

STRATEGIC MANAGEMENT-AN OVERVIEW

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ABSTRACT

Strategic management involves the related concepts of strategic planning and strategic thinking. Strategic planning is analytical in nature and refers to formalized procedures to produce the data and analyses used as inputs for strategic thinking, which synthesizes the data resulting in the strategy. Strategic planning may also refer to control mechanisms used to implement the strategy once it is determined. In other words, strategic planning happens around the strategic thinking or strategy making activity.

Keywords: Strategic Management, strategic decision making, strategic Management process.

INTRODUCTION

Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning.

THE FIVE STAGES OF THE STRATEGIC MANAGEMENT PROCESS

The strategic management process is more than just a set of rules to follow. It is a philosophical approach to business. Upper management must think strategically first, then apply that thought to a process. The strategic management process is best implemented when everyone within the business understands the strategy. The five stages of the process are goal-setting, analysis, strategy formation, strategy implementation and strategy monitoring.

The purpose of goal-setting is to clarify the vision for your business. This stage consists of identifying three key facets: First, define both short- and long-term objectives. Second, identify the process of how to accomplish your objective. Finally, customize the process for your staff; give each person a task with which he can succeed. Keep in mind during this process your goals to be detailed, realistic and match the values of your vision. Typically, the final step in this stage is to write a mission statement that succinctly communicates your goals to both your shareholders and your staff.

Analysis

Analysis is a key stage because the information gained in this stage will shape the next two stages. In this stage, gather as much information and data relevant to accomplishing your vision. The focus of the analysis should be on understanding the needs of the business as a sustainable entity, its strategic direction and identifying initiatives that will help your business grow. Examine any external or internal issues that can affect your goals and objectives. Make sure to identify both the strengths and weaknesses of your organization as well as any threats and opportunities that may arise along the path.

Strategy Formulation

The first step in forming a strategy is to review the information gleaned from completing the analysis. Determine what resources the business currently has that can help reach the defined goals and objectives. Identify any areas of which the business must seek external resources. The issues facing the company should be prioritized by their importance to your success. Once prioritized, begin formulating the strategy. Because business and economic situations are fluid, it is critical in this stage to develop alternative approaches that target each step of the plan.

Strategy Implementation

Successful strategy implementation is critical to the success of the business venture. This is the action stage of the strategic management process. If the overall strategy does not work with the business' current structure, a new structure should be installed at the beginning of this stage. Everyone within the organization must be made clear of their responsibilities and duties, and how that fits in with the overall goal. Additionally, any resources or funding for the venture must be secured at this point. Once the funding is in place and the employees are ready, execute the plan.

Evaluation and Control

Strategy evaluation and control actions include performance measurements, consistent review of internal and external issues and making corrective actions when necessary. Any successful evaluation of the strategy begins with defining the parameters to be measured. Determine your progress by measuring the actual results versus the plan. Monitoring internal and external issues will also enable you to react to any substantial change in your business environment. If you determine that the strategy is not moving the company toward its goal, take corrective actions. If those actions are not successful, then repeat the strategic management process. Because internal and external issues are constantly evolving, any data gained in this stage should be retained to help with any future strategies

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