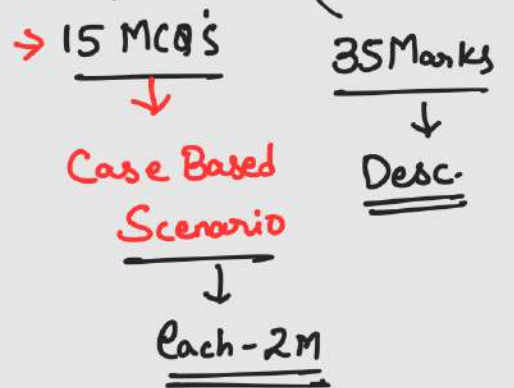


S

STRATEGIC MANAGEMENT (50 Marks)

Pre-Req.

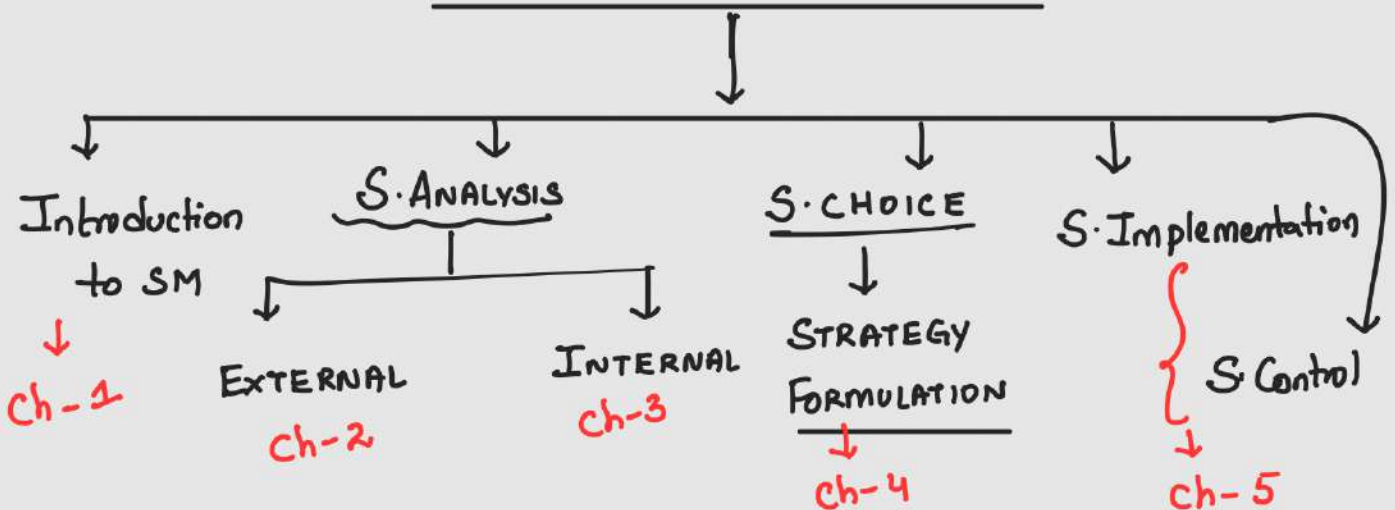
- 1) Revision to be done
- 2) Keep a Notes
- 3) 1st Listening - Normal Speed / 1.25 or 1.5X
↓
Further



Split & Watch

Presentation → { 1) Write in points
2) Limit the Ans. to what is asked }

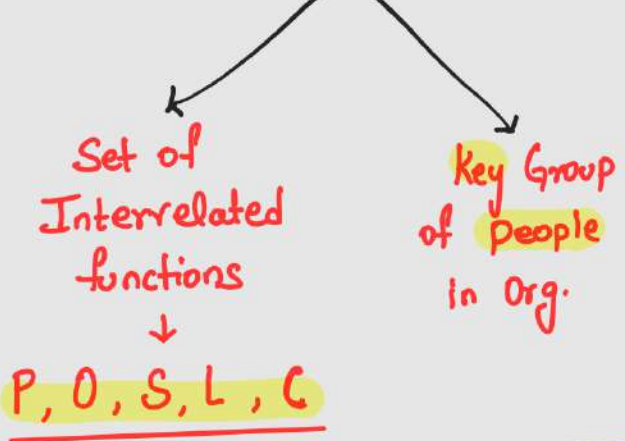
STRATEGIC MANAGEMENT



Segment - 1

Strategy & Management

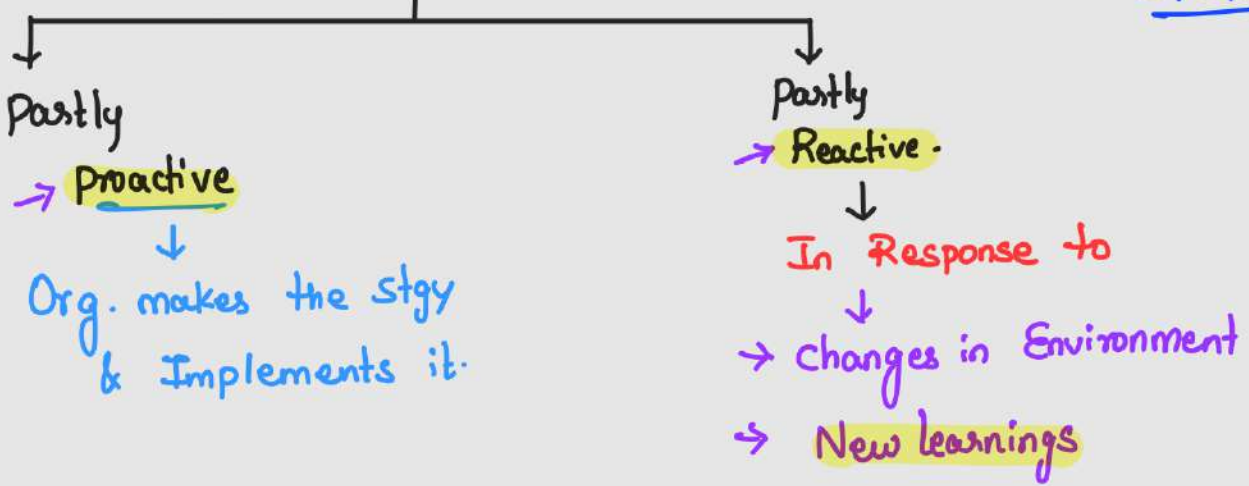
Management



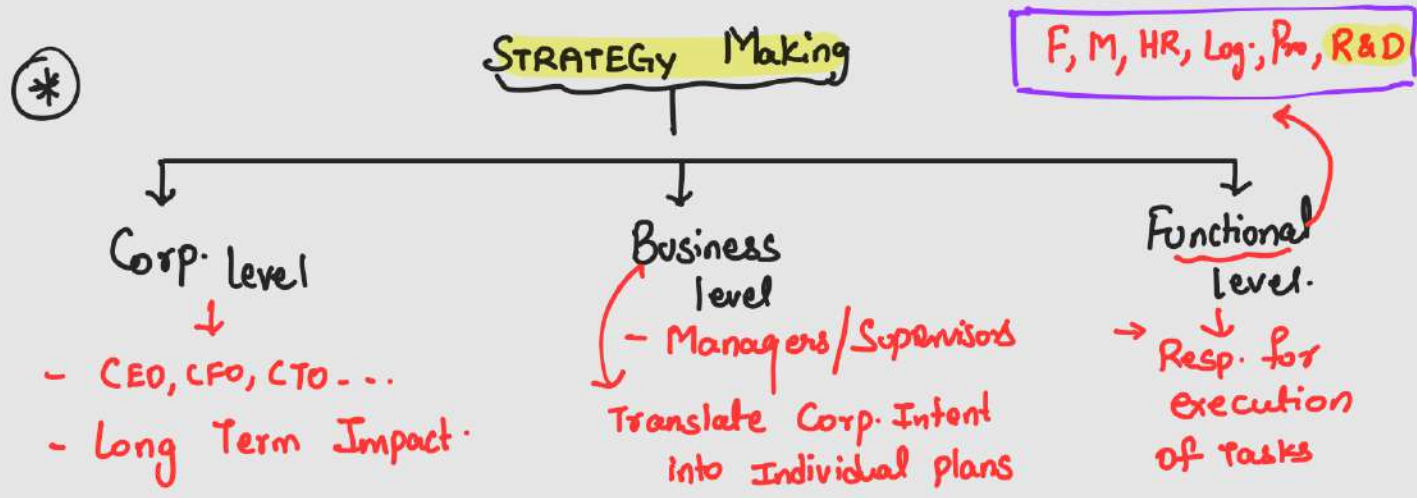
STRATEGY



Nature of. STRATEGY → BLEND of



⊛ Stgy. is NO SUBSTITUTE for a Sound & Alert Mgmt.



STRATEGIC MANAGEMENT → provide a framework

Managerial process of

- ① Developing a Strategic Vision
- ② Setting objectives
- ③ Crafting a Strategy
- ④ Implementing the strategy
- ⑤ Taking Corrective Action (Control)

SM
OBJECTIVES

- 1) Create Comp. Advantage
- 2) To guide the Co. thro all the changes in environment

