

# Engineering Economics & Management

## Strategic Management

11<sup>th</sup> April 16

# Strategy

*11<sup>th</sup> Apr 16*

# What is Strategy?

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- Strategy is the direction and scope of an organization over the long term, to achieve advantage for the organization using the available resources, to meet the needs of the market as well as stakeholder expectations.
- Strategy is long term plan to achieve a particular goal.

# Approaches to Strategy

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## **1. Position → Building a fortress and defending it.**

A firm or organization develops a strong market position by practicing its internal and external capabilities

## **2. Resources → Developing and leveraging resources.**

Utilization of resources efficiently and identifying key factor that help organization to grow.

## **3. Opportunistic → Flexibly grabbing opportunities with simple rules**

Ability and flexibility to grab an opportunity for the organization and meet the requirement to grow organization business.

# Approaches to Strategy

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	Position	Resources	Opportunistic
Strategic steps	Identify an attractive market Locate a defensible position Fortify and defend	Establish a vision Build resources Leverage across markets	Jump into the confusion Keep moving Seize opportunities Finish strong
Strategic question	Where should we be?	What should we be?	How should we proceed?
Source of advantage	Unique, valuable position when tightly integrated market	Unique, valuable, inimitable resources	Key processes and unique simple rules
Works best in	Slowly changing, well-structured markets	Moderately changing, well-structured markets	Rapidly changing, ambiguous markets
Duration of advantage	Sustained	Sustained	Unpredictable
Risk	It will be too difficult to alter position as condition change	Company will be too slow to build new resources as condition change	Managers will be too tentative in executing on promising opportunities
Performance goal	Profitability	Long-term dominance	Growth

# The BOSTON Matrix

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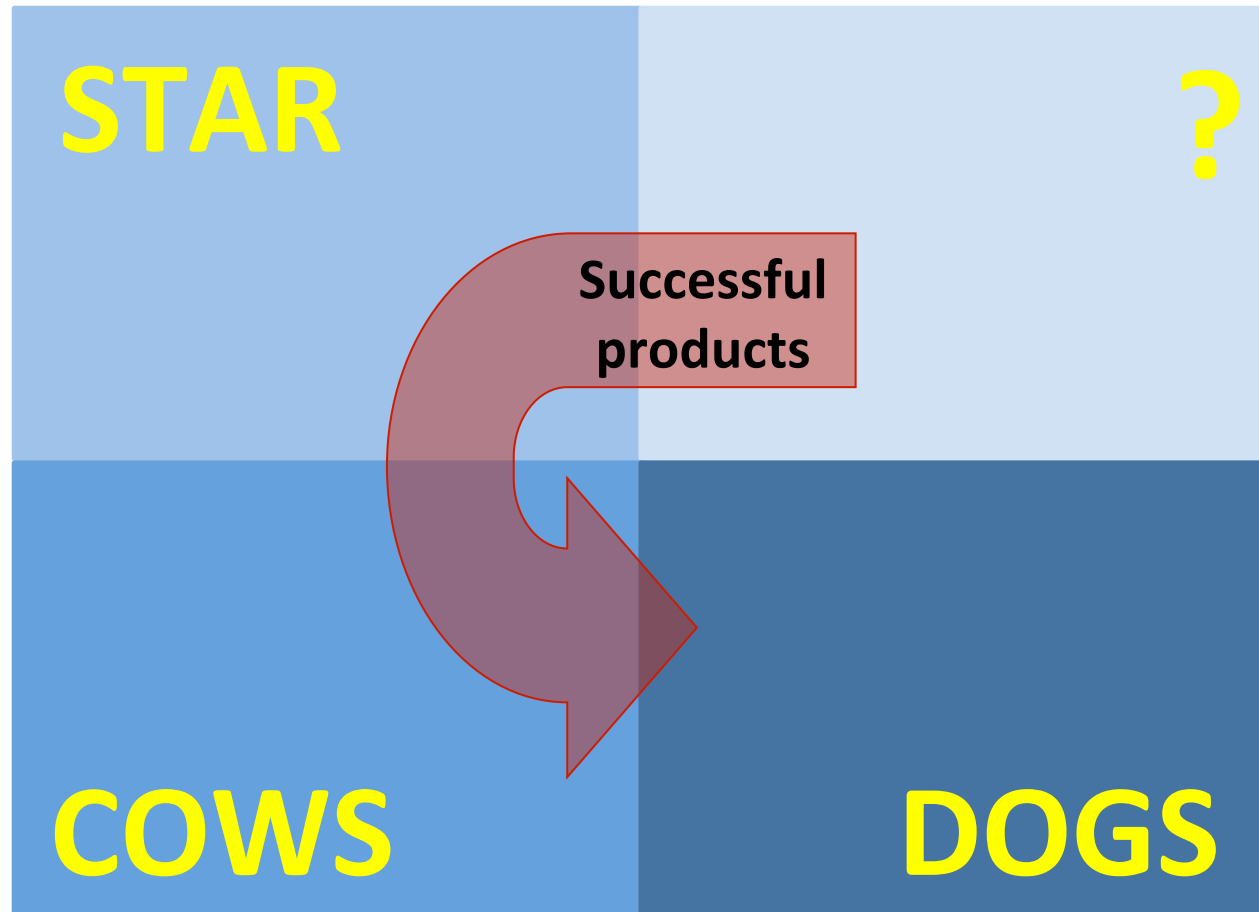


