

30 Strategy Models over 75 years

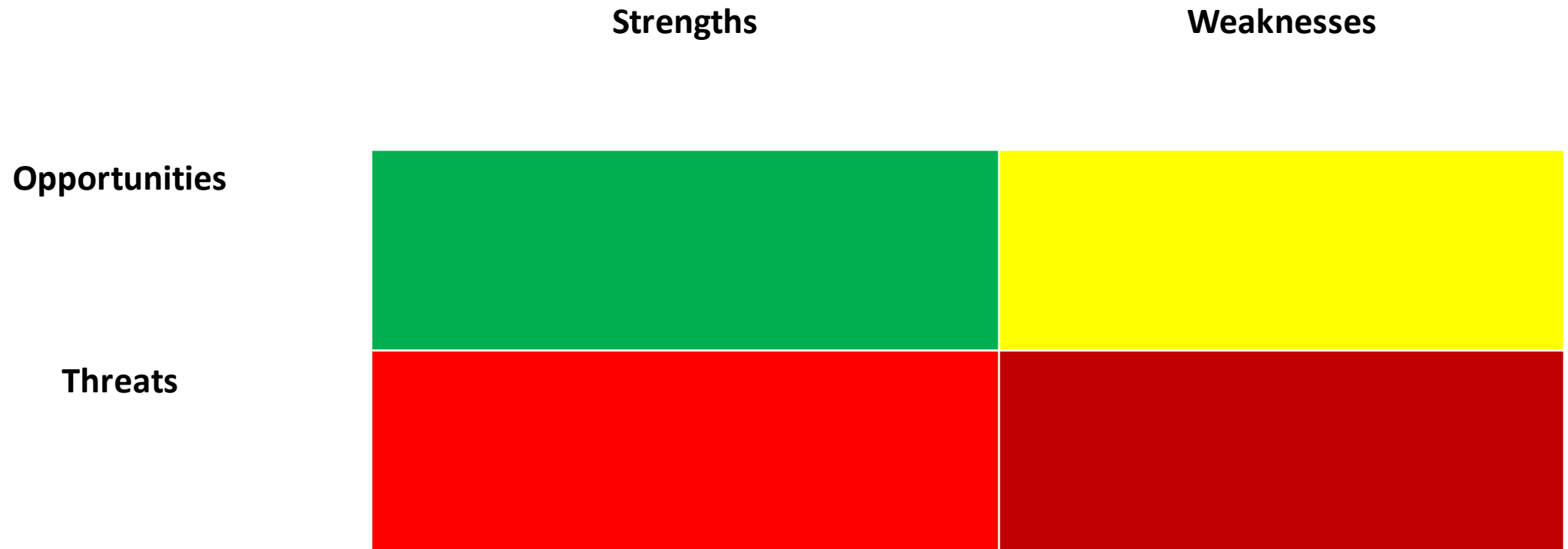
ABG Springboard and Turning Point Groups

Shiv 3 May 2021

This deck outlines the various strategy tools we use, for your basic awareness and understanding.

There are 30 models that cover about 75 years of strategy thinking.

1. SWOT analysis



The most used model in all companies, because it is simple to understand and use.
Good to remember that X axis is about impact and Y axis is about probability
It is a qualitative model, strength of assumptions is important

2. Porter's 5 Forces Model



Strategy has a competitive context that involves buyers, sellers, substitutes. This model helps you see this more holistically. It's a descriptive model, not a prescriptive one.

Think about power in which box is either increasing or decreasing and why

3. Porters 3 Generic Strategies

	Cost	Difference
Broad	1. Cost leadership	2. Differentiation
Narrow	3. Focus	3. Focus

Porter argues that there are 3 Generic strategies to deliver above average results in any industry:

1. You can be the cost leader via efficiency
2. You can develop unique product offerings or services offerings
3. You can focus on niche segments or markets.

You must ask who is the cost leader in your market, who is the most innovative, who is stuck in the middle.

The normal journey is to get to low cost first, then differentiate and finally broader differentiation in a broader market.

4. Burgelman's Strategy Dynamics Model

	Company sticks with industry rules	Company changes industry rules
Environment is rule abiding	Low industry change	Controlled industry change
Environment is rule changing	Independent industry change	Runaway industry change

The building of a strategy does not happen in a vacuum. It happens in the context of an environment that can be stable or dynamic. It is important to know what kind of an industry you are in and what kind of a company you are. Many times companies tend to say x company can do it but we cannot, invariably offering excuses to give because they didn't want to change.

5. Porter's Value Chain

Supplier Value Chain

Organizational Value Chain

Buyer Value Chain

Support activities

Infrastructure
HR
Technology
Procurement

How can these create value for a buyer

Primary activities

Inbound logistics
Operations
Outbound logistics
Sales and marketing
Service

Profit pool

Think of your company as a chain of activities within a chain that captures value in the industry.

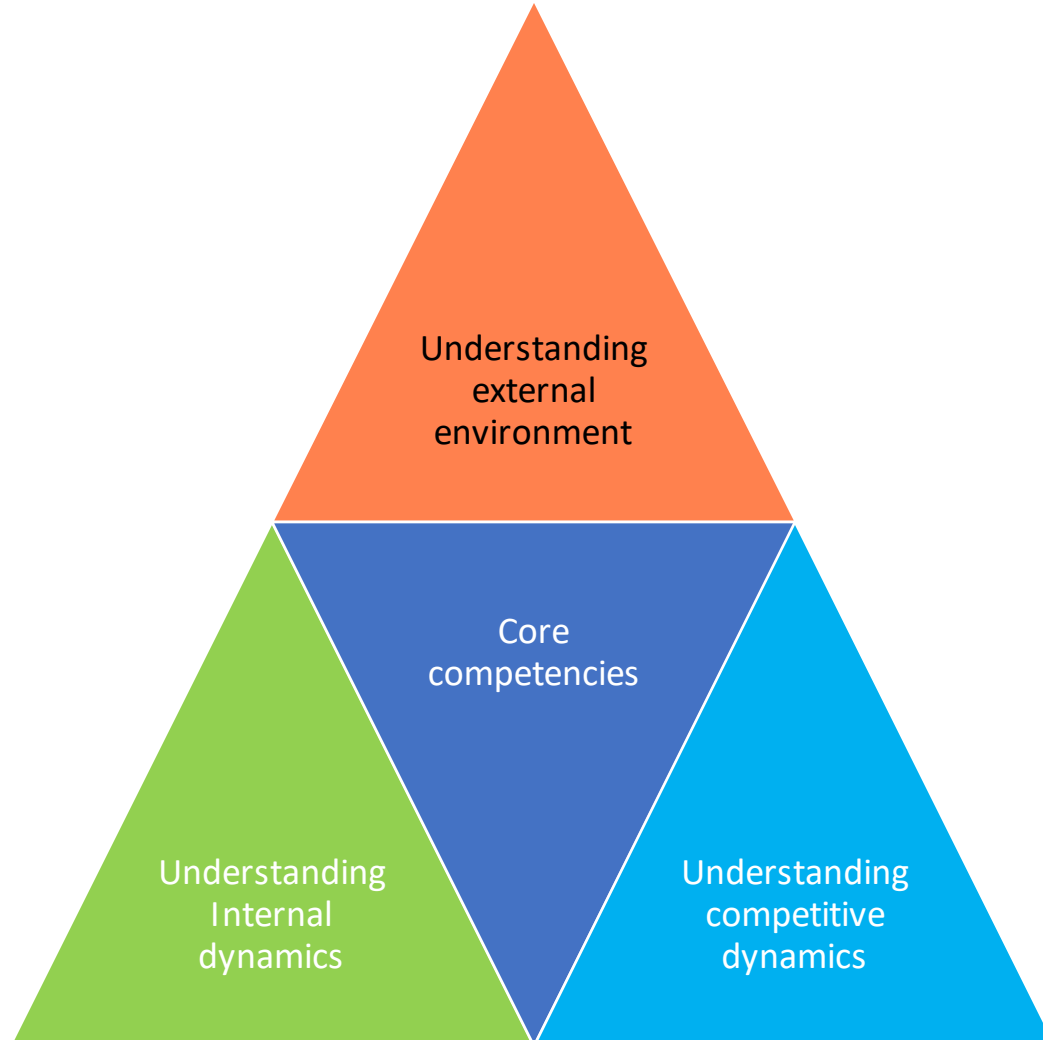
How well do the company functions perform and add value?

How can we improve the collaborating ways of working between functions to create value for the buyer?

Are the individual functions the best in industry?

How does your way of creating value map vs competition?

6. Core Competencies, Resource based view



Core competencies are a combination of resources and capabilities available in a company. They become strategic assets when they have distinctive capability, particularly when it helps achieve results.

Look at the external environment and try and get flexible to meet the external changes.

The company internal dynamics are held together by a set of values and behaviors

A company has tacit knowledge of what's happening with competitors and the market.

7. Nonaka and Takeuchi's Knowledge Spiral

- Your company wants to know what you are good at and how you can turn that into an advantage.
- A key component is how you learn and what you know.
- Tacit knowledge is what we know and don't need to write it down.
- Explicit is what we know and has been codified and clearly stated
- Socialization is where most new knowledge comes from, this is about how learning is shared in a company.
- Internalization is how we formally teach what's written down.
- Externalization is to write down your recipes using models so that they are easy to learn
- Combination puts your recipe and formal knowledge together to create better ways to achieve your goals.

