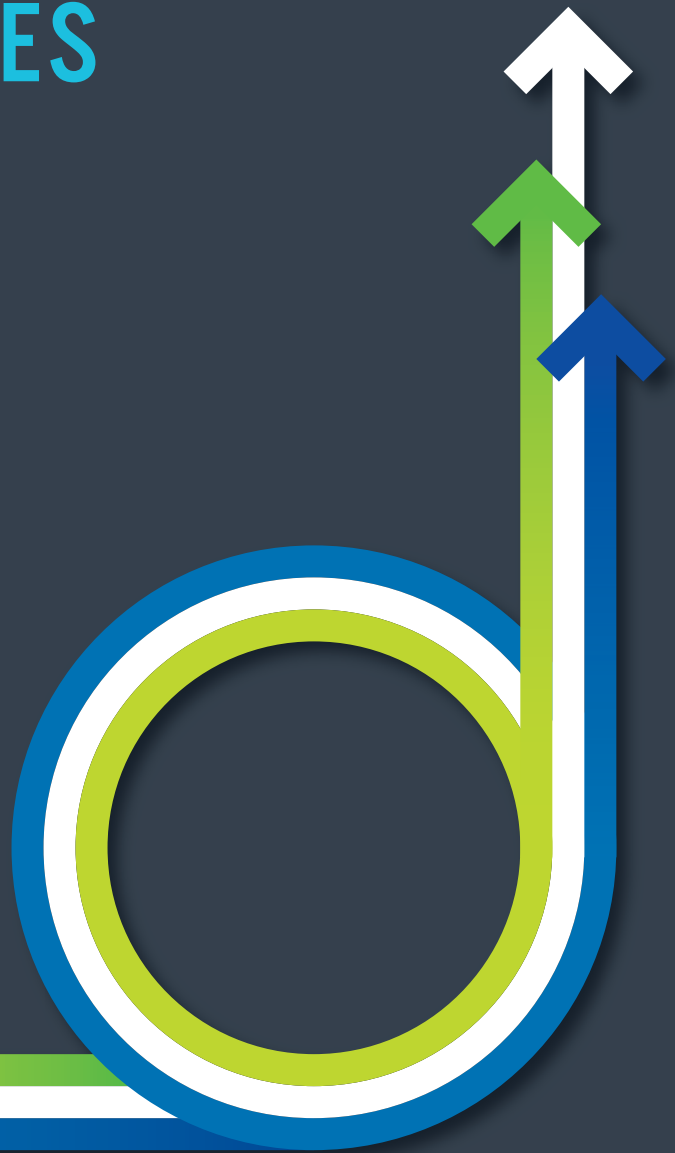


EXPLORING STRATEGY

TEXT AND CASES

ELEVENTH EDITION

GERRY JOHNSON
RICHARD WHITTINGTON
KEVAN SCHOLES
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WELCOME TO EXPLORING STRATEGY

Strategy is a crucial subject. It's about the development, success and failure of all kinds of organisations, from multinationals to entrepreneurial start-ups, from charities to government agencies, and many more. Strategy raises the big questions about these organisations – how they grow, how they innovate and how they change. As a manager of today or tomorrow, you will be involved in shaping, implementing or communicating these strategies.

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- Using the 'strategy lenses' to think critically and originally about key topics and to set you on your way to better grades in your assignments and exams.
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So, read on and good luck!

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The case collection has been managed by Jason Evans, Clive Kerridge and Steve Pyle.

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PREFACE

We are delighted to offer this eleventh edition of *Exploring Strategy*. With sales of previous editions now well over one million, we believe we have a tried and tested product. Yet the strategy field is constantly changing. For this edition, therefore, we have introduced a new chapter, and thoroughly refreshed all the remaining chapters, with new concepts, new cases and new examples throughout. Here we would like to highlight four particular changes, while recalling some of the classic features of the book.

The eleventh edition's principal changes are:

- **Extended coverage of the macro-environment.** We now have a whole chapter on the macro-environment, allowing us to cover increasingly important nonmarket aspects of strategy, such as politics and regulation, and to provide students with the tools to analyse the mega-trends that will drive organisational strategy in the future.
- **A new treatment of business models.** We have developed the treatment of business models, important to students in a start-up culture of rapid technological change.
- **Enhanced emphasis on entrepreneurship.** As entrepreneurial opportunities become increasingly attractive to readers, we have raised the prominence of entrepreneurship, and introduced new materials on opportunity recognition and the entrepreneurial process.
- **New 'Thinking Differently' sections.** At the end of each chapter, we introduce new material designed to encourage students to approach issues from a different point of view to the conventional wisdom of the chapter itself: for example, using crowdsourcing to predict environmental change, or one force rather than five to analyse industries.

