“Bridging the Gap”

Means

Strategy & Tactics

Deploy & Employ

Ends
Strategy word is derived from Greek word STRATEGOS means Generalship (i.e. art of general or art of war)

Word first used by Ansoff in 1965
A strategy is a comprehensive master plan stating HOW the corporation will achieve its mission and objectives. There are three types:

Corporate – a corporation’s overall direction and the management of its businesses.

Business – emphasizes improving the competitive position of a corporation’s products or services in a specific industry or market segment.

Functional – concerned with developing a distinctive competence to provide a company or business unit with a competitive advantage.
Hierarchy of Strategy

- Corporate Headquarters
- Corporate Strategy
- Strategic Business Unit
- Business (Division Level) Strategy
- Functional Strategy
- Manufacturing
- Finance
- Marketing
- Research and Development
- Human Resources
STRATEGIC MANAGEMENT

What is Strategic Management?

Strategic management is the set of managerial decision and action that determines the long-run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation, and evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluating of external opportunities and threats in lights of a corporation’s strengths and weaknesses.
Strategic management is defined as dynamic process of formulation, implementation and control of strategies to realise the organisation’s strategic intent.

Strategic intent is the hierarchy of objectives that an organisation sets for itself. (within this there are mission, vision, business definition and objectives.)
Strategic Management

The set of managerial decisions and actions that determines the long-run performance of a corporation. It includes:

- environmental scanning (internal & external)
- strategy formulation
- strategy implementation
- evaluation and control

It focuses on integrating management, marketing, finance/accounting, production/operations, research and development, and computer information systems to achieve organizational success.
Benefits of Strategic Management

- Clearer sense of strategic vision
- Sharper focus on what is strategically important
- Improved understanding of rapidly changing environment
Three Key Strategic Questions

- Where is the organization now?
- If no changes are made, where will the organization be in one, two, five or ten years? Are the answers acceptable?
- If the answers are not acceptable, what specific actions should management undertake? What are the risks and payoffs involved?
4 Phases Of Strategic Management

- Establishment of Strategic Intent
- Formulation of Strategy
- Implementation of Strategy
- Strategic Evaluation

Strategic Control
Strategic Management Model

Environmental Scanning

External
- Societal Environment
  - General Forces
  - Task Environment
  - Industry Analysis

Internal
- Structure
- Chain of Command
- Culture
  - Beliefs, Expectations, Values
- Resources
  - Assets, Skills, Competencies, Knowledge

Strategy Formulation

Mission
- Reason for existence

Objectives
- What results to accomplish by when

Strategies
- Plan to achieve the mission & objectives

Policies
- Broad guidelines for decision making

Strategy Implementation

Programs
- Activities needed to accomplish a plan

Budgets
- Cost of the programs

Procedures
- Sequence of steps needed to do the job

Evaluation and Control

Process to monitor performance and take corrective action

Performance

Feedback/Learning
Environmental Scanning

Monitoring, evaluating and disseminating information from the environment to key people within the corporation.

Scan via SWOT analysis:
- Look for opportunities/threats in the external environment
- Look for strengths/weaknesses in the internal environment
Strategy Formulation

The process of developing long-range plans to deal effectively with environmental opportunities and threats in light of corporate strengths and weaknesses.

Composed of:

- Mission
- Objectives
- Strategies
- Policies
Mission

The purpose or reason for the corporation’s existence. It tells who the company is, what they do as well as what they’d like to become.
Objectives

The end results of planned activity. They state WHAT is to be accomplished by WHEN. They should be quantified, if possible.

Should be specific, measurable and obtainable.
Policies

Broad guidelines for making decisions.

E.g. – 3M’s policy requiring researchers to spend 15% of their time working on something other than their primary project.
The process of putting strategies and policies into action through the development of:

- **Programs** – statements of activities or steps needed to accomplish a single-use plan.
- **Budgets** – statements of a corporation’s programs in dollar terms.
- **Procedures** – systems of sequential steps or techniques that describe in detail how to perform particular tasks or jobs.
Evaluation and Control

The process of monitoring corporate activities and performance results so that actual performance can be compared with desired performance.
**Strategic Decision-Making Process**

1(a) Evaluate Current Performance Results
   - Examine and Evaluate the Current:
     - Mission
     - Objectives
     - Strategies
     - Policies

2 Review Corporate Governance
   - Board of Directors
   - Top Management

3(a) Scan and Assess External Environment:
   - Societal
   - Task

3(b) Analyze External Factors:
   - Opportunities
   - Threats

4(a) Scan and Assess Internal Environment:
   - Structure
   - Culture
   - Resources

4(b) Analyze Internal Factors:
   - Strengths
   - Weaknesses

5(a) Select Strategic Factors (SWOT) in Light of Current Situation

5(b) Review and Revise as Necessary:
   - Mission
   - Objectives

6(a) Generate and Evaluate Strategic Alternatives

6(b) Select and Recommend Best Alternative

7 Implement Strategies:
   - Programs
   - Budgets
   - Procedures

8 Evaluate and Control

**Strategy Formulation:** Steps 1 – 6

**Strategy Implementation Step 7**

**Evaluation and Control:** Step 8