

# Chapters 08 (Strategic Management) ①

(\*) Strategic Management.

Is what manager do to develop an organization's strategies.

(\*) Strategies:

The decision and actions that determine long-term performance of an organization.

(\*) Business Model:

Is a strategic design for how a company intends to profits from its strategies, work processes and work activities.

Focuses on 2 things:

- whether consumer will value what company is providing.
- whether company can make a money do that

(\*) Why is St. Mang. is imp.?

- ① Result in higher organizational performance
- ② Requires that manager examine and adapt to business environment changes.
- ③ It co-ordinates diverse organizational units, helping them focus on organization's goals.

(2)

## 6 - Steps

The Strategic management process is a 6-Steps process that comprises:-

- Strategy planning
- Implementation
- Evaluation

(\*) Step 01 : Identifying the Current Mission, Goals and Strategies.

- ① Mission: A statement of the org.'s purpose
- ② Goals: The foundation for further planning
- ③ Measurable performance target.

(\*\*) Step 02 : Doing an external analysis:-

→ The environment scanning of specific and general environments

- (a) Focused on identifying opportunities and threats.

(\*\*\*) Step 03 : Doing an internal analysis:-

→ Assessing organizational resources

(capabilities and activities)

- ① Strength: Creates Strength.

- ② Weakness: Remove Weakness.

- ③ Analyzing financial and physical assets (Intangible assets, employee's skills, culture, corporate reputation)

(3) Step 02 and 03 combined are called SWOT analysis:

- (1) Strengths, (2) Weakness
- (3) Opportunities
- (4) Threats

### Step 04: Formulating Strategies:-

- Develop and evaluate strategic alternatives
- Select appropriate strategies for all levels in organization.
- Match organizational strengths to environmental opportunities
- Correct weaknesses and guard against threats

### Step 05: Implementing Strategies:-

Implementation - effectively fitting organizational structure and activities to the environment

### Step 06: Evaluating Results:-

- ① How effective have strategies been?
- ② What adjustments, if any, are necessary?

## (\*) "Corporate Strategy" (4)

that specifies what business is in or would be in and what is want to do.

### → "Types of Corporate Strategies"

#### ① Growth:-

Seeking to increase the organization's business by expansion into new products and markets.

#### → Types of GROWTH STRATEGIES:-

##### (\*) Concentration:-

##### (\*) Vertical Integration:-

Focusing in reducing number of products offered or E:- Control of input B:- " " input

##### (\*) Horizontal Integration:-

Combining operation with another compatible

##### (\*) Diversification:-

→ Related :-  
→ Unrelated :-

#### ② Stability Strategy:-

##### Appropriate If:-

① Manage want to maintain status = quo to deal with dynamic envirnment

② Organ. is experiencing slow - growth condition. ③ Film elect not to grow

③

## Renewal Strategies:-

Strategies to combat organizational weaknesses are likely to take longer time.

### (\*) Reinforcement :-

Focusing on weaknesses and of eliminating non-critical strengths.

### (\*) Turnaround :-

Addressing critical long-term performance problems through strong cost elimination measures.

"How are Corporate Strategies Managed?"

### "BCG MATRIX"

~~① Developed by~~

→ considers market Share and Industry Growth Rate.

→ Classifies firms as:-

① Cash Cows

low growth rate, high market share

② Stars:

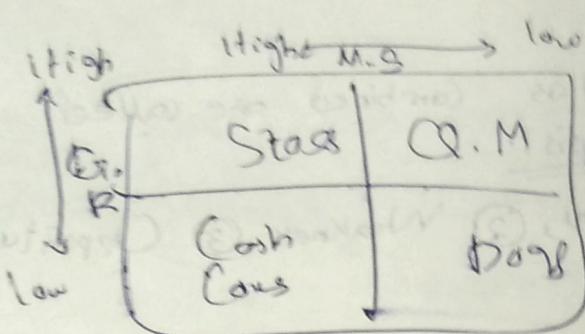
H. Gr. R, H. M. S

③ Question Dogs:

H. Gr. R, L. M. S

④

L. Gr. R, L. M. S



## Choosing a Competitive Strategy

### ① Cost Leader

Seeking to attain lowest total overall costs relative to other industry competitors

### ② Differentiation:

Attempting to create unique and distinctive product or service for which customers will pay a premium.

