

Developing Innovation and

Creativity for Business Advantage

Week 6 –

(Part 1) Innovative Business Strategy

&

**(Part 2) Issues in Strategic Management &
Planning**

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Recap:

Week 1: (Intro to DIB) + Concepts + techniques of innovation + creativity

Week 2: Creativity, Innovation Entrepreneurship

Week 3: Open and Closed Innovation + New-Product Development Product Life-Cycle + Differentiating between critical and creative thinking)

Week 4: The challenge(s) of adding value to Innovation creativity + Innovation, Growth and Competition

Week 5: Business Model Canvas + **eBusiness &** Digital Marketing

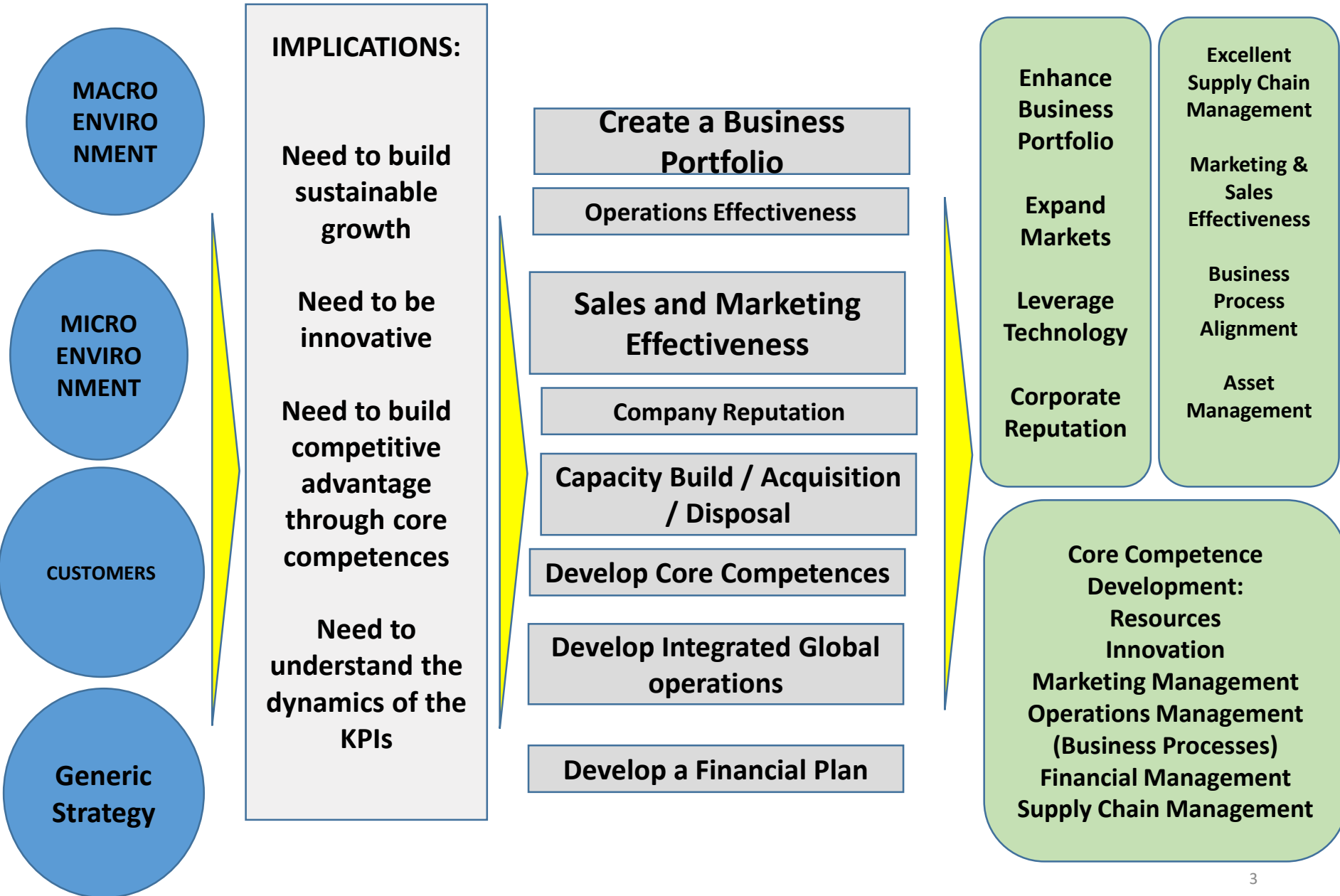
This week (Week 6) we will be covering:

(Part 1) Innovative Business Strategy

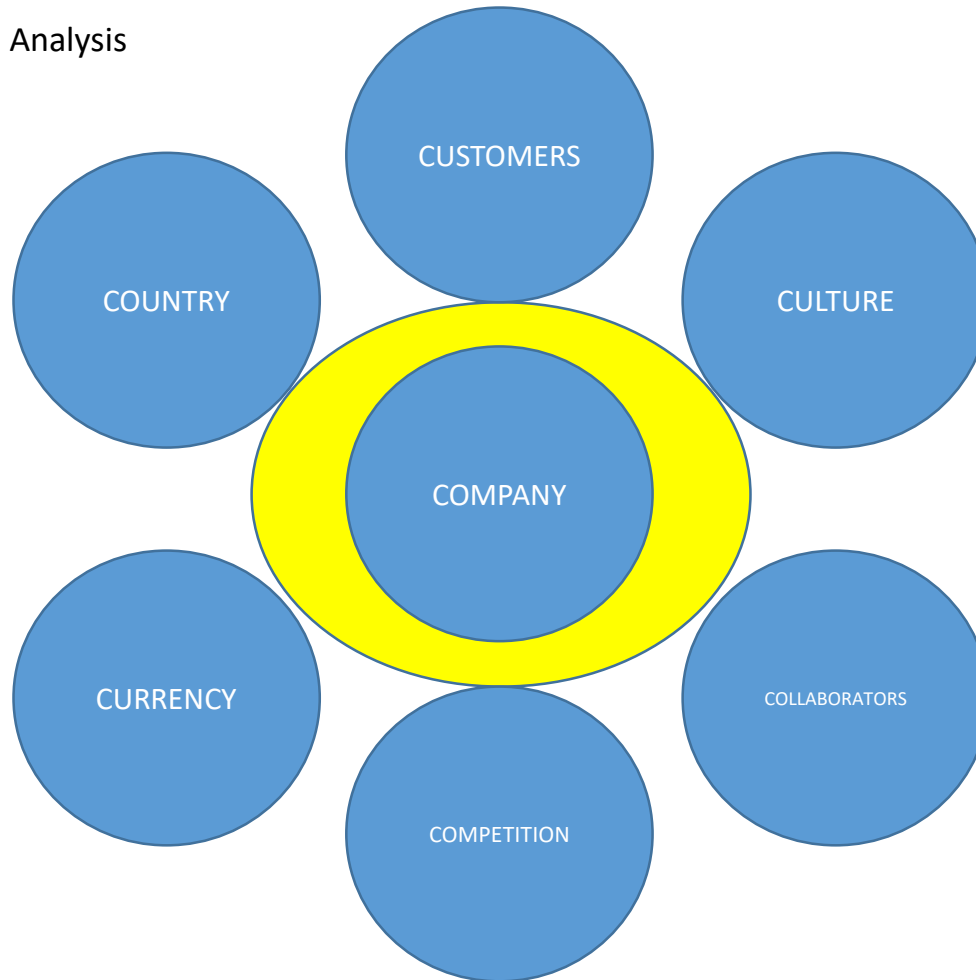
(Part 2) Issues in Strategic Management & Planning

