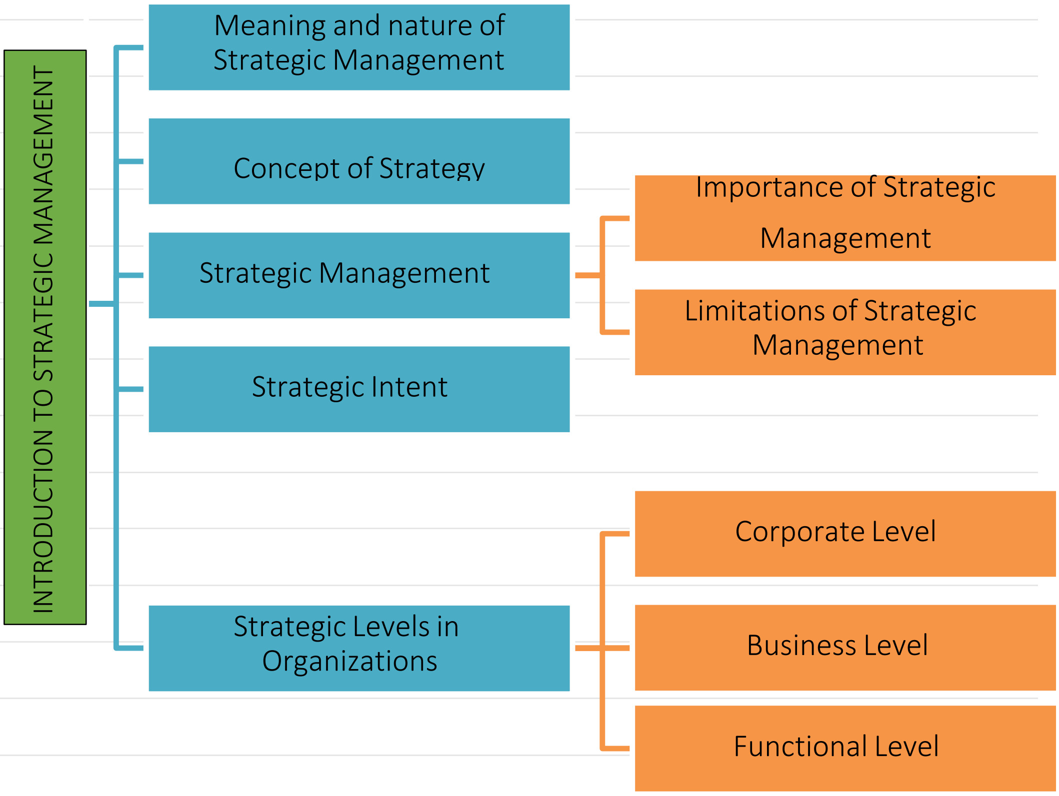
1 INTRODUCTION TO STRATEGIC MANAGEMENT

CHAPTER OVERVIEW



▪ Concept of Management

To understand the concept of strategic management, we need to have a basic understanding of the term management. The term 'management' is used in two senses, such as:

1. People view;

It is used with reference to a key group in an organization in-charge of its affairs. In relation to an organization, management is the chief organ entrusted with the task of making it a purposeful and productive entity, by undertaking the task of bringing together and integrating the disorganized resources of manpower, money, materials, and technology into a functioning whole.

- An organization becomes a unified functioning system when management systematically mobilizes and utilizes the diverse resources efficiently and effectively. The survival and success of an organization depends to a large extent on the competence and character of its management. Management has to also facilitate organizational change and adaptation for effective interaction with the environment.

2. Functional view;

The term 'Management' is also used with reference to a set of interrelated functions and processes carried out by the management of an organization to attain its objectives.

These functions include Planning, Organizing, Directing, Staffing and Control. The functions or sub-processes of management are wide-ranging but closely interrelated. They range all the way from determination of the goals, design of the organization, mobilisation and acquisition of resources, allocation of tasks and resources among the personnel and activity units and installation of control system to ensure that what is planned is achieved.

- Management is an influence process to make things happen, to gain command over phenomena, to induce and direct events and people in a particular manner.

Influence is backed by power, competence, knowledge and resources. Managers formulate organizational goals, values and strategies, to cope with, to adapt and to adjust themselves with the behavior and changes in the environment.

- Strategy

Introduction;

The term strategy has been derived from the Greek word 'strategos' which means generalship.

Business today is like fighting a war and businessmen have to respond to the dynamic and hostile (i.e., unfriendly) environment. Every businessman makes use of strategies to face the tricks of his enemy (i.e., rivals).

