

**SOS POLITICAL SCIENCE AND  
PUBLIC ADMINISTRATION**

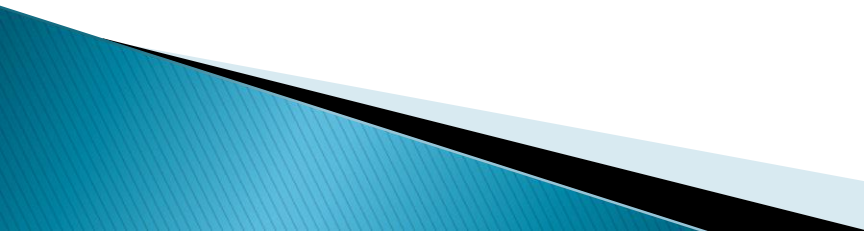
**MBA FA 405**

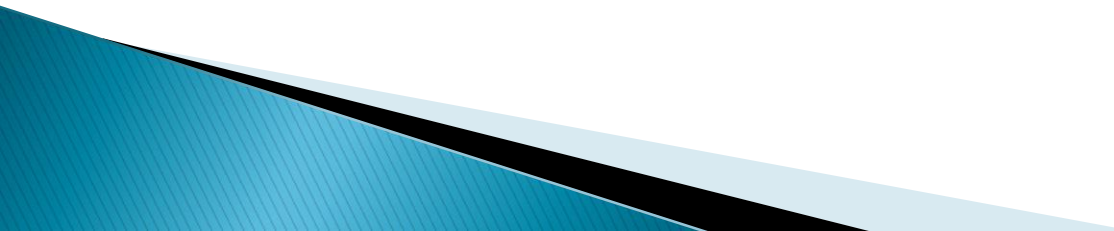
**SUBJECT NAME: STRATEGIC  
MANAGEMENT**

**TOPIC NAME: PROCESS OF STRATEGIC CHOICE**

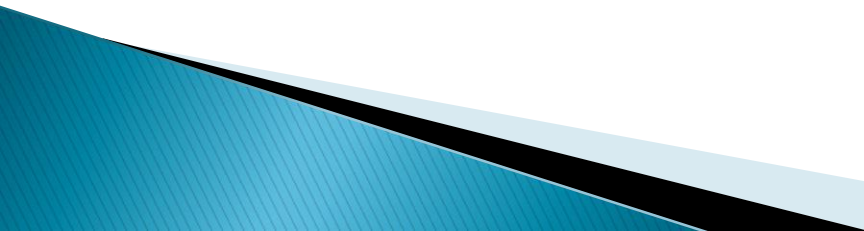


# MEANING OF STRATEGIC CHOICE:

- ▶ Strategic choice refers to the decision which determines the future strategy of a firm. It addresses the question” where shall we go”.
  - ▶ A SWOT analysis is conducted to examine the strengths and weaknesses of the and opportunities that can be exploited are also determined. Based on the analysis the firm selects a path among various other alternatives that will successfully achieve the firm’s objectives.
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- ▶ Strategic choice is therefore, the decision to select from among the grand strategies considered, the strategy which will best meet the enterprise objectives. The decision involves the following four steps- focusing on few alternatives, considering the selection factors, evaluating the alternatives against these criteria and making the actual choice.
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# FACTORS AFFECTING STRATEGIC CHOICE:

- ▶ Environmental constraints
  - ▶ Internal organization and management power relationships
  - ▶ Values and preferences
  - ▶ Management's attitude towards risk
  - ▶ Impact of past strategy
  - ▶ Time constraints-time pressure, frame horizon, timing of decision
  - ▶ Information constraints
  - ▶ Competitors reaction
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# Process of strategic choice

