MUTHAYAMMAL ENGINEERING COLLEGE

(An Autonomous Institution)

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Rasipuram - 637 408, Namakkal Dist., Tamil Nadu

LECTURE HANDOUTS

L01

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Introduction to strategic management

Introduction :
Strategic Management is all about identification and description of the strategies that managers can carry so as to achieve better performance and a competitive advantage for their organization. ... It helps us to identify the direction in which an organization is moving.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Specifically pointing out the firm's mission, vision, and objectives
- Developing the policies and plans to achieve the set objectives
- Allocating the resources for implementing these policies and plans

Detailed content of the Lecture:
A strategy is an action plan built to achieve a specific goal or set of goals within a definite time, while operating in an organizational framework.

According to Rajiv Nag, Donald Hambrick & Ming-Jer Chen, "Strategic management is the process of building capabilities that allow a firm to create value for customers, shareholders, and society while operating in competitive markets."

The process of strategic management entails −

Specifically pointing out the firm's mission, vision, and objectives Developing the policies and plans to achieve the set objectives Allocating the resources for implementing these policies and plans Keeping an Eye on Expenses and Goals

A balanced record of plans and policies in relation with operational moves are used to evaluate the business's overall performance. Starting from the executive level, the basic starting point is stakeholder interest, needs and expectations (i.e., financiers, customers, owners, etc.)

The following image is an example of a strategy map applicable to a public-sector organization. It shows how various goals are linked with one another and provides the trajectories to achieve these goals.

Corporate Strategy Map
Common Approaches to Strategy
Richard P. Rumelt
Rumelt's definition of strategy includes the following steps −

Diagnosis − What problem needs to be addressed? How do the vision, mission and objectives of a

firm imply its actions?

Guiding Policy − What according to the firm's approach will be the framework to solve the problems?

Action Plans − How would the operations look like (in detail)? How can the processes be enacted to be in sync with the policy guidelines and to address the issues available in the diagnosis?

Michael Porter
In 1980, Michael Porter provided the following four key elements that needs to be considered while forming a competitive strategy. The elements are −

SWOT, especially the strengths and weaknesses of the firm
Ethical points or personal values of key executives (i.e., management or the board)
The industry's opportunities and threats
Broader societal and stakeholder expectations
Henry Mintzberg
Mintzberg hypothesized five basic approaches, popularly known as 5Ps that can help in developing a robust business strategies.

Strategy as plan − Strategy is a directed course of action to reach the intended set of goals; these are similar to the various strategic planning concept.

Strategy as pattern − Strategy here emerges from a consistent pattern of past organizational behavior. A strategy is realized over time rather than being planned or intended.

Strategy as position − This includes locating the brands, products, or the companies within the market and industry depending on the conceptual framework of the firm's consumers or other stakeholders.

Strategy as ploy − This is a specific manoeuvre and manipulation intended to outwit a competitor.

Strategy as perspective − This kind of strategy is based on the "theory of the business" or it may be a natural extension of the given mindset or ideological attributes of the organization.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.1 to 5

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LECTURE HANDOUTS

L02

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Introduction to strategic management

Introduction :

Strategic Management is all about identification and description of the strategies that managers can carry so as to achieve better performance and a competitive advantage for their organization. ... It helps us to identify the direction in which an organization is moving.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Specifically pointing out the firm's mission, vision, and objectives
- Developing the policies and plans to achieve the set objectives
- Allocating the resources for implementing these policies and plans

Detailed content of the Lecture:

A strategy is an action plan built to achieve a specific goal or set of goals within a definite time, while operating in an organizational framework.

According to Rajiv Nag, Donald Hambrick & Ming-Jer Chen, “Strategic management is the process of building capabilities that allow a firm to create value for customers, shareholders, and society while operating in competitive markets.”

The process of strategic management entails −

Specifically pointing out the firm's mission, vision, and objectives Developing the policies and plans to achieve the set objectives Allocating the resources for implementing these policies and plans Keeping an Eye on Expenses and Goals

A balanced record of plans and policies in relation with operational moves are used to evaluate the business's overall performance. Starting from the executive level, the basic starting point is stakeholder interest, needs and expectations (i.e., financiers, customers, owners, etc.)

The following image is an example of a strategy map applicable to a public-sector organization. It shows how various goals are linked with one another and provides the trajectories to achieve these goals.

Corporate Strategy Map
Common Approaches to Strategy
Richard P. Rumelt
Rumelt’s definition of strategy includes the following steps −

Diagnosis − What problem needs to be addressed? How do the vision, mission and objectives of a firm imply its actions?

Guiding Policy − What according to the firm's approach will be the framework to solve the problems?

Action Plans − How would the operations look like (in detail)? How can the processes be enacted to be in sync with the policy guidelines and to address the issues available in the diagnosis?

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In 1980, Michael Porter provided the following four key elements that needs to be considered while forming a competitive strategy. The elements are −

SWOT, especially the strengths and weaknesses of the firm
Ethical points or personal values of key executives (i.e., management or the board)
The industry's opportunities and threats
Broader societal and stakeholder expectations
Henry Mintzberg
Mintzberg hypothesized five basic approaches, popularly known as 5Ps that can help in developing a robust business strategies.

Strategy as plan − Strategy is a directed course of action to reach the intended set of goals; these are similar to the various strategic planning concept.

Strategy as pattern − Strategy here emerges from a consistent pattern of past organizational behavior. A strategy is realized over time rather than being planned or intended.

Strategy as position − This includes locating the brands, products, or the companies within the market and industry depending on the conceptual framework of the firm's consumers or other stakeholders.

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Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.5to 7

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LECTURE HANDOUTS

L03

MBA

II / III

Course Name with Code : 19MBB08 – STRATEGIC MANAGEMENT

Course Faculty : S.SENTHILKUMAR

Unit : I - Introduction **Date of Lecture:**

Topic of Lecture: Elements in strategic management

Introduction :

The strategic management process is made up of four elements: situation analysis, strategy formulation, strategy implementation, and strategy evaluation. These elements are steps that are performed, in order, when developing a new strategic management plan.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Know the five elements of strategy through the strategy diamond.
- Understand the interrelationship among the elements in the strategy diamond.
- Recognize how the strategy diamond helps you develop and articulate international strategy.

Detailed content of the Lecture:

Most strategic plans focus on one or two such elements, often leaving large gaps in the overall strategy. Only when you have answers to questions about each of these five elements can you determine whether your strategy is an integrated whole; you'll also have a better idea of the areas in which your strategy needs to be revised or overhauled. As the strategy diamond figure shows, a good strategy considers the five key elements in order to arrive at specific answers to five questions:

- Arenas. Where will we be active?
- Differentiators. How will we get there?
- Vehicles. How will we win in the marketplace?
- Staging. What will be our speed and sequence of moves?
- Economic logic. How will we obtain our returns?

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.1 to 5

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LECTURE HANDOUTS

L04

MBA | **II / III**

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Conceptual framework for strategic management

Introduction :

The concept of strategy is central to understanding the process of strategic management. The term "strategy" has entered in the field of management more recently.

Prerequisite knowledge for Complete understanding and learning of Topic:

- A plan or course of action or set of decision rules forming a pattern or creating a common thread.
- The pattern or common thread related to the organisation's activities which are derived from its policies, objectives and goals.
  Rrelated to persuing those activities which move an organisation from its current position to a desired future state.

Detailed content of the Lecture:

Each phase of the Strategic Management consists of a number of elements. These elements are discrete and identifiable activities performed in logical and sequential steps. Some of such elements included in the different phases of the process of Strategic Management are mentioned below:

1. Establishing the hierarchy of strategic intent:
a) Creating and communicating a vision.
b) Designing a mission statement.
c) Defining the business.
d) Setting objectives.

2. Formulation of strategies:
a) Performing environmental appraisal.
b) Doing organisational appraisal.
c) Considering corporate level strategies.
d) Considering business level strategies.
e) Undertaking strategic analysis.
f) Exercising strategic choice.
g) Formulating strategies.
h) Preparing a strategic plan.

3. Implementation of strategies:
a) Activating strategies.
b) Designing structures and systems.

c) Managing behavioral implementation. d) Managing functional implementation. e) Operationalising strategies. 4. Performing strategic evaluation and control: a) Performing strategic evaluation. b) Exercising strategic control, and c) Reformulating strategies.
Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.10

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LECTURE HANDOUTS

L05

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Conceptual framework for strategic management

Introduction :
The concept of strategy is central to understanding the process of strategic management. The term "strategy" has entered in the field of management more recently.

Prerequisite knowledge for Complete understanding and learning of Topic:

- A plan or course of action or set of decision rules forming a pattern or creating a common thread.
- The pattern or common thread related to the organisation's activities which are derived from its policies, objectives and goals.
  Rrelated to persuing those activities which move an organisation from its current position to a desired future state.

Detailed content of the Lecture:
Each phase of the Strategic Management consists of a number of elements. These elements are discrete and identifiable activities performed in logical and sequential steps. Some of such elements included in the different phases of the process of Strategic Management are mentioned below:
1. Establishing the hierarchy of strategic intent:
a) Creating and communicating a vision.
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c) Defining the business.
d) Setting objectives.

2. Formulation of strategies:
a) Performing environmental appraisal.
b) Doing organisational appraisal.
c) Considering corporate level strategies.
d) Considering business level strategies.
e) Undertaking strategic analysis.
f) Exercising strategic choice.
g) Formulating strategies.
h) Preparing a strategic plan.

3. Implementation of strategies:
a) Activating strategies.
b) Designing structures and systems.

c) Managing behavioral implementation.
d) Managing functional implementation.
e) Operationalising strategies.

4. Performing strategic evaluation and control:
a) Performing strategic evaluation.
b) Exercising strategic control, and
c) Reformulating strategies.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.10-12

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LECTURE HANDOUTS

L06

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Strategic decision making
Introduction : Strategic decision-making is the process of charting a course based on long-term goals and a longer term vision. By clarifying your company's big picture aims, you'll have the opportunity to align your shorter term plans with this deeper, broader mission – giving your operations clarity and consistency.
Prerequisite knowledge for Complete understanding and learning of Topic: Strategic decisions are the decisions that are concerned with whole environment in which the firm operates, the entire resources and the people who form the company and the interface between the two.
Detailed content of the Lecture: • Strategic decisions have major resource propositions for an organization. These decisions may be concerned with possessing new resources, organizing others or reallocating others. • Strategic decisions deal with harmonizing organizational resource capabilities with the threats and opportunities. • Strategic decisions deal with the range of organizational activities. It is all about what they want the organization to be like and to be about. • Strategic decisions involve a change of major kind since an organization operates in ever-changing environment. • Strategic decisions are complex in nature. • Strategic decisions are at the top most level, are uncertain as they deal with the future, and involve a lot of risk. • Strategic decisions are different from administrative and operational decisions. Administrative decisions are routine decisions which help or rather facilitate strategic decisions or operational decisions. Operational decisions are technical decisions which help execution of strategic decisions. To reduce cost is a strategic decision which is achieved through operational decision of reducing the number of employees and how we carry out these reductions will be administrative decision.
Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.16

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LECTURE HANDOUTS

L07

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Strategic decision making

Introduction :
Strategic decision-making is the process of charting a course based on long-term goals and a longer term vision. By clarifying your company's big picture aims, you'll have the opportunity to align your shorter term plans with this deeper, broader mission – giving your operations clarity and consistency.

Prerequisite knowledge for Complete understanding and learning of Topic:
Strategic decisions are the decisions that are concerned with whole environment in which the firm operates, the entire resources and the people who form the company and the interface between the two.

Detailed content of the Lecture:

- Strategic decisions have major resource propositions for an organization. These decisions may be concerned with possessing new resources, organizing others or reallocating others.
- Strategic decisions deal with harmonizing organizational resource capabilities with the threats and opportunities.
- Strategic decisions deal with the range of organizational activities. It is all about what they want the organization to be like and to be about.
- Strategic decisions involve a change of major kind since an organization operates in ever-changing environment.
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LECTURE HANDOUTS

L08

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Issues in strategic decision making

Introduction :
Issues in Strategic Decision making: 1. Criteria for Decision making. Rationality in decision making. Creativity in decision making. Variability in decision making. Person related factors in decision making. Individual Versus Group Decision making.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Maximise customer influence.
- Differentiate the business.
- Reflect the context.
- The IT implications.

Detailed content of the Lecture:
Strategic decision-making is the process of charting a course based on long-term goals and a longer term vision. By clarifying your company's big picture aims, you'll have the opportunity to align your shorter term plans with this deeper, broader mission – giving your operations clarity and consistency.

Tip
Strategic decision making aligns short-term objectives with long-term goals, and a mission that defines your company's big picture purpose. Shorter term goals are expressed in quantifiable milestones that give you the capacity to measure your success and your adherence to your vision.

Mission and Vision
Strategic decision-making should start with a clear idea of your company's mission and vision – the reasons you exist as a business. Your business may be dedicated to providing environmental solutions, or you may simply want to make as much money as possible. Either way, if you know what you want over the long term, you'll be better positioned to infuse these aims and principles into your daily decisions. Start by writing your mission and your vision.

This statement can be as simple or complex as you wish, depending on the degree of formality you use in your everyday business decisions as you run your company. Even if your mission is only one sentence – the act of thinking about and articulating this sentence will help you develop a better idea of what you want. Having this written statement will also enable you to communicate your long-term vision to your employees and to other stakeholders, to get them on board with the strategic decisions you make.

Long-Term Goals

Long-term goals are the concrete embodiment of your mission and vision. A vision is an idea, and long-term goals are expressions of how these ideas play out – with milestones and real-world objectives. These goals are critical to the strategic decision-making process, because they guide your choices, and provide measurable and quantifiable ways to assess whether you are successfully aligning your company's direction with the values you've articulated to guide your business.

If your business designs environmentally friendly technologies, you might create a long-term goal of wanting to be carbon-neutral within five years. With this goal in mind, you'll then make strategic decisions aimed at reducing your carbon footprint during that time.

Short-Term Goals

It's easy to lose sight of the strategic decision-making process when you're focusing on short-term goals and decisions that concern day-to-day activities and issues. Short-term goals and decisions usually relate to immediate needs, such as improving cash flow so that you can cover outstanding bills. Despite the immediacy and urgency of these goals, your strategic decision-making process should still enable you to proceed with an eye toward both your vision and your longer term objectives.

If your values are centered around sustainability, and your company's official company car dies, it would be more consistent with your mission to finance a fuel-efficient replacement than to buy a cheap gas guzzler.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.15-16

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LECTURE HANDOUTS

L09

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Issues in strategic decision making

Introduction :

Issues in Strategic Decision making: 1. Criteria for Decision making. Rationality in decision making. Creativity in decision making. Variability in decision making. Person related factors in decision making. Individual Versus Group Decision making.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Maximise customer influence.
- Differentiate the business.
- Reflect the context.
- The IT implications.

Detailed content of the Lecture:

Strategic decision-making is the process of charting a course based on long-term goals and a longer term vision. By clarifying your company's big picture aims, you'll have the opportunity to align your shorter term plans with this deeper, broader mission – giving your operations clarity and consistency.

Tip

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Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.15-16

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LECTURE HANDOUTS

L10

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Strategy formation process

Introduction :

Strategy formulation is the process of determining and establishing the goals, mission and objectives of an organization, and identifying the appropriate and best courses or plans of action among all available alternative strategies to achieve them.

Prerequisite knowledge for Complete understanding and learning of Topic:

The process of strategy formulation basically involves six main steps. Though these steps do not follow a rigid chronological order, however they are very rational and can be easily followed in this order.

Detailed content of the Lecture:

Strategy formulation refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision. The process of strategy formulation basically involves six main steps. Though these steps do not follow a rigid chronological order, however they are very rational and can be easily followed in this order.

Setting Organizations' objectives - The key component of any strategy statement is to set the long-term objectives of the organization. It is known that strategy is generally a medium for realization of organizational objectives. Objectives stress the state of being there whereas Strategy stresses upon the process of reaching there. Strategy includes both the fixation of objectives as well the medium to be used to realize those objectives. Thus, strategy is a wider term which believes in the manner of deployment of resources so as to achieve the objectives.

While fixing the organizational objectives, it is essential that the factors which influence the selection of objectives must be analyzed before the selection of objectives. Once the objectives and the factors influencing strategic decisions have been determined, it is easy to take strategic decisions.

Evaluating the Organizational Environment - The next step is to evaluate the general economic and industrial environment in which the organization operates. This includes a review of the organizations competitive position. It is essential to conduct a qualitative and quantitative review of an organizations existing product line. The purpose of such a review is to make sure that the factors important for competitive success in the market can be discovered so that the management can identify their own strengths and weaknesses as well as their competitors' strengths and weaknesses.

After identifying its strengths and weaknesses, an organization must keep a track of competitors' moves and actions so as to discover probable opportunities of threats to its market or supply sources.

