Strategic Management & Innovation in Technology

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Table of Contents

Topic			Page No.
Table of Contents			*iii-vi*
List of Tables			*vii*
List of Figures			*viii*
Chapter 1: Introduction to Strategy and Strategic Management			**1-36**
1.1	Introduction		2
1.2	Definition and Meaning of Strategy		4
	1.2.1	Characteristics of Strategy	7
1.3	Definition and Meaning of Strategic Management		9
	1.3.1	Skills for Effective and Efficient Strategic Management	11
1.4	Dimension and Importance of Strategic Management		12
	1.4.1	Strategy Management Components	12
	1.4.2	Strategic Management: Dimensions and Aspects	13
	1.4.3	Need and Importance of Strategic Management	14
1.5	Benefits and Risks of Strategic Management		21
	1.5.1	Risks Involved	26
1.6	Strategic Management Process		27
1.7	Summary		34
	References		34
Chapter 2: Strategic Management and IT			**37-63**
2.1	Introduction		38
	2.1.1	Scope of Strategic Management in IT	40
2.2	Definition, Purpose and Types		41
	2.2.1	Making an IT Strategy	41
2.3	Effective IT Strategy and its Classification		43
	2.3.1	Implementation of the Strategy	43
	2.3.2	Classification	45
2.4	Methodology		48
2.5	Stages of IT Strategic Management		50

2.6	Benefits and Risks		58
	2.6.1	The Importance of IT Strategy Management	58
	2.6.2	IT Services Strategy Management Challenges	60
	2.6.3	Risks of IT Service Strategy Management	60
	References		61
Chapter 3: Role of Strategic Management in Business Development			**64-90**
3.1	Introduction		65
3.2	Different Roles of Strategic Management		67
	3.2.1	Strategic Management Role	68
3.3	IT and Strategic Business Management		78
3.4	Competitive Advantage and Information Technology Business Strategy		81
	3.4.1	Advantage in the Market	82
	3.4.2	Competitive Advantage and Strategy	83
	3.4.3	Self-Managing of Organisational Units	83
	3.4.4	Interchangeably Usage of Learning and e-Learning	84
	3.4.5	Organizational Performance Evaluation as an Online Strategy	84
	3.4.6	Acceptance of the Necessary Information Technology Transformation inside the Organisation	84
	3.4.7	Advantages in the Marketplace	85
	3.4.8	Thought-Processing in Accordance with IT-based Methods	85
	3.4.9	De-stressing the Organisation Through the Use of Information Technology	85
	3.4.10	Instead of a Motto, Use Pragmatism	86
3.5	Importance of Strategic Business Management		87
3.6	Conclusion		89
	References		90
Chapter 4: Formulation of Strategy and Strategic Management for IT			**91-114**
4.1	Introduction		92
	4.1.1	Levels in Strategy Formulations	94
	4.1.2	Steps to Formulate an Effective and Successful Strategy (Belyh, 2019)	95
4.2	Strategy Formulation Steps		101

4.3 Strategy for IT Industry 105
4.3.1 The Fundamentals of an IT Strategy 106
4.3.2 What is the Best Way to Develop an IT Strategy? 108
4.3.3 Implementation 108
4.3.4 Framework of IT Strategy (IT Strategy Framework, 2020) 109
4.3.5 IT Strategy Influencing Factors (Talamantez, 2017) 109
4.3.6 Components and Enablers of IT Strategy 112
4.4 Conclusion 113
4.5 Summary 113
References 114
Chapter 5: Implementation and Strategic Evaluation 115-141
5.1 Concept of Strategy Implementation 116
5.1.1 The 7S Model 118
5.1.2 The 7S Framework Alignment 121
5.2 Strategy Implementation Prerequisites and Process 123
5.2.1 Implementation Aspects of a Strategy 124
5.2.2 Steps for Implementation of Strategy 125
5.3 Resource Allocation in Strategy Implementation 129
5.3.1 The Significance of Resource Allocation 129
5.3.2 Resource Allocation Approaches 130
5.3.3 Managing Resource Conflicts 131
5.3.4 BCG Matrix 131
5.4 SWOT Analysis 134
5.5 Conclusion and Summary 141
References 141
Chapter 6: Case Study 142-166
6.1 Introduction 143
6.2 Case Study 1: Strategic Case Study of Computer Industry Leader Dell Inc. 144
6.2.1 Strategy Analysis 147
6.2.2 Background 148
6.2.3 SWOT Analysis 149

6.2.4 Business Level Strategy 153
6.2.5 Corporate Level Strategy 154
6.3 Case Study 2: A Contextual Analysis of Microsoft Corporation 154
6.3.1 Background 155
6.3.2 The Progress 155
6.3.3 Growth Strategies 158
6.3.4 Organization Structure & Its Elements 159
6.3.5 SWOT Analysis 160
6.4 Case Study 3: Issues in Infosys Human Resources 161
6.4.1 Background 162
6.4.2 Problem Statement 162
6.4.3 Expectations 163
6.4.4 Corrective Measures 164
6.4.5 Expert Opinions 164
References 164

List of Tables

Table No.	Name of Table	Page No.
Table 5.1	A comparison of strategy formulation and Strategy implementation [1]	117

List of Figures

Figure No.	Name of Figure	Page No.
Figure 2.1	Framework of IT Strategic Management (Hax and Majluf, 1991)	50
Figure 3.1	Information Technology and Strategies [9]	79
Figure 3.2	IT- Based Strategies in Competitive Advantage and Enablers	87
Figure 4.1	IT Strategy plan (Lebeaux & Pratt, 2020)	107
Figure 5.1	The 7S McKinsey model [2]	118
Figure 5.2	BCG Matrix [4]	132
Figure 5.3	Types of Environment	135
Figure 6.1	Microsoft Growth Strategies	158

1 INTRODUCTION TO STRATEGY AND STRATEGIC MANAGEMENT

—*Strategic management is not a box of tricks or a bundle of techniques. It is analytical thinking and commitment of resources to action. But quantification alone is not planning. Some of the most important issues in strategic management cannot be quantified at all.*‖

—Peter Drucker

CHAPTER STRUCTURE

- Introduction
- Definition and Meaning of Strategy
- Definition and Meaning of Strategic Management
- Dimension and Importance of Strategic Management
- Benefits and Risks of Strategic Management
- Strategic Management Process
- Summary

1.1 INTRODUCTION

Strategic management is both challenging and interesting. The word ―*strategic*‖ is originated from the Greek term ―*stratos*‖, which denotes ―*general*‖. The literal meaning of the term ―*strategy*‖ is ―*the art as well as science of managing the military troops in a conflict or war*‖.

In today's corporate world, the term strategy refers to how a company plans to accomplish its overall goals. The strategy field has evolved during the last few decades. Evered (1983), Summer et al. (1990), Rumelt, Schendel and Teece (1994), Phelan, Ferreira and Salvador (2002), Nag, Hambrick, Chen (2007), and Hambrick and Chen (2008), for example, have struggled to define the breadth of the strategy area and what has affected it (2008). In past research, data collection from well-known academicians as well as counting "strategy" printed in management journals papers were methodologies which were common used. Most companies have a number of options for achieving their objectives. The objective of strategy is to determine which option should be chosen to meet the overall objectives of the organization. While operating inside an organizational framework, a strategy is defined as a course or a plan of action aimed in achieving a given target or set of objectives in a specified time period.

The effective management of an organization's resources so as to achieve organizational objectives is called strategic management (SM). It's a way to ensure that output targets are met and also that the organization keeps growing. SM sets the direction through designing goals-oriented policies and strategies, and afterwards assigning funds to bring those plans into action. Ultimately, organizations apply SM to gain a competitive edge over their competitors. The notion of SM can be traced back to 1950s as economic theory in industry and organization. According to Peter Drucker, the "Father of Modern Management Theory" - Setting goals and tracking company development can pervade the entire organization. It does not make any difference if an organization is big or small whenever we talk about the concept of strategic management. Whether the business is small, we must know and recognize their level of accomplishment in their industry, make the necessary changes, and take the required steps to attain their expected outcome in the near future. SM comprises the ongoing planning, controlling, reviewing, and analyzing among all criteria that an organization must meet so order to meet its aims and outcomes. Businesses would have to re-evaluate its plans related to performance on a daily basis as when the market climatic conditions changed. The process of strategic management supports organizations in analyzing their existing status, establishing strategies and plans, executing them, as well as reviewing their management strategies and plans' effectiveness. There are 5 types of techniques in SM that can be executed in various ways depending on the situation. SM is beneficial to both on as well as web-based systems.

Strategic management requires planning in both expected and unexpected situations. It applies both in large and small businesses as even the smaller businesses face competitiveness, and therefore can gain a long-term competitive edge by developing as well as implementing appropriate strategies. It is also a technique used by many strategists in setting their objectives and hence work towards accomplishing them. This has to do with formulating as well as implementing decisions about a company's future direction. It assists us in identifying a company's direction of their movement. One of SM most essential responsibilities is always to better integrate various functional areas the organization and ensuring that they work and harmonize well with each other. Other important responsibility of SM is to keep an eye constantly on the objectives and priorities of the organization at all times.

Strategic management is a never-ending process due to the following reasons:

1. Assesses and controls the market or markets where a business operates.

2. Competitors are evaluated as well as controlled, and targets and objectives are formulated to meet existing and prospective competitors.

3. Lastly, review the strategies on a daily basis so as to determine how well things have really been implemented or whether they any kind of require replacement.

The concept of SM is used by the managers to identify, execute, and manage the tactics so as to attain the objectives and targets of the organization. It's also a series of decisions a management has to make which have a significant effect on the business performance. A person who has taken the responsibility of strategic strategy must have a thorough knowledge of both the internal as well as external organizational settings in order to make the best judgments.

This practice of management gives employees a broader perspective, enabling them to understand better in knowing how it affects other company members or how their job fits into the overall company's plan. It is the skill of managing employees in a way which maximizes their motivation and desire so as to achieve organizational objectives. There is an involvement of employees in the process of the implementation of strategy which increases employee involvement. Employees become more satisfy, trustworthy, and loyal when they have a better understanding of the mission of their organization. This motivates them to apply strategic management so as to evaluate how technology changes affect an organization as well as how an organization will likely respond. Consequently, employees will evaluate the impacts of these changes with their own work and also prepare to cope up with these changes effectively. Now, let's look at the definitions of both strategy as well as strategic management in more detail.

1.2 DEFINITION AND MEANING OF STRATEGY

In contrast to pure science, which is based on experimental experiments, management studies are based on the realistic managers' experiences of in concept defining. Business strategy has its origins in management practice which has been gone through various phases before it became strategic management. Without a question, the most important principle in corporate policy and strategic management is strategy. Military ideals underpin the philosophy of strategy. A military strategy is a plan of action towards winning a war. Both the quantity and quality of resources are to be mobilized along with the time suitability in a comfortable and suitable manner so as winning a conflict.

In business, strategy can refer to various things, including continuously mobilizing and allocating capital to meet organizational objectives, or the structure of common thread pertinent to the organization's actions which is derived through objectives, strategies, and priorities. Thus, it has to do with adhering to established procedures which help the organization to move or proceed from its present state to the preferred prospect state. It can also relate to the resources necessary to accomplish a strategy or achieve a goal. The literal sense of strategy is ―*planning one's own course of action in preparation of an opponent's advance*‖. Though it can be understood in so many different ways, it can be difficult to understand what strategy entails. As a result, it can be said that strategy is a tool for achieving organizational objectives. Some of the definitions by famous management authors are as below:

Ellie Pidot, the VP of Medtronic defines with humor as:

> ―*Strategy is a fancy word for coming up with a long-term plan and putting it into action*‖.

> ―*Strategy is a plan of action or policy designed to achieve a major overall aim*‖.

—*Oxford Dictionary*

> ―*Strategy is the determination of the basic long-term goals & objectives of an enterprise & the adoption of the course of action and the allocation of the resources necessary for carrying out these goals*‖.

—*Alfred D Chandeler*

> ―*Strategy includes the determination & evaluation of alternative paths to achieve an organization's objectives & mission & eventually, a choice of the alternative that is to be adopted*‖.

—*Lloyd L. Byars*

> ―*A strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization*‖.

—*Lawrence R. Jauch& William F. Glueck.*

Leading Management thinkers have proposed different views on the concept of strategy which are discussed here.

As per Thompson, Strickland, and Gamble (2007), strategy is ―*...management action plan for running the company and conducting operations.*‖ ―*A company's strategy consists of the competitive steps and business methods that managers are employing to expand the business, retain and impress clients, compete effectively, execute operations, and achieve the targeted levels of organizational performance*‖, they go on to say. Strategic management encompasses the process of environmental scanning, development of plan, execution of strategy, and lastly monitoring, analysis and evaluation of the process of implementation so as to make sure of productive as well as successful of attaining the long-term objectives of an organization.

As stated by Eden and Ackerman (1998), strategy is —*a coherent collection of individual discrete acts in pursuit of a scheme of objectives, which are sustained as a portfolio by a self-sustaining critical mass, or momentum of opinion in an organization*‖.

Thompson, Strickland, and Gamble —*competitive steps and market tactics*‖ *are comparable to Ackerman* —*coherent collection of individual discrete acts*‖. Another characteristic of such strategy definitions by various academics' would be that it concentrates on achieving established levels of organizational success over the long-term. Mintzberg et al. (1998), as cited by Beckman and Rosenfield (2008), identifies the majority of the core concerns that organizations must consider when developing and implementing strategy: —*Strategy is based on fundamental building blocks that are used in assault, defense, and maneuver. Finding and executing new combinations of these blocks is central to strategy growth. Technology and social organization restrict the combinations in any generation. After a while, these boundaries seem to be unavoidable, and therefore normal. Strategists stop questioning conventional wisdom and stick to variations on well-worn themes. Great generals, such as Napoleon, are then left to invent strategically by recognizing and bringing in new combinations.*‖ Organizations must continually explore for areas of untapped market from externally of their industry's traditional boundaries as stated by Kim and Mauborgne (2005), so as to compete and beat competitors who stay within such boundaries. Strategic thinking involves challenging the status quo and providing innovative new products and services, as well as new means of distributing such offers to the existing and potential customers, and also establishing a long-term competitive edge. Ohmae (1982) puts it briefly when he says, —*What business strategy is all about – what separates it from all other kinds of business planning – is, in a word, competitive advantage*‖. There would be no need for a strategy if there were no rivals, because the primary aim of strategic planning is to allow a business to achieve a competitive advantage over their competitors as effectively as possible. Thus, corporate strategy refers to a organization's efforts to change its strength in comparison to its competitors in perhaps the most efficient way feasible.

1.2.1 Characteristics of Strategy

Strategy is vital because it is not possible to forecast the future. Even if they lack perfect foresight, businesses must be ready to deal well with unexpected occurrences that build-up the market environment. Strategy is basically related to the long-term patterns, instead of daily operations such as the possibility of new technology, new products, new production methods, and emerging businesses. While establishing a strategy, it is important to analyze the potential behavior of customers and competitors. Strategies related to the employee management are capable of predicting employee behavior. The strategy of a company is a like a road map which is very well defined. It determines the key result, vision, as well as strategy of an organization. The main purpose of a strategy is to maximize the strengths of an organization and simultaneously minimizing the strengths of the competitors.

Therefore, the procedure of bridging the gap between ―*where we are*‖ to ―*that we'd like to be*‖ is called strategy. The following are some of the features of strategies:

1. **Strategy as a Systemic Phenomenon:** It entails a set of action plans that are not mutually exclusive because they share a common theme. It's not about a good idea but it's also making the idea a reality. A strategy is a course of action that is unified, systematic, and incorporated.

2. **Strategy as a Multidisciplinary Concept:** Formulating and implementing strategy requires an input from marketing, finance, human resources, and operations. A systematic approach to strategy is taken. It is multidisciplinary in nature because a new approach has an impact on all functional areas, including marketing, finance, human resources, and operations.

3. **Strategy as a Multidimensional Impact:** Strategy explains not just the goals and vision, but also how to attain them. Therefore, it implies that the organization must have the techniques and essential prerequisite required for execution of plan, and a good or strong performance culture characterized by openness, transparency, as well as incentives based on performance.

4. **Strategy as Hierarchical in Structure:** Organizational strategies are at the top, after that strategies in business unit, and lastly strategies that are functional. Organizational strategies are developed by top management, strategies at business unit level are

executed by senior executives in individual strategic business units, and strategies that are functional are managed by functional heads.

5. **Strategy as Dynamic by Relationship:** The aim of strategy is to achieve a match between the world and the activities of the organization. Since the world is subject to rapid change, the approach must be dynamic so as to adapt to the changing surroundings. In terms of applications for personal computers, Microsoft success seems to be straightforward, but maintaining leadership in a turbulent and complex world necessitated constant decisions.

6. **Strategy as a Goal:** The goal of strategy is to achieve vision and mission by creating excellence (things the company excels as compared to opponents), collaboration (among organization’s various sections along with their activities), in addition to the development of their value.

7. **Strategy as Value Addition:** Only by creating value for the company and its stakeholders can an organization achieve its goal both vision and mission). Value addition with respect to economic (company’s profit margins), consumer (value consumers recognize as compared to opponents), and people (earned value by allowing workers to be the utmost efficient resource) are all part of value development to meet the needs of all parties involved.

8. **Strategy as a Competitive Advantage:** Strategy necessitates the discovery of new sources of competitive advantage. Ways to point out and create money, a business must design new regulations and activities so as to obtain a competitive advantage for long-term. Actually following the leadership devalues all businesses. Consequently, differentiation in strategy is required to look different.

9. **Strategy as a Decision-Making:** In general, strategy is the result of certain type of collaborative decision-making. Strategy is almost always the outcome of some kind of group decision-making. Top management sets the mission, vision, goals, and organizational strategy. Heads of business units decide business unit policies, while functional heads decide functional plans. However, top management approval is needed. Senior management is responsible for resolving conflicts between competing priorities, current functions and planned activities, and resource allocation.

1.3 DEFINITION AND MEANING OF STRATEGIC MANAGEMENT

Jauch & Glueck define Strategic Management as ―*A stream of decisions & actions which leads to the development of an effective strategy or Strategies to help achieve corporate objectives. The Strategic Management process is the way in which strategists determine objectives & make strategic decisions*‖. H.L. Ansoff defines, ―*Strategic Management is a systematic approach to a major & increasingly important responsibility of general management to position & relate the firm to its environment in a way which will assure its continued success & make it secure from surprises*‖.

The concept of strategy and its definitions have been discussed till now, and now it would serve as a background to promote better understanding of the nature and significance of strategic management. Therefore, it is important to begin with the strategic management definitions so as to gain a better knowledge of what is going on in this field. Towards the end of the chapter, the dimension as well as importance along with the benefits and risks of SM are discussed. Various authors have discussed the concepts of strategic management in depth such as Alfred Chandler, Peter Drucker, Kenneth Andrews, William Glueck, Igor Ansoff, Michael E. Porter, Henry Mintzberg, and so on. As a result, there are many different definitions of strategic management. The following are the major definitions:

> ―*Strategic management is concerned with the determination of the basic long-term goals and the objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals*‖.

―*Alfred Chandler, 1962*

> ―*Strategic management is a stream of decisions and actions which lead to the development of an effective strategy or strategies to help achieve corporate objectives*‖.

―***Glueck and Jauch, 1984***

> ―*Strategic management is a process of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objective*‖.

―***Fed R David, 1997***

―Strategic management is the set of decisions and actions resulting in the formulation and implementation of plans designed to achieve a company's objectives.‖

—***Pearce and Robinson, 1988***

―Strategic management includes understanding the strategic position of an organization, making strategic choices for the future and turning strategy into action.‖

—***Johnson and Sholes, 2002***

―Strategic management consists of the analysis, decisions, and actions and organization undertakes in order to create and sustain competitive advantages.‖

—***Dess, Lumpkin & Taylor, 2005***

It is worthy to note that the definitions of both strategy and strategic management are not a constant set of words as definitions are in the field of science. It can be seen that each author define the concept in different way. The first author mentioned here is Alfred Chandler who gave one of the initial definition of strategic management in the year 1960s which was the year in which SM was being considered as a separate discipline. Taking the Chandler definition, 1962, there are three basic elements in this definition:

1. Setting long-term objectives
2. Choosing a plan of action
3. Allocating resources to meet those objectives

Easy to implement, this approach doesn't really contain all of the elements of strategic management and therefore does not convey the core of the SM field.

Some of the meanings of recent origin are those of Lumpkin and Taylor, Fred R. David, Johnson and Sholes, Dell, and Pearce and Robinson. Whenever used altogether, these conceptions represent three fundamental characteristics at the center of strategic management. Strategic research, strategic formulation, and strategic execution are the three ongoing procedures. These three elements are analogous to the mechanisms of research, decision-making, and intervention. Strategic management, to look at it another way, is concerned primarily to:

1. Assessment of strategic objectives (vision, mission, and goals), and also the internal and external atmosphere of the organization.

2. Decisions on two fundamental issues:

   (a) What are the industries which we start competing?

   (b) In terms of strategy implementation, how would we compete within these companies?

3. Tactics are put into action which necessitates leaders in allocating the required resources, and design the expected strategies for the organization. This includes assessment and monitoring to ensure that the methods are applied correctly.