### ③ Focus:

Using a cost or differentiation advantage to exploit a particular market segment (often from a larger market)

## Why Strategic Flexibility is important

Involves the ability:

- ① to recognize major external changes
- ② To quickly commit resources to strategic decisions
- ③ To recognize when a strategic decision

⑦

## New Direction: Strategies for Applying e-Business Techniques

### (\*) Cost - Leadership:

On-line activities: bidding, order processing, item inventory control, SCM (Supplier and shipping).

### (\*) Differentiation:

Internal-based Knowledge systems, online ordering and support.

### (\*) Focus:

Chat rooms and discussion boards, targeted websites.

## "New Direction: Innovation Strategies"

### ① Possible Event

- (\*) Radical breakthroughs in products.
- (\*) Application of existing technology to new uses.

### ② Strategic Decision about Innovation

(\*) Basic = Research

(\*) Product = development

(\*) Process = ~~Innovation~~ Innovation

## ③ First Mover Advantage (3)

An organization that is first to bring a product, innovation & market or use a new process innovation.

### Advantages

① Reputation for being innovative.

② Cost and learning benefits.

③ Opportunity to begin building customer relationships and

build customer loyalty.

### Disadvantages

① Risk of being imitated by competitors trying to innovate.

② Financial and strategic risks.

③ High development costs.

④ Shortage of skilled personnel.

→ What kind of know-how?

giving signals for lack of our own

→ what kind of resources?

→ what kind of capabilities?

## Chapter #01

→ Why (F&B) managers are important?

3 important

① Org. need managerial skills and abilities.

② ~~Impres~~ Mang. are critical to getting things done.

③ Managerial ability is imp for creating organizational value.

→ Who are manager?

Define =

"Organizational member who tell others what to do and how to do it!"

"Some one who coordinates and oversees the work of other people so that organizational goals can be accomplished."

"Mang. job is not personal, it is about ~~to~~ others in their work helping"

→ Manager's Classify:-

① First-line Mang.

They manages the work of non-managerial employees who typically are involved with producing the organization's products or servicing the organization's customers. Also called Shift / district / department / office mang.

(2) Middle-line:-

who work at F1-line. also called Regional / project - leader / Store / division ~~mang.~~ mang.

opportunities into its business strategies. Sustainability issues are now moving up the agenda of business leaders and boards of thousands of companies.

→ "The Universality of Management".  
(Why Study Manage  
mnt)

a) With absolute certainty that management is needed in all types and sizes of organizations, to all organizational levels and in all organizational work areas, and in all organizations, no matter where they are located. This is Univer of Mgmt.

In all these organizations, ~~management~~ must pl.

## "Chapter 02" (History)

### → Early Management

Examples:-

Egyptian Pyramids and the Great wall of China  
thousands of people were completed in ancient time.  
It took 200,000 workers over 20 years to build

1 pyramid..

→ 1776, Adam Smith published  
The Wealth of Nations, in which  
he argued economic order and society  
would gain from the division of labour

① Division of work. ② Authority.  
 ③ Discipline ④ Unity of Command ⑤ Unity  
 of direction of individual interests to general interest  
 ⑥ Centralization ⑦ Sodal Chain  
 ⑧ Order ⑨ Equality  
 (Mang. is the King)

### → "Bureaucracy":-

"A form of an organization characterized by division of labor, of clearly defined hierarchy, detailed rules and regulations, and impersonal relationships."

### → Behavioral Approach:-

The study that ~~seach~~ researchers the action of behavior of people at work is Organizational Behavior (OB). Mang. who managing people - motivating, leading, building trust, work with team, managing conflict ~~and~~, has come out of OB ~~re~~ seach.

### → "Quantitative Approach":

which is the use of quantitative techniques to improve decision making. This approach also called Management Science.

### → "Total Quality Management"

is management philosophy devoted to continual improvement and responding to customer's need and expectation.

## → Contemporary Approaches

Management researchers began to look at what was happening in external environment outside the boundaries of organization.

