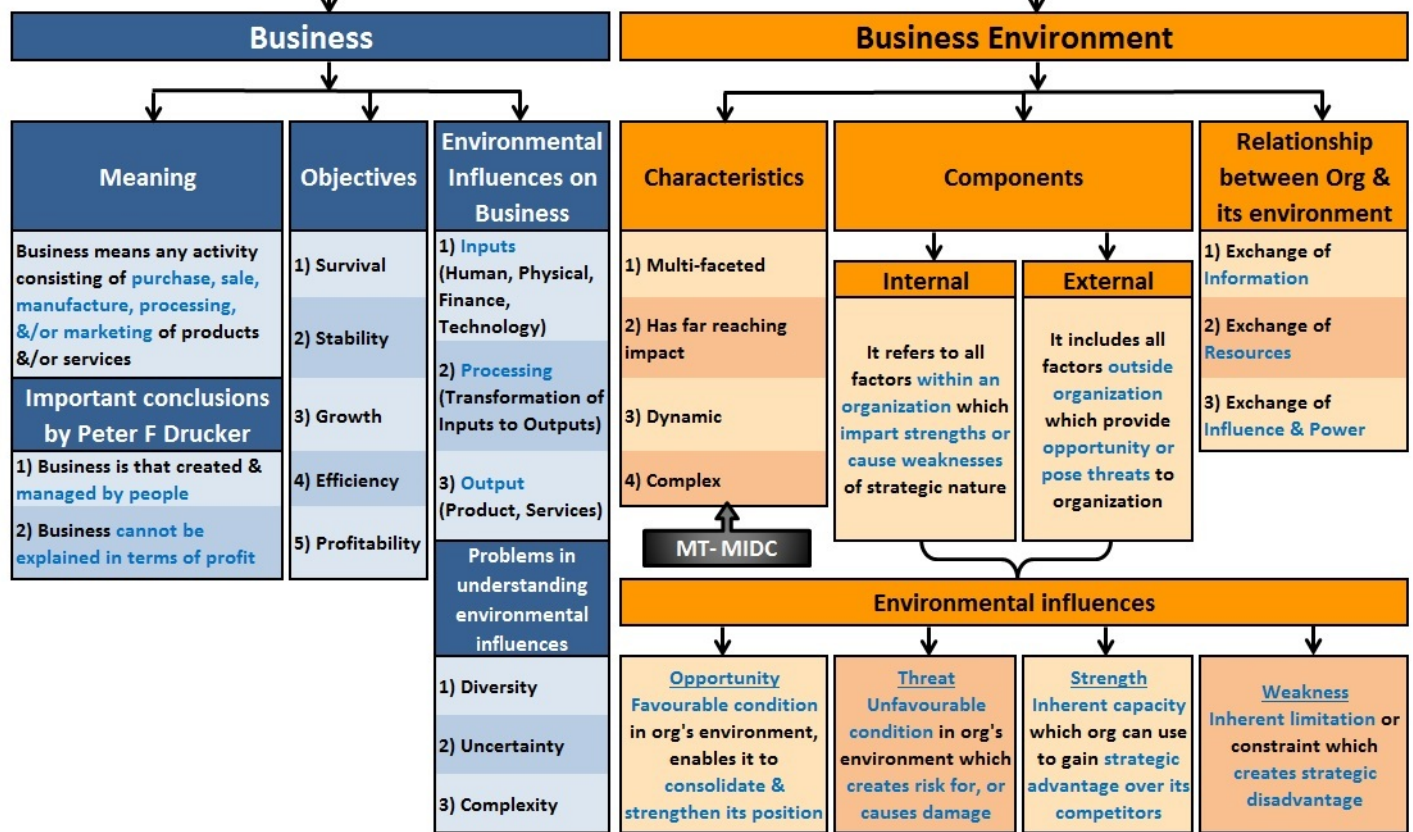


## STRATEGIC MANAGEMENT CHARTS INDEX

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1	BUSINESS ENVIRONMENT	01 - 17	1.1 to 1.3
2	BUSINESS POLICY AND STRATEGIC MANAGEMENT	18 - 28	2.1 to 2.3
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# Chapter 1 - Business Environment (Chart 1.1)



## Chapter 1 - Business Environment (Chart 1.2)

### Micro and Macro Environment

#### Micro Environment

- 1) It is related to **small area** or **immediate periphery** of an organization
- 2) It is **Internal** element of enterprise & thus **within control** of organization
- 3) It **influences** an organization **regularly & directly**

#### Elements

← MT - MICRO CS

#### Macro Environment

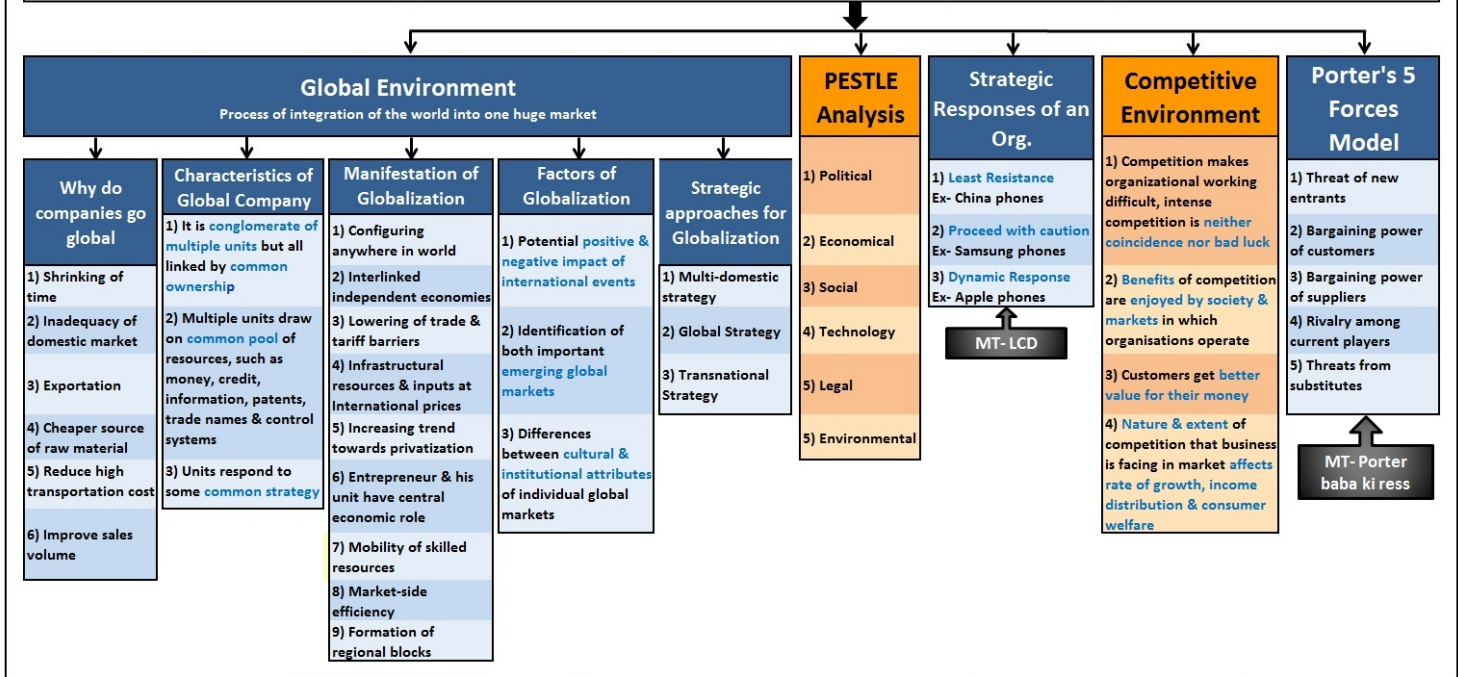
- It is largely **external** to enterprise & **beyond direct influence & control** of org, but which **exerts powerful influence** over its functioning

