

MBA



SSI

Learning Outcomes

- Organisational & Environmental Audit
- Hard & Soft Resources
- McKinsey's 7S Model
- TRs & IRs
- RBV, VRIN Strategies
- Growth Strategies; Ansoff & HBR
- A few case Studies
- Change & Product Life Cycle Strategies
- Cross-Cultural Teams

Organisational Audit

- Internal : Organisational Audit
- External : Environmental Audit

Organisational Audit

- Helps an organisation accomplish its objectives by bringing systematic & disciplined approach to evaluate and improve the effectiveness of Risk Management, Control & Governance processes
- Helps in identifying strengths & weaknesses
- Assists in analysing Customers, Competitors & Vendors...

Toyota US

- 2010 the Sales figure dropped by 9%
- Large number of product recall due to faulty brakes
- Stiff competition with GM & Ford
- Less opportunities of product differentiation
- What options? More investment on R&D?
- Hybrid Cars?

Internal & External

- Both are critical

Why Audit?

- Minimises Risk
- Helps in adopting Change in time
- Helps in employee engagement
- Update systems & processes
- Improve/ modify plans
- Prepare tactical plans
- Reduce Wastages

Change Management



Hard & Soft Factors

- Hard Factors
- Formalised & easily identifiable & implementable
- Formal Organisational Structure
- Enterprise Information System
- Job Descriptions
- Reports
- Strategies & Plans
- Technology & Technical Tools & Equipment

Soft Factors

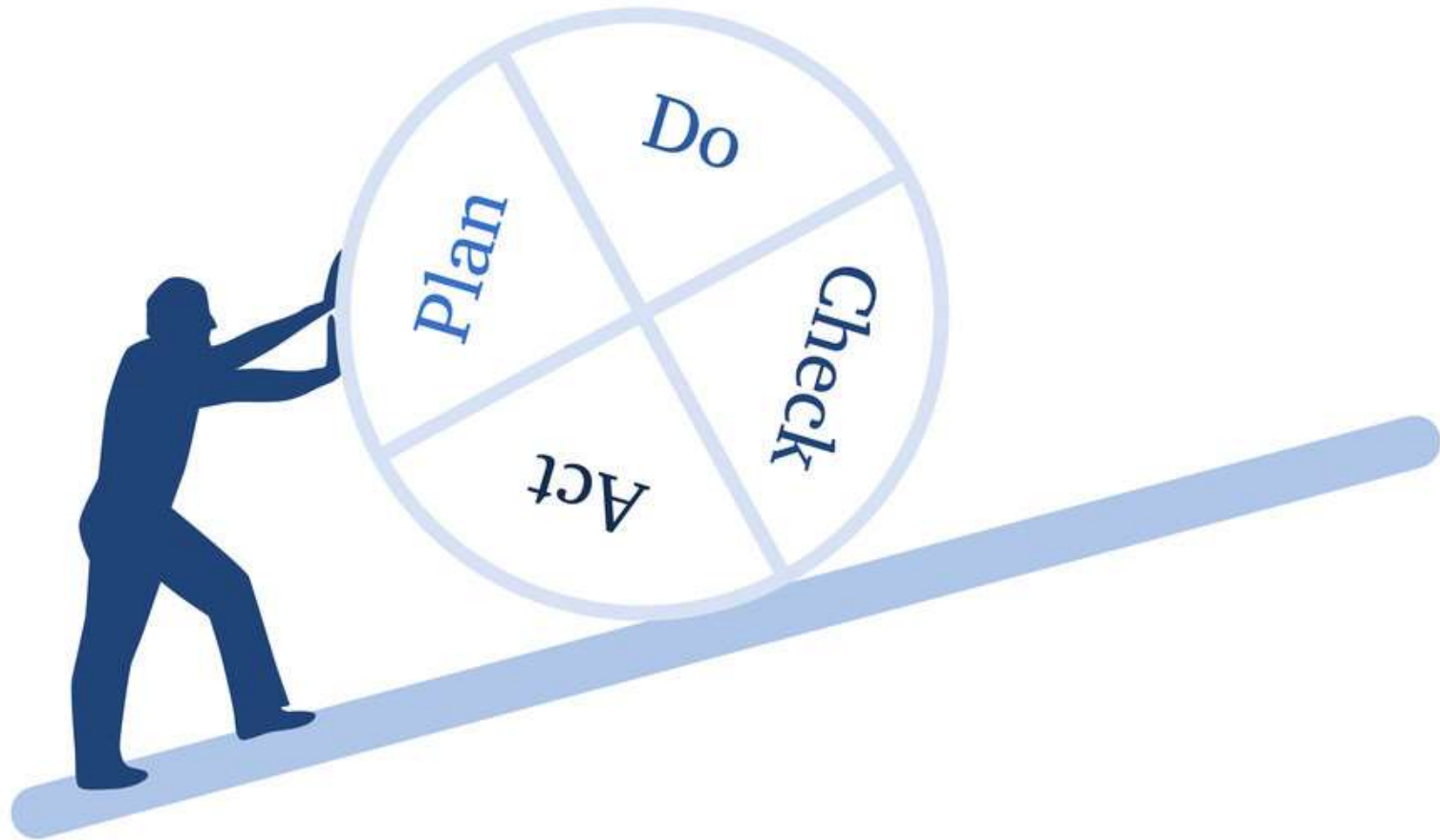
- Cultural, Leadership & Motivational Elements
- People & their Engagement Level
- Social & Cultural History
- Historical Consciousness of People
- Communication Styles
- Example: The American & German Approaches despite common Hard Factors

Holistic Approach

- First, put the framework in place with ‘Hard Factors’. Hard Factors are
 - Easy to Measure
 - Easy to communicate
 - Easy to influence quickly

