



STRATEGIC MANAGEMENT

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SESSION 1: STRATEGIC COMPETITOR ANALYSIS



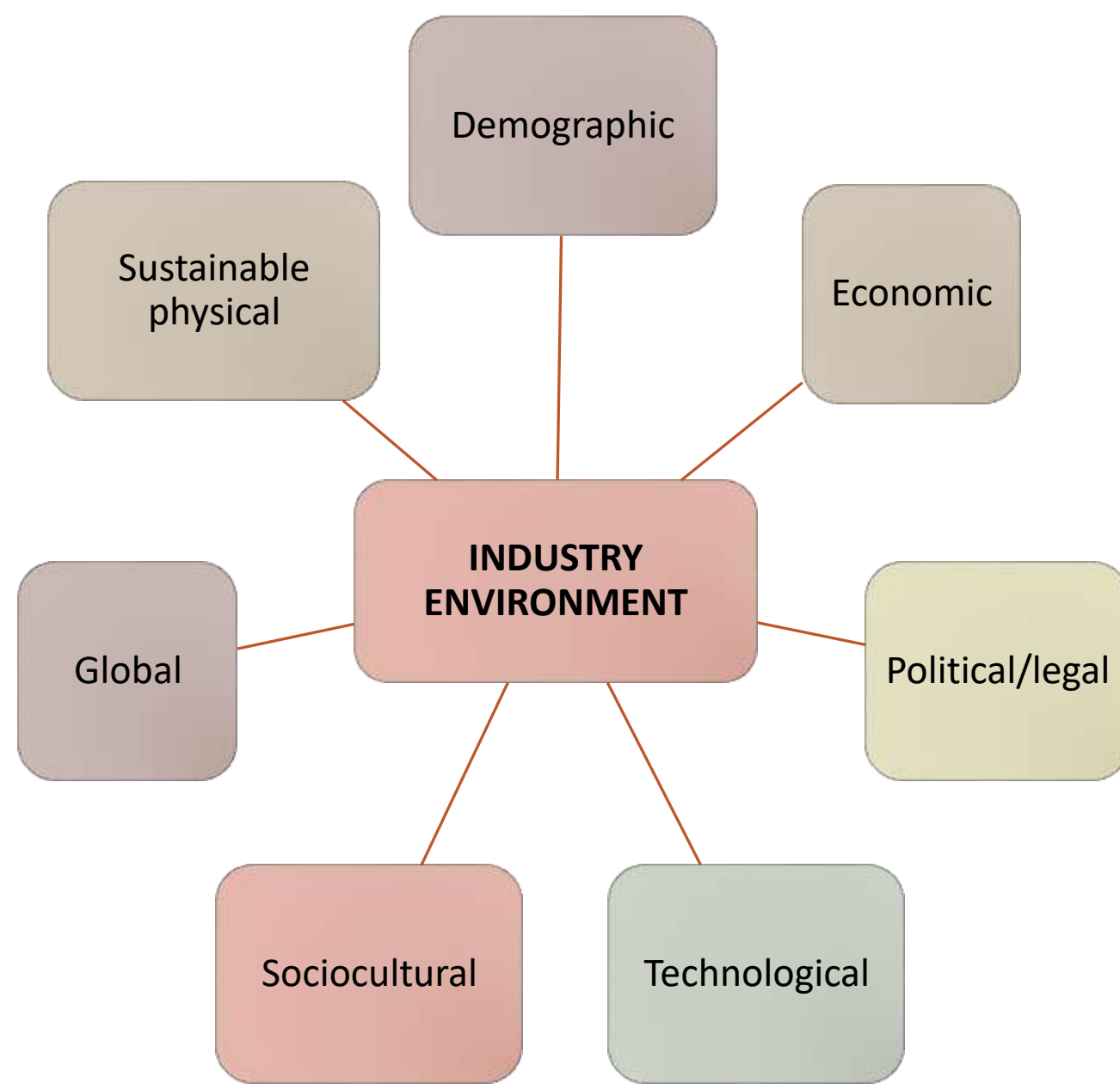
STRATEGIC CHOICES

- Diversification
- Barriers to market entry
- Economies of scale
- Product differentiation
- Entrepreneurial mindset
- Customer focus
- Leverage competencies
- Agility / flexibility

