

**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION**

MBA FA 405

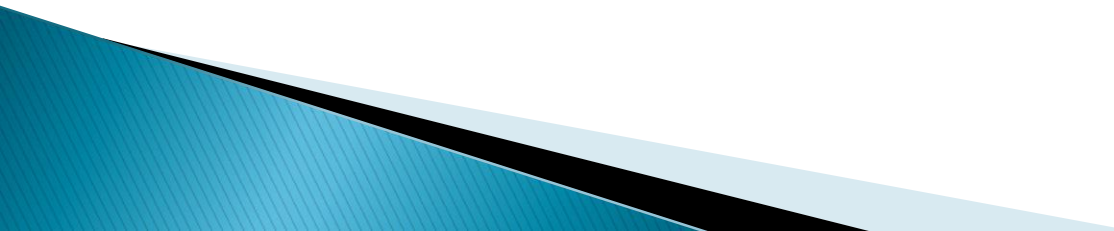
SUBJECT NAME:

STRATEGIC MANAGEMENT

TOPIC NAME: ORGANIZATION APPRAISAL



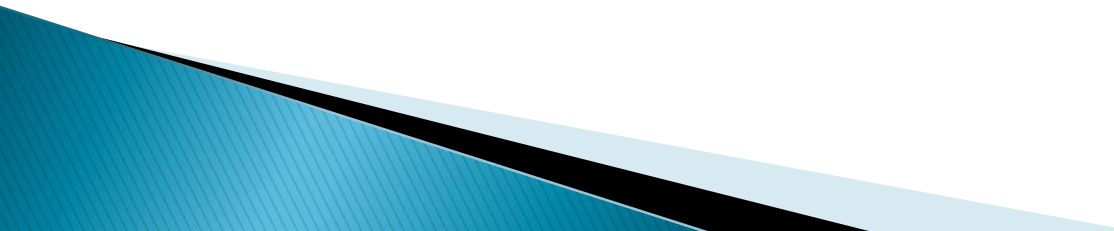
MEANING:

- ▶ Organizational appraisal is the process of monitoring an organization's internal environment to identify strengths and weaknesses that may influence the firm's ability to achieve goals. Appraisal of internal environment enables a firm to decide what it can do.
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METHODS AND TECHNIQUES:

- ▶ Value Chain Analysis
 - ▶ Qualitative analysis
 - ▶ Quantitative Analysis
 - ▶ Historical analysis
 - ▶ Industry standards
 - ▶ Benchmarking
 - ▶ Balance Scorecard
 - ▶ Key Factor Rating
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VALUE CHAIN ANALYSIS:

- ▶ Value chain analysis is a strategy tool used to analyze internal firm activities. Its goal is to recognize, which activities are the most valuable (i.e. are the source of cost or differentiation advantage) to the firm and which ones could be improved to provide competitive advantage.
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QUALITATIVE ANALYSIS:

- ▶ It can be used to express the tenor of corporate culture, ability to absorb and assimilate knowledge or the level of morale among employees. A systematic qualitative analysis may use the survey approach to finding the status of organizational climate.

QUANTITATIVE ANALYSIS:

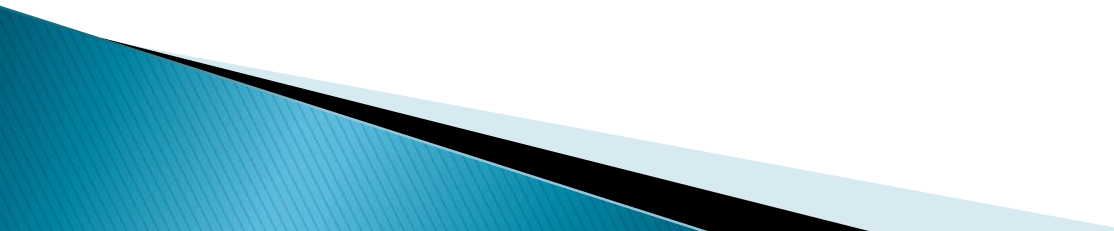
Financial Analysis

- ▶ Ratio Analysis
- ▶ $EVA = (NOPAT) - (Capital * Cost\ of\ Capital)$
- ▶ ABC

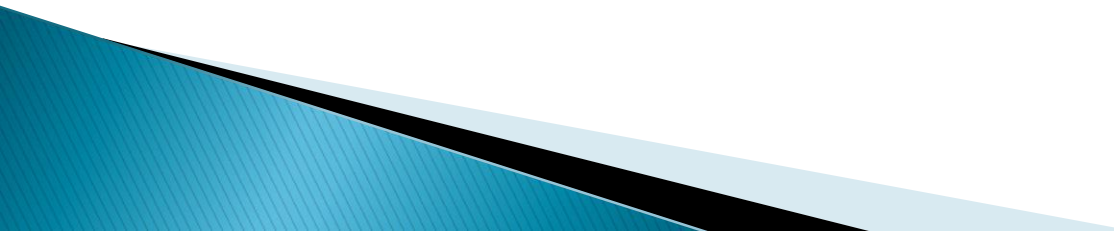
Non Financial Analysis

- ▶ Everything can not be expressed in monetary terms
- ▶ Goodwill, Employee morale , service call rate ,inventory units used per period, absenteeism, service call rate, total cycle time of production, Employee turnover,etc.


HISTORICAL ANALYSIS:

- ▶ Comparison with one's own performance over a period of time.
 - ▶ Graphical representation of company's performance.
 - ▶ Comparison can be done to see improvements and pitfalls.
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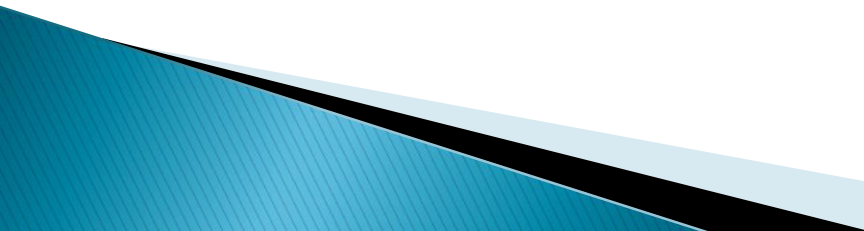
INDUSTRY STANDARDS:

- ▶ Comparison with competitors.
 - ▶ More specially, comparison with strategic groups.
 - ▶ Strategic groups are conceptually defined cluster of competitors that share the same strategies.
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BENCHMARKING:

- ▶ Benchmark is the reference point for taking measure against.
 - ▶ Purpose is to find the best performers so that one could match one's own performance with them and even surpass them.
 - ▶ Benchmarking:
 - ▶ Performance Benchmarking
 - ▶ Process Benchmarking
 - ▶ Strategic Benchmarking
 - ▶ Internal Benchmarking
 - ▶ Competitive Benchmarking
 - ▶ Functional Benchmarking
 - ▶ Generic Benchmarking
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BALANCE SCORECARD:

- ▶ A model is integrating financial and non financial measures(Kaplan & Norton 1996)
 - ▶ Casual link between outcomes and performance drivers of such outcomes
 - ▶ Translate vision and strategy of a business unit into objectives and measures in four distinct areas
 - a)Financial b)Customer c)Internal business process
 - d)Learning and growth
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KEY FACTOR RATING:

- ▶ Organizational capability Profile
 - ▶ Financial Capability Profile a)Usage of Funds
b)Management of Funds
 - ▶ Marketing capability Profile a)Product Related b)Price related c)Promotion related d)Integrative and Systematic
 - ▶ Operation capability Factor a)Production System
b)Operation and control system
 - ▶ Personal capability factor a)Personal System & employee characteristic b)Industrial relations
 - ▶ General management capability a)General management system b)External relations c)Organization Climate
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