

Strategic Frameworks and Models – Week 5

Developing Strategic Capability



Recap from Previous Lesson

What is Strategy?

Strategy = Planning + Flexibility

It helps organisations move in the right direction and adjust when things change.



Teamwork and Alignment

When people come together towards the same goals, the organisation becomes stronger.



Flexibility Matters

Good organisations regularly review and update their strategy to stay up-to-date.



Learning Through Experience

Learning from past decisions helps improve future strategies.

Lesson Objectives

Understand why organisations use strategic frameworks and models

Compare different approaches to strategy (simple, dynamic, and complex)

Apply key strategic tools (PESTLE, BCG Matrix, stakeholder analysis) to real organisation

Uses and Value of Strategy. Recap



Setting Direction

Strategy shows the organisation where to go and what to focus on. Everyone knows the goals.



Making Choices

Strategy helps managers decide what to do and what NOT to do.



Allocating Resources

Strategy determines how to spend money, time, and people. Resources go to the most important activities.



Managing Uncertainty

Strategy helps organisations prepare for the future and deal with unexpected changes and challenges.



Quickly...Why Does Strategy Matter?

Better Decisions

**Strategy helps us
make choices
based on careful
thinking, not
guesses.**

Long-term Thinking

**We focus on the
future, not just
today.**

Team Alignment

**Everyone
understands the
plan and works
together.**

Managing Risk

**We prepare for
problems and
opportunities.**





Can strategy ever be a disadvantage? If so, when?

Strategy is useful, but it can also create problems. How?

For example...

If an organisation sticks too closely to a plan, it may lose flexibility.

If the strategy isn't communicated well, it can confuse people and weaken the company.

Are there any other disadvantages that come to mind?



When Strategy Can Be a Problem

Problems with Poor Strategy

Strategy is helpful – but it can cause problems if not managed properly.



Too Rigid

**If strategy never changes,
the organisation can't
respond to new situations.**



Not Communicated

**If people don't understand
the strategy, they won't
work towards it.**



Disconnected from Reality

**If strategy ignores real
data or current external
changes, it will likely fail.**



Frameworks and Models

Why do organisations use frameworks?

Every business is different: Some work in stable environments; others face lots of change and uncertainty.

Because of this, organisations use different types of models to help them plan and make decisions.

The following three models help us understand how strategy can work in different environments. These include;

- 1. Simple and Static (Works best when things stay the same)**
 - 2. Dynamic (Works when things change often)**
 - 3. Complex (Used when the environment is unpredictable and constantly shifting)**
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Three Models of Strategy

1. Simple and Static Model



Explanation

- This model assumes the environment doesn't change much.
- The strategy is made in advance and followed exactly.
- It works when things are stable and predictable.



Examples

- Traditional long-term planning over 5-10 years
- Fixed objectives and targets set at the beginning of the period.



Strengths

- Gives clear direction.
- Easy to explain the plan to everyone.



Limitations

- Doesn't respond well to sudden changes.
- It can become outdated quickly in fast-moving markets.

Three Models of Strategy

2. Dynamic Strategy Model



Explanation

- The environment is always changing, so the strategy must change too.
- The strategy is not fixed – it develops over time as the organisation learns what works and what doesn't.



Examples

- Agile organisations that change quickly
- Plans that are reviewed often instead of once a year.



Strengths

- Very flexible and can respond quickly to new situations.
- Encourages innovation and new ideas



Limitations

- The big picture can become unclear.
- The organisation might slowly drift away from its original goals.

Three Models of Strategy

3. Complex Strategy



Explanation

- This model explains the environment is unpredictable and lots of different factors affect each other.
- Strategy develops through learning and adapting



Examples

- Start-ups in new markets or fast changing environments.
- Technology companies and digital platforms.
- Organisations in crisis or emergency situations



Strengths

- Very good at adapting to rapid change
- Encourages collaboration, creativity, and teamwork



Limitations

- Hard to control and direct the organisation
- Difficult to measure success and progress



Which type of strategy do you think most modern organisations use? Think about companies you know

Are they using Simple and Static strategies with long-term plans?

Are they more Dynamic, adapting quickly to market changes?

Or are they using Complex strategies with lots of experimentation?

What advantages does each approach give them in today's fast-changing world? 10 minutes to discuss with the person next to you.





**To make good strategic decisions, we
need to know how strong we are
compared to our competitors.**

One way is through a Portfolio Analysis



Portfolio Analysis: Balancing Products and Services

Business usually have lots of different products, not just one. Portfolio analysis helps organisations decide which products to invest in, keep, or stop.



Risk vs. Reward

- Some products make money now (low risk), while others are new could grow in the future (higher risk)
- Organisations need a balance between safe products and exciting new opportunities to survive and grow.



