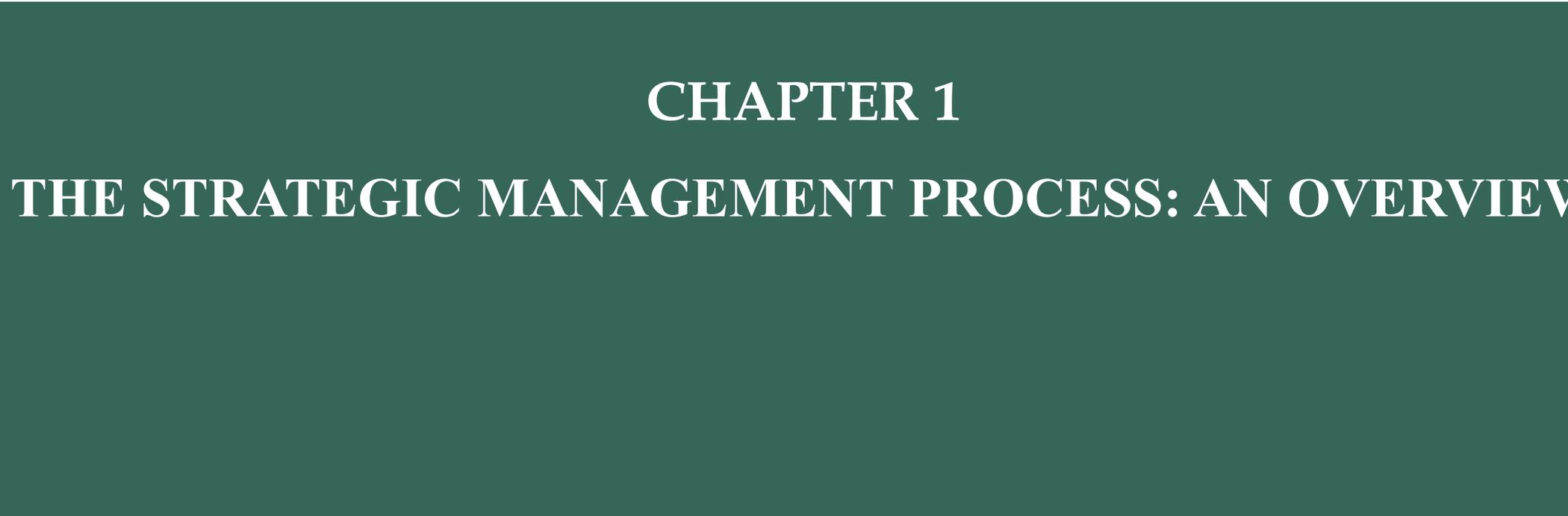




STRATEGIC MANAGEMENT

CHAPTER 1

THE STRATEGIC MANAGEMENT PROCESS: AN OVERVIEW



CONTENTS



Origin, Meaning and Definition of Strategy.

Features of Strategy.

Importance of strategy.

What is Business strategy?

Features of Business Strategy.

Definition of Strategic Management.

Need of Strategic Management.

ORIGIN OF STRATEGY

The word "strategy" is derived from the Greek word "stratēgos"; stratus (meaning army) and "agos" (meaning leading/moving).

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".

Strategy is the **means** to achieve the **ends**." Explain the statement

Way /Technique/ Actions

Objectives

MEANING OF STRATEGY

The word 'strategy' has entered in the field of management from the military services where it refers to apply the forces against an enemy to win a war. The word 'strategy' came from the two Greek words i.e. Stratus (Army) and Agein (to lead). The Greeks felt that the strategy making is one of the responsibilities of the Army General. This concept today adopted even in the business. Even around the same time, the Chinese General Sun Dzu who wrote about strategy also suggested that strategy making is one of the responsibilities of the leader. One of the earliest definitions of Strategy is traced to the ancient Greek writer Xenophon who said 'Strategy knows the business you proposed to carry out.' This definition implies that the knowledge of the business as strategy.

DEFINITION OF STRATEGY

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 an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage."

Strategy is analyzing the present situation and changing it as necessary. Incorporated in this is finding out what one's resources are or what they should be.



CHARACTERISTICS OF STRATEGY

Strategy is Significant because it is not possible to foresee the future. Without perfect foresight, the firms must be ready to deal with the uncertain events which constitute the business environment.

