



ensia The National School of
Artificial Intelligence
المدرسة الوطنية العليا للذكاء الاصطناعي

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الجمهورية الجزائرية الديمقراطية الشعبية
وزارة التعليم العالي والبحث العلمي

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المدرسة الوطنية العليا للذكاء الاصطناعي

National High School of Artificial Intelligence

(ENSIA)

Academic Year
2023-2024
[Y2-S1]

YOUR MANAGEMENT COURSE

Introduction to
BUSINESS

Introduction to Business / NNSAI (ENSIA) 2023-2024 / Instructor: Prof. Oukil



PART 3: PLANNING AND CONTROL

Chapter 7:

FORMULATING PLANS AND STRATEGIES

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Formulating Plans and Strategies

Learning Goals



1. Describe the importance and core components of strategic and tactical planning;
2. Discuss the effects of organisational diversification strategies on planning;
3. Describe the basic levels of strategy and planning;
4. State the primary tasks of the strategic business-level planning process;
5. Explain the generic competitive strategies model;
6. Explain the integrated strategy/model.



Importance of Planning

When used EFFECTIVELY it should assist leaders and managers in:

A-
**Anticipating
and avoid
future
problems**

**D- Discovering
new
opportunities**

B-
**Comprehending
the uncertainties
and risks with
various options**

**C- Developing
effective courses
of action (strategies
and tactics)**

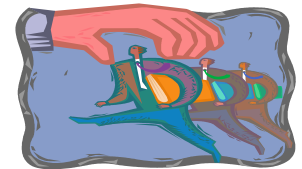


Types of Planning:

1- Strategic Planning

□ The process of:

1. Diagnosing the organisation's external and internal environments;
2. Deciding on a vision and mission;
3. Developing overall goals;
4. Creating and selecting general strategies to be pursued;
5. Allocating resources to achieve the organisation's goals.





In most large firms, SP involves:

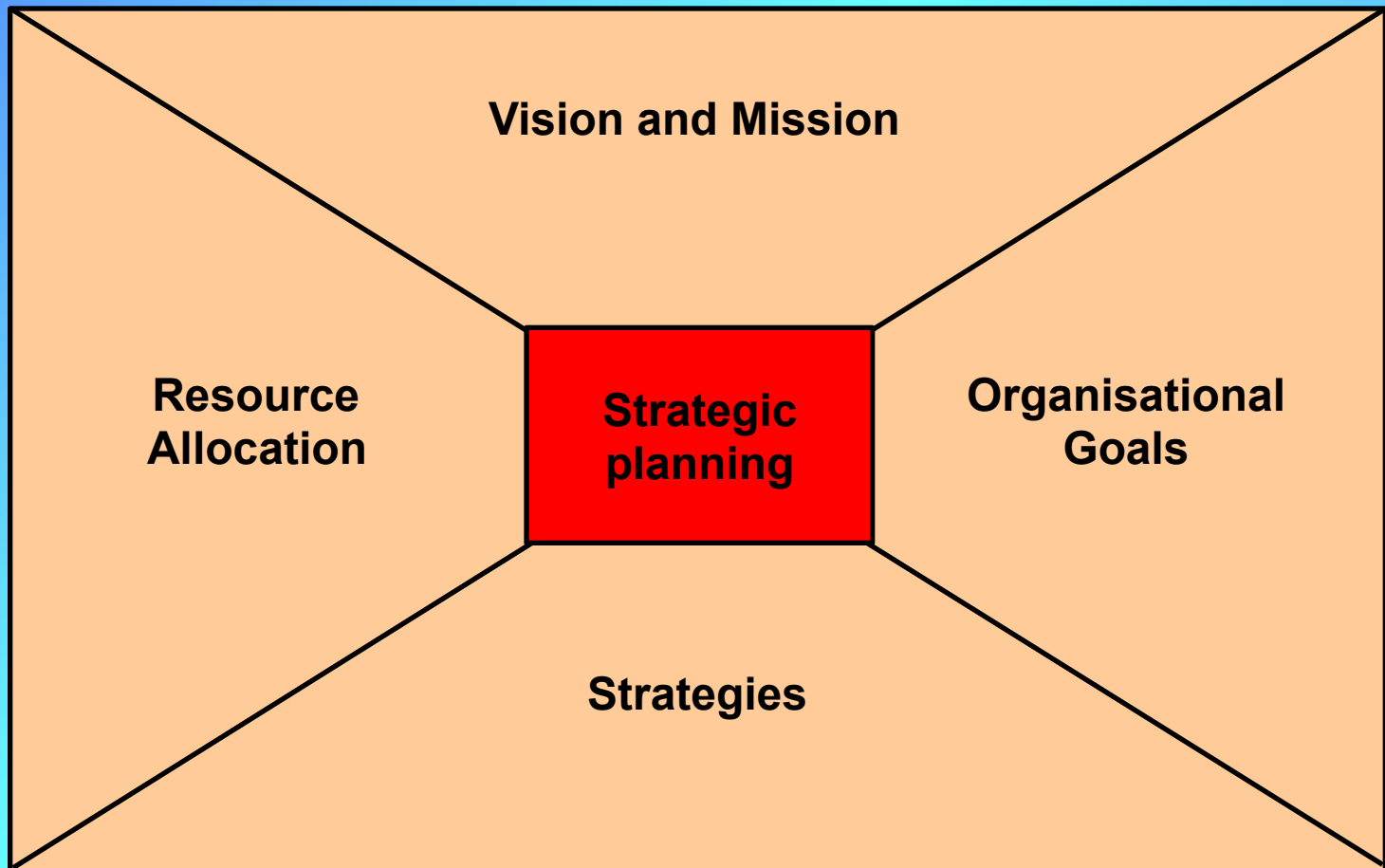
- ❑ **Contingency planning**—preparation for unexpected, major, and quick changes (positive or negative) in the environment that will have a significant impact on the organisation and require immediate responses.

