

NETA PowerPoint Slides
to accompany

Williams/Champion/Hall

MGMT

Fourth Canadian Edition

BUSA 7250

Dr Ike Hall, MSc, MBA, BEng
1-5 Sep 2025



WEEK 1 LECTURE- CHAPTER 5

Organizational Strategy

FOUR BASIC STRATEGIES

Competitive Advantage

Competitive Scope	Broad Target	1. Cost (What process?)	2. Differentiation (How?)
	Narrow Target	3. Focus (Where?, Whom?) Cost (What Process?)	4. Focus (Where?, Whom?) Differentiation (How?)

DIFFERENTIATE (HOW)?.....

COST (HOW...& WHY)?.....

FOCUS – “ic” (Market Segmentation)

DEMOGRAPHIC

GEOGRAPHIC

PYSCHOGRAPHIC

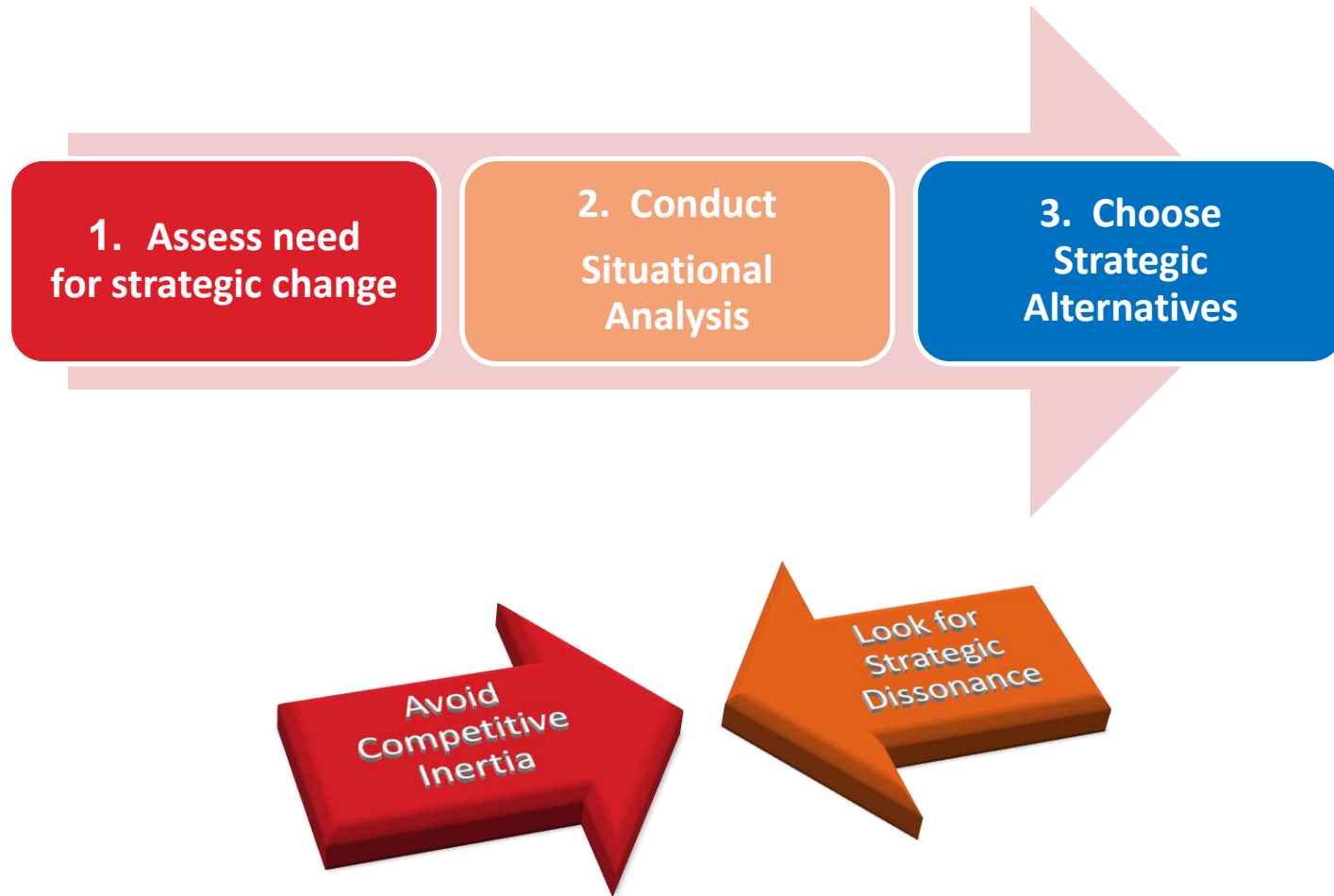
ATTRIBUTES: (Doing *ONE* thing extremely well)

