



## UNIT-4

### STRATEGIC IMPLEMENTATION AND TOOLS

#### QUANTITATIVE STRATEGIC PLANNING MATRIX

The Quantitative Strategic Planning Matrix (QSPM) is a strategic management tool used to objectively evaluate strategic alternatives based on specific internal and external factors. It helps decision-makers prioritize and select the most suitable strategies among various alternatives. Here's a detailed explanation of the QSPM:

#### Purpose of the QSPM

The QSPM serves several key purposes in strategic planning:

1. **Objective Evaluation:** Provides a structured framework to objectively evaluate and compare strategic alternatives.
2. **Prioritization:** Helps in prioritizing strategies based on their potential impact and feasibility.
3. **Strategic Alignment:** Ensures that selected strategies align with organizational goals and priorities.

#### Components of the QSPM

1. **Identify Key External and Internal Factors:**
  - **External Factors:** These include opportunities and threats identified through tools like PESTEL analysis (Political, Economic, Social, Technological, Environmental, and Legal factors).
  - **Internal Factors:** These include strengths and weaknesses identified through tools like SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).
2. **Assign Weights to Factors:**
  - Weight each internal and external factor based on its relative importance to the organization's success.
  - Typically, weights are assigned on a scale (e.g., 0.1 to 1.0) reflecting their impact on achieving strategic objectives.
3. **Identify Strategic Alternatives:**
  - Develop a list of strategic alternatives or actions that could address the identified opportunities and threats and leverage strengths and weaknesses.
4. **Evaluate Alternative Strategies:**
  - Assess each strategic alternative against the identified internal and external factors.
  - Use a rating scale (e.g., 1 to 4 or 1 to 5) to evaluate how well each alternative addresses each factor.
5. **Calculate Attractiveness Scores:**



- Multiply the weight of each factor by the rating of each strategy for that factor to calculate an attractiveness score.
  - Sum up the scores for each strategy across all factors to obtain a total attractiveness score.
- 6. Prioritize and Select Strategies:**
- Compare the total attractiveness scores of each strategy to identify and prioritize the most viable and impactful strategies.
  - Select strategies with the highest total scores for implementation.

## Example of QSPM Application

Let's consider a hypothetical example for a technology company:

- 1. Key Factors Identified:**
  - **External Opportunities:** Market growth in emerging economies.
  - **External Threats:** Intense competition from new entrants.
  - **Internal Strengths:** Strong R&D capabilities.
  - **Internal Weaknesses:** High production costs.
- 2. Weights Assigned:**
  - Opportunities (0.2), Threats (0.2), Strengths (0.3), Weaknesses (0.3).
- 3. Strategic Alternatives Identified:**
  - Market expansion in emerging economies.
  - Strategic alliances with complementary technology firms.
  - Cost reduction initiatives in production processes.
  - Product innovation to maintain competitive edge.
- 4. Evaluation of Strategies:**
  - Each strategy is evaluated against each factor using a rating scale (1 to 4, where 4 is most favorable).
- 5. Calculation of Attractiveness Scores:**
  - Multiply the weight of each factor by the rating of each strategy for that factor.
  - Sum up the scores to get the total attractiveness score for each strategy.
- 6. Prioritization and Selection:**
  - Compare total scores across strategies to prioritize and select the most viable strategies.
  - Strategies with higher total scores are considered more attractive and suitable for implementation.

## Benefits of Using QSPM

- **Structured Decision-Making:** Provides a systematic approach to decision-making based on quantitative analysis.
- **Objective Evaluation:** Helps in objectively comparing and prioritizing strategic alternatives.
- **Strategic Alignment:** Ensures selected strategies align with organizational goals and objectives.



- **Transparency:** Offers transparency in the decision-making process, facilitating consensus among stakeholders.

### **Limitations of QSPM**

- **Data Availability:** Relies on accurate and reliable data for factors and ratings, which may not always be available.
- **Complexity:** Requires careful consideration and understanding of factors and their interrelationships.
- **Subjectivity:** Ratings and weights assigned to factors and strategies can be subjective and vary across stakeholders.

### **Conclusion**

The Quantitative Strategic Planning Matrix (QSPM) is a valuable tool for strategic planning and decision-making, particularly in evaluating and prioritizing strategic alternatives based on quantitative analysis of internal and external factors. By systematically assessing and comparing strategic options, organizations can make informed decisions that align with their objectives and enhance their competitive position in the market.