1. Plan for 3 to 5 potentially critical and unanticipated events;
2. Supports orderly and speedy adaptation.





Interrelated Core Components in Strategic Planning





❑ **Vision:** Expresses an organisation's fundamental aspirations and purpose, usually by appealing to its members' hearts and minds.



❑ **Example:** To pioneer new communities around the world built on commerce, sustained by trust, and inspired by opportunity.



❑ **Mission**: The organisation's purpose or reason for existing; often answers questions such as:

1. What business are we in?
2. Who are we?
3. What are we about?



❑ **Dell Computer**: To fully integrate environmental stewardship into the business of providing quality products, best-in class services, and the best customer experience at the best value.





❑ **Organisational goals:** the results that the managers and others have selected and are committed to achieving for the long-term survival and growth of the firm.



1. May be expressed qualitatively and quantitatively;
2. **Qualitative:** simplify the sales process within six months;
3. **Quantitative:** reduce operating costs by \$1 billion within eighteen months.



- **Strategies**: the major courses of action (choices) selected and implemented to achieve one or more goals.

*The essence of most good strategies is the need to make many choices that are all consistent—choices about production, service, design, and so on. **Companies cannot randomly make a lot of choices that all turn out to be consistent. It is statistically impossible.***

*Michael Porter
Harvard Business School*





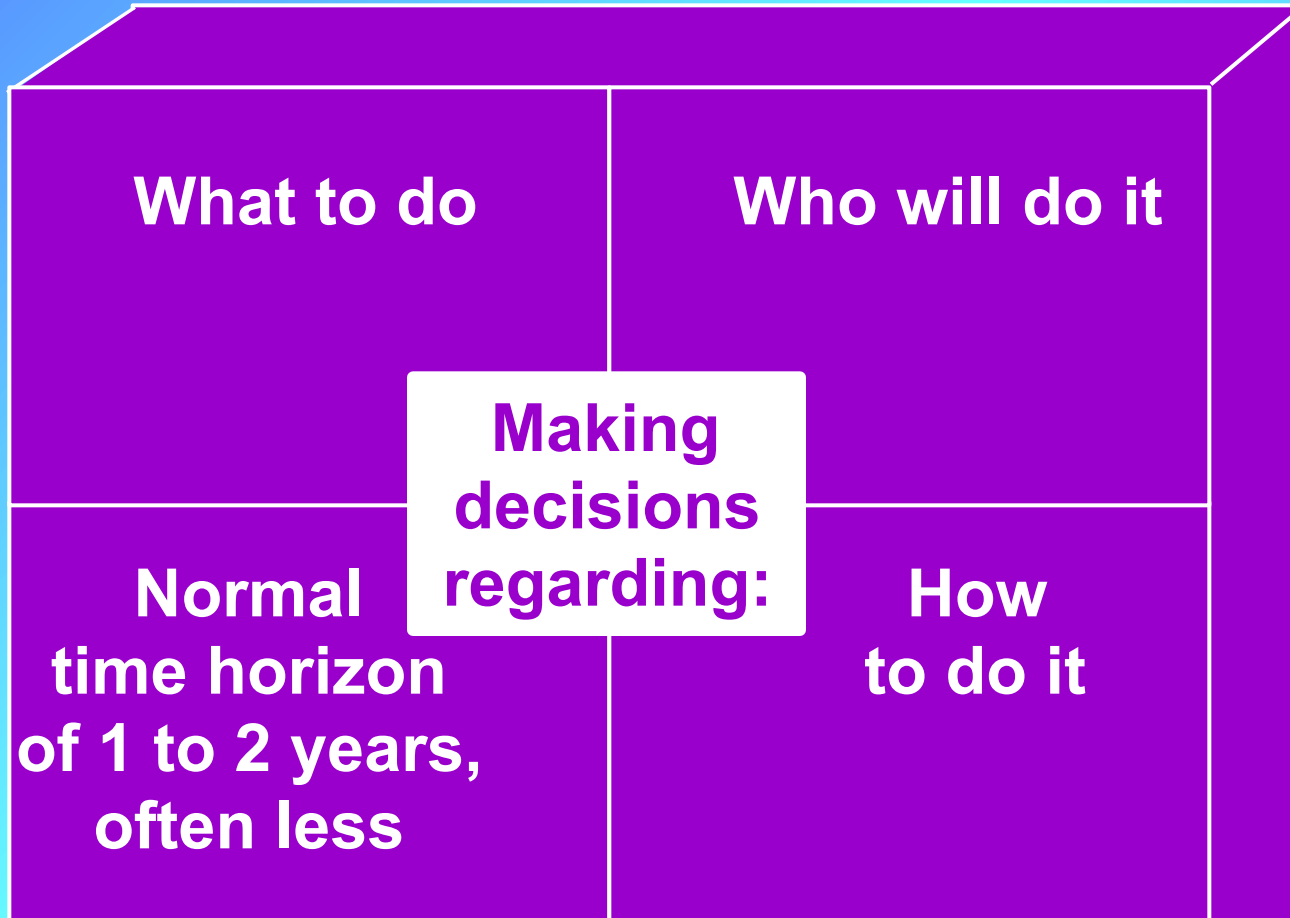
❑ **Resource allocation**: assigning money, people, facilities, and other resources among various current and new business opportunities.

- Key part: allocating money, through budgets, for various purposes.



Types of Planning:

2- Tactical Planning





TP is also about

-
- **Specific courses of action**
 - **Implementing initiatives or improving current operations**
 - **Integrated with annual budgeting**
 - **Focus on first-line and middle-managers**



Diversification Strategies And Planning

□ Diversification:



The variety of goods and/or services produced by an organisation and the number of different markets it serves.