At the same time, *Exploring Strategy* retains its longstanding commitment to a comprehensive and real-world view of strategy. In particular, this entails a deep concern for:

- **Process.** We believe that the human processes of strategy, not only the economics of particular strategies, are central to achieving long-term organisational success. Throughout the book, we underline the importance of human processes, but in particular we devote Part III to processes of strategy formation, implementation and change.
- **Practice.** We conclude the book with a chapter on the practice of strategy (Chapter 16), focused on the practicalities of managing strategy. Throughout the book, we introduce concepts and techniques through practical illustrations and applications, rather than abstract descriptions. **MyStrategyExperience** simulation gives students a chance to apply the frameworks of the book to a dynamic, realistic simulation of strategy in the advertising industry (visit <https://uk.pearson.com/higher-education-educators/products-and-services/course-resources-and-content/simulations.html>).

Many people have helped us with the development of this new edition. Jason Evans, Clive Kerridge and Steve Pyle have led in coordinating the case collection. We have also consulted carefully with our Advisory Board, made up of experienced adopters of the book and other

leading academics in the field of strategy. Many other adopters of the book provide more informal advice and suggestions – many of whom we have had the pleasure of meeting at our annual teachers’ workshops. This kind of feedback is invaluable and we hope you will keep the comments flowing. Also, our students and clients at Lancaster University, Oxford University, Oxford Brookes, Stockholm School of Economics, Sheffield Hallam and the many other places where we teach are a constant source of ideas and stimulus. We also gain from our links across the world, particularly in Austria, Ireland, the Netherlands, Denmark, Sweden, France, Canada, Australia, New Zealand, Hong Kong, Singapore and the USA. Many contribute directly by providing case studies and illustrations and these are acknowledged in the text.

Finally, we thank those organisations that have been generous enough to be written up as case studies. We hope that those using the book will respect the wishes of the case study organisations and *not* contact them directly for further information.

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EXPLORING STRATEGY FEATURES

This eleventh edition of *Exploring Strategy* builds on the established strengths of this best-selling textbook. A range of in-text features and supplementary features have been developed to enable you and your students to gain maximum added value from the teaching and learning of strategy.

- *Outstanding pedagogical features.* Each chapter has clear learning outcomes, practical questions associated with real-life illustrations and examples which students can easily apply to what they have learnt.
- *Flexibility of use.* You can choose to use either the Text and Cases version of the book, or – if you don't use longer cases (or have your own) – the Text-only version. The provision of Thinking Differently sections, Commentaries and Strategy 'Lenses' allows you to dig deeper into the tensions and complexity of strategy.

The two versions are complemented by a concise version of the text, *Fundamentals of Strategy*, and instructors also have the option of further customising the text. Visit www.pearsoned.co.uk/CustomPublishing for more details.

- *Up-to-date materials.* As well as a new chapter on the macro-environment, we have fully revised the other chapters, incorporating new research and updating references so that you can easily access the latest research.
- *Encouraging innovative and critical thinking.* The Strategy Lenses and Commentaries are designed to encourage critical thinking, while each chapter ends with a Thinking Differently section, introducing students to new and distinctive approaches to key issues of the chapter.

Our 'three circles' framework – depicting the overlapping issues of strategic position, strategic choices and strategy in action – also challenges a simple linear, sequential view of the strategy process.

- *Case and examples.* A wide range of Illustrations, Case Examples and (in the Text and Cases version) longer Case Studies are fresh and engage with student interests and day-to-day experience. The majority of these are entirely new to this edition; we have extensively revised the remainder. Finally, we draw these examples from all over the world and use examples from the public and voluntary sectors as well as the private.
- *Teaching and learning support.* You and your students can access a wealth of resources detailed in the *Exploring Strategy* Online section that follows this.
- *Teachers' workshop.* We run an annual workshop to facilitate discussion of key challenges and solutions in the teaching of strategic management. Details of forthcoming workshops can be found at <https://heuk.pearson.com/events.html>

EXPLORING STRATEGY ONLINE

A wide range of supporting resources are available at: www.pearsoned.co.uk/johnson

For students

- **Multiple choice questions** that test your understanding of key content.
- **Key concept audio summaries** that you can download or listen to online.
- **Video cases** that show managers talking about strategic issues in their own organisations.
- **Revision flashcards** to help you prepare for your exams.
- **A multi-lingual online glossary** to help explain key concepts.
- Guidance on **how to analyse a case study**.
- **Links** to relevant sites on the web so you can explore more about the organisations featured in the case studies.
- **Classic cases** – over 30 case studies from previous editions of the book.

