


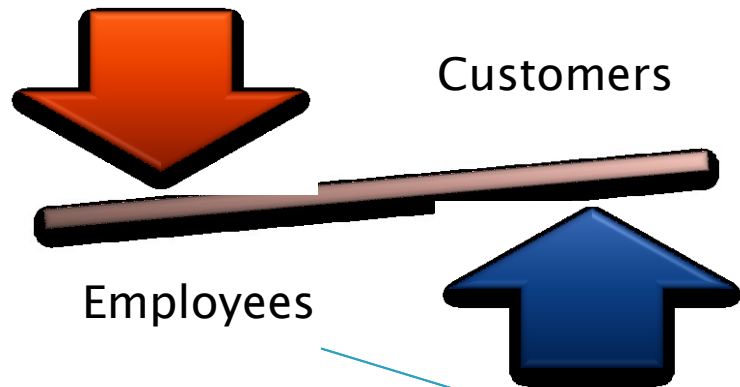
# Management by competencies

Analysis of company environment

# From previous lesson

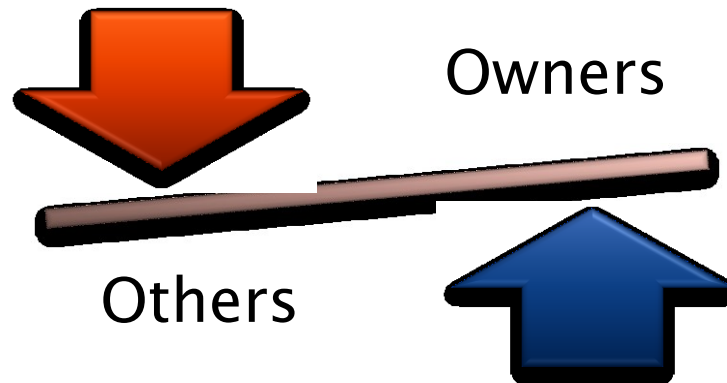
- ▶ Introduction
  - ▶ Role of management
  - ▶ Information and where to get them
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# Contra – goals



