



Digital Business Strategic Tools

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Is strategy easy?

- The problem with forecasting customer demand is that most of the times forecast is wrong...
- here there are some examples:

- “Who the hell wants to hear actors talk?” (Harry Warner reacting to addition audio technology to silent movies - 1927)
- “I think there is a world market for about five computers” (T. Watson - IBM Chairman - 1943)
- “Television won’t be able to hold on to any market it captures after the first six months. People will soon get tired of staring at a plywood box every night” (D. Zanuck - 20th Century Fox, 1946)
- “There is little reason for any individual to have a computer in their home” (K. Olsen - president and founder of DEC Corporation - 1977)
- “With over 50 foreign cars already on sale here, the Japanese auto industry isn’t likely to carve out a big slice of the US market for itself” (BusinessWeek - 1968)



What is Strategy?

Introduction
Definitions



5

What is Strategy

- Strategy is the **direction** and **scope** of an organization over the **long-term**: which achieves **advantage** for the organization through its **configuration** of **resources** within a challenging **environment**, to meet the needs of **markets** and to fulfill **stakeholder** expectations

-Johnson and Scholes (Exploring Corporate Strategy)

Generic Definition

- **Strategy** is an **integrated** set of choices that uniquely positions the firm in its industry so as to create sustainable advantage and superior value relative to the competition

Vision?

- Strategy as a vision.
- Mission and vision statements are elements of strategy, but they aren't enough. They offer no guide to productive action and no explicit road map to the desired future. They don't include choices about what businesses to be in and not to be in. There's no focus on sustainable competitive advantage or the building blocks of value creation.

Plan?

- Strategy as a plan.
- Plans and tactics are also elements of strategy, but they aren't enough either. A detailed plan that specifies what the firm will do (and when) does not imply that the things it will do add up to sustainable competitive advantage."

Short term?

- Strategy deals with short term.
- The world is changing so quickly, some leaders argue, that it's impossible to think about strategy in advance and that, instead, a firm should respond to new threats and opportunities as they emerge. Emergent strategy has become the battle cry of many technology firms and start-ups, which do indeed face a rapidly changing marketplace.

Optimization?

- Strategy as optimization of the status quo.
- Many leaders try to optimize what they are already doing in their current business. This can create efficiency and drive some value. But it isn't strategy. The optimization of current practices does not address the very real possibility that the firm could be exhausting its assets and resources by optimizing the wrong activities, while more-strategic competitors pass it by.

Best Practices?

- Strategy as following best practices.
- Every industry has tools and practices that become widespread and generic. Some organizations define strategy as benchmarking against competition and then doing the same set of activities but more effectively. Sameness isn't strategy. It is a recipe for *mediocrity*.

Do we really need strategy?

Do we really need "Strategy"?

- As Mintzberg points out...
- Strategy sets **direction**
 - Advantage: main role is to chart the course of an organization in order for it to sail cohesively through its environment
 - Disadvantage: setting out on a predetermined course in unknown waters is the perfect way to sail into an iceberg

Do we really need “Strategy”? (2)

- Strategy focuses **effort**
 - Advantage: promotes coordination of activity. Without it, chaos would rule.
 - Disadvantage: “Groupthink” arises when effort is too carefully focused (e.g. no peripheral vision)

Do we really need “Strategy”? (3)

- Strategy defines **organization**
 - Advantage: provides people with a shorthand way to understand their organization and to distinguish it from others
 - Disadvantage: To define too sharply means to define it too simply (losing the complexity of the system)

Do we really need "Strategy"? (4)

- Strategy provides **consistency**
 - Advantage: it is needed to reduce ambiguity and provide order
 - Disadvantage: Creativity thrives on inconsistency by finding new combinations of hitherto separate phenomena



