UNIT 10: STRATEGIC ANALYSIS AND CHOICE

UNIT STRUCTURE

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10.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- explain meaning and importance of strategy analysis.
- describe different tools and techniques used by the firm for Strategy analysis.
- explain Corporate Portfolio analysis
- discuss Strategic Groups Analysis

10.2 INTRODUCTION

Strategic analysis refers to the evaluation of alternative strategies i.e. analysis of costs and benefits of each and every alternative strategy. After identifying

the pros and cons of the alternative strategies, the best suitable strategies are selected. Organizations continually face the challenge of exercising choice among the alternatives. While deciding on the strategic alternatives firm needs to take into account its strength and weaknesses. They should try to grab the opportunity and overcome the environmental challenges. In this unit we will discuss these in brief.

10.3 STRATEGIC ANALYSIS AND ITS IMPORTANCE

There are various internal and external factors which influence strategic choice. External factors include the competitors, suppliers, dealers and customer. Internal factors consist of organization mission, objectives and policies, availability of resources and management-labour relationship. The personal preference of the dominant strategists such as the chief executive affects the choice of the strategy. The past strategies of the firm also affect the present strategies as well. The strategy of the firm also depends upon the value system of the top management. The attitude of the top management towards risks is one of the important factors affecting selection of strategy. In many organizations, there is some sort of internal politics, which directly affects the choice of the strategy. The time element can have a considerable influence on the choice of strategy.

10.3.1 Importance of Strategic Choice

Strategic choice is one of the critical aspects in the organization. Once the strategy is selected firm makes all the arrangement to implement it. The resources are gathered for its implementation. But if the strategy itself is defective then organization has to pay for it hence strategy choice becomes one of the important decision areas. When the right strategy is chosen its give many benefits to the organization like:

a. **Competitive Advantage:** Right choice helps in gaining competitive advantage in the market. Firm can introduce innovative products, improve quality and reduce cost.

b. **Coordination:** Strategies facilitate coordination throughout the organization. While deciding the choice of the strategy, the overall corporate and departmental strategies are considered.

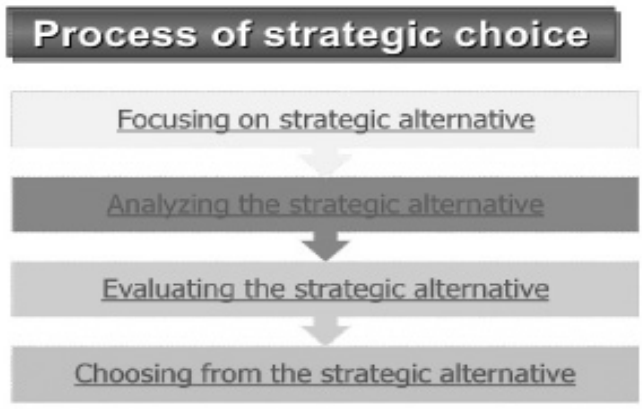
c. **Corporate image:** Proper strategy selection and implementation improves the performance of the organization. Therefore the corporate image of the firm improves in the minds of various stakeholders.

d. **Organizational efficiency:** Right choice of a strategy leads to effective implementation, which in turn leads to higher performance and profits.

e. **Optimum use of resources:** Effective strategic choice enable optimum use of available resources.

10.4 PROCESS OF STRATEGIC CHOICE

The following flow chart will explain briefly the process of strategic choice.



