F.A.S.T
first attempt success tutorials

CA INTER

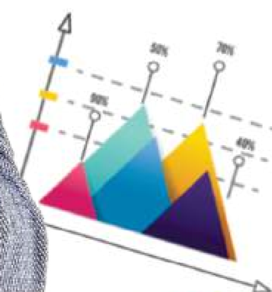
STRATEGIC MANAGEMENT

Version 4

JAN 26 & ONWARDS

Handwritten Concept Book

CA Amit Sharma



INDEX

*"Let's fall in love..
With every chapter, With every page, With every concept.
Let's make it more interesting & fun in our own ways.
Let's open our hearts for this book in a new way."*

CA AMIT SHARMA

01 CHAPTER — INTRO TO STRATEGIC MANAGEMENT

MEANING & NATURE OF STRATEGIC MANAGEMENT

Can we simply that Strategic Managemnt is Combination of two imp. terms :- STRATEGY and MANAGEMENT

Let's understand the term Strategy :-

Definition 1 :- It is the way the business decides to respond to dynamic & hostile external forces along with persuing their vission, mission, goals, objectives.

Definition 2 :- Strategy is the game plan that management of a business uses to conduct operations, satisfy and attract the customer, improve market position, compete successfully & acheive its objectives.

Definition 3 :- Strategy is the long term blueprint of the desired image of the organisation, its direction & destination i.e
- What it wants to be
- What it wants to do
- Where it wants to go
- How it wants to do

Strategy is considered consiously and designed with flexibility to show corporate's intent and action to :-

(i) Mobilise the resource
(ii) Handle events & problems
(iii) Direct effort & Behaviour
(iv) Evaluate & utilise opportunities
(v) Perceive threats & use resources to handle it.

Strategy can never be perfect, flawless and optimal as there is always scope of Improvement. Also Strategy is flexible, which means it can be changed as per need & it is pragmatic, hence deals with the problems in practical way, to take care of sudden emergencies, failures, miscalculations.

It is to be kept in mind, strategies are formed at each level :-

Corporate (Top) Level - for the entire company as a whole
Divisional (middle) Level - for seperate divisions (Hotels, ciggrates)
Functional (Lower) Level - for seperate functions like sales/HR

Let's understand the term Management

key group in an organisation which is incharge of affairs of organisations. we can say mgmt. is cheif organ entrusted with task of making entity productive and purposeful by bringing together disorganised resources - man, money, material and technology

It is also the set of inter-related functions & processes carried out by management of an organisation to attain the objectives.

These functions are - Planning, Organising, Directing, Staffing and controlling.

Management, thus determines goals, designs organisation, acquire the resources, mobilise it and allocates task and resources among the personnel so as to acheive what was planned. It also formulates goals, objective & strategies to cope up with changing environment.

So finally we can say STRATEGIC MANAGEMENT :-

is set of activities that managers of firm to put their firms in best possible position . to compete successfully in market .

SM process includes -
- developing firms vision & mission , objectives
- analysis of environment & various strategies
- Choosing the best strategy among various strategies
- Finally measuring & evaluating the performance to be ontrack.

Ques 1 :- Is strategy Reactive or Proactive ?

Reaction means the response given after event happened.

Proactive means acting in advance before event happens.

A strategy is a blend of proactive & reactive actions.

Proactive actions from the managers so as to improve the current market position & financial performance

Reactive actions to the various sudden , unanticipated changes in the external environment as it is dynamic.

How we can say a strategy is Proactive ??

Because a company's current strategy comes from previously initiated actions and business approaches which are working well and also new actions of managers to strengthen company's overall performance & position.

So strategy is deliberate & Pro-active as product of mgmt's analysis of company's current situation and also its conclusion about how to position the company in market and compete with competitors.

How we can say a strategy is Re-active ??

Because managers cannot anticipate & plan everything in advance. There can be situations when market & competition takes an un-expected turn and the old strategy is of no use, so there is a revision in the old strategy required. And thus when there is a change in strategy as a reaction to the unexpected change in the market. Strategy is called as Re-active.

So Finally, Crafting a strategy involves stiching proactive strategy based on prior successful experience and reactive strategy which comes from succesful reactions to changed circumstances.

And thus we can say a strategy

- Solves complexity and reduces uncertainity caused by changes in environment.
- Identifies existing problem and solves them with the revolutionary ideas.

