

STRATEGIC MANAGEMENT AND THE ENTREPRENEUR

Oleh:
I Gede Made Karma

Strategic Management

- Is crucial to building a successful business.
- Involves developing a game plan to guide a company as it strives to accomplish its mission, goals, and objectives, and to keep it on its desired course.

Strategic Management and Competitive Edge

- Developing a strategic plan is crucial to creating a competitive advantage
- Aggregation of factors that sets a company apart from competitors
- Gives a unique position in the market.

Strategic Management Process

- Step 1: Develop a vision and translate it into a mission statement.
- Step 2: Assess strengths and weaknesses.
- Step 3: Scan environment for opportunities and threats.
- Step 4: Identify key success factors.

Strategic Management Process

- Step 5: Analyze competition.
- Step 6: Create goals & objectives.
- Step 7: Formulate strategies.
- Step 8: Translate plans into actions.
- Step 9: Establish accurate controls.

Step 1: Develop a Vision and Create a Mission Statement

- Vision – an expression of what an entrepreneur stands for and believes in.
- A clearly defined vision:
 - Provides direction
 - Determines decisions
 - Motivates people
- Include in Feasibility Analysis

Step 1: Develop a Vision and Create a Mission Statement

- Mission - addresses question: "What business are we in?"
- A written expression reflecting the owner's values, beliefs, and vision.
- Sets the tone for the entire company; guides decisions people make.
- Include in Feasibility Analysis

Step 2: Assess Company Strengths and Weaknesses

- Strengths
 - Positive internal factors
 - Contribute to accomplishing the mission, goals, and objectives.
- Weaknesses
 - Negative internal factors
 - Inhibit the accomplishment of the mission, goals, and objectives.

Step 3: Scan for Opportunities and Threats

- Opportunities
 - Positive external factors used to accomplish company's mission, goals, and objectives.
- Threats
 - Negative external factors
 - Inhibit the firm's ability to accomplish its mission, goals, and objectives.

Step 4: Identify Key Success Factors

- Key success factors=relationships between a controllable variable and a desired outcome.
- influence a company's ability to compete in the market.
- secrets of competing successfully in a particular market segment.

Step 5: Analyze Competitors

- Analyzing key competitors allows an entrepreneur to:
 - avoid surprises from existing competitors'
 - identify potential new competitors and threats they pose.
 - improve reaction time to competitors' actions.
 - Anticipate rivals' next strategic moves.

Step 5: Analyze Competitors

- Monitor industry and trade publications.
- Talk to customers and suppliers.
- Listen to employees, sales reps, purchasing agents.
- Attend trade shows and conferences.

Step 7: Formulate Strategies

- Strategy
 - A "road map" that guides a company as it seeks to fulfill its mission, goals, and objectives.
- Three basic strategies:
 - Cost leadership
 - Differentiation
 - Focus

Cost Leadership

- Goal : to be the low-cost producer in the industry or market segment.
- Advantages:
 - Reaches price conscious consumers.
 - power to set the industry's price floor.
- Works well when:
 - buyers are sensitive to pricechanges.
 - when competing firms sell the same products
 - when a company can benefit from economies of scale.

Differentiation

- Company seeks to build customer loyalty by positioning its goods or services in a unique or different fashion.
- Idea is to be unique at something customers value.
- Key : Build basis for differentiation on a core competencies;
- Things that the small company is uniquely good at doing in

Focus

- Company selects one or more customer segments in a market,
- Identifies customers' special needs, wants, or interests
- Targets them with a product or service
- Strategy builds on differences among market segments.
- Company focuses on serving a niche (or several niches) within that market.