S.M

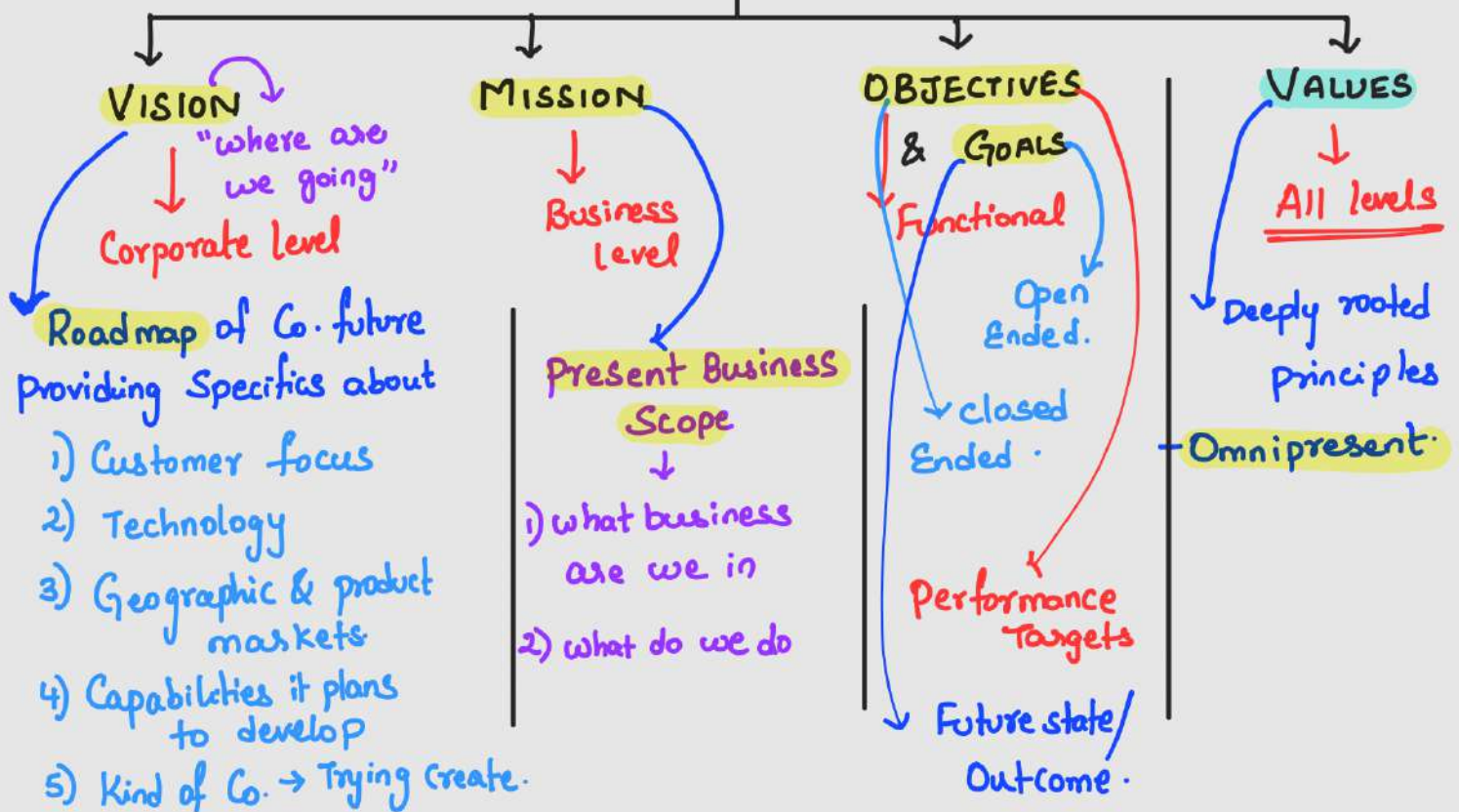
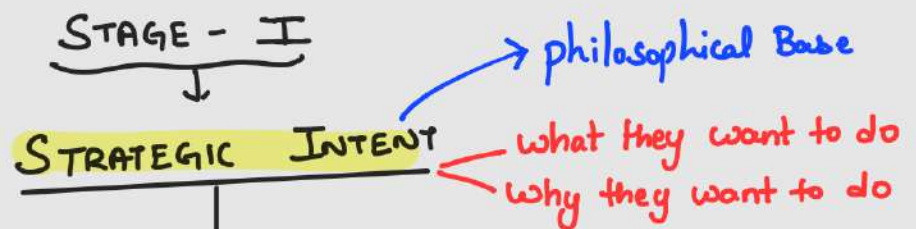
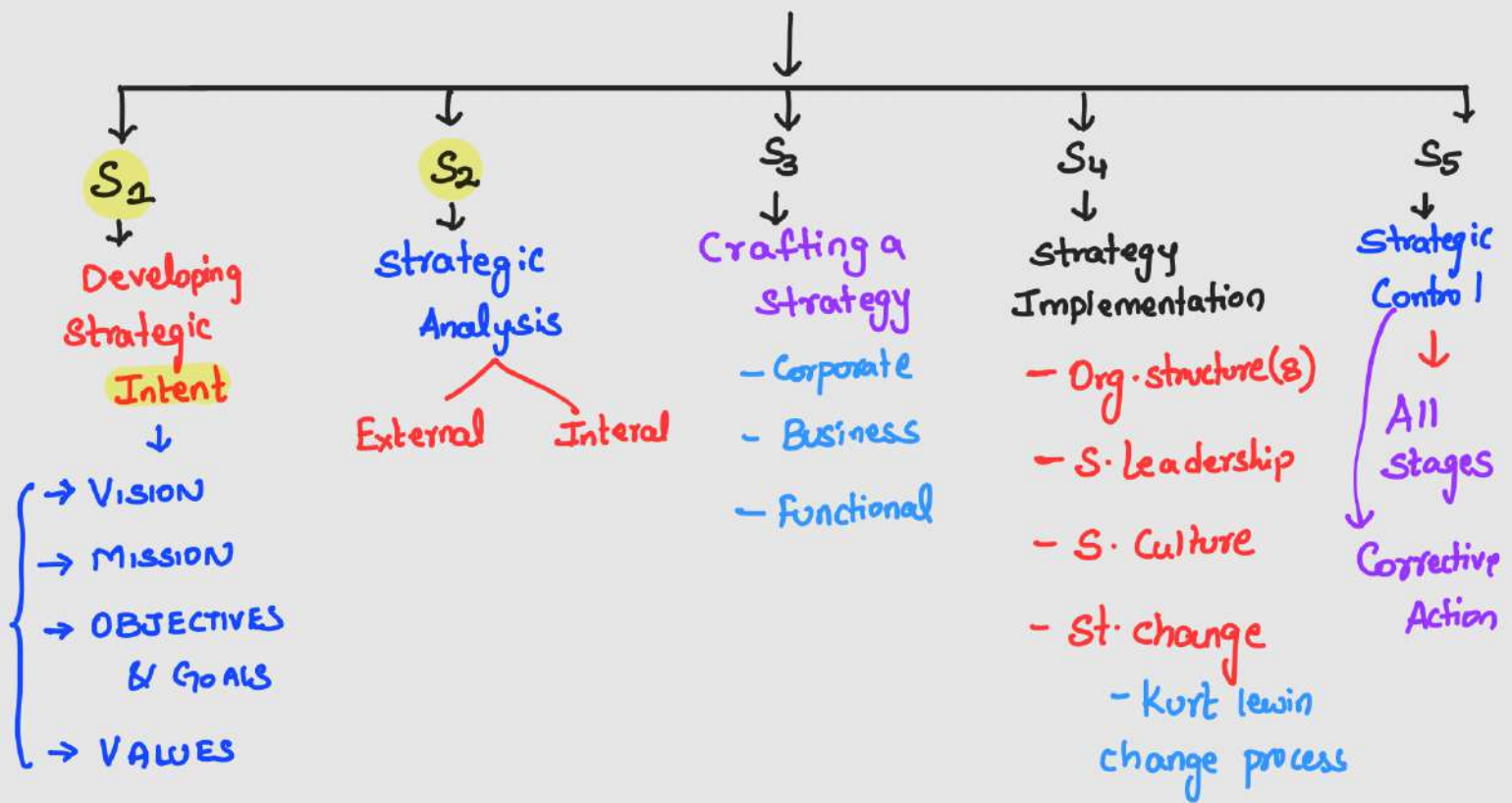
Benefits

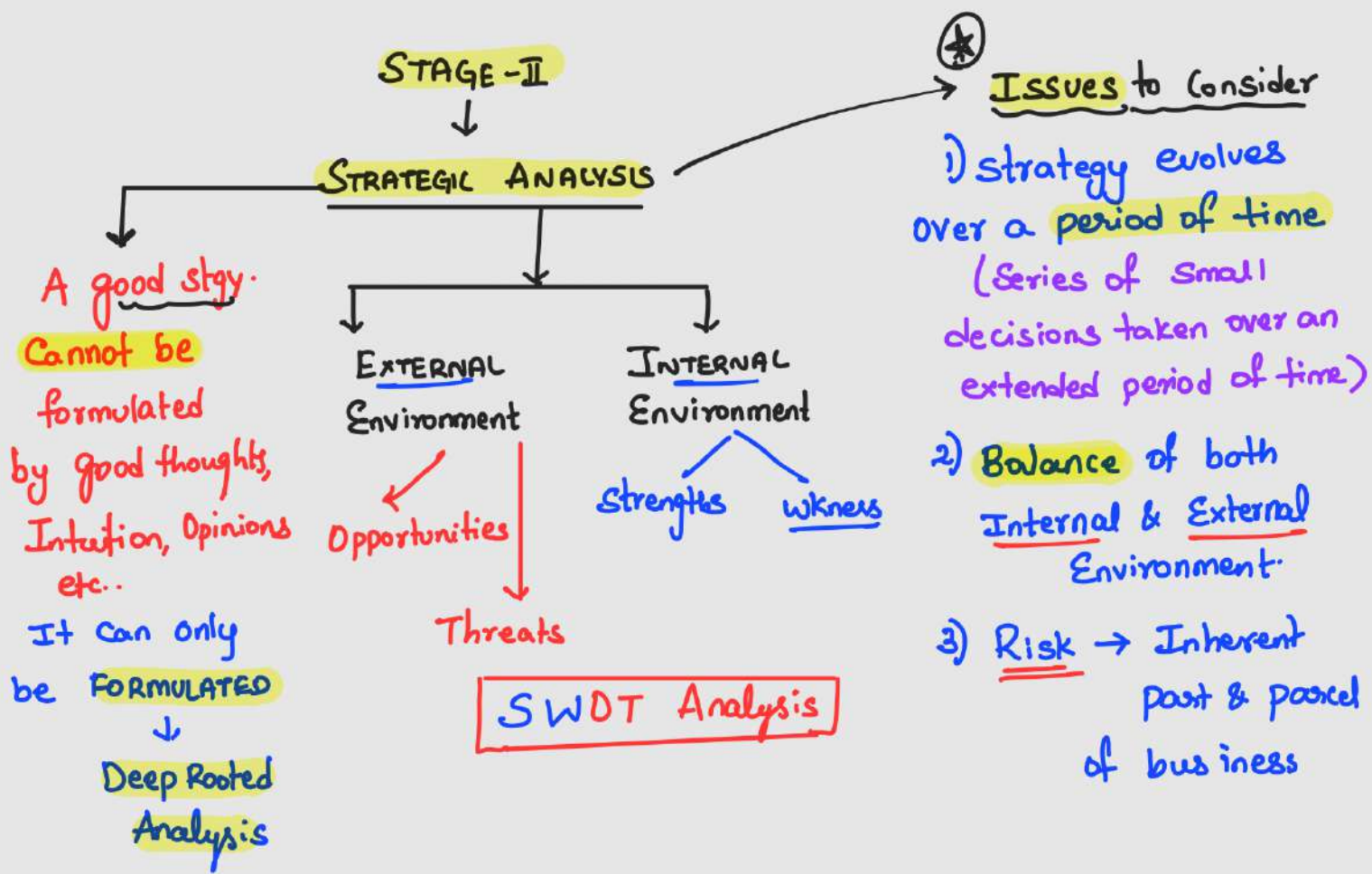
- 1) Proactive
- 2) Enhance Longevity
- 3) Corp. Def. Mechanism
- 4) Prov. Framework - Major Desc.
- 5) Develop Core Comp. & Comp. Adv
- 6) Helps develop Realistic Obj. & Goals
- 7) prepare Org. for Facing the future by acting as pathfinders

Limitations

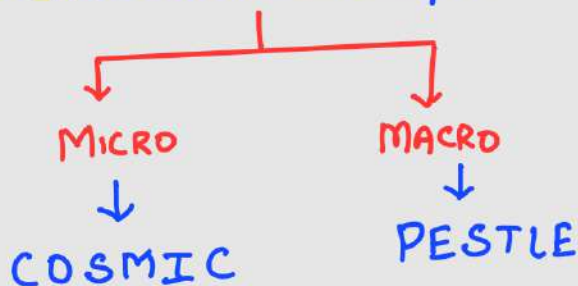
- 1) Environment is highly Complex & Turbulent
↓
Diff to understand Env. in Complete Sense.
- 2) Time Consuming
- 3) Costly process
- 4) Difficult to Est. Comp. Resp.

STRATEGIC MANAGEMENT (PHASES/STAGES)





Framework of S. Analysis



Stgy. Identification & Selection

- 1) Identify stgy. Alternatives
- 2) select strategy
- 3) Implement stgy.
- 4) Review stgy.