Focusing on strategic alternative

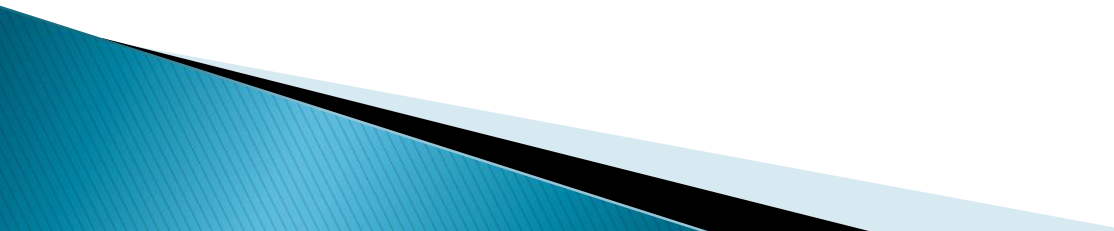
Analyzing the strategic alternative

Evaluating the strategic alternative

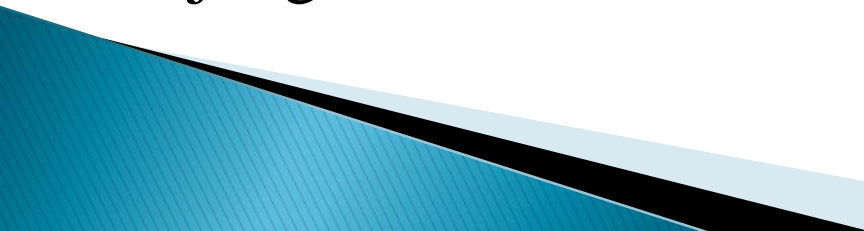
Choosing from the strategic alternative

## **1. Focusing on alternatives:**

- ▶ The aim of this step is to narrow down the choice to a manageable number of feasible strategies. It can be done by visualizing a future state and working backwards from it. Managers generally use GAP analysis for this purpose. By reverting to business definition it helps it helps the managers to think in a structured manner along any one or more dimensions of the business.

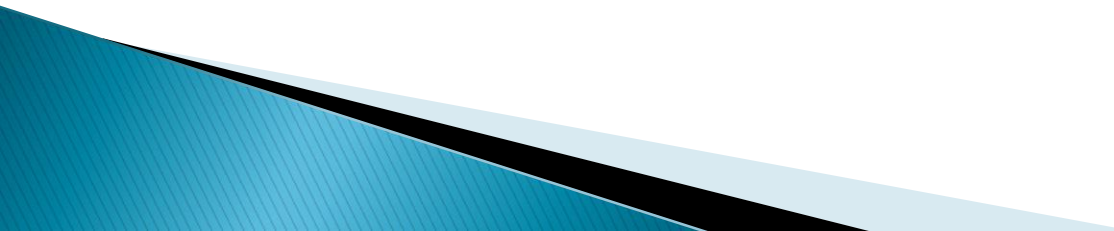
- ▶ At corporate level strategic alternatives are- expansions, stability, retrenchment, combination.
  - ▶ At business level strategic alternatives are- cost leadership, differentiation or focused business strategy.
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## 2. Analyzing the strategic alternatives:

- ▶ The alternatives have to be subjected to a thorough analysis which rely on certain factors known as selection factors. These selection factors determine the criteria on the basis of which the evaluation will take place. They are:
  - ▶ **Objective factors:** These are based on analytical techniques and are hard facts used to facilitate strategic choice.
  - ▶ **Subjective factors:** These are based on one's personal judgment, collective or descriptive factors.
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### **3. Evaluating the strategic alternatives:**

- ▶ Each factors is evaluated for its capability to help the organization to achieve its objectives. This step involves bringing together analysis carried out on the basis of subjective and objective factors. Successive iterative steps of analyzing different alternatives lie at the heart of such evaluation.
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## **4. choosing from the strategic alternatives:**

- ▶ A strategic choice must lead to a clear assessment of alternative which is the most suitable alternative under the existing conditions. A blueprint has to be made that will describe the strategies and conditions under which it operates. Contingency strategies must be also devised.
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