

The Nature of Strategic Management

Strategic Management Week 2



What is Strategic Management?



01

02



03



So, what is strategic management?

“Maybe I can’t outrun that bear, but I surely can outrun you!”

The notion of strategic management: to achieve and maintain competitive advantage.

Defining Strategic Management



Integration



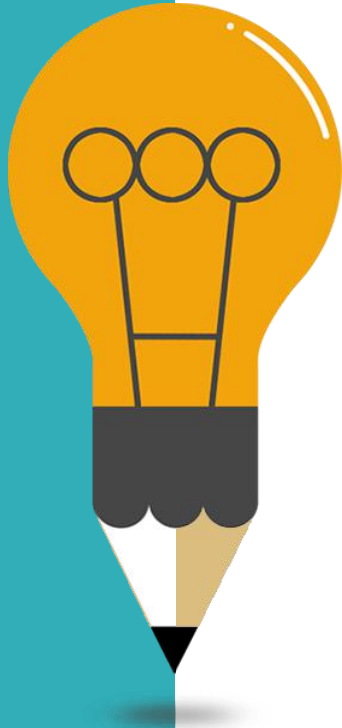
Defining Strategic Management



A strategic plan is, in essence, a company's game plan. Just as a football team needs a good game plan to have a chance for success, a company must have a good strategic plan to compete successfully.



Stages of Strategic Management



01

Strategy Formulation

02

Strategy Implementation

03

Strategy Evaluation

Strategy Formulation

01

Developing Vision and Mission

02

Identifying an organization's external opportunities and threats

03

Determining internal strengths and weaknesses,

04

Establishing long-term objectives

05

Generating alternative strategies,

06

Choosing particular strategies to pursue

Integrating Intuition and Analysis

“In God we trust. All others bring data.”



The strategic management process can be described as a systematic approach for making major decisions in an organization

It attempts to organize qualitative and quantitative information in a way that allows effective decisions to be made under conditions of uncertainty

Intuition



Intuition is particularly useful for making decisions in situations of great uncertainty or little precedent

Adapting to Change



01

Firms are like organisms

02

The strategic management process is aimed at allowing organizations to adapt effectively to change over the long run.

03

The need to adapt to change leads organizations to key strategic-management questions, such as “What kind of business should we become?” “Are we in the right field(s)?” “Should we reshape our business?” “What new competitors are entering our industry?” “What strategies should we pursue?” “How are our customers changing?” “Are new technologies being developed that could put us out of business?”



Key Terms in Strategic Management

Competitive Advantage



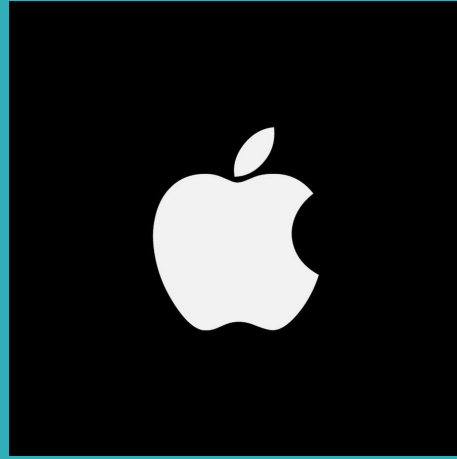
01

Strategic management is all about gaining and maintaining competitive advantage

02

“anything that a firm does especially well compared to rival firms”

**Firms with
competitive
advantage**





VS

SONY[®]

Sustainable Competitive Advantage



01

Continually adapting to changes in external trends and events and internal capabilities, competencies, and resources

02

Effectively formulating, implementing, and evaluating strategies that capitalize upon those factors

Vision and Mission Statements



01

It addresses the basic question that faces all strategists:
“What is our business?”

02

A mission statement is a constant reminder to its employees of why the organization exists and what the founders envisioned when they put their fame and fortune at risk to breathe life into their dreams

External Opportunities and Threats



01

External opportunities and external threats refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly benefit or harm an organization in the future.

02

- Availability of capital can no longer be taken for granted.
- Consumers expect green operations and products.
- Marketing has moving rapidly to the Internet.
- Consumers must see value in all that they consume.
- The price of oil has collapsed

Internal Strengths and Weaknesses



01

Internal strengths and internal weaknesses are an organization's controllable activities that are performed especially well or poorly

02

- a strength may involve ownership
- of natural resources or a historic reputation for quality



Benefits of Strategic Management



01

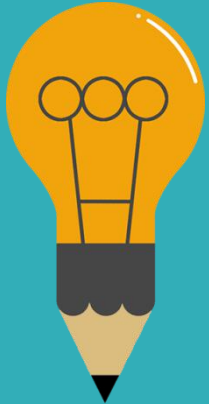
The principal benefit of strategic management has been to help organizations formulate better strategies through the use of a more systematic, logical, and rational approach to strategic choice.

02

A great benefit of strategic management, then, is the opportunity that the process provides to empower individuals.

03

Financial and Non Financial Benefit





Thank you