PAPER 7B – STRATEGIC MANAGEMENT

I. P. C. Examination

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CHAPTER – 1 : BUSINESS ENVIROMENT

It is not the strongest part of the species that survive, nor the most intelligent, but the one most responsive to change. - Charles Darwin

INTRODUCTION –

Each Business Organization operates in its unique environment. Environment influence businesses and also gets influenced by it. No business can function free of interacting and influencing forces that are outside its periphery. In the new economy the facets of business are rapidly changing as compared to earlier years. The development in the technology and faster communication have led to evolvement of newer kinds of businesses, the concepts of Businesses such as e-bay, flipkart were non-existent in yesteryears. Businesses are conducted through internet and have led to virtual shrinking of physical boundaries between nations.

BUSINESS –

The term business refers to the states of being busy for an Individual, Group, Organisation or Society. The term is also interpreted as one's regular occupation or profession.

Peter F Drucker has drawn 2 important conclusions about What is BUSINESS –

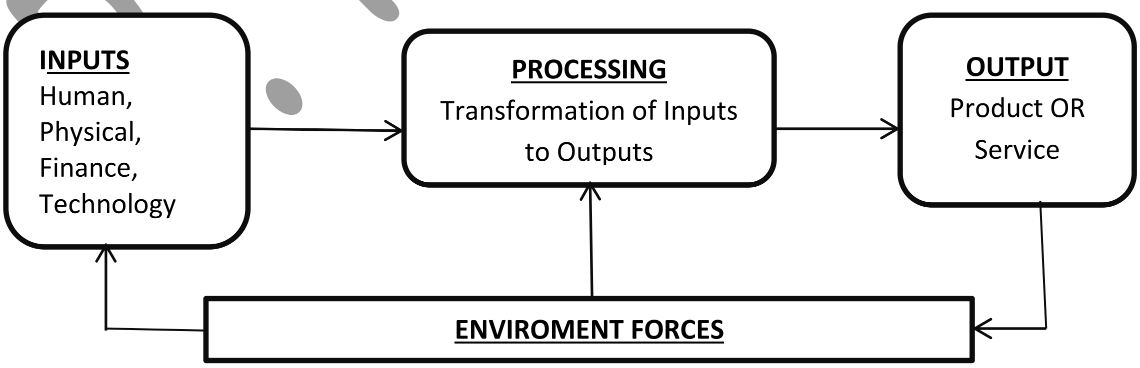
1. Business is that it is created & managed by people. There will be a group of people who will take decisions that will determine whether an organisation is going prosper or decline, whether it will survive or will eventually perish
2. Business cannot be explained in terms of Profit. The economic criterion of maximising profit for a firm has little relevance in the present times.

OBJECTIVE OF BUSINESS – PEGS^2

1. **P**rofitability
2. **E**fficiency
3. **G**rowth
4. **S**urvival
5. **S**tability

ENVIROMENTAL INFLUENCES ON BUSINESS –

Business functions as a part of broader environment. The inputs in the form of human, physical, financial & other related resources are drawn from the environment. The business coverts these resources through various processes into outputs of products and/or services.



Study of Environmental Influences on Business can be studied through these points in a better manner :

1. Problems in understanding the Environmental Influences –
   i. Diversity
   ii. Uncertainty
   iii. Complexity
2. Framework to understand the Environmental Influences –
   i. Initial view
   ii. Auditing the Environmental influence
   iii. Explicit consideration

ENVIROMENT ANALYSIS –

In general, environmental analysis has 3 basic goals as follows :

1. Analysis should provide an understanding of current & potential changes place in the environment.
2. Environmental analysis should provide inputs for strategic decision making
3. Environmental analysis should facilitate and foster strategic thinking in organizations.

BUSINESS ENVIRONMENT – CHARACTERISTICS/NATURE/FEATURE

1. Complex
2. Dynamic
3. Multi-faceted
4. Far reaching impact

BUSINESS ENVIRONMENT (ENVIROMENT) – COMPONENTS/ELEMENTS/PESTLE ANALYSIS

INTERNAL/MICRO ENVIRONMENT

C^2 MOSI

1. Consumer
2. Competitors
3. Market
4. Organization
5. Suppliers
6. Intermediaries

EXTERNAL/MACRO ENVIRONMENT

1. Political
2. Economic
3. Socio-cultural
4. Technological
5. Legal
6. Environmental
7. Demographic
8. Government
9. Global

PESTLE ANALYSIS

RELATIONSHIP BETWEEN ORGANIZATIONS & ITS ENVIRONMENT –

1. Exchange of Information
2. Exchange of Resources
3. Exchange of Influence & Power

GLOBALIZATION –

It means several things for several people. For some it is a new paradigm – a set of fresh beliefs, working methods, & economic, political & socio-cultural realities in which the previous assumptions are no longer. For developing countries like India, it means integration with world economy.

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In simple economic terms, globalization refers to the process of integration of the world into one huge market. Such unification calls for removal of all trade barriers among countries. Even political & geographical becomes irrelevant.

To be specific, A Global Company has 3 Characteristics :

1. Conglomerate of multiple units
2. Common pool of resources
3. Common strategy

Why do companies go Global :

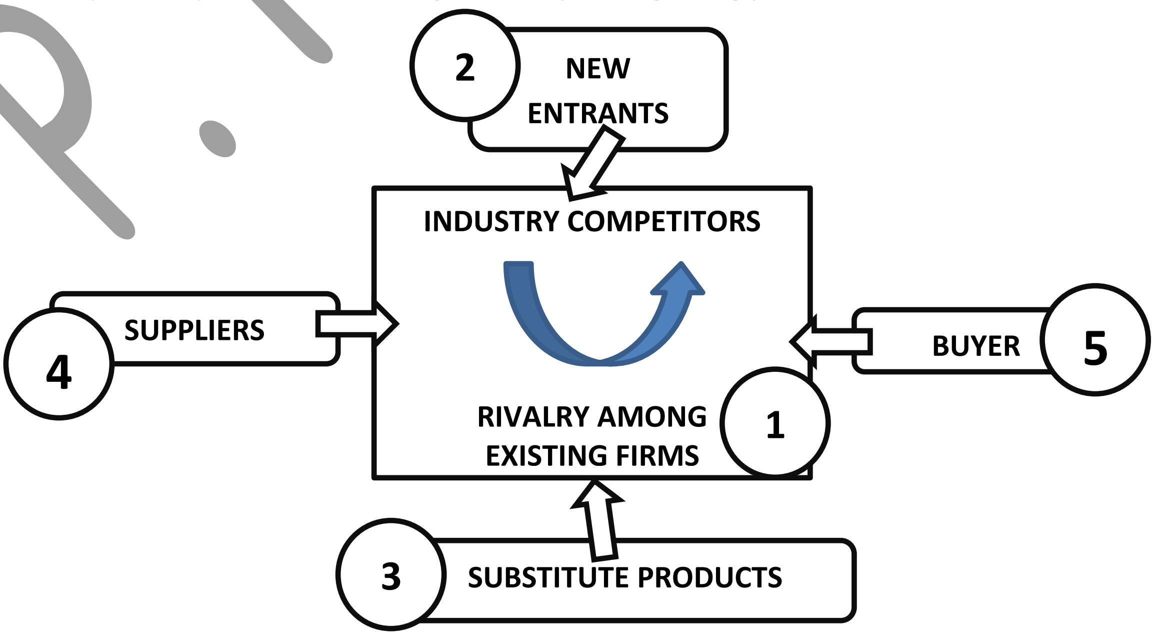
1. Rapid shrinking of Time & Distance
2. Adequate & Rich
3. Develop new Products
4. High transportation cost
5. Increasing emphasis on Market forces
6. Rapidly changing technology
7. Globalizations of Firms & Industries
8. Rise of Service
9. Economic integration

