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STRATEGIC MANAGEMENT
22MBA25

1(a) Define Strategy

According to Webster's New World Dictionary, strategy is "the science of planning and directing large-scale military operations, of maneuvering forces into the most advantageous position prior to actual engagement with the enemy." The word strategy comes from the Greek strategos, which refers to a military general and combines stratos (the army) and ago (to lead).

Strategies are the means by which long-term objectives will be achieved. Business strategies may include geographic expansion, diversification, acquisition, product development, market penetration, retrenchment, divestiture, liquidation, and joint ventures.

1(b) Key success factors of Toothpaste Industry:

Branding and packaging

Create a strong brand identity that resonates with your target audience. The packaging should be visually appealing and communicate your unique selling proposition.

- **Advertising and promotional campaigns**

Identify target consumer segments and tailor marketing messages to their needs and preferences. Promote thebrand through various channels, such as television, radio, print media, social media, and online platforms.

- **Identifying niche markets**

Recognize that it cannot satisfy 100% of the market, so selecting a niche market and design items to meet their wants.

- **Sustainable and eco-friendly alternatives**

Many consumers are seeking sustainable and eco-friendly alternatives to traditional toothpaste.

- **Optimize product packaging and pricing strategies**

Colgate's brand strategy is centered around the theme of a bright and healthy smile. The brand's rational messaging is translated into emotional benefits such as optimism, happiness, health, and confidence.

These strategies can attract and retain customers

1(c) Strategic Management Process

Strategic management can be defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. As this definition implies, strategic management focuses on integrating management, marketing, finance/accounting, production/operations, research and development, and information systems to achieve organizational success. The term strategic management in this text is used synonymously with the term strategic planning. The latter term is more often used in the business world, whereas the former is often used in academia. Sometimes the term strategic management is used to refer to strategy formulation, implementation, and evaluation, with strategic planning referring only to strategy formulation.

The purpose of strategic management is to exploit and create new and different opportunities for tomorrow; long-range planning, in contrast, tries to optimize for tomorrow the trends of today. The term strategic planning originated in the 1950s and was very popular between the mid-1960s and the mid-1970s. During these years, strategic planning was widely believed to be the answer for all problems. At the time, much of corporate America was "obsessed" with strategic planning. Following that "boom," however, strategic planning was cast aside during the 1980s as various planning models did not yield higher returns.

The 1990s, however, brought the revival of strategic planning, and the process is widely practiced today in the business world. A strategic plan is, in essence, a company's game plan. Just as a football team needs a good game plan to have a chance for success, a company must have a good strategic plan to compete successfully.

Profit margins among firms in most industries have been so reduced by the global economic recession that there is little room for error in the overall strategic plan. A strategic plan results from tough managerial choices among numerous good alternatives, and it signals commitment to specific markets, policies, procedures, and operations in lieu of other, "less desirable" courses of action.

The strategic-management process consists of three stages:

strategy formulation,
strategy implementation,
and strategy evaluation.

Strategy formulation includes developing a vision and mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies, and choosing particular strategies to pursue.

Strategy-formulation issues include deciding what new businesses to enter, what businesses to abandon, how to allocate resources, whether to expand operations or diversify, whether to enter international markets, whether to merge or form a joint venture, and how to avoid a hostile takeover. Because no organization has unlimited resources, strategists must decide which alternative strategies will benefit the firm most.

Strategy-formulation decisions commit an organization to specific products, markets, resources, and technologies over an extended period of time. Strategies determine long-term competitive advantages. For better or worse, strategic decisions have major multifunctional consequences and enduring effects on an organization.

Top managers have the best perspective to understand fully the ramifications of strategy-formulation decisions; they have the authority to commit the resources necessary for implementation.

Strategy implementation requires a firm to establish annual objectives, devise policies, motivate employees, and allocate resources so that formulated strategies can be executed. Strategy implementation includes developing a strategy-supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and utilizing information systems, and linking employee compensation to organizational performance.

2 (a) Define Competitive Advantage

Strategic management is all about gaining and maintaining competitive advantage. This term can be defined as “anything that a firm does especially well compared to rival firms.” When a firm can do something that rival firms cannot do, or owns something that rival firms desire, that can represent a competitive advantage.

(b) Key external forces

External opportunities and external threats refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly benefit or harm an organization in the future. Opportunities and threats are largely beyond the control of a single organization—thus the word external.

In a global economic recession, a few opportunities and threats that face many firms are listed here:
• Availability of capital can no longer be taken for granted.
• Consumers expect green operations and products.
• Marketing has moving rapidly to the Internet.
• Consumers must see value in all that they consume.
• Global markets offer the highest growth in revenues

Other opportunities and threats may include the passage of a law, the introduction of a new product by a competitor, a national catastrophe, or the declining value of the dollar. A competitor’s strength could be a threat.

