

Strategic Management

In [management](#), **strategic management** involves the formulation and implementation of the significant goals and actions taken by an [organization's managers](#) on behalf of [stakeholders](#), based on consideration of [resources](#) and an evaluation of the internal and external environments in which the organization performs. Strategic Management provides overall direction to a business/organization. It involves specifying the organization's goals, policies, and plans in order to achieve those goals. It also allocates resources to implement the plans.

Definition of Strategic Management

Strategic management is the process of planning, monitoring, analysis, and assessment of all necessities an organization needs to meet its aims and objectives.

Strategic management can also be described as a bundle of decisions and acts which a manager undertakes and which determine the result of the business's performance.

Understanding Strategic Management

Strategic management is nothing but planning for both **expected** and **unfeasible possibilities**. It applies to both small and big organizations as even the smallest organizations face struggle and, by formulating and implementing proper strategies, they can attain a sustainable competitive advantage.

Strategic management is a way in which strategists set the objectives and proceed about attaining them. It deals with **planning and implementing decisions** about the future direction of an organization. It helps us to recognize the direction in which an organization is running.

Strategic management is a **continuous process** that assesses and controls the business and the industries in which an organization is associated; evaluates its rivals and sets goals and strategies to meet all existing and potential rivals; and then reassesses strategies regularly to determine how it has been performed and if it was successful or does it needs replacement.

It is nothing but the art of dealing with employees in a manner that maximizes the ability to achieve **business objectives**. The employees become more responsible, more engaged, and more satisfied, as they can co-relate themselves very well with each organizational task. They can figure out the reaction of environmental changes to the organization and the response of the organization with the help of strategic management. Therefore, the employees can judge the impact of such modifications on their own job and can effectively deal with the changes. The employees and managers must do proper things properly. They need to be both **useful and efficient**.

One of the major aspects of strategic management is to organize various functional areas of the organization effectively, as well as to assure these functional areas harmonize and get together well. Another aspect of strategic management is to keep an eye on the **aims and objectives of the organization**.

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Components of Strategic Management/ Strategic Management Process

1. Goal Setting

American entrepreneur [Tony Robbin](#) says, "Setting goals is the first step in turning invisible to visible." Unless the organization understands what it wants to achieve, there is no logic for planning further. This factor is all about setting short and long-term goals of an organization. These goals should be specific, measurable, attainable, relevant, and timely (SMART).

2. Gathering Information

The next step after setting goals is gathering information about external and internal factors that affect the implementation and achieving organizational goals. Basically, the informations are about laws and regulations, the behavior of competitors, different types of problems and prospects, etc.

3. Strategy Formulation

Strategies are formulated after setting goals and gathering market information. It defines what actions need to be taken to achieve the goals. This is the most complicated component of strategic management because how well the strategy is formulated will assure its success. It also contains the allocation of resources at each stage of implementation. For example, phase one will take 30 employees and an asset of Rs.6 lakhs, and then stage two will take 25 employees and an asset of Rs.3 lakhs.

4. Strategy Implementation

The next component is to execute the formulated strategy seamlessly. This is the constructive and most uncompromising part of strategic management. Whatever you have prepared is converted into actual activities and actions organized towards the delivery of goals.

5. The Starting Point

The most vital element of strategic management revolves around the concept of recognizing and understanding particular organization goals. Fixing short-term goals is an excellent way to start, as they act as a direct blueprint in accomplishing long-term objectives. Separating roles and duties to people and team management should be carried out at this basic stage. The process provides every member of the enterprise with a mission that motivates them in the long run.

6. Analyzing

To make an effective strategic management module, thorough market research should be conducted. The data gathered from within the organization and the market help in developing a constructive plan that acts as a foundation for strategic

management. This method allows the company to recognize internal avoidances that have been affecting the operations of the enterprise.

7. Forming the Strategy

In this section, all the data and information collected are used to form a unique strategy that satisfies all the necessities and requirements of the company. Based on the human resources available, the business has to choose and control the asset purchase and recruitment of experts. Identifying the capability of your resources becomes important in strategic management.