Strategy may be defined as a long-range blueprint of an organization, what it wants to be? (i.e., desired image), what it wants to do? (i.e., direction) and where it wants to go? (i.e., destination).

Policy and Strategy are quite interrelated, but the interesting thing to study is how they differ. Where a policy is a thought process, it talks about what should be done in a particular situation, or what should be the reaction to a given circumstance. The strategy part of it explains the real actions, strategy talks about how the policy would be followed.

For example, the policy of an organization could be to not drop their prices to fight competition. The strategy could be to give more quantity for the same price, or give some other product as a freebie to attract customers without dropping their price.

Strategy is consciously considered and flexibly designed scheme of corporate intent and action to mobilize resources, to direct human effort and behavior, to handle events and problems, to perceive and utilize opportunities, and to meet challenges and threats for corporate survival and success.

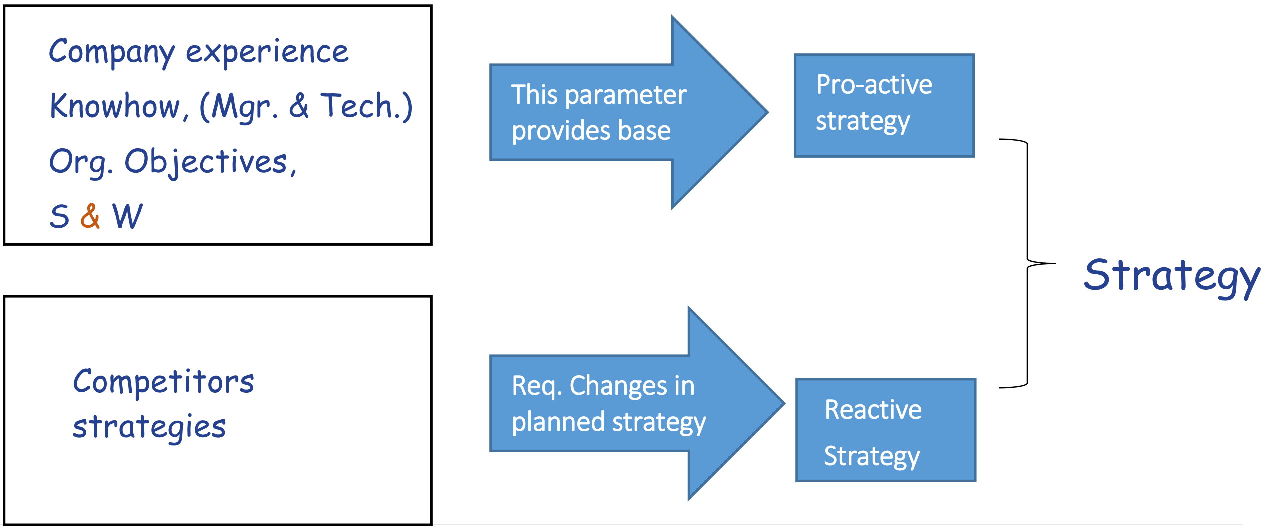
Strategy is the game plan that the management of a business uses to take market position, conduct its operations, attract and satisfy customers, compete successfully, and achieve organizational objectives.

Definition of Strategy:

Strategy is defined by William F. Glueck as, "A unified, comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved".

2.1 Classification of Strategy based on approach:

1. Proactive approach (i.e., Planned strategy), and
2. Reactive approach (i.e., Adaptive Strategy).



Q. "Strategy is partly proactive and partly reactive." Do you agree?

Ans. Yes,

In Proactive Strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner.

However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behavior, evolving technologies and so on

There can be significant deviations between what was visualized and what actually happens. Strategies need to be modified in the light of possible environmental changes. There can be significant or major strategic changes when the environment demands.

It is based on unanticipated events such as Competitor's strategies, Market changes require changes in planned strategy is known as Reactive Strategy. Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities.
Hence, strategy is partly proactive and partly reactive.

2.2 Characteristics of Strategy;

- Ways to win over enemy:
  A typical dictionary defines the word 'strategy' as something that has to do with war and ways to win over enemy.
- Forward looking:
  Strategy is forward looking it defines in broad terms the action which an organization proposes to take in future.
- Designed to move to the desired future position:
  Strategy is designed to move an organization from its current position to the desired future position.
- Pragmatic and flexible:
  Strategy needs to pragmatic (i.e., practical) and flexible as per the situation.
- Strategy is partly proactive and partly reactive:
  Proactive refers to actions on the part of managers to improve the company's market position, competitive advantage and financial performance by deciding and planning in advance.

