A. COURSE DESCRIPTION

- Strategy Formulation (LS 126) and Strategy Implementation (LS 127) serve as the capstone, integrative courses for graduating seniors in management-oriented concentrations. Unlike other business courses that concentrate narrowly on a particular function or a piece of the business – accounting, finance, marketing, production, human resources, or information systems, strategic management is a big picture course. The center of attention is the total enterprise – the industry and competitive environment in which it operates its long-term direction and strategy, its resources and competitive capabilities, and its prospects for success.

- Students will use all the knowledge acquired from previous courses, coupled with strategic management techniques to chart the future directions of different organizations.

- The centerpiece is the conceptualization of the group business project, which is a hands-on experience for students in business planning and implementation, inclusive of strategy formulation, implementation, and evaluation. In LS 126, students will craft a business plan to develop and start up a business.

- Major topics covered are: The Strategic Management Process; Mapping the Business Landscape; Creating Competitive Advantage; Strategy Analysis and Choice; Case studies and readings complement conceptual content.
B. COURSE OBJECTIVES

By the end of the course, the students are able to:

1. Explain and apply the process of strategic management – strategy formulation, strategy implementation, and strategy evaluation as well as think strategically about an organization by:
   a. conducting strategic analysis in a variety of industries and competitive situations whether small or large, startup or ongoing, local or global;
   b. demonstrating why and how the different parts of the business need to be managed in strategic harmony for the organization to operate in a winning fashion, using the knowledge gained in earlier management courses and;
   c. assessing business risk, making sound decisions, and achieving effective outcomes.
2. Prepare a business plan that demonstrates an entrepreneurial mindset, crafts business strategy, reasons carefully about strategic options, develops scenarios to evaluate various alternatives, makes focused strategic decisions.
3. Apply exemplary ethical principles, sound personal and company values, and socially responsible and sustainable management practices.

C. REQUIRED TEXTBOOK


Supplementary Textbooks/Readings:

Plus suggested cases/readings as specified by the professor.

D. COURSE OUTLINE, SCHEDULE, AND READINGS

<table>
<thead>
<tr>
<th>Weeks #</th>
<th>Readings/Cases/Submission (Cases to be taken up will be provided by the professor)</th>
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<tbody>
<tr>
<td>1</td>
<td>Welcome. Syllabus/Course Requirements</td>
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<tr>
<td></td>
<td>- LS 126 GROUP BUSINESS PROJECT GUIDELINES (handout)</td>
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<td>- How to Create a Business Plan (Entrepreneurship.com)</td>
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<td><a href="http://www.entrepreneur.com/startingabusiness/businessplans/article38290.html">http://www.entrepreneur.com/startingabusiness/businessplans/article38290.html</a></td>
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<td></td>
<td>- The Business Model (QuickMBA) <a href="http://www.quickmba.com/entre/business-model/">http://www.quickmba.com/entre/business-model/</a></td>
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<tr>
<td>2-3</td>
<td>David Chapter 1. The Nature of Strategic Management</td>
</tr>
<tr>
<td></td>
<td>David Chapter 10. Business Ethics/Social Responsibility/Environmental Sustainability</td>
</tr>
<tr>
<td></td>
<td>David Chapter 11. Global International Issues</td>
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<tr>
<td></td>
<td>- David. Part 5: Strategic Management Case Analysis pp. 378-390</td>
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</tbody>
</table>
4 David. Chapter 2. Formulating the Business Vision and Mission
- James Collins and Jerry Poras. "Building Your Company’s Vision"* at HBR online version: http://harvardbusinessonline.hbsp.harvard.edu/hbsp/hbr/articles/article.jsp?articleID=96501&ml_action=get-article&print=true
- Corporate Strategic Audit: Submit (to your professor) name of company/organization to be audited - week ending July 11, 2014

5 David. Chapter 3. Making an External Assessment

6 David. Chapter 4. Making an Internal Assessment

7 Long Test or Case Presentations

8 David. Chapter 5. Placing Strategies into Action
- Hill and Jones. Chapter 4. Strategy at the Functional Level


10 Long Test or Case Presentations
- Corporate Strategic Audit Case Pass 1 (due week ending August 22, 2014)

11-12 Performance Management & The Balanced Scorecard
- Hill and Jones. Chapter 11. Performance and Governance
- Rohm. Using the Balanced Scorecard to Align Your Organization. http://www.balancedscorecard.org/LinkClick.aspx?fileticket=1Uq6fx1yaY%3d&tabid=56
- Business Project Pass 2 (Design and Development Plan due September 5, 2014)


