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Process of Strategic Management

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NATURE OF STRATEGIC MANAGEMENT

Strategic management always concentrates on the anticipated aim. Future is always uncertain. Hence, strategic decisions are always incomplete and sometimes these are based on false information. It may lead to further problems. The strategic manager should always aim at achieving predetermined goal of the organization. Further, organizations have to work with brevity and variety. Thoughts should become actions. Actions will lead to results. Result-oriented action is the need of hour.

SCOPE OF STRATEGIC MANAGEMENT

Strategic management deals with the following aspects:

1. Strategic decision-making with the help of strategic planning and management control
2. Business policy as well as corporate strategy and social responsibility
3. Corporate capability and corporate appraisal
4. Corporate culture and leadership
5. Core competence and stages of development

6. Competitive strategy under uncertainty
7. Attack and defence strategies and power games amongst competing powers
8. Strategists and their role in strategic management
9. Competitive environment by using environmental scanning and appraisal
10. Social, technological and market environment and environmental forecasting
11. Strategic modernization, diversification, integration
12. Expansion strategies: Vertical integration, horizontal strategy
13. SWOT analysis
14. Corporate strategy
15. Generic competitive strategies
16. Value-chain analysis
17. Functional strategies
    - Marketing
    - Production/operations
    - Research & development planning and policies
    - Personnel and financial plans and policies
18. Strategies implementation by using different models like : Structural, functional, behavioural models
19. Strategy alternatives can be selected by applying techniques of:
    - Ansoff's growth vector
    - BCG & GE model
    - Porter's generic strategic analysis
20. Structural considerations
21. Strategic dimensions and structure analysis
22. Strategy evaluation
23. Strategic management in an international firm
24. Total Quality Management (TQM)
25. Enterprise resource planning
26. Business process re-engineering

FUNCTIONAL ASPECTS OF STRATEGIC MANAGEMENT

The following are the major benefits of strategic management. The benefits may be treated as functional aspects or merits or pros of strategic management.

1. **Decision-Making:** CEO is the key-man to take decisions. Thus, with the help of strategic management, CEO can select best strategy and sub-strategies. He can direct the management in a right manner.

2. **Achieving Performance:** The companies can fix production targets and productivity, with the help of strategic management.
3. **Growth:** Organization always seeks to achieve growth. Profit maximization, wealth maximization will form part of formulation of strategies. Hence, strategic management helps the management for future growth.
4. **High Results:** Strategic management helps in determination for achievement of results which leads to growth. Every organization always seeks to achieve high result as low performing entities cannot survive in the competitive world.
5. **Reduction of Complexity:** Reduction of complexity in procedures result in achieving high results. Ultimately it leads to growth and good performance.
6. **Social Responsibility:** Social responsibility is expressed in terms of types of activities, number of days of service, or financial contributions. These can be determined with the utility of strategic management.
7. **Customer Satisfaction:** By implementing strategic management process, the business entities can enhance their customer satisfaction. Goodwill may also improve as a result of increased customer satisfaction.
8. **Development of Human Resources:** Every organization will have a separate human resource department. It tries to concentrate on improving skills of manpower. Manpower planning and development is one of the key factors of strategic management.
9. **Adaptability to Change:** The benefit of adaptability to change with minimum resistance is also likely to follow the uses of strategic management. Participative process leads to greater awareness of the basis of choosing a particular option and the limits to available alternatives.
10. **Cost Control:** To achieve more profits, organization should concentrate on cost control and cost reduction techniques. Thus, cost control will be one of the important objectives of the strategic management.
11. **Profitability:** Profitability can be expressed in terms of profits, return on investment, earnings per share, or profit-to-sales ratios. Strategic management will help in enhancement of profitability of organizations.
12. **Ability to Compete:** Strategic management helps in analyzing market. The organization would be able to increase sales, and it may achieve expected market share with the implementation of best strategies.

