Strategic management and business policy

Business

Many “ modern businesses” have fallen into a convenient trap which undermines effective strategic management and the development of business policy; the activities of individuals within the organization have become task oriented, which causes the employee to seek to complete tasks one at a time with no unity of tasks, leading to a loss of sight of the organizational goals (Elkin, 1998). In this paper, a specific case study will be undertaken to better understand the importance of effective strategic management, followed by an evaluation and critique of several business approaches. Case Study- The Wallace Group1. The most important problem facing the Wallace GroupThe Wallace Group has one overall problem which manifests itself in a variety of areas; simply put, the Group as a whole is plagued by a lack of strategic direction, which is to say that each division of the group- Electronics, Plastics and Chemicals- lack uniformity in managerial structure, strategic goals, and direction, loosely guided by Mr.

Wallace’s directive that the various divisions of the Group simply remain profitable, which disregards the establishment of important benchmarks such as increases in market share, new product development, diversification, and so on. This sort of organized chaos has in turn has led to lethargy among the employees (Stybel, 2006) and a “ drifting effect” whereby employees are disjoined and wandering in different directions, weakening the Group even further.; This problem, the lack of strategic direction and goal setting, has the potential to seriously backfire on the Wallace Group if not addressed quickly. Therefore, recommendations to Mr. Wallace are in order.

2. Recommendation(s) to Mr. Wallace, in order of prioritiesIn order of priority, the following recommendations should be made to Mr. Wallace to ensure the continued profitability and effectiveness of the Group:; A. FORMATION OF A STRATEGIC PLANNING TEAM- This team should be comprised mainly of key managers, executives and rank-and-file employees, complemented by a qualified external strategic planning consultant, so that both the internal and external environments can be objectively studied. An added benefit of involving Wallace Group employees is that they will have a sense of ownership of future plans and will be likely to dedicate themselves to the success of the plans with more vigor, which is also lacking at this time within the Group.

With this team in place, the subsequent portions of the recommendations can be launched.; B. PERFORMANCE OF STRATEGIC ANALYSIS- The Strategic Planning Team should analyze the current strategy of the Group and identify key areas that need to be addressed, of which there are many in this firm.; C. DEVELOPMENT AND EXECUTION OF A STRATEGIC PLAN- From the analyses and input of the team, a solid strategic plan can be assembled to address the immediate, short-term and long-term needs of the Wallace Group, correcting many problems simultaneously.

3. Educating a manager to manage an organization as it evolves over time from an entrepreneurial structure to a more sophisticated and complex organizational structure; When an organization evolves from an entrepreneurship to a more complex organization, managers need to be educated in several key areas. The first is in the area of organizational

vision, which simply means that the manager needs to understand that the organization's needs should be first and foremost, unlike the more simple structure when the figurehead in charge of the organization was the main focus; a broader vision will make a consideration of effective strategy possible in the mind of the manager (Public Management, 2001). Second, the manager must make decisions and lead in a larger way; the interests of the employees, organization and owners must become important. Third, the strategic plan must become the blueprint for the direction of the organization, with personal interests and internal politics put aside for the sake of strategic growth.

Evaluation of approaches a business firm could use to gather informationIn this portion of the paper, various approaches are presented and ranked on a scale of appropriateness as follows: 1. definitely not appropriate, 2. probably not appropriate, 3. undecided, 4. probably appropriate, and 5.

definitely appropriate. For those approaches that are ranked other than " undecided", commentary about the ranking follows each approach. The business firm should try to get useful information about competitors by: 5 Careful study of trade journals- The careful study of trade journals is an excellent way to learn the trends in a given industry, identify key competitors, and even gain information about possible new customers (Luecal, et al, 1995). This tactic is effective and appropriate. 1 Wiretapping the telephones of competitors- This tactic is unethical at best, and illegal at worst, not to mention the fallout that is likely to occur (loss of reputation in the marketplace, lawsuits, etc) should a firm be caught in this activity. 1

Posing as a potential customer to competitors- While not exactly illegal in most cases, this is unethical and crude, and should be avoided at all costs. 4 Getting loyal customers to put out a phone `request for proposal` soliciting competitors` bids- The gathering of RPFs from loyal customers will work well, provided that the customer is someone with whom you can do this with a level of trust that will not be betrayed. 5 Buying competitors` products and taking them apart- Given the complexity of modern products, what has come to be known as “ reverse engineering” is a favorable way to learn the specific features and capabilities of a competitors’ product, and will allow for the identification of patent infringement on the part of competitors, which can be very costly for firms (Fitzpatrick, 2003). 4 Hiring management consultants who have worked for competitors- As long as the consultant can be trusted not to share your proprietary information with other firms as he is doing in the case of the competitor, this tactic could be very profitable and attractive. 1 Rewarding competitors` employees for useful `tips`- Once again, this tactic crosses the line between unethical and illegal, and is not worth the risks involved in doing it. 5 Questioning competitors` customers and/or suppliers- The gathering of strategic intelligence can be priceless in a competitive business situation and should be utilized within the borders of ethics(Stybel, 2006). 1 Buying and analyzing competitors` garbage- Again, this tactic is tasteless and illegal in most instances. 1 Advertising and interviewing for nonexistent jobs- The risks of this tactic far outweigh the benefits; resources can be better utilized in other areas. 5 Taking public tours of competitors` facilities- Provided that this is a public tour, and the privilege of the tour is not abused, seeing a competitors’ facilities from the inside is highly favorable. 1 Releasing false information about the company in order to confuse competitors- At the risk of being repetitive, this is illegal and improper in any instance. 3Questioning competitors` technical people at trade shows and conferences- No opinion either way. 4 Hiring key people away from competitors- Much like the case of hiring the former consultants of a competitor, if these key people can be trusted, they can provide a wealth of information and this tactic is appropriate. 4 Analyzing competitors` labor union contracts- As long as this information was obtained legally and ethically, there is no reason why the tactic should not be used, and can in fact be very beneficial. 1 Having employees date persons who work for competitors- This tactic is hurtful and immoral; yet another case where the cost/benefit analysis indicates that the possible consequences of the tactic make it ineffective. 2 Studying aerial photographs of competitors` facilities- Only in certain cases would this tactic be useful; it should be done selectively, and again, within the letter of the law.