



CA INTERMEDIATE **STRATEGIC** **MANAGEMENT**

CH-1

**INTRODUCTION TO
STRATEGIC MANAGEMENT**



Hi,

I am Shubham Jain, a dedicated CA student who has successfully cleared the CA Foundation with distinction and CA Intermediate Group 1. With a strong grasp of accountancy and finance, I strive to simplify complex concepts through logically structured notes and practical examples. My approach focuses on conceptual clarity, ensuring that learning becomes easy, effective, and application-oriented.

"There might be typing errors in this book. If you find any, please let me know, and I will try to correct them in the upcoming edition."

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STRATEGY :

Strategy means **the way** business **respond** to **dynamic** and **hostile external forces** for **achieve** their **vision, mission, objectives**.

(take kartik aryan (strategy) So that , competitor (external forces) se jada sales kr sakhe)

DEFINATION:

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Strategy is the **game plan** that **used by Mgt.** to take **MOCCA**.

- **market position**
- conduct its **operations**,
- attract and satisfy **customers**,
- **compete** successfully,
- **achieve organizational objectives**.

We may define the term "strategy" as a **long-range blueprint** of an organization's **desired** (IDD) image , direction , destination i.e.,

- what it **wants to be** (kya banna chate ho)
- what it **wants to do** (kya karna chate ho)
- **how** it wants to do (kese karna chate ho)
- **where it wants to go** (kaha jana chate ho)

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MCQ -

strategy is **no substitute** for sound, alert & responsible management.
strategy can **never** be perfect, flawless and optimal.

STRATEGY IS PARTLY PROACTIVE AND PARTLY REACTIVE:

A company's strategy is typically a **blend** of:

Proactive **actions** to
improve the company's
market position
financial performance.

(planned strategy)

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Reactive **Action** to
unanticipated developments
fresh market conditions in
dynamic business environment.

(adaptive reaction to changing circumstances)

Copy Cat

Management is the process of planning, organizing, staffing, directing and controlling to achieve organizational goals and objectives in effectively and efficiently. with efficiently utilization of resources .

MCQ - Management - group in an organisation **incharge of its affairs**.

STRATEGIC MANAGEMENT :

S.M refers to the **managerial process** of

- Develop strategic **vision**
- setting **objectives**
- crafting a **strategy**
- **implementing** and **evaluating** the strategy
- corrective **adjustments** were deemed appropriate

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(The process does not end, it keeps going on in a cyclic manner.)

COMMON : S.M Include the

- **Monitoring** and **evaluation** of external **opportunities** and **threats** in the light of a company's **strengths** and **weaknesses** and
- **designing strategies** for the survival and growth of the company.

OBJECTIVES :

1. To create **competitive advantage** - so, the company can **outperform** from the **competitors** in **all aspects** of **organisational performance**.
2. To **guide** - the company **successfully** through **all changes** in the **environment**.

MCQ - '**Survival of the fittest**' as propagated by **Charles Darwin** is the only principle of survival for all organizations,

ADVANTAGE :

- It gives a **direction** to the company to **move ahead**.
It helps to define the goals and mission.
It helps to set objectives which are in line with the vision.
- It helps organisations to **be proactive** instead of reactive .
Organisations are able to **analyse** and **take actions** instead of being mere **spectators**. They are able to control their own **destiny** in a better way.
- It provides **frameworks** for all major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure.

- It seeks to prepare the organisation to **face the future** and act as **pathfinder** to various business opportunities.
- It act as a **corporate defence mechanism** against mistakes and Damages. It helps organisations to avoid costly mistakes in product market choices or investments.
- It helps to enhance the **longevity** of the business.
In competition and dynamic environment it may be challenging for organisations to **survive** in the long run. It helps the organization to take a clear stand in the industry and makes sure that it is not just surviving on luck.
- It helps the organisation to develop certain **core competencies** and **competitive advantages** that would help in survival and growth.