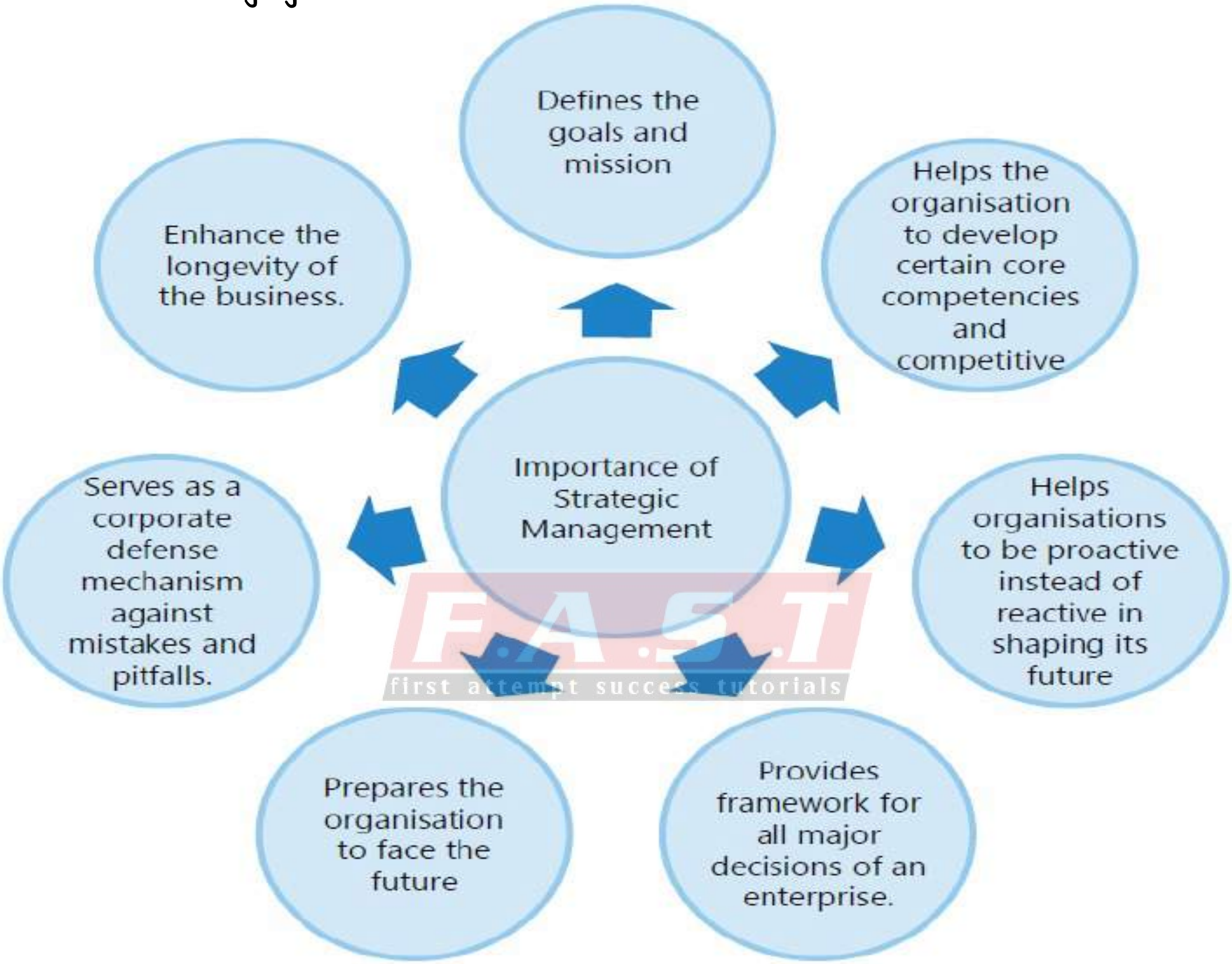
OVERALL OBJECTIVES OF STRATEGIC MANAGEMENT

1. To create competitive advantage. so that company can perform better than the competitors
2. To guide the company successfully through all changes in environment.

IMPORTANCE OF STRATEGIC MANAGEMENT

Charles Darwin said "Survival of the Fittest" and fittest means not the largest or strongest but one who can adopt and change as per changing circumstances.

Each business organisation has to build competitive advantage & win over its competitors else they will get extinct like Nokia, Bajaj, Kodak, Videocon.



LIMITATIONS OF THE STRATEGIC MANAGEMENT

1. ENVIRONMENT IS HIGHLY COMPLEX & TURBULANT

It is very difficult to exactly understand then complex environment and plan that where it will move in future. An organisation has to deal with supplier, govt, consumers etc and if it blindly relies on its strategy, then if environment is highly turbulant or changing, it will create a major problem. eg :- protests against electronic vehicles due to safety concerns even after govt. support.

