



Strategic Management Strategies

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STRATEGIES

“Without a strategy the organization is like a ship without a rudder, going around in circles.”

“Strategy without theory is frivolous, strategy without execution is wishful thinking.”

HELPS A COMPANY PREPARE FOR THE FUTURE!

Role of SWOT Analysis in Crafting a Better Strategy

- **S W O T** analysis *involves more than just developing the 4 lists* of strengths, weaknesses, opportunities, and threats
- The most important part of **S W O T** analysis is
 - *Using the 4 lists to draw conclusions about a company's overall situation*
 - *Acting on the conclusions* to
 - Better match a company's strategy to its resource strengths and market opportunities
 - Correct the important weaknesses
 - Defend against external threats

TOWS MATRIXS

- The TOWS Matrix indicates four conceptually distinct alternative strategies, tactics and actions.
- The process of strategy formulation and the TOWS analysis is shown below in which 'T' stands for threats, 'O' for opportunities, 'W' for weaknesses and 'S' for strengths.
- This process includes seven steps:

TOWS Matrix

<p>INTERNAL FACTORS (IFAS)</p> <p>EXTERNAL FACTORS (EFAS)</p>	<p>Strengths (S)</p> <p>List 5 – 10 <i>internal</i> strengths here</p>	<p>Weaknesses (W)</p> <p>List 5 – 10 <i>internal</i> weaknesses here</p>
<p>Opportunities (O)</p> <p>List 5 – 10 <i>external</i> opportunities here</p>	<p>SO Strategies</p> <p>Generate strategies here that use strengths to take advantage of opportunities</p>	<p>WO Strategies</p> <p>Generate strategies here that take advantage of opportunities by overcoming weaknesses</p>
<p>Threats (T)</p> <p>List 5 – 10 <i>external</i> opportunities here</p>	<p>ST Strategies</p> <p>Generate strategies here that use strengths to avoid threats</p>	<p>WT Strategies</p> <p>Generate strategies here that minimize weaknesses and avoid threats</p>

STEPS IN TOWS METRIXS

- **Step 1**, deals with some basic questions pertaining to the internal and external environments (the kind of business, geographic domain, competitive situation, top management orientation).
- **Step 2**, concerns primarily the present situation in respect external environment factors (social, political, demographic, product technology, market and competition).
- **Step 3**, deals with future situation in respect to the external environment (forecast, predictions and assessment of the future).
- **Step 4**, concerns activities to develop alternatives.

STEPS IN TOWS MATRIXS

- **Step 5**, deals with activities necessary to develop strategies, tactics and more specific actions in order to achieve the enterprise's purpose and overall objectives.
- **Step 6**, concerns consistency of these decisions with the other steps in the strategy formulation process.
- **Step 7**, deals with prepare contingency plans.

The analysis starts with the **external environment**. The external threats should be listed in box "T" in *Figure 14*, and opportunities should be shown in box 'o'. Threats and opportunities may be found in different areas, such as economic, social, political and demographic factors, products and services, technology, markets, and competition.

TOWS Matrix

SO Strategies

- Strategies that enable competitive advantage, external opportunities match well with internal strengths, allows for competitive advantage to be built and maintained.
- Use internal strengths to capitalize on external opportunities.
- For example, if you have a person or committee that is adept at writing grant proposals and there is a lot of grant money available, then a strategy may be to devote more focus to this area.

TOWS Matrix

ST Strategies

- Mitigation Strategies:
 - firm possesses internal strengths that facilitates neutralization of external threats, may lead to temporary advantage if competitors are impacted by environmental threats.
- Use internal strengths to avoid external threats.
- Suppose there is a threat of funding decreasing dramatically in your service area. What are your organization's strengths that can help? Do you have deeper pockets to simply weather the storm?

TOWS Matrix

WO Strategies

- Acquisition/Development Strategies, situation where strategies are formulated to acquire or develop new resources/capabilities to take advantage of external opportunities.
- Improve internal weaknesses by using external opportunities.
- Better and ultimately hang on to funding.