Managers face a real strategic challenge in deciding on tactics that can have a competitive edge which can be sustained in the long run. This is what strategic management is all about, where the concepts are correctly captured by the authors Taylor, Dess, and Lumpkin.

1.3.1 Skills for Effective and Efficient Strategic Management

To begin with, strategic management necessitates advanced analytical abilities. Business leaders working on strategic growth needs a holistic view of their organization, including the business climate, global developments, the competitive landscape, consumer needs, and stakeholder expectations. Strategic management will only be successful if it begins with a transparent and truthful view of the internal and external factors that will decide the company's performance both present and future. Strategic management often necessitates strategic skills in order to change from market analysis to business strategy, which entails finding opportunities from the business analysis, deciding the ones to pursue, and then designing a strategy that outlines how the organization can capitalize on the chosen opportunities. Finally, it also necessitates good leadership abilities in order to put the corporate plan into action. Business leaders must collaborate with internal and external stakeholders, be mindful of policy execution issues, and have the personal leadership skills to address them.

1.4 DIMENSION AND IMPORTANCE OF STRATEGIC MANAGEMENT

1.4.1 Strategy Management Components

Strategic management is concerned with a company's comprehensive understanding of its both vision and mission of the future, along with its guiding principles. Therefore for the procedure to operate and function well, strategic planning which is a part of business administration comprises of an organization's potential to recognize both short-term and long-term goals, is essential. Strategic planning generally requires the planning of strategic decisions, actions, and allocation of resources needed to attain these objectives. Having a definite strategy for managing objectives of the organization, would help them to make reasonable judgments and generate new goals more quickly so as to stay up with emerging technology, industry, as well as business environments. Consequently, SM can help businesses to achieve a competitive advantage, increase share of the market, as well as prepare for the future decision making. The next sections go over the major components.

1. **Strategic Goals:** An organization's strategic purpose clarifies why it exists and why it will continue to exist. It aids in the creation of an image of what an organization can do right away in order to achieve the organization's vision.

2. **The mission:** The position that an organization intends to satisfy its stakeholders is stated in the mission portion of strategy management. It explains why a company exists and helps to create a context through which the organization's strategies for achieving its objectives are developed.

3. **The Vision:** The visual aspect of strategy management aids in determining where the organization wants to go in the future. It outlines the organization's stakeholder dreams and goals.

4. **Objectives and Goals:** Goals assist in defining what needs to be achieved in order to attain an organization's goal or vision. The mission part of strategy management becomes more prevalent as a result of goals.

1.4.2 Strategic Management: Dimensions and Aspects

Strategic management dimensions and aspects describe the different aspects of strategic management. The following are the dimensions of SM:

1. **Involvement of Top Management:** Strategic management covers different facets of a company's operations. As a result, top management involvement is important in this aspect. Also top management has the viewpoint and power to recognize the long-term implications of its decision-making and approve the necessary allocation of resources.

2. **Prerequisite of a Substantial Quantity of Resources:** The concept of SM involves the company's commitment for long-term operations. Thus, this involves a substantial amount of capital, physical assets, and personnel. Because of the necessity to establish as well as maintain a new customer segments, decisions to expand worldwide, for instance, will also have significant implications on financial aspects.

3. **Impact on the Company's Continuing Success:** If an organization adopts a strategy, then that strategy is intrinsically related to its image as well as to its competitive edge, along with its long-term and continual success is dependent on it.

4. **Future-oriented:** Strategic management includes predictions, or what managers expect to happen in the future. While taking such selections, the emphasis is on creating predictions that would allow the organization to select the most feasible strategic solutions. In today's dynamic market, an organization can only flourish by adopting a positive approach to change.

5. **Multi-Functional or Multi-Business Ramifications:** SM has far-reaching implications. These have an impact on a wide range of company's strategic business divisions, including customer diversification, competitive strategy, structure of an organization, etc. Each of these domains would also be affected by the function and re-allocations or resource allocations that result from such judgments.

6. **Non-Self-Generative Decisions:** Although strategic management may not require making judgments on a regular basis, the organization should be ready to make business choices at a certain moment. Consequently, they are referred to as ―*non-self-generative judgments*‖ by Ansoff.

According to Robinson, J. P. A. R. (2021), in his book *Strategic Management: Formulation, Implementation and Control,* Nice tasks are found critical to Strategic Management given as below:

Critical Task 1: To formulate the Mission of the company, inclusive of statements on its purpose, goals and philosophy.

Critical Task 2: To perform an assessment which reflects the company's internal situations and abilities.

Critical Task 3: To examine the external environment of the company, taking into account both competitive and general contextual elements.

Critical Task 4: To evaluate the organization's resources to the external environment and examine the options open to it.

Critical Task 5: To assess each solution against with the business vision, by figuring out which one is most beneficial.

Critical Task 6: To select a group of long-term objectives and major approaches which will produce positive results.

Critical Task 7: To define strategies related to the annual as well as short-term goals which align to long-term objectives and big ideas.

Critical Task 8: To implement the strategic decisions through budgeted resource allocations that emphasize task, person, structure, technology, and reward system matching.

Critical Task 9: To assess the strategic process success as a guide for future decision-making.

1.4.3 Need and Importance of Strategic Management

No business can afford to make decisions on the spur of the moment. It must travel with the assistance of a route map. Strategic management is in charge of the company's path. It enables the business to develop future choices with a greater knowledge of the implications. It helps an organization to develop a sense of direction and also demonstrates how it may grow. The management techniques of any organization are influenced by the external environment. The organization strategy connects it to the outside world. External factors change bring both possibilities and challenges to an organization position, but most importantly they generate uncertainty. Strategic planning is a method for dealing with uncertainty and adjusting to change in a systematic way. It allows managers to consider how and when to grab opportunities and avoid hurdles, and also plans as well as coordinate appropriate actions and set goals. Finally, strategic management aids in the development of better plans by employing a more methodical, logical, and rational approach. As a result of their involvement in the development, employees and managers become much more committed to support the organization. The procedure entails learning, assisting, educating, and supporting.

SM is being used by an increasing number of businesses for the aforementioned purposes:

1. It enables an organization to be more proactive in crafting its own destiny rather than reactive.
2. It serves as an organization route map.
3. It enables an organization to make use of its resources.
4. It enables an organization to foresee change and be able to cope with it.
5. It enables an organization to be able to react more quickly to changes in the environment.
6. It reduces the likelihood of unpleasant surprises and mistakes.
7. It gives employees clear goals and a strategy.

In a marketplace where businesses are continuously challenged by technical advancement, strategic management is perhaps the most important aspect in ensuring a consistent end result. Managers who have a comprehensive knowledge about their own organization's services or products, and also having a deep awareness of what their major rivals are preparing for their next plan, are better able to predict as well as execute prompt business moves. This also means that they will be able to accurately predict future opportunities and threats. For building a strategic vision, it is important to understand patterns and trends worldwide, demographic changes, the competitor analysis, and expectations of the stakeholder. If an organization defines its mission or purpose, the suitable resources can be allocated to assist it in achieving that purpose. Making strategic plans as well as dedicating to strategy formulation can help organizations improve overall long-term competitiveness.

Regarding financial incentives, strategic management can boost employee motivation for organizational effectiveness. Setting an effective individual goals and objectives, as well as incorporating these into organizational objectives helps in increasing overall performance of the employees. Both employee and business performance keeps increasing if objectives are integrated, according to research. However, designing and executing a strategy for strategic management is just not enough. Organizations which regularly evaluate and analyze the outcomes of their comprehensive strategy seem to be more beneficial as well as increase their financial effectiveness. Organizations that examine as well as evaluate the results of their complete strategy on a daily basis appear to become more useful and more financially successful. Managers do have authority to guide the company down the strategic route which has been set for it.

Some of the common reasons as to why organizations need strategic planning is listed below:

It guides an organization in a specific direction. It sets an organization’s objectives and establishes attainable objectives which are consistent with the vision of a company.

It enables an organization to become a proactive, instead of reactive, by enabling them to analyze the opponent behavior, and take the appropriate measures by entering and competing in the market, instead of just becoming spectators.

It assists a company’s foundation in making overall decisions.

It aims to prepare the organization for future problems by acting as a pioneer in the exploration of opportunities and assisting in the identification of routes to such prospects.

It supports the long-term sustainability of the company despite coping with rivalry and responding to a dynamic world.

It helps in the development of key strengths as well as competitive edge, which is important for a company’s growth and survival.

The major objective of SM is to improve an organization long-term strategic competitiveness. It is possible to achieve this by planning and implementing strategies that add value to an organization. It focuses on identifying risks and opportunities, along with the organization's strengths as well as weaknesses, in order to build strategies for the organization survival, growth, and expansion.

Some of the counter arguments (P M, 2019) commonly provided for the factors leading to the importance of SM is also discussed here so that the reader will get an idea of the thoughts of the other side.

1. **Provides firms with the ability to predict unexpected situations:** Competitors makes an argument that as conditions change very fast, companies are not able to plan ahead, especially for the long term. The irony of change is that it makes planning extremely complicated. Organizations, on the other hand, are not limited to react to change, so they may either actively react or perhaps even create it. This will also assist the organization in developing in a timely and accurate manner to establish new market prospects, as well as eliminating the need for wish fulfillment because the goods will also be supplied sooner than expected. This also helps to ensure that opportunities are taken advantage of to their greatest potential. To summarize, strategic management helps an organization to make decisions which are based on the long-term predictions instead of on the spur-of-the-moment responses. It enables the organization to react fast whenever a recent trend appears and to assess the project duration in order to manage effectively. The approach of strategic management promotes forward-thinking. The strategies which arises from the procedure must be flexible enough to respond to unforeseen situations.

2. **Employers are given Specific Goals and Instructions:** Competitors argue that objectives must frequently be imprecise and non-specific. Most people, on the other hand, work better when they understand what they are likely to do and where the company is headed. Employees and organization have a significant motivation to achieve the company's objectives thanks to strategic management. It's the foundation for managerial oversight and assessment. SM also ensures that top managers are on the same page when it comes to strategic concerns and activities.

3. **Research in the Advancement of the Process to Assist Managers:** The counterargument is that managers are uninterested in research and that studies are poorly conducted. It is worth noting, however, that strategic management is now frequently used.

4. **Organizations that use SM are more efficient:** The counterargument is that success can be attributed to a variety of factors, and that many businesses may function effectively and efficiently without any formal planning. There is no definite evidence that shows that strategic management leads to improve the performance. Indeed, some research suggests that higher performance leads to more strategic planning.

Henry Mintzberg, a managerial scholar from Canada, observed that the process of SM may be more unpredictable and dynamic than management theorists believed. ―*The Field of Strategic Management cannot afford to rely on a single definition of strategy*‖, he wrote in his 1987 paper Mintzberg, H. (1987), ―*The Strategy Concept I: Five Ps for Strategy*‖. However, he provided five various conceptions of strategy, as well as how those interrelate to each other:

Plan	A strategy is a planned course of action in solving a problem.
Ploy	A strategy for outwitting a competitor can also be implemented in connection with a plan.
Pattern	A strategy that develops through constant behavior, either deliberate or not, and therefore can persist without a purpose.
Position	Mostly as a regulating mechanism or a connection of both an environment and organization, strategy can be consistent to some or all of the Ps.
Perspective	A strategy is a concept or established method of thinking and doing things for example, assertive pacesetter versus delayed mover which is aligned to some or all of the Ps.

The importance of Strategic Management is highlighted in the points below:

1. **Achieving Long-Term Goals:** The business environment is constantly changing. A company cannot accomplish its long-term profitability goals that are greater

productivity, higher rate of return, leadership in technology, market position and leadership, industry forerunner, and so on unless it develops and implements an acceptable plan. Strategic management enables an organization long-term goal to be met through its strategic planning.

2. **Beneficial for Researching the Business Environment:** SM is advantageous to a company's operation while understand properly the market environment since each incident or change in the organization environment may get either a positive or negative impact. A study like this enables an organization to design a strategy to maximize on possibilities or mitigate risks.

3. **Assists in the identification of opportunities in businesses:** SM helps in assisting an organization in finding out opportunities systematically through analytical tools for example SWOT analysis as well as BCG matrix in order to develop a successful strategy.

4. **Diagnosis of Business Environmental Risks:** SM helps in assisting an organization to identify business environmental dangers consistently using analytical techniques such as SWOT analysis and BCG matrix, so that a viable strategy to address challenges may be developed.

5. **Assisting in the Identification of Strategic Advantages:** Through a detailed internal study of an organization, SM supports business concerns in identifying their strategic advantages over other firms in in the field of research and development, finance, marketing, human resource management, production, and technology. When the external business climate is favorable, this will help an organization to design and execute its market growth, market share, or development of a product, intensive plan of growth, or a diversifying strategy for growth, such as conglomerates expansion or concentric diversification.

6. **Ideas for Overcoming Internal Weakness:** SM uses strategic analytical techniques to guide an organization about how to tackle inherent weaknesses. Whenever the external business environment is favorable, such an evaluation will enable the organization to select between market domination and conglomeration diversification as a growth strategy.

7. **Internal Strengths Maximization Suggestions:** Strategic management uses strategic analytical techniques to guide an organization about how to maximize the strengths internally. Whenever the external business environment is favorable, this research will allow an organization to choose among horizontal merger as well as concentric diversification mostly as development strategy.

8. **Strategic Alignment:** SM aligns organization external commercial prospects with its internal capabilities. This will allow an organization to effectively deploy its resources in order to get benefit from on the future prospects.

9. **Helpful in Effectively Facing Competition:** Strategic management advises a corporation to choose an appropriate plan so as to compete effectively. Thus, this will allow the company to thrive in the industry by allowing it to survive, expand, and prosper.

10. **Controlling Effectively:** By establishing a constant monitoring mechanism and follow the strategy, SM guarantees that an organization control is effective. This will allow the organisation to successfully implement the plan and achieve the intended goals.

11. **Useful in Dealing with Future Uncertainties:** The future is unpredictable. Strategic management applies business forecasting approaches to assist an organization in dealing with future uncertainty. A forecast like this can provide you hints about what will happen in the future. This will allow them to develop an appropriate strategy.

12. **Profit Maximization:** Strategic management assists in the systematic formulation of an appropriate strategy following an analysis of the business environment, industry, and firm for its successful implementation and effective control. A corporate enterprise will be able to maximise its profits as a result of this.

13. **Risk Diversification:** When the external business climate is favorable, SM allows an organization in diversification of risk or lowers its risk through establishing an appropriate plan of integration or diversification.

14. **Preventing Losses from Occurring:** Strategic management assists a business concern in formulating an appropriate plan to avoid losses by systematically assessing

organization environmental challenges using analytical methods such as SWOT analysis, BCG matrix, etc.

Most medium and large firms, and more sophisticated smaller businesses, use strategic management in India today. Strategic management research is progressing to the point where it can now be useful to practicing managers as well.

1.5 BENEFITS AND RISKS OF STRATEGIC MANAGEMENT

> ―*We are tackling 20-year problems with five-year plans staffed with two-year personnel funded by one–year appropriations*‖.
>
> —***Harlan Cleveland***

All the above remark emphasizes the importance of strategic planning and management for today's decision-makers. Both in developed and developing nations, the rapid increasing in the aspect of change, and more transparency in economic and political situations, needs a diverse set of viewpoints than in the time of stability.

There are various advantages of taking a structured approach to strategic planning. According to Robbins, 2000; Smith, 1995, the benefits are as below:

1. **It lowers the level of uncertainty:** Managers are forced to plan ahead, anticipate change, and develop suitable actions as a result of their planning. It also encourages managers to think about the risks of different reactions or choices.

2. **It establishes a connection between Long-term and Short-term Planning:** Planning offers a mechanism for coordinating strategic goals with the operational activities that support them.

3. **It aids Control:** Planning assists departments in moving in the similar direction toward the similar set of objectives by laying out the strategic objectives of an organization and make sure that they are mirrored at the operational level.

4. **It makes Measurement Easier:** Planning offers a foundation for measuring actual performance by establishing objectives and criteria.

These are just an outlay for the benefits of having a strategy. Moving on to the strategic Management, a question that arises in most of our mind is that, do we need strategic management? It was hardly the scenario earlier, so why now? The answers to this question are sought out by many management thinkers. When the external environment had been in a stable equilibrium, like it during 1950s having a low debt, constant strong growth of economy, workable budgets, as well as relative stability of an environment, where managers could focus completely on the internal factors of their organizations and presume uniformity in the external environment. Forward computations were simple, sources were foreseeable, and preparation was mostly arithmetic. The current scenario, in which organizations are considerably more accessible, the atmosphere is characterized by extremely unstable growth in the economy, budgets are changing constantly, sources are wholly uncertain, and conventional preparation is no longer possible, is indeed an entirely different situation.

As a result, today's businesses require strategic management to take advantage of growth opportunities, avoid potential threats, and remain ahead of the competitors. SM aims to utilize and develop new and various chances for the future, whereas planning in long-term aims to maximize today's trends for the future.

Strategic management is now practiced by all major corporations. They're figuring out how to adapt to competition, deal with challenging environmental changes, fulfil changing client expectations, and make the most of their resources. Although long-established companies are paying a lot of attention to strategy since they may face potential competitors who challenge its business strategy in a fast dynamic business environment. Should a business compete throughout all domains or concentrate on just one? Is it desirable for a company to focus on generating earnings in existing areas and developing group synergies, or should it try to expand its brand into even more diversified areas of operation? Should the corporation stick with its current plan or embark on a fundamental rethinking of its approach? These are only a few instances in management tasks that are strategic in nature.

The two primary parts of strategic management, strategy formulation as well as strategy implementation which will be discussed in detail in the upcoming chapters of this book, are predicted to generate various benefits.

1. **Strategic management foresee future challenges and possibilities:** As the conditions of most of the organizations change so quickly, the only method strategic

to foresee future challenges and possibilities is strategic management. It allows a business to make judgments related to the long predictions instead of on the spur of the moment.

2. **Strategic management results in financial gains:** Derived from empirical research as well as rational reasoning, it is correct to say that strategic price has a positive influence on strategy formulation and implementation, resulting in improved monetary outcomes in general of growth and profits of businesses with a very well strategic management tool.

3. **Strategic management establishes clear objectives and give directions to all employees regarding the company's future:** People can perform much better if they are aware of what is expected of them now and the direction in which the company is heading. This also help in dispute resolution. It inculcates in both management as well as employees a great desire to achieve the company's objectives. It also assures that senior managers are all on the same path as far as strategic purposes and operations are concerned.

4. **Group engagement helps strategic management in improving the quality of strategic decisions:** The group interaction method helps in decision-making and also promotes the development of new methods along with improve the screening of opinion due to the specialized perspectives of group members. As a result, it's more probable that the best solutions will be chosen and executed.

5. **Strategic management boosts motivation in employee:** Employees along with their representatives obtain a deeper understanding of the objectives as well as how the incentive structure operates if they engage in strategy creation. They also have a good awareness of the productivity-reward relationship in the business strategy. However, incentives are seem to be more likely to affect the behavior directed for achieving the goal.

6. **Change resistance is reduced through strategic management:** A collaborative strategy-making approach is more going to happen in change acceptance with minimum resistance, since there is a better understanding of the rationale for picking a given alternative and the constraints of available alternatives. The unpredictability

which occurs with change is eliminated in the procedure, and resistance to change is made safe.

Strategic management can be said to have both financial as well as non-financial advantages:

1. **Financial Gains:** Companies implementing strategic management are more successful and profitable as compared to those that don't, according to studies. Organizations who implemented strategic management concepts showed significant boost in revenue, profit, and efficiency as comparison to companies who did not participate in systematic development plans.

2. **Non-financial benefits:** In addition to cash rewards, strategic management provides a business with other intangible benefits.

   (a) A better understanding of external dangers is sought from strategic management.

   (b) A better grasp of the strategies of competitors can be studied and through that the change resistance is lessened.

   (c) There is a greater knowledge related to the relationship between performance and reward is there which will promote better understanding.

   (d) Every organization encounters many issues, strategic management improves an organization's ability to prevent problems.

   (e) More interactions will be there between managers at all divisional and functional levels which will bring a greater sense of discipline and order.

As stated by Gordon Greenly, Strategic management has the following advantages:

1. It enables opportunities to be identified, prioritized, and exploited.

2. It provides an objective perspective on management issues, and thereby providing a foundation for better activity coordination and control.

3. It reduces the negative impacts of adversity and change, and also enables decision-making to be guided by setting goals.

4. It provides for more efficient time and resource allocation to identified possibilities which in turn enables to allocate some resources and also time so as to rectify wrong and ad hoc decisions.

5. Strategic Management also establishes a foundation for intra-company communication.

6. It aids in the integration of individual behavior in a greater effort.

7. It serves as a foundation for defining individual obligations and promotes a forward-thinking mindset.

8. It takes a collaborative, enthusiastic, and integrated method to solve matters as well as grabbing chances, and encourages a positive outlook on change.

9. Finally, strategic management provides a level of discipline and formality to the management of a company.

Strategic management is a skill, an art form and a talent as it involves a deeper knowledge and practises which can be learned as well as applied with varying degrees of proficiency. It's considered an art form since it deals with the unknown future as well as the hearts and minds of individuals. Clear thinking and solid judgment are required for effective strategic management.