However, if a company's strategy is developed as a response to unanticipated developments, it is known as reactive strategy. For E.g., Airtel changing its tariff rates on introduction of JIO.

- Strategy is not a substitute:
  Strategy is not a substitute for sound, alert and responsible management. it provides a directions and support to the management. Strategy formulation should be complemented(i.e., supported) with strategy implementation to achieve objectives.

- Strategy can never be perfect, flawless and optimal:
  Means strategies may fail if there are loopholes in formulation or implementation of strategy. Similarly, it may also fail due to changes in environment. In a sound strategy, allowances are made for possible miscalculations and unanticipated events.

- Strategy is not a bundle of tricks and magics:
  Strategic management is not a bundle of tricks and magic. It is a deliberate managerial process as it involves critical thinking and commitment of resources to action.

- Application of strategy:
  Every organization whether it is large or small requires strategies. These organizations irrespective of their sizes face similar business environment and face competition. In large organizations, strategies are formulated at the corporate, business (divisional) and operational (functional) levels. Corporate strategies are formulated by the top managers.

Q. "Strategic management is a bundle of tricks and magic. Do you agree?

Ans. No, the term 'strategic management' refers to the managerial process of;

- Developing a strategic vision,
- Setting objectives,
- Crafting a strategy,
- Implementing a strategy,
- Evaluating the strategy and
- Initiating corrective adjustments where deemed appropriate.

Hence, strategic management is not a bundle of tricks and magic.

- Strategic Management

Introduction;

In a hyper competitive marketplace, companies can operate successfully by creating and delivering superior value to target customers and also learning how to adapt to a continuously changing business environment. So, to meet changing conditions in their industries, companies need to be farsighted and visionary, and must develop longterm strategies. Strategic planning, an important component of strategic management, involves developing a strategy to meet competition and ensure long-term survival and growth of the company.

Definition of Strategic Management;

"The art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives."

What are 2 Objectives of Strategic Management ?

3.1 The overall objectives of strategic management are two fold;

1. To create competitive advantage; So that the company can outperform the competitors in order to have dominance over the market
2. To guide the company successfully through all changes in the environment. To put the concept in a few words, the term 'strategic management' refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and finally initiating corrective adjustments where deemed appropriate. The process does not end, it keeps going on in a cyclic manner.

What are Benefits of Strategic Management

3.2 Importance (Benefits) Strategic Management;

Introduction;

Formulation of strategies and their implementation have become essential for all organizations for their survival and growth in the present turbulent business environment.

'Survival of fittest 'as promoted by Charles Darwin is the only principle of survival for organization, where 'fittest' are not the 'largest' or 'strongest' organizations but those who can change and adapt successfully to the changes in business environment.

Many business giants have followed the path of extinction failing to manage drastic changes in the business environment. For E.g., Bajaj Scooters, LML Scooters, Murphy Radio, BPL Television, Nokia, kodak and so on. Thus, it becomes essential to study Business Strategy.

The major benefits of strategic management are:

- Direction to the company:
  The strategic management gives a direction to the company to move ahead. It defines the goals and mission. It helps management to define realistic objectives and goals which are in line with the vision of the company.

- Proactive instead of Reactive:
  Strategic management helps organizations to be proactive instead of reactive in shaping its future. Organizations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within unpredictable environment and shaping it, instead of getting carried away by its turbulence or uncertainties.

- Framework for all major decisions:
  Strategic management provides framework for all major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organizational structure. In other words, it provides better guidance to entire organization on the crucial point - what it is trying to do.

- Futuristic:
  Strategic management seeks (i.e., attempt) to prepare the organization to

face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means to reach them.

- Corporate Defence Mechanism:
  Strategic management serves as a corporate defence mechanism against mistakes and investments.

- Enhance Longevity:
  Strategic management helps to enhance the longevity (i.e., durability) of the business. With the state of competition and dynamic environment it may not be possible for organizations to survive in long run. It helps the
- organization to take a clear stand in the related industry and makes sure that it is not just surviving on luck.

- Developing Core Competence and Competitive Advantage:
  Strategic management helps the organization to develop certain core competencies and competitive advantages that would facilitate assist in its fight for survival and growth.

What are Limitations of Strategic Management

3.3 Limitations (Drawbacks) of Strategic Management;

Introduction;

The presence of strategic management cannot counter all hindrances and always achieve success. There are limitations attached to strategic management. These can be explained in the following lines.

- Strategic management is a costly process;
  Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement.

