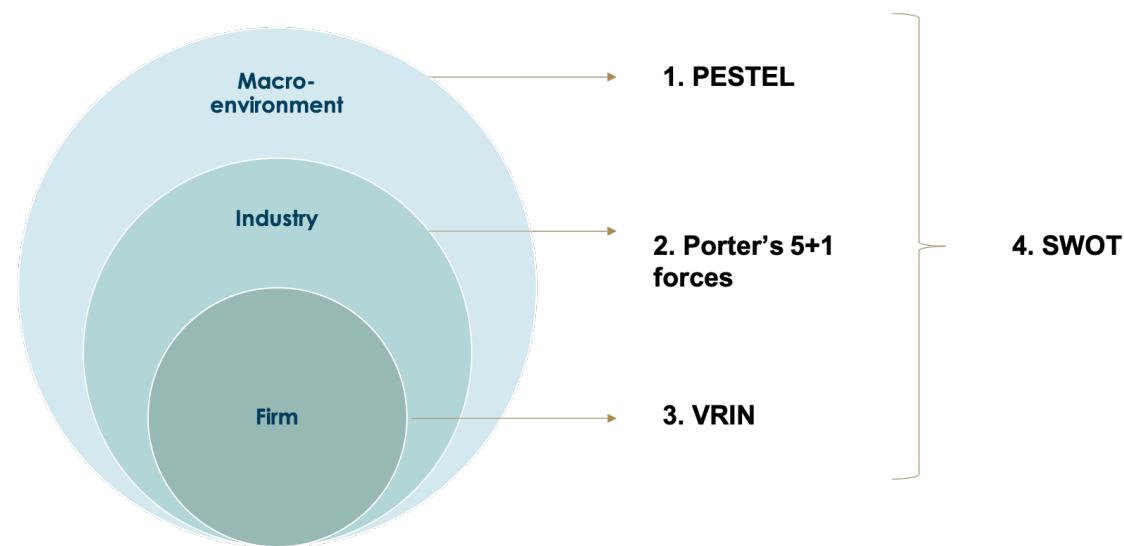
What we can do
(strategic capacity)



What we should do
(key success factors)

Critical analysis

What are the assumptions behind these models?



Critical analysis

SWOT

« Of the 50 companies reviewed within the scheme, over 20 companies used a SWOT involving 14 consulting companies. All the applications showed similar characteristics-long lists (over 40 factors on average), general (often meaningless) descriptions, a failure to prioritize and no attempt to verify any points. But the most worrying general characteristic was that no-one subsequently used the outputs within the later stages of the strategy process. The continued use of the SWOT analysis, therefore, needs to be questioned »

