Business Strategy

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LA SÉRÉNITÉ DANS L'ADVERSITÉ

Review

How could you define strategy?
Strategy is therefore the art of dialectics betwee
conflict. (Beaufre)

What are the principles of war?
Freedom of action, economy of forces, concer

What is an operation?
a war action if the efforts of the troops are directed, without interruption, towards achieving a certain intermediate goal in a given theatre of military operations.

Strategic Principles

The economy of forces is, in essence, nothing more than a cost-benefit analysis which, according to a suggestive formula by Bernard Brodie, seeks the best allocation of scarce resources. Today, we could add to this by saying: the best allocation of scarce resources with the least damage to the environment, since modern means allow for, and public opinion desires, a reduction in collateral damage and civilian casualties.
The principle of initiative dictates that we should not wait for the enemy to act, but anticipate their moves in order to deprive them of their freedom of action and force them to submit to our will. (H C-B)
I have the initiative when I do what I want and force my opponent to do what I want him to do.
It is not just a matter of taking the initiative, but also of maintaining it.

Strategic Principles

The principle of freedom of action dictates that one should not submit to the enemy's law. → do what you want when you choose.
The principle of initiative dictates that we should not wait for the enemy to act, but anticipate their moves in order to deprive them of their freedom of action and force them to submit to our will. → do not merely react to competitors' actions.
The principle of security requires that all necessary measures be taken to enable an operation or campaign to be carried out without the risk of being surprised by an unexpected enemy move. Foch established a direct link between security and surprise: where there is no strategic security, there is strategic surprise, i.e. the possibility for the enemy to attack us when we are not in a position to receive them properly. (H C-B) → never be surprised by your competitors.

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Transposing military strategy to business

A strategic breakthrough occurs when the enemy has lost all capacity to react, to the point where, in Herbert Rosinski's evocative words, it no longer has strategic control over the forces at its disposal. (H C-B) → Nokia, Alcatel…

Manoeuvring: *To find a way forward, you often have to shift the problem: what would make it easy to win the contract without even having to fight for it, if that were possible?* (X. Fontanet)

Offensive means trying to conquer a market.

Breakthrough equals innovation → you must exploit it, namely *when growth is rapid, you have to move even faster than the market and your competitors*. (X. Fontanet)

Retreating is equivalent to losing a market.

« Winning the war before the war » is equivalent to a takeover bid.

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Intelligence is needed *Data collection is a crucial issue. Sound reasoning based on poor data leads to poor decisions.*
There is a need of business intelligence/competitive intelligence.
Intelligence gathering must be carried out over the long term.
It is very important to take an interest in your competitors' strategic portfolios. You can discover some fascinating things.
Personally, I enjoyed drawing up medium-term plans for certain competitors. We had a good idea of its cost prices in Thailand. We had official balance sheets for all of its distribution subsidiaries in every country where it operated, and we also had the annual report, which gave us the overheads. (X. Fontanet)

Transposing military strategy to business

<u>Force the opponent to reveal themselves</u>.
The trap would be to make them believe that we are not ready with our progressive lens and that we are experiencing technical difficulties. All this to push them to launch theirs sooner. I was sure Hoya would jump at the chance and start with Japan. This move would reduce our results a little because the product (which was already perfectly developed) would only be sold for six months instead of twelve in our financial year, but it would allow us to see the flaws in the competing product and better position our product in June, this time on a global basis. (X. Fontanet)

Transposing military strategy to business

<u>Surprise</u> the competitor: *Surprise and speed are generally key elements in strategy.* For that: *the rule is that you can never say what you are doing, ever!*
The equivalent of <u>industrial warfare</u> is research and development.
The <u>moral bond of the nation</u> is equivalent to the cohesion of the company. *The army is an organised crowd whose cohesion is based on discipline and mutual trust.* (Beaufre)
We cannot remain on the <u>defensive</u> forever. *It must be understood that a purely defensive political stance would have little deterrent value, because the key to deterrence is the ability to threaten. An offensive political stance is therefore essential.* (Beaufre)
The key to the whole thing is to absolutely want leadership. (X. Fontanet)