These can be really costly for organizations with limited resources particularly when small and medium organization create strategies to compete. Strategic Management requires experts and these experts are costly resources. Thus, the process as a whole required good amount of funds to be spent

- Strategic management is a time-consuming process;
  Organizations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.

- Environment is highly complex and turbulent (i.e., unstable);
  It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully (i.e., inadequately go wrong) and jeopardise (i.e., causing harm to) all strategic plans.

  The environment affects as the organisation has to deal with suppliers, customers, governments and other external factors. Thus, relying on a business strategy blindly could go absolutely wrong if the environment is turbulent.

- In a competitive scenario;
  In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to a firm's strategies.

Definition;

Strategic Management is defined as a dynamic process of; formulation, implementation, evaluation, and control of strategies to realize the organization's strategic intent.

Strategic Intent

The intentions with which organisational manager's plans the future course of action, that intention is known as strategic intent. Strategic intent is the base of all the activities every manager at all levels is doing to achieve organisational goals.

It is the fire within the organisational officers which keeps them moving more closer to the objectives and goals instead they face the hardest challenge and unfriendly business environment.

As a name suggesting that "intent" related to future. Clarity in strategic intent is extremely important for the future success and growth of the enterprise, irrespective of its nature and size.

Senior managers must define "what they want to do" and "why they want to do". This "why they want to do" underlies the end result that is likely to be achieved through "what they want to do". This end result is referred to as "strategic intent"
Strategic intent can be understood as the philosophical base of strategic management.

Strategic intent provides the framework within which the firm would adopt a predetermined direction and would operate to achieve strategic objectives. Strategic intent could be in the form of vision and mission statements for the organization at the corporate level. It could be expressed as the business definition and business model at the business level of the organisation.

4.1 What are Elements of strategic Intent;

1. **Vision**: Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. It depicts the organisation's aspirations and provides a glimpse of what the organisation would like to become in future. Every sub system of the organisation is required to follow its vision.

2. **Mission**: Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in the society. It is designed to help potential shareholders and investors understand the purpose of the firm. A mission statement helps to identify, 'what business the firm undertakes.' It defines the present capabilities, activities, customer focus and role in society.

3. **Goals and Objectives**: These are the base of measurement. Goals are the end results, that the organisation attempts to achieve. On the other hand, objectives are time-based measurable targets, which help in the accomplishment of goals.These are the end results which are to be attained with the help of an overall plan, over the particular period.

However, in practice, no distinction is made between goals and objectives and both the terms are used interchangeably. The vision, mission, business definition, and business model explain the philosophy of the organisation but the goals and objectives represent the results to be achieved in multiple areas of business. While Strategic Intent is the purpose that an organisation aims to achieve, Values form the omnipresent foundation of each and every decision that the management takes. An organisation without values is like an organisation with no real intent. Let us understand a bit more about values from a business perspective.

4. **Values/ Value System**: Values are the deep-rooted principles which guide an organisation's decisions and actions. Collins and Porras succinctly define core values as being inherent and sacrosanct; they can never be compromised, either for convenience or short term economic gain. Values often reflect the values of the company's founders— Hewlett Packard's celebrated "HP Way" is an example. They are the source of a company's distinctiveness and must be maintained at all costs.

- Vision:

Introduction;

The most important issue organisational managers need to work on is clarity of destination i.e., where they want the organisation to be in specified time period. Where to go is the most important question and should be always asked before planning how to go. Strategic vision thus points out a particular direction, charts a strategic path to be followed in future, and moulding organizational identity.

Definition;

A Strategic vision is a road map of a company's future – providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.

- ✓ Vision implies the blueprint of the company's future position.
- ✓ A strategic vision shows management's aspirations for the business, providing a
- ✓ view of "where we are going".
- ✓ It describes where the organisation wants to land.
- ✓ Every sub system of the organization is required to follow its vision.

Some examples of Vision are

Tesla;

"to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles."

Walt Disney;

"to make people happy."

Amazon;

"to be earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online."

What are Essentials of a Strategic Vision ?

5.1 Essentials of a strategic vision;

- The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.
- Forming a strategic vision is an exercise in intelligent entrepreneurship.
- A well-articulated strategic vision creates enthusiasm among the members of the organisation.
- The best worded vision statement clearly enhances the directions in which organization is headed.

- Mission

Introduction;

A company's mission statement is typically focused on its present business and answer to the basic question scope – i.e., "who we are? And what we do?"

Mission statements broadly describe organizations;

- Present capabilities,
- Activities, and
- Customer focus,
- Business makeup.

