

Strategic Management

After Midterm Examination

Important strategies

- 1. Growth strategy
- 2. Stability strategy
- 3. Retrenchment strategy

1. Growth strategy

- 1.1 Vertical growth
- Backward vertical - to increase the size of the company by including retailers
- Forward vertical - to increase the size of the company by including suppliers

1. Growth strategy

- 1.2 Horizontal growth
- To increase the size of the company by expanding to new territories or new market such as China, Europe, ASEAN market.

2. Stability strategy

- No - change strategy
- Mostly for small business such as local restaurants, local insurance
- Why? Because it covers only small market of small town.

3. Retrenchment strategy (reduce)

- 3.1 Turnaround strategy is to change to new leadership or new management team
- 3.2 Sell-out strategy is to sell the company since it is hard to compete in the no-growth market
- 3.3 Bankruptcy and liquidation strategy is to sell the company into pieces by the order of the court.

Performance Loss

Performance Loss is the gap of what the expected results and real results which implies poorly management and execution of strategic management process. There are many causes of performance loss.

Causes of Performance Loss

- 1. In adequate resources or unavailable resources
- 2. Poorly communication strategies
- 3. Actions required to execute not clearly defined

Causes of Performance Loss

- 4. Unclear accountabilities for execution
- 5. Organizations and culture blocking executions
- 6. Inadequate performance monitoring

Causes of Performance Loss

- 7. Inadequate consequences - not enough rewards, not strong enough punishment, and rewards for failures
- 8. Poor senior leadership
- 9. Poor strategy

To prevent performance loss

It is vital to have seven rules of successful strategy execution.

Seven rules for successful strategy execution

- 1. Keep the strategy simple
- Make sure everyone understand what the company will do or won't do.

Seven rules for successful strategy execution

- 2. Challenging assumptions
- Make sure that the assumption of long term plan is realistic.

Seven rules for successful strategy execution

- Speak the same language
- Make sure information is shared and understood by everyone.

Seven rules for successful strategy execution

- 4. Discuss resources deployment
- Make sure it is feasible to deploy resources as soon as possible.

Seven rules for successful strategy execution

- 5. Identify priority
- Make sure that everyone understand what is most important and do it first.

Seven rules for successful strategy execution

- 6. Continuously monitor performance
- Make sure to track real-time results all the times.

Seven rules for successful strategy execution

- 7. Develop execution ability
- Make sure that to choose proper manager to execute the strategic plan.

How to have effective strategic management?

There are six ways to reach effective strategic management.

Six ways to reach effective strategic management.

- 1. Clarify and update strategy
- 2. Communicate strategy throughout the company
- 3. Align unit and individual goals with strategy
- 4. Link strategic objectives to long term targets and annual budget
- 5. Identify and align strategic initiatives
- 6. Conduct periodic performance reviews to learn about and improve strategy

Assignment # 7

- 1. List and explain three important strategies in detail. In your opinion, what is the strategy of Seven-Eleven retails in Thailand in the last ten years? Explain.
- 2. List and explain six ways to reach effective strategic management.
- 3. What is the meaning of performance loss? What are nine cause of performance loss?
- 4. List and explain seven rules to prevent performance loss. In your opinion, which is the best rule? Why?