

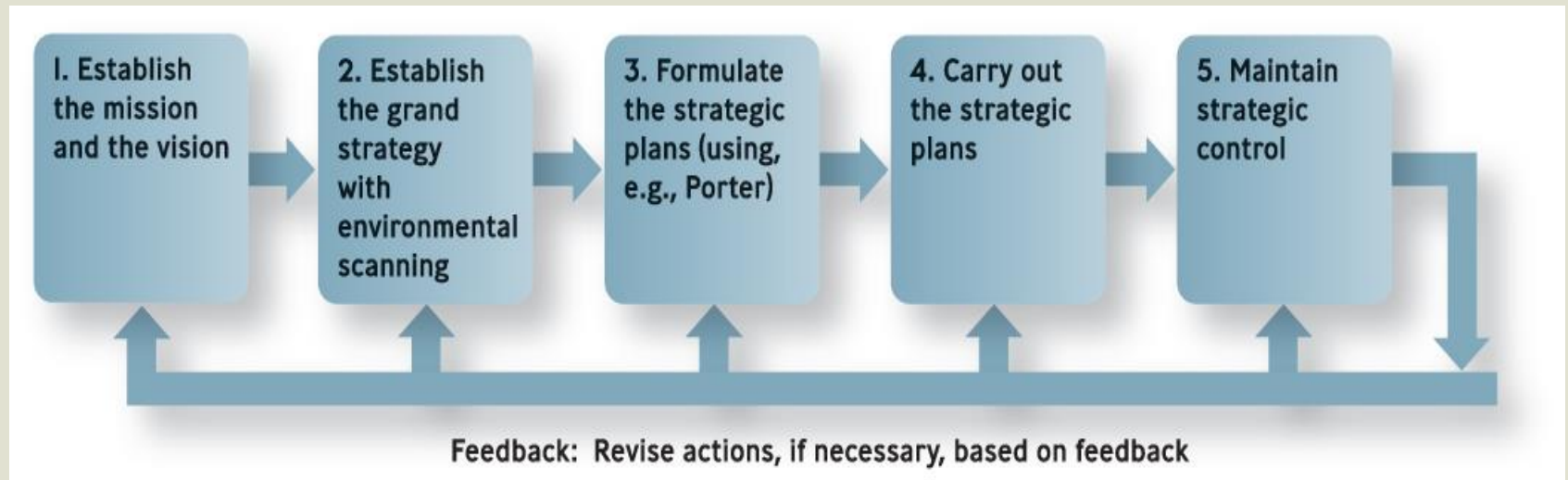


Strategic Management

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

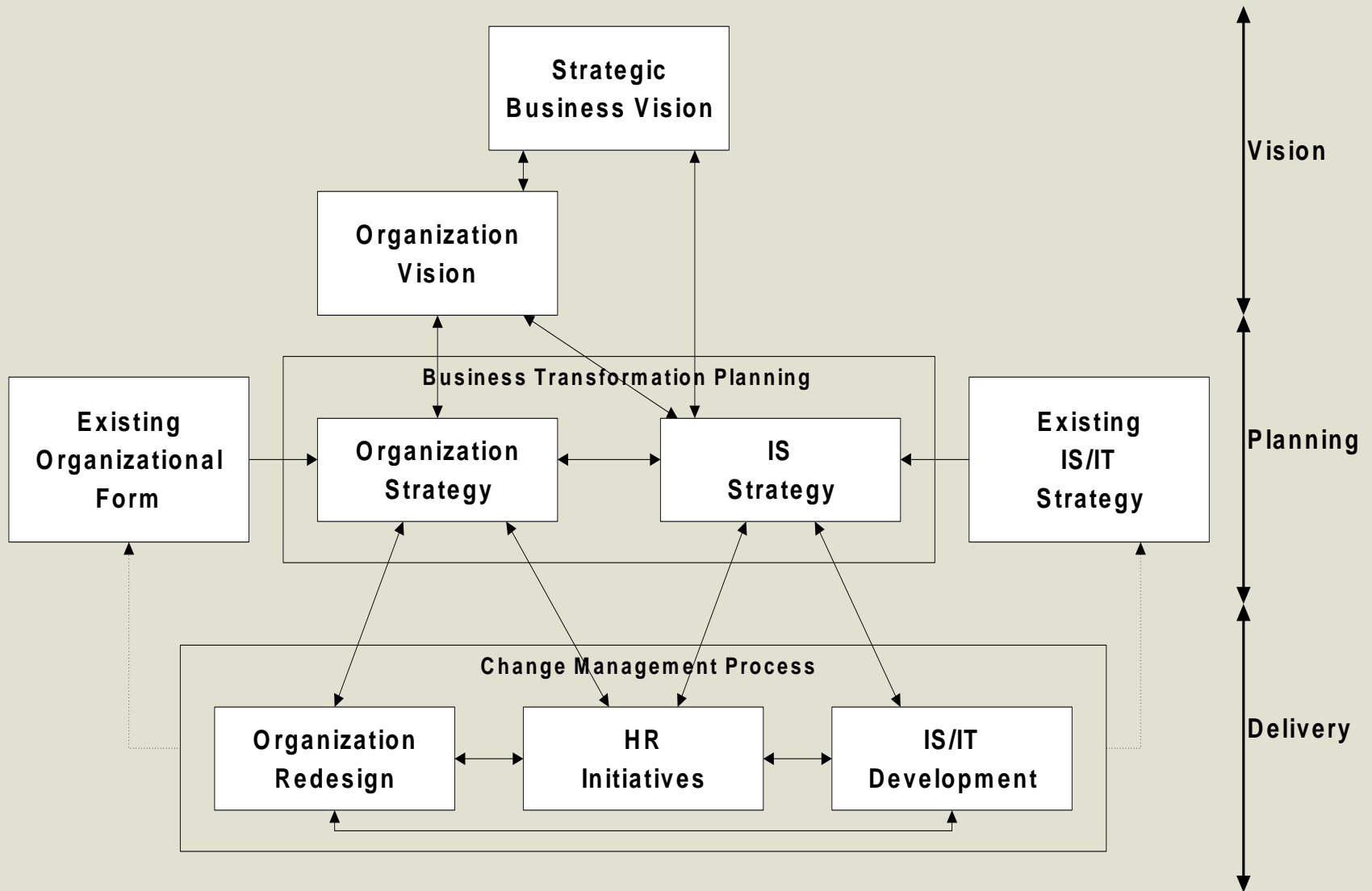
The Strategic Management Process



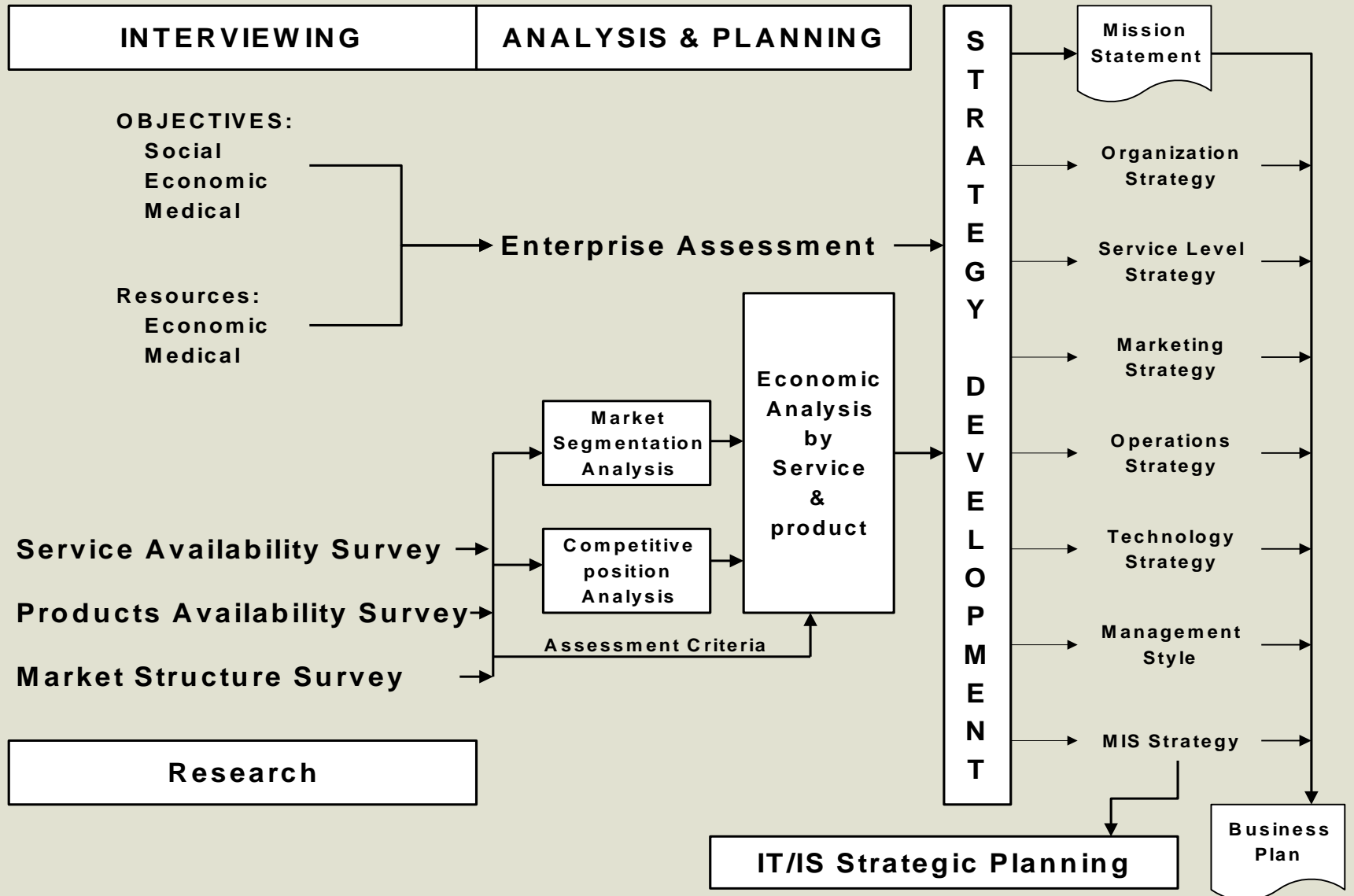
APPROACHES TO STRATEGIC PLANNING

	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	<i>Continuous Shared Planning Activities</i>	Quality Business/ Information Modeling
Emphasis of Approach	Use Business Plans to Lead Development of IS Plans	Selection of Best Method/ Best Consultant	Project ROI	<i>User/IS Cooperation and Learning</i>	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	<i>Experienced Users and IS Personnel</i>	Quality Business Process Reengineering Programs
Problem	Business Plan Quality	Availability of Methodologies	Tactical	<i>Tactical</i>	Difficult