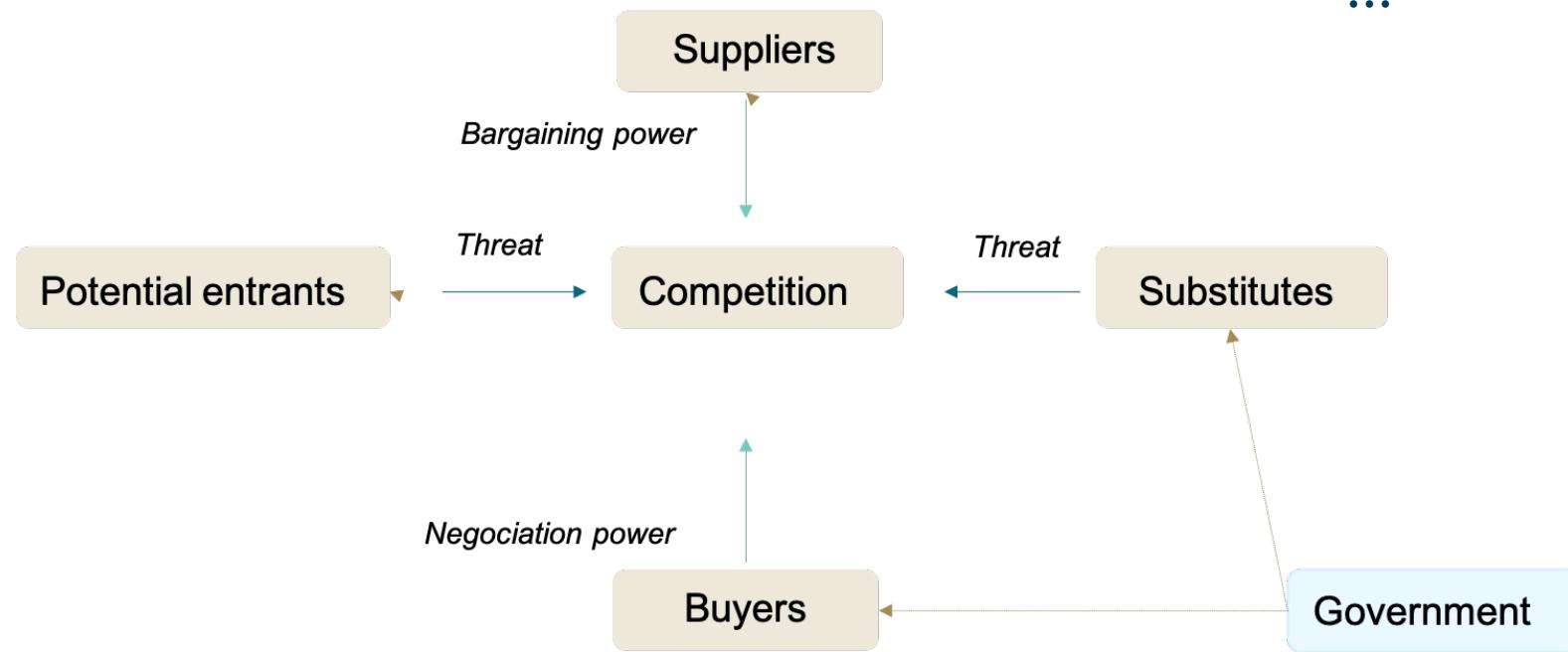
Hill et Westbrook (1997)

Critical analysis

Porter 5(+1) forces

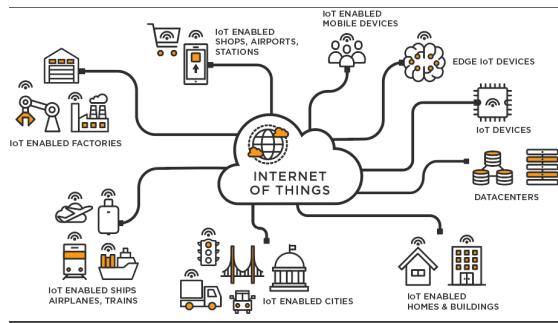
What about emerging industries?
What about partnerships, alliances?

...



The challenges of digital transformation

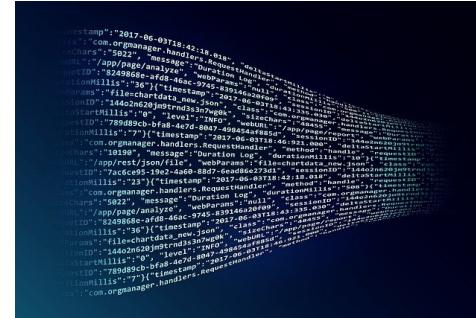
The rise of digital technologies...