8. Peters, Athos and Waterman's 7 S framework

Structure

Strategy

Systems

Superordinate goals

Skills

Staff

Style

1. Strategy depends on combining many parts in a way that can deliver superior value
2. This framework shows that strategy is more than managing a portfolio.
3. Organization is more than structure.
4. Each part of the organization must be aligned to create value.
5. The key is to make the 7 work in a coherent way
6. Is there sufficient tension between these parts and what opportunities exist there?

9. Scenario Planning

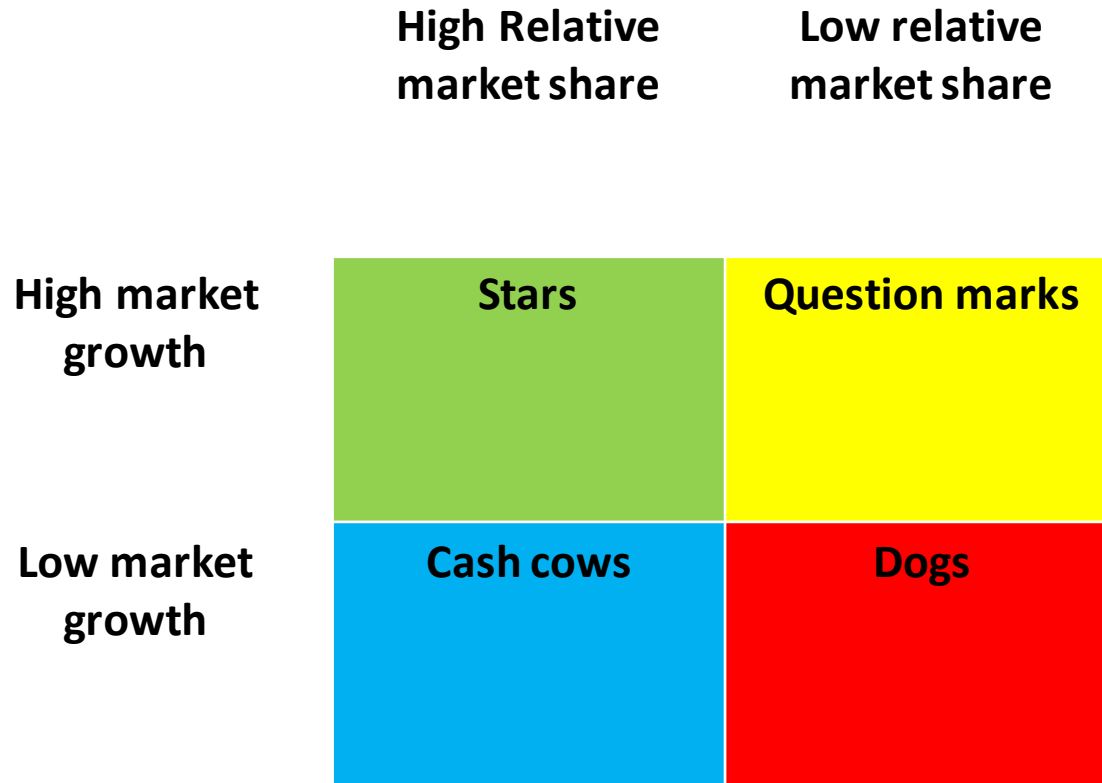
- List the assumptions you are making about the future.
- Assumptions must be open and transparent and hence increase range of options to discuss.
- Focus moves from what's happening globally to what competition is doing
- Consider a range of obvious and less obvious options.
- Making sense : what does a trend mean?
- Anticipate changes: What might happen in the future? What might competition do?
- Learning: how can we learn about what's happening and with our customers? Are we experimenting with the new learning?
- Develop strategy: Are we flexible enough to deal with an uncertain future?

10. Ansoff Growth Grid

	Current product/service	New product product/service
Current market	Increase penetration, what is retaliation and legalities?	Product development, how expensive and how risky?
New market	Market development, new users and places?	Diversification, will it be positive or negative?

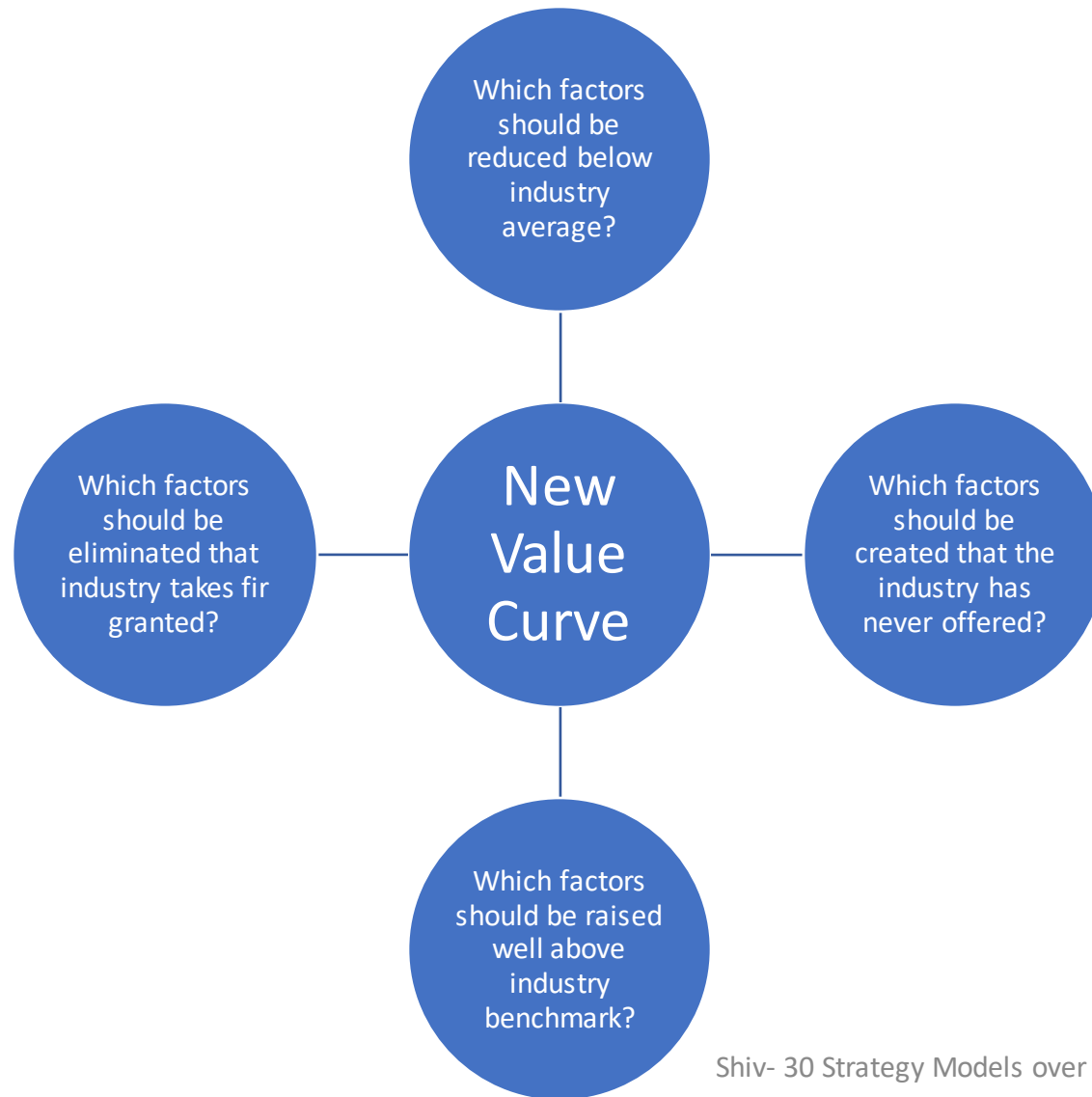
1. This is a simple model and many American firms used this to explore global markets in the 1970 s and 1980s.
2. Start by listing current products and markets.
3. Look at SWOT
4. Think about existing capabilities for current markets and how can they be stretched.