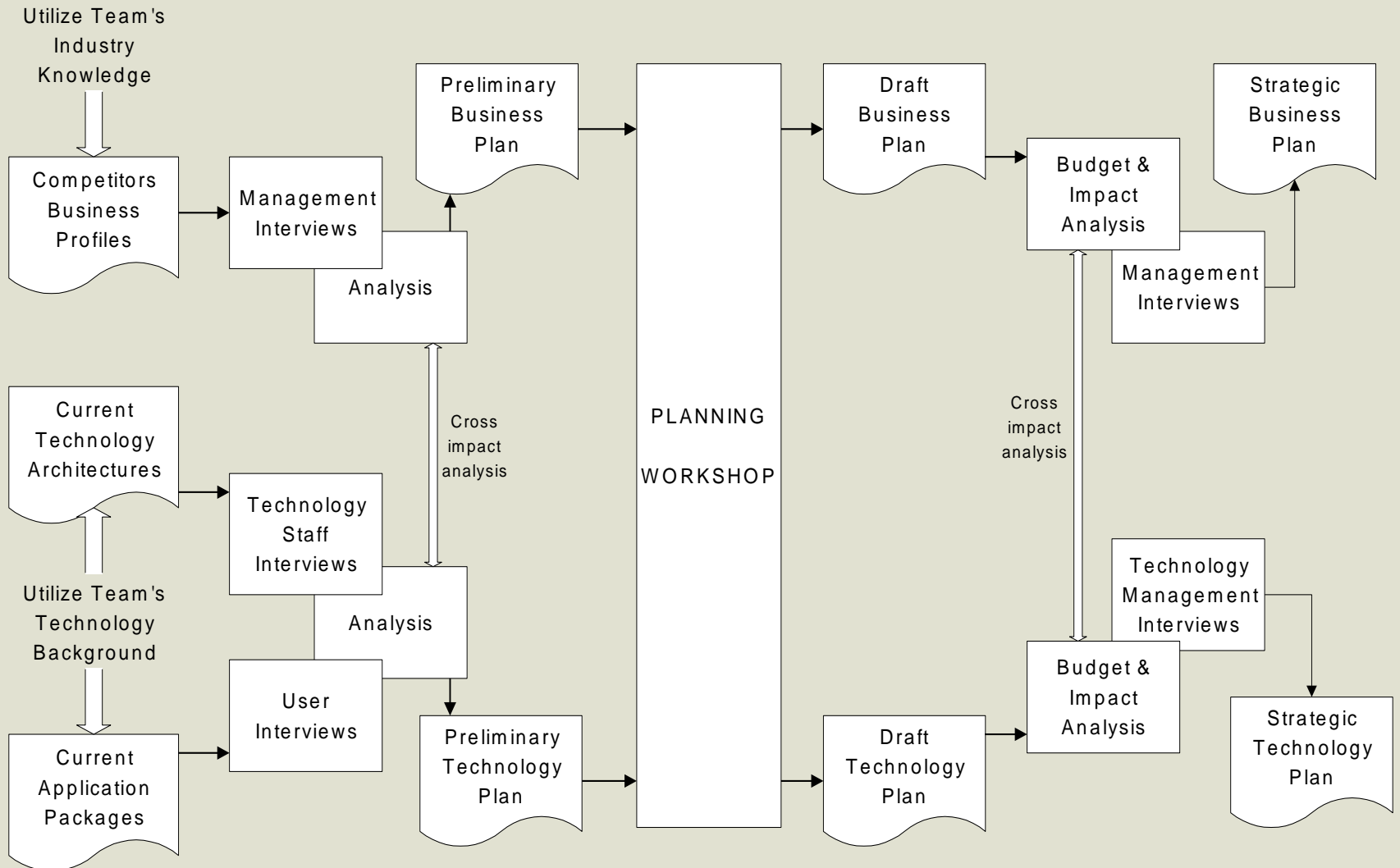
Strategic Business Planning (Transformation) Framework