STRATEGIC MANAGEMENT PROCESS



THE EXTERNAL ENVIRONMENT



THE GENERAL ENVIRONMENT

Demographic

- Population size, age
- Geographic distribution
- Income distribution

Economic

- Inflation, interest rates
- GDP, growth

Political/legal

- Tax laws, labour laws
- Deregulation

Sociocultural

- Women in workforce
- Work and career preferences
- Product/service preferences

Technology

- Product innovations
- Communications tech

Global

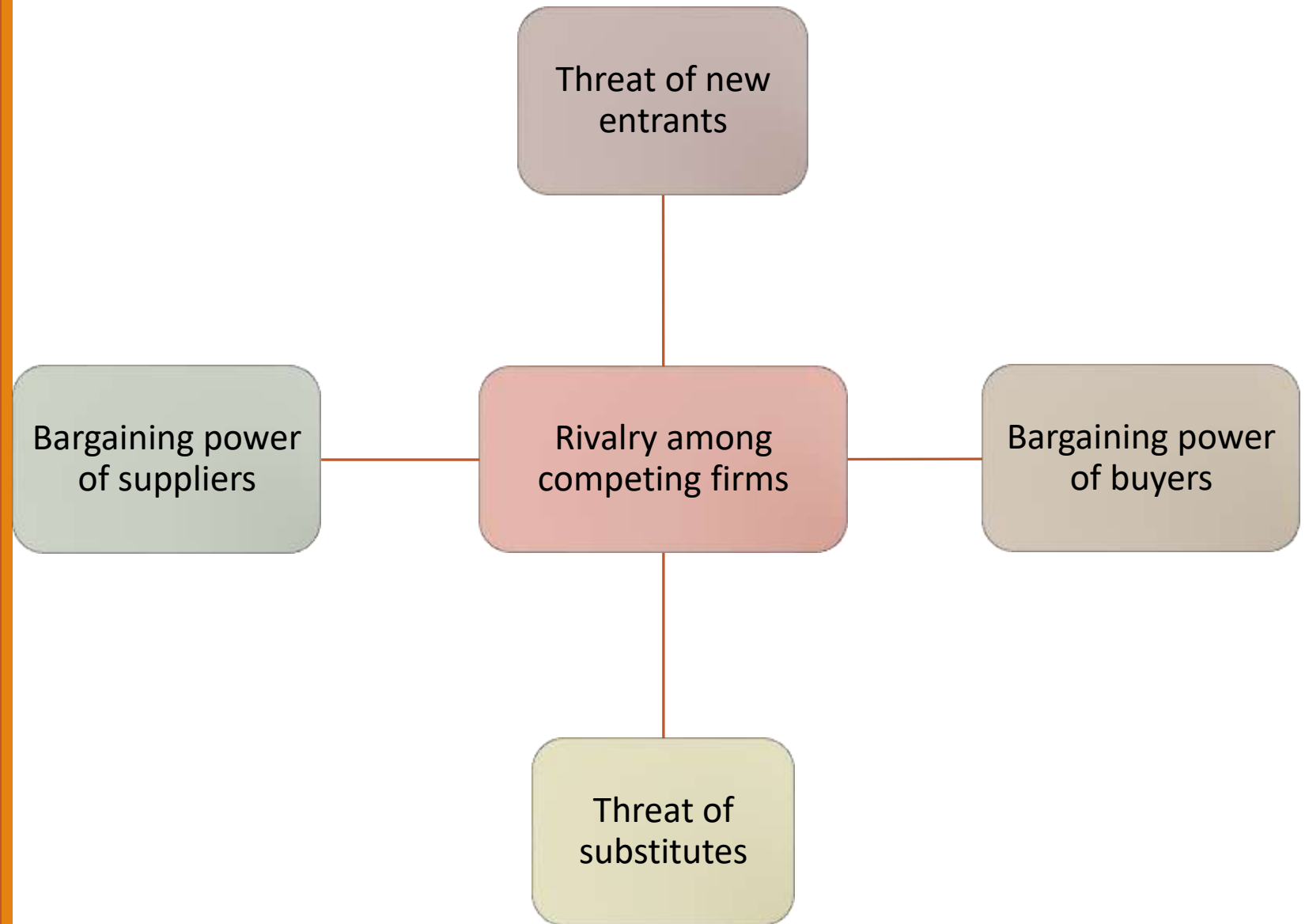
- International political events
- Cultural and institutional attributes

Sustainable physical environment

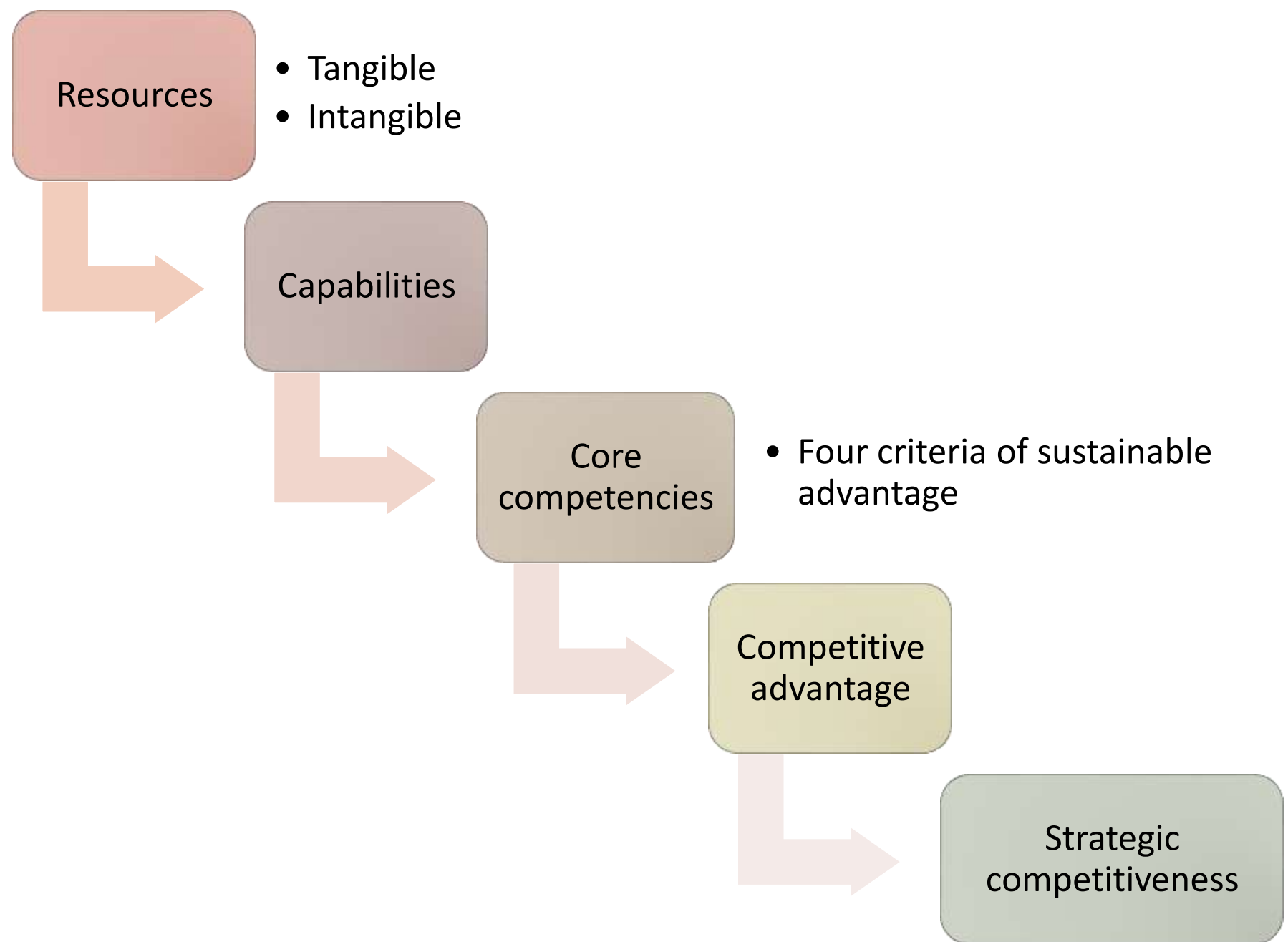
- Energy consumption
- Water footprint
- Environmental friendly products/services