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Transposing military strategy to business

A defeat must lead to self-reflection. *The defeated party reflects on their fate because their defeat is always the result of mistakes they must have made, either before or during the conflict*. (Beaufre) *John Bastian's reaction illustrates the most common danger once you start to dominate a market: you start to think you are untouchable.* (X. Fontanet)
As a result, strategy is a perpetual invention based on assumptions that must be tested in action, where errors of judgement will be paid for dearly in defeat. (Beaufre)
The struggle for freedom of action is indeed the essence of strategy. As a result, protecting one's own freedom of action, security, and the ability to deprive the opponent of their freedom of action through surprise and initiative constitute the foundations of strategic play. (Beaufre) *The rule is that you can never say what you are doing, never!* (X. Fontanet)

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Transposing military strategy to business

Launch a new product = launch an operation.
The environment is important. *You must always succeed in gaining acceptance from your environment when doing business. You must work in harmony and collaborate with it, otherwise it will reject you. You cannot win alone.*
I strongly believe in the importance of meeting people.
We were competitors and we were going to score a point against him (Hoya's CEO) *in his own country* (Japan). *By informing him before anyone else, I allowed him to save face internally, so it was a way of recognising him as our great competitor.* (X. Fontanet)

Transposing military strategy to business

The timing of the operation is crucial.
It is the choice of when to start and end combat, how to enter and exit it, that constitutes the art of operations; tactics, on the other hand, deal with what happens in each individual combat.
The choice of this initial moment is not insignificant. On the contrary, it must be coordinated with political expectations.
However, this prerequisite is not sufficient, as it must also be coordinated with the moment when the balance of power is favourable. (B. Bihan)

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Transposing military strategy to business

Eurest

Coalition = company's board.

Coalitions are alliances of necessity, not choice. They are useful, but always difficult to manage. History shows that their success depends on a single, respected leadership. (Foch)

Digging a little deeper, I realised that some shareholders had connections with Eurest's competitors, and things were starting to go haywire. (X. Fontanet)

Differences between military and business

The fundamental difference with economic competition is that in the latter, the objective is not to destroy the enemy, but to supplant competitors, which excludes the use of violent means from the outset.
There is a profound, irreconcilable difference: the company conceals its own purpose, which is profit, while strategy is dependent on an external purpose: victory is merely a means to achieve political ends.
Strategy (military) obeys only its own rules; there is certainly international law, but it lacks sanctions by a third party: sanctions only come into play after the conflict and are dictated solely by the victor. (H C-B)

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Differences between military and business

Military strategy can not be entirely transposed to economics.
You do not have to kill your competitors, but surpass them.
You do not give weapons to your employees to kill our competitors.
Hence, as the ends differ, so too will the means.
Main differences are :
- you do not use the same strength;
- there is no strategy of attrition;
- there is no nuclear weapon.

Personal work

Among all CEOs, who are the strategists?

→ You may use the internet, artificial intelligence, calculators, but you will have to expose verbally your results.

Now, it is up to you!

Specificities of Business

Understanding business

The first thing to consider when assessing a business is whether it offers significant added value and how that value is generated.
When the bulk of costs are incurred in production, as in the newspaper industry or steel manufacturing, for example, the strategy focuses on the product and production.
Conversely, when costs are incurred in distribution, the strategy focuses more on marketing and geography. (X. Fontanet)

Understanding business

The second point to consider is whether the business is capital-light or capital-intensive. If it is the latter, choices regarding machinery and processes become crucial, with an extremely significant financial impact.
This high figure (€2 in turnover for every €1 of capital invested) means that a product strategy, a country strategy and an industrial strategy were all necessary, because making a mistake with the investment could be fatal, given the sums involved.
You can also see that if you don't do this preliminary work of detailed segmentation and understanding your business, you cannot identify the areas on which to focus your efforts to ensure the success of your overall strategy. (X. Fontanet)