It has been observed that many firms fail to conceptualise and articulate the mission and business definition with the required clarity. Such firms are seen to fumble in the identification of opportunities and fail in formulating strategies to make use of opportunities. Firms working to manage their organisation strategically cannot be lax (meaning cannot be careless i.e., लापरवाह or बेपरवाह) in the matter of mission and business definition, as the two ideas are absolutely central to strategic planning.

- ✓ Mission statement should reflect the philosophy of the organizations that is perceived by the senior managers.
- ✓ A good mission statement should be precise, clear, feasible, distinctive and motivating.
- ✓ The mission is a statement which defines the role that an organization plays in the society.

Amazon- "We strive to offer our customer the lowest possible prices, the best available selection, and the utmost convenience."

6.1 Why an organization should have mission?

- To ensure unanimity of purpose within the organization.
- To develop a basis, or standard, for allocating organizational resources.
- To provide a basis for motivating the use of the organization's resources.
- To establish a general tone or organizational climate.
- To serve as a focal point for those who can identify with the organization's purposes and direction
- To facilitate the translation of objective and goals into a work structure involving the assignment of tasks to responsible elements within the organization.
- To specify organizational purposes and the translation of those purposes into goals in such a way that cost, time, and performance can be assessed and controlled.

6.2 Points (tips) to be considered (or useful) while writing mission statement;

- ✓ One of the roles of a mission statement is to give the organisation its own special identity, business emphasis and path for development – one that typically sets it apart from other similarly positioned companies.
- ✓ A company's business is defined by what needs it is trying to satisfy, which customer groups it is targeting and the technologies and competencies it uses and the activities it performs.
- ✓ Good mission statements should be unique to the organisation for which they are developed.

6.3 What is our mission? And what business are we in?

The well-known management experts, Peter Drucker and Theodore Levitt were among the first to agitate (i.e., concern) these issues through their writings. They emphasized that as the first step in the business planning endeavor (i.e., effort), every business firm must clarify the corporate mission and define accurately the business the firm is engaged in. They also explained that towards facilitating this task, the firm should raise and answer certain basic questions concerning its business, such as:

- What is our mission?
- What is our ultimate purpose?

- What do we want to become?
- What business are we in?
- Do we understand our business correctly and define it accurately in its broadest connotation?
- Whom do we intend to serve?
- What human need do we intend to serve through our offer?
- What brings us to this particular business?
- What would be the nature of this business in the future?
- In what business would we like to be in, in the future?

At the time these two experts raised this issue, the business managers of the world did not fully appreciate the importance of these questions; those were the days when business management was still a relatively simple process even in industrially advanced countries like the US. It was only in subsequent years that captains of industry all over the world understood the significance of the seemingly simple questions raised by Drucker and Levitt.

Corporate mission;

The corporate mission is an expression of the growth ambition of the firm. It is, in fact,the firm's future visualised. It provides a dramatic picture of what the company wants to become. It is the corporation's dream crystallised. It is a colourful sketch of how the firm wants its future to look, irrespective of the current position. In other words, the mission is a grand design of the firm's future.

Mission amplifies what brings the firm to this business or why it is there, what existence it seeks and what purpose it seeks to achieve as a business firm. In other words, the mission serves as a justification for the firm's very presence and existence; it legitimises the firm's presence.

Mission is also an expression of the vision of the corporation, its founder/ leader. To make the vision come alive and become relevant, it needs to be spelt out. It is through the mission that the firm spells out its vision.

It represents the common purpose, which the entire firm shares and pursues. A mission is not a confidential affair to be confined at the top; it has to be open to the entire company. All people are supposed to draw meaning and direction from it. It adds zeal to the firm and its people. A mission is not a fad-it is a tool to build and sustain commitment of the people to the corporation's policies. A mission is not rhetoric - it is the corporation's guiding principle.

Every organization function through a network of goals and objectives. Mission statement is the foundation from which the network of goals is built. The mission serves as a proclamation to insiders and outsiders on what the corporation stands for. A mission, however, is not a PR document; while it legitimizes the corporation's existence and role in society, its main purpose is to give internal direction for the future of the corporation.

According to Peter Drucker, every organization must ask an important question "What business are we in?" and get the correct and meaningful answer. The answer should have marketing or external perspective and should not be restated to the production or generic activities of business. The table given below will clarify and highlight the importance of external perspective.

