



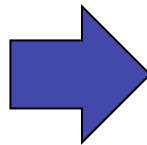
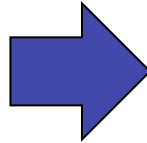
UiO : Universitetet i Oslo

Introduction to strategy

Tronn Å. Skjerstad
Oslo, January 2013



We can always learn from history



Introduction: do smarter strategic choices!

- Competitive advantages are based on
 - product and/or
 - process
- “Sustainable competitive advantages” are challenged due to
 - Globalisation
 - Technology development
 - Deregulation
- Consequence: strategy development is challenged

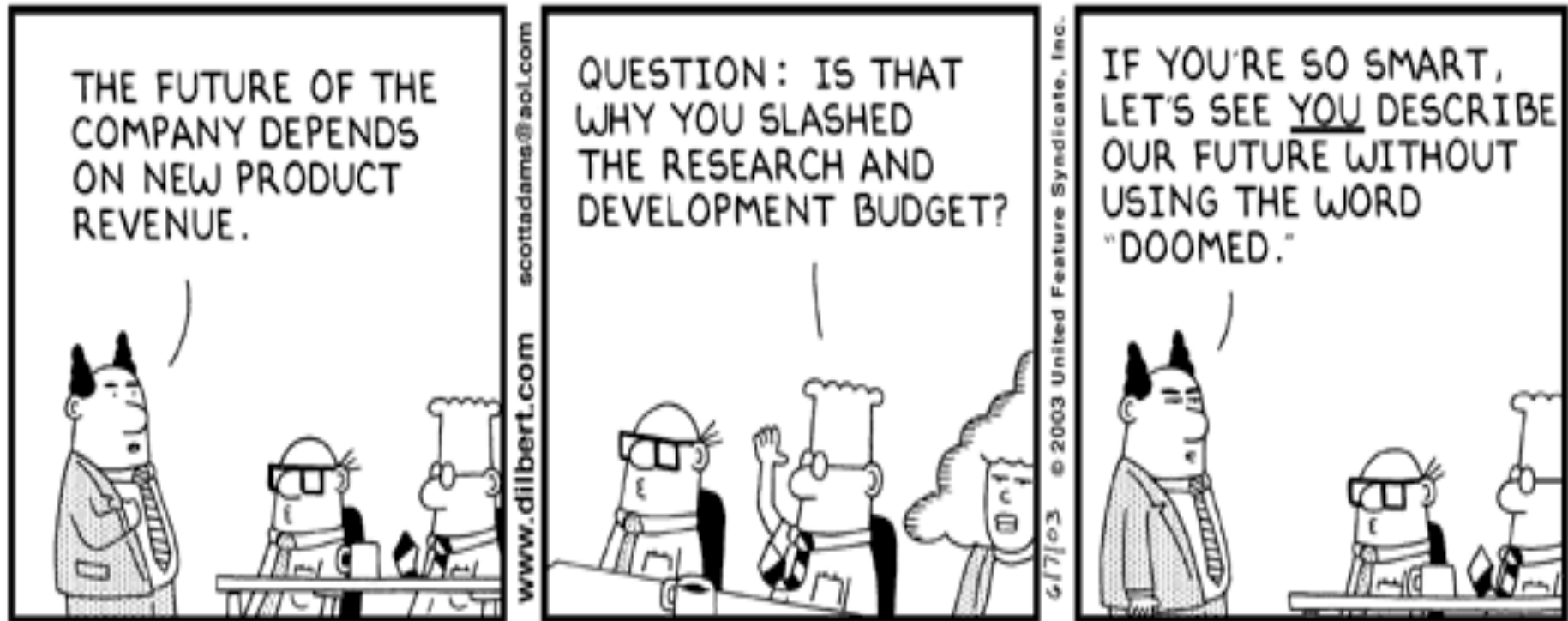
Implications

«Unless today's established corporations learn to reinvent themselves and their industries, much of the new wealth will be created by newcomers.»

