



LEEDS BECKETT UNIVERSITY

LEEDS BUSINESS SCHOOL

# Strategic Planning & Control

Lecture 6: Strategic Position Analysis

- Analysis of the Internal Environment
- SWOT revisited – expectations in your final year of study!

Part A :Unique Resources and Core Competences

Part B: Identifying Strategic Resources.

Part C: SWOT Revisited

# Module Overview

- 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
- **Weekly learning journals!**
- After this week’s seminar – prepare a set of individual decisions for CESIM Round 2

# 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

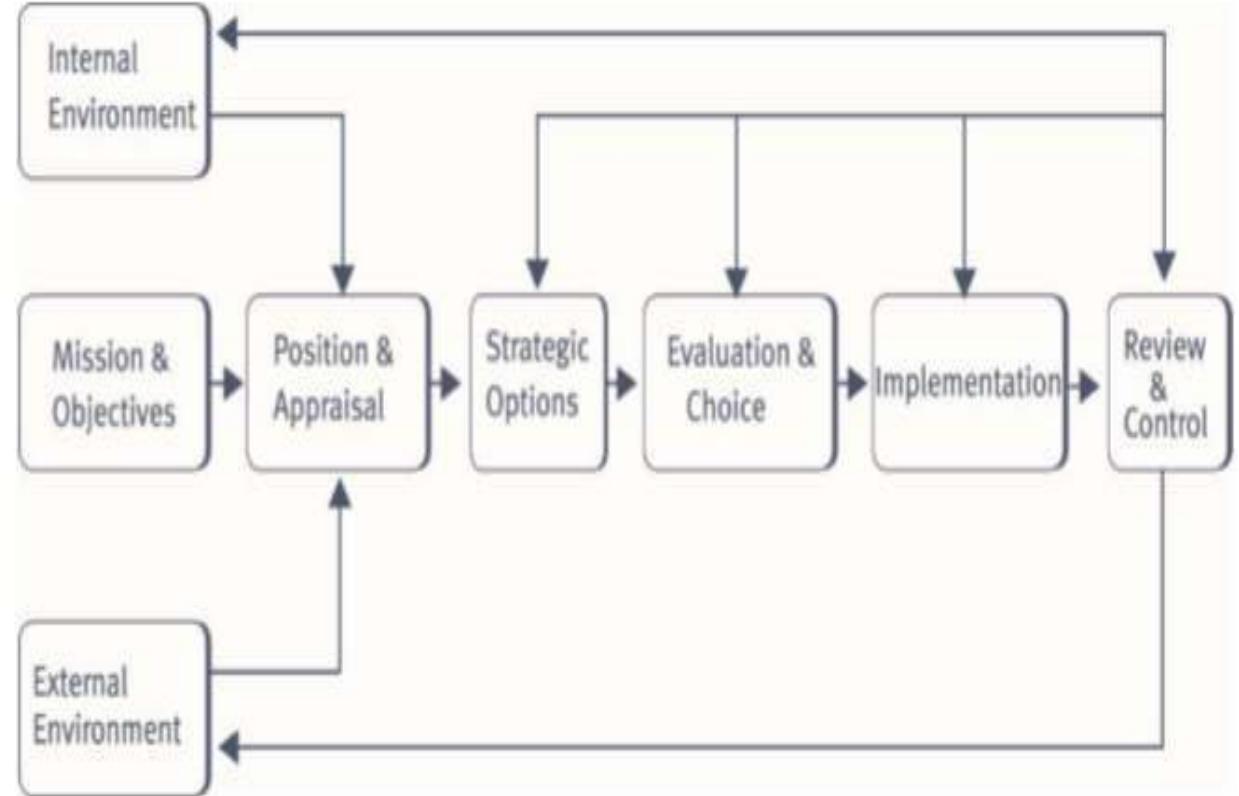
# Learning Outcomes

1. To understand why it is important to analyse the internal environment of a business as part of assessing its current Strategic Position
2. To understand the definition of a strategic Strength in terms of unique resources and core competences
3. To be able to undertake a Resource Audit and prioritise those resources which are strategic strengths in a specific business context , including the student's own Mobile Inc company at the end of game play ( Round 5)
4. To be able to prepare a Corporate Appraisal (SWOT analysis) by using the strategic planning tools and techniques learned in this module.
5. To understand how students can make their assignments more analytical in this area