Effective strategic managers are required to have both the vision as well the skills that would be required to:

(i) Comprehend the entire company, comprising its culture, objectives or goals, mission, along with various functional areas activities.

(ii) Recognize the context wherein the business functions, comprising existence of threats and opportunities;

(iii) Develop the most effective strategies for the organization as well as its surroundings.

(iv) Execution of the strategies that have been chosen.

(v) Regulate implement, assess, and also apply those strategies which have been selected.

1.5.1 Risks Involved

A coin has two sides. Although strategic management has a lot of benefits, it is not without its risks, and knowing both the advantages and risks will allow organizations to make an informed decision. Strategic management is a time-consuming and difficult process that pushes a company into uncharted terrain. It will not provide a fully prepared growth strategy. It instead takes the organization on a tour and gives a structure that responding to questions and fixing issues. As a result, you cannot guarantee through SM; it might be dysfunctional if implemented haphazardly. Some of its drawbacks are listed below

1. In terms of time, it is a costly activity. Managers must be dedicated to the ideologies. Managers, who spend time away from their regular tasks, may suffer major setbacks in terms of work completion and timelines.

2. A negative effect may develop as a result of the participating managers' expectations not being met, resulting in irritation and dissatisfaction.

3. Strategic management may occur if people participating in strategy formation are not directly involved in strategy implementation. Participants in the policy making process may forgive themselves of responsibility for the decisions made.

Forest, A. D. F. R. (2021) has discussed some strategic planning problems to watch for and avoid:

1. Controlling decisions and resources through strategic planning.

2. Developing a strategy plan just to meet accreditation or regulatory requirements

3. Jumping from the development of mission to the formulation of strategy too quickly.

4. Failing to inform personnel on the strategic plan, causing them to continue working in the dark.

5. Top executives make a lot of intuitive decisions that aren't in line with the written strategy.

6. The strategic planning process is not actively supported by top management.

7. Failure to use plans as a yardstick for evaluating success.
8. Rather than including all management in strategy planning, delegate it to a consultant.
9. Failing to include key personnel in the planning process at all stages.
10. Failing to foster a climate of collaboration that is conducive to change
11. Believing that planning is pointless or insignificant.
12. Being concerned with recent issues to the point where little or no planning is done.
13. Planning is so formal that it stifles innovation and flexibility.

A question commonly arising will be as to why firms must adopt strategic management techniques? Freeman, E. R. (2010) remarked that, ―*Managers in today's corporation are under fire. Throughout the world, their ability to manage the affairs of the corporation is being called into question. The emergence of a multitude of government regulations, corporate critics, media attacks, and most importantly, substantial competition from Far Eastern and European firms have put the modern manager in a pressure cooker. He finds an increase in the external demands placed on the corporation and a decrease in the internal flexibility of the corporation to respond. Criteria for performance are no longer clear and the notion of ―effective management‖ is increasingly becoming a contradiction in terms. And, I believe that the modern managers must have new concept to view the world as it is today, not as it was 30 years ago. By paying attention to strategic management, executives can begin to put their companies back on the road to success.*‖ On reading his views, a just cause can be given to take up strategic management in organizations.

The next section that deals with the process involved in strategic management will shed light into how the process actually happens. Efforts have been made to keep the presentation method simple without compromising the core to promote better understanding of the reader.

1.6 STRATEGIC MANAGEMENT PROCESS

The strategic management process can be in different types. Different management thinkers have their own perspective of the process. For example, the strategic management process can be broken down into two parts: strategy formulation and strategy implementation.

The strategy-making and strategy-executing process, according to Thompson, Strickland, and Gamble (2007), consists of five interconnected and integrated phases:

1. Creating a strategic vision for where the organization should go and what its future product, market, and customer technology priorities should be.
2. Establishing goals and utilizing them as yardsticks for evaluating the company's performance and progress.
3. Developing a strategy to meet the goals and move the organization along the strategic path set by management.
4. Efficiently and successfully implementing and executing the chosen approach.
5. Evaluating and making corrections to the company's long-term direction, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas, and new possibilities.

In general, the Strategic Management Process can be said to be of four main steps.

Step 1: Strategic Intent

Step 2: Strategy Formulation

Step 3: Strategy Implementation

Step 4: Strategy Evaluation

A brief of these steps will be seen in this section and further in-depth discussions are to be seen.

Step 1: Strategic Intent

Also known as strategic analysis, Strategic management begins with strategic intent, which entails setting the organization's goals and using them as a baseline for assessing performance and progress. Rather than being broad, an organization's vision and direction should be defined, executable, and measurable. Companies define their future company emphasis at this point, whether it's profitability, shareholder wealth, or market leadership.

This step is all about establishing a vision for the organization, designing its mission, and setting-up of objectives.

Strategic Intent includes:

Vision	What the company expects to become
Mission	What the company does i.e. the company's activities
Values	A shared set of beliefs that guide organizational members' behavior, and Objectives

The analytical step lays the groundwork for strategic decision-making. It allows managers to consider what the organization can do considering its mission, environment, and skills - a choice which reflects the importance of the management and other stakeholders (Dobson et. al., 2004). These decisions concern the company's entire scope and direction. Managers are frequently confronted with multiple strategic options, which they must assess in terms of acceptability feasibility, and suitability before deciding on a course of action.

The strategic intent hierarchy is the bedrock of every organization's strategic management. The strategic intent explains what the company stands for. The goal intended provides a means of establishing what the company's long-term goals are in the hierarchy. The mission of the organization links that to society. In the business definition, the firm's activities are defined on the basis of customer requirements, client groupings, and relevant technologies. The business model explains how the company generates income.

And the organization objectives specify what must be accomplished in a certain amount of time.

1. **Mission Statement Framing:** The mission statement expresses the organization's philosophy and purpose. And almost every company creates a mission statement to guide its operations in the proper path.

2. **Establishing Objectives:** Following a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), the details can be seen in the course of this book, is a method through which management can define goals in an important areas like as human resources, marketing, production, and finance. When establishing objectives in

these areas, they must be specific, practical, measurable, time-bound, and simple to achieve.

Step 2: Strategy Formulation

The procedure of determining on the best way to proceed for accomplishing organizational goals is known as strategy formulation. Consequently, attaining organizational purpose is known as strategy formation. Strategic planning is linked to strategy formulation. It is carried out at several levels, including corporate, business, and operational. The steps in strategic formulation are explained below.

Environmental analysis is the next stage throughout the strategy development process, which involves examining both the external and internal settings. Managers must evaluate the external environment possibilities and risks in light of the organization's strengths and shortcomings while keeping stakeholders' expectations in mind. Machines, manpower, and other kind of sources that live within the company and are easily adjustable as well as adaptable which make-up the internal environment. These sources reveal the organization's strengths and weaknesses. Government, competition, consumers, and technical advancements are the examples of external environmental factors. These aren't adjustable or controlled, and they have to do with the opportunities and threats that a business faces.

Scanning the environment is a way of collecting, analyzing, and distributing information for strategic purposes. It facilitates in the assessment of an organization's internal as well as external effects. Once the environmental analysis process has indeed been finished, management should evaluate this on a routine basis and seek to enhance it. This study allows the company to create more specific goals or objectives, such as where employees should concentrate their efforts. Managers can plan how to attain more specific targets once they have them. Managers must develop corporate, company, and functional plans after completing an environment analysis.

1. **Performance Comparison:** When doing a gap analysis, management should examine and contrast its existing performance with the expected future results. This allows managers to determine the exact gap between the organization's current and prospective performance. If there is a significant gap, management must consider strategic strategies to close it.

2. **Gap Analysis or Alternative strategies:** Following the SWOT and gap analyses, management must develop (frame) alternative plans to achieve the organizational goals. It's required because certain strategies must be held and others must be implemented. In addition, when doing a gap analysis, management should examine and contrast its existing performance with the expected future results. A contrast like this would reveal the amount of the gap between the company's existing performances or its long-term goals. Management must design acceptable remedies if there is a big gap.

3. **Strategy Evaluation:** Management must weigh the advantages and disadvantages of each another plan in terms of goodwill, profit, sales, and market share, as well as the costs paid by the strategy in terms of manufacturing, administration, and distribution.

4. **Strategy Selection:** Since no company can implement all strategies, management must make strategic decisions. It must choose the optimal plan for the scenario, taking into account costs and rewards. The organization must do a cost-benefit analysis of the potential methods before deciding on the optimal one. The method that provides the most advantages at the lowest cost would be chosen.

Step 3: Strategic Implementation

Implementation is contingent for the organization having the necessary structure, resources, and capabilities (skills, finance, technology, and so on), as well as the right leadership and culture. Operational factors must be in place before a strategy can be implemented.

Each functional unit, for example personnel, production, finance, and marketing has its own strategy. After the strategies have been developed, the next step is to put them into action.

Plan, Program, and Project Formulation

Plans, programs, and initiatives must all be framed. Strategy does not lead to action on its own. If a growth strategy is developed, for example, various types of expansion plans must be developed. A growth strategy might include increasing existing product production capacity and/or developing and manufacturing new items. Different types of program are created as a result of plans. A program is a wide plan that contains goals, objectives, procedures, and other elements needed to put the plan into action. For example for a new product development, there could be R & D (Research and development) program. Programs help in the formation of a project, and that is a specific program with a predetermined cost and timeline.

After the strategies have been developed, the next step is to put them into action. Procedure of a project, allocation of resources, structure, behavior, and execution of functionsare the six sub-processes that put the strategic plan into effect. The project implementation phase is concerned with the establishment of an organization. The numerous parts of the regulatory framework within which businesses must function are dealt with in procedural implementation. The procurement and commitment of resources for implementation is referred to as resource allocation. The structural components of execution include the establishment of organizational systems and structures, and also their reorganization to align the framework with the strategy's demands. The behavioral factors take into account the leadership style used to implement plans as well as other concerns such as culture of a company, politics in corporates, power dynamics, business ethics, obligations of the society, and personal beliefs. The functional characteristics are concerned with the policies that will be developed in several functional domains. The operational execution is concerned with the processes, productivity, personnel, and speed with which the plans are implemented.

There are five essential steps in the implementation of any strategy which are as follows:

1. Formation of a plan
2. Identification of activities
3. Organizing events
4. Organizing resources
5. Resource distribution

An organizational design is an excellent place to start when it comes to SM, but it must be implemented. Implementation of strategies must assure a company's survival, growth, and expansion. More than 60% of initiatives are not implemented successfully, according to estimates. The execution of strategic plans helps businesses to explore new prospects and aligns all areas of their operations, including people, strategy, and operations which is the next step.

Step 4: Strategic Evaluation

Strategic Evaluation assesses and measures organizational performance by assessing the execution of strategy. This final stage of strategic management process involves analyzing and evaluating the outcomes of the strategic process. By monitoring the effectiveness of an organizational plan, companies may assess whether to stay consistent or make modifications to adjust actions to react to changing trends in market. This is a continuous process that allows organizations to assess performance metrics and, if necessary, implement interventions. The strategic plan evaluation provides a glimpse of potential failures, and whether a shift in the general company strategy is required. It’s important for businesses to evaluate their strategy on a regular basis to see what’s working and what isn’t.

To maintain control over the strategic planning process, strategic assessment response is being used. Managers strive to guarantee that strategic decisions are properly implemented and also that the company’s objectives are met. It is made up of several components, which are listed below.

1. **Establishing Standards:** Strategists must establish standards and targets in order to implement strategies. Quality, quantity, cost, and time should all be considered. Employees should be able to achieve the standard, which should be definite and acceptable.

2. **Performance Evaluation:** Actual performance is evaluated in terms of time, cost, quality, and quantity.

3. **Actual Performance versus Set Targets:** Actual performance must be compared to standards in order to identify any differences.

4. **Identify Errors and Take Corrective Actions:** When any flaws is discovered, higher management attempt to determine the cause and, based on the nature of the deviation, take corrective action. At any time, the authorities can change its objectives, goals, strategy, rules, and norms.

When building a new strategic management plan, these components are carried out in a sequential order. Organizations who have already produced a strategic management plan may revisit those procedures as needed to make appropriate improvements.

1.7 SUMMARY

The key take away from this chapter can be summarized as below:

The process of formulating, executing, and assessing the decisions which are cross-functional will allow an organization to attain its long-term goals is known as strategic management. It's a degree of managerial action that focuses first on goal-setting, before tactics. It is the way of constructing a company's goal, vision, and targets, developing policies and strategies to meet this objective (usually in the form of programs and projects), and assigning resources to implement the plans, policies, plans, programs, and projects.

Strategic management is strongly tied to the discipline of Organization Studies because it provides general direction to the business. While having a sense of direction is crucial, it can also restrict innovation if it is strictly enforced. In an uncertain and ambiguous world, flexibility can be even more important than a finely measured strategic compass. When a strategy is embedded in a company's culture, it can contribute to groupthink. It can also lead to an organization's definition becoming excessively restricted. "*Comprehensive analysis is impossible*‖ for complicated situations, even the most brilliant management would concur. Because strategies are constructed on assumptions that will never be absolutely correct in the absence of complete knowledge, they must be developed and implemented concurrently rather than sequentially.

The essence of being ―*strategic*‖ is thus a willingness to engage in ―*trial and error*‖ rather than a strict adherence to finalized and precise strategic plans. Strategic management entails reading and reinterpreting the opportunities given by changing circumstances in order to achieve an organization's goals.

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2 STRATEGIC MANAGEMENT AND IT

"Strategy is not about competing for the present, but competing for the future. It's about understanding that non-linear change means anticipating & appealing to customer discontinuity"

— Vijay Gvindarajan

CHAPTER STRUCTURE

- Introduction
- Definition, Purpose and Types
- Effective IT Strategy and its Classification
- Methodology
- Stages of IT Strategic Management
- Benefits and Risks

2.1 INTRODUCTION

Strategic management is a continuous process which assesses a firm‟s industry and business, as well as its rivals, and develops objectives and strategies to handle all current and potential rivals, and subsequently analyses every strategy annually or quarterly [that is on a daily basis] to examine how well it has been executed or if it needs to be revised (Lamb, 1984). Since strategic management uses data from all levels of a company, that is at different abstract and aggregate levels, as well as its surroundings so it can be stated that every kind of information technology (IT) presently existing can be used to assist strategic management. Due to their long-term perspective, strategic managers have different needs related to the information as compared to the middle-level and operational and managers (long-term formulation of strategy, execution, and assessment). To meet these particular information requirements, we can combine and retrieve a variety of information technologies designed expressly for strategic management and categorize them along with the stages of the process of strategic management.

Competencies in information technology have progressed from their traditional role to being a tool for creating a competitive advantage and increasing market share. The ability of strategic information technology and associated services to create competitive advantage for the organisation has been investigated by authors like Alavitalab in 2017. The amount of integration of information processes and structures has been the foundation of information technology. The results of this research suggest that information technology strategies may strengthen organizations, and that organizations with distinctive strategies will get a better competitive edge and increase performance. IT-based strategies can be transformed into comparative edge, as per the outcomes of this research, making strategic decision-making within organizations faster. Finally, a methodology to build IT-based strategies and build empowerment and competitive advantage within organisations has been developed.

The compatibility between IT as a competitive element and strategic management is essential for achieving comparative edge. This research studies the components related to strategy and information technology which should be taken into account by doing a strategic analysis of information technology like a competitive advantage, as well as presenting a paradigm for Strategic Technology Management (STM). Data analysis, both quantitative and qualitative, is used to conduct the study. Asserting data from small and large to medium-sized organizations by interviews broadens and confirms the structure, using theory matching as the final phase.

Wazzan"s findings (2018) indicate that information technology strategic management is a continuous process of assessment and transform, but that aligning variables like competitive strategies (IT and business strategies), competitive marketplace, competitive end result, and competitive elements provides industrial firms a competitive edge.

Effective strategic management appears to rely on expert insights, particularly in the situation of changing markets, competition, technology, and other external influences. The utilisation of information technologies, which are the foundational tools for the information era, is likely to increase access to experts and their insights and information, hence improving strategic decision-making and strategy execution. The creation of a technology-strategic management paradigm demonstrates how information technologies are currently supporting strategic management operations. The researcher can use the model to emphasise the peculiarities of information technology and the strategic management activities they support.

A detailed plan which defines how technology can be used to meet IT and organizational targets is known as an information technology strategy (IT strategy). An IT strategy is a document which describes the different factors that influence a company"s IT usage and investment. This strategy should preferably support and impact the entire business plan of an organization. In IT strategy, many areas of technology administration must be handled, especially human resource management, cost management, software/hardware management, risk management, and vendor management. The CTO (chief technology officer) and CIO (chief information officer) should work effectively within the organization, budgets, and legal teams, along with the other divisions of user and business groups, to evaluate the efficiency of an IT strategy.

A firm"s IT strategy is expressed in either a balanced scorecard or a written document strategy plan. New organisational environments, industry and market situations, corporate targets and goals, financial restrictions, existing core competencies and skill sets, technological improvements, and needs of the user should all be addressed in the plan and its documentation. An IT technology or Technology strategies or strategy plan are other names for IT strategies. IT strategies should be made to be flexible as well. Because of the pandemic, some firms" IT plans had to adjust in 2020. A question that arises in the mind of everyone is why does every company require IT Strategic Management? The answer is very simple. In recent times, an IT strategy has become a vital component of company leadership.

Its increasing relevance reflects the emergence of technology as a vital component of company success. As businesses focus on digital transformation, the value of an IT strategy has become even more.

Technology has become important for developing new models in businesses, services and goods, and improving service and experience with customers, boosting sales, empowering employees and increasing efficiency, and facilitating connections with business partners and vendors. Consequently, companies must design a technological strategy to fulfil these objectives despite contending against other companies with same objectives. Some organizations, specifically network companies and other organizations whose products are reliant on technical solutions, can also choose to ignore an IT strategy completely. Rather, these companies may combine their IT strategy with their overall business goals to make a new plan and create a single document. The scope of strategic Management is discussed next in this section.

2.1.1 Scope of Strategic Management in IT

The following points can be used to express the scope of strategic management:

1. The executives of a business are responsible for strategy management, which allows them to set the organization‟s goals. The management must also specify how the organisation will achieve those goals and prioritise the investments required to achieve them.

2. The strategy of an organization is not confined to a single department or document. The company‟s overall strategy is broken down into distinct strategies for each of those business groups.

3. It is the responsibility of the organization‟s strategy management to make sure that the organizations‟ respective business plans are integrated and consistent.

4. IT service plan management must also make sure that the services along with their management are in accordance with their overall strategy of the organization.

5. The IT strategy and IT service strategy are typically generated from the organization‟s business strategy and serve to justify it.

6. The IT strategy can determine the technological viability of a strategic goal as well as the amount of investment required to achieve that goal.

7. Based on these data, the organization will be able to assess whether goal will be encompassed and prioritized or not.

The points here are to give a general insight on the scope. However, this list is not exhaustive. Many more facets are there which relate strategic Management and IT.

2.2 DEFINITION, PURPOSE AND TYPES

The process of defining and sustaining an organization‟s 4 Ps that is perspective, position, plans, and patterns [7] in relation to its management and services of that service is known as strategy management for IT services. The goal of IT strategy management is to ensure that a strategy is appropriately created, managed, and maintained in order to fulfil its goals.

The purposes can be described as below using the concept of 4Ps:

- A statement that communicates the service provider‟s vision and mission and is updated on a daily basis. This is the service provider‟s point of view.

- A perfect description of the services encompasses the service provider will deliver, the market spaces to whom they will be delivered, and the techniques through which the service provider‟s competitive advantage will be maintained. The service provider‟s position is defined by this.

- The service provider‟s strategic planning documents for production, communication, and maintenance. This is what the service provider‟s plans are.

- An explanation as to how the service provider plans to combine in order to satisfy the company‟s goals. This is a pattern used by service providers. An organization‟s ability to function is based on a set of actions.

On reading this, an idea can be obtained on what strategic management in IT is all about.

2.2.1 Making an IT Strategy

A solid IT plan lays out how technology will support and develop the company‟s overall strategy of the business. Its strategic aims must be in accordance with the company‟s objectives which is known as business alignment and should reflect the demands of important stakeholders such as business partners, employees, and customers. The plan must provide an overview of the company"s present technological position as well as a forecast for where information technology should go in the next 3 to 5 years. There are a number of models available to help executives to build an IT strategy (Lebeaux & Pratt, 2020). The majority of them have specific key components, such as:

1. A high-level description of the IT department"s vision, core values, objectives, and strategies for accomplishing those goals.

2. Budgets and spending forecasts over multiple years.

3. A list of current and future IT programs and programmes is presented, along with timelines and objectives.

4. A list of current corporate architecture, IT department competencies, and potential requirements and needs, comprising infrastructure, labour, and other resources.

5. An examination of IT advantages and disadvantages.

6. A collection of the internal and external forces that drive contemporary technology needs and advances (such as trends in industry and market). This includes the forces which will shape future of IT.

7. A prediction of prospective possibilities and risks which would demand technical responses so as to have best position in the business for success.

The Strategy Management for IT also known as ITSM and a basic service strategy are different and it"s crucial to grasp the difference between a service strategy and an ITSM strategy. There are the following distinctions among them.

Service Strategy: The service provider"s strategy for defining and implementing services that fulfil the customer"s business objectives. The Service Strategy of an IT service provider is a component of its IT strategy.