Customers want lower prices

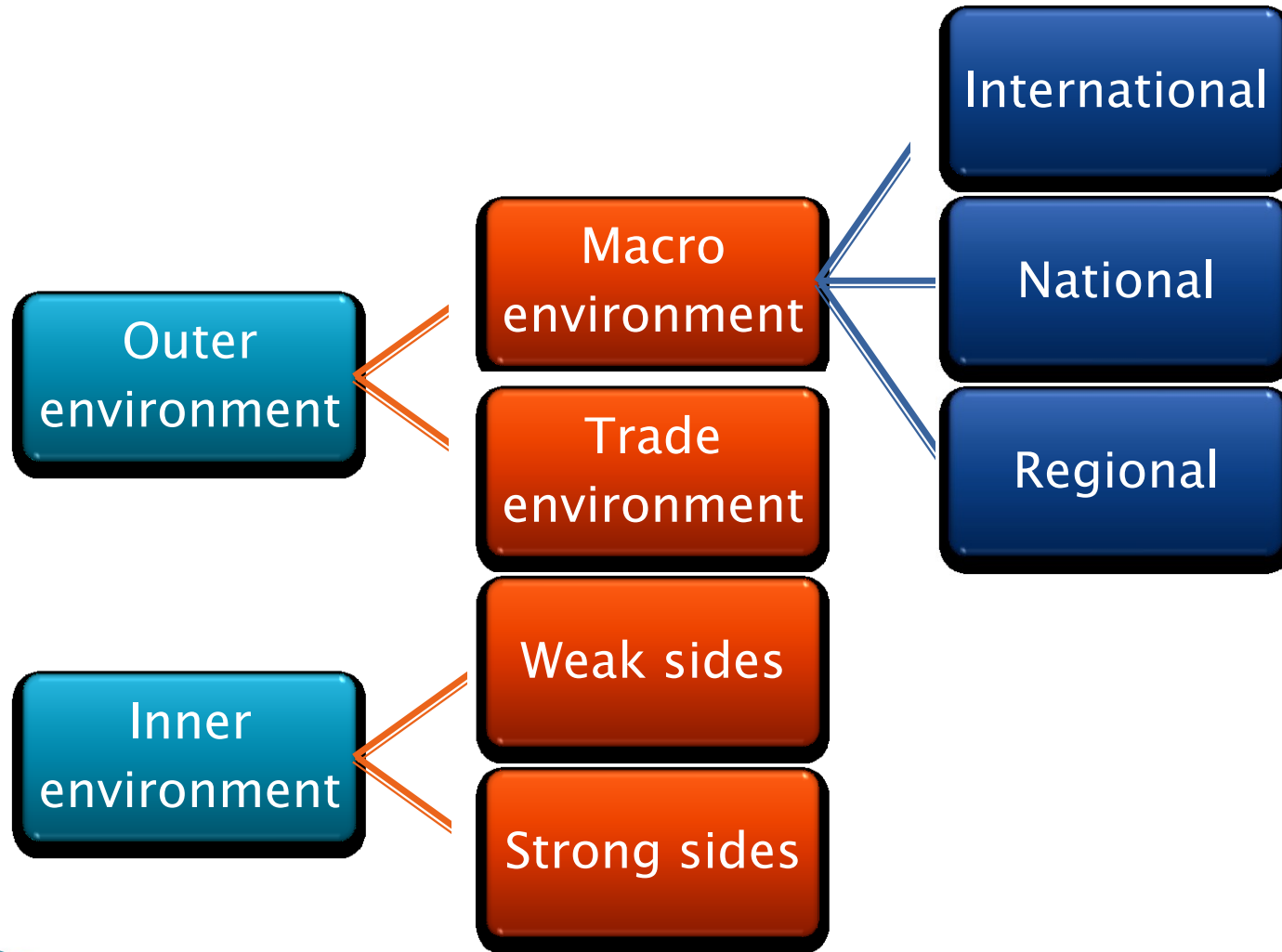
Employees want secure the job




# Analysis of environment

- » The information as the key to right decisions


# The company environment



# Outer environment – key features

- ▶ Development of information and communication ecologies
  - ▶ Increasing level of customer's requests
  - ▶ Increasing level of competitions
  - ▶ Intensifies the market globalization and forms of business
  - ▶ The influence of the government is limited
  - ▶ Sectors and branches are getting closer
  - ▶ The importance of ecology is growing
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# Macro environment

- ▶ Part of outer environment
  - ▶ Factors are based on international, national or regional environment
  - ▶ Those factors touch the most of organization directly
  - ▶ But to their product or services only vicariously
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# STEPE (PESTE) analyses

Social

- The level of society, social state

Technics and  
technological

- Technological development, computer skills

Economics

- Tax rate, interest rate, wage level

Political and law

- Stability, corruption, law enforcement

Ecological

- Attitude to environment



# International environment

- ▶ Globalization of the business
  - National borders are not important
  - The production is moving to the low costs
  - Competition of the states is replaced by competition of the international companies
  - The number of national and business restriction is reduces
- ▶ The world population is growing
- ▶ Possible crisis or fluctuations

# International environment

- ▶ Special influence to Czech republic
  - Small economy, dependent on the international trade
  - Entry of international capital, founding of joint ventures companies
  - Membership of Czech republic in EU
  - International tourism
  - International mobility of manpower

# National environment

- ▶ National culture
  - Known behaviour of the people
  - Shared by all members of society
  - Forming their ranking of values, life style
- ▶ Stakeholders
- ▶ Traffic, information and communication infrastructure
- ▶ Nature and resources
- ▶ Business conditions (6C)

# Business conditions (6C)

## Country

- Taxes, specific law

## Corporations

- Forms of business companies

## Customers

- How much, their purchasing power

## Costs

- What does influence costs?


