Strategic Manageemnt Process

The next step in the strategic management process is strategy implementation. Needless to say, a strategy will lead to the desired performance only if it is implemented well. It is important to keep Implementation in mind while formulating a strategy. A strategy that cannot be implemented well is not a good strategy.

There are several levers that a firm can use during strategy implementation. These include the company's organization structure, It's systems and processes, the employees it has and can potentially recruit and the rewards that are provided to them. For example, if you have decided to compete head on against global players in the retail business, it is important to recruit employees with the requisite skills and set in place systems and processes that are of a global standard.

We have talked about. Competitive advantage several times already. Let me now provide a formal definition. A firm is said to possess competitive advantage when it is able to deliver superior performance on a parameter of its choice compared to its competitors. But remember the goal of strategy is not just to create.

Competitive advantage. The goal is to create a sustained competitive advantage. A firm is set to have sustained competitive advantage when the advantage that the firm has over its rivals is sustained over a long time and exists despite attempts by competitors to neutralize it. I hope you remember the earlier discussion on strategic choices.

What are the different kinds of strategic choices a firm may make these strategy choices that. A firm makes can be at multiple levels. They can be at the level of a single business level or at the corporate level. At the business level, the firm has to decide how to position itself vis a vis its competitors.

A firm can compete on the basis of costs or on the basis of features. These decisions constitute the firm's business strategy. At a corporate level, a firm has to decide how to position It can compete in multiple product markets. It can compete in multiple geographic markets. It can compete in multiple stages of the value chain.

These decisions related to diversification and integration constitute a firm's corporate strategy. In summary, the strategic management process involves the following steps. The firm has to decide on its mission, the purpose why it exists. and state its objectives, the actionable and measurable goals.

Based on the analysis of the external factors and internal factors, it has to come up with strategic options and then evaluate them. These strategic choices If implemented well can help the firm achieve sustained competitive advantage. Let me reiterate two points here. One, it is always important to look at all the key factors rather than focus on a single factor while making a decision.

For example, we had concluded earlier that A growing market can lower the threat of new entrants. However, a growing market does not provide protection against new entrants if difference between your capabilities and those of new entrants is very high. Second, while we discuss the strategic management process in a linear way, it is important to approach it in a non linear way as well.

For example, a company's performance is not only an outcome of its strategic choices and its mission, it can also drive changes in the firm's strategy and even in its mission. Similarly, the capabilities that a company has can affect its strategic choices. It's strategic choices can determine the capabilities that the company aspires to build.

As you have realized by now, the strategic management process also provides a quick overview of the topics that will be covered in this course. We will cover external analysis in Module 2, internal analysis in Module 3, business strategy and competitive positioning in Module 4, and corporate strategy in Module 5.