

Long-Term Objectives

Objectives --

- Quantifiable
- Measurable
- Realistic
- Understandable
- Challenging

Long-Term Objectives

Objectives --

- Hierarchical
- Obtainable
- Congruent
- Time-line

Long-Term Objectives

Varying Performance Measures by Organizational Level

Organizational Level	Basis for Annual Bonus/Merit Pay
Corporate	75% on long-term objectives 25% on annual objectives
Division	50% on long-term objectives 50% on annual objectives
Function	25% on long-term objectives 75% on annual objectives

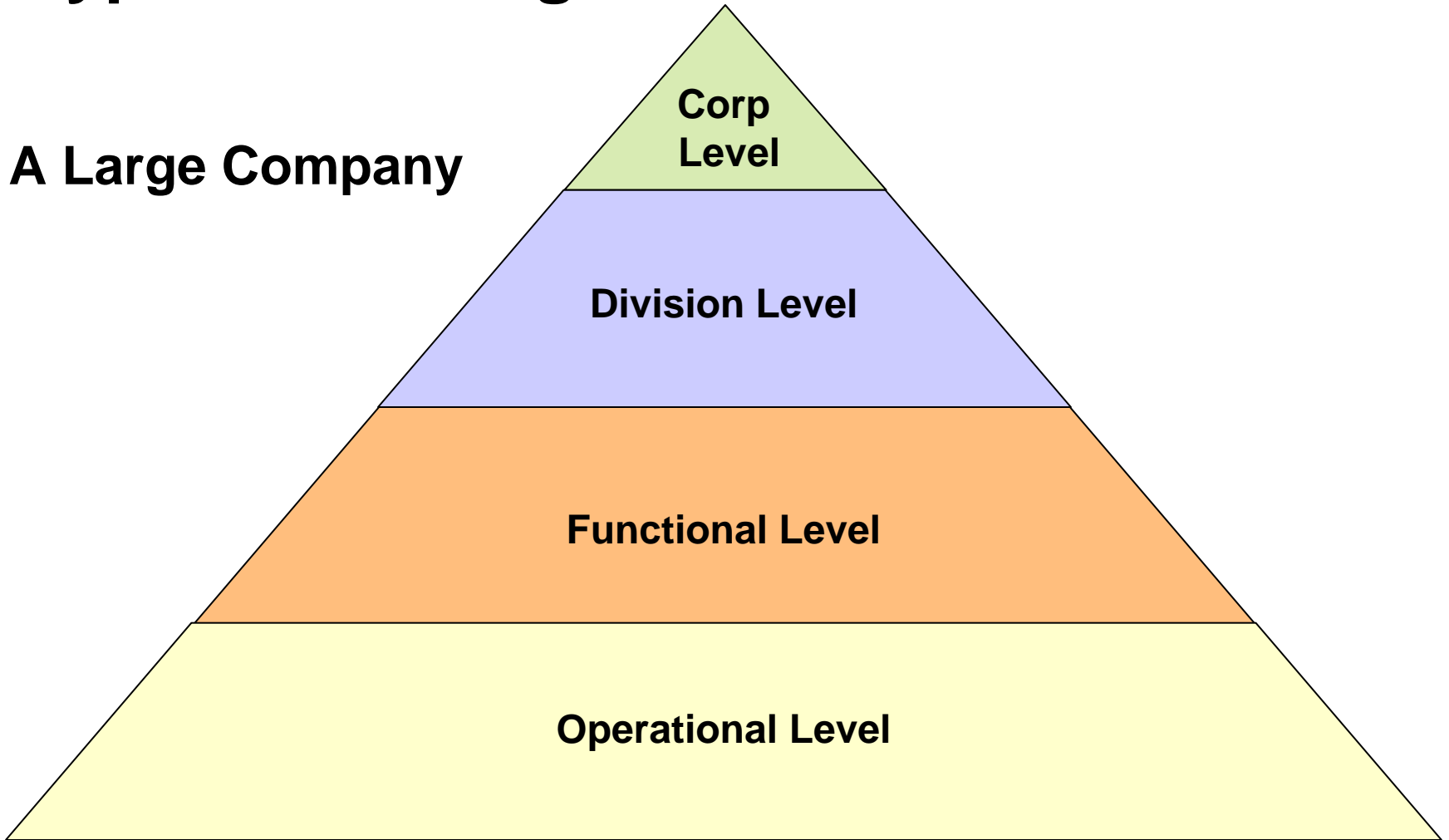
Financial vs. Strategic Objectives

Financial Objectives

- Growth in revenues
- Growth in earnings
- Higher dividends
- Higher profit margins
- Higher Earnings per share
- Improved cash flow