Setting Quantitative Targets - In this step, an organization must practically fix the quantitative target values for some of the organizational objectives. The idea behind this is to compare with long term customers, so as to evaluate the contribution that might be made by various product zones or operating departments.
Aiming in context with the divisional plans - In this step, the contributions made by each department or division or product category within the organization is identified and accordingly strategic planning is done for each sub-unit. This requires a careful analysis of macroeconomic trends.
Performance Analysis - Performance analysis includes discovering and analyzing the gap between the planned or desired performance. A critical evaluation of the organizations past performance, present condition and the desired future conditions must be done by the organization. This critical evaluation identifies the degree of gap that persists between the actual reality and the long-term aspirations of the organization. An attempt is made by the organization to estimate its probable future condition if the current trends persist.
Choice of Strategy - This is the ultimate step in Strategy Formulation. The best course of action is actually chosen after considering organizational goals, organizational strengths, potential and limitations as well as the external opportunities.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.19-20

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LECTURE HANDOUTS

L11

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Models of strategic management process

Introduction :
Strategic management process is a method by which managers conceive of and implement a strategy that can lead to a sustainable competitive advantage

Prerequisite knowledge for Complete understanding and learning of Topic:
- Organization’s culture.
- Leadership style.
- The experience the firm has in creating successful strategies.

Detailed content of the Lecture:

The process of strategic management lists what steps the managers should take to create a complete strategy and how to implement that strategy successfully in the company. It might comprise from 7 to nearly 30 steps[4] and tends to be more formal in well-established organizations.

The ways that strategies are created and realized differ. Thus, there are many different models of the process. The models vary between companies depending upon:

Organization’s culture.
Leadership style.
The experience the firm has in creating successful strategies.
All the examples of the process in this article represent top-down approach and belong to the ‘design school’.

Components of strategic planning process
There are many components of the process which are spread throughout strategic planning stages. Most often, the strategic planning process has 4 common phases: strategic analysis, strategy formulation, implementation and monitoring (David[5], Johnson, Scholes & Whittington[6], Rothaermel[1], Thompson and Martin[2]). For clearer understanding, this article represents 5 stages of strategic planning process:

Initial Assessment
Situation Analysis
Strategy Formulation
Strategy Implementation
Strategy Monitoring

Initial Assessment
Components: Vision statement & Mission statement
Tools used: Creating a Vision and Mission statements.

The starting point of the process is initial assessment of the firm. At this phase managers must clearly identify the company's vision and mission statements.

Business' vision answers the question: What does an organization want to become? Without visualizing the company's future, managers wouldn't know where they want to go and what they have to achieve. Vision is the ultimate goal for the firm and the direction for its employees.

In addition, mission describes company's business. It informs organization's stakeholders about the products, customers, markets, values, concern for public image and employees of the organization (David, p. 93)[5]. Thorough mission statement acts as guidance for managers in making appropriate (Rothaermel, p. 34)[1] daily decisions.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.21-25

Course Faculty

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LECTURE HANDOUTS

L12

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **I - Introduction** **Date of Lecture:**

Topic of Lecture: Strategy implementation

Introduction :
Strategic implementation is a process that puts plans and strategies into action to reach desired goals. The strategic plan itself is a written document that details the steps and processes needed to reach plan goals, and includes feedback and progress reports to ensure that the plan is on track.

Prerequisite knowledge for Complete understanding and learning of Topic:
Excellently formulated strategies will fail if they are not properly implemented. Also, it is essential to note that strategy implementation is not possible unless there is stability between strategy and each organizational dimension such as organizational structure, reward structure, resource-allocation process, etc.

Detailed content of the Lecture:
The 6-Step Guide to Strategy Implementation

We've put together our definitive guide to strategy implementation, but what is strategy implementation and how do you do it? Simply put, strategy implementation is the term used to describe the process or activity that ensure that strategic planning is actually executed. In other words, it's DOING what you said you would do when you were busy planning the strategy! There are six steps in our guide to strategy implementation that you can follow and ensure that your strategic plan evolves from just a plan, into a strategic implementation:

- Define your strategy framework
- Build your plan
- Define KPIs
- Establish your strategy rhythm
- Implement strategy reporting

Video Content / Details of website for further learning (if any):

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Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.21-25

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LECTURE HANDOUTS

L13

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Business level strategy

Introduction :
Business level strategies detail actions taken to provide value to customers and gain a competitive advantage by exploiting core competencies in specific, individual product or service markets.

Prerequisite knowledge for Complete understanding and learning of Topic:
Business level strategy is concerned with the strategic planning and execution of initiatives for a specific business. Business strategy is considered the 'middle' level in the overall strategy hierarchy.

Detailed content of the Lecture:

Business Strategy

In order to better understand how business level strategy differs from other strategy levels, it is useful to look at some examples of business level strategy as it is applied 'on the ground'. In very general terms, we can distinguish five strategies that organizations can utilize at a business level to foster competitive advantage.

Cost Leadership

Offering a product at a lower price than competitors is the most straightforward way in which businesses compete for customers. Business units can reduce costs by a number of means - building better facilities, investing in tooling or reducing the cost of overheads, minimizing costs of R&D, POS and so forth.

Differentiation

Rather than focusing on lowering costs and passing those reduced costs onto customers, differentiation strategies emphasize the development and marketing of products in a manner which provides greater value to customers. In the laptop market, Apple has invested heavily in R&D, customer service and marketing, successfully carving a niche which allows Apple to charge substantially more than other manufacturers without compromising market share. If you're looking at pursuing a differentiation strategy, Mckinsey's Three Horizons of Growth is a great framework to use.

Focused low cost

In addition to reducing cost, businesses may choose to further focus their efforts by targeting only one subset of the market. For example, a tool manufacturer choosing to focus only on the professional tradesperson market.

Focused differentiation

In much the same way, businesses may choose to differentiate themselves from their competitors while simultaneously focusing their efforts on a smaller subset of their customer base. While it may seem counter intuitive, focused strategies can be highly effective - with a smaller, better understood customer base, businesses are able to more accurately anticipate their customers' needs - making the process of creating value significantly easier in some cases.

Integrated low cost/differentiation
For some businesses, the optimal approach may be a hybrid strategy, emphasizing both low cost, as well as differentiation. The rise of so called 'premium fast food' restaurants, which offer both the low price associated with more established fast food chains, as well as a differentiated range of offerings, is a testament to the effectiveness of this strategy.

If you're struggling to decide on the best business strategy to pursue for you business unit, Value Disciplines is a great framework to help point you in the right direction for your company.

How to Write A Business Strategic Plan
Once you've chosen the type of business strategy you'd like to pursue, you'll need to write a strategic plan to address all the actions your business unit will undertake to achieve its vision. We've already written in depth on how to write a strategic plan, but here is a quick overview of how to write a business strategic plan.

Business-Strategy-Model

Vision
Your vision statement defines where you want to get to. Do not start your strategic plan without defining your Vision Statement! Lots of articles have been written about the value of a good Vision Statement - here's our guide to writing one.

Values
Values represent how you'll behave as an organization as you work towards your vision. Too often, organizations simply throw out words that they think will sound good in a glossy marketing brochure but have little relevance to anything else. Our take on 'Values' is subtly different and hopefully somewhat more pragmatic. Think of Values as the 'enablers' of your Vision Statement. Don't be afraid to be honest about how you want your people to act and think.

Focus Areas
Your focus areas are the high level things that you'll be focusing your efforts towards as you strive towards your vision. Focus Areas should be tighter in definition than your Vision Statement - but not to the level of having any particular metric or deadline.

Strategic Objectives
Strategic objectives represent what you want to accomplish - they're reasonably high level, but should still have a deadline attached. Your Strategic Objectives should align to one or more of your Focus Areas. Typically you'll have 3-6 objectives for each focus area.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.240-242

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LECTURE HANDOUTS

L14

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Meaning , dynamics of business level strategy

Introduction :
Strategy Dynamics explains how business performance has developed up to the current date, and how to develop and implement strategies to improve future performance. The approach emphasises building and sustaining the resources and capabilities needed to succeed. Strategy Dynamics focuses on performance over time.

Prerequisite knowledge for Complete understanding and learning of Topic:
The dynamics of strategy and performance concerns the 'content' of strategy – initiatives, choices, policies and decisions adopted in an attempt to improve performance, and the results that arise from these managerial behaviors.

Detailed content of the Lecture:
A possible dynamic model of strategy and performance
To develop a dynamic model of strategy and performance requires components that explain how factors change over time. Most of the relationships on which business analysis are based describe relationships that are static and stable over time. For example, "profits = revenue minus costs", or "market share = our sales divided by total market size" are relationships that are true. Static strategy tools seek to solve the strategy problem by extending this set of stable relationships, e.g. "profitability = some complex function of product development capability". Since a company's sales clearly change over time, there must be something further back up the causal chain that makes this happen. One such item is 'customers' – if the firm has more customers now than last month, then (everything else being equal), it will have more sales and profits.

The number of 'Customers' at any time, however, cannot be calculated from anything else. It is one example of a factor with a unique characteristic, known as an 'asset-stock'. This critical feature is that it accumulates over time, so "customers today = customers yesterday +/- customers won and lost". This is not a theory or statistical observation, but is axiomatic of the way the world works. Other examples include cash (changed by cash-in and cash-out-flows), staff (changed by hiring and attrition), capacity, product range and dealers. Many intangible factors behave in the same way, e.g. reputation and staff skills. Dierickx and Cool (1989) point out that this causes serious problems for explaining performance over time:

Time compression diseconomies i.e. it takes time to accumulate resources.
Asset Mass Efficiencies 'the more you have, the faster you can get more'..
Interconnectedness of Asset Stocks .. building one resource depends on other resources already in place.
Asset erosion .. tangible and intangible assets alike deteriorate unless effort and expenditure are committed to maintaining them

Causal ambiguity .. it can be hard to work out, even for the firm who owns a resource, why exactly it accumulates and depletes at the rate it does.
The consequences of these features is that relationships in a business system are highly non-linear. Statistical analysis will not, then, be able meaningfully to confirm any causal explanation for the number of customers at any moment in time. If that is true then statistical analysis also cannot say anything useful about any performance that depends on customers or on other accumulating asset-stocks – which is always the case.

Fortunately, a method known as system dynamics captures both the math of asset-stock accumulation (i.e. resource- and capability-building), and the interdependence between these components (Forrester, 1961; Sterman, 2000). The asset-stocks relevant to strategy performance are resources [things we have] and capabilities [things we are good at doing]. This makes it possible to connect back to the resource-based view, though with one modification. RBV asserts that any resource which is clearly identifiable, and can easily be acquired or built, cannot be a source of competitive advantage, so only resources or capabilities that are valuable, rare, hard to imitate or buy, and embedded in the organization [the 'VRIO' criteria] can be relevant to explaining performance, for example reputation or product development capability. Yet day-to-day performance must reflect the simple, tangible resources such as customers, capacity and cash. VRIO resources may be important also, but it is not possible to trace a causal path from reputation or product development capability to performance outcomes without going via the tangible resources of customers and cash.

Video Content / Details of website for further learning (if any):

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Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.241

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LECTURE HANDOUTS

L15

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

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Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.236

Course Faculty

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Course Name with Code : 19MBB08 – STRATEGIC MANAGEMENT

Course Faculty : S.SENTHILKUMAR

Unit : II - STRATEGIC FORMULATION **Date of Lecture:**

Topic of Lecture: Corporate level strategy

Introduction :
A corporate-level strategy is when a business makes a decision that affects the whole company. A corporate-level strategy affects a company's finances, management, human resources, and where the products are sold.

Prerequisite knowledge for Complete understanding and learning of Topic:
Everything you need to know about the types of corporate level strategy.

Detailed content of the Lecture:
Everything you need to know about the types of corporate level strategy.

Corporate level strategy addresses the entire strategic scope of the firm. It is a “big picture” view of the organisation and includes deciding in which, product or service markets to compete and in which, geographic regions to operate.

For a multi-business firm, the resource allocation process-how cash, staffing, equipment and other resources are distributed – is established at the corporate level.

Corporate strategy is about strategic decisions about determining overall scope and direction of a corporation and the way in which its various business units work together to attain particular goals.

Corporate-level strategy is an action taken to gain a competitive advantage through the selection and management of combination of businesses competing in several industries or product markets.

Corporate strategies are normally expected to help the firm earn above- average profits and create value for the shareholders. Corporate strategy addresses the issues of a multi-business firm as a whole.

Some of the types of corporate level strategies are as follows:-

1. Stability Strategy 2. Expansion Strategy 3. Retrenchment Strategy 4. Combination Strategy 5. Merger Strategy 6. Restructure Strategy 7. Diversification Strategy 8. Defensive Strategy 9. Stability Strategy.

According to Glueck, there are four generic ways in which alternatives can be considered: stability, expansion, retrenchment, and combination. These generic strategies are sometimes referred to as grand strategies. Firms explore the generic strategy alternatives while formulating their corporate strategy because only through this exploration they can locate the particular route best suited for achieving the chosen growth objective.

The business definition for a small firm would be simple while for a large complex and diversified firm consisting of several businesses it would be quite complex. Each business could be defined in terms of customer group, customer functions or alternative technologies. The business definition of large firms is complex due to the fact that each of its businesses defined in terms of products, markets and functions along the four dimensions of generic strategies.

Corporate level strategy is concerned with two main questions:

(1) What business areas should a company participate in so as to maximize its long-term profitability?

(2) What strategies should it use to enter into and exit from business areas?

In other words, corporate-level strategies are basically about decisions related to allocating resources among the different businesses of a firm, transferring resources from one set of businesses to others, and managing a portfolio of businesses in such a way that the overall corporate objectives are achieved. An analysis based on business definition provides a set of strategic alternatives that an organization can consider.

Type # 1. Stability Strategy:
When a company finds that it should continue in the existing business and is doing reasonably well in that business but no scope for significant growth, the stability is the strategy to be adopted.

Jauch and Glueck observe, 'a stability strategy is a strategy that a firm pursues when- 1. It continues to serve the customers in the same product or service, market, and function sectors as defined in its business definition, or in very similar sectors. 2. Its main strategic decisions focus on incremental improvement of functional performance.'

The stability strategy is not a "do nothing" strategy. It may involve incremental improvements.

Long-term stability strategy also requires reinvestment, R& D and innovation. However, the business definition remains the same.

Reasons for Adopting Stability Strategy:

1. The company is doing fairly well or perceives itself as successful and expects the same in the future.

2. The stability strategy is less risky. Frequent changes involving new products or new ways of doing things may lead to failure of the firm. The larger the firm and the more successful it has been, the greater is the resistance to the risk.

3. The stability strategy can evolve because the managers prefer action to thought and do not tend to consider any other alternatives. Many of the firms that follow stability strategy do this unconsciously. Such companies react to the changes in the forces in the environment.

4. To follow a stability strategy, it is easier and more comfortable for all concerned as activities

take place in routines.

5. The management pursuing stability strategy does not have the mind-set of a strategist to appraise the environmental opportunities and threats and take advantage of the opportunities.

6. The company that has core competence in the existing business does not want to take the risk of diverting attention from the current business by opting for diversification.

7. It is a frequently employed strategy.

An organization adopts the stability strategy when it aims at an incremental improvement of its functional performance but marginal changes to one or more of its businesses in terms of their respective customer groups, customer functions or alternative technologies are required. Its focus is confined to improving functional efficiencies in an increment way, through better deployment and utilization of resources.

This strategy involves redefining the business either adding to the scope of activity or substantially increasing the efforts of the present business.

When expansion strategy is pursued, it could lead to addition of new products or new markets or functions. Even without a change in business definition many firms undertake major increases in the pace of activities.

Expansion strategy is often considered as "entrepreneurial" strategy where firms develop and introduce new products and markets or penetrate markets to build share. Expansion is usually thought as the way to improve performance.

