

3.

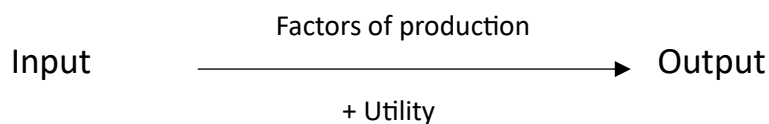
## FORMULATION AND IMPLEMENTATION OF

- A successful strategic formulation does not guarantee successful strategy implementation .

### ➤ SRATEGY FORMULATION :-

- Strategic formulation not involves possession of various strategies but also its deployment + management + control.

### ➤ PRODUCTION STRATEGY :-



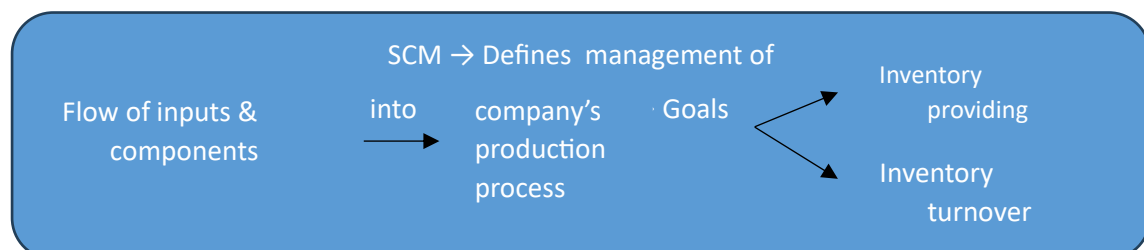
Production system : Capacity, location, layout, design, work systems, automation , etc.

Related plans + policies

Any decision on production factors : Long run impact on operations & ability to implementation + achieve → Objectives.

Production = Manufacturing + level of vertical integration + how + where? Deployment of physical resources + Relationship with suppliers.

### ➤ SUPPLY CHAIN STRATEGY :-



Material management → May boost efficiency of company.  $\frac{I/P \rightarrow O/P}{\rightarrow \text{wastage}}$

I/P & components in Production process Out Distribution system [ Ultimately user]  
Cost ↓ Through material management is very crucial.

Manufacturing company → Material + transportation 50 - 70 % of revenue.  
Reduction → Profitability.

- JUST IN TIME :-

User – Manufacturing plant

Limitation of JIT

- No buffer stock
- Buffer stock , Handle shortage of I/P , labour dispute, any issues with suppliers and a quick increase in demand.

Overcoming limitations of JIT

- Have multiple suppliers .
- Efficient utilization of resources and efficiency in day to day operations. in the light of long term objectives.

- MARKETING STRATEGY :-

Its goal is customer satisfaction.



It is broader in scope as compared to sales, advertisement and promotion.



A major impact on efficiency and cost structure.

Manufacturing strategy refers to the position that a company takes with regard to market segmentation , pricing, promotions , advertising , product design and distribution.



Cost tends to decrease as an experience in production increases.



Elaborate examples of roadside juice centre and real juice.

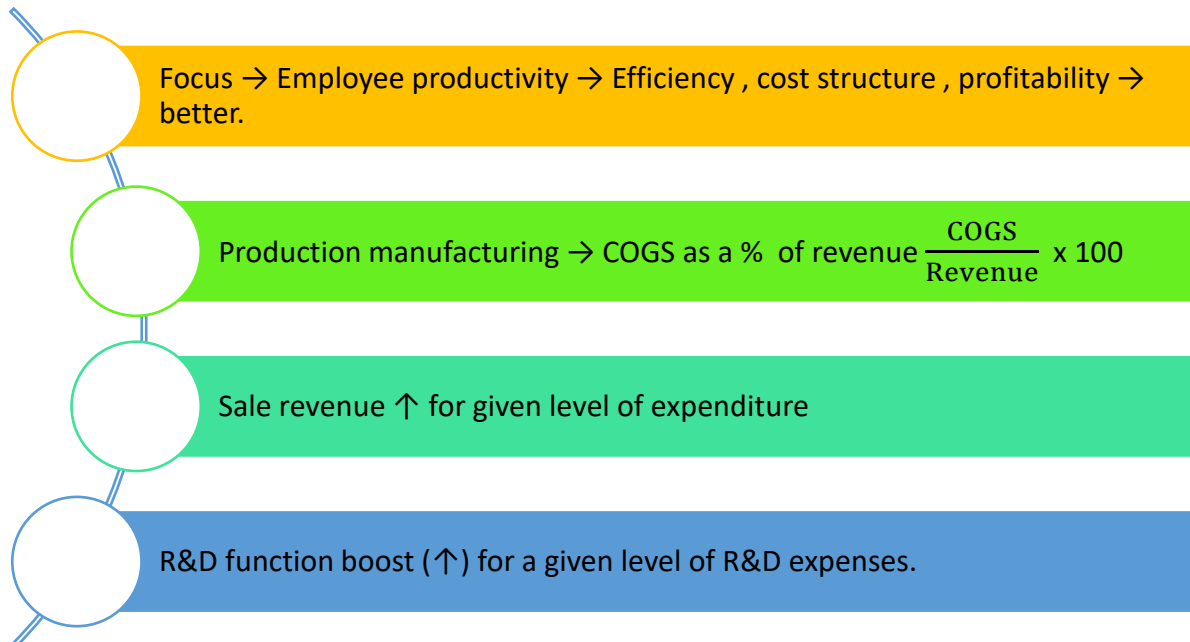


The longer a customer stays with the company , the more the fixed cost of acquiring that customer can be distributed over repeat purchases, boosting the profit per customer.



The aim of marketing to reduce customer delectation rate and customer's loyalty ↑.