Types of Strategies

A Large Company



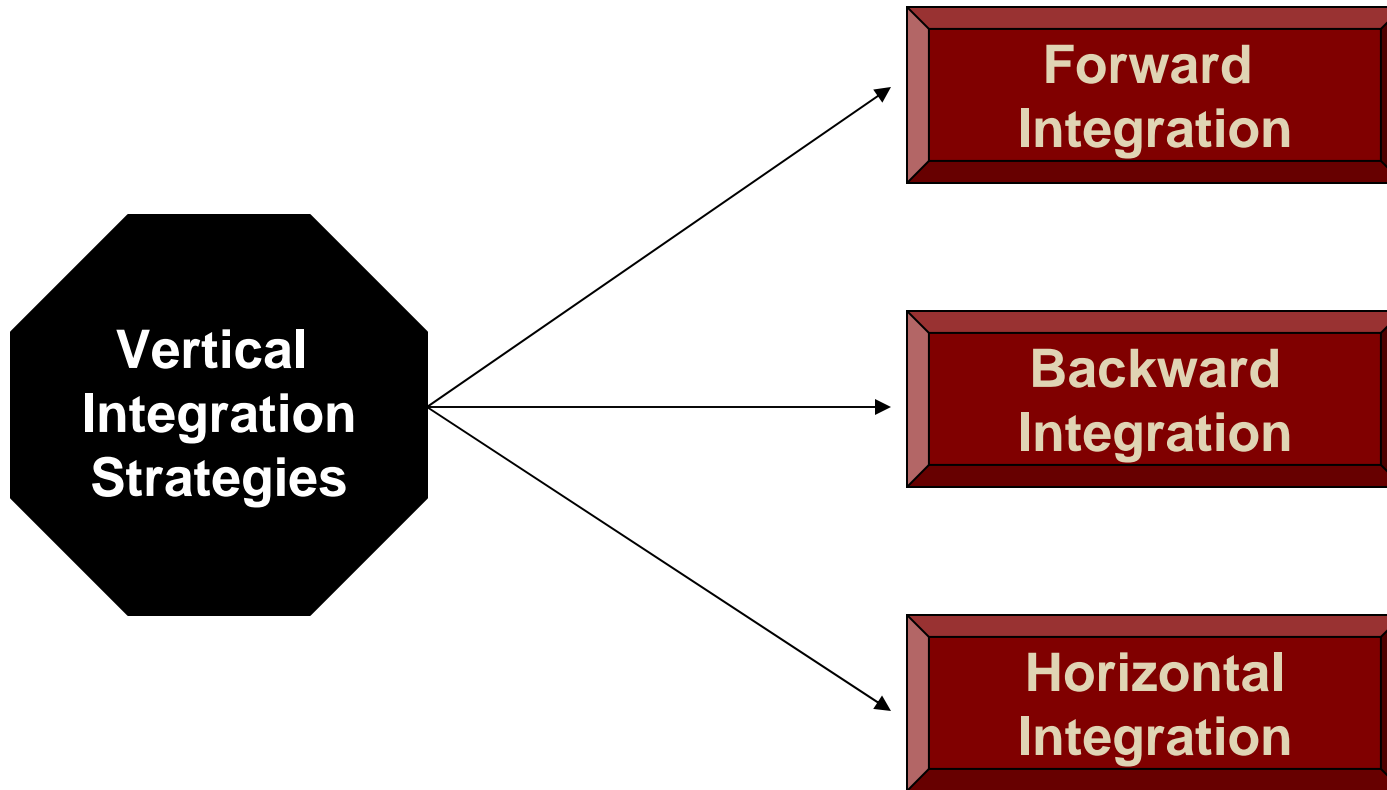
The Balanced Scorecard

Robert Kaplan & David Norton --

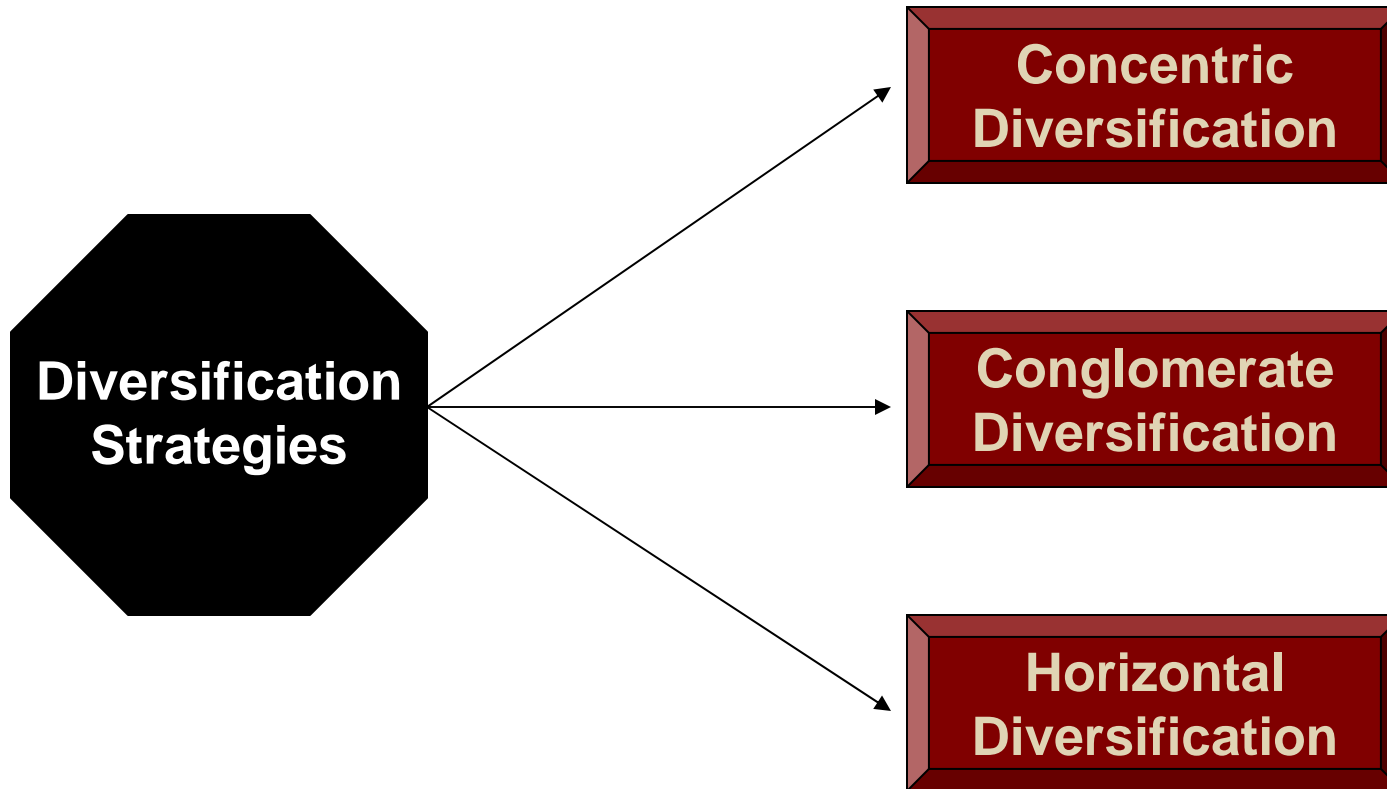
- Strategy evaluation & control technique
- Balance financial measures with non-financial measures
- Balance shareholder objectives with customer & operational objectives