Company	Production-oriented answer	Marketing oriented answer
Indian Oil	We produce oil and gasoline Products.	We provide various types of safe and cost-effective energy.
Indian Railways	We run railroad.	We offer a transportation and material-handling system.
Revlon	In the factory, we make cosmetics	In the retail outlet, we sell hope.

- Goals and objectives

Introduction;

Business organization translates their vision and mission into goals and objectives. Goals and Objectives are the base of measurement. As such the term objectives are synonymous with goals, however, some authors make an attempt to distinguish the two.

- Goals are the end results, that the organization attempts to achieve. Goals are open-ended attributes that denote the future states or outcomes.
- Objectives are time-based measurable targets, which help in the accomplishment of goals. Objectives are close-ended attributes which are precise and expressed in specific terms.

Thus, objective are more specific and translate the goals to both long term and short-term Perspective.

However, in practice, no distinction is made between goals and objectives and both the terms are used interchangeably.

Objectives are organization's performance targets. The results and outcomes it wants to achieve. Objective function as yardsticks for tracking an organization's performance and progress.

7.1 Characteristics of Objectives;

All organizations have objectives. The pursuit of objectives is a never-ending process such that organization sustain themselves. Objectives provide meaning and sense of direction to organizational endeavour.

Organizational structure and activities are designed and resources are allocated around the objectives to facilitate their achievement. They also act as benchmarks for guiding organizational activity and for evaluating how the organization is performing.

Objectives with strategic focus relate to outcomes that strengthen an organization's overall business position and competitive vitality.

Q. What are Characteristics of Objectives ?

Objectives, to be meaningful to serve the intended role, must possess the following characteristics.

- Objectives should define the organization's relationship with its environment.
- Objectives should be facilitative towards achievement of mission and purpose.
- Objectives should be measurable and controllable.
- Objectives should provide the basis for strategic decision-making.
- Objectives should provide standards for performance appraisal.
- Objectives should provide standards for performance appraisal.
- Objectives should be concrete and specific.
- Objectives should be related to a time frame.
- Objectives should be challenging.
- Different objectives should correlate with each other.
- Objectives should be set within the constraints (i.e., scope) of organisational resources and external environment.

7.2 Long-term Objectives;

Introduction;

As a rule, a company's set of financial and strategic objectives ought to include both short- term and long-term performance targets.

Long-term objectives represent the results expected from pursuing certain strategies, Strategies represent the actions to be taken to accomplish long-term objectives. The time frame for objectives and strategies should be consistent, usually from two to five years. To achieve long-term prosperity, strategic planners commonly establish long-term objectives in seven areas.

1. Profitability.
2. Productivity.
3. Competitive Position.
4. Employee Development.
5. Employee Relations.
6. Technological Leadership.
7. Public Responsibility.

Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, and obtainable among organizational units. Each objective should also be associated with a time line.

Objectives are commonly stated in terms such as growth in assets, growth in sales, profitability, market share, degree and nature of diversification, degree and nature of vertical integration, earnings per share, and social responsibility.

7.3 Short-range objectives then serve as steps toward achieving long term objective?;

Short-range objectives can be identical to long-range objectives if an organization is already performing at the targeted long-term level. For instance, if a company has an ongoing objective of 15 percent profit growth every year and is currently achieving this objective, then the company's long range and short-range objectives for increasing profits coincide. The most important situation in which short-range objectives differ from long-range objectives occurs when managers are trying to elevate organizational performance and cannot reach the long-range target in just one year. Hence, short-range objectives then serve as steps toward achieving long term objective.

- Values:

"Business, as I have seen it, places one great demand on you: it needs you to self-impose a framework of ethics, values, fairness and objectivity on yourself at all times." – Ratan N Tata, 2006 (Source: TATA Group Website)

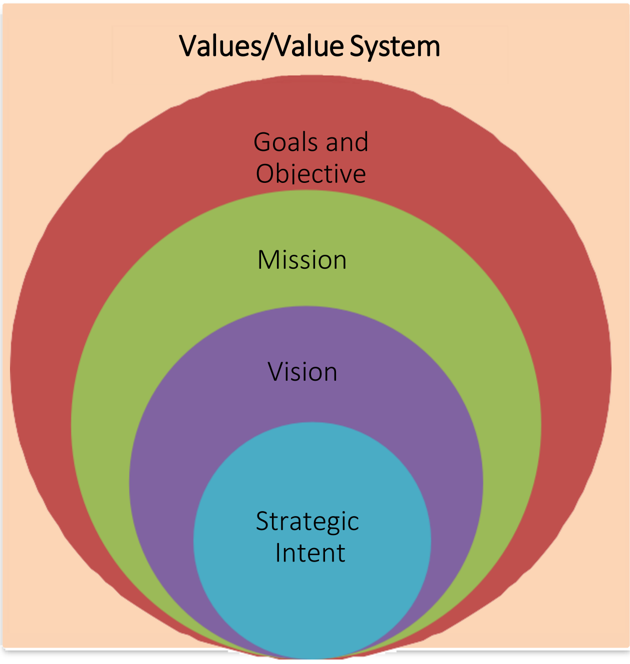
A few common examples of values are Integrity, Trust, Accountability, Humility, Innovation, and Diversity. But why are values so important A company's value sets the tone for how the people of think and behave, especially in situations of dilemma.