STRATEGIES

STRATEGIC INITIATIVES

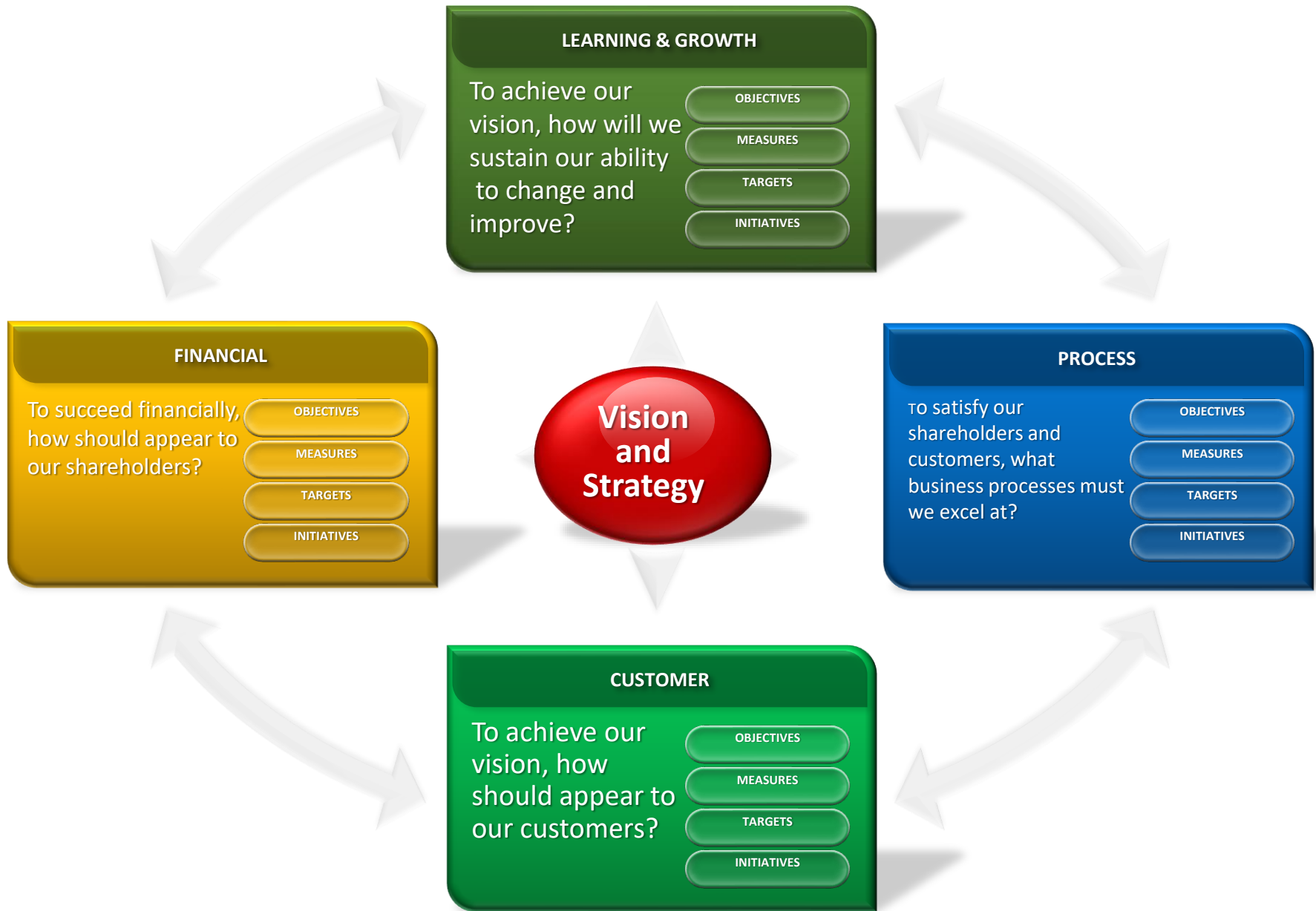


7Cs Situation Analysis

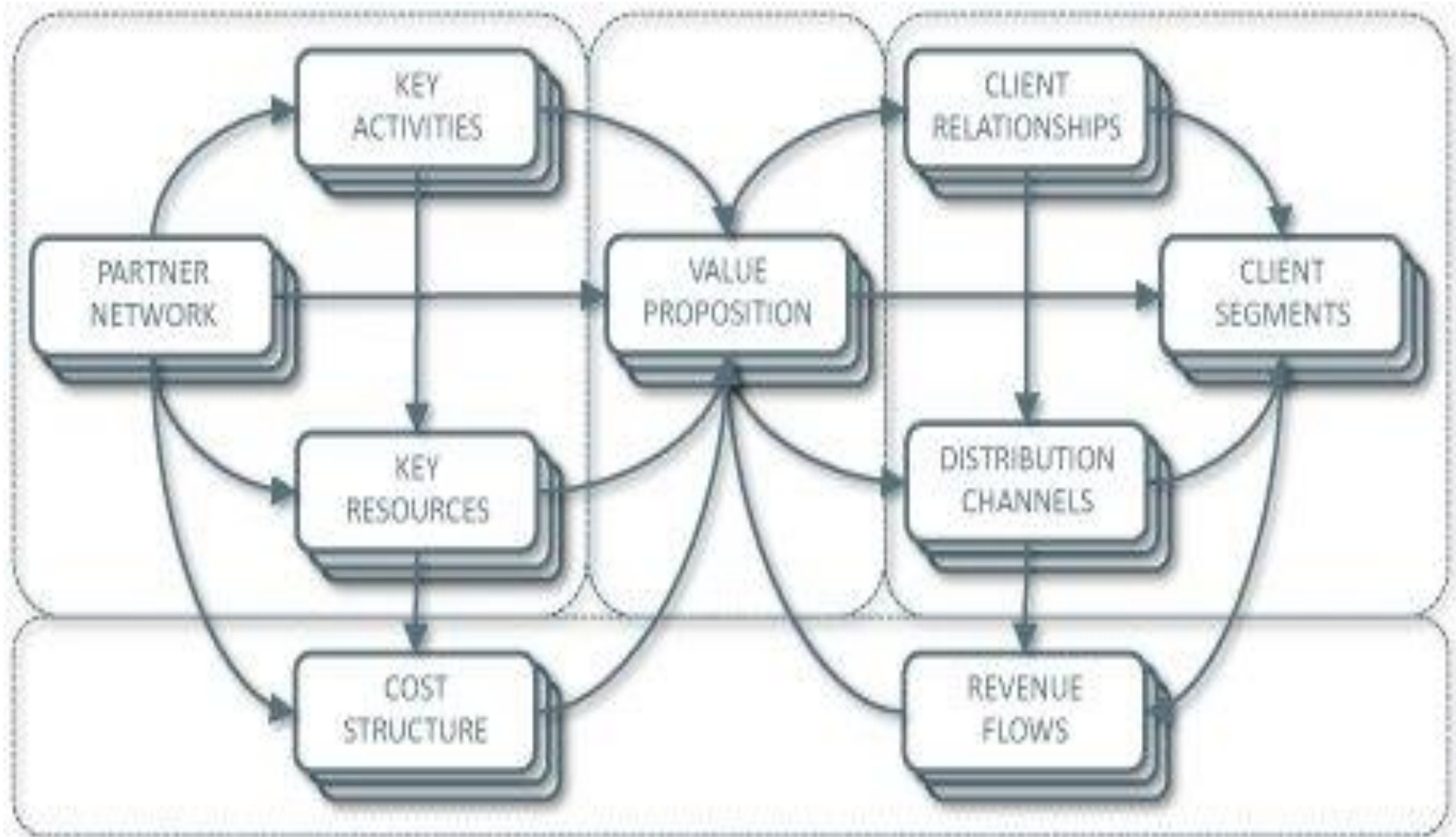


SITUATION ANALYSIS		
FACTOR	DESCRIPTION	APPLICATION QUESTIONS
COMPANY	Resources Competences Techstructure Infrastructure Strengths & Weaknesses KPIs	What are the firm's core competences and resources that help give it a competitive advantage? Does the firm have particular strengths and weaknesses? Is there an advantage to be gained from a well developed Techstructure / firm infrastructure? Does the firm have a clear Business Model? Is it still relevant? Does it need changing?
COMPETITION	Resources Competences Techstructure Infrastructure Strengths & Weaknesses KPIs	Who are the main competitors in their strategic group? What are the SW and core competences, resources of the competition? Are any of them dictating the industry and paradigm creators? Is there a well developed business model f in the industry for success? Can it be changed? Switching costs? Barriers to Entry / Exit?
CUSTOMERS	Segments Buyer Behaviours B2B / B2C / B2Gvt. / B2Groups	Who are the key customer groups being served by the Value Propositions? Are there several Value Propositions for the segments served? What are the relevant Market Shares of the firm and competitors? Are new segments emerging and old ones losing?
CURRENCY	Exchange rates Money supply 5 year trends Strength	If the firms(s) is multinational, are there any currency exchange issues that may affect profitability? In which currency ism the firm's accounts denominated? What is the trend of the currency movements?
COUNTRY	PESTLE Factors	What are the key economic indicators and trends for the firm's industry? Are there any dominant technology trends now / predicted? Is there any legislation covering IP or any other relevant legal frameworks? Any "green issues relevant?
CULTURE	National Cultural Contexts Hofstede Change s to PESTEL	If expanding, is the firm going to countries with similar "psychic distance"? Does changes in the national culture mean changes in the PESTEL framework- e.g. China Facebook?
