Strategic Responses to Hybrid Social Ventures

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Strategy: long-term direction of an organization

What is strategy?

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THE ENVIRONMENT

STRATEGIC CAPABILITIES

STRATEGIC PURPOSE

BUSINESS STRATEGY

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Strategy: long-term direction of an organisation

- Alfred D. Chandler: 'the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resource necessary for carrying out these goals'
- Michael Porter: 'competitive strategy is about being different. it means deliberately choosing a different set of activities to deliver an unique mix of value'
- Henry Mintzberg: 'a pattern in a stream of decisions'
- Exploring Strategy: 'the long-term direction of a organisation'

What is strategy?

Defining strategy

The long term

Three horizons' framework suggests organisations should thing of themselves as comprising three types of business or activity defined by their 'horizons' in terms of years

- Horizon 1: current core activities
- Horizon 2: activities that provide new sources of profit
- Horizon 3: possibilities for which nothing is sure

Strategic direction

Over the years, strategies follow some kind of long-term direction or trajectory

Organisation

Organisations involve complex relationships, both internally and externally (e.g. stakeholders)

Levels of Strategy

Corporate-level strategy

is concerned with the overall scope of an organisation and how value is added to the constituent business of the organisational whole

Business-level strategy

is about how the individual business should compete in their particular markets

Operational strategies

are concerned with how the components of an organisation deliver effectively the corporate- and business-level strategies in terms of resources, processes and people

Strategy statements

should have three main themes: the fundamental goals (mission, vision or objectives) that the organisation seeks; the scope or domain of the organisation's activities; and the particular advantages or capabilities it has to deliver all of these

Mission

relates to goals and refers to the desired future state of the organisation. 'What business are we in?'

Vision

relates to goals and refers to the desired future state of the organisation. 'What do we want to achieve?'

Objectives

more precise and ideally quantifiable statements of the organisation's goals over some period of time. 'What do we have to achieve in the coming period?'

Scope

refers to three dimensions: customers or clients; geographical location; and the extent of internal activities ('vertical integration')

Advantage

describes how the organisation will achive the objectives it has set for itself in its chosen domain

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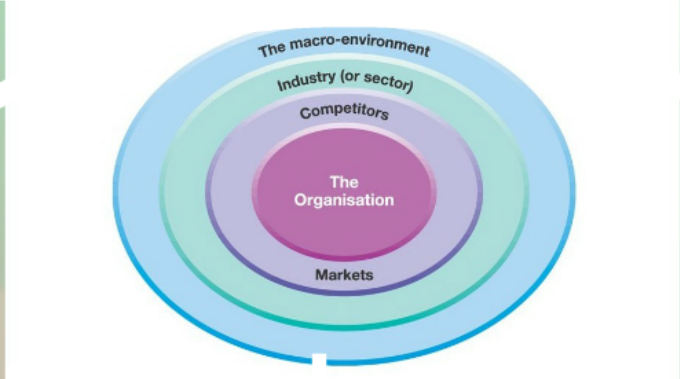

Introduction

Macro-environment

- consists of broad environmental factors that impact to a greater of lesser extent on almost all organisations
- PESTEL: analysis to identify the key drivers of change

Industry, Sector

- made up of organisations producing the same sort of products or services
- five forces framework: understanding the attractiveness of particular industries or sectors and potential threats from outside the present set of competitors

Competitors and markets

- most immediate layer surrounding organisations
- strategic groups: identify different kind of competitors

The macro-environment

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PESTEL framework

Politics
influences from political movements, campaign groups and concerned media

Economics
macro-economic factors such as exchange rates business cycles and differential economic growth rates around the world

Social
changing cultures and demographics; behavior of the people

Technological
internet, nano technology or the rise of composite materials

Ecological
'green' environment issues, such as pollution, waste and climate change

Legal
legislative and regulatory constraints or changes

Three concepts are useful for focusing on change while at the same time avoiding too much detail

Building scenarios

1. Defining scenario scope
2. Identify the key drivers for change
--> PESTEL analysis can be used
3. Developing scenario 'stories'
4. Identifying impacts
5. Establishing early warning systems