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Chepter - 2

Business Palicy and strategic Mngt

* **Business Palicy** :- It is set of Rules to conduct Business for growth and profitability.

Strategy :-
- It is a plan adopted to win in competition and/OR achieve objective
- Analysis of streangth & weakness
- A long term plan
- All strategy emerge (निकलना) from corporate vision

Note: Strategy is not a substitute for sound, alert and responsible mngt and it can never be perfect, flawless and optimal organisational plans.

- Strategy is partly proactive and partly reactive. In proactive strategy, orgn will analyze possible environment situation and create strategic frame work like smart phone development by Apple. Provide leadership position.

  In reactive strategies orgn react to their competitor action like samsung/Nokia's smart phones development in reaction to apple's iphone. Reactive strategy is triggered by the changes in the environment. Does not Provide leadership Position.

  (Proactive = Planned i.e first move
  Reactive = in reaction of something)

Corporate strategy :- DPT

It define as growth design for a co. It describe direction, pace and timing of co's growth

Characteristics of corporate strategy :- FLAPE cover है यहां
- Formulated by Top mngt.
- Long term
- Action oriented (i.e not only planning)
- Purpose full (take orgn in a direction)
- Efficient (utilize the resourses in the Highest Productive combination. It is a economic version of technical Productivity)

Nature scope & purpose of corporate strategy :-

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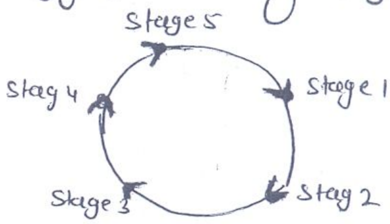
- Serve as growth design for orgn
- filling the firm's strategic Planning Gap.
- It concerned with the choice of the firm's product and market

✶ Strategic Management

- It is a framework / structure
- to plan, formulate and implement a good strategy
- combination of strategy + management

Strategic management refer to a managerial process of farming vision, mission and setting up an objectives, implementing and executing the strategy, making adjustment as per requirement."



trategic Management Framework

he basic framework of strategic process can be describe n sequence of five stages. These five stages are as follows:

tage 1 :- where are we now?
- It invalves analyze of existing situation i.e strength and weakness

age 2 :- where are we want to be?
- It involves analysis of desired situation i.e goal & objective

age 3 :- How can we get there?
- It invalves analysis of various alternative to achieve its goal and objective

age 4 :- which way is the best?
- It select the best alternative from various alternative

age 5 :- How can we ensure control?
- Implement and monitor the selected alternatives

te: Strategic management is not a bundle of tricks and magic

* ~~strategic Decision making~~

* Importance of strategic management — P F E

P: more proactive then reactive

F: Provide framework for all major decision

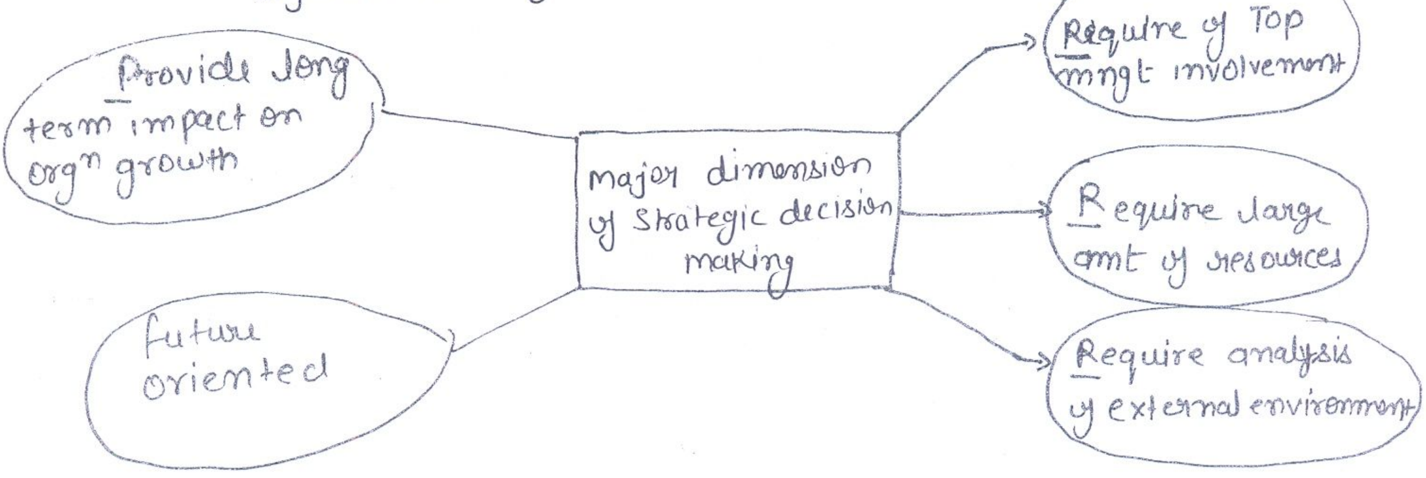
E: environment

Strategic planning and implementation have become important for all organisation for their survival and growth. Also business follows the war principle of 'WIN or lose' and not necessary WIN-WIN situation arises in business world. This can be done only ~~by~~ by following process of strategic management. The major benifit of strategic management are as follows :-

