



Smurfit Executive Development

UCD Michael Smurfit Graduate Business School



SMURFIT EXECUTIVE DEVELOPMENT

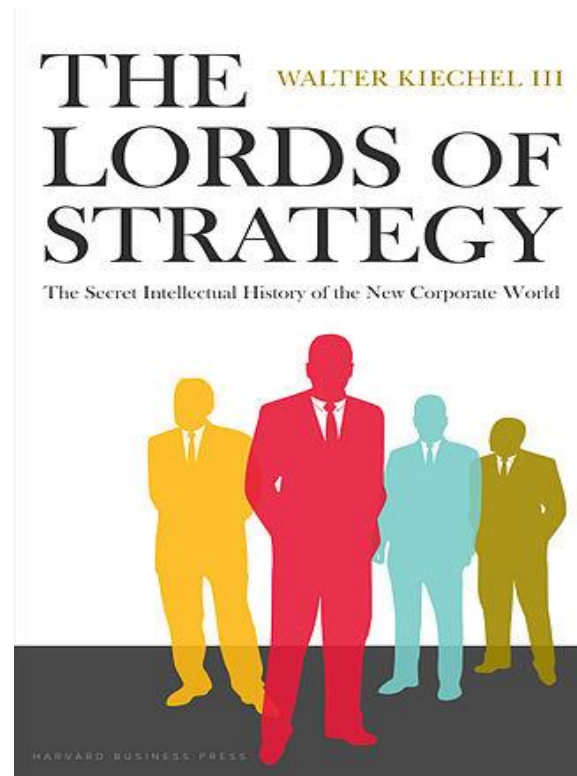
ICOS Conference Business Strategy

Patrick T. Gibbons
November 2016

The Importance of Strategy

- Walter Kiechel (2010) writes:
 - “Revolutions seem to occur everyday in the world of business, or so you would believe if you listen to journalists acclaiming the latest technological wonder or to the authors of most new books on management. But the rise of strategy qualifies as the genuine, consciousness transforming article. Strategy’s coming to dominance as *the* framework by which companies understand what they’re doing and want to do, *the* construct through which and around which the rest of their efforts are organized, eclipses any other change worked in the intellectual landscape of business over the past fifty years.”

(from The Lords of Strategy,
HBS Press, 2010)



Tapping the Strategic Potential of Boards (Bhagat, Hirt & Kehoe, McKinsey Quarterly 2013)

Exhibit

Board members said they understand their company's financial position significantly better than its risks or industry dynamics.