14 David. Chapter 8. Dealing with Marketing, Finance/Accounting, R&D and MIS Issues

15 Long Test or Case / Mock Presentations
- Deadline for Submission of Final Business Plan is 9:00 am FRIDAY, Sept. 26, 2014 at the JG SOM Office

16 Panel Presentation on Saturday, October 4, 2014

E. METHODOLOGY/COURSE REQUIREMENTS

- Interactive lectures
- Class discussions
- Written Analysis of Cases
- Team presentation on case analysis
- Group Business Project
- Group Research (Corporate Strategic Audit)
- Experiential exercises
- Outside readings on current strategic issues

1. Group Business Project (6-8 students per group): Submission in phases of a written business plan and its presentation to a departmental panel at the end of the 1st semester. Implementation of the plan for at least three months during the 2nd semester, submission of periodic and final written reports of operations, and presentation of operational performance, lessons learned, and future plans to a departmental panel.
2. **Written Analysis of Cases (WACs) / Team Presentations:** One Group WAC plus individual WACs to be submitted; for Group WAC, class presentations may be required.

3. **Peer Evaluation.** At the end of each semester, each group member will be asked to rate each member of the group including him/herself to monitor how each member contributed to the group.

4. **Faculty mentoring.** Advice and guidance provided by faculty during formulation and implementation phases.

5. **Long Tests,** quizzes, WACs, experiential exercises, recitation

6. **Reports/reflection papers** on extra readings.

7. For the 2nd semester, **Group Research** on a company (Corporate Strategic Audit) will be required. Students will also be encouraged to participate in International Business Strategy Competitions during the 2nd semester.

F. **GRADING SYSTEM**

   ♦ Group Business Project 30
     - Development 10
     - Written Submissions 10
     - Panel Presentation 10
   ♦ CSA 15
   ♦ Individual /other group works 45
   ♦ Class Participation/Recitation 10

**TOTAL** 100%

Note: Group members generally get the same grade for particular group activities but grade adjustments may be made depending on the results of the peer evaluation, e.g. under-performers may be penalized.

G. **CLASSROOM POLICIES**

1. Maximum allowable cuts:
   a. 9 absences for 1-hour classes or
   b. 6 absences for 1 ½ -hours classes or
   c. 3 absences for 3-hour classes

2. Intellectual honesty will not be compromised. Plagiarism (extensive “cutting and pasting” even if there are footnotes and/or failure to cite appropriate sources) will be punished with an F for the entire subject if done in an activity for which the grade makes up more than 15% of the final grade. The availability of tools/webs such as www.turnitin.com, www.plagiarismchecker.com, etc. has enabled the easier tracking of such acts.

   Falsifying sales and documents for the business project will also be punished with an F for the whole course.

3. The JGSOM Dress Code will be strictly enforced.

4. The use of laptops is STRONGLY DISCOURAGED during lectures so as to ensure the full attention of the students.

5. The respectful practice of turning off cellphones (or putting them in silent mode) is a professional minimum in the classroom.

6. The Student Handbook will serve as the guide for all. Individual faculty can issue additional classroom policies specific to their respective classes.

H. **CONSULTATION HOURS**

Consultation hours will be announced individually by each lecturer, with a view to the concept of mentoring and nurturing the ideas of the students. The students are encouraged to regularly seek the advice of their lecturers/course facilitators. You may check their schedule with the secretary (Ms. Ghing Lopez) of the Department of Leadership and Strategy. You may also email them directly and/or request for an appointment.
L&S 126 Strategy Formulation
GROUP BUSINESS PROJECT GUIDELINES
1st Semester SY 2014-2015

L&S 126 and 127 serve as the capstone, integrative courses for graduating seniors in management-related concentrations. L&S 126 focuses on how to formulate strategies. Students are required to use all the knowledge required from prior business courses, coupled with new strategic management techniques learned, to chart the future direction of a business they are founding and will actually implement.

