

Strategic Options – Week 10

Learn how organisations choose their path forward. Explore strategic options, evaluation frameworks, and strategic thinking skills.

Developing Strategic Capability



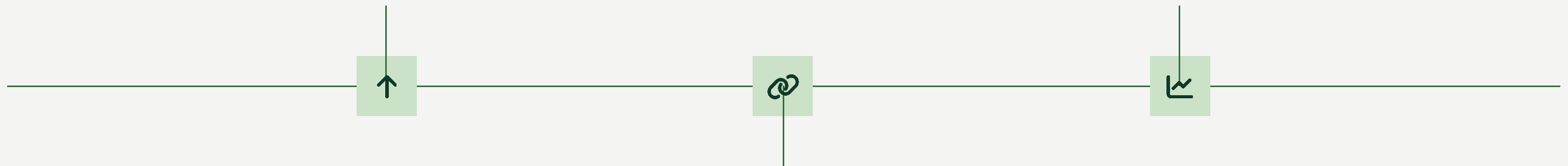
Recap from Previous Lesson

Growth as a Strategic Option

Acquisitions and diversification are important growth strategies. Companies grow by buying other businesses or entering new markets.

High Risk, High Reward

These strategies offer big rewards but come with big risks. Integration is expensive. Many acquisitions fail, but successful ones lead to major growth.



Strategic Fit & Integration

Success depends on choosing the right company to buy and integrating it well. Integration capability is critical – combining businesses requires the right skills.

Learning Objectives

UNDERSTAND

Recognise the different strategic options available to organisations and when each is appropriate.

RECOMMEND

Choose the best strategic option and explain your choice using clear reasoning and frameworks.



ANALYSE

Examine business situations and identify what factors shape strategic choices.

EVALUATE

Judge strategic options using the SAF framework: Suitability, Acceptability, and Feasibility.

Is Growth Always the Right Strategic Option?



Growth is NOT Always Best

Growth is costly and risky. Sometimes stability is a smarter choice. Growing in bad conditions or with weak resources can fail and drain company resources.



Context Matters

Growth works when markets are growing, companies have strong financial resources, and competition is manageable. It fails when markets shrink, companies lose money, or the business is struggling.



Choose the Right Option

The best strategy depends on your unique situation. You might choose stability to maximise profits, retrenchment to survive, or exit to redirect resources elsewhere.

Module Recap: Revisit the Strategic Journey

Understand the Environment

Learn about markets, competition, and customers using PESTLE and Five Forces analysis. Know what is happening around your business and what challenges and opportunities exist.

1

2

Analyse Competitive Position

**Find where your company stands compared to competitors. Are you stronger or weaker? What is your competitive advantage?
How do you compare to competitors?**

Module Recap: VRIO

Value

Does this resource or capability create value? Can it help the company do better and earn more money? Does it solve customer problems?



Rarity

Do many other companies have this resource or capability? If everyone has it, then it is not special. The best resources are rare – only a few companies have them.



Organisation

Can the company actually use this resource or capability well? Do you have the right systems, people, and structure to benefit from it? Can you organise to make it work?

Imitability

Can competitors copy this resource or capability easily? If they can copy it quickly, it is not a strong advantage. Strong advantages are hard to imitate or copy.

Module Recap: Decline, Growth, Acquisitions, Diversification

1

Decline

When a company is losing customers or money. Market is shrinking. Company must decide: retrench (get smaller), fix problems (turnaround), or exit (leave).

2

Growth

When a company wants to become bigger and earn more. Growth can be organic (internal development) or external (buying other companies, entering new markets).

3

Acquisitions

When one company buys another company. This is a fast way to grow. Success depends on strategic fit and the ability to integrate the two companies well.

