



The Course & package of Handouts are based on the BOOKs:

- GML – *Global Management Lectures* (2016 – Joe Santangelo)
- EXPORT MANAGEMENT & Corporate Strategy (2016 – Joe Santangelo)
- CONTEMPORARY MANAGEMENT (2016 – Jennifer George)
- GLOBAL BUSINESS TODAY (2011 - Charles W. Hill)



INTERNATIONAL ACADEMY OF ROME

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COURSE: INTERNATIONAL BUSINESS (CERTIFICATE) IB4632
SESSION: 7) MANAGER AS A PLANNER AND STRATEGISTS
STRATEGIC MANAGEMENT FRAME

2



Synoptic Overview: SBU most affected by *Decision Making Process*

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		DIRECTIVE	ANCILLARY	FUNCTIONAL	OPERATIONAL
		1	2	3	4
MAIN DEPARTMENT & FUNCTIONS IN A COMPANY	A	STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	LEGAL AFFAIRS DEPARTMENT	HSEQ: HEALTH SAFETY ENVIRONMENT & QUALITY DEPARTMENT	PRODUCTION F.M. (FACTORY MANAGER)
	B	MANAGING DIRECTOR GENERAL MANAGER	HUMAN RESOURCES MANAGEMENT	R&D: RESEARCH & DEVELOPMENT	SITE MANAGEMENT S.M. (SITE MANAGER)
	C	CORPORATE ADMINISTRATION C.A.O. (CHIEF ADMINISTRATION OFFICER)	HUMAN RESOURCES TRAINING & DEVELOPMENT	LOGISTICS MANAGEMENT	MAINTENANCE DEPARTMENT
	D	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	MANAGEMENT CONTROL & AUDITING	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	DISTRIBUTION DEPARTMENT
	E	TECHNICAL DEPARTMENT C.T.O. (CHIEF TECHNICAL OFFICER)	INFORMATION TECHNOLOGY DEPARTMENT C.Ty.O. (CHIEF TECHNOLOGY OFFICER)	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES MANAGER)	
	F		PURCHASE OFFICER	COMMERCIAL POST-SALES DEPARTMENT	
	G		SUPPLY CHAIN MANAGER	MARKETING DEPARTMENT M.M. (MARKETING MANAGER/DIRECTOR)	
	H		STAFF FACILITIES DEPARTMENT	CORPORATE PROCESSES & PROCEDURES MANAGEMENT	

Session: 7) Manager as a Planner and Strategists - *Strategic Management Frame*

DEFINITIONs (1 / 3)

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STRATEGY:

- 1. A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem.**
- 2. The art and science of planning and marshalling resources for their most efficient and effective use. The term is derived from the Greek word for generalship or leading an army.**

DEFINITIONs (2/3)

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TACTIC (or Tactique):

Means by which a strategy is carried out; planned and *ad hoc* activities meant to deal with the demands of the moment, and to move from one milestone to other in pursuit of the overall goal(s). In an organization, **strategy is decided by the **board of directors**, and **tactics** by the **department heads** for implementation by the junior officers and employees.**

DEFINITIONs (3/3)

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PROGRAM (or Technique):

***A plan of action* aimed at accomplishing a clear business objective, with details on what work is to be done, by whom, when, and what means or resources will be used.**

STRATEGY-TACTIC-PROGRAM

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In short:

- Strategy defines: *WHYs* and *WHAT FOR* (in the very long term);
- Plans/Tactics define: *HOWs* (in the medium term);
- Programs define: *WHO – WHAT – WHEN – WHERE* (in the very short term).

From another perspective, we can also classify the overall of the primary activities of a Company in the following way:

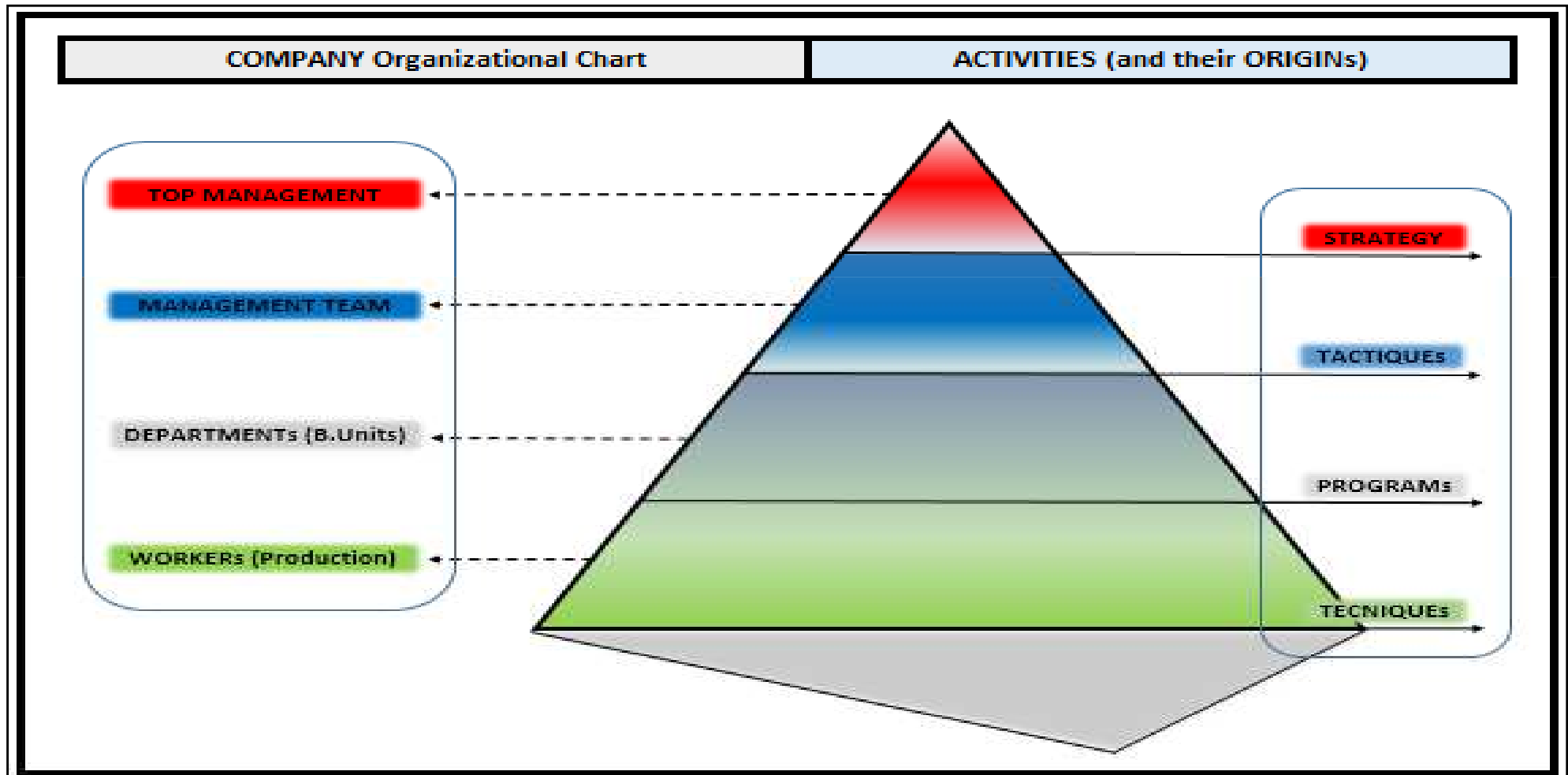
- | | | |
|--------------|---|--------------------------|
| • Strategy | (defining a clear Direction and Orientation) | <i>Long Term</i> |
| • Tactics | (defining the methods and the approaches) | <i>Middle/Long Term</i> |
| • Programs | (defining the processes, the sequence of actions) | <i>Middle/Short Term</i> |
| • Techniques | (defining the actions to be made for that task) | <i>Short Term</i> |

All the life of a Company can be intended to be a sequel of actions, whose causes can be found in one of the above four segments, which are hierarchically connected amongst them. An effective representation of the primary role of “*strategy*”, if compared to all the other activities, which pertain to a Company, is the so-called “*Hierarchical Pyramid*”, which – from different perspectives – shows:

- both *the pattern* according to which the main decisions are made, in a rational Company;
- and *the actual connections* amongst the overall of the activities of a the Company itself.

Strategy Hierarchical Pyramid (SHP)

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Strategy: the Concept (1 / 2)

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Ethimology:

The term “*Strategy*” comes from the late French (*Stratégie*), which comes from the ancient Greek term “*Strategia*”, which basically means “*office or command of a General*”, during a war. From this root (*Strategia*) comes the term “*Strategos*”, who was a General, a Commander of an Army. The same term “*Strategia*” also seems to come from another ancient Greek term: “*stratos*”, which means “*multitude, army, expedition, encamped army*”. Nonetheless, according to the most accepted interpretation, the term “*Strategia*” comes from the mix of two Latin terms: the noun “*structura*” and the verb “*àgere*”: *acting a structure*, applying a procedure to a present and evident (and given) structure.

Strategy: the Concept (2/2)

Strategy is a term which definitely deal with “war” and whose meaning is *planning the best and most effective plan of action, for winning a war*. Strategy is one of the most remarkable aspect of a Business. The overall of the Business world is “mastered” by Strategy. One of the hugest evidence of this sentence, is that all the language directly dealing with a generic Business has been “borrowed” by the military language: *Market* (from the ancient Greek term “Macheo”: war/competition), *Target*, *Scoring the target*, *Strategy of Penetration*, *Competitor*, *Enemy*, *Competitiveness*, *Tools and Resources*, *Action Plan*, *Reaction Plan*, *Proaction Plan*, *Realignment Plan*, *playing the game in the Contest*, *Tender (and Competition)*, and others. The Business – thus – ought to be intended such as a complex War, in which there are present many kind of opposite and adverse interests, coming from the overall of the Operators (*Players*, *Competitors*, *Customers*, *Suppliers*) and ruled by specific norms, which comes from the external environment (*Market*, *Legal Regulations*, *Governmental and International Regulations*).