# Rational Planning Model

3 main stages

- Strategic Analysis
- Strategic Choice
- Strategic Implementation



This session looks at the Strategic Position Analysis in overview and then focuses on the Appraisal of the firm's Internal 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**

**A strategic ‘Strength’:  
Unique Resources &  
Core Competences**

# Internal Environment

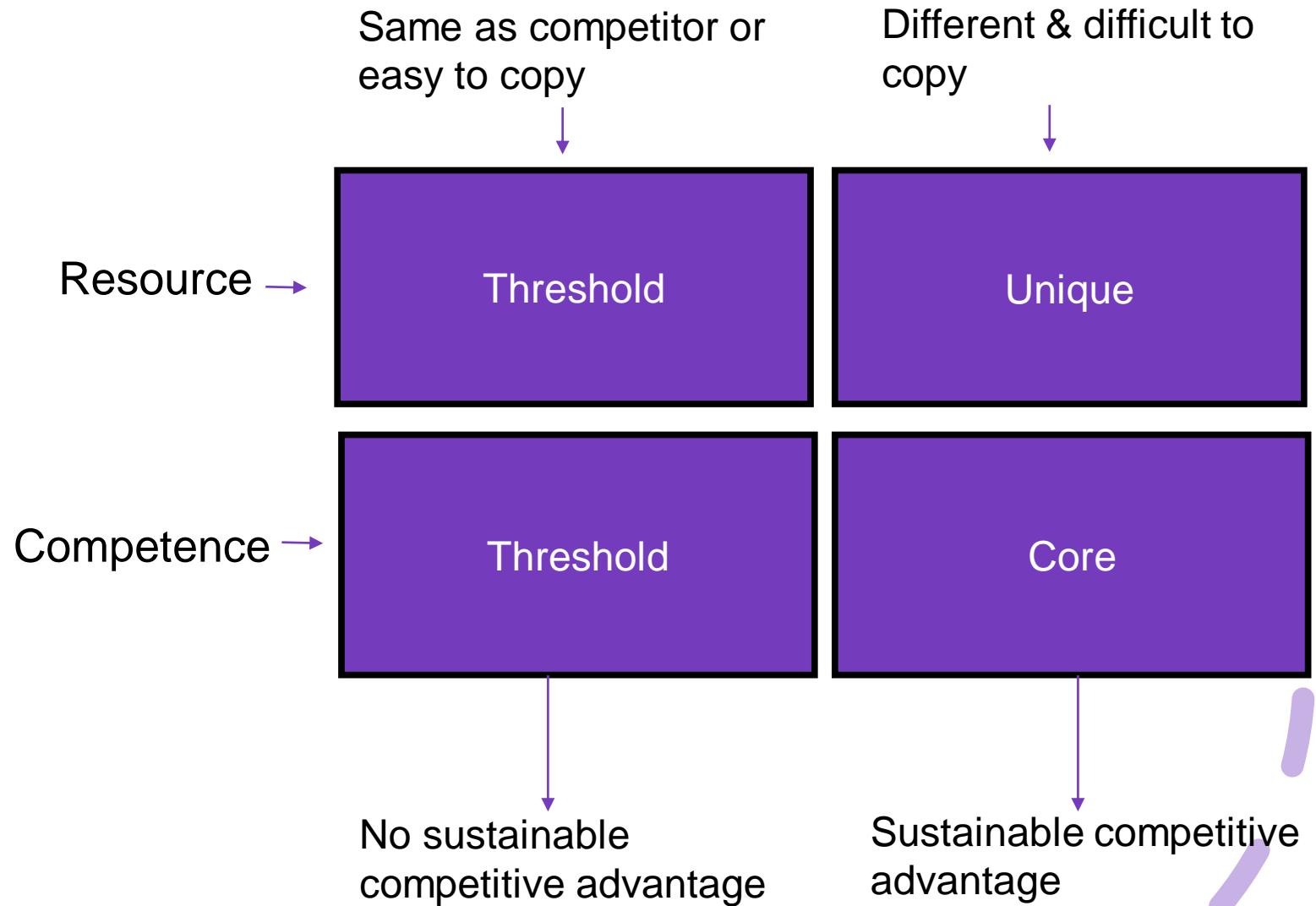
Looking inside the organisation at its '**competences**'

'Competence' = a **skill /ability** or a **resource** that enables the firm to act effectively

Understanding its particular '**strategic capabilities**' helps the firm select which strategies it can deliver more successfully than competitors

If it can obtain '**unique resources**' and '**core competences**' in areas that are valued by customers, this should lead to success....

