

# Strategic Management

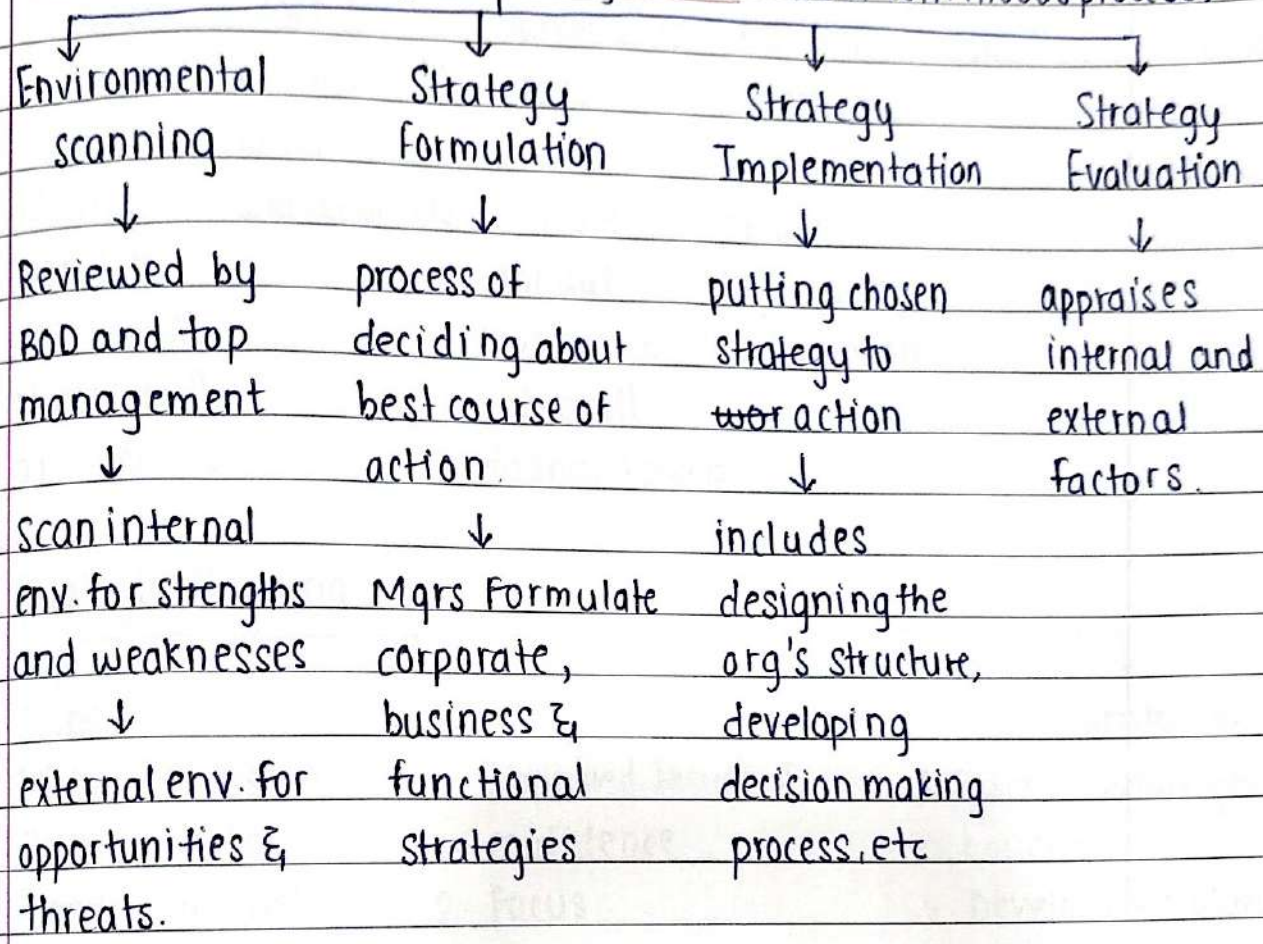


**CS Vaibhav Chitlangia**

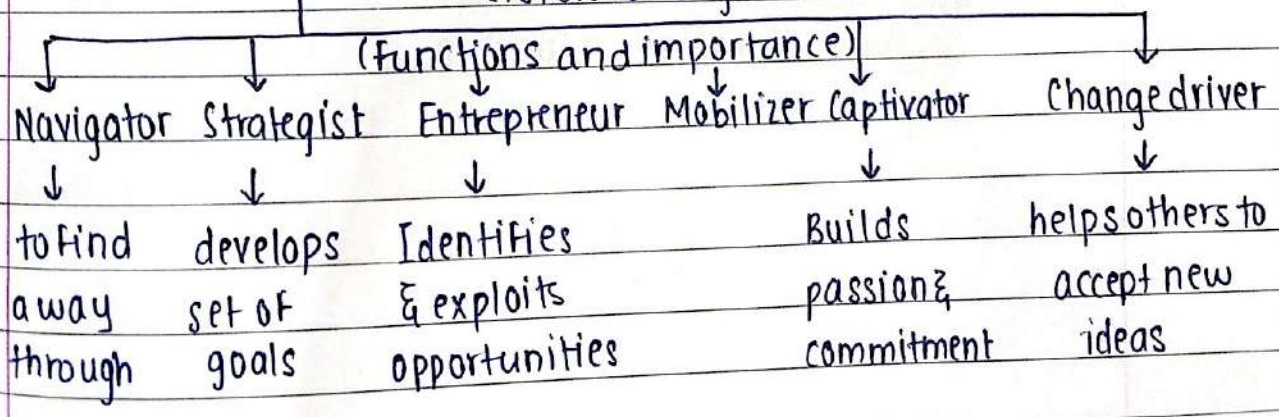
Ch1: Introduction to SM

• Meaning : discipline that deals with long-term development of an organization

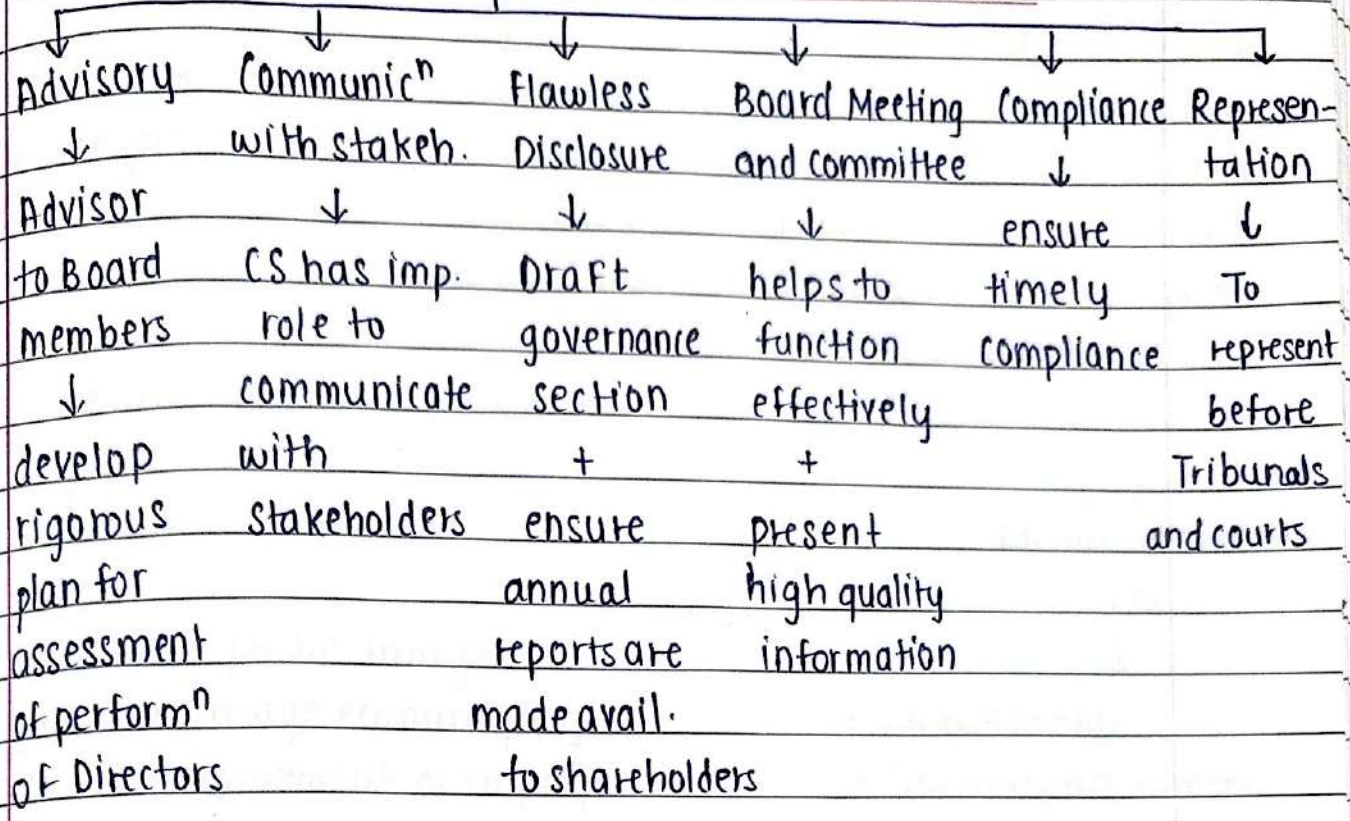
• Process of Strategic Management (is a continuous process)



• Strategic Leadership - manager's potential to articulate strategic vision for organisation.