Diversification

1. What can we do better than other firms if we enter a new market?

2. What strategic resources—human, financial, and others—do we need to succeed in the new market?

Questions in Considering Diversification

4. What can we learn by diversifying, and are we sufficiently organized to learn it?

3. Will we simply be a player in the new market or will we emerge a winner?



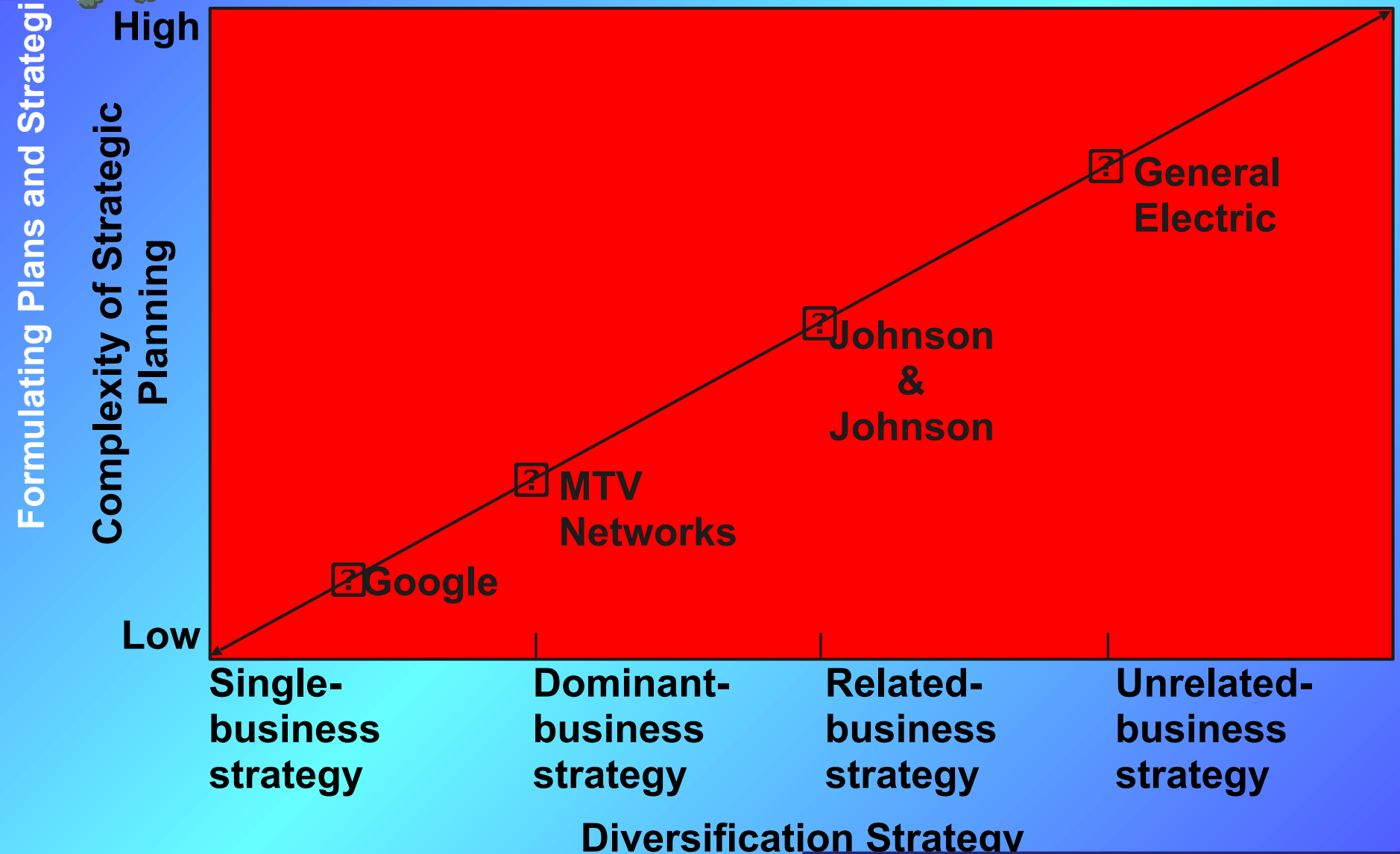
Types of Diversification Strategies

- Single-business strategy: providing a limited number of goods or services to one particular market;
- Dominant-business strategy: serving various segments of a market;
- Related-business strategy: providing a variety of complementary goods and/or services;
- Unrelated-business strategy: providing diverse products (goods and/or services) to many different types of markets.