But they can get copied

A Continuous Effort



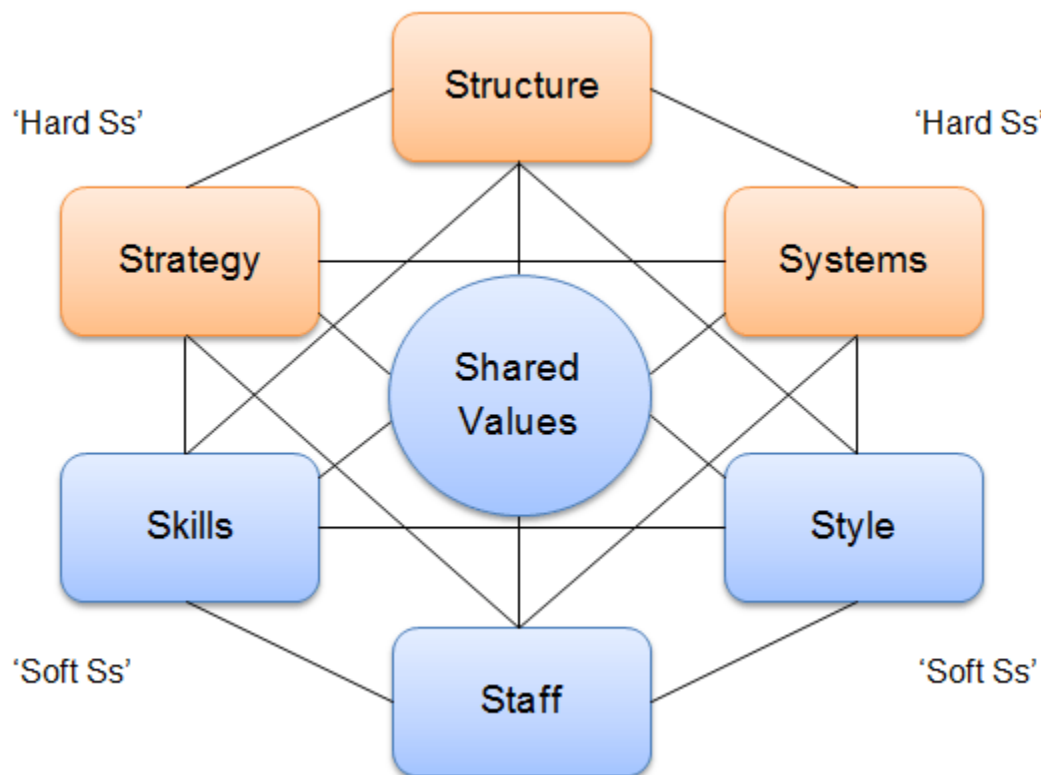
Are Soft Factors Harder Than The Hard Factors?

- Key Human Factors
- 3 dimensional National, Cultural & Mental predisposed
- The Flexibility of Common-Sense Approach
- Managing Change is tough
- 2 out of 3 Transformation attempts fail
- Difficult to change human Attitudes & Relationships

HBR DICE Scoring System

- Frequent Reviews
- Win, Worry & Woe status
- Duration : Project Duration
- Integrity : Performance Integrity
- Commitment : Commitment of various Levels
- Effort : Additional Effort Required
 - The 10% Formula

McKinsey 7S Model



McKinsey 7S Model : Strategic Planning Tool

- To facilitate organisational change
- To help implement new strategy
- To help identify how each area may change in future
- To facilitate merger of organisations

- All 7 have to be aligned
- A good combination to develop sustained competitive advantage

The Steps

- Identify the areas that are not effectively aligned
- Determine the optimal organisational design
(No formula, Use benchmarks)
- Decide where & what changes should be made
- Make the most necessary changes
- Continuously review the 7 S



Tangible & Intangible Resources

- TRs
 - Easy to Acquire
 - Easy to Replicate
 - Buildings, Computers & Equipment
- IRs
 - Difficult to Imitate
 - Difficult to Identify
 - Casual Ambiguity
 - Goodwill, Patent, Trademark, Copyright

