

## Strategy, Strategy, Strategy.....

Teams may find it useful to go through the 6 strategies given on the CAPSIM (Help>Online Guide>Six Basic Strategies). It is *not* necessary to adopt one of these six strategies. They are simply a broad guide that illustrate that strategic management makes sound business sense. A well thought through and cogent strategy, well executed will invariably come a winner.

### Outline Your Strategy: A Note

At the beginning of the simulation, your team faces an unusual business situation – all companies and products are identical to each other. In the real world this situation rarely if ever occurs. The closest analogue might be a highly regulated industry.

Looking into the future, the simulated industry will rapidly differentiate and evolve. As in the real world, **nothing you can do will stop it**. Given time, the industry will evolve into a state where competitors occupy defensible strategic positions. **There are two important questions. “How long will the process take?” “Will two or more competitors attempt to occupy the same position?”**

Let’s use an analogy. Picture a flat landscape. Now imagine several hills placed on the landscape. Each of the hills represents a strategy. Your success depends upon how quickly you can identify a hill, and how high you can climb it. Your hope is that you will choose a hill that nobody else picks, and that you can defend it against competitors. Complicating this is the fact that some hills are more attractive than others. Further, the more companies trying to climb a particular hill, the more difficult it is for each of them to successfully climb it.

Are there methods and techniques that will help you identify and select these strategic hills? Yes, the general topic is widely discussed. Let’s look at one of the most commonly referenced, Michael Porter’s “Generic Strategies”. Read the description offered on The QuickMBA website at <http://www.quickmba.com/strategy/generic.shtml> (A quick search of [www.google.com](http://www.google.com) for “Porter Generic Strategies” will turn up hundreds of alternate references. The QuickMBA’s one page summary is an excellent overview of the topic, but feel free to examine others.)

Next, review Chapter 10 of the Student Guide, "6 Basic Strategies."

With this as background, select or develop a strategy you would like your team to pursue. Prepare and post an argument for your strategy. The argument should address these issues:

1. **Segments**. Which segments matter to you? How much share of those segments

must you achieve to be an “average competitor” in the overall industry? For example, if you choose to play only in Traditional and Low End, you would have to command a higher share of those segments to achieve “average industry sales”.

2. **Profit potential.**

3. **The speed at which you can create a defensible position.** For example, new products typically take two years to bring to market. Significant productivity improvements could take several years.

4. **Priorities.** Which products are most important to you? Which are least important?