

Strategic Management Course

Oct. 2005 – June 2006

Lessons 1 & 2 – Introduction to

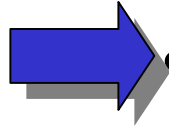
Strategy

Prof. David Ward

Course Syllabus

- Origins of Strategy
- Concepts of Business - Corporate Strategy
- Formulating Strategy and the Strategy Process
- Industrial Analysis
- Customer satisfaction
- Competitor Analysis
- Industry Environments
- Forecasting trends, megatrends and in Industry
- Strategic Decisions
- Formulation of Strategy and its Implementation
- SM Tools e.g. Experience Curve, PLC, BCG matrix, 3C, PIE, SWOT, PEST, PESTEL, Ward-Rivani Model
- Schools of Thought, Strategic Thinking and Strategic Planning
- Leadership and strategy

Course Outline and Contents



- Introduction to Strategy and Strategic Management
- Business Strategy
- Competitive Advantage
- Internal Context: Organisation Design
- Market Organisation and Competitive Advantage
- External Context: Industry Analysis
- The Spectrum of Competition and Niche Markets
- Competition in Concentrated Markets
- Entry and the Advantage of Incumbency
- Creating and Capturing Value in the Value Chain
- Globalisation and Strategy
- Current trends in Strategic Management
- Strategic Management in a Changing Environment

Ground Rules

- I am the authority (*The BOSS*) in the lecture room.
- I have the closing word and my decision is FINAL.
- ALWAYS Switch OFF all mobile phones during lessons.
- I expect discipline and you being punctual.
- I expect commitment and passion, always.
- I do not like or tolerate time wasters, disturbances during the lesson or ‘clever’ students
- Your participation in class is part of your evaluation
- We will have a 10-20 minute break about half way through the lesson, and NO MORE THAN TWENTY minutes.
- No talking, chatting, time wasting etc. during the lesson: those who do will be asked to leave the lecture room.

Side Dishes

⊕ Occasionally I may split-mix the class into smaller groups (4 or 5 students per group), especially if I think this may benefit lecturing and your comprehension to tackle case study work or discuss specific course topics.

⊕ If I ask you to do individual assessments, web/library searches etc. the scope is to help you to become self-sufficient.

⊕ I promote ‘learning-by-doing’ and ‘learning-on-the-fly’.

⊕ I will do my best to illustrate concepts with everyday examples.

I appreciate your comments and inputs and CRITICISM.

⊕ If you have difficulties of any kind e.g. language, terminology, concentration etc. just say so and I will help.

Reference Texts

The book I will use for this course is:

English version:

Strategic Management by Garth Saloner, Andrea Shepard and Joel Podolny, 2001, Wiley & Sons.

ISBN 0-471-38071-7

You can buy it at Hoepli for 58.80 Euros

I have arranged a discount of 10% for ESE students only

The text has been adopted by the University of Chicago and Stanford Universities.

.....there is also an Italian translation in soft cover for 28Euros by Etas libri.

Other Course related Texts

• Corporate Strategy, by Roger Bennet, 1999, 2nd Ed., Financial Times-Pitman Publishing. ISBN 0-273-63430-5

• Strategy and Planning - A Manager's Guide, by David Hussey, 1991, 4th Edition, Wiley and Sons. ISBN 0-471-98718-2

• Contemporary Strategy Analysis - Concepts, Techniques, Applications, by Robert M. Grant, 2002, 4th Ed., Blackwell. ISBN 0-631-23135-8 (hbk) – The Open University and the Bocconi Univ.

• Exploring Corporate Strategy by Gerry Johnson and Kevan Scholes, 6th Ed., Prentice-Hall. ISBN 0-273-65117 X (Text only) Strathclyde and Sheffield Hallam Universities 29.99 GB £

• Mastering Strategic Management by T. Hannagan, Palgrave Master series, ISBN 0-333-92745-X (Masters degree) 29.40 Euros

• The Financial guide to Strategy by R.Koch, Prentice-Hall, ISBN 0-273- 65022 X 33.95 Euros

The Hard Facts

- This is your last year and it is the hardest year! The Milan campus is also renowned for being very hard!
- Many students simply underestimate the content, depth and work needed not only to pass the SM exam but also to tackle their dissertation.
- Most students couldn't effectively use MS Office programs such as Word, Excel and consequently suffered unnecessarily.
- Last year (04-05) my (35) students produced the following results: Fails = 0 (but two border line cases)
18-19 = 3 20-21 = 2 22-23 = 6
24-25 = 8 26-27 = 8 28-29 = 6 30=0
- My average lesson score was 79-84% (this year I aim for 90% and NO fails and hopefully my first 30/30).

The Hard Facts cont'd

- In the past there have been cases of plagiarism - all of which were marked zero.
- Similarly those who cheated in the final exam were failed too.
- Many loose report marks not because of language difficulties rather due to conceptual problems and lack of professionalism e.g. I expect an abstract and I get an introduction.
- Many left their thesis too late to get the marks they merited - some students even started to write their thesis just 1 week before the deadline! If you want to stand a chance of getting a 1st class mark then you need to start now! Leaving it late means **EXTRA STRESS, POOR RESULTS and POSSIBLE FAILURE.**
- Often students leave the final exam. before the end - in doing so you loose typ. ~ 2 marks : some have failed because of this!

Your Assessment

The course assessment is split into two parts and terms:

Part A: Course (Assignment) work or Report, for which you can obtain a maximum of 25% of the total marks.

There are two deadlines:

Definition of Topic : 24th Nov. 2005

Consignment : 12th Jan. 2006

End of first term examination worth 25%: Mid. Feb. 2006

Part B: Final Exam, for which you can obtain a maximum of 50% of the total marks.

What are the differences between the Anglo-saxon and Italian academic systems?

Do you know the marking or grading process of courses?

Exam Formats

There are two different examination formats:

1. In the first term you will see a selection of 8 questions from which you choose and answer 5. The type of is covered in the lessons up to the end of the first term.
2. In the second term you will have just one question split into 4 or 5 parts. You must answer all 4 or 5 parts of the question. The question format is a case study and requires knowledge of what you covered in the first term

The duration of both first and second term exams is 3 hours.

In the event of illness or exceptional personal circumstances you may have the opportunity to sit an oral examination, which lasts at least 1½hours

Students-Lecturer Performance Last year

Students

Number of students: 33-35

	Report (0-30) - worth 25%	Mid. Exam (0-30) - worth 25%	Final Exam (0-30) worth 50%	Final score (0-30pts)
Average	24,7	22,9	25,6	23,5
Min.	13,0	10,0	18,5	11,0
Max.	30,0	28,0	30,0	29,5
St. Dev.	3,6	4,0	3,5	4,6

