

Strategic Management – Meaning and Concept

Strategic Management is a stream of decisions and actions which lead to the development of an effective strategy or strategies to help achieve corporate objectives.

The Strategic Management process is the way in which strategists determine objectives and make strategic decisions. Strategic Management can be found in various types of organizations, business, service, cooperative, government, and the like.

Strategic Management can be defined as “the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives”. In fact, Strategic Management focuses on integrating management, marketing, finance/accounting, production/operations, research and development, and computer information systems to achieve organizational success. The term Strategic Management is used synonymously with the term Strategic Planning. The later term is more often used in the business world, whereas the former is often used in academia.

At time, the term Strategic Management is used to refer to strategy formulation, implementation, and evaluation, with strategic planning referring only to strategy formulation. The purpose of Strategic Management is to exploit and create new and different opportunities for tomorrow long-range planning in contrast, tries to optimize for tomorrow the trends of today.

A Strategic Plan is, in essence, a company's game plan. Just as a football team needs a good game plan to have a chance for success, a company must have a good strategic plan to be able to complete successfully. A strategic plan results from tough managerial choices among numerous good alternatives, and signals commitment to specific markets, policies, procedures, and operations in line of other, “less desirable” courses of action.

Strategic management is a science of management of strategies. Hence, it deals with different types of strategies, i.e., different types of decisions. Different situations, different challenges, different opportunities, or different problems require different types of strategies to be formed and implemented. So, it is just not sufficient to put all the strategies in one category.

Strategic Management – 16 Important Objectives

Some important objectives of strategic management are as follows:

1. To exploit and create new and different opportunities for tomorrow.
2. To provide the conceptual frameworks that will help a manager understand the key relationships among actions, context, and performance.

3. To put an organisation into a competitive position.
4. To sustain and improve that position by the deployment and acquisition of appropriate resources and by monitoring and responding to environmental changes.
5. To monitor and respond to the demands of key stakeholders.
6. To find, attract, and keep customers.
7. To ensure that the company is meeting the needs and wants of its customers, which is a cornerstone in providing the quality product or service that customers really want.
8. To sustain a competitive position.
9. To utilize the company's strengths and take full advantage of its competitor's weaknesses.
10. To understand the various concepts involved like strategy, policies, plans and programmes.
11. To have knowledge about environment—how it affects the functioning of an organisation.
12. To determine the mission, objectives and strategies of a firm and to visualize how the implementation of strategies can take place.
13. To find the solutions of problems in real-life business.
14. To develop analytical ability to identify threats and opportunities present in the environment.
15. To develop the skills of strategic decision making.
16. To develop a creative and innovative attitude and to think strategically.