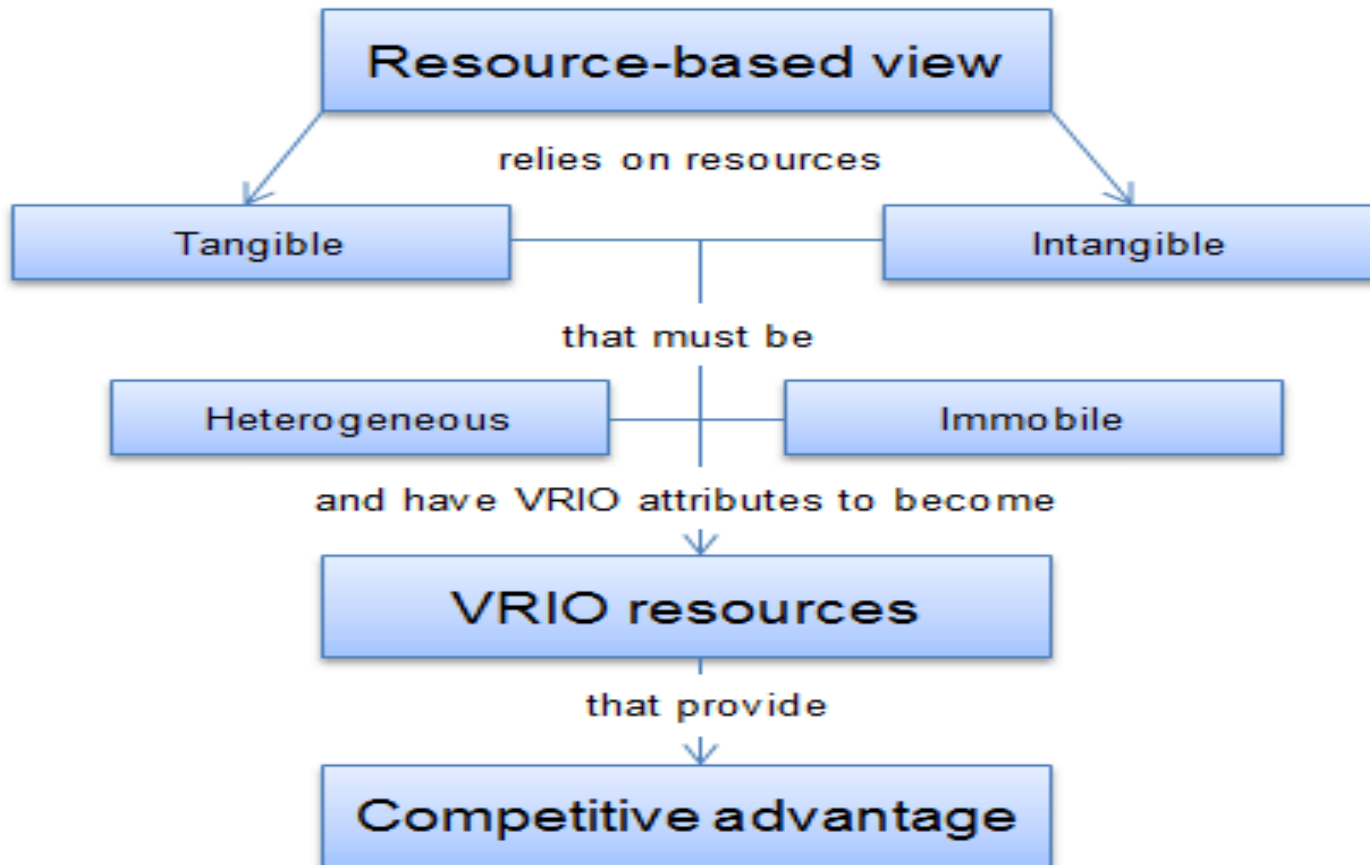
Social Complexity

- When success is based on complex social phenomena like relationships & a company's reputation
- In a state of perfect competition, one company outperforms the other by using a better mix/combination of similar resources like Apple Vs. Samsung
- IRs are heterogeneous & Immobile

Resource Based View (RBV)

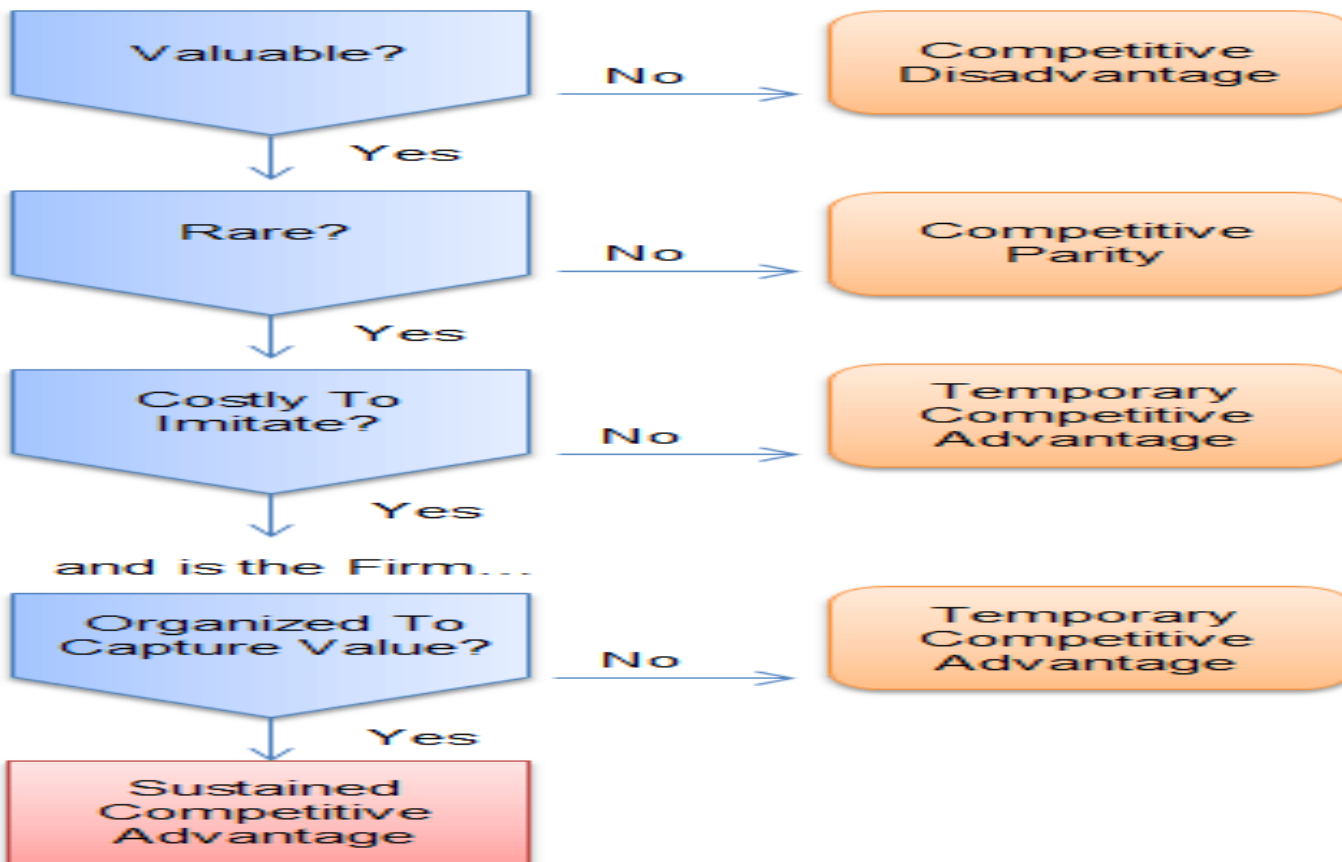
- VRIN
 - Value
 - Rareness
 - Inimitability
 - Non-substitutability

