

STRATEGIC MANAGEMENT AND STRATEGIC IMPLEMENTATION

MGT213

**MANAGEMENT PRACTICES AND
ORGANIZATIONAL BEHAVIOR**

Topic 5 | Week 5

BBA Program | Summer **2025**



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TOPICS TO LEARN

- ❑ Strategic Management
- ❑ Levels of Strategies for Multi-Business Organization
- ❑ Stages of Strategic Management - Formulation, Implementation, and Evaluation
- ❑ The Environmental Analysis Approach: SWOT Analysis
- ❑ Portfolio Approach: BCG Growth-Share Matrix
- ❑ Competitive Approach: Porter's Five Forces Model
- ❑ Porter's Generic Strategies
- ❑ The Miles and Snow Typology

STRATEGIC MANAGEMENT

A **strategy** is a comprehensive plan for accomplishing an organization's goals.

Strategic management is a comprehensive and ongoing management process aimed at formulating and implementing effective strategies.

Finally, **effective strategies** are those that promote a superior alignment between the organization and its environment and the achievement of strategic goals.

LEVELS OF STRATEGIES FOR MULTI-BUSINESS ORGANIZATION

Corporate Level
Strategies

Business Level
Strategies

Operational Level
Strategies



Production

Marketing

Finance

HR

LEVELS OF STRATEGIES FOR MULTI-BUSINESS ORGANIZATION

1. Corporate-Level Strategy

Corporate-level strategy is the set of strategic alternatives from which an organization chooses as it manages its operations simultaneously across several industries and several markets.

- ❑ It involves decisions made by top management to determine the overall direction and scope of the entire organization.
- ❑ It involves decisions regarding which industries or markets to enter, how to allocate resources among different business units, and how to manage the overall portfolio of businesses.

2. Business-Level Strategy

Business-level strategy is the set of strategic alternatives from which an organization chooses as it conducts business in a particular industry or market.

- It involves decisions related to creating competitive advantages, positioning the company relative to competitors, and satisfying customer needs in the target market.

3. Operational-Level Strategy

Operational-level strategy deals with the day-to-day operations and activities of an organization.

- It involves decisions related to processes, resources, and capabilities to ensure efficient execution of tasks and achieve organizational objectives.

LEVELS OF STRATEGIES FOR MULTI-BUSINESS ORGANIZATION

Which of the following is a corporate-level strategy for SQUARE?

- A. Deciding which industries or markets to enter in 2024
- B. Deciding how to allocate resources among its different business units
- C. Deciding how to manage its overall portfolio of businesses
- D. All of them

LEVELS OF STRATEGIES FOR MULTI-BUSINESS ORGANIZATION

Deciding how SQUARE Pharmaceuticals can satisfy customer needs in its target market is a corporate-level strategy for the company.

True/False?

LEVELS OF STRATEGIES FOR MULTI-BUSINESS ORGANIZATION

By giving its customer care representatives power to make decisions regarding regular customer complaints, SQUARE Hospital makes a business-level strategy to enhance operational efficiency.

True/False?

STAGES OF STRATEGIC MANAGEMENT - FORMULATION, IMPLEMENTATION, AND EVALUATION

Strategy formulation is the set of processes involved in creating or determining the strategies of the organization.

Strategy implementation is the methods by which strategies are operationalized or executed within the organization.

The primary distinction is along the lines of content versus process: **The formulation stage determines what the strategy is**, and **the implementation stage focuses on how the strategy is achieved**.

STAGES OF STRATEGIC MANAGEMENT - FORMULATION, IMPLEMENTATION, AND EVALUATION

Sometimes the processes of formulating and implementing strategies are rational, systematic, and planned. This is often referred to as a **deliberate strategy** — a plan chosen and implemented to support specific goals.

Other times, however, organizations use an **emergent strategy** — a pattern of action that develops over time in an organization in the absence of mission and goals or despite mission and goals.

STAGES OF STRATEGIC MANAGEMENT - FORMULATION, IMPLEMENTATION, AND EVALUATION

Strategy evaluation is the process of assessing the effectiveness and success of the strategies implemented by an organization.

