Unit - 1.

Interrelationship of formulation and implementation of strategy

- Strategy formulation is the process of offering proper direction to a firm it seek to set the long goals that help a firm strength & oppourtunity that are present in the environment it focus on what the firm can do better & best.
- Since strategy consume time resources they must be formulated carefully.
- Strategies once formulated must ensure a best fit between goal resources and effort put in by people.
- Strategy formulation is typically not a regular continuous process it is small often and irregular discontinuous process proceeding in fits & start.
- Strategic manager must evaluate the mission objective & policies. Strategy formulation include this model.

★ Entrepreneurial :-

The focus is on oppourtunities rather than on problems.

★ Adaptive mode :-

This strategy formulation mode is caracterize reactive Solution to existing problem rather than a proactive Search of new appourtunity.

★ Planning mode

It include both the proactive search for new oppourtunities and the reactive Solution of existing problem.

In short strategic planning concern itself with the formulation of strategic alternative obtaining. Sanction for one of the alternative which is to be ultimately interpredent & communicative in operational terms.

Process :-

★ Developing strategic Vision

★ Setting objective

★ Crafting a strategy to achieve objective

★ Implementing & executing the strategy

★ Monitoring implemented strategy & making corrective adjustment

Affecting factors :-

- ★ Achieving shared vision
- ★ Inability to map a vision
- ★ Leadership & managerial bias.
- ★ Managers over- emphasizing tools & techniques.

Major economic reason of choosing strategy

- ★ Uncertainity avoidance and efficiency.
- ★ exploting operational economies and financial economic of scope.
- ★ Possession of management Skills that have create cooperate advantage.
- ★ long term profit potential of a business.

Non- economic reason for choosing strategy

- ★ Dominent view of the top management.
- ★ Employee incentive
- ★ Desire for more power and management control.

Cooperate Social responsibility

Types of strategy

* Stability strategy
It is a strategy in which the organization ~~do~~ retain its present strategy at the cooperate level & contentious focusing on its present products & market.

* Expension strategy

Firm choose expension strategy when their perception of resource availibility and passed financial performance are both high.

* Retrenchment Strategy

Turn around strategy is a form of Retrenchment Strategy which focusing on operation emprovement when the State of dicline is not Severe.

* Combination Strategy

The three Generic strategy can be used in Combination they can be sequenced for existense growth followed by Stability of persuade simultaneously in different parts of the different unit.

Strategic management Process

Review current situation → Analyze organization & external environment → Develop new strategies → Implement strategy → Evaluate results

Review current situation

* mission
* objective
* strategies

Analyze organization & external environment

* organisational resources & capabilities
* Industry & external environment

Develop new strategies

* Cooperate strategy
* Business strategy
* Functional strategy

Implement strategy

* Management system & practices
* strategy leadership

Evaluate results

* strategic control
* Renew strategic management

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Level of strategy

Coarporate level strategy → Top level
↓ ↓
Business level strategy → middle level
↓ ↓
functional level strategy → lower level

Coorperate level Strategy

This strategy defines the business areas in which your firm will operate it deals with aligning the resources d across d deliver set of business areas related or unrelated. Strategy ~~for~~ formulation at this level involve integrating and managing the diverse business and ruliging s at the corporate level.

Business leve strategy
These strategy are formulated for specific strategic business units and related to a distinct product market market area it involves defining the competatibe position of a strategic business unit. This strategy formulation is based upon the generic strategies of overall cost leadership differentiation and focus.

Functional level strategy
These strategies relate to the different functional areas which a strategic business unit has such as marketing production and operation finance and human resource the strategies at the functional level involve setting up short-term functional objective which will lead to the realization of the business level strat...

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Corporate level strategy	Business level strategy	Functional level strategy
★ Stability strategy	• Cost Leadership strategy	• Production strategy
★ Expansion strategy	• Differentiation strategy	• HR strategy
★ Retrenchment strategy	• Focus strategy	• Finance strategy
★ Combination of above strategy		• Marketing strategy

Integration Strategy

Integration growth and Expansion are two needs of every firm irrespective of its size & nature. firm can grow and Expand themselves by way of integration.

There are two major forms of integration

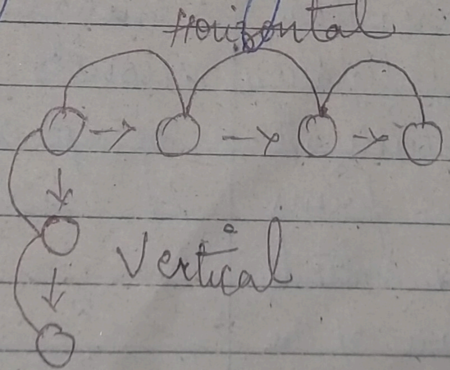
★ Horizontal integration
★ Vertical integration

Horizontal integration

It is a kind of business expansion strategy where in the company acquire same business line or at the same level of value change.

Vertical integration

It is used to do rule over the entire industry by covering the supply chain.



Forms of integration

★ Forward integration

If the Company acquire growth over the distributor than it is down stream & forward integration.

★ Backward integration

When the Company acquire control over it supplier than it is upstream or ~~of~~ backward integration.

Key differences b/w Horizontal & Vertical

Horizontal	Vertical
★ It occurs between two firms whose product & productional level are same.	It is an two firms that operate in diff. stages of manufacturing process.
★ It is aims at increasing the size of business.	It focuses on strengthing and smoothning its production distribution process.
★ The greatest advantage of Horizontal integration is that it eliminate competition b/w firms with ultimately extends the market share of the company. ~~conversely integration results in the cost of production~~	Vertical integration results in the cost of production & wastage.

