**Subject: Business Economics**

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**Paper Title: Business Strategy & Ethics**

**Unit No.: 1 (One)**

**Title: Overview of Strategic Management**

**Lecture No: 1 (One)**

**Title: Nature and Value of Strategic Management**

## FAQs

**Q-1. What is strategic management?**

**Ans:** Strategic management is the continuous planning, monitoring, analysis and assessment of all that is necessary for an organization to meet its goals and objectives.

**Q-2. Explain the benefits of strategic management.**

**Ans: Benefits of Strategy Management:** strategic management provides financial, nonfinancial benefits to the organization.

**2.1 Financial benefits:** It has been shown in many studies that firms that engage in strategic management are more profitable and successful than those that do not have the benefits of strategic planning and strategic management.

When firms engage in forward looking planning and careful evaluation of their properties, they have control over the future, which is necessary in the fast changing business landscape of the 21st century.

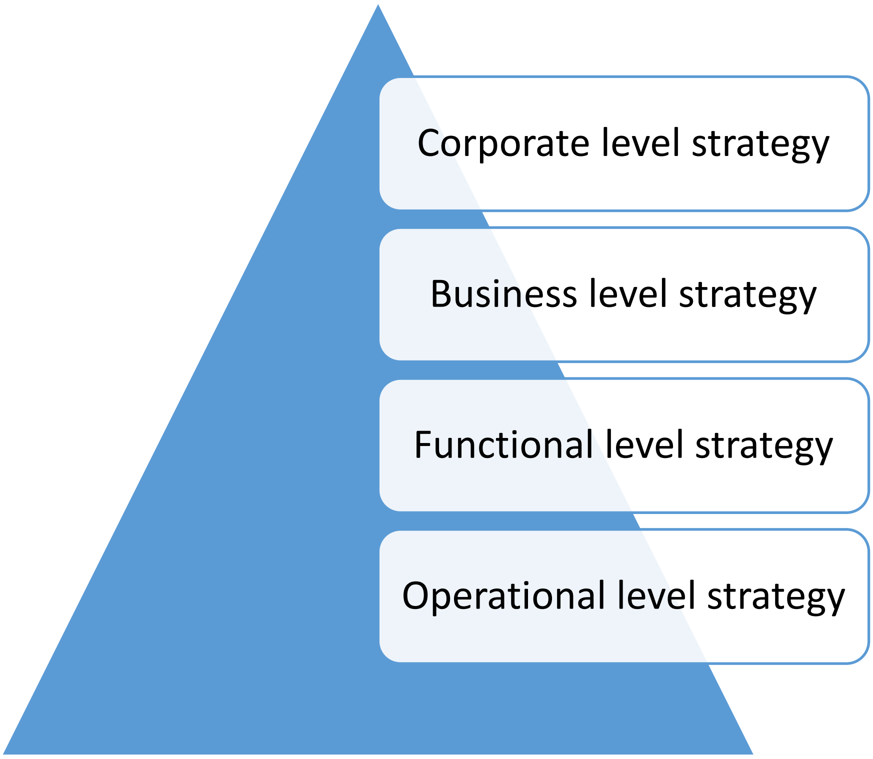
**2.2 Nonfinancial benefits:**

1. It provides direction to future problems.
2. It gives clear objectives to employees.
3. It gives direction to employees for future organization.
4. It provides effective results compared to non strategic management organization.
5. It benefits cost saving to the organization.
6. It motivates and satisfies employees.

7. Decision making becomes faster and better through strategic management.

**Q-3 What are strategic levels in an organization?**

**Ans: Levels of strategy:** there are three levels of strategy management




- **Corporate level strategy:** Top management of an organization makes such decision. It covers action dealing of objectives of firm allocation of resources and coordination of performance of all sub units of business. These types of decisions are the most value oriented.
- **Business level strategy:** It is used and applicable for those kinds of organizations which are having more than 1 or different strategic business units which cover different segments. This type of strategy is created for each such segment.
- **Functional level strategy:** it relates with single functional operation and activities of organization. These are more tactical in nature. Most of the time it deals with restricted plan for specific function. It is also known as operational level strategy.
- **Operational level strategy:** it is the total pattern of decisions which shape the long term capabilities of any type of operations and their contribution to the overall strategy.
  It is the tool that helps to define the methods of producing goods or a service offered to the customer.