Manifestation of Globalization :

1. Configuring anywhere in the world
2. Interlinked & independent economy
3. Lowering of trade & tariff barriers
4. Infrastructural resources & input at international prices
5. Increasing trends towards Privatisation
6. Entrepreneur & his unit have a centre economic role
7. Mobility of skilled resources
8. Market side efficiency
9. Formation of regional blocks

PORTER'S 5 FORCES MODEL – COMPETITIVE ANALYSIS

1. Rivalry among Existing Firms
2. Competitive pressure coming from the threat of Entry of New Entrants
3. Competitive pressure coming from Substitute Products
4. Competitive pressure stemming from Suppliers Bargaining power
5. Competitive pressure stemming from Buyer Bargaining power



CHAPTER – 2 : BUSINESS POLICY & STRATEGIC MANAGEMENT

Strategic management is not a box of tricks or a bundle of techniques. It is analytical thinking & commitment of resources action. **Peter Drucker**

INTRODUCTION –

With the increased competition, the management of business has acquired strategic dimension. All professionals, including the Chartered Accountant, working towards growth of their businesses must possess sound knowledge of Strategic Management. Business policy & strategic management are highly intertwined.

BUSINESS POLICY –

The origins of business policy can be traced back to 1911, when Harvard Business School introduced an integrative course in management aimed at the creation of general management capability.

Business policy, as defined by Christensen & others, is "the study of functions & responsibilities of senior management, the crucial problem that affect the success in the total enterprise, and the decisions that determine the direction of the organization & shape its future."

MANAGEMENT – NATURE

FALTU SIR

Management is a function, a discipline, a task to be done, and managers practise this discipline, carry out the functions & discharge these tricks. **Peter Drucker**

1. **F**ocus on Objective
2. **A** continuous process
3. **L**onger time horizon
4. **T**op management process
5. **U**niversal approach
6. **S**ystematic process
7. **I**nvolve multiple decisions
8. **R**elates to environment

STRATEGY – NATURE/IMPORATNCE/FEATURES

RUPAL OF USA

"Strategy is the unified, comprehensive & integrated plan that relates the strategic advantages of the firm to the challenges of the environment….." **William Glueck**

1. **R**elated to Environment
   i. Business standard
   ii. Corporate
   iii. Functional
2. **U**nified, Comprehensive & Integrated
3. **P**eriodic Review
4. **A**llocation of resources
5. **L**evel of strategy
6. **O**bjective oriented
7. **F**uture oriented
8. **U**niversal approach
9. **S**trategic alternative
10. **A**pplicable to all functional areas

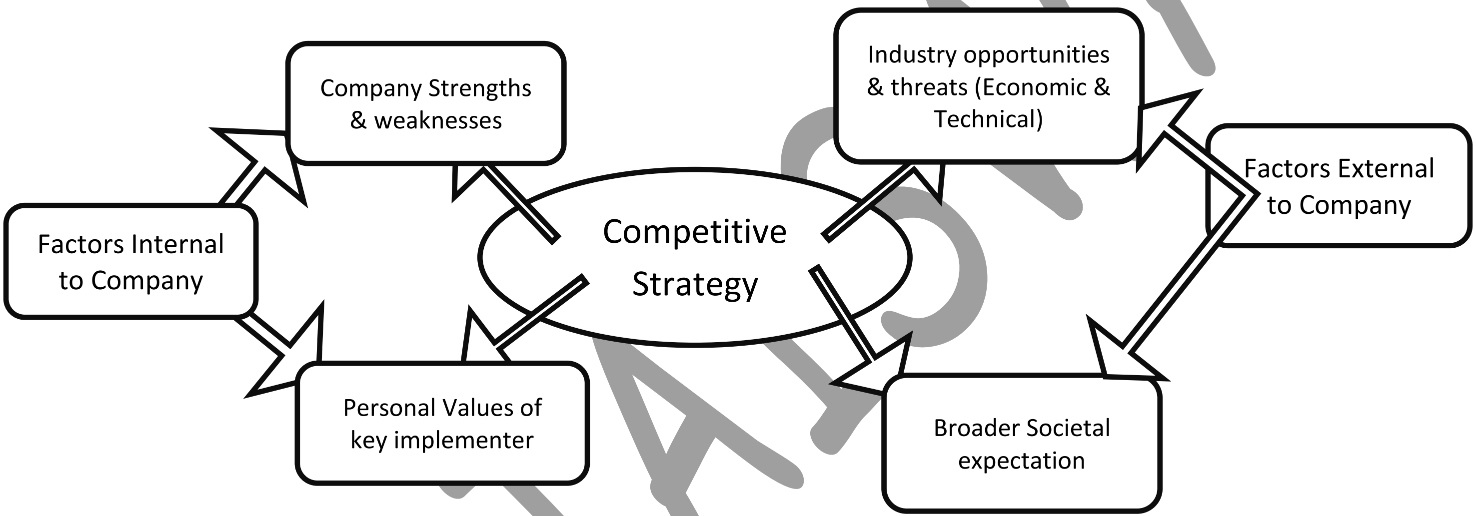
CORPORATE STRATEGY –

Corporate Strategy is basically the growth design of the firm; it spells out the growth objective – the direction, extent, pace & timing of the firm's growth. It also spells out the strategy for achieving the growth.

