

Strategy formulation



Strategy formulation Strategic management principles involve defining and setting realistic long term strategic goals for achievement. “ Strategic or institutional management is the conduct of drafting, implementing and evaluating cross-functional decisions that will enable an organization to achieve its long-term objectives” (David, 1989). Thus it’s clear that strategic management is all about defining, setting and achieving long term objectives of the organization.

In the process the business organization might fail in its efforts to successfully implement long term strategic initiatives though. In this respect effective use of communication techniques within and without the organization is emphasized by strategic management experts in order to achieve these long term objectives. Communication within the organization is necessarily influenced by its leadership style and organizational culture and structure. A vertical top-down structure with an autocratic leadership style is less likely to facilitate efficient communication between different layers of the hierarchy while conversely a horizontal structure with a democratic leadership style would more likely facilitate good communication flow between departments.

Strategic long term goals such as market share, profitability, an increase in the share price, quality improvements, customer satisfaction and brand loyalty have to be achieved by adopting such strategies as good internal and external communication practices, employee relations, good motivation strategies and HRM practices, sound financial management including positive cash flows and better overall performance metrics.

For example there are good and bad business practices being adopted by companies in the process of planning and design of management and

business strategy. Many organizations depend on the available information to make such decisions. This is strategically a bad business practice because information asymmetry often misleads managers and their subsequent decisions based on such imbalanced information could be wrong.

Nowadays organizations have better approaches to such intricate problems. In the planning and design process of VRIO (value, rarity, inimitability and organization) framework businesses have adopted such revolutionary approaches. For instance Accenture, the largest strategic management consultancy in the world, places emphasis on VRIO framework in such a manner that it's very difficult for its competitors to duplicate its VRIO environment in any meaningful manner. This example illustrates how best modern organizations are able to redesign their existing strategic operational and functional environments to face off competition.

Authentically paradigmized business settings essentially generate active and proactive strategic responses irrespective of the strategic environmental constraints. Thus it's not a secret that organizations have a tendency to respond to their strategic environment, both operational and competitive, with a heightened awareness of associated implications (Barney and Hesterly, 2007). There is no gainsaying the fact that under such circumstances the best strategy would be determined by not only the quality and quantity of information but also the ability/inability to assess outcomes in advance. Thus the whole exercise is determined by a set of approximate principles that require managers and decision makers within the organization to develop a conceptual framework and a contingency model for response to its strategic environmental pressures.

It's a fallacy to assume that operational aspects of an organization can be

improved just by adopting a particular strategy that has been tried successfully elsewhere unless the management has readily available to it the latest information and it knows about its own strategic operational and competitive environments well. It's equally well nigh a necessity that the organization adopt an articulate strategy that serves as a contingency model in approaching a problem.

REFERENCES

1. David, F. (1989). Strategic Management: Princeton, Merrill Publishing Company.
2. Barney, J and Hesterly, W. S. (2007). Strategic Management and Competitive Advantage: Concepts and Cases: New Jersey, Pearson Education.