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Presents

**SETTING YOUR STRATEGY FOR
COMPETITIVE ADVANTAGE**

Presented by SCORE Mentor Rich Cheney

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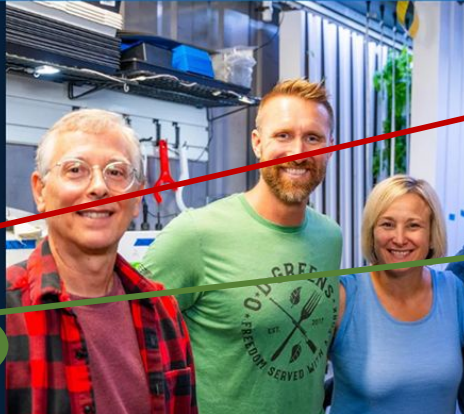
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zoom

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MAKE A NOTE:

Presentation will be found in 2-3 days at

<https://www.score.org/easternct/webinar-presentations>

Setting Your Strategy for Competitive Advantage

WITH SCORE MENTOR RICH CHENEY

Presentation Overview

- Strategic Management Foundations
- The Strategic Management Process
- Four Generic Competitive Strategies
- Offensive & Defensive Strategies to Build Competitive Advantage
- Defensive Strategies to Protect Competitive Advantage

STRATEGIC MANAGEMENT FOUNDATIONS

Strategic Management Foundations

- Overview of Strategy
- Strategic Vision
- Setting Objectives



Strategic Management Foundations

- **Overview of Strategy**

- Definition of strategy as a company's game plan for positioning, competing, and pleasing customers
- Importance of good strategy + good execution as proof of strong management
- Core purpose: achieve successful business performance

Strategic Vision



Describes the future company the organization aims to become



Essential for guiding strategic decisions



Prerequisite to effective strategic management

THE STRATEGIC MANAGEMENT PROCESS

The Strategic Management Process

- Crafting a Strategy
- Strategic Approaches
- Strategy vs. Strategic Plan
- Inside-Out vs. Outside-In Strategy

Crafting a Strategy

- Management chooses among strategic alternatives
- Defines product, market, and competitive approach
- Establishes paths for growth, customer satisfaction, and competitive success



Strategic Approaches



How to respond to
changing environments



How to manage
operations to support
strategy



How to develop
organizational capabilities

Strategy vs. Strategic Plan

- Strategy evolves continuously; strategy is dynamic
- Plans are static snapshots and cannot predict all future conditions
- External forces require ongoing adaptation

Inside-Out vs. Outside-In Strategy

- **Outside-in:** market-driven, entrepreneurial, adapts to external drivers
- **Inside-out:** driven by internal politics, risk-avoidance, less competitive
- Successful strategy blends awareness of both internal capabilities and market forces

FOUR GENERIC COMPETITIVE STRATEGIES

Four Generic Competitive Strategies



Low-Cost Leadership



Broad Differentiation



Best-Cost Provider Strategy



Focused (Niche) Strategy

Low-Cost Leadership

- Goal: lowest cost structure relative to competitors
- Achieved through value chain efficiencies and cost driver management
- Works best in price-sensitive markets with standardized products
- Pitfalls: overly aggressive price cuts; easily copied advantages

Broad Differentiation

- Command premium prices and build loyalty
- Differentiation possible across the value chain: R&D, technology, marketing, service
- Success requires real and perceived buyer value
- Pitfalls: features easily copied or not valued by customers

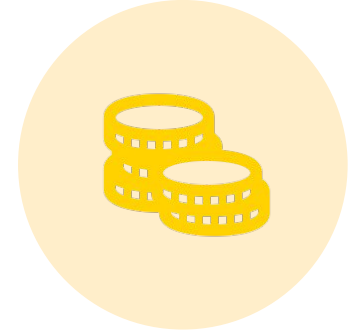
Best-Cost Provider Strategy



HYBRID: LOW COST + STRONG
FEATURES/PERFORMANCE



DELIVERS MORE VALUE FOR THE
PRICE



REQUIRES ABILITY TO PRODUCE
HIGHER-QUALITY OFFERINGS AT
LOWER COST

Focused (Niche) Strategy

- Serve narrow segments better than competitors
- Advantage can be cost-based or differentiation-based
- Works when niche is profitable, growing, and underserved
- Risks: niche may shrink or attract new competition

OFFENSIVE & DEFENSIVE STRATEGIES TO BUILD COMPETITIVE ADVANTAGE

When to use Offensive Tactics

- Leap-frogging into new technologies
- Adding new features
- Running comparison ads
- Constructing new plants or improving existing plant capacity
- Expanding the product line
- Developing new customer service capabilities

Offensive Strategies to Build Competitive Advantage



Offensive: Matching or Exceeding Competitor Strengths

- Engage when seeking market share or compelled to respond
- Methods include underpricing, improving features, or adopting new technologies
- Often involves extending product lines or enhancing customer service

Offensive: Multi-Front (Simultaneous) Initiatives

- **Multi-Front (Simultaneous) Initiatives**
- Combine price cuts, advertising, promotions, new products, and free samples
- Overwhelms competitors by forcing them to defend multiple areas at once

Offensive: End-Run and Guerrilla Offense

End-run: pursue unserved markets; capitalize on first-mover advantage

Guerrilla: targeted small attacks in areas where competitors are weak or inattentive

Offensive: Preemptive Strikes

Gain resources or positions competitors cannot easily match



Examples: securing prime locations, prestigious customers, or unique supplies



Builds strong psychological and market barriers

Defensive Strategies: When To Use

Purpose of Defensive Strategy:

- Protecting Market Position
 - Deterring Challengers
-
- Reduce likelihood of attack.
 - Minimize damage from competitive moves.
 - Signal readiness to retaliate.

Purpose of Defensive Strategy

- Reduce likelihood of attack
- Minimize damage if attack occurs
- Signal ability and willingness to retaliate

Protecting Market Position

Reinforcing

Reinforcing strengths that competitors find hard to challenge

Maintaining

Maintaining strong customer relationships and brand loyalty

Strengthening

Strengthening resource positions and key capabilities

Detering Challengers



Clear messaging that
retaliation is possible



Strategic investments
that raise competitors'
cost of attack



Actions aimed at
sustaining long-term
competitive advantage

Remember

- Strategy...
 - Defines how a company positions itself, competes, and achieves business success. Strong strategy + execution signals strong management.

Strategic Vision...

- Outlines future direction and desired market position & Guides long-term decision-making.

Objectives...

- Convert vision into measurable financial and strategic goals.
 - profitability, ROA, ROI, cost reduction.
 - Strategic metrics: market share, customer satisfaction, competitive strength.

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