Lec #2:

Internal analysis…

What we do look at the analysis

Weakness, opportunities, strengths and threats

Strategy map?

It is the map of understanding our posing in the market and achieving it, it like a chain.

Start from resource, the transformation for resource to processes, the activities we do to transform to raw materials to process. The transformation reaches to value to the costumer.

Resource-> row materials, human resource, raw materials, we should know the weakness and Strengths of those.

What weaknesses we have in finance, and later we do the business process.

Customer is one of the players in the strategy.

Swot analysis…

we will learn the process of creating swot and how to transform swot to strategy

Internal -> weaknesses and strengths

External -> opportunity or threat

Something we have control upon is internal, far away from our control is external.

I have got a declining market share? Internal

I have got a declining market demand? External.

Don’t put neutralized thing in the Swot (based in competitors).

Don’t cloud your swot, it will add a noise.

How to pick stresses and weaknesses (7-s framework)

Structure

Is it a flat? Matrix structure? Team? Primed? Vertical organization? Informal structure?

First define the structure then put bad and good things output this.

Good or bad is based on how much it is helping in the market.

Is it too complex for the size of the company or not?

Systems:

Procedures, measures of performance, software, iT, and whatever helps us (the science)

Style:

The style of management, dictator, berockratek, open door policy, king style of, family style.

Where the decision is taken place.

Structure, the departments, organizational structure, you can see it.

Style is more organic, more intangible.

If the market is dynamic a more open style is needed.

Staff:

Hr side, people, the moral of our work force, the motivation the creativity , how happy they are, and the HR tools, reward system, training , pms performance appraisal. Communication tools and skills.

Skills, capabilities, knowledge, intellectual property, it doesn’t matter where it is, know how, how it will implement.

Strategy:

Does the company have a strategy, define it, does it taking it seriously, and why? What is missing about it?

Are it aligned with the other 6 S

Grouping all of this together is the core/shared values.

Shared values:

Are the paradigm of the company, the believes system of the company, values, levees, what makes us successful, the symbols we use.

Culture is more important than knowledge.

Positive values, can make us compete more in the market, healthy.

We should check where we are with the 7-s in the current situation and then we should imagine how they look like in the future (where we want to be)

No systems, to better systems.

Style of management is update.

From brocratek to open door style.

The 7 s only focus on the strengths and weakness

The values are last to change, the values and the culture is something very heavy like “titanic”, we should think in advance before meeting the iceberg.

Answer question #2 of the Borg Holding case.

**Structure**, informal structure, bad because it was not helping the business

Good, no delegation, sometimes was refusing some work to get rid of headache.

**System**, No process, procedures, Performance measures, lack of corporate governance.

**Style,** open door policy, trust based, relationships, one man show, and no delegation, don’t trust employee managers.

Two style of management, style of the family business, and a style for the companies he co- owns.

Bad: involvement in tiny details, bottle nick,

**Stuff**, low, loyalty, recruit friends, recruit family members, in some business they are slow waiting for tom feedback, hazy reporting, lack of motivation,

Bad: no HR policy as they can recurring the family members.

No HR planning

**Skills**,

Bad, Incompetent managers were taking tom as a reason for their incompetency,

No administration skills, no planning skills or communication skill.

Good, Risk management skills. Project management skills, Jims skills, Antony has financial analysis skills, Tom, communication skills, Peter, logical and critical thinking.

**Strategy**:

There is no strategy, short term planning, seeking high profitability whatever the diversification is aligned with the group or not.

**Shared values**,

Family values, family traditions,

Bad: family members were in conflict all the time.

There is no distinction between what is for Borg family and what is for the business.

What is the distinguish between competitive advantages and the strength?

Not every strength is a competitive advantage, CA is hard to imitate and it is important to the customers as if it is not it will be useless, it could be a skill, a technology, it could be a value or culture, it is durable, it could be related to a product or it could be related to the company having the product, it could be R & D like Hunda in building engines, it not easy substitutable by something else, can’t be easily copied, it came up with too much of interaction between systems, peoples, machines, everything, it is all about 7-s they all should be there, monopoly is a competitive advantage.

Pyramids is a competitive advantages for Egypt in Tourism industry.

Most company has comparative advantage

At the center of the good onion is the competitive advantages whenever you go outer it can be copied

At the center of the bad onion is the competitive disadvantage, you the one who cry, your culture your people,

Culture if it is good it will not be easy to copy and if it bad it will not be easy to get rid of it.

