

Strategic Management

MG5596

Exam Preparation

May 2020

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Macro-environment

PESTLE/
SCANSTEP

Scenario
planning

Micro-environment

5-forces

Strategic
groups

Internal environment

Value chain

Strategic capabilities-
VRIN

The Business Environment

Internal Environment



- Product
- Price
- Place
- Promotion
- People
- Processes
- Physical Evidence
- Buildings
- Equipment



controllable

External Environment



Micro

- Customers
- Competitors
- Stakeholders



Macro

- Political
- Legal
- Economic
- Social /cultural
- Technological

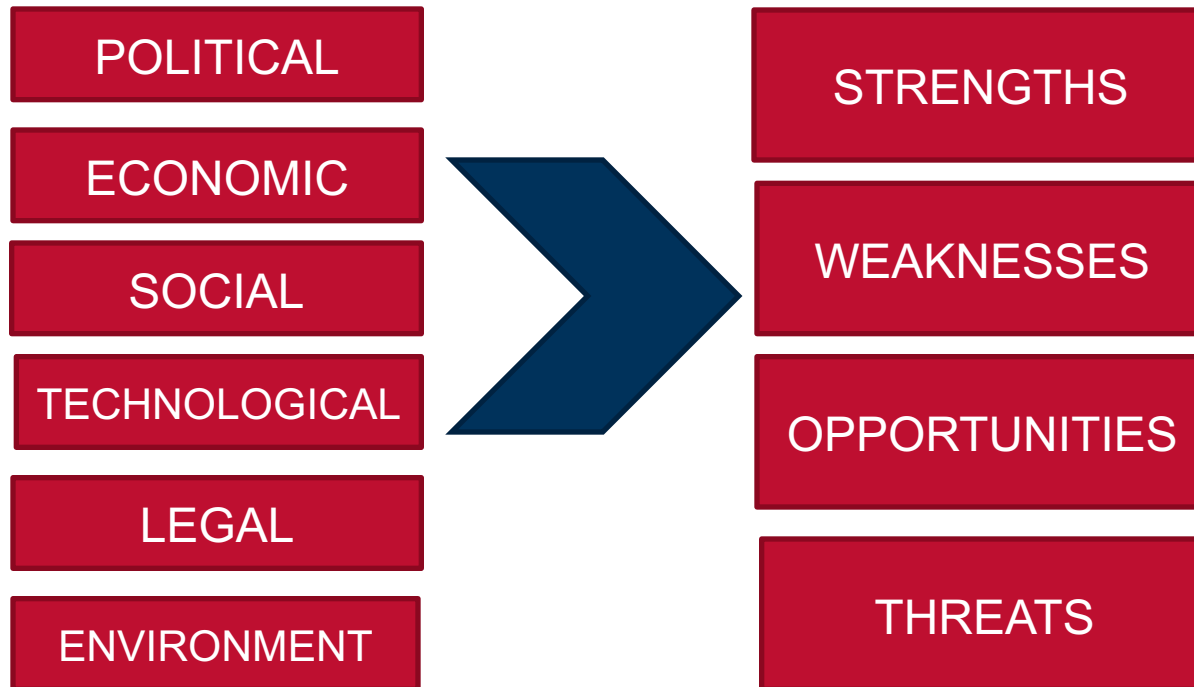


uncontrollable



Macro environment

PESTLE framework



External influence

Impact on firms

**Response by
firms**

P
Government policies that affect business

E
**The economic climate and factors such as
interest, VAT etc**

S
**Factors relating to the workforce and to
consumers**

T
**The opportunities and threats provided by
changing technology**

L
**The legal framework in which a business
operates**

E
**What is happening with respect to ecological
and environment aspects**

Scanstep© Micro environment worksheet



Issue Driver	Event or Trend	Stakeholder Linkages	Identified Issue that could have:	
			Positive impact	Negative Impact
<u>S</u> ocial				
<u>C</u> ultural				
<u>A</u> uthority				
<u>N</u> atural Environment (Ecological)				
<u>S</u> ecurity				
<u>T</u> echnology				
<u>E</u> conomic				
<u>P</u> olitical				