Strategy deals with long term developments rather than routine operations.

Strategy deals with probability of innovations or new products, new methods of production, or new markets to be developed in future.

Strategy is created to take into account the probable behavior of customers and competitors.

CHARACTERISTICS OF STRATEGY

Strategies dealing with employees will predict the employee behavior.

Strategy is a well-defined roadmap of an organization. It defines the overall mission, vision and direction of an organization.

The objective of a strategy is to maximize an organization's strengths and minimize the strengths of the competitors.

Strategy, in short, bridges the gap between "where we are" and "where we want to be".



IMPORTANCE OF STRATEGY

Strategy helps an organization to take decisions on long range forecasts.

It allows the firm to deal with a new trend and meet competition in an effective manner

With the help of strategy, the management becomes flexible to manage unanticipated changes

Efficient strategy formulation and implementation result into financial benefits to the organization in the form of increased profits



IMPORTANCE OF STRATEGY

Strategy provides focus in terms of organizational objectives and thus provides clarity of direction for achieving the objectives

Organizational effectiveness is ensured with effective implementation of strategy

Strategy contributes towards organizational effectiveness by providing satisfaction to the personnel

It gets managers into the habit of thinking and thus makes them, proactive and more conscious of their environment

WHAT IS BUSINESS STRATEGY?

The term business strategy means the managerial game plan for a single business. It is prepared on the basis of corporate strategy.

In other words, a business strategy is the means by which it sets out to achieve its desired ends (objectives). It can simply be described as a long-term business planning. Typically a business strategy will cover a period of about 3-5 years (sometimes even longer).



CHARACTERISTICS OF BUSINESS STRATEGY

Responses to change in industry

Responses to change in the economy

Crafting competitive moves and approaches

Building valuable competencies and capabilities

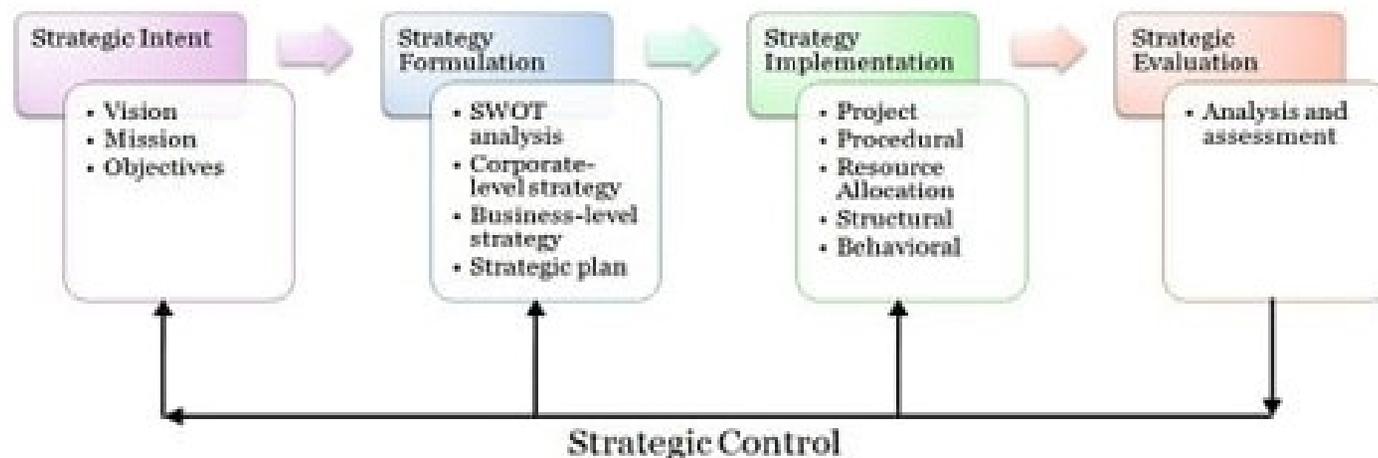
Uniting strategic initiatives

Addressing specific strategic issues

DEFINITION OF STRATEGIC MANAGEMENT

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



ED OF STRATEGIC MANAGEMENT

Strategic management has significance due to the following reasons:

Due to rapidly changing business environment

Establishes guidelines

Systematize decision

Research and development

Resource Allocation

Develops communication and co-ordination

Helps managers to take a holistic approach