INDUSTRY ENVIRONMENT

PORTER'S FIVE FORCES



COMPONENTS OF INTERNAL ANALYSIS



VALUE CHAIN MODEL

Primary value chain activities



Support activities



RESOURCES

Resources are the source of firm's capabilities

Resources are assets that represent inputs into a firm's production process

Tangible resources

- Financial, physical, technological, organizational

Intangible resources

- Human, innovation, and reputation

CAPABILITIES

Capabilities represent the capacity to deploy resources that have been purposely integrated to achieve a desired end state

Emerge over time through complex interactions among tangible and intangible resources

Examples

- Distribution
- Human resources
- Management information systems
- Marketing
- Management
- Manufacturing
- Research and development

CRITERIA OF STRATEGIC CAPABILITIES

VALUABLE

- Help a firm neutralize threats or exploit opportunities

RARE

- Are not possessed by many others

COSTLY TO IMITATE

- Historical – a unique and valuable organizational culture and brand name
- Ambiguous cause – causes and uses of a competence are unclear
- Social complexity – interpersonal relationships, trust, and friendships

NON-SUBSTITUTABLE

- No strategic equivalent.

SUSTAINABLE ADVANTAGE

Valuable?	Rare?	Costly to imitate?	Non substitutable	Competitive consequences	Performance implications
No	No	No	No	Competitive disadvantage	Below average returns
Yes	No	No	Yes/no	Competitive parity	Average returns
Yes	Yes	No	Yes/no	Temporary competitive advantage	Above average to average returns
Yes	Yes	Yes	Yes	Sustainable competitive advantage	Above average returns

CHALLENGES OF INTERNAL ANALYSIS

Strategic decisions are

- Non-routine
- Have ethical implications
- Affect competitive advantage

Managers have to

- Know which are core competencies
- Learn quickly from failures and mistakes
- Deal with uncertainty, complexity and intra-organizational conflicts

SESSION 2: STRATEGIC LEADERSHIP IN THE VUCA WORLD

Let's begin

Can you describe your company's strategy?

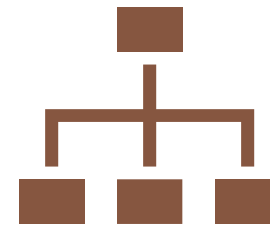
- Who are your customers and what are their needs?
- How are you distinct from your competitors?
- Can you list 3-5 strategic priorities for the upcoming year?
- What are the key activities? How do you measure their effectiveness (KPIs)?
- What are the biggest risks associated with each activity?

After you create a strategy, then what?



If all goes well, your strategy reaps expected profits

STRATEGY EXECUTION & IMPLEMENTATION



But what if

The macro environment changes?

The industrial environment changes?

Your company loses or gains resources?

Your processes are affected due to external or internal reasons?

GLOBAL COMPETITIVE LANDSCAPE



Market volatility and instability



Rapid pace of change in markets



Blurring of market boundaries



Need for flexibility, speed, innovation and integration



Strategic and operational complexity



Rising quality standards

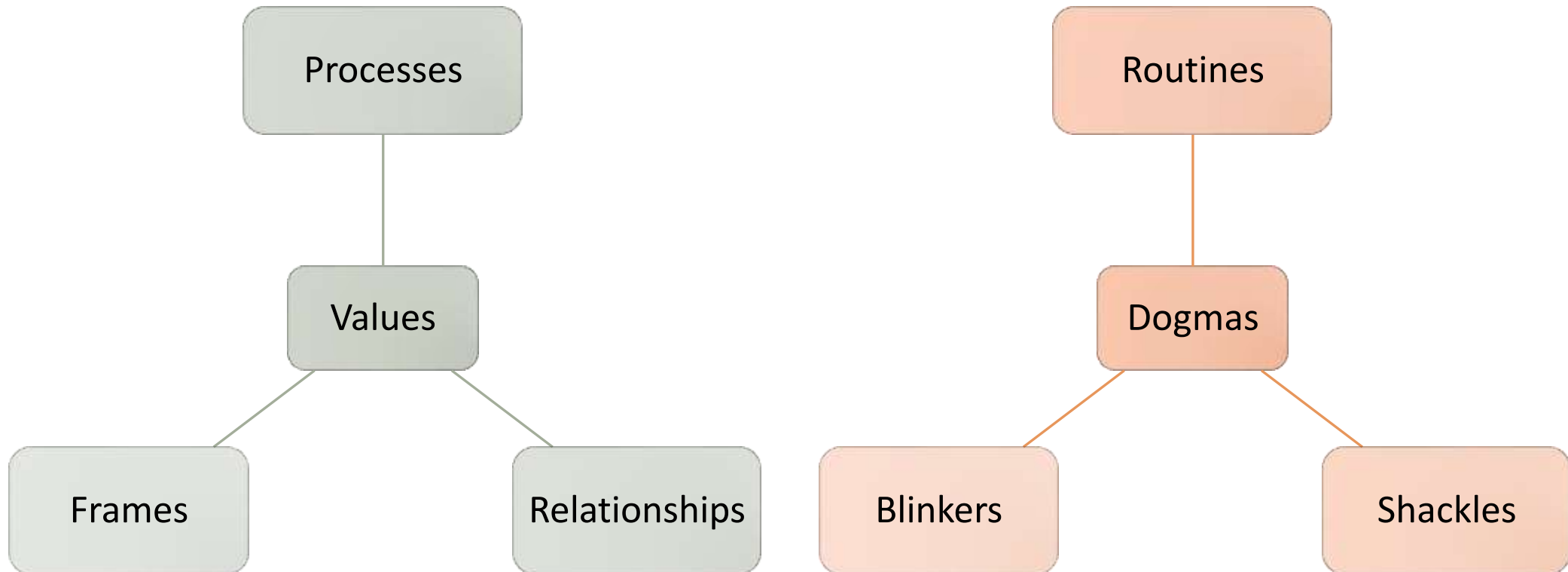


Decreasing time for adaptation



Change in traditional managerial mindset

More than strategic execution & implementation



Good companies can go bad overtime

Strategic resilience

Capacity of an organization to respond quickly

In anticipation of or in response to a significant shift in the external environment

