Maa Omwati Institute of Mgt. & Tech.
Hassanpur (Palwal)

Exam Notes

MBA 3rd Sem

Strategic Management

Strategic Management

Course Code: 20IMG23C1

L-T-P
3-1-0

External Marks: 80
Sessional Marks: 20
Time Allowed: 3 Hours

Course Outcomes

After completing the course students would be able to:

CO1: understand the overview of strategic management
CO2: analyze the internal and external environment, formulate strategic intent and understand the different levels of strategy.

UNIT-I

Introduction to Business Policy and Strategic Management: Definition, Concept, Objective and Significance, The levels at which strategy operates, Characteristic of Strategic Management, An Overview: Strategic Management Process, Concept of Strategic Decision Making. Defining strategic intent: Vision, Mission, Business definition, Goals and Objectives.

UNIT-II

Environment Appraisal: Concept and Environmental Sector; PEST Analysis, Organizational Appraisal: Concepts and Capability Factors; Porter's Value Chain Model, Framework for developing Strategic Advantage, SWOT Analysis as a Tool for assessing Organizational Capabilities and Environment Opportunities, Type of Strategies: Corporate Level (Concept of Grand Strategies), Business Level and Functional Level., Guidelines for Crafting Successful Business Strategies. Strategy Analysis and Choice: Corporate Level Strategy Analysis: BCG Matrix and GE 9 cell Matrix, Business Level Strategy Analysis: Life Cycle Analysis, Porter's Five Forces of Industry Analysis, Concept of Strategic Decision Making, Subjective Factors in Strategic Choice and Process of Strategic Choice

UNIT-III

Strategy Implementation: Interrelation Between Strategy Formulation and Implementation, Aspects of Strategy Implementation, An overview of Project, Procedural Implementation, Resource Allocation, Structural Implementation: An overview of: Structural Consideration, Structure for Strategies, Behavioural Implementation: An overview of: Leadership, Corporate Culture, Corporate Politics and Use of Power, Personal Values and Business Ethics, Functional /Operational Implementation: An overview of: Functional Strategies.

UNIT-IV

Strategy Evaluation and Control: An Overview of Strategic Evaluation and Control, Strategic Control and Operational Control, Techniques for Strategic Evaluation and Control, Role of Organizational Systems in Evaluation, McKinsey's 7s Framework.

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Unit - 1

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Introduction to Business Policy and Strategic Management :→

Definition →

- **Business Policy** ⇒ Business Policy refers to the guidelines set by an organisation in order to manage and direct its actions.

- **Strategic management** ⇒ Strategic management is the process of defining the strategy or direction of an organization and making decisions on allocating its resources to pursue this strategy.

Concept

- **Business Policy** ⇒ The concept of business policy encompasses the formulation, implementation, and evaluation of decisions that will enable an organization to achieve its long-term objectives.

• Strategic management ⇒ The concept of strategic management revolves around the formulation and execution of the major goals and initiatives taken by an organization's top management on behalf of owners.

Objective

• Business Policy ⇒

◦ To provide a clear direction and framework for decision-making.

◦ To establish a basis for evaluating performance and outcomes

◦ To communicate the company's values and expectations to employees and stake holders.

• Strategic management ⇒

◦ To achieve a sustainable competitive

advantage.

- To drive organizational growth and profitability.

- To foster innovation and adaptability.

<u>Significance</u> • Business Policy ⇒

- <u>Clarity and Consistency</u>: Business policies provide clarity and ensure that actions across the organization are consistent with the company's objectives and values.

- <u>Alignment</u>: Policies align the actions of different departments and employees with the overall goals of the organization.

- <u>Accountability</u>: They establish standards for performing and accountability, making it easier to measure and evaluate outcomes.

- Strategic management ⇒

- Direction and focus: Strategic management provides a clear direction and focus for the organization; helping it to achieve its long-term objectives.

- Competitive Advantage: It helps the organization to build and sustain a competitive advantage in the market.

- Long-Term Success: By focusing on long term goals and strategies, strategic management helps organizations to ensure long-terms success and sustainability.

⇒ Levels at which Strategy Operates

Strategy operates at three primary levels within an organization:

1. Corporate Level: This level involves the overall scope and direction of the entire organization. It focus on Long-term vision, mission, overall goals, and resource allocation accross the various business units.

2. Business Level: The level pertains to how the organization competes within a particular industry or market. It focus on competitive positioning, market segmentation and customer needs.

3. Functional Level: This level involves specific functions within the organization, such as marketing, finance. It focus on Tactical and operational decision to optimize efficiency within individual functions.

