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The Concept of Strategy

Introduction

A strategy is both a road and a vehicle. It is a road because a clear route is required to get from the current situation to the desired situation. It is a vehicle because it provides a practical means of getting to the destination.

One common approach to planning for the future is simply to look back, learn from previous experience and extrapolate on what may happen. Another is to assess all future possibilities and rank them in order of probability. A third involves anticipating general parameters and multiple perspectives and then adopting a flexible position.

At its best, strategy is a combination of all three. It is an attempt to learn from the past, explore the future and cope with unpredictable or high impact events. A good national export strategy (NES) will have a clear purpose, be action-oriented and recognise the interrelationship between the technological, economic, social, political and cultural aspects of society.

Competition A Common Theme

Economists over the years have attempted to define 'strategy' and five of the most commonly used definitions are as follows:

- A consciously and purposely developed plan;
- A ploy to outmanoeuvre a competitor;
- A pattern in a stream of actions;
- A position defined either with respect to a competitor, in the context of a number of competitors, or with respect to markets; and,
- A perspective – a certain mindset – of how to perceive the world.

One theme that is common in almost all the above definitions is the element of competition. While companies compete to make a profit, countries compete to develop. They compete for markets, for technology, for skills and for investment. They compete to grow and raise their standards of living. The role of governments in the competition arena is critical. They provide a distinctive advantage to

companies by formulating policies that encourage high savings and low interest rates for investment, sound property rights and good governance, a technologically motivated and committed workforce, a low rate of inflation and a rapidly expanding domestic market.

The global economy has been growing at a high rate since the end of the Second World War but total exports have grown at an even faster rate during this period. It can therefore be said that this growth has been fuelled by exports and this has stimulated high consumption in rich countries and investment in developing countries. The ultimate results have been reduction of poverty, accommodation of urbanisation, creation of jobs and increased living standards in both the developed and developing countries. But the experiences have varied from country to country; some countries have grown rapidly while for others growth has only been marginal. This difference can be partially explained by the way governments in the different countries have responded to the changing political and economic dynamics. Measures have included the provision of security, ensuring contracts are enforced, assuming risks, managing the macro economy and shaping industrial policy through the creation and maintenance of the social, political and economic institutions in which citizens function, interact and compete.

A national export strategy is one of the instruments that can facilitate constructive interaction between the government, the private sector, civil society and academia in charting a country's economic development. The NES formulation process provides an opportunity for the various parties to analyse the many national economic issues and organisational structures in terms of how these fit into the socio-political context of the country and how they affect its competitiveness and overall economic performance.

The EXPORT Model

Every country has a strategy for economic development and similarly every country has a strategy for export development, though the latter might not be so obvious. Some countries have explicit, well-elaborated national export strategies while others have implicit, loose collections of export development goals and policies that appear as an export strategy after the fact.

There is no blueprint for an export strategy – no one-size-fits-all approach or plan. There are, however, some specific elements that once adopted in the process of developing a national export strategy would lead to success. These elements can be summarised in the acronym, 'EXPORT', as follows:

E is for Evolving

An NES project is primarily a process that is dictated by the dynamics of the fast changing local, regional and global economies. Time and space are as important as

the structure. An NES project does lead to a product – the actual agreed document – but its ultimate purpose is to build a competitive capacity within a country, and this is a continuing process. As the NES document supports the country’s national development aspiration, it must be flexible enough to take on board changing socio-political and economic dynamics.

X is for eXternal Assistance

External assistance should be aimed at supporting clearly agreed national policies. Care should be taken to ensure that offers of external assistance do not crowd out national priorities. Whilst external assistance provides a framework and guidance, ultimate responsibility for the NES process lies with the country. Its success depends on a long-term committed partnership with an emphasis on facilitation rather than a prescriptive methodology. External expertise and experience is a complement to local knowledge within the country. A development agency has a relationship with the government, which enables communication at the highest level.

