

MBA



SSI

The Graduate School

- **Corporate Strategy, Governance & Ethics**
- 7 Chapters
- Assignment

Learning Outcomes

- Corporate Strategy, Objectives & Goals
- Steps involved in formulating Corporate Strategy
- The Top End Alignment Concept
- Business Environment
- Why Study Business Environment?
- PESTLE

Learning Outcomes

- SWOT
- Strategic Decision Making Process
- Push for Localisation
- Different Global Strategies
- Barlett & Ghoshal Matrix
- Verbeke's 4 Archetypes
- Forms of Organisational Structure

Corporate

- Adj. Relating to a large company or group
- The **definition of corporate** is something related to a business group or a business that operates as a single legal unit. An example of **corporate** is a culture in an office. An example of **corporate** is a company that has filed papers and become incorporated.

Stratagem: Latin & Greek Roots

- a plan of action designed to achieve a long-term or overall aim.
- the art of planning and directing overall military operations and movements in a war or battle.

Strategy

- In military terms, strategy is what one does before entering the battlefield. The strategy identifies how one is going to accomplish their goals....not bright ideas or inspirations.....grows out of the situation analysis, market research and goal development.
- The strategy identifies and defines the road you need to take, including any twists & turns you may encounter along the way.

Strategic plan

- Involves adapting the organization to take advantage of opportunities in its constantly changing environment.
- We can define strategic planning as the process of developing & maintaining a strategic fit between the organization's goals & capabilities and emerging environmental opportunities.

Corporate Strategy

- Strategic planning sets the stage for the rest of planning in the organization.
- Layers of strategic plans:
 - Corporate
 - Divisional
 - Departmental, etc

Tactics

- are what we do when we get on to the battlefield. They show how the strategy has to be carried out. E.g., promotional tactics:
- Provide information & educate potential customers;
- Increase awareness about organization's offering;
- Differentiate organizational offering from that of competitors' that are similar; and
- Accentuate its value

Alice's Adventures in Wonderland

“Would you tell me, please, which way I ought to go from here?” asked Alice.

“That depends a good deal on where you want to get to,” said the cat.

“I don't much care where,” said Alice.

“Then it doesn't matter which way you go,” said the cat

Limited Resources

- The 5 M's
 - Man
 - Money
 - Material
 - Machinery
 - Method

Human Capital / Services

- Intangibility
- Inseparability
- Variability
- Perishability

What does Plan Offer?

- Strategy is the means by which organizations deal with risks and rewards in order to achieve their objectives

The 6 Steps

- Define the organisation
- Define the strategic mission,
- Define the strategic objectives,
- Define the competitive strategy,
- Implement strategies, and
- Evaluate progress.

Moving Forward

- (i) Formulate Corporate Strategy
- (ii) Set Long-Term Objectives
- (iii) Set Short-Term Goals

Ensure that the objectives & Goals are SMART
so that you are able to measure & control