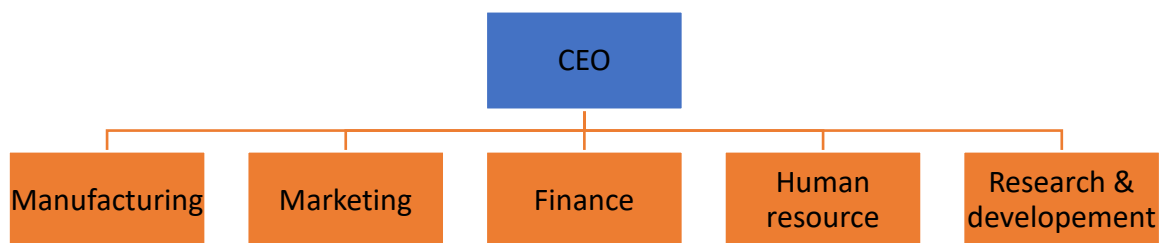
### ➤ HUMAN RESOURCE STRATEGY:-



➤ STRUCTURING OF ORGANISATION FOR IMPLEMENTATION OF STRATEGY:-

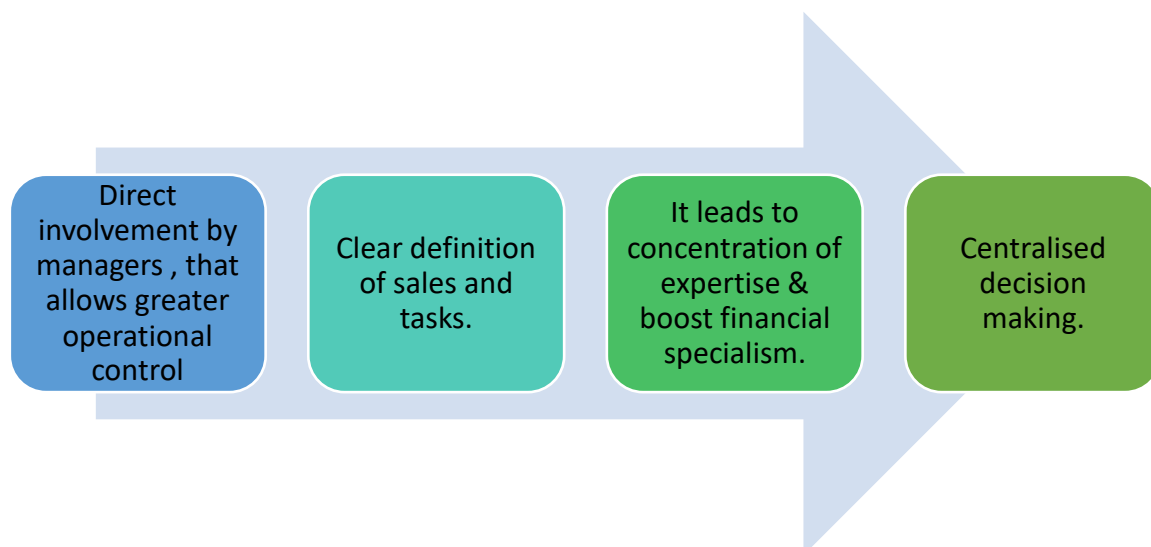
Mapping out the formal structure of an organisation will define levels and roles in organisation.

➤ FUNCTIONAL STRUCTURE :-



1. Based on primary activities.
2. Found in similar companies.

• ADVANTAGES :-



- DISADVANTAGES:-

Too much focus on functional responsibilities that leads to over burdening due to routine operations and narrow functional interests.

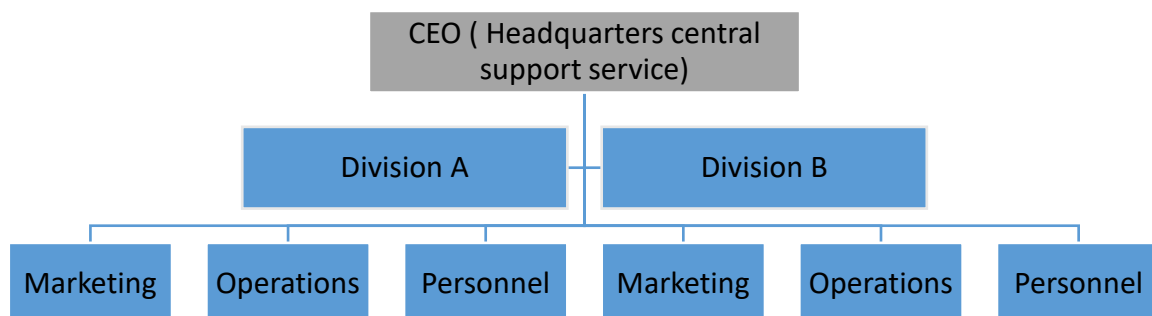
Functional sites → inward looking → difficult to integrate the knowledge of functional specialist.

Centralised around particular functions so its hard to cope with prod/ geo diversity.

Quarlandens top management as functional conflicts are pushed up.

Lined staff conflicts and difficult to establish uniform standards across the organisation.

➤ MULTI DIVISIONAL STRUCTURE:-



1. The basic of division will be various products, services, or geographical areas.
2. Functional structure could not accommodate diversity.

- ADVANTAGES:-

Flexibility : Add, close , merge, divisions.

Control : From distance self standing business units.

Personal ownership : For their own strategies

Specialisation expertise increases.

If a manager is already handling a whole division it acts as a training to take bigger responsibilities when they are promoted at higher positions.

It reduces conflicts as accountability and focus increases.

- DISADVANTAGES:-

Divisions → self sufficient , Independent units , Duplication of functions → cost ↑

