

# STRATEGIC ANALYSIS

**MEANING:**  
Analysing = Scanning which means to “look our quickly and systematically” i.e. to be done for

- **External Environment**  
↓  
Opp.    Threats
- **Internal Environment**  
↓  
Strengths    Weakness

**LO1: STRATEGIC ANALYSIS**

**Two crucial factors** – while drawing good strategy

Industry and Competitive conditions    →    Company's external capabilities & Limitations

**Issues:**

**1. TIME**

↓

Strategy evolves over time. Small decisions turned over night.

**2. BALANCE**

↓

Based on our strength we have to take/capitalize opportunities

**3. RISK**

↓

Complexities in the environment result in org's/ Co's inability

↓

**External**

↓

<1 yr. (ST)  
Wrong interpretation  
\*Strategic Failure

(LT)>1 yr.  
Δ by Environ.  
Obscencence of strategy

**Internal**

↓

<1 yr. (ST)  
Org. is unable to cope with stg demand.\*

(LT)>1 yr.  
Δ by internal capacities and preferences\*

**LO2: SITUATIONAL ANALYSIS**

**A. External Analysis**

- Customer Analysis  
↓  
Seg    Mot    UnN
- Competitor Analysis (SWOT)  
↓  
Identify    Image & Performance    Action Plan
- Market Analysis (Porter's 5 force)  
↓  
Key triage    Entry Exist Barriers
- Environment Analysis (do PEST)

**B. Internal Analysis**

- Performance Analysis  
↓  
Financial    Non-Financial
- Determinants Analysis  
• Decides your ability and measures both strengths, weakness.

**C. Strategy Identification and selection**

Env. stg  
 ↓  
 Current Performance → Ind stg → SWOT → Stg Options  
 ↓  
 Co. Stg.    ↓  
 Evaluable [Req/Res/Risk]

**LO3: INDUSTRY & COMPETITIVE ANALYSIS**

Competition: Two or more entities fight for something

Seven Issues:

- Nature and strength of competition
- Overall industrial attractiveness
- Triggers of change
- Dominant Economic feature
- Assessing competitive position (SGA)
- Key Success Factor
- Likely moves of competitors

**LO4: SWOT Analysis**

<p><b>Strengths (IF)</b> Like: Innovation, Quality, Technology</p>	<p><b>Weakness (IF)</b> Like: Inability, Unskilled, Damaged reputation</p>
<p><b>Opportunities (EF)</b> Like: Internet, Δ in tech, New markets</p>	<p><b>Threats (EF)</b> Like: New competitor, Price Cow, High incidences of Tax, etc.</p>

**LO5: TOWS Analysis- Henz Wehrich**

<p><b>SO-stg (maxi-maxi)</b> maximize both strength &amp; Opportunities use S → O</p>	<p><b>W-O-stg (mani-maxi)</b> by grabbing opportunity to overcome weakness. use O → W</p>
<p><b>S-T-stg (maxi-maxi)</b> Capitalise the strength &amp; Opportunities. use S → O</p>	<p><b>W-O-stg (mani-maxi)</b> by grabbing opportunity to overcome weakness. use O → W</p>

**LO6: PORTFOLIO ANALYSIS**

**Business Portfolio (BP)**

**Aim:** 1) Analyse Current BP.  
2) Develop Growth Stg. by new B.  
3) Decide which is no longer retained

**C1: Strategic Business Unit (SBU)**  
It could be a division, product, or a company

**C2: Experience Curve effects**    ↑ E cop ↓  
When org gets more experiene, less cost of production

**C3: Product Life Cycle:**

**W I G D M**  
**4 1 2 5 3**

**LO7: BOSTON CONSULTANT GROWTH MATRIX [BCG]**

**Stars:** Everyone love this position, as high growth rate, high RMS

**Question Mark:** High Growth, but doesn't generate much costs

**Cash cows:** generate cash in. Excess of cash needed. No need of investments

**Dogs:** Best to sell this (dogs) business, invest in another.

**LO8: ANSOFF PRODUCT GROWTH MATRIX**

	<b>Product</b>		
		<b>Present</b>	<b>New</b>
<b>Market</b>			
<b>Present</b>		Market Penetration	Product Development
<b>New</b>		Market Development	Diversification

**LO9: ARTHUR D LITTLE MATRIX**

	B. Industry maturity			
A. Competitive Position	Embryonic	Growth	Mature	Ageing
<b>1. Dominant</b> – Like monopoly	✓	✓	✓	✓
<b>2. Strong</b> – market share is strong	✓	✓	✓	-
<b>3. Favourable</b> – No single player controls	✓	✓	-	✗
<b>4. Tenable</b> – may face erosion by stronger ones	✓	-	✗	✗
<b>5. Weak</b> – continuous loss of market share	-	✗	✗	✗

**LO10: GENERAL ELECTRIC BUSINESS SCREEN (GEBS)**

<b>MARKET ATTRACTIVENESS</b>	HIGH	Investor Grow		
	MEDIUM		Earn Selectively	
	LOW			Harvest or divest
		Strong	Medium	Low
<b>COMPETITIVE POSITION</b>				