Strategic management for Competitive Advantage
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Lecture 60
Summary of Modules 12-18

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Welcome to the course, Strategic Management for Competitive Advantage. In the last lecture, we will be covering the summary of modules 12 to 18.

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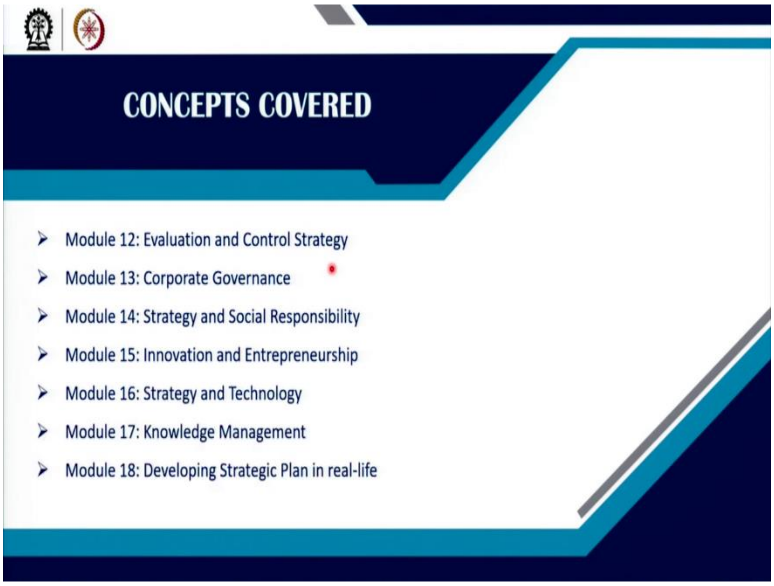

The concepts that are covered in these modules are evolution and control strategy, then corporate governance. We will discuss about strategy and social responsibility, innovations and entrepreneurship, then strategy and technology knowledge management and developing the strategic plan in real life.

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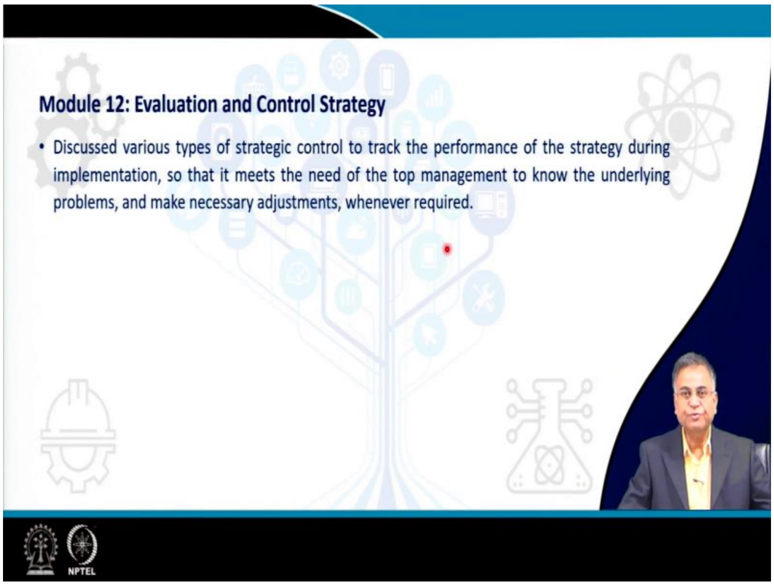

So, to quickly go through module 12, the evolution and control strategy, here we discussed various types of strategic control to track the performance of the strategy during implementation, so, that it meets the need of the top management to know the underlying problems and make necessary adjustment wherever required. After that, we discussed the balanced scorecard and its evolution needs for limitations, all of which we will be discussing later on. First, let us go for strategic control, how do we track it?

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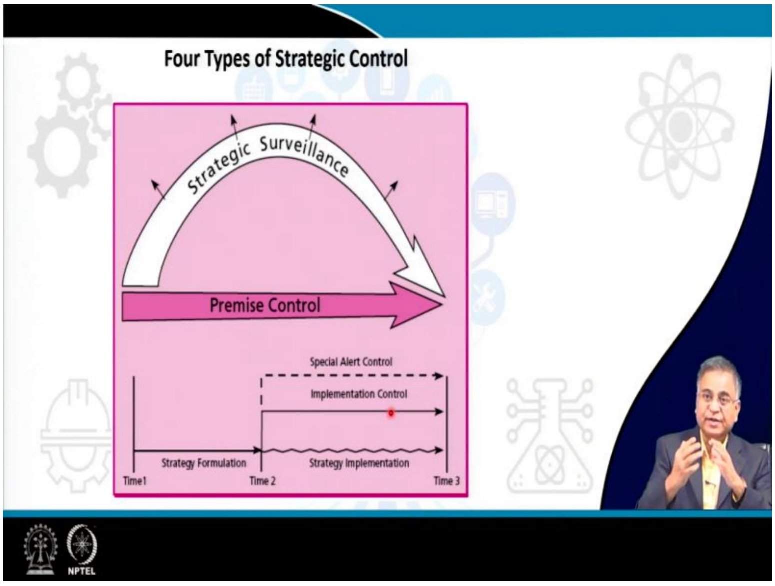

So, there are four types of strategic control; these are premise control, strategic surveillance, then spatial alert control and implementation control, the premise control, what is it all the strategies when you develop are dependent on some premises or assumptions, and if those premises and adoption assumption changes due to the environmental change, then your strategy has to be changed otherwise, it will not be an effective control.

Take the case of this premise control can be environmental factors and also can be industry factors, environmental factors, say technology changes or your competitors have done something new, or you are new that government regulation changes, inflation changes, economic conditions changes that may force your strategy to change.

Similarly, for industry type in the industry, there may be many of your competitors, this thing their moves, then there may be the industry standards, and all that may change. So, these are the call premise control like then; these are always forecast premise control is always very focused, and you also only move to look at it the very few entities or the factors. In contrast, strategic surveillance is an unfocused one.

It is a loose surveillance like you scan the entire environment very loosely as you go through trade journal, magazines or conferences; all these that is environmental scanning, strategic surveillance and spatial alert control for some spatial events occurs. Suppose 2011 a tsunami, or earthquake that triggered a different spatial control needs to be done fire in the plan that will trigger a spatial alert control. Similarly, there is implementation control, these are say you develop KPMs, you develop your that milestones review and all those things, these are the four types of strategic control.

