



Business Strategy and Decision-Making

ABE unit code	6UBSD
Ofqual code	A/615/7488
Unit type	Mandatory
Level	6
Credits	20
GLH	50
Assessment method	Timed Open Book Exam

Strategy has sometimes been considered as the overall ‘direction and scope’ an organisation takes in pursuit of its goal to achieve competitive advantage. The complex and ambiguous nature of strategic development in most organisations determines a process of analysis of environmental, market predictions and organisational capability, leading to strategic option evaluation. The predicted outcomes of these will form the basis for strategic decision-making, impacting the future of the whole organisation. Anticipated results, presented with the best possible likelihood of achievement, must be justified as beneficial to the business in terms of its overall sustainability. Decision-making for strategy selection will be determined as much by the nature, leadership and culture of the organisation as well as the markets in which it operates.

This unit focuses upon the structure, process and scope of developing and evaluating appropriate business strategies in varied market and organisational contexts. The unit recognises the challenges to strategy and decision makers in the current business environments, taking into account the dynamic and contemporary issues driving strategic thinking in many organisations in pursuit of competitive advantage.

The overarching nature of strategy and decision-making in business organisations inevitably means that there are some areas of commonality between this unit and those in the rest of the programme. For example, there is a close link with Leading Strategic Change. Whilst this is beneficial as it gives a holistic view of strategic development, you should take care to note that the focus for each unit differs – thus, although you are expected to understand the principles of effecting business strategy and impact on the organisation, this unit Business Strategy and Decision-making concentrates on the process and selection of the strategy rather than its execution.

Critical thinking and analysis will be central to this unit and you will apply tools and techniques (some of which will be familiar and prerequisites in other modules), to build a range of options for both market and organisational development. Modelling and scenario building skills will be developed to support strategic decision-making, laying the foundations for strategic implementation.

What you'll learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

Learning Outcomes <i>The learner will:</i>	Assessment Criteria <i>The learner can:</i>	Weighting
1. Critically evaluate strategic concepts and different approaches to strategy in diverse and contemporary challenging business contexts	1.1 Critically discuss the concept of strategy in business contexts 1.2 Demonstrate understanding of strategic thinking and formation in different business sectors and structures 1.3 Evaluate approaches to strategic development in different contexts and circumstances	25%
2. Critically assess organisational capability to respond to changes and developments in the business environment	2.1 Interpret relevant changes and developments in specified industry sectors and business structures 2.2 Critically discuss current issues that could affect strategic development for a specified sector 2.3 Evaluate the basis of strategic capability and nature of competitive advantage through the internal structures and operations of the business 2.4 Evaluate strategic capability in a specified business environment	25%
3. Critically evaluate an appropriate range of development options on which to base business strategy	3.1 Assess the appropriateness of current bases of organisational purpose and generic strategies 3.2 Critically review directional strategy frameworks for organisational development 3.3 Evaluate alternative approaches and methods for implementation of a business strategy 3.4 Apply a range of models to generate justifiable strategic options that will facilitate strategic decision-making in a given organisational situation 3.5 Evaluate appropriate different scenarios for successful strategic development	25%
4. Apply techniques to support recommendations for strategic decision-making in different contexts	4.1 Examine approaches to strategic management in different contexts 4.2 Apply decision-making techniques and tools 4.3 Evaluate identified options against specified criteria using decision-making techniques 4.4 Make recommendations for strategic development in a specified business and organisational context	25%

Capabilities

Alongside academic learning and development, ABE qualifications have been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills and attitudes that you will develop through this unit:

Element of learning	Key capabilities developed
Element 1 - Strategic concepts in contemporary business organisations	Ability to adopt a critical approach to concepts of strategy and strategic thinking in their application to a business organisation Ability to assess whether a particular approach to strategic development is appropriate for different contexts and situations <i>Critical thinking, strategic thinking, strategic development, decision-making</i>
Element 2 - Strategic capability in context	Ability to assess organisational strategic capability for future proofing and response to changes in the business environment <i>Assessing capabilities, analysis, future proofing, decision-making, leadership, planning, change management, flexibility, commercial awareness, competitor awareness</i>
Element 3 - Strategic formation: option development in a business context	Ability to develop a range of options based on strategic capability, cognisant of the nature, aims, direction of the organisation and potential approach and methods of implementation <i>Options development and evaluation, strategic decision-making, analysis, organisational development</i>
Element 4 - Strategic decision-making	Ability to conceptualise decision-making in different contexts Ability to apply models, forecasting techniques and scenario-building approaches Ability to evaluate options to assist in strategic decision-making in context <i>Problem solving, critical thinking, teamwork, communications, analysis, forecasting, scenario building, strategic decision-making</i>

Localisation

It is very important when studying for your ABE qualification that you consider your local business environment and try to apply what you are learning to relevant scenarios in your local business context. Doing this will help you to put your learning into practice and use it in your professional day-to-day activities.

You should take into account the following when preparing for your assessment:

- The nature, structure, size, ownership of business and markets in the local, regional and global contexts
- Dynamics of changing business environments and markets and the key contributing factors affecting strategic choice within the local, regional and global contexts
- Culture, ethics and approaches to organisational decision-making in the local context

Indicative Content

1. Critically evaluate strategic concepts and different approaches to strategy in diverse and contemporary challenging business contexts (Weighting 25%)

1.1 Critically discuss the concept of strategy in business contexts

- Definitions and characteristics of strategy: long term, holistic, complex, ambiguous, strategic fit
- The vocabulary and meaning of strategy, notion of 'C' or Sea Change (see glossary of terms)
- Business contexts: SME, corporate and global organisations; business sectors: primary (extractive), secondary (manufacturing and processing), tertiary (retail, distribution, services)

1.2 Demonstrate understanding of strategic thinking and formation in different business sectors and structures

- Strategic thinking: logic and creativity strategic position and direction of the organisation, impact of cultural differences in an international and organisational capability context
- Strategic formation based on emergence, planned, incremental approaches; proactive and reactive
- Different business sectors, including retail, wholesale, manufacturing, agriculture, extraction within technology, pharmaceutical, petrochemical, fashion sectors

1.3 Evaluate approaches to strategic development in different contexts and circumstances

- Organisational attitudes to strategy development: strategic lens approach: design, experience, ideas and discourse; levels of strategy: operational, strategic business unit (SBU), business, corporate; link of strategy development to organisation's mission, vision, values
- Drivers for strategy development: sector, international and circumstantial change, competitor activity; challenges
- Current and contemporary issues and challenges driving development i.e. social, demographic, technological, economic, environmental, political, legal, ethical

2. Critically assess organisational capability to respond to changes and developments in the business environment (Weighting 25%)

2.1 Interpret relevant changes and developments in specified industry sectors and business structures

- External/macro-environment for specified sector (i.e. PESTLE): trends and changes requiring strategy formation, identification and assessment
- Market, competitor and segment structure and activities; strategic groupings, customer values
- Market activities; identifying trends e.g. changes, level of impact and importance

2.2 Critically discuss current issues that could affect strategic development for a specified sector

- Key current issues, pressures and trends in specified business sectors that may require strategic development: model application to include Michael Porter's Five Force Competitive Position Analysis (1979); GE McKinsey Matrix for Competitive Positioning (1970s); market-led sectors
- Challenges of current issues: 'what if' scenario approach to likely impact of current issues and trends on specified organisations/sectors
- Evaluation of opportunities and threats in a specified sector; priority identification

2.3 Evaluate the basis of strategic capability and nature of competitive advantage through the internal structures and operations of the business

- Concepts of strategic capability: transferability, sustainability, robustness, networks,
- Competitive advantage through organisational structure and operations management, supply chain/distribution, business models