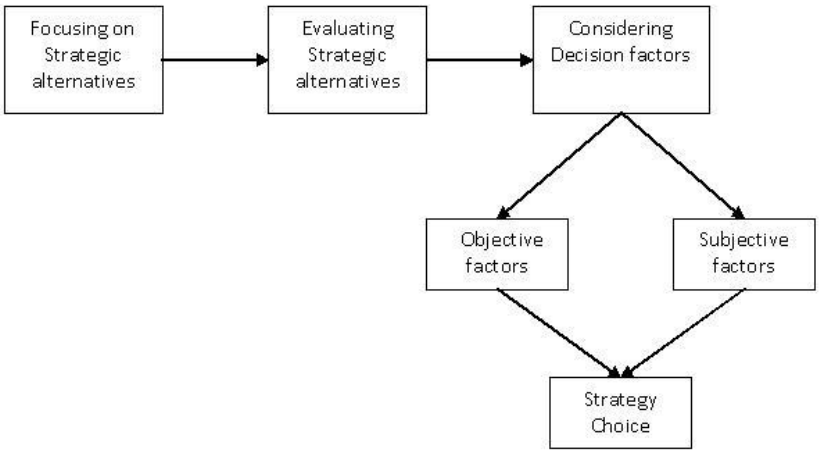


Figure 10.1: Process of Strategic Choice

i) **Focusing on strategic alternatives:** It involves identification of all alternatives and selecting the best out of it. At a time, it is really impossible to implement all the strategies hence choice becomes essential. The strategist examines what the organization wants to achieve (desired performance) and what it has really achieved (actual performance). The gap between the two positions constitutes the background for various alternatives and diagnosis. This is gap analysis. The gap between what is desired and what is achieved widens as the time passes if no strategy is adopted.

At the business level, organization needs to think of alternative ways of competing. The choice is essentially between positioning the business as being low-cost, differentiated or focused. While focusing on the strategy, firm needs to understand the prevailing condition in the industry.

ii) **Analyzing Strategic Alternatives:** With due care firm can narrow down the strategies to be adopted. The alternatives are chosen after careful investigation and analysis of the market. Certain parameters or factors are considered for analyzing a particular strategy. The selection of factors can be divided into two groups: the objective and subjective factors. Analytical techniques are used in objective factors whereas subjective factors are based on one's own

perception or judgment. Eg.objective factors is tentative market share of the company and subjective factor can be perception of the top management. The alternatives chosen in the first stage are analyzed on the basis of these two factors. An indicative list is stated below:

Objective factors:-

- Environmental factors
  - Volatility of environment
  - Input supply from environment
  - Powerful stakeholders
- Organizational factors
  - Organization's mission
  - Strategic intent
  - Business definition
  - Strengths and weaknesses

Subjective factors:-

- Strategies adopted in the previous period;
- Personal preferences of decision- makers; Management's attitude toward risk;
- Pressure from stakeholders;
- Pressure from corporate culture; and
- Needs and desires of key managers

iii) **Evaluating the Strategic Alternatives:** Here the final selection of the strategy is done on the basis of selection factors. The choice is narrowed down which leads to selection of few alternatives. Every alternative is properly evaluated for its capability to help the organization to achieve its objectives. Assessment of the pros and cons of various alternatives and their suitability is done. The tools which may be used are Portfolio Analysis, GE Business Screen and Corporate Parenting. Corporate scenario is constructed for every strategic alternative considering both environmental factors and market conditions. It provides sufficient information for a strategist to make final decision.

After evaluation the alternatives, it is considered for final decision.

10.5 TOOLS AND TECHNIQUES FOR STRATEGIC ANALYSIS

Strategic analysis is a dynamic area of strategic management. Always new ways and techniques are developed which replaces older techniques. Thanks to the technology which has provided readymade strategic planning software that provides templates, spreadsheets and various types of report format. Strategic analysis is done at corporate and business level. Corporate analysis is concerned with overall analysis of the businesses of the firm whereas business level analysis is concentrated on a particular business only.

10.5.1 Corporate Portfolio Analysis

A corporate portfolio analysis takes a close look at a company's services and products. Each segment of a company's product line is evaluated including sales, market share, cost of production and potential market strength. The analysis categorizes the company's products and looks at the competition. The purpose is to identify business opportunities, strategize for the future and direct business resources towards that growth potential.