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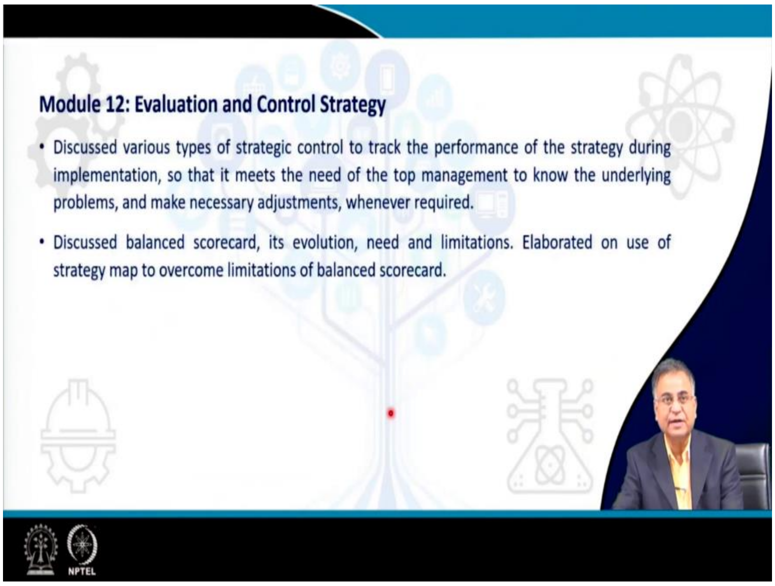

Now, there is a balanced scorecard. Another thing discussed balanced scorecard is the evolution need and limitations elaborated on the use of strategy map.

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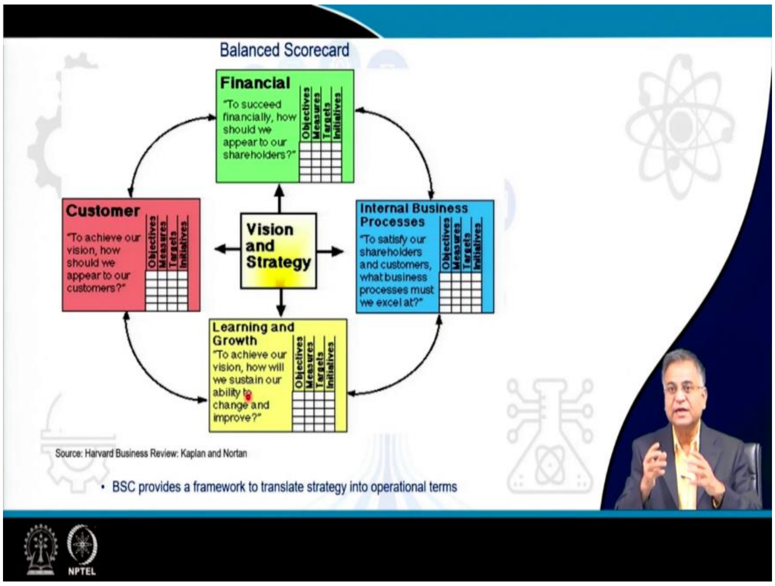

So these implementation controls all require what sub-KPM some. This balanced scorecard was developed by Kaplan and Norton. This is nothing but what Balanced Scorecard provides as the framework to translate strategy into operational terms. There are four perspectives previously what happened the before the balanced scorecard that performance measurement is only for the financial parameters or few operational parameters that talk about the present that does not talk about key predict what will happen in future. So, these were some of the gaps.

So, to overcome this, Kaplan and Norton have developed a balanced scorecard, and also strategy is not miserable, and for that, the workers who are implementing the strategy, they are clueless about whether it is happening or not. So, to close this gap, this balanced scorecard was developed; this also looks after your future and can predict what will happen in the future.

So, what they did with this financial perspective was their financial perspective was supplemented by three other perspectives, which are the customer perspective, the internal business process perspective and the learning and growth perspective; we have discussed this. Customer perspective is the product attributes of the products and that level. The internal business processes are your supply chain management, training and development supply chain management, engineering, all internal safety processes and e-recruitment process.

The learning and growth is the R&D, that training and development which will have the future this internal business process and learning and growth and all these you can if you develop you can predict what will happen in the future. This is the balanced scorecard; it balances the expectations of many stakeholders, it balances both long and short-term planning, and it balances the performance measures of both the financial and non-financial. So, these are the balanced scorecard. Balanced Scorecard also has some limitations to overcome this strategy map was developed these we have already discussed.

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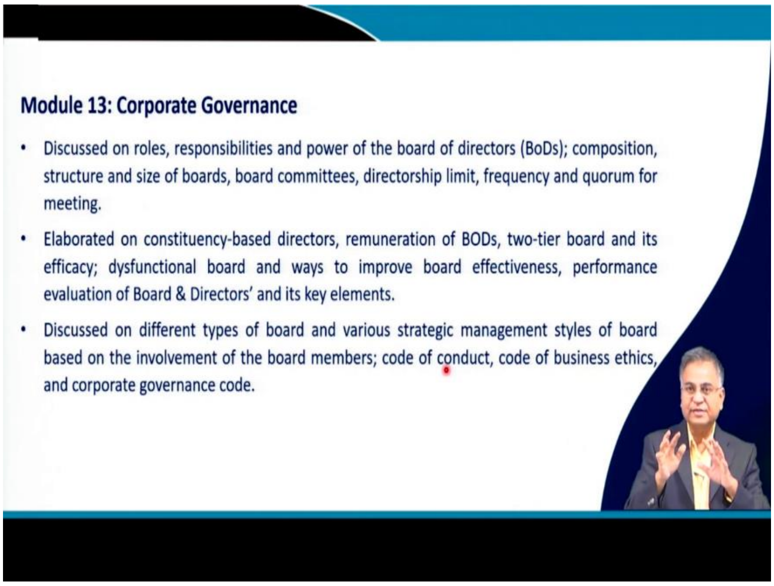

Now, in module 13 In corporate governance, we discussed the roles, responsibilities and power of the board of directors; what is a board of directors; board of directors is an apex policymaking body of an organization and individuals of the board members do not have any power, but collectively they have enormous power they can even fire hire and fire that Chief Executive CEO.

So, what are their roles board's roles are basically that that law expected some roles and the management expected role, raw expected roles and responsibilities and powers are like they have superintendent the superintendence then controls and directs that top management CEO and that top management.

Then the investment of fund borrowing of money, all these things are the purview of that law-related expectation, then also the safeguarding the shareholder’s interest, that is the overarching arching necessity for the responsibilities of the board of directors. Then we have also discussed the composition of the board, structure of board the board should consist of how many part-time directors that is the non-executive directors or the executive directors, what should be the composition that has been enshrined nowadays in companies act savvy rules and all.

