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SM

Introduction to SM | S. Analysis | Strategic choice | Strategic Implementation | Strategic control

S. Analysis → External, Internal

Strategic choice → Strategy formulation

Introduction to Strategic Management

Management →
1. Set of interrelated functions
   P O S L C
   Planning organising staffing leading controlling
2. Represent key group of people in organisation

Strategy

It is a long range blue print of an organisation's
↓
Desired - Image, direction & destination

[William F. Glueck]
Unified, comprehensive & Integrated (Plan)
↓
designed to achieve
↓
Basic objective business
S S G E P
survival stability growth efficiency profitability

* Nature of strategy → Blend of proactive & Reactive

Partly Proactive
↓
Org makes the strategy & Implements it.

Partly Reactive
↓
- In Response to
- changes in environment
- New learnings

* Strategy is NO substitute for a sound & Alert Mgmt.

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Strategy Making at

Corporate level	Business level	Functional level
[CEO, CFO, CTO...]	[manager, supervisor...]	Finance, marketing, HR, prod'n (Labour) Tasks.
- Long term impact	- Translate cor. intent to Indiv.	- Resp for execution of

Strategic Management :- → Provide a framework.

It is a managerial process of.

Developing a strategic vision → setting objective → Crafting a strategy → Implementing the strategy → Taking corrective actions (control)

S.M Objectives
1) To create a competitive advantage.
2) To guide the co through all the changes in environment.

S.M

Importance
- → Proactive
- → Enhanced longevity
- → Corporate defence mechanism
- → Provide framework - major decisions
- → Develop core-competency & comp. adv
- → helps devel'p realistic obj & goals.
- → Prepare org for Facing future key path finder.

Limitations
- → Env't is highly complex & Turbulent → difficult to understand Env. in complete sense.
- → Time consuming
- → Costly Process.
- → difficult estimate competitors responses.

Strategic Management Phases/stages :-

Stage-1 : Developing strategic intent.
Stage-2 : Strategic Analysis.
Stage-3 : Crafting a strategy
Stage-4 : strategic Implementation
Stage-5 : strategic control

1	2	3	4	5
-> vision -> mission -> objectives & goals -> values.	1. External 2. Internal	-> Corporate -> Business -> Functional	-> org. structure -> S. leadership -> S. culture -> S. change (Kurt Lewin's change process)	All stages to take corrective action

Stage-1 Developing strategic intent :-

Strategic Intent / Philosophical Base
- what they want to do
- why they want to do.

Vision
corporate level
Road map of Co.'s future
providing specifics about:
- Customer focus
- Technology
- geog'y & product market
- Capabilities it plans to develop
- kind of co.
-> Trying create

Mission
Business level
Present business scope.
1) what business are we in
2) what we do.
* why should org have a mission - 7 points
Serve as a focal point
What is our mission

Objectives & goals
Functional level
open ended
closed ended
Performance targets
Future stage/ outcome.
* characteristics of objectives
A need for both long term & short term objectives
* areas in which long term obj

Values.
All stages.
- (Deeply rooted Principals)
- omni present

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* Essentials ~~of~~ for a Strategic vision:-
-> Think creatively - about future
-> Ex - Intelligent entrepreneurship
-> A clear articulated vision -> create
enthusiasm among memb. of org.
-> Best worded vision - create clearly illuminate
the direction

3. levels
(Network of Relationship)
-> Functional & divisional (vertical)
-> Horizontal (Same level)
-> Matrix (Both vertical & Horizontal)

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STAGE-II

Strategic Analysis

- A good strategy cannot be formulated by good thoughts, Intuition, opinions etc. It can only be Formulated Deep rooted Analysis

External Environment
- Opportunities
- Threats

Internal Environment
- Strengths
- Weaknesses

SWOT Analysis

** Issues to consider Strategic Analysis:-

-> Strategy evolves over a period of time
-> (Series of small decision taken over an extended period of time)
-> Balance of external & Internal Environment.
-> Risk - Inherent ~~part~~ & part & parcel of business.

Framework of S. Analysis:-

External — Opportunities, Threats
-> Customer analysis
-> Competitor analysis
-> market analysis
-> Environmental analysis
- micro (COSMIC)
- macro. (PESTLE)

Internal — Strengths, weakness.
-> Performance analysis.
-> Determinants analysis.

* Strategic Indent'n & selc'n
1) Identify stgy. Alternatives
2) select strategy.
3) Implement stgy.
4) Review stgy.

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=> Business Environment <
- Complex.
- Highly dynamic & Cont. Evolving

All external Influences. which affect the business.

-> Analysis HELPS business -> following ways:-
1) Determine opportunities & Threats.
2) gives a direction for growth.
3) Contin's learning
4) Image building.