Three types of shifts

Fast shock/change

A particular event

Broad social shifts



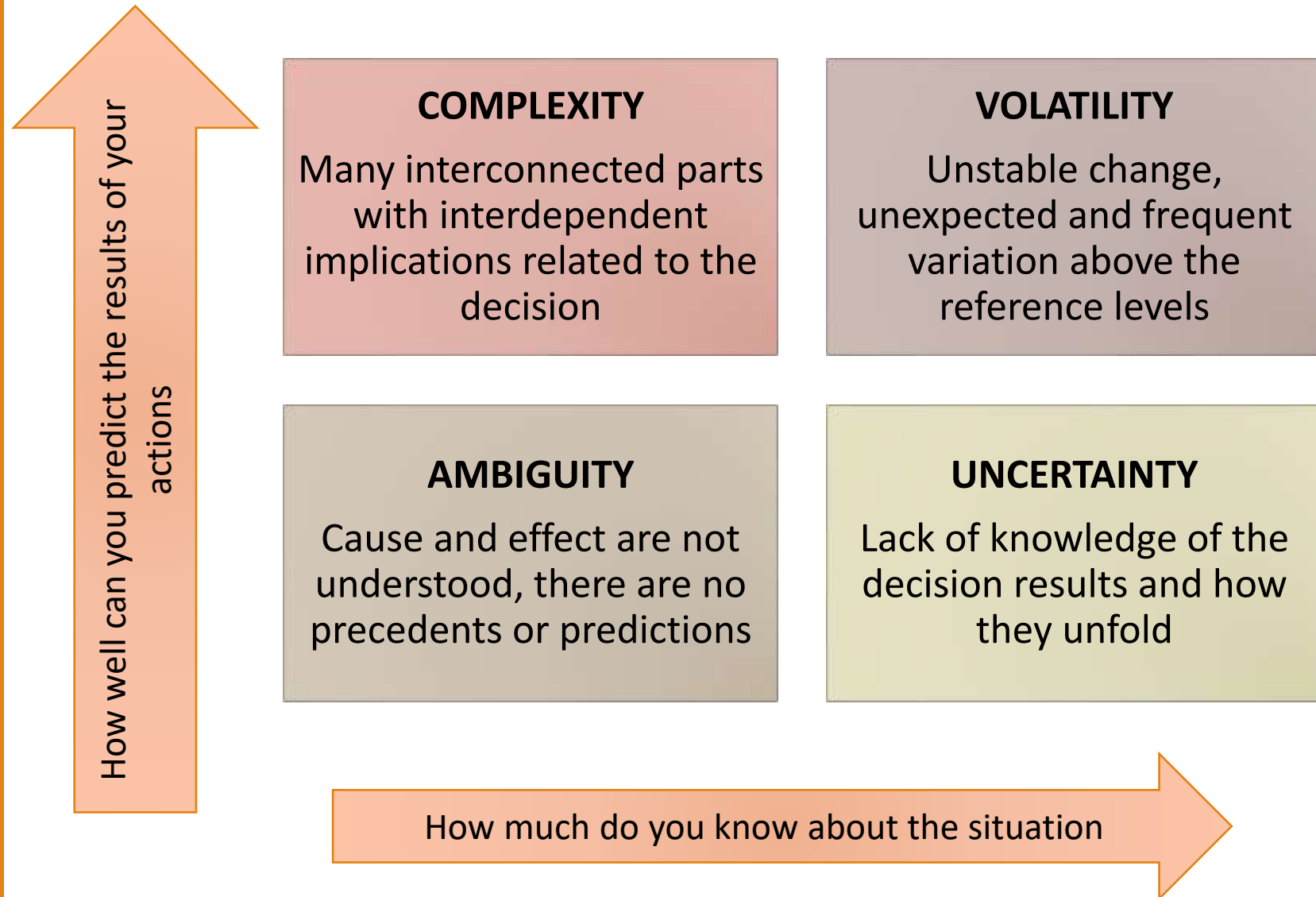
Two forms of SR

Capacity to move quickly


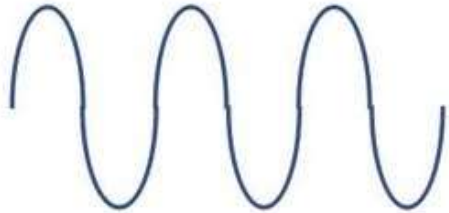

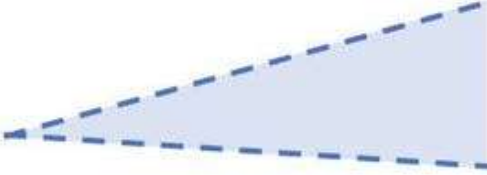

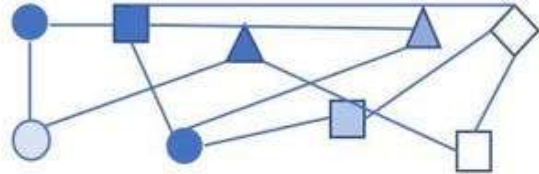
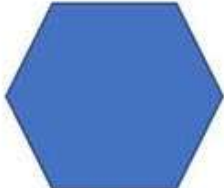

Capacity to absorb shocks

VUCA FRAMEWORK

How to understand the
environment



VUCA

Low Volatility	High Volatility
	
Low Uncertainty	High Uncertainty
	
Low Complexity	High Complexity
	
Low Ambiguity	High Ambiguity
	

SESSION 3: ORGANIZATIONAL RESILIENCE FOR ADAPTABILITY

SCENARIO PLANNING

Why?

- To break the existing thought blinkers that we know the future

What?

- Use creative thinking to map out a small number of alternative futures

Where?