## Competitors

- How many competitors are presented in the country?

## Currency

- Exchange rates, stability of the currency

# Regional environment

- ▶ Factors from the company's neighbourhood
  - ▶ Very important for small companies
  - ▶ Local advantages or disadvantages
    - IT infrastructure
    - Concentration of IT faculties
    - Interests of international IT companies
  - ▶ Local government fees and taxes
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# Trade environment

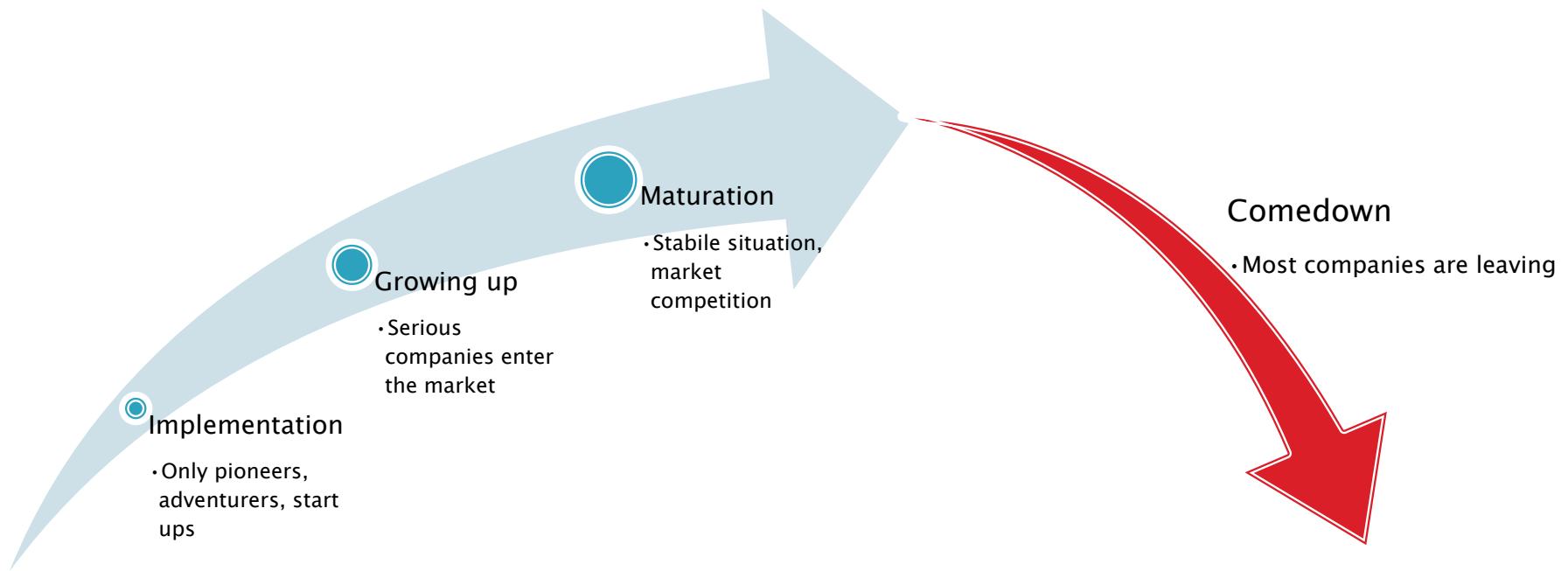
Key actors (3C)

- Consumers
- Collaborators
- Competitors

Key features

- Market size
- Level of the branch
- Life stadium
- Competitors in the branch
- Dependence on
  - Ecology
  - Politics
  - Law
- Profitability

# Life stadium of the branch



# Inner environment

- ▶ Analysis comes from inside the company
  - Present status
  - All aspects of the company features need to be analyzed

## Weak parts

- What is our disadvantage?
- How can we be harmed?