#### Elements

← Deepika Padukon Sachin Tendulkar ke sath global market

Market	Intermediaries	Customer/ Consumer	Organization	Competitors	Suppliers	Demographic Environment	Economic Environment	Political- Legal Environment	Socio- Cultural Environm ent	Technological Environment	Global Environment
<ol style="list-style-type: none"> <li>1) It is to be studied in terms of its actual &amp; potential size, its growth prospect &amp; attractiveness</li> <li>2) Important issues are:                             <ol style="list-style-type: none"> <li>a) Cost Structure</li> <li>b) Existing Distribution System</li> <li>c) Technological Structure</li> <li>d) Price sensitivity</li> <li>e) Is Market Mature</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1) It exerts considerable influence on business org</li> <li>2) Examples - Big bazaars, Subhiksha &amp; Vishal Mega Mart</li> </ol>	<ol style="list-style-type: none"> <li>1) Customers <b>pay</b> money to acquire org's products</li> <li>2) Consumer ultimately consumes or uses product or service</li> <li>3) Changes to be analysed :                             <ol style="list-style-type: none"> <li>a) Who are customers/ consumers?</li> <li>b) What benefits are they looking for?</li> <li>c) What are their buying patterns?</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1) Organization has several <b>non-specific</b> elements of organization's surroundings that may affect its activities</li> <li>2) Groups that influence org :                             <ol style="list-style-type: none"> <li>a) Owners</li> <li>b) Board of Directors</li> <li>c) Employees</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1) They are other business entities that compete for resources &amp; markets</li> <li>2) Questions to be addressed for analysing                             <ol style="list-style-type: none"> <li>a) Who are competitors?</li> <li>b) What are their present strategy &amp; business objective?</li> <li>c) Who are most aggressive &amp; powerful competitors?</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1) They provide <b>raw materials, equipment, services</b></li> <li>2) With their own bargaining power, they affect cost structure of industry</li> <li>3) Organizations have to take major decision on "outsourcing" or "in-house"</li> </ol>	<ol style="list-style-type: none"> <li>1) Demographics denotes characteristics of population in area, district, country or in world</li> <li>2) Factors such as general age profile, sex ratio, education, growth rate affect business with different magnitude</li> <li>3) Factors :                             <ol style="list-style-type: none"> <li>a) Population Size</li> <li>b) Geographic Distribution</li> <li>c) Ethnic Mix</li> <li>d) Income Distribution</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1) It refers to <b>nature &amp; direction</b> of economy in which Co. competes</li> <li>2) It includes general economic situation, conditions in resource markets which influence supply of inputs their costs, quality, availability &amp; reliability</li> <li>3) Purchasing power in an economy depends on current income, prices, savings, circulation of money, debt &amp; credit availability</li> </ol>	<ol style="list-style-type: none"> <li>1) It includes factors as state of political development, degree of politicalization, level of political morality, political stability, practices of ruling party, efficiency of governmental agencies &amp; so on</li> <li>2) Elements :                             <ol style="list-style-type: none"> <li>a) Government</li> <li>b) Legal</li> <li>c) Political</li> </ol> </li> </ol>	<p>It consist of factors related to human relationships &amp; impact of social attitudes &amp; cultural values which has bearing on business of org</p>	<ol style="list-style-type: none"> <li>1) It can act as <b>opportunity</b> as business can take advantage of adopting technological innovations to their strategic advantage</li> <li>2) It can act as <b>threat</b> if org are not able to adopt it to their advantage It can transform how business acts &amp; functions</li> </ol>	(Refer Chart 1.3)

## Chapter 1 - Business Environment (Chart 1.3)

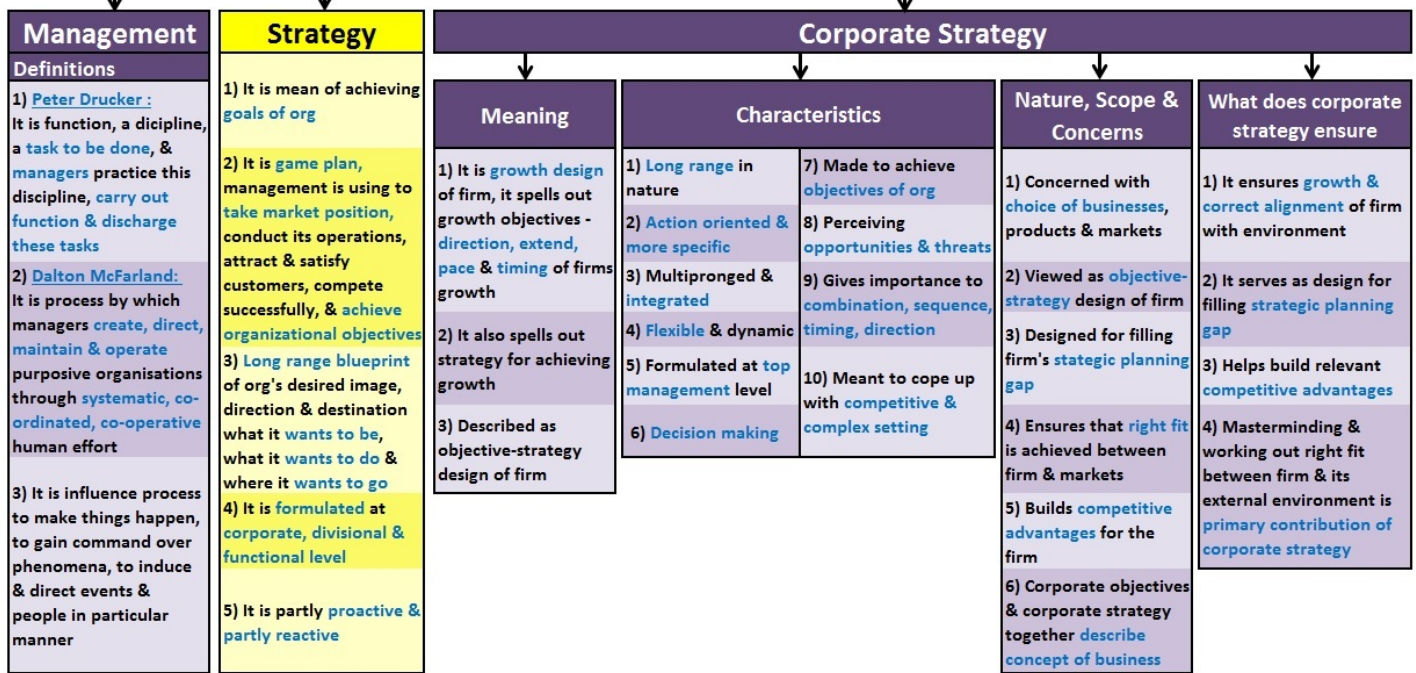


Designed By: **Swapnil Patni**  
 - CA, CS, LLB, B.Com., CISA  
 - Expertise knowledge in ISCA, IT, SM, LAW  
 - Presence all over India at the age of 29  
 - Also known as the "Motivational Guru"