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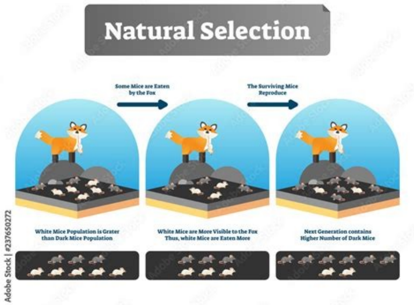
Understanding Competition



Competition forces us to excel because we cannot prevent our competitors from being intelligent and excelling themselves. → Michelin withdraw from F1 after the announcement that there would only be one tyre manufacturer

It is in a manager's best interest to keep abreast of developments within their own field, but also in fields that interact with theirs, as all these factors will influence the possible trajectories of their company.

If you are in the medium-haul aircraft manufacturing industry, you face competition from Boeing/Airbus within your sector, as well as competition between sectors, with aircraft competing against cars and trains.

Knowledge of nature is part of strategic culture. The reason for this is very simple: competition is omnipresent in nature. (X. Fontanet)

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Understanding your Competitors

Let us supppose you run a business.
There are always two approaches. If the business already exists in the country, the simplest thing to do is to buy a local company in order to establish yourself. Competition within the industry determines my relative profitability, while competition between industries also determines positions in life cycles. In my opinion, it is extremely important to make this distinction clearly. (X. Fontanet)

Becoming Leader

Let us supppose you run a business.
Once we understand that leaders are more profitable than followers and that the strategy is to become a leader, we must grow faster than our competitors.
The key to the whole thing is to absolutely want leadership. (X. Fontanet)

And now, some tools

The BCG matrix is a 2x2 portfolio analysis tool used by companies to evaluate their business units or product lines based on Market Growth Rate (high vs. Low) and Relative Market Share (high vs. Low).

It helps allocate resources and prioritize investments.

Stars (vedettes): High growth, high market share, Require heavy investment to maintain growth. Example: Tesla's electric vehicles in 2020s.

Cash Cows ( ) : Low growth, high market share, Generate steady cash flow with little investment. Example: Coca-Cola's classic sodas.

Question Marks (Dilemmes): High growth, low market share, Potential future stars, but require significant investment. Example: A startup's new app in a growing market.

Dogs (poids morts) : Low growth, low market share, Weak performers; consider divesting or liquidating. Example: Kodak's film cameras post-2000.

4 La matrice

Forte
Croissance
Faible
Forte
Faible
PdM
Vedettes
Dilemmes
Vaches à lait
Poids morts

Using BCG Matrix

How to use it?
Invest in Stars and promising Question Marks.
Harvest cash from Cash Cows to fund growth.
Divest or phase out Dogs.
Balance the portfolio for long-term profitability.
Several trajectories have been identified over time.
1. Star → Cash Cow: A Star (high growth, high market share) matures as the market growth slows down. Example: Smartphones (e.g., iPhone) transitioning from rapid growth to market saturation.
Action: Maintain market share, optimize costs, and harvest profits.
2. Question Mark → Star: A Question Mark (high growth, low market share) gains market share and becomes a Star. Example: Tesla's electric vehicles in the 2010s.
Action: Heavy investment in marketing, R&D, and distribution.

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BCG Matrix Trajectories

3. Question Mark → Dog: A Question Mark fails to gain market share and declines into a Dog (low growth, low market share). Example: A failed tech gadget (e.g., Google Glass).
Action: Divest or discontinue to avoid resource drain.
4. Star → Dog: A Star loses market share as competition intensifies and growth declines. Example: BlackBerry phones post-2010.
Action: Attempt turnaround or divest if recovery is unlikely.
5. Cash Cow → Dog: A Cash Cow (low growth, high market share) loses relevance or market share. Example: Kodak's film cameras in the digital age.
Action: Harvest remaining profits or divest.

