

## Strategic Management -

Strategic mgt involve a series of decision and actions which lead to to the formulation, complementation and control of effective strategies so as to achieve the objectives of the organisation.

Strategic mgt is the formulation and implementation of plans and the carrying out of objectives relating to the matters which are of vital, continuing importance to the total org<sup>n</sup>. Strategic mgt as a systematic approach to a measurement increasing by important responsibility of general mgt, to position and relate the firm ~~to~~ its environment in a way which will assure its continued success and make it secure from surprises.

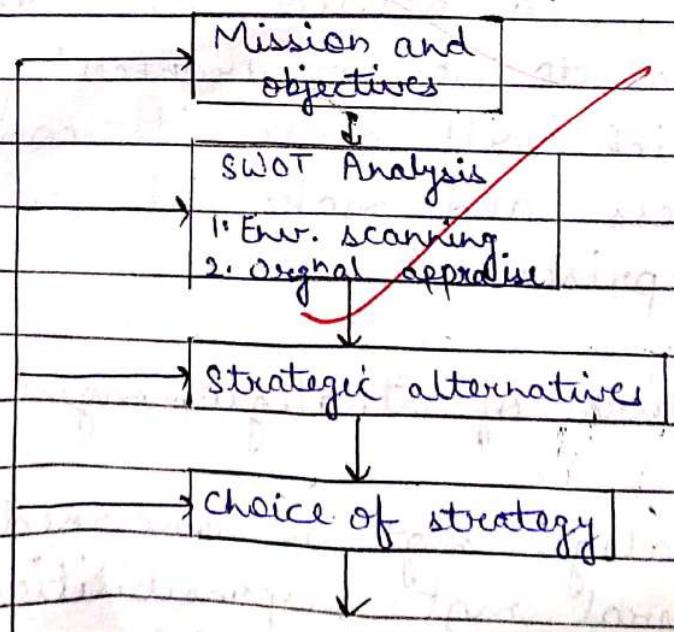
### Features of strategic mgt -

- Strategic mgt is concerned with general mgt responsibilities. Therefore board of directors, C.E.O and their functionaries play a major role in

## strategic mgt.

- (ii) It relates the org<sup>n</sup> to the env<sup>i</sup> such a way that the original objectives may be achieved.
- (iii) It deals with the total org<sup>n</sup> as to ensure the survival and growth of the org<sup>n</sup>.
- (iv) It consists of a system approach to org<sup>n</sup>al problems and decisions.
- (v) It aims at civilizing and enhancing the competitive strength of the org<sup>n</sup>.

## Process of strategic Mgmt :-



	Implementation of strategy
3	- organisational structure
12	- org'nal systems
5	- Resource allocation
10	- Behavioural issues
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	Evaluation of strategy
	- Process of evaluation
	→ criteria for evaluation
	- Techniques of evaluation

### Strategy formulation -

The first step strategy formulation is defining the basic mission and objectives of the org". Mission is a statement which defines the basic purpose and role of an org" in the society. An org" s mission statement includes what it wants to become and why it exist.

- (i) SWOT Analysis - It is a systematic approach to understand the env. SWOT stands for strength, weakness, opportunities and threats. An opportunity is a favourable condition in the env.

~~4~~

while threat is an unfavourable condition in the env. strength means the capacity of an org<sup>n</sup> to use its gain strategic advantage over its competitors. A weakness is a limitation which creates a strategic disadvantage.

Environmental scanning — Opportunities and threats can be identified by analysis and appraising the external env. of the org<sup>n</sup>. External environment comprises economic, legal, market and competitive factors.

Org<sup>n</sup> Appraisal — The internal env. of the org<sup>n</sup> is analysed in terms of its resources and behaviour. Analysis of the technological, marketing, financial and human resources of a company reveal its strength and weakness.

2. Strategic Alternatives — The next step ~~strategic formation~~ is the generation possible alternatives strategies of identifying strategic options.

3. Strategic choice — The choice of strategy from alternative strategies is the most critical step in strategy formul

for this purpose. Strategic alternatives are compared and evaluated and the impact of each alternatives on the org<sup>n</sup> is analysed. Choice may be made on the basis of analysis, judgement and bargaining.