Portfolio analysis can be performed by an outside firm or by company management. There are various tools used for a portfolio analysis with some that look at market share and others that evaluate a company's product line against the competition. These techniques enable firm about the decision for spending for future growth on a particular portfolio or product. It also be used to identify products or services which may become obsolete in short term. It helps firm to decide which product they should come out and where they should spend more.

Corporate portfolio analysis helps management in taking strategic decisions with regard to individual products or businesses in a firm's portfolio. It is mainly used for competitive analysis and corporate strategic planning in multi-product and multi-business firms.

There are several techniques of portfolio analysis that can be used by the business organizations. Some important techniques are:

1. The Boston Consulting Group (BCG) Growth-share matric.
2. The General Electric (GE) Business Screen
3. Strategic Evaluation and Action Evaluation (SPACE) Matrix.
4. Directional Policy Matrix (DPM)
5. Hofer's Product / Market Evaluation Matrix.

In short Corporate Portfolio Analysis is set of techniques that helps strategists in taking strategic decision with regard to a particular products or businesses in firm's portfolio. It is used for competitive analysis and strategic planning in various small to large organization including multiproduct and multi business firms. This kind of analysis helps to create competitive advantage to the firm.

10.5.2 SWOT Analysis

Every organization is a part of an industry. Competition is an integral aspect of industry. No industry is without competition. The intensity of competition differs from industry to industry. Industry creates the boundary within which firm has to operate. Hence strategic choice is made after due consideration of industry and competition. Both internal and external factors need to be evaluated by the firm which in other word is called as SWOT analysis.

A SWOT analysis is a four elements in a 2 x 2 matrix.SWOT analysis (or SWOT matrix) is a strategic planning technique used to help a person or organization identify the Strengths, Weaknesses, Opportunities, and Threats related to business competition or project planning. It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favorable and unfavorable to achieving those objectives. SWOT analysis helps to generate meaningful information for each category to make the tool useful and identify their competitive advantage.

Strengths and Weakness are frequently internally-related, while Opportunities and Threats commonly focus on environmental placement.

Strengths: characteristics of the business or project that give it an advantage over others.

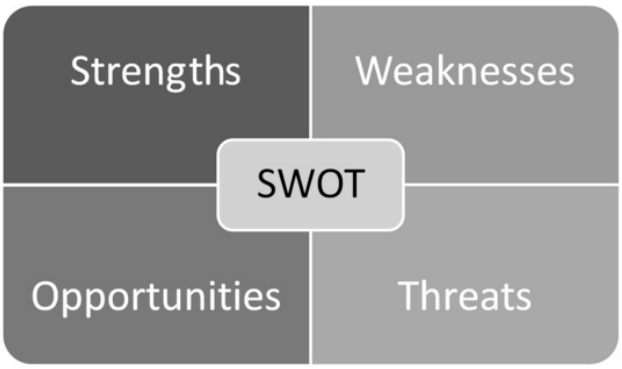
Weaknesses: characteristics of the business that place the business or project at a disadvantage relative to others.

Opportunities: elements in the environment that the business or project could exploit to its advantage.

Threats: elements in the environment that could cause trouble for the business or project.

The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit. SWOT is important because it aids to planning to achieve the objective. First, decision-makers should consider whether the objective is attainable, given the SWOTs. If the objective is not attainable, they must select a different objective and repeat the process.

SWOT analysis is a framework used to evaluate a company's competitive position by identifying its strengths, weaknesses, opportunities and threats. SWOT analysis is a foundational assessment model that measures what an organization can and cannot do, and its potential opportunities and threats.



Strengths describe what an organization excels at and separates it from the competition: examples include a strong brand, loyal customer base, a strong balance sheet, unique technology and so on. For example, a hedge fund may have developed a proprietary

trading strategy that returns market-beating results. It must then decide how to use those results to attract new investors.

Weaknesses stop an organization from performing at its optimum level. They are areas where the business needs to improve to remain competitive: example include higher-than-industry-average turnover, high levels of debt, an inadequate supply chain or lack of capital.