COLLABORATORS	Distributors Suppliers Alliances	How extensive is the ecosystem / value network of the firm and competitors? Who dominates the supply chain – how long is it – is it changing due to techno factors? Does the firm have JVs or

Balanced Scorecard



BM Canvass



BM Canvass

Key Partners Who are our key Partners? Who are our key suppliers? Which key resources are we acquiring from partners? Which key activities do partners perform?	Key Activities What key activities do our value propositions require? Our Distribution channel? Customer relationships? Revenue Streams?	Offer What do we deliver to the customer? Which one of our customer problems are we helping to solve? What bundle of products and services are we offering each customer segment? Which customer needs are we satisfying?	Customer relationships What kind of Customer relationship does each of our customer segments expect us to establish and maintain? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?	Customer segments For whom are we creating value? Who are our most important customers?
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Cost structure What are the most important costs inherent in our business model? Which key resources are most expensive? Which key activities are most expensive?		Revenue streams What value are our customers really willing to pay for? What do they currently pay for? How much does each revenue stream contribute to overall revenue?		

Source: Osterwalder, A. & Pigneur, Y. Business Model Generation 2009

Issues in Strategic Management & Planning

1) Ecosystems – Modularisation

2) Business - Model Canvas

- ECLECTIC MIX OF SUBJECT MATTER: (AT ONE AGGREGATE LEVEL)

- COVERING:

- DYNAMIC CAPABILITIES
- DELIBERATE AND EMERGENT STRATEGIES
- COMMUNITIES OF PRACTICE – ECOSYSTEMS
- COMPETITIVE AND COOPERATIVE BEHAVIOUR
- OPERATIONS / PROCESSES
- FINANCIAL MANAGEMENT
- ENTREPRENEURIALISM
- ORGANISATIONAL BEHAVIOUR AND CONTEXTS
- STAKEHOLDER MANAGEMENT & CORPORATE GOVERNANCE
- INTERNATIONAL ASPECTS OF THE ABOVE

- REQUIRING:

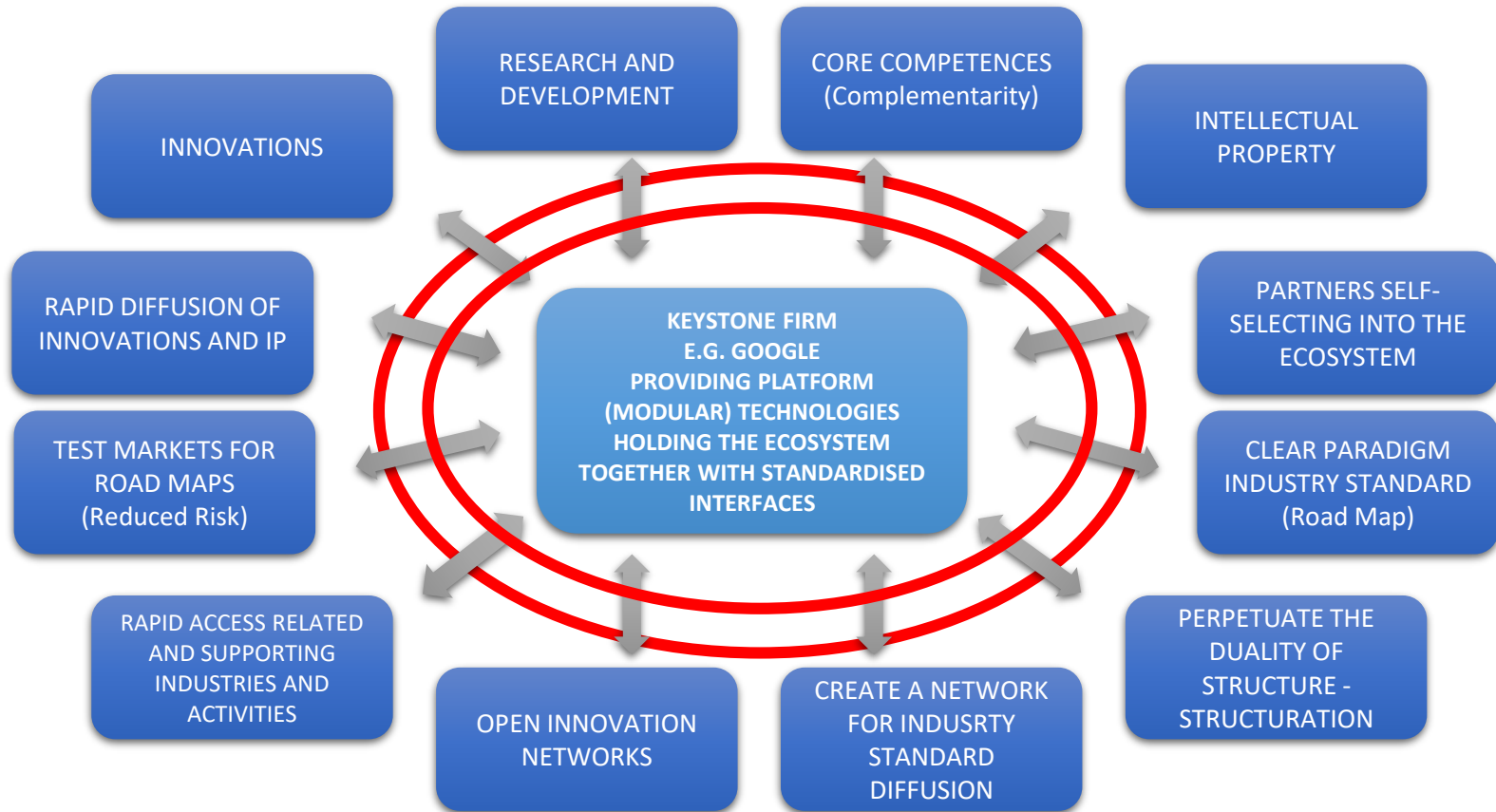
- BREADTH OF KNOWLEDGE
- ADAPTABLE CONCEPTUAL FRAMEWORKS (INDUSTRIES AND MARKETS)
- STRATEGIC CHOICE ON BEHALF OF THE RESEARCHER

