



LEEDS BECKETT UNIVERSITY
LEEDS BUSINESS SCHOOL

Strategic Planning & Control

Lecture 5: Strategic Position Analysis

- An Overview of Strategic Position Analysis
- The External Environment

Part A : Overview of Strategic Position Analysis. Macro Economic Environment – PESTEL

Part B: Industry Environment – Competitor Analysis

Module Info

- Today's lecture A: Strategic Position Analysis – the External Environment
- Strategic Plan assignment briefing in this session.
- Lecture B this week: Strategic Position Analysis: Internal Environment and preparing the Corporate Appraisal.
- Seminars this week (Week 3) = Round 1 of Global Challenge and Results Analysis skills
- Prepare a set of your own individual decisions for Round 1 BEFORE the seminar
- Recording of Tutor walk through of CESIM decision making process on MyBeckett /Weekly Materials
- Please download the “Guide to Getting Started with Decision Making in the Global Challenge Simulation” in Weekly Materials on MyBeckett for use in the seminars
- CESIM Registration
- **LEARNING JOURNALS!**

Seminars – Suggested Discussion Topics

You should start to filter in the learning from the lectures into your discussions in class. How about the following for a start from Lectures to date?

- Michael Porter " competitive strategy is about doing something different". How will you make your company stand out from the strategies adopted by your rivals?
- Who are some of the main stakeholders in Mobile Inc? What are their needs? How could they disrupt the company's plans if they are not satisfied?
- **LEARNING JOURNALS!**
- Starting Resources for Reflection