Gary Hamel (1997)

Strategy for the incumbents

- stay on track or turn before it's too late



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Strategy for the entrepreneurs: new customers, new needs and new solutions

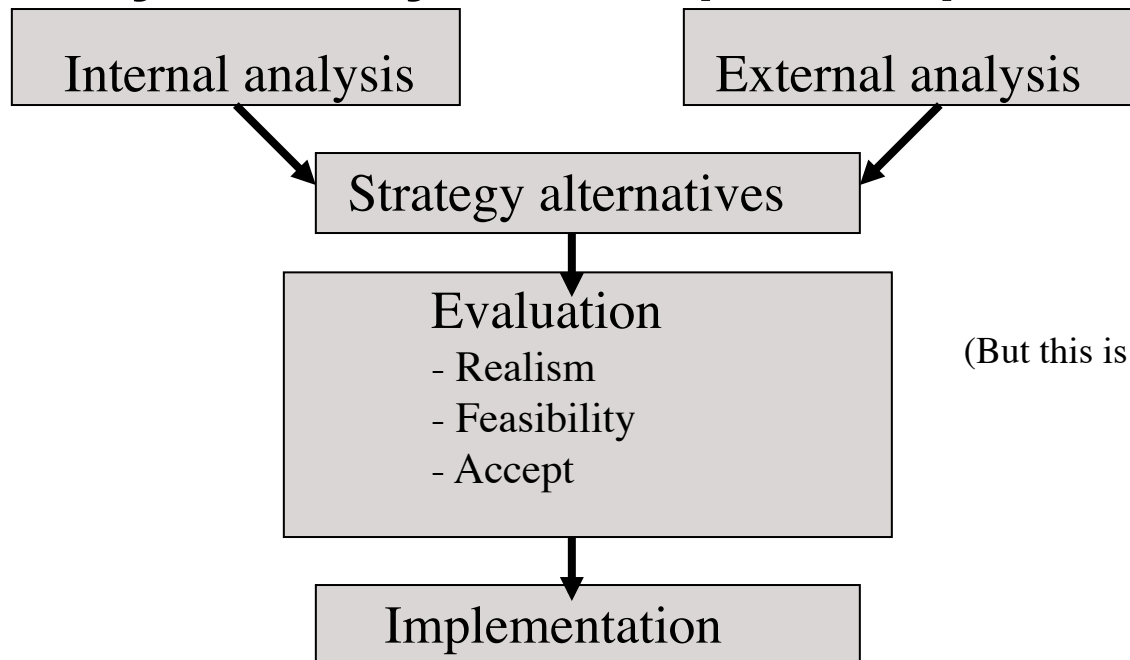


Different focus in different contexts

- *SMB*: growth
- *Large, multinational*: complexity
- *Professional partnership*: individualism
- *Non governmental organisation*: strong values
- *Public sector*: the political dimension

Introduction – focus and process

- **Two typical starting points for strategic choice**
 - *Visionary front runner* (proactive) → e.g. Google
 - *Copy of competitors* (reactive) → e.g. Microsoft
- **Ideally an analytical, sequential process:**



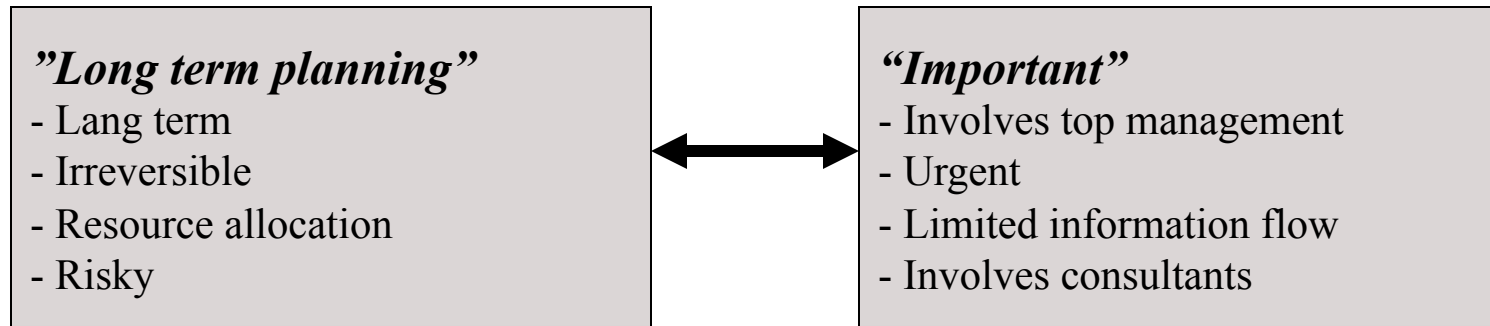
(But this is not always the situation!)

