

# **BUSINESS ENVIRONMENT**

**LEADER NOTES**

Management Extra

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eLearn  
5 Threeways  
Cuddington  
Cheshire  
CW8 2XJ

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# BUSINESS ENVIRONMENT LEADER NOTES

## AIM

To develop learners' strategic understanding of how business works by exploring their own organisation.

## OBJECTIVES

### By the end of this workshop learners will:

- have explored the nature of organisations
- know how an organisation defines its mission and values, and the impact of these on strategic objectives
- have examined cultural and structural types and identified the culture in their own organisation
- understand the impact of internal factors on organisational success
- be able to analyse how well their own organisation's products/services are performing in the marketplace
- be able to analyse the competitive nature of their own industry
- be aware of the impact of technology on an organisation
- have devised a personal action plan.

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# WELCOME AND INTRODUCTIONS 09.30 – 09.40

## OBJECTIVE

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To put learners at ease and introduce the workshop.

## RESOURCES

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Slides 1 and 2 'Workshop objectives'

Slide 3 'Workshop agenda'

## STEPS

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Welcome learners and talk through:

1

2

- domestic arrangements
- workshop objectives (Slides 1 and 2)

3

- workshop agenda (Slide 3).

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## Notes

# SESSION 1

## REVIEW OR ICEBREAKER

09.40 – 10.00

### OBJECTIVE

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To familiarise learners with the rest of the group, if this is a stand-alone workshop or to allow them to reflect on learning and actions as a result of the previous workshop, if this is part of a continuous Certificate programme.

### RESOURCE

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Flipchart

### STEPS

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#### Review

If this workshop is being run as part of a continuous Certificate programme, conduct this session as a review of learners' actions and thoughts as a result of the previous workshop. Split into groups and give them time to put their thoughts and actions on a flipchart, then present to the main group.

OR

#### Icebreaker

If the workshop is a stand-alone session, put learners into pairs and ask them to find out the following about each other:

- name, job
- expectations of today's workshop.

Allow 10 minutes for this.

Ask them to introduce their partner to the rest of the group.

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### Notes

# SESSION 2

## FOCUSING ON YOUR ORGANISATION

10.00 – 10.40

### OBJECTIVE

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To explore the nature of the organisation.

### RESOURCES

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Slide 4 'The corporate environment'

*Business Environment*

### STEPS

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Introduce the group to Slide 4. This is also reproduced in **Activity 1** in the *workbook*, p. 6.

The central process shows that the core of the organisation is a system that transforms inputs into outputs that are provided to customers.

Explain that each of the three layers represents a different category of environment. These are:

- internal – the company environment
- micro – the industry or market environment
- macro – the wider environment.



Refers to *The Nature of Organisations*, p. 1.

Discuss with the group how each of these environments affects the organisation. Discussion should include:

- company environment – maximum control and influence
- industry environment – can influence stakeholders, suppliers, etc. – which can also influence the organisation
- macro environment – little opportunity to effect change, but social and economic changes and trends will affect the organisation.

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### Notes

# SESSION 2

## FOCUSING ON YOUR ORGANISATION

Introduce **Activity 1** from the workbook, p. 6. Put learners in small groups and ask them to discuss the model and complete the task. Allow 20 minutes for this. On a flipchart, using the headings given in the activity, ask learners to feedback their answers.

**BREAK**

**10.40 – 10.55**

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**Notes**

# SESSION 3

## DEVELOPING STRATEGY

10.55 – 11.30

### OBJECTIVE

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To explore how an organisation defines its mission and values, and the impact of these on strategic objectives.

### RESOURCES

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Flipchart

Slide 5 'Strategy 1'

Slide 6 'Strategy 2'

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Copies of learners' organisation mission statement and core values if these are available.

### STEPS

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Ask the group what they think strategy is and why it is important. Write learners' answers on a flipchart.



Using Slides 5 and 6 explain the following:



- Strategy is about how organisations get to where they want to be from where they are now.
- Strategy is the big picture. It is concerned with the long-term direction of the business and the scope and focus of the organisation's activities. The strategy needs to reflect and respond to the continuous changes in the environment in which the organisation operates.
- Strategy affects everyone working in the organisation as it includes the plans and goals that underpin its targets and priorities.
- To be effective, strategies have to be cascaded to all parts of the business. It is important that managers know and understand the goals, strategies and plans of their organisation and how they and their teams contribute to them.

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### Notes

# SESSION 3

## DEVELOPING STRATEGY

Introduce **Activity 2** from *Business Environment*, p. 14. Talk through the instructions then split learners into groups of three or four and ask them to work through the exercise. They have 20 minutes to complete.

Ask the group how well they feel their organisation's strategy cascades to their departmental objectives. Discuss how their everyday work could change to match their mission more closely.



Refers to The Strategy Process, p. 7.

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**Notes**

# SESSION 4

11.30 – 11.50

## ORGANISATIONAL STRUCTURE AND CULTURE

### OBJECTIVE

To examine cultural and structural types and identify the culture within learners' own organisations.

### RESOURCES

Slides 7, 8, 9 and 10 'Cultural types'

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### STEPS

Introduce the session by highlighting that culture and structure are key factors in an organisation's internal environment. Culture is often described as 'the way we do things around here'.



Charles Handy (Handy, 1993) has identified four cultural types. Show Slides 7, 8, 9 and 10 and give a brief description of each type.



- power – where the strong leader, with central power, manipulates all the activities of the organisation.
- role – where roles are more important than individuals, for example, in bureaucratic organisations.
- task – here there is no single source of power and the project is the key.
- person – the main concern of a person-centred culture is to look after the needs of the individuals within it.