Opportunities refer to favorable external factors that an organization can use to give it a competitive advantage. For example, a car manufacturer can export its cars into a new market, increasing sales and market share, if a country cuts tariffs.

Threats refer to factors that have the potential to harm an organization. For example, a drought is a threat to a wheat-producing company, as it may destroy or reduce the crop yield. Other common threats include things like rising costs for inputs, increasing competition, tight labor supply and so on.

Usefulness of SWOT Analysis:

The usefulness of SWOT analysis is not limited to profit-making organizations. SWOT analysis may be used in any decision-making situation when a desired end-state (objective) is defined. Examples include non-profit organizations, governmental units, and individuals. SWOT analysis may also be used in creating a recommendation during a viability study/survey. Some of the uses are as follows:

Strategy building

SWOT analysis can be used effectively to build organizational or personal strategy. The main steps involved in executing strategy-oriented analysis involve identification of internal and external factors (using the popular 2x2 matrix), selection and evaluation of the most important factors, and identification of relations existing between internal and external features.

Matching and converting

One way of using SWOT is matching and converting. Matching is used to find competitive advantage by matching the strengths to

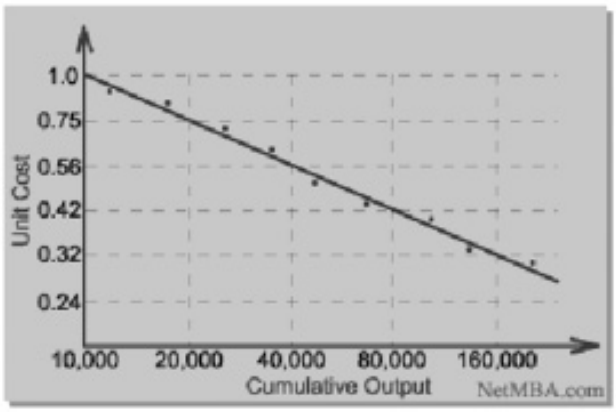
opportunities. Another tactic is to convert weaknesses or threats into strengths or opportunities.

Corporate planning

As part of the development of strategies and plans to enable the organization to achieve its objectives. SWOT can be used as a basis for the analysis of business and environmental factors.

10.5.3 Experience Curve Analysis

The concept behind the Experience Curve is that the more experience a business has in producing a particular product, the lower its costs. The Experience Curve concept was devised by the Boston Consulting Group. From BCG's research into a major manufacturer of semiconductors, they found that the unit cost of manufacturing fell by about 25% for each doubling of the volume that it produced.BCG concluded that the more experience a firm has in producing a particular product, the lower are its costs.



The **logic** behind the Experience Curve is as follows:

As businesses grow, they gain experience. This experience may provide an advantage over the competition. The "experience effect" of lower unit costs is likely to be particularly strong for large, successful businesses (market leaders). If the Experience Curve concept is valid, then it has some significant implications for growth strategy:

Business with the most experience should have a significant cost advantage. Business with the highest market share is likely to have the best experience. Therefore experience is a key barrier to entry. Firms should try to maximise market share. Firms may resort to external growth (e.g. takeovers) as though takeovers business can acquire firms with strong experience.

Criticisms of the Experience Curve concept

Market leaders often become complacent – perhaps because of their "experience". Experience may cause resistance to change and innovation. The Experience Curve concept is a relatively old theory that is less relevant in a competitive environment that changes so rapidly

Uses of Experience curve: There are three general areas for the application and use of experience curves; strategic, internal, and external to the organization. Strategic uses include determining volume-cost changes, estimating new product start-up costs, and pricing of new products. Internal applications include developing labor standards, scheduling, budgeting, and make-or-buy decisions. External uses are supplier scheduling, cash flow budgeting, and estimating purchase costs.

10.5.4 Life Cycle Analysis

We are well versed with product life cycle; likewise life cycles are found in market, businesses or industries. Life cycle is the conceptual model will suggests that products market or businesses and industries go through sequential stages of introduction, growth, maturity and decline. From the strategic analysis point of view it is important to note that as life cycle changes/ moves from one stage to the next the, strategic considerations too change.