# Strategic Capabilities



# Strategic Capabilities

**Threshold resources** The basic resources needed by all firms in the market.

**Unique resources** Those resources which give the firm a sustainable competitive advantage over its competitors

They are Resources which are **better** than those of the competition and difficult to replicate.

**Threshold competences** The activities and processes necessary to stay in business

**Core competences** The critical activities and processes which enable the firm to achieve a sustainable competitive advantage.

The core competences must be **better** than those of competitors and difficult to replicate.

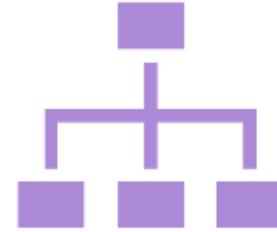
# Capabilities for competitive advantage – must be valued by customers



## Unique resources

- Others cannot imitate or obtain  
e.g. brand, physical location, sunk costs, right to use a patented product

Note: if the unique resource is people base, the people can move to competitors or start their own business



## Core competences

Activities, processes and methods through which an organisation uses its resources effectively in ways that others can not imitate or obtain

e.g. sophisticated IT, corporate culture fostering innovation, ability to share and lever knowledge throughout the organisation

# Strengths & Weakness'

A ‘unique resource’  
or a ‘core  
competence’ that is  
valued by customers  
= a Strength

An absence of or  
just a ‘threshold’  
level of resource or  
competence = a  
Weakness

# Quiz

Which of the following is the Core Competence/ Unique resource that gives Coca Cola its market leading position in the cola market?

- (a) its cola recipe
- (b) its global network of bottling plants
- (c) its low cost of production
- (d) the strength of its brand

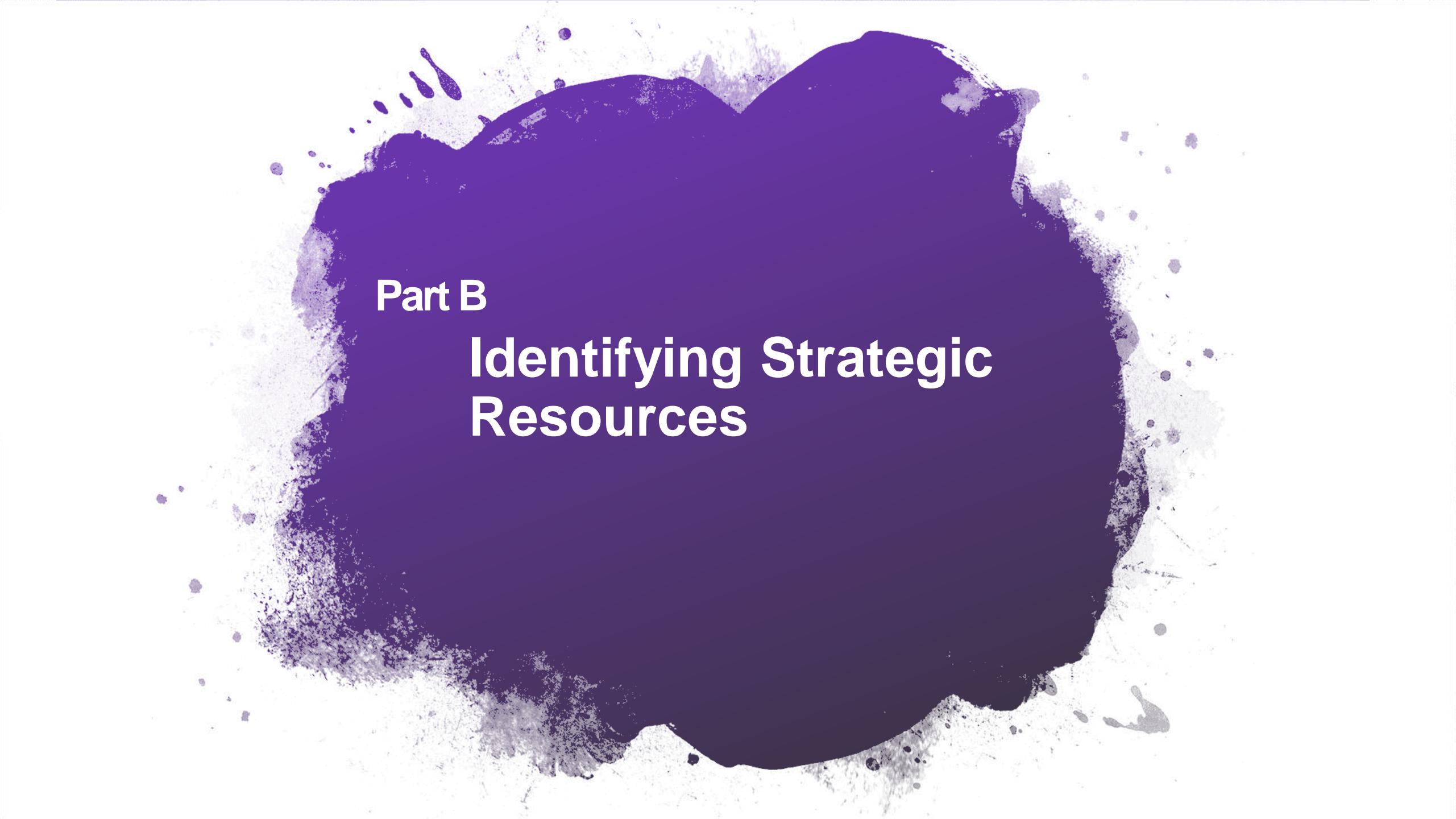
NB : 'different and difficult to copy'

