

## Strategy (unified, comprehensive & integrated)

### Proactive

Planned Strategy  
Improve company position

### Reactive

Cannot fully anticipated  
Adaptive reaction to change  
Adjustment

### Importance

**Define goals & Objective** - Realistic, as per vision  
**Proactive instead reactive** - analyse & take action, not spectator  
**Framework of all decisions** – Better guidance, Product/Market  
**Prepare to face the future** – Identify opp, identify mean & way  
**Corporate defense mechanism** – against mistakes & pitfall  
**Longevity of business** – clear stand, actions over expectations  
**Develop core competency** – assist in fight for growth

### Limitations

**Environment is highly complex & turbulent**  
**Time consuming** – too much time preparing communicating & implementing  
**Costly** – Expert strategic planners, lot of resources required  
**Difficult to estimate competitive responses** – as taken in closed door

## Strategic Intent

### Vision

### Mission

### Goals & Objectives

### Values

#### Vision

##### About the vision

- Blueprint of company future
  - organization aspirations
  - subsystem follow its vision
- where we are to go

##### Essentials of a strategic vision

- Think creatively to prepare for future
- exercise in intelligent entrepreneurship
- create enthusiasm among the members
- illuminates the direction

#### Mission

##### About the mission

What business are we in & what we do

Present capabilities, activities, customer focus & role in society

##### Writing the mission

- Gives a special identify
- Unique to the organization
- What need, it is trying to satisfy

##### Mission is

- Grand design of firms future
- Legitimizes the firms presence
- Production v/s market orientation

#### Goals & objectives

**Goals** - Open ended attributes  
- End result

##### Objectives

- Close ended attributes
- More specific
- Translate goals into Short & long term

##### Characteristics of objectives

S – specific  
M- measurable  
A – achievable  
R – relevant  
T – time  
D – Decision  
A – Appraisal  
C – challenging  
U – understandable

##### Long term objective

Normally 2 to 5 years

- Profitability
- productivity
- competitive position
- employee development
- employee relations
- technological leadership
- public responsibility

#### Values

##### Examples

Integrity, trust, accountability, humility, innovation & diversity

##### Role of values

Set the stories for the people think & behave  
sense of shared purpose,  
Employees resonate with value  
customer prefer organisation that reflect value

### Levels of management

#### Corporate level

**Consist of** CEO, BOD, senior executive, corporate staff

**Role**

- development of strategy
- defining missions & goals
- divestment & acquisition
- guardian of shareholder welfare

#### Business level

Business level manager, head of division

- Translate general statement to concret strategies
- Strategies specific to a business

#### Functional level

Functional level manager  
Marketing, production etc.

- Responsibility for a business function
- Develop strategy in their area
- Provide information required to formulate realistic strategy

### Relationship between there level

#### Functional & divisional

- Independent relationship
- Each division/function lead by division/function head (business level manager) & reporting to corporate level manager

#### Horizontal

- Top management to staff level, same hierarchical position
- Openness & transparency
- Idea sharing & innovation
- Mainly for stratups

#### Matrix

- Gridline structure of levles
- People from various dept. built for temporary task
- Manage huge conglomerate
- Impossible to track every single member individually

**Strategic Analysis****Meaning**

- Methodical approach
- Right resource investment
- Think about rivals
- Evaluation of business plan

**Limitation**

- Time consuming
- Lot of options

**Issues to consider**

- Evolves over a period of time
- Balance of internal & external factor
- Risk

**Strategic Analysis****External Analysis**

**Customer Analysis:** Segments, motivations, unmet needs.  
**Competitor Analysis:** Strategic groups, performance, objectives, strategies, culture, cost structure.  
**Market Analysis:** Size, growth, profitability, entry barriers.  
**Environmental Analysis:** Technological, government, economic, cultural, demographic.

**Internal Analysis**

**Performance Analysis:** Profitability, sales, customer satisfaction, product quality, relative cost, new products, human resources.  
**Determinants Analysis:** Past and current strategies, strategic problems, organizational Capabilities and constraints, financial resources, strengths, and weaknesses

**Advantages of interaction b/w strategy & business environment**

- Determine opportunities & threats -Apple
- Give direction for growth
- Continuous learning -AI
- Image building -tata
- Meeting competition -Airtel

**Micro Environment**

**Meaning** – 1) Immediate periphery 2) Influence regularly & directly  
**Consists of** – suppliers, consumers, marketing intermediaries, competitors, etc.