Why do we buy McDonald's Hamburgers – because they are the best hamburger around?

Do we buy transportation when we buy a Harley-Davidson Motorcycle?

Differentiation strategies are basically tied to “attributes” (what the client receives... the benefits they get).

Strategy-Making Process



Situational Analysis (Internal and External Analysis)

- Distinctive competences & Core capabilities
- Shadow-strategy task force
- Environmental scanning (Porter)
- Strategic groups (Mapping)
- PESTEEL analysis



Assessing the External Environment Macro-Drivers

PEST FORCES FOR STRATEGY

Political

Economic

Social/
Demographic

Technological



OPPORTUNITIES
&
THREATS

Exhibit 5.7

Porter's Five Industry Forces



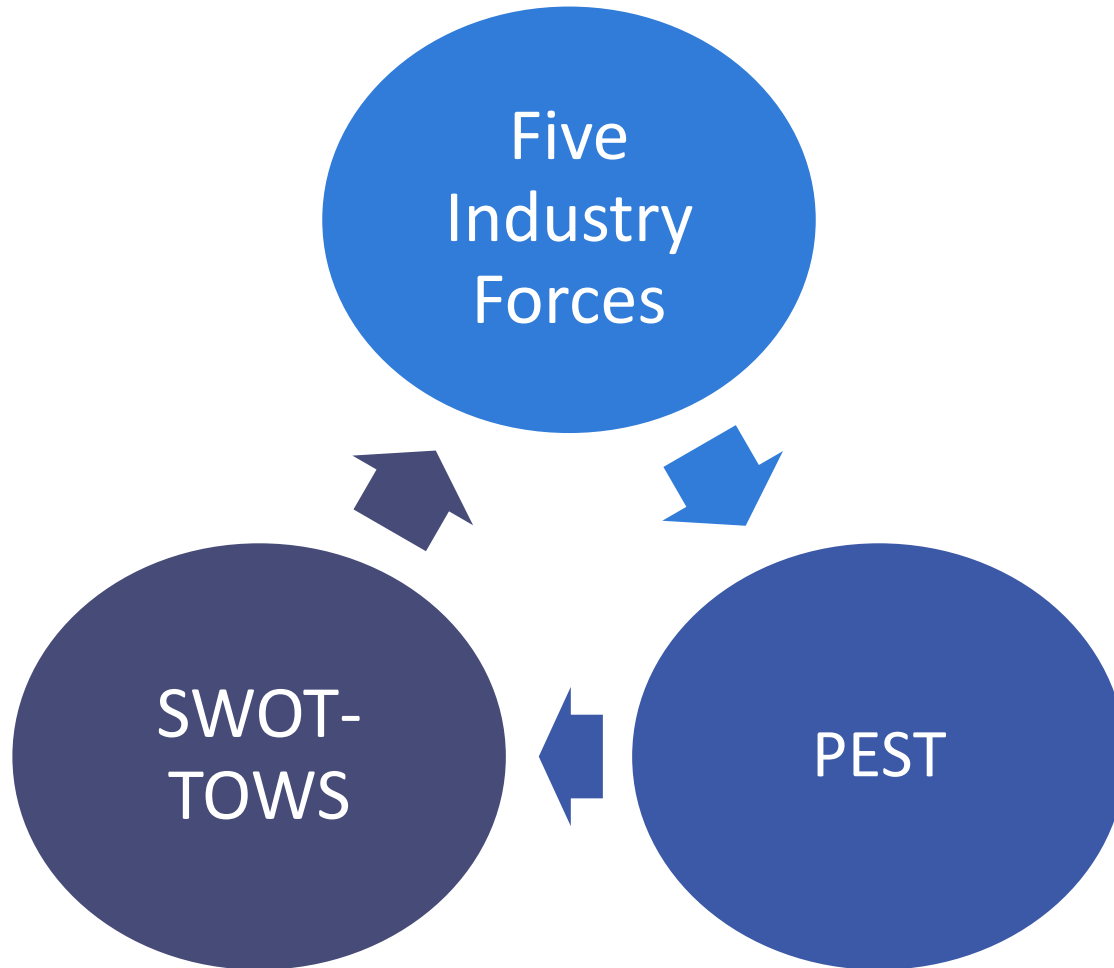
Source: © Mind Tools Ltd, 1996–2016. All rights reserved. "Mind Tools" is a registered trademark of Mind Tools Ltd. Reproduced with permission. https://www.mindtools.com/pages/article/newTMC_08.htm

