



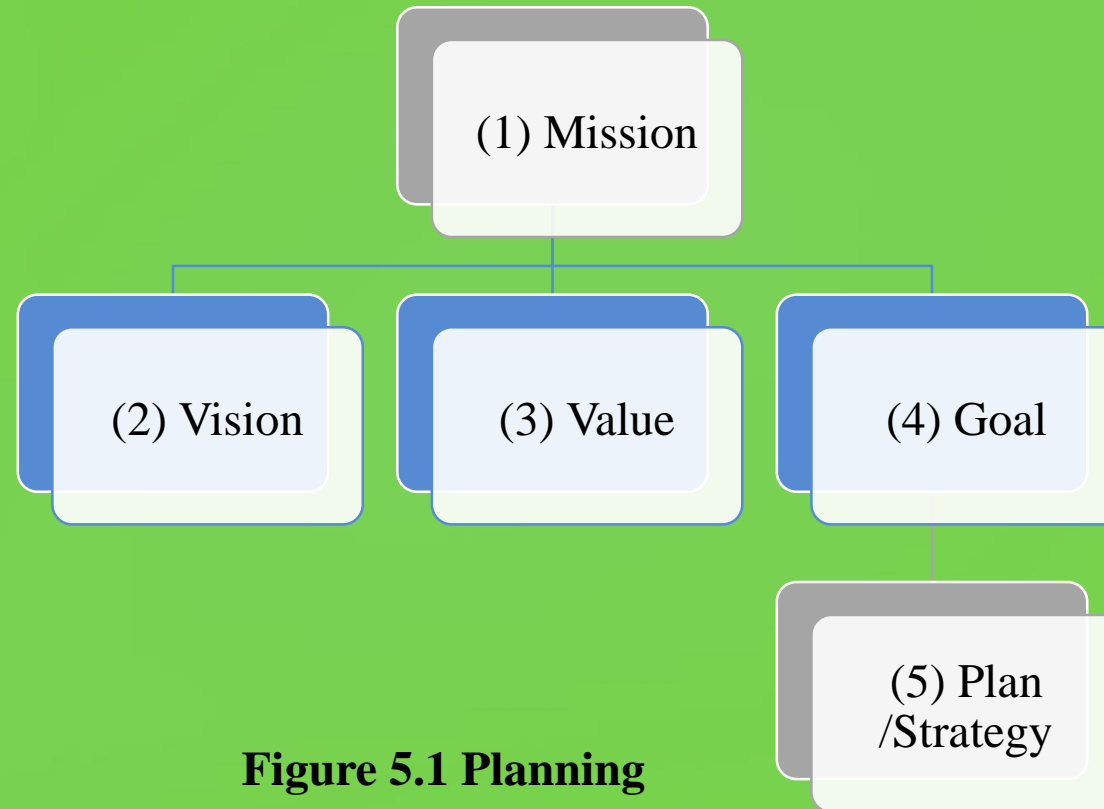
# **Strategic Global Management**

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# Planning and Strategy

"Mission instills the passion and patience for the long journey."

*Peter Senge*



**Figure 5.1 Planning**

# 1. Mission

**1.1 What is mission?** Mission is the fundamental purpose or the essential reasons for the existence of an organization.

**1.2 Mission Statement** describes the main reasons behind the existence of an organization. Mission provides a unique definition of the organization concerning the basic business scope and its operations that make this organization stand out.

# •1. Mission

**1.3 Example: Kodak's Mission** “To provide customers with the solutions they need to capture, store, process, output, and communicate images-anywhere, and any time.”

**Example: Apple's Mission** “To bring the best personal computing products and support to students, educators, designers, scientists, engineers, businesspersons, and consumers in over 140 countries around the world.”

Clearly Apple is intentional to be a global business.

# 1. Mission

## 1.4 Mission statement should have the following characteristics.

1.4.1 The definition of an organization's basic scope and operation that make it different from other organizations in the same industry.

1.4.2 Focus on how to solve customer's problems with the organization's product and service.

# • 1. Mission

1.4.3 Customer satisfaction is the ultimate purpose, and profit is the result of being able to satisfy customers' needs.

1.4.4 Knowing that customer needs always change, the organization must find new products, new services to satisfy customers.

# 2. Vision

## 2.1 What is Vision?

**Vision** is the future direction of the organization or what the organization wants to be in the future. In other words, vision is a desirable future state of the organization.