For instructors

- An **Instructor's Manual** which provides a comprehensive set of teaching support, including guidance on the use of case studies and assignments, and advice on how to plan a programme using the text.
- **PowerPoint slides**, containing key information and figures from the book.
- **Classic cases**, from previous editions of the book.

MyStrategyExperience is an engaging and rigorous simulation designed to bring together the theory and practice of strategy-making in the realistic environment of a dynamic organisation and industry. The simulation puts students on the board of directors in a global advertising agency and allows them to make a strategic analysis of the business, put together a business plan and then make a number of challenging decisions on the future strategy of the company.

As students set and implement strategy, they will see the impact of their decisions on financial and non-financial measures of performance within the simulated company. Your students will need to balance strategic opportunities with inherent risk thus gaining knowledge and insights relevant to their strategic studies.

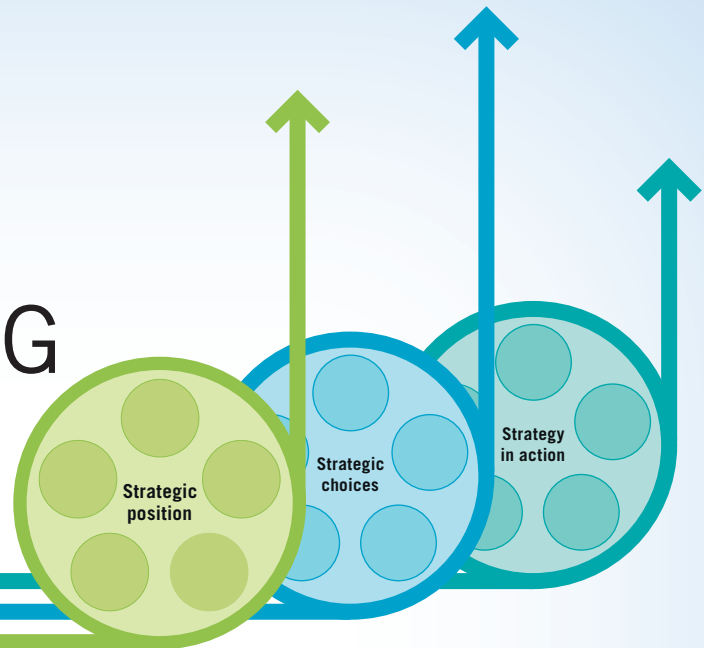
For more information, contact your local sales representative or visit <https://uk.pearson.com/higher-education-educators/products-and-services/course-resources-and-content/simulations.html>

Follow the authors' latest comments on the strategy issues of this book at <https://twitter.com/ExploreStrategy>

EXPLORING STRATEGY

1

INTRODUCING STRATEGY



Learning outcomes

After reading this chapter you should be able to:

- Summarise the strategy of an organisation in a '*strategy statement*'.
- Distinguish between *corporate*, *business* and *functional* strategies.
- Identify key issues for an organisation's strategy according to the *Exploring Strategy Framework*.
- Understand different people's roles in *strategy work*.
- Appreciate the importance of different *organisational contexts*, *academic disciplines* and *theoretical lenses* to practical strategy analysis.

Key terms

business-level strategy p.11

corporate-level strategy p.10

Exploring Strategy Framework p.11

functional strategies p.11

mission statement p.7

objectives p.8

statements of corporate values p.8

strategic choices p.13

strategic position p.12

strategy p.4

strategy in action p.14

strategy lenses p.21

strategy statements p.8

three-horizons framework p.6

vision statement p.8

1.1 INTRODUCTION

Claudia, a junior at a leading firm of strategy consultants, had just arrived with two senior colleagues at the headquarters of a medium-sized company considering its next strategic move. The CEO began the meeting by outlining the business the company was in and some of the history behind the firm's significant success in European markets. The recent entry into Europe of new aggressive competitors threatened their performance and the Board was wondering whether the company should globalise. The CEO then asked how the consultants might approach this problem. The consulting partner explained they would carry out a systematic strategic analysis of the company's situation and Claudia knew this would be her responsibility – to gather and analyse appropriate data. She would need to understand how the company had been so successful to date, the challenge posed by competitors and the broader opportunities and threats from the wider environment. She knew she could access key company executives to understand what resources, processes and people were supporting the current strategy and also what might support international expansion. She would have to consider the direction in which the business might expand, the methods of expansion that might be most appropriate as well as other strategic options. Through this analysis, she would hope to inform the CEO's decision about what the strategy for the company might be and perhaps gain further work to help implement a strategic direction.