**Major Issues To address –**

- Employees characteristics
- suppliers & links
- existing customers base
- Local community
- Raise its finance
- Direct competition

**Macro environment (Pestle)****Political**

- Political stability
- Political principles and ideologies Current and future taxation policy Regulatory bodies and processes Government policies
- Government term and change
- Thrust areas of political leaders

**Economic**

- Economy situation and trends
- Market and trade cycles
- Specific industry factors
- Customer/end-user drivers
- Interest and exchange rates
- Inflation and unemployment
- Strength of consumer spending

**Social**

- Lifestyle trends
- Demographics
- Consumer attitudes and opinions Brand, company, technology image
- Consumer buying patterns
- Ethnic/religious factors
- Media views and perception

**Technological**

- Replacement technology/solutions Maturity of technology
- Manufacturing maturity and capacity
- Innovation potential
- Technology access, licensing, patents, property rights and copyrights

**Legal**

- Business and Corporate Laws
- Employment Law
- Competition Law
- Health & Safety Law
- International Treaty and Law
- Regional Legislation

**Environmental**

- Ecological/environmental issues
- Environmental hazards
- Environmental legislation
- Energy consumption
- Waste disposal

**Internationalisation of Business****Characteristics**

- Conglomerate of multiple units
- Common pool of resources
- Common strategy

**Developing Internationally**

- Evaluation opp & threats
- Scope of global operation
- Global business objective
- Distinct strategy

**Why do business go global?**

- Need to grow
- Shrinking time & distance – amazon
- Inadequate domestic market – KIA
- Reliable & cheaper sources – apple
- Reduce transportation cost
- Generate higher sales
- Rise of service sector
- Lowering trade tariffs – tesla
- Globalization

**Product & Industry****Characteristics of product**

- Tangible or intangible
- Has a price
- Deliver satisfaction
- Pivotal
- Product has usefullife

**Product life cycle**

- S Shaped curve
- Relationship of sales with time

**Stage of PLC****Stage1 – Introduction**

- Slow growth
- Negligible competition
- Less awareness in customer

**Stage2 – Growth stage**

- Rapid market acceptance
- Demand expense rapidly
- Competitions increases, price decreases
- Customer has knowledge

**Stage 3- Maturity**

- Slowdown in growth rate
- Competition is tough
- Organisation maintain stability
- Profits declines

**Stage4 – decline stage**

- Sharp downward drift in sales
- Sales & profit declines
- New product replaces existing
- Diversify or retrenched

**Advantages of PLC**

- Diagnose portfolio of products
- Strategic planning according to phase of the products

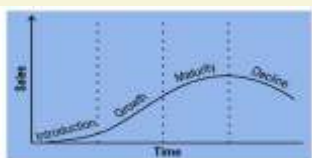


Figure: Product Life Cycle

**Value Chain Analysis**

Examining each activity in value chain to identify areas of improvement Analyse each stage, how it add or less value in the product.

More the value of products, higher the profits sequences of operation, enhancing efficiency optimise the process

Recognise organisation more than a random collection of machine, material, money & people.

To perform particular activities & the ability to manage linkages between activities which are source of competitive advantage for organisation

**Primary activities**

Inbound logistics receiving, storing & distributing of inputs components for bike  
 Operation process of converting input to final product assembly, packaging, etc.

**Assembly line**

Outbound logistics – collect, store & distribute the product – dispatch to

**Distributor**

Marketing & sales – Advertising, sale promotion make consumer aware- Ranbir Kapoor ads  
 Service – After sale services-installation, repair, spares etc.- service centre.

**Secondary Activities**

Procurement – process of acquiring the various input selecting vendor, finalising price etc.-shortlisting the vendor – MRF, CEAT

Technology development Research & development-BSIV, VI etc.

HR Management – recruiting, managing, training, developing & rewarding people-hiring & training labour

Infrastructure – Planning, finance, quality control, information management etc.-finance dept, Internal audit etc.

## Porter's five forces model

New entrant	Bargaining power of buyers	Bargaining power of supplies	Rivalry in the industry	Threat of substitutes
<p>Lesser the no. of new entrance, <b>lower the competition</b></p> <p>Factors</p> <ol style="list-style-type: none"> <li>1.Capital requirement-Jio, Tata semiconductor</li> <li>2.Economics of scale Dmart, Maruti</li> <li>3.Product differentiation windows, tesla</li> <li>4.Switching cost- windows- ios</li> <li>5.Brand Identity – Rolls Royce, Louis Vitton</li> <li>6.Distribution Channels-pepsi, Parle-G</li> <li>7.Aggressive retaliation- Amazon/Flipkart Zomato/Swiggy</li> </ol>	<p>Lesser the no of buyers</p> <ul style="list-style-type: none"> <li>- Pressure to secure lower prices</li> <li>- Better services</li> <li>- Full knowledge</li> </ul> <p><b>Debeers-Diamond Agriculture Procedure</b></p>	<p>Less the no of supplier</p> <ul style="list-style-type: none"> <li>- Overpriced</li> <li>- Control the supply</li> <li>- No substitutes</li> </ul> <p><b>Airbus, Boeing, Tesla, Lockheed Martin</b></p>	<p>Higher rivalry Less attractive market</p> <ul style="list-style-type: none"> <li>- Industry leader <b>JIO</b></li> <li>- No of competitors <b>Zepto~swiggy Bitcoin</b></li> <li>- Fixed cost – <b>telecom tower</b></li> <li>- Exit Barrier – <b>Telecom towers</b></li> <li>- Product diff – <b>mobile phones</b></li> <li>- Slow growth – <b>Two wheeler market</b></li> </ul>	<p>Higher the threat, lesser attractive markers</p> <ul style="list-style-type: none"> <li>- <b>Tiktok Instagram</b></li> <li>- <b>Vaccines</b></li> <li>- <b>Operating software</b></li> </ul>