A basic tenet of strategic management is that firms need to formulate strategies to take advantage of external opportunities and to avoid or reduce the impact of external threats. For this reason, identifying, monitoring, and evaluating external opportunities and threats are essential for success. This process of conducting research and gathering and assimilating external information is sometimes called environmental scanning or industry analysis. Lobbying is one activity that some organizations utilize to influence external opportunities and threats

(c) Porter for FMCG

Porter's Five Forces Model to the Indian FMCG Market can be on the line that a new FMCG company planning to enter the market can use the model to identify the barriers to entry, the bargaining power of suppliers and buyers, the availability of substitute products, and the intensity of competition.

The Indian FMCG (Fast-Moving Consumer Goods) market is one of the largest and most competitive markets in the world. With a population of over 1.3 billion, India presents a vast opportunity for FMCG companies to tap into a large consumer base. However, the market is also highly competitive, and companies need to have a clear understanding of the market dynamics to succeed.

Five Forces Analysis of Indian FMCG Industry

Porter's Five Forces model is a framework developed by Michael Porter to analyze the competitive forces that shape an industry. The five forces are:

The threat of new entrants

This force considers how easy or difficult it is for new players to enter the market. In the Indian FMCG market, the barrier to entry is high due to factors such as strong brand loyalty, distribution networks, and economies of scale.

Bargaining power of suppliers

This force looks at how much control suppliers have over the prices and quality of inputs. In the FMCG market, there are a large number of suppliers, and their bargaining power is limited.

Bargaining power of buyers

This force examines how much control buyers have over the prices and quality of products. In the Indian FMCG market, buyers have a high bargaining power due to the availability of a large number of products and brands.

The threat of substitutes

This force considers the availability of substitute products. In the Indian FMCG market, there are many substitute products available, and consumers have a wide range of choices.

Rivalry among existing competitors

This force looks at the intensity of competition between existing players in the market. In the Indian FMCG market, the competition is high due to a large number of players and the high degree of market saturation.

A primary reason for pursuing forward, backward, and horizontal integration strategies is to gain low-cost or best-value cost leadership benefits. But cost leadership generally must be pursued in conjunction with differentiation.

A number of cost elements affect the relative attractiveness of generic strategies, including economies or diseconomies of scale achieved, learning and experience curve effects, the percentage of capacity utilization achieved, and linkages with suppliers and distributors. Other cost elements to consider in choosing among alternative strategies include the potential for sharing costs and knowledge within the organization, R&D costs associated with new product development or modification of existing products, labor costs, tax rates, energy costs, and shipping costs.

Striving to be the low-cost producer in an industry can be especially effective when the market is composed of many price-sensitive buyers, when there are few ways to achieve product differentiation, when buyers do not care much about differences from brand to brand, or when there are a large number of buyers with significant bargaining power. The basic idea is to underprice competitors and thereby gain market share and sales, entirely driving some competitors out of the market

Perform value chain activities more efficiently than rivals and control the factors that drive the costs of value chain activities. Such activities could include altering the plant layout, mastering newly introduced technologies, using common parts or components in different products, simplifying product design, finding ways to operate close to full capacity year-round, and so on.

2. Revamping the firm’s overall value chain to eliminate or bypass some cost-producing activities. Such activities could include securing new suppliers or distributors, selling products online, relocating manufacturing facilities, avoiding the use of union labor, and so on. When employing a cost leadership strategy, a firm must be careful not to use such aggressive price cuts that their own profits are low or non-existent. Constantly be mindful of cost-saving technological breakthroughs or any other value chain advancements that could erode or destroy the firm’s competitive advantage

3(a) Blue Ocean Strategy

The term "blue ocean" describes an uncontested market space where there is no competition, able to create new demand and compete on factors other than price and product. It is the simultaneous pursuit of differentiation and low cost to open up a new market space and create new demand. It is about creating and capturing uncontested market space, thereby making the competition irrelevant. It is based on the view that market boundaries and industry structure are not a given and can be reconstructed by the actions and beliefs of industry players.

(b) Benchmarking

Benchmarking is an analytical tool used to determine whether a firm's value chain activities are competitive compared to rivals and thus conducive to winning in the marketplace "best practices". Benchmarking is the practice of comparing business processes and performance metrics to industry bests and best practices from other companies.

Dimensions typically measured are quality, time and cost. Example. Accenture, AT Kearney, Best Practices Benchmarking & Consulting. Benchmarking is the practice of a business comparing key metrics of their operations to other similar companies. Like a dashboard on a car, it is a way one can quickly determine the health of the business.

Types

Internal benchmarking

Compares performance and practices between different groups, individuals, or teams within an organization. This type of benchmarking can help companies use their existing resources and knowledge to exchange ideas between departments.

- **External benchmarking**

Compares an organization's performance to other organizations, either across industries or with industry peers. This type of benchmarking can help businesses understand where they fit into the wider market.

- **Strategic benchmarking**

Compares a company to industry leaders to identify best practices and processes that can be adapted.

- **Competitive benchmarking**

Compares an organization's processes and metrics to those of its direct competitors. This type of benchmarking can help identify why a competitor is successful or what drives customer satisfaction.