NATURE/SCOPE/CONCERN: **CFO C^2A**

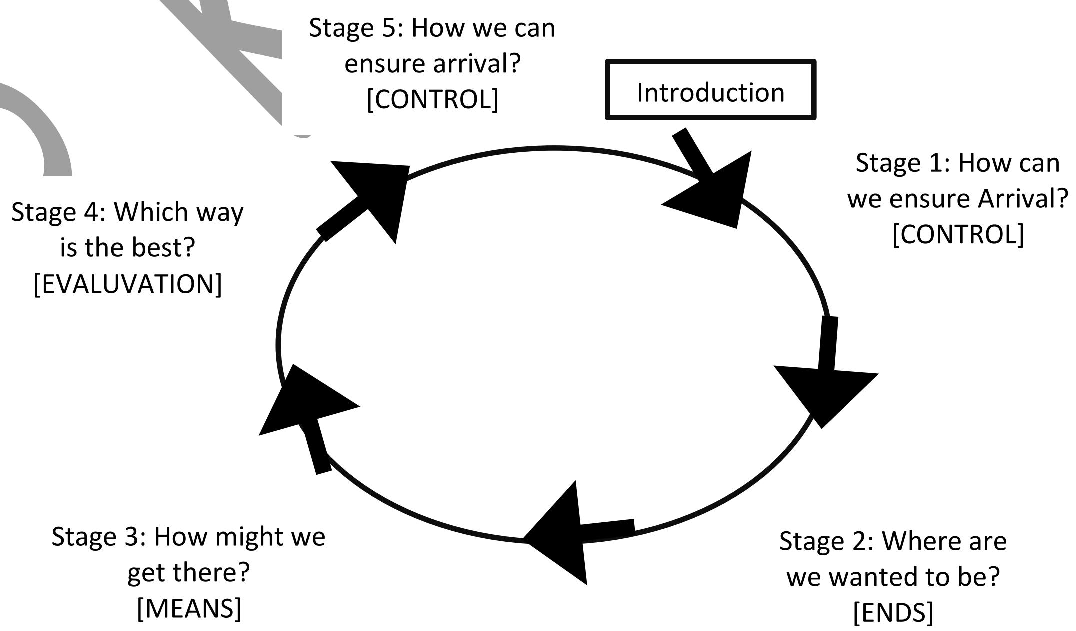
1. Changes/Addition/Deletion in the Firm's strategy
2. Filling planning gap
3. Objective oriented
4. Competitive advantages
5. Corporate objective
6. Achievement

DYANAMICS OF COMPETITVE ADVANTAGES –



STRATEGIC MANAGEMENT –

A) Framework of Strategic Management :



B) Importance of Strategic Management : **AC IS H^2OT**

1. **A**ids in Planning
2. **C**hoice of Strategy
3. **I**mprove Employee Efficiency
4. **S**WOT Analysis
5. **H**elps in Evaluation
6. **H**elps to Face Competition
7. **O**rganising Resources
8. **T**eam work (co-operation) & Communication

STRATEGIC DECISION MAKING –

Decision making is a managerial process & function of choosing a particular course of action out of several alternative courses for the purpose of accomplishment of the organisation goals.

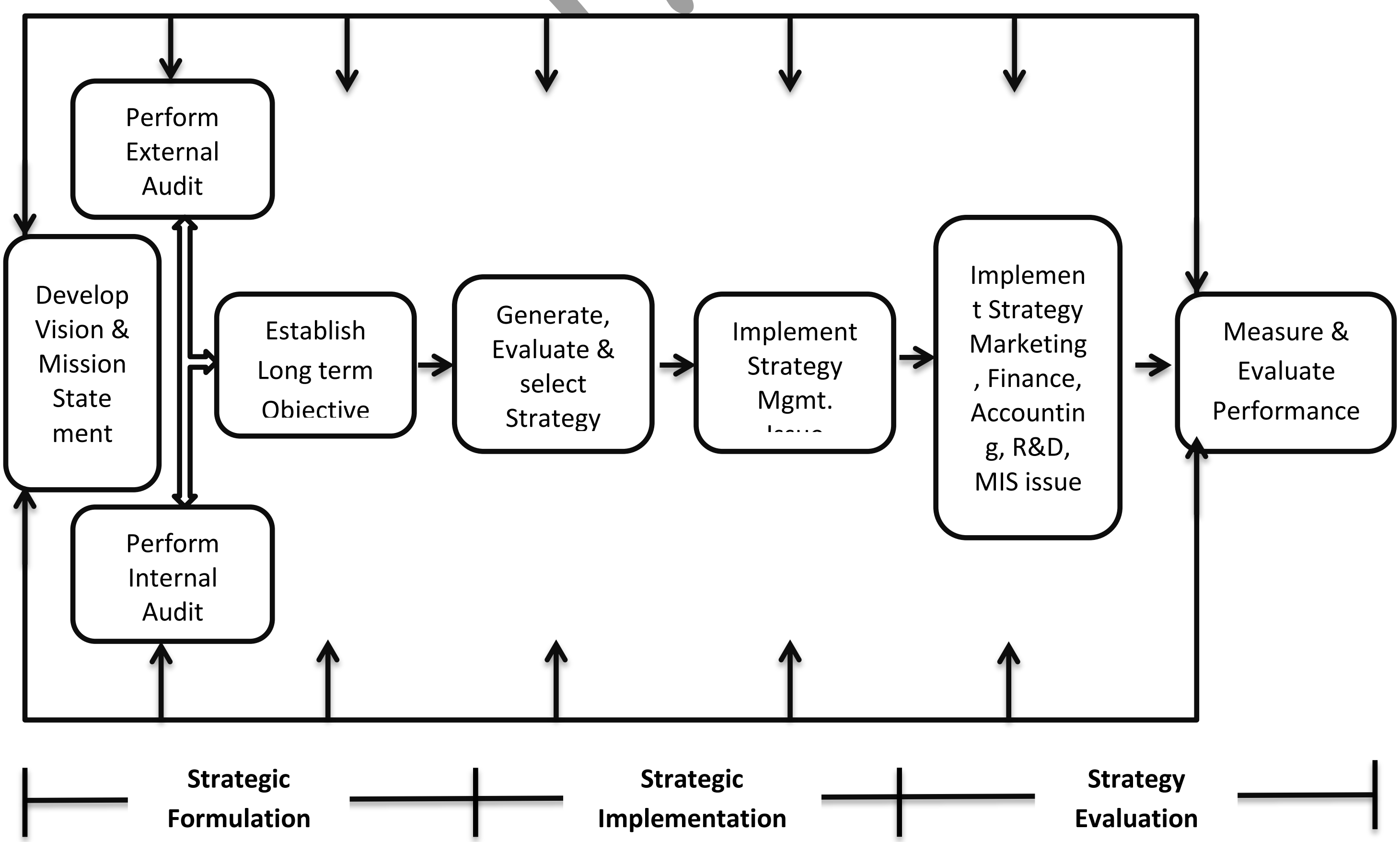
Major Dimensions of Strategic Decisions are given below: **FAT SIM**

1. **F**uture oriented
2. **A**llocation of large amount of resources
3. **T**op Management Decision
4. **C**onsideration of External factor of Environment
5. **I**mpact on long term prosperity
6. **M**ultifunctional/Multi-business consequences

STRATEGIC MANAGEMENT MODEL –

Identifying an organization's existing vision, mission, objective & strategic is the starting point of any strategic management process because an organization present situation & condition may preclude certain strategies & may even dictate a particular course of action.