**Boston Matrix is used for product portfolio and analysis.**

**Market share and growth is measured using this.**

# The BOSTON Matrix

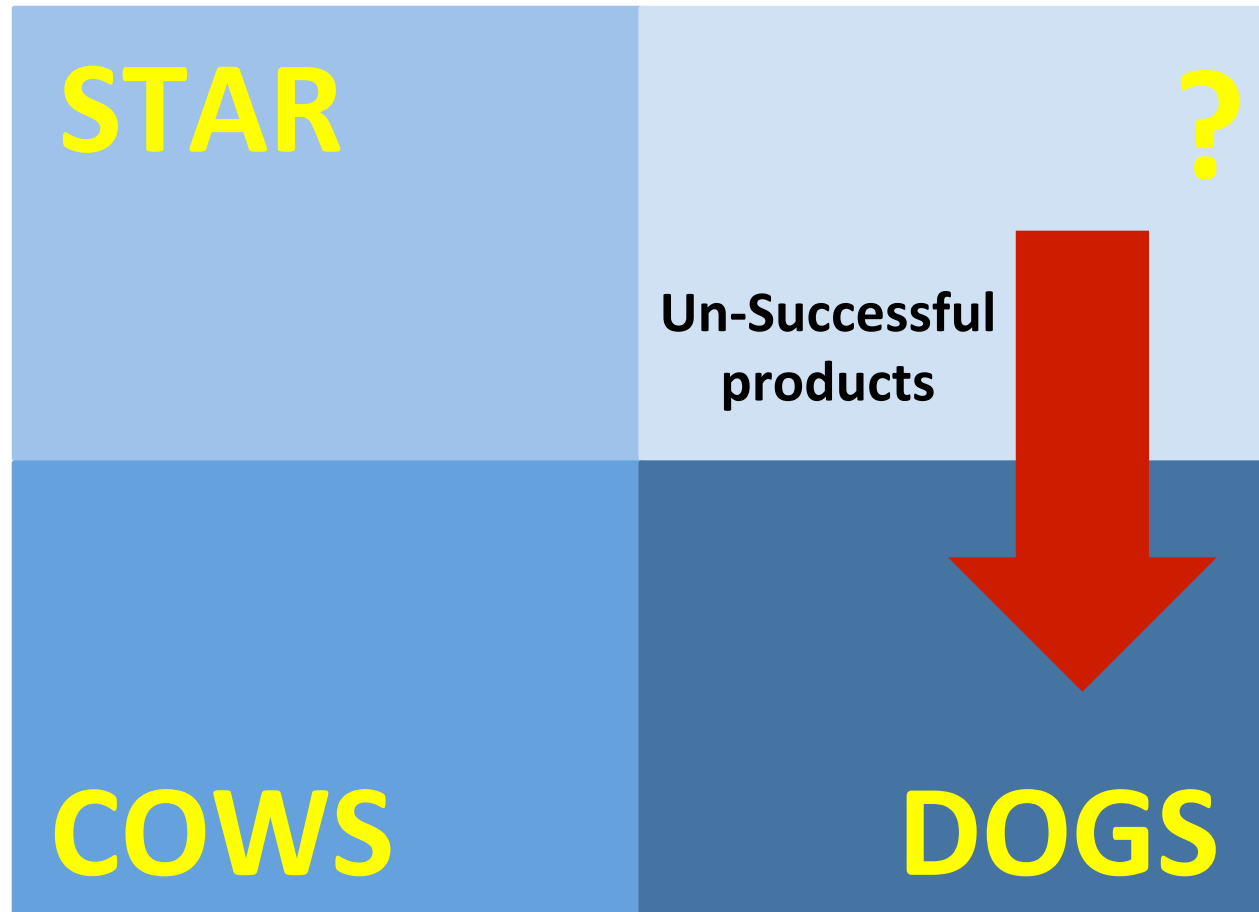
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# The BOSTON Matrix