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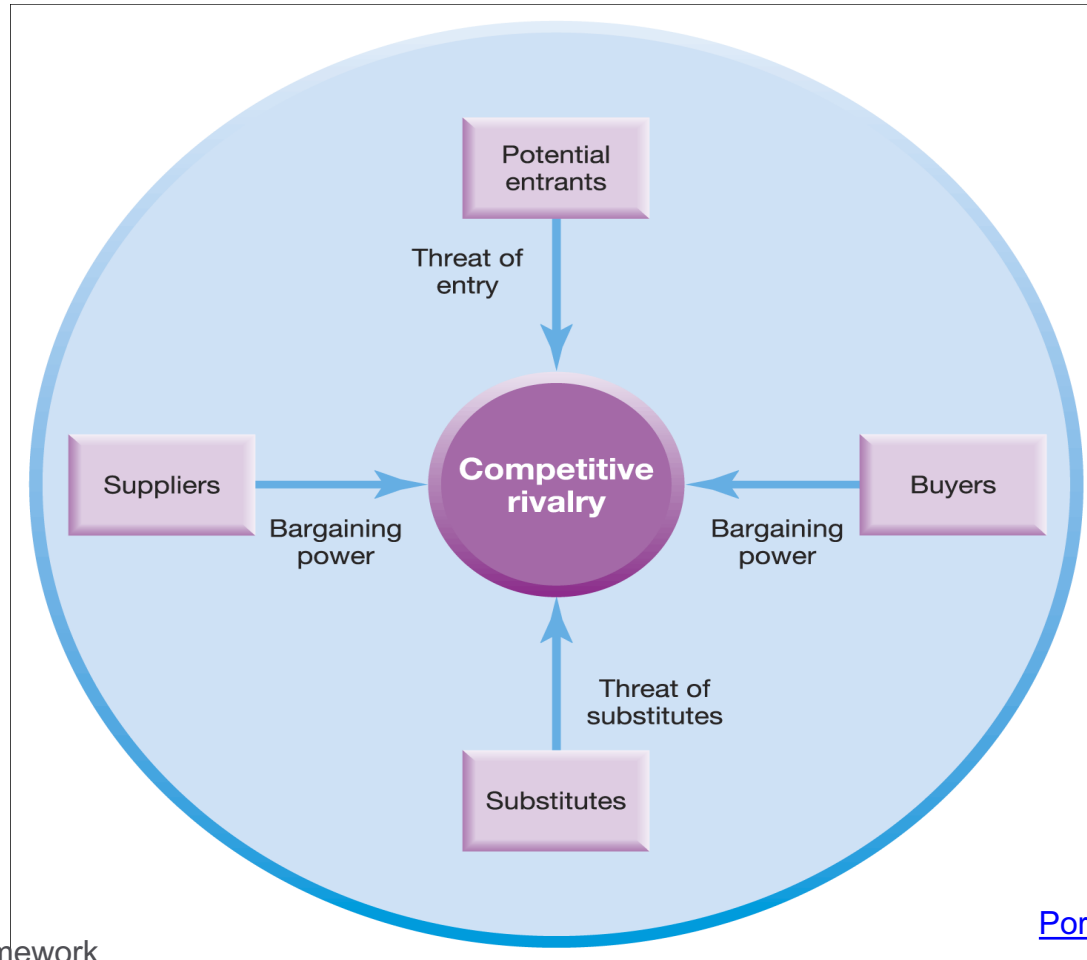
Strategic capabilities-
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Micro environment

Porter & Strategic Positioning

- Competitiveness is about gaining an advantage over competitors
- The aim of Porters five forces framework is to identify the key factors in the industrial environment which influence the organisation's capability to position itself in order to gain competitive advantage.
- This reveals how “attractive” “profitable” an industry is.