ITSM: This is a strategy for defining, developing, and implementing the several procedures for managing services which have been defined in a service strategy. The ITSM strategy is a component of the service strategy in an IT service provider.

Thus, a basic difference in the two strategies are show here. By knowing the basic terminologies and differences, the reader will gain a better understanding of the book‟s concepts.

2.3 EFFECTIVE IT STRATEGY AND ITS CLASSIFICATION

There are many ways to build an IT strategy, while there are different models for the document. Though, there are some similarities. When designing an IT strategy, an initial assessment of an organization‟s existing strategic IT plan as well as its related papers, for example, is a good starting point.

This first stage should be followed by an evaluation of how the organization is achieving stated targets, milestones, standards, and relevant key performance metrics. The evaluation should reveal the current technology being used, and any discrepancies between current IT operations and the purposes and strategic goals outlined in continuing strategic plans.

After that, top IT managers must collaborate with their business partners to further develop an IT strategy. Search for resources including studies conducted to help you understand the technical and business trends which will affect your company‟s market.

This establishes the foundations for IT manager to make short and long-term goals, financial projections, technical forecasts, and the IT strategy‟s anticipated future threats and opportunities. At this point, an organization must have the appropriate descriptions for the final document.

2.3.1 Implementation of the Strategy

A great IT strategy is dependent not only on the creation of the plan, however also on its appropriate execution. Such documents will be useless if they are ignored once they have been completed. The documents should be used to help the department of IT link its daily operations with the overarching business mission and model by guiding tactical technological decisions. The technological plan should be adaptable. CIOs, CTOs, and other leaders must be agile as well, and they should anticipate to rethink their IT strategy at least once a year, if not more frequently. To ensure that new paradigms are integrated to the technological strategy, IT strategies must be regularly reviewed. As the company‟s mission changes in accordance with new circumstances, the technological plan is linked to it.

Several scholars have examined the necessary conditions for an effective IT strategic planning procedure. Twenty issues, according to Boynton and Zmud, are essential for good IT planning initiatives [10]. Internal market, internal politics, business market, business strategy, technology, organisational culture, organisational learning, IT risk taking and IT infrastructure are nine of the topics which is something that needs addressing in the planning agenda. The planning process itself is the subject of eleven issues. It should be iterative as well as sequential in nature, with participation from managers at all levels. It should identify different time horizons, prioritize strategic options, concentrate on action, generate an organizational IT main goal, dedicate participants as well as constitute a planning team, suggest organizational and environmental occurrences, recognize strategic opportunities and presumptions, and arouse an organizational IT objective. The literature, according to Boynton and Zmud, has not given adequate attention to the following:

- Examining the company‟s culture
- Dealing with politics as well as power distribution
- Responsible for the ability to embrace, employ, and institutionalise information technology
- Assessing IT risks
- Ensuring that important individuals of the company are on board with the planning process
- Recognising and explaining IT‟s position in the organisation
- Recognising and reacting to important organisational events
- Recognising the assumptions of the planning participants

Planning which is separate from various managerial procedures and senior management matters, according to Hax and Majluf (1991), is incorrect. This is an important factor to keep in mind: information technology must be considered as an important part of a company‟s overall management plan. Instead of being a completely technical process managed by IT professionals, IT strategic planning is an administrative operation involving the entire organization.

Based on these assumptions, a comprehensive IT planning process should include three key characteristics:

- The IT strategy should be integrated into the overall strategic, business, and functional strategy; it should integrate all of the firm"s hierarchy levels in a systematic manner.
- It should be part of a bigger strategic management approach which takes into account behavioral, organizational, and cultural challenges (comprising "power games") (Massachusetts Institute of Technology, 1993); and it should be part of a broader strategic management approach which takes into account behavioral, organizational, and cultural challenges (comprising "power games").
- It should entail the involvement of a wide range of stakeholders inside the company, with a focus on fostering collaboration between IT experts and top executives.

2.3.2 Classification

The stages of the strategic management process that are divided into five categories (Singh, 2002) could be used to categorise information technologies for strategic management. These phases include environmental scanning, organisational objectives, strategy formulation, strategy implementation, as well as strategic control.

1. **Objectives of the organisation:** These are the specific aims that businesses want to achieve. They should be measurable so that the company can track its progress and make necessary adjustments. The following information technologies could be employed during this stage of the strategic management process:
   - ❖ Information technology for goal management
   - ❖ Systems for policy development
   - ❖ Systems for detecting and resolving conflicts (Kovacheva, 2004).
2. **Environmental scanning:** It is an important part of the process of strategic management. The results serve as the foundation for defining corporate strategy as well as re-engineering. After the company has defined its goals, it looks at its existing status and produces a strategic plan to achieve those goals. It is carried out to detect variations in the internal and external environments, as well as potential possibilities

and issues. This procedure is also known as situation analysis which entails a thorough examination of both the exterior and internal surroundings.

The macro environment and micro environment are two components of the external environment. Only businesses in one industry are affected by the micro environment. Its study covers issues such as industry competitiveness, competitor activities, customers, suppliers, product portfolio, industry advancements, and so on. The internal environment study considers all areas of the company.

As a result, information technology and software applications are used in the scanning of environment must enable the collecting, processing, as well as analysis of data regarding the enterprise‟s external and internal status. We can employ any type of information technology to reduce uncertainty during this phase of the strategic management process:

- ❖ Geographic information systems (GIS) are ideal for customer, supplier, and competitor geographic monitoring as well as market geo-positioning.
- ❖ Systems for detecting and analysing significant changes in environment and opportunities, and external and internal environmental assessments.
- ❖ Both knowledge-management and Knowledge-based systems which combine the most recent advances in IT to have a strategic influence on competitive advantage and business development.
- ❖ Information systems that extract and process data from a variety of internal and external data sources.
- ❖ Patents and methods for locating and tracking know-how.
- ❖ Business intelligence and other sorts of data mining
- ❖ Prediction technologies for industry innovation and trends.

3. **Formulation of a Strategy:** A strategy is a long-term plan of action intended to achieve specific organizational aims, and it is closely linked to environmental variations. When the environment changes, an organization must change its plan to

the changed situations. As a result, we require information technology that can foresee as well as reduce uncertainty:

- ❖ Information technologies that aid in the development of strategies
- ❖ Current and ideal state modelling tools for strategy modelling
- ❖ Systems that analyse state space
- ❖ Systems for developing and evaluating scenarios
- ❖ Tools for mapping out strategies
- ❖ Tools for visualising strategy
- ❖ Business modelling tools for strategic planning
- ❖ Technology for strategic forecasting

4. **Implementation of the strategy:** It is not sufficient to develop a strategy in order to accomplish results. We must bring this into effect by converting it into more specific policies which can be understood at the functional level of the company. At this stage of the strategic management process, you can utilise the following tools:

   - ❖ Systems for formulating strategic plans
   - ❖ Systems for managing change
   - ❖ Technologies to aid in the development and reengineering of organisational structures
   - ❖ Supporting mechanisms for team collaboration
   - ❖ Allocation of resources to support technologies
   - ❖ A tool for tracking the progress of a strategy execution.

5. **Controlling and evaluating strategies:** Strategic management is a process that is both dynamic and ongoing. The developed world requires ongoing adaptation. Adapt your strategy to the changing environment. As a result, we must monitor and record

the surroundings. Observe the changes and asses the effectiveness of the developed plan.

The following systems could be used to meet these requirements:

- ❖ Systems for measuring business performance
- ❖ Strategic command and control systems
- ❖ System re-engineering and strategy evaluation

2.4 METHODOLOGY

There are many useful strategic planning approaches for information technology in the management literature (IT) (Zani, 1970). Despite this, a survey of 80 firms discovered which planners of IT were dissatisfied with their approaches. Planning necessitates a number of resources, and senior management engagement is tough to come by, and just 24% of projects listed in a plan are performed (Gibson and R.L. Nolan, 1974). These challenges have been wrestled with numerous times while attempting to assist organisations in implementing the huge assortment of recommendations. The methodology here discusses about the various process activities that form a part of strategic management in the IT services that can be listed as below in five stages:

Stage 1: Strategic evaluation: The first step in the process activity is the step of evaluation. As the name suggests, the evaluation step helps to get the basic knowledge of the current scene. The following are the main process in this stage.

- To assess the existing state of the internal environment and determine existing weaknesses and strengths.
- Examine the surrounding environment for possibilities and risks, as well as how they may evolve in the future.
- Identifying market possibilities where provider of a service may provide the required value to a consumer.
- To determine the goals that must be accomplished.

Stage 2: Generation, Appraisal, and selection of strategies: Once the current scene is evaluated, it is important that a strategy generation is done and then appraised and evaluated. In this stage, the following are the takeaways:

- **To figure out your perspective, do the following:** It establishes the overarching direction, values, beliefs, and goals of the organisation.
- **To establish a position:** It establishes how the service provider can be distinguished from the competition.
- **Make a strategy:** A strategic plan will outline how the organisation will achieve its goals, position, and vision.
- **Embrace work patterns:** Executives should adopt work patterns that they believe are efficient and successful in attaining their goals. Change management techniques should be implemented so that the strategy responds to it and develops with the organization and its surroundings.

Stage 3: Execute of the Strategy: Once a strategy has been evaluated and chosen, the execution phase is the next.

- On a constant basis, service management methods aid the service provider in achieving the essential services and the required outputs are in alignment.
- It aids in the alignment of assets with the customer‟s desired goals.
- It improves the Critical Success Factors (CSFs).
- It aids in the prioritisation of investments.

Stage 4: Evaluation and Measurement: The evaluation and measurement of a strategy helps in the continual service improvement activities that track and assess how well a plan is implemented over time.

Stage 5: Expansion and Development: The organization will be in a good position to assist present market segments while also expanding into new customers and services.

Thus, the above mentioned steps are concerned with the various activities which are seen in a strategic management implementation.

2.5 STAGES OF IT STRATEGIC MANAGEMENT

Based on the points discussed in the previous section on effective IT strategic management, a methodology was developed by Hax and Majluf in 1991 [11] which is shown pictorially in the figure 2.1 which consists of six stages:

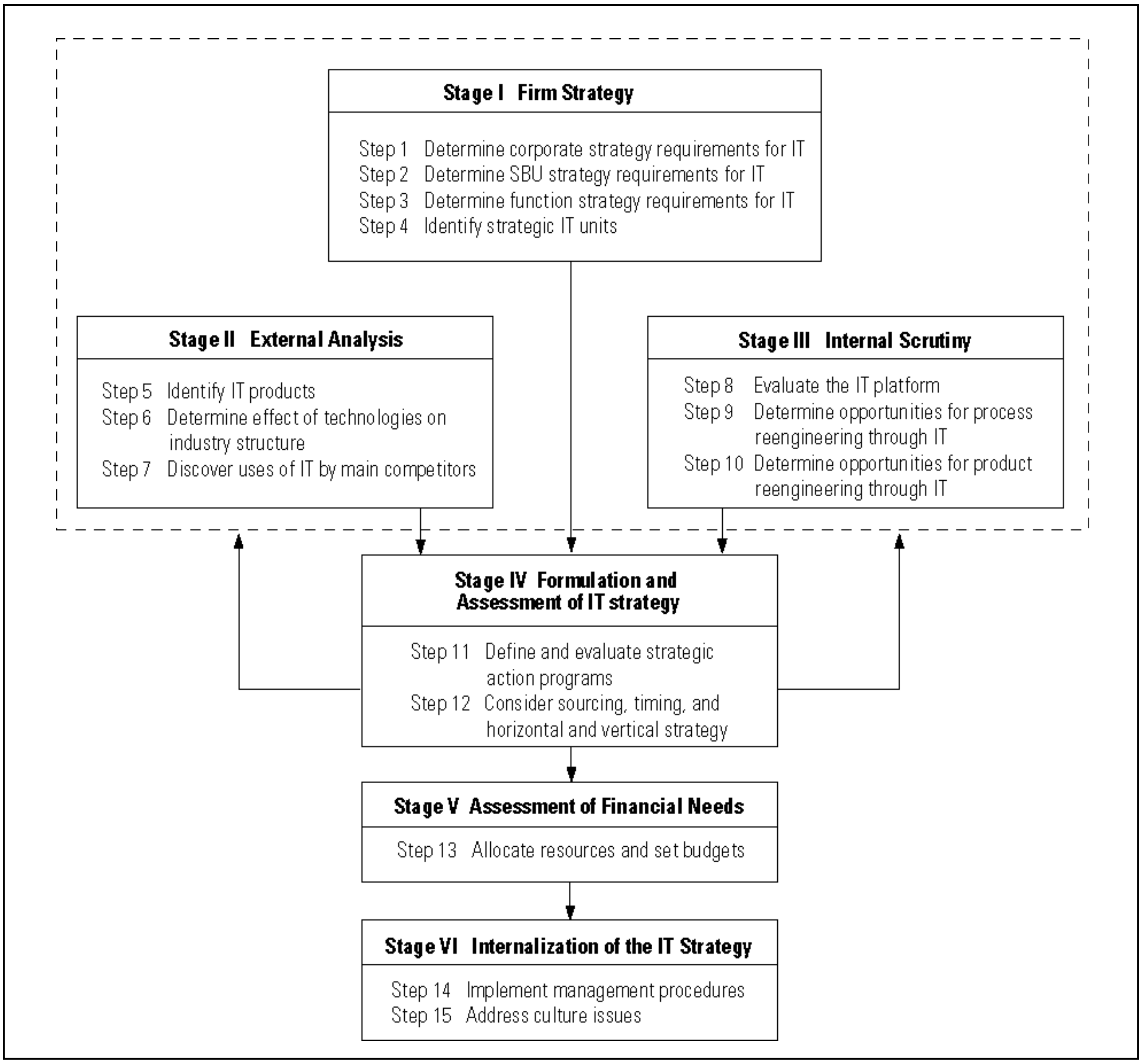

Figure 2.1: Framework of IT Strategic Management (Hax and Majluf, 1991)

At first, the procedure may appear to be discouraging. Strategic planning, without a doubt, necessitates managers with a high level of specialised and in-depth understanding of the firm‟s complex parts of technology. Starting from the bottom to the top, a person will face a difficult challenge. Managers with more experience, on the other hand, aren‟t starting from scratch. They already have a good deal of the information they need.

Basically, utilising the pooled knowledge of key managers can result in good IT strategic planning. There are a variety of approaches to this, but we‟ve found that holding a workshop with top executives from the corporate, business, and functional levels works effectively. There are numerous techniques to this, and we‟ve already discovered that organizing a session with corporate managers from the business, company, and functional levels is the most beneficial, especially in light of its overall consequences on the competitive background; delegating IT choices less frequently and being more active in IT decision-making; and creating a shared strategy for IT by integrating a list of IT requirements. This effort has one main goal: to be aware of the implications of an IT strategy for the company and to think deeply about the external and internal issues that affect the plan. This goal should be achieved by holding periodic seminars once a year. In order to explain this, the researchers (Massachusetts Institute of Technology, 1993) have taken the case of a Latin bank as field of study. The Latin Bank, for example, is organised into:

- 3 SBUs (strategic business units):
    - ❖ Commercial Banking
    - ❖ Retail Banking
    - ❖ International Operations
- 3 Functional Units
    - ❖ Finance
    - ❖ Operations
    - ❖ Information Technology

In this section, detailed description of the entries in the flowchart in the figure 2.1 are going to be discussed to promote better understanding as this concept which form the base of strategic Management in IT [13].

Stage 1: Firm or Business Strategy: The demands placed on the IT strategy by the company‟s strategic, business, as well as functional levels are determined during this stage by participants involved. This strategy understands that the firm‟s IT professionals must be able to support all of the firm‟s needs. These professionals are a valuable resource which allows the organization to cope with difficult situations technical problems so as to remain competitive in the market. As a result, several techniques are used at this stage to discover, understand, and categorize IT demands at all levels of an organization.

Step 1: Establish Corporate Need for Strategy

The firm thrusts for strategy, planning problems, and performance objectives are identified by the strategic posture, which is determined at the corporate level. Strategic thrusts are the most important challenge that the company must solve over the next 3 to 5 years in order to maintain a strong competitive position in its core markets [8]. The precise duties allocated as well as prioritised at the corporate and functional levels are known as planning challenges. Business specific goals are the quantitative indicators established to assess the company‟s overall performance (Kovacheva, 2004). This overall strategy establishes a clear and consistent direction for the corporate and functional units, along with IT demands. For example Latin Bank has set 3 strategic goals: stress customer orientation, boost efficiency, and introduce innovative products (see Table 2.1). The SBUs and functions are faced with a variety of obstacles as a result of these objectives. At this point, the IT department must have a general understanding of how it will react to all those thrusts, and what priorities must be determined.

Step 2: Determine the Needs of the SBU Strategy

Now is the time for business leaders to create and implement strategic action plans with respect to the company‟s overall goals. In Hax and Majluf, different techniques for generating strategic action plans are described.

Step 3: Determine the Requirements for a Function Strategy

Every functional manager is responsible for creating and implementing strategic action plans that are consistent with the businesses‟ overall and specialised strategic action plans. These programmes put IT requirements on the IT function, which must be translated.

Step 4: Identify Strategic Information Technology Units

Participants can now narrow down the process even more by identifying strategic IT units (SITUs). These units are made up of IT skills or disciplines that are applied to a specific product or service that addresses a market demand. Some examples are: Front-desk software, Supporting systems for products (back office), Systems for general management, Executive assistance systems, Management systems that are integrated Communication systems for branches, Systems of inter-organization are some to name.

Stage 2: External Evaluation: Participants in the second stage investigate the economic opportunities and challenges posed by the development of new technology. Managers examine their businesses from a new perspective in order to identify chances for novel IT applications and to identify potential dangers provided by industry trends or rivals‟ actions.

Step 5: List of IT Products

Gathering information on all available and relevant IT goods is a crucial aspect of the external examination. The finest sources of this knowledge are industry display of products, specialized literature, as well as IT vendors.

Step 6: Analyze the Impact of Technologies on the Structure of the Industry

For this phase, several strategies have are available like the Grid statistics, Strategy Matrix, customer resource lifecycle, Porter‟s framework etc.

Competitive Analysis Framework Executives should examine the 5 forces which create a company‟s competition to see if IT can actually influence the intensity of those forces [14]. Framework of the Porter is widely used to evaluate the competitive structure of an industry.

Step 7: Research Main Competitors' IT Uses

IT is no longer seen as a means of gaining a competitive edge; it is now seen as a need for staying in business. That‟s why it‟s important to keep an eye on what your competitors are up to. Managers can compare their company to others by comparing SITUs, or value chain activities. For example, Latin Bank‟s front office automation can be compared to that of other firms, identifying those that were ahead of the curve, and evaluating the solutions they had discovered. It can also compare value chain operations including loan approval procedures, human resource management, and new service marketing. Both comparisons are beneficial.

Stage 3: Internal Scrutiny: Participants evaluate the company‟s competitiveness in key markets and analyse the company‟s strengths and weaknesses in contrast to its most significant competitors at the time. Managers must look for new methods to apply technology to gain a long-term competitive advantage, the most essential of these is the strengthening of a powerful IT platform, as well as a comprehensive redesign of activities by products and processes reengineering, to protect its organization from imitative rivals.

Step 8: Assess the IT Infrastructure

The hardware, software, databases, and telecommunications technologies is a framework of company‟s IT platform. Participants in the planning process must assess the firm‟s IT platform in terms of:

1. Resources – technological, financial, and human
2. User requirements
3. How does it compare favourably against other companies‟ platforms?

The SITU analysis is an intriguing approach to analyse the quality of the IT application platform.

Steps 9 and 10: Identify IT-enabled procedure and product reengineering opportunities

Now it‟s up to the participants to find ways to apply technology to improve procedures or activities. This is known as business reengineering [20, 21]. Porter describes how managers can systematically review value chain operations to discover business processes which are fundamentally important to the company and where IT can assist (Porter and Millar, 1985).

Managers should also think about reengineering products. How can the organization use technology to improve and innovate its services and products while also incorporating more information? The use of IT can sometimes result in a complete redesign of a product, as well as the creation of an entirely new industry/business. Latin Bank is reviewing its cost structures for all products resulted in a significant adjustment in the management of checking and savings accounts, resulting in a significant rise in profit potential.

Stage IV: IT Strategy Formulation and Evaluation: IT strategic planning must be a result-oriented process. As a result of the process, a set of well-defined, integrated, and practical IT strategic action programs emerge as a final product. Since they were established from the company‟s strategy from senior managers, these will also have the benefit of having a well-justified IT platform for the corporate side. When developing an IT strategy, it may be necessary to make changes to the company"s overall strategy (particularly if the firm"s strategy is centered on information technology) or to review some information obtained from external as well as internal evaluations. As a result, the arrows in Figure 1 cycle backwards from Stage IV to the prior three phases.

Step 11: Define and Evaluate Strategic Action Programs

From broad to specific, the IT strategy must be described as ITSAPs (IT strategic action programmes). Each of the organizational, business, and functional needs, effective management may specify a set of ITSAPs.

