

Global Business Strategy

Good Strategy + Good Execution = Good Management

Crafting and Executing Strategy Concepts

What is Strategy

- Coordinated a set of actions that its managers take to outperform the company's competitors and achieve superior profitability
- About making choices - All about the hows
- Competitive Advantage vs Sustainable Competitive Advantage
- People are your key assets
- **Tests of a Winning Strategy:** Fit; Competitive Advantage; Performance

Integration Strategies

- **Vertical:** Business strategy where companies control multiple stages of their supply chain, from production to distribution
- **Horizontal:** Business strategy where companies merge or acquire other companies in the same industry and at the same level of the value chain, aiming to increase market share, reduce competition, and achieve economies of scale

Three Central Questions

1. What is our present situation?
2. What should the company's future direction be and what performance targets should we set?
3. What's our plan for running the firm and achieving good results?

Vision Statements

- **Dos:** Be sure the journey is feasible; Indicates why the directional path makes good sense; Make it memorable
- **Don'ts:** Don't be generic; Don't rely on superlatives; Don't run on and on

Evaluating a Company

External Environment

Case: SpaceX

Frameworks: PESTEL, Strategic Group Map, Porter's 5 Forces, Value Net, and SOAR

Internal Environment

Case: Airbnb

1. How well is the company's present strategy working? - Use Ratios and Benchmark
2. What are the company's most important resources and capabilities, and will they give the company a lasting competitive advantage over rival companies? - SWOT Analysis
3. What are the company's strengths and weaknesses in relation to the market opportunities and external threats? - VRIN Test
4. How do a company's value chain activities impact its cost structure and customer value proposition? - Value Chain
5. Is the company competitively stronger or weaker than key rivals? - Competitive Strength Assessment
6. What strategic issues and problems merit front-burner managerial attention? - Create Recommendations

Competitiveness

The Five Generic Competitive Strategies

Case: Costco

1. **Low-cost Provider Strategy:** Striving to achieve lower overall costs than rivals on comparable products that attract a broad spectrum of buyers, usually by underpricing rivals
2. **Broad Differentiation Strategy:** Seeking to differentiate the company's product offering from rivals with attributes that will appeal to a broad spectrum of buyers
3. **Focused Low-cost Strategy:** Concentrating on the needs and requirements of a narrow buyer segment (or market niche) and striving to meet these needs at lower costs than rivals (thereby being able to serve niche members at a lower price)
4. **Focused Differentiation Strategy:** Concentrating on a narrow buyer segment (or market niche) and outcompeting rivals by offering niche members customized attributes that meet their tastes and requirements better than rivals' products
5. **Best-cost Provider (Hybrid) Strategy:** Striving to incorporate upscale product attributes at a lower cost than rivals

Strengthening a Company's Competitive Position

Cases: Twitter/X Corp.

Defensive	Offensive	Flanking	Guerilla
Strategy for Market Leaders	Strategy for #2 or #3	Strategy for New Entrants	Strategy for Niche Players
Expand Market with New Ideas	Avoid Leader's Strength	Look for Uncontested Segments	Find a Niche Small Enough to Defend
Block Competitive Moves	Attack Leader's Weaknesses	Move with Surprise	Prepare to Bug Out

Strategies for Competing in International Markets

Case: Netflix

- **Multidomestic Strategy:** A firm varies its product offerings and basic competitive strategy from country to country
- **Global Strategy:** Globally integrates and coordinates the firm's strategic moves
- **Transnational Strategy:** Utilizing the same basic competitive theme (low-cost, differentiation, or focused) in each country, but allows local managers the latitude

Strategy and Management

Corporate Strategy

Case: PepsiCo

Crafting a Diversified Company's Overall Corporate Strategy

- **How/Where to Diversify:** Which New Industries to Enter; Means of Entry
- **Pursue Competitive Advantage:** Leverage Value Chain Relationships; Strategic Fit
- **Establish Investment Priorities:** Level of Resourcing; Source and Target of Resources
- **Boost Performance:** Initiate Actions; Across All Corporate Businesses/Units

Evaluating the Strategy of a Diversified Company

1. Assessing the attractiveness of the industries the company has diversified into, both individually and as a group.
2. Assessing the competitive strength of the company's business units and drawing a nine-cell matrix to simultaneously portray industry attractiveness and business unit competitive strength.
3. Evaluating the extent of cross-business strategic fit along the value chains of the company's various business units.
4. Checking whether the firm's resources fit the requirements of its present business lineup.
5. Ranking the performance prospects of the businesses from best to worst and determining what the corporate parent's priorities should be in allocating resources to its various businesses.
6. Crafting new strategic moves to improve overall corporate performance.

Good Strategy Execution

Case: Nucor

1. Staffing the organization with managers and employees capable of executing the strategy well
2. Developing the resources and organizational capabilities required for successful strategy execution
3. Creating a strategy-supportive organizational structure
4. Allocating sufficient resources (budgetary and otherwise) to the strategy execution effort
5. Instituting policies and procedures that facilitate strategy execution
6. Adopting best practices and business processes to drive continuous improvement in strategy execution activities
7. Installing information and operating systems that enable company personnel to carry out their strategic roles proficiently
8. Tying rewards and incentives directly to the achievement of strategic and financial targets
9. Instilling a corporate culture that promotes good strategy execution
10. Exercising strong leadership to drive the execution process forward and attain companywide operating excellence as rapidly as feasible

Corporate Culture

Case: Starbucks

- A culture that is well matched to the chosen strategy and the requirements of the strategy execution effort focuses the attention of employees on what is most important to this effort
- Culture-induced peer pressure further induces company personnel to do things in a manner that aids the cause of good strategy execution
- A company culture that is consistent with the requirements for good strategy execution can energize employees, deepen their commitment to execute the strategy flawlessly, and enhance worker productivity in the process

Team Mastery

- TEAM: Together Everyone Achieves More
- DISC: Dominance Influence Steadiness Conscientious

Top 7 High-Performing Team Considerations

1. Understand the project and know what is expected
2. Invest in the team
3. Choose a leader/rotate
4. Give everyone a voice
5. Actively participate
6. Create a plan of action → Monitor progress → Keep a scorecard
7. Use the Platinum Rule