

Strategic positioning, collaboration and the role of board of directors



Dr. Youtha Cuypers
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Agenda



- What is strategy and do you have one?
- What is strategic positioning?
- How can collaboration/partnerships help you?
- What is the role of board of directors in shaping and implementing your strategy?

Objectives



- Improve your understanding on:
 - How to position your organization compared to other organizations operating in the same area.
 - How to use partnerships, with non-profits and for profits to achieve your strategic goals.
 - How to select board members and use them as a resource that allows you to shape and implement your organization's strategy.

Strategy



- Developing an organization's strategy = deciding where an organization wants to **be** and setting out the steps to get there
- Operations are what firms **do** on a day to day basis to get there.
- Often non-profit managers spend all their time **doing** in order to cope with underfunded and under-resourced conditions, essentially operating in crisis mode, without developing a true strategy.
- Yet strategy can help you cope with issues such as lack of resources and lack of funding.

Exercise 1



- What is your current strategy?
- How does it fit with your vision and mission, your resources (internal analysis) and the external analysis you discussed in the earlier session?
- Does your strategy match your value chain?
- Does your strategy match your strengths and weaknesses and the external environment?
- Are there any opportunities to improve your strategy?

Strategic Positioning



- Determine:
 - **Who** you will serve?
 - **What** needs will you fulfill?
 - **How** will you fulfill these needs?
- How to answer these questions?
 - External analysis will identify:
 - Competitors
 - Potential target clients and their needs
 - Internal analysis will determine:
 - What needs you can fulfill and how
 - Which resources you will need to develop/obtain externally

Strategic Positioning and Competition



- Competition: *“process of different entities vying for an optimal share of a limited resource”* (La Piana and Hayes, 2005).
- Competing for customers, donors, grants, volunteers, staff, media attention, public recognition, etc.
- 3 types of competitors:
 - Direct competitors
 - Substitutable competitors
 - Indirect competitors

Strategic Positioning and Competition (2)



- The role of strategy: devise actions that can help the organization get a larger share of the limited resources available to advance its mission.
- Strategic positioning can help you reduce competition or give you a competitive advantage.

Strategic Positioning



- Positioning both important for the “user market” and the “donor market”
 - ⇒ Crowded markets
 - ⇒ Positioning and clear strategy are crucial
- Focused vs broad target market
 - Segmentation
- Differentiating services from others in the same target market
 - Uniqueness
 - Complementarity
- Cost leadership (efficiency)
 - Provide acceptable levels of service at the lowest possible cost

Example



Strategic positioning (cont'd)



- Need for long-term focus and strategy
 - Strategy needs to be re-evaluated on a regular basis:
 - Track trends in the environment
 - Change in demographics
 - Economic changes
 - New organizations entering the same market segment
 - Legal and regulatory changes
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 - Evaluate resources and capabilities
- ⇒ Adjust strategy and positioning if necessary to ensure alignment of vision, mission, external environment and resources and capabilities.

Exercise 2



- Examine the strategic positioning of your organization.
- Does it fit with your external environment and your resources and capabilities?
- How can you improve your positioning?

The importance of collaboration



- Why collaborate?
 - Creating awareness
 - Getting resources
 - Improve efficiency and/or impact
 - Lobbying
 - Reduce competition ⇒ join forces to jointly become more efficient and effective
- Types:
 - Non-profits
 - Joining umbrella organizations
 - For profits: informally or more formally
 - ...

The importance of collaboration (2)



- Risks associated with collaborating
 - Negative consequences for reputation
 - Becoming overly dependent on partners
 - Conflicting objectives
- Finding suitable partners
 - Depends on the purpose
 - Aim for complementarity
 - Look at track record
- Formal vs informal collaborations
 - Depends on intensity of collaboration, purpose, and time frame.

Governance and Strategy



- Role of board in the formulation and implementation of strategy
 - Access to resources through the board
 - Relevant experiences
 - Involvement of the board
- Involvement of founder and succession plans
- Importance of accountability and clear performance metrics for board and for donors

Exercise 3



- Where can you fill gaps in the implementation of your strategy with partnerships?
- How can your board of director help you with your strategy?
- Where do you see your organization in the future?

Conclusions



- Developing a sound strategy and identifying a suitable strategic position is crucial to achieve the organization's mission.
- Strategy needs to be aligned with resources and external environment in which the organization operates.
- Competition is not always negative, it can act as a change agent, it can make your organization more efficient, effective and sustainable and it can foster collaboration.
- Collaboration can provide access to valuable resources.
- Boards of Directors are an important resource, use them accordingly.

Extra Information

Useful resources



- La Piana, D. and Hayes, M. (2005), *Play to Win: The Nonprofit Guide to Competitive Strategy*, Jossey-Bass.
- Yaziji, M. and Doh, J. (2009), *NGOs and Corporations: Conflict and Collaboration*, Cambridge University Press.
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