


Management by competencies

Analysis of company environment

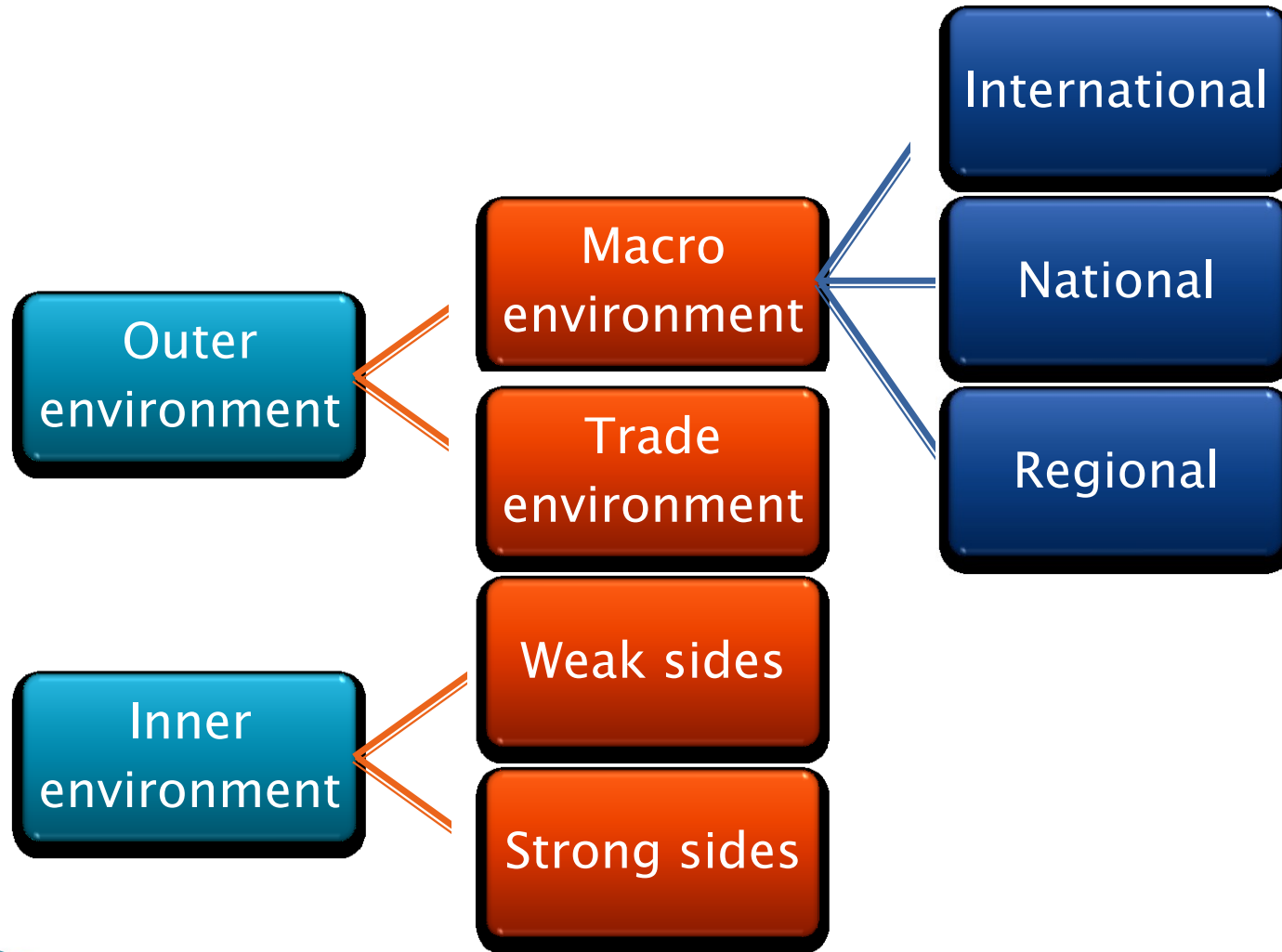
From previous lesson

- ▶ Introduction
 - ▶ Role of management
 - ▶ Information and where to get them
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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)
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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

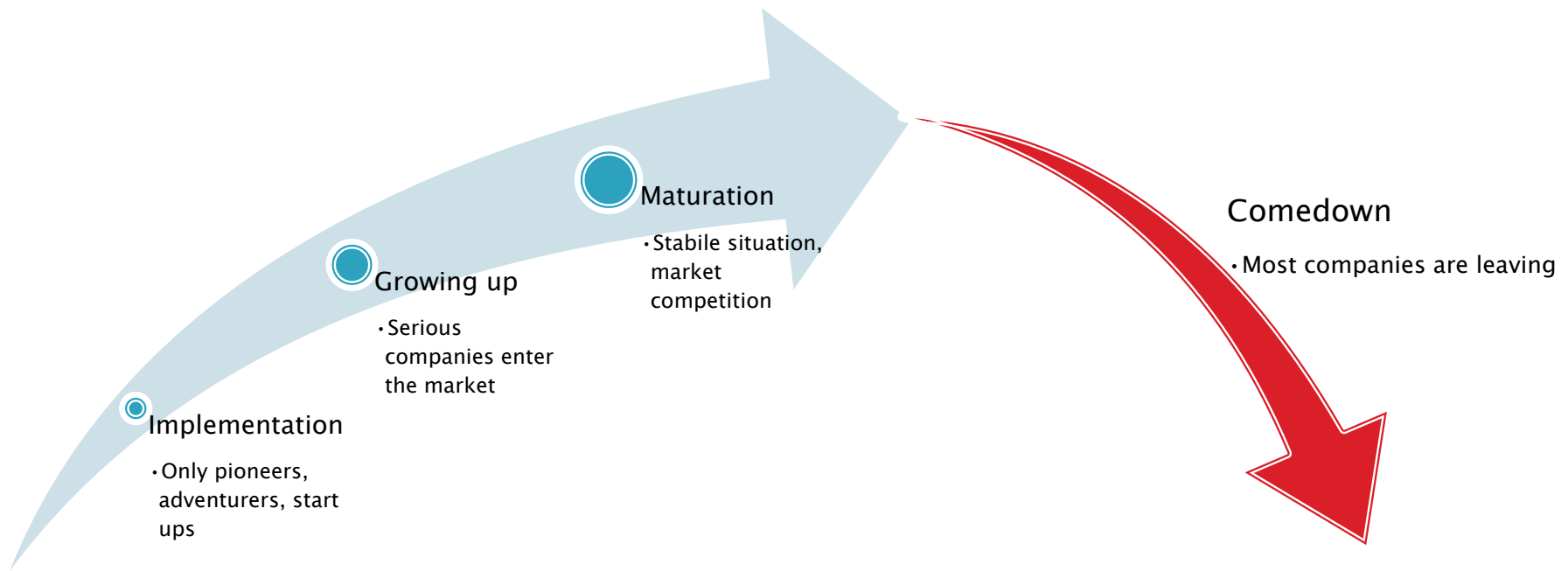
Key actors (3C)