Short-term vs. Long-term

- Short-term: Products that make money today to cover the basic needs.
- Long-term: We need to invest in new products and innovation so we have a sustainable future.



One of the most widely used tools for portfolio analysis is the BCG Matrix – so let's take a closer look at how it works...





The BCG Matrix

A tool for managing products and services

The BCG Matrix is a tool that helps organisations decide:

- **Which products to invest in**
- **Which to keep the same**
- **Which to stop making**

This is organised into 4 quadrants. Let's take a look...



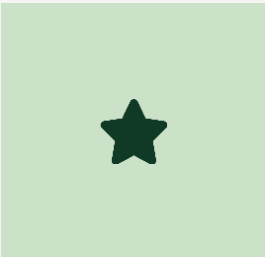
The BCG Matrix

STARS

High market growth, High market share

These are successful new products or services. They are growing and we have a strong position.

Decision: Invest more money and resources to keep them growing.

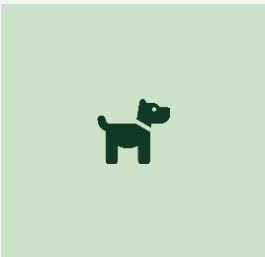


DOGS

Low market growth, Low market share

These products are declining and unprofitable. They are not growing and we have a weak position.

Decision: Stop making these products and focus resources elsewhere.

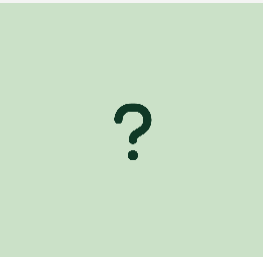


QUESTION MARKS

High market growth, Low market share

These are new products in growing markets, but competitors are stronger.

We must decide: Should we invest to grow, or should we stop? These require careful analysis.

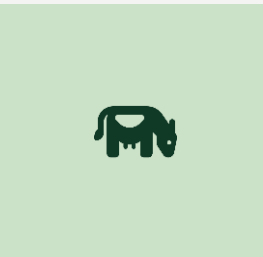


CASH COWS

Low market growth, High market share

These are mature products that make lots of money with little investment. They are not growing much, but they are reliable.

Decision: Keep them as they are and use profits to invest in other products.



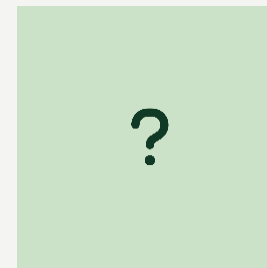
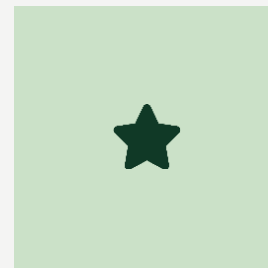
Can you think of a real company or company product that fits into each quadrant? 15 minutes

STARS

High growth, High share

Examples: Apple iPhone, Netflix, Tesla.

Strategy: Invest heavily.



QUESTION MARKS

High growth, Low share

Examples: New social media, emerging electric car brands.

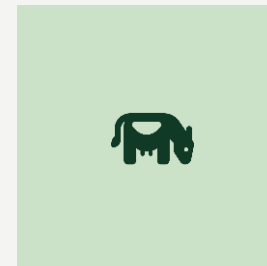
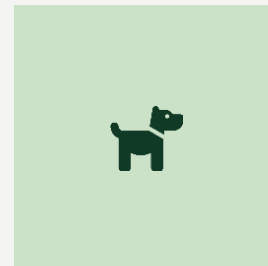
Strategy: Decide whether to invest or exit.

DOGS

Low growth, Low share

Examples: DVD players, Kodak film, Blackberry phones.

Strategy: Discontinue or sell.



CASH COWS

Low growth, High share

Examples: Windows, Coca-Cola, McDonald's.

Strategy: Generate profit without heavy investment.



So far, we've analysed what makes our organisation strong on the inside through portfolio analysis...

...Now we are shifting our focus outward to understand the external forces that shape our strategy...

...And this is where the PESTLE model becomes essential!



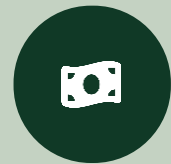
PESTLE Analysis

Understanding the external environment



P – Political

Government decisions, elections, new taxes, business regulations, trade regulations and policies can affect businesses



E – Economic

Money, interest rates, exchange rates, inflation, and recession impact how business operate.



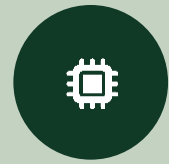
S – Social

This is what people want, value, and believe affects business decisions.

For example, more demand for eco-friendly products or online shopping.

PESTLE Analysis (Continued)

Understanding the external environment



T – Technological

New technology and innovation change how businesses work.

For example, the explosion of AI, automation, and online platforms.