Strategists need to distinguish between desirable and undesirable expansion.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.214 -216

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LECTURE HANDOUTS

L17

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Corporate level strategy

Introduction :
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LECTURE HANDOUTS

L18

MBA

II / III

Course Name with Code : 19MBB08 – STRATEGIC MANAGEMENT

Course Faculty : S.SENTHILKUMAR

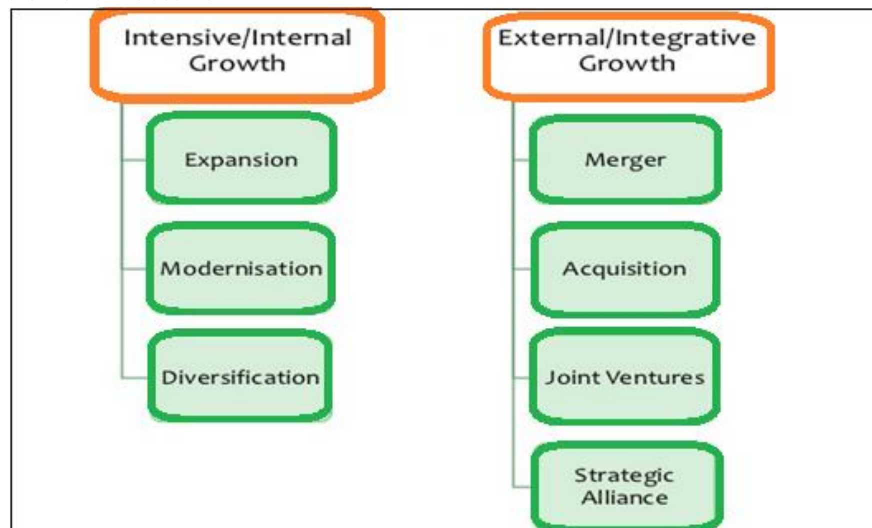
Unit : II - STRATEGIC FORMULATION **Date of Lecture:**

Topic of Lecture: Expansion strategy

Introduction :
Expansion Strategy. ... In other words, when a firm aims to grow considerably by broadening the scope of one of its business operations in the perspective of customer groups, customer functions and technology alternatives, either individually or jointly, then it follows the Expansion Strategy.

Prerequisite knowledge for Complete understanding and learning of Topic:
Internal growth strategies perform several actions that include Designing and developing new products/services, building on existing products/services for new opportunities, increase sales of products/services through better market reach, expanding existing product lines and service offerings, reaching out for new markets and expansion into foreign markets.

Detailed content of the Lecture:



Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.178

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LECTURE HANDOUTS

L19

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

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Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

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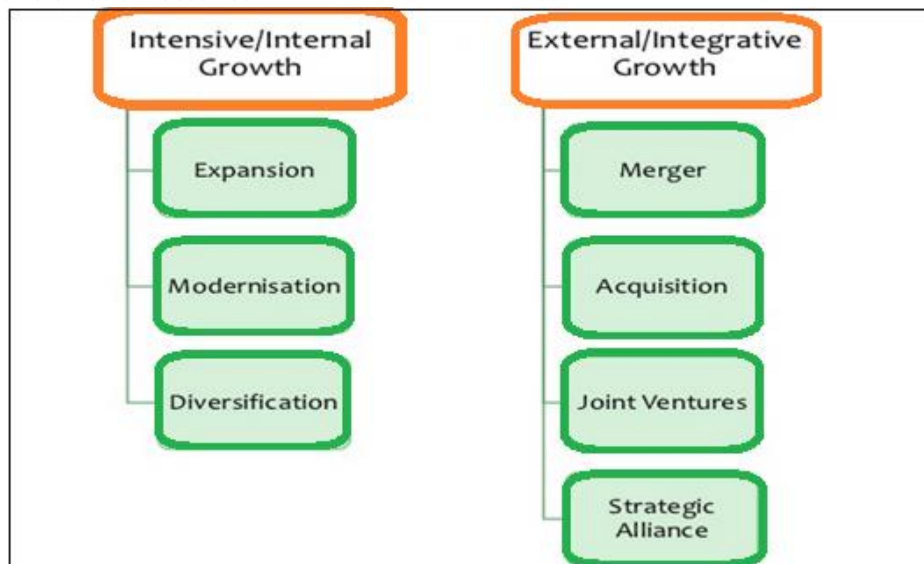

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LECTURE HANDOUTS

L20

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Stability strategy

Introduction :
A stability strategy refers to a strategy by a company where the company stops the expenditure on expansion, in other words it refers to situation where company do not venture into new markets or introduce new products. Stability strategy is adopted by company due to following reasons

Prerequisite knowledge for Complete understanding and learning of Topic:

- No-Change Strategy
- Profit Strategy
- Pause/Proceed with Caution Strategy

Detailed content of the Lecture:
The Stability Strategy is adopted when the organization attempts to maintain its current position and focuses only on the incremental improvement by merely changing one or more of its business operations in the perspective of customer groups, customer functions and technology alternatives, either individually or collectively.

Generally, the stability strategy is adopted by the firms that are risk averse, usually the small scale businesses or if the market conditions are not favorable, and the firm is satisfied with its performance, then it will not make any significant changes in its business operations. Also, the firms, which are slow and reluctant to change finds the stability strategy safe and do not look for any other options.

Stability Strategies could be of three types:

Stability Strategy

No-Change Strategy
Profit Strategy
Pause/Proceed with Caution Strategy
To have a better understanding of Stability Strategy go through the following examples in the context of customer groups, customer functions and technology alternatives.

The publication house offers special services to the educational institutions apart from its consumer sale through the market intermediaries, with the intention to facilitate a bulk buying.
The electronics company provides better after-sales services to its customers to make the customer happy and improve its product image.
The biscuit manufacturing company improves its existing technology to have the efficient

productivity. In all the above examples, the companies are not making any significant changes in their operations, they are serving the same customers with the same products using the same technology.
Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.148

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LECTURE HANDOUTS

L21

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Retrenchment strategies

Introduction :

The Retrenchment Strategy is adopted when an organization aims at reducing its one or more business operations with the view to cut expenses and reach to a more stable financial position.

Prerequisite knowledge for Complete understanding and learning of Topic:

A strategy used by corporations to reduce the diversity or the overall size of the operations of the company. This strategy is often used in order to cut expenses with the goal of becoming a more financial stable business.

Detailed content of the Lecture:

Retrenchment strategy is a practice done by organizations to gain a better financial position by lowering or reducing the costs of any of its business operation.

1. General strategy:

Nowadays, retrenchment is the easiest way to see through the damages and revoke policies that did not fare well.

This dire step comes to pass when a company has suffered a heavy loss at the hands of their own foolish investment.

Evidently, this is a huge blow to the company’s fund despite the murderous competition that goes on constantly.

Retrenchment in business, therefore, seems to be the immediate and most effective measure at times like this. The process on a whole focuses on rightsizing the excess involvements of the company in order to catch an instant breath.

2. Formidable diversity:

Eliminate all funding that seems most unlikely to fetch a reason for sustaining them. Cancel all impending projects or transactions that are underway to prevent further monetary loss.

Nevertheless, it is crucial to foster a few areas of work regardless of what it costs the company. These few unique areas of work which have seen through the company’s success earlier on are to be given special importance.

Whereas, an excess branch of work reaping no big fortune and showing no sign of further improvement are to be done away immediately.

It is important to maintain a formidable diversity in branches of work at a company rather than giving rise to a large number to unnecessary work plans.

3. Financial security:
Companies too try retrenchment in strategic management entirely to put a hold to the different losses.

Retrenchment aims at cutting down on all expensive fields. This gives way to maintaining a low budget plan to make sure there is not any financial drop.

Moreover, this gives the employers time to think over the bad investments and about the necessary steps that have to be taken in order to prevent other managerial fiascos.

Nevertheless, retrenchment mainly involves curtailing of different excess positions that are not of much use to the company's well-being.

However, downsizing or laying of employees definitely runs the risk of losing devoted employees while eliminating redundant avenues.

4. Forming Goals:
Definitely having goals that will lead to success is the primary interest of any enterprise. The first and foremost target of the retrenchment strategies is giving life to the goals.

There are times when investments take a downward turn and best business strategy goes awry and the only sensible solution to this is to be calm and brave.

Retrenchment, however, manages to ease the impact of such a blow by saving funds that were not being put to good use.

More often, companies suffer in amateur hands since many a time company managers take bad decisions and are too late to realize it. It is in such times that retrenchment comes to their tremendous help in giving them enough time to fix the problems without much harassment.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.216

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LECTURE HANDOUTS

L22

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Diversifiication and strategic alliances

Introduction :
A diversifying strategic alliance is a corporate level cooperative strategy in which firms share some of their resources and capabilities to diversify into new product or market areas

Prerequisite knowledge for Complete understanding and learning of Topic:
A strategic alliance (also see strategic partnership) is an agreement between two or more ... Access to new technology, intellectual property rights; Create critical mass, common standards, new businesses; Diversification; Improve agility, R&D.

Detailed content of the Lecture:
Types of Strategic Alliances
There are three types of strategic alliances: Joint Venture, Equity Strategic Alliance, and Non-equity Strategic Alliance.
#1 Joint Venture
A joint venture is established when the parent companies establish a new child company. For example, Company A and Company B (parent companies) can form a joint venture by creating Company C (child company).

#2 Equity Strategic Alliance
An equity strategic alliance is created when one company purchases a certain equity percentage of the other company. If Company A purchases 40% of the equity in Company B, an equity strategic alliance would be formed.

#3 Non-equity Strategic Alliance
A non-equity strategic alliance is created when two or more companies sign a contractual relationship to pool their resources and capabilities together.

Reasons for Strategic Alliances
To understand the reasoning for strategic alliances, let us consider three different product life cycles: Slow cycle, Standard cycle, and Fast cycle. The product life cycle is determined by the need to innovate and continually create new products in an industry. For example, the pharmaceutical industry operates a slow product lifecycle, while the software industry operates in a fast product lifecycle. For companies whose product falls in a different product lifecycle, the reasoning for strategic alliances are different:

#1 Slow Cycle
In a slow cycle, the company's competitive advantages are shielded for relatively long periods of time. The pharmaceutical industry operates in a slow product life cycle as the products are not developed yearly and patents last a long time.

#2 Standard Cycle
In a standard cycle, the company launches a new product every few years and may or may not be able to maintain their leading position in an industry.

Strategic alliances are formed to gain market share, try to push out other companies, pool resources for large capital projects, establish economies of scale, and gain access to complementary resources.

#3 Fast Cycle
In a fast cycle, the company's competitive advantages are not protected and companies operating in a fast product lifecycle need to constantly develop new products/services to survive.

Strategic alliances are formed to speed up the development of new goods or services, share R&D expenses, streamline market penetration, and overcome uncertainty.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.158

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LECTURE HANDOUTS

L23

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Risk of diversification

Introduction :
Risk diversification consists of spreading risk out into numerous areas to ensure that the potential negative effects of exposure to any one variable are limited.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Diversification reduces risk by investing in investments that span different financial instruments, industries, and other categories.
- Risk can be both undiversifiable or systemic, and diversifiable or unsystemic.
- Investors may find balancing a diversified portfolio complicated and expensive, and it may come with lower rewards because the risk is mitigated.

Detailed content of the Lecture:

Diversification by Asset Class

Fund managers and investors often diversify their investments across asset classes and determine what percentages of the portfolio to allocate to each. Classes can include:

Stocks—shares or equity in a publicly traded company
Bonds—government and corporate fixed-income debt instruments
Real estate—land, buildings, natural resources, agriculture, livestock, and water and mineral deposits
Exchange-traded funds (ETFs)—a marketable basket of securities that follow an index, commodity, or sector
Commodities—basic goods necessary for the production of other products or services
Cash and short-term cash-equivalents (CCE)—Treasury bills, certificate of deposit (CD), money market vehicles, and other short-term, low-risk investments
They will then diversify among investments within the assets classes, such as by selecting stocks from various sectors that tend to have low return correlation, or by choosing stocks with different market capitalizations. In the case of bonds, investors can select from investment-grade corporate bonds, U.S. Treasuries, state and municipal bonds, high-yield bonds and others.

Foreign Diversification
Investors can reap further diversification benefits by investing in foreign securities because they tend to be less closely correlated with domestic ones. For example, forces depressing the U.S. economy may not affect Japan's economy in the same way. Therefore, holding Japanese stocks gives an investor a small cushion of protection against losses during an American economic downturn.

Diversification and the Retail Investor

Time and budget constraints can make it difficult for noninstitutional investors—i.e., individuals—to create an adequately diversified portfolio. This challenge is a key reason why mutual funds are so popular with retail investors. Buying shares in a mutual fund offers an inexpensive way to diversify investments.

While mutual funds provide diversification across various asset classes, exchange-traded funds (ETFs) afford investor access to narrow markets such as commodities and international plays that would ordinarily be difficult to access. An individual with a $100,000 portfolio can spread the investment among ETFs with no overlap.

Disadvantages of Diversification

Reduced risk, a volatility buffer: The pluses of diversification are many. However, there are drawbacks, too. The more holdings a portfolio has, the more time-consuming it can be to manage—and the more expensive, since buying and selling many different holdings incurs more transaction fees and brokerage commissions. More fundamentally, diversification's spreading-out strategy works both ways, lessening both the risk and the reward.

Pros

Reduces portfolio risk

Hedges against market volatility

Offers higher returns long-term

Cons

Limits gains short-term

Time-consuming to manage

Incurs more transaction fees, commissions

Diversification and Smart Beta

Smart beta strategies offer diversification by tracking underlying indices but do not necessarily weigh stocks according to their market cap. ETF managers further screen equity issues on fundamentals and rebalance portfolios according to objective analysis and not just company size. While smart beta portfolios are unmanaged, the primary goal becomes outperformance of the index itself.

Real World Example

Say an aggressive investor who can assume a higher level of risk, wishes to construct a portfolio composed of Japanese equities, Australian bonds, and cotton futures. He can purchase stakes in the iShares MSCI Japan ETF, the Vanguard Australian Government Bond Index ETF, and the iPath Bloomberg Cotton Subindex Total Return ETN, for example.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.161

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LECTURE HANDOUTS | **L24**

MBA | **II / III**

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **II - STRATEGIC FORMULATION** **Date of Lecture:**

Topic of Lecture: Diversification strategies in the Indian context

Introduction :
Risk diversification consists of spreading risk out into numerous areas to ensure that the potential negative effects of exposure to any one variable are limited.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Diversification reduces risk by investing in investments that span different financial instruments, industries, and other categories.
- Risk can be both undiversifiable or systemic, and diversifiable or unsystemic.

Investors may find balancing a diversified portfolio complicated and expensive, and it may come with lower rewards because the risk is mitigated.

Detailed content of the Lecture:

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Fund managers and investors often diversify their investments across asset classes and determine what percentages of the portfolio to allocate to each. Classes can include:

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Pros
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Offers higher returns long-term

Cons
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Time-consuming to manage
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Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.162

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LECTURE HANDOUTS

L25

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Dynamics of internal environment

Introduction :

The dynamics internal environment consists of: Organizational resources :They are bundle of tangible and intangible resources. Human,physical and financial resources ,tangible. ... The factors are :management philosophy,shared values,quality of work life,organizational politics and use of power.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Organizational Culture
- Internal Control
- Business Environment
- Micro Environment
- Macro Environment

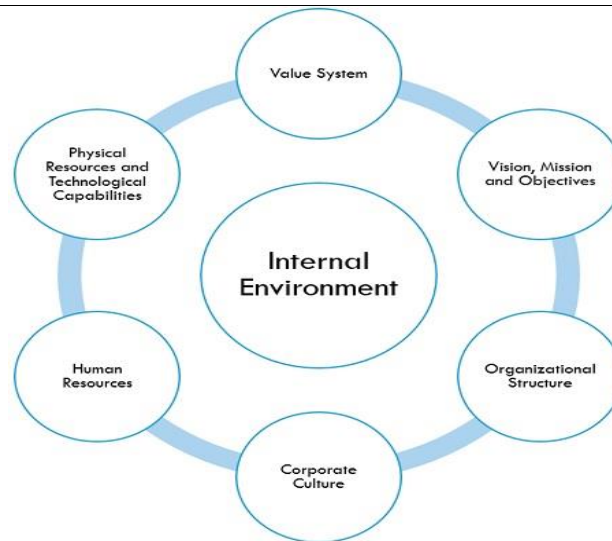
Detailed content of the Lecture:

Definition: Internal environment is a component of the business environment, which is composed of various elements present inside the organization, that can affect or can be affected with, the choices, activities and decisions of the organization.

In other words, the internal environment refers to the culture, members, events and factors within an organization that has the ability to influence the decisions of the organization, especially the behaviour of its human resource. Here, members refer to all those people which are directly or indirectly related to the organization such as owner, shareholders, managing director, board of directors, employees, and so forth.

Factors Influencing Internal Environment

The factors which are under the control of the organization, but can influence business strategy and other decisions are termed as internal factors. It includes:



Value System: Value system consists of all those components that are a part of regulatory frameworks, such as culture, climate, work processes, management practices and norms of the organization. The employees should perform the activities within the purview of this framework.
Vision, Mission and Objectives: The company's vision describes its future position, mission defines the company's business and the reason for its existence and objectives implies the ultimate aim of the company and the ways to reach those ends.
Organizational Structure: The structure of the organization determines the way in which activities are directed in the organization so as to reach the ultimate goal. These activities include the delegation of the task, coordination, the composition of the board of directors, level of professionalization, and supervision. It can be matrix structure, functional structure, divisional structure, bureaucratic structure, etc.
Corporate Culture: Corporate culture or otherwise called an organizational culture refers to the values, beliefs and behaviour of the organization that ascertains the way in which employees and management communicate and manage the external affairs.
Human Resources: Human resource is the most valuable asset of the organization, as the success or failure of an organization highly depends on the human resources of the organization.
Physical Resources and Technological Capabilities: Physical resources refers to the tangible assets of the organization that play an important role in ascertaining the competitive capability of the company. Further, technological capabilities imply the technical know-how of the organization.
Internal environmental factors have a direct impact on a firm. Further, these factors can be altered as per the needs and situation, so as to adapt accordingly in the dynamic business environment.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.71

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LECTURE HANDOUTS

L26

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Dynamics of internal environment

Introduction :
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Prerequisite knowledge for Complete understanding and learning of Topic:

- Organizational Culture
- Internal Control
- Business Environment
- Micro Environment
- Macro Environment

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Definition: Internal environment is a component of the business environment, which is composed of various elements present inside the organization, that can affect or can be affected with, the choices, activities and decisions of the organization.