## Value Creation

- It is measured in quality, availability, durability, performance
  - It is utility customer get from a product (**happiness, satisfaction**)
- It is distinguished from cost/money

### Meaning of value creation

- Create value that increases the demand of goods
- Impact on profitability-** increase the profit
- Factors leading to profitability –** value, price, cost

## Key success factor –

- Things that most affect industry members
- Prerequisites for industry success
- Factors that shape whether a company will be financially & competitively successful
- Vary from industry to industry
- 3 to 4 success factor at any point of time.

### Identification of Industry's KSF. **Telecom**

- On what basis the customer choose. **Price & network coverage**
- What resource & competitive capabilities does a seller need to have to be successful **JIO-Large capital**
- What does it take a seller to achieve sustainable advantage – **Increases customer base & ARPU**

## Attraction of industry

**Competition** – Higher the competition, lesser the market is attractive -**Airlines(high competition)**

**Growth prospectus**-Higher growth potential, higher attractions **Artificial intelligence**

**Prevailing driving forces** – If favourable there Higher -**war to defense industry, Covid to vaccine**

**Vulnerability of weaker rivals** – More weakness, more attractive – **Spicejet (lesser leg room) – indigo better**

**Risk & uncertainty** – higher the risk, less attractive **crypto currency, online betting, MLM**

**Severity of problems** – Higher the severity, lesser Attractive

## Competitive landscape

**Competitive landscape** –

- Identity & understanding the competitor
- To assess the competitors strength & weakness

**Steps to understand competitive landscape (from Vistara point of view)**

**Identify the competitors** – who are the competitors? How big they are - **indigo, Spicejet etc.**

**Understand the competitor** – what are their procedure & services **Cargo & Passenger**

**Determine the strength of the competitors-** financial position, price, cost, future plan, distribution network, human resource strength. **No of flights, cheap force, better construct**

**Determine the weakness of competitors** – where are the lacking – **leg space, losses in operation,**

**Put all of the information together** – Draw inference about what they are not offering & what the firm can do to fill in the gaps

## Experience Curve

- Unit cost decline as a firm accumulations experience in terms of cumulative volume of production
- Larger & older the industry less per unit cost
- **Factors** – learning effects, economics of scale, product redesign technological improvement.
- **Features** – As organisation grow, experience also increases – Advantage over new entrant **Bajaj Auto, Apple, Samsung, ITC**

## Market & customer

**Market** - Virtual/Physical market,

**4Ps of marketing** - Product, place, pricing promot

**Marketing orientation** - Product, Production, Sales, Customer

**Customer** - Provide revenue, buys product

**Consumer** - uses product.

**Customer analysis** - Essential for marketing

-Involves evaluation & examination of customer need

## Factors influencing Customer Behaviour

**External influence**

- Advertisement, peer recommendation and social norms- **Iphone, T**

**Internal Influence** - Psychological factors internal to customers -

**Gym membership**

**Decision making** -

Step1- Problem recognition, identify existing need

Step 2 - Search for alternative

Step 3 - Seek information & weight pros & cons

Step 4 - Make a final choice

**Post Decision Process** - Evaluating the outcome

- depend on the satisfaction

- satisfied customer repeat & recomend to other



## Mendelows Matrix

(Power interest matrix/Stakeholder analysis matrix)

Analyse stakeholder – basis  
**Power**(influence strategy)  
**Interest**(in organisation success)  
Steps to analyse & manage stakeholder  
Step1 – identity stakeholders  
Step2 – assess power & interest  
Step3 – Plot shareholder on grid

Customer  
government

Media

High  
Power/influence  
Low

### Keep satisfied

Consult often increase  
their interest can be  
hindrance to new ideas or  
strategic choices

### Key Player

Manage closely involve in  
decision making engage  
regularly and build strong  
relationship

Stake holder,  
CEO, BOD

### LOW Priority

Monitor only, no  
engagement general  
occasional  
communication

### Keep Informed

Utilise the high interest by  
engaging in decisions consult  
in their areas of Expertise and  
interest

Employee  
vendors

Low

Interest in the organisation

High

## Strategic Drivers

### Industry/Market

All the  
sellers  
All the buyers &  
sellers  
Strategic Group Mapping(SGM)  
-A tool  
-Study market position of rival  
-Grouping them  
-Multiple rivals