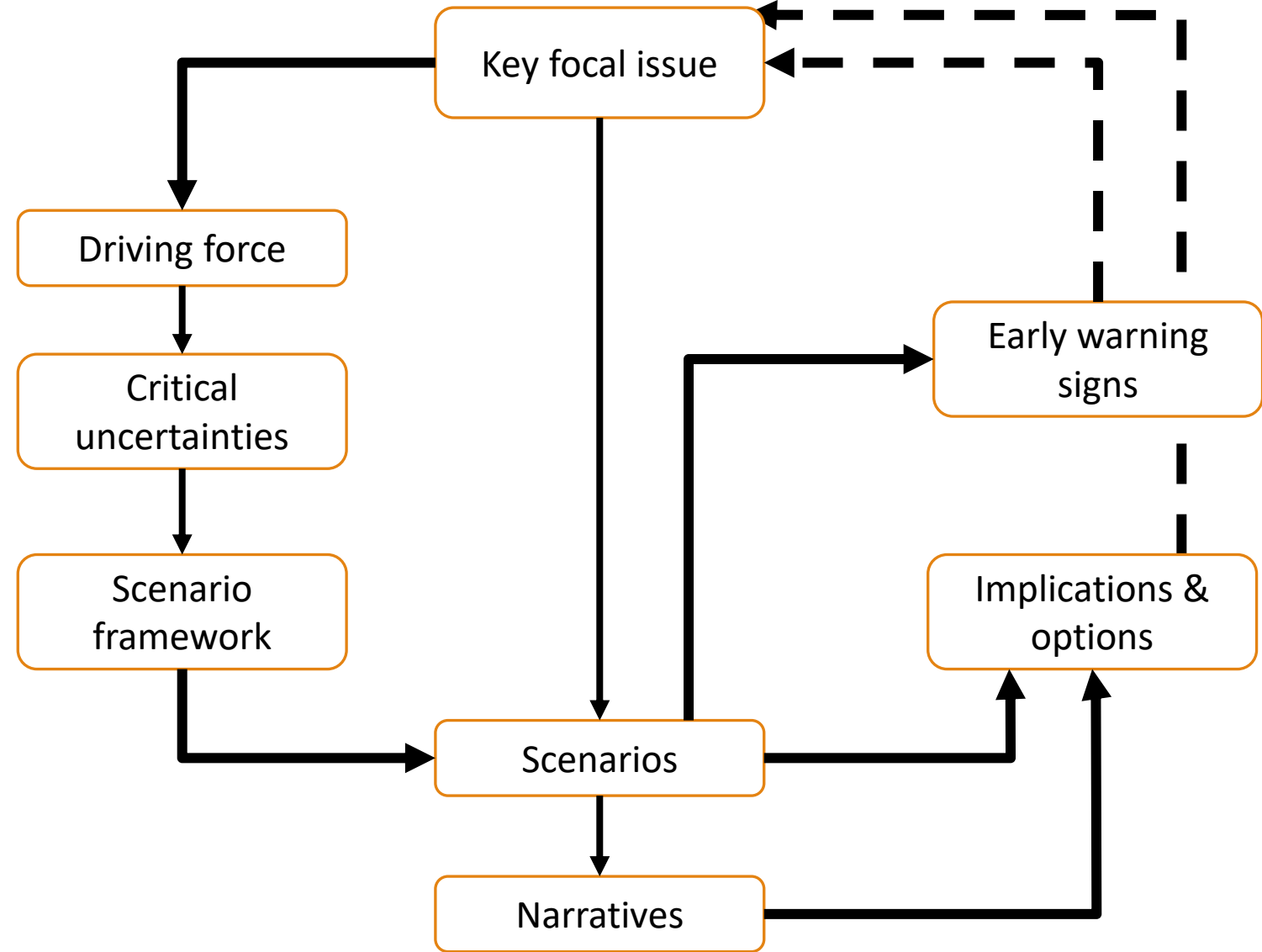
- Used where uncertainty and change are high

How?

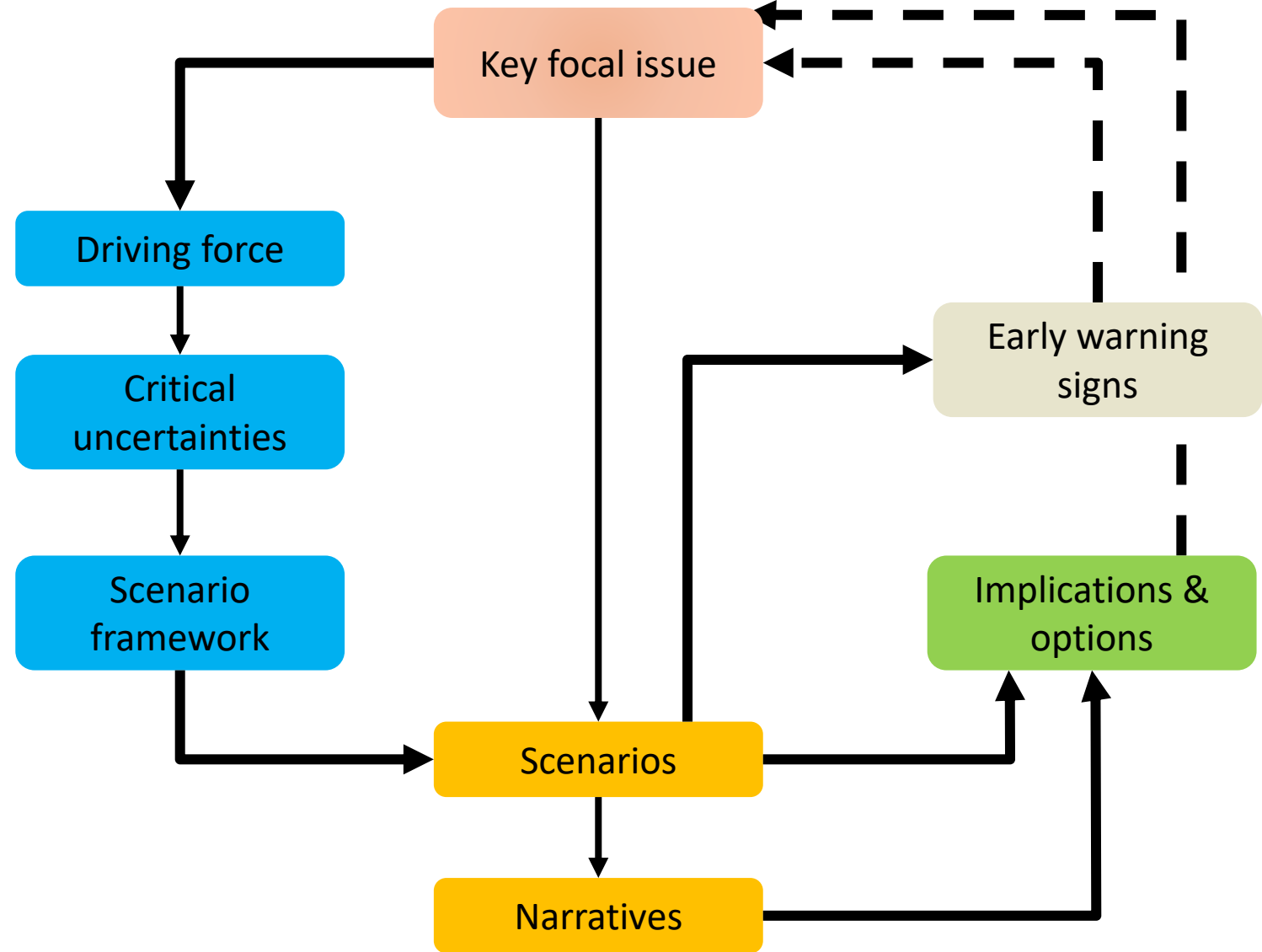
- Addresses Uncertainty by investigating multiple uncertainties simultaneously

