

Strategic Management & the Entrepreneur

Essentials of Entrepreneurship & Small Business Management

(section 2: Building the Business Plan: Beginning
Considerations)

Tomas W. Zimmerer & Norman M. Scarborough

Presented By Samin Saghafi 83/6/28



Key words:

- Strategic management
- Mission
- Goals & objectives
- Competitive advantage
- SWOT

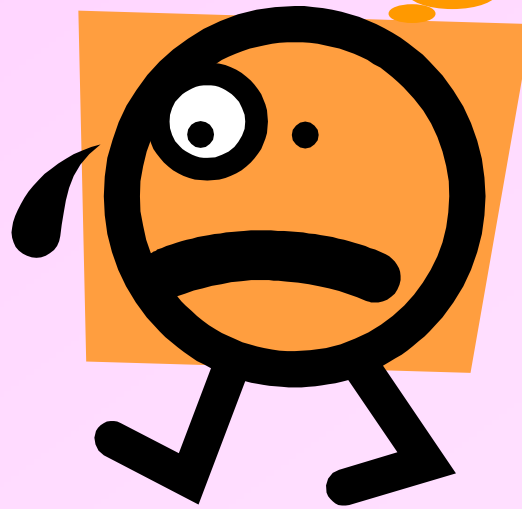


Overview:

- Why competitive advantage
- Create a strategic plan
- Meaningful mission statement
- Company's SWOT
- Meaningful goals and objectives
- Strategic alternatives

Technological Change

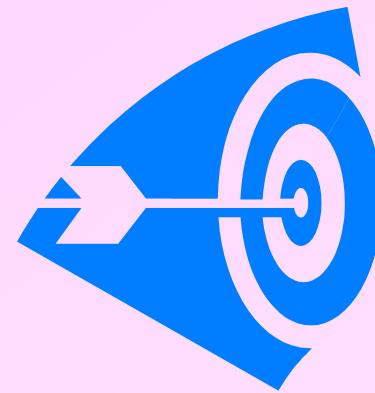
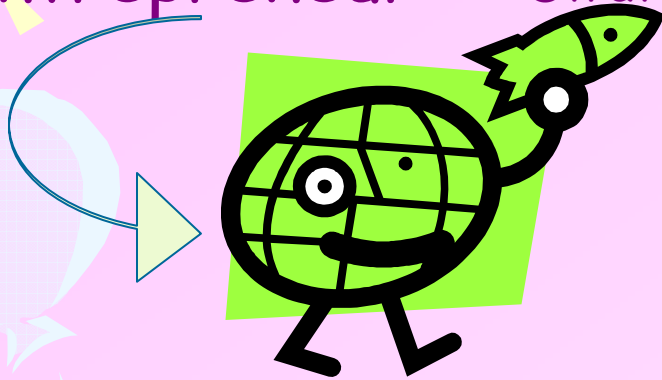
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Why Strategic Management?

Entrepreneur

Strategic Management



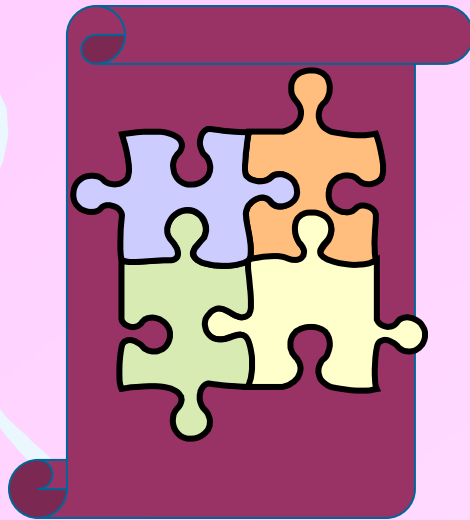
Strategic Management involves developing a game plan to guide a company as it strives to accomplish its mission, goals, and objectives, and to keep it on its desired course.

Competitive Advantages:

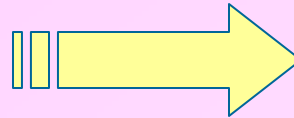


Aggregation of factors that sets a company apart from its competitors and gives it a unique position in the market.