% of respondents,¹ n = 1,597

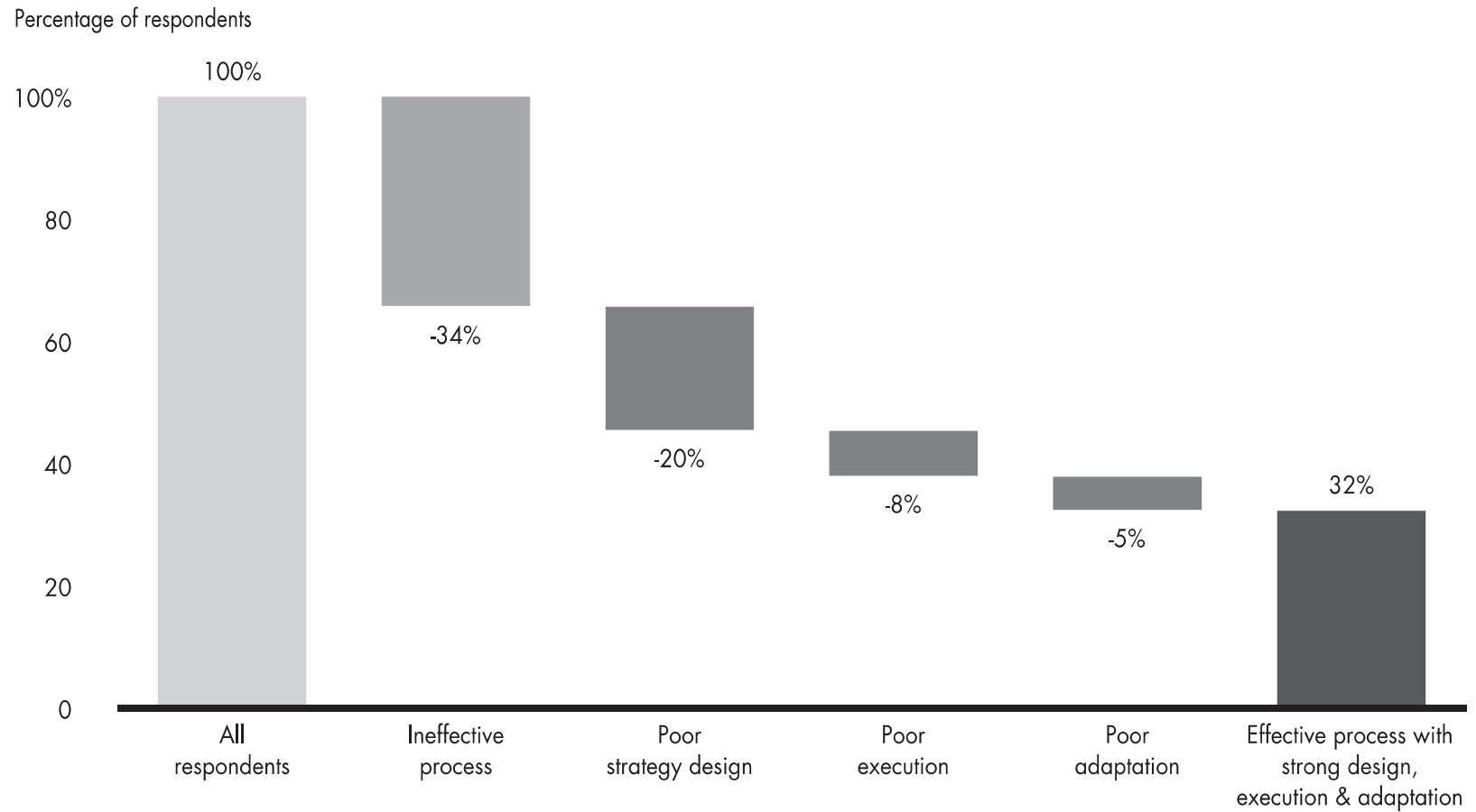
Board's understanding of given issues



¹ Respondents who answered "don't know" are not shown; figures may not sum to 100%, because of rounding.

Source: June 2011 McKinsey survey of 1,597 corporate directors on governance

Figure 1: Few business executives believe their strategic planning process delivers a strong strategy



Source: Bain survey of executives in North America, Western Europe and Asia, November 2014 (n=291)



TEN MINUTES LEFT -
LET'S DO THE STRATEGY



INDEPENDENT
AUDIT LIMITED

Barton & Wiseman, HBR,



- “The first question I would ask boards is whether they are spending enough time and effort assessing the organization’s long term strategy”
- “Strategy is the fundamental challenge of the organization, and it should engage the entire board”

(Sir David Walker, Barclays)

The Role of Theory

“There is nothing so practical as a good theory.”

(Kurt Lewin, Social Psychologist, 1890-1947).



Levels of Strategy

- Corporate
 - Actions a firm takes to gain an advantage by selecting and managing a group (portfolio) of different businesses operating in different industries
- Business
 - An integrated set of choices and commitments a firm uses to position itself to achieve advantage by exploiting capabilities in a specific industry
- Functional
 - An integrated set of choices to support the business's positioning across Marketing, HR, Finance, Operations



Classic Definitions

Chandler-Strategy and Structure Chapters in the History of American Industrial Enterprise (1962)

“the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”



Classic Definitions

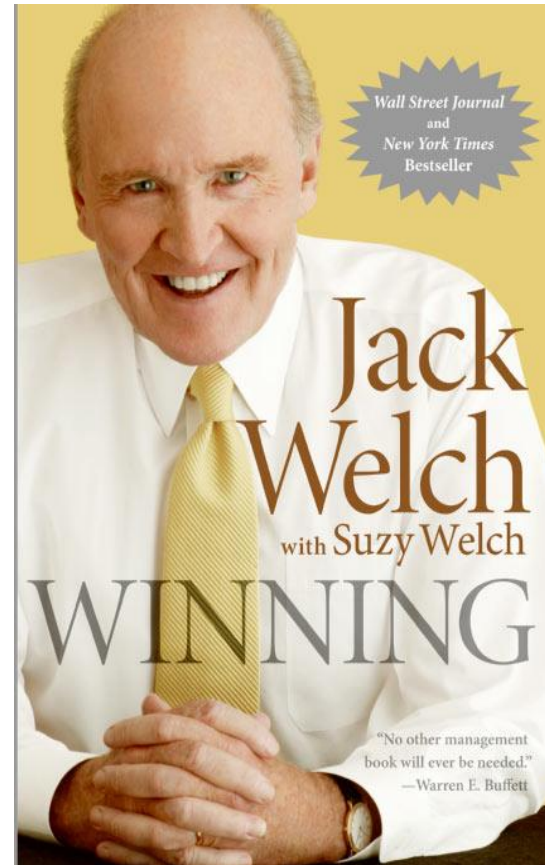
Thomas C. Schelling, in
The Strategy of Conflict
(1980)

“The term strategy.. is intended to focus on the interdependence of the adversaries’ decisions and on their expectations about each other’s behavior.”

