



Lecture Notes

MBPC1010 -STRATEGIC MANAGEMENT

Course Objectives:

1. To learn the major initiatives taken by a company's top management on behalf of corporates, involving resources and performance in business environment.
2. To specify the Organization's mission, vision and objectives and develop policies.
3. To understand the analysis and implementation of strategic management in strategic business units.

Module I: Strategy and Process: External & Internal Environment – Strategic Advantage Profile (SAP), Environmental Threat Opportunity Profile (ETOP), SWOC Analyses -Conceptual framework for strategic management, the Concept of Strategy and the Strategic Management Process – Stakeholders in business – Vision, Mission, Purpose, Objectives and Goals – Strategic intent – hierarchy of strategy – strategic business unit.

Module I

Strategy and Process

1. External & Internal Environment Analysis

1.1 Strategic Advantage Profile (SAP)

Definition: SAP is a tool used to evaluate the internal strengths and weaknesses of an organization. It helps in identifying the key areas where the organization has a competitive advantage or disadvantage.

Components:

Strengths: Core competencies, resources, and capabilities that give the organization an edge over competitors.



Weaknesses: Internal limitations or deficiencies that hinder the organization's performance.

Case Study: Apple Inc.

Strengths: Strong brand reputation, innovative product design, loyal customer base.

Weaknesses: High product prices, dependence on a few key products (iPhone).

Example: Apple's strength in innovation allows it to dominate the smartphone market, while its high prices can be a barrier in price-sensitive markets.

1.2 Environmental Threat Opportunity Profile (ETOP)

Definition: ETOP is a tool used to analyze the external environment to identify opportunities and threats that could impact the organization.

Components:

Opportunities: External factors that the organization can exploit to its advantage.

Threats: External challenges that could negatively impact the organization.

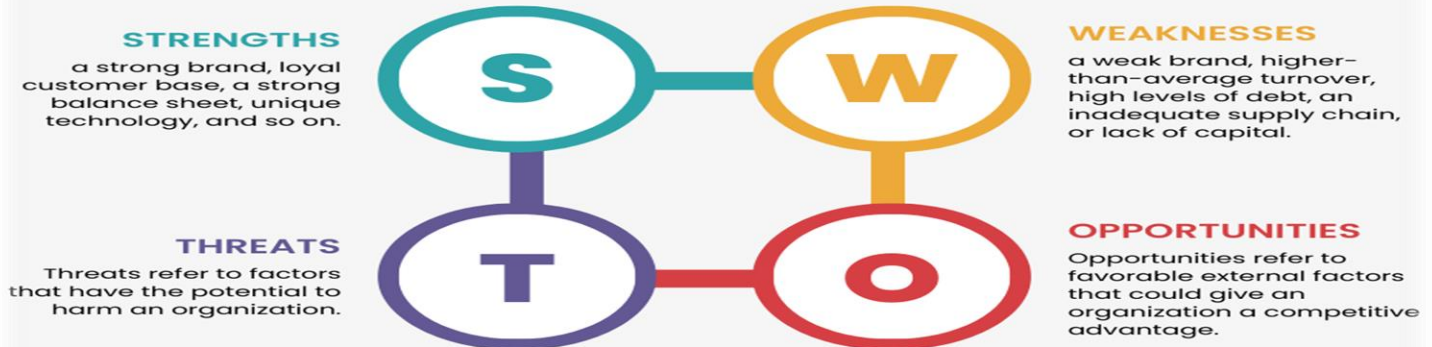
Case Study: Tesla

Opportunities: Growing demand for electric vehicles, government incentives for green energy.

Threats: Increasing competition from traditional automakers, regulatory changes.

Example: Tesla's opportunity lies in the global shift towards sustainable energy, while the threat comes from established automakers like Ford and GM entering the electric vehicle market.

SWOT Analysis



1.3 SWOC Analysis

Definition: SWOC (Strengths, Weaknesses, Opportunities, and Challenges) is a strategic planning tool that combines internal and external analysis.

Components:

Strengths & Weaknesses: Internal factors.

Opportunities & Challenges: External factors.

Case Study: Amazon

Strengths: Vast distribution network, strong brand, technological innovation.

Weaknesses: Low profit margins, criticism over labor practices.

