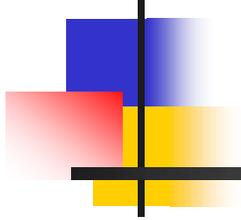
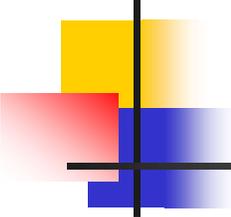


**GOOGLE**

**Strategic Management**



**Wilai Phungphol**



# Why **GOOGLE** ?

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1. <https://www.youtube.com/watch?v=rRuIn1Sjd8>  
USA Head office
2. <https://www.youtube.com/watch?v=Q6e0ebDmw4c>  
Google in Singapore
3. <https://www.youtube.com/watch?v=K7ocSXYOS7o>  
Google in Thailand

# Google Facts

## Google Facts

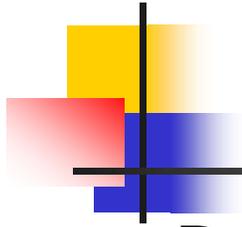
- Founded – 1998
- Inc. – September 4<sup>th</sup>, 1998
- Initial Public Offering (NASDAQ) – August 19, 2004
- Headquarters – Mountain View CA
- Industry Served – Internet
- Revenue - \$50.17 Billion (2012)
- Profit - \$10.7 Billion (2012)
- Employees – 53,861 (2012)

(Company – Google)

## GOOGLE'S FOUNDERS



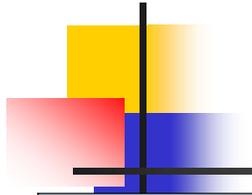
Larry Page and Sergey Brin



# BUILT TO LAST

---

Preserve the Core



<p><b>Google's Strategy in 2008</b></p>	<p><b>Y</b></p>	<p>Accompanying video (Y = yes; N = no)</p>
	<p><b>Y</b></p>	<p>Size: Small (S), Medium (M), Large (L)</p>
	<p><b>X</b></p>	<p>The manager's role in crafting strategy</p>
		<p><b>The manager's role in executing strategy</b></p>
	<p><b>X</b></p>	<p>Vision, mission, and objectives</p>
	<p><b>X</b></p>	<p>Crafting strategy in single-business companies</p>
	<p><b>X</b></p>	<p>Industry and competitive analysis</p>
	<p><b>X</b></p>	<p>Company resources and capabilities</p>
	<p><b>X</b></p>	<p>Global or multinational strategy</p>
	<p><b>X</b></p>	<p>E-commerce strategy issues</p>
		<p><b>Diversification strategies and the analysis of multi-business corporations</b></p>
	<p><b>X</b></p>	<p>Financial conditions and financial analysis</p>
		<p><b>Staffing, people management, incentives and rewards</b></p>
		<p><b>Organizational structure, core competencies, competitive capabilities, staffing</b></p>
		<p><b>Policies, procedures, operating systems, best practices, continuous improvement</b></p>
	<p><b>X</b></p>	<p>Corporate culture issues</p>
	<p><b>X</b></p>	<p>Ethics, values, social responsibility</p>
		<p><b>Exerting strategic leadership</b></p>
	<p><b>X</b></p>	<p>Making action recommendations</p>

Discuss competition in the search Google. Which of the five competitive forces seem strongest? weakest? What is your assessment of overall industry attractiveness?

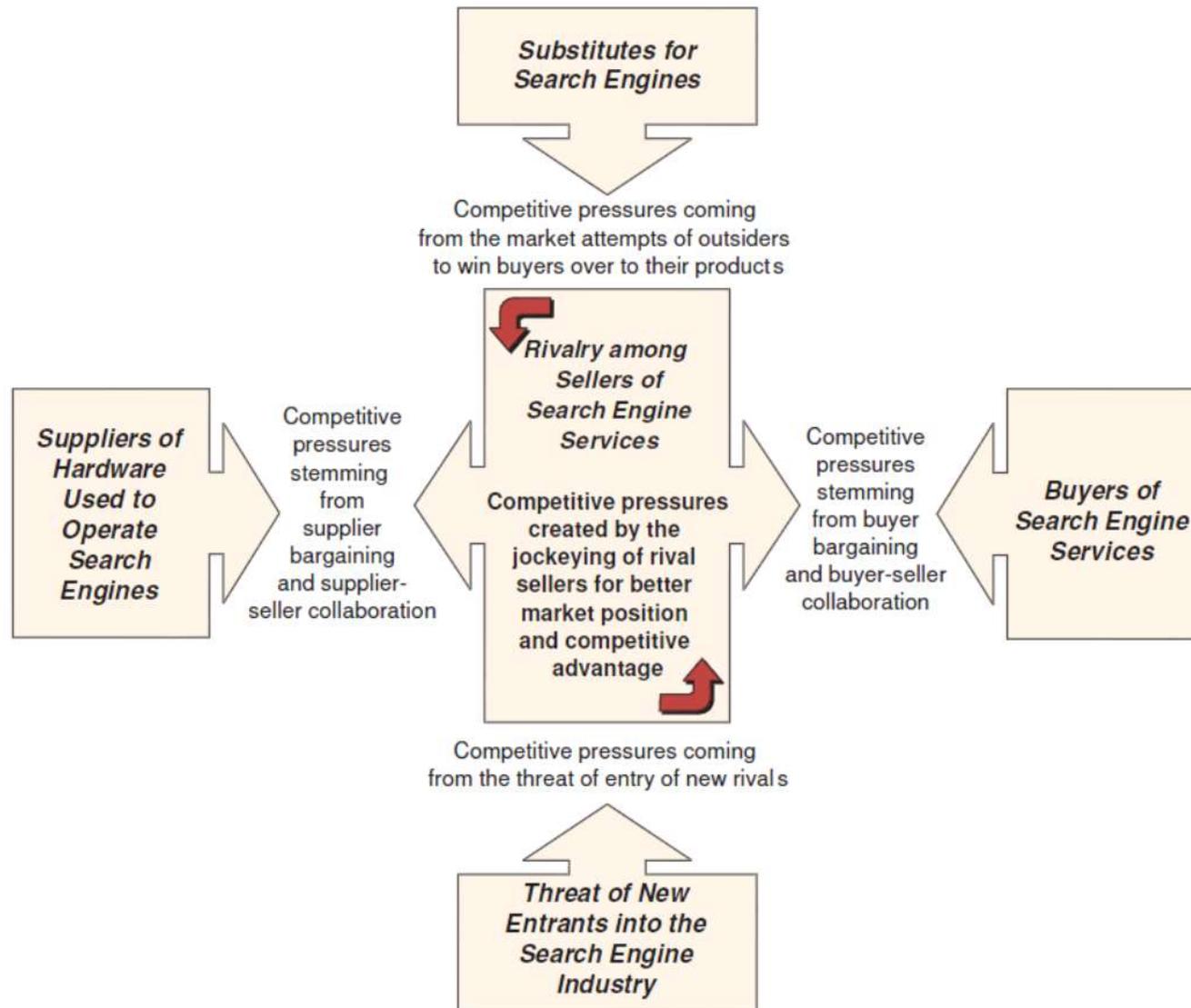
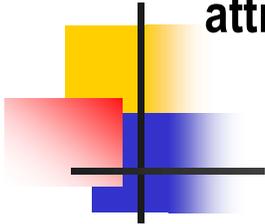
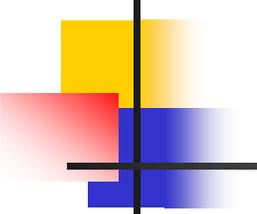


