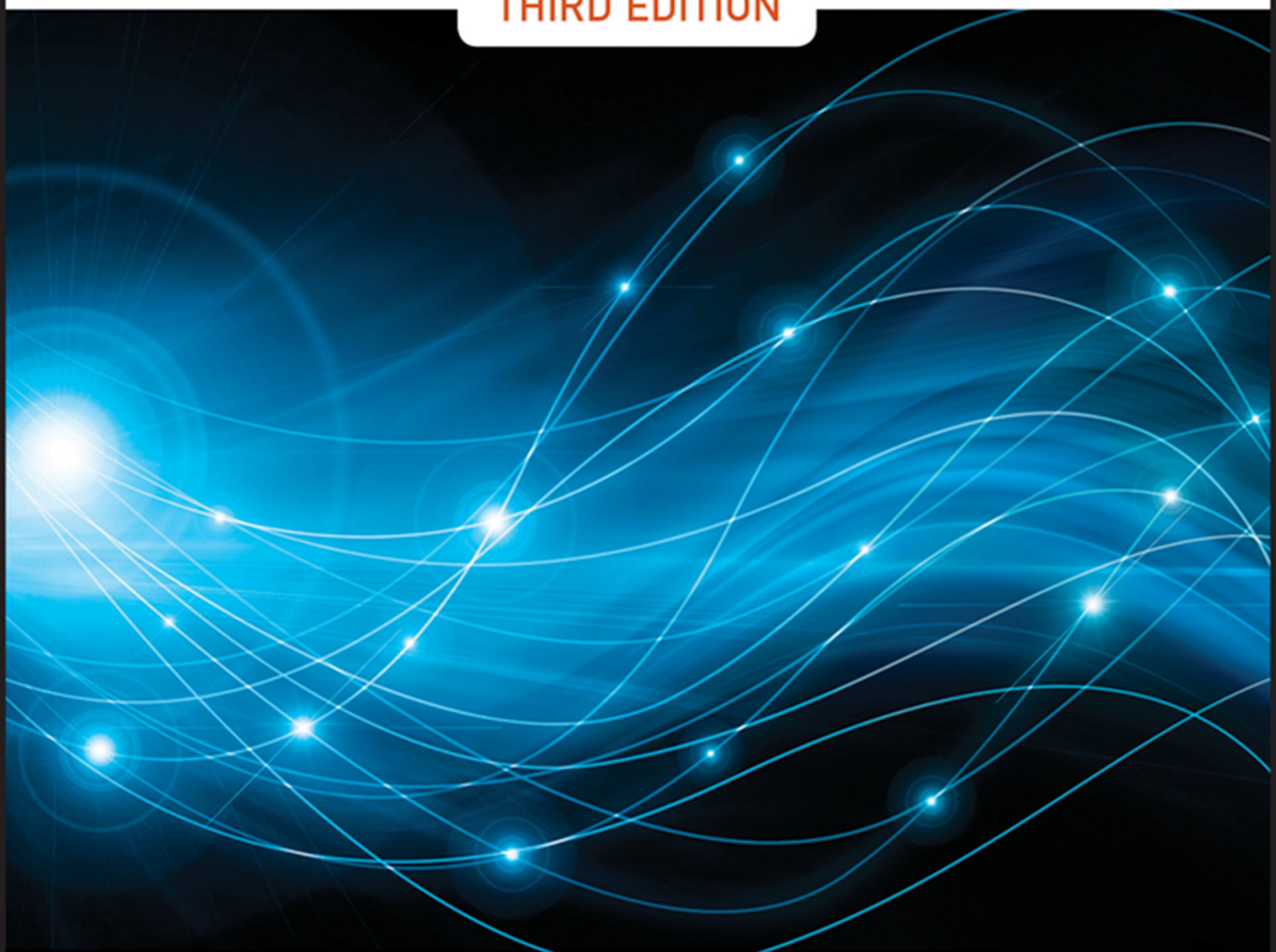


THE STRATEGY PATHFINDER

CORE CONCEPTS AND LIVE CASES

THIRD EDITION



DUNCAN ANGWIN | STEPHEN CUMMINGS

WILEY

THE STRATEGY
PATHFINDER

THIRD EDITION

Further praise for *The Strategy Pathfinder*

"Do we really need another book on strategy? Well *The Strategy Pathfinder* is one with an attitude! Its effective use of an impressively broad range of micro-cases that cover the main concepts of business strategy gives students a succinct and very practical approach to the subject."

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Stuart Sanderson, Bradford University

"The concise presentation and critical reflection on strategy concepts and tools; the use of live cases; and the inclusion of rarely covered yet highly relevant topics, such as the role of power in strategic decision-making and the challenge of managing change, make *The Strategy Pathfinder* a welcome alternative to conventional strategy textbooks."

