

## ▪ Strategic Management Process

Stæde

### Stages in Strategic Management

- a) Developing a strategic vision & formulation of Statement of mission, goals & objectives.
- b) Environmental & organizational analysis
- c) Formulation of Strategy
- d) Implementation of Strategy
- e) Strategic evaluation & control.

## ▪ Strategy Formulation

### Corporate Strategy

IS

#### 1. Strategic planning

Characteristics:

- a) Shapes the organisation & its resources.
- b) Assesses the impact of environmental variables.
- c) Takes a holistic view of the organisation.
- d) Develops overall objectives & Strategies.
- e) Is concerned with the long-term success of the organisation.
- f) Is a senior management responsibility.

## 2. Operational planning

Characteristics :

- a) Deals with current deployment of Resources
- b) Develops tactics rather than strategy.
- c) Projects current operations into the future.
- d) Makes modifications to the business.
- e) Functions but not fundamental changes.
- f) Is the responsibility of functional managers.

Strategic uncertainty and how to deal with it?

- a) Flexibility
- b) Diversification
- c) Building Resilience
- d) Monitoring & Scenario planning
- e) Collaboration and partnerships

## Strategy Implementation

- Strategy implementation concerns the managerial exercise of putting a freshly chosen strategy into action. It deals with the managerial exercise of supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results.

### Forward Linkage

Different elements in strategy formulation starting with objective setting through environmental & organizational appraisal, strategic alternatives & choice to strategic plan determine course that an organization adopts for itself.

### Backward Linkage

organizations tend to adopt those strategies which can be implemented with help of present structure of resources.

## Issues in Strategy Implementation

- a) project implementation
- b) Procedural implementation
- c) Resource allocation
- d) Structural implementation
- e) Functional implementation
- f) Behavioural implementation.

## Difference Between Strategy Formulation & Strategy Implementation.

Strategy Formulation	Strategy Implementation
<ul style="list-style-type: none"><li>- It includes planning &amp; decision-making involved in developing organization's strategic goals &amp; plans.</li><li>- It is placing the forces before action.</li><li>- An Entrepreneurial Activity based on strategic decision-making.</li><li>- Emphasizes on effectiveness.</li><li>- Primarily an intellectual &amp; rational process.</li></ul>	<ul style="list-style-type: none"><li>- It involves all those means related to executing the strategic plans.</li><li>- It is managing forces during action.</li><li>- An Administrative Task based on strategic &amp; operational decisions.</li><li>- Emphasizes on efficiency.</li><li>- Primarily an operational process.</li></ul>

- Requires co-ordination among few individuals at the top level.

- Requires a great deal of initiative, logical skills, conceptual intuitive & analytical skills.

- Strategic formulation precedes Strategy Implementation.

- Requires co-ordination among many individuals at the middle & lower.

- Requires specific motivational & leadership traits.

- Strategy Implementation follows strategy formulation.

## Strategic change Through Digital Transformation

Strategic change:

Steps to initiate strategic change:

- i) Recognize the need for change
- ii) Create a shared vision to manage change
- iii) Institutionalise the change

Kurt Lewin's model of change:

- i) Unfreezing the situation
- ii) Changing to the new situation
  - Compliance
  - Identification
  - Internalization
- iii) Refreezing

How does digital transformation work?

use of digital technologies to develop fresh, improved, or entirely new Company procedures, goods, or services is known as "digital transformation".

How does change management work?

change management is a process or set of tools and best practices used to manage changes in an organization. It assists in making changes in a safe and regulated manner, reducing the possibility of detrimental effects on the Company.

change management in the digital transition consists of four essential elements:

- a) Defining the goals and objectives of the transformation
- b) Assessing the current state of the organization and identifying gaps.
- c) Creating a roadmap for change that outlines the steps needed to reach the desired state.
- d) Implementing and managing the change at every level of the organization.

A Properly implemented change management strategy can help an organization to -

- a) Specify the parameters and goals of the digital transformation.
- b) Determine which procedures and tools need to be modified.
- c) Make a plan for implementing the improvements.
- d) Involve staff members and parties involved in the transformation process.
- e) Track ~~of~~ progress and make required course corrections.

Change management strategies for Digital Transformation

The five best practices for managing change in small and medium-sized.

- a) Begin at the top
- b) Ensure that the change is both necessary and desired
- c) Reduce disruption
- d) Encourage Communication
- e) Recognize that change is the norm, not the ~~esee~~ ~~esp et~~ exception.