Plan



Create



Unique Image



Potential Customers



Small business 's Strategic management Procedure

- Use a short planning
- Be informal
- Encourage the participation of employees
- Do not begin with setting objectives
- Focus on strategic thinking



Strategic Management Process

1. Develop a clear vision and translate it into a meaningful mission statement
2. Define the firm's core competencies and the market segment
3. Assess the company's strengths and weaknesses
4. Investigate environment opportunities and threats



Strategic Management Process

5. Identify the key factors for success in the business
6. Analyze the competition
7. Create company goals and objectives
8. Formulate strategic options
9. Translate strategic plan into action plans
10. Establish accurate controls



1. Develop a clear vision ...

- Vision
- Mission
- Elements of a mission statement
- To write a powerful mission

Vision

- Is based on value
- Values are like organizational DNA
- Tell people how to act
- The picture that leaps into your mind when you close your eyes and dreams about what you want your organization to become.



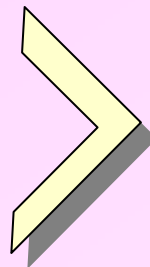
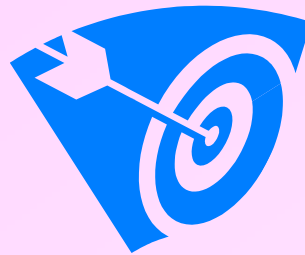
Vision

Respect for the individual and innovation to creating satisfied customers



Marketing the world a better place

Entrepreneurs:



mission

- What business am I in?
- Why we are here?
Where we are going?
- Why an organization is, why it exists?



Elements of a Mission Statement


- Basic beliefs and values
- Target customers
- Basic products and services
- Better satisfy
- Constitutes value
- Competitive advantages
- Market segments
- Key stakeholders



To write a powerful mission statement

- Keep it short
- Keep it simple
- Get everyone involved
- Keep it current
- Reflects the values
- Best effort
- Reflects a concern for the future
- Positive and upbeat
- Other company's mission statement
- Use it



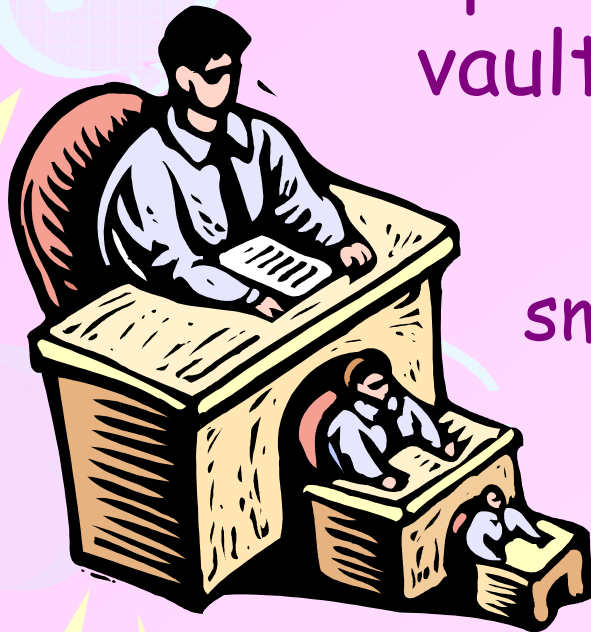


2. Define the firm's core competencies ...

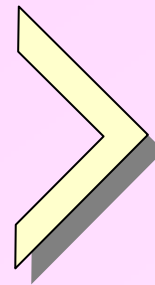
- Core competencies
- Creating your companies' Core competencies
- Market segmentation
- Positioning

Core competencies

A unique set of capabilities that a company develops in key operational areas that allow it to vault past competitors.



