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Organizational Behavior

the concept of strategy

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What is strategy?

examples

- sport
- games
- speeches
- . . .

characteristics

- direction
- complexity
- length
- action
- flexibility

examples of definitions

The determination of the basic, long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for these goals.

(Chandler, 1962: 13)

Strategy is regarded as a unifying idea which links purpose and action.

(White, 2004: 5)

a cohesive response to an important challenge

(Rumelt, 2011: 6)

Why Do Firms Need Strategy?

goals

- long-term
- complex
- coordinated
- …

functions

- decision support
- coordinative device
- …

From Corporate Planning to Strategic Management

history of changing environment

- great depression
- WWII
- undoing of colonialism
- cold war
- cognitive revolution
- computers
- oil crisis
- …

focus

- corporate planning
    - systematic approaches to long-term development
    - setting goals and objectives
    - forecasting key economic trends
    - establishing priorities for different products and business areas
    - allocating capital expenditures
- the decline of belief in the ability to foresee distant future
- external vs. internal sources
- new ways for predictions
- less plans more options
- sustainability
- justice
- …

focus

- finances
- plans
- positions
- competitive advantage
- adaptability
- …

(**?**: 15)

Where Do We Find Strategy?

documents

- Mission Statement
- Statement of values (principles)
- Vision Statement
- Strategy Statement

(Collis & Rukstad, 2008)

Basic Framework
for Strategy Analysis

basic framework

THE FIRM goals and values resources and capabilities structure and system		THE INDUSTRY ENVIRONMENT competitors customers suppliers
	$\longleftrightarrow$ STRATEGY $\longleftrightarrow$	

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Corporate and Business Strategy

corporate strategy

Corporate strategy defines the markets and industries in which the firm wishes to compete. It is concerned with vertical integration, diversification, new ventures, acquisitions, and resource allocation between the firm's different businesses.

business strategy

Business strategy determines how the firm competes within a particular industry or market. Thus, it is highly focused on defining and establishing a competitive advantage over market rivals to prosper within an industry.

(**?**: 10)

Strategic Fit

strategic fit

The critical concept of strategic fit represents the internal consistency among the different elements of a firm's strategy. Effective strategies must be functional; an individual decision must be unified to create a consistent strategic position and direction of development

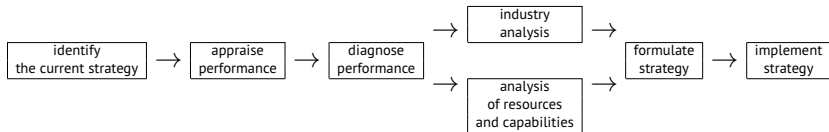(Ansoff, 1957)

Design versus Emergence

types

- Intended
- Emergent
- Realized

(Mintzberg, 1994; Mintzberg & Waters, 1985)

Applying Strategy Analysis

process

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┌──────────────────┐     ┌─────────────┐     ┌─────────────┐         ┌─────────────┐         ┌─────────────┐     ┌─────────────┐
│   identify       │ →   │  appraise   │ →   │  diagnose   │    →    │  industry   │    →    │  formulate  │ →   │ implement   │
│ the current      │     │ performance │     │ performance │         │  analysis   │         │  strategy   │     │  strategy   │
│   strategy       │     │             │     │             │         └─────────────┘         │             │     │             │
└──────────────────┘     └─────────────┘     └─────────────┘    →    ┌─────────────┐    →    └─────────────┘     └─────────────┘
                                                                     │  analysis   │
                                                                     │ of resources│
                                                                     │ and         │
                                                                     │ capabilities│
                                                                     └─────────────┘
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