P is for Partnerships

The development of a country is the responsibility of all her people. Whether in government, in the private sector, in civil society or in academia, there is one goal – the improvement of the living standards of the people. Governments have long sought to ensure that market outcomes benefit the poor, but they sometimes impede the functioning of markets and the development of the private sector through inaction as well as poorly conceived actions. For instance, governments might respond to poorly performing markets by trying to provide goods and services. This will often result in market distortion and the crowding out of the private sector. These actions will either fail to meet the needs of the poor or generate temporary and unsustainable supply. At worst, the supply of goods becomes a form of patronage.

This is why there is need for partnership in economic development between governments and the private sector in which individual roles are clearly understood. A government’s role is to provide an environment in which the private sector can thrive and prosper. Private sectors all over the world do not have the resources to provide public goods such as infrastructure, security and utilities. Yet these are the prerequisites for competitiveness. To develop and effectively implement an export strategy, there has to be a partnership between the government and the private sector. This partnership has to be built on mutual respect and understanding of each party’s role. It is also important to bring on board non-governmental organisations, which represent large constituencies in many countries.

We had two earlier attempts, both unsuccessful. The trigger for success on the third attempt was that all stakeholders came together. This time everyone is on board.

Workshop participant (Uganda)

O is for Ownership

People take great care of what they own. All stakeholders should therefore participate in the design and development of the NES in a consultative approach. Ownership of the project starts with the national vision as expressed in various national documents. If the vision has an element of export competitiveness, then it is much easier to align the NES process with the national aspiration. By aligning the NES project to the national vision, ownership at the highest level of government can be assured. Individuals feel that they own the process, not that the process is being imposed on them. There is need, however, for a lead agency with responsibility for implementing the NES. Implementation relies on good co-ordination between ministries, state-owned enterprises, the private sector and civil society. This is difficult to achieve if different aspects of the strategy have different lead agencies.

R is for Resources

To grow, a country must make choices about the use of its scarce resources. In the NES context these resources include money, people, programmes and infrastructure. These must be identified and provisions made for their commitment at the outset of the project design and thereafter used efficiently to support NES implementation.

T is for Timeliness

In a rapidly changing global economic environment it is crucial that the development of an export strategy takes the shortest possible time. Once the time lines have been agreed it is vital to ensure that all NES activities remain on track. Experience shows that the process of developing national export strategies has ranged from about seven months to two years. It is generally agreed that it should take no more than seven months. The longer the process takes, the more likely the interest of stakeholders and the momentum built will be lost. In addition, assumptions made at the start of the process are likely to change, necessitating a review of the whole process.

If you approach the NES process in the right way from the start then you can get round any problems that you encounter down the line.

NES Learning Workshop participant (Tonga)

Questions an NES Must Address

1. What do we want the NES to achieve?

A clear purpose is vital. There is no point in a country pursuing an NES project if people cannot see that it will help. Technical assistance is useful only if a

country agrees to make the necessary commitment and is willing to move in a new direction.

2. What sectors are of strategic importance or have the potential to exploit market opportunities and achieve the objectives?

Past experience and a mass of information can interfere with wise decision-making. Discussion needs to be issues driven rather than sector driven and it must be wide ranging. Involving an array of perspectives will enhance the exploration of export potential.

3. What structures, services and support do exporters need in order to be more competitive?

Typical answers include: help to make market systems work better; introduction of incentives to innovate; implementation of new technology; training for exporters; equipping export facilities; providing exporters with target market requirements; and opening up access to finance.

4. How can we address those needs and create an environment that will enable exporters to be more competitive?

Needs are often non-controversial so identifying them may be easy. However, people may disagree about how to address them.

5. What is the best way to get all of our organisations working together to improve export competitiveness?

This discussion will require honesty, the giving and receiving of feedback, and a willingness to embrace change.

6. How can we manage, monitor and evaluate the implementation of the NES?

Strategic thinkers may not be implementers. The activities associated with strategy development and strategy implementation demand different skills so it is important to incorporate a range of expertise within the process.