#### Procedure for SGM

-Identify the competitive  
characteristics  
Differentiates the firms  
-Plot the firms  
On two variable map  
-Assign the firm  
That fall in same SG  
-Draw circle  
Around each SG

### Customer

-Understanding requires  
to finalise strategy  
-Customer **is purchaser**  
-Consumer **is user**

### Products/services

Pricing strategy  
-Customer centric  
approach  
-Margin over cost  
-Increasing market share

### Channels

Distribution system  
Type of channel  
➤ Sales channel (**Fashion**)  
- intermediaries  
- direct delivery  
➤ Product channel (**Pepsi**)  
- Multiple intermediaries  
- physical handling  
➤ Service channel  
(**Dishwasher**)  
- After sales services

## Type of marketing

### Social

Social idea  
or cause  
**-Idea**

### Augmented

Services addition  
to main goods  
**Install A/c**

### Direct

Interact directly  
with customer  
**Call, email**

### Relationship

Existing connect  
**Membership**

### Service

Intangible  
**Ext warranty**

### Person

Changes behaviour  
towards person  
**Actors**

### Organisation

Change  
behaviour  
towards  
organisation  
**Tata**

### Place

Behaviour  
towards place  
**Torism**

### Enlightened

Sense of mission  
**Classmate**

### Differential

Several market  
segment  
**Maruti**

### Synchro

Adjust demand  
pricing incentive  
**Movie**

### Concentrated

Niche

### Demarketing

Reduce demand  
temporarily,  
regulate  
demand-**Public**  
**transport**

## Core competency (CC)

### Features

- Collective learning  
in organisation
- Specially  
coordinating diverse  
production
- Integrating multiple  
stream of technology
- Combination of  
technical know
- how, wisdom &  
expensive
- Complete set of  
capabilities &  
resources
- Lead to a competitive  
advantage
- Combine not  
individual

### Areas in CC identified

#### Competitor differentiation

- Unique
- No imitate
- No fear of copy
- Better product or  
service

#### Customer value

- Fundamental benefit
- Real impact
- Value the  
differentiation

**Application to other  
markets**  
Fundamental to whole  
organisation

### Criteria

#### Valuable

- Exploit  
opportunities
- Or avert threats
- Created value for  
customers

**Costly to initiate**  
-Unable to develop  
easily

#### Rare

- Rare capabilities
- Develop &  
exploit  
capabilities  
differe from  
rival

**Non-  
substitutuable**  
Strategic  
equivalent no  
substitues

### Sustainability of competitive advantage

#### Durability

- Deterioration rate
- Patent become  
obsolete
- Management  
expertise
- Highly durable

#### Imitability

- Easy & quick to  
imitiate less  
sustainable

#### Transferability

- Easier to  
transfer
- Less  
sustainable
- Eroded by  
competitors

#### Appropriability

- Profits  
appropriate to  
right investor

**SWOT analysis****SWOT ANALYSIS**

**Meaning** – analysis of business swot, full awareness

**Importance**

- Implemented before all company action
- Internal as well as external
- Discover recommendation & strategies

**Advantage** – complex issue in a simple framework

**Disadvantage** – do not analysis in competitive content

Internal origin (attributes to the organization)	Helpful to achieving the objective	Harmful to achieving the objective
	<b>Strengths</b>	<b>Weaknesses</b>
External origin (attributes to the environment)	<b>Opportunities</b>	<b>Threats</b>

**Michael Porter's Generic strategies**

<b>COMPETITIVE SCOPE</b>	Broad target	Cost leadership	Differentiation
	Narrow Target	Focused cost leadership	Focused differentiation
		Low cost product/services	Differentiated product/services
<b>COMPETITIVE ADVANTAGE</b>			

**COST LEADERSHIP**

- Broad mass market
- Cost reduction
- Lower cost & selling price
- Satisfactory profit

**Effective**

- Price sensitive buyers
- Few ways to achieve differentiation
- Do not care about brand
- Large no of buyer, bargaining power

**Risk**

- Imitate
- Technological breakthrough

**How to achieve ?**

- Forecasting of demand
- Optimum utilisation
- Economics of scale
- Standardisation of products
- Cost saving technology
- Resistance to differentiation

**Advantages**

- Rivalry -**avoid price war**
- Buyers -**not exploit**
- Supplies – **absorb price increases**
- Entrance - **create barrier**
- Substitute -**avoid substitute**

**Disadvantages**

- Imitate
- Don't work on less sales volume
- Minimize cost in long run
- Technological advancement

**DIFFERENTIATION STRATEGY**

- Unique tech & features
- Charge a premium
- Careful study of customer
- Gain customer loyalty

**Basis of differentiation**

- Product** – meet customer need
- Pricing** – superiority through high prices
- Organisation** - location name

