

SPRING Semester 2025

**Business Seminar – Theoretical Classes
Strategy**

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Strategy – Business Seminar

Learning Objectives

- › Why does strategy matter?
- › Strategic management process
- › Strategic competitiveness and analysis



Astra-Zéneca



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He have 15 years of experience in different medical roles and functions in multinational pharma companies.

Hugo is also author of several publications, posters and oral communications in national and international congresses because of his contribution in real world studies and scientific initiatives.

He's a passionate about science, human health and people development".

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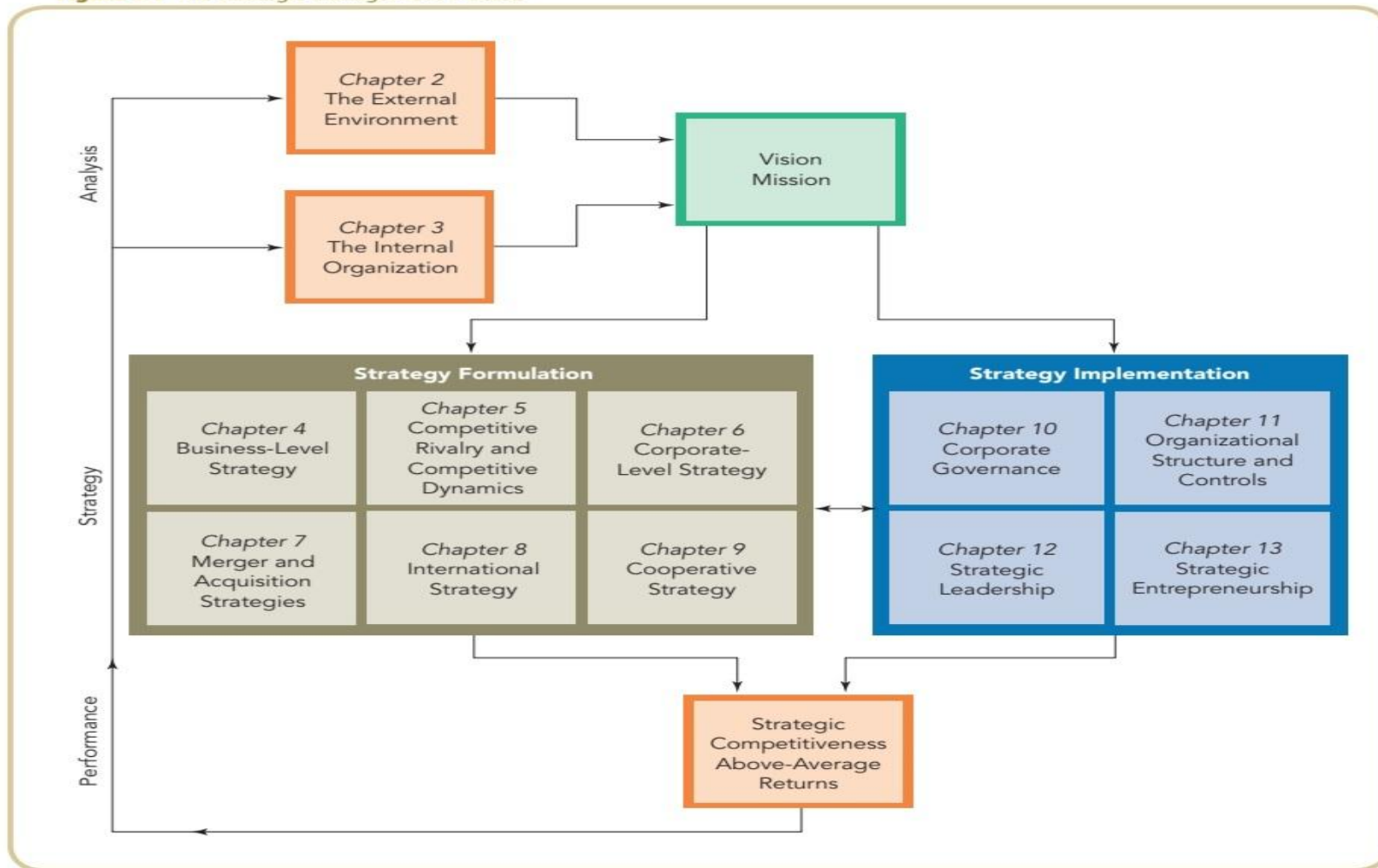
References'



STRATEGIC MANAGEMENT
Competitiveness & Globalization
Concepts and Cases
12e

The Strategic Management Process

Figure 1.1 The Strategic Management Process



Why is Strategy so important in Organizations....”

6



1. Thinking Strategically...

- A. COMPETE TO BE THE BEST...

- B. COMPETE TO BE UNIQUE...



...There is no better way to compete...



The worst mistake in strategy is to compete with rivals on the same dimensions...

“What Strategy Really Is?”



1.2. What Strategy Really is...



Strategy is...

- Policy designed to *achieve* a major...

And...

Or overall aim....



...is Plan to create
Value ...

The way a company plans to
create that value...



Is about looking
forward, seeing and
planning for the
future....

How much value do we create?

Strategy is Different from Aspirations

“Our strategy is to be number 1 or number 2...” –

“Our strategy is to grow...”



- Strategy is More than Specific Actions

“Our strategy is to merge different departments; services...” –

“Our strategy is to cut costs...”

- Strategy is Not the Same as Mission and Values

“Our strategy is to serve our patients, clients and communities, holding to the highest standards of integrity...”

