



STUDY NOTE:9 STRATEGIC ANALYSIS AND PLANNING

[SUMMARY NOTES]

Q.18 BUSINESS ENVIRONMENT – Meaning & Characteristics

Meaning

Business environment = *All external and internal forces influencing business decisions.*

Includes: customers, suppliers, competitors, investors, government, socio-economic factors.

Characteristics (With Examples)

Characteristic	Explanation	Example
1. Impact	Many environmental factors exist but their impact differs.	Government changes import duty – affects mobile prices.
2. Uncertainty	Environment keeps changing unpredictably.	Frequent changes in GST rules.
3. Complexity	Many interrelated factors affect decisions.	Aviation industry hit by fuel price fluctuations.
4. Dynamic	Constantly changing environment.	Market crash affecting Deccan Aviation IPO.

Q.19 MICRO ENVIRONMENT FACTORS

sm module-19 revision

Micro = *Immediate environment directly affecting business.*

1. Customers / Consumers

- Customer = Buyer
- Consumer = User

Example: Apple showroom buys iPads (customer) → We use them (consumer)



2. Competitors

- Fight for same customers.

Example: Pepsi vs Coke in soft drink market.

3. Organisation (Internal Environment)

Includes owners, managers, employees — all having different goals.

4. Market

Study market size, growth, cost structure, distribution, price sensitivity etc.

5. Suppliers

Provide raw materials → Their bargaining power affects cost.

Example: Cement suppliers forming a cartel.

6. Intermediaries

Middlemen like wholesalers, agents, distributors.

Q.20 MACRO ENVIRONMENT (PESTEL)

sm module-19 revision

Macro = *Large external forces affecting entire industry.*

1. Political-Legal

Includes tax policy, labour law, tariffs, political stability.

Example: Consumer protection laws affecting e-commerce.

2. Economic

Interest rates, inflation, exchange rates.

Example: High interest rate increases loan cost → affects car sales.

3. Social / Cultural

Attitudes, lifestyle, education level, population.

Example: Increasing health awareness increases gym membership.

4. Technological

Automation, R&D, new inventions.

Example: Online payments replacing cash.

5. Global

Global trade, foreign exchange, fuel prices, recession.

Example: Rise in global crude oil increases petrol price in India.

6. Demographic



Population age, income, education, religion.

Example: Young population boosts smartphone demand.

Q.21 VALUE CHAIN ANALYSIS – Activities

sm module-19 revision

Used to identify *activities that create value*.

Primary Activities

Activity	Meaning	Example
Inbound Logistics	Receiving & storing raw materials	Amazon warehouse receiving goods
Operations	Converting inputs to outputs	Car manufacturing
Outbound Logistics	Delivering finished products	Flipkart delivery system
Marketing & Sales	Promotion & selling	TV ads for new car
Services	After-sales, repair, installation	Apple customer service

Support Activities

Activity	Meaning	Example
Procurement	Purchasing raw materials	Maruti buying steel
Technology Development	R&D, IT systems	CRM software
HRM	Recruitment, training	Infosys training program
Firm Infrastructure	Finance, planning, legal	Tata management system

Q.22 MICHAEL PORTER'S 5 FORCES



sm module-19 revision

1 Threat of New Entrants

Example: ITC entering packaged foods → pressure on existing brands.

2 Supplier Power

Example: A monopoly supplier raising cement price.

3 Buyer Power

Example: Airline customers choose only based on ticket price → high buyer power.

4 Rivalry Among Competitors

Example: Coke vs Pepsi price war.

5 Threat of Substitutes

Example: Email replacing postal mail.

Q.23 SWOT ANALYSIS – Advantages & Limitations

sm module-19 revision

Elements with Examples

- Strength: Strong brand (e.g., Apple)
- Weakness: Poor after-sales service
- Opportunity: Growing online market
- Threat: New competitor entering market

Advantages

- Logical framework
- Helps match internal & external factors
- Helps identify strategies

Limitations

- Lists may become too long
- No priority ranking

Q.24 PORTFOLIO ANALYSIS – EXPERIENCE CURVE

sm module-19 revision

Meaning

More experience → Lower cost of production → Higher efficiency.

Example:



As Toyota produces more cars, its labour efficiency improves and cost reduces.

