



# **Hayek Global College Strategic Planning**

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## Appendix B.- A reconstructionist view of Strategy

### **Structuralist View**

*“Environment shapes the strategy”*

Systemwide changes come from fundamental changes in basic economic conditions and technological breakthroughs.

This changes happenings affect sellers and buyers conduct - resulting on supply and demand conditions.

These conditions are the ones that dictate the structure performance.

### **Reconstructionist View**

*“Strategy shapes the structure”*

The forces that can change economic structure come from within the system.

Innovation can happen endogenously and it is the main source of the creative entrepreneur.

Innovation cannot be reproduced systematically.

## Appendix B.- A reconstructionist view of Strategy

### **Structuralist View**

System players are subject to external factors. Therefore, it is a more reactive approach towards innovation, as it is supposed to come from breakthrough technologies / economics changes.

**“Red Ocean”**

### **Reconstructionist View**

Innovation comes from within the system, being generated by the naiveness of entrepreneurs, although not replicable.

**“Blue Ocean”**

## Appendix B.- A reconstructionist view of Strategy

### **Structuralist View**

*“Environment shapes the strategy”*

### **Reconstructionist View**

*“Strategy shapes the structure”*

### **New Growth View**

Innovation can be replicable endogenously via an understanding of the patterns or recipes behind innovation.

### **However..**

There is no understanding on what the formula is. Without this, knowledges and ideas cannot be deployed and generate a steady flow of innovation

## Appendix B.- A reconstructionist view of Strategy

### When to use the Structuralist approach?

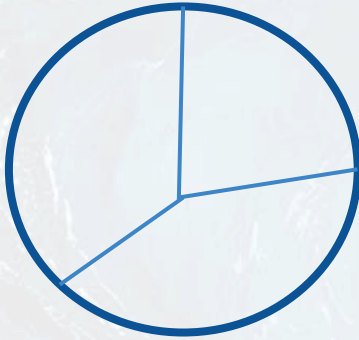
- When structural conditions of industry are attractive and you have the capabilities to create a viable competitive position.
- When the industry is not so attractive but the company has the resources and capabilities to outpace the competition .
- When the company has a bias towards defending current position and reluctant to explore new segments and go for the competition.

### When to use the Reconstructionist approach?

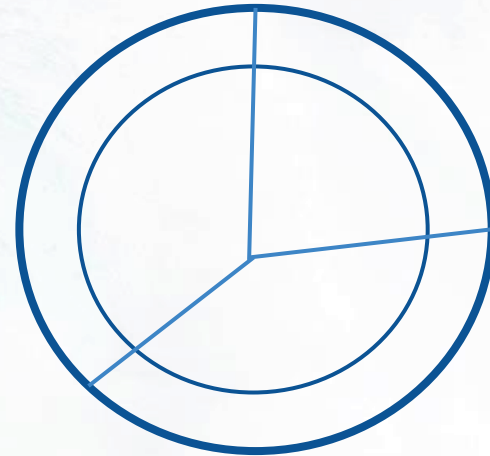
- When the market conditions are unfavorable , which may affect regardless of resources and capabilities.
- When the industry is attractive, the existing players are well positioned and the company does not have enough resources/capabilities to go for them.
- When the company has an innovation orientation and willing to pursue new opportunities.

## Appendix B.- A reconstructionist view of Strategy

**Structuralist View**



**Reconstructionist View**



Reconstructionist View intends to grow the existing market by innovating, focusing on the demand side to have non-destructive creations.

## Appendix B.- A reconstructionist view of Strategy

### Structuralist View



### Reconstructionist View



## Appendix B.- A reconstructionist view of Strategy

### Structuralist View

#### Zero-sum game

One gains are the other loss, as the market does not expand in terms of demand.

### Reconstructionist View

#### Non Zero-sum game

Companies can grow within the industry by expanding it, creating a new sub-market or covering a non solved need.



