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Strategic Management

MBA (Finance)

Q No 1: HBR article of Michael E Porter: - ①

This article has benefited greatly from the assistance of many individuals and Companies. The author gives special Thanks to Jan Rivkin, the coauthor of a related Paper. Substantial research Contributions have been made by Nicolaj Siggelkow, Dawn Sylvester, and Lucia Marshall. Tarun Khanna, Roger Martin, and Anita McBrhan have provided especially extensive Comments.

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For almost two decades, managers have been learning to play by a new set of rules. Companies must be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. They must outsource aggressively to gain efficiencies and they must mixture a few core competencies in the race to stay ahead of rivals.

But those beliefs are dangerous half-truth and they are leading more and more Companies down the path of mutually destructive Companies ~~down the~~ competition. True, some barriers to competition are falling as regulation

Cases and markets - became global
Pure Companies have properly invested
energy in becoming leaner and more
nimble. In many industries however
what some call hypercompetition is
a self-inflicted wound, not the
inevitable outcome of a changing
paradigm of competition.

The quest for productivity, quality
and speed has spawned a remarkable
number of management tools and
techniques: total quality management
benchmarking time-based competition,
outsourcing, partnering reengineering, change
management.

As managers push to improve on
all fronts, they move farther away from
viable competitive positions.

Competitive strategy is about
being different it means deliberately
choosing a different set of activities
to deliver a unique mix of value.

Southwest Airlines Company, for
example, offers short-haul, low-cost
point-to-point service between midsize

③

Cities and Secondary airports in the large cities. Southwest avoids large airports and does not fly great distances. its customers include business travelers, families, and students. Southwest's frequent departure and low fares attract price-sensitive customers who otherwise would travel who would choose a full-service airline on other routes.

⇒ **Strategy :-**

Strategy generally involves setting goals determining actions to achieve the goals and mobilizing resources to execute the actions.

A strategy describes how the ends (goals) will be achieved by the means (resources) it involves activities such as strategic planning and strategic thinking.

Strategy is direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration

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of resources within a challenging environment. To meet the needs of markets and to fulfill stakeholder expectations.

We come across the concept of strategy in military in the time of ancient Greeks, then it moved from military and diplomatic worlds into business as time passed.

In business, it is the long-range sketch of the desired image, direction and destination of the organisation. It is a scheme of corporate intent and action, which is carefully planned and flexibly designed with the purpose of:

- * Achieving effectiveness.
- * Perceiving and utilising opportunities
- * Mobilising resources.
- * Securing an advantageous position.
- * Meeting challenges and threats.
- * Directing efforts and behaviour.
- * Gaining command ~~and~~ over the situation.

A business strategy is a set of competitive moves and actions that a business uses to attract customers.

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Compete Successfully, strengthening Performance, and achieve organisational goals. it outlines how business should be carried out to reach the desired ends.

Q³ :- Five Competitive Forces that shape Industry :-

The Competitive Forces that shape industry knowing who your competition is and how their Products, Services & marketing Strategies affect you is critical to your survival. Whether you are a Fortune 500 Company or a small, local business, competition has a direct influence on your success.

one way to analyze your competition and understand your standing in your industry is using Porter's Five Forces Model.

Q11

Competitive rivalry :-

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This force examines how intense the competition is in the marketplace. It considers the number of existing competitors and what each one can do. Rivalry competition is high when there are just a few businesses selling a product or service, when the industry is growing and when consumers can easily switch to a competitor offering for little cost. When rivalry competition is high advertising and price wars ensue, which can hurt a business's bottom line.

2 The bargaining power of Suppliers:-

This force analyzes how much power a business's supplier has and how much control it has over the potential to raise its prices which, in turn, lower a business's profitability. It also assesses the number of suppliers of raw materials and other

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resources that are available. The fewer suppliers there are, the more power they have. Businesses are in a better position when there are multiple suppliers.

3 The bargaining power of customers:-

This force examines the power of the consumer, and their effect on pricing and quality. Consumers have power when they are fewer in number but there are plentiful sellers and it's easy for consumers to switch. Conversely, buying power is low when consumers purchase products in small amounts and the seller's product is very different from that of its competitors.

