

Management and Organisational Behaviour

Week 7
**Strategic
Management**

Recap



What did we discuss
last week?

Last week...



- What is organisational change
- How we feel about change
- What triggers the need for change
- Resistance to change
- Change management vs Change leadership

Today's Objectives

- To recap the concept of strategic management
- Influences on an organisations strategic direction
- Types of strategic analysis
- Boston Matrix vs Porter's 5 Forces

Strategic Management

Group Discussion

What does the term
'strategy' mean?

What is strategy?

- Strategy entails futuristic thinking and developing a course of action to meet goals and objectives
- A strategy should be able to define and address the following:
 - Our current position (where are we now?)
 - Our intended future position (where do we want to go?)
 - Our growth from the current position to the future position (how do we get there?)

Group Discussion

So....
What is strategic
management?

THE STRATEGIC MANAGEMENT FRAMEWORK



Elements of Strategy

Strategy is concerned with:

- Determining long term goals and objectives;
- Adopting courses of action to achieve the goals and objectives;
- Allocating resources to the courses of action so that the actions can be successful .

Definitions

“Strategic management involves the management of an organisation’s resources to achieve its goals and objectives”
(Kenton, 2023)

“Strategic management is the ongoing planning, monitoring, analysis and assessment of all necessities within an organisation to meets its goals” (Tucci, 2022)

Strategy in Practice

Mintzberg's 5 Ps

Mintzberg suggested the word 'strategy' can be used in several ways:

in practice a strategy can be:

- a **P**lan;
- a **P**loy;
- a **P**attern of behaviour;
- a **P**osition in respect to others;
- a **P**erspective.

Strategic Decisions

Key organisational decisions about:

- Long-term **direction**;
- The **scope** of an organisation's activities;
- Gaining **advantage** over competitors;
- Addressing changes in the **business environment**;
- Building on resources and competences (**capability**);
- Analysing each products current business performance
- **Values and expectations** of stakeholders;
- Impact on operational decisions.

Strategic direction

- A clear direction can allow for greater consistency with strategy over time
- It helps the business achieves its visions and reach its organisational goals
- Therefore, strategy should be aligned with objectives to ensure they can be accomplished
- A clear direction can also outline the required resources and benefit organisational costs (*e.g. not putting money into an area of the business that is failing*)

Types of strategic direction

Mission - Establish the company's purpose and use the mission as a guide to meet the goals.

Culture – the perceived culture within an organisation can shape the direction.

A company with strong service culture can easily look to improve its customer service and use this as their USP.

Vision – Clearly setting out what the organisation hopes to achieve in the future. This can allow the business to modify the business plan and other goals to align with the vision

Values – What are the company's fundamental beliefs and principles. This can help all involved within the organisations to work better towards a common purpose

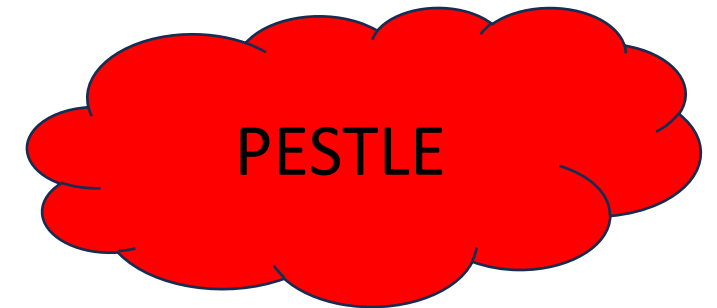
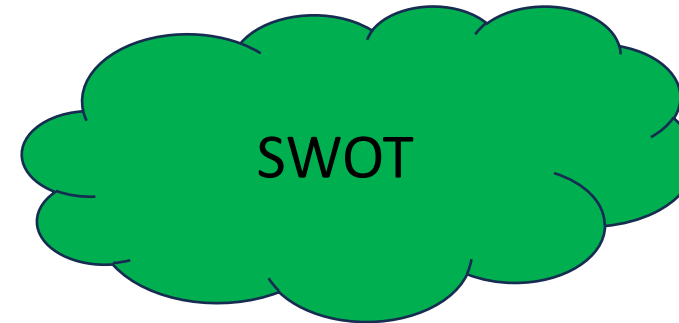
Strategic Analysis

