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Strategic management practices: A roadmap to success

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Abstract

The growth and development of strategic management practices within the last two decades has been dramatic. The Strategic Management field has highly matured over the last decade. Many research studies have concluded that strategic management is an integral and important function of organization life. Keeping this in mind, the present paper addresses the importance, pitfalls and steps to overcome the pitfalls of strategic management practices. The paper concluded that the understanding and following the complete process of strategic management can be helpful to practicing managers to gain success in business venture.

Keywords: Strategy, strategic management, formulation, implementation

Introduction

Strategic Management is all about identification and description of the strategies that managers can carry so as to achieve better performance and a competitive advantage for their organization. An organization is said to have competitive advantage if its profitability is higher than the average profitability for all companies in its industry. Strategic management can also be defined as a bundle of decisions and acts which a manager undertakes and which decides the result of the firm's performance. The manager must have a thorough knowledge and analysis of the general and competitive organizational environment so as to take right decisions.

Meaning of Strategic Management: Strategic management involves formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Strategic management is a continuous process. There are three stages in this process: strategy formulation, strategy implementation, and evaluation and control.

Strategy: The term is derived from the Greek word for generalship or leading an army. A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem.

Formulation: It involves analyzing the environment in which the organization operates, then making a series of strategic decisions about how the organization will compete. Formulation ends with a series of goals or objectives and measures for the organization to pursue.

Implementation: It involves decisions regarding how the organization's resources (i.e., people, process and IT systems) will be aligned and mobilized towards the objectives. Implementation results in how the organization's resources are structured (such as by product or service or geography).

Importance of Strategic Management: A number of reasons are given by authors and researchers to as why organizations should engage in strategic management. Many research studies show both financial and nonfinancial benefits which can be derived from a strategic-management approach to decision making. A well formulated strategy can brings various benefits to the organization in present as well as in future.

- Ensure company's ability to prevent problem.
- Provides a way to anticipate future problems and opportunities
- Increased employee productivity
- Improved understanding of competitors' strategies
- Greater awareness of external threats
- Better problem-avoidance
- Lesser resistance to change
- Represents a framework for improved coordination and control of activities.
- Allows more effective allocation of time and resources to identified opportunities.
- Creates a framework for internal communication among personnel.
- Helps to integrate the behavior of individuals into a total effort.
- Encourages forward thinking.
- Scope for cost saving.
- Its adds to the reputation of the organisation
- More effective and better performance compared to non-strategic management organizations.

Reasons for failure of Strategic management practices

The followings are some of the reasons for failure of the strategic management practices:

- Poor reward structure to employees
- Not having the right people at the table
- Relying on bad information or no information
- Planning for planning's sake
- Insufficient alignment, commitment and communication
- Overconfidence based on existing success
- Failure to pay attention to external trends (Eg. Not tracking the Customer needs and wants)
- Failure to create accountability for results
- Insufficient focus on action, control and evaluation

Successful implementation of strategic management practices: All businesses need to develop a clear approach to generating the sustainable growth and profits that ensure long-term success. This planning process starts with successful implementation of strategic management practices.

- Understand what strategy really means in your business
- Make sure that all the important departments are represented.
- Examine the factors outside the business.
- Strategic planners must use the technique of SWOT analysis to assess the organization
- Preparation of budget for strategic plan
- Fixation of target completion dates

Conclusion: A critical issue to point out is that strategic management practices is a process without an end. The effective strategic management practices will enable you to deploy a great strategy and ensure that your employees are executing on it every day. This ensures a great start to successful strategy execution and a more profitable business. Moreover, the concept of strategic management is still involving and will continue to undergo change. Therefore, understanding and following the complete process of strategic management can be helpful to practicing managers to gain success in business venture.

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