Product Life Cycle

The product life cycle (PLC) describes the stages a product goes through from introduction to withdrawal from the market.

It typically includes four main phases:

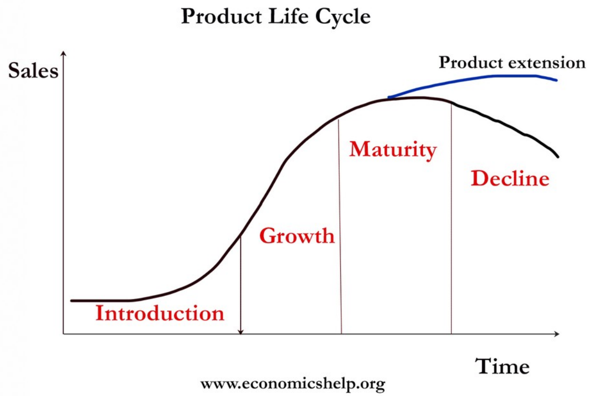
Introduction: The product is launched. Sales are low, costs are high, and marketing focuses on awareness.

Growth: Sales increase rapidly, competition intensifies, and companies focus on differentiation and market share.

Maturity: Sales peak, competition is fierce, and strategies shift toward cost reduction, product improvement, or market expansion.

Decline: Sales drop due to market saturation or new alternatives. Companies may exit the market, innovate, or reposition the product.

Product Life Cycle



Impact on Business Strategy

Resource Allocation: Companies adjust investments (R&D, marketing, production) based on the PLC stage.

Marketing Mix: Strategies for pricing, promotion, and distribution evolve to match the product's lifecycle needs.

Innovation: Firms may extend the PLC through product improvements, new features, or entering new markets.

Profitability: Early stages often involve losses, while maturity and growth phases aim for peak profitability.

Understanding the PLC helps businesses anticipate challenges, optimize strategies, and sustain competitive advantage

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Finance serves Strategy

Cash is equivalent to troop reserves going to the front line.
In periods of strong growth, it is those who take on debt who become leaders; it's as simple as that.
You shouldn't pay dividends when the market is growing; however, when market growth falls, for example to 5% per annum, then you can easily pay out three quarters of your profits as dividends without damaging the company, provided you have a profitability of 20%.
Dividends are therefore primarily a matter of market growth and timing.
There is a very general rule that applies to all professions throughout history, which is the proportionality between turnover and investment. (X. Fontanet)
The greater the material investment, the greater the intellectual investment must be. (H C-B)

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Experience curve

The experience curve (or learning curve) illustrates how the unit cost of production declines as cumulative production volume increases. This happens due to:
- Economies of scale (bulk purchasing, efficient processes).
- Learning effects (workers become more skilled over time).
- Technological improvements (innovation, automation).

Key Features: X-axis: Cumulative production volume (or time), Y-axis: Unit cost (logarithmic scale often used).