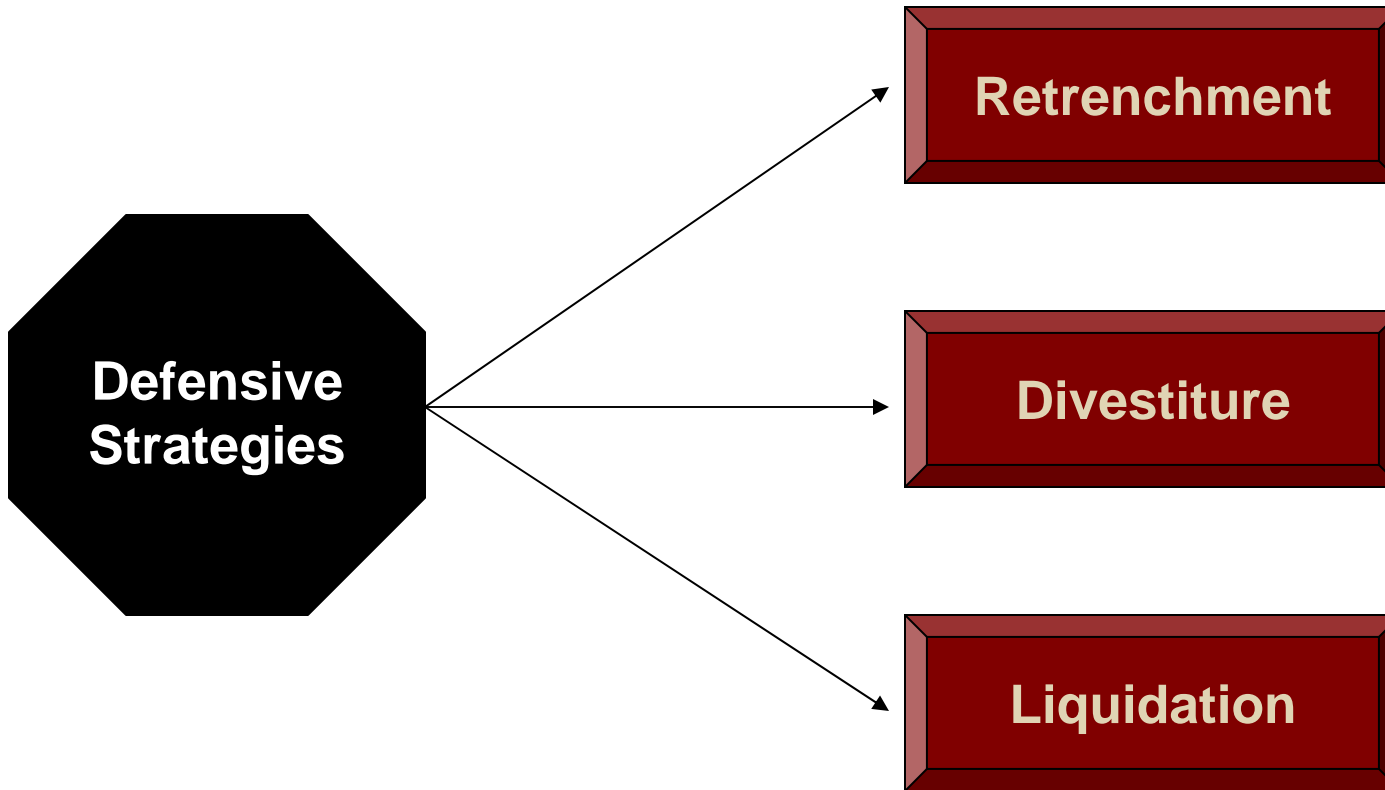
Types of Strategies



Types of Strategies



Types of Strategies



2003 Examples

Forward Integration	Doll maker & mail order firm, Pleasant Co., opened a retail store in Manhattan
Backward Integration	McDonalds recently acquired a paper cup producer
Horizontal Integration	Callaway Golf recently acquired Top-Flite Golf Company

2003 Examples

Market Penetration	SABMiller Plc spent \$500 million in 2003 on marketing its Miller brands of beer
Market Development	JetBlue is adding dozens of new routes
Product Development	GM developing hydrogen powered automobiles or Pfizer developing a new antismoking pill

