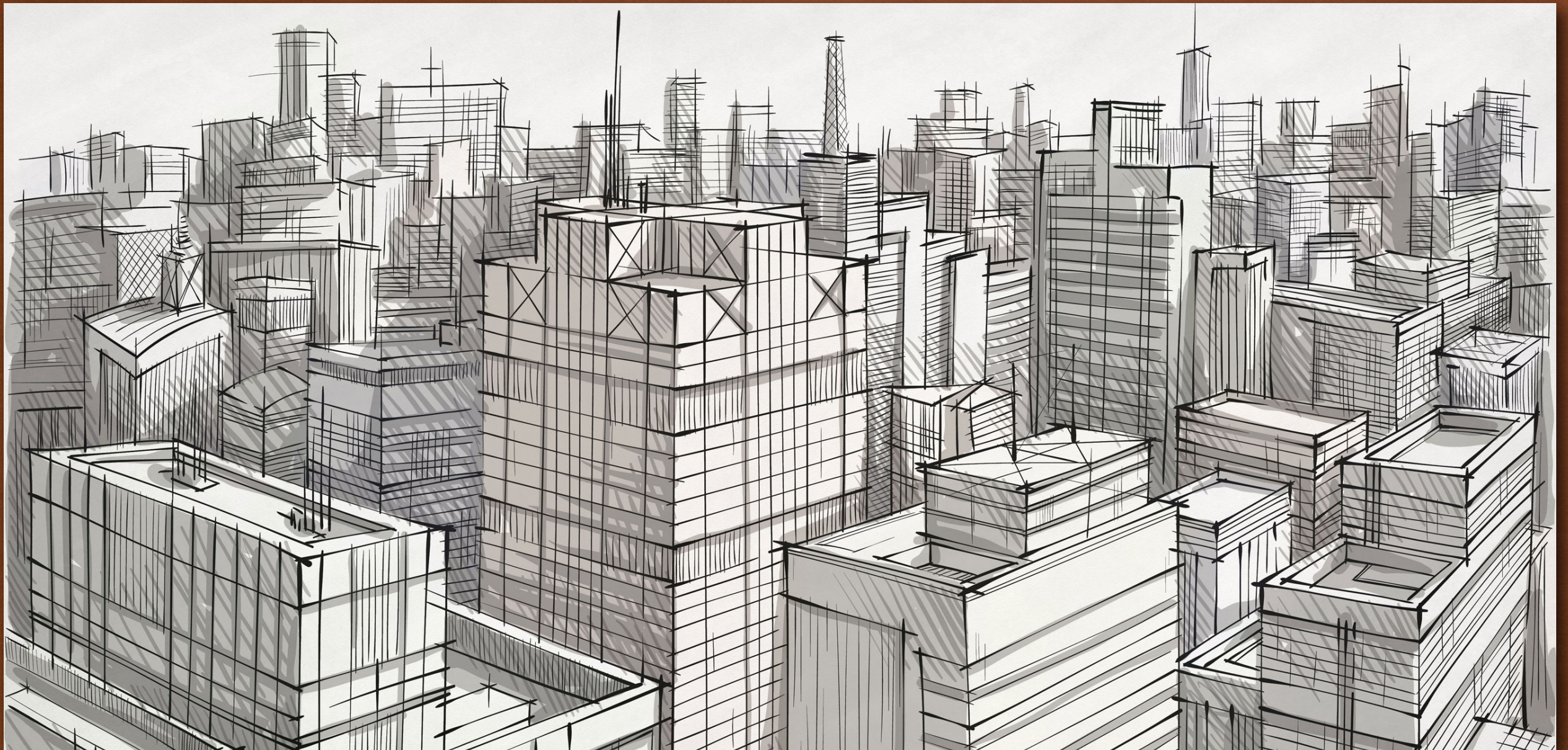


STRATEGY & ENTREPRENEURSHIP

ANDREW BELLAY — JULY 10, 2019

MGT 351 — ST. MARY'S COLLEGE



WHAT IS STRATEGY?

DEFINE STRATEGY

GOOGLE: "DEFINE STRATEGY"

strat·e·gy

/ 'strədəjē/ 

noun

a plan of action or policy designed to achieve a major or overall aim.

time to develop a coherent economic strategy

synonyms: master plan, grand design, game plan, plan of action, plan, policy, proposed action, scheme, blueprint, program, procedure, approach, schedule; More
tactics, set of tactics

"the government's economic strategy"

• the art of planning and directing overall military operations and movements in a war or battle.

synonyms: the art of war, military science, military tactics; generalship

"the process could revolutionize military strategy"

• a plan for military operations and movements during a war or battle.

"nonprovocative defense strategies"

SYNONYM?

GOOGLE: "DEFINE STRATEGY"

strat·e·gy

/ 'stradəjē/ 

noun

a plan of action or policy designed to achieve a major or overall aim.

"time to develop a coherent economic strategy"

synonyms master plan, grand design, game plan, plan of action, plan, policy, proposed action, scheme, blueprint, program, procedure, approach, schedule; More tactics, set of tactics

the government's economic strategy

- the art of planning and directing overall military operations and movements in a war or battle.

synonyms the art of war, military science, military tactics; generalship

"the process could revolutionize military strategy"

- a plan for military operations and movements during a war or battle.

"nonprovocative defense strategies"

STRATEGY = PLAN?

STRATEGY ETYMOLOGY

stratēgos  *stratēgia*  *strategy*
(greek) (greek) (english)

stratēgos = *stratos* + *agos*

strategy = "multitude, army" + "leader"

strategy = "to lead that which is spread out"

Source: <https://www.etymonline.com/word/strategy>

WHAT IS STRATEGY? (HBR, 1996)

MICHAEL PORTER

Strategy is not **operational effectiveness**.

Three "definitions":

- 1) Strategy is **the creation of a unique and valuable position, involving a different set of activities.**
- 2) Strategy is **making trade-offs in competing.**
- 3) Strategy is **creating fit among a company's activities.**

**SOMETHING IS
STILL MISSING**

THE 2 MEANINGS OF "STRATEGY"

"At the beginning of the weekend retreat, the executives didn't know the difference between strategy and tactics

...but by the end they had brainstormed 3 strategies to present to the board of directors."

WHO CARES?

ME, MY THESIS & MY GOAL

ANDREW BELLAY

- Who am I?
 - Education - family, unique high school, 3 degrees
 - 3-time founder
 - Helped form, advise, or vendor for 300+ companies
 - Experimented a lot: ExxonMobil, patents, published research, ran clean-tech nano VC fund, micro-brewer, self-taught iOS developer
- Operate MetaNeer Labs, Product Management firm
- Write about strategy at Straty.com
- **My thesis:** Strategy is poorly understood and therefore poorly valued.
- **My goal:** Define, deconstruct, codify & exploit good strategy.

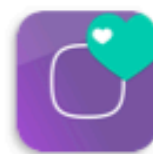


Stanford | ENGINEERING
Management Science and Engineering



 The University of Texas at Austin
McKetta Department
of Chemical Engineering
Cockrell School of Engineering

 The University of Texas at Austin
Plan II Honors Program



dr+ on demand

Stanford
University



Dropbox



NOORAHEALTH



Shell



WELL



LinkedIn

ExxonMobil



PocketLab



CORNING



The UNIVERSITY of OKLAHOMA



Stanford
MEDICINE



nomly



UCSF

University of California
San Francisco



Google



leapcommerce



versalume



TRUEVAULT
A secure API to store health data



appthority

FLEX
THE SCIENCE OF MOVEMENT

**WHY SHOULD
YOU CARE?**

PROBLEMS WITH “STRATEGY”

1. Has a huge burden to carry.
2. No good or clear definition.
3. Both a process and an outcome.
4. Tactics mistaken with strategy.

Result: Failure or falling for snake oil.

WHAT IS STRATEGY?

THE STRATY.COM DEFINITION

Strategy is the **process** of creating a set of **well-aligned activities** with the aim of occupying a **valuable position** in a **competitive landscape**.

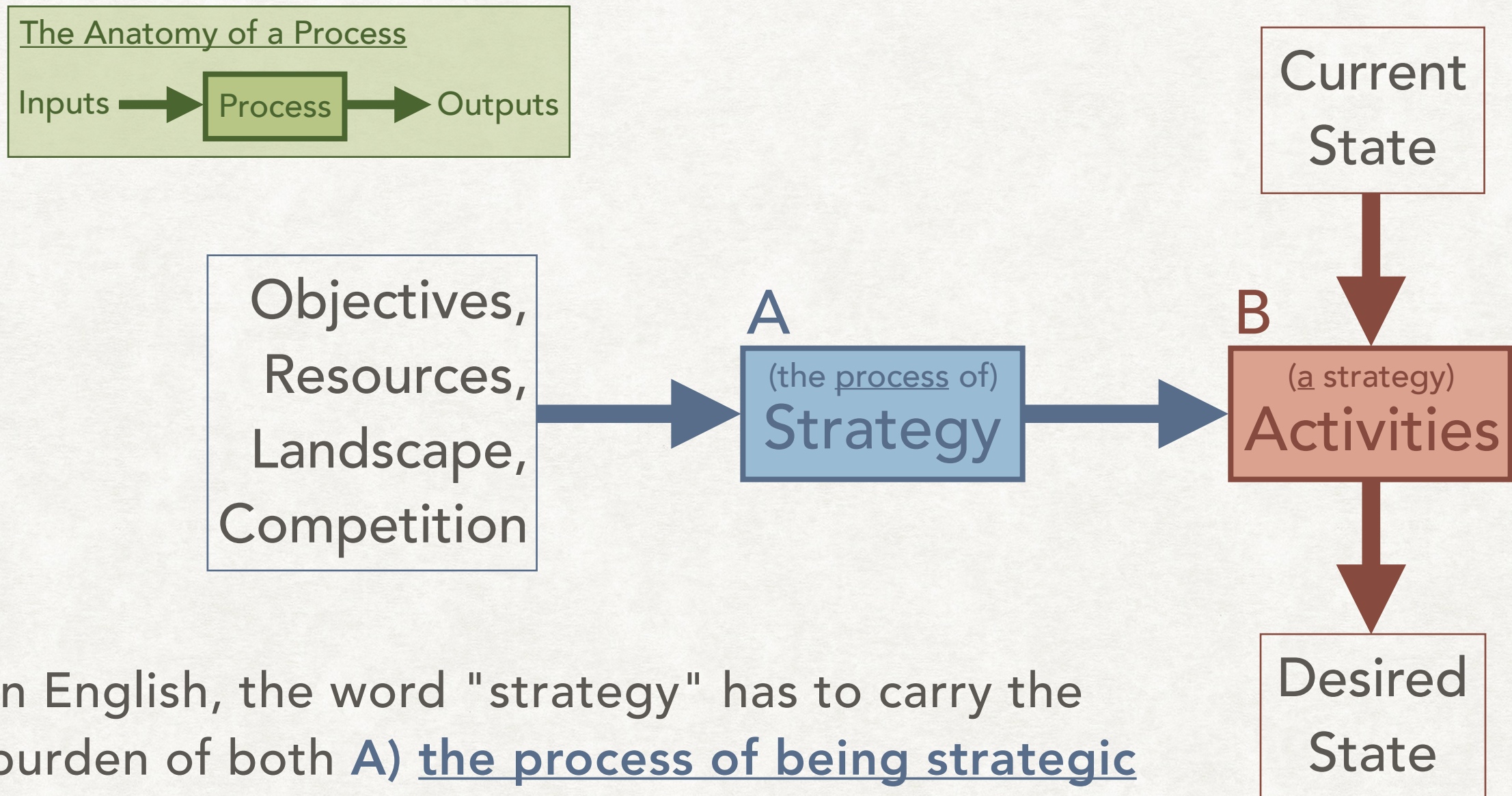
THE 2 MEANINGS OF "STRATEGY"

"At the beginning of the weekend retreat, the executives didn't know the difference between strategy and tactics

...but by the end they had brainstormed 3 strategies to present to the board of directors."

"STRATEGY" IS BOTH A PROCESS & AN OUTPUT

Strategy is the process of creating a set of well-aligned activities with the aim of occupying a valuable position in a competitive landscape.



In English, the word "strategy" has to carry the burden of both **A) the process of being strategic** and of **B) a specific set of activities**, which takes the decision maker from their current state to the desired state. *The distinction is between a countable vs uncountable (or mass) noun.*

**WHAT'S WITH ALL
THE DEFINITIONS?**

THE 7 CLASSICAL LIBERAL ARTS

TRIVIUM + QUADRIVIUM

- **Trivium = Grammar, Logic & Rhetoric (lower division)**
 - “Grammar is the art of inventing symbols and combining them to express thought;”
 - “Logic is the art of thinking;”
 - “Rhetoric is the art of communicating thought from one mind to another, the adaptation of language to circumstance.”
- **Quadrivium = Arithmetic, Geometry, Music & Astronomy (upper division)**

Sister Miriam Joseph, *The Trivium: The Liberal Arts of Logic, Grammar, and Rhetoric* (2002)

WHAT IS COMPETITION?

