

STRATEGIC OBJECTIVES AND FINANCIAL OBJECTIVES

STRATEGIC MANAGEMENT

Strategic Management Process / Model

Environmental Scanning
Or Analysis

Strategy Formulations

Implementation of Strategy

Evaluate & Control

External Opportunities
and Threats

Natural Environment
Resources and Climate
Social Environment
General force
Task Environment
Industry Analysis

Internal Strengths &
Weaknesses

Structure:
Chain of Command
Culture:
Belief, expectations,
values
Resources:
Assets, Skills,
Competencies, knowledge

Mission

Reason
for existence

Objectives

What results
to accomplish
by when

Strategies

Plan to achieve
mission and
Objectives

Policies

Broad
guidelines
for decision
making

Programs

Activities
Needed to
accomplish a
plan

Budgets

Cost of the
programs

Procedures

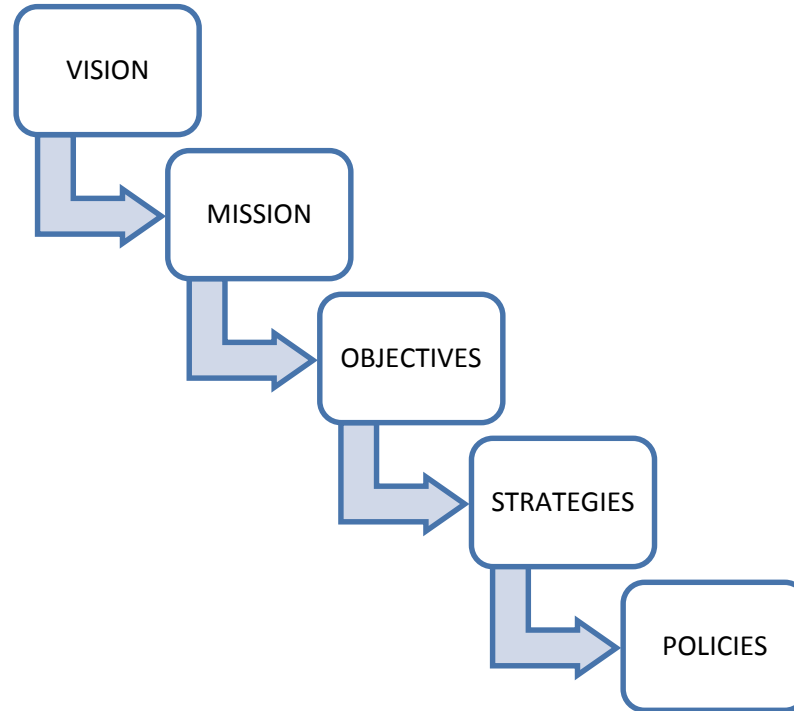
Sequence
of steps
needed to
do the job

Performance

Actual
Results

Feedback and Control

STRATEGIC FORMULATION



VISION

✓ VISION IS A LONG TERM PLAN

✓ A statement that clearly defines the firm's "reason" for being in business (where we are going? And where we want to be in future)

✓ Should unite and inspire people in the organization toward the pursuit of one common goal.



MISSION



- ✓ A declaration of an organization's "reason for being."
- ✓ Answers the pivotal question "What is our business?"
- ✓ Essential for effectively establishing objectives and formulating strategies
- ✓ Reveals what an organization wants to be and whom it wants to serve and how we give value to people we serve

STRATEGIES AND POLICIES

- **STRATEGY** is a game plan made by the organization/firm to remain and sustain in the business/market for the longer duration of time .
- **POLICIY** is a SET of PRINCIPLES or rules to guide decisions and achieve rational outcomes. Policies are generally adopted or implemented by the senior governance body within an organization.

OBJECTIVES



“Objectives are end results of planned activity”

Objectives are categorized into :-

- ❖ Strategic objectives
- ❖ Financial objectives

STRATEGIC OBJECTIVES

- Focused on improving **Long-term Competitive Business Position**



STRATEGIC OBJECTIVES

- Winning an x percent of market share.
- Achieving lower overall costs than competitors.
- Overtaking key competitors on product performance or quality or customer service.
- Having a wider product line than competitors.
- Having a better-know or more powerful brand name than competitors.
- Having stronger sales and distribution capabilities than competitors.
- Consistently introducing new or improved products to market .

FINANCIAL OBJECTIVES

- Outcomes focused on improving *Financial Performance*



FINANCIAL OBJECTIVES

- An x percent of increase in annual revenues.
- Annual increase in after-tax profit of x percent.
- Annual increase in earnings per share of x percent.
- Profit margins of x percent.
- An x percent return on capital employed (ROCE) or return on shareholders investment (ROI).
- Increasing shareholder value-in the form of an upward-trending stock price.
- Improving efficiency .

EXAMPLES



CONCLUSION

- ✓ We require both financial and strategic objectives but ,
- ✓ Whatever may be the situation ,We select the objectives based on the present performance of organization and do accordingly

Thank
you