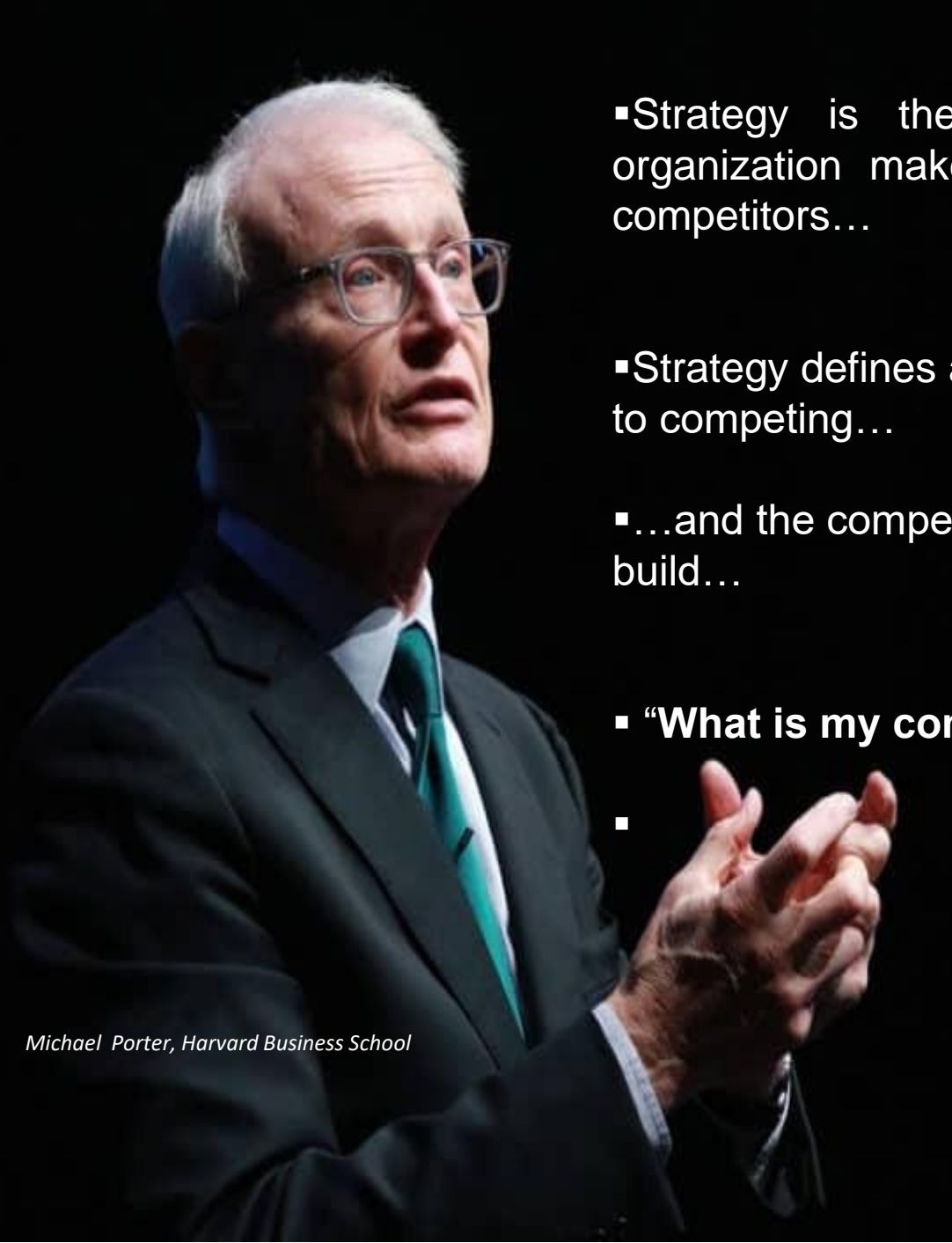


» Strategy | Tactics | Operations

• **Strategy** defines your **long-term goals** and how you're planning to achieve them. Your strategy gives you the path you need toward achieving your organization's mission.

• **Tactics** are much more concrete and are often **oriented** toward **smaller steps** and a shorter time frame along the way. They're also called "initiatives."

» **Operations** - actions and decisions made by managers and members of a business that affect the production, distribution, service, management, needed for a company to function – **this requires the use of resources and assets.**



- Strategy is the set of long-term choices an organization makes to **distinguish itself** from its competitors...

- Strategy defines a company's **distinctive approach** to competing...


- ...and the competitive advantages on which it will build...

- **“What is my competitive advantage?”**

-

Apple competitive advantage?

Michael Porter, Harvard Business School

A photograph of Michael Porter, an older man with white hair and glasses, wearing a dark suit and a teal tie. He is shown from the chest up, looking slightly upwards and to the right, with his hands clasped in front of him. The background is dark.

■ How does the organization create competitive advantage?

Michael Porter, Harvard Business School

The first important breakthrough came in Michael E. Porter's book *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, (Free Press, 1980)

- How does an organization create a competitive advantage?
- if it's able to sustain stronger performance than its competitors,
- i.e., if it's able to generate profits.

Michael Porter, Harvard Business School

The first important breakthrough came in Michael E. Porter's book *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, (Free Press, 1980)

A competitive advantage is fundamental for a strong performance, but what happens when it becomes a core rigidity?



In 1998, Netflix was an online DVD rental company. Customers could subscribe and have unlimited access to DVDs which would be sent to their house. In 2007, after internet speed started to allow users to watch movies in digital formats, the company launched its streaming services. **Netflix was able to update its activities in order to stay relevant, after its initial source of competitive advantage was no longer attractive.**