• functions and Importance for Professionals in SM

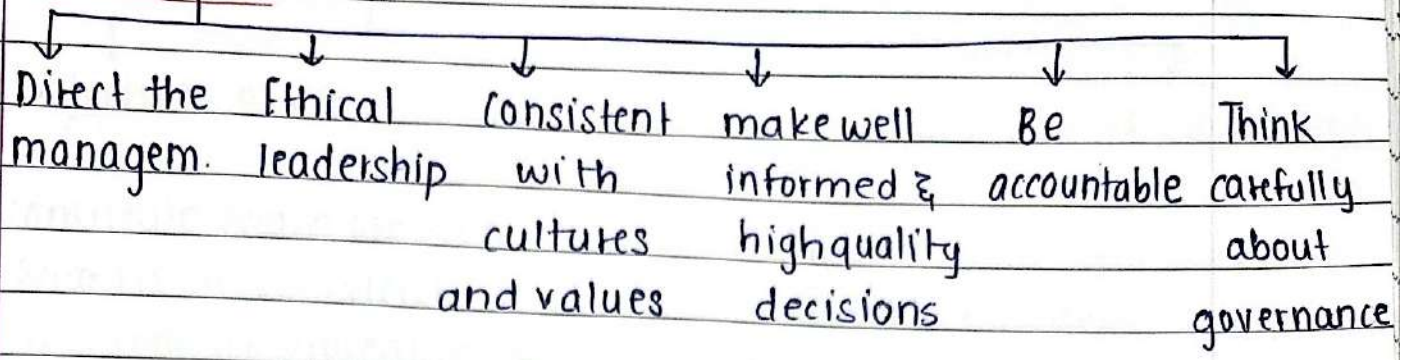


• Strategic Planning

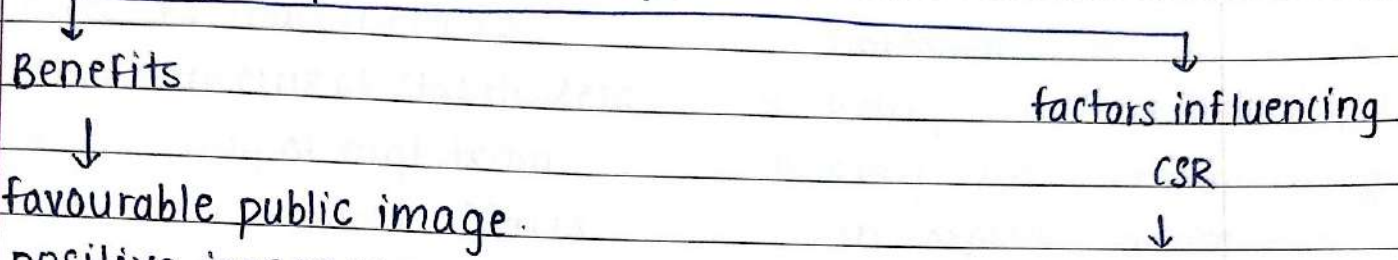
	↓	↓	↓
	Steps	Benefits	Limitation
1.	Deliberate mission	1. Improved results & confidence.	1. Cost can outweigh benefits
2.	Develop goals	2. Focus	2. Develop poor plans
3.	Examine internal environment	3. Problem solving	3. Implementation.
4.	Examine external environment	4. Teamwork	
5.	Summarize SWOT	5. communication	
6.	formulate final strategy	6. Greater control	

③

• Role of BOD



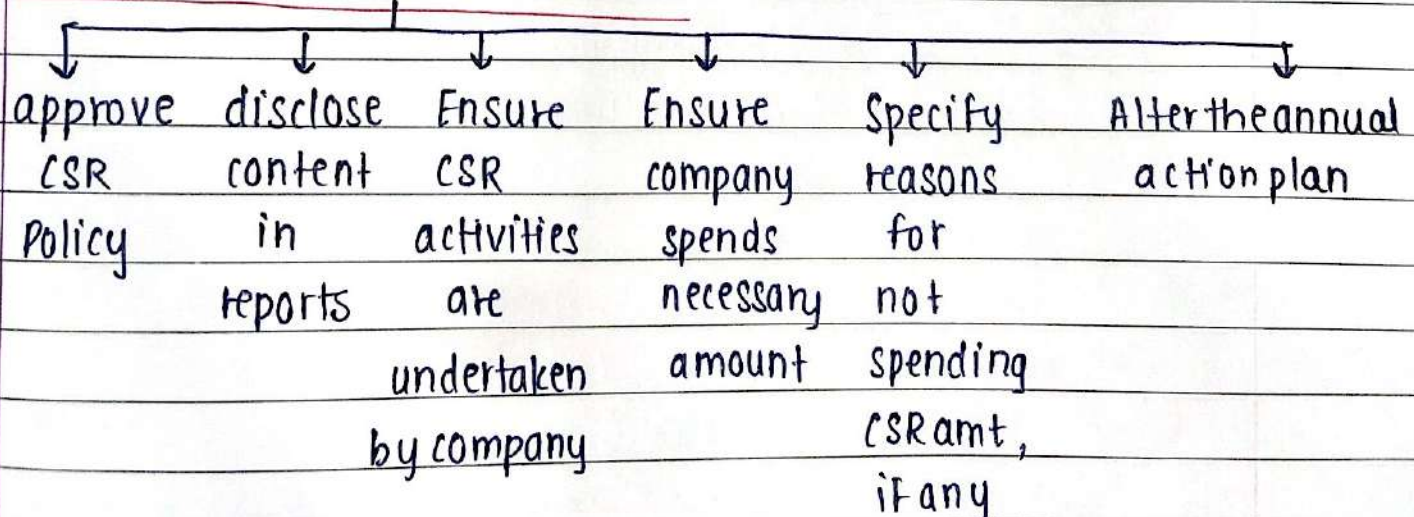
• Corporate Social Responsibility



1. favourable public image.
2. positive image encouraging social involvement of employees.
3. Discourages excessive regulation
4. Provides balance between authority and responsibility
5. encourages co-operative attitude between companies.
6. Addresses grievances of employees
7. creates employment opportunities.

1. Globalization
2. Governments & inter-governmental bodies
3. Advances in communic<sup>n</sup> technology
4. Increasing interest of consumer and investors
5. Ethical persons attracted.

• Role of BOD in CSR activities



## Corporate Governance (CG)

### Objectives of CG

1. constitute Board properly
2. Board is independent
3. Transparent procedures & practices
4. effective machinery to serve concerns of stakeholders
5. functioning of mgt team
6. Effective control of affairs of company.

### CG and Role of CS (skills)

1. Possess thorough knowledge of co's business
2. Knowledge of law
3. strong communication & professional skills
4. Being intuitive & sensitive
5. stay current with changes in corporate governance
6. calm under pressure.

## Ch 2: Analyzing External and Internal Environment

### Importance of Environmental Study (Benefits)

1. Development of strategies
2. Development of action plans
3. Forecast conseq. of socio-economic changes.
4. competitor's strategies & formulation of effectual counter measures.
5. Dynamic & up-to date

### Characteristics of Busin. Environment

1. Dynamic in nature
2. Direct & indirect impact
3. Two types of factors
4. Integral part of busin.
5. Impact on business decision
6. Multidimensional

### Components of Business Environment

#### External Environment

##### External Micro Environment

1. Suppliers (of fuel, finances, power, etc)
2. customers (people who buy & use products)
3. Marketing intermediaries
4. Competitors
5. Public (important force in external micro environment)

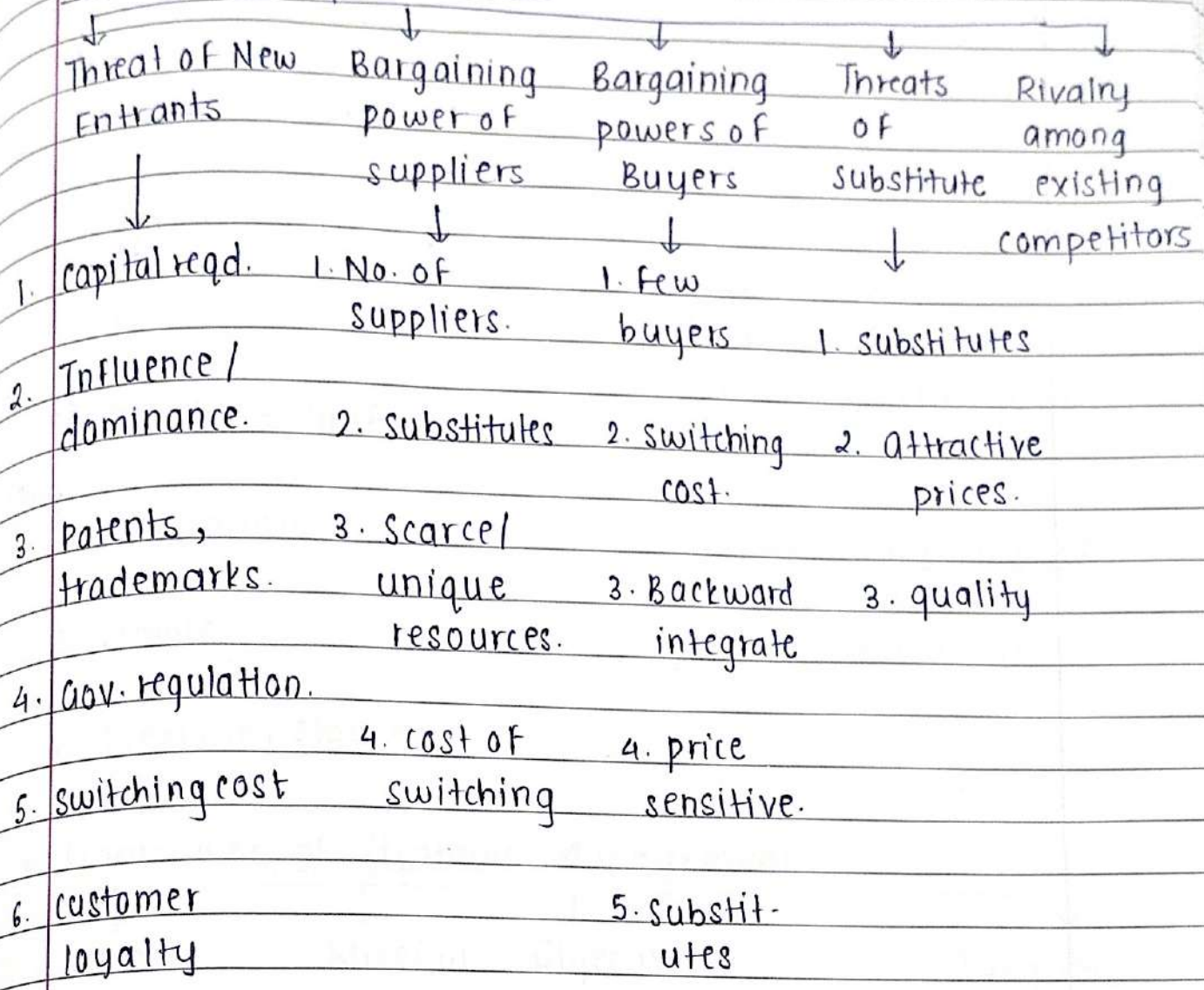
##### External macro environment

- a. Economic environm. (have economic impact)
- b. Political-legal env. (legislature, exec, judiciary)
- c. Technological env.
- d. Global or international environment
- e. Socio-cultural Environm (social values)
- f. Demographic env. (gender ratio, size, growth)
- g. Natural Environment

#### Internal Environm

1. Value system (ethical beliefs)
2. Mission & objectives
3. Organisation structure
4. Labour Unions
5. Corporate culture
6. Human Resources

Porter's Five Forces Model.



## Chapter 3: Business Policy and formulation of functional Strategy

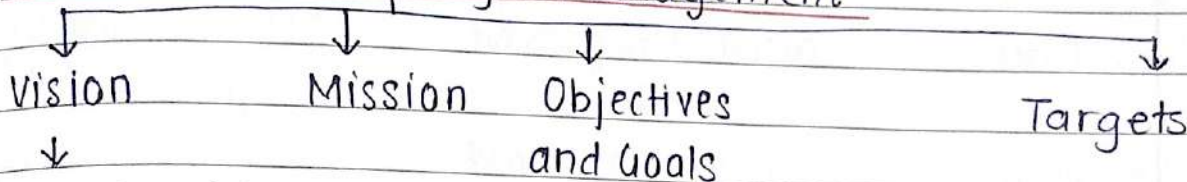
### Features of Business Policy

### Importance

1. Specific.
2. clear
3. Reliable & uniform
4. Appropriate
5. Simple
6. Flexible, stable

1. viewpoint of course  
(seeks to integrate knowledge)
2. understanding of Business environment  
(how policies are formulated)
3. understanding the Organisation  
(basic framework)

### Framework of Strategic Management



wish to achieve in the long run

A plan can have many goals.

