

# Business policy and strategic management



Strategic control is designed to support managers in evaluating the organization's progress with its strategy. This helps the organization identify discrepancies earlier and thus institute corrective action before the situation deteriorates. From the case it is evident that Starbucks utilizes the balanced scorecard methodology to link its strategic control with its various operational systems. The balanced scorecard is a management system that enables companies to clarify their strategies, translate them into action, and provide meaningful feedback (Pearce II and Robinson, " Chapter 13: Strategic Control" slide 12). The balanced scorecard allows managers to look at the business from four different perspectives: customer perspective, internal perspective, innovation and learning perspective and financial perspective (Kaplan and Norton 72). In customer perspective Starbucks strategy to retain market leadership is evident through operations such as brand extension to cater for different palates, setting up shops at diverse places e. g. hospitals, hotels and shopping centers – to capture the customers preferred hangouts and so on. In internal perspectives we can see Starbucks improving its processes as it forever seeks to brew the perfect cup of coffee, plus investing in increasing coffee knowledge among its staff and customers alike. Innovation and learning perspective is at the core of Starbucks ever unique coffee blends that result in products such as the Starbucks VIA Ready Brew. Also we notice that Starbucks pursues a differentiation strategy unlike its big rivals McDonalds and Dunkin' Donuts which are pursuing low cost leadership. Differentiation strategy can only be sustained through continuous innovation. Starbucks has taken several steps to increase its innovativeness and entrepreneurial capability. Firstly, the organization has improved its personnel management through the following <https://assignbuster.com/business-policy-and-strategic-management-essay-samples/>

actions: start to refer to its staff as partners and not employees makes them feel a part of it, offering of stocks to employees via the program called Bean Stock and also through staff training. Such actions increase the motivation of its staffs and encourage them to be innovative. Secondly, Starbucks has invested heavily in technology to increase the efficiency of information flow, process flow and to shorten lead time for new products. From these two steps Starbucks demonstrates the following elements that lead to incremental innovation: by motivating staff every employee participates, the company's quest for a perfect cup of coffee defines the quality and customer value it aligns itself to, and by its pursuit of a balanced scorecard methodology the organizations commitment to innovation is affirmed (Pearce II and Robinson, " Chapter 14: Innovation and Entrepreneurship" slide 7). Starbucks is also aware of its commitment to shareholders as shown by the downsizing that was undertaken at the peak of the recession. From the case we are informed that the financial status of the company is firm and that the net income for financial year 2010 was US\$ 945. 6 million. According to Kaplan and Norton (77) financial performance measures indicate whether the company's strategy, implementation and execution are contributing to bottom-line improvement. Starbucks operational control systems and strategic control systems as seen through the balanced scorecard are very effective. This is reflected by the organizations positive financial statements, high staff commitment and repeat customers. Also, it is evident that Starbucks creates and cultivates a culture of intrapreneurship among its staff while listening to its customers. Works Cited Kaplan, Robert S, and David P Norton. " The Balanced Scorecard: Measures That Drive Performance."

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