VRIN to VRIO Model



Use it as a complement to PESTLE

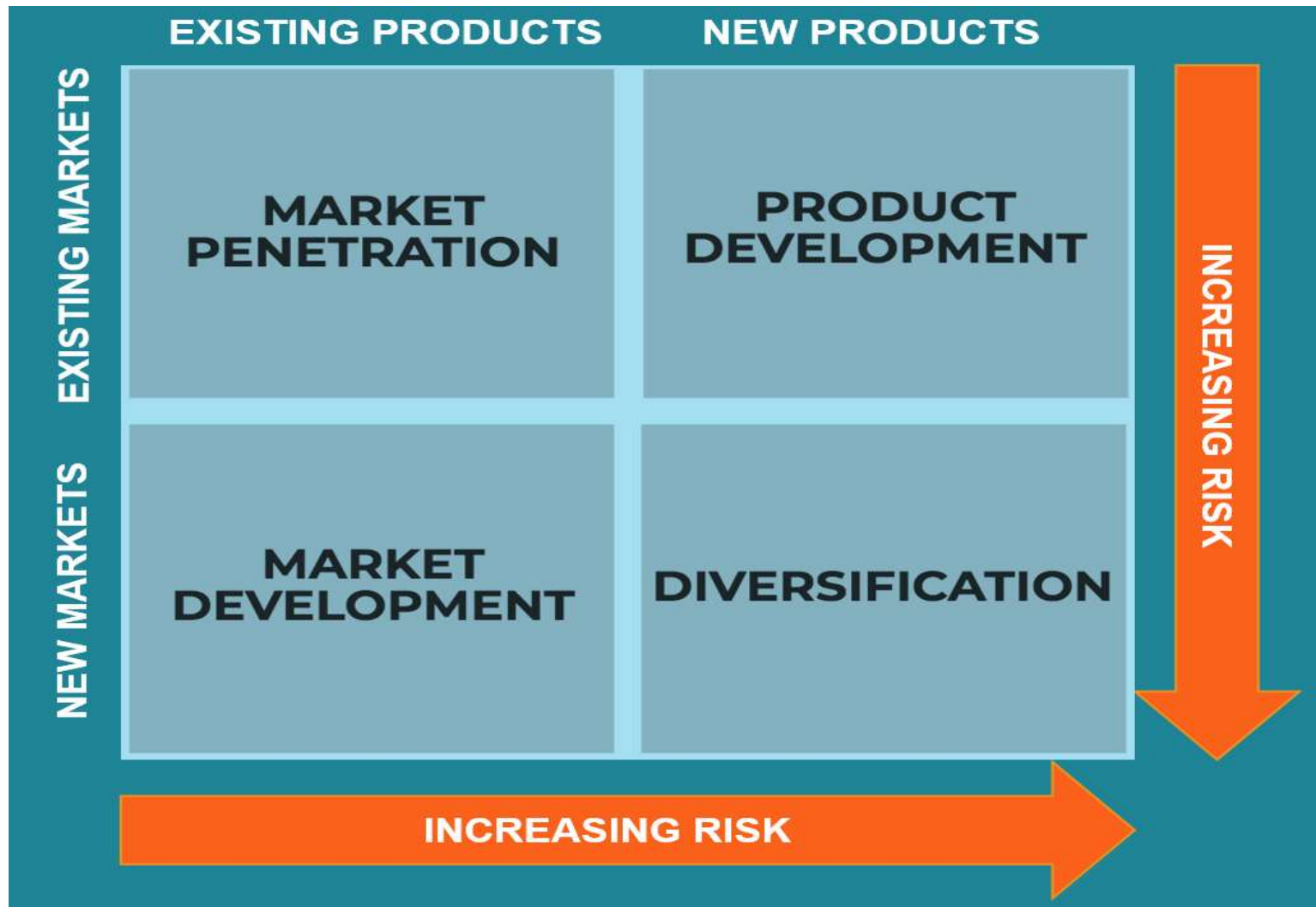
Is the Resource or Capability...



Growth Strategies

- A strategy that helps you capture a larger share of the market based on better use of various factors
 - Finances
 - Target Market
 - Industry
 - Market Penetration is the most common & least risky but there is no sure-shot formula

Ansoff Growth Matrix



HBR's Innovation Ambition Matrix

Microwave Oven/ Water Purifier





Coca Cola/ Heineken The Graduate School

No Formula

- Stick to 70/20/10 Rule
- 70 : Core
- 20 : Adjacent
- 10 : Transformational

A few case studies

- Airbnb  Experience; Maid Services; Cleaning Services; Mobile App; Referral Program
 - 2008 onwards
 - 1000% growth year on year
 - Travel to Airbnb Experience (Local Bonding)

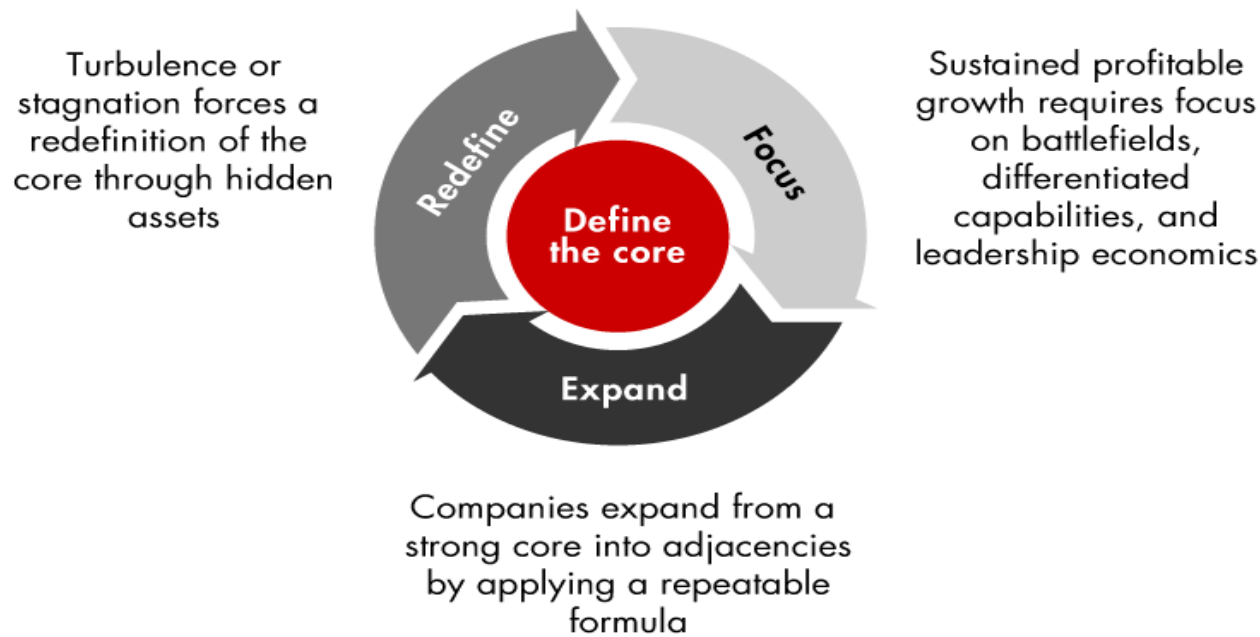
- Evernote
 - 2011-2015
 - Unicorn  Too many new products; No Priorities; Technical glitches; Lack of usability tests; Not even monetization of the basic product; downsizing
 - Diversification
 - New Product
 - Reckless Growth

A few case studies

Contd...