Therefore, the strategy formulation, implementation & evaluation activities should be performed in the continuous basis, not just at the end of the year or semi-annually. The strategic management process never really ends.



VISION, MISSION & OBJECTIVE –

A) VISION :

A strategy vision is a road map of a company's future – providing specifics about technology & customer focus, the geographic & product market to be perused, the capabilities it plans to develop, & the kind of company that management is trying to create.

3 Element of Strategic Vision:

1. Who we are & where we are now?
2. Where we are going?
3. Communicating Strategic Vision

How to develop Strategic Vision:

1. Creativity
2. Exercise in intelligent Entrepreneurship
3. Change direction
4. Efficiency generation
5. Communication of Strategic Vision

B) MISSION :

Mission is answer to the question "what business are we" that is faced by corporate-level strategies.

Gluech & Jauch

A Company's mission statement is typically focused on its present business scope – "who we are & what we do"; mission statement broadly describe an organizations present capabilities, customer focus, activities, & business make-up.

C) OBJECTIVES & GOALS :

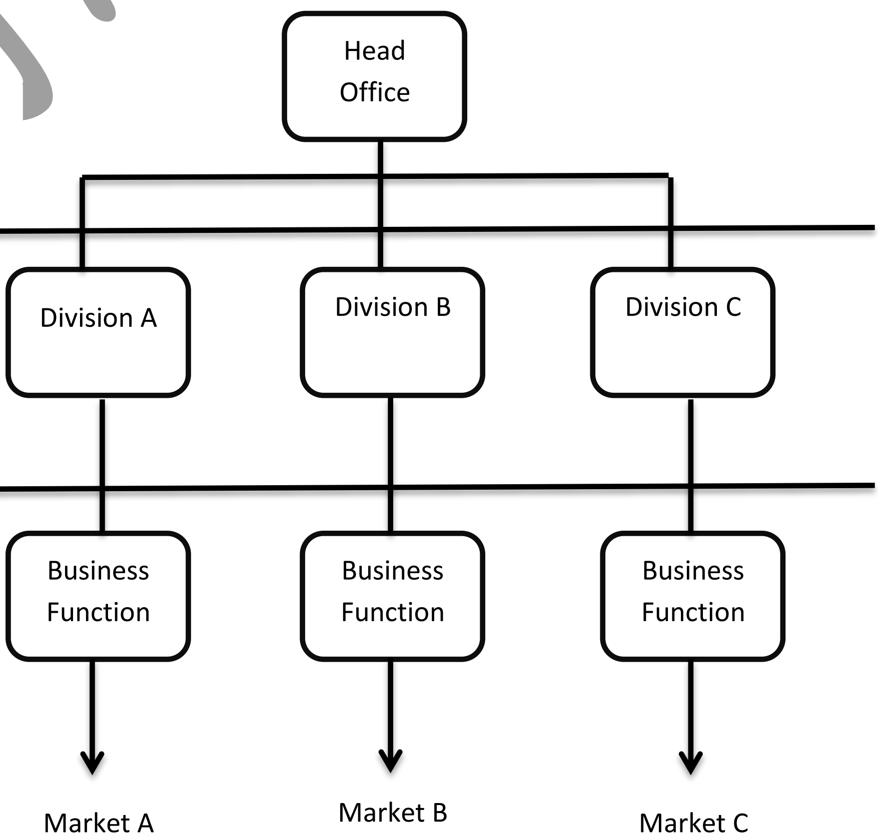
Objectives are organizations performance target – the results & outcomes it want to achieve. They function as yardstick for tracking an organizations performance & progress.

STRATEGIC LEVELS IN ORGANISATIONS –

Corporate Level
CEO, other Senior Executive, BOD & Corporate Staff

Business Level
Divisional Manager & Staff

Functional Level
Functional Manager



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CHARACTERISTICS OF STRATEGIC MANAGEMENT DECSION AT DIFFERENT LEVELS –

Characteristic	Level of strategy		
	Corporate	**Business**	**Functional**
Type	Conceptual	Mixed	Operational
Measurability	Value judgement dominant	Semi quantifiable	Usually quantifiable
Relation to present activities	Innovative	Mixed	Supplementary
Risk	Wide range	Moderate	Low
Profit potential	Large	Medium	Small
Cost	Major	Medium	Modest
Time horizon	Long range	Medium range	Short range
Flexibility	High	Medium	Low
Co-operation required	Considerable	Moderate	Little

CHAPTER – 3 : STRATEGIC ANALYSIS

SITUATIONAL ANALYSIS –

Analysis is the critical starting point of strategic thinking. **…..Kenichi Ohmae**

However beautiful the strategy, you should occasionally took at the result. **…..Sir Winston Churchill**

The idea is to concentrate our strength against our competitor's relative weakness. **…..Bruce Henderson**

IMPORTANT FACTOR TO CONSIDER :

1. Environmental factors
2. Opportunity & issue analysis
3. Competitive situation
4. Product situation

STRATEGIC ANALYSIS –

ISSUE TO CONSIDER FOR STRATEGIC ANALYSIS :

1. Strategy evolves over a period of time
2. Balance
3. Strategic risk

FRAMEWORK OF STRATEGIC ANALYSIS :

STRATEGIC ANALYSIS

EXTERNAL ANALYSIS

i. Customer analysis
ii. Competitor analysis
iii. Market analysis
iv. Environment analysis

Opportunities, threats, trends, & strategic, uncertainties

INTERNAL ANALYSIS

i. Performance Analysis
ii. Determinates Analysis

Strategic strength, weaknesses, problem, constraints, &

Strategic Identification & Selection

- Identify strategic alternatives
  - Product maker investment strategies
  - Functional areas strategies
  - Assets, competencies & synergies
- Select Strategy
- Implement the operating plan
- Review strategies

THE METHODS OF INDUSTRY AND COMPETITVE ANALYSIS – D'NT KLIP

A. Dominant economic features of the industry
B. Nature & strength of competition
C. Triggers of change
D. Key factor for competitive success
E. Likely strategic moves of rivals
F. Identifying the companies that are in the strongest/weakest positions
G. Prospectus & financial attractiveness of industry

SWOT ANALYSIS –

1. **Strength :**
   Strength is an inherent capability of the organization which it can use to gain strategic advantages over its competitor's
2. **Weakness :**
   A weakness is an inherent limitation or constraint of the organization which creates strategic disadvantages.
3. **Opportunity :**
   An opportunity is a favourable condition in the organization's environment which enables it to strengthen its position.
4. **Threat :**
   A threat is an unfavourable condition in the organization's environment which causes a risk for, or damage to, the organization's positions.