Stefan Manning, University of Massachusetts

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This edition first published 2017
© 2017 Duncan Angwin and Stephen Cummings
First edition published 2006, second edition published 2011, both by
John Wiley & Sons, Ltd

Registered office
John Wiley & Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex, PO19 8SQ,
United Kingdom

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Library of Congress Cataloging-in-Publication Data

Names: Angwin, Duncan, author. | Cummings, Stephen, author.

Title: The strategy pathfinder : core concepts and live cases / by Duncan
Angwin, Stephen Cummings.

Description: Third edition. | Hoboken : Wiley, 2017. | Revised edition of The
strategy pathfinder, 2011. | Includes bibliographical references and index. |

Identifiers: LCCN 2017036858 (print) | ISBN 9781119311843 (paperback)

Subjects: LCSH: Strategic planning. | Strategic planning--Case studies. |

BISAC: BUSINESS & ECONOMICS / Decision-Making & Problem Solving.

Classification: LCC HD30.28 (ebook) | LCC HD30.28 .A5315 2017 (print) | DDC
658.4/012--dc23

LC record available at <https://lcn.loc.gov/2017036858>

A catalogue record for this book is available from the British Library.

ISBN 978-1-119-31184-3 (pbk) ISBN 978-1-119-31187-4 (ebk)

ISBN 978-1-119-31189-8 (ebk)

Cover Design: Wiley

Cover Image: © Toria/Shutterstock

Set in 10/12.5 pt Palatino LT Std by Aptara

Printed in Great Britain by TJ International Ltd, Padstow, Cornwall, UK

10 9 8 7 6 5 4 3 2 1

Duncan:

*To Kay, Christopher, Katherine, William, Madeleine
and my parents*

Stephen:

To Noelle, Cath, Oisín and my mum and dad

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The Strategy Pathfinder Map

The Strategy Pathfinder is arranged into 11 pathways and a final maverick strategy section. Each pathway focuses on a set of core concepts followed by five “live cases” that readers can use to test their ability to use those concepts. A dashed line around a live case’s title square indicates that it focuses on a not-for-profit (NFP) organisation. In addition, efforts have been made to select cases that cover a broad geographic area – see *The Strategy Pathfinder* World Map on page xiii.

▶▶▶ Introduction: Pathways to Strategy

Strategy is about winning → Many paths towards strategy → Why *The Strategy Pathfinder* is a different kind of strategy textbook

1. Strategic Purpose

Strategic purpose → vision → mission → core values → objectives → strategy statements → the CEO as strategist → principal/agent → agency problem → corporate governance → chain of ownership → external dependent stakeholders → internal dependent stakeholders → non-dependent stakeholders → social influencers → CSR → stakeholder analysis → using management consultants → government influences → power/interest matrix → lobbying



PART I: THE STRATEGIC ENVIRONMENT

2. Macro-Shocks

Open systems thinking → bounded rationality → Icarus paradox → determinism → scanning/monitoring/forecasting/assessing → scenarios → PEST/ESTEMPLE analysis → inflexion points → mega trends → Temporal Impact matrix → SWOT/TOWS analysis → strategic agility → fitness



3. Industry Forces

Industry performance (ROIC) → margins → perfect and imperfect competition → market imperfections → industry life cycle → critical success factors (CSFs) → S-curves/dolphin curves → industry structure → the Five Forces of industry → entry barriers → exit barriers → strategic groups → the value net → complementors → co-opetition

Sportsbrands

Carrefour

DELL

Ranbaxy

BMX

PART II: STRATEGIC ADVANTAGE

4. Competitive Advantage

Strategic advantage → competitive advantage → sustainable competitive advantage → positioning → cost advantage → differentiation advantage → focus advantage → generic strategy matrix → scope strategies → competing in strategic groups → mobility barriers → strategy clock → differentiation strategies → game theory → red oceans → blue ocean strategy → value innovation → the value chain → outsourcing → value chimera

Tesco

Islamic
BankRoyal Air
Maroc

ABInBev

Cereal
Brothers

5. Resource-Based Advantage

Organisational culture → seven Ss → cultural web → national culture → regional culture → cultural dimensions → Porter Diamond → resource-based view of firm → resources → capabilities → VRIO analysis → dynamic capabilities → sensing/seizing/transforming

Tower
Records

Taytos

Mojo/MDA

BBC

Hyundai

6. Business Model Advantage

Unicorns → disruptive innovation → business model definitions → one-sided business models → franchising → cutting out the middleman → bricks and clicks → low cost → just-in-time → razor-blade → freemium → sponsorship → pyramid scheme → multi-sided/platform models → network effect → social business models → collective business models → creating business models → effectuation → barriers to innovation → is it strategy?

