

How Strategy helps Sustain Competitive Advantages

Dr. Loizos Heracleous has recently won the inaugural "Best Action Research Paper Award" presented by the Academy of Management Organization Development and Change Division. His paper "Organizational discourse (OD) as situated symbolic action: application through an OD intervention", co-authored with Professor Robert J. Marshak of American University in Washington, was picked from 133 accepted papers in the 2004 Meeting. This is the second time Dr Heracleous' research has won him an award from the Academy of Management. He also won the Best Paper Award of the Academy of Management Organizational Communication and Information Systems Division in 1999.



DR. LOIZOS HERACLEOUS

F R O M T H E P R O F E S S O R S

Strategy is one of the most commonly used words in management. It is, however, not well known to all how corporate strategy can create value for a firm and its shareholders. Associate Professor Loizos Heracleous will share with us some of the theories and applications of strategy in the business world.

Strategy as a term can be traced back to 508-7 BC, when Athenians used it in the military field. In the original sense, "strategy" is "the art of leading the army." Parallel developments in Asia included Sun Tzu's Art of War, dated to around the 5th century BC in China. Sun Tzu emphasized meticulous planning, the ideal of vanquishing the enemy indirectly without the need to fight, the qualities of effective generals, advice on managing the troops, and general principles and tactics of engaging with the enemy.

Since 1960s strategy has been introduced into the business world. Strategy is commonly defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for achieving these goals. Research has shown that a firm's strategy is the most important determinant of its performance. Some companies in very tough industries con-

sistently deliver higher performance than their competitors, and this is because of the particular strategies they adopt at the global, corporate, business and functional levels.

According to Dr. Heracleous, corporate strategy is an applied discipline based on sound understanding of internal and external environment of an organization. The concept of strategy by nature involves action through analyzing multiple dimensions, such as organizational resources, capabilities and competencies as well as various levels of the environment (macro-level, industry level, competitor level). These dimensions are dynamic and influence the decision of what would be appropriate strategies at different times.

Dr. Heracleous outlined the following features of winning strategies:

- Strategies that are different from competitors' strategies along key dimensions;
- Strategies that are supported by unique or rare internal organization;
- Strategies that entail tough choices about product/market scope;
- Strategies that focus on industry profit pools, and are flexible enough to track these pools;