VS

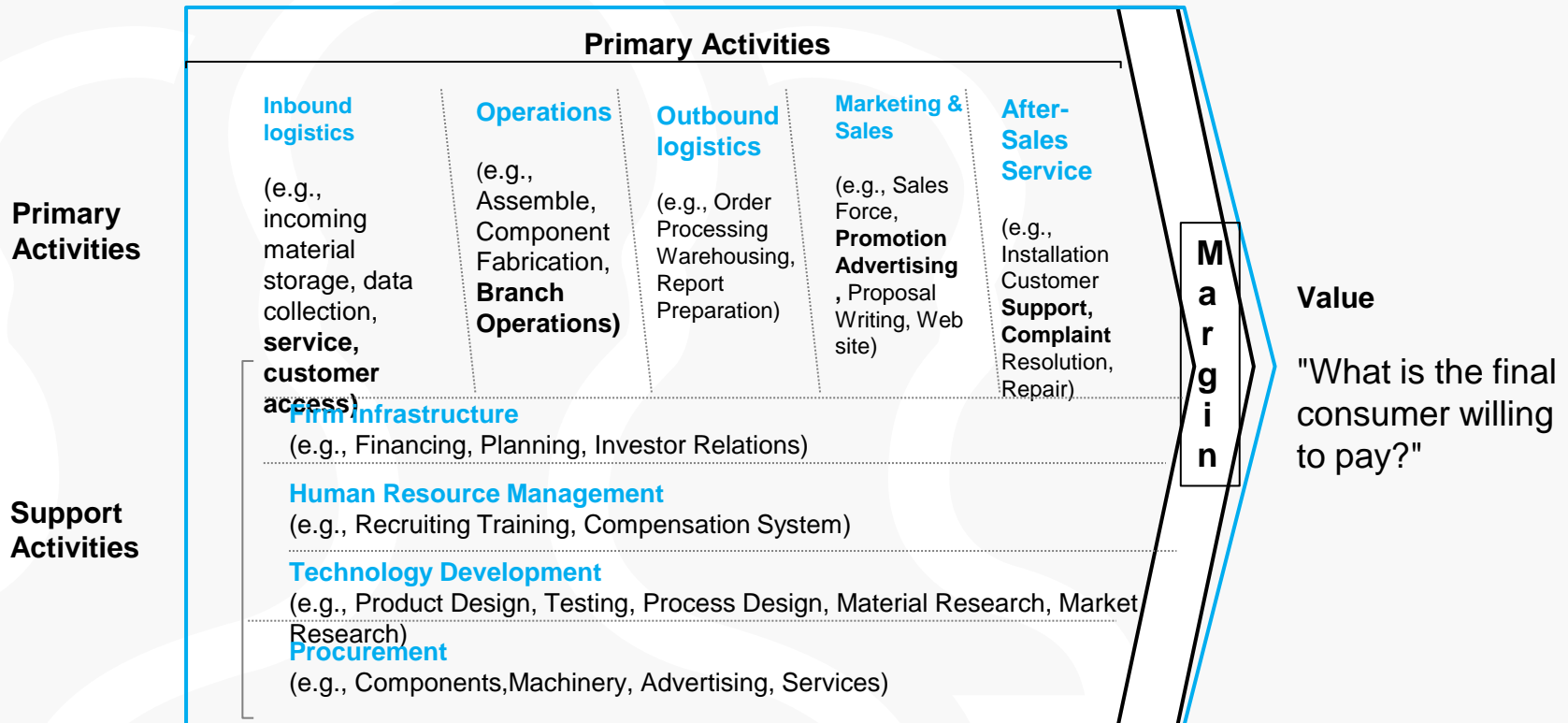


Kodak, once a market leader in analog photography, **was not able to update its competitive advantage.** Despite being aware of the emergence of digital photography, Kodak stuck with its competences on analog, which, eventually, **became a core rigidity.**

Firms should continuously evaluate and update their sources of competitive advantage!

COMPETITIVE ADVANTAGE AND VALUE

A



The value chain is the set of activities involved in delivering value to the client; the strategy is reflected in the choices about how the activities are linked together."

1.2. Strategy



-
- **To do that we need strategic action plans...**

Action plans include determining...

- Examples?

1.2. To do that, we need action plans...

Actions Plans include determining:

1. Which **product market** to enter;
2. Which **international markets** to enter;
3. How to **position the firm** in its chosen markets;
4. How to deal with **competition**;
5. Whether to form **partnerships with other firms**





Examples...

“To **become the number 1 fashion** destination for 20-somethings globally.”



“to be Earth’s most customer-centric company, where **customers can find and discover anything they might want to buy online**, and endeavors to offer its customers the lowest possible prices.”



“To be one of the world’s leading producers and **providers of entertainment and information**, using its portfolio of brands to differentiate its content, services and consumer products.”

“To be a community dedicated to the **development of talent and knowledge** that impacts the world”

...



1.2. Different authors have different definitions for ... what is Strategy...



Michael Porter

- Strategy is as much about deciding what not to do as it is about deciding what to do (Michael Porter)

The first important breakthrough came in Michael E. Porter's book *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (Free Press, 1980)

1.1. Strategy Basic Concepts



- Business-level Strategy
- Competitive Strategy
- Corporate Strategy
- International Strategy

- **Business Level Strategy:** How to compete/position the firm in each product market
- **Competitive Strategy:** actions and responses to competition
- **Corporate Strategy:** expand scope of the firm, in terms of products or geographic markets
- **International Strategy:** how to expand and compete across borders

4. International Strategy

Pick an industry in a country....

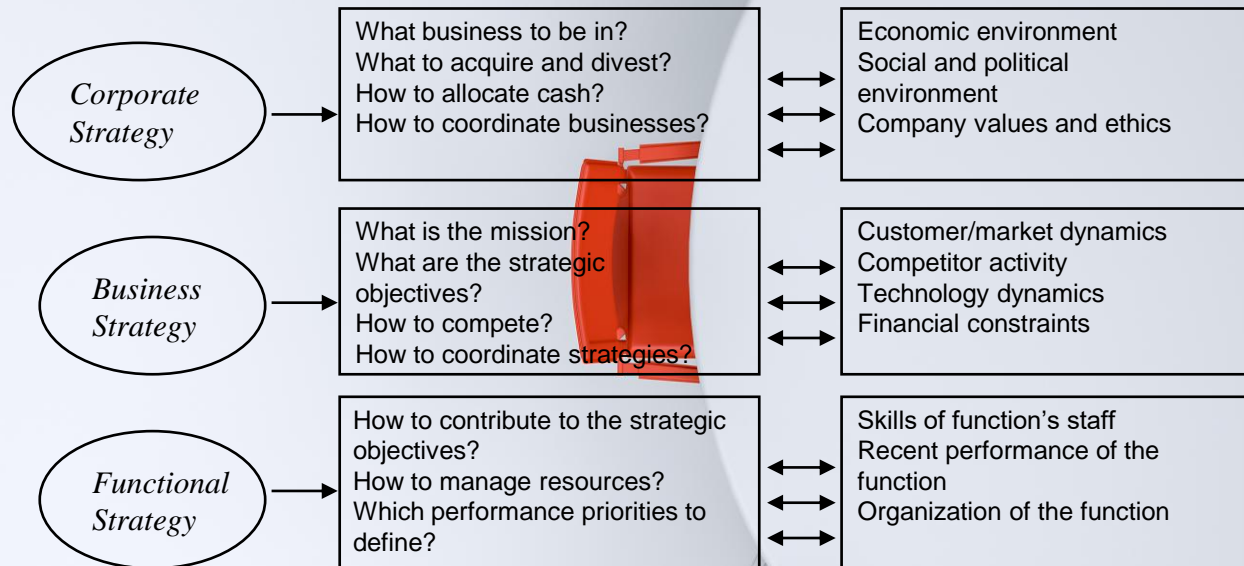
Companies that nowadays are very attractive in terms of international/ global strategy... Why?



Sum up: Hierarchy of Strategies

Key Strategic Decisions

Factors Relevant to Strategy



2. Performance Drivers...

2. Strategic Positioning

Derived from competitive strategies, **increasing the perceived value or reducing the cost of a given service.**

1.3. Objectives of The Company

Strategy is aimed at achieving some goals or objectives.

But which ones....?