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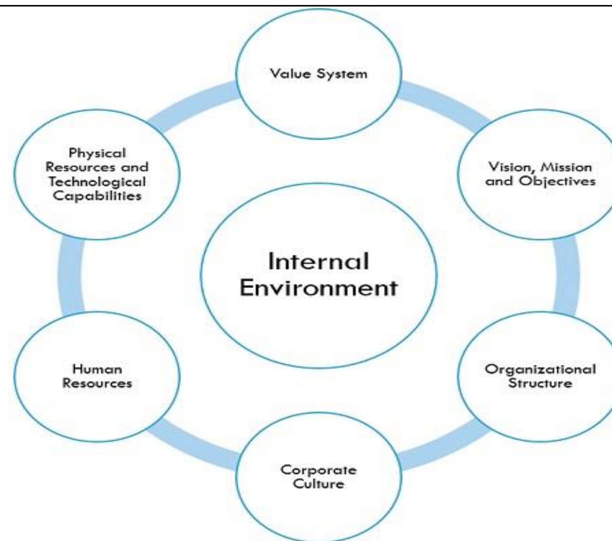
Factors Influencing Internal Environment

The factors which are under the control of the organization, but can influence business strategy and other decisions are termed as internal factors. It includes:



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LECTURE HANDOUTS

L27

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Porter's five forces model

Introduction :
Porter's Five Forces is a business analysis model that helps to explain why various industries are able to sustain different levels of profitability. The model was published in Michael E. ... The five forces are frequently used to measure competition intensity, attractiveness, and profitability of an industry or market.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Cost advantage independent of size
- Economies of scale
- Product differentiation
- Brand equity

Detailed content of the Lecture:
Porter's Five Forces Framework is a method for analyzing competition of a business. It draws from industrial organization (IO) economics to derive five forces that determine the competitive intensity and, therefore, the attractiveness (or lack of it) of an industry in terms of its profitability. An "unattractive" industry is one in which the effect of these five forces reduces overall profitability. The most unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven to normal profit levels. The five-forces perspective is associated with its originator, Michael E. Porter of Harvard University. This framework was first published in Harvard Business Review in 1979.[1]

1* Threat of new entrants
Profitable industries that yield high returns will attract new entities. New entrants eventually will decrease profitability for other firms in the industry. Unless the entry of new firms can be made more difficult by incumbents, abnormal profitability will fall towards zero (perfect competition), which is the minimum level of profitability required to keep an industry in business.

The following factors can have an effect on how much of a threat new entrants may poseThe existence of barriers to entry (patents, rights, etc.). The most attractive segment is one in which entry barriers are high and exit barriers are low. It's worth noting, however, that high barriers to entry almost always make exit more difficult.
Government policy such as sanctioned monopolies, legal franchise requirements, or regulatory requirements.
Capital requirements - clearly the Internet has influenced this factor dramatically. Web sites and apps can be launched cheaply and easily as opposed to the brick and mortar industries of the past.

Absolute cost
Cost advantage independent of size
Economies of scale
Product differentiation
Brand equity
Switching costs are well illustrated by structural market characteristics such as supply chain integration but also can be created by firms. Airline frequent flyer programs are an example.
Expected retaliation - For example, a specific characteristics of oligopoly markets is that prices generally settle at an equilibrium because any price rises or cuts are easily matched by the competition.
Access to distribution channels
Customer loyalty to established brands. This can be accompanied by large brand advertising expenditures or similar mechanisms of maintained brand equity.
Industry profitability (the more profitable the industry, the more attractive it will be to new competitors)[citation needed]
2* Threat of substitutes
A substitute product uses a different technology to try to solve the same economic need. Examples of substitutes are meat, poultry, and fish; landlines and cellular telephones; airlines, automobiles, trains, and ships; beer and wine; and so on. For example, tap water is a substitute for Coke, but Pepsi is a product that uses the same technology (albeit different ingredients) to compete head-to-head with Coke, so it is not a substitute. Increased marketing for drinking tap water might "shrink the pie" for both Coke and Pepsi, whereas increased Pepsi advertising would likely "grow the pie" (increase consumption of all soft drinks), while giving Pepsi a larger market share at Coke's expense.

Potential factors:
Buyer propensity to substitute. This aspect incorporated both tangible and intangible factors. Brand loyalty can be very important as in the Coke and Pepsi example above; however contractual and legal barriers are also effective.
Relative price performance of substitute
Buyer's switching costs. This factor is well illustrated by the mobility industry. Uber and its many competitors took advantage of the incumbent taxi industry's dependence on legal barriers to entry and when those fell away, it was trivial for customers to switch. There were no costs as every transaction was atomic, with no incentive for customers not to try another product.
Perceived level of product differentiation which is classic Michael Porter in the sense that there are only two basic mechanisms for competition - lowest price or differentiation. Developing multiple products for niche markets is one way to mitigate this factor.
Number of substitute products available in the market
Ease of substitution
Availability of close substitute
3* Bargaining power of customers
The bargaining power of customers is also described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes. Firms can take measures to reduce buyer power, such as implementing a loyalty program. Buyers' power is high if buyers have many alternatives. It is low if they have few choices.

Potential factors:
Buyer concentration to firm concentration ratio
Degree of dependency upon existing channels of distribution
Bargaining leverage, particularly in industries with high fixed costs
Buyer switching costs
Buyer information availability
Availability of existing substitute products
Buyer price sensitivity

Differential advantage (uniqueness) of industry products
RFM (customer value) Analysis
4* Bargaining power of suppliers
The bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm when there are few substitutes. If you are making biscuits and there is only one person who sells flour, you have no alternative but to buy it from them. Suppliers may refuse to work with the firm or charge excessively high prices for unique resources.

Potential factors are:
Supplier switching costs relative to firm switching costs
Degree of differentiation of inputs
Impact of inputs on cost and differentiation
Presence of substitute inputs
Strength of distribution channel
Supplier concentration to firm concentration ratio
Employee solidarity (e.g. labor unions)
Supplier competition: the ability to forward vertically integrate and cut out the buyer.
5* Competitive rivalry
For most industries the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. Having an understanding of industry rivals is vital to successfully marketing a product. Positioning pertains to how the public perceives a product and distinguishes it from competitors‘. An organization must be aware of its competitors' marketing strategies and pricing and also be reactive to any changes made.

Potential factors:
Sustainable competitive advantage through innovation
Competition between online and offline organizations
Level of advertising expense
Powerful competitive strategy which could potentially be realized by adhering to Porter‘s work on low cost versus differentiation.
Firm concentration ratio

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.287

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LECTURE HANDOUTS

L28

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Porter's five forces model

Introduction :
Porter's Five Forces is a business analysis model that helps to explain why various industries are able to sustain different levels of profitability. The model was published in Michael E. ... The five forces are frequently used to measure competition intensity, attractiveness, and profitability of an industry or market.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Cost advantage independent of size
- Economies of scale
- Product differentiation
- Brand equity

Detailed content of the Lecture:
Porter's Five Forces Framework is a method for analyzing competition of a business. It draws from industrial organization (IO) economics to derive five forces that determine the competitive intensity and, therefore, the attractiveness (or lack of it) of an industry in terms of its profitability. An "unattractive" industry is one in which the effect of these five forces reduces overall profitability. The most unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven to normal profit levels. The five-forces perspective is associated with its originator, Michael E. Porter of Harvard University. This framework was first published in Harvard Business Review in 1979.[1]

1* Threat of new entrants
Profitable industries that yield high returns will attract new entities. New entrants eventually will decrease profitability for other firms in the industry. Unless the entry of new firms can be made more difficult by incumbents, abnormal profitability will fall towards zero (perfect competition), which is the minimum level of profitability required to keep an industry in business.

The following factors can have an effect on how much of a threat new entrants may poseThe existence of barriers to entry (patents, rights, etc.). The most attractive segment is one in which entry barriers are high and exit barriers are low. It's worth noting, however, that high barriers to entry almost always make exit more difficult.
Government policy such as sanctioned monopolies, legal franchise requirements, or regulatory requirements.
Capital requirements - clearly the Internet has influenced this factor dramatically. Web sites and apps can be launched cheaply and easily as opposed to the brick and mortar industries of the past.
Absolute cost

Cost advantage independent of size
Economies of scale
Product differentiation
Brand equity
Switching costs are well illustrated by structural market characteristics such as supply chain integration but also can be created by firms. Airline frequent flyer programs are an example.
Expected retaliation - For example, a specific characteristics of oligopoly markets is that prices generally settle at an equilibrium because any price rises or cuts are easily matched by the competition.
Access to distribution channels
Customer loyalty to established brands. This can be accompanied by large brand advertising expenditures or similar mechanisms of maintained brand equity.
Industry profitability (the more profitable the industry, the more attractive it will be to new competitors)[citation needed]
2* Threat of substitutes
A substitute product uses a different technology to try to solve the same economic need. Examples of substitutes are meat, poultry, and fish; landlines and cellular telephones; airlines, automobiles, trains, and ships; beer and wine; and so on. For example, tap water is a substitute for Coke, but Pepsi is a product that uses the same technology (albeit different ingredients) to compete head-to-head with Coke, so it is not a substitute. Increased marketing for drinking tap water might "shrink the pie" for both Coke and Pepsi, whereas increased Pepsi advertising would likely "grow the pie" (increase consumption of all soft drinks), while giving Pepsi a larger market share at Coke's expense.

Potential factors:
Buyer propensity to substitute. This aspect incorporated both tangible and intangible factors. Brand loyalty can be very important as in the Coke and Pepsi example above; however contractual and legal barriers are also effective.
Relative price performance of substitute
Buyer's switching costs. This factor is well illustrated by the mobility industry. Uber and its many competitors took advantage of the incumbent taxi industry's dependence on legal barriers to entry and when those fell away, it was trivial for customers to switch. There were no costs as every transaction was atomic, with no incentive for customers not to try another product.
Perceived level of product differentiation which is classic Michael Porter in the sense that there are only two basic mechanisms for competition - lowest price or differentiation. Developing multiple products for niche markets is one way to mitigate this factor.
Number of substitute products available in the market
Ease of substitution
Availability of close substitute
3* Bargaining power of customers
The bargaining power of customers is also described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes. Firms can take measures to reduce buyer power, such as implementing a loyalty program. Buyers' power is high if buyers have many alternatives. It is low if they have few choices.

Potential factors:
Buyer concentration to firm concentration ratio
Degree of dependency upon existing channels of distribution
Bargaining leverage, particularly in industries with high fixed costs
Buyer switching costs
Buyer information availability
Availability of existing substitute products
Buyer price sensitivity
Differential advantage (uniqueness) of industry products

RFM (customer value) Analysis

4* Bargaining power of suppliers

The bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm when there are few substitutes. If you are making biscuits and there is only one person who sells flour, you have no alternative but to buy it from them. Suppliers may refuse to work with the firm or charge excessively high prices for unique resources.

Potential factors are:

Supplier switching costs relative to firm switching costs

Degree of differentiation of inputs

Impact of inputs on cost and differentiation

Presence of substitute inputs

Strength of distribution channel

Supplier concentration to firm concentration ratio

Employee solidarity (e.g. labor unions)

Supplier competition: the ability to forward vertically integrate and cut out the buyer.

5* Competitive rivalry

For most industries the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. Having an understanding of industry rivals is vital to successfully marketing a product. Positioning pertains to how the public perceives a product and distinguishes it from competitors'. An organization must be aware of its competitors' marketing strategies and pricing and also be reactive to any changes made.

Potential factors:

Sustainable competitive advantage through innovation

Competition between online and offline organizations

Level of advertising expense

Powerful competitive strategy which could potentially be realized by adhering to Porter's work on low cost versus differentiation.

Firm concentration ratio

Video Content / Details of website for further learning (if any):

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LECTURE HANDOUTS

L29

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Strategies for local companies competing with global companies

Introduction :
Niraj Dawar and Tony Frost have identified four distinct strategies - "defender", "extender", "dodger" and "contender" - all based on two parameters: the strength of globalization pressures in an industry and the degree to which a company's assets are transferable internationally.

Prerequisite knowledge for Complete understanding and learning of Topic:
Defenders need to resist the temptation to try to reach all customers or to imitate the multinationals. They'll do better by focusing on consumers who appreciate the local touch and ignoring those who favor global brands.

Detailed content of the Lecture:
In battles for emerging markets, big multinationals don't hold all the advantages. However, local markets do get affected. The local markets suddenly face foreign multi-national rivals with many advantages: in terms of financial technology, financial resources, superior products, powerful brands, and seasoned marketing and management skills. Often, the survival of the local players in the markets that are emerging is at stake.

Many questions arise in the mind of the local player as to define ways to overcome this new but powerful entrant into the local market. Many of the local players seek the help of the government to reinstate trade barriers or any kind or form of support. They have two options:

- To become a subordinate partner to a multinational or
- Simply selling out and leaving the industry.
- Two key questions that needs to be addressed by every manager in emerging markets:
- How strong are the pressures to globalize in the industry?
- How internationally transferable are the company's competitive assets?

Once these questions have been addressed, a local player can better understand the basis for competitive advantage in the industry and the strengths and weaknesses of the multi-national rivals.
Just because a multinational enters the local market, it does not mean that they have a better advantage over the local player considering the brand that they have developed in the international market.

To answer the first question, the company must understand the products that they are manufacturing. For example, aircraft manufacturers, computer chips and telecommunication switches have to seek to globalize because they have an enormous fixed cost for their product development and they can only survive by selling in multiple markets. Moreover the products

that they seek to globalize are standardized products and customers are satisfied with that.

On the other hand, there are other industries that seek to gain success by meeting the local needs of the customers. This way they get closer to the customer and understand their wants and needs. For example, in retail banking companies try to build a relationship with the customers by catering to their needs. Consumers differ differently in their tastes. Their preferences vary enormously because of different tastes and different customs. Multinationals selling their standardized products will never be able to cater to these local needs. Alternatively, high transportation costs in these markets may discourage the multinational presence.

When we closely look , most industries lie somewhere in the medium spectrum. They sell internationally as well as try to cater to the local needs. Managers of companies must try and identify their presence in the spectrum. Industries that seem similar may be far apart on the spectrum—pressures to globalize as in the case of Bajaj when it thought that it had to globalize its scooter products the minute Honda stepped in to the market. However, Bajaj found out that customers seek low-cost durable products and not the Honda's standardized products. Moreover, Bajaj has the advantage of handling distributors in the country. Its distribution network is well diversified within the country which is almost impossible for a multinational to compete with it. Bajaj had this competitive advantage. Moreover, companies operating in the local markets may have good relationships with the government and they readily get the government support which is not possible for foreign nationals. Or, they may have distinctive products that appeal to the local customers which the foreign nationals are not able to produce cost effectively.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
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LECTURE HANDOUTS

L30

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Strategies for local companies competing with global companies

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Detailed content of the Lecture:
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LECTURE HANDOUTS

L31

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

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LECTURE HANDOUTS

L32

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Capabilities and competencies

Introduction :
Capability" and "competence" are two manifestations of human abilities and skills. Both words are often met in job advertisements or personnel assessments.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Core Competencies
- Organizational Capabilities
- Individuals skills

Detailed content of the Lecture:
Resource Based View (RBV) defines capability as the ability of a bundle of resources to perform an activity. It is a way of combining assets, people and processes to transform inputs into output. Physical assets, financial resources, human skills are of no use unless these are put to good use, in order to produce results. This can be represented mathematically thus:

C= F (TA, IA, S)

Where C= capability TA = Tangible assets, IA = intangible assets and S = Skills

Capabilities thus, reflect a firm's capacity to deploy resources that have been purposefully integrated to achieve a desired end state. They emerge over time through a complex process of interactions between tangible and intangible resources. The whole purpose is to create and exploit external opportunities and develop sustained advantages over rivals in the field. Through repetition and constant practice capabilities become stronger and more valuable strategically.