Business Environment

Complex

Highly Dynamic

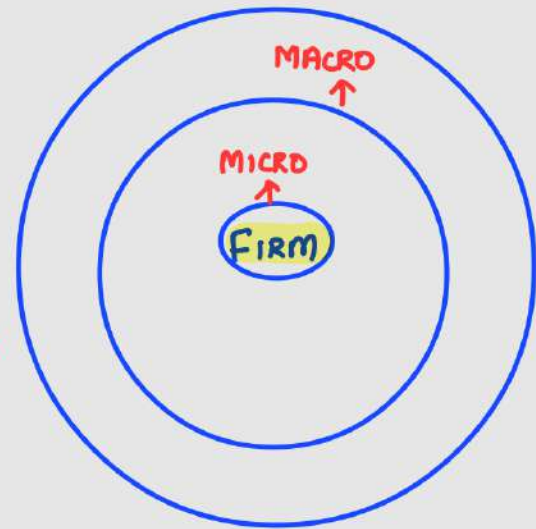
& Cont. Evolving

All External Influences

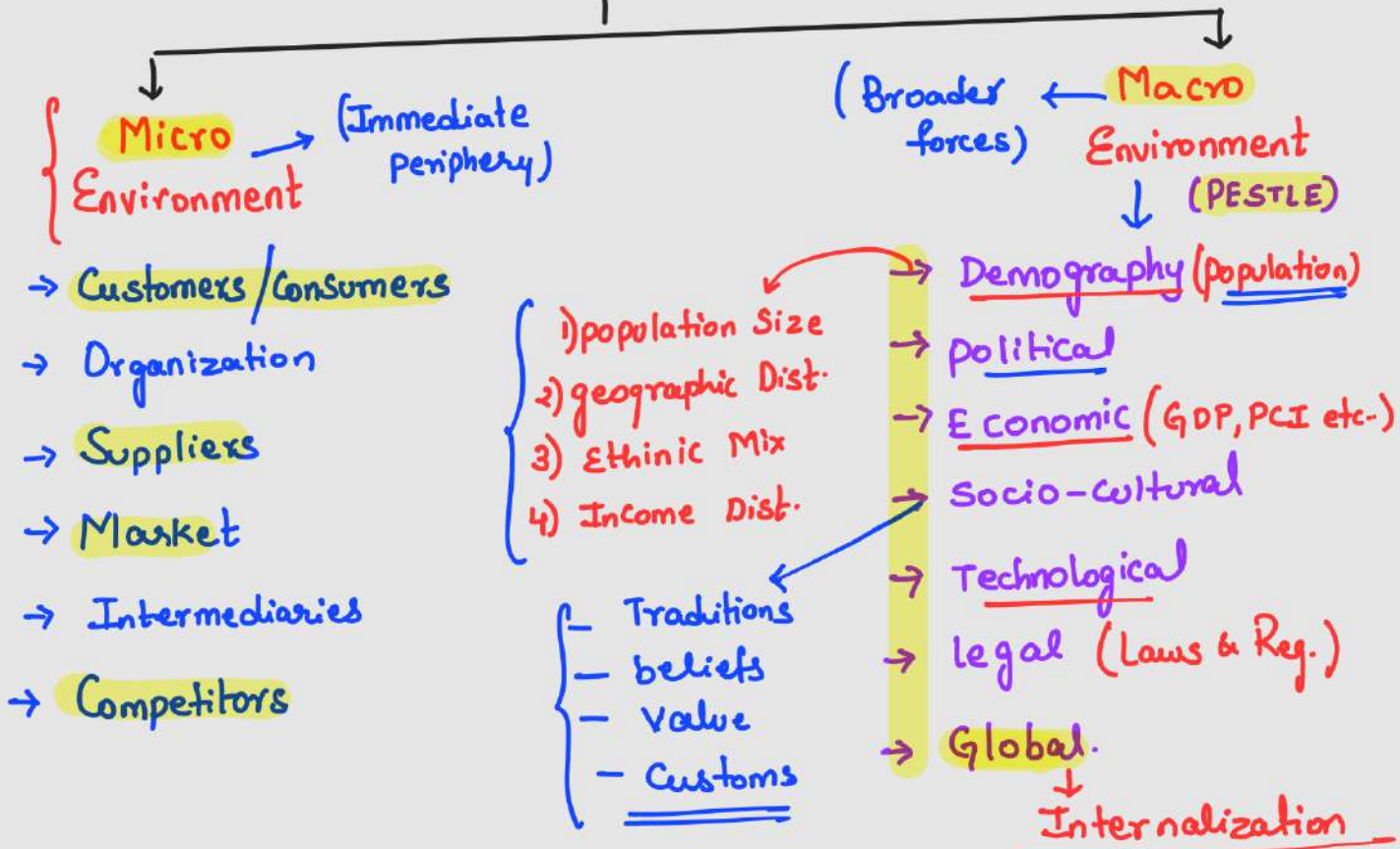
which affect the business

Analysis HELPS business → following ways :-

- 1) Determine Opportunities & Threats
- 2) Gives a Direction for GROWTH
- 3) Cont. learning
- 4) Image building
- 5) Meeting Competition



Business Environment

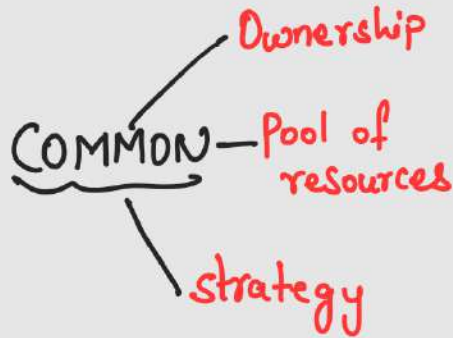


Globalization

WHAT

- Going beyond the boundaries of home country (manuf. around the world)
- ⊛ Competing in domestic markets with foreign players.

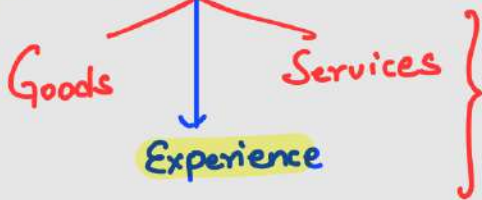
Characteristics of a Global Company



Reasons for going Global

- Need to grow
- Rapid shrinking of distance & time
- Domestic markets are NOT adequate.
- Cheaper source of Raw-material
- Lower transp. Cost
- Opens up foreign markets
- collapse of trade barriers
- forming st. Alliances

PRODUCT

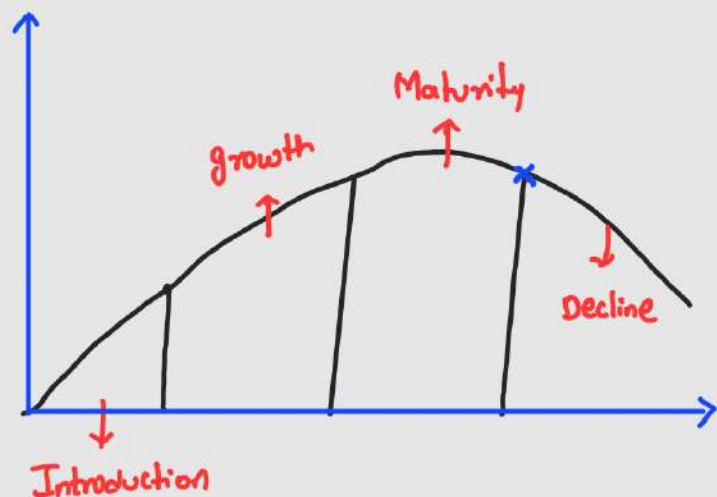


Characteristics

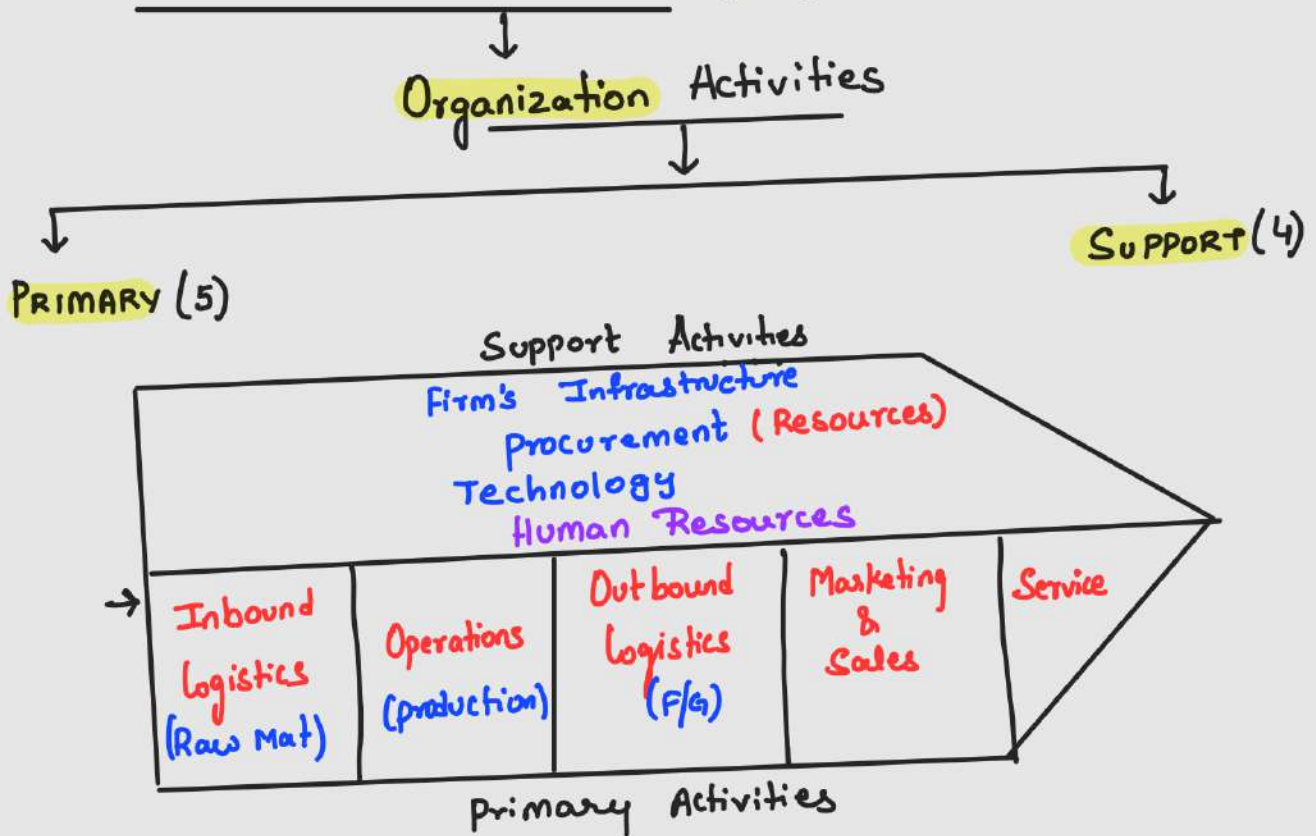
- 1) Tangible or Intangible
- 2) has a price
- 3) has to deliver Satisfaction
- 4) pivotal for business (Important)
- 5) has a Useful life

Product's Life Cycle (PLC)

S-shaped Curve depicts that every product goes thru 4 successive stages.



VALUE-CHAIN ANALYSIS (M. portor)



INDUSTRY ENVIRONMENT ANALYSIS

PORTOR'S 5-FORCES Model

To avoid -N/E → **Entry Barriers** are to be estd.

- 1) Capital Requirements
- 2) Economies of Scale
- 3) Prod. Differentiation
- 4) Brand Identity
- 5) Switching Costs
- 6) Acc. to Dist. channels
- 7) Agg. retaliation



Experience Curve

When repeatedly a productive work is undertaken, productivity efficiency goes up.

⇒ the time taken to comp. the task will

Significantly reduce
→ Cumulative Volume of Output also grows

→ **DECLINE** in per Unit Cost of production

Value Creation

→ Product features, Quality, Durability, availability, performance.

where the firm is able to retain a customer ⇒ they have delivered **Value** to Cust.

→ what customer is **willing to pay for.** ?

↓
Ultimately Create Comp. Advantage -

Market & Customer

place for interested parties, buyers, sellers

↓
Goods & Services

↓
Can be Exchanged for a price.

Marketing → 4P's

- Product
- price
- place
- promotion

↓
Mark. Mix

Any person that buys the product or service

- Categorized into GROUPS based on Age, gender, geography etc...

⊕ Customer & Consumer

may be the same

Can also be different.

the person who ultimately use the product.

S. Analysis

Customer Analysis

↓
Conduct Surveys, Study past data, Cust. profiling,

Consumer behaviour Influences

- External Influences
- Internal
- Decision making
- post decision

Comp. landscape

Und. Comp landscape req. application of "Comp. Intelligence"

Steps to Understand Comp. landscape

- 1) Identify your Competitor
- 2) Understand the
- 3) Determine their strengths
- 4) Determine their Weakness
- 5) put all info. together.

KSF → Key Success Factors

use those things that most affect the industry members.

Only one/two KSF → Industry.

How to Identify KSF's in Ind.?

- 1) On what basis do cust. choose a particular product?
- 2) what resources & comp. capabilities are needed for comp adv.?
- 3) what does it take to achieve Sustainable Comp. Advantage.

CHAPTER-3

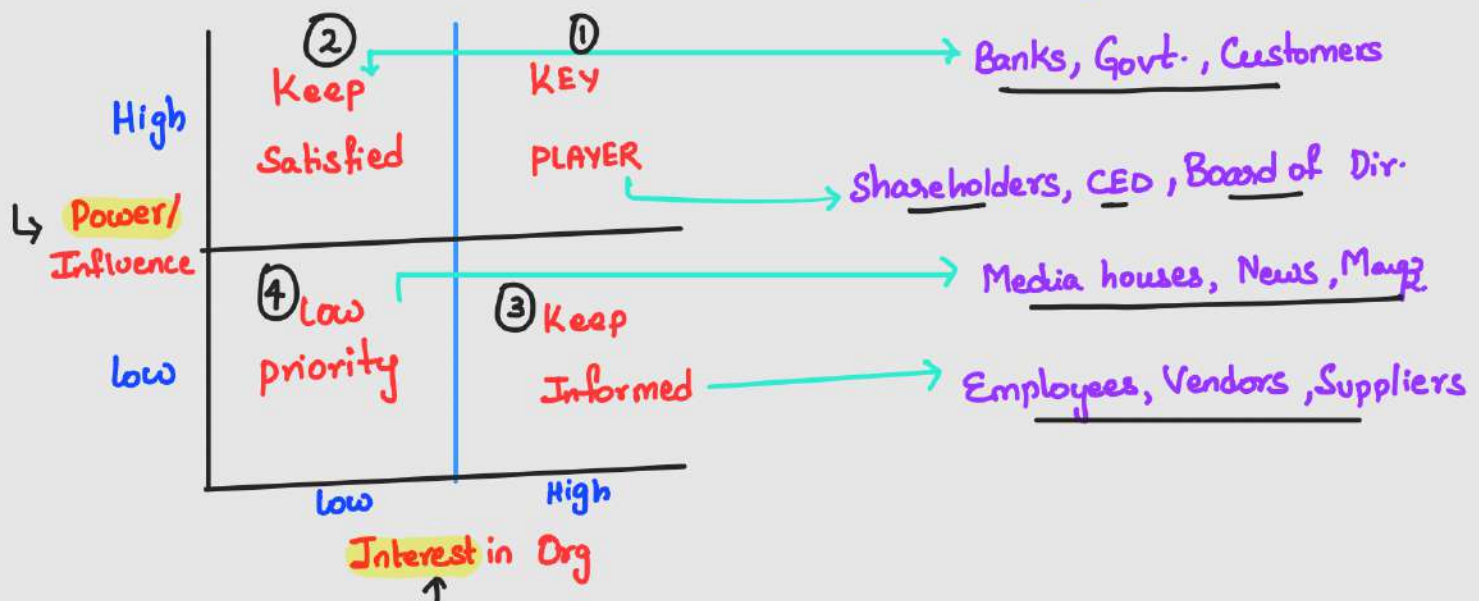
INTERNAL ENVIRONMENT

Sum total of people,

Individuals, processes, Infrastructure, Space, Equipment, authority, power, responsibility, accountability, culture, values, ethics...