Sample Situational Analysis

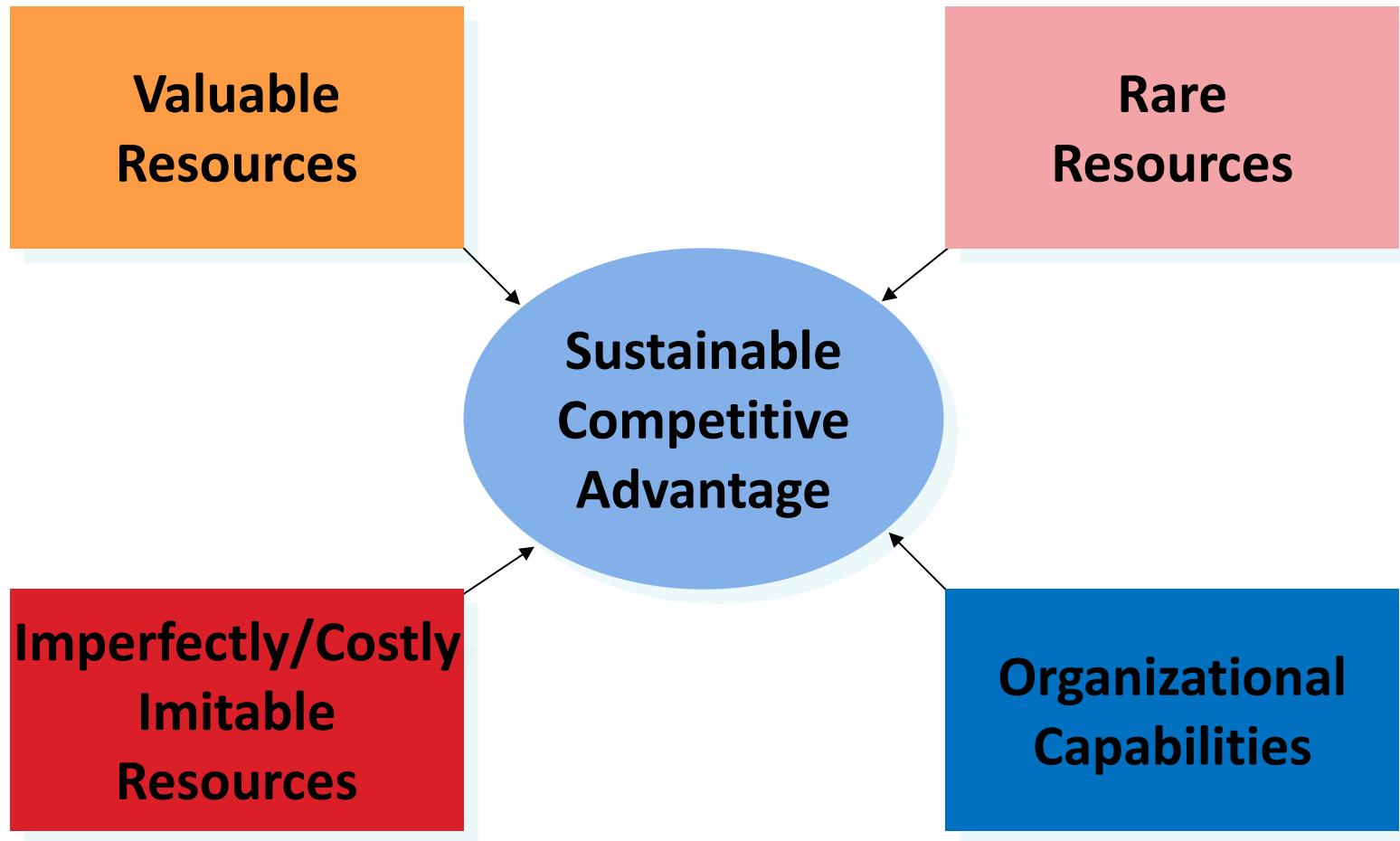
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">• Techy image• Efficient Consultant• Product innovator	<ul style="list-style-type: none">• Poor experience• Lagging in ecommerce• No clear “record”
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">• QR codes & IT growth• Minimal barriers of entry• Growth in BC market	<ul style="list-style-type: none">• Inflation is increasing• Slowdown in some sectors• Growing bargaining power of suppliers and customers

