

The Processes of Generating Corporate Strategic Options and Selecting Strategic Alternatives

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Abstract

The objectives of this academic article are to review and to explain the process of generating corporate strategic options and the process of selecting strategic alternatives according to academic principle. An author has compiled all relevant contexts from textbooks and he has included his own views for better understanding about generating strategic options which cannot only finish at the stage of SWOT analysis and matching factors inside SWOT analysis, but the process of generating strategic options and the process of selecting strategic can be also run and categorized into three main stages as follows. Firstly, “The Input Stage” is generated into three matrices: “Internal Factor Evaluation matrix” (IFE matrix), “External Factor Evaluation matrix (EFE matrix), and Competitive Profile matrix (CP matrix). Secondly, “Matching Stage” is generated into four matrices: “Threat, Opportunity, Weakness and Strength” matrix (TOWS matrix), “Strategic Position and Action Evaluation” matrix (SPACE matrix), “Boston Consultant Group” matrix (BCG matrix) and “Internal – External” Matrix (IE matrix). Finally, after strategic alternatives were created, the leaders of the organizations need to make their decisions to select the most appropriate strategic alternatives from the second stage in order to deliver the optimum results by employing “Quantitative Strategic Planning” matrix (QSP matrix).

Keywords: input stage, matching stage, decision stage, strategic options

บทคัดย่อ

บทความวิชาการนี้มีจุดมุ่งหมายเพื่อต้องการที่จะทบทวนและอธิบายกระบวนการในการสร้างกลยุทธ์ในระดับองค์กร และการเลือกกลยุทธ์ตามหลักวิชาการ โดยผู้เขียนได้ทำการรวบรวมข้อมูลจากตำรา ต่างๆ รวมทั้งเพิ่มเติมจากมุมมองของผู้เขียนเข้าไปด้วยเพื่อต้องการให้เกิดความเข้าใจมากขึ้น ว่าการสร้างกลยุทธ์ในระดับองค์กรนั้นไม่ใช่แค่การทำการวิเคราะห์ SWOT แล้วสิ้นสุดเพียงเท่านั้น ซึ่งกระบวนการในการสร้างและเลือกกลยุทธ์ในระดับองค์กรนั้นสามารถแยกออกมาได้เป็นสามขั้นตอนหลักๆ ดังต่อไปนี้คือ ขั้นตอนที่1 คือขั้นตอนการกำหนดปัจจัยนำเข้าหรือที่เรียกว่า The Input Stage ทำให้เกิดสามแมทริกคือ แมทริกปัจจัยภายในที่เรียกว่าIFE Matrix อันที่สองคือ แมทริกปัจจัยภายนอกหรือที่เรียกว่าEFE Matrix และสามแมทริกตำแหน่งทางการแข่งขันหรือที่เรียกว่า CP Matrix ขั้นตอนที่สองคือขั้นตอนในการจับคู่เพื่อสร้างทางเลือกเชิงกลยุทธ์สำหรับองค์กร มีอยู่ด้วยกัน สี่แมทริก ได้แก่ TOWS Matrix, SPACE Matrix, BCG Matrix และ IE Matrix และเมื่อได้ทางเลือกเชิงกลยุทธ์ต่างๆแล้ว ผู้บริหารองค์กรจึงตัดสินใจว่าองค์กรควรที่จะเลือกนำเอากลยุทธ์ที่เหมาะสม ที่ได้มาจากขั้นตอนที่สอง เพื่อก่อให้เกิดประโยชน์สูงสุดกับองค์กรโดยใช้เครื่องมือที่เรียกว่า QSP Matrix มาเป็นตัวช่วยในการตัดสินใจ

คำสำคัญ: ขั้นตอนปัจจัยนำเข้า, ขั้นตอนในการจับคู่, ขั้นตอนในการตัดสินใจ, ทางเลือกเชิงกลยุทธ์



