



From the Enlightenment to Business Models Season III

Episode 16 The Enlightenment unearthed in corporate strategy formulation

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Our Outline for Season III

Season 3
Fall-Winter 2023

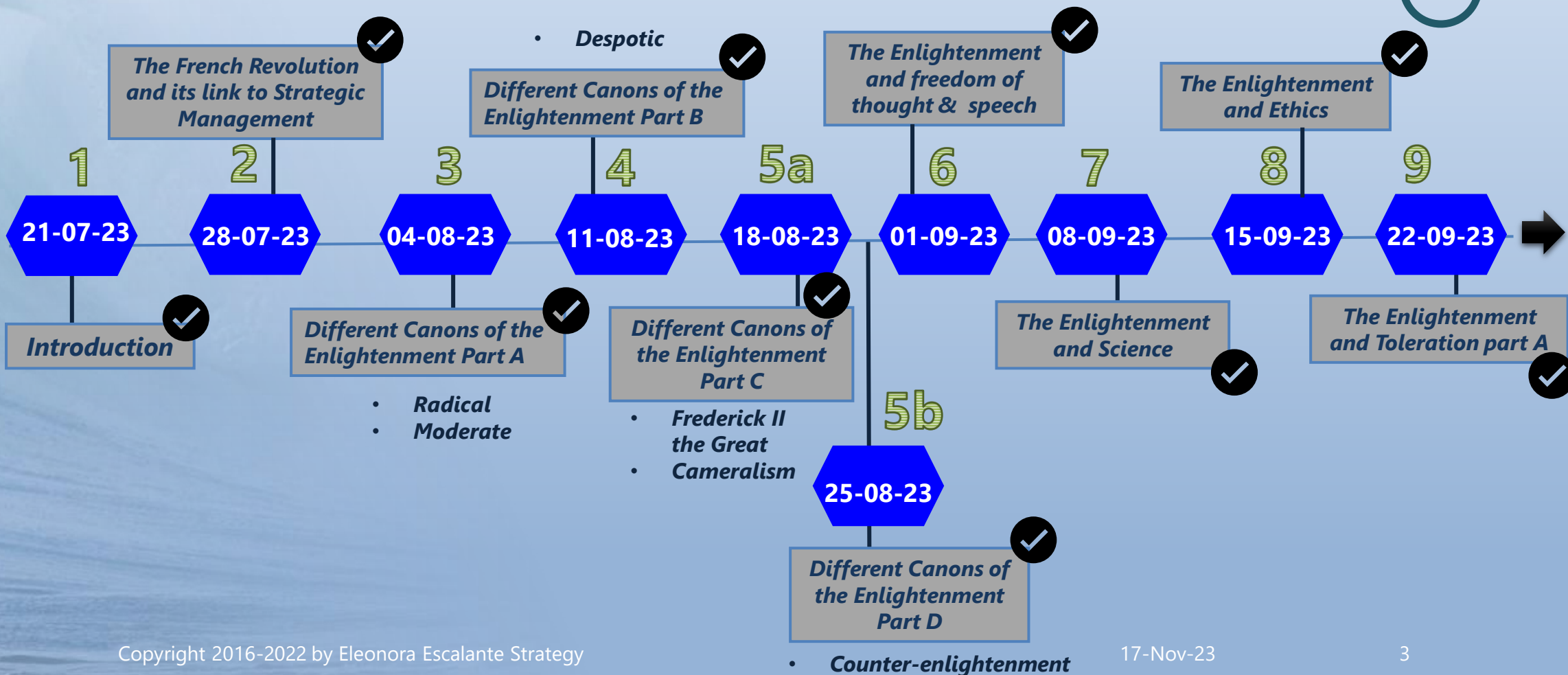
1. **Introduction**
2. **The French Revolution and its link to Strategic Management**
3. **Different Canons of the Enlightenment Part A: Radical & Moderate**
4. **Different Canons of the Enlightenment Part B: Despotism**
- 5a. **Different Canons of the Enlightenment Part C: Frederick II The Great and the Cameralism**
- 5b. **Different Canons of the Enlightenment Part D: Counter-enlightenment**
6. **The Enlightenment and freedom of thought & speech**
7. **The Enlightenment and Science**
8. **The Enlightenment and Ethics**
9. **The Enlightenment and Toleration Part A**
10. **The Enlightenment and Toleration Part B**
11. **The Enlightenment and Racial Differences/Slavery Part A**
12. **The Enlightenment and Racial Differences/Slavery Part B**
13. **The Enlightenment and Woman**
14. **The connection of the Enlightenment and Strategic Management**
15. **The Enlightenment philosophical premises found in Contemporary Strategy Analysis**
16. **The Enlightenment unearthed in corporate strategy formulation** **Today**
17. **The Enlightenment uncovered in corporate portfolio analysis**
18. **The Enlightenment found in Business Modeling**
19. **The Enlightenment and the Value Proposition Canvas**
20. **The Enlightenment premises in the MNCs value propositions**
21. **The Enlightenment found in the concept of Synergies**
22. **Research agenda for the transformation of Corporate Strategy Syllabus in Business Schools**
23. **Summary and Conclusions.**



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Our Proposed Timeline. We will publish every Friday. It is subject to change.