Industry-Level Strategies:

How Should We Compete in This Industry?



Requirements for Sustainable Competitive Advantage



Corporate-Level Strategies

PORTFOLIO STRATEGY

- Acquisitions
- Unrelated diversification
- Related diversification
- Single businesses

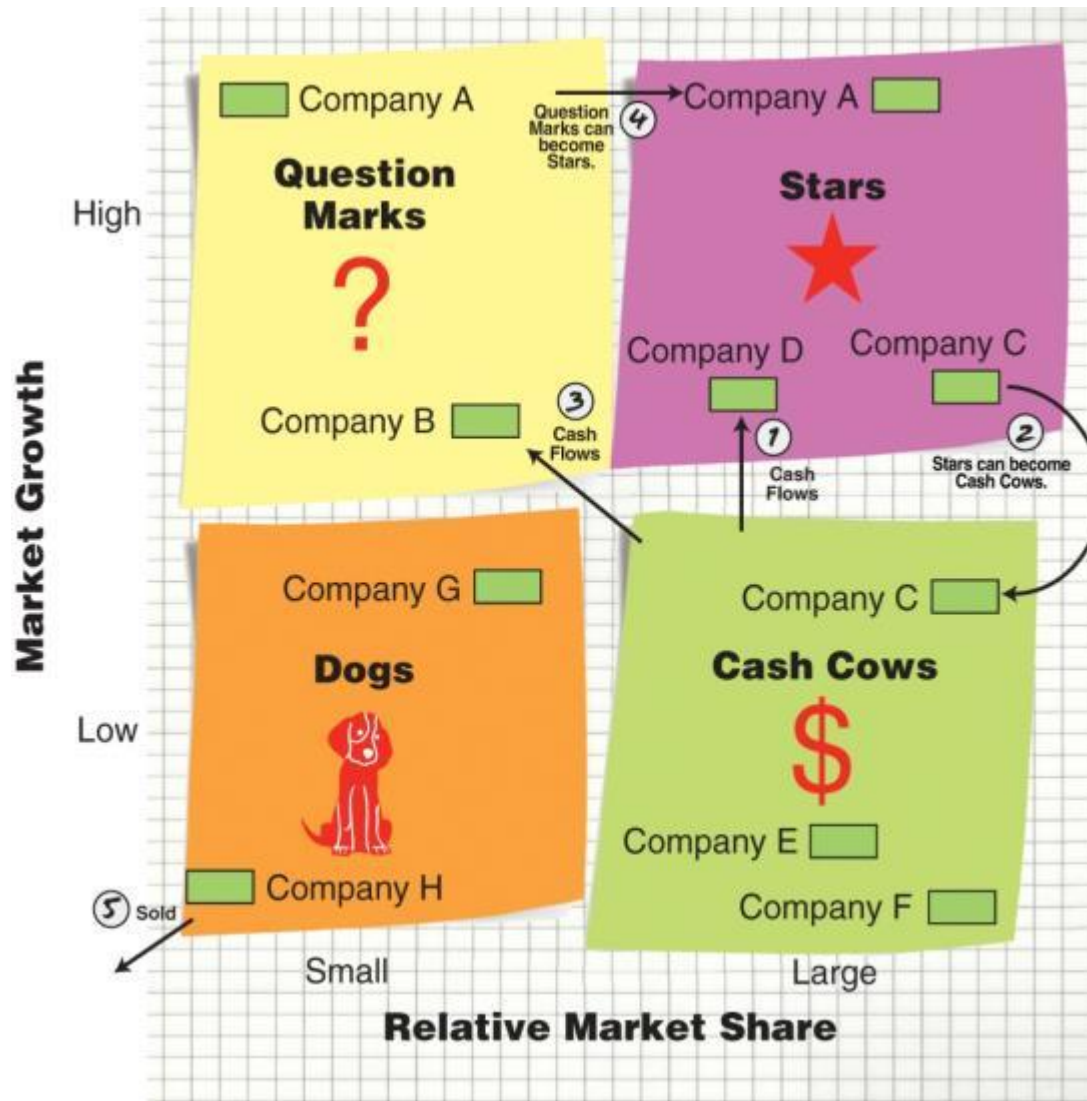
- BCG Matrix
 - Stars
 - Question marks
 - Cash cows
 - Dogs

