

Introduction of Strategic Management



The logo of Galgotias University is a stylized, circular emblem. It features a central white space surrounded by three curved, overlapping bands in shades of yellow, blue, and red, creating a sense of motion and depth. The entire logo is rendered in a light, semi-transparent style.

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Content

- Dimensions of Strategic Decisions
- Formality in Strategic Management
- Benefits of Strategic Management
- Risks of Strategic Management

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What is Strategic Management?

The set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives.

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Critical Tasks of Strategic Management

1. Formulate the company's mission
2. Conduct internal analysis
3. Assess the company's external environment
4. Analyze company's options
5. Identify most desirable options
6. Select long-term objectives and grand strategies
7. Develop annual objectives and short-term strategies
8. Implement the strategic choices
9. Evaluate success of the strategic process

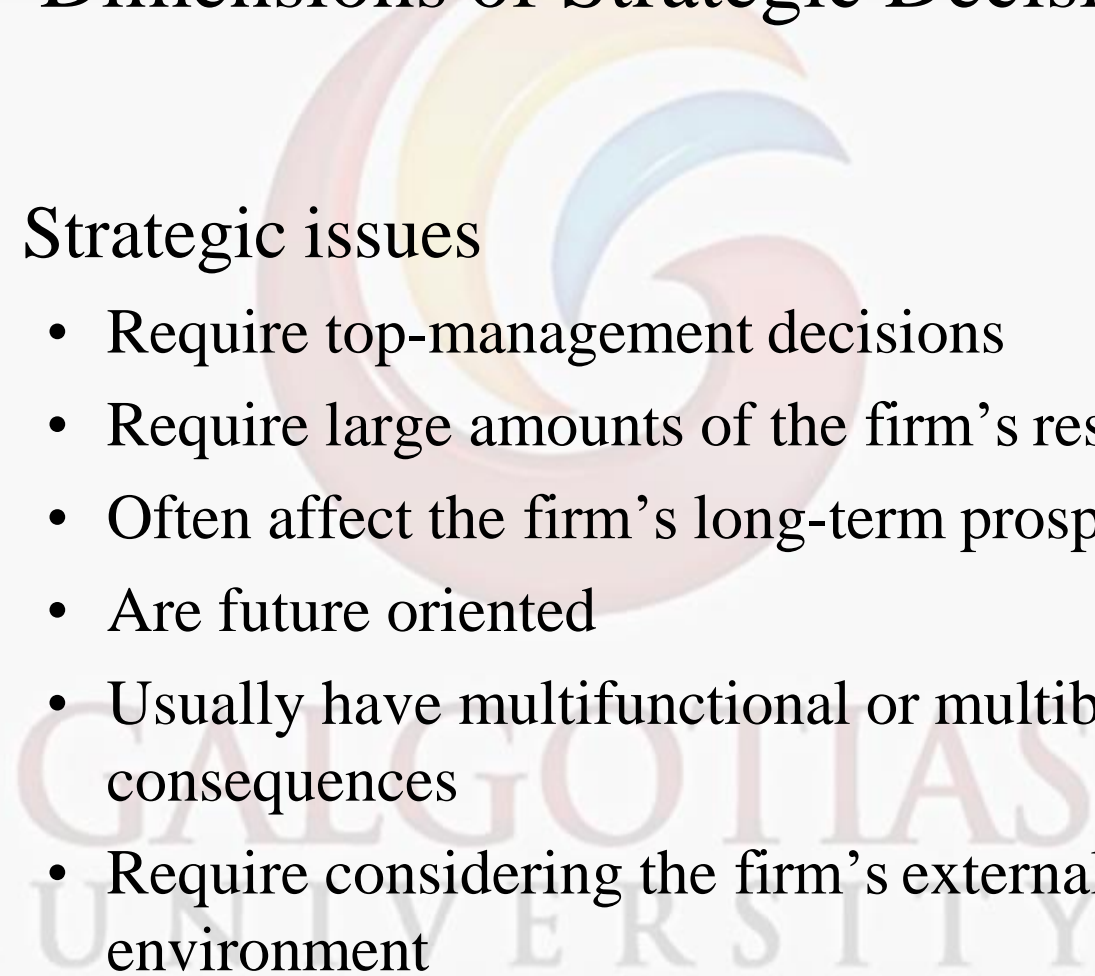
What is Strategy?