The problem presented by the CEO to the consultants is one of strategy. It is concerned with key issues for the future of the organisation. For instance, how should the company compete in the future with aggressive new entrants? What growth options are there for the company? If going global is a good strategy, what would be the optimal method to achieve this outcome and what might be the resourcing implications? All of these strategy questions are vital to the future survival of the organisation.

Strategy questions naturally concern entrepreneurs and senior managers at the top of their organisations. But these questions matter more widely. Middle managers also have to understand the strategic direction of their organisations, both to know how to get top management support for their initiatives and to explain their organisation's strategy to the people they are responsible for. Anybody looking for a management-track job needs to be ready to discuss strategy with their potential employer. Indeed, anybody taking a job should first be confident that their new employer's strategy is actually viable. There are even specialist career opportunities in strategy, for example like Claudia, as a strategy consultant or as an in-house strategic planner, often key roles for fast-track young managers.

This book takes a broad approach to strategy, looking at both the economics of strategy and the people side of managing strategy in practice. It is a book about 'Exploring', because the real world of strategy rarely offers obvious answers. In strategy, it is typically important to explore several options, probing each one carefully before making choices. The book is also relevant to any kind of organisation responsible for its own direction into the future. Thus the book refers to large private-sector multinationals and small entrepreneurial start-ups; to public-sector organisations such as schools and hospitals; and to not-for-profits such as charities or sports clubs. Strategy matters to almost all organisations, and to everybody working in them.

1.2 WHAT IS STRATEGY?¹

In this book, **strategy** is the long-term direction of an organisation. Thus the long-term direction of Amazon is from book retailing to internet services in general. The long-term direction of Disney is from cartoons to diversified entertainment. This section examines the practical implication of this definition of strategy; distinguishes between different levels of strategy; and explains how to summarise an organisation's strategy in a 'strategy statement'.

1.2.1 Defining strategy

Defining strategy as the long-term direction of an organisation implies a more comprehensive view than some influential definitions. Figure 1.1 shows the strategy definitions of several leading strategy theorists: Alfred Chandler and Michael Porter, both from the Harvard Business School, Peter Drucker from Claremont University, California and Henry Mintzberg, from McGill University, Canada. Each points to important elements of strategy. Chandler emphasises a logical flow from the determination of goals and objectives to the allocation of resources. Porter focuses on deliberate choices, difference and competition. Drucker suggests that it is a theory about how a firm will win.² Mintzberg, however, takes the view that strategy is less certain and uses the word 'pattern' to allow for the fact that strategies do not always follow a deliberately chosen and logical plan, but can emerge in more ad hoc ways. Sometimes strategies reflect a series of incremental decisions that only cohere into a recognisable pattern – or 'strategy' – after some time.

In this book, strategy is defined as 'the long-term direction of an organisation'. This has two advantages. First, the long-term direction of an organisation can include both deliberate, logical strategy and more incremental, emergent patterns of strategy. Second, long-term direction can include both strategies that emphasise difference and competition, and strategies that recognise the roles of cooperation and even imitation.

The three elements of this strategy definition – the long term, direction and organisation – can each be explored further. The strategy of Tesla Motors illustrates important points (see Illustration 1.1):