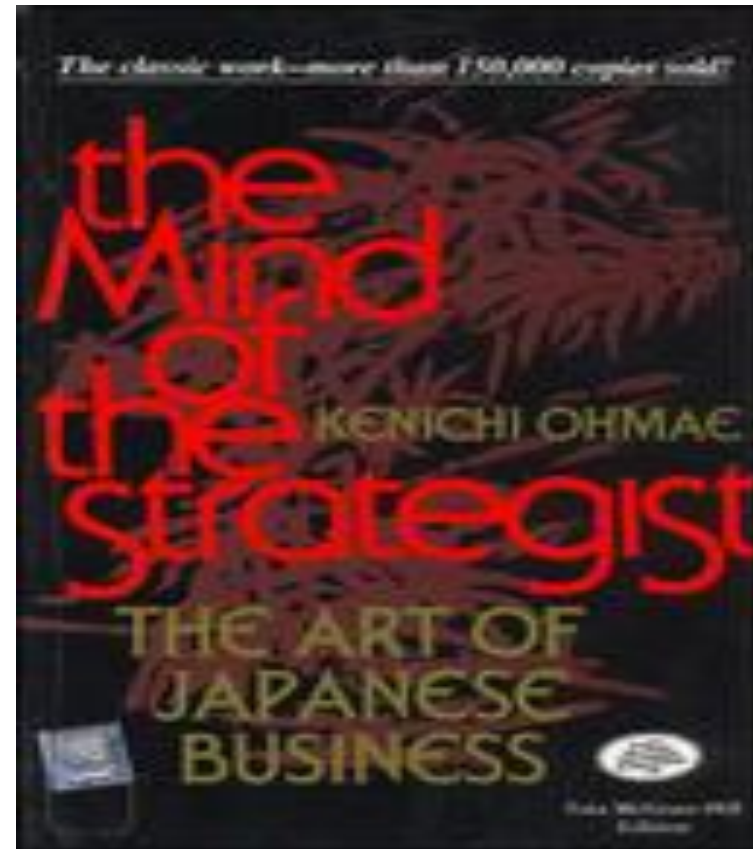


Practitioner Definitions

- Jack Welch (GE) in Winning (2005) “Strategy means making clear-cut choices about how to compete. You cannot be everything to everybody, no matter what the size of your business or how deep its pockets”

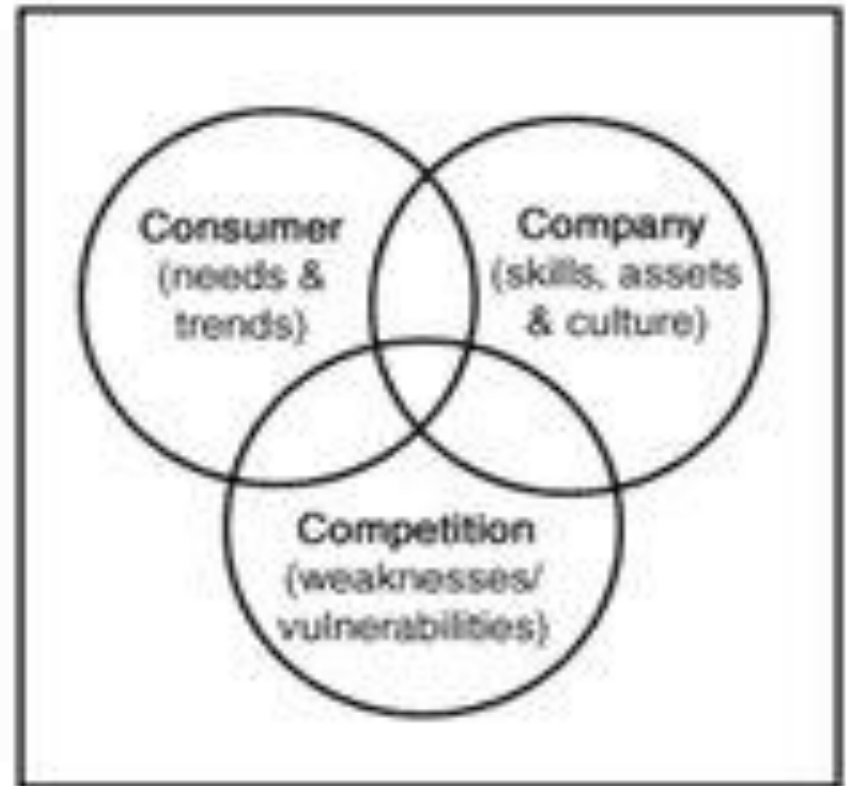


Practitioner Definitions



Practitioner Definitions

- Kenichi Ohmae (former McKinsey Director), in The Mind of the Strategist (1982) “..if we reserve the term strategy for actions aimed directly at altering the strength of the enterprise relative to that of its competitors.”



Strategy as Plan??

- “No plan survives contact with the enemy”
 - (von Moltcke, the elder)



Some More Recent Attempts-Rumelt-2011

- “Bad” Strategy
 - Fluff-creating the illusion of high level thinking
 - Failure to face the challenge
 - Mistakes goals for strategy
 - Bad objectives-failing to identify the critical challenge



