

HACKTEX VIRTUAL TRAINING MATERIALS

Functional and smart textiles

Learning Unit 4

Lesson 4.1

Important issues for Entrepreneurship

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The origins, definition and vocabulary of strategy

Learning Unit 4 / Lesson 1



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Definition of strategy

Strategy is the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

Johnson, Scholes, Whittington (2005),
Exploring Corporate Strategy, 7th
Edition, Pearson Education

Strategy and business strategy

Strategy

- A pattern in a stream of decisions" to contrast with a view of strategy as planning
 - Strategy is about shaping the future
- A system of finding, formulating, and developing a doctrine that will ensure long-term success if followed

Business Strategy

- Strategy is the creation of a unique and valuable position, involving a **different** set of activities
- But the essence of strategy is in the activities – choosing to perform activities **differently** or to perform **different** activities than rivals

(Michael Porter, *“On Competition”*)

The vocabulary of strategy

TERM

1. Mission
2. Vision/ strategic intent
3. Goal
4. Objective
5. Strategic Capability
6. Strategies
7. Business model
8. Control

DEFINITION

1. Overriding purpose in line with the values or expectations of stakeholders
2. Desired future state: The aspiration of the the organisation
3. General statement of aim or purpose
4. Quantification (if possible) or more precise statement of the goal
5. Resources activities and processes. Some will be unique and provide competitive advantage
6. Long term direction
7. How product service and information flow between participating parties
8. The monitoring of action steps to: assesses' effectiveness of strategies and actions
9. Modify as necessary strategies and/or actions

A PERSONAL EXAMPLE

1. Be healthy and fit
2. To run the Marathon
3. Lose weight and strengthen muscles
4. Lose 5kgs but September 1st and run the Marathon next year
5. Proximity to a fitness center, a successful diet
6. Exercise regularly, compete to local marathons, stick to a specific diet
7. Associate with a collaborative network (e.g. join hiking club)
8. Monitor weight, km run and measure times: If progress satisfactory do nothing, if not, consider other strategies and actions

Nokia's example

Mission: “Connecting people”

Strategy: Customers are the top priority

Portfolio: To create winning devices, embrace consumer internet services and build scale networks and expand professional services

By combining the mindset of how personal goals are set, for achieving personal improvement, an organisation must see its existence as whole and act accordingly.

Strategy in management theory

Strategy as **plan** – a directed course of action to achieve an intended set of goals; similar to the strategic planning concept;

Strategy as **pattern** – a consistent pattern of past behavior, with a strategy realized over time rather than planned or intended. Where the realized pattern was different from the intent, he referred to the strategy as emergent;

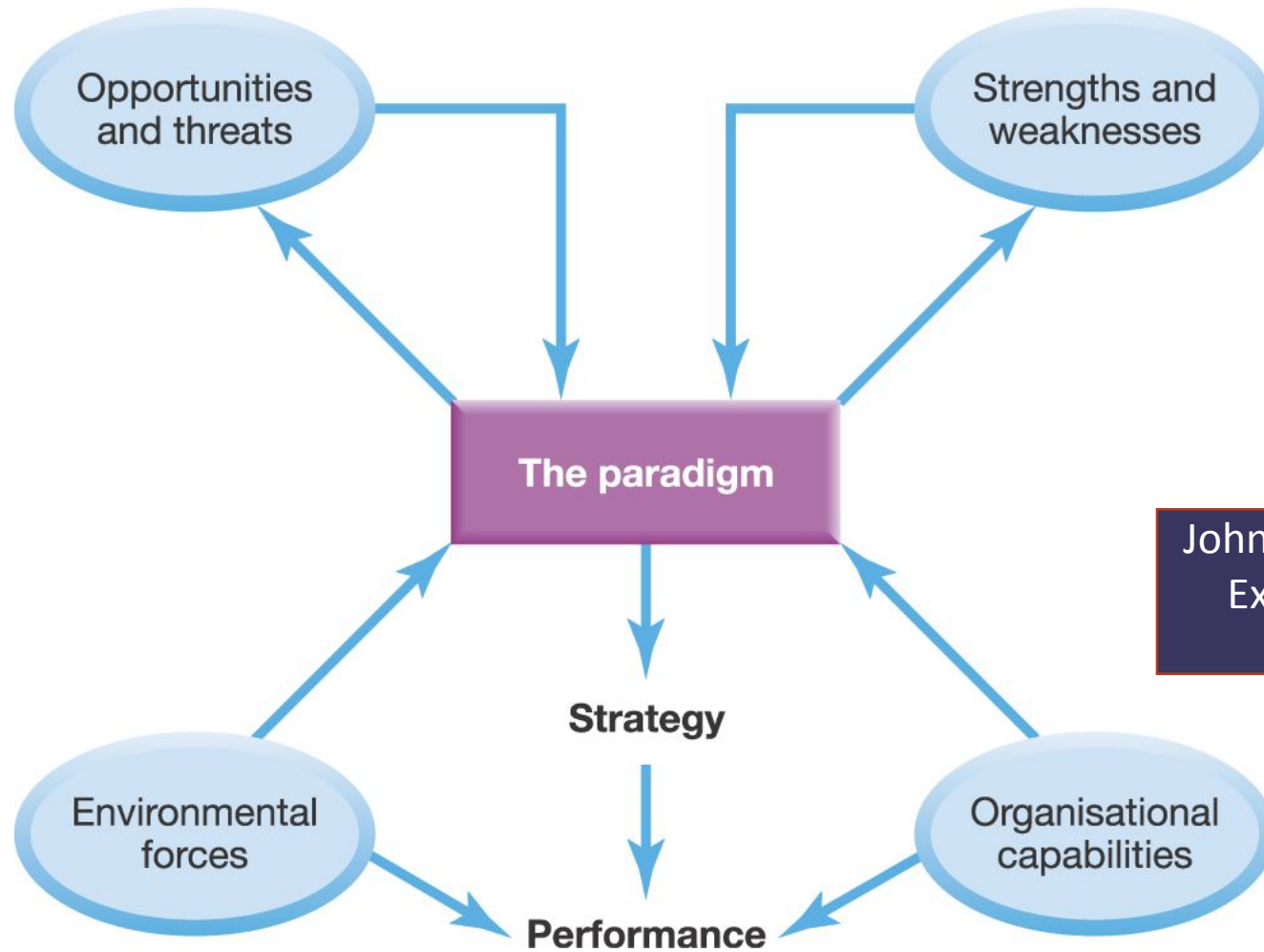
Strategy as **position** – locating brands, products, or companies within the market, based on the conceptual framework of consumers or other stakeholders; a strategy determined primarily by factors outside the firm;