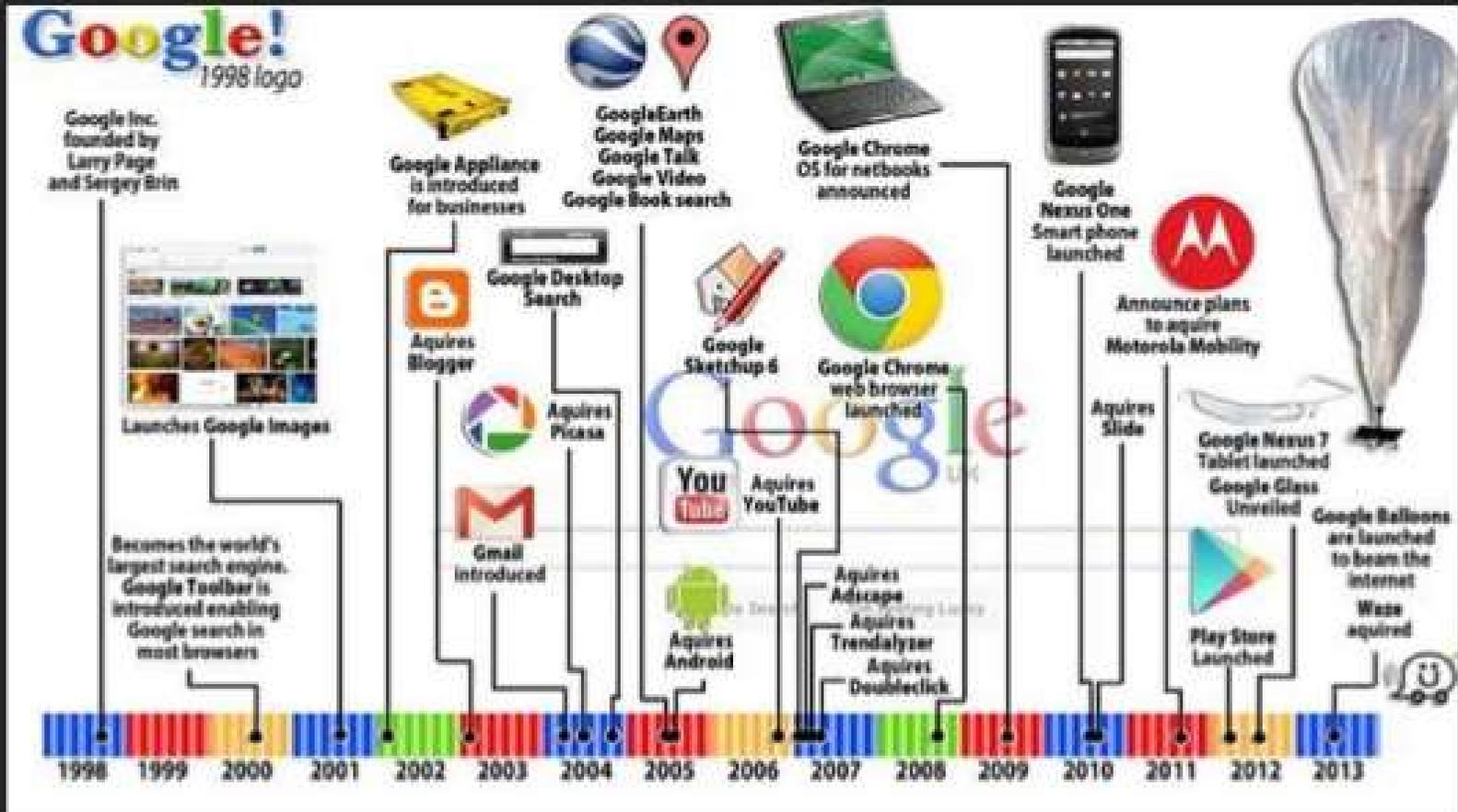
Table 1 Compound Annual Growth Rates For Items Included In Google's Consolidated Statement Of Operations, Fiscal 2008-2015



	CAGR (2008 - 2015)
Revenues	83%
Costs and expenses:	
Cost of revenues	81%
Research and development	120%
Sales and marketing	87%
General and administrative	64%
Stock-based compensation	40%
Non-recurring portion of settlement of disputes with Yahoo	
Total costs and expenses	79%
Income (loss) from operations	96%
Interest income (expense) and other, net	244%
Income (loss) before income taxes	101%
Provision for income taxes	57%
Net income (loss)	151%
Net income (loss) per share:	
Basic	105%
Diluted	139%

