



WP 2 | Training for HEIs Administration and Local Governing Bodies

Training Kits for HEIs Administration and Local Government



“VMU strategy development: best practices and lessons learned ”

ლიეტუვის ვიტაუტას მაგნუსის სახელმწიფო
უნივერსიტეტის საუკეთესო გამოცდილების და
გაზიარება



Strategy is.... სტრატეგიის მნიშვნელობა

‘..the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resource necessary for carrying out these goals’

Alfred Chandler

‘Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value’

Michael Porter

‘..a pattern in a stream of decisions’

Henry Mintzberg

‘..the long-term direction of an organisation’

Exploring Strategy



VYTAUTAS
MAGNUS
UNIVERSITY
1922

Education 360°

Sources:

A.D. Chandler, *Strategy and Structure: Chapters in the History of American Enterprise*, MIT Press, 1963, p. 13

M.E. Porter, ‘What is strategy?’, *Harvard Business Review*, 1996, November–December,

p. 60

H. Mintzberg, *Tracking Strategy: Toward a General Theory*, Oxford University Press, 2007, p. 3



The strategy beast

Areas of agreement

- Strategy affects overall welfare of the organization.
- Strategy concerns both organizations and their environments.
- Strategy involves complex tradeoffs.
- Strategy forms on different levels.
- Strategy involves issues of both content and process.
- Strategy is a “two-edged” sword.

Strategies for better...and for worse

Mintzberg, et. al., 2009, "Strategy Safari"

Gains	Pains
Strategy sets direction: <ul style="list-style-type: none">• <i>Chart a course</i>• <i>Create and maintain cohesion</i>	<ul style="list-style-type: none">• Wrong direction
Strategy defines the organization: <ul style="list-style-type: none">• <i>Captures essential meaning</i>• <i>Creates shared identity</i>	<ul style="list-style-type: none">• Loss of richness• Stereotyping

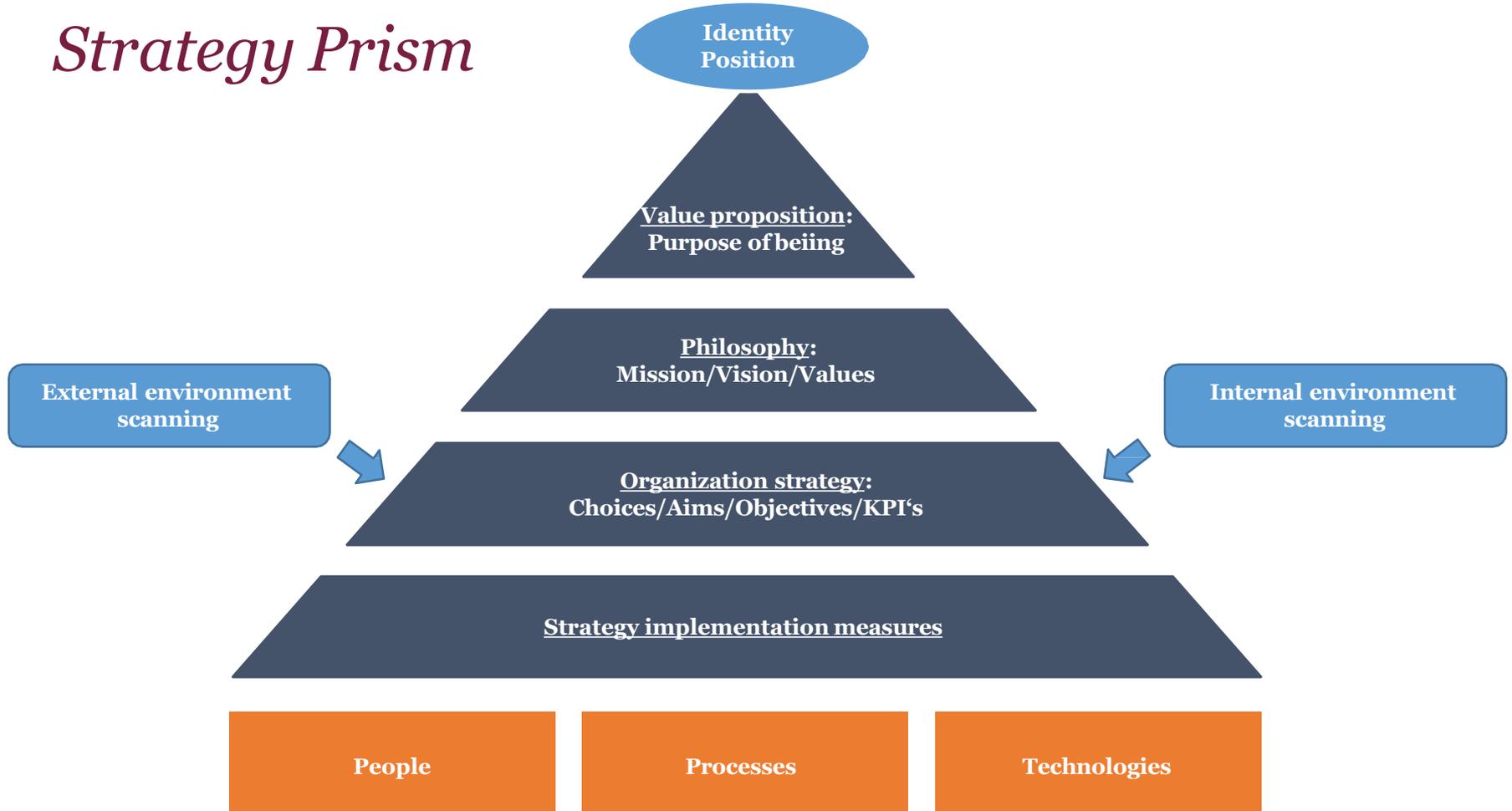
Intended strategy vs Realized strategy

✓ Did the organization achieve what is intended? *Suspect the honesty!*

✓ Has organization realized what had nothing to do with its intentions? *Suspect the behavior!*