TRADITIONAL Tools

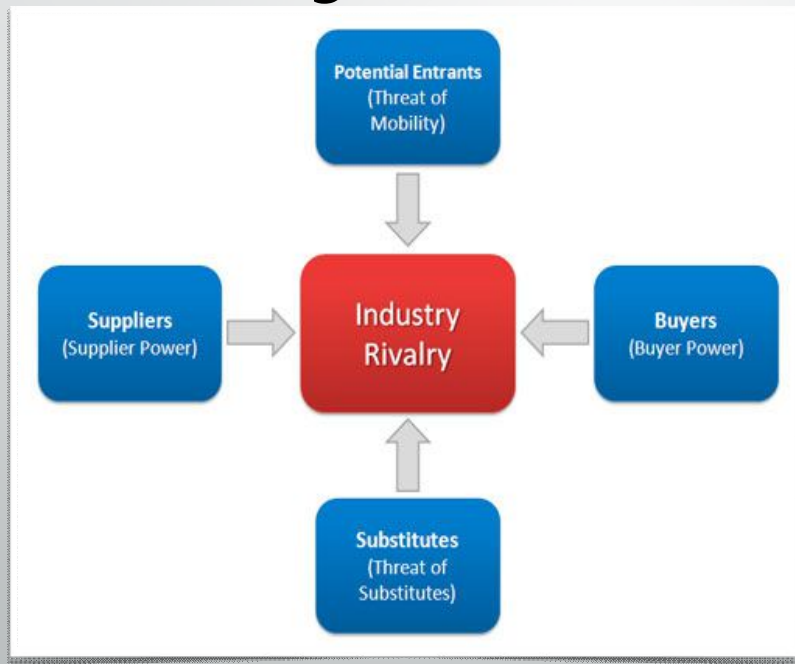


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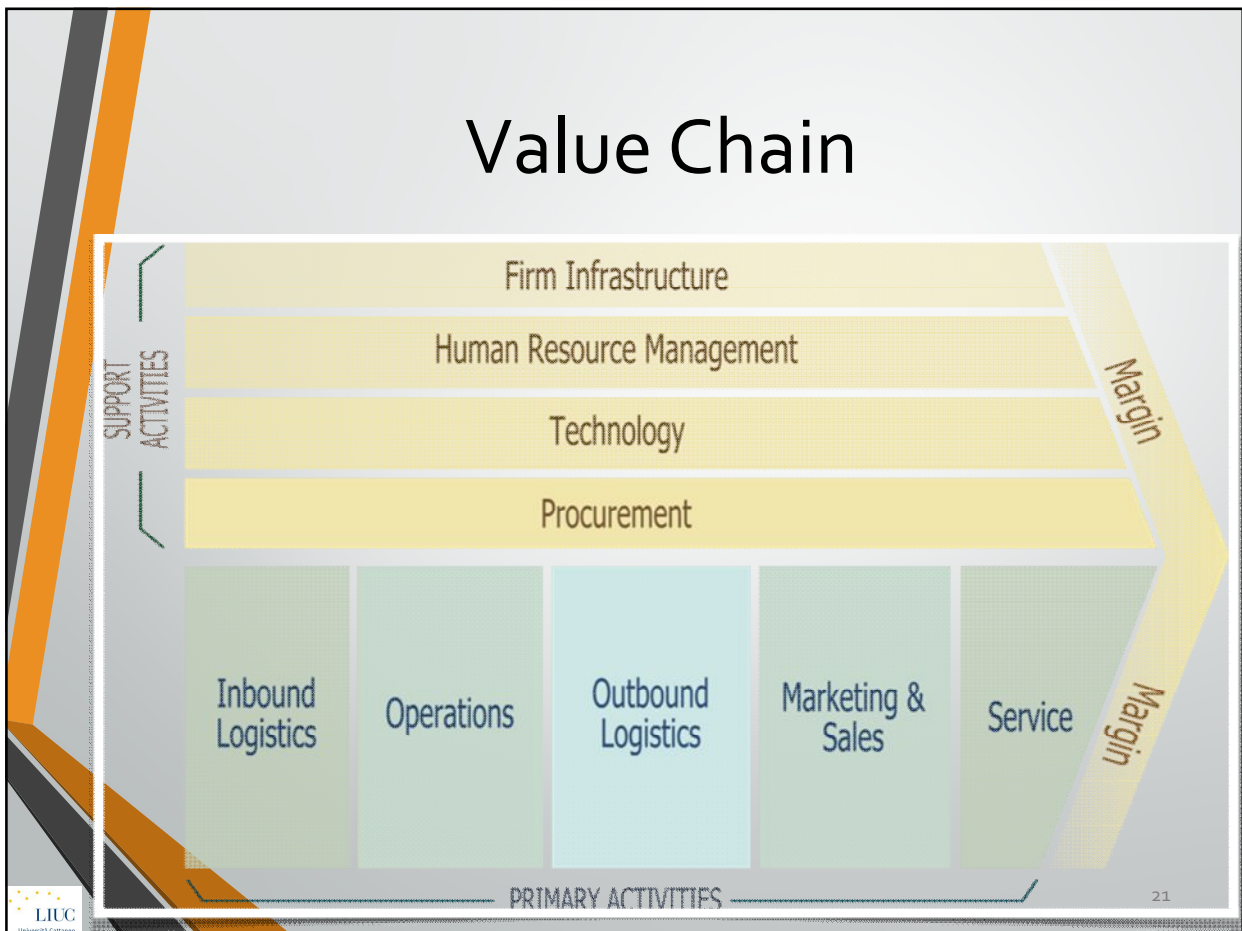
Intro

- Have we digitally transformed how we work/live?
- Or.. we do work/live differently since the Internet?
- Or better: **can the “brick & mortar” world tools be used in the digital world?**