Season 3
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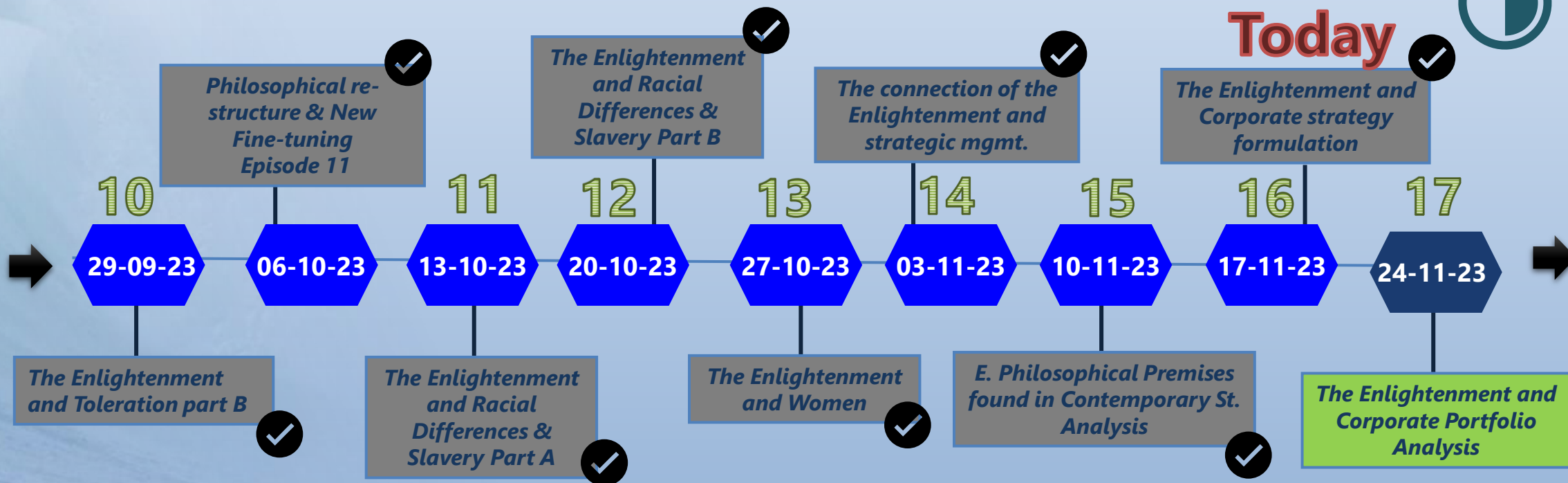




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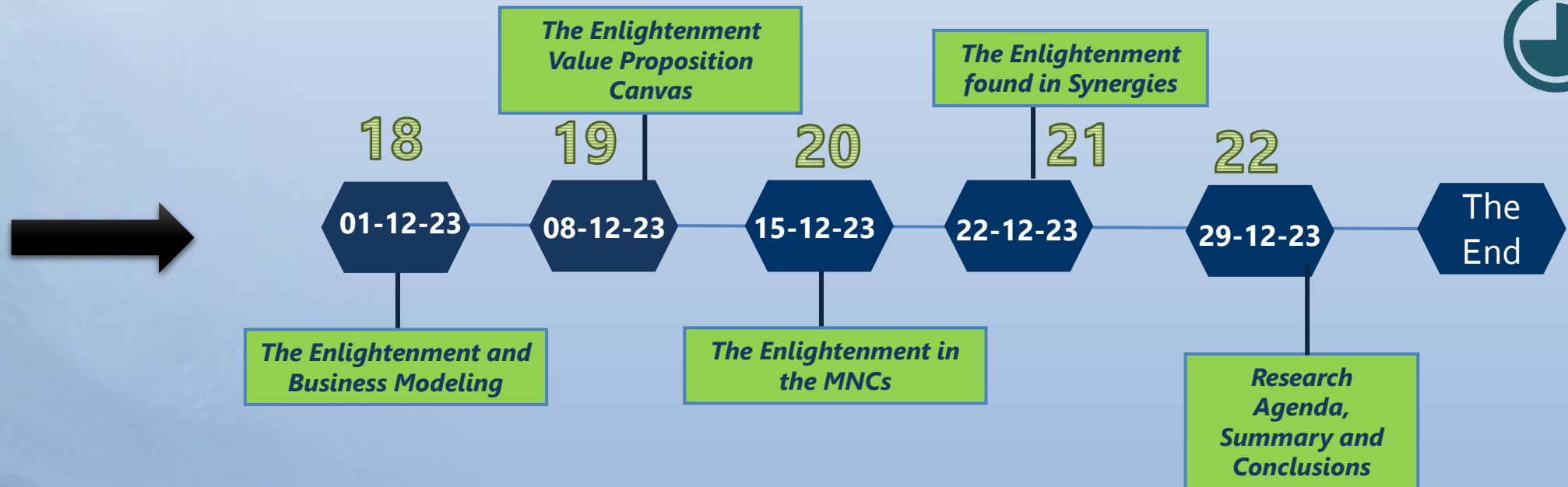




