Lesson Five :Objectives or goals

These terms tend to be used interchangeably. Strategic objectives are normally ones to be achieved over the medium to long term. They may be financial such as a certain increase in earnings per share or nonfinancial such as a percentage increase in market share. In theory they should be capable of being quantifiable and hence susceptible to measurement.

Opportunities and threats

An important part of the strategic process is the identification of opportunities in the market-place. These are then matched with the company's capabilities. The competitive environment is also scanned for potential threats to the competitiveness of the business.

Key success factors

These are the things that a business must be able to do exceptionally well if it is to attain a leading position in a particular market. For example, in the highly competitive world of the major supermarkets the key success factors include:

_ site location and acquisition;

_ average store size;

_ IT systems linking point of sale to logistics;

_ accurate and rapid feedback from consumer research;

_ purchasing power.

Key decisions

Strategic decisions are ones that are of fundamental importance to the business, but will not prove to have been right or wrong for some considerable time. For example, the decision to make an acquisition of another company will normally take at least two to three years before a realistic view can be taken as to whether or not it was a sound decision. Strategic decisions are normally such that they are irreversible or at least can only be reversed at considerable cost.

Among the most important decisions are ones to do with the *allocation of resources*, particularly the allocation of capital. An obvious example is the choice between funding organic growth and funding growth by acquisition.