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# *Strategic Business Management and Expansion*

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# Strategy is..

- ...the direction and scope of the organisation over the long term, which achieves an advantage for the organisation through its configuration of resources within a changing environment and to fulfil stakeholder expectations.

# Requires

- Long term view
- Is an attempt to obtain competitive advantage
- Concerned with the scope of an organisations activities
- Strive to achieve 'strategic fit'
- Builds on or stretches an organisation's core competences
- Requires major resources
- Affects operational decisions
- Reflects stakeholder values and expectations

# BP's



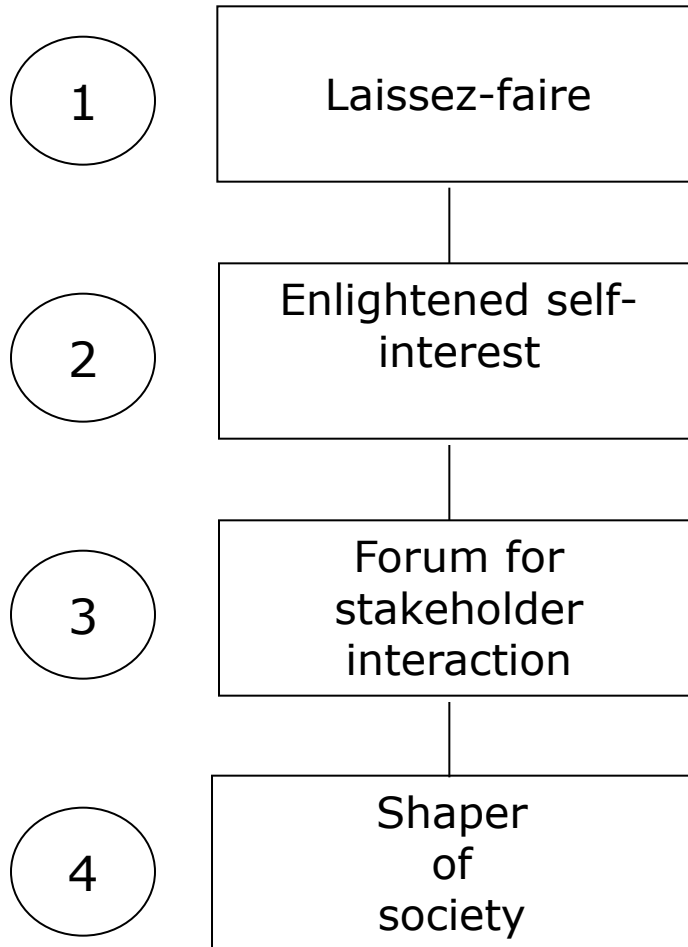
- **Our strategy**

We are determined that BP will be a safer, more risk-aware business. We will deliver on our commitments from the Gulf Coast incident and work hard to earn back the trust in our operations. We will rebuild value for our shareholders by re-establishing our competitive position within the sector by playing our part in meeting the world's growing demand for energy, as well as participating in the transition to a low-carbon economy.

# Consequences

- Decisions are complex
- Made in situations of uncertainty
- Demand an integrated approach
- Will impact outside relationships and networks
- Bring about change

# Ethical Stances



The first three can also be referred to as:

1. Short-term shareholder interests
2. Longer-term shareholder interests
3. Multiple stakeholder obligations

# Corporate Social Responsibility (CSR)

## Internal aspects:

- Employee welfare
- Working conditions
- Job design
- Intellectual property

## External aspects:

- Green issues
- Products
- Markets and marketing
- Suppliers
- Employment
- Community activity

# Ceres Power



## CSR Statement

- ...is committed to building a high growth business while ensuring a safe environment for employees and minimising impact on the environment. We aim to understand and respond to the needs of shareholders, employees, customers, suppliers, the communities in which we work and the wider public.
- Our mission remains to make a major contribution towards the challenge of addressing climate change by providing cleaner, more efficient and decentralised energy products.

# Communication

- Via Mission statements and measurable objectives:
- **Coca-Cola** - “To refresh the world...To inspire moments of optimism and happiness... To create value and make a difference”
- **James Dyson** - “Long term business success based on newly invented, innovatively designed products”
- **nPower** - “To be the UK’s leading energy and environmental solutions company, shaping the way business thinks about and uses energy”.

