

Jihočeská univerzita
v Českých Budějovicích
University of South Bohemia
in České Budějovice

Strategic management

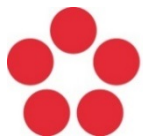
doc. Ing. Ladislav Rolínek, Ph.D.



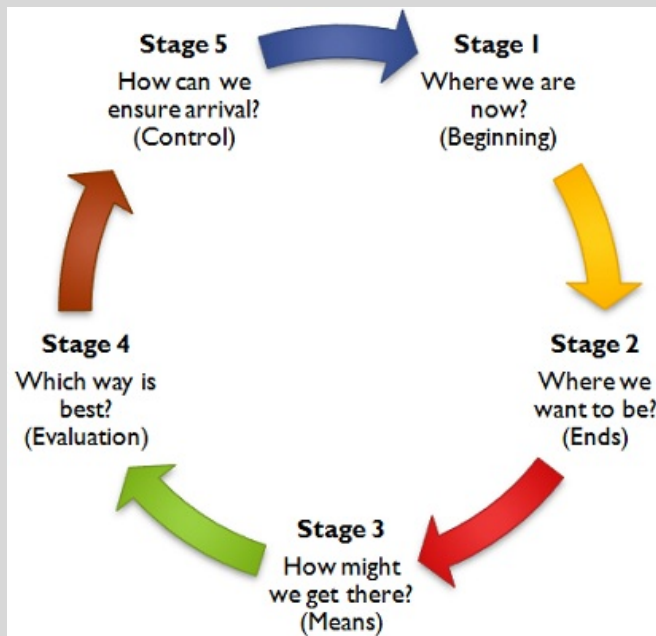
EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání



MINISTERSTVO ŠKOLSTVÍ,
MLÁDEŽE A TĚLOVÝCHOVY

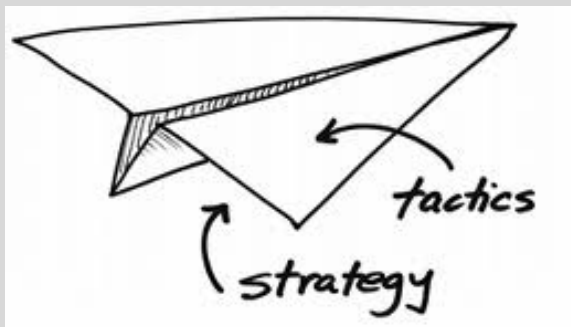


The American business historian, Alfred D. Chandler (1962), who provided one early definition of strategy said, „strategy is the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out those goals“.

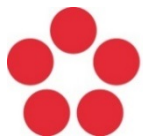


Ohmae defined strategy as „the way in which a corporation endeavours to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy corporate needs“.