### → 2 Contemporary management precept

- ① System
- ② Contingency.

#### → System.

Set of interrelated and interdependent parts arranged in a manner that produces a unified whole.

- ① Closed System:- Not affect / interact by their environment
- ② Open System:- vice versa.

#### → Contingency Approach / Situational APP.:-

"Org. are diff. & face diff situations and require diff way of managing."

## Chapter 03"

### → "The Omnipotent View"

Dominated view in mm theory and Society in general is org. is responsible & be an organization's success or failure.

### → "Symbol View":-

Org.'s success/fail is due to external forces outside manager's control.

## (or job Specialization).

→ Starting in late 80's CE, machine power was substituted for human power & a point in history known as the "Industrial Revolution" it became more economical to manufacture goods in factories rather than at home.

## → "Classical Approach"

Classical approach emphasized rationality and making organization and workers as efficient as possible. Two ~~TOP~~ theories comprise this approach.

- ① Scientific ~~and~~ management
- ② General administrative theory.

(Frederick W. Taylor + Lillian Gilbreth)

(Max Weber + Max Weber)

## → Scientific Management.

Use the scientific methods to find "one best way" for a job to be done.

"Best person for best job".

- o) Divide work and responsibility almost equally b/w management and workers. Management does all work for which it is better suited the workers.

## → GAT:

- What manager do and
- 5 functions of manager.
- 5 principles of management

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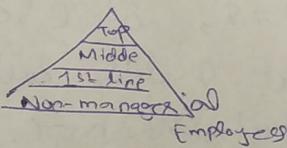
### ③ Top Managers:-

who responsible for making decisions and establishing the plans. also called organization-wide executive vice presidents, directors, chief operating officers or chief executive officers.

→ "Where Do Mang. Work?"

→ "Organization"

Deliberate arrangement of people to accomplish some specific purpose



→ "Management"

involves co-ordinating and overseeing the work activities of others so that activities are completed efficiently and effectively.

→ Managers ensure that our activity are completed eff and eff by people.

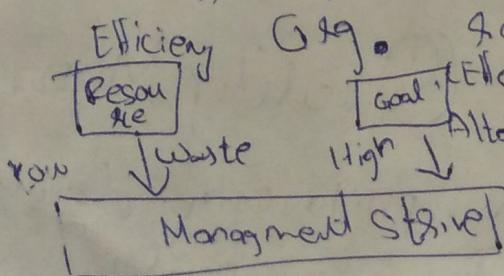
→ "Efficiency":-

- ⇒ Most output from least input.
- ⇒ Efficient use of resources.
- ⇒ Doing things right.

→ "Effectiveness":-

⇒ Doing right things.

⇒ Work action that will help org. goal to its goals.



### ③ "Decisional Roles"

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator

## → Management Skills - (Robert L. Katz)

### ① Technical Skills

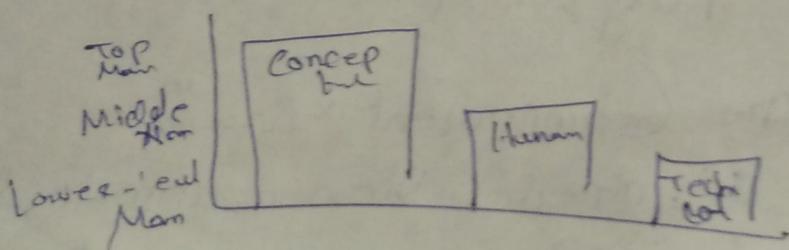
are job-specific knowledge and techniques needed to proficiently perform work tasks.

### ② Human Skills

involve the ability to work well with other people both individually and in a group.

### ③ Conceptual Skills

are skills managers use to think and to conceptualize about abstract and complex situations. Using these skills, see org. as whole



## → Sustainability:

has been defined as company's ability to achieve its business goals and intact long-term shareholder value by integrating economy, environment and social

## → Managerial Functions:-

→ Mang. perform certain activities.

### ① "Planning":-

Mang. engage in planning, they set goals, establish ~~strategic~~ strategies for achieving these goals and develop plans.

### ② "Organizing":-

Mang. are also responsible for organizing and structuring work to accomplish the organization's goals.