**Risk**

- Imitate
- May not be valued

**How to achieve?**

- Taste & preference
- Improve performance
- High quality product
- Rapid innovation
- Brand image
- Price on product

**Advantages**

- Less sensitive to price
- No negotiation
- Afford to absorb price
- Brand value & customer royalty

**Disadvantages**

- Difficult to sustain
- Switch off to another
- Not valued by customer

**FOCUSED**

- Small group of customer
- Cost or differentiate
- Distinctive requirement

**Focused cost**

- Competing based on price
- Lower than competition

**Risk**

- Numerous competition
- Consumer preference

**How to achieve?**

- Not covered by others
- Superior skills
- High efficiencies
- Innovative ways

**Advantages**

- Premium prices
- Difficult to compete

**Disadvantages**

- Cost are high
- Niche could disappear

**Best cost provider strategy**

- More value for the money by emphasizing on low cost
- Upscale differentiation (quality etc)

# CORPORATE STRATEGY

## Stability (Hero, PSUs, Parle-G)

- Some market & product
- Maturity in PLC
- Safe strategy, less risk, stable
- No fresh investment
- Focus on functional efficiency
- No redefine(status Quo)
- Staff comfortable
- After rapid expansion
- Consider as threatening

### Characteristic & reasons of growth

- Redefinition of business
- More risk
- Business growth
- Fresh investment
- Versatile strategy

### Major reasons of growth

- Environment demand increases
- More satisfaction to CEO
- Experience curve
- Greater control over market

## Growth/Expansion

## Retrenchment

## Combination(Aditya Birla)

### » Mix of

- Stability
- Expansion
- Retrenchment

### Turnaround (MCD, Bajaj)

#### Signals

- Negative cash flow
- Declining market share
- Overstaffing
- Mismanagement
- Old Factory & products

#### Action plan

##### 1. Assessment current problem

Root cause; extent of damage

##### 2. Analyze & develop a plan

SWOT; specific goal & detailed functional actions

##### 3. Implementation emergency action plan

Survive, improve cost, WC, potential product

+ve cash flows ASAP; fund for turnaround plan;

##### 4. Restructuring the business

Product mix, cash forecast, asset & debts focus on core products & markets

##### 5. Returning to normal

Show profitability, adding new product, increase market share.

### Divestment

- When turaround not works
- Sale/liquidation of a portion

#### Reasons

- Mismatch, -ve cash flow, competition, technology, better alternative.

#### Elements of turnaround strategy

- Change in top management
- Credibility
- Neutralizing external pressure
- Quick pay off activities
- Cost reduction
- Revenue generation
- Asset liquidation
- Better internal coordination

## Internal growth

## External growth

### Interdification

#### » Market penetration

Same market almost same product

#### » Market development

New market existing product

#### » Product development

New product  
Same market

### Diversification

#### Conglomerate

No linkage to product, market, technology  
Tata motors - zudio

#### Concentric

#### Related products, synergies

**Horizontal**  
Some stage of production marketing chain  
Tata tea, Tata coffee

**Vertical**  
related to existing product  
Forward  
Fiplkart-Ekart  
Backward  
amazon basics - amazon

#### Innovation

Upgradation of existing product market share, revenue.  
- Help to complex problem  
Customer centric sustainable solution  
- Increase productivity  
Simplification & automation of process  
- Gives competitive advantage  
Less marketing, more satisfaction new customer

### Strategic alliance

- Relationship to achieve strategic objective
- Independent & separate
- Global marketplace

#### Advantages (POSE)

##### Organization

- Learn skills & capabilities

##### Economic

- Reduction in cost
- Economics of scale

##### Strategic

- No competition
- Competitive advantage

##### Political

- Avoid legal barriers

#### Disadvantages

- Sharing of skill|knowledge competition

### Merger & Acquisition

Horizontal **Air india, Vistara**

- Same industries
- Direct competitor
- Economics of scale

Vertical **ACC-adani**

- Same industry, different stages
- More dependence  
Horizontal & vertical

Co-generic

Related by production process, market, technology  
**Zomato-Blinkit**

Conglomerate

Unrelated to each other  
**Tesla-Twitter**

# STRATEGIC OPTION

## 1. Ansoff matrix

	Existing Products	New Products
Existing Market	Market penetration	Product development
New market	Market development	Diversification

Market penetration – pricing strategy, advertisement, no major change.  
Market development – new geography, distribution channel, different customer.  
Product development – new competency.  
Diversification – more risky, no or less experience.