Introduction

Prior to generating and selecting strategic options for organizations, strategic management has to be defined as an organizational management which aims to maintain competitive status of the organizations and to elevate more profitable performance than their peers who refrain from applying strategic management (Olsen, 2012, p.15). In strategic management, there are three major components: strategic analysis, strategic formulation, and strategic implementation and control. If some components are missing, it cannot be counted as strategic management. In this article, the author would like to explain the process of generate corporate strategic options in the organizational level. This process is a partial element of “Strategic Formulation”. In order to identify the appropriate strategies, it is important to start with strategic environmental analysis in order to define the strategic factors. Therefore, this is essential for organizations to apply SWOT analysis so as to identify their strengths, weaknesses, external

opportunities, and environmental threats. It could be stated that SWOT analysis can help leaders of the organizations to compare their business’ performances with their competitors. Bateman & Snell (1999, p. 137) asserted that strategic analysis will provide deep understanding of the factors, which affect business’ operations: strengths that help achieve the goals, weaknesses that need to be solved, and opportunities and threats that deprive the business from the well-set goals. Therefore, environmental analysis concerning with strategic formulation at corporate level needs to be explored. After environmental analysis has been well defined through SWOT analysis, there are several strategic options: forward integration, backward integration, horizontal integration, market penetration, market development, product development, concentric diversification, conglomerate diversification, horizontal diversification, joint venture, retrenchment, divestiture, and liquidation and combination. Each alternative has countless variations as well (David, 2001, p.163).

Although there is a wide range of alternatives available, it is vital for the organizations' leaders to make decision in order to create the promising result and maintain competitive status for the organizations. In order to achieve the most appropriate strategic options, there are processes to be done.

The process of generating strategic options and choosing particular strategies

Approximately, there are 13 strategies in corporate level strategy. Each option has its own specific character and qualification. Hence, according to academic principles, the process of choosing the particular strategies anticipating to the nature of the organizations can be generated into three stages: "Input stage", "Matching stage" and "Decision stage" (David, 2001). These can be explained as follows.

1. Input Stage

The data submitted to an input stage was derived from an analysis of internal and external environments and competitive situations. After data was input, three matrices can be formed: internal factor

evaluation matrix (IFE Matrix), external factor evaluation matrix (EFE Matrix) and competitive profile matrix (CPM Matrix) (Serirat et al., 1981, p 139). Each matrix can be explained as follows.

1.1 Internal Factor Evaluation Matrix (IFE Matrix)

This matrix is primarily focused on organizational internal strengths and weaknesses. Its process can be categorized as follows (Wheelen & Hunger, 1995, p.147; Katsioloudes, 2006, p.103-104).

1) Critical internal factor identification is consisted of strengths (good image, reputation, and core competency) and weaknesses (slow and inflexible management).

2) Weight range is described as the importance of each factor. For example, between 0.0-1.0, if the weight is 0.0, this means such factor has the least importance. On the other hand, if the weight is 1.0, this means such factor is the most important one. The overall weighting score of every factor is 1.0. Hence, the success or failure of the organizations can be predicted through the total weighted score.

Table 1

Internal Factor Evaluation of Car Dealer "A" (adapted from David, 2001, p.153).

Critical Internal Factors	Weight 2	Rating 3	Weighted Score 4
Strengths			
Reputation of the organization	0.15	4	0.60
Vigor of the workers	0.15	4	0.60
Location	0.25	4	1.00
Bulk capital	0.20	4	0.80
Weaknesses			
Slowness in management	0.15	2	0.30
Inflexibility in management	0.10	1	0.10
Total	1.00		3.40

3) Rating is derived from numeric evaluation ranging from 1-2-3-4. If the rating value is equal to 1, it refers to “major weakness”. If the rating value is equal to 2, it refers to “minor weakness”. If the rating value is equal to 3, it refers to “minor strength”. Finally, if the rating value is equal to 4, it refers to “major strength”.

4) Weighted score can be varied depending on the factors themselves.

5) Total score is obtained from the sum of weighted score from all factors which are the result of the multiplication of weight from all factors and evaluation score. The total score is ranged from 1.0 to 4.0. If the result is 2.5, this means that organization still maintains itself in “average” level. If the result is less than 2.5, this means that organization situation falls in “weakness” If the result is greater than 2.5, this means that organization situation remains “strong”.

As can be seen from the table 1, IFE Matrix score of car dealer “A” is equal to 3.4. This can be implied that this dealer pertains itself to “strength” position.

1.2 External Factor Evaluation Matrix (EFE Matrix)

This matrix is an analysis of external opportunities and threats effecting to the organizations. This includes the impacts from society, economy, political system, culture, technology and legal issues. According to the table 2 below, the evaluation of EFE matrix is similar to Internal Factor Evaluation Matrix (IFE Matrix) (Katsioloudes, 2006, p.81-82).

1) Critical external factors are consisted of opportunities, which include financial support from institutions, and threats from competitors, which can cause the failure of business operation.