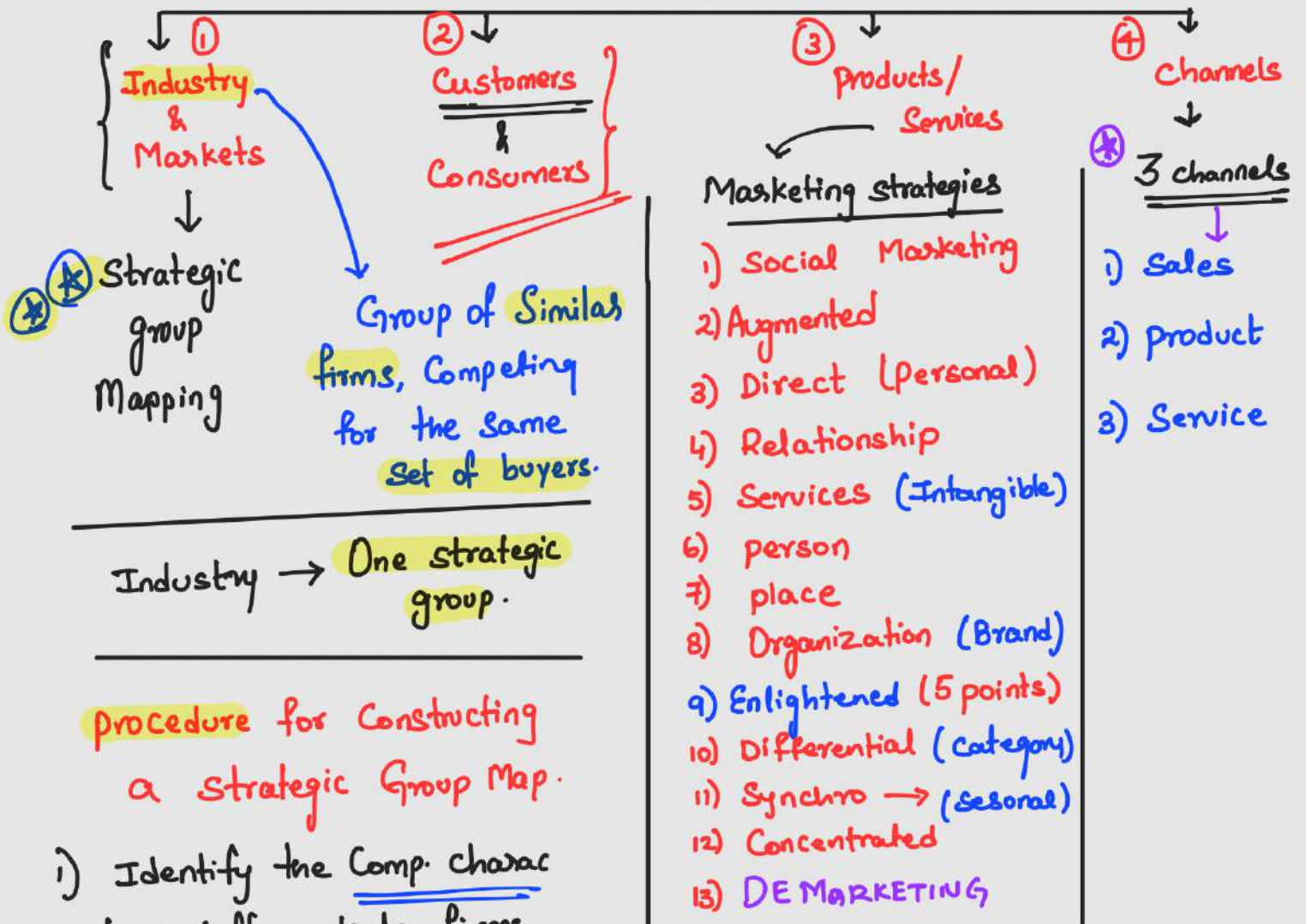
UNDERSTANDING KEY STAKEHOLDERS

MENDELLOW'S MATRIX



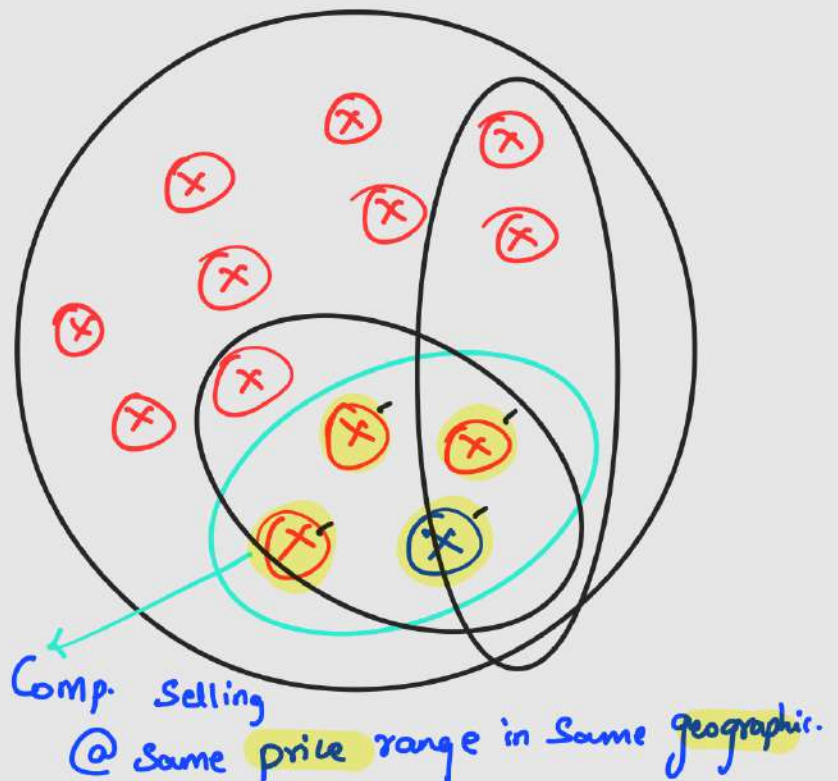
- Share holders
- CEO & Board of Directors
- Major Vendors
- Consumers
- Employees

Key Strategic Drivers



Procedure for Constructing a Strategic Group Map.

- 1) Identify the Comp. charac that differentiate firms (price, quality, geography, extent of vert. int. etc..)
- 2) plot the firms on a 2 Variable map - Using pair of diff. charac.
- 3) Assign firms that fall in the same strategic space
- 4) Draw Circles around Each Strategic group.



Building Core Competency → Combination of skills & techniques rather than individual skill/tech.

Major Core Comp. are identified in 3 Areas

C.K. Prahalad & Gary Hamel

- 1) Comp. Differentiation
- 2) Customer Value
- 3) Application of Competencies

Value chain (Managing Linkage)

Unique strength → of the Organization.

when skills/tech. can be applied → 'ACROSS THE ORGANIZATION'

Core Comp.

when applied in a right manner

Comp.

Advantage

Achieved Adv.

Criteria to build "Core-Competencies"

4 Criteria

- 1) Valuable (To the customer)
- 2) Rare (Not Common)
- 3) Costly to 'Imitate'
- 4) Not-Substitutable

Comp. Advantage → Achieved Adv. Over Rivals.

Sustainability of Comp Advt.

- 1) Durability } → present
- 2) Appropriability } → present
- 3) Imitability } → Not present
- 4) Transferability } → Not present

SWOT Analysis

S - Strength → Inherent Capability

W - weakness → Inherent Limitation

O - Opportunity → Favourable Condition

T - Threat → Unfavourable Condition

| | |
|-----------------|----------------|
| (A) STRENGTH | (B) Wkness |
| (C) Opp. | (D) Threat. |

