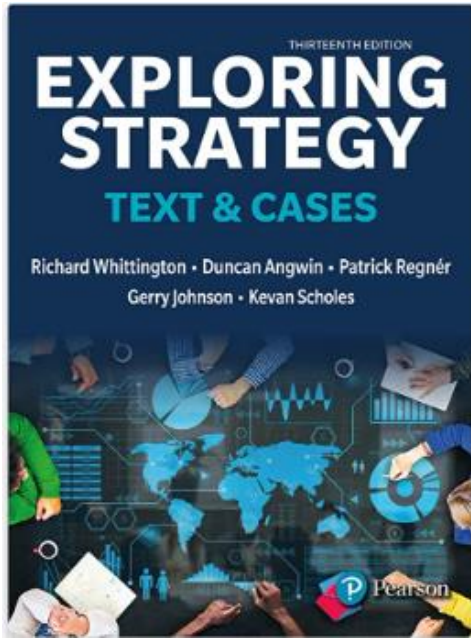Author Webinar – Duncan Angwin, Patrick Regnér and Richard Whittington, *Exploring Strategy*, 13th edition, 2023

Three Themes for Strategy Today:
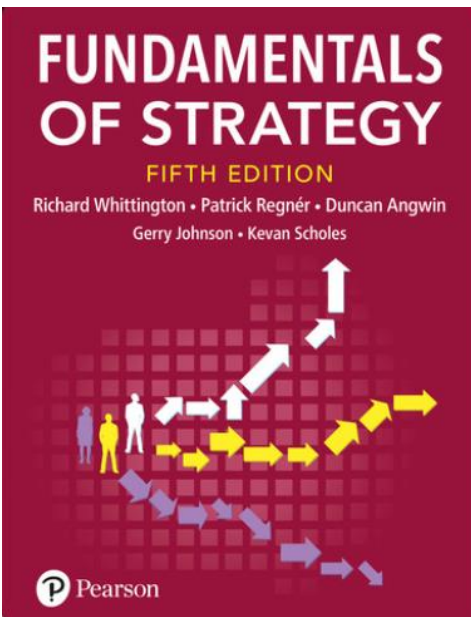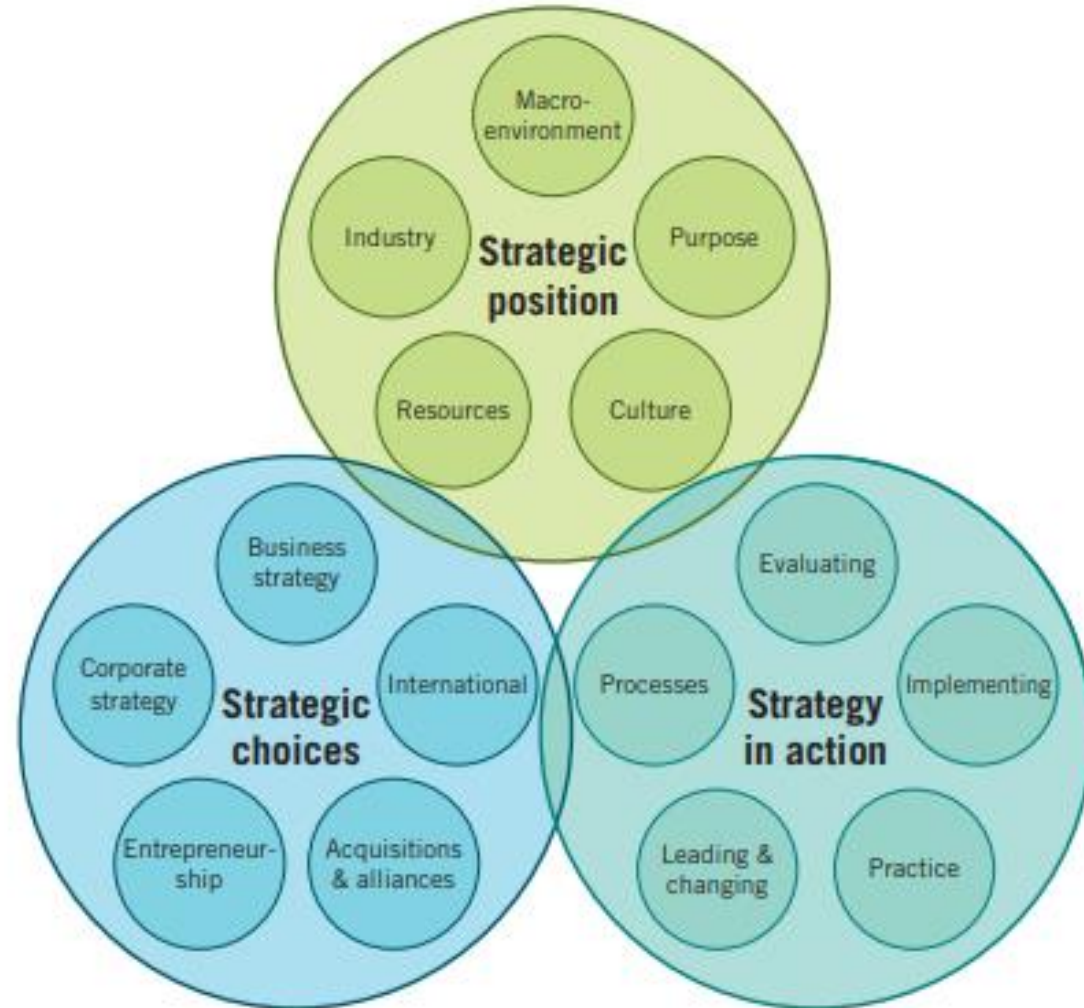
- Digital