Strategic Impact

- Lower cost → Lower price → More market share
- If price stays high → competitors enter → price war starts

Q.25 PRODUCT LIFE CYCLE (PLC)

sm module-19 revision

Stages with Examples

Stage	Features	Example
Introduction	Low sales, heavy advertising	Electric scooters initially
Growth	Sales rising, competitors enter	Smart TVs industry
Maturity	Highest sales, price war	Mobile phone market
Decline	Sales fall	DVD players
Withdrawn	Product disappears	BlackBerry phones

Q.26 BCG MATRIX – Detailed Summary

sm module-19 revision

Category	Meaning	Example
Stars	High share + High growth	iPhone
Cash Cows	High share + Low growth	Coca-Cola
Question Marks	Low share + High growth	Electric cars
Dogs	Low share + Low growth	Keypad mobile phones

Limitations



- Ignores profitability
- Only high/low values considered
- Hard to measure market growth precisely

Q.27 ANSOFF MATRIX – 4 Strategies

sm module-19 revision

Strategy	Explanation	Example
Market Penetration	Existing product → Existing market	Discounts to increase Airtel users
Market Development	Existing product → New market	Amul exporting to USA
Product Development	New product → Existing market	New model of Hyundai car
Diversification	New product → New market	Reliance entering telecom (Jio)

Q.28 ALTERNATIVES IN STRATEGIC PLANNING

sm module-19 revision

Scenario Planning

"What-if" analysis.

Example: What if fuel prices rise?

Decentralized Planning

Business units plan based on ground realities.

Brainstorming

Employees generate ideas collectively.

Special Meetings

Executive retreats for strategic planning.

Outside Consultants

Fresh viewpoint from experts.

Joint Meetings



Mix of internal + external experts.

Q.29 KEY SUCCESS FACTORS (KSF) & Strategic Decisions

sm module-19 revision

KSFs Examples

- Reliable delivery: Amazon
- After-sales service: Maruti Suzuki
- Technology: Apple
- HR Stability: NDTV

Strategic Decisions Characteristics

- Taken by top management
 - Long-term impact
 - Future-oriented
 - Multifunctional impact
 - Based on external environment
-

Q.30 STRATEGIC BUSINESS UNIT (SBU)

sm module-19 revision

Meaning

A semi-independent unit serving a particular market.

Examples

- TATA Motors (cars)
- TATA Steel
- TCS

Characteristics

- Own competitors
 - Own strategies
 - Separate CEO
 - Independent market focus
-

Q.31 KENICHI OHMAE'S 3C MODEL – Customer, Company, Competitor



sm module-19 revision

[1] Customer (Most Important)

Understanding customer needs.

Example: Amazon recommends products based on browsing history.

[2] Company

Internal strengths, cost structure, technology.

Example: Maruti's wide network → customer trust.

[3] Competitor

Understanding competitor weakness & strategy.

Example: Jio reduced prices to beat Airtel & Vodafone.

✓ Your Full Summary is Ready in Detailed & Example-Based Format

If you want, I can also create:

- ✓ Full revision chart
- ✓ One-page quick revision PDF
- ✓ MCQs from each topic

Just tell me!

Sources

You said:

PLEASE EXPLAIN IN LAYMAN TERMS WITH EXAMPLES

ChatGPT said:

Below is the same full summary rewritten in very simple, easy, layman language with story-type examples, so even a class 11–12 student can understand quickly.

(All content is based on your PDF

sm module-19 revision

)

☆ STRATEGIC MANAGEMENT – SUPER SIMPLE LAYMAN SUMMARY

(With daily-life examples for easy understanding)



Q.18 BUSINESS ENVIRONMENT — Simple Meaning

Business environment = Everything around a business that affects it

Just like weather affects farming, the environment affects business.

Characteristics (Easy Examples)

Feature	Simple Meaning	Daily-Life Example
Impact	We don't know which factor will affect how much	Rainfall affects farming, but its exact effect is unknown
Uncertainty	Things keep changing suddenly	GST rates changing suddenly
Complex	Many things happen together	Oil price rising affects air travel, food delivery, inflation
Dynamic	Keeps changing every day	Mobile industry changing every 6 months

Q.19 MICRO ENVIRONMENT (Small, immediate environment)

1. Customers

Customer = one who buys

Consumer = one who uses

Example: Father buys chocolate, child eats it → Father = customer, child = consumer.

2. Competitors

Those who sell similar products.

Example: Pepsi vs Coke.

3. Organisation

Owners, managers, workers — all have different goals.

Example: Owner wants profit, employees want salary, manager wants growth.

4. Market

Where buyers & sellers meet.

Example: Amazon/Flipkart marketplace.

5. Suppliers



They give raw materials.

Example: Milk suppliers to Amul.

6. Intermediaries

Middlemen like wholesalers, agents, retailers.

Q.20 MACRO ENVIRONMENT (Big environment around all businesses)

1. Political / Legal

Government rules, laws.

Example: Helmet rule affects helmet sellers.

2. Economic

Interest rates, inflation, GDP.

Example: Car EMI increases when interest increases.

3. Social / Culture

Habits, values, lifestyle.

Example: People prefer healthy food → salad start-ups grow.

4. Technology

New machines, apps, innovation.

Example: UPI changed the way we pay.

5. Global

International trade, world economy.

Example: War increases oil prices worldwide.