- Large-scale, future-oriented plan for interacting with the competitive environment to achieve objectives
- Company's "game plan"
- Framework for managerial decisions

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Dimensions of Strategic Decisions

- Strategic issues
 - Require top-management decisions
 - Require large amounts of the firm's resources
 - Often affect the firm's long-term prosperity
 - Are future oriented
 - Usually have multifunctional or multibusiness consequences
 - Require considering the firm's external environment

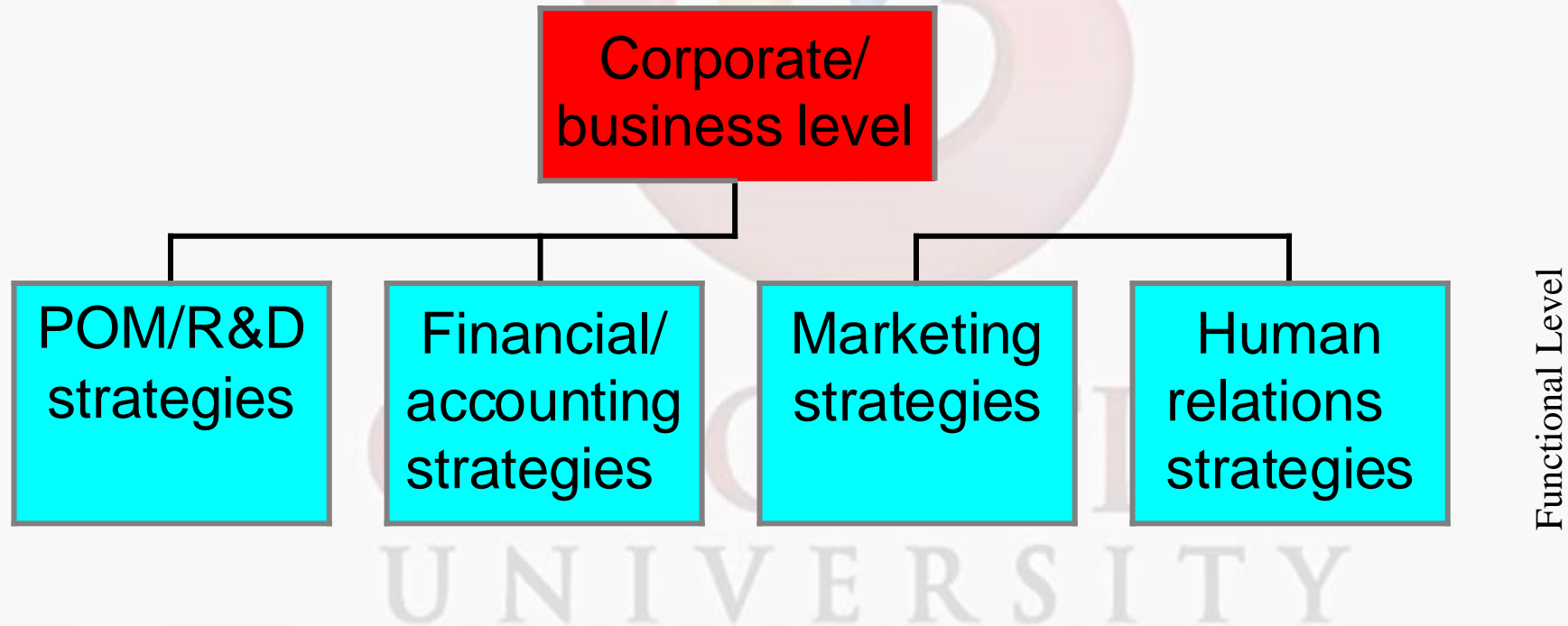


Three Levels of Strategy

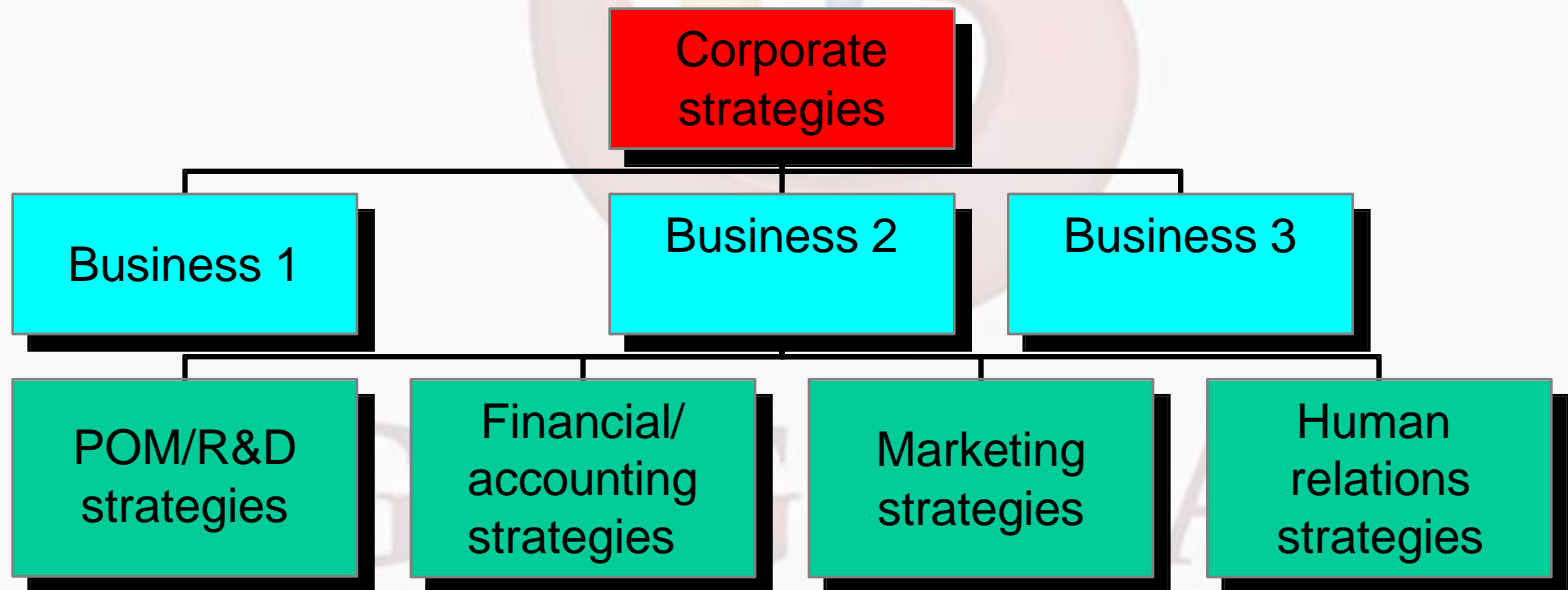
1. Corporate level
2. Business level
3. Functional level

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Exhibit 1-3: Single-business Firms