Product life cycle is an S shaped curve which indicates relationship between sales with respect to time for a particular product that passes from 4 successive stages of introduction, growth, maturity and decline. The main advantage of the life cycle concept is that it

can be used to diagnose a portfolio of products or markets, businesses or industries in order to know the stage at which each of them exist.

The product or the market or the businesses that are in the decline stage needs careful attention. Depending on the diagnosis, the appropriate strategic choice can be made. For example firm may use expansion strategy at the introduction or growth stage. Strategies like harvesting or retrenchment may be used for declining businesses. The main intention is to create balanced portfolio of businesses by exercising a strategic choice based on the life cycle concept. The life cycle analysis is useful for formation of business level strategies. It is important to note that the life cycle concept is not to be used as a guide when a change occurs in the life cycle. Rather, it is useful guide to what changes might occur over a period of time with regard to the market or industry conditions.

10.5.5 Industry Analysis

Industry is defined as a group of companies offering products or service that are close or similar substitute of each other. These products satisfy the same basic needs of the customer. Industry analysis is important because it allows business owners to estimate how much profit they can generate from business operations. Business owners also assess the number of competitors currently selling consumer goods or services in their industry. An industry analysis is a business function completed by business owners and other individuals to assess the current business environment. This analysis helps businesses understand the market conditions and how these various conditions may be used to gain a competitive advantage.

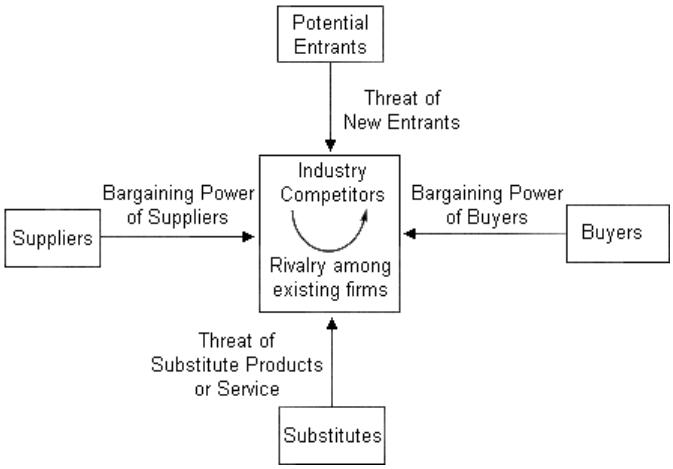
To formulate effective strategies, managers in an organization need to be aware of realities in the business environment. Strategy formulation thus begins with a scanning of the external as well as internal environment. Analysis of external environment helps to identify the possible threats and opportunities while analysis of internal

environment help to identify strengths, weaknesses and the key people within the organisation.

Michael Porter has made immense contribution in the development of the ideas of industry and competitor analysis and their relevance to the formulation of competitive strategies. He is of the opinion that a structural analysis of industries be made so that a firm is in a better position to identify its strengths and weaknesses. He proposed a model by considering five competitive forces – threat of new entrants, rivalry among competitors, bargaining power of suppliers, bargaining power of buyers and threat of substitute products. These forces determine the intensity of industry competition and profitability.

PORTER'S FIVE FORCES MODEL:

Porter argues that there are five forces that determine the profitability of an industry. They are shown below:



According to Porter "The collective strengths of these forces determines the ultimate profit potential in the industry, where profit potential is measured in terms of long run return on investment capital".

If the firm can manage all 5 forces, they can have Sustainable Corporate Advantage (SCA). SCA is

a) Industry dominance/market leader

b) Above industry average profit

Let us see each of them in detail:

Threat of new entrants:

New entrants to an industry typically brings to it new capacity and desire to gain market size and substantial sources. They are therefore threats to established corporations. Threat of entry depends on the entry barriers and the reaction that can be expected from the existing companies. An entry barrier is an obstruction that makes it difficult for a company to enter into an industry. Major entry barriers include:

Economies of scale:

These exist whenever large volume firms enjoy significantly lower production cost per unit than smaller volumes operator do. This discourages firms, which have less volume and high production cost from entering into the market.

