My Post: to MT460

 Meaning of strategy

In business terms, a strategy refers to a course of action, a set of decisions, or a master plan used by an entrepreneur to achieve a desired goal. It is also a set of approaches used to secure a competitive position in the market, to impress key stakeholders, and most importantly to achieve objectives. While the mission and vision statements define what the organization wants to achieve, strategies are what really get things moving and ensure that the missions and visions are realized. Business strategies are important because they help the business redefine objectives, identify key resources, and establish action programs that ensure objectives are met. Leaders and managers use strategies to communicate intent and organize both human and physical resources to ensure that objectives are met. Strategies also help managers and leaders organize activities and processes according to a time factor.

The process of formulating business strategy

Strategy formulation begins with defining business and organizational objectives. This is because a key function of a strategy is to propel the organization into realizing its objectives. Thus, it is important to have clear objectives before moving ahead with formulating strategies. In addition, strategies are reflections of business and organizational objectives (Fabbe-Costes & Colin, 2017). Once objectives have been defined, the next step is to analyse the environment in which the business operates. This includes both the industrial and economic environment. It is important because the environment has an impact on the success of the business and therefore it is important to know how to leverage it for the best. Setting measurable targets is the next step in strategy formulation and it involves coming up with quantifiable goals. Next, performance analysis is carried out to establish the difference between the future desired state and the actual/current state. Once that has been achieved, the management may decide which actions are more important and finally pick the strategy.

Vision, mission, purpose, philosophy, and goals

The vision, mission, and purpose statements outline the reason for the existence of an organization. These statements are important because they constantly remind members of the organization why they are there. Also, they guide actions in the organization. They also communicate to other stakeholders outside the organization on what to expect. Philosophy expresses what the organization stands for and how it aims to achieve its objectives. Philosophies influence organizational culture. Goals are important because they assist in organizing efforts and resources.

Management strategy hierarchy

Strategies can be formulated at various management levels and for various purposes. For example, there are corporate level strategies. These strategies tend to be long-term in nature, but they also allow for adjustments. There also exists functional level strategies. These are short-term strategies formulated by the middle-level management. They tend to be flexible to time. Having both levels of strategies is important in establishing a competitive advantage because the organization can quickly identify and grab opportunities both in the short-term and in the long-term. Additionally, it allows room for flexibility.

Pros and Cons of cost and differentiation types of competitive advantage

Gaining a low-cost advantage is beneficial because it means the business can produce more goods and services with little input. It also means access to low-cost inputs and efficient production. Thus, it can help an organization to make more profits. Also, low-cost production allows a business to sell at lower prices. This increases sales and revenues (Banker, Mashruwala & Tripathy, 2014). However, if the business is not careful, this strategy can lead to poor quality products which will eventually work against it. This strategy also requires increased sales for profits to be realized (Ju et al., 2015). Sometimes, this strategy can limit R&D because all focus is directed at increasing sales.

The good thing about differentiation is that it helps business create its own niche hence reduce competition. It also fosters creativity and enables consumers to enjoy new products. However, differentiation can work against the business if taken too far. For example, a product can be differentiated too much until consumers start disbelieving or misunderstanding its value. Differentiation can also exclude some consumers and result in reduced sales (Banker, Mashruwala & Tripathy, 2014).

with regard to strategic management hierarchy. look at page 42 in my dissertation attached. You'll want to understand the 4 levels of strategy moving forward. They're going to be very important in units 4-9.

1.Question: Once you reviewed strategic management hierarchy conduct additional research on the concepts within the 4 levels of strategic management hierarchy, let us know your thoughts on why it's important to competitive advantage.

Page 42 : Levels of organizational strategy.

 Organizational strategy has four distinctive levels: enterprise, corporate, business, and functional strategies. An enterprise level strategy determines the social identity of an organization. It is the top tier level of an organization ‘s strategy and ultimately is where the firm actualizes its political orientation. At this level, the organization realizes its values, philosophies, and social responsibilities. The image of the organization emerges at this top tier level, wherein the enterprise strategy relates directly to the way in which internal customers view and understand the organization. The creation and embedding of the values and moral expectations of internal customers are within the culture of an organization. To construct the culture, leadership establishes the organizational vision and develops strategies for indoctrinating internal customers on the critical mission of the organization and the role each individual play in the collective success of the organization (Steyn, 2003). Patton (2002) described corporate strategy as an approach designed by leaders to guide decision-making and set goal-oriented directives for managers and employees to execute in pursuit of the organizational mission. At the corporate level of strategy, leaders define the overall organizational design and structure, allocate resources, and contemplate considerations for the stability of the organization (Thomas & Droege, 2006). Organizational leaders strategize issues pertaining to growth, strategic relationships, mergers, acquisitions, organizational competencies, contingency planning, and resource allocations. Leaders and managers consider all variables for creating value by assessing the organization ‘s interests and positions in various markets at a macro 43 level. Decisions are made to ensure financial health and stability of the organization, while enabling technical competencies that facilitate customer satisfaction in support of the enterprise level of strategy (Steyn, 2003).