



Certified Business Strategy  
Sample Material  
VS-1436

**Vskills Certifications**

Vskills Reading Material



# 1. STRATEGIC MANAGEMENT

---

Strategic management involves the 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.

## 1.1. What is Strategy

A strategy can be described as an action plan that provides a direction that has to be adopted by the organization in order to achieve its objectives. In this way, strategy is a decision-making choice and it involves the consideration of the strengths and weaknesses of the organization and also the external environment that has an impact on the organization. While in the past, strategy was mainly used by the military but now, it has become an integral part of the business organizations also. In case of business organization, a platform is required to consider the plans and policies that have been adopted by the competitors and then the plans of the organization have to be modified in such a way so that the superiority of the products or the services of the organization can be established. At the same time, strategy also helps in deciding the objectives of the organization as well as the way in which the resources of the organization have to be deployed in order to achieve these objectives.

In this way, strategy is related with deciding the long-term goals of the organization and also the adoption of a course of action and allocating the resources that are required to achieve these goals. Therefore a strategy is a broad plan that can be used to take the company to the position where it wants to be in future from the place where it is at present.

### **Features of strategy**

There are certain basic features of strategies.

- ✓ A strategy comprises the general course of action that has to be followed by the organization in order to achieve its objectives.
- ✓ Strategy involves the choices that decide the direction and the nature of the activities that have to be performed by the organization in order to achieve these goals.
- ✓ Strategy also has to consider the tactics that are going to be used by the competitors. In this way, a strategy should not only be capable of achieving the objectives of the organization but at the same time, it should also be capable of countering the steps that are being taken by the competitors.
- ✓ A strategy should provide the right combination of internal and external factors. For this purpose, the sense and weaknesses of the organization and also the influence of external factors should be considered when making a strategy that can be adopted by the organization.
- ✓ A strategy can never be static. Therefore, a strategy may have to be changed or modified in view of the particular needs of the changing times.
- ✓ In some cases, searches may also involve contradictory action. Due to reason that a strategy depends on several different factors, a manager may have to take action immediately or may result in such action for a later date, depending on the situation.

- ✓ A good strategy is always forward-looking. This means that the strategy should always be future oriented. However the past actions can be used by a strategy for guiding the decisions that have to be made in future.
- ✓ Strategies are made by the top-level management of the company. On the other hand, the managers at the low level are expected to implement the strategies that have been decided by the top management of the organization.

## 1.2. Strategic Management Processes

Business organizations devise various methods for strategy formulation. The strategic management formulation and implementation methods vary with product profile, company profile, environment within and outside the organization, and various other factors. Large organizations which use sophisticated planning use detailed strategic management models whereas smaller organizations where formality is low use simpler models. Small businesses concentrate on planning steps compared to larger companies in the same industry. Large firms have diverse products, operations, markets, and technologies and hence they have to essentially use complex systems. In spite of the fact that companies have different structures, systems, product profiles, etc. Various components of models used for analysis of strategic management are quite similar

The strategic management consists of different phases, which are sequential in nature.

**What are these Phases:** There are four essential phases of strategic management process. In different companies these phases may have different, nomenclatures and the phases may have different sequences, however, the basic content remains same. The four phases can be listed as below.

- ✓ Defining the vision, business mission, purpose, and broad objectives.
- ✓ Formulation of strategies.
- ✓ Implementation of strategies.
- ✓ Evaluation of strategies.

These phases are linked to each other in a sequence. It may not be possible to draw a clear line of difference between each phase, and the change over from one phase to another is gradual. The next phase in the sequence may gradually evolve and merge into the following phase. An important linkage between the phases is established through a feedback mechanism or corrective action. The feedback mechanism results in a course of action for revising, reformulating, and redefining the past phase. The process is highly dynamic and compartmentalization of the process is difficult. The changeover is not clear and boundaries of phases often overlap.

Strategic management process that could be followed in a typical organization can be as per the following stages:

- ✓ The Strategic Planner has to define what is intended to be accomplished (not just desired). This will help in defining the objectives, strategies and policies.
- ✓ In the light of stage I, the result of the current performance of the organisation is documented.
- ✓ The Board of Directors and the top management will have to review the current performance of the documented.

- ✓ In view of the review, the organization will have to scan the internal environment for strengths and weaknesses and the external environment for opportunities and threats.
- ✓ The internal and external scan helps in selecting the strategic factors.
- ✓ These have to be reviewed and redefined in relation to the Mission and Objectives.
- ✓ At this stage a set of strategic alternatives are generated.
- ✓ The best strategic alternative is selected and implemented through programme budgets and procedures.
- ✓ Monitoring, evaluation and review of the strategic alternative chosen is undertaken in this mode. This can provide a feedback on the changes in the implementation if required.

