

Introduction to strategy

Telecommunications management & strategy

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Introduction

- Language of strategy
- Business models
- SWOT
- Case study method
- Where do ICTs fit into strategy?

Sun Tzu

- 500 BC “The art of war”
- Strategy for war
- Strategy as against mere tactics

Strategy is the great work of the organization. In situations of life and death, it is the Tao of survival or extinction. Its study cannot be neglected.

Successful strategy

- Objectives that are:
 - enduring
 - simple
 - agreed
- Profound understanding of competitive environment
- Objective appraisal of resources
- Effective implementation

Henry Mintzberg

- Strategy in practice:
 - intended
 - realised
 - emergent
- Only 10 to 30 percent of intended strategy is realised

Different types of strategy

- Multi-national corporation
 - corporate strategy
 - individual business strategies
- Family business
- Non-profit organisation
- Nation
- Person

Singapore

- A colonial creation with four official languages
- A small island with no natural resources
- Population 4,164,000 on 685.4 sq km
- GDP (per capita) US\$ 20,544 (2002)
- Driven since independence by a vision and intense competitiveness
- Cannot compete on labour costs
- Skills, knowledge, flexibility and strategy
- Education and knowledge-based economy
- Lee Kwan Yew – Mentor Minister & founding prime minister

Business models

- A term from the dot com boom
 - A plausible story
 - Numbers that add up
- Examples:
 - On-line ordering of books
 - On-line ordering of groceries
 - Location-based services

American Express Traveler's Check
Has been an enduring business model. It is
safe and secure, providing value to customers.

SWOT

- Internal:
 - Strengths
 - Weaknesses
- External:
 - Opportunities
 - Threats
- Analysis of your own firm and competitors

Case studies

- Reading:
 - A little background reading may help, if the subject is unfamiliar
 - It is easy to get lost in detail
 - Can be helpful to discuss cases with fellow students
- Discussing:
 - Try to move the analysis forward
 - Try to provide helpful insights
- Writing-up:
 - Keep within the confines of the case
 - Make any assumptions explicit
 - Cite any sources you use

Where does technology fit?

- Historically innovation is a source of disruption:
 - mainframe to personal computer
 - analogue to digital
 - narrowband to broadband
- Not technology *per se* but its applications
- Strong and enduring drivers of innovation:
 - multi-national companies
 - Silicon Valley model
- Technology:
 - is not strategic
 - but can play a vital role in strategy

Current technological trends?

- Semi-conductor industry – Moore's law
- Smarter uses of spectrum
- Smaller, cheaper, faster handheld devices
- Bigger, brighter screens
- Easier and cheaper communications:
 - person-to-person
 - machine-to-machine
 - person-to-object