Refers to *The Internal Environment: Culture and Structure*, p. 21.

Introduce **Activity 3** from the workbook, p. 26. Split learners into pairs and ask them to spend five minutes discussing which type they think their own organisation is. Take feedback from the group.

### Notes

# SESSION 5

## THE INTERNAL ENVIRONMENT

11.50 – 12.50

### OBJECTIVE

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To identify the impact of internal factors on organisational success.

### RESOURCES

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*Business Environment*

### STEPS

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Introduce **Activity 5** from the workbook, p. 33. Divide learners into three groups. They have 40 minutes to discuss the case study and come up with their answers. Point out that they should not look at page 23 as this gives some answers and would detract from the purpose of the exercise.



Take feedback by asking each group to report on two sections.

Refers to *Business Environment*, p. 29.

## LUNCH

12.50 – 13.50

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### Notes

# SESSION 6

## PORTFOLIO ANALYSIS

13.50 – 14.35

### OBJECTIVE

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To enable each learner to analyse their own organisation using the Boston Consulting Group matrix.

### RESOURCES

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Slide 11 'Boston Consulting Group matrix'

*Business Environment*

Flipchart

Information on the learners' organisation's products/services if available and appropriate.

### STEPS

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Explain that portfolio analysis focuses on an organisation's products and how well they are doing in the marketplace. Introduce the Boston Consulting Group matrix by showing Slide 11. It views an organisation's products as dogs, problem children, cash cows or stars.



Refers to *Portfolio Analysis*, p. 41.

Use the following energiser to split learners into four groups. Ask them to arrange themselves in a straight line across the room, with people with birthdays in January at one end and those in December at the other. Everyone should stand in the appropriate place for their month of birth. Divide the line into four to make up the groups.

Introduce **Activity 7** from the workbook, p. 44, and ask learners to complete Part 2 of the task. Allow 15 minutes to complete the exercise. Learners should write their answers in a grid on a piece of flipchart paper.

Take feedback by asking each group to talk about one product/service.

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### Notes

# SESSION 7

## INDUSTRY ANALYSIS

14.35 – 15.30

### OBJECTIVE

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To analyse the competitive nature of each learner's industry.

### RESOURCES

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Slide 12 'Porter's Five Force model'

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### STEPS

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Show Slide 12 and introduce Porter's Five Force model.

The forces can be explained as follows:

- **Bargaining strength of suppliers.** Are suppliers many and competitive, or few, perhaps because they have a monopoly or a unique product? For example, few can match Microsoft's Windows architecture and this puts the company in a strong position. Strong suppliers can keep prices high.
- **Threat of new entrants.** Is competition likely to increase or decrease? Are there barriers to entry such as capital outlay or regulation? Is entry easy through deregulation? Consider how many companies have diversified into financial services over the last few years.
- **Bargaining strength of buyers.** For example, supermarkets in the UK buy from farmers. There are about six major supermarket companies, and numerous farmers. Farmers complain that the supermarket companies have a near monopolistic control over them, forcing them to trim margins despite the poor financial state of the agriculture industry.

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### Notes

# SESSION 7

## INDUSTRY ANALYSIS

- **Threat of substitute products.** For example, MP3, a new digital music product, is threatening to dislodge traditional music products and outlets from their markets. Other examples include the growth of 'own brand' labels in supermarkets, or vegetarian alternatives to meat, LPG as an alternative to petrol etc. Substitutes can drive prices down.
- **Competition among existing industry businesses.** What is the current level of competition? Is there a 'cartel' like OPEC? Are competitors vibrant and innovative as in high tech industries? Is competition regulated as in the power and energy industry? Is there high or low growth? Are margins tight? Are there many or few competitors?

Introduce **Activity 12** from the workbook, p. 70. Ask the group to work through the activity in pairs. Allow 20 minutes to complete.

Take feedback on Part 1 of the task, then discuss participants answers to Part 2. Ask them how they feel their conclusions impact on the work of their own departments.



Refers to *Industry Analysis*, p. 67.

**BREAK**

**15.30 – 15.45**

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**Notes**

# SESSION 8

## THE IMPACT OF TECHNOLOGY

15.45 – 16.15

### OBJECTIVE

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To examine the impact of technology on an organisation.

### RESOURCES

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*Business Environment*

### STEPS

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Introduce **Activity 15** from the workbook, p. 92. Divide learners into groups of three and ask them to spend 15 minutes discussing the case study and completing the task. The answers appear on page 95, so ask learners not to look at these until they have finished the exercise.

Conduct a brief discussion to explore the main learning points. Ask learners how technology is likely to change their jobs in the future.



Refers to *The Macro Environment: Technology*, p. 90.

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### Notes

# SESSION 9

## REVIEW AND ACTION PLANNING

16.15 – 17.00

### OBJECTIVES

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This session will help learners to:

- reflect on the day's activities and their value in learning about business awareness
- develop a personal action plan
- understand what they need to do following the workshop.

### RESOURCES

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*Business Environment*

### STEPS

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Learners to spend 10 minutes looking back through their notes and *Business Environment*. They should list key learning points and identify some actions they would like to undertake as a result of this workshop.

They should then work in pairs to discuss:

- potential barriers to achieving their goals
- how they might overcome these
- the benefits they will gain from achieving their goals.

In the main group, ask learners for key learning objectives.

Emphasise the importance of completing the rest of the activities in the workbook.

Where relevant, introduce the next stage of the programme and ensure learners are clear about what they need to do.

## END OF WORKSHOP

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### Notes

# NOTES

## **ADDITIONAL NOTES**

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