

Information Pack

Introduction to Strategic Management



INTRODUCTION

The aim of this Information pack is to develop your awareness of the different kinds of strategy which could be used in an operational, tactical or strategic role for an organisation. Strategic management is exciting and challenging. It makes fundamental decisions about the future direction of an organisation: its purpose, its resources and how it interacts with the world in which it operates.

Every organisation has a culture...a system of shared values and beliefs that establish an organisational way of life. These cultures range from those that are cold and rule-bound to those that are caring, inclusive and interested in individuals. The management's aim is to use the culture to shape the way employees behave, feel, contribute, interact and perform. Therefore, it is important to be aware of and analyse the organisational culture before implementing a change as any inconsistencies will result in resistance.

The strategy of an organisation will attempt to balance its internal capabilities with its environment so it can grab opportunities and protect itself from threats.

The strategy is split into four, interconnecting elements, starting with the Corporate Strategy, where top level management sets out the governing objective and determines the future direction of the organisation. The second stage is the Business Strategy where senior managers formulate the goals and direction of their areas of business, in relation to the corporate strategy. Ongoing day-to-day processes are covered by Strategic Management as unit leaders make decisions that are geared towards meeting the business strategy.

Finally, cascading goals link the different strategies as the goals of the team should be aligned with the goals of the business area which are aligned with the goals of the organisation. To ensure changes are successfully implemented, those leading it need to be aware of both the organisation's culture and its strategies while also considering any external factors that could affect it.

This information pack will provide you with thorough knowledge and understanding of the theories, models and concepts which could significantly support an organisation's strategic choice and direction. On successful completion of this you will have developed sufficient knowledge and understanding of strategy to make a positive, efficient and effective contribution to the development of business plans and operational direction.

GUIDANCE

This document is prepared to break the unit material down into bite size chunks. You will see the learning outcomes above treated in their own sections. Therein you will encounter the following structures;

Purpose

Explains *why* you need to study the current section of material. Quite often learners are put off by material which does not initially seem to be relevant to a topic or profession. Once you understand the importance of new learning or theory you will embrace the concepts more readily.

Theory

Conveys new material to you in a straightforward fashion. To support the treatments in this section you are strongly advised to follow the given hyperlinks, which may be useful documents or applications on the web.

Example

The examples/worked examples are presented in a knowledge-building order. Make sure you follow them all through. If you are feeling confident then you might like to treat an example as a question, in which case cover it up and have a go yourself. Many of the examples given resemble assignment questions which will come your way, so follow them through diligently.

Question

Questions should not be avoided if you are determined to learn. Please do take the time to tackle each of the given questions, in the order in which they are presented. The order is important, as further knowledge and confidence is built upon previous knowledge and confidence. As an Online Learner it is important that the answers to questions are immediately available to you. Contact your Unit Tutor if you need help.

Challenge

You can really cement your new knowledge by undertaking the challenges. A challenge could be to download software and perform an exercise. An alternative challenge might involve a practical activity or other form of research.

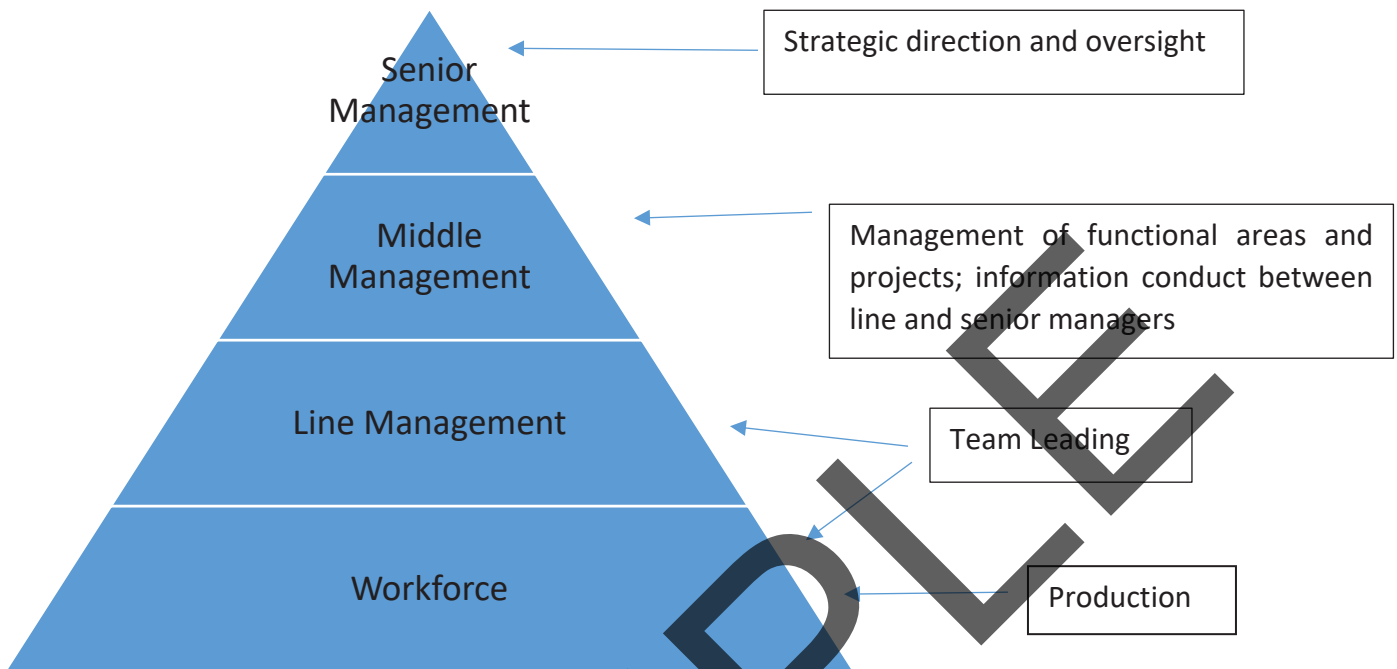
Video

Videos on the web can be very useful supplements to your distance learning efforts. Wherever an online video(s) will help you then it will be hyperlinked at the appropriate point.