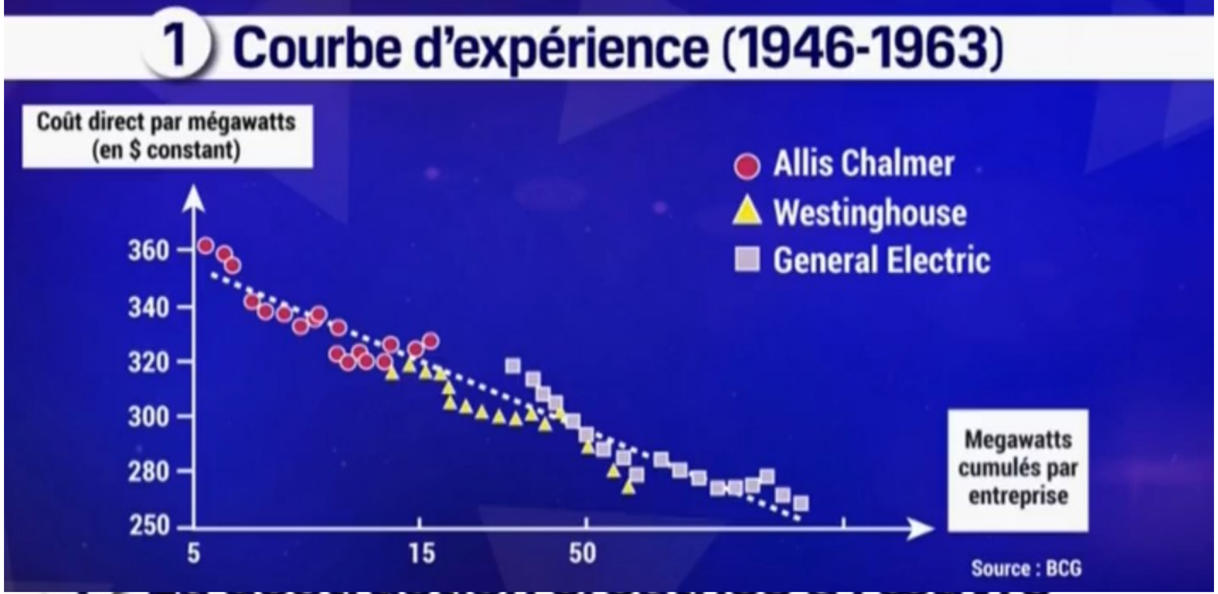
Curve shape: Downward-sloping, showing cost reduction as experience grows.

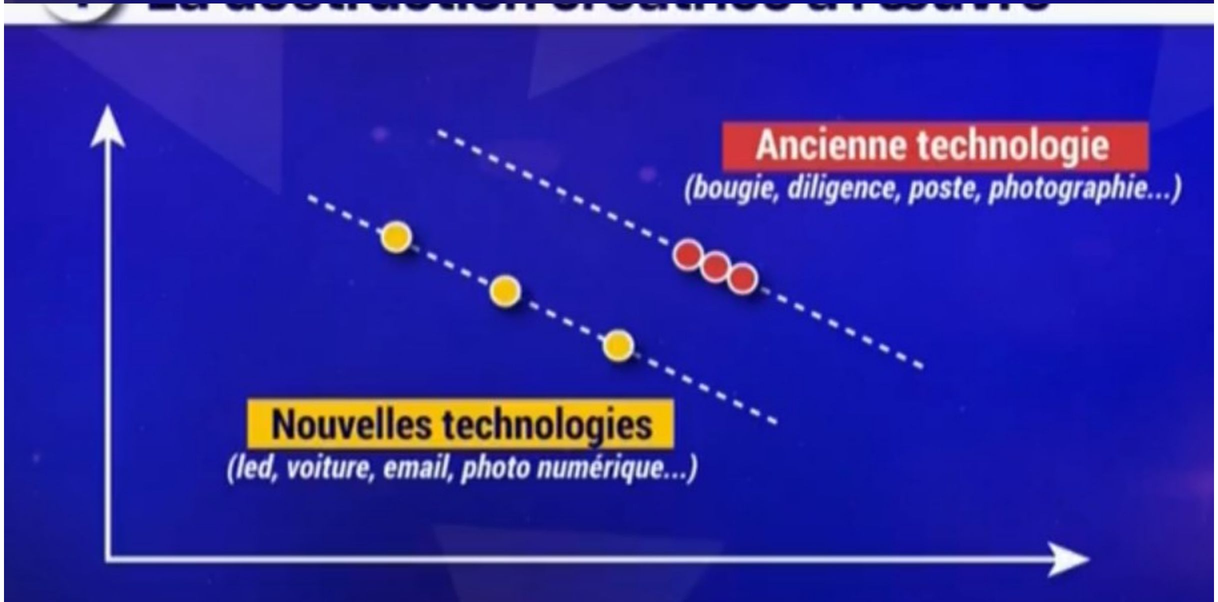
Strategic Implications:

Cost advantage: Firms with more experience can produce at lower costs.