The business venture should be a startup business and not just an extension of an existing family business. It should not be a one-shot business deal (just to meet the 2nd semester requirements no matter how profitable) nor a simple trading activity (buy and sell, rice trading) with very little value added contributed by the group. The business should be expandable and not constrained to remain a backyard affair (carinderia, neighborhood car wash or repair shop) requiring insignificant capital and hardly any strategic management skills.

The venture may however utilize the resources of families and friends as well as outsource production and business services (especially during the initial stages) provided such resources are reflected and paid for at reasonable rates not far from market rates. The venture may also borrow capital and assets provided reasonable interest and/or rental rates are charged.

Before proceeding with the industry study/marketing plan, you must submit via email before the stated deadline a 2-3 page Business Proposal Approval Form (attached to these guidelines) to your teacher. Groups may have similar or related products/services but not a business concept/model almost identical to each other (practically the same product/service with the same value proposition for the same customers) or a clone of a previously implemented business project. Significant innovations to previously implemented business projects may however be allowed provided they acknowledge it and do not violate intellectual property rights where applicable. Groups may simultaneously submit a second or third proposal (rank preference) to ensure one of their proposals will be approved by their individual professors.

At the end of the 2nd semester, the group should be able to show when and how the business can take off and successfully grow in the near future attracting potential investors and/or strategic partners. An alternative is for the group to show that the business can be successfully developed into a viable and sustainable livelihood program that can be replicated by economically challenged communities.

The business plan should provide for a development phase during the second semester wherein the business concept/target markets can be tested with the flexibility of improving further the business model as well as the design of the products and/or services. Efforts should also be exerted to show partial but meaningful developments in the market, in the supplier and distribution networks, and in core operating processes and management systems. The development phase should be designed in such a way that critical product-market assumptions can be validated by positive results from actual marketing, operating, and selling activities. The primary intention during this period is not to maximize profit but to learn more about the target customers and confirm market, technical and financial viability in a carefully controlled situation. Groups should document all cash receipts and disbursements (e.g. by using a bank account), sales, purchases, physical deliveries and inventories and employ simple but appropriate accounting and control systems and procedures.

The students in groups of 6 to 8 will submit the details of their business plan in a paper and will make a 30-minute oral presentation to a panel of faculty and/or professionals on Saturday, October 4, 2014. While the business concept and business strategies presented can be longer term in nature (business assumed to be a going concern), the functional objectives and budgets for the development phase will focus mainly on the three to four-month period (cutoff is Jan. 31, 2015) during the second semester. However, the group will be asked to make a new presentation at the end of the 2nd semester illustrating their achievements thus far and how they can more fully expand the business with the infusion of more funds from prospective investors/partners and will then include a longer time span – 3-5 year business plan.
The objectives of the business plan are:

1. To help you identify and reflect upon the business characteristics of an industry you plan to enter - the attractiveness of the industry, the challenges of the market and industry environment especially of competition, and the critical factors for success.
2. To move your entrepreneurial spirit to generate several business concepts and from these envision a bold strategy to expand and grow the business.
3. To help you conceptualize and develop a business model using both your analytical and innovative skills allowing for the expression of business creativity as well as savvy.
4. To enable you to plan and validate your business assumptions by requiring you to test the market by actually offering your products and/or services to selected market segments.
5. To force you to integrate sustainable performance initiatives at all levels of your business strategy.

An Introduction to Business Plans
Sources:
- How to Create a Business Plan (Entrepreneurship.com) http://www.entrepreneur.com/startingabusiness/businessplans/article38290.html
- The Business Model (QuickMBA) http://www.quickmba.com/entre/business-model/

A business plan is a written description of your business's future. It conveys your business goals, the strategies you'll use to meet them, potential problems that may confront your business and ways to solve them, the organizational structure of your business (including positions and responsibilities), and finally, the amount of capital required to finance your venture and keep it going until it breaks even.

There are three primary parts to a business plan:
- The first is the business concept, where you discuss the industry, your business structure, your particular product or service, and how you plan to make your business a success.
- The second is the marketplace section, in which you describe and analyze potential customers: who and where they are, what makes them buy and so on. Here, you also describe the competition and how you'll position yourself to beat it.
- Finally, the financial section contains your income and cash flow statement, balance sheet and other financial ratios, such as break-even analyses.