Contents

INTRODUCTION.....	2
GUIDANCE.....	3
Organisational Infrastructure Pyramid.....	6
The Role of Managers and Management.....	6
• Organisational Performance	7
• Supporting Strategic Development	8
Goals, Aims and Strategy Goals.....	8
• The Definition and Meaning of Strategy	8
• The Role of Strategy	9
Levels of Strategy.....	11
Core Areas of Strategic Management	13
Context, Content and Process.....	14
• Impact of the three core areas.....	16
Emergent Strategy	17
• Creating the environment for emergent strategy	19
• Strategy continuum.....	20
• Survival-based Theories of Strategy.....	21
• Uncertainty-Based Theories of Strategy.....	21
• Human-Resource-Based Theories of Strategy.....	22
• Innovation and Knowledge-Based Theories of Strategy.....	22
Prescriptive Strategic Management.....	22
• Resource-Based Theories of Strategy.....	23
• Game Based Theories of Strategy	24
• Co-operation and Network-Based Theories of Strategy.....	25
• Industry- and Environmental-Based Theories of Strategy	25
Business Functions.....	27
Strategic Planning Techniques	29
VRIO	29
• McKinsey 7s model	30
• Balance Scorecard	31

Organisational Infrastructure Pyramid



From the diagram above, we can see that, at the very top of the organisation, there will be a Board or a Senior Management Team, comprising the chief executive and the directors, providing strategic direction and governance. The top level, or layer, will be supported by a number of managers with responsibility for complete functions (e.g. marketing) and discrete projects - the middle management. This layer acts as a 'bridge' between line management and senior managers. The third layer comprises managers whose responsibility is to lead the teams that produce the organisational output (the workforce). Within the workforce, supervisors may be employed to lead sub-teams and/or to supervise discrete tasks and activities.

The Role of Managers and Management

Closer analysis of each of the different types of organisational structure reveals one thing in common: there is a requirement for Managers and management to oversee the work undertaken by the organisation. The Organisational Infrastructure pyramid indicates 3 broad levels of management - senior, middle and line - and highlights the typical day-to-day responsibilities of each level. Further analysis of the role of middle managers discloses that these managers have, in general terms, quite broad responsibilities.

On the one hand, they are responsible for one or more functions within an organisation-sales and marketing, for example-and that they will often be project leaders, leading organisational change as well.

Obtain the job descriptions of, say, 3 middle managers in your organisation. What specific responsibilities do they have? What are the key elements of their roles as middle managers?

Your analysis might suggest that middle managers are responsible for the following core functions:

- Organisational Performance

Middle managers oversee delivery of the organisation's output, through effective:

- Resource management, including recruitment of staff, and prioritisation and coordination of work
- Trouble-shooting and problem-solving
- Employee motivation and reward
- Resolution of workforce conflict and maintenance of a positive working environment
- Enforcement of quality and safety standards
- Employee development, including training and succession planning.

Watch this short video:

[Video](#)

Now answer the following questions:

- What strategic developments are currently taking place in your organisation?
- How are these changes likely to impact on your department and your team?
- What information do you think would be most useful to help team members understand the strategy?
- What goals, activities and tasks do you need to set to focus team efforts on helping deliver the strategy?
- How might you check progress along the way?
- What practical steps can you put in place to ensure clear communication between you and your team, and also with senior management?

- Supporting Strategic Development

Middle managers contribute to the development of organisational strategy by providing timely, meaningful information and advice to senior managers. They can also contribute by identifying and promoting talent.

Another concept is a linear chain:



The process creates a set of policies decided by senior management that sets a direction for the organisation, it takes into account both the internal and external environment. A number of developing plans that move from general to specific and intent to action which would create several levels of planning to get to the implementation phase.

Vision is broader and is future looking and conveys a unique purpose of an organisation. Every organisation will have a purpose for existing, the mission statement conveys this purpose it also links with the idea of vision, a vision statement should be put together after you have completed your SWOT (strengths, weaknesses, opportunities, threats) analysis and before the planning process. A statement should include basic function or tasks of an organisation, why it exists the nature of the business and the customers it would like to reach. It is a formal commitment to the vision that incorporates the organisations strategy.

Goals, Aims and Strategy Goals are a general statement of purpose; they are usually set at senior level between 1-3 years. Objectives are a breakdown of how the goal will be achieved, objectives are the end point of planning and are more precise than goals. Objectives should be SMART (specific, measurable, achievable, realistic and time bound) and should be well rounded so as to work towards the organisational goals, objectives are usually set at operational level. Strategies provide a framework and relate to broad areas of an organisation's operations. Its main purpose is to provide detailed tactical planning to work towards organisational success.

- The Definition and Meaning of Strategy

The Oxford Dictionary defines strategy as:

'A plan of action designed to achieve a long-term or overall aim'.

Strategic planning is essentially a step further on than business planning. It is thinking even further ahead into the future, scrutinising with an even sharper eye, and accounting for even further unforeseen organisational challenges and opportunities.

Strategic planning is a pre-cursor to innovative thinking which, for most businesses, is an essential for progress, development and success. Strategic planning is one of the several components of project management that a high-functioning organisation requires to operate at their maximum operating level.