L – Legal

Laws, regulations, and rules that organisations must follow.

Examples include new data protection rules, minimum wage laws.



E – Environmental

Climate change and sustainability affect how companies operate.

For example, pressure to cut carbon emissions, bans on plastic bags.



PESTLE Factor Analysis

Choose any organisation. It can be a company you know, or the company you are using for your assignment.

This activity asks you to think about realistic ‘what-if’ scenarios – imagining how a single PESTLE factor could impact an organisation.

For example:

- 1. How would new environmental laws affect a clothing manufacturer?**
- 2. How would rising interest rates affect a restaurant chain?**
- 3. How would changing social values affect a technology company?**

Stakeholders and Strategy

Who affects strategy and who is affected by it

Stakeholders are people and groups who care about what the organisation does. They affect strategy and are affected by it.



Employees

Need good pay and working conditions. Affected by strategic decisions about the company's direction.



Customers

Need quality products and good service. Affected by decisions about pricing and product features.



Suppliers

Provide materials and services needed for the business. Affected by orders and payment terms.

Stakeholders and Strategy

Who affects strategy and who is affected by it



Shareholders

- Own shares in the company and want profits and growth
- Affected by strategic decisions about investment and returns



Regulators

- Government agencies that enforce laws and regulations
- Affected by strategic decisions about compliance and ethical practices



Communities

- People and groups living near the business operations
- Affected by decisions about environmental impact and local employment



What happens when organisations ignore key stakeholders?

When organisations ignore stakeholders, serious problems follow. What are the potential consequences?

Employees leave, customers find competitors, regulators impose fines, and communities withdraw support.

A good strategy requires managing stakeholder relationships carefully.

Is there a way in which we can achieve this?



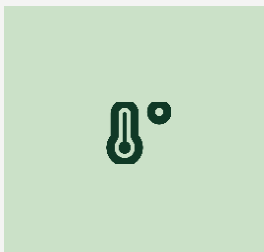
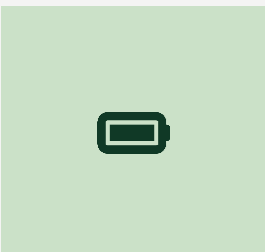
Stakeholder Power vs. Interest Matrix – Can we remember this?

High Power, Low Interest

Keep Satisfied.

Stakeholders who can influence the organisation but aren't very interested.

Example: a major supplier.



High Power, High Interest

Manage Closely.

Most important stakeholders. Strong influence and strong interest.

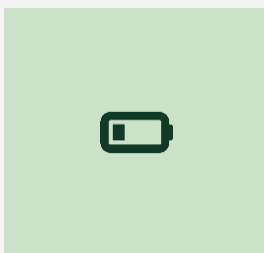
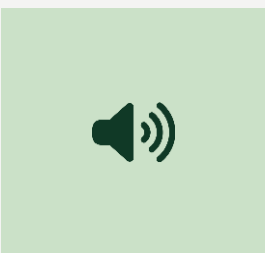
Example: CEO and board of directors

Low Power, High Interest

Keep Informed.

They care about the organisation but have limited influence.

Example: Loyal employees and regular customers.



Low Power, Low Interest

Monitor.

Little influence and little interest. Keep an eye of them in case things change.

Example: A small community group far from operations.

Session Recap: Strategic Frameworks

Three Models of Strategy

Simple and Static (stable), Dynamic (changing), and Complex (unpredictable) strategies for different situations.

Understanding Market Position

Analyse competitive position, market share, growth potential, and strengths vs. weaknesses.

Portfolio Analysis (BCG Matrix)

Categorise products as STARS, QUESTION MARKS, CASH COWS, or DOGS to guide investment decisions.

PESTLE Analysis

Examine Political, Economic, Social, Technological, Legal, and Environmental factors affecting strategy.

Stakeholders Matter

Identify and manage stakeholders using Power vs. Interest Matrix to balance competing interests.

Next Week (Week 6)

☐ Reading Week

Week 7

**☐ Strategic Frameworks and Competitive
Advantage**

Further Reading

- Ansoff, I. (1987) *Corporate Strategy*. Revised edn. Penguin Books.
- Boston Consulting Group (1970) *The Product Portfolio*. Boston Consulting Group.
- CIPD (2023) *PESTLE analysis*. Available at: <https://www.cipd.org/uk/knowledge/factsheets/pestle-analysis-factsheet/> (Accessed 6 January 2026).
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- Porter, M.E. (1996) 'What is strategy?', *Harvard Business Review*, 74(6), pp. 61–78. Available at: https://www.uniba.it/it/docenti/somma-ernesto/whatisstrategy_porter_96.pdf

**If you have any questions, please do
not hesitate to get in touch.**

scott.james@uwtsd.ac.uk