Different Perspectives of Strategy Formulation

① **The Design Perspective:** The emphasis of this perspective was on the relationship between strategy and structure. According to Alfred Chandler, strategy and structure are closely related to each other. This relationship shows interconnectedness between strategy formulation and strategy implementation.

However, strategy has a much more important influence on structure than the reverse.

② **The Level Perspective:** This perspective of strategic management was a slight departure from the design approach. According to this perspective, strategy should be thought at different levels.

① **Corporate Level:** It is uppermost level of strategy. It is derived from mission and vision statement. It co ordinates the business units so that the corporation as a whole suceeds as a family.

⑪ **Business Level:** It is related to competing successfully in an individual product market. It directs SBU towards competitive advantage from the market.

⑪ **Functional Level:** It aims at bringing effectiveness in different functions of a business. In functional level; resources, work processes, information and manpower are integrated to bring effectiveness in the business and corporate level strategies.

③ **The Positioning Perspective:** Michael Porter, argued that a firm's profitability depends on the position it occupies in the industry. Positioning is dependent on 5 forces:
* Threat of new entrants, * Power of suppliers, * Power of buyers,

* Threat of substitutes, * Competitive Rivalry.
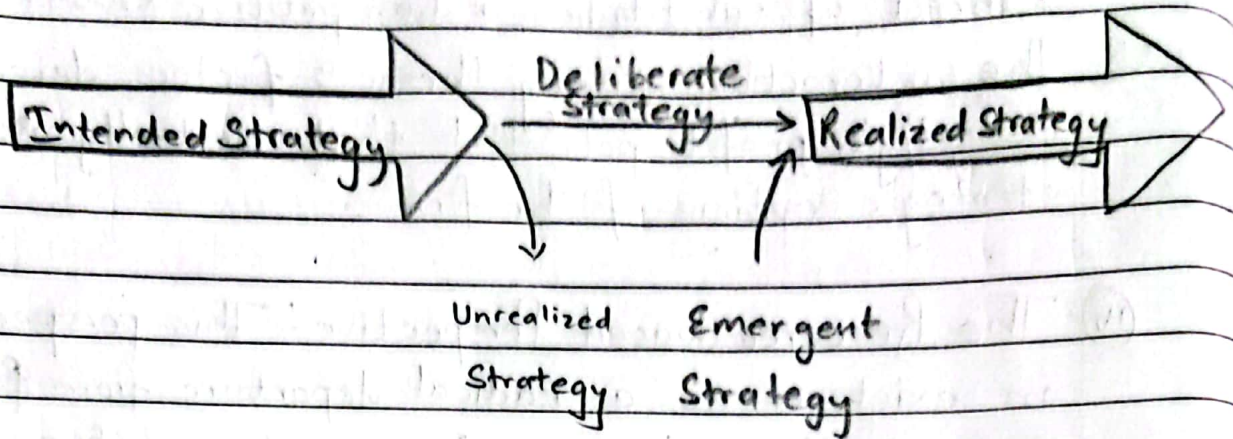
The interactions among these 5 factors determine an industry's profit potential that eventually determines the strategic options of the firms.

(IV) **The Resource based Perspective:** This perspective came in existence as a radical departure from the positioning approach. It emphasizes the importance of resources and capabilities of a firm in maintaining competitive advantage. Hence, the choice of particular strategy depends of the resources and capabilities available in relation to change in business context.

Approaches to Strategy Formulation

(i) **Intended Strategy:** It is the strategy that the organization has deliberately chosen to pursue. It is also called deliberate strategy which is the realization of explicit intention.

(ii) **Realized Strategy:** It is the strategy that the organization actually carries it out. For example: an organization may not implement the intended strategy due to change in customer preference; the strategy is called unrealized strategy.

(iii) **Emergent Strategy:** Under this, the managers use their experience and learning to develop a strategy that meets the needs of external environment. It focuses on the idea of or experimentation.

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┌─────────────────┐        Deliberate
│Intended Strategy │ ─────── Strategy ──────→ │Realized Strategy│
└─────────────────┘                          
            ↓                                    ↑
                                              
