

# Ethical and Strategic Management

Unit 3: Managerial Strategy Formation



# Course Unit Structure

- ▶ Course Structure
  - ▶ Unit 1: Integrating Ethics into Business Strategy
  - ▶ Unit 2: Management Strategies Analysis
  - ▶ **Unit 3: Managerial Strategy Formulation**
  - ▶ Unit 4: Integrating Ethics into Business Implementation



# Unit Three Learning Objectives

- ▶ Analyze Porter's Generic Strategies to determine the appropriate business strategy
- ▶ Explain the various tools, such as the BCG and SPACE Matrix to create business strategy
- ▶ Examine the common organizational structures used to craft business strategy, such as the matrix and functional structures
- ▶ Describe how ethical behavior can be integrated into business strategy



# Unit Vocabulary

- ▶ balanced scorecard
- ▶ BCG matrix
- ▶ cost leadership
- ▶ differentiation
- ▶ divisional structure
- ▶ functional structure
- ▶ market segmentation
- ▶ matrix structure
- ▶ Porter's Generic Strategies
- ▶ simple structure
- ▶ SPACE matrix
- ▶ SWOT analysis

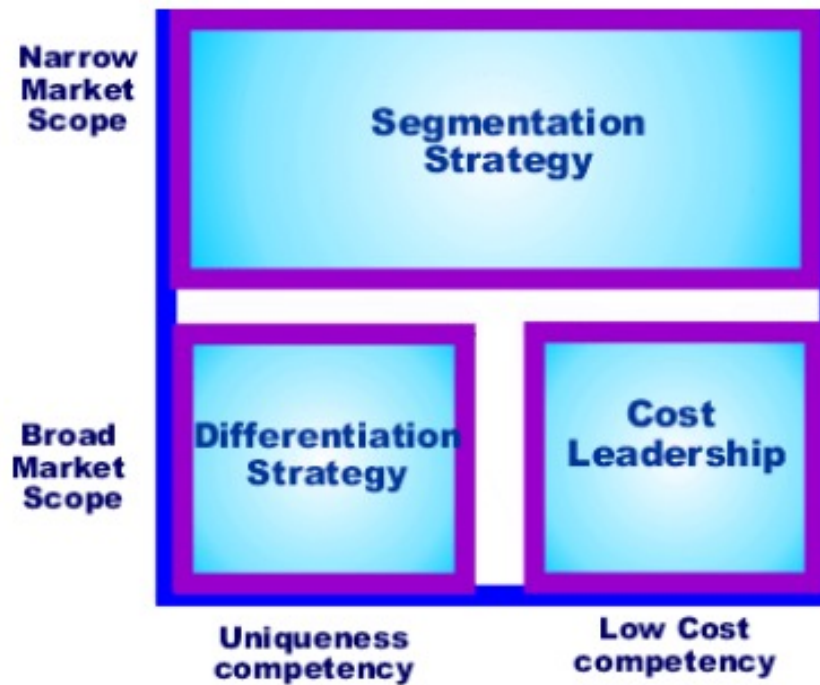


# Overview: Unit Three Topics

- ▶ Models to Determine Strategy
- ▶ Organizational Structures
- ▶ Ethics and Integration into Strategy



# 3a Porter's Generic Strategies



# 3a The BCG Matrix

- ▶ BCG Matrix
  - ▶ Looks at market share and growth of industry
  - ▶ Dog (low growth, low share)
  - ▶ Cash cow (low growth, high share)
  - ▶ Question Mark (high growth, low share)
  - ▶ Star (high growth, high share)



## 3b Other Strategy Tools

- ▶ SWOT Analysis
  - ▶ Strengths, weaknesses, opportunities and threats
- ▶ Balanced scorecard
  - ▶ Financial, customer, internal processes, learning and growth perspectives of an organization
- ▶ SPACE Matrix
  - ▶ Strategic Position and Action Evaluation
  - ▶ Determines aggressive, conservative, defensive, or competitive strategy





# 3c Organizational Structures

- ▶ **Simple**
  - ▶ No formal structure
- ▶ **Functional**
  - ▶ Organizational chart characterized by each function (such as marketing or HR) divided into its own departments, with a top-down reporting structure.
- ▶ **Divisional**
  - ▶ organization is divided by product or service offerings, and each division has all resources necessary to function independently, such as human resources and IT departments
- ▶ **Matrix**
  - ▶ Grouped by two different operational perspectives. This is a complex structure because, for example, people could be grouped by the type of project the company is working on AND a particular department.



# 3d Ethical Behavior and Strategy

- ▶ Lead by example
- ▶ Ethics training
- ▶ Formal codes of ethics



# Conclusion

- ▶ Here's what you learned:
  - ▶ Analyze Porter's Generic Strategies to determine the appropriate business strategy
  - ▶ Explain the various tools, such as the BCG and SPACE Matrix to create business strategy
  - ▶ Examine the common organizational structures used to craft business strategy, such as the matrix and functional structures
  - ▶ Describe how ethical behavior can be integrated into business strategy



# What's Next?

- ▶ To prepare for the practice exam, consider one more review of the study guide and course materials.
- ▶ Good luck on the practice exam!

