CHAPTER NINE

# The Strategic Management Process: Achieving and Sustaining Competitive Advantage

## 9.1 What is the strategic management process?

**Strategic management:** Strategic analysis becomes strategic management after a plan is developed from the analysis’ findings.

* What are the steps undertaken in implementing a strategic management plan?
* Why is implementation not a linear process?

## 9.2 What is the difference between a firm’s vision and its mission?

**Vision and mission statements:** The founding of a business involves much planning, including drafting vision and mission statements that encapsulate the business’s focus.

* What is the difference between a vision statement and a mission statement?
* Give a theoretical example of a vision and a mission statement for a company to show the differences.

## 9.3 Why is strategic analysis important to strategy formulation?

**Strategic analysis** distills company strengths and weaknesses so that plans can be made to ensure the business’s success.

* How do the types of reports in a strategic analysis help owners and managers create plans for the business and its operations? What information do they provide?

## 9.4 What are strategic objectives, levels of strategy, and a grand strategy? How are they related?

**Strategic objectives** are overall goals of a company.

* Are strategic objectives long-term goals or short-term goals?
* How do vision and mission statements factor in?

**Levels of strategies**: Strategic objectives for a company can happen on several different levels.

* Give an example of the three different levels of strategy and an action that a company would take to achieve it.
  + Business–level strategy
  + Corporate-level strategy
    - What can you learn from the BCG Matrix?
  + International strategy

**How grand**: A company’s grand strategy concerns the here and now, what’s happening in the marketplace.

* Give an example of the operating environment of a business that needs to concentrate on each different type of strategy and a possible action for that strategy.
  + Growth strategy
  + Stability strategy
  + Defensive strategy
* How do all of these strategies overlap? How are they distinct?

## 9.5 How and why do managers plan? Why are goals important in the planning process?

**Plans**: Analysis and strategy lead to goals, and reaching goals takes planning.

* How does the SMART framework fit in to the analysis, strategy, and planning process?
* Why is it important that goals are not too vague? Give an example of a vague goal, and then improve it.
* Designing a plan can seem like a huge task. How can you make it more manageable?

**Time** is an important factor in any planning and goal-setting as well as having the resources to carry out the plan. Different types of goals can be achieved in the short and long term.

* Why is it important to keep both the long and short term in mind?

**Strategic planning** is “big-picture” work. But there are other levels of detail to work out as well.

* Discuss the differences between strategic planning, tactical planning, and operational planning, and give an example of each.

**Implementation**: Developing the world’s best plans doesn’t mean a thing without the next part—putting the plan into action.

* What do you think is the most important factor affecting the success of implementation? Why?

## 9.6 How and why do managers evaluate the effectiveness of strategic plans?

**Measurement:** Many different ways exist to measure the success of a strategic plan. Examine at the goals, their time frames, and the results. Was each goal achieved? What are the remaining challenges?

* What are some different metrics that can measure the success of a strategy? Give an example.
* Why is the time frame of the measurement important?

**Benchmarks** are external comparisons.

* Why wouldn’t a benchmark be an internal comparison?

**Evaluation:** Following the measurement of goals comes their evaluation. What can be revised to achieve a goal that wasn’t met? Is it actually achievable?

* Why is internal feedback so important?