



STRATEGIC ←————→ MANAGEMENT



Nitish Sengupta † J S Chandan

Essentials of
Strategic Management

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In fond memory of

Professor A Dasgupta

The Father of Management Education of India



PREFACE

Strategic management deals with the challenges and opportunities of the ever fast- changing world. The current global economic recession has created a business world that is quite different and more complex than the world of yesteryears. Thousands of businesses have disappeared. Company stalwarts such as General Motors are in the bankruptcy court now. Many major companies such as AIG and Citibank had to be bailed out by federal funds. Consumers have become highly price-sensitive and usually buy things on the basis of need rather than wants. Business firms that have survived this economic downturn have become extremely competitive and have tried to cut costs by downsizing and outsourcing. Strategic management and strategic planning have become valuable tools for survival and growth. Strategic thinkers are visionary and they try to visualize where their company might be years from now. Academic institutions try to prepare their students to be visionary and strategic thinkers and planners; and this book, *Essentials of Strategic Management* serves that purpose.

The major purpose of this text book is to serve as a capstone course in the business academic curricula and provide students with an integrative learning experience, which will assist them in developing broad and visionary strategic management knowledge and skills. Every effort has been made to include the latest research outcome in strategic management theory and practice. The goal is to help students understand how to integrate their knowledge of the various business disciplines learned in earlier courses, such as marketing, production, finance, accounting, human resource management and so on, and apply this knowledge in planning and managing various strategic management activities.

The last two decades have witnessed tremendous changes in the world of business. Countries, world-over have become closer to each other and the communication networks and internet resources have made the whole world into a real 'global village.' Organizations have become multinational, transcending national and geographical boundaries. The workforce has become highly diversified. More women are joining the management ranks



and the ethical conduct of the organizations is being closely watched and monitored. There is a movement toward total quality in products and services and the customer satisfaction has become the top priority. Today's business environment is one of global competition, scarce resources, rapid technological changes, increasing demand for social responsibility and lean organizational structures. The economic and industrial environment has become more volatile and this has necessitated strategic thinking at all levels throughout organizations.

Essentials of strategic management is arranged in a sequence that is traditionally found in strategic management and business policy books. However, each chapter has been updated to include the most recent developments in strategic management processes and investigations. The presentation of the material is clear, unambiguous and structured in a manner so as to engage students in an intellectual appreciation of the overall process of strategic thinking and to engage business professionals in envisioning the future of the organization and positioning it with a competitive edge.

All efforts have been made to cover the theoretical concepts of the subject comprehensively, including international dimensions of strategic management and all the major aspects of strategy formulation, strategy implementation and evaluation. These have been expressed in a manner that will be easily understood and grasped by the reader. Proper references have been provided for further study and investigation. Recent research findings have been incorporated in the text of each chapter.

The application of strategic management process is indicated by analyses of comprehensive case studies. Case analysis is the backbone of any text used in strategic management and business policy courses. A special chapter on how to effectively analyse a case has been added at the end of the book. This chapter bridges the gap between theory and practice by demonstrating ways and methods to apply the concepts to actual cases and situations that strategic managers face. It emphasizes analysing quantitative data such as financial information, as well as qualitative data dealing with persons, events and situations.

The text book is divided into 13 chapters, the last one being instructional on how to prepare a case analysis. The first chapter gives an overview of strategic management, dealing with the nature and scope of strategic management. Before any strategic planning can be developed, an organization must have a vision statement, a specific mission and its long-term goals and objectives. The second chapter deals with the organization's mission and objectives extensively. Chapters 3 and 4 analytically assess the organizational environment, both external as well as internal.

The next three chapters viz., 5, 6 and 7 deal with various strategies successively at the corporate, business and functional levels. Chapter 8 views the subject of strategic management against the fast changing global and domestic scenario. Chapter 9 and 10 involve the implementation of strategies so developed earlier. Such implementation is a function of organizational structure and design and depends on the types of leadership of the organization as well as the organizational culture. Once the strategies are implemented, it is necessary to evaluate the outcomes of such implementation and chapter 11 specifically deals with the strategy evaluation and some control techniques. Chapter 12 emphasizes the methodologies used in analysing comprehensive cases which are usually developed from actual business situations.

It is our sincere hope that this extensive and updated coverage of the area of strategic management and business policy will serve the capstone course needs of all the business students majoring in business and commerce at the undergraduate level as well as those who are pursuing MBA degree or advanced post-graduate business diplomas. We also hope



that this text will open up new horizons and opportunities for absorbing and generating new ideas and approaches to the field of strategic management and help managers and other professionals become strategic thinkers.

A lot of effort has gone into the preparation of this book. Many people have provided inputs and helped us in conceptualizing our thoughts. We have drawn heavily on the research of others, including economists, management researchers and strategic thinkers. Several books on the subject and more recent articles in the strategic journals inspired us. A list of such references is given at the end of each chapter for further study.

I would be amiss in my acknowledgement if I did not thank the editorial team of Vikas Publishing House for their untiring efforts in monitoring the progress we were making and giving us timely and valuable inputs regarding our progress.

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