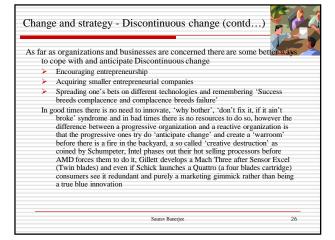


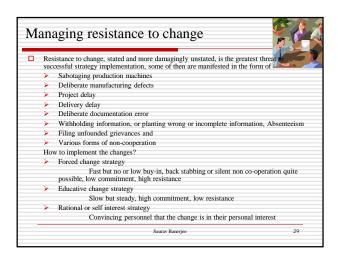


Change and strategy (contd...) 3. Continuous change Rate of change is relatively steady and manageable so that political and social systems can keep pace with the change The philosophy of Buddha's 'Madhyam Pantha' (The Middle path) not doing something too much, too fast, too radical Developed world in 1950's, 60's, 90's, India in 1990's when the so called Asian tigers had financial crises we were relatively spared unscathed due to our 'go slow' approach The GOI's policy in controlling FDI in retail is another such approach, instead of making it a free for all and allowing a bloodbath to decimate all mom and pop store (kirana stores in every nook and corner) the big boys like Wal-Mart, Tesco and Carrefour are forced to come in via JV route or in a B2B format of Cash and Carry like Metro AG of Germany 4. Discontinuous change Uneven, violent, radical and dramatic like a tsunami, inferno or volcanic eruption takes everybody in surprise; most painful China in its socialist but still market economy era (recall Deng Xiaoping's famous quote 'we don't care whether the cat is red or not as long as it catches the mice' US in recession (erstwhile mighty automakers, banks and insurers are getting bankrupt in dozen and their hallowed empires are falling apart like house of cards), Russia in post USSR era



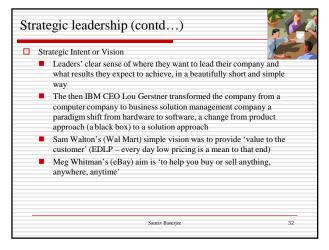


	Strategic Position	Resources	Patching (Simple Rules)
Strategic Logic	Establish Position	Leverage resources	Pursue opportunities
Strategic Steps	Identify an attractive market, locate a defensible position – competitive advantage, fortify n defend	Establish a vision, build resources, leverage across market	Jump into the confusion, kee moving, wait n watch, seize opportunities and finish strong
Strategic Question	Where should we be?	What should we be?	How should we be?
Source of Advantage	Unique, valuable position with tightly integrated activity system	Unique, valuable inimitable resources	Key processes and unique simple rules
Works best in	Slowly changing, well structured markets	Moderately changing, well structured markets	Rapidly changing, ambiguou market (BRIC, Latin America, East Europe)
Duration of Advantage	Sustained	Sustained	Unpredictable
Risk	Too difficult to alter position as condition change	Too slow to build new resources as conditions change	Too tentative in executing promising opportunities
Performance goal	Profitablity	Long term dominance	Growth





Strategic leadership — some typical roles Indifferent, Incapable Nero of Rome playing fiddle while the city was burning Mary Antoinette of France (let 'em have cake if they don't have bread) Robert Mugabe of Zimbabwe manufacturing 15000 % inflation! The typical Nawab in Satyajit Ray's Shatranj Ke Khiladi mulling a move to capture opponent's King in Chess where his own children and the whole kingdom was getting captured in real life Mentor, Guru, advisor, chairman emeritus Machiavelli, Chanakya, Sun Tzu, Narayan murthy & Bill Gates in their later part of career Except that of Indifferent and Incapable style all other roles are par the course, any one can be adopted depending on the situation and context, different strokes for different folks, time and market



■ Earlier people thought R & D, innovation is so high tech, sacrosance, holy cow that you can't touch it, can't question it for ROI, time to market what to talk of outsource, Alan Lafley of P & G blew that myth and made the focus outward for innovative ideas and not inward ('invent it here') ■ Coke's Robert Gouzieta said 'our company is a global business system for which we raise capital to make concentrate and sell it at an operating profit. Then we pay the cost of that capital. Shareholders pocket the difference." Coke averaged 27 % annual return on stockholder equity for 18 years under his leadership. Also he urged his employees / associates to consider tea / coffee / nariayal paani to be competitor too other than traditional rivals Pepsi, Cadbury Schweppes, RC Cola and Zamzam Cola (Mecca Cola)