Pricing strategy: Lower costs enable competitive pricing or higher margins.

Market entry barrier: New entrants face higher costs until they gain experience.


1 Courbe d'expérience (1946-1963)
Coût direct par mégawatts (en $ constant)
Allis Chalmer
Westinghouse
General Electric
360
340
320
300
280
250
5
15
50
Megawatts cumulés par entreprise
Source : BCG


Ancienne technologie
(bougie, diligence, poste, photographie...)
Nouvelles technologies
(led, voiture, email, photo numérique...)

Experience curve

There is a constant elasticity mechanism at work here: every time the total cumulative experience of the entire industry doubles, prices fall by 25%. In this case, we say that the slope of the experience curve is 75%, or 100 – 25.
After a certain period of time, the cumulative experience (or density) ratios between competitors converge with market share ratios.
The stronger a company's market share, the greater its cumulative experience, and therefore the lower its production costs, and thus the higher its margins (as a percentage of sales and assets) will be.
What matters here is not absolute market share, but relative market share, i.e. relative to other players in the sector, to competitors.
Supply and demand curves have no predictive power when it comes to long-term costs and prices. Experience curves allow us to anticipate that memory and chip prices will fall by a factor of one million over 60 years. (X. Fontanet)

Defining Strategy

Identify prerequisites.
Set objectives.
Identifying operations.
Allocate personnel and resources to planned operations.
Identify the right moment.
Carefully monitor operations to ensure that they effectively contribute to achieving the goals set out in the strategy.

Sharing the Strategy

A winning strategy is a discourse that creates collective movement by constructing a polarising vision of the future, fuelling individual efforts and promoting cohesion. (Gal Desportes)

It is a mistake to believe that strategy comes from above and is imposed without discussion. Everyone's participation is a huge asset. As soon as we talk about strategy, people open up. The boss is there to decide and then describe the strategy, ensure that it is well understood, and create a working environment that puts people at ease and makes them creative. An ambitious strategy requires a high level of execution that matches that ambition.

It is crucial that people take ownership of the strategy and translate it themselves in a very concrete way in their daily work. (X. Fontanet)

The most widespread infusion of strategic knowledge into the state and the army is the remedy for avoiding having to depend entirely on exceptional personalities. (B. Bihan)

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Sharing the Strategy

When you have intelligent and competent teams, the only way to motivate them is to have a good strategy, because if the strategy is bad, they will immediately sense it and it will ruin the atmosphere. There is everything to gain from organising this proximity. It is better to have people who want responsibility than people who are overly disciplined and therefore uncomfortable in structures where they are given room to manoeuvre. Explaining the strategy to smart people is absolutely fascinating. New ideas emerge and co-construction is a tremendous factor in building cohesion. (X. Fontanet)

Success factors

SAP SuccessFactors

I would say three things: the first is the playing field. Strategy is all well and good, but it has always been about execution.
The second is that globalisation is a tremendous business booster.
And the third is luck. (X. Fontanet)
The absence of strategy is a sign of decline.

According to Henry Mintzberg

1. *Strategies grow initially like weeds in a garden; they are not cultivated like tomatoes in a hothouse*. In other words, the process of creating strategies can be over-managed. Sometimes it is more important to let ideas emerge than to force a premature consistency on the organization. Allow those strategies to form, as patterns, not having to be formulated, as plans. The hothouse, if needed, can come later.
2. *These strategies can take root in all kinds of strange places, virtually wherever people have the capacity to learn and the resources to support that capacity*. Sometimes an individual in touch with an opportunity can create his or her own idea that evolves into a strategy. An engineer meets a customer and gets an idea for a new product. No discussion, no planning: she just builds it and sells it. The point is that organizations cannot always plan where their strategies will emerge, let alone plan the strategies themselves.