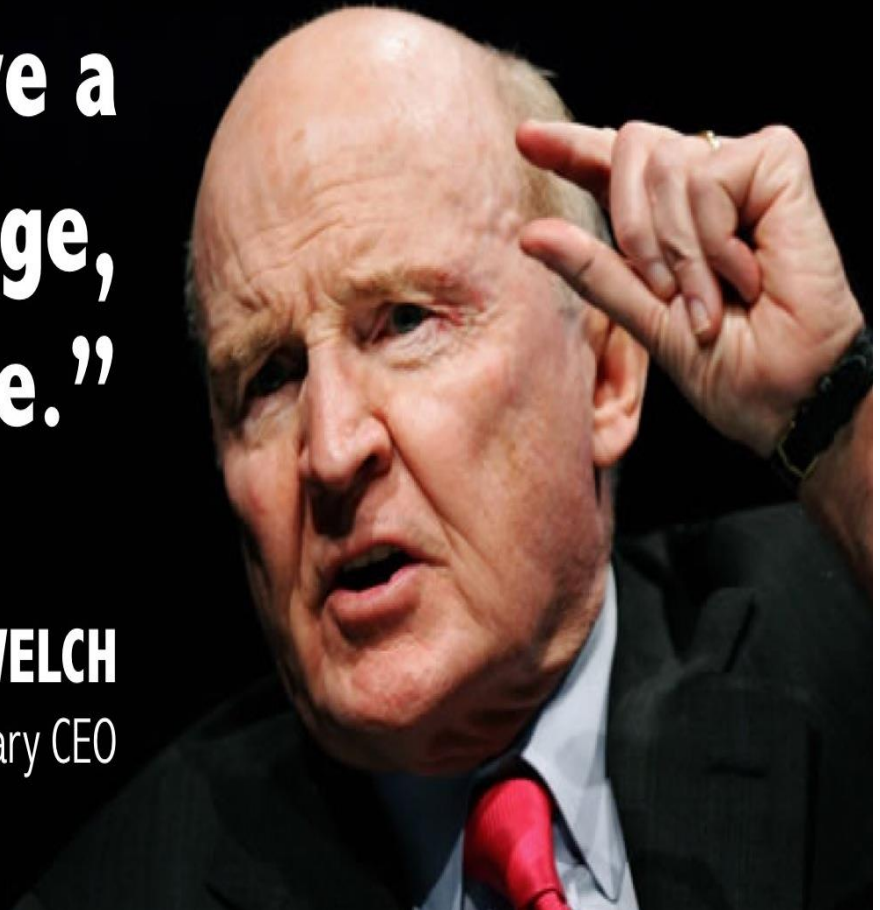
“Good” Strategy

- Good strategy is coherent action backed up by an argument, an effective mixture of thought and action with a basic underlying structure I call the kernel-
 - A diagnosis that clearly identifies the challenge.
 - A guiding policy for dealing with the challenge-an overall approach chosen to overcome the obstacles identified in the diagnosis.
 - A set of coherent actions that are designed to carry out the guiding policy.