Cost disadvantage independent of scale:

Established competitors may have cost advantage even when the new entrant has comparable economies of scale. This advantage may include proprietary product knowledge such as patents, favourable access to raw materials, favourable locations, government subsidies etc.

Product differentiation:

Differences in physical or perceived characteristics must make incumbent's product unique in the eyes of customer and force customers to overcome existing brand loyalty.

Capital requirement:

If the amount of investment required to enter into an industry is high, the number of entrants who could afford it would be less. High cost creates entry barriers.

Switching cost:

Sometimes the cost that would be incurred by the customers to switch from one supplier to another supplier makes it difficult for the new entrants to gain market share.

Bargaining power of suppliers:

Suppliers can affect the industry through their ability to raise price or to reduce the quality of the purchased product and services.

Following are the conditions that make suppliers powerful:

Dominance by few players and lack of substitutes:

A few players might become strong enough to dominate the suppliers industry. Substitutes might not be readily available as well. These two factors limit customer's option and increase the supplier's power.

Greater concentration among suppliers than among buyers:

A concentrated industry is one in which only a few large firms dominate.

Firms in highly concentrated industry, that supply material to highly fragmented industry, can exert power over the buyer.

Relative lack of importance of the buyer to the supplier group:

Some customers are more important than others because of their size of their purchase or the prestige that comes from supplying them.

High differentiation by the supplier and high switching cost:

A buyer could be tied to a particular supplier if other suppliers can't meet his requirements. Any switching that might be incurred by the buyer will strengthen the position of the suppliers.

Bargaining power of buyers:

Buyers can exert bargaining power over a supplier industry by forcing its prices down, by reducing the amount of goods they purchase from the industry or by demanding better quality for the same price.

Price sensitivity:

Buyers are likely to be more price-sensitive if

a) Suppliers represent the significant fraction of the total cost incurred by the buyers

b) The supplier product is unimportant to the overall quality or cost of the buyer's final product and

c) The buyers already earn a low profit.

A growing trend among small businesses is to augment their bargaining power as customers prefer joining or forming buying groups.

Threat of substitute products:

Substitute products are those products that appear to be different but can satisfy the same need as another product. The availability of substitutes places a ceiling on price limit of an industry product. When the price of the product rises above that of the substitute product customers tend to switch over to the substitutes. Deregulation and technology revolution has given rise to a lot of substitutes.

The intensity of rivalry among existing players:

In most industries individual firms are mutually dependent. Competitive moves by one firm can be expected to have noticeable effects on its competitors and cause retaliation or counter efforts. Competition can be in the form of pricing, product differentiation, product innovation etc.

Factors that increase competitive rivalry are:

Equally balanced competitors:

The most intense competition results from well-matched rivals in a situation that doesn't allow any particular firm to dominate.

Slow industry growth:

In slow growth markets, growth has to come by taking market share from rivals.

High fixed cost:

Additional sales volume can help to offset high fixed cost. Hence competitors might be willing to fight for any possible sales.

Lack of differentiation or lack of switching cost:

These two factors ensure that customers can easily switch over to a rival product and to retain them is a constant struggle.

The outcome of industry and external environment analysis results in identifying the relevant and important opportunities and threats the organisation has to face in the future.

The purpose of an industry analysis with regard to strategic choice is to determine the industry attractiveness and to understand the structure and dynamics of the industry. Firm may use five forces model to analyse its critical strengths and weaknesses, its position within the industry, the areas where strategic changes may yield maximum profit.

