



Strategy

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Overview of the next two days

Core concepts in strategy

- ▶ Industry analysis
- ▶ Competitive positioning
- ▶ Competitive advantage
- ▶ Competitor analysis and competitive response
- ▶ Sustaining competitive advantage over time
- ▶ How to become a great strategist
 - ▶ Lessons from Bill Gates, Andy Grove, and Steve Jobs

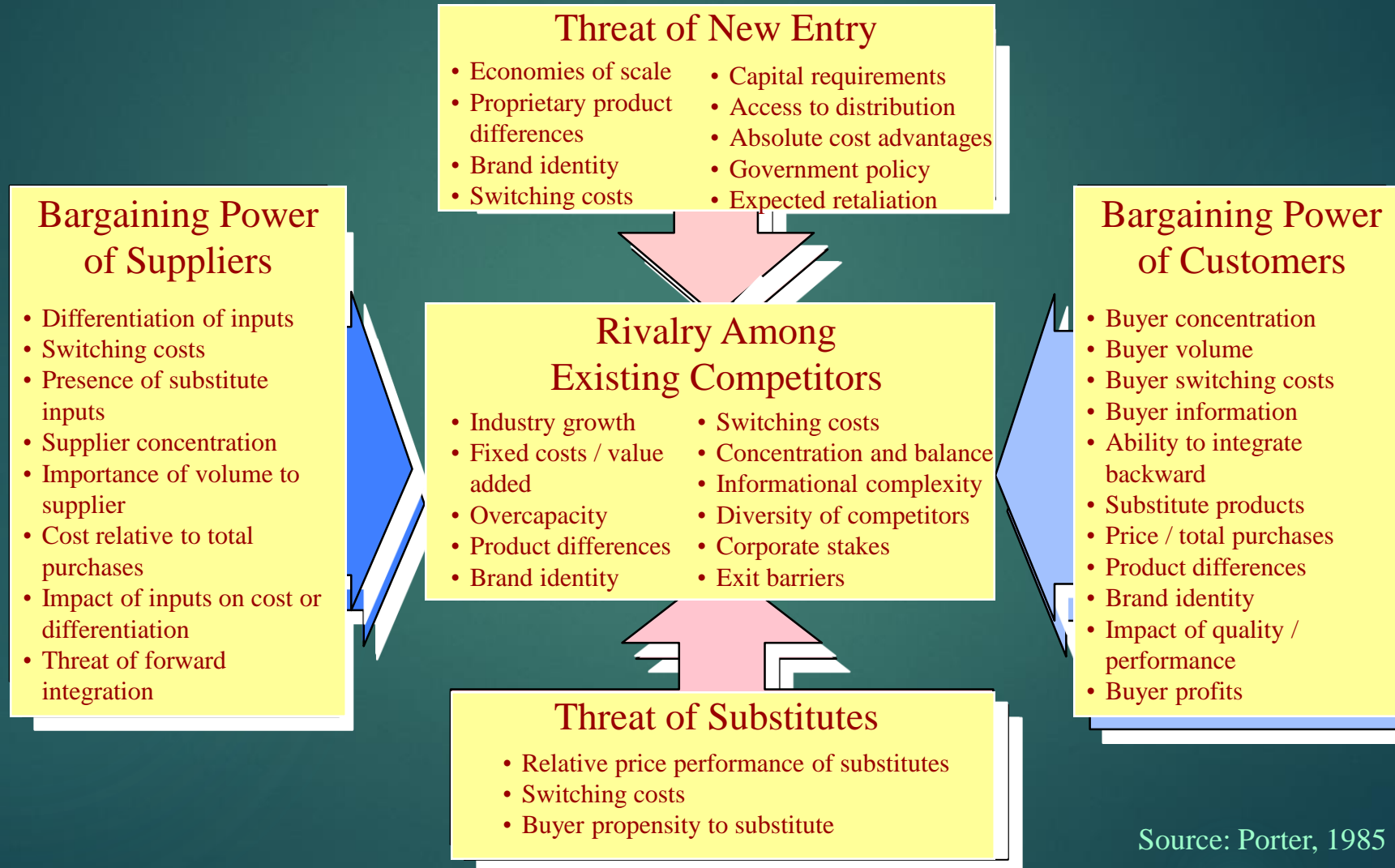
Cases

- ▶ Cola Wars - classic
 - ▶ American, but 80% of business ROW
 - ▶ B2C
- ▶ HTC
 - ▶ Asian
 - ▶ Hybrid – B2B and B2C
- ▶ Nutrasweet vs. Holland Sweetner
 - ▶ US-Japanese vs. EU-Japanese
 - ▶ B2B