The term competency refers to the ability of an organization to achieve its purpose. It is the ability to perform exceptionally well and increase the stock of targeted resources of an organization. Hamel and Prahalad coined the term core competence to distinguish those capabilities fundamental to a firm's performance and strategy.

Core competencies are the activities that the firm performs especially well compared to competitors and through which the firm adds value to its goods and services over a long period of time. Core competencies serve as a source of competitive advantage for a firm over its rivals. They emerge over time through an organizational process of accumulating and learning how to deploy organizational resources and capabilities. When developed, nurtured and applied appropriately throughout a firm, core competencies serve as the basis for a firm's competitive

advantages, its strategic competitiveness (strategic competitiveness is achieved when a firm successfully formulates and implements a value – creating strategy – the benefits of which other firms are unable to duplicate or find them too costly to imitate) and its ability to earn above average returns. The important issue here is not capabilities per se, but capabilities relative to others. Experts therefore look at competitive advantage as a firm's ability to outperform in the industry, to create more value to its customers by running that extra mile. In the present day world simply giving customers what they want is not enough any more to gain an edge firms must help customers learn what they want. For example many consumers did not know much about cellular phones when they were first introduced. Nokia and Ericsson fought to shape consumer perceptions of cellular phones (like other products — fax machines, copiers at home, CD players, ATMs hand held global satellite positioning receivers, multi valve automobile engines, or the Home Shopping Network etc). Consumers were in a learning mode and companies forged strategies like HDFC in home loans, LG in electronics and home appliances market in India, Asian Paints in decoration and industrial paints business to shape their wants. Customers generally want services that are (1) Better and (2) cheaper and they want them to be (3) Faster. We refer to corresponding forms of competitive advantages as (1) Differentiation (2) Cost leadership and (3) Quick response. These different forms of competitive advantages offer critical impetus to a firm's financial performance.

Skills, capability and competencies:

Strategic Competitiveness

Competitive advantage

1) Core Competencies
2) Organizational Capabilities
3) Individuals skills

Competencies: Ability of an organization to increase the stock of targeted resources and achieve its purpose.

Capability: Ability of set of resources to integratively perform a task or an activity.
Skill: Ability of individuals

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.117

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LECTURE HANDOUTS

L33

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

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LECTURE HANDOUTS

L34

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Distinctive competencies

Introduction :
A distinctive competency is a competency unique to a business organization, a competency superior in some aspect than the competencies of other organizations, which enables the production of a unique value proposition in the function of the business.

Prerequisite knowledge for Complete understanding and learning of Topic:
Distinctive competencies offer a sustainable advantage that is beneficial for the company in the long run. It allows the company to divert its attention into solving new problems as they come instead on resolving the same ones over and over again.

Detailed content of the Lecture:
In order to gain an edge over the competition, developing effective, distinctive competencies is vital.
Due to the fact, that competitors may decide to develop new capabilities, market requirements may regularly change.So, distinctive competencies must be identified through thorough analysis and organizations must be ready to meet the new requirements that are crucial for further development.

Distinctive Competencies Lead to Competitive Advantage – Distinctive competencies may lead to determining the most effective and efficient business development strategies.

For instance, after Kodak understood that its core competence is imagining, their company gained an edge over the competition.

Moreover, competitive advantage may be gained by any business that can produce products with fewer expenses or by effectively performing key activities.

Distinctive Competencies Bring Firm Sustainability – If an organization is not focused on offering certain products or services, and its goal is to gain sustainable advantage, it'll result in solving new problems, rather than resolving the same over and over again.

Learning Faster Than Your Competitors – One of the best perks of distinctive competencies is learning and adapting to new requirements faster than your competitors.

This way, you'll easily become the authority in your business field.
Identifying and Establishing Core Competencies
Analyzing the capabilities of new products that aim to cover a large number of potential consumers, will result in developing perfect competencies that are impossible to imitate, which

will eventually lead to gaining competitive advantage.

In order to perfect a strategy that will unleash the full potential of the distinctive competencies, firstly, they must be defined.

Applying the method stated above will provide value to your consumers.

Why Core Competencies?
Effective Human Resource Management – Act, according to the needs of your organization and ask, "what we need?"
Training Programs – Programs that aim to meet the needs of the future are highly constructive.
SWOT Analysis – Defining the strengths, threats, weaknesses and opportunities of an organization are essential for the business planning progress.
Outsourcing Options – Due to business functions interacting, unplanned consequences of distinctive competencies might occur.
The Vision of the Company – Core competencies give opportunities to whether we're good at something or not. Moreover, precisely knowing our strong and weak sides, will help to fully understand and exploit our advantages.
Innovation is Essential – Distinctive competence identifies behaviors that are important and suitable for strategy planning.

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Resources and capabilities in relation to competitive advantage

Introduction :
According to the resource-based view, in order to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. ... Resources are the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily.

Prerequisite knowledge for Complete understanding and learning of Topic:
According to the company corporate website in past Nokia was a manufacturer of paper in 1985, and has changed rapidly after world two. Nokia changed is function to an industrial enterprise and produce products such as chemicals and rubbers. In 1960s the company created electronic department and started to develop transmission systems.

Detailed content of the Lecture:
Resources and capabilities as a competitive advantage
(Robert E. Hokinson) developing technology and increase globalisation can make it difficult for the firm to develop and that can be sustained for a long time. For example an organisation may develop a new process that cuts production cost at 10% and later found out his competitor have develop a new process which is superior to the one your organisation has. These occurs in today's market and require business to think fast to resolve this issue to be step ahead of competition.

Nokia attributes much of its success to the Nokia way, which involves an importance on continues learning networked organisation that allows rapid decision making.

Therefore one third of Nokia's workforce is dedicated to research and development, the company has been working to expand its technology competency in market. It have sold more than 40 million of its premier N-series handsets which allows consumers to downloaded games, play videos that have more graphics-rich comparing to their competitors products.

I am using the five forces to analyse the Nokia corporate company position in their current market regarding to the competition. (Global environment)

(Michael Porter 1985) according to M. Porter the five forces helps business analyse factors outside an industry that can influence the organisation strategy such as competition, the forces within industry (microenvironment) which can affect organisation performances and profitability.

Therefore Nokia has to understand the dynamics of its business and market in order to compete effectively in the marketplace. Has Porter defined the forces which drive competition challenging

that competitive environment is created by the interaction of the five different forces acting on a business. In addition to rivalry among existing firms and the treat of new entrants into the market, there are also the forces of supplier power, the power of buyers and the treat of substitute products and services. Therefore Porter recommends that the intensity of competition is determined by the relative strengths of these forces.

Threat of new entry

Nokia's economies of scale and the position as a market leader in the mobile phone industry and with market share of 40.3% (figure 2) give the company a great barrier of entry. Differentiating their products by acquiring software and service companies makes the barrier even greater. On the other hand, the repositioning of the company by starting to provide more advance mobile services to its customers Nokia will face new competitors. (Ricky W.G and Michael W.P (2010)

Managerial know how, knowledge and skills of the industry as a first mover have always been a competitive advantage for Nokia over its competitor. (Nokia.com 2010)

Nokia will hold this advantage and capabilities. Furthermore Nokia has a favourable access to raw material, which after the acquisitions includes the mobile services (the European e-business watch market) this accessibility generates a cost advantage that acts as a barrier of entry.

Threat of rivalry

In the mobile phone industry Nokia have too many competitors some which can be seen on figure2. In the mobile services industry Nokia does face that many competitors either. Apart from the ones mention above, they also has others such as Google, Yahoo Inc and Microsoft Corp, which all have purchased software from providers like "Navteq" to sell maps to people to use on their phones, computers and others device(Financial Times;http://markets.ft.com/tearsheets/businessProfile.asp?s=NOK1V:HEX). Some might consider the mobile phone industry has reached the maturity stage but when we think about the growing markets of china and India the industry is definitely still in the growth stage. Products of rivals in the handset industry are identical and the type of competition, the mobile phone and mobile service is an oligopoly where companies are expected to earn competitive advantage because of the high entry and exit cost. Threat of rivalry is high.

Threat of substitutes

The computer manufactures are the most serious contenders as a treat of substitutes for Nokia. They have the resources and innovativeness to create smaller and smaller portable devices with all the services that the internet can offer. It is unlikely that these substitutes could replace Nokia's products and services.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.158

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **III - COMPETITIVE ADVANTAGE** **Date of Lecture:**

Topic of Lecture: Case study

Introduction :
A case study is a research strategy and an empirical inquiry that investigates a phenomenon within its real-life context. Case studies are based on an in-depth investigation of a single individual, group or event to explore the causes of underlying principles

Prerequisite knowledge for Complete understanding and learning of Topic:

- A case study is a research methodology that has commonly used in social sciences.
- A case study is a research strategy and an empirical inquiry that investigates a phenomenon within its real-life context.
- Case studies are based on an in-depth investigation of a single individual, group or event to explore the causes of underlying principles.

Detailed content of the Lecture:
AZZ Foods are manufactured by AZZ Food Industries Sdn Bhd (private limited company) in Malaysia. The company was formed in 1980 to produce a range of ready prepared meals for a local market that was becoming more aware of, and favourably disposed towards, convenience foods. All AZZ Foods then and today are of authentic Asian culture – but with some major differences.
They are pre-packed ready prepared meals which require no refrigeration.
2. They contain no preservative or artificial colouring.
3. They are conveniently packed in 180g sizes to serve one to two persons.
4. They require just three minutes ‘boil in the bag’ to be ready for serving.
5. They are presented, not in tins, but in a convenient packet with an airtight seal – offering a long shelf life to storekeepers and customers.

1.Is there ‘real’ consumer need?
2. Do AZZ have the resources and manufacturing capacity to sustain the development?
3. Is the designated market(s) large enough to generate profit?

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Important Books/Journals for further learning including the page nos.: General

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : 19MBB08 – STRATEGIC MANAGEMENT

Course Faculty : S.SENTHILKUMAR

Unit : IV - STRATEGIC ANALYSIS **Date of Lecture:**

Topic of Lecture: Tools and techniques for strategic analysis

Introduction :

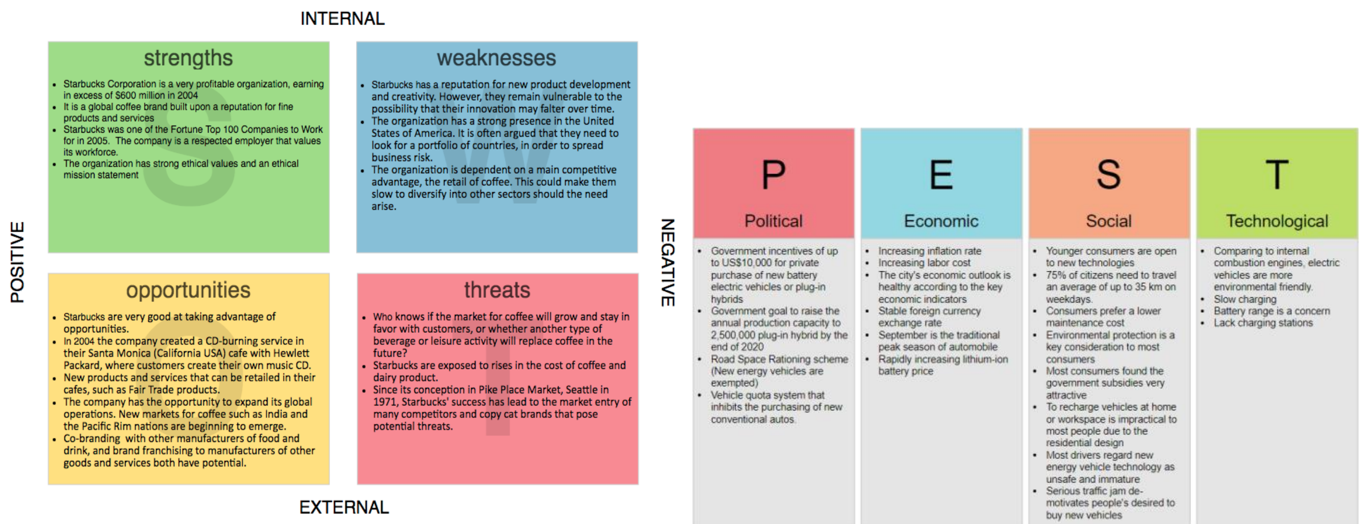
common analysis tools and techniques include: VMOST: This stands for Vision, Mission, Objectives, Strategy, and Tactical. SWOT: The standard analysis tool, defined as Strengths, Weaknesses, Opportunities, and Threats. PEST: This is a great tool to use in tandem with SWOT.

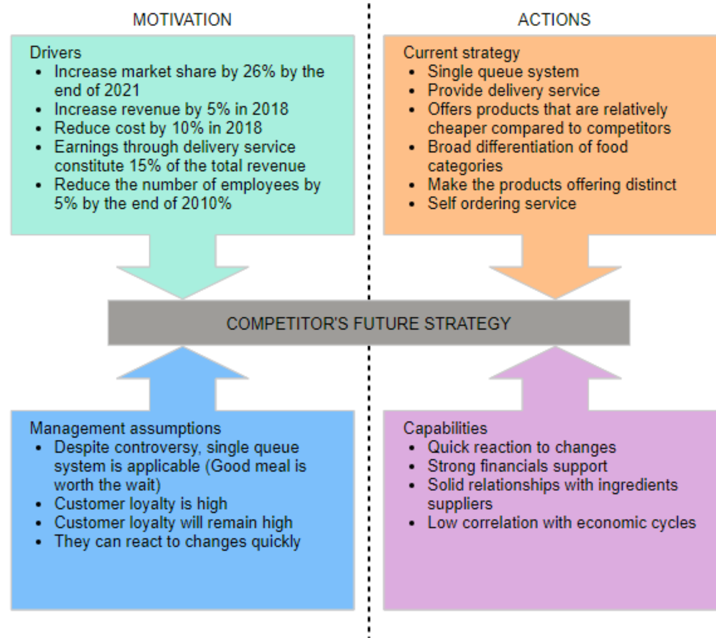
Prerequisite knowledge for Complete understanding and learning of Topic:

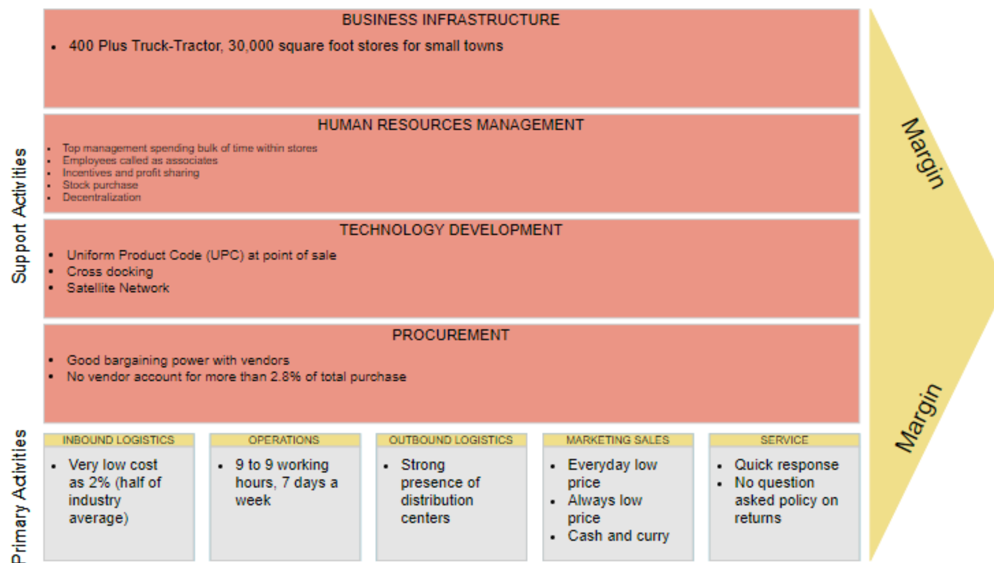
Strategic Analysis is a core step in the Strategic Learning Cycle. Every strategist should have a toolset of analytical models at his or her disposal. However, there are many techniques and tools available for strategy analysis. If you google around the web, you will find a long list of options available. The challenge is to acquire the right techniques and tools for a given business problem. This article give you a brief introduction for you to jumpstart the strategic analysis learning process.

Detailed content of the Lecture:

First comes first, what is strategic analysis? Strategic analysis helps you explore your growth options, addresses challenges within your industry, and makes better corporate decisions. Strategy analysis is an approach to facilitating, researching, analyzing, and mapping an organization's abilities to achieve a future envisioned state based on present reality and often with consideration of the organization's processes, technologies, business development and people's capabilities.







