



Foundations of Strategy

Bruno, Nital, Christopher, Dylan

What is Strategy?

- Strategy- is the means by which individuals or organizations achieve their objectives.
 - Corporate Strategy
 - Business Strategy
- Strategy is not a detailed plan or comes with instructions.
- Strategy is about success.



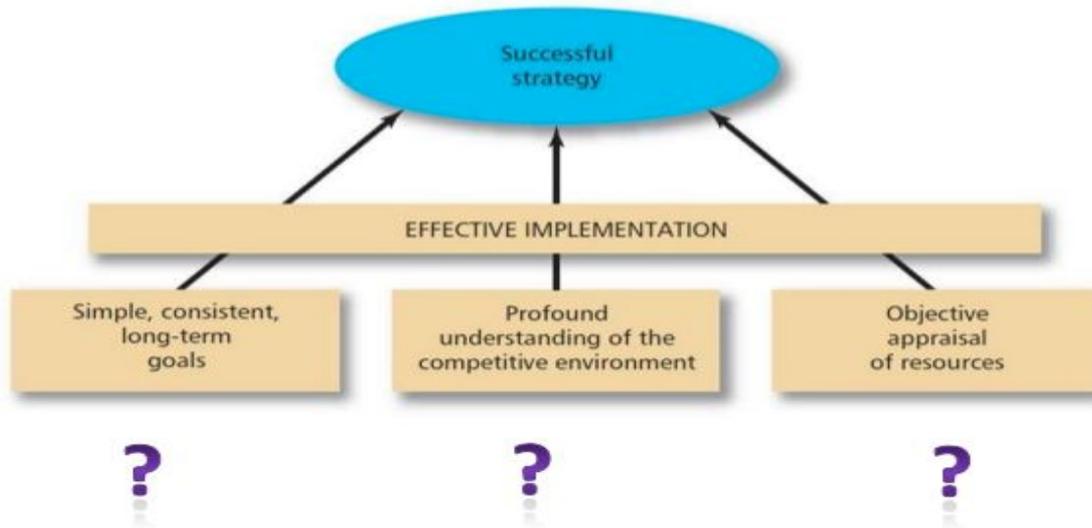
The Role of Strategy in Success

1. Goals that are consistent and long term
2. Profound understanding of the competitive environment
3. Objective appraisal of resources
4. Effective implementation

“We must learn how to be the CEO of our own careers”- Peter Ducker



Common elements in successful strategies



Corporate/Business Strategy

- Corporate Strategy- defines the scope of the firm in terms of the industries and markets it competes.
- Business Strategy- is concerned with how the firm competes within a particular industry or market. If the firm is to prosper within an industry it must establish a competitive advantage over its rivals.



Budweiser, Most Valuable Beer

4.1% Budweiser revenue growth	12.8% Stella Artois revenue growth	19.9% Corona revenue growth
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16.8%

Combined global
brand revenue growth

Budweiser and Bud Light are the most valuable beer brands in the world.

Anheuser-Busch InBev owns many of the top beer brands in the US and across the globe. Almost 30% global market share.

Corporate strategy

- Compete in beverage markets in over 100 countries
- Use of M/A and joint ventures to expand

Business Strategy

- Offer a product for every occasion
- Continually invest in core brands
- Cost reducing improvements



Coors is the 11th most valuable beer brand.

MillerCoors was a joint venture, but AB InBev divested.

MolsonCoors has a portfolio of many powerful brands globally, and is a staunch competitor.

Though not at the very top of the list, Coors is still large enough that it is expected to be a leader in CSR and sustainability practices.



Heineken is the third most valuable beer brand.

First import to re-enter US after Prohibition.

As the world's second largest brewer, Heineken has many similarities to AB InBev

- Large number of international markets (over half of their revenue from emerging markets)
- Strong brands in each market
- Use of M/A, though Heineken keeps a lower profile



The Concept of a Sustainable competitive advantage

- A company achieves a competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces.
- If a company's competitive edge holds true for being *sustainable*, then so much better for both the strategy and the company's future profitability

Five most used strategic approaches in distinguishing a company

- A low-cost provider strategy
 - Achieving a cost-based advantage over rivals.
- A broad differentiation strategy
 - Seeking to differentiate the company's product or service from that of rivals in ways that appeal to buyers
- A focused low-cost strategy
 - Concentrating on a narrow buyer segment and outcompeting rivals by having lower costs.
- A focused differentiation strategy
 - Concentrating on a narrow buyer segment and out competing rivals by offering buyers customized attributes that meet their specialized needs.
- A best-cost provider strategy
 - Giving customers more value for their money by satisfying their expectations on quality performance, and service.

Adapting to Uncertainty

Anheuser-Busch InBev uses their position as a leading global brewer to

- Diversify their portfolio
- Utilize different brands to target specific markets
- Use cultural phenomena to expand the beer market
- Acquire smaller, craft brands that can shift with consumer tastes

But with such a large holdings company, how do we even conceptualize strategy at this level?



Describing a firm's strategy

- Strategy as positioning
 - Two questions: where and how is the firm competing
- Where
 - What industry the firm is competing in, what are its products, and who are its target groups
- How
 - Finding what their competitive advantage is



BECK'S

Identifying a firm's strategy

- The mission statement is the basic element; Why we exist
- The statement of principles or values; What we believe in and how we behave
- Vision statement: What we want to be
- Strategy statement: What our competitive game plan will be



How a strategy is made: Design vs emergence

- Intended strategy: strategy conceived of by the top management team
 - Outcome of negotiation
- Realized strategy: the actual strategy that is implemented
 - partly related to what was intended
- Emergent strategy: the decisions that come from the processes to interpret the intended strategy and adapt according to external issues
 - Primary determinant of realized strategy



Shareholders vs stakeholders

- Stakeholder approach: view of businesses as coalitions of interest groups
- Firms create value for customers to the extent that customer satisfaction exceeds price
- Steps in stakeholder analysis
 - Identify key stakeholders
 - Rank them based on their importance
 - Figure out how the criteria the stakeholders would judge the organization on
 - Deciding how well the organization is doing from its stakeholders perspective
 - Identify what can be done to satisfy each stakeholder
 - Identifying what long term issues there are

Corporate Social Responsibility

- The one social responsibility of any business: to engage in activities that increase profits and be competitive without fraud
- Arguments for prioritizing shareholder interests vs stakeholder interests:
 - Competition
 - Market for corporate control
 - Convergence of stakeholder interest
 - simplicity

