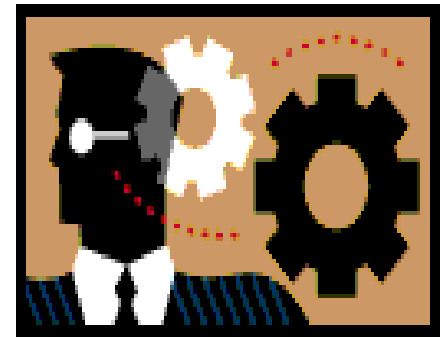


STRATEGIC AND CHANGE MANAGEMENT



Durban
05 March 2016



RULE # 1

R T B M

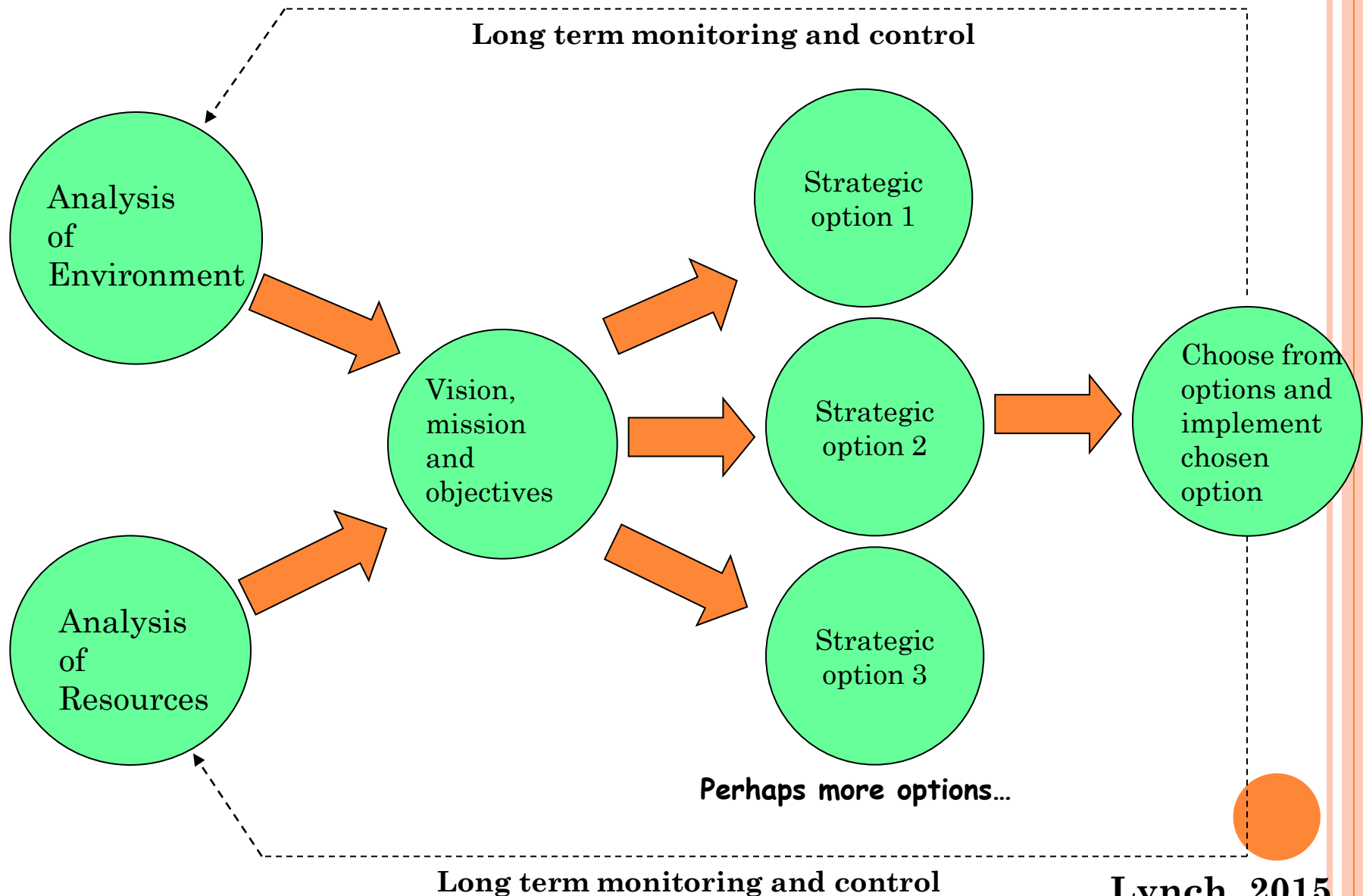


STRATEGIC MANAGEMENT

- A prescriptive view
- The identification of the purpose of the organisation and the plans and actions to achieve that purpose (Lynch 2015)



