Strategic management tools usage.

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Abstract

In the literature of strategic management presents enormous numbers tools of strategic management which can help to solve more or less closely defined problems. The theories of management tools are well documented but the practical part of their utilization is presented in a small cases. The object of the artical is to report which strategic management tools companies using in Czech Republic. Analysis of the study presented top used techniques and tools of strategic management. This paper is based on secondary researches and preliminary field research. The findings of the study is combined with several works in the field of strategic management.

Key words

Strategic analysis, tools, methods, techniques, strategic planning.

Introduction and research objectives

„What happens is not as important as how you react to what happens“.

Thaddeus Golas

To be successful company under the conditions of fast growing market and economic turbulence the company’s realise the importance of strategic planning. It can be definitely stated that strategic analysis tools and techniques play an essential role to understand the strategy and strategis process.

The essential element to make a good strategic plan is especially strategic management tools and techniques. Nowadays there are many techniques, tools and methods which are available for the managers. The companies run into a problem which strategic management tools they can choose for solving thier problems and to guide the company to the right direction. To choose a right strategy managers should understand and have a good background to select the correct tools and techniques that are relevant and potentially helpfull. Top manager’s of the company’s should understand that there is no one right methods or tools or techniques for the different situations.

In the literature of strategic management there is no ultimate resolution of availabilty these management tools. Several autors estimated sets of strategic management tools and techniques as a guide for managers: Frederick A. Frost (2003) consider the use of strategic management tools by small and medium – sized eneterprises in Australia. His research was based on the research of Delwyn N. Clark (1997), he combined 33 methods with a strategic management process, and David Hussey (1997), he examine 50 techniques of strategic analysis. Sigitas Vaitkevičius (2007) discussed the experience of 12 strategic management tools application in Lithuania. Darrel Rigby analysed the application of 25 management tools. Literature review show us that there is no clear view at the set of strategic management tools. To investigate the contribution of strategic management tools this research was create.
Used methods and research results

Preliminary field questionnaire survey was used to identify respondents' views and attitudes. The questionnaire was based on an online survey. The study concentrates on Czech companies, 74 complete responses were returned. The respondents were managers, middle level managers, and key specialists.

The main aim of this paper is to present the current status of strategic management tools usage and to analyse the reasons for using these tools.

The main purpose of the questionnaire was to see which tools, techniques, and methods used by companies in the Czech Republic and to assess the satisfaction of these tools and techniques. This preliminary field research will examine the literature and practice to begin to address the question: “how strategic management tools are utilized in the companies?”. This research was a base to form a list of strategic management tools for the next study.

The findings of the study present the top used management tools by Czech companies.

Discussion

To understand how managers using the tools we separate the questions for two parts: first part was consist of utilization rates and second one – usage period. Thirty one techniques were taken and were rated on a three-point scale where 3 = Use it regularly, 2 = Use it frequently, 1 = Not Used. The results are reported in the Figure 1.

Figure 1: Use of Strategic Management Tools and Techniques

Source: Own research
Figure 1 presented the current use of techniques and methods of strategic management by companies. We can see which of the tools are used regularly and which of them are not used at all. When we started to form the top list strategic management tools we were surprised to found the differences between top general used tools and top regularly used tools. Figure 2 shows the list of the top tools by usage and the top list by regularity of usage strategic management tools and techniques. The most commonly and regularly used tools are SWOT analysis, Customer Satisfaction Analysis and Price Analysis. The reason for the finding that SWOT analysis is ranked relatively highly may be associated with that that it is relatively simple; managers can plan the alignment of a firm’s resources with its environment; this tool is summarized in a highly visual communication of key learning that is easy to digest and use. And finally, the SWOT analysis is really popular because it is realisable, you can clearly look at your SWOT diagram and see where you can take action to defend your weak areas, use your strengths and opportunities as advantage. Also it is rather surprising that both Porter’s five forces and PEST or STEP analysis have low rankings because the standard strategic analysis approach recommended that Porter’s five forces and PEST analysis to be essential parts of the external analysis.

Little use is made by net promoter score (see Table 1). This techniques is a relatively new technique. Companies using that technique to evaluate the loyalty of customer relationships. That technique is an alternative of traditional customer satisfaction research.

As we can see from the Figure 2 for example Benchmarking is applying by companies regularly but that tool is not involved to the top 10 general used tools. It can be connected with popularity of benchmarking. In the conditions of fast changing market, companies are realizing the necessity for detailed study of competitors. By the survey conducted by D. Rigby (2011) benchmarking took the first position on the top of management tools at 2008 and till now it’s going to be a first in the top.