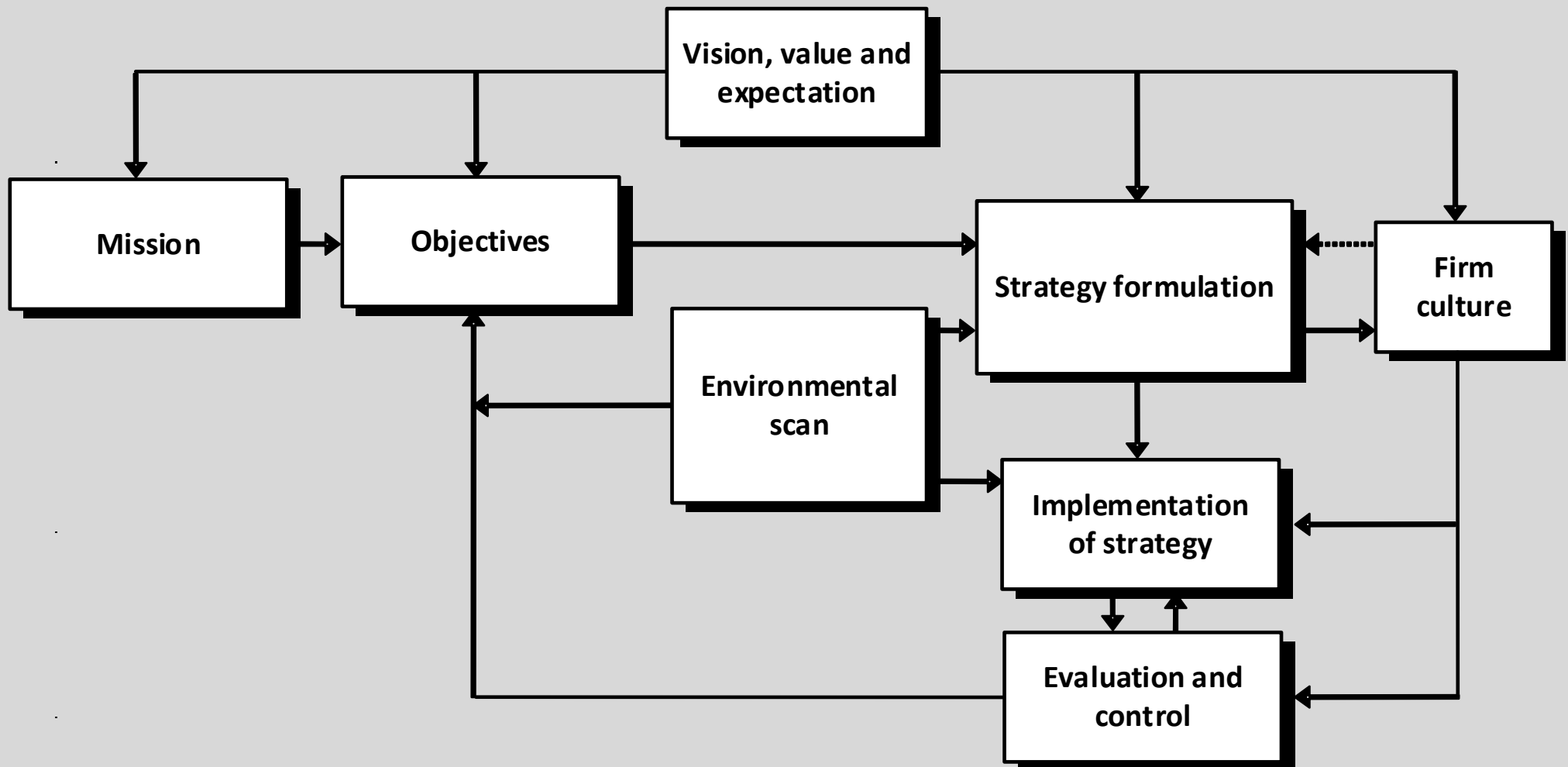
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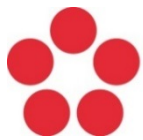


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Integral model of strategic management (Hron et al. 2000)



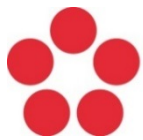


The **mission** describes the company's business vision, including the unchanging values and purpose of the firm and forward-looking visionary goals that guide the pursuit of future opportunities.



The mission statement communicates the firm's core ideology and visionary goals, generally consisting of the following three components:

- ✓ **Core values** to which the firm is committed
- ✓ **Core purpose** of the firm
- ✓ **Visionary goals** the firm will pursue to fulfill its mission.



What is the **objective**? What is it used for?

How should a correctly formulated objective (goal) look like?



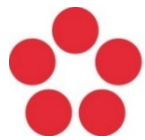
Target Parameters

- SMART
- 4 E
- Positive target



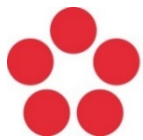
„If we do not know which port we are heading for, no wind is favorable.“

