Strategic Planning

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1) Explain making good use of examples why the strategy execution process can be a very difficult phase in the pursuit of the organisations strategy.

Strategic planning is the process of ensuring an organization puts its resources, operations, employees, goals, strategies and priorities towards achieving some common identified results and in the same way adjusting its directions due to changing environment. Strategy execution is the stage of strategy development process, which involves putting into practice all the guidelines that have been deemed fit for the success of the company (Thompson, 2013). The execution stage is a difficult phase in the pursuit of an organization's strategy. There are several challenges that make firms fail in strategy implementation. Firstly, lack of good leadership can lead to the failure of strategy execution. Leading strategy execution requires an open and balanced leadership, where the leader is able to work together with the other partners and maintain the objectivity required in making difficult and challenging decisions. Companies having weak leadership will end up failing in their strategy implementation since leaders are unable and unwilling to take the challenge of making difficult decisions. In addition, the partners in return fail to hold leaders accountable for their poor leadership in implementing the strategy. This leads to a loss to the company of all the investment they have put in place to ensure effective strategy development process (Thompson, 2013).

Secondly, lack of honest and realistic goals leading to the establishment of weak strategies. Leaders and partners may fail in making genuine assessment of the company's competitive position in the market, and; therefore, end up making unreasonable strategies. Hence, if the strategies are unrealistic, then the execution process lacks meaning and ultimately the company will end up failing in strategy development. Everyone in the organization should be aware of the current organizational goals, and should be given a chance of giving examples of realistic goals, which the company can adopt in the due process. Therefore, for an effective execution to take place, an organization must ensure that it has a clear strategic plan, which is supported by excellent organizational goals.

Thirdly, resistance to change by parties involved in the strategy development process may lead to failure of the execution process. For a company to adopt new strategies, it needs to develop new approaches and new ways of doing things. If members of the execution team are against the adoption of new techniques, then it becomes challenging for a firm to execute its intended strategies effectively (Thompson, 2013). Fourthly, inadequate resources may also hinder the execution process. In the case of workforce, a company needs to have the right people with the right skills to aid a smooth implementation of the strategy. Employees need to understand the organizational goals, how they affect them as staff members as well as the target market. Employees need to know well where they fit and understand their role in implementing organizational strategy. Some team leaders do not maximize on the potential of some of their employees who may be multi-talented. It is the role of team leaders and manager to identify the potential of each employee and ensure they motivate them to bring out the best out of them. This may ease strategy implementation process.

Fourthly, lack of a good link between the systems and the workforce can also make it difficult for strategy execution. Everyone should be given timely feedback on their performance in order to aid in amendments of objectives, fine-tuning of strategies and the execution process. Communication is crucial to every organizational project, and lack of effective communication and delegation of duties will eventually leave strategy executors confused and take too much time than planned (Thompson, 2013).

2.) Choose two organizations that you are familiar with, the first organization pursuing a strategy based on differentiation, the second organization pursuing a strategy based on cost leadership. Making extensive use of examples and the value chain concept compare and contrast

the approaches of these two companies in their pursuit of a source of competitive advantage

The differentiation strategy holds that a company wants to appear unique in its industry of operation by making sure that its products have some unique features, which are highly valued by customers. In return, they will get a premium price as a reward for its uniqueness. Cost leadership strategy occurs when a company decides to become a low-cost producer in the whole industry. A company will utilize different sources of cost advantage in the industry in order to succeed using the cost leadership strategy, and; hence, it will be an average performer in its industry (Thompson, 2013).

An example of a company using a differentiation strategy is the Apple Computer Company. Apple Company uses the differentiation strategy in achieving competitive advantage in the industry. The differentiation strategy thrives if the target customer is price insensitive, the market is highly saturated, consumers have unique needs, which are underserved and the company has the unique resources and capabilities to cater for the customer demands and desires in ways that are satisfactory and difficult to imitate. Apple company has effectively utilized its unique technical expertise by coming up with computer designs that are unique and needed by consumers. Moreover, it has specialized in the use of patent rights to make itself different from other companies in the industry. Apple Inc. has successfully succeeded in using this strategy since it has achieved a premium price for its products and services increased its revenue per unit and in the same time increasing its brand loyalty. Differentiation yields profits if the premium price of the products outweighs the total expenses to acquire the product. Brand management will also yield uniqueness even if the product is similar with the competitors' (Thompson, 2013).

