

Exam 2 Notes MGMT

- I. External and Internal Environment
 - a. Components of Microenvironment
 - i. Social values
 - ii. Law and politics
 - iii. Demographics
 - iv. Technology
 - v. Economy
 - b. Components of Competitive Environment
 - i. Substitutes
 - ii. Rivals
 - iii. Suppliers
 - iv. Buyers
 - v. New entrants
 - c. Stakeholders
 - i. Groups and individuals who affect and are affected by the organizations and its output
 - 1. You can be a stakeholder whether you know it or not
 - 2. Inducement: What they feel, or reason for doing something
 - a. EX: hate that company tests on bunnies
 - 3. Contribution: What changes are made in the organization because of the inducement
 - a. Help change a policy
 - b. EX: company works to change policies about animal testing
- II. Strategies for Influencing the Environment
 - a. Cooperative action
 - i. Contracting
 - 1. Legal agreement
 - ii. Cooptation
 - 1. Appoint to membership of a committee or another body by invitation
 - iii. Coalition
 - 1. Enemies or rivals join forces to do something together
 - b. Independent Action
 - i. Competitive Aggression
 - 1. Independently tell the market what the company is best at
 - ii. Competitive Pacification
 - 1. You know you cannot surpass another company, so you back off
 - iii. Public Relations
 - 1. Advertising for what you do in voluntary action
 - iv. Voluntary Action
 - 1. The discretionary portion of the corporate social responsibility pyramid
 - v. Legal Action
 - 1. Independently protect a brand
 - vi. Political Action
 - 1. Government related
 - c. Moving to a different environment
 - i. Domain selection

- 1. You choose where you play
 - ii. Diversification
 - 1. Bring a uniqueness to your products
 - iii. Mergers and Acquisitions
 - 1. Buying other companies at the right times
 - iv. Divestiture
 - 1. Get rid of a company that is doing poorly
- III. Environmental Attractiveness
 - a. Competitors
 - b. Substitutes
 - c. Capital requirements
 - d. Brand loyalty
- IV. Strategy
 - a. SWOT analysis
 - i. Internal Evaluation
 - 1. Evaluate Strengths and Weaknesses
 - ii. External Evaluation
 - 1. Evaluate Opportunities and Threats
- V. The BGC Matrix (Boston Consulting Group)
 - a. Star
 - i. High market growth
 - ii. Strong relative position
 - b. Cash Cow
 - i. Low market growth
 - ii. Strong relative position
 - c. Question Mark
 - i. High market growth
 - ii. Weak relative position
 - d. Dog
 - i. Low market growth
 - ii. Weak relative position
- VI. Corporate Strategy Alternatives
 - a. Concentration
 - i. An organization operates as a single business and competes in a single industry
 - b. Vertical Integration Strategy
 - i. An organization Enters one or more businesses that are necessary for manufacturing or distributing its own products
 - c. Concentric Diversification Strategy
 - i. An organization adds new businesses that produce related products or are involved in related market activities
 - 1. Ripples
 - d. Conglomerate Diversification Strategy
 - i. An organization adds new businesses that produce unrelated products or are involved in unrelated market activities
- VII. Strategies for Managing the Political Environment
 - a. Lobbying
 - b. PAC's

- i. Political action committee
 - c. Strategic Retreat
 - i. Stop talking about what went wrong
 - d. Coalition Building
 - i. temporary alliance or partnering of groups in order to achieve a common purpose or to engage in joint activity
 - e. Stonewalling
 - i. No response
- VIII. Structure
 - a. Key Concepts in Organization Structure
 - i. The way tasks are broken up
 - ii. Horizontal Differential
 - 1. Flat
 - 2. Few levels of MGMT
 - iii. Vertical Differentiation
 - 1. Tall
 - 2. Many levels of MGMT
 - iv. Hierarchical Form
 - 1. Pyramidal hierarchy
 - a. Strategic
 - i. Works on far out, long term goals
 - b. Tactical
 - i. Middle manager
 - 1. Changes the way short term tasks are done to achieve long term goals
 - c. Operational
 - i. Deals with short term tasks
- IX. Span of Control
 - a. Number of persons who report to a manger
- X. Types of Organization Structure
 - a. Functional
 - i. Grouping organizations units according to technical/professional specialty
 - 1. Positive
 - a. Specialization
 - 2. Negative
 - a. Lose product focus
 - b. Product
 - i. Grouping organization units according to product or service
 - c. Geographic Structure
 - i. Grouping organization units by geographic location
 - d. Matrix Organizations
 - i. An organization characterized by dual reporting relationships, in which some persons report to two supervisors.
 - e. Project Team
 - i. Interdisciplinary specialists assigned to a long term project
 - f. Collegial Structure
 - i. Non pyramidal form, co-equal partners