Strategic Management: Competing in the Global Information Age

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- Module 3 Strategic Management: Processes and Practices
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- Module 24 The Future of Strategic Management

Guiding the Corporation

- Companies create mission statements as a method to guide their future direction. Mission statements and Company vision will be discussed further in module 7.
- The following slides demonstrate mission statements that clearly state what the company vision is.

Dell Mission Statement

- Dell’s mission is to be the most successful computer company in the world at delivering the best customer experience in markets we serve. In doing so, Dell will meet customer expectations of:

- Highest quality
- Leading technology
- Competitive pricing
- Individual and company accountability
- Best-in-class service and support
- Flexible customization capability
- Superior corporate citizenship
- Financial stability
Ameritrade Mission

• OUR MISSION is to be the largest broker in the world for individual consumer investors as measured by agency trades (not revenues, not investment banking, not market making, and not principal trades -- only agency trades).

How will Ameritrade Achieve its Mission? Stuart

Ameritrade spent over $50 million on advertising in 1999. (up from $13 million in 1996)

Achieving the Mission

• Ameritrade plans to spend over $200 million on advertising and technology in the next few years.
• Advertising spending in the year 2004 exceeded $1 billion.

Strategic Management and Business Policy Course

• Intent of course - A capstone course to incorporate ideas from all other business courses and to develop a strategic point of view.
• Learn concepts of strategic management, and also recognize good strategic managers.

Strategic Management

• Why isn’t strategic management more pervasive?
• Many companies (particularly smaller companies) spend most of their time putting out day to day fires, meeting payroll or an unhappy customer. Often times top people feel they are best qualified to handle these day to day problems and don’t have time to think about the long term.
• RESULTS? - Long term results sometimes hard to prove because of confounding factors.

What is Strategic Management?

• It is the means by which a company gets from Point A (where it is now) to Point B (where it must be some time in the future)
• The process is not as simple as stated above.
• Must first assess were company is.
• Where do you want to go?
• What is the best way to get there?
Strategy

• Alan Smith from General Motors sees the focus of strategic management as a method to “help you prepare for unforeseen opportunities as well as adversity—rather than to give you a neat and clear blue print based on past and current strengths and successes.”

Strategy 2

• Should any opportunity or adversity be unforeseen?
• No, with extraordinary strategic planning.
• AOL – Were they prepared for Microsoft to enter their market? Probably! Most well run companies are prepared for future obstacles and have a plan of attack when they occur.
• However, companies can still get blindsided.

Intended VS Realized Strategy

Intended Strategy → Deliberate Strategy → Realized Strategy

Unrealized Strategy ← Emergent Strategy

Intended vs Emergent Strategy

• Your final strategy is not always exactly what was preplanned.
• Valcom (later Inacom) was set up as an IBM distribution center for farmers.
• However the market exploded with sales to bankers and small businesses.
• Being an computer distributor as a major portion of their business was an unintended (emergent) strategy.

Intended vs Emergent Strategy 2

• A company’s strategy must be able to adapt to technology changes.
• Prior to 1997 there was virtually no brokerage presence on the Internet. Ameritade was basing their technology on a dial-up windows-based system.
• The explosion of Internet usage required them to change their original strategy to adapt to the changing environment.

GLW Yahoo! Finance - GLW
Corning

- Corning was able to take advantage of the growth in fiber optic lines, which was an emergent strategy from their traditional glassware business.

The need for planning has increased

- Operating a business today requires a greater amount of planning than in the past.

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- As we move from smaller, slower, local organizations, the need for formal planning increases.

The Internet and strategy

- Large Internet companies require a large amount of strategic planning.
- Imagine planning for a company such as Amazon.com.
- Fast changing environment, broad location, increasingly diverse product line, large company - multinational and multidivisional.

Formal Planning Vs Creative Thinking

- Digman suggests that formal planning can actually hinder creative thinking. Strategic thinkers must create a vision that is creative and flexible.

Components of Good Strategic Thinking

- Insight about the present
- Foresight about the future

Both are related to vision - understanding the context in which decisions are being made.

Module 1 conclusion

- Formal strategic planning has been around since the 1950's. However as companies increasingly get larger and more complex they have tended to turn to strategic management activities.
Figure 1.1

Strategic Thinking: Enacting Value. Go

Present Reality

Desired Future

Strategic Planning: Creating a New Alignment

Source: Adapted from Janice M. Leslie, "Strategic Thinking with Strategic Planning," Strategic Leadership Vol. 4, No. 4 (December/January 1995), 33.

Figure 1.2

What are we?
The best way to get from A to B

Part A

Part B

Figure 1.2: The Essence of Strategy