Strategic analysis

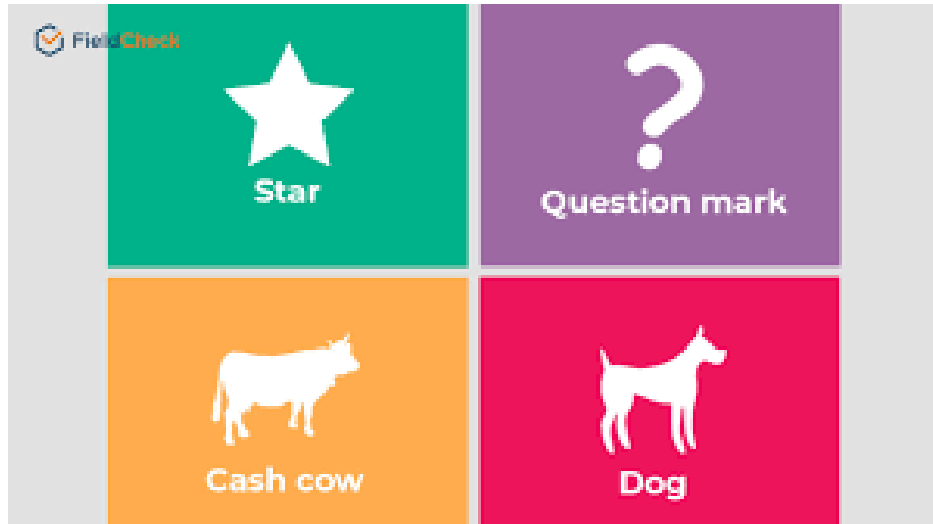
This is a process used to help a business understand their goals, what obstacles they might have and how to overcome them.

Strategic analysis will often involve:

- Finding strength
- Making a note of any weaknesses
- Understand competition and changes to the market
- Noticing changes in consumer trends
- Trying to predict future events or trends to align goals