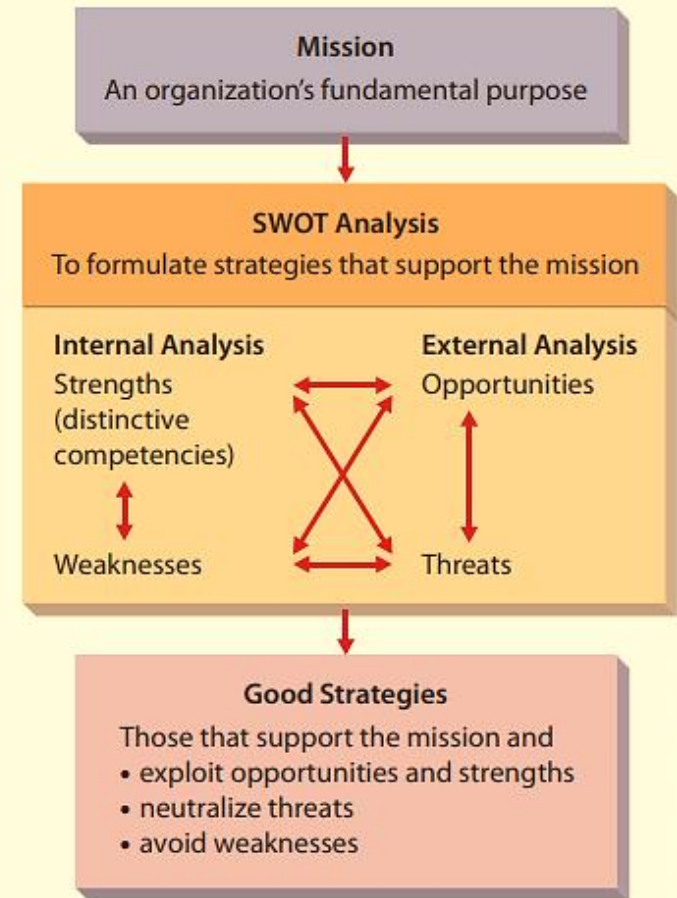
It involves analyzing both the formulation and implementation of strategies to determine their impact on achieving organizational goals and objectives.

THE ENVIRONMENTAL ANALYSIS APPROACH: SWOT ANALYSIS

The starting point in formulating strategy is usually **SWOT analysis**.

The acronym "SWOT" stands for –

- ☐ Strengths,
- ☐ Weaknesses,
- ☐ Opportunities, and
- ☐ Threats.



THE ENVIRONMENTAL ANALYSIS APPROACH: SWOT ANALYSIS

Evaluating an Organization's Strengths

Organizational strengths are skills and capabilities that enable an organization to conceive of and implement its strategies.

Common Organizational Strengths: A **common strength** is an organizational capability possessed by a large number of competing firms.

Distinctive Competencies: A **distinctive competence** is a strength possessed by only a small number of competing firms..

THE ENVIRONMENTAL ANALYSIS APPROACH: SWOT ANALYSIS

Evaluating an Organization's Weaknesses

Organizational weaknesses are skills and capabilities that do not enable an organization to choose and implement strategies that support its mission.

THE ENVIRONMENTAL ANALYSIS APPROACH: SWOT ANALYSIS

Evaluating an Organization's Opportunities and Threats

Organizational opportunities are areas that may generate higher performance.

Organizational threats are areas that increase the difficulty of an organization's performing at a high level.

THE ENVIRONMENTAL ANALYSIS APPROACH: SWOT ANALYSIS

The fact that faculty members publish research papers and contribute to knowledge generation is a common strength to all universities.

True/False?

PORTFOLIO APPROACH: BCG GROWTH-SHARE MATRIX

Portfolio management techniques are methods that diversified organizations use to determine which businesses to engage in and how to manage these businesses to maximize corporate performance.

One of the most important portfolio management techniques is the **BCG matrix**.

PORTFOLIO APPROACH: BCG GROWTH-SHARE MATRIX

The **BCG (for Boston Consulting Group) matrix** provides a framework for evaluating the relative performance of businesses in which a diversified organization operates.

The BCG matrix uses two factors to evaluate an organization's set of businesses - **the growth rate of a particular market** and **the organization's share of that market**.

PORTFOLIO
APPROACH: BCG
GROWTH-SHARE
MATRIX

THE BCG MATRIX



High Growth, High Share. A significant amount of investment should be made in "Star" products.



