

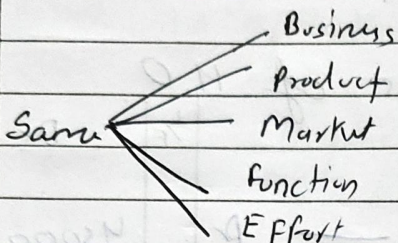
# Chp.4 Set A

★ A firm opting for stability / expansion...

Stability

Expansion

Mean★ (1)



Related

Unrelated



same industry

diff Industry

Charact★ (2)

∴ < Investment  
∴ < Risk  
∴ < Reward

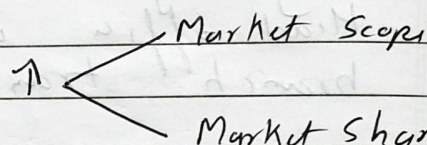
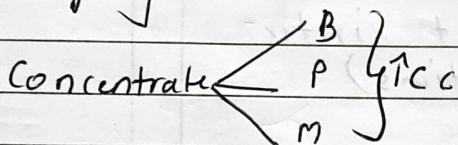
∴ > Investment  
∴ > Risk  
∴ > Reward.

C★ (3)

Safety Oriented

Growth Oriented.

C★ (4)

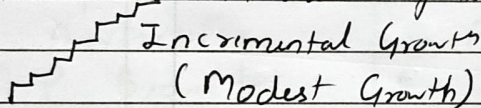


C★ (5)

does not involve Redefinition

Involves Redefinition

C★ (6)



Mammoth

Growth

Reason★ (7)

environment ⇒ stable

environment ⇒ demand

R★ (8)

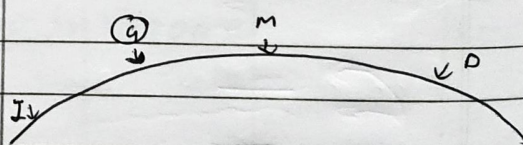
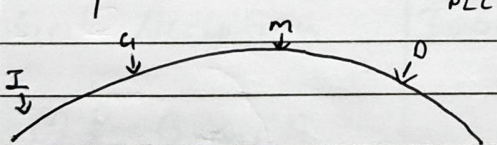
After Rapid Expansion

Expansion ⇒ Objective

R★ (9)

Expansion = Threat

R★ (10)





## Set B

# Expansion types / Ansoff's Product Matrix

A

Expansion through intensification

## I. Market Penetration

- ① Selling Existing Product in Existing Market
- ② eg: Parle G selling Parle G Biscuits in India
- ↓
- ③ current product                      current market
- ④ It is most common expansion strategy
- ⑤ Also called Concentration Strategy

## II. Market Development

- ① Selling Existing Product in New Market
- ② eg: Parle G selling Parle G Biscuit in London
- ↓
- ③ current product                      New market
- ④ change  $\leftarrow$  Advertisement content / Promotional medium  
Distribution Channel

## III. Product Development

- ① Selling New Product in Existing Market
- ② eg Parle G Company introduce New product  
Hide & Seek in India
- ↓
- ③ New product                      Existing market
- ④ Existing redistribution channel reused.
- ⑤  $\leftarrow$  Modification of existing product  
or  
creation of New product.

## B ~~III~~ Diversification

- ① Selling New Product in New Market
- ② strating up or acquiring business outside



- ③ Risky  $\leftarrow$   $\neq$  successful product  
 $\neq$  position in established mkt.
- ④ Little or No experience.

## Diversification

### Concentric

1. Same Industry wrt
2. Link (Process) P Between
3. Connection M existing P/B
4. Common Thread T  $\downarrow$  New P/B
5. Joint
6. Related - Products
7. Synergy - With Current Operation
8. Spin off  $\leftarrow$  From existing Product  
the New Product is

### Vertical

#### Forward

1. Same Industry
2. Next level
3.  $\downarrow$
4. 

Manuf
Dealer $\leftarrow$
Wholesaler $\leftarrow$
Retailer $\leftarrow$
5.  $\uparrow$  Profit
6. entering the Business of Distributor/Buyer

#### Backward

1. Same Industry
2. Previous level
3.  $\uparrow$
4. 

Manuf $\leftarrow$
Dealer $\leftarrow$
Wholesaler $\leftarrow$
Retailer $\leftarrow$
5.  $\uparrow$  Profit  $\downarrow$  Cost
6. entering the Business of Supplier/ Input provider
7. Control over Supplier

### Conglomerate

1. Different Industry
2. 

Link (Process)	P	with	Between existing P/B
	M		$\downarrow$
3. 

No Connection	M		$\downarrow$
	T		New P/B
4. Common Thread T
5. Disjointed
6. Unrelated
7. Tata tea  $\rightarrow$  Tata Steel

### Horizontal

1. Same Industry
2. 1 Co take over another But same stage of Product Distribution Channel.
3. 

M	$\rightarrow$	M
D	$\rightarrow$	D
W	$\rightarrow$	W
R	$\rightarrow$	R

$\swarrow$
x
$\searrow$



Horizontal

1. Same Industry
  2. Merger with DC
  3.
    - ⊙ Getting Rid of Competitor
    - ⊙  $\leftarrow$  wider line of Production
- Obj
- ⊙ Mass Prod  $\leftarrow$  low cost
  - ⊙  $\leftarrow$  Eco of Scale
  - ⊙  $\downarrow$   $\leftarrow$  WC
  - ⊙  $\leftarrow$  F.A investment

Co-generic

1. Same Industry
2. Associate in some way or other
3. Related (link)
  - PP B M T
4. Extension of product line
5. Common set of resources
6. eg. Fridge  $\rightarrow$  oven
- ABC  $\rightarrow$  cooler

Turnaround

1. Improving  $\odot$  Efficiency
2.  $\leftarrow$  Process of Decline

Danger Signal

1. Persistent - Cash  $\leftarrow$  Flow
2.  $\downarrow$  in Market Share
3. Deterioration in Physical Facility
4. Uncompetitive Product
5.
  - $\uparrow$  T/O
  - employees  $\leftarrow$  overstaffing
  - $\downarrow$  more
6. Mismanagement