# Shell Oil

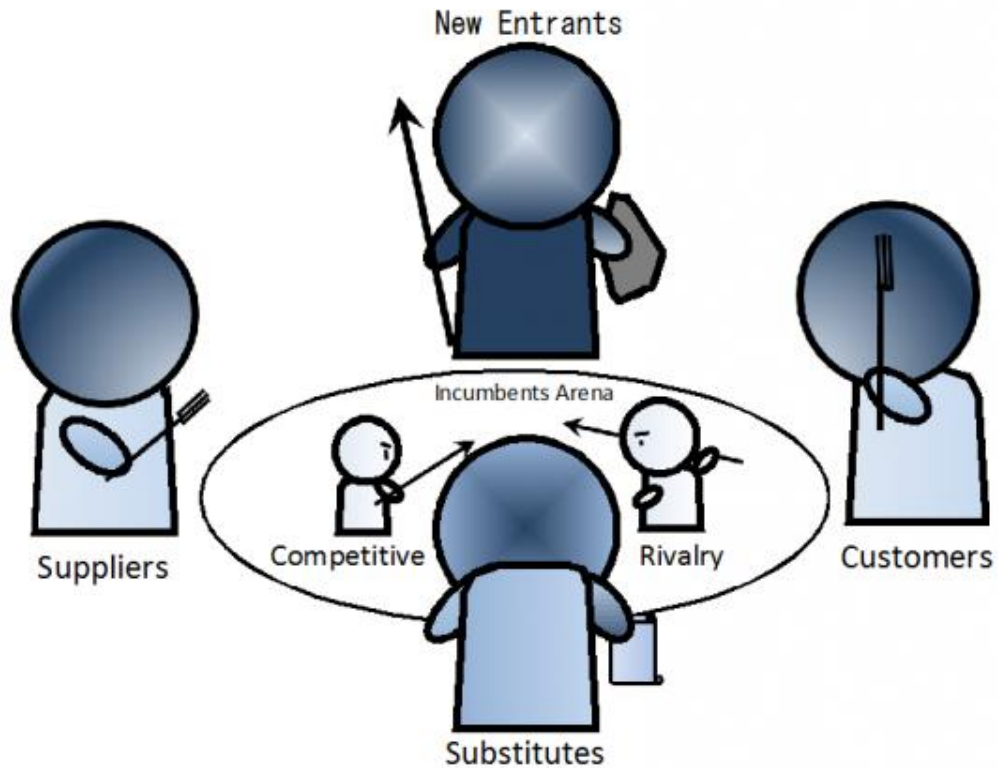


- **Our Vision**
  - To be the Top Performing and Most Admired Refinery in Asia
- **Our Mission**
  - To continuously deliver shareholder value by:
  - Manufacturing and supplying oil products and services that satisfy the needs of our customers
  - Constantly achieving operational excellence
  - Conducting our business in a safe, environmentally sustainable and economically optimum manner
  - Employing a diverse, innovative and results-oriented team motivated to deliver excellence
- **Our Objectives**
  - We are committed to deliver sustainable excellence in business performance by focusing on the following:
    - Benefit our shareholders
    - Realise the potential of our people
    - Meet our customer requirements
    - Maximise refinery margins
    - Safeguard asset integrity
    - Deliver structural cost reductions
    - Sustain a robust management system
    - Deliver continuous sustainable Health, Safety, Security and Environmental excellence

# What Needs to be Considered

# The Competition

## Porter's 5 Forces



# Identifying the Competition

- The five forces framework helps identify the sources of competition in an industry or sector
  - **Power of buyers** i.e. recipients of products/services
  - **Power of suppliers** i.e. providers of inputs e.g. staff, IT, accommodation
  - **Threat of entrants** – from organisations currently outside the ‘industry’
  - **Threat of substitutes**
  - **Competitors/rivalry** – competition within the ‘industry’

# Strategic Marketing

## Definition of marketing:

- The means by which an organisation achieves a match between what the customer expects, wants and needs and what the organisation is able to offer and/or is willing to provide