4 The threat of new entrants:-

This force considers how easy or difficult it is for competitors to join the market place. The easier it is for a new competitor to gain entry, the greater the

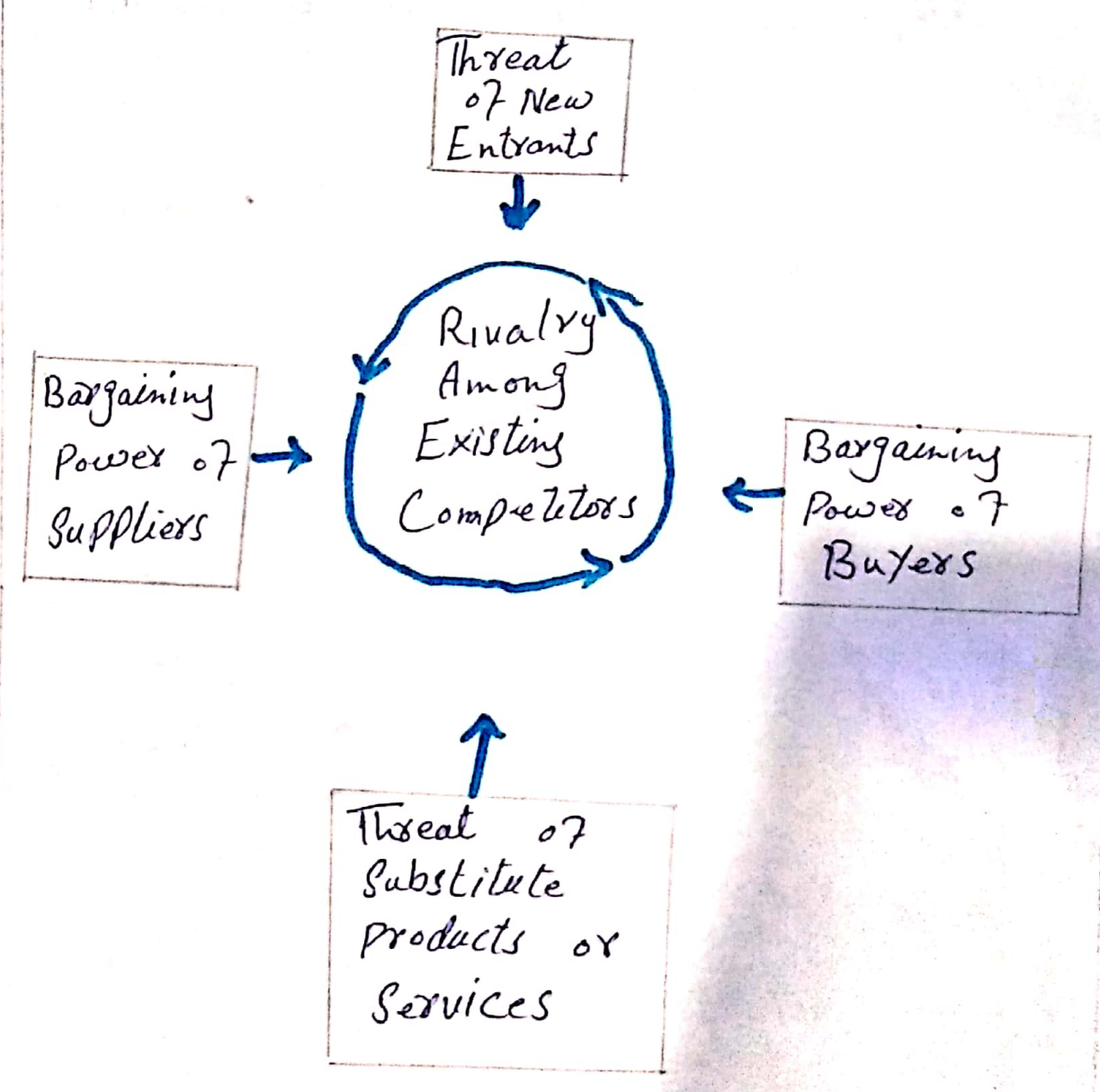
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RISK is of an established business's market share being depleted. Barriers to entry include absolute cost advantages, access to inputs, economies of scale and strong brand identity.

5. The threat of substitute products or services:-

This force studies how easy it is for consumers to switch from a business's products or service to that of a competitor. It examines the number of competitors, how their prices and quality compare to the business being examined and how of a profit those competitors are earning, which would determine if they can lower their costs even more. The threat of substitutes is informed by switching costs, both immediate and long-term as well as consumer inclination to change.

The Five Forces That Shape Industry Competition:



Q No 2

The Origin of Strategy by "Bruce D Henderson"

Bruce D. Henderson's *The Origin of Strategy* suggests that businesses follow the same principle as nature using analogies for strategy incorporated from mathematical and evolutionary biology. He states G.F. Gause's principle of competitive exclusion that "no two species can coexist that make their living in the identical way" and subtly introduces Charles Darwin's theory of evolution saying "Darwinian natural selection, based on adaptation and the survival of the fittest" was what competition in nature was for millions of years. Henderson then redirects his argument that business and biological competition are the same by providing a counterpoint that business strategists who are by nature human beings a higher order species, can imagine


and use logical reasoning to produce competitive strategy. He then expands upon this hypothesis by providing a definition for strategy as a "deliberate search for a plan of action that will develop a business competitive advantage and compound it."