It creates a sense of shared purpose to build a strong foundation and focus on longevity of the company's success.

Employees prefer to work with employers whose values resonate with them -the ones they can relate to in their daily work and personal life.

Interestingly, majority of consumers say that they would prefer to buy products and services from companies that have a purpose that reflects their own value and belief system. Hence, values have both internal as well as external implications.

For reference, a lot of values were put to actions during Covid 19 pandemic when leaders of the organisations put people before everything else. It projected how deep the foundation of the organisation's' were and how important it was for them to uphold their core values.

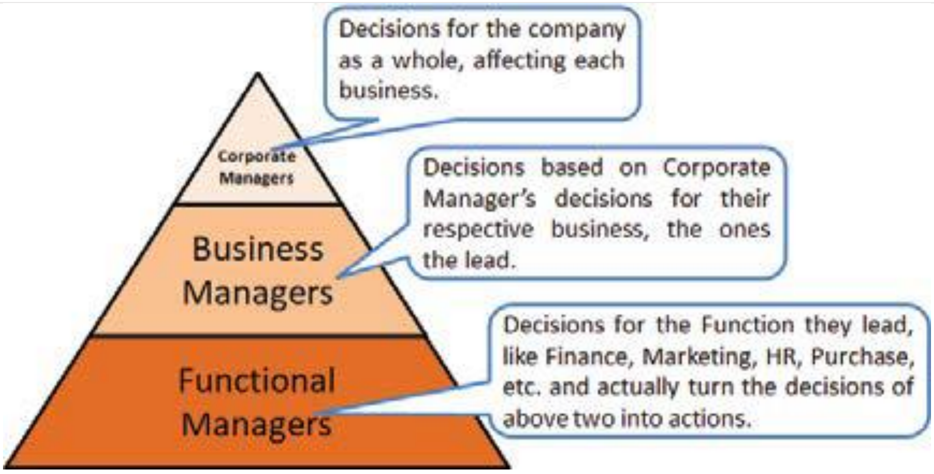


The above graphic represents the interconnection of Intent, Vision, Mission, Goals and Values; Values remain the center/core of Vision, Mission, Goals and putting all them to action. Vision is followed by Mission, followed by Goals and finally executing via real actions.

▪ Strategic Levels in Organisations:

Introduction;

A typical large organization is a multi-divisional organization that competes in several different businesses. It has separate self-contained divisions to manage each of these.



For example, Patanjali has healthcare, FMCG, Organic Foods, Medicinal Oils and Herbs, and various different businesses. It has separate divisions which work within themselves to sustain each of these businesses.

General managers are found at the first two of these levels, but their strategic roles differ depending on their sphere of responsibility.

9.1 Corporate level of management consists of;

1. The Chief Executive Officer (CEO),
2. Other Senior Executives,
3. The Board of Directors (BOD) and
4. Corporate Staff.

Those individuals are mainly strategic decision-making authority of the Organization.

Q. What tasks are performed by a strategic Manager? Or, The role of corporate level management includes.

Ans. The primary task of the strategic manager is conceptualising, designing and executing company strategy. For this purpose, his tasks include;

- To oversee the development of strategies for the whole organization.
- To set corporate vision, mission and goals,
- Determining what business, it should be in,
- Allocation of resources,
- Formulating strategies and implementing strategies that span (i.e., to cover or to reach) individual businesses,
- Providing leadership for the organization as a whole, etc...

Q. Explain Briefly 3 Levels of Organisation ?

There are three main levels of management:

- Corporate level
- Business level
- Functional level

1. Corporate Level

The role of corporate-level managers is to oversee the development of strategies for the whole organization.

This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses, formulating and implementing strategies that span (i.e., cover or to reach) individual businesses, and providing leadership for the organization as a whole.

2. Business Level;

Consist of?

General Manager or Divisional Manager and Staff.

