

Perspectives on strategy at Twitter

Case duration (Min): **45-60**

Strategic Management (SM)

Perspectives on strategy**Worldwide****Case summary:**

This case considers what is meant by strategy: As plan, strategy deals with how leaders try to establish direction for organisations, to set them on predetermined courses of action. As ploy, strategy takes us into the realm of direct competition, where organisations manoeuvre for advantage in a dynamic setting. As pattern, strategy focuses on action and consistency of behaviour. As position, strategy encourages us to look at organisations in context, specifically in their competitive environments and finally as perspective, strategy is considered as behaviour in a collective context, the pursuit of a common mission and helps us understand how patterns of behaviour become deeply ingrained within the organisation. The different perspectives are used to discuss strategy in Twitter.

Learning objectives:

Explain what is meant by strategy - identify the five perspectives.

Describe what is meant by a business model.

Case problem:

Strategy may be defined in many ways.

Internet Software & Services

Company**Twitter**www.twitter.com

Since its creation in 2006 by Jack Dorsey, Twitter has gained notability and popularity worldwide. A small company (<100 employees), Twitter is a free social networking and micro-blogging service that enables its users to send and read messages known as tweets - Twitter is a communication platform. Tweets are text-based posts of up to 140 characters, displayed on the author's profile page and delivered to the author's subscribers who are known as followers. Senders can restrict delivery to those in their circle of friends or, by default, allow open access. Users can send and receive tweets via the Twitter website, Short Message Service (SMS) or external applications. The service itself costs nothing to use. Twitter is ranked as one of the 50 most popular websites worldwide and one of the most used social networks. The company web site answers the question: How do you make money from Twitter? "Twitter has many appealing opportunities for generating revenue but we are holding off on implementation for now because we don't want to distract ourselves from the more important work at hand which is to create a compelling service and great user experience for millions of people around the world. While our business model is in a research phase, we spend more money than we make". They also note, "We plan to build Twitter, Inc into a successful, revenue-generating company that attracts world-class talent with an inspiring culture and attitude towards doing business".

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type	URL/ Media description
Twitter CEO: A biz plan can wait:	http://money.cnn.com/video/technology/2009/10/21/tt_twitter_evan_williams.fortune
Film	The company is focused on its technology, not making money, for now...

NOTES:

Case study questions...

Action		Pre/During/After class
1	STRATEGY CONCEPT: Discuss what is meant by strategy (definition not type) with reference to the five perspectives of strategy (5P's: Plan, Pattern, Ploy, Position and Perspective). Is one definition of strategy sufficient?	During
2	OBJECTIVES: What are the principal objectives of Twitter (from the video)?	During
3	BUSINESS MODEL: What is a Business model and why does Twitter not have one?	During

Answers...

STRATEGY AS PATTERN

A pattern in a stream of actions (consistency in behaviour, whether or not intended).

STRATEGY AS PERSPECTIVE

An ingrained way of perceiving the world; It is the organisation's driving force, shared worldview, philosophy, culture collective mind and ideology

STRATEGY AS PLAN

Consciously intended course of action (conception preceding action)

STRATEGY AS PLOY

Specific Strategies, may also be regarded as a tactics, e.g. a competitive move

STRATEGY AS POSITION

A means of locating an organisation in its environment (choice of niche). It can be considered in relation to competitors or simply with respect to markets or an environment at large. Strategy is creating situations where revenues may be generated and sustained.

STRATEGY DEFINITION

Formulation, review and selection of strategies to achieve strategic objectives.

BUSINESS MODEL

the organization's essential logic for consistently achieving its principle objectives- explains how it consistently makes money, highlights the distinctive activities and approaches that enable the firm to succeed—to attract customers and deliver products and services profitably

Question/ Answer

1 STRATEGY CONCEPT:

Discuss what is meant by strategy (definition not type) with reference to the five perspectives of strategy (5P's: Plan, Pattern, Ploy, Position and Perspective). Is one definition of strategy sufficient?

The field of strategic management cannot afford to rely on a single definition of strategy. Strategy requires multiple definitions to fully appreciate its implications. Accordingly, Mintzberg (1987) proposes five definitions - strategy as plan, ploy, pattern, position, and perspective-and analyzes how these definitions interrelate. Mintzberg suggests there is confusion surrounding the term strategy which is often ill-defined. He explicates five definitions in order to remove confusion and enrich our ability to understand and manage the processes by which strategies form. Explicit recognition of multiple definitions can help practitioners and researchers alike to manoeuvre through this difficult field.

STRATEGY AS PLAN Some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with the situation. By this definition, strategies have two essential characteristics: they are made in advance of the actions to which they apply, and they are developed consciously and purposely. They may, in addition, be stated explicitly, sometimes informal documents (conception preceding action).

STRATEGY AS PLOY Strategies may be general or specific (ploy). Ploys may also be regarded as tactics, a competitive move.

STRATEGY AS PATTERN If strategies can be intended, they can also be realised. Strategy as pattern encompasses the resulting behaviour - a pattern in a stream of actions (consistency in behaviour, whether or not intended).

STRATEGY AS POSITION A means of locating an organisation in its environment (choice of niche). It can be considered in relation to competitors or simply with respect to markets or an environment at large. Strategy is creating situations where revenues may be generated and sustained.

STRATEGY IS PERSPECTIVE An ingrained way of perceiving the world. It is the organisation's driving force, shared worldview, philosophy, culture collective mind and ideology.

2 OBJECTIVES:

What are the principal objectives of Twitter (from the video)?

The main goal of Twitter is oriented at the product/ service and the technology infrastructure – to build long term value NOT at revenue and short term profit.

3 BUSINESS MODEL:

What is a Business model and why does Twitter not have one?

"the organization's essential logic for consistently achieving its principle objectives- explains how it consistently makes money, highlights the distinctive activities and approaches that enable the firm to succeed—to attract customers and deliver products and services profitably"

A method by which a company generates revenue to sustain itself

Twitter does not have a model because its primary goal is not directly related to revenue generation but enabling social networking.

Case study references

Cole, G A. and Kelly, P P. (2011) 'Management Theory and Practice', Ed. 7. Cengage EMEA.

Mintzberg, H. (1987) 'The Strategy Concept I: Five Ps For Strategy', California Management Review, 30/1 (Fall 1987), p. 11 - 24.

Thompson, J L. and Martin, F. (2005) 'Strategic Management', Ed. 5. Cengage Learning EMEA.