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Chapter - 1

Meaning of Management:

Management is used in the following 2 ways:-

a) It refers to key group of people who are incharge of day to day business affairs in an organisation.

(b) Management is also used with reference to a set of interrelated functions and process which are carried out by above group of people, such as functions related to planning, organizing, staffing, directing and controlling.

Concept of Strategy:

(a) Strategy is a game plan that management may use to achieve the following:-

- to improve your market positions.
- to conduct operations more effectively
- to compete successfully i.e to achieve competative advantage.

(b) Strategy is a long range blueprint of entity's desired image, director and destination that is

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answer of the following :-
- What it wants to be
- What it wants to do
- Where it wants to go.

(c) Strategy is no substitute for sound, alert and responsible management. Therefore both strategy formulation and implementation are equally important to achieve entity's desired objectives.

(d) Strategy can never be ~~flexible~~ perfect or flawless. It is in the nature of strategy that it should be flexible and pragmatic.

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(e) Strategy should be partly ~~proactive~~ proactive and partly reactive :-

- Proactive actions on part of mangers includes both previously initiated approaches which are still working well and newly intiated managerial decisions that will help in strengthening the overall market position of company.

- Reactions to unanticipated developments and fresh market conditions, sometimes organisation's strategy may hit a stone wall due to unexpected developments. Therefore, organisations may have to initiate certain corrective actions or adjustments to the existing strategies.

Meaning of Strategic Management:

Strategic mangement is a management process of developing a strategic vision along with goals and objectives, crafting a strategy, implementing and evaluating the strategy and initiating corrective adjustments wherever required.

Objectives of Strategic Management:

- To create competitive advantage so that company can out perform competitors in all possible aspects.
- To guide the company ~~suce~~ successfully through all the changes in the business environment.

Limitations of Strategic Management:

1. Environment is highly complex and turbulent:

a) It is difficult to understand the complex environment and exactly pinpoint how it will shape up in future.

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(b) The environment affects as the organisation has to deal with suppliers customers, goverments and other external factors.

2. SM is time consuming:

(a) organisations spend a lot of time in preparing, communicating the strategies that may ~~in~~ impede daily operations and negatively impact the routine business

(b) Planning and strategizing are important but putting their in actions is where the actual ~~suc~~ success lies.

3. SM is costly process:

(a) SM adds a lot of expenses to an organizations Expert strategic planners need to be engaged, ~~so~~ efforts are made for analysis of external and internal environments, devise strategies and properly implement.

(b) These are really costly for organisations with limited resources particularly small and medium organizations.

(c) SM requires experts and these experts are costly resources.

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4. Difficult to predict competitive resources:

(a) In a ~~compete~~ competitive ~~sc~~ senario, where all organisations are trying to move ~~strateg~~ strategically, it is difficult to clearly eliminate the competitive responses and to gauge strategic planning because these decisions are taken within closed doors by top level management.

Importance of ~~Man~~ SM :

(a) Strategic management will help an organization become more proactive instead of reactive, ~~the~~ therefore organization will be able to control their own destiny in a better manner.

(b) Strategic management will help in identifying available opportunities in the external environment so that organization can plan for a good future. Therefore, it acts as a path finder.

(c) SM can also serve as a corporate defence mechanism against mistakes and pitfalls.

(d) SM help an organization to evolve / develop certain core competencies which will help in achieving / ~~cr~~ creating competitive advantage.

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(e) SM helps a business to enhance the congevity of the business [makes business sustainable).

Strategic levels in a Business Organisation:

Generally an organisations may have following 3 levels of management:

(IMP) (a) Corporate level managers:

(i) It includes BOD, & CEO, other senior executives or corporate staff.

(ii) It occupy the apex of strategic decision making in the organisation.

(iii) Role of a corporate level mangers includes:

- defining the vision, mission and goals of the organization.
- allocations of resources among different business.
- providing leadership for the organization.
- deciding what business organization should

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continue and which business organization ~~shout exist~~ should exist.

(iv) In this level of manager, the CEO can be viewed as the guardiance of shareholder's wealth. It is their responsibility to ensure that all business strategies are consistent with the core objective of maximizing shareholder's wealth.

(v) CEO is the principal general manger.

(b) Business level management:

(i) It may consist of divisional managers and other staff members.

(ii) The main role of this level of mangement is to translate general directions and intent that comes from corporate level into concrete or specific strategies of individual business.

(c) Functional level management:

(i) It is responsible for specific business functions such as HR, CRM ~~etc~~ research and development, accounting and finance, etc.