#### 4. Implementation of strategy -

The chosen strategy must be implemented effectively in order to achieve the strategic objectives. A good strategy without effective implementation is of no use. The implementation of strategies is concerned with design of system and structures so as to achieve the best integration of people, processes, structure and resources in achieving org<sup>n</sup>al objectives. It consist of designing the org<sup>n</sup> structure, developing appropriate systems and procedures and allocating the sources and managing human behaviour so as to ensure the effective use of capabilities for accomplishing the desired objectives.

Org<sup>n</sup> structure - An appropriate org<sup>n</sup> design is essential for successful

#6

implementation of the strategy. The total responsibility for strategy implementation has to be subdivided and distributed to different units in the org'n. The main steps involved in the developing org'n structure are as under-

- (a) Defining the major task required to implement the strategy.
- (b) Grouping task into department / divisions on the bases of common skills required.
- (c) Delegating authority for performing the task.
- (d) Co-ordinating different units or divide responsibilities.

Org'nal system - The overall strategy can be implemented only when a number of policy decisions are taken. Functional strategies like production, marketing, financial and personnel policies are formulated to interpret the strategy in additional procedures programs and rules are designed to put the strategy into action.

Resource allocation - After developing appropriate structures and systems, the required resources are obtained and allocated to execute the strategy. Resources refer to funds, personnel, physical facilities and equipments, materials, supplies and services etc.

Behaviour issues - An appropriate org<sup>n</sup> climate and culture are essential for effective execution of strategy personnel values members, business ethics, corporate power politics, leadership etc.

Control of strategy - Review and evaluation of strategy in the final phase is the process of strategic mgmt. The purpose of strategic control is to evaluate the effectiveness of strategy in achieving org<sup>n</sup>al objectives.

Strategic control can be of four types -

- (i) Premise control - Every strategy is based on certain assumptions about the internal & external environment

Premise control helps to keep track of changes in key assumptions and their impact on the strategy.

- (ii) Implementation Control - This control is aimed at evaluating whether the policies and programs designed to implement the strategy and guiding the org<sup>n</sup> towards its predetermined objectives.
- (iii) Strategic Surveillance - It is designed to monitor a broad range of events both inside and outside the company which are likely to threaten the course of its strategy.
- (iv) Special alert control - This is a controlling strategy in org<sup>n</sup> to control the unexpected events.

#### \* Essentials of a good strategy :-

1. Internal Consistency - A business strategy must be consistent with the goals & policies of the org<sup>n</sup>. There should be perfect co-ordination between objectives and strategies.

business should be integrated into a strategic frame work.

2. Consistency with Environment - A strategy is basically a response to cope with changes in the external env. Therefore it should be designed to fit the opportunities and threats of the external env. It should be based on forecasts of future trends.
3. Appropriate time horizon - Time is a critical factor of a strategy. The time span of the strategy should be adequate enough for the commitment of resource while deciding the right time span, objectives & env. of the enterprise should be considered.
4. Realistic - A strategy should reflect the strength & weakness of the enterprise. It should be appropriate in the light of available resources.
5. Acceptable to degree of risk - Every strategy contains an element of risk & uncertainty. But the degree

of risk inherent in a strategy should be such as the enterprise and bear its. Resources shouldn't be committed nor they should be concentrated on a ~~sig~~ singal activity. A proper match should be created between risk and return.

6. Feasibility - A strategy should be workable and capable of producing results within the parameters known to management.
7. Social - Sanction - Strategy must fulfill crucial and social responsibility.

### Types of Strategy

- 1.) Stability Strategy - A strategy oriented towards stability is generally followed by an enterprise when it is satisfied with its present position. It is likely to be successful in a stable and simple external environment. Org<sup>n</sup> may choice stability strategy because it is the easiest, most comfortable and least risky course of action.

2. Growth strategy — Many enterprises prefer the strategy of expansion and growth. Growth strategy is generally used in dynamic industries with rapidly changing technologies. Growth may be achieved in several ways such as product development, market development, diversification, vertical integration and merger.
3. Retreat strategy — An enterprise may be retreat from its present position in order to survive or improve its performance. Such a strategy must be adopted during recession and other crisis situation.
4. Combination strategy — A large firm active in a no. of industries may adopt combination strategy. It represents a mix of any of strategies given above.
5. Master or grand strategy — It determines the picture of enterprise. It is the overall strategy of an org". The purpose of grand strategy is to determine and comm" to the probable shape which the org"