

BMBM6024

Strategic Management & Sustainability

Introduction to the Module



Aims for today

House Keeping

Introductions

Aims / Learning Outcomes

Indicative Content

Indicative Schedule

Assignments

Subject Specific

What

When

Why

How



STRATEGY

An Overview of Strategic Management

Why do some firms succeed while others fail?

A central objective of strategic management is to learn why this happens.

What is strategy?

An action a company takes to attain superior performance.

What is the strategic management process?

The process by which managers choose a set of strategies for the enterprise to pursue its vision.

**A Company's Strategy is
Partly Planned and Partly Reactive**



Company
Experiences,
Know-how,
Resource
Strengths and
Weaknesses,
and
Competitive
Capabilities

Abandoned strategy
features

Planned Strategy

New initiatives plus ongoing
strategy features continued
from prior periods

Adaptive reactions to changing
circumstances

Reactive Strategy

Actual
Company
Strategy



← **External Factors**

Social,
political,
regulatory and
community
factors

Competitive
conditions and
industry
attractiveness

Company
opportunities
and threats to
company's
well-being

**Factors Shaping the Choice
of Company Strategy**

Company's Strategic Situation

Determine
relevance
of internal
and
external
factors

Identify and
evaluate
alternatives

Craft
the
strategy

Resource
strengths,
capabilities,
and
weaknesses

Influences of
key
executives

Shared values
and company
culture

← **Internal Factors**



A Company's strategy is '***a work in progress***'

Why do Strategies Evolve?

Changes may be necessary to react to:

- Shifting market conditions
- Technological breakthroughs
- Fresh moves of competitors
- Evolving customer preferences
- Emerging Market opportunities
- New ideas to improve strategy
- Crisis situations



Strategic Management – Definition Time

Set of decisions and actions that result to the formulation and implementation of plans designed to achieve a company's objectives

Study of why and how some firms outperform others



Why do you
think some firms
outperform
others?



Benefits of Strategic Management

Strategy formulation activities enhance the firm's ability to prevent problems.

Group-based strategic decisions are likely to be drawn from the best available alternatives.

The involvement of employees in strategy formulation improves their understanding of the productivity-reward relationship in every strategic plan, and this heightens their motivation.

Gaps and overlaps in activities among individuals and groups are reduced as participation in strategy formulation clarifies differences in roles.

Resistance to change is reduced



Risks of Strategic Management

The time that managers spend on the strategic management process has a negative impact on operational responsibilities.

If the formulators of strategy are not intimately involved in its implementation, they may shirk their individual responsibility for the decision reached.

Strategic managers must be trained to anticipate and respond to the disappointment of participating subordinates over unattained expectations.



'Formality' in Strategic Management



What is Formality?

The degree to which participation, responsibility, authority and discretion toward decision making are specified in strategic management.

1. Planning Mode
2. Entrepreneurial Mode
3. Adaptive Mode



Planning Mode

The strategic formality associated with large firms that operate under a comprehensive, formal planning system.



Entrepreneurial Mode

The informal, intuitive and limited approach to strategic management, associated with owner/managers of smaller firms.



Adaptive Mode

The strategic formality associated with medium sized firms that emphasise the incremental modification of existing competitive approaches.



So... Keep attributes of Strategic Management

- Directs the organisation toward overall goals and objectives.
- Includes multiple stakeholders in decision making
- Needs to incorporate short-term and long-term perspectives.
- Recognises trade-offs between efficiency and effectiveness



Critical Tasks of Strategic Management

- Formulate the company's mission.
- Conduct internal analysis
- Assess the company's external environment
- Analyse companies' options
- Identify most desirable option(s)
- Select Long-term objectives and grand strategies
- Develop annual objectives and short-term strategies
- Implement the strategic choices.
- Evaluate success of the strategic process.



Dimensions of Strategic decisions – Strategic Issues

Require top management decisions.

Require large amounts of the firms' resources

Often affect the firm's long-term prosperity

Are future oriented

Usually have multifunctional or multi –business consequences

Require considering the firms external environment.



ANY QUESTIONS??