Special sessions or organized sessions of brainstorming with organizational, business, as well as functional leaders, and also IT professionals, are particularly helpful in evaluating which IT applications could be constructed to satisfy the company"s strategic demands. Table 5 lists the 11 basic IT projects produced in this way at Latin Bank, together with the business needs to which they are associated. To emphasize consumer satisfaction, executives chose two primary strategic action objectives, such as developing branch automation and providing financial information services. These broad initiatives were divided into 4 projects:

- Offer enough computer network connectivity for branches
- Incorporate information systems at the branch level
- Add more ATMs (automated teller machines)
- Connect public access video kiosks

Managers are in a good position at this stage of the technique to assess if any of the data from the internal as well as external evaluations justifies a modification in the company"s business plan. Thus, the IT strategy not only reacts to the company"s corporate and business strategies, but it also introduces possible approaches to understand and run the business. It"s necessary at this moment to review corporate or business strategies and modify the plan.

Managers now can look at the following things in the process:

1. **Strategic Consistency Test:** Ensure that IT initiatives fulfill specified corporate, business, and functional requirements.

2. **Technical Coherence Test:** Assemble the IT initiatives into logically organised, technically possible information systems.

Risk Assessment of the Project Examine the risks associated with particular IT initiatives as well as the overall risk of the IT strategic plan. To make intelligent decisions about whether or how to continue with initiatives, managers must first know the level of risk.

Stage V: Financial Needs Assessment: Participants must now estimate the resources required to provide enough money for strategic IT projects, as well as examine the economic implications of doing so.

Step 13: Set Budgets and Allocate Resources

Following the formulation and evaluation of the complete list of IT projects, IT managers have the difficult job of identifying the most promising initiatives and allocating resources to them. They must analyse the projects in order to do so. To do so, cost-benefit analysis or profitability indicators like ROE (return on equity) and NPV (net present value) are commonly adopted. Unfortunately, determining the value of an IT investment is rarely straightforward. Whenever projects are highly risky and their value is based on the strategic opportunities, then traditional approaches for assessing projects and allocating resources are useless. IT, like research and development, must be considered as a long-term investment instead of a one-time expenditure in this aspect [26]. The challenges of presenting IT true value can sometimes restrict investment.

Using those valuation models which can handle uncertainty, like option theory-based methods, is one method to explicitly include the value of strategic opportunities. Simple sensitivity assessments that examine the effects of an investment under several scenarios can also suffice (Myers, 1984; Kester, 1984; Barwise et al., 1989).

Managers can also use portfolio matrices to allocate resources in situations when there are a lot of uncertainties. These matrices set investment priorities by taking into account the market attractiveness of each project as well as its competitive technical strength. The allocation of resources can be fully centralised or partially decentralised. All IT projects are explicitly presented to a high committee in the former situation, which analyses and assigns resources to them. Senior management assigns resources available among SBUs based on their desirability and revenue prospective for the organization in the latter circumstance. Following that, each company evaluates and allocates resources to each one of its IT projects.

Stage VI Internalization of the IT Strategy: A strategy execution may necessitate political manoeuvring, formal system adjustments, organisational structure modifications, and efforts to alter cultural traditions. These aren"t simple tasks. Managers should be aware of the constraints put on any strategy by personalities, systems, organisational structure, and culture. The development of an IT strategy cannot be entirely analytical. It must be understood and integrated by the organisation, or else it will be a waste of time. Internalization can be achieved through the application of two distinct but complimentary managerial approaches. One is based on formal analytical tradition, while the other is based on cultural and behavioural issues management. Managers should be able to generate the organisational transformation and personal commitment needed for a successful IT plan implementation by combining them.

Implement management procedures and address culture issues in steps 14 and 15.

The first question at this point is how to operate the IT department. Although it is beyond the scope of this paper to thoroughly explore this topic, one significant point is that the IT group organisational structure and task and responsibility assignments will need to be altered to be responsive to strategic imperatives. Adjusting rewards, project management systems, and IT resource capacity planning are just a few of the challenges that need to be addressed. Second, it is not enough to pay attention to formal systems and procedures to properly absorb the IT strategy in the IT department and the larger organisation. Managers must also examine cultural and behavioural challenges, as well as be particularly prepared to power shifts resulting from the IT strategy execution.

The ways that have been devised to ensure that the IT group gets out of its technical shell and tackles user demands show how these two approaches interact. One of these methods is the creation of a chief information officer, who serves as both a team player at the top of the company and an IT specialist.

The pairing of the head of each major IT development endeavour with a line manager or senior executive is a relatively recent trend. This strategy aims to provide IT executives with a broader business perspective while also allowing them to contribute more technical skills to high level management decisions. Making such a connection work is unquestionably difficult. The executives that participate typically come from a variety of backgrounds and focus on a variety of issues. To create and maintain such a cooperation, they must put up their best efforts. Education, a collaborative, iterative planning process, agreed-upon monitoring techniques, the usage of teams only when circumstances are recognized to be favourable based on years of experience, and appropriate human resource management are all important. Henderson has recognized all of these characteristics as essential for a successful cooperation, including the use of IT tools to unify activities (Henderson, 1990).

The dispersal of IT specialists among the business units is another important move. They report to the business management rather than the IT manager. Lastly, several businesses have experimented with shifting general managers through IT assignments to familiarize them with the technical and commercial elements of IT.

Despite the importance of organisational processes, they are insufficient to achieve the desired level of participation of IT in business unit or firm activities. Changes in social relationships and power patterns must be promoted by the processes. IT managers should become effectively aligned with the overall management effort of the organization. Thus, the six stages of strategic Management in the IT sector, provides in-depth knowledge of the know-how of the entire system. The main concepts related to Strategic Management in IT has been highlighted in the sections till now. In the upcoming sections, the benefits and risks are to be discussed.

2.6 BENEFITS AND RISKS

The various benefits and risks involved are discussed as a part of this section as below:

2.6.1 The Importance of IT Strategy Management

The importance lies in its effectiveness and the benefits that can be obtained from this strategic approach. The following are a few examples of why IT strategy management is so important:

1. A company‟s strategy determines what it wants to achieve. This includes how it will achieve the goals and how it will know when they have been achieved.

2. If the organization‟s goal isn‟t stated, it can simply respond to the demands of its stakeholders. They would lack the necessary talents to examine each and every need, as well as to comprehend the influence each demand has on the firm.

3. A managed and well-defined strategy guarantees that the organization‟s resources as well as competencies are associated in order to achieve its business objectives. It also make sure that the firm‟s investments correspond to its planned growth and expansion.

The following are some of the advantages of strategy management:

- It guarantees that all stakeholders are represented while making choices on the organization‟s future path.
- It guarantees that all stakeholders agree and discuss on the organization‟s goals as well as the methods for prioritising resources, competencies, and investments.
- It guarantees that resources, competencies, and investments are appropriately managed in order to achieve the desired plan.

It is not just an organization that can benefit, a service provider can also obtain the benefits of IT Strategic Management. A service provider can profit from strategy management for IT services in the following ways:

- It ensures that its service portfolio contains an acceptable set of services.
- It guarantees that all services must have a defined and clear purpose, and that all personnel in the service provider‟s organisation understand their role in accomplishing that aim.
- It supports appropriate investment level, resulting in cost reductions and greater funding for essential initiatives.
- It also ensures that investment priorities are altered in order to focus effort and resources on the areas with the greatest business impact.

2.6.2 IT Services Strategy Management Challenges

Typically, IT service strategy management is carried out at an unsuitable level inside a company. It must begin at the top with senior managers leading the way and each organisational unit following in their footsteps. By establishing a strategic, tactical, as well as operational plan which is a component of the firm‟s overall strategy, those units should keep with them. The following are some of the issues that IT service strategy management faces:

- There may be a scarcity of factual information related to the outside world.
- The lack of support from shareholders might be difficult to overcome.
- Inadequate tools or a lack of awareness of how to use tools and processes are necessary.
- Operational managers will struggle to meet targets that are not aligned with the strategy if operational targets does not match with strategic objectives.

2.6.3 Risks of IT Service Strategy Management

All methods have their own risks that come along with the numerous advantages. It is essential that users need to know both the plus and minus before choosing a management technique. The following are the risks that must be considered when managing IT services strategically:

- Managers may be able to select whether to execute all components of a strategy or to divert from it for short-term aims if the governance model has weaknesses.
- Short-term priorities can occasionally take precedence over strategic instructions in the absence of critical information, making strategic decisions.
- Choosing an improper approach that does not align with the organization‟s objectives can cause major problems to everyone.
- Many people think of strategy as a once a year exercise that has no bearing on what happens the rest of the year.

Thus, this chapter is concludes here with a detailed insight of strategic management in the field of Information Technology.

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3 ROLE OF STRATEGIC MANAGEMENT IN BUSINESS DEVELOPMENT

"Strategy is simply resource allocation. When you strip away all the noise, that's what it comes down to. Strategy means making clear cut choices about how to compete. You cannot be everything to everybody, no matter what the size of your business or how deep its pockets."

— Jack Welch

CHAPTER STRUCTURE

- Introduction
- Different Roles of Strategic Management
- IT and Strategic Business Management
- Competitive Advantage and Information Technology Business Strategy
- Importance of Strategic Business Management
- Conclusion

3.1 INTRODUCTION

Strategic management (SM) is becoming significant throughout the corporate world, and also we work and live in a world that is always changing. Building a solid company strategy is now a need; only recently, we saw British retailer House of Fraser go bankrupt due to bad strategy, while other retailers such as Debenhams have reinvented themselves and increased their digital offerings, something House of Fraser has failed to achieve. Another example is Blackberry, which has lagged behind competitors like Apple in terms of innovation and foresight.

A business strategy usually answers the question as to: ―How the company is to compete in this business? [1, 2]‖. Every business will have its own approach. A business strategy is simply a competing strategy based as to how a firm performs in a particular market. At the business unit level, strategic decisions focus upon choosing products and markets, addressing consumer wants, share of the market protection, getting a competitive edge over others, great opportunities to be exploited or created, and making a profit. In a nutshell, a business strategy explains a company's competitive position in the marketplace. The corporate strategy directs the direction of business strategy. It draws its inspiration from principles of the business strategy. This converts the corporate direction as well as aim into individual company business plans and objectives.

In the functions of organisations, strategic management plays a significant part. These functions are known as functional areas of management in a company organisation and include production/operations, marketing, finance, and human resource management. These fields' strategic elements are inextricably tied to strategic management. As a result, the term ―strategic‖ is increasingly being used in various contexts. Furthermore, as a result of globalisation, efforts are being made to improve global competitiveness through effective strategic management methods.

All organization must have a strategic management plan. It is the process of stakeholder formulating as well as executing the objectives and aims indicated in a company strategies. To take another example, having strategies in place that assist firm operations and activities is vital to make sure strategic decision. Consequently, SM entails evaluating company goals, the mission and vision, including plans for the future. In addition, a method of strategic management is also implemented to make sure that the firm operates successfully and effectively. Internal as well as external communications of such a strategy is important to its effectiveness, since it helps employees and management to know the direction and purpose of a strategy, and also third stakeholders to know whatever you represent for as a company.

We currently live in the age where the knowledge and information value have surpassed the tangible goods value. Information assets are becoming a differentiating factor for successful businesses. With planning via design and analysis, systems integration, and corporate strategy, information systems (IS) and information technology (IT) are becoming progressively linked into practically each aspect of business. Information is important in sustaining all company processes, from daily activities to strategy formulation, including for companies which are not in the technology sector. Businesses should be driven by data, as per John Naisbitt (1982) [6]. Companies that manage information successfully are far more able to retain a competitive advantage in the marketplace. Because knowledge is becoming such a major component in propelling business activity, Evans and Wurster (2000) [7] claimed that each and every company would be in the information sector.

In the previous few decades, IT and IS have seen significant transformations. Their major role in the organization has shifted beyond –back-office‖ assistance to becoming an essential element of organizational planning and preserving key competencies. The procedure of formulating and executing business strategy, known as strategic management, is focused on determining plans and objectives. Organizations, like their strategies and strategic management techniques, evolve with time. IT has grown increasingly significant in strategic management in recent years. In order to support corporate initiatives, IT and IT-enabled technologies are increasingly required. In this chapter, we look at how information technology and strategic management have evolved over the previous 50 years, as well as how they interact. We start by analyzing various concepts and advancements in strategic management and information technology, and afterwards examine how IT has evolved into a strategic management facilitator. We then discuss the challenges of conducting research in IT-enabled strategic management and give suggestions for future studies throughout this diverse field.

The technique of merging together with all a firm’s management and activities into a coherent whole is known as strategic management. The procedure of planning, organizing, leading, and controlling members of an organization so as to successfully apply resources to attain goals of the organization called management. SM is the –glue‖ which holds various procedures altogether. Instead of focusing on specific tasks or functions, strategic management considers the overall organization as well as how the pieces fit together. In a corporation with effective SM, synergies can be formed. That is, the tool for helping together to have a maximum production which is higher than the total of outcomes of the individual components.

The function of planning has been most closely connected with SM which comprises 2 separate activities. The very first stage is to determine how well the company may obtain a competitive advantage. Such that, how can the company set itself apart from the competition and deliver value for the customers? The solution to such a concern can be found in the firm strategic plan. Many of the actions of the organization must serve the corporate strategy, according to management. ―Doing the right thing‖ is the term for this. It implies that everybody should be centered on performing at tasks which provide competitive edge, directing resources toward various departments which produce competitive edge, as well as carefully monitoring competitive edge operations. That doesn't imply they can neglect the rest of their responsibilities; great businesses must be able to perform a lot of things well while excelling at only a few.

The second job of strategic management is to ensure that the strategy is supported by the people in the organisation. As previously stated, almost all organization's achievement is performed by individuals doing different activities. Individuals must be willing and capable of succeeding at jobs which gives the firm a competitive edge, according to management. This is called ―doing things properly‖. Individuals can do this by providing employees with prospects for learning and development to improve skills that enable the strategic plan, trying to establish a remuneration program that benefits strategy-supporting behaviors, and implementing a supervision program that promotes and recognizes strategy-supporting behaviors. Management has the ability to instill a culture of continuous improvement all through the organization. Organization culture shared by a group beliefs and ideas which influence individual tasks within a company. Managers may assist the plan by conveying as well as modeling the values and behaviours they wish to see throughout the organization.

3.2 DIFFERENT ROLES OF STRATEGIC MANAGEMENT

Strategic management encompasses innovative abilities, a process of strategic planning, as well as functional thinking. Although many businesses, such as IT sector, rely significantly on information for strategic corporate management. In order for a strategic planning to be successful, it must take into account the viewpoints of customers, the contributions of employee, as well as industry standards. Standard strategies to promote corporate strategy management include integrating a great deal of work into committee meetings, selecting trustees having relevant as well as diverse experiences, and carefully examining the repercussions of decisions under each function of business inside the organization. Yearly business plans are typical, although in the twenty-first century, flexibility and the ability to respond to changed circumstances and objectives are important. The following headings can be used to study the many responsibilities of strategic management:

1. Strategic Leader and Decision Maker
2. Strategic Visionary
3. Strategic Leader and Decision Maker
4. Improving performance and gaining a competitive advantage
5. Integrative Role
6. Adapting to Change
7. Considering the Big Picture
8. Natural Environment Protection
9. Managing During a Financial Crisis
10. Marching in the Wake of Globalization Creating a Learning Organization, as well as a few others.

3.2.1 Strategic Management Role

In business organisations, strategic management serves a number of critical responsibilities. The following are some of them:

Role 1: Strategic Visionary

A strategic manager leads a company in the right path. He devises a plan for it to follow. The strategic vision is then communicated to lower-level management and staff. This is helpful in terms of motivation. He can instil a wider sense of purpose in employees, so that they perceive themselves as ‒laying stones‖ rather than ‒building a cathedral.‖ Strategic managers can raise a devoted organisational effort by painting an exciting picture of the company’s strategic vision.

Role 2: Strategic Leader and Decision Maker

The Strategic Management method is used by strategic executives to assist the organization in achieving its goals and objectives. They are self-assured and dedicated to the well-being of others around them. Customers benefit from it, and stockholders and other stakeholders benefit from it as well. Changing external conditions and new strategic priorities necessitate different leadership methods. To make smart decisions, it is vital to make better use of knowledge.

> *“It is critical that strategic managers learn to make better use of the knowledge they have and understand the reasons why they make poor decisions,”*
>
> ***—Eisenhardt and Zbaracki write.***

Knowing how to be an effective or strategic leader, and also how to recognize and control their emotions mostly during decision-making procedure, is important for management to create effective usage their expertise and information.

> *“One of the primary strategic duties of both general and functional managers is to use all of their expertise, energy, and excitement to provide strategic leadership for their subordinates and establish a high-performing organisation.”*
>
> ***—write Charles Hill and Jones.***

> *"Companies whose management overlook the function of strategic thinking about the company's future business route are prone to drift aimlessly and lose any claim to being an industry leader,"*
>
> ***—Thompson and Strickland wrote.***

Role 3: Building a Competitive Edge and Outstanding Performance

High performance mostly in corporate world is typically presented as a profitability of the company in contrast to those other firms in the similar sectors. A company's profitability is determined by the amount of money it makes on the money it invests in it. A company's profit over the capital invested in the company is described as its return on invested capital.

Recognizing and defining the approaches which managers could implement to improve an organization's productivity and deliver a competitive advantage is a major component of SM. A competitive edge is defined as a company's strategy that results in superior performance. The greatest way for a corporation to maximise shareholder returns is to pursue initiatives that increase its own profitability.

Role 4: Integrative Role

Integrator is another position played by strategic management. It necessitates managers taking a holistic picture of a firm and assessing why all of the firm's functional departments and operations work together to support it reach its mission and targets. It promotes different functional sectors to work hard to accomplish mutual objectives. At all levels, it encourages ―integrative thinking‖ and action. The potential return is as tremendous as the challenge. It aids in the harnessing of his organization's collective intellect.

Role 5: Adapting to Change

Organizations should constantly monitor internal and external events, trends, and crises, according to strategic management, in order to make timely changes as needed. The velocity and magnitude of change affecting organisations is rapidly growing. This necessitates strategic managers who can help organisations adapt to change effectively over time. The only constant in today's corporate world is change. Dynamic strategies are used by successful organisations to effectively handle change.

Businesses are forced to confront critical strategic management questions as a result of the requirement to adjust to transformation such –

> *"What sort of business should we become?" and "Are we in the correct field(s)?" "Should we restructure our company?" "Are there any new competitors in our industry?" "Should we pursue any specific strategies?" "How are our clients evolving?" "Are there any new technologies on the horizon that could knock us out of business?"*

Role 6: Thinking Through the Entire Goal

The essential task of strategic management, as per Peter Drucker, would be to consider through a firm's primary objectives. Managers must ask themselves, ―What is our Business?‖ in order to fulfil this function. Consequently, goals are set, strategies are designed, as well as today's activities are taken to reach tomorrow's outcomes. These should undoubtedly be performed by a group within the company which has a holistic vision of the organization, could evaluate today's objectives and targets with tomorrow, and therefore can devote financial and human resources to positive effects.

Role 7: Environmental Protection

The natural environment has now emerged as a critical strategic concern. Global warming, bioterrorism, and rising pollution suggest that the continued exploitation and destruction of our natural environment may now be the greatest threat to business and society. *"Halting and reversing global ecological devastation and deterioration...is a strategic issue that requires immediate and serious attention by all organisations and managers,"* according to Mark Starik.

Role 8: Managing During a Financial Crisis

Strategic management is especially important during economic downturns. During a severe recession, business cycles, a catastrophic economic slump, or a corporate breakdown, strategic managers might design viable new strategies. Strategic management uses two methods in difficult economic times and financial crises: *"surviving today and competing tomorrow".*

It can maximize the firm's existing capabilities and resources to improve actual performance thereby expanding to meet the future requirements. Strategic managers can protect fundamental skills while also making smart investments to position the company for the next upswing. They then make investments in technology, human resources, and capability enhancements. Strategic management provides possibilities for doing things differently in times of recession, adapts low-cost technical solutions, produces products having low value for nations in emerging markets, consumer solutions at a cheap cost, and identifies business markets. Such strategies have the potential to lead in massive industrial expansion and a prosperous economy.

Role 9: Marching with Globalisation

Strategic management follows global trends and changes at all times. It takes into account world economies. Globalization broadens the scope of possibilities and challenges. Understanding the necessity for culturally sensitive decisions when employing the strategic management process, as well as anticipating ever-changing complexity in their decisions and operations, is one of the problems for businesses. Globalisation has an impact on how goods and services are designed, manufactured, distributed, and serviced.

Strategic managers are fully aware that globalisation has resulted in higher performance expectations across a wide range of dimensions of competition, such as cost, quality, productivity, time for the launching of the product, as well as efficiency of operations. They also recognise that globalisation is not without peril; it carries a –risk of foreignness.‖

For strategic managers, there are two risks to consider:

(a) One danger of joining the global market is that it takes time for enterprises to learn how to compete in markets that are unfamiliar to them.

(b) Second, a significant quantity of globalisation may have an adverse effect on a firm's performance.

Role 10: Creating a Learning Organization

Strategic management is critical to an organization's ability to function successfully in a dynamic, complicated environment. It enables businesses to become less bureaucratic and more adaptable in order to compete in dynamic environments. It aids in the development of strategic flexibility, or the ability to change dominating strategies. It aids in gaining a competitive advantage.