The SMART

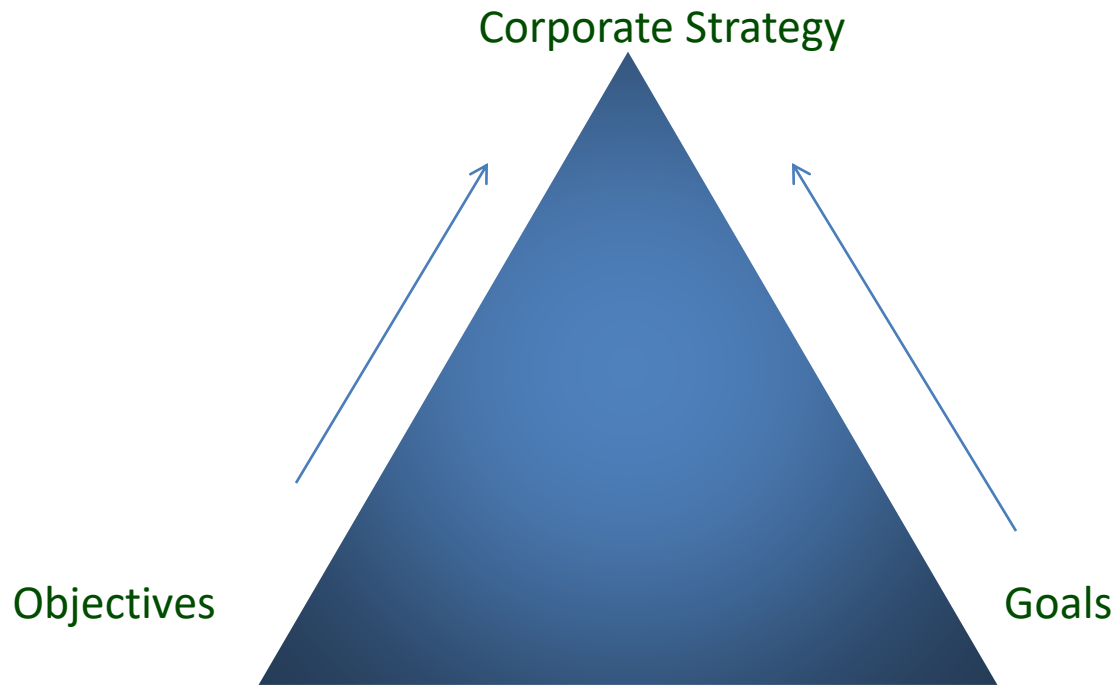


- **SPECIFIC:-** Objectives should be easily identified and understood
- **MEASURABLE:-** Objectives should be measured, monitored and recorded
- **ATTAINABLE:-** Objectives should have a fair chance of being met
- **RELEVANT:-** Objectives should be appropriate for teams or individual
- **TIMELY:-** Objectives should have clear time frames including start date and end date