Task: "strategic"

- What makes a choice "strategic"?
- What are the key success factors for an effective strategy process?

Introduction (ctd.)

- What choices are really "strategic"?



- What are the threats against a good strategy process?
 - *External*: complexity and information access
 - *Internal*: guts and time pressure

What is Strategy?

- Origin-Greek word (strategos)-art of the general
 - Sun Tzu, Chinese military strategist in 500 B.C.
 - Modern-day application to business and competition dates to the 1960s
- Plan versus Action - strategy is “explicit, rigorous formal planning” versus “a set of flexible, goal-oriented actions”
- Strategy as Theory-how to compete successfully
 - Firms have both intended and emergent strategies
 - One firm’s strategies may not work in all situations
 - Past success does not guarantee future success
 - It is often difficult to change strategy

Fundamental Questions in Strategy

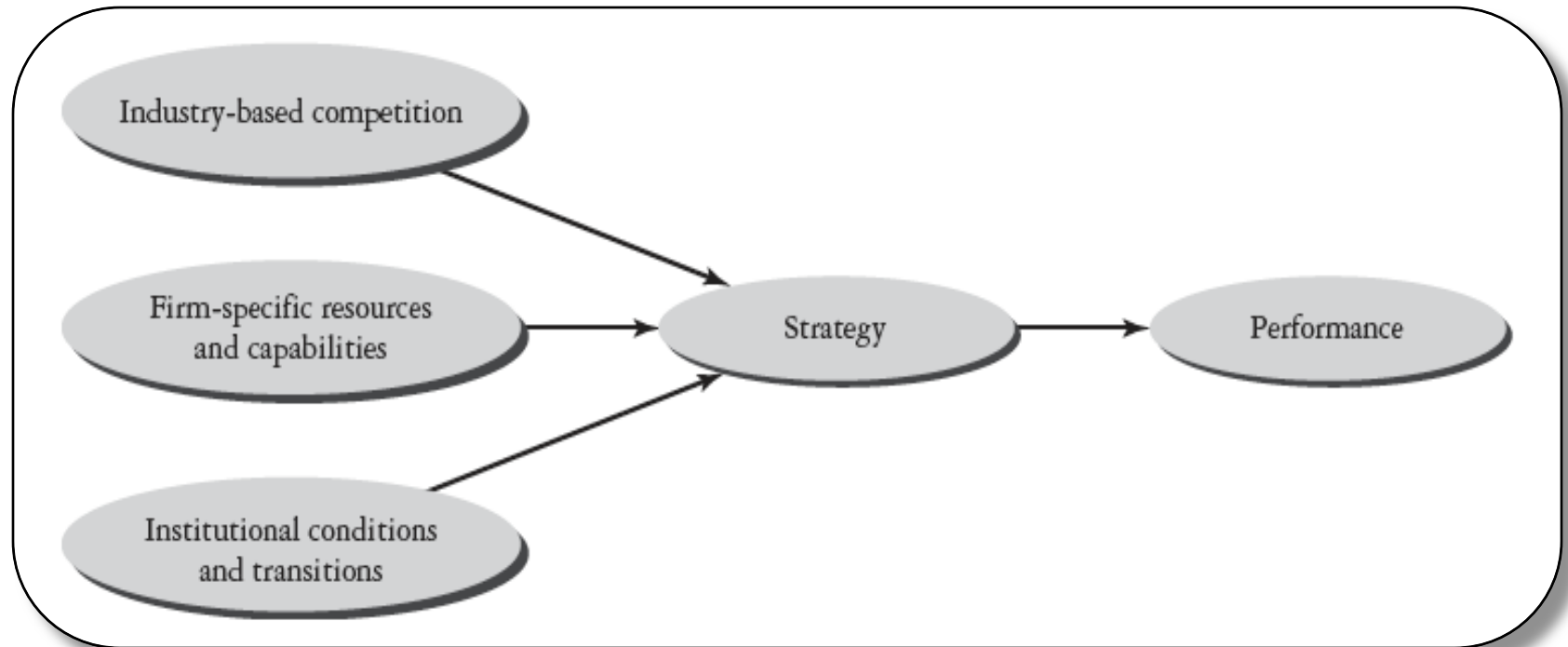
- Why do firms differ?
 - Cultural differences between Western firms and Japanese companies
 - Networks of relationships have powerful effect
- How do firms behave?
 - Industry-based view - focus on competitive forces within an industry that impact all firms
 - Resource-based (capabilities) view - focus on internal strengths and weaknesses, firm specific resources and capabilities
 - Institution-based view - focus on government and societal forces