### 1.3. Environmental Analysis

Environmental analysis, also known as environmental scanning or appraisal, is the process through which an organization monitors and comprehends various environmental factors and determines the opportunities and threats that are provided by these factors.

Thus, there are two aspects involved in environmental analysis:

- ✓ Monitoring the environment, i.e. environmental search
- ✓ Identifying opportunities and threats based on environmental monitoring

On the basis of the above concept, following features of environmental analysis may be identified:

- ✓ Environmental analysis is a holistic exercise in which total view of environment is taken rather than viewing trends piecemeal. Though for environmental analysis, the environment is divided into different components to find out their nature, function, and relationship for searching opportunities and threats and determining where they come from, ultimately the analysis of these components is aggregated to have a total view of the environment. This is necessary because some elements of the environment may indicate opportunities while others may indicate threats.
- ✓ Environmental analysis is a heuristic or exploratory process. While the monitoring aspect of the environment is concerned with present developments, a large part of the process seeks to explore the unknown terrain, the dimensions of possible futures. Since futures are unknown, the analysis emphasizes on 'what could happen and not necessarily what will happen.' The emphasis must be on alternative futures, seeking clarification of the assumptions about the future, speculating systematically about alternative outcomes, assessing probabilities, and drawing more rational conclusions.
- ✓ Environmental analysis must be a continuous process rather than being an intermittent scanning system. In this process, there is continuous scanning of the environment to pick up the new signals or triggers in the overall pattern of developing trends. Detailed studies are undertaken to focus closely on the track of previously identified trends which have been analyzed and assessed and found to be of particular importance to the organization.

### 1.4. Pestle Analysis

PESTLE analysis describes a framework of macro-environmental factors used in the environmental scanning component of strategic management. It is a part of the external analysis when conducting a strategic analysis or doing market research, and gives an overview of the different macro-environmental factors that the company has to take into consideration. It is a useful strategic tool for understanding market growth or decline, business position, potential and

direction for operations. The growing importance of environmental or ecological factors in the first decade of the 21st century have given rise to green business and encouraged widespread use of an updated version of the PESTLE framework.

**Factors** - The basic PESTLE analysis includes six factors

**Political:** factors are basically to what degree the government intervenes in the economy. Specifically, political factors include areas such as tax policy, labor law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods and services which the government wants to provide or be provided (merit goods) and those that the government does not want to be provided. Furthermore, governments have great influence on the health, education, and infrastructure of a nation.

**Economic:** factors include economic growth, interest rates, exchange rates and the inflation rate. These factors have major impacts on how businesses operate and make decisions. For example, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy.

**Social:** factors include the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. Trends in social factors affect the demand for a company's products and how that company operates. For example, an aging population may imply a smaller and less-willing workforce thus increasing the cost of labor. Furthermore, companies may change various management strategies to adapt to these social trends such as recruiting older workers.

**Technological:** factors include technological aspects such as R&D activity, automation, technology incentives and the rate of technological change. They can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation.

**Legal:** factors include discrimination law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products.

**Environmental:** factors include ecological and environmental aspects such as weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance. Furthermore, growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer, both creating new markets and diminishing or destroying existing ones.

Other factors for the various offshoots include:

Demographic factors include gender, age, ethnicity, knowledge of languages, disabilities, mobility, home ownership, employment status, religious belief or practice, culture and tradition, living standards and income level.

Regulatory: factors include acts of parliament and associated regulations, international and national standards, local government by-laws, and mechanisms to monitor and ensure compliance with these.

### 1.5. SWOT Analysis

SWOT analysis means analyzing strengths, weaknesses, opportunities and it is a useful strategic planning tool and is based on the assumption that if managers carefully review internal strengths and weaknesses and external threat and opportunities, a useful strategy for ensuring organisational success can be formulated. It is a simple technique for getting a quick overview of a strategic situation so that such strategies can be formulated as to produce a good between the company's internal competencies (strength and weaknesses) and environment (opportunities and threats).

**Strengths and Weaknesses:** “strength” is a positive characteristic that gives a company an important capability. It is an important organisational resource which enhances a company, competitive position. Some of the internal strengths of an organisation are:

- ✓ Distinctive competence in key areas
- ✓ Manufacturing efficiency
- ✓ Skilled workforce Adequate financial resources Superior
- ✓ image and reputation
- ✓ Economies of scale
- ✓ Superior technological skills
- ✓ Insulation from strong competitive pressures
- ✓ Product or service differentiation
- ✓ Proprietary technology.