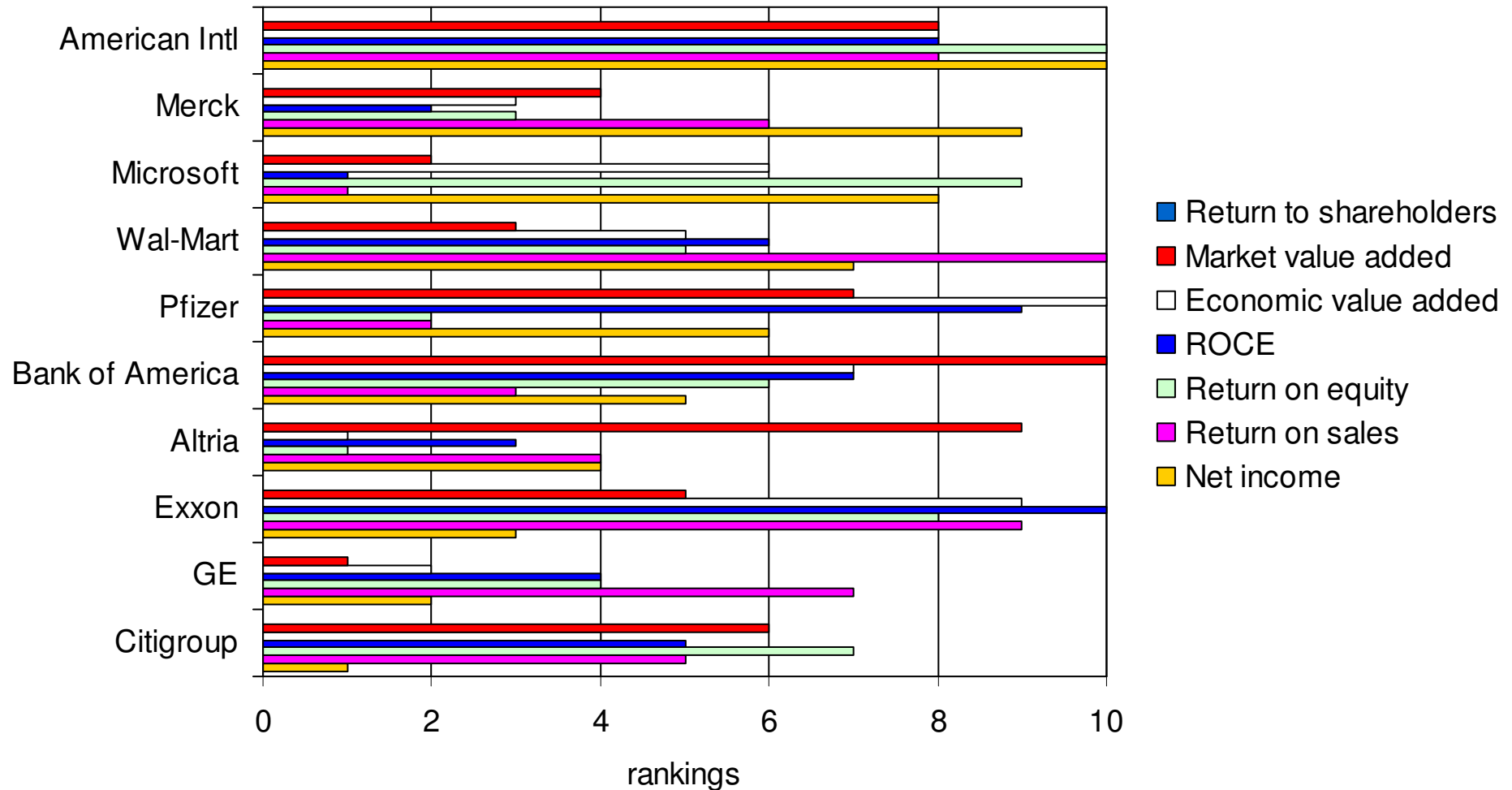
Measuring strategic success

- Accounting measures:
 - net income
 - return on capital employed
- Financial measures:
 - share price
 - dividends
- Customer measures:
 - market share
 - satisfaction

Accountancy

- No fixed indices or answers
- Many assumptions lie behind each index
- Results depend on the questions you ask
- Accounting standards change with time
- Results may not show up immediately

Performance of US corporations



Financial markets

- Different types:
 - Venture capital
 - Private equity
 - Stock exchanges
- Criticised for focus on the short term
- The strange world of analysts
- Can be influenced by fashions:
 - “irrational exuberance”

Balanced scorecard

- Finance
- Customers
- Internal
- Learning and growth

Performance

“One of the great paradoxes of strategic management is that many of the companies that have been most successful at earning profits and creating shareholder value have been companies that eschewed such goals in favor of corporate purposes that were oriented towards technical achievement, customer satisfaction, or social change.”

Rob Grant

Strategy as fun

“The most inspiring companies we know, often the most successful, are not the most boring. They have novel, creative, inspiring, sometimes even playful strategies. By taking the whole strategy business less seriously, they end up with more serious results – and have some fun into the bargain.”

Henry Mintzberg, Bruce Ahlstrand & Joseph Lampel

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