Demerits of strategic management:

1. Strategic management process is a costly exercise.
2. Its gestation period is very long.
3. Sometimes strategies may fail, which leads to frustration.
4. Future uncertain, and risk is very high. Strategic management mostly depends on long-term results, hence it is uncertain and high-risk oriented.
5. Resistance to change by the employees.

STRATEGIC MANAGEMENT PROCESS

Definition

Strategic management process can be defined as ‘a combination of managerial decisions and actions that determines the long-run performance of a corporation. It includes environmental observation, strategic planning, formulation, implementation, evaluation and control.

CRUCIAL CONSIDERATIONS

1. **Demand:** No businessman can expect demand forecasting for products unless he is having strategic planning for the organizational development. Hence, long-range planning is necessary to meet the demand.
2. **Competition:** Business entities should always fight for survival. When there are new entrants in the market there will be more competition. Hence, strategic planning is necessary to face competition and to become successful businessman.
3. **Technology:** Changes in technology also necessitate strategic planning. Technological advancements are useful for the development of business. More opportunities will be available to business.
4. **Scarcity:** Scarcity of the resources always forms the basis for strategic management when products are scarce and there is increase in demand.

MAJOR STEPS

First Stage (Definitions)

1. **Preparation of Mission:** ‘Mission’ is the purpose for which organization is established. Mission includes both a statement of organizational philosophy and purpose. An organizational philosophy establishes the values, beliefs, and guidelines for the manner in which the organization is going to conduct its business. The first step of strategy formulation depends on well-defined mission statement or organizational purpose. The mission may be described as the scope of the operation in terms of nature of business.
2. **Setting of Objectives:** Objectives are defined as ends which the organization seeks to achieve. Objectives may be internal or external. Internal objectives are those which define how much is expected to be achieved with the resources that the organization commands.
3. **Fixation of Goals:** Goals are specific, and time-based points of measurement. Generally, goals are determined by the owner or entrepreneur of the organization. In case of large scale companies CEO (Chief Executive Officer) will determine the goals for its firm. Thus goal of the owner will be the goal of firm.

4. **Policies:** A policy is a definition of common purposes or organization components. The process of strategic planning sometimes encompasses the formulation of important policies. Policies help to ensure that all units of an organization operate under the same ground rules. They also facilitate coordination and communication between various organizational units. Policies of competitors also influence an organization's policies.
5. **Analysis of Environment:** Business environment always influences decision-making. There may be external or internal factors that influence business. Buyers, suppliers, government and competitors are likely to react in accordance with changes in environment. Thus, business also should act in the same fashion.

Second Stage (Formulation)

6. **Formulation of Strategies:** Strategies can be formulated after diagnosing the environment. Each strategy with suitable sub-strategies and alternative strategies should be available to top management. Thus, top management always mentors the administration with strategies which can be adapted from time-to-time.
7. **Implementation of Strategies:** This is an important stage in strategic management process. Well-designed strategies may fail in implementation. Hence, adaptability of strategies and implementation process should be clearly mentioned while formulating strategy. It is the strategist's responsibility to take care of implementing strategies in accordance with the requirements of an organization.

Third Stage (Evaluation)

8. **SWOT Analysis:** Strengths, Weaknesses, Opportunities and Threats simply termed SWOT. Every organization should go through SWOT analysis. It is an important tool for evaluating organizational capabilities.
9. **Evaluation:** This can be stated as the last stage of strategic management process. The strategist should evaluate each strategy after implementing them. The strategist should evaluate whether there is profit maximization or cost minimization or achievement of long-term or short-term goal whatever it may be.

MODERNIZATION OF STRATEGIES

Modernization of strategies may be defined as a systematic approach of preparing modern-oriented plans for the development of business in relation to its environment to ensure continued success and offer security from contingencies. An integrated approach to strategy formulation, involving all levels of management, can go some way in this direction. In simple words, strategy can be defined as 'Strategy is ideas and actions to conceive and secure the future'. Modern strategic mission consists of a long-term vision of what an organization seeks to do and what kind of organization it intends to become. Development of an organization completely rests on the efficiency of the decision-makers. They have to make decision based on present policies for achievement of future goals.