IOT (Internet of Things)



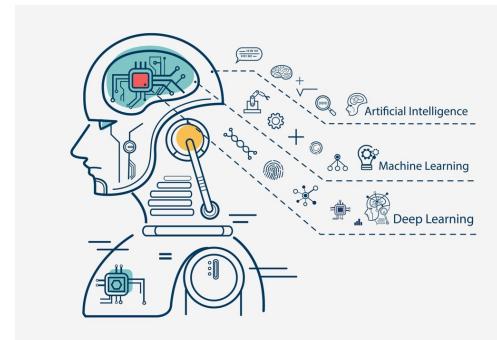
Cloud computing



Big data



3D printing



IA, Machine learning, deep learning

Definitions

Digital age : « A period in history that is clearly epitomized by the advent and affirmation of the electronic processing and sharing of data at a magnitude and speed that in now way we have seen before »

Digital transformation : «The ubiquitous, discontinuous change brought about by the widespread use of digital technology »

Key technologies:

- Computer hardware
- Software applications
- Internet and mobile communications
- AI (machine learning / deep learning)



Radically changing our relationship to data
(collection, diffusion, sharing, selling, storing...)



3 core processes of digital transformation



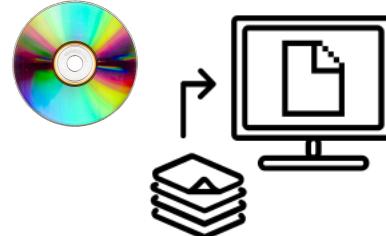
3 core processes of digital transformation

A shift in :

Digital representation

Connectivity

Aggregation



Adner et al, 2019

What does it imply for strategy?

How does digital transformation affect the way music companies do business?



Costs of production

Rise of indirect funding (advertising)

Exchange of goods



Distribution

Increase of the production of goods and services

Rise of personalization

Ways of consuming

Rise of social welfare

Ownership and Reuse of data

Management

Impact of digital transformation on organisations strategy

- **Ownership** and reuse of data?
- **Replicability** of Tech / Business Models: becomes easier?
- **Industry/ Market boundaries:** Scale ? Scope?
- **Managerial implications:**
 - How does it affect the manager's authority, legitimacy?
 - How to manage information overload?
 - Organisational culture? Decision-making process?



Digital strategy

1. A firm's capacity to create and capture value :

- *by means of digital tools*
AND/OR
- *in digitally enabled operating contexts*

But also, more broadly:

2. The strategic choices implemented by firms to redesign the market / value chain / industry boundaries

Need for new concepts and tools?

Building on traditional tools, we need to reflect on new terms and concepts:

- Platforms, business models,
- Networks, Ecosystems,
- Data management
- New forms of coopetition...



Topics of this course!

