Strategic Management

Course Information: https://is.slu.cz/predmet/opf/zima2024/PEMNASMA?lang=en

Consultation: Wednesday and Thursday
(better to have an appointment in advance)

Contact Details: shariq@opf.slu.cz
Room: B205

Important Information

Requirements on students

(Total sum of points 100)

1. Active participation in seminars and case studies solution – 10% of points

2. Seminar paper and defence of the seminar paper
   (no later than 15. 12. 2025) – 10% of points

3. Continuous test
   (in the week 27. 10. – 31. 10. 2025) – 20% of points

4. Final written exam – 60% of points

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Room: 205

Learning outcomes

- Business Model
- Mission
- Vision
- Objectives
- Strategy

“Without a strategy the organization is like a ship without a rudder, going around in circles. It's like a tramp; it has no place to go."

(Joel Ross and Michael Kami)

Strategic Management

BASIC CONCEPTS OF STRATEGIC MANAGEMENT

Thinking Strategically: The Three Big Strategic Questions

1. Where are we now?
2. Where do we want to go?
   - Business(es) to be in and market positions to stake out?
   - Buyer needs and groups to serve?
   - Outcomes to achieve?
3. How do we get there?

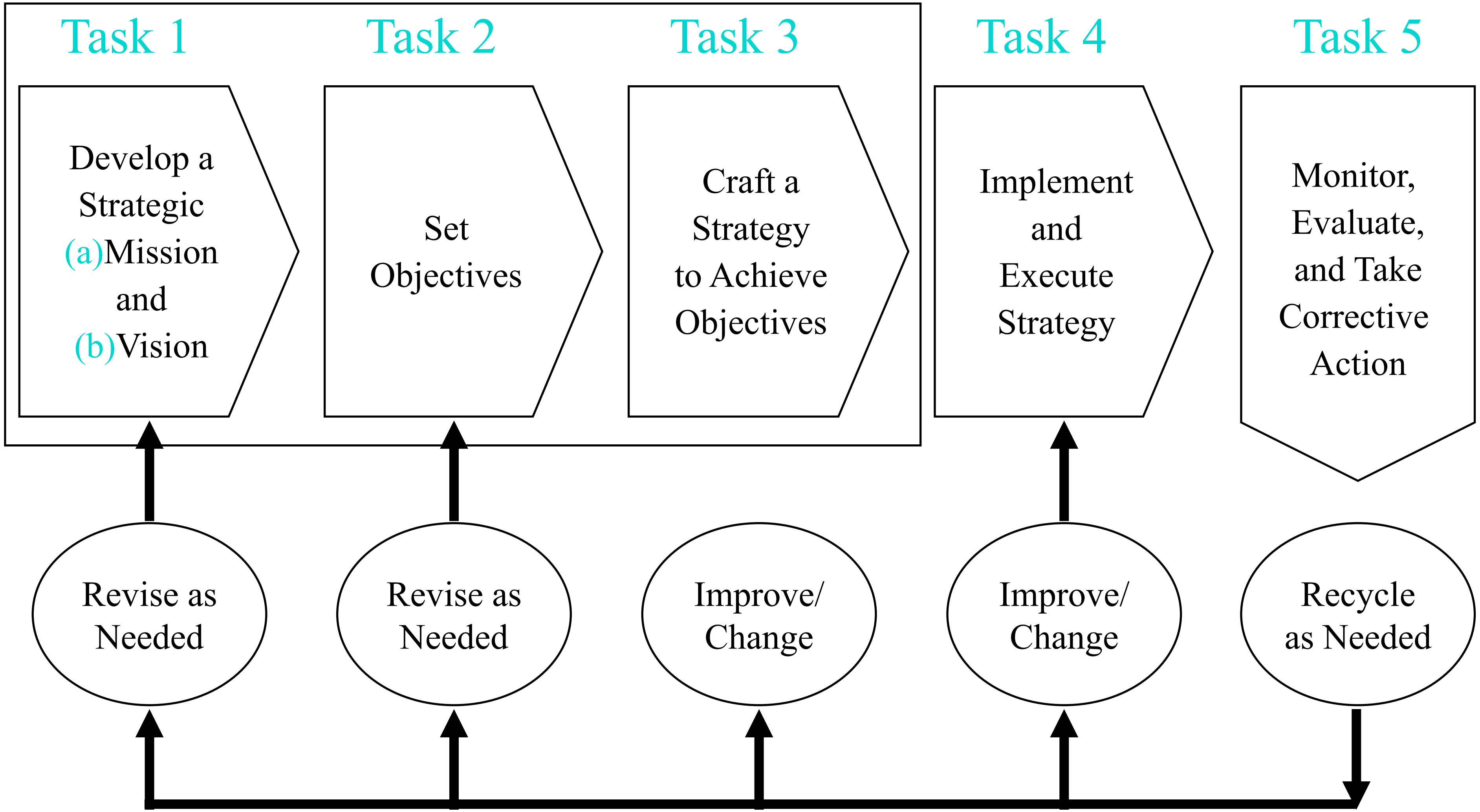
What is Strategy?

