The Strategic Management Process

- **Check the map of Thinking Strategically**
- Some extra thoughts
  - Without a strategy the organization is like a ship without a rudder, going around in circles
  - How can we create a competitive advantage that is sustainable
  - product differentiation/cost orientation
  - thinking should approach strategic and financial issues
  - customer value proposition
  - structure shapes strategy
  - strategy shapes structure
    - resource-based strategy
  - Is the industry attractive?
  - instead of competing within the game change the rules/ the case of Linux
  - key concept in strategy is alignment
- **Revise as needed in light of actual performance, changing conditions, new opportunities and new ideas**
- check continuously, remember and work on the five tasks of strategic management
- the five tasks of strategic management
  - develop a strategic vision and mission
  - set objectives
  - craft a strategy to achieve objectives
  - implement and execute strategy
  - monitor, evaluate and take corrective action
- Why are strategies needed?
  - to proactively shape how a company's business will be conducted
  - to mold the independent actions and decisions of managers and employees into a coordinated company-wide game plan
- Which are the distinctive capabilities of the company?
  - organizational processes
  - skills and accumulated knowledge
  - assets
- Thinking strategically
  - 1. where are we now?
  - 2. where do we want to go?
    - business to be in and market positons to stake out?
    - buyer needs and groups to serve?
    - outcomes to achieve?
  - 3. how do we get there?
- What is strategy
  - it is the set of competitive moves and business approaches that management is employing to run the company
  - it management's game plan to:
    - attract and pleasure customers
    - stake out a market position
    - conduct operations
    - compete successfully
    - achieve organizational objectives
- What is business model
  - how do we make money in this business
    - if you want to compete, do it better or different and entrap your competitors in this way
    - make the others seem irrelevant to their business
    - reshuffle the cards and change the business model
    - is the strategy that management is pursuing capable of delivering good bottom-line results?
  - do the revenue-cost-profit economics of the company's strategy make good business sense?
    - look at the revenue streams the strategy is expected to produce
    - look at the associated cost structure and potential profit margins
    - do the resulting earnings streams and ROI indicate the strategy makes sense and that the company has a viable business model?
  - business model is the point zero of strategic thinking
    - competing effectively
      - you cannot compete with a monopoly by playing the game by the monopolist rules, as it has too many strengths
      - you compete with a monopoly by changing the rules of the game into a set that favors your strengths
      - the competitive advantage of successful companies is their people/ employees first
        - establish an internal marketing dept
        - increase employee loyalty
        - the skills and accumulated knowledge of your people
          - Communities of Practice are a useful contributor in this
      - develop key competencies
        - cultivation of loyal customer base
        - very low operating costs
        - high employee spirit
  - What is a business model
    - it addresses how we make money in this business
      - is the strategy that management applies capable of delivering good bottom-line results?
    - what about the revenue-cost-profit economics of the company's strategy? Do they make good business sense?
      - check the revenue streams that the strategy is expected to produce
      - check the associated cost structure and potential profit margins
      - check the resulting earning streams and ROI
        - do they indicate that the company has a viable business model?