The five forces framework

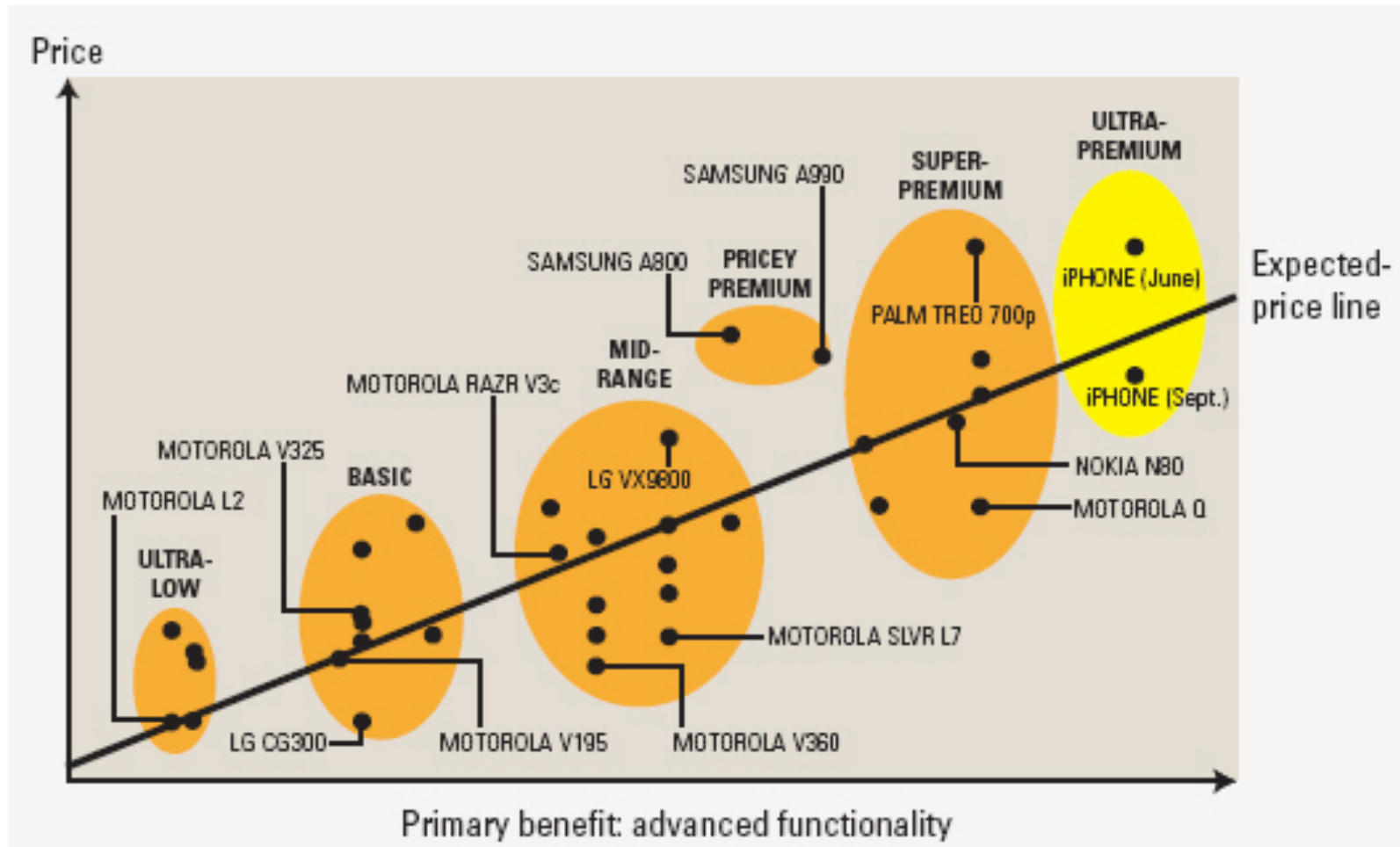


[Porter on 5 Forces](#)

The five forces framework

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Strategic groups



D'Aveni, R. A. (2007). Mapping your competitive position. *Harvard business review*, 85(11), 110-20.

<https://hbr.org/2007/11/mapping-your-competitive-position>

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Core competencies

competitive advantage

Each element can be rated on a four-point scale:

A=Outstanding generator of value and advantage – of genuine strategic significance

B=Valuable, but not a crucial source of advantage

C=useful, but probably of declining significance

D=already declining in significance and unlikely to be sustainable

	V	R	I	O	S	comments
Strategic Assets						
Distinctive capability						

Core competency and competitive advantage?

Eg: Automobile industry

VOLVO ~safety

core competency?

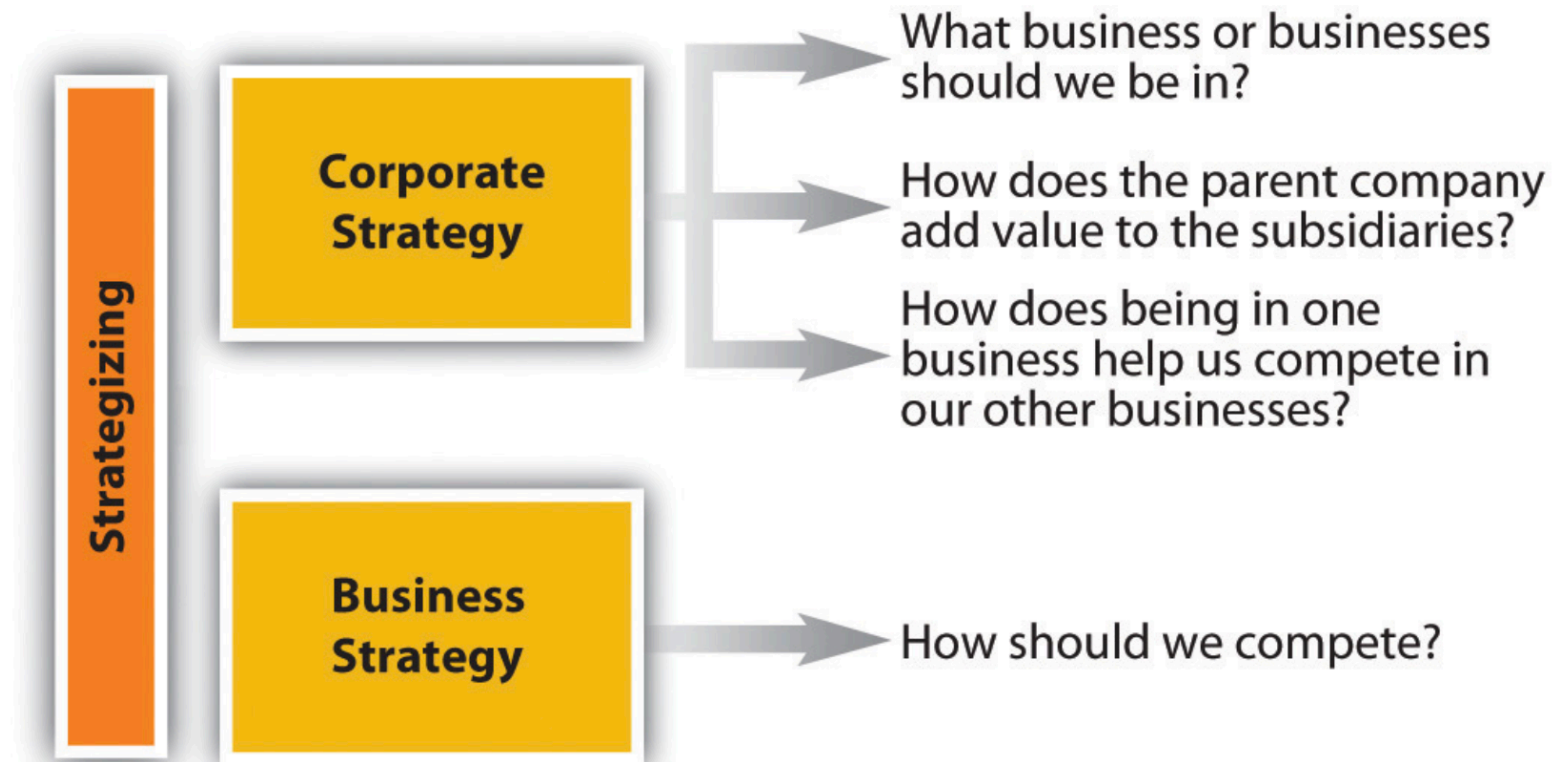
→ ability to source and design high protection components OR