Significance of SWOT ANALYSIS lies in the following points :

i. It provides logical framework
ii. It present a comparative account
iii. It guides the strategist in strategy identification

TOWS MATRIX –

Heinz Weihrich has developed a matrix called TOWS Matrix by comparing Strength & Weakness of organization with that of market Opportunity & threats, a variant of SWOT. It has been criticized that after conducting the SWOT analysis managers frequently failed to come to terms with the strategic choices that the outcomes demand. In order to overcome this, Piercy argue for the TOWS Matrix which, while using the same inputs reorganises them & integrated them more fully into the strategic planning process.

TOWS Matrix is a relatively simple tool for generating strategic options. Through TOWS Matrix 4 distinct alternative kinds of strategic choices can be identifies :

1. SO (Maxi-Maxi)
2. ST (Maxi-Mini)
3. WO (Mini-Maxi)
4. WT (Mini-Mini)

PORTFOLIO ANALYSIS –

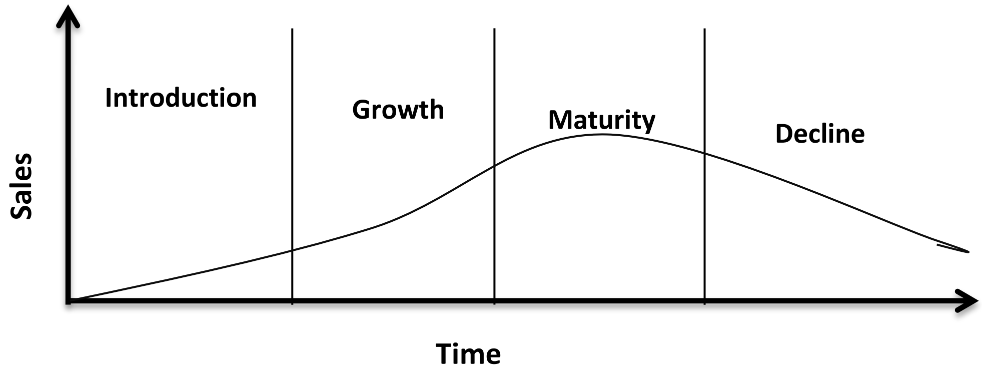
Portfolio analysis can be defined as a set of techniques that help strategists in taking strategic decisions with regards to individual products or businesses in a firm's portfolio. It is primarily used for competitive analysis & corporate strategic planning in multi-product & multi business firms.

There are 3 important concepts, the knowledge of which is prerequisite to take portfolio analysis :

A) **STRATEGIC BUSINESS UNIT {SBU} :**
   Analysing portfolio may begin with identifying key businesses also termed as SBU. SBU is a unit of the company that has a separate mission & objective and which can be planned independently from other company businesses.

B) **EXPERIENCE CURVE :**
   The concept is akin to a learning curve which explains the efficiency increase gained by workers through repetitive productive work. It is based on the commonly observed phenomenon that unit costs declined as a firm accumulates experience in terms of a cumulative volume of production.

C) PRODUCT LIFE CYCLE :



❖ BOSTAN CONSULTING GROUP (BCG) Growth-Share Matrix :

Market Growth Rate

	High	Low
High	**Stars** Are products or SBU's that are growing rapidly	**Question Mark** Sometimes called problem children or wildcats, are low market share business in high growth market.
Low	**Cash Cows** Are low growth, high market share businesses or products	**Dogs** Are low growth, low share businesses or products

Relative Market Share

❖ ANSOFF'S Product Market Growth Matrix :

	Existing Product	**New Product**
Existing Market	Market Penetration	Product Development
New Market	Market Development	Diversification

❖ ARTHUR D. LITTLE Strategic Condition Matrix {ADL Matrix} :

Based on Product life cycle. The approach forms a 2 dimensional matrix based on stage of industry maturity & the firms competitive position.

The competitive position of a firm based on an assessment of the following criteria:

i. Dominant ii. Strong iii. Favourable iv. Tenable v. Weak

❖ General Electric Model / Stop Light Strategy Model / Business Planning Matrix / GE 9 Cell Matrix / GE Electric Model :

This model has been used by General electric Company (developed by GE with the assistance of consulting firm McKinsey & Company) is similar to BCG Growth Share Matrix.