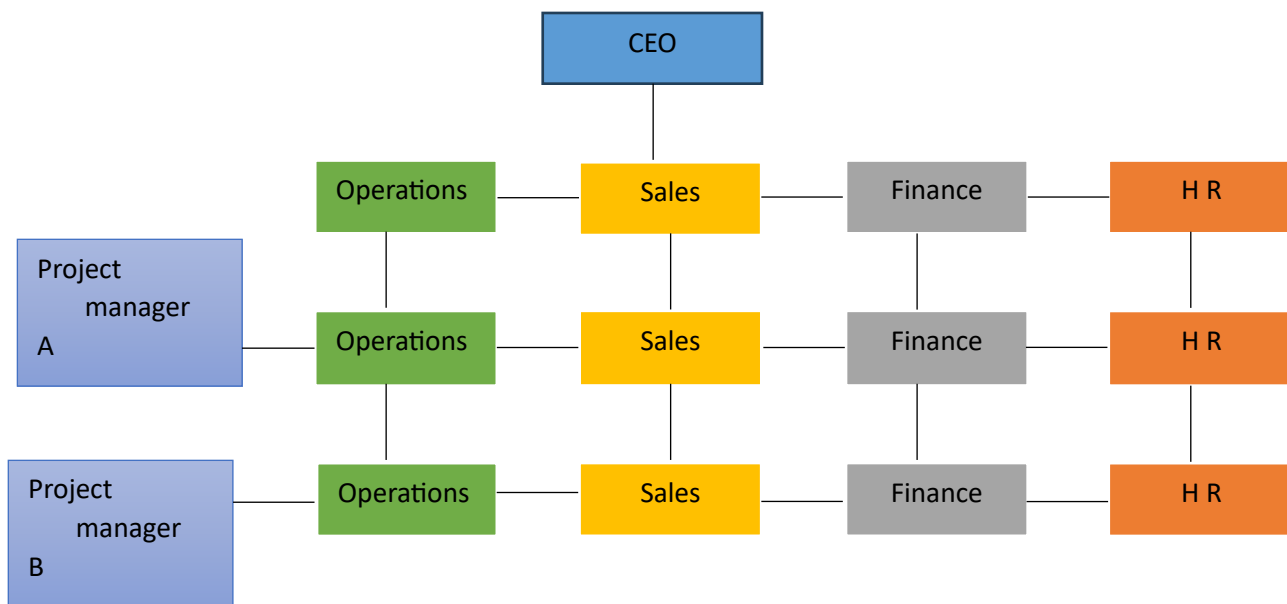
Co -operation ↓ sharing of knowledge ↓

Division → too autonomous JV + Partnership → ownership diluted.

Difference in image and quality

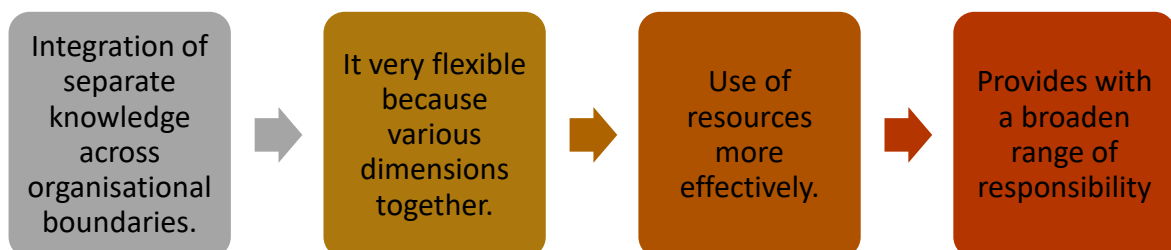
Divisions → focus short term performances.

➤ MATRIX STRUCTURE:-

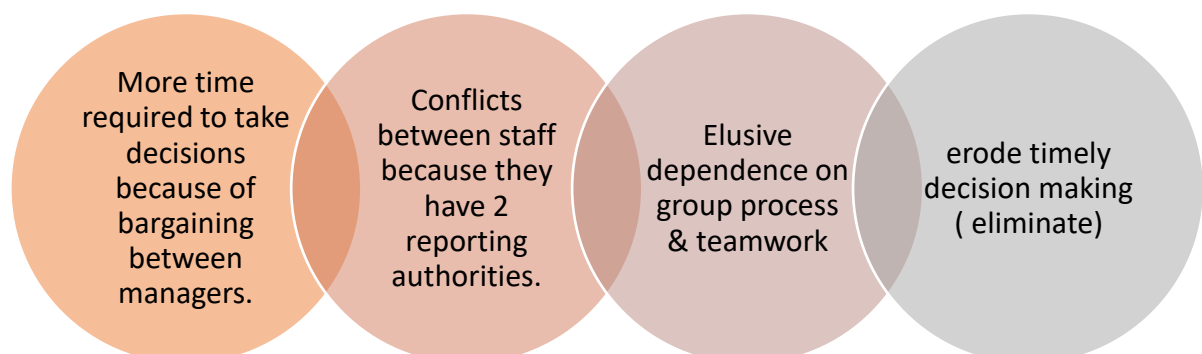


- It contains divisional and functional structure.

- ADVANTAGES:-



- DISADVANTAGES:-



## ➤ TRANSITIONAL STRUCTURE:-

Local responsiveness + Co ordination at global level

Obtain best from extremes.

1. Global strategy → Global product division
2. Multi domestic strategy → local subsidiaries → Design + manufacturing + Marketing → Autonomy

### • CHARACTERISTICS :-

Each national units operate independently

- Ideas and capacity are shared.

Economies of scale

- This will happen through specialization

Global network is managed by by corporate centre

- Giving roles to business units.
- Sustain the systems, relations, culture.
- To make sure the network works effectively.

GBS

- Override responsibility and they ensure global competitiveness.

Country and overheads

- Contribute to whole organisation.
- Develops strategies for local needs.

Functional manager ( finance IT)

- Worldwide innovation and learning

Corporate manager

- They integrate all roles & responsibilities and they ensure best practice in the organisation, they are also talent spotter.

## ➤ PROJECT BASED STRUCTURE:-

Team created → work done → completely dissolved.

Project are very big assignment and they are expensive.

### • ADVANTAGES :-

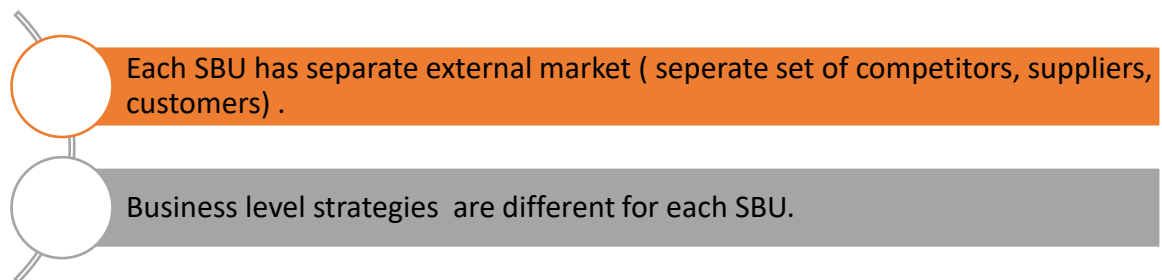
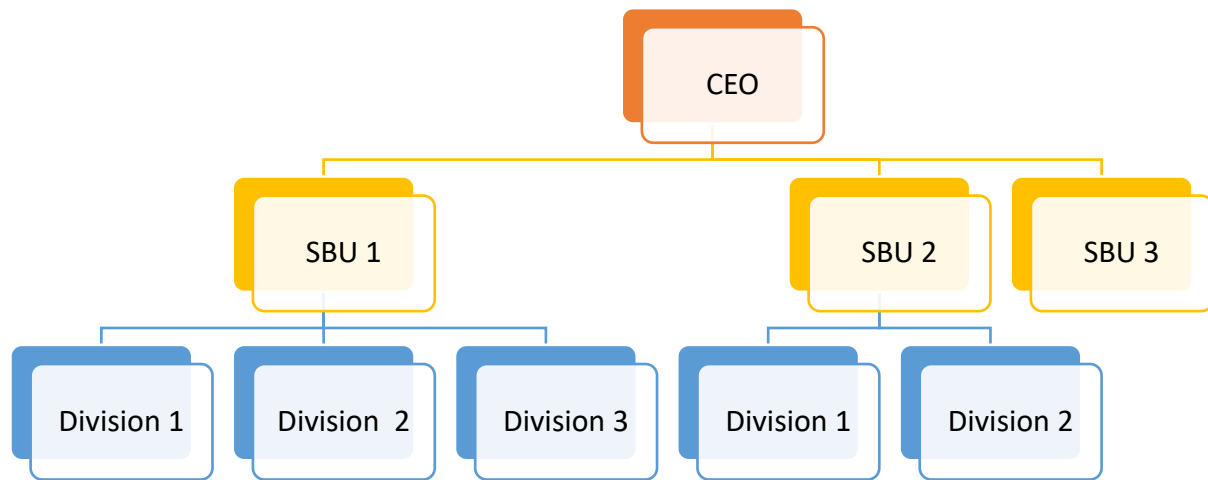


