

Case 0 - Introduction

Q1. Match Terms with examples.

Examples:

1. Lose 5 kilos by 1 September and run the marathon next year
2. To run the London Marathon
3. Lose weight and strengthen muscles
4. Be healthy and fit

Exhibit 1.2 The vocabulary of strategy

Term	Definition
Mission	Overriding purpose in line with the values or expectations of stakeholders
Vision or strategic intent	Desired future state: the aspiration of the organisation
Goal	General statement of aim or purpose
Objective	Quantification (if possible) or more precise statement of the goal

Q2. Read examples of the Mission statements. Underline the mission statement characteristics.

For example,

Four Seasons is dedicated to perfecting the travel experience through continual innovation and the highest standards of hospitality. From elegant surroundings of the finest quality, to caring, highly personalised 24-hour service, Four Seasons embodies a true home away from home for those who know and appreciate the best. The deeply instilled Four Seasons culture is personified by its employees – people who share a single focus and are inspired to offer great service.



"we bring humanity back to air travel"

jetBlue

*JetBlue is an award-winning airline whose mission is "to bring humanity back to air travel." The airline does this by delivering **value**, service, style, and comfort to their customers—and to their **employees**, all of whom are called "crewmembers."*

Q3. Read the Case illustration. Answer the questions:

- 3.1 What is the problem of the TES company?
- 3.2 What is the Distinguish between strategic, tactical, and operational level decisions in the TES example?
- 3.2 Explain what is meant by the term overtrading.

SHORT CASE ILLUSTRATION

Levels of decision making: an Australian events management company

Total Event Solutions (TES) is a hypothetical events management company based in Sydney, Australia. The company has successfully operated in that market for many years organizing conferences, meetings, exhibitions and other events for both large and small clients in the local region and throughout the state of New South Wales. The market is extremely competitive and many of the larger companies TES works with have stated that they have difficulties in extending their working relationship with TES, though they are very satisfied with the service they have received. This is because the larger companies they represent have a nationwide presence and they need a partner to manage events that can also work on a nationwide basis.

TES's Board of Directors met and decided that in order to prosper in the future and compete effectively with national and international rivals in the market, TES had to expand to cover the entire Australian market. It was determined that it would do so by opening branch offices in each of the country's other five state capitals. However, to expand too rapidly can be an extremely risky aspect of business and lead to so-called *overtrading*. In such a situation, though the underlying business may be sound, investment may mean that cash-flow is negative for a period of time and has to be financed in some way. This occurs because financial and other resources need to be deployed before sales are achieved and revenue flows in. If there are unexpected adverse changes to the business environment, or levels of expected sales are not achieved, those providing finance (generally shareholders or banks) might withdraw the finance thereby leading to potential business failure.

Consequently, the Board of Directors laid down the condition that national coverage should be achieved, not immediately, but within five years through a phased opening of state offices in the key cities of Melbourne, Perth, Adelaide, Brisbane and Hobart. The CEO and his senior team subsequently met to consider the growth plan and determined a schedule for opening the offices, which involved a phased opening over five years starting with Melbourne and Brisbane in the subsequent year. As usual, annual sales targets were set for the Sydney office and new annual targets were set for TES's first new offices which would be opened in the coming year in Melbourne and Brisbane.