#### features

1. concise
2. clear
3. future oriented
4. stable
5. Abstract
6. inspiring

#### Purpose

1. motivates employees
2. focus on company efforts
3. Differentiate from competitors

#### Importance of objectives

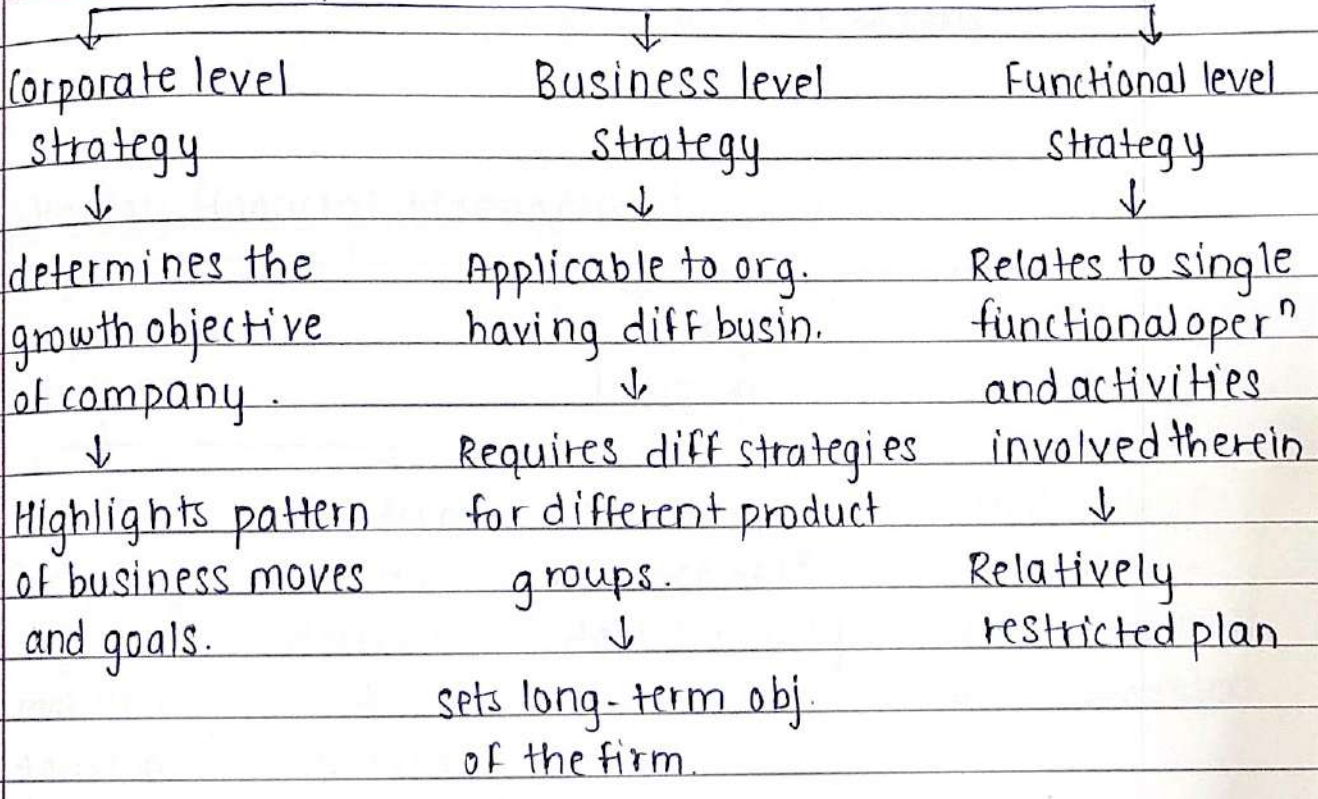
1. Justify organiz<sup>n</sup>
2. Provide direction
3. Help strategic Planning/management
4. Provide standards for assessment
5. Help Decentralization

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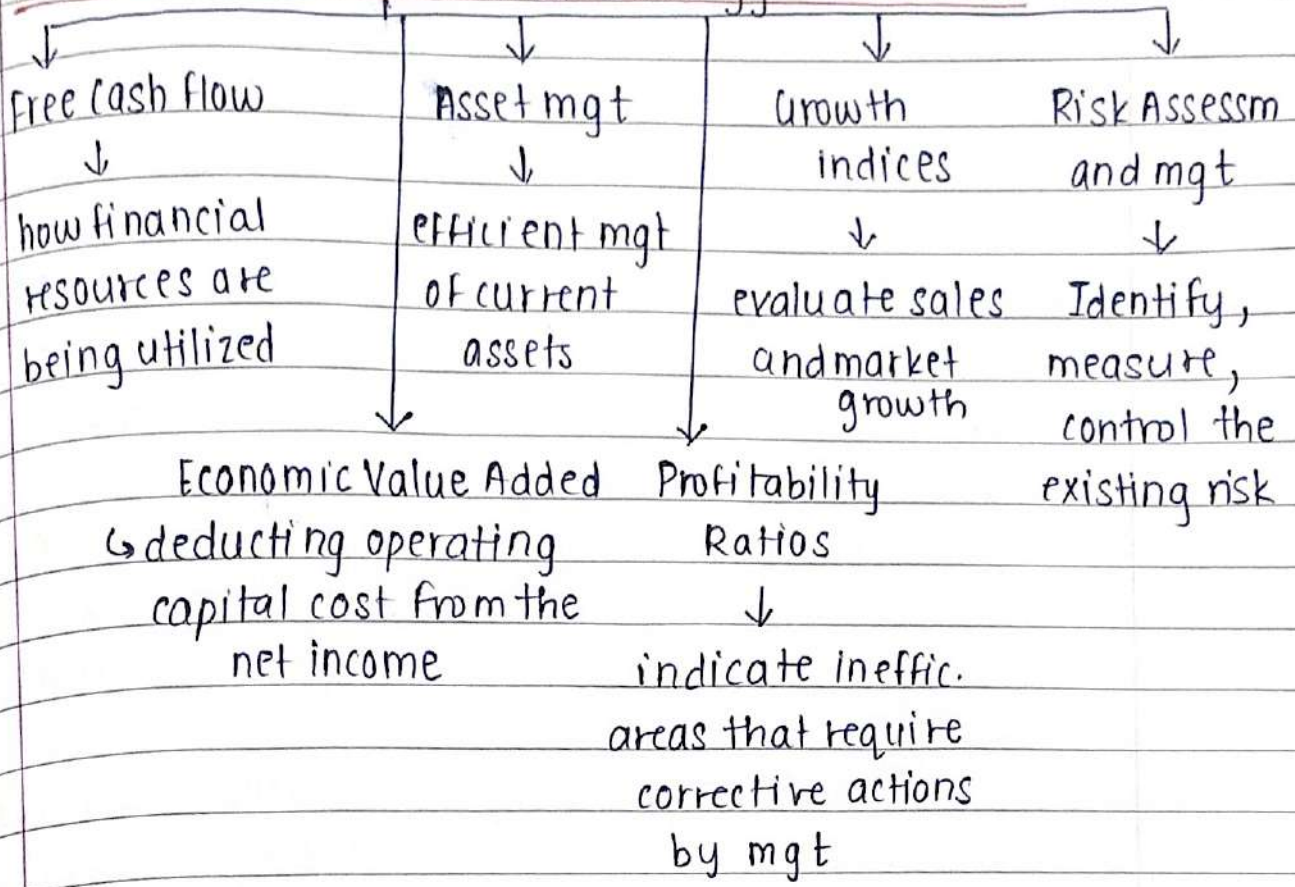
Process of formulating Mission and Objectives



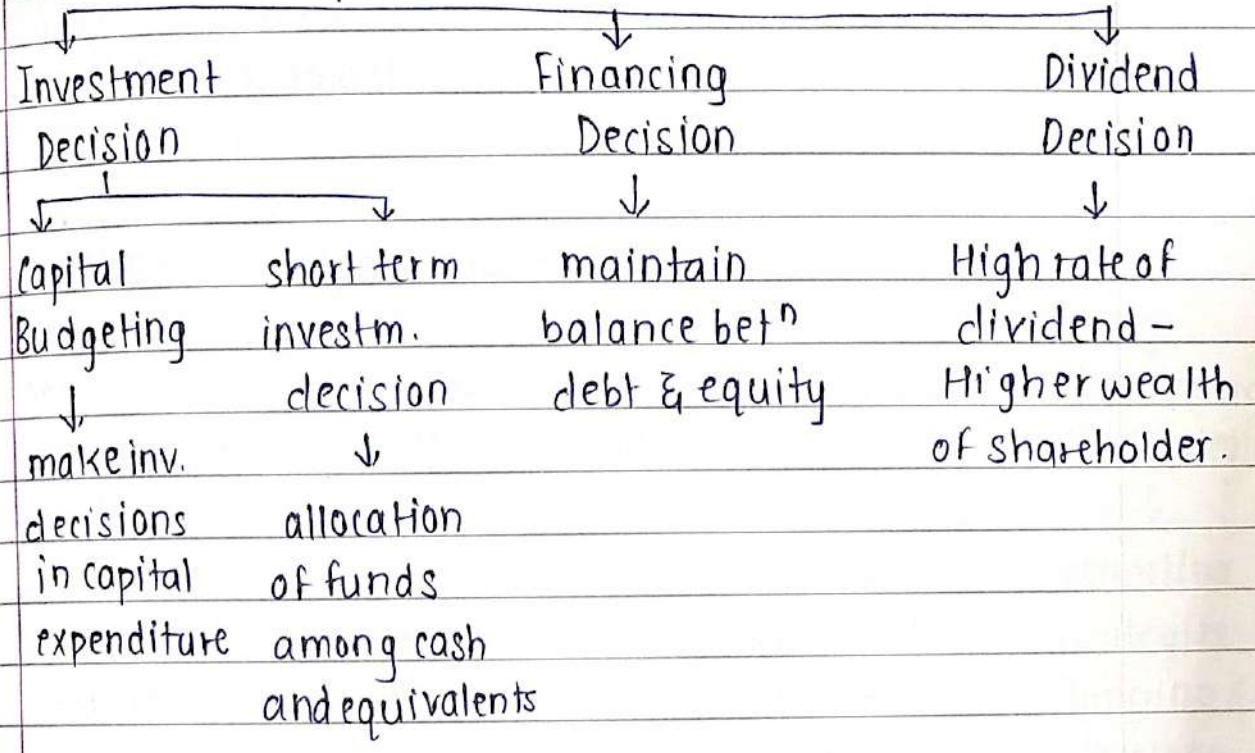
Strategic levels of Organization



Formulation of functional Strategy - Financial.