Improve internal weaknesses by using external opportunities. Using the grant writing example again, suppose your agency hasn't had success in this area. That's a weakness, but are there opportunities to gain access to these grant monies? You could hire an expert or consultant. You could outsource the whole project. Perhaps you decide to send a staff member to various training and seminars so he or she can become your own in-house expert.

TOWS Matrix

WT Strategies

- The most defensive position on the matrix.
- The strategies created are intended to avoid threats and minimize weaknesses.
- It is most often used when an organization is in a bad position.
- Better and ultimately hang on to funding.

Applying SWOT Analysis

1. Review Case Material
2. Identify the Primary Problems/Issues
3. Analyze Internal/External Environments
4. Develop Strategic Alternatives
5. Make Strategy Formulation & Implementation Recommendations

TOWS Matrix To Gain Competitive Advantage

<p>Internal factors</p> <p>External factors</p>	<p><u>Internal Strengths (S)</u></p> <p>e.g. cultural norms, education system, political system, natural resources, transportation system, infrastructure, technological innovation, managerial practices</p>	<p><u>Internal Weaknesses (W)</u></p> <p>e.g. weaknesses in areas shown in the box of "internal strengths"</p>
<p><u>External Opportunities (O)</u></p> <p>e.g. European Union, North America, Eastern Europe, Former Soviet Republics, Pacific Rim & Asia</p>	<p>S-O Strategy: Maxi-Maxi</p> <p>Potentially the most successful strategy, utilizing the nation's strengths to take advantage of opportunities in the global market</p>	<p>W-O Strategy: Mini-Maxi</p> <p>e.g. a developmental strategy to overcome weaknesses in order to take advantage of opportunities</p>
<p><u>External Threats (T)</u></p> <p>e.g. from companies or whole industries from areas shown in the box of "external opportunities"</p>	<p>S-T Strategy: Maxi-Mini</p> <p>e.g. use of strengths to cope with threats or to avoid threats</p>	<p>W-T Strategy: Mini-Mini</p> <p>e.g. invite foreign investments and make it attractive to those firms or industries</p>

Application of TOWS Matrix to Winnebago

	<p><u>Strengths:</u></p> <ol style="list-style-type: none"> 1. Identifiable Corporate Name With a Good Reputation 2. Good Service and Warranty 3. Established Dealer Network With Good Dealer Relations 4. Extensive Research and Development Capabilities 5. Automated, Economical Plant 6. Manufacturing of Most Parts for the Motor Home 	<p><u>Weaknesses:</u></p> <ol style="list-style-type: none"> 1. Vulnerability Because of Single-product Company 2. Concentration on Higher Priced Units 3. Heavy Investment in Toolmaking Raising Costs of Model Changes 4. One-plant Location 5. No Preparation for Transition from Family to Corporate Management
<p><u>Opportunities:</u></p> <ol style="list-style-type: none"> 1. Demand for Smaller RVs 2. Development of International Market 3. Demand for Low-cost Modular Housing (FHA Subsidy for Mortgage Loans) 	<p><u>SO:</u></p> <ol style="list-style-type: none"> 1. Emphasize Smaller, More Efficient Motor Homes (O₁ S₁ S₂ S₃ S₄ S₅ S₆) 2. Expand into Foreign Markets (O₂ S₁ S₄) 3. Diversify into Modular Housing (O₃ S₁ S₄ S₆) 	<p><u>WO:</u></p> <ol style="list-style-type: none"> 1. Develop and Produce Smaller RVs (O₁ O₂ W₁ W₂) 2. Build Smaller Plants in Different Parts of the Country and Abroad (O₁ O₂ W₄)
<p><u>Threats:</u></p> <ol style="list-style-type: none"> 1. Gasoline Shortage and Higher Prices of Gasoline 2. Slackening Demand for RVs 3. "Trade-up" Creates Secondary Market 4. Increased Competition (GM, Ford, International Harvester, VW, Toyota) 5. Impending Safety Regulations 	<p><u>ST:</u></p> <ol style="list-style-type: none"> 1. Diversify into Farm Equipment, Railroad Cars (T₁ T₂ T₃ S₁ S₃ S₄ S₅) 2. Consider Diesel Engines for Motor Homes (T₁ S₄) 3. Make RVs Safer in Anticipation of Safety Regulations (e.g. Visibility, Flame Retardant, Crash Resistant, Brakes) (T₄ T₅ S₄) 	<p><u>WT:</u></p> <ol style="list-style-type: none"> 1. Sell the Company (T₁ T₂ T₄ W₁ W₄ W₅)