The Three Axes of Business



The TEA Concept : Top End Alignment



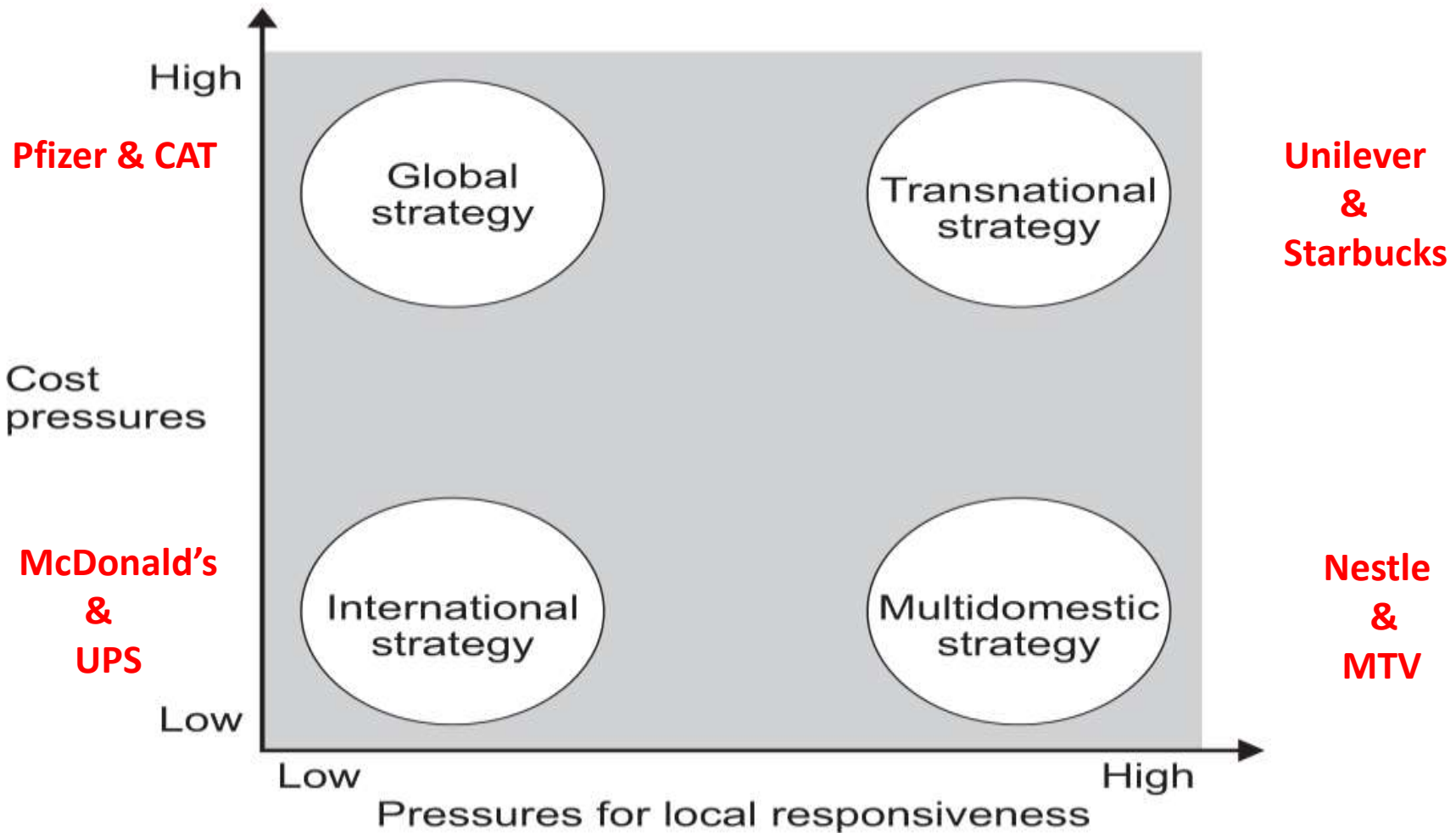
Globalisation:Glocalisation

- Global Approach
- Respect Local Variations & Specifics

Adaptations

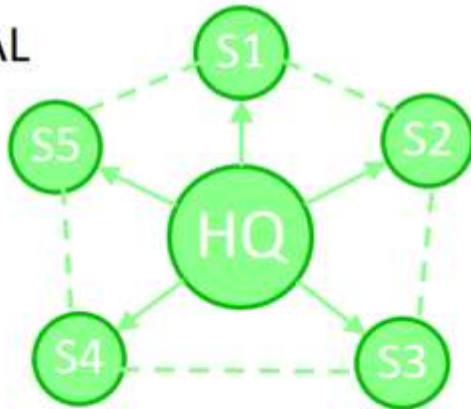
- Geotargeting by Helly Hansen
- Persil Black & Persil Abaya
- Trade-off between Standardisation & Localisation
- Global Integration & Market Responsiveness

Barlett & Ghoshal Matrix

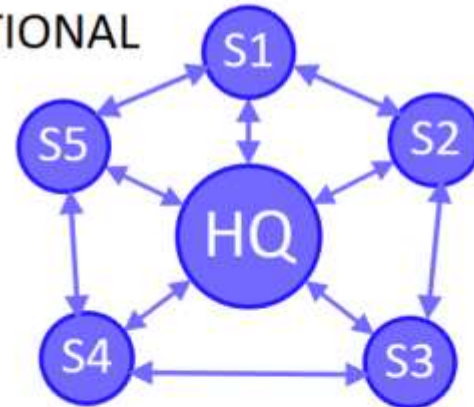


Contd. **Barlett & Ghoshal**

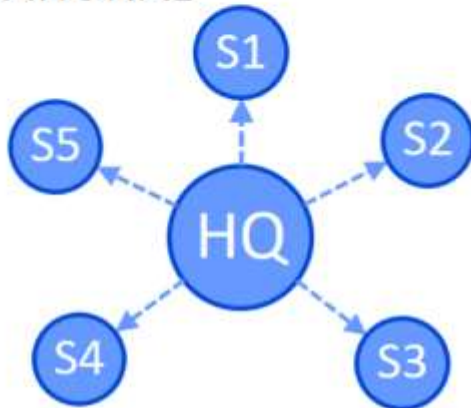
GLOBAL



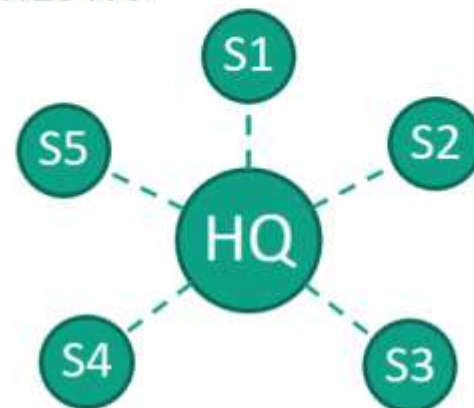
TRANSNATIONAL



INTERNATIONAL



MULTIDOMESTIC

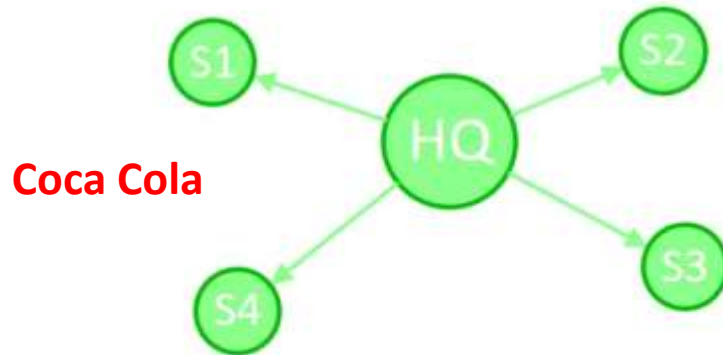


Per Unit Cost!