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LIMITATION :

- **Environment** is highly **complex** and **turbulent**. Nothing is constant, It is **difficult** to understand the environment and predict the future. Thus, **relying** on a business **strategy** blindly could go **wrong** if the environment is turbulent / Dynamic.
Ex : OLA make strategy for E.V and replace all vehicle with E.V because of the huge push from the government for electric mobility. However, customers are getting reduce to purchase EVs due to the safety concerns amid the frequent incidents of battery's catching fire. So, strategy cannot overcome a turbulent environment.
- S.M is a **time-consuming process**. Organisations spend a lot of time in **preparing, communicating** the strategies that may **interrupt daily operations** and **business routine** .
Ex : spend 5 hours aaj ye padhunga and all but did study only 1 hour.
Planning and strategizing are important but putting them **in action** is where the actual **success lies**
- S.M is a **costly process** . It **add** a lot of **expenses** to an organization. These can be costly for organisations with **limited resources** particularly for **small** and **medium** organisation .
- It is Difficult to estimate **competitor's response** to a firm's strategies. It is quite difficult to know the **strategic planning** of competitors because most of these **decisions** are taken within **closed doors** by the **top management**.

STRATEGIC INTENT

- Strategic intent refers to **purposes** for which an organisation **works hard to achieve**.
- Senior managers must define :
 - “**what** they want to do” (big business banana)
 - “**why** they want to do”. (to have lot of money)
- “Why they want to do” **represents** - **“strategic intent”** of the firm.
- It is a **statement** which explains - **“how the organisation plans”** to reach its **vision** in the **long term**.
- **Clarity** in strategic intent is very **important** for the **future success** and **growth** of the enterprise, irrespective of its nature and size.

Extra - It gives an **idea** - **what** the org. wants to **achieve** in **future**.

It ans. the question: what the org. strives or stands for?

MCQ - "Strategic intent means the **philosophical base** of S.M

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VISION

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- It implies the **blueprint** of Org.'s **future position**.
- It describes where the org. **wants to land**.
- It gives an **idea** - what the org. wants to **achieve** in **future**.
- Every **sub system** of the organisation is required to **follow** its **vision**.

At the start of **strategy-making**, top managers must decide the company's future **direction** and how to **improve** its product, market, customer, and technology focus.

This decision helps to define **what changes** are needed to strengthen its position.

It shows the **direction**, **guides future strategy**, **shapes company identity**, and unites employees toward **common goals**.

Ex - Henry Ford's vision is - having a car in every garage.

Essentials of a strategic vision :

1. The **entrepreneurial challenge** in developing a strategic vision is - to **think creatively** about "how to prepare a company - for the future".
2. Forming a strategic vision is an use of **intelligent entrepreneurship**.
(i.e is a smart business decision)
3. A **clear** and **well-expressed** strategic vision creates **enthusiasm** among the members of the organisation.
4. A good vision statement clearly shows the **direction** to Org.

MISSION:

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- Mission define 1. **firm's business**, 2. **goals**, 3. **ways to reach** the goal.
- It explains the **reason for the existence** of the firm in the society.
- It's to help potential **shareholders** and **investors** understand the **"purpose of the firm"**.
- A **mission statement** helps to identify : "what business the firm does"
- It defines the present capabilities, activities, customer focus and role in society.

WHY SHOULD AN ORGANISATION HAVE A MISSION?

- To develop a basis for allocating of **resources**.
- To provide a basis for motivating the use of the **resources**.
- To ensure **unity** of purpose within the organisation.
- To convert goals into a **work structure** by assigning tasks.

GOALS AND OBJECTIVES:

- Goals are the final results a business wants to achieve.
- Objectives are time-based measurable targets, which help in the achieving of goals.
- In practice, both the terms are used interchangeably.

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VALUES/ VALUE SYSTEM: EX :INTEGRITY, TRUST, ACCOUNTABILITY

- Values are the **deep-rooted principles** which guide an organisation in decisions and actions.
- They can never be **compromised**, for save time or short-term profit.
- Values often reflect the values of the company's **founders** and give the company its **unique identity**.

Logic -

- vision mission shown ki ky banna chate hai , why we are , what business we do i.e explain the **philosophy** of the organisation
- goals and objectives shown ki ye krna hai / ye krna chate hai i.e show the **results** to be achieved .

MCQ :

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Peter Drucker and **Theodore Levitt** were early experts who said every business must first clearly define its mission and exactly what business it is in.

According to **Peter Drucker** every organisation must ask an important question **"What business are we in?"** and give a clear, meaningful answer. This answer should focus on customers and the market, not just on what the company produces or the activities it does.

Company	Production-oriented answer	Marketing-oriented answer
Indian Oil	We produce oil and gasoline products.	We provide various types of safe and cost-effective energy.
Indian Railways	We run a railroad.	We offer a transportation and material-handling system.
Lakme	In the factory, we make cosmetics.	In the retail outlet, we sell hope.