Role's;

To translate the general statements (i.e., general strategies) into concrete strategies of their individual businesses.

The strategic role of business-level manager, head of the division, is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses. Such divisions are called Strategic Business Units (SBUs).

In other words, The development of strategies for individual business areas. To support corporate strategy.

3. Functional Level;

Consist of?

Functional Manager's like, Finance Manager's, HR Manager's, etc...

Role's;

Responsible for the specific business functions or operations such as human resources, purchasing, product development, customer service, and so on.

To develop functional strategies in their area that help fulfil the strategic objectives set by business and corporate level general managers. Functional managers provide most of the information to formulate realistic and attainable strategies.

Network of relationship between the three levels:

The corporate level decides what the business wants to achieve, while the business level draws ideas and plan to execute the same, which eventually flow down to functional level to execute and achieve results. But there are multiple ways in which all the 3 levels of management are interlinked, and interestingly it depends on the organisation as a whole to decide what kind of network of relationship suits their culture and aspirations.

Q. What are Relationship between 3 Levels of Organization ?

There are 3 major types of networks of relationship between the levels and also amongst the same levels of a business;

- **Functional and Divisional Relationship**: It is an independent relationship, where each function or a division is run independently headed by the function/division head, who is a business level manager, reporting directly to the business head, who is a corporate level manager. Functions maybe like Finance, Human Resources, Marketing, etc. while Divisions may depend on the products like for a toys manufacturer - kids toys, teenager toys, etc.could be divisions.
- **Horizontal Relationship**: All positions, from top management to staff-level employees, are in the same hierarchical position. It is a flat structure where everyone is considered at same level. This leads to openness and transparency in work culture and focused more on idea sharing and innovation. This type of relationship between levels is more suitable for startups where the need to share ideas with speed is more desirable.
- **Matrix Relationship**: It features a grid-like structure of levels in an organization, with teams formed with people from various departments that are built for temporary task- based projects. This relationship helps manage huge conglomerates with ease where it is nearly impossible to track and manage every single team independently. In Matrix relationship - there are more than one business level managers for each functional level teams. It is complex for smaller organizations, but extremely useful for Large organizations.

MCQs

1 Strategy is a game plan used for which of the following?

(a) To take market position

(b) To attract and satisfy customers

(c) To respond to dynamic and hostile environment

(d) All of the above

2 Which of the following is correct?

(a) Strategy is always pragmatic and not flexible

(b) Strategy is not always perfect, flawless and optimal

(c) Strategy is always perfect, flawless and optimal

(d) Strategy is always flexible but not pragmatic

3. Strategy is-

(a) Proactive in action

(b) Reactive in action

(c) A blend of proactive and reactive actions

(d) None of the above

4. Reactive strategy can also be termed as-

(a) Planned strategy

(b) Adaptive strategy

(c) Sound strategy

(d) Dynamic strategy

5. Formulation of strategies and their implementation in a strategic management process is undertaken by-

(a) Top level executives

(b) Middle level executives

(c) Lower level executives

(d) All of the above

6. Which of the following are responsible for formulating and developing realistic and attainable strategies?
(a) Corporate level and business level managers
(b) Corporate level and functional level managers
(c) Functional managers and business level managers
(d) Corporate level managers, business level managers and functional level managers

7. Which of the following managers' role is to translate the general statements/ strategies into concrete strategies of their individual businesses-
(a) Supervisor
(b) Functional Manager
(c) CEO of the company
(d) All of the above

8. Which statement should be created first and foremost?
(a) Strategy
(b) Vision
(c) Objectives
(d) Mission

9. Strategic management enables an organization to ___________, instead of companies just responding to threats in their business environment.
(a) be proactive
(b) determine when the threat will subside
(c) avoid the threats
(d) defeat their competitors

10. Read the following three statements:
(i) Strategies have short-range implications.
(ii) Strategies are action oriented.
(iii) Strategies are rigidly defined.
From the combinations given below select an alternative that represents statements that are true:

(a) (i) and (ii)
(b) (i) and (iii)
(c) (ii) and (iii)
(d) (i), (ii) and (iii)

11. What involves formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives?
(a) Strategy formulation
(b) Strategy evaluation
(c) Strategy implementation
(d) Strategic management

12 Strategic management allows an organization to be more
(a) Authoritative
(b) Participative
(c) Commanding
(d) Proactive

Answers to Multiple Choice Questions

1	(d)	2	(b)	3	(c)	4	(b)	5	(d)	6	(d)
7	(b)	8	(b)	9	(a)	10	(a)	11	(d)	12	(d)