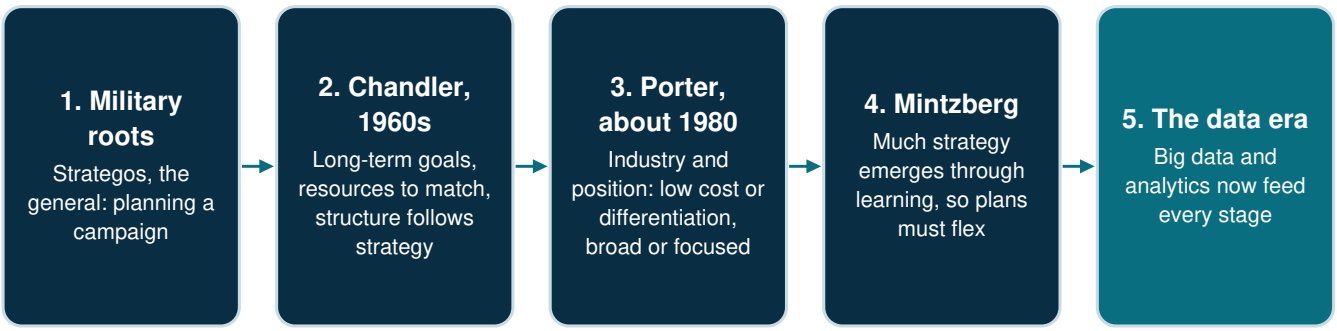
Strategy and the strategy process

MODULE 1 | 1.1-1.2 | STUDENT COMPANION

What strategy means. Strategy covers the big decisions whose effects last for years rather than weeks, together with the analysis that leads to them and the resourcing and implementation that turn them into action. Its purpose: delivering value to the people who matter most to the organisation, and beating its competitors.

How strategy thinking evolved

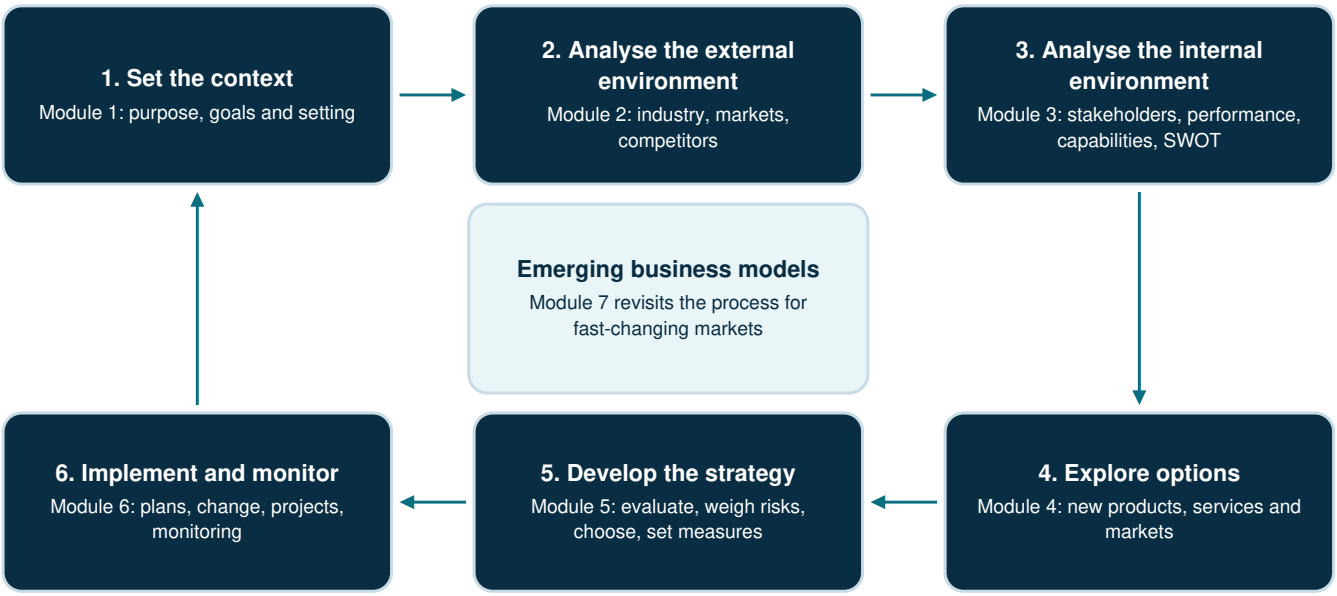


Strategy can involve cooperation between rivals as well as competition

The four Vs of big data

V	Meaning	Why a CPA cares
Volume	How much data there is	Storage, cost and the effort of finding what matters
Variety	The many forms it takes: transactions, text, images, sensor readings	Combining sources that were never designed to fit together
Velocity	How fast it arrives, often in real time	Decisions can be made sooner, if the data can be processed in time
Veracity	Whether it can be trusted	A dashboard built on unreliable data is a confident mistake

