*Strategic Management*, 9e: Chapter 8 study guide

Checklist for identifying company strengths

Note that company strengths are more important than weaknesses in strategic management. The reason is that you can *build* strategy on such strengths, whereas weaknesses are essentially a problem that may or may not be relevant to strategy development. This argument is consistent with the resource-based view explored in Chapter 4 of the text.

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| *Main area* | *Questions* |
| Market share | * How do we measure up to competition?
* Any areas that we dominate or at least have a strong share?
* How do our marketing strengths and investment compare with our competitors?
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| Market growth | * Are we involved in some growth markets? Are they swallowing cash or merely providing the growth all the companies need for survival?
* Are we mainly involved in declining markets with a struggle to survive?
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| Product quality | * Are our products and services good value for money? Do we have a good quality record in relation to the price of our goods or do we have a record of customer complaints?
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| Leadership | * What is the record of company leadership? Dominant or collective? Visionary or lazy? Risk taking or risk averse? Strong at choosing and supporting new senior managers? Smooth succession over time? Ethical?
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| Management and workers | * Do we have a good industrial relations record?
* How does our management resource compare with our competitors?
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| Financial strengths | * Are we financially sound or are we stretched?
* What has been our profit record and earnings per share record over the last few years?
* Do we have any ‘difficult’ shareholders?
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| Production costs | * Are we a least-cost producer? (Not necessarily the lowest)
* What is our record on plant investment? And other capital investment?
* How do we compare with competitors?
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| Distribution | * Do we have adequate and cost-effective distribution to our identified target group?
* Are our competitors under any pressure in this area? How do our costs compare?
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| Research and development | * Is this important in our industry or service? How does our record compare with competition?
* Are we cost effective?
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| Innovation | * Is this important in our industry or service? How does our record compare with competition?
* How are we organised to innovate? Does the company support innovation, even when fails?
 |
| Investment practice | * What is our record on company investment? How does it compare with competition?
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| Profit performance | * What is our profit record? How does it compare with competition?
* What is particularly good about it?
* And what could be done better?
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| Clarity of purpose and objectives | * Does the company state these clearly? Are they known to those involved and responsible for delivery?
* Are they measurable? Alternatively, do they have milestones and other means of assessment?
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