✓ The real world inevitably involves a bit of this (*deliberate strategy*) and a bit of that (*unrealized strategy*), i. e. thinking ahead as well as some adaptation en route (*emergent strategy*).

Strategy Prism



Achieving Sustained Competitive Advantage

- **The same** competitive landscape: *opportunities* (areas for development and “fit”) and *threats* (sources of uncertainty and “black swans”).
- **Different** abilities: *strengths* (key success factors) and *weaknesses* (resilience and “unfragility”).
- **Unique** identity (revealed, not created): mission, vision, core and distinctive competencies, structure, culture, values, philosophy, history, image, symbols, leadership style, procedures, etc.
 - Continually adapting to changes in external trends and events and internal capabilities, competencies, and resources;
 - Effectively formulating, implementing, and evaluating strategies that capitalize on those factors.



Leaves = end products

Branches = core products

Trunk = core business

Roots = core competency

Distinctive competencies – the main source of competitive advantage.

It is important to consider "fits" between resources plus competencies with opportunities, and also fits between risks and expectations.

“There are three things extremely hard,
Steel, a Diamond, and to know one’s self”

Benjamin Franklin

Competitive intelligence: when theory meets practice

- ✓ Done right, competitive intelligence is a key input to strategic planning.

But the fact is...

- ✓ Organizations aren't conducting an ongoing, sophisticated analysis of their environment.
- While... organizations should be sure they understand the external landscape of their industry at least as well as their competitors do.
- The largest strategic initiatives are driven by external challenge or opportunity – the same to all organizations in the industry.

(McKinsey survey)

Strategic choices: SWOT-TOWS

SWOT analysis helps answer questions:

- ✓ Do you have enough strengths that can serve as the basis for the strategy development?
- ✓ Which weaknesses need to be coped with on the basis of a new strategy?
- ✓ Will weaknesses prevent you from taking advantage of specific opportunities?
- ✓ What opportunities do you have to use with sufficient resources and skills to succeed?
- ✓ What threats to the organization are most dangerous?

Prime Task of Strategic Management

Peter Drucker: Think through the overall mission of a business. Ask the key question:

“What is our Business?”

Mintzberg's Modes of Strategic Decision-Making

Henry Mintzberg has given three most typical approaches of strategic decision making which include:

1. Entrepreneurial mode
2. Adaptive mode
3. Planning mode
4. Logical Incrementalism (*Quinn*)

Entrepreneurial Mode

Strategy is made by one powerful individual who has entrepreneurial competencies like innovation and risk taking. The focus is on opportunities. Problems are secondary. Generally the leader is the entrepreneur and the strategy is guided by his or her own vision of direction and is exemplified by bold decisions.

Adaptive Mode

Sometimes referred to as “muddling through,” this decision-making mode is characterized by reactive solutions to existing problems, rather than a proactive search for new opportunities. Much bargaining goes on concerning priorities of objectives. Strategy is fragmented and is developed to move the organization forward incrementally. This mode is typical of **most universities**, many large hospitals and a large number of governmental agencies.

Planning Mode

This decision making mode involves the systematic gathering of appropriate information for situation analysis, the generation of feasible alternative strategies, and the rational selection of the most appropriate strategy. It includes both the proactive search for new opportunities and the reactive solution of existing problems.

Logical Incrementalism

Top management first develops reasonably clear idea of the organization's mission and objectives. Then, in its development of strategies, it chooses to use “an interactive process in which the organization probes the future, experiments and learns from a series of partial (incremental) commitments rather than through global formulations of total strategies”. Thus the strategy is allowed to emerge out of debate, discussion, and experimentation. This approach appears to be useful when: 1. The environment is changing rapidly; 2. It is important to build consensus, and, 3. Needed resources are to be developed before committing the entire corporation to a specific strategy.

Intuition is essential to making good strategic decisions

- The strategic management process attempts to organize quantitative and qualitative information under conditions of **uncertainty**:
 - ✓ Involve management at all levels
 - ✓ Influence all analyses

- **Intuition is based on:**
 - ✓ Past experiences
 - ✓ Judgment
 - ✓ Feelings

- **Intuition is useful for decision making in conditions of:**
 - ✓ Great uncertainty
 - ✓ Little precedent
 - ✓ Highly interrelated variables
 - ✓ Several plausible alternatives

Pause for Thought!

- What are the main external factors (opportunities) that may be exploited for the development and better value creation?
- What are the main obstacles and barriers (threats) that may negatively affect your activities?
- What core and distinctive competencies do you possess? Which ones are most valuable (VRIO)?
- What strategic choices you should create and make?
- What is your leadership mindset?
- ✓ Find the fit! Your unique value proposition. And capitalize on it.

Questions?

Thank you