- Non-Profits

- Sustainability

20 April, 2023

Through 13 editions we have always emphasized "Action" – evaluating, leading, implementing, processes and practice

Figure 1.6 The *Exploring Strategy* Framework

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
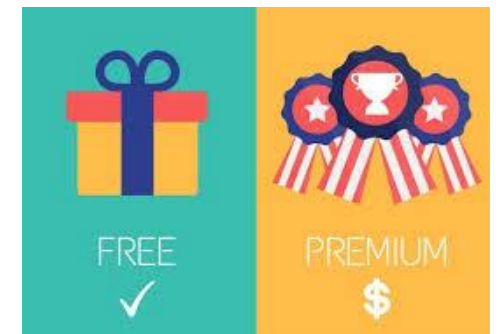
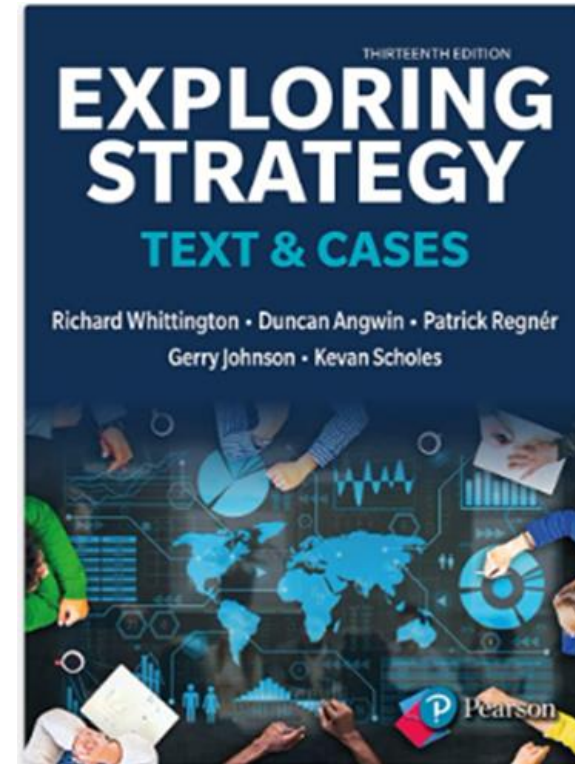# So, while key frameworks endure, there are new strategic challenges….

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 Regnér

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)

Illustration 16.3 Digital transformation at La Redoute
In four years, the struggling old-style mail order business has been transformed into one of France's leading ecommerce businesses.

