

Notes of business policy and strategic management

1. Strategy :- It includes competitive moves and business approaches that managers adopted because of satisfying the needs of the customer and to achieve objectives of the organization. According to William F. Glueck "A unified, comprehensive and integrated plan design to assure that the basic objectives of the enterprise are achieved."

2. Corporate Strategy :- It is the growth strategy of the firm. It is formulated by the top managers. It includes major decisions like determinations of business lines, expansion and growth, diversification, takeover and mergers, new investment decisions and so on. It help an organization to achieve and maintain success. It set the direction that the organization has to follow. The basic objective of the corporate strategy is to accept opportunities and remove threats. It also help to build competitive advantage. The characteristics of the corporate strategy are explained as below:

- It is long range in nature but also valid for short range situations.
- It is action oriented and specific then objectives.

Notes of business policy and strategic management

- It is multi pronged and integrated.
- It is flexible and dynamic.
- It is formulated at top management level.
- It is meant to cope with a competitive setting.
- It flows out goals and objectives of the organization.
- It gives importance to combination, sequence, timing, direction and path for various moves and actions taken by managers to handle uncertainties of the environment.
- It is helpful in decision making process.

3. Strategic Management :- It refer to the process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy and then whatever the corrective adjustments are taken in the visions, objectives, strategy and execution are deemed appropriate. The framework of strategic management process can be describes in five sequence steps which are as follow :

- Stage I – Where are we now? (Beginning)
- Stage II – Where are we wants to be? (Ends)

Notes of business policy and strategic management

- Stage III – How might we get there? (Means)
- Stage IV – Which way is best? (Evaluation)
- Stage V – how can we insure arrival? (Control)

There are mainly two objectives for follow strategic management process which are as follow:

- **To create competitive advantage so that the company can perform well to have dominance over the market.**
- **To guide the company successfully through all changes in the environment.**

The importance of strategic management process is explained as follow:

- **It helps organization to be more proactive then reactive. It is very helpful to organization to obtain information from the turbulent and dynamic environment therefore they are able to control their own destiny in a better way.**

Notes of business policy and strategic management

- **It provides guidance to organization at any crucial or complex issue. It also provide framework for all major decisions taken in the organization.**
- **It prepares the organization to face the future and act as pathfinder for various opportunities from the environment.**
- **It helps organization to know the mistakes and pitfalls. It helps organization to avoid any costly mistake in product or in investment.**
- **Over a certain time period, it build certain core competencies for the organization that help it in the fight of survival and growth.**

The major stages in the strategic management process are as follow:

- Develop vision and mission statements
- Perform internal and external audit
- Establish long term objectives
- Generate, evaluate and select strategies

Notes of business policy and strategic management

- Implement strategies considering management issues
- Implement strategies marketing, finance, accounting etc.
- Measure and evaluate performance

4. Strategic decision making :- It is a managerial process and a function of choosing a particular course of action out of several alternative courses for the purpose of achieving the organizational goals. They are different in nature than all other decisions which are taken at various level of the organization during day to day working. The major dimensions of it are as follow:

- **Strategic issues require top-management decisions**
- **Strategic issues involve the allocation of large amount of company resources**
- **Strategic issues are likely to have a significant impact on the long term prosperity of the firm**
- **Strategic issues are future oriented**
- **Strategic issues have multi business consequences**

Notes of business policy and strategic management

- **Strategic issues necessitate consideration of factors in the firm's external environment**

5. Strategic Vision :- A strategic vision describe organization's aspirations for the business and provide view of the position where the organization is going. It guides the organization in a particular direction, chart a specific path to follow in preparing for the future and create identity of the organization. It is a road map of the future of the company and provide guidance about technology and customer, geographic and product markets to be pursued and the kind of company that management is trying to create. There are three elements of the strategic vision are as follow:

- Coming up with the mission statement that defines what business the company is presently in and convey the essence of who we are and what we are now?
- Using the mission statement as basis for deciding on a long term course making choices about where we are going?

Notes of business policy and strategic management

- Communicating the strategic vision in clear terms that arouse organization wide commitment.

6. Mission Statements :- It is describe the present capabilities of the

organization and an answer to the question who we are and what we do?

It describe what customer it serves, what need it satisfies, what type of

product it offer. It is an expression of the growth ambition of the

organization. It broadly describe an organization present capabilities,

customer focus activities and business make up. The following points

must be considered while writing a mission statement of the company:

- **To establish the special identity of the business that distinct it from other similar companies.**
- **Needs which business tries to satisfy, customers it wish to target, the technologies it use and the activities it performs.**
- **Good mission statements should be unique for the organization for which they are developed.**

Notes of business policy and strategic management

- **The mission of the company should not be to make profit.**

Surplus may be required for survival and growth but cannot be mission of the company.

7. Shared vision and vision shared :- When the individuals are able to bring organizational vision close to their heart and minds they have shared vision. It is a force that creates sense of commonality that permeate the organization to diverse the activities. Vision shared shows imposition of vision from top management. It may demand compliance rather than commitment. For the success of the organization shared vision is better than vision shared.

8. Three levels of strategy formulation :- A large organization is multi divisional organization that convert in several businesses. It has separate divisions and manages each of these. There are three level of strategy in the management of business which are as follow:

- **Corporate level :** This level includes chief executing officers and other top management executives. There individuals have responsibilities of decision making within the organization. The role of

Notes of business policy and strategic management

corporate level managers is to development of strategies for the whole organization. This role includes defining mission and goals, determining the different businesses it should be in, allocating resources among different businesses and so on.

- **Business level :-** The general managers are liable to develop strategies for individual business areas for the different divisions like finance, production and marketing. The main role of this managers is to translate the statements of directions come from the corporate level into strategies for individual businesses.
- **Functional level :-** Functional level of managers are liable for the specific business functions or operations such as human resources, purchasing, product development, customer service and so on.

9. Difference between mission and vision :

Mission

Vision

Mission statement concentrates on the Present It provide path to realize the vision and Direct impact on success.	Vision concentrates on the future. It can be helpful to achieve defined Objectives.
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Notes of business policy and strategic management

It can remain same if crafted well.	It cannot remain same for long time as Change as per environment is made in it.
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**I hope that above notes are useful to all the students who are appearing for May 2016 exam. All the best to all students. In case of any query contact me into my mail id divyeshpithava@rediffmail.com.
Thank you.**