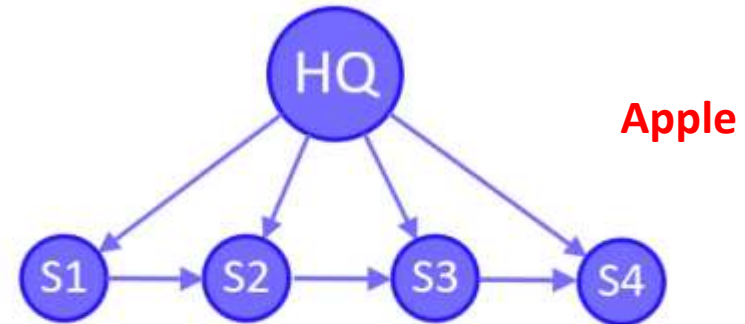
- **Economy of Scale**
- **Economy of Scope**
 - **Scalability**

Verbeke's 4 Archetypes

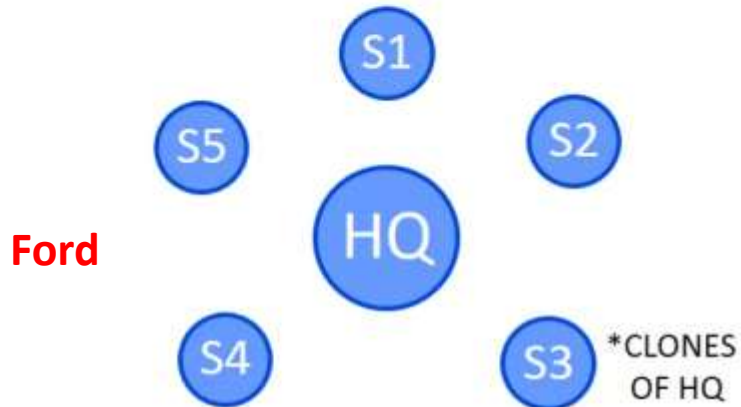
CENTRALIZED EXPORTER



INTERNATIONAL COORDINATOR



INTERNATIONAL PROJECTOR



MULTI-CENTRED MNEs



Environment

- Environment consists of the actors and forces that affect the company's ability to develop and maintain successful transactions and relationships with its target customers & achieve its objectives.

Business Environment

- Internal
- External

Key Factors

- Degree of Control
- Degree of Influence

WHY ENVIRONMENTAL ANALYSIS ?

Analysis of the environment makes the business aware of the threats & opportunities in the environment.

Why Study Environment?

- Minimise Risks
- Spot Opportunities
- Improve Efficiency (vs. Effectiveness)
- Need to Adopt & Adapt to...
- Assists in Problem-solving
- Change is the only constant

Yum in India

- Managers in all types and sizes of organizations must constantly monitor changes and consider the particular characteristics of their own location as they plan, organize, lead, and control in this dynamic environment.
- Yum Brand's signature brands, Taco Bell, Pizza Hut, and KFC, face a significant battle as they attempt to modify their products to appeal to India's growing and competitive fast food market.