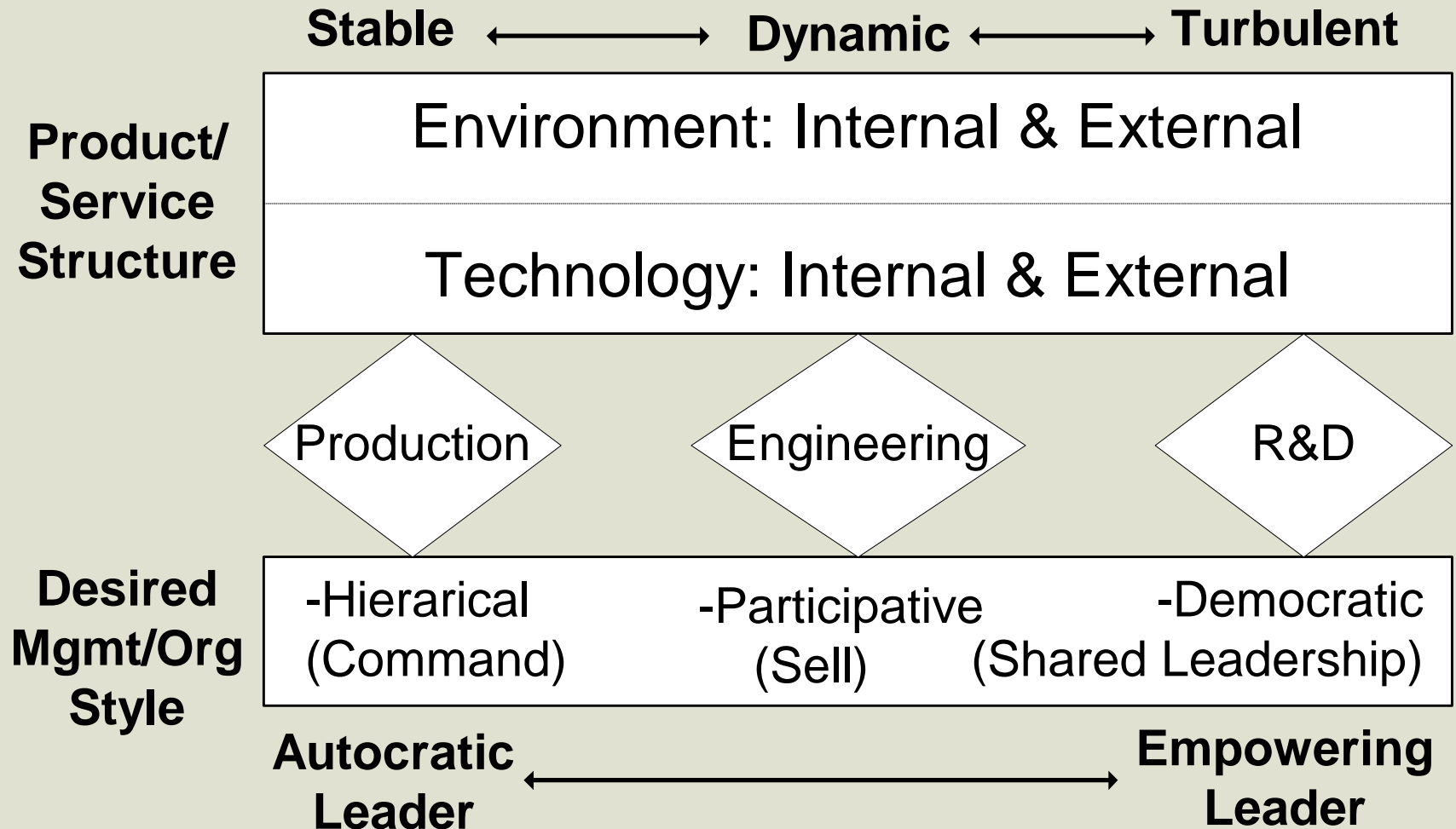
Strategic Planning Methodology



Producing an Integrated Business/Technology Strategic Plan



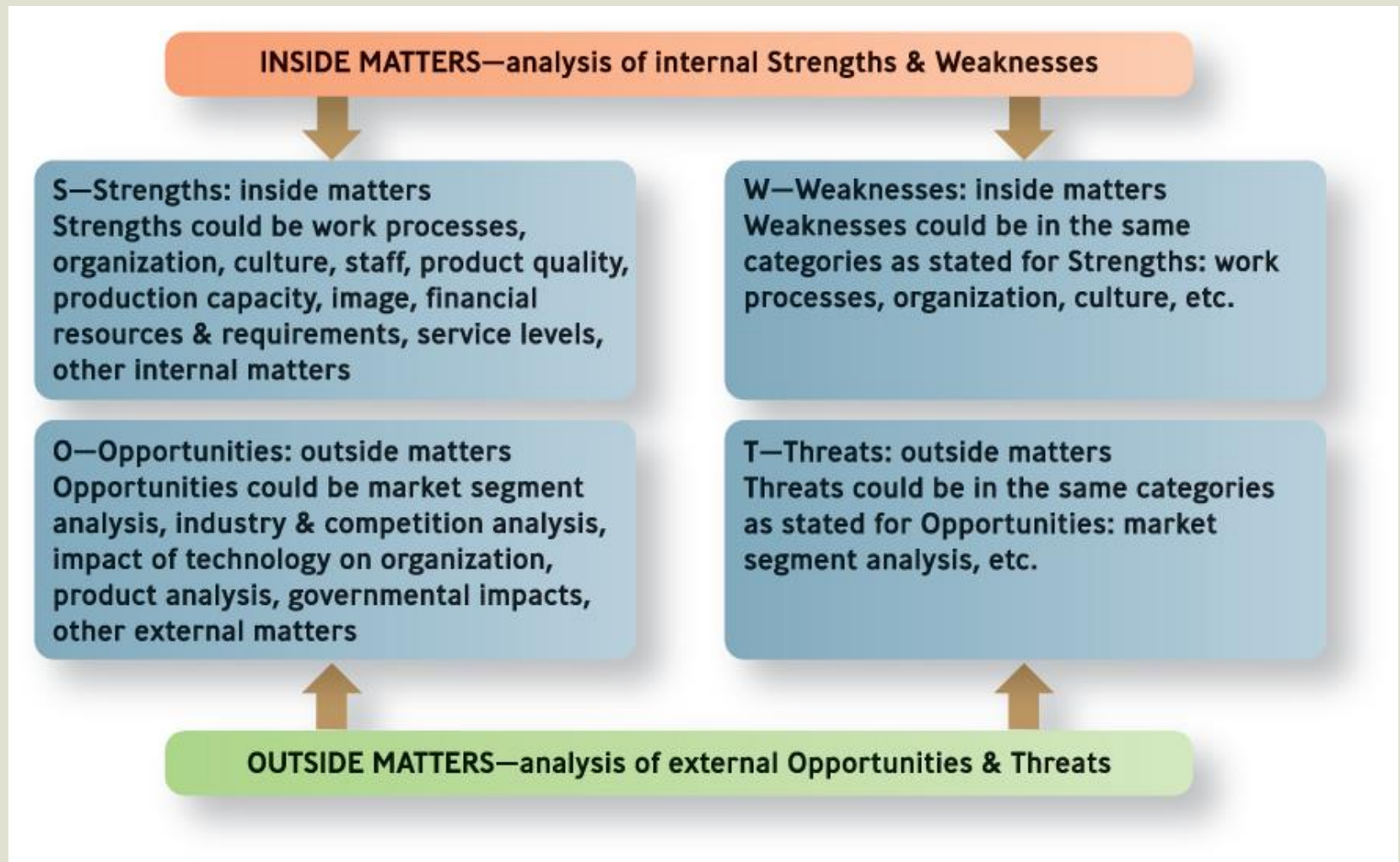
The Contingency Theory of Management



Common Grand Strategies

- **Growth strategy**
 - ↳ involves expansion/technology diffusion
- **Stability**
 - ↳ involves little or no significant change
- **Defensive**
 - ↳ involves reduction in the organization's efforts

SWOT Analysis Tool



Porter's Five Competitive Forces

1. Threat of new entrants/technologies
2. Bargaining power of suppliers
3. Bargaining power of buyers
4. 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

- ↳ the new product is introduced into the marketplace

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