MY FOCUS / CONCENTRATION

ECOSYSTEMS – MODULARISATION – STRATEGIC FLEXIBILITY:

- GOOGLE and Microsoft's dominance can be attributed to many of factors - the vision and drive of their founders - to the companies' aggressive competitive practices
- However the performance of these two very different firms derives from something that is much larger than the companies themselves: the success of their respective business ecosystems
- These are loose networks—of suppliers, distributors, outsourcing firms, makers of related products or services, technology providers, and a host of other organizations
- They affect, and are affected by, the creation and delivery of a company's own offerings
- Like an individual species in a biological ecosystem, each member of a business ecosystem shares the fate of the network as a whole, regardless of that member's apparent strength
- From their earliest days, GOOGLE and Microsoft—unlike companies that focus primarily on their internal capabilities—have realized this and pursued strategies that not only aggressively further their own interests but also promote their ecosystems' overall health.

ECOSYSTEMS – MEDIUM OF EXCHANGE



LEGO IS MODULAR



Modularity

Standardised Interfaces

Platforms

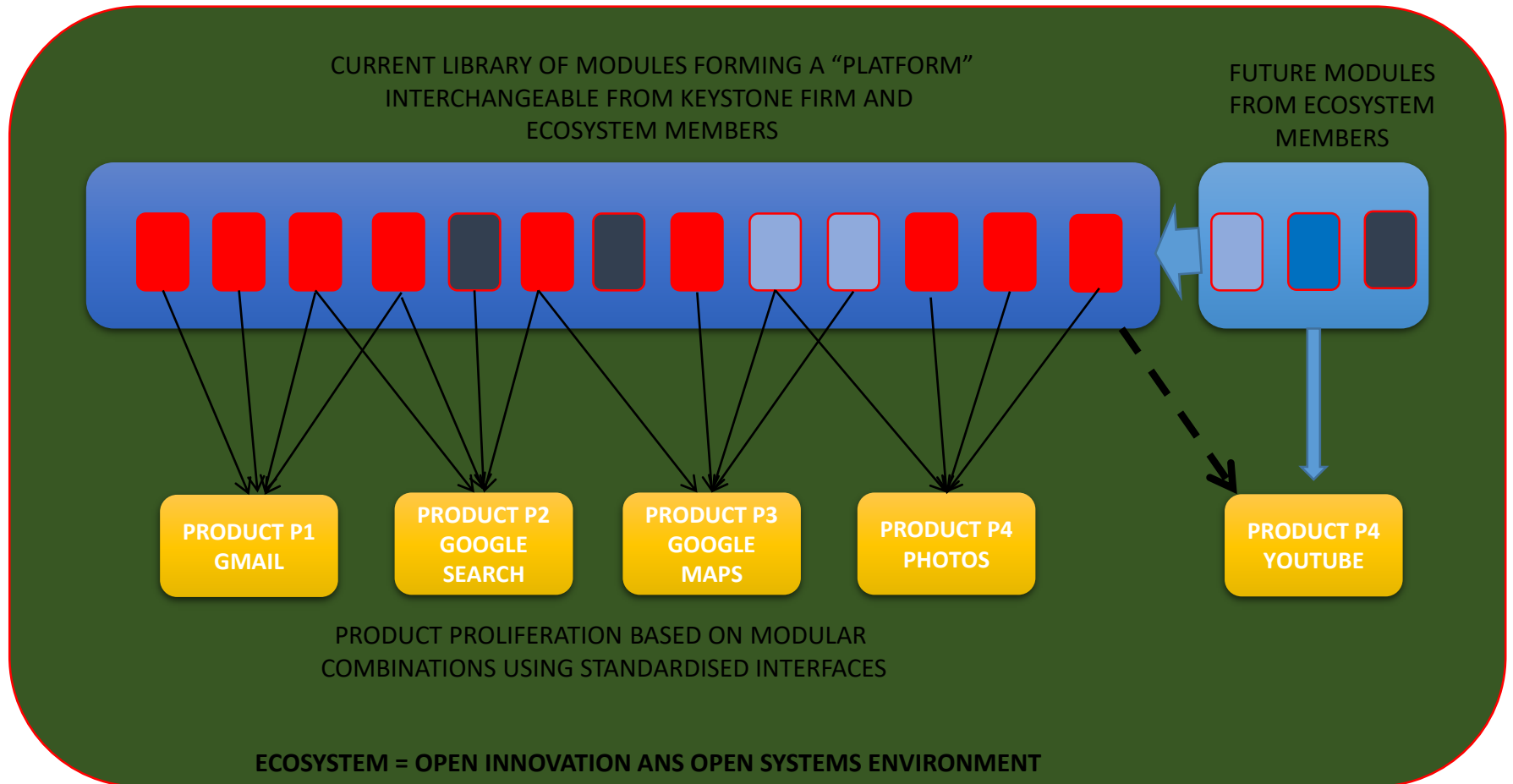


Flexibility

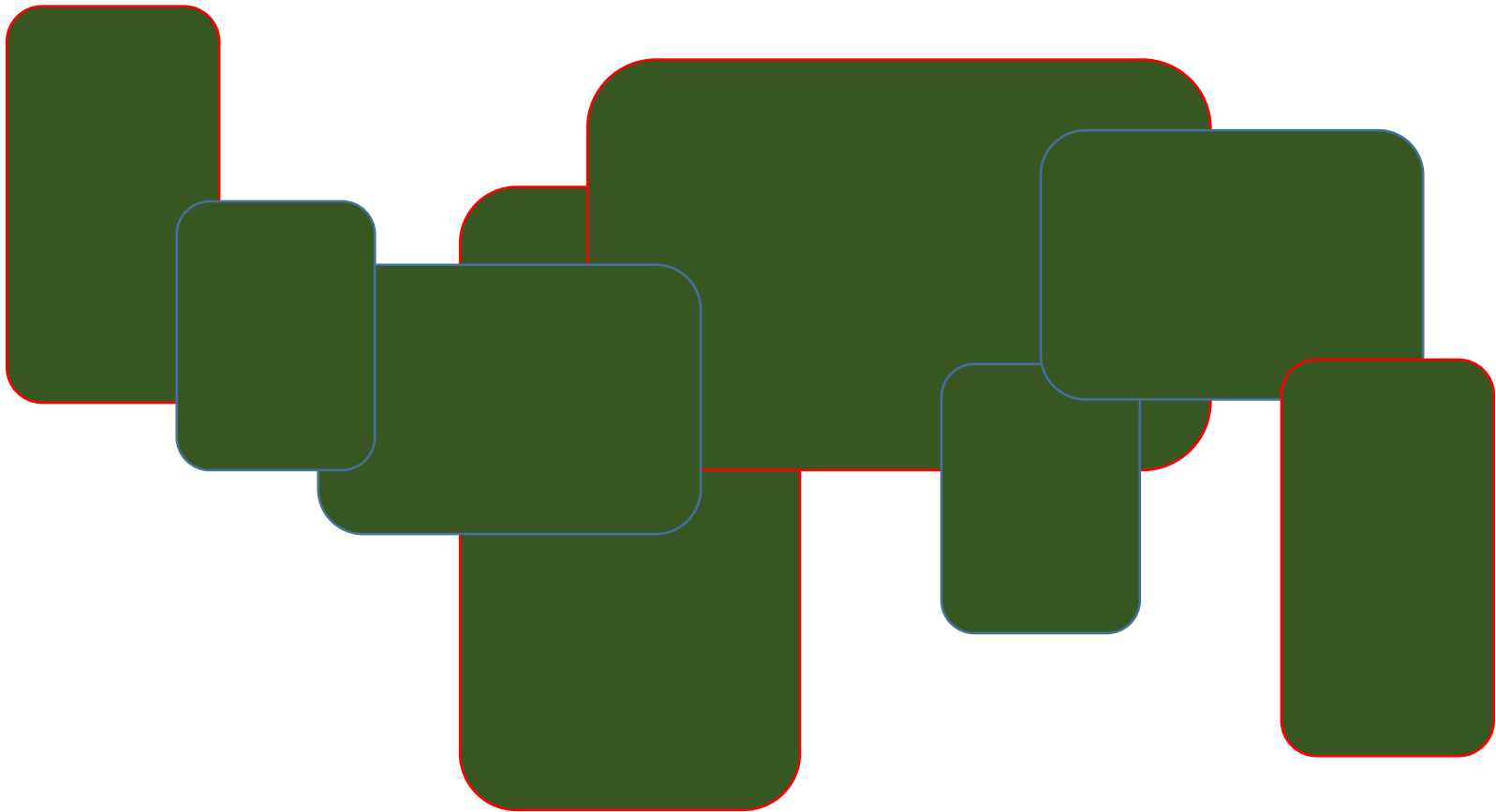
Scalability

Ecosystems

MODULARISATION AND PLATFORM TECHNOLOGIES



MULTIPLE ECOSYSTEMS
RICH “CONTROLLED” INNOVATION ENVIRONMENT

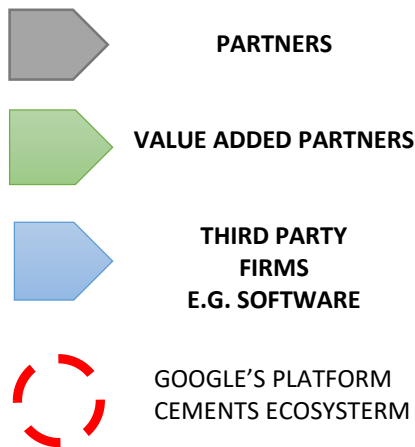


Strategic Flexibility is the Key!

- GOOGLE has to display a great degree of flexibility in its strategy to be able to maximise its returns in a number of end user markets
- At the same time its products must be flexible to be ported from their platform to so many co-operator's products
- It must also be organisationally flexible to accommodate the requirements of its partners
- Strategic Flexibility is therefore the basis of GOOGLE'S approach to enable it to adapt to all markets circumstances
 - That is:
 - FLEXIBLE APPLICATION DESIGNS
 - FLEXIBLE MODULAR SYSTEMS OF SOFTWARE
 - FLEXIBLE STRATEGY THROUGH PARTNERING
 - FLEXIBLE ORGANISATIONAL STRUCTURE