Elements of T/A strategy

1. Improvement  $\odot$  Coordination
2. Sell Asset  $\rightarrow$  cash
3. Focus on R.G
4. Quick  $\leftarrow$  Cost
5.  $\leftarrow$  Pay of activities
6. Change in Top Management

Retrenchment

Vertical

1. Same Industry
2. Diff stage of Prod/Distr
3.
  - oppo  $\leftarrow$  M  $\rightarrow$  viro M
  - D  $\leftarrow$  D
  - W  $\leftarrow$  W
  - R  $\leftarrow$  R
  - Backward  $\leftarrow$  Forward
  - Horizontal
4. Taking over supp - Backward
5. T/O Buyer - Forward VM
6. Benefit of Synergy

Divestment

1. Sell  $\leftarrow$ 
  - Part off
  - Division
  - unit
  - Portion
2. Part off  $\leftarrow$ 
  - Rehabilitation or
  - Restructuring

Reasons

1. Persistent Cash  $\leftarrow$  from 1 portion which creates financial Problem for whole Co.
2. Acquiring Business mismatch
3.  $\neq$  cope with competition
4.  $\neq$  do tech upgradation
5. Better alternative available

Characteristics

1. Sell part off
2. Integral part of corporate strategy

Conglomerate

1. diff Industry
2. Unrelated
3.
  - CG
  - No Link  $\leftarrow$  CF
  - T
4.
  - P
  - M
  - T
  - No common factor
  - R&D
5. Overlap

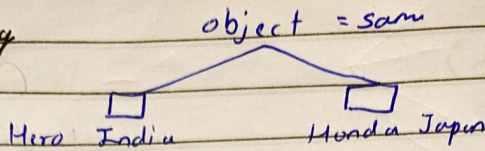
Liquidation

1. most  $\leftarrow$  Extra
2. Unattractive
3. Loss  $\leftarrow$  Employment
4. Opportunity
5. Closing  $\downarrow$  firm of Sell Asset
6. Abandon Activities totally
7. Dead man with than alive
8. Last Resort



# Strategic Alliance

• Meaning



≠ achieve own  
↳ ∴ SA

It is formed between companies which are located in different countries

• Adv of Strategic alliance

1. Economic

↳ sharing < Risk cost

↳ Mass Production < Economies of scale ↓ cost

2. Political

↳ local Foreign Business

↳ To gain entry into foreign Market.

3. Strategic

↳ Cooperate Instead Compete

↳ V.I

↳ Synergy

↳ Pool < Resources skills

4. Organisational

↳ Pool < Resources capabilities

↳ ↑ < Production & Distribution

↳ S.P < Respectful Well Known > Legitimacy Credibility > NV

• Disadvantage

Sharing.



## BIG Matrix

Growth	H	*	?
	L	Cash cow	Dog
		H	L

MKT Share

### 1. Star

- ↳ High MKT Share & high Market Growth.
- ↳ Bcz Growth is ↑ it represent best opportunity for expansion
- ↳ ∴ It req heavy investment

### 2. Cash Cow

- ↳ High MKT Share & low MKT Growth
- ↳ These are established, Successful & Mature business
- ↳ In future job \* from 60% to 90% hojayege it will be C.C

### 3. Question Mark - ?

- ↳ low MKT Share & high MKT Growth
- ↳ Bcz growth is high it represent best opportunity for expansion.
- ↳ ∴ It requires heavy investment
- ↳ It is also called as Problem child / wild cat
- ↳ If not concentrated our cash may get trapped.
- ↳ In future ? may turn down to star & later Cash cow.

4.

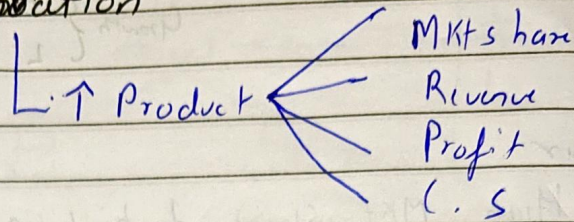
### 4. Dog

- ↳ Low MKT Share & low MKT Growth
- ↳ Because low Share & low growth, Divest this business/product
- ↳ They do not have much future.



# Innovation

• Meaning



It offers following

① Helps to Solve Complex Problem

↳ Business find → opp in → problem

↳ Helps to Solve complex problem.

↳ Soln → CCSS

② ↑ Productivity

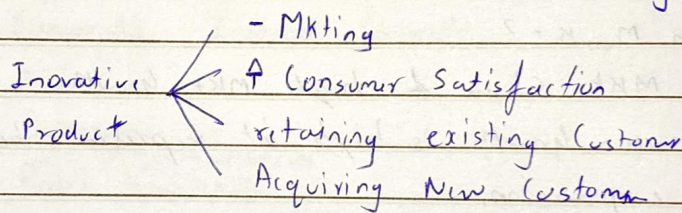
↳ Measure of Final Outcome

↳ ↑ Productivity ← Automation → Repetative Task  
 ↳ Simplification → long chain of problem

③ Gives Competitive Advantages

↳ Faster a business innovates, faster it goes from its competitor

↳



# Combination Strategy

• Meaning

① None of the above Strategy is mutually exclusive

② It is possible that organisation may use stability in some and expansion in some area and retrenchment in other area

• Reason for Combination

① The environment is complex

② Business having multiple business & each business requires different response because they belong to diff industry

eg: Reliance

Jio

↓

tele

↓

Expansion

Trends

↓

Fashion

↓

Stabilize

Fresh

↓

Grocery

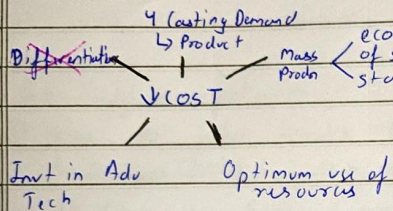
↓

Divestment



### Cost leadership

How to achieve?



### Disadvantage.

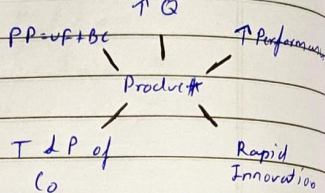
1. Imitate
2. ↑ Sale volume requires
3. Adv tech threat
4. ≠ Adv } long run expensive  
MR  
R&D

### Meaning

It means selling product at low cost in entire industry to price sensitive buyers

### Differentiation

How to achieve?