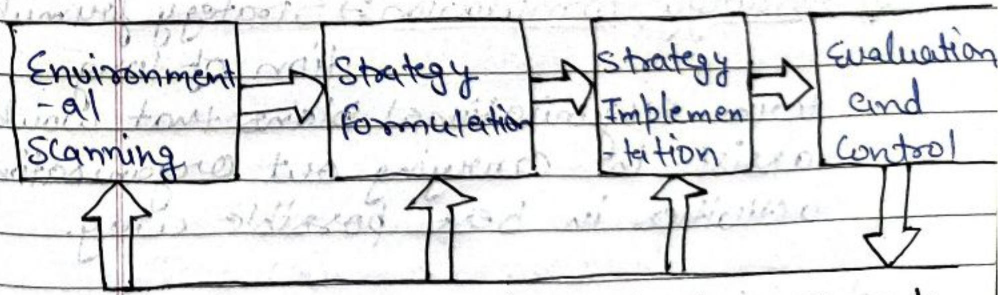
⇒ Charateristics of Strategic Management

Strategic management is a decision-making process that is depicted by following →

- Long-term Issues: The issues which strategies management handles are usually of long-term in nature.
- Competitive Advantage: Strategic management handles are usually to assist the managers in looking for fresh avenues for achieving sustainable competitive advantage.
- Impact on operations: An effective strategic management process affects operational issues positively.
- Uncertain and Future-Oriented: Strategic management makes decisions regarding situations that would occur in the future and are not a part of the day-to-day activities.
- Complex: Since strategic management is uncertain, it becomes complex as well.
- Long-Term Implications: The implications of strategic management are long-term and do not affect routine operations of organizations.

⇒ An overview of Strategic Management Process:

The process of strategic management focuses on developing the strategy of the organization.



Process of Strategic Management

1) Environmental Scanning :- Environmental Scanning is the monitoring, evaluating, and disseminating of information from external and internal environments to Key people within the corporation.

i) External environment : it consists of variables that are outside the organization and not typically within the short-run control of top management.

ii) Internal environment : it consists of variables that are within the organization itself and are not usually within the short run control of top manage-ment.

2) Strategy Formulation :→ Strategy formulation of long term organisational plans that would assist in carrying out organisational activities in best possible way.

i) Vision of organisation : An organisation vision statem

-ent can be explained as a position that the organisation aspires to achieve in the future.

ii) Mission of the organisation : A mission statement describes the reason for existence of the of organisation.

iii) Objectives : Organisational plans are usually long-term and they craft long-term objectives.

iv) Strategies : A strategy of an organis-ation is a detailed plan which helps the organisation in realising its mission and objectives.

v) Policies : Policies are a set of comprehensive instructions that are used for making decisions and for relating strategy formulation with strategic implementation.

3) Strategy Implementation :→ Once strategies and a sound strategic plan has

developed, the next step in the process of strategic management is to ensure effective implementation of formulated strategies.

i) Programmes: The actions or steps needed to implement a single-use plan is called programme.

ii) Budgets: The declaration of organisation's programme in monetary terms is called a budget.

iii) Procedures: Also known as Standard Operating Procedures or SOP, a procedure is a step-by-step explanation of the order in which a task is to be carried-out.

4. Evaluation and control :→ After a strategy is implemented successfully, it is important that it is evaluated on a regular basis. Evaluation must be incorporated in the process of strategic management as an essential element of strategy implementation as it helps in monitoring the whole procedure.

⇒ Concept of Strategic Decision Making :→

The process of choosing the best alternative from the prevailing conditions for making the decisions which provide long term impact on the organisational performance is referred to as "Strategic decision-making".

For example, development of a new product or replacing old machines with new ones in order to improve the product or service.

⇒ Defining Strategic intent :

Strategic intent refers to the pre-defined future state that the organisation is planning to reach within a stipulated period of time.

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⇒ **Vision** :→ A vision statement can be referred as the statem-ent defining company's long term goals. A vision statement can exceed from one line to a few paragraphs highlighting what the organisation wants to achieve in future.

Example Infosys vision is "To be globally respected corporation that provides best of breed busin-ess solutions, delivered by best-in-class people".

⇒ **Mission** :→ A mission statement refers to the corporate reasons for the existence of an organisation. Mission statement does not outline the outcome.

Example, Infosys Mission Statement is "To achieve our objectives in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors and society at large."

⇒ **Business Definition** :→

It refers to the description of products, services, activities, functions, and markets in which an organisation deals.

Some of the questions that are needed to answer while defining a business are:

1) What are the products, services, or markets in which the organisation operates?

2) Who are the target customers?

3) Which activities and functions are perfor-med to satisfy the customers?

4) What are the resources and capabilities utilised to satisfy the customers?

⇒ **Goals :→**

Goals are desired outcomes or specific results that individuals or organisations aim to achieve within a set period. They provide a clear direction and a roadmap for actions and decisions, helping to focus efforts and measure progress. Goals can be personal or professional, and are often structured to be specific Measurable, Achievable, Relevant, and Time-bound (SMART) to ensure they are clear and attainable.

