Strategic Management

The strategic making - strategic implementing process consist of five *interrelated* managerial task.

Formulation of a Strategic Vision

A strategic vision statement outlines the Company's future business makeup and were the organization is headed. It is management's view of the of the kind of company it is trying to create and the kind of business position it wants to stake out in the years to come. Setting forth *what a company is doing today doesn't speak to the company's future* or incorporate a sense of needed change and long-term direction. There is a great imperative to consider what the company will have to do to meet its customers' *future* needs and how the company's business makeup *will have to evolve* for the company to grow and prosper. Thus, management is obligated to look beyond the present business mission and think strategically about the impact of new technologies on the horizon, changing customers, and so on. They have to make some fundamental choices about where they want to take the company and form a vision of the kind of enterprise they believe the company needs to become.

Setting Goals and Supporting Objectives

Objectives are our stair steps to Goal attainment. Attaining our Goals results in moving the Company forward toward it's strategic vision. The purpose is to convert management's statements of strategic vision and business mission into specific performance targets, something the organization's progress can be measured by. Two very distinct types of performance yardsticks are required: those relating to *financial performance* and those relating to *strategic performance*. Both financial and strategic performance objectives ought to be time-based. That is they should involve both near term and long term performance targets. Short range objectives focus organizational attention on the need for immediate performance improvement and outcomes. Long range objectives serve the valuable purpose of prompting management to consider what to do *now* to put the company in position to perform well over the longer term. Importantly, as a rule, when trade-offs have to be made between achieving long run objectives and achieving short run ones, long run objectives should take precedence.

Developing a Strategy to achieve the Goals and Objectives

This effort involves coming up with the specific plans and programs which when implemented achieve our objectives and provide for a results oriented, entrepreneurial approach to strategic management. This effort literally results in the creation of the strategic plan. A plan that is the integrated collection of specific action-oriented programs, which taken as a whole results in advancing the Company toward it's strategic vision.

Crafting a future oriented strategy is an exercise in entrepreneurship and advances external oriented (outside looking) strategic thinking. Developing strategic plans and programs is fundamentally a market driven and customer oriented entrepreneurial activity. A company can encounter certain dangers when its management fails to exercise strategy making entrepreneurship. One is having a stale, static strategy. The faster a company's business environment is changing, the more critical it becomes for its managers to be good entrepreneurs in diagnosing shifting conditions and instituting whatever strategic adjustments are necessary. Coasting along with a status quo strategy can be riskier than making modifications. Another danger of failing to exercise strategy making entrepreneurship is fostering internal oriented (inside looking) thinking. A situation where the focus most of the time is inwardly. Internal oriented strategies, while not disconnected from external developments, nearly always fall shot of being truly market driven and customer oriented.

Implementing and Executing the Strategy

This can be the most challenging and difficult aspect of the process. This is because these actions involve putting plans into practice and the commitment of resources toward change. These are tangible, company changing actions. And, as such they clearly move the process beyond the point of discussion and into the realm of real change. Consequently, strategy implementation is fundamentally an action-oriented, make-it-happen activity. The managerial task of implementing and executing the strategy entails assessing what it will take to make the strategy work and to reach the targeted performance on schedule. Management's challenge is to figure out what must be done to put the strategy in place, execute it proficiently, and produce good results. Managing the process of implementation and execution is primarily a hand-on, close-to-the-scene administrative task.