10.5.6 Strategic Groups Analysis

According to Miller and Dess strategic groups are clusters of competitors that share similar strategies and therefore compete more directly with one another than with other firms in the same industry. These groups are conceptual as they are not formed formally. These groups are based on technological leadership, the degree of quality of product, distribution channel etc. These strategic dimensions define a firm's business strategy in an industry. In some industries, firm follow homogenous strategies and business models and these firms or industry could be grouped into one strategic group. Some industries may tend to be heterogeneous as they consist of multiple strategic groups. Here each group follows similar strategies.

A strategic group is a concept used in strategic management that groups companies within an industry that have similar business models or similar combinations of strategies. For example, the restaurant industry can be divided into several strategic groups including fast-food and fine-dining based on variables such as preparation time, pricing, and presentation. The number of groups within an industry and their composition depends on the dimensions

used to define the groups. Strategic management professors and consultants often make use of a two dimensional grid to position firms along an industry's two most important dimensions in order to distinguish direct rivals (those with similar strategies or business models) from indirect rivals. Strategy is the direction and scope of an organization over the long term which achieves advantages for the organization while business model refers to how the firm will generate revenues or make money.

Strategic Group Analysis looks at players' positions in the competitive environment and the underlying factors that determine a company's profitability, as well as the competitive dynamics of an industry. It attempts to characterize the strategies of all significant competitors along broad strategic dimensions. These dimensions differentiating players into strategic groups must be chosen with respect to industry structure, profitability factors, and the project issues being addressed.

Strategic groups can be created based on many dimensions: Specialization, Brand identification, Push vs pull, Channel selection, Product quality, Technological position or Vertical integration.

Strategic group analysis serves the useful purpose of identifying and classifying the firms on the basis that really matters them. Industry and competitor analysis become more meaningful when it is done on the basis of strategy groups' identification.

10.5.7 Competitors' Analysis

As we have discussed, industry analysis and strategic group analysis focus on the industry as a whole. On the contrary competitor analysis focuses on each company within which a firm competes directly. It deals with the action taken by each company / firm within the industry. According to Porter, the purpose of conducting a competitor analysis is to:

- Determine each competitor's probable reaction to the industry and environmental changes,

- Ascertain reaction of the competitors or strategic move by the other firms;
- Understand possible strategic changes each competitor might undertake.

The major four components of competitors analysis are ; future goals of competitor, its current strategy, the key assumptions that the competitors make about itself and about the industry in terms of strengths and weaknesses.

Firms need to understand their competitors by placing them in strategic groups according to how directly they compete for a share in the market.For each competitor or strategic group, firm have to list their competitors' product or service, its profitability, growth pattern, marketing objectives and assumptions, current and past strategies, organizational and cost structure, strengths and weaknesses, and size (in sales) of the competitor's business. Firms try to answer questions such as:

Who are our competitors?

What products or services do they sell?

What is each competitor's market share?

What were their past strategies?

What are their current strategies?

What type of promotion tools are used to market their products or services?

How many hours per week do they purchase to advertise through the media used in this market?

What are each competitor's strengths and weaknesses?

What potential threats do your competitors pose?

What potential opportunities do they make available for the firm?

10.5.8 Contingency Strategies

When firms prepare their strategies, they are based on certain assumptions, conditions and premises. These conditions or premises are not stable. They go on changing from time to time. As these

conditions or premises changes, the strategies prepared on the basis of these becomes irrelevant. The strategies need to be modified with changing situations. If the changes are very little then small modification in the existing strategies will suffice the requirement. But if the changes are drastic then strategies need to be changed. Contingency strategies are formulated in advance to deal with uncertainties that are a natural part of the business. Contingency strategies have received a fair amount of attention from the policy researchers as they are of immense value to strategists who have to deal with dynamic business environment.



LET US KNOW

VMOST: This stands for Vision, Mission, Objectives, Strategy, and Tactical.

Success in an organization happens with top-down or bottom-up alignment. Connection of techniques with firms vision, mission is must or else strategy will fail. VMOST analysis is meant to help make that connection.

PEST: This is a great tool to use in tandem with SWOT. The acronym stands for Political, Economic, Social and Technology.