# Marketing Mix

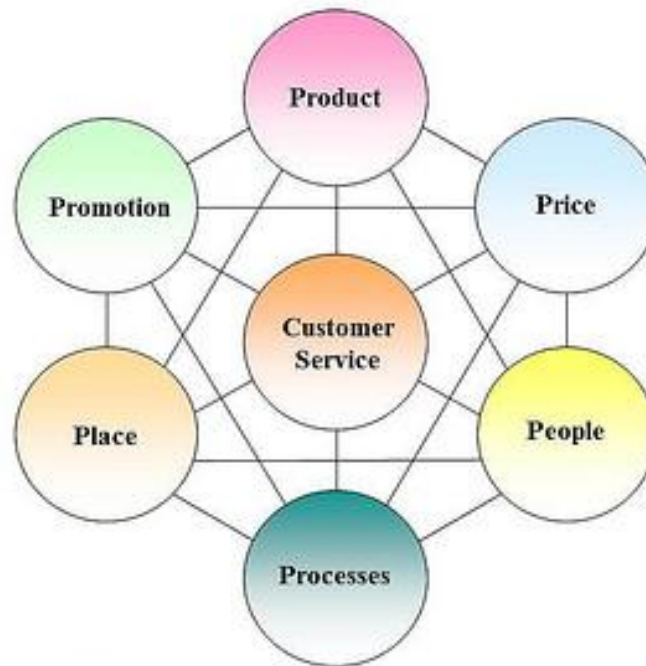
Consists of the “4 P’s”:

- Product
- Price
- Place
- Promotion



# 7Ps

## The Expanded Marketing Mix

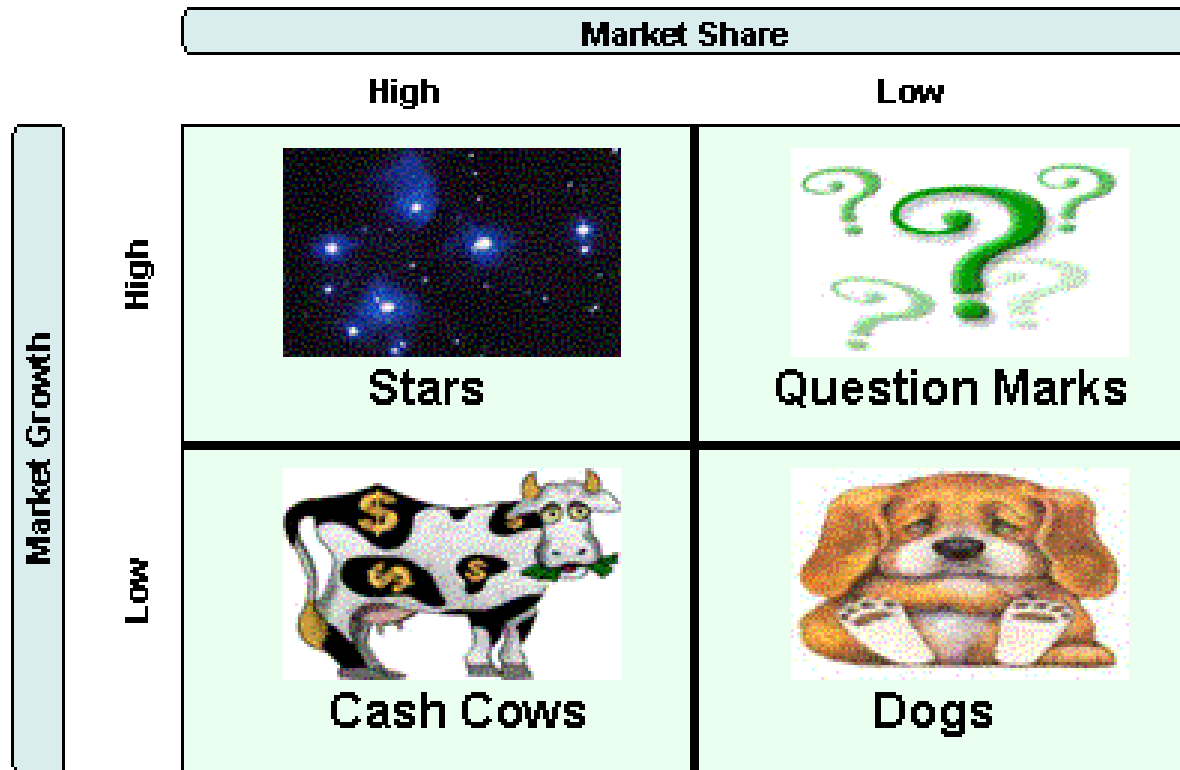


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# The Boston Matrix

## Our Products

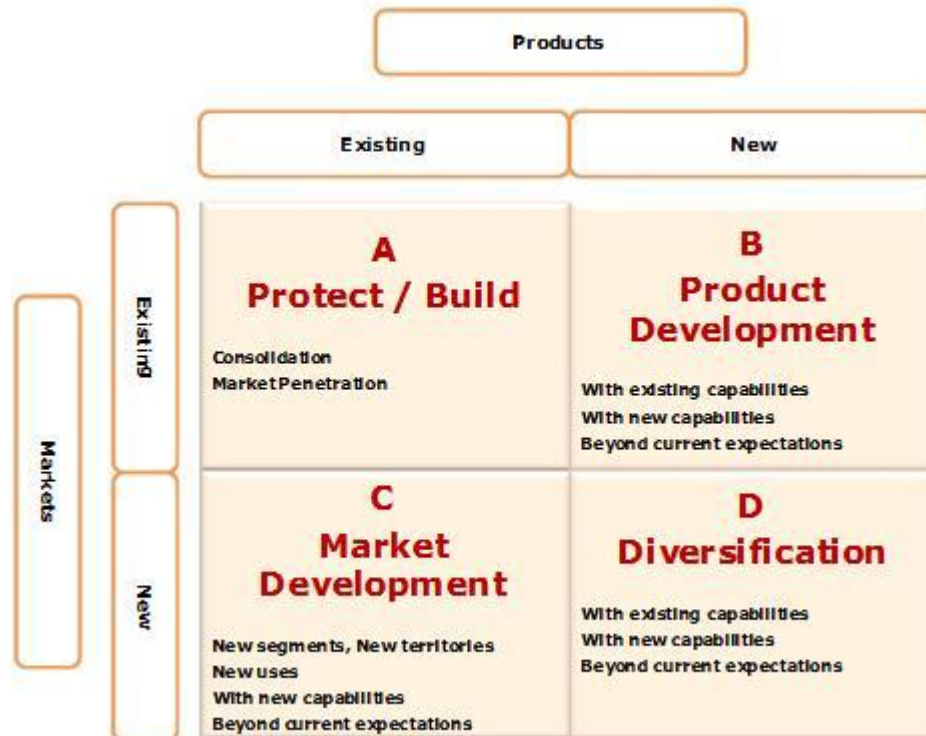


# Resource Audit

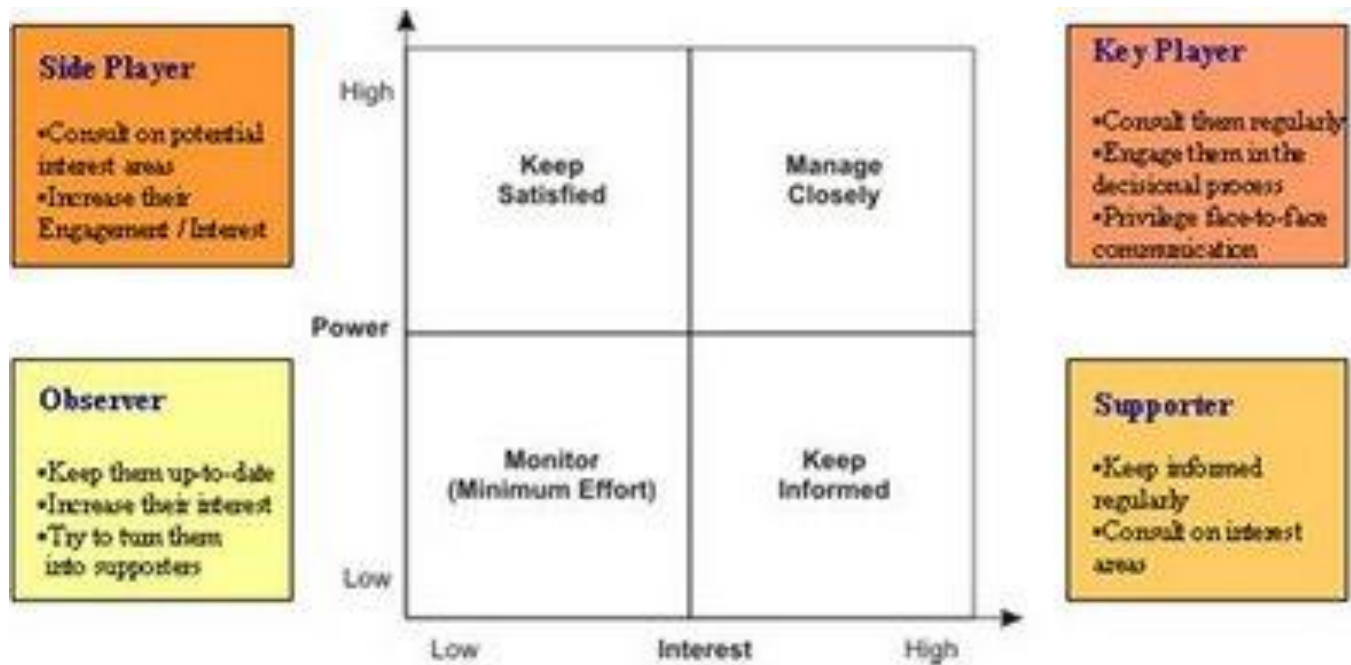
- Classified as
  - Physical - not just listing also as age, condition, location, capability of resources.
  - Human - assesses number and types of skills available and also issues such as adaptability, innovative capacity, etc. of human resources.
  - Financial - these include sources of capital and revenue, funding structure and relationships with funding sources.
  - Intellectual capital - e.g. reputation, goodwill, corporate image, etc