High Growth, Low Share. Investment should be made in "Question Mark" products depending on their chances of becoming stars.



Low Growth, High Share. "Cash Cows" should be milked so products can be reinvested in "Stars" and "Question Marks".



Low Growth, Low Share. Businesses should liquidate, divest, or reposition products in the "Dogs" category.

PORTFOLIO APPROACH: BCG GROWTH-SHARE MATRIX

Dogs are businesses that have a very small share of a market that is not expected to grow.

Cash cows are businesses that have a large share of a market that is not expected to grow substantially.

Question marks are businesses that have only a small share of a quickly growing market.

Stars are businesses that have the largest share of a rapidly growing market.

PORTFOLIO APPROACH: BCG GROWTH-SHARE MATRIX

Cash generated by cash cows should be invested in dogs to improve their relative market share.

True/False?

PORTFOLIO APPROACH: BCG GROWTH-SHARE MATRIX

Organizations should invest carefully in question marks.

True/False?

PORTFOLIO APPROACH: BCG GROWTH-SHARE MATRIX

Stars are businesses that have the largest share of a rapidly growing market.

True/False?

BCG MATRIX OF PRAN

Pran Tomato Sauce, Pran UP, Pran Potato Crackers,
Pran Mineral Water, Pran Frooto, Pran Mango
Chutney, Pran Spice Powder, Pran Gems, Pran Lassi,
Pran Power

PORTFOLIO APPROACH: BCG GROWTH-SHARE MATRIX

		Relative Market Share	
		High	Low
Market Growth Rate	High	Stars 	Question Marks 
	Low	Cash Cows 	Dogs 

COMPETITIVE APPROACH: PORTER'S FIVE FORCES MODEL

The **Five Forces** is a framework for understanding the competitive forces at work in an industry, and which drive the way economic value is divided among industry actors.

A Five Forces analysis can help companies assess –

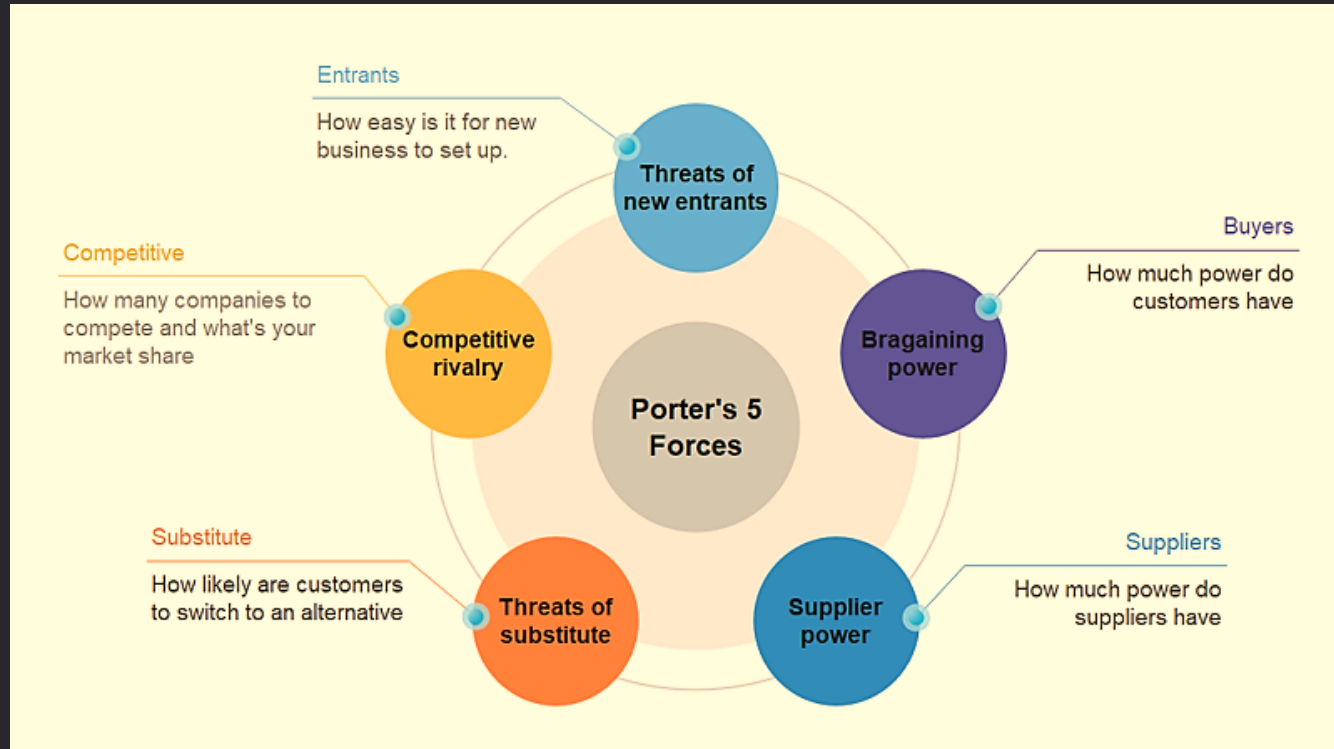
- ❑ industry attractiveness,
- ❑ how trends will affect industry competition,
- ❑ which industries a company should compete in, and
- ❑ how companies can position themselves for success.