Strategic management aids the company's transformation into a learning organisation, one who is experts in creating, accumulating, and disseminating knowledge, as well as altering its behavior in response to fresh data and understandings. It necessitates everyone's active participation in the process of learning and adjusting. Strategic managers are forming learning organisations to adapt to change, stimulate creativity, and stay competitive.

Strategic management has evolved into a self-reflective learning process that familiarises managers and staff with strategic concerns and viable solutions. *"A crucial duty of strategists is to support continual organisational learning and change,"* says Fred R. David. *"Remember, strategic management is a process for supporting learning and action, not just a formal system for control,‖* argues R. T. Lenz. It encourages innovation and fosters a learning culture. There are no resources that are limitless in any organisation. There is no such thing as a competitive advantage that lasts forever. As a result, no company can pursue all of the tactics that could potentially benefit it. As a result, strategic decisions are constantly based on ongoing learning.

Employees are shown ‒learning routes‖ via strategic management. It creates learning organisations in order to avoid stagnation by allowing for constant experimentation and learning. It suggests adjusting plans and programmes to take advantage of changing environmental conditions. It produces organisations that are eager to try new things and learn from their mistakes.

Role 11: Competitive Landscape of the Twenty-First Century

Without strategic management, corporate organisations are finding it increasingly impossible to compete in the twenty-first century's dynamic and complicated environment.

The following important features can be seen in this competitive landscape:

(i) In many industries around the world, the fundamental nature of competition is altering.

(ii) The business world has become extremely competitive.

(iii) Change happens at a breakneck speed, and it's only becoming faster.

(iv) Even defining an industry's limits has become difficult.

(v) Sources of traditional competitive edge, for example cost-cutting measures and advertising budgets that are large, aren't any useful.

Speed, flexibility, integration, creativity, and the issues which take place from ever-changing circumstances are all becoming priorities for strategic managers. *"Developing and implementing strategy remains a key aspect of success in this environment,‖* says R. M. Grant. It enables strategic measures to be planned and implemented when environmental conditions are favourable. It also aids in the coordination of strategies produced by business units with decentralised responsibilities for competing in specific markets.‖

Role 12: Challenging the Status Quo and Providing Opportunities for Creativity

Disrupting the status quo and bringing out organizational change is one of the important function of strategic management. Growth is the goal of strategic management. It aims to remove impediments for example entrenched interests in the current situation, obstacles in the system, behavioral obstacles, barriers in political conditions, and personal time constraints. By removing these impediments, strategic management aims to stimulate creativity and allow it to permeate the organization.

Strategic management takes the following steps in this direction:

(i) To disrupt the firm's ‒status quo‖ mentality.

(ii) To elicit a strong sense of urgency.

(iii) To create a ‒culture of dissent‖ in which dissenters can openly criticise a superior's point of view without fear of retaliation.

(iv) To promote a risk-taking culture.

(v) To foster a culture of exploration, failure, and curiosity.

Role 13: Motivating and Empowering Employees

Strategic management plays a crucial role in motivating employees toward a common objective. It encourages all employees to use their intellect and inventiveness to accomplish the goal. It fosters dedication and motivates employees to take action. It motivates them to take part in meaningful ways, making them feel like they are part of a positive mission. It encourages people to talk about what they care about. Strategies can be used as motivational strategies.

The bottom-up view of empowerment, which is concerned with risk taking, growth, and change, is commonly adopted by strategic managers. It entails having faith in others to ―do the right thing‖ and a willingness to accept change in the future. It encourages employees to take responsibility for their actions. It promotes calculated risk-taking. It also boosts employees' confidence in their abilities.

Role 14: Establishes Market Leadership

Strategic management by itself can help the organization build leadership position in a time of digital developments, procedural rigor, and understanding working environments. To be a market leader, it permits a company to predict, initiate, and influence actions ahead of the competition. By anticipating the activities of competitors, strategic management can devise competitive tactics.

Role 15: Developing Business Ethics

Good business ethics are a requirement for effective strategic management. *"Good ethics is merely good business,"* as the saying goes. Actually, ethical considerations underpin all strategy creation, execution, and evaluation decisions.

A new slew of ethical questions has emerged such as safety of a product, health of an employee, harassment of women, acid rain, crimes at workplace, disposal of waste, international business practices, takeover strategies, interests incompatibility, layoffs, and privacy of an employee has necessitated the development of a clear code of business ethics by strategists. Strategic management has the ability to instil an ―ethical culture‖ throughout an organisation. The duty for maintaining ethical behaviour falls primarily on the shoulders of strategists. They should take the lead in terms of ethics. They must be in charge of creating and implementing ethical decision-making processes.

Role 16: New Business Opportunity Pathfinder

Strategic management can lead to a variety of company prospects. It serves as the foundation for all of an organization's important business decisions, including those about business ventures, goods and markets, manufacturing facilities, investments, and organisational structure. It also serves as a form of business defense, assisting a firm in avoiding costly product-market or investment decisions. In fact, strategic management enables a company to innovate in real time to capitalise on new opportunities in a fast-paced market. As a result, it assures that emerging fresh opportunities are fully exploited.

Role 17: Achieving 'Whole' Synergies

According to Abbass F. Alkhafaji, *"Strategic management creates an awareness of the mechanisms by which organisations can achieve whole-system synergies through effective cooperation and interaction of the different departments within an organisation."* Strategic managers have the ability to see how organisations are interdependent and interrelated.

As a result, strategic management:

(i) Concentrates on the challenges that affect the entire company.

(ii) Assists in unifying the organisation.

(iii) Assists in integrating individual behaviour into a larger effort.

Role 18: Establishes the Organization's Architecture

According to Peter Fitzroy and James M. Herbert, *"A critical role for strategic managers (including the CEO) is to establish organisations that respond to and introduce change."* Change necessitates a company-wide entrepreneurial culture that promotes creativity, invention, research, as well as knowledge. CEOs can't accomplish it all by themselves alone; in fact they need to work with or through other members of the team. Creating the structure and systems of the organization, as well as decision-making procedures, in addition to create values and culture, devising strategies of pay and reward, and personnel selection and development—and that is what we refer to as firm's architecture—are all tasks that strategic management entails.

Role 19: Demonstrates a Culture of Innovation and Creativity

Leadership, vision, honesty, empowerment, innovation, and risk-taking are all essential concepts in strategic management. Despite some gurus' basic prescriptions, simple answers to complicated problems are rare, and the strategic management agenda is so complex, requiring professional analytic skills. Strategic managers require a clear vision and a feeling of direction for the company's future. They must be willing to branch out into new areas in order to shape their companies' future. They are frequently rule breakers, as demonstrating industry leadership typically necessitates venturing beyond customary bounds.

"Strategic management is about ingenuity, not following the herd," Peter Fitzroy and James Herbert write. Winning companies have a strategy that is distinct from and superior to their competitors, a company cannot win if its strategy is identical to that of its competitors. Successful strategic managers create creative plans that provide considerable enhancements to customers and, as a result, raise shareholder value significantly. If strategic management is to be effective in a dynamic world, it must change and innovate – while there is a risk in doing so, the risk of inertia is often greater. Strategic managers should question the existing quo, as well as the firm's boundaries and positions, and examine how to create new competitive spaces. They should examine established assumptions about the organisation and its businesses, tap into the creative aspirations of all employees, and encourage constant examination of industry views or standards. Strategic managers must avoid cultural inertia, reduce resistance to change, promote learning and experimentation, and cultivate new skills.

Role 20: Creates Value

Strategic management initiatives generate value. A business is primarily a commercial enterprise. It may include social and political aspects, but its primary purpose is economic: it promises to offer products and services at a profit margin that exceeds its costs, including capital costs. There is no purpose for strategic management to exist if it does not provide value. It must meet the financial markets' expectations. This is a crucial role. It's easier to start a company that destroys value rather than one that creates it.

Role 21: Realizes the Firm's Full Potential

Strategic management is responsible for maximising the firm's current potential, meeting expectations of the shareholders, and throughout the midst of volatility and discontinuities, choosing on tomorrow's game. This requires visualizing the future as well as what the organization will have to do to get there, a process which requires a lot of information, training, and evaluation. SM, by any definition, is a comprehensive endeavour aimed at realising a company's greatest potential.

Role 22: Linking with Organizational Development

The hurdles preventing strategic management and OD from working together more closely have been dismantled. Strategic management, for instance, is said to be directly associated only with external environment, while OD is primarily with inner world, however this is wrong. Broad strategic directions cannot be successfully implemented until they have been converted to within operational databases, procedures, frameworks, capabilities, and cultural values, as has recently been identified mostly in strategy industry.

Furthermore, OD field has been concerned with ‒long-term initiatives to strengthen an organization's problem-solving capacities and its ability to cope with changes in its external environment‖ from its inception. In fact, strategic change has had a significant impact on the development of OD theory and practise. Although SM as well as OD personnel have different knowledge and experience, strategic management is progressively including themes which were initially thought OD issues, and conversely.

3.3 IT AND STRATEGIC BUSINESS MANAGEMENT

The majority of information technology industry researchers have focused on the function of IT in empowering as well as improving processes of business, as well as its impact on generating competitive advantages [3]. Most of the enterprises are failed to meet its targeted financial and economic objectives despite having years of large investments on IT economic infrastructure. This is based on the fact that 80 percent of the cost of production are pre-determined during the design and production phases. The majority of firms' strategic perspectives have been geared toward determining the amount of usefulness in IT in terms of company and product operations. As demonstrated in Figure 1 [8] below, now SM comprises a business strategy, business strategy that is functional, strategy for information, as well as strategy for IT. Many organization's plans are organised in a multi-level hierarchy. Business strategy should be at the top, and it lays the groundwork for business decision-making. Effective strategies, strategies for business units, and strategies for operations are all subsets of corporate strategy. Developing a broad plan for strategic IT which aligns with firm's business strategy is vital to its accomplishment.

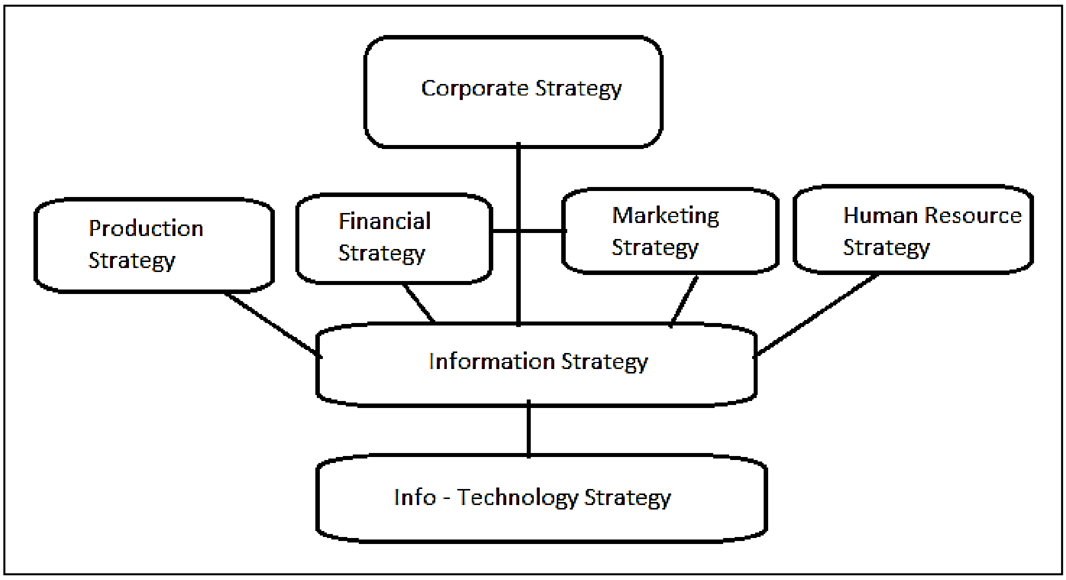

Figure 3.1: Information Technology and Strategies [9]

According to Symons [10], as per the latest survey of CIOs as well as CEOs, connecting IT and organizational objectives is their main or secondary concern. Evaluating the level of IT synchronization has made challenging for several businesses. Symons proposed a five-stage approach aligning maturity model known as software Engineering Institute's CMM (Capacity Maturity Model).

- At the basic level, known as Non-existent, IT is aligned with corporate strategy. IT has only a supporting role in operations.
- The requirement for IT alignment is recognised at the ad hoc level, but there is no systematic method. IT supports with corporate strategy on a particular circumstance approach. There is no approach to evaluate the effectiveness of the IT integration.
- Now at Repeatable stage, IT compatibility is evaluated at the business level. Though, it is only implemented in some business segments. There are just a few ways to measure IT alignment.

- IT synchronization is fully implemented at the Defined procedure level across the company, having appropriate policies and guidelines in order to track as well as evaluate the benefits of IT synchronization.
- Also at Optimized level, all management level and therefore all lines of business would be on the same page when it comes to IT and corporate strategy.

IT synchronization procedures at all other companies have been expanded and included external best business practices. Measurements as well as feedback systems for IT synchronization are all in effect to ensure that it stays at this stage. IT synchronization is undoubtedly among the most crucial parts of SM. IT alignment, on the other hand, involves more than just designing IT strategy to meet the corporate strategy. Corporate strategy is focused on the future as well as is influenced by external factors such as the economy and the environment. Adaptability should be built into IT strategy through IT alignment.

The business sector benefits from information technology (IT) because it allows organisations to work more efficiently and productively. Because computerised systems are so common, it's a good idea to include IT into your business.

Most of the advantages are as follows:

1. **Information Storage and Protection:** Through permitting selected internal users to read, delete, insert, or change information, IT provides a digital system of storage to maintain and keep a business's important records.
2. **Automated Procedure:** Information technology improves a business's efficiency by enabling processes which reduce stress on employees and enable them to move on to better duties.
3. **Access from a Distance:** A business's digital network can be accessed remotely using an IT network, increasing efficiency by making employees to work remotely either on road, or from any location.
4. **Communication:** Users can communicate with each other mostly through text message, teleconferencing, as well as other methods, making corporation and information exchange more effective.

5. **Efficiency in terms of cost:** It reduces costs with the help of assisting in the computerization of corporate processes, which leads to increased revenues, which means higher compensation for employees and less strenuous working circumstances.

6. **Open 24 hours a day, 7 days a week:** It implies that businesses may operate at any time and from any location, making cross-border purchases quicker and more convenient.

7. **Competitive Edge:** IT systems provide users with a competitive advantage by enabling services that provide speedy and high-quality services to customers, allowing businesses to compete more effectively.

8. **Knowledge Worker Benefits:** It systems can boost knowledge worker performance in consumers, suppliers, and partner businesses, as well as add more value to current products through information.

3.4 COMPETITIVE ADVANTAGE AND INFORMATION TECHNOLOGY BUSINESS STRATEGY

Businesses do not operate in an isolation. They exist within a broader framework that includes economic, political, social, as well as competitive factors. Throughout the context of such problems, a strategy of the company is a precise framework for attaining its goals. A strategy of the company dictates how this will achieve long-term sustainability. Management must make a strategic judgment because it necessitates a significant expenditure of resources and therefore is expensive and time consuming to modify if executed.

In The Godfather II, Michael Corleone declares, *"My father taught me many things." "Keep your friends near, but your enemies closer,"* he advised me. This is also true in terms of strategy. Customers are a company's friends. The strategy of the company must remain aligned including its clients' requirements. Its rivals are competitors. Competitors are businesses that offer similar goods or services and compete for the same clients. In terms of sales, profitability, and market share, competitors are likely to have comparable corporate objectives. A company must ―beat‖ its competition to succeed and achieve its objectives by always attempting to improve its consumer offers and to be better than the alternatives offered by competitors. We'll look at how corporations address competitors in their strategy in this part.

3.4.1 Advantage in the Market

Businesses aim to differentiate themselves from their competitors in a competitive climate. Consider the following automobile manufacturers.

Do you have a favourite trait or attribute that you associate with each of them?

Porsche, Volvo, Hyundai, Toyota, Ford

Companies make a concerted effort to differentiate themselves from their competitors. You probably won't go to a Ford dealer if you're seeking for a high-performance sports car. However, you would not go to a Porsche dealer if you were seeking for a tough truck. Companies attempt to differentiate their products or services from those of their competitors in some way. Customers will prefer to buy the company's product over a competitor's when they believe the difference to be valuable. This is what is referred to as a competitive advantage. Customers like the company's products or services, therefore has a competitive edge throughout its market competitors.

Businesses can get a competitive advantage in a variety of ways. Their product could be better in terms of performance, quality, durability, or unique features. The firms may offer better customer service or be more accessible. They might improve their advertising and promotion of their items, or they could sell their products at a reduced price. The finest firms have a unique combination of characteristics that no one else can match.

This could seem that the best way to acquire a competitive edge is to execute all correctly. Unfortunately, this is not possible. In fact, resources are scarce, therefore aiming to become the best at almost everything would be prohibitively expensive. Companies that strive to do several aspects effectively usually end up doing nothing extraordinarily well and failing to stand out. This scenario is referred described as somehow ‒stuck in the middle.‖

It's not simply concerning creating a competitive edge in businesses. Additionally, companies must be able to maintain a competitive edge. Whenever opponents see a business performing something which the public likes, they would like to copy it. Certain things are simple to duplicate. British Airways, Delta, and United immediately copied American Airlines' advantage frequent flier scheme to compensate regular clients. To make it cheaper, Walmart, for instance, has established a closely integrated supply chain. This system has not been duplicated by any other company. This strategy has not been explored by any other company. This is called long-term competitive edge.

3.4.2 Competitive Advantage and Strategy

A company's stated objective is doubtful to have been gaining a competitive edge. A competitive advantage, on the other hand, assures that even a business would have the means it requires to meet its goals. When businesses perform better their contenders, those who have more funds to put on R&D to strengthen their services or products, too much funds to put on promotion and advertising to attract more customers, more cash to spend on charitable contributions to focus on improving community engagement, and much more money to spend on revenues for their investors. Therefore, competitive edge is a strategy for attaining a company's goals.

We can define strategy as a plan to establish sustained competitive advantage since it is a plan to achieve long-term goals.

3.4.3 Self-Managing of Organisational Units

The nature of information technology is such that it persuades people to progress. Individuals' incentive to compete and be at the centre of the company increases as a result of the building individually and collectively capability in them via IT. In terms of interview analysis, many organizations have evolved in such a way in which they can organize their operations around key organizational strategy, according to the findings. Many groups have looked at macro-organizational methods that are relevant to their goals, including trying to take risks and reducing stress. As a result of such efforts, organisational empowerment has increased individual synergy and improved considered productivities. When these devices' performance continues to be appropriate, there will be opportunities for independent enterprises to grow. Another key issue is that organisational tactics are characterised by the speed with which information circulates and the ability to obtain records of information. This method will be beneficial when its impact on an organization's outputs shows and aids in the achievement of strategic goals.

3.4.4 Interchangeably Usage of Learning and e-Learning

According to the findings of the study, information and communication technology domination and utilisation has enhanced organisational tactics, and manpower training has been assumed to be one of the primary components of this technology. Individual ability has risen as a result of information sharing in the workplace, with the help of home systems and messengers. This correspondence, which was completed in intra-unit and inter-unit methods, increased employees' sense of learning, resulting in new approaches to tackling the organization's domestic issues. This virtual information sharing takes the shape of short-term electronic classes, which are sometimes held during working hours. These trainings have a significant impact on unit output and ability development.

3.4.5 Organizational Performance Evaluation as an Online Strategy

According to research findings, the establishment of a performance evaluation system has an impact on personal and organisational talents. The synchronization of the firm's existing activities including its strategies is directly influenced by a computerized quality assessment system in the organization which enables workers to discuss their basic duties. Calamities and crises can detract from the organization's ability to lead. Performance evaluation, on the other hand, may not always accurately reflect the outcomes. The important point would be that e-services assessment opens up the door to implement techniques in the firm's daily operations.

3.4.6 Acceptance of the Necessary Information Technology Transformation inside the Organisation

Change in the utilisation of IT is an essential part of modification in the eyes of managers. Modifications brought about by the influence of technology within an organisation necessitate specific management because such changes are unpredictable and frequently result in stress. It is important in this regard to provide a presentation for workers to comprehend the steps in the process and pay any attention to changes throughout the business world. Any change that occurs in an organisation necessitates the employment of several tactics so that the organisation does not deviate from its primary goals. The findings revealed that under clear explanation of organisational goals and tactics for individuals, harmful problems and resistance will be reduced.

3.4.7 Advantages in the Marketplace

In light of research, it was noted that the formulation and construction of the required structures for customers involves the use of a variety of methods. According to the findings, specialised software systems necessitate localization of approaches, which poses a problem in implementation. Companies are currently facing long-term challenges as a result of the sale of software packages. Several set components of systems and software weren't always practical, according to call center staff, necessitating the attention of the design team prior to design. The stages of system installation are made more beneficial by combining approaches depending on client needs. It appears that the analysis and design team's expertise in selecting and localising methodologies aids in the realisation of company plans and the acquisition of a competitive advantage.