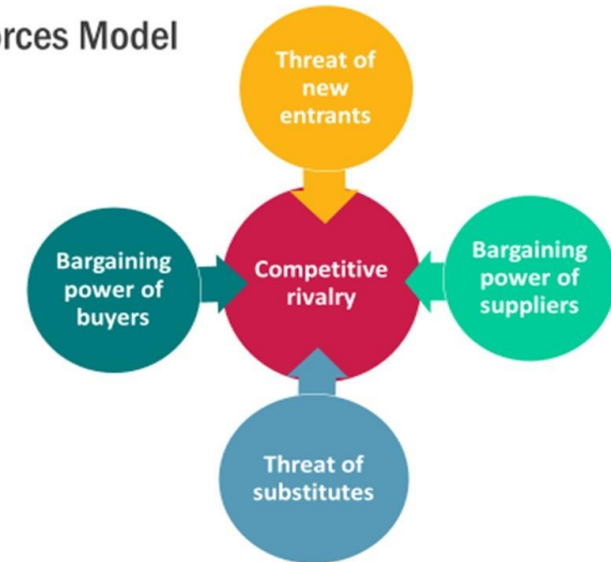


Tools of strategic analysis



Boston Matrix

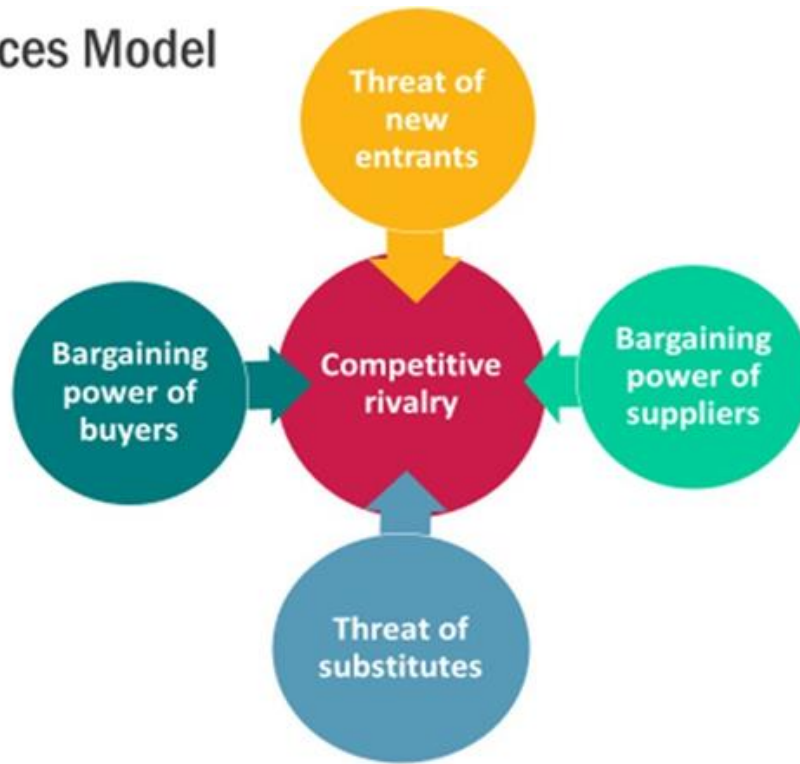
Porter's Five Forces Model



Porter's Five Forces

Porter's Five Forces

Porter's Five Forces Model



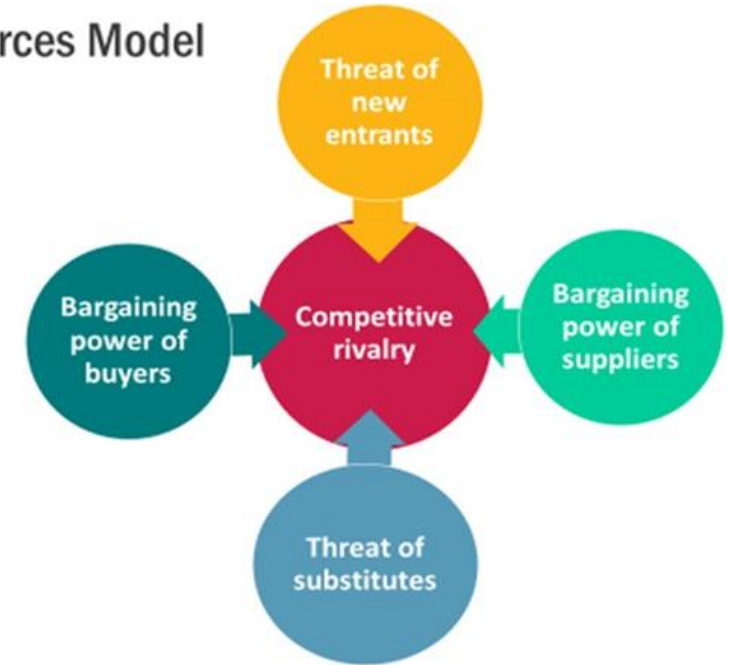
A tool used to analyse the environment/ level of competition for a business

It helps determine a business's attractiveness and profitability

Threat of new entrants

- This looks at the threat of new competitors entering the market
- New competitors will enviably gain some market share
- Rivalry will intensify
- This is less likely to occur if an industry has 'high barriers of entry' (*e.g. it is hard to set up a business in that market*)

Porter's Five Forces Model



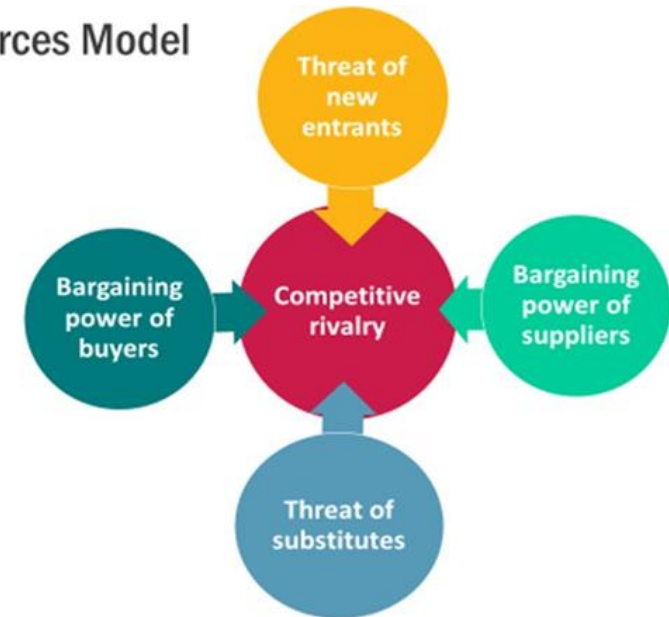
Barriers to Entry

How easy or difficult is it to set up a new business in that industry.