The structure of the board, size of the board, goes from two to three in small two in private organisations and 3 in public organisation limited companies 2, it can go to up to 20 for the sick companies and all but generally for a large organisation. It is around 8 to 12 that the board committees. There are many provisions committees an audit committee, a remuneration committee, a CSR committee, and an ethics committee, the board can constitute many committees to look after with different as aspects.

The directorship. limit how many directors can be far more than 5, 6 company’s directorship or the date has been changed to 10 directorships there are some limits. The frequency of the board meeting is once a quarter, like a minimum, you have to do four meetings in a year, and the quorum for the meeting has to be two-thirds and all these we have all discussed.

Then, we have talked about constituency-based directors like the workers, directors, and nominee directors, then you have talked about the remuneration of the Board of Directors two-tier boards like one is the supervisory non-executive board, those are the policy makings and all. So, the wholly executive boards for the operational part of it.

So, then we have discussed the how-to in efficacy, the dysfunctional board ways to improve board effectiveness if you have that dispersed shareholding increases the effectiveness of the board, then your part-time directors should not be ornamental; they should be more proactive.

Then we have also discussed the performance evolutions of the Board of Directors and its key elements.

And also, we have talked discussed different types of boards and various strategic management styles of boards based on the involvement of Board of Directors members and the code of conduct. We have also discussed the Code of Conduct, Code of Business Ethics and corporate governance code of the Cadbury committee, Kumara Mangalam, Birla committee, Narayan Murthy committee, and Naresh Chandra committee, all those things, we have discussed those for the corporate governance.

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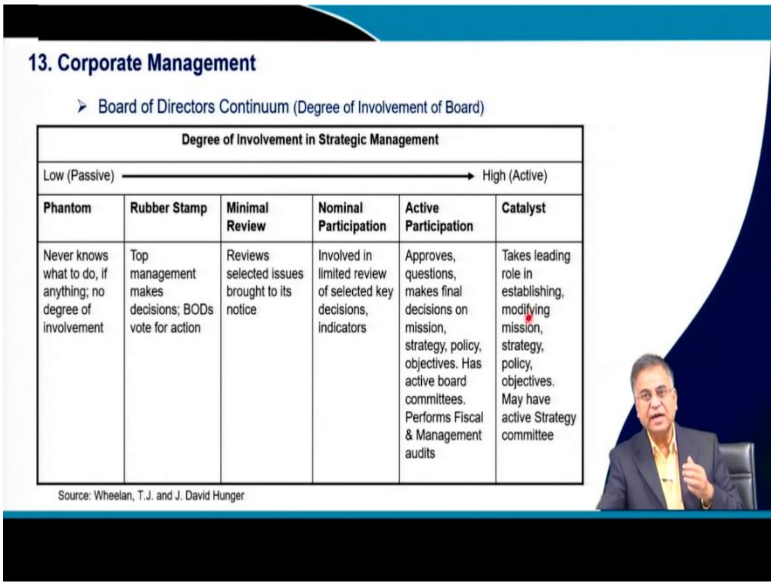

So, this is a board of director’s continuum that is with that degree of involvement of board, degree of involvement in strategic management, say it goes from the low or the passive board to highly active board, they are close the Phantom board, rubber stamp board, minimal review, nominal participation and this is the catalyst board we have discussed all these the catalyst boards are highly effective.

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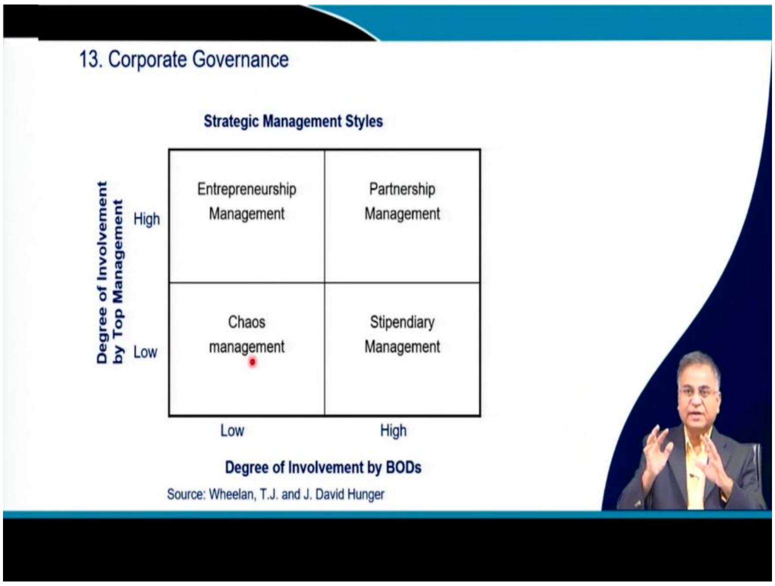

Then we have also discussed the strategic management style and degree of involvement by top management. Based on that, we have seen partnership management, stipendiary management, entrepreneurship management and chaos management that is the degree of involvement and we will not go further deep into it because we have already discussed this is corporate governance.

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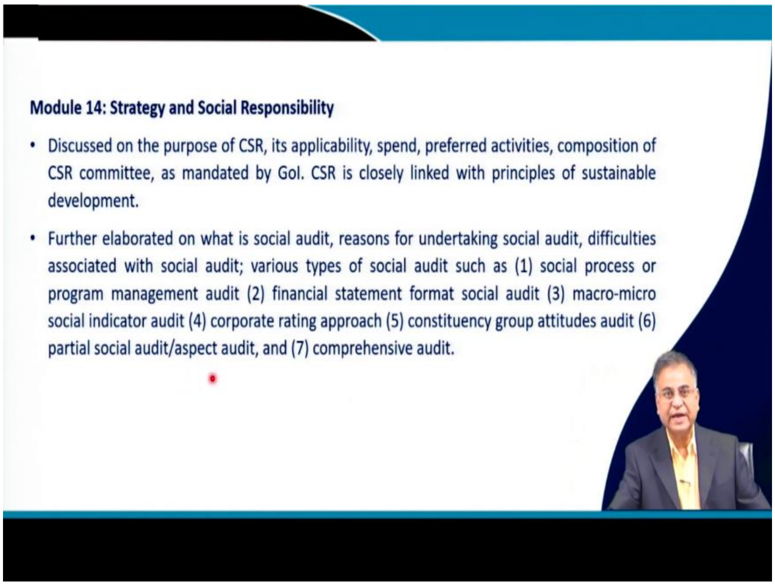

Then module 14. We have discussed strategy and social responsibility, and we have discussed the purpose of CSR; the purpose of CSR is to see the way that an organisation meets its minimum obligations to the stakeholders as specified in the regulations and the corporate governance code. So, you have to meet that is the purpose of CSR, and it is a link to it, sustainable development, and it also tries to reconcile the expectations of different stakeholders balancing the different stakeholders' needs are different, so it balances it.