The strategy process



In practice the loop runs both ways: learning at any stage can send you back

Planned and emergent strategy

Planned (rational) strategy

- Analyse, then decide, then act
- Fit the organisation to its environment
- Gives a shared language and an organising framework
- Helps explain and justify direction to stakeholders
- Risk: assumes the future will hold still

Emergent strategy

- Strategy forms as the organisation learns
- Flexible, drawing on intuition and experiment
- Responds quickly to surprises
- Honda in the US: the small Super Cub, not the big bikes, won
- Risk: drift without a clear direction

Realised strategy is usually a mix: planned intentions plus what emerges from learning

Case note: Honda in the United States

American Honda was set up in Los Angeles in June 1959, planning to sell Honda's larger motorcycles. Ridden at high speed over long distances on American highways, those bikes overheated and their engines seized, so Honda turned to the one product it had left, the small Super Cub, selling it through sporting goods and outdoor equipment stores rather than motorcycle dealers. From 1963 it advertised with the line 'You meet the nicest people on a Honda'. The entry was deliberate; the product that succeeded emerged from what the company learned. Henry Mintzberg later used the story as a classic example of emergent strategy.

Sources: Honda heritage pages, 'Establishing American Honda' and '50 Years in America' (2009); R. T. Pascale, 'Perspectives on Strategy: The Real Story Behind Honda's Success', California Management Review, 1984.

Practice questions

MODULE 1 | 1.1-1.2 | TRY THESE BEFORE THE WORKED ANSWERS

Imagine a regional transport company called **Ridgeway Coaches**, which runs town buses, school buses and a tourist coach service across inland New South Wales.

Question 1 - Strategic or operational?

Sort the eight decisions below. For each, note in a few words why you classified it that way.

Decision	Strategic or operational? Why?
(a) Moving the 7.15 am town service to 7.20 am	
(b) Launching an airport shuttle business in another city	
(c) Replacing worn tyres on two coaches	
(d) Selling the school-bus division to focus on tourism	
(e) Rostering an extra driver for the long weekend	
(f) Converting the whole fleet to electric over eight years	
(g) Ordering new seat covers for the town buses	
(h) Forming a joint venture with a rail operator for combined tickets	

Question 2 case. Imagine a family-owned winery called **Copperleaf Estate** in the Barossa Valley. Over one year it carried out the activities below, listed in no particular order.

Question 2 - Map the case onto the six stages

Activity	Stage (1 to 6)
(a) Studied wine-export trends, tariffs and competitors in Asia	
(b) Rolled out the chosen plan and reviewed sales and margins monthly	
(c) Agreed its aim: to become the region's best-known boutique export winery	
(d) Listed options: a cellar-door restaurant, exports to Singapore, a wine club	
(e) Assessed its winemaking skills, finances, brand and what its owners wanted	
(f) Scored the options against agreed criteria and risks, chose two, and set targets	

Question 3 - Advising a start-up founder

Imagine a food-delivery start-up called **Swiftbite** that has grown from 5 to 60 staff in eighteen months. Its founder says: 'Formal strategy is for big corporations. We move too fast to plan.' Advise the founder: when would a structured strategy process help Swiftbite, and when might it hold the business back? What approach would you recommend?

Worked answers

MODULE 1 | 1.1-1.2 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Strategic or operational?

Decision	Answer and reason
(a) Moving the 7.15 am service	Operational: a small, short-term timetable change
(b) Airport shuttle in another city	Strategic: a new market, major resources, long-term impact
(c) Replacing two tyres	Operational: routine maintenance
(d) Selling the school-bus division	Strategic: reshapes the portfolio and the company's future
(e) Extra driver for the long weekend	Operational: day-to-day resourcing
(f) Electric fleet over eight years	Strategic: large investment, long horizon, changes capabilities
(g) New seat covers	Operational: minor spending with no lasting effect on direction
(h) Rail joint venture	Strategic: a new partnership and offer that shapes competition for years

Test to apply: does the decision shape what the business will be for years, and does it need significant resources to carry out? If yes, it is strategic.

Question 2 - Map the case onto the six stages

Activity	Stage
(c) Agreed its aim	1 - Set the context
(a) Studied export trends, tariffs and competitors	2 - External analysis
(e) Assessed skills, finances, brand and owners' wishes	3 - Internal analysis
(d) Listed the three options	4 - Explore options
(f) Scored, chose and set targets	5 - Develop the strategy
(b) Rolled out and reviewed monthly	6 - Implement and monitor

If monthly reviews (b) showed the Singapore launch failing, Copperleaf might loop back to stage 4 or 5: the process is iterative, not a one-way street.

Question 3 - Advising a start-up founder

Where structure helps: a shared language for the growing team; a disciplined look at the market and competitors before big commitments; a clear story for investors and lenders; and a framework for allocating scarce cash and people, so important questions are not missed.

Where it could hold Swiftbite back: a heavy annual plan assumes the future is predictable; it can be slow; it can separate the people who plan from those who do the work; and it can become a ritual that is ignored once written.

Recommendation: use a light, structured process with short planning cycles. Agree the direction and a few measurable goals, run small experiments, review results often, and change course when the evidence says so. That combines planned and emergent strategy: keep the rules simple, tolerate imperfection, and keep learning.