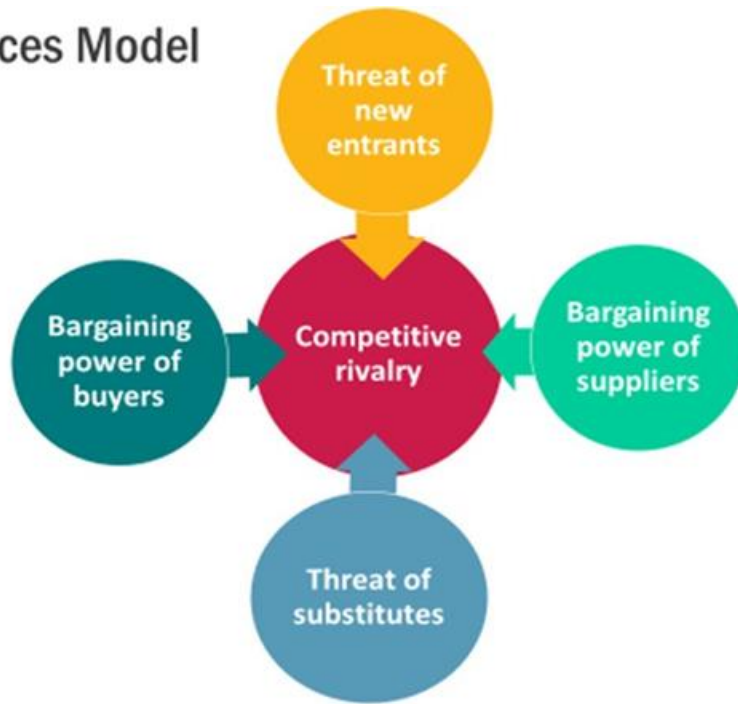
This can be determined by:

- Investment costs or capital required
- Regulation or legal restrictions
- Buying power of current firms in that market
- Access to suppliers or distribution channels
- How well you can differentiate your product

Porter's Five Forces Model



Porter's Five Forces Model



Bargaining power of suppliers

This is looking at the level of 'power' the supplier has over the business

- A high level of power would lead to suppliers increasing their prices as they know the business will make it
- Higher power often come from there being very little alternatives for the business to choose from so they are reliant on that supplier

Bargaining power of Buyers

If the buyer has more power over the suppliers, it will often result in the supplier lowering the price

e.g. Large supermarkets will have big buying power of their suppliers

Threat of substitute products

This refers to how many other products are there in the market that meet the same need

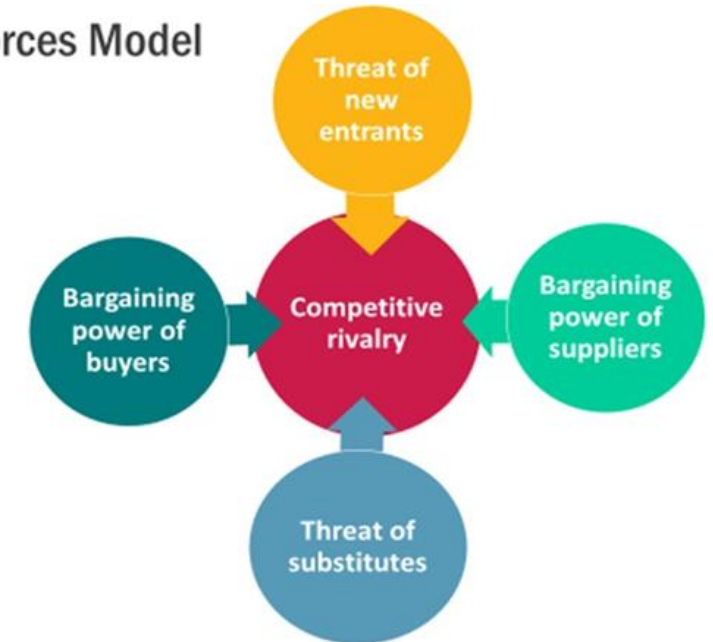
Substitute products can be produced in different industries but still satisfy customer needs

e.g. If an airline is too expensive , a customer might get the train which will still get them to the destination and cause the airline to lose a customer