Seneca

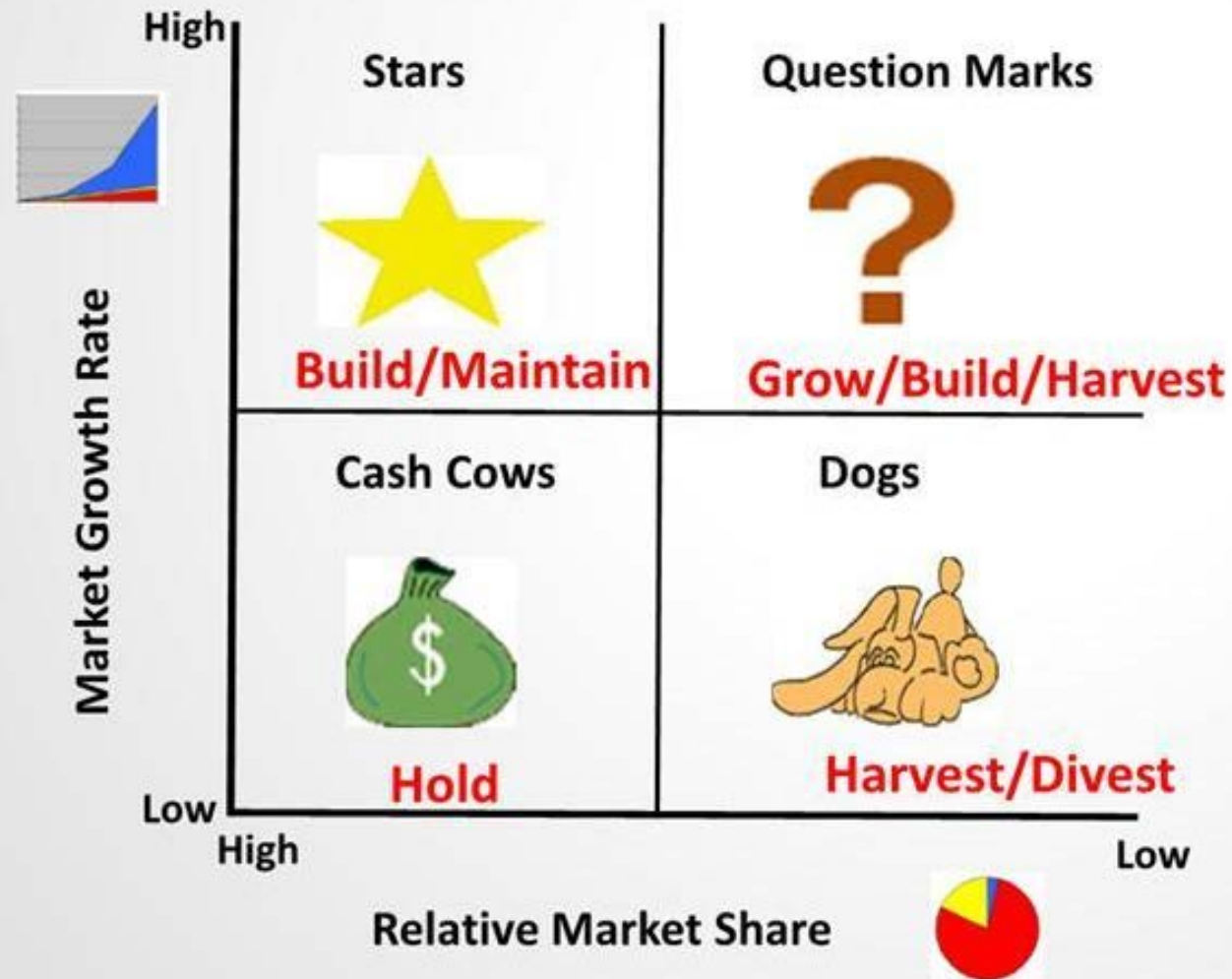


Environmental Scan - Porter's five forces

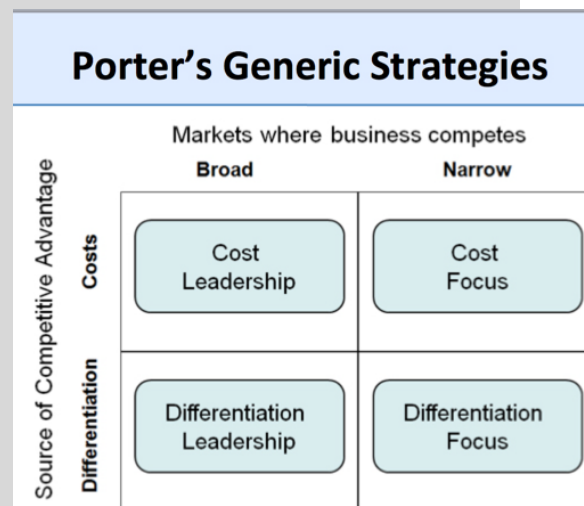
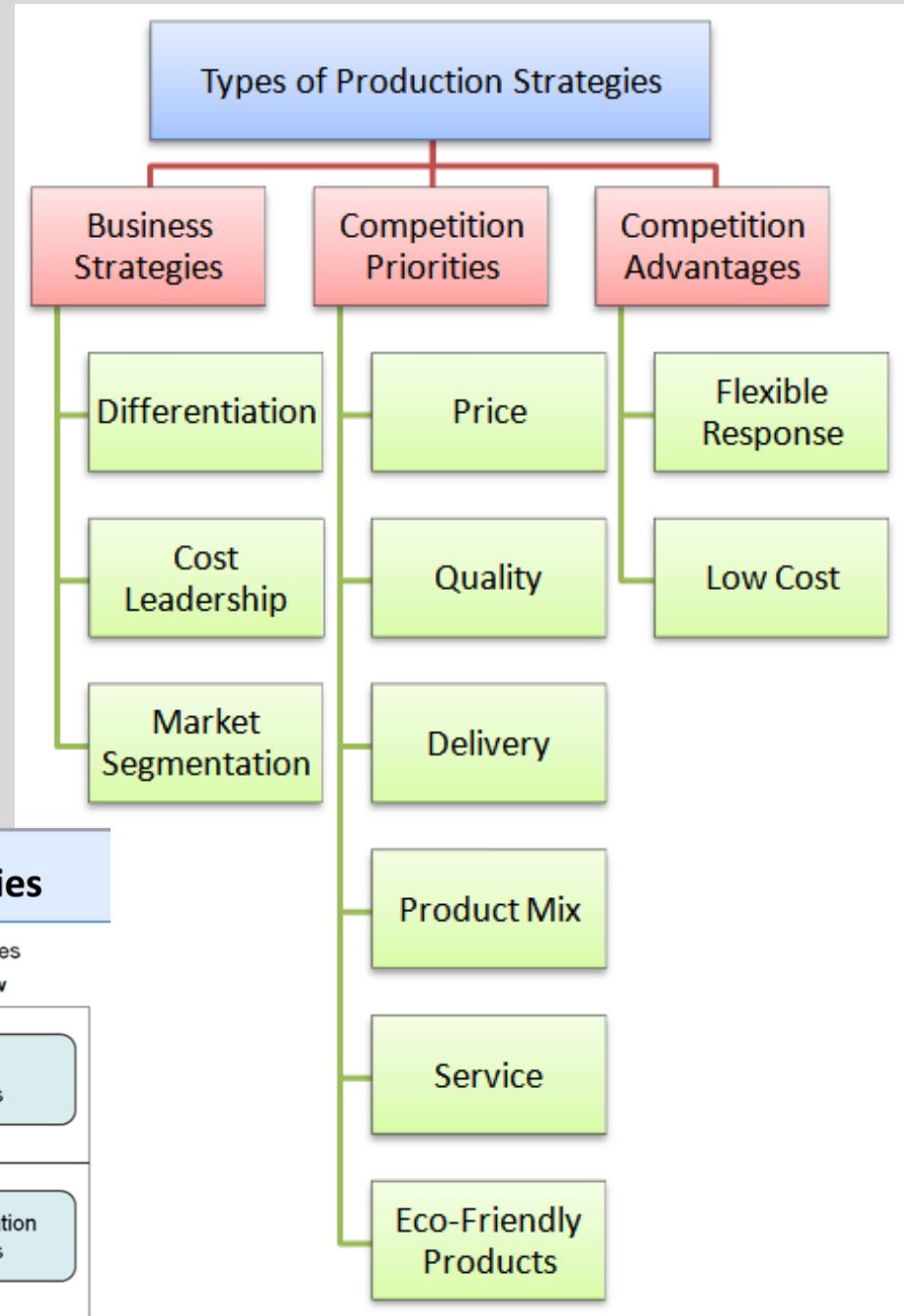


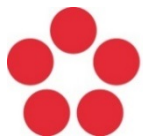


Environmental Scan - BCG matrix



The selected strategy is implemented by means of programmes, budgets, and procedures. Implementation involves organization