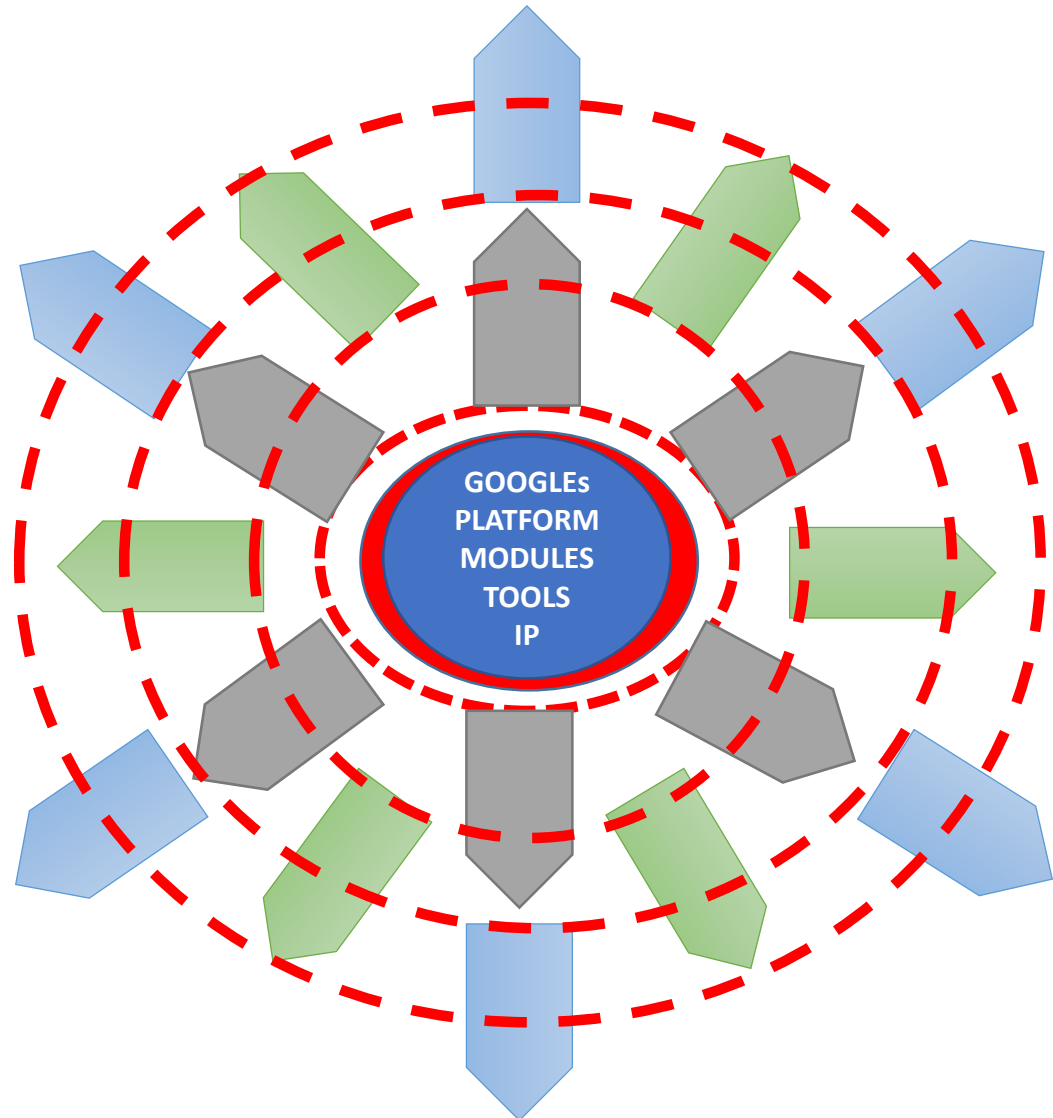
GOOGLE'S ECOSYSTEM ~ 1000 FIRMS

LIKE RIPPLES IN A POND GOOGLE'S INFLUENCE RADIATES OUTWARDS AND REVERBERATES BACK



This ecosystem
 Constitutes a
 "community of practice"
 In which firms share IP;
 Knowledge; competences
 to guide the evolutionary
 path of their products;
 services; and create a
 dominant paradigm in
 which to grow their
 Businesses.

The GOOGLE platform holds the
 Ecosystem together with GOOGLE
 as the KEYSTONE firm



GOOGLE'S ECOSYSTEM THE ECOSYSTEM IS CONTROLLED AND HELD TOGETHER BY THE TOOLS AND OTHER ELEMENTS THAT GOOGLE OFFERS TO SUPPORT ITS BUSINESS MODEL