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Important Books/Journals for further learning including the page nos.:
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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: Tools and techniques for strategic analysis

Introduction :

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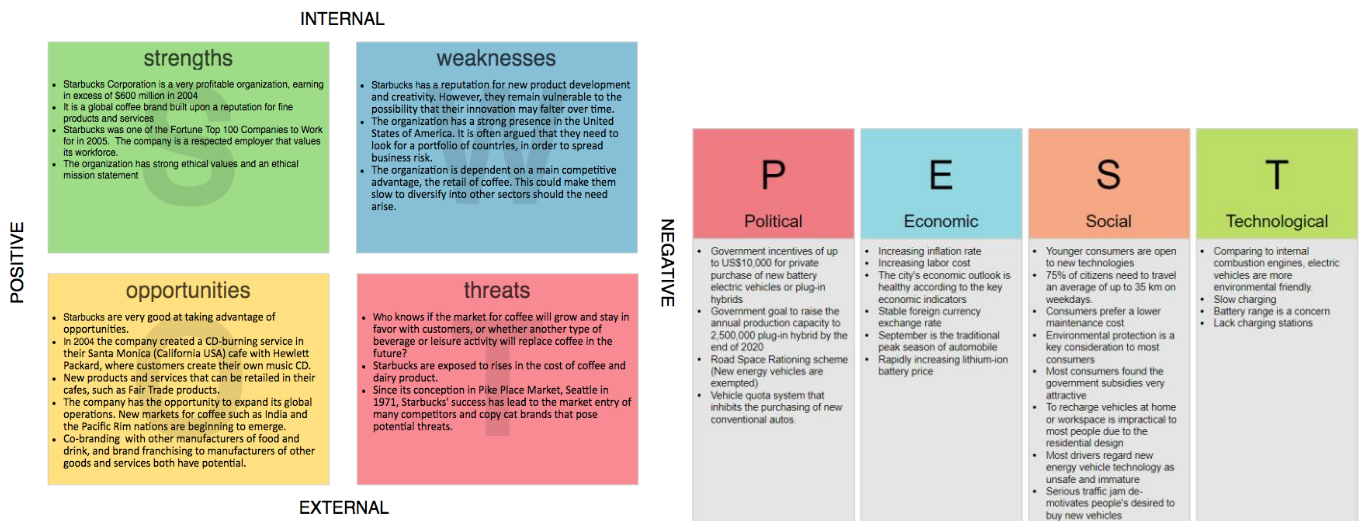

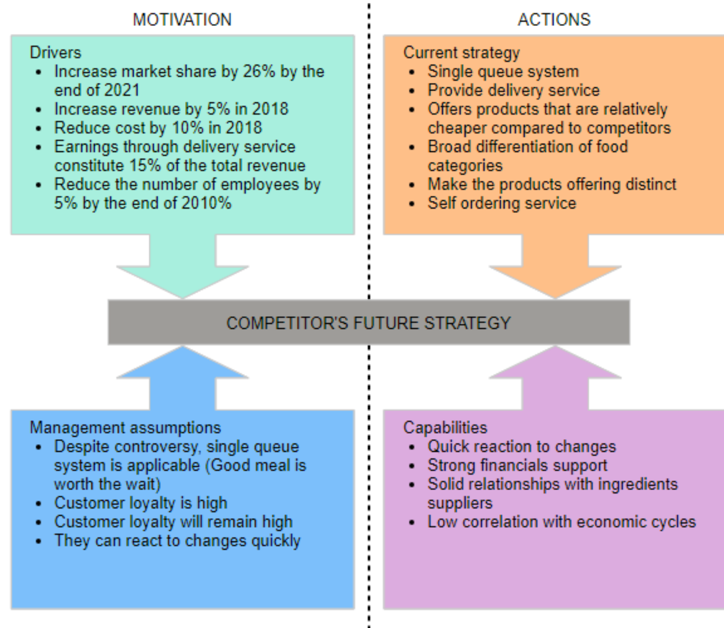

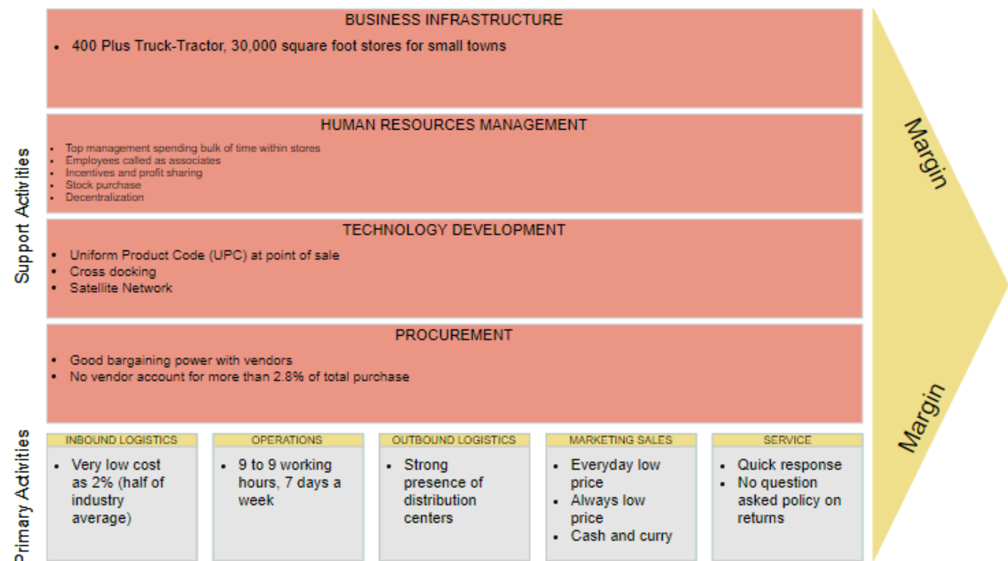

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: Corporate portfolio analysis

Introduction :
A corporate portfolio analysis takes a close look at a company's services and products. Each segment of a company's product line is evaluated including sales, market share, cost of production and potential market strength. The analysis categorizes the company's products and looks at the competition.

Prerequisite knowledge for Complete understanding and learning of Topic:
Business Portfolio Analysis is an organisational strategy formulation ... to help corporations with analyzing their business units or product lines.

Detailed content of the Lecture:
When the company is in more than one business, it can select more than one strategic alternative depending upon demand of the situation prevailing in the different portfolios. It is necessary to analyze the position of different business of the business house which is done by corporate portfolio analysis.

Portfolio analysis is an analytical tool which views a corporation as a basket or portfolio of products or business units to be managed for thebest possible returns.

When an organization has a number of products in its portfolio, it is quite likely that they will be in different stages of development. Some will be relatively new and some much older. Many organizations will not wish to risk having all their products at the same stage of development. It is useful to have some products with limited growth but producing profits steadily, and some products with real growth potential but may still be in the introductory stage. Indeed, the products that are earning steadily may be used to fund the development of those that will provide the growth and profits in the future.

So the key strategy is to produce a balanced portfolio of products, some with low risk but dull growth and some with high risk but great potential for growth and profits. This is what we call as portfolio analysis.

The aim of portfolio analysis is
1) to analyze its current business portfolio and decide which businesses should receive more or less investment
2) to develop growth strategies, for adding new businesses to the portfolio
3) to decide which business should not longer be retained

Balancing the portfolio – Balancing the portfolio means that the different products or businesses in the portfolio have to be balanced with respect to four basic aspects – Profitability Cash flow Growth Risk
Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.281

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II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

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II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

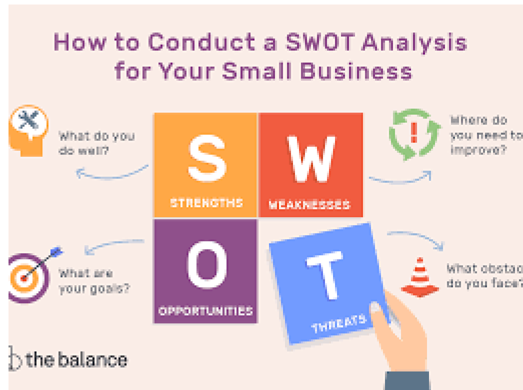
Course Faculty : **S.SENTHILKUMAR**

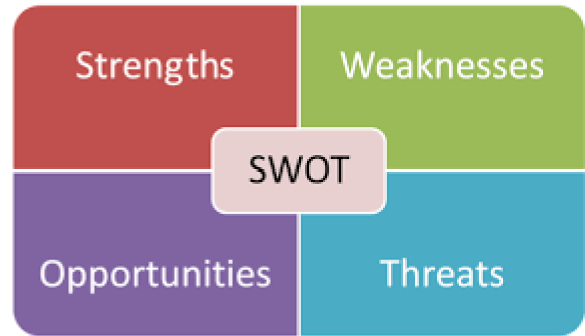
Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: SWOT analysis
Introduction : A study undertaken by an organization to identify its internal strengths and weaknesses, as well as its external opportunities and threats.
Prerequisite knowledge for Complete understanding and learning of Topic: • SWOT analysis is a strategic planning technique that provides assessment tools. • Identifying core strengths, weaknesses, opportunities, and threats lead to fact-based analysis, fresh perspectives and new ideas. • SWOT analysis works best when diverse groups or voices within an organization are free to provide realistic data points rather than prescribed messaging.
Detailed content of the Lecture: SWOT analysis (or SWOT matrix) is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to business competition or project planning.[1] It is designed for use in the preliminary stages of decision-making processes and can be used as a tool for evaluation of the strategic position of a city or organization.[2] It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favorable and unfavorable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage. SWOT has been described as the tried-and-true tool of strategic analysis,[3] but has also been criticized for its limitations (see § Limitations). Strengths and weakness are frequently internally-related, while opportunities and threats commonly focus on the external environment. The name is an acronym for the four parameters the technique examines: Strengths: characteristics of the business or project that give it an advantage over others. Weaknesses: characteristics of the business that place the business or project at a disadvantage relative to others. Opportunities: elements in the environment that the business or project could exploit to its advantage. Threats: elements in the environment that could cause trouble for the business or project. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit. Identification of SWOTs is important because they can inform later steps in planning to achieve the objective. First, decision-makers should consider whether the objective is attainable, given the SWOTs. If the objective is not attainable, they must

select a different objective and repeat the process.

Some authors credit SWOT to Albert Humphrey, who led a convention at the Stanford Research Institute (now SRI International) in the 1960s and 1970s using data from Fortune 500 companies.[4][5] However, Humphrey himself did not claim the creation of SWOT, and the origins remain obscure.





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Important Books/Journals for further learning including the page nos.:
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II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: Gap analysis

Introduction :
A gap analysis is a method of assessing the differences in performance between a business' information systems or software applications to determine whether business requirements are being met and, if not, what steps should be taken to ensure they are met successfully.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Organization (e.g., Human Resources)
- Business direction
- Business processes
- Information technology

Detailed content of the Lecture:
In management literature, gap analysis involves the comparison of actual performance with potential or desired performance.[1] If an organization does not make the best use of current resources, or forgoes investment in capital or technology, it may produce or perform below an idealized potential. This concept is similar to an economy's production being below the production possibilities frontier.

Gap analysis identifies gaps between the optimized allocation and integration of the inputs (resources), and the current allocation-level. This reveals areas that can be improved. Gap analysis involves determining, documenting and improving the difference between business requirements and current capabilities. Gap analysis naturally flows from benchmarking and from other assessments. Once the general expectation of performance in an industry is understood, it is possible to compare that expectation with the company's current level of performance. This comparison becomes the gap analysis. Such analysis can be performed at the strategic or at the operational level of an organization.

Gap analysis and new products
The need for new products or additions to existing lines may emerge from portfolio analysis, in particular from the use of the Boston Consulting Group Growth-share matrix—or the need may emerge from the regular process of following trends in the requirements of consumers. At some point, a gap emerges between what existing products offer and what the consumer demands. The organization must fill that gap to survive and grow.

Gap analysis can identify gaps in the market. Thus, comparing forecast profits to desired profits reveals the planning gap. This represents a goal for new activities in general, and new products in particular. The planning gap can be divided into three main elements: usage gap, existing gap, and product gap.

Usage gap

The usage gap is the gap between the total potential for the market and actual current usage by all consumers in the market. Data for this calculation includes:

Market usage

Existing usage

Existing usage

Existing consumer usage makes up the total current market, from which market shares, for example, are calculated. It usually derives from marketing research, most accurately from panel research, but also from adhoc work. Sometimes it may be available from figures that governments or industries have collected. However, these are often based on categories that make bureaucratic sense but are less helpful in marketing terms. The 'usage gap' is thus:

usage gap = market potential – existing usage

This is an important calculation. Many, if not most, marketers accept existing market size—suitably projected their forecast timescales—as the boundary for expansion plans. Though this is often the most realistic assumption, it may impose an unnecessary limit on horizons. For example: the original market for video-recorders was limited to professional users who could afford high prices. Only after some time did the technology extend to the mass market.

In the public sector, where service providers usually enjoy a monopoly, the usage gap is probably the most important factor in activity development. However, persuading more consumers to take up family benefits, for example, is probably more important to the relevant government department than opening more local offices.

Usage gap is most important for brand leaders. If a company has a significant share of the whole market, they may find it worthwhile to invest in making the market bigger. This option is not generally open to minor players, though they may still profit by targeting specific offerings as market extensions.

Product gap

The product gap—also called the segment or positioning gap—is that part of the market a particular organization is excluded from because of product or service characteristics. This may be because the market is segmented and the organization does not have offerings in some segments, or because the organization positions its offerings in a way that effectively excludes certain potential consumers—because competitive offerings are much better placed for these consumers.

This segmentation may result from deliberate policy. Segmentation and positioning are powerful marketing techniques, but the trade-off—against better focus—is that market segments may effectively be put beyond reach. On the other hand, product gap can occur by default; the organization has thought out its positioning, its offerings drifted to a particular market segment.

The product gap may be the main element of the planning gap where an organization can have productive input; hence the emphasis on the importance of correct positioning.

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: Mc Kinsey's 7s framework

Introduction :
Definition. McKinsey 7s model. is a tool that analyzes firm's organizational design by looking at 7 key internal elements: strategy, structure, systems, shared values, style, staff and skills, in order to identify if they are effectively aligned and allow organization to achieve its objectives.

Prerequisite knowledge for Complete understanding and learning of Topic:
The three "hard" elements are strategy, structures (such as organization charts and reporting lines), and systems (such as formal processes and IT systems.) These are relatively easy to identify, and management can influence them directly.

Detailed content of the Lecture:
Strategy: this is your organization's plan for building and maintaining a competitive advantage over its competitors.
Structure: this how your company is organized (that is, how departments and teams are structured, including who reports to whom).
Systems: the daily activities and procedures that staff use to get the job done.
Shared values: these are the core values of the organization, as shown in its corporate culture and general work ethic. They were called "superordinate goals" when the model was first developed.
Style: the style of leadership adopted.
Staff: the employees and their general capabilities.
Skills: the actual skills and competencies of the organization's employees.
Placing shared values in the center of the model emphasizes that these values are central to the development of all the other critical elements.

The model states that the seven elements need to balance and reinforce each other for an organization to perform well.

Using the McKinsey 7-S Model
You can use it to identify which elements you need to realign to improve performance, or to maintain alignment and performance during other changes. These changes could include restructuring, new processes, an organizational merger, new systems, and change of leadership.

Follow these steps:

Start with your shared values: are they consistent with your structure, strategy, and systems? If not, what needs to change?
Then look at the hard elements. How well does each one support the others? Identify where changes need to be made.

Next, look at the soft elements. Do they support the desired hard elements? Do they support one another? If not, what needs to change? As you adjust and align the elements, you'll need to use an iterative (and often time-consuming) process of making adjustments, and then re-analyzing how that impacts other elements and their alignment. The end result of better performance will be worth it. Figure 2 shows a template matrix that you can use to help with your analysis. You can click on the image to download it as a PDF worksheet. We've also developed a checklist of the right questions to ask, which you can find in the next section. Supplement the questions in our checklist with your own questions, based on your organization's specific circumstances and your own knowledge and experience.
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Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: GE 9 Cell model

Introduction :

GE Nine(9) Cell Matrix. GE nine-box matrix is a strategy tool that offers a systematic approach for the multi business enterprises to prioritize their investments among the various business units. It is a framework that evaluates business portfolio and provides further strategic implications.

Prerequisite knowledge for Complete understanding and learning of Topic:

The GE matrix was developed by Mckinsey and Company consultancy group in the 1970s. The nine cell grid measures business unit strength against industry attractiveness and this is the key difference. Whereas BCG is limited to products, business units can be products, whole product lines, a service or even a brand.

Detailed content of the Lecture:

Industry attractiveness indicates how hard or easy it will be for a company to compete in the market and earn profits. The more profitable the industry is the more attractive it becomes. When evaluating the industry attractiveness, analysts should look how an industry will change in the long run rather than in the near future, because the investments needed for the product usually require long lasting commitment.