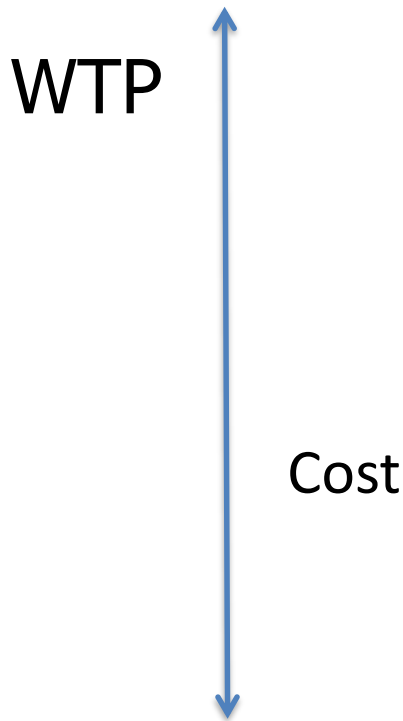


**“If you don’t have a
competitive advantage,
don’t compete.”**

JACK WELCH
legendary CEO

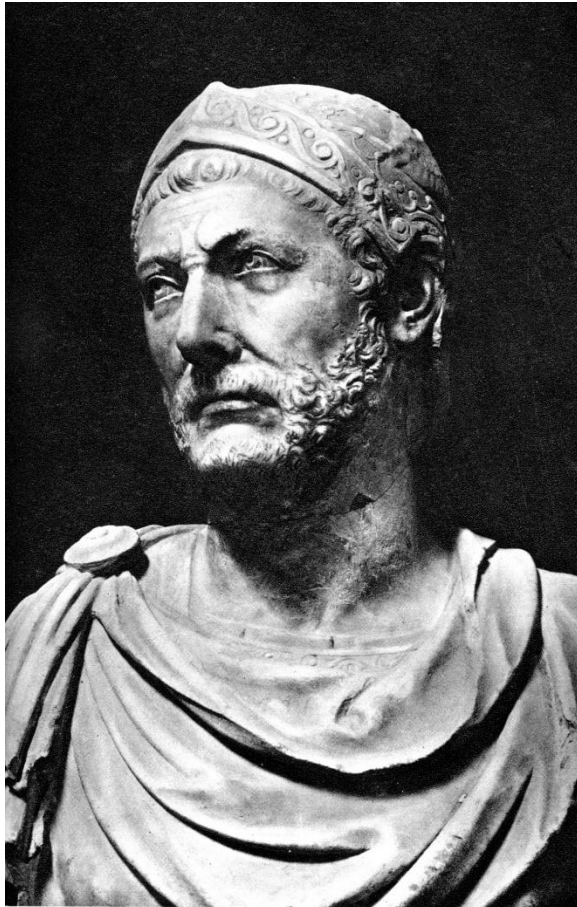


Competitive Advantage

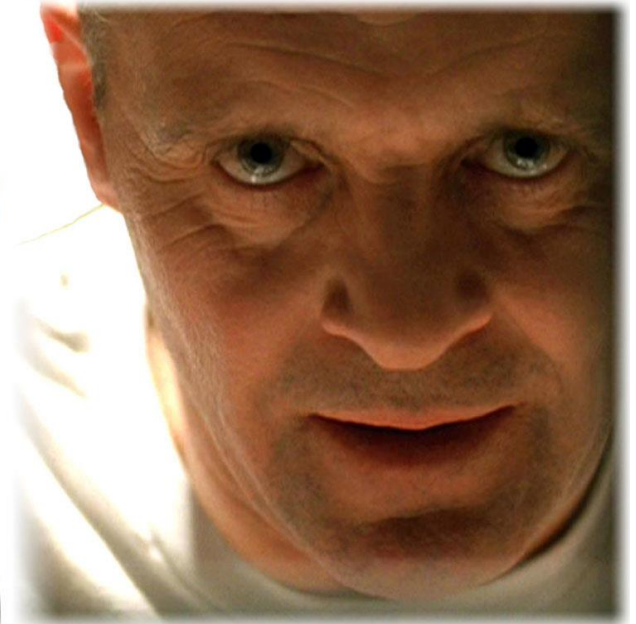


“If your business can produce at a lower cost than can competitors, or if it can deliver more perceived value than can competitors, or a mix of the two, then you have a competitive advantage”.
(p. 183)

“Father” of Strategy-Advantage?



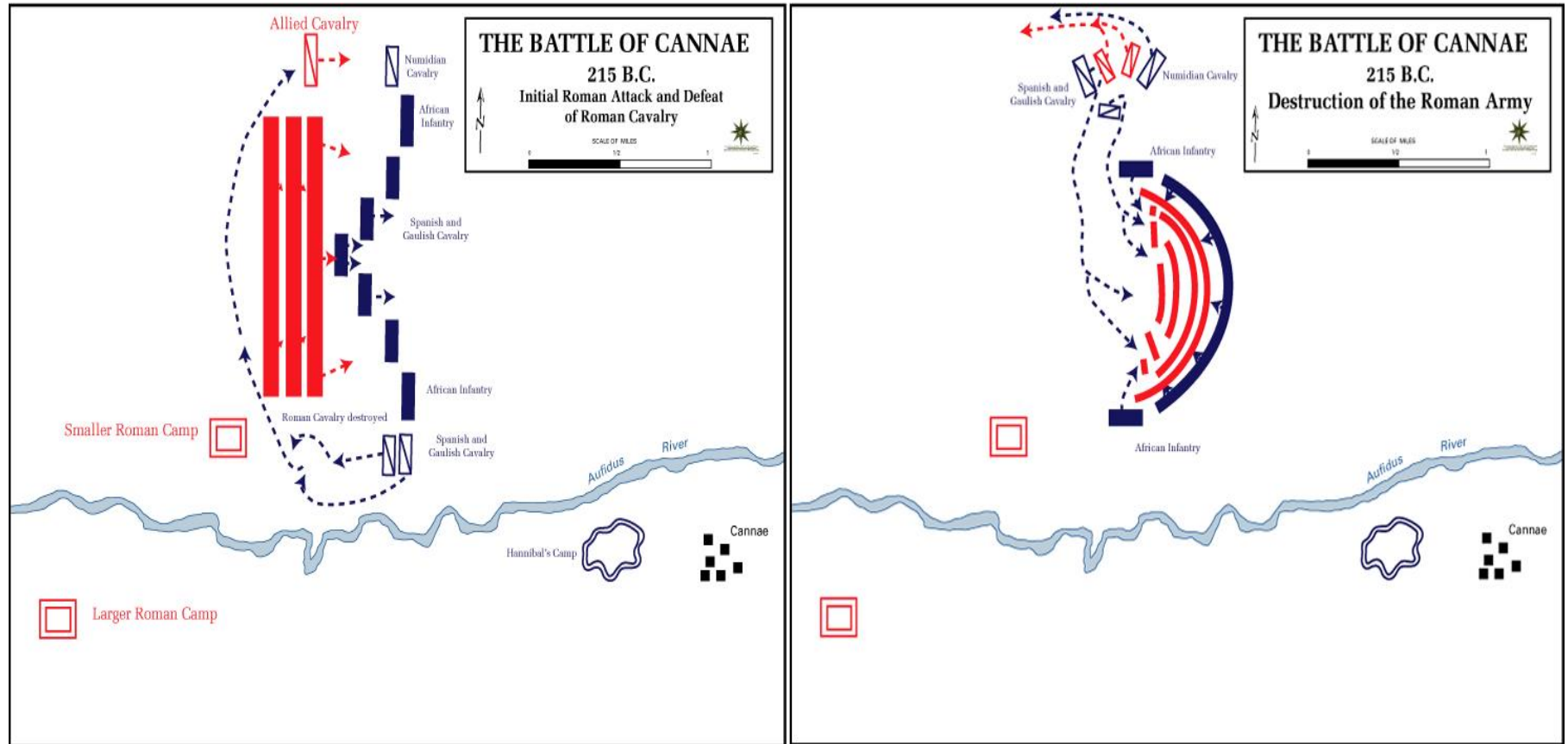
Hannibal. (Neapel, National-Museum.)