# Ansoff's Strategy

## Developing Markets



# Know Your Stakeholders

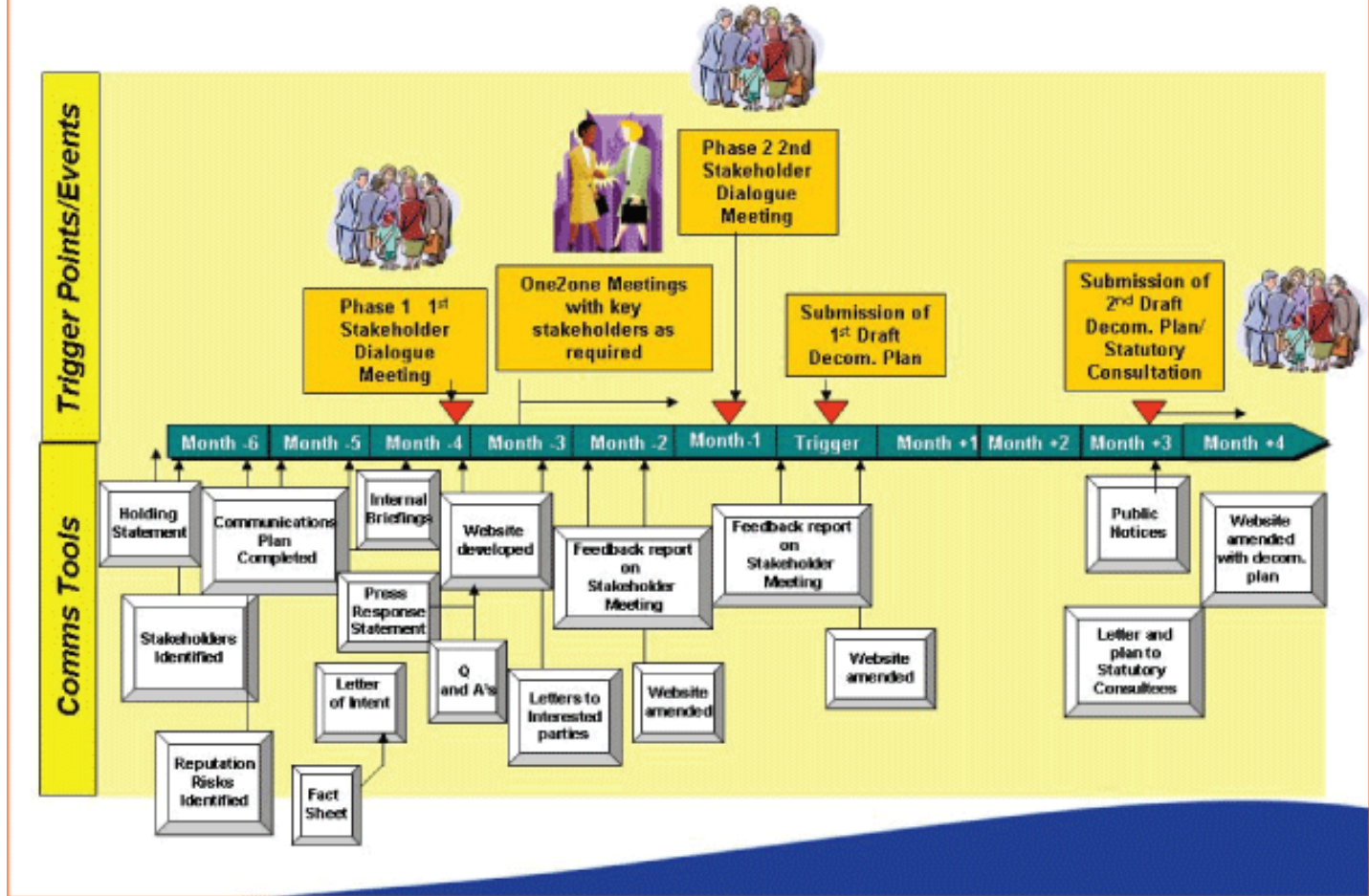


# Morrison's



Stakeholders to whom they have Corporate Responsibility

# Stakeholder Engagement Overview



Oil & Gas UK Guidelines on stakeholder engagement for decommissioning activities

# Managing Stakeholders

Action to manage can include:

- Education and communication
- Collaboration/participation
- Intervention
- Direction
- Coercion/edict

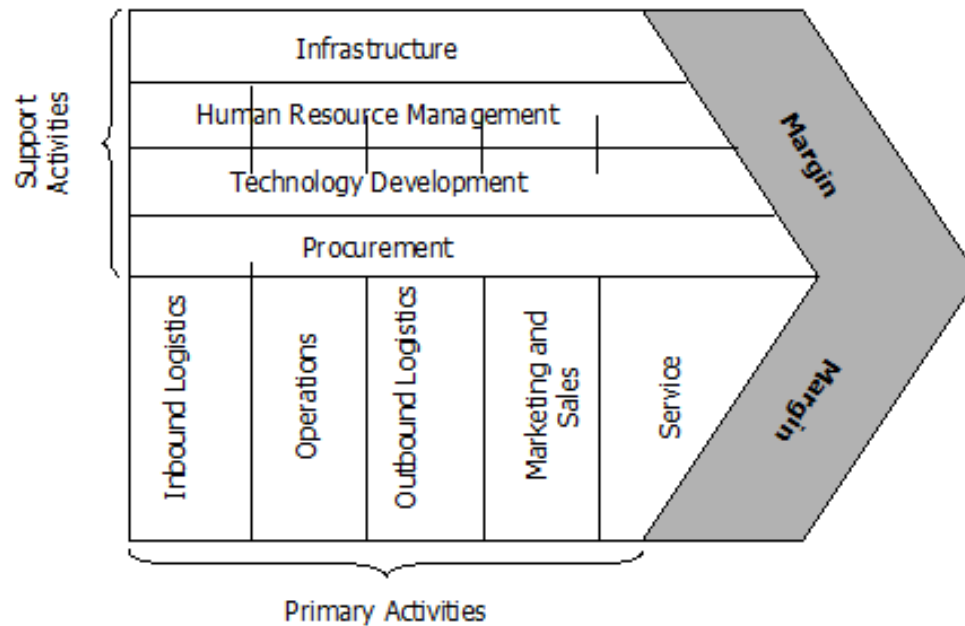
# BP Approach



“We talk with stakeholders in many ways and at many levels, from the queries that reach us via our website to face-to-face meetings with investors, governments and regulators, customers, employees, community groups and others.”