A “weakness” is a condition or a characteristic which puts the company at disadvantage. Weaknesses make the organisation vulnerable to competitive pressures. These are competitive liabilities and strategic managers must evaluate their impact on the organization's strategic position when formulating strategic policies and plans. Weaknesses require a close scrutiny because some of them can prove to be fatal. Some of the weaknesses to be reviewed are:

- ✓ No clear strategic direction
- ✓ Outdated facilities
- ✓ Lack of innovation is Complacency
- ✓ Poor research and developmental programmes
- ✓ Lack of management vision, depth and skills
- ✓ Inability to raise capital
- ✓ Weaker distribution network
- ✓ Obsolete technology
- ✓ Low employee morale
- ✓ Poor track record in implementing strategy
- ✓ Too narrow a product line
- ✓ Poor market image
- ✓ Higher overall unit costs relative to competition

### Opportunities and Threats

An “opportunity” is considered as a favorable circumstance which can be utilized for beneficial purposes. It is offered by outside environment and the management can decide as to how to make the best use of it. Such an opportunity may be the result of a favorable change in any one or more of the elements that constitute the external environment. It may also be created by a proactive approach by the management in molding the environment to its own benefit. Some of the opportunities are

VSKILLS

## Certifications

### ➤ Accounting, Banking and Finance

- Certified AML-KYC Compliance Officer
- Certified Business Accountant
- Certified Commercial Banker
- Certified Foreign Exchange Professional
- Certified GAAP Accounting Standards Professional
- Certified Financial Risk Management Professional
- Certified Merger and Acquisition Analyst
- Certified Tally 9.0 Professional
- Certified Treasury Market Professional
- Certified Wealth Manager

### ➤ Big Data

- Certified Hadoop and Mapreduce Professional

### ➤ Cloud Computing

- Certified Cloud Computing Professional

### ➤ Design

- Certified Interior Designer

### ➤ Digital Media

- Certified Social Media Marketing Professional
- Certified Inbound Marketing Professional
- Certified Digital Marketing Master

### ➤ Foreign Trade

- Certified Export Import (Foreign Trade) Professional

### ➤ Health, Nutrition and Well Being

- Certified Fitness Instructor

### ➤ Hospitality

- Certified Restaurant Team Member (Hospitality)

### ➤ Human Resources

- Certified HR Compensation Manager
- Certified HR Staffing Manager
- Certified Human Resources Manager
- Certified Performance Appraisal Manager

### ➤ Office Skills

- Certified Data Entry Operator
- Certified Office Administrator

### ➤ Project Management

- Certified Project Management Professional

### ➤ Real Estate

- Certified Real Estate Consultant

### ➤ Marketing

- Certified Marketing Manager

### ➤ Quality

- Certified Six Sigma Green Belt Professional
- Certified Six Sigma Black Belt Professional
- Certified TQM Professional

### ➤ Logistics & Supply Chain Management

- Certified International Logistics Professional
- Certified Logistics & SCM Professional
- Certified Purchase Manager
- Certified Supply Chain Management Professional

### ➤ Legal

- Certified IPR & Legal Manager
- Certified Labour Law Analyst
- Certified Business Law Analyst
- Certified Corporate Law Analyst

### ➤ Information Technology

- Certified ASP.NET Programmer
- Certified Basic Network Support Professional
- Certified Business Intelligence Professional
- Certified Core Java Developer
- Certified E-commerce Professional
- Certified IT Support Professional
- Certified PHP Professional
- Certified Selenium Professional
- Certified SEO Professional
- Certified Software Quality Assurance Professional

### ➤ Mobile Application Development

- Certified Android Apps Developer
- Certified iPhone Apps Developer

### ➤ Security

- Certified Ethical Hacking and Security Professional
- Certified Network Security Professional

### ➤ Management

- Certified Corporate Governance Professional
- Certified Corporate Social Responsibility Professional

### ➤ Life Skills

- Certified Business Communication Specialist
- Certified Public Relations Officer

### ➤ Media

- Certified Advertising Manager
- Certified Advertising Sales Professional

### ➤ Sales, BPO

- Certified Sales Manager
- Certified Telesales Executive

**& many more job related certifications**

Contact us at :

**Vskills**

011-473 44 723 or [info@vskills.in](mailto:info@vskills.in)

[www.vskills.com](http://www.vskills.com)