Subjective interpretation + objective analysis

SCENARIO PLANNING



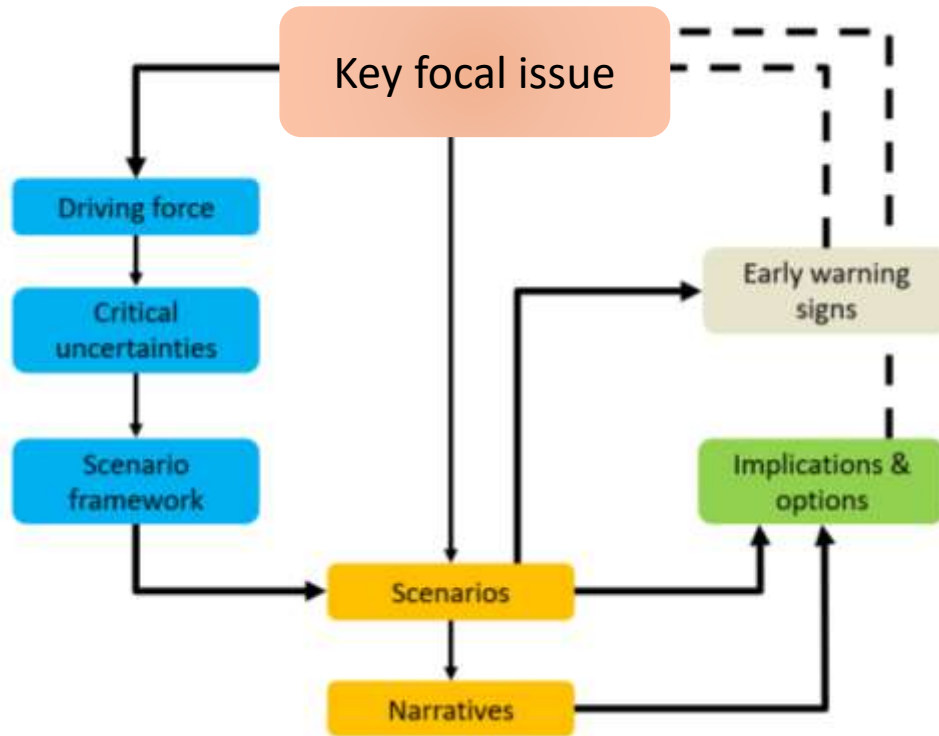
SCENARIO PLANNING STAGES



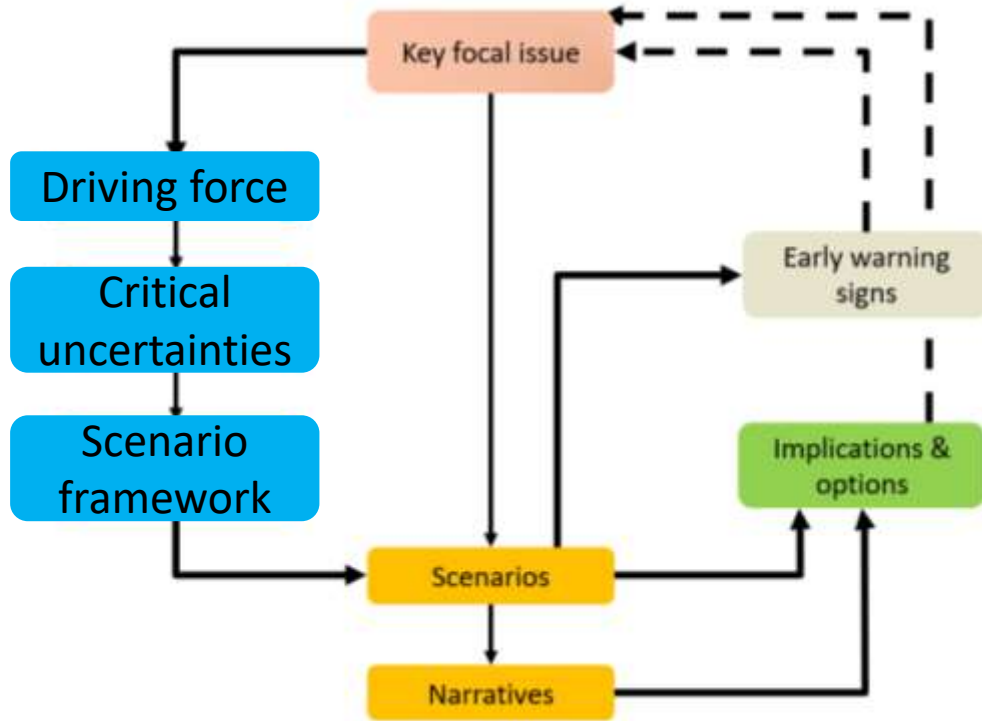
SCENARIO PLANNING STAGES

Stage 1: Orientation

- Conduct background interviews about key issue and focal challenges
- Time and place dimensions pinned down