# Quiz

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- (a) its cola recipe
- (b) its global network of bottling plants
- (c) its low cost of production
- (d) the strength of its brand

This is an illustration of an intangible as a unique resource....



**Part B**

## **Identifying Strategic Resources**

# Identifying Strategic Resources

2 alternative tools available:

Resource Audit

9 M's



## **Quiz**

### **A reminder from Lecture 5...**

**What type of information is available about Mobile Inc in the Results of the simulation?**

**Relate your Resource Audit to the specific circumstances of your Mobile Inc company...**



## A reminder from Lecture 5...

**What type of information is available about Mobile Inc in the Results of the simulation?**

**Relate your Resource Audit to the specific circumstances of your Mobile Inc company...**

**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

Level of finance available

etc etc etc

# Resource Audit

Physical Resources	Human Resources	Financial Resources	Intangibles	Technological
<ul style="list-style-type: none"><li>• NCA</li><li>• How effectively these are being used to produce benefits eg high production capacity – access economies of scale &amp; low manufacturing costs</li><li>• Inventory</li><li>• Access to resources: supply agreements for materials or subcontract services</li></ul>	<ul style="list-style-type: none"><li>• Headcount</li><li>• Specialist Skills</li><li>• Knowledge</li><li>• Culture</li><li>• Service orientation</li></ul>	<ul style="list-style-type: none"><li>• Current cash levels</li><li>• Access to sources of future finance: share issues, loans</li><li>• Link to plans eg for expansion – new plants</li></ul>	<ul style="list-style-type: none"><li>• Brand</li><li>• Reputation</li><li>• Patents</li><li>• Strong relationships: eg customers, government, media</li><li>• Existing positioning of products in the market eg competitively priced vs competition</li></ul>	<ul style="list-style-type: none"><li>• Capability to innovate</li><li>• Which can lead to:</li><li>• Access to innovative new products</li><li>• Product feature levels</li><li>• Ability to implement process improvement to improve service or lower costs</li></ul>