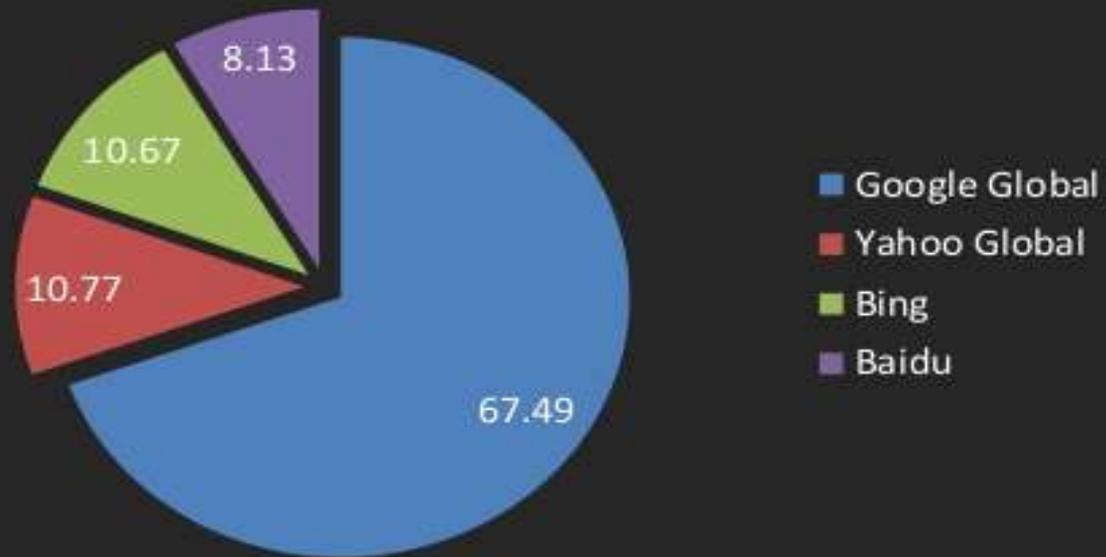
# GOOGLE

## Product Timeline



GOOGLE

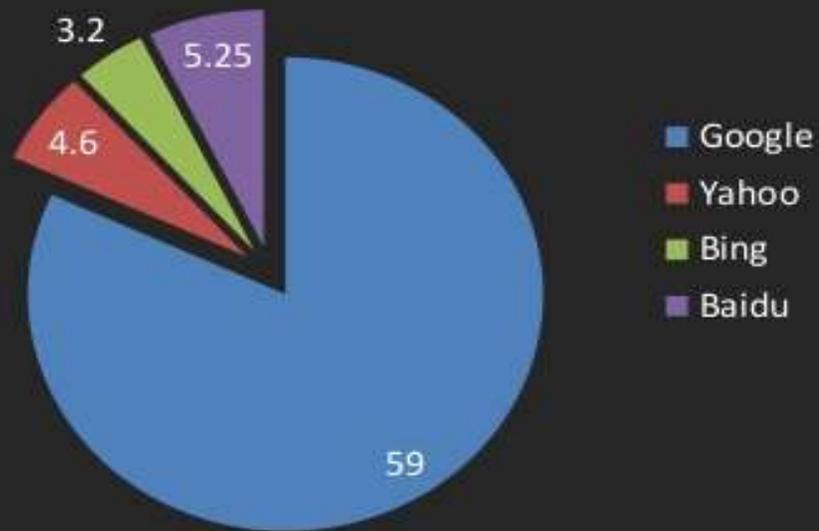
## Market Share



Total Search Engine Market Share



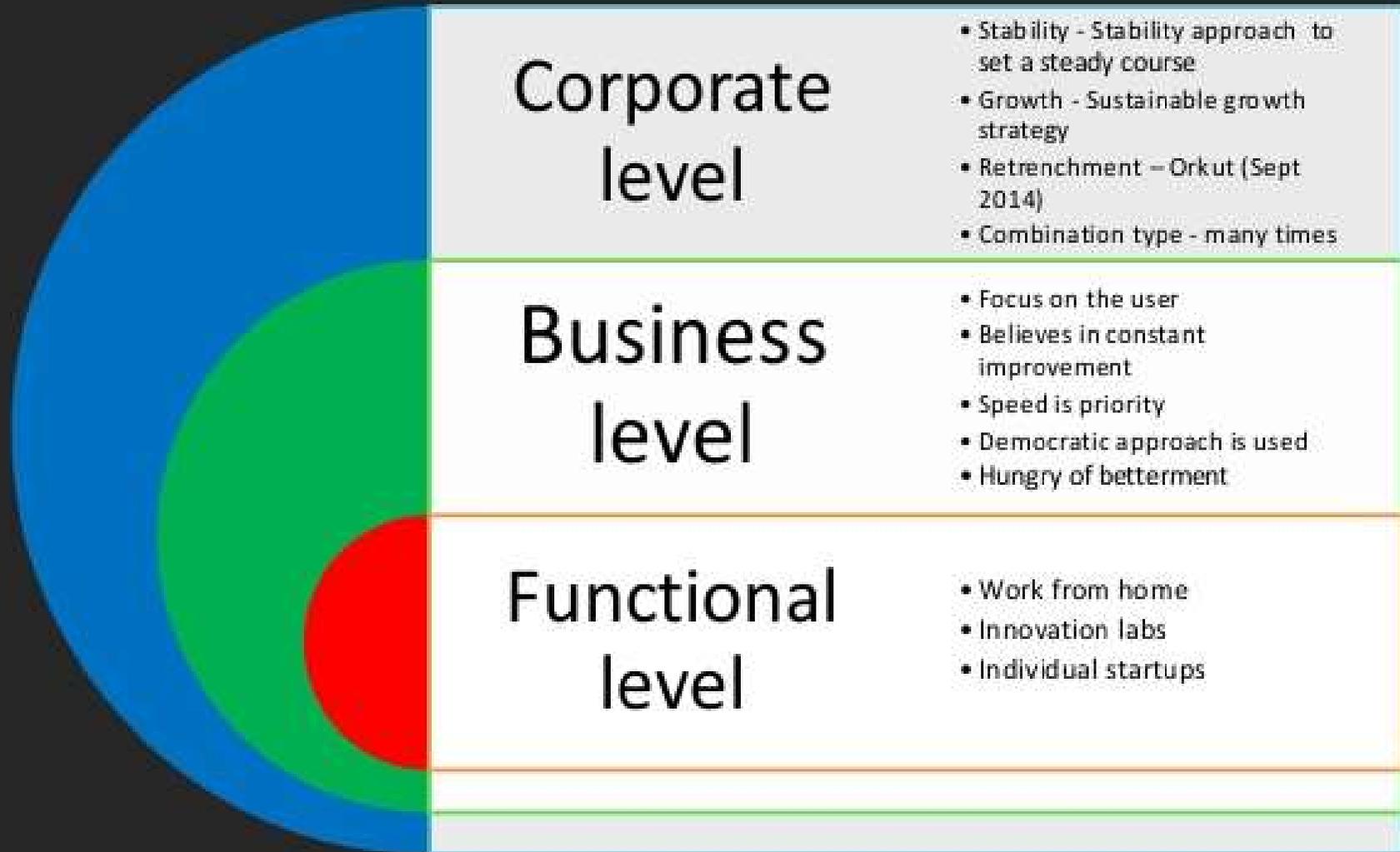
# GOOGLE Revenue

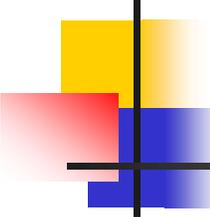


Revenue in \$ (billions)



