Chapter-3

STRATEGIC ANALYSIS

Q:-1, Define Strategic Analysis.

Ans: Strategic Analysis is thinking stragitically about Companies internal and external environment in order to form a vision, identify strategic alternatives, selecting and implementing a suitable strategy for an organisation.

The issue to be considered for strategic analysis are as follows:

1. Strategy evolves over period of time: It is difficult to make an ultimate strategy for any organisation hence it evolves as a result of many small decisions taken over a long period of time.

2. Balance: It creates a workable balance while matching the internal strenths and weakness with external oppourtunities and threats.

3. Risk: Strategic Analysis identifies potential risk to access their consequences. Such risk may be due to competetion, globlisation technology and so on

Draw Table-P.3.3

Q.2 Write short note on Situational Analysis.

Ans: Situational Analysis refers to the Consideration of following elements while performing strategic analysis of external environment.

1. Product Situation :- It covers analysis of the existing Products available in market, their features and comparision with company product line.

2. Distribution Situation :- It involve analysis of existing product distribution System, intermediaries involved their costs, their Strenths and weaknesses

3. Competitive Sitution :- It involves analysis of different Competetions in market and their Strenths and weaknesses.

4. Environmental Factors :- It involves analysis of Government Policies, Legal Enviornment, Socio-Cultural Set-up and other similar factors affecting an organisation.

5. Opportunity and Issue Analysis :- It involves analysis of several oppurtunities and threats available to a business in Present and future

Q:-3. Draw and briefly explain the framework of Strategic Analysis.

Ans:- Strategic Analysis is thinking strategically about companies internal and external environment in order to form a vision, identify strategic alternatives, selecting and implementing a suitable strategy for an organisation.

Strategic Analysis

External Analysis

- Customer Analysis
  Segments, motivations, unmet needs.

- Competetiur Analysis
  Identity, Strategic groups, Performance, image, objectives, Strategies, culture, cost structure, strenths, weaknesses

- Market Analysis
  Size, projected growth, Profitability, entry barriers, Cost structure, Strenths, weaknesses

- Environmental Analysis
  Technological, government, economic, cultural, demographic, scenarios, information-need areas.

Internal Analysis

- Performance Analysis
  Profitability; Sales, Shareholders value analysis, Customer Satisfaction, Product quality, brand associations, relative cost, new products, employees capability and Performance Product portfolio analysis

- Determinates Analysis
  Past and Current Strategies, Strategic problems, organizational Capabilities & Constraints, Financial Resources and Constraints, strenths & weaknesses

* Rival → Very Strong Competitor
* Prospects → Future opportunity
* Trigger → Effect on other
  → FM Channel trigged the Radio

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↓ opportunities, threats, trends and strategic uncertainties

↓ Strategic strengths, weaknesses, Problem, Constraints and uncertainties

↓

<u>Strategy Identification & Selection</u>

- Identify strategic alternatives
  - Product-market investment strategies
  - Functional Area strategies
  - Assets, Competencies and synergies
- Select strategy
- Implement the operating plan
- Review strategies

Figure: Framework of Strategic Analysis

Imp for exam

Q:- 4, State seven major issues involved in industry and Competitive analysis.

Ans:- The seven major issues involved in industry & Competitive analysis

1. Dominant economic features of industry
2. Nature and strength of competition in the industry
3. Triggers of change
4. Identifying the companies that are in the strongest and weakest position [Jet (strong) → Sahara (weak)]
5. Likely strategic moves of rivals
6. Key success factor [K.S.F.] of the industry
7. Prospects and financial attractiveness of industry.

Q:-5, Write short note on SWOT Analysis.

Ans: The comparision of strenths and weaknesses of a firm with opportunities and threats with the enviornment in order to craft a suitable strategy is called SWOT Analysis. It has four elements :

1. Strength :- It is an inherent (built-in) capability of the firm which it can use to gain strategic advantage over its competiors.

2. Weakness :- Its an inherent limitation of a firm which creates strategic disadvantage for the firm

3. Opportunity :- It is a favourable condition in the enviornment which enables the firm to strenghten its position.

4. Threat :- It is an unfavourable condition in the enviornment which causes a risk for, or damage to, the organissation's position.

The significance of SWOT Analysis lies in the following points :

1. It provides a logical framework for systematic analysis of various issues affecting the performance

of a business.

2. It presents a comparative account of internal strenths and weakness with external opportunities and threats in order to develop a suitable strategy.

3. It guides the strategist in identification and implementation of the best strategy for an organisation.

4. ~~helps managers to creat business models~~

Q:-6. Write short note on TOWS Matrix.

Ans:- TOWS Matrix is a technique of strategic analysis developed by Heinz Weihrich. That provides strategic choices to a firm by comparing its strenths and weaknesses with enviormental opportunities and threats presented in matrix form.

ELEMENTS → Internal

External ↓	Organisational Strenths	Organisational weakness
Environmental opportunities (current & Emerging)	SO: strenths can be used to capilise or built upon existing or emerging opportunities	WO: The strategies developed need to overcome organisational weakness if existing or emerging opportunities are to be exploited
Environmental Threats	ST: strenths in organisation can be used to minimise the existing or emerging threats	WT: The strategies pursued must minimise or overcome weaknesses and as far as possible cope the threats existing or emerging

Figure: The TOWS Matrix [Source: Weihrich, H]

It is different from SWOT Analysis which is criticized on the point that after conducting SWOT analysis managers frequently fail to come with strategic choices that are required. TOWS matrix overcome this by integrating the same inputs into a planning process providing suitable alternatives

Case Study :- A company on the basis of last 2-3 years made SWOT analysis but fail to made strategies. Can you gave the solution ?

Sol :- Start from the last corner of TOWS matrix & then begin from starting point.

Hint for solving case study → Read 2 times & underline key words

Q:-7, What is Portfolio Analyses? Why do organisations take it ? State various models of Portfolio Analysis.

Ans: Portfolio Analyses refers to a set of technique that helps the strategist in taking strategic decisions with regard to product or business of a firm which are commonly called "Business Portfolio".

The organisations undertake Portfolio Analyses in order to

1. Improve profitability and efficiency

2. Channalise resources to those products and businesses that have greater potential

3. Gain strategic edge over competetiors

Various models of portfolio analyses are:

1. BCG Matrix
2. Ansoff Product Market Growth Matrix
3. ADL Matrix
4. GE Matrix (General Eletic)

Q:-8. Write short note on

J-09 (a) BCG Matrix (b) Ansoff
(c) ADL Matrix (d) GE Matrix
(e) SBU (f) Experience Curve
(g) Product Life cycle

Ans: Refe to Notes.

Portfolio → Budget
Analyses → Detaile Evaluation
Eg. of Portfolio Analysis →

School in Delhi
Vs
D.P.S

→ Performance
→ Brand