How to manage change during Digital Transformation

- a) specify the digital transformation's aims & objectives
- b) Always, always, always communicate
- c) Be ready for resistance
- d) Implement changes gradually
- e) offer assistance and training

### ■ Organisational Framework

the McKinsey 7s Model.

- |              |                 |
|--------------|-----------------|
| a) Strategy  | d) shared value |
| b) Structure | e) style        |
| c) systems   | f) staff        |
|              | g) skills       |

Limitations of this model are -

- a) it ignores the importance of the external environment and depicts only the most crucial elements within the organization.
- b) The model does not clearly explain the concept of organizational effectiveness or performance.
- c) The model is considered to be more static and less flexible for decision making.
- d) It is generally criticized for missing out the real gaps in conceptualization and execution of strategy.



## organisation structure

### 1) Simple structure

1) It is most appropriate for companies that follow a single-business strategy & offer a line of products in a single geographic market.

2) Communication is frequent & direct, & new products tend to be introduced to market quickly, which can result in a competitive advantage.

### 2) Functional structure

1) It groups tasks & activities by business function.

2) It is simple & inexpensive.

3) It promotes specialization of labour, encourages efficiency, minimizes need for an elaborate control system, & allows rapid decision making.

4) It consists of CEO or MD & limited corporate staff with functional line managers in dominant functions.

### 3) Divisional Structure

1) It can be organized in 4 ways -

- a) Geographic
- b) Product or service
- c) Customer
- d) Functional

2) Clear Accountability

3) It is based on extensive delegation of authority, managers & employees can easily see results of their good or bad performances

4) It is similar to functional structure, because activities are organized according to the way work is actually performed.

### 4) Multi-Divisional Structure

- It is composed of operating divisions where each division represents a separate business to which top corporate officer delegates responsibility for day-to-day operations & business unit strategy to division managers.

Multi-Divisional Structure calls for -

- a) Creating separate divisions, each representing a distinct business
- b) Each division would house its functional hierarchy

c) Division managers would be given responsibility for managing day-to-day operations

d) A small corporate office that would determine the long-term strategic direction of the firm and exercise overall financial control over the semi-autonomous divisions.

## 2) Strategic Business Unit (SBU) Structure

Attributes of an SBU & the benefits -

a) A scientific method of grouping the businesses of a multi-business corporation which helps the firm in strategic planning

b) An improvement over the territorial grouping of businesses & strategic planning based on territorial units

c) It is a grouping of related businesses that can be taken up for strategic planning distinct from the rest of the businesses.

d) Products/businesses that are related from the standpoint of "function" are assembled together as a distinct SBU.

e) unrelated Products/businesses in any group are separated.

f) Grouping the businesses on SBU lines helps the firm in strategic planning by removing the vagueness and confusion

- g) Each SBU is a separate business from strategic planning standpoint.
- h) Each SBU will have its own distinct set of competitors & its own distinct strategy.
- i) Each SBU will have a CEO.
- j) SBUs might build on similar technologies, or all provide similar sorts of products or services
- k) SBUs might be serving similar or different markets
- l) or it may be that other competences on which the competitive advantage of different SBUs are built have similarities.

## 6) Matrix Structure

- a) In matrix structures, functional & product forms are combined simultaneously at same level.
- b) It is complex of all designs since it depends upon both vertical & horizontal flows.
- c) It result in higher overhead
- d) Project objectives are clear

phases for development of matrix structure Davis & Lawrence

- a) cross-functional task forces
- b) Product/brand management
- c) Mature Matrix

## 7) Network Structure

- a) It is termed "non-structure" by its virtual elimination
- b) It becomes useful when environment of firm is unstable & is expected to remain so
- c) It provides org. with increased flexibility & adaptability to cope with rapid technological change & shifting patterns of international trade & competition.

## 8) Hourglass structure

- 1) This structure consists of 3 layers with constricted middle layer
- 2) structure has short & narrow middle-management level
- 3) IT links top & bottom levels in org taking away many tasks that are performed by middle level managers.
- 4) Managers are generalists & they handle cross-functional issues emanating such as those from marketing, finance or production.

## ■ Organization Culture

- Corporate culture refers to a Company's values, beliefs, business principles, traditions, ways of operating, and internal work environment.

Where Does Corporate Culture Come From?