So, then we have discussed the applicability of these CSR policies. CSRS are nowadays mandatory up to 2013 before 2013, it was voluntary now, it is enshrined in the Companies Act. So, the applicability is the organisation's safety net worth is 500 crores and above and if sales volume or if sales volume is more than 1000 crores or its profitability is more than five crores, an average of 3 years they have to pay a 2 per cent of their profit. That is the average in this is before tax profit, and foreign contributions or business contributions are not accounted not considered.

So, these are the applicability stay spin and preferred activities they have mandatory some like to elevate hunger, poverty than in your medical improving the medical employment improvement in the rural area, vocational training, then women's empowerment training, all those there are specified areas. Then CSR committee is mandated by the government of India. Say, so, all these things we have discussed. Then also we discussed the social audit; a social audit is to ensure that your CSR practices in the organisation are systematically reviewed.

So, that is the purpose of social audit reasons for undertaking a social audit; why do you take a social audit, because, to safeguard from the criticism from the public's criticism; the company should be proactive to safeguard it from the vulnerability areas, then difficulties associated with the social audit, those measurement of benefits, are very of benefits to the society are very difficult.

So these are the difficulties then, then we have also discussed the various types of social audits, such as social process or program management audit, financial statement format, social audit, macro micro social indicator audit, corporate rating approach, constituency group attitude audit and partial social audit or aspect audit and comprehensive audit we all have discussed this.

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Now, the next one is module 15 is innovations and entrepreneurship. To remain competitive in today's world, firms need to look for new avenues for growth and development continuously. So, innovation and entrepreneurship are potential means to enhance a firm's strategic and competitive positions. So, it will give you new revenue streams for the future.

This is for the… so, we explained here the difference between creativity innovations and design a shaped curve of innovation, incremental and breakthrough innovation, then risk associated with innovations, innovations dilemma faced by the organization for improving the performance of sustainable technology and when to embrace disruptive technology we have discussed this we will be just going to the few slides to show this.

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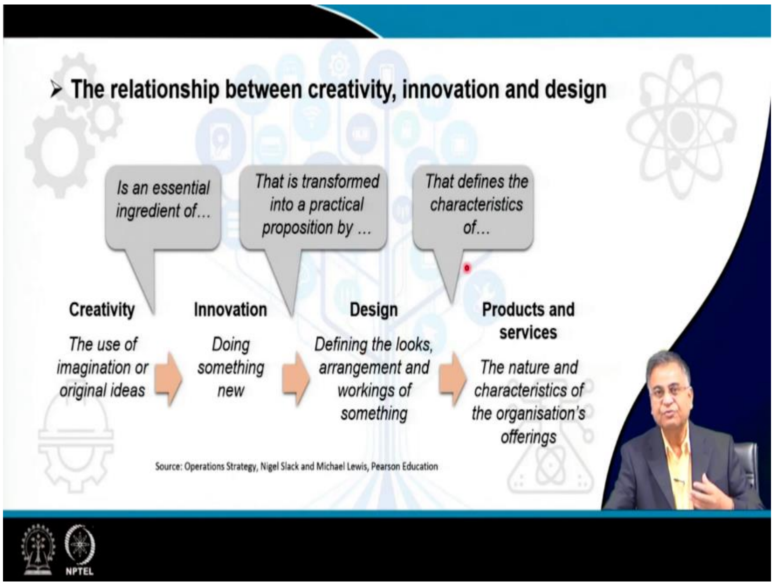

See, this is the relationship between creativity, innovation and design. We have discussed this. Creativity is the use of imagination or original ideas, it is an essential ingredient of innovation, then innovations that do something new that transformed into a practical proposition that is done through design, and you get the product and services.

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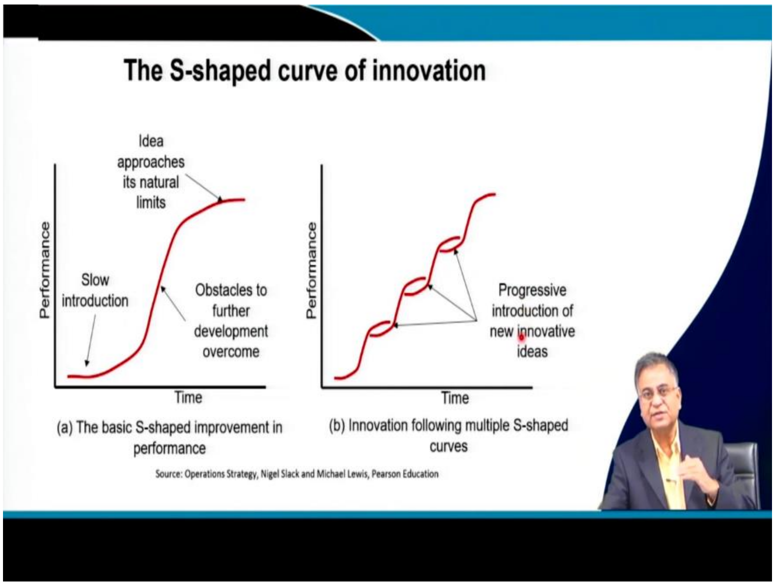

And also that innovations is that follow a shaped curve, like when is the that it starts during the initial stage, performance is very low, there are many obstacles, and you do not have experience; then, as you gain experience, it attained stage growth stage here, your obstacles are removed, and you overcome those obstacles, and you grow, then it comes to a natural that stabilizing it does not grow much this follows and innovation follows multiple S curve when one idea grows and stabilizes a new idea comes, and it grows and stabilizes this way progressive introduction of new initiative ideas give it that a shaped curve.