Strategy SET-UP (1 / 3)

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GRAND-STRATEGY:

The set up of a *rational Business Strategy* is strongly related to another competence and skill: “*planning*”. The term “*plan*” comes from the ancient Latin (“*Planum*”) and means – extensively intended – “*a clear scheme of actions*” developed to achieve a specific goal. There is no overlapping between these two concepts and all their relevant consequences. The Strategy defines the direction and the orientation, while the Plan (the *Plan of Action*, in specific), defines the approach, the procedure and the methods to achieve the objectives defined by the Strategy. It is usually agreed that Strategy is the first item, while *Planning* (e.g.: *Tactique* or *Tactic*) is a bundle of second items, which are specifically required to achieve specific objectives. At the end, the *Programs* are the further declinations of the Plans (and of the Tactics): comprehensive Plans, which include specific items.

Strategy SET-UP (2/3)

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3 BASIC STEPs:

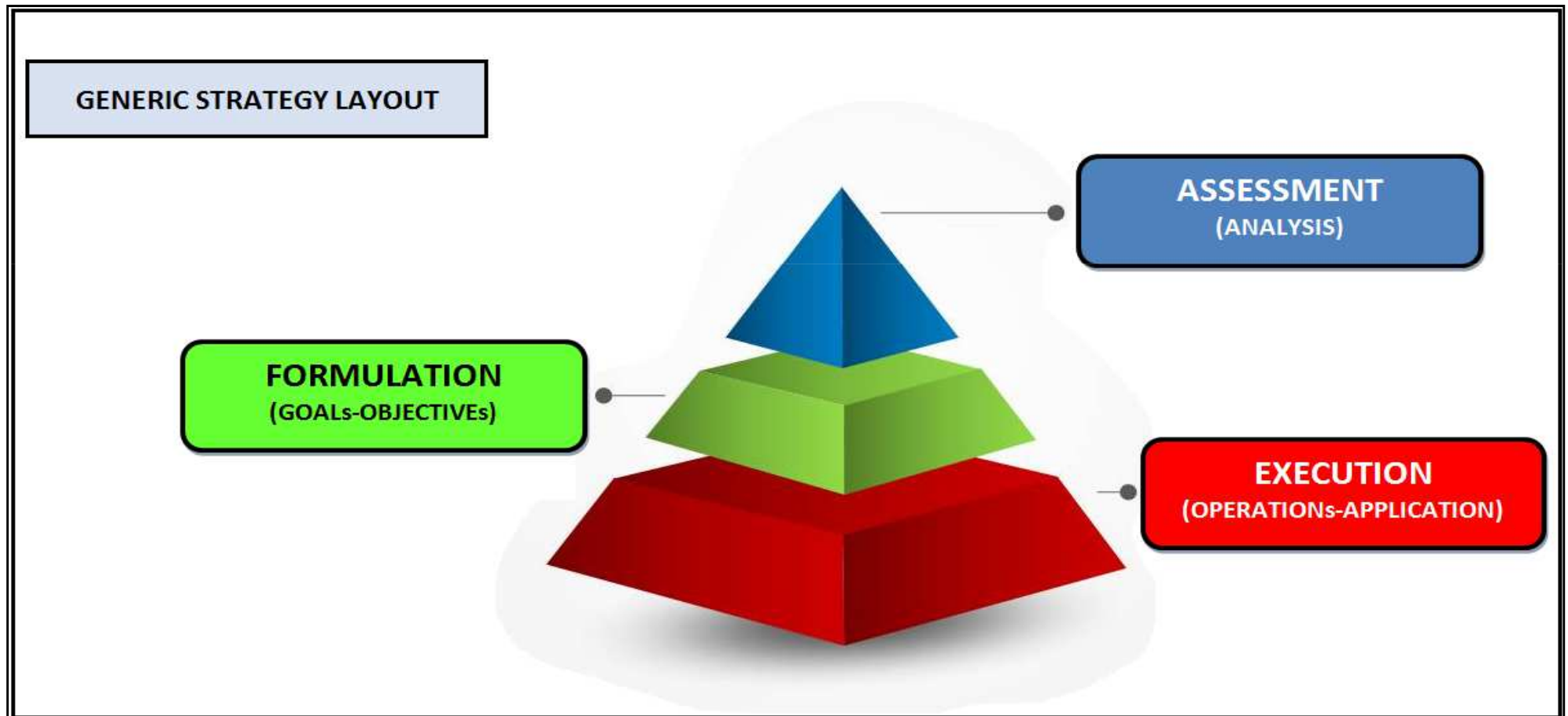
ASSESSMENT: At this stage, the Managers involved in Strategic matters must clearly identify the Company's Vision and Mission statements. *Business Vision* basically answers the following question: *What does this organization want to become?* Without visualizing the Company's future, Managers would not know where they want to go and what they have to achieve. A kind of *preliminary S.S.V.O.P.-Analysis*.

FORMULATION/DEVELOPMENT: The formulation consists in the setting up of *long-term objectives*. Long-term objectives indicate goals that could improve the Company's competitive position in the long run.

EXECUTION/IMPLEMENTATION: The first point in Strategy implementation is setting annual objectives for the Company's main functional areas (*Departments*). These smaller objectives specifically deal with financial, marketing, operations, human resources and other functional goals and achievements.

STRATEGY Layout/Setup (3/3)

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(1 / 2) FACTORs AFFECTING the Grand Strategy (& Strategic Planning)

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EVIDENT - OBJECTIVE:

EVIDENT FACTORS (evident and quantitative factors, which impact the selection of a strategy); these factors actually affect the development of a strategy; they basically come from the external environment:

1. Business field (in which the Company operates);
2. Geographical Area (of residency and/or operativeness of the Company);
3. Company Size (if compared to the other Companies which operate in that Business Field and in that specific Area);
4. Legal Environment (and relevant rules, regulations and fulfillments required).

(2/2) FACTORs AFFECTING the Grand Strategy (& Strategic Planning)

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UNEVIDENT - SUBJECTIVE:

SUBJECTIVE FACTORS (non-evident and qualitative factors, which impact the choice as well); these factors pertain to the Company itself, to its (human) resources and to psycho/social aspects:

1. Objectives, which the Strategy requires to achieve;
2. Time (the available period of time which the Strategist defines – or “*is forced to define*” – to achieve the objectives;
3. Actual will to make the investment (needed to implement the Strategy; e.g.: actual *Shareholders’ will to invest*);
4. Actual level of hard (operational) and soft (managerial) competences of the Company Human Resources;
5. Current Market-Share targeted by the Company;
6. *Open-Mindedness* of the Top-Management of the Company.

Classical TYPEs of Strategies (1 / 4)

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ATTACK:

ATTACK (Attacking Strategies)

The Company is “*the Offender*”, which means that the Strategist decides to offend the Competitors *in advance* and/or to execute some market/business actions without any moves from the Competitors occurred; this is a kind of “*proactive strategy*” which means that the Strategist definitely decides to “*advance*” any move coming from the Market (the Competitors), based on the conviction of meeting somehow the directional Customers, with his move.

Classical TYPEs of Strategies (2/4)

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DEFENCE:

DEFENCE (Defensive Strategies)

The Company is “*the Defendant*”, which means that the Strategist is “*managing*” the attack the Company has received from the Competitors (*the Offender*) and/or from other parties belonging to the external environment (Governmental Entities, Regulation, Suppliers, Customers). The Company is “*defending*” itself from a received attack: this kind of strategy is mostly finalized to reduce the loss and/or the risk of being totally rejected by the Market (e.g.: the Company is losing its previous Market-Share).

Classical TYPEs of Strategies (3/4)

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COUNTERATTACK:

COUNTER ATTACK (Counterstrategies)

The Company is reacting to an offensive which has been practiced by another Company (the Offender), and this action is not limited to “reduce” the loss/risk, but even to achieve (or regain) a supremacy against the Offender. The Strategist is practicing a kind of “*reactive strategy*”.

Classical TYPEs of Strategies (4/4)

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ABSENCE:

NO REACTION AT ALL (NRA – *Un-Evident* Strategies)

As a fourth kind of strategy, even “*doing nothing*” might be considered a potential choice made by a Strategist (and by a Company). This kind of un-evident strategy might be forced by financial and/or managerial limits/considerations, but also be intended as a clear choice of the Strategist. The Company is not “*out of the game*”, but – on facing new conditions or remarkable events – is rather taking its time to observe the Market, the Competitors and mostly the Market reaction, before taking its next move.