Stages of Environmental Analysis

- Scanning
- Monitoring
- Forecasting
- Assessing

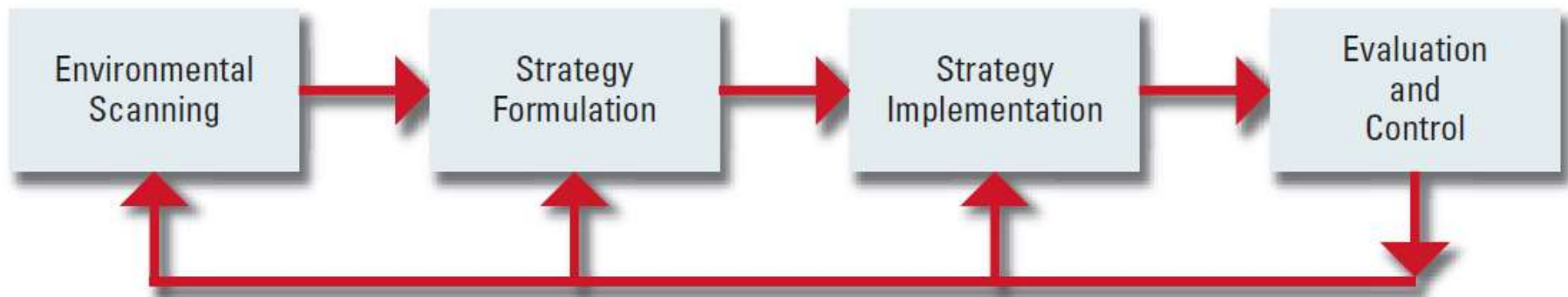
Key Environments

- Environment
 - The actors and forces that affect a firm's ability to build and maintain successful relationships with customers.
 - Aspects of the marketing environment:
 - Micro environment
 - Macro environment

