



STRATEGIC MANAGEMENT

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SESSION 1: STRATEGIC COMPETITOR ANALYSIS



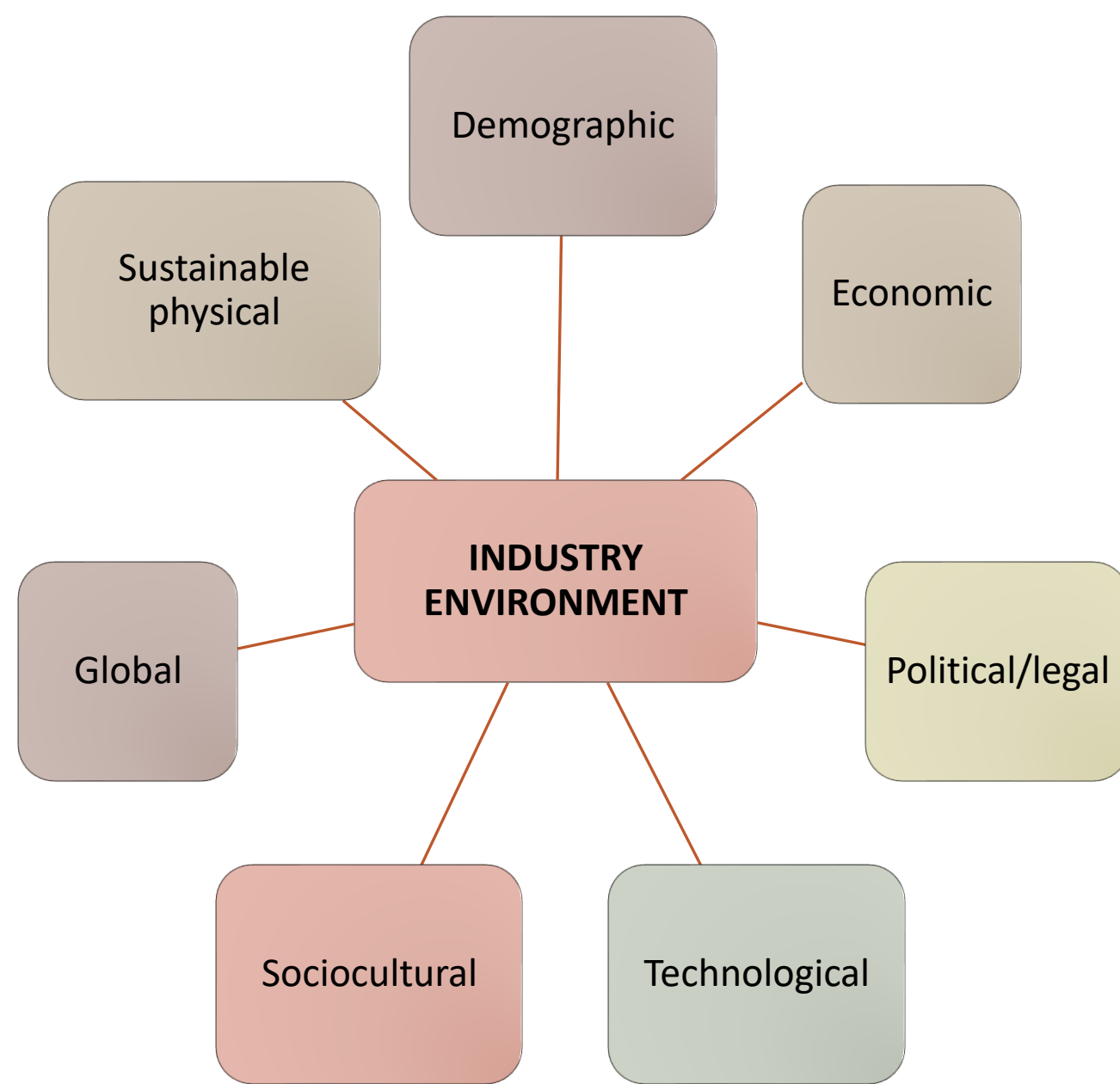
STRATEGIC CHOICES