Modernization means coping with the changing environment and technology. It involves updating and upgrading technology of the organization and training the staff. Modernization is not only confined to physical advancement but also to the psychological development. Every organization should concentrate on the modernization and implementation of modern strategies for the competitor analysis. To achieve benefits of modernization like optimization of cost, efficiency in productivity and achieving sustainable development, modern strategies are necessary.

REASONS FOR MODERNIZATION

Modernization is necessary for the achievement of organization goals and objectives. Modernization is becoming compulsory because of continuous technological advancements. The following are the important reasons for modernization and modernization of strategies:

1. Modernization is required for updating the existing technology in the organization.
2. It is used as a tool to compete new entrants.
3. It is necessary for improvement of the efficiency of an organization.
4. Modern technology and modern strategies are used for improving productivity.
5. It is useful to achieve optimization of cost.
6. Modernization is required for profitability.
7. It helps in sustainable and overall development of the organization.

STRATEGIC ALTERNATIVES

There are four important areas of strategies. These may also be called strategic alternatives.

a. Stability strategies
b. Growth or expansion strategies
c. Retrenchment strategies
d. Combination or mixed strategies

a. Stability Strategies: To achieve stability, the organization should try to improve its skills. Continuing in the same business with the same objectives can be treated as stability strategy. In other words, stability is nothing but the consistency of the business policies to achieve goals. There will be no change in the attitude of the management.

Steps for Stability Strategy

These strategies aim at stability by causing the companies to marginally improve their performance or, at least, letting them remain in the highly competitive market. The essence of these strategies is to do something for survival in the market. The following are the important steps to be adopted as a part of stability strategies:

- Management should concentrate on consistency of policies and objectives.
- It should try to maintain present market share.
- It should aim to improve efficiency of functional areas.
- Providing special service to potential customers.
- Providing better after-sales service to attract more customers.
- Improving quality of the product.
- Producing different accessories for existing product.
- Maintaining and developing competitive advantages.

b. Growth or Expansion Strategies: Expansion or growth strategies are contradictory to stability strategies. Stability aims at consistency whereas growth requires dynamism. It aims to take challenging tasks for the development. Diversification of business—changes in the objectives, planning for growth of business—is important aspect of these strategies. Aiming for increase in market share, holding the relative position of the business are some of the adoptable strategies. These strategies can be followed when an organization substantially broadens the scope of its customers.

Growth or expansion strategy is to attract all classes of customers i.e., poor, middle and rich customers. It may be aimed to attract irrespective of the size purchases made by customers viz., huge investors and small investors. The company may move to different directions and it may later amend its objective and goal of the business.

Steps for Growth or Expansion Strategy

- **Diversification of products:** Launching different product lines can be treated as one of the expansion strategies.
- **Diversification of area of market:** Market segmentation is an important criterion in this regard. Expansion to south Indian market or north Indian market, etc.
- **Increasing market share:** A company may establish new machinery so that it can produce more goods to capture more shares in the market.
- **Increase in objectives and diversification of policies**: The corporate entity may increase its objectives and diversify its policies to make expansion of its business.

- **Applying different strategies for different types of markets:** Some markets may be slow-moving, medium and some may behave as fast-moving. Hence the corporate entity has to adopt different strategies for different types of markets.

Different Expansion or Growth Strategies

1. Internal growth strategy
2. Diversification strategy:
   a. Horizontal diversification
      i. Concentric diversification
      ii. Conglomerate diversification
   b. Vertical diversification
      i. Forward integration
      ii. Backward integration
3. Mergers and takeovers
4. Joint ventures

c. Retrenchment Strategies: Retrenchment strategy is a strategic option which involves reduction of any existing product or service line along with the level of objectives set below the past achievement is known as retrenchment strategy. It is a defensive strategy adopted as a reaction to parting problems stemming from either the internal mismanagement, unanticipated actions by competitors or changes in market coordination. This may be used as short-run business policy to survive in the face of economic recession, financial stringency or poor performance. It is adopted out of necessity and not by deliberate choice.

