

Business policy and strategic management



Control recommendations
Premise control
Premise control is designed to check systematically and continuously whether the premises on which the strategy is based are still valid (Pearce II and Robinson, “ Chapter 13: Strategic Control” 13-8). Starbucks’s current strategy is based on the following premise: from the lessons learned through the recession, consumer behavior in the Western world is bound to change, even if only by a small degree. This constituency of “ changing” consumers includes Starbucks’ market segment and therefore the organization will have to redefine who their new target market is, and what their new behaviors are. This may call for, probably, a change of direction in the new products that the company will produce in future. Starbucks will have to re-think the assumptions on which they based their pre-recession strategies: environmental and industry factors have changed.

Strategic surveillance
Starbucks follows a differentiation strategy where its basic aim is to produce a brand image within the eyes of its customer through the unique taste of coffee and the exclusivity of all its other products. Currently, Starbucks’s competitors are being favored by a global economy that is slowly recovering from a recession. How the effect of the recession will play out in the long run is difficult to project now, therefore Starbucks must increase its vigilance especially with regards to its day to day activities and their overall impact on its corporate strategy.

Special alert control
A special alert control is the thorough, and often rapid, reconsideration of the firm’s strategy because of a sudden, unexpected event (Pearce II and Robinson, “ Chapter 13: Strategic Control” Slide 13-10). The economic and financial recession of 2008 greatly affected Starbucks’s key market segments in America and Europe.

Surprisingly, the Asian markets were fairly more stable and have continued
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to grow. Starbucks will have to seek ways to balance its portfolio regionally and insulate themselves from similar incidences in future. Implementation control Starbucks' major competitors such as Dunkin' donuts and McDonald's have been gaining market share using their low cost leadership strategy. Starbucks cannot simply rely on its old differentiation strategies to sustain its market leadership. The first thing that the organization will have to do is to develop newer strategies such as: (1) increasing the number of healthy alternatives at their coffee shops; (2) localizing their shops to be more appealing to the local customers; (3) enriching the consumer experience at their current shops; and (4) continue with its incremental way of coming up with business process innovations rather than aiming for breakthroughs. Pearce II and Robinson (" Chapter 14: Innovation and Entrepreneurship" 14-13) state that incremental innovations generate more revenue gain or cost savings with less risk than breakthroughs. Secondly Starbucks will have to come up with measures to evaluate the effectiveness of one / all the strategies suggested above. The organization could then use clearly defined milestones to assess progress for each strategy that has been implemented at specific periods throughout the financial year. This way it would be able to discover aberrations early enough before they harm the organization progress. Works Cited Pearce II, John A, and Richard B Robinson. " Chapter 13: Strategic Control." Strategic Management: Formulation, Implementation and Control. 12th ed. McGraw-Hill / Irwin, 2011. Print. ---. " Chapter 14: Innovation and Entrepreneurship." Strategic Management: Formulation, Implementation and Control. 12th ed. McGraw-Hill / Irwin, 2011. Print.