SYLLABUS

(New Syllabus w.e.f. June 2019)

1. **Introduction to Strategic Management**
   - **Strategy :** Concept and its Evolution, Strategic Management Characteristics, Dimensions and Approaches to Strategic Decision Making
   - **Strategic Management Process :** Components of Strategic Management Model – Policies
   - Role of Top Management, Strategic Implications of Social and Ethical Issues
2. **Strategy Formulation, Strategic Analysis and Strategic Planning**
   - Organisational Goals, Mission and Social Responsibility
   - Analysis of Business Environment, Internal Analysis for Strategic Advantage
   - **Strategic Planning :** Meaning, Steps, Alternatives, Advantages and Disadvantages, Designing an Effective Strategic Plan
3. **Strategic Choices and Strategy Implementation**
   - Generating Strategic Alternatives for Stability, Growth and Sustainable Strategies
   - Evaluation of Strategic Alternatives for Developing Product Portfolio Models and Selection of Suitable Corporate Strategy
   - Implementation Issues, Planning and Allocation of Resources
   - **Organisational Structures :** Factors Affecting the Choice, Degree of Flexibility and Autonomy
4. **Functional Strategy and Strategic Review**
   - Knowledge and Formulation of Functional Strategy for Marketing, Environmental Sustainability, CSR (Corporate Social Responsibility), Human Resource, Finance, Logistics
   - **Evaluation of Strategic Performance :** Criteria and Problems
   - Concept of Corporate Restructuring
   - Business Process Re-engineering
   - Benchmarking
   - TQM
   - Six Sigma
   - **ChanakyaNiti :** A Case Study Approach

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Chapter **1...**

Introduction to Strategic Management

Learning Objectives ...

- Understanding the concept and process of Strategic Management at Company/Business/ Management Levels.

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1.1 CONCEPT OF STRATEGIC MANAGEMENT

Strategic Management as a broad overall process is defined as the set of decisions and actions resulting in formulation and implementation of strategies designed to achieve the objectives of an organisation. Worded differently, strategic management is a stream of decisions and actions which leads to the development of effective strategies to help achieve corporate objectives.

In a more pervasive or all-inclusive sense, strategic management has been defined as "the formulation and implementation of plans and carrying out of activities relating to the matters which are of vital, pervasive, or continuing importance to the total organisation".

Environmental impact on business policy is emphasized in **Ansoff's** definition which runs as follows: *"Strategic management is a systematic approach to a major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will assure its continued success and make it secure from surprises"*.

Strategic Management is interpreted in a wider sense as "the process which deals with fundamental organisational renewal and growth with the development of the strategies, structures and systems necessary to achieve such renewal and growth, and with the organisational systems needed to effectively manage the strategy formulation and implementation process".

1.2 EVOLUTION OF THE CONCEPT OF STRATEGIC MANAGEMENT

The evolution of the concept of Strategic Management can be traced to the concept of long-range planning which was born amid a flurry of optimism and activity in the post World War II period (1949-65) when a large number of American and West European companies adopted this approach. However, the contents and dimensions of long-range planning have changed considerably and the methodology followed has improved over the years.

The earliest long-range planning consisted principally of forecasting trends in sales, profits and perhaps in capital requirements of the business on annual basis using substantially the same procedures and techniques as followed in the preparation of the annual operating budget. These annual forecasts were usually made for two years as operating executives often felt that any planning beyond two years was theoretical exercise. These well documented forecasts when ratified by the top management came to be accepted as basic long-range plan of the enterprise. This ratified plan furnished adequate basis for a simple definition of sales and profit objective or for checking the reasonableness of objectives which the management might already have defined, formally or informally. On the basis of such forecasts the management used to assess the impact of a product or change their marketing plans, their distribution systems or their sales force.

In the 1960s, the concept of economic planning was incorporated in long-range planning and the managements gave overriding emphasis on resource allocation while formulating long-range plans for the enterprise. The reason was that during this period the managements encountered serious problems to finance the expanding needs of different business units of the companies. Economic and financial concepts and techniques including cash flow analysis, capital budgeting and portfolio analysis were frequently applied to study the cost of capital, company valuations and profitability determinants.

The long-range plan based on the concept of economic planning was inward-looking, largely quantitative devoid of any interaction with external environmental forces. As a result large number of organizations received severe setbacks because the managements failed to consider the possibility of future developments in the economic and industrial field, technology, competition, government policy and values of society which were changing so fast. The resulting disappointments highlighted the need for a dynamic concept of long-range planning guided by a clear-cut but flexible overall concept of strategy. This led to the emergence of the concept of strategic planning during the 1970s. Strategic planning came to be identified as the process of determining the major objectives of an organisation, its policies and strategies governing the operations, availability of resources and their utilization to achieve these objectives.

In the subsequent years, management recognized that strategic planning should not be limited to defining only the basic purpose of the company explaining objectives and chalking out the course of action to achieve these objectives but it should encompass all the activities pertaining to recycling, reformulating and the implementation of strategy. This can be achieved through:

- Formulation of strategic plan.
- Development of functional and action plans.
- Creation of suitable organisational climate and structure.
- Entrepreneurial drive among managers and technical personnel at all levels.
- Involvement of relatively junior people in various relevant aspects.

Thus the concept of integrated planning came to receive greater attention from the managers of business enterprises in the USA, who frequently used the term corporate planning or strategic management instead of long-range planning.

1.3 STRATEGIC MANAGEMENT IN INDIAN COMPANIES

The key patterns in strategic management as practiced by Indian Companies can be divided in three phases:

(1) Pre-liberalisation Stage: Strategic Management on Government's Fringes

- Including enterprise objectives into the national planning framework.
- Capabilities in generating and grabbing opportunities.
- High diversification, non-competitive scales and weak technology capabilities.
- Secretive and 'one-man' strategic management process.

(2) The decade of the 1990s: Transitional Excitement and Reality Check

- Carried 'operation de-linked' strategy mindset in the early 1990s.
- 'Foreign complex'-governed strategy in older groups in the early 1990s.
- Strategy of focus through rationalisation and operations improvement by major companies in the late 1990s.
- Strategy of growth through acquisition, internationalisation and product-market expansion by some companies in the late 1990s.
- Experimentation with international consulting firms in strategic management process.

(3) Post-liberalisation Stage: Issues and Agenda during 2000-2010

- Acquire a 'global maverick' mindset and actively shed pre-liberalisation thinking.
- *Combine* entrepreneurial flair with professional skills in strategic management.
- Complete portfolio rationalisation, but also expand boundaries through internationalisation and enter into emerging sectors.
- Mobilise increased resources and ensure adequate growth through existing businesses.
- De-merge businesses as independent companies for focus and improved market capitalisation
- Actively promote the development of technology capabilities.
- Decentralise operations and develop institutionalised control mechanisms.