A Company's culture is manifested in the values & business principles that management preaches & practices, in its ethical standards & official policies, in its stakeholder relationships, in the traditions the organization maintains, in its supervisory practices, in employees' attitudes and behaviour, in the legends people repeat about happenings in the organization, in the peer pressures that exist, in the organization's politics that permeate the work environment.

Culture: ally or obstacle to strategy execution?

Organization's culture is either an important contributor or an obstacle to successful strategy execution. The beliefs, vision, objectives, and business approaches and practices underpinning a company's strategy may or may not be compatible with its culture.

Role of culture in strategy execution:

- a) Perils of strategy-culture conflict
- b) Creating a strong fit between strategy & culture
- c) changing a problem culture

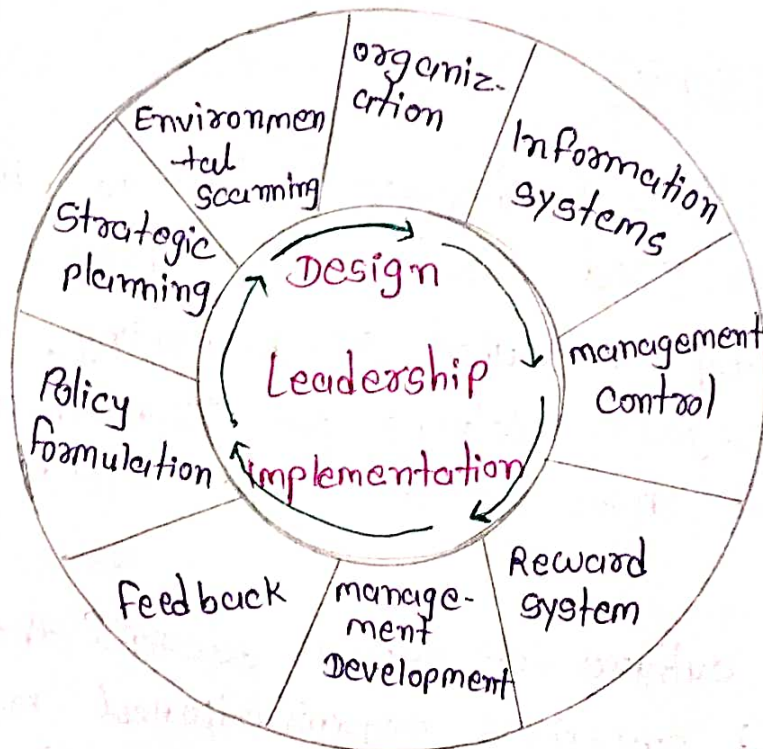
## Strategic Leadership

Managers have five leadership roles to play in ~~push~~ pushing for good strategy execution -