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Corporate Strategy Formulation 101



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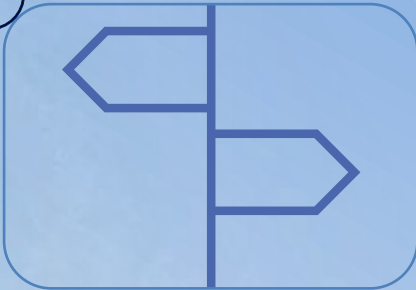
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Corporate Strategy Big-Wild domains

CORPORATE STRATEGY DOMAINS

①



What choices or SBUs to initially do, stay in and get out of

②



How to do corporate parenting for those choices or SBUs

③



What priorities and guidelines for resource allocation to SBUs

④



How to get ahead with the portfolio mix in an uncertain future

①

What SBU choices initially do, stay in or get out of:

The choice of SBUs: products, services, markets, technologies and types of businesses the firm intends to enter, stay-in or leave.

②

How to do corporate parenting to those SBUs: *Whether and how distinguishably different SBUs and corporate headquarters can be synergistically coordinated or otherwise fit together to make a more workable whole*

③

What priorities and guidelines for resource allocation to each SBU?:

What priorities and course of action are to be observed in allocating the firm's resources among various SBUs

④

How to get ahead with the SBUs portfolio mix:

The strategic importance of a firm's scope and mix of SBUs determines how the company will position itself to deal with an uncertain future and how to cope with perpetual change.



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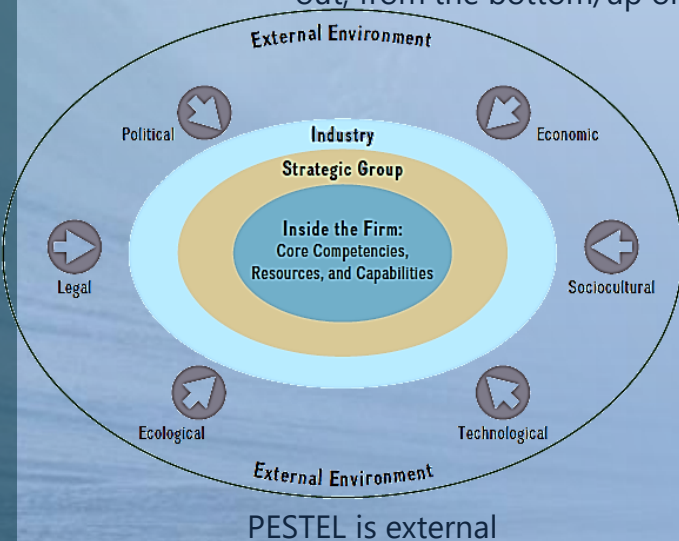
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Corporate Strategy *at the top decision-making level defines what a company should do and what to do to make it grow.*

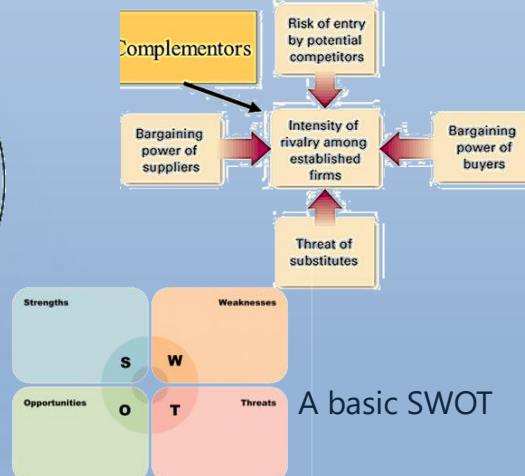
What to do?



Corporate Strategy is about doing Strategic choices. To make Good decisions is ultimately the goal
First is to understand the external conditions in which we will seed and grow our business.
Second is to understand the industry of our products/services: Each product belongs to an industry and/or economic sector.
Third is to indicate if our company has all in place to proceed.
There are multiple frameworks to analyze our firm from the inside out, from the bottom/up or the other way around.



6 Forces of Porter



What to do to make it grow?



Directional Decision Making

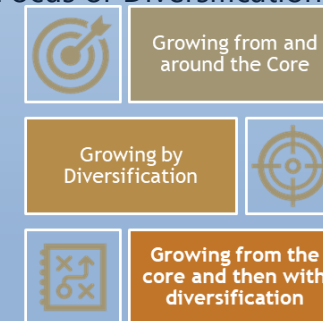
Growth	Stability	Retrenchment
<ul style="list-style-type: none">Vertical IntegrationGeographic Expansion	<ul style="list-style-type: none">Pause/Proceed with cautionNo changeProfit temporary	<ul style="list-style-type: none">TurnaroundCaptiveDivestmentBankruptcy/liquidation