- **Compete** = to "strive to gain or win something by defeating or establishing superiority over others who are trying to do the same"
- Latin *competere*, from **com** "with, together" + **petere** "to strive, seek, fall upon, rush at, attack"
- Same root as "*competence*"
- Obvious military association
- Why is there competition?

<https://www.etymonline.com/word/compete> & Google Definitions

INTRODUCTIONS

WHO ARE YOU?

- Name
- Hometown
- Most recent / current company & industry
- What do you want to do after your MBA?
- Why are you taking this class?

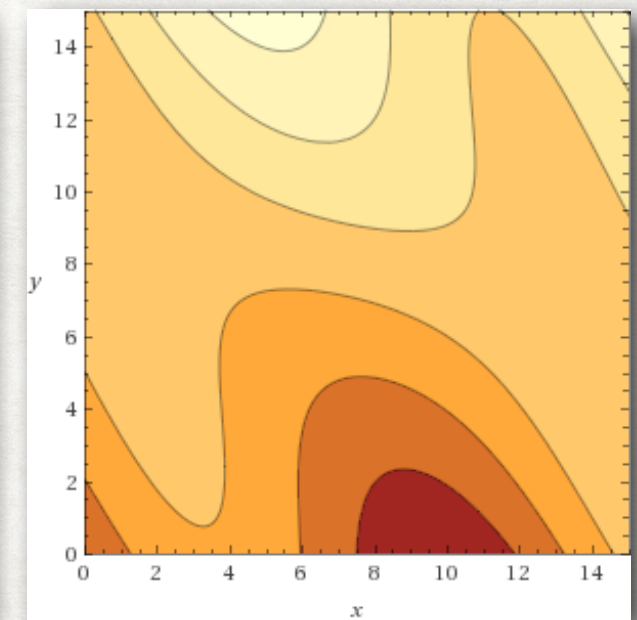
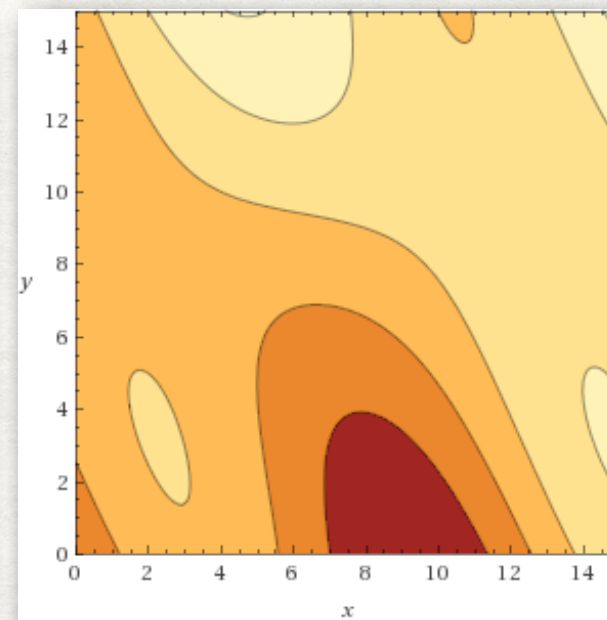
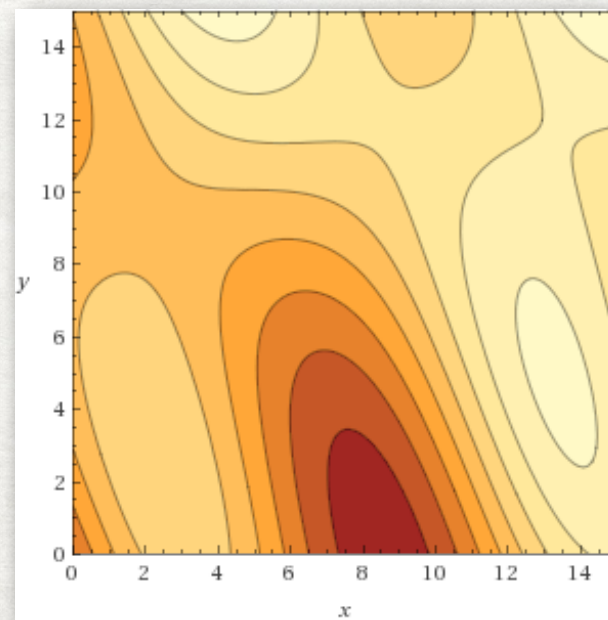
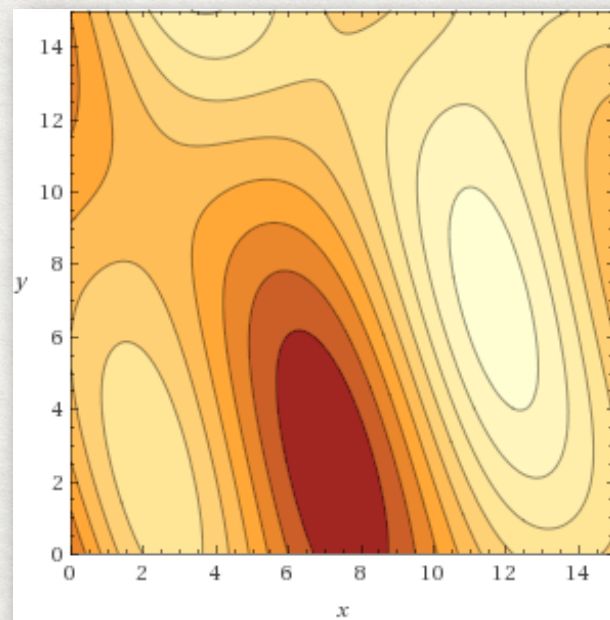
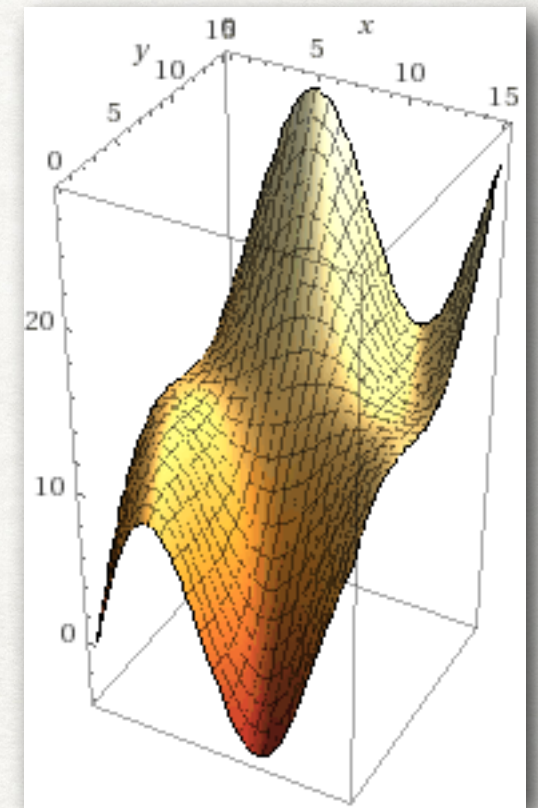
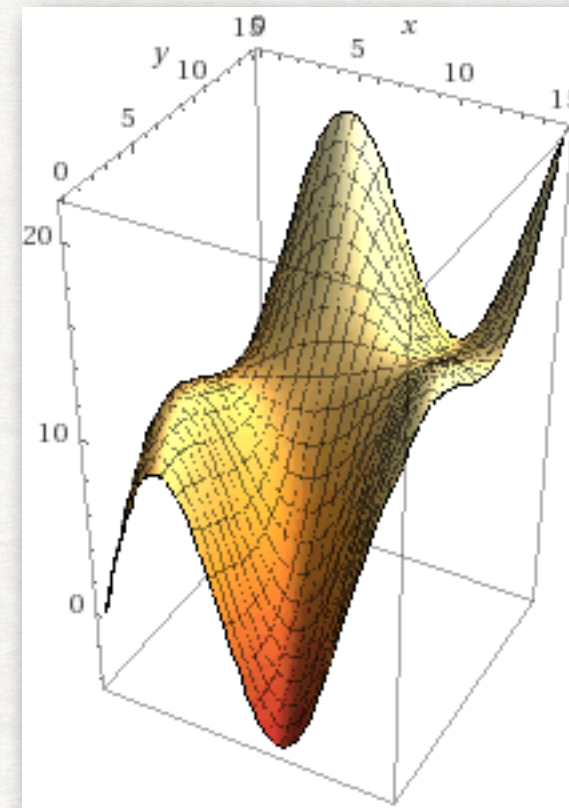
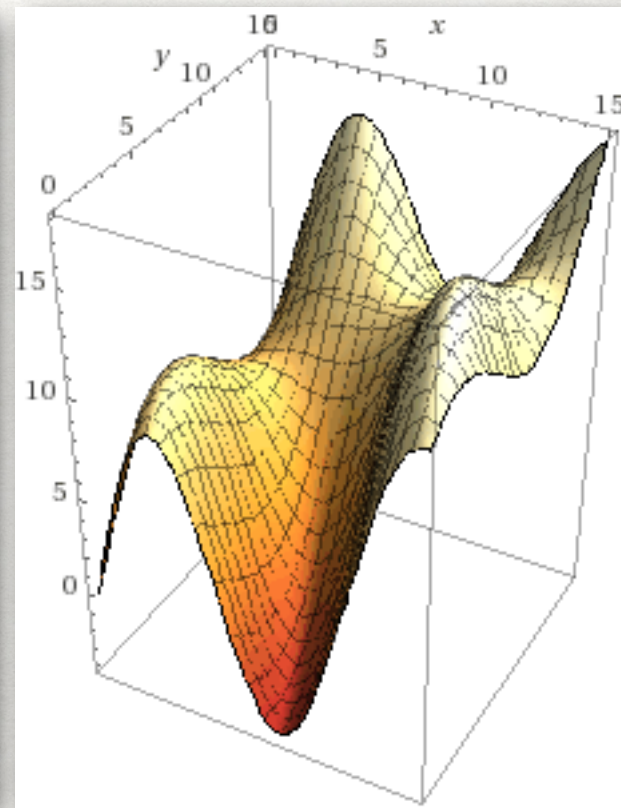
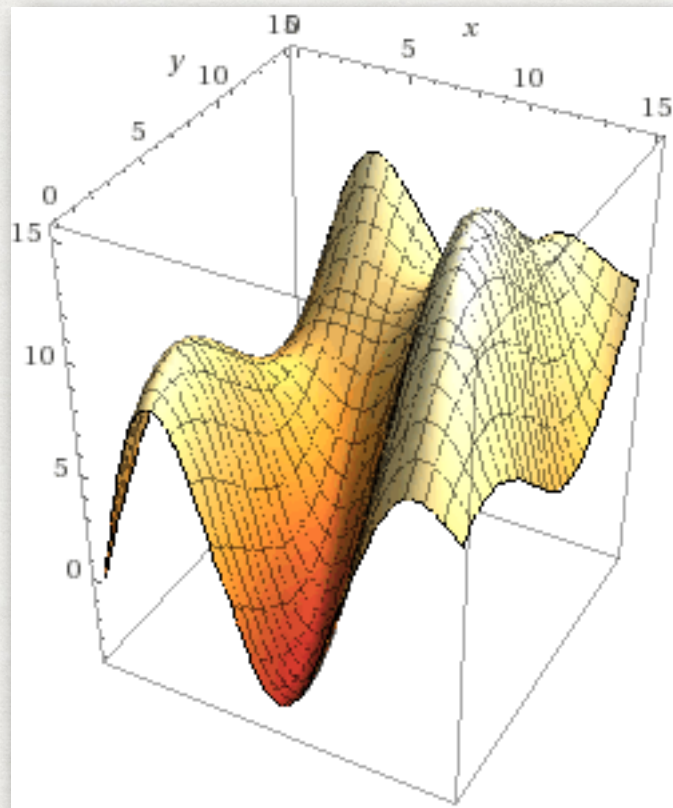
SIMULATION