Global Strategy and Globalization at a Crossroads

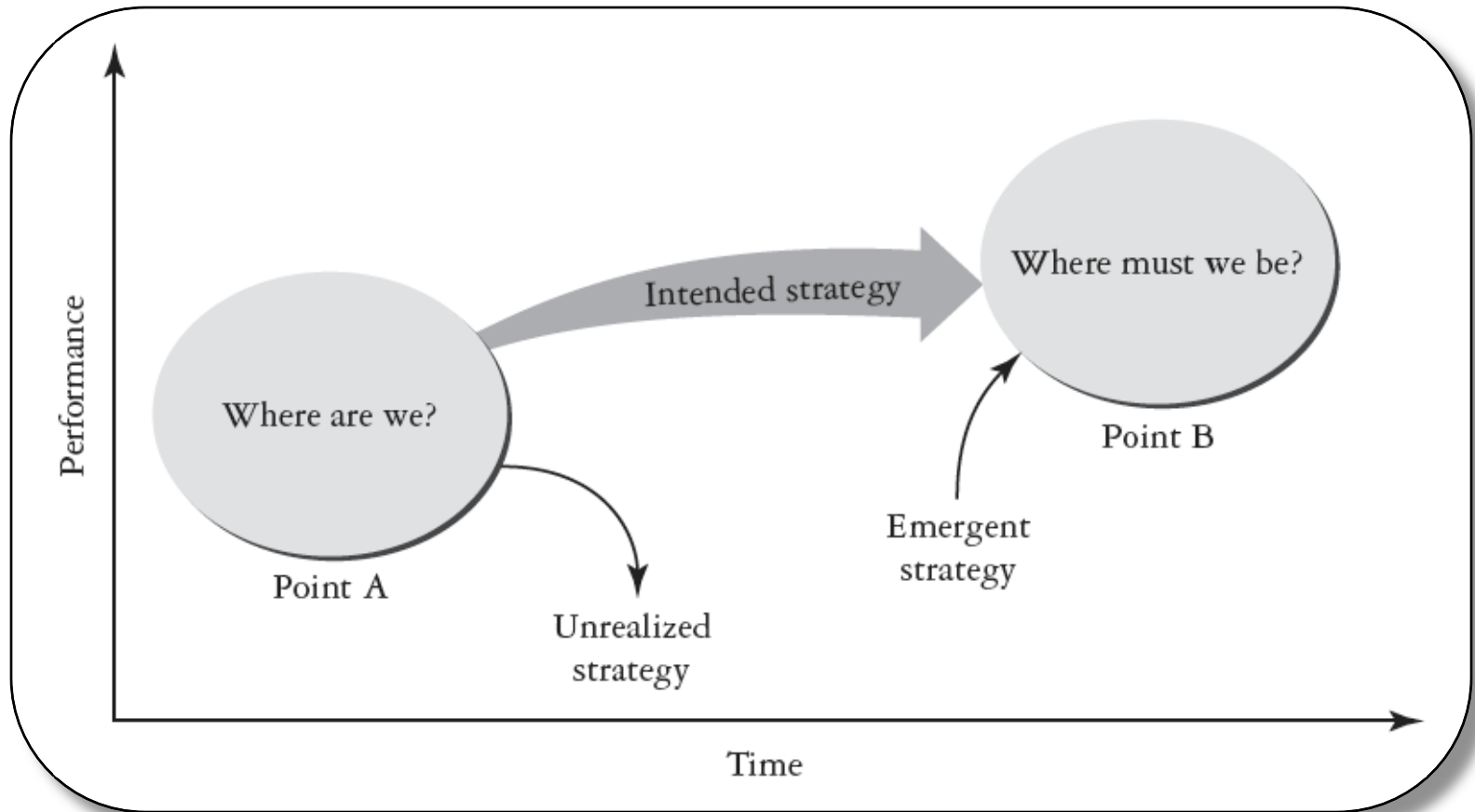
- Three Defining Events - have brought corporate social responsibility, ethics, and governance to the forefront of strategic decisions
 - Anti-globalization protests
 - lost jobs, downward pressure on wages for unskilled labor, environmental destruction
 - Terrorist attacks
 - 9/11, Madrid, London
 - Corporate governance crisis
 - industrial financial crisis, U.S. scandals, EU