Expansion through diversification



Focus or Diversification



GE Matrix to explore priorities at the corporate level

Industry Attractiveness AXIS Y Composite of Critical External Factors	High	Medium	Low
	Top Winner: Invest and Growth	Winners: Invest and Growth	Maintain and Hold: Question marks
	Winners: Invest and Growth	Maintain and Hold: Average Businesses	Losers: Harvest or Divest
	Maintain and Hold: Profit Producers	Losers: Harvest or Divest	Losers: Harvest or Divest
	Strong	Average	Weak
	Business Strength Competitive Position		

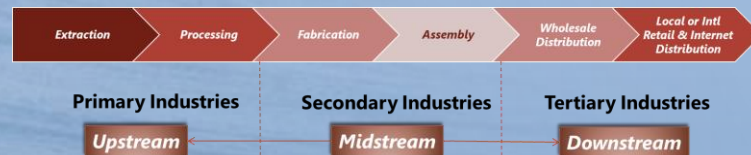
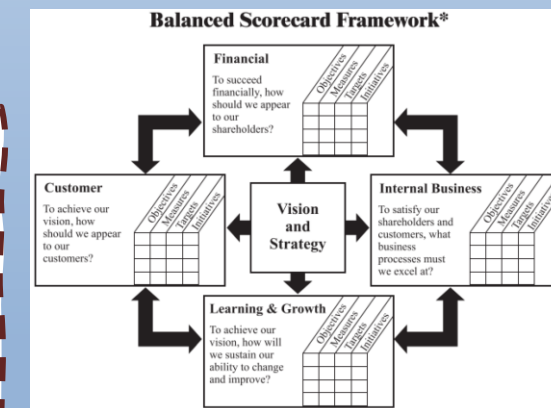
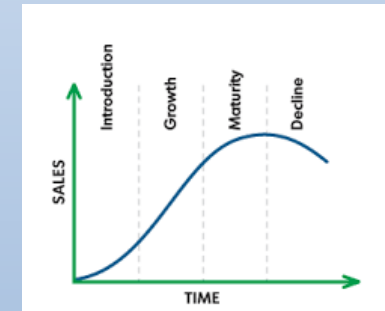
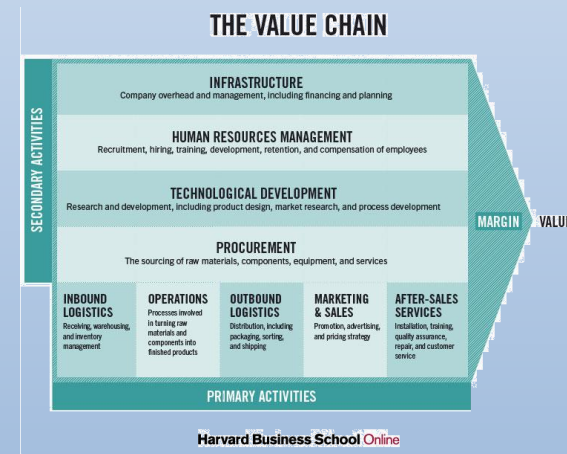


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Business strategy takes care of the rest: how to do it on a day-by-day basis, who are our clients, how is our business model, its value proposition and all the bits and details of our business model, including the formulation of our value chain.

How to do it?



Pearl of Wisdom

Corporate Strategy is formulated and implemented at the Corporate Head Office. Business Strategy is typically formulated jointly by corporate directors and business-unit (SBU) managers, and it is implemented at the business-unit level. Functional Strategies are dictated by business strategies, but the elaboration and implementation is the responsibility of the functional departments.