of the firm's resources and motivation of the staff to achieve objectives.

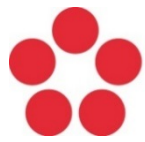




Porter's Generic Strategies

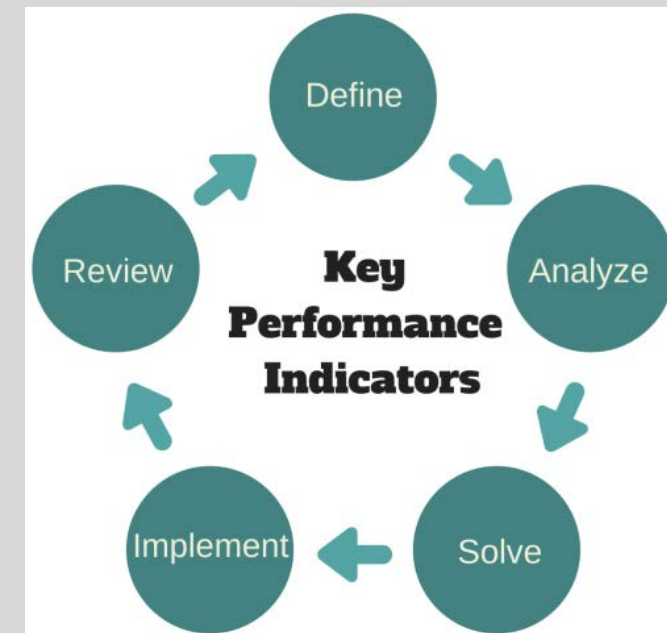
		Markets where business competes	
		Broad	Narrow
Source of Competitive Advantage	Costs	Cost Leadership	Cost Focus
	Differentiation	Differentiation Leadership	Differentiation Focus

