**STRATEGIC MANGEMENT SUGGESTED SOLUTIONS**

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1. Operational objectives are short term goal set by line management whose attainment moves an organization towards achieving a strategic or long term goals. In business operational objectives define clear, often measurable outcomes of the business operation or process typically expected to be achieved within a single calendar or fiscal year. *(e.g. reduction in customer complaints by 5% per month)*

Strategic Objectives are broad long term goals set by senior management. They are written statement describing an intended outcome. Strategic objectives are areas of organisational performance that are critical to the achievement of its mission. They are areas that describe the strategic direction of the organisation. They directly influence the outcomes of the organisation. An example of a strategic objective is; “*to achieve and maintain a position of leadership in the market.”*

Tactical objectives are the immediate short term desired result of a given activity, task or mission, usually entrusted to middle level management. They tend to be more measurable and are often in intermediate step to achieving operational objectives. As such, require decision making and problem solving skills. *(E.g. to reduce operating cost by 5% per annum)*

1. (a) A mission statement is the heart of your business and needs careful drafting. The following are key issues each mission statement must talk about:

* Technology

Is the firm technologically current? It is important to consider the technology of the company and how the business keeps pace with the inventions in technology. Modern technology makes older processes technologically obsolete and every company needs to keep pace with technology. How a company keeps pace with technology must be part of the team’s mission statement because that is what investors look for, plus, people like to work for companies that are technologically up-to-date.

* Customers

Who are the firm’s customers? The mission statement should spell out who are the firm’s customers and how they stand to gain from using its products or services.

* Concern of public image

Is the firm responsive to social, community, and environmental concern? A mission statement should spell out tasks the business is carrying out towards people in general and its job towards the common man and how it is helping the society fight, for example, environmental degradation.

* Products/services

What are the firm’s products or services? The mission statement should spell out the major products or services that the firm is producing or dealing in and how they touch the lives of the consumers.

* Philosophy

It should clearly state he basic beliefs, values, aspirations, and ethical priorities of the firm.

* Markets.

It should define the markets in which the firm is competing.

* Concern for survival, growth, and profitability

It should state how the firm is committed to growth and financial soundness.

* Self-concept

It should define the firm’s distinctive competence or major competitive advantage/s.

* Concern for employees

Are employees valuable asset of the form. It should state how the firm values its employees as its valuable asset.

(b) It should be acknowledged that no one mission statement is universal. Every organisation needs to draw its own mission statement. The Bank may need its own mission statement for the following reasons:

* It needs to define its fundamental purpose, philosophy and values. By having its own mission statement it will be able to answer the basic question of why the bank exists and describe the needs the bank was created fill.
* Without the guidance of its own mission statement, programmatic priorities are difficult to establish.
* The mission statement will provide the basis for judging the success of the bank and its programmes. It will help to verify if the bank is on the right track and making the right decisions.
* It will provide direction when the bank must adapt to new demands.
* The bank’s mission statement will enable the bank’s management to effectively adhere to its primary purpose and will serve as a touchstone for decision making during times of conflicts.
* It will also act as a tool for resource allocation.
* A mission statement should incorporate the needs of its stakeholders. If the bank develops a mission statement that suits the needs of the environment, it will attract more customers.

1. Three main stages of negotiation are:
2. Preparation/Pre-negotiation

It involves two major activities, namely; assessment and preparation.

1. **Assessment**

Involves:

* Determining whether the conditions are ripe for negotiations. The key question addressed in the assessment is: should we proceed or not. If the answer is “yes” then the assessment can be used to lay the groundwork for deciding how to proceed with the collaborative process.
* Asking questions about the parties to the dispute, their interests and their alternatives.
* Review the history of the disputes, whether each party is able to influence the outcome, and the dynamics underlying the dispute.
* Gages the potential for agreement.

**(ii) Preparation**

Involves:

* Acquiring the necessary skills, knowledge and resources to allow your group to negotiate on an equal footing with each other.
* Each party must assess its situation before deciding to negotiate. Each must decide for themselves whether negotiation can lead to better alternatives than the status quo, whether there can be a fair agreement; whether there is a balance among the parties in terms of skills and resources and whether the other party will be willing to negotiate.

