

Strategic thinking for CFO

Module 3, 2017-2018

Vladimir Preobrajensky

Visiting Professor

V2p@nes.ru

TAs: Elena Radomanova,

Lenarada74@mail.ru

Key ideas and learning scope

(1) Strategic thinking is not about “right” planning ritual and choice of appropriate frameworks. Operations is concentrated on efficient use of resources currently available. Deliberate goal-driven strategies struggle with effectiveness. In contrast strategic thinking arena is the **PRACTICE OF LASTING PERFORMANCE**.

- *What will be our strategic commitments, which we would like to be remembered?*
- *To create customers - what are the winning formulas for our value propositions and business models? To capture value - what particular competitive advantage / capabilities should we focus on?*
- *What capabilities to perform should we develop and how can we ensure the adaptive nature of our organization to survive in evolving environment?*

(2) Long survival is based predominantly on **COGNITIVE ABILITIES** of managerial teams to access the context and come up with “final and appropriate” solutions for strategic issues. Human brain is routinely outperforming everything humanity discovered and (so far) created in pattern recognition / creative construction competition. Current understanding of the human brain model, namely - “learning – and – memory” replaced previous “dual – brain” model, where one side of the brain is rational and analytical but lacks imagination and the other side is creative and intuitive but irrational. New model assumes that whole brain takes and stores information through sensation and analyses and retrieves it through conscious and unconscious search and combination.

(3) Successful managers and entrepreneurs are not “dual-minded” - i.e. they are capable to twist rational and intuitive approaches while developing and executing strategies. **STRATEGIC INTUITION** differ from expert intuition and present itself as “flash of insight” providing the framework and aspiration for the actions in the changing environment. Strategic intuition is personal mastery worth developing which helps to be creative in strategy development

- *Which priorities should we concentrate under current “known” uncertainties and how we link strategic choices and goals to specific courses of actions?*
- *How can we make our future action roadmaps integrating our key resources deployments clear and consistent - and the same time sensitive to future uncertainties and emerging patterns which we even can not think about today?*

- (4) The course discusses the most important strategic set-ups including (but not limited to)
- changing boundaries and value chains of the firm in digitally intensive environment
 - dynamic competitive strategies in complex and fast moving industries and markets
 - lean start-up applications for the strategy development
 - future thinking and robustness / organizational adaptability

Learning intent

- (1) To escort the participants through actual experience of strategic thinking linked with related cognitive, business and social dynamics
- (2) To familiarize participants with practical frameworks allowing to conduct appropriate firm / industry analysis in a changing environment, to understand major tradeoffs strategic decision makers face while coming up with solutions, if necessary – not trivial
- (3) To develop a general management perspective, which means to learn how to use strategy as the «clue» linking marketing, operations, finance and organization development. It also mean to understand whether the firm “fits” to the evolving business environment

Grading

The grade is made up of two components:

- Class Participation (50%): active participation through in-class discussion of cases and concepts.
- Final exam (50%): written take-home exam – answering a set of questions.

Course outline*

Week	Date	Concentration	Pre - reading	Cases / readings**
1	TBD**	INTRODUCTION Strategy development ontology / key concepts review. Value chain concept. Unique value proposition concept		SELECTED 15 (IEMS report)
2	TBD	FLOATING BOUNDARIES (1) Vertical integration stereotypes. Market/competitive analyses frameworks and practical usage / applicability guidelines. Competitive advantage.	Economics of strategy (Besanko) chapters	COCA-COLA in 2011: In search of a new model
3	TBD	FLOATING BOUNDARIES (2) Value migration. Strategic commitment. Discussion of the competitive behavior on fast moving digitally enabled markets.	Economics of strategy (Besanko) chapters	APPLE INC in 2012
4	TBD	PREPARING THE BREAKTHROUGH Strategic diagnostic approach	Economics of strategy	Reading to be provided

			(Besanko) chapters	
5	TBD	STRATEGIC INTUITION System structures and dynamics. Mental maps. "Learning-and-memory". Strategic Intuition. Creative strategy. Insight matrix.		Reading to be provided
6	TBD	DEALING WITH UNCERTAINTIES Scenario planning and foresights for strategy development. Lean start up in strategic management Overview of the incentives / organization structure issues	Economics of strategy (Besanko) chapters	Reading to be provided
7	TBD	ADAPTIVENESS CHALLENGE Adaptive organization. Corporate capabilities. Origins of motivation and sustainable transformation. Beyond budgeting. Preparations for the final exam****	Economics of strategy (Besanko) chapters	PROCTER & GAMBLE Organization 2005 THE MORNING STAR COMPANY: self management at work

* subject to "last-minute adjustments" not changing the overall learning experience

** - to be determined by Program and announced

*** - While each case is assigned to a specific topic, it is also relevant for almost any other topic as almost every case requires a comprehensive analysis of designing and implementing a strategy

**** - Final exam : paper submission 3 weeks after classes finished

Description of course methodology

The course is being developed as a mix of (1) «prescriptive» lectures and concept overviews (linked with the textbook and recommended literature) with (2) real - life case and (3) provocative presentations around strategy-related issues.

The course is requiring intensive reading of the textbook and materials provided which is a prerequisite for successful entrance into the strategic vocabulary and knowledge domain. Professor will provide reading guidance and help to interpret and understand the most challenging parts of the knowledge being acquired.

Interactive parts of the course (more than 50% of the time -in-class) are being build around (1) small - group discussions and (2) facilitated class discussion around cases / issues chosen by Professor and / or by the class. Students are expected to read cases and be ready for the discussion in teams during the class hours; it is essential to prepare for each week's case discussion.

Course structure and rhythm allow participants in addition to gaining of the knowledge to benefit from life - lessons and practical experience accumulated by Professor during his managerial career

Course evaluation (final exam)

Each student **individually** (unless other will not be determined specifically by Professor) will be provided with the real-life situation to be resolved at home and limited time to do it.

Course materials

Required textbooks and materials

- **The textbook is *The Economics of Strategy*, 3rd Edition (or later), by David Besanko, David Dranove, Mark Shanley, and Scott Schaefer (BDSS)**

Additional materials / recommended reading

- **The Breakthrough Imperative. How the best managers get outstanding results.** Mark Gottfredson and Steve Shaubert (HarperCollins Publishers, 2008)
<https://kindle.amazon.com/work/the-breakthrough-imperative-managers-outstanding/B00149E18S/0061358142>
- **Strategic Intuition. The creative spark in human achievements.** – William Duggan (2103) <https://kindle.amazon.com/work/strategic-intuition-creative-achievement-publishing/B0016GE558/0231142692>

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated (except the cognitive situations where something “stolen” led to new insight relevant for the task provided – subject to professor sole judgement)