

# Unit 7: Business Strategy

Unit code: A/601/0796  
QCF level: 5  
Credit value: 15 credits

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- Aim

The aim of this unit is to give learners the knowledge and understanding of how a business unit can strategically organise and plan for likely future outcomes in order to be successful.

- Unit abstract

One of the aims of this unit is to build on learners' existing knowledge of the basic tools of business analysis such as PESTLE and draw it together so that the learners think strategically.

Learners will be introduced to further analysis tools needed for the process of strategic planning. They will be able to explain the significance of stakeholder analysis and carry out an environmental and organisational audit of a given organisation.

Learners will learn how to apply strategic positioning techniques to the analysis of a given organisation and prepare a strategic plan based on previous analysis. They will also learn how to evaluate possible alternative strategies (such as substantive growth, limited growth or retrenchment) and then select an appropriate future strategy for a given organisation.

Finally, learners will compare the roles and responsibilities for strategy implementation and evaluate resource requirements for the implementation of a new strategy for a given organisation. Learners will then be able to propose targets and timescales for implementation and monitoring of the strategy in a given organisation.

- Learning outcomes

**On successful completion of this unit a learner will:**

- 1 Understand the process of strategic planning
- 2 Be able to formulate a new strategy
- 3 Understand approaches to strategy evaluation and selection
- 4 Understand how to implement a chosen strategy.

# Unit content

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## 1 Understand the process of strategic planning

*Strategic contexts and terminology:* role of strategy; missions; visions; strategic intent; objectives; goals; core competencies; strategic architecture; strategic control

*Strategic thinking:* future direction of the competition; needs of customers; gaining and maintaining competitive advantage; Ansoff's growth-vector matrix; portfolio analysis

*Planning systems:* informal planning; top-down planning; bottom-up planning; behavioural approaches

*Strategic planning issues:* impact on managers; targets; when to plan; who should be involved; role of planning

*Strategic planning techniques:* BCG growth-share matrix; directional policy matrices; SPACE, PIMS

## 2 Be able to formulate a new strategy

*Stakeholder analysis:* stakeholder significance grid; stakeholder mapping

*Environment auditing:* political, economic, socio-cultural, technological, legal and environmental analysis (PESTLE); Porter's 5 force analysis; the threat of new entrants; the power of buyers; the power of suppliers; the threat of substitutes; competitive rivalry and collaboration

*Strategic positioning:* the Ansoff matrix; growth; stability; profitability; efficiency; market leadership; survival; mergers and acquisitions; expansion into the global marketplace

*The organisational audit:* benchmarking; SWOT analysis; product positions; value-chain analysis; demographic influences; scenario planning; synergy culture and values

## 3 Understand approaches to strategy evaluation and selection

*Market entry strategies:* organic growth; growth by merger or acquisition; strategic alliances; licensing; franchising

*Substantive growth strategies:* horizontal and vertical integration; related and unrelated diversification

*Limited growth strategies:* do nothing; market penetration; market development; product development; innovation

*Disinvestment strategies:* retrenchment; turnaround strategies; divestment; liquidation

*Strategy selection:* considering the alternatives; appropriateness; feasibility; desirability

## 4 Understand how to implement a chosen strategy

*The realisation of strategic plans to operational reality:* communication (selling the concepts); project teams; identification of team and individual roles, responsibilities and targets; programme of activities; benchmark targets at differing levels of the organisation

*Resource allocation:* finance; human resources; materials; time

*Review and evaluation:* an evaluation of the benchmarked outcomes in a given time period in relation to corporate, operational and individual targets

## Learning outcomes and assessment criteria

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<b>Learning outcomes</b> <b>On successful completion of this unit a learner will:</b>	<b>Assessment criteria for pass</b> <b>The learner can:</b>
LO1 Understand the process of strategic planning	1.1 explain strategic contexts and terminology – missions, visions, objectives, goals, core competencies 1.2 review the issues involved in strategic planning 1.3 explain different planning techniques
LO2 Be able to formulate a new strategy	2.1 produce an organisational audit for a given organisation 2.2 carry out an environmental audit for a given organisation 2.3 explain the significance of stakeholder analysis
LO3 Understand approaches to strategy evaluation and selection	3.1 analyse possible alternative strategies relating to substantive growth, limited growth or retrenchment 3.2 select an appropriate future strategy for a given organisation
LO4 Understand how to implement a chosen strategy	4.1 compare the roles and responsibilities for strategy implementation 4.2 evaluate resource requirements to implement a new strategy for a given organisation 4.3 discuss targets and timescales for achievement in a given organisation to monitor a given strategy.

## Guidance

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### Links

This unit should be linked with the other core units in the programme. It draws on the underpinning knowledge gained in the core and specialist units in the programme. Pre-requisites for this unit are core *Unit 1: Business Environment*, *Unit 2: Managing Financial Resources and Decisions*, *Unit 3: Organisations and Behaviour* and *Unit 4: Marketing Principles*.

### Essential requirements

There are no essential or unique resources required for the delivery of this unit.

### Employer engagement and vocational contexts

Centres should try to develop links with local businesses. Many businesses and chambers of commerce are keen to promote local business and are often willing to provide visit opportunities, guest speakers and information about business and the local business context.