**(iii) Negotiation.**

Involves:

* Setting the agenda in order to determine the subject matter well in advance. The agenda should be agreed by all parties to the negotiation. This enables the parties to own the process.
* During negotiations all parties should have an objective to come to an agreement. Concessions should not be made lightly and every opportunity should be taken to build up your own position.
* Search for a common ground rather adversarial point scoring.
* All parties should be ready to listen and ask questions to assess both the content of what is being said the tone in which it is said.
* Once the issues have been explored, all parties need to consider ways to move towards an agreement.

**(iv) Post-negotiation**

**Involves:**

* Publicising and implementing the agreement.
* Including the programme for implementation in the agreement e.g. date of commencement and who is to undertake the work.

1. (a) Strategy evaluation is critically important in today’s banking business because internal and external factors often change quickly and dramatically. Key factors need to be monitored during strategy evaluation process. For example, frequent changes in technology are shortening the product life cycle. Hyper inflation and foreign exchange shortages also affect the banks business.
2. Strategy evaluation must meet the following basic requirements to be effective:
3. Strategy should be simple, not too cumbersome, and not too restrictive. Complex strategic evaluation system often confuses people and accomplishes little. The test of an effective evaluation system is its usefulness, not its complexity.
4. Strategy evaluation activities must be economical; too much information can be just as bad as too little information, and too many controls can do more harm than good.
5. Strategy evaluation activities should also be meaningful. They should specifically relate to a firm’s objectives.
6. They should provide timely information.
7. They should be designed to provide a true picture of what is happening. For example, in a severe economic downturn, productivity and profitability ratios may drop alarmingly although employees and managers are actually working harder.
8. The strategy evaluation process should not dominate decisions; it should foster mutual understanding, trust and common sense. No department should fail to cooperate with another in evaluating strategies.

SECTION B

1. (a) Effective management and leadership of employee is the first concern for any manager at work. Effective management and leadership of employees not only enable Managers to accomplish their work tasks but also enable the organisation achieve its mission. Effective employee management and leadership enable the leader/manager to capitalize on the strengths of other employees and their ability to contribute to the accomplishment of work goals.

Effective employee management and leadership promote employee engagement, employee motivation, and employee development and employee retention.

(b) The following are four main factors that cause employees to resistant to change:

(i) Employees are caught unaware of the initiative.

(ii) Employees do not understand how the change will affect them.

(iii) Employees are worried how the transformation may change their roles and responsibilities.

(iv) Employees are concerned if they will be able to master the needed skills and knowledge to perform in the changed environment

Implementation of a change management programme will reduce employees’ resistance as well as diminishing dips in employee perception/productivity. It is important to understand that managing change cannot be accomplished by only telling employees of a new initiative. The manager needs to ensure that the right employees are receiving the message at the right time and that the right employees are prepared for what lies ahead.

As a manager, you should build in employees a comprehensive understanding of the following key aspects of managing change:

1. Why changes are needed and how the business and they will be impacted.
2. Why, when and how the changes will be implemented.
3. Importance of checkpoints to monitor and adjust the plan accordingly based upon employee awareness and understanding of the required changes.
4. Social, technical skills, education and training required to be successful in the new business environment.
5. Established readiness criteria to determine if employees have developed the skills and knowledge to operate effectively in the new business environment.
6. Metrics designed to align desired performance and behavioral changes with the business objectives to ensure benefit sustainability and continuous improvement.

1. It is a well known fact that some excellent strategies have failed to yield the expected results due to lack of effective leadership in the implementation phase.

HR Managers/HR professionals should be actively involved in the strategic management process because:

1. Employee advocate

HR Managers have the expertise in how to create a work environment in which people will be motivated, contribute positively and happy. They may also help establish the organisation culture and climate in which people have the competency, concern and commitment to serve customers well thereby achieving the organisation strategy.

1. Change champion

HRM/HR Professionals have knowledge about and the ability to link change to the strategic needs of the organisation that minimizes employee dissatisfaction and resistance to change