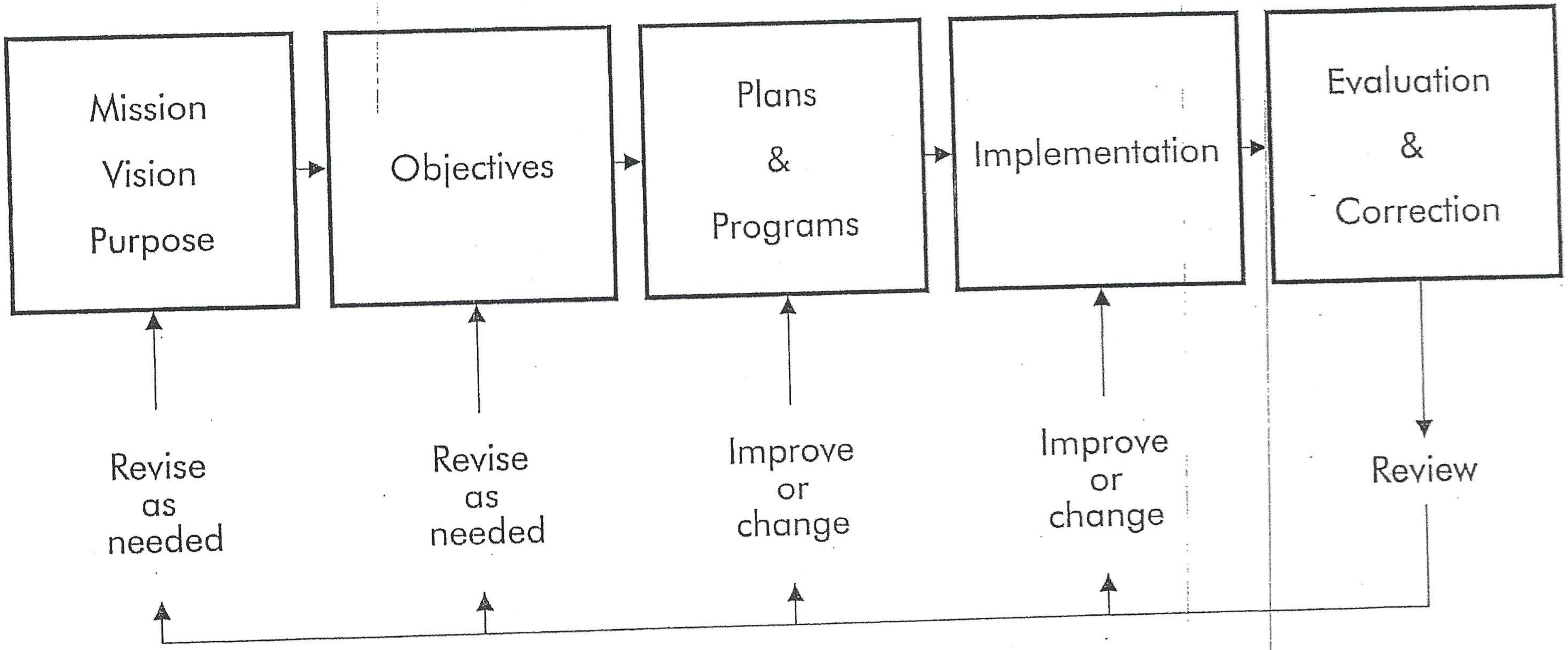
Management's aim must be to create a strong fit between the way things are done within the Company and what it will take for the strategy to succeed. The most important fits are between strategy and organizational capabilities, between strategy and reward structure, between strategy and internal support systems, and between strategy and the organization's culture. Importantly, fitting the way the organization does things internally to what is needed for strategic success helps unite the organization behind the accomplishment of the strategy.

Evaluating Performance and Initiating Corrective Adjustments

As we discussed these efforts form a dynamic process not an event. To be done well; feedback, adaptation to change, trying new approaches, and incorporating new ideas are all a vital part of the process. A company's strategic vision, goals, plans and programs, and approach to implementation are never final. Evaluating performance, monitoring changes in the business environment, and making adjustments are normal and necessary parts of the strategic management process.

It is important to note; *proficient strategy execution is always the product of much organizational learning*. Thus, strategic execution is typically achieved unevenly -- coming quickly in some areas and proving difficult in others. Consequently, ongoing searches for ways to improve the process and to make adjustment are to be expected and should be an integral part of the process.

