STRATEGIC GLOBAL MANAGEMENT

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Meeting Global Challenges

- 1. Internet and Social Media (Meta-verse…. Coming soon)
- The major impact of the <u>ubiquitous</u> of internet and social media is the availability of information to consumers all over the world with high speed and almost without discrimination. Smart phone is the vital tool for consumers.
- Global consumers are now well-informed than any other generations and they prefer to do research product online before purchasing.

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- 2. Hyper-competition
- The major impact of the hyper-competition can be felt all industry around the world. Any industry with hyper-competition, the competition will drive the cost down and push the quality up.
- Market power for consumers increases and they often enjoy the benefits from hyper-competition in terms of low prices and high quality.

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- 3. Shorter Product Life Cycle
- The major impact of shorter product life cycles is that any firm with new products or innovative ideas can enjoy the monopoly of blue ocean in a short period of time since the competitors all over the world will imitate your new products very quickly.
- Consumer’s loyalty to any brand will also be shorted and consumers are willing to swich to new brand or new products easily than the past.

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- 4. Retail Transformation
- the target consumers will have to be changed.
- Traditional way of advertising and sales person are obsolete. The major impact of retail transformation is that consumers are increasingly buying more online. (e.g. the death of music store, bookstore, and newspapers) Therefore, it is vital to have the speed and accuracy of delivery and advertising platform to reach target consumers around the world. The new way includes online research, online reviews, and mobile marketing.

Meeting Global Challenges

- 5. Environmental Concerns – Clearer and Greener
- The major impact of environmental is that consumers will pay more attention to good firms that friendly to the environment or green company.
- Consumers around the world are more serious about the environment and they can either reward or punish any firms that environment friendly or hostile to the environment.

Meeting Global Challenges

- 6. Product Safety and Heath safety
- The major impacts of products safety is positively required by the consumers which in the past it is often required by the government.
- Modern consumers are willing to pay a little higher price for product safety and health safety (Low fat, Low sugar, and Organic). Therefore, the value added to the product should be focus on product safety and health safety.

Meeting Global Challenges

- Suggest one of your own ideas about global challenges.