Strategy financial Management



• Formulation of functional strategy - Marketing

Market Position & strategy

Entry strategies

1. Market leader - controls significant market share.

1. Pioneers - known for innovative prod. developm

2. market challenger - holds next highest market share.

2. close followers - there is competition. Also seen as challengers to market pioneers.

3. market follower - Rarely invest in their own funds in R&D

3. late entrants - follow after the close followers. Has ability to learn from early competitors & reduce total cost

4. Market nicher - avoids 'neck to neck' competition.

• Functional Strategy - Human Resources

Assessing current HR capacity

forecasting HR requirements

Gap analysis

Developing HR strategies

taking stock of the skills of existing HR, understanding current skill set of company.

projecting what the HR needs for the future will be.

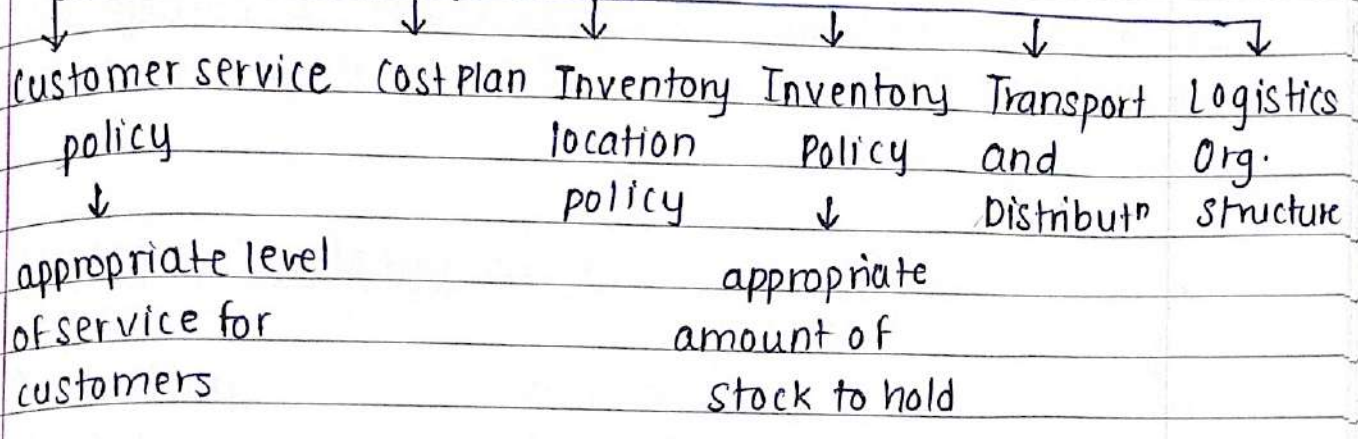
comparison bet<sup>n</sup> existing and desired position of organisation.

1. Restructuring strategies
2. Training & developm.
3. Recruitment
4. Outsourcing
5. collaboration

• Functional strategy - Production



• Functional strategy - logistics



# Ch 4: Strategic Analysis and Planning

Situation Analysis - conducting at beginning of any program

Need



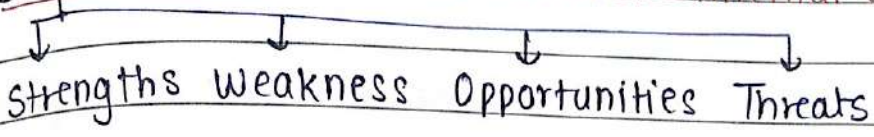
- identifies priorities
- brings out a clear, detailed and realistic picture (swot)

Elements



1. Product situation - relates with products being offered
2. Competitive situation - finding out core competencies
3. Distribution situation
4. Environmental factors
5. Opportunity & issue analysis swot

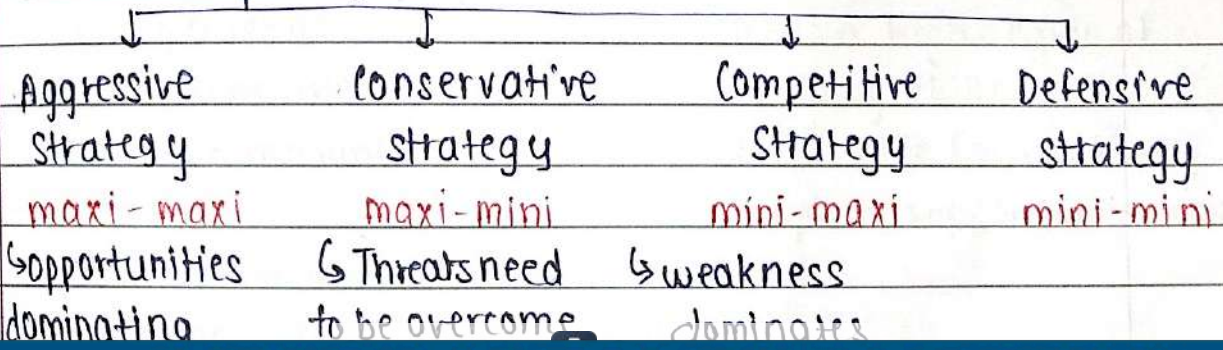
swot Analysis examination of co's internal as well as external env.



Tows Analysis - external factors drive decisions regarding internal factors

- Internal strengths with external opportunities and threats
- internal weaknesses with external opportunities & threats

## 4 types of strategies

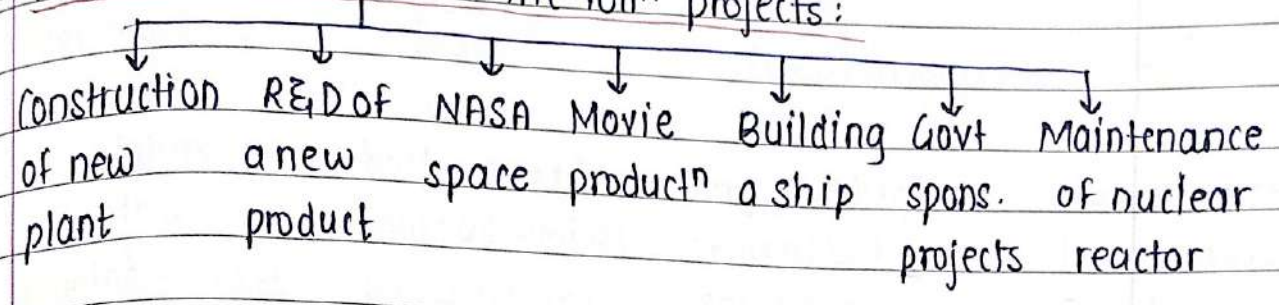


Techniques of Project Management

PERT & CPM

These are two different techniques used in project implementation. While PERT helps in understanding diff steps that are reqd to be taken for implementation of a project, CPM helps in understanding the order in which these steps are reqd to be followed.

PERT & CPM are used in the foll<sup>n</sup> projects:



Steps in PERT and CPM

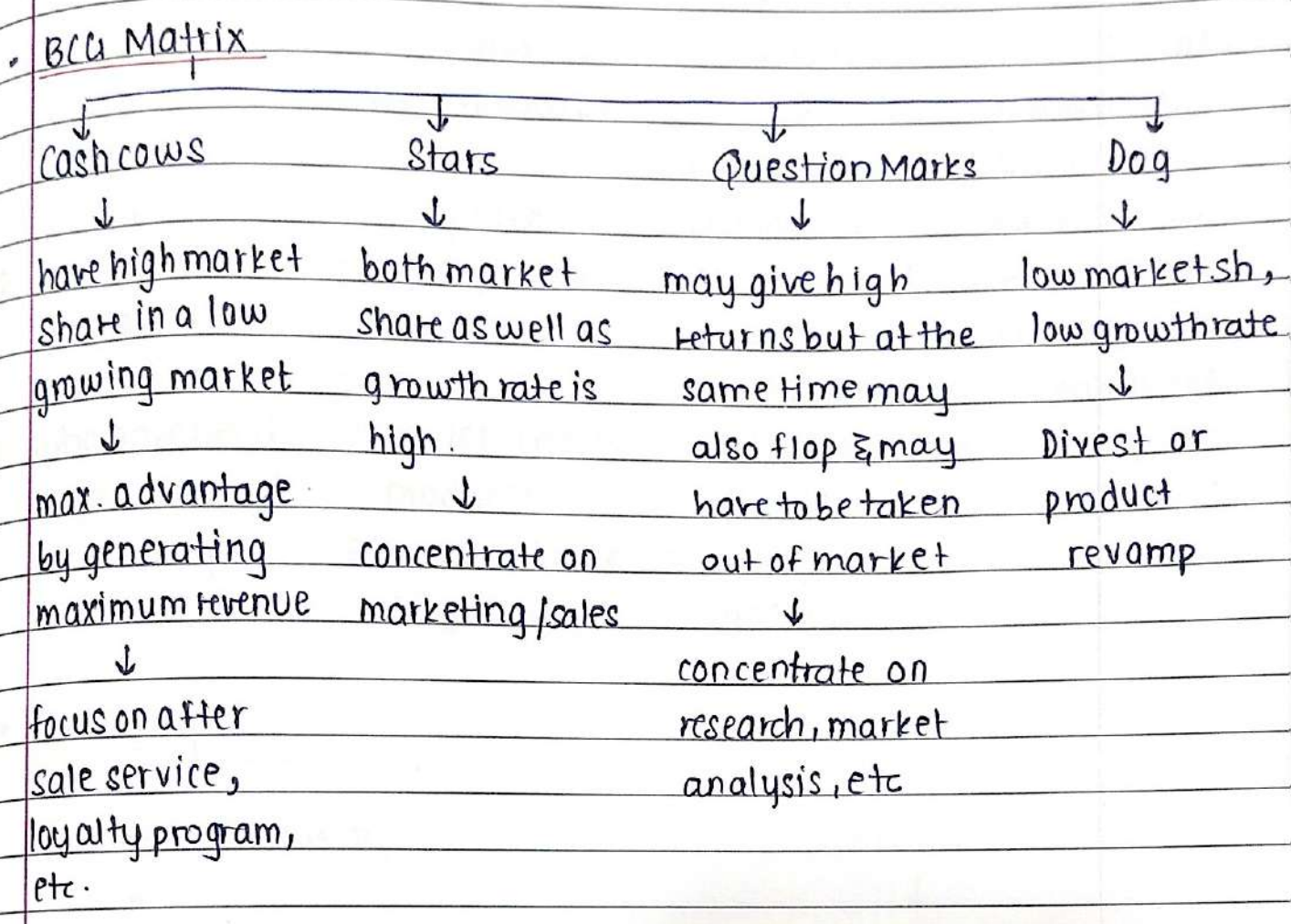
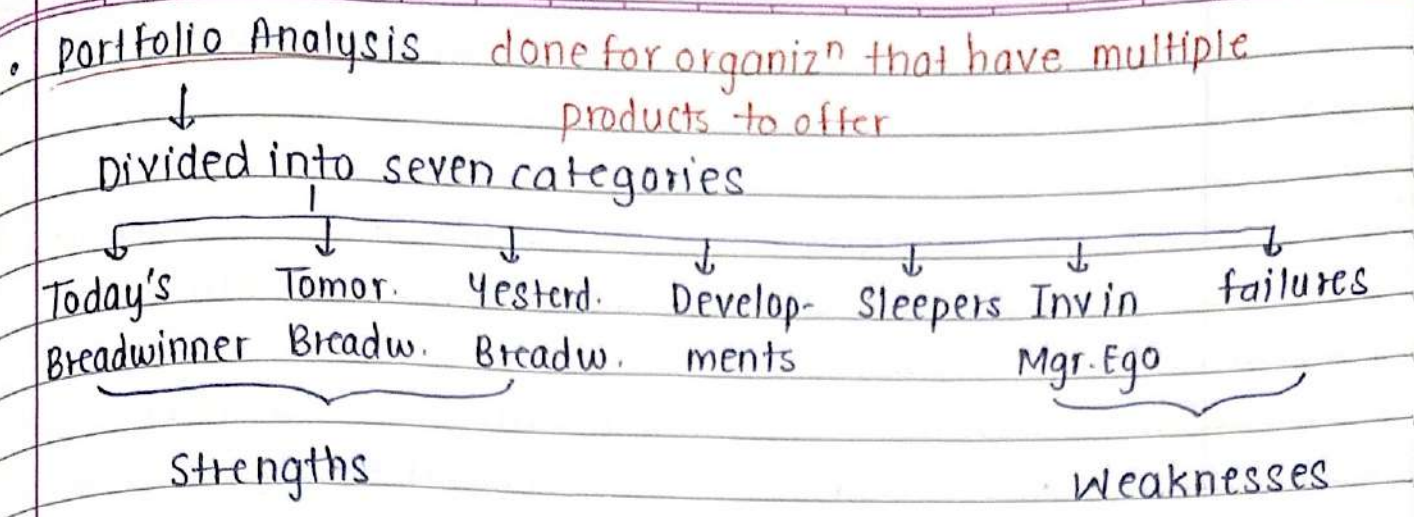
↓  
 Identify & distinguish various activities → order of precedence → relationship bet<sup>n</sup> the jobs → Draw picture/graph