Academic TYPEs of Strategies (1 / 2)

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- 1. Position Market Defence**
- 2. Frontal Attack**
- 3. Encirclement Strategy**
- 4. Flanking Strategy**
- 5. Mobile Defence**
- 6. Formal Counter Offence**
- 7. Guerrilla Strategies**

Academic TYPEs of Strategies (2/2)

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	STRATEGIC FRAMEWORK - <i>DISCRIMINANT: Solicitude of the Action</i>		
#	ATTACK	DEFENCE	COUNTERATTACK
<i>Solicitude</i>	Action defined by the Offender	Defendant reacts to the Offender	Attack action defined to react to an attack
1	1) Position Market Defence		
2	2) Frontal Attack		
3	3) Encirclement Strategy		
4	4) Flanking Strategy	4) Flanking Strategy	4) Flanking Strategy
5		5) Mobile Defence	
6			6) Formal Counter Offence
7	7) Guerilla Strategies	7) Guerilla Strategies	7) Guerilla Strategies

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Warfare TYPEs of Strategies (1 / 2)

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- **Winning after Fighting**
(Lowest Combat Degree – LCD)
- **Fighting after Winning**
(Tactical Combat Degree – TCD)
- **Winning without Fighting**
(Superior Combat Degree – SCD)

Warfare TYPEs of Strategies (2/2)

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	STRATEGIC TRIPARTITION PATTERN - <i>DISCRIMINANT: Level of Strategy INCLUDED in the Action Plan</i>		
#	LOWEST COMBAT DEGREE	TACTICAL COMBAT DEGREE	SUPERIOR COMBAT DEGREE
<i>Discriminant</i>	Winning after Fighting	Fighting after Winning	Winning without Fighting
1	Any kind of REACTION (coming from the Defender)	Any kind of <i>rational</i> ACTION/REACTION	Monopoly (Official/Un-Official)
2	Guerrilla & Bagarre	Any kind of <i>planned</i> ATTACK	Duopoly
3	Any kind of <i>unrational</i> and/or <i>unplanned</i> ATTACK		Oligopoly
4			Being the Supplier of Any Player

MAIN STRATEGIC TOOLs

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#	PATTERNs & MATRICES	SCOPE of Application		
		STRATEGY	PLANNING	PROGRAMMING
1	KERNEL	X		
2	SCENARIO's PLANNING	X		
3	PESTLE ANALYSIS	X		
4	S.V.O.P.-ANALYSIS	X		
5	ANSOFF MATRIX	X		
6	STRATEGIC MAPPING	X	X	
7	BUSINESS MODEL PATTERN	X	X	
8	PORTER'S FIVE FORCES' PATTERN		X	
9	SHARE/GROWTH MATRIX		X	
10	ACCESS/SUCCESS MATRIX		X	
11	MARKETING MIX PLANNING		X	X
12	S.W.O.T-ANALYSIS		X	X
13	EXPERIENCE/CURVE-MATRIX		X	X

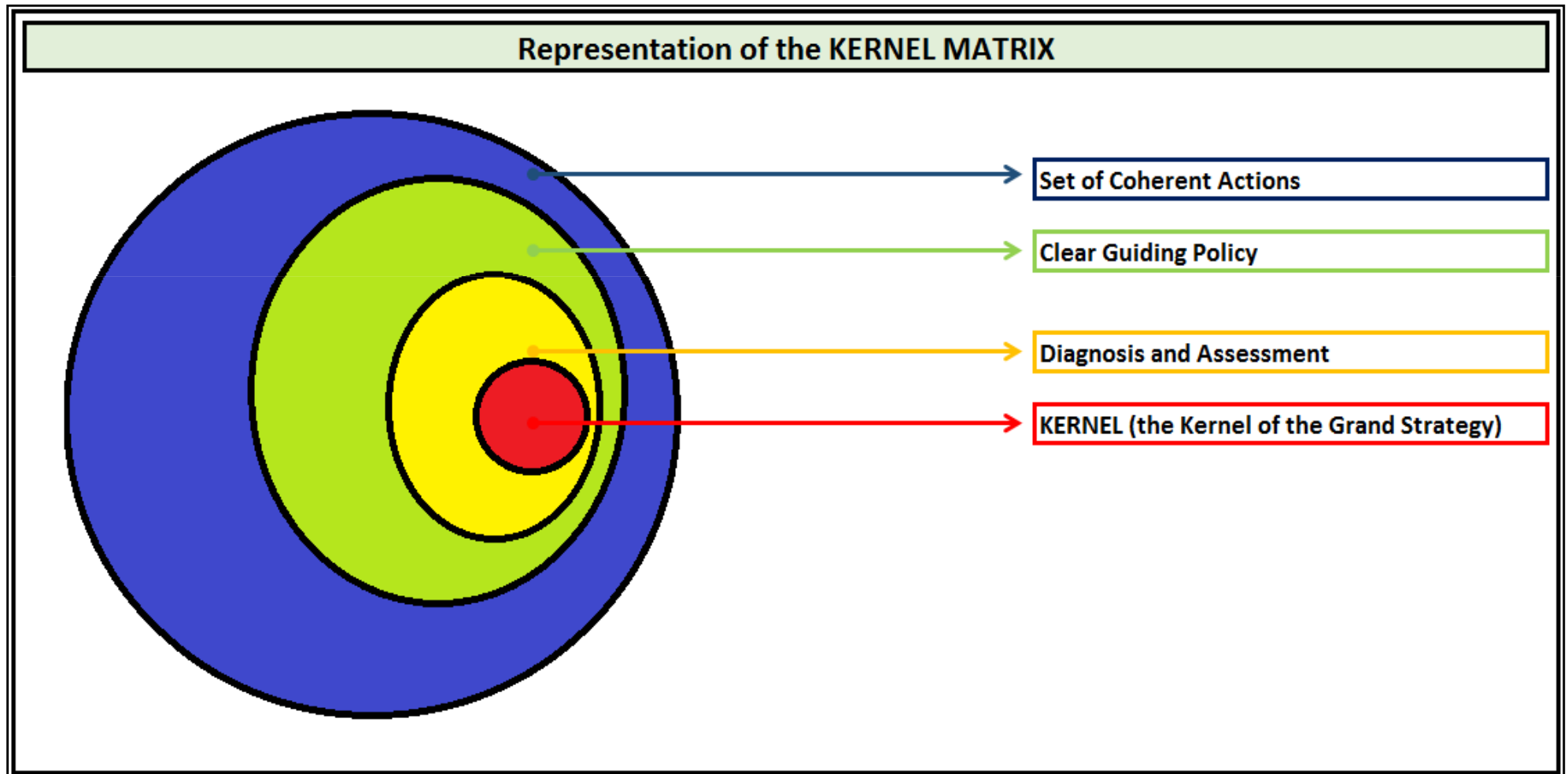
ONLY STRATEGY

ONLY PLANNING

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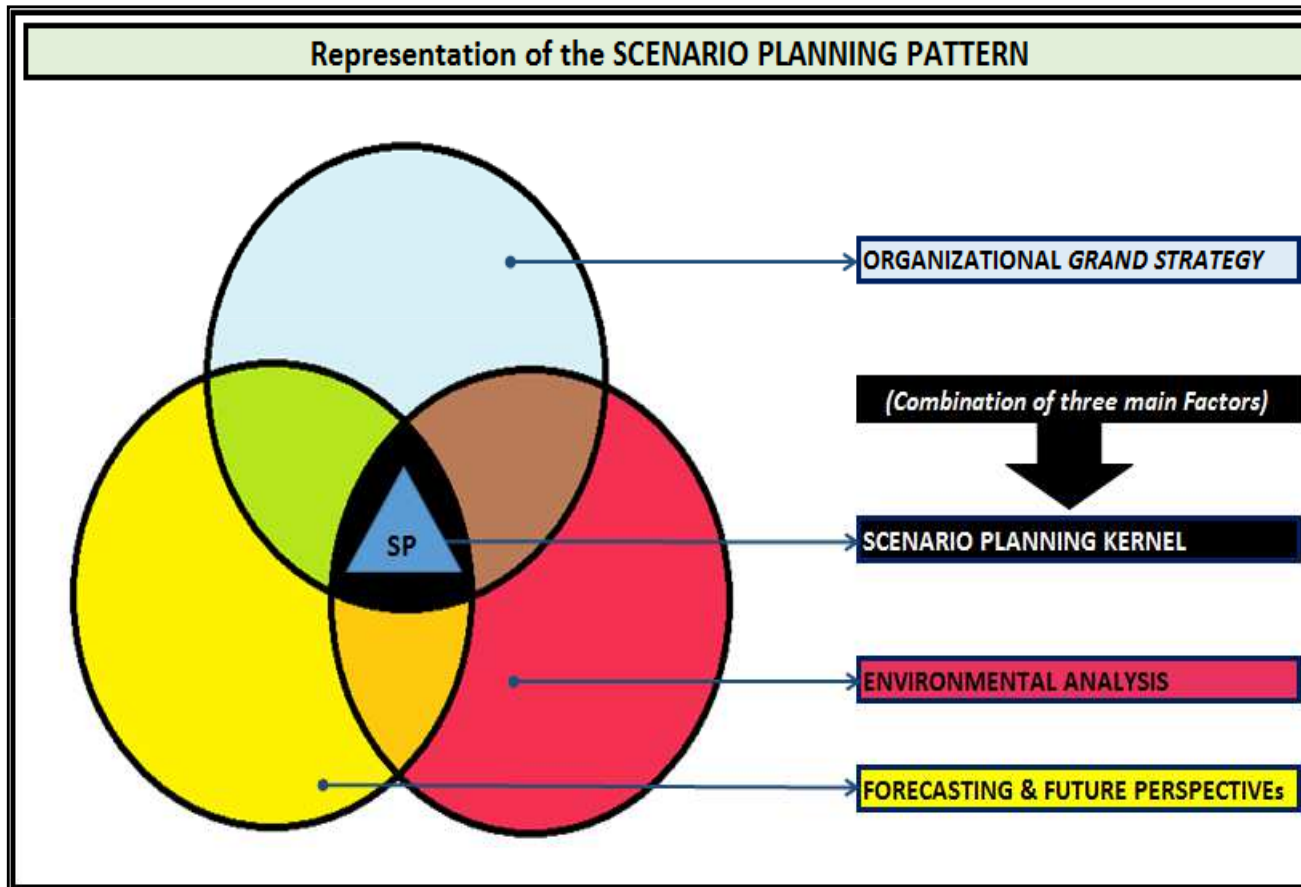
STRATEGIC-KERNEL Concept

