



# **STRATEGIC MANAGEMENT**

**COURSE CODE: BUS-4104**

## **CHAPTER -01**

### **INTRODUCTION**

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in favor

## “STRATEGY IS THE MEANS USED TO ACHIEVE THE ENDS”

strategy is considered as a long term plan that relates the strategic advantages of organization to the challenges of the environment. It involves determination of long objectives of the organization and adoption of courses of action. It also involves allocation of resources necessary to achieve the objectives.

strategy broadly define is the process of interrelating ends and means. When we apply this process to particular set of ends and means the product that is the strategy is a specific way of using specified means to achieve distinct ends. Strategy is thus both a process and a product.

is important to separate objectives unto fundamental objectives (which reflect the ends we are trying to achieve) and Means objectives (which are important ways of achieving them). Means objectives usually correspond to positions and anchoring on positions both limits creativity and hampers consensus building.



“STRATEGY IS THE MEANS USED TO ACHIEVE THE ENDS”

## Key ideas

A fundamental objective is an end that you are trying to achieve.

A means objective is a way of achieving an end or fundamental objectives.

Focusing on ends rather than means help find creative solutions to problems.

# STRATEGIC PLAN

A strategic plan is a document used to communicate with the organization the organization's goals, the actions needed to achieve those goals and all of the other critical elements developed during the planning exercise.

A strategic plan is prepared to cope with a number of issues, such as the industry and competitive conditions, expected actions of the of the key actors in the industry and obstacles to the success of the organization. It incorporates the industry conditions, competitive situations as well as the vision, mission, objectives and strategy. Strategic plans aims at achieving strategic goals. These plans are set by the senior-most managers (directors in the company's board and the CEO plus other senior level people) Most successful companies have been found to have strategic plan in the form of written document.

# DISTINGUISH BETWEEN STRATEGY AND STRATEGIC PLAN

*Strategy* is an action that managers take to attain one or more of the organization's goals. Strategy can also be defined as "A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process". A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives.

A *strategic plan* is a course of action to achieve long-range goals. Strategic plans define the company's direction and its purpose as stated in its mission statement. In order to develop strategic plans, top management must develop and use summary reports on finances, operations and the external environment. Strategic plans influence the development of tactical plans.

# DIFFERENCE BETWEEN POLICY AND STRATEGY

The term “policy” should not be considered as synonymous to the term “strategy”. The **difference between policy and strategy** can be summarized as follows-

Policy is a blueprint of the organizational activities which are repetitive/routine in nature. While strategy is concerned with those organizational decisions which have not been dealt/faced before in the same form.

Policy formulation is responsibility of top level management. While strategy formulation is basically done by middle level management.

Policy deals with routine/daily activities essential for effective and efficient running of organization. While strategy deals with strategic decisions.

Policy is concerned with both thought and actions. While strategy is concerned mostly with actions.

Policy is what is, or what is not done. While a strategy is the methodology used to achieve target as prescribed by a policy.

# RISK OF STRATEGIC MANAGEMENT

The strategy-making/strategy-implementing process consists of five interrelated managerial tasks. These are-

**Setting vision and mission:** Forming a strategic vision of where the organization is headed, so as to provide long-term direction, delineate what kind of enterprise the company is trying to become and infuse the organization with a sense of purpose and action.