La Redoute
COLLECTIONS

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)

Case example
Reconfiguring retailing resources

Amazon vs Walmart: battling for distinctive competitive advantage
Patrick Regnér

Is the resource or capability . . .					
Valuable?	Rare?	Inimitable?	Supported by the organisation?	Competitive implications	Economic performance
No	–	–	No	Competitive disadvantage	Below normal
Yes	No	–		Competitive parity	Normal
Yes	Yes	No		Temporary competitive advantage	Above normal
Yes	Yes	Yes	Yes	Sustained competitive advantage	Above normal

Ecosystems and Complementors (Chapters 4 and11)

- **'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.
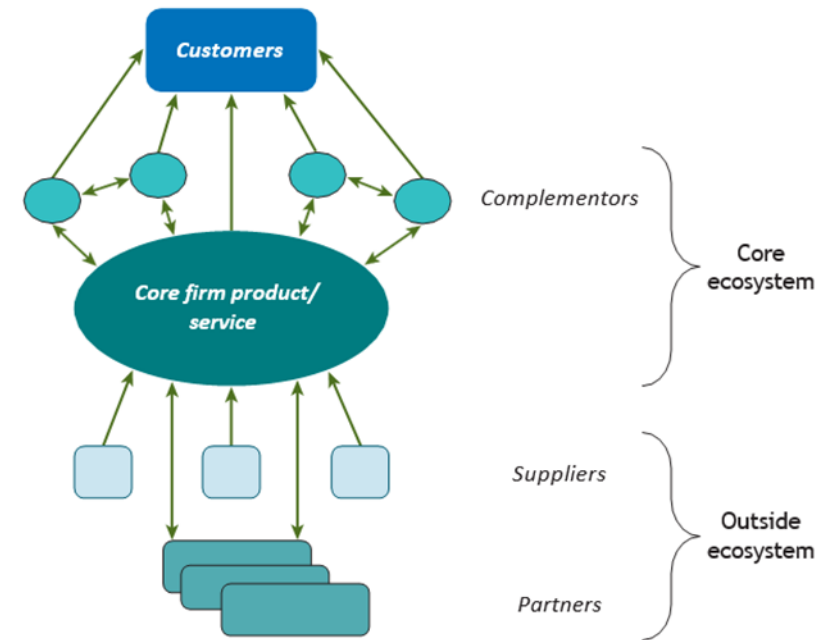
Multi-sided Platforms (MSPs) and Strategies (Chapter 8)

- **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.

| Side 1 (Customers/ Users)	Platform provider	Side 2 (Complementors)
Guests	Accommodation rentals (e.g. Airbnb)	Hosts
Passengers	Personal transportation (e.g. Uber)	Drivers
Searchers	Search engines (e.g. Google)	Advertisers
Shoppers	Shopping malls	Merchants
Readers	Newspapers	Advertisers
Gamers	Game consoles (e.g. Nintendo)	Game developers
Buyers	On-line marketplaces (e.g. Amazon)	Merchants
Users	Smartphone OS (e.g. Apple)	App developers

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)

Illustration 15.2 Agile Klarnanauts
As fintech business Klarna grows into a billion-dollar multinational, management uses agile teams to retain its start-up spirit.
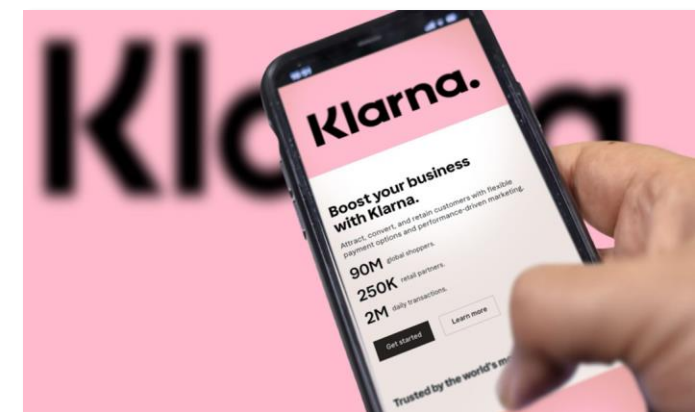
Digital Teaching Examples

- **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

Non-Profits are different to For-Profits

🏛	Operated for collective, public or social benefit	For-Profit 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

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

FONDATION Abbé Pierre

Être humain !