FIDGET SPINNER SIMULATION

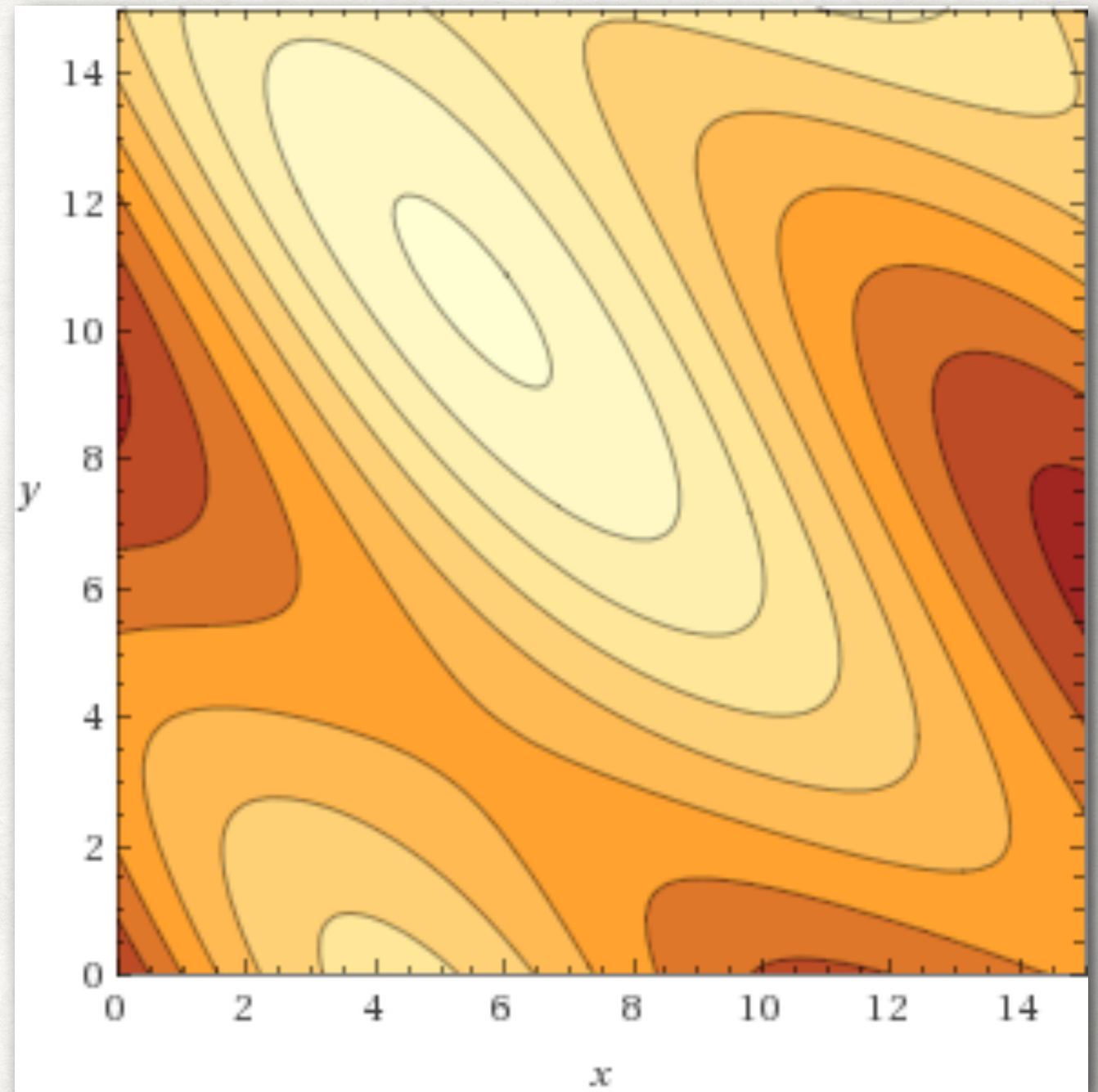
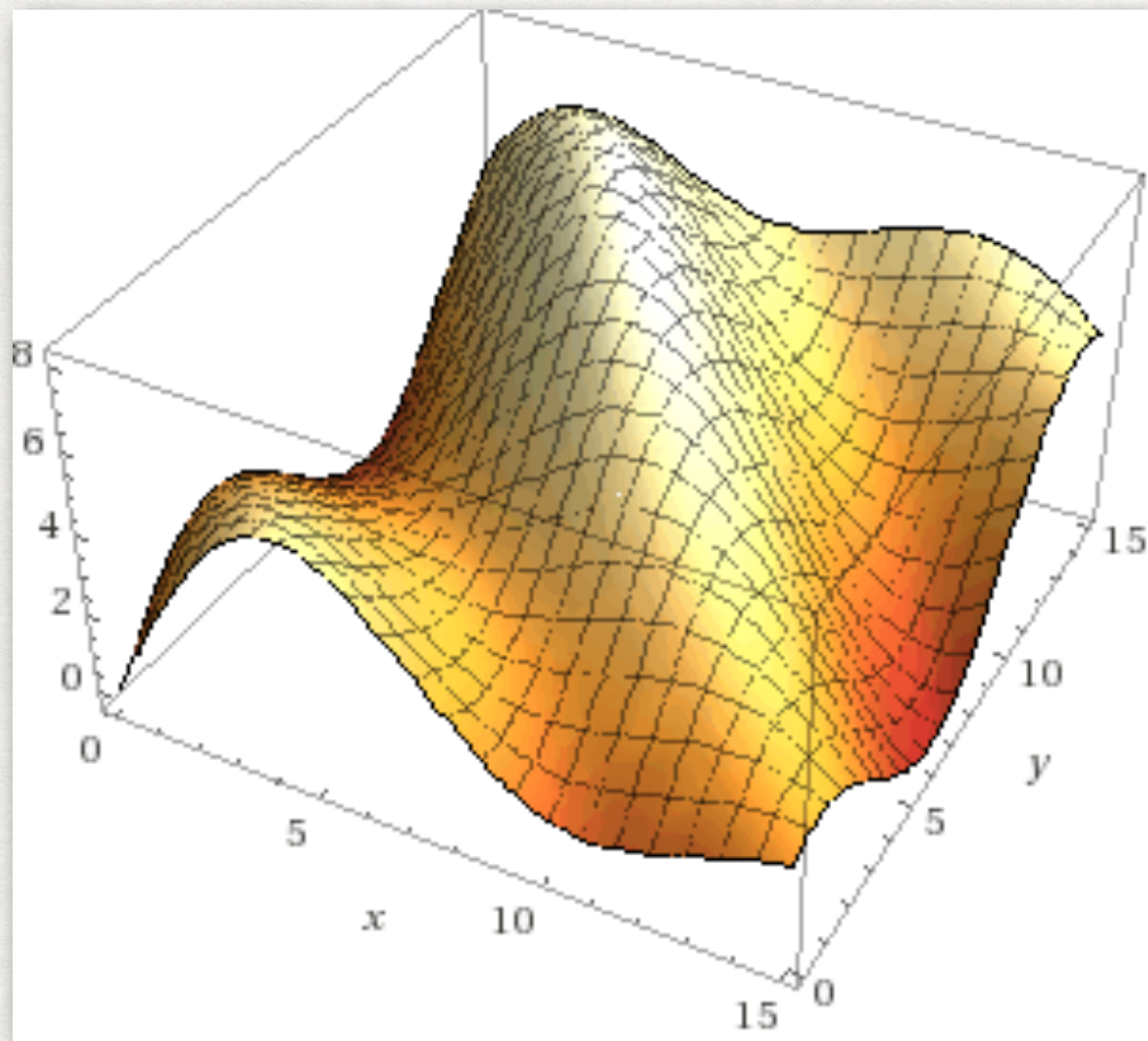
YOUR COMPANY SELLS FIDGET SPINNERS

- 5 teams, 4 rounds
- Each team will make 4 decisions during every round:
 - **Feature X** (0-15)
 - **Feature Y** (0-15)
 - Investment in **Cost Reduction**
 - Investment in **Marketing**
- Features don't cost anything. Investments do. You have 10 credits per round to invest in either Cost Reduction or Marketing.
- Winner = team with highest Sales Score at the end
- There may be other, undisclosed, rules.
- What's your strategy?
- What are your questions?

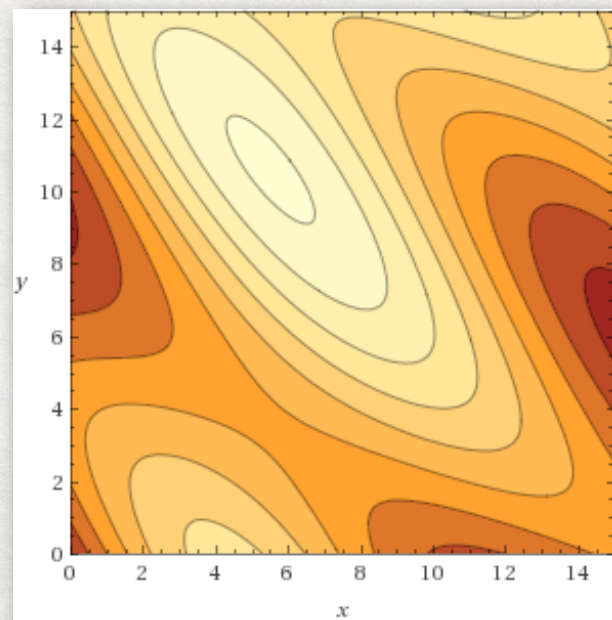
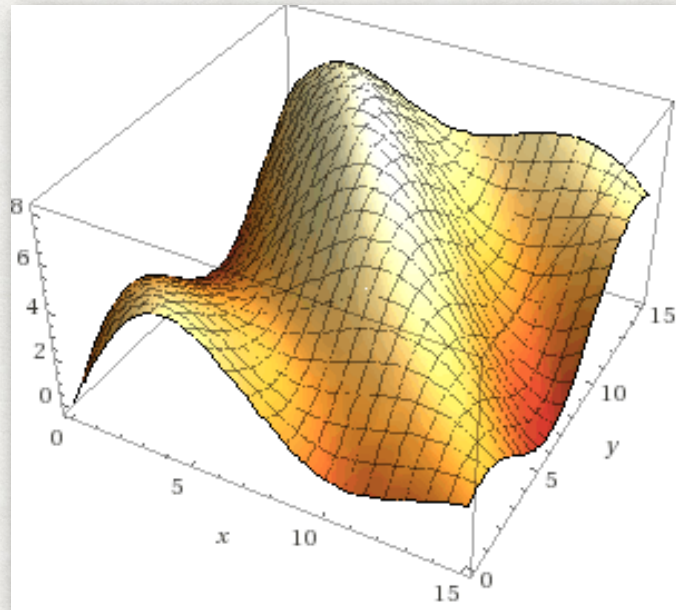
EXAMPLE ROUNDS