**Setting objectives:** Converting the strategic vision into specific performance outcomes for the company to achieve.

**Crafting a strategy** to achieve the desired outcomes

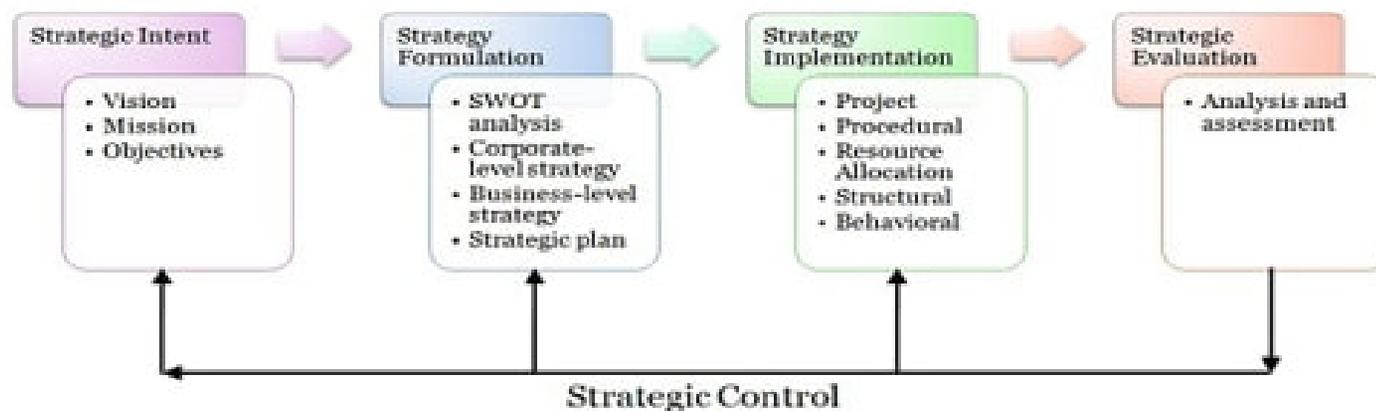
**Implementing and executing** the chosen strategy efficiently and effectively.

**Evaluating performance** and initiating corrective adjustments in vision, long-term direction, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas, and new opportunities.

# STRATEGIC MANAGEMENT PROCESS

Strategic Management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing the strategy, and then initiating corrective adjustments in the vision, objectives and strategy when needed.

## Strategic Management Process



# STRATEGIC MANAGEMENT PROCESS

The strategic management process means defining the organization's strategy. It is defined as the process by which managers make a choice of a set of strategies for an organization that will enable it to achieve better performance. Strategic management is a continuous process that appraises the business and industries in which an organization is involved; appraises its competitors; and fixes goals to meet all present and future competitors and then reassesses each strategy.

**Strategic management process has following four steps:**

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

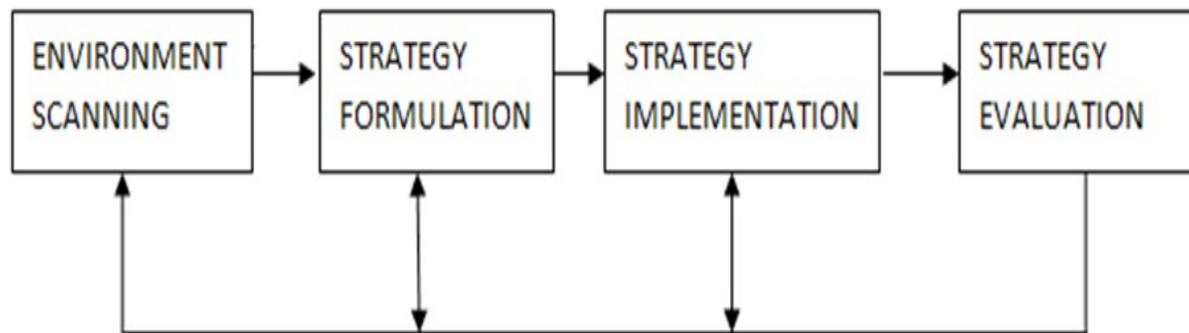


2. Strategy Formulation- Strategy formulation is the process of deciding best course of action for accomplishing organizational objectives and hence achieving organizational purpose. After conducting environmental scanning, managers formulate corporate, business and functional strategies.

3. Strategy Implementation- Strategy implementation implies making the strategy work as intended or putting the organization's chosen strategy into action. Strategy implementation includes designing the organization's structure, distributing resources, developing decision making process, and managing human resources.

4. Strategy Evaluation- Strategy evaluation is the final step of strategy management process. The key strategy evaluation activities are: appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial / corrective actions. Evaluation makes sure that the organizational strategy as well as its implementation meets the organizational objectives.

These components are steps that are carried, in chronological order, when creating a new strategic management plan. Present businesses that have already created a strategic management plan will revert to these steps as per the situation's requirement, so as to make essential changes.



Components of Strategic Management Process

Strategic management is an ongoing process. Therefore, it must be realized that each component interacts with the other components and that this interaction often happens in a continuous manner.

## STRATEGY IS PARTLY PROACTIVE AND PARTLY REACTIVE." DO YOU AGREE

strategy is partly proactive and partly reactive.