# Alternative Tool 9 M's

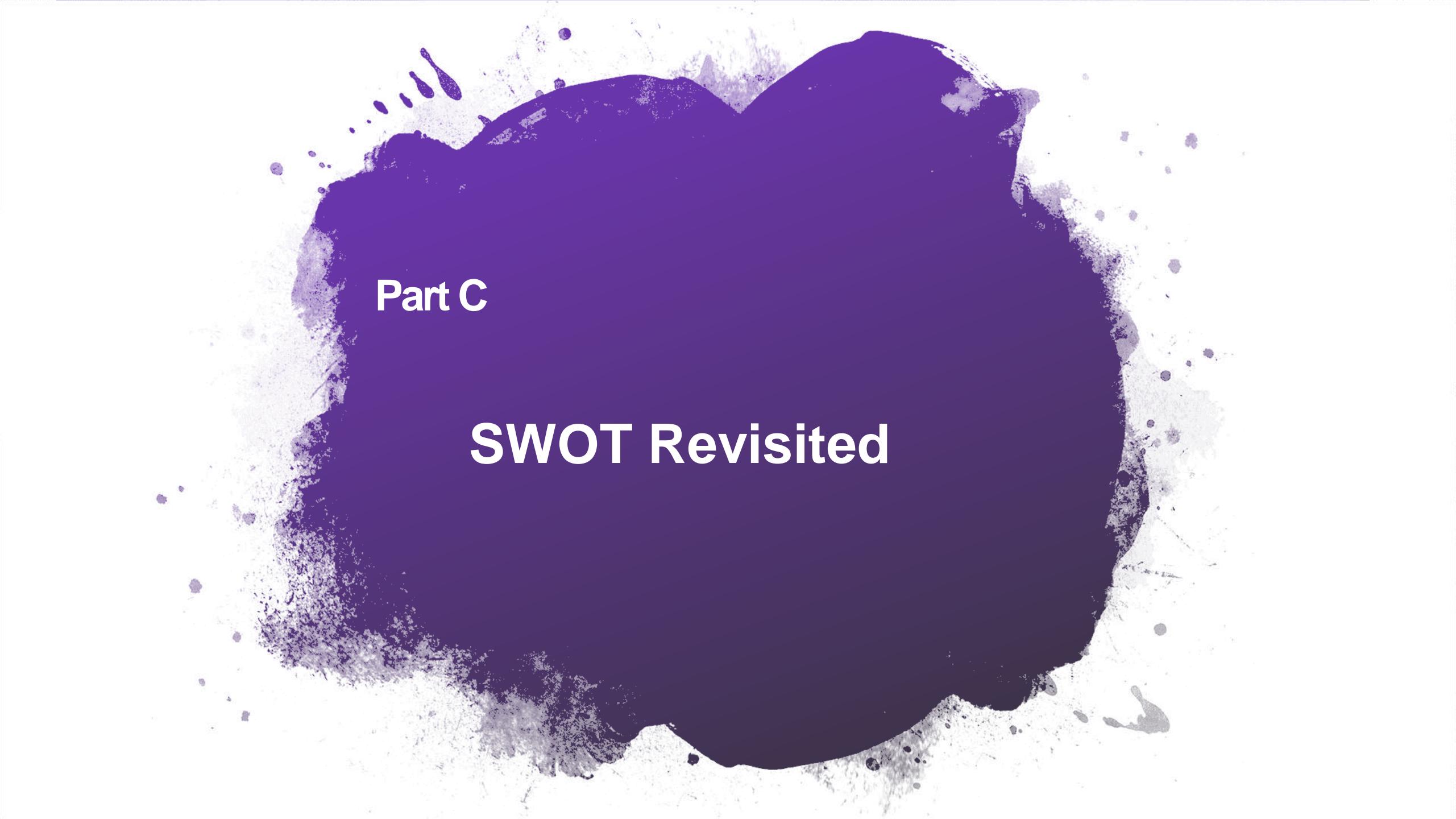
- Acts as a memory jogger

Men & Women	Skills
Money	Access to finance now and in future
Management	Skill levels especially in expanding companies
Manufacturing	Facilities , equipment
Markets	Access to attractive markets ; resources required at different stages of product life cycle
Materials	Access to, cost levels, quality
Methods	Processes used – outsourcing , mass production, use of technology
Make up	Intangibles – brand , culture, relationships
Management Information	Quality & timeliness for decision making

# Resource Audit in Assignment Key Point



- Not enough just to list all the resources
- Must compare to rival teams – better/worse? To be strategic strengths must be better/ different – CORE competences and UNIQUE resources
- Use data / facts from CESIM results screens to support the points you make
- Prioritise them to identify which are the 'strategic resources and competences'
- Core competences (skills/ capabilities)  
**Unique Resources (better than competitors)**
- These are **Strengths** and a strategy based on utilising these will lead to competitive advantage over rivals
- Also identify areas where competences and resources are lacking
- These are **Weakness'** and a strategy which depends on these areas is unlikely to be successful