## Levels of Strategy





# GOOGLE

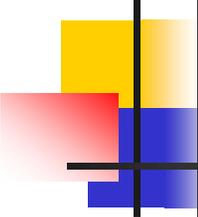
Focus on Differentiation through

- Robust data centers world over
- Unique page search algorithm
- Continuous improvement through innovation



Primary Strategy





# GOOGLE

## Focus on growth and expansion

- Mergers & Acquisitions in related segments (YouTube, Android, Motorola)
- Innovative products (Cloud computing, Mobile computing, Gmail, Social Media, etc)
- Quick adoption of new technologies
- Forming strategic alliances to avail product collaborations



Secondary Strategy

# GOOGLE

## Internal Environment Analysis





## External Environment Analysis

# PESTEL Analysis

### POLITICAL

- Globalization (opportunity)
- Stable political climate in most of the major markets (opportunity)
- State-sponsored online companies (threat)

### ECONOMICAL

- Economic stability of most major markets (opportunity)
- Rapid growth of developing countries (opportunity)
- Growing interest in sustainable business (opportunity)

### SOCIAL

- Increasing use of social media (threat)
- Rising diversity of users (opportunity)

### TECHNOLOGICAL

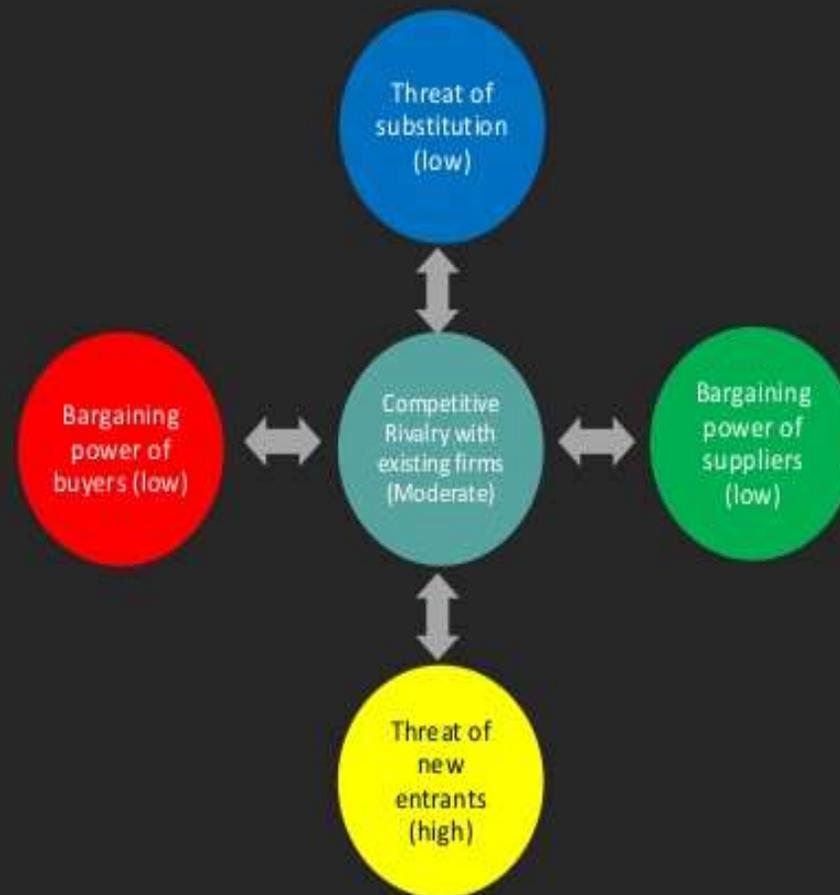
- Growing Internet access in developing countries (opportunity)
- Rapid adoption of mobile devices in the global market (opportunity)

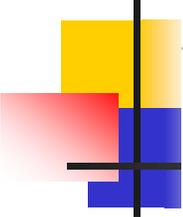
### LEGAL

- More regulations on online privacy (opportunity)
- More regulations on intellectual property rights (opportunity)

GOOGLE

## External Environment Analysis





## What are they selling ?

- **Web-based advertising**

## How ?

- **Monetizing search traffic (CPC, Paid listing)**

## To whom ?

- **Advertisers**

**Google makes 99% of its revenue from advertisings**

## What boosts the business\$ ?

➤ Efficient Ads → More Advertisers → More revenues

## What makes Google's ads so powerful ?

- N°1 Search Engine
- Diversity of ads support
- Relevant advertising

« 40% of all web searches have a commercial motivation »

# Competition



What are the main competitors ?



Engine	Market Share		
	Aug-10	Jul-10	Aug-09
Google	70.1%	72.9%	72.6%
Bing Powered**	26.0%	-	-
Yahoo!	13.5%	13.1%	15.4%
Bing/MSFT	12.4%	10.6%	9.0%
Ask	3.4%	2.9%	2.4%
AOL	0.6%	0.5%	0.7%
Total	100.0%	100.0%	100.0%

YAHOO!

msn.

ebay

bing

Ask.com

Microsoft

amazon.com

« Who's afraid of Google ? Everyone. »

## External Environment



### PR like Political and Regulation factors

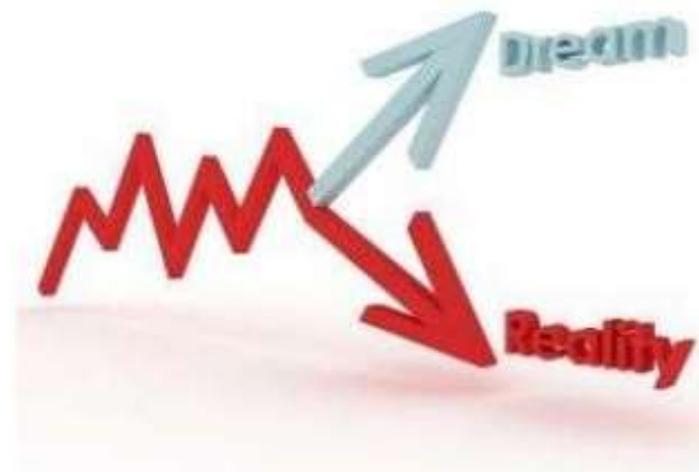
- **Adoption of new technologies**
- **Local authorities blockage (censoring)**