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According to Henry Mintzberg

3. *Ideas become strategies when they pervade the organization*. Other engineers see what she has done and follow suit. Then the salespeople get the idea. Next thing you know, the organization has a new strategy—a new pattern in its activities—which might even come as a surprise to the central management. After all, weeds can proliferate and encompass a whole garden; then the conventional plants look out of place. Likewise, newly emerging strategies can sometimes displace existing deliberate ones. But, of course, what's a weed but a plant that wasn't expected? With a change of perspective, the emerging strategy can become what's valued, much as Europeans enjoy salads of the leaves of dandelions, America's most notorious weed.

According to Henry Mintzberg

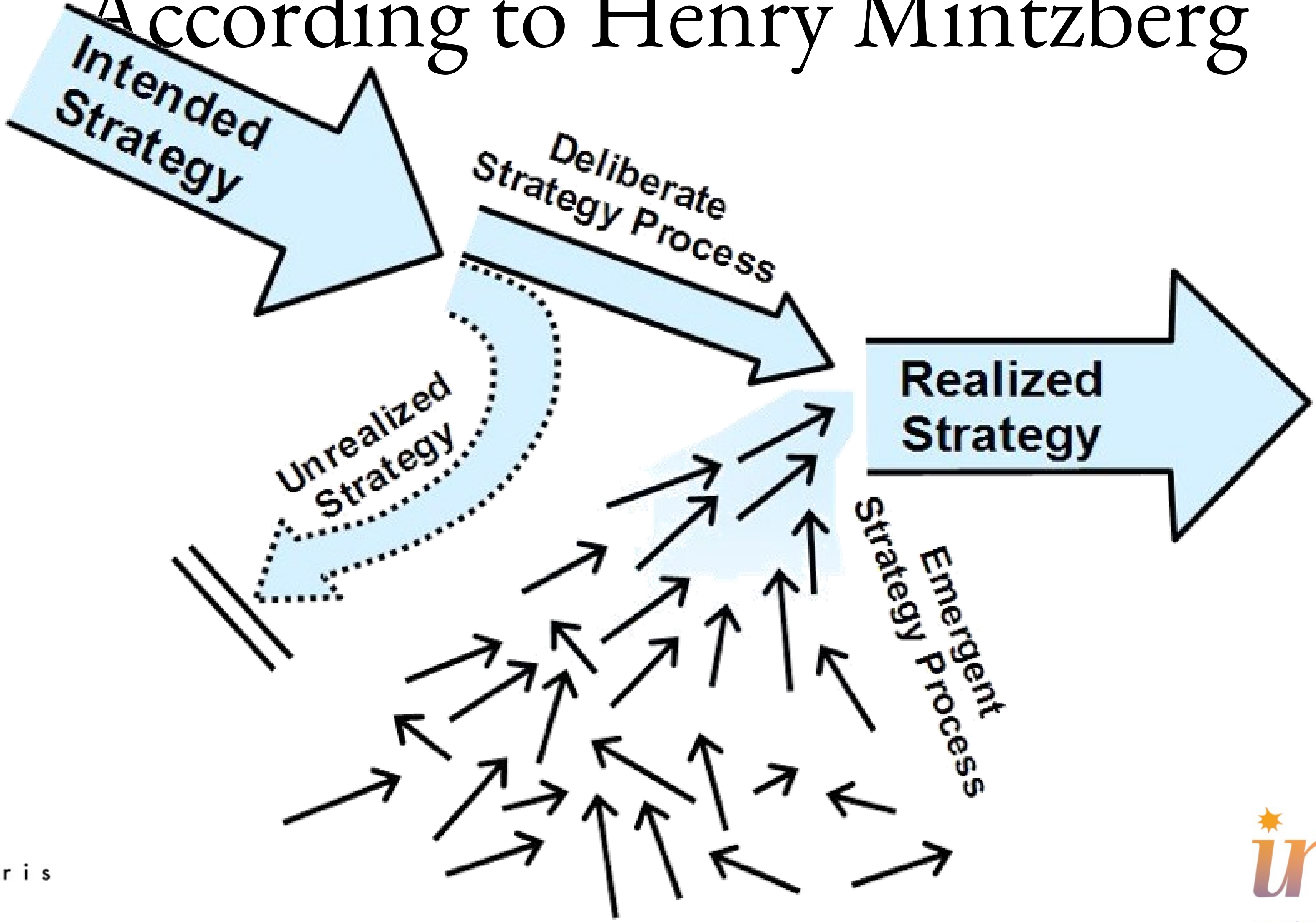
4. *The processes of proliferation may or may not be consciously managed*. As noted above, the pattern can just spread by collective action, much as plants proliferate themselves. Of course, once strategies are recognized as valuable, the processes by which they proliferate can be managed, just as plants can be selectively propagated. Then it may be time to build that hothouse—make that emergent strategy deliberate going forward.