Application of TOWS Matrix to Volkswagen

	<p>Internal Strengths:</p> <ol style="list-style-type: none"> 1. Strong R & D and Engineering 2. Strong Sales and Service Network 3. Efficient Production/Automation Capabilities 	<p>Internal Weaknesses:</p> <ol style="list-style-type: none"> 1. Heavy Reliance on One Product (Although Several Less Successful Models were Introduced) 2. Rising Costs in Germany 3. No Experience With U.S. Labor Unions if Building Plant in the U.S.
<p>External Opportunities: (Also Consider Risks)</p> <ol style="list-style-type: none"> 1. Growing Affluent Market Demands More Luxurious Cars with Many Options 2. Attractive Offers to Build an Assembly Plant in U.S. 3. Chrysler and American Motors Need Small Engines 	<p>SO:</p> <ol style="list-style-type: none"> 1. Develop and Produce Multiproduct Line with Many Options, in Different Price Classes (Dasher, Scirocco, Rabbit, Audi Line) (O₁ S₁ S₂) 2. Build Assembly Plant Using R & D, Engineering, and Production/Automation Experience (O₂ S₁ S₃) 3. Build Engines for Chrysler and AMC (O₃ S₃) 	<p>WO:</p> <ol style="list-style-type: none"> 1. Develop Compatible Models for Different Price Levels (Ranging from Rabbit to Audi Line) (O₁ W₁) 2. To Cope with Rising Costs in Germany, Build Plant in U.S., Hiring U.S. Managers with Experience in Dealing with U.S. Labor Unions (O₂ W₂ W₃)
<p>External Threats:</p> <ol style="list-style-type: none"> 1. Exchange Rate: Devaluation of Dollar in Relation to Deutsche Mark (DM) 2. Competition from Japanese and U.S. Automakers 3. Fuel Shortage and Price 	<p>ST:</p> <ol style="list-style-type: none"> 1. Reduce Effect of Exchange Rate by Building a Plant in the U.S. (T₁ T₂ S₁ S₃) 2. Meet Competition with Advanced Design Technology - e.g. Rabbit (T₂ T₃ S₁ S₃) 3. Improve Fuel Consumption Through Fuel Injection and Develop Fuel Efficient Diesel Engines (T₃ S₁) 	<p>WT:</p> <p>A. Overcome Weaknesses by Making Them Strengths (Move Toward OS Strategy)</p> <ol style="list-style-type: none"> 1. Reduce Threat of Competition by Developing Flexible Product Line (T₂ W₁) <p>B. Possible Options not Exercised by VW:</p> <ol style="list-style-type: none"> 1. Engage in Joint Operation with Chrysler or AMC 2. Withdraw From U.S. Market

TOWS Matrix

Case Study

Apple Inc.

https://ws.elance.com/file/Strategic_Management_Case_Study_-_Apple_Inc._-_Kait_Vinson.pdf?crypted=Y3R4JTNEcG9ydGZvbGlvJTl2ZmlkJTNEMzI5NzEyMTAlMjZyaWQlMoQtMSUyNnBpZCUzRDMyNTk5NzU=

Ends of Discussion