- Bain & Co.

We view growth in the context of the Focus-Expand-Redefine cycle

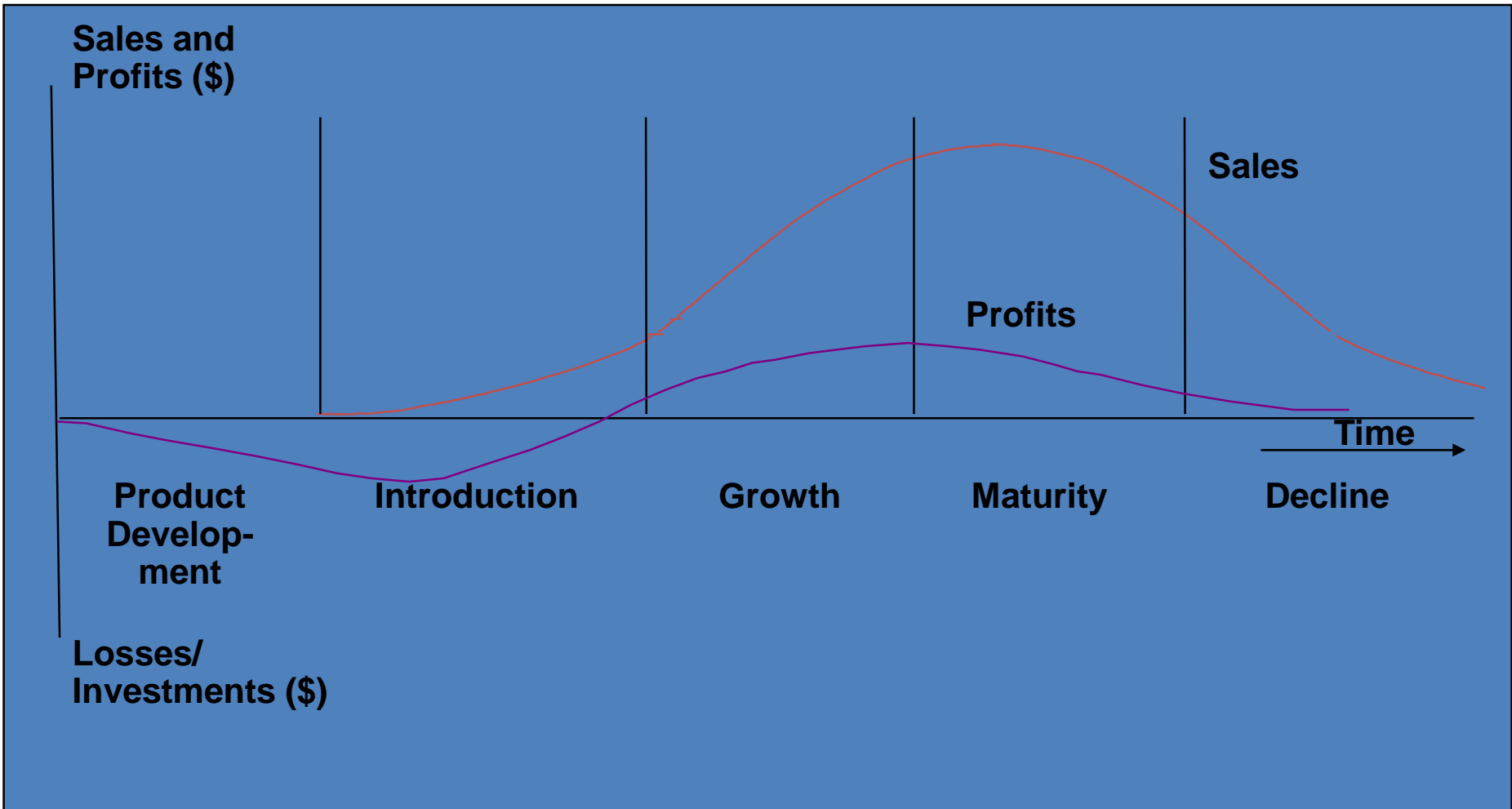


Fab → ↑ ↓ ↘

- Fabulis to Fab → A social Network site for LGBT community; Flash Retail; & Expansion; Lost Differentiation
- US\$ 1 Billion Valuation to the CRASH
- New Product/ Market or Anything New /Innovative/ Creative should be used only when proper environmental study/analyses is done & that strategy is required. Creativity for the sake of creativity will lead us to NOWHERE!