Lecturer

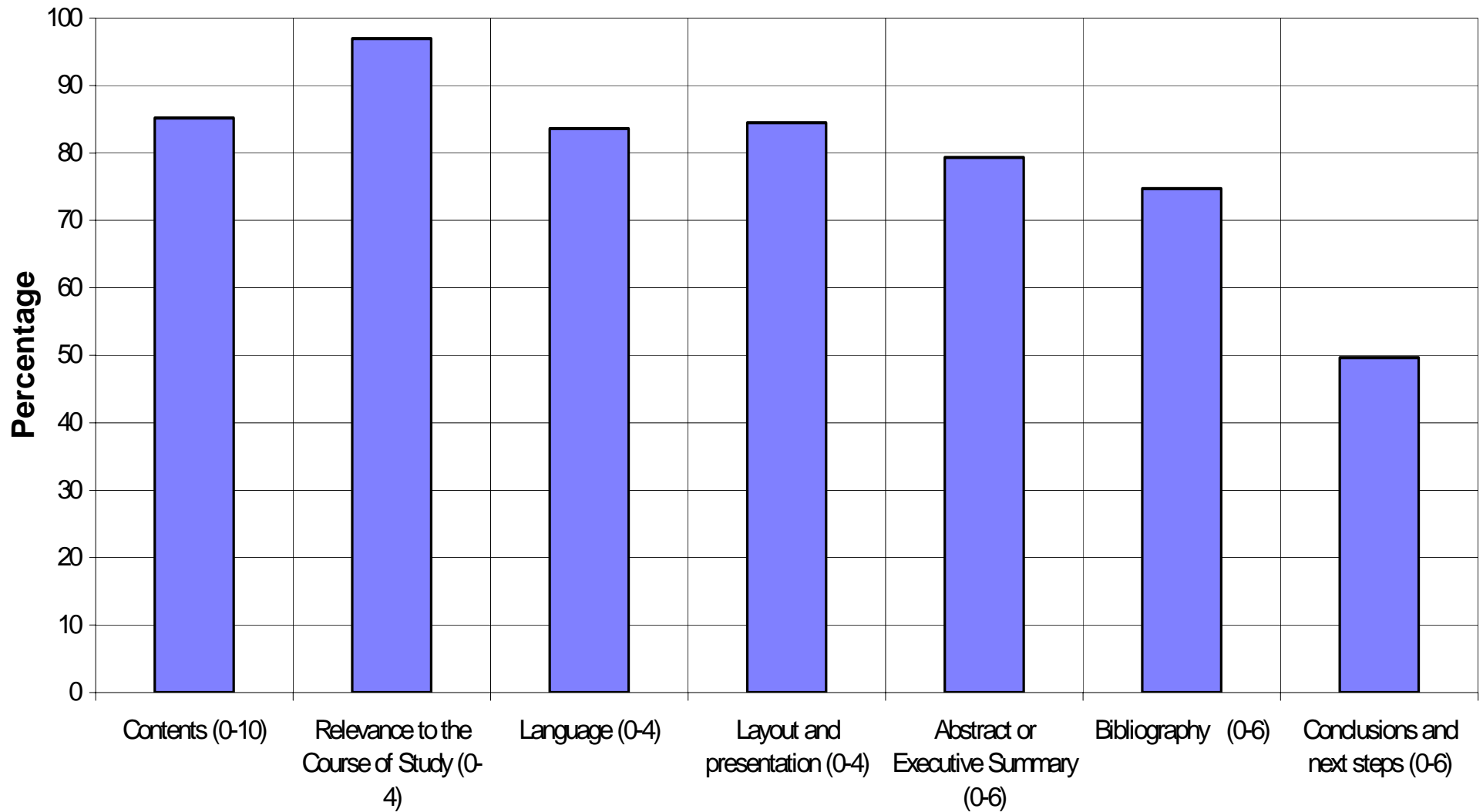
1st term: 8.5

2nd term: 7.9

Questionnaire Comments

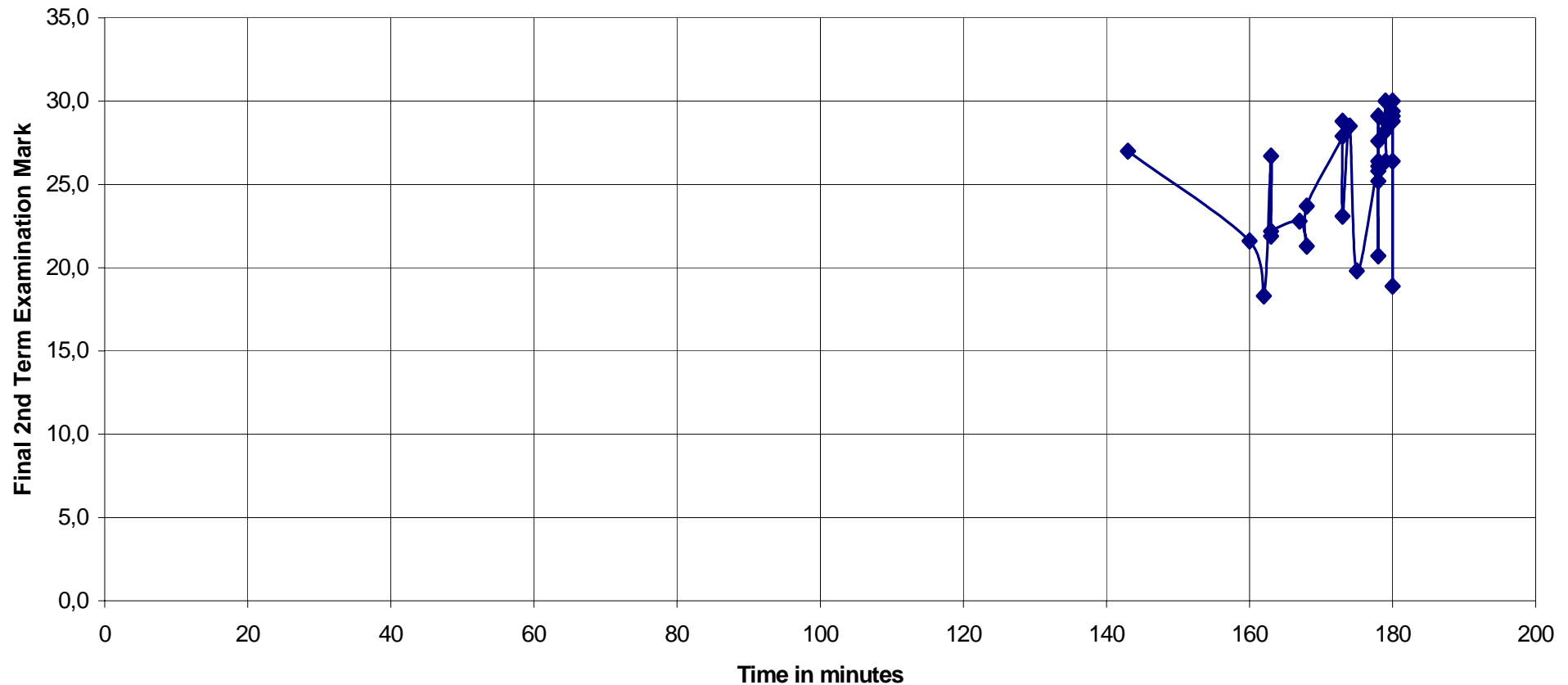
- Explain the theories more...as there was "lower level" students.....
- Clear, patient, professional, too many repetitions, more interaction....

Report Marking for 2004-5



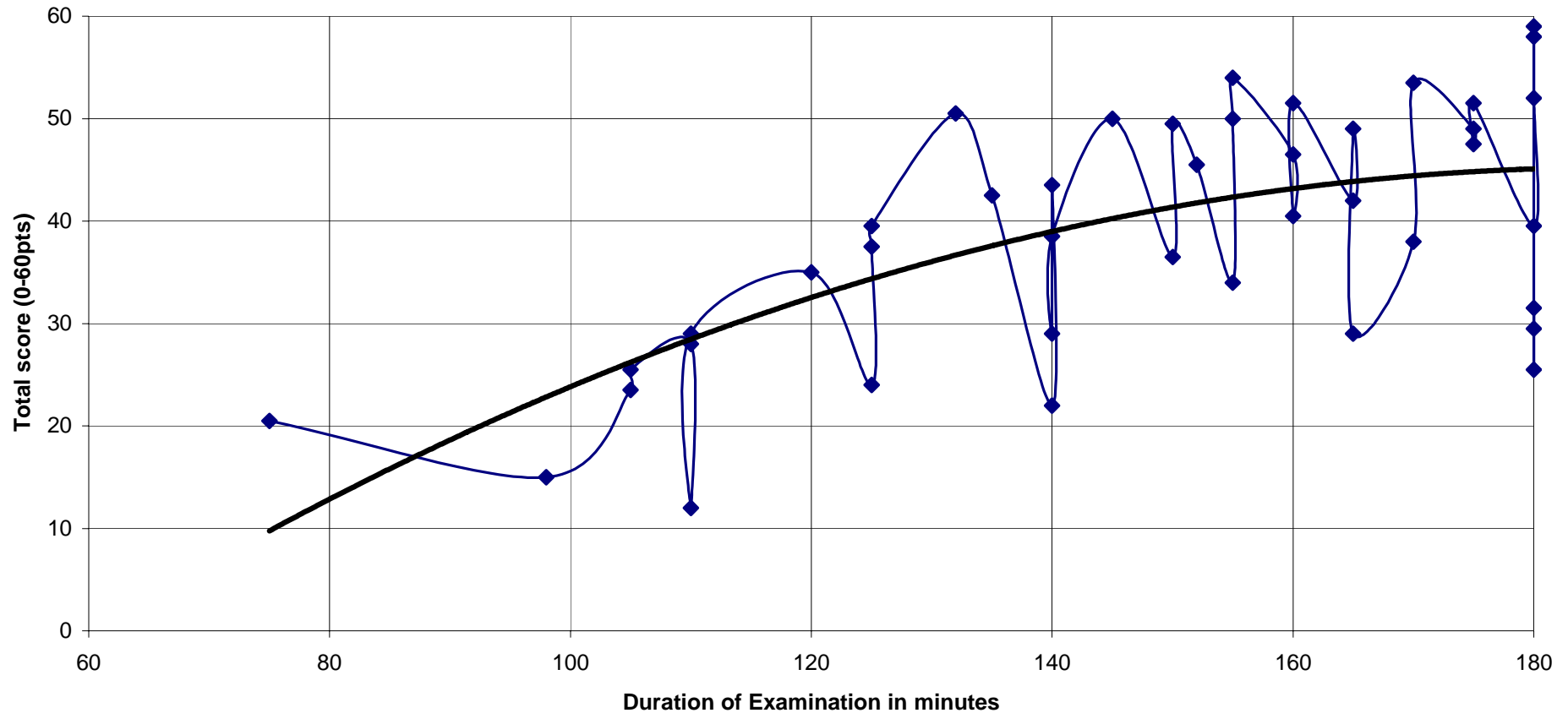
Examination Duration is Designed to Give you Marks!