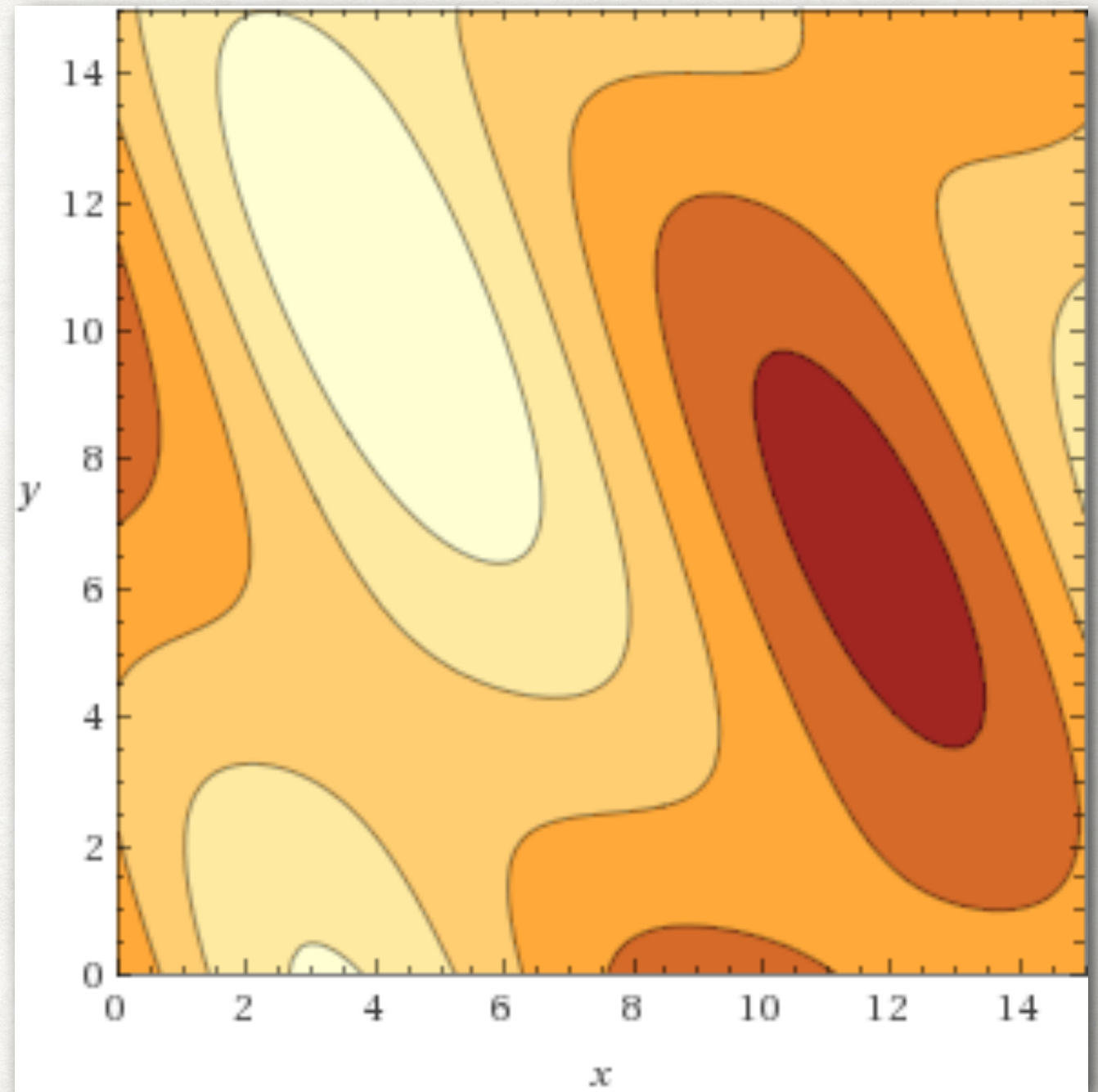
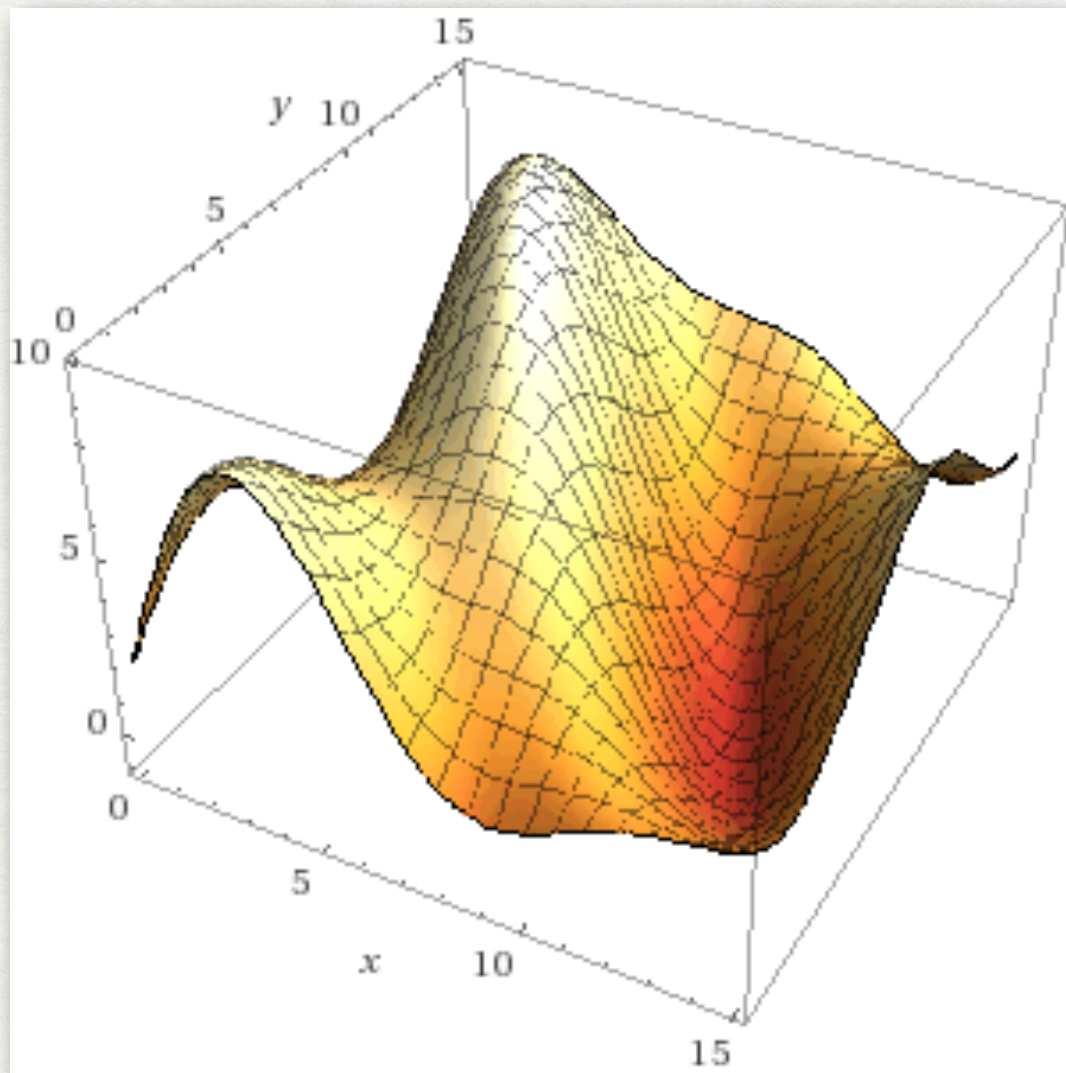
ROUND 1 RESULTS



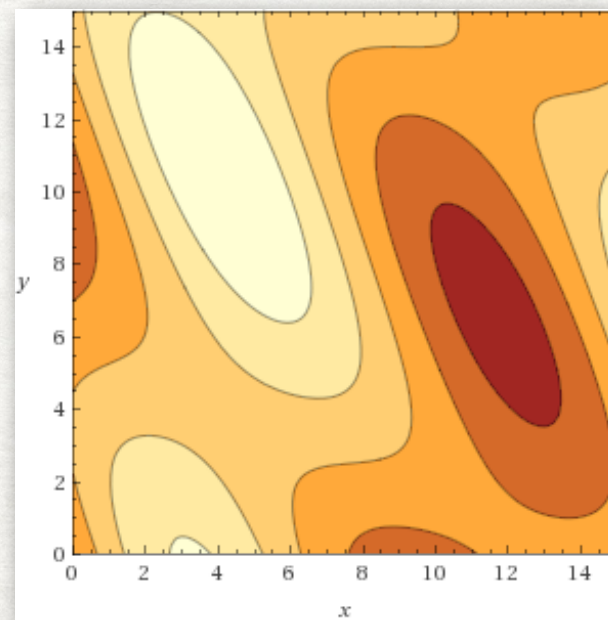
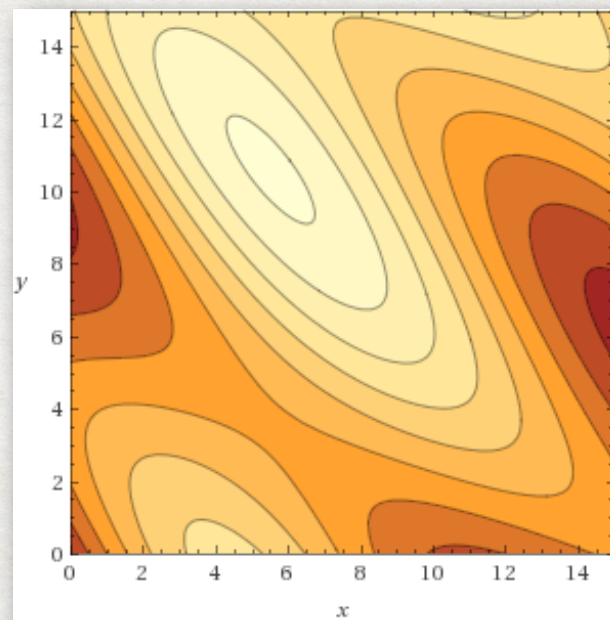
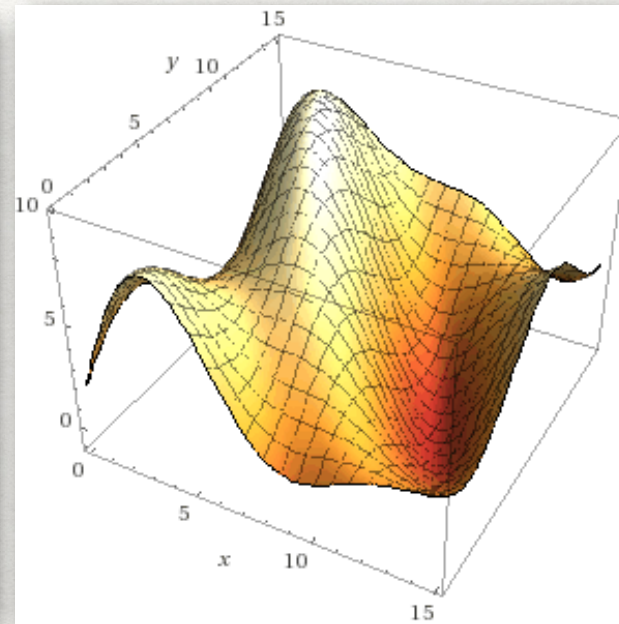
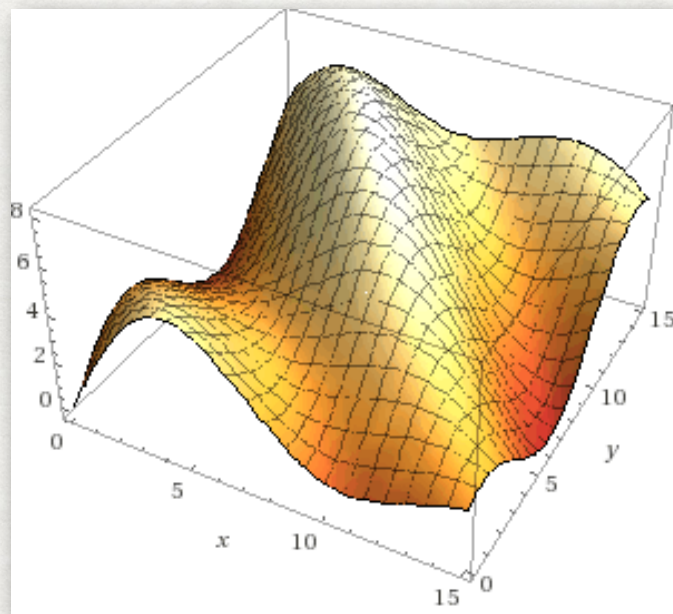
RESULTS TO ROUND 1



