

Strategic management

Business, Management



STRATEGIC MANAGEMENT & BUSINESS POLICY 12TH EDITION THOMAS L.

WHEELEN J. DAVID HUNGER Strategic Management: a set of managerial decisions and actions that determines the long-run performance of a

corporation. Includes: • • • • Internal and external environments scanning

Strategy formulation Strategy implementation Evaluation and control

Pearson Education © 2010 1-2 Phases of Strategic Management: • • • • Phase

Phase Phase Phase 1: 2: 3: 4: Basic financial planning Forecast-based

planning Externally oriented strategic planning Strategic management

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Benefits of Strategic Management: • Clearer sense of strategic vision for the

firm • Sharper focus on what is strategically important • Improved

understanding of a rapidly changing environment Pearson Education © 2010

1-4 Additional Benefits of Strategic Management: • Improved organizational

performance • Achieves a match between the organization's environment

and its strategy, structure and processes • Important in unstable

environments • Strategic thinking • Organizational learning Pearson

Education © 2010 1-5 Impact of Globalization: Globalization: the integration

and internationalization of markets and corporations

Pearson Education © 2010 1-6 Impact of Environmental Sustainability:

Environmental Sustainability: the use of business practices to reduce a

company's impact on the natural, physical environment Pearson Education

© 2010 1-7 Impact of Environmental Sustainability Risks of Climate

Change include: • Regulatory risk • Supply chain risk • Product

and technology risk • Litigation risk • Reputational risk • Physical risk Pearson

Education © 2010 1-8 Population ecology: established organizations are

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unable to adapt to change Institution theory: organizations adapt by imitating successful organizations

Pearson Education © 2010 1-9 Strategic choice perspective: organizations adapt to change and have the ability to reshape their environment

Organizational learning theory: organizations adapt defensively and use knowledge to improve their relationship with the environment Pearson

Education © 2010 1-10 Strategic flexibility: the ability to shift from one dominant strategy to another and requires:

- Long-term commitment to the development and nurturing of critical resources
- Learning organization

Pearson Education © 2010 1-11 Learning organization: an organization skilled at reating, acquiring, and transferring knowledge and at modifying its behavior to reflect new knowledge and insights Pearson Education © 2010 1-

12 Main activities of a learning organization include:

- Learning from past experience, history and experiences of others
- Transferring knowledge quickly and easily throughout the organization
- Solving problems systematically
- Experimenting with new approaches

Pearson Education © 2010 1-13 Basic Elements of Strategic Management 1. 2. 3. 4. Environmental scanning Strategy formulation Strategy implementation Evaluation and control

Pearson Education © 2010 -14 Pearson Education © 2010 1-15

Pearson Education © 2010 1-16 Basic Elements of Strategic Management

Environmental Scanning is the monitoring, evaluating and disseminating of information from the external and internal environments to key people within

the organization Pearson Education © 2010 1-17 Pearson Education © 2010

1-18 Basic Elements of Strategic Management Strategy Formulation: the development of long-range plans for the effective management of

environmental opportunities and threats in light of organizational strengths and weaknesses (SWOT) Pearson Education © 2010 1-19

Basic Elements of Strategic Management Mission- the purpose or reason for the organization's existence Vision- describes what the organization would like to become Objectives- the end results of planned activity Pearson Education © 2010 1-20 Basic Elements of Strategic Management Strategies- form a comprehensive master plan that states how the corporation will achieve its mission and objectives – Corporate – Business – Functional Policies- the broad guidelines for decision making that links the formulation of a strategy with its implementation Pearson Education © 2010 1-21 Pearson Education © 2010 1-22

Basic Elements of Strategic Management Strategy implementation: the process by which strategies and policies are put into action through the development of: • • • Programs Budgets Procedures Pearson Education © 2010 1-23 Basic Elements of Strategic Management Evaluation and control: the process in which corporate activities and performance results are monitored so that actual performance can be compared to desired performance Pearson Education © 2010 1-24 Basic Elements of Strategic Management Performance: the end result of organizational activities Feedback/Learning Process: revise or correct decisions based on performance

Pearson Education © 2010 1-25 Triggering event: something that acts as a stimulus for a change in strategy and can include: • • • • • New CEO External intervention Threat of change of ownership Performance gap Strategic inflection point Pearson Education © 2010 1-26 What Makes a
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Strategic Decision? Strategic decision making focuses on the long-run future of the organization Characteristics of strategic decision making include: • Rare • Consequential • Directive Pearson Education © 2010 1-27 Mintzberg's Modes of Strategic Decision Making • • • • Entrepreneurial Adaptive Planning Logical incrementalism (Quinn) Pearson Education © 2010 -28 Strategic Decision Making Process: 1. Evaluate current performance results 2. Review corporate governance 3. Scan and assess the external environment 4. Scan and assess the internal corporate environment Pearson Education © 2010 5. Analyze strategic (SWOT) factors 6. Generate, evaluate and select the best alternative strategy 7. Implement selected strategies 8. Evaluate implemented strategies 1-29 Pearson Education © 2010 1-30 Pearson Education © 2010 1-31 Strategic audit provides a checklist of questions, by area or issue, that enables a systematic analysis to be made of various corporate functions and activities

Pearson Education © 2010 1-32 Pearson Education © 2010 1-33 1. Why has strategic management become so important to today's corporations? 2. How does strategic management typically evolve in a corporation? 3. What is a learning organization? Is this approach to strategic management better than the more traditional top-down approach in which strategic planning is primarily done by top management? 4. Why are strategic decisions different from other kinds of decisions? 5. When is the planning mode of strategic decision making superior to the entrepreneurial and adaptive modes? Pearson Education © 2010 1-34 PowerPoint created by:

Ronald Heimler • Dowling College- MBA • Georgetown University- BS Business Administration • Adjunct Professor- LIM College, NY • Adjunct

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Professor- Long Island University, NY • Lecturer- California State Polytechnic University, Pomona, CA • President- Walter Heimler, Inc. Pearson Education
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