An example of a company using cost leadership strategy is Wal-Mart Inc. In the cost leadership strategy, a company wins market share by targeting price-sensitive consumers and offering low prices in the industry it operates in. A company must operate at a lower cost than those of its competitors for it to achieve profitability and a good return on investment. The cost leadership strategy uses three main ways in achieving this. One is the use of high asset turnover, which leads to economies of scale. The second is cost management by ensuring that both direct and indirect operational costs are low compared to competitors'. The third way is by controlling the value chain of all functional groups in the company in order to ensure low costs. Wal-Mart Company usually pushes its suppliers to offer low costs for their raw materials ensuring low prices for its finished goods (Thompson, 2013).

Comparison

Both companies are using competitive advantage to thrive in their respective market segments by ensuring that they get a big market share in the broader segment. In addition, the ultimate goal of the companies is profitability of its operations, and; hence, despite the different strategies they use, they all aim at maximizing profits.

Contrast

Apple Company uses techniques and good expertise to differentiate its products and make them more appealing to customers while Wal-Mart Company capitalizes mainly in cost reduction ways to ensure profitability. Apple Inc. operates in a market segment where prices are insensitive while Wal-Mart market is price sensitive. Apple Inc. attains its profitability mainly by offering unique features to customers at a good price while Wal-Mart maintains low operational costs to achieve lower unit cost, and; hence, profitability (Thompson, 2013).

3.) If the shareholders of your company complained that you and your co-managers have been spending too much time focusing on sustainability objectives, what would you tell them?

Sustainability objectives are the core standards against which a company's performance is measured in relation to environmental, economic, governance and social issues. For an organization to effectively succeed, it has to factor in the sustainable objectives, which are seen to touch all parts of life. There are mainly four areas of focus in relation to sustainable objectives. Firstly, the relationship between an organization and its stakeholders such as consumers, suppliers, and employees among others; secondly, the community in which the company operates in; third and most important is the environment in which it operates in, and finally the guiding values and governance (Thompson, 2013). If our shareholders have been complaining about our involvement in ensuring sustainable objectives, I would invite them for a meeting and advise them on the importance of sustainable objectives and their significance to an organization. I will explain to them the following important points.

Firstly, when an organization has good strategies of employee recruitment, retention and motivation, it stands to benefit now and in the future since employees will feel valued, which will motivate them to improve their performances leading to a high output for the company. Employees' training and development helps employees produce more at lower costs leading to increased profit margins for the firm. Additionally, employees become loyal to the organization and assist in innovation and making decisive decisions for the firm since they feel that the firm cares for them. Employees are crucial to any organization since their contributions will lead to the success or failure of the company. Therefore, they must be treated with much care (Thompson, 2013).

Secondly, I would explain to the shareholders the effect and impact of an organization to the environment. All organizations operate in a given natural environment, and they affect or are affected by the environment in one way or another. Companies destroy the beauty of the natural environment through various ways of pollution. It is the role of the company to tackle the environmental issues in the area it operates in. When companies come up with strategies of reducing pollution, many people see it as a good sign of environmental responsiveness, and they end up getting more attracted to the company's actions, and finally buying their products. This helps in building a firm's reputation (Thompson, 2013).

Thirdly, I will explain to the shareholders the significance of the surrounding communities in relation to its operations. The surrounding communities supply labor to the company, ensure security and good operating space, and supply different resources like raw materials to the firm. For the firm to continue enjoying all these services from the community, it must involve sustainable objectives. The firm should engage in corporate social responsibility to the communities around. For example, the company can guarantee some employment opportunities for the members of the communities around, and help in improving social amenities and infrastructures like schools and roads. When a company is socially responsive to the community, then the people will become loyal to the company, buy more company's products, and reduce social evils around the company among other positive things. This will lead to high profitability due to low operational costs (Thompson, 2013).

Fourthly, I would discuss the value of adhering to governance and maintaining effective values. Shareholders will understand the significance of adhering to government and other agency regulations. Companies enjoy many benefits when they adhere to regulations. For example, a company should prepare and remit all its taxes to the government on a timely basis failure to which a firm will be subject to heavy fines and penalties. Therefore, when companies adhere to rules and regulations, they are able to minimize unnecessary costs and the end result is increased profit margins. The increased profit margins will eventually lead to company growth (Thompson, 2013).

References

Thompson, A.A., Strickland, A.J., & Gamble, J. (2013). *Crafting and executing strategy*: Concepts and readings (19th ed.). McGraw-Hill/Irwin.