Absolute advantage is used for the company level competitive advantages is for company level.

**Lec #3**

External analysis:

Macro – forces:

Political Economic Social Technology Environment

Micro forces

Supply chain (suppliers ->Competition -> buyers)

New entrance

We define the new entrants separately to don’t forget about them, they are agile, fast movers, they are called small fishes, and we should take everything seriously, at some day we were one of them.

Substitutes

It can come from totally different industry, we need to know how they are, the pros and cons of those for our market segment, sometimes we cooperate with the enemy, let us look at furniture:

The governemnet decided to open the economy and create more competition, ex, reduce the tarrif bariers,

Like dynamics in the buliardo balls.

Ther first kick of happened in socil as the feel there is a monobily, then the ball goes to the encomic, then the gov increased the tarrif, then there will be new entrants, then the ball wil hit the buyers, thenn they will start to buy, then the market share will increase for new entries, so the the competiton will start, then suppliers of wood will be affected.

The orginal orgs will ask the suplliers to law supplyers to low the prices, or they will nogetiate with gov to decrease the tarrifs, (we have strices, we laying out people, we will improve the situation but give us a time), what they did is creating barrier to entry for the new entrants with the gov, they can also import the parts that is important and just produce the parts they are clover at, they could see other markets, they can merge to be one big company,

Forward integration means, moving more to the buyers by opening more shops and be close to the customers.

Backward integration, back to the suppliers.

We take a snap shot of the market in the current the satiation, then look at it in for example 18 months.

We should do today 5 forces and 18 5 forces of porter.

New entrants, competition, substitutes, suppliers and buyers

We have high, medium and low Burgeoning power (supplier, competition and buyer) people you transact with, trading situation.

We have high, medium and low Threats (new entrants, competition and substitutes)

Switching cost (like you don’t change a person you know well and go to a new one) like coupons on restaurants, it makes the substitute more expensive for the buyer.

The strategy map:

Resource, 7 s analysis (weakness, strengths, aonuion model) and we came up with competitive advantages, then we went to the area of external analysis and how they affect the 5 forces and this give us the understand of the opportuinites and thrits, then we should build a matrix of cA(Compititave advantage)1 an ca2 and cd (disadvantages)1 and cd2, we should rank then match, how we can take advantage of ca1 +o1, ca1+o1.

How to convert resource to customer values through business process.

Business process:

Some activies inside company don’t have much value we should ask how much avalue we should get from each activity.

Like one generating a report a financial repot that is not used, how much of those acivitives we have inside companies.

Those acitives are invisible and we need to find them, so we first need to find value added activies.

The value chain is our chain of activies.

Inound logistics -> operattions -> outbound logistics \_> marketing and sales \_-> service.

Not all companies have the same value chain, event compitotors.

Upstream activites ar e mor closer to the raw matreials, downstream activities are more closer to the customer.

Panasonic value added in the dark area.

Compititave advantage of Panasonic is upstream as it closer to the raw materials.

The value system and the supply chain.

Which product?

What are the benefits for the customer? (good value for money, fast, 27/7)

Online Web Development

Dedication

Getting things done in time, and fast response

Understanding the client need & Good Communication

- Only senior peoples can interact with the client

- Our core values can be easily used to promote new people for this task.

**Lec #4:**

Strategic design, we are not going to design by think out of the box way, not liner/logical way.

To have a good strategy you have to think out of the box and come up with surpising ideas

Today we are going to study the Hamel style, looking at the read ocean

Strategy as a revolution is that value is not something which more than looking area for improvement, it should something exterordinary that change the standerds of the market.

You look at the trends at the market and you strat to break the ruls of success in a specific industry.

What are the critical success factors of a specific industry,

Younger people are more flexable and more dynamic and welcome change.

Case of Anita Roddick.

Current frustration of anita, expensive cosmetic, testing on animals, advertisement

She hitted the 5 forces on the new entrants one.

You need three types of peple

1. Young people 20-30
2. People at the geographic periphery of the organization
3. New comers – people how have not been influenced by current industry rules.

Analysis way:

1. Think of ciritical success factors of the industry
2. Start break this ruls, may be marketing, supply chanin, raw material access, operation, etc..