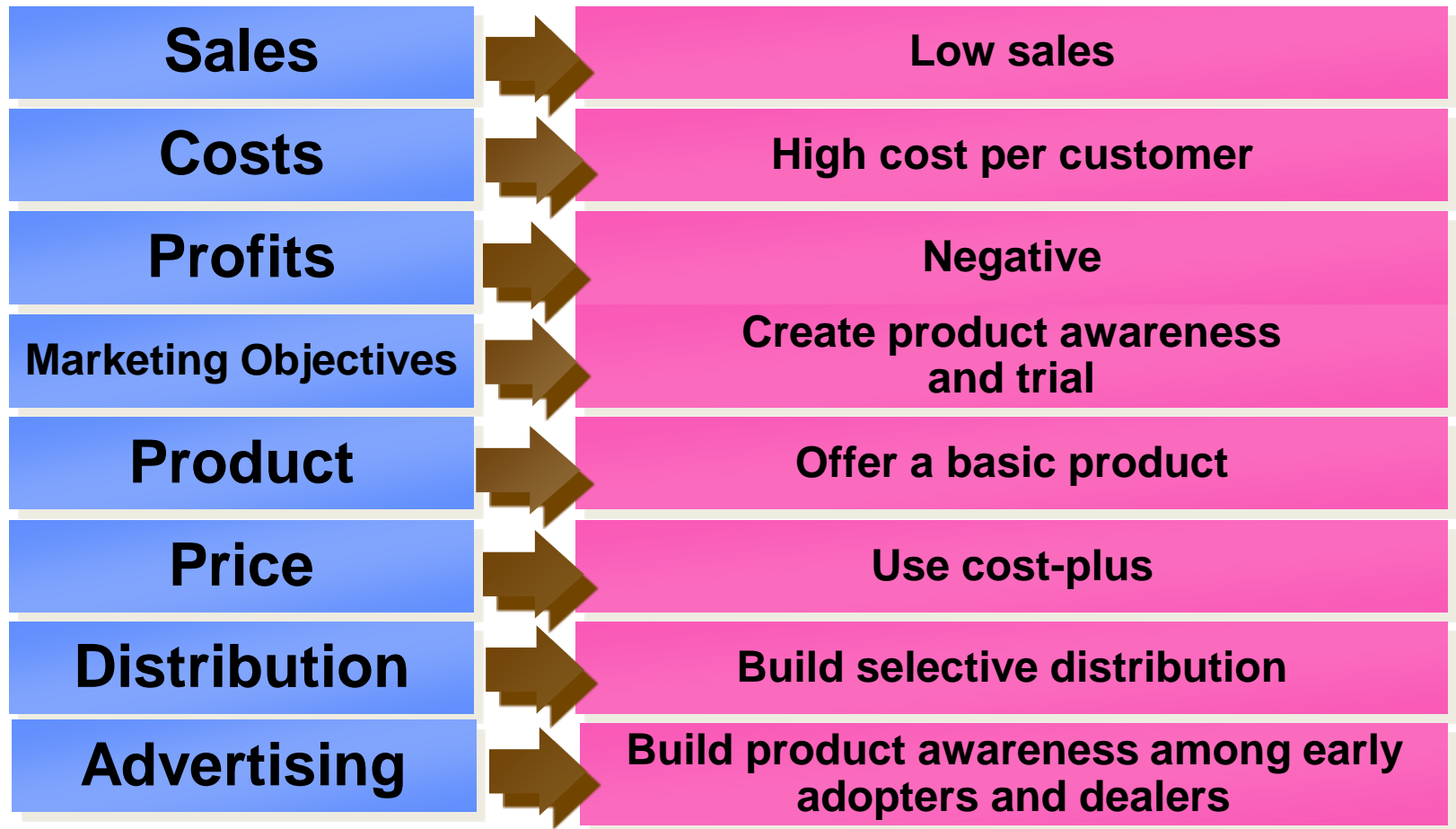
Product Life Cycle

Sales and Profits Over the Product's Life Cycle From Introduction to Decline

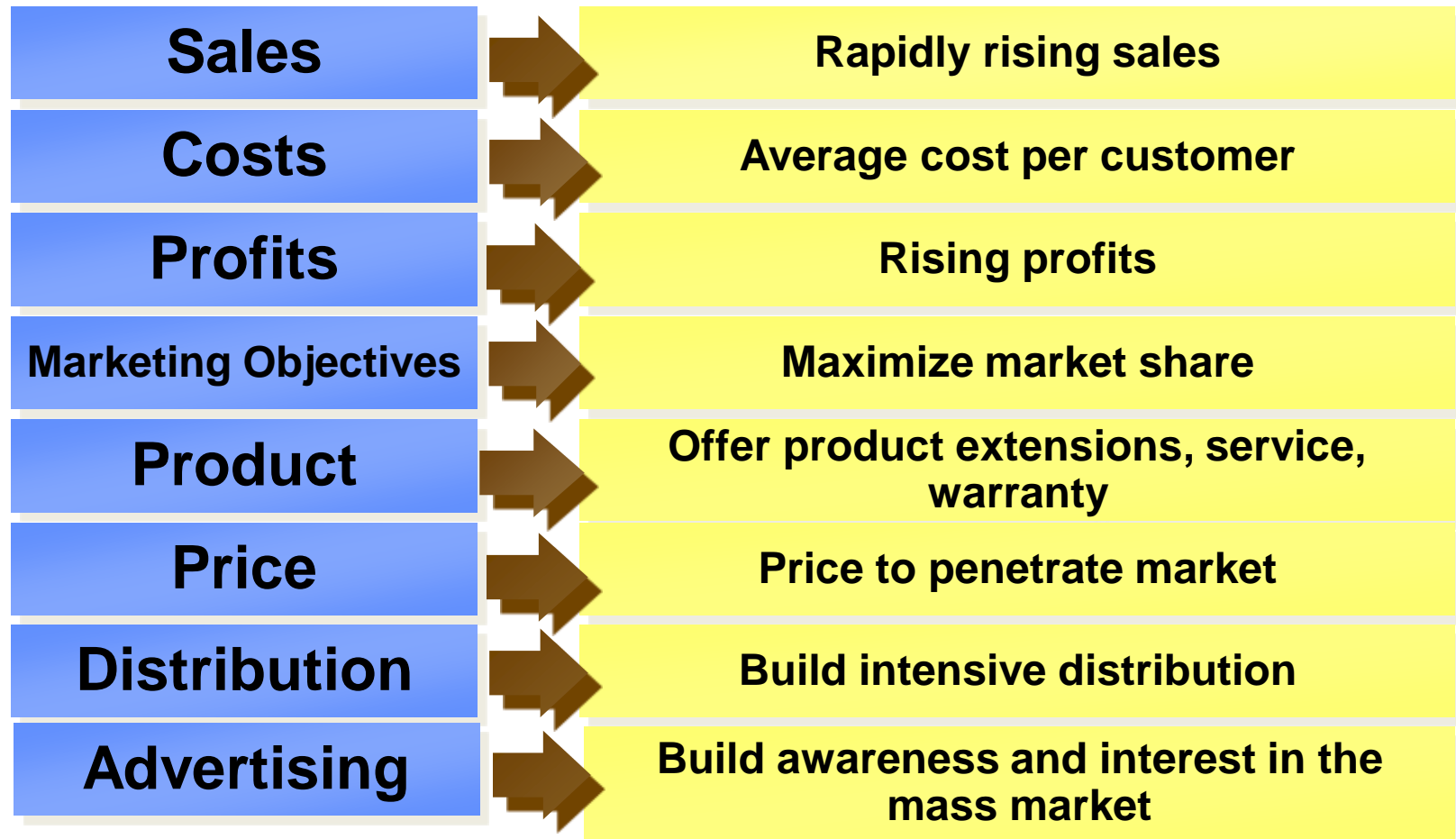


Introduction Stage of the PLC