- A company's strategy consists of the set of competitive moves and business approaches that management is employing to run the company
- Strategy is management's "game plan" to
  - Attract and please customers
  - Stake out a market position
  - Conduct operations
  - Compete successfully
  - Achieve organizational objectives

What is a Business Model?

- A company's business model addresses "How do we make money in this business?"
    - Business model is about creating value for the customer and generating revenue from that created value
    - Is the strategy that management is pursuing capable of delivering good bottom-line results?
- Do the revenue-cost-profit economics of the company's strategy make good business sense?
    - Look at the revenue streams the strategy is expected to produce
    - Look at the associated cost structure and potential profit margins
    - Do the resulting earnings streams and ROI indicate the strategy makes sense and that the company has a viable business model?

The Five Tasks of Strategic Management



Task 1(a): Mission

Mission Versus Vision

Mission Statement Answers the Question

Vision Statement Answers the Question

"What is Our Business?"

"What Do We Want to Become?"

Characteristics of a Mission Statement

- Defines current business activities
- Highlights boundaries of current business
- Conveys
  - Who we are,
  - What we do, and
  - Where we are now
- Company specific, not generic — so as to give a company its own identity

A company's mission is not to make a profit !

The real mission is always—"What will we do to make a profit?"

Broad or Narrow Mission Statements?

- Narrow enough to specify real arena of interest
- Serve as
  - Boundary for what to do and not do
  - Beacon of where top management intends to take firm
- Diversified companies have broader business definitions than single-business enterprises

Definitions: Broad vs. Narrow Scope

- Broad Definition
  - Furniture
  - Telecommunications
  - Beverages
  - Global mail delivery
  - Travel & tourism

- Narrow Definition
  - Wrought-iron lawn furniture
  - Long-distance telephone service
  - Soft drinks
  - Overnight package delivery
  - Caribbean cruises

Mission Statements for Functional Departments

- Spotlights department's
  - Role and scope of activities
  - Direction which department needs to pursue
  - Contribution to firm's overall mission

Mission Statements of Functional Departments

HUMAN RESOURCES

To contribute to organizational success by developing effective leaders, creating high performance teams, and maximizing the potential of individuals.

CORPORATE SECURITY

To provide services for the protection of corporate personnel and assets through preventive measures and investigations.

Task 1(b): Vision

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Three Elements of a Strategic Vision

1. Mission (use it as a starting point)
2. Vision (develop a vision that spells out a course to pursue)
3. Communication of the vision in a clear and exciting manner

Developing a Strategic Vision

- Involves thinking strategically about
  - Firm's future business plans
  - Where to "go"
- Tasks include
  - Creating a roadmap of the future
  - Deciding future business position
  - Providing long-term direction
  - Giving firm a strong identity

Characteristics of a Strategic Vision

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1. A roadmap of a company's future

- Future technology-product-customer focus
- Geographic and product markets to pursue
- Capabilities to be developed
- Kind of company management is trying to create

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Characteristics of a Strategic Vision

2. Charts a company's future strategic course
3. Defines the business makeup for 5 years (or more)
4. Specifies future technology-product-customer focus
5. Indicates capabilities to be developed
6. Requires managers to exercise foresight