You don’t need to do business in normal way, you can come with innovative ideas

Fighting the Giants

You have to look at everything in a positive way even the negative things.

Emerging market company usually have a voliatitile political situation, lack of copywrite inforcement

And they fight and survice with all of this, the isuue is they graw first becase they were close to government, they use their connection, they start representing western brands, they use their knowalage and then they graw and then they start t export, first they copy then they adupt then later they devlop new ideas and innovate, and they strat to acuire western companies. So what is the secret, how they do this?

Defender to extender or dodger

From extender to contender

From dodger to extender

Rarely from dodger to contender.

The idea is power available inside the company or the country.

Whre do we have capapillity, where we have the competitivate adavantages, our capapilityies.

The ather 6 are external to the company but are realted to the country.

Abundants: there are many abundants raw materilas, labor, energy, customers that are good for expertemental ground, abundants man power, land, sand, only think of advantages, water, ground water, wind, a lot of young people, some skills computer programmers.

Globaster, is to find a way to a binifit for the 7 mantrich fr your product.

Sophisticstics, is becase the country is famous of it like foul and ta3meya, not only unique but historical, it also could be in the wy you do things, like the way the Arabic furneters, the company can use this leaver to export.

The innovation never stops, if you are good at something you can innovate more on it.

Weak giants, all companines have some weak points, use the weak points of giants multinationals.

Supply chain: starting form schools, institues, web design companies.

National drivers: which of my products has the heightest score change to compete in the gloabal market.

What is government giving emphases on , which support to industry, sometimes depending on country policeies, like education, cheep energy it could be used to go global,

National barriers, keep companies back from growing, for example, lack of copy write enforcement

You need to learn to deal with voliataile market with corapted government.

If get ride of the national bariers you can graw faster.

**Lec #5**

Exam 21st June

3rd august 5:30 PM (2A and 2B) both hard and soft copies to sally

Strategic options and corporate strategy

SWOT matrix

We started with the basic understaning of 7S thinking

We look at advantage and dis

7s framework (bad (Compataitve disadvan)and good(copatative and comparative advanatages) onion)

Then we looked at the BEST analysis and 5 forces

Then we looked at the opportiunites and threads from this analysis

We make a list of opportunites and a list of Threats, now we have to link them to come up with strategies

How can I generate a strategy that take advanteges of opportinuity to overcome of a specific weeknees?

The WT strategy most of the time be defensive, most of the times the Threat is there becase of the weekness.

Taktickle means short term.

The issue with the swot is having a boundl of actions to do, now we need to organize them into a frame work, which one we start with, we learn how to organize them.

Strategy options framework.

We need to have an idea where to end up, we need to get the path we want to take, we call it Generic strategy, then go to the next level, the foundation like a building the foundation determenst the layout fo the building

You either compete in cost or compete in difrentiation (cost leadership or difrentiation), if we decide we be a price compatotor, we fouce on cost, operation strenath the leadership, the other one to be uniqe innovative, have something extra in your product.

You you should decide to be champion of cost or champion of deffrentiation, you can ‘t be both as some one will compete with you in one of them.

Narrow target: targeting a small market segment like lamburgeny or jugwer

Broad target: like marcidies as it has varaity of cars for difrent segments like family cars exucitives cars etc..

Once we dicide the bases we have to decide the strategic direcetion, eather to graw or to shrink.

You have to trim customers wasting time

Ansoff matrix:

Related diversification is relaed to your skills and know how

Unrelated diversification is working in a new field

The strategic methods is how we will implement the growth for example, we can do it by acquisition, merger, etc..

Exporting is market development.

Horizontal and vertical integration: they are related deiversification

Vertical integarion means manifactorara and by my supplier (backward int)

Verticalizatin try to control the supply chain

Horizontal means is to stay of one of the chain parts, it means that yu focus on specific strength.

Building a new factory in antoher company is a geographily diversification and it is considered Horisontal integratioin

Backward and forward integration are parts of vertical integration NOT horizontal integration

I am orascom construction and producing ciemant and build buildings this is forward integrations and then supply the furneter to the building this is the hosrisontal integration as I am foucing on get more out of those buildings, if we building the furnter from ciemant is is a vertical integration ☺

Boston matrix

Wildcats, stare, cashcw, then dog, it is a way to manage our cash, move the money between them, use the cash caw from BU to move another BU from wild cat to start

If we have many dogs we have many dying business

If we have many wildcat we need them to become starts

Marketshare axis is internal and market groth axis is external

Sb1 cash

Sb2 wilde?