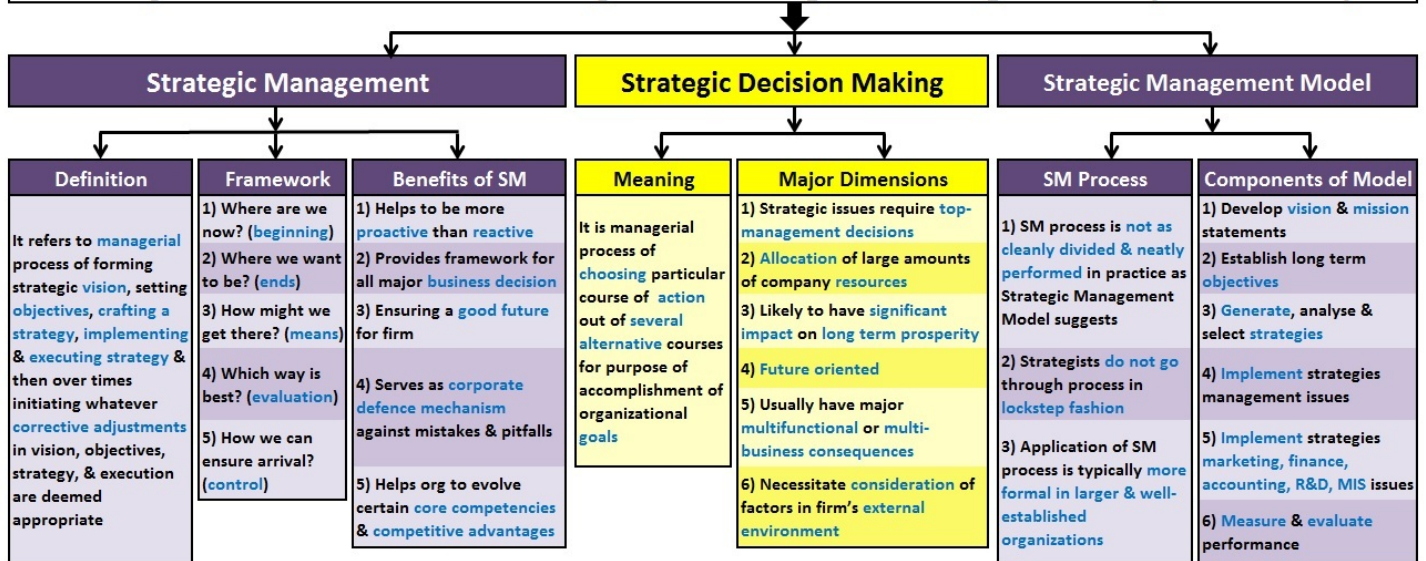
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 Contact No.: (020)-24466748  
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Prepared By:  
**Swarangee Deolekar,**  
**Pallavi Shrotri**