### • DISADVANTAGES:-

Overacting strategic control → organisation are prone to proliferate projects in all ill co ordinated fashion.

Constantly breaking by the team does not allow accumulation of knowledge and specialization.

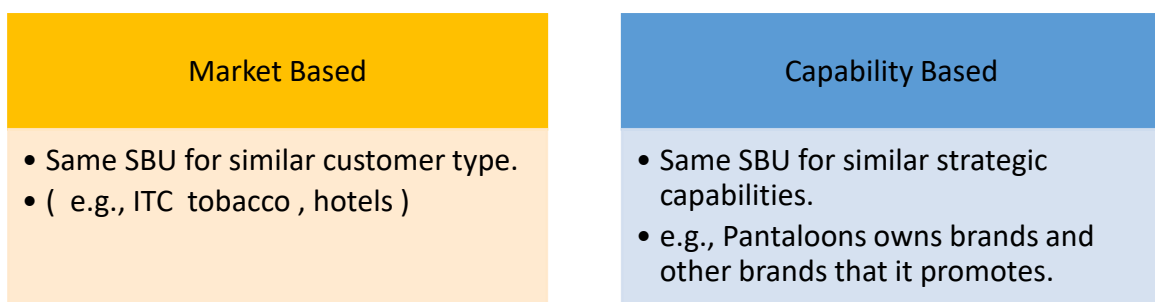
## ➤ STRATEGIC BUSINESS UNIT :-



### • FEATURES :-



### • IDENTIFICATION OF SBU:-



## ➤ BUSINESS RESOURCE RE-ENGINEERING :-

It is a fundamental rethinking , radical redesigning of business process to achieve dramatic improvement .

The performance must cost , quality and serving speed.

It is the programe for effective turn around strategy.

Efficiency of operational process must increase.

Goal → cut cost and return to profitability.

## ● REASONS FOR BPR:-

Dramatic improvement in sustainability.

Anticipation of future change , major changes in internal and external changes.

Opportunity for better positioning.

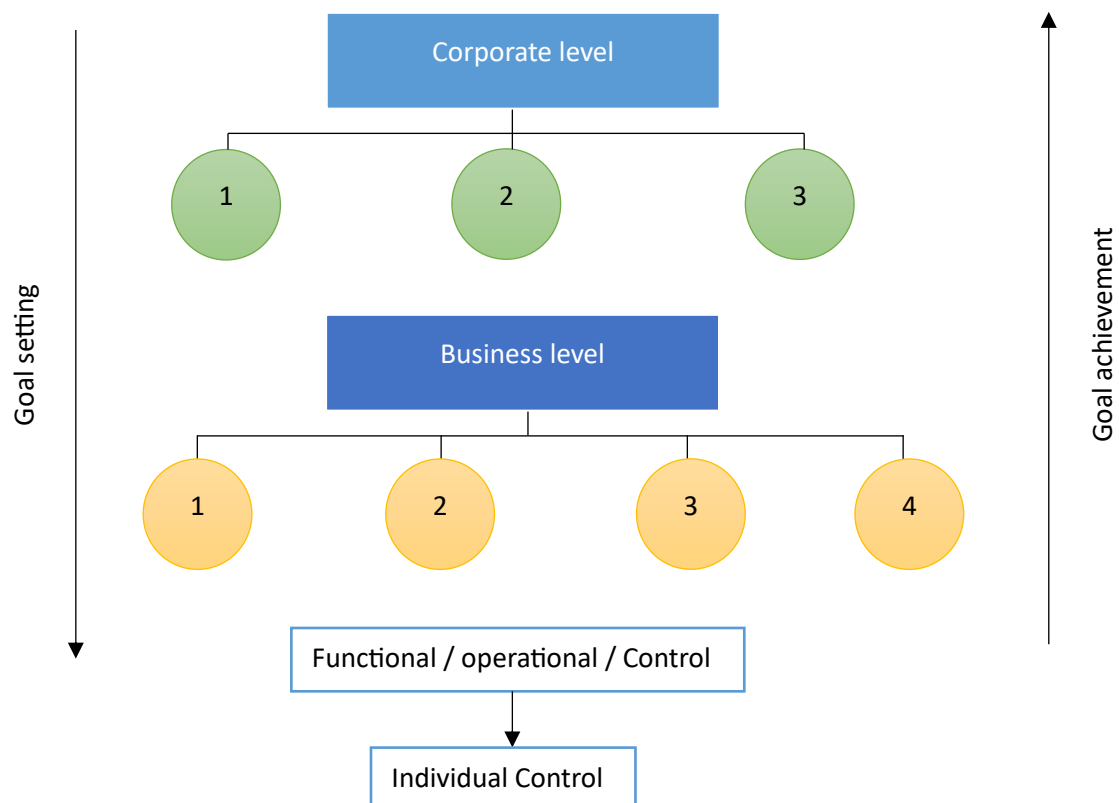
Improve current situation to take better advantages of opportunity.

➤ MANAGEMENT CONTROL, OPERATIONAL CONTROL AND TASK CONTROL :-

- It takes corrective actions for deviation between actual and desired result. E.g., standard costing and budgeting .