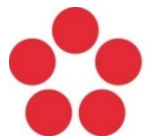




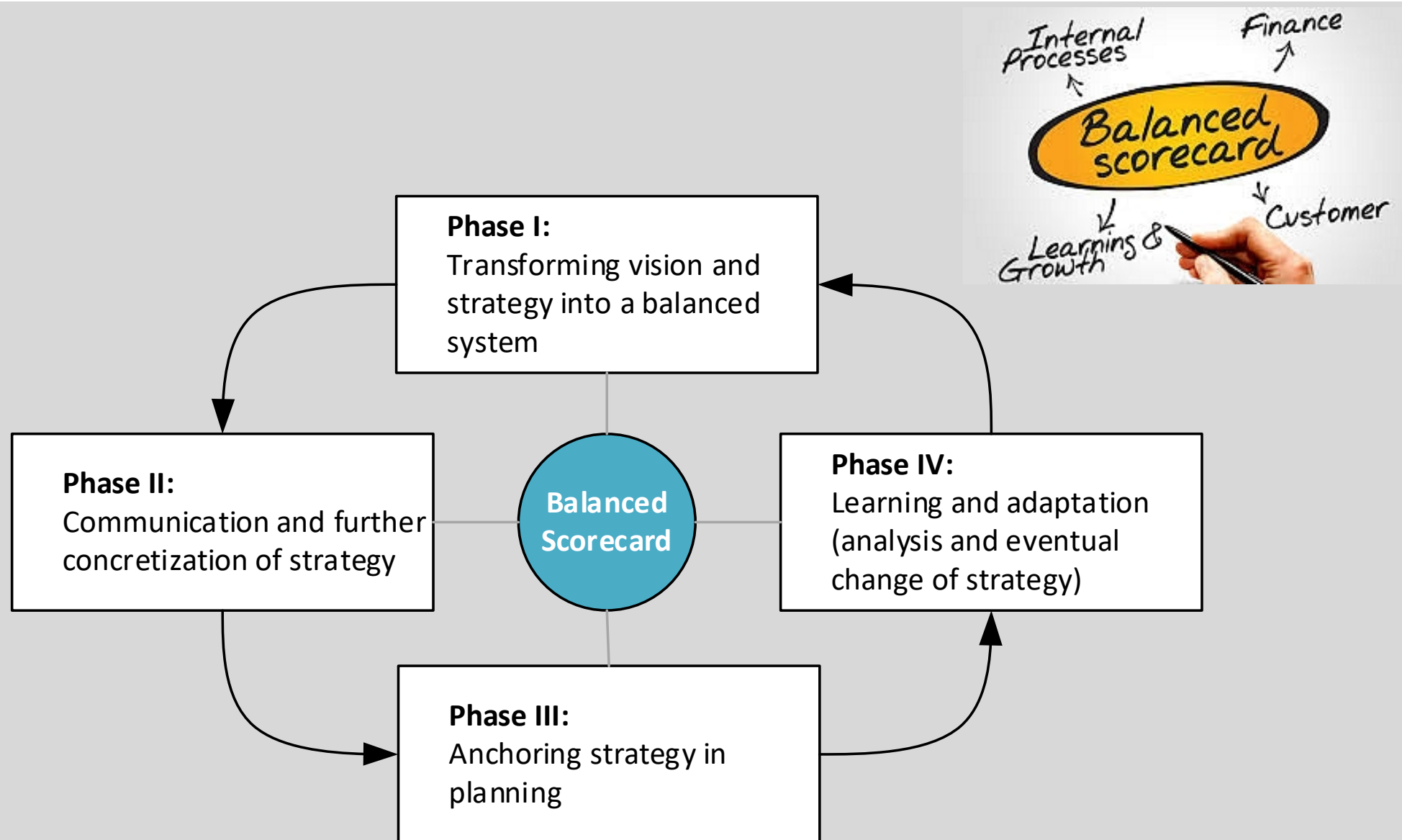
Key Performance Indicators

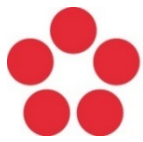
KPIs are the indicators, metrics, or performance metrics assigned to the process, service, organizational unit, organization as a whole, which express the required performance (quality, efficiency or economy).