Organizing the world's information might be difficult in some countries

## E like Economical factors

- **Stock market**
- **Publisher's numbers**
- **Foreign Exchange rate**



« Investors expressed reservation about Google's unusual top management trio »

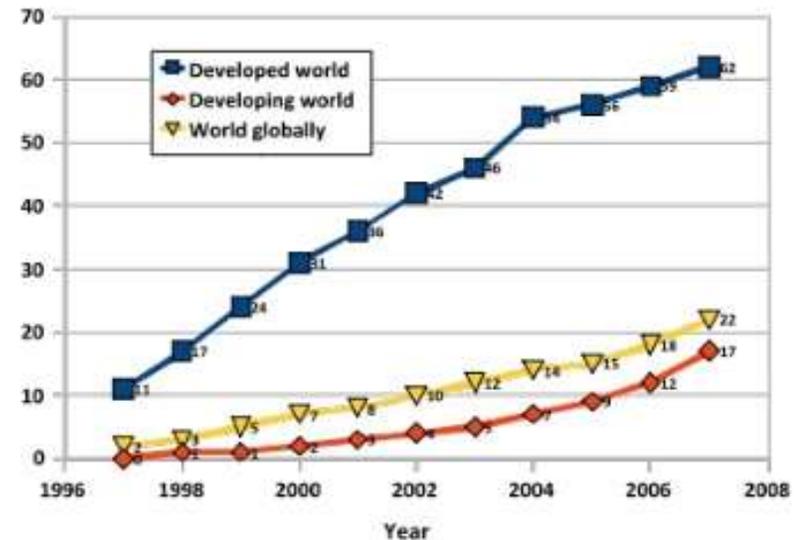
# External Environment



## S like Social factors

- Numbers of users
- Trends
- Brand reputation

Internet users per 100 inhabitants 1997-2007 (Source: ITU)



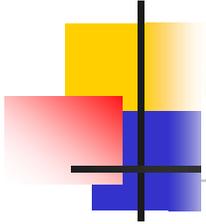
Internet users : 500 millions in 2003, 1 billion in 2009

## T like Technological factors

- **The evolution of technologies**
- **Internet**
- **Network & Infrastructures**
- **Mobile phones market**



« Google has persistently pushed the limits of existing technology »



# External Environment



## L like Legal factors

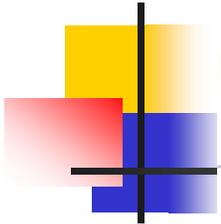


➤ **Privacy concerns**

➤ **Competition law**



**Legal threats to Google are important**



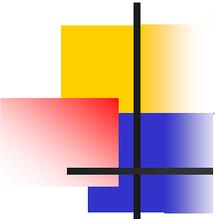
# Strategy



**Strategy ties the company to its environment**



Market environment



# Strategy

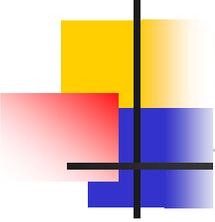


## Google's mission

➤ 1

00000000000000000000000000000000  
00000000000000000000000000000000  
0000000000000000000000000000000000  
0000000000

➤ Google's mission is to organize the world's information and make it universally accessible and useful



Google's strategy

Google

## Google's values

➤ **Don't be evil**



➤ **Technology matters**

➤ **It's best to do one thing really, really well**

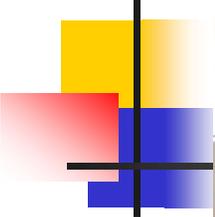
➤ **Great just isn't good enough**

Company

## Resources and skills

- Innovative technology
- Skilled work force
- **Corporate culture**





Strategy

Google

Key success factors



Corporate Culture  
Innovative technology  
Brand Name

Company

# Strength



- Established brand name
- Strong marketing :word by mouth publicity is doing the job
- User-friendly interface with display of relevant and clear results
- Highly competent work: PHD researchers
- Innovative products
- A worldwide market share of 70%
- Reliance on top management trio ?



## Weaknesses



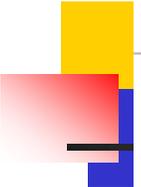
- **Marketers don't control the cost and position of their advertisement**
- **Impact of click fraud practice on the business**
- **Reliance on top management trio ?**
- **No marketing for many products ,users are unaware of their existence**

# Opportunities



- **Merging with an established mass-market portal to lock in large number of users and advertisers.**
- **Becoming a mass-market portal like Yahoo and MSN, where portals contain added attractions for users.**
- **Providing private search services to businesses**
- **Targeting the hand held mobile devices market**
- **Building the world's biggest digital library and online bookstore**

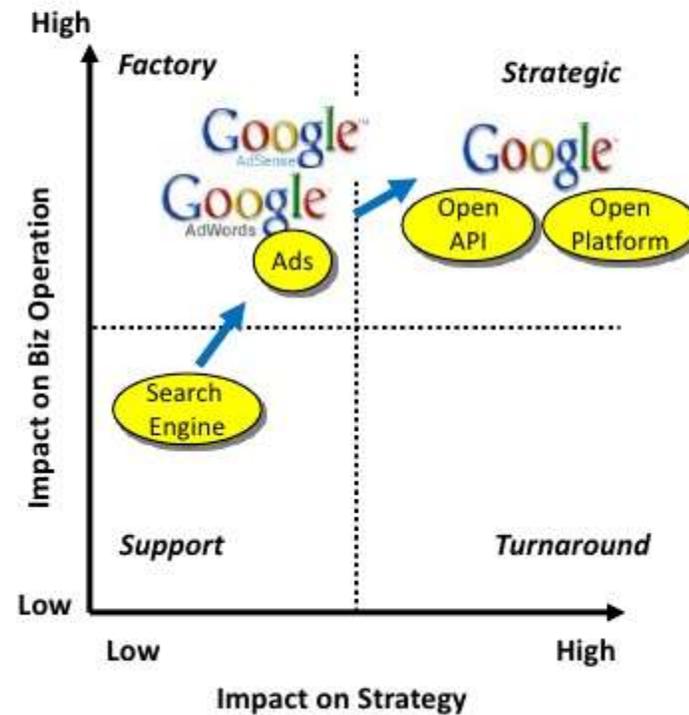


- 
- **Emergence of many competitors, or merging of existing ones**
  - **Google's advertising policy could disappoint its advertisers and start losing many of them**
  - **Copyright issues**
  - **Privacy and security concerns**
  - **Antitrust and competition laws**
  - **Inability to adapt the infrastructure to the quick growth**