### Disadvantage

- ① Imitate (uniqueness, difficult to sustain)
- ② ↑ Price ← labour switch to alternative
- ③ ≠ Valued → customer → Diff

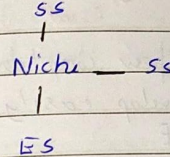
### Meaning

It means selling product with unique features and high quality to price insensitive buyers.

### Focus

### Best cost Provider Strategy.

How to achieve?



- ① Value for Money
- ②.1 ↓ Price = Quality
- ②.2 = Price ↑ Quality

### Disadvantage:

- ① In long run niche market could disappear or taken over by large competitor
- ② Due to limited demand ⇒ cost ↑
- ③ Lack of skills (Distinctive competency)

### Advantage.

- ① New Entrant & Rival → Difficult to compete
- ② ↑ PP (can charge Premium price)

### Meaning

- FCL - It means selling product at low cost in narrow market to price sensitive customer.
- FD - It means selling product with unique features and high quality to price insensitive customer in narrow market.



### How to build core Competency

1. Valuable

→ exploit → opportunity } external  
 or  
 → avert → Threat } affair  
 ↳ create value for customer

Capabilities:

2. Rare

→ very few competitor possess this

3. Costly to Imitate

→ ≠ Develop easily

4. Non Substitutable

→ ≠ SE

### Sustainability of Competitive Advantage

1. Durability

rate @ which Deteriorate

2. Transferability

Resource

easier to transfer → < Sustainable

3. Imitability

Capabilities

how < easily & quickly } imitate

4. Appropriability

give appropriate return to stakeholders

### Different type of Marketing Techniques

activities undertaken

1. Person

← Create

2. Organisation

← Maintain

toward

3. Place

← Change

4. Relation

↳ Enhance

P

O

P

R

5. Syncre - To Generate demand

6. De-Syncre - To Reduce demand

7. Differential market coverage

← Several Market  
 ← Separate offer for each  
 ← Sub-Market  
 ← Niche Marketing

8. Concentrated strategy

9. Direct - Directly to customer

10. Augmented - Additional services to customer beside original Product/Service.

11. Social -

← Design

← Implementation

← Control

} to ↑ Social Idea

} to bring Social Change



# SWOT Analysis

S - Inherent capability	organisation	strategic Advantage
W - Inherent weakness		strategic Disadvantage
O - Favorable condition	environment	strengthen Position
T - Unfavorable condition		Damage Position

## Key Reason for SWOT

1. Logical Framework
2. Comparative account
3. Guides the strategist in strategic identification.

## Advantages of Cost leadership & Differentiation.

Points	Cost leader	Differentiation
1. Rivalary	avoid Price war	Brand loyalty ← Safeguard
2. Buyer	≠ exploit C.L	≠ Negotiate
3. Supplier	<p>Supplier Customer</p>	<p>Supplier Customer</p>
4. New Entrant	CL → Barrier → NE	Innovative feature → expensive → NE
5. Substitute		

## Refer Question from Module / Textbooks

1. Explain : Cost leadership  
Differentiation  
Focus  
Channel  
Core Competence
2. Basis for Differentiation
3. Strategic Group Mapping
4. Mendelov's Matrix



# Chp-5

Leadership roles to play by Manager in pushing for good strategy execution

1. Staying on the top
2. Closely Monitoring progress
3. alert for new opportunities
4. responsive to change in condition
5. ahead of rivals
6. bubbling with innovative idea
7. esprit de corp  $\left\{ \begin{array}{l} \text{mobilize} \\ \text{energize} \end{array} \right\}$  to execute strategy
8. Ethical leadership like a model corporate citizen.
9. Solving of issue
10. Pushing corrective action strategy execution.

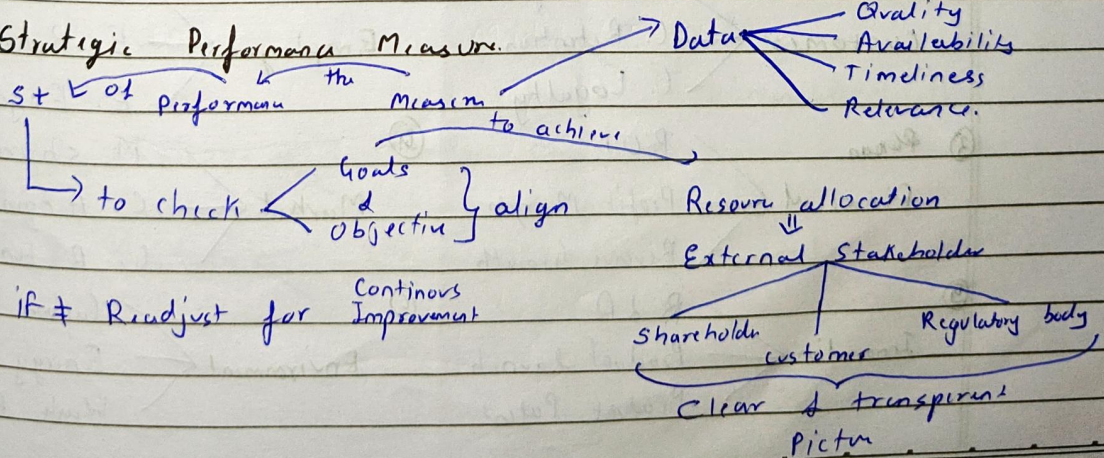
## Transformational

1. It uses charisma & enthusiasm to inspire people
2. It is appropriate in turbulent
3. It is at the start/end of cycle
4. Poorly performing organisation
5. Inspire by offering excitement, vision, intellectual stimulation and personal satisfaction

## Transactional

1. It uses the authority of its office to exchange reward such as pay, status.
2. It is appropriate in static
3. It is in growing/mature industry
4. Organisation that perform well
5. It is setting clear goals with explicit reward or penalties for achievement and non achievement.

## Strategic Performance Measure





# STRUCTURE

## Simple Structure

### Functional

#### advantages:

- 1. New Product to be added easily
- 2. Rapid decision Making
- 3. Communication  $\leftarrow$   $\begin{matrix} \text{Frequent} \\ \text{Direct} \end{matrix}$
- 4. Director & Manager  $\leftarrow$   $\begin{matrix} \text{Involve} \end{matrix}$

- 1. Same
- 2. Same
- 3. Promote Specialization
- 4.  $\uparrow$  Efficiency.