11. BCG Matrix



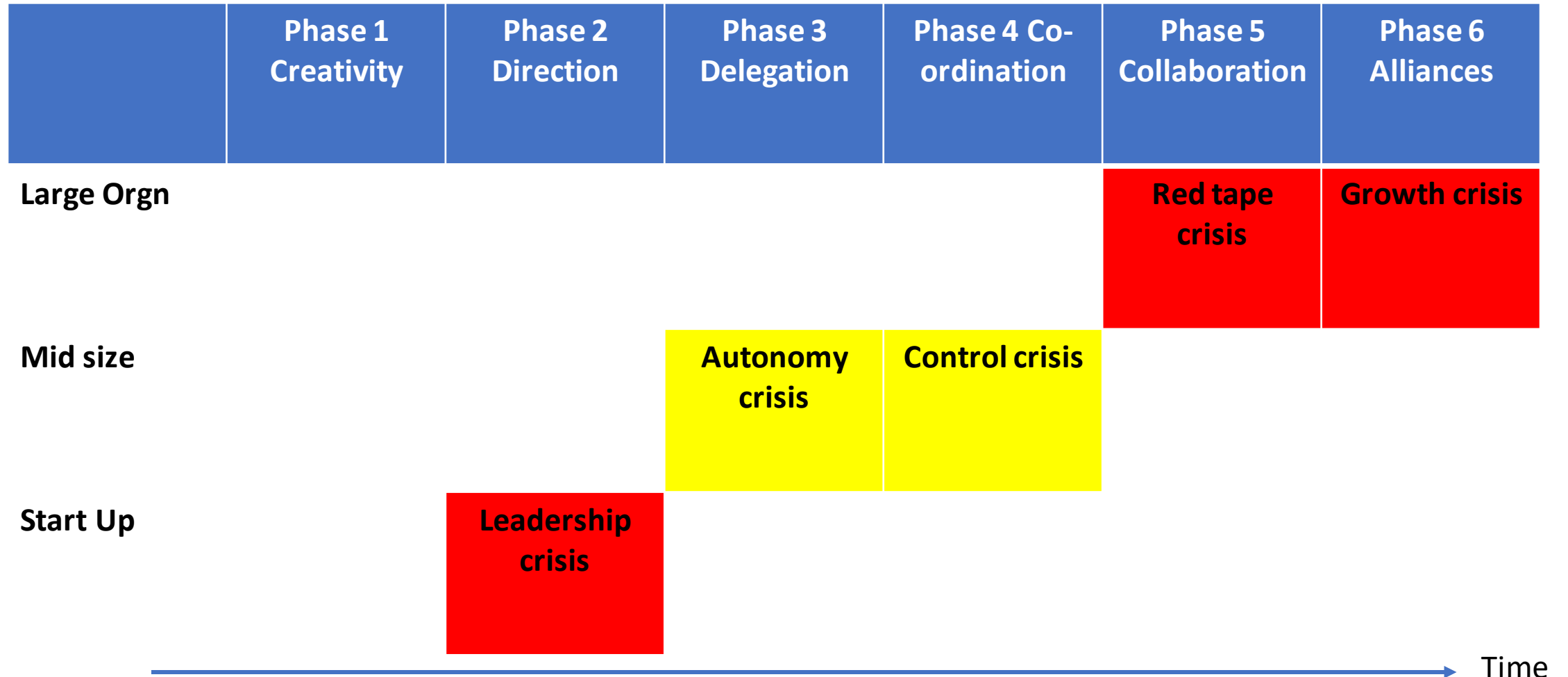
1. This is the staple diet of MBAs.
2. When Bruce Henderson did this, it was more of a capital allocation model, where do you invest and why do you invest?
3. The definition if a market is critical, if you define too broadly or narrowly, then it makes no sense.
4. In the past market share was equated with profitability and there was enough correlation, that's not true anymore.
5. The simplistic use of this can lead to a stupid strategy

12. Kim and Mauborgne's four actions

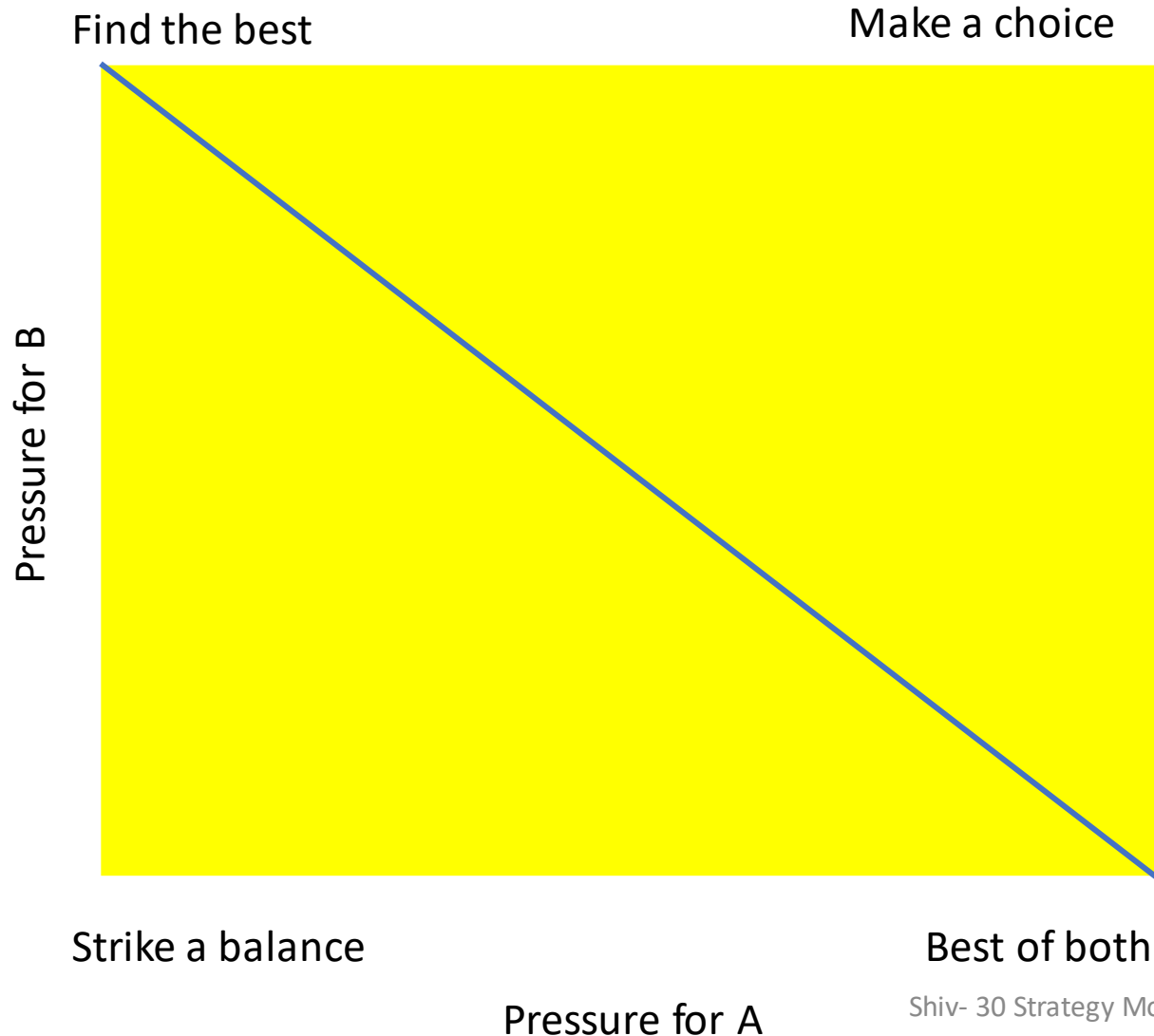


1. Look at your product in terms of customer and non customer preferences.
2. You could reduce some attribute, eliminate it completely or raise the level of that attribute or create a future attribute
3. You are trying to avoid red oceans where everyone is competing
You are trying to find blue oceans

13. Greiner's Growth and Crisis Model



14. De Wit and Meyer's Strategy Tensions



1. This model argues that strategy is about choices that come from different views.
2. This is about trade offs
3. Every choice has an opposite that is attractive or unattractive.
4. In every situation, consider the extreme opposite.
5. The aim is to get a devils advocate perspective

15. Cummings and Wilson- Orientation and Animation

High Animation	NATO- No action talk only organization	Excellent, but don't pursue too many things
Low Animation	Doomed	Needs a gear shift, lethargic orgn
	Low orientation	High Orientation

1. Strategy helps focus people and to motivate them
2. Use animation as a synonym for motivation
3. How is the strategy being communicated?
4. How is it being understood?
5. What fears is it creating in the orgn?

