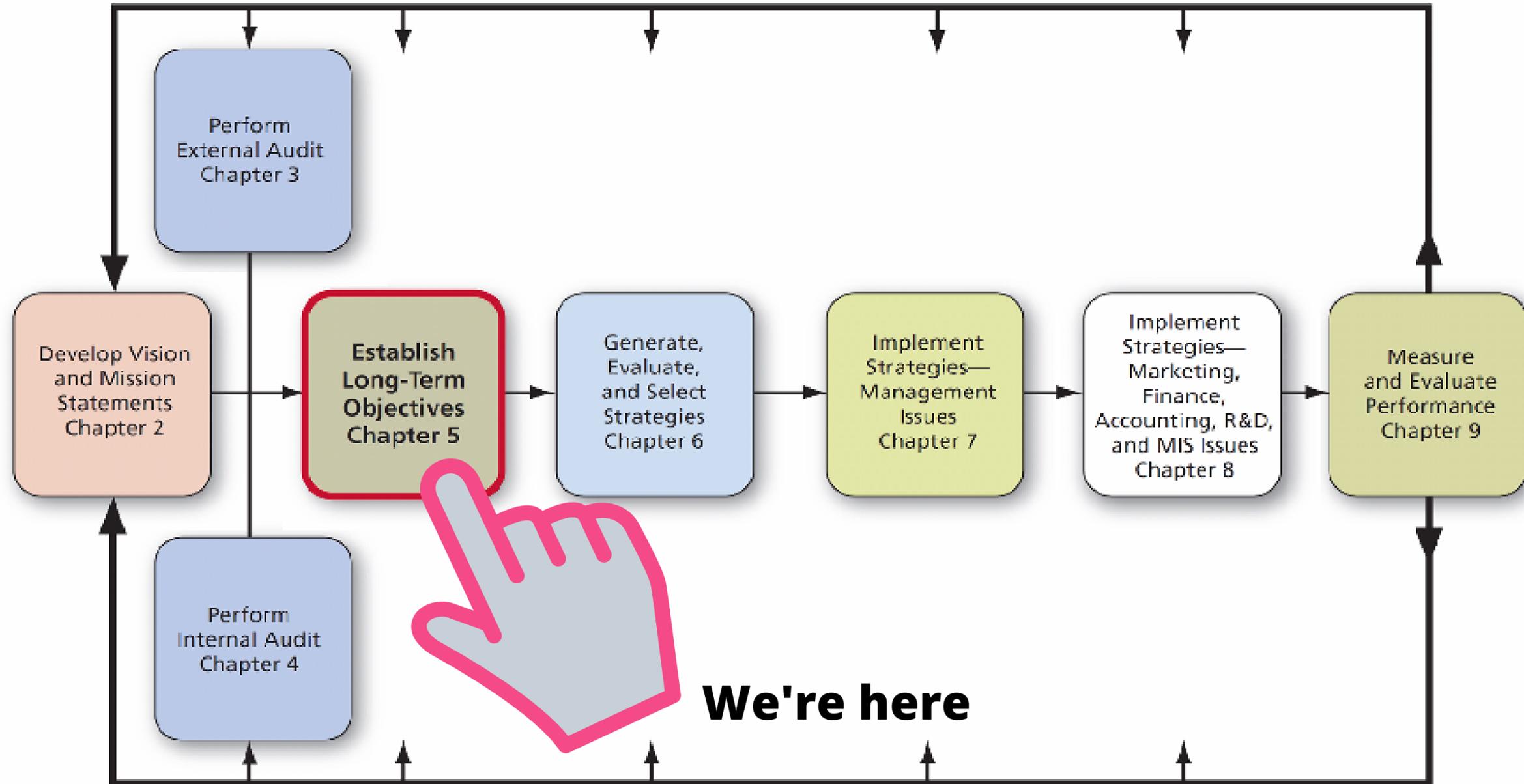


WEEK 8

Strategies In Action

Presented by Yudit Ayu Respati, S.E., M.Si

Chapter 10: Business Ethics/Social Responsibility/Environmental Sustainability Issues



We're here

Chapter 11: Global/International Issues

Long-term Objectives

- Represent the results expected from pursuing certain strategies
- Strategies represent the actions to be taken to accomplish long-term objectives
- The time frame for objectives and strategies should be consistent, usually from 2 to 5 years.
- Without long-term objectives, an organization would drift aimlessly toward some unknown end.



