**Strategic Management Chalenges**

Entrepreneurial standpoint and use of restaurant Zeytin as a model and how we would use a strategic planing model to help decide what market to expand into (open another store in). <http://www.zeytinturkishrestaurant.com>

**Application of the Strategic Plan to the entrepreneurial entity**:  *Here focus on the small business – on the entrepreneur who knows they should plan strategically – but often just cannot find the time to do it… or does not have the patience (or perhaps skill/knowledge) to do it effectively. How would you advise/work with such a firm? What models and elements of the planning process would you use?*

SUGGESTED OUTLINE FOR STRATEGIC PLAN

1. **Overview of the Organization/Business: a succinct discussion of the organization.**

**Mission Statement, Vision Statement,** **Guiding Values:** If these already exist state them; if not, offer statements your team believes would be appropriate...

1. **Current Situation:** State any long term goals the organization has in place**.**
2. **Environmental Analysis:**
3. External Environment:

These are the factors, which affect all businesses, and frequently, neither the business nor the industry has any control over them. Examples:

1. Social, societal, cultural
2. Political
3. Technological
4. Ecological factors
5. Economic factors
6. Environmental
7. Globalization
8. Industry Environment:

These are the factors in the specific industry being studied, which impact on the company. **Key success factors** are the ***product of this analysis***. Examples:

1. Supplier Power
2. Buyer Power
3. Competitive Rivalry
4. Substitute Availability
5. Competitive Assessment
6. Opportunities:

These are opportunities in the environment where potential markets may exist. Opportunities are available to any company in the industry environment.

***Examples***:

1. Changes in government regulations
2. Technological breakthroughs
3. Specific demands by a narrow group of customers
4. Threats: These are adverse changes in the environment, which may represent threats to future business opportunities. Threats may affect any company in the environment.

***Examples:***

1. Geographic interventions
2. Unexpected competition
3. New substitute products
4. **Key Success Factors:**

These are the characteristics derived from the above factors, which **any** business **must have** in order to be successful ***in the specific industry*** being considered.

Examples:

1. Location
2. Hours open
3. Inventory levels
4. Labor availability and cost
5. Capital
6. Technology
7. Management skills
8. Distribution System
9. **Define the organization’s position** in its industry using tools such as the Attractiveness-Business Strength Matrix, a BCG Matrix diagram, and/or a Life-Cycle-Competitive Strength Matrix diagram.

***(The above provide a perspective on an industry’s barriers to entry and overall attractiveness to investors, entrants and existing participants - exit barriers may exist too.)***

1. **Internal Analysis:** Provide a thorough discussion of resources, competencies (core and distinctive) and resultant capabilities that sets the scene for a summary of Strengths and Weaknesses.
2. **Financial Analysis:**

In many cases the data is not presented to make an analysis, but where it is presented, all means of analysis available should be used to determine the financial condition. Ratio analysis may be useful along with trend analysis of the most recent earnings. Where no data is presented, other sources may be sought, e.g., newspapers, magazines, trade journals, etc. (Morningstar, Hoovers, Thomas Register, D&B)

Integrate this discussion of the financial condition into the composite view of the resources the firm has to work with OR can access.

1. **Company Strengths and Weaknesses:**
2. Strengths:

Strengths serve as major building blocks for strategy. Examples:

1. Competitive Edge
2. Financial reserves or credit lines
3. Proprietary technology
4. Management Team experience and skills
5. Reputation, brand recognition/equity
6. Patents, intellectual property
7. Weaknesses:

Weaknesses make the company vulnerable competitively and may make the pursuit of certain options impossible. Examples:

1. Obsolete facilities
2. Too narrow a product line
3. Old or poor management
4. Excess Debt
5. Management Team skills and experience
6. An “overused” strength

***Summarize the entire SWOT in listing that provides at least 5 statements for each analysis category***

1. **Corporate Strategic Objectives:**

These are specific for each company and represent the results of a match between strengths and perceived opportunities in the industry. Examples:

1. Increased market share, e.g., \_\_\_% per year in \_\_\_\_ years
2. Below cost leader with highest quality product in the \_\_\_ industry
3. Increase revenues \_\_% in \_\_ years
4. Reduce debt \_\_% per year for the next \_\_ years

These are long term, usually quantifiable and measurable for the period considered.

1. **Corporate Strategy:**

These represent the “how to” implement the achievement of the corporate goals and usually involve the functional and section-levels of the organization. They represent long-term positioning of resources and the ultimate survival of the firm.

**A. Generic Strategy** – select one for the organization (see hand out)

**B. Grand Strategies** – select the strategies most likely to enable the Grand Strategy and Long-Term Objectives to be realized.

***Examples:***

1. Diversification
2. Growth via International Expansion (multiple configurations possible)
3. Retrenchment, Turnaround
4. Divestment-all or in part
5. Joint Venture
6. Vertical Integration
7. Horizontal Integration
8. Concentrated growth
9. Market Development
10. Concentric Diversification
11. Product Development/Innovation
12. Strategic Alliances
13. Consortia/Kieretsu/Chaebols

Long-term goals should be clearly stated. Your team needs to defend the strategies it selects. Be sure the goals select relate directly to the SWOT analysis and the strategy section described in the paper.

***A SWOT Matrix is an excellent tool to use to communicate this summary of strategy options and their relationship to the organizations stated external and internal conditions.***

1. **Strategic Choice and Implementation:**

Choose a Grand Strategy and combination of Supporting Strategies and develop implementation guidelines to achieve your objectives. Identify organizational structure, human resource, culture/change, leadership and governance aspects as appropriate. Address ethical and social responsibility matters as appropriate.

1. **Controls and Assessments**: Discuss the methods, procedures your team would prescribe to manage the implementation of the plan. Discuss how it would connect to functional area strategic plans and annual operating plans.