**Part C**

## **SWOT Revisited**

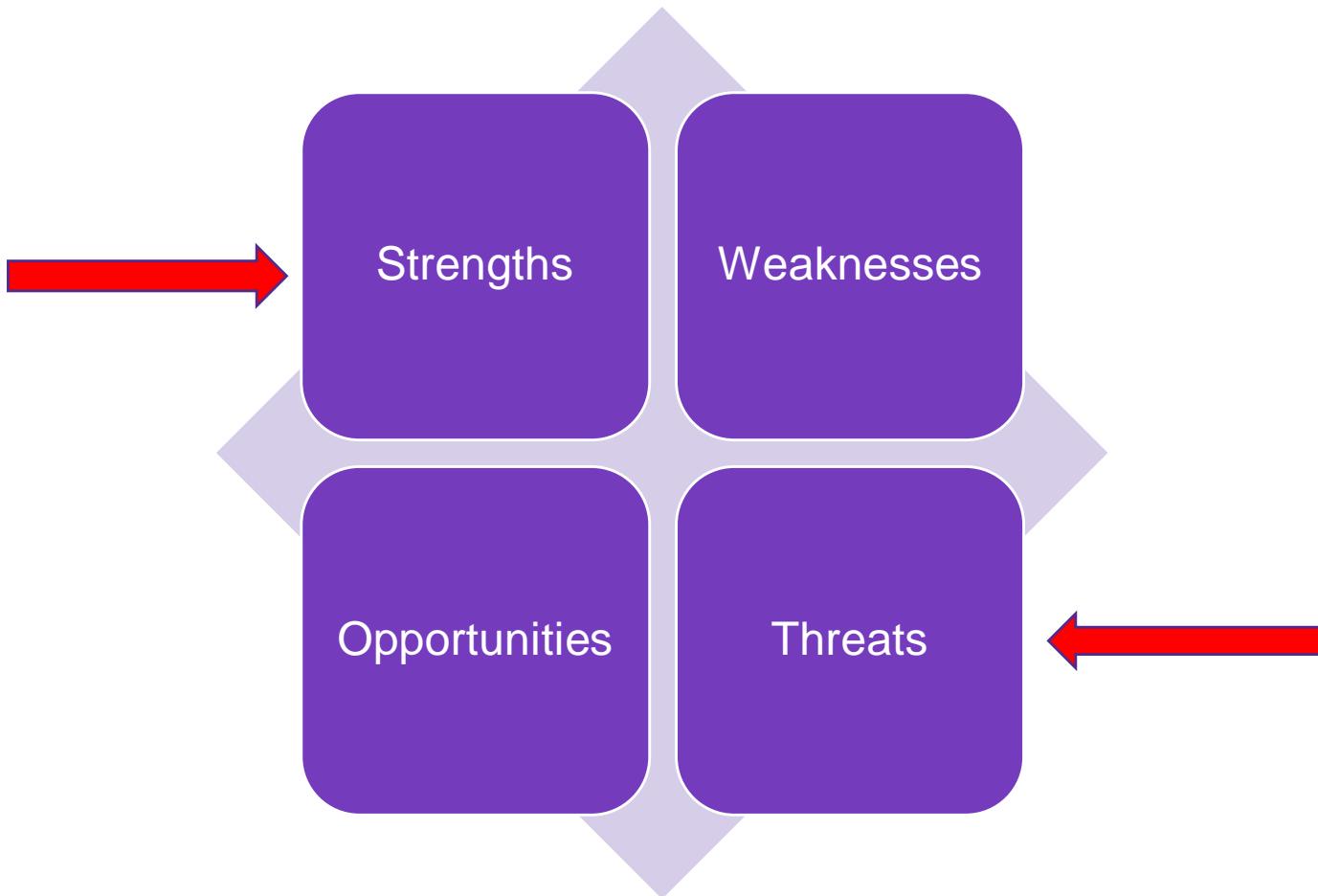
# Corporate Appraisal - SWOT



- Before thinking of future strategies the organisation must take stock of its current position
- Where are we now?
- Thorough understanding of the Internal and External environments is essential, but not enough ....
- Needs to be 'pulled together' into a formal 'Corporate Appraisal' referred to as a SWOT analysis
- This is often presented as a chart – the limitation in space restricts management to focussing on the key points.