1. They also play a role in environmental scanning i.e. identifying and analyzing external opportunities and threats that may be crucial to the company’s success. Similarly HR management is in a unique position to supply competitive intelligence that may be useful in the strategic planning process. HR also participates in the strategy formulation process by supplying information regarding the company’s internal strengths and weaknesses. The strengths and weaknesses of a company’s human resources can have a determining effect on the viability of the firm’s strategic options.
2. HR professionals support the attainment of overall strategic business plan and objectives through HR services such as design of work positions, hiring, rewards, recognition, performance development and appraisal systems, career and succession planning and employee development.
3. They become strategic partners when they participate in the process of defining business strategy, when they ask questions that move strategy to action and when they design HR practices that align with the business strategy. By fulfilling this role, HR professionals increase the capacity of a business to execute its strategies. As strategic partners, HR professionals identify the HR practices that make the strategy happen. The process of identifying these HR priorities is called organizational diagnosis, a process through which an organization is audited to determine its strengths and weaknesses.
4. The most critical element in any strategy is its transformation into reality. No matter the quality of the analysis or the synthesis and selection of strategy, the only true measure of success is in its execution. The key determinant of successful strategy implementation is organisation structure. Therefore, it is important to align organisation structure with corporate strategy. Some of the reasons for align an organisation structure with corporate strategy are:
5. To suit the demands of the market place, customers and business model.
6. Since your competitors essentially have access to the same information and may have developed similar strategies, it is important to consider organisation design as your most powerful strategic weapons.
7. The organisation can effectively act upon its business strategy only if management has actually designed it in ways it can compete.
8. For effective and efficient use of resources.
9. Aligning an organisation structure to corporate strategy provide a framework for decision making, linking actions to strategies and provide a roadmap for achieving measurable results.
10. Changes and improves the way information flows between the board, executive leadership, senior management and throughout the organisation.
11. Assists in balancing compliance and commitment.
12. **Michael Porter’s Generic Strategies**

* Michael Porter regarded the selection of a defendable position within an industry as the end result of a competitive strategic analysis. He argued that successful, profitable companies generally choose to compete on either low costs or by differentiating their products to meet specific customer needs. Although these two strategic options are mutually exclusive, he added a third category of firms as niche players that serve a specific market or product segment. Porter's three generic strategies are:

### The Cost Leadership Strategy

This strategy involves the organisation aiming to be the lowest cost producer within their industry. Cost Leadership is about minimizing the cost to the organization of delivering products and services.

The orgainisation aims to drive cost down through:

* + - Increasing profits by reducing costs, while charging industry-average prices.
    - Increasing market share through charging lower prices, while still making a reasonable profit on each sale because you've reduced costs.

Companies that are successful in achieving Cost Leadership usually have:

* Access to the capital needed to invest in technology that will bring costs down.
* Very efficient logistics.
* A low cost base (labor, materials, facilities), and a way of sustainably cutting costs below those of other competitors.

The greatest risk in pursuing a Cost Leadership strategy is that these sources of cost reduction are not unique to your organisation; hence, other competitors may copy your cost reduction strategies. This is why it's important to continuously find ways of reducing every cost. One successful way of doing this is by adopting the Japanese [**Kaizen**](http://www.mindtools.com/pages/article/newSTR_97.htm) philosophy of "continuous improvement".

### The Differentiation Strategy

Differentiation involves making your products or services different from and more attractive than those of your competitors. How you do this depends on the exact nature of your industry and the products and services themselves, but will typically involve features, functionality, durability, support and also brand image that your customers value.

To make a success of a Differentiation strategy, organizations need:

* Good research, development and innovation.
* The ability to deliver high-quality products or services.
* Effective sales and marketing, so that the market understands the benefits offered by the differentiated offerings.

Large organizations pursuing a differentiation strategy need to stay agile with their new product development processes. Otherwise, they risk attack on several fronts by competitors pursuing Focus Differentiation strategies in different market segments.

### (c) The Focus Strategy

Here the organisation focuses its efforts on one particular segment and becomes well known for providing products/services within the segment. Companies that use Focus strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low cost or well-specified products for the market. Because they serve customers in their market uniquely well, they tend to build strong brand loyalty amongst their customers. This makes their particular market segment less attractive to competitors.

As with broad market strategies, it is still essential to decide whether you will pursue Cost Leadership or Differentiation once you have selected a Focus strategy as your main approach: Focus is not normally enough on its own.

Whether you use any of the above, the key to making a success of a generic strategy is to ensure that you are adding something extra as a result of serving only that market niche. It's simply not enough to focus on only one market segment because your organization is too small to serve a broader market (if you do, you risk competing against better-resourced broad market companies). The "something extra" that you add can contribute to reducing costs (perhaps through your knowledge of specialist suppliers) or to increasing differentiation (though your deep understanding of customers' needs).