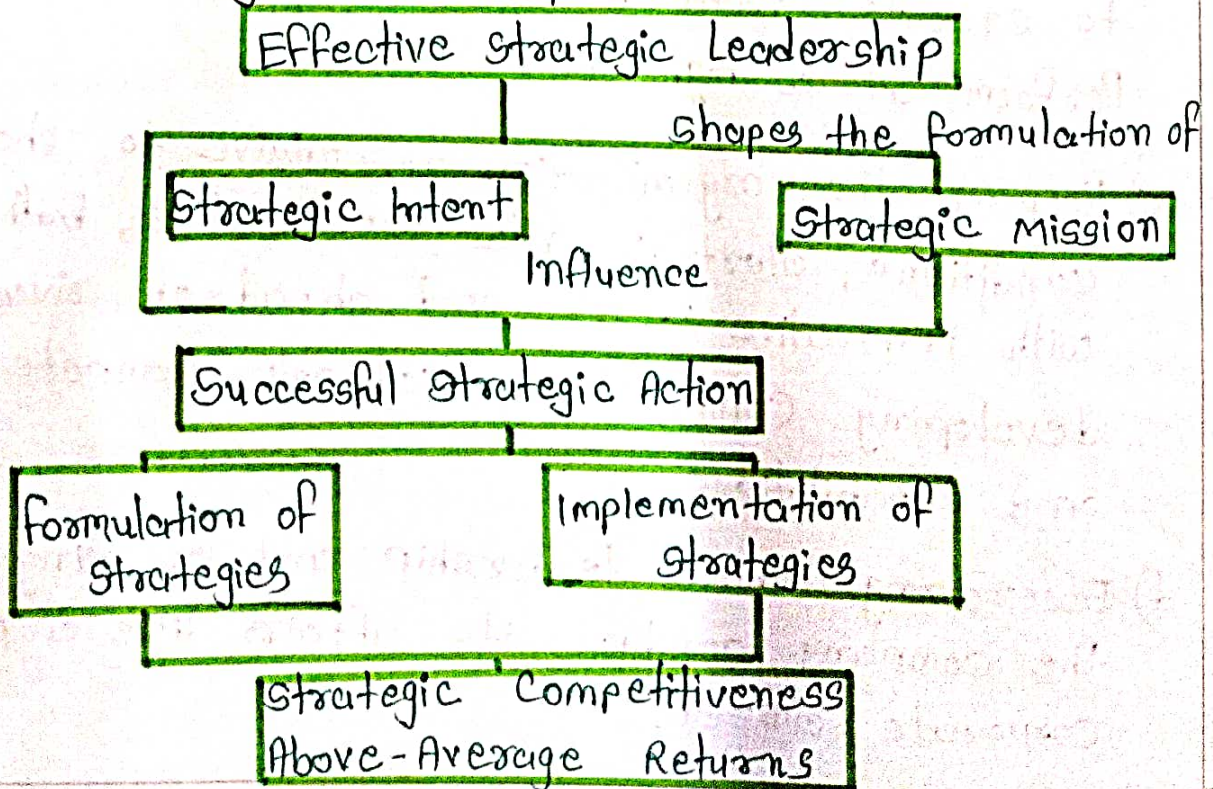
- a) Staying on top of what is happening, closely monitoring progress, solving out issues, and learning what obstacles lie in the path of good execution.
- b) Promoting a culture of esprit de corps that mobilizes and energizes organizational members to execute strategy in a competent fashion and perform at a high level.
- c) Keeping the organization responsive to changing conditions, alert for new opportunities, ~~but~~ bubbling with innovative ideas, and ahead of rivals in developing competitively valuable competencies and capabilities.
- d) Exercising ethical leadership and insisting that the company conduct its affairs like a model corporate citizen.

e) pushing corrective actions to improve strategy execution and overall strategic performance.

Leadership role in implementation



Effective Strategic Leadership





## Responsibilities of Strategic Leader

- a) Making strategic decisions
- b) Formulating policies & action plans
- c) Ensuring effective communication
- d) Managing human capital
- e) Managing change in org.
- f) Creating & Sustaining strong corporate culture
- g) Sustaining high performance over time

## Approaches to leadership style

### 1) Transformational leadership style -

a) It uses enthusiasm to inspire people to exert them for good of organization.

b) Transformational leaders offer excitement, vision, intellectual stimulation & personal satisfaction.

### 2) Transactional leadership style -

a) It uses authority of its office to exchange rewards, such as pay & status.

b) more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement.

## ■ Strategic Performance Measures

### Types of Strategic Performance Measures

- a) Financial Measures
- b) Customer Satisfaction Measures
- c) Market Measures
- d) Employee Measures
- e) Innovation Measures
- f) Environmental Measures

### The Importance of Strategic Performance Measures

- a) Goal Alignment
- b) Resource Allocation
- c) Continuous Improvement
- d) External Accountability

### Choosing the Right Strategic Performance Measures

- a) Relevance
- b) Data Availability
- c) Data Quality
- d) Data Timeliness

## Strategic Control

It is function intended to ensure & Make possible performance of planned activities & to achieve pre-determined goals & results

Elements :

- a) objectives & characteristics of system which could be operationalized into measurable & Controllable standards
- b) Mechanism for monitoring & measuring characteristics of system
- c) Mechanism for Comparing actual results with reference to standards, detecting deviations from standards & learning new insights on standards themselves
- d) Mechanism feeding back corrective & adaptive information & instruction to system, for effecting desired changes

# Types of organizational Control

## Operational Control

It is on individual tasks or transactions as against total or more aggregative management functions.

## Management Control

It is more inclusive & more aggregative in sense of embracing integrated activities of complete department, division or even entire org, instead of more narrowly circumscribed activities of sub-units.

## Strategic Control

1) It focuses on dual questions of whether,  
a) Strategy is being implemented as planned  
b) Results produced by strategy are those intended

2) It is process of evaluating strategy as it is formulated & implemented

3) Types of Strategic Control:

a) Premise Control

b) Strategic surveillance

c) special alert control

d) Implementation Control

i) monitoring strategic thrusts

ii) milestone Reviews