

## What is strategy?

- A strategy is a business approach to set of competitive moves that are designed to generate a successful outcome.
- Strategy is tactical course of action which is designed to achieve long term objectives. It is an art and science of planning and marshalling resources for their most efficient and effective use in a changing environment.
- Strategy of business enterprise consists what management decides about the future direction and scope of the business. It entails managerial choice among alternative action programmes, competitive moves and different business approach to achieve enterprise objectives.
- Strategy once formulated has long term implications.
- It is framed by top management in an organisation. In short, it may be called as the 'game plan of Management'

✓ A strategy is management's **game plan** for

- Strengthening the Organization's competitive position.
- ~~str.~~ satisfying customers.
- Achieving performance targets.

→ Three big questions involved in a strategy.

- Where are we now?
- Where do we want to go?
- How will we get there?
- How do we know if we got there?

What is Strategic Management?

- The set of decisions and actions that result in the **formulation** and **implementation** of plans designed to achieve a company's **objectives**.
- The art and science of **formulating**, **implementing**, and **evaluating** cross-functional decisions that enable an **organisation** to achieve its **objectives**.
- Strategic Management is used synonymously with the term strategic planning.

• Strategic Management

- is used to refer to strategy formulation, implementation and evaluation.

Strategic Planning

- referring only to strategy formulation

→ A **strategic plan** is **company's game plan**

- Strengthening the Organisation's competitive positions.
- Satisfying customers.
- Achieving performance / targets.

→ A strategic plan results from tough managerial choices among numerous **good alternatives**.

## Stages of Strategic Management

1. Strategy Formulation

2. Strategy Implementation

3. Strategy Evaluation

### • Scanning

• Where are we now?

### • Strategy Formulation

• Where do we want to be?

### • Strategy Implementation

• How do we get there?

### • Measurement / Performance (Strategy Evaluation)

• How do we our progress

- There is a need in modern time for strategies to achieve ~~go~~ agreed goals and objectives,
- giving ~~th~~ a sense of purpose and direction to the Organisation,
- because of recent technological and social changes and competition from rival organisations.
- In ancient Greek, 'stratos' was the term for the army and so in military terms; 'strategy' referred to the act of the general, or strategy is a plan of action to win a war.
- Here military identify the quality and quantity of resources to be mobilized and used at the most appropriate time in suitable and convenient manner to win a war.
- So a strategy, in business context is some sort of Plan of action, undertaken by senior management at a high level of abstraction.

## Strategy Formulation.

↳ includes developing (Where do we want to be?)

- Mission

- Vision

- Value

- Goals

- Objectives (Establishing long term objectives)

↳ Identifying an organization's external opportunities and threats

↳ Determining internal strength and weaknesses.

↳ Generating alternative strategies.

↳ choosing particular strategies to pursue the above ↑

- Deciding what new businesses to enter,

- what businesses to abandon/eliminate

- How to allocate resources

- whether to expand operation or diversify

- whether to enter international markets,

- whether to merge or form a joint venture

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## Strategy Implementation.

- How do we get there?
- requires a firm to establish annual objectives.
- devise policies
- Motivate employees
- allocate resources so that formulated strategies can be executed.
- often called the action stage. [Work Action Plans]

## Strategy Evaluation.

- Reviewing external and internal factors that are the basis for current strategies,
- Measuring performance, and taking correction decision/actions.

\* Strategy Formulation, implementation and evaluation activities occurs at three hierarchical levels in a large organisation.

\* Strategic management helps a firm function as a competitive team.