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# 1. Introduction to Strategic Management

## 1. Concept of Management

- i **As a Key Group:** It refers to the group in charge of an organization's affairs. They mobilize and utilize diverse resources (manpower, money, material, technology) to create a functioning whole. Survival depends on their competence and character.
- i **As a Process:** It is a set of interrelated functions: Planning, Organising, Directing, Staffing, and Control. It is an influence process backed by power and competence to formulate goals and adapt to the environment.

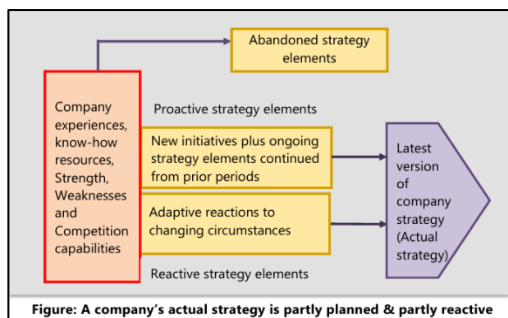
## 2. Concept of Strategy

Strategy is the game plan used by management to **take a market position, conduct operations, satisfy customers, compete successfully, conduct its operations and achieve organizational objectives**. It reduces uncertainty caused by changes in the environment.

### Key Characteristics:

- ▲ **Long-range Blueprint:** It defines the organization's desired image, direction, and destination (what it wants to be, what it wants to do, and where it wants to go).
- ▲ It is consciously considered and flexibly designed **scheme of corporate intent and action;**
  - ⊙ to mobilize resources,
  - ⊙ to direct human effort and behavior,
  - ⊙ to handle events and problems,
  - ⊙ to perceive and utilize opportunities,
  - ⊙ to meet challenges and threats for corporate survival and success
- ▲ **Flexible & Pragmatic:** Strategy is never perfect or flawless. It must be flexible to handle emergencies and avoid failures. It is no substitute for sound, alert and responsible management. Allowances are made for possible miscalculations and unanticipated events.

### Strategy: Proactive vs. Reactive



- **Proactive Strategy (Planned):** Deliberate actions by managers to improve market position and financial performance based on prior successful experiences and new initiatives.
- **Reactive Strategy (Adaptive):** Responses to unanticipated developments, fresh market conditions, and unforeseen environmental changes.

## 3. Strategic Management

It is the managerial process of developing a strategic **vision**, setting **objectives**, **crafting a strategy**, **implementing** and **evaluating the strategy**, and initiating **corrective adjustments**. It is a cyclic process.

### A. Objectives of Strategic Management

1. **Create Competitive Advantage:** To outperform competitors and deliver superior value to customers.
2. **Guide through Environment:** To successfully react to changes in the environment.

### B. Importance (Benefits) of Strategic Management

- ✧ **Direction:** Helps define realistic objectives, goals and mission, giving the company a clear direction which are in line with the vision of the company.
- ✧ **Proactive Approach:** Enables organizations to shape their future and control their destiny rather than being mere spectators.

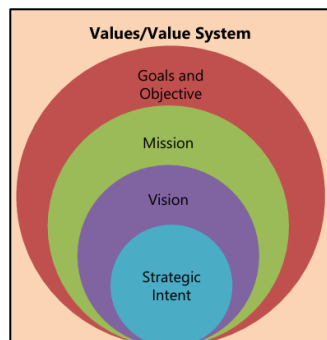
- ✧ **Framework for Decisions:** Provides better guidance for crucial decisions on businesses, products, and markets.
- ✧ **Pathfinder:** It seeks to prepare the organisation to face the future. Helps identify available opportunities and means to reach them.
- ✧ **Corporate Defense Mechanism:** Helps avoid costly mistakes and pitfalls in product-market choices.
- ✧ **Longevity:** Helps the business survive in a dynamic environment by not relying solely on luck.
- ✧ **Core Competencies & competitive advantage:** Facilitates the development of Core Competencies and competitive advantages for survival and growth.

### C. Limitations of Strategic Management

- ✧ **Complex & Turbulent Environment:** Future shapes are difficult to predict. Estimates may go wrong.
- ✧ **Time-Consuming:** Planning and strategizing consume time that might impede daily operations.
- ✧ **Costly Process:** Requires expert planners and significant funds for analysis and implementation.
- ✧ **Competitor Responses:** It is difficult to estimate how competitors will react.

## 4. Strategic Intent

Strategic Intent gives **an idea of what the organisation desires to attain in future** - "what they want to do" and "why they want to do it". It serves as the philosophical base of strategic management.



### A. Vision

- **Definition:** The blueprint of the company's **future position**. It describes **what the organisation would like to become in future**.
- **Role:** Strategic vision speaks about
  - **management's aspirations** for the business,
  - providing a panoramic view of the "**where we are to go**" and
  - convincing rationale for **why this makes good business sense** for the company
- **Essentials:**
  - o Think creatively, Intelligent entrepreneurship, Well-articulated, Best worded
- **Examples:**
  - o *HDFC Bank:* To be a "world-class Indian bank".
  - o *LIC:* "A trans-nationally competitive financial conglomerate...".
  - o *Apple:* "To make great products...".

### B. Mission

- **Definition:** Delineates the firm's **present business**, its goals, and ways to reach them. It answers "What business are we in?" and "Who we are and what we do".
- **Role:** Why should an organization have a mission?
  - i To ensure **unanimity of purpose** within the organisation.
  - i To develop a **basis or standard**, for **allocating organisational resources**.
  - i To provide a **basis for motivating** the use of the organisation's resources.
  - i To establish a **general tone or organisational climate**, to suggest a business- like operation.