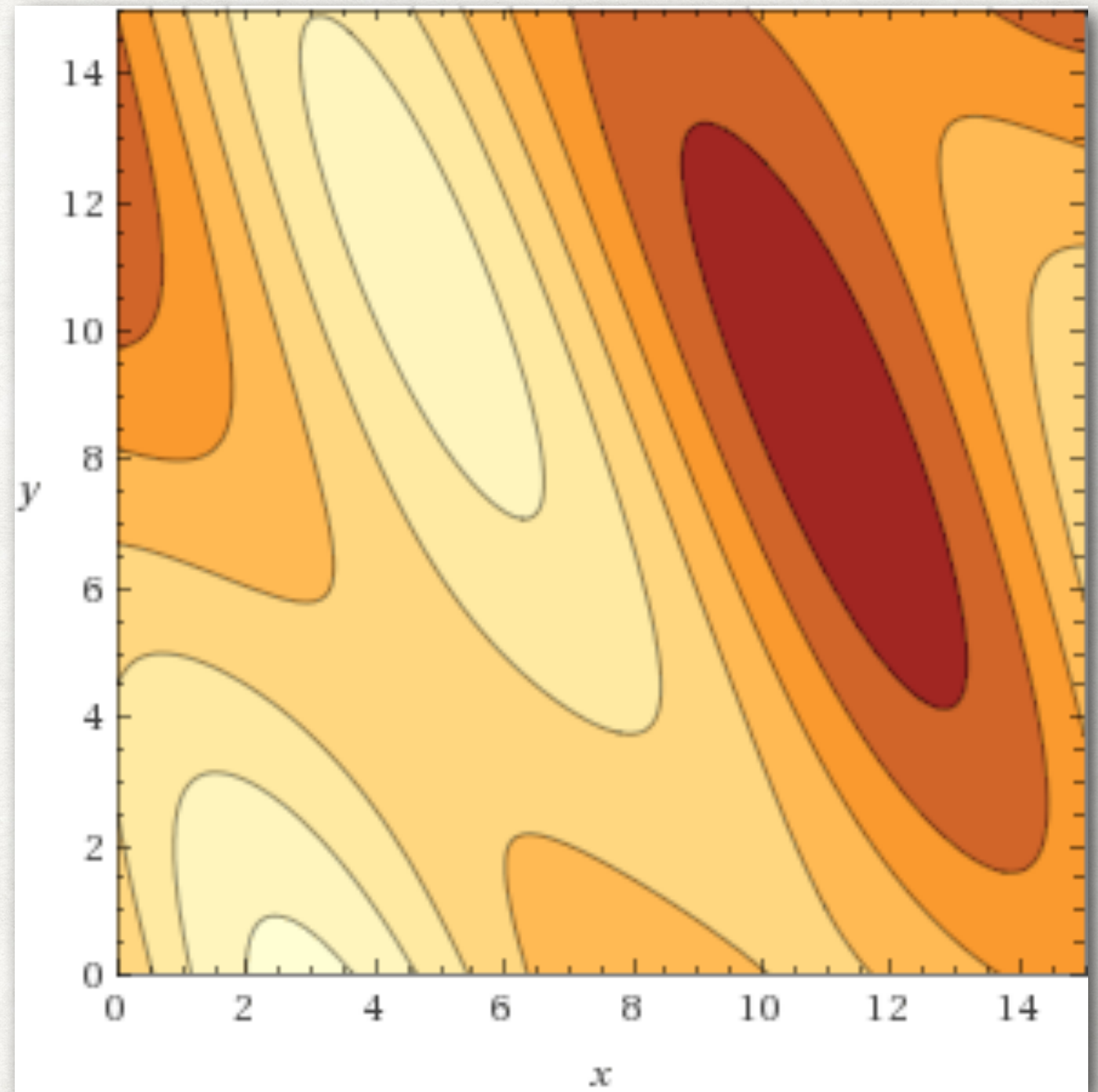
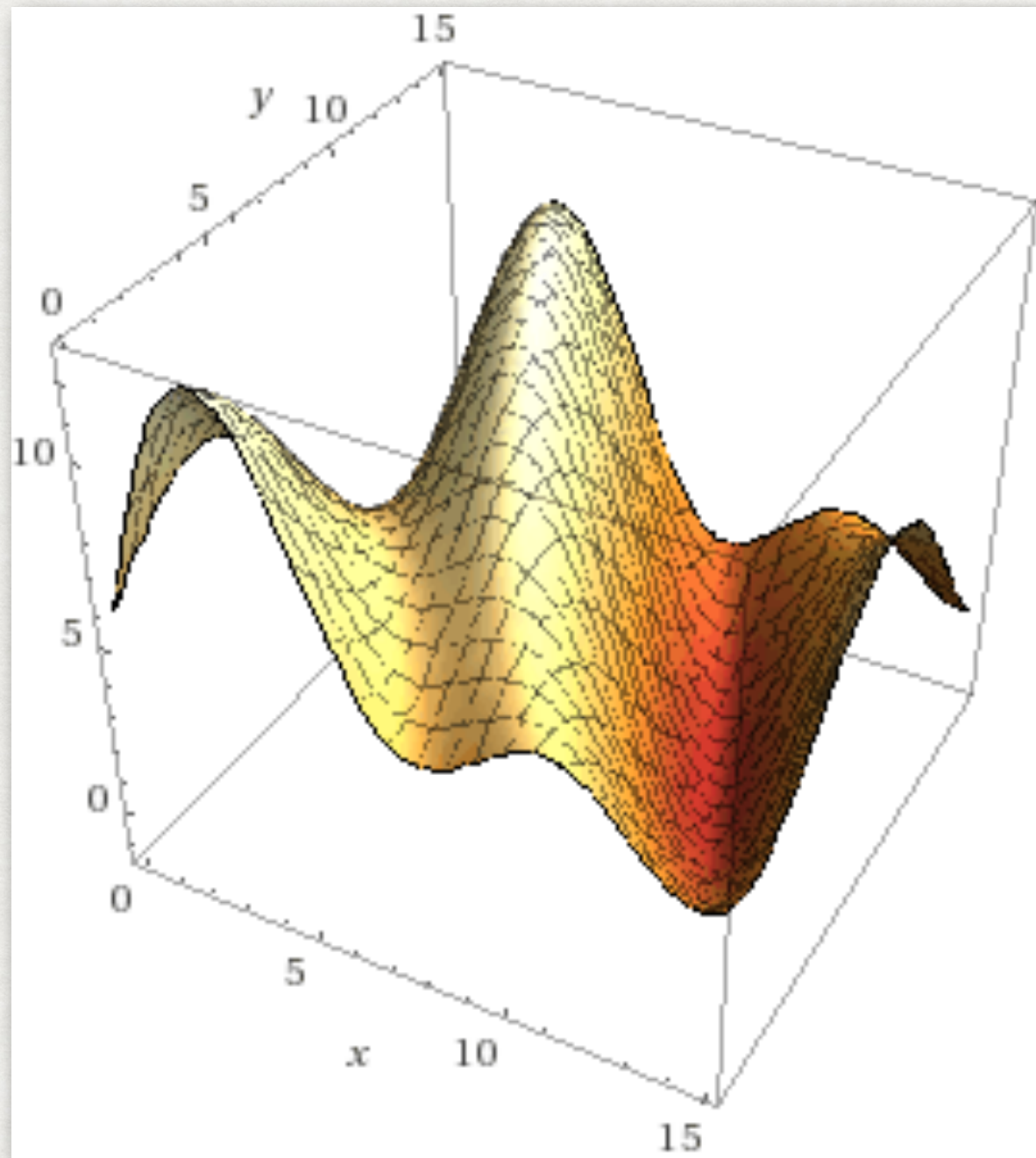
ROUND 2 RESULTS



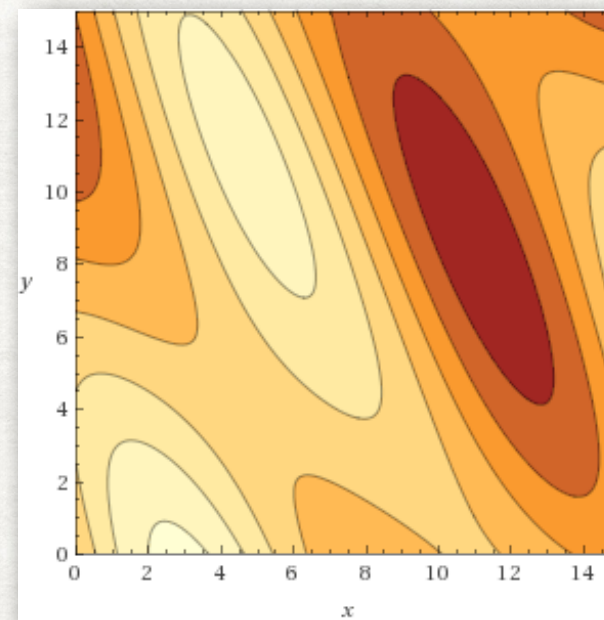
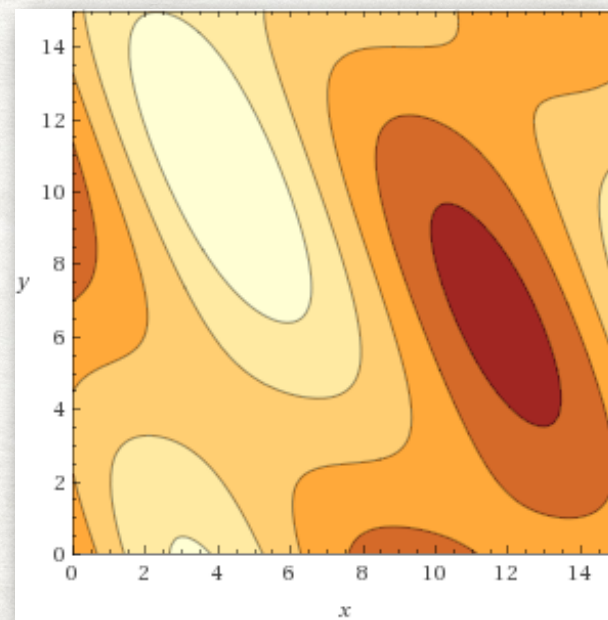
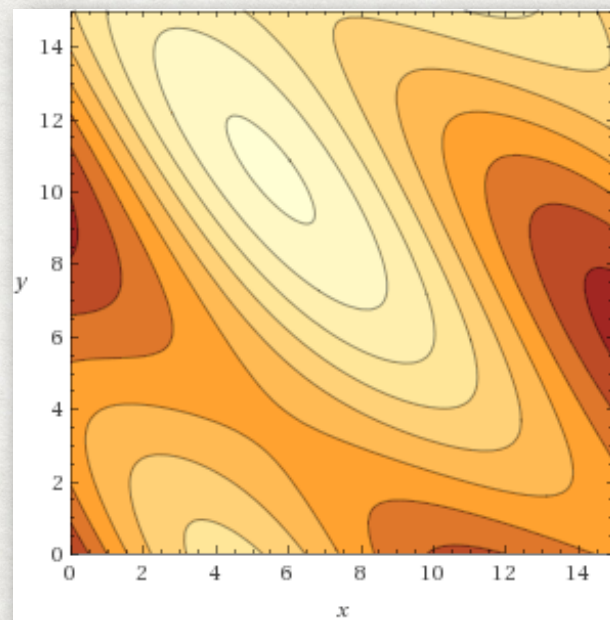
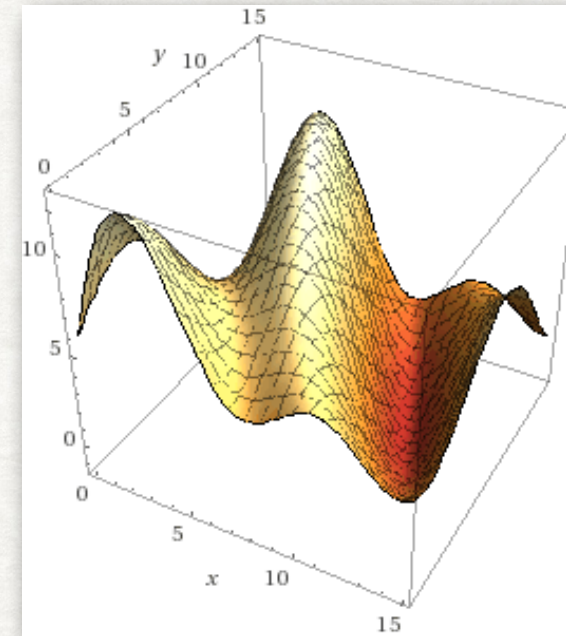
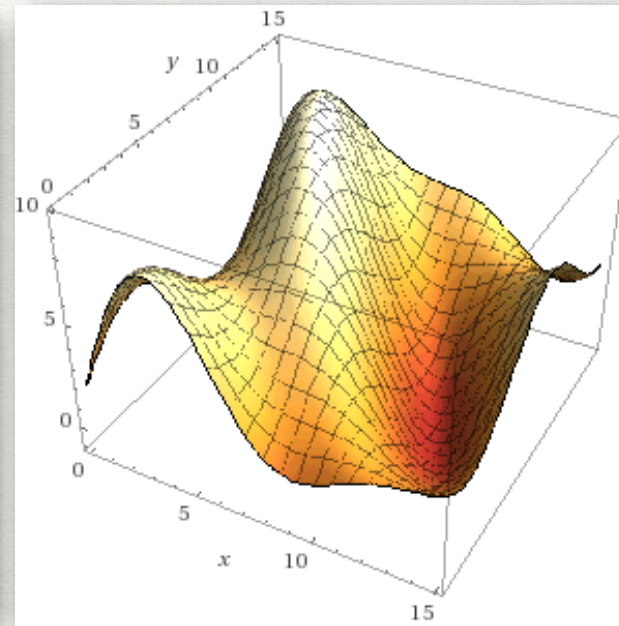
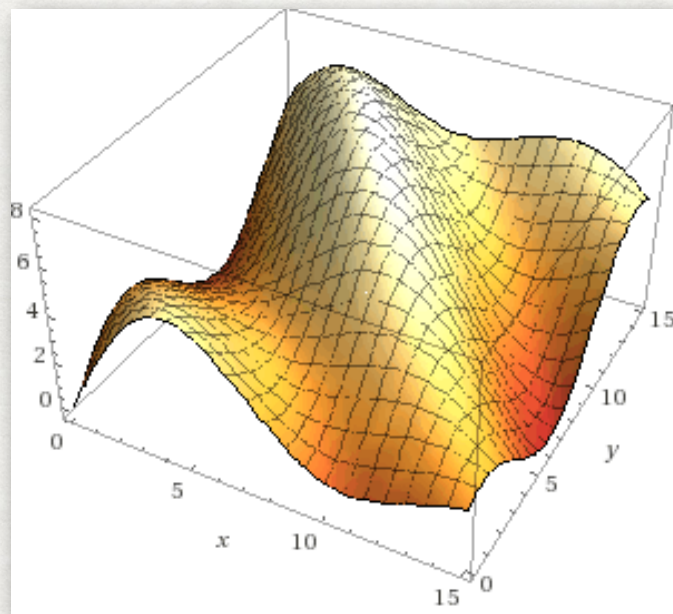
RESULTS TO ROUND 2



