

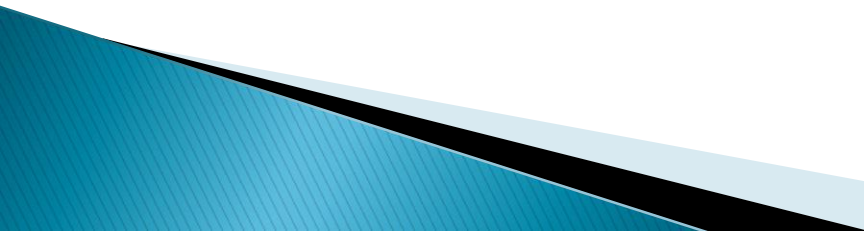
**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION**

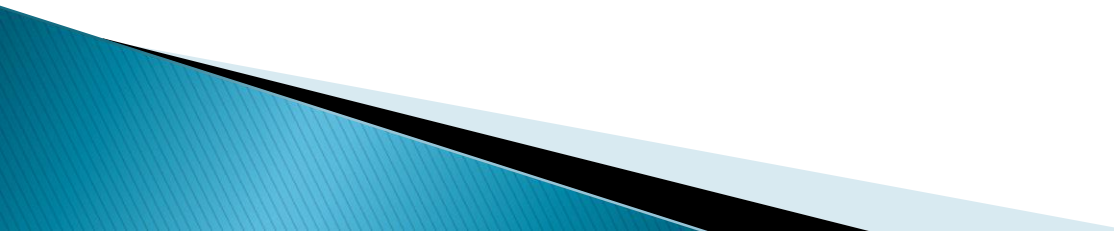
MBA FA 405

**SUBJECT NAME: STRATEGIC
MANAGEMENT**

**TOPIC NAME: CORPORATE STRATEGY &
TACTICS**

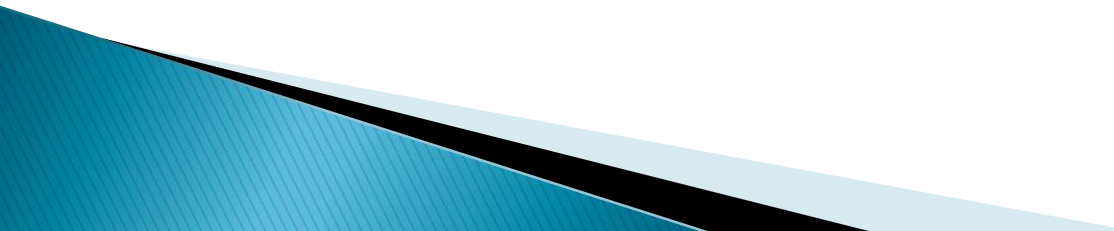
MEANING OF STRATEGY:

- ▶ The word “strategy” is derived from the Greek word “stratēgos”; stratus (meaning army) and “ago” (meaning leading/moving).
 - ▶ Strategy is an action that managers take to attain one or more of the organization’s goals. Strategy can also be defined as “A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process”.
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- ▶ A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives. While planning a strategy it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers.
 - ▶ Strategy can also be defined as knowledge of the goals, the uncertainty of events and the need to take into consideration the likely or actual behavior of others. Strategy is the blueprint of decisions in an organization that shows its objectives and goals, reduces the key policies, and plans for achieving these goals, and defines the business the company is to carry on, the type of economic and human organization it wants to be, and the contribution it plans to make to its shareholders, customers and society at large.
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Origin of tactics:

- ▶ New Latin *tactica* from Greek *taktika* matters pertaining to arrangement or from Greek *taktikē* (*tekhnē*) (art) of deploying forces in war both from *taktikos* of order from *taktos* arranged from *tassein* tag- to arrange
- ▶ A good tactic has a clear purpose that aids your strategy. It has a finite timeline during which specific activities will be completed and their impacts measured.
- ▶ A tactic for the furniture company would be to analyze manufacturing processes to minimize waste and inefficiencies, thereby decreasing cost and, by extension, prices for customers. The company can clearly measure the success of the tactic by comparing their costs before and after the analysis.

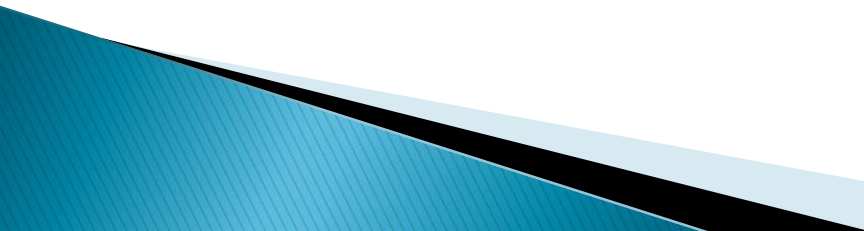
- ▶ Tactics are much more concrete and are often oriented toward smaller steps and a shorter time frame along the way. They involve best practices, specific plans, resources, etc. They're also called "initiatives."
 - ▶ Tactics without strategy is the noise before defeat." Tactics and strategy are not at odds with one another—they're on the same team.
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DIFFERENTIATING STRATEGY AND TACTICS:

Strategy Identifies Where We Will Compete:

- ▶ The strategy determines which markets we will pursue, where we will sell our goods and services. It focuses efforts on a specific target market.
- ▶ Tactics indicate specific actions that we will take in those markets.

