

Steps in Strategic Management Process.

Elements in Strategy Process	Question	Description
STRATEGY FORMULATION.		
Strategic Analysis		
Defining Organizational Purpose	What is our Purpose? what kind of organization do we want to be?	<ul style="list-style-type: none"> Organizational Purpose is generally articulated in vision & Mission statement. The first task is, therefore, to identify vision & Mission of the Organisation Environment analysis involves the gathering and analysis of intelligence / information on the business Environment This encompasses the external environment (general & competitive forces), the internal Env. (resources, competences, performance)
Strategic choice		
Objectives	Where do we want to be?	Objective provide a more detailed articulation of purpose and a basis for monitoring performance
Options Analysis	Are there alternative routes?	Alternative strategic option may be identified; options require to be appraised in order that the best can be selected
Strategies	How are we going to get there?	Strategies are the means or courses of action to achieve the purpose of the organisation

Elements in Strategy Process	Questions	Description.
STRATEGY IMPLEMENTATION.		
Actions.	How do we turn plans into reality?	A specification of the operational activities and tasks required to enable strategies to be implemented.
STRATEGY EVALUATION AND CONTROL		
Monitoring and control	How will we know if we are getting there?	Monitoring performance and progress in meeting objectives, taking corrective action as necessary and reviewing strategy

Nature of Strategic Management.

- Strategic Management can be defined as the art & science of formulating, implementing, and evaluating cross functional decisions that enables an organization to achieve its objectives.
- Strategic Management is different in nature from other aspects of Management.
- An individual manager is most often required to deal with problems of operational nature.
- He generally focuses on day - to - day problems.
 - efficient production of goods.
 - the management of a sales forces.
 - the monitoring of financial performance
 - design of some new system that will improve the level of customer service.
- Strategic Management involves elements geared toward a firm's long term survival and achievement of management goals.
- The components may include:
 - a desirable future
 - resource allocation
 - management of the firm-environment
 - competitive business ethics .

Dimensions of Strategic Management.

The characteristics of Strategic Management are as follows:

1. Top Management Involvement

- Strategic management relates to several areas of a firm's operations. So, it requires top management's involvement.
- Generally, only the top management has the perspective needed to understand the broad implication of its decisions and power to authorize the necessary resource allocation.

2. Requirement of large amount of resources.

Example:

Decisions to expand geographically would have significant financial implications in terms of the need to build and support a new customer base.

3. Affect the firm's long-term prosperity.

Once the firm has committed itself to a particular strategy, its image and competitive advantage are tied to that strategy; its prosperity is dependent upon such a strategy for a long time.

4. Future - Oriented.

- Strategic Management encompasses forecasts, what is anticipated by the managers.
- In such decisions, emphasis is placed on the development of projections that will enable the firm to select most promising strategic options.
- In the turbulent environment, a firm will succeed only if it takes a proactive stance towards change.

5. Multi-functional or multi-business Consequences.

- Strategic Management has complex implications for most areas of the firm.
- They impact various Strategic business units especially in areas relating to customer-mix, competitive focus, organisational structure.
- All the above areas will be affected by allocation or reallocation of responsibilities and resources that results from these decisions.

Need for strategic Management.

- No business firm can afford to travel in a haphazard manner. It has to travel with the support of some route map.
- And, Strategic Management provide the route map for the firm.
- It makes possible for the firms to take decisions concerning the future with a greater awareness of their implications.
- It provides directions to the company; it indicates how growth could be achieved.
- ✓ The external environment influences the management practices within any organisation.
- ✓ Strategy links the Organisation to external world.
- ✓ Change in these external forces create both opportunities and threats to an organisation's position.
 - but above all, they create uncertainty
- Strategic planning offers a systematic means of coping with uncertainty and adapting to change.
- It enables managers to consider how to grasp opportunities and avoid problems, to establish and coordinate appropriate course of action and to set targets for achievement.

1. It helps the firm to be more proactive than reactive in shaping its own future.
2. It provides roadmap for the firm. It helps the firm utilize its resources in the best possible manner.
3. It allows the firm to anticipate change and be prepared to manage it.
4. It helps the firm to respond to environmental change in a better way.
5. It minimizes the chances of mistake and unpleasant surprises.
6. It provides clear objective and direction for employees.

Benefits of Strategic Management.

- Today, all the top companies are involved in strategic management.
- Companies are finding ways to respond to competitors,
 - cope with difficult environment changes,
 - meet changing customer needs, and,
 - effectively use of available resources.
- At a time when the business environment is changing rapidly, even established firms are paying attention to strategy because they may face new competitors who threaten their core businesses.

- ✓ Should a company try to compete in all areas or concentrate on one area?
- ✓ Should a company try to extend the brand to even more diverse area of activity, or would it gain more by building profits in the existing areas?
- ✓ Should the company continue the current strategy as it is now, or would it initiate a radical review of its strategy?

↑ These are few examples of the strategic part of management tasks.

- A structured approach to strategy planning brings several benefits. (Smith 1995; Robbins 2000)
 1. It reduces uncertainty.
 2. It provides a link between long and short terms objectives.
Planning establishes a means of coordination between strategic objectives and the operational objective activities that support the objectives.
 3. It facilitates control / direction
 4. It facilitates measurement.

By setting out objectives and standards, planning provides a basis for measuring actual performance.

Strategic Management has thus both financial and non-financial benefits.

1. Financial Benefits.

- Research indicates that organisations that engage in strategic management are more profitable and successful than those that do not.
- Businesses that followed strategic management concept have shown significant improvement in sales, profitability, and productivity compared to firms without systematic planning activities.

2. Non-Financial Benefits.

Besides financial benefits, strategic management offers other intangible benefits to a firm. They are:

- (a) Enhanced awareness of external threats
- (b) Improved understanding of competitor's strategies.
- (c) Clearer understanding of performance - reward relationship
- (d) Increased order and discipline
- (e) Enhanced problem - prevention capabilities of organisation