The Process


Mission
Vision
Purpose
Objectives
Plans
&
Programs
Implementation
Evaluation
&
Correction
Revise
as
needed
Revise
as
needed
Improve
or
change
Improve
or
change
Review

STRATEGIC PLANNING IS A PROCESS

NOT AN EVENT

LONG-RANGE PLANS ARE NOT STRATEGIC

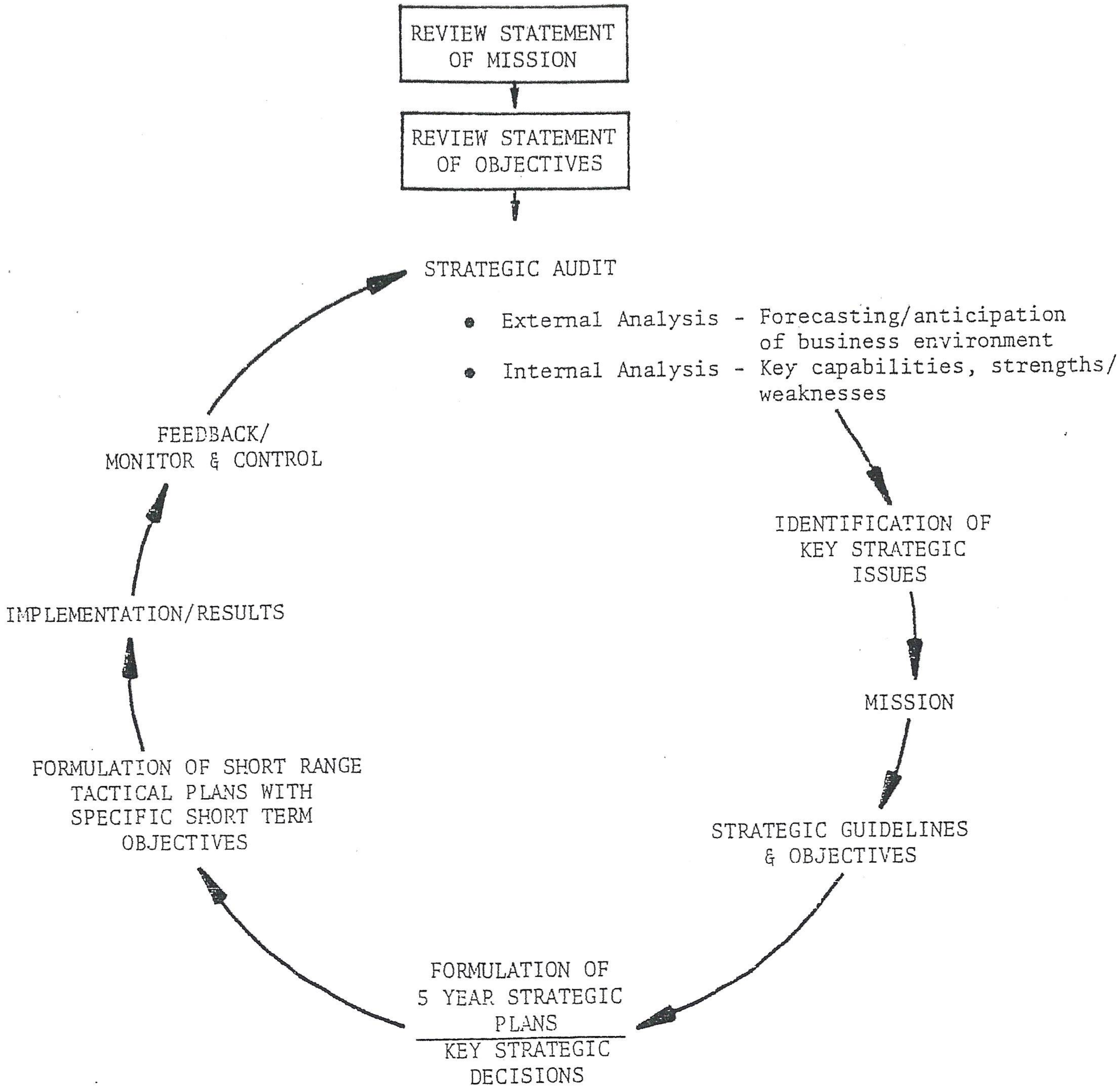
STRATEGIC PLANS ARE LONG-RANGE

OBJECTIVES ARE STAIR STEPS TO

STRATEGIC GOALS