16. Lewin's force field analysis

	Existing	Driving	Restraining	Future
Outside	What is happening outside?	Tailwinds	Head winds	What will happen outside
Inside	What is happening inside?	Tailwinds	Head winds	What will happen inside

1. This is the parent of change models
2. It examines forces that impede desired change and enablers of change
3. It argues that headwinds must be reduced and increase/use the power of tailwinds
4. Describe the future situation

17. Kotter's 8 phases of change

- 1** **Establish sense of urgency**
- 2** **Create coalition**
- 3** **Develop clear vision**
- 4** **Share vision**
- 5** **Empower people to clear**
- 6** **Secure short term wins**
- 7** **Consolidate and keep winning**
- 8** **Anchor**

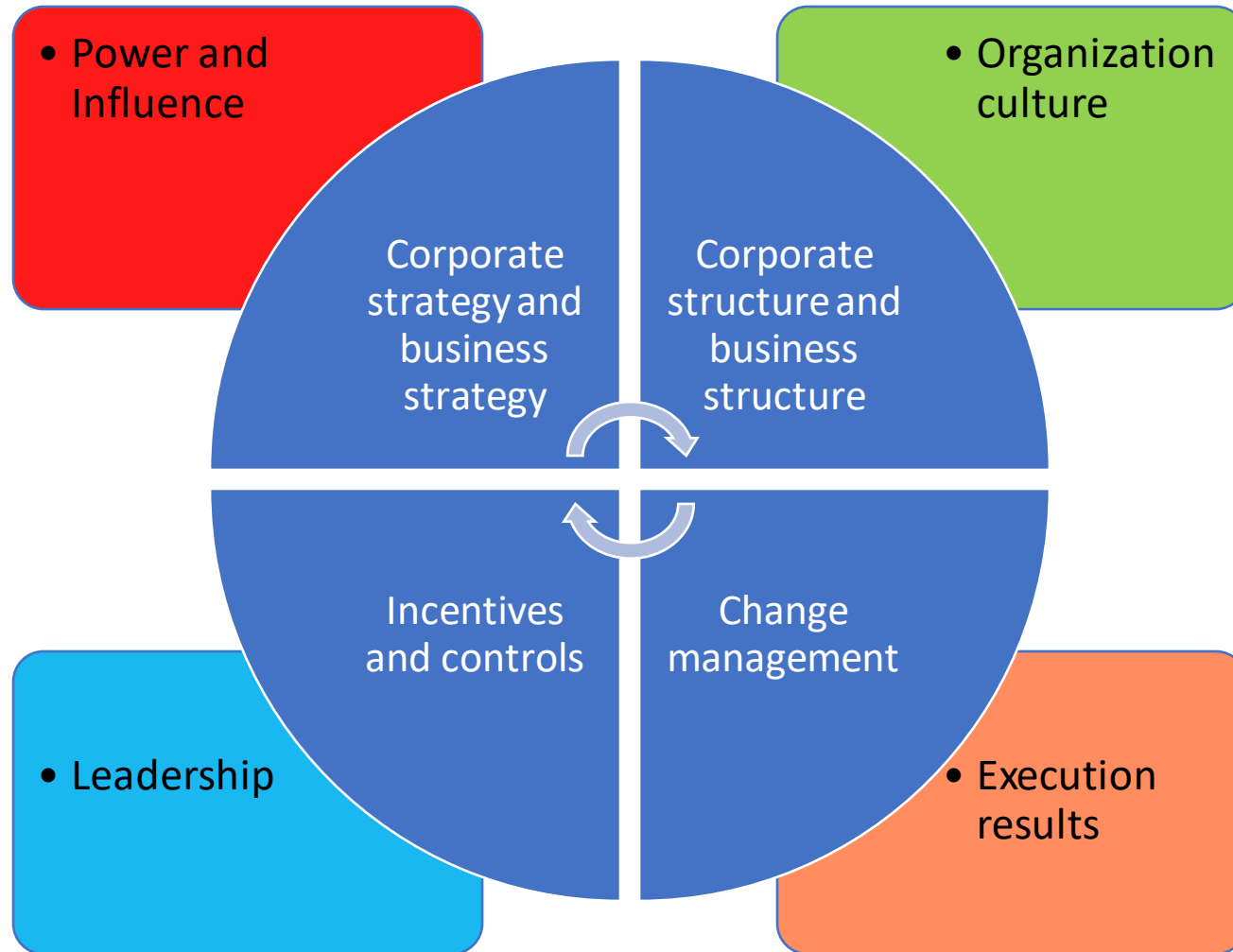
1. In this model there are 8 steps and it starts with establishing a sense of urgency.
2. Building coalition for change is important
3. Short term wins are important to pursue a strategy
4. At some point some changes are needed

18. Kaplan and Norton's balance scorecard



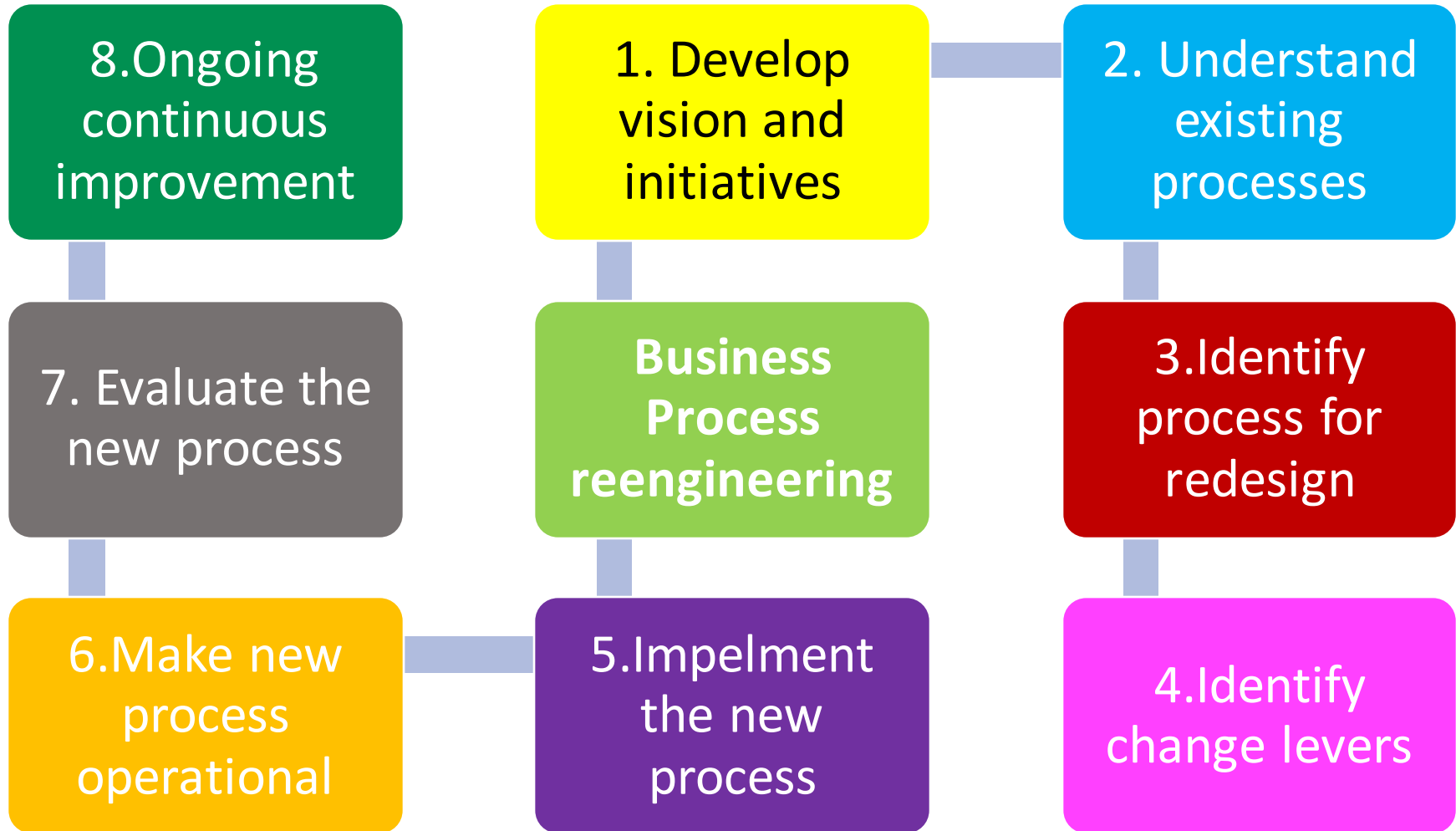
1. Once you have a strategy, you must measure how it is doing.
2. Strategy is more than financial measures.
3. There is nothing called a perfect scorecard
4. You can create a range of strategic focus items.
5. It is good to have a sense of measurement.
6. Don't get obsessed with the measures or the scorecard, a rough progress in the right direction is better than no progress.

