How to Analyse Business Strategy by Rodney Wincaster

Article published on July 30th 2012 | Business

Analysis of a companyâ€™s strategy is a must, markets are changing and so are trends, the organisation will have to modify their strategy so as to maximise their gains. The analysis of a business strategy is a lengthy process and it contains a lot of steps. Though it is tedious, it is thorough and in-depth so that the organisation can know accurately what they need to modify or enhance so that they can perform more efficiently. Analysing the business strategy basically shows what the companyâ€™s current position is, in the market if it is favourable, unfavourable or neutral. There are two methods- Internal and External Audit i.e Internal or within the business, in the company through performance appraisal and other methods and external via Market and economic indicators.

Internal Audit

Internal audits includes the analysis of the following areas

ïƒ˜ Human resources or capital, how efficient are these resources

ïƒ˜ Costs how much are people paid, what are the expenses that can be cut down

ïƒ˜ Attrition rate how many people are leaving the job in a year, absenteeism when and how much do employees take off from work.

ïƒ˜ Quality of the products being manufactured, involves quality checking or control (QC)

ïƒ˜ Cash flow how much is the company earning and where and how is it spend

ïƒ˜ SWOT analysis: What are the strengths, weaknesses, opportunities and threats of the current strategy?

ïƒ˜ Core competencies: What is the company good at? What specific area is it known for. Example Amazon is for books, people will identify with the organisation for what it is competent at

External Audits

External audits includes the analysis of the following areas

ïƒ˜ General market trends: Employment and growth rate, inflation or recession

ïƒ˜ Competitors: What have they been doing? Is it similar to what your company is doing? This area needs to be understood clearly.

ïƒ˜ The Political, Economic, Social and Technological factors (PEST)

ïƒ˜ What is the current political environment like? Is it a before or after an election? During a war or some calamity?

ïƒ˜ Economic: Economic indicators such as Gross Domestic Product and Gross National Product, Per Capita Income etc what are the current values is it favourable to the organisation or not

ïƒ˜ Social: Demographics of the market

ïƒ˜ Technological changes: new technology being used or invented, and still using old techniques

ïƒ˜ The market: Understanding the market is the most important aspect, certain key elements needs to be understood.

ïƒ˜ 7 Pâ€™s of a market: product, prices, promotion, place, packaging, positioning and people. All these 7 elements need to be understood while making a business strategy. During the process of analysis the company must know if they are positioning it in the right market at the right place, time and value.

ïƒ˜ Niche marketing: If the company has a product or service which doesnâ€™t fall into the categories of FMCG, tangible or intangible.

ïƒ˜ Mass market: If the product or service would be purchased by many people across demographics. These products tend not to fail as different age and social groups would buy a mass market product. Example Computers, mobile phones.

A business strategy is analysed by understanding all these elements both in a macro manner. A business strategy is made so that it lasts for a long time, minor alterations are possible. The strategy should last at least 5 years; a better strategy can be made when the company understands all these elements. This analysis can indicate plan helps in growth of the organisation, in the current economy a product or service would actually work without causing losses.

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Article Keywords:
business strategy, business management, mba jobs, mba consultants, marketing plan

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