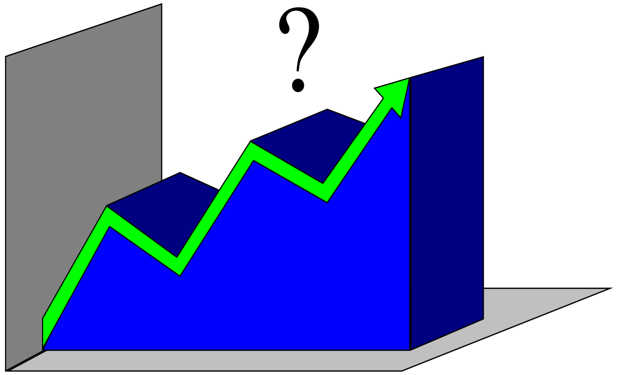
Questions to Address in Developing a Strategic Vision

1. What changes are occurring in the market arena(s) where we operate and what implications do these changes have for our future direction?
2. What new or different customer needs should we be moving to satisfy?
3. What new or different buyer segments should we be concentrating on?
4. What new geographic or product markets should we be pursuing?
5. What should the company’s business makeup look like in 5 years?
6. What kind of company should we be trying to become?

Why is a Strategic Vision Important?

A managerial imperative exists to look beyond today and think strategically about

- Impact of new technologies
- How customer needs and expectations are changing
- What it will take to outrun competitors
- Which promising market opportunities ought to be aggressively pursued
- External and internal factors driving what a company needs to do to prepare for the future



TASK 1: Match the company with their statements:

Statement	Company
1. To be the world`s best quick service restaurant.	A AutoNation
2. To be the most respected global financial services company.	B Avon
3. To become the beauty company most women turn to worldwide.	C Barnes & Noble
4. To provide a global trading platform where practically anyone can trade practically anything.	D CarMax
5. To operate the best speciality retail business in America, regardless of the product we sell.	E Citibank
6. To provide our customers great quality cars at great prices with exceptional customer service.	F Darden Restaurants
7. To nourish and delight everyone we serve.	G eBay
8. To be American` s best run, most profitable automotive retailer.	H Estee Lauder
9. Bringing the best to everyone we touch.	I Facebook
10. To be the world` s largest & best platform for online communities to share & connect.	J Kelly Services
11. To give everyone the power to create and share ideas and information instantly, without barriers.	K KFC
12. To bet he best worldwide provider of higher-value staffing services and the center for quality employment opportunities.	L Manpower
13. To sell food in a fast, friendly environment that appeals to pride-conscious, health-minded consumers.	M McDonald` s
14. To serve our customers, employees, shareholders and society by providing a broad range of staffing services and products.	N Reddit
15. To give the people the power to share and make the world more open and connected.	O Twitter

Task 2: Objectives

Two Types of Objectives Are Required

Financial Objectives

Outcomes that improve a firm's financial performance

Strategic Objectives

Outcomes that strengthen a firm's competitiveness and long-term market position

Strategic Management Principle

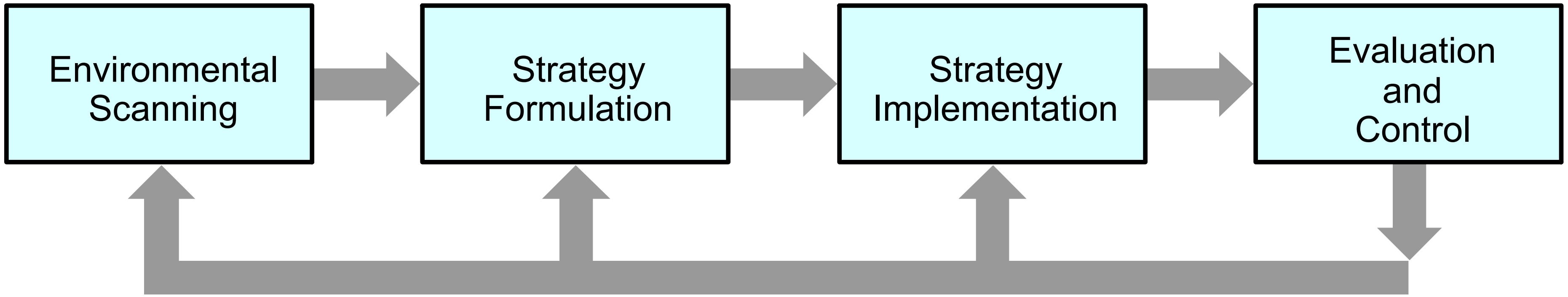
Every company needs both strategic and financial objectives!