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SCENARIO PLANNING Concept

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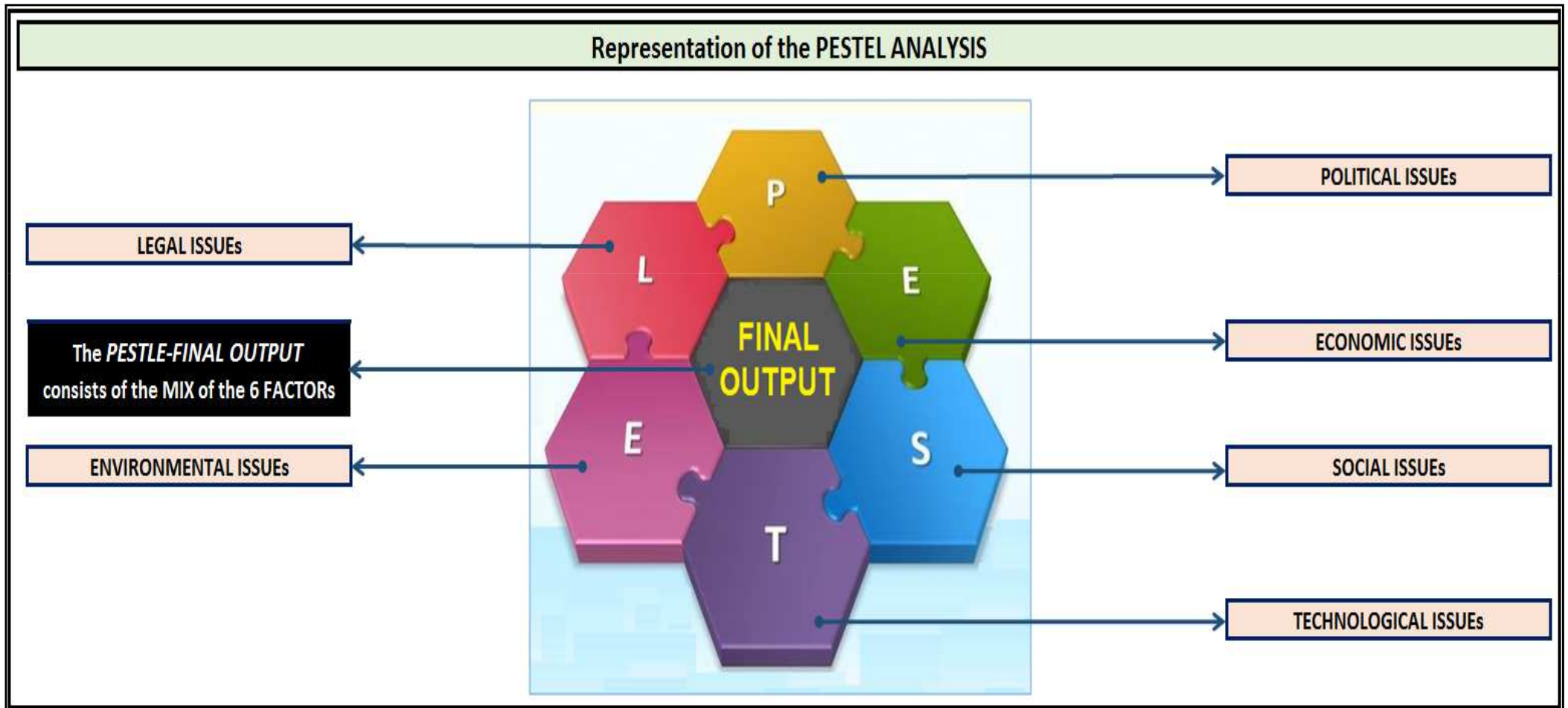
DEFINITION:

Process of visualizing:

- (1) **what future** conditions or events are probable;
- (2) **what** their **consequences** or effects would be like;
- (3) **how to respond** to, or benefit from, them.

PESTEL-ANALYSIS (1 / 2) Concept

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PESTEL-ANALYSIS (2/2) Details

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PESTEL ANALYSIS MATRIX and main DRIVERS				
Initial	Issue	Significant Aspects and Drivers of the Analysis	QUALITATIVE	QUANTITATIVE
P	Political	• Focus on the CURRENT LEGISLATION • Focus on the UPCOMING LEGISLATION • TAX • VAT • FISCALIZATION		X
E	Economic	• Focus on the EXCHANGE RATES • Focus on the INTEREST RATE (Banks - other Investors) • Focus on the UNEMPLOYMENT • Focus on the INFLATION/DEFLATION/STAGNATION and other possible Economic States	X	
S	Social & Cultural	• Focus on DEMOGRAPHIC Figures and relevant TREND • Attitude to FASHION • CITIZENSHIP's Attitude (and expectation) of HEALTH/WEALTH/ENVIRONMENT • INSTITUTIONAL approach to CITIZENSHIP Health/Wealth/Environment/Facilities and Public Services • FASHION-TRANDs - BRAND/ATTITUDE • AVERAGE LIMIT OF EXPENDITURES (of the Target Customers)	X	X
T	Technological	• Attitude to ADVANCED TECHNOLOGY (Product/Services) • Current TECHNOLOGY • Current/Present INFRASTRUCTURES (and UPCOMING INFRASTRUCTURES) • Relevant TECHNOLOGIES • Current TRENDS and UPCOMING EXPECTATIONS (from the Target Customers)		X
E	Environmental	• National & Local ENVIRONMENT • ENVIRONMENTAL REGULATION and its relevant APPLICATION • INTERNATIONAL TRENDS • International EXPECTATIONS (regarding Sustainability BUSINESS procedures)		X
L	Legal	• LOCAL COMMERCIAL REGULATION • LOCAL PENAL REGULATION • TIME, PROCEDURES and HABITS regarding both PENAL & CIVIL PROSECUTION • Focus on the average ATTITUDE TO LAWFULNESS (and respect of the RULEs)	X	X

SVOP-ANALYSIS Details

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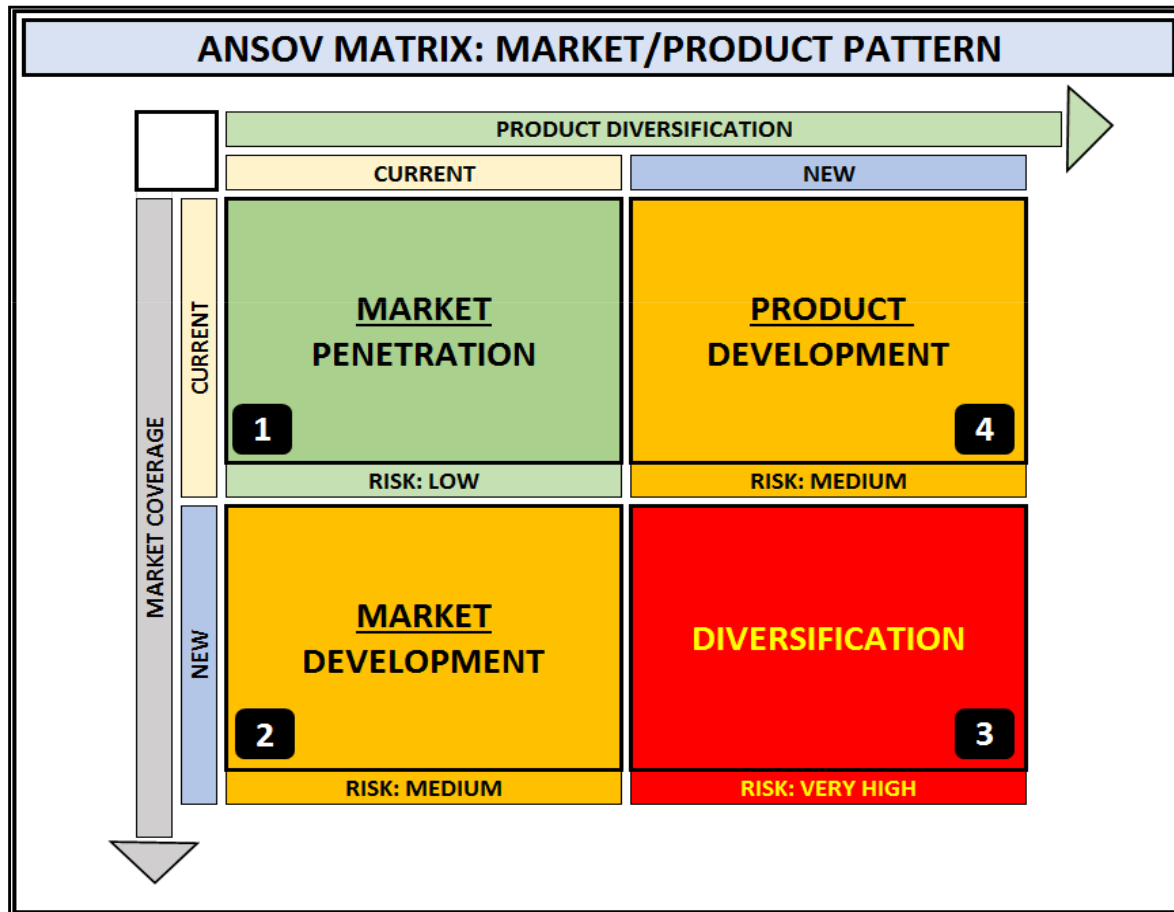
SSVOP ANALYSIS MATRIX and main DRIVERS