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# The BOSTON Matrix

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**Fast Growth**  
**Great market share**  
**Market leading products**  
**Investment needed to retain**

**Less market share**  
**No Growth**  
**Decision needed**

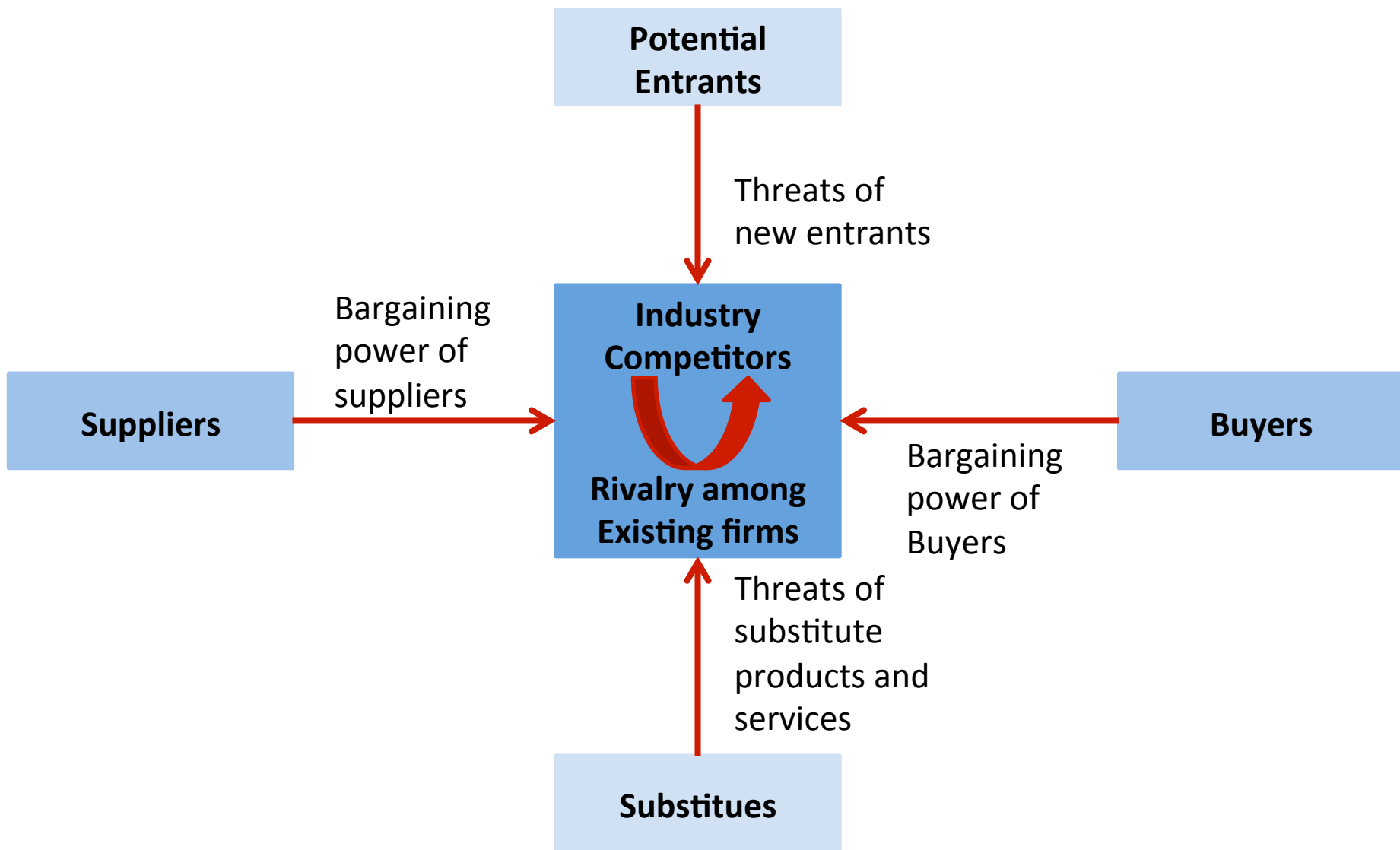


**Low growth in market**  
**Do not require much support**  
**Dominant in market**

**Weak market share**  
**Responsible in making losses**  
**Low growth market**

# Porter's Five forces of Competition

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# Thankyou

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