Bibliography and sources of reference: Slide 17

17-Nov-23

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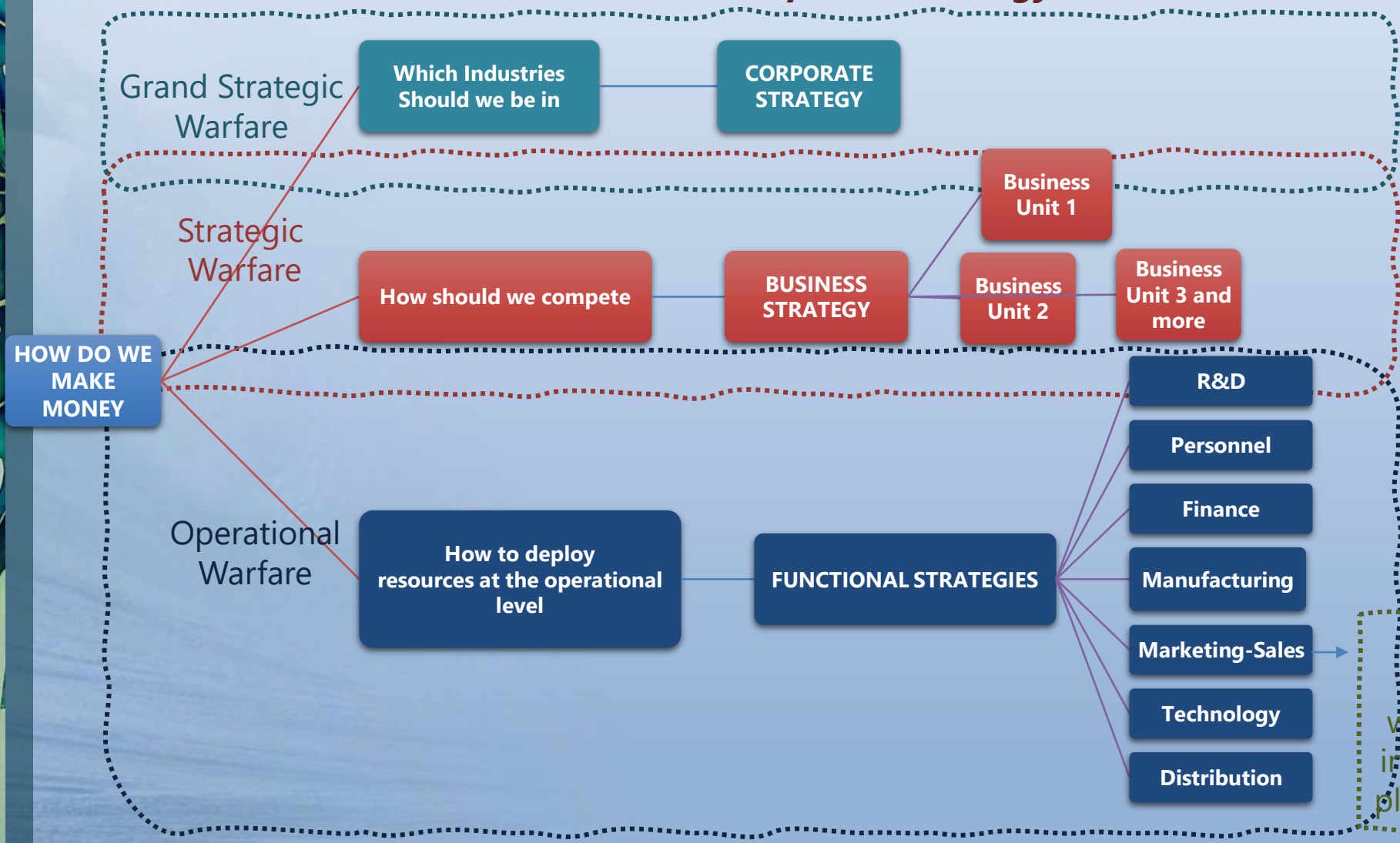
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There is a clear distinction between Corporate Strategy and Business Strategy.



Pearl of Wisdom

I wish you to observe that the 4 levels of strategy:
(1)Corporate,
(2)Business,
(3)Functional
and
(4)Tactical/technical are usually overlapping on a cascade basis.



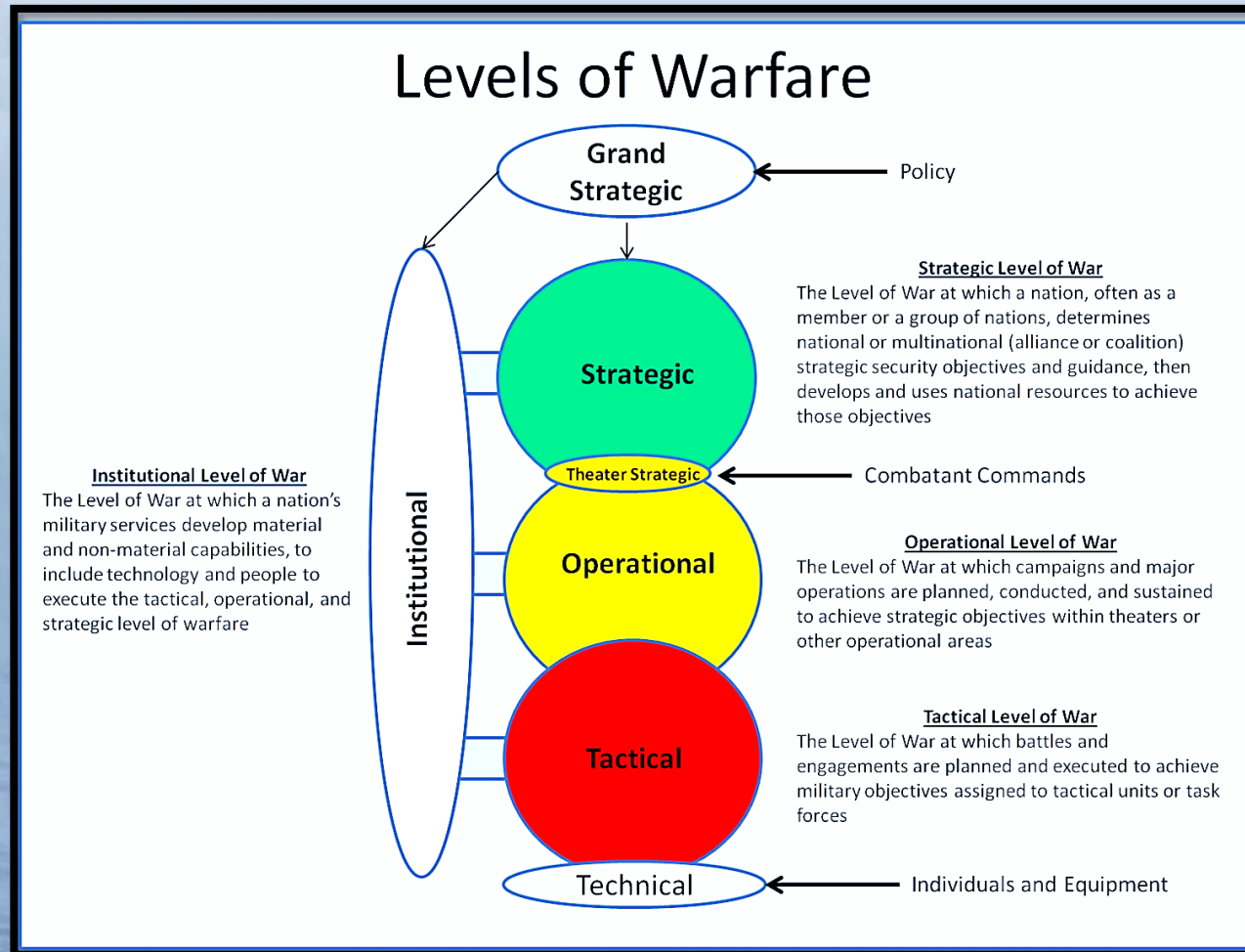
Tactical and Technical warfare at the individual level plus equipment