3.4.8 Thought-Processing in Accordance with IT-based Methods

Stimulating advancements in IT have resulted in a slew of changes in the way firms operate. Accessibility to current instruments through technology improvements has established a novel understanding of competitiveness and strategies in today's world. According to studies, if a company does not control its customers' minds, it'll be disqualified from the contest. Consumers' attitudes were clearly detected, and identified to be influenced by organisational competencies and abilities, resulting in an increase in customer trust in products and services. The study's findings revealed that organisational strategies are influenced by attitudes and feedback. Moreover, these are some of the firm's comparative edge and pioneering tactics for long-term share of the market as well as design and development of a product is the capacity to implement customers' thoughts and acquire their confidence.

3.4.9 De-stressing the Organisation Through the Use of Information Technology

As per the result of the research, raising understanding and advancement of technology in recent operations is among the smartest method to identify contributing factors to overwork inside of organizations, since enhanced integrity via technological development boosts elaborating on organizational activities while also working to improve awareness and understanding. Informal communication among individuals, on the other hand, leads to the development of shared desires and interests, empathy, and a decrease in workplace stress. However, Long-term objectives as well as the business's environment will be disturbed if casual interactions clash with organizational planning. As per study results, paying enough attention to persons' preferences and opinions, paying enough attention to non - verbal side effects, and avoiding job disclosure of information inside the organisational environment are one of the factors causing the organization to focus on leading techniques and gain competitive advantage whereas the lowering distraction from evaluated path. Customers' feedback following job meetings can reveal these factors. Another key point is that maintaining the job personality of employees has an impact on stress reduction. Men are much more likely to desire organizational autonomy and power. Women, on the other hand, want a feeling of responsibility and closeness that must be taken into account.

3.4.10 Instead of a Motto, Use Pragmatism

According the viewpoints given mostly in surveys, a focus of the company on serving the needs of its consumers is important, rather than exaggerating them, strengthens customers' sense of confidence over time. Holding meetings to assess accuracy may not only have unintended consequences, but will also increase consumer misunderstanding. The findings revealed that a lack of effort on the part of employees and managers to demonstrate personal and organisational talents can be changed into the very crucial competitive benefit, which resulted in satisfaction of customer. The root of the problem is information technology's capacity to demonstrate an organization's capabilities without the requirement for justification when consumers' needs are met. Whenever services are supplied depending on the demands of customers, then there is no need for motto, according to one of the call centre employees, and this has been observed indirectly in customer feedback. According to research, managers' long-term strategy will be translated into a competitive benefit.

Modelling

An IT-based strategic method for attaining a competitive edge and organizational empowerment:

On the other hand, an image of the organisation that customers have in their minds has led to present operations of the organisation, as evidenced through customer meetings and feedback. Without some kind of doubt, throughout all organizational levels, empowering and the development of a competitive edge should be in the center of everybody's attention. The results of this study demonstrated that novel perspectives as well as competitive advantages might be gained through present organisational actions. According to a research in 2016 [4], a model can be made as shown below:

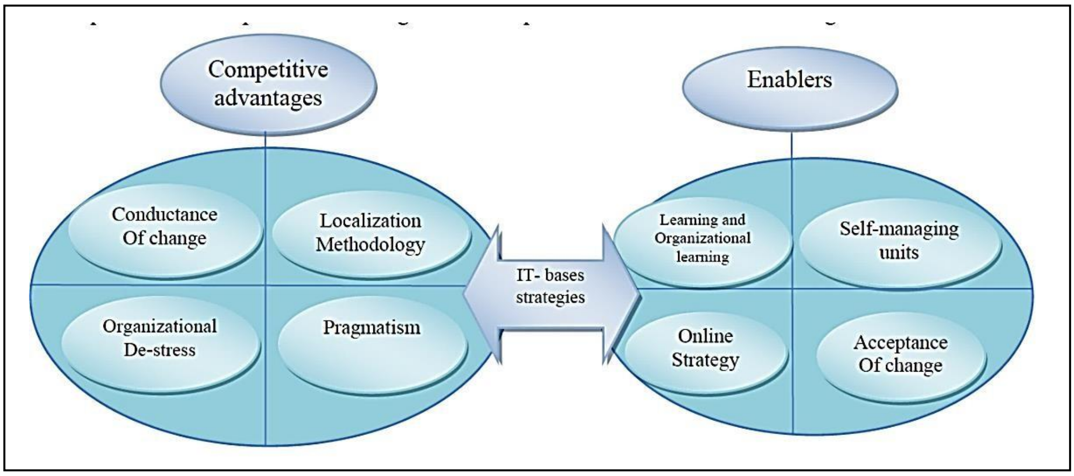

Figure 3.2: IT- Based Strategies in Competitive Advantage and Enablers

3.5 IMPORTANCE OF STRATEGIC BUSINESS MANAGEMENT

According to Strickland and Gamble (2007) [5], there have been 2 factors responsible why business planning is so important. Managers should plan ahead of schedule how well the corporation's activities would be conducted out, which would be the first and perhaps most important aspect of strategy. They do so to argue how manager's prescriptions to do businesses, its development plan to strategic edge, as well as its new strategy for satisfying customers and increasing profitability is a very well approach. Secondly, they say that a company who emphasizes on approach is much more probable to get a healthy end result than that one where management prioritizes various things above strategy. Efficient growth formulation and construction have a favorable effect on financial growth, profitability, and rate of return.

The process of SM is better described by Dyson et al.(2007) as ‒strategic development process.‖ The strategy process of creating, they believe, comprises the management procedures which educate, develop, and promote a firm's business decisions. They choose the phrase strategic development procedure because of three important considerations. To commence, such scholars state that developing and implementing strategies are intrinsically connected business operations which firms participate in on a daily basis; as a result, they think in terms of constant progress. The concept ‒strategic planning‖ is already degraded by its association with the creation of mechanistic, one-shot 5-as well as 10-year plans that indicates inflexibility in future planning. This is the secondary problem for their approach. Their last difficulty would be that the term ―strategic management‖ has become too wide to convey the role of introspective participation and critical inquiry in their standardized protocol.

Regardless of the fact that they deviate slightly from traditional strategic management thought, Thompson, Strickland, and Gamble (2007) contend that strategy implementation and execution are key managerial activities; the main evidence of management expertise – and most consistent prescription for converting firms into outstanding performers – is outstanding implementation of an exceptional strategy. The writers of the latter book contend how an organization's effectiveness success or failure is decided with how well the senior management plots its path, develops business strategies and procedures that are competitively successful, and investigates whatever needs to happen within to generate strong strategy implementation and operational efficiency on a day-to-day basis.

The fundamental goal of strategic business management is to help the corporation's profitability and decision-making, although its tasks could also be broken down. Here's a few explanations how strategic management is so crucial in business:

1. **Planning is an important management tool for any business:** Strategic planning's primary purpose is to foresee emerging outcomes which will aid the business success. To accomplish this, strategic planning techniques should be used instead of traditional planning techniques.

2. **Forward thinking:** With the support of the well method, you'll be able to set realistic, long-term objectives. These goals are required so that you know where you're going and how to get there, which is beneficial to a firm's overall economic growth.

3. **Resource allocation:** Making decisions in stress, sometimes with limited resources, is among the most challenging parts of strategy management. Strategy management educates people how and when to effectively manage and spend the firm's assets, like services and products, in its most exciting prospects. That's why a professional strategy manager would advise people that little is more as far because it is the ideal.

4. **Strengths and weaknesses:** None really understands a business better than its founder, who are able to evaluate its strong and weak points. Becoming conscious of a business's weaknesses and strengths, on the other hand, is not sufficient. The goal of strategic planning would be to bridge the gap between a business's capabilities and its power.

5. **Environmental Impact:** You should know why your firm impacts the environment as well as likewise as a business person. A significant issue of strategy management has been knowledgeable of future potential market moves which may affect the organization as well as its environmental consequences.

3.6 CONCLUSION

Strategic management is focused on the long development and success of a company. In terms of staying viable, businesses need to adapt even as conditions change. Organizational structures and strategies evolve over time. Accordingly, strategic management is a lifelong way of teaching. The importance of IT and IS are growing. Technology does have the ability to change the way company competes. Therefore, information systems are considered effectively as critical competitive networks, a mechanism of organizational renewal, and an essential technological investment which helps an organization achieve the organization's goals.

The evidence also implies that converting ICT (Information and communication Technology) investment into increased productivity is not easy. Complementary investments and improvements, such as in human capital, organisational reform, and innovation, are usually required. Furthermore, ICT-related developments are part of a search and experimenting process in which some businesses prosper and flourish while others fail and vanish. Countries with a corporate environment that encourages creative destruction may be better positioned to gain from ICT than countries where change is more difficult and delayed. As a result, small businesses have invested in information and communications technology to expand information management programs to improve their business plans, gaining a competitive advantage based on the distinct capacity they have developed in their marketplaces. Consequently, aligning a corporation's business plan with its information systems plan does have a positive impact on organizational performance.

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4 FORMULATION OF STRATEGY AND STRATEGIC MANAGEMENT FOR IT

"Strategy Execution is the responsibility that makes or breaks executives"

— Alan Branche and Sam Bodley-Scott, Implementation

CHAPTER STRUCTURE

- Introduction
- Strategy Formulation Steps
- Strategy for IT Industry
- Conclusion
- Summary

4.1 INTRODUCTION

The most successful initiatives began with meticulous planning. The most successful businesses grew as a result of well-crafted strategy. In reality, almost any judgment, activity and resources allocated and expended were justified when it emerged to companies. This justification or basis is a tactic. Strategies are not developed from thin air and are therefore not easily accessible on a silver platter for entrepreneurs and managers. There must be considerable thoughts and effort in developing plans, be it simple or intricate, and formulating strategies and specific steps within these plans.

We heard a great deal about the word “strategic planning” in your business courses or even other related topics in the earlier days. Then you hear “strategy formulation” out of nowhere, which raises a whole other set of questions in your mind. Is this a novel idea? Is it necessary to take a different course to learn about it, particularly how it may be used to your business?

The best part is you don’t need to. Because the wording of “strategy” is only a good thing because it means “strategic planning.”

The method whereby an organization chooses the most suitable measures to achieve its fixed objectives is called the formulation of strategy. This procedure is essential for the success of a company as it sets a structure for actions which will lead to the desired results. All employees must be informed of the objectives, mission and objectives of the organization via strategic plans. While formulating strategies, a company should take into account the changing climate as well as organize itself for a certain potential modifications. A strategy plan also enables a company to evaluate its resources, manage its costs as well as select the best strategy to optimize investment returns (return on investment). A company which does not make efforts to develop a strategic plan cannot provide its employees with guidance and focus. An organization without any fixed strategy are more reactive than proactive in approach to business circumstances; it will encounter different restrictions as they evolve and it will have a competitive edge.

Formulation of strategy is an analytical process that involves determining the optimal course of action to achieve the organization’s goals and vision. It is one of the strategic management processes steps. The strategic plan allows a company to assess its resources, create a financial strategy, and determine the best course of action for generating earnings.

Strategic management (SM) is a holistic topic covering the entire strategic structure of the company's decision from managerial processes and decision - making to the tasks of all its functional areas. The process of strategic management that encompasses practically all the functions and processes undertaken to allow the company to adjust well over time to change is the focus of this topic.

The strategic management process was divided into three stages:

- Formulation of strategy
- Implementation of strategy
- Evaluation and Control of strategy (show its analytical framework)

In this discourse, we will examine in greater detail the first phase, the strategy formulation, as well as the 6 steps to create management strategies which will start moving your business ahead of the competitors as well as competition. The method of determining as well as evolving the strategic goals, vision statement and mission of the organization, as well as recognizing the appropriate and ideal plans of action between all accessible alternative solutions, is understood as strategy formulation.

There is always an end in sight, and that is the firm's organizational goals. The company expects accurate results which can only be accomplished through a specific path or through the constraints or variables of a particular structure. This path or structure will be formed via strategy formulation.

The fundamental reason that strategy formulation is sometimes referred to as "strategic planning" is that they are both based on the same concept. Management can review its resources as well as find the best methods for increasing investment returns via strategic planning. The finished manufactured goods as well as the strategic plan establishes the basis or guide to the members of the organization in their work.

As a result, it's vital to remember that, while the two expressions are commonly used interchangeably and are similar in many respects, they're not identical.

4.1.1 Levels in Strategy Formulations

In order to ensure the growth of cohesive, realistic as well as viable methods, strategic formulation comprises 3 dimensions or aspects with consistent suggestions at every level.

Strategy at Corporate Level

The point of view is extensive and wide at this level, and therefore emphasis is on the entire context, direction as well as targets of the companies. Even though we look at the wider photo, we are involved about general company structure.

This aspect of the strategy formulation includes the following components:

- **Strategy for growth:** This component deals with path ahead of the organization. What are the objectives for the growth of the company? How does its actual performance reflect what the corporation intended to achieve when its growth targets were set? Are growth strategies still being in connection with business objectives, or if not, how many changes or transformations are considered necessary?

- **Portfolio strategy:** It concerns the evaluation of the functioning structure of the organization. What are all the lines of business in the portfolio of the company? What is the connection between such lines, and how do they match up? The most common strategies developed at this level identify queries such as whether an organization must broaden its profile or end up leaving it all alone, with a concentrate on densities or weights.

- **Parenting strategy:** The allocation of skills and resources across the lines of business of the company is the main area of reference here. How will the components of the portfolio be handled? How each lines require more direct management and oversight? In order to enhance performance, which lines need more resources?

Strategy at the Business Level

Large companies usually have an array of goods and services. Bigger companies sometimes distribute them under the same framework into various strategic business units (SBUs). As independent businesses, they operate as SBUs, meaning that competition is unavoidable.

At this level, the advancement of strategy focuses on creating competitive advantages between and within the company or SBUs.

Strategy at the Functional Level

The functional level is relatively short than that of the 2 other levels. For every line of business as well as SBU, there's many functional units, each with a series of objectives and tasks. At this point, methods are important to understand on the efficiency and efficiency of these activities and tasks.

4.1.2 Steps to Formulate an Effective and Successful Strategy (Belyh, 2019)

So you want to start making more than just a decent profit for your organization. You want your business to broaden by becoming an industry major player. Of course, you like being one relevant and competitive, crush as well as distance as often as possible among you.

To win, you must first devise winning plans, which you will then put into action. The following procedures should be followed in order to develop your strategy:

Define the Organization and Environment where it Operates

The first phase necessitates an examination of the organization. These are the areas of reference:

- **Target market:** Since this is the area to be dominated by the company, it is essential that the organization correctly identifies and defines its targeted population. Psychographic and demographic factors are the most important evidence that used identify the target market of a company.

- **Customers:** These will be the persons who are using the goods and services of the organization. And what were the identities of them? For them, what does value signify? Could it be feasible for you to fulfil that expectation? What variables affect their purchase decision making? What encourages them to purchase your products or services?

- **Offerings:** These are the products or services that you sell to customers. Do they give their customers value or does that value reflect what they are seeing as useful? If so, how does the value of the price point change? What are the ultimate benefits which convince people to buy these services and products?

- **Adapting to changes and difficulties:** Business conditions are at best unsafe in the context that, if not expected, improvements are required. Expectation will encourage the organization to develop strategies for quick and effective adaptation. The organization must therefore understand the difficulties it is likely to face. The most pervasive instances are the development of new technology and systems and also new features.

Establish a Strategic Mission

Companies are aimed at achieving anything as they expand their business. The strategic mission provides a clear picture of that long-term aspiration and outlines what the organization seeks to achieve. The tasks identified in the plan are performed by the organization and its members and represent as a conclusive and definitive guide.

Some of the elements present in a solid strategic mission:

- **Long-term outlook:** The organization does not only plan another one, 3 or 5 years for foreseeable future. It must be perfectly clear on that front.

- **The organization's core values:** The mission must include the organization's principles, which it upholds and values highly. These values will heavily influence how you approach the process of reaching the organization's objectives.

- **The nature of the company:** Include a brief summary of the organization's key operations or major line of business. Is it in retail, medical care or automobile production?

- **The firm's existing market position:** Is your company the market's current leader? Are there primary characteristics or traits which differentiate the organization from the contest? These must also be part of the strategic mission.

- **The company's mission:** This is a statement of what the firm desires to be there in the long run, regardless of the market and individually.

The main points that are to be kept in mind when formulating a strategy are:

- Begin by examining the company’s primary operations and services, as well as how they are carried out. Take the final consumers or recipients of the outcome of such tasks.
- Concentrate on the “what is,” rather than the “what should be.” That means that you should analyze the present situation in the organization as well as type of business rationally.
- Present your draws for reviews to several other IT members of the team. Since they are more factual during the review of the stated mission, you can obtain further information from their responses.
- Get referrals from other businesses. In reality, provided that you really are in a similar situation and probably have the same objective, it would have been a great idea to examine your competing companies’ vision statement. However, make sure you aren’t replicating their mission statements verbatim.
- You may wind yourself creating dozens of draught mission statements before discarding them all. That’s all right. Continue to review and enhance until you have a stated mission drawn that you are fully satisfied and this also perfectly reflects the long-term perspective of the firm.

Defining and Establishing Strategic Objectives

Strategic goals identify what the organization needs to do to become – or continue to be – competitive and to sustain long-term business sustainability. They take the shape of specific organizational responses or goals to solve concerns such as competitiveness, long-term viability, and other commercial advantages.

The strategic goals will act as a guideline on how the company will be using its resources and perform essential functions and operations if a strategic mission provides an orientation as to where the company wants to go. The creation of strategic targets essentially means determining performance standards for the organizational members to strive for and these targets clearly aim at achieving the targets.

The following are to be kept in mind when creating strategic objectives:

- Should all be specific as well as easy to understand, particularly the representatives of a company.
- They must be in accordance with the corporate overall objective.
- All staff members as well as other people in the organization should be communicated and so every attempt is made to make sure that everybody understands the objectives and their personal and group roles.

Create a Competitive Strategy

The next phase in the creation of strategy will be the identification and development of a long term plan to benefit – and maintain – the contenders. This is understood only as competitive edge as well as the technique is identified also as competitive strategy.

When developing the organization's Competitive Strategy, three aspects come into play.

- **The industry in which the company operates:** This entails examining the industry or market, as well as its many features.
- **Market size:** It is reasonable for a South American hotel company to provide remarkably different competitive strategies than just a larger European hotel market company. The size of the market has a lot of consequences. For instance, larger markets appear to have even more respondents that also implies more competition. These and many other aspects would almost definitely affect the competitive strategy of an organization.
- **Trends in market growth:** This requires an examination of past growing market, how the industry has been shifting and any future development. Numerous industrial as well as market experts regularly carry out such methods of studies and give companies their ideas and opinion on the future of the industry, that they then use in with there strategic management procedures.
- **Competitive profitability:** It is a matter of interest for many people. What are the profit margins of the market's competing companies? Do their profitability differ

significantly? Is the company's current profitability lower or greater than that of the industry average?

- **Market patterns in or/and out:** All must be taken into consideration the series of innovative market entrants, outflows from the market as well as a comparison of these two. There are a number of factors indicating an industry with many new arrivals. New players are likely to support since they think there is still space. Some may regard current market participants as weak contenders, so they join.

- **Industry threats:** Some businesses are much more susceptible than others to threats that will invariably affect the formation of strategies. In addition to establishing a sense of the industry's sensitivity to threats, the possible dangers should be properly defined.

Implementation of the Formulated Strategy

Organizations may have developed excellent strategies, but until they are implemented, they will be absolutely useless and of no benefit to anyone. Recognize the strategies or perspectives used to implement the selected strategies. As the work proceeds, the management may well see processes or methods that don't work, or may find that another strategy may be even more efficient. In this scenario, the adjustments needed can be decided to make. It's probable that the corporation has come up with many ideas at this stage. However, as much as they would like to put all of these methods in place, it is simply not practical. The strategic management team will be able to prioritize the strategies and decide which ones to adopt after reviewing them.

Let's take a look at some of New Leaf Paper's (*Mission*, 2021) techniques, methods, or steps this time. Remember that the competitive approach is to introduce new products while emphasizing environmental and social principles.

1. **Unique Product Development:** New Leaf Product was the very first product to create, manufacture and sell latest and ground-breaking paper products, such as:

   "New Leaf Reincarnation is the world's first 100 percent recycled coated paper," says the company. (1998)

"New Leaf Ecobook 100" is the first business book paper produced from Postconsumer Waste (PCW) as well as Postconsumer Fiber (PCF). (2001)

The first opaque white paper produced with 100 PCW as well as PCF seems to be "New Leaf Opaque 100." (2003)

"New Leaf Primavera" is the very first elevated gloss covered paper to 40 per cent PCW and PCF. (2004)

"New Leaf Sakura" was the very first silk-coated paper as in United States. (2006)

2. **Certified B Corporation:** One of the 81 certified B companies is New Leaf Paper, a group of enterprises dedicated to harnessing "the power of business to tackle social and environmental challenges."

3. **Obtaining certificates in the field of environmental protection:** In 1999, New Leaf Paper formed "the New Leaf Ecomatte," the very first coated paper to be accredited by the Forest Stewardship Council (FSC). Further environmental certifications were issued by Green-e Certified Renewable Energy, Biogas Energy, as well as Ancient Forest Friendly.

4. **Collaborations with big corporations and projects:** The most prominent of which was the use of "New Leaf Paper Ecobook 100" 950,000 copies of the 2003 Harry Potter as well as the Phoenix Order by J.K. Rowling.