Types of Diversification Strategies and Planning: Some examples



Business-Level Planning

□ Basic Questions



1. Who will be served?

2. What customer needs will be satisfied?

3. How will customers' needs be satisfied?



Functional-Level Strategy

Examples of Issues in Developing Human Resources Strategies

What type of reward system is needed?	How should the performance of employees be reviewed?
What approach should be used to recruit qualified personnel?	How is affirmative and fair treatment ensured for women, minorities, and the disabled?



Business-Level Strategic Planning Tasks and Process





Business-Level Strategic Planning Tasks and Process (cont'd)

Task 5: Develop Strategic Plan

- Selected strategy or strategies (includes market segments and competitive methods)
- Required human skills and competencies
- Required technological capabilities
- Required financial resources
- Required organization and management

Task 6: Prepare Tactical Plans

Task 7: Control and Diagnose Results

Task 8: Continue Planning



Core Competencies: the strengths that make an organisation **distinctive and competitive** by providing goods or services that have unique value to its customers



“If you look at most of the corporate tragedies in the last five years, you’ll discover that many of them were companies moving into other businesses they really shouldn’t have moved into, that weren’t close to their core business and competencies (Enron, Kmart, and World-com). **If you’re having problems in your core business and think you can move to another business, it’s not going to work. You have to have strong assets you can build on. The farther away people got from their core business and competencies, the lower their rate of success.**”

Ted Rouse
Global Business Practice
Bain and Company





Outsourcing Strategy: Contracting with other organisations to perform a needed service and/or manufacture needed parts or products that had previously been provided within the firm.

❑ Drivers for outsourcing include:



- 1. Expense reduction (including fewer employees),**
- 2. better production quality,**
- 3. Improved reporting uniformity and regulatory compliance,**
- 4. More effective use of expensive talent so that they can spend more of their time on innovating, expanding global capabilities;**
- 5. Expanded global capabilities, and**
- 6. More effective business process management.**

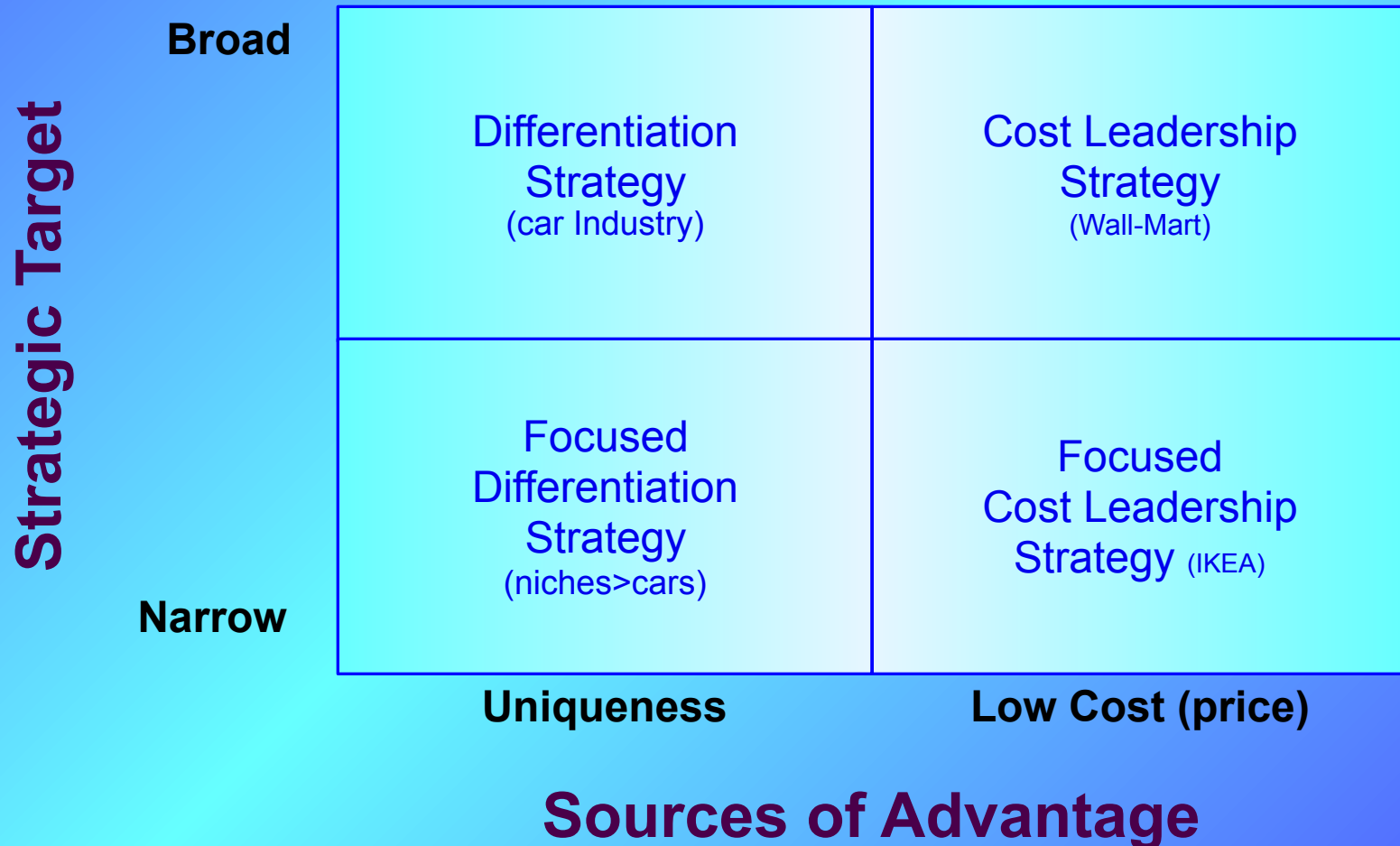
In developing strategies note that business-level planning has 3 primary organic and growth strategies as shown in the figure below:





Generic Competitive Strategies Model

Organizations attempt to build comparative advantage through an infinite number of ways. This model provides a framework.





□ Snapshot



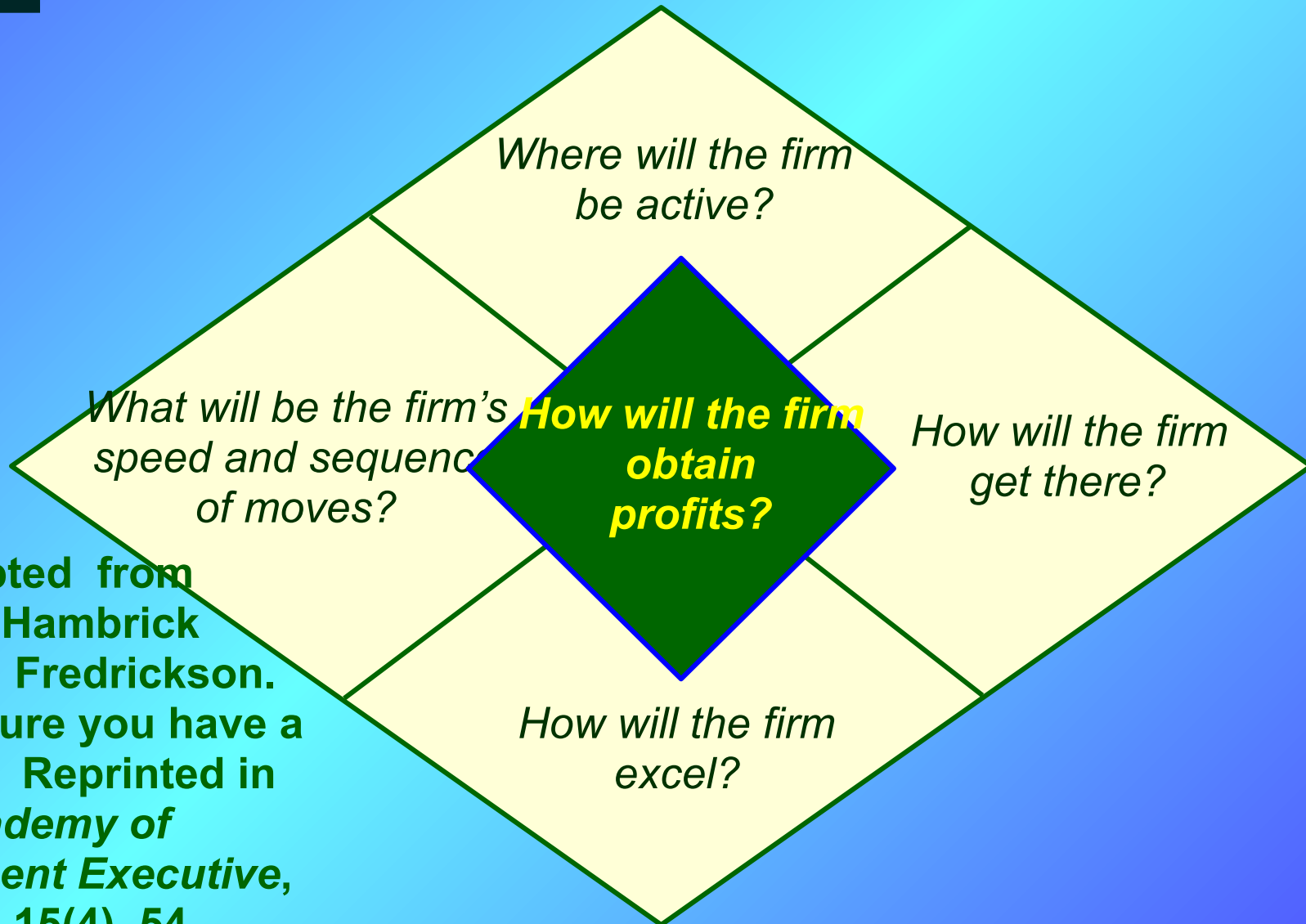
“The best strategy for a smaller business is to divide demand into manageable market niches. Small operations can then offer specialised goods and services attractive to a specific group of prospective buyers... Try to find the right configuration of products, services, quality and price that will ensure the least direct competition.”