#### Disadvantage

- 1. Little  $\leftarrow$   $\begin{matrix} \text{Frequency} \\ \text{Specialization} \end{matrix}$
- 2.  $\downarrow$  efficiency  $\leftarrow$
- 3. Few rules

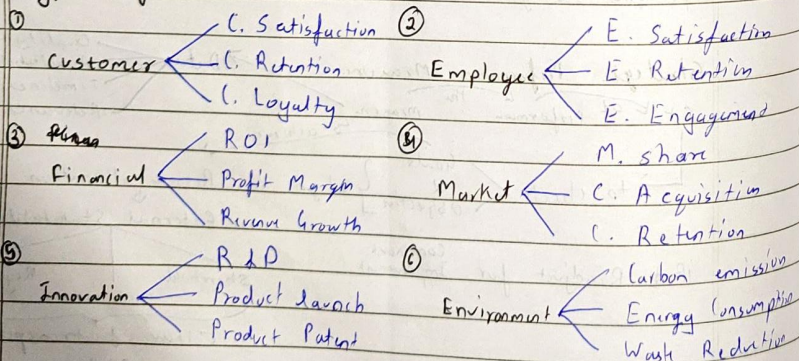
- 1.  $\downarrow$  Career Opportunity
- 2.  $\downarrow$  Morale

#### Introduction

- 1. Simple  $\leftarrow$   $\begin{matrix} \text{Product Line} \\ \text{Geographical Market} \end{matrix}$
- 2.  $\leftarrow$  Focus

- 1. Commonly used Structure
- 2. less costly

## Types of SPM

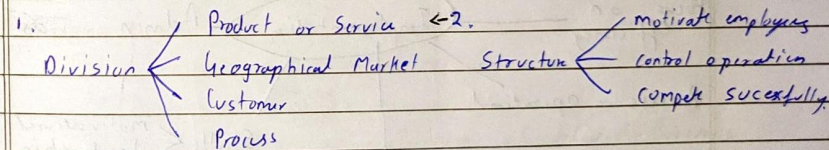
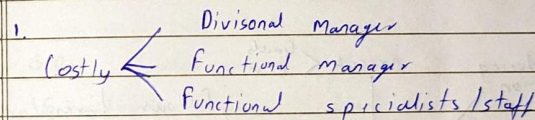


## Divisional

### M-Divisional

- 1. Same
- 2. Same
- 3.  $\uparrow$  Career Opportunity
- 4.  $\uparrow$  Morale
- 5. Divisional Manager for all
- 6. Accountability is clear

- 1. Each division  $\rightarrow$  separate business
- 2. Divisional manager resp for all
- 3. Each division  $\rightarrow$  Function Hierarchy
- 4. Small corporate that will determine long term objective.

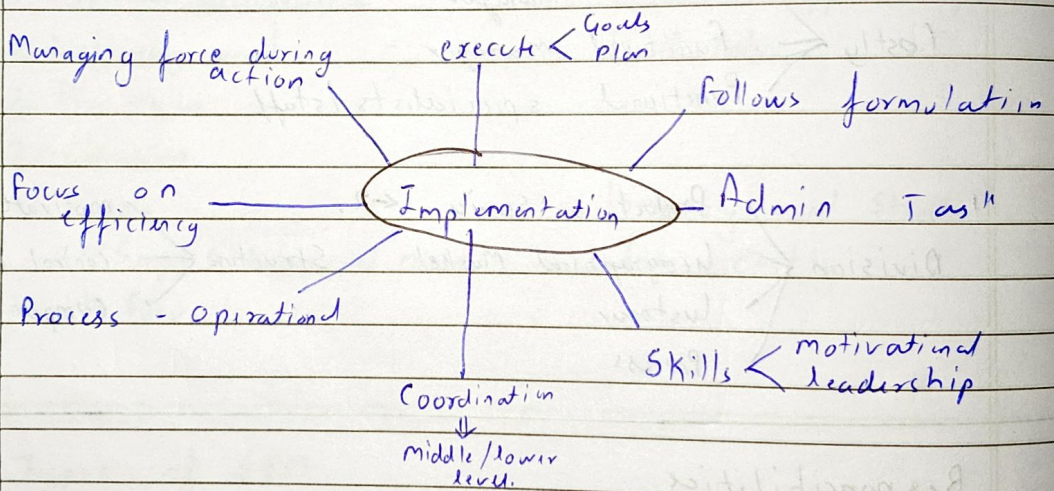
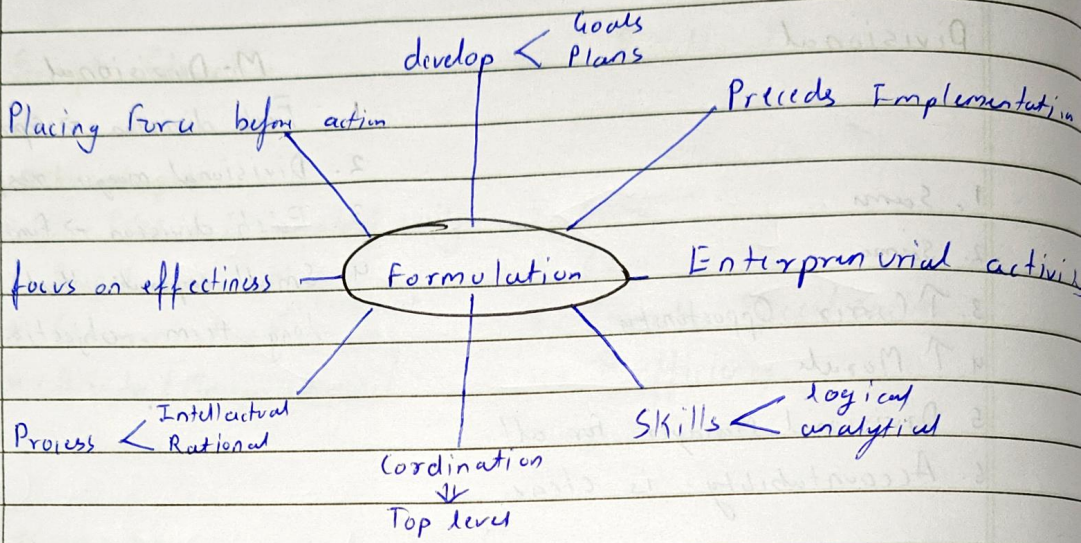