# •2. Vision

**2.2 Ford's Vision** “To become the world's leading customer company for automotive products and services.”

**Amazon's Vision** “To be earth's most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.”



# 2. Vision

## 2.3 Vision statement should have the following characteristics.

2.3.1 Describe what the organization wants to be in the future. Vision is the organization's future ambition and desire.

# •2. Vision

**2.3.2** Vision often leads to a plan and strategy. Vision is what the organization wants to be in the future and the organization has to think of how to achieve this vision and what is the best way to achieve this vision.

**2.3.4** Every member in the organization needs to know and understand the vision of the organization and is willing to participate to achieve this vision together.

# 3. Value

## 3.1 What is Value?

**Value** is the informal rule, or code of conduct, or corporate culture of how managers and employees should conduct themselves in various situations.

# •3. Value

## **3.2 Example: Nucor Company's Value**

**3.2.1** Equal opportunity for advancement and fair treatment for all employees, male or female, black or white, Christian or Muslim.

**3.2.2** Connect high pay with high performance, rather than high pay with age or seniority.

**3.2.3** Encourage employees to work hard and pay them well.

# 4. Goal

## 4.1 What is Goal?

**Goal** is the desired outcome or desired future and is stated in what the organization wants to realize or wants to make it happens.

## **4.2 Examples of Goals**

**4.2.1** To increase market share to 35 % by the end of the year.

**4.2.2** To increase profit 15% per year.

**4.2.3** To launch three new products by the end of the second quarter.

**4.2.4** To open a new factory in China by the year 2022.

# 4. Goal

## 4.3 Four Main Characteristics of a Goal

**4.3.1** It must be measurable such as percentage increase of profit or percentage increase of market share.

**4.3.2** It must address an important issue, important problem, or core business of the firm.

# •4. Goal

**4.3.4** It must be challenging but realistic. In other words, it must be achievable and motivate the employees to work harder.

**4.3.5** It must have a timeline or deadline.



# 5. Three Kinds of Goals

## 5.1 Strategic Goal

This is a goal set by top management. The goals concern the general or main issues of the company such as sales revenue, return on investment, market share, and new products.

# 5. Three Kinds of Goals

## 5.2 Tactical Goal

This is a goal set by middle managers in the organization. This is a goal about how to carry out the strategic goal. For example, to increase market share is a strategic goal, but the tactical goal is to open new branches in a new market such as Malaysia and Vietnam.

# 5. Three Kinds of Goals

## 5.3 Operational Goal

This is a goal set by lower level managers of the organization. The word objective may be used interchangeably with operational goal. For example, if the tactical goal is to open the new branch in a new market such as Malaysia and Vietnam, the operational goal or the objective is to set a new team to do research and find information about consumer behavior, location, income, economy in Malaysia and Vietnam.

# 6. Plan.

**6.1 What is a plan? A plan is a blueprint that defines the organization's activities, budget, time, and resources allocation in order to achieve the goal.**

# 6.2 Three Kinds of Plan

**6.2.1 Strategic Plan** is a general big plan of the organization outlining the decision to allocate the resource, to set priority of the resources, and to set necessary activities and policy to achieve the strategic goal. Strategic plan is made by the board of director and CEO of the organization.

For example, a plan to achieve a strategic goal of increasing the market share is to create new product as well as enter to a new market in Malaysia and Vietnam.

# 6.2 Three Kinds of Plan

**6.2.2 Tactical Plan** is a part of the strategic plan outlining more details for each department, for example, the marketing department will create a new advertising campaign for Malaysia and Vietnam market after the production department creates a new product that fits with the needs of Malay and Vietnamese consumers.

This tactical plan will provide an outline for each department on what to do and resource allocation. This plan is developed by both upper and middle managers in the organization.

# 6.2 Three Kinds of Plan

**6.2.3 Operational Plan** is a small plan with short term activity as a part of tactical plan outlining what the local level has to do. This small plan has to prepare to achieve the operational plan. This plan is developed by middle management and lower level management.

For example, To enter new small branches in Malaysia and Vietnam by giving free samples of new products to new target consumers and collects the data of how well new target consumers response to the new products.