Depending on what you're using it for, a useful business plan can be any length, from a scrawl on the back of an envelope to, in the case of an especially detailed plan describing a complex enterprise, more than 100 pages. A typical business plan runs 15 to 20 pages, but there's room for wide variation from that norm.

Much will depend on the nature of your business. If you have a simple concept, you may be able to express it in very few words. On the other hand, if you're proposing a new kind of business or even a new industry, it may require quite a bit of explanation to get the message across.

The purpose of your plan also determines its length. If you want to use your plan to seek millions of dollars in seed capital to start a risky venture, you may have to do a lot of explaining and convincing. If you're just going to use your plan for internal purposes to manage an ongoing business, a much more abbreviated version should be fine.

Following is a suggested Business Plan outline for your guidance.
- Executive Summary (not more than 2 pages)
  1. Gist of business concept
  2. Financial features (key results – e.g. revenues, expenses, profits)
  3. Financial requirements
  4. Major achievements/Milestones
- Business Model and Envisioned Future (http://www.quickmba.com/entre/business-model/)
  1. Business Concept & Model. What your business will be and how you will make money further explained under the following aspects (see Business Approval Form below for explanation):
    a) Value Proposition
    b) Target Market Segment
c) Elements in the Value Chain
d) Defined Cost and Profit
e) Position in value network

2. Mission/Vision including long term goals (5 years or more).
3. Objectives (within 3 years) – resources to acquire, competencies, processes and networks to develop, sales and profits to achieve.

- Industry Study and Marketing Plan with Competitive Strategies
  1. Market and Industry Background (including size and volatility of market; the major players and their brief history)
  2. Market and Competitive Analysis
     a. Market trends; supply & demand characteristics
     b. Competitors’ strengths and weaknesses
  3. Marketing plan with competitive strategies (upon entry and later for expansion)
  4. Required competencies for development to ensure sustainability
     Design and Development Plan (detailed program/budget up to Jan. 31, 2015)
     1. Rationale for the design of this development (market testing and/or entry) phase
     2. Product development goals and procedures
     3. Supplier and distribution network development
     4. Market testing and development activities
     5. Personnel required
     6. Scheduling and costing of activities/products (services)
     7. Development Budget (incl. facilities & equipment budget if any)
     8. Risk assessment (contingency plans)

  1. Organizational Structure during the development phase
  2. Overhead expenses
     • Income statement
     • Cash flow statement
     • Balance sheet statement

The complete Business Plan will be submitted to the L&S department secretary at least 7-10 days before the presentation and a copy will be given to each panelist before the actual presentation. Four (4) hard copies and one (1) electronic copy (in a CD) will be required. The standard PICS (Project Information Cataloging System) format will be required for the cover page. Limit to number of pages excluding tables: (font size 12, times roman double spaced) – maximum of 20 pages for final report inclusive of a 2-page exec summary but excluding appendices.

Deadline for Submission of Final Business Plan is 9:00 am FRIDAY, Sept. 26, 2014 at the JG SOM Office.

Final panel presentation of the Project Formulation Report will be on Saturday, October 4, 2014.
### Business Proposal Approval Form for LS 126 Strategy Formulation

<table>
<thead>
<tr>
<th>Name of Student/s: (Surname, Firstname, MI)</th>
<th>School Year: 2014-2015</th>
<th>Sem: 1st</th>
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<tbody>
<tr>
<td>Section and Teacher(s):</td>
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<td>Priority of this proposal (1st, 2nd, 3rd, etc. if you have submitted more than 1 proposal):</td>
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**(Information below this line and in this column for use by Faculty &/or Clearing House)**

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**Project Title w/ Industry Category**

**Comments/Conditions/Restrictions for Approval (or reasons for Disapproval)**

**SUMMARY OF BUSINESS CONCEPT & MODEL**

(In not more than 100 words, what is your “big idea”, what is your business and what resources can your group avail of to succeed in this business & how will you make money?)

Limit answers to not more than 100 words per box.