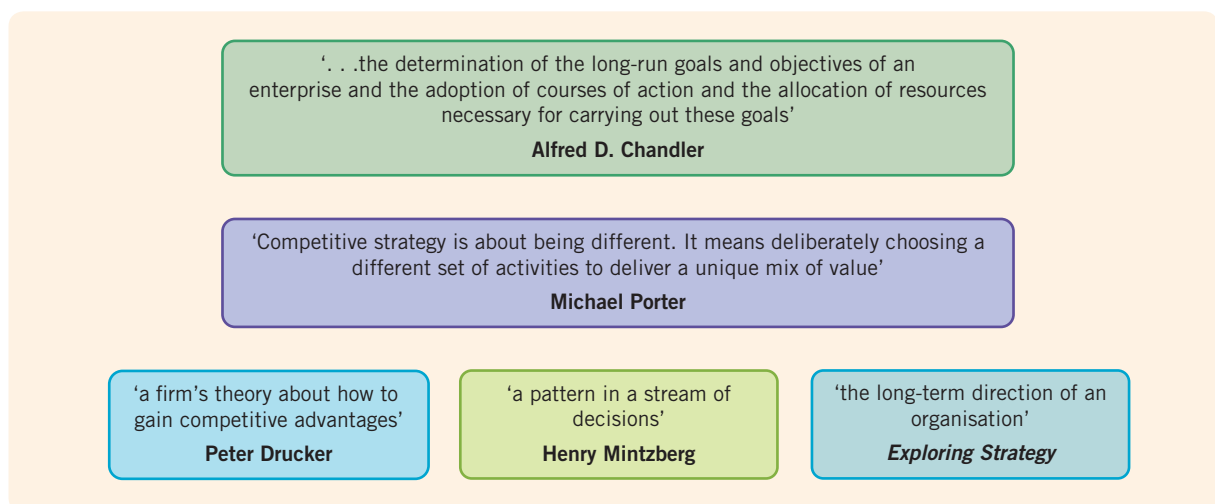


Figure 1.1 Definitions of strategy

Sources: A.D. Chandler, *Strategy and Structure: Chapters in the History of American Enterprise*, MIT Press, 1963, p. 13; M.E. Porter, 'What is strategy?', *Harvard Business Review*, November–December 1996, p. 60; P.F. Drucker, 'The theory of business', *Harvard Business Review*, September–October 1994, pp. 95–106; H. Mintzberg, *Tracking Strategies: Towards a General Theory*, Oxford University Press, 2007, p. 3.

ILLUSTRATION 1.1

Tesla Motors: the future is electric!



Tesla car

Source: Jim West/Alamy Images.

The Tesla Roadster is a staggeringly quick car with a difference. There's no wheel-spin, no traction control stutter, no driveline shutter. As soon as one stamps on the throttle the driver gets 686 lbs of torque immediately, rocketing the car from 0–60 mph in 3.2 seconds and with negligible noise – the car is electric.

The Tesla Roadster is the main product of Tesla Motors. Its charismatic chairman and main funder is PayPal co-founder, and SpaceX CEO, Elon Musk. Barely a decade old, Tesla Motors is already gigantic, \$33bn (£20bn, €25bn) market capitalisation and adored. It's been called 'the world's most important automotive company'¹ and the Tesla's Model S, 'the Most Loved Vehicle in America'¹ – out-selling Mercedes S-class and BMW 7 series. And yet the last successful American car start-up was Ford, founded 111 years ago. How can Tesla Motors be so successful?

Tesla is the brain-child of three Silicon Valley engineers convinced by global warming arguments and looking for alternative fuel sources for cars. Co-founder Martin Eberhard asked: 'How much of the energy that comes out of the ground makes your car go a mile?'¹ He observed: 'Hydrogen fuel cells are terrible – no more efficient than gas. Electric cars were superior to everything.'¹ He then discovered a bright yellow, all-electric, two-seater bullet car with zero emissions, 'tzero', built by AC propulsion. Inspired, Eberhard kept saying to potential recruits – 'try and touch the dashboard.'¹ He would then hit the accelerator – they couldn't! With Lamborghini-level acceleration, this demonstrated electric cars didn't have to be golf carts.

But industry logic said electric cars would never succeed. GM spent \$1bn (£0.6bn, €0.75bn), developing the EV-1 which was then scrapped. Battery technology had not improved in a hundred years. But Eberhard realised lithium-ion batteries were different – improving 7 per cent p.a. So Tesla was positioned to ride the current of technological history.

The founders had no experience making cars, but realised car companies now outsourced everything, even styling. Manufacturing partners were ready to be connected with; a 'fab-less' car company was possible.³ Production began 2008. The business plan described the Roadster as 'disruptive' technology¹ – a high-end sports car with lower price and emissions than competitors – and a lower resource cost to the planet.

Roadster

0–60 mph < 3.9 seconds; 100mpg; world-class handling; zero tailpipe emissions; 300 mile range; zero maintenance for 100,00 miles (other than tyres); 50% price of the cheapest competitive sports car.¹

Tesla's strategy was:

to enter at the high end of the market, where customers are prepared to pay a premium, and then drive down market as fast as possible to higher unit volume and lower prices with each successive model. . . . all free cash flow is plowed back into R&D to drive down the costs and bring the follow on products to market as fast as possible. When someone buys the Tesla Roadster sports car, they are actually helping pay for development of the low cost family car.²

Tesla aimed to provide zero emission electric power generation from their 'giga' battery factory in line with their 'overarching purpose . . . to help expedite the move from a mine-and-burn hydrocarbon economy towards a solar electric economy.'² In 2015, Tesla Energy was launched selling batteries for home and business use.