THE PRESCRIPTIVE STRATEGIC PROCESS



The Essence of Strategic Management

What business are we in?
What business should we in?

What are our basic directions
for the future?

What is our culture and
leadership style?

What is our attitude to
strategic change?
What should it be?

What is the
purpose of the
organisation?
And what are
the strategies
to achieve this?

How do we compete
successfully?

What is our sustainable
competitive advantage?

How can we innovate?

Who are our customers?

What value do we add?
Where? Why? How?

(Lynch, 2015)

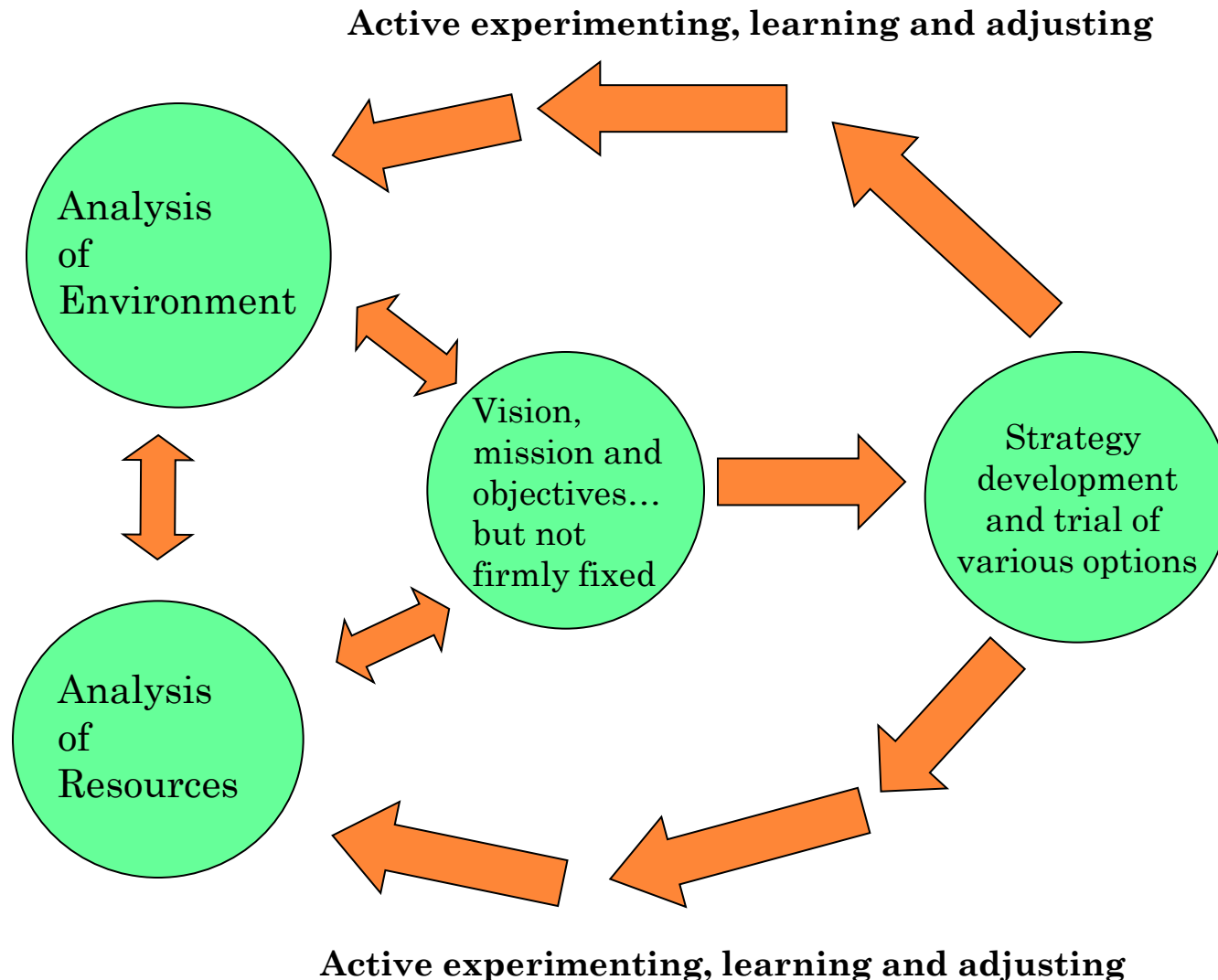


STRATEGIC MANAGEMENT

- An emergent view
- Finding market opportunities, experimenting and developing competitive edge over time (Lynch 2015)



THE EMERGENT STRATEGIC PROCESS




STRATEGIC MANAGEMENT

- A consensus view
- Intended and emergent initiatives (taken by managers on behalf of owners) involving utilisation of resources to enhance the performance of organisations in their external environments.



PRESCRIPTIVE THEORIES OF STRATEGIC MANAGEMENT

- **Industry and environment based theories** – the market place is vital; select the most attractive industry and then compete better than other organisations.
 - **Resource-based theories** – resources and capabilities of the organisation are most important as the principal source of successful strategic management
 - **Game theory route** – focuses on the way strategic choice is decided (selecting the best strategic option)
 - **Co-operation and network based theories** – stresses the importance of formal relationship opportunities
- 

EMERGENT THEORIES OF STRATEGIC MANAGEMENT

- **Survival based strategies** – the prime determinant of success is survival of the ‘fittest’ organisation in the market
- **Uncertainty based route** – regards prediction to be impossible and emphasises the need to be innovative
- **Human-resource based route** – places emphasis on people (motivation, politics, culture and individual desires)
- **Innovation and knowledge-based theories** – puts emphasis on the generation of ideas and sharing of ideas through knowledge being the most important aspect of strategy

