



## Strategic Management

*“What business strategy is all about-what distinguishes it from all other kinds of business planning-is, in a word, competitive advantage. Without competitors there would be no need for strategy, for the sole purpose of strategic planning is to enable the company to gain, as efficiently as possible, a sustainable edge over its competitors.”*

*Kenichi Ohmae*

**Strategic management** is a management field focused on long-term planning and direction of the organization. Strategic management in an organization ensures that things do not happen randomly but according to pre-planned, long-term plans. It is used, on the one hand, for transmission of owners' requirements to management of the organization, and on the other hand to organizational management for organizing, unification and direction the behavior of all people in all parts of the organization.

**Strategic management** is a key and top management activity, where meet all management functions - it is one of the key pillars of management and it forms the skeleton of the overall management of each organization. It formulates operating rules, priorities and direction in the long term, including the direction the organization wants to go. The whole process of strategic management takes place in four primary, recurrent phases (so called Strategic cycle):

- › Strategy Formulation (organization mission, its vision and strategic objectives)
- › Strategic Planning (establishment of a strategic plan and schedule implementation)
- › Strategy Implementation (resource allocation, implementation of projects, activities and measures to meet strategic objectives)
- › Strategic Control, status monitoring and strategy evaluation (strategy evaluation and possible update).

Strategic management is not just about setting long-term objectives. It's a very **comprehensive managerial discipline** - strategic management is an art, science and skill in formulating, complex decision making and subsequent implementation of all what enables an organization to achieve its objectives. Strategic management represents a process of specifying the organization mission, its vision and objectives, different policies and plans, definition of program, projects, and various **measures** that help to achieve objectives. There must be a schedule that says when which objectives have been achieved. There must be metrics by which to measure whether the objectives have been achieved. Fundamental to strategic management is the definition of objectives and determining the way how to achieve them.

Strategy is one of the outcomes of strategic management. It is usually a formalized document that contains a description of the first two phases of the strategic cycle, i.e. a description of the organization mission, its vision and strategic objectives and a schedule for their implementation. Always there must be a **key strategy** (sometimes referred as a business or a global strategy), which aggregately determines the overall direction of an organization or business. Large organizations according to their needs further operate with a hierarchy of other sub-strategies such as:

- › Finance Strategy
- › Human resources Strategy
- › Information Strategy
- › And other

Determination of the mission and strategic objectives of the organization is a matter for the owner, or an executive that transmits to the senior management of the organization through strategic objectives his /her own images of an operation, identifies the entrepreneurship direction and defines them tasks which they accomplish. For example, with using the Balanced Scorecard (BSC), balanced objectives can be achieved of all key aspects. In medium and large organizations, the main responsibility is on the CEO level, but individual tasks apply to all managers and correctly set strategic objectives are being promoted to the level of duties of individual employees. In **small organizations**, strategic management is usually at the level of executive.

The best known **methods, models and techniques of strategic management**:

- › 7 Classes of Strategic Risk (Slywotzky)
- › BCG Matrix
- › Blue Ocean Strategy
- › BSC (Kaplan and Norton)
- › Business concept/Marketing activities concept (Kotler&Keller)
- › EFE Matrix
- › Five Forces Analysis (Porter)
- › Forecasting
- › Gap Analysis (Ansoff)
- › Hierarchy of Strategies
- › IFE Matrix
- › MBO (Drucker)
- › MOST Method
- › PESTLE Analysis
- › Principle of Strategy => structure (Chandler)
- › Scenario technique
- › SMART
- › SWOT Analysis
- › VRIO Analysis (Barney)
- › Winterling Crisis Matrix

There are also specified **strategic management methods**, such as MMDIS in the field of strategic management of business information system.

Related terms and methods:

- › Business purpose, functions and objectives by Drucker
- › Critical Success Factors (CSF)
- › Forecasting
- › Product Life cycle
- › KPI (Key Performance Indicators)
- › Misson
- › MOST
- › Objectives
- › Organizational Life cycle
- › Planning
- › Shared values
- › Schedule
- › Specific objectives
- › Strategic cycle
- › Strategic objectives
- › Strategic team
- › Strategic alternatives
- › Strategy
- › Surroundings
- › Surroundings characteristics
- › Vision

Related personalities:

- › Alfred DuPont Chandler
- › Alfred Pritchard Sloan
- › Carl von Clausewitz
- › Henry Mintzberg
- › Igor Ansoff
- › Kenichi Ohmae

- › [Michael E. Porter](#)
- › Peter Ferdinand Drucker
- › Philip Kotler
- › Philip Selznik

Related management field:

- › [Change management](#)