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All the models of contemporary strategy analysis, at the corporate, business and functional levels are handled under a military competitiveness premise that has evolved historically. Look at the levels of strategic warfare.



Pearl of wisdom

Warfare is ingrained in every single concept of contemporary strategic management.

Why?

This occurs because the frameworks that we use in our present times are based on competitiveness (low-cost or differentiation or hybrid).

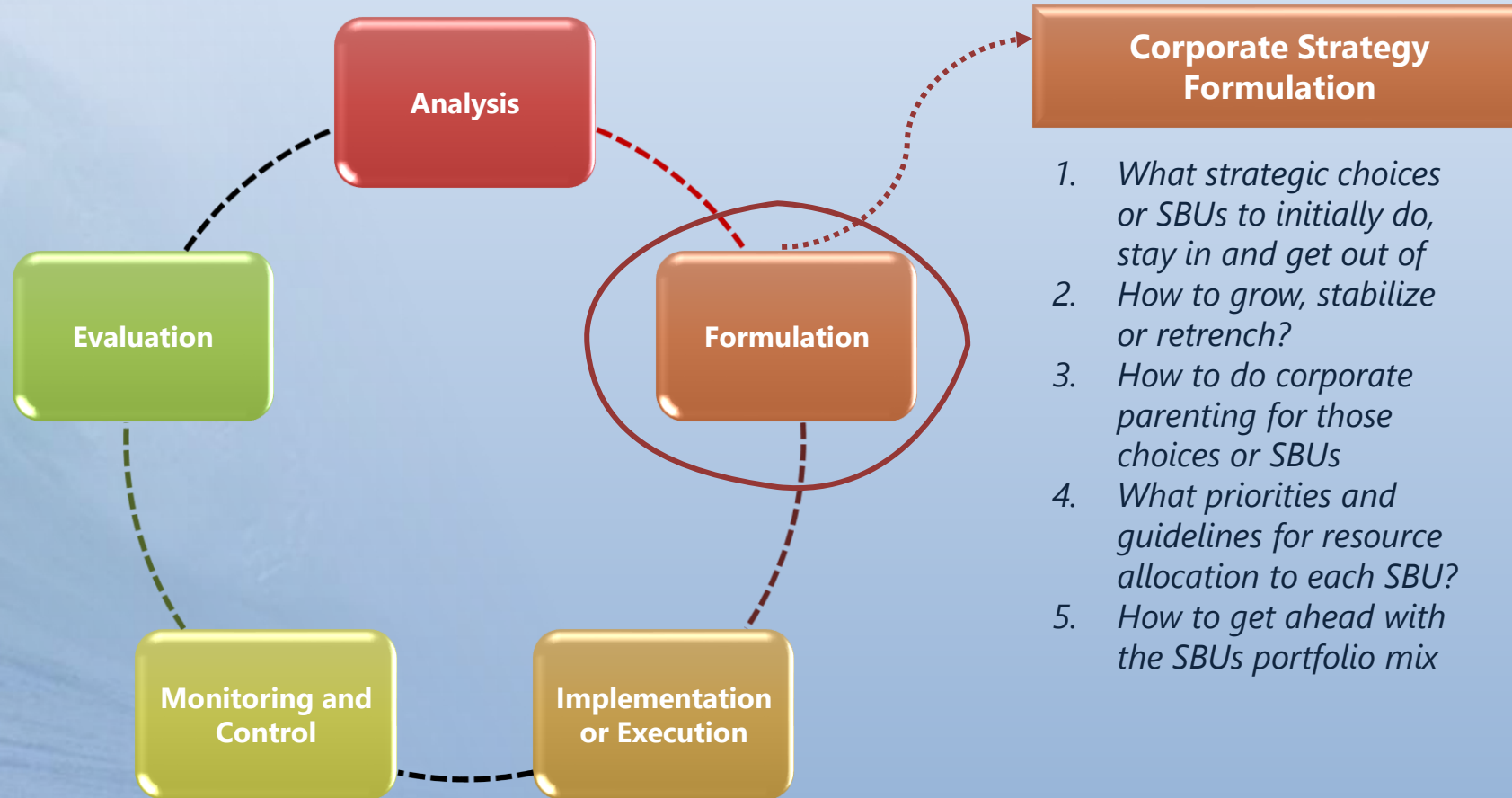
Free Market Competition without ethics at the core is still warfare without guns or weapons. It is economically driven.



