Subject: Business Economics

Course: B.A., 6th Semester, Undergraduate.

Paper No: 602

Paper Title: Business Strategy & Ethics.

Unit No.: 4 (Four)

Title: Strategy Implementation & Control.

Lecture No: 2 (Two)

Title: Institutionalizing the Strategy.

Glossary

Process

Business owners generate strategies using a number of managerial tools. Qualitative tools, such as SWOT analysis -- a tool that identifies internal strengths and weaknesses, as well as external opportunities and threats -- can help managers to identify strategic opportunities.

Quantitative tools, such as the reports generated by a Total Quality Management software package, can help to provide insight into a company's strengths and uncover hidden issues using statistical models.

Structure

A company's organizational structure must support its strategy. Employees at all levels of the company must be empowered to effectively complete the tasks necessary to achieve organizational objectives, and company structure can aid or hinder employees in their roles.

Structure can also dictate the means by which strategies are formed. Bureaucratic companies tend to generate a majority of strategic ideas at the top levels of management. Companies with flatter structures, on the other hand, often involve a range of employees in strategy sessions.

Considerations

Both strategy and structure need to be refined and modified over time. No matter how strategy and structure evolves, however, ensure that these two crucial elements always fully support each other, never hindering or hampering the effectiveness of the other.

Strengths

Successful leadership requires capitalizing on strengths and managing around weaknesses. Strength can be defined as consistent, near perfect performance in an activity. An individual should perform an activity at around a 95% success rate in order to consider their performance of that activity strength.

Ethics

Organizational leadership requires ethics. Ethics aids leaders in balancing truth and loyalty, individuals and communities, short-term and long-term, and justice vs. mercy.

Effective leaders utilize ethics to look for the "hidden alternative" in ethically questionable situations. It is the compass by which leaders navigate not only right vs. wrong, but also right vs. right.

Prospectors

Prospective organizations are innovative in nature and they always look for new opportunities in the market. They tend to have a developmental culture that values creativity, risk-taking and adaptability. Employees in such organizations follow a less routine-based approach and are always encouraged to come up with new ideas.

Defenders

Companies that operate in relatively narrower and clearly defined market segments are defenders. They achieve growth through development of unique technology and market penetration. Such businesses tend to have hierarchical culture in which routines and standardization are valued and technical knowledge is given more preference.

Analyzers

Analyzers are the companies that operate in two market environments; one is relatively dynamic and the other stable. They operate effectively in the stable environment. In turbulent domains they critically scrutinize the competitors' ideas and opt for the one that seems most promising. Rational culture is best suited for companies with this strategy. Decisions are taken based on facts and observed evidences.

Reactor

A reactor strategy is the dynamic one. They do not form a specific corporate strategy and deal with the situations as they occur. This is why they do not have a unique culture. Sometimes they are innovative, sometimes defender, and sometimes both.