Ex 1-3: Multiple business Firms



Functional Level Business Level

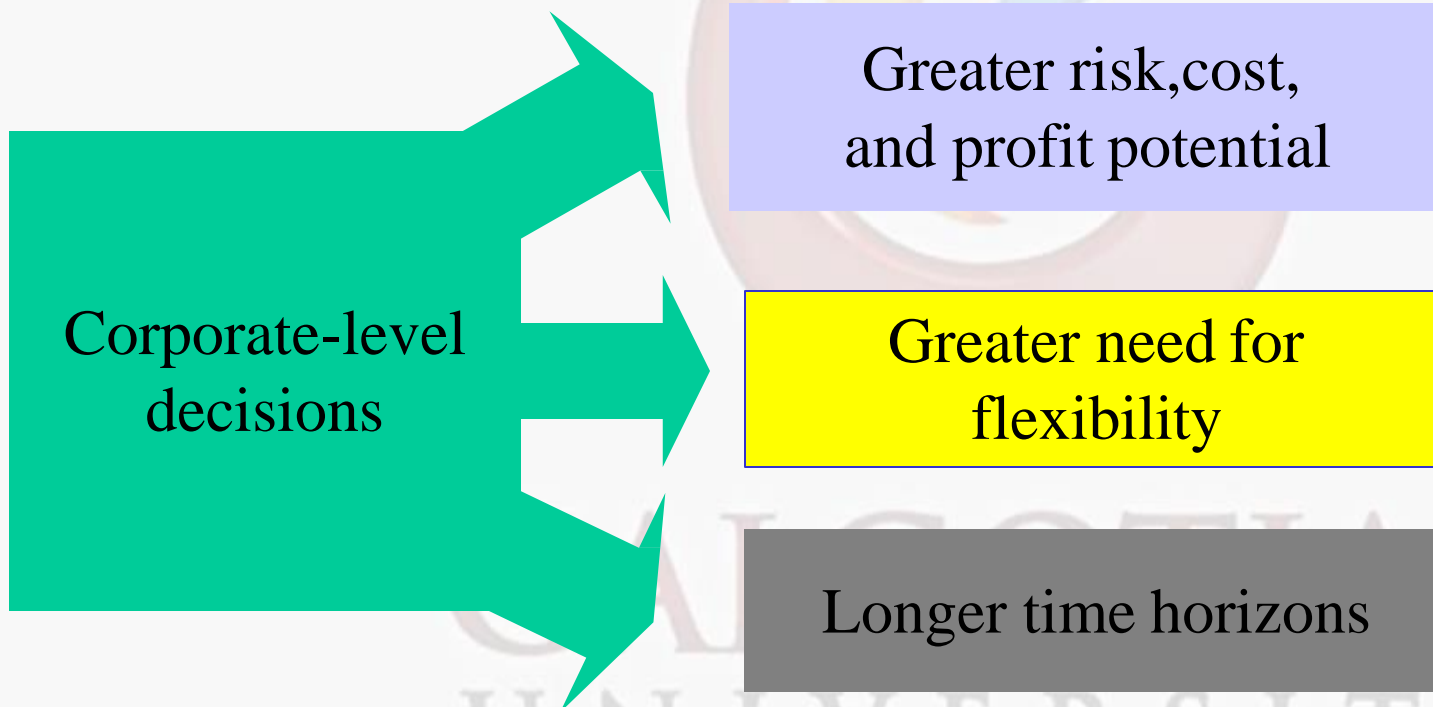
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Ex 1-4: Hierarchy of Objectives and Strategies

