Strategic Management

The Dynamics of Strategic Planning

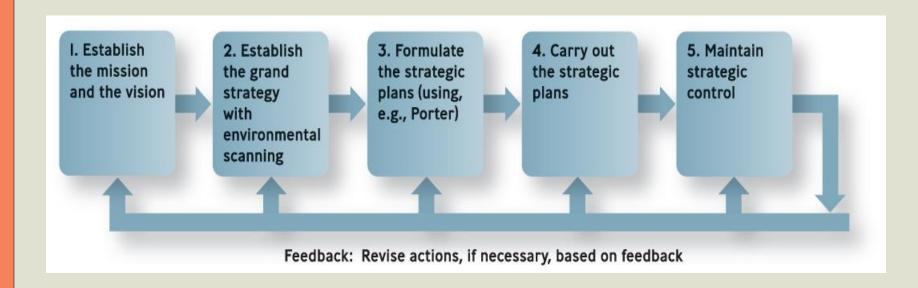
Strategy

→large-scale action plan that sets the direction for an organization

Strategic management

→process that involves managers from all parts of the organization in the formulation and the implementation of strategies and strategic goals

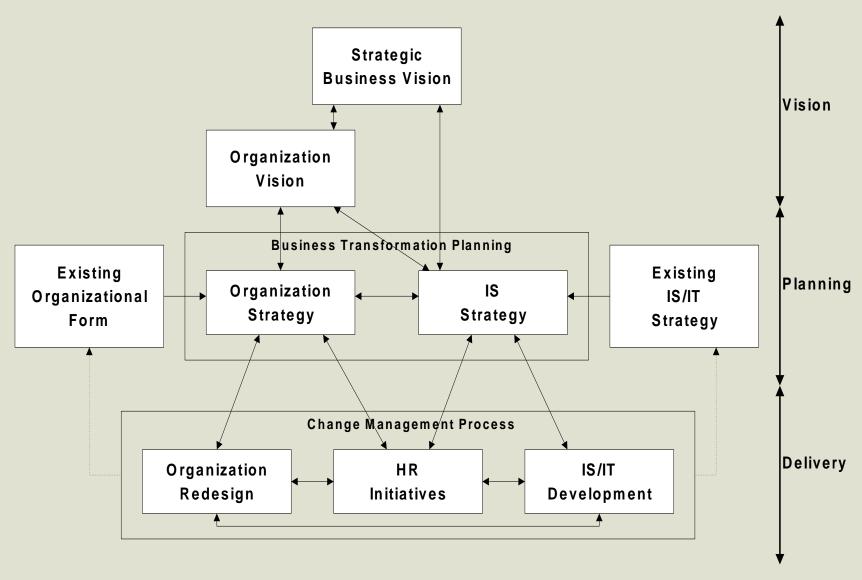
The Strategic Management Process



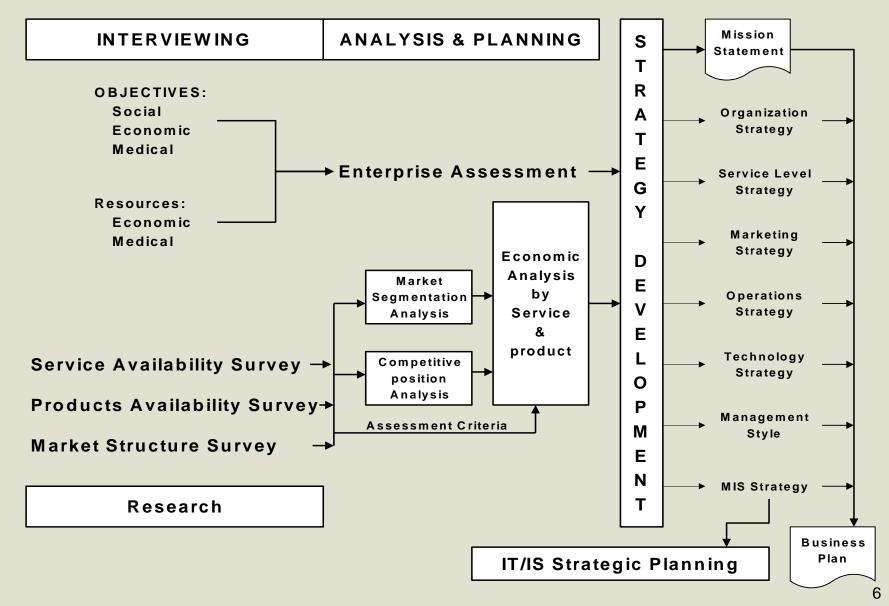
APPROACHES TO STRATEGIC PLANNING

	1 Business- Led	2 Method- Driven	3 Admin	4 Organizational ⊕	5 Technology ⊕
Underpinning Assumption	Business Plans and Needs Should Drive IS Plans	Formalized Planning Methodology	Use Firm's Methodology	Continuous Shared Planning Activities	Quality Business/ Information Modeling
Emphasis of Approach	Use Business Plans to Lead Development of IS Plans	Selection of Best Method/ Best Consultant	Project ROI	User/IS Cooperation and Leaming	Creation of Business Process Information Models
Slogan	Business Drives IS	Planning Needs a Method	Follow the Rules	Themes with Teams	Model the Business
Key to Success	Operationalized Business Plan	Integrated Strategic, Tactical, and Implementation Methodology	Effective Steering Committee	Experienced Users and IS Personnel	Quality Business Process Reengineering Programs
Problem	Business Plan Quality	Availability of Methodologies	Tactical	Tactical	Difficult