Edison didn't invent the light bulb, but he made it affordable and accessible through his electric system.³ Tesla is also offering an energy system for a world of electric vehicles, homes and businesses, using batteries.

Sources: (1) E. Musk, 'The Secret Tesla Motors Master Plan (just between you and me)', 2 August 2006; (2) D. Baer, 'The making of Tesla: invention, betrayal, and the birth of the Roadster', *Business Insider*, 11 November 2014; (3) J. Suskewicz, 'Tesla's new strategy is over 100 years old', *Harvard Business Review*, May 2015.

Questions

- 1 How does Tesla Motor's strategy fit with the various strategy definitions in Figure 1.1?
- 2 What seems to account for Tesla's success?

- The long term.* Strategies are typically measured over years, for some organisations a decade or more. The importance of a long-term perspective on strategy is emphasised by the ‘three horizons’ framework in Figure 1.2. The **three-horizons framework** suggests organisations should think of themselves as comprising three types of business or activity, defined by their ‘horizons’ in terms of years. *Horizon 1* businesses are basically the current core activities. In the case of Tesla Motors, Horizon 1 includes the original Tesla Roadster car and subsequent models. Horizon 1 businesses need defending and extending, but the expectation is that in the long term they will likely be flat or declining in terms of profits (or whatever else the organisation values). *Horizon 2* businesses are emerging activities that should provide new sources of profit. For Tesla, that might include the new mega-battery business. Finally, there are *Horizon 3* possibilities, for which nothing is sure. These are typically risky research and development (R&D) projects, start-up ventures, test-market pilots or similar: at Tesla, these might be further solar electric initiatives, rockets and space transportation. For a fast-moving organisation like Tesla, *Horizon 3* might generate profits a few years from the present time. In a pharmaceutical company, where the R&D and regulatory processes for a new drug take many years, *Horizon 3* might be a decade ahead. While timescales might differ, the basic point about the ‘three-horizons’ framework is that managers need to avoid focusing on the short-term issues of their existing activities. Strategy involves pushing out Horizon 1 as far as possible, at the same time as looking to Horizons 2 and 3.
- Strategic direction.* Over the years, strategies follow some kind of long-term direction or trajectory. The strategic direction of Tesla Motors is from the original electric car to a diversified set of solar power offerings. Sometimes a strategic direction only emerges as a coherent pattern over time. Typically, however, managers and entrepreneurs try to set the direction of their strategy according to long-term *objectives*. In private-sector businesses, the objective guiding strategic direction is usually maximising profits for shareholders. However, profits do not always set strategic direction. First, public-sector and charity organisations may set their strategic direction according to other objectives: for example, a sports club’s objective may be to move up from one league to a higher one. Second, even in the private sector profit is not always the sole criterion for strategy. Thus family

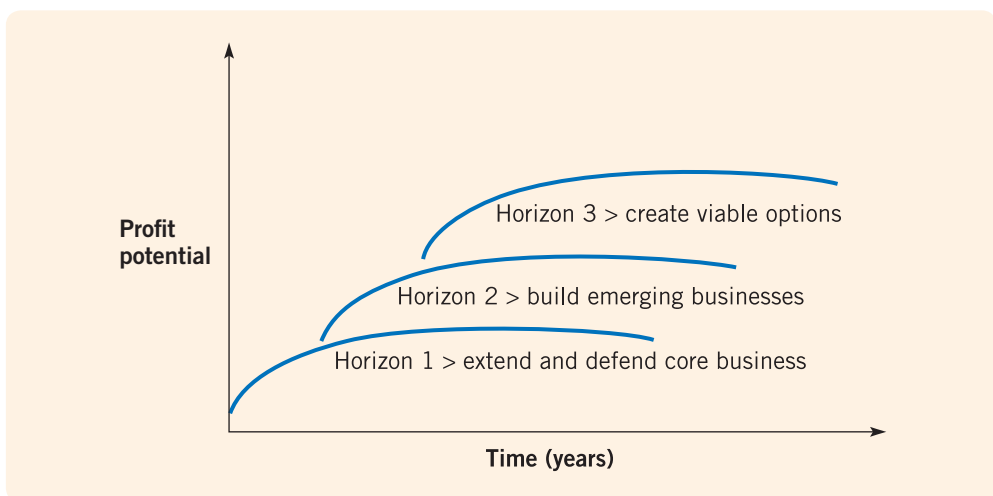


Figure 1.2 Three horizons for strategy

Note: ‘profit’ on the vertical axis can be replaced by non-profit objectives; ‘business’ can refer to any set of activities; ‘time’ can refer to a varying number of years.

