

Strategic Management

Prepared by Dr. Sahar Ahmed

Week Three

Workshop 3



Main Topics Discussed

- **Importance of Strategy Alignment**
- **Strategy Models**
- **The process of Strategic Management**
- **Corporate Strategies**
- **Business Strategies**

Part 1 : Question 1

Apply the I/O and RBV models of planning to Midocean university.

- What are the key factors in the environment that impact the University's performance?
- What are its key resources, and how can they best be deployed?

Question 1: I/O Model- External Factors Analysis

Industry Trends:

- Growth of online learning platforms.
- Increasing demand for flexible and affordable online degree programs.

Government Regulations:

- Accreditation requirements for online programs.
- Regulations regarding online student support services and data privacy.
- Policies impacting international student enrollment in online programs.

Competition:

Increase in online universities offering similar programs.

: I/O Model- External Factors Analysis Contd.

- **Technological Advancements:** Development of new online learning technologies (e.g., virtual reality, gamification).
- **Evolving online learning platforms and content delivery methods.** Increasing accessibility of technology for students (e.g., mobile learning).
- **Demographic Shifts:** Growing demand for online learning from working professionals and geographically dispersed students.
- **Changes in student expectations** regarding online learning experiences and support services.

Question 1: RBV Model: Key Resources and Deployment Strategies

Human Resources:

- Faculty with expertise in online course design and delivery.
- Lecturer who develop engaging and interactive online learning materials.
- Strong student support staff to address online student needs.

Technological Infrastructure:

- User-friendly learning management system (LMS) for course delivery and student interaction.
- Robust online learning platform with features for video conferencing, online discussions, and collaborative work.
- Investment in cybersecurity to protect student data and ensure platform reliability.

Question 1: RBV Model: Key Resources and Deployment Strategies

Academic Reputation:

- Accreditation for online programs.
- Strong reputation for online program quality and student success rates.
- Received high ranking in Times Higher Education ranking
- Positive students' feedback on the online learning experience.

Curriculum Design:

- Online courses specifically designed for effective online learning, fostering student engagement.
- Focus on providing clear learning outcomes and interactive activities.
- Regularly updated curriculum to reflect industry needs and advancements.

Part 1: Question 1

Deployment Strategies:

- Recruit and retain qualified faculty with online teaching expertise.
- Invest in faculty development programs on online course design and pedagogy.
- Develop a strong online student support system with dedicated staff and resources.
- Continuously update the LMS and online learning platform with the latest technologies.
- Utilizing technology to enhance the online learning experience.
- Market the university's strong online programs and student success stories.
- Develop strategic partnerships with industry leaders to provide online internship and career opportunities.

“By focusing on these key resources and deploying them effectively in response to the environmental factors, Midocean University can position itself for success in the competitive online learning market.”

Part 2: Noor Food Industries: Case Study for Strategic Analysis

Company Overview:

Noor Food Industries, established in 1990, is a prominent Egyptian company specializing in the production of a diverse range of food products, including pasta, rice, and vegetable oils. With a strong brand presence and established distribution network, Noor has been a household name for generations. However, in recent years, the company has faced declining sales and a shrinking market share, prompting the need for a comprehensive strategic analysis to identify challenges, assess opportunities, and develop effective strategies for sustainable growth.

Noor Food Industries: Case Study for Strategic Analysis

Industry Landscape:

The Egyptian food and beverage industry is a dynamic and competitive sector, characterized by a growing population, rising disposable incomes, and evolving consumer preferences. While this presents significant market potential, it also poses challenges for established players like Noor. Intense competition from local and international brands, coupled with fluctuating raw material prices and changing consumer tastes, demands strategic adaptation and innovation to maintain market relevance.

Noor Food Industries: Case Study for Strategic Analysis

Challenges

Noor Food Industries finds itself at a crossroads, facing both internal and external challenges that threaten its continued success.

- Internally, the company struggles with a lack of innovation in product development, leading to a reliance on traditional products that may not align with current consumer trends. Additionally, operational inefficiencies hinder production processes and increase costs, eroding profitability.
- Externally, Noor faces intense competition from established brands and emerging players, all vying for a share of the growing food market. Changing consumer preferences towards healthier and more innovative food options further complicate the competitive landscape. Moreover, fluctuating raw material prices and economic uncertainties pose additional challenges to maintaining profit margins.