Strategic control system allows managers to -		
Monitor and evaluate business modesty , desired ? Any improvement	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Keep them motivated</li> <li>• Incentives</li> <li>• focus→ important problem</li> </ul>	<ul style="list-style-type: none"> <li>• Effective ↑</li> <li>• Quality ↑</li> <li>• Innovation ↑</li> <li>• Responsiveness ↑</li> <li>• Customers ↑</li> </ul>

➤ LEVELS OF STRATEGIC CONTROL:-

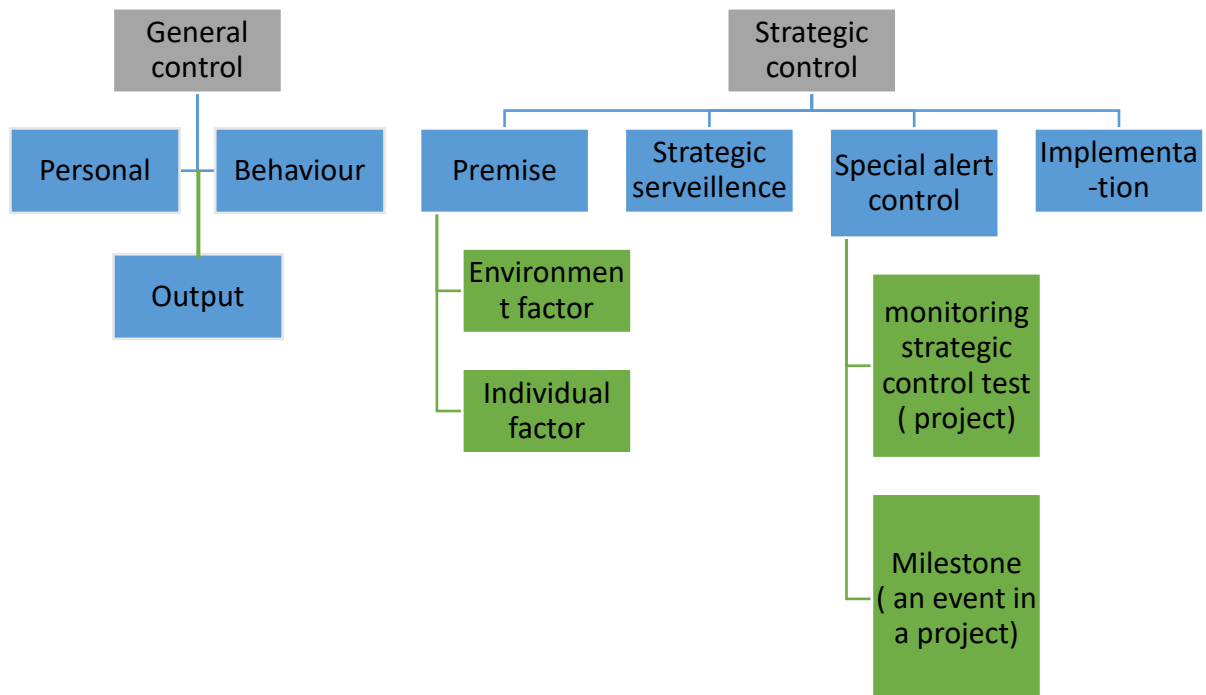


All level → appropriate performance measure.

Goals of developing country → Efficiency ↑  
Quality ↑  
Innovation ↑  
Customer ↑

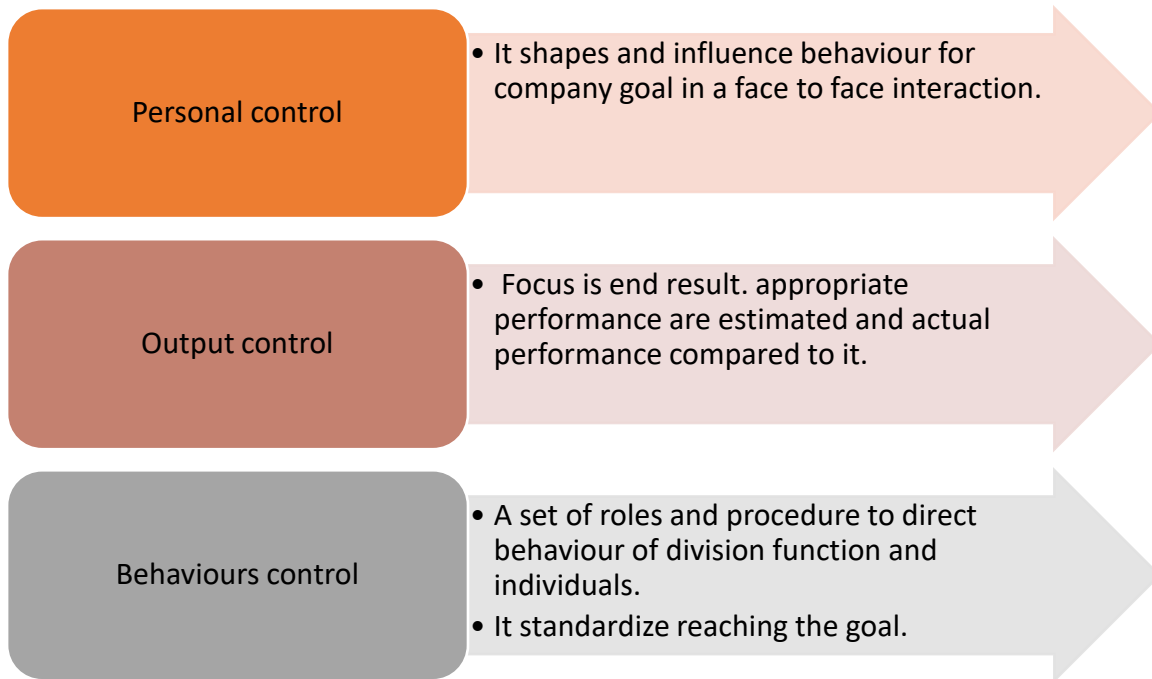
Care must be taken to avoid conflict between individual performance and corporate performance.