1. Make a Profit (benefit/advantage)

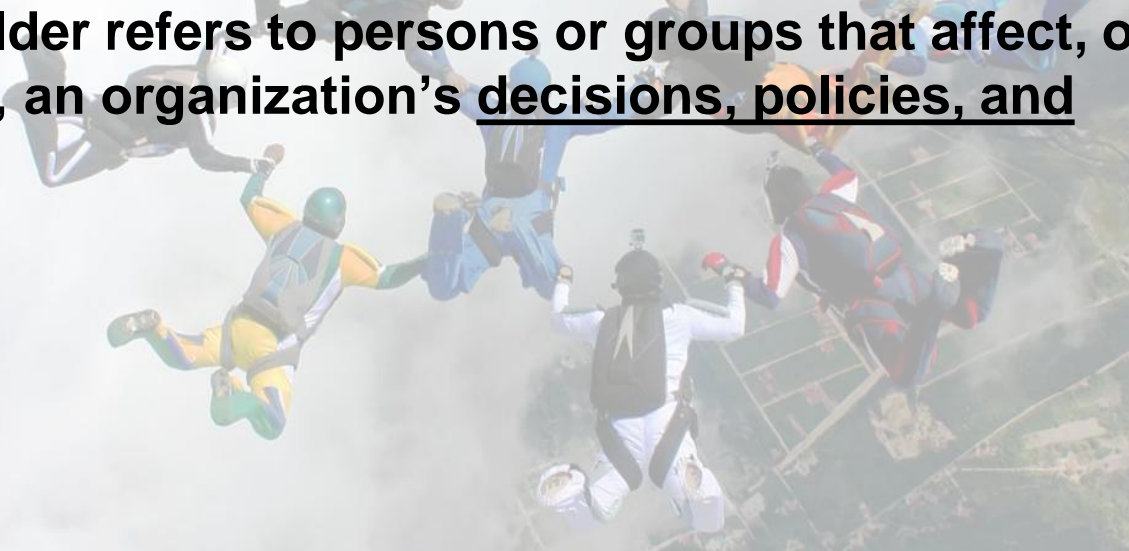
2. Create Value

For whom?

3. Stakeholders



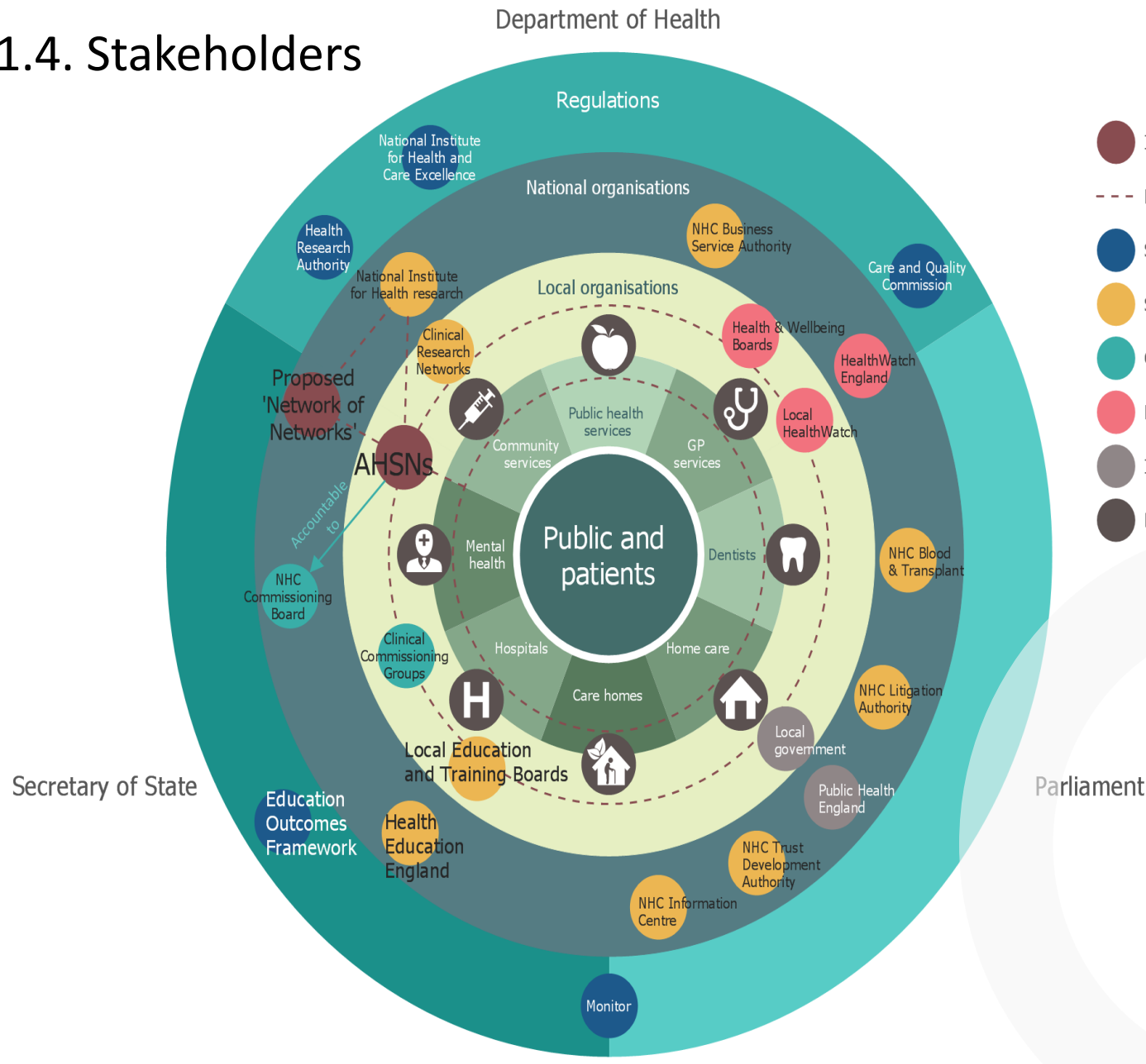
1.4. Stakeholders

- 
- A stakeholder refers to persons or groups that affect, or are affected by, an organization's decisions, policies, and operations
 - A stake is an interest in—or claim on—an organization

A 3x5 grid of dots, consisting of 15 dots arranged in 3 rows and 5 columns.



1.4. Stakeholders



1.4. Stakeholder Prioritization



What do you think of this order of prioritizing?

2. Planning and Strategic Management Process

1. Analysis of the company's strategic position and formulation of strategic plans;

2. Organization and strategy implementation...



2.1.External and internal analyses complement each other. Both are vital in developing strategies that will get your business off the ground.
Why?

**1. External
Analysis**

**2. Internal
Analysis**

Strategy

2.1. Strategic Planning

2.1.1. External Perspective

**A. External factors that
influence the company**

**B. Industry
attractiveness**

**C. Strategies that are
adequate to the
environment**

ANALYSIS



IDENTIFICATION



FORMULATION

2.2.2. Internal Perspective

2.2. External Analysis or Industry Analysis



- Understand how the market structure **influences competition**, which in turn contributes to the industry's profitability.
- Evaluate the industry's **attractiveness**.
- Predict **future profitability** considering possible changes in the industry structure.
- Formulate strategies that could **change the industry structure** in order to increase its profitability.
- Identify **key success** factors.

