

# Strategic management: an introduction



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Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its objectives. It involves the systematic identification of specifying the firm's objectives, nurturing policies and strategies to achieve these objectives, and acquiring and making available these resources to implement the policies and strategies to achieve the firm's objectives.

Strategic management also integrates the activities of the various functional sectors of a business, such as marketing, sales, production to achieve organizational goals. It is generally the highest level of managerial activity, usually initiated by the board of directors and executive team. Strategic management hopes to provide overall direction to the company has ties to the field of organization studies.

Strategic planning is a management tool, period. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.

Strategic management also allocates the right amount of resources to the different parts of your business so that those assigned to particular goals have what they need to meet their objectives. This ranges from providing your workers with the right supplies to enacting systems by which employees receive the necessary training, all work processes are tested, and all information and data generated is documented. To effectively manage your business strategically, every inch of your company must have its needs met in these ways.

Furthermore, one must know that two businesses cannot be same and there should be some basic differences between them. Because of this, the goals and the plans of action are different for each business. Plus, the strategies for long term and short term development should be different and these need to be applied separately.

QUESTION 1: Explain how someone can be a manager but not a leader, a leader but not a manager, and both a manager and a leader.

A manager is a person with a job of overseeing one or more employees or department to ensure these employees or departments do their job or assigned duties as required. A manager helps others to get more done by motivating the employees, providing directions , making sure the employees working together towards a common goal, and providing feedback.

A new manager may be responsible for a small team or a small project.

Usually a senior manager will watch over his or her work. The manager will have to learn the strengths and weaknesses of the team members, instruct a work to the team members, guiding team members to reach goals, provide the tools needed by the team and motivate them to do their task.

Usually , a new manager has limited responsibility for money issues and little chances to approve or make an expenditures. They have to review and approve timesheets for their employees and may have the chances to approve expense accounts. The term of manager is not the same for leader since the two terms are not the same. A manager must ensure the appropriate delivery of human resources and funding to meet the routine daily productivity objectives. The manager is known as detailed oriented.

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Managers do not see the overall picture and are less interested regarding the long-term corporate goals and mission. They are worried about details; as a result, they do not make them a good leader. Some managers may have certain leadership qualities but they remain too focused on their daily operations and are unable to provide direction and vision to the organization. A manager plans, organizes, leads, and controls whereas a leader influences others through communication, motivation, discipline, direction and dynamics

Typically, the goals are set for a beginning manager by someone higher ranking in an organization. Here, the manager has to develop a plan to achieve the goal set. They have to provide feedbacks to their employees as they work with those plans.

To be a manager, developing skills at all levels is important. At a beginning level, examples of two areas where a manager needs to focus their skill development are the ability to manage their meetings and developing their own planning tools such as to do a list.

A leader is different from a manager. A leader is a person who has vision, a drive and a commitment to achieve that vision, and the skills to make it happen. A leader sees a problem that needs to be fixed or a goal that needs to be achieved.

A leader is also a person who guides others towards a common goal, showing the employees by example and creating an environment in which other team members feel active and involved in any process or task. A leader is a good listener. Leaders have to keep their mind open to other's ideas. They can

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come up with new ways to accomplish the goal set. It is the leaders job to make sure that everyone in the group is being heard. Leaders have to listen to the team members ideas and listen their criticism for improvements.

Leaders have to be focus all the time. They have to keep on remind themselves and the team members of the goals and mission. Staying on track and keep the team members on track , the team will stay motivated and more productive. As leader of the group, it is important that you schedule time to meet with your team to establish and check-in about the goals you hope to achieve.

Leaders also have to be organized. Leaders are responsible in a lot of things and might be very busy sometimes. A leader can set the tone for the team. A leader who is organized helps motivate team members to be organized as well. As a leader, you're responsible for a lot and you're probably going to be very busy at times. However, you still need to find time to talk with your team. A good way to do this is to set frequent group meetings, so that no question or concern goes too long without attention.

Leaders also have to be decisive. Although an important part of being a leader involves listening to the people surrounding, they have to remember that they are not always going to be able to reach a compromise. When this happens, don't be afraid to make the final decision, even if some team members disagree with the plans.