**Ron Consolino
Management Counsel or
Counsellors to America's Small Business**





Integrated Strategy Model



Adapted from
D.C. Hambrick
and J.W. Fredrickson.
Are you sure you have a
strategy: Reprinted in
*Academy of
Management Executive*,
2005, 15(4), 54.



Criteria for Evaluating the Quality of a Firm's Integrated Strategy

- **Does the strategy fit with what's going on in the environment?**
 1. Is there healthy profit potential where the firm's headed?
 2. Does the strategy align with the key success factors of the chosen environment?

- **Does the strategy exploit the firm's key resources?**
 1. With the firm's particular mix of resources, does this strategy give it a good head start on competitors?
 2. Can this strategy be pursued more economically than competitors?





Criteria for Evaluating the Quality of a Firm's Integrated Strategy

- **Will the differentiators be sustainable?**
 1. Will competitors have difficulty matching the firm?
 2. If not, does the strategy call for innovation and opportunity creation?

- **Are the elements of the strategy internally consistent?**
 1. Have the leaders made choices of arenas, vehicles, differentiators, staging, and economic logic?
 2. Do they all fit and mutually reinforce each other?



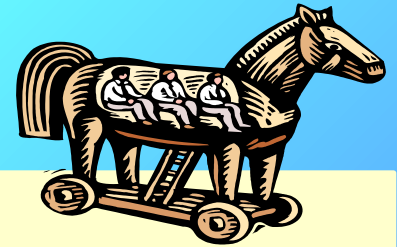
Criteria for Evaluating the Quality of a Firm's Integrated Strategy

- **Are there enough resources to pursue this strategy?**
 1. Does the firm have the money, managerial competencies, and other capabilities to implement the strategy?
 2. Are the leaders sure that they are not spreading the firm's resources too thinly, only to be left with a collection of positions?





Criteria for Evaluating the Quality of a Firm's Integrated Strategy



■ *Is the strategy implementable?*

1. Will the key stakeholders allow the firm to pursue this strategy?
2. Can the organisation make it through the transition?
3. Is management team able and willing to lead the required changes?

Adapted from D.C. Hambrick and J.W. Fredrickson. Are you sure you have a strategy? Reprinted in *Academy of Management Executive*, 2005, 19(4), 61.



THANK YOU

Q & A



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