2.2. Strategic Analysis

2.2.1. What are the External Analysis tools, or Industry Analysis?

3.2.2. PEST ANALYSIS

3.2.3. Porter's Five Forces Framework

2.2. PEST Analysis

The PEST framework contributes to explaining the former, characterizing the macro-environment in which the company operates.

- **Political** factors describe the **Government influence over economic activities**, either in terms of economic interventionism (investment incentives, fiscal policy, labour law, environmental law, trade agreements, or direct public investment in specific industries (healthcare, education, energy)).
- **Economic** factors have a clear **impact in managerial decisions** and are usually represented by economic growth, exchange rates or inflation.
- **Social** factors, representing **preferences and tastes, demographic factors** (age, gender, employment, birth, ageing, social hierarchy) and numerous factors contributing to the definition of culture and social values.
- **Technological** factors **corresponding to innovation and the development of new technical processes**, methods or skills that may influence how companies compete.

Table 2.1 The General Environment: Segments and Elements

Demographic segment	<ul style="list-style-type: none">• Population size• Age structure• Geographic distribution	<ul style="list-style-type: none">• Ethnic mix• Income distribution
Economic segment	<ul style="list-style-type: none">• Inflation rates• Interest rates• Trade deficits or surpluses• Budget deficits or surpluses	<ul style="list-style-type: none">• Personal savings rate• Business savings rates• Gross domestic product
Political/Legal segment	<ul style="list-style-type: none">• Antitrust laws• Taxation laws• Deregulation philosophies	<ul style="list-style-type: none">• Labor training laws• Educational philosophies and policies
Sociocultural segment	<ul style="list-style-type: none">• Women in the workforce• Workforce diversity• Attitudes about the quality of work life	<ul style="list-style-type: none">• Shifts in work and career preferences• Shifts in preferences regarding product and service characteristics
Technological segment	<ul style="list-style-type: none">• Product innovations• Applications of knowledge	<ul style="list-style-type: none">• Focus of private and government-supported R&D expenditures• New communication technologies
Global segment	<ul style="list-style-type: none">• Important political events• Critical global markets	<ul style="list-style-type: none">• Newly industrialized countries• Different cultural and institutional attributes
Sustainable physical environment segment	<ul style="list-style-type: none">• Energy consumption• Practices used to develop energy sources• Renewable energy efforts• Minimizing a firm's environmental footprint	<ul style="list-style-type: none">• Availability of water as a resource• Producing environmentally friendly products• Reacting to natural or man-made disasters

3.Organizacional Strategy ...Porter Five Forces

What is the main objective in the Porter Five Forces Analysis?



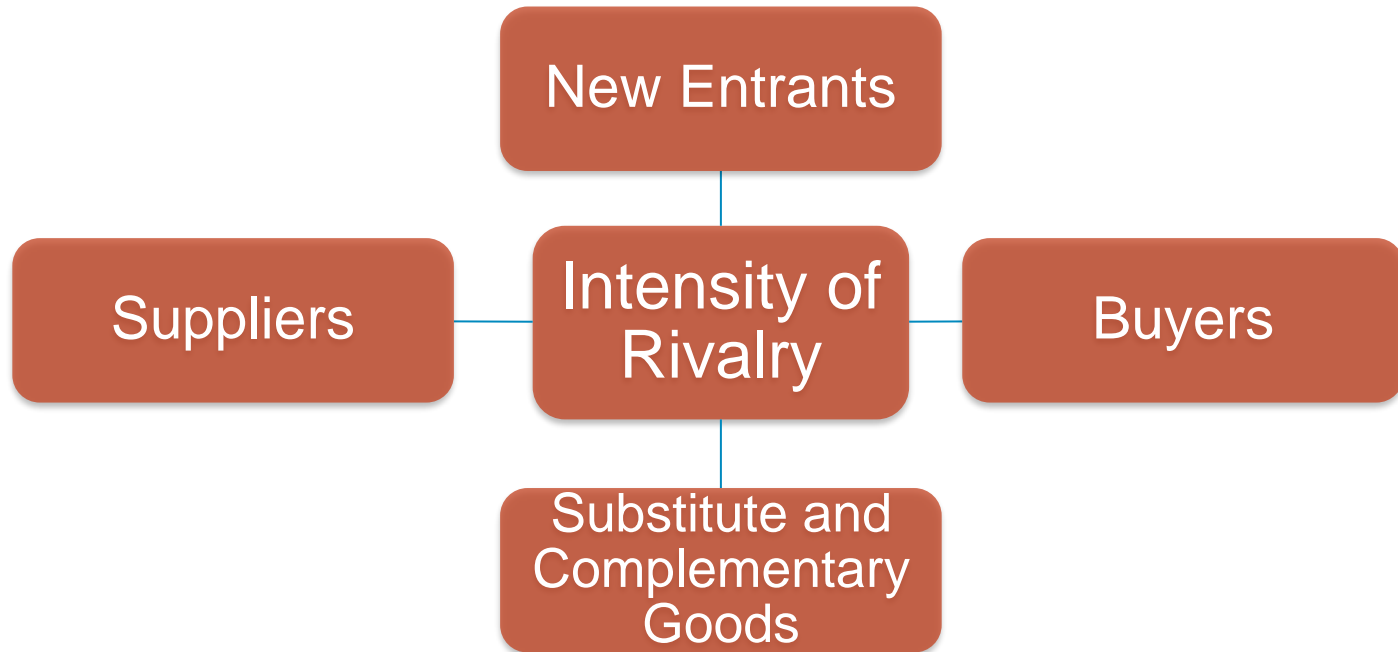
3. Organizacional Strategy

A. Part of the strategy is to drive a positive transformation in the organization's structure

B. Find a position in an industry where the organization can defend itself against competitive forces or influence them in its favor.



Industry's Profitability - Porter's 5 Forces



The underlying principles of strategy are enduring, regardless of technology or the pace of change.