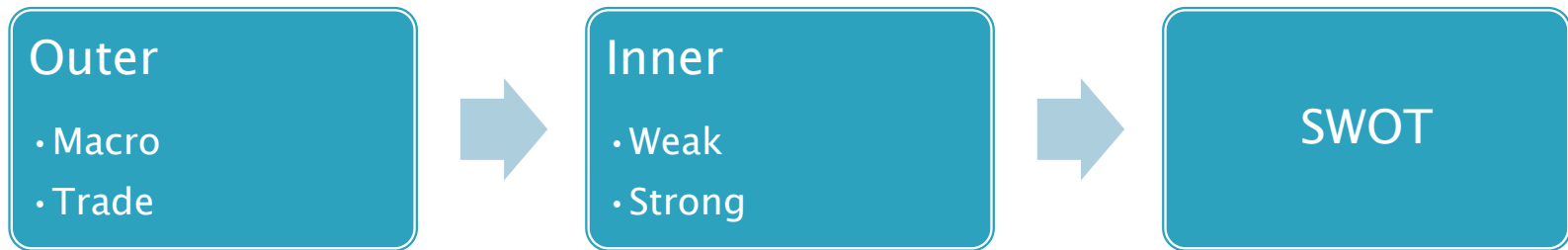
## Strong parts

- Do we have some special skills?
- Where are we unique?



# Results

- ▶ Data of inner and outer environment needs to be collected
- ▶ They are source of the next step



# SWOT Data


	Positive	Negative
Internal	Strengths	Weaknesses
External	Opportunities	Threatens

- SWOT analysis
- Collects all important factors together
- Very popular in Internet business
- Can be used in any case that needs to be analysed
  - New product
  - New project
  - New service
  - Analyse new workflow

# Strengths

- ▶ Where is our advantage
- ▶ What is unique in our company
- ▶ Why we lead?
- ▶ Examples
  - Experienced management
  - Special know-how
  - IT services or IS


# Weaknesses

- ▶ What do we do wrong?
  - ▶ Where we lost money or good-will because of our own mistake?
  - ▶ What was our last big inner problem?
  - ▶ Examples
    - Old technical equipment
    - Bad behaviour of employees
    - Bad quality of IT services
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# Opportunities

- ▶ What can be a new impulse for the company?
- ▶ Where we can find a new sources?
- ▶ How we can improve our company?
- ▶ Examples
  - Lower taxes
  - Donations (EU/government/other organizations)
  - New technologies

# Threatens

- ▶ What can be dangerous for our improvement?
  - ▶ What kind of pressure we must cope with?
  - ▶ What do our competitors plan?
  - ▶ Examples
    - Higher taxes
    - Structure of unemployment
    - Entrance of the new competitor
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# SWOT Strategies

SWOT - analysis		Internal	
		Strengths	Weaknesses
E x t e r n a l	Opportunities	<i>S-O-Strategy.</i> Developing the new methods, suitable for improving the strengths of the company	<i>W-O-Strategy.</i> Removing the weaknesses to found the new opportunities
	Threatens	<i>S-T-Strategy.</i> Using the strengths to eliminate the threatens	<i>W-T-Strategy.</i> Developing strategies to eliminate the threatens, endangering our weaknesses.

# S – O Strategy (maxi – maxi)

- ▶ Developing the new methods, suitable for improving the strengths of the company
- ▶ How we can use the opportunities to make our strengths stronger
- ▶ Examples:
  - Using donations from CzechInvest agency to teach the members of management
  - Using favourable (low) interest rate to develop new methods from our know-how



# S – T Strategy (maxi – mini)

- ▶ Using the strengths to eliminate the threatens
- ▶ How we can cope with the dangers from outside by our own?
- ▶ Examples
  - Use our management experiences to optimize our processes and save money to face the higher taxes.
  - Use IS with easy user interface to eliminate the number of training days for the new employees