Correlation of 2nd Term Examination mark to Duration of Examination by Student
Academic Year 2004-5



This is what happens when you do not follow this elementary rule

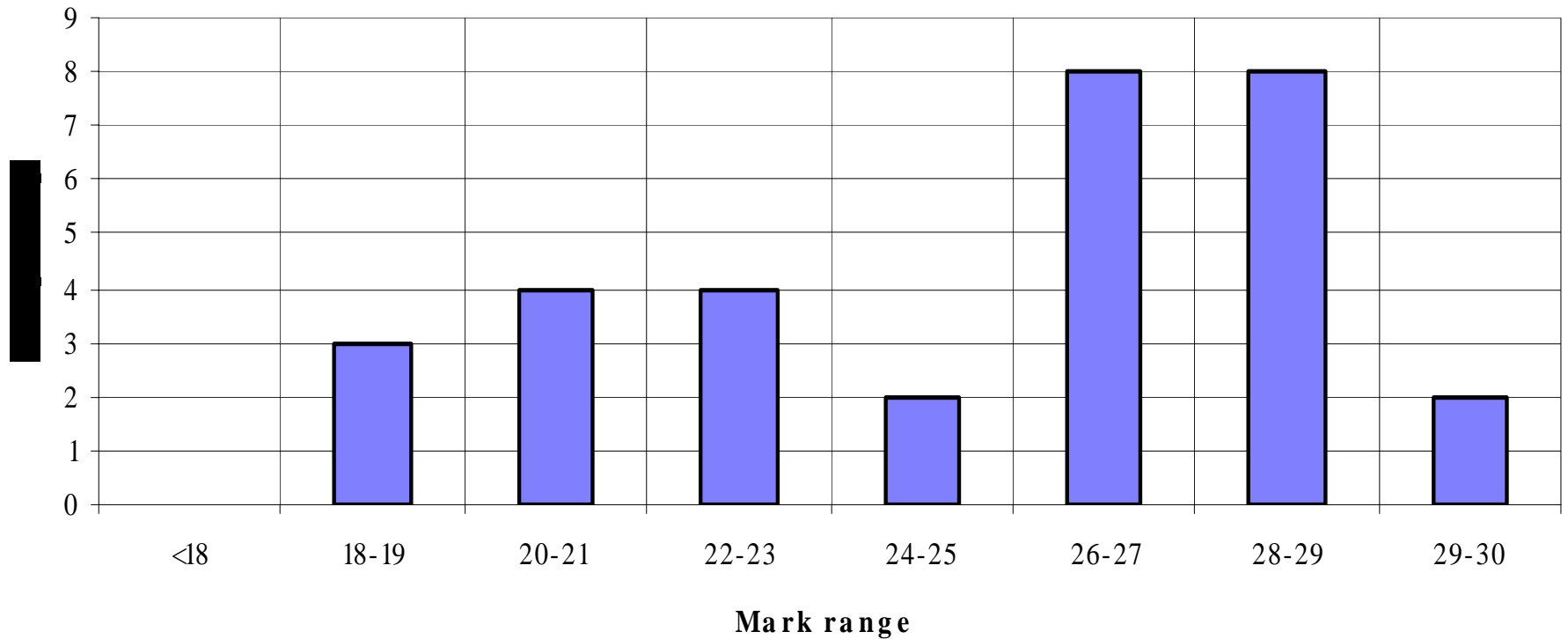
Total Score vs. Exam Time for Strategic Management (2004)



Second Term Examination

SM Second Term exam - academic year 2004-2005

Frequency vs. Mark Range plot



Marking Systems and Approaches

'British' System

- It is not about passing your driving test rather learning to drive.
- Marks and student performance follow a skewed bell or 'pear' curve.
- Generally you have only one shot.
- The number of 1st class students is approx. 5% or less.
- Written exams dominate.
- Marking follows a 4 step screening process.
- Scores go from 0-100% or 4 grades (3 to 1st Class).
- More practical, less notions and more facts.
- Greater cohesion with lecturer.
- Thesis topic is decided by student.
- Thesis preparation time is usually less than 6 months.
- Access to B.Phil or PhD is more open.

Italian System

- It is about passing your driving test not learning to drive.
- Marks and student performance follow several curves, mostly dependent on the lecturer.
- Repeating failed or poor exams is the norm.
- The number of 1st class students can be very high, even 100%.
- Oral exams tend to dominate.
- Marking follows a 1 step screening process i.e. the Professor or assistant.
- Scores go from 0 to 30.
- More notions and heavy emphasis on theory.
- No cohesion with lecturer.
- Thesis topic is decided by lecturer.
- Thesis preparation time is usually at least 6months.
- PhD depends on lecturer's opinion.

Marking Systems and Approaches

'British' System - Advantages

- You learn to drive, survive and be practical/pragmatic.
- You learn to think quickly and effectively.. 'first you solve the problem then you discuss)!'.
• Your performance matches your preparation.
- If you have a good memory you pass your exams.
- Hard workers are rewarded.
- Quality-driven process based on facts.

British System - Main disadvantage

- Tends to be either too specialised or too broad and harsh.

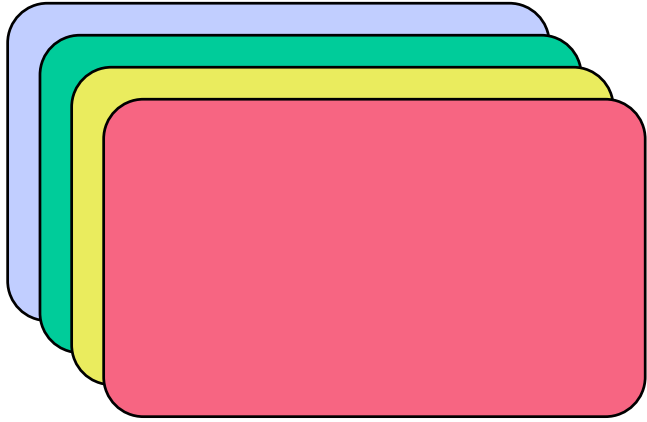
Italian System - Advantages

- Oral skills are potentially higher.
- Flexibility is greater because the lecturer can decide on the spot.
- If you have a bad day you can repeat or move the exam.
- Greater chance of high(er) marks.
- Thesis preparation is usually at least 6 months.
- If you have a good memory you can get a very good mark.

Italian System - Main disadvantage

- Exam result and performance are very difficult to compare and often are unfair. The same can be said for the lecturer.

Course Marking Process



Lecturer Level

- Manuscripts (essays, reports and exams) are read at least twice before final marking. In my case I also compare scores twice, ask for an external opinion on a random number (usually 10-20) of manuscripts and check score spread.

Campus Level

- Manuscripts (essays, reports and exams) are selected at random without my knowledge. Manuscripts are also checked when I have doubts or anyone else on the campus. Scores and score spread is always checked.

ESE University Level

- Manuscripts (essays, reports and exams) are checked for consistency across campuses. Manuscripts are also checked when the campus has doubts.. Scores and score spread is always checked.

Nottingham University Level

In addition to the above checks there are quality assurance checks and all university staff involved is scrutinised.

Possible Thesis Topics and Papers

Some of my academic (management) interests are:

- Leadership
- Innovation and Technology
- Culture
- Motivation
- Small enterprises and Entrepreneurship

If you have an idea for your thesis and want to discuss it then come forward. I'm available as a thesis advisor (*relatore*). I always look for hard working, sincere, professional students, irrespective of their past student record - I look for potential!

I also encourage students to write papers with me that are usually based on your thesis or on a topic we both like. Papers are very good practise for your thesis and are usually presented in journals or at conferences.

Lesson Organisation and Details

Where we
are in the
syllabus

Lesson
Topics
(pp. refs)

Summary
of previous
lesson

Didactic
details
e.g. marking

Tackling
The
Report

Exam Qs
and
Answers

Lesson
Content

Mentoring
and
Tutoring

Mentoring
e.g.
revision

Keywords

Hand-outs
or biblio.
ref. details

Guest
Speaker
or Film

Lesson Organisation and Details

- My lessons usually last about 75-90 mins and I leave the remaining time for consultation or guest speakers.
- You can also ask for consultation anytime, incl. weekends and for any topic. However, I prefer face-to-face consultation. My mobile Nr. is 335-8087674
- I have two emails: **daward@tin.it** (for messages with limited attachments) or **thebossdavidilcapo@yahoo.it** (for messages with large attachments).....call me before you send emails!
- I will use 5, possibly 6, videos for this course.
- I may also have additional ‘lessons’ at the Entropia pub usually from 18:30 to 19.15 circa. These ‘lessons’ will be announced usually via email or viva voce.
- When we have guest speakers they will always present in the 2nd half of the lesson.

Lesson Organisation and Details

- # Guest speakers are usually professionals and will tackle topics tied to the SM course.
- # Page numbers in lessons refer to the suggested reference text.
- # In each lesson I will have at least 1 mock exam question and a typical full-length sample answer.
- # I will usually call out at least one student to tackle exam questions during the lesson.
- # I may have to re-arrange lesson times e.g. Saturday morning.
- # I will also give you hints and tips on how to revise effectively and tackle the final examination.
- # I will speak about the report and show you how it is done. This is fundamental not only for your thesis but also for this course and your future job!

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• The Financial guide to Strategy by R.Koch, Prentice-Hall, ISBN 0-273- 65022 X 33.95 Euros

Lesson 1 - Introduction to Strategy

- Brief history of Strategy and Sun Tzu
- Definitions of Strategy and Strategic Management
- Types of Strategy: Corporate, Business and Functional
- The role of Business Strategy
- From Visions to Actions
- The role of Business Strategy
- Business Strategy and Examples
- The Dynamics of Business Strategy
- Strategic Planning versus Strategic Thinking
- The Organisation and It's Objectives
- Performance Overarching Objectives
- Firms, Planners and Managers
- Perspectives on the Impact of the General Manager
- Introduction to strategic management



This lesson was based on pages 1 to 24 of the course textbook or pages 1 to 27 in the Italian version of the course textbook.

Brief History of (Business) Strategy

The concepts and theories of (business) strategy have their roots in military strategy. Indeed strategy derives from the Greek word Strategia meaning “generalship”, itself formed from stratos, meaning “army” and -ag, “to lead”.