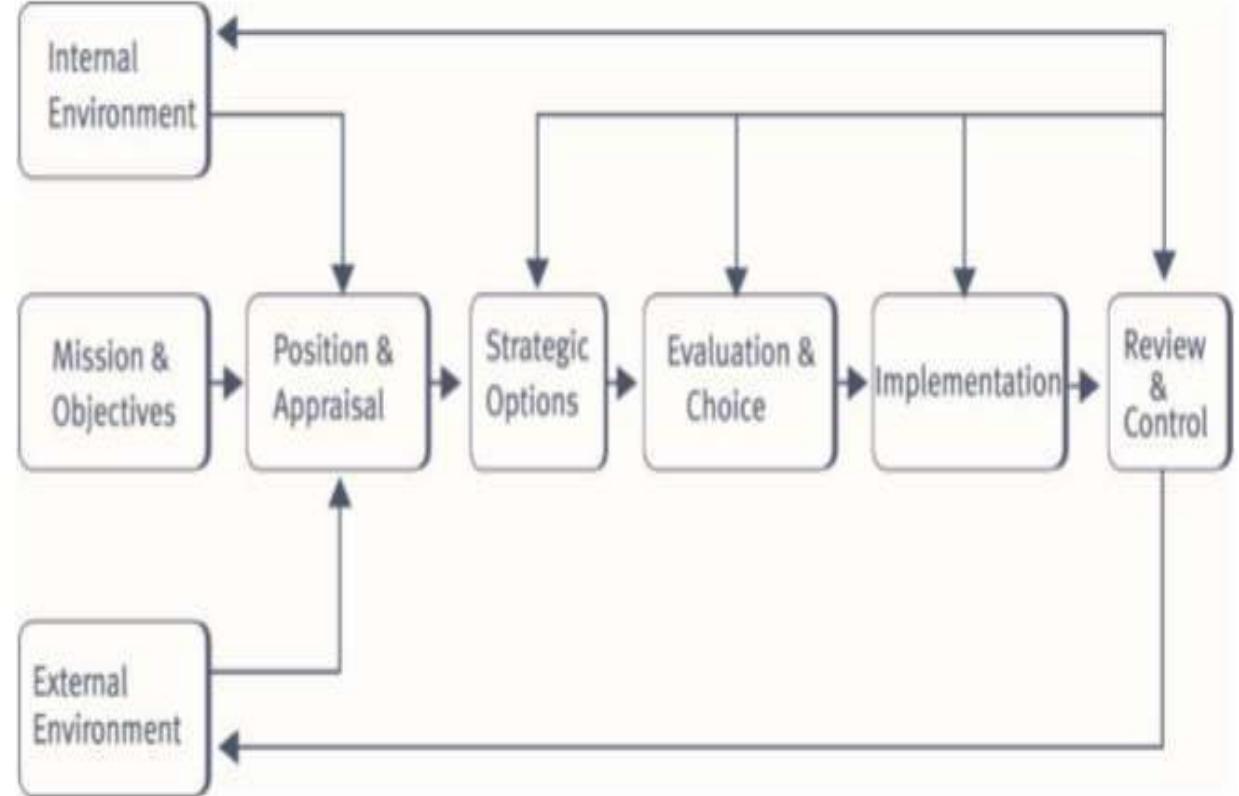
Learning Outcomes

1. To understand why it is important to analyse the external environment of a business as part of assessing its current Strategic Position
2. To be able to apply PESTEL analysis to a specific business context , including the student's own Mobile Inc company at the end of game play (Round 5)
3. To understand the approach to analysing competitors, including those in the Global Challenge simulation
4. To be able to apply the above approaches to identify Opportunities & Threats , and Strengths and Weakness in a specific business context , including the student's own Mobile Inc company.

Rational Planning Model

3 main stages

- Strategic Analysis
- Strategic Choice
- Strategic Implementation



This session looks at the Strategic Position Analysis – focusing on the External environment

Link to the Assignment:

4. Strategic Position Analysis

In the appendices:

Apply the tools and approaches from Lectures 5 and 6 (Strategic Position Analysis) to analyse the Internal and External environments of Mobile Inc. For example, **PESTEL, Resource Audit, Competitor Analysis.**

The appendices will therefore contain detailed results and outputs from the application of strategic analysis tools and models applied.

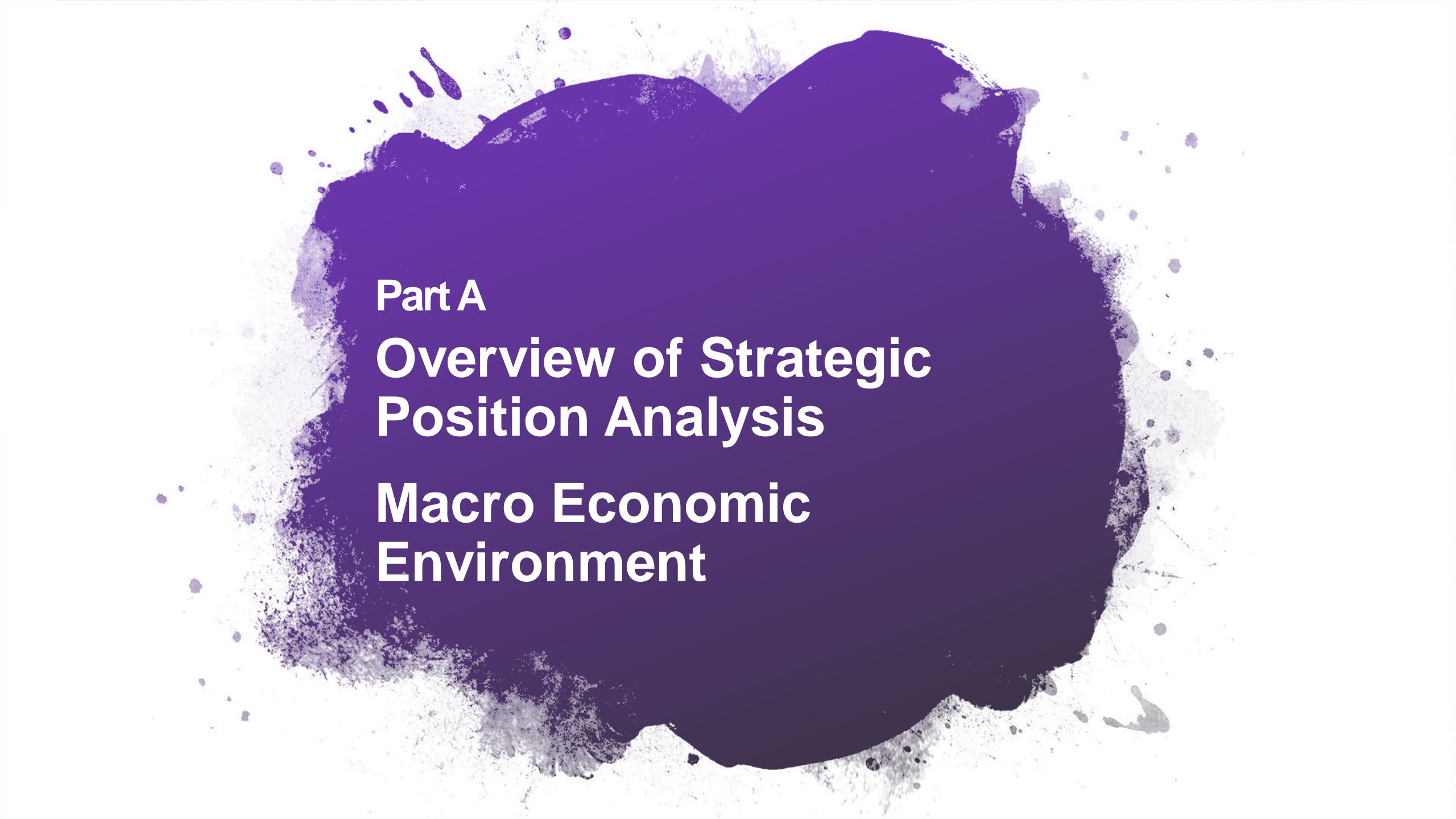
You **should make use of data and evidence from CESIM** to illustrate and support your observations.