SOAR: This stands for Strengths, Opportunities, Aspirations, and Results. This is a great tool if the firm hasa strategic plan completed, but firm need to focus on a specific impact zone.

Boston Matrix (product and service portfolio): This tool requires organization to analyze their business product or service and determine if it is a cash cow, sick dog, questionable, or a flying star.

BCG MATRIX •

Stars: ITC Ltd has a very strong market position in the sectors such as Hotels, Paperboard/packaging and agricultural business. They are very famous for Hotels and Agri business.ITC is very strong in these positions as these sectors are considered as stars in BCG

matrix which means these sectors generates a huge amount of profit because of the market shares.

• **Question Marks**: ITC Ltd FMCG sectors such as automotive companies, furniture companies, financial companies, tobacco companies, food companies are in the stage of question mark in the BCG matrix which means these sectors growing rapidly fast and consumes a large sum of cash because of low market shares. But there is a chance that these sectors may become stars.

• **Dogs**: ITC InfoTech are now the Dogs in the BCG matrix as they have very low market share and doesn't produce lot sum amount of cash which indicates the weakest sector of ITC Ltd.

• **Cashcows**: ITC Ltd FMCG-Cigarettes are now in the position of Cash Cows in the market as they produce a stable cash flow which makes a good growth rate in the market shares. As there is a good profit, it is a hope that this sector may move to the position of Stars or Question marks in the near future.



CHECK YOUR PROGRESS

Q1. State two tools for strategic analysis.

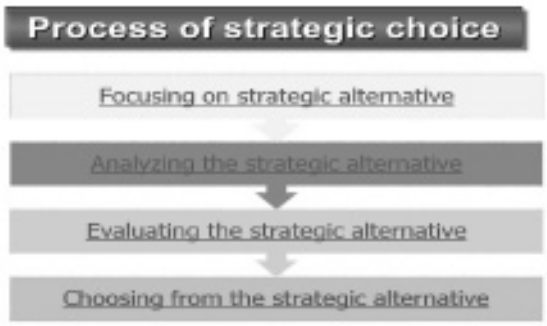
Q2. State some of the important techniques of Corporate Portfolio analysis..



10.6 LET US SUM UP

In this unit we have discussed the following:

- Strategy analysis refers to the evaluation of alternative strategies i.e. analysis of costs and benefits of each and every alternative strategies.
- There are various internal and external factors which influence strategic choice. External factors include the competitors, suppliers, dealers and customer. Internal factors consist of organization mission, objectives and policies, resources availability and management-labour relationship.
- The process of strategic choice include:



Some important techniques for strategic analysis are:

- The Boston Consulting Group (BCG) Growth-share matric.
- The General Electric (GE) Business Screen
- Strategic Evaluation and Action Evaluation (SPACE) Matrix.
- Directional Policy Matrix (DPM)
- Hofer's Product / Market Evaluation Matrix.

According to Porter, the purpose of conducting a competitor analysis is to:

- Determine each competitor's probable reaction to the industry and environmental changes,
- Likely reaction of the competitors or strategic move by the other firms;
- Possible strategic changes each competitor might undertake

10.7 FURTHER READING



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2. C Appa Rao, B Parvathiswara Rao, K Sivaramakrishna (2008); Strategic Management and Business Policy, Excel Books, Nerw Delhi
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10.8 ANSWERS TO CHECK YOUR PROGRESS



Ans. to Q. No. 1: Corporate Portfolio analysis and SWOT analysis.

Ans. to Q. No. 2: Some important techniques are:

1. The Boston Consulting Group (BCG) Growth-share matric.
2. The General Electric (GE) Business Screen
3. Strategic Evaluation and Action Evaluation (SPACE) Matrix.
4. Directional Policy Matrix (DPM)
5. Hofer's Product / Market Evaluation Matrix.



10.9 MODEL QUESTIONS

Q1: Explain briefly Porter's five force model.

Q2: Write a brief note on importance of strategic choice.

Q3: Explain briefly Life Cycle Analysis.

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