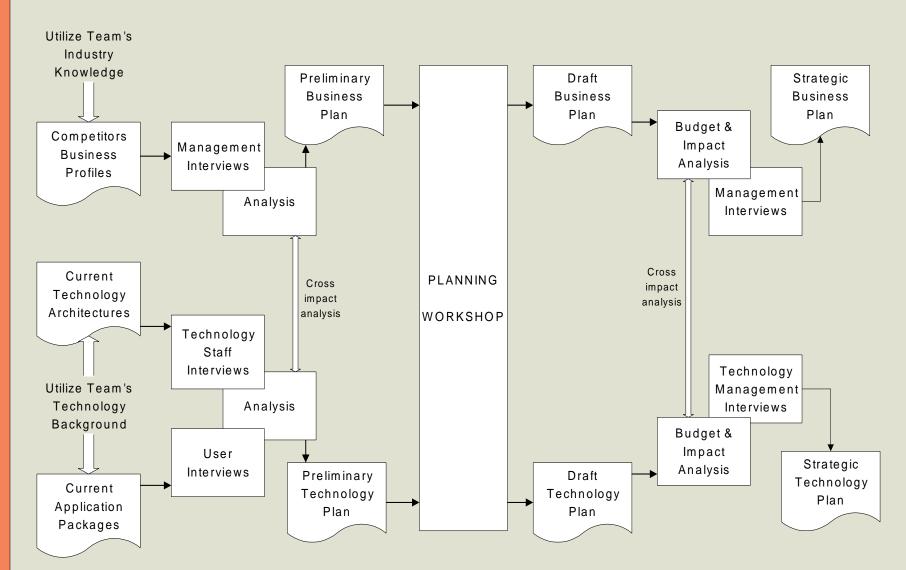
Strategic Business Planning (Transformation) Framework



Strategic Planning Methodology



Producing an Integrated Business/Technology Strategic Plan



The Contingency Theory of Management

Dynamic ← Turbulent Stable ← → **Environment: Internal & External** Product/ Service Structure Technology: Internal & External **Production** Engineering R&D **Desired** -Hierarical -Democratic -Participative Mgmt/Org (Shared Leadership) (Command) (Sell) Style **Empowering Autocratic** Leader Leader

Common Grand Strategies

Growth strategy

Stability

Defensive

SWOT Analysis Tool

INSIDE MATTERS—analysis of internal Strengths & Weaknesses



S—Strengths: inside matters
Strengths could be work processes,
organization, culture, staff, product quality,
production capacity, image, financial
resources & requirements, service levels,
other internal matters

O—Opportunities: outside matters
Opportunities could be market segment
analysis, industry & competition analysis,
impact of technology on organization,
product analysis, governmental impacts,
other external matters



W—Weaknesses: inside matters
Weaknesses could be in the same
categories as stated for Strengths: work
processes, organization, culture, etc.

T—Threats: outside matters
Threats could be in the same categories
as stated for Opportunities: market
segment analysis, etc.





OUTSIDE MATTERS—analysis of external Opportunities & Threats

Porter's Five Competitive Forces

- 1. Threat of new entrants/technologies
- 2. Bargaining power of suppliers
- 3. Bargaining power of buyers
- Threat of substitute products or services
- 5. Rivalry among competitors

Porter's Four Competitive Strategies

Cost-leadership strategy

→ keep the costs, and hence prices, of a product or service below those of competitors and to target a wide market

Porter's Four Competitive Strategies

Differentiation strategy

→offer products that are of unique and superior value compared to those of competitors but to target a wide market

Porter's Four Competitive Strategies

Cost-focus strategy

→ keep the costs of a product below those of competitors and to target a narrow market

Focused-differentiation

→offer products that are of unique and superior value compared to those of competitors and to target a narrow market

The Product Life Cycle

Stage 1: Introduction

Stage 2: Growth

- →most profitable stage
- →period in which customer demand increases, the product's sales grow, and competitors may enter the market

The Product Life Cycle

Stage 3: Maturity

→period in which the product starts to fall out of favor and sales and profit begin to fall off

Stage 4: Decline

→period in which the product falls out of favor and the organization withdraws from the marketplace