2) Weight range describes the importance of each factor. For example, between 0.0-1.0, if the weight is 0.0, this means that factor has the least importance. On the other hand, if the weight is 1.0, this means that factor is the most important one. Thus, the success or failure of the organizations can be predicted through the total weighted score. The overall weighting score of every factor is 1.0.

Table 2

External Factor Evaluation Matrix (EFE Matrix) of car dealer “A”

External Strategic Factor1	Weight 2	Rating 3	Weighted Score 4
Opportunities			
Financial support/ loan from institutions	0.20	3	0.60
Tendency of car ownership in Thailand	0.15	3	0.45
Competitors’ financial bankruptcy	0.20	4	0.80
Threats			
Stagnant country’s economy	0.20	2	0.40
Low political stability of government	0.10	2	0.20
Low consumers’ confidence	0.15	2	0.30
Total	1.00		2.75

3) Rating is derived from numeric evaluation ranging from 1-2-3-4. If the rating value is equal to 1, it refers to “poor response” which means this organization has few opportunities but a large number of threats. If the rating value is equal to 2, it refers to “average response” which means this organization remains itself in average level as its competitors. If the rating value is equal to 3, it refers to “above average” level of the organization. Finally, if the rating value is equal to 4, it refers to “superior” level of the organization.

4) Weighted score can be varied depending on the factors themselves.

5) Total weighted score is obtained from the sum of weighted score from all factors which is the result of the multiplication of weight from all factors and evaluation score. The total score is ranged from 1.0 to 4.0. If the result is 2.5, this

means that organization still maintains itself in “average” stage. If the result is 4.0, this means that organization has great number of opportunities to run its business. If the result is 1.0, this means that organization situation falls in trouble from several external threats.

As can be seen from the table 2, EFE Matrix score of car dealer “A” equals 2.75 which can be implied that this dealer has great opportunities in running its business.

1.3 Competitive Profile Matrix (CPM)

This matrix shows the comparison of the competitive positions of the car dealers including an evaluation of internal and external factors, relationship of strategic positions, and organizational strengths and weaknesses through weighted, rating and total scores.

Table 3

Competitive Profile Matrix (CPM) of three Car Dealerships

Critical Success Factors	Weight	Car Dealer “A”		Car Dealer “B”		Car Dealer “C”	
		Rating	Score	Rating	Score	Rating	Score
Advertising	0.20	1	0.20	4	0.80	3	0.60
Product Quality	0.10	4	0.40	4	0.40	3	0.30
Price Competitiveness	0.10	3	0.30	3	0.30	4	0.40
Management	0.10	4	0.40	3	0.30	3	0.30
Financial Position	0.15	4	0.60	3	0.45	3	0.45
Customer Loyalty	0.10	4	0.40	4	0.40	2	0.20
Global/Nation Expansion	0.20	4	0.80	2	0.40	2	0.40
Market Share	0.05	1	0.05	4	0.20	3	0.15
Total	1.00		3.15		3.25		2.80

Note: the rating values can be described as follows: 1=major weakness, 2=minor weakness, 3=minor strength, and 4=major strength.

Regarding table 3, the total weighted score of 2.80 from car dealer “C” can be indicated as the weakest dealer while car dealer “B” is the strongest one (3.25).

2. Matching Stage

After critical information has been analyzed, strategic matching is taken place between internal and external factors through applying

four matrices alternatively: TOWS, SPACE, IE, and BCG. The results from matching process depend heavily on the input information.

2.1 TOWS Matrix

This tool helps leaders of the companies to match internal and external factors strategically based on the relationships among threats, opportunities, strengths, and weaknesses. By matching these factors, there are four results of strategies, which are SO strategy, WO strategy, ST strategy and WT strategy (Turner, 2004, p.255-257).

Table4

TOWS Matrix

Internal and External Factors	Strengths (S), List 1, 2, 3...	Weaknesses (W), List 1, 2, 3...
Opportunities (O): List 1, 2, 3...	SO Strategies	WO Strategies
Threats (T): List threats 1, 2, 3...	ST Strategies	WT Strategies

According to the table 4, the companies will apply SO strategy with their internal strength which could help them take advantage over the competitors through external opportunities. The companies will utilize WO strategy when they found their internal weaknesses which need to be improved. When the companies have enough internal strengths, the impact from external threats will be reduced through ST strategy. WT strategy can be applied to minimize the internal weaknesses and refrain from environmental threats.