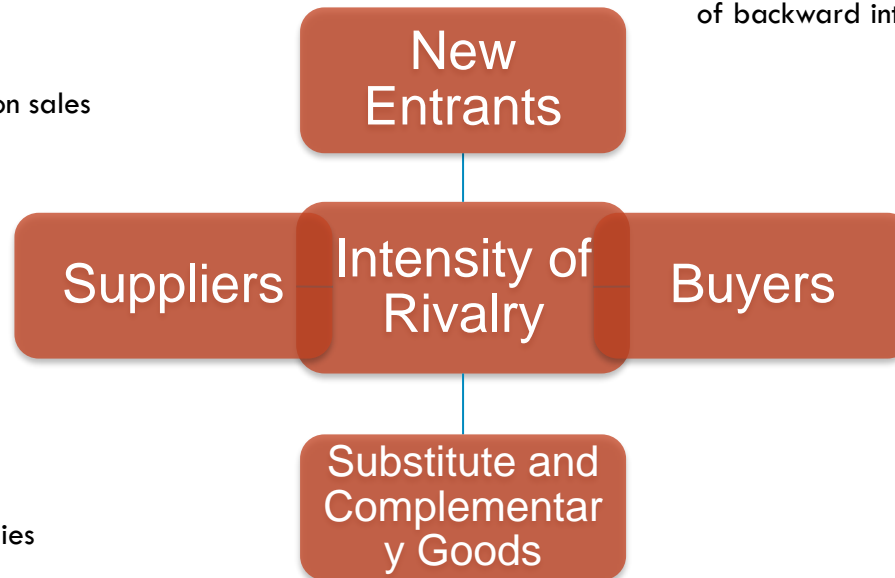
Industry's Profitability - Porter's 5 Forces

Intensity of Rivalry

- Market structure and market concentration
- Product homogeneity or differentiation
- Excess capacity
- Switching Costs (for clients)
- Cost structures
- Availability of information on sales
- Demands cyclical

Suppliers Power

- Market structure and supplier concentration
- Price sensitivity
- Threat of forward integration relative to threat of backward integration



Substitute and Complementary Goods

- Number and similarity of substitutes
- Propensity to substitute
- Price of substitutes

Barriers to Entry

- Capital Needs
- Scale and scope economies
- Access to Raw materials
- Regulatory policies, patents
- Brand and reputation
- Retaliation

Buyers Power

- Market structure and client concentration
- Price sensitivity
- Ability to backward integrate

2.4. Strategic Analysis

2.4. Internal Analysis, or firm analysis

2.4.1 Competitive Advantage

2.4.2. Resource-Based View

Strategy

2.1. Strategic Planning

2.1.1. External Perspective

**A.External factors that
Influence the company**

**B.Industry
attractiveness**

**C.Strategies that are
adequate to the
environment**

ANALYSIS



IDENTIFICATION



FORMULATION

2.2.2. Internal Perspective

A.SWOT ANALYSIS

**B.Features that give a
competitive advantage
over competitors**

**C.Strategies based on the
competitive advantages
of the company and the
industries to which they
are suited /VRIO**



2.4. Internal Analysis or Firm Analysis

3.1. Competitive Advantage: The company has a competitive advantage if it can sustain a **stronger performance than its competitors**, i.e., able to generate profits

3.2. Resource-Based View: After considering the average profitability of the industry, companies should also **discuss their positioning within the industry**, to boost their profitability.

If resources satisfy the **VRIO** characteristics (valuable, rare, difficult to imitate and organized to exploit) or the market test provided by Collins & Montgomery (2005) the sustainability of its competitive advantage will be more likely.

3.Strategic Vision Based on Resources

Resources: After considering the average profitability of the industry...

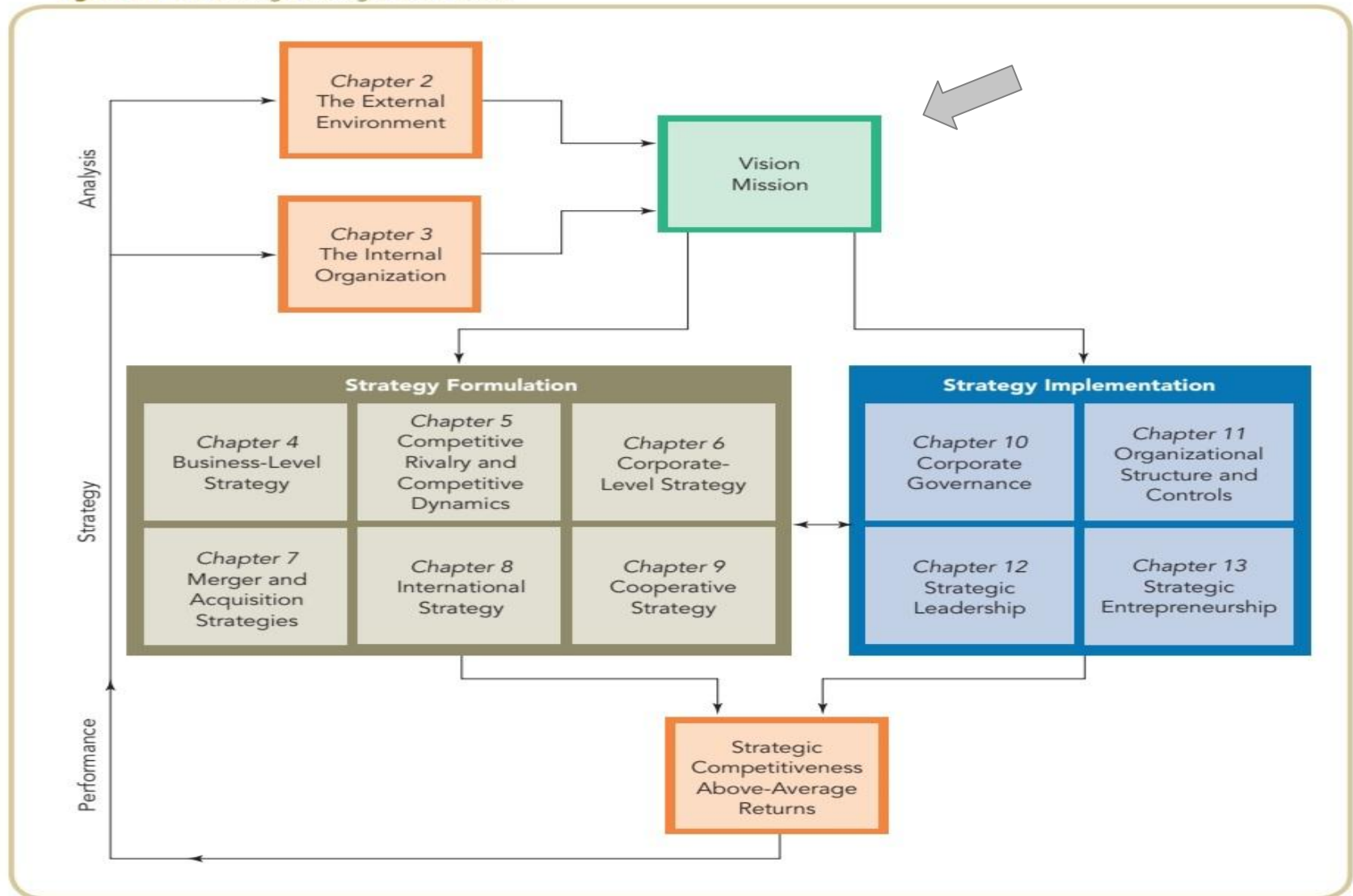
Organizations should also discuss their positioning within the industry to increase their profitability.