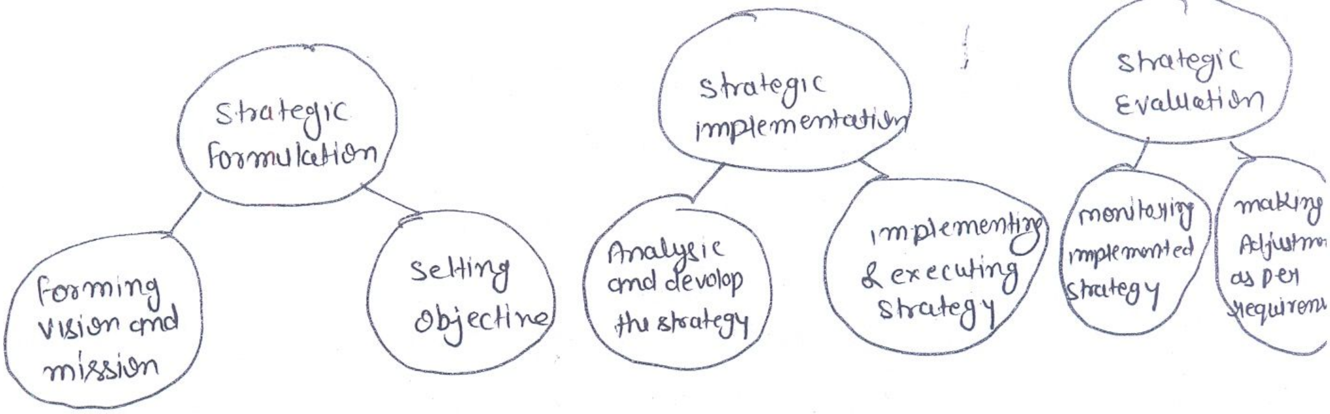
- Strategic management helps organisation to be more proactive instead of reactive in its future
- Strategic management provides framework for all major business decision.
- Discover organisation strength and weakness
- Identify the available opportunities and possible threats.

* Strategic Decision making — 3RPF

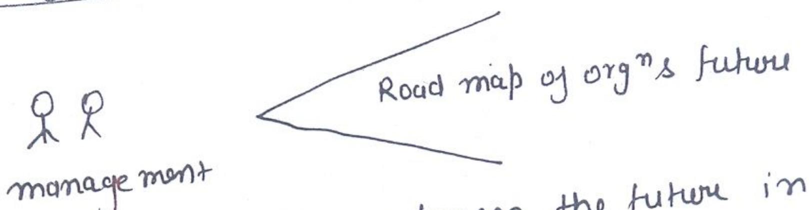
- Strategic Decision is a managerial process.
- It is a function of selecting a particular course of action out of several alternative for achieving organisation's objectives and goals.



* **Strategic Management model** (ये भी strategic mngt ही है)



* **Strategic Vision**



- " A great visionary can forsee the future in advance"
- Vision is a road map of company's future
- It is future direction for organisation
- It defines what organisation ~~who~~ wants to do in future
- It also specifies management policy towards customer and societies

Example of vision:
Vision of TATA MOTERS " To be a world class corporate constantly furthering the interest of all its stake holder."

* **Element of Strategic Vision**

- forming a vision statement it defines what the company presently in and communicate the essence of " who we are and where we are now?
- Using this mission statement it define long term path by indicating "where we are going"?
- finally, it communicates strategic vision in clear and commited term.

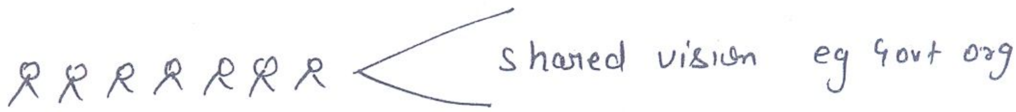
* How to develop a strategic vision — TUC विजन बनाओ

दुरस्तों

- Think creatively
- Use intelligent entrepreneurship
- Clear direction of vision

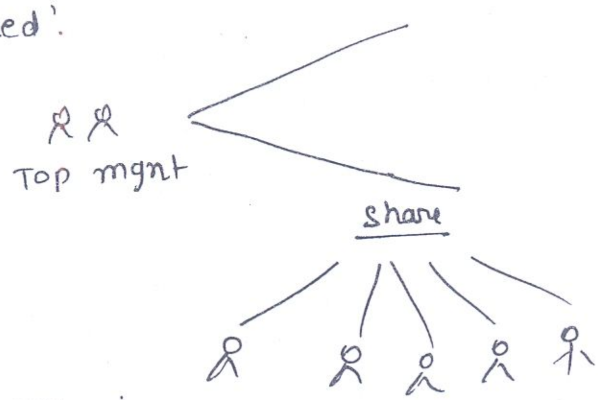
* Shared vision and vision shared

- where an individual are able to bring orgnisation vision close to their hearts and mind they have "shared vision". In other words where employee as well as mngt togather form a vision.



