

INTRODUCTION TO STRATEGIC MANAGEMENT

Meaning of Management :

- a) A Key group in an Organisation in charge of its affairs.

An Organisation, mgt is the Chief Organ Entrusted with task of making it is purposeful & productive Entity, by undertaking the task of bringing together resources of manpower, money, material & technology which are then combined into functioning whole.

- b) A Set of interrelated functions & processes carried out by the mgt of an organisation.

These function include Planning, Organising, Directing, Staffing & Control.

Meaning of Strategic :

Strategy as a long-range blueprint of an organisation desired image, direction & destination i.e what it wants to be, what it wants to do, how it wants to do things & where it wants to go.

Following are also important other definitions are to understand the term.

Igor H. Ansoff :

The common thread among the organisation activities & product markets that defines the essential nature of biz that the Organisation has planned to be in future.

William F. Glueck

A unified, comprehensive & integrated plan designed to assure that the basic objectives of the Enterprise are achieved.

Strategies helps co/biz to

- Mobilise resources
- Direct human behaviour
- Handle events & problems
- Identify & utilise opportunities
- Meet challenges & threats
- Ensure corporate survival & success.

Strategic Management :-

The managerial process of

- > developing a Strategic vision
- > Setting objectives
- > Crafting a Strategy
- > implementing & Evaluating the Strategy &
- > initiating corrective adjustments where deemed appropriate

Strategic mgt involves developing the co vision
Environmental Scanning (both External & internal)
Strategy formulation, Strategy implementation &
Evaluation & control

Importance / Benefits of Strategic management

- > It gives direction to the co to move ahead by defining the goals & mission
- > It helps Organisation to be proactive instead of reactive in shaping its future
- > It provides framework for all major decisions of an enterprise such as decisions on biz, products, markets, manufacturing facilities, investments & Organisation Structure
- > It seeks to prepare the Organisation to face the future & act as Pathfinder to various biz opportunities
- > It helps to enhance the longevity of the biz
- > It helps Organisation to avoid costly mistakes in product market choices (i) investment [corporate defence mechanism]
- > It helps to Organisation to develop core competence & competitive advantage that would facilitate assist in its fight for survival & growth

Limitations / Drawback of Strategic management

- * Complex & turbulent Environment / Environmental unpredictability
- * Time consuming process
- * Costly process
- * Difficult to Estimate competitors response / uncertain competitive response

Strategic intent [Vision, Mission, Goals, Objectives & Values]

It can be understood as the philosophical base of Strategic mgt. Strategic intent provides the framework within which the firm would adopt a pre-determined direction & would operate to achieve Strategic Objective. Strategic intent is generally stated in broad terms but when stated in precise terms it is an expression of aims to be achieved operationally i.e. goals & objectives (0246)

* Vision :

Vision implies the blueprint of the company's future position

Strategic vision delineates mgt aspirations for the biz, providing a panoramic view of the "where we are to go" & a convincing rationale for why this makes good biz sense for the co.

Essentials of a Strategic vision

- Think creatively about how to prepare a co for the future
- Forming a Strategic vision is an Exercise in intelligent entrepreneurship
- A well-articulated Strategic vision creates enthusiasm
- The best-worded vision Statement clearly illuminates the direction

* Mission :

Mission delineates the firm's biz, its goals & ways to reach the goals

A mission is an answer to the basic question 'what biz are we in & what we do'

Why Should an Organisation have a mission?

- To Ensure unanimity of purpose
- To develop a basis (or) Standard for allocating Organisational resources
- To provide a basis for motivating
- To Establish a general tone (or) organisational climate
- To serve as a focal point
- To facilitate the translation of objective & goals into a work structure

- To Specify Organisational Purpose & the translation of their purpose into goals in such a way that cost time, & performance parameters

A good mission Statement should be precise clear, feasible, distinctive & motivating

Following points are useful while writing a mission of a company

- * Own Special identity, biz Emphasis & path for develop^{ment}
- * Good mission Statements are Unique
- * Which Customer groups it is targeting & the technologies & competencies it uses

What is our mission?

Peter drucker & Theodore levitt were among the first to agitate this issue through their writings

What business are we in?

Company	Production - oriented	Marketing - oriented
Indian oil	we produce oil & gas oilre products	We provide Various types of Safe & Cost effective energy
Indian Railways	we run a railroad	we offer a transpotion & material - handling System
Lakme	In the factory we make Cosmetics	In the retail outlet, we Sell hope.

* Goals & Objectives:

As such the term Objectives are synonymous with goals, however, some authors make an attempt to distinguish the two [Goal & Objectives]

However this distinction is not made by several theorists on the subject. Accordingly we will also use the term interchangeably.