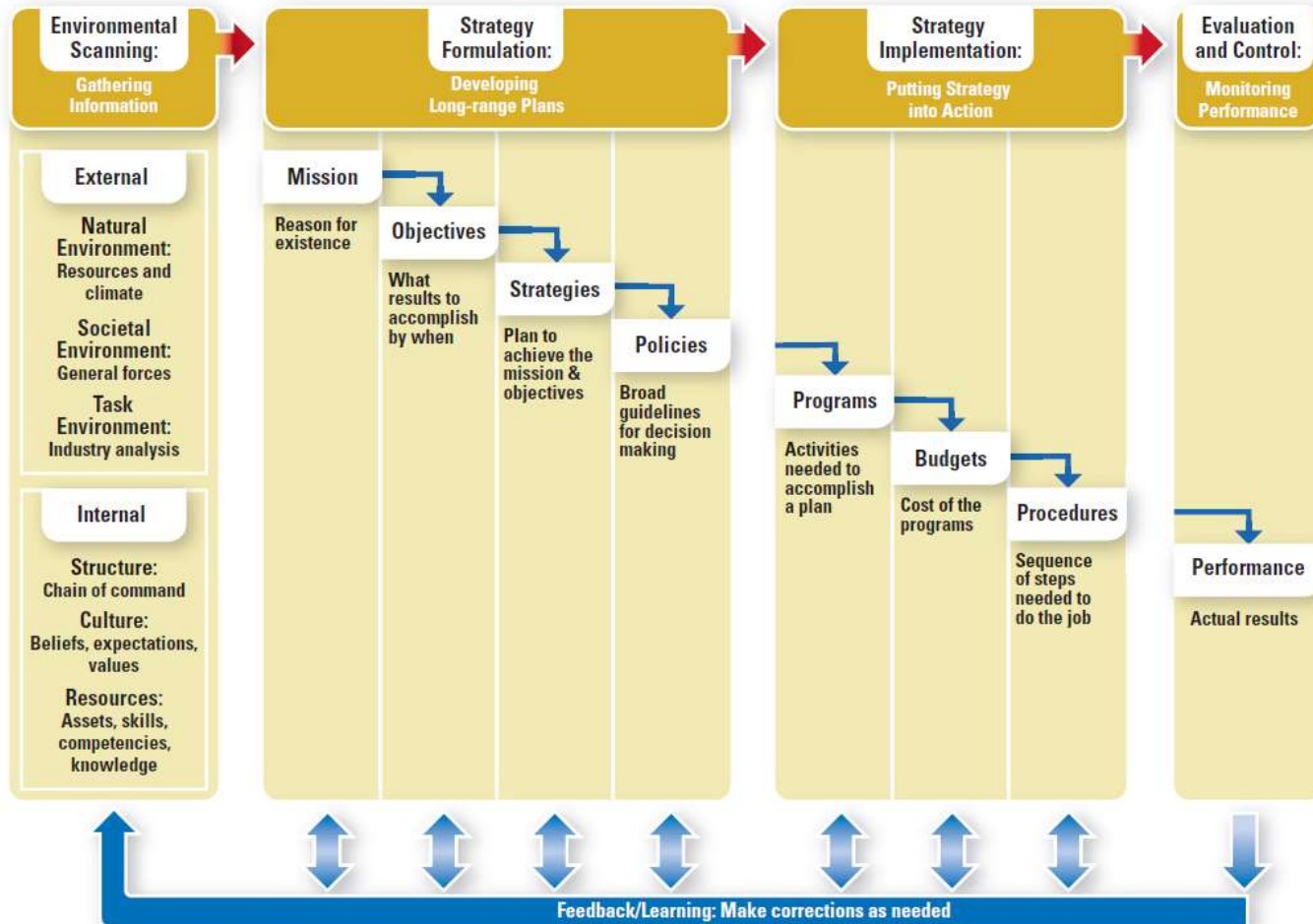
Integral part of strategising

- Internal and external environment scanning
- Strategy formulation
- Strategy implementation
- Evaluation and control

Basic Elements of the Strategic Management Process



Strategic Management Model



TBL: You are being watched & audited

The triple bottom line involves:

1. the management of traditional profit/loss;
2. the management of the company's social responsibility; and
3. the management of its environmental responsibility.

The Microenvironment

Actors Affecting a Firm's Ability to Serve Customers

- Company
- Suppliers
- Customer Markets
- Competitors
- Publics
- Marketing Intermediaries

The Microenvironment

- Departments within the company
- Suppliers help create and deliver customer value.
 - Treat suppliers as partners.
- Marketing intermediaries help sell, promote, and distribute goods.
 - Intermediaries take many forms.

The Macroenvironment

- Customer markets must be studied.
 - Consumer, business, government, reseller and international markets exist.
- Successful companies provide better customer value than the competition.
 - Size and industry position help to determine the appropriate competitive strategy.
- Various publics must also be considered.

The Macroenvironment

Types of Publics

- Financial
- Media
- Government
- Local
- General
- Internal
- Citizen Action

The Macroenvironment

Macroenvironmental Forces

- Demographic
- Economic
- Natural
- Technological
- Political
- Cultural

The Macroenvironment

- Key Demographic Trends
 - World population growth
 - Changing age structure

The Macroenvironment

- Key Demographic Trends
 - Changing British household
 - Geographic population shifts
 - Better-educated, more white-collar workforce
 - Increasing Diversity

Millennials, Gen X, Gen Z, DINKS

The Macroenvironment

- The Economic Environment
 - Affects consumer purchasing power and spending patterns.
 - Two types of national economies: subsistence vs. industrial.
 - Consumers now spend carefully and desire greater value.

The Macroenvironment

- Key Economic Trends
 - Income distribution is skewed.
 - Upper class, middle class, working class and the underclass.
 - Rich are getting richer, the middle class is shrinking, and the underclass remains poor.
 - Consumer spending patterns are changing.

The Macroenvironment

- The Natural Environment
 - Concern for the natural environment has grown steadily, increasing the importance of these trends:
 - Shortage of raw materials
 - Increased pollution
 - Increased governmental intervention

The Macroenvironment

- Key Technological Trends
 - The technological environment is characterized by rapid change
 - New technologies create new opportunities and markets but make old technologies obsolete
 - Big companies lead the world in research and development spending

The Macroenvironment

- The Political Environment
 - Includes laws, governmental agencies, and pressure groups that impact organizations and individuals. Key trends include:
 - Increased legislation to protect businesses as well as consumers.
 - Changes in governmental agency enforcement.
 - Increased emphasis on ethical behavior and social responsibility.

The Macroenvironment

- The Cultural Environment
 - Is composed of institutions and other forces that affect a society's basic values, perceptions, preferences, and behaviors.
 - Culture can influence decision making.
 - Core beliefs are persistent; secondary cultural values change and shift more easily.
 - The cultural values of a society are expressed through people's views.

The Macroenvironment

**Cultural values are expressed
via how people view:**

- Themselves
- Others
- Organizations
- Society
- Nature
- The Universe

Responding to the Environment

- Reactive: Passive Acceptance and Adaptation
 - Companies design strategies that avoid threats and capitalize upon opportunities.
- Proactive: Environmental Management
 - Use of lobbyists, PR, advertorials, lawsuits, complaints, and contractual agreements to influence environmental forces.

SWOT Analysis

- A scan of the internal and external environment is an important part of the strategic planning process.
- Environmental factors internal to the firm usually can be classified as strengths (**S**) or weaknesses (**W**), and those external to the firm can be classified as opportunities (**O**) or threats (**T**).
- Such an analysis of the strategic environment is referred to as a **SWOT analysis**.