Paris, Maison de la Mutualité

Strategy tools

Illustration 3.4 Scenarios for 'wind-tunnelling'

Participative strategy process in the city of Vaasa

Figure 3 Strategy map

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

Food systems

Lack of cultural foods

Processed foods

Food costs

Cultural determinants

Mental health

Chronic disease

Health sector

Lack of appropriate resources

Tax

Low incomes

Economic sector

Pollution

Land displacement

Ecosystem diversity

Regulation

Indian Act

Grants

Non-profit sector

Social welfare

Social systems

Government sector
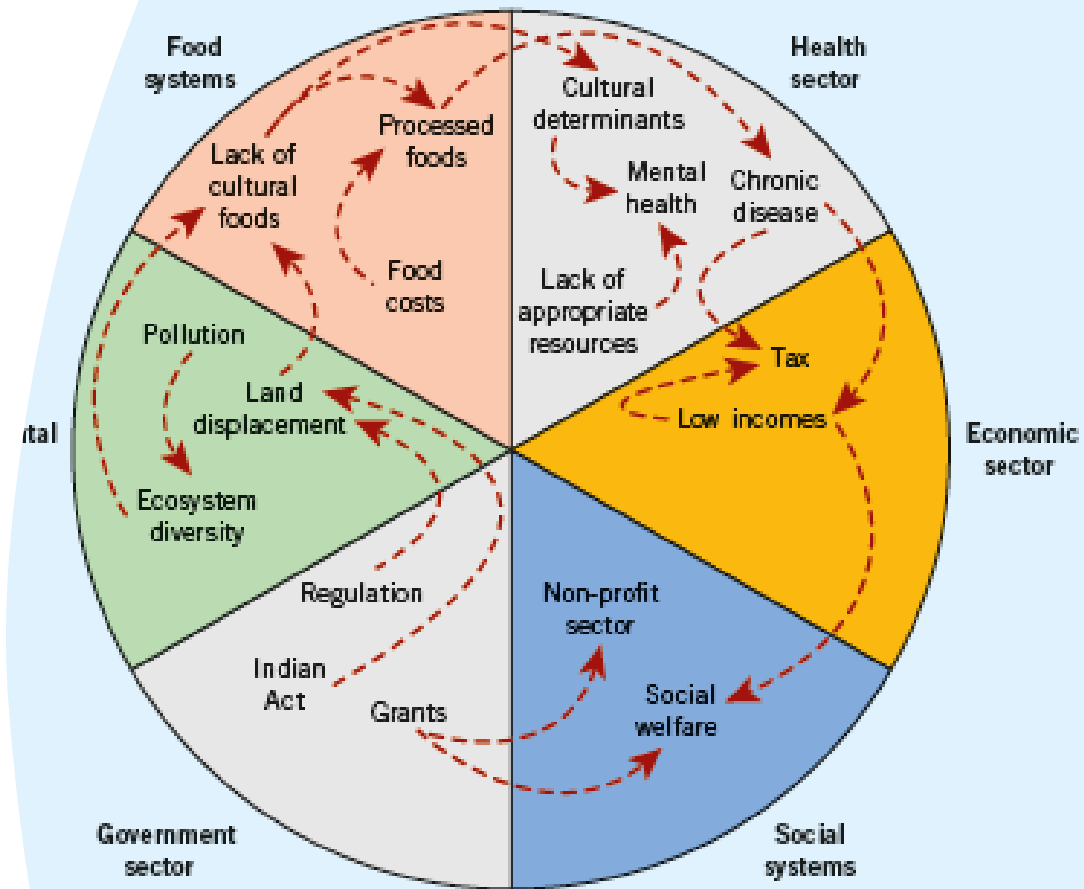
...led from A. Cheng, C. Zhu and E. Chau, 'Unique Get Together Society (UGTS) and Urban Indigenous Food Insecurity ...ty of British Columbia. Available at: https://mapthesystem.sbs.ox.ac.uk/files/ugtsurbanindigenousfoodinsecuri-
...y 2022].