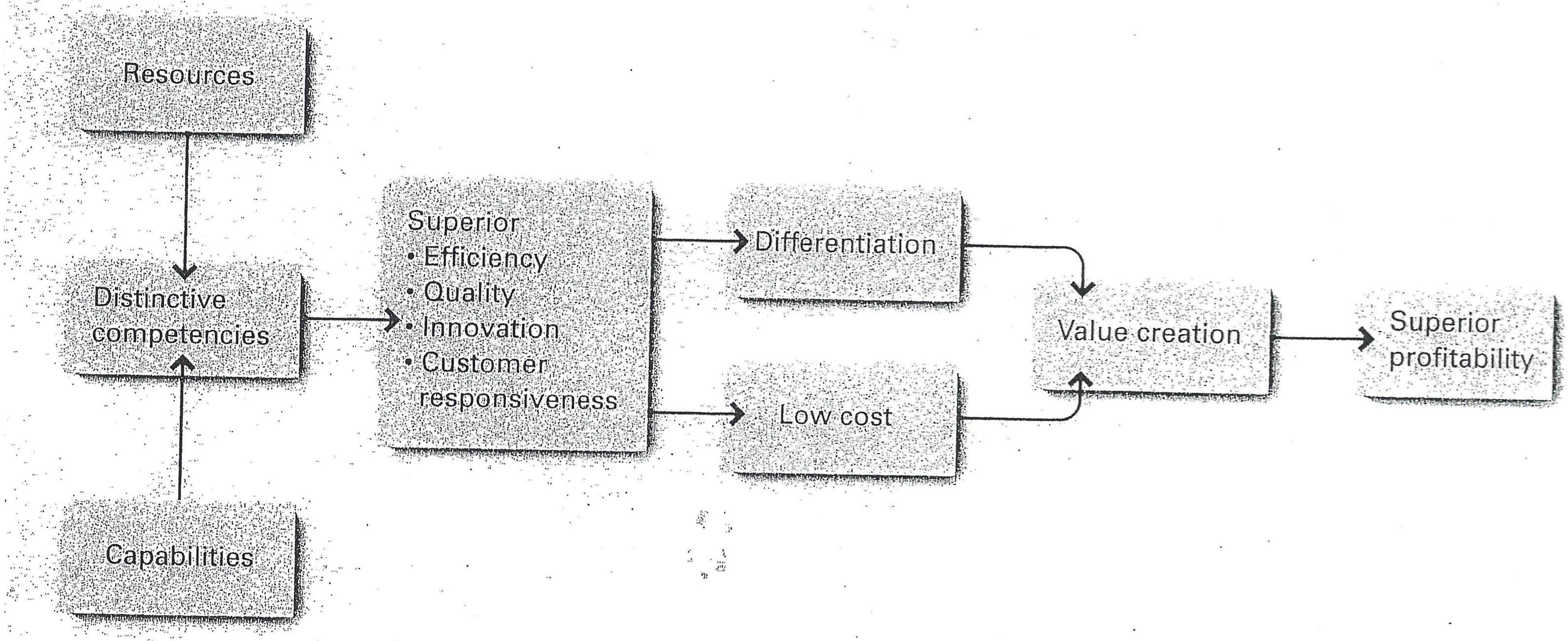
GRIFFING

PROFILE OF THE STRATEGIC PLANNING PROCESS



The most effective point at which to enter the process is the strategic audit. The process is iterative and as new insights/information are uncovered, it may call for a return to previous points for modification.

Figure 3.6 The Roots of Competitive Advantage



Hill / Jones, *Strategic Man... ment*, Sixth Edition