The “Strategy Tripod”

Three Leading Perspectives on Strategy

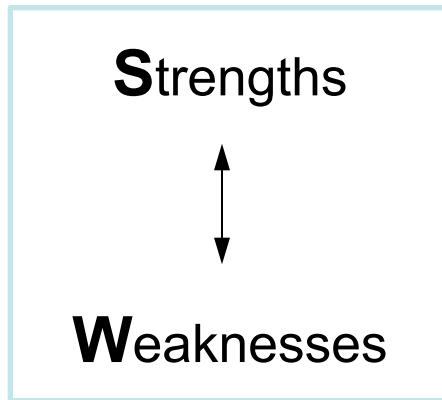


The Essence of Strategy



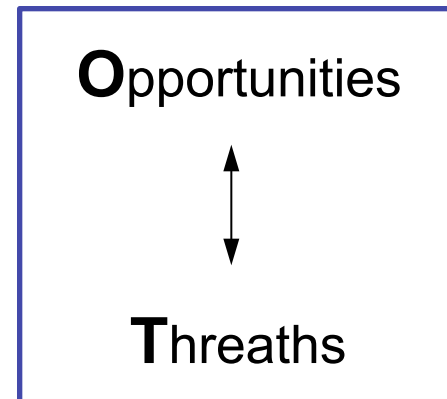
Starting point: “where are we?” (aka SWOT)