CHAPTER – 4 : STRATEGIC PLANNING

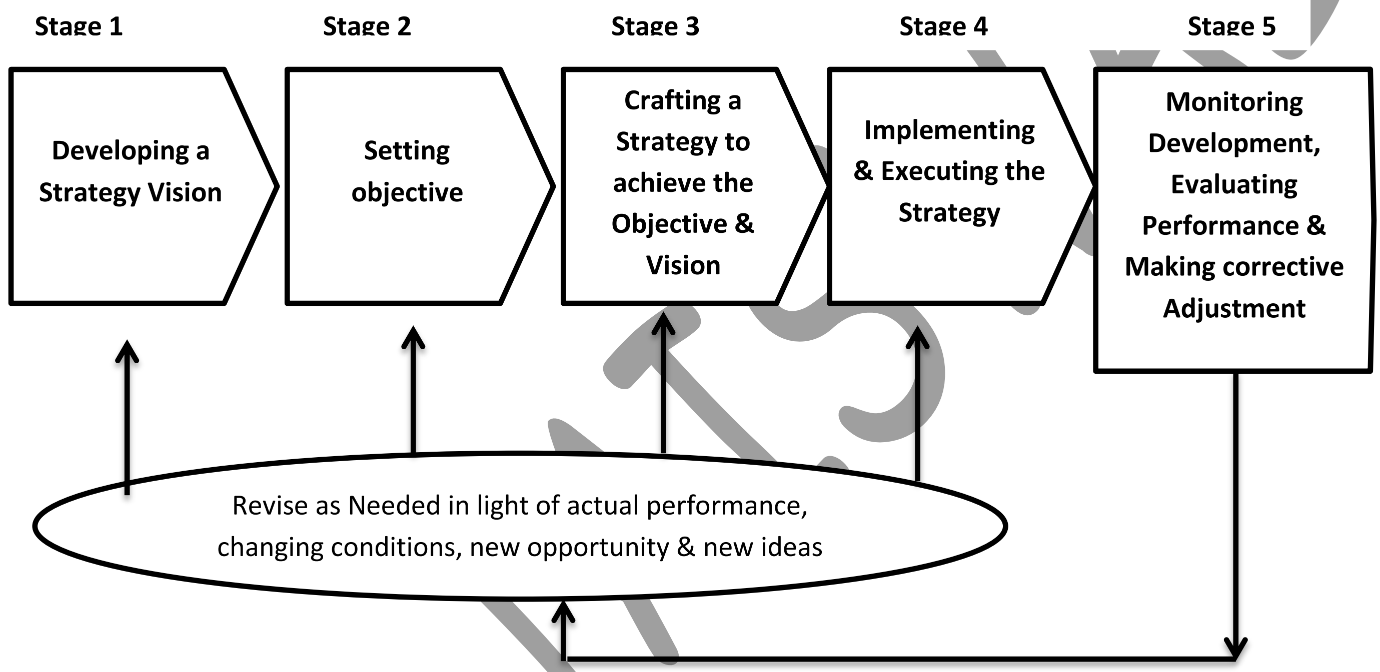
PLANNING –

Chance favours the prepared mind **Louis Pasteur**

Planning is future oriented. It relates to deciding what need to done in the future & generating blueprints for action. Planning involves determining what resources are available, what resources can be obtained, & allocating responsibilities to the potential of the employees

Strategic Planning deals with one or more of three key questions:
1. What are we doing?
2. For whom do we do it?
3. How to improve & excel?

STAGES OF CORPORATE STRATEGY FORMULATION IMPLEMENTATION PROCESS –

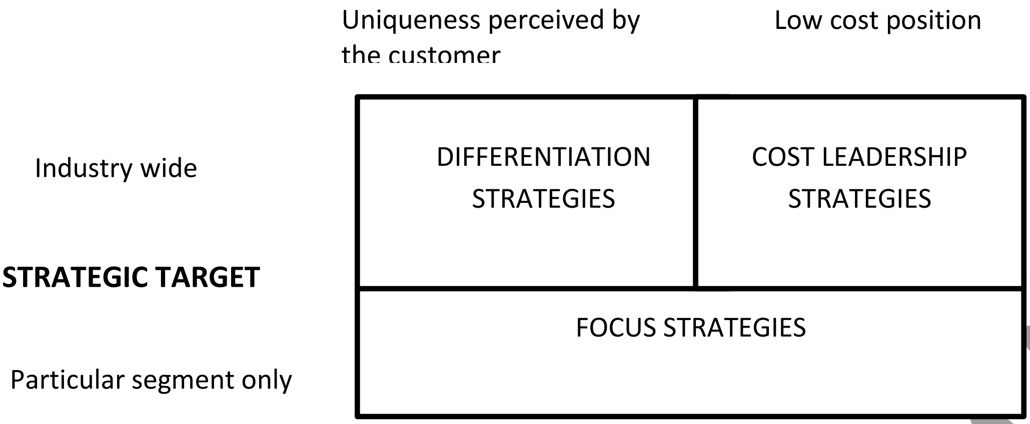


STRATEGIC ALTERNATIVES –

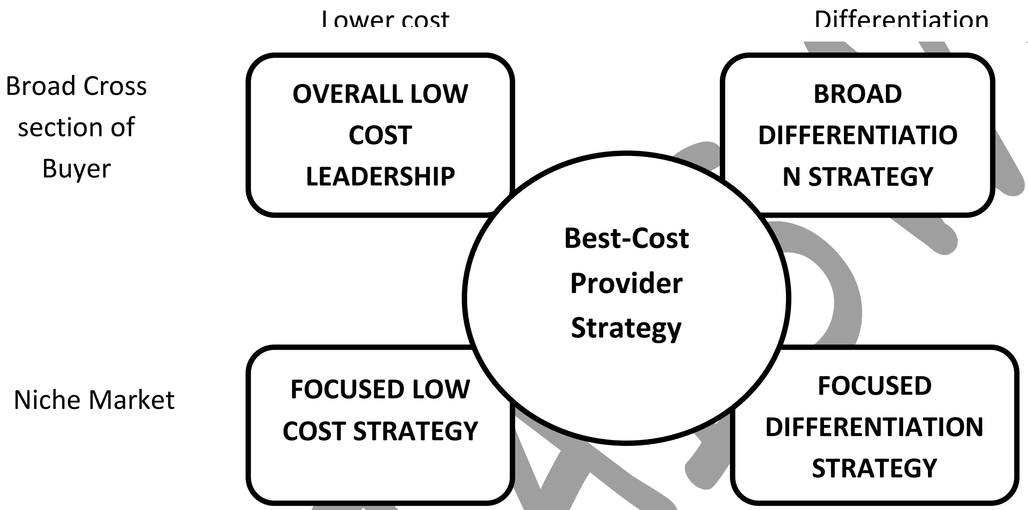
A) GENERIC STRATEGIC ALTERNATIVE :

Stability Strategy	Expansion Strategy	Expansion through Diversification	Expansion through Acquisition & Merger	Retrenchment Strategy	Combina tion Strategy
One of the important goals of business is stability-to safeguard its existing interests & strengths, to pursue well established & tested objectives, to continue in the chosen business path, to maintain operational efficiency on a sustained basis, to consolidate the commanding position already reached, & to optimise return on the resources committed in the business.	It is implemented by redefining the business by adding the scope of business substantially increasing the efforts of the current business.	Diversification defined as entry into new product or product lines, new services or new markets, involving substantially different skills, technology & knowledge.	Acquisition or merger with an existing concern is an instant means of achieving the expansion.	Retrenchment or retreat becomes necessary or expedient for coping with particular hostile & adverse situations in the environment & when any other strategy is likely to be suicidal.	It is possible to adopt a mix of the above to suit a particular situation

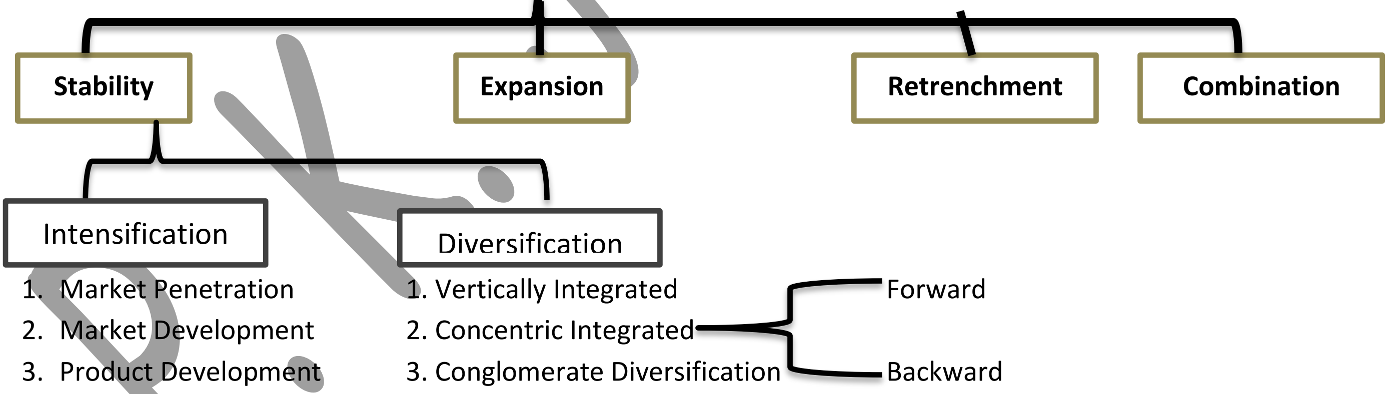
B) MICHAEL PORTER'S GENERIC STRATEGIES :