### ➤ TYPES OF STRATEGIC CONTROL:-



### • GENERAL CONTROL:-

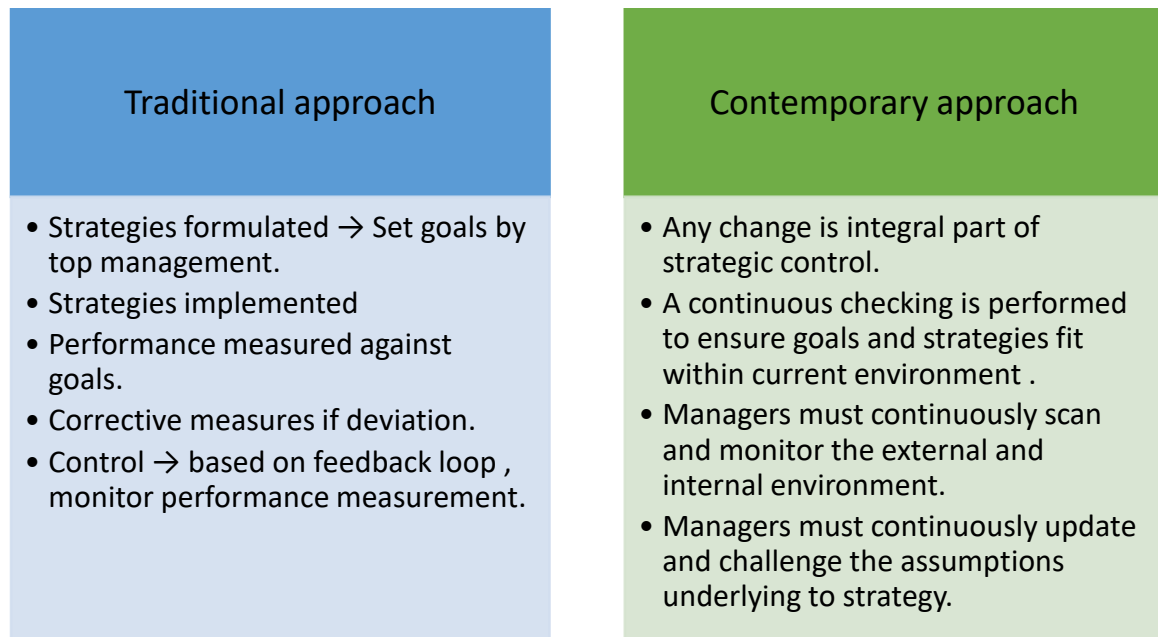
It will help managers to use ROIC which is return on invested capital with other kind. Long run profitability.



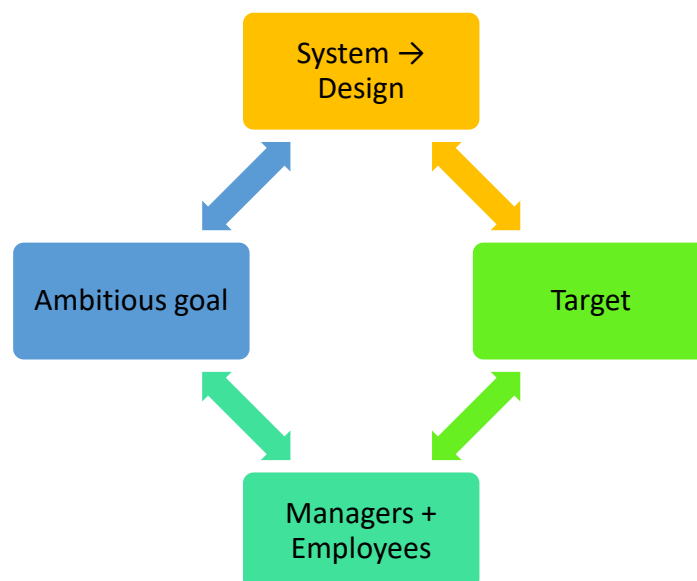
• STRATEGIC CONTROL :-



- APPROACHES TO STRATEGY CONTROL:-



- ROLE OF STRATEGIC CONTROL:-

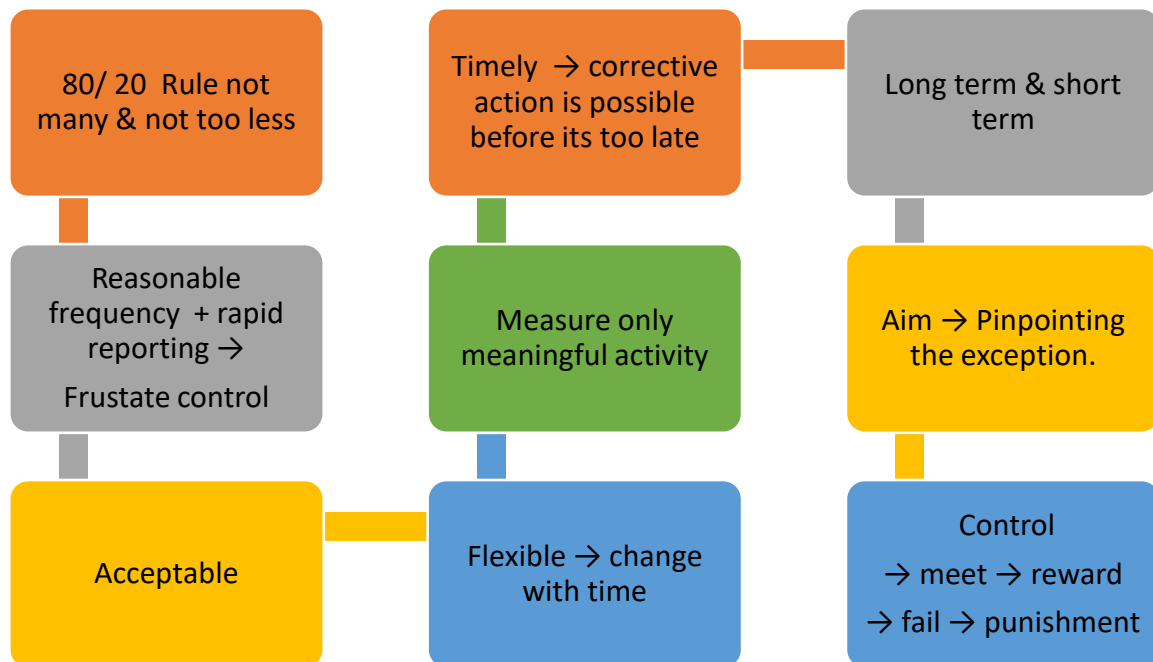


Functional structure → promotes goal → Through constant improvement to operating procedures.

It encourages learning → by mentoring subordinates to develop technical skills.