Strategy as **ploy** – a specific manoeuvre intended to outwit a competitor; and

Strategy as **perspective** – executing strategy based on a "theory of the business" or natural extension of the mindset or ideological perspective of the organization

Mintzberg, 1998

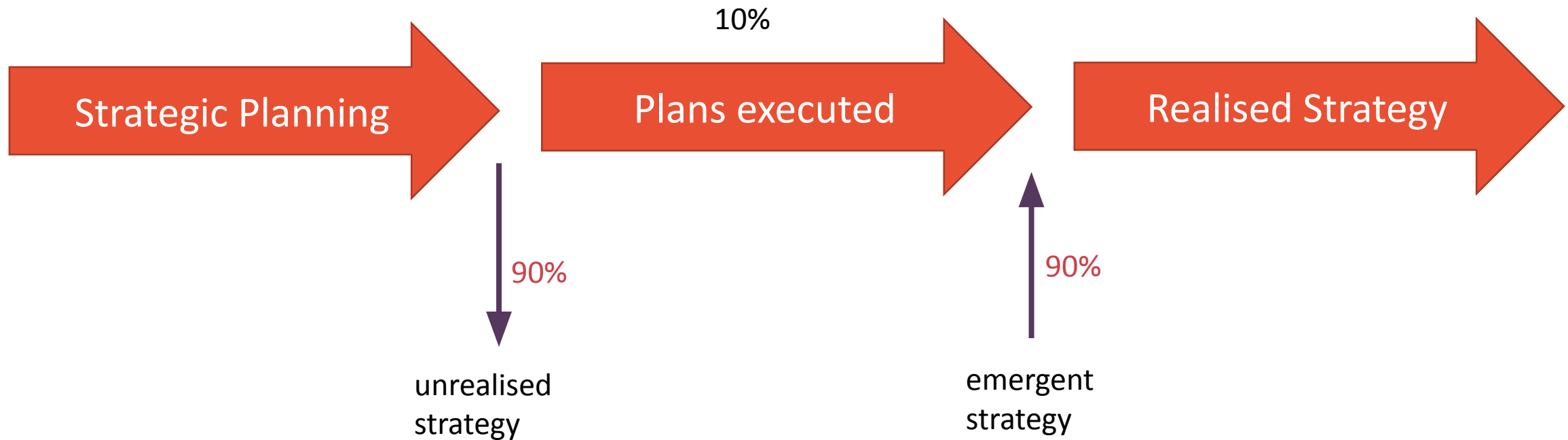
The role of the paradigm in strategy formulation



Johnson, Scholes, Whittington (2005),
Exploring Corporate Strategy, 7th
Edition, Pearson Education

The role of the paradigm in strategy formulation

The paradigm “ready, aim, fire” no longer applies; it is now “ready, fire, steer.” Paul Saffo



Adapted from *“The rise and fall of strategic planning”*, by Henry Mintzberg (1993)

Structure in a project

Structured models are necessary because:

- People become stupid at work
- People stop thinking in groups
- People fail to deliver in new constellations
- Everybody thinks someone else will fix it

Strategic planning

The five components of strategic planning



Strategic planning - Vision

“Our vision is to sustainably improve people's lives with our textiles and technologies.” (Schoeller Textil AG company)

“We enhance quality of life by providing power and endurance to the people” (BIOSERVO company)

Strategic planning - Mission

Mission outlines the strategy for realizing the vision (“Why” & “How”)

“At Sensing Tex, our aim is to democratize the use of soft, flexible and Stretchable Electronics & Artificial Intelligence, unleashing the potential of the Internet of Things (IoT) and enhancing the capabilities of technology in every application. From smart beds to clothes, Sensing Tex develops technology that enables people to communicate and interact with every object in their surroundings to Predict & Prevent”.

Strategic planning - Objectives

Objectives:

Precise outcomes that an individual or organization seeks to attain within a designated timeframe.

General examples of objectives of a company

- Achieving and maintaining profitability,
 - sustaining a consistent cash flow,
 - setting up and upholding productivity,
 - attracting and keeping customers
- etc

Strategic planning - Strategy

- Blueprint for the organization's objectives
- Harmonisation of vision with practical implementation
- Rooted in thorough research, meticulous planning, and introspection
- Confidential
- Tailored to the organization

Strategic planning - Tactics

- Effective implementation of the strategic plan
- Specific initiatives, projects, or programs
- Concrete steps to bring the strategic plan to fruition.

Compared to “strategy”, tactics tend to be more tangible and frequently revolve around incremental steps and shorter timeframes during the journey.

Partners:



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