Confident is the most important characteristics of a leader, leaders have to believe themselves and the success of the team members. Show others that you are dedicated, intelligent, and proud of what you are doing.

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A manager basically directs resources to complete predetermined goals or projects. For example, a manager may engage in hiring, training, and scheduling employees in order to accomplish work in the most efficient and cost effective manner possible. A manager is considered a failure if they are not able to complete the project or goals with efficiency. .

On the other hand, a leader within a company develops individuals in order to complete predetermined goals and projects. A leader develops relationships with their employees by building communication, exemplifying images of success, and by showing loyalty.

As an example of a manager, A company CEO directs Wong, one of the companies up and coming managers, to hire enough new employees to provide the company with a customer service department. Wong undertakes his project with enthusiasm. He hires only those employees who can work the assigned hours, will accept the modest pay, and have experience working in customer service. He trains his new employees to perform the job to his expectations and assigns the employees to their new positions. Wong measures his success in terms of efficiency, calls handled per hour, and cost effectiveness, for example did he meet his budget?. However, Wong did not anticipate that of the employees he hired, only a handful would remain working six months later.

Moreover, as an example of a leader, Ahmed obtains the same assignment as Wong. Ahmed hires employees that he believes he can develop a working relationship with, versus just those employees who will worked the assigned hours and take the modest pay. Ahmed's goal is to hire a diverse group of

employees, some of who do not have any customer service experience, who he feels he can develop a personal connection. A large part of Ahmed's training involves team building, telling successful stories, and listening to each employee's own desires for what constitutes a fulfilling job. Ahmed still assigns his employees their job duties and schedules at the end of training, and he also measures success in terms of efficient and cost effectiveness, but he also measures success in terms of low employee turnover, employee morale, and employee development. Ahmed feels proud when one of his employees obtains an advance level position a year or two after being hired.

The skills to be a leader or a manager are not exclusive in nature. A leader who only displays leadership skills will be ineffective when it comes to checking time cards, completing employee reviews, and scheduling employee vacation time; things that employers require their managers to do on timely bases. Similarly, a manager who spends all his/her time completing paperwork and reading reports; only creates more problems for him or her because they lack a developing relationship with their employees.

Many companies, one person may play the role of both leader and manager. In others, these roles are carried out by different people. And in many cases, the roles overlap and leaders need to manage and managers need to lead. However, it is critical that both roles are performed effectively for a company to succeed, especially a company with employees. Without a vision for the future, a company has no direction and no goals for which to strive. Good leaders are made not born. If you have the desire and willpower, you can become an effective leader. Good leaders develop through a never ending process of self-study, education, training, and experience. As a manager who

would like to become a better leader to inspire your employees into higher levels of teamwork, there are certain things you must be, know, and, do. These do not come naturally, but are acquired through continual work and study. Good leaders are continually working and studying to improve their leadership skills. Leaders and managers also have much different conceptions of work itself. Leaders develop new approaches to long-standing problems. Leaders work in high-risk positions because of a strong aversion to mundane work. Conversely, managers view work as an enabling process. Managers tolerate practical, mundane work because of a strong survival instinct that makes them risk-averse. They are good at reaching compromises and mediating conflicts between opposing perspectives, but lack the influence to avoid future conflicts.

QUESTION 2: Identify two very different organizations that compete on a cost leadership strategy and explain how they do this, i. e. find out what they do that enables them to keep their prices low.

The cost leadership strategic is to gain a competitive advantage. Make it into a simple word, cost leadership is reduce the cost to fight with their competitor in same industry. The organization who need to earn more profit, must reduce the cost to ensure they are not waste any resource. The cost who has reduce more, the company will gain more profit and easy to survive in the market share.

## **Anakku**

Anakku as famous is selling the baby product. The company is celebrated 38th anniversary in Malaysia in 2011. Therefore, the company has their



advantage to survive in this market. Anakku produce the baby products get it the mission is built on a strong, solid foundation of premium quality, safety and reliability. The product have been sell by Anakku are fashion-wear for babies and toddlers, feeding equipment, toiletries, diapers, accessories, strollers, playpens and more.