Industry attractiveness consists of many factors that collectively determine the competition level in it. There's no definite list of which factors should be included to determine industry attractiveness, but the following are the most common: [1]

Long run growth rate
Industry size
Industry profitability: entry barriers, exit barriers, supplier power, buyer power, threat of substitutes and available complements (use Porter's Five Forces analysis to determine this)
Industry structure (use Structure-Conduct-Performance framework to determine this)
Product life cycle changes
Changes in demand
Trend of prices
Macro environment factors (use PEST or PESTEL for this)
Seasonality
Availability of labor
Market segmentation
Competitive strength of a business unit or a product
Along the X axis, the matrix measures how strong, in terms of competition, a particular business unit is against its rivals. In other words, managers try to determine whether a business unit has a sustainable competitive advantage (or at least temporary competitive advantage) or not. If the

company has a sustainable competitive advantage, the next question is: "For how long it will be sustained?"

The following factors determine the competitive strength of a business unit:

Total market share
Market share growth compared to rivals
Brand strength (use brand value for this)
Profitability of the company
Customer loyalty
VRIO resources or capabilities (use VRIO framework to determine this)
Your business unit strength in meeting industry's critical success factors (use Competitive Profile Matrix to determine this)
Strength of a value chain (use Value Chain Analysis and Benchmarking to determine this)
Level of product differentiation
Production flexibility
Advantages
Helps to prioritize the limited resources in order to achieve the best returns.
Managers become more aware of how their products or business units perform.
It's more sophisticated business portfolio framework than the BCG matrix.
Identifies the strategic steps the company needs to make to improve the performance of its business portfolio.
Disadvantages
Requires a consultant or a highly experienced person to determine industry's attractiveness and business unit strength as accurately as possible.
It is costly to conduct.
It doesn't take into account the synergies that could exist between two or more business units.
Difference between GE McKinsey and BCG matrices
GE McKinsey matrix is a very similar portfolio evaluation framework to BCG matrix. Both matrices are used to analyze company's product or business unit portfolio and facilitate the investment decisions.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.282

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LECTURE HANDOUTS

L45

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: Distinctive comprtitiveness

Introduction :
Distinctive competence refers to the core skills and practices that increase the competitiveness of an organization and make it different from its competitors. An organization's competitors cannot imitate this competence (at least in the short term), allowing an organization to gain an advantage over others.

Prerequisite knowledge for Complete understanding and learning of Topic:
Distinctive competencies are the combination of the best practices and technical skills that increase the competitiveness of an organization.

Detailed content of the Lecture:
To define a company's distinctive competence, managers often follow a particular process. First, they identify the strengths and weaknesses of their firm. Next, they determine the strategic importance of these strengths and weaknesses in the given marketplace. Then, they analyze specific market needs and look for comparative advantages that they have over the competition. Importantly, while managers generally follow this process, they often undertake more than one step simultaneously.

Distinctive competence can be built in a number of ways. Firms can hire more qualified professionals than those employed by competitors; they can find and exploit previously neglected market niches; and they can be especially innovative or can gain advantage over competitors through sheer strength of management. There are numerous areas in which a firm can have a distinctive competence. Some companies have distinctive competence because they manufacture a product with superior quality. Other firms excel in technological innovation, research and development, or new product introduction. Still other firms have advantages in low-cost production, customer support, or creative advertising. For example, McDonald's distinctive competence is its system of controls for operating its fast-food restaurant franchises, which gives the company an unusually high profit margin.

PREDICTING FUTURE DISTINCTIVE COMPETENCE
Since business environments and marketplaces are always changing, the challenge for strategists is to maintain the firm's distinctive competence. As defined earlier, distinctive competencies are distinctive skills and capabilities firms can use to achieve an unusual market position or to gain an advantage over the competition. Thus, a firm's advantage comes largely from the fact that it has differentiated itself from its competition. It follows that if the environment changes such that numerous rivals have obtained competencies identical to those characterizing a particular firm,

the firm is in a very poor position and would do well to reconsider its strategy.

Future strategic success requires that firms keep their distinct advantages over their rivals. Thus, firms must continuously assess their surrounding environments. They must be aware of potential shifts in industrial standings and must realistically evaluate whether the distinctive competency continues to yield an advantage. They should also look to new markets and evaluate the potential use of their distinctive competencies in those markets.

As business conditions and markets change, many of the strengths and weaknesses that characterize a firm will also change. Through strategic planning and leadership, management will be able to determine how the basis for competition may be changing and whether the firm's distinctive competencies need to be realigned. Indeed, some vulnerabilities and strengths will be exaggerated, while others will be eliminated. Success in these changing conditions can only come from taking advantage of opportunities highlighted by close scrutiny of a firm's internal and external environment. The most successful firms will be those that are able to locate and use distinctive competencies found in these assessments.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Course Faculty

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Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: Selection of matrix

Introduction :
DECISION MATRIX/SELECTION MATRIX What it is: A decision matrix is a chart that allows a team or individual to systematically identify, analyze, and rate the strength of relationships between sets of information.

Prerequisite knowledge for Complete understanding and learning of Topic:
A basic decision matrix consists of establishing a set of criteria options which are scored and summed to gain a total score which can then be ranked. Importantly, it is not weighted to allow a quick selection process.

Detailed content of the Lecture:
The decision-matrix method, also Pugh method or Pugh Concept Selection, invented by Stuart Pugh[1], is a qualitative technique used to rank the multi-dimensional options of an option set. It is frequently used in engineering for making design decisions but can also be used to rank investment options, vendor options, product options or any other set of multidimensional entities.

A basic decision matrix consists of establishing a set of criteria options which are scored and summed to gain a total score which can then be ranked. Importantly, it is not weighted to allow a quick selection process.

Step 1

XY - Prioritization Matrix	ROI Potential	Ease of Implementation	Resource Availability	Cultural Acceptance	Totals
Project Weighted Average	35	20	20	25	100
New Carrier RFQ	5	5	5	5	500
Network Redesign	5	5	3	5	460
Employee Training	5	3	3	5	420
Reslot Warehouse	3	5	3	5	390
DC Relocation	3	1	1	1	170
New ERP System	3	1	1	1	170

Step 2

Step 3

Step 4

Y-Axis Rating System Analysis

X-Axis Project & Analysis

A weighted decision matrix operates in the same way as the basic decision matrix but introduces the concept of weighting the criteria in order of importance. The resultant scores better reflect the importance to the decision maker of the c
riteria involved. The more important the criteria the higher the weighting it should be given. Each of the potential options are scored and also multiplied by the weighting given to each of the criteria in order to produce a result.

The advantage of the decision-making matrix is that subjective opinions about one alternative versus another can be made more objective. Another advantage of this method is that sensitivity studies can be performed. An example of this might be to see how much your opinion would have to change in order for a lower ranked alternative to outrank a competing alternative.

Morphological analysis is another form of a decision matrix employing a multi-dimensional configuration space linked by way of logical relationships.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.282,356

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **IV - STRATEGIC ANALYSIS** **Date of Lecture:**

Topic of Lecture: Balance score card

Introduction :

A balanced scorecard is a performance metric used to identify, improve, and control a business's various functions and resulting outcomes. It was first introduced in 1992 by David Norton and Robert Kaplan, who took previous metric performance measures and adapted them to include nonfinancial information

Prerequisite knowledge for Complete understanding and learning of Topic:

- A balanced scorecard is a performance metric used to identify, improve, and control a business's various functions and resulting outcomes.
- It was first introduced in 1992 by David Norton and Robert Kaplan, who took previous metric performance measures and adapted them to include nonfinancial information.
- The balanced scorecard involves measuring four main aspects of a business: learning and growth, business processes, customers, and finance.

Detailed content of the Lecture:

Balanced scorecard is a strategy performance management tool – a semi-standard structured report, that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions.

The phrase 'balanced scorecard' primarily refers to a performance management report used by a management team, and typically this team is focused on managing the implementation of a strategy or operational activities – in a recent survey 62% of respondents reported using Balanced Scorecard for strategy implementation management, 48% for operational management. Balanced Scorecard is also used by individuals to track personal performance, but this is uncommon – only 17% of respondents in the survey using Balanced Scorecard in this way, however it is clear from the same survey that a larger proportion (about 30%) use corporate Balanced Scorecard elements to inform personal goal setting and incentive calculations.

The critical characteristics that define a Balanced Scorecard are:

its focus on the strategic agenda of the organization/coalition concerned;
a focused set of measurements to monitor performance against objectives;
a mix of financial and non-financial data items (originally divided into four "perspectives" - Financial, Customer, Internal Process, and Learning & Growth); and,
a portfolio of initiatives designed to impact performance of the measures/objectives.

Balanced scorecard is an example of a closed-loop controller or cybernetic control applied to the management of the implementation of a strategy.[4] Closed-loop or cybernetic control is where actual performance is measured. The measured value is compared to a reference value and based on the difference between the two corrective interventions are made as required. Such control requires three things to be effective:

a choice of data to measure, the setting of a reference value for the data, the ability to make a corrective intervention. Within the strategy management context, all three of these characteristic closed-loop control elements need to be derived from the organisation's strategy and also need to reflect the ability of the observer to monitor performance and subsequently intervene – both of which may be constrained. Balanced Scorecard was initially proposed as a general purpose performance management system. Subsequently, it was promoted specifically as an approach to strategic performance management. Balanced scorecard has more recently become a key component of structured approaches corporate strategic management.
Two of the ideas that underpin modern balanced scorecard designs concern making it easier to select which data to observe, and ensuring that the choice of data is consistent with the ability of the observer to intervene.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.279

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : 19MBB08 – STRATEGIC MANAGEMENT

Course Faculty : S.SENTHILKUMAR

Unit : IV - STRATEGIC ANALYSIS **Date of Lecture:**

Topic of Lecture: Case study

Introduction :
A case study is a research strategy and an empirical inquiry that investigates a phenomenon within its real-life context. Case studies are based on an in-depth investigation of a single individual, group or event to explore the causes of underlying principles.

Prerequisite knowledge for Complete understanding and learning of Topic:
Learn how to write a great marketing case study people actually want to read in seven steps, plus find examples of awesome case studies you.

Detailed content of the Lecture:

United Parcel Service, Inc., UPS, is the world's largest package delivery company. Headquartered in United States, UPS delivers more than 15 million packages a day to 6 million customers in more than 200 countries worldwide. Since 2005, its operations include logistics and other transportation-related areas. UPS is well known for its brown trucks and also operates its own airline. UPS's primary business is the time-definite delivery of packages and documents worldwide. Major domestic (United States) competitors include United States Postal Service (USPS), and FedEx. In addition to these domestic carriers, UPS competes with an array of international operators, including Canada Post, Deutsche Post (owner of DHL), TNT N.V., Royal Mail, Japan Post, India Post and many other regional carriers, national postal services and air cargo handlers.

What does strategy mean in a large commercial organization?

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.: General

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Nature of implementation

Introduction :
The Nature Of Strategy Implementation. ... Particularly, strategy implementation includes designing the organization's structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approacches to leadership, and staffing.

Prerequisite knowledge for Complete understanding and learning of Topic:
The implementation of organization strategy involves the application of the management process to obtain the desired results. Particularly, strategy implementation includes designing the organization's structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approacches to leadership, and staffing.

Detailed content of the Lecture:

Concept Of Strategy Implementation

Strategy implementation is "the process of allocating resources to support the chosen strategies". This process includes the various management activities that are necessary to put strategy in motion, institute strategic controls that monitor progress, and ultimately achieve organizational goals.

For example, according to Steiner, "the implementation process covers the entire managerial activities including such matters as motivation, compensation, management appraisal, and control processes".

As Higgins has pointed out, "almost all the management functions -planning, controlling, organizing, motivating, leading, directing, integrating, communicating, and innovation -are in some degree applied in the implementation process".

Pierce and Robinson say that "to effectively direct and control the use of the firm's resources, mechanisms such as organizational structure, information systems, leadership styles, assignment of key managers, budgeting, rewards, and control systems are essential strategy implementation ingredients".

The implementation of a curriculum must happen in increments. If the change is sudden, people

may not use or adapt the new curriculum as they may not have been a part of the decision process. During the incremental implementation of curriculum, there needs to be agreement on the following questions: How do we define improvement? What do teachers and students think of the change(s)? What is a quality in relation to the curriculum and education? Keeping in mind these questions while slowly implementing the curriculum in waves (i.e. one grade at a time) rather than all at once can help to improve the implementation process.
Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.313

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Implementation process

Introduction :

Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. ... Critical actions move a strategic plan from a document that sits on the shelf to actions that drive business growth.

Prerequisite knowledge for Complete understanding and learning of Topic:

A strategic plan provides a business with the roadmap it needs to pursue a specific strategic direction and set of performance goals, deliver customer value, and be successful. However, this is just a plan; it doesn't guarantee that the desired performance is reached any more than having a roadmap guarantees the traveler arrives at the desired destination.

Detailed content of the Lecture:

Lack of ownership: The most common reason a plan fails is lack of ownership. If people don't have a stake and responsibility in the plan, it'll be business as usual for all but a frustrated few.

Lack of communication: The plan doesn't get communicated to employees, and they don't understand how they contribute.

Getting mired in the day-to-day: Owners and managers, consumed by daily operating problems, lose sight of long-term goals.

Out of the ordinary: The plan is treated as something separate and removed from the management process.

An overwhelming plan: The goals and actions generated in the strategic planning session are too numerous because the team failed to make tough choices to eliminate non-critical actions. Employees don't know where to begin.

A meaningless plan: The vision, mission, and value statements are viewed as fluff and not supported by actions or don't have employee buy-in.

Annual strategy: Strategy is only discussed at yearly weekend retreats.

Not considering implementation: Implementation isn't discussed in the strategic planning process. The planning document is seen as an end in itself.

No progress report: There's no method to track progress, and the plan only measures what's easy, not what's important. No one feels any forward momentum.

No accountability: Accountability and high visibility help drive change. This means that each measure, objective, data source, and initiative must have an owner.

Lack of empowerment: Although accountability may provide strong motivation for improving performance, employees must also have the authority, responsibility, and tools necessary to impact relevant measures. Otherwise, they may resist involvement and ownership.

Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.313

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Implementation process
Introduction : Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. ... Critical actions move a strategic plan from a document that sits on the shelf to actions that drive business growth.
Prerequisite knowledge for Complete understanding and learning of Topic: A strategic plan provides a business with the roadmap it needs to pursue a specific strategic direction and set of performance goals, deliver customer value, and be successful. However, this is just a plan; it doesn't guarantee that the desired performance is reached any more than having a roadmap guarantees the traveler arrives at the desired destination.
Detailed content of the Lecture: Lack of ownership: The most common reason a plan fails is lack of ownership. If people don't have a stake and responsibility in the plan, it'll be business as usual for all but a frustrated few. Lack of communication: The plan doesn't get communicated to employees, and they don't understand how they contribute. Getting mired in the day-to-day: Owners and managers, consumed by daily operating problems, lose sight of long-term goals. Out of the ordinary: The plan is treated as something separate and removed from the management process. An overwhelming plan: The goals and actions generated in the strategic planning session are too numerous because the team failed to make tough choices to eliminate non-critical actions. Employees don't know where to begin. A meaningless plan: The vision, mission, and value statements are viewed as fluff and not supported by actions or don't have employee buy-in. Annual strategy: Strategy is only discussed at yearly weekend retreats. Not considering implementation: Implementation isn't discussed in the strategic planning process. The planning document is seen as an end in itself. No progress report: There's no method to track progress, and the plan only measures what's easy, not what's important. No one feels any forward momentum. No accountability: Accountability and high visibility help drive change. This means that each measure, objective, data source, and initiative must have an owner.

Lack of empowerment: Although accountability may provide strong motivation for improving performance, employees must also have the authority, responsibility, and tools necessary to impact relevant measures. Otherwise, they may resist involvement and ownership.
Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.313

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Models of strategic implementation

Introduction :
The five factors in the Hrebiniak and Joyce's model are strategy formulation, operating level objectives, incentives & controls, primary structure, and operating structure. They can be categorised into two groups: Planning (first three elements) and Organisational Design (last two factors).

Prerequisite knowledge for Complete understanding and learning of Topic:

- Objectives, which are high-level organizational goals.
- Measures, which help you understand if you're accomplishing your objective strategically.
- Initiatives, which are key action programs that help you achieve your objectives.

Detailed content of the Lecture:
A strategy map offers a host of benefits:

- It provides a simple, clean, visual representation that is easily referred back to.
- It unifies all goals into a single strategy.
- It gives every employee a clear goal to keep in mind while accomplishing tasks and measures.
- It helps identify your key goals.
- It allows you to better understand which elements of your strategy need work.
- It helps you see how your objectives affect the others.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.317

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Resources allocation

Introduction :
Resource allocation is the process of assigning and managing assets in a manner that supports an organization's strategic goals. Resource allocation includes managing tangible assets such as hardware to make the best use of softer assets such as human capital.