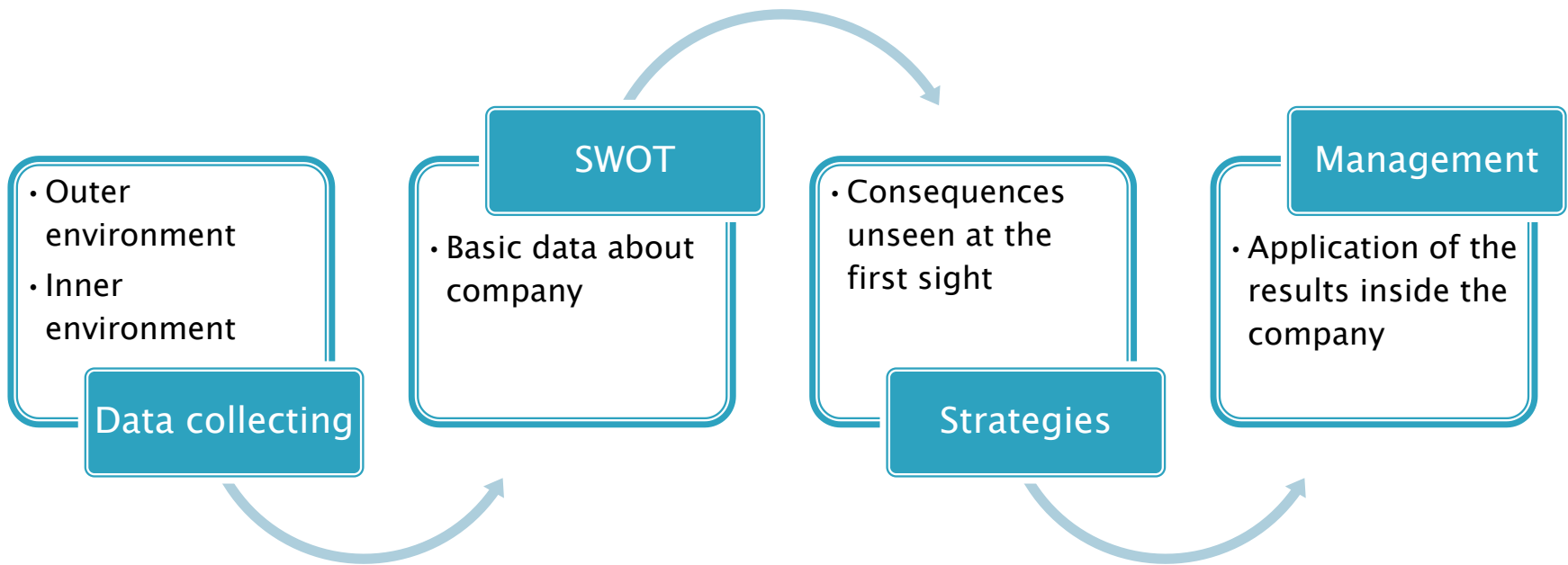
# W – O Strategy (mini – maxi)

- ▶ Removing the weaknesses to found the new opportunities
- ▶ How we can use opportunities to remove our weaknesses?
- ▶ Examples:
  - Using donations from EU to buy / upgrade information system (if it is weak)
  - Using favourable (low) interest rate to take bank loan to buy new machines (if they are too old)

# W – T Strategy (mini – mini)

- ▶ Developing strategies to eliminate the threats, endangering our weaknesses.
- ▶ The hardest part of SWOT
- ▶ How we can eliminate our weaknesses in the way to not be endangered by threats?
- ▶ How we can use our threats as our benefit?
- ▶ Examples
  - Use the higher unemployment to motivate our employees to behave in a better way
  - Use the fact of the new competitor's entrance to increase the pressure on quality of our IT services

# Strategic workflow



# Summary

- ▶ Company environment
  - ▶ SWOT Analysis
  - ▶ SWOT Strategies
  - ▶ Strategic workflow
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