

# Strategic decision making essay

Business, Corporate Governance



Objectives Strategic Decision Making What is strategic management? Why study global strategic management? Fundamental issues General Approach Current competitive landscape Chapter 1 Strategic Management Full set of commitments, decisions, and actions required to achieve strategic competitiveness and earn sustainable competitive advantage Why study Strategic Management? Expertise in global strategy is highly sought after Preparation for international assignments Needed for advancing to the top ranks of large and medium-sized firms Necessary knowledge for people working in smaller companies Good for non-business school students as well Fundamental Issues in Strategy Why do firms differ? – General Approach Best strategy is the result of a fit between the internal and external aspect of the organization Need to think carefully of two key questions – Why are some firms more successful than others? Industry-based approach – SWOT analysis How do firms behave? – What determines the scope of the firm? What determines the international success and failure of firms? – Does the firm possess advantages that will translate into profits? Does the firm environment permit these advantages to turn into profits? 1 Some Strategies of Well-known Cos Grow larger (GE) Downsize (Avon, Sara Lee) Diversify (Wal-Mart) Dominate niche (Starbucks) Outsource production process (Nike) Integrate production process (Armani) Become quality leader (Samsung, BMW) Cooperate with rivals (Sony, Philip Morris) Power of Strategy – ‘ Samsung’ Early 2000s, Samsung launched a strategy to revitalize its consumer electronics business Long regarded as a low quality brand Sought a quality leadership position – – – -Ex: Embraced DLP for HDTVs DLP is cheaper – but ‘ fatter’ than Plasma Rave reviews Reputation improved since

launch of DLP – more high end products Technological Revolution Internet supplies information in a manipulable form almost instantaneously Processing and communication of information has facilitated rapid diffusion of technology – – Implications Important to develop enhanced techniques to process and develop information Crucial importance of organizational learning Shorter product life cycles Patents less effective to protect new technology Easier to customize products for consumers Increasing Globalization Affect businesses at all levels New economic developments has made it easier for firms to enter international markets – What is globalization? A new phenomenon since the late 20th century? OR a part of long-run human history? A pendulum view: Transportation and communication revolutions + breakdown of artificial barriers in trade and investment A process similar to the swing of a pendulum: Postwar history Semiglobalization? Strategic alliances A bunch of blind humans and a rapidly moving (forward and backward) elephant! Strategists need to (1) avoid being crushed by the elephant and (2) think about how to profit from its movements 2 Implications Need learn how to coordinate operations across country borders Creates a greater number of stakeholders that need to be dealt with New Competitive Landscape Blurring of industry barriers – Requires massive reordering of business Difficult to identify competitors Firms face significant uncertainty, ambiguity and strategic discontinuities Have to create innovative products to satisfy increasingly demanding customers Need to find balance between stability and flexibility Other defining ‘ moments’ Anti-globalization protests – – Requirements Strategic Flexibility- ability to balance stability and change Ability to develop dynamic

core competencies Build human capital Effective use of new technology Build new organization structure and culture Since Seattle, 12/1999 B-school students: More in favor of globalization Terrorist attacks - 9/11 and the war on terror Corporate governance crises - - - Asia: Financial crisis (1997) US: Enron, WorldCom, Arthur Andersen (2002) EU: Royal Ahold (2003) The post-Seattle, post-9/11, post-Enron world - More uncertainty Strategic Leadership George Fisher - CEO of Eastman Kodak Dramatic performance turnaround Building foundation for future viability and success Develop human capital needed to run the firm What determines success? Acquiring and leveraging competitive advantage The Key: Sustaining such an advantage over time and across countries (regions) through replication and innovation. 3 What will happen? Conclusion Need to study strategy Global strategy is also key! 4