→ Research and responds to market demand on safety

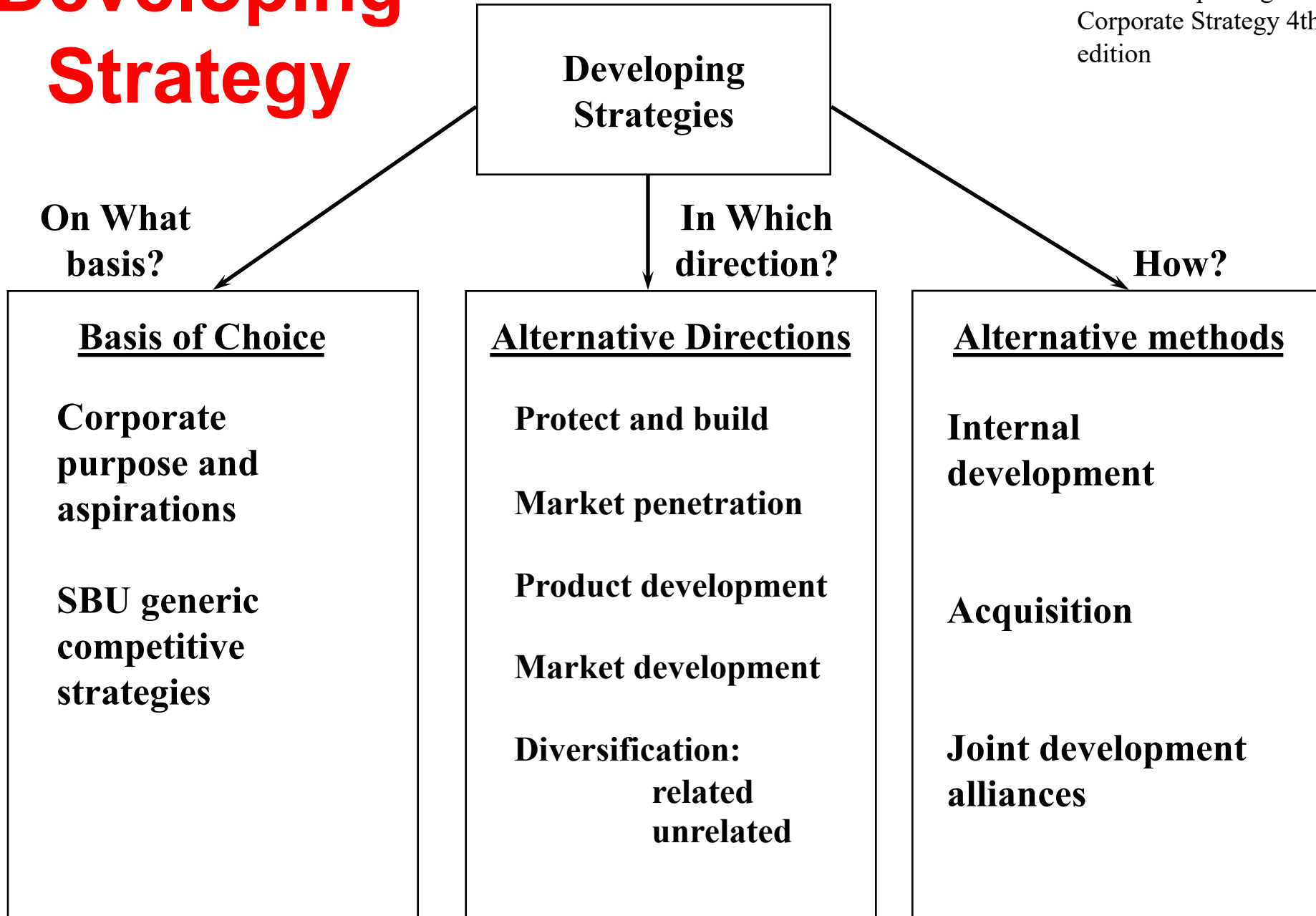
Does this give the companies competitive advantage?