Henderson is clearly an expert at deconstructing scientific theory and repurposing it for business use but we must question whether his arguments are validated by the facts. As a soon to be marketer and formerly trained scientist, I will only be able to accept his hypothesis if it stands the test of scrutiny so let us look at the data.

Strategic competition is revolutionary in my professional opinion. This line of reasoning is only true in certain circumstances and not in others. If you are providing competitive advantage by using frameworks

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like Porter's Five Forces analysis,
discerning the benefits, target market
and identifying Competitors, then
Henderson hypothesis works for you.

While Henderson's arguments carry
some validity in the business world
it is difficult to agree with
all his antiquated lines of thinking
when you have a preponderance
of evidence that suggests otherwise.
The scientist in me just cannot
agree with many of his points
abouts natural vs strategic competition
and while many of his ideas
may have been revolutionary in
1988, in today's business world, his
ideas need to be modernized
for a digital, open-source economy.



Q4. Discuss in detail what you have learned about strategic management in this course. ①

Ans: In the field of management, Strategic

Management involves the formulation

and implementation of the major goals

and initiatives taken by the

organization's top manager. On

behalf of managers, owners,

based on consideration of resource and

an assessment of internal and external

environment, in which the organization

objectives, developing policies and plans

to achieve those objectives,

then, allocating resources to

implement the plans.

Doc
⇒ I have personally learned (2)
about the strategies to plan
the goals of organization,
& how to achieve the
goals.

⇒ Planning. Planning is the
main thing in the strategic
the upper manager can
plan, & then implement on
the lower employees to
achieve organization goal.

⇒ Objective

!- 9 Strategic management (3)

Objective is main thing, the planner

must be well aware of objective

of organization, that, how

to achieve that objective,

⇒ Profit / Loss.

In Strategic management
the upper management must keep

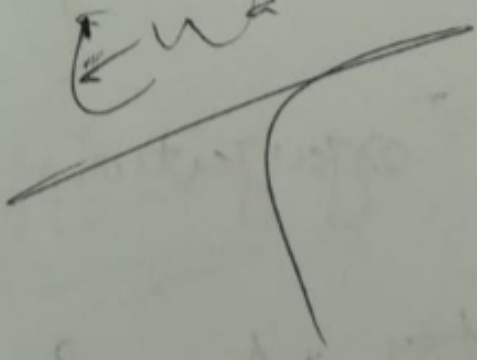
the profit / loss of organization.

if ~~it~~ your strategy is good

the organization must be profit,

the main thing I have
learned is that if we can
plan our strategy well & achieve
the organizational objectives
through available Resour.
then our organization will
be in good shape.

