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STRATEGIC PLANNING

Strategy and Competitive Advantage

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# Introduction

The time to think about how to get ahead of the competition and stand out from the crowd is usually when you have a fantastic product and good customer service but want to increase market share. The link between strategic management and competitive advantage can assist you in achieving extraordinary success in your firm. As a vehicle, think of strategic management as a tool that assists you in reaching your aim of achieving a competitive edge in the marketplace. Following that, a rising client base, greater customer loyalty, and a higher bottom line result from the competitive advantage gained (Baroto, Abdullah & Wan, 2012).

When it comes to strategic management, it is all about identifying and describing the strategies that managers may use in order to improve performance and gain a competitive edge for their firm. When an organization's profitability exceeds the average profitability of all enterprises in its industry, this is referred to as having a competitive edge. Additionally, strategic management may be described as a collection of decisions and actions that are carried out by a manager and which determine the outcome of a company's performance. A complete understanding and analysis of the general and competitive organizational environment is required in order for the manager to make the best decisions for the business. When doing a SWOT analysis (Strengths, Weaknesses, Opportunities and Dangers), they should focus on maximizing the use of strengths, minimizing the impact of organizational weaknesses, capitalizing on emerging opportunities from the corporate environment, and avoiding ignoring threats (Boxall, 2003).

Strategy is nothing more than the preparation for both expected and unpredictably impossible events. As a result, it is relevant to both small and large businesses, as even the smallest enterprises must contend with competition and can achieve sustained competitive advantage by devising and implementing proper strategies. Essentially, it is the method through which strategists define their objectives and go about achieving them. Taking and putting into effect choices on the future course of a company is what it is all about! It helps us in determining the general direction in which a company is heading.

Continuous evaluation and control of the business and industries in which an organization is involved are hallmarks of strategic management. This process also involves assessing the company's competitors and devising strategies to meet all of them, as well as periodically reviewing the effectiveness of the strategies in place and whether or not they need to be replaced. An organization's workers benefit from strategic management by gaining a broader perspective on their work and the interrelationships between themselves and the rest of the business. It is nothing more than the practice of overseeing personnel in such a way as to optimize the organization's capacity to meet its goals. With each work, the employees grow more trustworthy, devoted, and happy since they can easily co-relate themselves (Rosen, 2001). Using strategic management, they are able to analyze the impact of environmental changes on the business and the likely response of the organization. As a result, workers are better able to assess the effects of employment changes and adapt accordingly. Managers and staff are expected to carry out their duties in a professional and timely way. To be successful, they must be both efficient and effective. Strategic management has a key role to play in ensuring that the organization's many functional areas are fully integrated and that they work in harmony and harmony with one another. Keeping an eye on the organization's goals and objectives is another responsibility of strategic management.

# Description

A company's mission, vision, and objectives are the focus of strategic management in its simplest form. Following are some of the steps in the strategic management procedure:

Prior to defining objectives, you must assess your company's current state of affairs and identify your desired future state; you must then communicate these goals to all members of your organization. Having a clear goal in mind helps people, teams, departments, and even your entire organization perform better. Gathering data is critical after your objectives are clear. Analyze what's going on within and outside your firm, as well as with the competition. This information will assist you in making well-informed decisions as you move forward (Ployhart & Hale Jr, 2014).

A plan for achieving your organization's goals may be developed by analyzing your goals and data. In order to boost sales of home fragrance, for example, your approach can include new smells, new packaging, deliberate marketing, and so on. All of this, as well as how and when you plan to fund each component, will be included in your strategy. Putting your plan into action is the process through which each member of your team contributes to your success. The ability to successfully implement plans depends on having a team that is on board with the vision and communicating well with one another.

Keep an eye on all the moving pieces of your approach to see whether they need to be tweaked. It's fine to tinker with your plans in order to meet your goals. A post-project evaluation might reveal what worked well and what needs to be tweaked for the next time.

# General Analysis

It is the ability of a corporation to create more inexpensive or better quality services or goods than its rivals that is referred to be a competitive edge. A company's products or services have a competitive edge if they are better than all of the other options available to a consumer. Many people think of it as a corporate strategy, although it can be applied to any company, country or individual in a competitive setting. Competitive advantage can be gained by offering lower pricing than the competition, for example. The low costs of the retailer's items might make them more appealing than more expensive alternatives (Delmas, Hoffmann & Kuss, 2011).

As part of a company's strategy to gain a competitive edge, it must offer a distinct advantage over its competitors. You might want to ask yourself, "What is the genuine advantage of this product or service?" It has to be something clients want and need, and it has to be something that is actually useful. In addition, business owners must be aware of any new trends that may effect their product, as well as any new technological developments. As an example, newspapers were sluggish to adapt to the availability of free news on the internet in the early days of the internet. They naively believed that consumers would continue to pay to receive their news in the form of daily paper deliveries. By failing to keep abreast of internet advancements (and benefits), they allowed their competitive edge to ebb.

If a company wants to get an advantage in the marketplace, it must provide a distinct advantage over the competitors. You might want to ask yourself, "What is the genuine advantage of this product or service?" It has to be something clients want and need, and it has to be something that is truly valuable to them. In addition, business owners must be aware of any new trends that may affect their product, as well as any new technological developments. As an example, newspapers were sluggish to adapt to the availability of free news on the internet in the early days of the internet. They naively believed that consumers would continue to pay to receive their news in the form of daily paper deliveries. They lost their competitive advantage since they didn't keep up with the internet's advancements and advantages.