Large No of participents involved in creating vision

- where a vision is formulated only Top management then share it to lower mangement, is called 'vision shared'.



* Mission

- Accordingly to 'Glueck & Jauch' "mission is answer to the question " what business are we in"
- Mission is a foundation of orgn
- It is outcome of vision
- So ' mission primarily reflect what business we are in and what we do? A mission broadly describe orgnisation < P C B
  - Present capability
  - customer focus
  - Business activities.

Eg:- Mission of ~~cadbu~~ cadbury " To attain leadership position in confectionary market and achieve a strong presence in food and drinks sector "

* Guidlines for forming of mission statement

U – unique
P – Profit making Not
A – Achievable
C – customer & society interest.

- It should be unique to the orgn
- Profit making should not be the only mission.
- It should be achievable.
- It should include the interest of customer and society

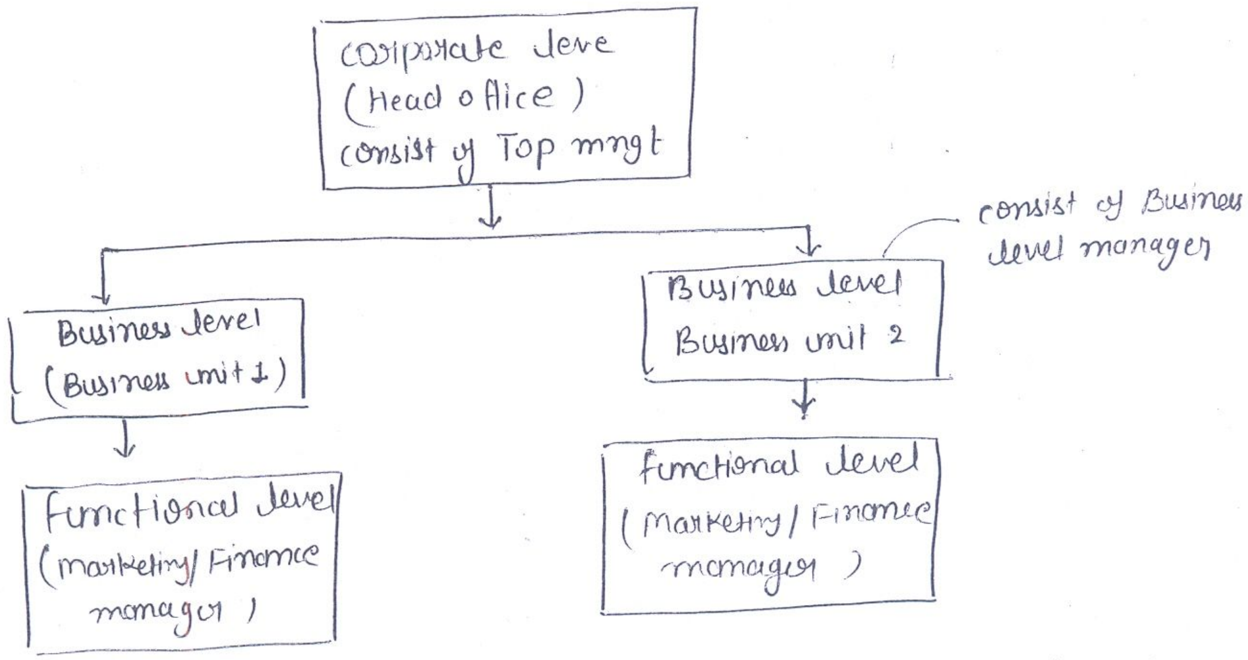
* Objectives

- Objectives are performance target which organisation want as result or outcome in the specific periods.
- objectives are formed from vision and mission statement of orgn.

* characteristics of objectives

- facilitate to achieve mission and goal.
- should be understandable.
- should be measurable.
- should be challenging.

* Level in Organisation



Difference

	corporate level	Business level	functional level
① Risk	High	Medium	Low
② Cost	High	Medium	low
③ Profit	High	Medium	low
④ Task	Planning	Planning + operational	operational

Que - You are appointed as a strategic manager by xyz co. Being a strategic manger what should be your task to perform?

Ans The primary task of the strategic manager is understanding, designing and executing company strategies.

for this purpose, his task will be

- Defining the mission and goal of the organisation
- Determining what business it should be in.
- Allocate resources among the different business.
- Formulating and implementing strategies
- Providing leadership for the organisation.

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