Characteristics of Objectives

- They should be concrete & specific
- They should be related to a time frame
- They should be measurable & controllable
- They should be challenging
- They should provide standards for performance appraisal
- They should provide the basis for strategic decision making
- They should be facilitative towards achievement of mission & purpose
- Different objectives should correlate with each other
- Objectives should define the organisation's relationship with its environment
- Objectives should be set within the constraints of organisational resources

A Need for both short-term & long-term objectives

Long-term Objectives

To achieve long-term prosperity, Strategic planners commonly establish long-term objectives in seven areas.

- Profitability
- Productivity
- Competitive Position
- Employee development
- Employee Relations
- Technological leadership
- Public responsibility

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

★ Short-range objectives can be identical to long-term range objectives, if an organisation is already performing at the targeted long-term level.

★ Short-range objectives then serve as steps towards achieving long-term objective.

★ Values:

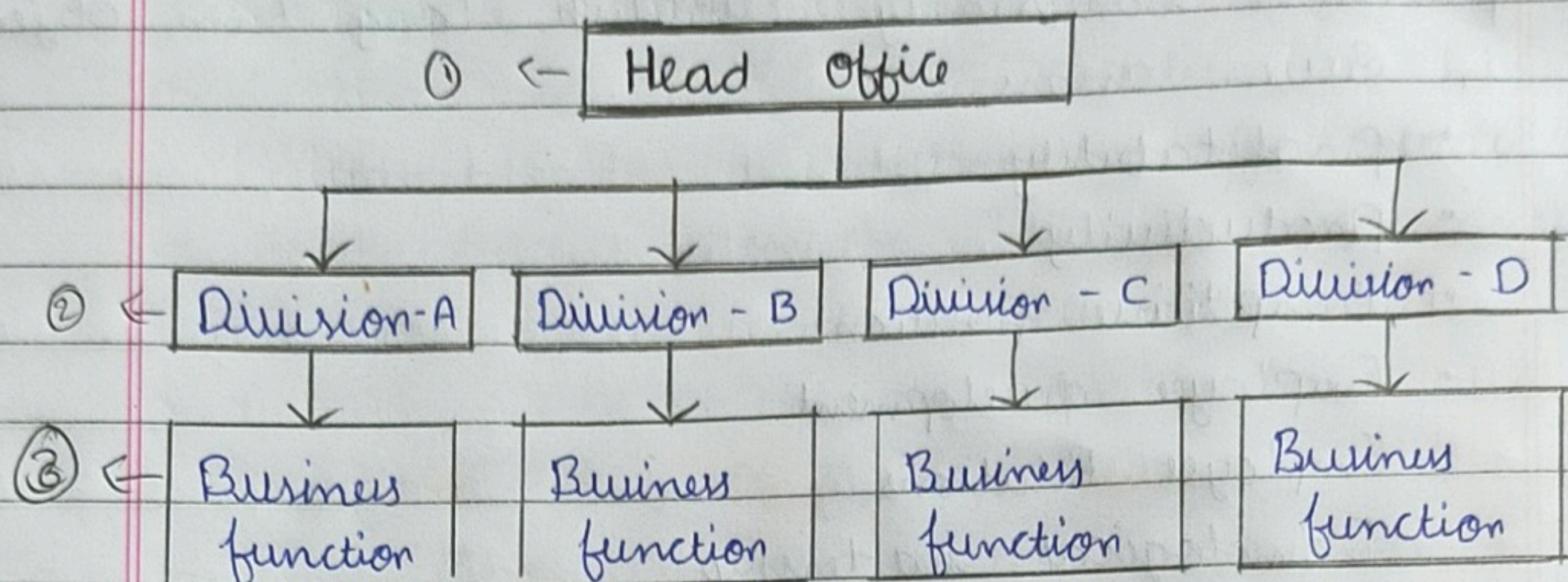
A Co Value sets the tone for how the people of think & behave, especially in situations of dilemma. It creates a sense of shared purpose to build a strong foundation & focus on longevity of the Co success.

Intent v/s Values - which is a broader concept

Intent is the purpose of doing biz while values are the principles that guide decision making of biz. They both go hand in hand, while the intent is sometimes driven by values, Co values more (or) Co is wider than intent.

Strategic levels in organisations

Generally, there are 3 main levels of mgt.



1. Corporate level

CEC, BOD, Corporate Staff & other Senior Officers

2. Business level

Divisional mgt & Staff

3. Functional level

marketing, finance

Top Down Approach [or] Bottom-up Approach which is better

A top-down approach to decision making is when decision are made solely by leadership @ top i.e corporate level of mgt, while bottom-up approach gives all terms across the levels a voice in decision making

Network of relationship b/w the three levels

- Functional & Divisional relationship
- Horizontal relationship
- Matrix relationship