IKEA

Synear

Friend

De Halve
Maan

McDonalds

7. Corporate Advantage

Strategic Business Units (SBUs) → the multi-business (M-form) organisation → corporate strategy → forms of diversification → portfolio management → growth-share (or BCG) matrix → synergy → dominant logic → parenting advantage → restructuring → sharing activities → transferring skills → centralisation versus decentralisation



PART III: STRATEGIC GROWTH

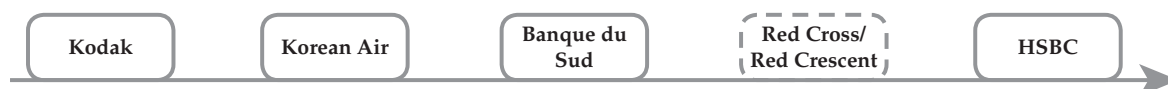
8. New Ventures

Innovation → accelerators → incubators → innovation radar → entrepreneurship → internal new ventures → skunk works → external new ventures → strategic alliances → equity alliances → non-equity alliances → joint ventures → strategic fit → capabilities fit → cultural fit → organisational fit → Mergers and Acquisitions (M&A) → M&A strategies → post-acquisition integration strategies → strategic innovation risk and return matrix



9. Crossing Borders

Internationalisation and globalisation → theories of absolute and comparative advantage → expansion strategies → M&A strategies → divestment and retrenchment → eclectic theory → country clusters → leveraging national advantage → international business structures → national culture and context → the Porter Diamond



10. Leading Strategic Change

Increasing pace of change → eight steps of change → different levels of change → evolutionary versus revolutionary change → different change needs → styles of managing change → instigators of change → communities of practice → barriers to change → managing resistance to change → leadership and strategic change → systems thinking-strategic stories → Strategy Directors (CSOs)



11. Evaluating Strategic Performance

Accounting-based measures of performance → stock market performance measures → strategy assessment → strategic option grid → ethics → deontic and aretaic → sustainability → triple bottom line → Balanced Score Card → risk assessment matrix



PART IV: MAVERICK STRATEGIES

12. The Maverick: Six Senses of Strategy

New ways of detecting strategic coherence → sensography → sensographic strategic analysis → 'visual' strategy → 'audio' strategy → 'taste' strategy → 'olfactory' strategy → 'kinetic' strategy → the 'heart' of strategy



APPENDIX: PRACTICE CASES FOR JOB INTERVIEWS



Pathways to Strategy

Strategy Is About Winning

Alfred Chandler, writing in 1962, outlined what many regard as the “classical” definition of strategy: *“a strategy is the determination of the long-run goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”*.

However, many other cultures had developed earlier definitions related to military practice. The word *strategy* was coined to name a new military and political leadership position developed in the Greek city of Athens in the 6th century BC, as a combination of the words *stratos*, which meant “army” (or more correctly an army spread out over the ground), and *agein*, meaning “to lead”. In another continent at about the same time, the military philosopher Sun Tzu defined strategy as *“... the great work of the organization. In situations of life or death, it is the Tao of survival or extinction”*.

In the 1980s, writers sought to refine our views of what strategy was about. The Japanese-American scholar Kenichi Ohmae described strategy as *“... the plan enabling a company to gain, as efficiently as possible, a sustainable edge over its competitors”*. While the world’s most highly regarded management guru, Peter Drucker, suggested that a strategy was *“... a firm’s theory about how to gain competitive advantages”* over its competition.

By the end of the 1980s, new types of strategy scholar, more schooled in human and organisational behaviour than warfare or industrial economics, were challenging the idea that strategy was about great ideas, long-term plans and rational theories. They believed that instead of focusing on what strategy *is*, it would be more realistic and useful to examine *how* strategy develops. And they believed that strategy happened as collections of small activities, some rational some not, that created trajectories followed by organisations. Henry Mintzberg thus claimed that strategy was *“... a pattern of behavior that emerges over time”*, and then embarked on a series of debates with Igor Ansoff about whether strategy was about rational design from the top of an organisation (Ansoff) or patterns that emerged from the bottom (Mintzberg). In keeping with Mintzberg’s view, proponents of the increasingly influential “resource-based view of the firm”, such as Jay Barney, defined strategy as *“... a pattern of resource allocation that enables firms to maintain or improve their performance”*.

By focusing on the processes that led to the development of a strategy, rather than the content of what a strategy is, writers like Mintzberg and Barney

discovered that there were many schools of thought about where strategy came from. In a book called *Strategy Safari*, Mintzberg and his co-authors outlined 13 different strategy “schools”. These ranged from the classical Design School (strategy is the result of senior managers using conscious rational analysis) to the Power School (where strategising is influenced by politics and focuses on bargaining, persuasion and confrontation) to the *Entrepreneurial School* (which represents a move away from precise designs or plans, toward looser notions such as “visions” and “perspectives”).