CHARACTERISTICS OF LONG-TERM OBJECTIVES



Quantitative

Can be expressed by numbers



Measurable

Should be easy to measured



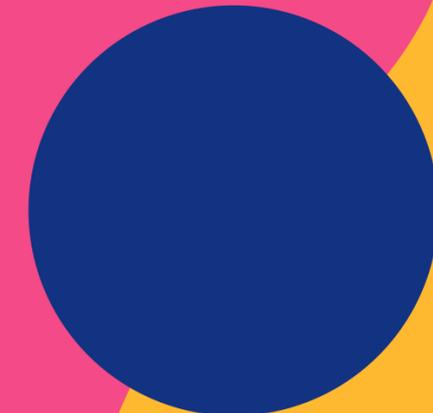
Realistic

Sholuld be fit with capability and resources



Understandable

Should be clear and should be communicate well to all of the part of organization



CHARACTERISTICS OF LONG-TERM OBJECTIVES



Challenging

Long-term objectives should increase motivation



Hierarchical

each level in the organization must have a goal to achieve bigger goal



Obtainable

long-term objectives must be obtained (data and information available to achieve long-term objectives)



Congruent

Long-term objectives must be aligned with the company's vision and mission

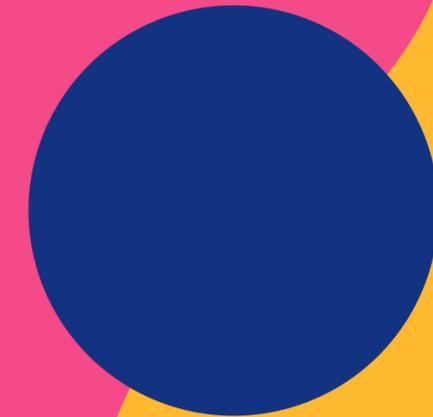


TABLE 5-3 The Benefits of Having Clear Objectives

1. Provide direction by revealing expectations
 2. Allow synergy
 3. Aid in evaluation by serving as standards
 4. Establish priorities
 5. Reduce uncertainty
 6. Minimize conflicts
 7. Stimulate exertion
 8. Aid in allocation of resources
 9. Aid in design of jobs
 10. Provide basis for consistent decision making
-

The Example of Long-term Objectives

Objectives are commonly stated in terms such as growth in assets, growth in sales, profitability, market share, degree of diversification, degree of vertical integration, earning per share, social responsibility

VS

Financial Objectives

Related to money,
ex: growth in revenues, growth in earnings, higher dividends, larger profit margins, greater return on investment, improve cash flow, and so on

Strategic Objectives

Related to the existence of the organization,
ex: larger market share, quicker on-time delivery than rivals, lower cost than rivals, higher product quality than rivals, and so on

Financial Objectives vs Strategic Objectives

Although financial objectives are very important for companies, sometimes companies have to make difficult decisions when faced with circumstances that require companies to choose between financial objectives and strategic objectives.

The company's action to maximize financial objectives will sometimes destroy the company's strategic objectives. For example, sometimes companies will increase product prices to increase profits, but this will make the market share of these products go down in the future