The first (military) treatise of strategy dates back to SunTzu’s classic *The Art of War*, written about 500BC.

Chi in cento battaglie riporta cento vittorie, non è il più abile in assoluto. Chi non dà nemmeno battaglia, e sottomette le truppe dell’avversario, è il più abile in assoluto. Sun Tzu

The Basic Framework of Strategy according to Grant

The Firm

- Goals and values
- Resources and capabilities
- Structure and Systems

Internal

Strategy



The Industry Environment

- Competitors
- Customers
- Suppliers

External

Strategy is the link between the firm and its environment

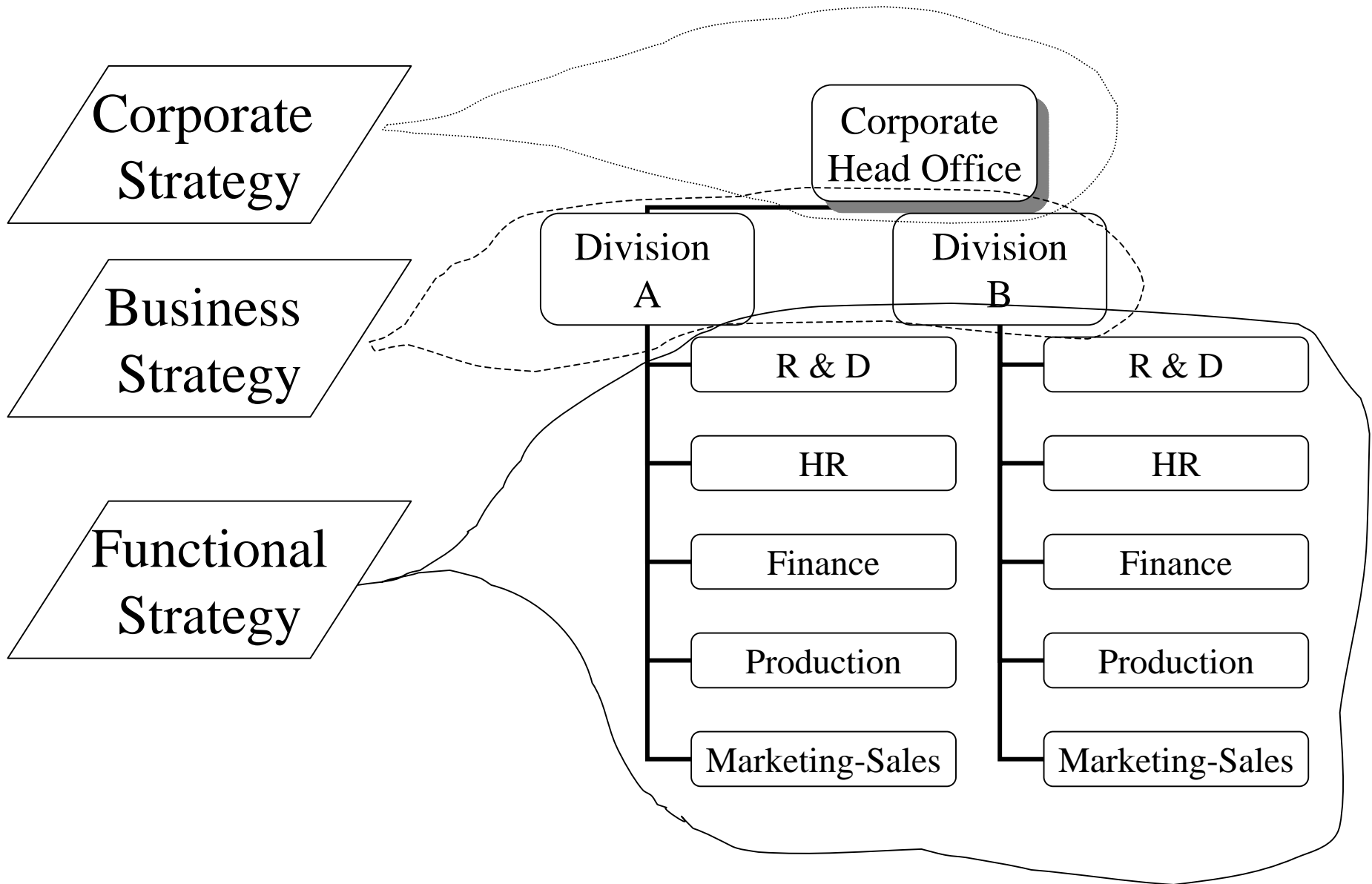
Internal

Beyond SWOT

External

- Possibly the most well-known tool to distinguish between internal and external contexts is SWOT (Strengths, Weaknesses, Opportunities and Threats).
- It is handicapped by difficulties in distinguishing strengths from weaknesses and opportunities from threats. For instance:
 - Is the Agnelli family a strength or weakness for FIAT?
 - Is Australian or Californian wine a threat for the Italian wine industry?

Levels of Strategy & Organisational Structure

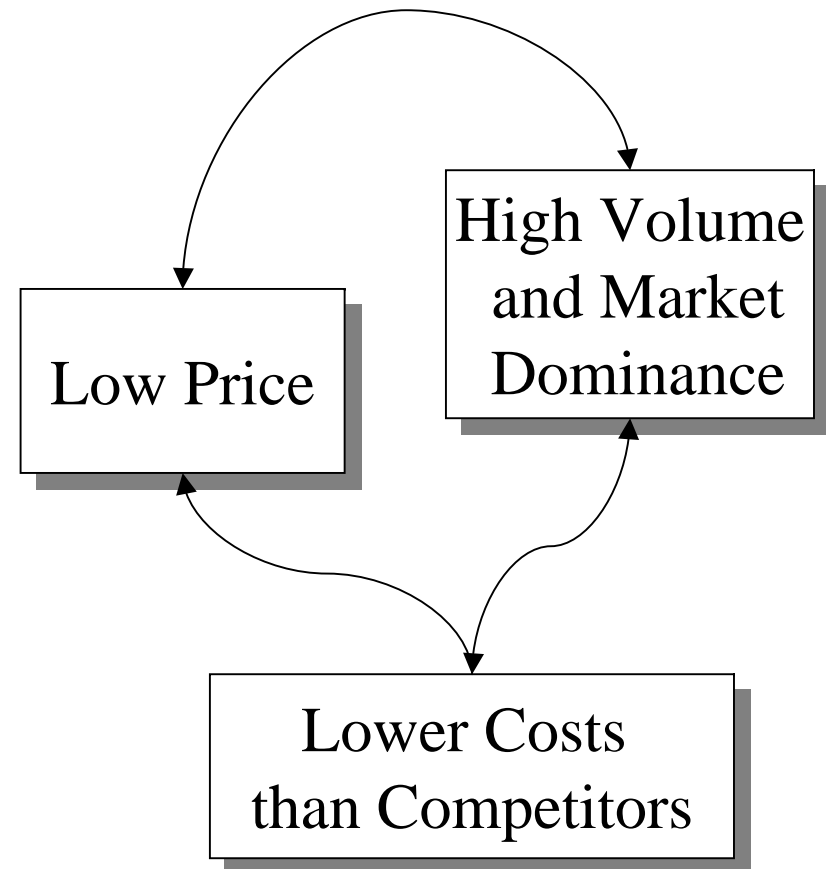


Logic = Why

The “Why” is the logic of the strategy and links the elements of the strategy as shown below for coffee mugs.

Our strategy is to dominate the U.S. market for inexpensive coffee mugs by being the number 1 low-priced manufacturer selling through mass-market channels. Our low price will generate high volume and, because there are economies-of-scale in the production of mugs, it will make us the low-cost producer enabling us to achieve favourable margins even with a low price.

Business proposition - Economic Engine



Foundations of Strategic Management

- From Visions to Actions
- Strategic Management: Definition and Scope
- The role of Business Strategy
 - Business Strategy and Examples
 - The Dynamics of Business Strategy
 - Strategic Planning versus Strategic Thinking
- The Organisation and It's Objectives
 - Performance Overarching Objectives
 - Firms, Planners and Managers
- Perspectives on the Impact of the General Manager
- Introduction to strategic management

From Vision to Actions



(in brackets is a typical timeframe)

Strategy and Management

Strategy

Tactical, calculated, key, vital, planned, decisive, essential, crucial, diplomatic, deliberate etc.

Management

Administration, direction, control, supervision, handling, conduct, care etc.

Strategic management is the decisive and administrative contextualisation of company actions so as to guarantee company performance.

Strategic & Operational Management

Strategic Management

- A sense of direction
- Positioning
- Ambiguous and complex
- Long-term implications
- Organisation-wide
- Fundamental

Operational Management

- Organising
- Supervising and controlling
- Routine
- Short-term implications
- Operationally specific

Management and Managers



Scope of SM and more

To ensure that company performance matches or supersedes the expectations of its customers (e.g. consumers, shareholders, stakeholders etc.).

SM is a framework in which a company encompasses its overall approach to its business.