The SWOT Matrix

Strengths	Weaknesses
Opportunities	Threats

SWOT Analysis

What is PESTLE Analysis?



- A **PESTLE analysis** is a framework or tool used by marketers to analyze and monitor the macro-environmental (external marketing environment) factors that have an impact on an organization. The result of which is used to identify threats and weaknesses which is used in a **SWOT analysis**.



- The 6 factors make up the acronym **PESTLE**.
- Each letter represents one factor. It is often called PESTLE.
- You may analyse these factors using other tests too. PEST, STEEP, and STEEPLE are similar analyses. Some other variations are STEP, and LEPEST.
- Managers can choose any based on the nature of the firm and the factors they wish to study.

Aim of PEST analysis

- **PEST analysis** describes a framework of macro- environmental factors used in the environmental scanning component of strategic management.
- It is part of an external analysis when conducting a strategic analysis or doing market research, and gives an overview of the different macro- environmental factors to be taken into consideration.
- It is a strategic tool for understanding market growth or decline, business position, potential and direction for operations.

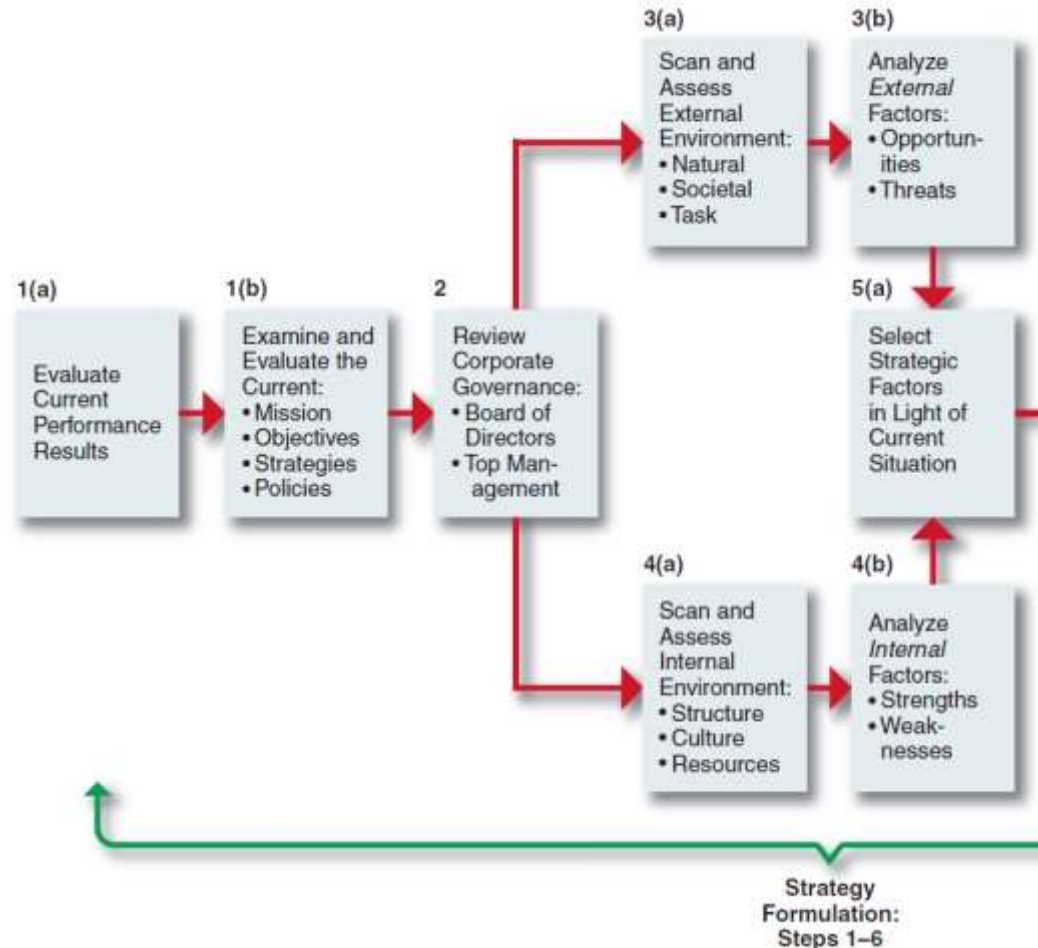