⇒ **Objectives :→** Strategic objectives are the specified targets to be achieved in a stipulated period of time. These objective help the managers in evaluating performing employees in terms of quality and quantity. Strategic objectives answer the question like →

What to achieve, how much to

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achieve, when to achieve, how to achieve, and who must achieve it.

Unit-2

Environmental Appraisal

⇒ Concept of Environmental Appraisal :→

Environmental Appraisal is a strategic management process that involves the comprehensive evaluation of an organization external environment to identify oppurtunities and threats. It helps organizations to align their strategies with external conditions to ensure sustainability and competitive advantage.

Key Components of Environment Appraisal

1. External Environment Analysis:

Involves examining factors outside the organization that could impact its performance.

This includes

- Political → Government policies, regulations, and political stability.
- Economic → Economic growth, inflation rates, and employment levels
- Social → Demographic changes, cultural trends, and societal values
- Technological → Technological advancement and innovations.

⇒ Environmental Sector → The environmental sector encompasses industries and activities dedicated to protecting and preserving the natural environment.

→ Main areas within the sector

1. Renewable Energy :→
   - Solar energy
   - Wind energy
   - Hydro energy

2. Waste management:
   - Recycling
   - Composting
   - Landfill management
   - Waste-to-energy

3. Water Management:
   - Water conservation
   - Wastewater Treatment
   - Desalination

4. Pollution control:
   - Air Pollution control
   - Water Pollution control
   - Soil Pollution control

⇒ PEST Analysis

It is also Known as "PESTEL Analysis" is a tool normally used by the organisation to monitor the Kind of environment in which they are working or are preparaing to start a new business initiative or to introduce a new service product.

PESTEL analysis is as follow →

1. Political factor : It is law, order and intervention made by the government in order to regulate the business.

2. Economic factor : These are factors encompass the rate of economic growth, inflation, exchange rates, average income, etc.,

3. Social factor : These factor involve the rate of population growth, literacy rate, employment, public safety etc.,

4. Technological factor : These factor include arrival of new technology in market, automation of business processes, research and development projects etc.,

5. Environmental factor : This factor compromise of of all the factors that affect the business by the surrounding environment.

6. Legal factor : These factors are related to the lawful aspects of business.

⇒ Key concepts of Organisation Appraisal:

1. Strength and weakness:

- Strengths: Advantages like strong brand financial stability, Skilled workforce
- Weakness: outdated technology, skill gaps, inefficient processes.

2. Core competencies:

- Unique capabilities providing a comp. edge.
- Examples: Specialized knowledge, strong customer relationship.

3. Resource-Based view (RBV):

- Focus on internal resources and capabilities for sustainable competitive advantage
- Tangible Resources: Physical assets, financial resources.
- Intangible Resources: Brand reputation, Intellectual property.

4. Value chain Analysis:

- Analyzing activities that create value for customers.
- Primary Activities: Inbound logistics, operations
- Support Activities: firm infrastructure, human resource management.

5. Benchmarking:

- Comparing performance and processes with industry best practices

6. SWOT Analysis:

- Analyzing internal strengths and weaknesses, and external opportunities and threats.

⇒ Capability Factors: →

1. Human Resources:

- Skills and Expertise:

Workforce knowledge and abilities.

- Leadership:

Effectiveness of organisational ~~culture~~ leadership with stra. goals.

- Culture: Alignment of organisational culture with stra. goals

2. Financial Resources:

- Capital Availability: Access to financial resources for investment.

- Financial stability: Overall financial health

- Funding and Investment: Ability to secure funding for growth and innovation.

3. Physical Resources:

- Facilities and Infrastructure: Quality and adequacy of physical assets.

- Technology and Equipment: Availability and modernity of technology and equipment.

4. Intellectual Resources:

- Patents and Trademarks: Intellectual Property

- Proprietary Technology: Unique technologies owned by the organization.

- Research and Development (R&D):

Innovation and product development capabilities.

5. Organisational Processes:

- Quality control: Ensuring product/service quality.

- Supply Chain Management: Effectiveness of supply chain operations.

6. Strategic Alliances and Partnerships:

- Collaborations: Enhancing capabilities through partnerships.

- Networks: Access to valuable industry connection.

⇒ Porter's value chain Model →

Porter's value chain Model developed by Michael porter is a framework that helps analyze specific activities through which firms can create value and gain a competitive advantage. The model breaks down the firm's activities into primary and support activities, each contributing to the overall value delivered to the customer.

