

What are the five steps of the strategic planning process?

- 1) Defining the company's mission, vision, values, and goals.
- 2) Analyzing the **external** competitive environment in order to identify opportunities and threats.
- 3) Analyzing the **internal** operating environment to identify strengths, weaknesses, and limitations.
- 4) Formulating and selecting strategies that will optimize the organization's strengths and correct its weaknesses.
- 5) Developing and implementing the chosen strategies.

What are the four components of a mission statement?

- 1) The company's mission, or "reason to be."
- 2) It's vision, or a statement of a desired future state.
- 3) A statement of the organization's values.
- 4) A statement of its major goals.

What are opportunities in the context of strategic planning?

Opportunities arise when companies can leverage external conditions to develop and implement strategies that will make them more profitable.

What are threats in the context of strategic planning?

Threats include conditions in the external environment that pose a danger to profitability.

What is a differentiation advantage?

A differentiation advantage creates value for a firm's customers because it provides its customers with benefits that exceed those provided by the firm's competitors. A differentiation advantage gives the firm more flexibility in pricing because it can price its product or service higher than the prices of its competitors, leading to greater profits than the competition.