

# **Strategy and Strategic Objectives** *for Tourism, Hospitality and Event Organisations*

Based on Evans 2015

# Introduction

## In this session:

- What is strategy?
- the elements of strategy;
- the practice of strategy;
- strategic decisions;
- hierarchy of objectives:
  - Mission and mission statements;
  - Vision and values;
  - Corporate objectives;
- setting objectives – stockholder and stakeholder approaches .

# Strategy

*'The art of war'?*

What does **Strategic Management** mean to you?

# Strategy and Strategic Management

- Fundamentally:
  - **strategy** is about making you think ahead regarding key issues;
  - **strategic management** is about giving you concepts, frameworks, tools and techniques to help you do so.
- ‘Strategy is the **determination of the basic long term goals and objectives** of an enterprise, and the **adoption of courses of action and the allocation of resources** necessary for carrying out these goals’ (Chandler, 1962).

## Elements of Strategy

Thus strategy is concerned with:

- determining long term goals and objectives;
- adopting courses of action to achieve the goals and objectives;
- allocating resources to the courses of action so that the actions can be successful .

# Strategic Management

## But it's not easy!

A 'difficult' subject area?

- no facts;
- no 'right' answers;
- multitude of views;
- lots of jargon;
- vast literature;
- integrates knowledge from other fields;
- dealing with dynamic factors.

# Strategic Decisions

## Key organisational decisions about:

- long-term **direction**;
- the **scope** of an organisation's activities;
- gaining **advantage** over competitors;
- addressing changes in the **business environment**;
- building on resources and competences (**capability**);
- **values and expectations** of stakeholders;
- impact on operational decisions.



# Levels of Strategy

## A hierarchy of decision making

- strategic level
- tactical level
- operational level.

## Levels of Strategy

Strategic, tactical and operational decisions differ in:

- focus;
- level in the organisation at which they are made;
- scope;
- time horizon;
- degree of certainty or uncertainty;
- complexity.

# Strategic Decisions

## Strategic decisions will:

- be **complex** in nature;
- be made in situations of **uncertainty**;
- affect **tactical** and **operational** decisions;
- require an **integrated** approach (inside and outside the organisation);
- involve considerable **change**;
- involve **senior** management.

# Objectives

Broadly: what the organisation is trying to be and trying to achieve;

- require **congruency** and **fit** between levels;
- an overall enduring purpose – **Mission**;
- a desired future position – **Vision**;
- translating mission and vision into specific targets:
  - **corporate objectives**
  - **business objectives**
  - **unit and personal objectives.**

# Mission Statement

Articulates the fundamental purpose of the organisation;

- often contains:
  - organisation **philosophy**;
  - organisation **identity** or self-concept;
  - principal **products** or **services**;
  - **customers** and **markets**;
  - **geographic focus**;
  - obligations to **shareholders**;
  - commitment to **employees**.

# Vision and Values

Vision – desired future state

Possible characteristics:

- conciseness;
- clarity ;
- future orientation ;
- challenge;
- abstractness ;
- ability to inspire .

Values – philosophical principles

# Corporate Objectives

- provide a sense of direction;
- provide a standard of measurement and a means of controlling performance;
- project an image of the organisation's style;
- objective writing is a '**CRIME**':
  - **Communicable**
  - **Realistic**
  - **Internally consistent**
  - **Measurable**
  - **Explicit.**

# How Objectives Are Set

## The stockholder approach

- Organisations exist primarily for their owners.
- Objectives are set to maximise the financial rate of return on the owners.

## The stakeholder approach

- Organisations have relationships with various groups.
- The stakeholder groups have a legitimate interest in influencing the setting of objectives.



# Summary

- Strategy can be a confusing area to study, with many views and much jargon, but fundamentally:
  - **strategy** is about making you think ahead regarding key issues;
  - **strategic management** is about giving you concepts, frameworks, tools and techniques to help you do so.
- hierarchy of decisions: strategic, tactical and operational;
- also a hierarchy of objectives: mission, vision, corporate, business and unit objectives, which need to be consistent;
- stockholder vs stakeholder approaches to writing objectives.