## Chapter 2 - Business Policy & Strategic Management (Chart 2.1)



## Chapter 2 - Business Policy & Strategic Management (Chart 2.2)

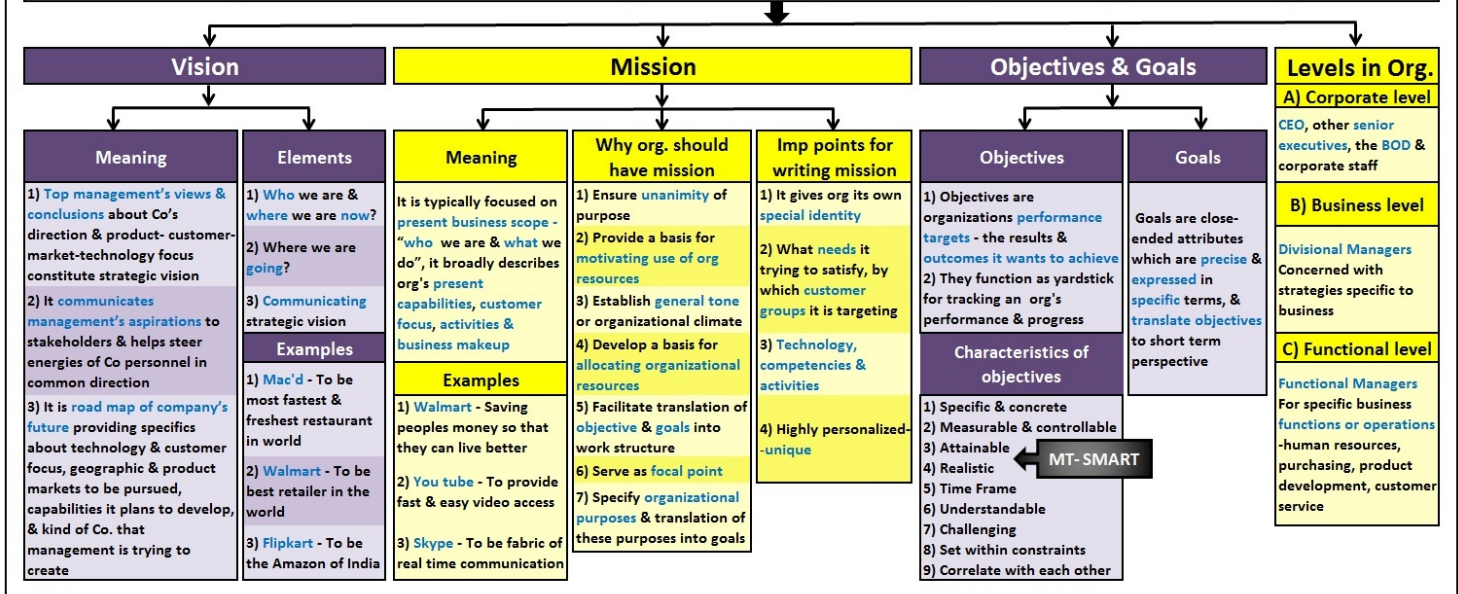


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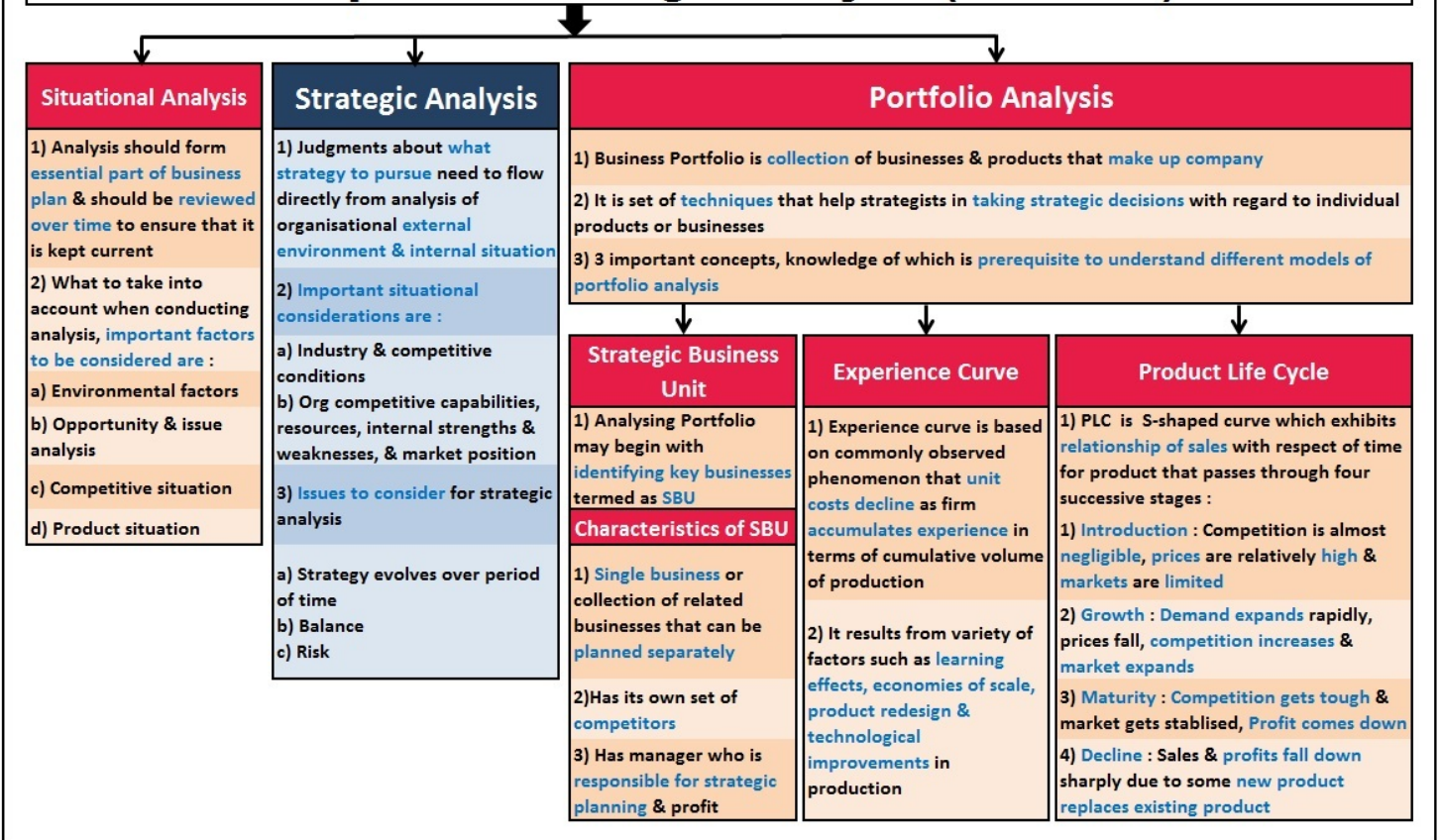
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## Chapter 2 - Business Policy & Strategic Management (Chart 2.3)



