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Paper Name: Strategic Management

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Unit I: Introduction

Topic: Process of Strategic Management-An overview with examples

The strategic management process typically involves **a series of steps** that organizations follow to develop, implement, and monitor their strategic plans. The fundamental steps in the strategic management process include:

Environmental Analysis:

Evaluate the external and internal factors that can impact the organization. This includes analyzing market trends, competition, regulatory changes, and the company's strengths and weaknesses.

Example: In the Indian context, during the early 2000s, the IT industry, including companies like Infosys and TCS, conducted environmental analysis to identify the growing demand for software outsourcing services globally.

Setting Objectives:

Define clear, specific, and measurable long-term goals and objectives that the organization aims to achieve. These objectives should align with the organization's mission and vision.

Example: Tata Motors set the objective of becoming a global automobile manufacturer by acquiring Jaguar Land Rover (JLR). This acquisition helped Tata Motors expand its presence beyond India.

Strategy Formulation:

Develop strategies to achieve the defined objectives. This step involves making choices about where to compete, how to compete, and what resources and capabilities are needed. It may include SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and strategic planning models.

Strategy Formulation:

Example: Reliance Industries formulated a diversification strategy by entering the telecommunications sector with Jio. This move disrupted the Indian telecom market, leading to significant growth for Reliance.

Strategy Implementation:

Put the formulated strategies into action. This involves allocating resources, setting up an organizational structure, designing processes, and ensuring that everyone in the organization understands their roles and responsibilities.

Example: The Indian government's "Make in India" campaign aimed to attract foreign direct investment (FDI) and promote manufacturing in India. This strategy involved implementing policies and incentives to encourage companies to manufacture locally.

Resource Allocation:

Resource Allocation:

Distribute financial, human, and other resources in a way that supports the chosen strategies. Prioritize investments and allocate budgets accordingly.

Example: Mahindra & Mahindra allocated resources to develop electric vehicles (EVs) to address the growing global demand for eco-friendly transportation solutions. This allocation of resources enabled them to enter the EV market successfully.

Monitoring and Evaluation:

Continuously track the progress of strategic initiatives. Use key performance indicators (KPIs) and benchmarks to measure how well the organization is performing against its objectives.

Example: Hindustan Unilever regularly monitors market trends and consumer preferences for its products, adjusting its marketing and product development strategies accordingly to stay competitive.

Feedback and Adaptation:

Collect feedback from various stakeholders, including employees, customers, and partners. Based on this feedback and the evaluation results, make necessary adjustments to the strategies and implementation plans.

Example: The Indian e-commerce company Flipkart adapted its strategy by focusing on mobile app-based shopping to cater to the growing

smartphone user base, which was a shift from its initial website-centric approach.

Strategic Control:

Establish mechanisms for controlling and aligning activities with the strategic plan. This includes ensuring that the organization is following its strategies and taking corrective actions if necessary.

Example: State Bank of India (SBI) employs strategic control mechanisms to ensure that its branches and subsidiaries across India adhere to the bank's standardized procedures and customer service quality.

Risk Management:

Identify and assess potential risks and uncertainties that could impact the achievement of objectives. Develop strategies to mitigate or respond to these risks effectively.

Example: Tata Consultancy Services (TCS) has a robust risk management system to identify, assess, and mitigate risks associated with its global operations, such as currency fluctuations and geopolitical factors.

Organizational Learning:

Encourage a culture of continuous learning and improvement within the organization. Promote innovation and knowledge sharing to stay competitive and adapt to changes.

Example: Infosys promotes a culture of continuous learning and innovation to adapt to technological advancements. The company invests in training programs and R&D initiatives to enhance its capabilities.

Strategic Review and Adjustments:

Conduct periodic reviews of the strategic plan to assess its relevance and effectiveness. Adjust strategies as needed to stay aligned with changing market conditions and organizational goals.

Example: During economic downturns, companies like Bajaj Auto review their strategies and adjust production and marketing plans to navigate challenging market conditions effectively.

Communication and Alignment:

Communicate the strategic plan and its progress to all stakeholders, both internally and externally. Ensure that employees understand the strategic direction and are aligned with the organization's mission and values.

These steps are iterative and interconnected, and organizations often revisit and revise their strategies as the business environment evolves. Effective strategic management helps organizations navigate uncertainty, make informed decisions, and work toward their long-term objectives.

Example: Adani Group communicates its long-term vision and sustainability goals to stakeholders, aligning its actions with its commitment to environmental and social responsibility.

In summary, the strategic management process involves analyzing the environment, setting objectives, formulating and implementing strategies, allocating resources, and continuously monitoring and adapting to changes. Companies in India, across various industries, have demonstrated how effective strategic management can drive growth and success in a dynamic business environment.