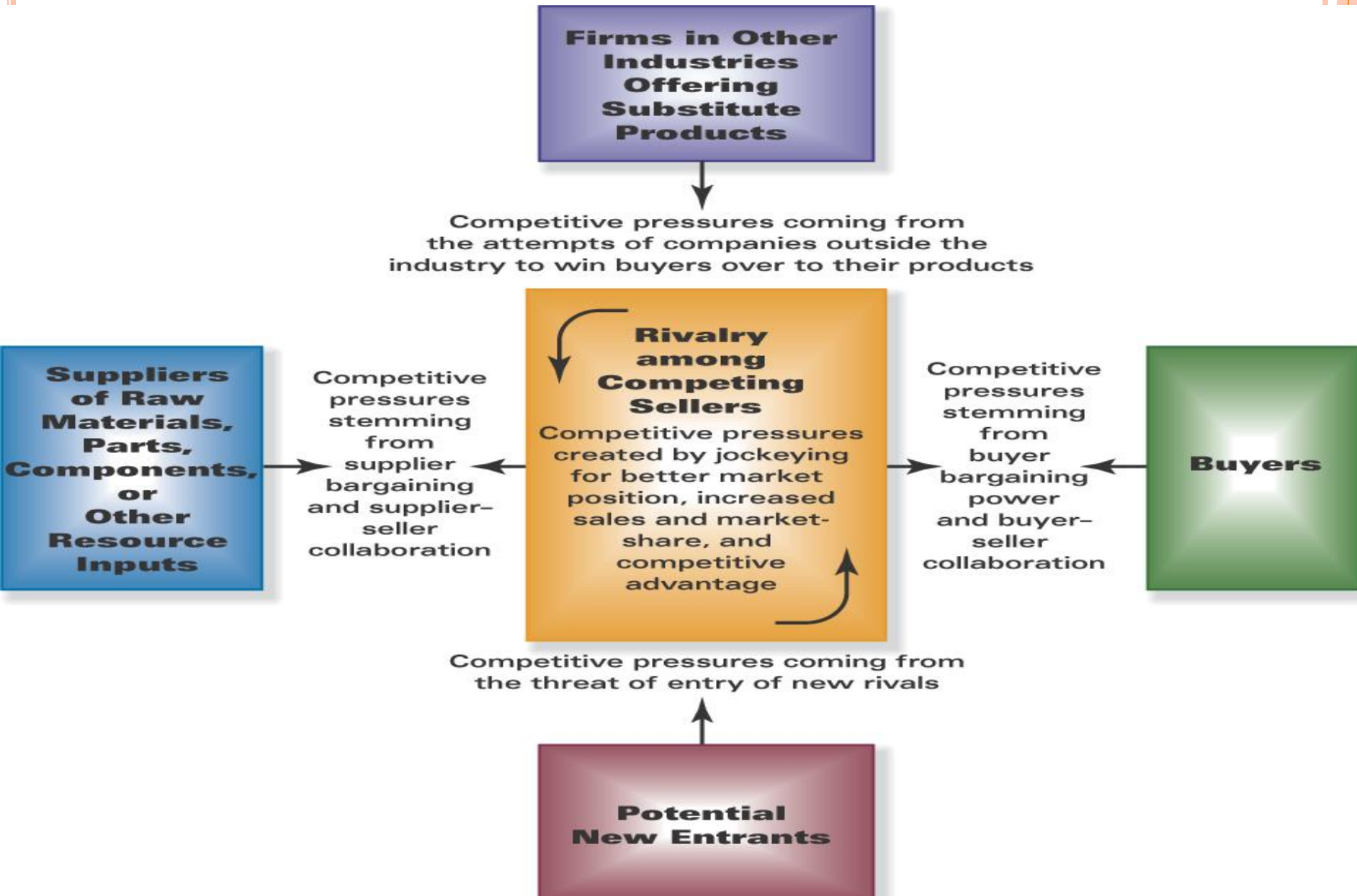


ANALYSING THE STRATEGIC ENVIRONMENT

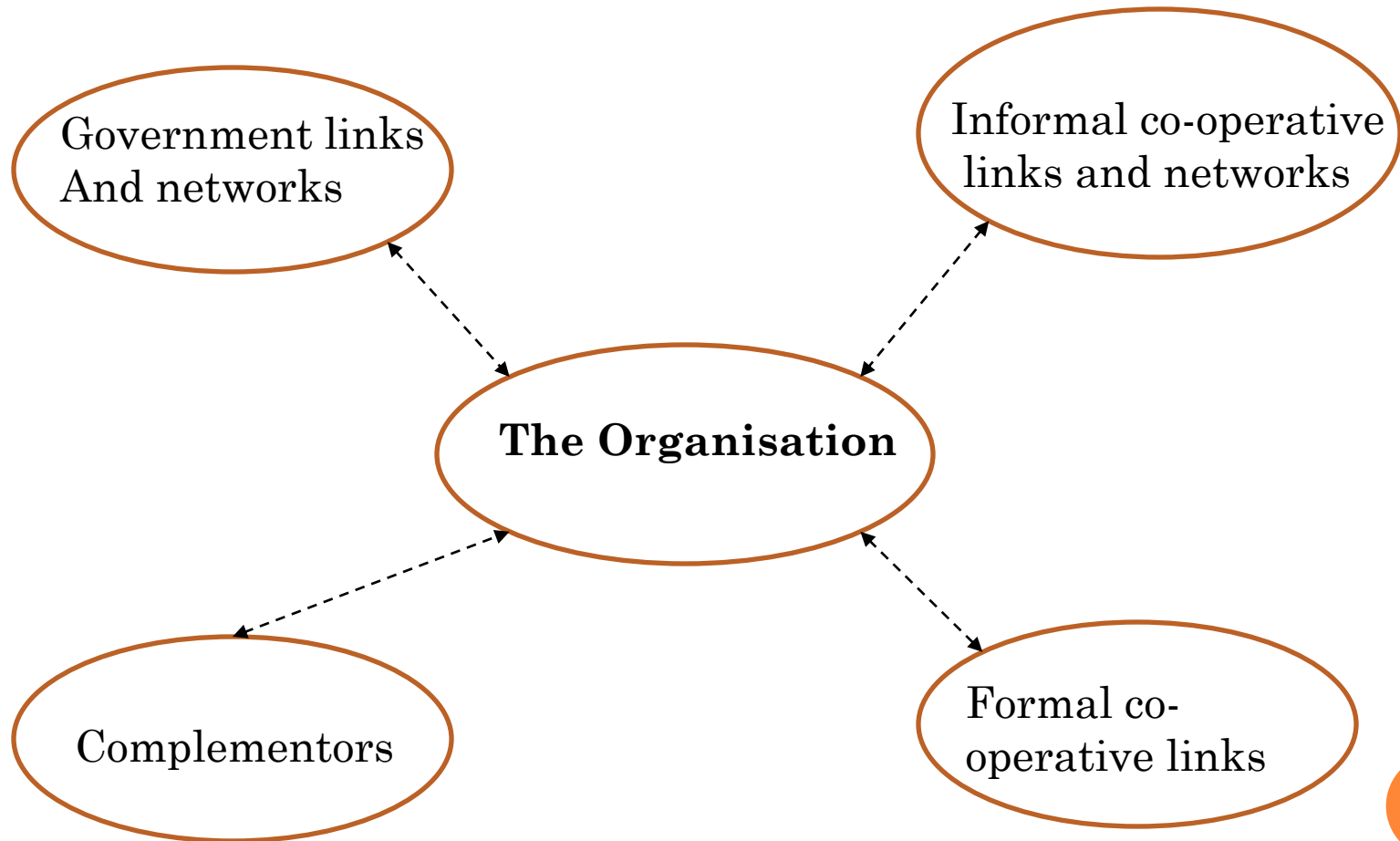
- Market definition and size, market growth and share
- Nature of the environment, particularly the degree of turbulence
- General analysis of the factors influencing the industry (PESTEL)
- Growth characteristics (using the industry life cycle concept)
- Stage(s) of the life cycle (demand different strategies)
- Key factors for success in an industry
- Competitive analysis (Five forces analysis)
- Cooperative analysis
- A study of selected direct competitors
- A study of customers, market segmentation and positioning



THE FIVE FORCES MODEL OF COMPETITION



ANALYSING CO-OPERATION : FOUR LINKS MODEL



ANALYSING RESOURCES AND CAPABILITIES

Industry key
success
factors

Value added:
How? Where?

Value chain

Value system

Organisational
resources and
capabilities

SCA elements:

- Innovative capability
- Truly competitive
- Substitutability
- Appropriability
- Durability
- Imitability
- Acquired resources

Sustainable
competitive
Advantage
(SCA)