Questions

- 1- Identify current and emerging consumer trends in the Egyptian food market. How are these trends impacting consumer preferences for food products?”
- 2- Conduct a comprehensive SWOT analysis to identify Noor's internal strengths and weaknesses, opportunities, and threats. How can the company leverage its strengths to overcome its weaknesses?
- 3- Develop and evaluate different strategic alternatives for Noor, considering factors such as market positioning, product diversification, cost reduction, and brand development.
- 4- Based on the analysis, recommend the most suitable strategic option for Noor Food Industries. Justify your choice by explaining how it addresses internal and external challenges and helps achieve strategic objectives.
- 5- Develop a detailed implementation plan for the chosen strategy. This should include specific actions, timelines, resource allocation, and key performance indicators (KPIs) to measure success.

Question1- Answer

Health and Wellness: Consumers might be increasingly seeking healthier options with less sugar, salt, and artificial ingredients. There could be a rise in demand for organic, whole-grain, and fortified products.

Dietary Needs: Growing awareness of dietary restrictions like gluten-free, vegan, or diabetic could lead to a demand for specialized products catering to these needs.

International Influences: Exposure to global cuisines might influence preferences, leading to a rise in demand for ethnic flavors and ingredients.

Question2- Answer

Strengths:

Strong Brand Presence: The case study mentions Noor has a strong brand presence, indicating consumer recognition and trust.

Established Distribution Network: The well-established distribution network allows Noor to efficiently reach customers across the market.

Weaknesses:

Lack of Innovation: The case study highlights a lack of innovation in product development, potentially leading to outdated offerings that don't meet evolving consumer demands.

Operational inefficiencies: production inefficiencies likely lead to higher costs and hinder overall profitability.

Question2- Answer

Opportunities

Growing Market: a dynamic and competitive Egyptian food and beverage industry with a growing population and rising disposable incomes. This implies a larger market size and potentially increased consumer spending.

Threats:

Intense Competition: The case study highlights intense competition from established and emerging players in the industry.

Changing Consumer Preferences: The case study emphasizes the shift towards healthier and more innovative food options, posing a threat if Noor doesn't adapt.

Fluctuating Raw Material Prices: The case study mentions fluctuating raw material prices, which can affect production costs and profitability.

Question3- Strategic Alternatives for Noor Food Industries

Cost Leadership:

Actions:

- Implement lean manufacturing principles to streamline production processes and reduce waste.
- Negotiate bulk purchase agreements with raw material suppliers to secure lower prices.
- Evaluate and potentially outsource non-core operations to improve efficiency.

Pros:

- Improved profit margins through reduced production costs make Noor more competitive on price.
- Appeals to price-sensitive consumers in a competitive market.

Cons:

- Focus on cost reduction might compromise product quality or limit innovation, leading to customer dissatisfaction in the long run.
- Difficult to sustain a cost leadership advantage in the long term as competitors can easily replicate cost-cutting strategies.
- Doesn't address the challenge of changing consumer preferences for healthier or more innovative food options.

Question3- Answer

2. Differentiation:

Actions:

- Develop a premium product line with unique ingredients and focus on gourmet or artisanal food options.
- Partner with celebrity chefs or health experts to endorse new product lines.
- Launch marketing campaigns highlighting the brand's commitment to quality, taste, and unique offerings.

Pros:

Creates a strong brand image through unique selling propositions (USPs) and commands premium prices.

Attracts a loyal customer base seeking higher quality or specific features.

Addresses changing consumer preferences for innovative food options.

Cons:

Requires significant investment in R&D for new product lines and marketing to establish brand differentiation.

May not be suitable for all product lines, potentially alienating existing customer segments who rely on Noor's core offerings.

Question3- Answer

Cost Leadership/Differentiation Strategy (Recommended)

Actions:

- Implement cost-saving measures while focusing on product innovation in specific product lines (e.g., introduce a budget-friendly line with basic ingredients alongside a premium line with unique features).
- Streamline production processes while investing in R&D for select product lines targeting specific customer segments.
- Develop marketing campaigns promoting both cost-effectiveness and some level of product differentiation.