4

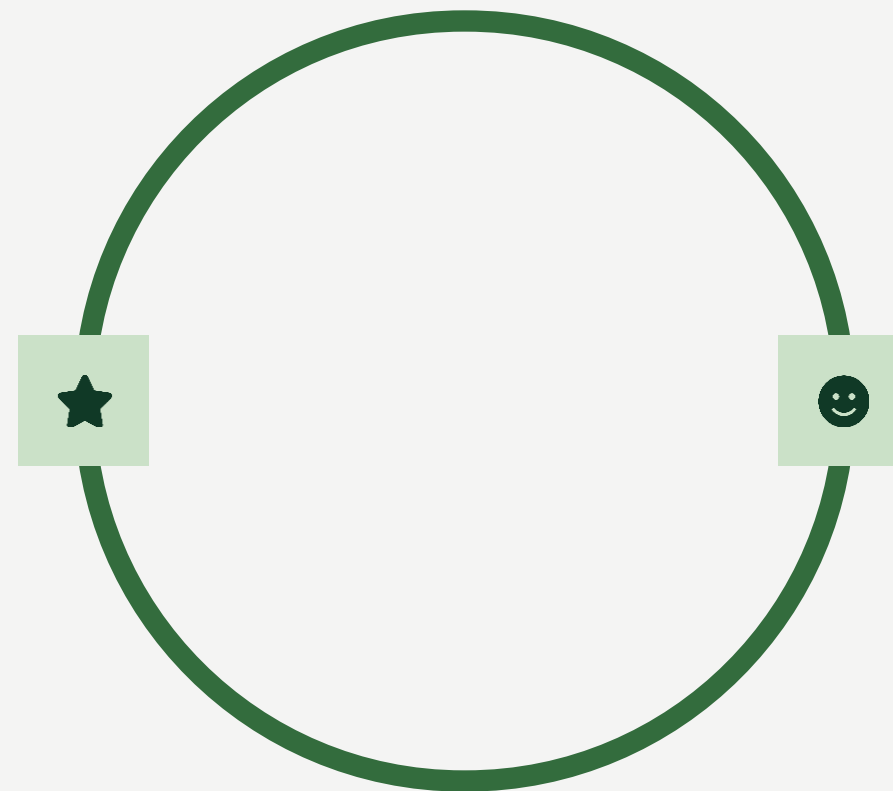
Diversification

When a company expands into new products or markets that are different from current business. Diversification reduces risk but requires new skills and resources.

Student Reflection: Most Useful and Most Challenging

Framework We Found Most Useful

Which framework helped you understand best? VRIO framework? PESTLE analysis?
Why was this framework helpful?
How did it help you think about strategy?



Concept That Were Most Challenging

What was difficult to understand?
Was it choosing between options?
Understanding when each strategy is best? Evaluating trade-offs and risks? Share what was hard and why.

Strategic Options: Alternative Paths Forward

Strategic options are different directions a company can choose to go. These options are not random – they are shaped by three important factors that work together.



ENVIRONMENT

Market conditions, competition, customer needs, and industry trends. What is happening around your business?



CAPABILITIES

Company skills, resources, and what the company does well. What can your company do? What do you have?



PERFORMANCE

How the company is doing now – profits, growth, and success. Is the company strong, weak, or struggling?

Typical Strategic Options

Stability Strategies

Maintain current operations and improve slowly. Use when market is stable and company is strong.

Retrenchment/Turnaround

Reduce costs and focus on core business. Use when company is losing money or performance is declining.



Growth Strategies

Expand market share, develop new products, or enter new markets. Use when growth opportunities exist.

Exit Strategies

Leave the market through divestment or liquidation. Use when losses continue or business no longer fits.



Discussion Prompt



Why Might Maintaining the Current Strategy Sometimes Be the Best Option?

Think about a successful company that is doing well. What reasons might they have for keeping their current strategy instead of trying to grow? When is staying stable better than changing? What could go wrong if a company keeps trying to grow without thinking?



Types of Strategic Options

1. STABILITY Strategy

When is it good to stay the same?

Good for STABILITY:

- Market is stable and predictable – no big changes happening
- Company has strong competitive position – customers prefer us
- Customers are loyal and satisfied with current products and services



Why Choose Stability?

- Stability is not boring – it is smart.
- It costs less than growth. It requires fewer resources. It is lower risk.
- Stability lets you focus on being efficient and profitable with your current business. Many successful companies use stability strategies.



Types of Strategic Options

2. GROWTH Strategy

Good for GROWTH:

- Market is growing and expanding
- Company has money and skills to invest
- New opportunities exist
 - new markets, new customers

Types of Growth:

- Enter new markets (geographic expansion)
- Create new products for existing customers
- Buy other companies (acquisitions)

Why Growth Is Risky:

Growth is expensive and requires many resources. Not all growth succeeds. Many companies try to grow too fast or in wrong ways.

Types of Strategic Options

3. RETRENCHMENT / Turnaround Strategies

When to Use Retrenchment:

- Company is losing money or declining
- Market is difficult or shrinking
- Company needs to survive and return to profitability

How to Retrench:

- Cut unnecessary costs and expenses
- Close unprofitable divisions or stores
- Reduce staff and focus on core business
- Sell assets that are not essential

Retrenchment Goals:

Get the company back to profitability. Stop losing money. Focus on what you do best. Stabilise the business so you can grow again later when conditions improve.