Initial	Issue	Significant Aspects and Drivers of the Analysis	QUALITATIVE	QUANTITATIVE
S	Sustainability	• The NEW CONCEPT OF BUSINESS considered BOTH <i>TECHNICALLY FEASIBLE</i> and <i>FINANCIALLY SUSTAINABLE</i> • The NEW COMPLEMENTARY/SUPPLEMENTARY BUSINESS is considered BOTH <i>TECHNICALLY FEASIBLE</i> and <i>FINANCIALLY SUSTAINABLE</i> • The GRAND-STRATEGY approach can RELY ON CURRENT/FUTURE STOCK/LIQUID-ASSETS • The GRAND-STRATEGY is compliant to the SHAREHOLDER's (or OWNERS') PERSPECTIVE		X
S	Strengths	• (As an INTERNAL FACTOR of the Company) any peculiar characteristic of the PRODUCT/SERVICE of the Company, that ensures a COMPETITIVE ADVANTAGE (if compared to the other Players) • Both regarding the final OUTPUT and the PROCEDURES for creating this OUTPUT • Any potential ECONOMY OF SCALE, which might ensure a COMPETITIVE ADVANTAGE to the Company	X	X
V	Vision	• The CURRENT VISION of the Company, for which the Strategist is setting up the GRAND-STRATEGY • The capacity of the Strategist to envisage new future Market/Trends and Plans, matching his approach (and ideas) to the CURRENT VISION of the Company • Assessment of the PURSUANCE of the CURRENT VISION, if compliant to the INCUMBENT STRATEGY	X	
O	Opportunities	• (As an EXTERNAL FACTOR of the Company) any specific element coming from the Market which can be EXPLOITED to the Company advantage • Any Business-Opportunity COMING FROM THE MARKET (both intended as PARTNER/CONTRACTOR and as FINAL CUSTOMER) • Any MARKET-DRIVER increasing the GROSS DEMAND (current or future)		X
P	Plus	• Any actual PLUS - both currently available, or in the future - which the Company can provide the Market with, through its new APPROACH/CONCEPT • Any actual PLUS - both currently available, or in the future - which the Company can provide the Market with, through its new OUTPUT (PRODUCT/SERVICE) • Any FEATURE which can effectively reason a HIGHER price - if compared to the other Players	X	X

ANSOV-MATRIX

(Coverage/Diversification)

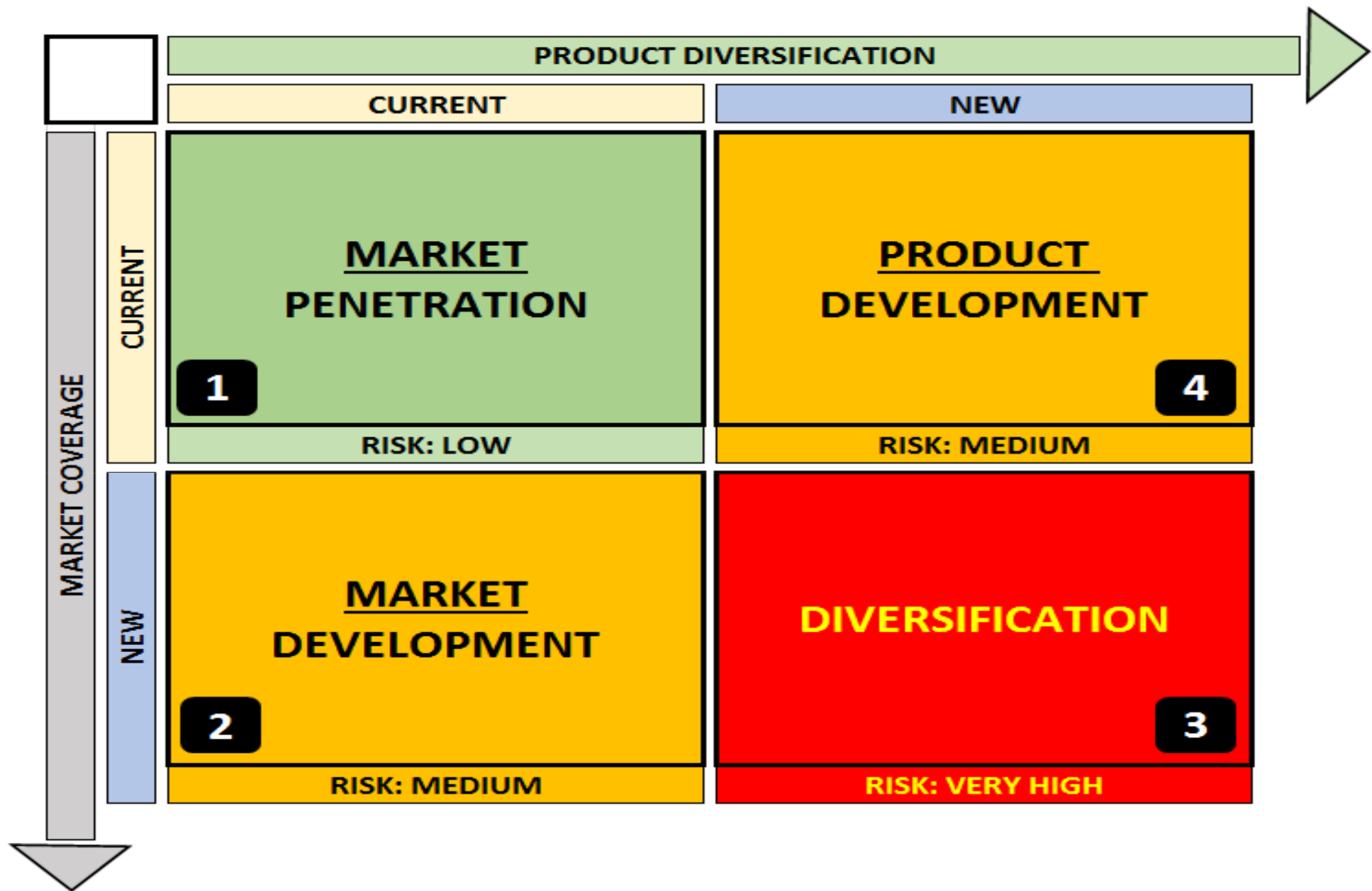
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DEFINITION:

Strategic marketing planning tool that links a firm's marketing strategy with its general strategic direction and presents four alternative growth strategies as a table

ANSOV MATRIX: MARKET/PRODUCT PATTERN



STRATEGIC-MAPPING

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STRATEGIC-MAP MATRIX and main DRIVERS

PRG.	Issue	Significant Aspects and Drivers of the Analysis			
1	F INANCIAL	PRODUCTIVITY	LONG TERM VALUE (FOR THE SHARE-HOLDERS)	REVENUES/TURNOVER GROWTH	LONG TERM COMPETITIVENESS
2	C USTOMERSHIP	SATISFY MARKET EXPECTATIONS	MARKET-SHARE GROWTH	BRAND/REPUTATION GROWTH	MARKET DIFFERENTIATION (or) MARKET-PENETRATION
3	I NTERNAL P ROCESS	EFFECTIVE OPERATIONS- MANAGEMENT	CUSTOMER'S RELATIONSHIP MANAGEMENT	RESEARCH & DEVELOPMENT TECHNICALITIES - INNOVATION	INTERNAL REGULATIONS ORGANIZATIONAL MODELS PROCEDURES
4	O RGANIZATIONAL	HUMAN RESOURCE GROWTH	INFORMATION TECHNOLOGY ASSETS	CAPITAL ASSETS	LEARNING ORGANIZATION SKILLS - COMPETENCES

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CANVAS BUSINESS MODEL

(1/2) Pattern

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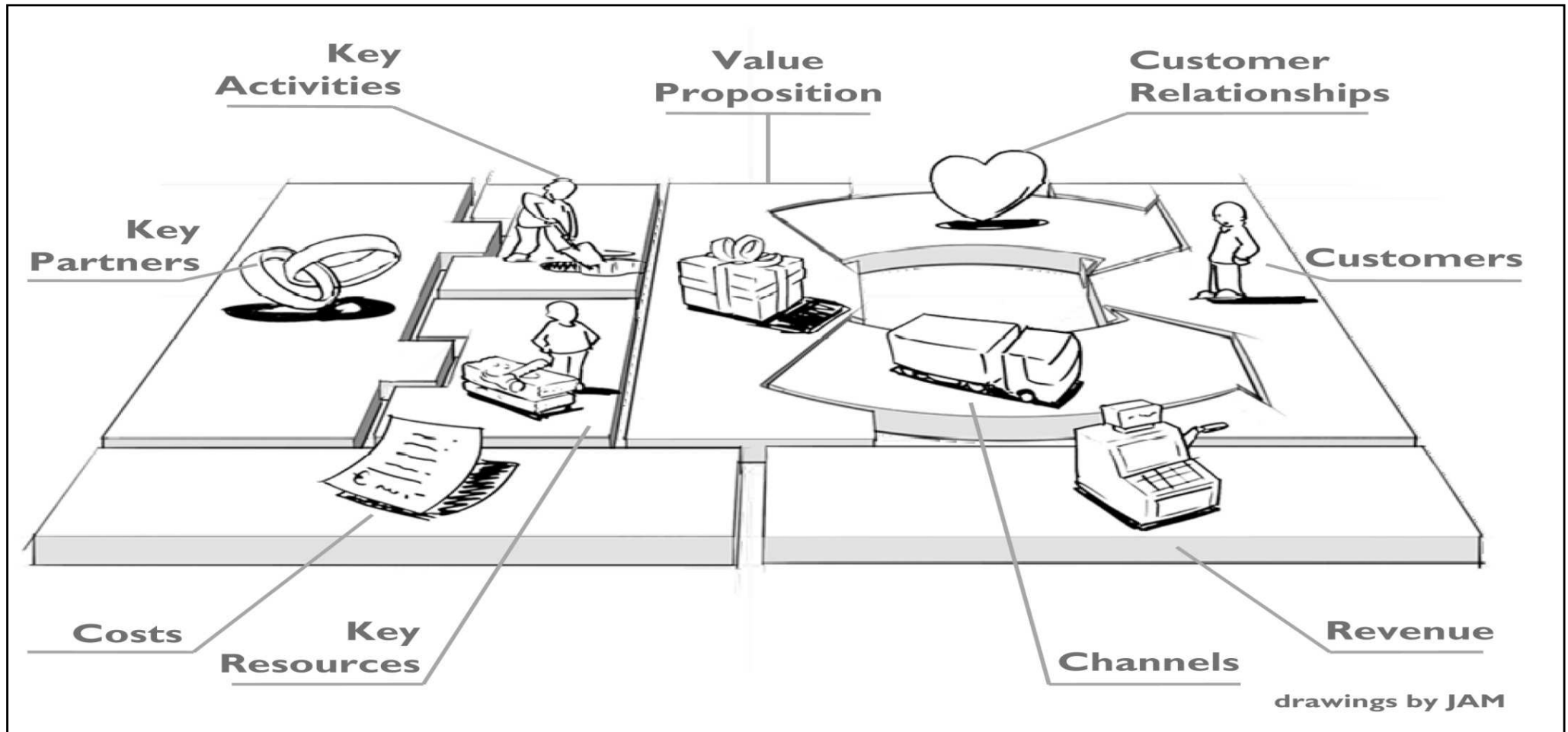
BUSINESS MODEL STRATEGIC MAP (CANVAS-PATTERN)						
1. KEY PARTNERS		2. KEY ACTIVITIES	3. VALUE PROPOSITION		4. CUSTOMER SEGMENTS	5. CUSTOMER RELATIONSHIPS
PARTNER #1		Core Activities (Partner #1)	PRODUCT #1		INSTITUTIONAL CUSTOMERS	TOP-TOP Approach
PARTNER #2		Additional Activities (completing the "core-Activities": Partner #2)	PRODUCT #2		DIRECTIONAL CUSTOMERS	Dedicated Personal Assistance
Local Suppliers		Complementary "non-core" activities	SERVICE #1		Potential Distributors	Dedicated Personal Assistance
External Consultants		Surveillance/Inspections	SERVICE #2		BIZ-TO-BIZ CUSTOMERS	Smooth (technical) approach
		Staff activities	PLUS (coming from the bundle of the Products and of the Services)		CONTRACTORS	
		6. KEY RESOURCES			7. CHANNELS	
EQUIPMENT		Brand and Reputation	Technicalities		Direct Channels (Partner #2)	
Buildings and Vehicles		Access to the Customers (Network)	Trained Personnel		Indirect Channels (Agents/Intermediaries)	
Finance		Patents, Intellectual properties	Problem Solvers		Headquarter Sales Managers (Partner #1)	
		Procedures	Maintenance		Communication - Evaluation - Sale/Purchase (targets)	
		License Agreement				
8. COST STRUCTURE			9. REVENUES STREAMS			
Fixed Costs		Economy of Scale		PARTNER #1	NEW-CO:	PARTNER #2
Variable Costs		Economy of Scope		(1) Rent/Leasing Fees for the Instrumentation Sets (and services)	(1) Invoices to the Final Customers	(1) Rent/Leasing Fees for the supplementary Equipment
				(2) Invoices to the NewCo (for provisions directly offered to the NewCo)		(2) Invoices to the NewCo (for provisions directly offered to the NewCo: Facilities, Office,
				(3) Dividends coming from the NewCo (if also addressed to PARTNER #1)		(3) Dividends coming from the NewCo