# SWOT Chart

S&W from internal environment  
(Resource Audit/9 M's)



O&T from external environment (PESTEL & Competitor Analysis)

# SWOT Analysis

Strengths/ Weakness	Opportunities/ Threats
<ul style="list-style-type: none"><li>• Relate to resources and competences*</li><li>• What is the organisation good at</li><li>• What is it not good at?</li><li>• Does it have any important resource advantages?</li><li>• Are any resources lacking?</li></ul>	<ul style="list-style-type: none"><li>• Relate to external factors</li><li>• What will be the effect of Macro Economic changes</li><li>• What opportunities and threats have arisen from examining what competitors are doing?</li></ul>

**Beware! In your assignments – do not confuse positive/ negative outcomes eg “Red team have the highest sales” with a Strength or Weakness! S&W’s must be a resource or a skill or a lack of these! What is the reason for the high sales - what is the resource or competence behind this? You must explain why something is a strength or a weakness...**

# SWOT in the assignment

- Ultimately the analysis of the internal and external environments will result in a wealth of insight into the current Strategic Position of the organisation.
- Use the Appendix to demonstrate the tools and techniques used and the detailed outputs from applying these.
- In your assignment you will also be asked to condense all this insight into a SWOT analysis in the main body of the report.
- The SWOT chart is a familiar tool from Business Context.
- However in the final year of your studies the emphasis will be on the demonstration of higher level skills.
- How well you demonstrate
- ✓ Effective application of the tools from Lectures to your Mobile Inc simulation company to generate valid SWOT points
- ✓ Analysis of the points raised – identifying which are the key issues and examining what the implications are for the future strategy of the organisation
- ✓ Illustrations that support your points using specific data from the CESIM simulation

# Link to assignment: Strategic Position Analysis

## 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?

Remember that a strategic strength must relate to a **resource or a competence** which is unique or core. A weakness is a lack of unique resource or core competence. Be wary of identifying positive financial outcomes (e.g., high sales) as a strength – what is the resource or competence that has produced the positive financial outcome?

Remember that at Level 6 you should move beyond lists of points and should aim to make your work **analytical**

- Explain the importance of the issues
- Prioritise them – what are the key points.
- Consider the implication of each key point for the business strategy
- Spot linkages between them



# Making your Work Analytical – Applying Tools from Lectures

- You will need to identify and analyse the Strengths, Weakness', Opportunities and Threats for your company Mobile Inc in its market
- Where can you get the information to start this process?
- **2 places:**
  - Information given directly in the game materials
  - Information you deduce from analysing your position using the data in the game decisions and results areas, and strategic planning tools you have learned from lectures.

# Making your Work Analytical – Applying Tools from Lectures

**Illustration of Information given directly in the game materials**

## ***Market Conditions***

Europeans are more appreciative of advanced technologies **(O)**

Outsourcing costs are increasing – could be an opportunity or a threat dependent on how dependent you have become on outsourced production? **(O/T)**

## ***Network Coverage Graph on demand page***

Network Coverage for Tech X is increasing from 40% to 80% in Year's 4-6 (nb this is a fictional example!) **(O)**



# Making your Work Analytical – Applying Tools from Lectures

- **Illustration of Information** you deduce from analysing your position using the data in the game decisions and results areas, and strategic planning tools you have learned from lectures.
- **Competitor Analysis**  
There are 4 teams selling Tech 4 in USA , competition is therefore fierce , and all firms have low selling prices which allow only low gross profit margins. Prices are continuously being undercut. **(T)**
- **Resource Audit**  
Mobile Inc has 2 older Techs which are entering the Mature phase in the product life cycle\*. To introduce some new Techs will require R&D effort, but the team has the lowest number of R&D staff of all firms in the market. This would need to be addressed to bring new products on stream **(W)**

\* Product Life Cycle is covered in Lecture 9

# Making your Work Analytical –

- You may find that generating 4 lists of Strengths, Weakness, Opportunities and Threats is relatively straight forward.
- Your task as a student is then to **analyse** them
- Explain the importance of the issues
- Consider the implication of each point for the business strategy
- Prioritise them
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DESCRIPTION/LIST



ANALYSIS

# Analysis skills....

Asia is the biggest market and is growing at the fastest rate

(Opportunity – Listed!)