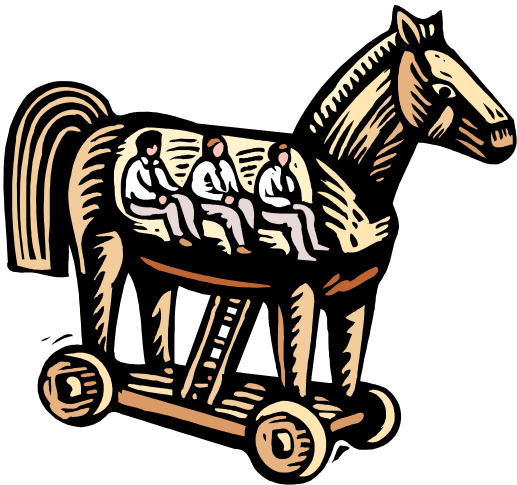
Soccer team example:

Season Objectives (Winning or Qualifying for Competitions and Tournaments, Avoiding Relegation, Achieving Promotion, Turnover etc.), Purchase/Selling of Players, Turnover (playing) of team players, Team Building, Player Development and Management, Merchandising etc.

Why is Strategy Needed?

Strategy, which can be applied at any level or for any size of company, is needed to answer the following question:

“What actions are most likely to achieve the organisation’s goals given its internal and external context? And how can these be implemented to maximise company performance ”



Examples of Strategies:

- Business Strategy
- Technology-Innovation Strategy
- Customer Relationship Strategy
- Human Resources Strategy
- Military strategy

The Use of Models and Tools

We will see later in the course the importance of models and tools. One such model is the P5F model (Porter's Five Forces model). This model examines the *forces* of the external environment. In general models are specific, i.e. the scope is to analyse and evaluate present or future scenarios of a business or market place. Tools tend to be even more specific and are applied at lower and more operative levels in the organisation.

Other models and tools include:

ARC, SWOT, PEST, PESTEL, 3C, BCG matrix, 7McKinsey, ACCiD, Ward-Rivani and many more.

Business Models and Strategies

Dell

Provides low-cost, customised computers directly to the end-user (private or business).

Vs.

Hp-Compaq

Provides a broad range of computer products and IT know-how to meet their customers business needs.

Traditional airlines vs. Economy airlines:

e.g. BA vs. Ryanair (or Easyjet) , Alitalia vs. Air One

Car manufacturers:

Seat vs, Skoda, VW vs. FIAT, Bentley vs. RR, Volvo vs. Saab

Book retailers:

Amazon vs. McGraw-Hill, Hoepli vs. Feltrinelli

Can you think of anymore strategies?

Even the smallest of firms have a BS

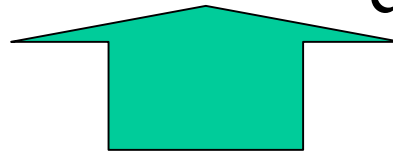
Dell

Provides low-cost, customised, computers directly to the end-user (private or business).

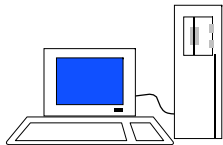
Compaq

Provides a broad range of computer products and IT know-how to meet their customers business needs.

Vs.

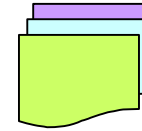


Molteni Informatics

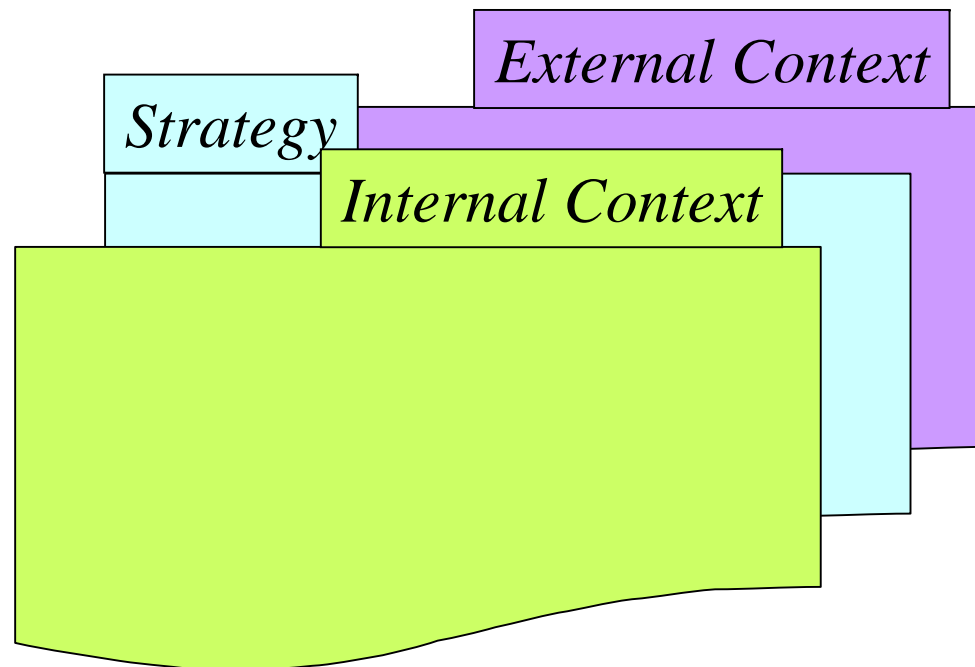


Provides the lowest cost home, unbranded, computer to the local private end-user.

Commonalities



In all of the previous examples there are a series of common features (Commonalities) that help us understand the underlying business proposition. In order for the business proposition to thrive it is necessary that the business strategy takes into account both internal and external contexts.



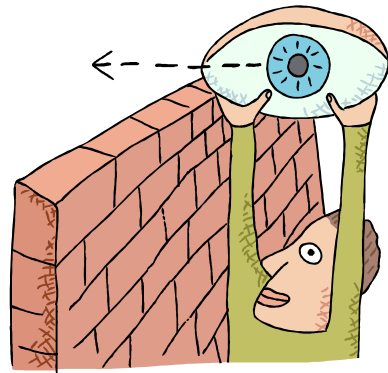
Examples of Features

Internal

- Areas of technical expertise (e.g. IT, design, R & D, manufacturing, materials engineering, innovation, JIT, logistics)
- Corporate culture (e.g. diversity, operating excellence, customer focus, training) - *vision and mission statement*
- Brand awareness (e.g. brand communication)
- Company organisation (e.g. pyramid, flat, global, cross-regional)

External

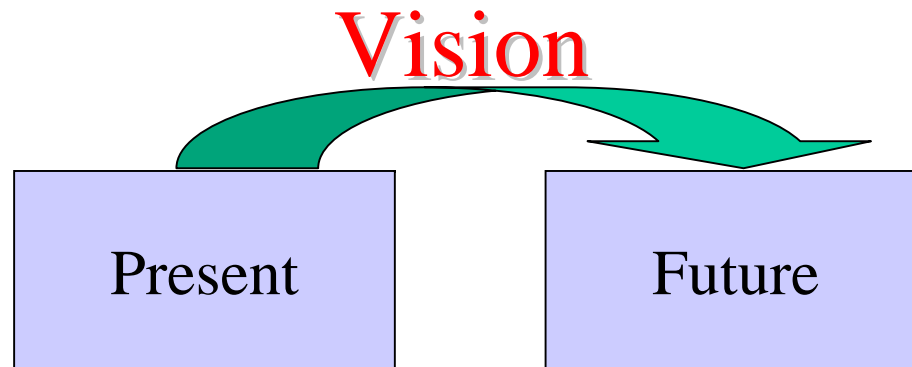
- Industrial context (e.g. military and civil marine engineering)
- Legislation (e.g. environmental legislation)
- Social and Demographic trends
- Customer (needs and preferences)



Vision

A vision is a mental image of what the company will be or is striving to be.

It is the platform on which you build the company and links present to future.



North Vietnam vs. USA

(1948-1975)

•General Vo Nguyen Giap stated:

Our strategy was....to wage a long-lasting battle....Only a long-term war could enable us to utilize, to the maximum, our political trump cards, to overcome our material handicap, and to transform our weaknesses into strengths. To maintain and increase our forces was the principle to which we adhered, contenting ourselves with attacking when success was certain, refusing to give battle likely to incur losses.

The strategy was built on only one resource.....

The will to win

Mission Statement

The mission statement is a declaration of intent by management to forge and direct the (organisation of the) company towards common goals based on strategy.

“Our mission is to satisfy the Consumer in his every need, while involving him at the same time through the study of his tastes and his demands, so that he'll continue to trust **XXXXX** tomorrow - as he does today - to supply tasty, healthy and balanced products.”

What company says this?

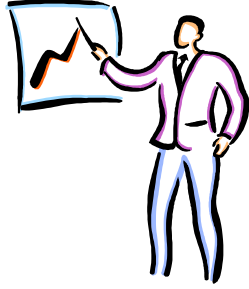
Often the vision and mission statements are expressed (wrapped up) in advertising catch phrase.

Company Catch Phrases - Statements

IKEA	Affordable solutions for better living	Philips ?
DeLonghi	Living Innovation	Sony ?
BA	One World	Rai Tutto, di più
BMW**	The Ultimate driving machine	Lavazza ?
GEC	We bring good things to life	Vodafone? How are you?
Barilla	To supply tasty, healthy.. balanced products (Dove c'e Barilla c'e casa)	TIM Vivere senza confini
Whirlpool	Everyhome Everywhere	Nokia Connecting people
Bosch	?	DHL Worldwide express
Vodafone	?	UPS What can brown do for you?
Totocalcio	Vinci insieme allo sport	Ryanair ?
Disney	Where the magic comes to you	Coop La Coop sei tu
Intel	Intel inside	Nestle Good food good life...
Coca Cola	Always Coca Cola	Trenitalia?