8. Implement the Strategy

If the planning is the one side of the coin, then implementing those plans is another side of the coin. In this stage, the employees involved in this process should have a clear idea about the plan and organizational goals to be implemented with perfection.

9. Monitoring

The monitoring stage involves analyzing, managing, tracking, and evaluating every step that is associated with the strategic management plan. By this time, you can measure the desired outcomes with the current outcome. Here, you can do certain adjustments and new planning if required.

https://www.youtube.com/watch?v=_BajRnOCSKk

Types of Strategic Management

The strategic management concept can be implemented in various ways. Here are two of the important strategies I'll discuss below.

SWOT Analysis

This analysis allows you to inspect internal and external factors. Internal factors are basically the positive (strength) and negative (weaknesses) factors that are present in your organization. These factors can be changed if needed. External

factors are basically the positive (opportunities) and the negative (threats) factors that present outside of your organization. These factors cannot be changed if needed.

The SWOT method helps leaders decide whether the organization's resources and abilities will be useful in the competitive environment within which it has to function and to improve the strategies needed to remain successful in this environment.

Balanced Scorecard

Balanced scorecard aid you find which facets of your business require improvements by breaking down the performance evaluation method into four areas known as legs. These areas are;

1. Learning and growth
2. Business processes
3. Customer perspectives
4. Financial data.

This method can generate timely reporting mechanisms that show all statistics associated with the growth of the company.

Advantages of Strategic Management

Here are some advantages of strategic management;

1. Discharges Board Responsibility

The first and the most important reason behind having strategic management is that it discharges the responsibility of the board of directors.

2. Provides a Framework for Decision Making

The strategy gives a framework in which all staff can make day-to-day operational [decisions](#) and understand that those decisions are all moving the organization in a single direction. Providing a framework within which the managing director and

staff can make these decisions benefits them better focus their energies on those things that will help the organization's success.

3. Supports Understanding & Buy-In

Empowering the board and staff participation in the strategic discussion allows them to better understand the direction, why that direction was taken, and the related benefits. For some individuals, simply knowing is sufficient; for many people, to gain their full support requires them to learn.

4. Enables Measurement of Progress

Strategic management allows an organization to measure its success. In the setting of measures of success needs, the organization first decides what is crucial to its ongoing success and then forces the establishment of objectives and holds these crucial measures in front of the board of directors and senior management.

5. Provides Organizational Perspective

Figuring out the operational issues rarely looks at the entire organization and the interrelatedness of its differing components. Strategic management takes an organizational view and looks at all the components and the interrelationship between those components in order to produce a strategy that is excellent for the entire organization and not a single component.

Disadvantages of Strategic Management

1. Anticipate the Future Environment

One of the significant disadvantages of strategic management is that it requires the organization to anticipate the future environment in order to build up plans, and, as we all know, anticipating the future is not a simple task. The conclusion is that if the future does not unfold as anticipated, then it may cause undermine the strategy taken.

2. It is Expensive

In the not-for-profit sector, there are many organizations that cannot afford to employ an external consultant to help them build up their strategy. Currently, there are many volunteers that help smaller organizations and also funding agencies that will support the cost of employing external consultants in forming a strategy.

3. Long-Term Benefits Rather than Immediate Results

It is designed for providing long-term benefits rather than short-term results. Most of the time, it focuses on long-term goals. If you are looking at the strategic management process to discuss an immediate crisis within your organization, it won't. It always makes sense to discuss the immediate crises prior to allocating resources to the strategic management process.

4. Complex Process

The strategic management involves various types of continuous process which checks all types of important critical elements. This consists of the internal and external environments, long-term and short-term objectives, strategic control of the company's resources, and last but not least, it also has to look at the organizational structure. This is a long process because a single variation in one element can affect all the factors.

Being a complex method, it calls for lots of endurance and time from the management in order to execute strategic management.