Business and Corporate Strategy

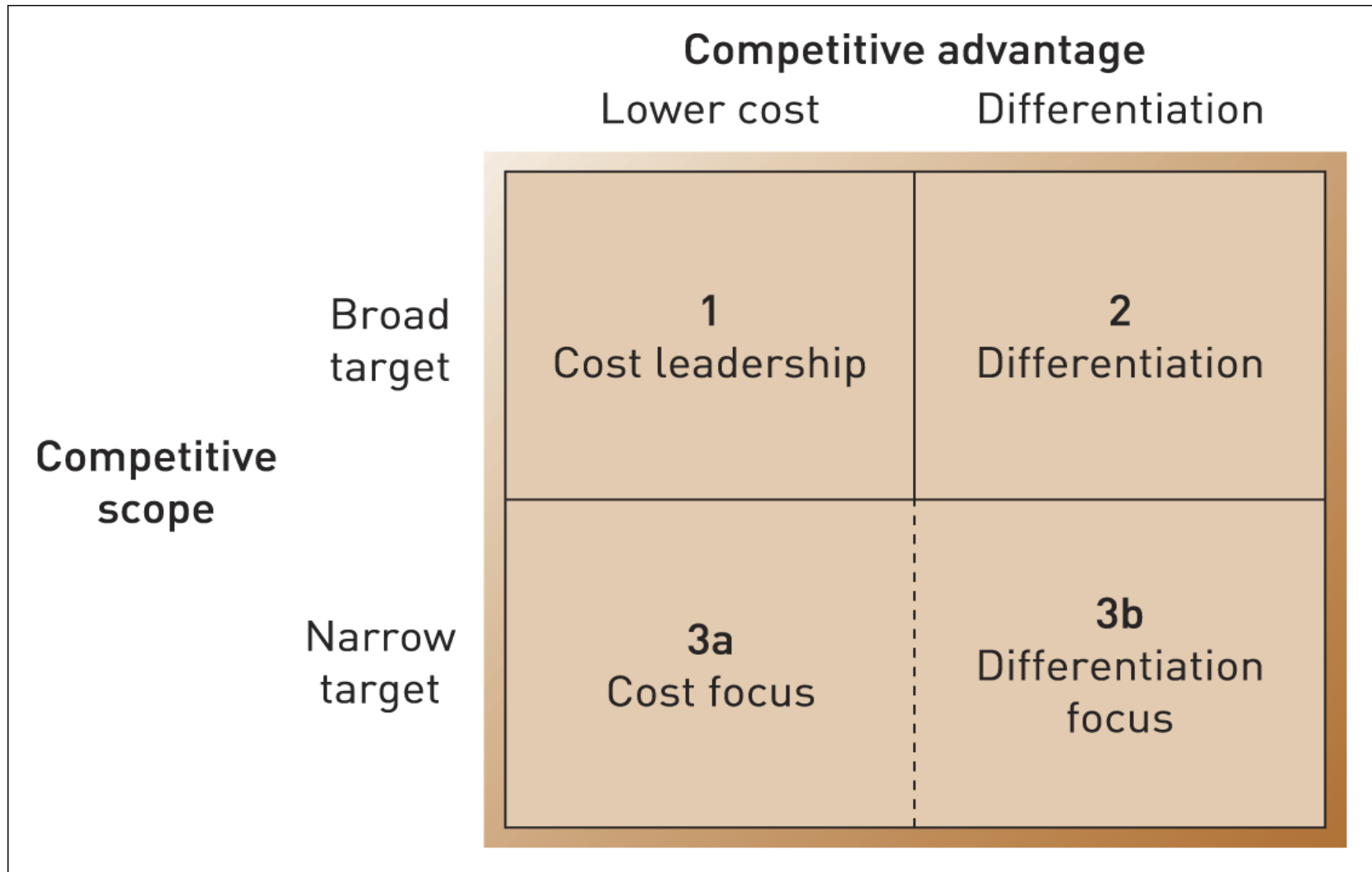
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Developing Strategy

