

Lecture 7 Strategic Management and Strategic Planning

- Its like a road map for the firm
- Usually strategic planning is done at the corporate level

- Strategic planning
 - Its about where the firm wants to go from present standpoint

- Body of strategic planning involves
 - Mission
 - Objectives
 - Strategies
 - Portfolios plan

- Sometimes too much emphasis on the long run can create problems

- The process of strategic planning
 - Organizational mission
 - Its like a vision of the firm

- It declares the purpose of the firm's existence
- Its amendable
- Mission may remain same but managers loose interest in it
- Changes in the environment may make mission obsolete

-Questions answered by the Mission:

- What are we
- What business we are in
- What we want to be
- Where we will go

-Considerations for strategic planning

- History
- Distinctive competencies
 - Concentrate on what the firm does best
 - Opportunities should not be exploited if there is no competency
- Environment
 - Its about the threats and opportunities

- Characteristics of mission statement
 - Focus on market NOT the products
 - Achievable
 - Mission must be realistic
 - Motivational
 - Mission should be a shared vision
 - Example of a mission statement:

- Organizational objectives
 - Objectives are the endpoints of the mission statement
 - Must be very specific and achievable
 - Difference between goal and objectives
 - Firms may continually add objectives to existing ones

- Organizational strategies
 - Strategies are the means to accomplish those
 - Strategy answer the “how part” of the objective

-Types of strategies

-Market penetration

- Strategies aimed to improve position of products to its present customers

- Its is aimed to sell more in present market

 - Through price reduction

 - Advertising

-Market development strategies

- Present product trying to find new customers

-Product development strategies

- Improved product aimed at present customers

-Diversification

- New products for new customers

-Organizational portfolio

- Businesses have different products

- Resources are spread among them as per the market potentiality

-BCG Matrix

- Star

- Problem Child

- Cash cow

- Dogs