Battle at Cannae-216 BC

- Romans
 - 75 k infantry
 - 6 k cavalry
- Hannibal
 - 40 k infantry
 - 10 k cavalry
- Results
 - Romans
 - 14 k escaped
 - 10 k captured
 - 56 k died
 - Hannibal
 - 6 k died

Battle at Cannae



Playing to Win-2013

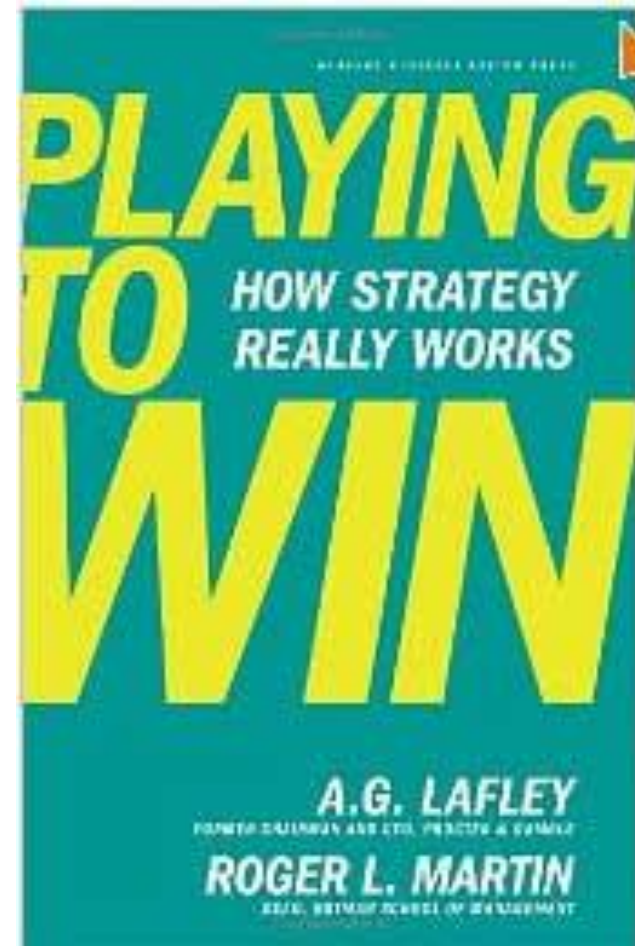


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Lafley & Martin, 2013

- Five essential questions:
 - What is your winning aspiration?
 - Where will you play?
 - How will you win?
 - What capabilities must be in place?
 - What management systems are required?