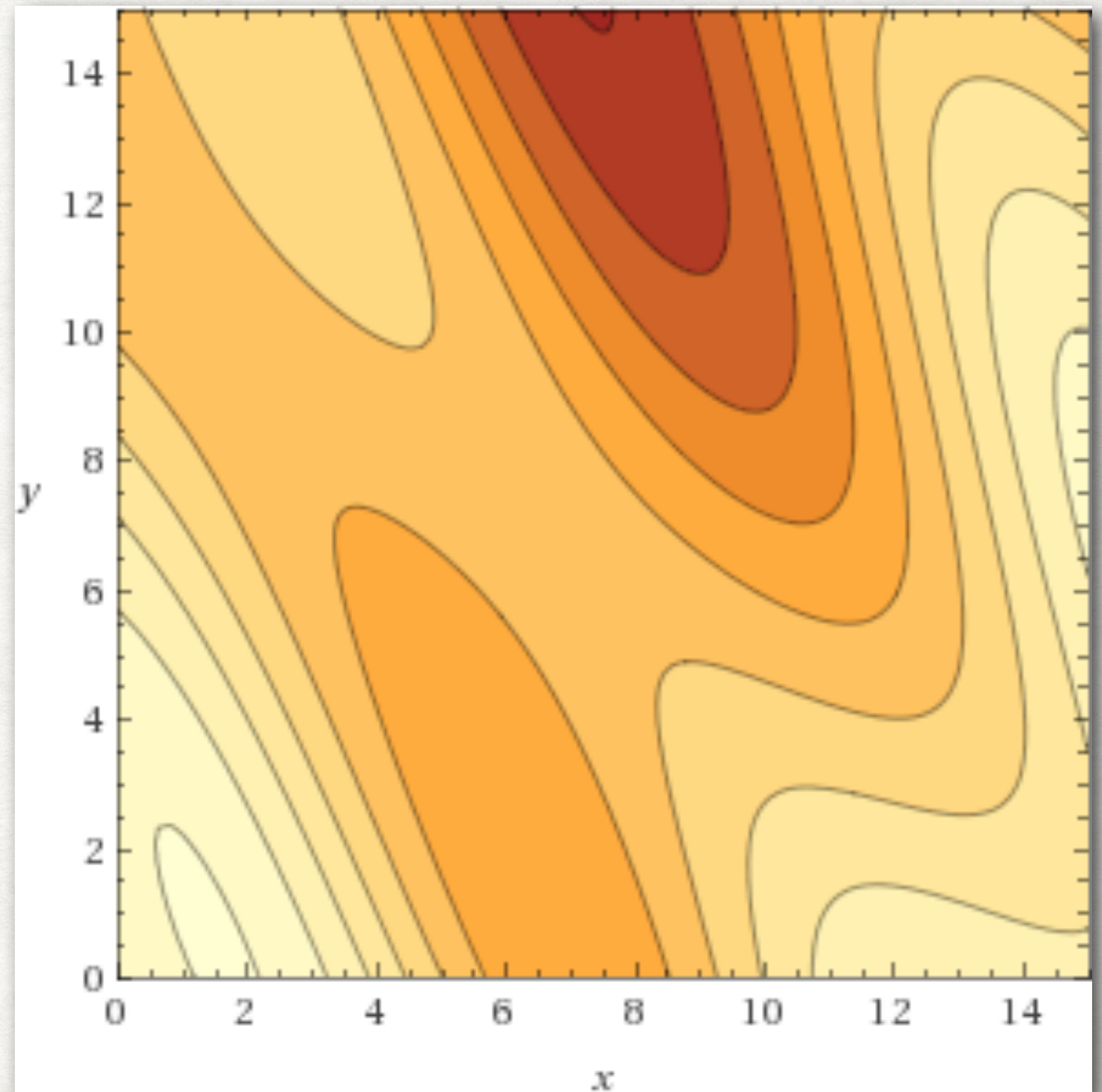
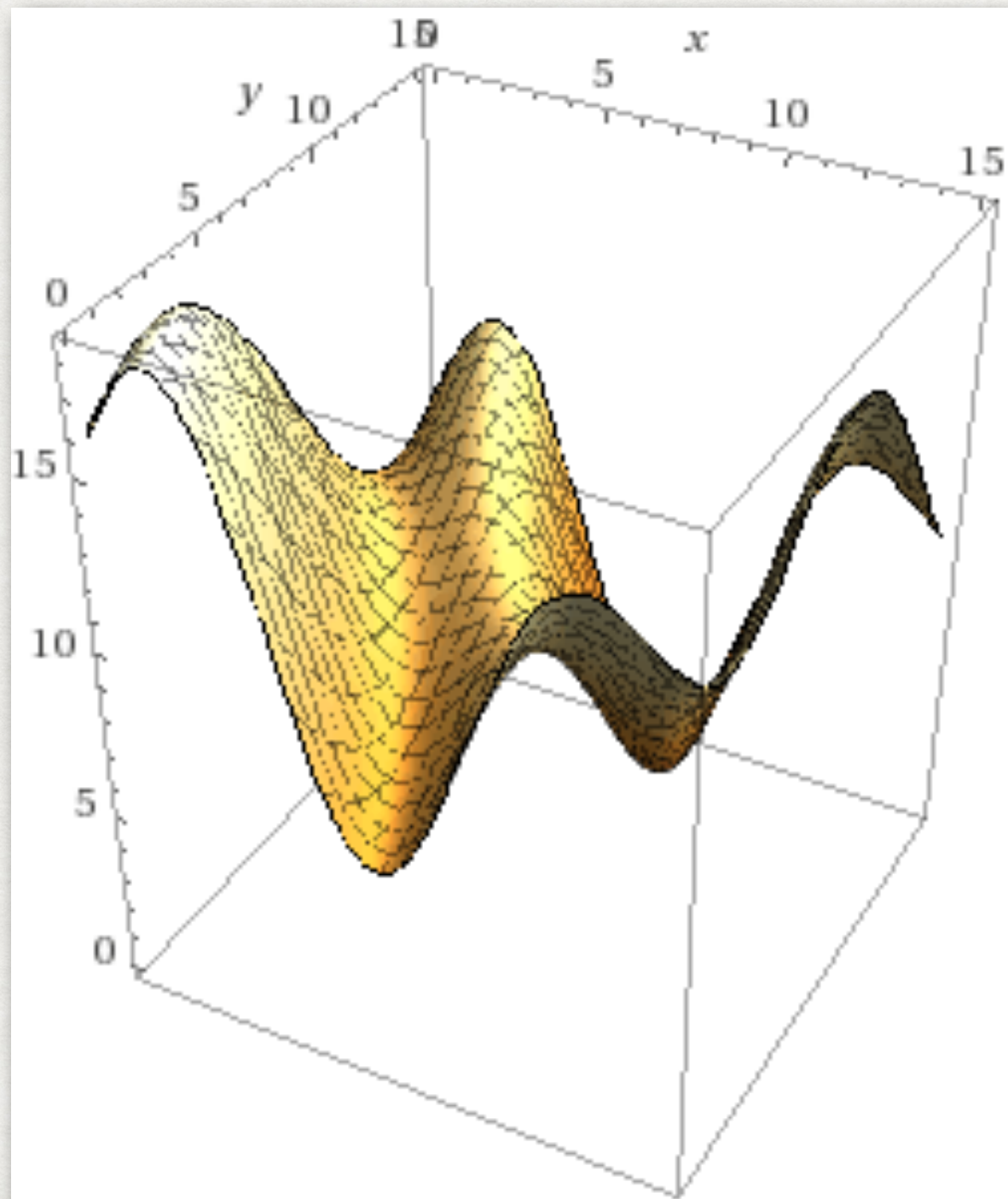
ROUND 3 RESULTS