Types of Strategic Options

4. EXIT Strategies

When to Use Exit:

- **Company is losing money and losses won't stop**
- **Business no longer fits company goals or strategy**
- • **Strategic fit is missing – the business is different from core business**
- **No way to fix problems or make business profitable.**

How to Exit:

- **Sell the company to another buyer**
- **Liquidate – sell all assets and close the business**
- • **Divest – sell part of the business or a division**
- **Phase out operations gradually if necessary**

Why Consider Exit:

- **Exit is the last resort – not a failure, but a smart choice.**
- **Sometimes the best decision is to leave. This frees up money and resources for better opportunities.**
- • **Exit lets you focus on core business that is more profitable and successful.**

How to Evaluate Strategic Options (SAF Framework)



Suitability

Does this strategy fit with the market and the company?

Does it use company strengths? Is it good timing?



Acceptability

Do stakeholders like this choice? Will workers, customers, and investors accept it? What are the risks and rewards?



Feasibility

Can we actually do this? Do we have enough money, people, and skills? Can we make it happen?

What Shapes Strategic Options?

1

ENVIRONMENT

- **Market conditions and trends**
- **Competition and competitive pressure**
- **Customer needs and preferences**
- **Economic, political, and social factors.**

2

CAPABILITIES

- **Company skills and expertise**
- **Available resources (money, people, technology)**
- **What we do well (competitive advantages)**
- **Past successes and experience**

3

PERFORMANCE

- **Current profitability and financial health**
- **Sales and growth rates**
- **Market share and position**
- **How successful the company is today**

Strategic options do not appear randomly. They are shaped by the interaction of three critical factors.

Understanding these factors helps you identify which strategic options are realistic and best for your situation.

Strategic Thinking – A Life Skill

IDENTIFY

What are the options?

What can we do?

EVALUATE

**Is each option
suitable? Acceptable?
Feasible?**

JUSTIFY

**Explain WHY we chose
this option using facts
and frameworks**

REFLECT

**What did we learn?
What went well?
What was difficult?**

Strategic thinking is useful in business AND in life – making good choices under pressure.

Capstone Activity: Choosing Strategic Options

Part 1: Read & Analyse (10 minutes)

Read the business scenario carefully. Understand the situation and take notes on environment, capabilities, and current performance.

Part 2: Identify Options (5 minutes)

List all possible strategic options: stability, growth, retrenchment, and exit. Do not dismiss any option yet.

Part 3: Evaluate Using SAF (15 minutes)

For each option, evaluate: Is it suitable? Acceptable? Feasible? Compare trade-offs and risks. Determine which is best.

Part 4: Present & Justify (10 minutes)

Choose your recommended option. Present and explain WHY using facts, frameworks, and clear reasoning.



At the Start of This Term

What did you know about strategic thinking? Could you evaluate options using frameworks? How did you usually make decisions?



What You Learned

What new frameworks did you learn? (SAF, VRIO, PESTLE?) What new ways of thinking about problems did you develop?



Now, at the End of This Term

How is your thinking different? Can you evaluate options better? Are you more confident making decisions? What skills did you develop?

Key Lessons from This Module



Strategy is About Choice Under Uncertainty

Organisations face uncertainty and risk. Strategy means making thoughtful choices about direction even when outcomes are unpredictable.



Strategic Options Must Be Evaluated, Not Assumed

Do not assume growth is best. Evaluate every option using frameworks like SAF. The best choice depends on your specific situation.



Strategic Capability is Built Through Three Skills

Analysis – gather information. Judgement – evaluate options fairly using frameworks. Reflection – learn and improve your thinking over time.

Closing Discussion Prompt

What advice would you give a future student starting this module?

What Should They Know Before Starting?

What do you wish you had known at the beginning? What surprised you? What was harder or easier than expected?

What Frameworks Are Most Useful?

Which frameworks helped you most – SAF, VRIO, PESTLE? Why were they useful? When should students use each one?

What Common Mistakes Should They Avoid?

What mistakes did you make while learning? What should future students do differently to avoid the same problems?

How Should They Approach the Assignment?

What is the most important thing to remember when doing the strategic options assignment?

What tips would help them succeed?

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Thank you

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

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