- Valuable
- Rare
- Cannot be Imitated
- Organising capability



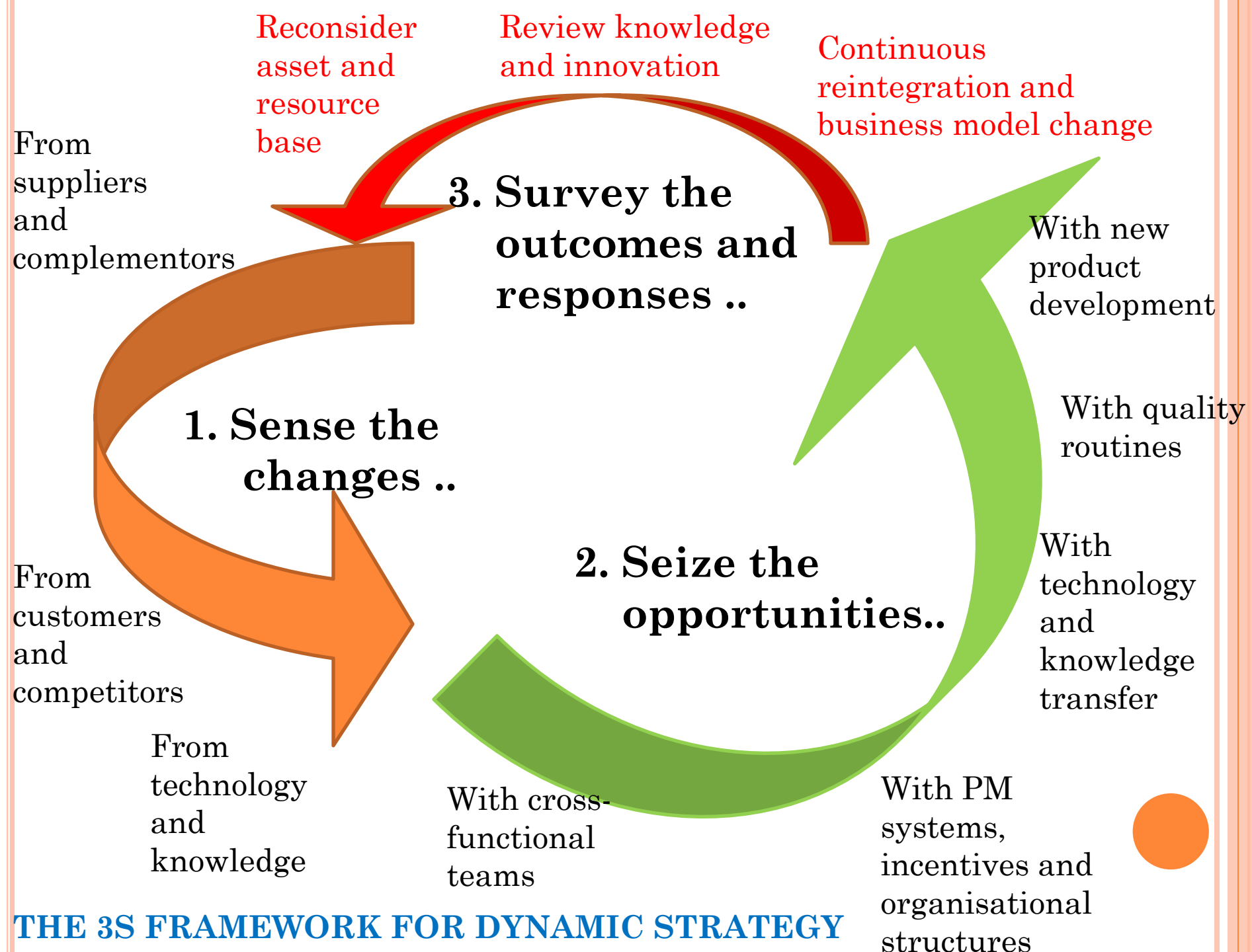
- Core competencies
- Innovative capability
- Architecture
- Reputation
- Knowledge



FOUNDATIONS OF STRATEGIC CAPABILITY

- Resources and Competences /Capabilities –
resources – are the assets that organisations have or can call upon ; the assets that deliver value-add.
competences – the way those assets are used or deployed ; the skills, routines and leadership that generate value from the resources