2. TIME CONSUMING PROCESS

As we know SM starts with setting mission. vision etc, then analysing environment, the analysing strategies, choosing best Strategy and its implementation & evaluation. so a lot of time gets involved & actual scenarios may change.

3. COSTLY PROCESS

Experts having knowledge of SM charge hefty fees for the entire process and since this process requires properly analysis. a good fees on experts is spent making it difficult for small & medium organisations.

4. DIFFICULT TO PREDICT RESPONSE OF COMPETITORS

Since in today's world each and every one have access to all sources, so all organisations try to apply SM concepts and thus it becomes difficult to estimate the response of competitor against strategy of Firm. as they are made in the close doors by mgmt.

eg :- when Apple remove audio Jack, focus on wireless speaker rose.

Ques 2 :- So if there are so much limitations, then why to go for SM ?

Simply because ADVANTAGES OF SM > LIMITATIONS

STRATEGIC INTENT

- As we all know SM is a Dynamic Process of Analysing Environment, Identifying Strategies, Choosing Best, Implementing & Evaluating so as the organisation achieves its Strategic Intent.

- Strategic Intent reffers to purpose, which organisation strives for. What and why management want to must be defined by senior management and why mgmt want to do is called as strategic intent.

- Intent forms philosophical base of SM. It gives perspective or view of the means which will help to acheive vision.

- It also gives idea of what organisation wants to acheive in future or long term market position it desires to create or opportunity to explore new possibilities.

- Intent also provides framework within which company can go in a predetermined direction to acheive its objectives

- Strategic Intent if expressed in broad term can be in form of Vision or Mission and if expressed in precise terms, it is the aim to be achieved i.e Goals & Objectives.

ELEMENTS OF STRATEGIC INTENT

VISION	MISSION	GOALS & OBJECTIVES	VALUES

VISION

- At the very start of strategy making, mgmt must decide the path it wants to focus on & How following that decided path will lead to change in product - market - tech - customer of company and this view of top mgmt about co's direction, product - market - tech - customer forms Strategic vision.

- Vision implies blueprint of company's future position. It describes where organisation wants to land & shows what it wants to become in future.

- It delineates management's aspirations for business, providing panoramic view of where we are to go & why its good for co.

- It also communicates mgmt's aspirations to stakeholders and transforms energies of company personnel in common direction.

eg:- HDFC's vision is to world class Indian Bank.
Apple's vision is to make great products on earth.

ESSENTIALS OF STRATEGIC VISION

- Forming vision is an excercise in Intelligent Enterprenuership
- A properly designed vision creates enthusiasm among members of the organisation
- It showcases light on the direction in which the organisation is headed
- Thinking creatively about how to prepare company for future is enterprenurial challange.

MISSION

- It is an answer to the basic question :-
  Who we are ?? and what we do ??

- Mission statement is focused on current business scope.

- Firms must conceptualise & clearly express mission & business definition. else the fumble in identification of opportunities and making strategies to grab them.

- example :- Apple's mission is to bring best user experience
  HDFC's mission is to be preffered provider of Banking services for retail and wholesale customer.

WHY SHOULD ORGANISATION HAVE A MISSION

- Ensures uninamity of purpose within organisation.
- Basis for allocating organisational resources
- Serves as Focal point to identify purpose & direction
- Facilitates translation of goals into work structure
- Specify organisational purpose & translate it into goals meeting cost & time parameters
- Basis for motivating use of the organisation's resources.

GUIDELINES IN FORMULATING MISSION STATEMENT

Mission Statement should reflect philosophy of organisations that is seen by senior managers.

- It should be clear, distinctive, precise, feasible & motivating
- It gives organisation it own special identity, business emphasis & path for development
- Good mission statements are unique for each organisation.

A company's business is defined by :-

(i) What needs it is trying to satisfy
(ii) Which customer group its targeting
(iii) Tech & competencies it uses
(iv) Activities it performs

WHAT IS OUR MISSION ?? WHAT BUSINESS WE ARE IN ??

Peter Drucker and Theodore Levitt emphasized that first step in Business planning is to clarify corporate mission and define the business firm is engaged in.

The basic Questions to be answered to facilitate this are :-

- What is our mission
- What business we are in
- What kind of growth we seek
- What brings us to this business
- In what business would we be in future
- What is Ultimate purpose
- What do we want to become
- Whom do we intend to serve
- What Human need we intend to serve.