# Business Model Evolution



- Google's business is evolved strategically to Enhance/Expand/Extend.
- They allocate their engineering efforts by 70/20/10 rules



# Diagnosis of Problems

## Symptoms

- 1 Ecosystem entities and even foreign governments voiced their concerns
- 2 The company neglected customer service
- 3 Google's management was unresponsive, self-centered, and dangerously cocky

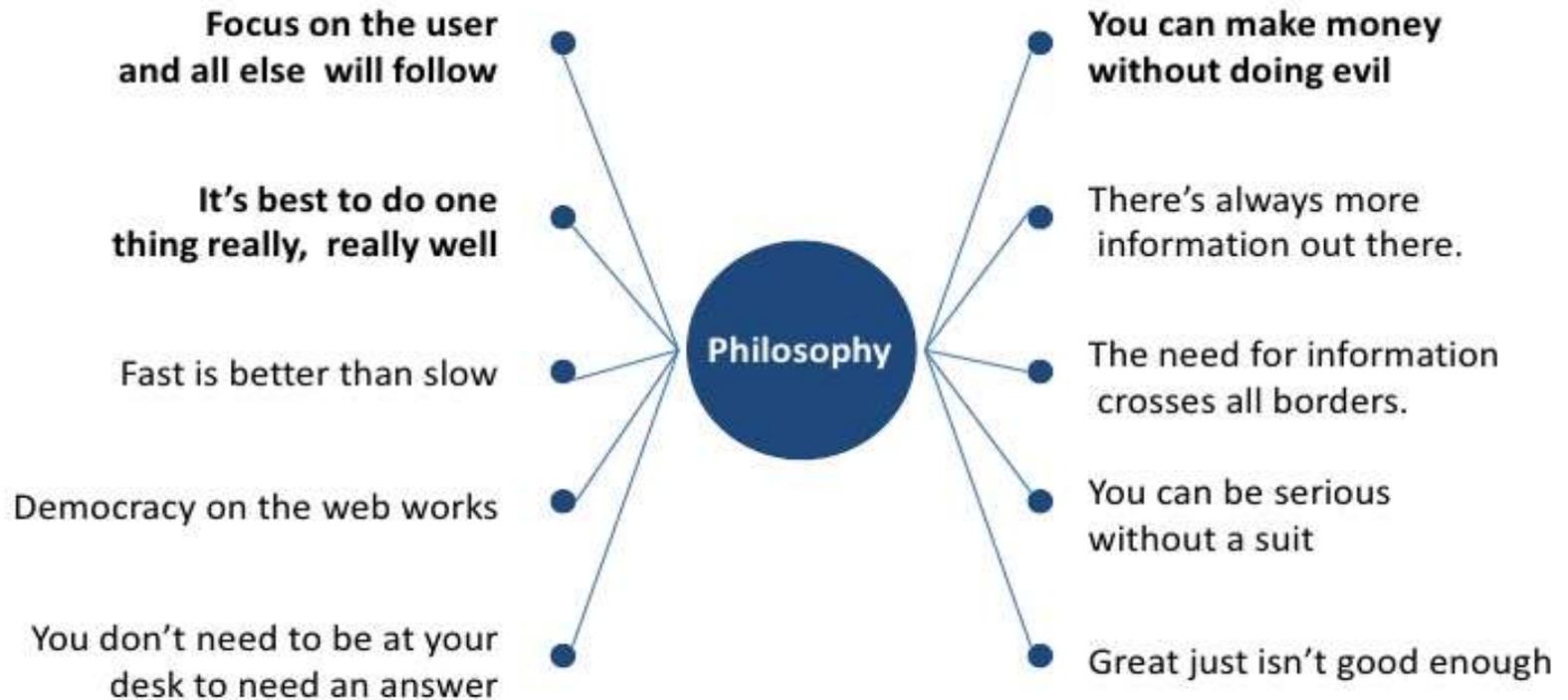
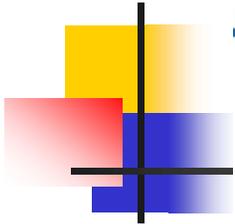