Advantages of PERT

Limitations of PERT

- ↓
1. Plan their projects critically
  2. tool for forecasting impact of schedule
  3. considerable amount of data
  4. Improved communications
  5. Highlight areas that require attention

- ↓
1. Uncertainty about time & resources
  2. Needs a high degree of planning skills
  3. Not suitable for relatively simple & repetitive processes

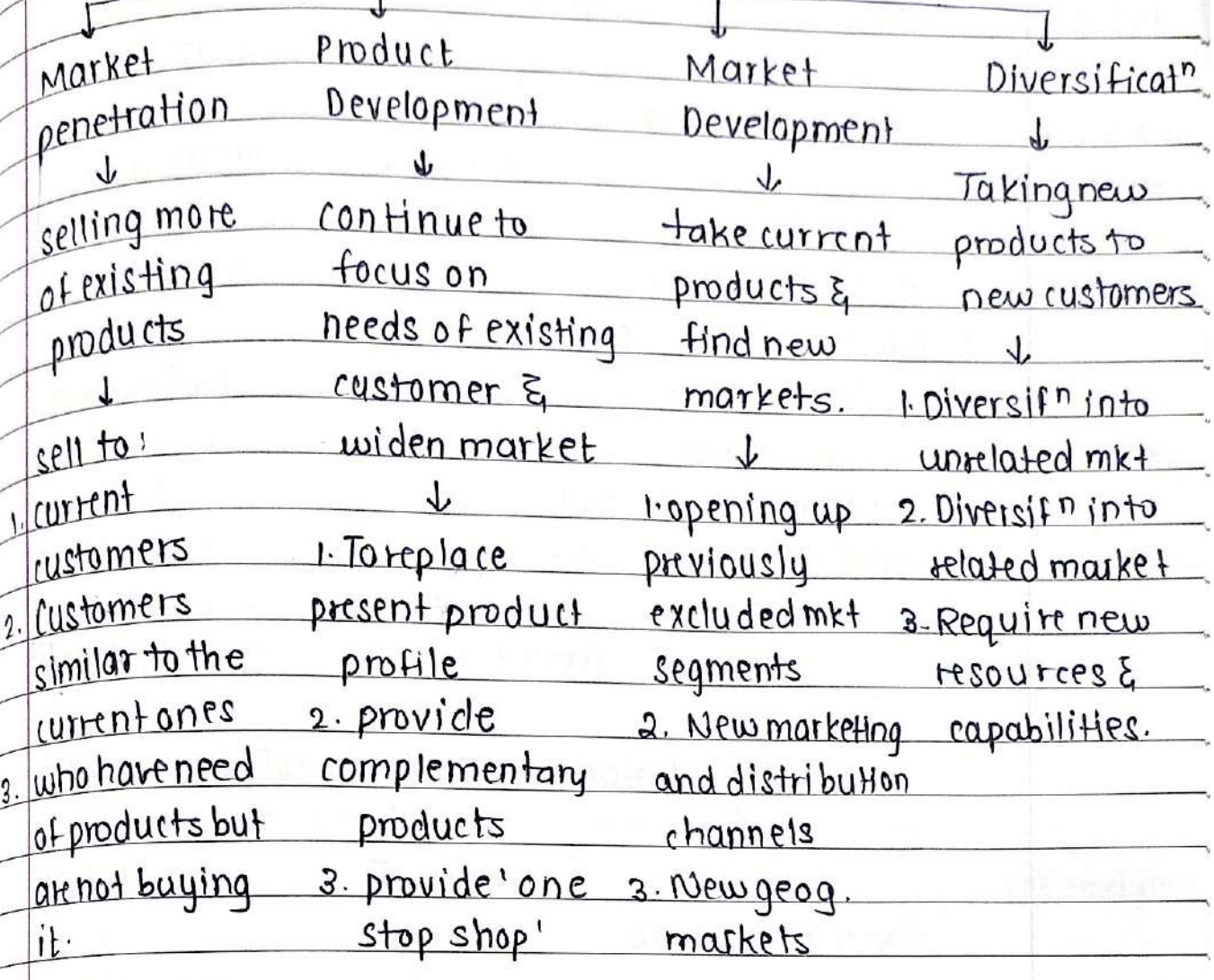


Strategies on BCU Matrix

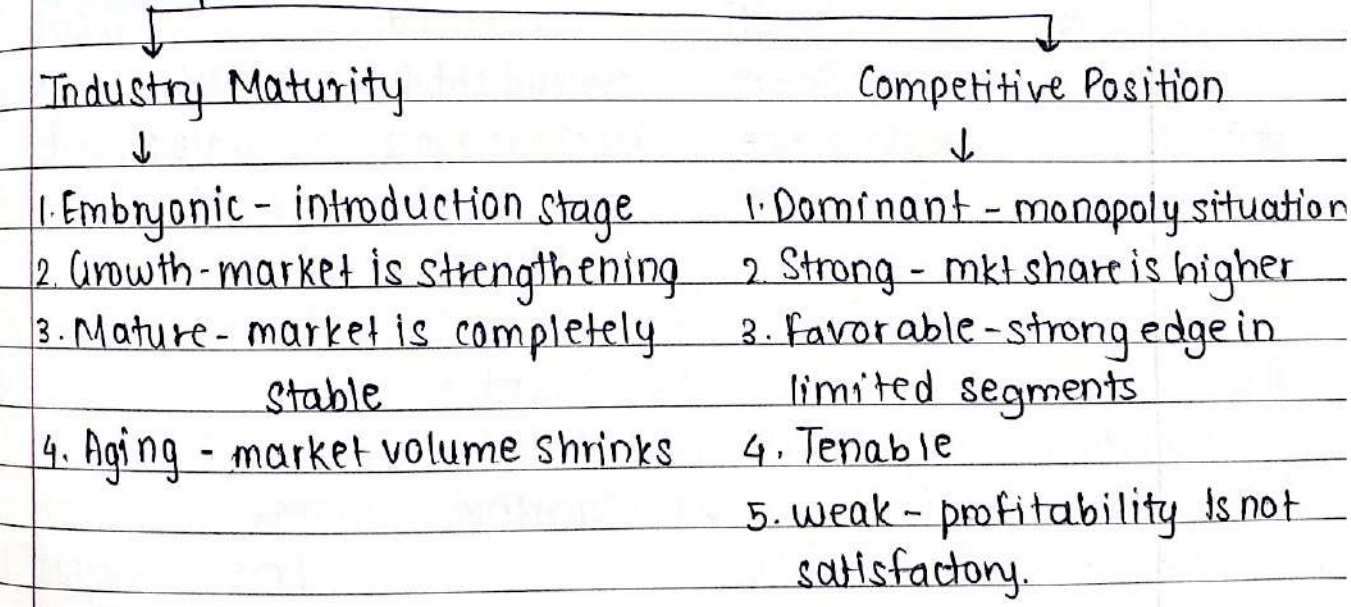
Criticism.

- |  |  |
|--|--|
| ↓                                      | 1. Ignores interdependence                 |
| Build - increasing investm             | 2. Mkt growth rate is only one factor      |
| Hold - cannot invest                   | 3. Does not guarantee profitability        |
| Harvest - Takes out cash flow          | 4. Does not consider decreasing mkt        |
| Divest - release amount of money stuck | 5. does not show what competition is doing |
|  | 6. may over simplify the assessments       |