- Consumers
- Collaborators
- Competitors

Key features

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

Life status of the branch (domain)



Inner environment

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

Weak parts

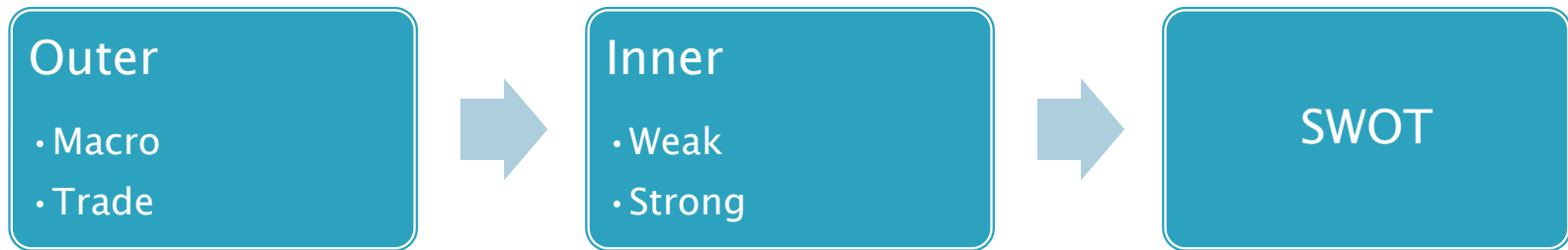
- What is our disadvantage?
- How can we be harmed?

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

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

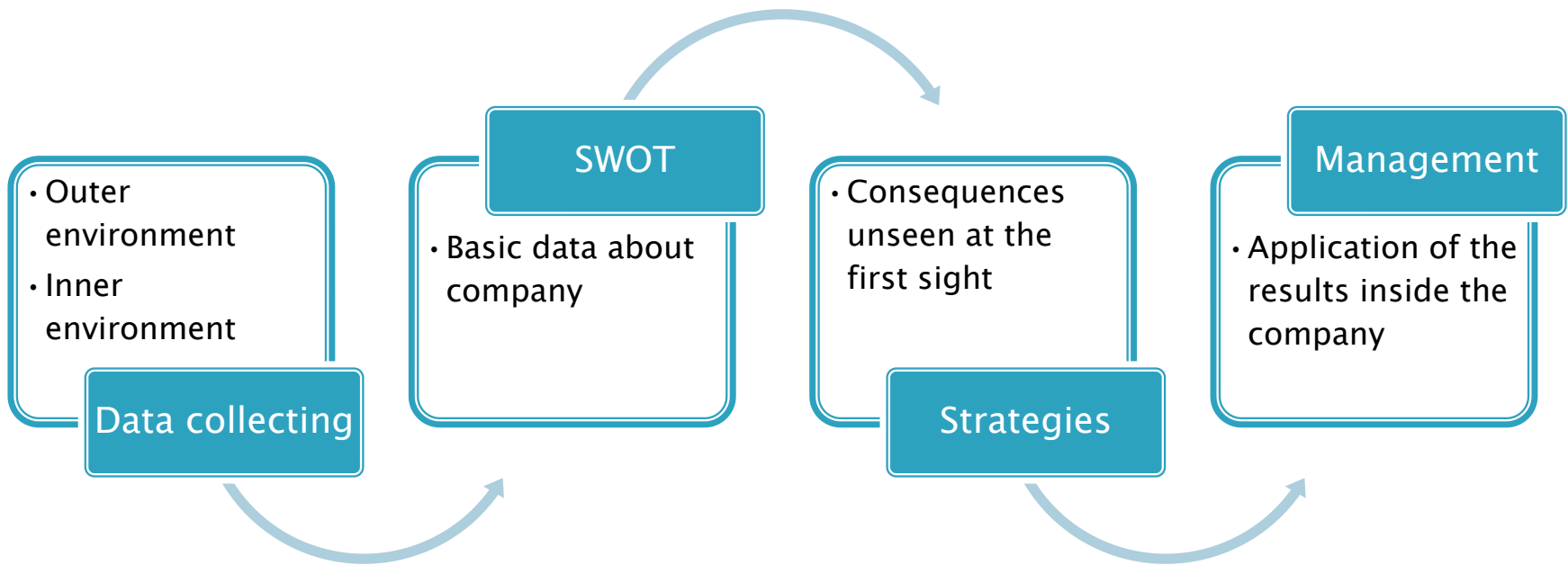
W – O Strategy (mini – maxi)

- ▶ 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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