S-O }
W-T }
S-T }
W-O }

SWOT Analysis

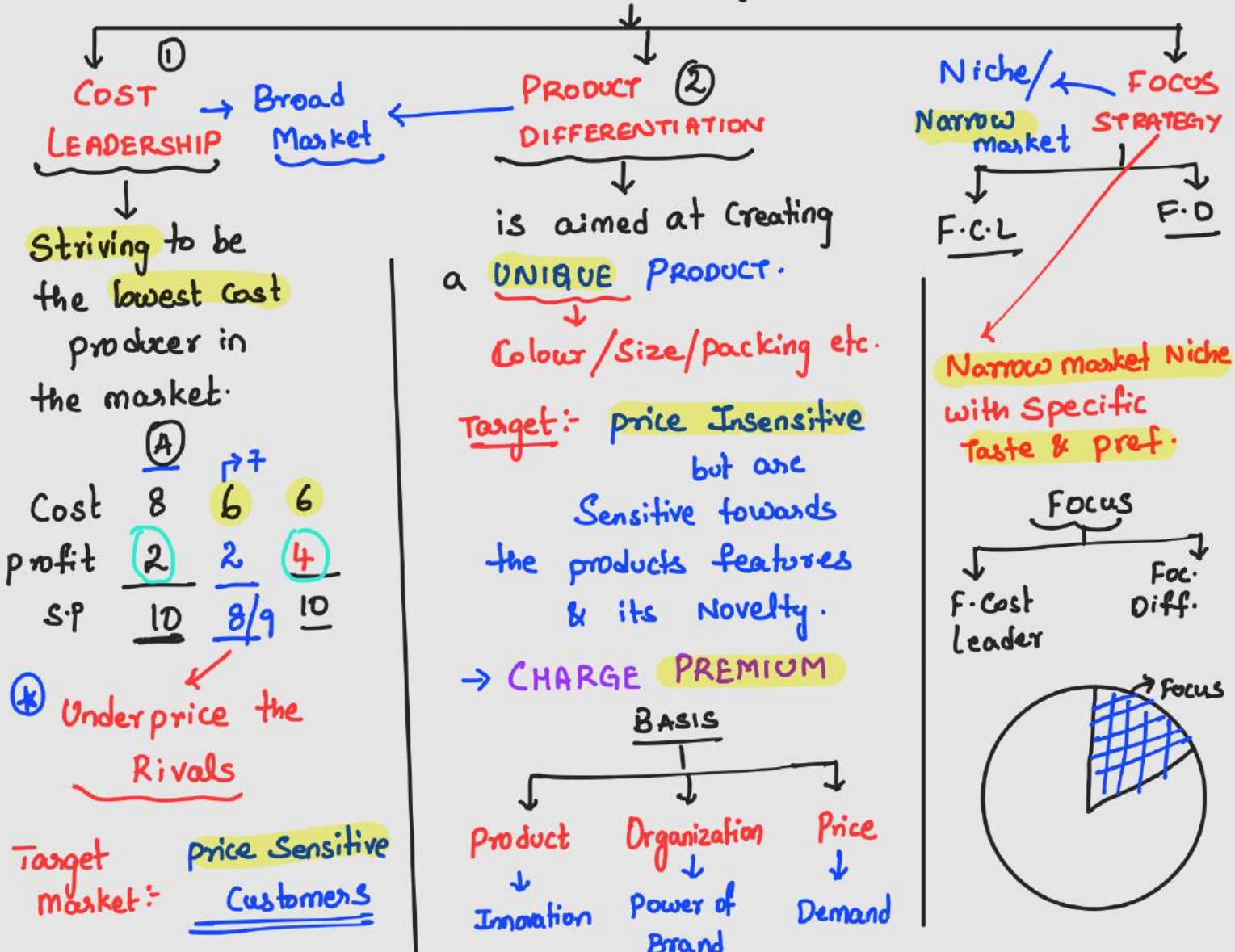
Comparative framework &

Not a Comparison. It enables

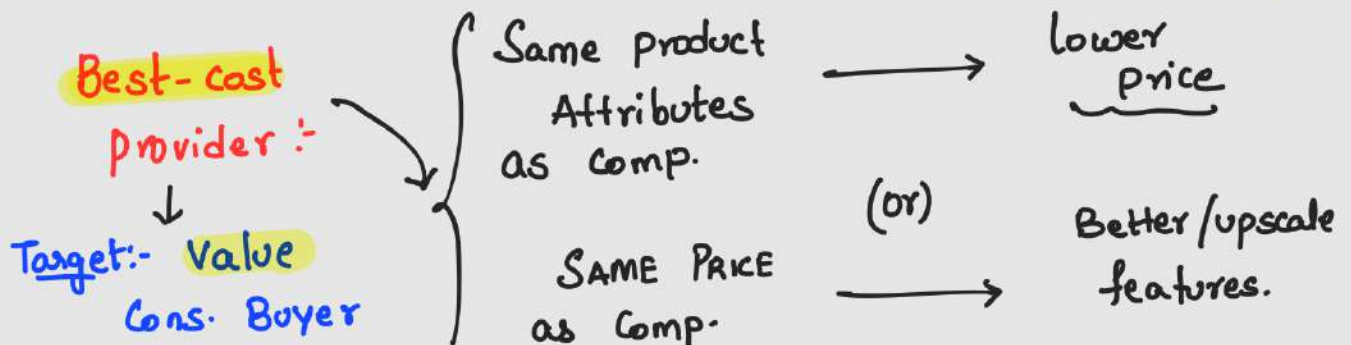
strategist to compare → (TOWS Matrix)

M. Porter's Generic Strategies

Business level stgy / Base generic strategies

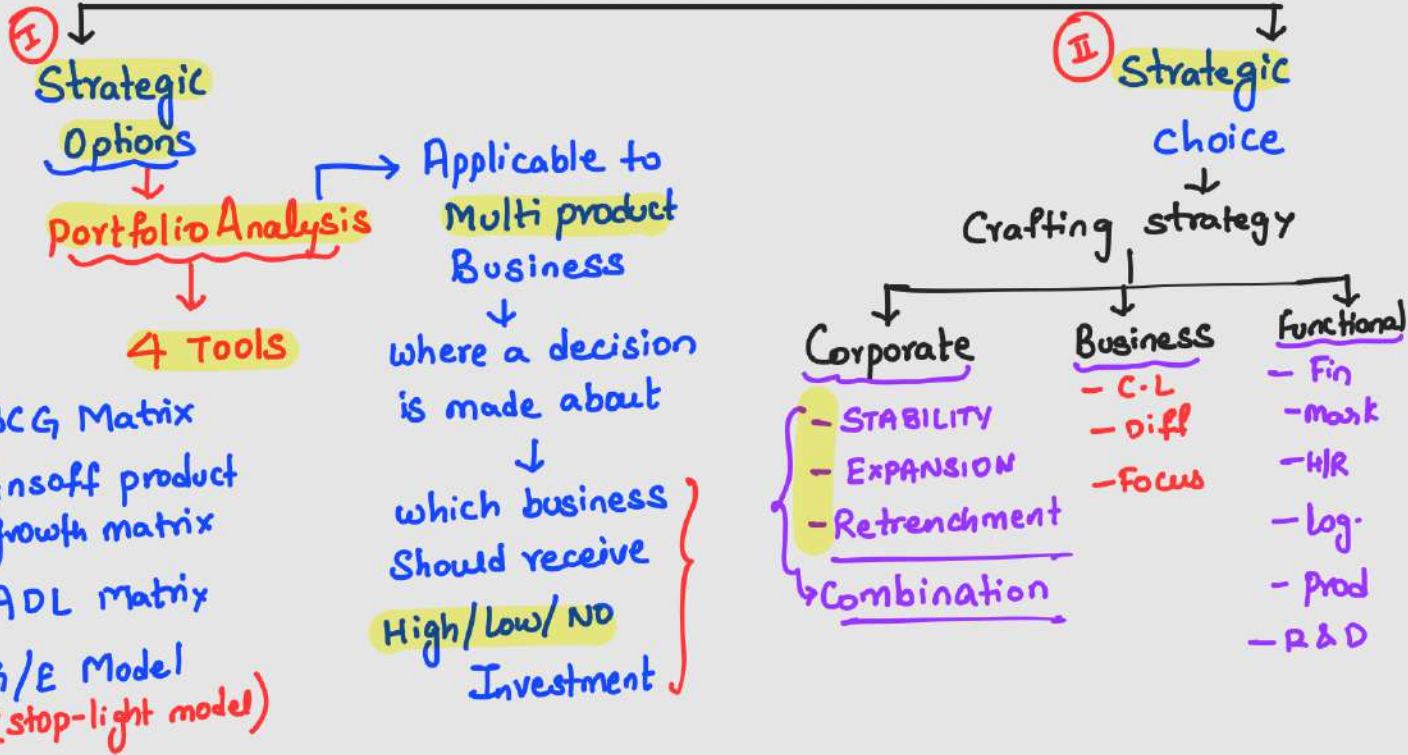


- Advantages :- How to handle M. portor's 5-Forces.
- Disadvantages :- Also present for each strategy.



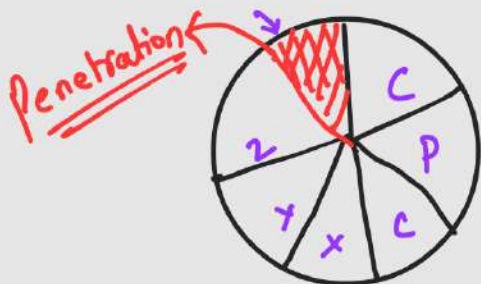
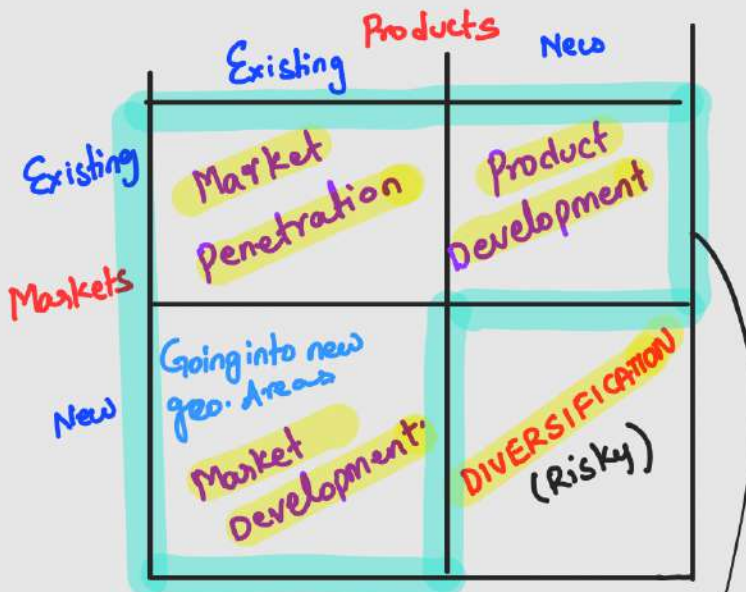
STAGE - III

CRAFTING A STRATEGY



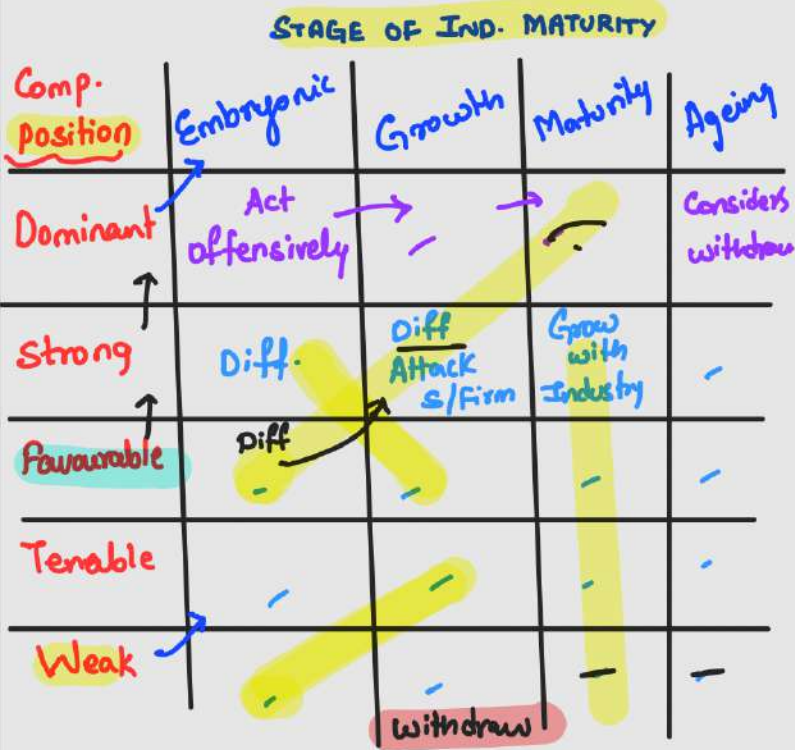
Portfolio Analysis

① Ansoff's product-growth matrix



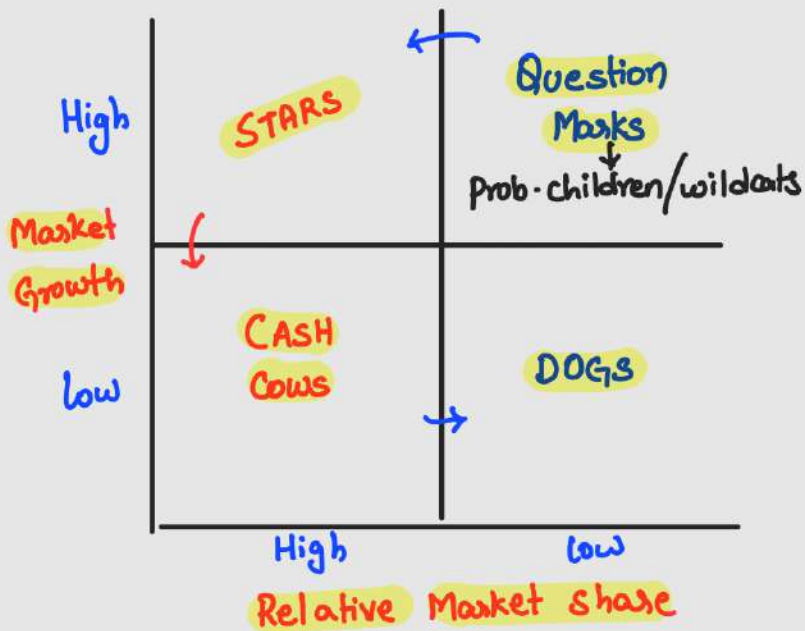
INTENSIFICATION

② ADL - MATRIX



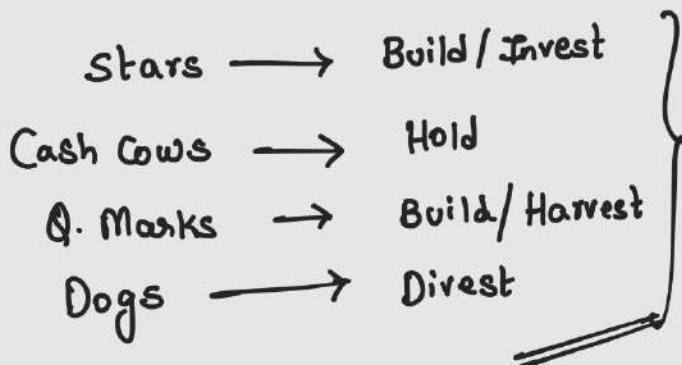
③ Boston Consulting Group Matrix

↓
BCG Matrix → Classification



BCG-Matrix → st. options

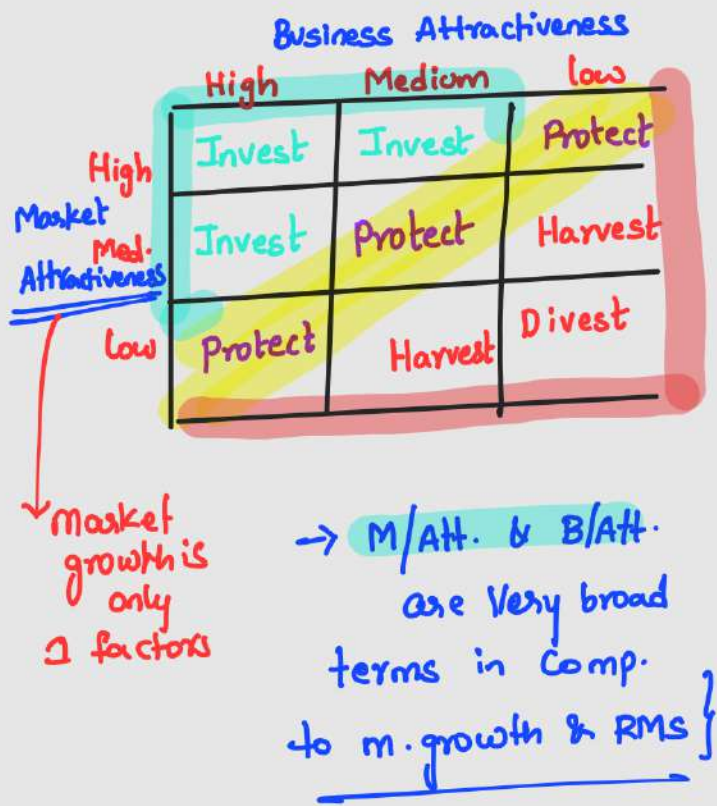
- 1) Build (To put money/invest)
- 2) Hold (To remain unchanged)
- 3) Harvest (To generate some Imm. cash flow)
- 4) Divest (To sell/liquidate a portion of business)