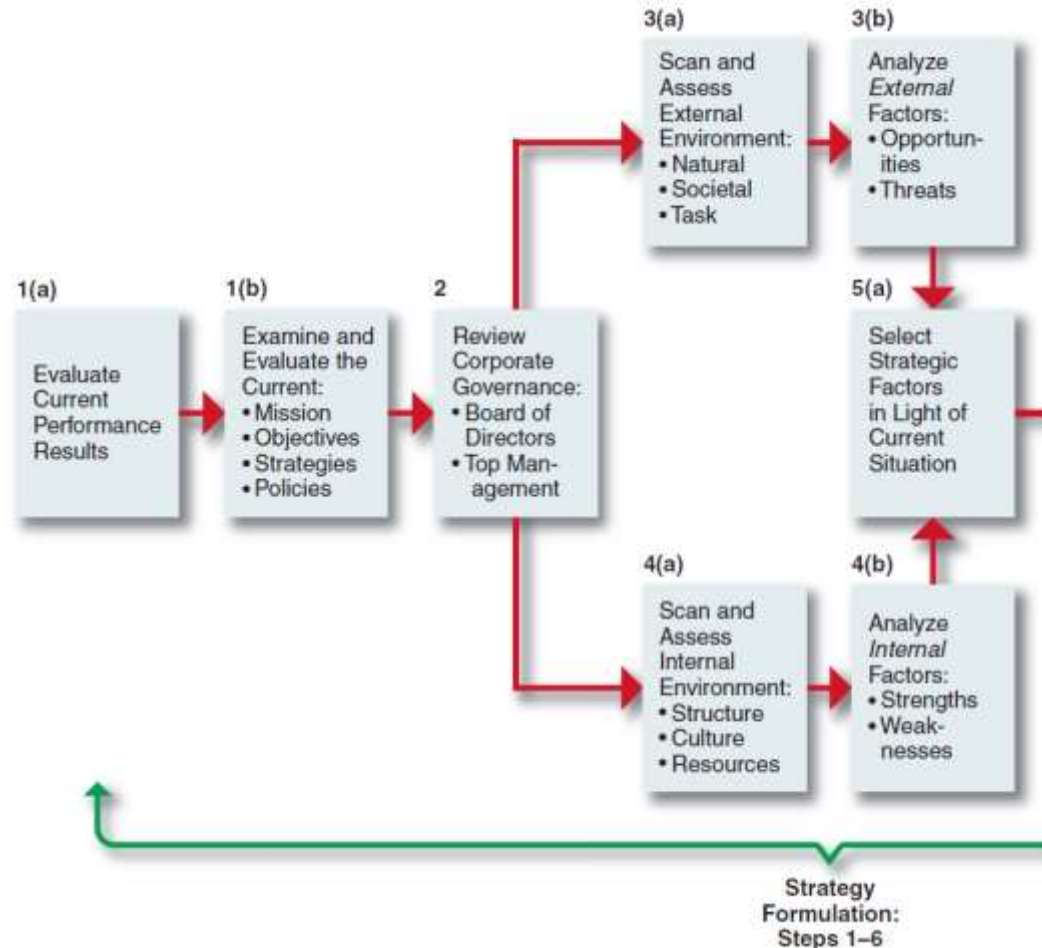
The PESTLE Analysis provides you with a framework that enables you to investigate your external environment by asking questions for each factor and discussing the likely implications.

- What are the key political factors?
- What are the important economic factors?
- What cultural aspects are most important?
- What technological innovations are likely to occur?
- What current and impending legislation may affect the industry?
- What are the environmental considerations?

Strategic Decision-Making Process



Strategic Decision-Making Process



Approach

- **Ethnocentric**
- **Polycentric**
- **Geocentric**

Thomas L. Friedman & Pankaj Ghamawat

- World 1.0 Friedman's The World is Flat
- World 2.0 The Stateless Ideal
- **World 3.0**
 - The World Matters but the countries abroad also matter
 - The Global Strategy must be based not the elimination of differences but on the understanding of differences

Going International

- Outsourcing
- Export & Import
- Licensing
- Joint Venture
- Direct Investment

Biological Eco-System

- Create a Learning Organisation
- Retain & groom high-growth People
- Your organizational culture
 - Facebook Vs. Instagram

GMS model



Organisational Culture

- Google & Brainiacs
- Google & Bing & Yahoo in the USA
- Google & Baidu in China