19. Hrebiniak's model of strategy execution



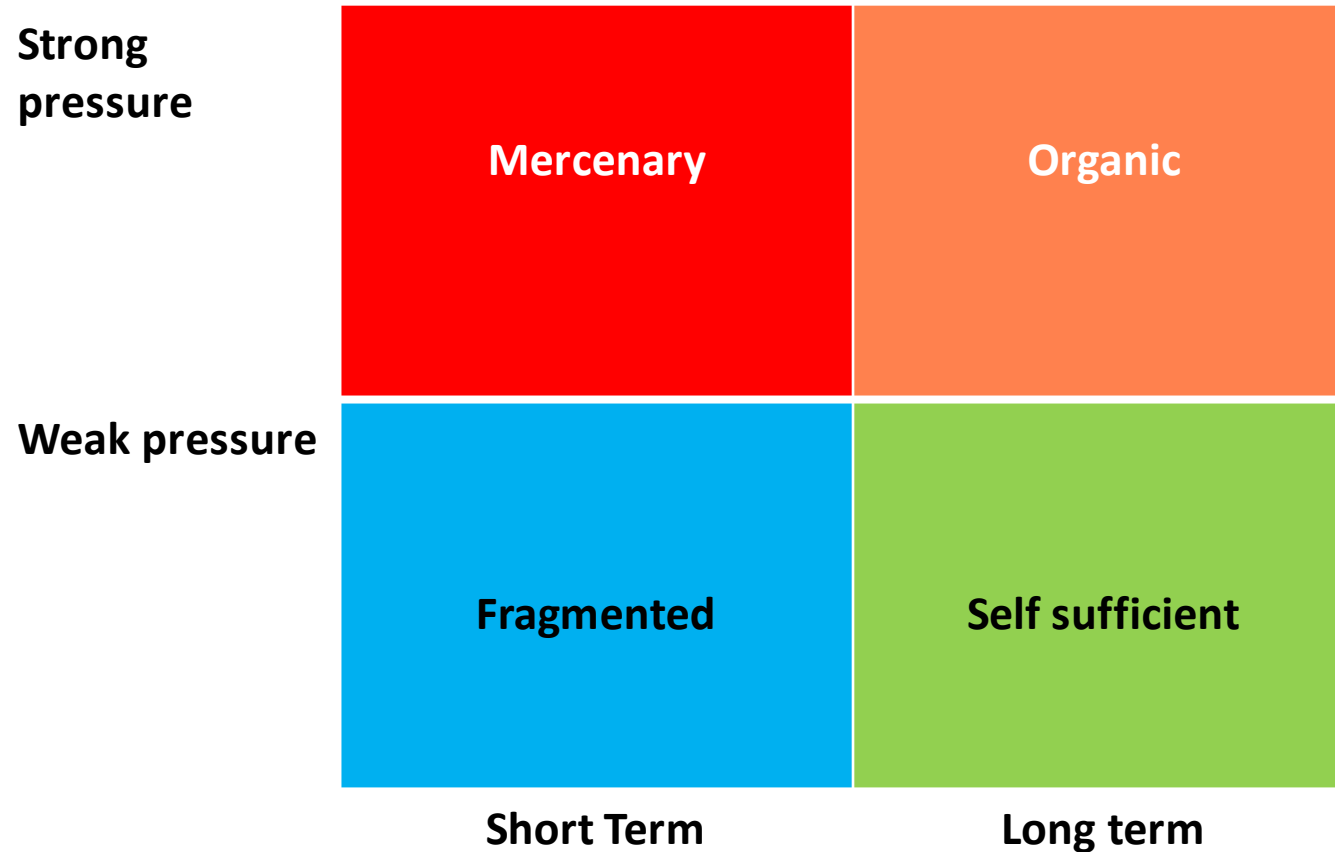
1. In the 2000s there is a lot more focus on execution of strategy.
2. It is about managing the portfolio.
3. Each of the parts interacts with the other parts
4. This is about organizing effort in the desired direction

20. Hammer and Champy – Business process redesign



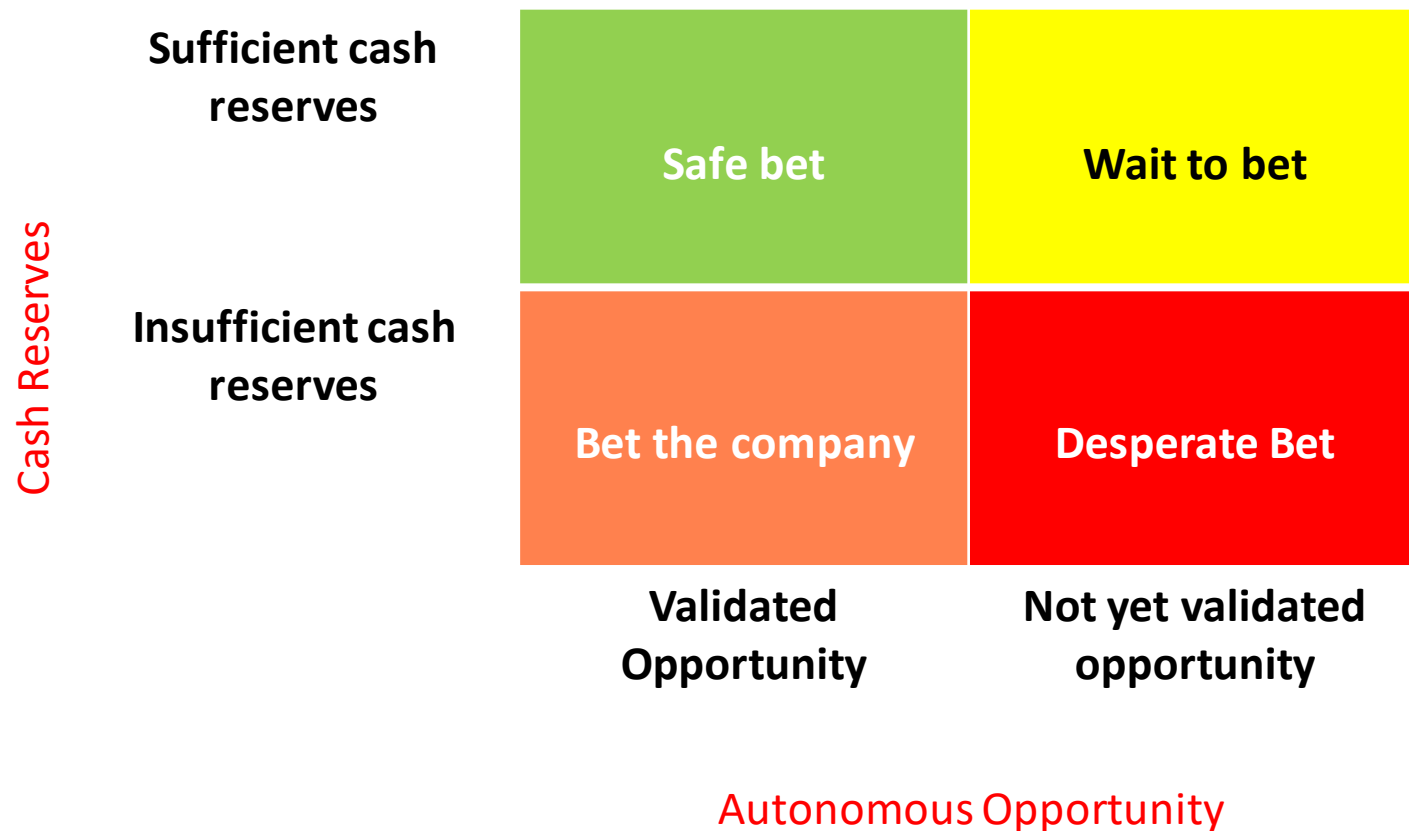
1. Processes are important to deliver results
2. A lot of strategy fails because new processes don't come in
3. One needs to review existing processes and then change it.
4. Don't be a slave to a process that doesn't deliver results, change it or fix it.
5. Many organizations have archaic processes

21. Michaud and Thoenig's Strategic Orientation



1. Organizations have different perceptions of how much they need to change.
2. Mercenary organizations face the heat but react in a short term manner
3. Organic organizations recognize the challenge but take a long time to correct
4. Fragmented organizations are set in their ways.
5. Self sufficient organizations sense weak signals but are willing to put change in motion.

22. Burgelman and Grove's Strategy bet model



1. Its difficult for any organization to pursue multiple opportunities
2. You can alter the choice of resources by looking at level of change
3. You need level of validation to take bets
4. It is wise to take a betting the company strategy after some part of the gamble is successful
5. You need time to change, you need cash to come in before you burn it on a bet.

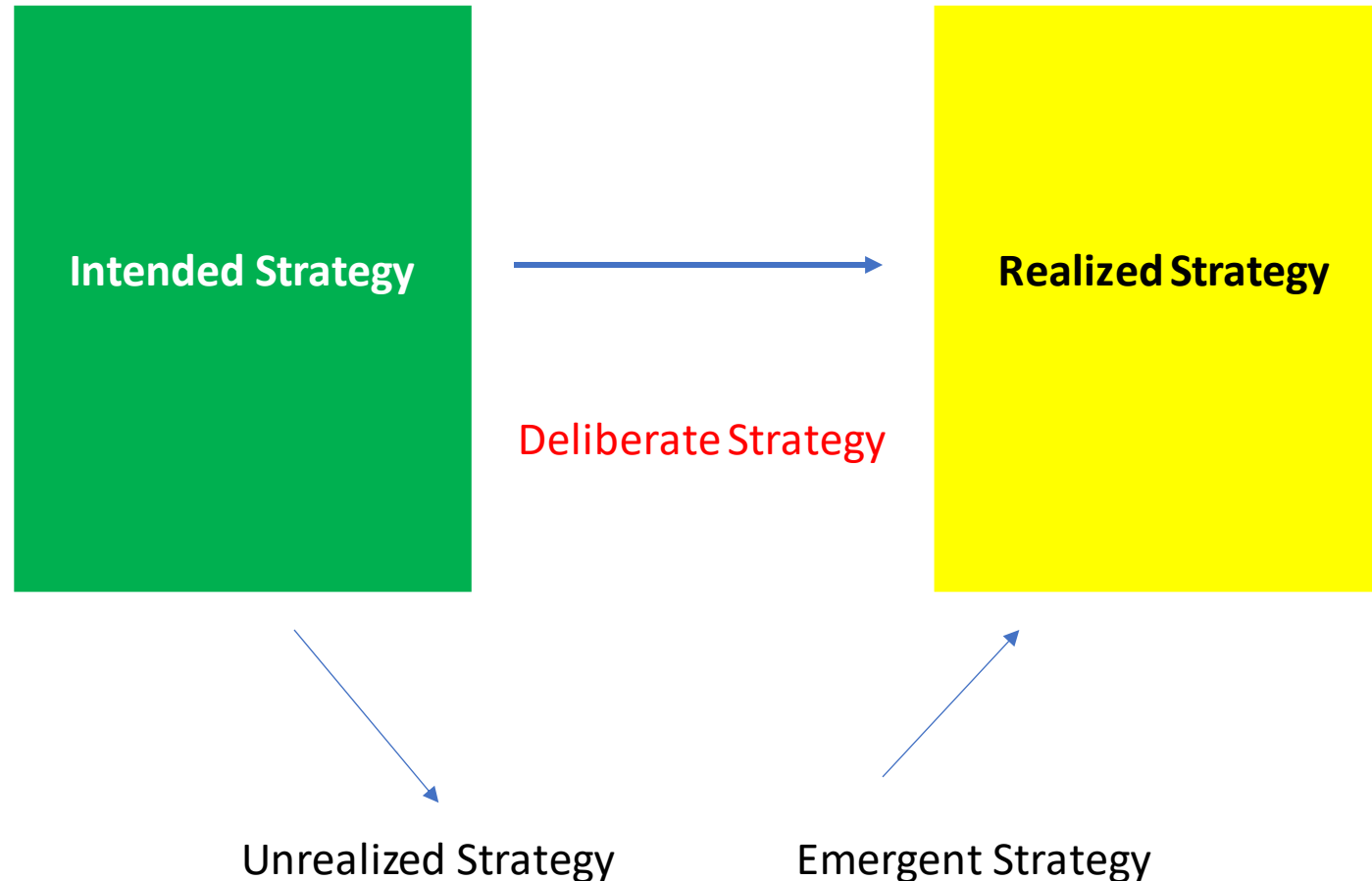
23. Argyris's double loop and single loop learning