Problems in BCG:-

- 1) Calc. of Rel. mark share is Unrealistic.
- 2) BCG talks about current classification & less about future

④ G/E MODEL (STOP-LIGHT MODEL)



STRATEGIC CHOICE

Glueck & Jauch / Corporate level / GRAND / Directional Strategies

STABILITY

- Firm stays within current business
- NOT A 'DO NOTHING' STRATEGY

- Firm looks for Inc. Growth
- No fresh Investments
- Risks are less

⊛ Entities which have reached maturity take up stability.

⊛ Sometimes 'stability' is also perf at 'Introduction' stage for prep. for the launch of a great growth stgy.

⊛ maintaining a 'status-quo'

⊛ No redefinition of business

⊛ Modest Growth Objectives

EXPANSION / GROWTH

- Opposite of stability
- fresh Investments are made
- Risks are high

RETRENCHMENT

- Turnaround
- Divestment
- Liquidation

EXPANSION

INTERNAL GROWTH

Intensification

- market penetration
- market Development
- Product Development

Diversification

- Vertical
- Horizontal
- Concentric
- Conglomerate

INNOVATION

EXTERNAL

Mergers & Acquisition

- Vertical
- Horizontal
- Congenerie
- Conglomerate

STRATEGIC Alliance

Vertical Diversification

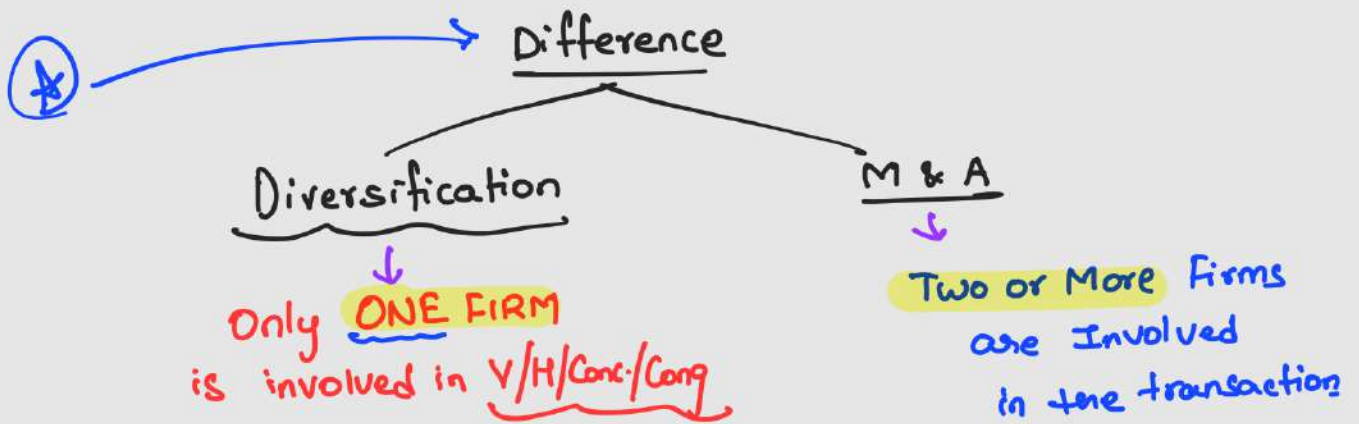
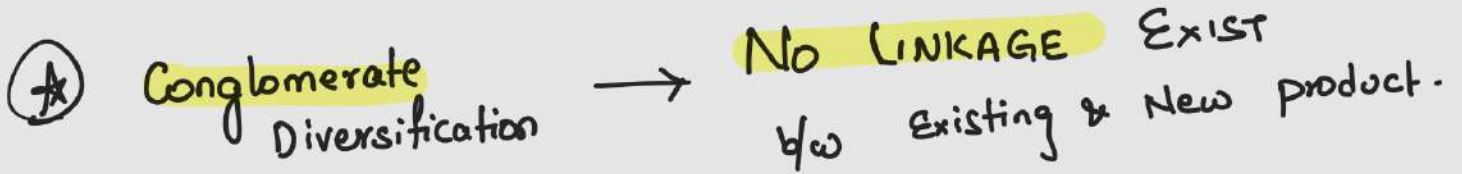
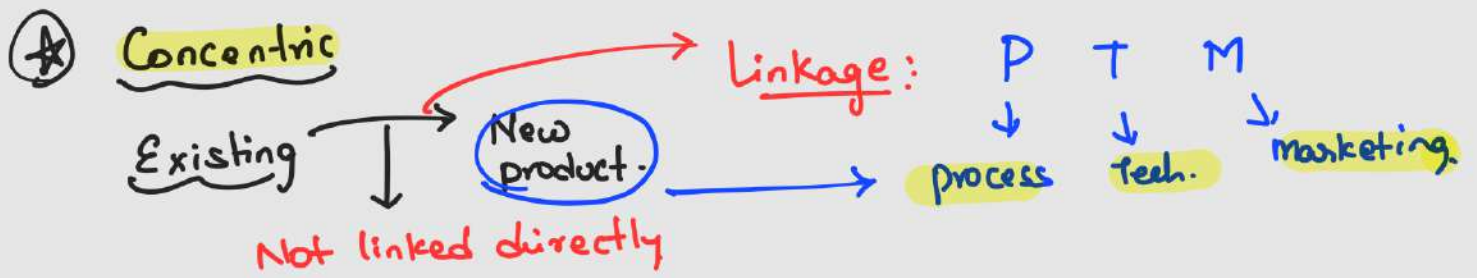
| | | | |
|---------|-------|-------|-------|
| | X Ltd | X Ltd | X Ltd |
| R-M | X | X | X |
| Manuf. | ✓ | ✓ | ✓ |
| Dist. | X | X | ✓ |
| Retail. | X | X | X |

Backward Integration (R-M to Manuf.)
Forward Integration (Manuf. to Retail.)

- 1) Helps Solve Complex problems
- 2) Inc. productivity
- 3) Gain Comp. Advantage.

Horizontal

→ Entering into business of by prod / taking over Comp. products Complementary prod.



STRATEGIC ALLIANCE → Not permanent.

↓
 Members of S/All. maintain 'INDEPENDENT STATUS'

State Assembly → 250 Seats

A - 100
 B - 80
 C - 70

AB, ~~BC~~, AC
 ↓
possible Alliance.

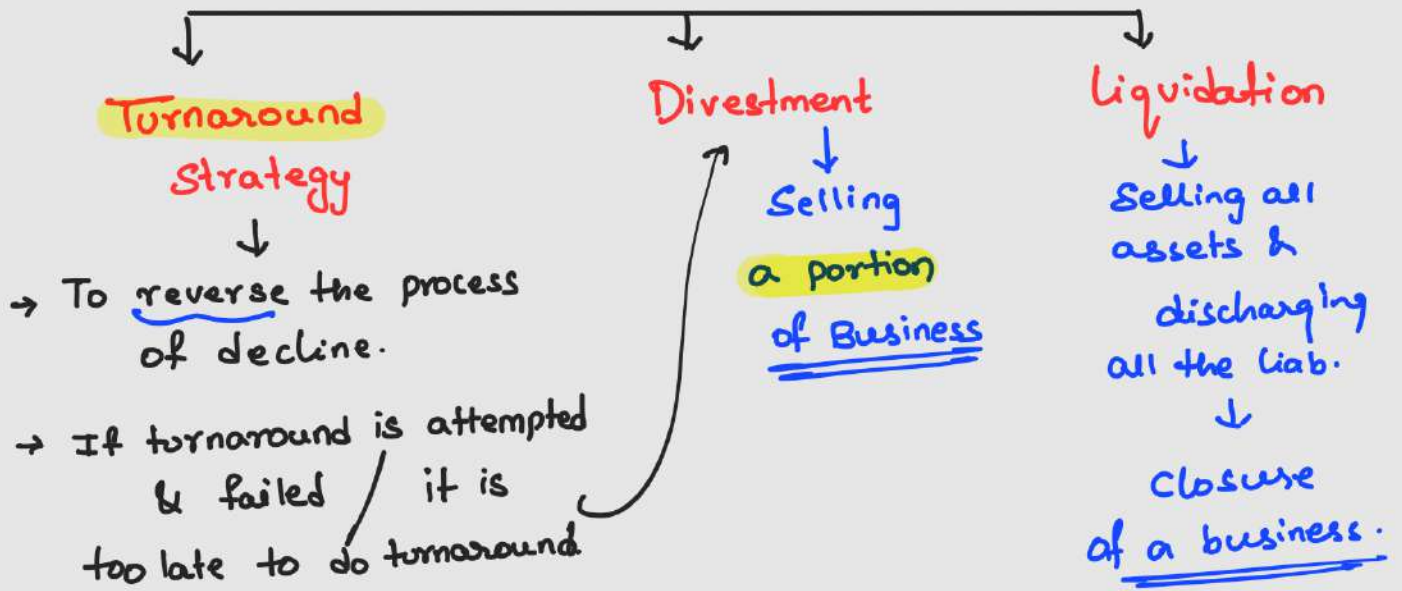
ADVANTAGES:

- 1) Political
- 2) Economic
- 3) Organization
- 4) Strategic.

Disadvantage

↓
Sharing

Retrenchment



* Steps involved in a Turnaround.

