

UNIT-V

**TOPIC NAME: MEANING AND PROCESS OF STRATEGIC
MANAGEMENT**

Definition:

The term ‘strategic management’ is used to denote a branch of management that is concerned with the development of strategic vision, setting out objectives, formulating and implementing strategies and introducing corrective measures for the deviations (if any) to reach the organization’s strategic intent. It has two-fold objectives:

- To gain competitive advantage, with an aim of outperforming the competitors, to achieve dominance over the market.
- To act as a guide to the organization to help in surviving the changes in the business environment

Strategic Management Process



Defining the levels of strategic intent of the business:

- Establishing vision
- Designing mission
- Setting objectives

Formulation of strategy

- Performing environmental and organizational appraisal
- Considering strategies
- Carrying out strategic analysis
- Making strategies
- Preparing strategic plan

Implementation of strategy

- Putting strategies into practice
- Developing structures and systems
- Managing behavioural and functional implementation

Strategic Evaluation and Control

- Performing evaluation
- Exercising control
- Recreating strategies

Strategic Management is all about specifying organization's vision, mission and objectives, environment scanning, crafting strategies, evaluation and control.

Importance of Strategic Management

- It guides the company to move in a specific direction. It defines organization's goals and fixes realistic objectives, which are in alignment with the company's vision.
- It assists the firm in becoming proactive, rather than reactive, to make it analyse the actions of the competitors and take necessary steps to compete in the market, instead of becoming spectators.
- It acts as a foundation for all key decisions of the firm.
- It attempts to prepare the organization for future challenges and play the role of pioneer in exploring opportunities and also helps in identifying ways to reach those opportunities.
- It ensures the long-term survival of the firm while coping with competition and surviving the dynamic environment.
- It assists in the development of core competencies and competitive advantage, that helps in the business survival and growth.

Definition: Business strategy can be understood as the course of action or set of decisions which assist the entrepreneurs in achieving specific business objectives.

It is nothing but a **master plan that the management of a company implements to secure a competitive position in the market, carry on its operations, please customers and achieve the desired ends of the business.**

In business, it is the **long-range sketch of the desired image, direction and destination** of the organisation. It is a scheme of corporate intent and action, which is carefully planned and flexibly designed with the purpose of:

- Achieving effectiveness,
- Perceiving and utilising opportunities,
- Mobilising resources,
- Securing an advantageous position,

- Meeting challenges and threats,
- Directing efforts and behaviour and
- Gaining command over the situation.

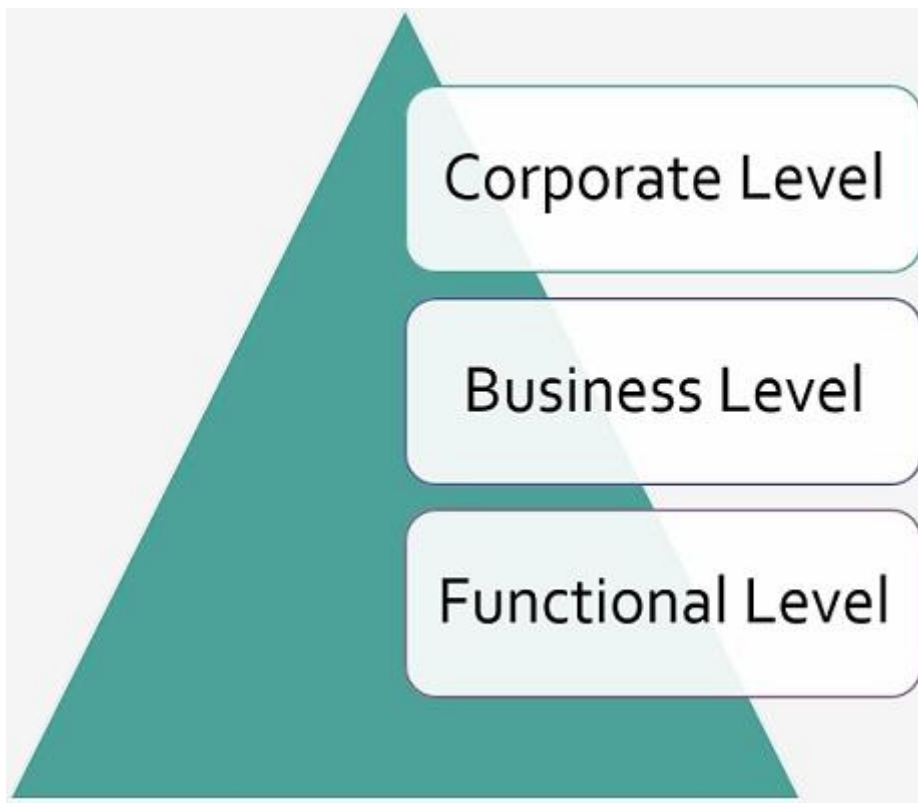
A business strategy is a **set of competitive moves and actions** that a business uses to attract customers, compete successfully, strengthening performance, and achieve organisationa goals.

It outlines **how business should be carried out to reach the desired ends**



Business strategy equips the top management with an integrated framework, to discover, analyse and exploit beneficial opportunities, to sense and meet potential threats, to make optimum use of resources and strengths, to counterbalance weakness.

LEVELS OF BUSINESS STRATEGY



1. **Corporate level strategy:** Corporate level strategy is long-range, action-oriented, integrated and comprehensive plan **formulated by the top management**. It is used to ascertain business lines, expansion and growth, takeovers and mergers, diversification, integration, new areas for investment and divestment and so forth.
2. **Business level strategy:** The strategies that relate to a particular business are known as business level strategies. It is **developed by the general managers**, who convert mission and vision into concrete strategies. It is like a blueprint of the entire business.
3. **Functional level strategy:** **Developed by the first line managers or supervisors**, functional level strategy involves decision making at the operational level concerning particular functional areas like marketing, production, human resource, research and development, finance and so on.