Pros:

- Aims to achieve a balance between cost efficiency and some level of product differentiation.
- Offers competitive pricing while maintaining some unique selling points.

Cons:

- Achieving both cost leadership and differentiation requires careful management and resource allocation.
- May be difficult to execute as it requires excelling in opposing areas (cost reduction and product innovation). Balancing cost and innovation effectively can be challenging.

Question2- Strategic Objectives (SO)

1. Increase Sales and Market Share:

KPI: Market Share (%) - Track the percentage of the total Egyptian food market captured by Noor's sales.

KPI: Revenue Growth (%) - Monitor the year-on-year or quarter-on-quarter growth in revenue.

KPI: New Customer Acquisition Rate (%) - Track the percentage of new customers acquired compared to the total customer base.

Note: Target % are often determined by top management and key leaders.

Question2- Strategic Objectives

2- Enhance Brand Image and Customer Loyalty:

KPI: Brand Awareness Score - Measure brand recognition and recall through surveys or social media engagement.

KPI: Net Promoter Score (NPS) - Gauge customer loyalty by measuring their willingness to recommend Noor products.

KPI: Customer Satisfaction Score - Track customer satisfaction with product quality, service, and overall experience.

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Question2- Strategic Objectives

3- Improve Operational Efficiency and Profitability:

KPI: Production Cost per Unit (%) - Monitor the cost of producing each unit of product.

KPI: Inventory Turnover Ratio - Measure how efficiently Noor manages its inventory.

KPI: Profit Margin (%) - Track the percentage of profit earned on each sale.

Question2- Strategic Objectives

4. Adapt to Changing Consumer Preferences:

KPI: Number of New Product Launches Targeting Health Trends - Track the number of new product lines catering to specific dietary needs or health trends.

KPI: Customer Adoption Rate of New Products (%) - Measure the percentage of customers purchasing new, innovative products.

KPI: Social Media Sentiment Analysis - Monitor online conversations to understand customer preferences and identify emerging trends.

Question5- Action Plan

Action 1: R&D and Product Development (12 months): SO1 (Enhance Brand Image and Customer Loyalty (SO1)

Activities:

Establish a dedicated R&D team with expertise in food science, consumer trends, and **nutritional needs** (Addresses SO1).

Conduct market research to identify specific consumer preferences, unmet needs, and **health-conscious trends** (Addresses SO1 & SO4).

Develop prototypes for new product lines aligned with **health, convenience, and identified consumer needs** (Addresses SO1 & SO4).

Resources: Allocate \$2 million for R&D personnel, equipment, market research, and **nutritional analysis**.

KPI: Number of new product concepts developed and tested within the timeframe, with a focus on **healthy options** aligned with **consumer preferences** (Addresses SO1 & SO4).

Question5- **Action Plan**

Action 2: Brand Repositioning and Marketing (18 months): SO2:Increase Sales and Market Share

Activities:

- Develop new marketing campaigns highlighting Noor's commitment to **innovation, health, and meeting customer needs** (Addresses SO1, SO2 & SO4).
- Update packaging to emphasize the new product features, **health benefits, and convenience** (Addresses SO2 & SO4).
- Partner with influencers and nutritionists to promote the new products, focusing on their **health benefits and target customer segments** (Addresses SO2 & SO4).

Resources: Allocate \$3 million for marketing campaigns, packaging redesign, influencer partnerships, and content creation focused on **healthy product features**.

KPI: Increase in brand awareness and **positive brand perception** among target segments, particularly those interested in **healthy options** (Addresses SO1 & SO2).

Question5- Implementation Plan

Action 3: Sales and Distribution Activities : SO3: Improve Operational Efficiency and Profitability

- Leverage existing distribution network to efficiently reach customers with new products.
- Train sales personnel on the features, benefits, and **health aspects** of the new product lines (Addresses SO3).
- Utilize data analytics to track sales performance of **new and existing products**, identify areas for improvement, and adjust marketing and distribution strategies as needed (Addresses SO2 & SO3).

Resources: Ongoing allocation of resources for sales training, distribution network maintenance, and data analytics tools.

KPI: Sales growth for new product lines, with a focus on **healthy options**, and overall revenue increase while maintaining or improving **profit margin** (Addresses SO2 & SO3).

