Mid term Assignment

Strategic Management

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Q1)Discuss Importance of Strategic Management.Assume that you are developing an organization.Describe the organization and write Vision,mission and objective for that organization.

IMPORTANCE OF STRATEGIC MANAGEMENT

Following are the importance of strategic management in developing an organization which includes:

* Better guidance to entire organization.
* Allertness of Employees to the wind of change.
* Increase in Effeciency of Employees.
* Increase in Profitability of the Employees.
* Motivation to Group activity.
* Reduction in cost of capital.

ORGANIZATION & VISION,MISSION,OBJECTIVE FOR THAT ORGANIZATION

Assume that you are developing an online gifts shop”Express gifts”.Express gifts is local known brand with wide area of delivery all around Kp district.inorder to improve performance it assesses its external and competitive environment.Expess gifts will take advantage of its key oppurtunities for strong market growth.The vision,mission and objective for” Express gifts”be

* The vision is where the organization is seeing itself in future period.

For “Express gifts”,the vision be” to be world’s number one online gift service provider operating all around the world”.

* The mission is purpse/reason of organization existance

For “Express gifts”,the mission be”to build long relationship withour customers/clients providing customer services through advanced communication methods and technology”.

* The objective is goal or something to aim for.

For “Express gifts”,the objective be”To serve good quality door to door”.

Q2)Discuss SWOT analysis for the organization,which you have assumed in question1(Strengths,Weakness,Oppurtunities,Threats).

SWOT ANALYSIS

SWOT analysis is decision making policy.it helps understand and identify factors that effect your decisions and actions.This consist of:

* Internal Environment: These fall under strengths and weaknesses
* Strengths: These are positive features of your practices that you can control.
* Weaknesses: These are negative features of your practices that you can control,these must be reduced/eliminated.
* External Environment : These fall under Oppurtunities and Threats
* Oppurtunities: These are Favourable conditions,you should take advantage of.
* Threats: Those factors that risk your practices.threats are external and beyond our control.

SWOT Analysis For Express gifts

SWOT Analysis for Express gifts consists of internal and external factors.

Internal factors consists of strengths and weaknesses.

External factors consist of oppurtunities and threats.

1. Strength for Express gifts be:

* Online door to door delivery in this age of e-commerce.
* Quick delivery method within 24 hours.
* Range of gift items is diverse covering all items.
* Serves around 1000-2000 customers annualy.
* Makes the product unique/different from other competitors.

2)The Weaknesses For Express gifts be:

* The prices of products/items are higher than supermarkets and other stores which can limit the targeted group.
* Lack of shop brand recognition.
* Range of items compared to supermarkets is limited.

1. Oppurtunities for Express gifts be:

* For working proffesionals who prefers online shopping,hence targeted group is increasing.
* More the customers may enable increased sales .

3)Threats for Express gifts be:

* Depends on network availibilty .
* Intense competition from other stores,supermarkets.
* Increased publishing cost and government taxes.

Once you have completed SWOT matrix,then conduct actual analysis in which

* Use your practice Strength to take advantage of your Oppurtunities.
* Overcome Weaknesses that are roadblocks to those same Oppurtunities.
* Use your Strength reduce influence of threats.
* Eliminate the Weaknesses that are exposing your practice to threats.

Q3)Assuming an industry & discuss Porters five forces of competition for that industry.

PORTER’S FIVE FORCES OF COMPETITION

Porter five forces model brings a large number of different factors to analyze basic landscape of an industry.

Porter five forces model identifies these five sources namely

1. Bargaining/Pricing power of buyers.
2. Bargaining/Pricing power of suppliers.
3. Threats of new Entrants.
4. Threats of Substitutes.
5. Rivalry among existing competitors.

PORTER’S FIVE FORCES OF COMPETITION FOR MC DONALD’S INDUSTRY

Assume an industry of fast food restaurant like Mc Donald’s as leading restaurant worldwide

According to five forces analysis ,Mc Donald’s ensures its strategies are appropriate .

* Mc Donald’s faces pressure from various competitors,including large multifunctional firms and small local businesses like Burger King,Dunkin Donuts,Subway etc.
* Mc Donald’s needs new products that can attract new customers and retain more customer.
* Mc Donald’s needs to implement high quality standards to address the forces of competition & substitution.

Following are the detailed Porter’s five forces of competition:

1. COMPETITIVE RIVALRY

Mc Donald’s faces tough competition due to

* High number of firms.
* Low switching cost.

The fast food restaurants today is one of most competitive Bussiness,so many multinational and local restaurants have same menus,the competition is becoming more intense.the competitors for Mc Donald’s are other food restaurants such as Burger King,Subway and many other local restaurants.The increase in number of competitors has made competitive rivalry for Mc Donald’s strong force.

1. BARGAINING/PRICING POWER OF CUSTOMER/BUYERS

Mc Donald’s faces strong bargaining power of customer/buyers due to :

* Low switching cost.
* Large numbers of providers.

Here customer can choose from many food restaurants other can Mc Donald’s which makes bargaining power of buyers strong,moreover availability of many substitutes adds the bargaining power of customer.

1. BARGAINING/PRICING POWER OF SUPPLIER

Mc Donald’s face weak bargaining power of supplier due to

* Large numbers of suppliers.
* High Overall supply.

The large population of suppliers weakens Mc Donald’s Coorporation,Inrelation most of Mc Donald’s suppliers do not control the distribution network that transport their product.

1. THREATS OF SUBSTITUTES

In Mc Donald’s case threat of substitutes are due to:

* High Substitute avalibility .
* Low switching cost.
* High performance to cost ratio.

Substitutes for Mc Donald’s products such as product from a traditional food producers and local bakeries,moreover these substitutes are competitive in terms of quality and customer satisfaction(High performance to cost ratio),due to which company’s includes less effort for encouraging people to eat in this fast food restaurant instead of other substitutes.

1. THREATS OF NEW ENTRANTS

For case of Mc Donald’s the threat of new entry is based on:

* Low Switching cost.
* High Variable Capital Cost.
* High cost of brand development.

The low switching cost allows customer to move easily from Mc Donald’s to other fast food companies.Thus five forces analysis shows that the threat of new entrant is considerable but not most important strategic issue.