

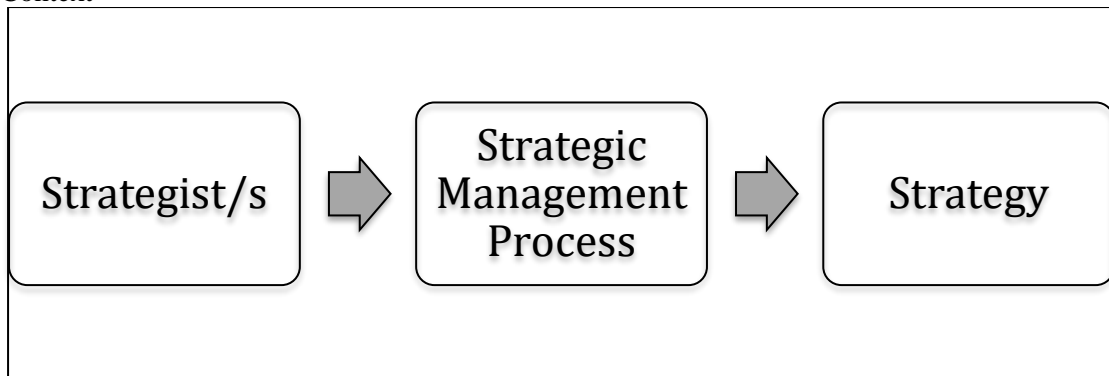
Chapter 3
Strategic Management Process

- Have a basic knowledge of strategic planning.
- Learn about the concept of strategic decision-making.
- Understand the concepts of strategic intent and vision.
- Have knowledge of different stages of strategic management process.

3.1 Introduction

It is a process of strategic planning that culminates in [leads to] the formulation of corporate [any] strategy

Context



3.2 Strategic Planning

It is the process of arriving at a set of interactive and overlapping decisions regarding the objectives of the firm, resources required to attain these objectives and formulation of policies to govern the acquisition, use and disposition of resources and formulation of a strategy that would enable the firm to outperform its own aspirations/ competition.

3.3 Strategic Decision Making

“Strategic decisions encompass the definition of the business, products to be handled, markets to be served, functions to be performed and major policies needed for the organisation to execute these decisions to achieve the strategic objectives.”

Major dimensions/ characteristics

Involvement of top management | Substantial resource commitment | Consideration of factors in the external environment | Significant impact on the long term prosperity of the firm | Future oriented- high degree of futurity | Multifunctional and multibusiness implications

3.4 Strategic Intent

Strategic intent is a commitment to carrying out an action or actions in the future. It involves mental activities such as planning and forethought. It may be expressed in such broad terms as vision and mission or more specifically as goals and objectives. The elements of strategic intent are: Vision (3.5.1) | Mission (3.5.2) | Business Definition: the business undertaken by the firm | Business Model: a description of how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts | Goals and Objectives (3.5)

3.5 Vision, Mission and Objectives

3.5.1. Vision

It depicts the organisation’s aspirations and provides a glimpse of what the organization would like to become in future.

3.5.2. Mission

A mission is an answer to the basic question ‘what business are we in and what we do’.

Burt Nanus defines a vision as a realistic, credible, attractive future for an organization. It is

your articulation of a destination toward which your organization should aim, a future that in important ways is better, more successful, or more desirable for your organization than is the present. ...A vision is only an idea or an image of a more desirable future for your organization, but the right vision is an idea so energizing that it in effect jump-starts the future by calling forth the skills, talents, and resources to make it happen.

Vision is not a mission.

A vision gives direction, a mission gives purpose



What is the mission of a farmer?
How this mission can be overlaid with a vision?

3.5.3. Goals and Objectives

Objectives are organization’s performance targets – the results and outcomes it wants to achieve. They function as yardsticks for tracking an organization’s performance and progress

3.6 Strategic Management Model

The strategic management process can best be studied and applied using a model. While no model can guarantee sure-shot success, yet it lays down an approach for formulating, implementing, and evaluating strategies.

3.7 Stages in Strategic Management

Developing a strategic vision and formulation of statement of mission, goals and Objectives | Environmental and organizational analysis | Formulation of strategy | Implementation of strategy | Strategic evaluation and control

Strategy: A Link Between Fantasy and Reality?



The boundaries between fantasy and reality are blurring! Many modern high-tech devices started life in science fiction: think of “Star Trek” characters consulting clever hand-held devices and talking to their computers. Elon Musk wants to shoot people across California in vacuum-sealed tubes. Jeff Bezos wants to deliver packages by drone. Hoverboards themselves were introduced to the world by Hollywood in “Back to the Future Part II”. Hoverboard entrepreneurs could weave a fantasy that hoverboarding is part of the celebrity lifestyle. They put the product in the right places—at the MTV awards ceremony and under the feet of Justin

Bieber. The fad gained momentum as the B-list celebs followed the A-listers, and the wannabes aped the B-listers. Kendall Jenner, a reality-TV starlet, posted a video of herself on one. More than a million people “liked” it on Instagram. Wiz Khalifa, a rapper, was stopped and handcuffed for riding on one in Los Angeles airport. A Filipino priest sang to his congregation while gliding around on one.

Question: Do you think strategy is about dream weaving?