⇒ Components of Porter's value chain: →

1 Primary Activities:

- Inbound Logistics:

  - Receiving
  - Storing
  - Distributing inputs

- Operations:

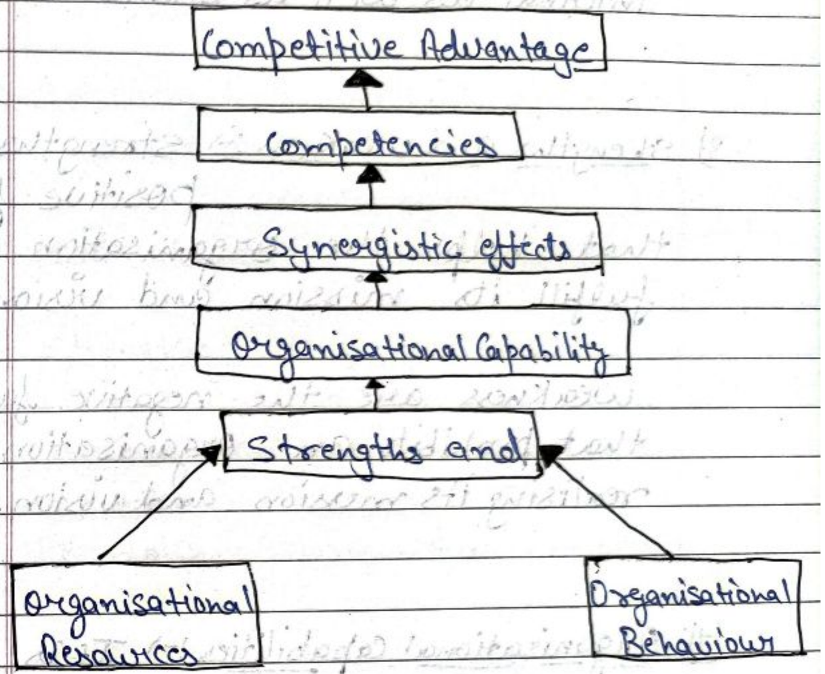
  - Transforming inputs into final products

- Outbound logistics:
  - Distributing final products to customers.
- Marketing and Sales:
  - Informing and persuading buyers.
- Service:
  - Maintaining and enhancing product value post-sale.

Purpose:

- Identify efficiency improvement.
- Reduce costs
- create differentiation from competitiors

⟹ Framework for Developing Strategic Advantage →



Framework of corporporate Analysis

1) Organisational Resources: Resources encompass various social, individual and organisational items

2) Organisational Behaviour: It is a branch of studies that

deals with the study of organisatio-ns and how they behave in their internal as well as external environments.

3) Strengths and weakness :→ Strengths are positive factors that helps the organisation to fulfill its mission and vision.

weakness are the negative factors that prohibits an organisation from realising its mission and vision.

4) Organisational capabilities :→ It is the intrinsic ability or potential of the organisation.

5) Competencies: when an organisation creates synergy in its work amongst its various functional areas, then it creates competencies.

⇒ SWOT Analysis :→

Purpose:

- Assess organisational capabilities and environmental oppurtunities.

Components:

1. Strengths

- Internal attributes that provide a competitive advantage.
- Examples: strong brand reputation.

2. Weaknesses

- Internal limitations that hinder performance.
- Examples: Limited resources, outdated techn.

3. Oppurtunities

- External factors that the organization can exploit for growth.
- Examples: Emerging markets, regulatory changes.

4. Threats

- External factors that could cause trouble for the organization.

- Example: Increased competition, economic downturns

Benefits:

- Provides a clear framework for strategic planning.
- Helps in identifying key areas for improvement and growth.

Limitations:

- Can be subjective and dependent on the accuracy of data.
- May overlook nuanced factors if not conducted thoroughly.

⇒ Types of Strategies :→

1. Corporate - level strategies :→

- Growth: Market penetration, mark development

- Stability: Maintain current operations.

- Retrenchment: Turnaround, liquidation.

2. Business - level Strategies :→

- Cost Leadership: Lowest operational costs.

- Differentiation: Unique Products at a Premium.

- Focus: Niche market strategies

3. Functional - level strategies :→

- Marketing: Segmentation, targeting, positioning

- Financial: Resources management, investment

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- Operational: Production, supply chain
- HR: Recruitment, training.
- R&D: Innovation, new product development.

⇒ Guidelines for crafting Successful Business strategy ⇒

1. Understand Market and Environment
   - Market research
   - PESTEL analysis
   - competitive analysis
2. Define clear objectives
   - vision and mission
   - SMART goals
3. Assess Internal capabilities
   - SWOT analysis
   - Resource-based view
4. Develop Unique value Proposition
   - Define customer value
   - Focus on differentiation
5. Choose the Right Strategy
   - cost leadership
   - Differentiation
   - focus strategy
6. Align Resources and Capabilities
   - Resource allocation
   - capability development
7. Foster innovation and flexibility
   - Encourage innovation
   - Adaptability
8. Manage Risks
   - Risk assessment
   - Contingency planning.