- **Process benchmarking**

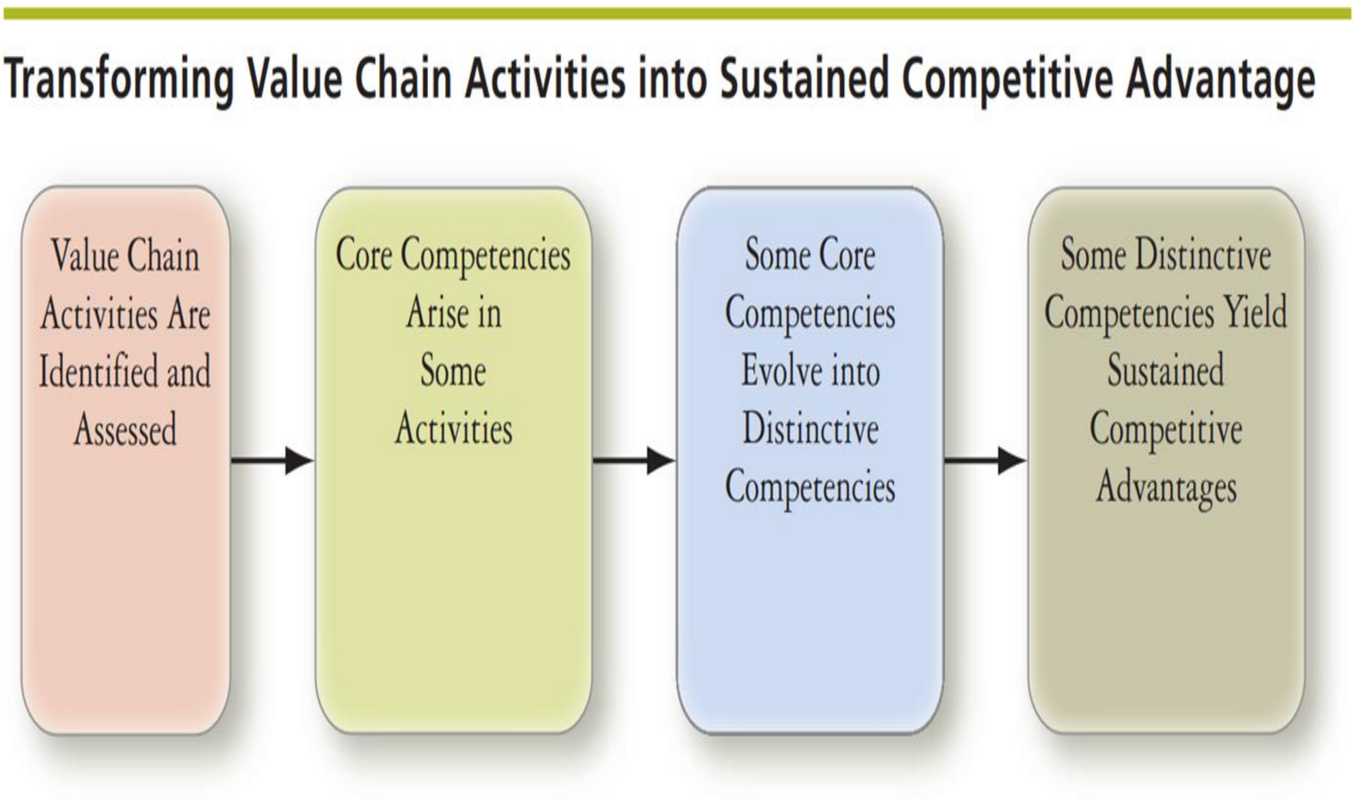
Involves mapping a process and using the resulting process maps for comparison and analysis. This type of benchmarking can help identify opportunities to streamline processes.

- **Performance benchmarking**

Measures product creation and getting products to consumers. This type of benchmarking can be used internally or compared to other companies

3(c)

A value chain, in which total revenues minus total costs of all activities undertaken to develop and market a product or service yields value



as do the feasible generic strategies in a particular industry. While selecting and implementing a generic strategy is far from simple, however, they are the logical routes to competitive advantage that must be probed in any industry.

Value chain analysis is a strategic framework that helps companies understand how they create value for customers and identify areas for improvement. It involves breaking down a business into its core activities and examining each stage of the value creation chain.

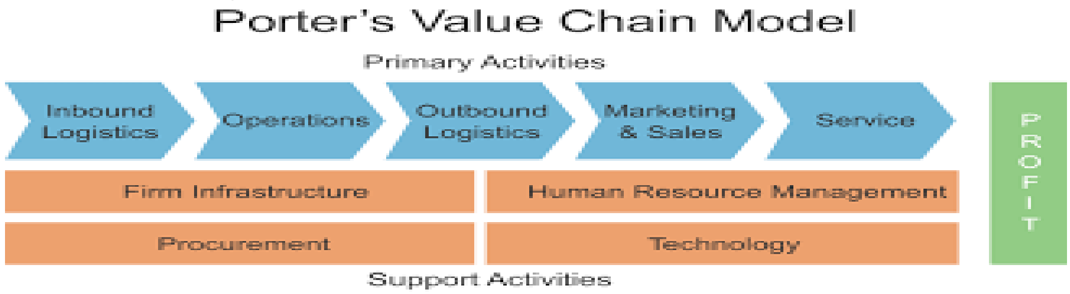
The value chain framework includes five primary activities and four secondary activities:

- **Primary activities**

Inbound operations, operations, outbound logistics, marketing and sales, and service

- **Secondary activities**
- Procurement and purchasing, human resource management (HRM), technological development, and company infrastructure

4(a)



Conglomerate diversifaction:

An example of conglomerate diversification is when a computer company starts making notebooks. Conglomerate diversification is when a business adds new products or services that are unrelated to its current product offering and have no technological or commercial similarities.