Make clear whether each point you identify is a Strength, Weakness, Opportunity, or Threat (in the appendix this can be done by simply noting (Strength) for example in brackets after the point).

In the Main Report:

In the main body of your report list the points identified from your analyses in the appendices on a **SWOT chart**.

Then **write an analysis of the key** Strengths, Weakness', Opportunities and Threats. Why is it a Strength/Weakness/Opportunity/Threat? What are the implications for Mobile Inc and its future strategy?



Part A

Overview of Strategic Position Analysis

Macro Economic Environment

Strategic Position Analysis

- In Lecture 3 : how an organisation formulates a corporate Mission which is identifies its fundamental purpose, has sufficient breadth and embodies corporate values.
- The next step is undertake a **detailed analysis of the current position of the organisation or ‘Strategic Position Analysis’**
- Involves examining :

Stakeholders – Interests
and Power
(Lecture 3)

External Environment

Internal Environment

Strategic Position Analysis – Why do it?

- In simple terms to be successful the chosen strategy should:
- Make the most of opportunities in the external environment
- Minimise or avoid threats in the external environment
- Build on the unique strengths & capabilities of the company
- Avoid areas where the company has weak capabilities , or contain a plan to address the weakness'
- We will look at a number of strategic planning concepts and tools to examine the Internal and External environments of the organisation in Lectures 5 & 6.

External Environment

- The external environment refers to **those factors ‘surrounding’ the organisation**
- Must understand what is happening in the outside world (business environment) that could impact on its future strategies
- To be viable the chosen strategy must be a good ‘fit’ with the environment
- Matching the organisation to the Threats and Opportunities in its environment