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Phases of Strategy: our study today is about corporate strategy formulation



Pearl of Wisdom

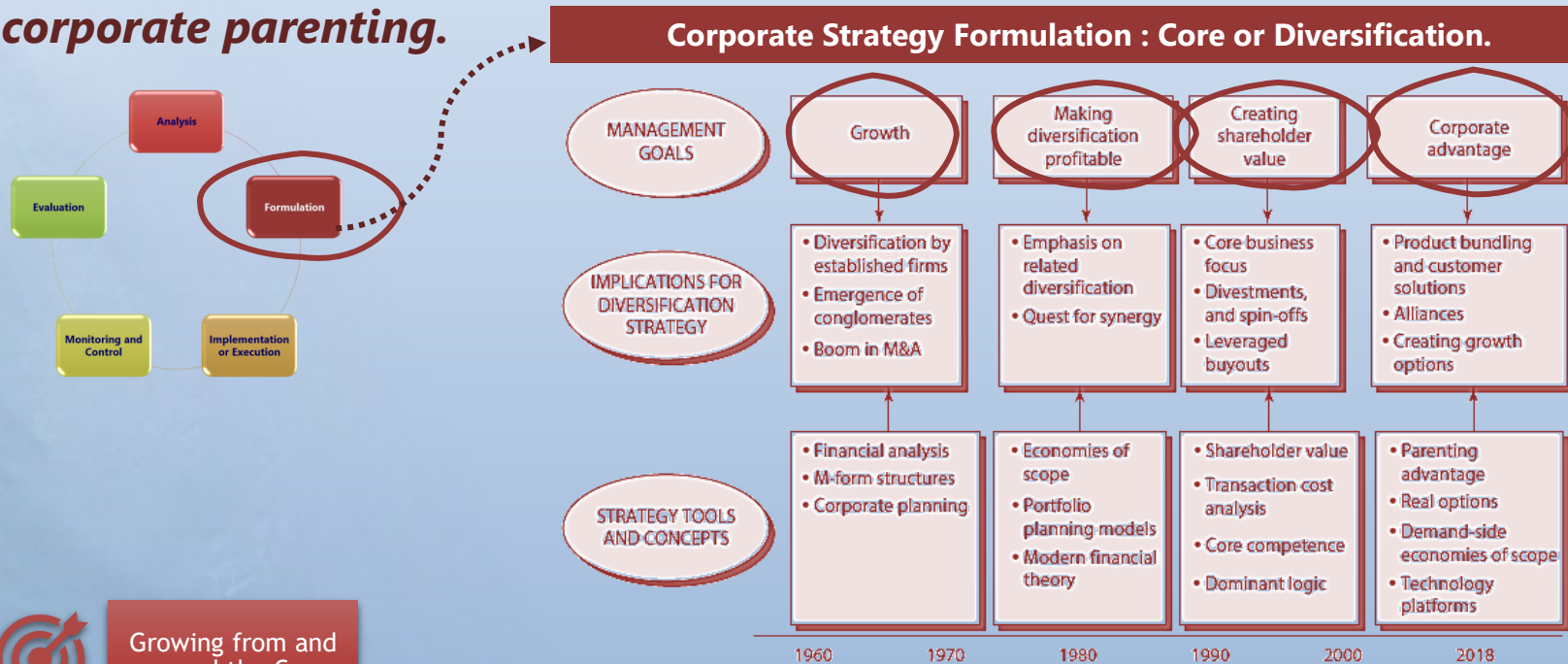
The corporate strategy is executed by the CEO (Chief Executive Officer), other senior executives, the Board of Directors, and Corporate Specialized staff and/or external corporate advisors. These are the corporate strategists of a corporation



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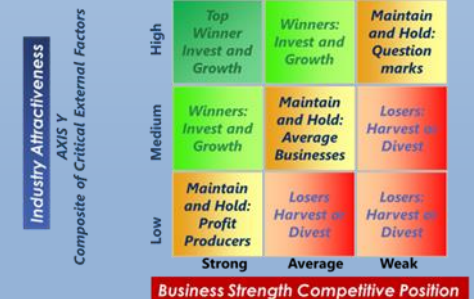
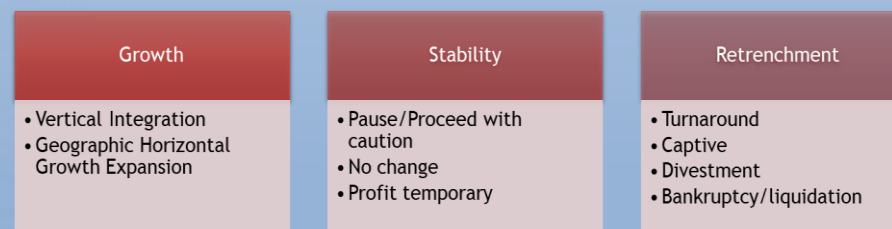
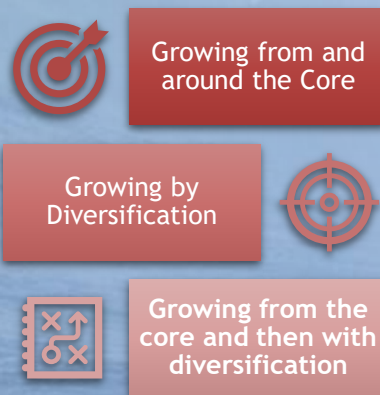
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Corporate Strategy Formulation is about the top level of making choices: the choice of direction for our endeavors, setting the priorities in our product portfolio, including corporate parenting.