## 6.3 Problems with setting goals and creating plans

### 6.3.1 The goal is too big and too hard to achieve.

The problem with the goal is that sometimes the CEO is too ambitious and tries to do the impossible. For instance, to increase the market share from 10 percent to 50 percent is hard and unlikely to happen.

Some goals emphasize something that is not quantified or hard to measure. For example, the goal is to make all employees love and be loyal to the organization. This goal is hard to measure and not easy to verify.



## **6.3 Problems with setting goals and creating plans**

### **6.3.2 The reward system is not connected to the goal and the plan.**

The problem with reward system is often a serious one. If the managers feel that there are no benefits or no gain for them in trying so hard to achieve the goals and therefore the support and the enthusiasm from these managers will slowly decline.

Another problem is that managers often act smart and avoid setting the goal too high, they want to be rewarded for an easy goal or low a target and don't want to be punished for not achieving a high and hard goal.

## 6.3 Problems with setting goals and creating plans

### 6.3.3 The rapid change of the business environment.

This type of problem increasingly becomes very important in global business if recession happens in the United States or China then there will be a ripple impact in markets around the world. Most of big companies can feel the effects.

In global business often means everything can change very rapidly, goal that takes too much time to achieve may become obsolete in a few years. The company's product can become obsolete when new technology emerges in the market.

## **6.3 Problems with setting goals and creating plans**

### **6.3.4 The problem of resistance to change.**

This type of problem happens because of these reasons:

- a) the company is reluctant to change, or have too much conflicts of changing process
- b) the company keeps selling the same old products and uses the same technology, and refuses to tell the investors when the company is in a downturn.

**For example**, the company (Black Berries or Nokia) used to be a market leader in cell phone industry but did not set a plan to do research and development to create some new product and new technology. When competitors (I-phone) come up with new and better smart phones and flood the market with these new products, Black Berries and Nokia will then be forced to catch up or become obsolete.

## **6.3 Problems with setting goals and creating plans**

### **6.3.5 Resource constraints.**

The resource constraint problem can be lack of funds, lack of good team work, strong competitions, and government regulations. These factors can reduce the ability of the firm to make proper goals and plans. Time is also major issue for goals and plans. Some goals may take too long to achieve in the modern and rapidly changing world. The cost is also changing every year.

# 6.4 The Benefits of Planning

**6.4.1** It gives a sense of direction to the organization. This creates the picture what the employees should do to contribute to the overall success of the organization.

**6.4.2** It allocates the resources to various activities. The importance of an activity is measured by the degree of contribution to the goal achievement.

# 6.4 The Benefits of Planning

**6.4.3** It helps to prepare an effective budget and set priorities. For example, who or what department should get more resources; what department should get the resource first.

**6.4.4** It helps to assign a proper role and responsibility to each unit in the organization.

**6.4.5** It provides a better control. In other words, the upper level will focus on checking the lower level if they do something according to the plan or not.



**Figure 5.2 Five Major Steps of Strategic Planning Chart**



# **7. Five Major Steps of Strategic Planning**

## **7.1 Choose Goals**

**What are we trying to accomplish?**

Choose the goal that the company wants to achieve and benefit the company in the future.

## **7.2 Identify Actions**

**What needs to be done in order to achieve the goals?**

Formulate proper strategic plan of when and what to achieve the goals.

# **7. Five Major Steps of Strategic Planning**

## **7.3 Allocate Funds and Tasks**

**How much do we need budget and resource allocate for each task?**

Allocate budget and resources to each department effectively.

## **7.4 Review and Feedback**

**Have we followed the plan and done a good job?**

Measure the result of success by comparing the results against the goals.

# 7. Five Major Steps of Strategic Planning

## 7.5 Make An Adjustment

**Do we need to improve or revise our plan?**

Revise the plan if it does not work or if the environment changes so that we need to make some adjustments.

# Assignment #2 (10 points)

Do all these six questions

1. What is the main difference between Mission and Vision? Provide an example of Mission and Vision of any two global company on the website.
2. What is goal? What are the four main characteristics of a goal?
3. Provide one example of strategic plan, tactical plan, and operational plan.

# Assignment #2 (10 points)

## Do all these seven questions

4. Assume that you were working for a very big five-star hotel in Thailand, write down four goals that you think are important.
5. “A failure to plan is a plan to fail” Do you agree or disagree with this statement? Why or why not?
6. List and explain problems with setting goals and creating plans. Suggest one of the problems that you have observed in any global business organization.