Prerequisite knowledge for Complete understanding and learning of Topic:

- Allocative efficiency – State of the economy in which production represents consumer preferences
- Collective problem solving
- Earned value management
- Prioritization – Activity that arranges items or activities in order of importance or time-sensitivity relative to each other
- Project management

Detailed content of the Lecture:

Factors That Can Affect Resource Allocation

There are several factors that can affect resource allocation, whether you are in an agency-client situation or working on an in-house project. Here are five factors that can pose a challenge to resource allocation or lead to resources needing to be re-allocated:

1: Changes in Timeline or Project Scope
High-level executives and clients tend to want everything as soon as possible, even within an agreed-upon schedule timeline. And what's more, the scope of a project can shift as the client's needs change. For example, a small project may arise while your team is working on a bigger project for the same client, and the client would like the smaller project completed in three days. The project manager must find out who on staff may have time to work on the new project, and, if no one does, quickly find a contractor to do the job.

2: Resource Availability
Say your agency's gotten a request for a UX project, but your best UX designer is out on vacation for three weeks. The agency's only other full-time UX person is already working part-time on

another important project. The project manager needs to decide if that person can handle the UX project in the time allotted, or if a contractor or another resource needs to be found. Another alternative might be that the staff UX person and a contractor could split the work. The project manager works with the head of UX to find out how to get the appropriate UX resource selected for and allocated to the project.

One challenge that often arises is being able to select specific resources. Lynn Kenning, a Chicago-based program and project management expert, says "Project managers don't often get to pick who the resources are. Resource people don't report to them. There's typically a pool of the type of resources – developers, designers – and you will be assigned one."

3: Project Dependencies

In most projects, there are stages of work that depend on other work being completed before they can begin. In a typical digital project, for instance, a group of developers might need to write code or a script for certain functionality before any creative or content work can be done.

"If the development slips," Kenning says, "then that will affect when the writers or UX people can start — and that timing change could affect who is available as well." Project managers need to be aware of these dependencies and how they might affect their projects so they can allocate resources for the right piece of the project.

4: Uncertain Timing of Deliverables

"Resource allocation is part science and part art," says Kimberley Kelly, an Atlanta-based marketing expert and principal at MasonKelly. "A lot of times, decisions need to be made to get a project off the ground, when the timing of certain deliverables isn't yet known," she notes.

5. Urgency Compared with Other Projects

In many agencies, the most important clients and projects will often trump smaller requests (or at least push them back on the schedule). A smaller, quick-turn design ask is not likely to be something for which you would pull your lead designer off a months-long product launch project. The project manager and department heads need to weigh the urgency and importance of each project, and allocate resources accordingly. In the case of smaller projects with quick turnaround times, contractors can be a good solution.

To define a timeline, the project manager starts with the final deliverable date and creates a work-back schedule on the stages and phases of the project to start figuring out where people and tools will be needed.

"Mature organizations should have some kind of time-tracking system that allows project managers to have visibility into the workloads of different types of staff members," says Kenning. Younger organizations may still assign projects in an ad-hoc way, she adds, but the ideal setup is to have visibility into available resources and how many hours they are already allocated, and where they might have time.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.334

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II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Factors affecting resource allocation

Introduction :

The following factors affect resource allocation: Objectives :Resource allocation must be oriented to objectives achievement. Managerial preferences :Top managers who are dominated in strategy formulation tend t affect resources allocation. Internal policies :Resources area a symbol of power.

Prerequisite knowledge for Complete understanding and learning of Topic:

An exploratory design focusing on different levels of the health system and diverse stakeholders.

Detailed content of the Lecture:

Allocation of financial resources in the health sector is often seen as a formula-driven activity. However, the decision to allocate a certain amount of resources to a particular health jurisdiction or facility may be based on a broader range of factors, sometimes not reflected in the existing resource allocation formula. This study explores the 'other' factors that influence the equity of resource allocation in the health system of Ghana. The extent to which these factors are, or can be, accounted for in the resource allocation process is analysed.

An exploratory design focusing on different levels of the health system and diverse stakeholders.

Data were gathered through semi-structured qualitative interviews with health authorities at national, regional and district levels, and with donor representatives and local government officials in 2003 and

The availability of human resources for health, local capacity to utilize funds, donor involvement in the health sector, and commitment to promote equity have considerable influence on resource allocation decisions and affect the equity of funding allocations. However, these factors are not accounted for This study highlights the need for a more transparent resource allocation system in Ghana based on needs, and takes into account key issues such as capacity constraints, the inequitable human resource distribution and donor-earmarked funding.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:

Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.335

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LECTURE HANDOUTS

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MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Structural implementation

Introduction :
STRUCTURAL IMPLEMENTATION & STRATEGIC CONTROL. STRUCTURAL IMPLEMENTATION. • Arrangement of tasks and sub tasks required to implement a strategy • Diagrammatic representation could be organizational chart but administrative mechanism provides flesh and blood to the organization STRUCTURE

Prerequisite knowledge for Complete understanding and learning of Topic:
discuss Structure and Strategy
• outline the stages of development of organizations
• list out the types of Organizational structures
• describe the organizational Design and Change

Detailed content of the Lecture:
An organisationaly structure is the outline of authority and responsibility relationship among different job positions. It is a formal arrangement of tasks and sub – tasks which are needed to implement strategies. An organisation structure has two broad dimensions; namely– 1. Vertical Dimensions: The vertical structure is planned to facilitate superiors to implement control over the work of subordinates. Vertical structures are known as tall structures. Such structures are suitable for companies which produce standardized products / services on a large scale with the help of mass production systems and well established technologies. The vertical dimension is characterized by i. Specialization of tasks ii. Chain of command iii. Formal reporting relationships iv. Grouping of individuals into departments v. Upward and downward communication 2. Horizontal Dimensions: The horizontal dimension is designed to make certain cooperation and coordination among employees working at the same level of authority. Horizontal structures are also known as flat structures. Such structures are more vital for companies making differentiated products. Medium sized manufacturing and service enterprises and nonprofit orgainsation which present specific social services are examples of these orgainsations. The main characteristics of horizontal dimensions are i. Sharing of tasks ii. Sharing of information iii. Decentralized decision making iv. Focus on learning

There is close interdependence between strategy and structure. There are two types of interdependence on forward and backward relationship. i. Forward Relationship: A suitable organizational structure is required for effective implementation of strategy. A growth strategy requires a different structure then stability structure. Organizational structure is a means for strategy implementation. When there is a significant change in strategy the structure has to be redesigned. New organizational structure creates changes in corporate strategy. ii. Backward Relationship: Strategy is also influenced by Structure.

Structural consideration affects the implementation of present strategy and the formulation of future strategies. There is a reciprocal relationship between strategy and structure. Structural implementation is in fact an ongoing process of matching the structure of an organisation with its strategy. Whenever there is a mismatch between the two, changes in structure have to be made. Otherwise strategy implementation becomes difficult and performance suffers.An effective structural framework helps to deal with confusion, chaos and duplication of efforts arises at different levels.
Video Content / Details of website for further learning (if any):
Important Books/Journals for further learning including the page nos.: Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.345

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LECTURE HANDOUTS

L56

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Structural implementation
Introduction : STRUCTURAL IMPLEMENTATION & STRATEGIC CONTROL. STRUCTURAL IMPLEMENTATION. • Arrangement of tasks and sub tasks required to implement a strategy • Diagrammatic representation could be organizational chart but administrative mechanism provides flesh and blood to the organization STRUCTURE
Prerequisite knowledge for Complete understanding and learning of Topic: discuss Structure and Strategy • outline the stages of development of organizations • list out the types of Organizational structures • describe the organizational Design and Change
Detailed content of the Lecture: An organisationaly structure is the outline of authority and responsibility relationship among different job positions. It is a formal arrangement of tasks and sub – tasks which are needed to implement strategies. An organisation structure has two broad dimensions; namely– 1. Vertical Dimensions: The
Video Content / Details of website for further learning (if any):
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LECTURE HANDOUTS

L57

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Structures for strategies

Introduction :
Structure is all the people, positions, procedures, processes, culture, technology and related elements that comprise the organization. It defines how all the pieces, parts and processes work together. This structure must be totally integrated with strategy for the organization to achieve its mission and goals.

Prerequisite knowledge for Complete understanding and learning of Topic:
Strategy and structure are two independent elements in business that are somewhat ... The strategy – which is created often – determines the structural elements.

Detailed content of the Lecture:
Strategy is an integrated and coordinated set of commitments & actions designed to exploit core competencies & gain a competitive advantage.

Organization structure
Organisation structure specifies the firm's formal reporting relationships, procedures, controls and authority, & decision making process.

So organisation structure includes three components:

Administrative structure: This structure signifies division of labour in the organization. This includes dividing work into tasks or roles such as operations, logistics and transportation, and training, and recombining them into administrative units, e.g., branches, departments or divisions according to mission, function, and/or region. The structure depicted in organization charts, including tables of organization and equipment is the administrative structure.

Responsibility structure: This includes division of responsibility & authority to individuals within the organisation.

Control structure: This includes organisations system of measuring and evaluating performance on the basis of administrative structure & responsibility structure.

Relationship between Strategy and Structure

There are two main views on the relationship between strategy and structure. According to Alfred Chandler 'structure follows strategy'.

Recent research has questioned the view that 'structure always follows strategy', and argued instead that 'strategy often follows structure'. This second view, that 'strategy follows structure', is based on the idea that managers already working within a particular organisational structure will take the structure for granted and only consider strategies that will 'fit' with the existing structure.

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Combining these two arguments we can say that 'Strategy & structure' have a reciprocal relationship. Organization structure is a critical component of effective strategy implementation process. Success of a firm depends on how well a firm's business strategy is matched to its organizational structure. Developing an organization structure that effectively supports the firm's strategy is difficult. For successful implementation of organization strategy, an organisation structure should have following characteristics:

Structural stability
This provides the firm a capacity to effectively manage its daily work routines.

Structural flexibility
This provides the firm an opportunity to explore competitive possibilities & then allocate resources to activities that will shape the competitive advantages the firm will need to be successful in future.

However strategy has a much more important influence on structure than reverse. But at the end organisation structure should provide adequate stability & flexibility that is necessary for successful implementation of strategy. Strategy that a firm decides to follow will govern the decision about the organisation structure that will be suitable for the firm but once in place organization structure influences the choice about future strategies because of organizational inertia derived from organization structure that inhibits efforts to change.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.363

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LECTURE HANDOUTS

L58

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Techniques of strategic evaluation and control

Introduction :

Strategic control is a way to manage the execution of your strategic plan. As a management process, it's unique in that it's built to handle unknowns and ambiguity as it tracks a strategy's implementation and subsequent results. It is primarily concerned with finding and helping you adapt to internal or external factors that affect your strategy, whether they were initially included in your strategic planning or not.

Prerequisite knowledge for Complete understanding and learning of Topic:

The various components of the strategic control process generate answers to these two questions:

Has the strategy been implemented as planned?
Based on the observed results, does the strategy need to be changed or adjusted?

Detailed content of the Lecture:

Strategic Control Techniques

There are four primary types of strategic control:

Premise Control

Every organization creates a strategy based on certain assumptions, or premises. As such, premise control is designed to continually and systematically verify whether those assumptions, which are foundational to your strategy, are still true. These are typically environmental (e.g. economic or political shifts) or industry-specific (e.g. new competitors) variables.

The sooner you discover a false premise, the sooner you can adjust the aspects of your strategy that it affects. In reality, you can't review every single strategic premise, so focus on those most likely to change or have a major impact on your strategy.

Implementation Control

This type of control is a step-by-step assessment of implementation activities. It focuses on the incremental actions and phases of strategic implementation, and monitors events and results as they unfold. Is each action or project happening as planned? Are the proper resources and funds being allocated for each step? This process continually questions the basic direction of your strategy to ensure it's the right one.

There are two subcategories of implementation control:

Monitoring Strategic Thrusts Or Projects
This is the assessment of specific projects or thrusts that have been created to drive the larger strategy. This early feedback will help you decide whether to continue onward with the strategy as is or pause to make adjustments.

You can pre-determine which thrusts are critical to the achievement of your goals and continually assess them. Or, you can decide which measurements are most meaningful for your thrusts or projects (such as timeframes, costs, etc.) and use that data as an indicator of whether a thrust is on track or not, and how that may subsequently affect the strategy.

Reviewing Milestones
During strategic planning, you likely identified important points in the implementation process. When these milestones are reached, your organization will reassess the strategy and its relevance. Milestones could be based on timeframes, such as the end of a quarter, or on significant actions, such as large budget or resource allocations.

Implementation control can also take place via operational control systems, like budgets, schedules, and key performance indicators.

Special Alert Control
When something unexpected happens, a special alert control is mobilized. This is a reactive process, designed to execute a fast and thorough strategy assessment in the wake of an extreme event that impacts an organization. The event could be anything from a natural disaster or product recall to a competitor acquisition. In some cases, a special alert control calls for the formation of a crisis team—usually comprising members of the strategic planning and leadership teams—and in others, it merely means activating a predetermined contingency plan.

Strategic Surveillance Control
Strategic surveillance is a broader information scan. Its purpose is to identify overlooked factors both inside and outside the company that might impact your strategy. This process ideally covers any "ground" that might be missed by the more focused tactics of premise and implementation control. Your surveillance could encompass industry publications, online or social mentions, industry trends, conference activities, etc.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.:
Azhar Kazmi, Strategic management, and Business Policy,Mc Graw Hill,2012, Page no.502

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LECTURE HANDOUTS

L59

MBA

II / III

Course Name with Code : **19MBB08 – STRATEGIC MANAGEMENT**

Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Emerging trends and analytical cases

Introduction :
The emerging trends and innovations discussed in this paper embody approaches to these business challenges. Indeed, it is a very healthy sign for this field that regardless of the form of the solution—process, technology, system integration, user interface, etc. –the driving force is the business problem.

Prerequisite knowledge for Complete understanding and learning of Topic:
Despite these advances in analytic systems, it continues to be the case that the ... The emerging trends and innovations discussed.

Detailed content of the Lecture:
Five Emerging Trends in Business Intelligence and Analytics
Business intelligence and analytics are in high demand as organizations seek to use information assets to improve business outcomes, customer relationships, and operational efficiency. Yet, it has perhaps never been more challenging to keep up with the changing demands and expectations of a growing BI and analytics user community. IT-driven application development, limited access to historical data, and canned business reports are no longer satisfactory. Users want more control, better visualization and analysis capabilities, and faster development cycles.

Organizations are closely watching emerging technology trends to discover the next great competitive advantage in the use of information. One trend is easy to identify: more information. Data volumes are growing across the board, with organizations seeking to tap new sources generated by social media and online customer behavior. This trend is spurring tremendous interest in better access and analysis of the variety of information available in unstructured or semi-structured content sources.

This article explores five major trends that are driving the implementation of emerging, cutting-edge technologies for BI and analytics. The first four trends focus on changes wrought by user demands for more self-service capabilities and access to a broader selection of information sources. The fifth trend considers the end game of BI and analytics, where process efficiency is the key objective: automated decisions.

1. Data Discovery Accelerates Self-Service BI and Analytics

From a macro perspective, it's easy to identify the biggest long-term trend in business intelligence: providing nontechnical users with the tools and capabilities to access, analyze, and share data on their own. However, the road to this destination has not been easy. With IT driving application development and deployment, standard approaches to extending enterprise BI and data analysis capabilities have been difficult and slow. Getting the requirements right for the data, reports, visualization, and drill-down analysis capabilities is difficult and never fully satisfactory. By the time requirements have been gathered and turned into application features, users will have identified different requirements.

Today, "data discovery" technology is leading the way toward making it possible for users to determine their own BI requirements by authoring reports, assembling their own dashboards, and so on. Users across organizations have varying degrees of experience with data, as well as clarity about what kind of reports, visualizations, and analysis capabilities they want. For some, simple, shareable reports with good visuals are enough; others require more control of development options. Data discovery tools are cut from the same cloth as BI tools, but also provide users with greater self-service capabilities—that is, more control of their environment, including the ability to do rapid proof-of-concept applications that could ultimately be deployed more widely by IT.

TDWI's recent Best Practices Report, Self-Service Business Intelligence: Empowering Users to Generate Insights (Q3 2011), found that responding to constantly changing business needs is the dominant reason organizations are seeking self-service capabilities. At the same time, however, giving users more control of their BI and analytics environments raises concerns about inadequate user skills and the potential for data quality, control, and governance problems.

Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.: General

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LECTURE HANDOUTS

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MBA

II / III

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Course Faculty : **S.SENTHILKUMAR**

Unit : **V -STRATEGY IMPLEMENTATION AND EVALUATION**

Date of Lecture:

Topic of Lecture: Emerging trends and analytical cases

Introduction :

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Video Content / Details of website for further learning (if any):

Important Books/Journals for further learning including the page nos.: General

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