

LCDB7000- Approaches to Researched and Academic Communication

Group 6

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STRATEGY AND ENTREPRENEURSHIP

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STRATEGY - HISTORY AND BACKGROUND



- This word is derived from military language.
- Traces of the word STRATEGY were first found in Chinese treatises in 200-400 B.C. (Sun Tzu, The Art of War)

STRATEGY - DEFINITION

- Strategy is a series of action taken by a company according to a particular situation. (Von Morgenstern, 1947)
- Strategy is “the art of distributing & applying available resources to full fill ends of the policy”. (Liddell Hart, 1967)
- Strategy is a goal to achieve superior and long term return on investments. (M. Porter, 1996 and 2001)



TYPES OF STRATEGY

Corporate strategy

It defines the market & business in which a company will operate.

- *What should be the business of company?*
- *Why the company exist?*
- *What the company intend to become?*

Business strategy

How an organisation is going to compete within a particular industry or market.

Functional strategy

It deals with decisions according to functional lines e.g. R&D, Marketing, Finance.

TYPES OF BUSINESS STRATEGY



Cost Leadership

Companies offer lowest price comparing to their competitors without compromising quality.



Differentiation

Companies develop products or services that provide superior value. However, cost may go higher for production.



Focus

Target a specific industry segment specifically where the competitors are weak.

ENTREPRENEURSHIP

Entreprendre

From the French word
meaning “to undertake”



ENTREPRENEURSHIP - DEFINITION



In 1800, Jean B. Say - a French economist: “the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity”

Dollinger (1995): entrepreneurship as “the creation of an innovative economic organization for the purpose of gain or growth under conditions of risk and uncertainty”.



CHARACTERISTICS OF ENTREPRENEUR



Entrepreneur is
an innovator
(Schumpeter,
1934)



Entrepreneur is
a risk taker
(Knight, 1921)