But there is a danger that this definition proliferation can lead to greater confusion rather than greater clarity. Hence, in our experience it is useful to work with a unifying view of what strategy is about by focusing on the desired outcomes of a strategy, any strategy, rather than the process that led to a strategy’s development, or a definition of what a strategy should contain. In this respect, we believe that Robert Grant’s idea that “strategy is about winning” is particularly helpful.

Following this definition, a good strategy may take many different forms (a detailed plan, a list of bullet points, a set of cultural beliefs or a diagram) and be arrived at through different processes, but it always aims to outline how an organisation is going to “win”. Winning can mean different things to different organisations (for a start-up it might be earning a particular revenue target in the first year, for a not-for-profit it might be helping people in their community lead better lives), but defining what winning means, and communicating the things we are going to do to get there, are the two essential components of a good strategy.

Strategy Pathfinder is organised so that all of its chapters or “pathways” point toward this aim.

Many Paths Toward One Aim

If the aim of a strategy is to outline how an organisation will seek to win, *Strategy Pathfinder* is organised around 11 pathways that contain related frameworks and ideas that can help thinking toward this aim. The final twelfth chapter is about new ideas that may influence strategic thinking in the future.

Our first chapter is about purpose. This is the first requirement of any strategy: what are you trying to achieve? What does winning look like? What is your *Strategic Purpose* and how can this be developed?

The next two chapters are on the strategic environment, the ecosystem within which an organisation’s strategy seeks to fulfil its purpose. These chapters examine how to explore and determine the pressures and forces that act upon the industry or sector in which an organisation operates: the opportunities and threats presented by external environmental conditions. Chapter 2, *Macro-Shocks*, outlines the importance of scanning for and understanding small and major environmental shifts that may impact on an organisation’s ability to win and indeed survive. Chapter 3, *Industry Forces*, looks more specifically at the pressures that act upon an industry to influence its profitability and so create opportunities or threats for competitors operating in that environment.

The next four chapters focus on ideas and frameworks relating to how to determine an organisation’s Strategic Advantage. Specifically, how can an organisation

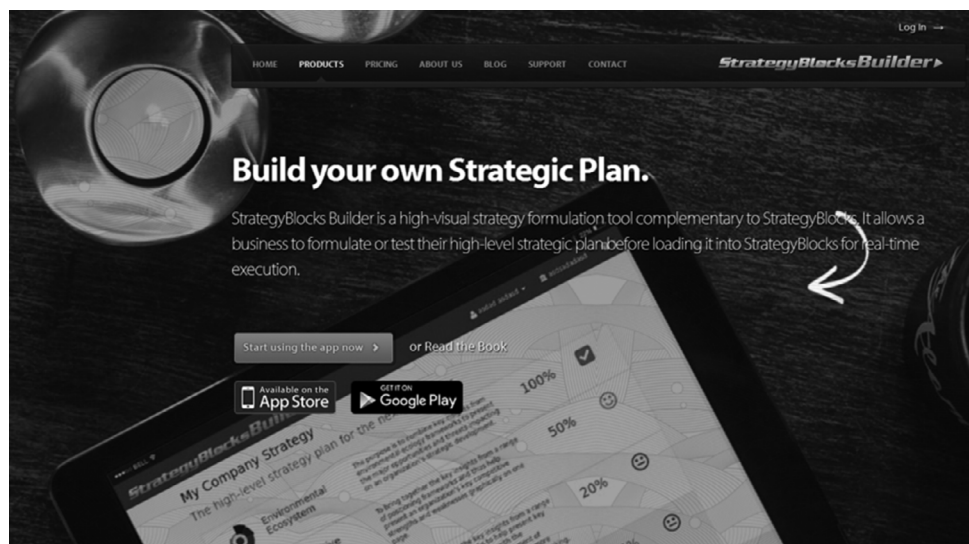
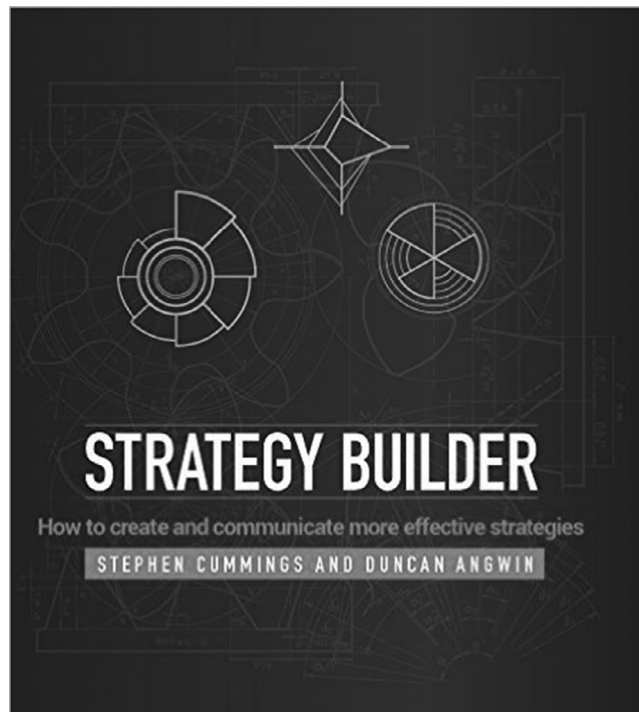
exploit its position drawing upon key organisational strengths and reduce weaknesses in order to achieve its purpose. Chapter 4, *Competitive Advantage*, presents classic strategic positioning frameworks in order to determine how an organisation may be positioned relative to competitors and the strategic choices that may be available to them in order to achieve their purpose. Chapter 5, *Resource-Based Advantage*, examines the resources and capabilities available to organisations that they may draw upon to win in their markets. This chapter takes a more organic approach to understanding organisational capabilities. Chapter 6, *Business Model Advantage*, shows how organisations are able to win today with different types of business model. It also shows that a business model is the outcome of strategy and gives few clues about how an organisation will achieve its purpose in the future. And Chapter 7, *Corporate Advantage*, examines how the corporate parent, or HQ, may add value to different businesses or departments through careful choice of countries, industries and sectors for them to compete in, the constitution of its portfolio and the choices it makes about the deployment of resources across the group. Through coordination and control the corporate parent can help an organisation to win and achieve its overall purpose.