Short-Range Versus Long-Range Objectives

- Short-Range objectives
    - Targets to be achieved soon
    - Serve as stair steps for reaching long-range performance
- Long-Range objectives
    - Targets to be achieved within 3 to 5 years
    - Prompt actions now that will permit reaching targeted long-range performance later

Task 3: Strategy

Basic Elements of the Strategic Management Process



Strategic Management Process

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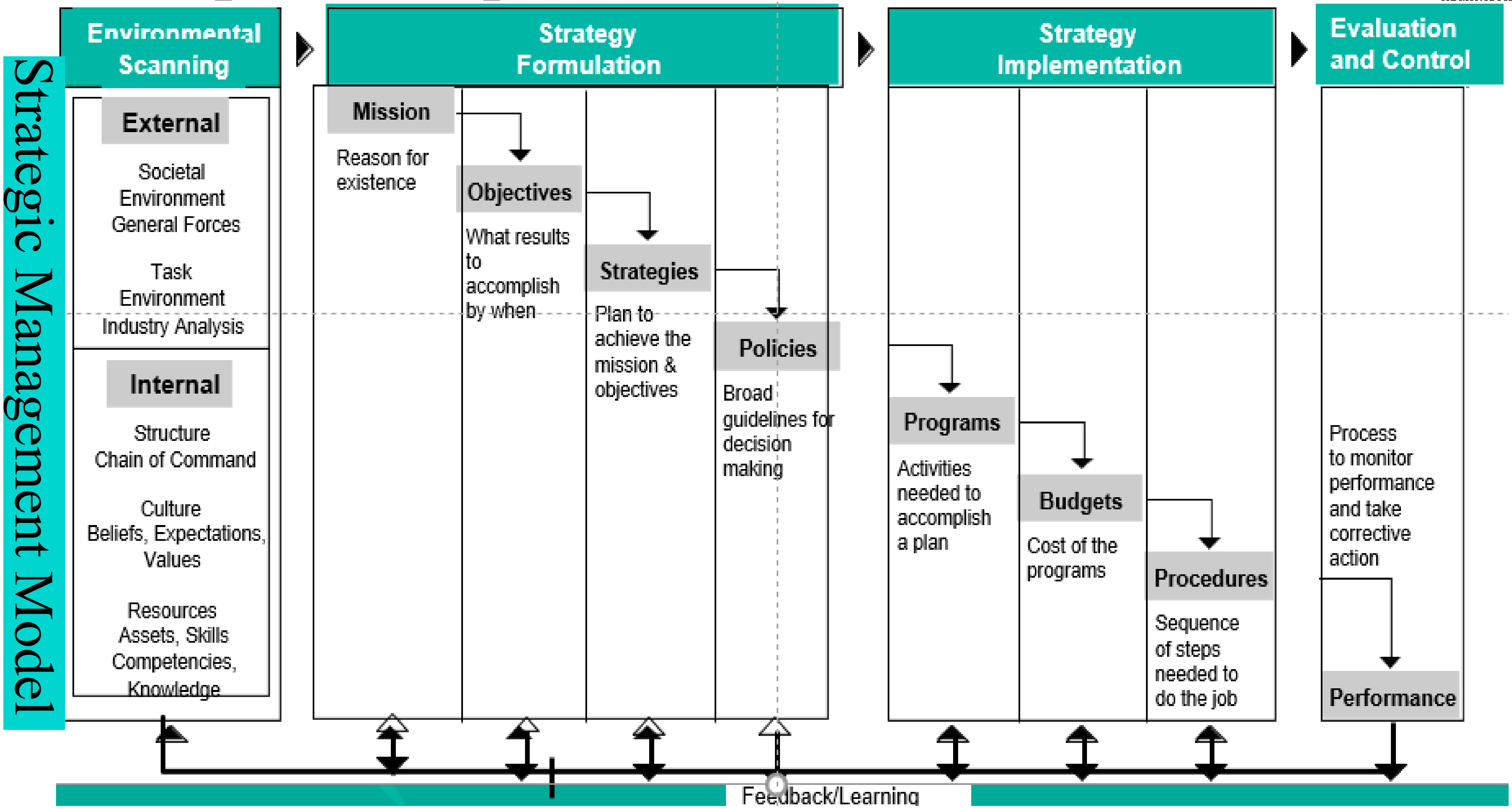