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CANVAS BUSINESS MODEL

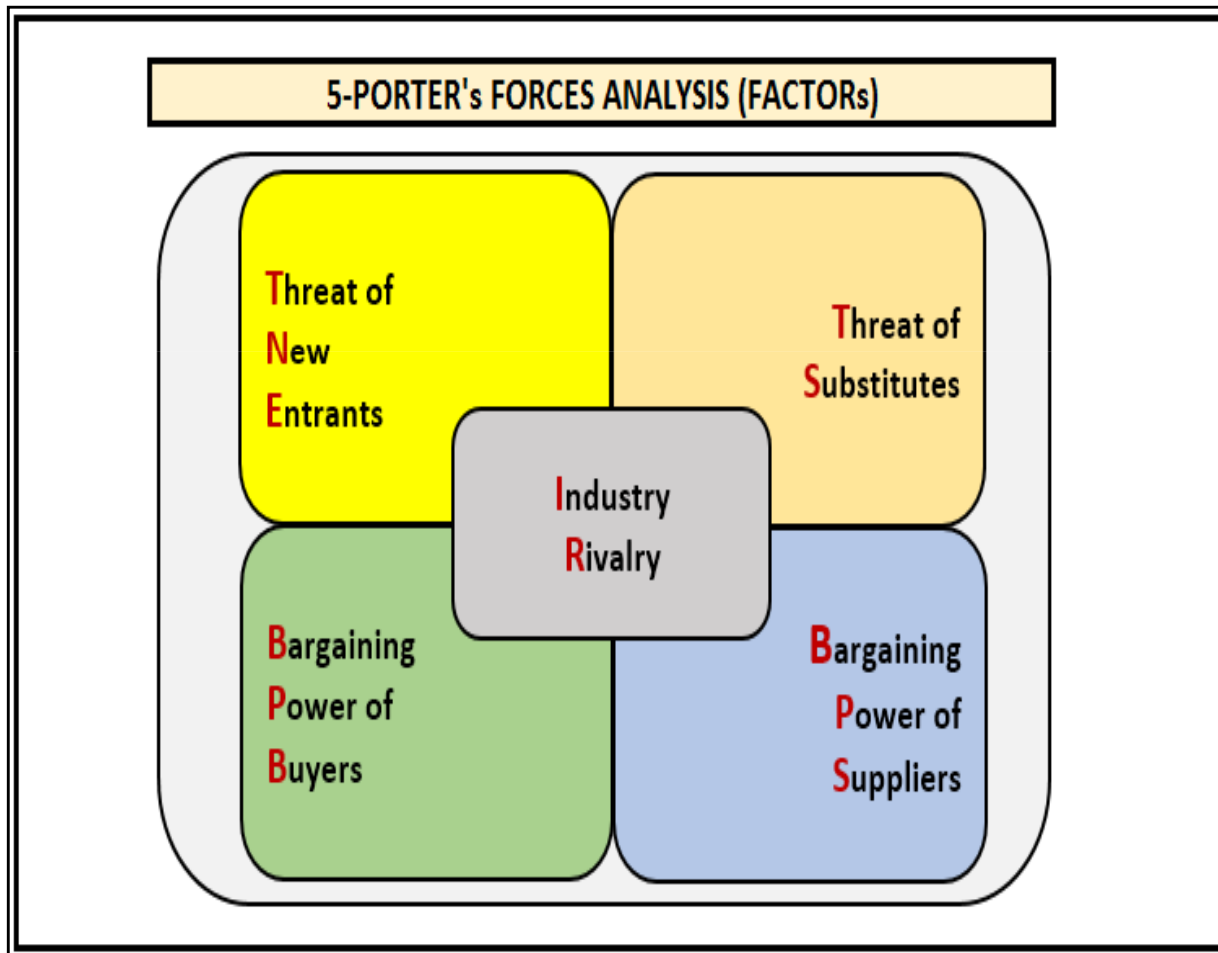
(2/2) Layout

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RIVALRY-ANALYSIS (1 / 3) Concept

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RIVALRY:

A mix of occurrences in which a set of individuals (or Companies) **COMPETE** for getting the **SAME THINGS**.



Set of Companies
Competition (Rules)
Target-Market IDENTITY

RIVALRY-ANALYSIS (2/3) Details

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5-PORTER's FORCES ANALYSIS and main DRIVERS		
Initial	Issue	Significant Aspects and Drivers of the Analysis
TNE	Threat of New Entrants	• OFFICIAL and UNOFFICIAL ENTRY-BARRIER for the Company • CAPITAL Requirements (<i>De-Facto Barriers</i>) • NO ECONOMY OF SCALES • ACTUAL ACCESS TO DISTRIBUTION - DIRECT-MARKETING heavy and tough approach • ACTUAL BUSINESS-CONTEST Profitability
TS	Threat of Substitutes	• MARKET (and Customer's) PROPENSITY to substitution • Relevant PRICE SENSITIVENESS of the Market • PERCEIVED POSITIONING (of the Company) • Availability and number of SUBSTITUTES (Products/Services)
BPB	Bargaining Power of Buyers	• Company's dependency upon current distribution • Bargaining power of the BUYERS • Buyer's ACCESS to sensitive/confidential information (regarding the Suppliers) • Buyer's average PURCHASE-PRICE sensitivity • Buyer's habits and local Market dynamics (both influenced by product and by culture)
BPS	Bargaining Power of Suppliers	• Kind of Market-Contest (Monopoly - Oligopoly - Duopoly - Monopsony): SUBSTITUTES INPUTs • MAIN CONTRACTOR's Appreciation (from the Buyers and from the Market) • Supplier ACTUAL STRENGTH in distribution channel • LOBBIES and LABOUR UNIONS • Irrational PLAYER's COMPETITION
IR	Industry Rivalry	• Sustainability • Communication and Advertising Expenses (Marketing MIX Execution) • Effective Vision and Grand Strategy

RIVALRY-ANALYSIS (3/3) Details

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- *The level of rivalry among organizations in an industry:* The more that companies compete against one another for customers—for example, by lowering the prices of their products or by increasing advertising—the lower is the level of industry profits (low prices mean less profit).
- *The potential for entry into an industry:* The easier it is for companies to enter an industry—because, for example, barriers to entry, such as brand loyalty, are low—the more likely it is for industry prices and therefore industry profits to be low.
- *The power of large suppliers:* If there are only a few large suppliers of an important input, then suppliers can drive up the price of that input, and expensive inputs result in lower profits for companies in an industry.
- *The power of large customers:* If only a few large customers are available to buy an industry's output, they can bargain to drive down the price of that output. As a result, industry producers make lower profits.
- *The threat of substitute products:* Often the output of one industry is a substitute for the output of another industry (plastic may be a substitute for steel in some applications, for example; similarly, bottled water is a substitute for cola). When a substitute for their product exists, companies cannot demand high prices for it or customers will switch to the substitute, and this constraint keeps their profits low.

Marketing-MIX PLAN

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DEFINITION:

A **planned mix** of the controllable elements of a product's marketing plan, commonly termed as **7Ps-MIX**:

1. Product
2. Price
3. Place
4. Promotion
5. People (*Personnel*)
6. Processes
7. Physical Environment

SWOT-ANALISYS (1 / 2) Details

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DEFINITION:

Situation analysis in which internal strengths and weaknesses of an organization, and external opportunities and threats faced by it are closely examined to chart a strategy. SWOT stands for strengths, weaknesses, opportunities, and threats.

