

# Honing Your Business Strategy Skills

2017 TN SHRM Conference  
Dr. Michael McIntyre



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## Premise

The better you understand the business,  
the more impact you can have.

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How many **MBA's** are there in the room?

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## Levels of Strategy

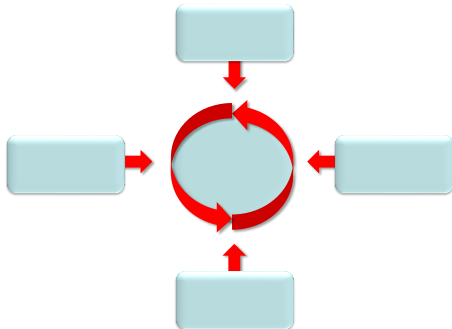
1. **Corporate** – What businesses, service lines, or industries do we want to be in?
2. **Business** – How do we want to compete or set ourselves apart in our chosen businesses, services lines, or industries?
3. **Functional** – How do we get more efficient and effective in our various business functions (human resources, operations, marketing, supply chain, etc.)?

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## Exercise

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The Five Forces that Shape Business-Level, Competitive Strategy



6

## What **industry** are you in?

An industry is a group of companies selling similar products to similar customers using similar suppliers & distribution networks.

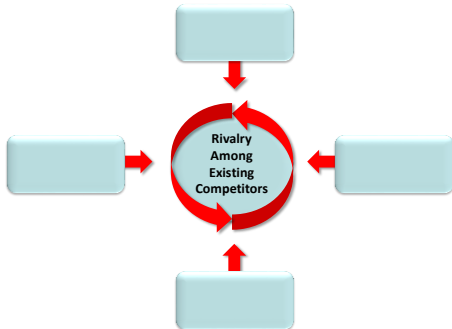
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What **industry** was Blockbuster in?

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How intense is the rivalry among  
**existing competitors**?



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How intense is the rivalry among existing competitors?

Low 1 2 3 4 5 6 7 8 9 10 High  
Little... Lots of...

- Price discounting
- New product introductions
- Advertising campaigns
- Service improvements

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How intense is the rivalry among existing competitors?

Low 1 2 3 4 5 6 7 8 9 **BLACKOUT** High  
Little... Lots of...

- Price discounting
- New product introductions
- Advertising campaigns
- Service improvements

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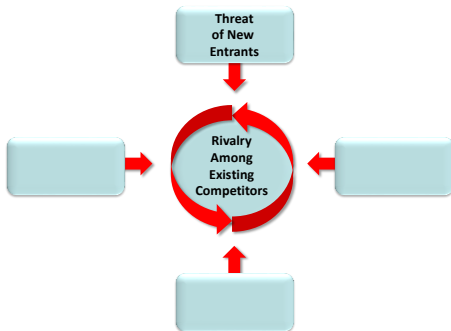
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How strong is the threat of new entrants?



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How strong is the threat of **new entrants**?

Low 1 2 3 4 5 6 7 8 9 10 High

It's hard  
to get into  
our business

It's easy  
to get into  
our business

Barriers to Entry

- Capital Requirements
- Economies of Scale
- Distributor Relationships
- Customer Switching Costs
- Intellectual Property
- Government Policy

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How strong is the threat of **new entrants**?

Low 1 2 3 4 5 6 7 **WILCKINSON** 9 10 High

It's hard  
to get into  
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It's easy  
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Barriers to Entry

- Capital Requirements
- Economies of Scale
- Distributor Relationships
- Customer Switching Costs
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- Government Policy

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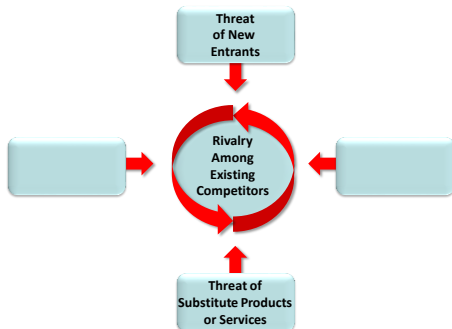
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How strong is the threat of **substitutes**?