## Cause

*Expanding scope is too broad*



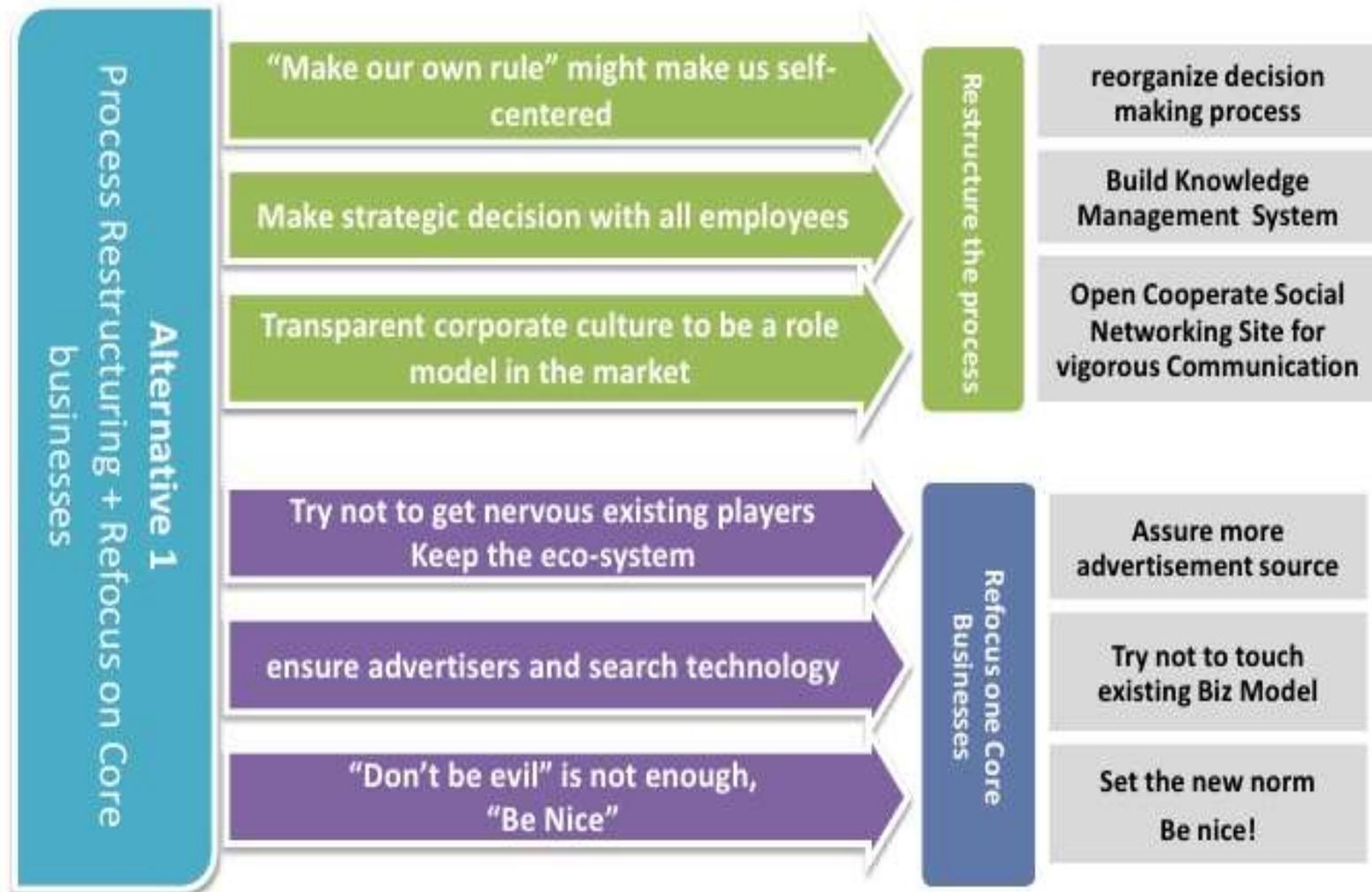
# Google Overview

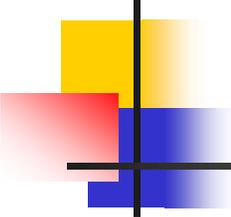


*Creative & Autonomous Organizational Culture!*

# Recommendation

- We recommend Google refocus and reorganize the corporate for the stable move in the future then, extend their scope to the new market with Eco-system

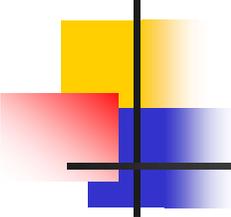




# Recommendation: Analysis

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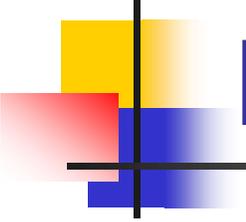
- 6 Forces Analysis
  - Industry Competitors
  - Suppliers/Vendors
  - Customers/Clients
  - Potential New Entrants
  - Substitutes
  - Other Stakeholders
- Role of Tomorrow leaders



# Recommendation: New Entrants and Entry Barriers

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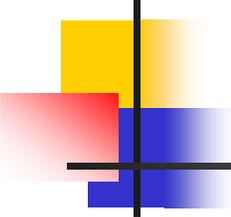
- Absolute cost advantages
- Access to inputs
- Government policy
- Economies of scale
- Capital requirements
- Brand identity
- Switching costs
- Access to distribution
- Proprietary products



# Recommendation: Strategic Management Model

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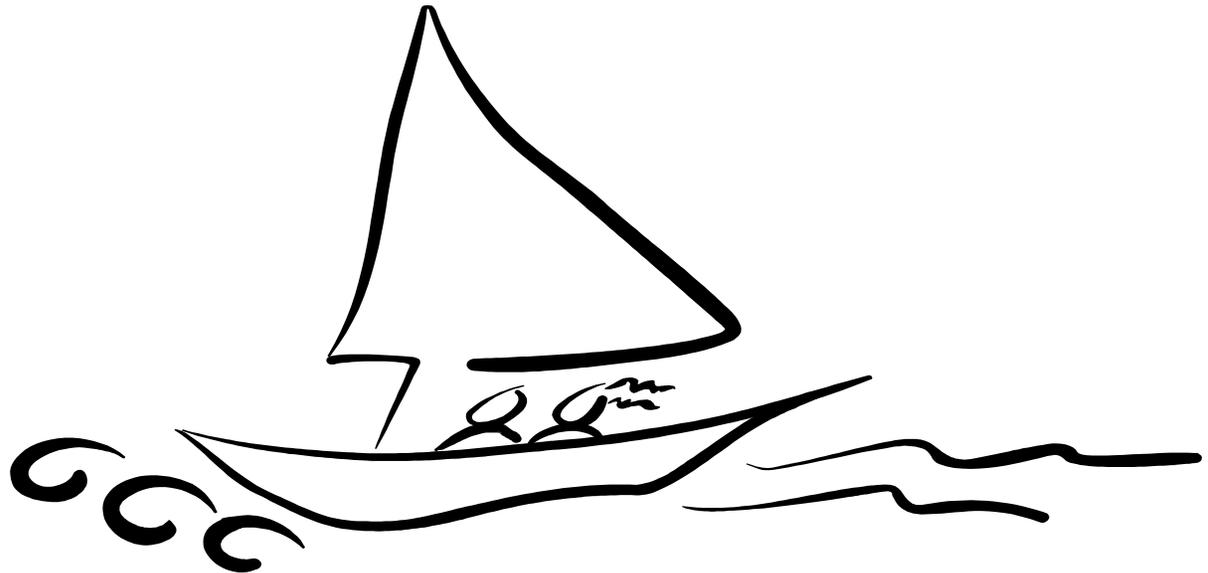
- Where do we want to be?
- Vision
- Mission
- Values
- Goals
- Objectives

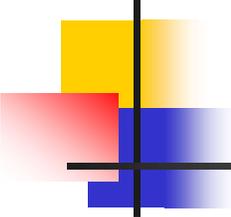


# Recommendation

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- Strategy Implementation
  - Everyone is Responsible
  - Few Guidelines
  - No Easy the Steps Checklist to Follow