SWOT-ANALISYS (2/2) Details

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Questions for SWOT Analysis			
Potential Strengths	Potential Opportunities	Potential Weaknesses	Potential Threats
Well-developed strategy? Strong product lines? Broad market coverage? Manufacturing competence? Good marketing skills? Good materials management systems? R&D skills and leadership? Human resource competencies? Brand-name reputation? Cost of differentiation advantage? Appropriate management style? Appropriate organizational structure? Appropriate control systems? Ability to manage strategic change? Others?	Expand core business(es)? Exploit new market segments? Widen product range? Extend cost or differentiation advantage? Diversify into new growth businesses? Expand into foreign markets? Apply R&D skills in new areas? Enter new related businesses? Vertically integrate forward? Vertically integrate backward? Overcome barriers to entry? Reduce rivalry among competitors? Apply brand-name capital in new areas? Seek fast market growth? Others?	Poorly developed strategy? Obsolete, narrow product lines? Rising manufacturing costs? Decline in R&D innovations? Poor marketing plan? Poor materials management systems? Loss of customer goodwill? Inadequate human resources? Loss of brand name? Growth without direction? Loss of corporate direction? Infighting among divisions? Loss of corporate control? Inappropriate organizational structure and control systems? High conflict and politics? Others?	Attacks on core business(es)? Increase in domestic competition? Increase in foreign competition? Change in consumer tastes? Fall in barriers to entry? Rise in new or substitute products? Increase in industry rivalry? New forms of industry competition? Potential for takeover? Changes in demographic factors? Changes in economic factors? Downturn in economy? Rising labor costs? Slower market growth? Others?

RECAP: Strategic TOOLS

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STRATEGIC MANAGEMENT FRAME

FEATURES	GRAND STRATEGY	
EVIDENT FACTORS SUBJECTIVE FACTORS	PRELIMINARY ASSESSMENT	ANALYSIS
BOTH MATCHING THE BUSINESS FIELD AND THE MARKET SIZE	FORMULATION	GOALS - OBJECTIVES FUTURE SCENARIOS
H.R.M. & CHANGE MANAGEMENT	EXECUTION	OPERATIONS - APPLICATIONS PROGRAMS - ACTION PLANS

DISCRIMINANT	GRAND STRATEGY	
SOLICITUDE OF ACTION	DEFINING THE LINE/DIRECTION	ATTACK DEFENCE COUNTER-ATTACK NO REACTION AT ALL
LEVEL OF STRATEGY APPLIED	TRIPARTITION PATTERN	Lowest Combat Degree – LCD Tactical Combat Degree – TCD Superior Combat Degree – SCD
MARKET ENTRANCE	TIME OF ENTRANCE	a. Pioneers b. Close Followers c. Late followers
MARKET DOMINANCE	MARKET SHARE/POWER	a. Leader b. Challenger c. Follower d. NicheR
MARKET/PRODUCT MATRIX	ANSOFF MATRIX	1) MARKET PENETRATION 2) MARKET DEVELOPMENT 3) DIVERSIFICATION 4) PRODUCT DEVELOPMENT

FEATURES	STRATEGIC PLANNING	
Highly Strategic	1	KERNEL
Highly Strategic	2	SCENARIO'S PLANNING
Highly Strategic	3	PESTLE ANALYSIS
Highly Strategic	4	S.V.O.P.-ANALYSIS
Highly Strategic	5	ANSOFF MATRIX
Highly Strategic	6	STRATEGIC MAPPING
Highly Strategic	7	BUSINESS MODEL PATTERN
Highly Tactical	8	PORTER'S FIVE FORCES' PATTERN
Highly Tactical	9	SHARE/GROWTH MATRIX
Highly Tactical	10	ACCESS/SUCCESS MATRIX
Technical	11	MARKETING MIX PLANNING
Technical	12	S.W.O.T-ANALYSIS
Technical	13	EXPERIENCE/CURVE-MATRIX

FEATURES	PLANS AND PROGRAMS	
Clear - Easy to understand and to measure		Objectives/goals
Available - Skilled - Trained		Tools/resources
Document Based - Standardized		Procedures
Reasonable - Realistic		Time available
Attainable - Realistic		Deadlines
Clear - Understandable		Limits to the intervention/action

Session: 7) Manager as a Planner and Strategists - Strategic Management Frame

FEATURES	GRAND STRATEGY	
EVIDENT FACTORS SUBJECTIVE FACTORS	PRELIMINARY ASSESSMENT	ANALYSIS
BOTH MATCHING THE BUSINES FIELD AND THE MARKET SIZE	FORMULATION	GOALS - OBJECTIVES FUTURE SENARIOS
H.R.M. & CHANGE MANAGEMENT	EXECUTION	OPERATIONS - APPLICATIONs PROGRAMs - ACTION PLANs

DISCRIMINANT	GRAND STRATEGY	
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FEATURES	PLANS AND PROGRAMS	
<i>Clear - Easy to understand and to measure</i>	Objectives/goals	
<i>Available - Skilled - Trained</i>	Tools/resources	
<i>Document Based - Stantardized</i>	Procedures	
<i>Reasonable - Realistic</i>	Time available	
<i>Attainable - Realistic</i>	Deadlines	
<i>Clear - Unserstandable</i>	Limits to the intervention/action	

Grand Strategy COST estimation

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GRAND STRATEGY COST DEFINITION PROCESS															
ALL THE OPERATIONSs involved by the Grand Strategy Change Management															
OPERATIONAL PROGRAM	A	B	C	D	E	F	G	H	...	T	U	V	X	Y	Z
COSTs	100	90	60	15	55	80	30	25	...	80	80	40	10	15	120
ALL THE DEPARTMENTSs activities, influenced by the Grand Strategy															
PLANSs	PLAN I			PLAN II			PLAN III			...	PLAN VI			PLAN VII	
ALGORITHM	A+B+C			D+E+F			G+H			...	T+U+V			X+Y+Z	
TOTAL COSTs	250			150			55			...	200			145	
RUNNING THE COMPANY according to the Grand Strategy															
GRAND STRATEGY	SUM of all the Strategic Plans and of all the Operational Programs implemented by the Company														
ALGORITHM	PLAN I + PLAN II + PLAN III ... + PLAN VI + PLAN VII														
TOTAL COSTs	800														