## Responsibilities

- 1. 2 (SD) strategic decision  $\leftarrow$   $\begin{matrix} \text{making} \\ \text{Implementation} \end{matrix}$
- 2. 2 Manage  $\leftarrow$   $\begin{matrix} \text{human capital} \\ \text{change} \end{matrix}$
- 3. 2 Sustain  $\leftarrow$   $\begin{matrix} \text{Strong culture} \\ \text{High perform.} \end{matrix}$



## Formulation & Implementation



## Organisational framework / McKinsey 7s Model

Hard element:

- ① Strategy
- ② Structure
- ③ System

Soft element:

- ① Shared values
- ② Style
- ③ Staff
- ④ Skill



## Network Structure

- ↳ Non structure
- ↳ Virtual elimination of inhouse function
- ↳ Many activity Outsourced
- ↳ Virtual Organisation
- ↳ Environment → unstable
- ↳ Strong need of innovation & Quick Response
- ↳ Instead salaried employee - hire them for specific project or length of time.
- ↳ Small head quarter acting as a broker.
- ↳ Series of independent firm - linked together by a common system.

## SBU Structure

### Strategic Business Unit

- ↳ Multi product - Multi business

### Characteristics

- ↳ Own set of competitor
- ↳ Manager  $\leftarrow$   $\begin{matrix} \text{Planning} \\ \text{Profit} \end{matrix}$
- ↳ Single business or collection of related Business
- ↳ Independent planning from rest of the organisation

### Advantages

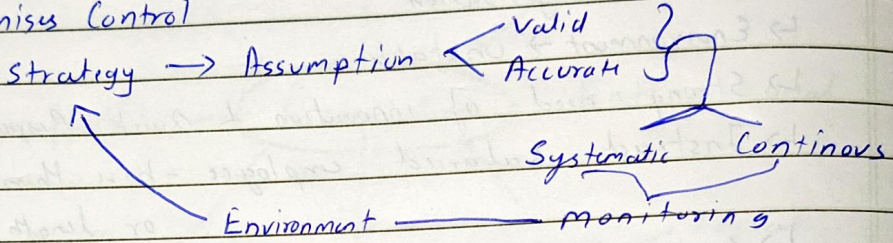
1. Multi-business Corporation
2. Territorial grouping of business
3. Independent planning
4. Separate mission objective & strategy
5. CEO responsible for  $\leftarrow$   $\begin{matrix} \text{Planning} \\ \text{Profit} \end{matrix}$
6. Built on similar Technology
7. ~~Serving~~ Serving similar or different market
8. Customer care similar.



# Strategic Control

## Types

### ① Premises Control



### ② Strategic Surveillance

- ↳ Unfocused
- ↳ Un Covered , Unanticipated information
- ↳ information ⇒ which is bearing on Organisational strategy
- ↳ ∴ General monitoring of environment.

### ③ Special alert control

- ↳ Sudden change in governana
  - ↳ Unexpected merger / acquisition
  - ↳ Natural calamities
  - ↳ Industrial disaster
- } ∴ Review of Strategy

### ④ Implementation Control

- ↳ Converting plan into concrete sequation action.



# Kurt Lewin Strategic Change

## I. Unfreezing the situation

- ↳ Make individual aware of the change
- ↳ Prepare them for such a change
- ↳ Change should not be surprise to the member
- ↳ Sudden / Unannounced change will be socially destructive & Morale ↓
- ↳ Member should willing and ready to accept the change
- ↳ It is a process of breaking down old
  - ↳ attitude
  - ↳ behaviour
  - ↳ custom
  - ↳ tradition
 } Start clean slate
- ↳ This can be achieved by
  - ↳ making announcement
  - ↳ holding meeting
  - ↳ Promoting new idea

## II. Changing to new situation

↳ HC Kiehlmen has proposed three method for reassigning new pattern of behavior

### ① Compliance:

- ↳ Good behaviour -> Reward
- ↳ Bad behaviour -> Punishment
- ↳ Fear of punishment or excitement of getting reward. May bring change in behaviour of employee.

### ② Identification

- ↳ Member are psychologically impressed
- ↳ Given some role model. whose behaviour they would like to adapt and try to become like them

### ③ Internalization

- ↳ Internal change in individual thought process
- ↳ Members are given freedom to learn and adopt new behaviour in order to succeed in new set of circumstances.

## III. Refreezing

- ↳ It Occurs when new behaviour become normal way of life
- ↳ The new behaviour must replace former behavior completely.



↳ Change is not just one time application but a continuous process

↳ The process of unfreezing changing and refreezing is a cyclical one and remain continuously in action.

How to manage change during digital transformation

1. Specific digital transformation aims & objectives

↳ What is outcome?

↳ Precise Objective

↳ Everyone <sup>Same page</sup> Clear grasp of goals

2. Always, Always, Always communicate

↳ Challenging for people <sup>accept</sup> <sub>adjust</sub> } change

↳ Discuss the Objective → stake holders

Routinely honestly

employees

client

other parties

3. Be ready for Resistant

↳ Challenging for people

↳ Strategy in place for dealing with resistance.

4. Implement changes gradually

↳ Implement changes gradually rather than all at once

↳ So people will get time to become use to new things

5. Offer assistance & training

↳ Guidance <sup>new procedure</sup> <sub>software application</sub>

Elements of Strategic control

① Objective ⇒ business system : Operationalized <sup>measurable</sup> <sub>controllable</sub> } standards

② Mechanism <sup>monitoring</sup> <sub>measuring</sub> } Performance of system

③ ↳ For comparing the actual result

↳ For detecting deviations from standard

↳ For learning new insights

④ ↳ For feeding back corrective / adaptive information

↳ For effecting the desired change to set right the system



## Types of Organisational Control

### ① Operational Control -

- ↳ individual task
  - ↳ transaction
- } against ← total aggregative } Management Function

### ② Management Control -

- ↳ more ← inclusive aggregative
- ↳ integrated activities - complete department

### ③ Strategic Control - Schendel and Hofer

- ↳ Focuses on dual question
  - ① Strategy being implemented as planned
  - ② Result produced as those intended.