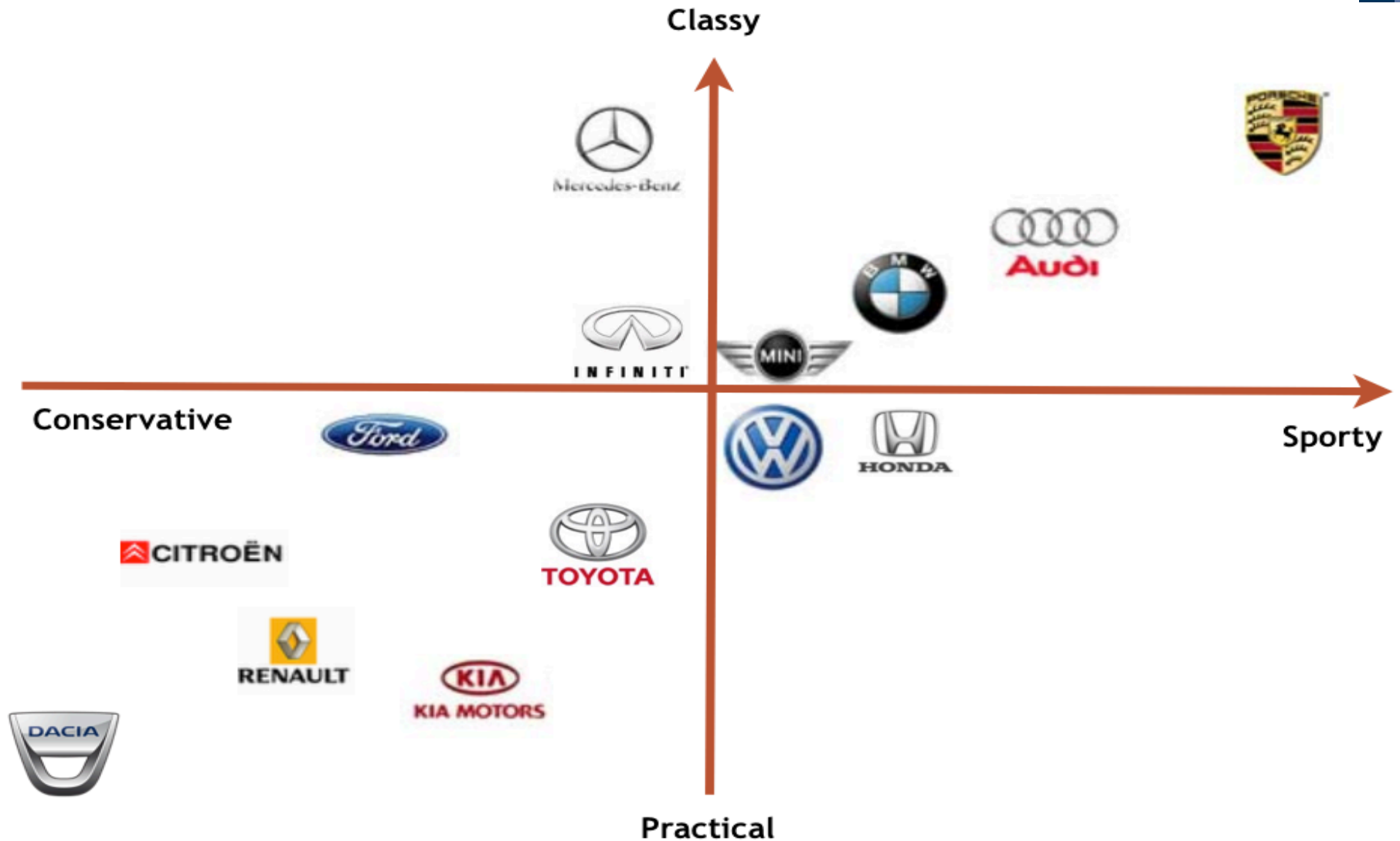


Porters Generic Strategies

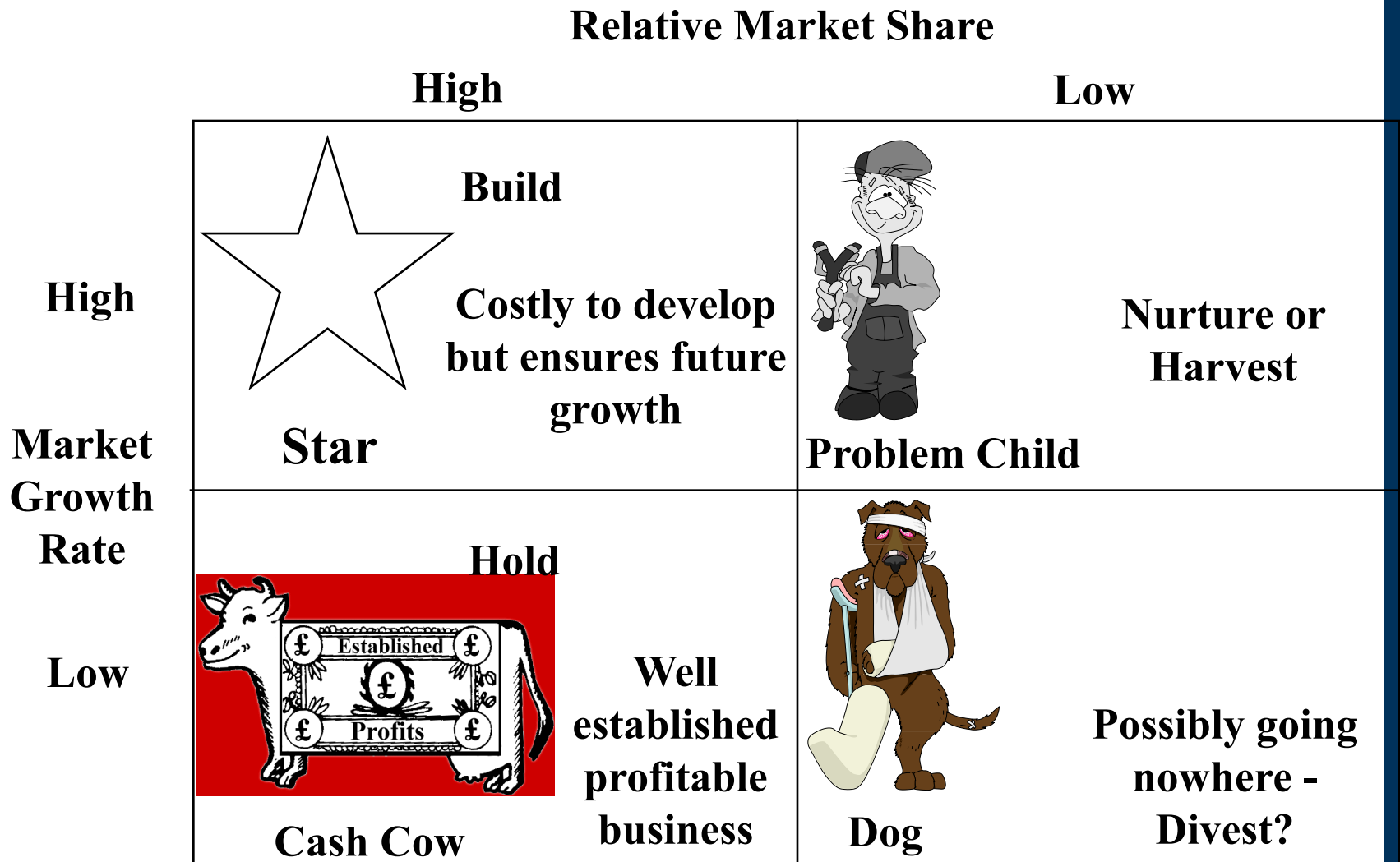


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Differentiation in the automobile industry

