

Strategic Management Process

Successful situation analysis is followed by creation of long-term objectives. Long-term objectives indicate goals that could improve the company's competitive position in the long run.

1. Developing a Strategic Vision and Business Mission-

First, the company managers need to consider a set of questions – “What is our vision for the company—where should the company be headed, what kind of enterprise we want to become?” It is important to determine about what the company's long-term direction should be and whether and how its present business needs will change over the next five years and beyond. Managers must constitute a strategic vision for the company.

2. Environmental Scanning-

Environmental scanning refers to a process of collecting, scrutinizing and providing information for strategic purposes and helps in analyzing the internal and external factors influencing an organization. After executing the process, management should evaluate it on a continuous basis and strive to improve it.

3. Setting Objectives-

It is said that “if you want to have zero results, decide no objectives.” Objectives convert managerial statements of strategic vision and business mission into “specific performance target”—the results and outcomes the organisation wants to achieve. Setting objectives and then measuring whether they are achieved or not help managers track an organisation's progress. Objective setting is required of all managers.

Every unit in a company needs concrete, measurable performance targets that contribute towards achieving company objectives. Companywide objectives are broken down into specific targets for each organisational unit and lower-level managers are held accountable for achieving them. Objectives build a result-oriented climate throughout the enterprise.

Strategic managers should set two types of objectives for good performance:

i. Financial Objectives:

These are related to the financial results and outcomes that the management wants the organisation to achieve.

ii. Strategic Objectives:

These aim at results that reflect:

- a. Increased competitiveness and stronger business position,
- b. Winning additional market share,
- c. Overtaking key competitors on product quality or customer service or product innovation,
- d. Achieving lower overall costs than rivals,
- e. Boosting the company's reputation with customers,
- f. Winning a stronger foothold in international markets,
- g. Exercising technological leadership,
- h. Gaining a sustainable competitive advantage, and
- i. Capturing attractive growth opportunities.

4. Crafting a Strategy-

A 'Strategy' reflects managerial choices among alternatives. It signals organisational commitment to particular products, markets, competitive approaches, and ways of operating the enterprise. Strategy making brings into play the critical managerial issue of how to achieve the targeted results in the light of the organisation's situation and prospects. Objectives are the "ends", and strategy is the "means" of achieving them.

5. Implementing and Executing the Strategy-

To implement the chosen strategy, managers will have to develop the needed organisational capabilities.

To carry out and execute it proficiently, and to produce good results, the following administrative tasks are to be performed:

- i. Building an organisation capable of carrying out the strategy successfully.

- ii. Allocating company resources so that organisational units have sufficient people and funds to do their work successfully.
- iii. Establishing strategy-supportive policies and operating procedures.
- iv. Putting a freshly chosen strategy into place.
- v. Motivating people in ways that induce them to pursue the target objectives.
- vi. Tying the reward structure to the achievement of targeted results.
- vii. Creating a company culture and work climate conducive to successful strategy implementation and execution.
- viii. Installing information, communication, and operating systems that enable company personnel to carry out their strategic roles effectively day in, day out.
- ix. Instituting best practices and programmes for continuous improvement.
- x. Exerting the internal leadership needed to drive implementation.

6. Evaluation and Control-

Strategy evaluation and control is the last phase in the strategic management process. Strategy evaluation is concerned with examining whether the strategy implemented is working or producing results or accomplishing its objectives or not. Strategic control is concerned with continuous monitoring and tracking the strategy— putting the strategy in the right path or direction.