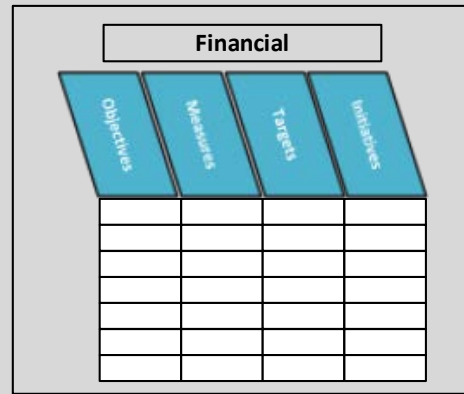


Strategy implementation - BSC



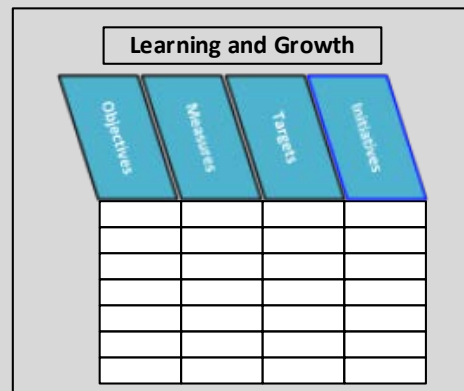
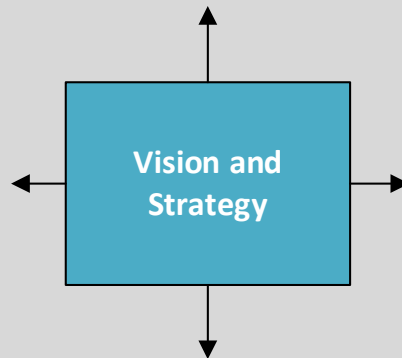


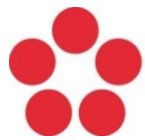
Strategy implementation - BSC



The Four Perspectives in More Detail

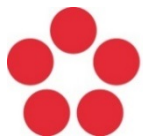
Perspective	Focus	Example KPIs
Financial	Financial Performance	ROI Operating Margin
Customer	Customer Satisfaction	Level of returns Service rating
Internal Processes	Business Efficiency	New product lead time Unit costs
Organisational Capacity	Knowledge & Innovation	Employee retention Flow of NPD ideas





