Three Themes for Strategy Today:

• Digital
• Non-Profits
• Sustainability

20 April, 2023
Through 13 editions we have always emphasized “Action” – evaluating, leading, implementing, processes and practice
Action remains crucial – but strategy is changing ....

Porter’s Five Forces was inspired by the 1970s automobile industry – now platforms matter too.

The BCG portfolio matrix arose to manage the big industrial conglomerates of the 1960s – now we have digital conglomerates like Alphabet and Alibaba.

Generic Strategy cost-differentiation trade-offs originated when most things had prices – now we have freemium business models as well.
So, while key frameworks endure, there are new strategic challenges....

13th Edition’s “Cross-Cutting Themes”

- Digital Transformation (Patrick Regnér)
- Non-Profits (Duncan Angwin)
- Sustainability (Richard Whittington)

Please join Q&As and use Teams Chat function for questions and suggestions
Exploring Strategy

Cross-cutting themes: Digital

Patrick Regnérr
Digital Strategy and Transformation

- For profit and Non-profit.
- New business models and start-ups.
- Platform companies: Highest market valuations globally
- Students use of digital platforms and interest in start-ups.

- **Digital transformation**: Pervasive and discontinuous change triggered and shaped by the widespread use of digital technologies.
  - Cloud computing, AI, Internet of Things, blockchain, 3-D printing, etc. (e.g., Ch. 1, 5, 12, 16)
  - Related resources and capabilities, routines, practices, culture, etc. (e.g., Ch. 5, Ch. 16)
Digital Resources & Capabilities: Development and Acquisition (E.g., Chapters 5, 9, 10, 12)

- Acquiring and partnering (Ch. 10,12)
- In-house product and service development vs. outsourcing (Ch. 9)
- Competitive advantage: Must meet VRIO Criteria! (Ch.5)
Ecosystems and Complementors (Chapters 4 and 11)

- ‘Core Ecosystems’: Interdependent participants bound together based on some standard that must align and coordinate multilaterally to create value for all.
  - Ecosystem ‘orchestrator’ (e.g., Amazon)
  - Ecosystem complementors (e.g., 3rd party sellers on Amazon)

- ‘Outside Ecosystem’: Regular suppliers, partners, etc.
Multi-sided Platforms (MSPs) and Strategies (Chapter 8)

- **MSPs:** Two or more *distinct*, but *interdependent* participants.
  - *Distinct:* Performing separate functions
  - *Interdependent:* Only of value when other actors present.

- **MSP Strategies:**
  - *Platform distinctiveness and size:* Differentiation and network effects
  - *Choosing platform sides:* Attracting, selecting and managing complementors.
  - *Multihoming costs:* Switching costs moving to competitor platforms.
Strategy Work: Digital Tools and Methods (E.g., Chapters 2, 3, 14, 15, 17)

- **Digital tools in strategy work** (Ch. 2, 3, 17)
  - *Environmental analysis*: AI for environmental scanning.
  - *Communication/Interaction*: Digital visualization and interaction techniques.
  - *Strategic generation*: Yammer, strategy jamming technologies, digital-polling, etc.
  - *Strategy implementation*: CEO blogs, social media, virtual town halls, etc.
  - *Crowdsourcing forecasts* (Ch. 3)

- **Agile teams for creating digital and innovative capabilities** (Ch. 15)
Digital Teaching Examples

**Illustrations:** 1.1 Tesla Motors: the future is electric – 2.1 A Pestel for DiDi – 4.2 Meta’s Facebooks challenges – 4.1 Banking barriers busted by fintech – 5.4 Dynamic capabilities (and rigidities) in mobile telephone companies – 8.4 Ubers’s ubiquitous business model – 9.1 Choosing new directions at Casavant Frères? – 9.2 Outsourcing – a broken model? – 10.3 Collaboration between a multinational and start-ups – 11.1 Entrepreneurs, start-up teams and external relationships – 11.4 ARMs extensive ecosystem – 12.3 Apple’s iPad advantage – 15.2 Agile Klarnanauts – 16.3 Digital transformation at La Redoute

**Case examples:** Ch 1: A viable unicorn? Airbnb – Ch 2: Canal+: Competing with Giants – Ch 4: Game-changing digital forces and the global advertising industry – Ch 5: Reconfiguring retailing resources – Ch 7: Has Uber overcome the ubermensch? – Ch.8: The (new) IKEA approach – Part I: How does Meta make strategy? – Ch14: From Google to Alphabet to ‘Moonshots’ – Ch.15: Tencent: third time lucky?