** Mini: Is it Love? VW Phaeton - Non solo.....

Can you think of anymore catch phrases or statements?



Business Strategy

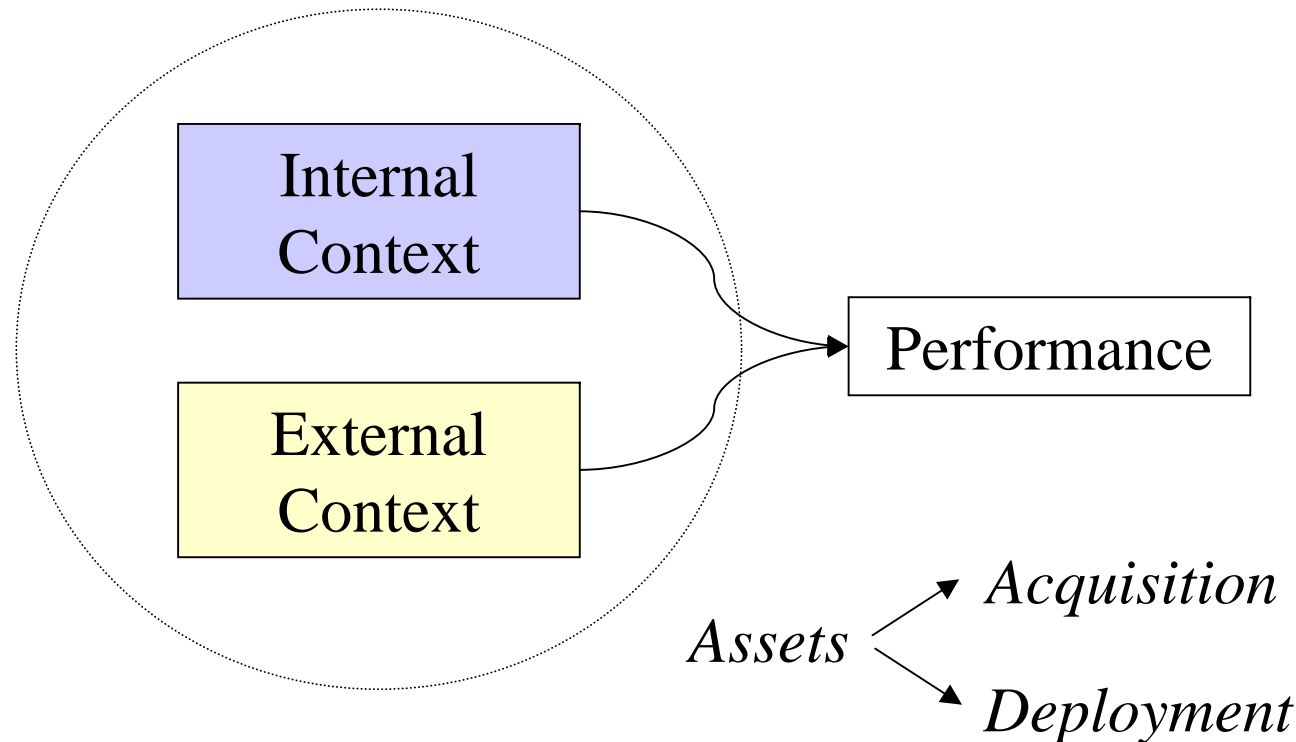
- Business Strategy is the framework of a company in which it intends to compete and obtain revenues.
- It is the link between the internal and external contexts.
- It can take a front seat or a back seat depending on internal and external conditions.
- Business strategy is a management tool.

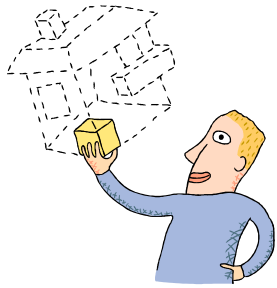
Coffee Break

you have 20 minutes!

The role of Business Strategy

The primary role of business strategy is to ensure that the internal context of a company matches the external context so as to guarantee (sustainable) performance.





Features of Business Strategy

- Because the external contexts are inherently dynamic, business strategy is **DYNAMIC**, it is (should) never (be considered) static.
- It can take a front seat or a back seat depending on internal and external conditions and why you are in implementing it.
- BS is a management tool and requires continuous monitoring.
- A change in business strategy implies a change in the internal and/or external contexts

[Can you give examples of external contexts that change?](#)



Strategic Planning

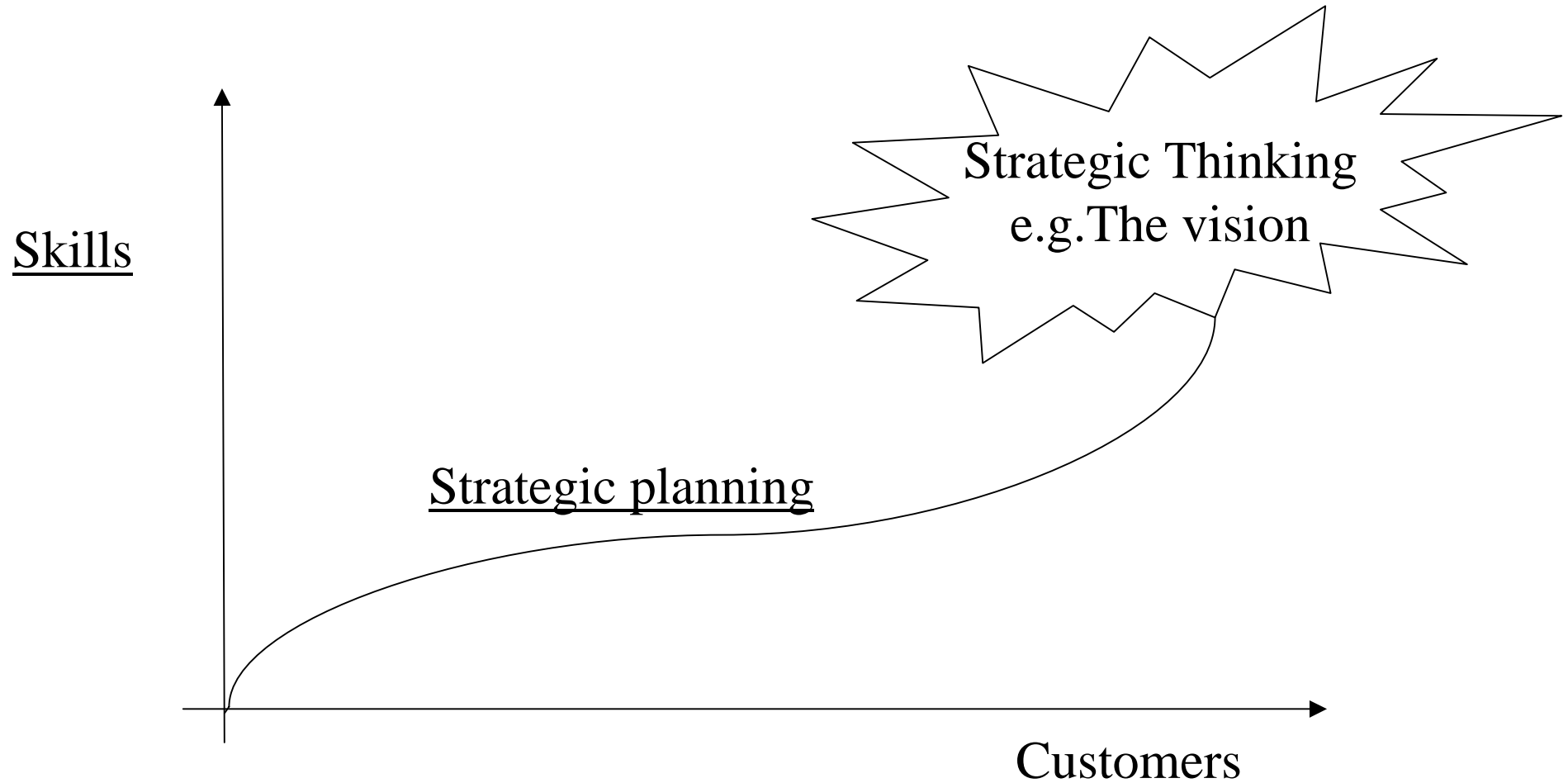
Goodstein, Nolan, & Pfeiffer defines SP as:

"a continuous and systematic process where the guiding members of an organisation make decisions about its future, develop the necessary procedures and operations to achieve that future, and determine how success is to be measured."

- *Total Quality Planning (TQP) process*

But what is SP, really????

Strategic planning is working towards the vision of the future and managing toward that expectancy.



Strategic Planning Q's and A's

Strategic planning answers (or should answer) the three big questions:

- Where are we today?
- Where do we want to be in the future?
- What should we be focused on today, in order to make it more likely we will be where we want to be in the future?

Operating under a vision-mission statement umbrella focuses the organisation's effort.

It's an effective process for aligning your short-term decisions with your long-term goals.

Strategic Thinking

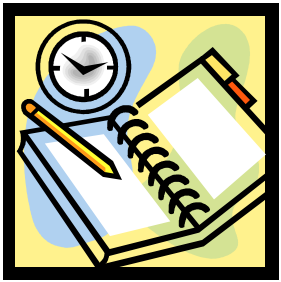


To think strategically is to see the big picture, to understand both system-wide effects and long-term consequences of situations, problems, decisions, and actions etc.