Opportunities: Expansion into new markets, growth in cloud computing.

Challenges: Regulatory scrutiny, competition from Walmart and Alibaba.

Example: Amazon's strength in logistics allows it to offer fast delivery, while regulatory challenges in different countries can hinder its expansion.



2. Conceptual Framework for Strategic Management

2.1 The Concept of Strategy

Definition: Strategy is a long-term plan of action designed to achieve a particular goal or set of goals.

Key Elements:

Scope: The markets and industries in which the organization competes.

Competitive Advantage: What makes the organization unique and better than competitors.

Resources: The assets and capabilities that the organization can leverage.

Example: Netflix's Strategy

Scope: Global streaming market.

Competitive Advantage: Original content, personalized recommendations.

Resources: Data analytics, strong content library.

2.2 The Strategic Management Process

Steps:

1. Environmental Scanning: Analyzing internal and external environments.
2. Strategy Formulation: Developing strategies based on the analysis.
3. Strategy Implementation: Executing the strategies.
4. Evaluation and Control: Monitoring and adjusting the strategies as needed.

Case Study: Starbucks

Environmental Scanning: Identified the growing demand for premium coffee.

Strategy Formulation: Focused on creating a “third place” between home and work.

Strategy Implementation: Expanded globally, introduced mobile ordering.

Evaluation and Control: Continuously monitors customer feedback and adjusts offerings.

3. Stakeholders in Business

3.1 Definition and Importance

-Definition: Stakeholders are individuals or groups that have an interest in the success of an organization.

Types:

- Internal Stakeholders: Employees, managers, shareholders.
- External Stakeholders: Customers, suppliers, government, community.
- Case Study: Coca-Cola
- Internal Stakeholders: Employees are crucial for maintaining product quality.
- External Stakeholders: Customers drive demand, while governments regulate product safety.

3.2 Stakeholder Management

- Strategies:
- Engagement: Regular communication with stakeholders.
- Satisfaction: Meeting stakeholder needs and expectations.

- Example: Google
- Engagement: Regular updates to users about new features.
- Satisfaction: Ensuring user data privacy to maintain trust.

4. Vision, Mission, Purpose, Objectives, and Goals

4.1 Vision Statement

- Definition: A vision statement outlines what the organization aspires to become in the future.
- Example: Microsoft's Vision
 - "To empower every person and every organization on the planet to achieve more."



4.2 Mission Statement

- Definition: A mission statement defines the organization's purpose and primary objectives.
- Example: Tesla's Mission
 - "To accelerate the world's transition to sustainable energy."

4.3 Purpose, Objectives, and Goals

- Purpose: The reason the organization exists.
- Objectives: Specific, measurable outcomes the organization aims to achieve.
- Goals: Broad, long-term aims that support the mission.

- Example: Nike
 - Purpose: To bring inspiration and innovation to every athlete in the world.
 - Objective: Increase market share by 5% in the next year.
 - Goal: Become the leading sportswear brand globally.

5. Strategic Intent

5.1 Definition

- Strategic Intent: The long-term goals and aspirations that drive an organization's strategy.
- Example: Samsung's Strategic Intent
 - "Inspire the world, create the future."

5.2 Hierarchy of Strategy

- Levels:
 1. Corporate Level: Overall scope and direction of the organization.
 2. Business Level: How the organization competes in a particular market.
 3. Functional Level: Strategies for specific functions like marketing, finance, etc.

Example: Unilever

- Corporate Level: Focus on sustainable living.
- Business Level: Compete in the personal care market with brands like Dove.
- Functional Level: Marketing strategies to promote Dove's real beauty campaign.

6. Strategic Business Unit (SBU)

6.1 Definition

- SBU: A division or unit within an organization that operates as a separate business, with its own mission, objectives, and strategies.
- Example: Procter & Gamble (P&G)
 - SBUs: P&G operates multiple SBUs like Tide (detergents), Gillette (razors), and Pampers (diapers).

6.2 Importance of SBUs

- Focus: Allows the organization to focus on specific markets or products.
- Accountability: Each SBU is responsible for its own performance.
- Example: General Electric (GE)
 - SBUs: GE Aviation, GE Healthcare, and GE Power operate as separate SBUs, each with its own strategic focus.



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