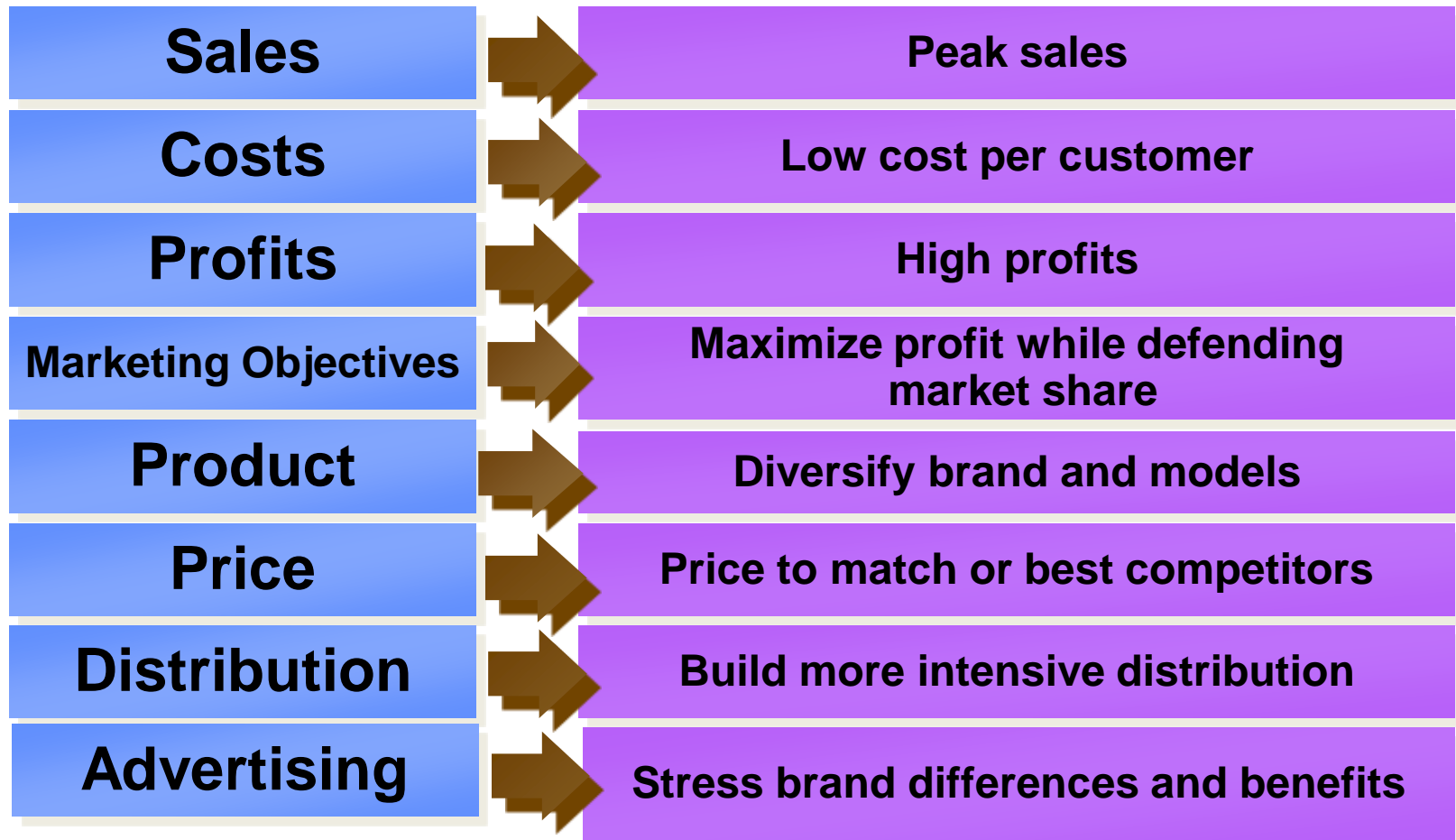
Summary of Characteristics, Objectives, & Strategies



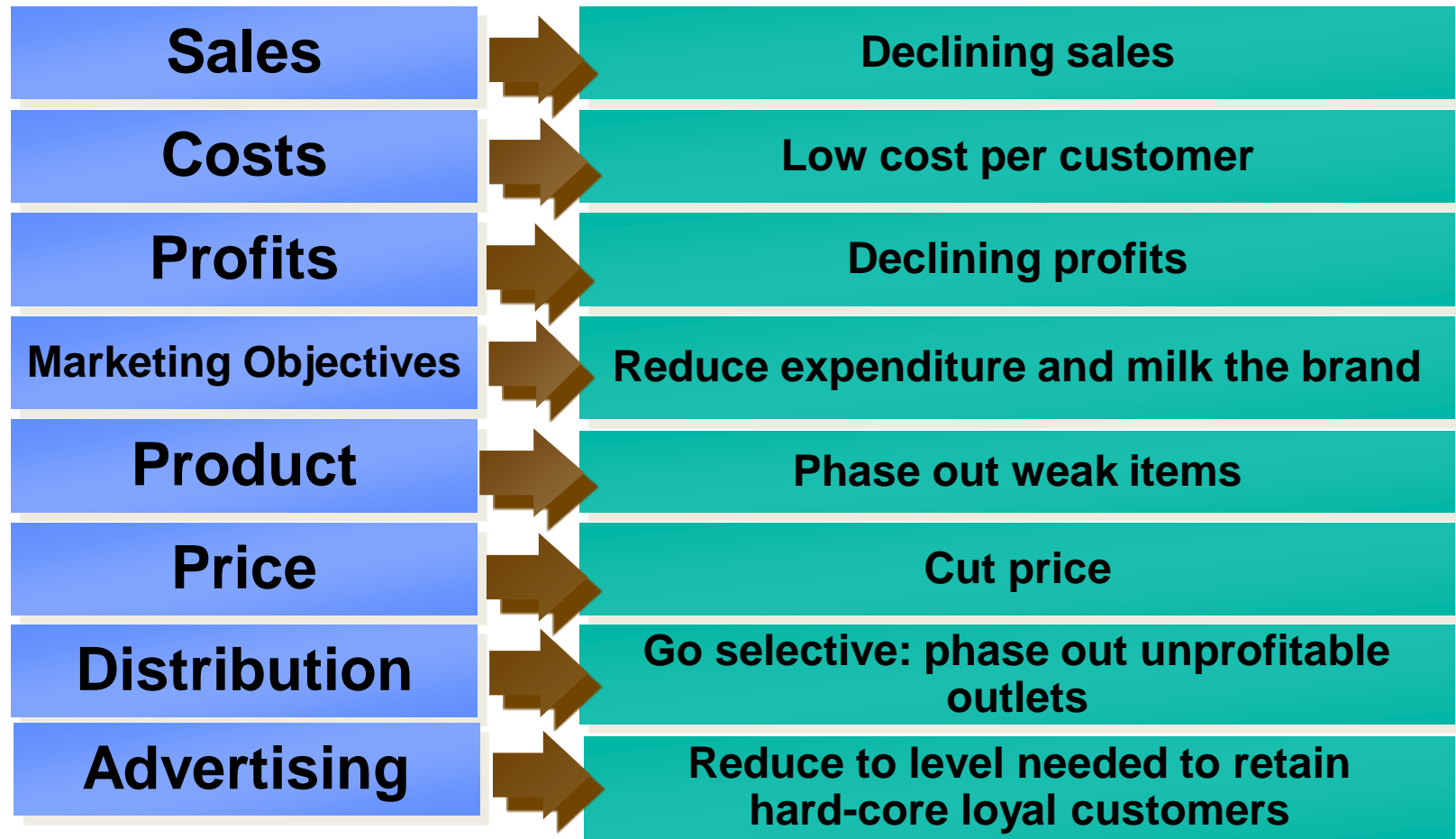
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Summary of Characteristics, Objectives, & Strategies