## Implementation Control

- ↳ Convert major plan ← concrete sequential action } incremental steps
- ↳ Directed toward - assessing need for change  
light of unfolding events      Results associated.

### ↳ Basic forms

① Monitoring strategic thrust - Determine overall strategy is progressing as desired or need readjustment

② Milestone Review - Segregated ← time event major resource allocation

↳ Involves complete assessment

↳ assess need to ← continuous review } direction of organisation

## Importance of SPM

1. Goal alignment - align strategies with goals & objectives
2. Resource allocation - provide information needed to make informed decision. Prioritize ← effort allocate resources
3. Continuous Improvement - Framework for Continuous Improvement enabling ← track their progress make adjustments
4. External accountability - Accountability to stakeholder } clear and transparent pictures  
Shareholder      customer, regulatory



## Corporate Strategy

strategic planning	Operational planning
<p>Define -</p> <p>Game plan that really direct toward success.</p> <p>Characteristics -</p>	<p>process of creating a detailed road map to align day-day activity.</p>
<p>① Shapes organisation &amp; its resources</p>	<p>① Deals with current development of resources.</p>
<p>② Assesses the impact of environmental variable</p>	<p>② Develop tactic rather than strategy</p>
<p>③ Takes holistic view</p>	<p>③ Project current operation into future</p>
<p>④ Develop overall object &amp; strategy</p>	<p>④ Modification to business</p>
<p>⑤ Concerned with long term success</p>	<p>⑤ but not fundamental change</p>
<p>⑥ Senior management responsibility</p>	<p>⑥ Functional manager responsible.</p>

### Stages in SM

- ① Strategic vision, Mission / Objective
- ② Environmental / Organisational analysis
- ③ Formulating Strategy
- ④ Implementation of strategy
- ⑤ Strategic Evaluation & Control

### Refer Question from Textbook / Module

- ① Hour Glass Structure
- ② Matrix Structure
- ~~③ Steps to initiate strategic change~~
- ~~④ Five best practices for managing change in small and medium size business.~~



## Strategy execution process

1. Develop Budget - for critical activity
2. staff  $\leftarrow$  Skills expertise
3. Policy , Procedure
4. Best Known Practices
5. Install Info system for day-in-day-out work
6. Motivate employees
7. 5Cs
  - $\hookrightarrow$  Create, Company, Culture, climate, Condition
8. Exercising the Internal leadership needed to drive implementation forward when stumbling blocks or weakness, management use.

## Steps to initiate strategic change

- ① Recognize the need for change
  - $\hookrightarrow$  Corporate culture  $\leftarrow$  Strategy supportive  
or  
 $\neq$  Not

$\hookrightarrow$  SWOT  $\leftarrow$  Internal / External  $\rightarrow$  Environment  $\rightarrow$  Lacuna lies & scope for change

- ② Create Shared Vision to Manage Change
  - $\hookrightarrow$  (Organisation  $\leftarrow$  coincide /  $\neq$  conflict  $\rightarrow$  member)  $\Rightarrow$  Vision
  - $\hookrightarrow$  Senior manager  $\leftarrow$  Constantly / consistently  $\rightarrow$  Communicate vision  $\Rightarrow$  All members
  - $\hookrightarrow$   $\hookrightarrow$  Convince member  $\rightarrow$   $\Delta$  in B. culture  $\leftarrow$   $\neq$  Cosmetic, But Natural

- ③ Institutionalise the change

①  $\hookrightarrow$  Action stage  $\rightarrow$  change strategy

②  $\hookrightarrow$  change process  $\rightarrow$  Monitored / Reviewed

$\hookrightarrow$  Any discrepancy or deviation  
 $\hookrightarrow$  Notice to person concerned



## 26. B 5 best practices for managing change in small and medium-size business

① Being at the top

↳ Change should Begin at the top

↳ This will motivate the Rest of Org

② Change  $\leftarrow$   $\begin{matrix} \text{Necessary} \\ \text{Desired} \end{matrix}$

↳ If corporation does not have Strategy then it will have issue

↳ It is Major Issue

③ ↓ Disruption by:

(i) Staff  $\leftarrow$   $\begin{matrix} \text{Knowledge} \\ \text{Tools} \end{matrix}$  } Adjust to change

(ii) Create Environment  $\rightarrow$  Encourage transformation or change

(iii) Change  $\leftarrow$   $\begin{matrix} \text{Context} \\ \text{Clarity} \end{matrix}$

(iv) IT Dept Support  $\rightarrow$  Change

④ Encourage Communication

↳ Create Channels for queries and complaints

↳ Communication Promotes efficiently

↳ Gives assurance to people that they are not in Danger

⑤ Change  $\leftarrow$   $\begin{matrix} \text{Norms} \\ \text{due to change} \\ \neq \text{Exception} \end{matrix}$

↳ Prepare for change in Advance

↳ Change is not a project but Continuous Process



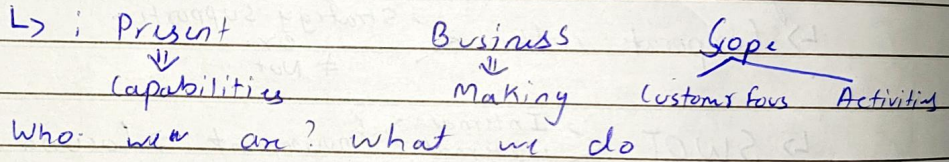
### Vision

- ↳ Blue print of Co's future position
- ↳ Where Co wants to land
- ↳ What Organisation would like to become in future
- ↳ Every Sub-system must follow vision

### Essential of Vision

1. Entrepreneurial
  - ↳ Challenge - Develop Vision
  - ↳ how to prepare Co's future
2. Intelligent exercise - Forming a vision
3. Articulate → vision → Organisation - Member - entire Enthusiasm
4. Illuminate direction → Org.