This ecosystem
Constitutes a
“community of practice”
with the following elements

VALUE ADDING FIRMS

SOFTWARE

OPERATING SYSTEMS

DEVELOPMENT TOOLS

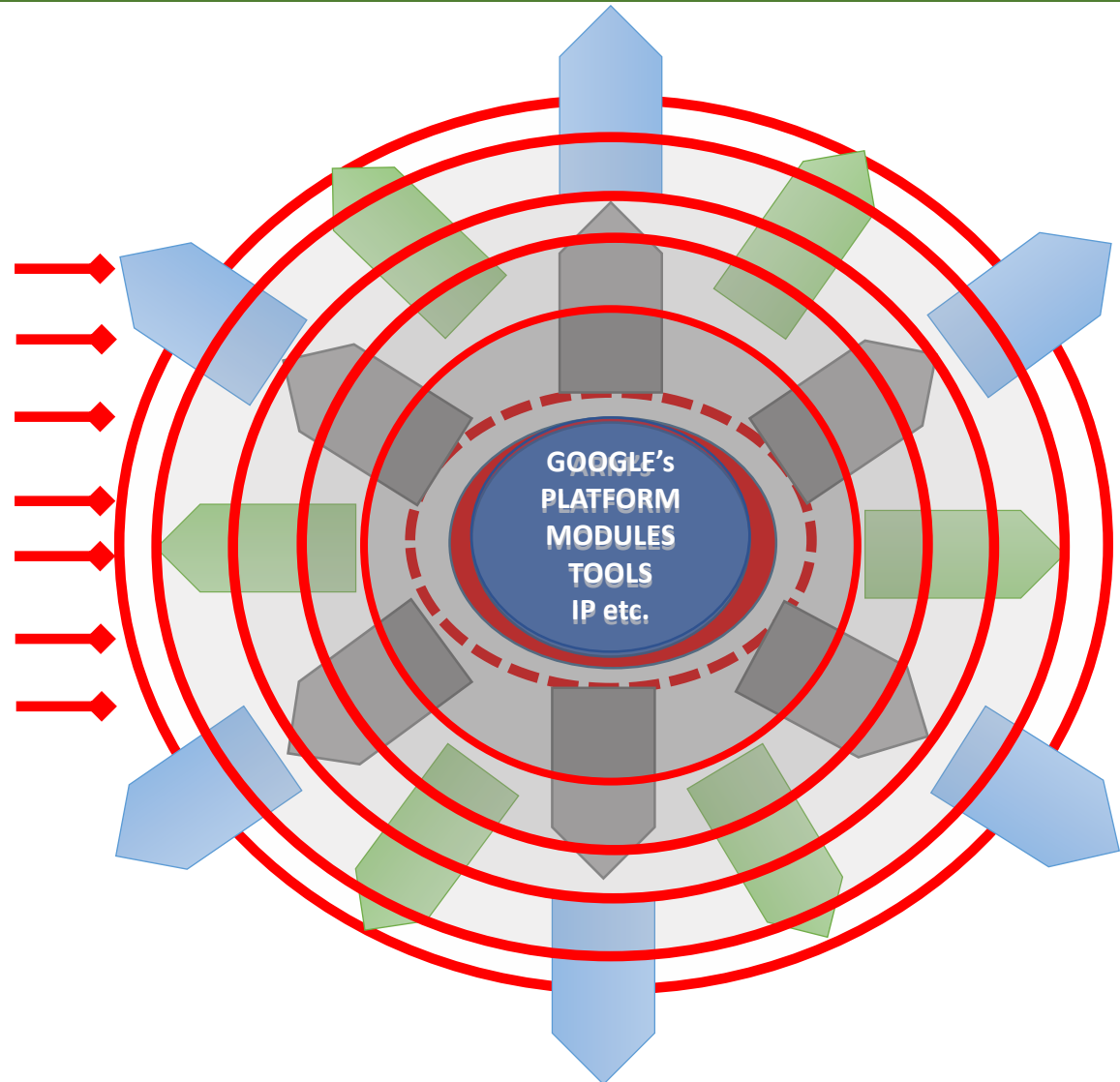
INTELLECTUAL PROPERTY

ARCHITECTURE

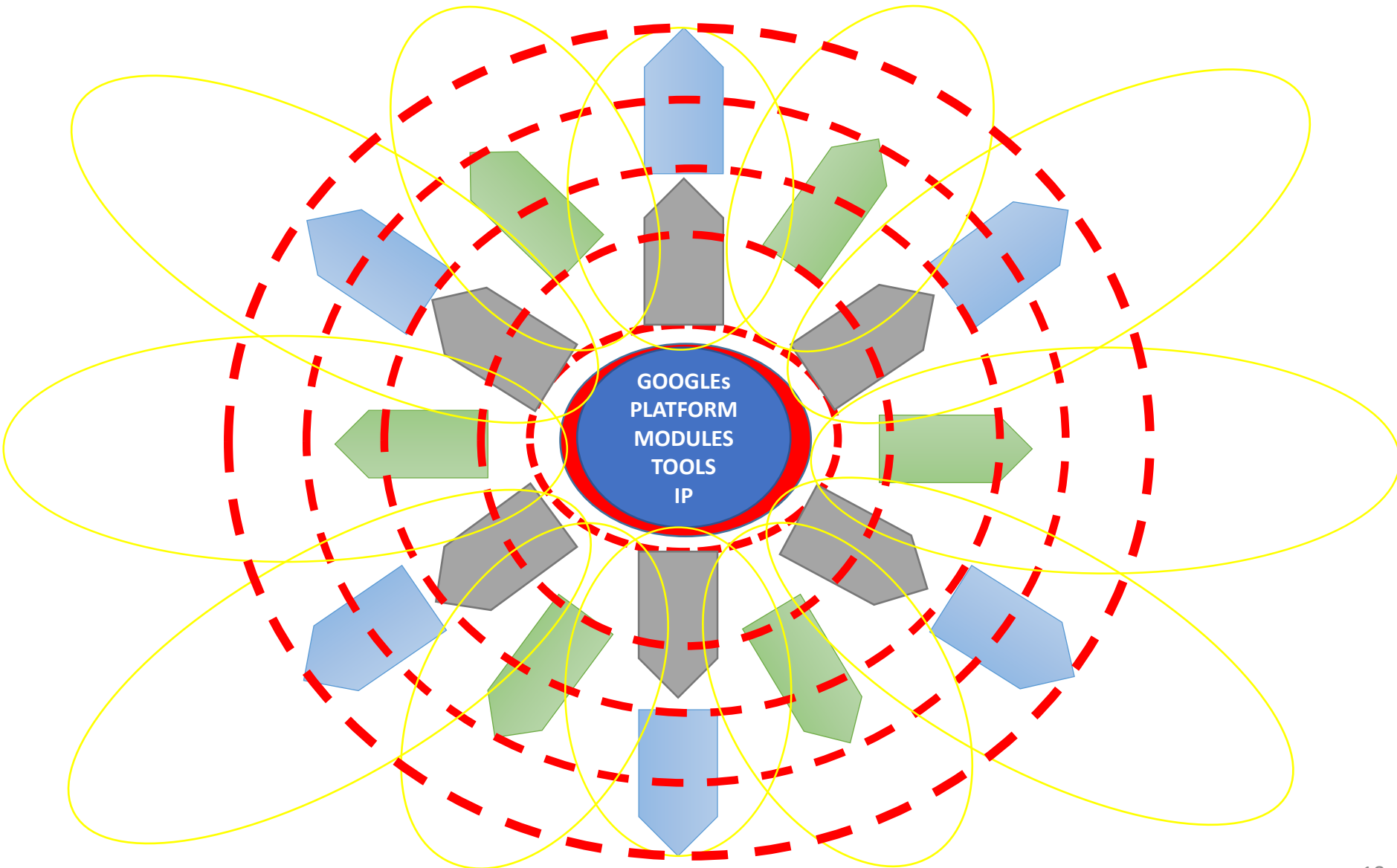
HARDWARE

The GOOGLE platform holds the