**Cases:** MSP competition in the video game industry – Siemens – PensionBee – CISCO Launchpad – Yuka: changing the world one barcode at a time;
Exploring Strategy

Cross-cutting themes: Non-profit

Duncan Angwin
Why teach Non-Profits?

• Vital role in society
  ➢ economic stability, mobility and strengthen communities
  ➢ Generally non-profit leaders are the voice of the people they serve.

• Major strategic problem:
  ➢ do more for less financial resources (NHS)

• Large sector
  • 500,000 Non-Profits (UK)
  • 175,000 charities
  • 928,000 trustees and 5.2m volunteers

• Spend £46bn p.a. delivering on missions
  • 85% total spending

Investopedia, 22:12:22
<table>
<thead>
<tr>
<th>Non-Profits are different to For-Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition:</strong> Non-profit organisations are self-governing, non-profit distributing and involve some degree of voluntary participation.</td>
</tr>
<tr>
<td><strong>Revenues in excess of costs</strong> are reinvested in the purpose of the organisation and not paid out for private gain</td>
</tr>
<tr>
<td><strong>Non-profits are funded from sponsors</strong> (Gov., donors).</td>
</tr>
<tr>
<td><strong>End users are generally not the prime source of funds</strong> i.e. hospitals</td>
</tr>
<tr>
<td><strong>Different business model</strong></td>
</tr>
</tbody>
</table>

---

*Non-Profits* are different to *For-Profits*:

- Operated for collective, public or social benefit
- For-Profits businesses that aim to generate profit for their owners

**Definition:** Non-profit organisations are self-governing, non-profit distributing and involve some degree of voluntary participation.

**Revenues in excess of costs** are reinvested in the purpose of the organisation and not paid out for private gain.

**Non-profits** are funded from sponsors (Gov., donors).

**End users** are generally not the prime source of funds i.e. hospitals.

**Different business model**
Strategy tools

- Can help with:
  - Organizational purpose, vision, mission, goals: Chpt 1

<table>
<thead>
<tr>
<th>Examples of topics</th>
<th>Not for profit</th>
<th>Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>Mission driven</td>
<td>Profit driven</td>
</tr>
<tr>
<td>Expectations of stakeholders</td>
<td>Efficient use of resources to fulfill mission/purpose</td>
<td>Fulfill fiduciary duty to shareholders</td>
</tr>
<tr>
<td>Governance</td>
<td>Defined by statutes</td>
<td>Compliance with commercial law</td>
</tr>
<tr>
<td>KPI</td>
<td>Mission completion indicators</td>
<td>Financial ratios</td>
</tr>
<tr>
<td>Competition</td>
<td>With other charities to attract donors/subsidies</td>
<td>With other firms to attract clients/gain market shares</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Strategy tools

Can help with:

• Identify major environmental threats and opportunities (i.e. PESTEL): Scenarios for wind tunnelling
• Identify key capabilities: Ch 5
• Managing organizational governance: Ch 7
• Link goals to resourcing decisions: Ch 13
• Inform organizational design and change: Ch 15,
• The work of strategy: Ch 16
Strategy tools

- Can help with:
  - Stakeholder analysis and strategy mapping. Chpt 2
  - Mapping urban indigenous food system in Canada

- Shows complexity/interconnectedness
- Shows how strategic interventions must recognize the place of food in multiple systems
Mergers

- Cultural challenges
  - Cultural web Chpt. 7

- Competitive strategy and capabilities. Chpt 5

- Strategy evolution from alliance to merger. Chpt 12

- Non-profits do compete
  - With for-profits and non-profits for customers
  - With non-profits for sponsors