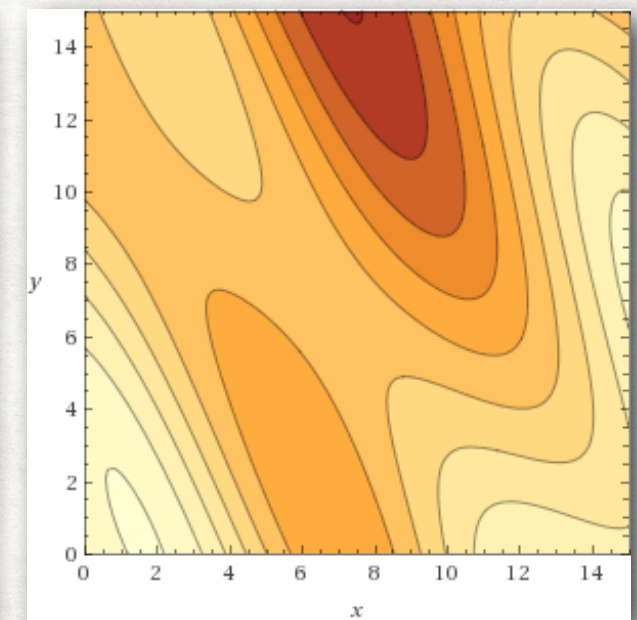
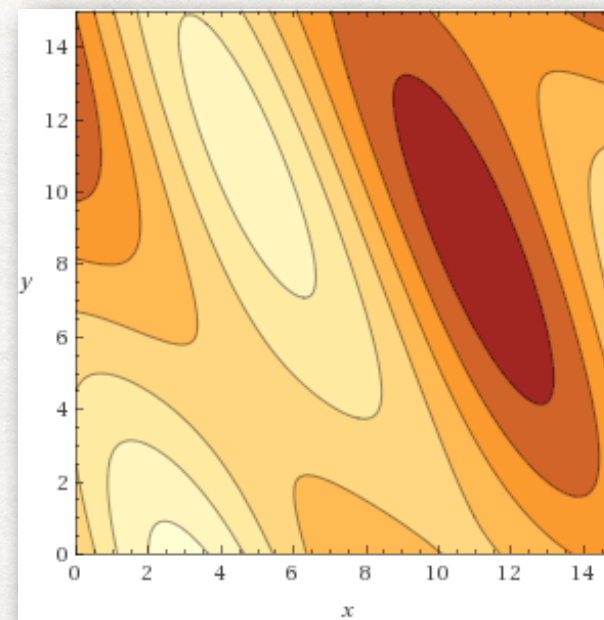
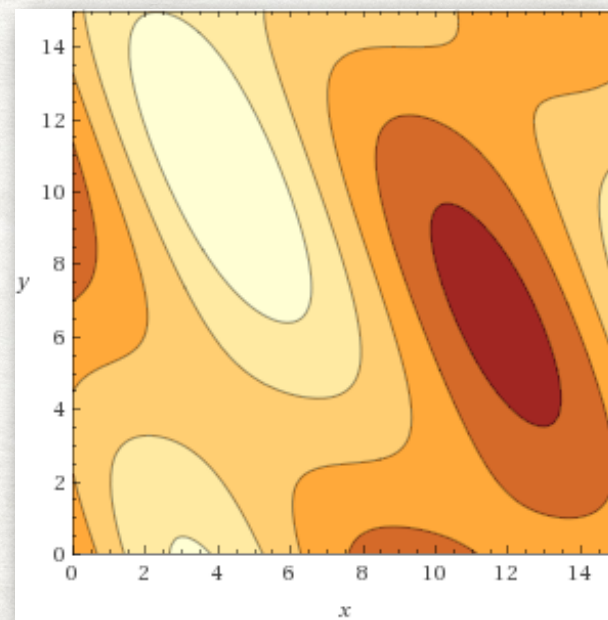
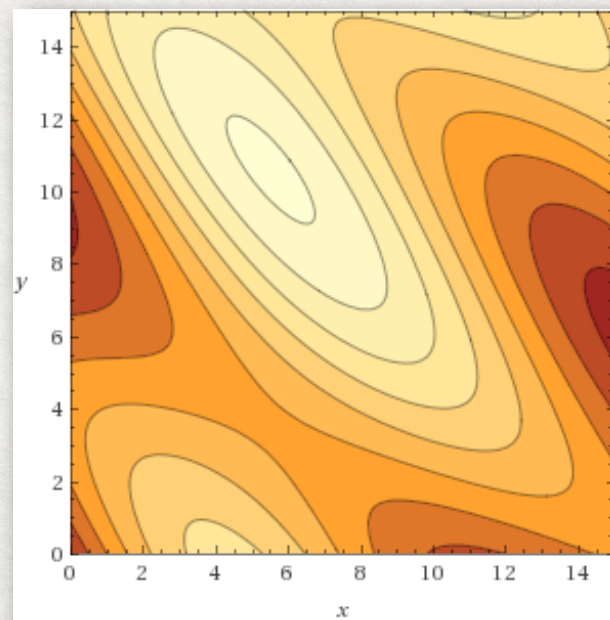
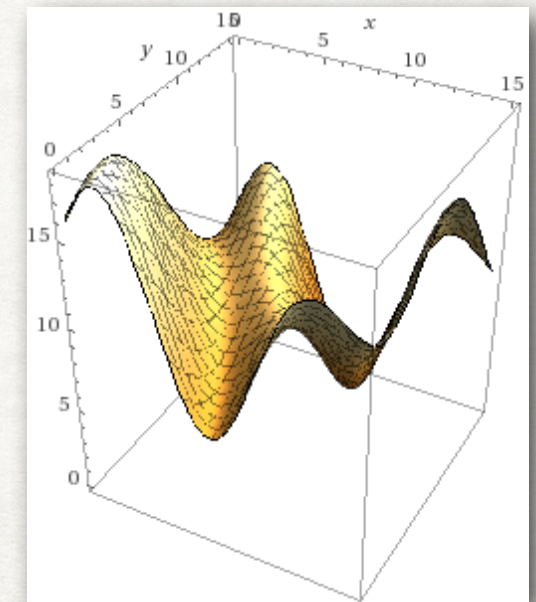
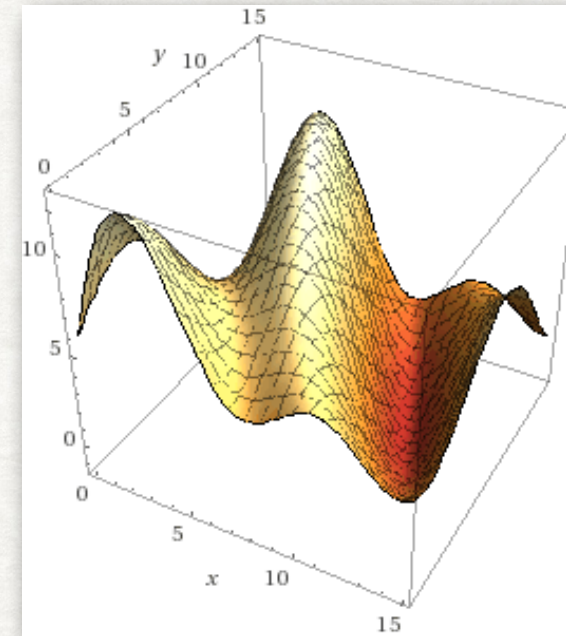
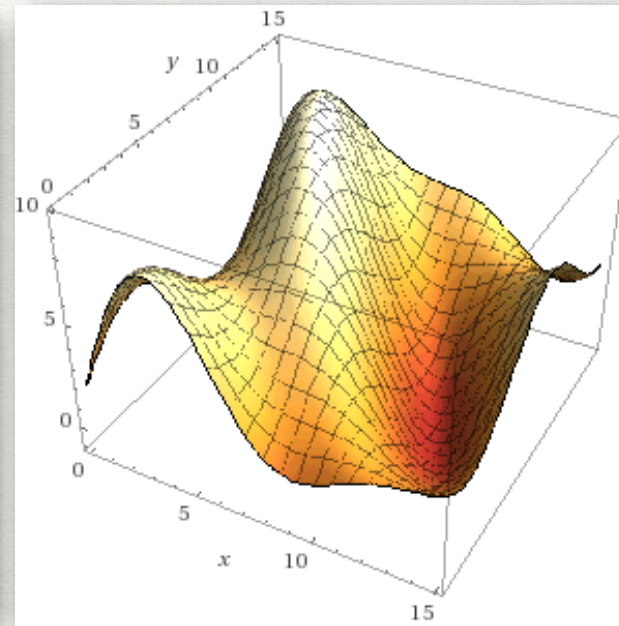
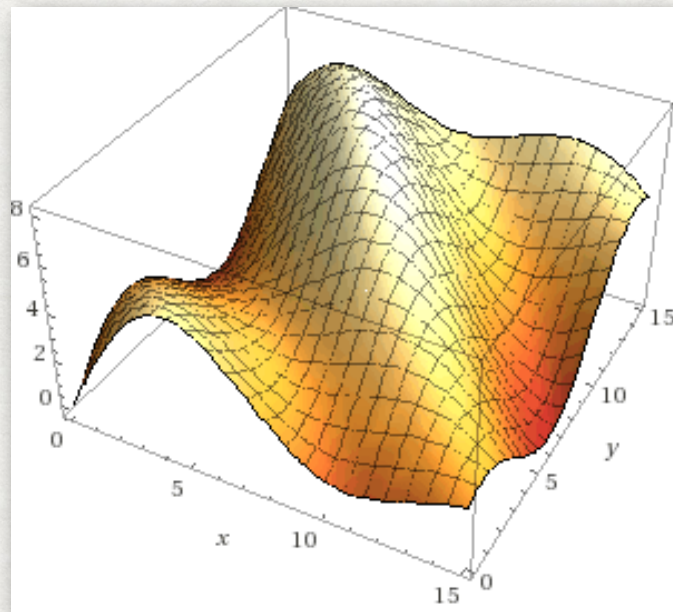
RESULTS TO ROUND 3



ROUND 4 RESULTS



RESULTS - ALL ROUNDS



SIMULATION DEBRIEF

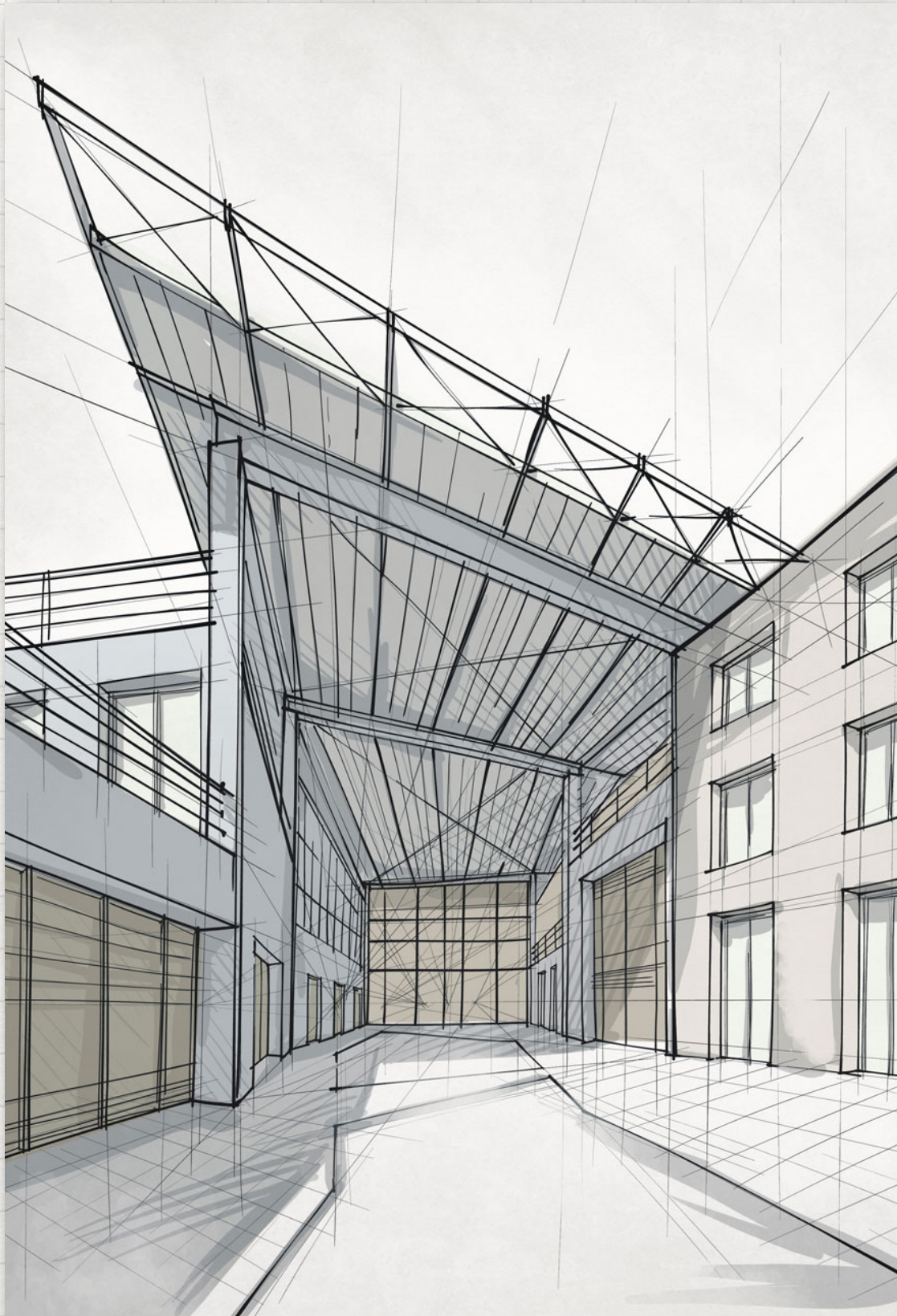
- What were all of the inputs to the process? Outputs?
- What was your strategy? Did you stick with it?
- Why do you think your team won? lost?
- How would you play differently if you were to play again?
- What are the flaws or limitations in the simulation? What changes would make it more realistic?

HOW TO FORM A STRATEGY?

WHAT DO WE NEED TO CONSIDER?

- Be process oriented:
 - Inputs:
 - Values, Objectives, POV, Scope
 - Resources
 - Competitive Landscape:
 - Natural Terrain
 - Competition
 - Rules & Regulations
 - Outputs: Activities

HOW TO APPLY TO SIMULATION?

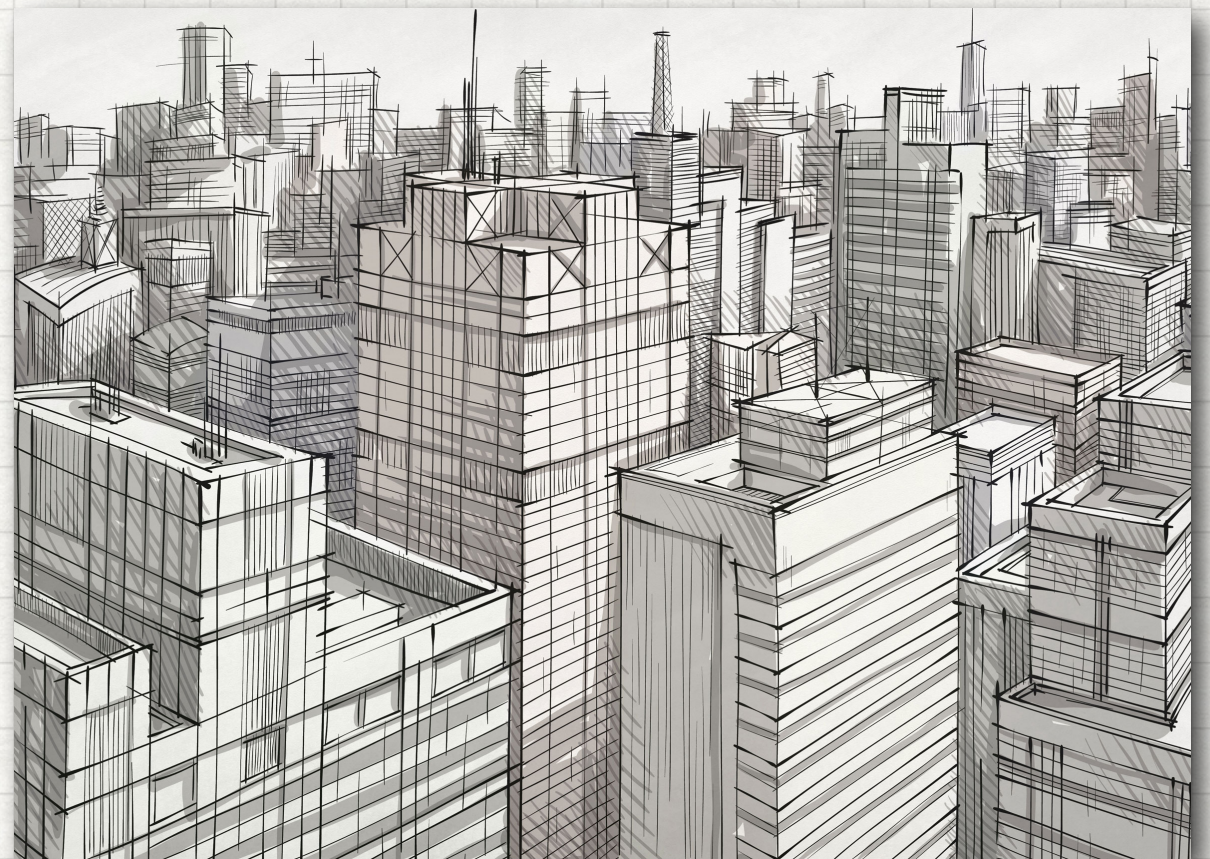
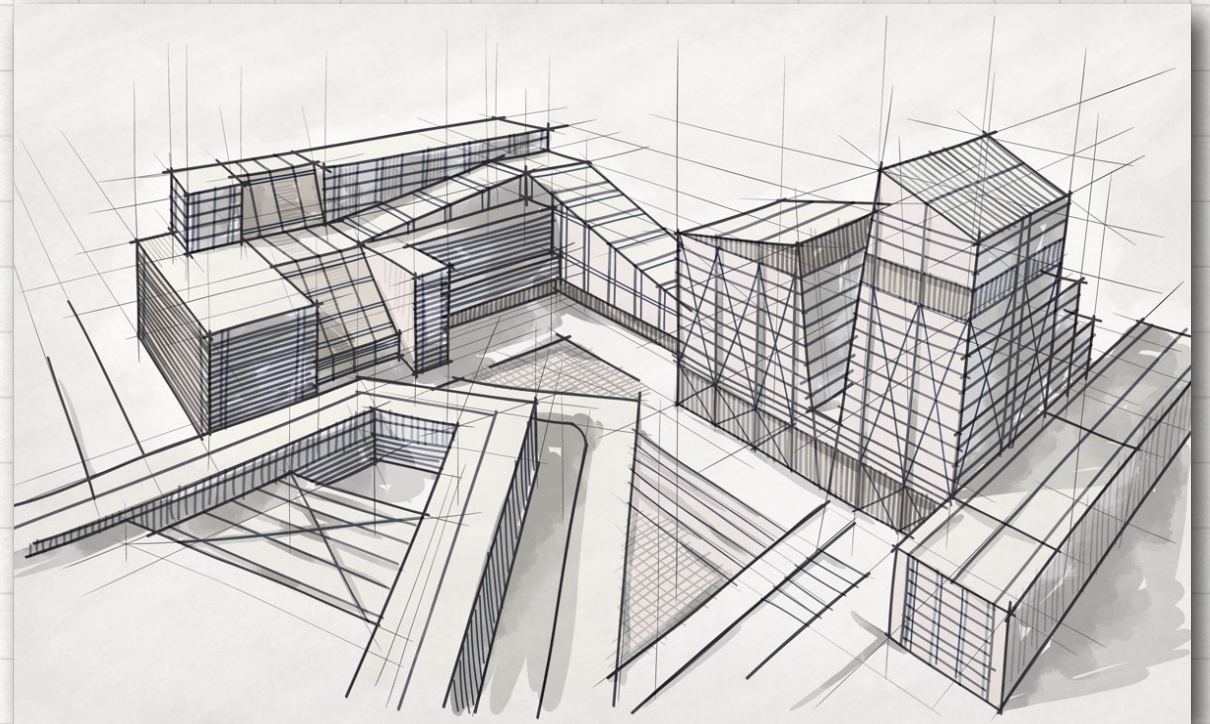