### Mission



### Mission statement

1. Unique
2. Org - Own Special Identity
  - ↳ Set aside apart from other similar companies
3. Business
  - ↳ What Needs you are satisfying
  - ↳ Customer focus
  - ↳ Activity
  - ↳ Technology & Competences

### Why Mission

1. Unanimity
2. Purpose
  - ↳ Focal point
3. Objective - Goals
  - ↳ Task Assignment
  - ↳ Parameters
    - ↳ Cost
    - ↳ Time
    - ↳ Performance
4. Resource
  - ↳ allocate
5. Motive → use



### Objective - Characteristics

- S - Specific
- M - Measurable
- A - Achieve - Mission
- R - Relevant
- T - Timeliness
- C - Challenging
- C - Co-order
- D - Decision Making

### Long Term Objective

- Profitability
- Productivity
- Competitive Position
- Employee Development
- Employee Relation
- Technological Leadership
- Public Responsibility

### Values

- ↳ Integrity
- ↳ Trust
- ↳ Accountability
- ↳ Humility
- ↳ Innovation
- ↳ Diversity

### Define SM

Managerial Practice ⇒ Der Vision ⇒ set objectives  
 ↓

Evaluate ⇒ Implement ⇒ Craft a strategy  
 ↳ Correction Actions

### Limitation of SM

1. Environment <sup>Complex</sup> <sub>Turbulent</sub>
  - ↳ Environment is complex
  - ↳ estimate goes wrong
  - ↳ Jeopardise
2. ~~Time~~ Consuming process Costly
  - ↳ expert strategic planner → engage
  - ↳ analysis <sup>External</sup> <sub>Internal</sub> } Environment
3. Time consuming process
  - ↳ strategies <sup>Prepare</sup> <sub>communicate</sub> } ∴ Impact daily operations
4. Org. Moves → strategically
  - ↳ difficult ↓ to estimate
  - ↳ competition response



## Benefit of SM

- A. ① Proactive instead Reactive  
 ② Take action instead mere speculation  
 ③ Working with vagaries of environment shaping instead turbulent or uncertainty  
 ④ Control destiny in better manner
- B. ① Decision core
- Business
  - Product
  - Market
  - Organisational Structure
  - Investment
- ② Guidance on the Critical Point
- C. ① Good Faith  
 ② ↳ Face the future & Pathfinder for opportunities  
 ↳ How to reach them
- D. ① Corporate defense mechanism ← against mistake Pitful  
 ② avoid costly mistake  
 ③ evolve certain ← Core Competency Competition advantage.

## 3 level of SM

- ① Corporate level: ↳ CEO & Top level executive  
 ↳ Decision maker  
 ↳ Development of strategy for whole organisation  
 ↳ Defining mission & Goals  
 ↳ Determining what business it should be in  
 ↳ allocating resources among different business
- ② Business level: ↳ Development of strategies for individual business  
 ↳ Head of Division  
 ↳ Divisional Manager  
 ↳ Transfer generated statement from corporate level
- ③ Functional level: Development of strategy for diff business function  
 ↳ Accounting, HR, Marketing



## Define Strategy

Unified, comprehensive and integrated plan designed to assure that the basic objective of the enterprise are achieved.

## Certain basic Question

- 1 is our mission
- 2 is our ultimate purpose
- 3 do we want to become
- 4 what kind of growth do we seek
- 5 business we are in
- 6 human needs do we intend to serve through off.
- 7 brings us to this particular business
- 8 would be the nature of this business in the future.
- 9 whom do we serve
- 10 In what business would we like to be in future
- 11 Do we understand our business correctly and define it accurately in this broadest condition.

## Refer Questions from Textbook/Module

1. Strategy is partly proactive and partly reactive explain.
2. Define Strategic Intent
3. Explain Goals and Objectives
4. Network of relationship between the 3 levels.



### Competitive landscape

- ↳ It is business analysis which identifies competitor ← Direct Indirect
- ↳ Competitive intelligence

### Steps

1. Competitor ← Who? How Big?
2. Understand the Competitor
  - ↳ Competitor ← Product Service
3. Determine the strength
  - ↳ Financial position
  - ↳ Cost price advantage.
  - ↳ Likely to do next
  - ↳ Distribution network
  - ↳ HR strength.
4. Determine the weakness
  - ↳ Where are they lacking
5. Put all information together
  - ↳ What will the business do with this information?
  - ↳ What improvement does the firm need to make?
  - ↳ How can firm exploit the weakness of competitor

### Threat of New Entrant

- ↳ Common Barrier to entry

#### ① Capital Requirement

- ↳ Large amount of capital is required → to enter an industry
- ↳ Firms Lacking fund → barred.

↳ existing Firm Profit ↑

- ↳ Yahi toh threat hai for new entrant

#### ② Economies of scale

- ↳ It refers decline in per unit cost of production as volume
- ↳ Large firm ↓ cost
- ↳ Yahi toh threat hai for new entrant for mass production



### ③ Product Differentiation

- ↳ It refers to physical enhancement that make product special / unique in eye of customer
- ↳ Cost of creating genuine product difference is high for new entrant

### ④ Switching Cost

- ↳ New entrant must be able to persuade existing customer of other companies to switch to its product.
- ↳ If switching cost from existing company from new entrant is ↑ then it is threat for new entrant.

### ⑤ Brand Identity

- ↳ It is important for infrequently purchased product that carry high unit cost
- ↳ New Entrant may find difficult in building up to brand → Threat

### ⑥ Access to Distribution Channel

- ↳ The unavailability of distribution channel for new entrant poses another significant entry barrier.

### Bargaining Power of Buyer

- ↳ Knowledge ← <sup>source of product</sup> substitute
- ↳ Spend lot of money → Big buyers
- ↳ Product are not as per buyer need
- ↳ Buyer more concentrated than seller

### Bargaining Power of Supplier

- ↳ Product are crucial, substitute not available
- ↳ Can erect high switching cost
- ↳ More concentrated than buyers



## Nature of Rivalry

Rivalry among competitor tends to be cut throat and Industry profitability low under various condition explained as follows:

- ① Industry leader
- ② No of Competitor
- ③ Fixed Cost
- ④ Exit Barrier
- ⑤ Product Differentiation
- ⑥ Slow Growth

Substitute - Refer textbooks



# Product life cycle

Stage	Introduction	Growth	Maturity	Decline
Sales	slow	-	-	Falls down
Competition	negligible	increase	tough	-
Price	relatively high	Falls	<del>cross</del> -	-
Market	Limited	expands	stabilised.	-
Demand	-	expands	-	-
Profit	-	-	Comes down	Falls down