Business Environment

Micro Environment -> (Immediate periphery)
- -> customers/consumers.
- -> organisation
- -> Suppliers
- -> Market.
- -> Intermediaries
- -> Competitors

(Broader forces) <- Macro Environment [PESTLE]
- -> Demography
- -> Political
- -> Economics
- -> Socio-cultural
- -> Technological
- -> Legal
- -> Global.

Globalisation

What?
- -> going beyond the boundaries of home Country (means around the world).
- * Competing in domestic markets with foreign players

Characteristics of a global Company.

COMMON <
- Ownership
- Pool of resources.
- Strategy

Reasons for going global.
- -> need to grow.
- -> Rapid shrinking of distance & time
- -> Domestic markets are not adequate
- -> Cheaper source of Raw materials
- -> lower transp. cost
- -> opens up foreign markets
- -> collapse of trade

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-> Forming s t alliances

Product :-

Goods | Services | Experience

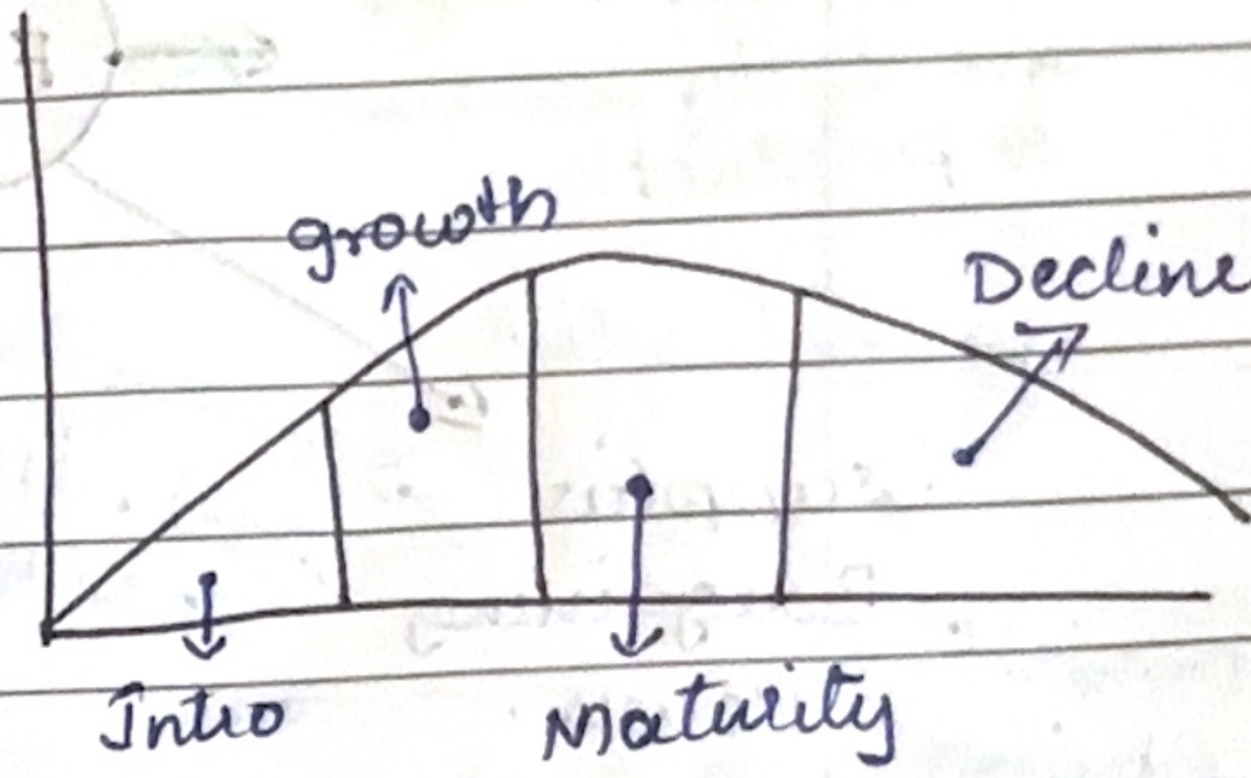
Characteristics :-

1) Tangible or Intangible
2) has a price
3) has to deliver satisfaction
4) Pivotal for business
5) has a useful life