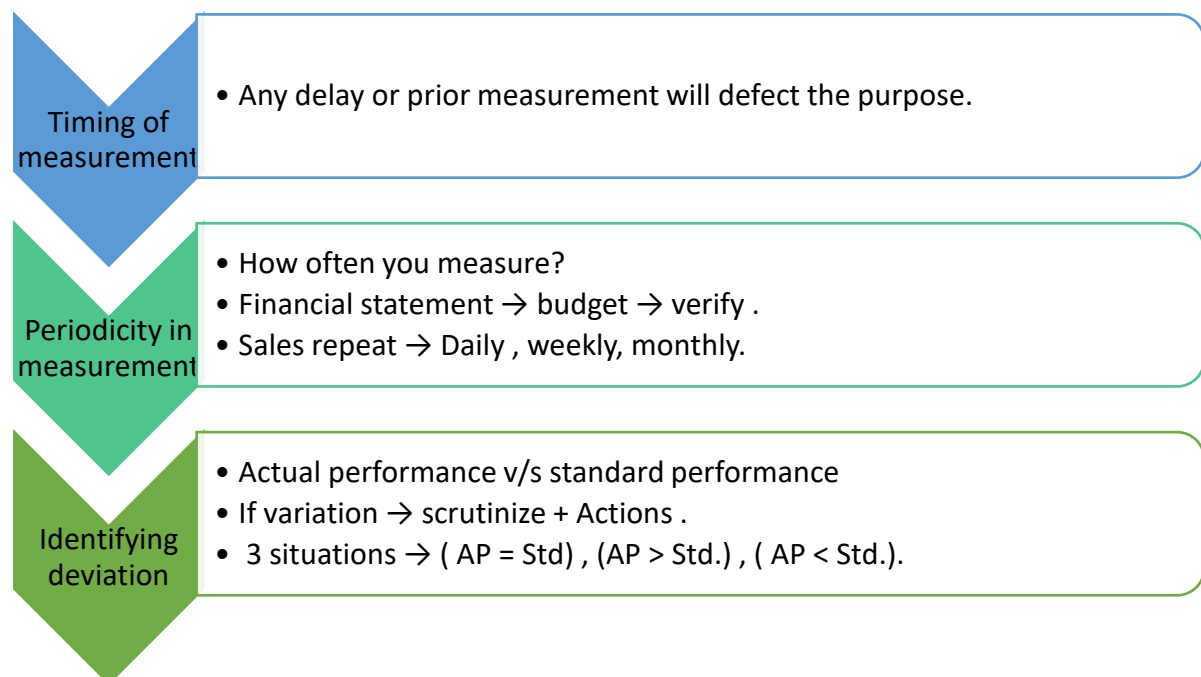
Grouping by function → Easily apply output control

➤ GUIDELINE FOR PROPER CONTROL:-



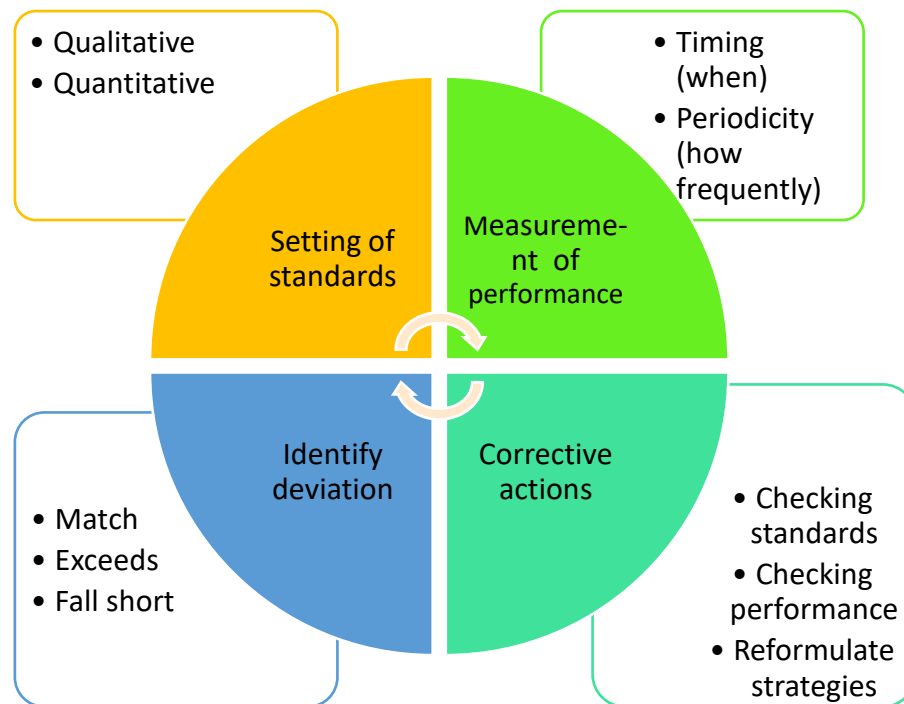
➤ MEASUREMENT OF PERFORMANCE :-

- Actual performance v/s standard performance → bench mark.