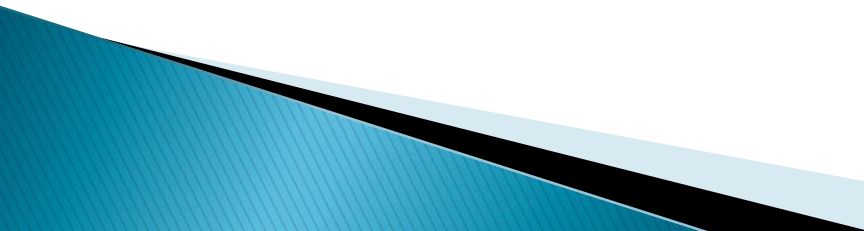
Strategy Describes the Unique Value for Customers:

- ▶ When developing a strategy, the aim is to identify unique benefits in the products or services that customers value and that differ from what competitors offer. A strategy should define and clarify the unique value.
 - ▶ Tactics include the tasks of creating, delivering, and expanding the value.
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Strategy Explains How the Company's Assets Will Create Unique Value:

- ▶ How do the company's activities interact and reinforce one another? For an organization to define a strategy that creates a unique and valuable position, it must bring together and align the various capabilities and resources of the business.
- ▶ Tactics are planned to reinforce this unique value. Effective tactics, or specific actions, must support the strategy in order for the customer to have a consistent experience with the product or service that aligns with the unique value that the company is seeking to deliver.

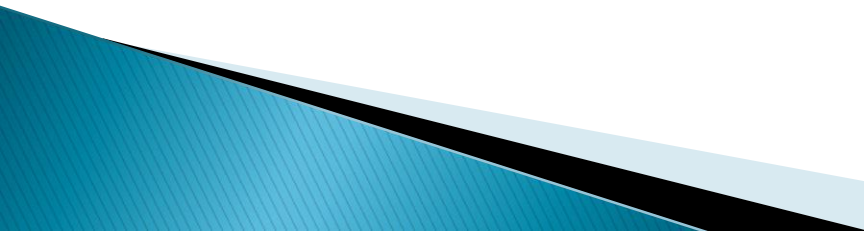
Strategy Determines How the Company Will Sustain Unique Value:

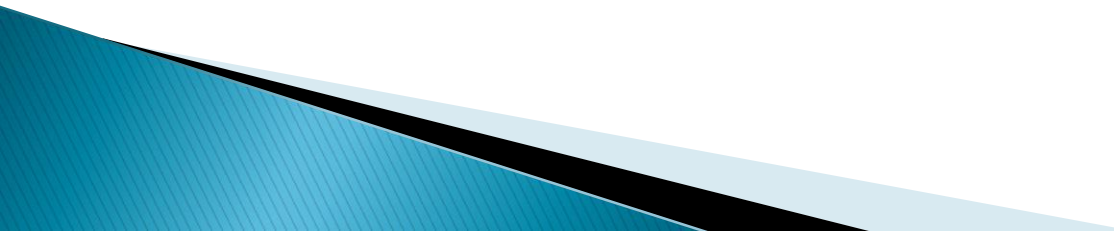
- ▶ Over time, competitors will try to eliminate the company's advantage or copy the areas where it is successful. How will the company continue to provide unique value and protect or expand the areas in which it has an advantage?
 - ▶ As the company refines its strategy or expands its advantage, the tactics must also be adjusted to execute the strategy effectively.
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STRATEGY AND TACTICS IN PRACTICE:

- ▶ In each case, strategy defines the high-level plan. Tactics include the steps taken to execute that plan. The following examples show how strategies and tactics are employed by real businesses.
- ▶ **Strategy and Long-Term Planning: Southwest Airlines**
- ▶ **Strategy**
- ▶ In its early days, Southwest Airlines' strategy focused on being the low-cost airline of choice for leisure travelers. Prior to 2008 the company recognized that without expanding its target market, it could not sustain growth. The company expanded its target market to include business travelers, without compromising the low cost and inviting brand that appealed to leisure travelers.
- ▶ **Tactics**
- ▶ Two programs provided tactics to support this shift. The company began to offer a Business Select service, which includes perks such as early boarding, priority check-in, and a free alcoholic beverage for those purchasing a premium fare. Early Bird Check-in provides automatic check-in, which allows the customer to board early.
- ▶ According to CEO Gary Kelly, Southwest does “Six percent or seven percent of our boardings by Business Select, [and] probably more than double that by Early Bird.” The combined direct revenues from the programs were nearly \$295 million in 2013

HERE ARE A FEW EXAMPLES OF HOW STRATEGY AND TACTICS INTERACT THAT WILL HELP YOU DIFFERENTIATE BETWEEN THE TWO TERMS:

- ▶ **Strategy is based on extensive research, planning, and internal reflection.** It's a long-term vision, whereas tactics are short-term actions. For example, if your marketing strategy is to improve your influence and performance in social media, then your tactics might be to determine the best channels for your business and the most effective messages for your audiences. Strategies CAN change to adapt to new internal or external factors in an organization, but these changes shouldn't be made lightly. Tactics can change based on the success of your strategy. It's much easier to adjust tactics to course-correct than it is to overhaul your strategy, so make sure your strategic planning is thorough.
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- ▶ **Strategy and tactics work together as means to an end.** If your strategy is to climb a mountain, one key component of your strategy might be to decide which side of the mountain you should climb. Your tactics would be the gear you'd buy, who you'd bring with you, your complete trip plan, how long it would take to get there, what season you'd go in, and so on. A strategy without tactics won't ever be executed or help you achieve your goals.
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- ▶ **Strategy and tactics always have to be in-line with one another.** You might be really enamored with a particular project (i.e. a tactic), but it's only worth pursuing if it aligns with your long-term strategy. Thus, your strategy should inform which tactics your organization will execute or fund.
 - ▶ **The best strategy and tactics still won't cover Everything.** Because resources are finite, choosing the right strategy and corresponding tactics ensures your efforts are directed toward achieving your vision in the most efficient manner possible.
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