The four chapters that follow on from Strategic Advantage focus on how to achieve STRATEGIC GROWTH, how to develop and implement strategies that seek to explore opportunities and avoid threats by exploiting strengths and mitigating weaknesses. Chapter 8, *New Ventures*, investigates innovation and entrepreneurship, frameworks for assessing and managing start-ups, ways in which existing organisations can innovate internally through organic development and capture and create new capabilities externally through joint ventures and mergers and acquisitions. The ninth chapter, *Crossing Borders*, looks at why organisations may expand across national boundaries, the strategies they may use to enter these new territories and how they may organise themselves to achieve their strategic purpose. *Leading Strategic Change*, Chapter 10, recognises that organisations often need to adjust in the face of changing contexts. The chapter explains the types of change that an organisation may need to embark upon and how this may be managed successfully in order to move it from its present state toward one that will allow it to achieve its future strategic aims. Chapter 11, *Evaluating Strategic Performance*, examines how growth strategies can be assessed. It examines classic approaches to understanding risk and financial performance and recognises that there are other important environmental and social goals that organisations need to consider in order to win.

The three main sections of *Strategy Pathfinder* – Strategic Environment, Strategic Advantage, Strategic Growth – provide insights into the quality of an organisation's strategy. Our companion book, *Strategy Builder*, takes a more explicitly analytical approach and, with the associated app, *StrategyBlocks*, allows an organisation's strategy to be audited, and future strategic options determined. It is also based around the following elements: (1) identifying key opportunities and threats; (2) determining key strengths and weaknesses; and (3) exploring strategic options that may best allow an organisation to achieve its strategic purpose. *Strategy Builder* also focuses on the critical task of how an organisation's strategy can be communicated effectively through drawings and diagrams.

Strategy Pathfinder builds on the analytic frameworks and techniques of *Strategy Builder* by discussing the key ideas that underpin them, placing them in a broader context and presenting a range of other concepts and insights. *Strategy Pathfinder*

can be used independently to learn the essentials of strategy development and it can also be used effectively in combination with *Strategy Builder* on how to present strategies effectively.



The organisation of chapters in *Strategy Pathfinder* is not accidental, but underpinned by a philosophical tension – about whether the organisation can only best manoeuvre in order to adjust to a changing context – a “*deterministic*” perspective (the environmental context “determines” the arena within which managers struggle

to adjust to survive) and a “voluntarist” perspective (the strategist can shape his/her context for advantage). In examining strategy going forwards, *Pathfinder* focuses upon environmental pressures as determinants of organisational strategy before turning its attention to how strategists may influence organisational strategy in order to shape context.

A unique aspect of *Strategy Pathfinder* is contained in the final section of the book and this has a different format. *Maverick Strategies* is a collection of the latest thinking, new ideas and trends in strategy. In particular, it focuses upon the work of strategists, what they actually do in creating, communicating and implementing strategy, psychological and cognitive influences on their actions and the contextual influences of time and space. These issues will be of particular interest for those curious to explore what the future may hold for strategy.