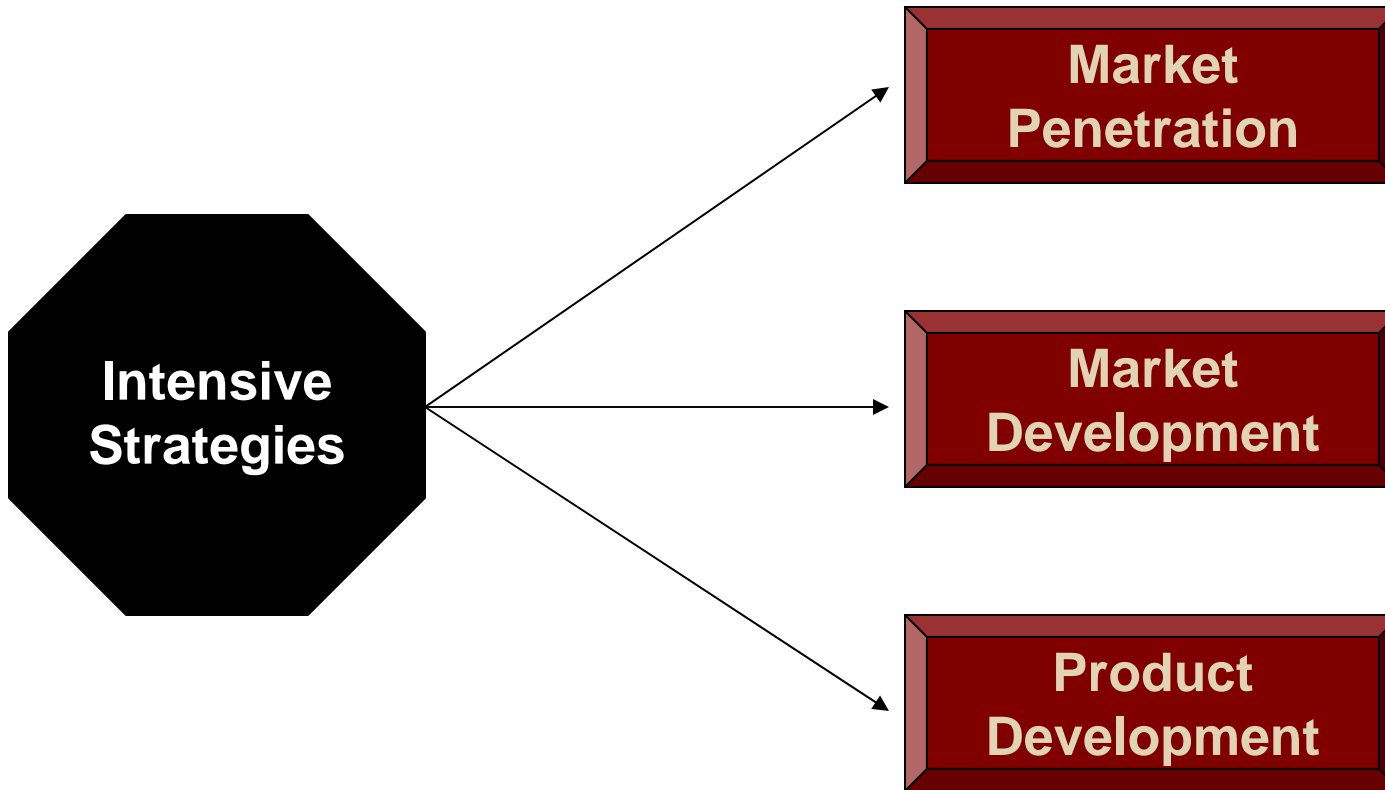
2003 Examples

Concentric Diversification	Microsoft launched its first personal computers that double as entertainment centers
Conglomerate Diversification	The video-rental firm Blockbuster may acquire the DVD and music direct-marketing firm Columbia House
Horizontal Diversification	Viacom acquired Comedy Central, from AOL

2003 Examples

Retrenchment	America West Airlines closing its hub at Columbus, Ohio and laying off 390 employees
Divestiture	ConocoPhillips recently sold its Circle K convenience store chain to Alimentation Couche-Tard, a Canadian firm
Liquidation	Sprint liquidated its Web-hosting division

Types of Strategies





<http://www.yousigma.com/>