Here are some other examples of conglomerate diversification:

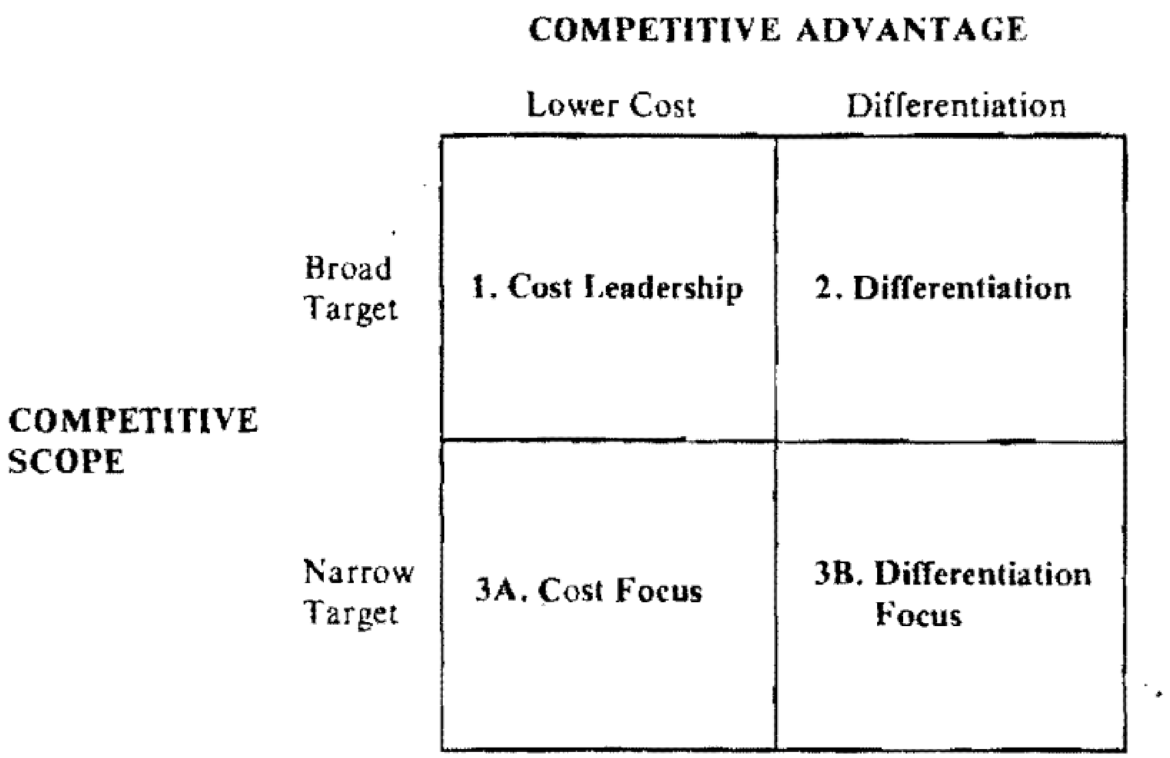
- **The Walt Disney Company**: Became the first media company with a major presence in four distribution systems: films, television, broadcasting, and telephone wires
- **Alphabet's Acquisition of Nest**: Alphabet acquired Nest in 2014 for $3.2 billion, which gave Alphabet an entry into the Internet of Things market
- **General Electric Company**: A conglomerate with diverse business units like aviation

Some benefits of conglomerate diversification include:

Reduced risk: Spreading operations across multiple products, markets, and industries can reduce the overall risk of the business

- **Increased revenue**: Diversifying into new areas can create new revenue streams

4(b)



The notion underlying the concept of generic strategies is that competitive advantage is at the heart of any strategy, and achieving competitive advantage requires a firm to make a choice-if a firm is to attain a competitive advantage, it must make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it. Being "all things to all people" is a recipe for strategic mediocrity and below-average performance. because it often means that a firm has no competitive advantage at all

4(c) Choice of strategies

Alternative strategies that an enterprise could pursue can be categorized into 11 actions:
forward integration,
backward integration,
horizontal integration,
market penetration,
market development,
product development,
related diversification,
unrelated diversification,
retrenchment, divestiture, and
liquidation.

Each alternative strategy has countless variations. For example, market penetration can include adding salespersons, increasing advertising expenditures, couponing, and using similar actions to increase market share in a given geographic area. Many, if not most, organizations simultaneously pursue a combination of two or more strategies, but a combination strategy can be exceptionally risky if carried too far. No organization can afford to pursue all the strategies that might benefit the firm.

