الفصل الثاني عشر

Strategic Management

أشتمل هذا الفصل على :

- **Preface:**
- **Strategic Management.**
- **Stages of Strategic Management.**
- **The Basic Elements of the Strategic Management Process.**
- **Characteristics of Strategic Management Process.**

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Strategic Management

Preface:

To understand strategic planning, one must know something about strategic management. Because strategic planning is one of the strategic management's phases and one basic element in the strategic management process.

This chapter should therefore be regarded as a key, explaining succinctly the important aspects of strategic planning.

It also describes the major elements in strategic planning. Its definition, importance and stages are presented.

1- Strategic Management

1- T. Wheelen and D. Hunger define strategic management as a set of managerial decisions and actions that determines the long-run performance of a corporation.

The study of strategic management emphasizes the monitoring and evaluating of external opportunities and threats in light of a corporation's strengths and weaknesses.

2- Also, F. David defines strategic management as an art and science of formulating, implementing, and evaluating cross- functional. decisions that enable an organization to achieve its objectives.

As this definition implies, strategic management focuses on integrating management, marketing, finance accounting, production operations, research and development, and computer information system to achieve organizational success.

3- Strategic management, as a field of study, incorporates the integrative concerns of business policy with a heavier environmental and strategic emphasis.

The concept of strategic management consists of two terms. We have defined the concept of management. Now, we will define the term of strategy.

a- C. Gable mentions that the term strategy has been borrowed from the military. The etymological root of strategy is a Greek word" "Strategos", that means general, or someone that commands a stratos, or army.

He defines strategy as a general concept that governs a series of specific actions or provides clear and imaginative guidance for the effective use of available resources in order to reach a specific goal.

b- The Oxford dictionary sees strategy as a plan or policy to achieve something.

c- R. Appleby defines strategies as broad programmes of activity to achieve organization objectives.

d- T. Wheelen & D. Hunger say that the strategy of a corporation forms a comprehensive master plan stating how the corporation will achieve its mission and objectives.

STRATEGIC MANAGEMENT PRINCIPLE

Strategy making is not a proper task for strategic planners

Figure (1)

Critical Benefits of Strategic Management

1- Take control of your destiny by establishing a lean, effective strategy process that fits your business.
2- Reach and stretch for higher levels of attainment.
3- Achieve faster growth and higher profits.
4- Sharply focus your resources on things that are critical.
5- Deal with the rapidly changing developments that will confront your business in the new millennium.
6- Translate the company vision into personal involvement for key employees.
7- Provide common understanding and coordination of effort.
8- Build motivation, enthusiasm and commitment.
9- Accomplish this without interfering with the conduct of your business.

2- Stages of Strategic Management

As managers attempt to better deal with their changing world, a firm generally evolves through the following four stages or phases of strategic management:

Phase 1 : Basic Financial planning.

Phase 2 : Forecast - based planning.

Phase 3 : Externally oriented planning (strategic planning).

Phase 4: Strategic management.

As we can see that strategic planning is the third phase in strategic management's phases.