6. Demographic

Population age, income, education.

Example: Young population → more demand for smartphones.

Q.21 VALUE CHAIN (Simple Explanation)

Value Chain = Steps a company takes to make product valuable for customer.

Primary Activities (Easy Examples)

Activity	Meaning	Example
Inbound Logistics	Getting raw material	A car company buying steel



Activity	Meaning	Example
Operations	Making product	Toyota assembling cars
Outbound Logistics	Delivering product	Amazon delivery
Marketing & Sales	Advertising product	TV ads for JioFiber
Service	After-sales service	Mobile repair centre

Support Activities

Activity	Meaning	Example
Procurement	Buying raw materials	Maruti purchasing tyres
Technology	Using tech tools	Paytm app
HRM	Recruitment, training	Infosys training freshers

Infrastructure Finance, legal, planning TATA HQ operations

Q.22 PORTER'S 5 FORCES — Very Simple Version

1. Threat of New Entrants

If a new company enters, competition increases.

Example: Jio entered telecom → Airtel & Vodafone prices reduced.

2. Supplier Power

Suppliers become powerful if they are limited.

Example: If only one company sells chips to mobile manufacturers, it can charge more.

3. Buyer Power

Customers are powerful when they have many choices.

Example: You can switch from Flipkart to Amazon anytime.

4. Rivalry Among Competitors

Fight between existing businesses.

Example: Zomato vs Swiggy.



5. Threat of Substitutes

Different product fulfilling same need.

Example: Tea is substitute for coffee.

Q.23 SWOT ANALYSIS — Simple Meaning

Term	Meaning	Example
Strength	What you are good at	Apple's brand name
Weakness	What you lack	Poor customer service
Opportunity	Growth chances	More demand for online education
Threat	External danger	New competitor

Advantage (Simple)

Helps company understand itself.

Limitation (Simple)

Sometimes becomes too long and confusing.

Q.24 EXPERIENCE CURVE — Layman Explanation

The more you do something, the better & cheaper you become at it.

Example:

At first making 100 rotis takes time.

After practice, you make them faster → cost reduces → quality improves.

Companies also learn and reduce cost over time.

Q.25 PRODUCT LIFE CYCLE (PLC) — Easy Example (Using Smartphones)

Stage	Meaning	Smartphone Example
Introduction	New product launched	First Apple iPhone



Stage	Meaning	Smartphone Example
Growth	Sales rising fast	Smartphones between 2010–2014
Maturity	Sales stable, tough competition	Current smartphone market
Decline	Sales falling	Keypad phones
Withdrawn	Product ends	Blackberry phones

Q.26 BCG MATRIX — Simple Version

Category	Meaning	Example
Stars	High sales, fast-growing market	iPhone
Cash Cows	High sales, but slow market	Coca-Cola
Question Marks	Low sales but fast-growing market	Electric scooter startups
Dogs	Low sales, slow market	DVD players

Q.27 ANSOFF MATRIX — Simple Examples

Strategy	Simple Meaning	Example
Market Penetration	Sell more to same customers	Discounts on Jio SIM to increase users
Market Development	Sell existing product to new market	Amul selling in the USA
Product Development	New product for same market	New version of Alto car



Strategy	Simple Meaning	Example
Diversification	New product + new market	Reliance entering telecom (Jio)

Q.28 STRATEGIC PLANNING ALTERNATIVES — Layman

1. Scenario Planning (What-if?)

"What if petrol price doubles?"

Company prepares plans.

2. Decentralized Planning

People close to actual operations make decisions.

3. Brainstorming

Team sits together → gives ideas.

4. Special Meetings

Top managers go to a resort/hotel → plan future.

5. Outside Consultants

Experts from outside give fresh ideas.

6. Joint Meetings

Mix of internal team + consultants.

Q.29 KEY SUCCESS FACTORS (KSF) — Simple Meaning

KSFs = Things every business must do well to succeed

Industry	KSF	Example
Mobile	Good after-sales service	Samsung service centres
E-commerce	Fast delivery	Amazon Prime
Automobile	Spare parts availability	Maruti

Strategic Decisions (Simple)

Big, long-term decisions like:

- Should we enter a new market?



- Should we launch a new product?
- Should we open a new factory?

Q.30 STRATEGIC BUSINESS UNIT (SBU)

SBU = A small business unit inside a big company that works independently.

Example:

TATA Group → TATA Motors (cars), TATA Steel (steel), TCS (IT)

Each works like a separate mini-company.

Q.31 3C MODEL (Customer – Company – Competitor)

1. Customer

Understand what customer wants.

Example: Amazon shows recommendations.

2. Company

Use your strengths to serve customer better.

Example: Maruti uses its big service network.

3. Competitor

Know what competitors are doing.

Example: Jio lowered price → Airtel responded.