Ecosystem together with GOOGLE
as the KEYSTONE firm

This gives GOOGLE much more
LEVERAGE
than it would have a small firm alone



**GOOGLE'S MULTIPLE ECOSYSTEMS
CAN GENERATE ECONOMIES OF SCOPE AND ECONOMIES OF SCALE**

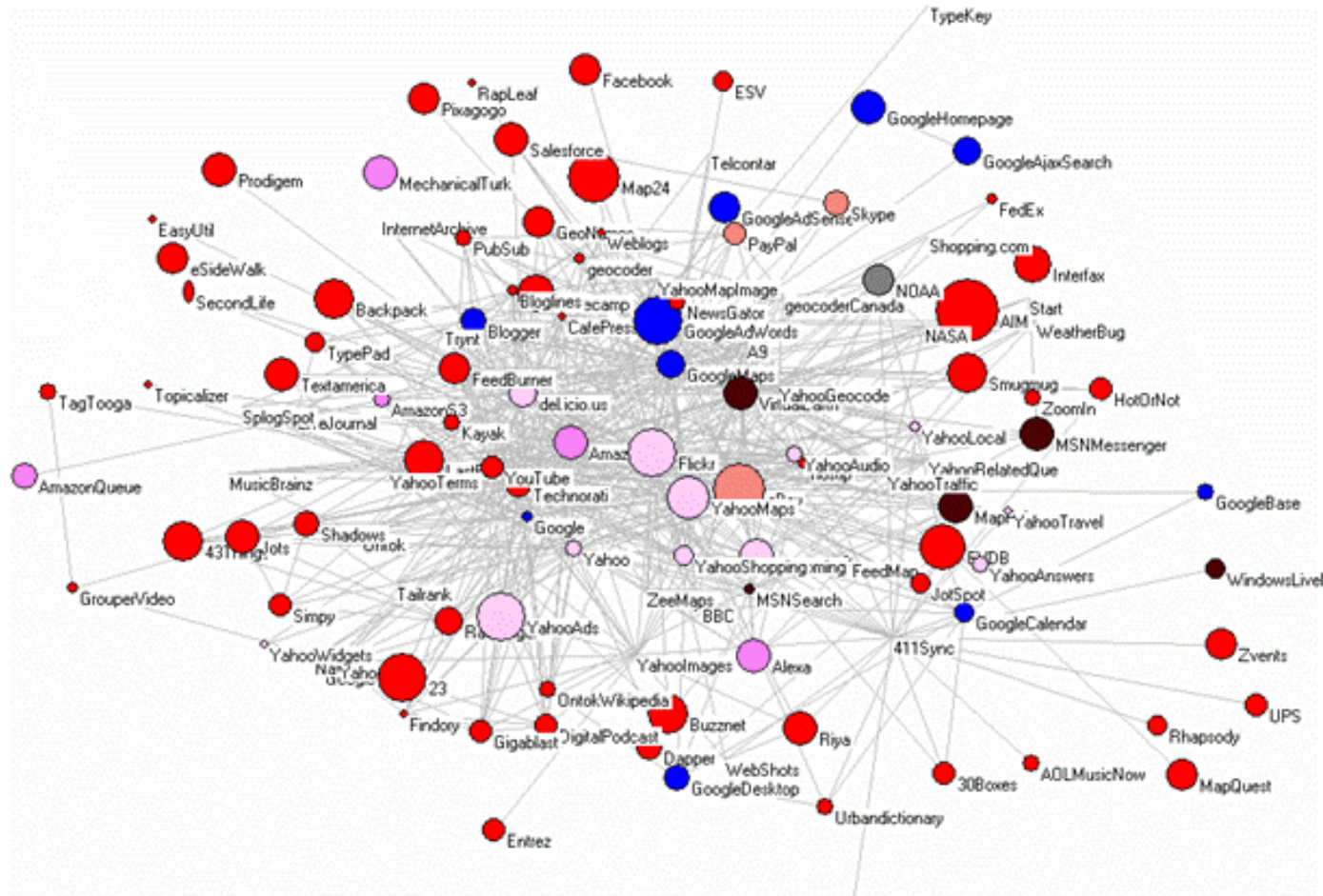


GOOGLE's ECOSYSTEM

In GOOGLE's case the ECOSYSTEM is made up of:

1. WEB DEVELOPERS
2. ALLIANCE PARTNERS (e.g. Microsoft)
3. SOFTWARE TOOLS DISTRIBUTORS
4. HARDWARE PROVIDERS
5. OPERATING SYSTEMS
6. ANY THIRD PARTY VALUE ADDING FIRMS
 1. SUPPLIERS
 2. COMPLEMENTERS
 3. VARS

GOOGLE's ECOSYSETM



ECOSYSTEMS - GOOGLE

FACTORS	ECOSYSTEM
GEOGRAPHY	GEOGRPHIC LOCATION NOT IMPORTANT
COMPETITION & COOPERATION	BOTH SIMULTANEOUSLY
INDUSTRY	COMPLEMENTARITY OF INDUSTRIES – BUNDLING
KNOWLEDGE	INTERCONNECTEDNESS IS ENABLER AND MOTIVE FOR COOPERATION
CONTROL	DECENTRALISED DECISION MAKING
FORMAL GROUPINGS	ALLIANCES USUAL VALUE WEB AND NETWORK
MOTIVATION	BECOME INDUSTRY STANDARD
ORG. STRUCTURE	FLEXIBILITY IS THE KEY TO SURVIVAL AND SUSTAINABILITY
KEystone FIRM	GOOGLE
COMMON INTEGRATING PLATFORM	GOOGLE'S ARCHITECTURE

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Facebook



A business model describes the value an organization offers to various customers and portrays the capabilities and partners required for creating, marketing, and delivering this value and relationship capital with the goal of generating profitable and sustainable revenue streams

OPERATIONAL INFRASTRUCTURE

PARTNER NETWORK &
ECOSYSTEM
(COLLABORATORS &
COMPETITORS)

ORGANISATIONAL
INFRASTRUCTURE

FIRM SPECIFIC &
FIRM ADDRESSABLE
COMPETENCES

FIRM SPECIFIC &
FIRM ADDRESSABLE
RESOURCES

FIRM SPECIFIC &
FIRM ADDRESSABLE
ACTIVITIES
(OPERATIONS)

**STRATEGY
IDEOLOGY
STRATEGIC
POSITIONING
VISION
&
OBJECTIVES**

OFFER

**VALUE
PROPOSITIONS**

MARKETING MIX

CUSTOMER
RELATIONSHIP
MANAGEMENT
SYSTEMS

CUSTOMER
SEGMENTS

CUSTOMER INFRASTRUCTURE

FIRM SPECIFIC &
FIRM ADDRESSABLE
CHANNELS

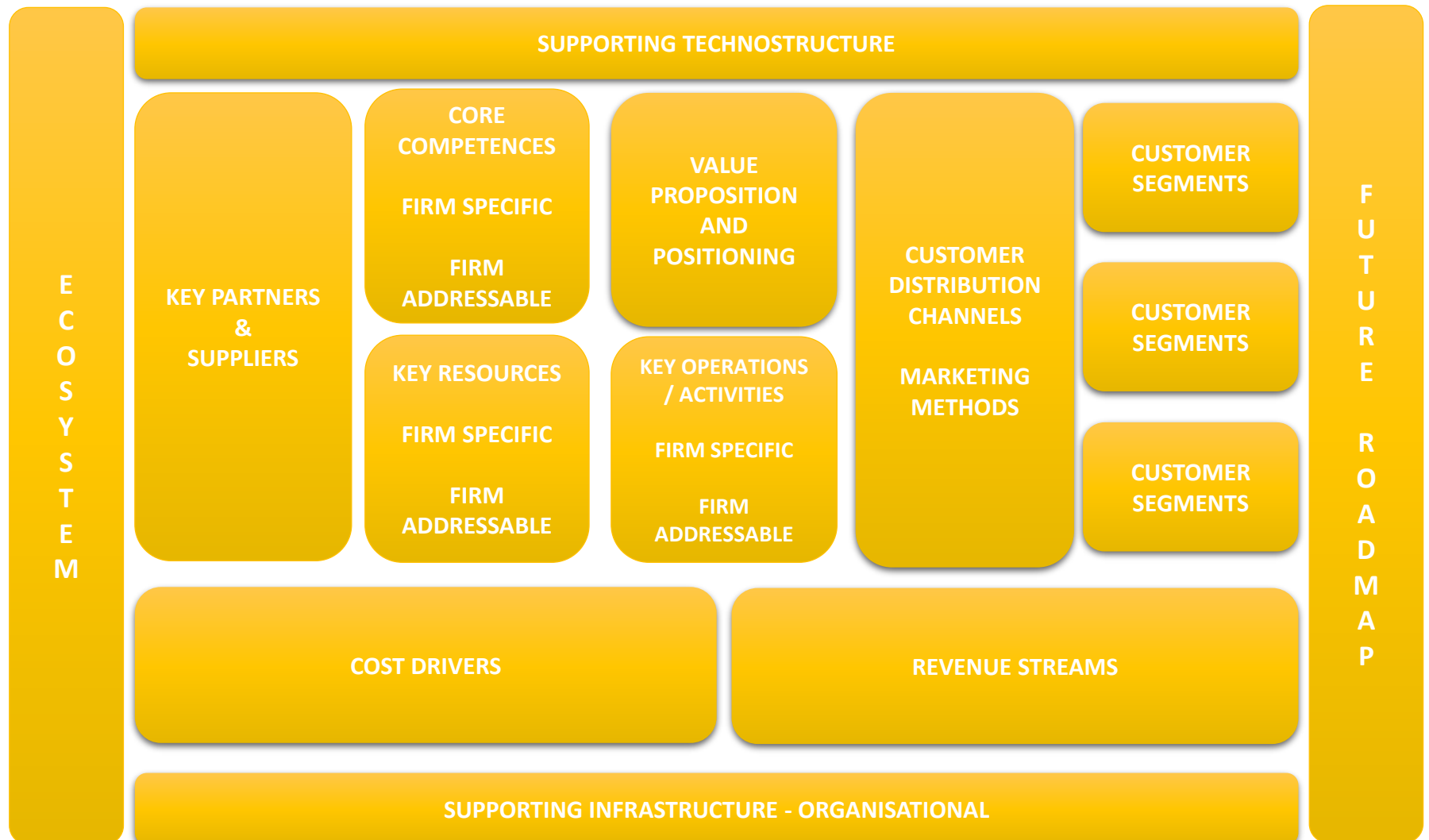
CORE & AUGMENTED
PRODUCTS /
SERVICES

FINANCIAL INFRASTRUCTURE

COSTS

REVENUES

BUNINESS MODEL BUILDING BLOCKS FOR ENTREPRENEURS



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