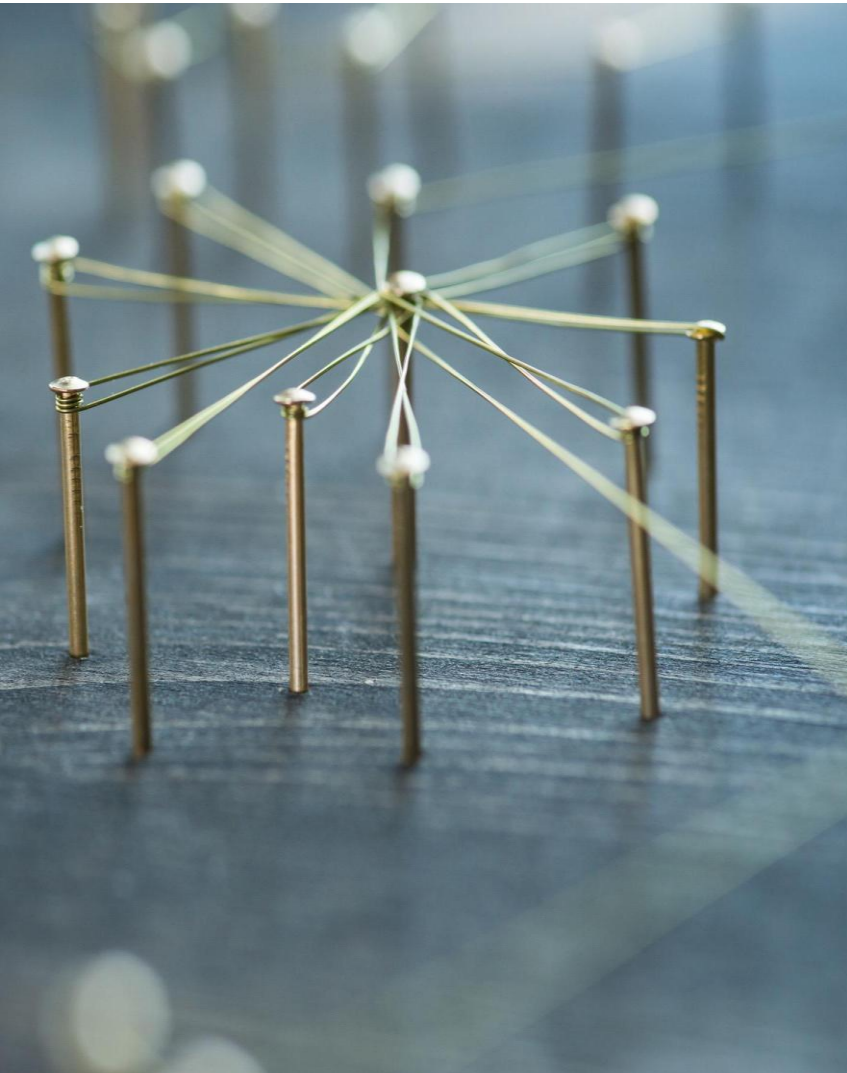
If resources meet the **VRIO characteristics**—**valuable, rare, difficult to imitate, and organized to exploit**—the sustainability of their competitive advantage will be more likely.



2.5. The Strategic Management Process

Figure 1.1 The Strategic Management Process





Vision

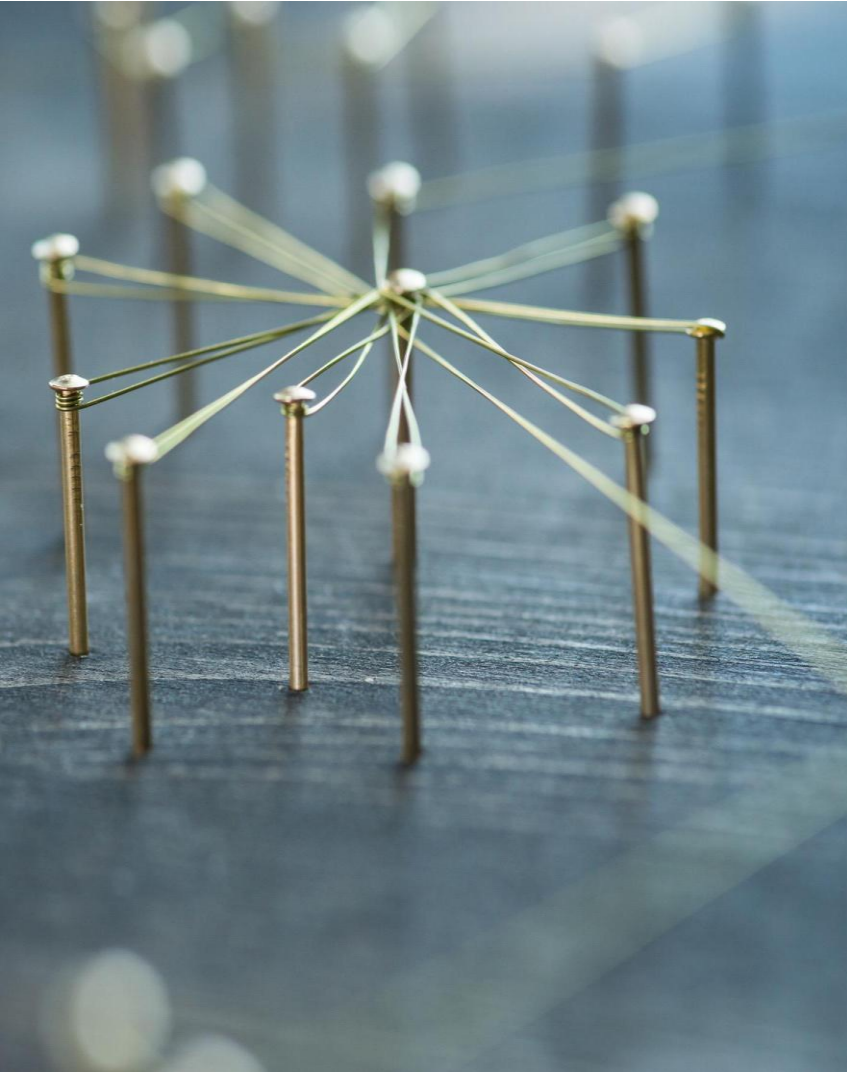
Is a picture of what the firm wants to be and, in broad terms, what it wants to ultimately achieve...