Source: M. Baghai, S. Coley and D. White, *The Alchemy of Growth*, Texere Publishers, 2000, Figure 1.1, p. 5.

businesses may sometimes sacrifice the maximisation of profits for family objectives, for example passing down the management of the business to the next generation. The objectives behind strategic direction always need close scrutiny.

- **Organisation.** In this book, organisations are not treated as discrete, unified entities. Organisations involve many relationships, both internally and externally. This is because organisations typically have many internal and external *stakeholders*, in other words people and groups that depend on the organisation and upon which the organisation itself depends. Internally, organisations are filled with people, typically with diverse, competing and more or less reasonable views of what should be done. At Tesla, co-founder and original CEO Martin Eberhard was fired by new Chairman Elon Musk. In strategy, therefore, it is always important to look *inside* organisations and to consider the people involved and their different interests and views. Externally, organisations are surrounded by important relationships, for example with suppliers, customers, alliance partners, regulators and investors. For Tesla, relationships with investors and advertisers are crucial. Strategy therefore is also vitally concerned with an organisation's external *boundaries*: in other words, questions about what to include within the organisation and how to manage important relationships with what is kept outside.

Because strategy typically involves managing people, relationships and resources, the subject is sometimes called 'strategic management'. This book takes the view that managing is always important in strategy. Good strategy is about the practicalities of managing as well as the analysis of strategising.

1.2.2 The purpose of strategy: mission, vision, values and objectives

What is a strategy for? Harvard University's Cynthia Montgomery³ argues that the core of a strategist's job is defining and expressing a clear and motivating purpose for the organisation. Even for private-sector organisations this is generally more than simple profit-maximisation as long-term prosperity and employee motivation usually require expressions of purpose that go beyond just profits. According to Montgomery, the stated purpose of the organisation should address two related questions: *how* does the organisation make a difference; and *for whom* does the organisation make that difference? If the stakeholders of an organisation can relate to such a purpose it can be highly motivating. Indeed, research by Jim Collins and Jerry Porras suggests that the long-run success of many US corporations – such as Disney, General Electric or 3M – can be attributed (at least in part) to the clear guidance and motivation offered by such statements of purpose.⁴

There are four ways in which organisations typically define their purpose:

- A **mission statement** aims to provide employees and stakeholders with clarity about what the organisation is fundamentally there to do. This is often expressed in the apparently simple but challenging question: 'What business are we in?' Two linked questions that can clarify an organisation's 'business' are: 'What would be lost if the organisation did not exist?'; and 'How do we make a difference?' Though they do not use the term 'mission statement', Collins and Porras⁵ suggest that understanding the fundamental mission can be done by starting with a descriptive statement of what the organisation actually does, then repeatedly delving deeper into the organisation purpose by asking 'why do we do this?' They use the example of managers in a gravel and asphalt company arriving at the conclusion that its mission is to make people's lives better by improving the quality of built

structures. At Southampton University the mission includes educating students, training the next generation of researchers and addressing social issues.

- A **vision statement** is concerned with the future the organisation seeks to create. The vision typically expresses an aspiration that will enthuse, gain commitment and stretch performance. So here the question is: ‘What do we want to achieve?’ Porras and Collins suggest managers can identify this by asking: ‘If we were sitting here in twenty years what do we want to have created or achieved?’ They cite the example of Henry Ford’s original vision in the very early days of automobile production that the ownership of a car should be within the reach of everyone. For the Swedish music site Spotify, the vision is to become ‘the Operating System of music’, a universal platform for listening just as Microsoft is for office software.
- **Statements of corporate values** communicate the underlying and enduring core ‘principles’ that guide an organisation’s strategy and define the way that the organisation should operate. For example, Alphabet (previously Google) famously includes in its values ‘you can be serious without a suit’, ‘fast is better than slow’ and ‘don’t be evil’. It is important that these values are enduring, so a question to ask is: ‘Would these values change with circumstances?’ And if the answer is ‘yes’ then they are not ‘core’ and not ‘enduring’. An example is the importance of leading-edge research in some universities. Whatever the constraints on funding, such universities hold to the enduring centrality of research. On the other hand, as Alphabet has grown and diversified, some critics wonder whether the company still abides by its principle of ‘don’t be evil’ (see Chapter 13 end case).
- **Objectives** are statements of specific outcomes that are to be achieved. These are often expressed in precise financial terms, for instance, the level of sales, profits or share valuation in one, two or three years’ time.⁶ Organisations may also have quantifiable market-based objectives, such as market share, customer service, repeat business and so on. Sometimes objectives focus on the basis of competitive advantage: for example, low-cost airlines such as RyanAir set objectives on turnaround time for their aircraft because this is at the core of their distinctive low-cost advantage. Increasingly, organisations are also setting objectives referred to as ‘the triple bottom line’, by which is meant not only economic objectives such as those above, but also environmental and social objectives to do with their corporate responsibility to wider society (see Section 5.4.1).