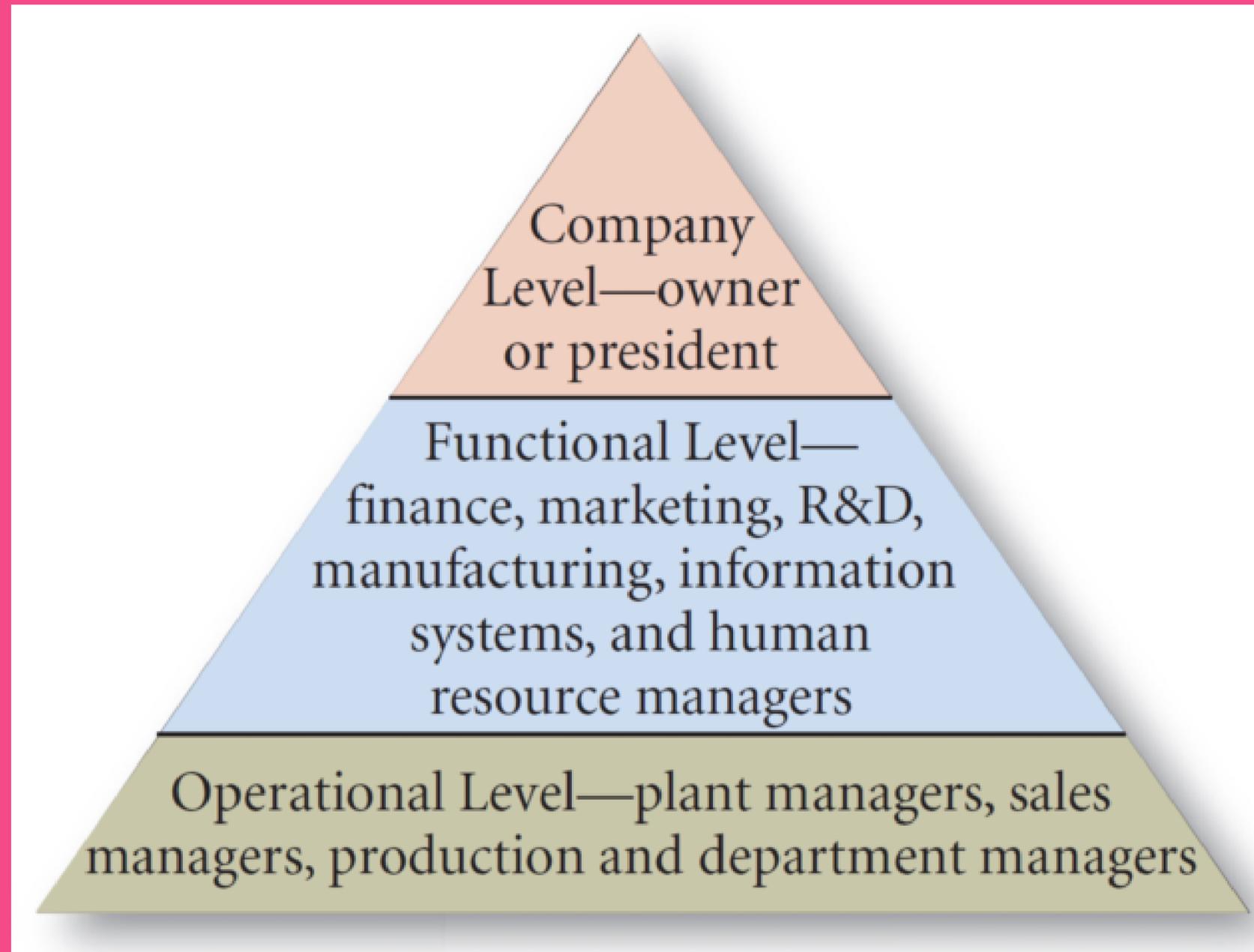
Levels of Strategies – Large Company



Each level in the organization carries out strategies according to its level to achieve the objectives of each level so that the organization's greatest objectives can be achieved

Levels of Strategies – Small Company

Each level in the organization carries out strategies according to its level to achieve the objectives of each level so that the organization's greatest objectives can be achieved



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Types of Strategy

Vertical Integration Strategies



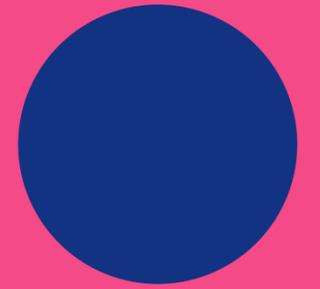
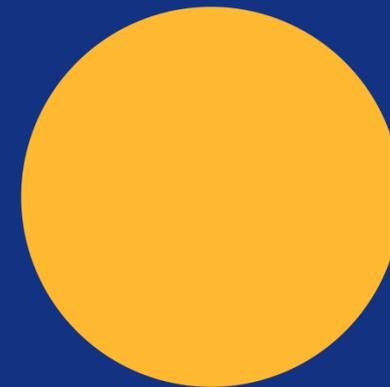
Forward Integration

Gaining ownership or increased control over distributors or retailers



Backward Integration

Seeking ownership or increased control of a firm's suppliers



Intensive Strategies



Market Penetration

Seeking increased market share for present products or services in present markets through greater marketing efforts



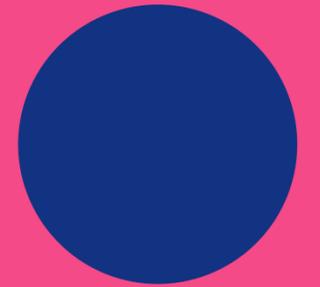
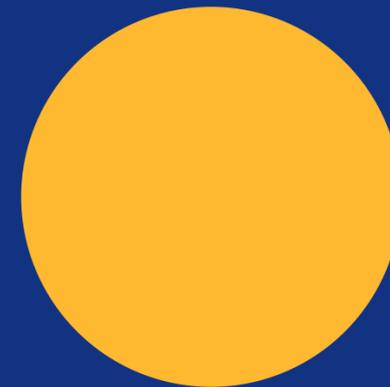
Market Developmen