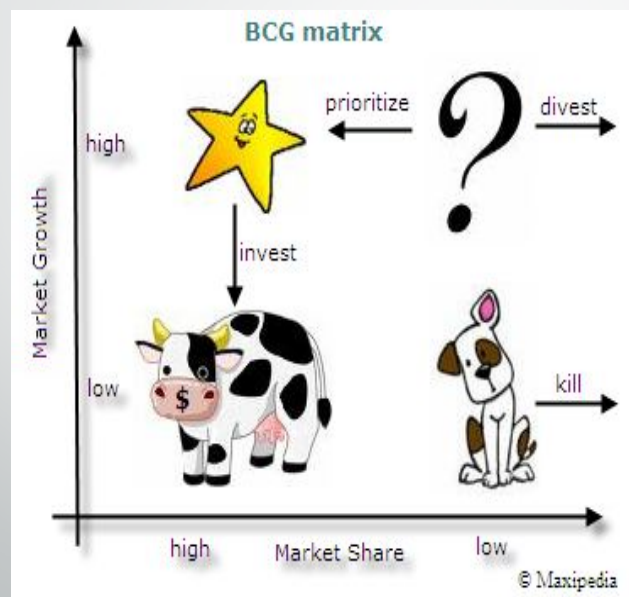
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Value Chain



BCG Matrix



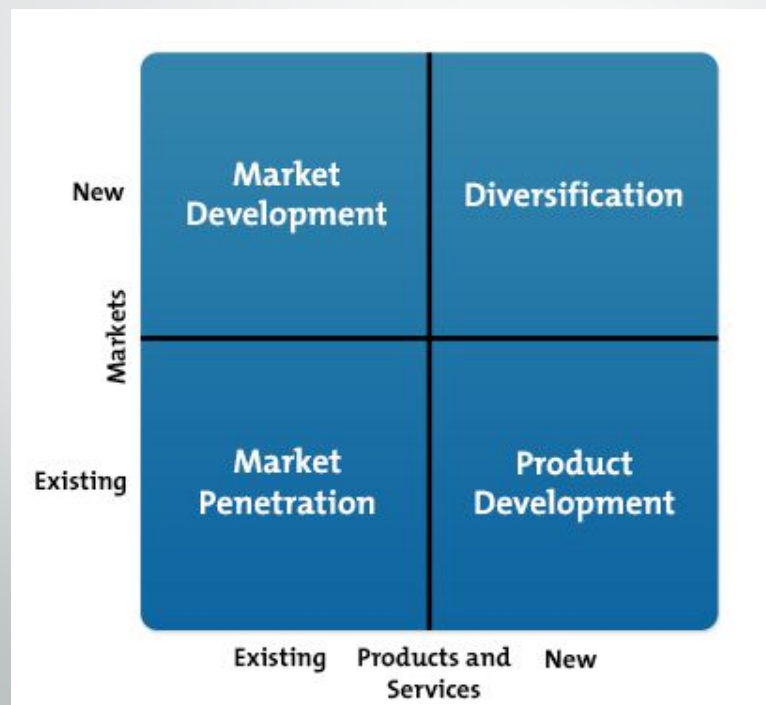
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Relative Market Share

SWOT Analysis



Ansoff Matrix





e-Business Strategy

Drill-down

Changes

- **Wider distribution of information**
- **Uniform information**
- Assist in marketing function of company
- (most of them are) interactive
- They all have become standards in the industry

Benefits for an organization: e-Commerce

- **Expands** the **marketplace** to national and international markets
- **Decreases** the **cost** of creating, processing, distributing, storing and retrieving paper-based information
- Allows **reduced inventories** and overhead by facilitating “pull” type supply chain management
- The pull type processing allows for **customization of products and services** which provides competitive advantage to its implementers

Benefits to customers

- Enables customers to shop or do other transactions 24 hours a day, all year round from almost any location
- **Provides customers with more choices**
- **Provides customers with less expensive products and services** by allowing them to shop in many places and conduct quick comparisons
- Allows quick delivery of products and services in some cases, especially with digitized products

Benefits to customers (cont'ed)

- Customers can receive relevant and detailed information in seconds, rather than in days or weeks
- Makes it possible to participate in virtual auctions
- **Allows customers to interact with other customers** in electronic communities and exchange ideas as well as compare experiences
- **Electronic commerce facilitates competition**, which results in substantial discounts.

Competition

- Lower buyers' search cost
- Speedy comparisons
- **Differentiation**
- Lower price
- **Customer service**
- Digital products lack normal wear and tear

“Perfect competition”?

- Perfect competition
- Enable many buyers and sellers to enter the market at little or no cost (no barriers to entry)
- Not allowing any buyers and sellers to individually influence the market
- Make certain products homogeneous (no product differentiation)
- Supply buyers and sellers with perfect information about the products and the market participants and conditions

Strategy Deployment

“The key question is not whether to deploy Internet technology – companies have no choice if they want to stay competitive – but how to deploy it.”

Michael Porter - Strategy and the Internet, Harvard Business Review, March 2001