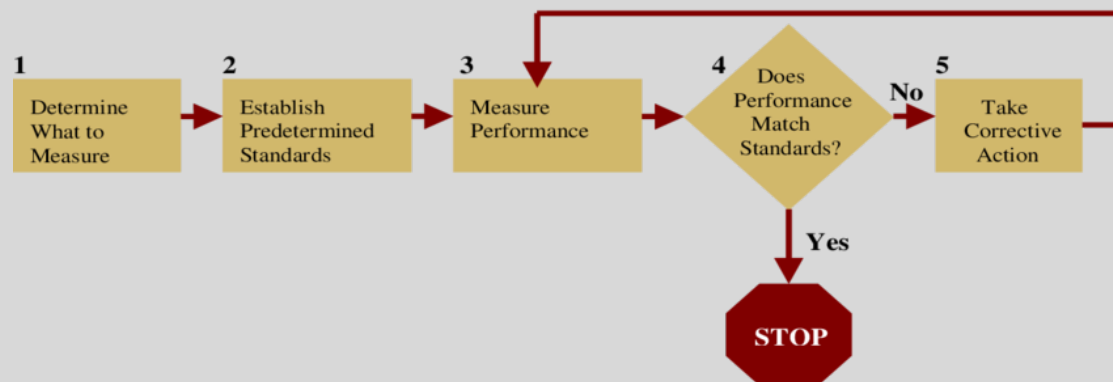
Strategy implementation - BSC

STRATEGY MAP		BALANCED SCORECARD		ACTION PLAN	
Process: Manufacturing Excellence Theme: ROCE > xx% volume = xx,xxx units		MEASUREMENTS	OBJECTIVES	INITIATIVE	BUDGET
Financial Perspective					OPEX RM XX M
Long Term Shareholder Value ROCE > xx% Improve Productivity Grow Revenue		Operating Cost & Efficiency	Cost/Unit Efficiency	Monthly Monitoring	
		Capacity Utilization	% Utilitarian	Weekly/Monthly Monitoring	
		Capacity Utilization	Trial Prod Spare Parts Prod	Monthly Monitoring	
		Brand Image	Warranty Cost	Weekly/Monthly Monitoring	
Customer Perspective					
Offer products and services that are consistent, timely and low-cost Low Cost World Class Customer Satisfaction Enhance Brand		Low Cost Manufacturing	Man-hour per unit	Weekly Monitoring	
		World Class Quality Standards	Defect per unit	Daily Monitoring	
		World Class Delivery Timing	Sales Delivery	Daily Monitoring	
		Knowledgeable and Skilled Partner	Direct Pass Ratio	Daily Monitoring	
		High Customer Satisfaction	Market Feedback	Weekly Monitoring	
		Reinforce Brand Image	Sales Volume	Monthly Monitoring Prod & Sales Mtg	
Internal Perspective					CAPEX RM XX M
Ensure Operational Excellence with Innovation as well being socially responsible Operational Excellence Process Innovation Alliance with SBUs Social Responsibility		Productivity	Cycle Time	Hourly Monitoring	
		Delivery	Meet Daily Plan WIP	Daily Monitoring Daily Monitoring	
		Continuous Improvement	Kaizen ICC	Monthly Follow-up Specific Programmed	
		NPI	Timely Introduction	Weekly Follow-up	
		Safety & Health	Industrial Accident Communting Accident	Cross Audits Defensive Driving	
		Enrollment	Toxic Waste Disposal ISO 9002	Facility Readiness Certification	
Learning & Growth Perspective					
Strategic Job & System Skills Info. System		Develop the Necessary Skill	R&D & Development	Training and Skill Build-up	
		Information Systems Availability	ALC Procurement Financial	Set-up, Test and Validation	
		Strategic Awareness	Alignment	Communication Programmed	



The implementation of the strategy must be monitored and adjustments made as needed. Evaluation and control consists of the following steps:

- Define parameters to be measured.
- Define target values for those parameters.
- Perform measurements.
- Compare measured results to the pre-defined standard.
- Make necessary changes.

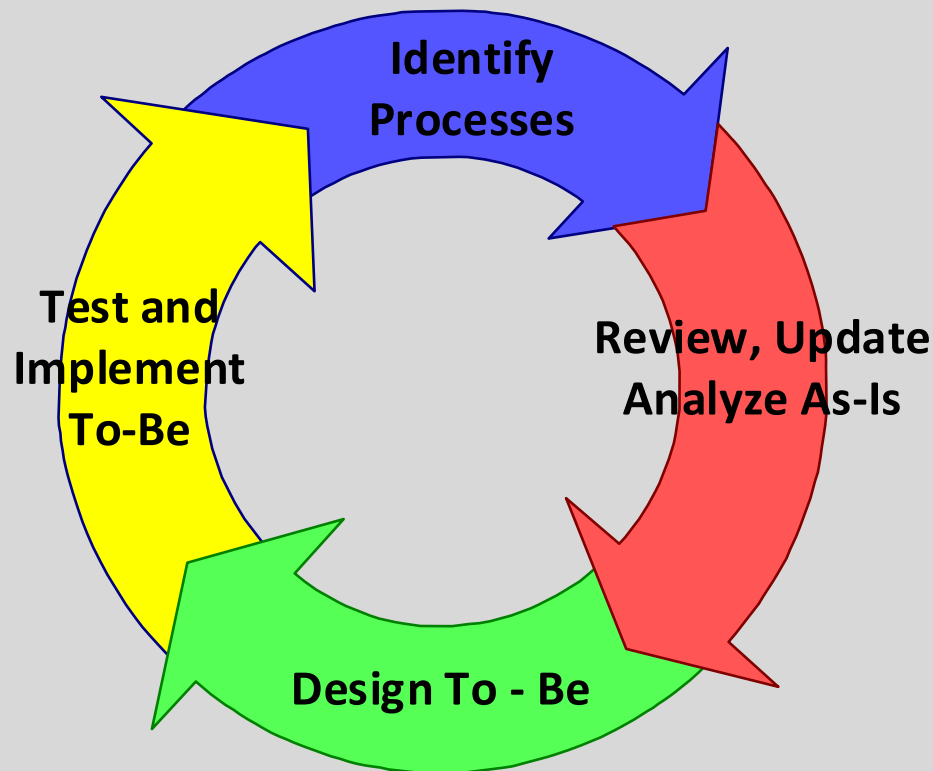


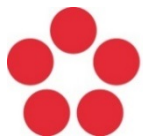
Source: Wheelen and Hunger (2004:242).