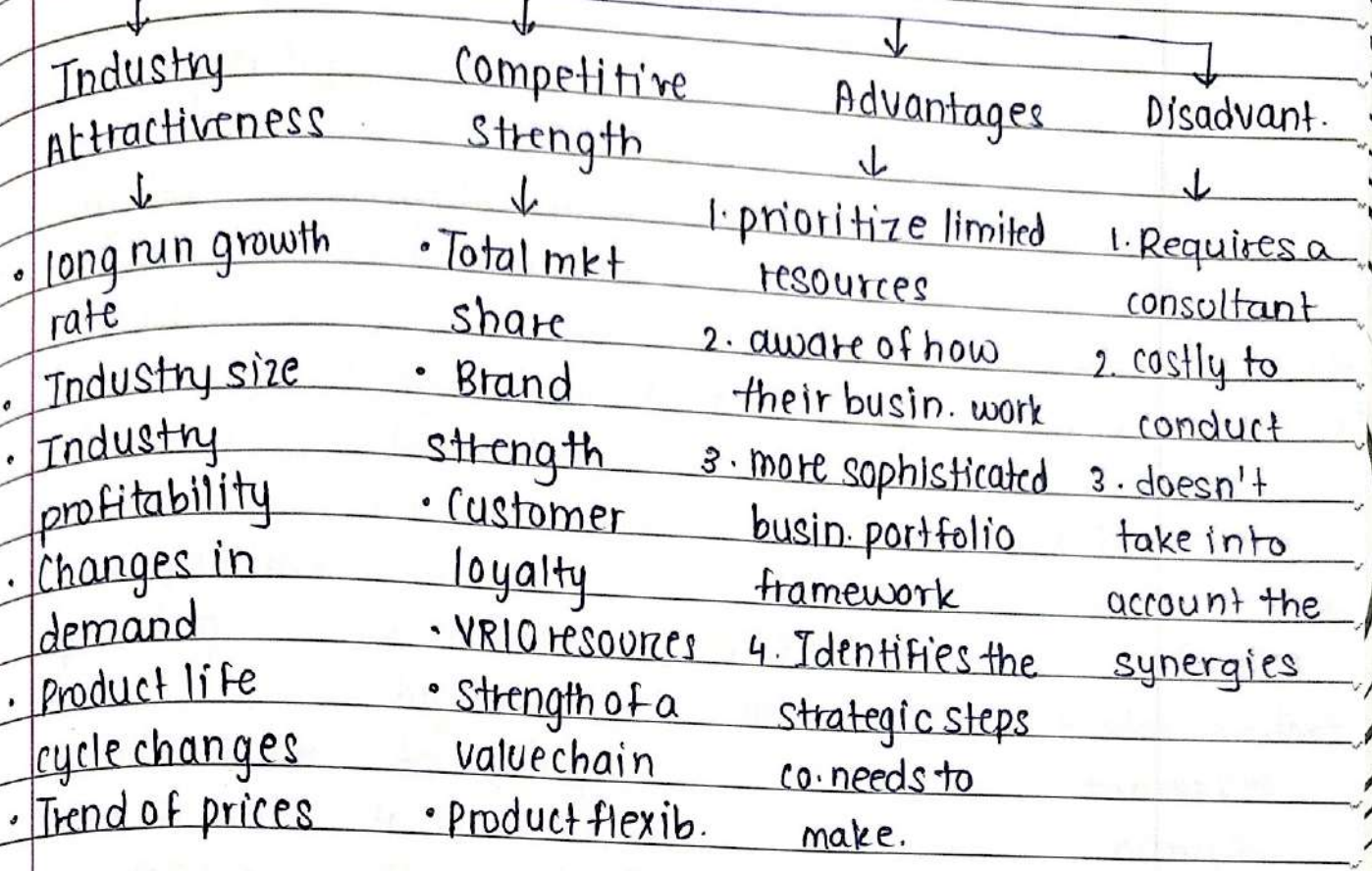
• Ansoff Growth Matrix helps mgt team to focus on options for business growth