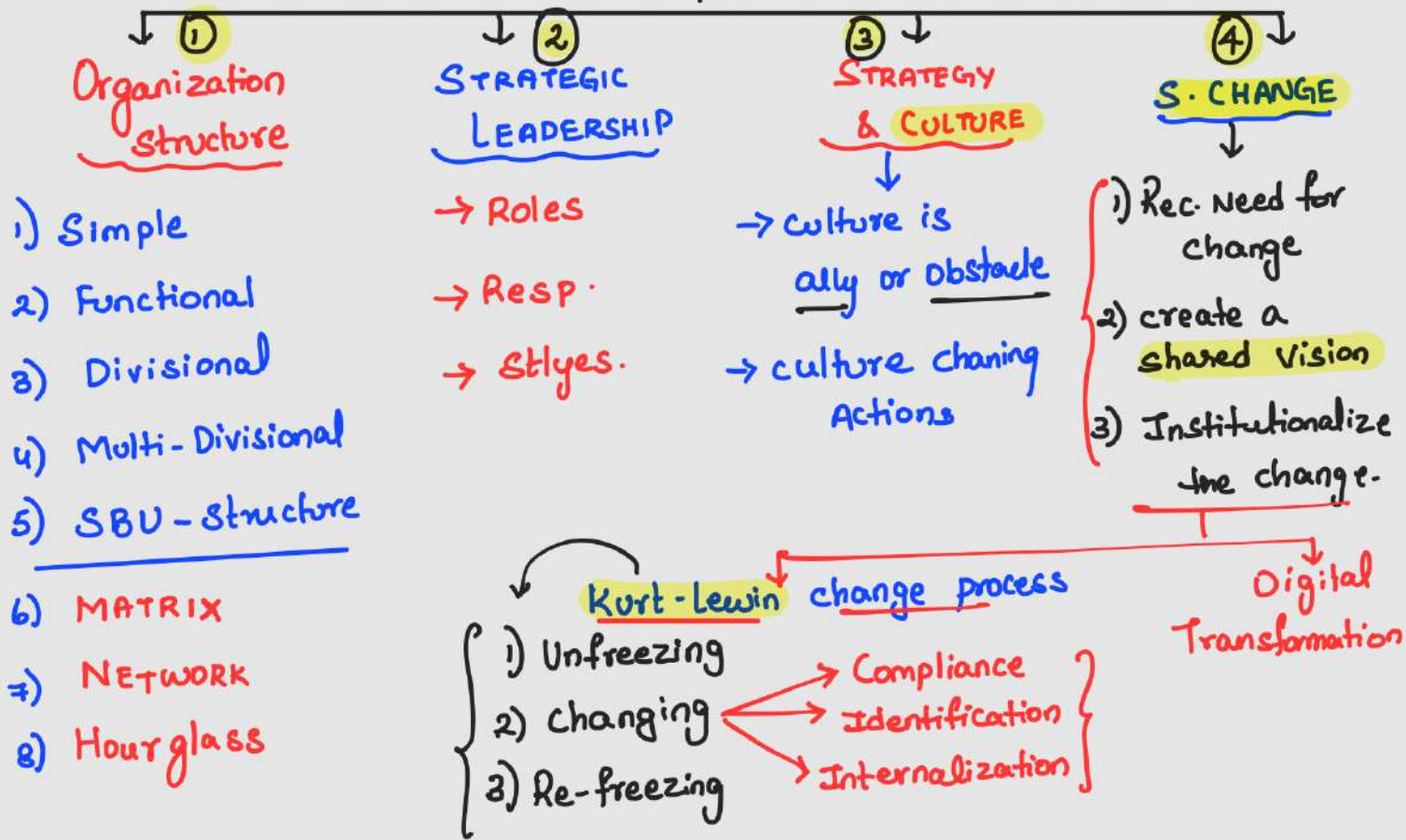
- 1) Assessment of Current problems
- 2) Analyze the situation, & draw a strategic plan
- 3) Implementing the plan (Emergency plan)
- 4) Restructuring the business
- 5) Returning to Normal

5 Reasons

- 1) Acq. business proves to be a Mismatch.
- 2) Pers. NEGATIVE cash flows
- 3) Tech upgrad. required
↓
No funds
- 4) Severity of Comp
↓
Unable to cope.
- 5) A better alternative is available.

STAGE - IV

STRATEGIC IMPLEMENTATION

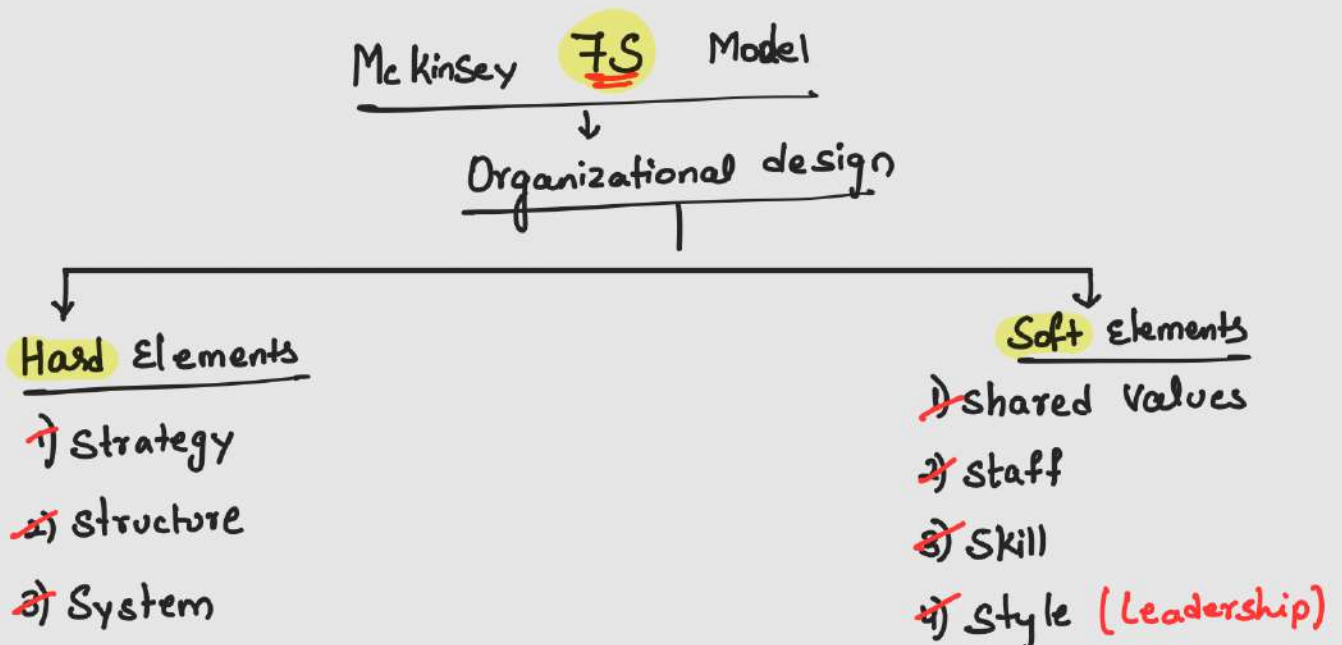
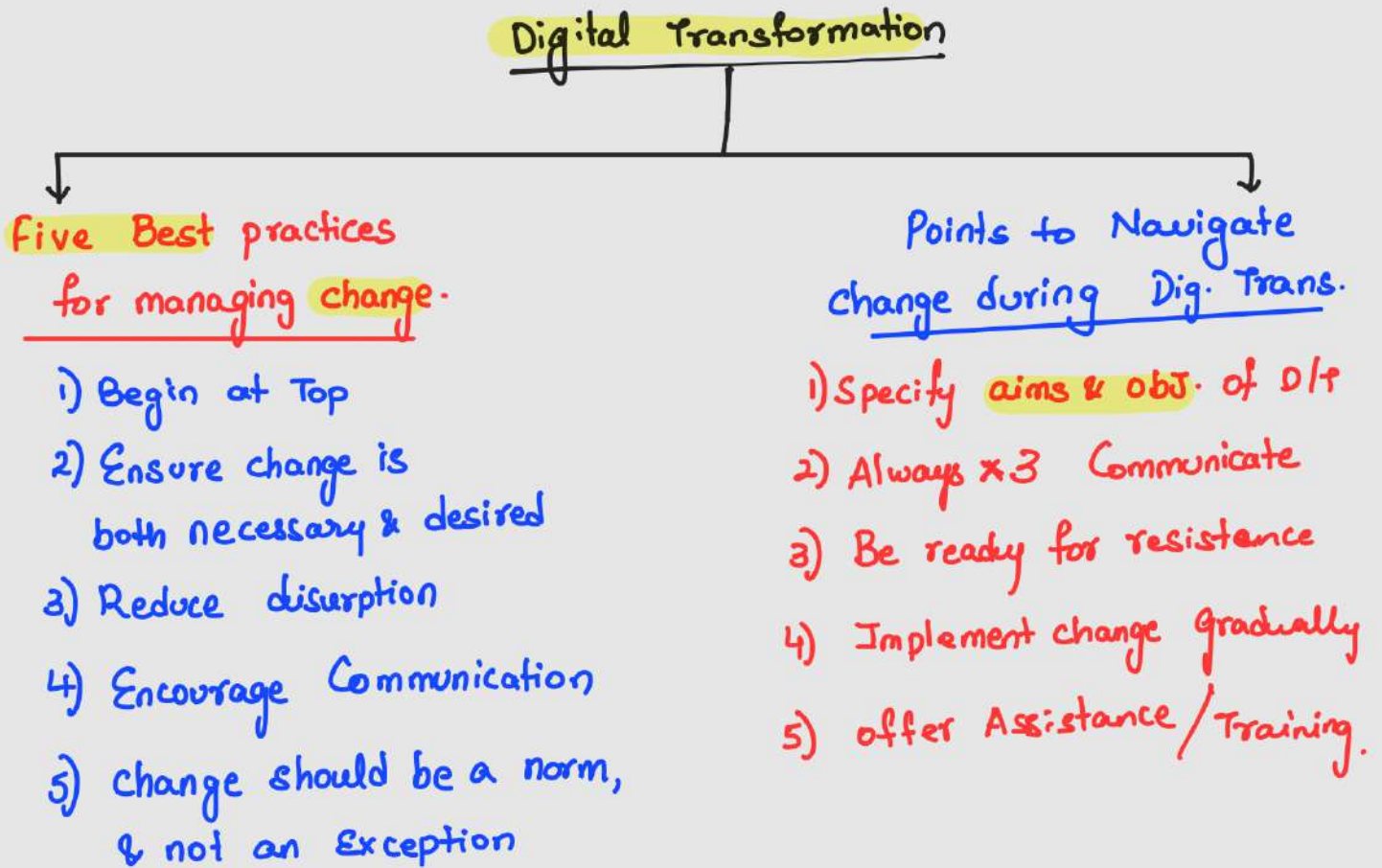
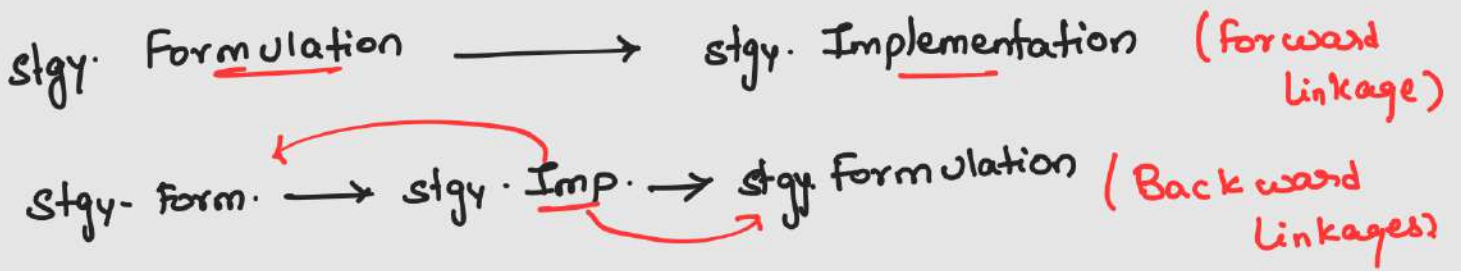


Relationship b/w stgy. Formulation & stgy. Implementation

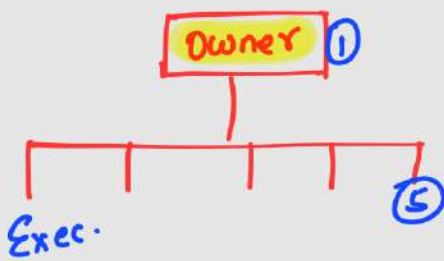
| | | |
|-------------|--------------------------------------|---|
| | Weak | Imp. Excellent. |
| Sound Form. | Good - Plan wk - Imp. A | B Ideal situation |
| Flawed | C Worst | Stgy - flawed D Imp - Excellent. |

| | | |
|-------------|------------|---------------|
| | Effective | Ineffective |
| Efficient | ① Thrive | ② Die Slowly |
| Imp. Ineff. | ③ Survive. | ④ Die Quickly |