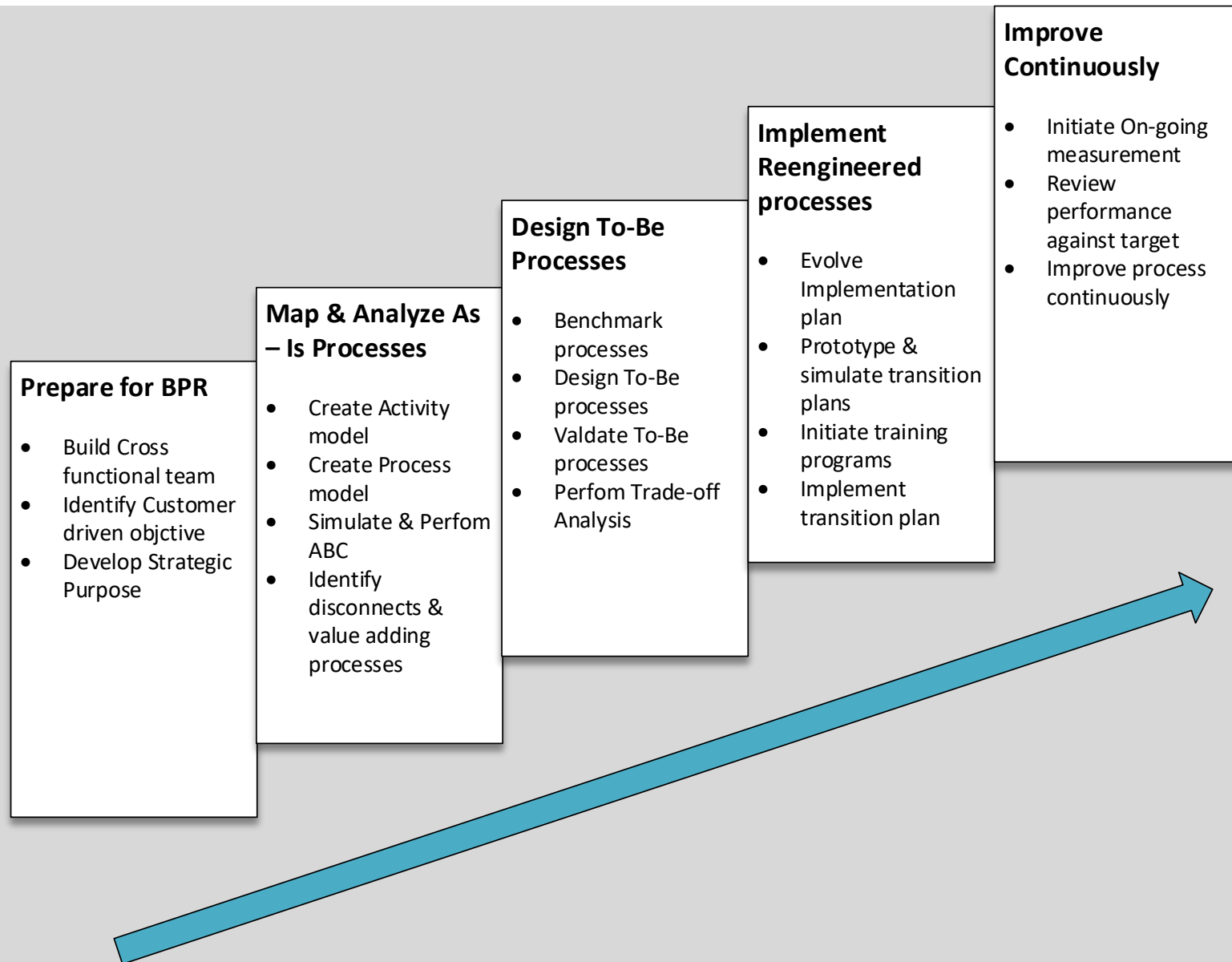


The process model is usually compiled in the method "**Business Process Reengineering**" at which will map and describe all processes to a certain level of detail.





Strategy implementation – Business process reengineering



- **One of the ways of describing a process model is to use the following forms:**

- Function tree - Overview of the process model to subprocess levels
- overview of the main processes links - graphical representation of the relationships between the main ones processes
- graphical description of process links - a set of graphical descriptions depicting the breakdown of the main ones processes for individual processes and subprocesses
- database containing all process model attributes - description of the model in the form of the database
- process and subprocess cards - database listing in the form of individual subprocesses capturing their attributes, including process owners