Regarding to an analysis of IFE and EFE matrices of car dealer “A” from table 1.1 and 1.2, it is found that IFE matrix score is 3.4 and EFE matrix score is 2.75. This could be implied that the positioning of the car dealer “A” is strong with high opportunities, so “SO” strategy can be applied. For example, if car dealer “A” found out some bankrupted competitors resulting from

lack of financial liquidity, the car dealer “A” can manage merging and acquisition action over the competitors by extending the ceiling of liability or arranging long term loan. This can be counted as an internal strength.

2.2 Strategic Position and Action Evaluation Matrix (SPACE Matrix)

Naveegarn (1996, p. 276-280) has described SPACE Matrix as a business evaluation based on internal and external factors. Internal factors are consisted of financial strengths (FS), such as, profitability ratio and financial security, and competitive advantage (CA), such as, cost and service advantages. On the other hand, external factors are comprised of environmental stability (ES), such as, purchasing power and economic security, and industrial strength (IS), such as, industrial growth and marketing motivated ability.

Table 5

Factors of SPACE Matrix (Adapted from David, 2001, p.209)

Internal Strategic Position	External Strategic Position
Financial Strengths (FS) Return on Investment Debt Management Financial Liquidity Current Ratio Cash Flow	Environmental Stability (ES) Technology Disruption Inflation Rate Pricing Strategy Changed by Competitors Marketing Penetration Burden Competitive Pressure
Competitive Advantage (CA) Marketing Share Customer Loyalty Bargaining Power from Suppliers	Industrial Strengths (IS) Marketing Growth Potential Profitable Generated Potential Ease of Marketing Penetration

Development processes of SPACE Matrix can be described as follows:

1) Select some factors from financial strength, competitive advantage, environmental stability and industrial strength sections.

2) Place value on each factor. (2.1) Regarding to financial strength, if the value is +1, this means the financial strength belongs to the worst situation. In contrast, if the value is +5, this means the financial strength belongs to the best situation. (2.2). Regarding to industrial strength, if the value is +1, this means the industrial strength belongs to the worst situation. In contrast, if the value is +5, this means the industrial strength belongs to the best situation. (2.3). Regarding to environmental stability, if the value is -1, this means the environmental stability belongs to the best situation. In contrast, if the value is -5, this means the environmental stability belongs to the worst situation. (2.4). Regarding to competitive advantage, if the value is -1, this means the competitive advantage belongs to the best situation. In contrast, if the value is -5, this means the competitive advantage belongs to the worst situation.

3) Calculate average overall scores of financial strength, industrial strength, environmental stability and competitive advantage. All scores need to be summed and divided by the number of factors.

4) Place the values of average scores from financial strength (FS), industrial strength (IS), environmental stability (ES) and competitive advantage (CA) on the axes of SPACE Matrix.

5) Mark two values on “X” and “Y” axes by summing up the two values on “X” axis. Then, draw a line from “X” axis corresponding “Y” axis and make “XY” point.

6) Draw a vector line from the origin (0, 0) of the SPACE Matrix through the new intersection point. This will identify strategic options for the companies.

After placing the values and marking the vector on graph, there are four possible strategies can be drawn as can be shown on picture 1. SPACE Matrix

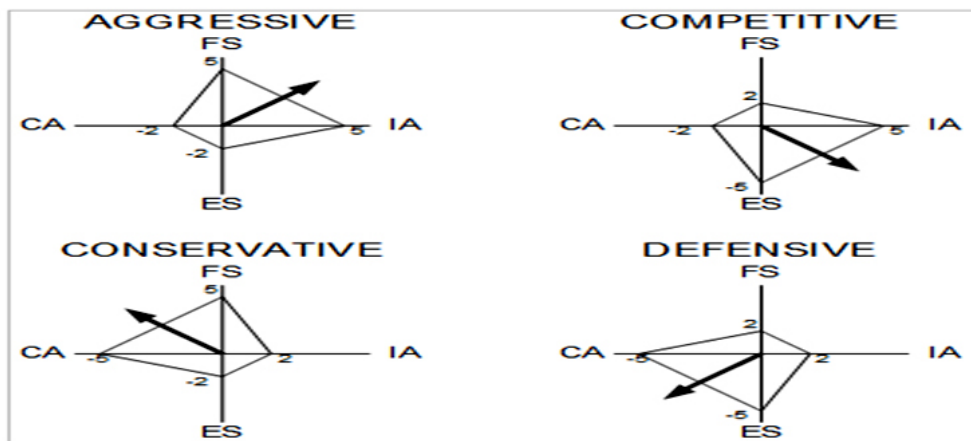


Figure 1 SPACE Matrix (David, 2001)