Product life cycle :-

S-shaped curve

depicts that every product goes through 4 successive stages

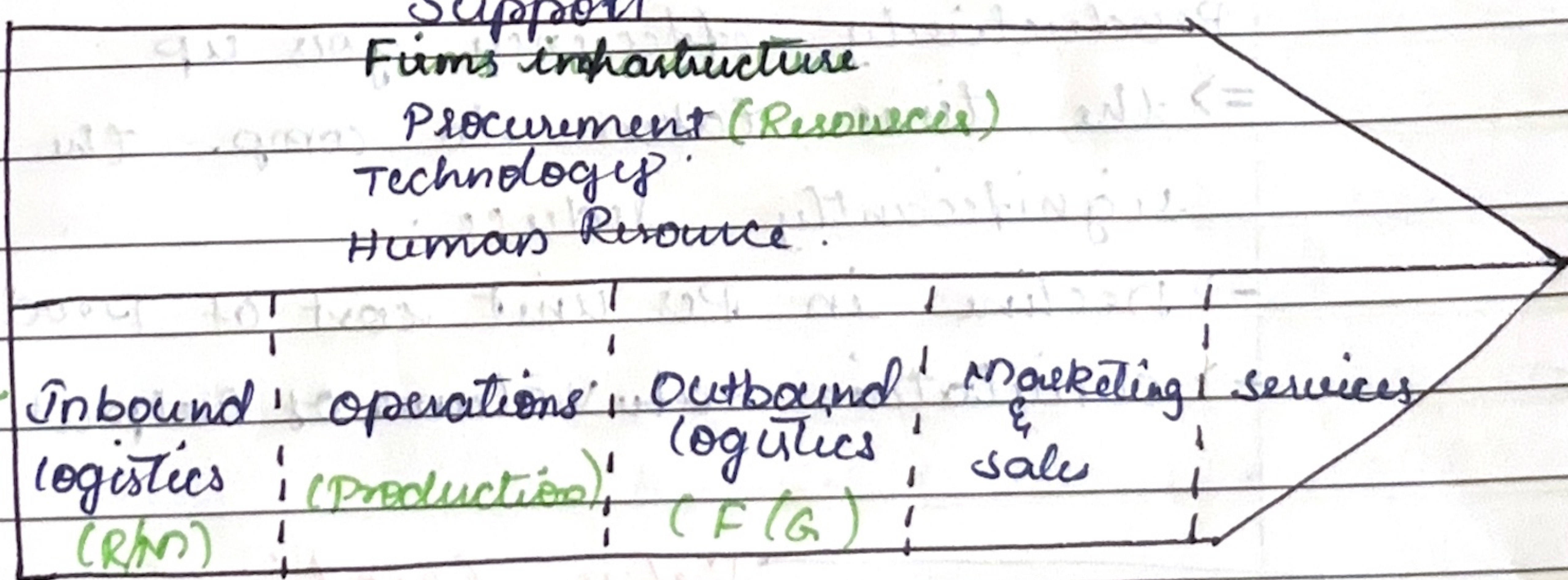


* Value chain Analysis (M. Porter) :-

Organisation Activities

Primary (5) | Support (4)

Support



Primary

To support their actives we need support activities

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Industry Environment Analysis :-

Porter's 5-Forces Model :-

Buyer's Bargaining Power → (when buyers are fully aware of product)

Firm

New Entrants ← can be a heavy source of comp. → To avoid → N/E → Entry Barriers are to be estb.

1) Capital Requirement
2) Economic of scale
3) Prod. Differentiation
4) Brand Indentity
5) Switching cost.

Substitutes → (Latent sources of competitors)

Rivals → cut-throat competition → low Industry Profitability

why?

1) Industry leader.
2) Number of comp.
3) Fixed cost.
4) Exit barriers.
5) Prod. differenciation
6) slow growth.

Suppliers Bargaining Power → groups / cartels, special offering, aware that prod. is crucial to buyer.

Experience Curve :-

when repeatedly a productive work is undertaken, Productively effeciency goes up.

=> the time taken to comp. the task will significantly reduce.

-> Decline in Per unit cost of production

-> cumilative ~~vale~~ volume of output also grows.

Value Creation :-

-> Product features, Quality, durability, availability, Performance

-> where the firm is able to retain a customer -> they have delivered value to customers.

-> what customer is willing to pay for? ultimately create comp. advantage

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Market & Customers:-

Place for Interested Parties, buyers, sellers
Exchange goods & services
can be exchanged for a price

Customers -> can be same (or) different <- Consumers

Customers:
-> Any person that Buys the product or service
-> Categorised into groups based on age, gender, geography etc..

Consumers: the person who ultimately use the product

Strategic Analysis:-

Customers Analysis
study past data, conduct surveys, Cust. profiling

Consumers behaviour Influences.
External Influence.
Internal Influences.
Decision making
Post decision making

Marketing:- 4 P's. -> Marketing Mix

- Product
- Price
- Place
- Promotion

Comp. landscape:-

understand comp landscape req. applic. of "Comp Intelligence".

*** steps to understand comp. landscape

1) Indentify your competitor
2) understand the "
3) Determine their strengths
4) Determine their weakness.
5) Put all Into together.

KSF - Key success factor:-

KSF are those things that most affect the Industry members
only one/two KSF -> Industry.

How to Indentify KSF's in Ind?

1) On what basis do cust. choose a particular product?
2) what resources & comp. capabilities are needed for comp. adv?
3) what does it take to achieve sustainable comp. adv.