Figure 2: Top used tools

<table>
<thead>
<tr>
<th>Top general 10 used (regularly + frequently)</th>
<th>Rank</th>
<th>Top 10 regularly used</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWOT analysis</td>
<td>1</td>
<td>Price analysis</td>
<td>1</td>
</tr>
<tr>
<td>Customer Satisfaction Analysis</td>
<td>2</td>
<td>Customer Satisfaction Analysis</td>
<td>2</td>
</tr>
<tr>
<td>Price analysis</td>
<td>3</td>
<td>SWOT analysis</td>
<td>3</td>
</tr>
<tr>
<td>Analysis of views and employee attitudes</td>
<td>3</td>
<td>Cost-Benefit Analysis</td>
<td>4</td>
</tr>
<tr>
<td>Cost-Benefit Analysis</td>
<td>4</td>
<td>Analysis of customers complaints</td>
<td>5</td>
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<tr>
<td>Analysis of customers complaints</td>
<td>5</td>
<td>Market share analysis</td>
<td>5</td>
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<tr>
<td>Analysis of customers' opinions and attitudes</td>
<td>6</td>
<td>Analysis of views and employee attitudes</td>
<td>6</td>
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<tr>
<td>Porter's 5-forces</td>
<td>7</td>
<td>Market segmentation based on customer needs and wishes</td>
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<td>PEST analysis</td>
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<td>Level of Service Analysis</td>
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<td>Market segmentation based on customer needs and wishes</td>
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<td>Analysis of relative profitability</td>
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<tr>
<td>Market share analysis</td>
<td>10</td>
<td>Customer Profitability Analysis</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Own research

Another of highest ranked strategic management tools are price analysis and customer satisfaction analysis. Price analysis is a set of the methods for determining whether and an
asking price is reasonable without examining the details of the cost or profit included in the price. (Murphy, J., E., 2009). Customer satisfaction analysis is determining satisfaction, dissatisfaction and loyalty not just of the products and services but also of the company. Customer satisfaction is defined as “the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals.” (Paul W. Farris, Neil T. Bendle, Phillip E. Pfeifer, David J. Reibstein, 2010)

The Customer profitability analysis takes the last position in top 10 regularly used. This analysis has important role for strategic decision-making. Knowledge of the profitability of individual customers can help companies to create a segments in markets, allocate resources in a way that returns high levels of profits.

Another part of preliminary field research was covered of managers satisfaction. We asked top managers to rate their satisfaction with strategic management tools and techniques. We used Likert-type scale, the mean is an average on a scale of 1= highly dissatisfied and 5= highly satisfied. SWOT analysis has the highest satisfaction score (4.27) of all tools (Figure 3). Other tools with above average satisfaction rates include Porter’s 5 forces, Cost-Benefit analysis, analysis of customers’ opinions and attitudes and customer satisfaction analysis. For example, Porter’s 5 forces taken just the 8 position on the top general used tools and techniques, but managers are satisfied with that tool (3.72).

Figure 3: Satisfaction rates

With analysis of views and employee attitudes and market segmentation, for example, more companies were dissatisfied than extremally satisfied. Perhaps the low level of
satisfaction of the tools can be associate with received results, another reason of dissatisfaction can be that the tool or technique of strategic management was not chosen correct for the existing problem.

Before which of the tools or techniques will be used and which achievements will be reach it is important to understand the benefits and limits with each of these tools.

**Conclusions**

Our survey looks at the usage and satisfaction rates of the most popular strategic management tools in Czech Republic. The results have shown a significant strategic management tools usage. We have found the differences between top general used tools and top regularly used tools. The most regularly used techniques is price analysis, followed by customer satisfaction analysis, and then SWOT analysis. Cost-benefit analysis, analysis of customers complaints, and market share analysis had received moderate use, while benchmarking, market segmentation, level of service analysis and analysis of relative profitability and customer profitability had received very limited use.

Several limitations of the research regarding strategic management tools and techniques exist. First, the ability to describe about all tools of strategic management, we choose just top list tools. Second, in the research examined tools of strategic management by usage and satisfaction of these tools which are quite important too. But for the future study we should take into consideration another factors which will bring the new views, such as size of the companies, problems which are connected with using strategic management tools and techniques. It would be useful contribution to find the relationship between strategic management tools and the impact of the companies’ prosperity.

The companies must be careful to choose a right tools which will help to lead company to the best future. As says David Hussey (1997) „techniques do not make a strategy: this is the role of managers“.

**References**

**Periodicals**


**Books**