Why *Pathfinder* Is a Different Kind of Textbook

Strategy texts are often rather sterile products that view the reader as a consumer: “read this then replicate it”. We think that business today is too complex, too varied and too interesting for this approach to work anymore. We wrote *The Strategy Pathfinder* to put strategy making into the hands of the reader, to make you a “producer” of strategic thinking and to subsequently breathe life back into the subject again. Hence, *Pathfinder* is founded on five new learning principles, based on our experience working with executives, MBAs and undergraduates in classrooms and businesses across dozens of countries.

1. *Strategy cases should not just be academic exercises, they should strike you like strategy problems in real life*

The Strategy Pathfinder is built around real life strategy situations. Like life, these “live cases” hit you with a problem, and then *you* have to form a case in response – using your wits and research to gather more information, forming opinions and testing these against the opinions of others – before deciding upon recommendations about how best to proceed.

This is why *Pathfinder* cases are more engaging than conventional strategy cases. Conventional cases tend to hand students the “case on a plate”, suggesting that all they need is contained in the same 20 pages of charts, tables and text that are placed, fully formed before them and their peers. *Pathfinder* cases require you to think about past experiences, do more research, and form your own opinions. In other words, they make you a producer of strategic ideas and insights, rather than a consumer. Also, because *Pathfinder* cases are designed to be brief, you can be interacting with them in minutes.

2. *Strategy teaching should draw on how we use technology now*

Some strategy texts attempt to keep up with technology by providing more information in bulky appendices or password-protected websites. But, in a world where the degree of information available on an organisation or an issue cannot be contained, and where students may be just as adept at searching for new information as a professor, this exacerbates the problem. What puts *The Strategy Pathfinder* at the cutting edge is that our cases are “open-source”. This

is why our cases are “live” cases. Readers are empowered to use technology to uncover the latest information on which to base their arguments.

Searching on the companies or the issues that arise in the live cases using tools like Google, YouTube and Wikipedia, in combination with more conventional forms of library research and readings, can provide the basis for lively debates about what you would do if you were advising the managers or other stakeholders in the cases.

3. *Strategic issues don't cease when the case writer finishes writing*

A problem that often crops up when using cases is “should we answer the questions as if we were at the point when the case ends, or how things are today?” We believe that the former approach is unrealistic and confusing. By contrast, *Pathfinder* cases should be viewed as living documents and hence can be done in real time. If you find in your investigations that one of the companies in a particular case has failed or been acquired by another company, this is not a problem: such is life. Changes in circumstance are a further interesting development, and a strategic reality, that should inform your strategic analysis. You should ask: why did the company fail? Why was it acquired? You should not try to imagine that you don't know that these things have happened because the case doesn't describe them.

4. *Less means more*

Unlike conventional strategy texts, *Pathfinder* isn't a 1,200-page tome of theories and concepts. By synthesising and presenting essential pathways through the complexities of strategy, *Pathfinder's* contents can be covered in a strategy module, an intensive executive course or in a weekend, enabling you to build momentum and stay enthused. We view *Pathfinder* as the beginning of a journey, to give you multiple insights into a rich and exciting subject that you may then explore further. To this end we offer you extensive references and bibliography at the end of the book that will provide you with the necessary concepts tools and theories should you wish to delve deeper down a particular strategy path.

5. *Interactive enquiry*

At the end of the book *Pathfinder* has a unique assessment approach that was pioneered in the first edition and has proved very popular (see pages 385–390). The assessment is in two parts: (1) students are asked to create their own “micro” cases on organisations focusing on a strategic question of interest to them, and (2) using concepts and frameworks from *Pathfinder*, debrief the question (as if they were the professor). We find this assessment method has huge benefits as students are enthused by researching a company they are interested in; it develops their ability to identify strategic issues and demonstrates to them the value of *Pathfinder's* concepts and techniques as they add value to understanding their case organisations' situations.

6. *More space means better learning*

Reducing the bulk included in *Pathfinder* is not about saving on paper and reducing production costs. Reducing the content means we can increase the space available for you to jot notes and draw mind-maps and diagrams to help

you recall key concepts and apply and customise key frameworks. The point is for you to interact with the book and personalise it to your learning style.

At the end of each chapter you will find a jotting space in the form of a blank mind map, which you can use to take notes, create lists, summaries and draw important linkages that you can share with others later or return to in your revision. An example of how this mind map may be used is given at the end of Chapter 1. At the end of each case you'll find case notes paper that you can use to make jottings as you further research the case online, in your reading and with your colleagues.