1. Single loop learning involves actions and how they lead to mismatch or errors.

2. Double loop learning involves actions, mismatch or errors to governing values

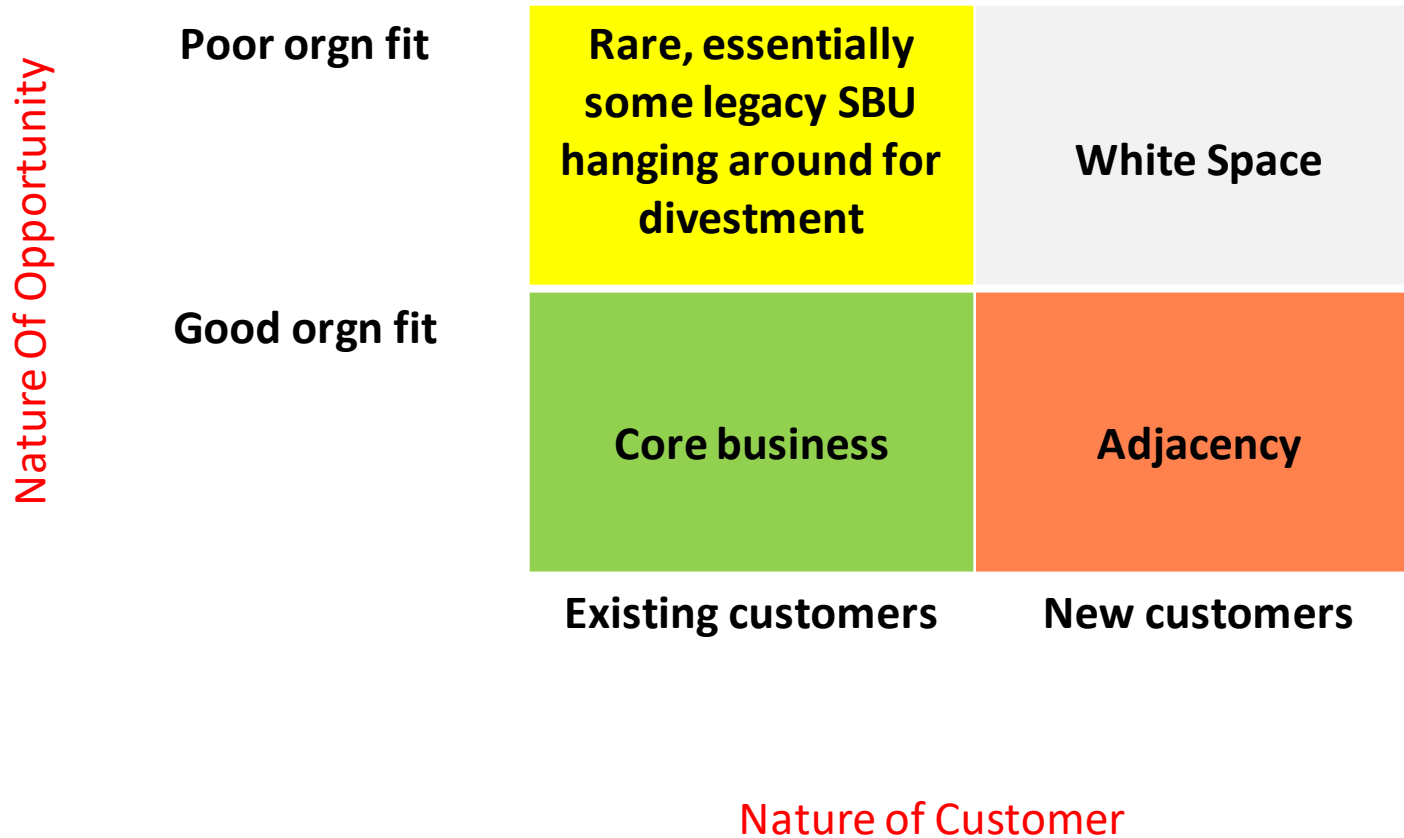
- Strategic plans lead to learning, each time something works or doesn't work, it can teach a lesson.
- The issue is whether the learning stays at the operational level or to a broader organization level
- For example, look at last year, what worked and what didn't work, how much of that learning is at all levels that need to learn so that the next year is better?
- Is there any mismatch between strategy and how the execution is playing out in terms of recrafting or learnings?

24. Mintzberg's Deliberate and Emergent strategy



1. It is good to know differences between planning something deliberately and what actually happens.
2. Look at past statements and annual reports and see how much of what's said is deliberate
3. Look for patterns over time
4. Think of where the growth ideas came from
5. What role did luck play on the way?

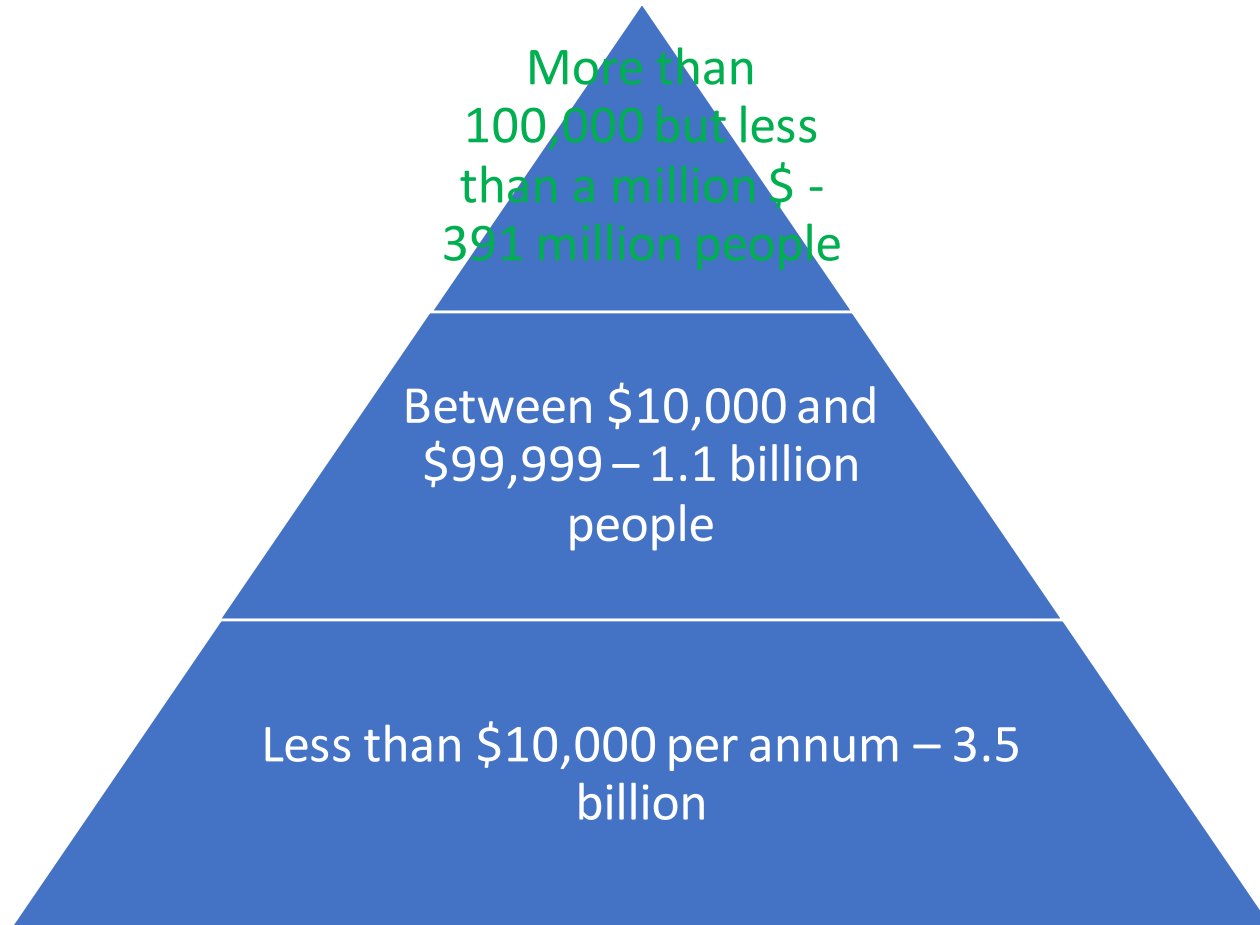
25. Johnson's white space model



1. After generating new ideas, you must check how they fit in.
2. If they are a good fit, what are you doing with the opportunity?
3. Think about how many other people could have the same idea?