COMPETITIVE APPROACH: PORTER'S FIVE FORCES MODEL

Porter's Five Forces Framework helps identify the attractiveness of an industry in terms of five competitive forces.

- i. Threat of New Entrants,
- ii. Threat of Substitutes,
- iii. Bargaining Power of Buyers,
- iv. Bargaining Power of Suppliers, and
- v. Extent of Rivalry Between Competitors.

COMPETITIVE APPROACH: PORTER'S FIVE FORCES MODEL



COMPETITIVE APPROACH: PORTER'S FIVE FORCES MODEL

A Five Forces analysis can help companies –

- A. assess industry attractiveness
- B. how trends will affect industry competition
- C. which industries a company should compete in
- D. All of them

COMPETITIVE APPROACH: PORTER'S FIVE FORCES MODEL

If rivalry is intense, it drives down prices or dissipates profits by raising the cost of competing.

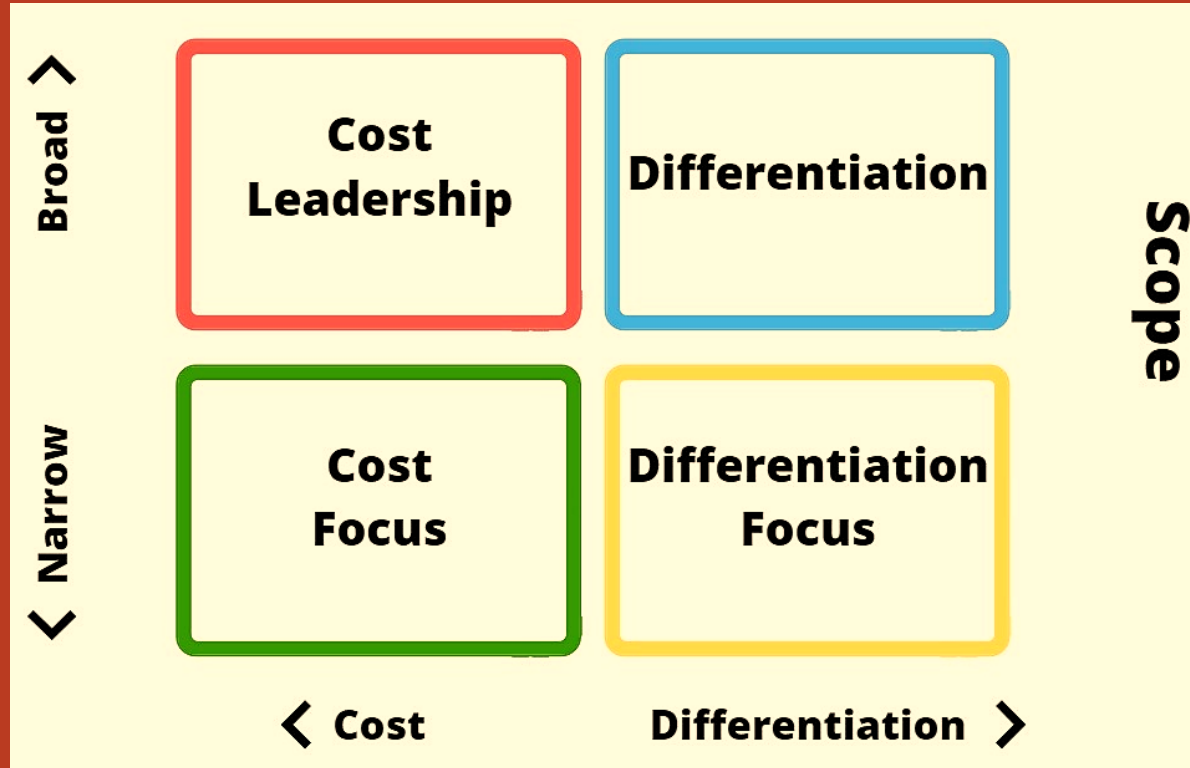
True/False?

