

Introduction to Strategy Topics

I. Introduction

- a. The strategy required for business performance is a lot like the strategy required for climbing a mountain. You must carefully analyze the external environment, use insights about that environment to acquire the right resources and build the right capabilities, and then execute a tightly integrated and well-timed sequence of tactical moves.
- b. Our goal is to give you access to tools, logics, and frameworks to help you better climb the mountain of business and achieve the success you dream about.

II. What Makes Strategy Different Than Other Topics?

- a. Strategy focuses on the entire business as a whole. By taking a holistic approach, we will be asking real big picture questions of how to run a business, such as:
 - i. What determines how well a business performs?
 - ii. Why do some companies succeed while other companies fail?
 - iii. What, if anything, can managers actually do about it?

III. The Benefits of a Good Strategy

- a. It serves as an effective boundary marker for a company and helps it decide not only what a company should do, but also what not to do.
- b. A clear strategy we understand helps us to:
 - i. Better serve the markets where we compete
 - ii. Have a “No Criteria” – we have clear rules on when to say no
- c. Helps us know when new opportunities fit, and when they don't.

IV. Hulu Example

- a. Was founded as a joint venture by traditional media companies as media consumption was shifting from over-the-air broadcasts, cable, and DVD to internet streaming.
- b. Its business model consisted of attracting customers through high quality content and then selling customers' eyeballs to advertisers.
- c. Hulu was founded on the strategy of selling subscriptions to customers and advertising spots to advertisers.
- d. Their strategy to compete effectively for both subscriptions and advertising dollars guided them in what resources and capabilities to develop as well as which tactical moves to make.
- e. Though paying subscribers were upset about still watching advertisements, Hulu was strategic about keeping advertisements in their premium service.
 - i. Premium users were not Hulu's most important customers: the advertisers were!
 - ii. Hulu customers were the product Hulu was selling to advertisers
- f. When Hulu customers wanted Hulu to eliminate ads, Hulu said no because it was inconsistent with their core strategy.

V. Business Success

- a. Occurs at the intersection of a market opportunity and a firm's ability to capitalize on that opportunity.
- b. The tools of strategy will help simultaneously analyze market opportunities as well as internal resources and capabilities.

VI. Approaches, Frameworks, Models, and theories You Will Become Familiar With

- a. External Analysis (PEST)
- b. Competitive Dynamics
- c. Internal Analysis
- d. Understand the strengths and weakness of each tool, and when and how to use the tools
- e. The real power is when you realize when to use the right tool(s), and when to use them together.

VII. 4 Key Ways Strategists Use The Tools And Frameworks (4 D's)

- a. Describe
 - i. Describe in a clear, coherent, and understandable manner the current strategic state of the business. Can you explain what a business is doing or attempting to do while covering the key areas of strategy? This is critical for the executives who manage the strategy as well as the employees who execute the strategy.
- b. Diagnose
 - i. Why are things going well or poorly? Examine a business holistically through the tools and frameworks to hone in on the core problems and/or opportunities.
- c. Develop
 - i. What could be done differently based on the problems and opportunities you identified in your diagnosis? We come up with plans to update our strategy to ensure we are overcoming any issues and achieving maximum success.
- d. Deploy
 - i. Make sure we have the resources and capabilities necessary to successfully execute our strategy, then putting in procedures, practices, and policies in place to implement our strategy effectively. This step is the most important but difficult task to implement as a strategic leader.
- e. These 4 D's are interconnected in a cycle
 - i. Since internal and external business environments are continually in flux, it is important that as we implement new strategies we go through the cycle again to make sure our strategies fit for what is coming.
 - ii. We may even pick and focus on one of the D's in depth to address a targeted need or problem.

VIII. Conclusion

- a. As you become more familiar with the strategy tools and frameworks, you will be better able to recognize in the moment whether you are using strategy tools to help you describe, diagnose, develop, or deploy a strategy. You will also know when to use the right strategy tools, and do so effectively, for exactly what the business needs are in the moment to increase the odds of its success.