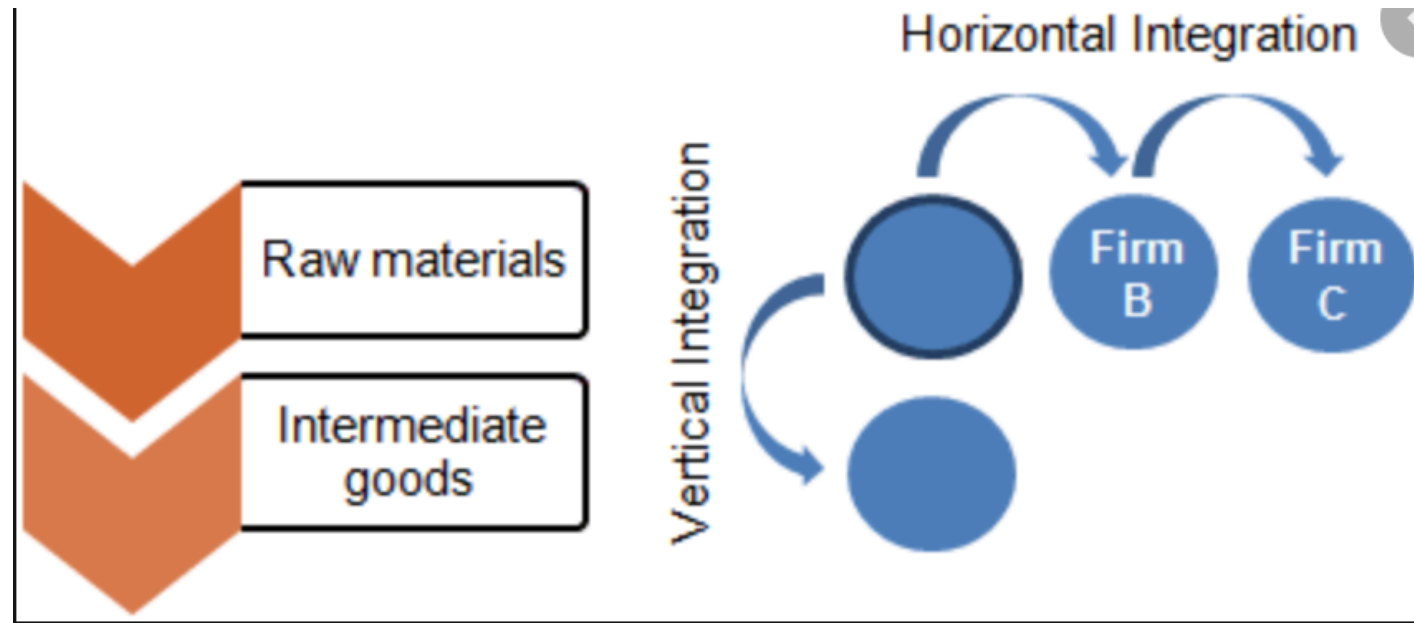


BCG: Growth Share Matrix

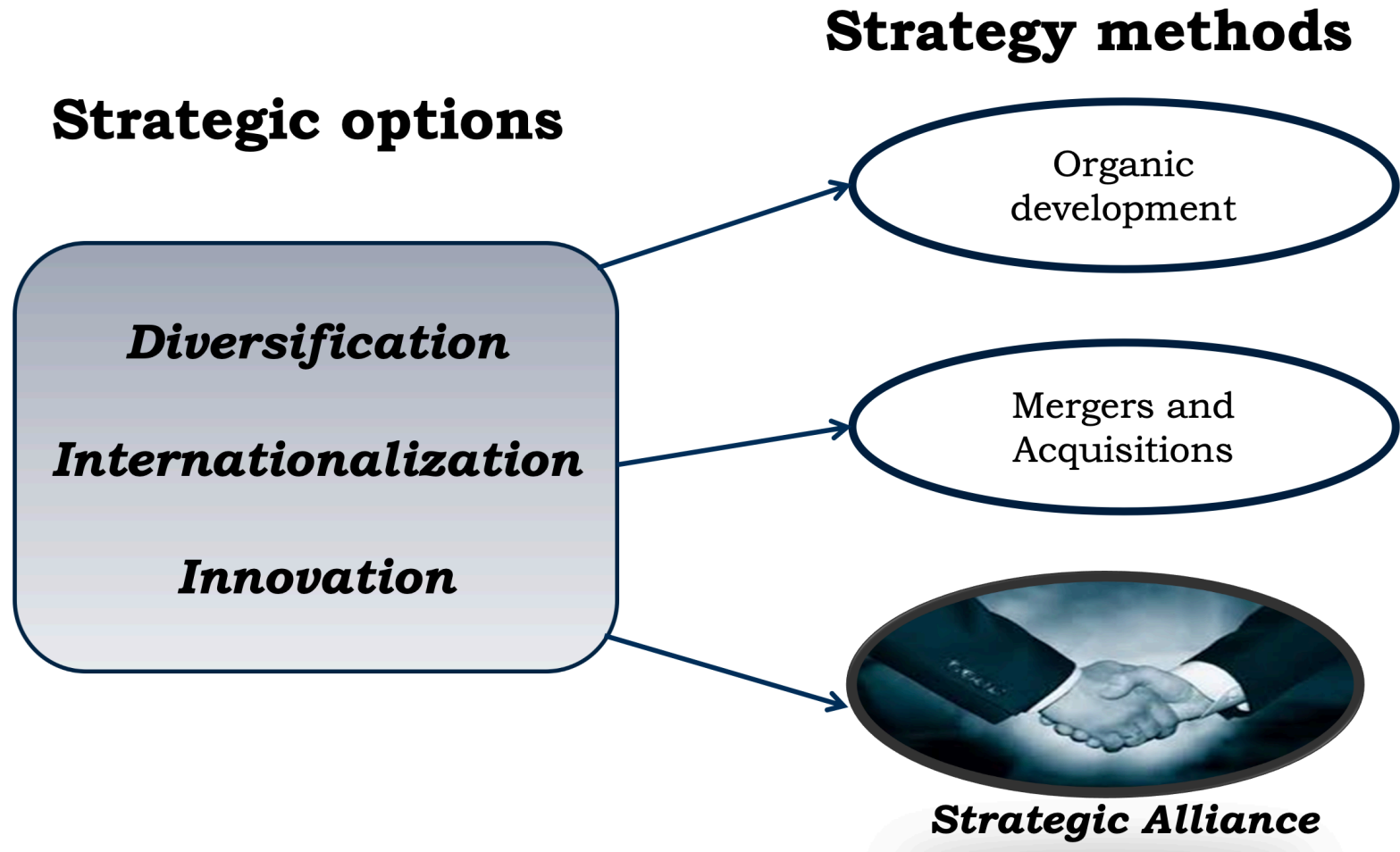


Horizontal vs vertical integration

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Strategic Alliances



Exam structure

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Answer THREE questions:

Part A, question one (compulsory) and TWO questions from Part B.

Question 1 carries an examination weighting of 40%, all Part B questions carry a weight of 30% each.

Question 1 is based on the case study.

The case study

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ASOS Resources and Capabilities

