

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.

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Competitive Advantage

Knowing Your Competition

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### Benefits of Strategic Planning

- **Economic**
- **Behavioral**

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### Strategic Planning as a Process



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### Strategic Analysis - Business Level

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

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## SWOT Analysis

- **S**trengths
- **W**eaknesses
- **O**pportunities
- **T**hreats

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## Internal Analysis Factors

<b>Management Capabilities</b>	<b>Image</b>	<b>Information Technology</b>
<b>Research &amp; Development</b>	<b>Customer Service</b>	<b>Distribution Channels</b>
<b>Brand Equity</b>	<b>Productivity</b>	<b>Finance</b>
<b>Leadership</b>	<b>Training &amp; Development</b>	<b>Liquidity</b>
<b>Marketing</b>	<b>Sales Force</b>	<b>Human Resources</b>
	<b>Culture</b>	

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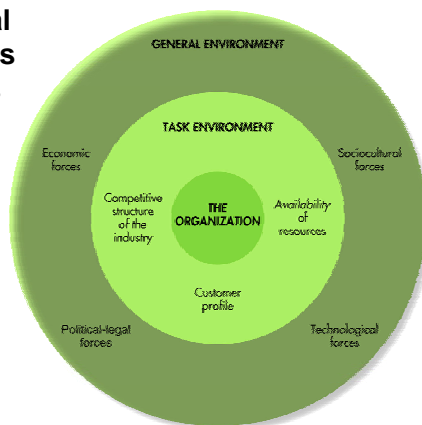
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## External Analysis Factors




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### General Environment

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

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### Task Environment

- **Competition**
- **Customer Profiles**
- **Resource Availability**

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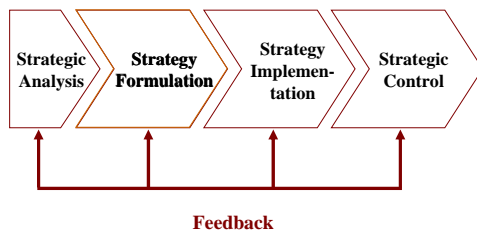
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### Strategic Planning as a Process



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### Strategy Formulation

“Where does the organization want to be?”

- Vision
- Goals
- Alternatives
- Strategy

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### 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.

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### Setting Strategic Goals

- Organizational objectives
- Specific level of performance

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### Identifying Strategic Alternatives

- Grand strategies
- Generic strategies

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### Grand Strategy

- Stability strategies
- Growth strategies
- Retrenchment strategies

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### Generic Strategy

- Cost leadership
- Differentiation
- Focus

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### Evaluating and Choosing Strategy

- **Portfolio Assessment**
- **Decision Matrices**

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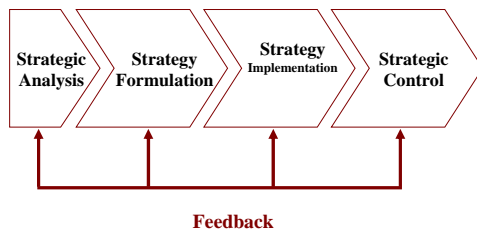
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### Strategic Planning as a Process



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### Strategy Implementation

**“How can the organization get to where it wants to be?”**

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### Formulating Functional Strategy

**Action Plans**

**Coordination**

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### Institutionalizing Strategy

– **Organizational structure**

– **Organizational culture**

– **Organizational leadership**

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### Organizational Structure

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

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### Organizational Culture

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

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### Organizational Leadership

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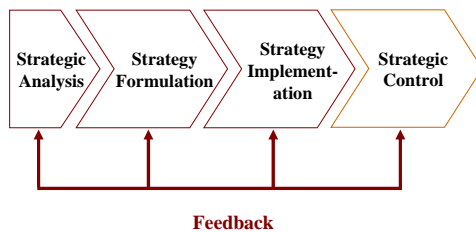
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### Strategic Planning as a Process



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### Strategic Control

- **Monitoring implementation**
- **Ensuring quality and effectiveness**

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### Strategic Control

- **Feedforward Controls**
- **Feedback Controls**

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### Information Technology

**Availability of information**

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