In proactive strategy, organizations will analyze possible environmental scenarios and create a strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner. However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behavior, evolving technologies and so on.

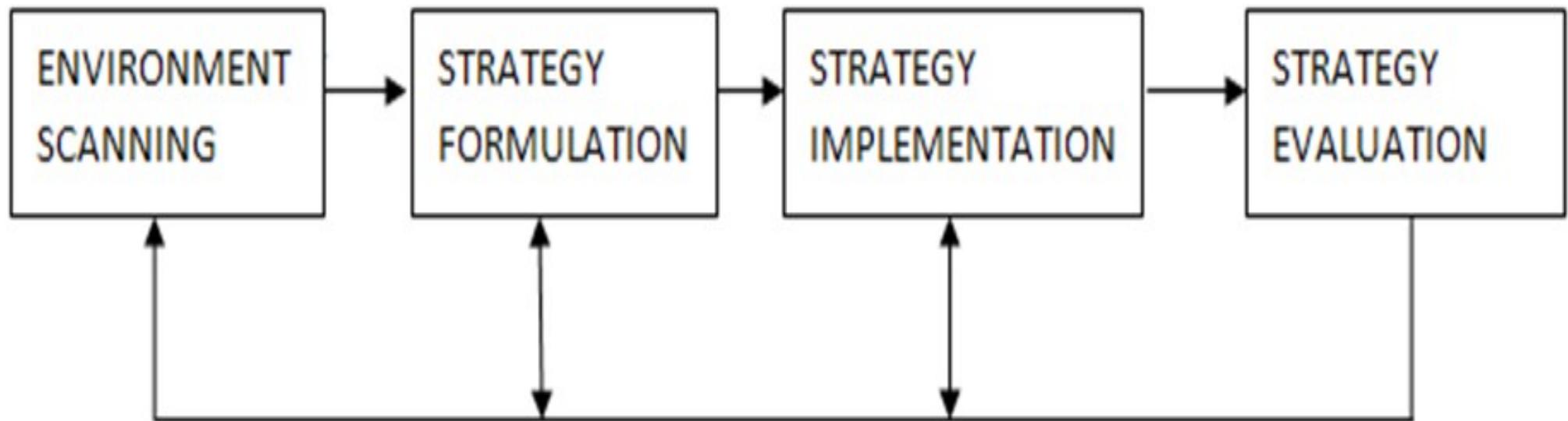
There can be significant deviations between what was visualized and what actually happens. Strategies need to be attuned or modified in light of possible environmental changes. There can be significant or major strategic changes when the environment demands. Reactive strategy is triggered by changes in the environment and provides ways and means to cope with the negative factors and take advantage of emerging opportunities.

## “STRATEGIC MANAGEMENT IS AN ONGOING PROCESS” DO YOU AGREE? ARGUE IN FAVOR

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# “STRATEGIC MANAGEMENT IS AN ONGOING PROCESS”



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## QUESTIONS OF CHAPTER 01 (INTRODUCTION)

What do you mean by strategic management? (2017,2016) Graphically show the strategic management process and explain the steps. (2015,2010,2013,2014)

Why strategic management is a process, not an event? Explain (2016)

Discuss the basic elements of strategic management. (2016)

Define Strategy. (2011)

“Strategy making is partly proactive and partly reactive”. Do you agree with the statement? Give arguments in favor of your opinion. (2011,2016)

What do you understand by crafting a strategy? Discuss the forms and approaches that most companies tend to follow while crafting a strategy. (2011)

Discuss the relationship between strategy, strategic plan and strategic management. (2016)



Describe the relationship between strategy and strategic plan. (2016)

Define strategy and strategic management. Distinguish between strategy and strategic plan. (2009)

Discuss the relationship between strategy, strategic plan and strategic management. (2017)

What do you mean by strategic management? Describe the five tasks of strategic management. (2012)

Why is strategic management considered as an ongoing process?/ "Strategic management is an ongoing process, not a start-stop event"—Explain the statement. (2017, 2013)

Define strategy and strategic planning. (2013)

Explain the steps involved in strategic management\ Discuss the various components of strategic management process. (2014, 2013)

Define strategic planning with a suitable example. (2016)