Steps for Retrenchment Strategy

1. Analyzing performance of units or segments of the organization.
2. Dropping or retrenching such units in case of poor performance which continued to be a drag on total performance.
3. Examining problems existing in the market.
4. Identifying rivals in the competitive market conditions.
5. When there are unanticipated problems in the product market, the management may be under pressure to improve performance by all means including cut back of operations.
6. To improve the profitability of investments, which give higher returns, some of the existing investments may be shed and resources thus released utilized for increased profitability and growth.

d. Combination or Mixed Strategies: A combination strategy is one in which there is conscious use of different strategies for different units or divisions at the same time, or sequential use of different strategies over time. It is nothing but a combination of two or more basic strategic elements at the same time in the organization called 'mixed strategy'. Combination strategy is a mixture of stability, expansion and retrenchment strategies. Combination strategy is the result of a serious attempt on the part of strategists to take into account the variety of environmental and organizational factors that affect the process of strategy formulation; complex situations generally require complex solutions. These strategies are solutions that strategists have to offer when faced with the problems of business.

Steps for Combination Strategy

1. Identification and analysis of business problems.
2. Selection of different elements from different strategies like stability, growth, retrenchment.
3. Implementation of mixed or combination strategies.
4. Evaluation of the implemented strategies.

STRATEGIC PLANNING

Strategic planning may be defined as a systematic approach to formulate strategies for positioning the business in relation to its environment to ensure continued success and offer security from surprises. While no approach can guarantee continuous success and total security, an integrated approach to strategy formulation, involving all levels of management, can go some way in this direction. In simple words, strategy can be defined as 'Strategy is ideas and actions to conceive and secure the future'. Strategic planning is that set of managerial decisions and actions that determines the long-run performance of a corporation. It includes environmental observation, strategic planning, formulation, implementation, evaluation and control. Strategic mission consists of a long-term vision of what an organization seeks to do and what kind of organization it intends to become. Development of organization completely rests on the efficiency of the decision-makers. Strategic planning always concentrates on the anticipated aim.

Future is always uncertain. Hence, strategic decisions are always incomplete and sometimes they are based on false information. It may lead to further problems. Further, organizations have to work with brevity and variety. Thoughts should become actions. Actions will leads to results. Result-oriented action is the need of hour. Strategic manager should always aim at achieving pre-determined goals of the organization.

DIMENSIONS OF STRATEGIC PLANNING

1. **Role of CEO:** Chief Executive Officer (CEO) plays a key role. Strategic plans relate with various functional levels of organizations. Hence, it is necessary that these decisions must be made in consultation with the CEO.

2. **Preparation of budget:** Strategic plans involve budget allocation i.e., resource allocation to various aspects of a decision. Budget may be allocated to various sectors of production.
3. **Future development:** Strategic plans are usually expected to have a significant impact on future prosperity of the organization. This is because there is a long-term commitment. In case of absence of long-term commitment, the firm cannot achieve future development.
4. **Orientation:** Strategic planning should keep in view the competition existing in the market. Sometimes firms have to face non-price competition.
5. **Environment:** Plans are always influenced by business environment. There may be external or internal factors that influence business. Buyers, suppliers, government and competitors are likely to react in accordance with changes in the environment.
6. **Risk:** Strategic plans mostly face the problem of risk. The plans should have risk-bearing capacity. Risk and uncertainty are two important aspects which cannot be accepted by businessman.