Question5- Implementation Plan

Action4 : Competitor Analysis (Ongoing):

- Regularly monitor competitor marketing and product launches to identify health trends and potential gaps in the market.
- Conduct market research to assess competitor strengths and weaknesses regarding health-focused offerings.

Consumer Feedback Mechanisms (Continuous):

- Implement customer satisfaction surveys with specific questions about health preferences and interest in new product ideas.
- Conduct focus groups with target customer segments to gather detailed feedback on health trends and product features.
- Utilize social media listening tools to monitor online conversations about health food options and emerging trends.

Question5- Implementation Plan

Action 5: Product Innovation (Continuous):

- Maintain a dedicated team or process for generating and evaluating new product concepts aligned with health trends and consumer feedback.
- Conduct pilot tests and gather customer feedback on promising new product ideas before full-scale launch.

Resources:

- Allocate budget for market research tools and competitor analysis software.
- Dedicate resources for conducting customer surveys and focus groups.
- Utilize social media listening tools and assign personnel to monitor relevant online conversations.
- Allocate resources for the product innovation team, including personnel, prototyping equipment, and market research for new product concepts.

Question5- Implementation Plan

KPIs:

Number of competitor health-focused product launches identified within a specific timeframe (e.g., quarterly).

Customer Satisfaction Score: Track responses to survey questions specifically related to health preferences and interest in new product ideas.

Social Media Sentiment Analysis: Monitor the percentage of positive mentions related to health attributes of Noor's products and competitor offerings.

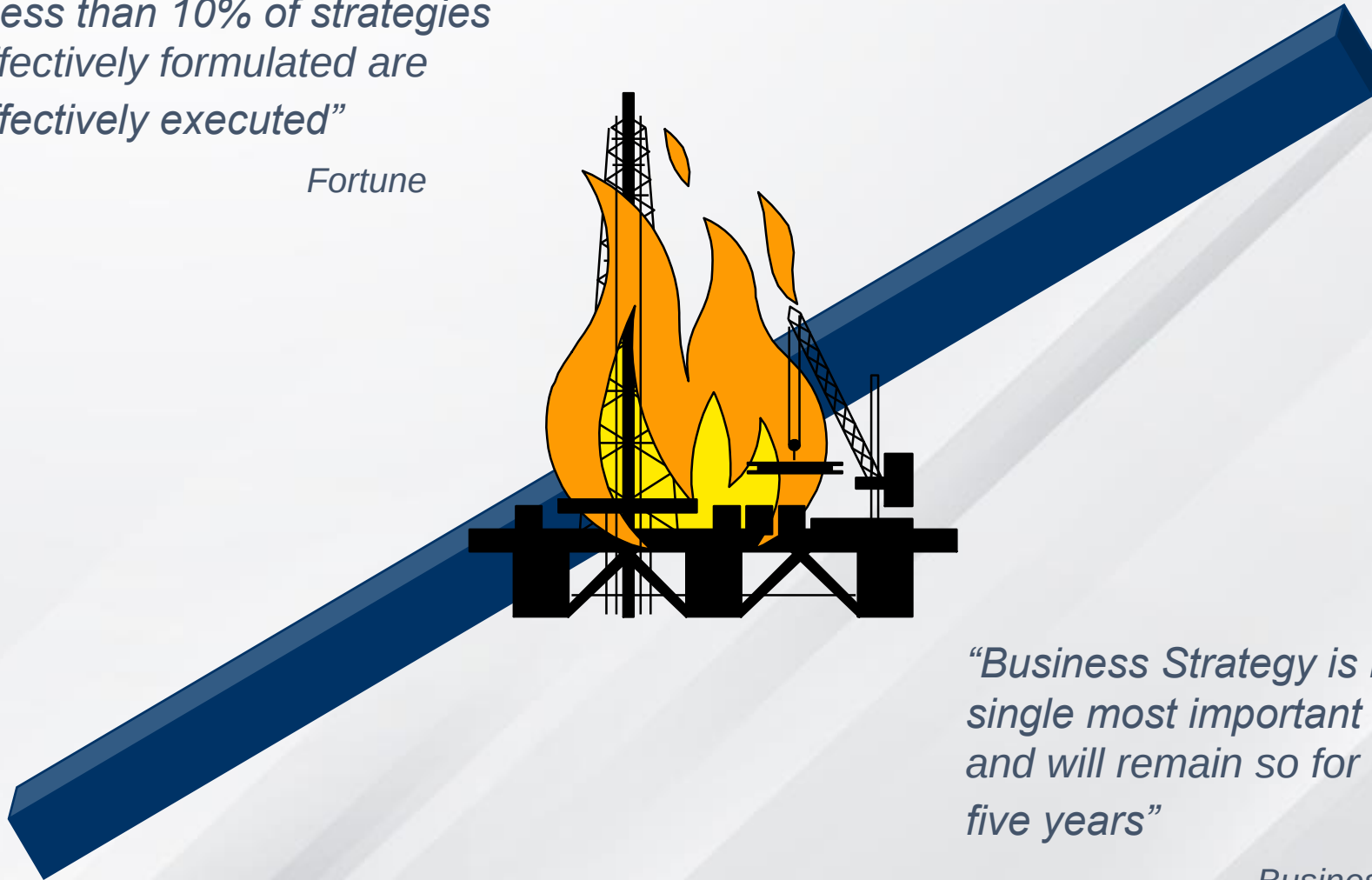
Number of new product concepts developed within the innovation pipeline that address health trends and consumer feedback.