The threat of substitutes can limit the prices charged by a firm because they need to remain as competitive as possible

Businesses can rely on customer loyalty here to ensure customers 'do not switch'

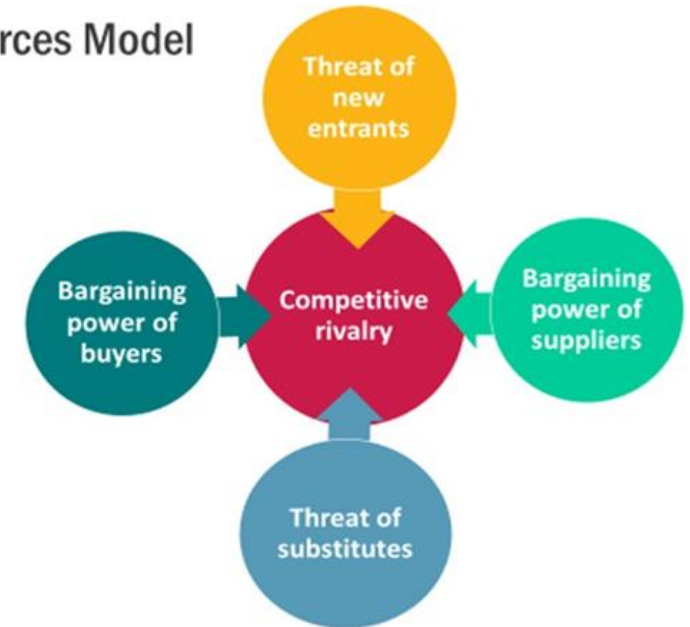
Porter's Five Forces Model



Why is this important for strategy?

- It can help a firm identify the attractiveness of a certain industry
- Evaluate investment options
- Assess the level of competitive within the market
- Make the decision on 'where to next'
- Lead to changes to be made on certain products or services

Porter's Five Forces Model



Porter's Five Forces

THE EXPLAINER: **PORTER'S FIVE FORCES**



Porter's Five Forces: Activity/ Asynchronous Learning

In your groups , please select a hotel that you are familiar with.

Use Porter's Five Forces model to analyse your assigned organisation.
Discuss and answer the following for each force:

- Threat of New Entrants: How easy is it for new competitors to enter this industry?
- Power of Suppliers: How much influence do suppliers have over the business?
- Power of Buyers: How much power do customers have to affect prices and terms?
- Threat of Substitutes: Are there alternative products or services that customers might choose instead?
- Rivalry Among Existing Competitors: How intense is the competition among current businesses in the industry?



Boston Matrix

Boston Matrix



A tool used to analyse a portfolio of products and are categories in terms of market share and market growth

Boston Matrix



High growth products

Require heavy investments to sustain growth



Low market share but operating in a high growth market

Products with high potential so should be doing better



Products with high market share but slow growth

These are 'mature' and found a strong place in the market

Generating strong cash flow



Low market share in an unattractive market

Rarely worth investing and often eventually 'sold off'