2.4 Evaluate strategic capability in a specified business environment

- Resources: financial, people i.e. quality of existing organisation's leaders, managers and staff to maximise organisation's current and future competitiveness in terms of numbers, location, profile, skills and knowledge; technology, assets: tangible/intangible (marketing, product/service portfolio mix (Boston Consulting Group (BCG) Matrix, 1970s), life cycle (product life cycle), intellectual property (trademarks, brands, patents, copyright), threshold and unique
- Competencies: skills, operations, information, linkages and networks, threshold and core
- Resource and competence management configuration; Michael Porter's Value Chain Analysis (1985)
- Evaluation of strengths and weaknesses of specified organisations: resource-led approach, comparative evaluation, benchmarking – with competitor analysis; response to macro and market developments

3. Critically evaluate an appropriate range of development options on which to base business strategy (Weighting 25%)

3.1 Assess the appropriateness of current bases of organisational purpose and generic strategies

- Organisation's purpose, mission and vision, aims and objectives; current circumstances and change drivers
- Corporate governance, stakeholder expectations, business ethics, values
- Business generic strategy models e.g. Michael Porter's Competitive Generic Strategy Matrix (1979); Cliff Bowman's Strategy Clock (1996)

3.2 Critically review directional strategy frameworks for organisational development

- Strategic direction: Igor Ansoff's Growth Strategies Matrix (1957) including market penetration, product development, market development
- Diversification: reasons and performance; the supply chain; related, unrelated; vertical, horizontal, concentric
- Portfolio development and management e.g. BCG matrix, GE matrix, strategic positioning

3.3 Evaluate alternative approaches and methods for implementation of a business strategy

- Approaches: natural/organic development, investment, managed maintenance (GE McKinsey Matrix for Competition Positioning (1970s), Shell Directional Policy Matrix)
- Methods: organisation resource-based development options based on organisational capability (own finances, assets, skills), loans, share issue; mergers and acquisitions; joint ventures; networks

3.4 Apply a range of models to generate justifiable strategic options that will facilitate strategic decision-making in a given organisational situation

- Market models including predictive market models e.g. Boston Consulting Group (BCG) Positioning Matrix (1970s), GE McKinsey Matrix for Competitive Positioning, Shell Directional Policy Matrix (1980s), sector and business life cycles
- Financial and competitive advantage modelling: Porter's generic, cost-based, value-added; positioning, benchmarking
- Organisational management and cultural models: business structures: corporate, multi-national; multi-divisional, strategic business units (SBU), organisational structures and approaches (McKinsey 7-S Framework (Peters & Waterman 1980); Cultural Web (Johnson & Scholes 2006)); stakeholder management

3.5 Evaluate appropriate different scenarios for successful strategic development

- Predicting futures: principles of holistic scenario building; 5 principles (define, gather, issues, develop and plan); considerations i.e. scenario plots, purpose: evolution/revolution, business cycles, expansions, culture and demographics quantitative modelling
- Potential alternative outcomes; best and worst case scenarios; risks: likelihood and impact; 'future proofing'

4. Apply techniques to support recommendations for strategic decision-making in different contexts (Weighting 25%)

4.1 Examine approaches to strategic management in different contexts

- Purpose and factors affecting strategic decisions – emergent, intended, realised, unrealised; planned, command, enforced, learning
- Leadership and structure factors – autocratic, participative, hierarchical, democratic; top-down / bottom-up, stakeholder power/influence, scope and impact

4.2 Apply decision-making techniques and tools

- Decision-making approaches in organisations: decision-making models i.e. decision trees, Vroom, Yetton & Jago (1973); alternative methods i.e. gap analysis, benchmarking, cost benefit analysis; rating and weighting methods

4.3 Evaluate identified options against specified criteria using decision-making techniques

- Suitability: organisation strategic aims, culture, structure, circumstances and linkages, competitive and market predictions and forecasts, situation applicability, congruence
- Feasibility: market accessibility, organisational resource capability (finance, assets, skills, information, technology)
- Acceptability: internal, connected and external stakeholder opinion; legal, ethical and cultural

4.4 Make recommendations for strategic development in a specified business and organisational context

- Recommendations from options based on outcomes of suitability, feasibility and acceptability evaluations; justification; future proofing – risk and contingency
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