Industry and products in the past…

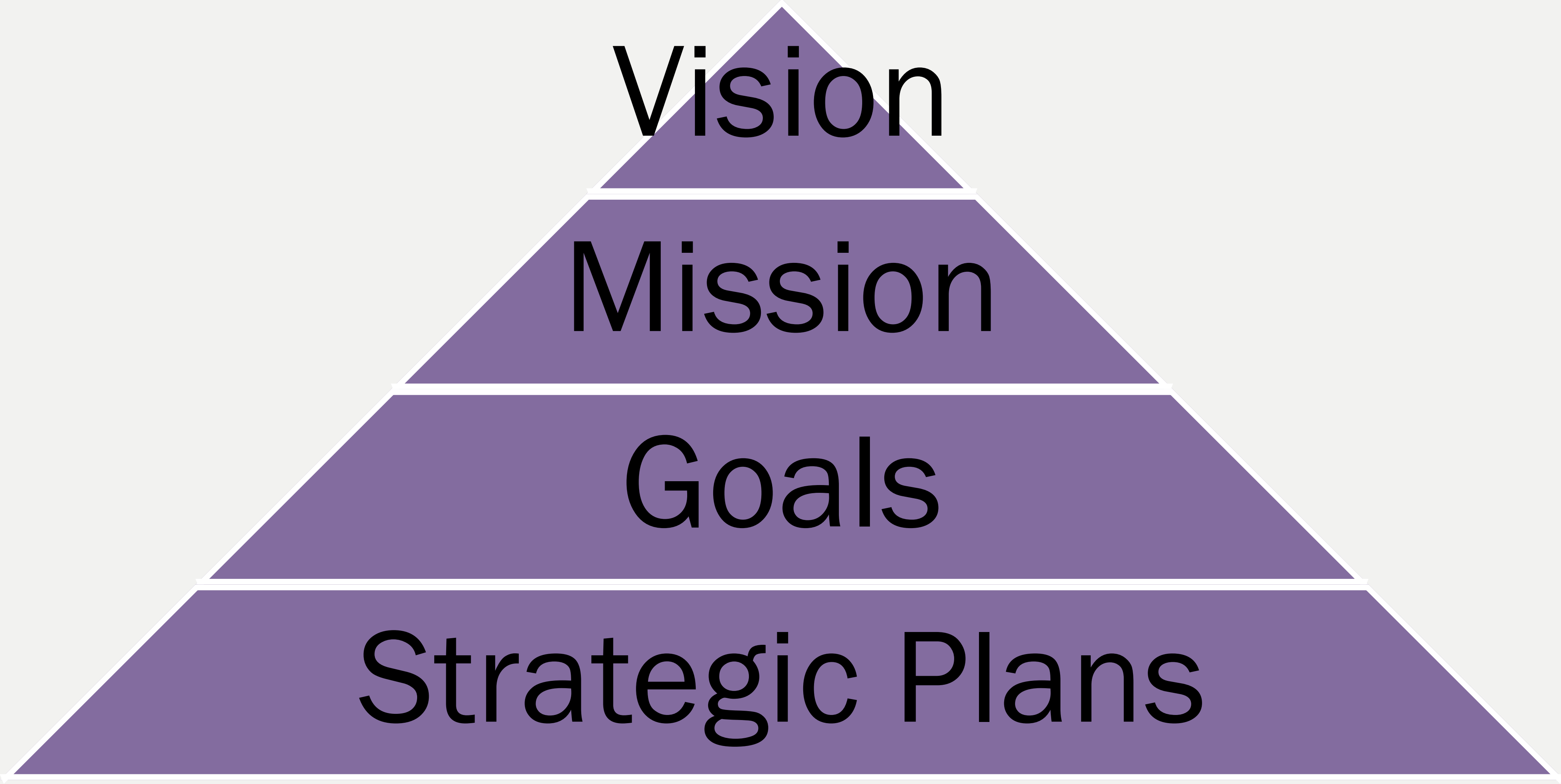
- Newspaper publishers
- Bookstores
- Home and office telephones
- Travel agencies
- Stockbrokers
- Record companies
- The next industry that will crumble…. (Your suggestions)

How to rate a global company?

- 1. Ability to find new opportunity in the global market.
- 2. Investment on research of new products and services regularly.
- 3. Using modern advertising campaign on internet and social media.
- 4. Having a well-thought out global marketing strategy
- 5. Having an global experience team and actively face the challenges.

Questions

- Where is your company now? Current situation or position
- Where do you want to be? Vision
- Why? Mission
- What do your want to accomplish? Goals
- What would be step you take? Strategic Plan


Vision
Mission
Goals
Strategic Plans

Why strategic plan is important?

- To better allocate resources
- To focus on specific initiatives
- To create better focus in your organization
- To create better alignment within your organization
- To ensure the move to the future direction
- To deal with competitors
- ....your idea.........

Traits of Long-Living Global Companies

- 1. Conservatism in Financing
- 2. Sensitivity to changing in the world around them
- 3. Tolerance of new ideas and support of innovation culture
- 4. Awareness of the need and wants of target consumers
- 5. Focus on research and investing on people
- 6...

WHAT IS THE AIM OF STRATEGIC PLAN?

BETTER PERFORMANCE

1. Good stable return (Profit)
2. Growth (Increasing market share)

Great strategy but poor execution

- High Expectation – Poor Real Outcome
- = Gap of Performance
- The result: Wasted Energy, Lost Time, and Continued Underperformance

FROM THE SURVEY, THERE ARE TEN CAUSES OF UNSUCCESSFUL IMPLEMENTATION OF STRATEGY.

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From the survey, there are ten causes of unsuccessful implementation of strategy.

