

Strategy and Leadership PV237

Ing. Michala Kozinova, MBA.



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Analytic Tools for Strategic Decisions



Porter's 5 Forces Competitive Positioning

Understanding the dynamics that shape how much profit potential exists within an industry is key to knowing how likely a particular firm is to succeed within the industry. There are five key forces that determine the profitability of a particular industry.



POTENTIAL ENTRANTS are firms that are not currently considered viable competitors in the industry but that may become viable competitors in the future. For example, Tesla Motors' production of electric vehicles poses a threat to displace the traditional powers in the auto industry, and Chinese auto makers are rumored to be eyeing the US market.



SUPPLIERS to the auto industry include firms such as Lear Corporation who produces auto interior systems.



INDUSTRY COMPETITORS in the auto industry include firms such as Ford, Chrysler, and GM.



BUYERS are those firms that buy directly from the industry such as automobile dealerships. Automakers also have to pay careful attention to end users, of course, such as individual drivers and rental car agencies.





SUBSTITUTES for the auto industry's products include bicycles and mass transit. Luckily for automakers competing in the US market, Americans are notoriously reluctant to embrace these substitutes.



Strategic planning - analysis is a key

Commonly used tools

- **PEST(EL)** analysis of macro-environmental factors used by marketers 
- **SWOT** internal and external factors across organization 