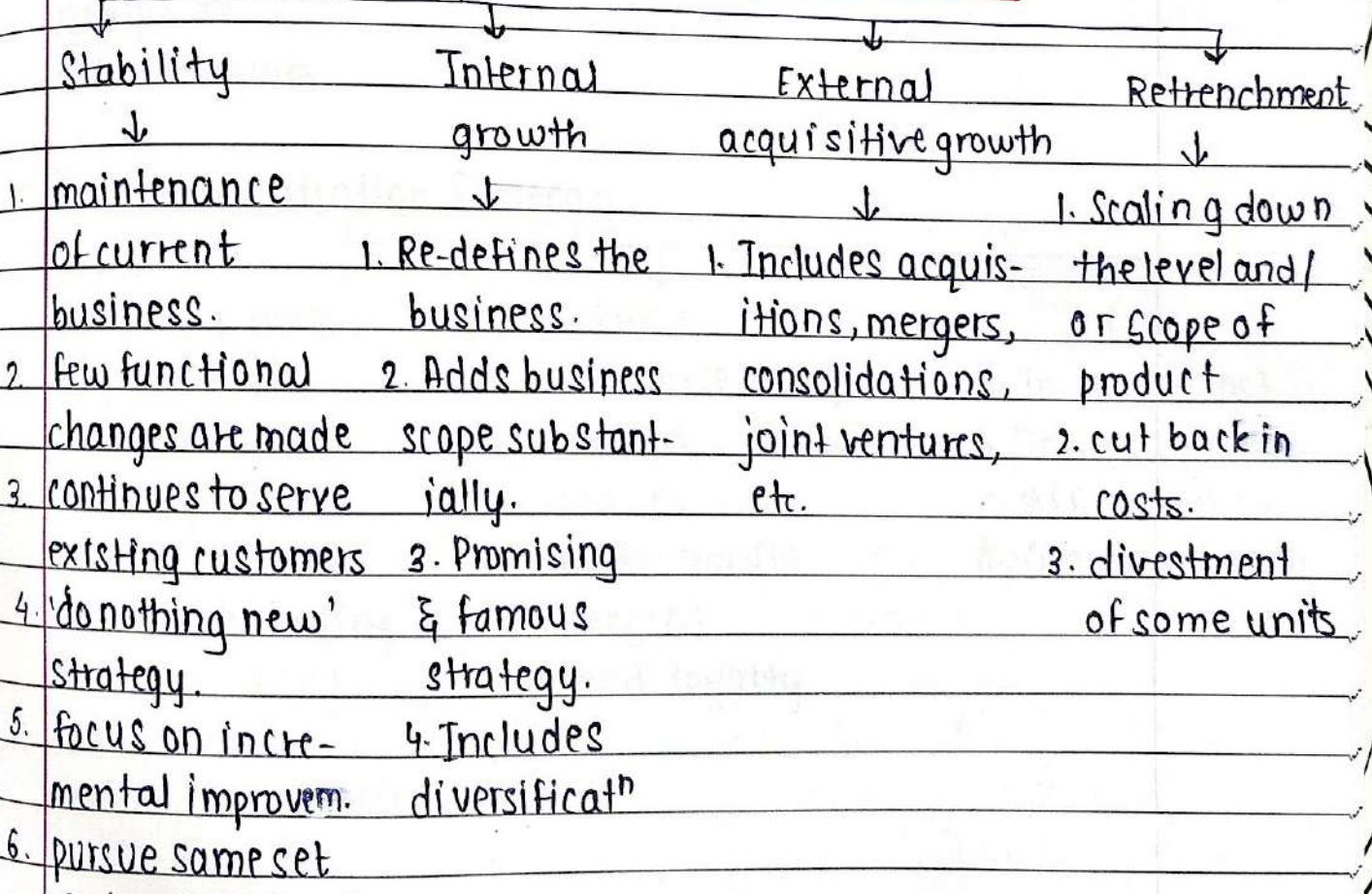
• ADL Matrix



GE McKinsey Matrix

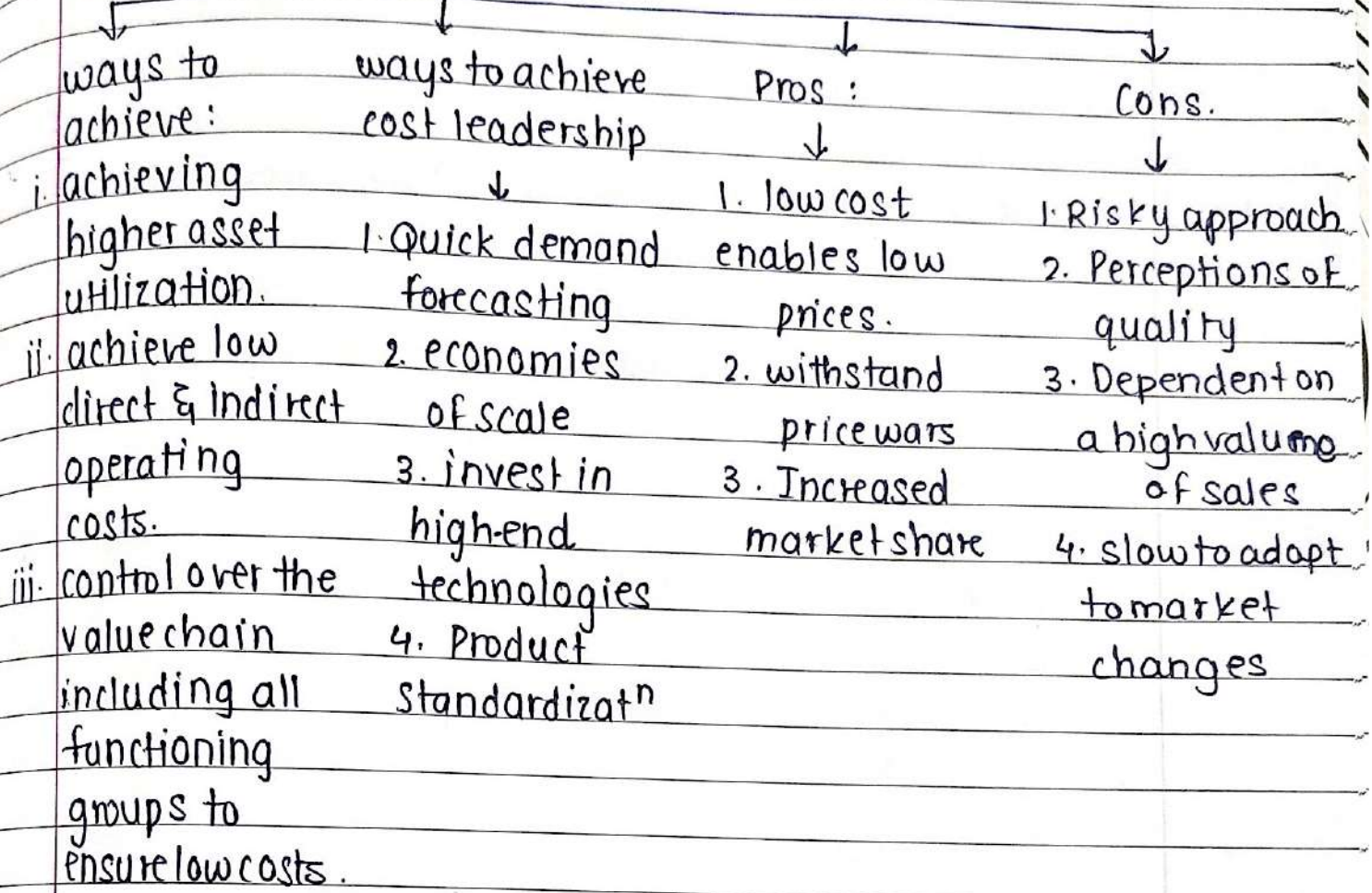


Glueck and Jauch Generic Strategic Alternative

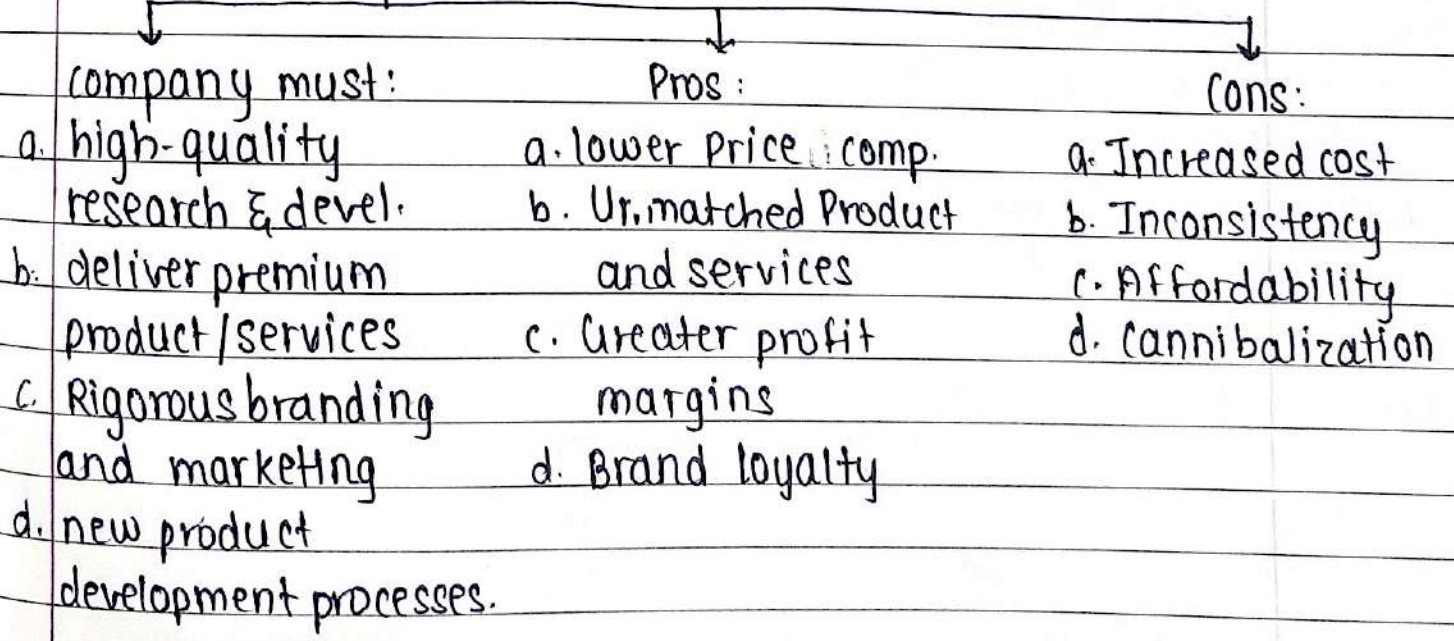


• Porter's Generic Strategies

1. Cost Leadership Strategy



2. The Differentiation Strategy



### 3. Focus strategy

#### Types

1. Focused low-cost strategy they first join the market
2. Focused Differentiat<sup>n</sup> strategy develop a product that is unique for a certain group

#### Pros

1. Availability of Resources
2. Competitive edge
3. High growth
4. Increased Profitability

#### Cons

1. Changing preferences
2. High competition

## Ch5: Competitive Positioning

### • Strategic Formulation and Implementation

largely an intellectual process

operational nature

forward linkage

Backward linkage

influence of formulation on implementation.

influence in opposite direction.

Total implementation activities are geared acc to strategy chosen for implementation.

Org. tends to adopt those strategies which can be implemented with help of existing structure of resources.

### • Strategic Implementation

Supporting factors

Monitoring factors

Issues

1. Action plan (step by step plan)

1. Assure organiz<sup>n</sup> efforts.

1. Project implementat<sup>n</sup>

2. Organizational structure

2. Ensure that results are achieved.

2. Procedural implem.

3. Human Resource factors

3. Corrective action

3. Organisational structure and strategies.

4. Annual Business Plan

4. Part of control process

4. Resource allocation

5. Monitoring and control.

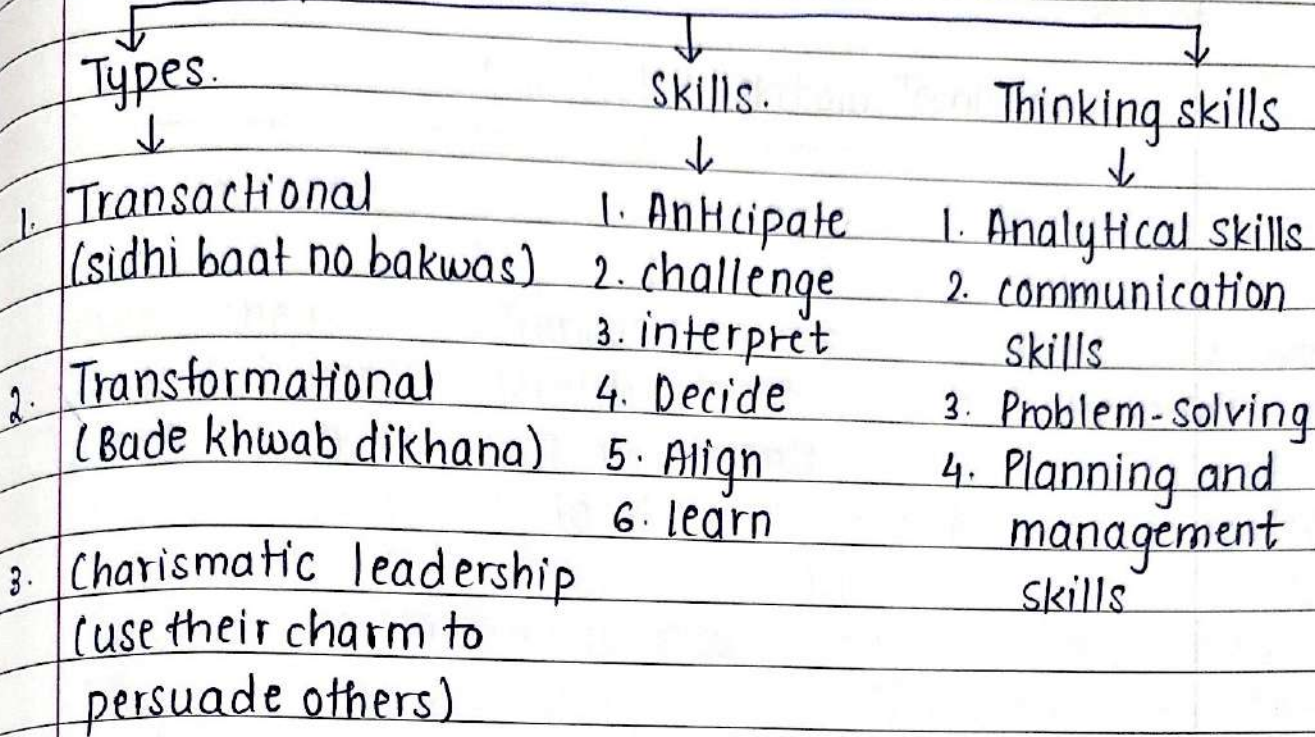
5. essential link between written plan and day today operations.

5. functional Policies

6. leadership

7. challenges to change

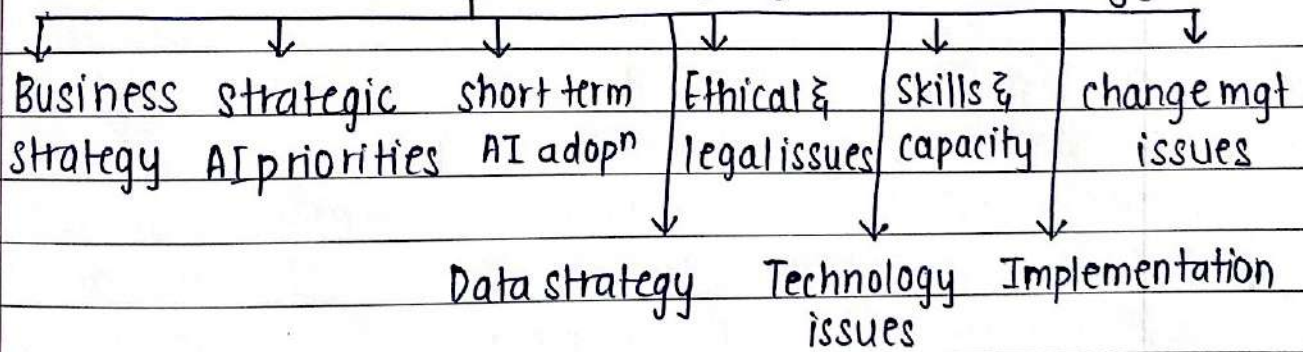
Strategic Leadership (Types)



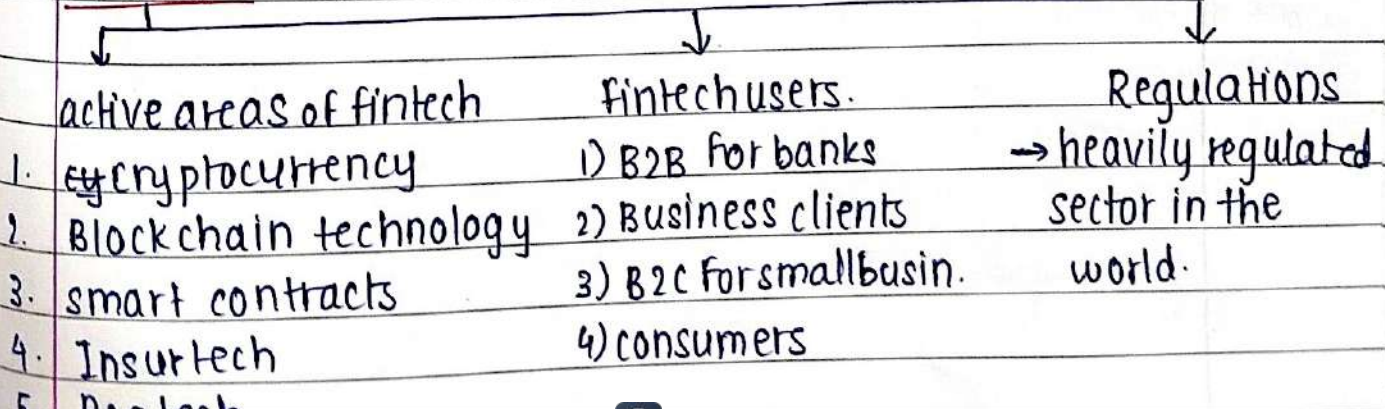
Artificial Intelligence

Investing in teaching machines to 'think' more like humans.