## Appendix C.- The Market Dynamics of Value Innovation

### Price setting Strategy

#### **The Monopolistic Practice**

*“Maximize the Company’s Profit”*

Company Centered Strategy

Profitability Focus

High Price setting to  
Reposition the brand’s image with  
customers

#### **The Blue Ocean Strategy**

*“Create Value for Everyone”*

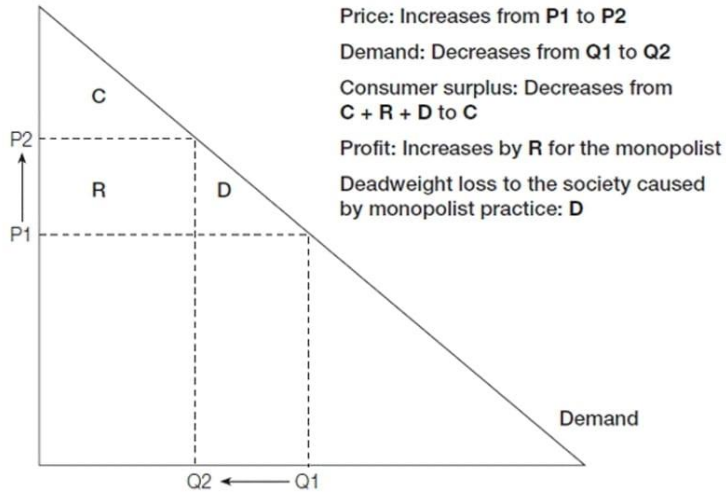
Offering radically superior value at a cost  
accessible to capture the mass target  
buyers.

Increase of Brand recognition

Drive to lower cost and make competition  
irrelevant

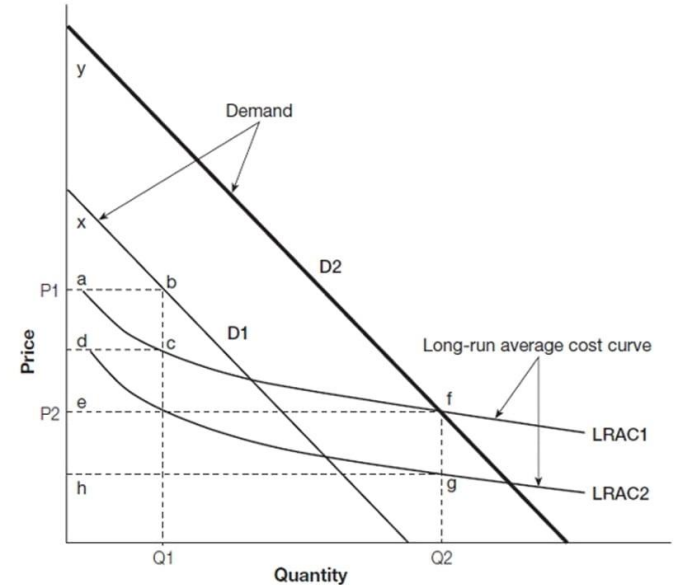
## Appendix C.- The Market Dynamics of Value Innovation

### Monopolistic Practice



### Blue Ocean Strategy

#### The market dynamics of value innovation



## Appendix C.- The Market Dynamics of Value Innovation

### **The Monopolistic Practice**

*“Maximize the Company’s Profit”*

Differentiation by setting High Prices  
Resulting in Profit increase for the company  
Sacrificing a potential customer range.

Monopolistic Profits are made, at the  
expense of the consumers and society at  
large.

### **The Blue Ocean Strategy**

*“Create Value for Everyone”*

Simultaneous Pursuit of Differentiation,  
Low cost, resulting in a Leap of Value for  
both buyers and the Company.

Create a Win-Win Situation  
For the Buyers, The Company, and Society  
at Large

## Swatch versus Apple Watch

Swatch watches have always straddled the line between jewelry and timekeeping. Before the Apple Watch arrived, analogue watches were utterly outclassed on the time-telling front.

People bought and buy a Swatch because it's a fashion statement and fashionability is an endlessly moving target. That's why they crank out a never-ending stream of new products, employing in-house designers and hooking-up with fashion brands making hay while the chic sun shines. And Swatch watches is the standard bearer for all analogue watches

The Apple Watch is the logical extension of the digital watch, which transformed horology from a mechanical representation of information to “pure” information. In other words, the delivery system became less important than the information itself.

And so it is with the Apple Watch. The watch itself is meaningless. The case and its vibrations, the feel of the buttons, the ergonomics of the strap – they're all designed to draw zero attention to themselves. All that matters is the information on the screen.

## Real Life Cases

Wearing an Apple Watch has nothing to do with telling time. It's about using time. Traditional watch wearers are offended by this idea. They sense that the Apple Watch exerts unprecedented – and for them unwanted – control over the wearer's life.

So Swatch has an answer to the Apple Watch: keep being Swatch. Not only because it can't be anything else, but also because it's the best choice for someone who doesn't want to be connected to the 'net by more than their phone.

**Swatch represents everything the Apple Watch isn't. Unique, diverse, inexpensive, slim, lightweight, and analog.**