Strategic thinking allows you:

- to handle the changing nature of change
- to grasp the revolution we are living
- to be beware of the dark side of.....technology
- to keep the ‘horse in front of the cart’

Strategic Planning vs. Strategic Thinking



- Strategic planning is about what we have to do today so as to be ready for (an uncertain) tomorrow.

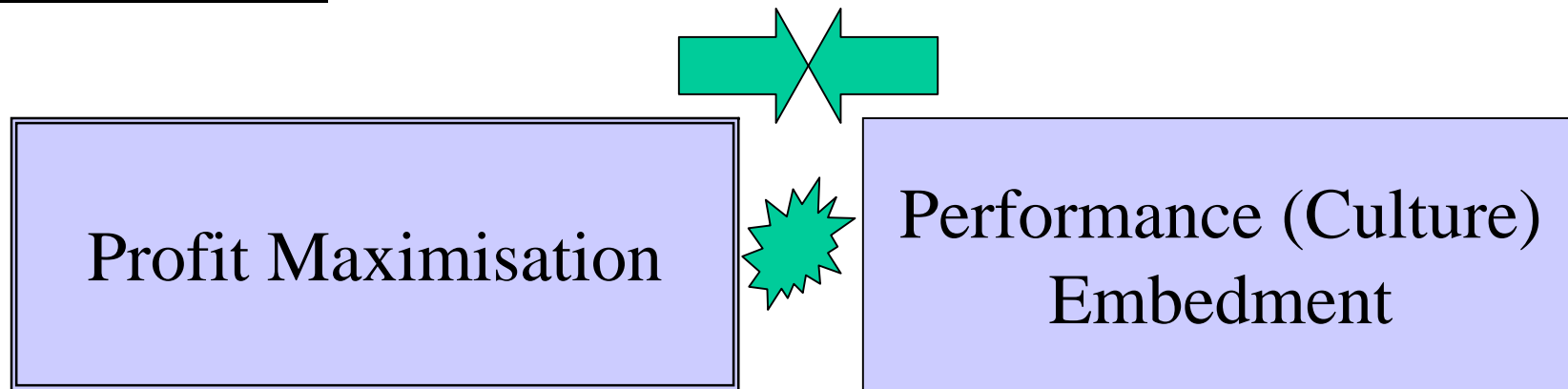


- Strategic thinking deals with the future, projecting the possible scenarios and defining the dreamspace.

The Organisation and It's Objectives

Clearly strategic management is linked to company performance but it also involves organisations, planners, managers (and indeed many other things).

Profit Maximisation vs. Performance culture
embedding.



Is there a conflict between profit maximisation and the well-being of a company and its employees?

Definition of Performance

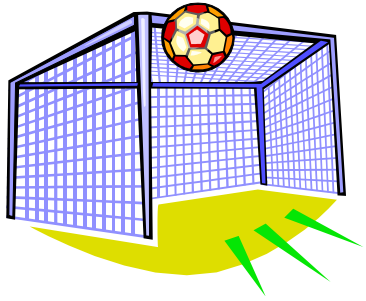
Performance is the outcome of the firm's actions plan. It is customary to think of revenues, profitability, share price etc., but there are others!

Non monetary examples of performance are:

- ☞ Market share (%, % per product segment etc.)
- ☞ Reputation (consumer feedback)
- ☞ Customer dissatisfaction (number of complaints)
- ☞ Employee satisfaction (annual company survey)
- ☞ Brand image - awareness (interviews)
- ☞ Quality (SIR - Service Incidence Rate)
- ☞ Innovation (No. of patents, new products)
- ☞etc.

Remember you may be working for, or with, a NON-PROFIT organisation.

Performance Objectives



Performance implies measures and measurement systems but also GOALS and OBJECTIVES.



Without goals and objectives it is impossible to establish if you have arrived!

Who do you think should set the performance objectives in a company and why????

Goals and Objectives

Goals

- Tend to be closer (spot) challenges e.g. sell X many units in Dec. 2002.

examples: sales of units, revenues, number of PC's installed, number of people trained, plant start-up by 1Q2004.

Objectives

- Tend to be longer challenges e.g. be No.3 in Poland by 2004.
- Examples: To have 95% of the organisation computer literate, SIR (quality) below 3%, 5% cost reduction by 2Q2003 etc.

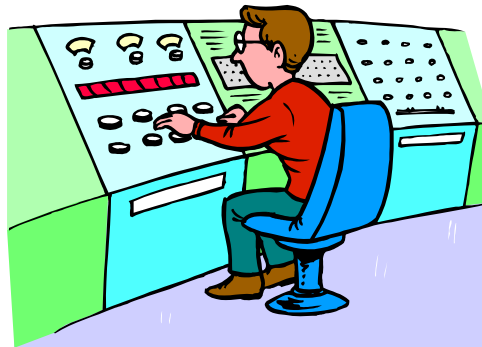
Company Dynamics and Cycles

The larger and more complex the organisation the heavier and more decisive are the challenges. It can take a (mature) company several years before it truly implements a strategic objective.

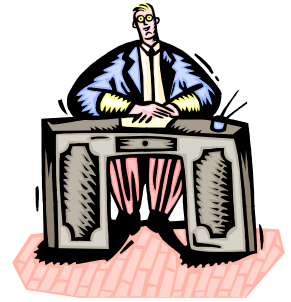
Planners and Managers

Strategic planners are responsible for the overall timing and processing (sequencing) of the company's strategy. In practise they convert the vision and strategy studied by senior management into a plan.

This plan is rolled out and executed by the 'Managers'.



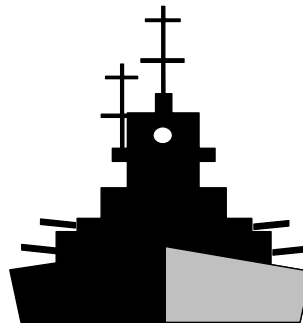
Managers and General Managers



‘Managers’ can act at various levels and intervene in different ways depending on function and gravity/urgency of the action.

General managers not only supervise (middle) managers but also perform a surveillance and monitoring role. Junior managers are expected to do the routine work and act the plan of the middle managers.

General Manager:
The Captain of the Ship

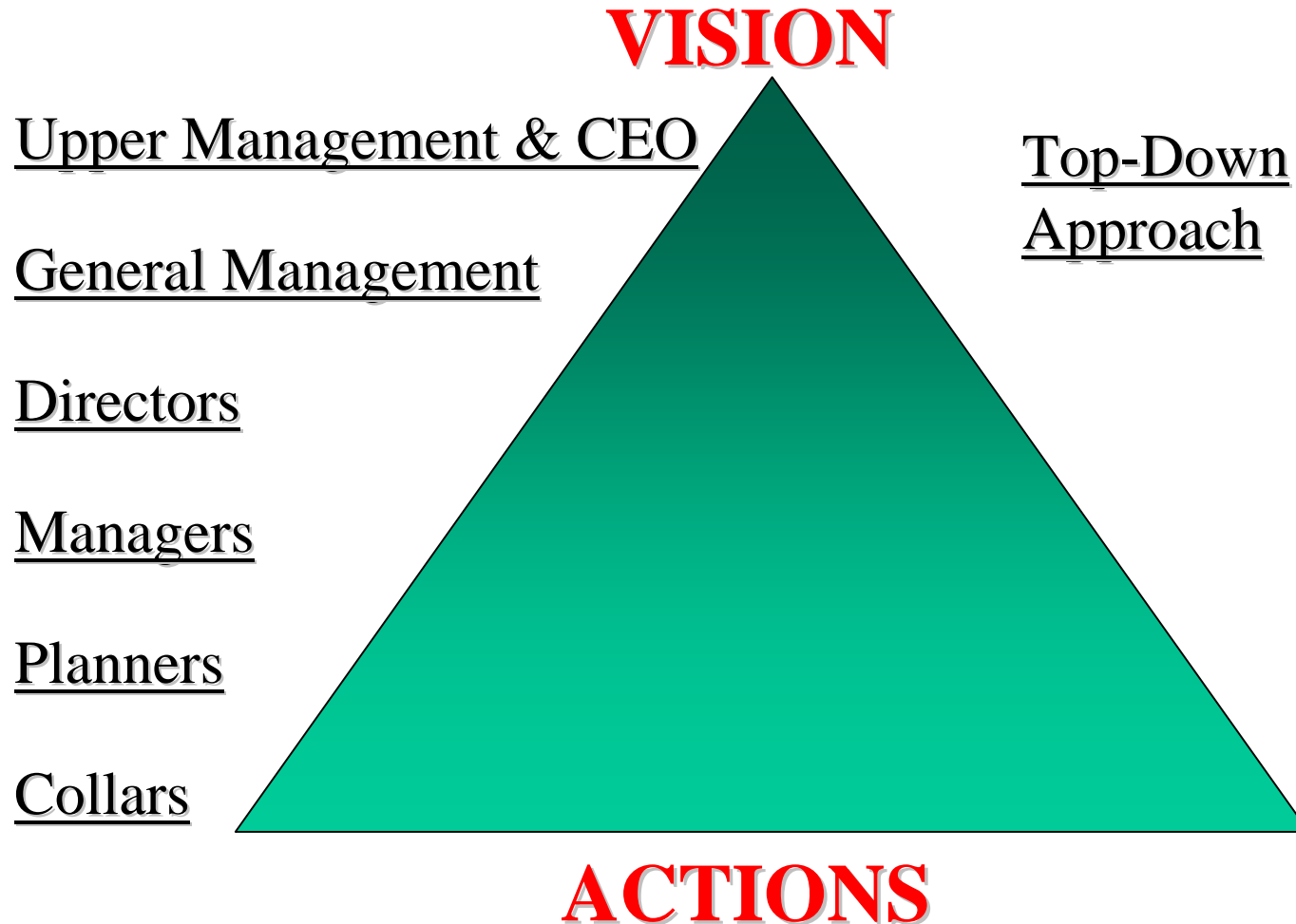
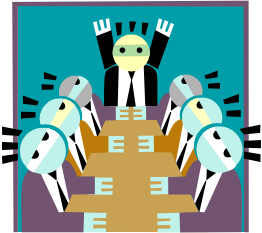


Impact of the General Manager

We will see over the coming lessons that although strategic thinking and thinkers can indeed control and forge the success of a company, changes in the external context leave SM with some uncertainty.