Macro – Economic Environment

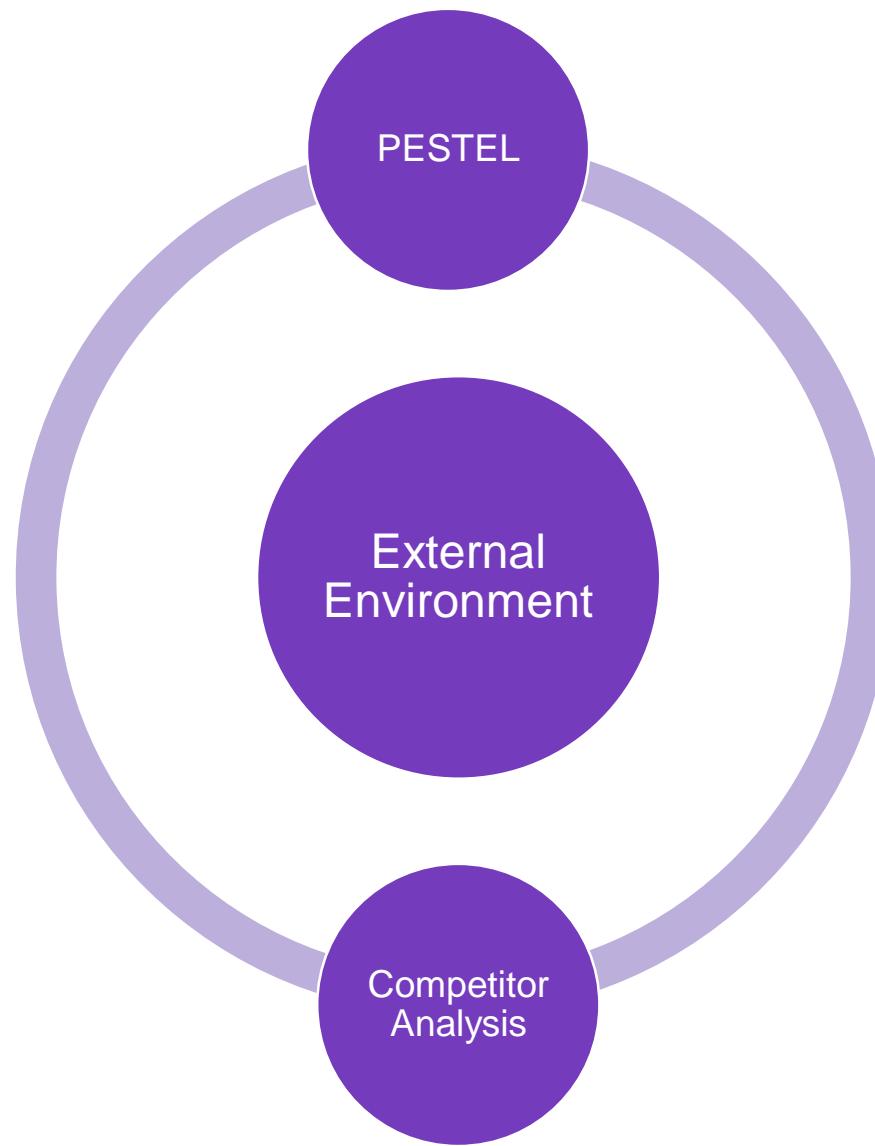
Firm & Industry Environment

External Environment

Strategic Analysis of the external environment:

- Purpose is to identify Opportunities and Threats
- Will provide an understanding of the competitive landscape – ie what strategies the competitors are pursuing
- Will provide some guidance as to what factors may be required for a successful strategy
- Fortunately there are some tools to help us!

External Environment



PESTEL



- Identifies drivers of change - highlights risks (Threats)
- Helps understand the growth prospects of the industry in which the firm operates
- Can help highlight market segments where there may be Opportunities

How are the headings used?

Heading	Generic Factors	Examples
Political	Change of government New political initiatives Taxation policy International relations	Sugar tax - drinks companies Apprenticeship levy What fiscal changes are on the table for the October 2024 budget by the new labour Government? https://www.bdo.co.uk/en-gb/microsites/budget-autumn-budget-2024/predictions
Economic	Interest Rates Exchange Rates Business Cycle (Recession/ Growth) Unemployment Inflation Energy cost (oil price)	What economic influences are impacting UK business' currently?



Heading	Generic Factors	Examples
Political	Change of government New political initiatives Taxation policy International relations	Sugar tax - drinks companies Apprenticeship levy Predicted areas of tax reform 1. Capital Gains tax: 2 nd property ownership: implications for commercial property developers? Estate agents? impact on level of 'business sale' corporate finance activity – impact on accountancy and legal services? 2. VAT on private school fees Impact on private school? Impact on state education? 3. Inheritance tax 4. ceiling on tax relief for pension contributions (higher earners) 1-4 all impacting on wealthier individuals – impact on which business sectors?



LBU

How are the headings used?

Heading	Generic Factors	Examples
Economic	Interest Rates Exchange Rates Business Cycle (Recession/ Growth) Unemployment Inflation Energy cost (oil price)	Cost of living crisis Inflation Low economic growth – why? Staff shortages – why? Gas/ oil prices – why?

How are the headings used?

Heading	Generic Factors	Examples
Social	Demographics – population trends Family structures Culture & Lifestyle changes Social stratification Education levels and trends Consumerism	CV19 lifestyle changes: activity: can you identify some specific lifestyle changes during the lockdown period of covid 19 that impacted on different industries? what might happen now in those industries? Ageing Population • The grey £

How are the headings used?

Heading	Generic Factors	Examples
Social	Demographics – population trends Family structures Culture & Lifestyle changes Social stratification Education levels and trends Consumerism	CV19 lifestyle changes: <ul style="list-style-type: none">• Homeworking : office furniture ☺• hygiene ☺• fewer big ticket holidays ☹• less air travel ☹• home improvements ☺• hospitality sector ☹• Supermarkets ☺• online shopping ☺• The ' High Street' ☹• less car sales ☹• Remember Hornby from the GFS module?• Winners and Losers! Ageing Population <ul style="list-style-type: none">• The grey £

How are the headings used?