- 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

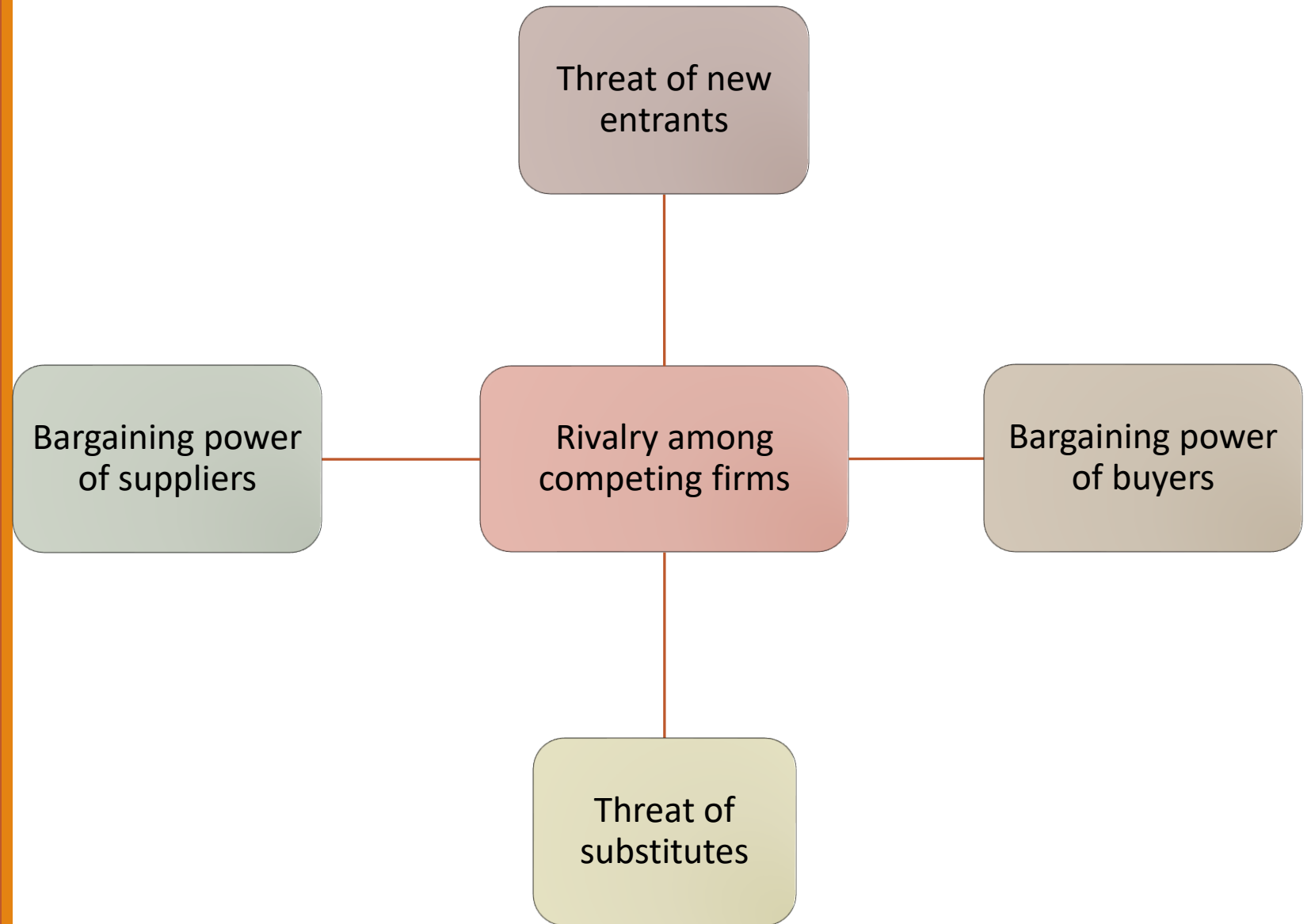
- International political events
- Cultural and institutional attributes