Cola Wars

- ▶ Basics of strategy
 - ▶ Strategy 101
 - ▶ Five Forces

Porter's Five Forces

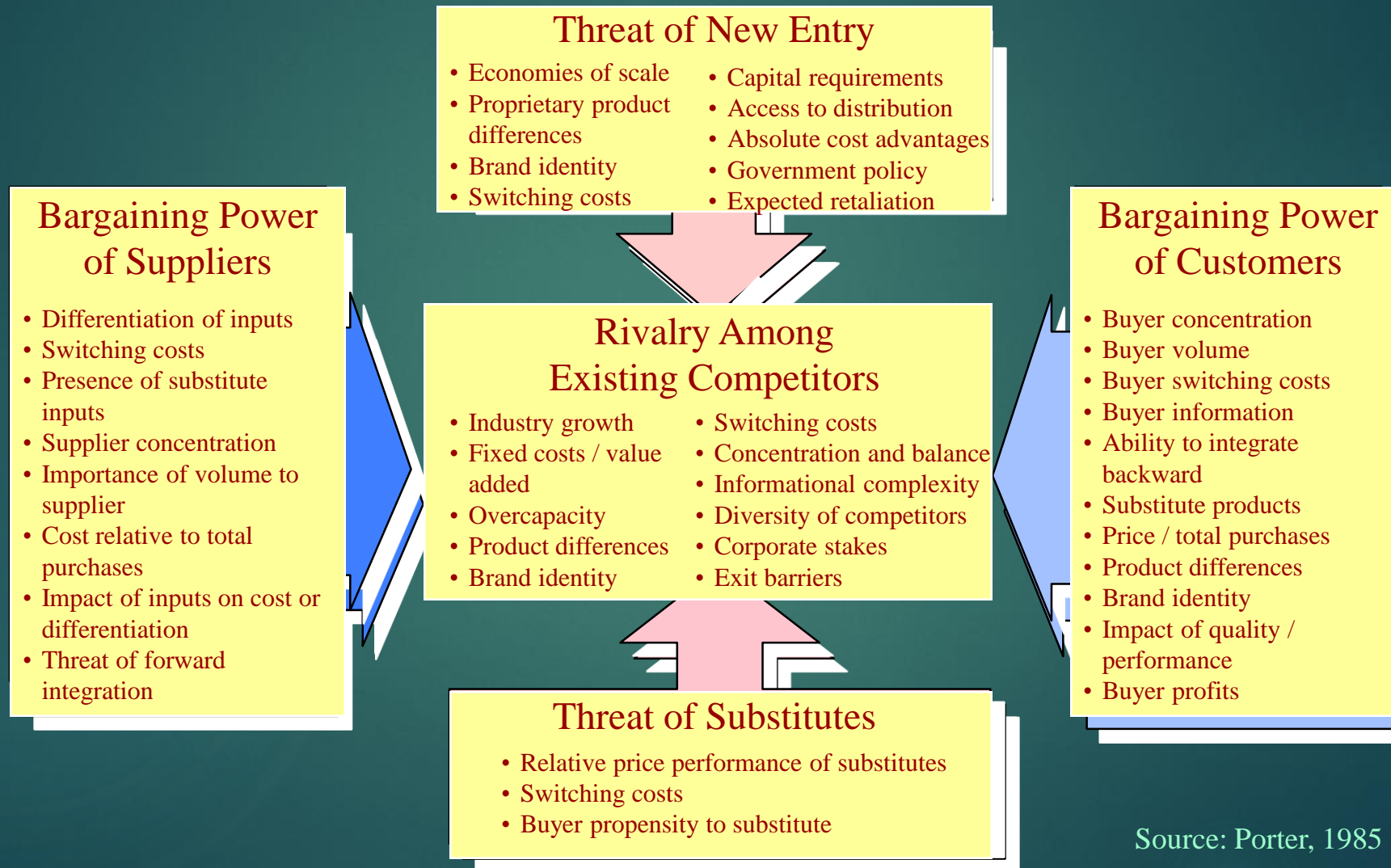


Source: Porter, 1985

Cola Wars

- ▶ Quickly move into new concepts – beyond Porter
- ▶ Today's discussion
 - ▶ \$25k in the IPO of Coke = ?? Today
 - ▶ 1938: Forbes article on Coke
 - ▶ “Several times every year a weight and serious investor looks with profound respect at Coca Cola’s record, but comes regretfully to the conclusion he is too late. The specter of saturation and competition runs before him...”
 - ▶ “License to steal” and/or “license to print money”
 - ▶ Exhibit 3 – Average ROE - 1990s, recently?
 - ▶ Let’s start with the product

Porter's Five Forces



Source: Porter, 1985

Summary

- ▶ How to use market power
 - ▶ Structure an industry
 - ▶ Structure the rules (inc gov't regulation)
 - ▶ Build for sustainability – 120 years!
- ▶ Strategy starts with industry analysis
 - ▶ The entire value chain – not just the firm – creates the opportunity for above average returns
- ▶ Competitive advantage is always more than the product
 - ▶ Coke (and Pepsi) built their franchises around brand, supply chain management, and distribution - not the product alone
- ▶ How to be a smart competitor
 - ▶ Go to war (inevitable in most global business)
 - ▶ Make a fortune and kill the bystanders!