MODULE 12 STRATEGIC MANAGEMENT



"Insights and hard work deliver results"

- What types of strategies are used by organizations?
- How are strategies formulated and implemented in strategic management?

STRATEGIC MANAGEMENT

Types Of Strategies

MODULE GUIDE 12.1

- Strategy is a comprehensive plan for achieving competitive advantage.
- Organizations use strategy at the corporate, business and functional levels.
- Growth and diversification strategies focus on expansion.
- Restructuring and divestiture strategies focus on consolidation.
- Global strategies focus on international business initiatives.
- E-business strategies focus on using the Internet for business transactions.

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STRATEGIC MANAGEMENT

Types Of Strategies

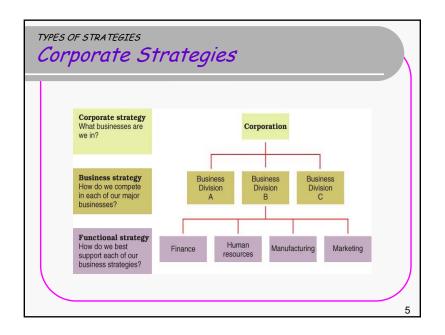
- Strategy
 - a comprehensive plan guiding resource allocation to achieve long-term organization goals.
- Strategic Intent
 - focuses organizational energies on achieving a compelling goal.
- Competitive Advantage
 - operating in successful ways that are difficult to duplicate

TYPES OF STRATEGIES

Corporate Strategies

- Corporate Strategy
 - Sets long-term direction for the total enterprise
- Business Strategy
 - Identifies how a strategic business unit or division will compete in its product or service domain
- Functional Strategy
 - Guides activities within one specific area of operations

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Growth And Diversification Strategies
 Growth Strategy
 • Expansion through current operations
 • Concentration
 • Expansion within an existing business area
 • Diversification
 • Expansion occurs by entering new business areas
 • Vertical Integration
 • Expansion by acquiring existing suppliers or distributors

Restructuring and Retrenchment Strategies

Retrenchment
Changes operations to correct weaknesses
Liquidation
An extreme form of retrenchment wherein the business closes and sells off its assets
Restructuring
Reduces the scale or mix of operations
Downsizing
Decreases the size of operations
Divestiture
Sells off part of the organization to focus on core businesses

TYPES OF STRATEGIES E-Business Strategies

- E-Business Strategies
 - Focus on Using the Internet for Business Transactions
- B2B Business Strategies
 - use IT and Web portals to vertically link organizations with members of their supply chains.
- B2C Business Strategies
 - use IT and Web portals to vertically link organizations with members of their customers.

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Strategic Management

MODULE GUIDE 12.2

- Strategy formulation begins with the organization's mission and objectives.
- SWOT analysis identifies strengths, weaknesses, opportunities, and threats.
- Porter's five forces model examines industry attractiveness.
- Porter's competitive strategies model examines business or product strategies.
- Portfolio planning examines strategies across multiple businesses or products.
- Strategic leadership activates organizations for strategy implementation.

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Strategic Management

- Strategic management
 - the process of formulating and implementing strategies.
- Strategy Formulation
 - the process of creating strategies
- Strategy Implementation
 - the process of putting strategies into action.

STRATEGIC MANAGEMENT Strategic Management Strategy Formulation-Strategy Implementation-Creating strategies Analyze internal and analyze current: external environments: and objectives, Strategic Organizational Corporate control Mission resources and Renew Objectives governance • Corporate capabilities (strengths -Management and weaknesses) Business systems and management Industry and external Functional practices process environment Strategic (opportunities and leadership

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