

# STRATEGIC ANALYSIS AND CHOICE

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# STRATEGIC CHOICE

STRATEGIC CHOICE IS THE DECISION WHICH SELECTS FROM AMONG THE ALTERNATIVE, GRAND STRATEGIES WHICH WILL BEST MEET THE ENTERPRISE OBJECTIVES

# PROCESS OF STRATEGIC CHOICE

## FOCUSING ON ALTERNATIVES

- Focusing on few alternatives is to narrow down the choice to a manageable number of feasible strategies

## EVALUATION OF STRATEGIC ALTERNATIVES

- Evaluate each alternatives: its positive as well as negative aspects , conduct SWOT analysis

## CONSIDERATION OF DECISION FACTORS

- Decision factors are those which affect the decision making, it may be objective as well as subjective

## CHOICE OF STRATEGY

- Choice of a strategy is made and implemented. Contingency strategies also developed to use when the sudden changes occurs

# OBJECTIVE FACTORS IN STRATEGIC CHOICE

## ENVIRONMENTAL FACTORS

- Depends on competitors, owners, government, customers ....
- Volatility of the environment
- Depends on external environment

## ORGANISATIONAL FACTORS

- Strategic intent
- Business definition
- Strength and weakness of the organisation
- Organisational mission

# SUBJECTIVE FACTORS IN STRATEGIC CHOICE

PAST STRATEGIES

PERSONAL FACTORS

TIMING CONSIDERATIONS

INTERNAL POLITICAL CONSIDERATIONS

ACTIONS OF COMPETITORS

# POLITICAL FACTORS IN STRATEGIC CHOICE

Identification and diagnosis of strategic issues

Narrowing the alternative strategies of serious considerations

Examining and choosing strategy

Initiating the implementation of strategy

# CONTINGENCY APPROACH IN STRATEGIC CHOICE

Decision maker formulates certain stand by strategies which can be used if the environment behaves in an alternative way. That stand by strategies are known as contingency strategy

# STRATEGIC BUSINESS UNIT

A unit of an organisation, which serves a discrete, independent product or segment.

Each SBU is managed as a portfolio of the organisation with a clearly defined product or market segment and clearly defined strategy.

Each unit develops its strategy tailored to its capacity

Each unit is allocated resources both physical and human according to its needs and contributions to the achievement of organisational objectives



# DECISION ON SBU

Management decides the existence of SBU on the basis of

- Maintain the existing product/ market
- Develop new product/ market
- Cut down the product/ market
- Phase out the existing product/ market

Portfolio method enables the management to revise and refresh the company's portfolio of business by closing down the inefficient and unprofitable business units or products and adding new promising and profitable lines

# PORTFOLIO ANALYSIS CONSIDERS.....

NET CASHFLOW OF THE COMPANY

STATE OF DEVELOPMENT

RISK

CURRENT RESULTS AND FUTURE PROSPECTS

COMPETITIVE CAPACITY

THREATS AND OPPORTUNITIES

PRESENT BUSINESS ENVIRONMENT AND FUTURE LIKELY  
CHANGES

PROJECTED FUTURE EARNINGS

# FACTORS INFLUENCING PORTFOLIO STRATEGY

MISSION AND VISION

VALUE SYSTEM

FUTURE PROSPECTS

POSITION OF THE PORTFOLIO METRIX

GOVERNEMENT POLICY

SUPPLY/ DEMAND CONDITION

COMPETITIVE MOVES

COMPANY RESOURCES

# BENEFITS OF PORTFOLIO ANALYSIS

FOR SETTING OBJECTIVES AND ALLOCATION OF RESOURCES

SOLVING CASHFLOW AVAILABILITY FOR EXPANSION AND GROWTH

FACILITATES EFFECTIVE COMMUNICATION THROUGH ITS GRAPHIC PRESENTATION

# LIMITATIONS OF PORTFOLIO ANALYSIS

MARKET SHARE CAN NOT BE ACCURATELY DEFINED

IMPRACTICABILITY OF SOME OPPORTUNITIES

DIFFICULT TO MAKE OUT THE FACTORS OF INDUSTRY ATTRACTIVENESS

# COMPETITION ANALYSIS

To analyse the competitive advantages of a company

Porter's approach can be used

# SET INDUSTRY BOUNDARIES BY

DEFINE THE ARENA

FOCUS ON THE COMPETITORS

IDENTIFY THE KEY FACTORS  
FOR SUCCESS

# FORCES DRIVING COMPETITION IN AN INDUSTRY

Threat of new entrants

Degree of rivalry

Threat of substitute products

Bargaining power of buyers

Bargaining power of suppliers

Relative power of other stakeholders

# MINTZBERG'S 5P'S STRATEGY

## Plan

- Strategic plan on product, methods of production, sales plan etc

## Ploy

- Thinking function to face competition. Should be for the advantage of company

## Pattern

- A company should create a profitable pattern of activities from regular business and follow on that for future prospects

## Position

- Should conduct market research and so on for identify their position in the market

## Perspective

- Every company has their own unique perspectives and culture in the market



# KEY PERFORMANCE INDICATORS

KPI CAN BE DESIRABLE ELEMENT CORE STRATEGY IMPLEMENTATION.

IF ANY DEVIATION BETWEEN MEASURED PERFORMANCE AND TARGETED PERFORMANCE APPEARS, THEN ITS NERD TO ANSLYSE THE CAUSE AND TAKE CORRECTIVE ACTIONS.

# FACTORS TO BE CONSIDERED WHILE SETTING KPI

KPIS ARE NOT ALLOGNED WITH STRATEGIC  
OBJECTIVES

SELECTION OF KPI IS LIMITED TO THOSE EASILY  
MEASURABLE

SELECTION OF KPI GIVES TOO MUCH WEIGHTS FOR  
PAST

USED AS CONTROLLING ELEMENT

NO DISTINCTION BETWEEN STRATEGIC AND  
OPERATIONAL KPI

# RECOMMENDATIONS FOR USING KPI

ALIGN STRATEGIC KPI WITH  
STRATEGIC OBJECTIVES

INTEGRATE KPI WITH STRATEGIC  
MANAGEMENT

APPLY STRINGENT CRITERIA

# FEATURES OF GOOD KPI

OBJECTIVE WAY TO SEE IF STRATEGY IS WORKING

OFFER A COMPARISON

FOCUS EMPLOYEES ATTENTION

ALLOW MEASUREMENT OF ACCOMPLISHMENT

PROVIDE A COMMON LANGUAGE FOR COMMUNICATION

REDUCE INTANGIBLE UNCERTAINTY

# KEY FACTOR FOR SUCCESS

it can be identified through  
2 approaches

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graph TD; A[it can be identified through 2 approaches] --> B[Dissects the market to identify the key segments]; A --> C[Discover what differentiate successful companies from losers to carry out the analysis of differences];
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Dissects the market to  
identify the key segments

Discover what differentiate  
successful companies from  
losers to carry out the  
analysis of differences

# CRITICAL FACTORS

Engagement

Communication

Innovation

Project management

Culture