

## Chapter 1

- ✚ Managing an organisation in the competitive landscape of the 21<sup>st</sup> century is a highly complex task, and has an impact on organisational leadership, strategies, & organisational architecture.
- ✚ Understand where you fit the global competitive landscape
  - what it means to be a sustainable global organisation
  - how they can contribute towards strategic development,
  - Understand change & transformation.
- ✚ When thinking strategically about their organisation's current situation and future prospects in a competitive landscape, management is faced with **four critical questions**:
  1. Where are we now?
  2. Where do we want to go?
  3. How will we get there?
  4. How are we doing?

### **The essence of strategy**

- ✚ Strategy is a game plan indicating choices a manager needs to make
  - **D**evelop the necessary dynamic capabilities
  - **A**chieve performance targets by implementing strategy successfully
  - **M**anage organisational architecture
  - **A**tract & meet customer needs
  - **G**row the organisation
  - **C**ompete successfully
- ✚ *Strategy can also be viewed as the direction & scope of the org over long term, which achieves advantage for the org through its configuration of resources within a changing environment & to fulfil stakeholder expectations.*

### **The nature & role of strategy (5Ps) (NNB)**

- ✚ **Strategy as a plan** – top down conception formulated by rational analysis of organisation, its performance & external environment
- ✚ **Strategy as a position** – looks down wards (meeting customer needs) & outwards (external competitive market). **Outside-in perspective.**

- ✚ The concept of the sustainable organisation is a key element of business strategy.
- ✚ NB for a business leader to understand both the risks and opportunities associated with an organisation's social and environmental context.
- ✚ There are direct economic benefits that can be derived from a **proactive approach** to sustainable development.
- ✚ Once the scope & drivers of the sustainable org have been identified, next understand how to define & implement a corresponding strategy.
- ✚ NB cross-cutting imperative is effective stakeholder engagement.
- ✚ The key is to develop partnerships based on mutual benefit.
- ✚ The sustainable organisation recognises that long-term business success is intimately tied to the success of the communities and societies in which it operates.

#### Chapter 4 - Strategic decision enablers

- ✚ Sensing and adapting to environmental change are key elements of successful strategies

##### Framework for decision enablers

- ✚ The organisation needs an internal and external focus to align internal resources with external opportunities and threats
- ✚ Strategic management cannot focus on every single detail – it thus needs to focus on the 'big issues'
- ✚ Information is obtained from many different sources
- ✚ Good strategic information integrates the different types of information from different sources to develop a 'big picture' of the organisation's environment and its place in this environment
- ✚ Information is not objective, and different managers may interpret the same information differently depending on their personal characteristics and goals
- ✚ It could thus be said that the interpretation of information has both a cognitive and a political component

## 2. Issues priority matrix

- ✚ Way to identify and analyse developments in the external environment.
- ✚ Managers can use it to decide which environmental trends should be merely scanned (low priority) and which should be monitored as strategic factors (high priority).
- ✚ Organisations often respond differently to the same environmental changes because of differences in the ability of managers to recognize, and understand, external strategic issues and factors.
- ✚ Strategic myopia the willingness to reject unfamiliar as well as negative information.
- ✚ One way to identify, and analyse, critically important developments in the macro environment is to use an Issues Priority Matrix.
- ✚ Identify a number of likely trends emerging in the macro- and industry environments.
- ✚ These are strategic environmental issues: those important trends that, if they happen, will determine how various industries might be affected and what they will look like.
- ✚ Assess the probability (from low to high) of these trends actually occurring.
- ✚ Attempt to ascertain the likely impact (from low to high) of each of these trends on the organisation

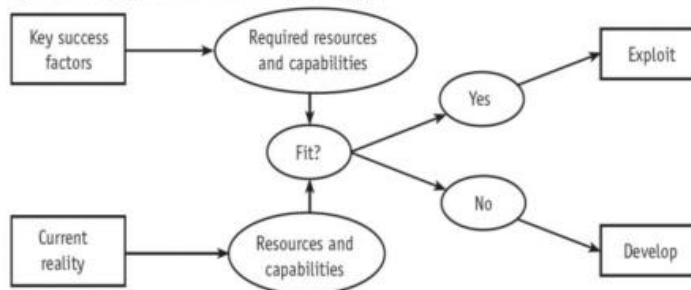
## 3. Benefits of macro environmental analysis

- ✚ Increases managerial awareness of environmental changes
- ✚ Increases the understanding of the context in which industries and markets function.
- ✚ Improves understanding of relevant multinational and global issues.
- ✚ Improves resource allocation decisions based on strategic priorities
- ✚ Enables managers to id and reduce risk due to greater awareness & understanding of potential environmental threats

### Internal analysis & industry key success factors (KSF)

- ✚ (KSFs) as external measures of success, determined mostly by what customers want and what competitive conditions dictate
- ✚ organisations need to have a clear understanding of their current resources and capabilities, as well as those that they will need in the future
- ✚ Understanding the gap between the current reality & future requirements provides important inputs in the strategic decision-making process
- ✚ organisation may need to build on existing resources and capabilities, e.g. developing new products or markets or new resources & capabilities
- ✚ this brings a step closer to dynamic capabilities

Figure 7.6 Using key success factors to identify capability gaps<sup>44</sup>



### Dynamic views of strategy

- ✚ **Dynamic capabilities** - organisation's 'ability to integrate, build & reconfigure internal and external competences to address rapidly changing environments'. This definition rests on two principles:
  - Distinctive capabilities can and must change over time.
  - The volatility of the environment is a strong indicator of the need and tempo of change required.