No clear st. direction



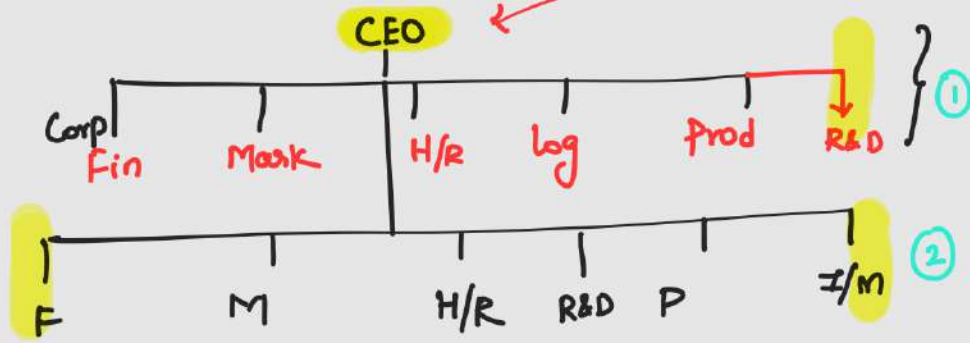
① Simple



②

Functional structure

Too much Accountability



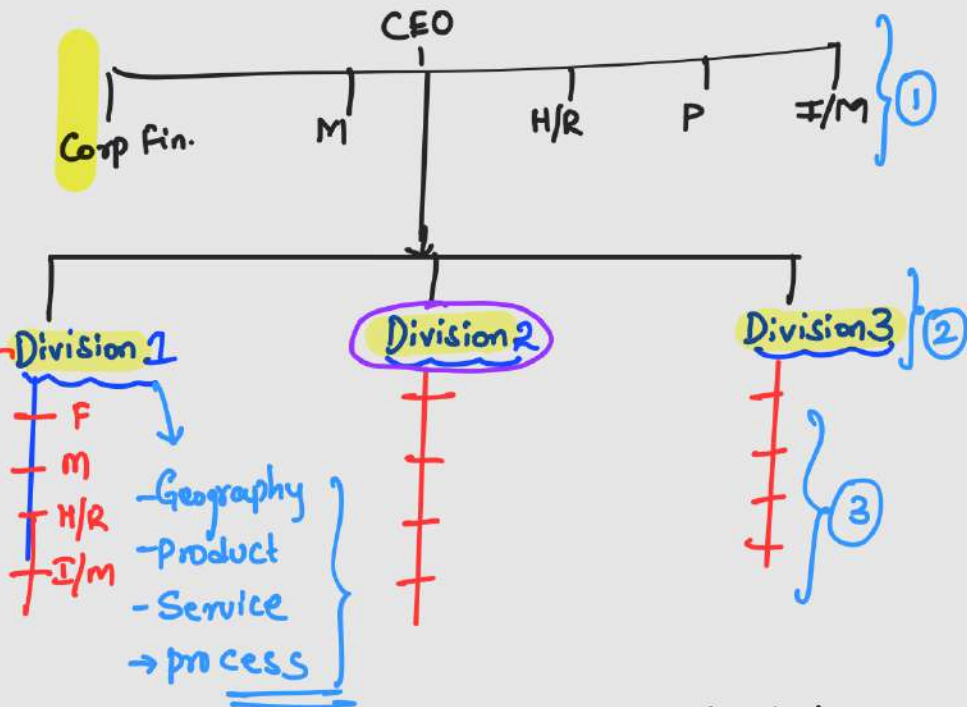
③ Divisional structure

④ Multi-Divisional

M-Form

If each division can be identified as a SEPARATE BUSINESS

Each div. is headed a DGM



①-④ All org. structures → used in "less Diversified" business.

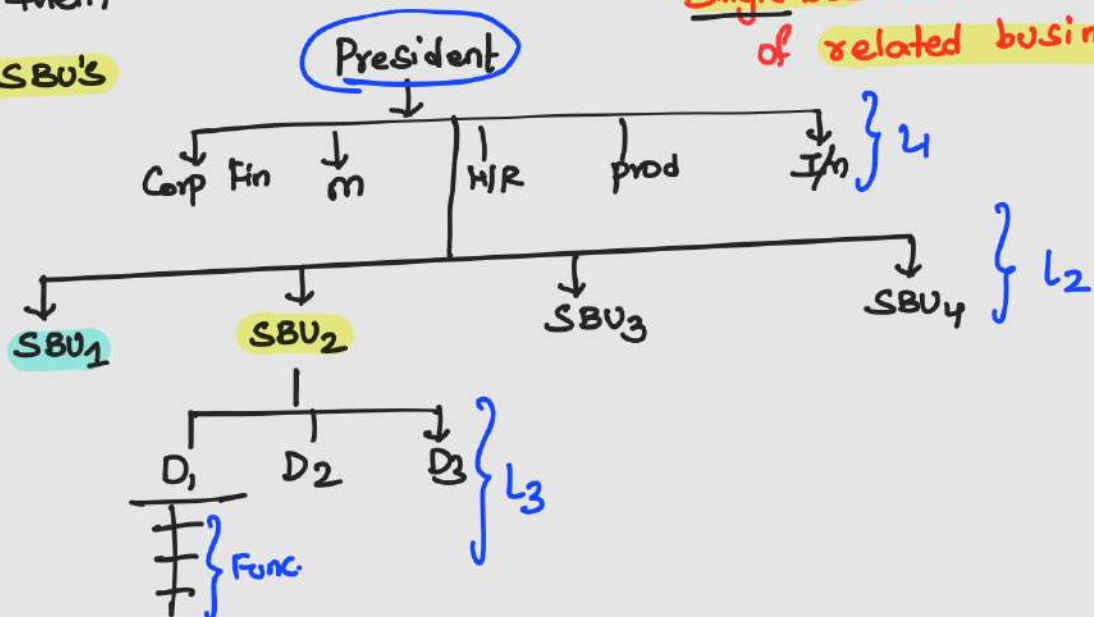
for Highly Diversified

⑤ SBU structure

Strategic Business Unit

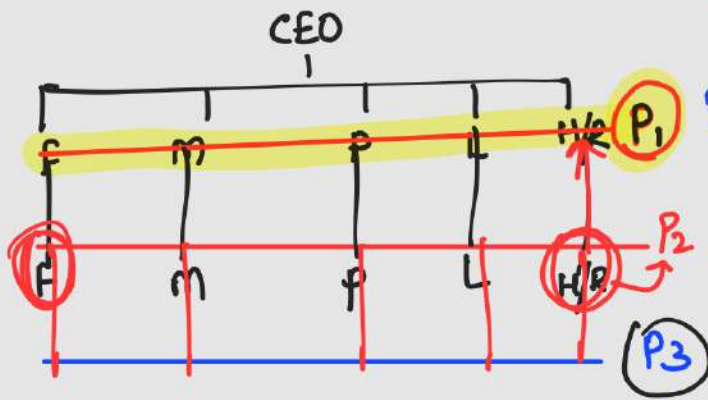
Classify them into SBU's

Single business or collection of related business



⑥ Matrix Structure

Resources are Scarce
Ideas can be Goss-fertilized



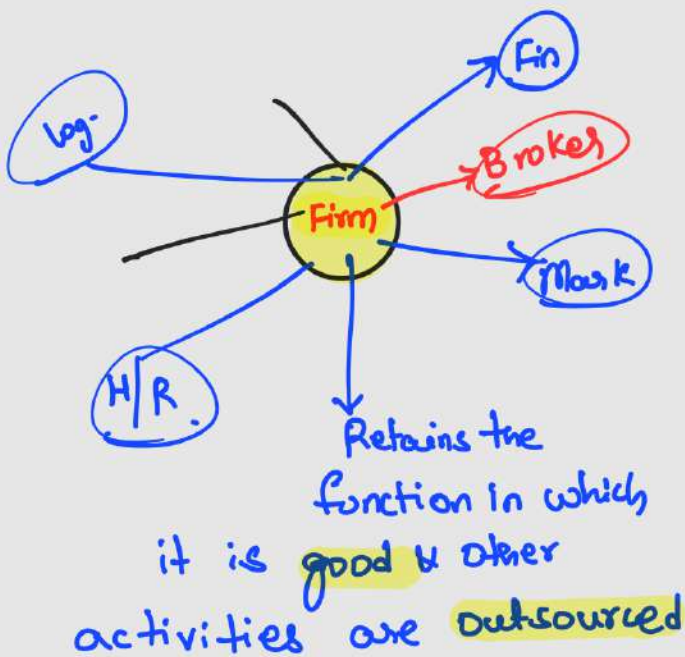
Each functional executive is
Vert Connected to a
func. Superior &
horizontally Connected
to product managers

Davis & Lawrence
3 dist. phases

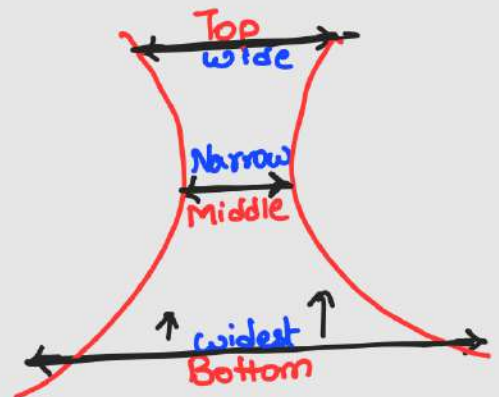
- 1) cross func. task forces
- 2) product / Brand Management
- 3) Mature matrix

⑦ Network structure

Non-structure (cob-web)

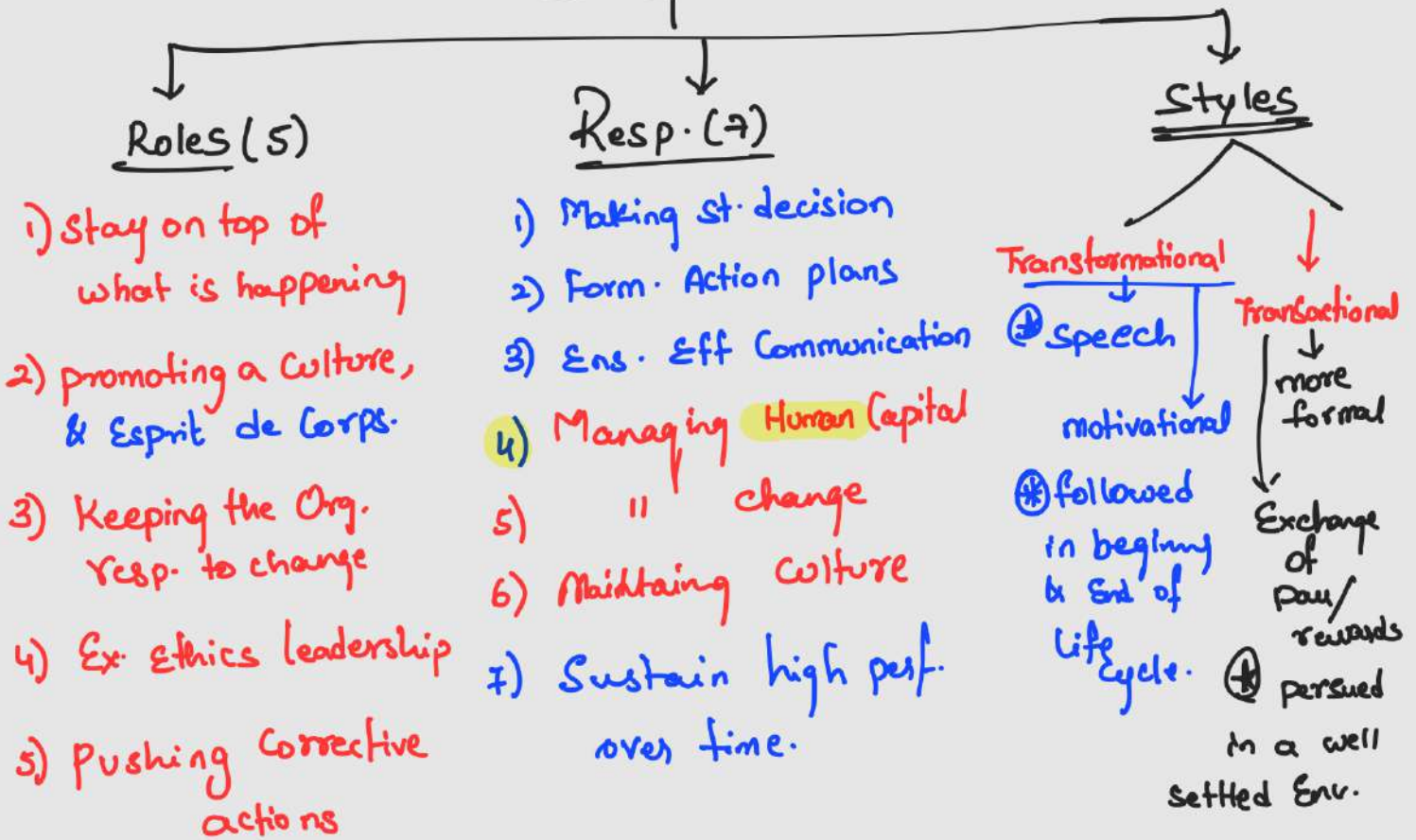


⑧ Hour-glass structure



- ⊗ i) Shrunken - Middle Layer Saves - Cost.
- ⊗ No career growth opp.

S. Leadership



STAGE - V

S. CONTROL → Taking Corrective Actions.