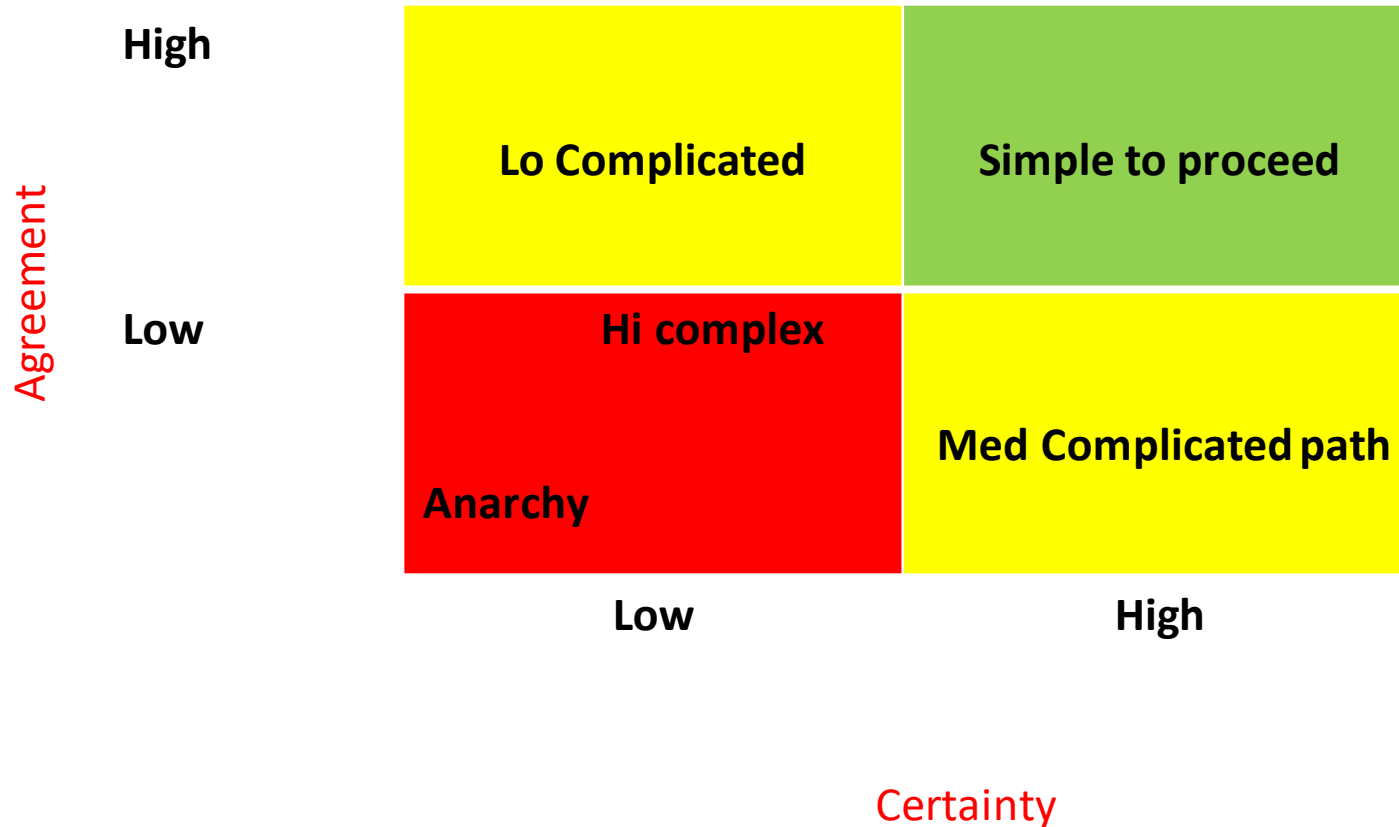
26. Prahalad and Hart's Bottom of the Pyramid

More than \$ 1 million – 36 million people



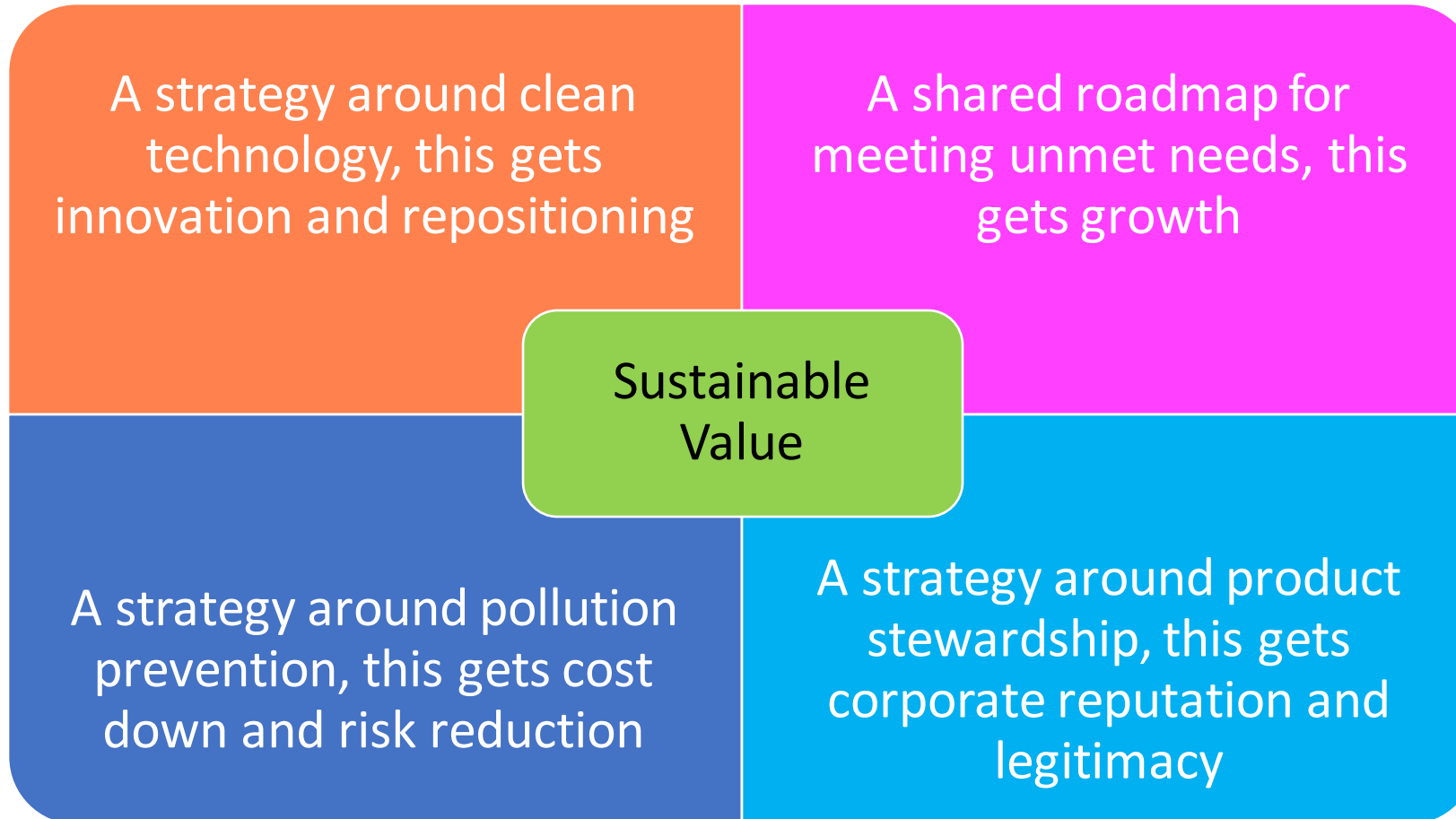
1. The idea is that there is a bigger and attractive market at the bottom, of people who earn less than \$ 2 a day.
2. Me, Rajnikant Sabnavis and Kimsuka Narasimhan put together the shampoo case study slides that feature in this book.
3. This thinking made many boards challenge the CEOs on whether they had a India, China strategy, or emerging markets strategy.
4. This approach is called the sachet-isation of products and services.
5. People at the bottom of the pyramid are more brand conscious than these at the top, I've always said " rich people buy brands for vanity, poor people buy brands for security"
6. Most MNCs failed with BOP, because they didn't localize the strategy