## 2. ADL matrix – Portfolio analysis technique based on product life cycle. Categorization of products into below five competitive position

Dominant – rare, monopoly, technological leadership (google, youtube)  
Strong – degree of freedom, often threatened by competitors (iphone)  
Favourable – Industry is fragmented, no leader (FMCG)  
Tenable – Satisfactory, but vulnerable of competition  
Weak – performance is unsatisfactory

## 3. BCG matrix

### Relative Market Share

**Hold** – Growing rapidly  
Heavy investment

**Harvest** – Generate cash  
Less investment  
Star become cash low

Market Growth Rate  
High  
Low

	High	Low
High	Stars	Question Marks
Low	Cash Cows	Dogs

**(Divest/Build)**

Question mark – star – cash cow  
Lot of investment  
If ignored turned into cash traps

**Divest or liquidate**

Survive or need cash to survive

## 4. GE matrix (stop light strategy model)

- Size of the market
- Market growth rate
- Industry profitability
- Competitive intensity
- Availability of tech.
- Pricing trends
- Risk of returns
- Opp. For product differentiation
- Demand variability
- Low segmentation
- Distribution structure

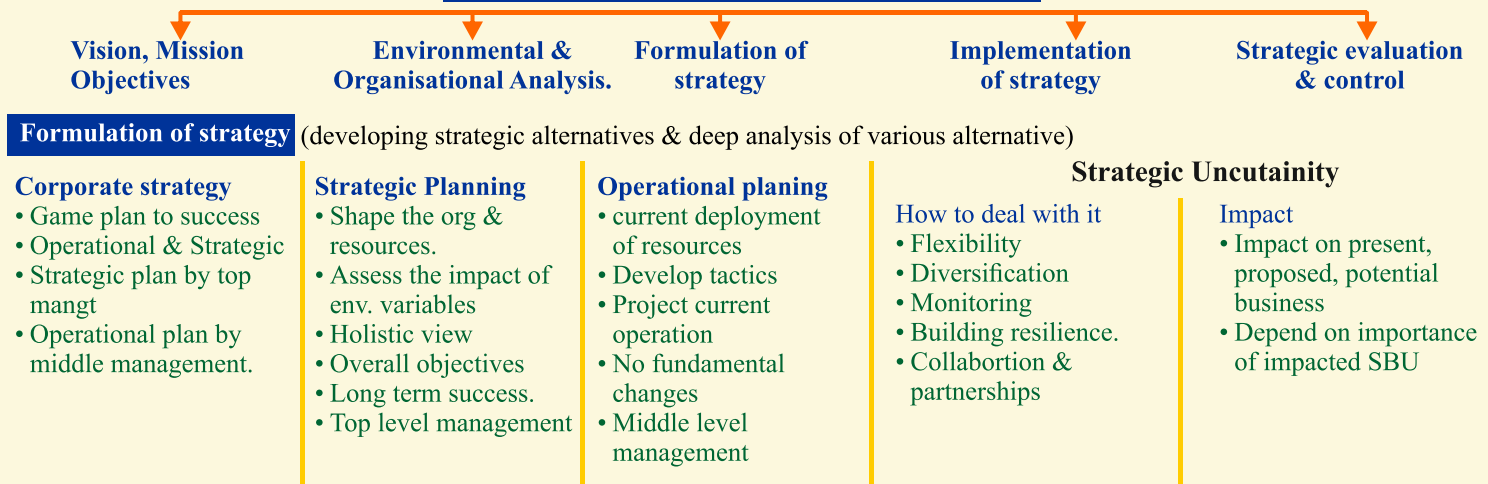
Market Growth Rate  
Low Medium High

	Strong	Average	Weak
High	Invest/Expand	Invest/Expand	Select/Earn
Medium	Invest/Expand	Select/Earn	Harvest/Divest
Low	Select/Earn	Harvest/Divest	Harvest/Divest

### Business Strength

- Market Share
- Profit
- Distribution efficiency
- Brand image
- Ability to compete
- Customers loyalty
- Production capacity
- Technological capability
- Relative cost position
- Management caliber

## STAGES IN STRATEGIC MANAGEMENT



## STRATEGY IMPLEMENTATION

<b>Meaning</b> <ul style="list-style-type: none"> <li>• putting freshly chosen strategy into action.</li> <li>• Allocation of resources to new courses of action</li> <li>• Supervising the ongoing pursuit of Strategy</li> </ul>	<b>Forward Linkages.</b> <ul style="list-style-type: none"> <li>• with the formulation of strategy organisation has to undergo a Change</li> <li>• The leadership style has to be adopted</li> </ul>	<b>Backward Linkages.</b> <ul style="list-style-type: none"> <li>• Adopt those strategies which can be implemented with present structure of resources combined.</li> </ul>	<b>Issues in implementation</b> <ul style="list-style-type: none"> <li>• Project implementation</li> <li>• Procedural</li> <li>• Resource allocation</li> <li>• Structural</li> <li>• Functional</li> <li>• Behavioural</li> </ul>	<b>How to resolve issues</b> <ul style="list-style-type: none"> <li>• Self &amp; organisational objective coincide</li> <li>• External threat opportunities evaluation</li> <li>• Top to down communicatio</li> <li>• Bottom to top support</li> <li>• Need to develop competitor focus</li> </ul>
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## DIFFERENCE B/W

