

Strategic Management Process

The scope of strategic management is greater than any one area of operational management. It is concerned with the management of the complexity arising out of ambiguous and non-routine situations with organisation wide, rather than operation specific, implications. Strategic management is the discipline that integrates all other management disciplines.

Strategic management is:

- Future Looking
- Non-Routine
- Continuous
- Multi-Disciplinary

There are many different parts to the Strategic Management process and many different analysis tools and thinking models. All the parts are important. Using an over-arching framework provides the structure to manage the complexity of all of the parts, creating an integrated approach to the whole.



Strategic Analysis is required to create a clear picture that informs our strategy. Strategic Direction allows us to generate and select workable options. Strategic Implementation is essential to translate the chosen strategy into action. Together these phases form the three main parts of the strategic management process.

THREE PHASES:

- A: **Strategic Analysis:** Determining the Strategic Position
- B: **Strategic Direction:** Generating and Selecting Strategy
- C: **Strategic Implementation:** Managing the Strategic Changes

Within each of the Three Phases are three steps, making a nine-stage process that must be completed. The process is then continuous, changes in any part requiring a re-think of the implications to each other part of the whole process.

NINE STAGES:

A: **Strategic Analysis:**

1. Purpose: The Vision and Mission, broad strategic objectives, core functions, focus and values that guide all strategic decisions.
2. Resources and Capabilities: The present inventory of tangible and intangible resources, capabilities and competencies that provide competitive advantage.
3. Environment: The external market environment including the economic, political and social climate in which the organisation or business unit operates.

B: **Strategic Direction:**

4. Alignment: The match (or the gap) between the present strategy and the future reality taken from the Strategic Analysis.
5. Generation: The crafting of plausible and detailed strategic options to bring the organisation's or business unit's actions into alignment with its strategic goals.
6. Evaluation: The selection of the optimal strategy (or strategies) that meet a balanced set of criteria for success.

C: **Strategic Implementation:**

7. Structure: To ensure the organisational structure reflects the Strategic Direction selected, facilitating the allocation and management of strategic tasks.
8. Balance: The setting of specific goals and objectives in 'do-able' timeframes to different parts of the organisation or SBU structure.
9. Management: The management of the strategic changes at a functional level as these are implemented in parallel with operational management.

In combining each stage in the process with the appropriate analysis models and tools applicable to each organisation we achieve a complete answer.

The Simplified Version

Another way of saying this is:

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| • Purpose – The Why? | Why are we here? |
| • Resource and Capabilities – The Who ? | Who are we now? |
| • Environment – The Whom? | Whom are they out there? |
| • Alignment – The Within? | Within what must we work? |
| • Generation – The Where? | Where can we go? |
| • Evaluation – The Which? | Which path do we choose? |
| • Structure – The What? | What do we need to look like? |
| • Balance – The When? | When do we do this? |
| • Management – The How? | How do we do it? |

Strategic Approach

The effect on the entire strategy if any one part is left out:

1. **Purpose** – a perfectly executed strategy that does not advance the purposes of the organisation at all, or worst creates massive strategic drift in the wrong direction
2. **Environment** – a perfectly managed process with major blind-spots that inexplicably has none of the intended effects although fully implemented
3. **Resources and Capabilities** – a well thought through strategy that over-estimates or under-utilises the existing strengths, costing lots more or achieving lots less than it should
4. **Alignment** - an excellent strategic analysis which is then ignored and the organisation just does what it was doing anyway making the process wasteful
5. **Generation** – an excellent process that creates uncreative options, leading to conflicting trade-offs resolved always unsuccessfully using the wisdom of Solomon
6. **Evaluation** – a good attempt where the things that matter most are at the mercy of the things that matter least, further entrenching political interests and cynicism
7. **Structure** - a strategy that at best creates an unhealthy tension of additional work which falls unequally and at worst a bookend that it is no-one's role to pick up
8. **Balance** – a perfectly crafted strategy with full commitment but which is delayed in its implementation just long enough to prejudice the outcome or make it outdated
9. **Management** – completion of the perfect strategy model neglected by those holding the strategic context allowing operational management to go back to doing what it does best with no strategic plan.