Role of Manager in Strategic Business Planning

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Introduction

In the modern business world, it is very important for a business to have an idea about what it needs to achieve sustained success in that marketplace. Success in business is not possible if there is nothing that makes the business different from some of its competitors in the first place. This is the only way an organization can survive in the marketplace and make its presence felt. In order to stay one step ahead of their competitors, organizations these days rely on the concept of competitive advantage. Competitive advantage means that there is something that makes the business unique from other businesses that are operating in the same marketplace.

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Concept of Competitive Advantage

In order to have this competitive advantage, there is a range of strategies that might be adopted by the business to make sure that it has a competitive advantage over other players in the market. In order to do that, the business might pursue many strategies. Some of these strategies are called Porter's generic strategies. There are three types of generic strategies: low-cost strategy, differentiation strategy, and focused strategy (Manteghi & Zohrabi, 2011).

Cost Leadership Strategy

The cost leadership strategy emphasizes the fact that effort must be made to appeal to that segment of the market that is cost-conscious, and price plays an important part when it comes to its purchase decision. This can be made possible by offering the lowest price in the market and going for that certain target segment that has the lowest price-to-value ratio in the market (Manteghi & Zohrabi, 2011). In order to be successful in this strategy, the idea must be to look at profitability and ensure a high return on investment, and the cost at which the firm is operating must be the lowest compared to its competitors. The first approach that can be adopted when it comes to this strategy is to utilize the assets that are at the disposal of the organization. For instance, if an organization is part of the

service industry, it means that it is trying to get the most out of the assets that are available to the customers. For instance, if an airline is pursuing this strategy, it might be turning around its flights rather quickly to make it happen. On the other hand, in the case of a production plant, it might mean having to ensure that there is a higher volume of input at that point in time (Manteghi & Zohrabi, 2011). The usual method that is adopted is to allow the fixed costs of the assets to be spread over the large production base. When that happens, the per-unit cost of the product is on the lower side. In that way, firms can also take advantage of economies of scale. Mass production, as a matter of fact, is a powerful strategy for manufacturing businesses.

Differentiation Strategy

The strategy that is used by businesses these days is to make some differentiation in the product and allow it to compete successfully in the market. The idea of using product differentiation to good effect can be measured by the success of Hero Honda, Asian Paints, Nike Shoes, and BMW automobiles. These are some of the organizations that have made some alterations to their products to stay competitive in the market (Nandakumar et al., 2011). An example of a successful exponent of this strategy is the way Apple has used differentiation to good effect in its marketing strategy (Manteghi & Zohrabi, 2011). It has to be considered that this strategy might not work in the market segment where people are sensitive to changes in price levels (Canavan et al., 2013). It may work well in markets that are competitive and saturated (Friis, 2012). At the same time, customers are very specific about what they need. Another thing that businesses need to take care of is that the firm needs to have a unique set of skills or resources to execute this strategy and stand out in the market (Nandakumar et al., 2011). Another possible concern is that whatever their USP or differentiation point is, they have to make it a secret or make it harder for other competitors to copy it (Sumpio, 2013). Successful differentiation occurs when the product is able to justify its premium prices, and in that way, businesses are able to create additional revenue per unit, while customers' loyalty to the purchase process also increases at that point in time. This is another important factor that needs to be looked at first (Nandakumar et al., 2011). This strategy is thus suitable for larger companies that have sufficient resources at their disposal.

Focus Strategies

This strategy states that the organization needs to focus on smaller sub-segments and target markets in the marketplace to make sure that it creates its niche and provides a value base to its customers. The idea is to create a distinct group of customers that has a specific set of needs. When pursuing this set of strategies, it is up to the organization to determine how it perceives the marketplace and in what way it serves its customers. The organization is given a choice of a low-priced product for that selected group of customers (Manteghi & Zohrabi, 2011), or it can do it the other way around by introducing a differentiated product or service to that customer in the market. This totally depends on the needs and wants of the selected customer. On the other hand, the capabilities of the company

also play a big part in making this decision. So, there are many factors that need to be taken care of when making this decision. The idea when pursuing this strategy is to mobilize the resources in a better manner, and rather than opting for the whole market segment, the effort and concentration must be on a couple of market segments (Nandakumar et al., 2011). The idea must be to allow all the efforts that are undertaken by the business to be carried out in a manner tailored to a certain market segment, and the marketing mix must be organized in such a manner that the organization is able to cater to the needs of the focused market segment in a better manner (Sumpio, 2013). The firm has to look at its competitive advantage, and this is another thing that needs to be looked at in the first place (Nandakumar et al., 2011).

SWOT Analysis

SWOT analysis is the strategic planning method that is used to assess an organization. It mainly talks about the underlying strengths and weaknesses that are possessed by the business and the organization at the internal level. It also looks at the strategic outlook that it can adopt based on the external factors that are faced by the business, such as the opportunities that it has at its disposal and the threats faced by the business.

Benefits of the SWOT

- It provides businesses with a better understanding of what they need to do.
- It allows businesses to make sure that they assess their strengths and weaknesses.
- It can determine the threats that are faced by the business and how it can get rid of them.
- Whenever there are opportunities present in the market, with the help of a better business strategy, the business can take advantage of them.
- It allows the business to develop goals and strategies with the help of which it can chalk out the ways it can achieve them in the long run.

Weaknesses of the SWOT Analysis

- It does not really provide the list of issues in the order in which they can be sorted out.
- It does not give any underlying solutions to the problems that are faced by the business and how to solve them in the first place.
- At times, it can really help in terms of idea generation, but it does not give a clear insight into what sort of idea is best for the business in the long run.
- At times, even if it can provide a lot of information about the business, most of this information is not really useful with regard to the business.

BCG Matrix

The BCG Matrix is one of the most extensively used grids in businesses. It helps the business with regard to its analysis of business units, and at the same time, it allows it to manage those business lines in a better manner. The matrix is also used as an analytical tool for the allocation of resources. It also provides a good perspective on relative market share. The market growth rate also allows for a better critical evaluation of the business. The business can split itself into cash cows, question marks, dogs, and stars. This is one of the facts that needs to be looked at in the first place.

Strengths of the BCG

- It is very helpful to managers who are trying to evaluate the portfolio of the company and determine its current position.
- It can be easily applied to large-scale companies, and they can seek the volume and experience effects in that regard.
- The model, in its applicable nature, is rather simple to apply, and it can be easily understood as well.
- It provides a suitable base for management regarding its future course of action.

Weaknesses of the Model

- It does not really take into account the possible synergies that might exist among the businesses.
- Higher market share is not the only factor that can determine the success of the business; the BCG matrix values it a lot.
- There is no clear reasoning about the components of the market and how they are defined in the first place.
- Data accumulation can turn out to be a bit of a task when it happens.

Conclusion

The company might be choosing one of these strategies to gain a competitive advantage. Thus, a company might be using a host of strategies to stay ahead of the pack, such as offering lower costs compared to its competitors in the market or making some sort of differentiation to ensure that it is adding some extra value to that product. The company might also be tempted to select one or two types of scope for its product by offering its products to a selected portion of the market or making them readily available to the overall market segment. The concept was introduced by Michael Porter in the early 1980s. There are many things that can be attributed to the competitive advantage of the business. It can mean having access to the natural resources necessary for production in that

business, or it can be the highly skilled human resources that can get the job done. There are instances when organizations can use the entry and exit barriers of the industry to their advantage, and they can give that extra edge to the business. The competitive advantage thus might be adding some additional value to the product, or it might be looking after other things that are important for the course of the business.

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