Firstly, the option can be “Aggressive Strategy” if the vector line points to the pair of (+5, +5). This means the company holds the most advantages on industrial strength (+5) and financial strength (+5). Therefore, it is recommended that this company will be able to seek external opportunities, to overcome the internal weaknesses and to refrain from external threats. Consequently, there are ten aggressive strategies which can be done by the company. (1) Marketing Penetration (2) Marketing Development (3) Product Development (4) Backward Integrated Strategy (5) Forward Integrated Strategy (6) Horizontal Integrated Strategy (7) Conglomerate Diversification (8) Concentric Diversification (9) Horizontal Diversification (10) Combination Strategy depending on the global situation.

Secondly, the option can be “Conservative Strategy” if the vector line points to the pair of (-5, +5). This means the company holds the worst situation on competitive advantage (-5), but it holds the most advantage on financial strength (+5). Therefore, it is recommended that this company will be able to exercise its performance based on its limited resource and cannot take risks in any situations. Consequently, there are four conservative strategies which can be done. (1) Marketing Penetration (2) Marketing Development

(3) Product Development (4) Concentric Diversification.

Next, the option can be “Defensive Strategy” if the vector line points to the pair of (-5,-5). This means the company holds the worst situation on competitive advantage (-5) and environmental stability (-5). Therefore, it is recommended that this company needs to improve its internal weaknesses. Consequently, there are four strategies which can be done. (1) Retrenchment Strategy (2) Divestiture Strategy (3) Liquidation Strategy (4) Concentric Diversification.

Finally, the option can be “Competitive Strategy” if the vector line points to the pair of (+5,-5). This means the company holds the strongest situation on industrial strength (+5) but poses itself on the worst situation of environmental stability (-5). Therefore, there are seven strategies which can be done. (1) Backward Integrated Strategy (2) Forward Integrated Strategy (3) Horizontal Integrated Strategy (4) Marketing Penetration (5) Marketing Development (6) Product Development (7) Joint Venture Strategy.

2.3 BCG Growth Share Matrix

This matrix has been initiated by Boston Consultant Group (BCG) in the hope that the matrix will assist business owners to arrange their strategic business units (SBU) according to marketing growth rate and relative marketing share (Bowman

& Asch, 1987, p. 44-46; Schermerhorn, 1999, p. 167). Therefore, this matrix can be described as an analysis of the relationship between marketing growth rate and marketing share. The vertical axis of the graph can be placed as “Business Growth Rate” or “Marketing Growth Rate” whereas the horizontal axis can be placed as “Relative Marketing Share”.

Marketing growth is an annual growth rate of each SBU while relative marketing share of each SBU needs to be compared with the sales of the major competitor. The result will be presented in the form of 4 matrices as shown in picture 2. on competitive advantage (-5) and environmental stability (-5). Therefore, it is recommended that this company needs to improve its internal weaknesses. Consequently, there are four strategies which can be done. (1) Retrenchment Strategy (2) Divestiture Strategy (3) Liquidation Strategy (4) Concentric Diversification.

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Figure 2: BCG Growth Share Matrix

According to picture 2, there are four types of company's positions which can be explained as follows:

1. "Question Marks" can be described as the business with the high level of marketing growth but low level of relative marketing share. Therefore, this business would need flow of cash to extend marketing share and business to elevate itself to "Stars" level. There are two main strategies can be employed. A) Growth strategies: marketing penetration, marketing development, product development. B) Retrenchment strategies

2. "Stars" can be described as the business with the high level of marketing growth and high level of relative marketing share. The net profit margin of this business is high but its expenditure is high, too. This means the business needs to continue its investment in order to maintain its growth, so there is not enough cash flow in the business. Growth strategies (backward integration strategy, forward integration strategy, horizontal integration strategy, marketing penetration strategy, marketing development strategy, product development strategy and joint venture strategy) can be employed to elevate itself to "Cash Cows" level.