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(ii) Since It is closer to customers or other third parties in ~~corp~~ comparison to a typical general manager. Therefore they themselves, may generate important ideas which may subsequently become a major business strategy.

(iii) It have a major strategic role i.e to develope appropriate functional strategies such as marketing strategy, HR strategy which will help in achieving different business and corporate level objectives.

(iv) Its responsibilities are confined to one business activity. For eg- procurement and marketing.

However, General managers i.e BLM are responsible to oversee the entire operations of a division or product or strategic business unit. (SBU)

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~~(a) Por~~

PRODUCT ~~LIFE CYCLE~~

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Network of Relationships Between Three levels.

There are multiple ways in which all the 3 levels of mangement are interlinked. ~~and~~ There are 3 major types of network of relationships between the level and also amongst the same levels of a business.

(a) Functional and Divisional Relationships :

This relationship is similar to SBU structure where a division or a SBU or a function may have an independent status with dedicated head of the division | SBU | function.

(b) Horizontal Relationship :

In this relationship, all the top level management, other staff members are in the same hierachal position. It is also ~~term~~ termed as a flat organisation structure. It may be suitable for start-ups which needs sharing of different ideas and innovation.

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(c) Matrix Relationship:

This is similar to a grid-like structure where teams are formed with people from different departments to execute specific projects or tasks. It is generally suitable for conglomerates where a functional manager or team member is answerable to more than one business level manager.

Strategic Intent:

(i) It gives an idea of what organisation desires to achieve in future, in other ~~hand~~ words, strategic intent represent answer to the question – "why they want to ~~be~~ do any specific activity?"

(ii) To understand the strategic intent, we ~~m~~ need to evaluate the following elements.

a) Strategic vision
b) Mission statement
c) goals and objectives
d) value system of the organisation
e) business model.

(iii) clarity in strategic intent is extremely important for the future success and growth of company.

(iv) Element of strategic intent :

a) VISION :-

- A strategic vision is a roadmap of company's future i.e it provides specifics about the kind of organisation management is trying to create, their technology and customer focus or the kind of capabilities it plans to develop.

- A clearly articulated strategic vision will communicate managent's aspirations to their stakeholders.

- Essentials of strategic vision-

→ while developing a strategic vision, you need to think creatively to prepare a company for future.

→ To create strategic vision, you should ~~be~~ have intelligent entrepreneurship.

→ well-defined vision will create enthusiam for the course management ~~&~~ and engages members of the organisation.

→ Best-worded vision statement clearly illuminates the directions in which organisation is headed.

(b) MISSION :- [Who we are and What to do]

(i) A mission is an answer to the basic question 'What business are we in and what to do'.

(ii) Its describe an organizations present capability, customer focus, activities and business ~~makup~~ makeup.

(iii) Guidelines for formulating a mission statements :

(a) a good mission statement should be clear, precise, distinctive and motivating.

(b) entity's mission should be clearly emphasize on what needs business is trying to statisfy, what kind of customer groups business is trageting and what ~~techn~~ technologies they are currently using to perform business activities.

(iv) ~~Ess~~ why should an organisation have a mission statement?

a) it will serve as ~~for~~ focal point so that everyone can identify organisation's purpose and direction.

b) It will help in translating entity's vision into goals and objective so that organisation can plan appropriately how to achieve them.

(c) Goals And Objectives:

(i) It helps in track the organisations performance and progress.

(ii) Organisation should translate their vision and mission into appropriate goals and objectives.

(iii) Goals are open-ended attributes that denote future outcome while objectives are close ended attributes which should be precise and expressed in specific terms.

(iv) Both goals and objectives are interchangeably used:

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(v) Characteristics of goals and objectives:

- concrete and specific
- related to time frame
- measurable and controllable
- challenging
- should provide a basis for strategic decision making.
- different objectives should co-relate to each other.
- define organisation's ~~set~~ relationship with its environment.

(vi) Example of long term objectives:

- Profitability
- Productivity
- competitive development
- employee relations
- public responsibility.

(vii) Clearly established goals. and objectives will offer ~~may~~ many benefits like:

- allow synergy.
- direction
- aid in evaluation.
- reduce uncertainty
- minimize conflicts
- stimulate exertion.

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(d) Values:

(i) A company's value sets the tone for how the people of think and behave, especially in situations of dilemma. It create a sense of shared purpose to build a strong foundation and focus on longevity of company's success.

(ii) Examples – Integrity, Trust, Accountability, Humility, Innovation and Diversity.

(iii) This graphic represents the interconnection of Intent, Vision, Mission, Goals and Values. Values remain the center of vision, Mission, Goals and putting all them to action.

Intent Vs Value: Which is a broader Concept?

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.