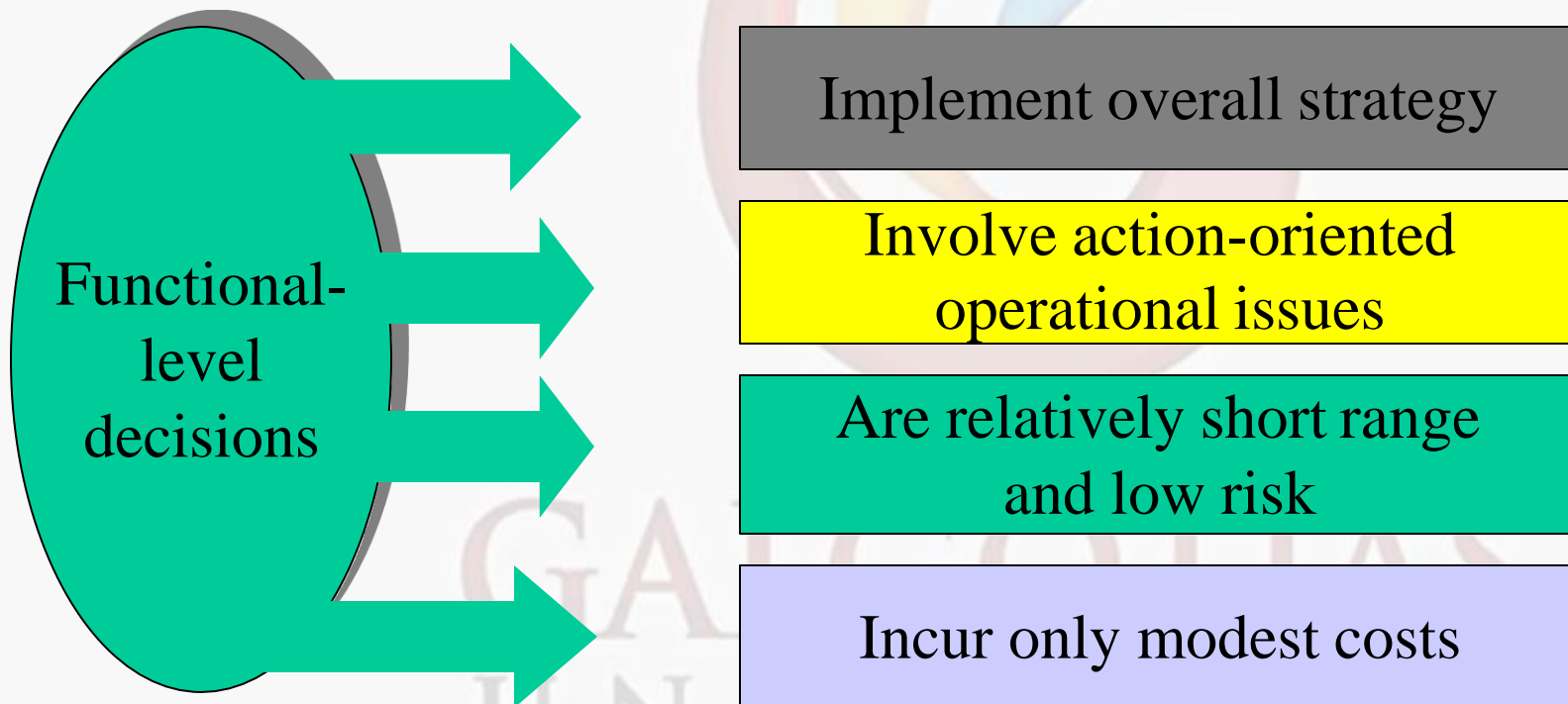
		Strategic Decision Makers			
Ends (What is to be achieved)	Means (How is to be achieved)	Board of Directors	Corporate Managers	Business Managers	Functional Managers
Mission, including Goals and philosophy		✓ ✓	✓ ✓ □ □	✓	
Long-term objectives	Grand strategy	✓	✓ ✓	✓ ✓	
Annual objectives	Short-term strategies and policies		✓	✓ ✓	✓ ✓

Note: ✓✓ indicates a principal responsibility; ✓ indicates a secondary responsibility