        Unrealized      Emergent
         Strategy       Strategy
```

Concept of Strategic Planning.

Strategic plan is a long run of an organization. It determines where an organization is going over time to come, how it is going to get there and how it will know if it got there or not.

Strategic planning is the formalized long range planning process used to define and achieve organizational goals.

Features of Strategic Planning:

① **Long-term:** Strategic planning is a long-term plan. It normally covers a period over five years. It provides long-term direction to an organization.

② **Strategic fit:** Strategic plan always aims at establishing strategic fit i.e. fit between strength and opportunity through a proper plan. Strategic fit leads an organization towards the way of competitive advantage.

③ **A mean only:** Strategic plan is a means of achieving organizational objectives. However, it is not an end itself.

(iv) Based on environmental analysis: Strategic plan involves development of vision, mission, objectives, and strategies of an organization. It is prepared on the basis of environmental analysis.

(v) Set of priority: Strategic plan sets a priority of an organization in terms of the product and market. However, the priority may change with the change in the business conditions.

Unit -2.
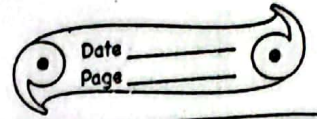
Vision, Mission, Objectives and Strategy.

Strategic Vision.

Strategic vision is the picture of desired future state of an organization that reflects a firm's values and aspirations.

Features:

① Future focused: An effective vision describes organization's desired future.

② Clear: An effective strategic vision should be clearly articulated and easily understood.

③ Value based: An effective vision connects people to the organization's core values.

④ Unique: An effective vision reflects the uniqueness about organization to make it different.

Developing Strategic Vision.

Two major components

① Core vision ideology: It defines enduring character of an organization that remains unchangeable irrespective of technology, competition or management trends.

② Envisioned future: It consists of two components
   ⓐ 10-30 years audacious goal
   ⓑ Vivid description of what it will be like to achieve the goal.

Mission

A mission statement defines the business in terms of the customers, employees, suppliers, and the community. It reflects every facet of the business: the range and nature of the products the business offers, pricing, quality, service, etc.

The reason for existence of an organizational existence.

Features of Mission
(i) Broad in scope.
(ii) Precise.
(iii) Inspiring
(iv) Multi components.
(v) Distinctive.
(vi) Components of strategy.

Importance of Mission.
(i) Brings uniformity: A mission statement brings uniformity within the organization.
(ii) Defines the business: It defines the business mainly in terms of products and customers.
(iii) Shows the operating philosophy: It shows the operating philosophy of an organization in terms of quality, image and self concept.
(iv) Enhances employee ownership: It enhances employee ownership in the organization and also increases their commitment.
(v) Base of resource allocation: It provides base for resource allocation to different SBUs of an organization.

Differences between Vision and Miss

Crafting a Mission Statement.

① Define the purpose: Carefully define the reason of existence of organization in terms of market, product and stakeholders.

② Make it broad in scope: Should cover important aspects about the product and market of the business.

③ Precise: Should be presented in precise way; normally, should not be more than 250 words.

④ Inspiring: Should inspire all stakeholders and encourage/motivate them to involve in the organization in a rigorous way.

⑤ Distinctive: Should make the organization different to others; distinguish the organization from its competitor helps in image building.

Linking Vision and Mission with Company Values.

Vision: To create an equitable, integrated, decentralized, responsive and participatory health system within a just and empowered society.

Mission: Strengthening health systems to ensure healthy communities.

Values
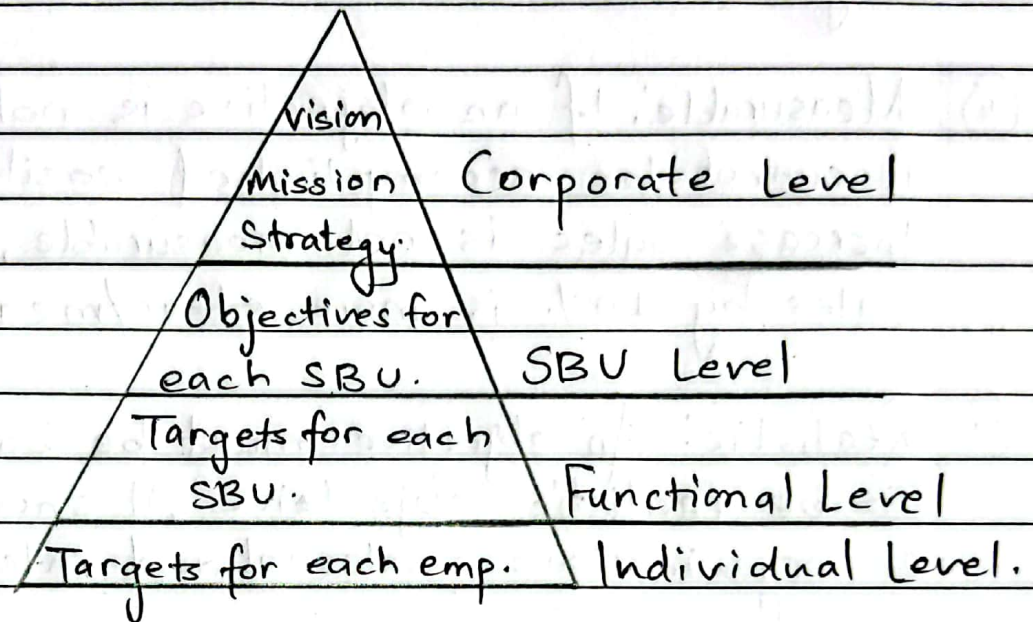- Equality
- Accountability
- Equity
- Transparency.

Fig: Vision, Mission, Values of Health care.

Objectives : Expected / desired outcomes of an org. over a certain period of time; end results of planned activities to be achieved.

Levels of Objectives:

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                    /\
                   /Vision\
                  /Mission\  Corporate Level
                 /Strategy.\
                /Objectives for\
               /  each SBU.    \  SBU Level
              /Targets for each \
             /      SBU.         \  Functional Level
            /Targets for each emp.\ Individual Level.
           /_____\
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① Corporate Level: The objective that sets the desired outcome of whole organization is corporate level objective.

② Business level : The objective which is set for a particular strategic business unit (SBU) is called business level objective.

③ Functional level: The objectives set for each function is functional level objective.

④ Individual Level: The objectives set for individual employee of a business is individual level objective.

Crafting Objectives!

① **Specific:** An objective must be specific. A specific objective can be understood very easily. Example: Revise website is not specific; Revise login modal with new theme is more specific.

② **Measurable:** If an objective is not measurable, it cannot be accomplished easily. Example: Increase sales is not measurable, rather increase sales by 10% is more ~~clear~~/measurable.

③ **Realistic:** An objective must be based on reality. To be realistic objective, it should be based on organizations → external and internal environment.

④ **Timebound:** An objective must cover a certain period of time. For example: Increase the sales by 20% is not time bound rather increase the sales by 20% in 2 years is time bounded.

⑤ **Motivating:** Objectives of organization should ~~be~~ motivate the people in the organization for performing better.

⑥ **Hierarchial:** Set for different level; corporate, business, functional and individual level.

⑦ ~~Congarent~~ **Congruent across department:** It helps to bring synergy and remove unnecessary conflicts between departments.