Mission is an expression of growth ambition of firm. It is firm's future visualised and is sketch of how firm wants its future to look, irrespective of what it is today.

Peter Drucker says, "what business are we in" should have an answer in Marketing or Ext nal perspective and not restated to generic activity of Business.

COMPANY	PRODUCTION-BASED ANSWER	MARKETING-BASED ANSWER
INDIAN OIL	We produce oil and gas products	provide safe and cost efficient energy.
LAKME	we make costmetics	we sell hope.

GOALS & OBJECTIVES

As discussed, vision & mission are broken down into goals and objectives. Even though both are synonyms but goals are open-ended & denote future outcomes and objectives are close-ended and more specified and translate goals to long term & short term perspective.

CHARACTERISTICS OF OBJECTIVES

Objectives are organisations performance targets - results or outcomes it wants to achieve & they act as yardstick to track the performance. Objectives should :-

- Define organisation's relationship with environment
- provide basis for strategic decision making
- provide standard for performance appraisal
- concrete and specific
- set within constraints of organisation's resources & env.
- Related to time frame
- Challenging
- Correlate with each other.
- measurable and controllable
- Facilitate towards achievement of mission & purpose

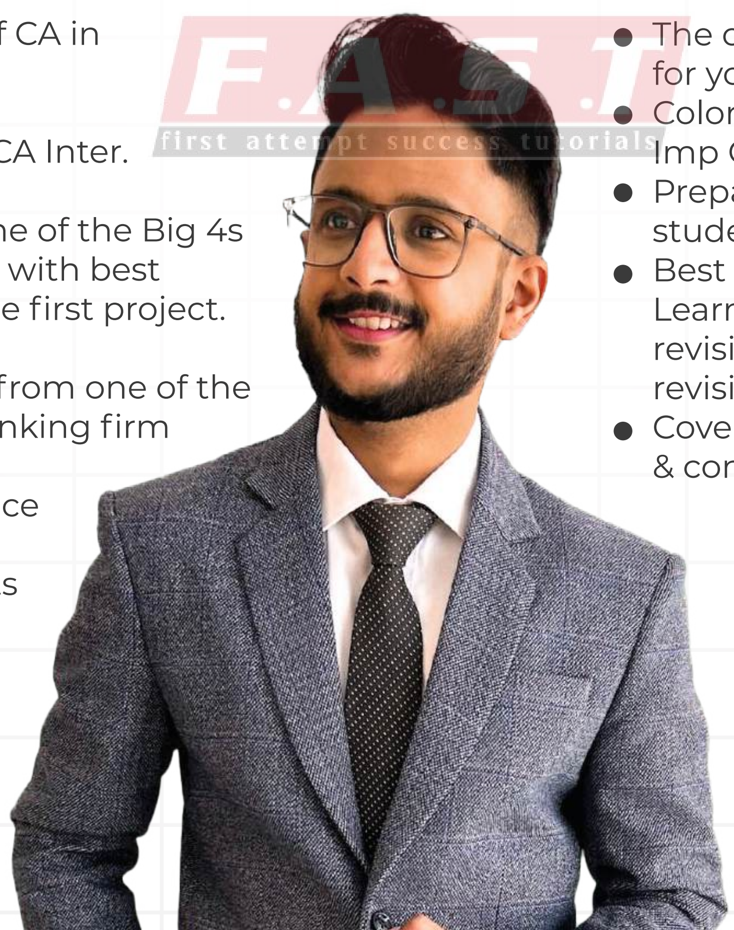
F.A.S.T

first attempt success tutorials

CA Inter Strategic Management Concept Book

Clear COST-FM-SM with Amit Sharma

- Cleared All levels of CA in First Attempt.
- Secured AIR 30 in CA Inter.
- Articleship from one of the Big 4s (KPMG) & awarded with best performance on the first project.
- Industrial training from one of the top Investment Banking firm (Goldman Sach) in FPnA domain. Hence implementing practicing concepts of Cost FM & SM.



Book Highlights:

- The only single material for your exemption
- Color coded book covering all Imp Questions.
- Prepared in most concise & student friendly manner
- Best Material for First Time Learner - subsequent revision-Final 1.5 Days revision
- Covering all the amendments & concepts for the new course

Corp. Office : M-1, Trade Centre,Kanchan Bagh, South Tukoganj, Indore with 91 Centers Across in India **Contact :** 9584510000, 9522564050

Scan to Download **FAST APP** from Play Store

Want to Buy Books & Video Lectures Scan this QR Code
Visit : www.elearn.fast.edu.in
Price :