⇒ Corporate Level Strategy Analysis

Corporate and business levels are the two levels for doing strategic analysis. The analysis which focuses on techniques used for analysing focusing business under the same corporate umbrella is defined as the corporate level strategy analysis.

⇒ BCG Matrix ⇒

1. Purpose: ◦ Evaluate and prioritize strategic business units (SBUs) based on their market growth rate and relative market share

2. Components:

◦ Market Growth Rate: Rate at which market is growing for a particular SBU.

◦ Relative Market share: SBU's market share compared to its largest competitor in same market.

3. Matrix quadrants:

◦ Stars: High growth, high-market-share SBUs

> Require substantial investment to sustain growth.

> Potential to become cash cows if market growth slows down

◦ Question Marks (Problem children): High growth, low market-share SBUs

> Require investment to increase market share

> could become stars or cash cows if successful

◦ Cash cows: Low-growth, high-market-share SBUs

> Generate significant cash flow

> Require minimal investment to maintain market leadership.

- **Dogs**: Low-growth, low-market-share SBUs

> often considered for divestiture or liquidation.
> Minimal investment or divest to focus on more promising SBUs.

⇒ GE 9 - Cell Matrix

Purpose: Evaluate and prioritize business units or product lines.

Axes:

- Vertical Axis: Industry Attractiveness

◦ Market size, growth rate, profit margins, competition

- Horizontal Axis: Business Unit Strength

◦ Market share, competitive position, brand strength.

- Implementation steps:

1. Evaluate factors: Assess industry attractiveness and business unit strength.

2. Plot on Matrix: Position business units in the matrix.

3. Develop strategies: Formulate strategies based on matrix position.

4. Monitor and Adjust: Regularly review and adjust strategies.

⇒ Business-Level Strategy analysis :→

- Life cycle Analysis:

1. Introduction stage:

- characteristics: low sales, high costs, low profits
- Objectives: Create product awareness.

- Strategies:
  - Heavy promotion.
  - Limited distribution
  - Price strategies: skimming or penetration.

2. Growth stage →

- Characteristics: Rapidly increasing sales, improving profitability.
- Objectives: Maximize market share.
- Strategies:
  - Expand distribution
  - Improve product features
  - Competitive pricing

3. Maturity stage:

- Characteristics: Peak sales, high but stabilizing profits
- Objectives: Defend market share, maximize profit.
- Strategies:
  - Diversify product variants
  - Enhance features and quality.

4. Decline stage:

- Characteristics: Declining sales, reduces profitability.
- Objectives: Reduce costs, milk the product
- Strategies:
  - Cut costs, phase out weak products
  - Divestment: selling the product.

→ Porter's Five Forces of Industry Analysis:

1. Threat of New Entrants

- Factors:
  - Barriers to entry (capital requ.ment
  - Economies of scale.
  - Government regulations.
- Impact: High threat decreases industry profitability.

2. Bargaining Power of suppliers:

- Factors:
  - No. of suppliers relative to buyers
  - Availability of substitute inputs
  - Importance of the supplier's products to buyer.
- Impact: High supplier power can increase cost and reduce industry profitability.

3. Bargaining Power of Buyers →

- Factors:
  - No. of buyers relative to suppliers.
  - Product differentiation
  - Price sensitivity.
- Impact: High buyer power can drive price down and reduce industry profitab-ility.

4. Threat of substitute products or services

- Factors:
  - Availability of substitutes.
  - Relative price-performance of substitutes.
  - Buyer propensity to switch.
- Impact: High threat of substitutes can limit industry profitability by capping prices.

5. Rivalry Among Existing Competitors

- Factors:

  - No. and strength of competitors.
  - Industry growth rate.
  - Product differentiation.
  - Exit barriers.

- Impact: High rivalry can reduce profitability through price wars and increased marketing costs.

These five forces determine the competitive intensity and attractiveness of an industry, guiding strategic decisions for businesses.

⇒ Strategic Decision Making :→

Process of choosing alternatives to achieve long term goals and competitive advantage, involving analysis of internal and external environments.

Key Characteristics :-

- Long-term impact: Shapes the future direction.
- Complexity: Multifaced issues requiring through analysis.
- Uncertainty: Decision made with incomplete information.
- Resource Allocation: Significant use of resources.
- Irreversibility: Difficult to reverse, long-lasting effects

→ Subjective factors in Strategic choice →

1. Managerial values and Beliefs :

- Influence of top management's personal values and beliefs.

- Example: CEO's commitment to sustain-ability.

