

1st Week: Introduction to Strategic Management

-Strategy: commercial logic

- Leadership: human aspiration

Managers	Leaders
Efficiency-na pravi nacin	Effectiveness
Coping with complexity	Coping with change

There are 2 types of leadership:

Transactional (to induce) and Transformational (to inspire)

Strategy is originally military term: 'the art of a general', from Greek word 'strategia' – the command of a general

In business strategy means the determination of the long-term goals and objectives of an organization, the adoption of course of action and the allocations of resources to carry them out; Strategy comes from the top and it helps organizations to decide where they want to be in the future and how get there;

Strategy is very **important** for every organization:

- A means by which organisations seek to compete
- A way that organisation seek (attempt to find) to manage the environment by adapting their behavior (particular market, conditions...)
- Non-business organisations adopt strategic planning in an effort to perform better

E.g. Airlines industry – in 80/90s Easy Jet was cheap; as the environment changed, organization had to change to be competitive – (allocated seats, baggage)

Strategy applies to any sector of an organization:

- Looking outside the organization –scanning the environment, threats and changes
- Looking inside the organization

Real strategy: Mixture of planning and accidents (Honda in USA in 1980s – luck)

Assumption: Organisations are able to analyze external environment and capabilities as well;

It is important to develop and analyze a plan and simply implement it (environment changes, an organisation makes mistakes, some dumb decisions and strategy doesn't work --→ Emergency!! (idea of planning and implementing – successful organisations – some plans happened, some didn't, therefore real strategy is a mix of plan and accident).

Leaders are doing the right things; they have vision, inspiration and values; in the past leader was a great man in history; the world is shaped by great individuals and extraordinary people; there are many followers who learn from leaders. Conception about leadership changed generally.

E.g. Martin Luther King, Napoleon – they got something that most of the *others don't have (charisma)*

Leadership is the influence that individuals exert on others to achieve goals.

In organisations, we tend to associate leadership with formal managerial positions, but leadership happens through all levels of organization, not just on the top; people have ability to influence others. Not all leaders are managers and not all managers are leaders.

Leadership is very **important** for each organization:

- Without it organisations cannot function
- Strategy cannot be implemented
- It is an essential part of organization (undertaken by different individuals in various ways).

Leaders are born, not made – some specific traits, personalities and characteristics made them different from the other people; might be intelligence, might be extraversion, might be male gender– doesn't matter at all

2nd Week Looking outside the organization

Porter: radical break; sitting inside the organization and scanning the environment and thinking what to do with organization to be competitive

The dimension of the strategy: (typical view of strategy – in reality it might not be this logical and coherent)

1. Vision – any good strategy will start with vision (who/what/where we want our organization to be)
2. Goals and targets – things to do to get there (working out things that you must do to achieve the goal)
3. Allocation of resource – strategy without resources is like a hallucination - we can plan, but cannot implement without resources
4. Tactics to do – action

Strategy is military term – to beat the enemy; Strategy is increasingly important for business world

1945 →	1960s	1970s
Growth of big, large corporations; a lot of resources were needed for doing activities strategically	Business environment became unpredictable (a floating exchange rate, oil companies)	Growth of information technology; innovations

Emphasis on SWOT analysis as a tool – Porter focuses more on opportunities and threats of environment

Emphasis is more on the process of planning, but less on the content of strategy (what is involved in strategy, what type of strategy) --→

People focus on process, not on what they really do

His approach - Positioning School (strategies=positions)

There are few generic strategies that work (only certain ones were viable in a given context) - he was economist, interested in money, market, competition and supply/demand

Previous strategy scholars had accepted that there was no limit to the range of possible strategies

Positioning School is about adopting positions to beat the opposition