CHAPTER 5

Strategic Planning in a Global Environment

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Strategic Planning

The process by which an organization makes decisions and takes actions that affect its long-run performance.

Competitive Advantage

Knowing Your Competition
Benefits of Strategic Planning

- Economic
- Behavioral

Strategic Planning as a Process

Strategic Analysis - Business Level

- Evaluate the present situation.
  - Assessing the mission
  - Internal environmental analysis
  - External environmental analysis
SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats

Internal Analysis Factors

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External Analysis Factors

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General Environment

- Economic factors
- Technological factors
- Socio-cultural factors
- Political-legal factors

Task Environment

- Competition
- Customer Profiles
- Resource Availability

Strategic Planning as a Process
**Strategy Formulation**

“Where does the organization want to be?”

- Vision
- Goals
- Alternatives
- Strategy

**Mission vs. Vision**

- A mission statement describes the products, services, and target markets for an organization.
- A vision statement describes what the organization aspires to be in the long run.

**Setting Strategic Goals**

- Organizational objectives
- Specific level of performance
Evaluating and Choosing Strategy

• Portfolio Assessment
• Decision Matrices

Strategic Planning as a Process

Strategy Implementation

“How can the organization get to where it wants to be?”
Formulating Functional Strategy

- Action Plans
- Coordination

Institutionalizing Strategy

- Organizational structure
- Organizational culture
- Organizational leadership

Organizational Structure

- Organizational chart
- Reporting relationships
- Chain of command
- Hierarchy of responsibility
**Organizational Culture**

- Shared beliefs, values, and norms
- Guides the behavior
- Gives meaning

**Organizational Leadership**

**Strategic Planning as a Process**

- Strategic Analysis
- Strategy Formulation
- Strategy Implementation
- Strategic Control

Feedback
Strategic Control

- Monitoring implementation
- Ensuring quality and effectiveness

Strategic Control

- Feedforward Controls
- Feedback Controls

Information Technology

Availability of information