Sb3 dog

Sb4 wilde?

Sb5 dog **wilde**

Sb6 star

Sb7 cashcaw

Sb8 star

Parenting fit matrix

The idea is if I got a compitivate advantage whtat business uint can take this compitittave advantagaes.

Value Trap: You are missing the critical success factor of the business,

What are the hart land of borg hldings?

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Question 6, what new vision wyould you suggest fr the group,

**Lect #6**

The answer to the Borg Holding parenting fit matrix.

We should have a vision and translate it to activity

Option #1

Innovative Venture capital investment in construction.

How to describe the hart land? ->it is an activity we have to describe it as activity, the vision we want to do the hart land is the activity we need to excel in,

Activity something more general that you do very well it may not be a sector orinated like hotael management you do it very well, you could be doing engine development and engines can be in any sector,

The answer is venture creation but in the construction only

Option #2

Manufacturing (again it is activity)

Option #3

Construction activities (like trading)

Option #4 trading

When we using parenting matrix to focus in main activities, we get through away all un needed activities.

We have to develop a new vision a new competitive advantages and then draw the parenting matrix to decide with sbus we will through out and which new will acquire and which one we will keep.

The parenting fit matrix is to establish a relationship with the sbus based on the relation of the activities.

The portfolio analysis has nothing to do with the parenting fit matrix.

Don’t think of the future from a sector point of view, it should be wider.

Option #5

Any venture capital firm

Option #6

Office Focus Company

Once we decide one option we should describe it in some paragraph, for each option selected we should define (starter, main course, dissert) (Generic strategies, strategic directions, and strategic methods)

After we do this we should give the pros and cons of each

In the slides we have the solution of option #5.

“don’t take anything at face value” dogs are not dogs it is a miss management.

Not clothing manefactoring is the heart land the venture capital to create a new caluture is the hart landing, it is the activity.

The up-STAIR Strategy health Check, is the good things about the strategy option we selected

The down-STAIR Strategy health Check, is the bad things about the strategy option we selected

We score each category in the stair for each option, let us use option #2, 3 excellent fit, 0 poor fit

UP

S =3

T=1

A=2

I= 3

R=3

Down

S =-3

T=0

A=-3

I= -2

R=-3

Then the sum of all, the result = +1

We do this for each option and score each one of them according to the up/down STAIR

Tactical, looking for short term activites

Resisted, employees will not like it, Culture eats strategy for breakfast

Resources, we have the capital, resources and the assets.

Then we present this to management and management will choice

Evaluation and control

Now we know which strategy we will go for, implementing a strategy is like driving a plane.

You are evaluating and process it in your mind quickly then control.

What information do we need to get successful? The have to be quantitative, if we can’t measure we can’t manage, there is nothing that can’t be measured, 2,3,4 or 5 measure at the most.

Market share

Risk over return per project per year

Sales

Number of Joine venture

Customer retention

Employee turn over

Once we know what we will measure we then should put the targets, then it will go on a cycle.

Corporate Governance:

Is not so much leadership over others, as it is leadership on behalf of others. Meaning:

Something that benefits everyone

Is about Creating Trust (shareholders trust the management and vs, trust with investors, it is not our money it is the money of shareholders)

Making some systems to create trust between management and shareholder

How we can make a system like this?

Accountability, transparency (share the mgt salayies with shareholders)

Starting from recruitment

The internal auditor job is to check company systems and procedures and flag anything is odd, then report directly to the board of directories, he is not reporting to the ceo.

Corporate govenence is not only about share holders, it is also about the people we work for, like the distruipution example.

The top full timer should be the CEO, chairman should be the part timer and the idea is to not have one man show and to cross checking, as in this case the business is managed by both the CEO and the chairman.

What is the differecnec between a listed company and a family businesss?

Family business are very social bond, and you will find a lot of family interference into the business, it is ok but you have to mange it, for example at what age a a son can join a business, the qalification required, is he worked in another company and proved himself. What does the family means for the business? Family business is good once you have the goof family stuff in.

This will lead to create family governmence not a corporate goverence.

How will be the succession planning?

It should indicate what is allowed and what is not.