### ③ "Leading":-

Motivating, leading and any other action involved in dealing with people.

### ④ "Controlling":-

Monitoring activities to ensure that they are accomplished as planned.

## → "Mintzberg's Managerial Roles and Contemporary Model of Managing"

•) also known as " managerial researches "

### ① Managerial Roles: (Mintz)

→ Specific actions or behaviors expected of and exhibited by a manager.

### ① "Interpersonal":- { ② "Informational Roles"

Roles are:-

- ) Figurehead
- ) Leader
- ) Liaison

- ) Monitor
- ) Disseminator
- ) Spokesperson

## Chapters #05

(1)

### "Social Responsibility And Managerial Ethics"

① Social Obligation:-  
Obligation of business to meet economic and legal and responsibilities and more.

② Social Responsiveness:-Responsiveness:

When a organization engages in social activities in response to some popular social need.

③ Social Responsibility:-

A business intention beyond its legal and economic obligations to do right.

→ How To Go Green"

① Legal (or light Green) Approach-

Firm Obeying laws, rules and regulation and all LEGAL shift.

② Moral Approach-

Firm respond to customers for environment friendly product.

③ Stakeholder Approach :-

Firm work to env demand of multiple stakeholders.

④ Activist Approach :-

Firm looks way to respect and preserve env.

(+)

### Ethics:

Principle, values and beliefs that define what is right and wrong behaviour.

## ② FACTOR THAT AFFECT EMPLOYEE ETHICS

### ① Moral Development:-

→ A measure of independence from outside influences.

→ Level of Individual Moral Development:-

① Preconventional Level

② Conventional Level

③ Principled Level

\* → Stage of Moral Development interacts with:

### ① Individual Characteristics:-

→ Values

→ Personality

→ Locus:-

1) External

2) Internal

### ② Structural Variables:-

Firm Characteristics and mechanisms

for guide.

\*) Performance appraisal Systems

\*) Reward Allocation      \*) Behaviors of managers

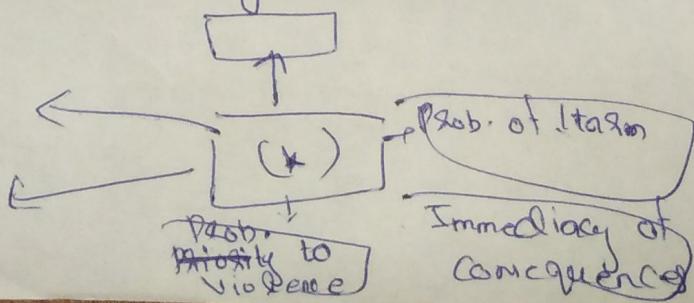
### ③ Organization's Culture:-

→ Value Based Management

→ Purpose of Shared Values

→ Bottom line of Shared Values

### ④ Intensity of Ethical Issue.



③

## "How Managers Can Improve Ethical Behavior"

- 1) Hire people high ethics
- 2) Make codes of ethics
- 3) Lead by example
- 4) Set realistic job goals.
- 5) Provide ethics training
- 6) Conduct independent social audits.
- 7) Provide support to ethical dilemmas.

## "Use of Codes Of Ethics"

- 1) As guide in handling shifts in decision making
- 2) Communication to all employees.
- 3) Have all level of management continually re-affirm
- 4) Consistently discipline to code because

## "Value of Ethics Training"

- 1) Make difference in ~~ethic~~ behaviors.
- 2) Classifies and re-inforce firm's Standard
- 3) Helps employees to become more confident.

## "Being Ethical Leader"

All good person/manager's ~~attribute~~ attributes

"Managing Ethical Lapses and Social Responsibility"

(4)

- ① Provide Ethical Leader.
- ② Protect employee who raise ethical issues.

"Social & Issues Awareness"

→ Social Entrepreneurs:

People find things to improve  
Society want to make world better place  
and have a driving passion to make them happen

"Promotions of Positive Social Change"

① Corporate Philanthropy..

① Campaigns

② Donations

③ Funding own Foundations

② Employees Volunteering Efforts..

① Team Volunteering

② Individual volunteering during