An integrated cascade of choices

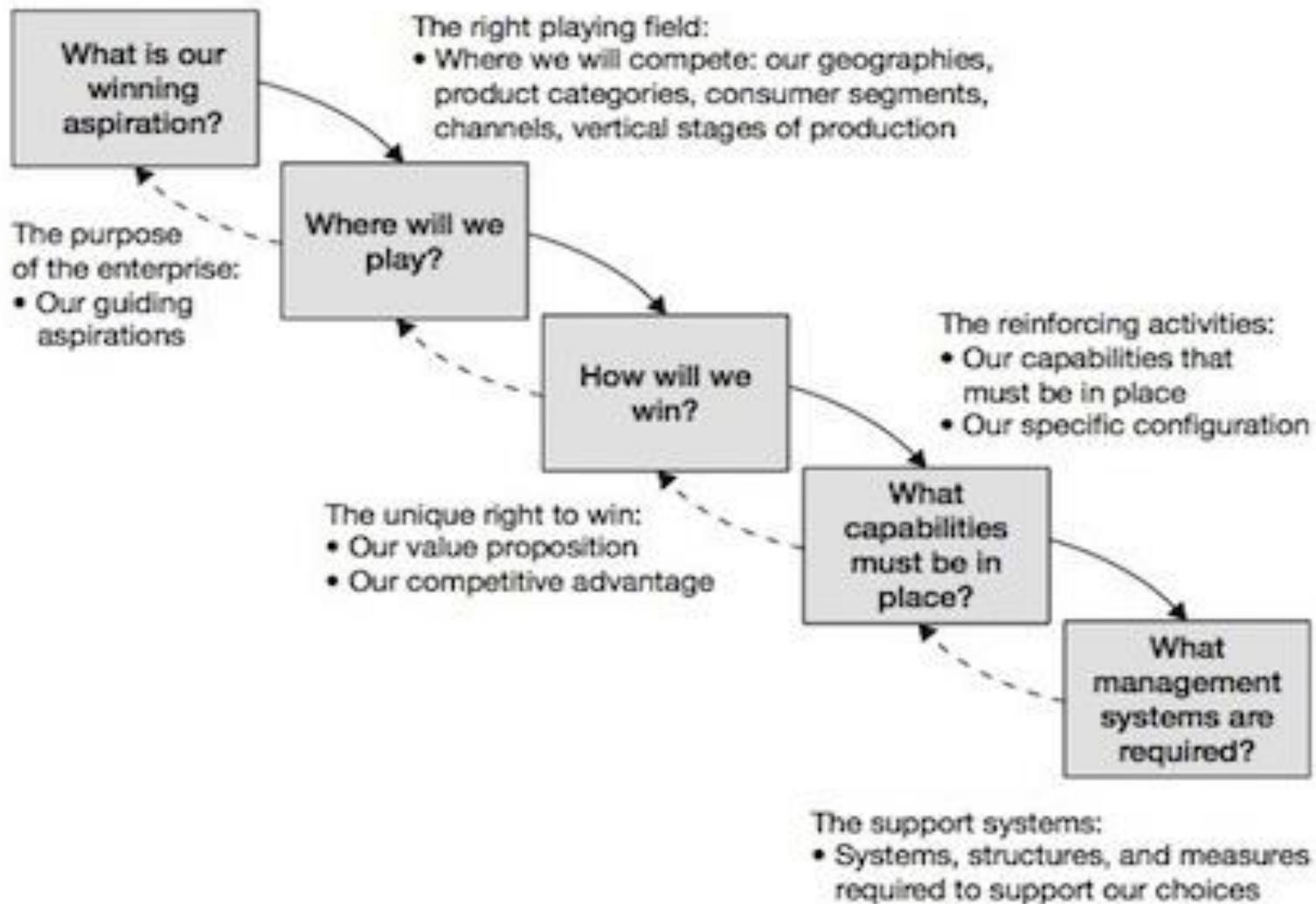
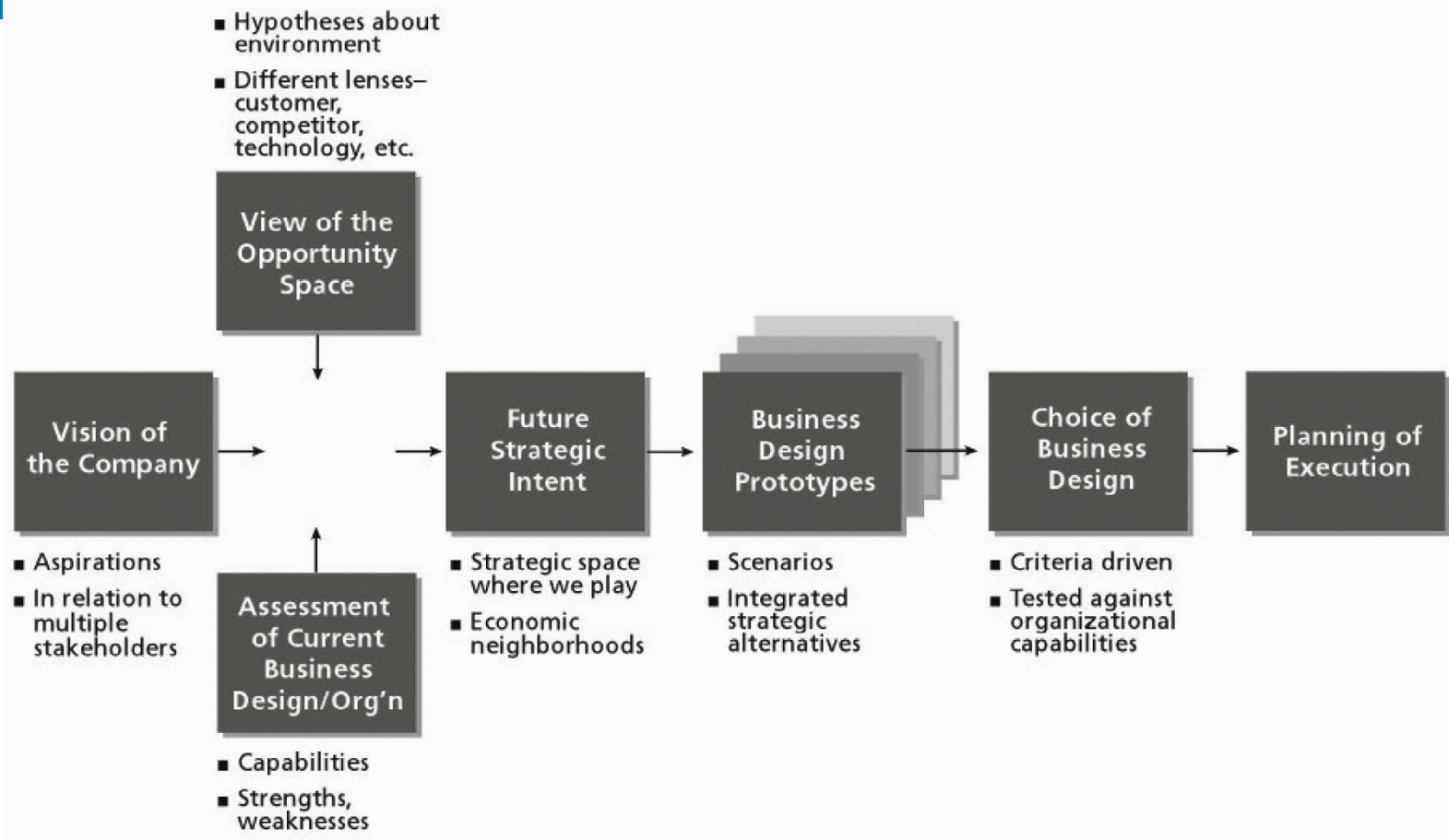
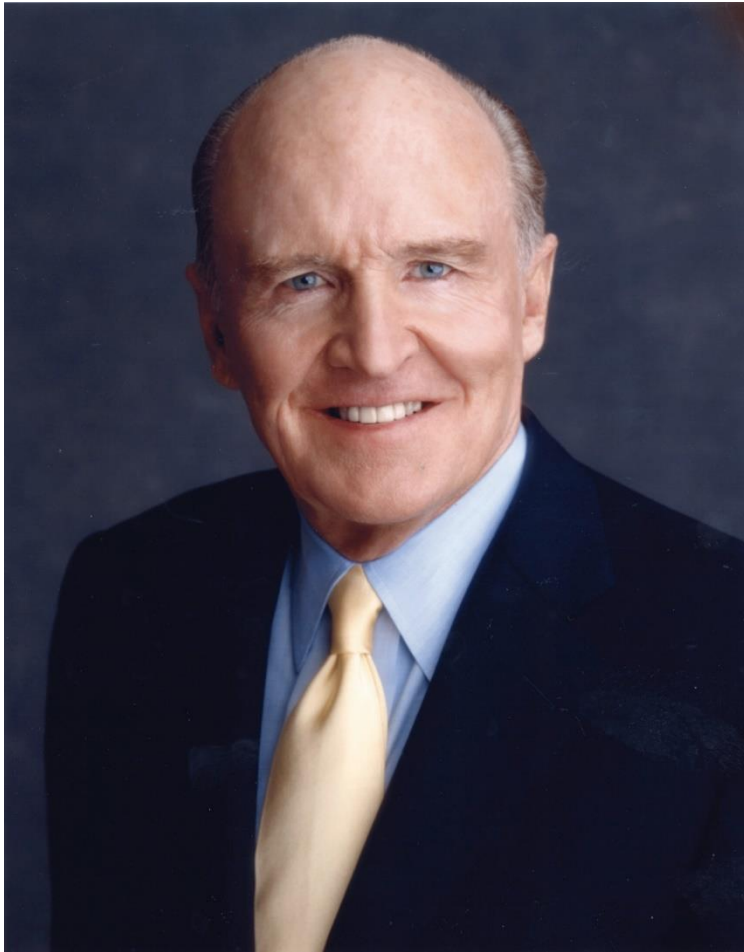