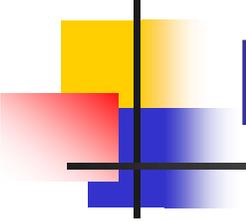


# Recommendation

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- Strategy Implementation
  - Most open-ended part of Strategic Mgmt
  - People implement strategies not Organization

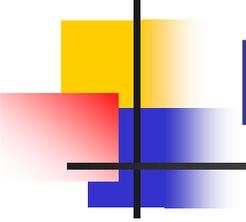




# Recommendation:7-S Framework

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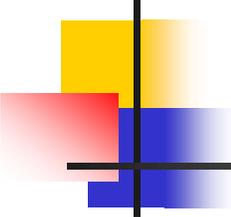
- Shared Values
- Strategy
- Structure
- Systems
- Skills
- Style
- Staff



# Recommendation : Human Resource Rule

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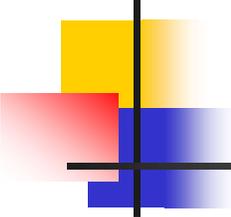
- Hire Smart
- Train Hard
- Manage Easy



# Implementation Strategies

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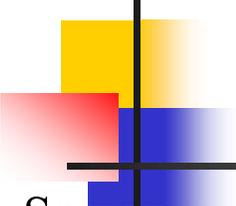
- GOOM
- Implementation Conference
- CEO involvement
- Situation Strategies?



# GOOM

---

- Goals
- Outcomes
- Objectives
- Measures

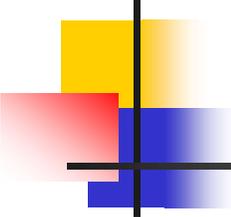


# Work Action Plan Template

Sponsor:  
Organization:

Completion Date

<b>n.n</b>	<b>Goal</b>			
	<b>Outcome</b>			
<b>n.n</b>	<b>Objective</b>			
	<b>Measure</b>			
	Task Description	Team Lead	Staff Hours	Completion Date
Plan- Do-Check-Act				

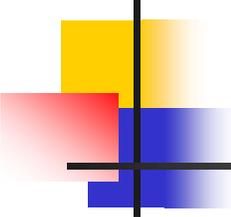


# Why Measure?

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## Proactive Reasons

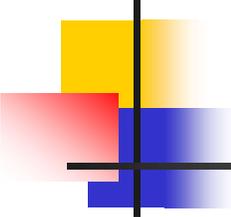
- Makes us more responsive to public needs
- Provides feedback on mission accomplishment
- Creates blueprint for linking budget to outcomes
- Good management and good public policy



# Measurement / Performance

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- How do we measure our progress?
- 5 Types of Measures
  - Input
  - Output
  - Outcome
  - Quality
  - Efficiency



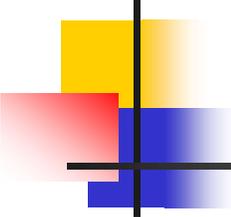
# INPUT Measure

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Amount of resources needed to provide a particular product or service.

Examples:

- Number of eligible clients
- Number of customers requesting service
- Number of applications received
- Number of sales orders received



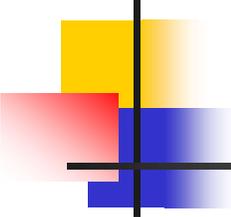
# OUTCOME Measure

---

Reflect the actual results achieved and/or their impact or benefit.

Examples:

- Reduction in people errors
- Percent of increase in customers
- Percent of monthly programmed sales orders filled on time



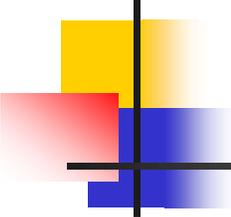
# QUALITY Measure

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Reflect the effectiveness in meeting the expectations of customers and stakeholders

Examples:

- Number of defect products compared to number of products produced
- Number of course ratings in highest category related to total number of course ratings



# EFFICIENCY Measure

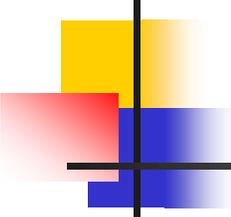
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Also known as productivity measures.

Reflect the cost of providing products or services.

Examples:

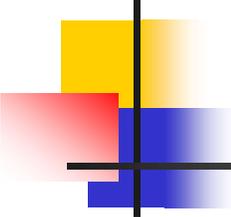
- Output/Input
- Output/Time
- Output/Cost
- Outcome/Cost



# Keeping Plans Off The Shelf

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- All Staff Meeting
- Announce Phases
- Review and Assess Plans at Quarterly Sessions
- Sponsors and Team Leads for Strategic Goals and Strategic Objectives
- Company's Philosophy



# Developing Bench Strength

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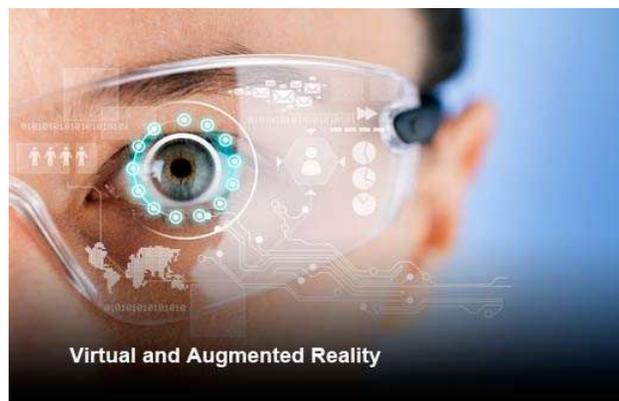
- “Drill Down” Application
- Team Leads, and Team Members
- Work Action Plan
- “Project” Champion
- Leadership Training
- Leadership Conference Presentations

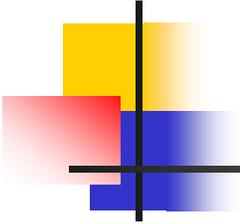
# Establishing Organizational Permanence

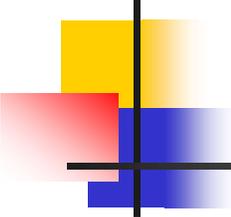
- Training Emphasis
- Certification
- Awards & Recognitions
- "Caught-Ya"
- Celebrations
- Walk the Walk



# Top 7 Strategic Technology Trends for 2017 (Panetta, 2016)







# Reference

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