## Chapter 3 - Strategic Analysis (Chart 3.1)



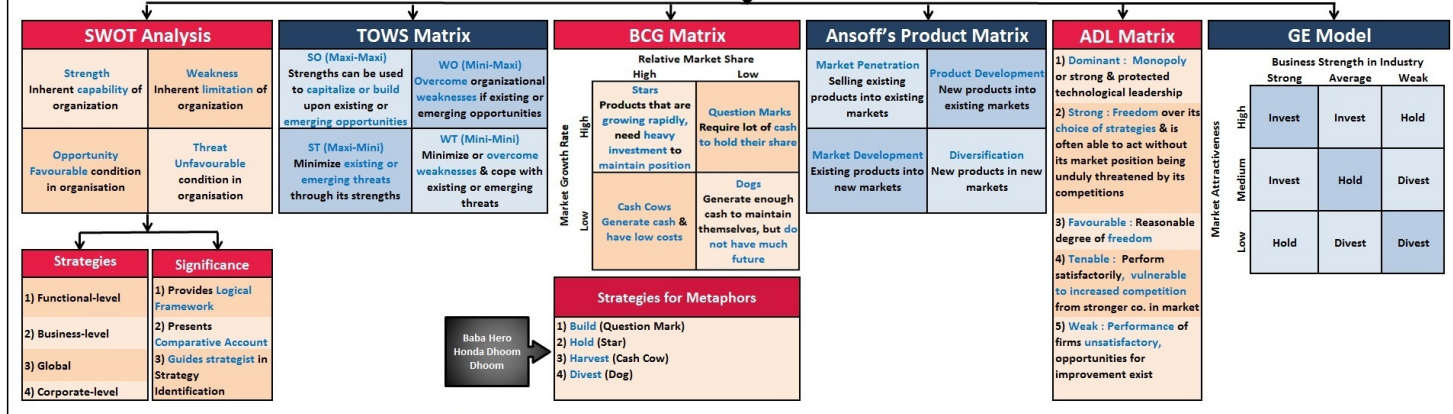


## Chapter 3 - Strategic Analysis (Chart 3.2)

### Methods of Industry and Competitive Analysis

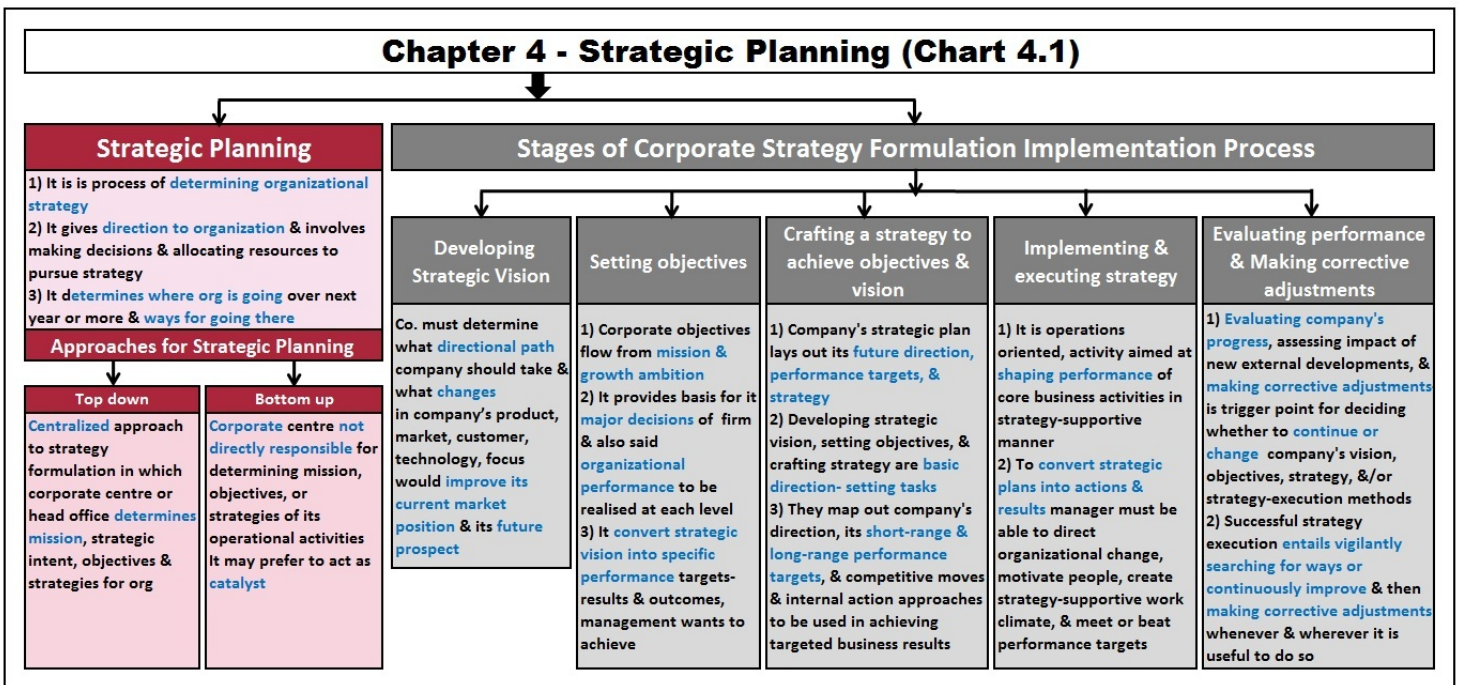
Dominant economic features of industry	Nature & strength of competition	Triggers of change	Identifying co. that are in strongest/weakest positions	Likely strategic moves of rivals	Key factors for competitive success	Prospects & financial attractiveness of industry
<p>1) Industries differ significantly in their basic character &amp; structure</p> <p>2) Industry &amp; competitive analysis begins with an overview of industry's dominant economic features</p> <p>3) Industry is "a group of firms whose products have same &amp; similar attributes such that they compete for same buyers"</p>	<p>1) Discover what main sources of competitive pressure are &amp; how strong each competitive force is</p> <p>2) This step is essential because managers cannot devise successful strategy without in-depth understanding of industry's competitive character</p>	<p>1) All industries are characterized by trends &amp; new developments that gradually produce changes important enough to require a strategic response from participating firms</p> <p>2) Driving forces (Events that affect industry powerfully) :</p> <p>a) internet and the new e-commerce</p> <p>b) Increasing globalization</p> <p>c) Changes in the long-term industry growth rate</p> <p>d) Product innovation</p> <p>e) Marketing innovation</p> <p>f) Entry or exit of major forms</p> <p>g) Diffusion of technical know-how</p> <p>h) Changes in cost &amp; efficiency</p>	<p>1) Study of market positions of rival companies</p> <p>2) Technique for revealing competitive positions of industry participants is strategic group mapping, which is useful analytical tool for comparing market positions of each firm separately or for grouping them into like positions when industry has so many competitors that it is not practical to examine each one in-depth</p>	<p>Competitive intelligence about strategies rivals are deploying, their latest moves, their resource strengths &amp; weaknesses, &amp; plans they have announced is essential for anticipating actions they are likely to take next &amp; what bearing their moves might have on company's own best strategic moves</p>	<p>1) Key success factors are those things that most affect industry members' ability to prosper in marketplace</p> <p>2) KSFs are rules that shape whether company will be financially &amp; competitively successful</p> <p>3) They vary from industry to industry &amp; even from time to time within same industry as driving forces &amp; competitive conditions change</p>	<p>Final step is to use results of analysis of previous six issues to draw conclusions about relative attractiveness or unattractiveness of industry, both near-term &amp; long-term</p>

## Chapter 3 - Strategic Analysis (Chart 3.3)



<p style="font-size: x-small;">your Success Point</p>	Designed By: <b>Swapnil Patni</b> - CA, CS, LLB, B.Com., CISA - Expertise knowledge in ISCA, IT, SM, LAW - Presence all over India at the age of 29 - Also known as the "Motivational Guru"	Charts can also be downloaded from : <a href="http://www.swapnilpatni.com">www.swapnilpatni.com</a> Contact No: (020)-24466748 9011851786 / 9011854340	Prepared By: <b>Swarangee Deolekar,</b> <b>Pallavi Shrotri</b>
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## Chapter 4 - Strategic Planning (Chart 4.1)



Designed By: **Swapnil Patni**

- CA, CS, LLB, B.Com., CISA  
 - Expertise knowledge in ISCA, IT, SM, LAW  
 - Presence all over India at the age of 29  
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**Pallavi Shrotri**

## Chapter 4 - Strategic Planning (Chart 4.2)

### Strategic Alternatives

#### Glueck & Jauch Generic Strategic Alternative

- 1) Stability Strategies
- 2) Expansion Strategy
  - a) Expansion through diversification
  - b) Expansion through acquisitions & mergers
- 3) Retrenchment Strategy
- 4) Combination Strategies

#### Michael Porter's Generic Strategies

##### Cost Leadership Strategies

- 1) It is especially effective when market is composed of many price-sensitive buyers
- 2) When buyers do not care much about differences from brand to brand
- 3) There are large number of buyers with significant bargaining power

##### Differentiation Strategies

- 1) It should be pursued only after careful study of buyers' needs & preferences
- 2) Providing unique product that features desired attributes
- 3) Successful differentiation strategy allows firm to charge higher price for its product & to gain customer loyalty

##### Focus Strategies

- 1) A successful focus strategy depends on industry segment that is of sufficient size, has good growth potential, & is not crucial to success of other major competitors
- 2) Focus strategies are most effective when consumers have distinctive preferences or requirements & when rival firms are not attempting to specialize in same target segment