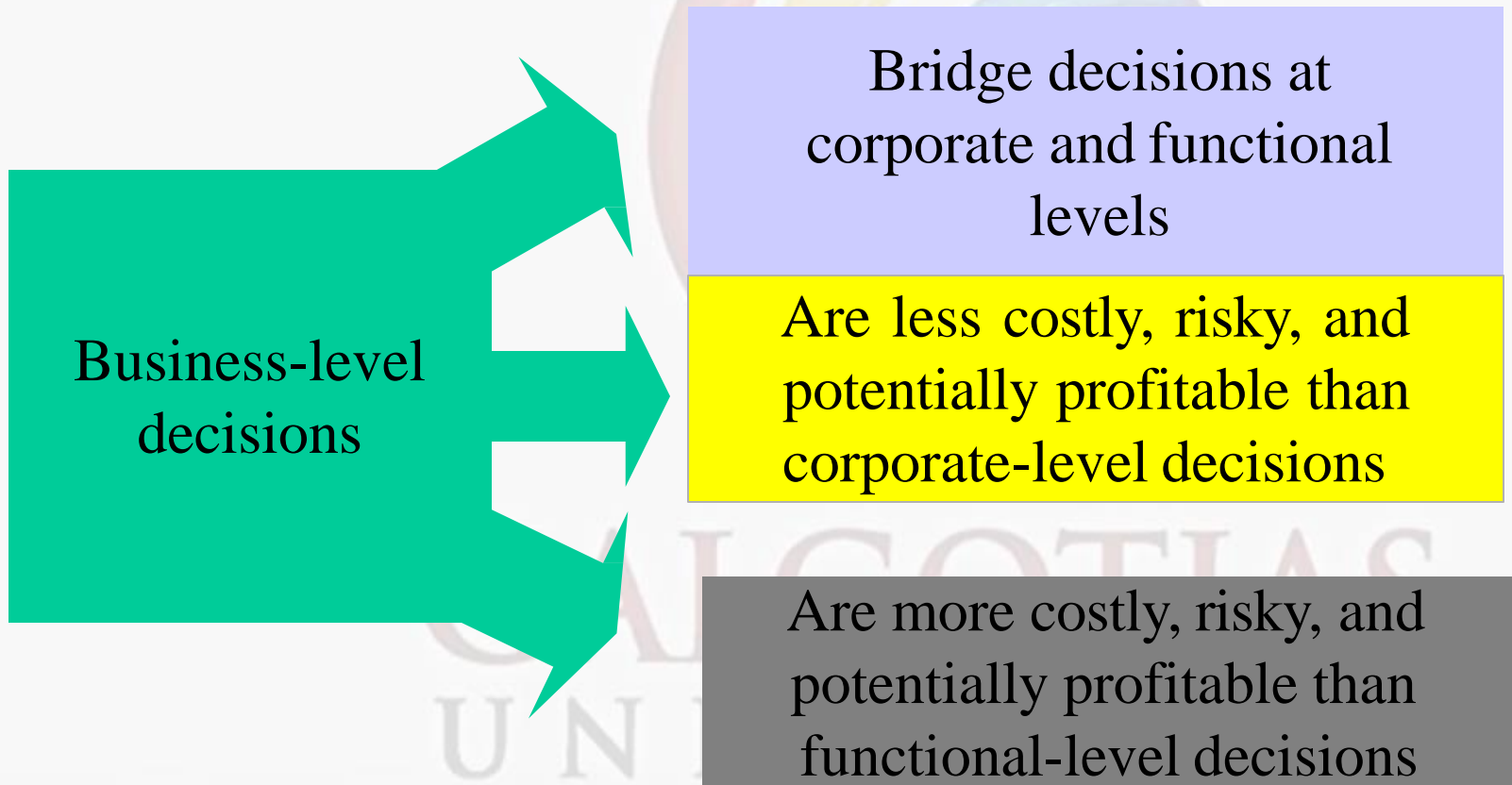
Characteristics of Strategic Management Decisions



Characteristics of Strategic Management Decisions (contd.)



Characteristics of Strategic Management Decisions (contd.)



Formality in Strategic Management

- ***Definition***
 - Degree to which participants, responsibilities, authority, and discretion in decision making are specified
- ***Forces affecting degree of formality***
 - Size of organization
 - Predominant management styles
 - Complexity of environment
 - Production process
 - Problems
 - Purpose of planning system

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The Strategy Makers

- ***The ideal strategic management team includes***
 - Chief executive officer (CEO)
 - Product managers
 - Heads of functional areas
- ***The strategic management team obtains input from***
 - Planning staff
 - Lower-level management and supervisors
- ***Role of CEO***
 - Provides long-term direction
 - Assumes ultimate responsibility for firm's success
 - Solicits guidance from Board of Directors

Benefits of Strategic Management

Enhances the firm's ability to prevent problems

Emphasizes group-based strategic decisions likely to be based on best available alternatives

Improves employees' understanding of the productivity-reward relationship

Reduces gaps/overlaps in activities among employees as their participation clarifies differences in roles

Resistance to change is reduced

Risks of Strategic Management

- Time involved may negatively impact operational responsibilities of managers
- Lack of involvement of strategy makers in strategy implementation may result in shirking of responsibility for strategic decisions
- Potential disappointment of employees over unattained expectations requires managerial time and training

Reference

- Vipin Gupta, Kamala Gollakota and R. Srinivasan, Business Policy and Strategic Management, Prentice-Hall of India, New Delhi, 2005.
- Wheelen Thomas L, David Hunger J, Krish Rangaraja, Concepts in Strategic Management and Business Policy, New Delhi, Pearson Education, 2006.

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Thanks

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