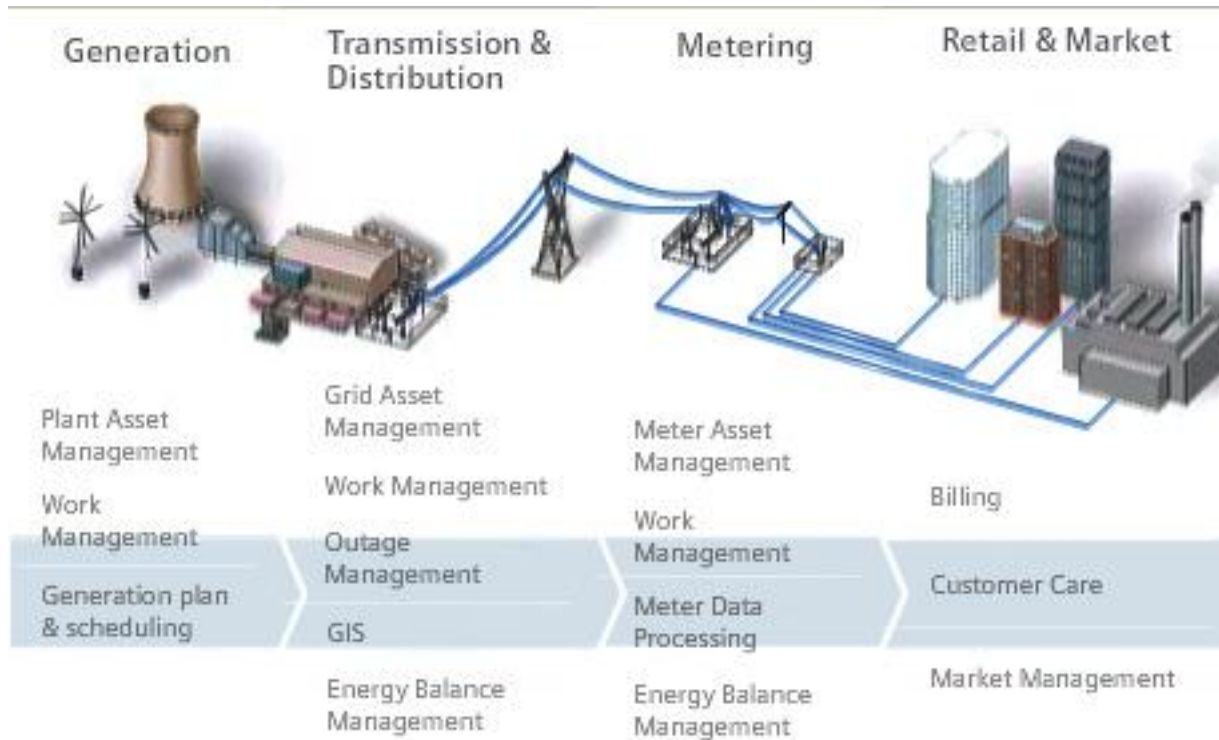
# Porter's Value Chain

## The Linkages



Porter 1985

# Energy Value Chain



# Lufthansa

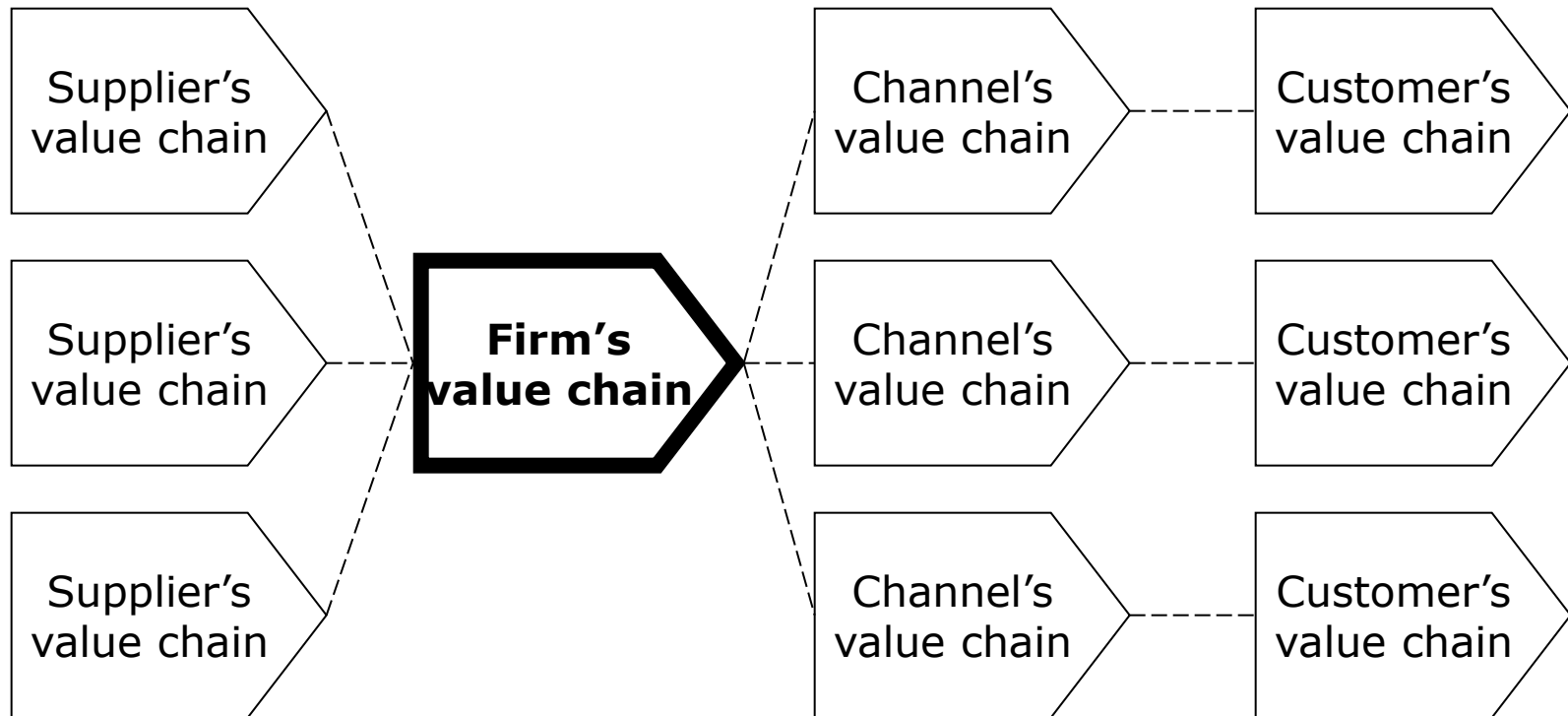


# Uses of Value Chain Analysis

- Provides a comprehensive template in understanding component activities in complex value adding processes.
- Facilitates detailed scrutiny to ensure activities as consistent as possible with the organisation's strategic intent.
  - e.g. cost leadership or differentiation
- Facilitates scrutiny to maximise consistency between different elements of the chain.