Internal analysis



↓
Resource based
models of competitive
advantage

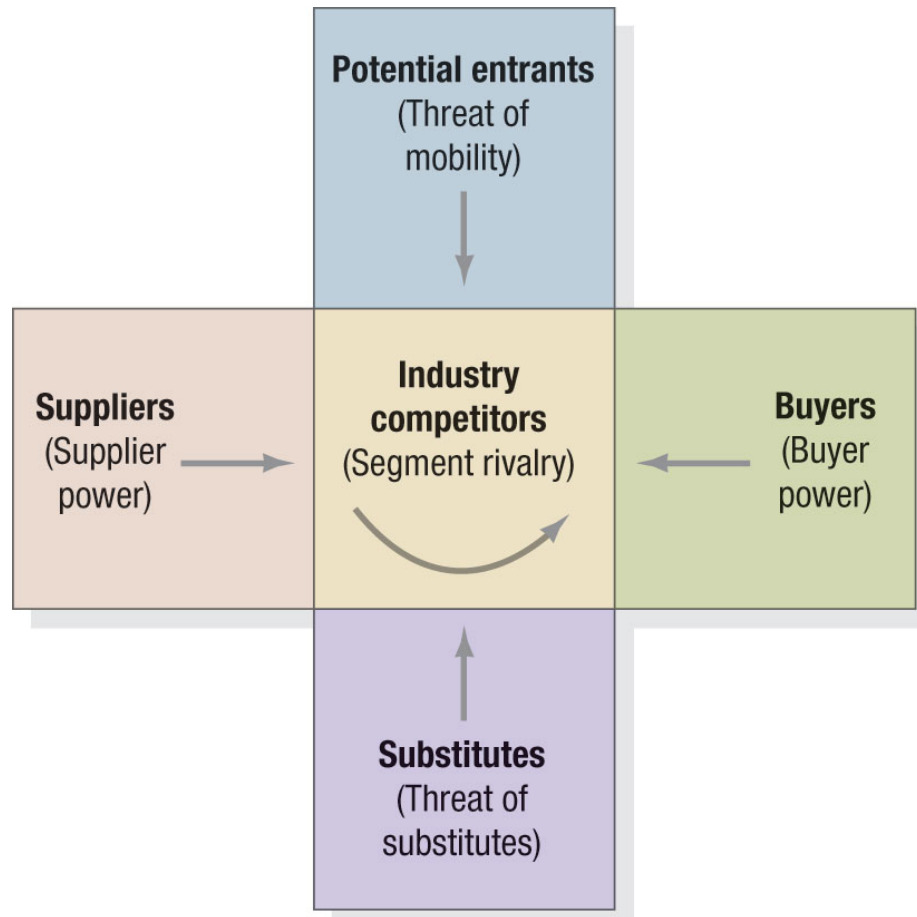
External analysis



↓
Environmental models
of competitive
advantage

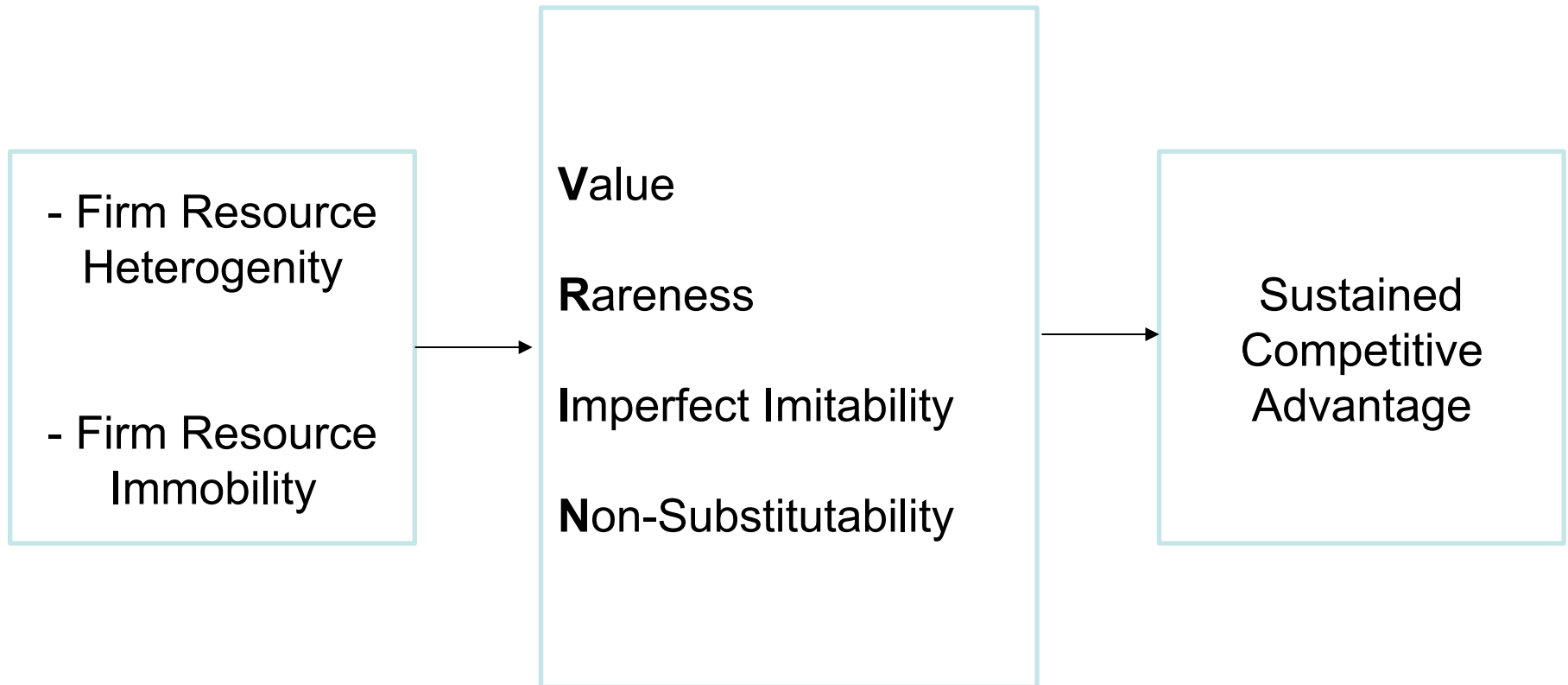


Environmental model...



Michael Porter's five forces give us an idea of how to analyze competition...

Resource-based model...



Institution based Considerations

In addition to the resource based and industry based considerations, we need to address both the **formal** and **informal** institutions...

Institution based considerations

- Institutions affect business decisions by signalling what behaviour that is acceptable (Peng 2009)
- The institutional framework consists of
 - The *formal institutions*, e.g. political laws and rules, and economic contracts
 - *The informal institutions* are the social norms for behaviour in a society that are fundamental for cultural and ethical conditions

Music streaming is the future It creates an optimal user experience – a fun one!