Different Strategies

- To prolong the life cycle stage

>>>Marketing strategies used in **introduction stages** include:

- rapid skimming - launching the product at a high price and high promotional level
- slow skimming - launching the product at a high price and low promotional level
- rapid penetration - launching the product at a low price with significant promotion
- slow penetration - launching the product at a low price and minimal promotion
- **Aim to:**
 - establish a clear brand identity
 - connect with the right partners to promote your product
 - set up consumer tests, or provide samples or trials to key target markets
 - price the product or service as high as you believe you can sell it, and to reflect the quality level you are providing
 - You could also try to limit the product or service to a specific type of consumer - being selective can boost demand.

Don't expose all your strengths

Growth Stage

- **Growth stage** mainly aim to increase profits by
 - improving product quality
 - adding new product features or support services to grow your market share
 - enter new markets segments
 - keep pricing as high as is reasonable to keep demand and profits high
 - increase distribution channels to cope with growing demand
 - shifting marketing messages from product awareness to product preference
 - skimming product prices if your profits are too low.
- >>>Growth stage is when you should see rapidly rising sales, profits and your market share. Your strategies should seek to maximise these opportunities.

Maturity Stage

>>>Your market saturate

- Market modification - this includes entering new market segments, redefining target markets, winning over competitor's customers, converting non-users
- Product modification - for example, adjusting or improving your product's features, quality, pricing and differentiating it from other products in the marking

Decline Stage

>>> **Declining sales and profits.** This can be caused by changes in consumer preferences, technological advances and alternatives on the market.

- reduce your promotional expenditure on the products
- reduce the number of distribution outlets that sell them
- implement price cuts to get the customers to buy the product
- find another use for the product
- maintain the product and wait for competitors to withdraw from the market first
- **harvest** the product or service before discontinuing it

??????????

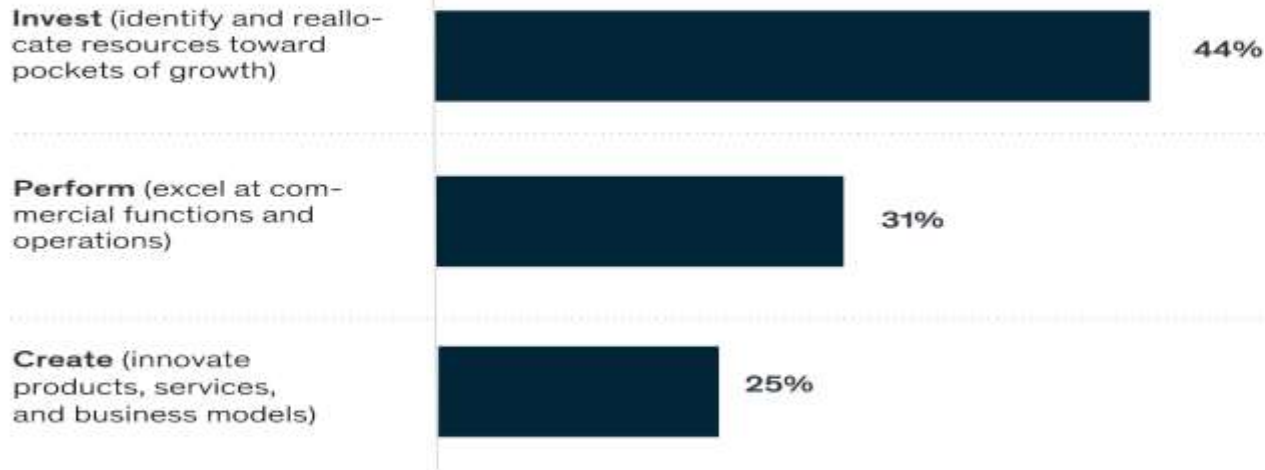
>>> Another option is for your business to discontinue the product from your offering. You may choose to:

- sell the brand to another business
- significantly reduce the price to get rid of all the inventory
- Many businesses find that the best strategy is to modify their product in the maturity stage to avoid entering the decline stage.

Top growers often have a strong command of performance-related data and analytics.

Primary lens¹ of top-quartile growth companies

% of respondents at top-growth companies²



¹A company's primary lens is based on the highest number of best practices within each one that respondents agreed or strongly agreed with. For Invest, the survey asked about 7 practices; for Perform, 8 practices; and for Create, 6 practices.

²Respondents who said their company's annual growth rate in the past 3 years has been at least 4 percent higher than the overall growth rate of their sector; n = 426.

Cross-Cultural Teams

- (i) Communication
 - (ii) Etiquette
 - (iii) Organisational Hierarchy
-
- Be Ready to Learn, Unlearn & Relearn!

Right? Every time, It would change!