Although visions, missions and values may be liable to become bland and too wide-ranging,⁷ they can offer more enduring sources of direction and motivation than the concrete nature of objectives. It is therefore crucial that vision, mission and values are meaningful when included in strategy statements.

1.2.3 Strategy statements

David Collis and Michael Rukstad⁸ at the Harvard Business School argue that all entrepreneurs and managers should be able to summarise their organisation’s strategy with a ‘strategy statement’. **Strategy statements** should have three main themes: the fundamental *goals* (mission, vision or objectives) that the organisation seeks; the *scope* or domain of the organisation’s activities; and the particular *advantages* or capabilities it has to deliver all of these.

Mission, vision and objectives have been described in Section 1.2.2 so here we concentrate on the other two main themes, *scope* and *advantage*, with examples of all five given in Illustration 1.2:

- *Scope*. An organisation’s scope or domain refers to three dimensions: customers or clients; geographical location; and extent of internal activities (‘vertical integration’). For a university, scope questions are two-fold: first, which academic departments to have (a business

ILLUSTRATION 1.2

Strategy statements

Both Samsung Electronics, the Korean telecommunications, computing and TV giant, and Southampton University, a leading British university, publish a good deal about their strategies.

Samsung Electronics

At Samsung, we follow a simple business philosophy: to devote our talent and technology to creating superior products and services that contribute to a better global society.

Every day, our people bring this philosophy to life. Our leaders search for the brightest talent from around the world, and give them the resources they need to be the best at what they do. The result is that all of our products – from memory chips that help businesses store vital knowledge to mobile phones that connect people across continents – have the power to enrich lives. And that’s what making a better global society is all about.

As stated in its new motto, Samsung Electronics’ vision [. . .] is, ‘Inspire the World, Create the Future’. This new vision reflects Samsung Electronics’ commitment to inspiring its communities by leveraging Samsung’s three key strengths: ‘New Technology’, ‘Innovative Products’ and ‘Creative Solutions’. As part of this vision, Samsung has mapped out a specific plan of reaching \$400 billion in revenue and becoming one of the world’s top five brands by 2020. To this end, Samsung has also established three strategic approaches in its management: ‘Creativity’, ‘Partnership’ and ‘Talent’.

As we build on our previous accomplishments, we look forward to exploring new territories, including health, medicine, and biotechnology. Samsung is committed to being a creative leader in new markets, becoming No. 1 business in the Global IT industry and in the Global top 5.

Southampton University strategy

The university’s core mission is to change the world for the better. It is an exceptional place whose people achieve remarkable things. We are a world-leading, research-intensive university, with a strong educational offering, renowned for our innovation and enterprise. Our strategy is about our aspirations – building our reputation and being simply better than our competitors.

We will increase our rankings to be in the top 10 (UK) and top 100 internationally. This will increase our reputation, which will increase our ranking.

A reputation for delivering excellence and an exemplary student experience will lead to greater demand from the best student applicants, sustained support from research funders and strong support from our alumni.

We aim to achieve:

- 1 *Collegiality*: providing excellent staff experience, improving management and leadership throughout, developing agile governance, increasing risk appetite.
- 2 *Internal quality*: improve student experience to amongst the best in the UK’s National Student Survey, develop high quality systems and infrastructure, improve quality of research applications, develop £5m+ strategic partnerships, raise admission standards, increase international student numbers, improve student employability, recruit and retain high quality staff.
- 3 *National and international recognition*: improve league table rankings and reputation, improve quality of education, grow international alumni community, deliver impactful research.
- 4 *Sustainability*: deliver the ability to invest, develop sustainable smooth income, improve research overhead recovery, improve productivity, increase revenue from other sources.

Sources: Edited extract from the University of Southampton *Simply Better: The University Strategy*, www.southampton.ac.uk.

Questions

- 1 Construct short strategy statements covering the goals, scope and advantage of Samsung and the Southampton University. How much do the different private- and public-sector contexts matter?
- 2 Construct a strategy statement for your own organisation (university, sports club or employer). What implications might this statement have for change in your organisation?