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**

DAUPHINE
UNIVERSITÉ PARIS

Case Study

'Dare to know': Challenges in merging 2 French universities

Lionel Garreau

...ly 2000s, French universities found themselves poorly ranked when compared with ...rs. In response, five prestigious French institutions, including Université Pa... ...oin forces through a scientific cooperation foundation in order to reinforce thei... ...hec...ning the first step toward the establishment of Paris Sciences et Lettres (PSL ...de 19 entities, with the aim of becoming a completely integrated university. T... ...nges 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**

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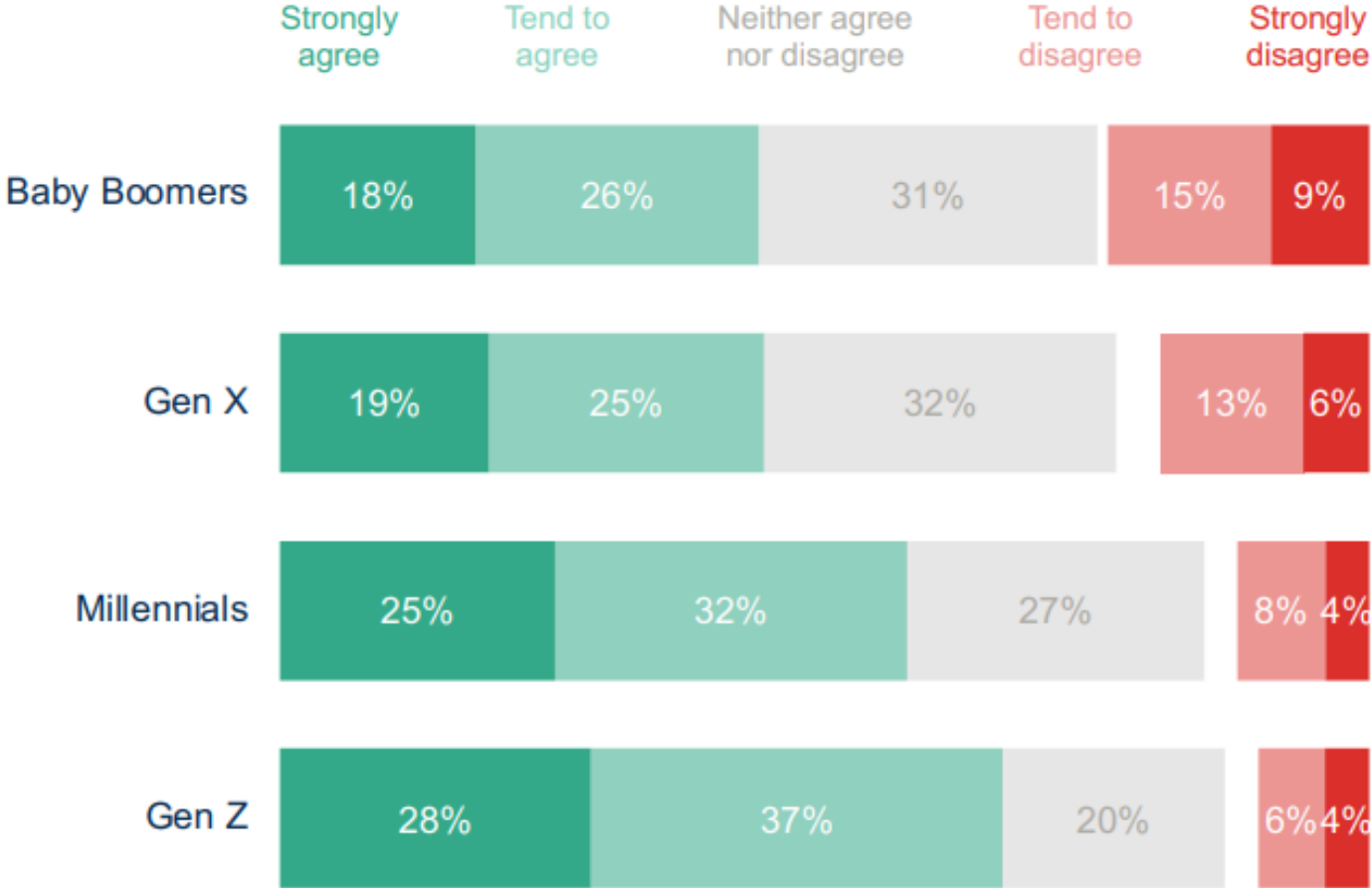
Sustainability: Relevant Tools and Concepts