# Actualization

Rivalry is a synonym for competition in Porter's Five Forces paradigm. Multiple companies fight for clients by providing better or cheaper items than their competitors in any field. As a result of using PESTEL and VRIO, companies may better understand what customers are looking for and how to better meet those needs through their own offerings. Firms that outperform their competitors in terms of client acquisition, revenue growth, or shareholder value creation are said to have an edge over their competitors in the marketplace. In order to stay ahead of the competition, a company must either improve the value of its products and services or reduce its own expenses faster than its competitors (Albaum & Tse, 2001).

Business strategy refers to the approach taken by an organization or division within an organization that concentrates its efforts on one or more core product or service lines. A company's overall plan for competing in the industry in which its product is sold is known as its business-level strategy. The same Harvard professor who established the Five Forces Model, Michael Porter, defined three generic business-level strategies that illustrate the essential techniques of organizing to compete in a product market. He dubbed the tactics "generic" since they may be applied by any company, regardless of industry.

As part of a cost-leadership strategy, companies cut their prices to compete with their competitors. The effective cost leader manages costs throughout its value chain operations to get a competitive edge over industry rivals (de Medeiros, Maçada & Junior, 2020). Manufacturing takes place in low-wage countries where labor costs are minimal, and processes may be automated for greater efficiency. With the goal of making the lowest possible profit, a cost leader must spend as little time and money as possible in order to produce a product or provide a service. If you're looking for the best value, Walmart is the place to go. The company doesn't spend money on elegant storefronts, it gets low pricing from its suppliers, and it pays its staff fairly modest wages.

# Discussions

Of course, you won't find everything on the market at a bargain price. The antithesis of a cost-leadership approach is a differentiation strategy. In contrast to companies that want to cut costs as much as possible, those that distinguish endeavor to increase the value of their products and services in order to attract clients who are prepared to pay a higher price. The differentiator improves the quality, features, and overall attractiveness of its products and services at each stage of the value chain. Innovation is the emphasis of R&D, customer service is top-notch, and marketing helps to elevate the firm's brand value. In this way, even if the successful differentiator's manufacturing costs are greater than the cost leader's, it is still possible to profit. There are several reasons why Starbucks consumers are prepared to pay a premium for a cup of coffee, but the most common is that they appreciate the restaurant ambience, customer service, product quality and the brand's reputation. Firms may be successful in Porter's typology by either being cost leaders or by differentiating themselves. Porter warns that attempting to merge these two concepts might result in a company getting trapped in the middle (Acquaah, 2011).

Third generic competitive strategy, focus, is distinct from the other two in Porter's framework. Even if a company chooses to concentrate its efforts, it will still need to use one of the other organizational techniques. It will continue to look for ways to reduce expenses or increase value. In contrast to a wide cost leader or differentiator, a company deciding to follow a targeted approach will concentrate its marketing and sales efforts on a narrower market. Using a strategy known as "focus-differentiation," an organization can create a more valuable product or service that only a select group of customers will be interested in, either because the product is well-suited for a particular purpose or because it is an expensive luxury that only some people can afford. For instance, Flux is a firm that makes personalized bindings for snowboards. Flux distinguishes itself from its competitors by focusing on a niche market of clients who are prepared to pay premium pricing for high-quality, custom-made snowboarding equipment.

# General Recommendation

Many studies have demonstrated that organizations that participate in strategic management are more lucrative and successful than their counterparts who do not benefit from strategic planning and management practices. Forward-looking planning and rigorous appraisal of priorities provide businesses the ability to exert influence over the future, which is essential in the rapidly changing business landscape of the twenty-first century.

Every year, it is projected that more than 100,000 firms fail in the United States, with the majority of these failures being attributed to a lack of strategic focus and strategic direction, respectively. Furthermore, high-performing organizations are more likely to make well-informed judgments because they have taken into account both the short- and long-term ramifications of their actions and, as a result, have tailored their business strategy appropriately. Firms that do not participate in real strategic planning, on the other hand, are frequently slowed by internal difficulties and a lack of focus, which ultimately leads to failure.

The relevance of strategic management has been increasingly apparent in recent years, with practically all businesses now acknowledging its significance. Although there are certain similarities between those who succeed and those who fail, the most significant distinction is that the manner in which strategic management and strategic planning are carried out determines the difference between success and failure. Of course, there are still companies that do not engage in strategic planning or in which the planners do not have the backing of the company's upper management. Companies in this category should recognize the advantages of strategic management and take steps to secure their long-term sustainability and success in the marketplace.

# Conclusion

Organizations use competitive strategies in order to improve the forecast of change and become more proactive, as opposed to the more conventional operational method of waiting for and then responding to change, which is more common today. It is the belief of a well-designed competitive strategy that change is an unavoidable variable in today's global marketplaces, and that the success or failure of a particular product or service is dependent, to a significant degree, on the skill, knowledge, talents, experience, and abilities of its human resources As a result, firms that realize the importance of Strategic Management development will undertake activities geared to support the personal and professional development of their workers, which will in turn foster the continuous growth and development of the organization. Those organizations that take the initiative to develop and integrate Strategic Management development into their competitive strategy formulation process will find that they have a greater degree of flexibility in the allocation and efficient use of their managerial talents, as well as the ability to be more proactive in responding to constantly changing market conditions. In addition to influencing the success of its goods and/or services, this advantage may be a determining factor in determining whether or not the organization recognizes and takes advantage of chances for future development, expansion, and, eventually, improved profitability.

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