GENERIC COMPETITIVE STRATEGIES

Competitive Advantage

Uniqueness perceived
by the customer

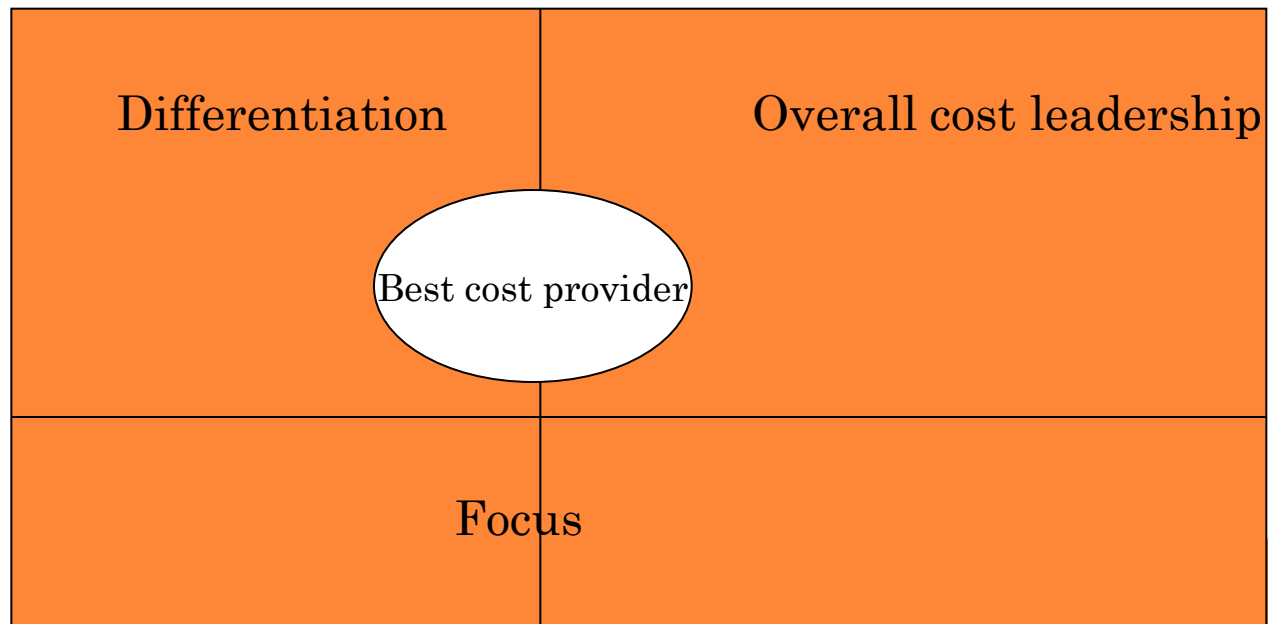
Low-cost position

S
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R
A
T
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G
I
C

T
A
R
G
E
T

Industry
Wide

Particular
segment
only



A COMPANY'S MENU OF STRATEGY OPTIONS

Basic Competitive Strategy Options

(A company's first strategic choice)

Overall Low-Cost
Provider?

Broad
Differentiation?

Best-Cost
Provider?

Focused
Differentiation?

Focused
Low-Cost Provider?

Complementary Strategic Options

(A company's second set of
strategic choices)

Employ strategic alliances and
collaborative partnerships?

Outsource selected
value chain activities?

Merge with or acquire other
companies?

Initiate offensive
strategic moves?

Integrate backward or forward?

Employ defensive strategic moves?

Use the Internet as a distribution
channel and, if so, to what extent?



Functional-Area Strategies to Support the Above Strategic Choices

**R&D
Engineering**

Production

**Marketing
& Sales**

**Human
Resources**

Finance

(A company's third set of strategic choices)

Timing a Company's Strategic Moves in the Marketplace

First-Mover?

Fast-Follower?

Late-Mover?

(A company's fourth set of strategic choices)

THE ASSIGNMENT ????



RULE # 2

A T Q.



**Refer to your
Course and
Assignment
handbook**

Assignment

- **3 Case studies**
(refer assignment
guidelines)
- **Application of
theory in each
case**



THE ASSIGNMENT



Case study 1: Semco

3 questions 1.1 and 1.2 are linked

1.3 is on CG

Case study 2: Carlsberg

3 questions

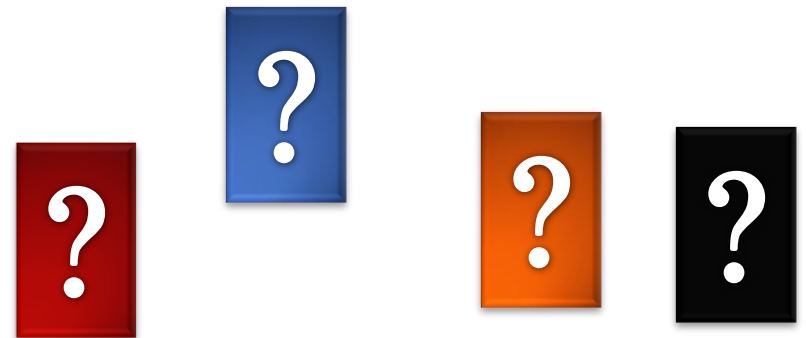
2.1 and 2.2 require evaluation

2.3 Future target

Case Study 3: Renault

3 questions 3.1 Power-interest matrix

3.2 and 3.3 Evaluation required



QUESTION
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