

Introduction to Strategic Management

Meaning of Strategic Management

↳ A process of developing and implementing of plans or strategies to help an organisation achieve organisational goals and objectives and also to compete in the market.

Concept of Strategic Management

↳ The term strategy means a long-range blue print of an organisation's desired image i.e.,

i) what it wants to be

ii) what it wants to do

iii) How it wants to do

iv) where it wants to go.

Strategy is partly proactive and partly reactive

Proactive

means planning in advance to improve the company's position both in market and financially.

Reactive

means an adaptive reaction to the changing circumstances and situations.

The company uses both proactive and reactive strategies to cope up the uncertain business environment.

⇒ Importance

- 1.) Strategic management gives a direction to move ahead, helps to identify the goals and missions.
- 2.) Helps an organisation to be proactive instead of reactive for the future.
- 3.) Provides a framework to an organisation for all major decisions.
- 4.) It acts as a pathfinder for various organisations
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⇒ Limitations

- 1.) It is a highly complex process it requires many experts to create or plan any strategy and it is not easy to create any strategy.

2.) It is a very time consuming process as planning needs to be done carefully while considering each and every factor which affects the organisation.

3.) It is a costly process as making a strategy requires experts and needs time hence it is a costly process.

Strategic Intent

Vision :- A long term comprehensive picture of an organisational goals and it also tells everyone 'where it want to go?'

→ It is a blueprint of the company's future position.

→ It tells where an organisation wishes to land in future.

Mission :- Explains the reason for existence of the business. Tells what ~~is~~ are the operations of any business.

→ Helps shareholders to know the operations of any organisation.

→ The corporate mission is an expression of the growth ambition of the firm.

→ In other words, the mission is a grand design of the firm's future.

Goals and Objectives :-

Goals → open minded attributes that denote the future states or outcomes.

Objectives → close ended attributes which are precise and expressed in specific terms.

→ Objectives are both short term and long term, which align with the overall vision and mission.

Long term Objectives :- long term objectives in seven areas :-

- Profitability
- Productivity
- Employee Relations
- Technological Leadership.
- Competitive Position
- Employee Development
- Public Responsibility

* Long term objectives represent the results expected from pursuing certain strategies.

* The time frame for objectives and strategies should be consistent usually from two to five years.

Short term Objectives :- Short range objectives then serve as steps toward achieving long term objectives.

Characteristics of Objectives

- concrete and specific
- related to a time frame
- measurable and controllable
- challenging
- provide the basis for strategic decision making

Values :- A company's value sets the tone for how the people of think and behave especially in situation of dilemma.

STRATEGIC LEVELS

Generally, there are three main levels of management :-

→ Corporate Level

→ Business level

→ Functional level.

* **Corporate level** :- It consists of CEO, other senior executives, the board of directors.

and corporate staff.

* **Business level** :- Business level managers are concerned with strategies that are specific to a particular business.

→ The principal general manager at the business level or the business level manager is the head of the division.

* **Functional level** :- These provide most of the information that makes it possible for business and corporate level general managers to formulate realistic and attainable strategies.

NETWORK of Relationship between the Three Levels

⇒ **functional and Divisional Relationship** :- It is an independent relationship where each function or a division is run independently headed by the function / division head.

⇒ **Horizontal Relationship** :- All positions from top management to staff level employees are in the same hierarchical position. It is a flat structure where every ^{one} ~~there~~ is considered at same level.

⇒ Matrix Relationship :- It features a grid like structure of levels in an organisation with teams formed with people from various departments that are built for temporary task based projects. It is complex for smaller organisations but extremely useful for large organisations.