## **Baby Kiko**

Creating style & glamour, fun & comfort for the little ones. Is the brand name of Baby Kiko. Baby Kiko is a brand extention from KIKO. Baby Kiko is establishing in Malaysia for over 20 years. Baby Kiko is one of the most widely recognized baby brand in Malaysia, known for quality, trendy style, and marketing creativity. The product that have been sell are toddler clothing, feeding accessories to weaning products, baby cleansing to baby skincare products.

## **Cost Leadership Strategic**

Both companies have completed their cost leadership strategic, therefore, both company can survive in the market taking a long period time. Each of them has the plan to reduce the cost and increase their profit.

Not even thought, both companies also using the Michael Portal 5 force to operate the companies. And they no using too much of advertising to promote their product, so that, the cost will follow decrease.

Next, most of the products like cloth or accessories are make by them. The pattern and the design had been created, so, the companies will produce it with their own manufactory. Follow by this, both companies will try to reduce the damage of the product. They will make sure the product is good. The

after-sales service is one of the parts they can do, and get the feedback from the customers, and get to improve better to the customers need.

Within the Michael Porter 5 forces, First of all, the bargaining power of supplier. For the Baby Kiko Company, all the product are make by own, so that, the raw material of they used is direct from the manufactory, so the price of the product can easy to under control.

An opposite, about the Anakku Company, some if the products like car seat or toys are manufacture from the supplies. Mostly, the Anakku Company will control by the supplier. But, for the Anakku Company, the main product for sell is clothing and the accessories like bottles, teethingers, feeding accessories and etc. If the supplies increase the price, so they will change the supplier to get the raw material and try to product good product for their customers.

Next, the bargaining power of customer or buyer is one of the forces that both companies used. The price had been set and the customers no have too much or no have power to argue to reduce the price. The entire product had been fix price, unless the company does the promotion like discount, so the customer will get the lower price of the product. Both companies have provided onsite service and after-sale service. And some of the product will give about 1 week to 1 year of warranty depend on the product.

The threats of the entry of new competitor will also influence the cost. If got new competitor join into this industry, the company will spend more money to do promotion as like discount or adverting to attract people. This kind of money will increase the cost, so the profit will been decrease. Otherwise,

both company had been survive in Malaysia taking a long period time, they have their own popularity in this country.

For the Anakku Company, they mostly are produce the safety and useful product. The product no easy to damage and some of the product have the warranty to attract the customer to buy it. This is the advantage for them and no need scare about the new competitor to try to attack them.

Besides that, the Baby Kiko Company more is based on the creative and innovative product to attract customers. The design and the fashion are new and look nicely. Based on the customers, they will take feedback and get the new the information to produce the product. Those are the advantage of the both companies; the new competitor does not have too much power and cost to survive.

Other than that, the intensity of competitor rivalry it may also influence the cost. Take a basic word, ' who can get the lower cost, who will win in the market.' Therefore, the company must have the power and the capacity to run the business.

For Anakku Company, they have many branches in the Malaysia. It will easy to target market and the customers. Anakku Company as a wholesaler otherwise as a retailer. They retail the product directly to the customer, so that, the cost will not be too high to be taken. The technology of Anakku Company use is high-tech machine. According the above statement, the Anakku Company does not have too much of advertising. Running the business around 30 years, the popularity has the value on their customers.

For Baby Kiko, they usually are wholesale to the stores that are really preferred to sales. Some hypermarket like Partson or The Store, we can see Baby Kiko product. Wholesale to other store, it can deduct the cost of employee and no need searching the place to run over the business. The customers who are prefer to sell the product, they will delivery it. It may reduce the cost with it. Not even that, Baby Kiko Company also though the internet to promote the product. One of the major website is ' Facebook' to promote. It is free of charge and also can attract more people to know the new product.

Other than that, the labour force it may influence the cost available. Anakku Company is more focus on the retail sale, so that, the employee will taking more and more, so the cost relative will increase. From the manufactory to the store, they are too many employees to work. But, the Baby Kiko no taking too much of employee, because they have using the technology like machine or wholesale to other seller. The cost taking is the transportation fee.

At last, which companies keep the lower cost; it may easy and expand the business. Besides that, properly using the raw material and do not simply waste too much. Because the waste will direct influence the cost. Have a good plan of cost leadership, the company more easy to survive in the market share.