Group work

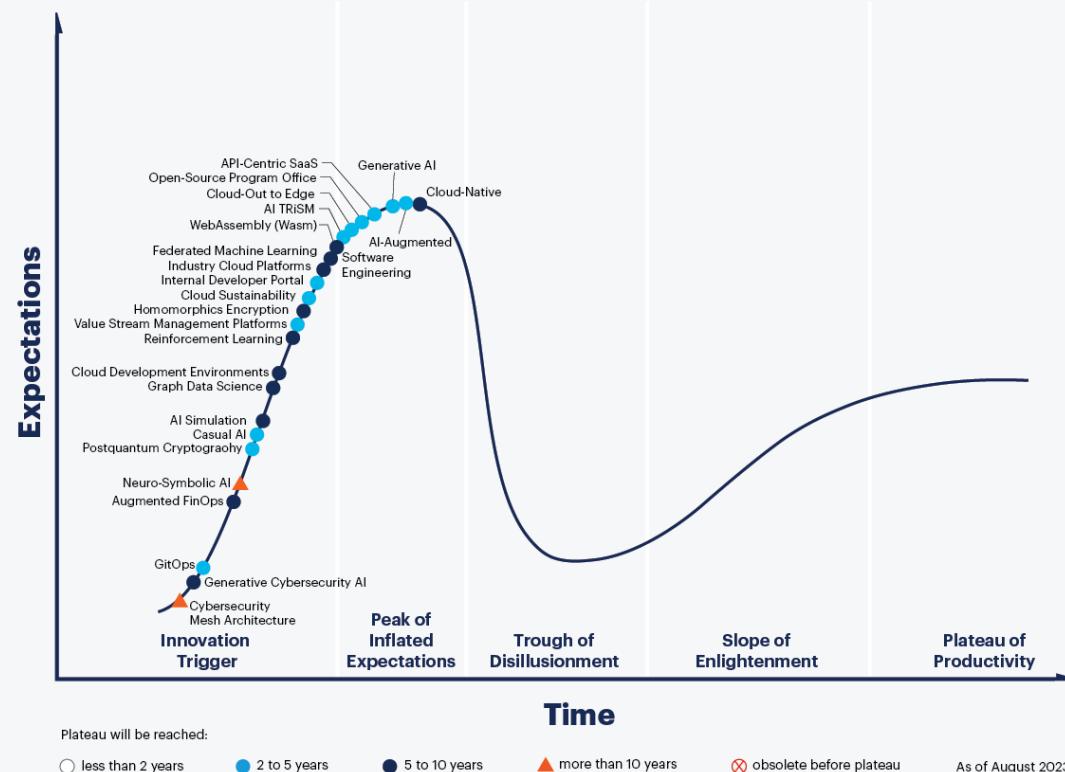
Group work

Objectives for today:

1. Form groups (5 students)
2. Think of a technology
3. Write a 500/1,000 words pitch about a technology you would like your group to choose.

What is this tech ? Why this one? What makes it so interesting? Why is it relevant to particular sectors?

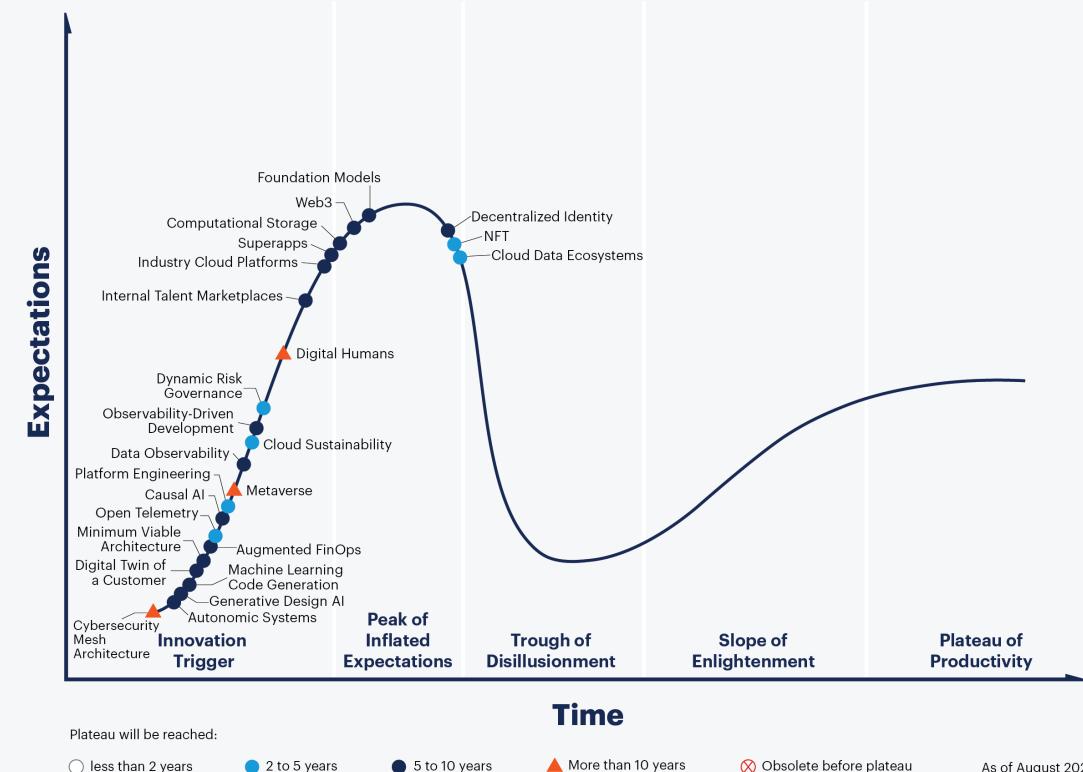
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