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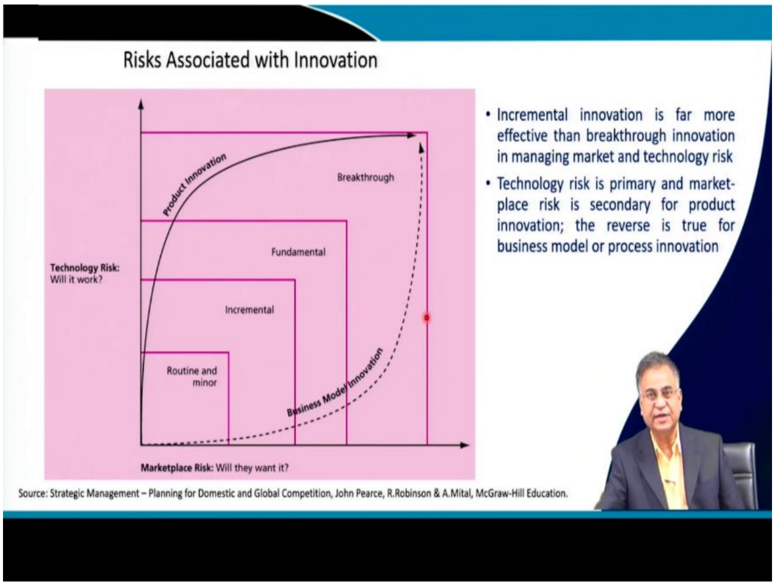

So, what are the risks associated with innovation? Innovations are that there are maybe the incremental innovations and breakthrough innovations these the risk associated with that incremental innovations are the risk of technological risk and the marketplace risk that see these are the routine minor job risks are less than this is the incremental risk we you are that is you are increasing it marginally. Then this is the break you have the massive improvement and all disruptive technology.

So, here you will find incremental innovation is far more effective than breakthrough innovation in managing market and technology risk; the technology these are incremental innovations are waiting, then technology risk is primary, and marketplace place is secondary for product development, product innovation, and the reverse is true for a business model or the process innovations, we have talked about this.

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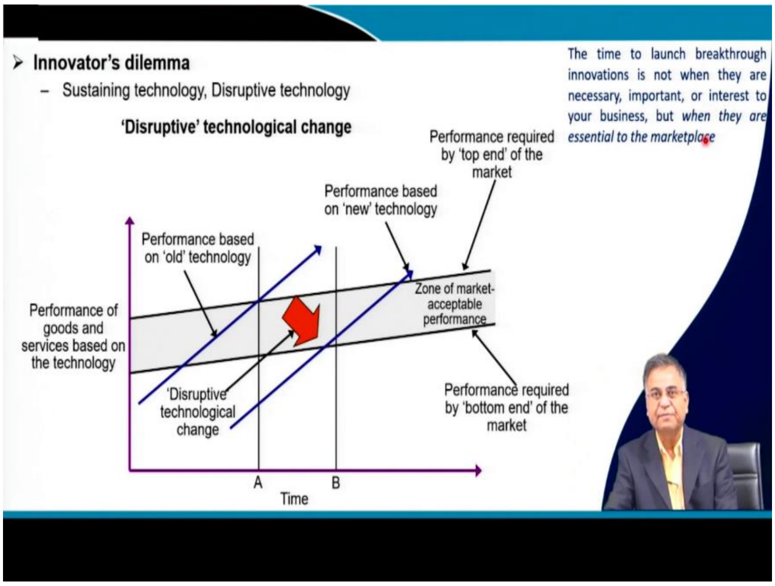

Then this is called the innovator's dilemma here, you have a sustainable technology, and that is the technology which is predominant now; it follows, and customers value that more. Suppose the IC engine that is valuable, more now, like when it was a Kodak with they were in the photographic imaging and all chemical based imaging that was the that their sustainable technology.

Now, you say disruptive technology comes, that is the electric vehicle if it comes, these are the drone off market acceptance, these are the performance required by the top end of the market this is a performance by the bottom end of the market nowadays, and this is the disruptive technology, this is sustainable that IC engine that people value it more now people are the take. Still, technology is changing very fast, and both sustainable technology and disruptive technology will change.

So, when disruptive technology, say the electric vehicle, when comes to this zone, then it will people may that it may go very high, and people may come here to this accepting zones. So, this is the disruptive technology dilemma for companies when to embrace this technology disruptive technology and how long to continue with this. This is called the innovator's dilemma. The time to launch breakthrough innovations is not when they are necessarily important or interesting to your business but when they are essential to the marketplace.

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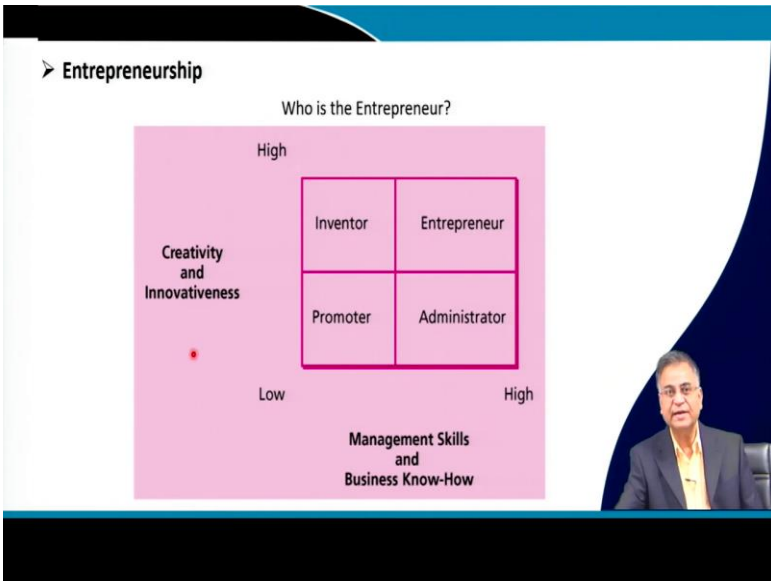

Then, we will be talking about entrepreneurship, entrepreneurship and ideagoras. What is entrepreneurship? So, who is an entrepreneur entrepreneurs' creativity and innovativeness are very high, and entrepreneurs have management skills and business know-how they are the entrepreneurs.

Like inventors are those who have high creativity and innovativeness but low in managing management skills or business know-how they are inventors. Administrators are high in management skills and business know-how but low in creativity and administrators. These are entrepreneurship.