small company



large company

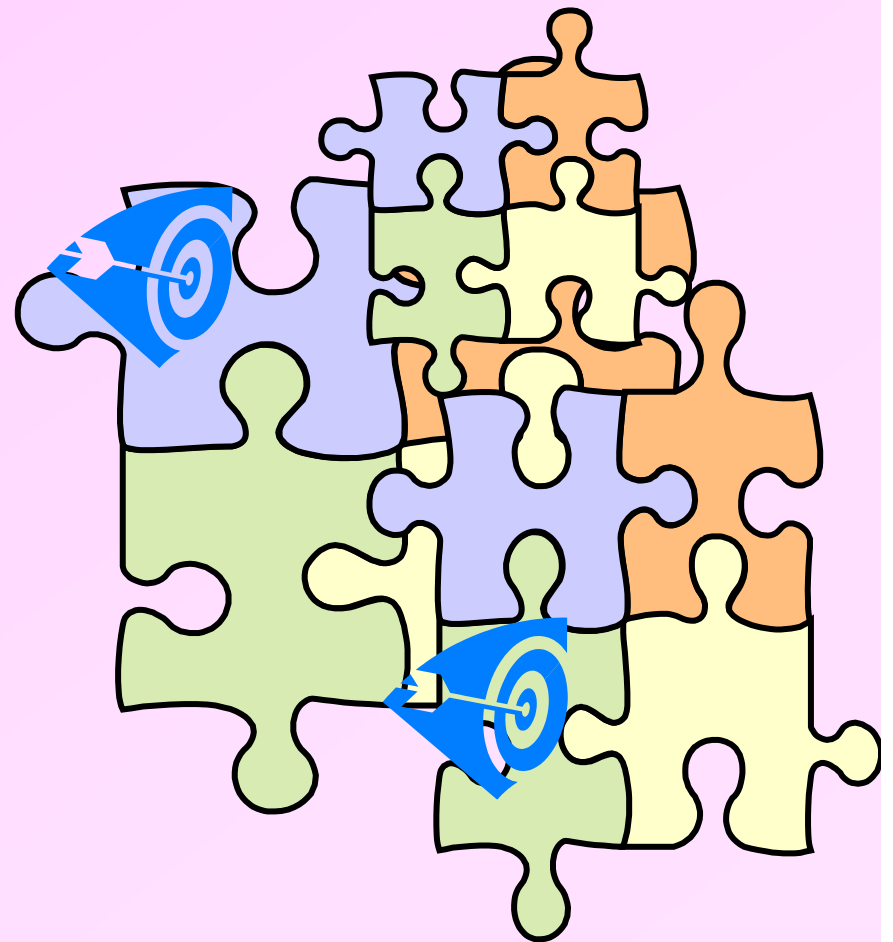
Creating your companies' Core competencies

- Customers
- Customers' characteristics
- Buying our goods
- Increase or decrease purchases
- Competitors



Market segmentation

Carving up the mass market into smaller, more homogeneous units and then attacking each segment with a specific marketing strategy.



Positioning

Influencing customers' perceptions to create the desired image for the business and its goods and services.



3. Assess the company's strengths and weaknesses

- Strengths
- Weaknesses



4. Investigate environment opportunities and threats

- Opportunities
- Threats



5. Identify the key factors for success in the business

Key success factors:

- Market share
- Price competitiveness
- Financial strength
- Product quality
- Customer loyalty



6. Analyze the competition

- Competitor analysis
- Competitive profile matrix

Competitor analysis

Update your knowledge of competitors:

- Major competitors
- Cost structure
- New competitors
- Competitors' key strategies
- Strengths and weaknesses
- Customers view



Competitor analysis

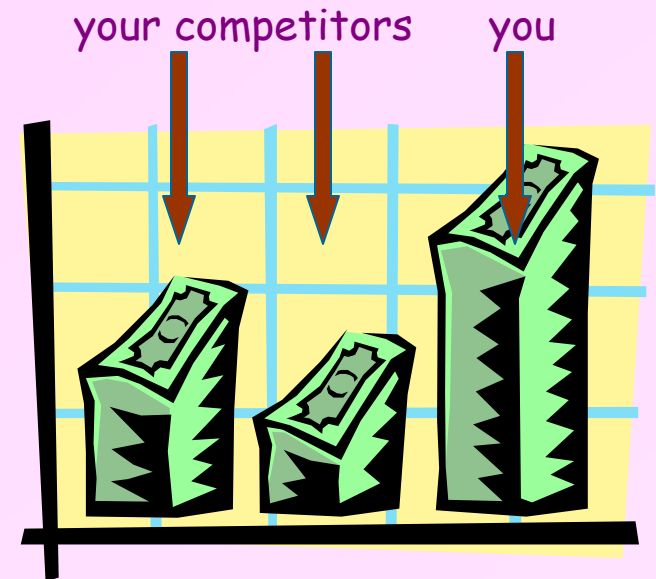
Update your knowledge of competitors
(using-low cost methods):

- Read trade publications
- Ask customers & suppliers
- Talk to employees
- Attend trade shows
- Buy their products
- WWW



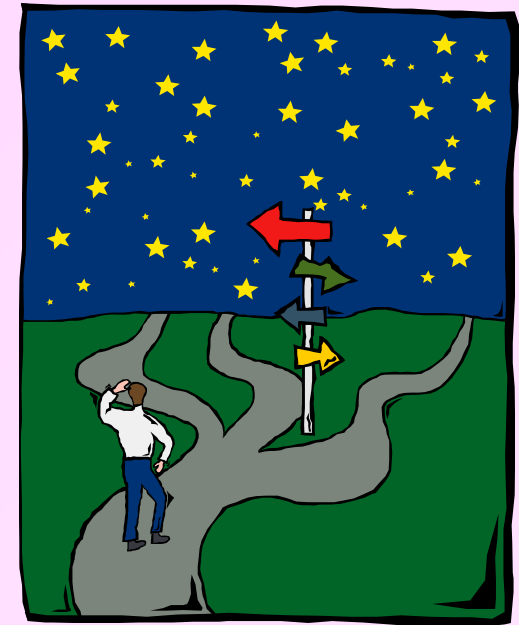
Competitive profile matrix

A tool that allows a business owner to evaluate his company against major competitors on the key success factor for that market.