Our research indicates that this kind of kinetic note-taking and drawing has positive benefits in terms of retaining ideas and seeing how key aspects inter-relate. Consequently, *Strategy Pathfinder* is designed to be used in this active manner and readers are encouraged to customise the book to enhance their understanding of strategy.



☐
☐
☐
☐

Case Notes:

About the Creators



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For further information, see <http://www.duncanangwin.com>.



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For further information, see <http://www.victoria.ac.nz/som/about/staff/stephen-cummings>.

WE WOULD LIKE TO THANK OUR COURSE PARTICIPANTS AT THE FOLLOWING
UNIVERSITIES WHO HAVE HELPED TO DEVELOP, CRITIQUE AND TEST
THE LIVE CASES AND PATHWAYS IN THIS BOOK:

ADELAIDE UNIVERSITY, AUSTRALIA
CHINESE UNIVERSITY OF HONG KONG, CHINA
DANUBE UNIVERSITY KREMS, AUSTRIA
ECOLE HASSANIA, CASABLANCA, MOROCCO
ECOLE NATIONALE DES PONTS ET CHAUSSEES, PARIS, FRANCE
HEC, PARIS, FRANCE
IMPERIAL COLLEGE, LONDON, UK
LUMS, LANCASTER UNIVERSITY, UK
MEDITERRANEAN SCHOOL OF BUSINESS (MSB), TUNIS, TUNISIA
MELBOURNE BUSINESS SCHOOL, AUSTRALIA
OTAGO UNIVERSITY, NEW ZEALAND
OXFORD BROOKES UNIVERSITY, UK
PEKING UNIVERSITY, BEIJING, CHINA
SAÏD BUSINESS SCHOOL, OXFORD UNIVERSITY, UK
UNIVERSITY OF TOULOUSE CAPITOLE 1, FRANCE
TSINGHUA UNIVERSITY, BEIJING, CHINA
UNIVERSITY OF GEORGETOWN, WASHINGTON, USA
VICTORIA UNIVERSITY OF WELLINGTON, NEW ZEALAND
VLERICK BUSINESS SCHOOL, BELGIUM
WARWICK BUSINESS SCHOOL, UNIVERSITY OF WARWICK, UK

I have a dream ...

Martin Luther King



The most widely used Strategy Tool in the world is the SWOT analysis, which stands for Strengths, Weaknesses, Opportunities and Threats – and it has been so for 60 years. And yet many using it are disappointed with their results.

Why?

The problem is often that the SWOT analysis isn't aimed at anything. It only works if you know where you are trying to go. As Lewis Carroll's Alice asks the Cheshire Cat: "Would you please tell me which way to go from here?" To which the Cat replies: "That depends on where you want to get to."

Opportunities only have meaning if you know where you are going. Weaknesses are only strategic weaknesses if they make it difficult to achieve what you are striving for. Defining elements of SWOT without articulating your purpose is a pointless exercise. So without first articulating what your aim is, what purpose you are trying to achieve, or what winning looks like, a SWOT analysis can be time consuming, frustrating and ultimately unfruitful.

Knowing where to go is the point of Martin Luther King Jr's famous "I Have a Dream" speech, which painted an aspirational picture of the aim of the American Civil Rights movement: a picture of a country living up to the creed of its founders (that all humans are created equal) and a nation enacting its better nature. It greatly helped his followers and his organisation, and inspired others around the world concentrating on civil rights to stay focused, see the big picture when times were tough and develop strategies that would lead toward the achievement of this aim.

King's example of the importance of clarity of strategic purpose is supported by other inspirational characters such as Yogi Berra who said, in his distinctive style, "You've got to be careful if you don't know where you're going, because you might not get there", and Abraham Lincoln: "If we could first know where we are, and whither we are tending, we could then better judge what to do, and how to do it" – an excellent synopsis of an effective strategy process.

All of these quotes indicate that any really effective strategy development process starts with a dream, a purpose. Without this, any discussion about what strategies should be followed can lead, as it did for Alice, to a lot of energy being

expended for the sake of going around in circles. Indeed a loss of purpose can also lead to organisational decline and failure – a situation LEGO found itself in, after years of strong growth, with huge losses in 2004.

In this, our first chapter, we discuss what an organisation's strategic purpose might be, the vehicles (such as vision or **mission** statements, corporate philosophies etc.) that organisations can use to articulate what winning looks like for them in this sense, the key stakeholders and advisors who can influence and determine an organisation's purpose and the constraints upon their power, and how such stakeholder interests can best be managed.

It's Not Just About the Money

While the majority of strategy research has been focused upon determining the key variables that lead to positive financial outcomes in the short term (with limited success, it has to be said), organisations in practice are more complex with a plurality of purposes. Organisations may have loftier aims than just short-term performance, aiming to help a community, improve the environment and advance sustainability, increase human knowledge and/or create new ideas and products. And indeed, focusing exclusively on short-term financial goals can be detrimental to the creation of long-term value in these other respects.

