

STRATEGIC MANAGEMENT PROCESS

Strategic management is a dynamic process .it is continual, evolving, iterative process. it means that it cannot be a rigid, stepwise collection of few activities arranged in a sequential order rather it is a continually evolving mosaic of relevant activities. Managers perform these activities in any order contingent upon the situation they face at a particular time. And this is to be done again & again over the time as the situation demands. There are four major phases of strategic management process which are as under.

A) Establishment of strategic intent.

B) Formulation of strategies.

C) Implementation of strategies.

D) Strategic evaluation.

A. **Establishment of strategic intent:** It is a first step in strategic management Process. It involves the hierarchy of objectives that an organization set for itself. Generally it includes vision, mission, business definition and objectives establishing the hierarchy of strategic intent which includes –

1. Creating and communicating a vision.

2. Designing the mission statement.

3. Defining the business.

4. Adopting the business model.

5. Setting objectives.

The hierarchy of strategic intent lays the foundation for strategic management of any organization.

The strategic intent makes clear what organization stand for. In the hierarchy, the vision intent serves the purpose of stating what the organization wishes to achieve in the long run. The mission relates the organization to the society. The business definition explains the businesses of the organization in terms of customer needs,

customer groups and alternative technologies. The business model clarifies how the organization creates revenue. And the objectives of the organizations state what is to be achieved in a given period of time.

B. Formulation of strategy: Formulation of strategy is relates to strategic planning. It is done at different levels i.e. corporate, business, and operational level. The strategic formulation consists of the following steps.

1. Framing of mission statement : Here the mission states the philosophy and purpose of the organization. And all most all business frames the mission statement to keep its activities in the right direction.

2. Analysis of internal & external environment: The management must conduct an analysis of internal and external environment. Internal environment consists of manpower, machines, and other sources which resides within the organization and easily alterable and adjustable. These sources reveal the strength and weakness of the organization. External environmental factor includes government, competitions, consumers, and technological developments. These are not adjustable and controllable and relates to organizations opportunities and threats.

3. Setting of objectives: After SWOT analysis, the management is able to set objectives in key result areas such as marketing, finance, production, and human resources etc. While setting objectivities in these areas the objectives must be realistic, specific, time bound, measurable, and easy attainable.

4. Performance comparison : By undertaking gap analysis management must compare and analyze its present performance level with the desired future performance. This enables the management to find out exact gap between present and future performance of the organization. If there is adequate gap then, the management must think of strategic measures to bridge the gap.

5. Alternative strategies : After making SWOT analysis and gap analysis management needs to prepare (frame) alternative strategies to accomplish the organizational objectives. It is necessary as some strategies are to be hold and others to be implemented.

6. Evaluation of strategies : The management must evaluate the benefits and costs of each every alternative strategy in term of sales, market share, profit, goodwill and the cost incurred on the part of the strategy in terms of production, administration, and distribution costs.

7. Choice of strategy : It is not possible to any organization to implement all strategies therefore management must be selective. It has to select the best strategy depending on the situation and it has to consider in terms of its costs and benefits etc.

C. **Strategy Implementation:** Once the strategies are formulated the next step is to implement them. The strategic plan is put into action through six sub processes known as project, procedural, resource allocation, structural, behavioral, and functional implementation. The project implementation deals with the setting up of organization. Procedural implementation deals with the different aspects of the regulatory framework within which organizations have to operate. Resource allocation relates to the procurement and commitment of resources for implementation. The structural aspect of implementation deals with the design of organizational structures and systems and reorganizing so as to match the structure to the needs of strategy. The behavioral aspects consider the leadership style for implementing strategies and other issues like corporate culture, corporate politics, and use of power, personal values and business ethics and social he responsibilities. The functional aspects relates to the policies to be formulated in different functional areas. The operational implementation deals with the productivity, processes, people and pace of implementing the strategies For any strategy implementation there are five major steps. Such as

1. Formulation of plans.
2. Identification of activities.
3. Grouping of activities.
4. Organizing resources.
5. Allocation of resources.

D. **Strategic Evaluation:** Strategic evaluation appraises the implementation of strategies and measures organizational performance. The feedback from strategic evaluation is meant to exercise control over the strategic management process. Here the managers try to assure that strategic choice is properly implemented and is meeting the objectives of the firm. It consists of certain elements which are given below.

1. Setting of standards:- The strategists need to set standards, targets to implement the strategies. it should be in terms of quality, quantity, costs and time. The standard should be definite and acceptable by employees as well as should be achievable.
2. Measurement of Performance:- Here actual performances are measured in terms of quality, quantity, cost and time.
3. Comparison Of Actual Performance With Set Targets:- The actual performance needs to be compared with standards and find out variations, if any.
4. Analyzing Deviation And Taking Corrective Measures:- If any deviation is found then higher authorities tries to find out the causes of it and accordingly as per its nature takes corrective steps. Here some time authority may re-set its goals, objectives or its planning, policies and standards.