3. "Cash Cows" can be described as the business with the low level of marketing growth but high level of relative marketing share because its business and product have reached the fully grown level and it does not need any cash for further investment anymore. This business needs to maintain its marketing share by utilizing stabilized strategy and modest growth strategy. Although this business has enough cash to maintain its position in the market, they can invest another SBU which can be improved itself from "Stars" to "Cash Cows" or from "Question Marks" to "Stars".

4. "Dogs" can be described as the business

with the low level of marketing growth and low level of relative marketing share. The profit margin and cash flow of this business are very low, but it needs cash flow to drive the business. Therefore, the strategies which can be applied are retrenchment strategies: divestiture strategy, harvesting strategy, or turnaround strategy (Wright, Kroll & Parnell, 1998, p.120).

2.4 Internal – External Matrix (IE Matrix)

Wheelen & Hunger (1995, p.123) have conceptualized IE matrix as an evaluation of relationship between "Internal Factor Evaluation Matrix" (IFE Matrix) and "External Factor Evaluation Matrix" (EFE Matrix). With this evaluation, the horizontal axis is defined as "Total Weighted Score of IFE Matrix" ranging from 3.00-4.00 (strong), 2.00-2.99 (average) and 1.00-1.99 (weak). In contrast, the vertical axis is defined as "Total Weighted Score of EFE Matrix" ranging from 3.00-4.00 (high), 2.00-2.99 (medium) and 1.00-1.99 (low). Likewise with the BCG Matrix, IE Matrix has been divided into nine cells as follows:

- 1) Strong IFE total weighted scores and high EFE total weighted scores
- 2) Average IFE total weighted scores and high EFE total weighted scores
- 3) Weak IFE total weighted scores and high EFE total weighted scores
- 4) Strong IFE total weighted scores and medium EFE total weighted scores
- 5) Average IFE total weighted scores and medium EFE total weighted scores
- 6) Weak IFE total weighted scores and medium EFE total weighted scores
- 7) Strong IFE total weighted scores and low EFE total weighted scores
- 8) Average IFE total weighted scores and low EFE total weighted scores
- 9) Weak IFE total weighted scores and

low EFE total weighted scores

The Internal-External (IE) Matrix

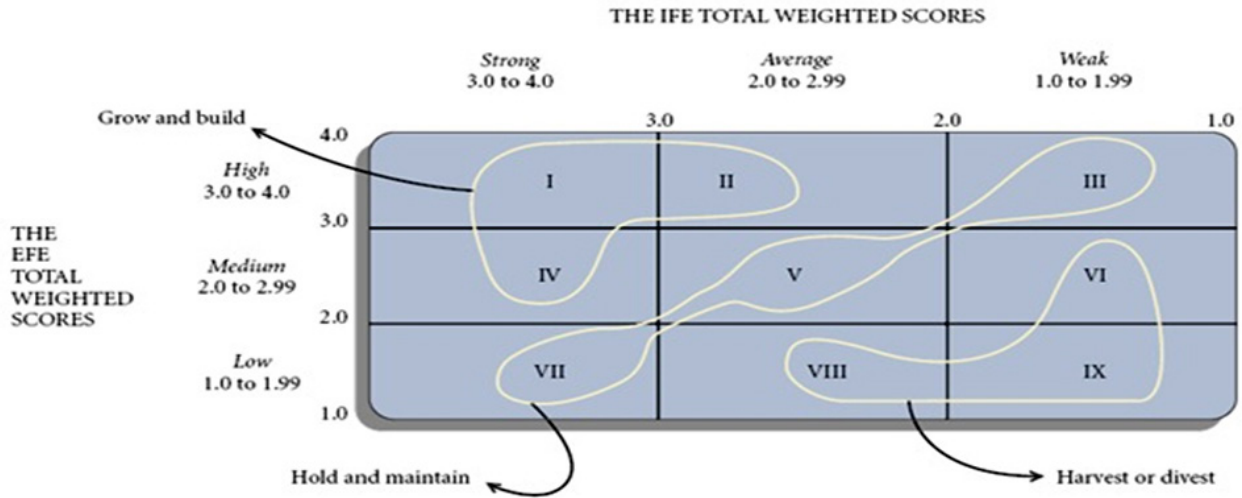


Figure 3: Internal – External Matrix (IE Matrix) (Adapted from David, 2001)

According to the picture 3, those nine cells have been classified into three main groups (David, 2001, p. 215-217) (1) Cells no. 1, 2 and 4 are defined as “Grow and Build” strategy which focuses on “Intensive Growth Strategy” and “Integrated Growth Strategy”. The business can apply marketing penetration, marketing development and product development strategies which are derived from “Intensive Growth Strategy”. As well as this, the business can employ “Backward Integration”, “Forward Integration” and “Horizontal Integration” strategies which are stemmed from “Integrated Growth Strategy”. (2) Cell no. 3, 5 and 7 are defined as “Hold and Maintain” strategy which focuses on marketing penetration and product development

strategies. (3) Cells no. 6, 8 and 9 are defined as “Harvest or Divestiture” strategy which focuses on retrenchment strategy.

