

## 3

## chapter

## Strategic Analysis

## Quick Revision Notes

*“Water shapes its course according to the nature of the ground over which it flows; the soldier works out his victory in relation to the foe that he is facing.” - Sun Tzu, The Art of War*

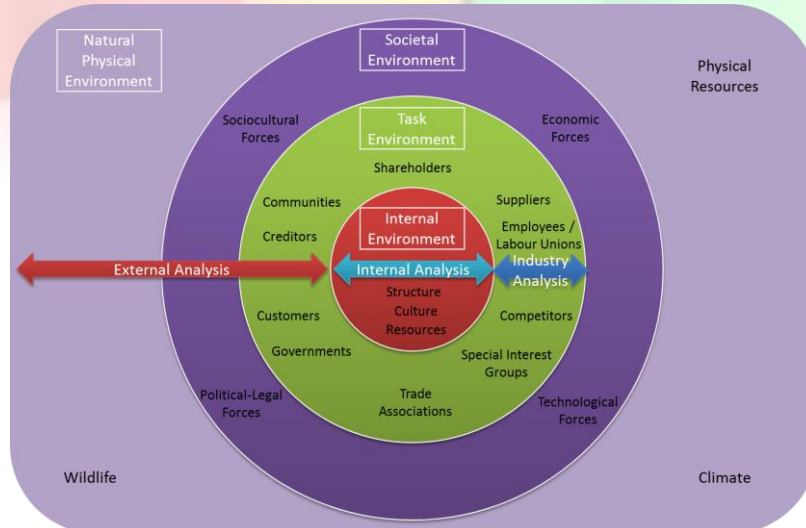
Following is a sample excerpt from ‘STRATEGIC MANAGEMENT’ - By CA K S Jolly  
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## 1 Introduction

⇒ Environmental scanning is the **monitoring, evaluation, and dissemination of information** from the **external and internal environments** to key people within the corporation (strategic planning group).



## 2 Strategic Analysis

### Scanning External Environment

#### 1. Natural Environment

**physical resources, wildlife, and climate**

#### 2. Societal Environment

**mankind's social system**

⇒ **Economic forces** that regulate the exchange of materials, money, energy, and information.

⇒ **Technological forces** that generate problem-solving inventions.



- ⇒ **Political–legal forces** that allocate power and provide constraining and protecting laws and regulations.
- ⇒ **Sociocultural forces** that regulate the values, mores, and customs of society.

### 3. Task Environment

#### the industry within which the firm operates

Governments, local communities, suppliers, competitors, customers, creditors, employees/labour unions, special-interest groups, and trade associations.

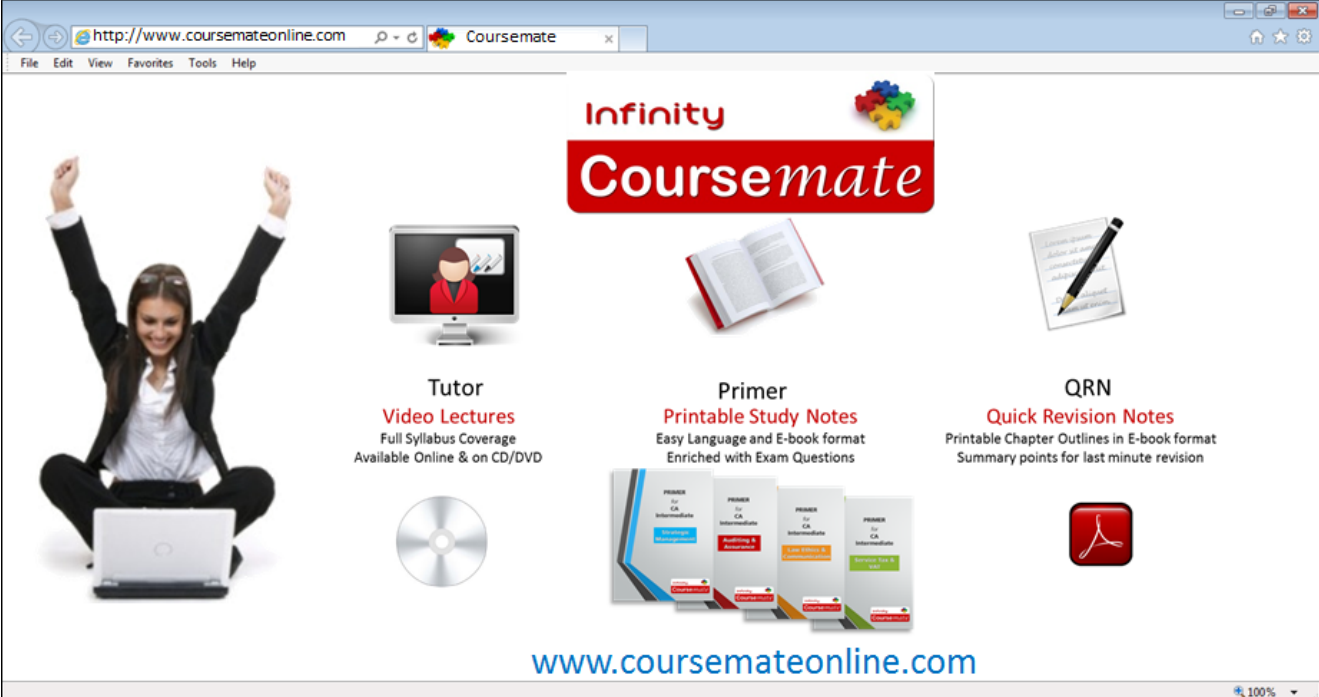
### Identifying External Strategic Factors

⇒ Use the **issues priority matrix** as follows:

1. **Identify a number of likely trends** emerging in the natural, societal, and task environments.
2. **Assess the probability of these trends** actually occurring, from low to medium to high.
3. Attempt to **ascertain the likely impact (from low to high) of each of these trends** on the corporation being examined.
4. A corporation's **external strategic factors** are the key environmental **trends that are judged to have both a medium to high probability of occurrence and a medium to high probability of impact** on the corporation.
5. **External strategic factors are then categorized as opportunities and threats** and are included in strategy formulation.

|                           |        | Probable Impact on Organisation |                 |                 |
|---------------------------|--------|---------------------------------|-----------------|-----------------|
|                           |        | High                            | Medium          | Low             |
| Probability of Occurrence | High   | High Priority                   | High Priority   | Medium Priority |
|                           | Medium | High Priority                   | Medium Priority | Low Priority    |
|                           | Low    | Medium Priority                 | Low Priority    | Low Priority    |





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- Primer**: Printable Study Notes, Easy Language and E-book format, Enriched with Exam Questions. This section includes an image of an open book and a stack of four book covers labeled "PRIMER for CA Intermediate", "PRIMER for CA Intermediate", "PRIMER for CA Intermediate", and "PRIMER for CA Intermediate".
- QRN**: Quick Revision Notes, Printable Chapter Outlines in E-book format, Summary points for last minute revision. This section includes an image of a notepad with a pen and a red Adobe PDF icon.

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