GRAND STRATEGIES

- Growth
- Stability

- Retrenchment/recovery

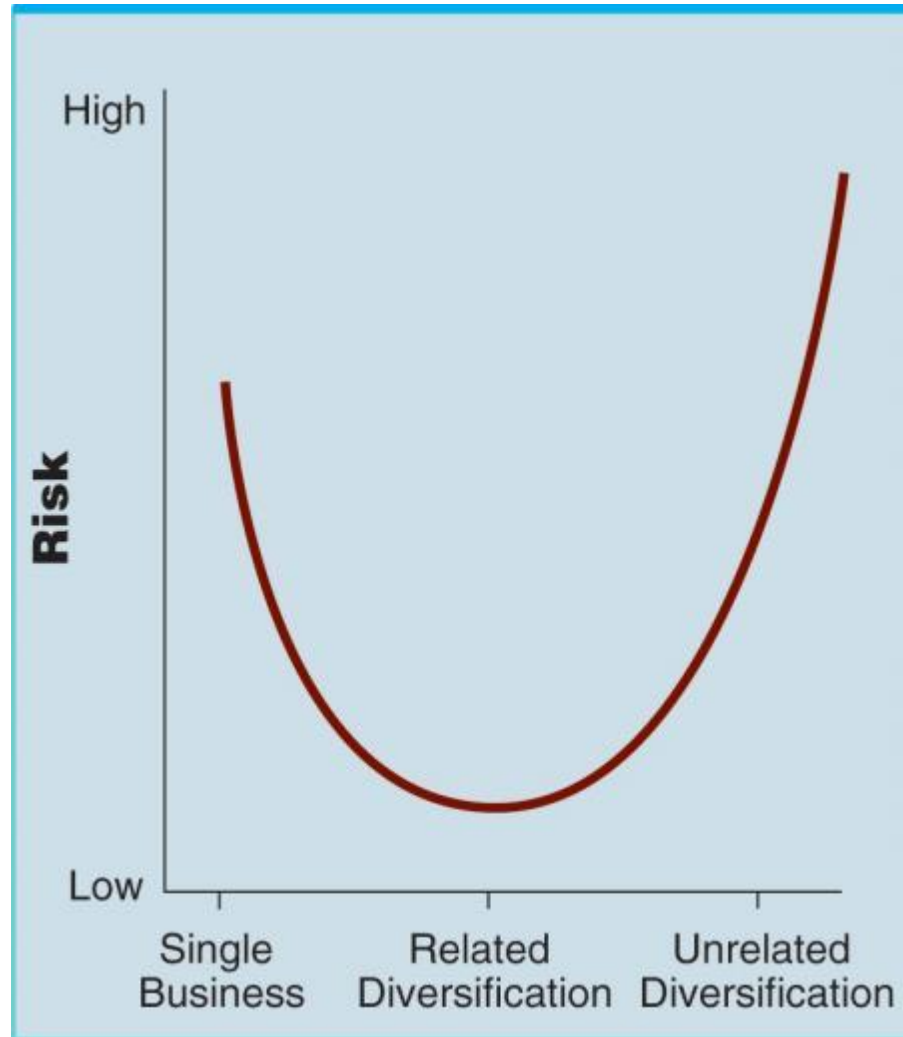
Problems with Portfolio Strategy








Problems with Portfolio Strategy

- Unrelated diversification does not reduce risk.
- Present performance is used to predict future performance.
- Cash cows fail to aggressively pursue opportunities and defense themselves from threats.
- Being labeled a “cash cow” can hurt employee morale.
- Companies often overpay to acquire stars.
- Acquiring firms often treat stars as “conquered foes.”