<b>Formulation</b> <ul style="list-style-type: none"> <li>• develop strategic goals &amp; plan</li> <li>• placing forces before action</li> <li>• Strategic decision making</li> <li>• Effectiveness</li> <li>• few individual, at top level</li> <li>• intellectual &amp; rational</li> <li>• Require deal of initiative, logical, analytical</li> </ul>	<b>Implementation</b> <ul style="list-style-type: none"> <li>• executing the strategic plan</li> <li>• Managing forces before action</li> <li>• Strategic &amp; operational decisions</li> <li>• Efficiency</li> <li>• May at middle flows level</li> <li>• Operational Prouss</li> <li>• specific motivational &amp; leadership traits</li> </ul>	<b>Strategic Change</b> <p>Step to initiate strategic change</p> <ul style="list-style-type: none"> <li>• Recognize the need for change. environmental scanning, swot</li> <li>• Create a shared vision to manage change</li> <li>• Communicat, convince members</li> <li>• Institutionalise the change</li> <li>• Implementation of charged Strategy</li> </ul>	<b>Kurt Lewis Model of change</b> <ul style="list-style-type: none"> <li>• Unfreezing the situation Aware &amp; prepare not a surprise announcement, meeting etc.</li> <li>• Changing to the new situation Compliance Identification Internalisation</li> <li>• Refreezing Complete replacement</li> </ul>
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## HOW DOES DIGITAL TRANSFORMATION WORKS.

<b>Essential elements of change management</b> <ul style="list-style-type: none"> <li>• Define goals &amp; objectives</li> <li>• Assessing current state</li> <li>• Identify gaps</li> <li>• Road map for change</li> <li>• Managing change at every level</li> </ul>	<b>Role of change management in digital transformation.</b> <ul style="list-style-type: none"> <li>• Para meters &amp; goals</li> <li>• Determine tools &amp; procedures</li> <li>• Plan for implementing improvement</li> <li>• Involve staff &amp; partices</li> <li>• Track progress &amp; make required correction</li> </ul>	<b>Change management strategies for digital transformation</b> <ul style="list-style-type: none"> <li>• Begin at top</li> <li>• Ensure change is necessary desired</li> <li>• Reduce disruption</li> <li>• Early communication, create environment, knowledge &amp; tools</li> <li>• Encourage communication</li> <li>• Change is norm, not exception</li> </ul>	<b>How to manage change during Digital transformation</b> <ul style="list-style-type: none"> <li>• Specify digital transformation aims &amp; objective</li> <li>• Always communicate</li> <li>• Ready for resistance</li> <li>• Implement changes gradually</li> <li>• Offer assistance &amp; training</li> </ul>
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## Mckinsey 7s model (organisational framework)

<b>Meaning</b> <ul style="list-style-type: none"> <li>Analyse a company organisational design</li> <li>Maintain Balance b/w Hard &amp; Soft S</li> <li>Modify one have ripple effect on other</li> </ul>	<b>Limitation</b> <ul style="list-style-type: none"> <li>ignore external environment</li> <li>not clear organisational effectiveness</li> <li>less flexible for decision</li> <li>missing out real gap</li> </ul>	<b>Hard element</b> <p>Strategy - Direction, blueprint, build core competency</p> <p>Structure - choose best alternative, work division</p> <p>System - develop task, operation, teams</p>	<b>Soft element</b> <p>Shared values - core values.</p> <p>Staff - Talent pool</p> <p>Skill - core competency &amp; key skills</p> <p>Style - Leadership style</p>
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## TYPES OF ORGANISATIONAL STRUCTURE

### SIMPLE

#### Suitability

- single business strategy
- single geographics market

#### Features

- Less specialisation
- Few rules
- Communication is frequent
- Competitive advantage

#### Flexibility

- Rapid response

#### Challenge

- Not effective for bigger organisation

### FUNCTIONAL

#### Meaning

- Group task & activities by function

#### Challenge

- Communication
- Coordination

#### Features

- simplicity
- low cost
- specialisation
- efficiency
- rapid decision

### DIVISIONAL

#### Meaning

- Functional activities at central & division level

#### Suitability

- Multiple product & services
- Basis geography customer, process product

#### Benefit

- Accountability is clear
- Career development for employees

#### Limitation

- costly
- duplication
- qualified managers

#### Type of Divisional Structure

- By geographic areas, need changes basis area
- Byproduct & services, need special attention
- By customer, for major customer
- By process

### Multi Divisional Structure

#### Meaning

- Each division a separate business
- Delegate day 2 day activities to division manager

#### Suitability

- Multiple products
- Cost assessment is easier
- Large firms

#### Benefits

- More accurate
- Simplifying
- Comparison within division
- Improved allocation of resources
- Identify & improve loss making

#### Challenges

- Lesser control
- As dependant on each other

### Strategic Business Unit

#### Meaning

- Grouping of related business
- Composite planning treatment
- Multitude of business into a few distinct business

#### Suitability

- Multiple product, multiple business enterprise
- Not possible to provide separate strategic planning

#### Characteristic

- Single business or collection of related business
- Own set of competitors
- Manager with responsibility of planning, profit, etc.