- 1. Inadequate or unavailable resources
- Example: The firm wants to use low price strategy but can not find any sources or any outsourcing of low cost raw materials.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 2. Poorly communicate strategy
- Example: The meeting about strategy happens only on the top level of management but the lower level of management did not get the messages or have no ideas of what exactly is the strategy.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 3. Actions required to execute not clearly defined
- Example: The goal is to increase market share by 10 percent at the end of the year but did not specify what actions required to achieve the goals.
- The team can easily reduced the price to gain market share immediately but with the overall low profits.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 4. Unclear accountability for execution
- Example: For a new strategic marketing plan to launch new products, who should be accounted for the market share; marketing manager or sales manager.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 5. Organization culture blocks execution
- Example: Most of Asian culture prefers not to allow to think outside the box but to conform with the norm.
- Therefore, conformity is a comfort zone. Even though the business environment has been changed, but most employees still follow the old strategy in order to be conformed.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 6. Inadequate performance monitoring
- Example: There is no feedback from the implementation of strategy report. Therefore, there is no adjustment of the plan to the changing environment.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 7. In adequate consequences or rewards for failure or success
- Example: The salesman who outperform others in terms of sales volume but get the same salary as the salesman who underperform.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 8. Conflicted in leadership and organization
- Example: the VP of marketing wants differentiation strategy but VP of finance wants to use low cost strategy.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 9. Uncommitted leadership
- Example: The new CEO did not like the current strategy and did not support the implementation of the plan.

From the survey, there are ten causes of unsuccessful implementation of strategy.

- 10. Inadequate global experiences
- Example: The firm send the manager, who has zero or none of oversea experience, from USA to China to implement strategic marketing plan.

HOW TO TURN GREAT STRATEGY TO GREAT PERFORMANCE?

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Seven rules for successful strategy execution:

- 1. Keep it simple.
- Avoid drawn out descriptions of lofty goals. Instead, clearly describe what your company will and won't do.
- Example: Executives at European investment-banking giant Barclays Capital stated they wouldn't compete with large U.S. investment banks or in unprofitable equity-market segments. Instead, they'd position Barclays for investors burgeoning need for fixed income.

Seven rules for successful strategy execution:

- 2. Challenge assumptions.
- Ensure that the assumptions underlying your long-term strategic plans reflect real market economics and your organization's actual performance relative to rivals.
- Example: Struggling conglomerate Tyco commissioned cross-functional teams in each business unit to continuously analyze their markets' profitability and their offerings. costs, and price positioning relative to competitors'. Teams met with corporate executives biweekly to discuss their findings. The revamped process generated more realistic plans and contributed to Tyco's dramatic turnaround

Seven rules for successful strategy execution:

- 3. Speak the same language.
- Unit leaders and corporate strategy, marketing, and finance teams must agree on a common framework for assessing performance.
- For example, some high-performing companies use benchmarking to estimate the size of the profit pool potential growth, and the company's likely portion of that pool, given its market share and profitability. By using the shared approach, executives easily agree on financial projections.

Seven rules for successful strategy execution:

- 4. Discuss resource deployments early.
- Challenge business units about when they'll need new resources to execute their strategy.
- Example: By asking questions such as, “How fast can you deploy the new sales force?" and "How quickly will competitors respond?" you create more feasible forecasts and plans.

Seven rules for successful strategy execution:

- 5. Identify priorities.
- Delivering planned performance requires a few key actions taken at the right time, in the right way. Make strategic priorities explicit, so everyone knows what to focus on

Seven rules for successful strategy execution:

- 6. Identify priorities. Continuously monitor performance.
- Track real-time results against your plan, resetting planning assumptions and reallocating resources as needed. You'll remedy flaws in your plan and its execution and avoid confusing the two.

Seven rules for successful strategy execution:

- 7. Develop execution ability.
- No strategy can be better than the people who must implement it. Make selection and development of managers a priority.
- Example: Barclays' top executive team takes responsibility for all hiring. Members vet each others' potential hires and reward talented newcomers for superior execution. And stars aren't penalized if their business enters new markets with lower initial returns.

Assignment # 9

- 1. List and explain six global challenges and suggest one of your own ideas about the challenges.
- 2. From your observation, list 20 products or services in the past that are less important or unnecessary in your generation.
- 3. Why strategic plan is so important? List at least seven reasons.
- 4. What are ten causes of unsuccessful of implementation of strategy? In your opinion, which is the cause often happen in China? Why?
- 5. List seven rules of successful strategy execution. In your opinion, which are the rules that can be done immediately with low budget and less resistant.