#### Best-cost provider strategy

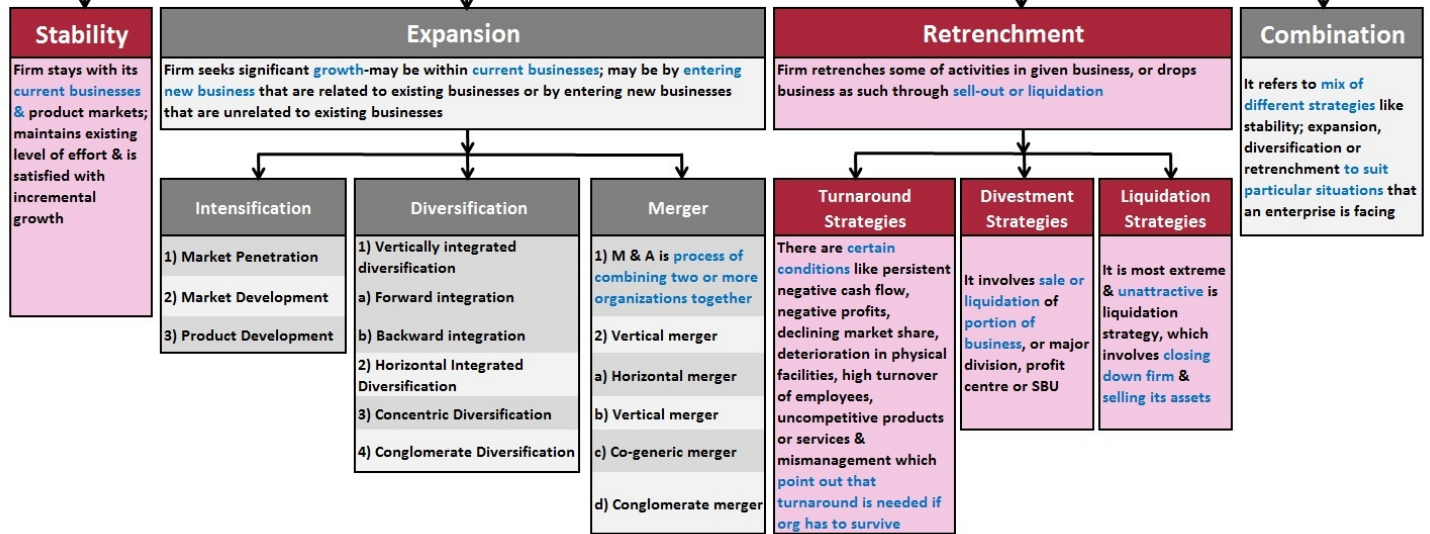
- 1) It involves providing customers more value for money by emphasizing low cost & better quality difference
- 2) It can be done:
  - a) Through offering products at lower price than what is being offered by rivals for products with comparable quality & features
  - b) Charging similar price as by rivals for products with much higher quality & better features

#### Grand Strategy

Refer Chart 4.3

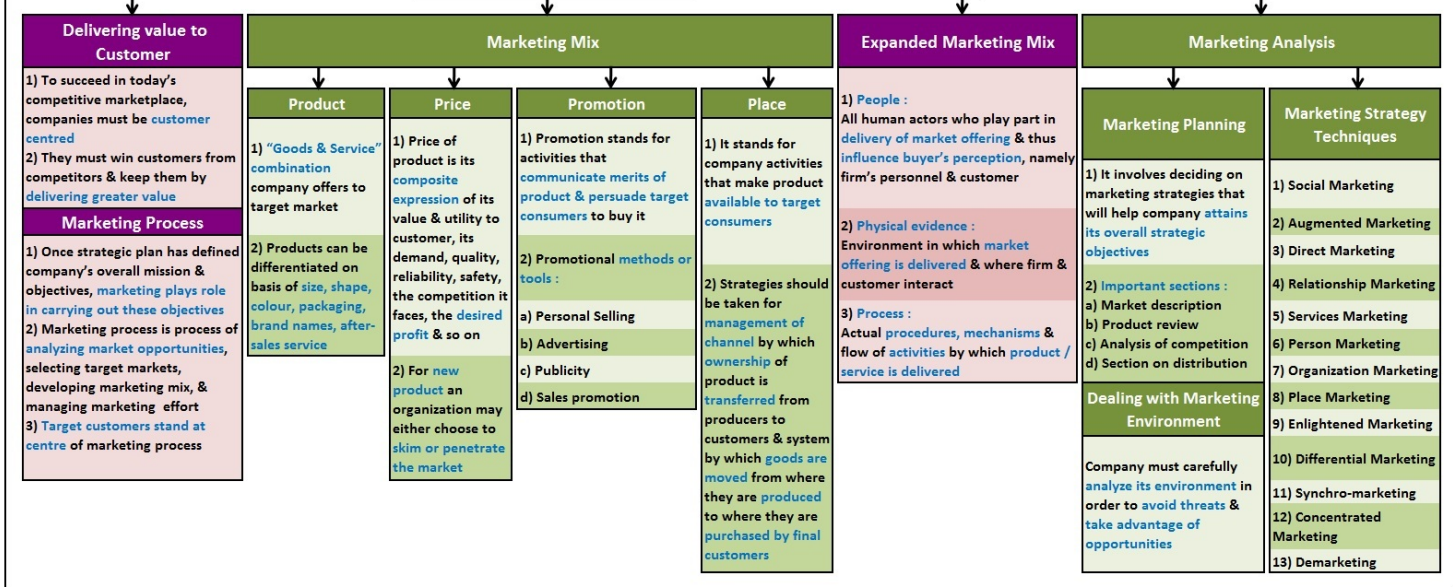
## Chapter 4 - Strategic Planning (Chart 4.3)

