# UNIT – FOUR PART - ONE

- Strategic management is the process of formulating and implementing strategies to accomplish longterm goals and sustain competitive advantage.
- <u>Competitive advantage</u> arises when an organisation acquires or develops an attribute or combination of attributes that allows it to outperform its competitors.
- Henry Mintzberg describes **organisational strategy** as 'a pattern in a stream of decisions'.

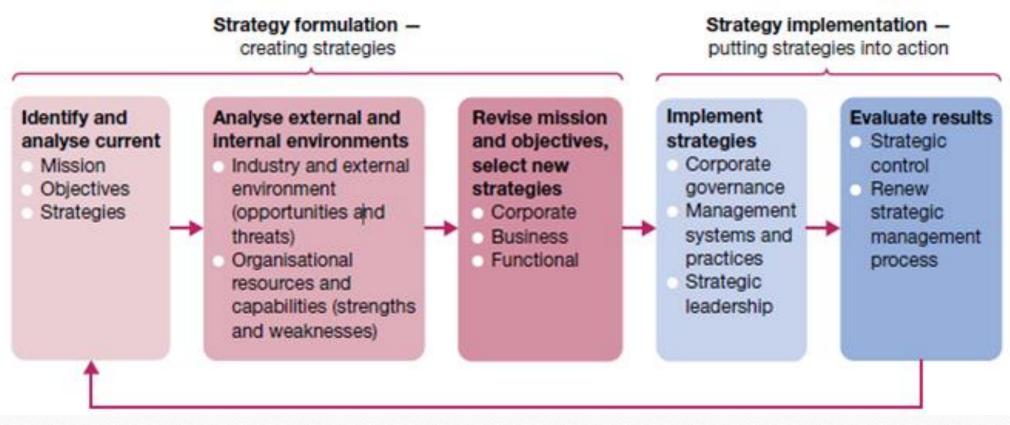
## • Sustainable strategic competitiveness

- Achieving and sustaining competitive advantage is a challenging task for even the largest organisations,
- Sustainable competitive advantage is the hallmark of successful companies
- Strategy provides the plan for allocating and using resources with consistent strategic intent that is, with all organisational energies directed towards a unifying and compelling target or goal.
- How environmental trends interact with each other to provide new opportunities and a changed business landscape.

# Strategic management goals

- A **goal** is a desired future state that the organization attempts to realize.
- Sound strategy starts with having the right goal, the ultimate goal for any business should be superior profitability.
- *Monopoly environment* exists there is only one organisation and no competition. This creates absolute competitive advantage, delivering sustainable and probably excessive business profits.
- An *oligopoly environment* or oligopolistic competition is a market where a small number of competitors feel themselves constrained more by the actions of their rivals than by those of their customers.

#### The strategic management process



Strategy formulation and implementation in the strategic management process

- The first strategic management responsibility is **strategy formulation**, the process of creating strategy.
- Peter Drucker associates this process with a set of five strategic questions:
- What is our business mission? Who are our customers? What do our customers consider value? What have been our results? What is our plan?

- The second strategic management responsibility is **strategy implementation**,
- It requires decision now. It imposes risk now. It requires action now. It demands allocation of resources, and above all, of human resources now. It requires work now.

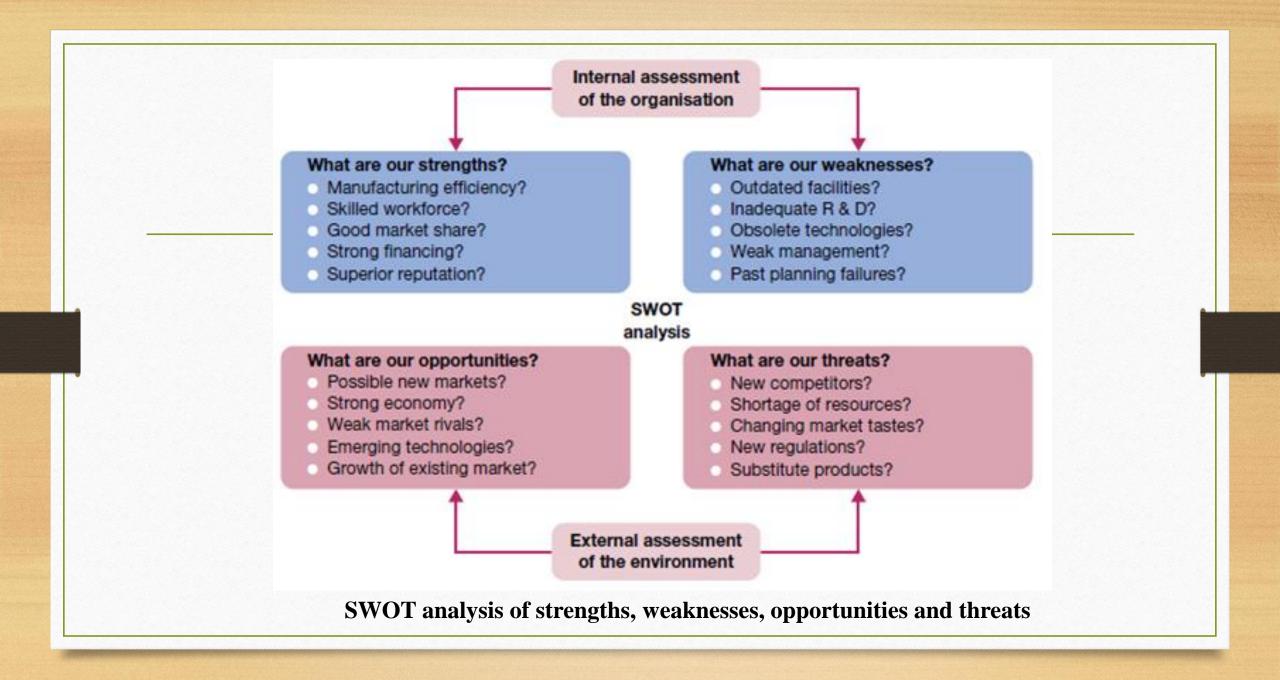


## Core values

- Organisational culture is defined as the predominant value system of the organisation as a whole.
- Shared values also help guide the behaviour of organisation members in meaningful and consistent ways
- core values are driven by a desire to improve human life, achieve scientific excellence, operate with the highest standards of integrity, expand access to our products and employ a diverse workforce that values collaboration'.

According to Peter Drucker, the operating objectives of a business might include:

i. profitability — producing at a profit in business
ii. market share — gaining and holding a specific market share
iii. human talent — recruiting and maintaining a high-quality workforce
iv. financial health — acquiring capital; earning positive returns
v. cost efficiency — using resources well to operate at low cost
vi. product quality — producing high-quality goods or services
vii. innovation — developing new products and/or processes
viii. social responsibility — making a positive contribution to society.



# **Analysis of industry and environment**

- A SWOT analysis is not complete until opportunities and threats in the external environment are also analysed. They can be found among *macroenvironment factors* such as technology, government, social structures and population demographics, the global economy and the natural environment. They can also include developments in the *industry environment* of resource suppliers, competitors and customers.
- Opportunities may exist as possible new markets or a strong economy;
- Threats may be identified in such things as the emergence of new competitors or technologies, resource scarcities, changing customer tastes and new government regulations, among other possibilities.