Benefits of Strategic Management

- Proactive in shaping organization's future
- Initiate and influence activities
- Formulate better strategies (Systematic, logical, rational approach)

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Benefits of Strategic Management

Financial benefits

- Improvement in sales
- Improvement in profitability
- Improvement in productivity

The How That Define a Firm's Strategy

- How to grow the business
- How to please customers
- How to outcompete rivals
- How to respond to changing market conditions
- How to manage each functional piece of the business and develop needed organizational capabilities
- How to achieve strategic and financial objectives

Strategic Approaches

- Strategy as design ------------------- Rationality
- Strategy as experience ------------- Intuition
- Strategy as Ideas -------------------- Innovation

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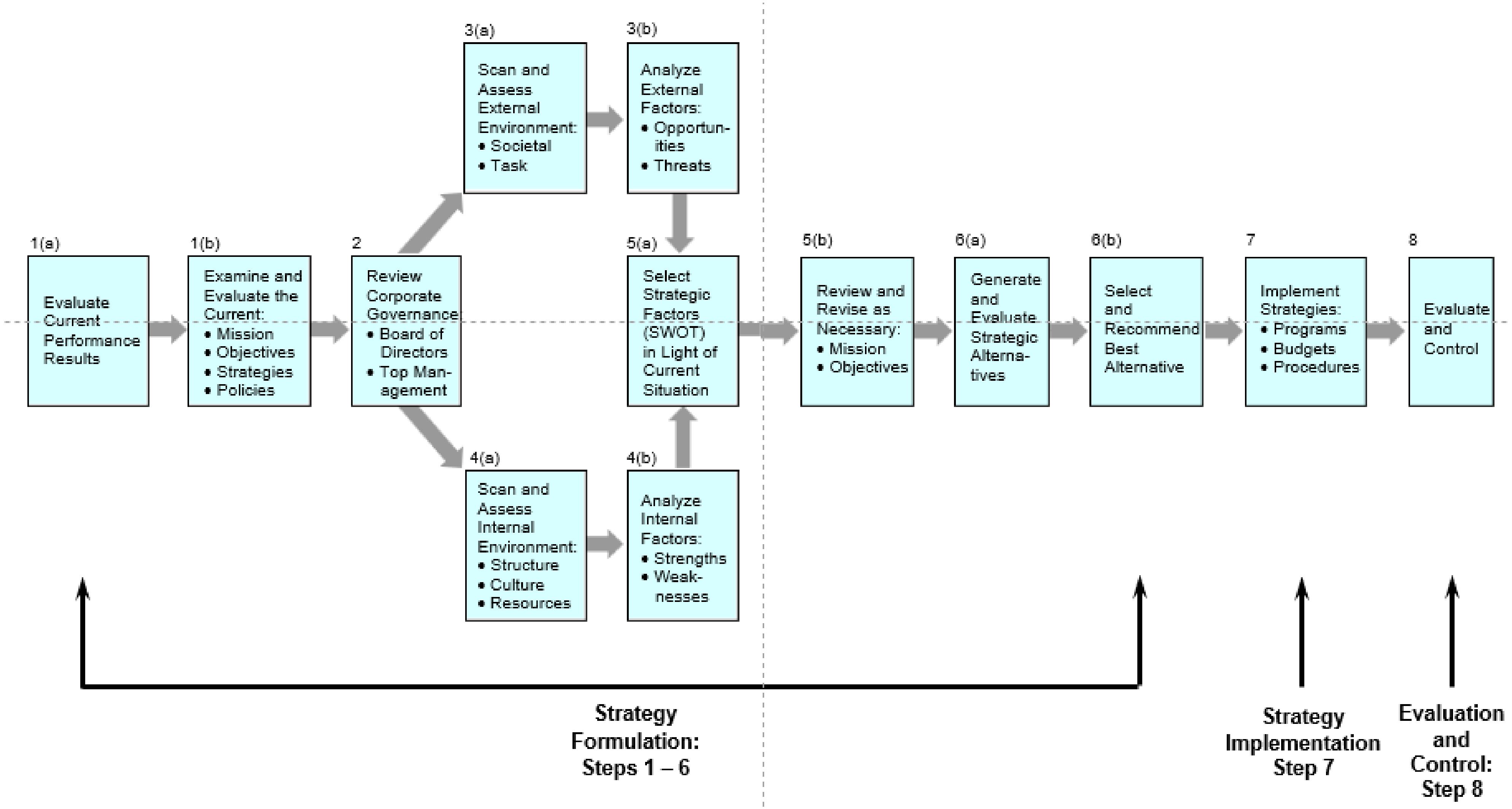
Objectives should be SMART