SCENARIO PLANNING STAGES



Stage 2: Exploration

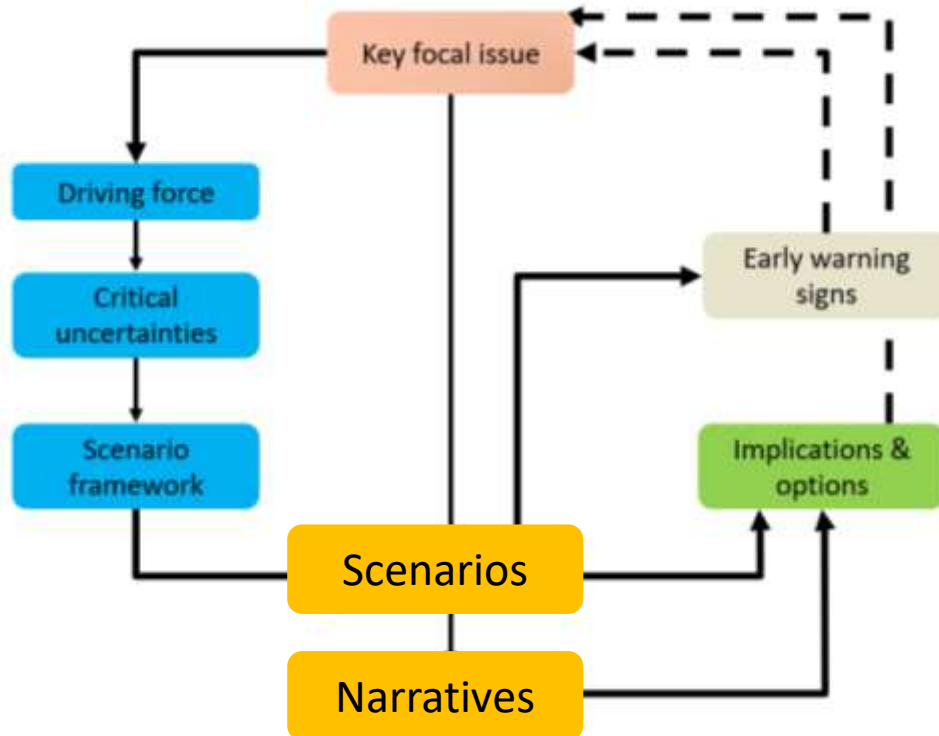
Once the focal issue is defined, reach out to the larger workforce to:

- Identify, analyze and rank driving forces
- Identify the critical uncertainties about the driving forces
- Rank and identify the two most influential driving forces

SCENARIO PLANNING STAGES

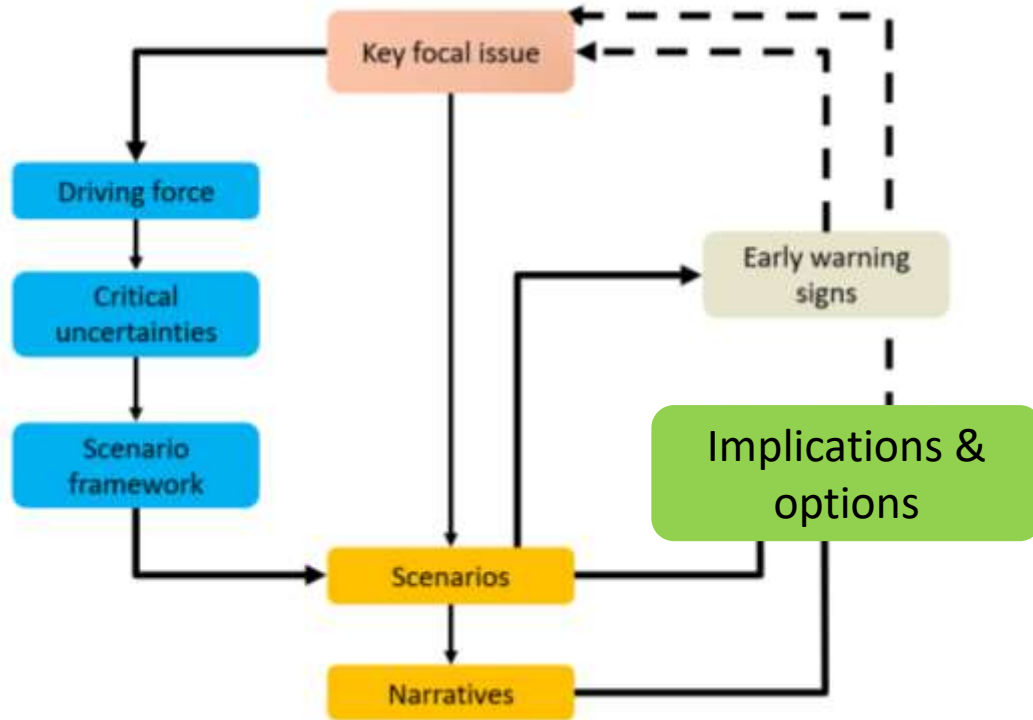
Stage 3: Scenarios creation

- Select scenario framework and create 2x2 framework
 - Identify the path from present to future point
 - Create narratives to describe the scenarios
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- Assign sub teams to write narratives
 - Use catchy titles, mock newspaper articles, movie characters
 - Believable narratives to heighten awareness and sensitivity