Forward integration, backward integration, and horizontal integration are sometimes collectively referred to as vertical integration strategies. Vertical integration strategies allow a firm to gain control over distributors, suppliers, and/or competitors.

Forward Integration Forward integration involves gaining ownership or increased control over distributors or retailers. Increasing numbers of manufacturers (suppliers) today are pursuing a forward integration strategy by establishing Web sites to directly sell products to consumers

Backward integration is a strategy of seeking ownership or increased control of a firm’s suppliers. This strategy can be especially appropriate when a firm’s current suppliers are unreliable, too costly, or cannot meet the firm’s needs

Horizontal integration refers to a strategy of seeking ownership of or increased control over a firm’s competitors. One of the most significant trends in strategic management today is the increased use of horizontal integration as a growth strategy. Mergers, acquisitions, and takeovers among competitors allow for increased economies of scale and enhanced transfer of resources and competencies

Market penetration, market development, and product development are sometimes referred to as intensive strategies because they require intensive efforts if a firm’s competitive position with existing products is to improve.

A market penetration strategy seeks to increase market share for present products or services in present markets through greater marketing efforts. This strategy is widely used alone and in combination with other strategies

Market development involves introducing present products or services into new geographic areas

Product development is a strategy that seeks increased sales by improving or modifying present products or services.

There are two general types of diversification strategies: related and unrelated. Businesses are said to be related when their value chains posses competitively valuable cross-business strategic fits; businesses are said to be unrelated when their value chains are so dissimilar that no competitively valuable cross-business relationships exist.

Retrenchment occurs when an organization regroups through cost and asset reduction to reverse declining sales and profits. Sometimes called a turnaround or reorganizational strategy, r

Selling a division or part of an organization is called divestiture. Divestiture often is used to raise capital for further strategic acquisitions or investments

Selling all of a company’s assets, in parts, for their tangible worth is called liquidation. Liquidation is a recognition of defeat and consequently can be an emotionally difficult strategy

5(a) Strategy Implementation

Strategy implementation means change. It is widely agreed that “the real work begins after strategies are formulated.” Successful strategy implementation requires the support of, as well as discipline and hard work from, motivated managers and employees

(b) Restructing and Reengineering

Expansion

Contraction

Corporate Control

Re-engineering

Strives to break away from the old rules

finding imaginative new ways

improve productivity, efficiency, customer satisfaction optimising and overhauling

5(c) Different type of organization structures

Successful strategy implementation hinges upon managers' ability to develop an organizational climate conducive to change. Change must be viewed as an opportunity rather than as a threat by managers and employees. Resistance to change can emerge at any stage or level of the strategy-implementation process.

Functional

A common structure that groups employees by their skills and related functions. This is typical for mid-sized companies with a variety of products and services.

- **Matrix**

A structure that combines elements of other organizational structures, allowing employees to report to multiple managers. This structure is often used by large multinational organizations to promote sharing of skills and knowledge across departments.

- **Divisional**

A structure that divides a company into smaller, semi-autonomous units called divisions. Each division is responsible for a specific product line, market, or geographic area. This structure is good for companies that operate in multiple markets or product lines.

- **Network**

A decentralized structure that focuses on collaboration among internal and external teams. The core company controls key functions and outsources other operations. This structure allows companies to remain agile while accessing specialized expertise.

Other types of organizational structures include: Hierarchical, Horizontal/Flat, Line, and Team-based.

Although there are various approaches for implementing changes, three commonly used strategies are a force change strategy, an educative change strategy, and a rational or self-interest change strategy.

A force change strategy involves giving orders and enforcing those orders; this strategy has the advantage of being fast, but it is plagued by low commitment and high resistance. The educative change strategy is one that presents information to convince people of the need for change; the disadvantage of an educative change strategy is that implementation becomes slow and difficult. However, this type of strategy evokes greater commitment and less resistance than does the force change strategy.

Finally, a rational or self-interest change strategy is one that attempts to convince individuals that the change is to their personal advantage. When this appeal is successful, strategy implementation can be relatively easy.

However, implementation changes are seldom to everyone's advantage. The rational change strategy is the most desirable, so this approach is examined a bit further. Managers can improve the likelihood of successfully implementing change by carefully designing change efforts.

Jack Duncan described a rational or self-interest change strategy as consisting of four steps.

First, employees are invited to participate in the process of change and in the details of transition; participation allows everyone to give opinions, to feel a part of the change process, and to identify their own self-interests regarding the recommended change.

Second, some motivation or incentive to change is required; self-interest can be the most important motivator.

Third, communication is needed so that people can understand the purpose for the changes. Giving and receiving feedback is the fourth step: everyone enjoys knowing how things are going and how much progress is being made.