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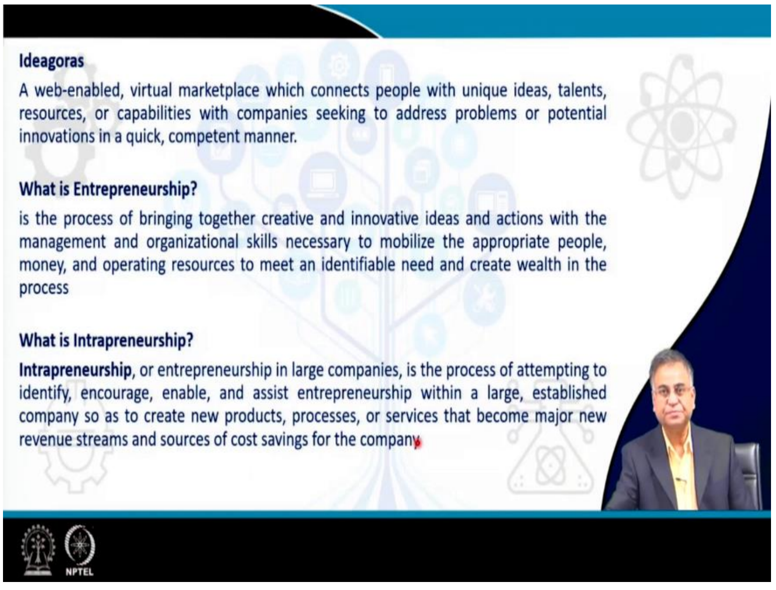

So, now there are three things ideagoras. What is ideagoras? Ideagoras is a web-enabled virtual marketplace which connects people with unique ideas, talents, resources and capabilities with companies they seek to address their problems and that put potential innovation in a quick and competent manner like Palmol we have given the example of Palmolive Colgate their R&D scientists and all finding it difficult to put those paste into the tubes then they floated this idea in that wave, so there are paid web sites and all for this there.

Immediately that Freelancer, there are many scientists, engineers and all one Canadian engineer within some few days, the has suggested a remedy you put the fluoride-positive things that will in and quickly they got it this is ideagoras. Then there is entrepreneurship, as I told you, is the process of bringing together creative and innovative ideas and actions with management and organizational skills necessary to mobilize the appropriate people's money and operating resources to meet the identifiable need and create wealth, and there is intrapreneurship.

So, what is intrapreneurship? It is in a big organisation large organisations; they encourage the employees to take the entrepreneurship venture, and they devote the same 20 per cent of the time they can do it. The product of this they bring out some new streams, new products, new processes, and the Googles that Google add Google that other products, Google sense and all these things were the entrepreneurship product; then they posted that ELO nodes, that 3M that was also for these entrepreneur ships, then PlayStations, Sony's Playstations that came out.

It comes through this entrepreneurship it is in a large, it is nothing but entrepreneurship in large companies is the process of attempting to identify, encourage, enable and assist entrepreneurship within a large, established company. So as to create new products, processes or services that will become the major new revenue streams and source of cost savings for the company.

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So, we have discussed all these, and then another is module 16. Here we have talked about strategy and technology; we all know technology is the know-how of transforming concepts into goods and services for the satisfaction of customers.

So, we discussed various aspects of technology like the concept, impact of technology, strategic resource of technology, which can be leveraged for competitive advantage, the impact is we know the impact of the technology on humankind, that steam engine, then your will, then your jet engine, then your computer, internet, web-based things, then your that communication technology, all these have a huge impact and the countries which have the having technological advancement, their GDP, they are the advanced country, they will huge power we know about that.

A strategic resource like some companies are excellent in technology, and that becomes a strategic resource for them, like Google, Apple, then that your Microsoft, HP, then your this Sony, GE, ABB, and Siemens these are technological excellence through that those are the strategic resource for them, we have discussed. Then we elaborated on the technology lifecycle, how it moves management of technology at enterprise level planning for technology and routes to upgrade technology, there are routes to upgrade technology two types, one is the acquisition of technology, another is the in-house development of technology.

Acquisition of technology is generally we go when the technology gap of technology is huge and time-consuming to develop you go for. Acquisition, when the technology is commercial, is available in commercial terms, you go for the acquisition of technology for the in-house development of technology; when the gap is very narrow, you can do it yourself, and when the time is not a constraint for you, you have time to do that, when the that you do not have much of competitor competitors.

So, you have so that and when there is technology is not available commercially like defence space program and all no one will give you, so you have to develop your own those are the in-house development of technology. Then, we talked about technology forecasting, like exploratory forecast, exploratory nature and normative.

Exploratory is that you take the technology features, capabilities, improvements and all, and that trend you extrapolate that trend. A normative one is that you fix them when the technology has to be developed; you fix that end time. Then after that, you will look at the key success factors and key components and try to develop that.

Identification of technology gap that you do it through your performance report from the technologies, how it is performing while it is output, then you take it from the joint quotations or the universities, then seminars, trade talks and all you find out that technology gap. Then we also talked about the innovation process that is influenced by organizational culture style, structure control systems customers need and many others.

In-house development of technology is time-consuming and are associated with uncertainty, it requires integration of an R&D plan with the corporate strategy and commitment of top management and cross-functional participation of various groups, we have discussed all these.

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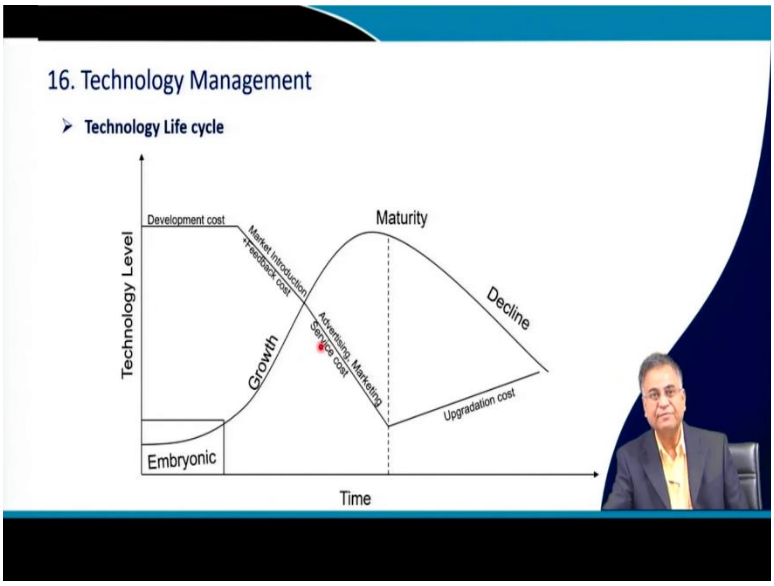

Then this is the technology lifecycle; we have discussed that this is the embryonic stage. Here development cost is more, growth stage your marketing costs, introduction cost and feedback cost, then maturity only advertising costs and that decline is your upgradation cost; this is what we have discussed it.