Sustainable physical environment

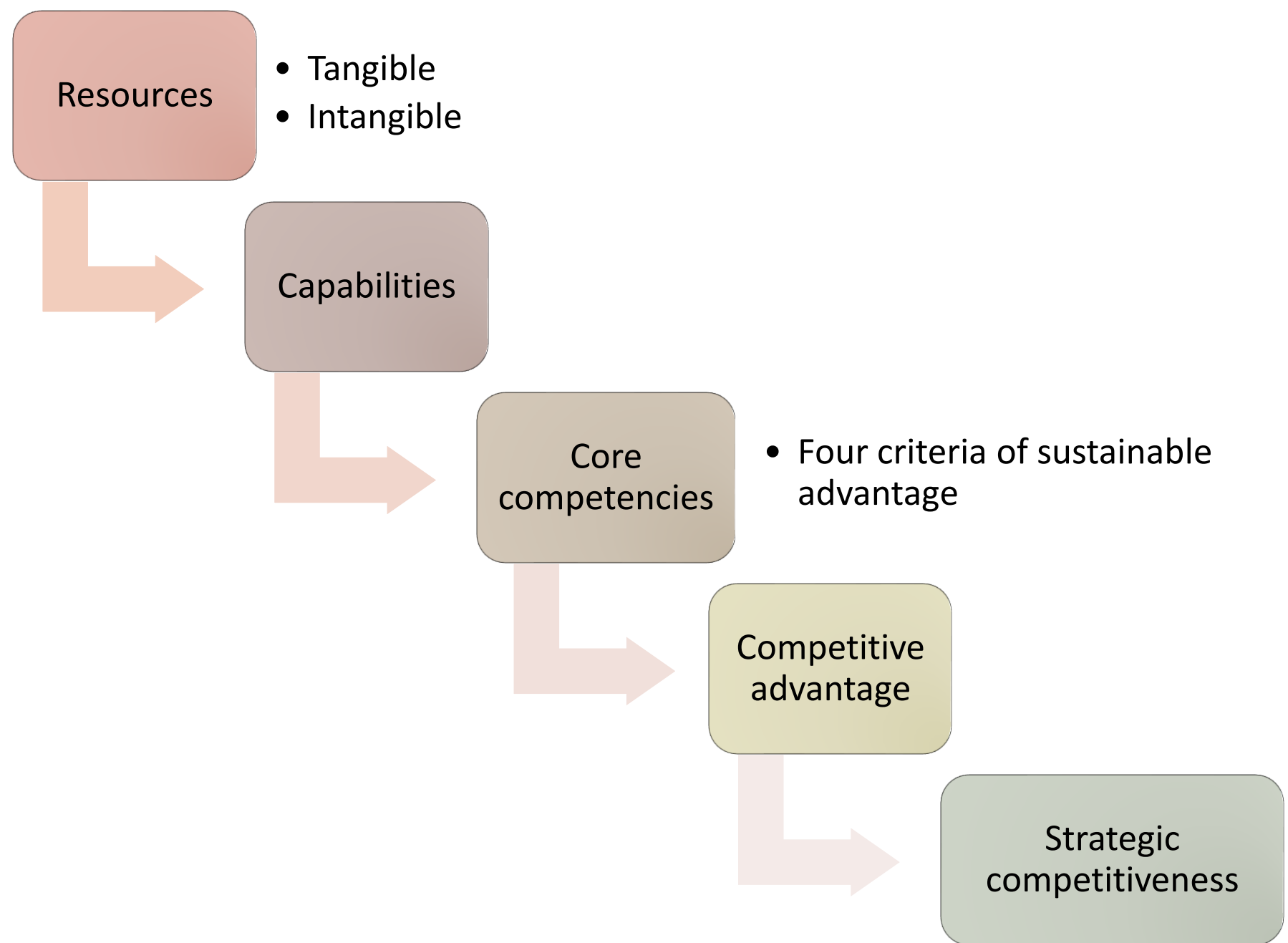
- Energy consumption
- Water footprint
- Environmental friendly products/services

