ROUND 2: CODE OF COMMERCE

IVYES Business Rounds | Strategic Analysis Study Guide

1. Why Strategic Business Management Is Important

Strategic business management is the continuous process of setting a business's long-term goals, analysing its internal strengths and external environment, choosing the best course of action, putting that plan into practice, and reviewing the results. It connects everyday decisions to the bigger question of where the business wants to be in the future and how it will get there. It matters for the following reasons:

- **Gives clear direction and purpose.** A defined vision, mission and set of objectives ensures that every department and every employee works towards the same goals instead of pulling in different directions.
- **Builds competitive advantage.** By understanding what the business does better than its rivals, managers can focus on those strengths and position the business uniquely, which makes it harder for competitors to copy or replace.
- **Uses resources efficiently.** Money, people, time and equipment are limited. A strategy tells managers where to invest and what to avoid, which reduces waste and improves profitability.
- **Prepares the business for change.** Markets, technology, laws and customer tastes keep changing. Regular strategic analysis helps a business spot opportunities early and respond to threats before they cause serious damage.
- **Improves decision-making.** Decisions are based on research and analysis rather than guesswork, so risks are understood in advance and the chance of costly mistakes is lower.
- **Supports growth and long-term survival.** Businesses with a strategy can expand into new markets, launch new products and stay profitable over many years, instead of reacting only to short-term problems.
- **Strengthens coordination and accountability.** Clear targets make it easier to measure performance, review progress, and hold teams responsible for results, which improves teamwork and motivation.

2. SWOT Analysis

SWOT analysis is a planning tool used to assess a business by looking at four areas. **Strengths** and **Weaknesses** are **internal** factors that the business can control. **Opportunities** and **Threats** are **external** factors that come from outside the business and cannot be controlled, only responded to. The aim is to build on strengths, correct weaknesses, take advantage of opportunities and prepare for threats.

STRENGTHS (Internal)	WEAKNESSES (Internal)
What the business does well and the advantages it has over competitors.	Areas where the business performs poorly or lacks resources compared to rivals.
Examples: strong brand, skilled staff, loyal customers, modern equipment, good financial position.	**Examples:** high staff turnover, outdated systems, heavy debt, limited product range, poor marketing.
OPPORTUNITIES (External)	**THREATS (External)**
Favourable outside conditions the business can use to grow or improve.	Outside conditions that could harm the business or reduce its performance.
Examples: new markets, growing demand, supportive laws, new technology, weaker competitors.	**Examples:** new competitors, rising costs, economic slowdown, strict regulations, changing tastes.

3. PEST Analysis

PEST analysis examines the **external macro-environment** in which a business operates. It looks at four groups of outside factors: **Political**, **Economic**, **Social** and **Technological**. These factors affect all businesses in a market, so understanding them helps managers predict change and plan ahead. PEST is often used alongside SWOT because it supplies the detail for the Opportunities and Threats sections.

Factor	What It Covers	Examples
Political	Government policies and legal conditions that affect how a business operates.	taxes, trade tariffs, labour and safety laws, political stability, subsidies, regulations.
Economic	The state of the economy and its effect on costs, demand and spending power.	inflation, interest rates, exchange rates, unemployment, economic growth, consumer income.
Social	The values, lifestyles and characteristics of the population and customers.	population growth, age groups, health awareness, buying habits, culture, education levels.
Technological	Innovation and technical developments that change how products are made and sold.	automation, e-commerce, digital payments, new machinery, social media, research and development.

Key difference: SWOT studies both the inside of the business (strengths and weaknesses) and the outside environment (opportunities and threats), while PEST studies only the outside environment in greater depth.

4. Case Study: Nuvo Foods

Marks: 10 | Read the case carefully. All internal and external factors are hidden inside the text and must be found by the delegates themselves.

Company Background

Nuvo Foods is a mid-sized packaged snack manufacturer that was founded 15 years ago and sells its products through 8,000 retail outlets across the country. The company produces only three products, and its flagship potato chips bring in around 70% of total revenue. Over the years the brand has earned strong customer loyalty, and its products hold all the major food-safety certifications. The company employs 1,200 people, including a small but highly skilled research team that has developed several award-winning recipes.

Operations and Management

Two years ago, Nuvo Foods borrowed heavily to build a modern automated factory, which now runs at 90% of its capacity. As a result, the company has very little cash left, and a large part of monthly profit goes towards loan repayments. The sales department has lost nearly one-third of its staff in the last year, with many employees leaving for competitors offering higher salaries. Inventory is still tracked with an outdated computer system, which often causes late deliveries and stock shortages. Management has also not yet launched an online store or any digital marketing, even though the company's customers are mostly under the age of 35.

Market Conditions

The government recently announced a new tax on snacks with high salt and sugar content, and stricter rules are expected on plastic packaging within the next two years. Inflation has reached its highest level in a decade, so households are cutting back on non-essential spending. The local currency has also weakened, making the imported packaging material and flavourings more expensive, and interest rates have risen. At the same time, a global snack brand has entered the market with lower prices and a large advertising budget, while major supermarket chains are demanding bigger discounts from suppliers. On the positive side, more consumers are shopping for groceries on mobile apps, and demand for healthy baked snacks is growing quickly among young people who are becoming more health-conscious. A newly signed trade agreement with a neighbouring country has also removed import duties on food products, and affordable packaging machines that use recycled material have recently become available.

Task for Delegates

Using the case above, delegates must find out the factors themselves and complete the following:

1. Identify all the **internal** and **external** factors affecting Nuvo Foods.
2. Sort the factors into a complete **SWOT analysis** (Strengths, Weaknesses, Opportunities, Threats).
3. Sort the external factors into a complete **PEST analysis** (Political, Economic, Social, Technological).