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**Course Name:**

Post Doctorate in Strategic Management

**Assignment Title:**

SDI 272: Strategy Directive for Insurance

Atlantic International University

**January, 2025**

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1. **INTRODUCTION**

**Strategy Directive for Insurance**

 A Strategy Directive refers to any action, choice or policy, or any delineated course of action which encompasses specific steps, policies and strategies for any organization in projecting its long-term vision with a mission. Strategy Directive manages the decision process and resources management optimizing and prioritizing certain activities for the correct strategic overall direction of the organization. In this case, a Strategy Directive would contain such crucial components as situational analysis, goal setting, action plan, time frames, performance indicators, and evaluation systems for the purpose of tracking how far the specific plans were accomplished and what corrective measures may be needed.

Strategic Planning: Use of Strategic Planning techniques plays a crucial role in helping organizations achieve their goals. Some of these ways are:

**Direction and Focus** – strategic planning gives a clear direction and focus for the organization by defining its mission, vision, and goals. There is also assistance in directing efforts and resources to certain objectives. It ensures alignment between various departments and functions within the organization, promoting collaboration and coordination towards achieving shared goals.

**Resource allocation** – One of the purposes of the budgeting and planning process is to ensure efficiency in the allocation of resources like money, time, and people in relation to specific tasks needed in achieving collective goals.

**Management of risks** – assessment of potential risks and having the foresight reduces uncertainties and improves decision making in any organization.

**Flexibility** – organizations are able to use strategic planning to ensure they remain relevant in the long run by being able to respond to external changes such as technological advancement and the changing market.

**Evaluation of performance** – all organizations have goals and objectives, and they must be able to draw a plan of how they are going to achieve their goals, they also should be able to analyze their past performance and evaluate if the strategies set in place are successful.

In summary, strategic planning is beneficial as it provides the organization a clear structure to follow especially when they face challenges, this also helps them maximize their chances of being successful**.**

**II. CRAFTING STRATEGY**

To facilitate simplicity of execution while ensuring that the Organization’s strategic plan is being implemented, the Strategic Directive must address a number of core issues. In particular the following elements shall be incorporated in the Strategy Directive:

1**. Vision and Mission**: assist in constructing an organization’s long term vision and mission detailing its purpose, what values it upholds and its aspirations. The question : “What do we want to become?” Is answered by the vision a vision statement. It is concerned with the more distant future. So it is very important that this should not be done on hindsight but at the beginning and there should be an agreement.

Depending on the business environment, this can always be modified. A Mission statement answers the question: What Business are we in? A Mission statement clearly articulates the principles and priorities of the organization. (David:10) A mission statement ensures the continuity of an organization into the future.

**2. Goals and Objectives**: First, these should be smart objectives and goals that support the organizations goals. In terms of operational level, goals and objectives should be set up for the entire firm and for each and every section of the firm. In such a case goals and objectives should be set in accordance with the vision and mission of the organization. Goals and Objectives: Are generally stated as being smart objectives. These goals have specific parameters such as the goals being sustainable, measurable, relevant to the organization’s future vision, and limited by time. As a strategic goal, the whole organization, as well each of its departments, should establish specific goals and objectives pertaining to the future of the firm’s vision.

**3. Situational Analysis**: Carryout the analysis to the internal and external environment as well as SWOT analysis to determine the firm’s current status and strategic issues. Situational analysis and Environmental scanning are one of the synonyms. These are interrelated to the processes and practices of evaluating the internal and external of an organization as well as its industry and market in order to ascertain business strategies in relation to target markets. Internal Environment: Consists of the factors as the key competencies of the firm, the available factors of production within the firm.

The external context focuses on speculation of future events that will either aid or hinder the organizations goals, which Hill (2017) best describes as integration of political, social and technological factors. In this regard, it is important to address the disturbing companies and their ideas, particularly those with slight rationality, that the organization has a pretty bleak outlook for the future (Hill, 2017).

Environmental scanning could be termed as collecting and analyzing external information to provide managers with an accurate perspective of their organization. By evaluating external factors organizations would be able to create tools to deal with external threats, in this situations lobbying is one of the common forms of measurement to offset political and any other economic threats. An organization’s internal strengths and weaknesses can be observed and controlled by getting involved into tasks such as operations, research, marketing, finance, and accounting.

Lastly, internal strengths weaknesses can be quantified and thus evaluated in comparison with goals set for the organization and time taken to meet those goals. In order to ensure optimal growth and development of an organization, proper goal ratios, time funds and comparison would be needed to make sound decisions.

At competitive level, the survey can be beneficial to ascertain the standing of the firm in terms of employee morale, production, marketing, and customer satisfaction before positioning (David, 2003).

**4. Strategic Priorities:** determine and rank the most important strategic objectives and areas of attention necessary for taking the organization closer to achieving its goals for a longer period of time. Business strategies may involve building new markets, new product areas, buying into the market, etc. These need to be clearly spelt out. It is clear that strategies are handled with the approval of top management because of the resources that such strategies are most likely to consume. Strategies equally determine a business’s future growth and hence are strategic.

**5. Action Plans**: prepare specific working plans for realization of any conceived tactic, detailing activities, responsibilities, time parameters and resources for proper execution.

It is essential to provide monitoring of the action plans since they will dictate the rate of the plan to be delivered.

**6. Performance Measures:** set out essential parameters of performance and measures for assessing progress made or the effects and responsibilities for accomplishing the strategic goals. This item dovetails with the Action Plans above in ensuring that the strategic objectives are being achieved in a meaningful manner.

7**. Resource Allocation**: identify the types of resources that are needed to carry out the strategy for example finance, personnel and technologies.