5. *There is a time to sow strategies and a time to reap them*. The blurring of the separation between these two can have the same effect on an organization that the blurring of the separation between sowing and reaping can have on a garden. Managers have to appreciate when to exploit an established crop of strategies and when to encourage new strains to replace them.

According to Henry Mintzberg

6. *Hence to manage this process is not to preconceive strategies but to recognize their emergence and intervene when appropriate.* A destructive weed, once noticed, is best uprooted immediately. But one that seems capable of bearing fruit is worth watching, indeed sometimes worth building a hothouse around. Managing in this context means ensuring a flexible structure that encourages the generation of a wide variety of ideas and establishing a climate within which such ideas can grow, then to notice what does in fact come up, and support the best of it. But you must not be too quick to cut off the unexpected: sometimes it is better to pretend not to notice a newly emerging strategy until it bears some fruit, or else withers.

According to Henry Mintzberg



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Personal work

1/2 What was/is Atos strategy and its consequences?

→ You may use the internet, artificial intelligence, calculators, but you will have to expose verbally your results.

Now, it is up to you!

2/2 How would you build your company's board?

BCG matrix: stars, cash cows, question marks, dogs.
Product life cycle: introduction, growth, maturity, decline.
Experience curve
Make strategy simple : MAGA, yes we can !
Trajectories within the BCG matrix.

Toto
titi
Tata
Vidéo *Le s*
Leicester C
Luis Enriq


La Gazzetta Sportiva
Tutto il rosa della vita

YATES DA CAPOGIRO

INTER STORICA DISFATTA
CHAMPIONS AL PSG
COSÌ NO
5-0

Nerazzurri mai in partita
Inzaghi chiude senza titoli
«Non so se vado al Mondiale, parlerò col club»
Marotta: «Avanti con lui, vogliamo prolungare»

Tudor si riprende la Juve
Incontro con Comolli

Theo è ai saluti
arca De Bruyne

VUELVE LA NOCHE DEL DEPORTE
CUANDO LA PLAZA DE ESPAÑA ES CENTRAL PARK

MARCA
5 0
UEFA CHAMPIO... FINAL 2025

El homenaje a Xana en la grada

SE CELEBRÓ EN EL CIELO

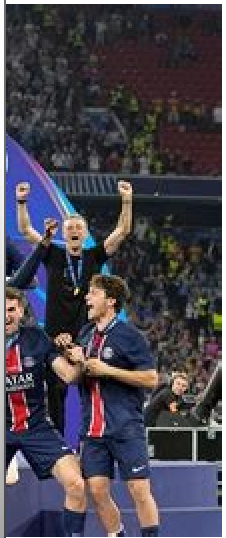
LUIS ENRIQUE DA AL PSG LA PRIMERA CHAMPIONS DE SU HISTORIA

Los franceses aplastan al Inter con una exhibición • El técnico lo festejó con una camiseta de la fundación de su hijo Xana • La alegría incontenible del técnico conmovió a la grada

Elche, Oviedo o Mirandés pueden ser hoy

Rodrygo dice al Real Madrid que

CallagHan ALGORITMO
CAMINA MÁS, CAMINA MEJOR



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