7. Create company goals and objectives

- Targets importance
- Goals
- Objectives

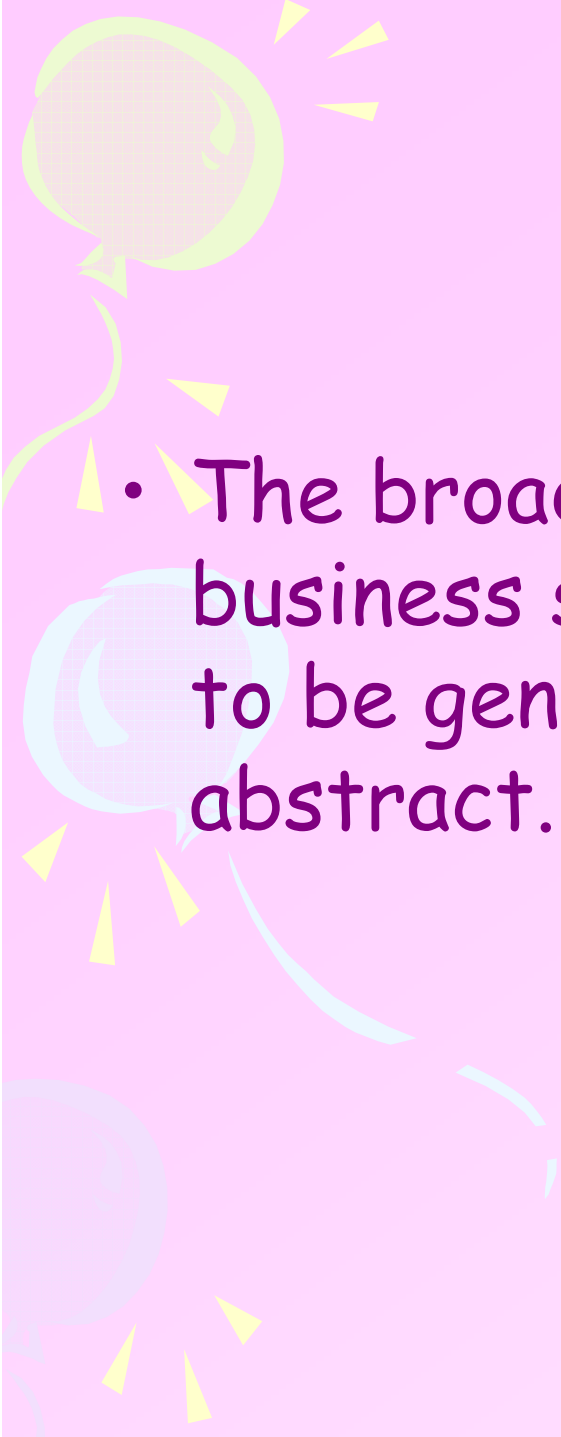


Targets importance

that depends ...

which way ...





Goals

- The broad, long range attributes that a business seeks to accomplish; they tend to be general and sometimes even abstract.



Objectives

- Specific
- Measurable
- Attainable
- Realistic & Challenging
- Timely
- Written down



8. Formulate strategic options

- Strategy
- Competitive strategy:
 - » Cost leadership
 - » Differentiation
 - » Focus



Strategy

- A road map of the tactics and actions an entrepreneur draws up to fulfill the firm's mission, goals, and objectives.



Cost leadership

- A strategy in which a company strives to be the lowest-cost producer relative to its competitors in the industry.



Differentiation

A strategy in which a company seeks to build customer loyalty by positioning its goods or services in a unique or different fashion.



Focus


A strategy in which a company selects one (or more) segments of a market, identifies their special needs, wants, and interest, and offers them a good or service designed to excel in meeting those needs, wants, and interest.

9. Translate strategic plan into action plans

- Purpose
- Scope
- Contribution
- Resource requirement
- Timing



10. Establish accurate controls

Planning without control has little operational value  a planning program requires a practical control process



Conclusion

- Why competitive advantage
- Create a strategic plan
- Meaningful mission statement
- Company's SWOT
- Meaningful goals and objectives
- Strategic alternatives



Thanks for your
attention