**8. Risk management**: formulate a plan for addressing identified risks that could prevent successful execution of the selected strategy.

Most organizations are reluctant to outsource the risk management function as they do not want to expose their risk management situations whether directly or indirectly to competitors who will take advantage of such information. Most often, though, such organizations lack the in house risk management departments.

A risk which is highly guarded in many organizations is putting in place a change. There is often great push back in an organizational change because employees feel they have a stake in the organization. This however, makes it necessary to have orderly detailed procedures to change so that such resistance is avoided as much as possible and as much effort as possible is used to encourage communication in order to achieve greater acceptance.

Igor Ansoff succinctly explained the significance of a strategist being able to manage the resistance to change as follows:

“Observation of the historical transition from one orientation to another shows that, if left unmanaged, the process becomes conflict-laden, prolonged, and costly in both human and financial terms. Management of resistance involves anticipating the focus of resistance and its intensity. Second, it involves eliminating unnecessary resistance caused by misperceptions and insecurities. Third, it involves mustering the power base necessary to assure support for the change. Fourth, it involves planning the process of change. Finally, it involves monitoring and controlling resistance during the process of change.” (David, 2003, page 254).

The risk relating to resistance to change is just one common example which has been used in this paper. However, there are many risks that should be examined and anticipated in order to devise corrective action should they occur, just as Ansoff proposed solutions outlined above.

**9. Communication Plan**: develop a communications strategy to facilitate understanding and commitment of the organizational members including employees, customers, partners, and investors. Where effective communication is lacking among Communication stakeholders, conflict which could be avoided will inevitably arise. This conflict becomes a major distraction to smooth operations of an organization. This is why in most large organizations, communication departments are normally set up in order to be responsible for and management of elicitation of business internal as well as external communication.

**10. Monitoring and Review**: establish mechanisms to monitor progress and conduct periodic reviews of the strategy together with any needed change in response to the feedback and changing environment business. Monitoring and evaluating a strategy is a complex activity that if not properly performed, may be wrongly interpreted by placing too much emphasis on performance, suggesting that strong performance in certain areas translates to overall good performance of the organization.

According to David (2003 page 300) who cites Richard Rumelt in W E Glueck, ed., strategy may be assessed using four criteria: 1) consistency, 2) consonance, 3) feasibility, and 4) advantage. While consistency and feasibility relates primarily to internal evaluation of the firm, consonance and advantage would rely more on external evaluation of the firm.

Equity suggests that there should be no conflicting policies and objectives in the same strategy. Conflicts within an organization and quarrels between departments can in some instances be viewed as an indicator of management disorganization, but they can also indicate inconsistency of strategies.

The term Consonance relates to the requirement of strategists to consider groups of trends, together with individual trends when assessing strategies. Adequately constructed trend analyses can yield valid and valuable inferences.

Feasibility implies that a strategy should not be resource hungry nor should it engender intractable sub-problems which must be solved. It shall be determined if at least some moderate tests of the strategy can be included within the personnel and financial capabilities of the firm.

Advantage means that the strategy has to be designed in such a fashion to ensure that there is creation and or preservation of a competitive edge in the chosen field of operations.

In order to gain a competitive advantage, Rumelt claims that a company should possess superiority in one of three areas, be it resources, skills, or position. A firm can also gain an advantage by its location which aids in the strategy of the organization. It is said that once a firm has acquired a good position, there is no chance of losing from that position and vice versa. Therefore, a positional advantage tends to be self-sustaining; so long as the basic external and internal factors that are the reasons for the existence of that positional advantage do not change. By tackling such questions in the Strategy Directive, companies are able to formulate an idea which is practical, relevant and leads to achievement of their goals. (David, 2003).

1. **APPLICATION TO OUR ACTIVITIES IN MALAWI.**

In Malawi, we are trying to develop a Financial Services Group that aims on establishing a Reinsurance Broking Company and a Reinsurance Company after raising the relevant capital. While some of the legal prerequisites are currently being completed, others will be once the Reinsurance Company is established. It has been registered and once funds have been raised for it, it will become operational. A consultant has been engaged and all their recommendations have been channeled in furthering our interest in establishing the headquarters in a country with a sound sovereign rating on an international scale.

The Company will be registered in the Mauritius for the purpose of engaging in the local market.

The legal requirements for the separate establishments of the companies are being fulfilled.

The Reinsurance Company also holds liquidity levels in high regard as well. It is expected that the local company will be sufficiently capitalized. Similarly, the foreign headquarter will be well capitalized.

Since the human capital is the most important asset, the Company will deliberately look for the best talents to fill the most important positions, in order to build confidence with the various stakeholders, including shareholders, as well as the Regulator.

The points which have been highlighted above will be interrogated fully in order to come up with a credible Reinsurance Company which will be able to compete with some long-established, as well as the newer Companies.

Ansoff explained that by placing too much emphasis on one or two functions, at the expense of the others

The other point to consider is the set-up of the offices. To start with, we expect our offices will be based in some rented asset. However, in the due course of time we expect our own premises will be built.

**SUMMARY**

The Malawian economy has specific needs since it has unique cultural trends and specific needs that might not be prevalent elsewhere.

After implementing the Strategy Directive for insurance, it is key to address the specific issues outlined above, bearing in mind the Legal and Regulatory requirements that are existent in Malawi. It has also been outlined that the proposed Reinsurance Company would be set up in Mauritius, with the first Branch being set up in Malawi. This brings to the fore the importance of being able to operate internationally, and adhering to international norms and regulations.

Paramount in all these activities, both in Malawi and abroad is reinforcing the need for continuous monitoring, evaluation and adaptation to achieve sustainable success.

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