Exhibit 3 Parallel, lagged workflow process



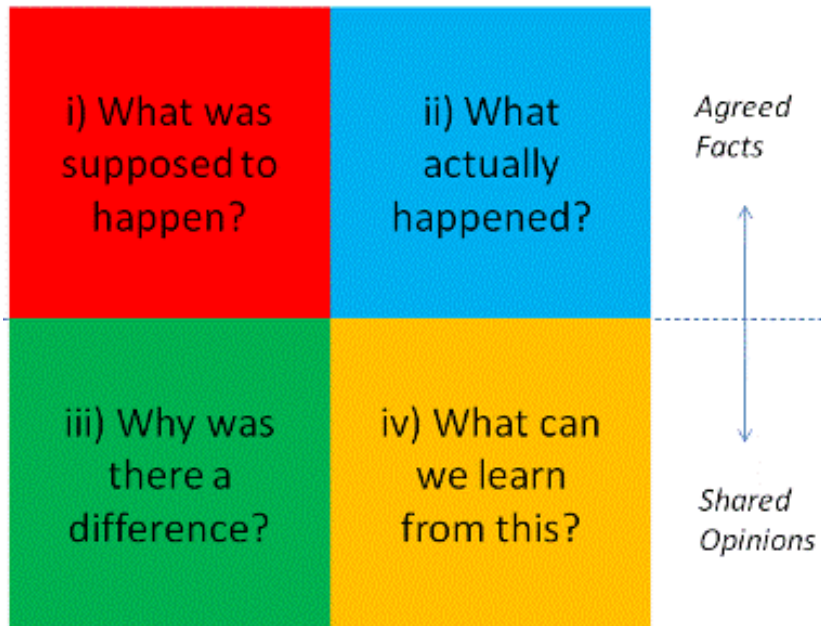
Leadership and Learning



- “The ultimate competitive advantage lies in an organization’s ability to learn and to rapidly transform that learning into action”.

Jack Welch, former Chairman and
CEO of the General Electric
Company

An Unlikely Example



Conclusion

- Ends and means
- Customer, competition, company
- Plans are nothing, planning is everything (Dwight Eisenhower)
- Engagement can improve execution
- Insight is a pre-requisite
- Learning faster is critical