Introducing present products or services into new geographic areas



Product Developmen

Seeking increased sales by improving present products or services or developing new ones



Diversification Strategies



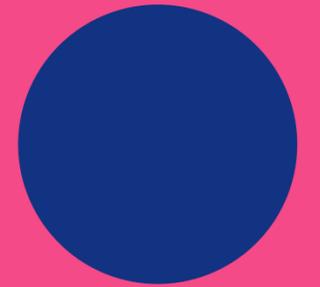
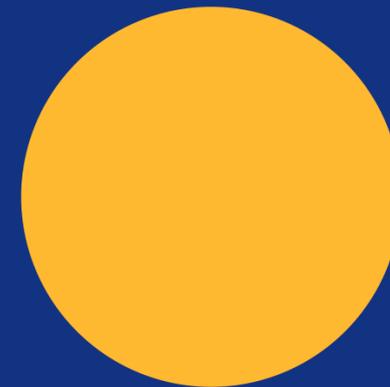
Related Diversification

Adding new but related products or services



Unrelated Diversification

Adding new, unrelated products or services



Defensive Strategies



Retrenchment

Regrouping through cost and asset reduction to reverse declining sales and profit



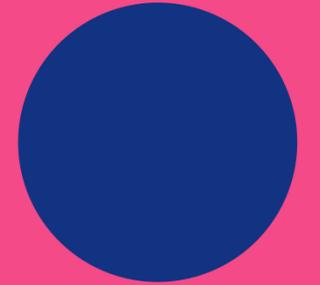
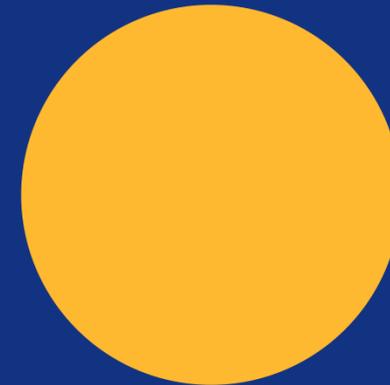
Divestiture

Selling a division or part of an organization



Liquidation

Selling all of a company's assets, in parts, for their tangible worth



Porter's Five Generic Strategies

<i>Target Scope</i>	<i>Advantage</i>	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

The Michael Porter's Five Generic Strategies has a focus on creating strategies that helps to gain competitive advantages from three different bases: Cost leadership, Differentiation and focus.

There are three main streams for the Michael Porter's Generic Strategies which are: Cost leadership, Differentiation, and Focus

These main strategies are divided in 5 types:1. Type 1: Low Cost -Strategy2. Type 2: Best Value-Strategy3. Type 3: Differentiation4. Type 4: Focus- Low Cost5. Type 5: Focus -Best value

- 
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 - There are three main streams for the Michael Porter's Generic Strategies which are: Cost leadership, Differentiation, and Focus
 - These main strategies are divided in 5 types:
 1. Type 1: Low Cost -Strategy
 2. Type 2: Best Value-Strategy
 3. Type 3: Differentiation
 4. Type 4: Focus- Low Cost
 5. Type 5: Focus -Best value

Cost leadership	Type 1:	Low Cost - Strategy	It offers products or services to a wide range of customers at the lowest Price available on the market.	Targets a large market
	Type 2:	Best Value- Strategy	It offers products or services to a wide range of costumers at the best Price value available on the market; the best value strategy aims to offer customers a range of products or services at the lowest Price available compared to a rival's products with similar attributes	
Differentiation	Type 3:	Differentiation	Strategy aimed at producing products services considered unique industry wide and directed at consumers who are relatively Price insensitive	
Focus	Type 4:	Focus- Low Cost	It offers products or services to a small range (niche group) of customers at the lowest Price available on the market	Targets a small market. Full the needs of small groups of consumers
	Type 5:	Focus –Best value	It offers products or services to a small range of customers at the best price-value available on the market. Sometimes called focused differentiation.	

THE WAY TO FOR ACHIEVING STRATEGIES



Cooperation among Competitor

cooperate with competitors in the company's operations to reduce competition



Joint Venture and Partnering

Two parties who have capital work together



Merger

The joining of two or more companies becomes a company with a new name



Acquisition

Join two or more companies and use one company name