For example, world famous ice-cream maker Ben and Jerry's website says, "If you've ever enjoyed our Chocolate Fudge Brownie or Half-Baked™ ice cream flavours, then you've already had a taste of Greyston's greatness. We first tried their incredible brownies back in the late 1980s, and we've been ordering tons of them ever since." Best known for producing the brownies in the famous Ben and Jerry's ice creams, the Greyston Bakery is a New York-based for-profit business that has been running profitably for over 30 years.

What is the purpose of the Greyston Bakery business?

In our experience of teaching business students around the world over the past 30 years, the majority will have responded that it is "to maximise profit for shareholders" – a classic response derived from the famous economist Milton Friedman's work at the Chicago School of Economics in the 1970s. Some in the class may look slightly perturbed and only a few may disagree, although they would be right to question the assumption. But we do sense that things are starting to change, and we would like to advance a broader perspective as exemplified by Greyston Bakery.

The Greyston Bakery is located in the poor neighbourhood of Yonkers, New York, where there is a need to create jobs for "hard to employ" people – the homeless, those with poor employment histories, prison records and past substance-abuse problems. Radically, they use an "open hiring" practice that continues today, in which anybody who applies for a job has an opportunity to work, on a first-come, first-hired basis. According to CEO Julius Walls, "The company provides opportunities and resources to its employees so they can be successful not only in the workplace but in their personal lives. We don't hire people to bake brownies; we bake brownies to hire people." Success is when an employee moves on to a new job using their new skills. With expansion, the bakery has realised that providing jobs to the community is not enough and so now provides permanent housing for homeless people, after-school care, health services and community-run gardens. As CEO Steven

Brown said: “Really, we were a benefit corporation long before the term was coined. You’re in business for a much larger community that has a stake in what you are doing. Creating value and opportunity is the path out of distress for communities.”

The Greyston Bakery example shows that organisations can have purposes broader than just making a profit for shareholders and that to assess any organisation it is important at the outset to establish what its purpose is.

Vehicles for Strategic Purpose

The strategic purpose of an organisation matters. Indeed when the toy maker LEGO was facing a crisis after years of expansion and poor financial results, the CEO realised that the company had lost its direction. The key to turning around LEGO was to rediscover what its purpose was. If the purpose of an organisation is not clear to stakeholders, whether inside or outside, then they will form their own views – and these may cause confusion and may even lead to negative interpretations. In stock market terms this can lead to share prices being downgraded and for employees and other stakeholders this can have a demotivating effect. However, a clearly defined and expressed purpose can be highly motivating to all stakeholders. Purpose can be captured in an organisation’s vision, mission, core values and objectives.

Vision

A vision articulates a view of what the organisation wants to achieve or the future it is aiming for. Vision is “big picture” thinking that helps people feel what the organisation is trying to do. It tends to be enduring and often is short. For instance, the Ford Motor Company’s vision when established by Henry Ford was “To make the automobile accessible to every American” and Starbucks successfully drove its strategy with the vision: “2000 stores by the year 2000”.

Good visions generally adhere to five principles. They are:

- *Brief* (not long-winded “hero sandwiches of good intentions”, as Peter Drucker said)
- *True to the particular organisation’s identity and focus*
- *Easily understandable* to all employees
- *Inspirational*, and
- *Verifiable* so that progress and ultimately success can be determined.

Mission

Mission statements should also adhere to the tenets above but there is a subtle but important difference between a mission and a vision. The root of the word vision is the Latin *vide* (to see) whereas mission’s root means “to send”. Consequently, a mission is not so much a goal or a picture of where you want to get to in the future, but rather a philosophy, or way of moving towards the vision in the present. Organisations can therefore have both a vision and a mission. For example, LEGO’s vision is “Inventing the future of play”, while its mission is to “Inspire and develop the builders of tomorrow”. Other classic missions include: Walt Disney’s “To make people happy” and Tesco’s “Every little helps”.

Core values

Organisations often list a number of core values, beliefs or principles that guide their decision-making. Previously derided for being bland and generic, organisations are now striving to make these more specific, more interesting and hence more useful from the point of view of encapsulating a corporate identity that can drive a strategy (see Figure 1.1).

Organisational values need to be enduring and so a question should always be asked: would these values change if external situations changed? If the answer is “yes” then they are not core values.

Objectives

Strategic objectives are precise measurable outcomes of a strategy. They might be sales, profits, share price, consumer satisfaction scores and so on, depending on what is central to the organisation’s purpose. In the case of Greyston Bakery, objectives would be broader based than the ones mentioned and would probably include social and environmental objectives as well.



Figure 1.1 Company Core Values