Success Rate of Pilot Tests for New Health-Focused Products: Track the percentage of pilot tests for new health-focused products that receive positive customer feedback and move forward to launch.

Why Do We Need a Balanced Scorecard? To Implement Business Strategy!

*"Less than 10% of strategies
effectively formulated are
effectively executed"*

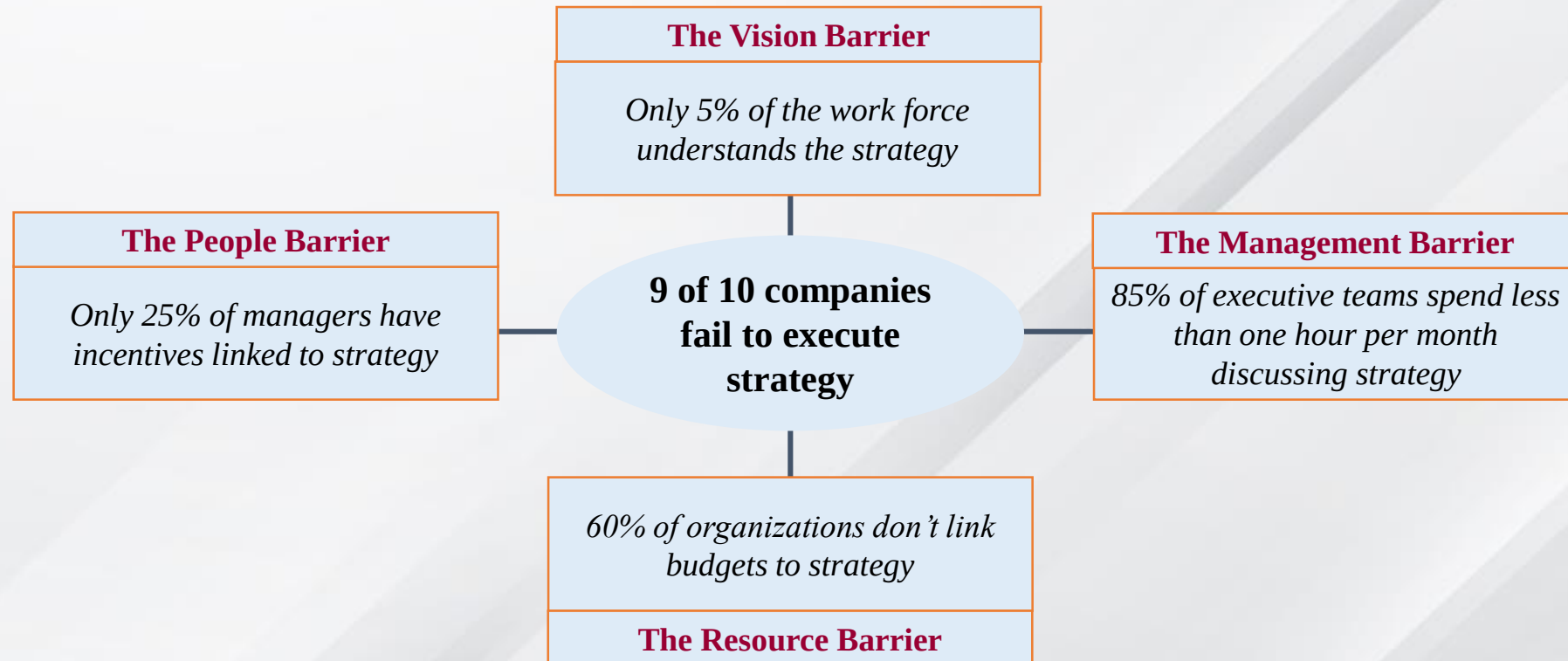
Fortune



*"Business Strategy is now the
single most important issue...
and will remain so for the next
five years"*

Business Week

Barriers to Strategic Implementation



Question:

How can we achieve significant results in short periods of time?

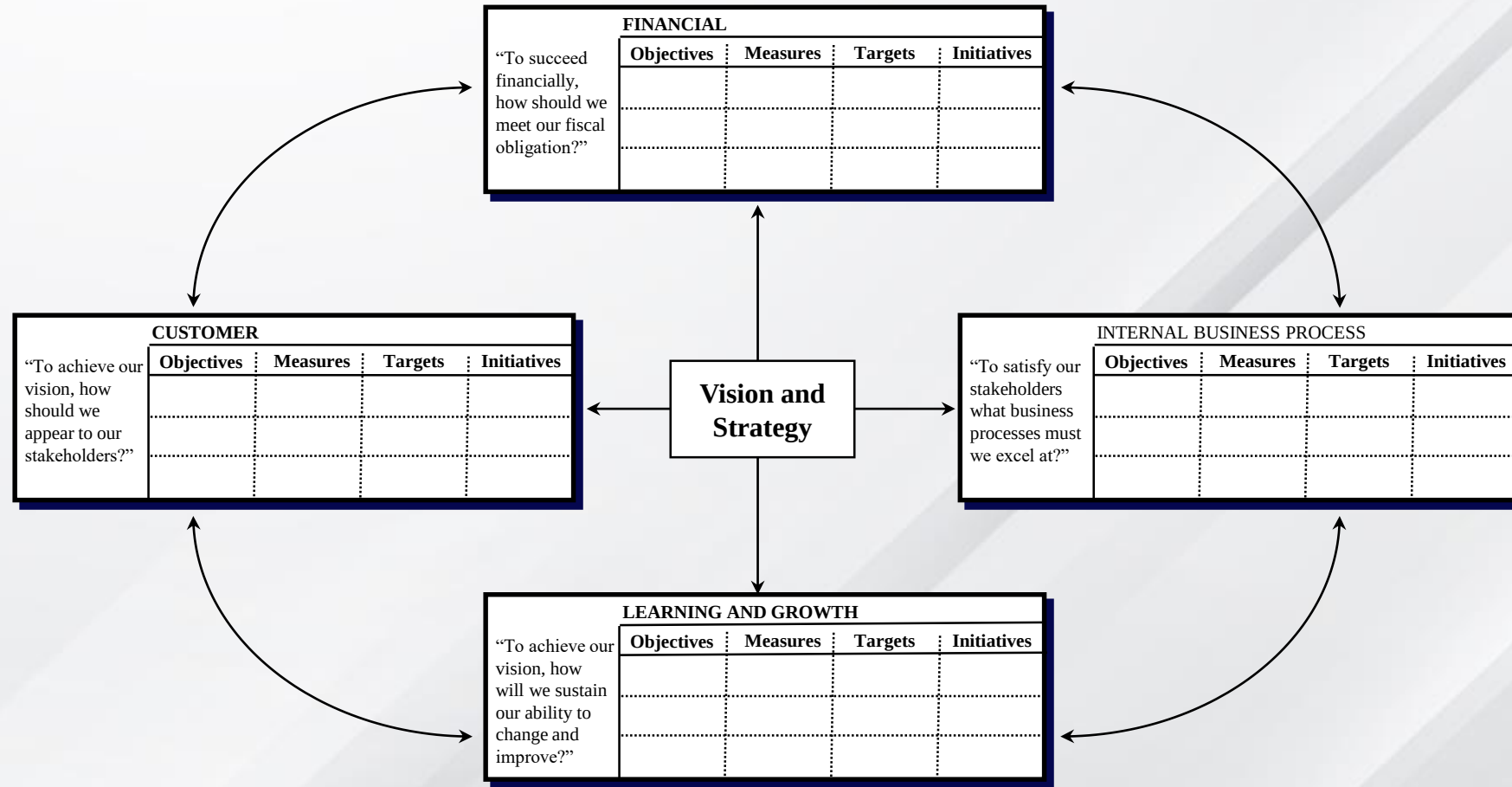
Answer:

Alignment!

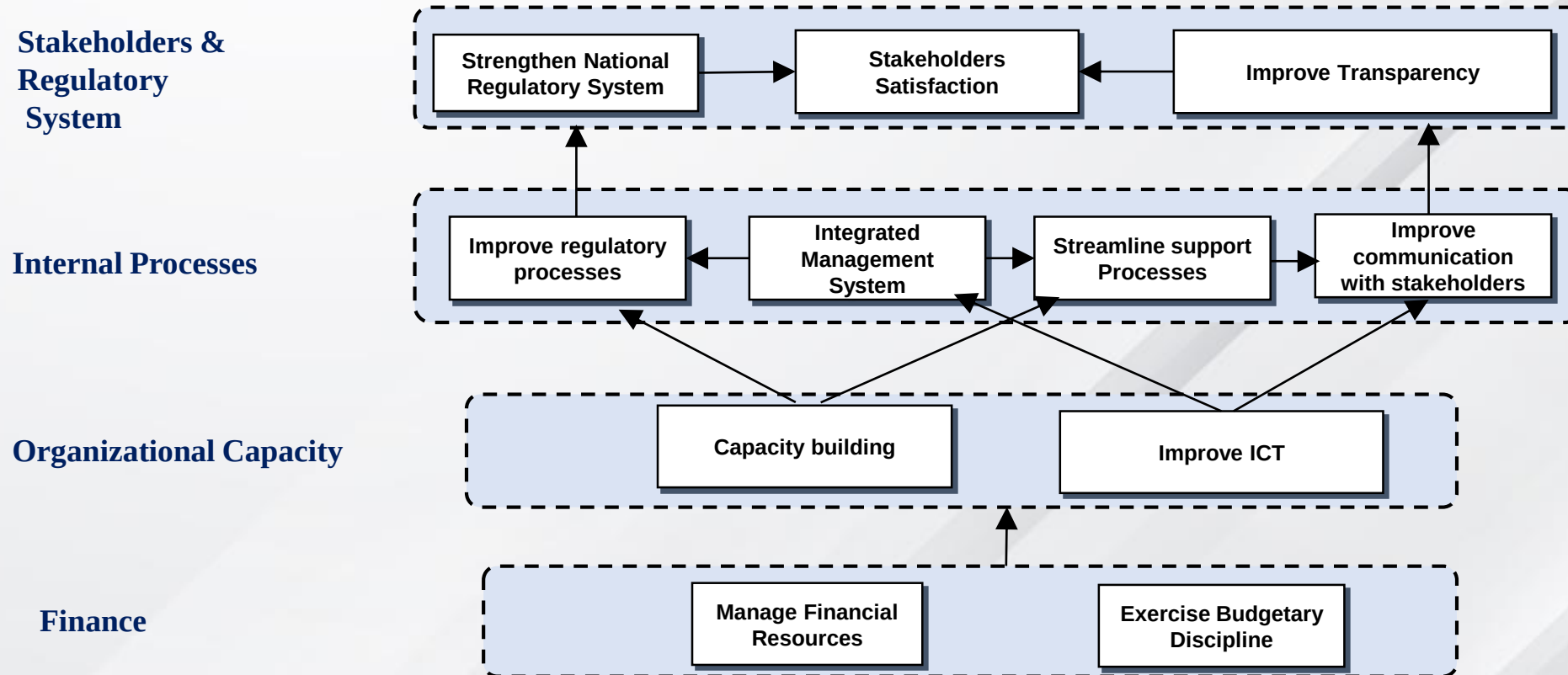
The Balanced Scorecard process allows an organization to align and focus all its resources on its strategy