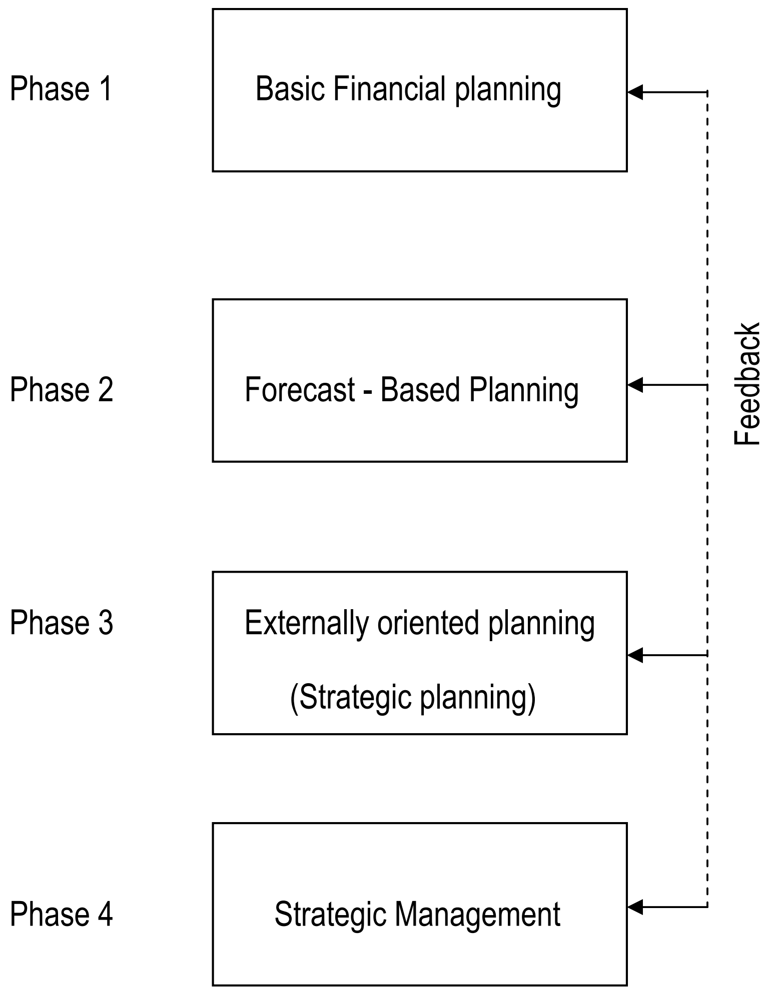

Figure (2)

Phases of Strategic Management

F. David puts three stages for the strategic management process as following:

1- Strategy formulation (Strategic planning).

2- Strategy implementation.

3- Strategy evaluation.

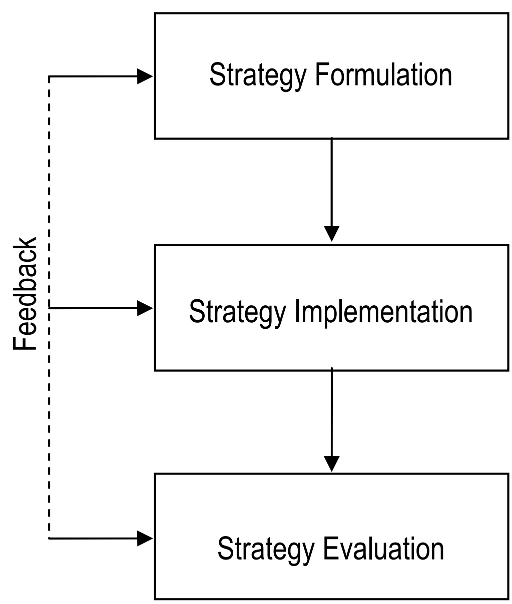

Figure (3)

Stages of the Strategic Management Process

3- The Basic Elements of the Strategic Management Process

T. Wheelen and D. Hunger determine four basic elements of strategic management as following:

1- Environmental Scanning.
2- Strategy Formulation (Strategic Planning).
3- Strategy Implementation.
4- Evaluation and Control.

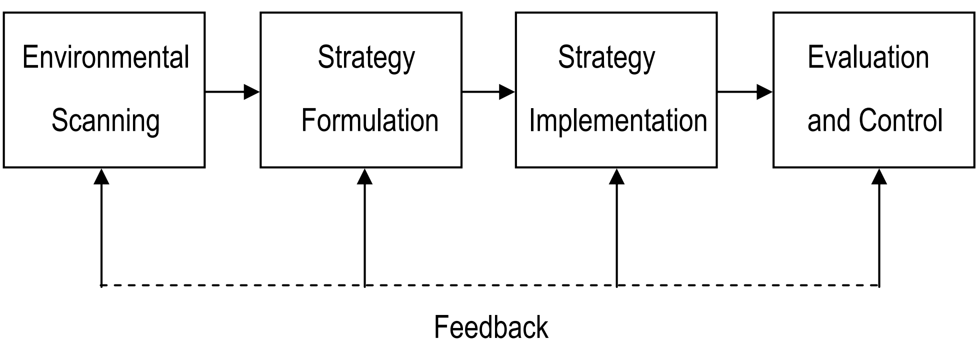

Figure (4)

Basic Elements of the Strategic Management Process

As illustrated strategic formulation (Strategic Planning) is one of the basic elements in the strategic management process.

4- Characteristics of Strategic Management Process

- Need to perform tasks never goes away because changes occur regularly.
- Boundaries among tasks are blurry.
- Doing the tasks is not isolated from other managerial activities.
- Time required to do tasks comes in lumps & spurts.
- Pushing to get best strategy-supportive performance from each employee perfecting current strategy, & improving strategy execution.

Getting Ready:

To get ready for strategic planning, an organization must first assess if it is ready. While a number of issues must be addressed in assessing readiness, the determination essentially comes down to whether an organization leaders are truly committed to the effort, and whether they are able to devote the necessary attention to the "bi picture".

For example, if a funding crisis looms, the founder is about to depart, or the environment is turbulent, then it does not make sense to take time out for strategic planning effort at that time.

An organization that determines it is indeed ready to begin strategic planning must perform five tasks to pave the way for an organized process:

- Identify specific issues or choices that the planning process should address.

- Clarify roles (who does what in the process).
- Create a planning committee.
- Develop an organizational profile.
- Identify the information that must be collected to help make sound decisions.

The product developed at the end is a Workplan.