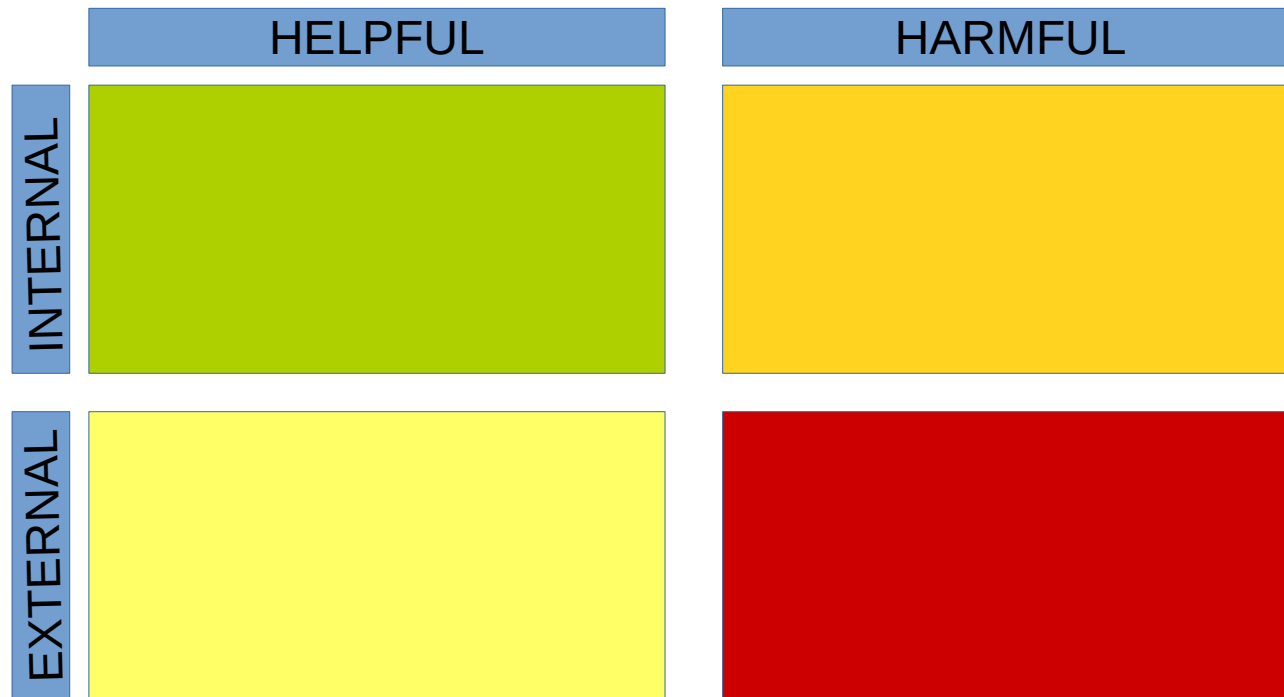


Strategy planning - PEST(EL) analysis

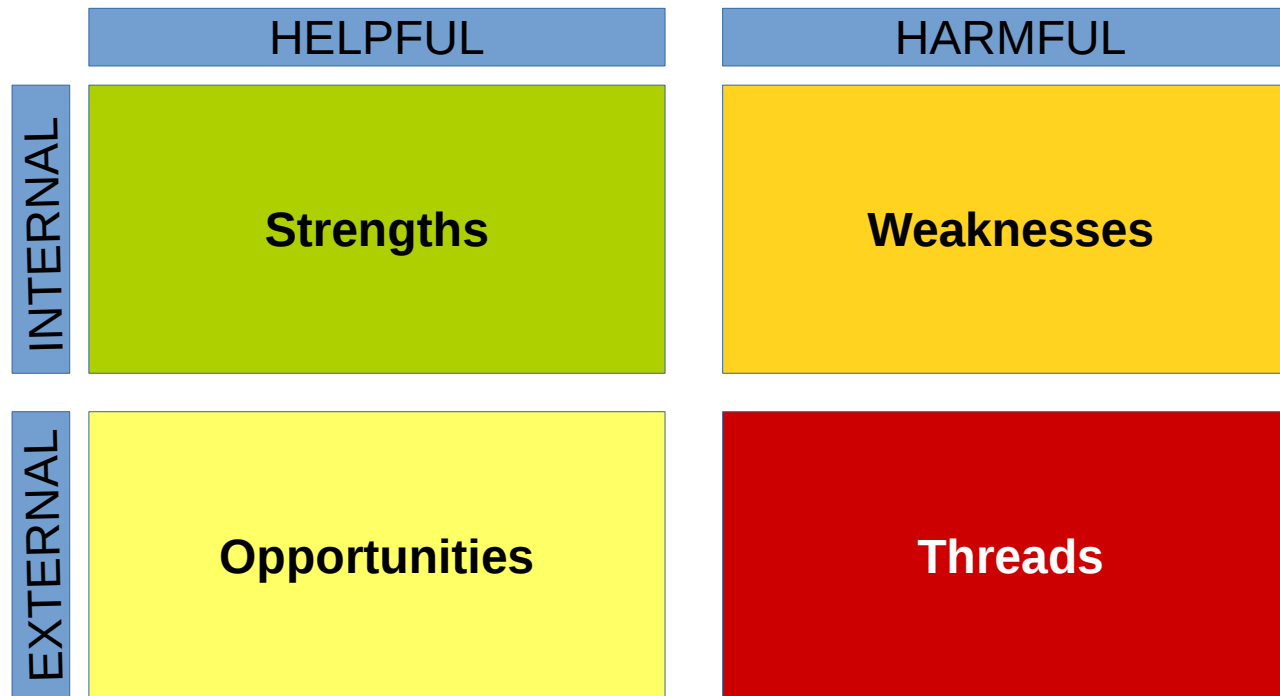
- **P****olitical** government policy and stability, foreign trade and tax policy, labor code
- **E****conomic** exchange rates, inflation, economic growth...
- **S****ocial** health consciousness, career attitudes, population growth, age distribution...
- **T****echnological** new ways of producing and distributing goods and services, new ways of communicating with target markets
- **E****nvironmental** carbon footprint, pollution, scarcity of raw materials, doing business in ethical and sustainable manner
- **L****egal** health&safety, equal opportunities, consumer rights and laws, product labeling and safety, advertising standards



Strategic planning - SWOT



Strategic planning - SWOT



Assignment

- Develop Mission and Vision statement for your company tested against the characteristics you came up with using the spider net tool
- Create a wordle with Values for your company
- Prepare two slides with the above for your final presentation
- PESTEL and SWOT are optional slides.



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Leadership



Leadership

Think about someone you consider a leader

What personal characteristics do they have?
How do they behave/speak/act?

What makes a good leader?
Can this be learned?

What other observations can you make about him/her?

