Tool can be used to uncover opportunities

Business, Decision Making

1) Competitive advantage can be defined as asupremacy achieved by an organization when it can provide same quality productsas its competitors at lower price or for premium price by providing greaterquality output through product differentiation.

A company can be a marketleader now, but to maintain that position it should have strategy planning, sharpvision to reach targets and very good business operations. All these arerequired to build sustainable competitive advantage. In other words, a companyseeking competitive advantage must target larger markets, differentiate itsofferings from others to increase market value and establish brand reputation. For example, if we consider Honda (automobilemanufacturer) it has gained competitive advantage, strong brand name andcustomer satisfaction by offering reliable vehicles which provide high fuelefficiency, quality and excellent value for money in terms of features andspecs for the offered price and have good re-sale value for the same reasons.

2) Strategy planning is a process implemented by anorganization to develop a strategic plan for achieving long term goals. Each organizationwill have its own approach for strategic planning model based on thesituational analysis. An organization can adopt multiple strategic planningmodels in different iterations to reach the goal. There is no single strategicplanning model that fits for all organizations.

An organization must:· Analyze its strengths and weaknesses in internaland external environments. · Identify opportunities and threats. A mission statement will be developedby gathering all the facts which projects the organizational vision. Based onthe mission, long-term and short-term solutions will be proposed to minimizethe potential risks and to overcome the weaknesses. Strategic planning helps tocome up with set of objectives, which will be useful as building blocks toreach the goals. Stakeholders, Managersand Key Resources will be involved in the strategy making process. The focus isto ensure that organization’s goals are achieved by coming up with a plan toensure necessary adjustments are made to increase market share. Stakeholderswill review and approve the existing and new innovative approaches to achieve organizationaltargets.

3) SWOT analysis is a strategic planning tool usefulto analyze Strengths, Weaknesses, Opportunities and Threats. SWOT analysis willhelp organization in any specific business situation. To compete successfullyin market this tool can be used to uncover opportunities and threats which areexternal to the organization. Strengths and weaknesses are internal to theorganization, which can be corrected over the time with proper utilization ofSWOT analysis.

It’s recommended for new businesses to use SWOT analysis as partof the initial business planning whereas existing business can use it at anytime. Organizing a SWOT analysis meeting at least once a year will helporganizations to stay on right track and avoid risks. For example, if weconsider an American Media Broadcasting Company, they might have been in theindustry for 40 years and have a very good customer base, reputation – this isa strength. Same company might not have enough reporters deployed in all partsof the country and miss few exclusive coverages – this is a weakness. Same company can tie-up with independent newsservice agencies like IANS to provide most up-to-date information from all overthe world (which is out of their reach) – this is an opportunity. If there isanother media company with equal strengths and power, which has taken aninitiative to start a live YouTube channel for free of cost – it is a threat.

4) Depending on the size of the organization, thenumber of levels in management changes.

The level of management determines a chainof command. In most organizations levels of management are classified in three categories: · Upper levelmanagement Roles: CEO, CFO, CTO, COO, VPUpper level management consists of top executives in the company. Thislevel depends on the input from mid-level management to determine the directionin which the company is heading. Upper level management can make any changes atany time to improve the performance of the company.

· Middle levelmanagementRoles: Mid-Level Managers, Regional Managers, General ManagersMid-level management is responsible to the Upper level management for thefunctioning of their regional departments. This level of management will dependon input from low-level or first level managers and will act as a bridgebetween low-level management and upper level management. Managers from thislevel of management will also be involved in everyday operations of thecompany.

· Low LevelmanagementRoles: Low level Managers, Team/Track leadsLow-levelmanagement is a supervisory and operational level of management. This level ofmanagement will usually take care of day-to-day operations of the company, human resource, supervise & guide sub-ordinates. Based on the SWOT analysis, upper levelmanagement will develop and provide a strategic plan to mid-level management. Decisionsmade by upper level management will lead the company in the right direction toachieve strategic objectives. Tactical decisions are made by the mid-levelmanagement. Decisions made by mid-level management include: divisional plans, workflows, acquisition of resources etc.

, Operational decisions are made by lowlevel management. There are no business judgements made in this level. Thesedecisions directly relate to day-to-day operations of the company. Chapter 21) Industry is the term used to refer a group ofcompanies operating similar (primary) businesses. Business is to produce, market (marketing/advertising) and sell products. Sector is a part of the economy. Industry is a sub group of the sector.

Sector is a large group that consists ofindustries. Industry is a group of distinct types of similar businesses. 2) Porters five-forces model acts as a strategytool that is used to understand opportunities and threats in external environment. During the strategic decision making, five-forces model will help to overcomethe negative impact to the organization. Porters forces model will provide us belowinformation to make better decisions in the process of strategic planning.

· Competitors who are newly entered in the marketcan be a potential threat.· Competitive rivalry within the market· Threat of substitute products· Bargaining power of customers· Bargaining power of suppliersConsidering the five competitiveforces as mentioned above, upper level management make strategic decisions tofight with the competitors, sustain in the market, differentiation and focustowards increasing the market share. This five-force model is useful instrategic decision making as the pace of change in market is more rapid these days.