

- Two or more firms working together to achieve mutually beneficial objectives (the parties share the benefits of a business, but do not share profit)
- Usually involves an element of shared ownership
- May be created for a limited series of transactions (will not go on indefinitely like a partnership)
- May involve participation by many different parties, each controlling a separate process (and maintaining individual titles to assets) to achieve benefit for the venture as a whole
 - Similarly, the individual liability of each venture will be restricted (by the established contract) to debts incurred in carrying out the particular responsibilities of each

Strategic Alliances

- Long-term partnership between firms to develop, produce or sell products
- Two or more companies agreeing to cooperate on a specific venture, often involving shared facilities or services

Week 4: Business Strategy

Strategic Planning

1. Define mission, vision and values
 - Outlines purpose of business and future pathways
2. Perform SWOT analysis
3. Develop forecasts
 - How future results will affect the business
4. Analyze the competition
 - Competitor's strengths and weaknesses can create threats and opportunities for the firm
 - Who are they?
 - What are they doing?
 - What is the relationship between the firm and the competition?
 - How can the firm get ahead of the competition?
5. Establish goals and objectives
 - Goal: a broad, long range aim
 - Objective: a specific, short term target
 - Must be:
 - Specific
 - Measurable
 - Attainable
 - Relevant
 - Time limited
6. Develop action plans
 - Specific actions and resource allocation decisions necessary to achieve goals

Vision and Mission

- Guides the overall direction to which the business is supposed to progress
 - Vision: clear and powerful statement about the direction in which the organization needs to move
 - Where the company aspires to be
 - Broad, overarching statement, quite brief
 - E.g. to become the most respected and admired company
 - Mission: how the company reaches its vision and why they chose that route
 - How the organization relates to its public and communities

- Why the organization exists (what the organization aims to accomplish for stakeholders)
- What services it provides
- Who benefits as a result of its work
- How it improves the quality of life
 - E.g. “we deliver outstanding automotive products and services...enrich our community and partners”
- Values statement: an articulation of the principles that guide a company’s decisions and behaviors

Sustainable Competitive Advantage

- Outperforming competitors in the long run which can be achieved through strategy

Strategy

- The determination of long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals
- Competitive strategy is about being different
 - Deliberately choosing a different set of activities to deliver a unique mix of value
- A pattern in a stream of decisions

Advantages of Strategy

- Helps set goals and objectives
- Allows for the allocation of resources in the optimal way
- Integrates different parts of an organization
- Can be an internal change driver
- Helps develop the workforces
- Allows for control and the monitoring of performance

Example of Strategic Planning and Performance: Qantas Group Strategy

- Safety as a first priority (achieved by a commitment to the world’s best safety practices and reporting)
 - Management of risks
- Developing an optimal route network
 - Simplifying the business
- Customer service excellence/improving customer satisfaction
 - Retaining and growing customer numbers
- Operational efficiency and achieving simplicity and further productivity
- Two strong complementary brands (Qantas and Jetstar as a premium and low fare brand)
 - Developing new growth

Views of Strategy Creation

- Rational
 - A flow down and structured approach
 - Analysis → formulation → implementation
- Incremental (emergent)
 - More scattered, a problem will be addressed as it occurs