

5.2: Tactical Decisions

Learning Objectives

- Summarize a few tactical decisions that can be made to enact the strategy

Earlier, we introduced the concept of tactical planning. Tactical plans are the short-term actions the firm takes to affect the controllable elements of the strategy. Thus, tactical decisions relate to how a strategy is implemented and ultimately achieved.

Tactics are the initiatives and activities that, when combined and successful, deliver the strategic objective. Within a firm, decision-makers and managers outline the specific initiatives that will be undertaken and delegate roles and responsibilities across the organization to support them.

Like many things, it is likely easiest to consider strategy and tactics with an example. Let's imagine that HEB, a retailer in Texas, has made increasing their sales revenue by 5.6% by updating their assortment with more fresh and all-natural products their strategic objective. On the face of it, the leaders of the organization have given us a clear indication of WHAT they want to do: increase sales revenue by 5.6%. And, they have indicated HOW they want to do it: updating their assortment with more fresh and all-natural products. What's unstated but implied in this strategic objective is that fresh and all-natural products are generally on-trend with consumers and have higher price-points than alternatives.

But, think about HEB's strategic ambition in-practice. What has to happen within the organization to make the change to assortment possible, so that they can realize a 5.6% increase in sales revenue? What functions need to be involved? What specific initiatives need to be undertaken?

To begin, HEB's merchandising team would likely initiate a project internally to identify the departments they'd like to update. This might require that they engage their own marketing department or an outside agency to evaluate what changes are the most relevant to shoppers and what the expected impact will be.

At the same time, they'll need to coordinate with store operations to determine whether revisions need to be made to store layout and design. That is, will more space need to be dedicated to specific departments, causing others to shrink? Will this require remodeling with potentially high costs? What about the labor to do the resets?

The team will almost certainly need to engage finance to ensure that funding exists to support the changes. Finance might have concerns about the scope of the project, requesting that the merchandising team prioritize some stores over others.

This might lead to another analysis by the marketing department to assess which stores cater to shoppers who are most interested in fresh and all-natural products.

As you can see, a strategy to "increase sales revenue by 5.6% by updating assortment with more fresh and all-natural products" has far reaching implications across the organization. And, we haven't gotten to the point where specific stores and their staff are doing the work.... Or talked about what work merchants or buyers will need to do with suppliers to source the required products... Or discussed what the marketing team will do to advertise and promote the changes... Or described what this means for the designers of the website and store circular. We haven't even had our first customer through the front door to see the changes or talked about how we'll keep them excited to return to shop the store again.

Clearly, there are many smaller projects required to implement the strategic plan—a myriad of smaller initiatives that ultimately support the roll-out and execution of the strategic initiative. It's these smaller, tactical decisions that ultimately deliver the strategic goal or prevent its accomplishment.

The video below is from 2017, but the concept of Retail Strategy thinking is still basically the same. The video is a preview of a Retail Strategy course being developed. It will give you a good idea of the process strategic thinking in retail.



Practice Questions

<https://assessments.lumenlearning.co...sessments/9186>

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