COMPETITIVE APPROACH: PORTER'S FIVE FORCES MODEL

Buyer power is highest when buyers are large relative to the competitors serving them.

True/False?

PORTER'S GENERIC STRATEGIES



1. The Differentiation Strategy

An organization that pursues a **differentiation strategy** seeks to distinguish itself from competitors through the quality (broadly defined) of its products or services.

Firms that successfully implement a differentiation strategy are able to charge more than competitors because customers are willing to pay more to obtain the extra value they perceive.

2. The Overall Cost Leadership Strategy

An organization implementing an **overall cost leadership strategy** attempts to gain a competitive advantage by reducing its costs below the costs of competing firms.

By keeping costs low, the organization is able to sell its products at low prices and still make a profit.

3. The Focus Strategy

A firm pursuing a **focus strategy** concentrates on a specific regional market, product line, or group of buyers.

This strategy may have either a **differentiation focus**, whereby the firm differentiates its products in the focus market, or an **overall cost leadership focus**, whereby the firm manufactures and sells its products at low cost in the focus market.

PORTER'S GENERIC STRATEGIES

Table 8.1 Porter's Generic Strategies

Strategy Type	Definition	Examples
Differentiation	Distinguish products or services	Aarong bKash Grameenphone
Overall Cost Leadership	Reduce manufacturing and other costs	Walton Nagad Airtel
Focus	Concentrate on specific regional market, product market, or group of buyers	UCB Taqwa iFarmer djuice

PORTER'S GENERIC STRATEGIES

Rolex watches are handmade of precious metals like gold or platinum and stainless steel, and they are subjected to strenuous tests of quality and reliability. The firm's reputation enables it to charge thousands of dollars for its watches. Rolex follows –

- A. the differentiation strategy
- B. the overall cost leadership strategy
- C. the cost leadership focus strategy
- D. the differentiation focus strategy

PORTER'S GENERIC STRATEGIES

Fiat sells its reasonably priced automobiles only in Italy and in selected regions of Europe. Fiat follows –

- A. the differentiation strategy
- B. the overall cost leadership strategy
- C. the cost leadership focus strategy
- D. the differentiation focus strategy

PORTER'S GENERIC STRATEGIES

Timex has specialized in manufacturing relatively simple, low-cost watches for the mass market. The price of its watches, starting around \$39.95, is low because of the company's efficient high-volume manufacturing capacity. Timex follows –

- A. the differentiation strategy
- B. the overall cost leadership strategy
- C. the cost leadership focus strategy
- D. the differentiation focus strategy

THE MILES AND SNOW TYPOLOGY

Table 8.2 The Miles and Snow Typology

Strategy Type	Definition	Examples
Prospector	Is innovative and growth oriented, searches for new markets and new growth opportunities, encourages risk taking	Pathao Daraz Bangladesh
Defender	Protects current markets, maintains stable growth, serves current customers	Olympic Industries Limited Bank Asia
Analyzer	Maintains current markets and current customer satisfaction with moderate emphasis on innovation	Square Pharmaceuticals ACI Limited
Reactor	No clear strategy, reacts to changes in the environment, drifts with events	Biman Bangladesh Airlines Bangladesh Petroleum Corporation (BPC)

THANK YOU



CONSULTATION HOURS

Sunday and **Tuesday**

12:20 PM - 2:35 PM

Monday and **Wednesday**

10:50 AM - 2:35 PM



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