2. Corporate Culture :

- Organizational culture shaping strategic choices.

- Example: Innovative culture promoting risk-taking.

3. Experience and Intuition :

- Decisions influenced by personal experiences and intuition.

- Example: Manager relying on past success strategies.

4. Stake holder preferences :→

- Interests and preferences of key stake holders

- Example: Share holder preferences for short term profits

5. Risk Tolerance :

- Organization's and manager's willingness to take risks.

- Example: Risk-averse organisation avoiding aggressive expansion

→ Process of Strategic Choice →

1. Identifying Strategic Alternatives :-

- Generate potential strategies aligned with goals.

- Techniques: Brainstorming, SWOT analysis.

2. Evaluating Alternatives :-

- Assess feasibility, risks, and potential impact.

- Tools : cost-benefit analysis, risk assessment.

3. Considering Subjective factors :-

- Incorporate managerial values, culture, stakeholder preferences, ethics.

4. Making the strategic choice :-

- Select the most suitable strategy based on evaluations.

- criteria: Alignment with goals, risk.

5. Communicating the Decision :-

- Clearly communicate the chosen strategy to stakeholders.

- Methods: Meetings, reports.

Unit-3

Strategy Implementation

→ Strategy Formulation :→

- Definition: Process of defining the organi-zation's direction and making decisions on resource allocation to pursue this strategy.

- Key Activities:

  - conducting situational analysis (SWOT, PESTEL)
  - Setting long-term goals and objectives.
  - Choosing the most suitable strategy.

→ Strategy Implementation :→

- Definition: Execution of the formulated strategy through the develop-ment of action plans, allocation of resources, and management of processes.

They are linked by forward and backward linkage.

1) Forward linkage : The impact of strategy formulation on strategy implementation is dealt in forward linkage.

2) Backward linkage: The impact of strategy implementation on strategy formulation is in background linkage.

⇒ Aspects of Strategy Implementation :

1. Action Plan : • Detailed steps to execute the strategy.

• Includes tasks, timelines, and responsibilities.

2. Resource Allocation :

• Distribution of financial, human, and technological resources.

• Example: Budgeting, staffing.

3. Organizational structure:

• Design of framework to support strategy.

• Includes hierarchies, roles, comm. channels.

4. Leadership :

• Guiding and motivating employees.

• Example: Setting vision, decision-making.

5. Communication :

• Ensuring stakeholder understanding and involvement.

- Methods: Meetings, reports, training.

6. Change management:

- Managing transition and resistence.

- Steps: communicationg benefits providing supports.

Effective implementation requires planning resource management, clear communi-cation, leadership, ongoing evaluation, and adaptability.

⇒ Overview of a Project :→

Definition:

A temporary endeavor with a defined begining and end, undertaken to create a unique product, service, or result.

Key Characteristics:

- Temporary: Has a specific start and end date.

- Unique Output: Produces a distinct product, service, or result.

- Progressive Elaboration: Developed in steps and continues by increments.

⇒ Procedural Implementation:→

The process of executing a planned strategy or project through defined steps and procedures to achieve specific objectives.

Key Steps:

1. Planning:

- Develop detailed action plans.

- Define tasks, timelines and responsibilities

2. Resource Allocation:

- Assign necessary resources (financial, human)
- Example: Allocate budget and assign team members.

3. Communication:

- Establish clear communication channels.
- Example: Regular meetings, Status updates

4. Execution:

- Implementation action plans.
- Example: Begin project activities, track progress.

5. Quality Management:

- Ensure that outputs meets predefined quality standards.
- Example: Quality audits, Compliance checks.

6. Closure:

- Finalize all activities.
- complete any outstanding tasks.
- Example: Project closure report, lessons learned.

⇒ Resource Allocation: →

Distributing available resources to projects or departments to achieve strategic goals

Key Resources

1. Financial Resources: Budget and funding.

2. Human Resources: Personnel with necessary skills.

3. Technological Resources: Software, hardware, tools.

4. Physical Resources: Equipment, offices space, materials.

Effective resource allocation is crucial for optimizing the use of resource, achieving stertegic goals, and enhancing organizational efficiency and effectiveness

⇒ Structural Implementation:→

→ An overview of Structural Consideration

Structural considerations involve evaluating the design, stability, and integrity of a structure to ensure it can safely support loads and withstand environmental factors.

Key Components

1. Load Analysis:
- Dead loads (permanent/static)
- Live loads (temporary/dynamic)

2. Material Selection:
- Steel
- concrete
- wood
- Composites

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3. Design Principles:

- Strength
- Durability
- Flexibility
- Stability

4. Foundation Design:

- Type (shallow, deep)
- Soil conditions

5. Construction Methods:

- Techniques and Technologies
- Quality control

Effective structural considerations ensure the reliability, safety, and longevity of buildings and infrastructure.