3. Decision Stage

David (2001, p. 219-222) has identified “Decision Stage” as the final stage of the process of generating corporate strategic options and selecting strategic alternatives. At this stage, the companies’ leaders will apply “Quantitative Strategic Planning Matrix” (QSP Matrix) in order to finalize their decision by evaluating internal factors (organizational strength and weakness) and external factors (organizational opportunity and threat) as can be seen from table 6 below:

Table 6*QSP Matrix for Car Dealership Company*

Key Factors	Weight	Strategic Alternatives			
		Market Development		Market Penetration	
		AS	TAS	AS	TAS
Opportunities					
Desire of car ownership	0.5	4	0.6	3	0.45
Financial support from institution	0.10	4	0.4	2	2
Competitors' financial crisis	0.25	4	1	3	0.75
Threats					
Stagnant domestic economy	0.20	2	0.4	3	0.6
Low consumer's confidence	0.10	2	0.2	3	0.3
Great numbers of competitors in the same area	0.20	4	0.8	2	0.4
	1.00				
Strengths					
Company's Reputation	0.15	4	0.6	4	0.6
Highly motivated staff	0.10	2	0.2	4	0.4
Location	0.20	2	0.4	3	0.6
Bulk capital of the company	0.20	4	0.8	3	0.6
Weaknesses					
Slow management	0.15	2	0.3	2	0.3
Inflexible management	0.20	2	0.4	2	0.4
Total	1.00		6.1		5.6

AS=Attractiveness Score;
TAS=Total Attractiveness Score
Attractiveness Score; 1=Not
acceptable; 2=possibly
acceptable; 3= probably
acceptable; 4=most acceptable.

From table 6 QSP Matrix car Dealership Company, it can be concluded that this car dealership company should apply "Marketing Development Strategy" rather than "Marketing Penetration Strategy" due to greater average score.

Summary

According to the mentioned data above, it can be concluded that the process of generating corporate strategic options can be categorized into three stages: input stage, matching stage and decision stage. These stages can be explained as follows. Firstly, in “Input Stage”, the companies’

leaders need to engage a strategic analysis through SWOT analysis tool. By applying this analysis, the leaders will be able to seek input information from internal and external strategic environments. In terms of external environment, this can be described as social, economic, technological, political and competitive environments.

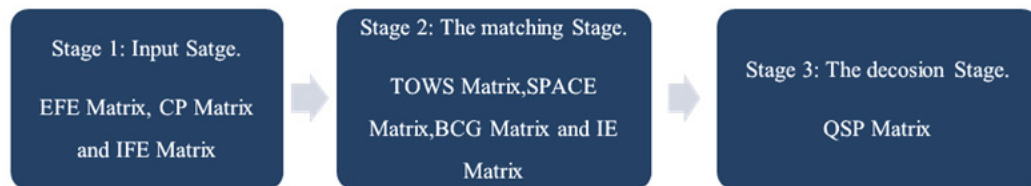


Figure 4: *The Strategic Creating Process Framework.*

After employing this analysis, the leaders will perceive the organizational opportunities and threats from external environments. As well as this, they will discover organizational strengths and weaknesses from internal environments. Then, the results can be generated into three matrices: EFE Matrix, CP Matrix and IFE Matrix. Secondly, in “Matching Stage”, there are four strategic matrices: TOWS Matrix, SPACE Matrix, BCG Matrix and IE Matrix which can be utilized as a strategic selection for the organization. Finally,

after several strategic options have been generated, “Decision Stage” needs to be applied. At this stage, the strategists need to evaluate the most appropriate strategic options in order to achieve the most profitable results. Those strategists can apply only one strategic option for the organization to implement. Then, the leaders of the organizations will utilize the “QSP Matrix” to make their decisions as can be seen in picture 4: the strategic creating process framework.



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