Goals are **open-ended attributes** that denote the future outcomes.

Objectives are **close-ended attributes** which are precise & expressed in specific terms.

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

- Companies need both short-term and long-term objectives.
- Short-term goals focus on immediate results.
- Long-term goals prepare the company for future success in areas like profitability, productivity, competitive position, employee growth, technology, and social responsibility.
- Short-term objectives can be steps toward long-term goals.

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Values and Intent are two different concepts. Intent is the purpose of doing business while values are the principles that guide decision making of business. Values and intent are connected.

Sometimes, a company's intent comes from its values.

Ex : If a company values is caring about the environment , its intent might be to make eco-friendly products.

OTHER :

Mission statement should reflect the **philosophy** of the Org .that is considered by the senior managers. A good mission statement should be precise, clear, feasible, distinctive and motivating.

Following points are useful while writing a mission of a company:

1. A mission statement gives a company its unique identity, business focus, and direction for growth.
2. It define company's business by state:
 - what needs it is trying to satisfy
 - which customer groups it is targeting
 - The technologies and skills it uses
 - The activities it performs.
3. Good mission statements are – unique to the organisation.

Objective must have the following characteristics:

1. They should be **challenging**.
2. They should be **measurable** and **controllable**.
3. They should provide the **basis** for strategic decision-making.
4. They should define Organization **relationship** with its environment.
5. They should be **concrete** and **specific**.

STRATEGIC LEVELS IN ORGANISATIONS

CORPORATE LEVEL

CEO
CFO
BOD

BUSINESS LEVEL

General Manager of division

FUNCTIONAL LEVEL

Finance head
HR manager
Sales and marketing head
production head

Corporate level : **"strategic decision making"** within the organization.

The role of corporate-level managers is to :

- oversee the development of **strategies** for the **whole organization**.
- defining the **mission** and **goals**
- determining what **businesses** should be carry out
- allocating **resources** among the different businesses
- providing **leadership** for the organization as a whole.
- Formulating and implementing strategies that span individual businesses (cover **many different businesses** in org.)

Business level :

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The strategic role of these managers is to :

- **Translate** the general statements of direction and intent that come from the corporate level into concrete strategies for particular businesses.
- development strategies that are specific to a **particular business**.

Functional level :

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- Responsible for the specific **business functions** that together form a company or one of its divisions.
- Responsible for **implementing** the plans made at the corporate and business levels.
- Although they are **not responsible** for the overall performance of the organization.
- Develop **functional strategies** in their area that help fulfill the strategic objectives set by business- and corporate-level manager .
- Provide most of the **information** that help business , corporate-level managers to formulate realistic and achievable strategies.

Corporate - focus on overall company strategies (for all business units)
Business level - focus on strategies for their one specific business.
Functional level - Responsibility is generally confined to one organizational function (Finance , HR)

FACT :

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- Jio , TATA STEEL , TCS - Such divisions called - **Strategic Business Units (SBUs)**
- Corporate-level managers, and particularly the CEO, can be viewed as the **"guardians of shareholders' welfare"**. It is their responsibility to **maximizing - shareholders' wealth**.
- Ambani ----- GM of JIO ----- HR manager of jio , Finance head of jio

NETWORK OF RELATIONSHIP BETWEEN THE 3 LEVELS

FUNCTIONAL AND DIVISIONAL RELATIONSHIP:

We can say vertical

It is an **independent relationship**, where each function or a division is **run independently** by the function or division head, reporting directly to the business head (Ambani), who is a corporate level manager. (Head of Reliance).

HORIZONTAL RELATIONSHIP:

All positions, (from top management to staff-level employees), are in the **same hierarchical position**. It is a **flat structure** where everyone is considered at **same level**.

This leads to openness and transparency in work culture and focused more on idea sharing and innovation.

This type of relationship between levels is more suitable for **startups** where the need to faster ideas sharing.

MATRIX RELATIONSHIP:

It has a **grid-like structure** where teams formed with people from different departments for work together temporarily on specific projects.

This relationship helps big companies to manage many teams - easily where it is impossible to manage every single team independently.

It is complex for smaller organisations, but extremely useful for large organisations.

In this , there are **more than one business level managers** for each functional level teams.

Ex : marketing team wale ko report to : marketing head + project head

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Thank You