6. (a) purpose of annual objectives

Annual objectives are a set of milestones that an organization needs to achieve to ensure its strategy is implemented successfully. They are important for many reasons, including:
Annual objectives are the basis for allocating resources, such as financial, human, or technological investments.
Annual objectives help organizations monitor their progress towards long-term goals.
Annual objectives establish priorities for the organization, divisions, and departments

6(b) Resource Based view

The **resource-based view (RBV)**, also known as resource-based theory is a strategy which emphasises the significance of organizational resources and capabilities as the key to gaining competitive advandage and performance. A highly skilled talent pool helps an organization to explore opportunities and prevent risks in advance. It also enables them to implement strategies to improve operational efficiency and effectiveness.

It formulated by organizations to understand the elements of the business for a long-term competitive advantage.

• The **RBV model** explains that it is significant to accept and fulfil external or new opportunities using existing resources innovatively by acquiring new niche skills. As a result, the resource-based analysis should empower the workforce to achieve higher organizational prowess in the RBV framework.

• The resource-based view strategy aims to gain a **sustainable competitive advantage**. But how can an organization achieve this advantage?

It is through extensive **resource-based analysis**, resource allocation, and **cross-functional usage of resources.** Only when a firm unleashes its workforce's true potential can it innovate better and stand out in the industry.

• The comprehensive view of all the resource pools facilitates managers' gaining insight into resource skills, competencies, experience, capacity, availability, etc. This, in turn, enables managers to plan ahead and allocate resources per the project's scope, demand, and timeline. This **real-time centralized** information helps them make data-driven decisions, leverage talent to its optimum potential, and maximize profitability.

- The **resource-based theory** helps managers meticulously assess **resource strengths and weaknesses.** This analysis empowers them to maximize the utilization of strengths while implementing measures to mitigate resource weaknesses. By leveraging strengths and strategically addressing the bottlenecks, the company can align its actions with long-term goals, gaining a competitive edge in the industry and ensuring sustained success in evolving market landscapes.

6(c) A strategic evaluation

❿ is an act of reviewing a particular corporate strategy to ensure that it's functioning correctly. During a strategic evaluation, an assigned evaluator reviews data about the specific strategy and compares it to the company's predicted amount of improvement. Evaluations allow one to check the effectiveness of any strategies the company implements and may help one to address any potential challenges that one finds.

❿ These are the steps one can use to evaluate strategies for your organization:

1. Establish standards

Before evaluate a strategy or policy, try to create a set of standards that one can use to measure the progress and goals of the strategy. These standards are goals or milestones that one want to reach that one can use to track a strategy's success. For example, if one wants his new strategy to improve the number of people who sign up for the mailing list, one can set a 25% increase of new mailing list requests as an evaluation standard.

2. Measure performance

Once ready to evaluate a policy, one can gather information about its performance. This information can contain both quantitative and qualitative data that one can obtain through a variety of ways, such as surveys, interviews and analytics software. Consider gathering data about multiple variables of performance, such as cost, the popularity of the strategy, amount of time the policy saves or any increase in sales.

3. Analyze results

After one obtains the data about how well a strategy functioned during a set period of time, one can compare it to the standards that are already set. One can also look at other sets of data to see if it fulfills other criteria, such as how risky the strategy is or how many resources it needs. If one discovers that there are any categories where the strategy does not match or exceed the goals, one can address these challenges by making slight adjustments.

4. Make adjustments

One can make modifications to his strategy that may increase the possibility of it achieving the goals one set. Consider brainstorming potential adjustments to the policy that can help increase its effectiveness and create a plan for how to implement these changes. One can use the data from previous steps to give insights about solutions for any potential challenges.

5. Set goals

After finishing evaluation and make any necessary adjustments, one can set goals for the next evaluation. Use the gathered data to make a prediction about how well the strategy may perform. Then schedule another evaluation so that one can continually track the strategy's progress.

Why is it important to evaluate strategies?

Evaluating strategies is important because it allows one to gain information about new strategies. This allows one to know if a policy works as intended, see opportunities to improve that strategy and learn about any modification it may need. Evaluation can also help one notice points of the strategy that may produce challenges ahead of time and adjust or replace the policy before any large unexpected circumstances occur.

Criteria for evaluating strategies

These are some common criteria that one can use when evaluating strategies:

Internal consistency

Internal consistency is the strategy's ability to work with other strategies and policies at the company. One can determine if a strategy meets this standard by comparing it to other existing policies. A strategy is internally consistent if it does not contradict any existing policies and performs a unique function that helps further the organization's goals.

Consistency with the environment

Environmental consistency relates to how well a policy interacts with the environment around it. An organization's environment is any outside influence that a company interacts with and can include customer opinion, other organizations and new technologies. For example, in evaluating a marketing strategy for selling hats, one can look at the latest fashion trends and what target audience usually wears to determine consistency with the environment.

Appropriateness within your available resources

Resources are the things that an organization has that help it achieve its goals. Common resources include money, people with appropriate expertise, physical facilities and connections. When evaluating a strategy, one can check to make sure that your company has the proper resources to fully implement it. For example, if the organization decides to hire more security guards, one may review finances to ensure that one have enough money for that policy.

