

# Strategic Management

# Strategic Management -

- Formulation & implementation of corporate strategy (plans)
- Concerns the strategic interaction of all operational aspects of an organisation

Strategic management involves the development of plans & the implementation of plans.

The identification and management of key issues

# Strategy -

- Explicit - formal plans
- Implicit - understanding about organisational direction

# Strategic management involves -

- Environment - external, internal
- Strategy - performance, implementation
- Capabilities - existing, desired

# External environs -

- Customers/suppliers - ‘moment of truth’
- Technology - level, needs, costs, service, compatibility, trajectory
- Economy - interest rates, inflation, employment, competition
- Physical - location, infrastructure, quality of life
- Government - laws & regulations

# Internal situation -

- Core business
- Work organisation
- Production processes

# Core business -

- Products/services
- History
- Technical competencies
- Skills - management, technical, operational

# Work Organisation -

- Structures - divisions, hierarchies
- Division of labour - specialist, generalist
- Communication - internal/external, formal/informal

External / internal interaction  
influences organisational  
responsiveness/ performance,  
which influences customer  
satisfaction.

# Competitive Strategy -

- Industry structure -
- Concentration
- Entry/exit barriers
- Product differentiation
- Cost
- Vertical/horizontal integration

# Planning choices -

- Proactive/ reactive - plan or not to plan?
- Planning process - top down or bottom up?

# Strategic Plan formulation-

- What?
- How?
- Why?
- For whom?
- With whom?

# Plan development -

- Corporate philosophy & mission
- Structure identification - business units
- External environment audit
- Internal environmental impacts
- Objectives, actions, outcomes, evaluation
- Formalisation & publication of plan

# External Analysis -

- Identify & review environmental forces
- Political, social, economic, technological, ecological etc
- Reviews of markets and competitors

# Internal Analysis -

- Strengths & weaknesses of products/services and processes
- Functional assessments of management and operations

# Plan Implementation -

- How is the plan enacted?
- Ensure appropriate responses and desired results
- Systematically address major strategic issues

# Links between Strategic & Business Planning

- Strategic - overarching direction for whole organisation - 'big picture'
- Business - interpretation of the strategic plan at unit / operational level - implementation & evaluation
- Should also be reflected in HR plans, job design, performance evaluation

# Mission / Vision statements -

- Distinguishes your organisation from competitors
- Outlines the organisation's scope in product & market terms