Academic Perspective: GS/Setup

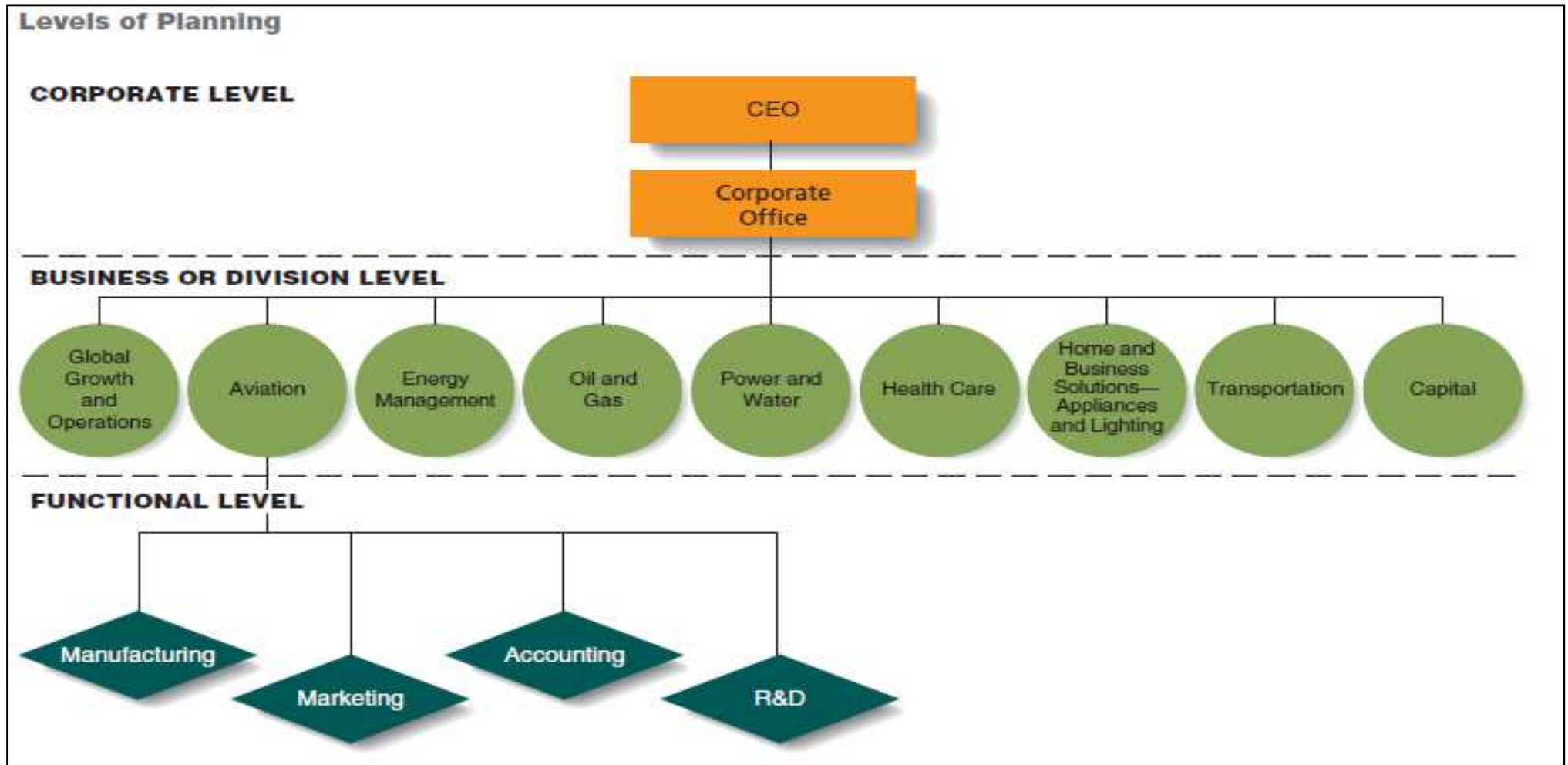
44

Three Steps In Planning



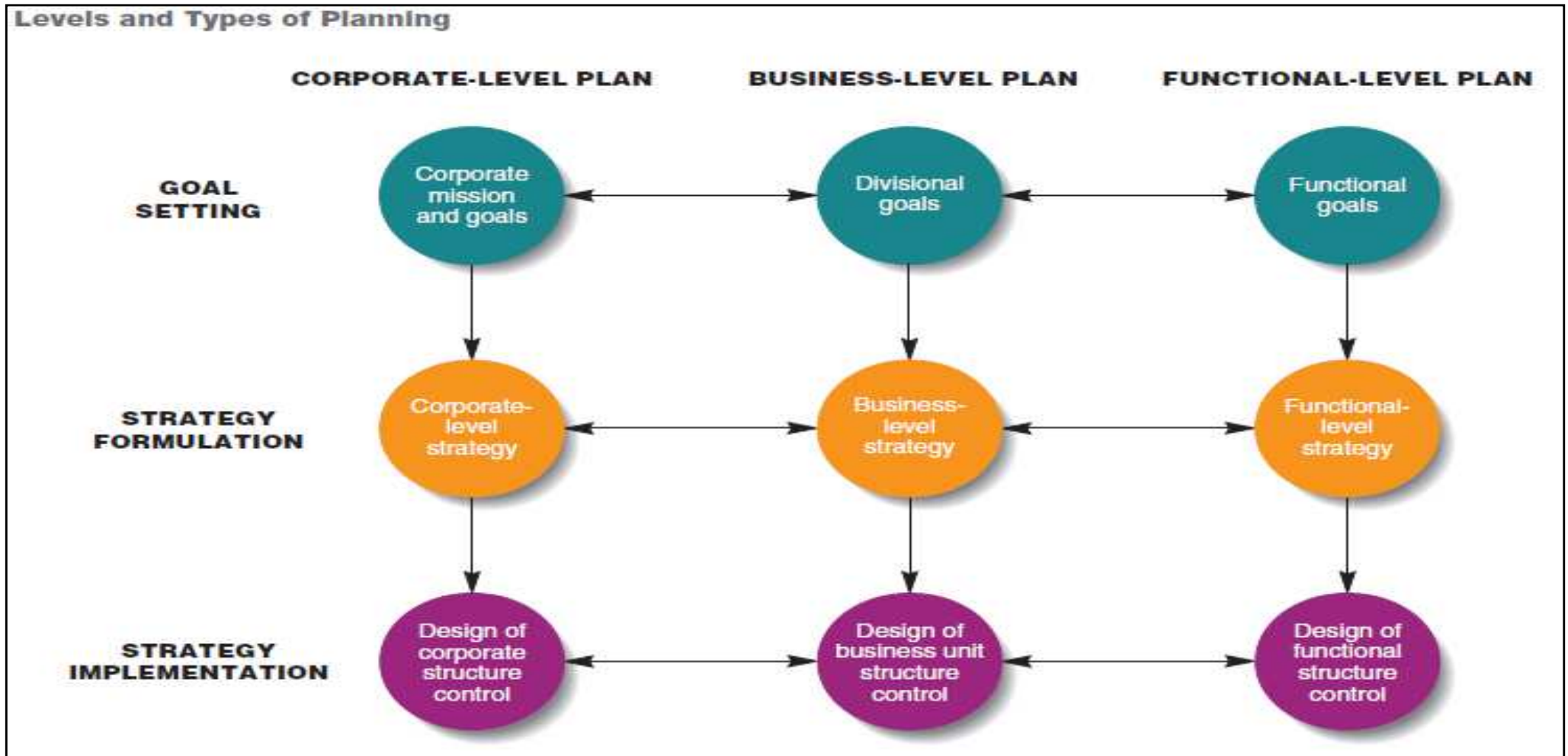
Levels of Planning (1 / 2)

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Levels/Type of Planning (2/2)

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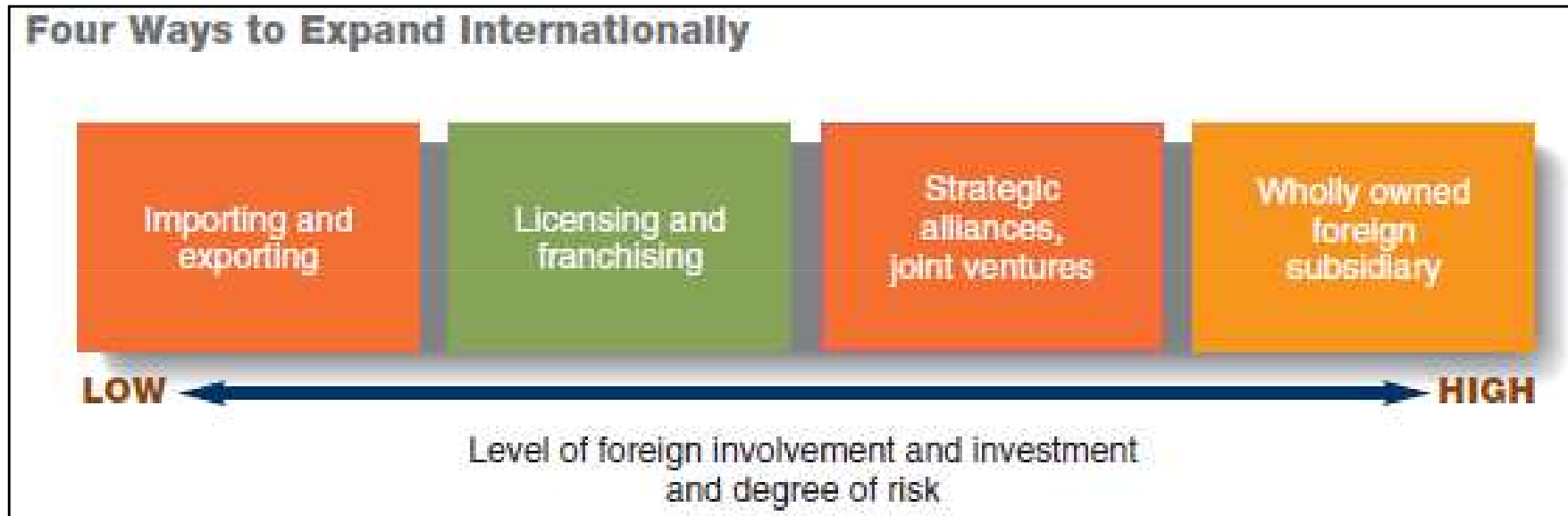
Porter's Strategy SEGMENTATION

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Porter's Business-Level Strategies		
Number of Market Segments Served		
Strategy	Many	Few
Low cost	√	
Focused low cost		√
Differentiation	√	
Focused differentiation		√

EXPORT-Strategies

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SUMMARY (1 / 3)

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Planning and Implementing Strategy

After identifying appropriate business and corporate strategies to attain an organization's mission and goals, managers confront the challenge of putting those strategies into action. Strategy implementation is a five-step process:

- 1.** Allocating responsibility for implementation to the appropriate individuals or groups.
- 2.** Drafting detailed action plans that specify how a strategy is to be implemented.
- 3.** Establishing a timetable for implementation that includes precise, measurable goals linked to the attainment of the action plan.
- 4.** Allocating appropriate resources to the responsible individuals or groups.
- 5.** Holding specific individuals or groups responsible for the attainment of corporate, divisional, and functional goals.

The planning process goes beyond just identifying effective strategies; it also includes plans to ensure that these strategies are put into action. Normally the plan for implementing a new strategy requires the development of new functional strategies, the redesign of an organization's structure, and the development of new control systems; it might also require a new program to change an organization's culture. These are issues we address in the next three chapters.

SUMMARY (2/3)

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Summary and Review

PLANNING Planning is a three-step process: (1) determining an organization's mission and goals; (2) formulating strategy; and (3) implementing strategy. Managers use planning to identify and select appropriate goals and courses of action for an organization and to decide how to allocate the resources they need to attain those goals and carry out those actions. A good plan builds commitment for the organization's goals, gives the organization a sense of direction and purpose, coordinates the different functions and divisions of the organization, and controls managers by making them accountable for specific goals. In large organizations planning takes place at three levels: corporate, business or divisional, and functional or departmental. Long-term plans have a time horizon of five years or more; intermediate-term plans, between one and five years; and short-term plans, one year or less.

SUMMARY (3/3)

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Summary and Review

DETERMINING MISSION AND GOALS AND FORMULATING STRATEGY Determining the organization's mission requires that managers define the business of the organization and establish major goals. Strategy formulation requires that managers perform a SWOT analysis and then choose appropriate strategies at the corporate, business, and functional levels. At the business level, managers are responsible for developing a successful low-cost and/or differentiation strategy, either for the whole market or a particular segment of it. At the functional level, departmental managers develop strategies to help the organization either add value to its products by differentiating them or lower the costs of value creation. At the corporate level, organizations use strategies such as concentration on a single industry, vertical integration, related and unrelated diversification, and international expansion to strengthen their competitive advantage by increasing the value of the goods and services provided to customers.

IMPLEMENTING STRATEGY Strategy implementation requires that managers allocate responsibilities to appropriate individuals or groups; draft detailed action plans that specify how a strategy is to be implemented; establish a timetable for implementation that includes precise, measurable goals linked to the attainment of the action plan; allocate appropriate resources to the responsible individuals or groups; and hold individuals or groups accountable for the attainment of goals.

**THANK YOU
FOR YOUR
ATTENTION**



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