Degree of risk

Strategies often contain at least a small amount of risk. When evaluating a strategy, one can determine how risky it is compared to how much organization may benefit from it. If a policy has a high chance for a large reward, one may consider a higher degree of risk than a strategy with a lower rate of gain.Related:

Appropriate time horizon

A time horizon is the period of time between the implementation of a strategy and evaluation. It wants to set a time horizon that allows one to see how well a strategy functions with enough time to fix any challenges that occur during implementation. If a time horizon is too short or too long, consider changing the rate at which one evaluate that strategy.

Workability

Workability is a strategy's ability to complete the function that is meant to perform. For example, if one implements a recycling strategy meant to reduce waste at the organization by 30%, one can check to see how well it helps the company reduce waste. One can evaluate workability by looking at performance data, interviewing people who work with the strategy and handing out surveys.

7(a) Strategy evaluation

Strategy evaluation is a process that assesses how well a company's strategic plan is working and if it is achieving its goals. It involves digging into metrics to see what is working and what needs improvement in order to meet company goals. Strategy evaluation also entails reviewing internal and external environments to see what could possible hinder strategy implementation over the long run

7(b) Pay for performance (PFP)

is a compensation model where employees receive more pay when they meet or exceed specific goals. It is a variable pay model that is often used as part of a performance management initiative.

Pay for performance is a compensation strategy that rewards employees based on performance. It typically works by linking pay increases or bonuses to an individual's performance goals or measures. To properly execute a pay-for-performance strategy, employers incorporate performance management, appraisals, and reviews.

Performance management is the ongoing process of setting performance goals and benchmarks, providing employees with the necessary resources and support to achieve those goals, and regularly evaluating employee performance.

Performance appraisals are regularly timed as reviews and are a key component of performance management. During the performance appraisal (or performance review), it is evaluated on the employee's overall contribution to the company and how well they have met their performance measures. Employees may be eligible for merit pay increases or other incentive programs on this.

Performance appraisal and management are major elements of pay-for-performance systems. Setting clear performance goals and regularly measuring employee performance help employers identify top performers and provide them with pay increases or other incentives.

A pay-for-performance system can motivate employees to perform at their best, leading to higher productivity, and a more engaged workforce.

It is important to weigh the pros and cons of pay-for-performance programs before implementing them, as they may not be the right fit for every organization. Below are the top advantages and disadvantages of PFP systems.

Pros

- **Boosting employee engagement and motivation.** Pay-for-performance (PFP) systems encourage employees to work toward specific performance goals, fostering greater engagement.

- **Promoting ownership of performance.** Employees are motivated to set clear performance targets and take responsibility for achieving them, aligning personal success with organizational goals.

- **Improving productivity.** Incentivizing performance can drive employees to work harder and more efficiently, potentially leading to increased output.

- **Offering a measurable performance system.** PFP programs provide a structured method for evaluating and rewarding high-performing employees.

- **Allowing flexible payment models.** Compensation can be adjusted based on performance, providing flexibility beyond traditional pay structures based solely on tenure or role.

7(c) 21st Century in Strategic Management

As general managers seek guidance regarding the overall direction and operation of their organizations and as researchers seek organizing concepts for their work, various strategic management frameworks have become common bases for guiding work, particularly in market-based economies.

The global dynamics within which strategic management work takes place create great challenges for both researchers and practitioners.

Major governmental restructuring in parts of the world during the last two decades have altered both constraints and stimuli impacting companies large and small. Technological advances have dramatically accelerated communications processes, but recent terrorist attacks have increased security concerns and slowed air transportation in many places. In addition, internet-based commerce supports buying and logistical operations over most of the globe.

Against the backdrop of such changes, the risk-taking behavior of many senior executives has led to substantial profits for some and dramatic losses for others. More than a few have been indicted by judicial authorities, and some have begun serving prison sentences. Added to factors complicating understanding "corporate strategy" is recognition that there are many other "strategists" at work in society, some who seek to nurture and support corporate leaders and others who invest substantial resources to redirect or curtail corporate efforts. Whether the "non-corporate strategists" are near the seat of power in Beijing, at the head of an international technical standards organization, or are those leading a major non-governmental organization (NGO), these people often play important roles affecting the "strategic outcomes" of corporations.

Strategic Challenge #1: Technology
It is the technology that usually is the first challenge that comes to mind. Today, everyone is walking around with a smartphone that is over 120 million times faster than NASA's combined total computing power in 1969. DNA has been cloned, cars can drive themselves, robots are in nearly every

factory, personal privacy has become a hot topic and entrepreneurs are racing to create viable travel to outer space. The speed at which technology is progressing has changed everything about life in the modern age.

Strategic Challenge #2: Environment

Climate change may have its detractors, but few can argue that weather events are happening more frequently and with greater consequences, and each climate event comes with real costs and a domino effect. Consider a flood and how it has effects not only locally but on any distant consumer or business that relies on that region for products or services. For instance, a recent Texas flood caused extensive damage, including one derailed train that lost 25 freight cars when it overturned. Each of those cars was destined to provide products and materials to other businesses that would now be at a loss, which may in turn impact other businesses too.