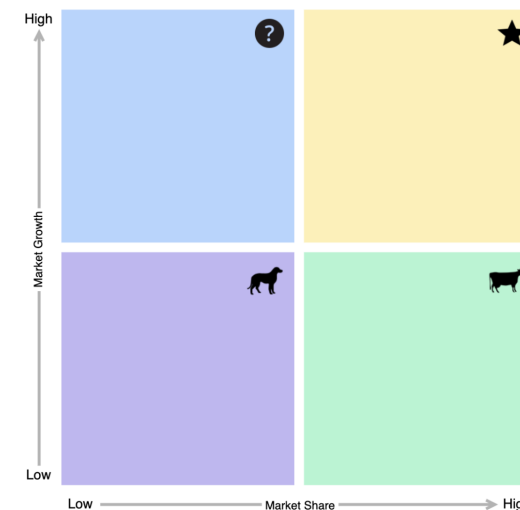
Boston Matrix – Apple example



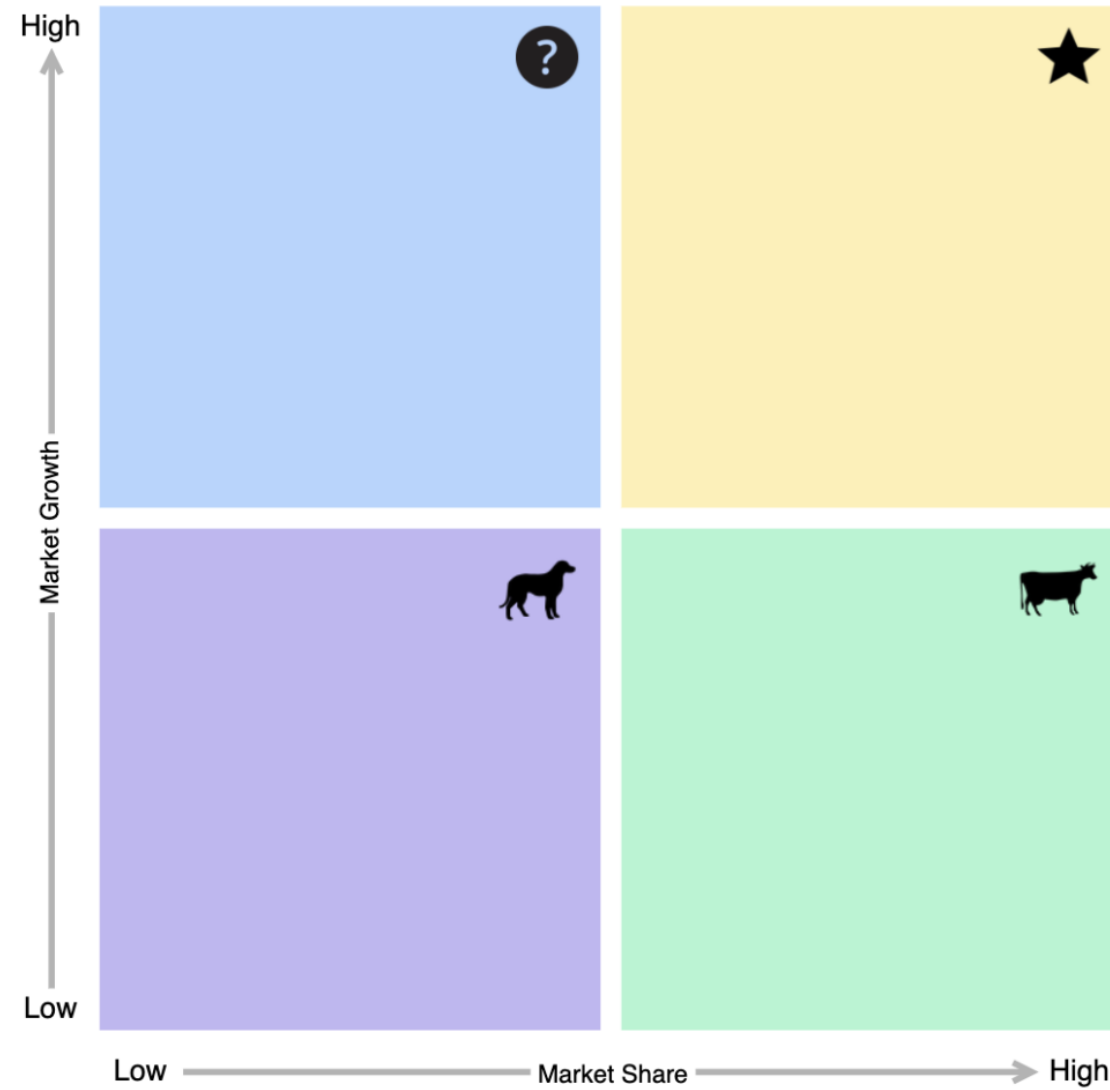
Activity

Complete a Boston Matrix for Marriott hotel international

Which section of the matrix would you personally position their different brands?



