

FACULTY OF JURIDICAL SCIENCES

Lecture-7



Strategic Management

Strategic management is the management of an organization's resources to achieve its goals and objectives.

Strategic management involves setting objectives, analyzing the competitive environment, analyzing the internal organization, evaluating strategies, and ensuring that management rolls out the strategies across the organization.

- Companies, universities, nonprofits, and other organizations can use strategic management as a way to make goals and meet objectives.
- Flexible companies may find it easier to make changes to their structure and plans, while inflexible companies may chafe at a changing environment.
- A strategic manager may oversee strategic management plans and devise ways for organizations to meet their benchmark goals.

Phases of Strategic Management

Strategic management involves managing an organization's resources, analyzing internal and external forces, and developing strategies to realize goals and objectives. There are five key phases that can help businesses execute their strategies.

1. An organization must first establish clear, realistic goals. Its goals should answer what the company wants to achieve and why. Once set, the company can then identify the objectives, or how the goals will be reached. During this phase, the company can articulate its vision and long and short-term goals.
2. Organizations must then be able to examine, understand, and codify what internal and external forces affect their business and goals, as well as what it needs to remain competitive. Analytical tools, such as SWOT analysis, are helpful during this phase.
3. Based on the results of the analysis, the company can then develop its strategy, outlining how the company will achieve its goals and how. In this phase, the company will identify the needed people, technology, and other resources; how these resources will be allocated to fulfill tasks, and what performance metrics are needed to measure success. It is also critical to gain buy-in from stakeholders and business leaders.

4. Once the strategies are defined, it is time for execution. The strategy is taken from planning to implementation. During this phase, the allocated resources are placed into action based on their roles and responsibilities.
5. The final stage of strategic management is to evaluate the effectiveness of implemented strategies using defined metrics. The company will also visit whether ineffective strategies should be replaced with more viable ones. The company should continue to monitor the business landscape and internal operations, as well as maintain strategies that have proven effective.

Why is Strategic Management Process Important?

The primary purpose of strategic management process is to help the organization achieve a sustainable strategic competition in the market. When properly conceived and implemented, SMP creates value for the organization by focusing on and assessing opportunities and threats, then leveraging its strengths and weaknesses to help it survive, grow, and expand. Strategic management process can help a business achieve this by:

1. Acting as the reference for any major decisions of the organization.
2. Guiding the business to chart its future and move in that direction. SMP involves formulating the organization's goals, fixing realistic and achievable objectives, and ensuring that they are all aligned with the company's vision.
3. Assisting the business to become proactive, not reactive. With the SMP, the business can analyze the competitor's actions vis-à-vis market trends and come up with the steps that must be taken to compete and succeed in the market.
4. Preparing the organization for any potential challenges and explore possible opportunities that the business must pioneer in. The strategic management process steps also involve identifying the best ways to overcome the challenges and exploiting new opportunities.
5. Ensuring that the organizations copes with the competition in a dynamic environment and survives in an uncertain market.
6. Helping in the identification and maximization of the organization's competitive advantages and core competencies. These are responsible for the business' survival and future growth.

Steps of Strategic Management Process

There are five strategic management process steps that must be followed in their chronological order.

1. Goal setting

This is essentially clarifying the organization's vision. The vision will include short-term and long-term objectives, the processes by which they can be accomplished, and the persons responsible for implementing each task that culminates in the set goals.

2. Analysis

Analysis involves gathering the data and information that is relevant to accomplishing the set goals. It also covers understanding the needs of the business in the market and examining any internal and external data that may affect the organization's goals.

3. Strategy Formulation

A business will only succeed if it has the resources required to reach the goals set in the first step. The process of formulating a strategy to achieve this may involve identifying which external resources the business needs to succeed, and which goals must be prioritized.

4. Strategy Implementation

Since the purpose of strategic management process is to propel an organization to its objectives, an implementation plan must be put in place before the process is considered viable. Everyone in the organization must understand the process and know what their duties and responsibilities are in order to fit in with the organization's overall goal.

5. Evaluation and Control

The evaluation and control actions for the strategic management process include performance appraisal as well constant review of both internal and external issues. Where necessary, the management of the organization can implement corrective actions to ensure success of the SMP.

In order for a business' efforts to have the most impact on a business' bottom line, strategic management process must be employed. This will also go a long way in helping a business to survive stiff competition in the market.