INDUSTRY ENVIRONMENT

PORTER'S FIVE FORCES



COMPONENTS OF INTERNAL ANALYSIS



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

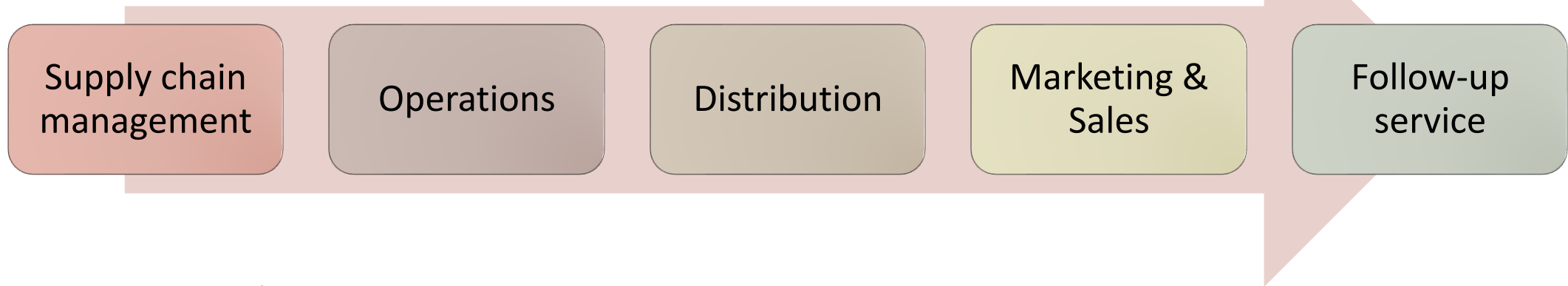
- Non-routine
- Have ethical implications
- Affect competitive advantage

Managers have to

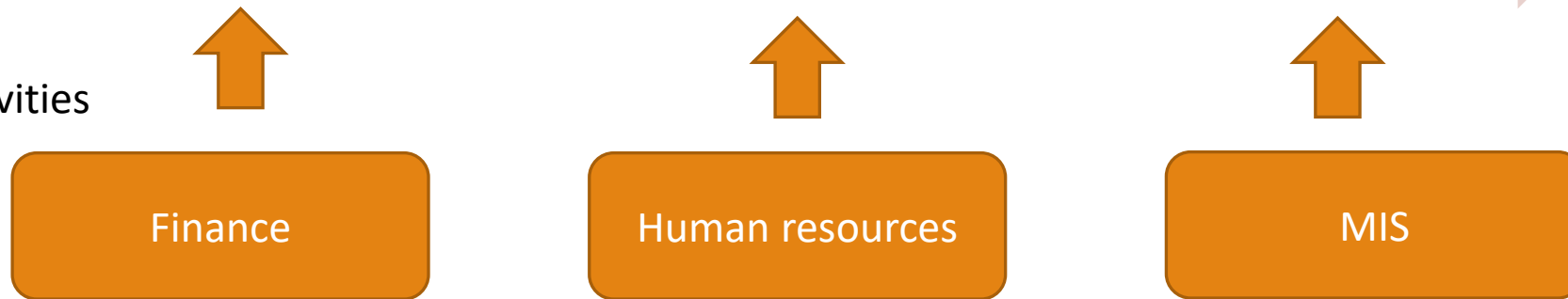
- Know which are core competencies
- Learn quickly from failures and mistakes
- Deal with uncertainty, complexity and intra-organizational conflicts

VALUE CHAIN MODEL

Primary value chain activities



Support activities



SESSION 2: STRATEGIC LEADERSHIP IN THE VUCA WORLD

Let's begin

Can you describe your company's strategy?

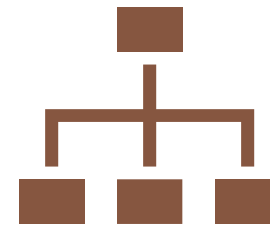
- Who are your customers and what are their needs?
- How are you distinct from your competitors?
- Can you list 3-5 strategic priorities for the upcoming year?
- What are the key activities? How do you measure their effectiveness (KPIs)?
- What are the biggest risks associated with each activity?