⇒ Structure for Strategies:

The framework used to develop, implement, and manage an organization's strategic plan.

Process

1. Strategic Planning:

- Define vision, mission, and goals
- Conduct SWOT analysis
- Identify strategic initiatives

2. Resource Allocation:

- Allocate resources based on priorities

3. Implementation:

- Execute the plan
- Monitor progress.

4. Evaluation and Adjustment:

- Measure performance.
- Adjust strategies as needed.

A well-structured strategy provides a clear roadmap for achieving organizational goals, ensuring coordinat-ed efforts and optimul use of resources.

⇒ Behavioural Implementation:

Behavioural Implementation refers to the actions and behaviours necessary to effectively execute a strategy or plan within an organization.

Behavioural Implementation ensures that strategic plans are translated into effective actions, promoting cohesive movement towards organizational goals.

→ Leadership:

The ability to influence and guide individuals or groups towards achieving common goals.

- Key Components:

1. Vision:

- Clear long-term direction

2. Communication:

- Clear and effective messaging

3. Decision - Making:

- Making informed and timely decision

4. Empowerment:

- Delegating responsibilities.

5. ~~Style~~ Integrity:

- Leading by example

→ Styles of leadership:

1. Autocratic: centralized decision making.
2. Democratic: Involves team in decisions
3. Transformational: Inspires and motivates change

4. Transactional: Focuses on routine and rewards.

Effective leadership drives organizat-ional success by aligning efforts, fostering collaboration, and inspiring individuals to achieve their best.

→ Corporate Culture :-

The shared values, belief, and practices that shape how an organization's employees interact and work together.

Key components:

1. Value and Beliefs:

- core principles guiding behaviour and decision - making.

2. Norms:

- Unwritten rules and expectations for behaviour

3. Practices:

- Daily routines and rituals

4. Symbols:

- logos, dress codes, office layouts that reflect culture.

5. Communication!

- Style and tone of internal and external interactions.

Corporate culture significantly impacts employee satisfaction, retention, and overall organizational success

→ Corporate politics and use of Power :-

Corporate Politics refers to the informal strategies and tactics used by individuals or group within an organization to gain power, influence decisions, and advance personal or group interests.

Key Elements:

1. Power Dynamics:

- Formal power
- Informal power

2. Strategies:

- Networking and alliances
- Coalition - building.

3. Impact:

- Shapes decision-making processes.
- Influences organizational culture.

4. Ethical Considerations:

- Balancing personal gain with organizational goals.
- Transparency and fairness in actions

Understanding corporate politics and power dynamics is crucial for navigating organizational environments effectively while maintaining integrity and contributing positively to organizational goals.

⇒ Personal values and Business Ethics →

⇒ Personal values:

- core beliefs and principles that guide individual behaviour and decision-making.
- Often shaped by upbringing, culture and personal experiences.
- Examples include honesty, integrity, respect, and responsibility.

⇒ Business Ethics :→

- Standards of conduct that guide actions and decisions in the business environment.
- Reflects how individuals and organizations should behave ethically within the marketplace.
- Includes fairness, transparency, accountability, and compliance with laws and regulations.

⇒ Functional / operational Implementation

Functional or operational implementation refers to the process of translating strategic plans or decisions into specific actions and tasks within an organization's functional areas or operations.

Key Components:

1. Goal Alignment:

- Ensuring actions support strategic objectives.

2. Resource Allocation:

- Distributing resources (human, financial, technological) effectively.

3. Process Design and Improvement:

- optimizing workflows and procedures.

4. Role clarity and Responsibility:

- Defining roles and resonsibility clearly.

5. Performance Matrics:

- Establishing measurable targets and KPIs.

6. Communication and Coordination:-

- Ensuring clear communication channels.

7. Training and Development:-

- Providing necessary skills and knowledge.

Functional / operational implementation is essential for translating strategic intent into tangible results, ensuring that organizational goals are achieved efficiently across all functional areas and operations.

⇒ An overview of Functional Strategies :→

Functional strategies are plans and actions developed within specific functional areas of an organization to support overall business objectives and competitive advantage.

Types of functional strategies :→

1. Market Strategy: Focus on market positioning, customer acquistion, and brand promotion.

2. operations strategy: Emphasizes efficiency, quality management, and process improvment

3. Financial Strategy: Concerned with capital allocation, financial management and risk mitigation.

4. Human Resources Strategy:

Aim to attract, develop, and retain talent, fostering a productive workforce.

5. Supply Chain Strategy:

Optimizes logistics procurement, and supply chain management to enhance efficiency and reduce costs.

6. Technology Strategy:

Leverages technology for innovation, automation, and competitive advantage.