Heading	Generic Factors	Examples
Technological	<p>New discoveries</p> <p>Rate of change in an industry – risk of not keeping up</p> <p>Obsolescence</p> <p>Changing cost base – automation and AI</p> <p>New channels to get products to customers</p>	<p>Space X</p> <p>Electric cars</p> <p>Platforms: Just Eat, Uber, Netflix, Spotify, Vinted.... Tinder!</p> <p>Artificial intelligence: impacted = banking. Media content/marketing, legal services</p> <p>Not manufacturing, agriculture & healthcare (Source: Forbes 2023)</p>
Ecological	<p>Climate Change</p> <p>Energy Gap</p> <p>Pollution</p> <p>Bio Diversity issues – deforestation</p> <p><i>Increased stakeholder emphasis in this area: CR and Sustainability</i></p>	<p>Diminishing fossil fuels and rapid growth in BRIC countries - alternative energy sources needed</p> <p>Risk to businesses who do not respond to stakeholder concerns eg Shell Brent Spar oil platform</p> <p>Michael Porter ‘Shared Value’ concept– lucrative business opportunities</p>

How are the headings used?

Heading	Generic Factors	Examples
Legal	Consumer laws Accounting Regulations Health & Safety Employment Law Anti-monopoly legislation	Anti- monopoly legislation : merger between ASDA and Sainsbury blocked in 2019 by Competition & markets Authority . Asda later acquired by EG Group (Issa brothers) who owned petrol stations.(2020)

Mobile Inc

- In your assignment you will need to complete a PESTEL analysis for Mobile Inc
- Please make sure that this is done within the information you are given about the fictional world in the simulation **NOT THE REAL WORLD**
- There is no CV19 , Brexit or Cost of Living Crisis in the simulation!
- Mobile Inc is NOT competing with Apple or Samsung , so talking about those companies is NOT RELEVANT
- You will use the Market Outlook and other sources of information in the simulation.
- Don't just list the factors – explain the relevance to Mobile Inc and its future strategy and indicate which are the most important issues.
- **Remember the purpose is to identify the key Threats facing and Opportunities available to the firm ... strategy will need to deal with these!**



Part B

Industry Environment Competitor Analysis

Competitor Analysis

Compares the organisation to its competitors in order to



GAIN AN INSIGHT INTO WHAT EACH COMPETITOR'S STRATEGY IS

UNDERSTAND WHAT THE STRENGTHS AND WEAKNESS OF COMPETITORS ARE COMPARED TO OUR ORGANISATION

USE TO IDENTIFY OUR FIRM'S RELATIVE STRENGTHS & WEAKNESS'
→ SWOT ANALYSIS

HELP TO ESTABLISH STRATEGIES THAT WILL HAVE A COMPETITIVE ADVANTAGE OVER COMPETITORS

USE TO IDENTIFY OPPORTUNITIES & THREATS

NB MICHAEL PORTER
"Competitive strategy is about doing Something different"
Finding a different position in the Market to competitors....

A Framework for Competitor Analysis

OBJECTIVES

What are the competitor's goals?

STRATEGY

How is the firm competing?

Cost leader or Differentiator?

Look at Marketing Mix (7 P's) – Product & features/ Price/ Promotion for clues

ASSUMPTIONS

What assumptions does the competitor hold about the industry and itself?

RESOURCES & COMPETENCIES

What are the competitors key strengths and weaknesses?

What resources does it have/not have?

What competencies does it have/not have?



Quiz

What type of information is available about competitors in the Results of the simulation?



Quiz

What type of information is available about competitors in the Results of the simulation?

Some examples:

Selling prices

Which Techs?

Number of features

Manufacturing Cost achieved for each product

Level of promotion

Level of R&D spend

Size of R&D staff

Number and location of plants

etc etc etc

Mobile Inc

Assessing competitors' strategy...

- “Competitive strategy is about doing something different” (Michael Porter)
- Competitive rivalry can be reduced by deliberately positioning your Mobile Inc differently in the market compared to competitors
- A market where all 5 firms are doing the same thing simply makes it harder for any company to make profits!
- For example, all firms offer Tech 1 and 2 and are locked in a price war which continuously undercuts each other's prices, and where the pool of customers is shared between 5 firms.
- In the meantime, no firms are catering to the demand for high tech handsets with sophisticated features at high price points!
- Use your analysis of your competitors' strategies to look for gaps in the market (Opportunities) or to identify overcrowded segments with high levels of competition (Threats).
- This is relevant whilst both

Playing the simulation

Identifying opportunities & threats
your assignment

Mobile Inc

Assessing competitors' resources & competencies

- Use the techniques we will learn in Lecture 6 Internal Appraisal on your competitors too!
- ‘Strengths’ come from Unique resources and core competences
- Remember the wealth of data about each Team in the simulation
- **A competitor’s strength , may be your Mobile Inc firm’s weakness and vice versa.**

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Any questions?