WHAT IS STRATEGY?
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GLOBAL BUSINESS STRATEGY

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OPERATIONAL EFFECTIVENESS IS NOT STRATEGY

- OPERATIONAL EFFECTIVESS IS NECESSARY BUT NOT SUFFICIENT
- OE MEANS PERFORMING SIMILAR ACTIVITIES BETTER THAN RIVALS
- STRATEGY MEANS PERFORMING DIFFERENT ACTIVITIES OR SIMILAR ACTIVITIES IN DIFFERENT WAYS

JAPANESE COMPANIES RARELY HAVE STRATEGIES

- MOST JAPANESE COMPANIES IMITATE & EMULATE ONE ANOTHER
- THUS, OE IS WHAT DISTINGUISHES ONE FIRM FROM ANOTHER
- HOMOGENIZATION OF COMPETITIVE ADVANTAGES

STRATEGY RESTS ON UNIQUE ACTIVITIES

- STRATEGY IS ACTING DIFFERENTLY THAN RIVALS DO
- SO, STRATEGY IS NOT SERVING CUSTOMERS BUT SERVING THEM BETTER THAN OTHERS DO
- STRATEGY IS PERCEIVING NEW POSITIONS THAT WOO CUSTOMERS

STRATEGIC POSITIONS & GENERIC STRATEGIES

- GENERIC STRATEGIES
  - 1) COST LEADERSHIP
  - 2) DIFFERENTIATION
  - 3) FOCUS

STRATEGIC POSITIONS BASED ON

- CUSTOMERS' NEEDS (TRADITIONAL SEGMENT TARGETING)
- CUSTOMERS' ACCESSIBILITY (CARMIKE CINEMAS; CITIES <200,000)
- VARIETY OF A COMPANY'S PRODUCTS OR SERVICES (A CHOICE BASED ON PRODUCT/SERVICE, NOT CUSTOMER SEGMENT; JIFYLUBE)

SUSTAINABLE STRATEGIC POSITION

- REQUIRES TRADE-OFFS
- INCONSISTENCIES IN IMAGE & REP
- DIFFERENT POSITIONS REQUIRE DIFFERENT ACTIVITIES (INFLEXIBLE)
- LIMITS ON INTERNAL COORDINATION & CONTROL

FIT DRIVES COMPETITIVE ADVANTAGE & SUSTAINABILITY

- FIRST ORDER FIT IS CONSISTENCY BETWN EACH ACTIVITY (FUNCTION)
- SECOND ORDER FIT WHEN ACTIVITIES ARE REINFORCING
- THIRD ORDER FIT OCCURS WHEN OPTIMIZATION OF EFFORT (REDUCING REDUNDANCY & WASTE)

GENERAL MANAGEMENT'S ROLE

- DEFINING A COMPANY'S POSITION
- MAKING TRADE-OFFS
- FORGING FIT AMONG ACTIVITIES
- THUS, PROVIDING LEADERSHIP

STRATEGY AS REVOLUTION

By GARY HAMEL

STRATEGY AS REVOLUTION

- 10 PRINCIPLES
- 9 ROUTES TO INDUSTRY REVOLUTION

10 PRINCIPLES

- STRATEGIC PLANNING ISN'T STRATEGIC

- **<u>WHICH WORDS?</u>**

• Ritualistic	Inquisitive
• Reductionist	Expansive
• Extrapolative	Prescient
• Positioning	Inventing
• Elitist	Inclusive
• Easy	Demanding

10 PRINCIPLES

- 2) STRATEGY MAKING MUST BE SUBVERSIVE
- 3) THE BOTTLENECK IS AT THE TOP OF THE BOTTLE
- 4) REVOLUTIONARIES EXIST IN EVERY COMPANY
- 5) CHANGE IS NOT THE PROBLEM; ENGAGEMENT IS

STRATEGY AS REVOLUTION

- 6) STRATEGY MAKING MUST BE DEMOCRATIC
- 7) ANYONE CAN BE STRATEGY ACTIVIST
- 8) PERSPECTIVE IS WORTH 50 IQ POINTS
- 9) TOP-DOWN & BOTTOM-UP ARE NOT ALTERNATIVES
- 10) YOU CAN'T SEE THE END FROM THE BEGINNING

9 Routes to Industry Revolution

Reconceiving a Product/service	**Redefining Market Space**	**Redrawing Ind Boundaries**
Greatly improve price/performance	Push bounds of universality	Rescaling industries
Separate form & function	Strive for individuality	Compress supply chain
Achieve joy of use	Increase accessibility	Drive convergence or blur boundaries

Porter vs. Hamel

- Porter is an American
- a business economist
- outside-in
- analytical, structural, & lineal
- position in industry determines all
- generic strategies

- Hamel is English, trained in U.S.
- trained as a strategist
- inside-out
- less analytical, lineal & structural
- strategic intent & core competence
- can’t predict