Ch 1:   Purpose

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

Ch 6:   Organisational Stakeholders
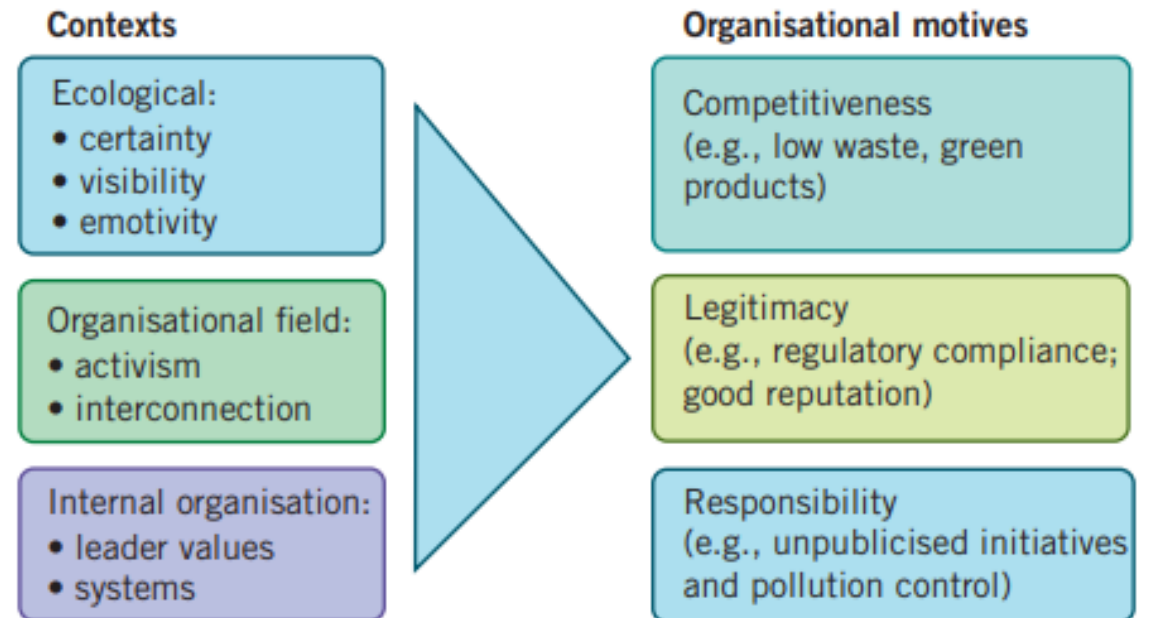   Social Responsibility
            Hybrid Purpose Organizations

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

Ch 16:   Sustainable transformation

Figure 3.7 Contexts and motives for ecological issues

Contexts

Ecological:
- certainty
- visibility
- emotivity

Organisational field:
- activism
- interconnection

Internal organisation:
- leader values
- systems

Organisational motives

Competitiveness
(e.g., low waste, green products)

Legitimacy
(e.g., regulatory compliance; good reputation)

Responsibility
(e.g., unpublicised initiatives and pollution control)

Source: Substantially adapted from: P. Bansal and K. Roth (2000) 'Why companies go green: a model of ecological responsiveness', *Academy of Management Journal,* 43(4), 717–36 (Figure 2, p. 729.)

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)

Case example
Gasunie: hydrogen pipedreams
Mark Eldridge and Richard Whittington

Illustration 7.4 **Is Exxon the new Kodak?**

As it resists the shift to renewables, will the US oil giant ExxonMobil end up like Kodak, which died because of its fatal commitment to old film technology?

ExxonMobil is the 23rd largest company in the world by revenues, tracing its origins to John D. Rockefeller's Standard Oil founded in 1870. When Exxon merged with Mobil in 1999, it became the world's largest energy company. However, in 2021, the small activist hedge fund Engine No. 1 warned that climate change meant that ExxonMobil was now facing an 'existential risk' and launched a battle to change the company's focus on oil and gas. Engine No. 1 warned the company and its shareholders: 'A refusal to accept that fossil fuel demand may decline in decades to come has led to a failure to take even initial steps towards evolution, and to

committed to reducing the 'carbon intensity' of its oil and gas production, with carbon capture technology intended to mitigate environmental impacts. But projected expenditure on carbon capture was only 3 per cent of total investment by the company. Unlike BP, for example, which was projecting radical falls in global demand, ExxonMobil expected oil demand to rise by 10 per cent in the coming two decades. It was investing heavily in big new oil projects in New Mexico and Guyana. With production expected to grow, Engine No. 1 claimed that ExxonMobil's carbon emissions would actually rise by 2025.

Exploring Strategy

Q&A

- Digital
- Non-Profits
- Sustainability