- Access to a library of **ALL music** in the world – ever recorded
- Fixed-fee **rental model** - no need to own music
- Users **explores new music** in a totally different way – no need to decide to buy a track or album
- **Accessible** from all connected devices – PC, mobile, TV, home stereos,++
- **Offline-mode** – play music when not online
- **Sharing** of music online gets a new dimension



More people will play more music than ever before

Task

How do you predict that the music industry will develop in the next three to five years?

Music will become interactive and multimedia

When music meets the interactive screens, music will become an interactive multimedia experience:

- Music videos
- More multimedia content; images, interactive presentations,++
- Background info: bios, lyrics, etc
- Interaction between artist and their fans
- Live concerts and simultaneous music listening
- Ticketing

Task

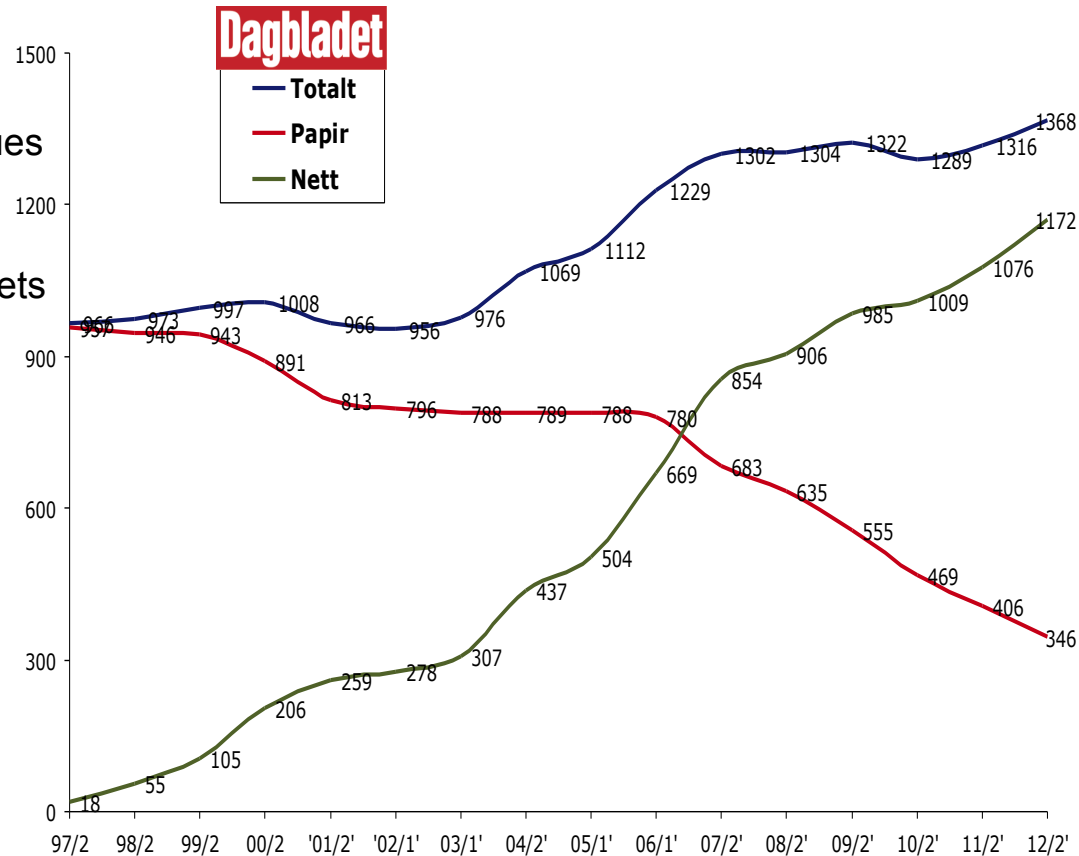
The concept “business model” is frequently used in strategy processes. What is a “business model”?

Task: “everything gets free, and (some) people are loosing their jobs”

- Dagbladet is in “dire straits”
 - Dagbladet is loosing readers and revenues from advertisers at an increasing speed
 - Digital content is becoming increasingly popular among consumers, but Dagbladets revenues from digital content are small

- Do a “SWOT” for Dagbladet
 - At least 5 Ss, Ws, Os and Ts
 - Prioritize down to 2 of each

- Suggest two-three strategic directions Dagbladet could follow towards 2016
 - Offensive
 - Defensive
 - (Realistic)



(Kilde: TNS Gallup, 2012)