### Grand Strategy

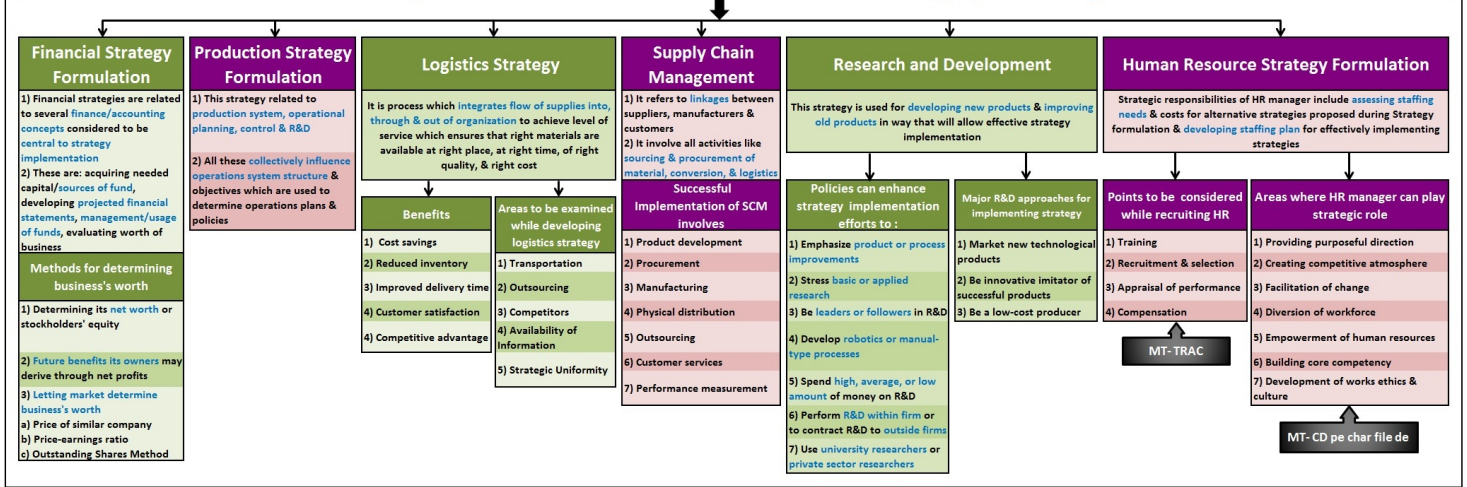


## Chapter 5 - Formulation of Functional Strategy (Chart 5.1)

### Marketing Strategy Formulation



## Chapter 5 - Formulation of Functional Strategy (Chart 5.2)



## Chapter 6 - Strategy Implementation and Control (Chart 6.1)

### Interrelationships between Strategy Formulation & Implementation

### Issues in Strategy Implementation

#### Matrix

		Strategy Implementation					
		Low	High				
Strategy Formulation	High	<b>Square A</b> Very competitive strategy, but showing difficulties in implementing	<b>Square B</b> Ideal situation, high in formulation & implementation	Efficiency <th style="text-align: center;">High</th> <td style="text-align: center;">Go ahead</td> <td style="text-align: center;">Die slowly</td>	High	Go ahead	Die slowly
	Low	<b>Square C</b> Low in implementation & low in formulation	<b>Square D</b> Formulation is flawed, but co. is showing excellent implementation skills		Low <td style="text-align: center;">Survive</td> <td style="text-align: center;">Die quickly</td>	Survive	Die quickly

#### Difference

Formulation	Implementation
1) Positioning forces before action	1) Managing forces during action
2) Effectiveness	2) Efficiency
3) Intellectual process	3) Operational process
4) Good intuitive & analytical skills	4) Special motivation & leadership skills
5) Coordination among few individuals	5) Combination among many individuals

#### Forward & Backward Linkages

**Forward**

Different elements in strategy formulation starting with objective setting through environmental & organizational appraisal, strategic alternatives & choice to strategic plan determine course that an organization adopts for itself

**Backward**

Organizations tend to adopt those strategies which can be implemented with help of present structure of resources

- 1) Project implementation
- 2) Procedural implementation
- 3) Resource allocation
- 4) Structural implementation
- 5) Functional implementation
- 6) Behavioural implementation

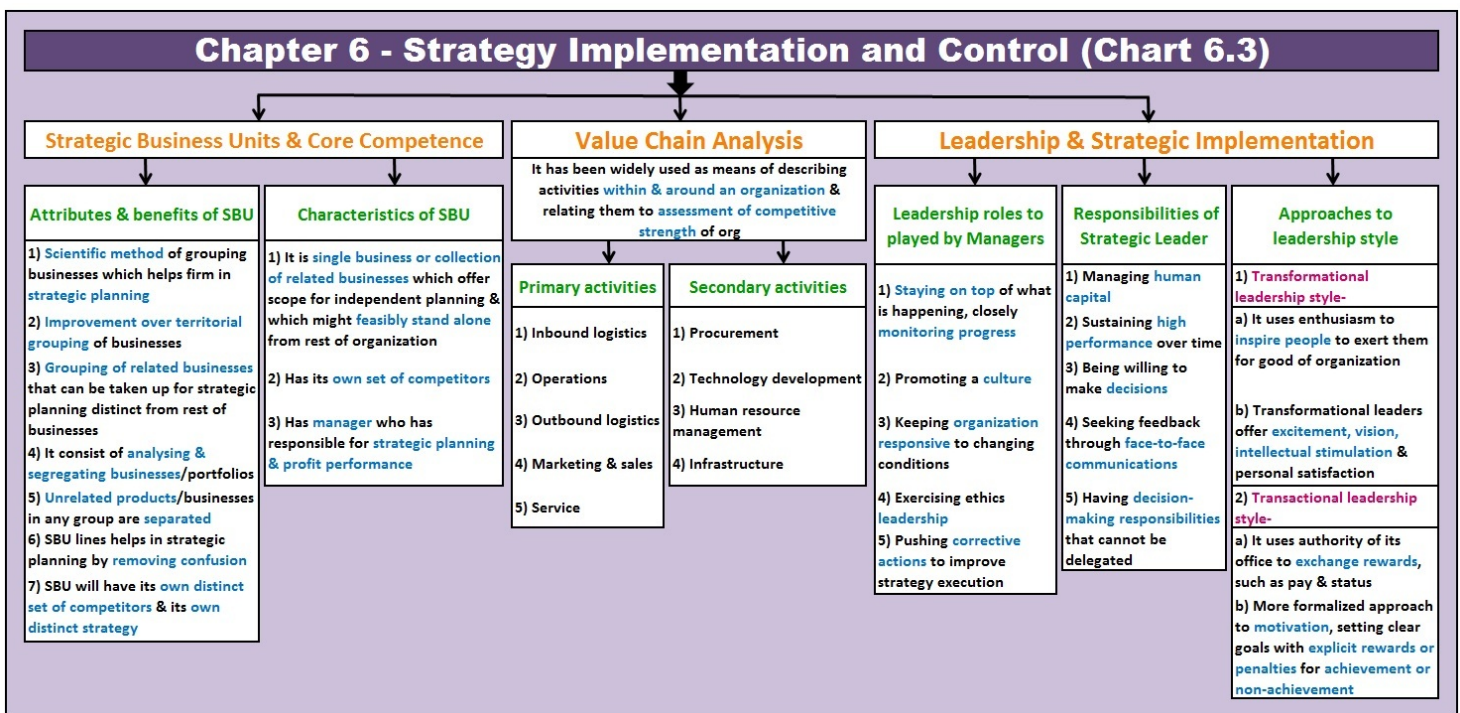


## Chapter 6 - Strategy Implementation and Control (Chart 6.2)

### Organization & Strategy Implementation

Functional Structure	Divisional Structure	SBU Structure	Matrix Structure	Network Structure	Hourglass Structure
<ol style="list-style-type: none"> <li>1) It groups tasks &amp; activities by business function</li> <li>2) It is simple &amp; inexpensive</li> <li>3) It promotes specialization of labour, encourages efficiency, minimizes need for an elaborate control system, &amp; allows rapid decision making</li> <li>4) It consists of CEO or MD &amp; limited corporate staff with functional line managers in dominant functions</li> </ol>	<ol style="list-style-type: none"> <li>1) It can be organized in four ways:               <ol style="list-style-type: none"> <li>a) Geographic</li> <li>b) Product or service</li> <li>c) Customer</li> <li>d) Functional</li> </ol> </li> <li>2) Clear Accountability</li> <li>3) It is based on extensive delegation of authority, managers &amp; employees can easily see results of their good or bad performances</li> <li>4) It is similar to functional structure, because activities are organized according to the way work is actually performed</li> </ol>	<ol style="list-style-type: none"> <li>1) It improves coordination between similar divisions &amp; channelling accountability to distinct business units</li> <li>2) It is composed of operating units where each unit represents separate business to which top corporate officer delegates responsibility for day-to-day operations &amp; business unit strategy to its managers</li> <li>3) It requires an additional layer of management, which increases salary expenses</li> </ol>	<ol style="list-style-type: none"> <li>1) In matrix structures, functional &amp; product forms are combined simultaneously at same level</li> <li>2) It is complex of all designs since it depends upon both vertical &amp; horizontal flows</li> <li>3) It result in higher overhead</li> <li>4) Project objectives are clear</li> </ol>	<ol style="list-style-type: none"> <li>1) A newer &amp; somewhat more radical organizational design</li> <li>2) It is termed "non-structure" by its virtual elimination</li> <li>3) It becomes useful when environment of firm is unstable &amp; is expected to remain so</li> <li>4) It provides org with increased flexibility &amp; adaptability to cope with rapid technological change &amp; shifting patterns of international trade &amp; competition</li> </ol>	<ol style="list-style-type: none"> <li>1) This structure consists of 3 layers with constricted middle layer</li> <li>2) Structure has short &amp; narrow middle-management level</li> <li>3) IT links top &amp; bottom levels in org taking away many tasks that are performed by middle level managers</li> <li>4) Managers are generalists &amp; they handle cross-functional issues emanating such as those from marketing, finance or production</li> </ol>