- Non-profits do need to meet their budgets to sustain the enterprise, so their strategic calculations are not so different to for-profits

Case Study

‘Dare to know’: Challenges in merging 2 French universities
Lionel Garreau

By 2000s, French universities found themselves poorly ranked when compared with others. In response, five prestigious French institutions, including Université Paris-Dauphine, joined forces through a scientific cooperation foundation in order to reinforce their reputation. This became the first step toward the establishment of Paris Sciences et Lettres (PSL), made up of 19 entities, with the aim of becoming a completely integrated university. This case study explores the lessons the Université Paris-Dauphine faces in its integration into PSL.
Further Examples

Subgroups and segmentation in the charity sector (I.4.4)

Amsterdam: trading off economic growth against social and sustainability goals (I. 6.4)

University pays the price – VC pay conflicts with culture (I. 7.2)

Game theory in practice in the public sector (I. 8.3)

Outsourcing – a broken model (I. 9.2)

The fast paced internationalization of NGOs (I. 10.2)

The frugal surgical device (I. 11.3)

The international Baccalaureate: implementation is the strategy (I. 15.4)

Transformation at the University of Cape Town (I. 16.2)

Case Example: The festival d’Aix-en-province: leading change in a time of crisis

Case example: Wikimedia’s Open Strategy

• Sector analysis (Chpt. 4)
• Purpose and stakeholders (Chpt. 6)
• Culture and strategy (Chpt. 7)
• Business strategy and models (Chpt. 8)
• Corporate Strategy (Chpt. 9)
• International Strategy (Chpt. 10)
• Entrepreneurship/Innov. (Chpt. 11)
• Implementing Strategy (Chpt. 15)
• Leadership and strategic change (Chpt. 16)
• The Practice of Strategy (Chpt. 17)
Exploring Strategy:

Cross-Cutting Themes

Sustainability and Strategy

Richard Whittington
Our students care more about environmental sustainability than economic metrics

To what extent do you agree or disagree with the following statements? **Environmental concerns should be prioritised over economic growth**

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Tend to agree</th>
<th>Neither agree nor disagree</th>
<th>Tend to disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Boomers</td>
<td>18%</td>
<td>26%</td>
<td>31%</td>
<td>15%</td>
<td>9%</td>
</tr>
<tr>
<td>Gen X</td>
<td>19%</td>
<td>25%</td>
<td>32%</td>
<td>13%</td>
<td>6%</td>
</tr>
<tr>
<td>Millennials</td>
<td>25%</td>
<td>32%</td>
<td>27%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Gen Z</td>
<td>28%</td>
<td>37%</td>
<td>20%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Sustainability: Relevant Tools and Concepts

Ch 1: Purpose

Ch 3: PESTEL (ecological)
Roadmap to Net Zero
Contexts and motives for ecological issues

Ch 6: Organisational Stakeholders
Social Responsibility
Hybrid Purpose Organizations

Ch 13: Strategy evaluation: KPMG Value Bridge
Suitable, Acceptable, Feasible Evaluation (SAFE)

Ch 16: Sustainable transformation
Sustainability Cases etc

End of Chapter case examples:

• Gasunie: hydrogen pipe dreams (Ch 3)
• Petrobras: keep on trucking (Ch 6)

Cases:

• Net Zero – what does it mean for strategy?
• Empowering strategy at Dorr & Porthbolagel
• Seplat – Petrol in the Nigerian Delta

Illustrations:

• Tesla: the future is electric! (Ch 1)
• Grupo Argos: Sustainability made concrete (Ch 3)
• Unilever’s Purposeful Mayonnaise (Ch 6)
• Rio Tinto follows the rules (Ch 6)
• Is Exxon the new Kodak? (Ch 7)
• Differentiating milk (Ch 8)
• Deciding about sustainable energy (Ch 13)
• Sony’s ‘Kando’ attitude (Ch 16)
Exploring Strategy

Q&A

- Digital
- Non-Profits
- Sustainability