

Strategy Analysis & Choice

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The Nature of Strategy Analysis and Choice –

- Establishing long-term objectives
- Generating alternative strategies
- Selecting strategies to pursue
- Best alternative to achieve mission and objectives

Strategy Analysis & Choice

Alternative strategies derive from –

- Vision
- Mission
- Objectives
- External audit
- Internal audit
- Past successful strategies

W T Strategies

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Threats
Opportunities
Weaknesses
Strengths
(TOWS)

WT
Strategies

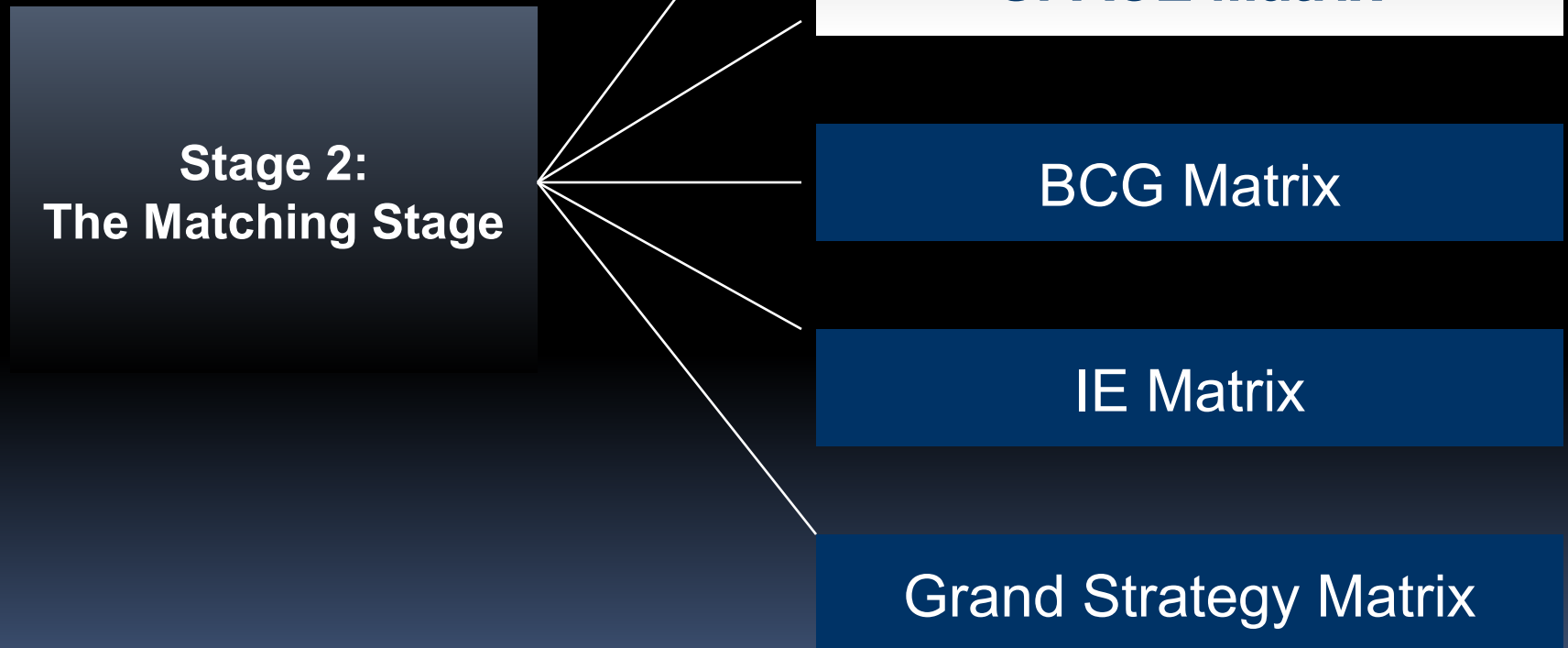
Defensive
tactics aimed at
reducing internal
weaknesses
and avoiding
environmental
threats.

TOW S Matrix

Developing the TOWS Matrix

5. Match internal strengths with external opportunities and record the resultant SO Strategies
6. Match internal weaknesses with external opportunities and record the resultant WO Strategies
7. Match internal strengths with external threats and record the resultant ST Strategies
8. Match internal weaknesses with external threats and record the resultant WT Strategies

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SPACE Factors

Internal Strategic Position	External Strategic Position
Competitive Advantage (CA)	Industry Strength (IS)
Market share	Growth potential
Product quality	Profit potential
Product life cycle	Financial stability
Customer loyalty	Technological know-how
Competition's capacity utilization	Resource utilization
Technological know-how	Capital intensify
Control over suppliers & distributors	Ease of entry into market
	Productivity, capacity utilization

RAPID MARKET GROWTH

Quadrant II

1. Market development
2. Market penetration
3. Product development
4. Horizontal integration
5. Divestiture
6. Liquidation

Quadrant I

1. Market development
2. Market penetration
3. Product development
4. Forward integration
5. Backward integration
6. Horizontal integration
7. Concentric diversification

**WEAK
COMPETITIVE
POSITION**

Quadrant III

1. Retrenchment
2. Concentric diversification
3. Horizontal diversification
4. Conglomerate diversification
5. Liquidation

**STRONG
COMPETITIVE
POSITION**

Quadrant IV

1. Concentric diversification
2. Horizontal diversification
3. Conglomerate diversification
4. Joint ventures

SLOW MARKET GROWTH

Grand Strategy Matrix

Quadrant I

- ✂ Excellent strategic position
- ✂ Concentration on current markets and products
- ✂ Take risks aggressively when necessary

QSPM

Quantitative Strategic Planning Matrix

- ✂ Only technique designed to determine the relative attractiveness of feasible alternative actions