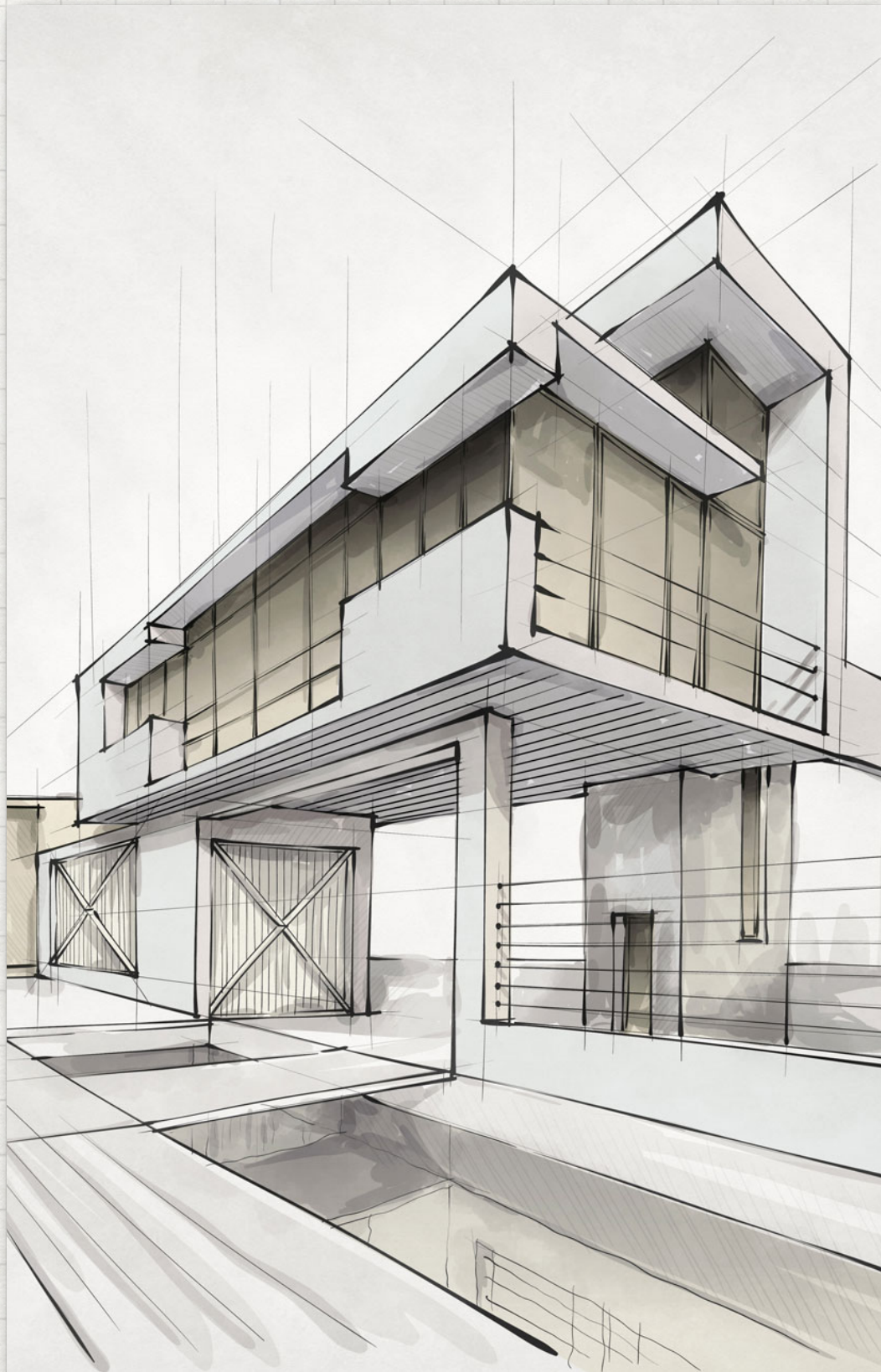
VALUES & OBJECTIVES

- What are our values?
- What's our vision? Mission?
- What are our objectives? Goals?
- Desired outcomes?
- Outcomes to avoid?
- What's your POV? Philosophy?
- What are our priorities?
- What does success look like? KPIs?

RESOURCES

- What scarce resources are we competing for? Why?
- What resources do we have at our disposal?
- What resources can we get? How? At what cost?
- What resources do we need? Why? How?
- What resources are over-valued?
- What resources are under-valued?





COMPETITIVE LANDSCAPE

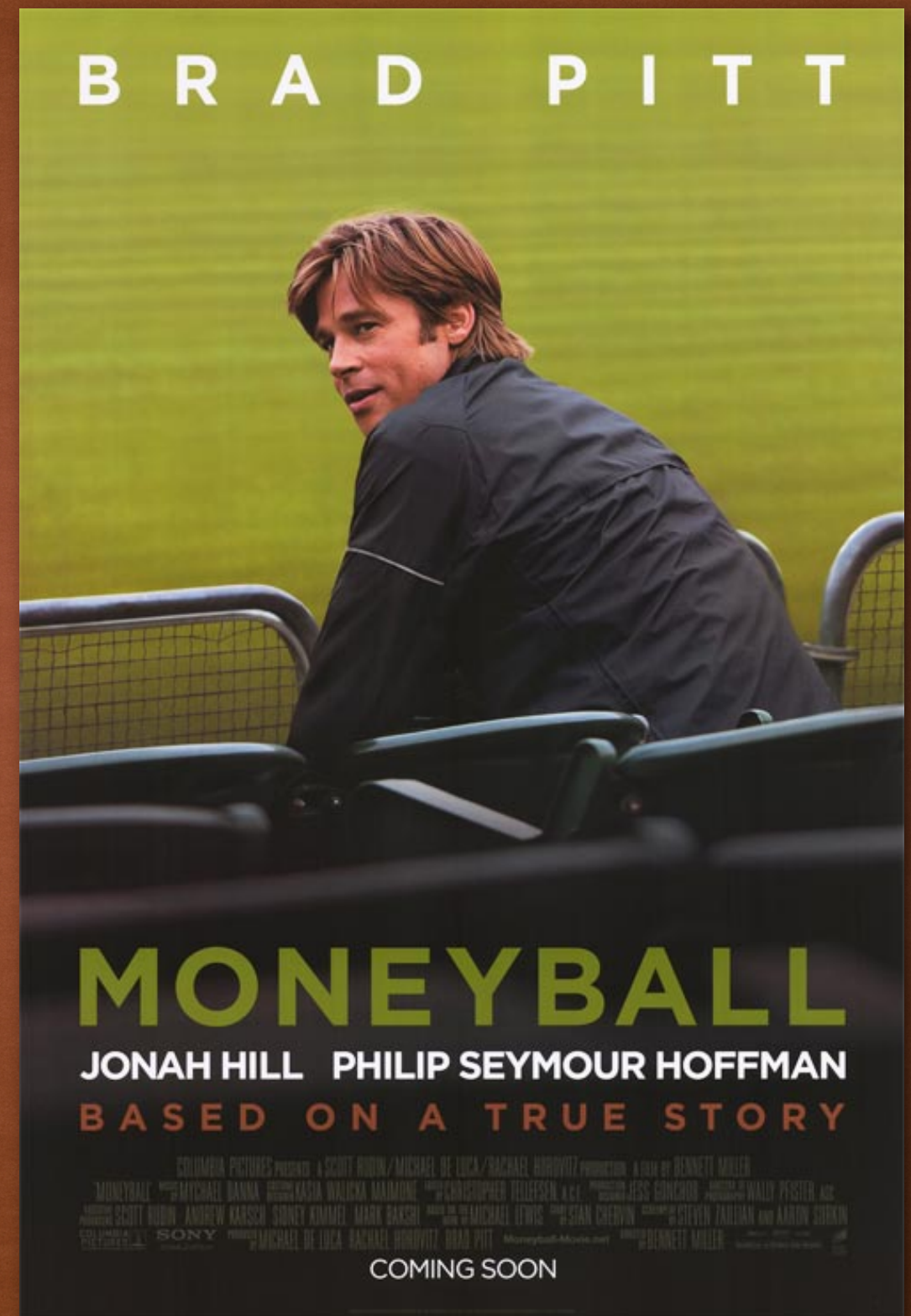
- What does the landscape look like? Terrain?
- What are the valuable positions? Why?
- What are the relevant variables of a position? Irrelevant?
- Who are the players involved? Competition? Allies? Why?
- What does each player care about? Motivation?
- What rules govern the competition?
- What are the limits? boundaries?
- Which rules can we break at little or no cost? How can we cheat?

POTENTIAL ACTIVITIES AND DECISIONS

- What are all of our potential moves? Activities?
- Why signals do we want to send?
- What can we say? to whom?
- What can we do? to whom?
- What activities align with our strengths and resources?
- Which activities reinforce one another?
- How can we avoid head-on competition?
- How can we foster coopetition?
- What are the important decisions you need to make? Unimportant?
- What are the largest elements of chance?
- What are the other forces at play? Macro? Micro?
- Does anyone control these forces? Us? Competition? Joint? Govt? Fortune? Other?

2002 OAKLAND A'S

- Values & Objectives
- Resources
- Competitive Landscape:
 - Natural Terrain
 - Competition
 - Rules & Regulations
- Potential Activities
- <https://www.youtube.com/watch?v=-4QPVo0U1zc>



WHAT'S UNIQUE TO ENTREPRENEURSHIP?

ENTREPRENEURIAL STRATEGY

- Be process oriented
- Have a clear vision / goal
- Focus on alignment (at each & every level)
- Understand the landscape and competition well
- Avoid competition whenever possible (esp. if start-up)
 - Avoid being "the X for Y" w/o good reason
- Reduce the 3 big risks:
 - Technical / Product risk
 - Market risk
 - Team risk



THANK YOU

ANDREWBELLAY@STRATY.COM

STRATY.COM