What is your Value Proposition? [product/service innovation, process innovation and/or management innovation that will address a customer need or problem with the implicit VALUE promised from the customer’s perspective.] Example (Xerox): selling a copier which is the 1st to use the proprietary Xerox dry copying process offering high quality copies at a cheap monthly rate.

Your Target Market Segment(s) [group of customers to target, recognizing that different market segments have different needs. Sometimes the potential of an innovation is unlocked only when a different market segment is targeted.] Example: corporate and government sector.

Elements in the Value Chain [the firm’s position and activities in the value chain (e.g. marketing & distribution but not manufacturing) and how the firm will capture part of the value that it creates in the chain.] Example (Xerox): development of entire copier system including supplies sold through a direct sales force.

Defined Cost and Profit [how revenue is generated (sales, leasing, subscription, support, etc.), the cost structure, and target profit margins.] Example (Xerox): modest profit on equipment, high profit on supplies.

Position in value network [identification of competitors, complementors, and any network effects that can be utilized to deliver more value to the customer.] Example (Xerox): First mover in dry copy process. No partners pursued.

Competitive strategy [how the company will develop a sustainable competitive advantage, for example, by means of a cost, differentiation, or niche strategy or through the development of a strategic competency.] Example (Xerox): compete on new technology, product capability and quality.
### Class Project Information and Cover Sheet

<table>
<thead>
<tr>
<th>Name of Student/s: <em>(Surname, Firstname, MI)</em></th>
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<td>Teacher(s):</td>
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**Abstract** (150 words or less)

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**Author(s)' Recommended Key Words**
L&S 126 Strategy Formulation & L&S 127 Strategy Implementation
SY 2014-2015

CORPORATE STRATEGIC AUDIT RESEARCH PROJECT

<table>
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<tr>
<th>PASSES</th>
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<tbody>
<tr>
<td>Pass 1 (Case Study)</td>
<td>August 22, 2014 (Friday)</td>
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<tr>
<td>Succeeding Passes</td>
<td>2nd Semester (TBA)</td>
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Project Background:
The Corporate Strategic Audit group research on an existing organization is an exercise to determine your grasp of the concepts of strategy evaluation, leading to strategy (re)formulation and implementation. You are to choose an existing organization to study. Firms can be publicly-listed or privately-owned corporations, government or non-government institutions, profit or non-profit groups, employing at least twenty five (25) full-time employees, with annual gross revenues of at least Php 20 million. The company or organization must be Filipino-owned (at least 60%), officially registered, with a formal management structure in place. Small and medium enterprises are actually preferred, as these would be easier to view in their entirety (but not too small there is very little to analyze). Multinationals and other very large corporations may give you access only to specific aspects of their operations. You are enjoined to start your research soon. Please do not wait until the end of the year to do your research. By then, it will be too late. The professor may require you to present the case to the class or to a panel.

Project Objective:
To enable you to apply the concepts and tools in Strategy Evaluation, leading to possible Reformulation and Implementation in conducting a Strategic Audit of an existing organization you choose to study.

Requirements:
1. **Write a case (Part I – maximum of 10 pages* excluding attachments/appendices)**

   “A case is a description of an administrative decision or problem. It is normally written from the point of view of the decision maker involved. The case writer must report to the best of his ability the relevant facts of the situation at the time the decision needed to be made or the problem existed.”

   Students are required to study the strategic plans and situation of a small, medium or large size organization (prior approval of teacher needed on choice of organization) and write a case about it focusing on the strategic issues. The case must be long enough to describe the situation in real life terms but neither should it be too long. The case writer must be selective because all the facts observed cannot be included although all the pertinent information must be included.Ordinarily, cases are written in the past tense. All exhibits and appendices must be numbered. Figures included must be checked for accuracy so it is important to record complete and specific sources of references. If the case has to be disguised, consistency should be checked. All relevant facts that are available should be included. When certain facts are not available, it is often significant to say so. Opinions of the writer should not be included in the case. Opinions of others should be labeled as such and should not be reported as facts. Inclusion of decisions actually arrived at by company executives frequently adds interest to a case and helps crystallize the student’s thinking. Whether decisions are to be included, however, depends largely on the use to which the case is to be put. When an entire case, written under the name of the company, is based on published material such as annual reports of a company or its financial statements as reported in a publication, a footnote from the case title should indicate the source. When substantial quotations are used, permission to reprint must be secured from the publisher, with exact indication of the source, including title of article, as well as author, publisher and date of publication, must accompany each quotation. Newspaper articles, not syndicated, and advertisements may be used without the formality of securing a release from the company provided due credit is given to the source from which the material is taken.
The student, unless the case is disguised (with the teacher's prior permission), should request the written permission from a ranking executive of the company, allowing the case to be used for educational purposes. The usual procedure is for a manager to sign a statement signifying his organization's acceptance of the case. He thereby gives permission to the educational institution (Ateneo) to make it available for use in class.