End

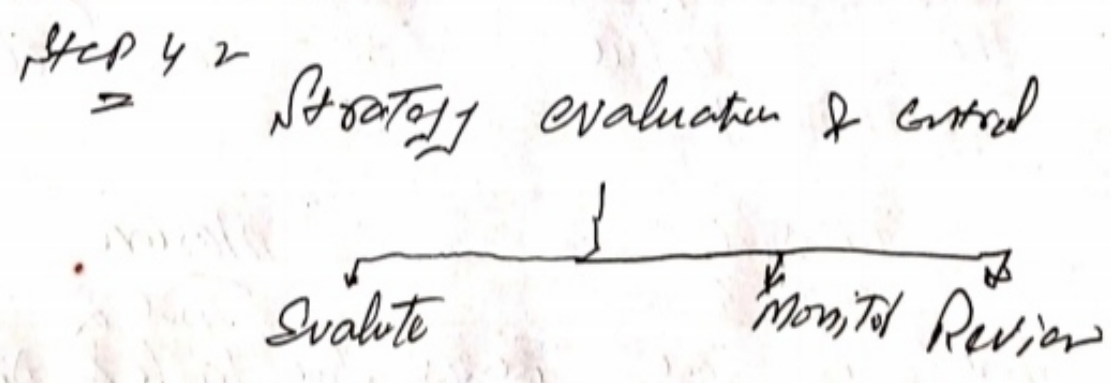
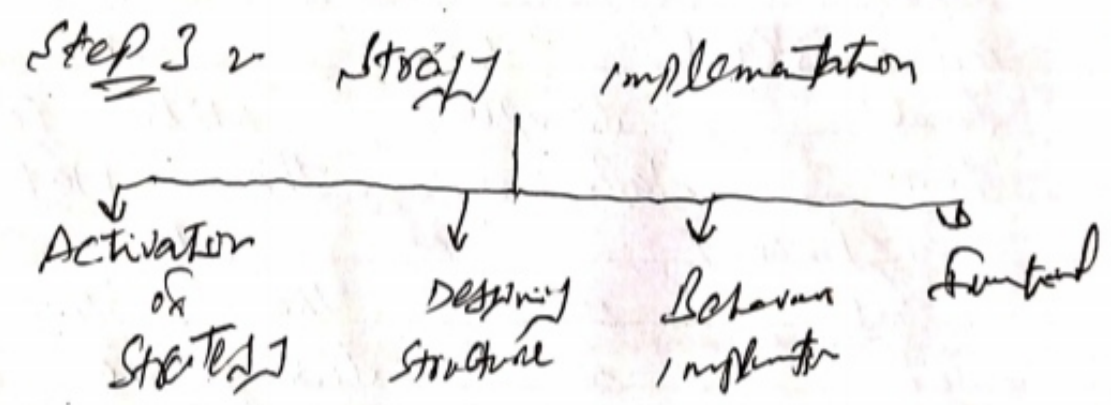
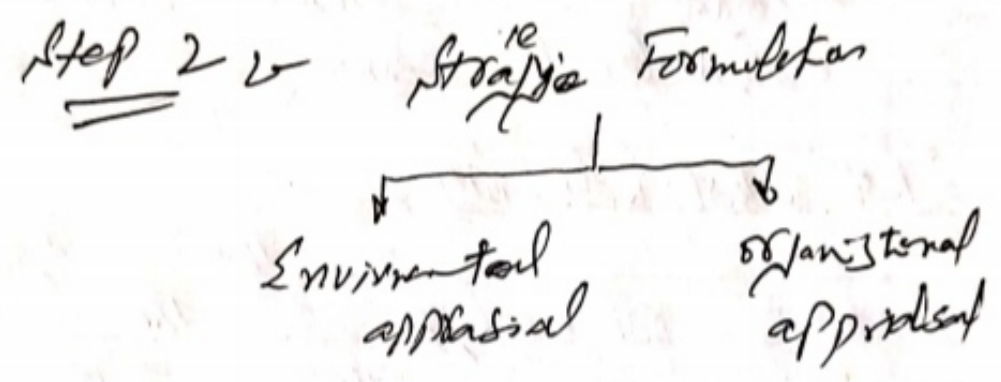
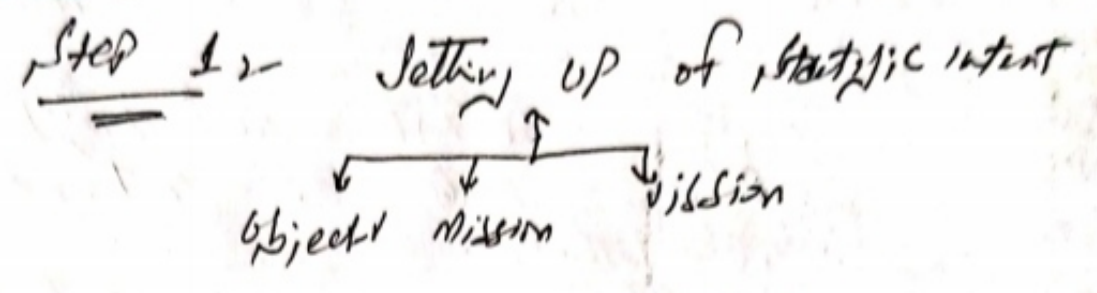


Strategic Management

The study in our course about Strategic Management is a set of Management decision and action that determines the long-run performance of Corporation, It include environment scanning, strategy formulation, strategy implementation and evaluation and control to achieve the objective of an organization.

Strategic Management is an art and science of formulation and evaluate cross functional decision that create an organization to achieve its objective

Strategic Management Process



Evaluation of Strategic Management

The Brookman Howell report, in 1950s
 recommends that business education
 be made broader in nature
 and include a corporate course
 in an area called Business
 Policy

Business development emphasizes the
 identifying skill in
 real world analysing and solving
 a wide range of substantive
 business areas.

This course core to include
 consideration of total organization
 and environment.

Brookman emphasizes adopted the
 descriptor to change the course
 name to Strategic Management

Benefits of Strategic Management

Can gain many benefit from
 design process, the most important
 organization

there is a tendency for such organisations to increase their levels of profits. A significant number of recent investigations suggest that effective strategic management is the

Foundations For Staff Management

i) Operational Foundation

ii) Financial Foundation

iii) Marketing Foundation

i) Operational Foundation

Those people within a business who are responsible for production

ii) Financial Foundation

is a process of evaluating assets, liability and profit

iii) Marketing Foundation

for planning and control