Functional strategies ensure that each area of the organisation contributes effectively to achieving overarching business goals, enhancing competitiveness, and sustaining long-term success.

Unit-4

Strategy Evaluation & Control.

→ Strategic Evaluation :-

1. Setting Performance Standards:

Establish benchmarks aligned with strategic goals.

2. Measurement of Performance :-

Regularly monitor and collect performance data.

3. Comparing Performence with Standards

Analyze actual performance against benchmarks

4. Analyzing Deviations:

Identify and Investigate reasons for performance gaps.

5. Taking Corrective Actions:

Adjust strategies or implementation to correct deviations.

⇒ Strategic Control:

1. Premise Control: Validate assumptions underlying the strategy.

2. Implementation Control:

Monitor progress of strategic initiatives.

3. Strategic Surveillance:

Continuously scan the environment for changes.

4. Special Alert Control:

Respond to unexpected, significant events with contigency plans.

Overall: Critical for maintaining strategy effectiveness, ensuring organizational success and sustainability.

⇒ Strategic Control and operational Control :→

→ Strategic Control:

1. Purpose: Ensures that the organization's strategy is effectively implemented and remains aligned with its goals and the external environment.

2. Focus: Long-term objectives, overall direction, and strategic initiatives.

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3. Types:

- Premise control: validates the assumptions on which the strategy is based.
- Implementation control: Monitors the execution of strategic initiatives
- Strategic Surveillance: Scans the environment for changes affecting strategy.
- Special Alert control: Respond to immediate, significant events impacting strategy.

4. Time frame: long-term, involving continuous and periodic assessments.

5. Scope: Broad, encompassing the entire organization and its strategic Goals.

→ Operational contool:

1. Purpose: Ensure that day-to-day operations are efficient and effective in achieving short-term objectives.

2. Focus: Routine activities, efficiency, and productivity.

3. Types:

- Budgetary Control: Monitors financial resources and expenditures.
- Quality control: Ensures products or services meets Quality Standards.
- Inventory control: Manages stock levels to balance supply and demands.
- Production Control: Overseas the production process to ensure efficiency.

4. Time Frame: Short-term, focusing on daily, weekly, or monthly performance.

5. Scope: Narrower, focused on specific departments, processes, or functions

⇒ Techniques for Strategic Evaluation and Control :-

→ Strategic Evaluation Techniques :-

1. Benchmarking: Comparing performance against industry standards or best pratices to identify areas for improvement.

2. Balanced Scorecard: Using a mix of financial & non financial measures to evaluate performance from multiple perspectives.

3. SWOT Analysis: Assessing strengths weaknesses, opportunities and threats to understand strategic position and effectiveness.

4. Key Performance Indicators :→ Tracking specific metrices that are critical to the success of the strategy.

5. Gap Analysis: Comparing current performance with desired performance to identify gaps and areas for improvement.

→ Strategic Control Techniques :-

1. Premise Control: Regularly reviewing the assumptions underlying the strategy to ensure they remain valid.

2. Implementation Control: Monitoring the progress of strategic initiatives and projects to ensure they are on track.

3. Strategic Surveillance: Continuously scanning the external environment for changes or trends that could impact the strategy.

4. Special Alert Control: Implementing contingency plans to respond to sudden, unexpected events that could disrupt the strategy.

5. Balanced Scorecard: Also used in control, it helps track performance metrics aligned with strategic goals and provides feedback for adjustments.

⇒ Role of Organizational System in Evaluation:

1. Data Collection and Management:

Facilitates accurate and timely collection of performance data.

2. Performance Monitoring:

Tracks progress against strategic goals and benchmarks.

3. Feedback Mechanisms:

Provides channels for reporting and addressing performance issues.

4. Decision Support:

Offers analytical tools and reports for informed decision-making.

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5. Communication:

Ensures clear dissemination of evaluation results to relevant stakeholders.

6. Resource Allocation:

Guides adjustments in resource distribution based on evaluation outcomes.

7. Continuous Improvement:

Supports ongoing assessment and refinement of strategies and processes.

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⇒ McKinsey 7's of framework :-

The McKinsey 7S framework is a management model that describes seven factors to organize a company in an integrated way. These seven factors are divided into "hard" and "soft" elements:

Hard Elements:

1. Strategy: The plan devised to maintain and build competitive advantage.

2. Structure: The way the organization is structured and who reports to whom.

3. Systems: The daily activities and procedures that staff use to get the job done.

Soft Elements:

1. Shared values: Core values of the company

that are evidenced in the corporate culture and general work ethic.

2. Skills: The actual skills and competencies of the employees working for the company.

3. Style: The style of leadership adopted.

4. Staff: The employees and their general capabilities.

These elements are interconnected and a change in one can affect all others. The framework helps in assessing and aligning these key elements to improve organizational performance.