C) BEST-COST PROVIDER STRATEGY :



D) GRAND / DIRECTIONAL STRATREGIES :



CHAPTER – 5 : FORMULATION OF FUNCTIONAL STRATEGY

MARKETING STRATEGY FORMULATION –

Marketing is a Social & Managerial process by which Individuals & Groups obtain what they need & want trough Creating, Offering & Exchanging products of value with others. Philip Kotler

Most of the time, strategists should not be formulating strategy at all; they should be getting on with implementing strategies they already have. Henry Mintzberg

1> Delivering Value to customer
2> The Marketing Process
3> Marketing Mix
   - i. Product
   - ii. Price
   - iii. Place
   - iv. Promotion
     - a. Personal selling
     - b. Advertising
     - c. Publicity
     - d. Sales promotion

4> Marketing Analysis
   - i. Planning
   - ii. Implementation
   - iii. Control

MARKETING STRATEGY TECHNIQUES – PRESSS DADDO PC

1. **P**erson Marketing
2. **R**elationship Marketing
3. **E**nlightened Marketing
4. **S**ocial Marketing
5. **S**ervices Marketing
6. **S**ynchro-Marketing
7. **D**ifferential Marketing
8. **A**ugmented Marketing
9. **D**irect Marketing
10. **D**emarketing
11. **O**rganization Marketing
12. **P**lace Marketing
13. **C**oncentrated Marketing

FINANCIAL STRATEGY TECHNIQUES – RL DEED

Decisions that may require Finance/Accounting policies are –

1. **R**aise capital with Short term debt, long term debt, preferred stock or common stock
2. **L**ease/Buy Fixed assets
3. **D**etermine appropriate Dividend Payout Ratio
4. **E**xtend time of Accounts Receivable
5. **E**stablish certain % of Discount on accounts within a specified period of time
6. **D**etermine amount of cash that should be kept on hand

PRODUCTION STRATEGY TECHNIQUES –

1. Production system
2. Operational planning
3. Control

LOGISTICS STRATEGY -

For Business organization **effective Logistics Strategy** will involve raising & finding solution for the following questions:

1. Which sources of Raw-material & components are available?
2. How many manufacturing location are there?
3. What products are being made at each manufacturing location?
4. What modes of transportation should be used for various products?
5. What is the nature of distribution facility?
6. What is the nature of material handling equipment processed? Is it Ideal?
7. What is the method of deploying inventory in the logistics network?
8. Should the business organization own the transport vehicles?

Some examples of **how Logistics can help a Business** are as follows:

1. Cost savings
2. Reduced inventory
3. Improved delivery time
4. Customer satisfaction
5. Competitive advantages

IMPLEMENTING SUPPLY CHAIN MANAGEMENT SYSTEM-

1. Product development
2. Procurement
3. Manufacturing
4. Physical distribution
5. Outsourcing
6. Customer services
7. Performance measurement

HUMAN RESOURCE STRATEGY FORMULATION –

Strategy Role of HR Management: **PC FD BED**

1. **P**roviding purposeful direction
2. **C**reating competitive atmosphere
3. **F**acilitation of change
4. **D**iversion of workforce
5. **B**uilding core competency
6. **E**mpowerment of HR
7. **D**evelopment of Work ethics & culture

CHAPTER – 6 : STRATEGY IMPLEMENTATION & CONTROL

STRATEGY FORMULATION VS STRATEGY IMPLEMENTATION-

STRATEGY FORMULATION	STRATEGY IMPLEMENTATION
1. Strategy formulation is positioning forces before the action	1. Strategy implementation is managing forces during the action
2. It focuses on effectiveness	2. It forces on effieciency
3. It is primarily an Intellectual process	3. It is primarily an operational process
4. It requires good intuitive & analytical skills	4. It requires special motivation & leadership skills
5. It requires co-ordination among a few Individuals	5. It requires combination among many Individuals

STRATEGY IMPLEMENTATION –

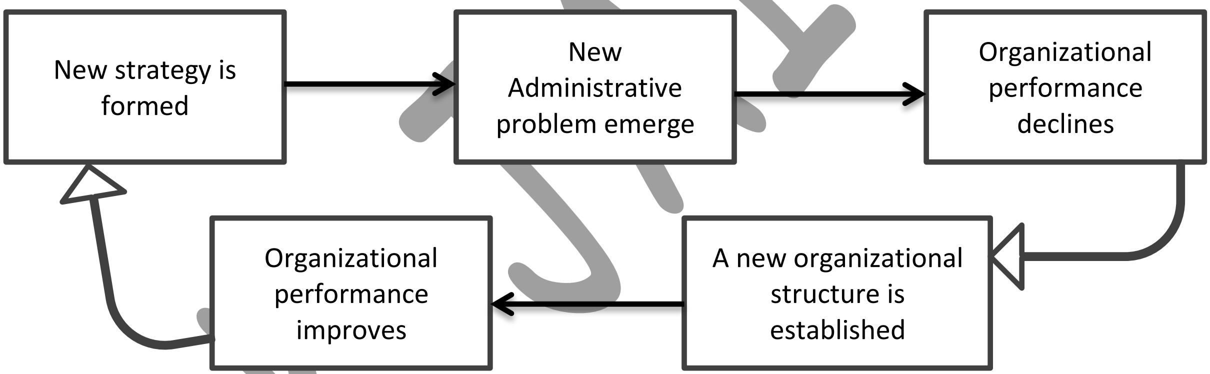
It consists of Securing, Organising & Directing the available resources within the organisation.

