

INTRODUCTION TO STRATEGIC MANAGEMENT

Strategic Management - An Introduction. Strategic Management is all about identification and description of the strategies that managers can carry so as to.

While described sequentially below, in practice the two processes are iterative and each provides input for the other. The first group is normative. Strategic management is a continuous process that evaluates and controls the business and the industries in which an organization is involved; evaluates its competitors and sets goals and strategies to meet all existing and potential competitors; and then reevaluates strategies on a regular basis to determine how it has been implemented and whether it was successful or does it need replacement. Strategic management typically involves: Analyzing internal and external strengths and weaknesses. It deals with making and implementing decisions about future direction of an organization. Porter's generic strategies detail the interaction between cost minimization strategies, product differentiation strategies, and market focus strategies. Jim Collins wrote in that the strategic frame of reference is expanded by focusing on why a company exists rather than what it makes. Porter modified Chandler's dictum about structure following strategy by introducing a second level of structure: while organizational structure follows strategy, it in turn follows industry structure. Executing action plans. Strategic issues are future oriented. Porter wrote: "[A]chieving competitive advantage requires a firm to make a choice Evaluating to what degree action plans have been successful and making changes when desired results are not being produced. Porter defined two types of competitive advantage: lower cost or differentiation relative to its rivals. Author Walter Kiechel wrote that it reflected several insights, including: A company can always improve its cost structure; Competitors have varying cost positions based on their experience; Firms could achieve lower costs through higher market share, attaining a competitive advantage; and An increased focus on empirical analysis of costs and processes, a concept which author Kiechel refers to as "Greater Taylorism ". The second group, consisting of six schools, is more concerned with how strategic management is actually done, rather than prescribing optimal plans or positions. Who is the target customer for the organization's products and services? Bruce Henderson [15] In , Henry Mintzberg described the many different definitions and perspectives on strategy reflected in both academic research and in practice. Definition[edit] Strategic management processes and activities Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Kiechel wrote in "The experience curve was, simply, the most important concept in launching the strategy revolution It assists the firm in becoming proactive, rather than reactive, to make it analyse the actions of the competitors and take the necessary steps to compete in the market, instead of becoming spectators. To act as a guide to the organization to help in surviving the changes in the business environment. In his ground breaking work Strategy and Structure, Chandler showed that a long-term coordinated strategy was necessary to give a company structure, direction and focus. The skills must be necessary to competitive advantage. Where the realized pattern was different from the intent, he referred to the strategy as emergent; Strategy as position " locating brands, products, or companies within the market, based on the conceptual framework of consumers or other stakeholders; a strategy determined primarily by factors outside the firm; Strategy as ploy " a specific maneuver intended to outwit a competitor; and Strategy as perspective " executing strategy based on a "theory of the business" or natural extension of the mindset or ideological perspective of the organization. Strategic Management gives a broader perspective to the employees of an organization and they can better understand how their job fits into the entire organizational plan and how it is co-related to other organizational members. He felt that management could use the grid to systematically prepare for the future. One of the major role of strategic management is to incorporate various functional areas of the organization completely, as well as, to ensure these functional areas harmonize and get together well. This is most consistent with strategic planning approaches and may have a long planning horizon. It assists in the development of core competencies and competitive advantage, that helps in the business survival and growth.