Activity





BVLGARI
HOTELS & RESORTS



COURTYARD®



EDITION



AUTOGRAPH
COLLECTION®
HOTELS

RENAISSANCE®
HOTELS



Residence
Inn®
Marriott

SPRINGHILL SUITES®
MARRIOTT

FAIRFIELD
INN & SUITES®
Marriott

TownePlace
SUITES®
Marriott

PROTEA HOTELS

starwood
Hotels and
Resorts

Le MERIDIEN



WESTIN®
HOTELS & RESORTS

TRIBUTE
PORTFOLIO

FOUR
POINTS



aloft
HOTELS

THE
LUXURY
COLLECTION®



Stars	Question Marks
• Westin Hotels & Resorts • Market Leader in Luxury Hotel Segment • Generated Over \$3 Billion in Revenue in 2022 • New 'Wellness Escapes' Program • W Hotels • Market Leader in Boutique Hotel Segment • Generated Over \$1.2 Billion in Revenue in 2021 • New 'Off Duty' Fashion Collection • Robust and Diverse Portfolio of 'Stars' Products/Brands	• Marriott Vacation Club International (MVICI) • Ritz-Carlton Reserve • Sheraton
Cash Cow	Dogs
• The Ritz-Carlton • Courtyard by Marriott • Marriott Rewards	• SpringHill Suites by Marriott • Delta Hotels • Renaissance Hotels

Recap



- What is strategic management
- How to decide on the strategic direction
- Types of strategic direction
- Strategic analysis (*Boston Matrix vs Porter's 5 Forces*)

Assignment 2- Deadline 8th November

Produce a 2000-word report containing the results of your research.

You must focus on either:

Hyatt Hotels Corporation or Wyndham Hotel & Resorts.

With reference to relevant theories, assess, analyse and critically evaluate your chosen organisation, at both corporate and individual hotel level.



Typical report structure:

- Title/ Cover page
- Executive Summary (*not included in word count*)
- Content table (*not included in word count*)
- Introduction
- Main body (*with all the individual subheadings*)
- Conclusion
- Recommendations
- Reference list



Reference List

McLean and J. Marshall, "Intervening in cultures," University of Bath Working Paper, 1993.

CIPD (2023) Organisational climate and culture: Factsheets, available at : <https://www.cipd.org/uk/knowledge/factsheets/organisation-culture-change-factsheet/> (Accessed 13/02/2024)

Handy, C. B. (2007). *Understanding organizations*. Penguin Uk.

Woffindin, (2023) What is Organisational Culture? Available at: <https://cpdonline.co.uk/knowledge-base/business/organisational-culture/> (Accessed 13/02/2024)

Think Insights (2024) Schein's Organizational Culture Model. Retrieved from <https://thinkinsights.net/consulting/schein-organizational-culture/>. (Accessed 13/02/2024)

Cartwright, Nancy (1999). *The Dappled World: A Study of the Boundaries of Science*. New York, NY: Cambridge University Press.

Riley, J. (2018) Handy's Model of Organisational Culture – Explained available at <https://www.youtube.com/watch?v=kRIcOW48qYY> (accessed 10/10/2023)

Peters, T. J. (1984). Strategy Follows Structure: Developing Distinctive Skills. *California Management Review*, 26(3), 111-125. <https://doi.org/10.2307/41165083>

Ogbonna, E. Harris L.C. (2006) Managing organisational culture: insights from the hospitality industry available at : <https://doi.org/10.1111/j.1748-8583.2002.tb00056.x> (Accessed 13/02/2024)

Williams A.P.O., Dobson P., Walters, M. (1996) *Changing Culture: New Organizational Approaches (Developing Strategies S.)* 2nd ed, Publisher: Chartered Institute of Personnel & Development

Cummings, T.G. & Worley C.G. (2008) *Organization Development & Change*, 9th Edition Cengage Learning. All Rights Reserved.

Trost, A. (2019) Don't change Culture by changing the Culture, available at : https://youtu.be/ceud2z_HziU (Accessed 13/02/2024)