**Q-4. Why are Crafting and Executing Strategy Important?**

**Ans:** 1. Crafting and executing strategy are top priority managerial tasks for two very big reasons:

a. There is a compelling need for managers to proactively shape or craft how the company's business will be conducted.

b. A strategy-focused organization is more likely to be a strong bottom-line performer.

**A. Good Strategy + Good Strategy Execution = Good Management**

1. Crafting and executing strategy are core management functions.

2. Among all the things managers do, nothing affects a company's ultimate success or failure more fundamentally than how well its management team charts the company's direction, develops competitively effective strategic moves and business approaches, and pursues what needs to be done internally to produce good day-to-day strategy execution and operating excellence.

3. Good strategy and good strategy execution are the most trustworthy signs of good management.

4. The better conceived a company's strategy and the more competently it is executed, the more likely it is that the company will be a standout performer in the marketplace.

**Q-5. What are different risks of strategy management?**

**Ans:** There are many risks of strategic management.

- **5.1** **No specific objectives and measurable outcomes:** it will be difficult to determine without measurable outcomes if strategy implementation is going as per the plan.
- **5.2** **Unrealistic expectation from managers and employees.** Strategic planning activities, it sometimes creates unrealistic expectation from managers and employees
- **5.3** **Success groove :** there is no guarantee of tomorrow's advantage among competitors in today's success.
- **5.4** **Time:** It consumes more time in strategic identification formulation and implementation for managers to solve day to day problems.
- **5.5** **Uncertain chain of implementation:** strategic planning is done by top level management where as its implementation is done at all levels of an organization.
- **5.6** **Culture of change:** change is challenging in the organization.

**Q-6 What is corporate strategy?**

**Ans:** Strategy is the direction and scope of an organization over the long term. Strategy is about direction where business men trying to get in for a longer period, markets scope means what kind of business activities are involved in such markets, business advantages which business can perform better than the rivals, resources like finance, technical competence are required to compete in the market**,** internal and external environment which affects business ability to compete and stakeholders who have power in and around the business.

**Q-7. Write a note on strategy planning.**

**Ans:** Strategic planning is as important as strategic process. Most mature companies have a systematic and formal strategic planning routine as their process.

In the company with multiple units of business , it is asked to develop a plan for itself for each units thereafter it is revised , get reviewed or aggregated by more senior managers as the plan 'move up ' organization. Following are the elements of strategic planning process.

**Q-8. Explain nature and value of strategic management.**

**Ans:** The modern executive has to deal effectively with internal environment as well as external environment that affect the growth and profitability of a firm. The external environment includes suppliers, competitors and government agencies customers. Internal environment includes employees, workers etc.

**Q-9. Why a Company's Strategy Evolves over Time**

**Ans:** 1. Every company must be willing and ready to modify its strategy in response to changing market conditions, advancing technology, competitive moves, shifting buyer needs and preferences, emerging market opportunities, new ideas for improving the strategy, and mounting evidence that the strategy is not working well.

2. Most of the time a company's strategy evolves incrementally from management's ongoing efforts to fine tune pieces of the strategy, but, on occasion, major strategy shifts are called for.

3. Industry environments characterized by high velocity change require companies to rapidly adapt their strategies.

4. Thus, a company's strategy at any given point in time is fluid.

**Q-10. What is an internal environment?**

**Ans:** An organizations internal environment is composed of the elements within the organization, including current employees, management and especially corporate culture, which defines employee behaviour.

**Q-11. What is an External environment?**

**Ans:** External environment is composed of all the outside factors or influences that impact the operation of business.

The business must act or react to keep up its flow of operation.