## Value Chain Analysis

### • Primary

#### 1. Inbound

- Storing
- material handling
- Transport
- warehousing
- distribute → to product

#### 3. Outbound

- Storing
- material handling
- Transport
- Warehousing
- distribute → to product (customer)

#### 2. Opn

- Machining
- Packaging
- assembling
- Testing

#### 4. Marketing

- aware
- selling
- sales administration
- Advertising

#### 5. Service

- Installation
- repairs
- training
- spares



## Supporting Activities

### ① Procurement

↳ acquires

### ② Technology

the resource input for Primary activities  
Product  
Process  
Particular resource

### ③ HRM

↳ People

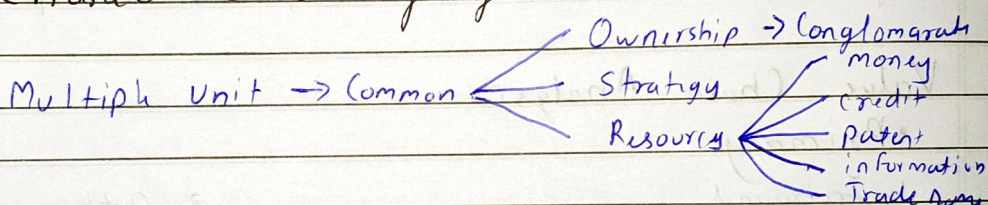
recruiting  
managing  
training  
developing  
rewarding

### ④ Infrastructure

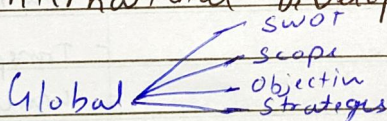
↳ System

Planning  
Finance  
Quality control  
Information management

## Characteristics of global business



## International Development



## → Macro / PESTLE

### Demographic Environment

① Demographic Environment are the characteristics of a population that have been classified and explained to ~~criteria~~ criteria

Such

↳ age

↳ gender

↳ income

↳ education

↳ possession of asset

↳ house ownership



- ↳ region
- ↳ Job position
- ↳ degree of education
- ↳ geographic dispersion
- ↳ ethnic mix

② Data about these qualities are of importance to both businesses and economists

③ The above data help businessmen understand

- ↳ Opportunity
- ↳ Threat
- ↳ Market size of Industry

## Socio-Cultural Environment

① It includes the following factors.

- ↳ Social tradition
- ↳ Social attitude
- ↳ values & belief
- ↳ Cultural values
- ↳ level and standard of Literacy
- ↳ extent of social stratification

② It differs from demographic in the sense that it is not the characteristics of population, but it is the behaviour and the belief system of that population

③ The beliefs, value and norm of society determine how individual & organisation should be interrelated

④ It is difficult for a business to change these core values

⑤ This means that business have to adjust to social norms and beliefs to operate ~~successfully~~ successfully.

## Economic Environment

① Economic condition have a direct bearing over the business strategies

② It includes overall economic situation and conditions at regional, global, National level

③ It include the following factors

- ↳ Current income
- ↳ Prices



- ↳ Saving
- ↳ circulation of money
- ↳ debt
- ↳ credit availability
- ↳ GDP
- ↳ Per capita income
- ↳ availability of capital
- ↳ Foreign exchange reserve
- ↳ interest rates
- ↳ unemployment
- ↳ inflation

Political - legal Environment

Technological Environment

} Refer from Textbook

Why do co go global

- ↳ to grow
- ↳ Opportunities in the other part of globe
- ↳ Domestic Market No longer adequate
- ↳ Cheaper source of R.M & cheap labour
- ↳ Oversea plant to ↓ cost
- ↳ to form strategic alliance

Steps in Strategic planning

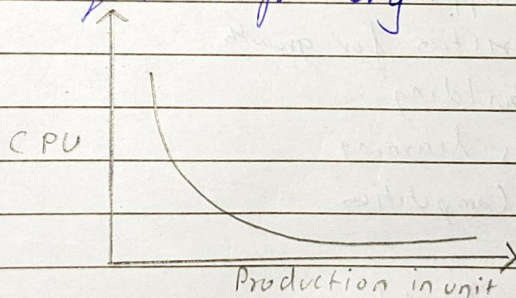
- ↳ Evaluate (SW) <sup>Interrelated</sup> (OT) <sup>Global</sup>
- ↳ Scope of global operation
- ↳ Develop Corporate Strategy for Global Business



## Experience Curve

- ↳ akin to learning curve
- ↳ Firm accumulates experience
  - ↳ Cumulative volume of production  $\Rightarrow$  unit cost  $\downarrow$
- ↳ Concept - ~~as~~ we learn as we grow
- ↳ Larger firm  $\Rightarrow$  Lower unit cost  $\Rightarrow$  competitive cost advantage
- ↳ Factor varying Experience Curve
  - ↳ Learning Effect
  - ↳ Economies of scale
  - ↳ Product design
  - ↳ Technological improvement
- ↳ Features:

- ① Business Org grow  $\Rightarrow$  gain experience
- ② advantage over competition Key barrier to entry
- ③ Large / successful org posses stronger experience effect



## Characteristics of Business Product

↳ Product  $\leftarrow$  <sup>tangible</sup> Intangible

↳ Price - Determine the COP  $\rightarrow$  charge Price for them  
Supply demand influence Market Price

↳ Certain features that define satisfaction - Component  $\downarrow$   
Function design      quality      Experience

↳ Pivotal - at the centre - enables  $\leftarrow$  quality customer needs  
Sales  
marketing  
logistics

↳ useful life - replace  
reinvented  
cease to be exist



## Micro Environment

- ↳ small area / immediate periphery
- ↳ Includes: Supplier,  
Customer  
Market Intermediaries  
Competitor  
Employee.

## Business Environment

- ↳ all external factor
  - ↳ influences
  - ↳ Situation
  - ↳ ~~decision~~
- } affect business
- ← decision  
Plan  
Operatin.

## Benefits

- ↳ Determine opportunities & Threat
- ↳ Give direction for growth
- ↳ Image Building
- ↳ Continuous learning
- ↳ Meeting Competition

## Refer from Textbook

### ① Strategic Analysis

- Explain .....
- Issue to consider .....
- Framework .....

### ② International Environment