- Specific
- Measurable
- Achievable
- Realistic
- Time related

Strategic Decision-Making Process



Environmental Scanning (coming lectures)

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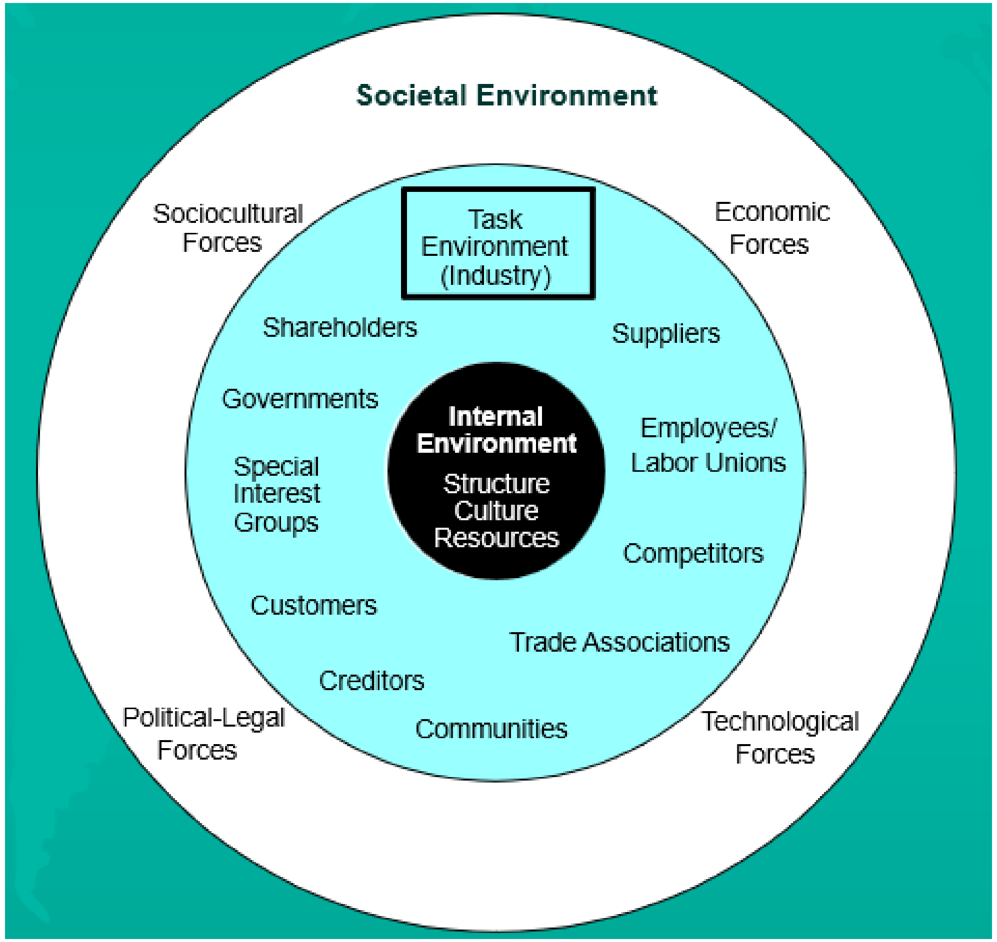

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