## Chapter 6 - Strategy Implementation and Control (Chart 6.3)



## Chapter 6 - Strategy Implementation and Control (Chart 6.4)

**Strategic Change**  
It is complex process & it involves corporate strategy focused on new markets, products, services & new ways of doing business

**Steps to initiate strategic change**

- 1) Recognize need for change
- 2) Create shared vision to manage change
- 3) Institutionalise change

**Kurt Lewin Change Process**

- 1) Unfreezing situation
- 2) Changing to New situation
  - a) Compliance
  - b) Identification
  - c) Internalization
- 3) Refreezing

**Strategic Control**  
It is function intended to ensure & make possible performance of planned activities & to achieve pre-determined goals & results

**Elements**

- 1) Objectives & characteristics of system which could be operationalized into measurable & controllable standards
- 2) Mechanism for monitoring & measuring characteristics of system
- 3) Mechanism for comparing actual results with reference to standards, detecting deviations from standards & learning new insights on standards themselves
- 4) Mechanism feeding back corrective & adaptive information & instruction to system, for effecting desired changes

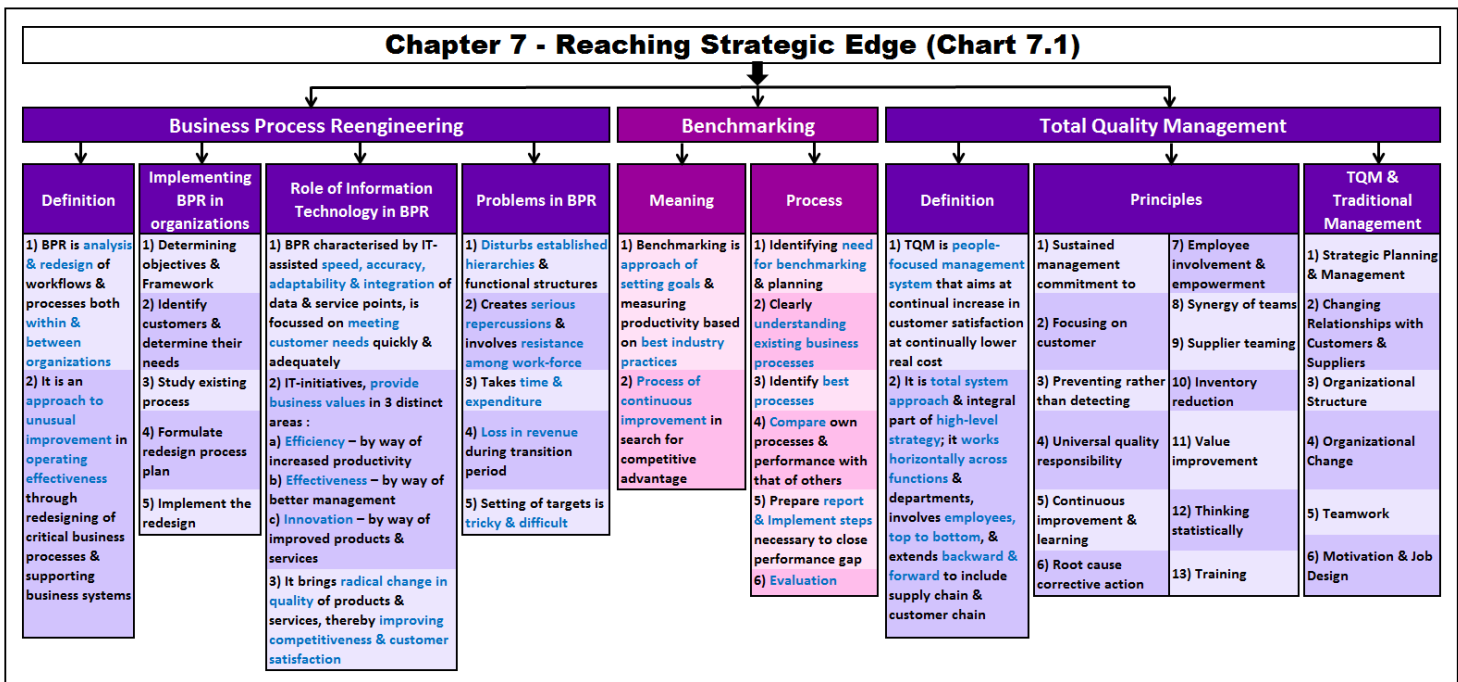
**Types of organizational control**

- |  |   |  |
|--|---|--|
| <p style="text-align: center; color: #d9534f;"><b>Operational Control</b></p> <p style="font-size: small;">It is on individual tasks or transactions as against total or more aggregative management functions</p> | <p style="text-align: center; color: #d9534f;"><b>Management Control</b></p> <p style="font-size: small;">It is more inclusive &amp; more aggregative in sense of embracing integrated activities of complete department, division or even entire org, instead of mere narrowly circumscribed activities of sub-units</p> | <p style="text-align: center; color: #d9534f;"><b>Strategic Control</b></p> <p style="font-size: small;">1) It focuses on dual questions of whether:<br/>a) Strategy is being implemented as planned<br/>b) Results produced by strategy are those intended<br/>2) It is process of evaluating strategy as it is formulated &amp; implemented<br/>3) <b>Types of Strategic Control :</b><br/>a) Premise control<br/>b) Strategic surveillance<br/>c) Special alert control<br/>d) Implementation control</p> |
|--|---|--|

**Building Strategy Supportive Corporate Culture**

- 1) Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating, & internal work environment
- 2) It is manifested in values & business principles that management preaches & practices, in its ethical standards & official policies, in its stakeholder relationships
- 3) A strong strategy-supportive culture nurtures & motivates people to do their jobs in ways conducive to effective strategy execution

## Chapter 7 - Reaching Strategic Edge (Chart 7.1)



## Chapter 7 - Reaching Strategic Edge (Chart 7.2)