Strategic Planning and Control

Strategic planning is nothing but strategies for the achievement of organizational development. Strategic control is continuous evaluation of implementing strategies at various stages. Hence, strategic planning and control are nothing but preparation of strategies and checking up of these strategies at various stages. The strategic planning and control are usually the responsibility of top management team such as the Board of Directors. It involves three dimensions viz., strategic, tactical and operational control. Span of control varies according to the type of control. The characteristics of these three dimensions are illustrated in the following table:

Characteristics of Dimensions

Characteristic	*Strategic*	*Tactical*	*Operational*
Time frame	Long-term	Medium-term	Short-term
Aggregation	High	Moderate	Low
Scope	Broad	Medium	Narrow
Level in organization	High	Middle	Low
Complexity	High	Moderate	Low
Risk	High	Moderate	Low

STRATEGIC CHOICE

Meaning

Strategic choice is nothing but selection of the best strategy. The main problem before a strategist is to choose from many alternatives which are suitable for the achievement of organizational goals. Strategic choice is nothing but decision-making. Decision-making consists of setting of aim, goal and objectives. Finding different alternatives for each decision and selection of best alternative is the primary concern of strategic choice.

Definition

Strategic choice may be defined as 'the decision to select from among the grand strategies considered, the strategy which will best meet the enterprise's objectives. The decision involves focusing on a few alternatives, considering the selection factors, evaluating the alternatives against these criteria, and making actual choice'.

Vital Steps for Strategic Choice

1. **Alternatives:** First step is the determination of alternatives for the problems of organization. The strategist should always try to find all possible alternatives and select the best ones. This can be done with the help of GAP analysis i.e., finding gap between present performance and desired performance.
2. **Selection factors:** Second step is to find selection factors. These will help to analyze and examine alternatives. These factors may be objective or subjective. Objective factors require analytical skills whereas subjective factors are based on one's personal choice or decision.
3. **Evaluation:** After selection of factors, applying these to evaluate alternatives is an important step. Evaluation process reduces the burden of the strategist while selecting the strategy.
4. **Making strategic choice:** After a clear analysis and evaluation of choices, decision-making in accordance with the conditions of the organization is the final step. A plan of action or blueprint is made which describes strategies to be adopted by the organization.

CRUCIAL CONSIDERATIONS

1. **Mission:** 'Mission' is the purpose for which an organization is established. Mission includes both a statement of organizational philosophy and a purpose. The first step of strategic choice depends on well-defined mission statement or organizational purpose. The mission may be described as the scope of the operation in terms of nature of business.
2. **Objectives:** Objectives are defined as ends which an organization seeks to achieve by its existence and operation. Objectives may be internal or external. Internal objectives are those which define how much is expected to be achieved with the resources that the organization commands.

3. **Goals:** Goals are specific, and time-based points of measurement. Generally, goals are determined by the owner or entrepreneur of the business organization. In case of large scale companies CEO (Chief Executive Officer) will determine the goals for the firm. Thus goal of the owner will be the goal of firm.
4. **Policies:** A policy is a definition of common purposes or organization components. The process of strategic choice sometimes encompasses the formulation of important policies. Policies help to ensure that all units of an organization operate under the same rules. They also facilitate coordination and communication between various organizational units. Policies of competitors also influence an organization's policies.
5. **Environment:** Business environment is always an influencing factor for decision-making. There may be external or internal factors that influence business. Buyers, suppliers, government and competitors are likely to react in accordance with changes in environment. Thus, business also should act in the same fashion.
6. **Formulation of strategies:** Strategies can be formulated after diagnosing the environment. Each strategy with suitable sub-strategies and alternative strategies should be available to top management. Thus, top management always mentors the administration with strategies which can be adapted from time-to-time.
7. **SWOT analysis:** Strengths, weaknesses, opportunities and threats are simply termed SWOT. Every organization should go through SWOT analysis. It is an important tool for evaluating organizational capabilities. This is necessary for making strategic choice.
8. **Financial consideration:** The strategist should evaluate each strategy after implementing them. He should evaluate whether there is profit maximization or cost minimization or achievement of long-term or short-term goal whatever it may be.