Example: to make the automobile accessible to every American (Ford Motor)

Mission

Specifies the business in which the company intends to **compete** and the **customers** it intends to serve

Example: be the best employer for our people in each community around the world and **deliver operational excellence** to our customers in each of our restaurants...(McDonald's)



Mission

Specifies the business in which the company intends to compete and the customers it intends to serve

APPLE?

... bring the best user experience to customers through innovative hardware, software, and services.

4.Strategy in Nowadays Context... Challenges...



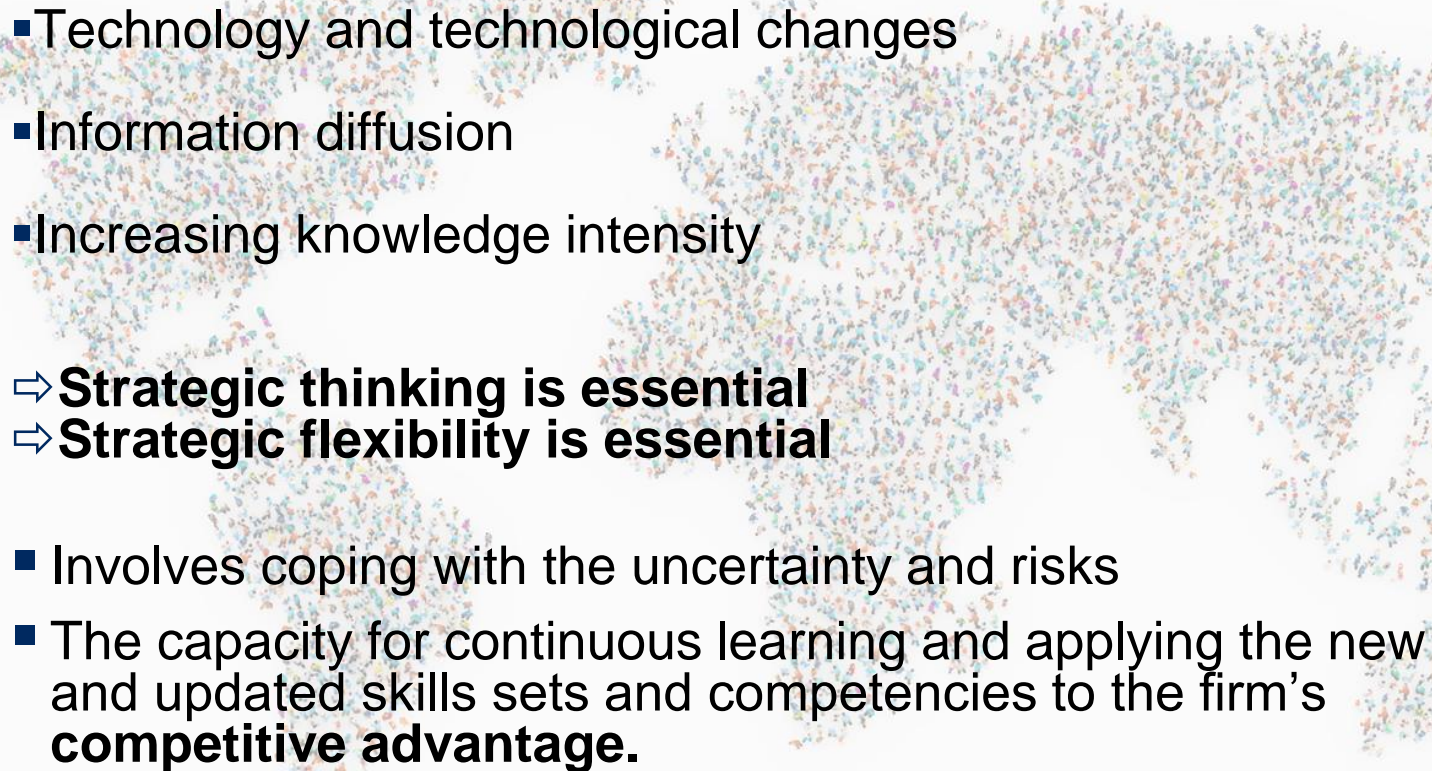
▪Globalization:

- Increased integration of world economies
- Increased flows of resources, goods and people across borders
 - But...increasing nationalism and protectionism

▪Despite globalization, cultural, institutional, religious and language **differences persist**

⇒ **Increased opportunities for doing business across boundaries but the challenges persist**

4.Strategy in Nowadays Context... Challenges...

- 
- Technology and technological changes
 - Information diffusion
 - Increasing knowledge intensity
 - ⇒ **Strategic thinking is essential**
 - ⇒ **Strategic flexibility is essential**
 - Involves coping with the uncertainty and risks
 - The capacity for continuous learning and applying the new and updated skills sets and competencies to the firm's **competitive advantage.**

Strategy....

Q: ONLY FEW COMPANIES GET IT RIGHT AND EVEN LESS OF THEM SUSTAIN THAT POSITION IN THE LONG RUN...

WHY IS THAT?

STRATEGY – Key Take Away



1. Operationalize the analysis of the organization's strategic position and the formulation of strategic planning;



2. Understand how organizations create, capture and preserve competitive advantage



3. The strategic management process is full of commitments, decisions, and actions required by the organization to achieve value (that the patient is willing to pay for)



4. The process involves: analysis, resources, structure, strategy, positioning and performance



5. The organization's first step will be to analyze the external and internal environment to determine: resources, capabilities, core competencies and leadership.



- Could you provide an example of a company/industry when a **new strategy** proved to be valuable?
- Please give a brief explanation of this example

KET TAKE AWAYS FROM THEORETICAL CLASS

Where to start....

- Understanding environments in which firms operate
 - Understanding industries
- Stakeholders
-

⇒ Only then can you formulate an appropriate strategy and subsequently implement it!



References

HIH: Chapter 1

Porter & Heppelman, 2014. Spotlight on Managing the internet of things, Harvard Business Review

Tesla venturing into insurance:

<https://www.ft.com/content/f0e072e8-cb58-11e9-a1f4-3669401ba76f>

Changes in the environment affecting luxury car industry

<https://www.ft.com/content/e81102b2-bf2e-11e9-9381-78bab8a70848>

Change in tobacco industry, restructuring and M&A <https://www.ft.com/content/2133974c-cb02-11e9-a1f4-3669401ba76f>

Videos

What is strategy?

<http://www.youtube.com/watch?v=ewyfKzYiKlc>

(Jay Barney)

[http://www.youtube.com/watch?v=ibrxIP0H84M
&feature=related](http://www.youtube.com/watch?v=ibrxIP0H84M&feature=related) (Michael Porter)

<https://www.youtube.com/watch?v=TD7WSLeQtVw> (Dr Krychynski)