U-Shaped Relationship Between Diversification and Risk



ANSOFF MATRIX

		Existing	Market	New
Product	Existing	<p><u>Market Penetration</u></p> 	<p><u>Market Development</u></p> 	
	New	<p><u>Product Development</u></p> 	<p><u>Related Diversification</u></p> 	<p><u>Unrelated Diversification</u></p> 

Firm-Level Strategies

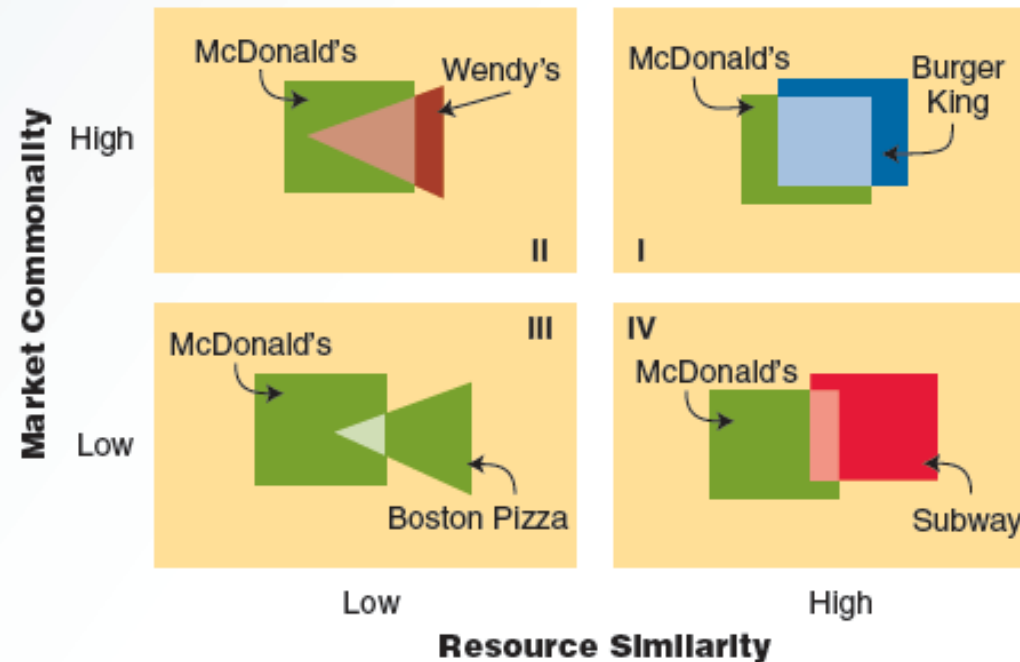
How Should We Compete Against an Established Firm?



Firm-Level Strategies

Exhibit 5.9

A Framework of Direct Competition



Sources: Reprinted with permission of Academy of Management via Copyright Clearance Centre, P O Box 3020, Briar Cliff Manor, NY, 10510-8020. M. Chen, "Competitor Analysis and InterFirm Rivalry: Toward a Theoretical Integration," *Academy of Management Review* 21 (1996): 100-134.) 21-39.

Firm-Level Strategies

Red Ocean Strategy

- Compete in existing market space.
- Beat the competition.
- Exploit existing demand.
- Make the value-cost trade-off.
- Align the whole system of a firm's activities with its strategic choice of how to differentiate.

Blue Ocean Strategy

- Create uncontested market space.
- Make the competition irrelevant.
- Create and capture new demand.
- Break the value-price trade-off.
- Align the whole system of a firm's activities in pursuit of your **differentiation**.