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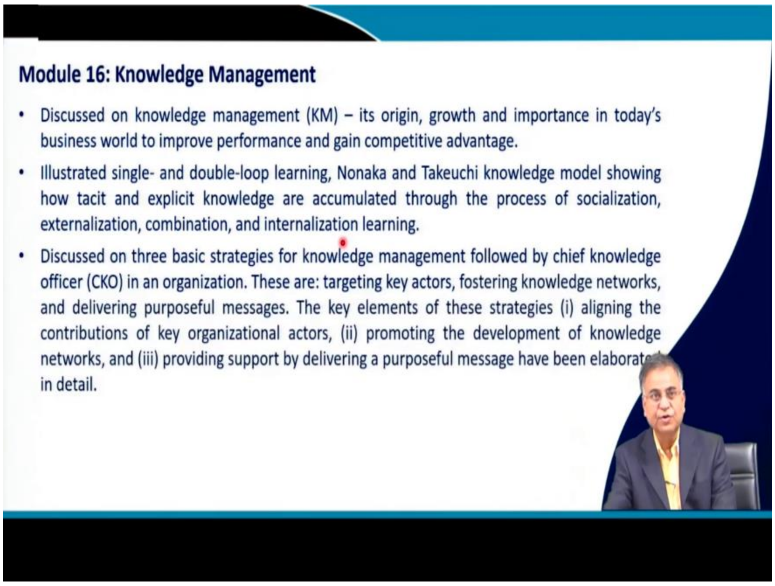

So, next is knowledge management; we discussed knowledge management, its origin, its growth and importance in today's business world to improve performance and gain competitive advantage; what is knowledge management, knowledge management is the process of creating then, disseminating, structuring, decimating minutes and applications are utilising that knowledge across the organization to improve its thief's efficiency, effectiveness and the competitiveness.

So, that is, we discussed how it grew to go. Its origin is free in the 1990s, and with the growth of the internet and computational power of this and all those things have come up. And we have discussed this. Then we have discussed the single and double-loop learning of Nonaka Takeuchi's knowledge of the model, showing how tacit and explosive explicit knowledge are accumulated through the process of socialization, externalization, combinations and internalization learning; we will show it to you.

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Then there is knowledge management, this CRM customer relations management, then supplier relations management, intellectual capital management, and best practice these are competitive integration, these are you are domain, those are knowledge management of domains and these relationships B2C are more prominent we have discussed.

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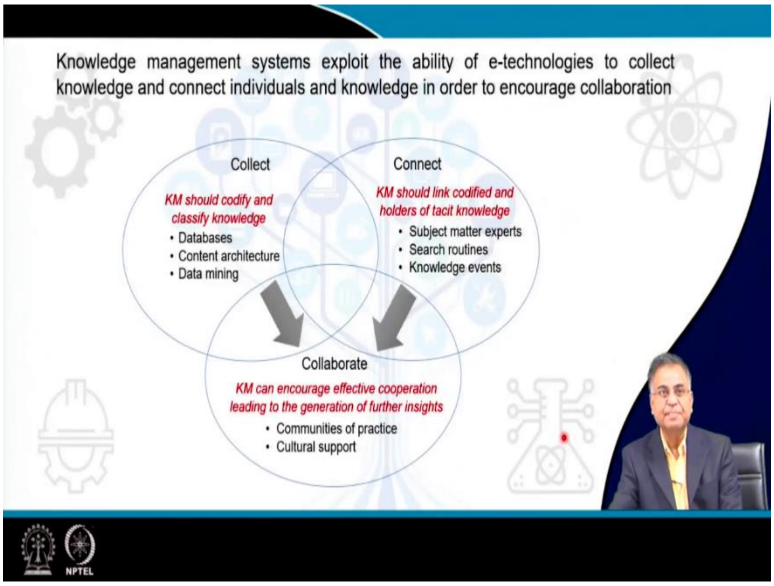

Then this is the knowledge management system that explored the ability of e-technologies to collect and connect people and collaborate.

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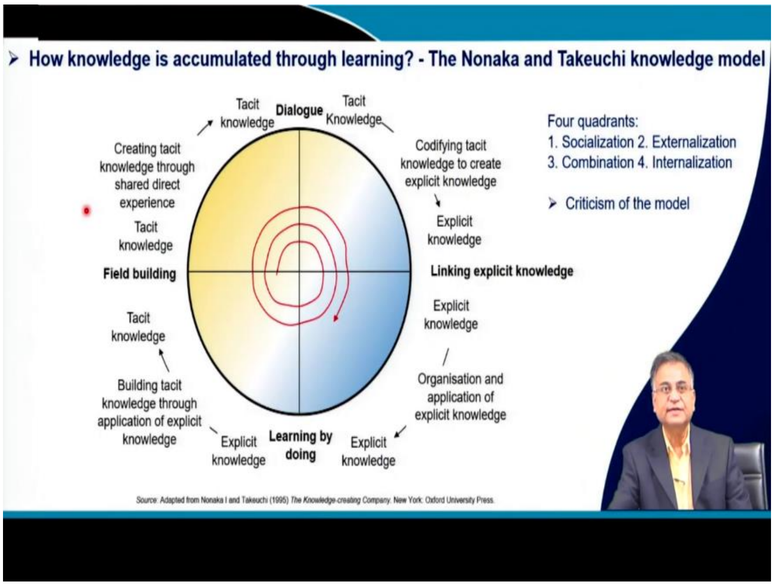

This is that as you are talking about how knowledge is accumulated through landing, Nonaka Takeuchi knowledge management, this goes through socialisation, externalisation and all, and it is a spiral way, tacit knowledge and explicit knowledge how it goes, we have discussed that.