Strategic Challenge #2:Social Challenges

While environmental challenges represent the outer boundaries to a sustainable planetary society, there are also a number of inner social boundaries below which no just and equitable society with adequate wealth and resources should descend, with poverty as the most central issue. The failure of the present economic system to distribute its increasing wealth more equitably has led to growing inequality and the consequent social instability.

Strategic Challenge #2:Economic Challenges

In our globalized world, powerful demonstration effects are at work as everyone can now see how the wealthy live. The spread of instant communication and the Internet have led billions of people in China, India, Latin America, and other parts of the developing world to aspire to lifestyles and patterns of consumption similar to those prevailing in the advanced economies. Furthermore, these populations are often unwilling to postpone such aspirations and increasingly expect their governments to deliver rising levels of prosperity, implicitly pushing for a more equitable distribution of the world’s resources. Yet between 1988 and 2008 over 60 percent of the gains in global income were concentrated in the top 5 percent of the global income distribution

Strategic Challenge #2:Security Challenges

Unfortunately, environmental, social and economic challenges are not by any means the only sources of risk to humankind’s global outlook. Noted political thinkers have periodically argued that major war between sovereign states may be on its way to obsolescence

Strategic Challenge #2:Inadequacy of Existing Mechanisms

Faced with such a complex set of threats to human civilization, if not the survival of the human species, how do we find a way forward? A central element of a strategy aimed at generating a sustainable development path in the context of a peaceful world will have to be a significant new capacity to enforce international law, and the reform of legal institutions and current mechanisms of international cooperation, which have turned out to be largely inadequate to manage the global challenges that we face.

8(a) Case Study : Compulsory

A balanced scorecard (BSC) is a performance management tool that can help organizations in many ways, including:

1.Better Strategic Planning
The Balanced Scorecard provides a powerful framework for building and communicating strategy. The business model is visualised in a strategy map which helps managers to think about cause-and-effect relationships between the different strategic objectives. The process of creating a strategy map ensures that consensus is reached over a set of interrelated strategic objectives. It means that performance outcomes as well as key enablers or drivers of future performance are identified to create a complete picture of the strategy.

2. Improved Strategy Communication & Execution

Having a view on the strategy allows companies to easily communicate strategy internally and externally. It is known for a long time that a picture is worth a thousand words. This 'plan on a page' facilitates the understanding of the strategy and helps to engage staff and external stakeholders in the delivery and review of the strategy. The thing to remember is that it is difficult for people to help execute a strategy which they do not fully understand.

3. Better Alignment of Projects and Initiatives

The Balanced Scorecard help organisations map their projects and initiatives to the different strategic objectives, which in turn ensures that the projects and initiatives are tightly focused on delivering the most strategic objectives.

4. Better Information

The Balanced Scorecard approach helps organisations design KPIs their various strategic objectives. This ensures that companies are measuring what actually matters. Research shows that companies with a BSC approach tend to report higher quality management information and better decision-making.

5. Improved Performance Reporting

The Balanced Scorecard can be used to guide the design of performance reports and dashboards. This ensures that the management reporting focuses on the most important strategic issues and helps companies monitor the execution of their plan.

6. Better Organisational Alignment

The Balanced Scorecard enables companies to better align their organisational structure with the strategic objectives. In order to execute a plan well, organisations need to ensure that all business units and support functions are working towards the same goals. Cascading the Balanced Scorecard into those units will help to achieve that and link strategy to operations.

7. Better Process Alignment

Well implemented Balanced Scorecards also help to align organisational processes such as budgeting, risk management and other analytics lead to the strategic priorities. This will help to create a truly strategy focused organisation.

(b) Research Orientation:

Customers Focus : The Royal Botanical Gardens is advised to the view the balanced scorecard involving measuring four main aspects of a business: Learning and growth, business processes, customers, and finance. BSCs allow companies to pool information in a single report, to provide information on service and quality in addition to financial performance, and to help improve efficiencies, that are applicable to the research orientation.

The balanced scorecard takes into account four perspectives that are essential to value creation for an organization: the financial perspective as well as a focus on customers, internal business processes, and learning and growth. Within each of these areas, the BSC measures and monitors the key performance data that are critical to an organization's success.

The BSC is used to gather important information, such as objectives, measurements, initiatives, and goals, that result from these four primary functions of a business. Royal Botanical Gardens can easily identify factors that hinder business performance and outline strategic changes tracked by future scorecards.

In a balanced scorecard model, information is collected from four aspects of a business and analyzed:

1. **Financial data**, Royal Botanical Gardens such as sales, expenditures, and income, are used to understand financial performance. These financial metrics may include amounts, grants from central government, financial ratios, budget variances, or income targets.
2. **Customer perspectives** are collected to gauge customer satisfaction with the quality, price, and availability of products or services. Customers provide feedback about their satisfaction with current products.
3. **Internal business processes** are evaluated by investigating how well products are manufactured. Operational management is analyzed to track any gaps, delays, bottlenecks, shortages, or waste.
4. **Learning and growth** are analyzed through the investigation of training and knowledge resources. This first leg handles how well information is captured and how effectively employees use that information to convert it to a strength to foster the required customer satisfaction within the industry.