★ Horizontal integration helps to acquire control over the market.	Vertical integration is a strategy used for gaining control over the whole industry.

~~Principle managerial~~ component of Strategy ~~execution~~ management process.

Environment Scanning → Strategy formulation → Strategy Implementation → Strategy Evaluation

Organisational capability factors

★ Competative advantage

★ flexibility & responsiveness

★ Knowledge Workforce

★ Improved customer relationship

Staffing & Organisation

Staffing

★ managerial function of Staffing involves managing the organisation structure through proper & effective selection appraisal & development of personnel to fill the roles assigned to the employees.

Concept of Staffing

* It is an important managerial function.
* It is a pervasive activity.
* It is a continuous activity.
* Basis of staffing function is efficient management.
* It is helps in placing right man at the right job.
* It is performed by all managers.

Nature of Staffing

* People ~~Say~~ centred
* Responsibility of every manager
* Human Skills
* Continuous function

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Importance of Staffing

* Efficient performance of other function.
* Effective use of technology & other resource.
* Optimum utilization of human resource.
* Development of human capital
* Motivation of human resource.
* Building higher morale.

Building core competance & capabilities

Core competance allow small businesses to deliver value to their customer but what are core competancies. The core competance of a technology company could be the design of high speed microprocessor or efficient search algorithms both of which are difficult to replicate business can develop core competance by identify key internal strength and investing in the capabilities value by their customers.

* Innovation of cutting edge product
* Quality & reliability
* Exceptional customer service

* Stay flexible to stay competitive

other Core competencies
* Product Quality
* Buying power
* Customer Support
* Design capabilities
* Sales & marketing ecosystem
* Automated workflows & processes
* Size

Organization structure & systems in strategy implementation

Strategy do not take place against a contextless background but must take account of a features of the organization in which they will be implemented. Organizational structures determine what actions are feasible & most optimum. The most importance of organisational structure in the implementation of strategy is hard to over emphasize. good strategy involves taking account of where a company finds itself ~~status~~ in terms of internal market and its external organizational structure.

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Centralization

Some organizations have a more centralize structure already in place before strategy has been implemented. In this case it make implementing certain strategy more feasible.

Innate advantange

The best strategy often seek to take advantage of the innate advantage that an organisation already possess. Strategy is to rearrage organisational structure so as to better benifit from innate advantage.

Consensus

Organization structure are often important in gaining consensus for strategy all the part of an organization are not on boat within an given strategy. It will standless for a chance of subsides.

Over coming disadvantages

An organisation that has been failing to complete effectively will often need to go through an organisational restructuring to change it's focus. It will need to change its organisational structure to move away from task that is not suited for.

matching organisational structure

Concept of value chain

A value chain is a set of activities that a organization carreed out to create value for it customer porter purposed a general purpose value chain that companies can use to examined all of there activities and see how they are connected. The way in which value chain activities are performed determines cost & affects profit so this tool can help you understand the sources of value for your organisation.

Eliments in porter value chain

Support activities ←

Firm infrastructure
↓
Human resources management
↓
Technology development
↓
Procurement

margin

In bound logistic	operation	out bound logistic	Marketing Sales.	Service

Primarily activities

In bound logistic

These logistic are related to receiving storing and distributing input.

Assignment - 1

t operation
These are the transformation activities that change input into output that are sold to customer.

outbound logistic
These activities deliver your project or service to the customer.

Marketing & Sales
These are the process you use to persuade clients to purchase from you of your competitor.

Services
These are the services related to maintaining the value of your product or service to your customer.

Support activities

Procurement (Purchase
This is what the organisation thus to get the resources its need to operate.

HRM :-

This is how well a company recruits, ~~hire~~, hier, trains, motivates & retains the employees.

Technological development
These activities relate to managing and processing information as well as protecting a companies knowledge base.

Infrastructure
These are the company support system and the function that allow as to maintain daily operations.

Step of porter value chain

* Identify sub activities for each primary activities.
* Identify sub activities for each support activity.
* Identify links

Centralization v/s Decentralization in decision making

Basis for Comparsion	Centralization	Decentralization
Meaning	The retaintion of power and authority with respect to planning & decision with the top management is known as centratization.	The dissimition of authority responsibility and accountability to the various management level is known decentralization.

Basis for comparsion	Centralization	Decentralization
Involves	Systematic and consistant reservation of authority.	Systematic dispersal of authority.
Communication flow	Verticle	open & free
Decision making	slow	comparatively faster
Advantage	Proper coordination leadership	Sharing of burden and responsibility
Power of decision making	Lies with the top management	Multiple person have the power of decision making.
Implimented	Inadiquate control over the organisation.	Considerable control over the organisation.
Bast suited for	Small sized organisation	large sized organization

Providing.

A strategic alience is an agreement b/w two or more parties to pursue a set of agreed upon objective needed by while remaining independent organisation.

A strategic alience will usually for short of a legal partnership entity agency or corporate affiliate relationship.

Types of strategic alliences

* Horizontal strategic alliences
* Vertical strategic alliences
* Intersessional alliences
* Joint-ventures alliences
* Equity alliences.
* Non-equity alliences.

Advantages.

* Shared the risk
* Shared knowledge
* Apportunities for growth
* Speed to market

★ Innovation

★ Cost

★ excess to resources

★ target markets

Disadvantage

★ Sharing

★ Creating a Competitor