Our company has developed 5 factories in Asia ,so we are well placed to take advantage of the growth in the Asia Market, which is the biggest market and growing at the highest rate

(Strength – linked to an opportunity)

We have the lowest manufacturing cost of all the teams for Tech X because we are able to manufacture it in Asia as we have 5 plants there

(Strength explained in terms of resources and capabilities )

This means we will be able to set lower selling prices than our competitors and grow our share of the market or

This means that we will be able to set out selling prices at the same level as competitors, but we will make higher profits

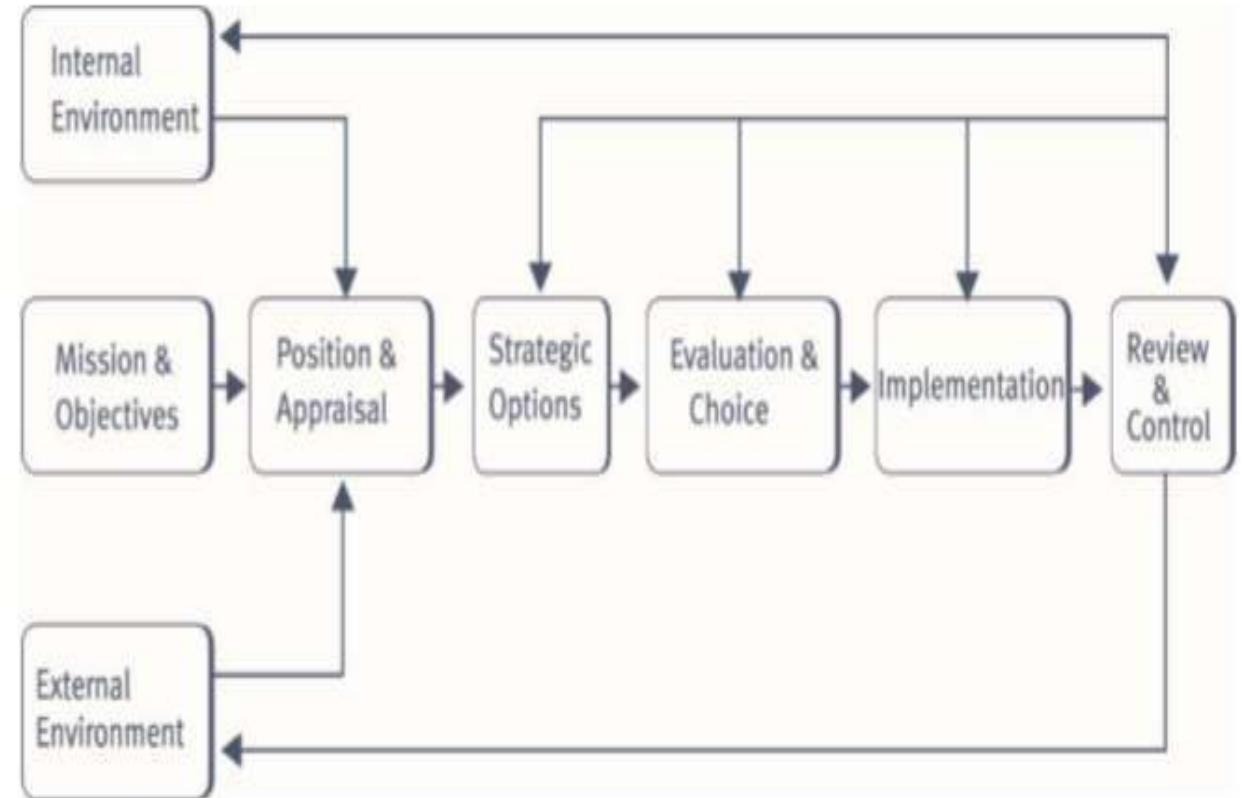
This means we will have lower transport costs than our competitors because we are able to produce large volumes in Asia , and our plants are close to the customer , so we have less need to ship goods long distances

(Implications of the Strength explained)

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# Thank you

Any questions?