2. **Analyze the Case and recommend improvements (Part II - maximum of 10 pages*)**

Analyze the case, evaluate the company's environment and performance with respect to its stated strategy and objectives, draw your own conclusions and recommendations but make sure these are realistic, supported by case facts, logic, and sound management principles, and anticipate potential problems and contingencies. Your role will be that of a management consultant recommending improvements on the company's strategy to the CEO or the Board.

**Note:** Use 1” margins, a line spacing of 1.5, and a 12 font size, preferably Times New Roman.

**Suggested Report Format**

**PART I – THE CASE STUDY**

1) **Introduction** - Briefly describe the company and the industry where it competes in. Then focus on a situation or a scenario wherein the company's CEO (or top management) is confronted with strategic problems or issues requiring critical decisions such as a change in the firm's environment, focus, direction, strategy, objectives and/or a series of corrective actions needed by the firm. Describe and formulate such into a problem for top management to solve.

2) **The Industry**
   a) Brief background and history (size, importance, market and growth trends)
   b) Industry structure (profile and history of major players- their size, scope, profitability, influence, strategies, resources, value networks)
   c) Key external forces affecting the industry
   d) Recent development and trends - implications on the company

3) **The Company**
   a) Brief background and history (ownership, size, position and influence in industry)
   b) Overview of the firm's business concept (business mission and core strategy) (*refer to attached handouts)
   c) Organizational profile (structure, systems, staff, skills, management style, culture)
   d) Performance highlights / major accomplishments
   e) Strategic issues/organizational problems experienced
   f) Pro-forma Financial Statements (details can be placed in Appendix)

4) **Conclusion** - Return to the problem formulated at the beginning of the case study.
   a) Give some details on the strategic problems/issues confronting management.
   b) Mention possible solutions and/or alternative options cited by the owner/key executives and their implications.

**PART II: THE STRATEGY EVALUATION (ANALYSIS & RECOMMENDATIONS)**

1) **External Audit**
   a) Key external factors analysis w/ competitive analysis using Porter's 5-forces model
   b) Opportunities and Strengths in the Industry w/ EFE analysis
   c) Performance versus key competitors w/ CPM analysis
   d) Key factors for success (what strategy and resources are needed to survive, profit and grow)
2) **Internal Audit**
   a) Key internal forces analysis: organizational culture and global perspective, management structure and style, how the functional business areas fit into the whole organization.
   b) Financial analysis of the firm
   c) Strengths and Weaknesses: strategies, skills, structures, systems, styles, staff, shared vision that may give it a competitive advantage or the lack of any of the above that makes it a weakness w/ an IFE matrix

3) **Review of Underlying Bases of Strategy** (implicit in their existing business concept)
   a) Timeframe of development of existing strategy (when was current strategic plan developed?)
   b) Highlights of existing external and internal environment at plan’s development
   c) Have major changes occurred in the firm’s external strategic position?
   d) Have major changes occurred in the firm’s internal strategic position?
   e) Has the firm progressed satisfactorily toward achieving its stated objectives?
   f) Is corrective action needed?

4) **Evaluation of Organizational Performance**
   a) Analysis of quantitative measures (return on investment/equity, profit margin, market share, debt to equity, earnings per share, sales and asset growth, etc.)
   b) Indications of environmental and organizational trouble in the key areas.
   c) Application of Rumelt’s Criteria: consistency, consonance, feasibility and advantage or any other framework your teacher taught you in class.

5) **Conclusion & Recommendations**
   1) Corrective actions
   2) Possible new benchmarks
   3) Reformulated Strategic Plan
   4) Contingency Plans