INFLUENCE OF SUBJECTIVE FACTORS

- **Potential New Entrants:** Strategic choice depends on the capacity of new entrants. Every corporate entity faces threat of new entrants in the market. It should consider and have a watch on the new entrants in the market. The threat depends on the presence of entry barriers and the reaction that can be expected from existing competitors. There are several entry barriers like product differentiation, capital requirement, cost of production, etc.
- **Buyers:** Buyers play a vital role in making strategic choice. Bargaining and purchasing power of buyers are important considerations in determining competition. Buyers affect an industry through their ability to force down prices, bargain for higher quality or more services.

- **Suppliers:** Bargaining power and competition among suppliers are also important influencing factors for making strategic choice. Rivalry among existing firms should also be considered. Suppliers have the ability to raise prices or reduce the quality of purchased goods and services.
- **Substitutes:** Strategic choice for substitutes is an important subjective factor. A substitute product may have the quality of satisfying nature, but it will be in different form. Each product or service will have substitute products or services. Hence, substitutes will become a competitive force in the industry. For example, tea and coffee. If there is an increase in price of tea, there will be demand for coffee, vice-versa.
- **Rivals:** Rivalry among different entities will be forming as a base for decision-making for strategic choice . A competitive move by one firm can be expected to have a noticeable effect on its competitors. For example, Pepsi and Thumbs Up, Horlicks and Complan, Polo and Minto are different rivals in the consumer products.
- **Stakeholders:** The stakeholders in the corporate entity also influence selection alternatives among different strategies. Stakeholders are creditors, debtors, government, trade associations, shareholders, and trade unions. The importance of the stakeholders varies according to the nature of the industry.
- **Government policies:** Changes in government policies are also vital in making strategic choice.
- **Attitude of top level management:** CEO or top-level management's attitude also becomes a subjective factor and it has a key role in decision-making and choosing the best alternative.
- **Environment:** Nature of business environment and forces of external and internal environment should also be considered while making strategic choice.

STRATEGIC FORECASTING

Meaning

Expecting future strategies for a business is called 'strategic forecasting'. This estimate is made considering various factors like controllable and non-controllable and present and anticipated market conditions. Accurate forecasting is essential for a firm to enable it to produce the required quantities at the right time and arrange well in advance for the various factors of production viz., material, money, men, management, machinery, etc. Strategic forecasting is not speculation. It cannot be hundred per cent correct. But it gives a reliable information and estimation of future business. It is based on mathematical law of probability. Strategic planning is based on forecasting of business. Most of the business decisions depend on the expected sales in future. The success of business is also influenced by the accuracy of forecasted reports. There will be no problem of over- and under-production if the figure of sales forecasts or business forecasts is accurate. As it will reduce or have control over costs, the profits will certainly go up. Hence, the importance of forecasting more or less depends upon the nature of business.

Factors involved in Strategic Forecasting

1. Time factor: Forecasting may be done for short-term or long-term. Short-term forecasting is generally taken for one year while long-term forecasting covers a period of 5 year, 10 year or 20 year period.
2. Level factor: Strategic forecasting may be undertaken at three different levels.
    a. Macro level: It is concerned with business conditions over the whole economy.
    b. Industry level: Prepared by different industries.
    c. Firm level: Firm level forecasting is the most important from managerial view point.
3. General or specific purpose factor: The firm may find either general or specific forecasting or both useful according to its requirement.
4. Product: Forecasting varies according to the type of product i.e. new product or existing product or well established product.
5. Nature of the product: Goods can be classified into (i) consumer goods and (ii) producer goods. Business for a product will be mainly dependent on nature of the product. Forecasting methods for producer goods and consumer goods will be different accordingly.
6. Competition: While forecasting, market situation and the product position in a particular market should be analyzed.
7. Consumer behaviour: What people think about the future, their own personal prospects and about products and brands are vital factors for firms and industries.

