STRATEGIC MANAGEMENT

1. Identify and Analyse Current:
- **Mission**
  - Mission statement: *identifies the domain in which the org. intends to operate, including customers, products and/or services, and location. It should communicate the underlying philosophy that will guide employees.*
- **Objectives**
  - Operating objectives: *direct activities towards specific performance results. (Shorter-term targets)*
  - Include:
    - profitability
    - Market share
    - Human talent
    - Financial health
    - Cost efficiency
    - Product quality
    - Innovation
    - Social responsibility
- **Strategies**
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2. Analyse External and Internal Environments:
- Industry and external environments (opportunities and threats)
- organisational resources and capabilities (strengths and weaknesses)

3. Revise Mission and Objectives, Select New Strategies:
- Corporate Strategy - *Set long-term direction for the total enterprise.*
- Business Strategy *- Identifies how a division or strategic business unit will compete in its single unit, product line or service domain.*
- Functional Strategy - *Guides activities within one specific area of operations.*

4. Implement Strategies:
- Corporate governance
- Management systems and practices
- Strategic leadership

5. Evaluate Results:
- Strategic control
- Renew strategic management process

- Competitive Environments (PORTER)
- **Peter Drucker's 5 Strategic Questions**
  - What is our mission?
  - Who are our customers?
  - What do our customers consider value?
  - What have been our results?
  - What is our plan?
- **Porter's Generic Strategies**
  - Cost Leadership Strategy
    - *Seeks to operate with lower costs than competitors.*

1, 2 & 3 = Strategy Formulation *Creating Strategies*
- *Involves assessing existing strategies, organisation and environment to develop new strategies/plans capable of delivering future competitive advantage.*

4 & 5 = Strategy implementation *Putting Strategies Into Action*
- *Process of allocating resources and putting strategies into action.*
- *Once strategies are created, must be acted on to achieve the desired results.*

- Differentiation Strategy
    - *offers products that are unique and different from the competition.*
- Focused Low Cost Strategy
    - *Seeks the lowest costs of operations within a special market segment.*
- Focused Differentiation Strategy
    - *Offers unique product to a special market segment.*
- Porter's Levels of Strategic Decisions
- **Miles and Snow Adaptive Strategies**
    - Suggests that organisations should pursue product/market strategies congruent with their external environments.
        - Prospector Strategy
            - *pursues innovation and new opportunities with prospects for growth.*
        - Defender Strategy
            - *emphasises existing products and market share without seeking growth.*
        - Analyser Strategy
            - *maintains the stability while exploring selective opportunities.*
        - Reactor Strategy
            - *responds to competitive pressures in order to survive.*
- **Growth and Diversification Strategies**
    - Growth strategies involve expansion of the organisations current operations.
        - Growth through <u>concentration</u> - within the same business area.
        - Growth through <u>diversification</u> - by acquisition of or investment in new and different business areas.
        - Growth through <u>vertical integration</u> - by acquiring suppliers or distributors.
- **Restructuring and Divestiture Strategies (Retrenchment)**
    - <u>Liquidation</u> - when operations cease due to the complete sale of assets/bankruptcy.
    - <u>Restructuring</u> - changes scale and/or mix of operations to improve efficiency/performance.
    - <u>Downsizing</u> - decreases in size of operations with the intention of becoming more streamlined.
    - <u>Divestiture</u> - sells off parts of organisation to focus attention and resources on core business areas.

ORGANISING THE BUSINESS
- *Arranging people and other resources to work together to accomplish a goal.*
- Structure: tasks, workflows, reporting relationships and communication channels that link the work of diverse individuals and groups.
    - Departments.Structures:
        - Divisions - geography, product, customers, process
        - Functional - accounts, engineering, sales etc
        - Matrix - Teams across functions
    - Designs:
        - Virtual
        - Adaptive (organic)
        - Bureaucratic (Mechanistic)
        - Simultaneous Systems

- Position Power
  - Expert
  - Referent
- Turning Power into Influence
- Leadership Styles
  - Transformational
    - Proactive leadership
    - Wide scope for organisational culture with implementing new ideas.
    - Motivates employees to achieve objectives by setting high standards and values.
  - Transactional
    - Active leadership
    - Draws a set of boundaries within the organisation
    - Objectives are earned by rewards and punishment
- Contingency Approaches
  - Fiedler's Model (LPC Theory)
    - Based on the premise that good leadership depends on a match between leadership style and situational demands.
    - A person's LPC score describes tendencies to behave either as a task-motivated or relationship-motivated leader.
    - Fiedler suggests that the key to leadership success is putting the existing styles to work in situations for which they are the best 'fit'. - true contingency leadership thinking, with the goal of successfully matching style with situational demands.
    - Three contingency variables are used to diagnose situational control:
      - Quality of a leader - *member relations measures the degree to which the group supports the leader.*
      - *The degree of task structure -* measures the extent to which task goals, procedures and guidelines are currently spelt out.
      - The amount of position power - *measures the degree to which the position gives the leader power to reward and punish subordinates.*

IMAGE NOT AVAILABLE IN SAMPLE

  - Hershey-Blanchard Model
    - Suggests that successful leaders adjust their styles depending on the maturity of followers, indicated by their readiness to perform in a given situation.
    - 'Readiness is based on how able and willing or confident followers are to perform required tasks.
    - The possible leadership styles that result from different combinations of task-oriented and relationship oriented behaviours are as followed:
      - Delegating - allowing the group to make and take responsibility for task decisions; a low-task, low-relationship style.
      - Participating - emphasising shared ideas and participatory decisions on tsk directions; a low-task, high-relationship style.
      - Selling - explaining task directions in a supportive and persuasive way; a high-task, high-relationship style.

- Telling - giving specific task directions and closely supervising work; a high-task, low-relationship style.
  - Managers using this model must be able to implement the alternative leadership styles as needed. The delegating style works best in high-readiness situations of able and willing or confident followers; the telling style works best at the other end of low-readiness, where followers are unable and unwilling or insecure. The participating style is recommended for low-to-moderate readiness and the selling style for moderate-to-high readiness.

IMAGE NOT AVAILABLE IN SAMPLE

- House's Path Goal Theory
  - Suggests that an effective leader is one who clarifies paths through which followers can achieve both task-related and personal goals.
  - House identifies four leadership styles that may be used in this 'path-goal' sense:
    - Directive leadership - letting subordinates know what is expected; giving directions on what to do and how; scheduling work to be done; maintaining definite standards of performance; clarifying the leader's role in the group.
    - Supportive leadership - doing things to make work more pleasant; treating group members as equals; being friendly and approachable; showing concern for the wellbeing of subordinates.
    - Achievement-oriented leadership - setting challenging goals; expecting the highest levels of performance; emphasising continuous improvement in performance; displaying confidence in meeting high standards.
    - Participatory leadership - involving subordinates in decision making; consulting with subordinates; using these suggestions when making a decision.

IMAGE NOT AVAILABLE IN SAMPLE

- Vroom-Jago Leader-Participation Model
  - Designed to help a leader choose the method of decision making that best fits the nature of th problem being faced.
    - Authority decision - made by the leader and then communicated to the group