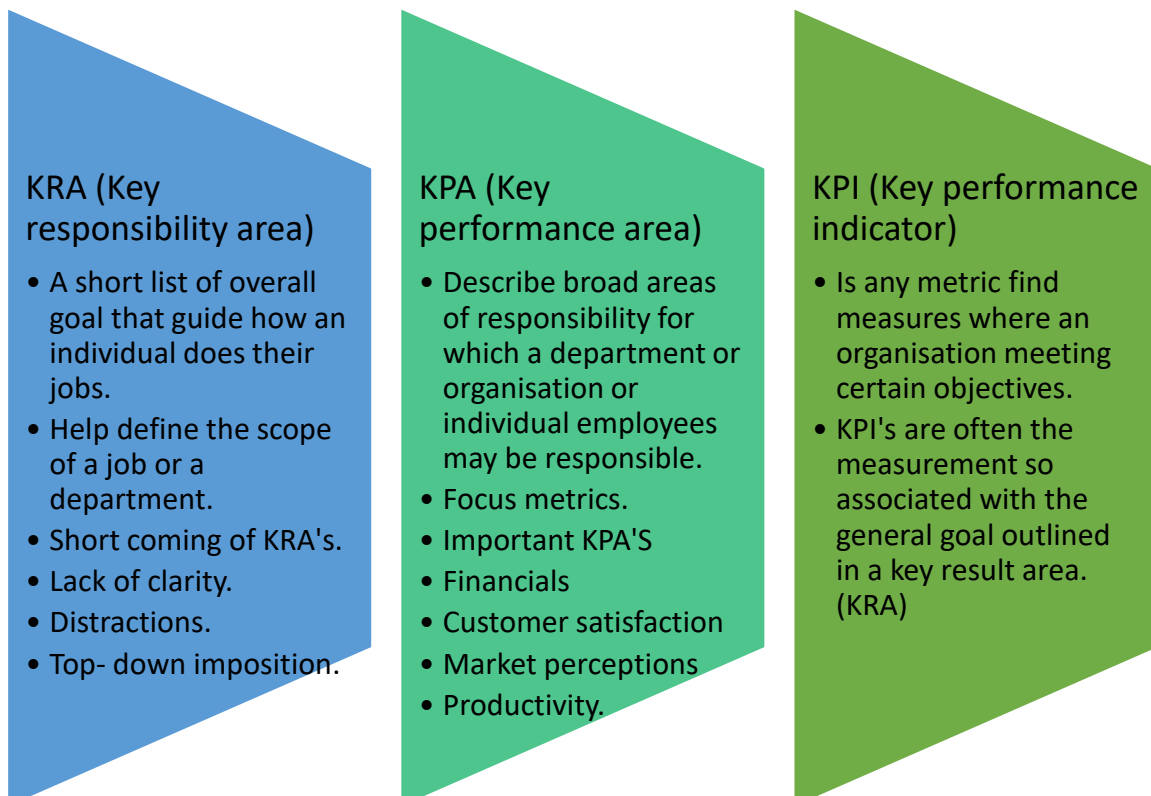


➤ TASK CONTROL:-

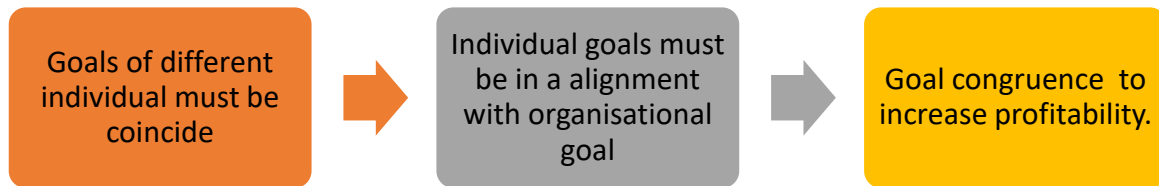
- Task control aims at controlling things and performance.
- STEPS TO CREATE EFFECTIVE CONTROL:-



➤ KRA'S , KPA'S .KPI'S :



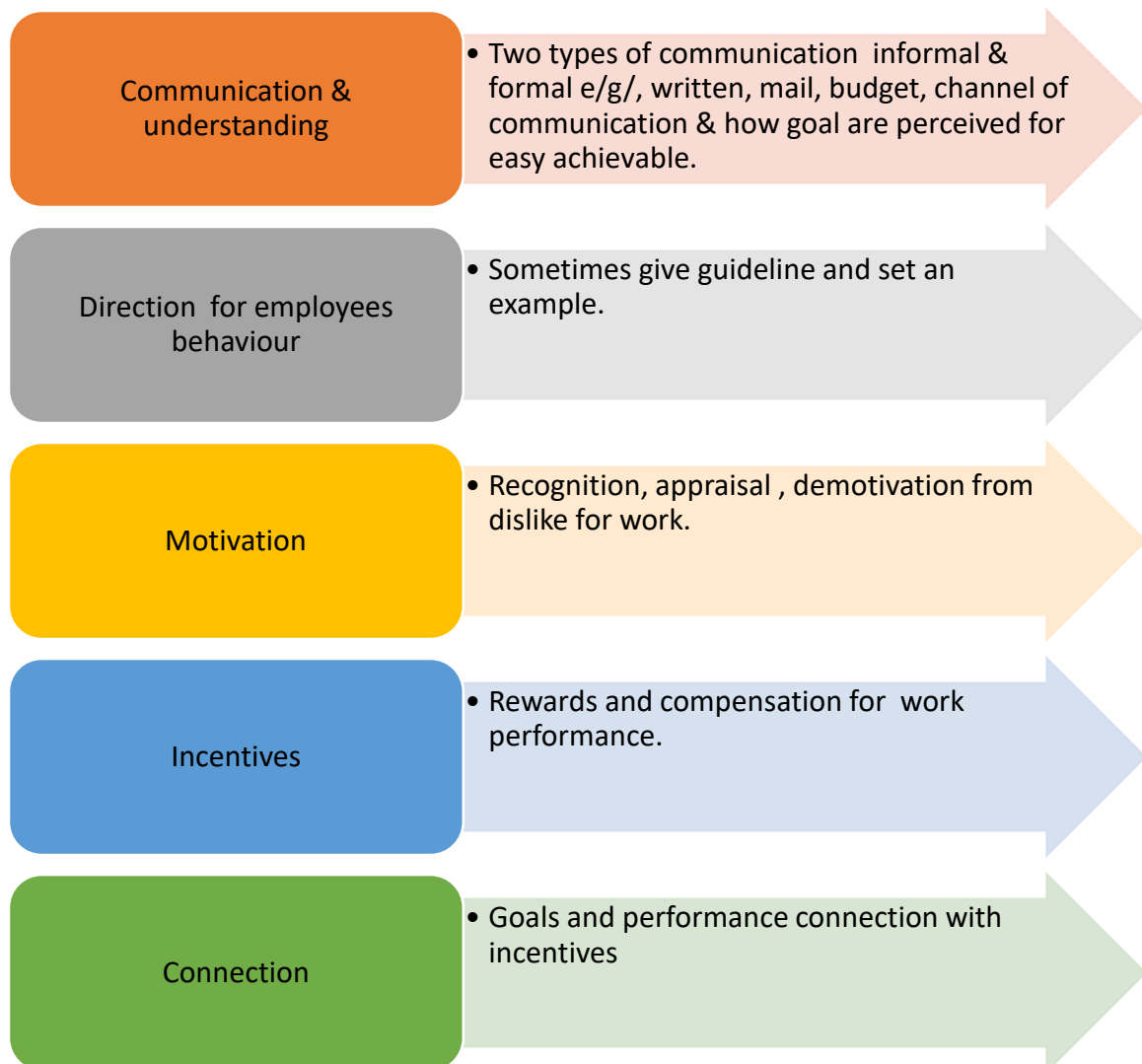
## ➤ GOAL CONGRUENCE:-



- How to achieve?

→ Carefully designed remuneration package so that manager can take that decision that are consistent with shareholder.

## • ASPECTS OF GOAL CONGRUENCE :-



➤ AGENCY THEORY :-

Agency theory says that firm are nexus of legal control.

It indicates to achieve a goal congruence where managers act as a agent of company .

Main points :

- It involves delegation of decision making to other.
- Each person have own objective.
- It offers a way of understanding why managers do not always act in the best interest of stakeholders.
- How to ensure alignment between firm & individual by designing work task and incentives & employment contract and other control mechanism , opportunism to minimize.