# The Value System

Set of organisational links and relationships necessary to create a product or service

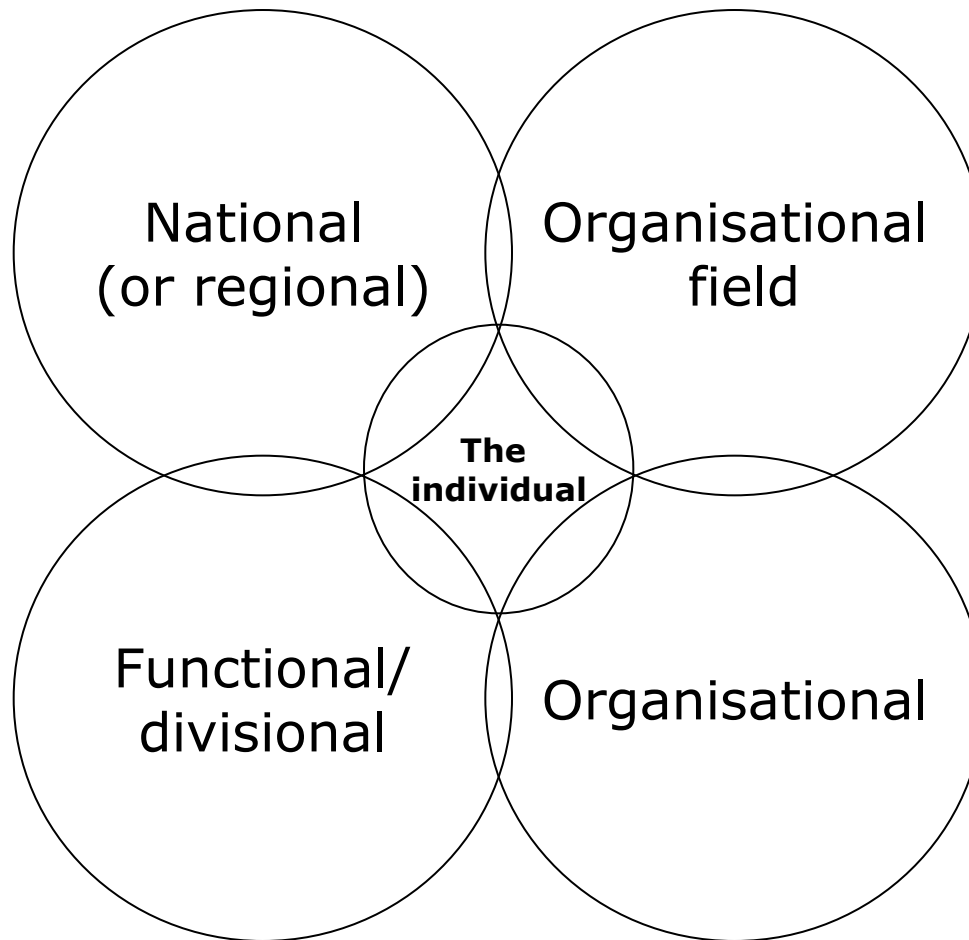


# Key to Success

## Organisational Culture

- A set of understandings or meanings shared by a group of people that are largely tacit among members and are clearly relevant and distinctive to the particular group which are also passed on to new members (Louis 1980).
  - Value
  - Belief
  - Behaviour
  - Assumptions

# Cultural Frames of Reference



# The Web

The organisational **paradigm** can be identified in part by looking at the following indicators:

- Routines & Rituals
- Stories
- Symbols
- Power structures
- Organisational structures
- Control systems

# BP's Statement



- **Values and behaviours**

Ultimately, it is individuals who determine the effectiveness of rules, systems and structures. We are now working to review, renew and enhance the values and behaviours expected of everyone who works for BP. We will be connecting the values, behaviours and the BP code of conduct explicitly, with the objective of helping to ensure that they are applied consistently in the way we work each day – all around the world.

Thank You

Any Questions?



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