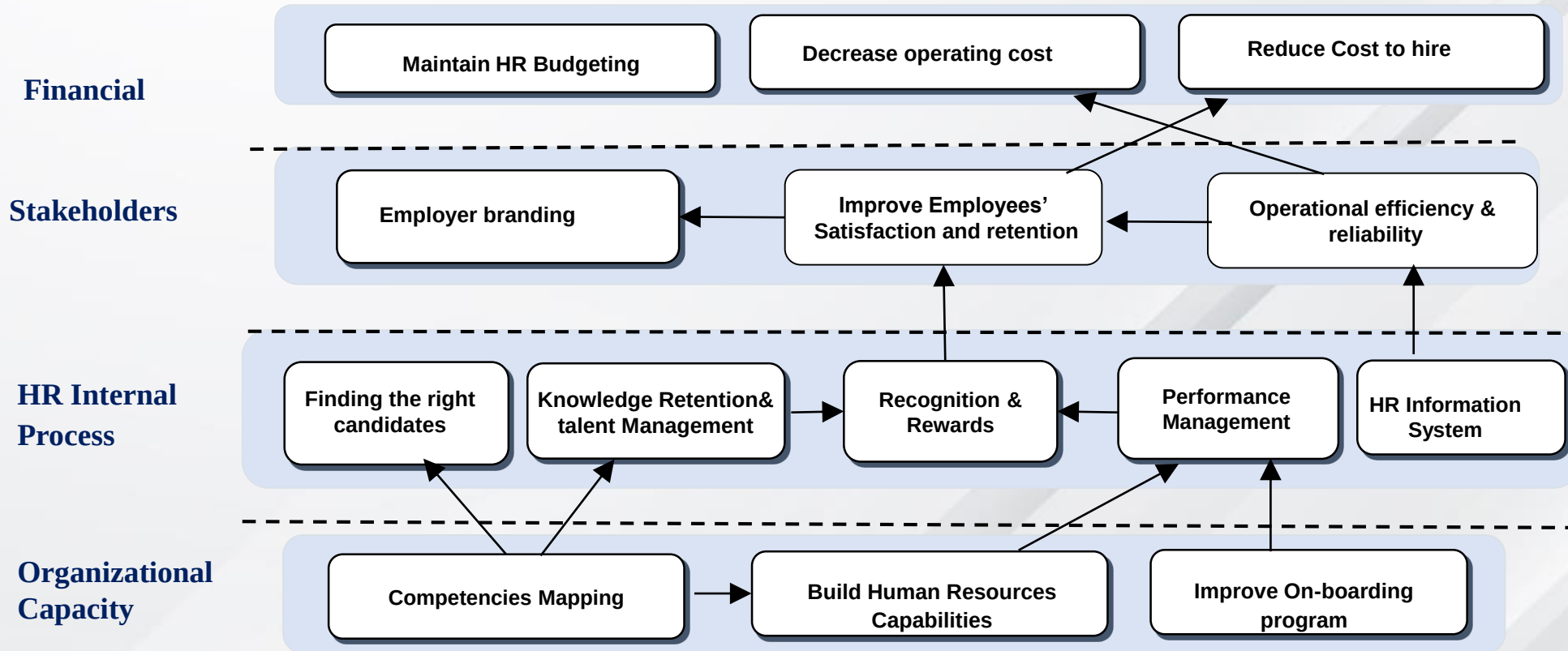
Translating Vision and Strategy: Four Perspectives



Translating Vision and Strategy: Strategy Map Example



Translating Vision and Strategy: HR Strategy Map



References

Main Reference

- Mello A .Jeffrey (2011). Strategic Management of Human Resources (3rd ed.) South-Western Cengage Learning.

Additional Resources for extra reading.

- Boselie, Paul (2014). Strategic Human Resource Management: A Balanced Approach .McGraw Hill Companies.
- Millmor, Mike, Philip Lewis, and others (2007), Strategic Human Resource Management Contemporary issues. Ft Prentice Hall.



Thank You