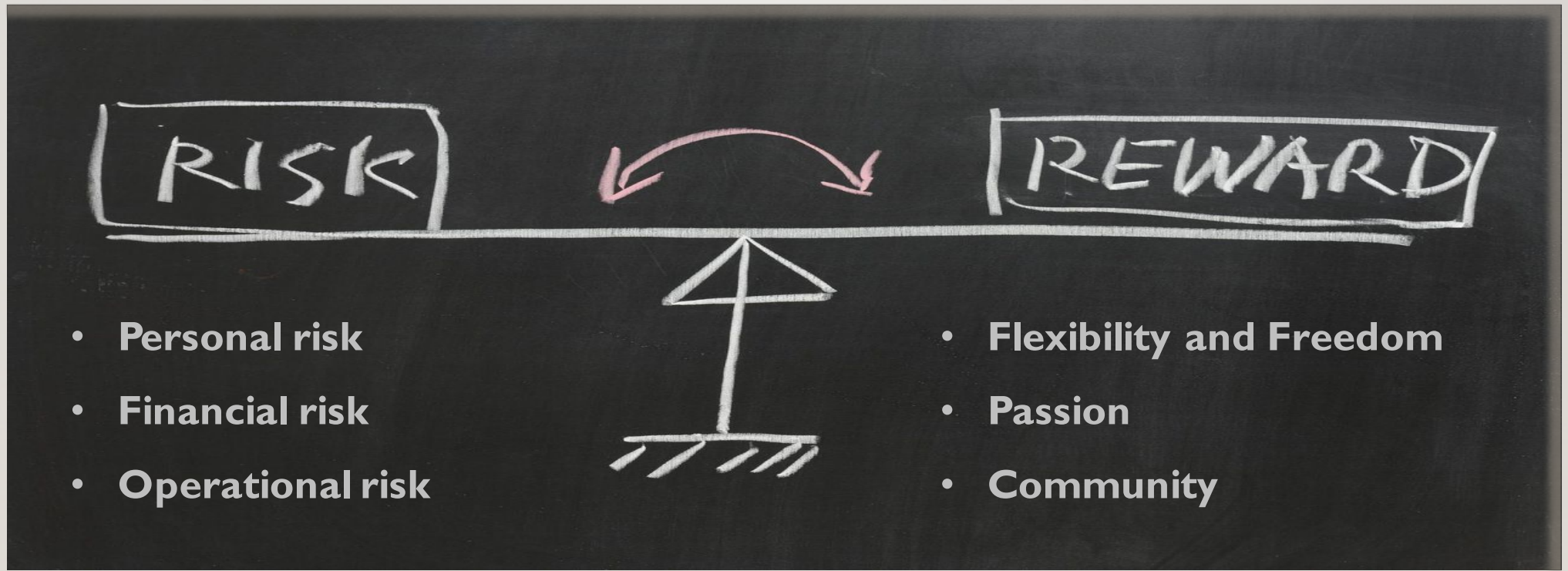


Entrepreneur is an
achievement
motivator
(McClelland, 1971)



ENTREPRENEURSHIP: REWARDS & RISKS

Always look for the reward and always prepare for the risk !



STRATEGIC SUCCESS - BOOHOO

- Muhammad Kamani came to Britain in 1968 with his family. He pursued his family business from his father.
- Boohoo is a fast fashion clothing company.
- They are ranked at 6th position in top 10 Great British Entrepreneurs and What They Have Achieved (Oxford Royale Academy, 2016).
- Net worth of boohoo company is £2.6 billion pounds (Hill, 2017).



EVOLUTION AND ADOPTION OF STRATEGY



Online:

- started producing and selling its own branded clothes.
- Trading in 200 countries with more than 5m customers (Oliver, 2017).

Social Media and Customer Engagement:

- 1 million Facebook followers, 1.5m on Instagram and 2 million on YouTube.
- launched their first non-English site in France (Tesseras, 2014).

WHAT STRATEGY DID HE FOLLOW TO BECOME SUCCESSFUL?

COMMERCE THROUGH CONTENT

- Celebrities & customers share fashion tips, blogger articles, stylish videos
- This creative idea has helped the company to gain 5m audience worldwide (Rigby, 2017)

PRICING

- The average clothing items starts from £13.15 in Boohoo & £30 in ASOS, Zara, Next & other online shopping companies
- Price of Boohoo and Primark are almost identical (Smith, 2013)

DIVERSITY

- PrettyLittleThing and Nasty Gal (BBC News, 2017)

MOBILE APPS

- Boohoo apps were downloaded 2.2m times in the UK, Australia and USA
- Company is focusing to create country specific apps to become more global (Rigby, 2017)



INEFFECTIVE BUSINESS STRATEGY - MYSPACE

- It was a social networking site launched in 2004 by Tom Anderson
- Within 1st year of launch MySpace was having 5m users and was awarded 1st position from 2005 to 2007.
- Facebook became disrupter in 2008 and took the title of 1st position from MySpace.



STRATEGIC FAILURE - MYSPACE

Focus on narrow age group:

e.g. Targeted a limited age group, Generation Y 13-15 years of teenagers.

Slow to react to competitors:

e.g. Not a friendly user platform, focusing on music and complicated website to understand.



Limited innovative capabilities: e.g.

Slow to adopt new technology such as Ajax and instant messaging.

Poor execution of reactive strategy: e.g.

Launched once again in 2012 with new visuals but outmoded strategy on a limited age group and became outlet for musicians and artists.

CONCLUSION

- Strategic entrepreneurship helps in creating and sustaining growth of the business.
- A process by which a product or service starts from a basic level with simple application and then eventually it moves up to the top of the market where it disrupts its established competitors (Clayton Christensen).
- MySpace was an innovative idea of Tom Anderson but the strategy he adopted was not so effective according to modern need of the society and he failed even the company was ranked as 1st social media enterprise in 2005-2007. Where Facebook in 2008 disrupted the established competitor MySpace.

RECOMMENDATION

- Boohoo is an innovative and creative initiative of Muhammad Kamani as he knows how to adopt effective strategy to disrupt the established market

Value creation + Value capture = Value added

- Entrepreneurship & strategy work side by side, effective strategy adopted by entrepreneur, it will end up in the success of the business.

Entrepreneurs should do market analysis before they adopt any strategy. They should consider:

Evolution

Innovation

Advanced
technology

Flexibility

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