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How strong is the threat of **substitutes**?

Low 1 2 3 4 5 6 7 8 9 10 High

There are few  
substitutes on  
the horizon

There are many  
substitutes on  
the horizon

Same function, different means

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How strong is the threat of **substitutes**?

Low 1 2 3 4 5 6 7 8 9 **BLACKBUSTER** High

There are few  
substitutes on  
the horizon

There are many  
substitutes on  
the horizon

Same function, different means

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How high is the bargaining power of **suppliers**?



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How high is the bargaining power of **suppliers**?

Low 1 2 3 4 5 6 7 8 9 10 High

We can get  
our inputs from  
many different sources

We depend on  
a small number  
of suppliers

What are the key **inputs** for your business?

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How high is the bargaining power of **suppliers**?

Low 1 2 3 4 5 6 7 8 9 **BLACKOUT** High

We can get  
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many different sources

We depend on  
a small number  
of suppliers

What are the key **inputs** for your business?

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How high is the bargaining power of **buyers**?



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How high is the bargaining power of buyers?

Low	1	2	3	4	5	6	7	8	9	10	High
Many low-volume buyers											A few, large-volume buyers
Differentiated products											Commodity products
High switching costs,											Low switching costs
No threat of backward integration											Threat of backward integration

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How high is the bargaining power of buyers?

Low	1	2	3	4	5	6	7	8	9	10	High
Many low-volume buyers											A few, large-volume buyers
Differentiated products											Commodity products
High switching costs,											Low switching costs
No threat of backward integration											Threat of backward integration

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Bottom line...



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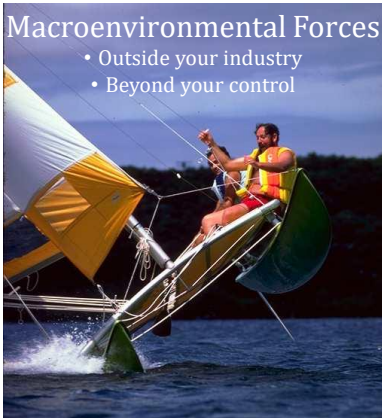
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### Macroenvironmental Forces

- Outside your industry
- Beyond your control



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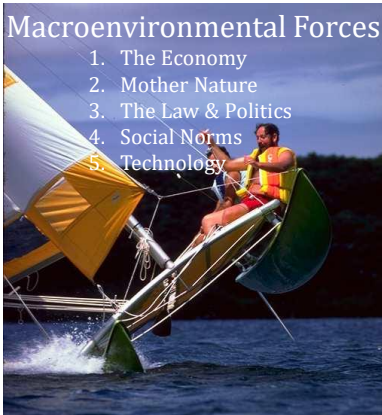
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### Macroenvironmental Forces

1. The Economy
2. Mother Nature
3. The Law & Politics
4. Social Norms
5. Technology



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From a strategy perspective,  
what happened to...



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28

Happy strategizing!



**Honing Your Business Strategy Skills**  
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Industry \_\_\_\_\_

**Competitive Forces**

Force 1 _____	Low	1	2	3	4	5	6	7	8	9	10	High
Force 2 _____	Low	1	2	3	4	5	6	7	8	9	10	High
Force 3 _____	Low	1	2	3	4	5	6	7	8	9	10	High
Force 4 _____	Low	1	2	3	4	5	6	7	8	9	10	High
Force 5 _____	Low	1	2	3	4	5	6	7	8	9	10	High

**Macroenvironmental Forces**

Force 1 _____	Positive	Neutral	Negative
Force 2 _____	Positive	Neutral	Negative
Force 3 _____	Positive	Neutral	Negative
Force 4 _____	Positive	Neutral	Negative
Force 5 _____	Positive	Neutral	Negative

30

**Presenter: Dr. Michael McIntyre**

**Session Title: Honing Your Business Strategy Skills**

**Learning Objectives:**

1. Participants will learn the three different levels of strategy.
2. Participants will learn how to analyze the competitive forces that impact their business.
3. Participants will learn how to analyze the macroenvironmental forces that impact their industry.