Advantages

The following are the advantages of strategic forecasting:

1. **Analyzing business:** Business analysis is the first and foremost application of strategic forecasting. Price of a product is the key factor which influences business for the product. Apart from price, there are several other factors which influence business for the product like income, taste, preferences, consumer behaviour, etc. Strategic forecasting will consider all the factors influencing business for the product, to estimate future business for the product.

2. **Estimation of supply:** By making strategic forecasting of a business, one can understand the needs of business. One can estimate the required raw-materials, finished goods, etc, by identifying the suppliers who can supply quality products at competitive prices.
3. **Capital outlay:** Capital outlay is to ascertain the investment requirements for the organization. Strategic forecasting includes the responsibility of determining capital requirements for business.
4. **Market conditions:** Several market conditions like monopoly, oligopoly and monopolistic competition always exist in the market. Competitive market conditions vary according to the nature of product and the number of sellers in the market. Thus, forecasting will be useful to examine the market conditions for pricing decisions.
5. **Price of a product:** Cost-Volume-Profit analysis i.e., CVP analysis is an important tool to analyze cost to determine target profit for the organization. Cost behaviour study is an important factor in this regard. The firm can be able to decide appropriate price for the product on the basis of forecasting
6. **Advertising policy:** Forecasting helps the management and it has to act as adviser to the management. It can advise about advertising policy, as it is necessary for product promotion.
7. M**arket segmentation:** The strategist can be an adviser to the marketing department. He can take active part in decisions relating to marketing issues like market segmentation, product mix, product line and determination of decisions like product addition, deletion – can also be taken with the help of business estimator.
8. **Feasibility report:** The reports of forecasting help in the preparation of feasibility reports. These reports can be classified into three types: i.e. technical feasibility, operational feasibility and economic feasibility. Organization can take important decisions by studying these reports.
9. **Helping in profit policy making:** The reports of forecasting also help in making profit policies of the organization. As stated earlier CVP analysis is a useful tool in determining profit policy.
10. **Production scheduling:** Scheduling is fixation of time boundaries. Thus, production budgets and time-frame for production will be determined on the basis of strategic forecasting.
11. **Cost reduction:** As the production is predetermined on the basis of strategic forecasting, there will be control over the cost of production. Hence, wastage can be avoided.
12. **Inventory control:** Inventory or stock of materials can also be planned according to Production Planning and Control (PPC) methods. It helps in under- or over-inventory levels.

13. **Setting sales targets:** Strategic forecasting helps in determining sales targets of the organization. Each sales executive has to achieve his assigned tasks as determined by forecasting department.
14. **Planning manpower requirements:** Manpower requirements for the organization i.e., sales staff, production staff, administration staff, etc. can be determined using strategic forecasting technique.

CONCLUSION

Strategic Management Process can be defined as 'a combination of managerial decisions and actions that determines the long-run performance of a corporate organization.' It includes environmental observation, strategic planning, formulation, implementation, evaluation and control. Strategic alternatives are vital tools for increasing the profitability of the organization. There are four major strategic alternatives like stability, growth or expansion, retrenchment, combination or mixed strategies. The strategist may adopt any of these strategies or combinations, to solve the problems of organization. Stability strategies are required for small or medium scale entities, growth and retrenchment strategies may be adopted by large scale entities. Combination strategies are useful for enhancing profitability of the organization. However, selection of suitable strategic alternative is a crucial consideration for a strategist.

Strategic choice is selection of the best strategy. The main problem before a strategist is to choose from many alternatives which suit the organization in achieving its goals. Strategic planning is a comprehensive approach to preparation of strategies. It differs from project planning, tactical planning and operational planning. Strategic planning is long-term in nature, high-risk oriented and decided by top level management. While, tactical planning is medium-term, medium-risk oriented and implemented by middle level managers. Operational planning is short-term, low-risk and followed by low-level managers.