SCENARIO PLANNING STAGES

Stage 4: Options consideration

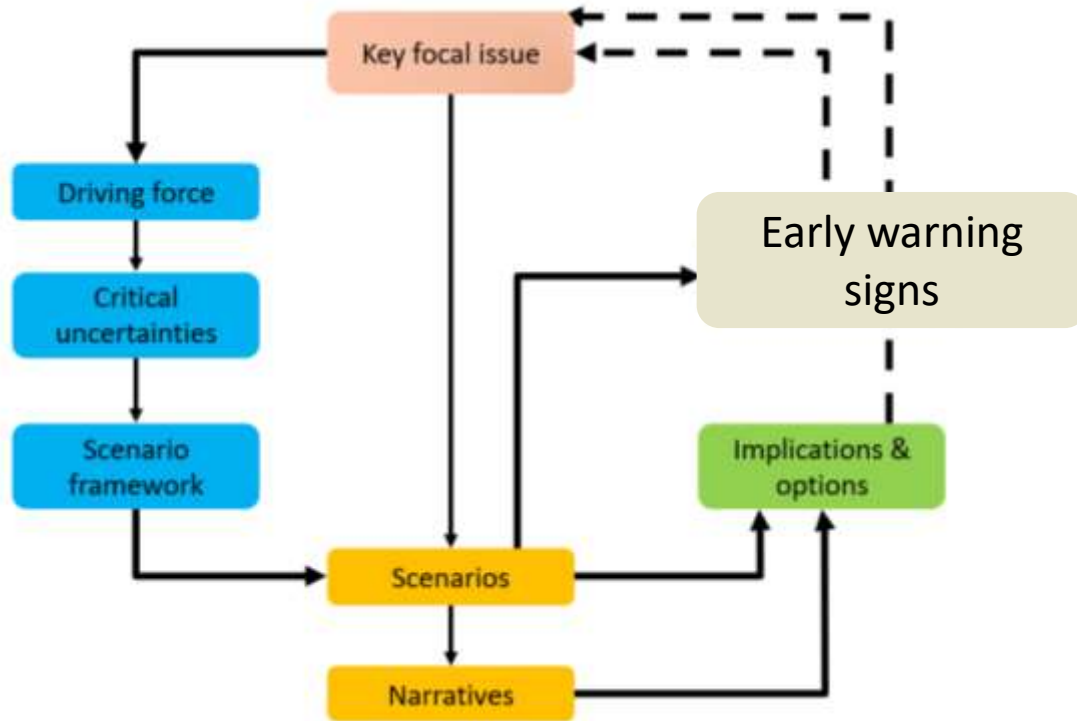


- Start thinking about own company and impact of strategic choices made today
- Play out the key focal issue across each scenario.
- Identify gaps, vulnerabilities, and options
- Identify robust options
- End product is a list of strategies to implement and actions to consider

SCENARIO PLANNING STAGES

Stage 5: Integration of scenarios into current management practices

Weave the scenarios into decision making. Use regular discussions to incorporate the scenarios into broader company narrative



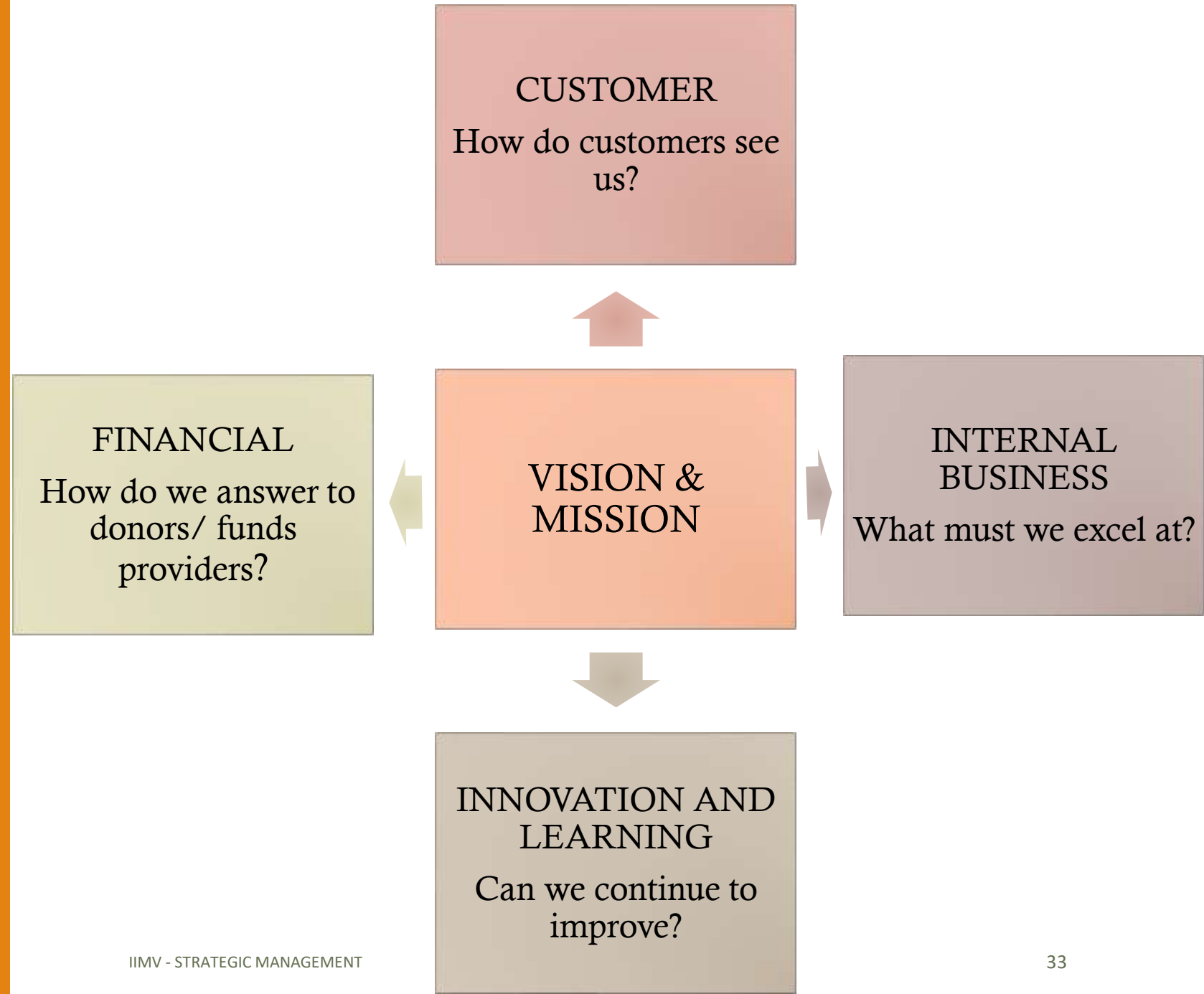
- Select leading indicators and signposts
- Use scenarios to evaluate strategic options
- Use the early warning signs regularly in company discussions at all levels

BALANCED SCORECARD

Tool for linking strategic goals to performance indicators

- Define the business strategy
- Draw a strategy map
- Identify measures for a map
- Select and fund key initiatives
- Assign accountability for individual managers

BALANCED SCORE CARD



BALANCED SCORE CARD		COMPONENTS			
		Objectives	Measures	Targets	Initiatives
PERSPECTIVES	Customer				
	Internal Process				
	Learning				
	Financial				

THANK YOU