Nine areas for developing AI Busin. strategy



Fintech



Blockchain Technology (series of data linked together)

Pillars of Blockchain Technology

Decentralization

Transparency

Immutability

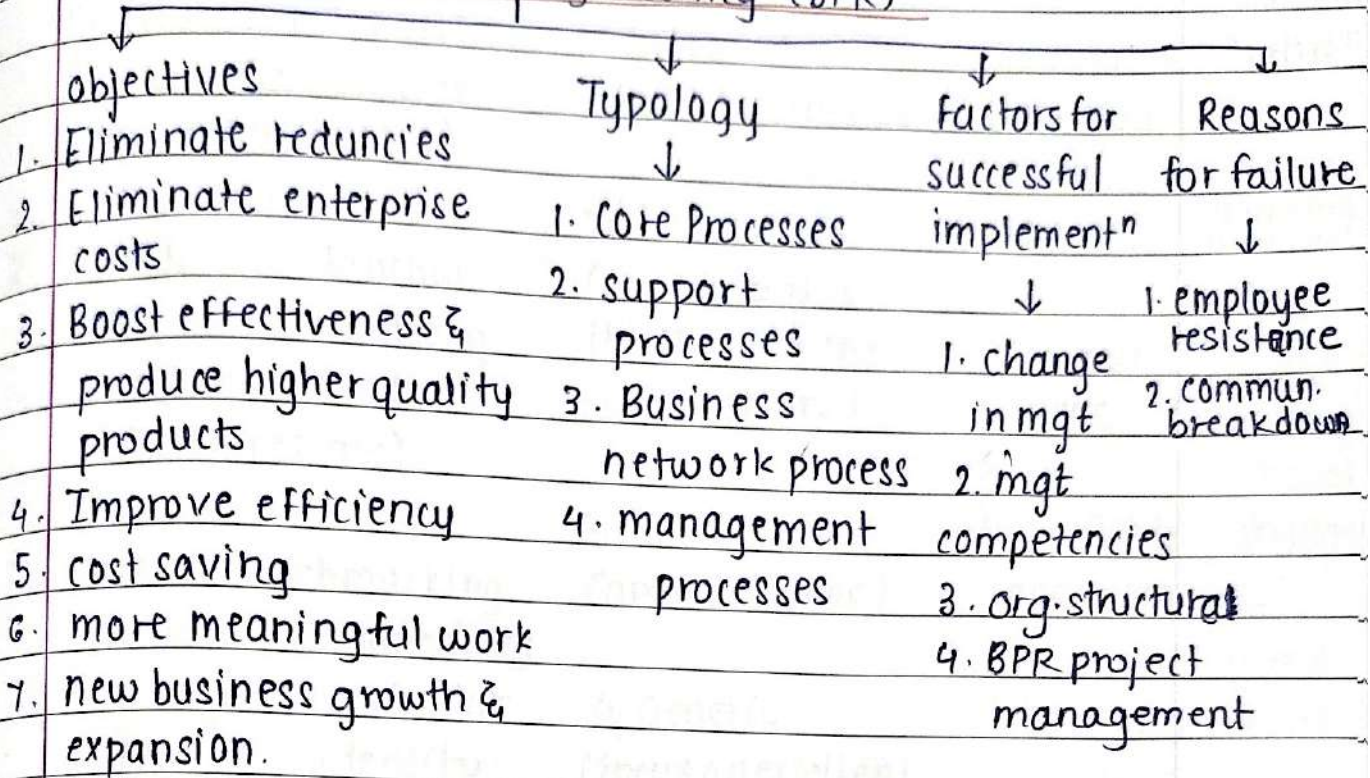
even if one is hacked, it won't affect the others

Transactions are identifiable but not the person's identity

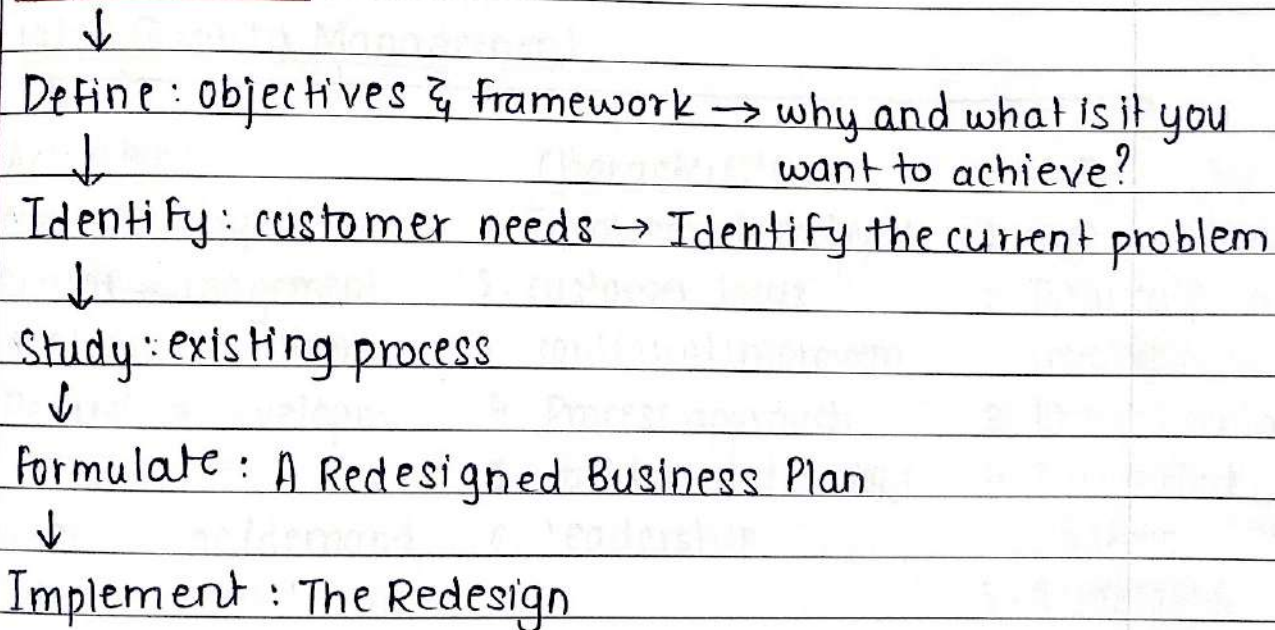
once entered cannot be tampered

## Ch 6 : Managing the Multi-Business firm & Analyzing Strategic Edge

### • Business Process Re-engineering (BPR)



### • Steps involved



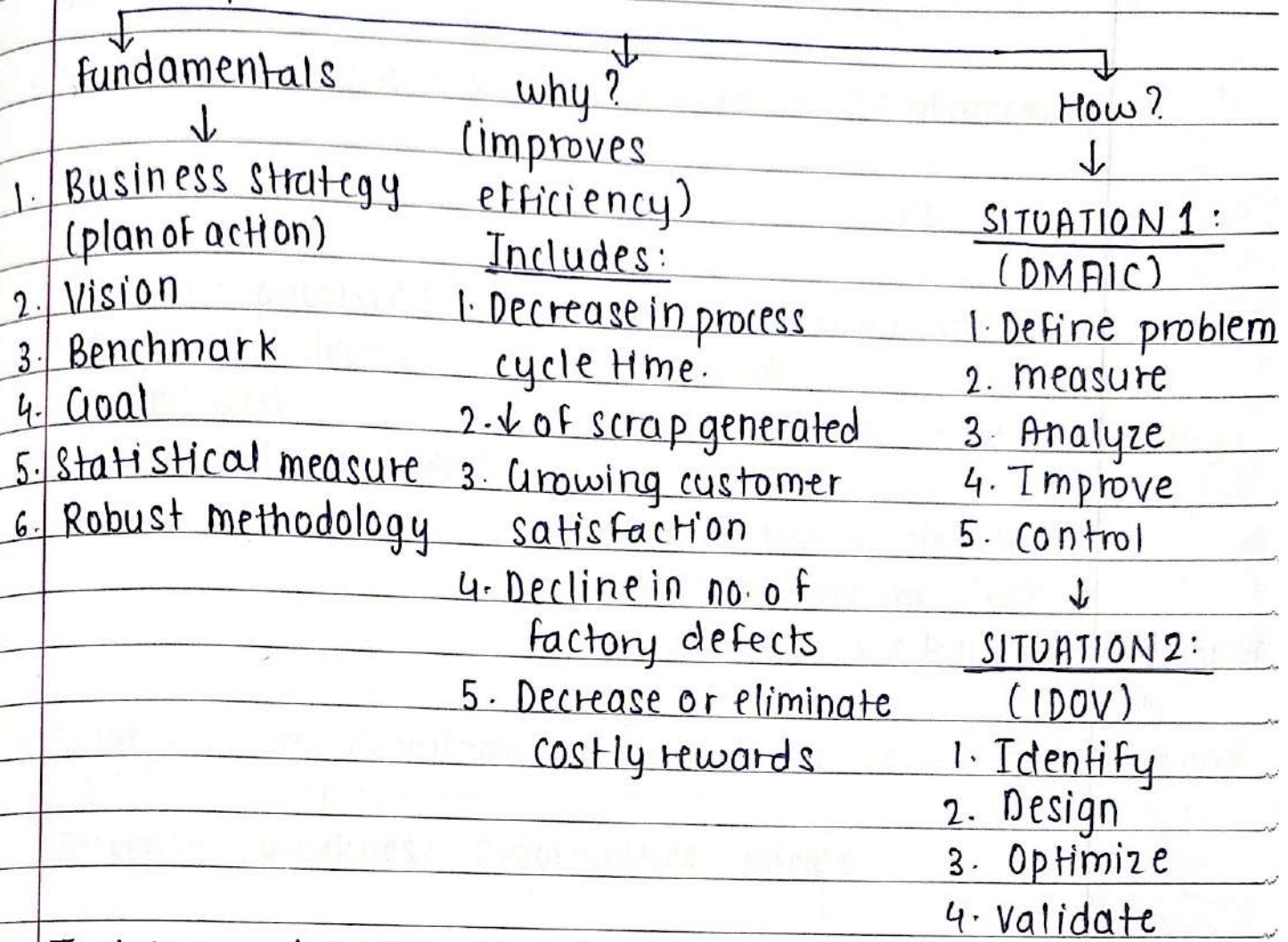
Benchmarking

Types.	Approaches.	Advantages	Disadv.
1. Strategic Benchmarking (Identify best way to compete in market)	1. Internal (bet <sup>n</sup> businesses)	1. easy to understand	1. Identif <sup>n</sup> of a bench-marking partner
2. Performance Benchm. (determine how strong a company's products and services are)	2. External (co. compares itself with the competitors)	2. low cost	2. cost.
3. Process Benchmarking (look at other companies that engage in similar activities & identify the best practices)	3. functional (amongst depts)	3. innovative ideas	3. Resist change
	4. Generic (focus on excellent work processes)	4. facilitate cooperation	4. Hire a consultant

Total Quality Management

Activities	Characteristics	Principles
1. Commitm by Senior management	1. Involvem of employees	1. customer focused
2. customer requirem	2. customer focus	2. Total employee involvement
3. Reducing developm cycle times	3. continual improvem	3. Process centered
4. Just in Time/demand	4. Process approach	4. Integrated system
5. Improvement teams	5. fact-based decisions	5. Strategic & systematic appro.
6. Reducing costs.	6. leadership	6. con Hnued improvement.
7. focus on processes		7. factbased
8. Recogn. & celebration.		

Six-Sigma



Training and Certification level.