Pearl of Wisdom

One of the main domains of Corporate Strategy Formulation is the one that handles growth over time. In addition, growing means different strategies that we have already covered in the saga The Hare and the Tortoise: The race is not to speedy





Our Compass: Strategy Formulation is intertwined.

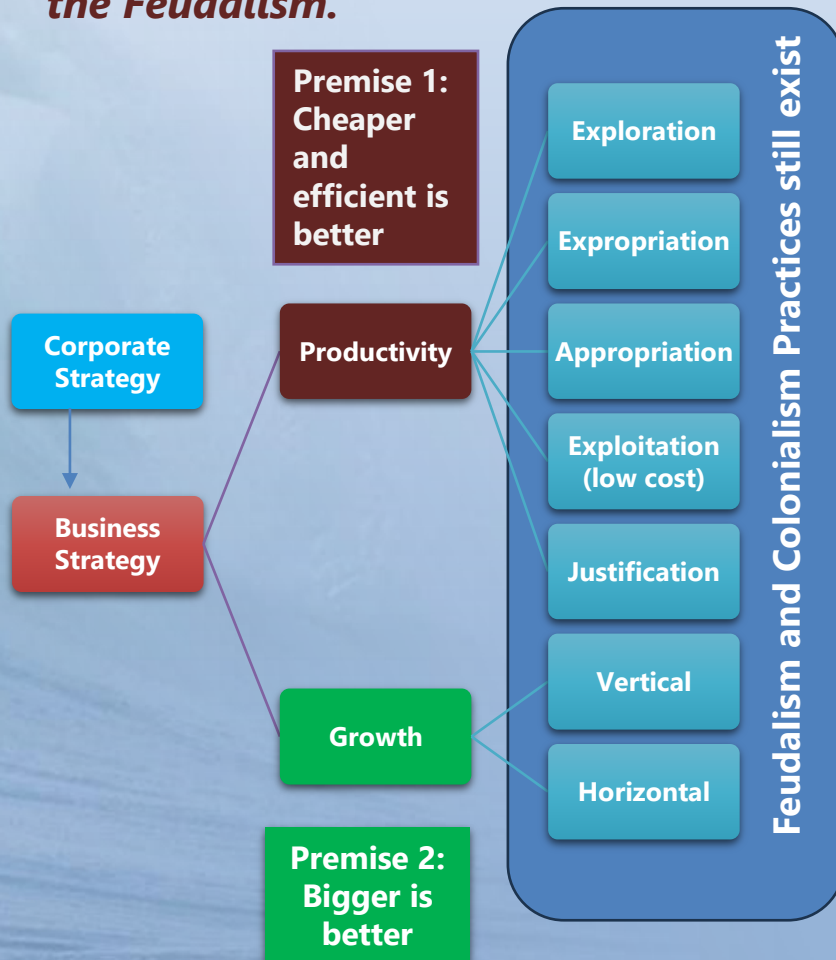




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All the models of contemporary strategy analysis, at the corporate, business and functional levels are ruled by two premises: Cheaper and efficient is better; (2) Bigger is better. These 2 premises have been privileged since the Feudalism.



**Premise 1:
Cheaper
and
efficient is
better**

**Example: The imbalance can be
observed in all the flaws of global
supply chains**

A proof of evidence that things are not working well with our Contemporary Strategic Frameworks:

1. *At least one factor of Multidimensional poverty happens in 84% of the global families.*
2. *The middle-class is shrinking year over year, even in developed economies.*
3. *Climate Change-environmental issues will be the utmost problematic ones in the future.*
4. *The digital-virtual NAIQI model of economy drags with the same imbalance of the real-physical one.*
5. *New economic players are using dictatorship-totalitarian models, previously seen before the French Revolution.*
6. *The new Technological values of the past feudalism of violence are expressed in social media.*

**Premise 2:
Bigger is
better**

**Example: The imbalance can be
observed in all the mergers and
acquisitions decisions that create global
composite monopolies**



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Our next composition will be "The Enlightenment uncovered in Corporate Portfolio Analysis".



It's Not About How Much You Do,
But How Much Love You Put Into
What You Do That Counts.

Mother Teresa Quotes

Mother Teresa Quotes



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