"Winning companies know better how to do work better" **-Michael Hammer & James Champy**

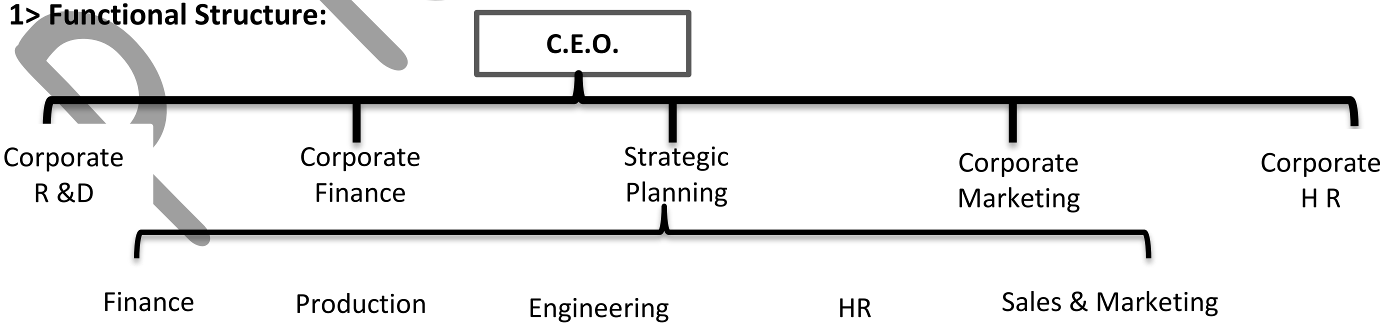
ISSUE IN STRATEGY IMPLEMENTATION: **MR. AFRIDI**

1. **M**otivation & Training
2. **P**rocedural Requirement
3. **A**llocation of Resources
4. **F**ormulation of action plans
5. **R**eview
6. **I**nstitutionalism of strategy
7. **D**esigning organisation structure
8. **I**nfluencing ethics & values

ORGANIZATION & STRATEGY IMPLEMENTATION –



1> Functional Structure:



2> Divisional Structure

3> Strategic Business Unit Structure

4> Matrix Structure

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Strategic Business Unit [SBU] –

Features: SIRI

1. Strategy
2. Independent Management
3. Resources
4. Intra-competition

Advantages: BIG PE HIM

1. Better customer service
2. Intra-competition
3. Goodwill
4. Proper recognition
5. Effective management
6. Higher efficiency
7. Innovation
8. Motivation to employees

LEADERSHIP & STRATEGY IMPLEMENTATION –

"Leadership is the activity of influencing people to strive willingly for group objective" **George Terry**
"A leader lives in the field with his troops" **H. Ross Perot**

LEADERSHIP ROLE IN STRATEGY IMPLEMENTATION:

1. Introducing change
2. Integrating conflict interest
3. Developing leadership ability in manager
4. Developing appropriate organisational climate
5. Developing motivation system
6. Clarity in goals
7. Relation
8. Leadership style {autocratic, bureaucratic, neurcratic, sociocratic, consultative, participative, paternalistic, situational, laissez-faire}

STRATEGIC CHANGE –

1> Steps to initiate Strategic Change:

1. Recognize the need for change
2. Create a shared vision to manage change
3. Institutionalise the change

2> Kurt Lewin Change Process:

1. Unfreezing the situation
2. Changing the new situation
   a. Compliance
   b. Identification
   c. Internalization
3. Refreezing

STRATEGIC CONTROL –

"Strategic control focuses on the dual questions of whether:
(1) The strategy is being implemented as planned; &
(2) The results produced by the strategy are those intended." **-Schendel & Hofer**

Types of Strategy Control:

1. Premise control
2. Strategic surveillance
3. Special alert control
4. Implementation control

CHAPTER – 7 : REACHING STRATEGY EDGE

IMPLEMENTING BUSINESS PROCESS REENGINEERING {BPR} IN ORGANIZATIONS –

1. Determining Objective & Framework
2. Identify Customer & Determine their needs
3. Study the existing process
4. Formulate a redesign process plan
5. Implement the Redesign

TOTAL QUALITY MANAGEMENT [TQM] –

TQM is people-focused management system that aims at continual increase in customer satisfaction at continually lower real cost.

Principles guiding TQM: SODA CAFU TVS PQR

1. **S**ynergy of team
2. **O**ptimum utilisation of resources / Inventory reduction
3. **D**ecision making / Thinking statistically
4. **A** sustained management commitment to quality
5. **C**ontinuous improvement & learning
6. **E**mployee involvement & empowerment
7. **F**ocusing on the customer
8. **U**niversal quality responsibility
9. **T**raining
10. **V**alue improvement
11. **S**upplier teaming
12. **P**reventing rather than detecting defect
13. **Q**uality measurement
14. **R**oot cause corrective actions

TQM & Traditional management practises: SCOOT M

1. **S**trategic Planning & Management
2. **C**hanging relationship with customer & suppliers
3. **O**rganizational structure
4. **O**rganizational change
5. **T**eamwork
6. **M**otivation & job design

SIX SIGMA & MANAGEMENT –

Six sigma efforts targeted 3 areas:

1. Improving customer satisfaction
2. Reducing cycle time
3. Reducing defects

Six sigma methodoly:

1. DMAIC
   i. **D**efine
   ii. **M**easure
   iii. **A**nalyse
   iv. **I**mprove
   v. **C**ontrol
2. DMADV
   i. **D**efine
   ii. **M**easure
   iii. **A**nalyse
   iv. **D**esign
   v. **V**erify

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6 themes of six sigma:

1. Theme 1: genuine focus on the customer
2. Theme 2: data & fact-driven management
3. Theme 3: processes are where the action is
4. Theme 4: proactive management
5. Theme 5: boundary less collaboration
6. Theme 6: drive for perfection; tolerate failure

CONTEMPORARY STRATEGIC ISSUES –

“If we want to stay competitive, we need to be in e-commerce”

-Jessica Chu, Marketing Manager, Aaeon Technology, Taiwan

“Our strategy is to integrate the internet into all of our core business”

-Thomas Middelhoff, CEO, Bertelsmann AG, Germany

Strategy- shaping Characteristics of the E-commerce Environment:

1. The internet makes it feasible for companies everywhere to compete in global markets
2. Competition in an industry is greatly intensified by the new e-commerce strategic initiative of existing rivals & by the entry of new, enterprising e-commerce rivals
3. Entry barriers into the e-commerce world are relatively low
4. Online buyers gain bargaining power because they confront far fewer obstacles comparing the products prices & shipping times of rival vendors
5. The internet makes it feasible for companies to reach beyond their borders to find the best suppliers & further to collaborate closely with them to achieve efficiency gain & cost savings
6. Internet & PC technology are advancing rapidly, often in uncertain & unexpected directions
7. The internet results in much faster diffusion of new technology & new idea across the world
8. E-commerce technology opens up a host of opportunities for reconfiguring industry 7 company value chains
9. The E-commerce environment demands that company moves swiftly
10. The internet can be an Economical means of delivering customer service
11. The capital for funding potentially profitable E-commerce businesses is readily available
12. The needed E-commerce resource in short supply is human talent-in the form of both technological expertise & managerial know-how

Strategic management in Non-profit & Government organization

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