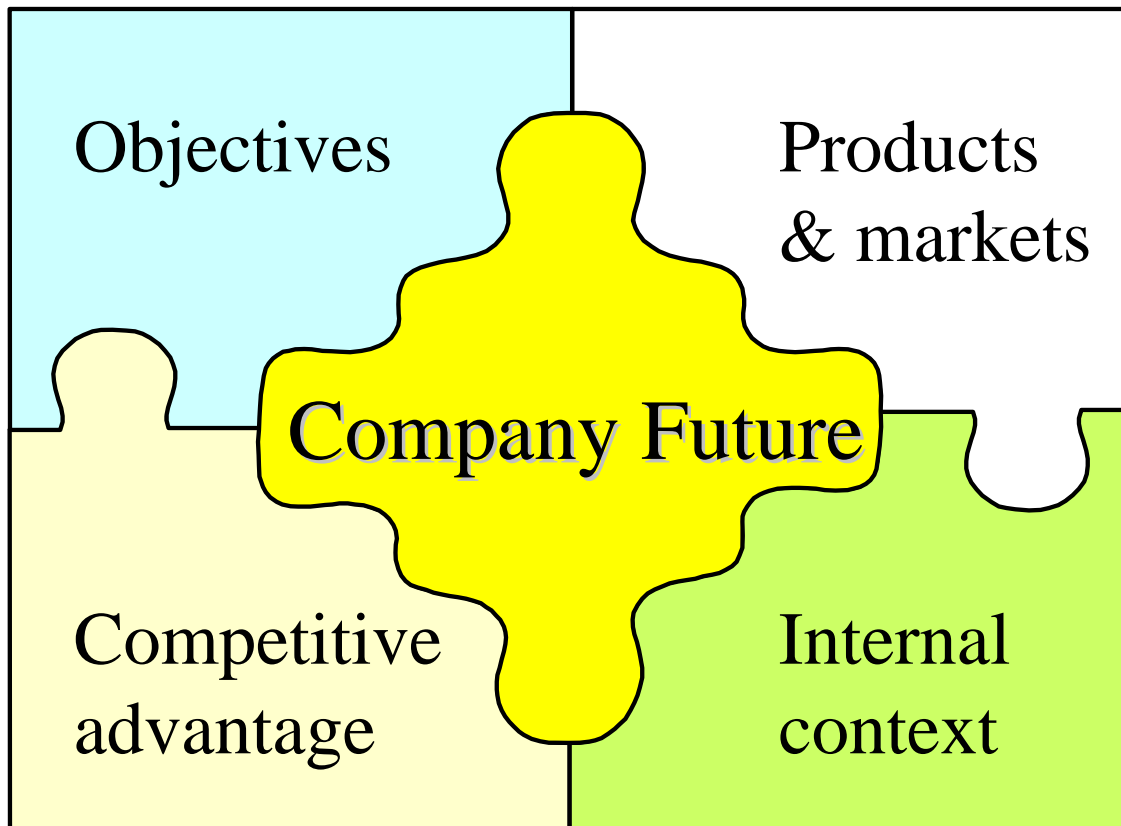
Examples: 11/9 tragedy, Enron, Legislation, Change in government policy, Parmalat, Antonveneta etc.

Implementation of Strategy



Introduction to Business Strategy

Business strategy may be defined as a company's planned approach that defines the objectives and direction it will take to achieve them.



Business Strategy Blocks

Backbone of Business Strategy

- ⊗ 'Long term' objectives and intermediate goals.
- ⊗ What products the company will offer to its consumers.
- ⊗ The markets in which it intends to compete (Asia, NA, Europe etc.).
- ⊗ Area of activity where it will be allocated (beverages, automobile, shipping etc.).
- ⊗ What is the projected outcome (competitive advantage) it will achieve and be able to sustain.
- ⊗ What is company's internal context that will make the strategy work (essentially its internal assets).

Summary of Lessons 1 & 2

Strategic management is the decisive and administrative contextualisation of company actions so as to guarantee company performance.

SM is a framework in which a company encompasses its overall approach to its business.

A vision is a mental image of what the company will be or is striving to be.

The primary role of business strategy is to ensure that the internal context of a company matches the external context so as to guarantee (sustainable) performance.

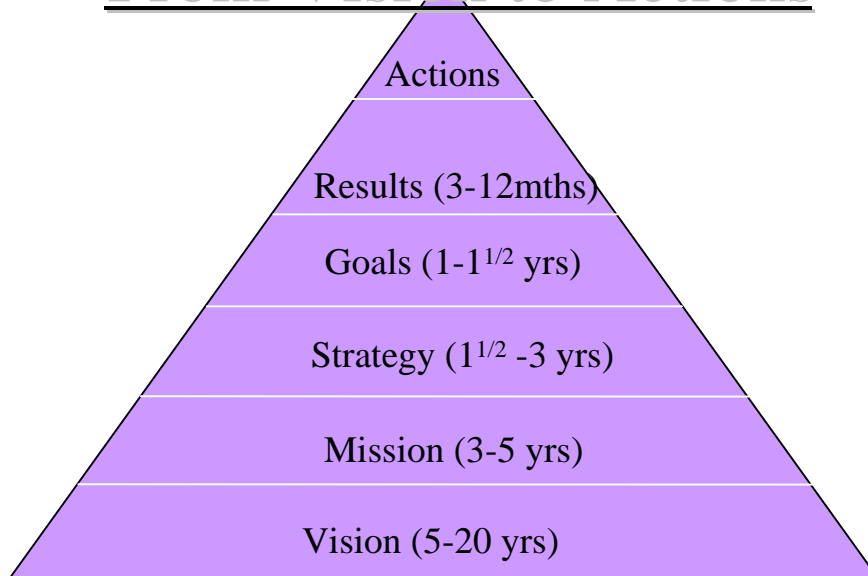
Business Strategy is the framework of a company in which it intends to compete and obtain revenues.

Summary of Lessons 1 & 2

The internal context is defined as the companies internal assets, while the external context is the environment in which the company is competing.

Strategic planning is about what we have to do today so as to be ready for (an uncertain) tomorrow.

From Vision to Actions



Business strategy may be defined as a company's planned approach that defines the objectives and direction it will take to achieve them.

Summary of Lessons 1 & 2

Performance measures can also be non-monetary (both in profit and non-profit organisations)

Without goals and objectives it is impossible to establish if you have arrived!

Business strategy may be defined as a company's planned approach that defines the objectives and direction it will take to achieve them.

Business strategy = Objectives, Products & Markets, Competitive advantage, Internal Context

Vision and Strategic thinking have a Top-Down approach

Keywords

- Strategy
- Sun Tzu
- Business Model-Proposition
- Mission
- Vision
- Planning
- Thinking
- Catch Phrases
- Impact
- Performance
- Context (Internal and External)
- Objectives
- Operational
- Leadership
- Sun Tzu
- Evolution
- Features
- Commonalities
- Assets
- Logic and Why
- SWOT
- Levels of Strategy
- Functional
- Business-Corporate Strategy
- Management
- Actions

Sample Examination Questions

Define the terms strategy, business, functional and corporate strategies, strategic management? Discuss the link between military and business strategies then defend and oppose this link.

Define strategic management and explain the scope of SM. What are the essential differences between Strategic and Operation Management. Strategy relies on understanding internal and external contexts, explain why this is necessary and provide examples of both contexts. What is the link called between these 2 contexts?

Performance is a fundamental concept in SWOT analysis and strategic management, define the usage, usefulness and application for profit and non-profit organisations.

Further Readings – Books, WWW and Files

- Vietnam war strategy (Grant pp.7-8, exhibit 1.2)
- Example of Corporate Annual Report

Try <http://www.reportgallery.com/>

- Sun Tzu, The Art of War (various versions from 5 Euros)

Further Readings – PDF and Word files

- Re-engineering FORD*
- An Interview with Gary Hamel*
- The Cultures of Corporate Strategy*

*Taken from <http://www.strategy-business.com/>

- Sun Tzu : The Art Of War Chapter III. Attack By Stratagem

Taken From <Http://www.Kimsoft.Com/Polwar3.Htm>

Further Readings – PPT files

Moen, Incorporated: Implementing e-Business and e-Commerce Strategies