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

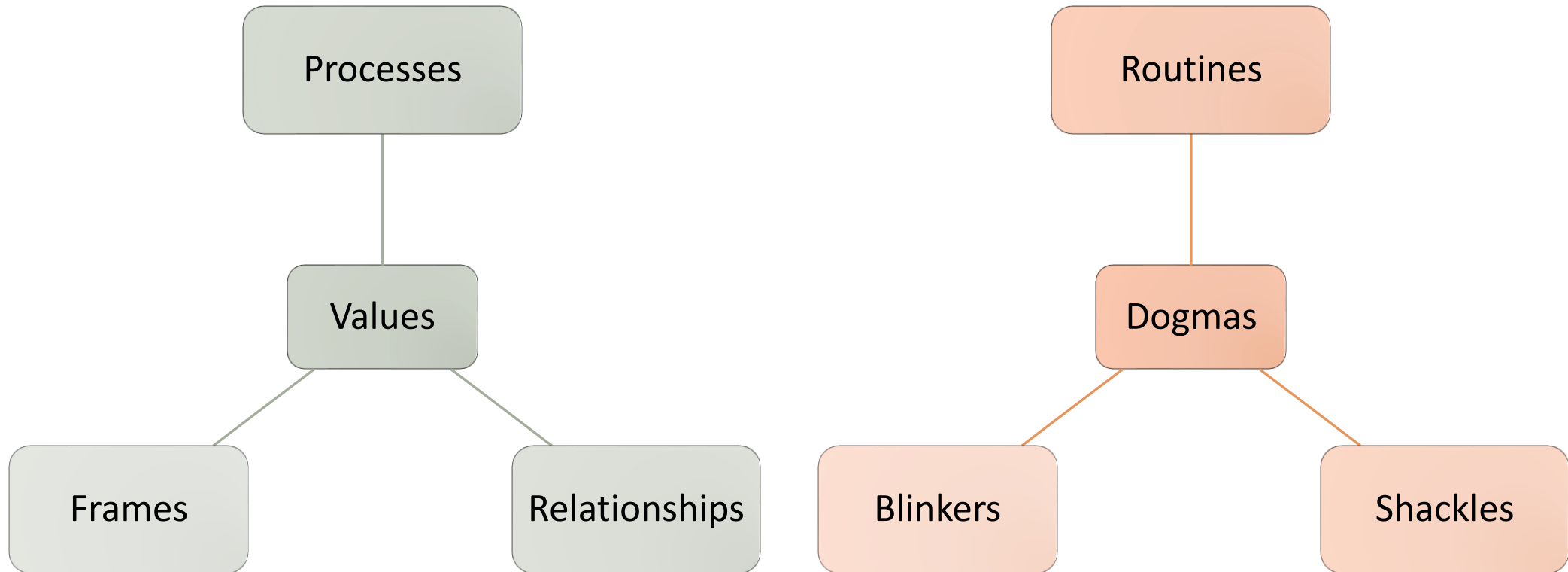


Decreasing time for adaptation



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



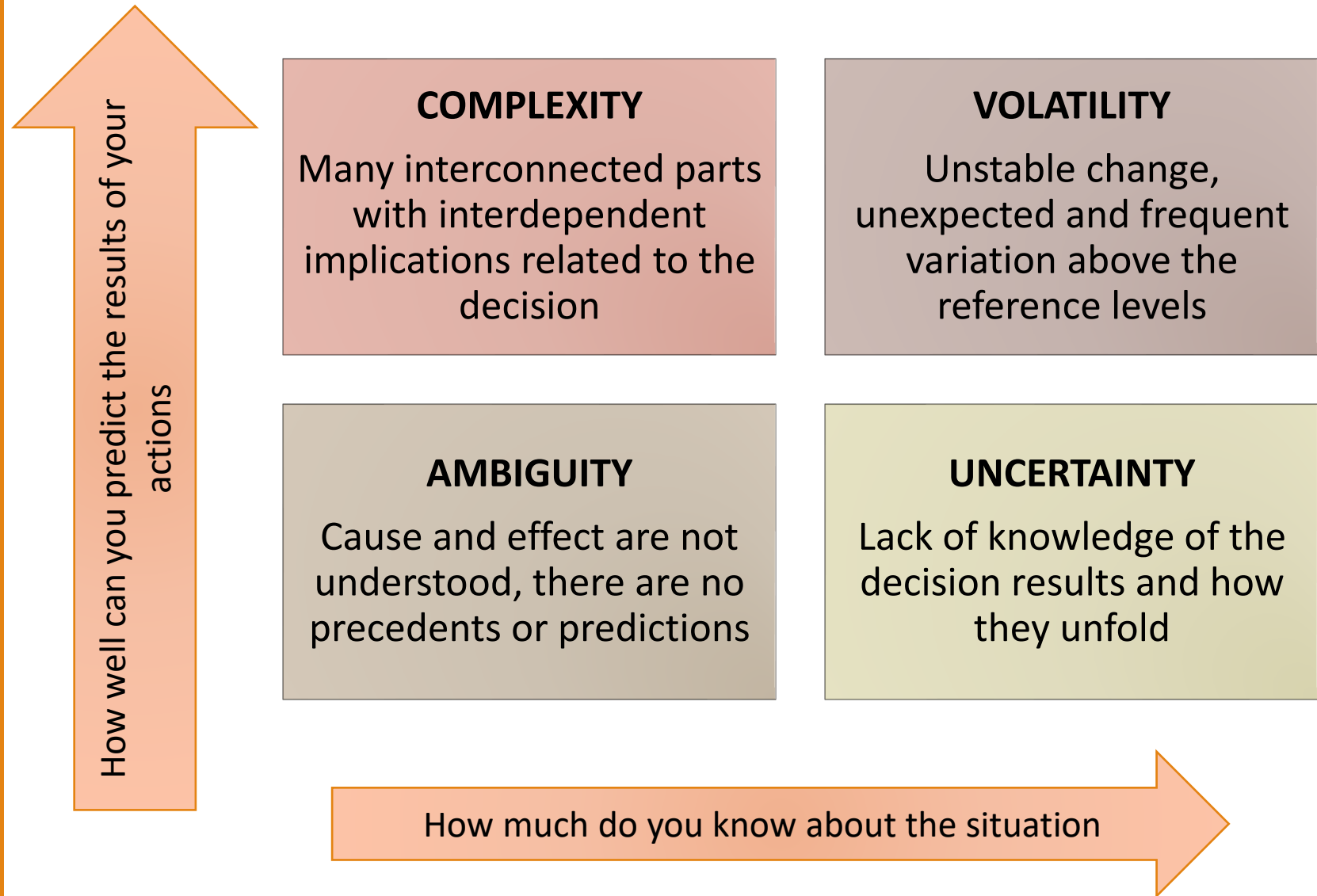
Two forms of SR

Capacity to move quickly


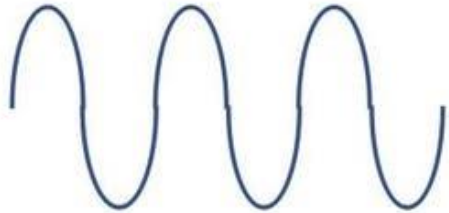

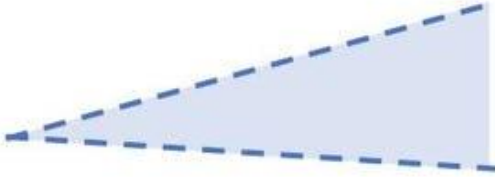

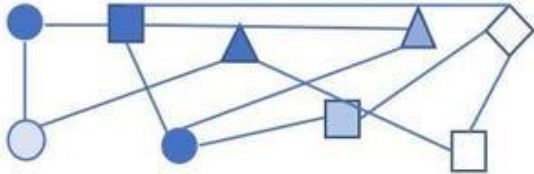
Capacity to absorb shocks

VUCA FRAMEWORK

How to understand the
environment



VUCA

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