27. Stacey's Strategy from Complexity



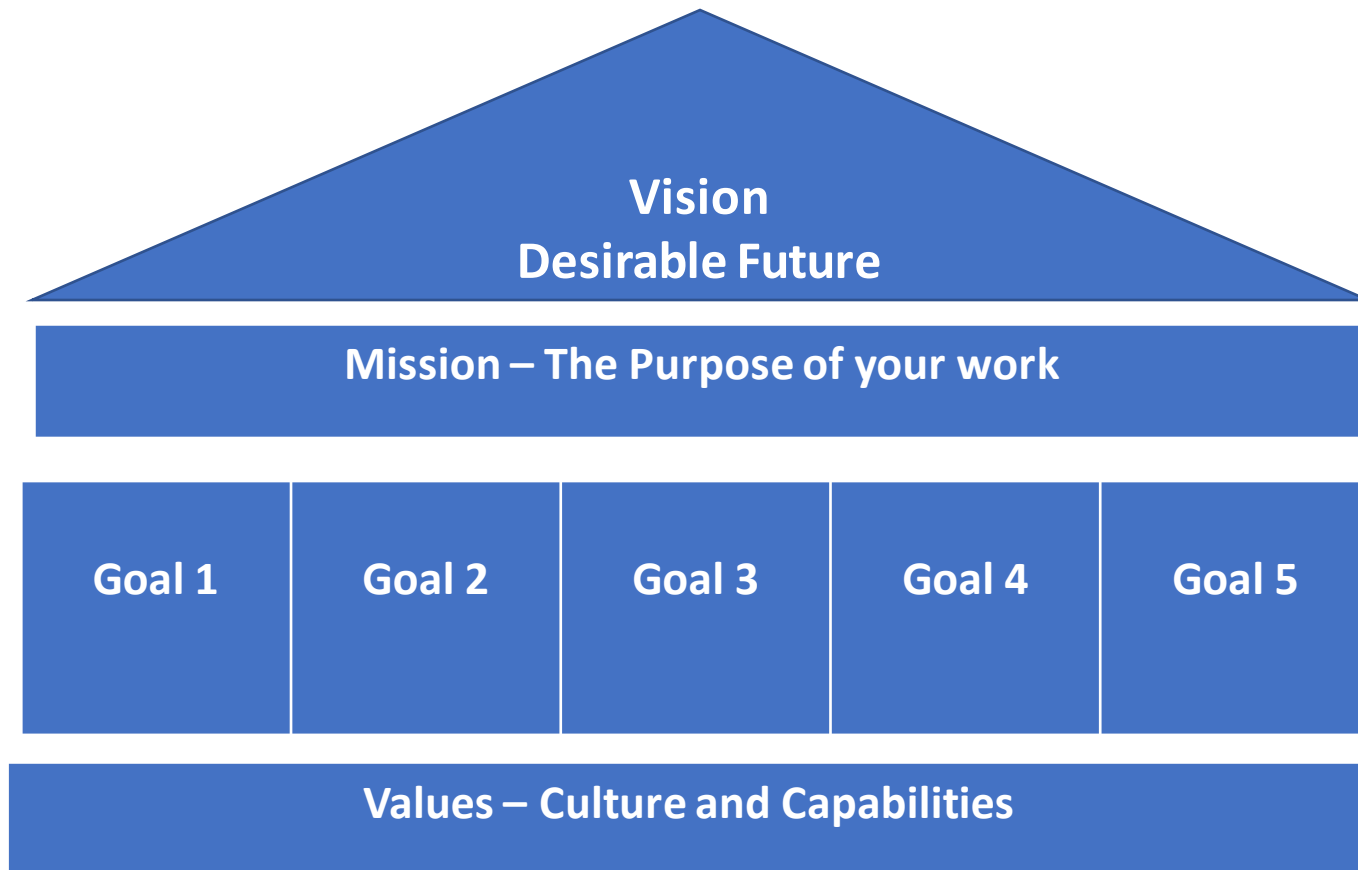
1. In every company there is a certain level of agreement, disagreement on what's happening in the external world.
2. If your company has high levels of uncertainty and high level of disagreement then you are at the edge of chaos.
3. If there is too much agreement, then you are sleep walking
4. High certainty of a market or segment invariably means lower profitability.

28. Hart's Sustainability Value framework



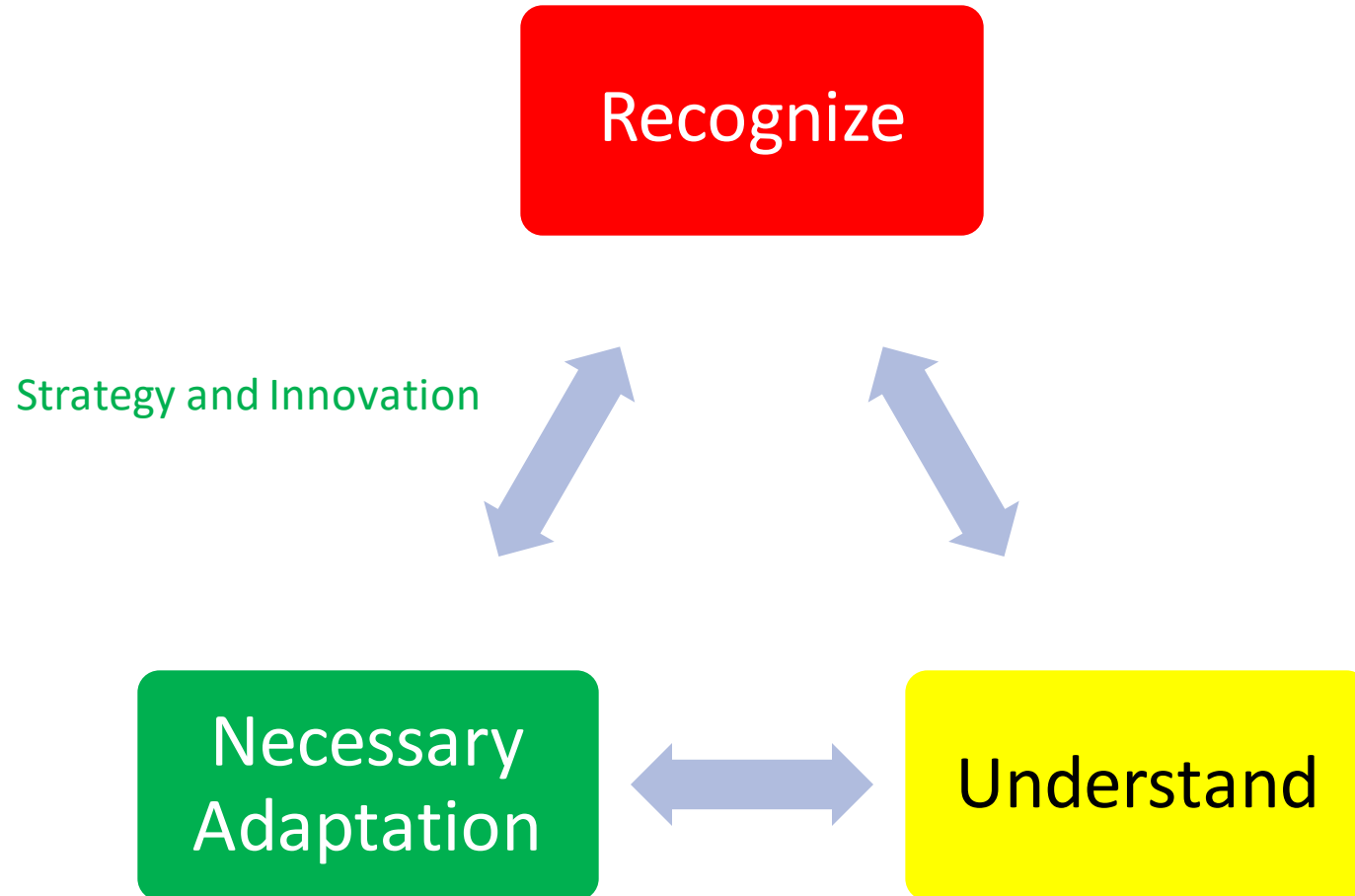
1. Start by understanding the sustainability of your existing strategy.
2. Don't view sustainability as conforming to regulations
3. Focus on efforts for cleaner technology in your industry
4. External groups will be vigilant about this in the future.

29. House of Strategy



1. How does the vision describe the future?
2. How well does the mission indicate what we are trying to achieve on a daily basis?
3. Are values generic or do they encourage a specific way of working and build a unique culture?
4. Remove anything that confuses
5. Don't be generic or motherhood in the words or sentences you use

30. Innovation + Strategy = Adaptability



1. The RUN loop
2. Innovation is about creating new ideas and making those ideas useful
3. Strategy is about shaping the future
4. Adaptability is the ability to recognize the need to change. All success comes from successful adaptation.