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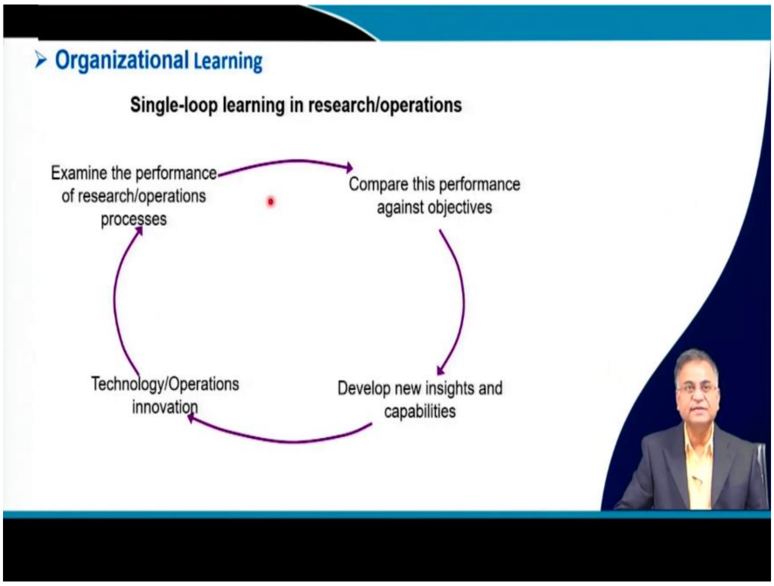

Then this is single-loop learning in research and operations that occur when the repetitive association between input and output from factors like in a machine process going on that is statistical process control; you can improve your consistency and stability of the process. So, it goes like this, we have discussed this. Which is a single closed loop, but it can be when a new technology comes in. It is vulnerable that time you do for a, that is why you go for a double loop learning.

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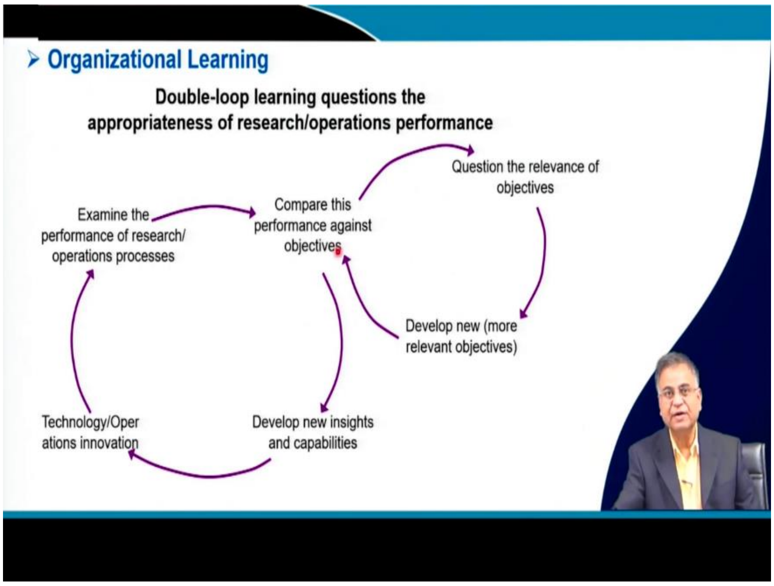

Here is what happens when a new thing comes, you are always in a double loop questioning the relevance of objectives that gives you the develop new relevant objectives. So, your process again improved. This is double-loop learning. Then the strategies for knowledge management. We have discussed three basic strategies for knowledge management that Chief Knowledge Officer follows in an organisation.

These are targeting key factors and critical actors of the knowledge, then you fostering knowledge networks and delivering the purposeful message. The critical elements of these strategies are aligning with the contributors of key organisational actors, then promoting the development of knowledge networks and providing support by delivering purposeful messages. All these have been elaborated. These have been elaborated on here.

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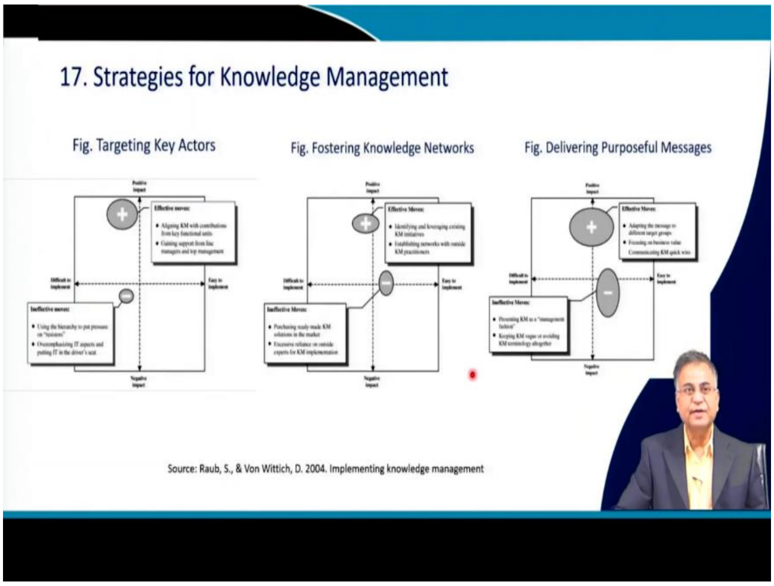

So, this is in pictorial form, targeting key actors fostering Knowledge Networks and delivering purposeful messages; we all have discussed this.

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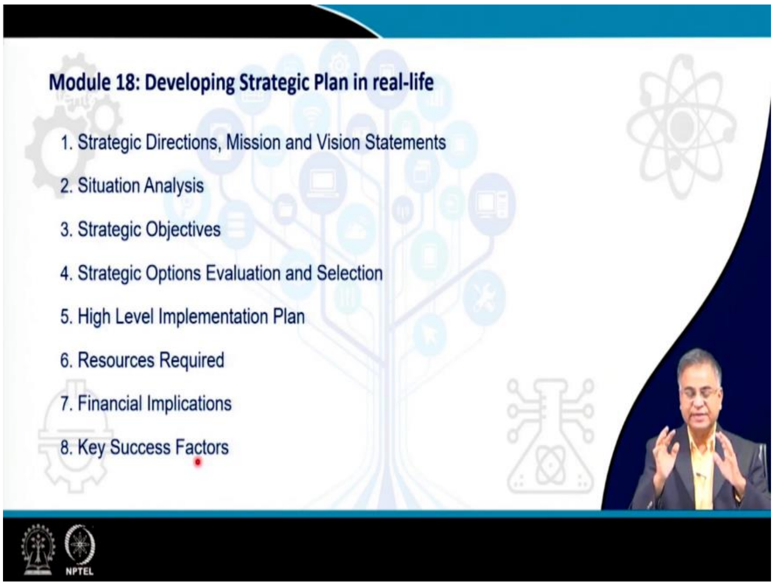

Now, the last is module 18. What we have done here we have developed a strategic plan in real life that we have shown how to do; there are a few steps, these are the steps you follow strategic directions, mission and vision statement, then you do situation analysis from there, you develop your strategic long term strategic objectives. Based on that, you do the evolution and selections of the strategic option; then you do the high-level implementation plan resources required financial implications and critical success factors. You do sensitivity analysis—this way, we have shown how to develop a real-life strategic plan. So, thank you very much.