Ghemawat suggested that the dynamic approach attempts to link the organisation's past to its future, and in this way tries to answer three questions

- What did the organisation do well in the past?
- What can the organisation do well today?
- What must the organisation be able to do well in the future

#### How would decision makers evaluate strategies? (FADACV)

- ✚ **Appropriateness** – assesses the suitability of the strategy e.g.
  - The extent to which a strategy option fits with key drivers and expected changes in the environment.
  - Whether the strategy option exploits strategic capabilities.
  - Whether it is appropriate in the context of stakeholder expectations and influence, and cultural influences.
  - Org must have considered its capabilities & stakeholder expectations beforehand e.g. **SWOT, decision tree or scenarios**

#### The SWOT matrix

- ✚ Requires the involvement of managers and stakeholders in various sectors of the organisation.
- ✚ SWOT matrix builds directly on the information gathered during the internal and external environmental analysis.
- ✚ From the internal analysis of resources and capabilities, the organisation identifies its relative strengths and weaknesses.
- ✚ From the external analysis, it identifies opportunities and threats

#### Decision Tree

- ✚ Offers a graphical representation of various strategic options available.
- ✚ It is used to estimate the outcome of the possible strategies.
- ✚ Organisations use decision trees to eliminate options by progressively introducing requirements that must be met e.g. investment, or diversity.
- ✚ Assist orgs to make the initial decision and then to consider the range of events and subsequent decisions that may occur or be necessary.

#### Scenarios

- ✚ **Feasibility** - means org is capable of carrying out the proposed strategies consider :
  - Is the strategy capable of achieving the objectives that it addresses?
  - Can the strategy be implemented effectively and efficiently?
  - Do we have the resources to implement this strategy

### Chapter 11 Strategies for global CA

Fundamental to successful international involvement, therefore, is an understanding of:

- ✚ the concept and implications of globalisation
- ✚ how international business differs from domestic business
- ✚ why organisations consider internationalisation
- ✚ how the global business environment differs from the domestic business environment
- ✚ what the sources of international competitive advantage are
- ✚ what international strategies to deploy in given situations
- ✚ how to enter foreign markets
- ✚ how to develop an integrated global strategic management system

**In the context of globalisation, the aim is to explore and discuss two major issues relevant to successful international business involvement:**

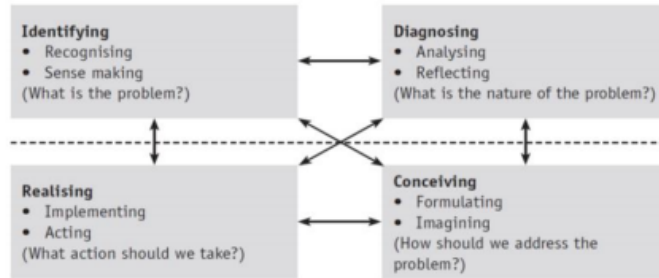
- ✚ deciding on appropriate international strategies in a global strategic management
- ✚ framework to compete successfully in the global marketplace deciding on appropriate modes of foreign market entry

#### Concepts in international business

- ✚ **International business** - all business transactions involving private organisations, governments, or individuals between two or more countries, which include the movement of goods, services, capital, and information across national borders
- ✚ **International trade** - movement of goods and services across national borders, includes exports, imports, and countertrade, and is a key component of international business.
- ✚ **Foreign direct investment (FDI)** - investment in a foreign country for productive business purposes that generally gives the investing company a controlling ownership interest



Figure 12.2 Mental or cognitive activities of the strategic reasoning process<sup>8</sup>



**To engage successfully in the strategic reasoning process leaders need:**

- ✚ **absorptive capacity** – the ability to learn
  - recognise new information, assimilate it, and apply it toward new ends' challenging and even restructuring worldviews or mental models used to make sense of the world.
- ✚ **adaptive capacity** – the ability to be open to and accept change
  - the leader first needs to be open to change (willing to deal with or consider) and intellectually curious and inquisitive about what is happening within and around an organisation
- ✚ **managerial wisdom** – the ability to notice gaps in the environment, and to take appropriate action at the right time.

**Mental models assist leaders in:**

- ✚ making sense of the world and how it operates
- ✚ conceptualising an organisation
- ✚ identifying and understanding organisational issues and variables that need attention if strategy is to be implemented successfully
- ✚ developing a picture of an ideal situation.

- ✚ **Nature of the organisation:** Flattening/downsizing by reducing the number of employees and the tiers of management is commonplace given the increasing trend towards globalisation

3. **Delegation of authority** – dissemination of decision making powers throughout the org especially to non-managerial employees.

**Advantages of delegation**

- ✚ Better motivated employees by giving them greater responsibility, control over their work & decision-making powers (job enrichment)
- ✚ More focused managers who no longer 'micro-manage'
- ✚ Creation of a more democratic work environment (thus reflecting broader socio-economic spirit)
- ✚ Faster career progression of lower and middle management
- ✚ More innovative solutions

**Disadvantages of delegation**

- ✚ Undue stress when employees don't have the requisite skills or do not want the added responsibility
- ✚ Erosion of managerial prerogative
- ✚ Inefficient use of managerial skills as employees do not have management expertise

**Org paradigms** - determine the approach to organisational design and structure. How do we see the world around us?

- ✚ **Newtonian paradigm**- world around us works like a well-oiled machine, and those relationships between events are relatively linear.
- ✚ **Chaordic paradigm** - World around us less ordered, unpredictable, & uncertain. Orgs are less mechanistic and more organic in nature.

**Strategic outcomes** - effective organisational design/structure will result in desired strategic outcomes:

- improved effectiveness and efficiency
- better quality of goods and services
- increased productivity.

Operating in the 'right' paradigm will guide the process of design and, in turn, lead to desired outcomes