#### Benifits of SBU

- Helps in strategic planning
- Improvement over the territorial grouping
- Unrelated groups seperated
- Remove vagueness. & confusion
- Separate business
- Ownset of competitor
- Same CEO
- Similar technologies
- Competitive advantage

### Matrix Structure

#### Meaning

- Functional & product form combined simultaneously
- Most complex
- Depend on horizontal & vertical forms of authority & communication

#### Suitability

- Several variables have equal priorities

#### Limitation

- Expensive & complex

#### Phase for development

- Cross functional task force
- Product/Brand management
- Mature matrix

### Network Structure

#### Meaning

- Non structure
- Elimination of in house business function
- Activities are outsourced

#### Benefits

- Flexibility & adaptability
- Distinctive competencies

#### Suitability

- Environment of firm is unstable
- Need for innovation & quick response

#### Limitation

- Numerous partner
- No syurgy discovery
- Non-competitive

### Hour glass structure

#### Meaning

- 3 layers
- Constricted middle layer
- It links top to bottom level manager

#### Benifit

- Reduce cost, faster
- Simplifying decision making

#### Limitations

- Promotion opportunity diminishes
- Difficult to keep the motivation high.

### Organisation culture

#### Meaning

- Values, beliefs, principles, traditions, ways of operating, internal work environment

#### Ally or obstacle to strategy

- Depend on compatibility

#### Role of culture in strategy

- Perils of strategy - culture conflict
- Creating a strong fit b/w strategy & culture
- Changing a problem, culture.

#### Creating supportive culture

- Responsibility of top management responsibility of everyone

**STRATEGIC LEADERSHIP****Five leadership role to play**

- staying on top, closely monitoring
- culture of esprit de corps.
- responsive to changing condition
- exercising ethical leadership
- Pushing corrective action

**Responsibilities of strategic leader**

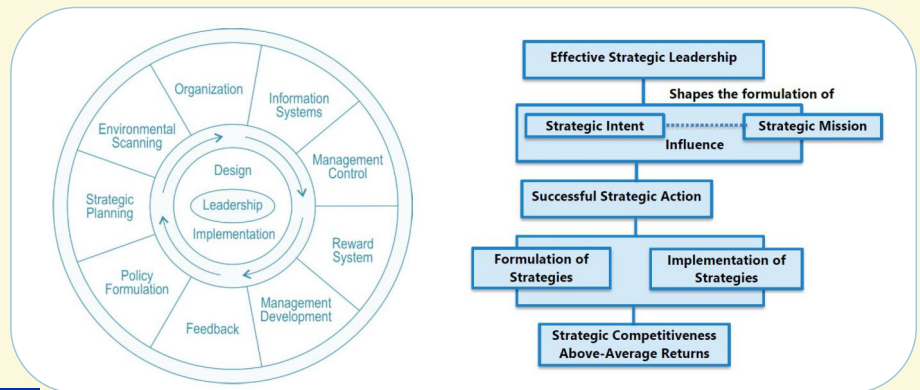
- Strategic decision
- Policies & action plan
- Effective communication
- Managing human capital
- Managing change
- Creating & sustaining culture
- Sustaining high Performance

**Transformational Leadership**

- enthusiasm to inspire people
- appropriate in turbulent environment
- offer excitement, vision, intellectual

**Transactional leadership**

- focus more on designing system & controlling the activities
- Uses the authority in exchange rewards
- appropriate in static environment

**Strategic control****Operational**

- Individual task or Operations
- Against total or more aggregative mangt-function

**Management**

- More inclusive
- More aggregative
- Complete dept, organisation

**Strategic**

- Implemented as planned.
- Results as intended.
- Warning system to track Strategy

**Premise control**

- Tool for monitoring permission a
- Environment factors &
- Industry factors.

**Strategic surveillance**

- General monitoring
- Newspaper, magazines, exhibitions, etc

**Special alert control**

- Unexpected events
- Change in govt., natural calamities, etc.

**Implementation control**

- Monitoring strategic thrusts
- Milestone Reviews

**Strategic Performance Measures****Meaning**

- Key indicator
- Snapshot of performance
- Eliminate of silo

**Type of SPM**

- Financial
- Customer Satisfaction
- Market measures
- Employee measure
- Innovation Measures
- Environmental measures

**Importance of SPM**

- Goal Alignment
- Resource Allocation
- Continues Improvement
- External Accountability

**Choosing the right SPM**

- Relevance
- Data Availability
- Data Quality
- Data Time line