5. **Taking use of collaborations:** In conjunction with Bank of America, New Leaf Paper created the "New Leaf Everest," world's 1st bright, white, 100% PCW and PCF paper.

Assess Project Progress and Effectiveness

It is important to monitor how well the strategies are enacted. Are they implemented effectively? Are they analyzed properly? Are safety measures in place to make sure reliability of the results? In addition, the efficiency of the accepted plan must be assessed. Is the strategy useful? Is the organization probably much closer to attain its mission objectives, as illustrated in the Stated Mission?

In evaluation stage, feedback is critical because it gives strategists insight into how well their strategies are working. In order for a business to prosper, to defeat competition and take control of the market, it requires a lot of intellectual ability, hard work and dedication. A majority refers to the overall strategy or how they're implemented, but consider the fact that this all begins with the strategy. To build an efficient tactic, ensure that it will be associated with firm's overall goal.

Thus, multiple aspects of strategy formulation have been discussed from which the readers would have got an insight. The next section is to discuss the actual steps involved in strategy formulation.

4.2 STRATEGY FORMULATION STEPS

For effective implementation, a set of six activities is needed (Strategy Formulation, 2013) in the formulation of strategy. These are the following steps:

1. Recognize the business
2. Create a strategic mission
3. Identify strategic objectives
4. Establish a competitive strategy
5. Implement strategies
6. Evaluate progress of business

We will examine each of 6 phases responsible for developing a strategic plan in this section.

Step 1: Recognize the Business

The very first task is to understand a company who its clients are. An organization will not succeed if it has a solid customer base that meets needs. A company must determine which criteria are important for its customers. Does value depend on an improved good or service than competitors? Are their clients attracted by the low prices of your products? Do clients generate goods that fulfil the image requisites of your customers?

Let's take a look at some of the different ways that businesses might distinguish themselves.

- **End Benefit:** Firms must remember that people buy advantages rather than features. For instance, if an airline only recognized itself as a firm flying through one area to the next, this would only consider other airlines to be competitive. However, when it takes into consideration itself a transport company, it recognizes that its rivals include not only other airlines but it also require car, buses, and trains hire companies and other means of transport. To persuade customers to purchase its service, an airline must emphasise the advantages of adopting its mode of transportation. A company could also define how its system performs or is built. Clients will always ask, "What's there for me?" Companies must've been able to do these things to meet their customers' needs. To encourage people to purchase their service or product, they need to be able to ask questions "so what?"

- **The Target Marketplace:** Companies can succeed by partnering with a particular target market. Such consideration must not be limited to population segmentation (e.g. age, earnings, education, ethnicity, income, family status as well as cultural identity), but also to psychographical features. For instance, by better knowing the belief systems, positions, views and ways of living of a clients, the organization can design strategies that meet its requirements. Nike, for instance, has effectively associated with not only sports stars, but also sportsmen. Nike's marketing message motivated everyone who wishes to play in sporting events to assume that their aspirations can be achieved. Although the large percentage of Nike clients are not elite athletes, they can recognize Nike's cultural identity and feel a sense of belonging to a selected group.

- **Technology:** Computer firms, clinical research firms as well as other technologies must be able to respond quickly to current trends. New products, services, and inventions are presented on a regular basis, making this a difficult and demanding corporate climate to operate in. Genentech, Inc., for example, works in the pharmaceutical sector and conducts genetic engineering and medical research. This organization makes technological innovations every day and finds it hard to draw up an accurate new strategy for its goods and services. Moreover, it can make a plan for its full company goals by setting up the organization as a biotech company.

Step 2: Create a Strategic Mission

An organization's strategic mission represents a comprehensive insight into what it wants to accomplish in the future. A specifically stated mission will prove useful map to fulfill the aspirations of the company. The belief of the company, the type of business, subject areas or status on the market and the goal of the business as to where it will be in the long term must be taken into account in a good strategic stated mission.

Step 3: Identify Strategic Objectives

In this third stage of strategic formulation phase, the performance goals of the organization must always be recognized in terms of achieving specifically stated targets. Instances of all these objectives include market position with respect to rivals, production of goods, the preferred share price, better customer service, business expansion, technological developments and boosts in sales. In order to succeed, all staff members and stakeholders should be informed of strategic goals. Every person in the organization must recognize its role and its contribution to the achievement of its objectives. Members of the organization must also have their very own particular roles as regards their own standards of performance targets.

Step 4: Establish a Competitive Strategy

The next stage in the development of strategic plan is for a company to find out where it is in the industry. This applies not only to the company as a whole, but also to every single entity and division inside it. Every other department needs to recognize its position within the group and how these responsibilities help the businesses to compete. Another component of the business strategy approach is to determine relevant solution for market changes. As previously noted, an organization should not take long for business occurrences to happen before taking action, but must rather discuss specific events and also be able to act. Recognizing and choosing the resources of an organization is the final phase towards a competitive strategy. Every department, division or location has had its own set of standards and a company must determine how resources are allocated to reach its objectives.

When developing the overall competitive strategy, three things must be considered: Industry as well as marketplace, the business's competitive position and internal advantages and weaknesses of the firm.

- **The Industry:** Consider some factors when evaluating the market as a whole:
    - ❖ Market size
    - ❖ Market growth in the past and future
    - ❖ Profit margins that are competitive
    - ❖ New market entrants
    - ❖ Industry threats

  These market parameters have to be regularly evaluated because even small adjustments could have a direct impact on the performance of a firm. For instance, if an organization realizes of modern innovation to be made public on the market, it may postpone the implementation of any new proposals using older, accessible technology. Furthermore, if a firm plans to expand worldwide it is a good idea to understand of emerging economies, certain prospective growth areas and what other firms already have decided to enter those marketplaces.

- **The Competition:** An organization can't be prosperous until it knows everything there is to know about the other participants in the market. A company should be able to recognize the weaknesses and strengths of the competitors and analyze how the goods or services of the competitive environment satisfy the requirements of its market. Is there a major product differentiation strategy in place from the competition? Is there a certain target market that the competitor has cornered? Is the competition a full-fledged rivalry with another firm? These issues must be answered in order to design an effective competitive strategy.

  As mentioned above, a rivalry between airlines includes not only other airline companies, but also many other transportation systems. When evaluating competition, a firm must decide both organizations that replace its goods and organizations which provide the relatively similar services and products.

- **Strengths and Weaknesses:** Let's go back to the tried and tested SWOT analysis marketing method. As you may recall, SWOT identifies the strengths, weaknesses, opportunities and threats. Opportunities and threats involve external forces, whereas internal influences involve strengths and weaknesses. It is important for an organization to be fully aware of all its internal strengths or how these strengths linked to competitors in the development of a competitive strategy. Such assets is used and parlayed to betterment of the business and emphasized in all marketing and business activities of the company. It is also essential that a company honestly analyze its weak areas. A company could be exposed to the outside market situation, like competitive benefits, advances in technology, currency fluctuations as well as other factors. The competitive position of the company will be enhanced through recognition of areas that need improvement and endeavors to deal with these issues.

Step 5: Implement Strategies

It is only helpful to develop a strategy if it is enacted. An organization can use all the proper steps to understand, describe and recognize the marketplace. Moreover, the task of the organisation, unless the strategy is executed, will have little or no value. Tactics refer to ensures that strategies must be implemented. Specific measures help companies to lay the foundations for its implementation. Companies need to analyze which endeavors are far more effective than others and create new implementing strategies if required.

Step 6: Evaluate Progress of Business

Like any strategy, a comprehensive monitoring of results and conclusions is crucial to long-term success. A business must monitor its advancement in line with strategic plan. If goals are not achieved, the organization must be sufficiently flexible and adaptable to recognize that steps are needed. In order to evaluate success, an organization should regularly ask the following issues: Have market conditions altered, necessitating a shift in corporate strategy? Are there any new entrants into the market that could pose a danger to your business? Has the company been successful in turning their plan into tangible steps? By evaluating responses, a company should be able to enact its strategic plan, now and for the long term.

These are the commonly followed steps in the formulation of Strategy.

4.3 STRATEGY FOR IT INDUSTRY

A strategy is a comprehensive plan that outlines how new technologies must be used to accomplish IT and business goals. An IT method is a written statement that specifies the different aspects which affect the IT investment and use of a company. Preferably, this strategy should help and impact the final business strategy of an organization. IT strategy must fulfil the requirements of technology management such as human resources management, hardware & system management, cost management, risk management, and vendor management.

To ensure the success of an IT strategy, the Chief Information Officer (CIO) as well as the Chief Technology Officer (CTO) should closely work with divisions of business, expenditure and law and other sectors of business and user groups. The IT strategy of a company is codified by a written form or perhaps a balanced scorecard designed to estimate. The strategy and its documentary evidence must all discuss new organizational situations, market and industry circumstances, company targets and goals, financial constraint, available skills as well as core competence, technological advancements and customer requirements. Those certain identities for IT strategies seem to be technology methods or IT strategy plans. IT strategies must also be highly flexible. Due to the pandemic, the IT plans of some companies would have to modify in 2020.

Why Does Every Business Require One?

An IT method became a vital part of corporate leadership in recent years. Its growing relevance reflects the development of technology as a key factor in business success. The valuation of an IT strategic plan has been even greater as companies focus on digitalization.

Technology is critical to develop new business opportunities, products and services, to enhance customer service and expertise, increase sales, motivate staff and improve productivity and to facilitate connections with industry partners. Consequently, businesses need to find a technological strategies in order to achieve these objectives even as competing with the other organizations which have similar objectives. Some businesses, especially platforms as well as other firms whose products are dependent on technological systems, may choose to abandon a different IT strategy. Conversely, such firms can mix their IT methods to generate a final document with their company’s overall techniques.

4.3.1 The Fundamentals of an IT Strategy

A strong IT plan outlines how technology supports and develops the overall business strategies of the business. Its strategic objectives must be linked to the business developments (called corporate alignment) as well as the demands of key stakeholders, like staff, customers and business partners. The plan can provide an overall view of firm's existing technological situation and predict of how IT is expected in next 3 to 5 years.

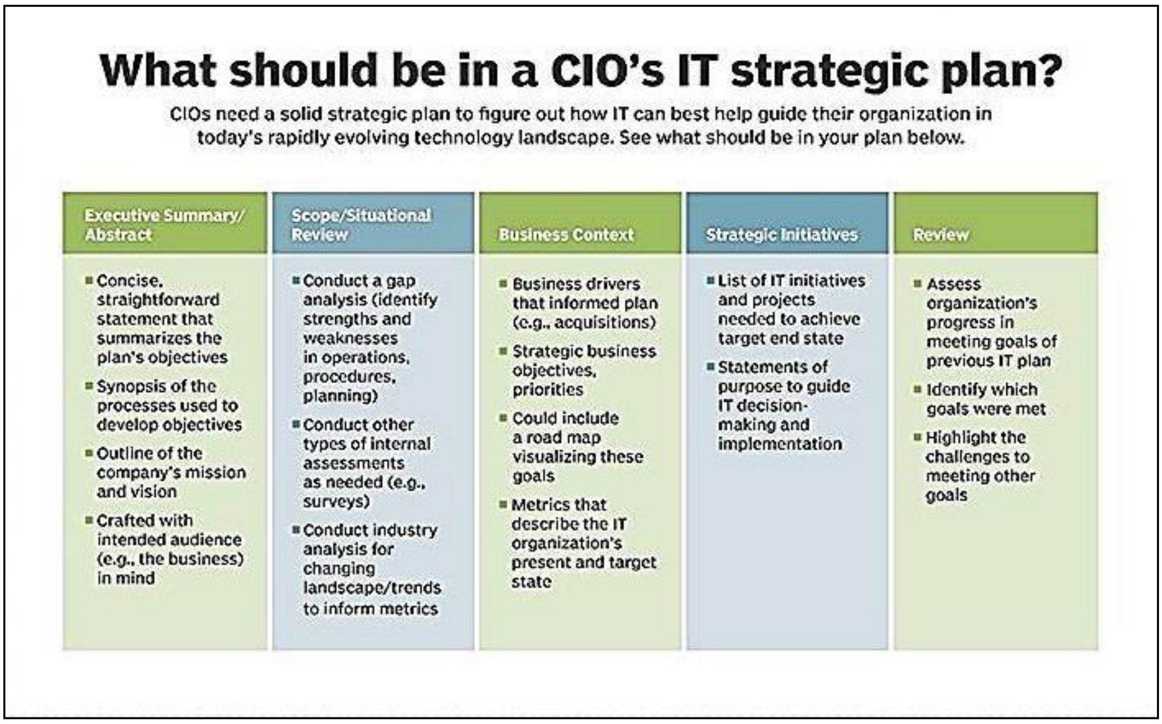

Figure 4.1: IT Strategy plan (Lebeaux & Pratt, 2020)

There are many other models which can help managers to build an IT strategy. The majority of them have specific key components, such as:

- High-level summaries of the mission, fundamental values, objectives as well as methodologies of the IT division to attain its strategic goals.
- Multi-year spending and budget estimations.
- A list of current and future IT projects and programs is given with work schedule and accomplishments.
- A list of current corporate design, IT abilities as well as capabilities and prospective preferences and desires, such as infrastructure, workforce as well as other resources.
- An investigation of IT benefits and drawbacks.

- An assortment of the intrinsic and extrinsic factors which influence emerging technical requirements and breakthroughs (like technology and industry trends). This contains the forces which will form IT in the coming years.

- A predict of potential opportunities and threats which might demand technical reactions in order to effectively place the firm for progress.

Although the IT strategy must handle difficult technical matters by its very nature, it ought not to be regarded as a technical report. It should perhaps be considered as a business document. It should therefore be presented in a formal, simple language, which prevents technical jargon.

4.3.2 What is the Best Way to Develop an IT Strategy?

There are multiple techniques to creating an IT method, even as the document itself has numerous models. Consequently, some commonalities exist. However, there are certain commonalities. For instance, a subsequent review of the current strategic IT plan as well as associated papers by the organization is a great starting point when designing an IT strategy.

This first stage must be followed by an evaluation of how the organization accomplishes defined goals, achievements, standards and relevant key performance metrics. The evaluation should determine the major technology and any shortfalls among existing IT operational activities and the objectives and strategic objectives suggested in on-going strategic goals.

Senior IT managers then must perform with their corporate partners to develop the IT strategy quite far. Attempt resources including scientific research to measure the market and technical patterns which will influence the market of the company.

This provides IT leaders with the structure to set long and the short targets, budget projections, technology forecasts as well as the anticipated potential prospects and weaknesses for the strategy formulation. An organization should currently have had the correlating summarization for final text.

4.3.3 Implementation

A good IT strategy not only depends on creating the strategy, and also on implementing it properly. These documents are meaningless if they have been neglected when finished.

The documents should be used to help the IT department link its day-to-day operations with the overarching business model and mission by guiding tactical technological decisions. However, strict adherence to the IT plan should be avoided. Because of the potential for rapid technological improvements and innovation, businesses must be adaptable if they are to capitalize on unexpected developments. This will make a company more competitive and better able to service its market.

The technological plan should be adaptable. CIOs, CTOs, and other leaders must be agile as well, and they should anticipate to rethink their IT strategy at least once a year, if not more frequently. In order to make sure that new paradigms are connected to the technology strategy so the technology strategy has been related to the overall corporation mission as it evolve in light of changing circumstances, IT strategies must be reviewed regularly.

4.3.4 Framework of IT Strategy (IT Strategy Framework, 2020)

A framework or approach aids in the development of an IT strategy. An IT Strategy Structure (IT Strategy Structure) is a formal description of the key elements or aspects of IT strategic plan, and the interrelatedness between them. The IT Strategy Structure may refer to a particular IT Strategy alternative or generally develop strategic IT ideas. Some well-known structures of IT strategy are mentioned below:

IT Value Imaging is a business-focused IT strategy framework. EFQM Excellence Framework Applies Information Economies (AIE) Function Point Analysis (FPA) Structure Analytical Hierarchy Process (AHP) Framework for Gartner Business Value Model.

4.3.5 IT Strategy Influencing Factors (Talamantez, 2017)

Rapid Change: Technology is always evolving and evolving at a rapid pace. Your reaction to such modifications should be near-real-time to be successful. Change must not be ignored; technological progress must be responded to on a daily basis; stepping even now means losing momentum.

The Competitive Landscape: This forces you to examine your IT operations more closely due to the economics and competitiveness. You should be as productive as possible in order to remain competitive. First of all, only certain technological innovation has a competitive advantage. It is a necessary practice and a competitive disadvantage, as it grows old and needs replacing. Are you still relying on obsolete technology that gives you no competitive edge? If needed, start replacing it.

Networking/Social Media: Networking or Social media have grown in popularity as a tool to connect people and share information. Customers change the way they investigate and seek solutions to their business issues. Don't reject social networks as "just something children do." It's a lot more. Spend some time learning as well as integrate social networking sites in your work process.

Intelligent spending/containment costs: You have to be as careful with money as possible in terms of technology. Several companies are adopting open source software and hardware and thus are saving money. However, simply reducing expenditure is not enough; the saved money must be directed to other profit making initiatives. There is a nice idea to spend the IT dollars; please ensure you get through your dollar. Stop worrying about IT as a product or a cost. Software and hardware both are products, but your strategic advantage is determined by how you can use them. It involves more than just buying goods.

IT as environmentally friendly: Green IT saves money right away since it uses less energy. Being eco-friendly preserves resources, makes it possible to produce even more and saves a lot of money. It also suggests to your customers that you will be responsible for conducting business. Make sure your sellers are key component of the IT Green Team and take part in it.

Virtualization: Server virtualization helps companies in saving money. It decreases the total cost of ownership, cuts support expenses, boosts device usage, and helps you stretch your IT budget. Many businesses have already benefited from server virtualization. Virtualizing your desktops (VDI) is the next obvious step, and you can gain the very same advantages as you can do with your servers for your work areas.

Mobility: Many users are wanting (demanding) the flexibility to work from anywhere at any time as they grow more tech aware. Many of your staff have access to high quality and modern emerging technologies than you will have. Owing to your technological plan, workers should be encouraged to become as effective and efficient as possible. In addition to even more mobility, workers work varying hour shifts and work remotely. As an employer, maximum flexibility must be allowed while keeping control. This adaptability will also contribute to recruiting and retaining staff.

Cloud: Cloud services and web-hosted apps facilitate virtual cooperation as well as collaborations. While there are certain security issues, the danger is modest and the advantages are high if properly managed. In addition, the cloud is far more scalable. The cloud is scalable not only up, but also down. Your company isn't always in a state of expansion. The cloud also makes it easy to cut back when you need to.

Knowledge Management/Data: Knowledge management is critical in today's global economy. The management of knowledge tends to make use of all precious components: your people and data. Your staff members collect data, present information and provide your firm with value. You can help them by developing procedures and controls that promote the development of research and technology. Schedule how, once it has been formed, you will record, store and distribute institutional knowledge. Ensure that knowledge sharing is part of everyday activities.

Security: You can spend all the money on safety as you would like. Every day, new risks to your business emerge. To keep safe, you must pick which threats to avoid and how much to spend. Employees that aren't well-informed are frequently the biggest security risk. Start educating your staff about the fundamentals of defending your corporation and your copyrighted material. It will become the best way to make money for your company. Ransomware is the latest security risk.

Putting everything together: Your IT strategy should be based on a knowledge of your profession and support your company's aims and values. This isn't something that can be accomplished by a single person. Your entire team must be ENGAGED and ENCOURAGED to participate. Converse your obligations and expectations clearly, comply carefully with transition, performance appraisal as well as cope with failure. Spend even more time buying in and cooperating with the management of your firm to make you have met many more demands as possible.

You need to see your firm as an IT leader, build consensus and unity between groups, decompose information barriers, as well as prioritize IT efforts in the interests of the entire organization. Your IT tactic must conform to the basic values, guiding goals and practices of your firm. To be successful with technology, you will need the support and commitment of leadership and the financial capacity to incorporate such modifications. Implementing a good IT strategy comes with a price tag. But the actual question is, "How much would it cost your firm if you don't?" Many elements influence your IT selections, and you must weigh and balance them all. An IT Assessment is a great approach to figure out what IT initiatives are important and how to prioritize them.

4.3.6 Components and Enablers of IT Strategy

Components of Strategy

- To provide the firm and its consumers with better and much more cost-effective service providers.
- Ensure the privacy, accessibility and accuracy of business data throughout all operations through a data strategy or information
- Platform/Application Strategy provides essential business operation with significantly lower ownership costs, ease of installation and lesser market time.
- Strategy of infrastructure provides a high-performance, reliable, energy-efficient as well as cost-effective IT service environment.
- Setting-up logical and physical controls to ensure secrecy, completeness, as well as information availability.
- Obtain the best level, the right price and even compulsory controls as component of your procurement strategy.

Enablers for Strategy

- Processes, structures, and methods for controlling and managing the strategy and ensuring the achievement of IT strategic goals.
- IT and Business structures, as well as IT dealer groupings, must be functionally aligned.
- Architecture: a diagram of business processes and technology that enables successful change management, continuity in business, as well as strategic policy-making.
- Industry structures and modeling techniques to ensure consistency, fewer redesign and higher efficiency (for instance, ITIL for delivery of services).

- Expertise in IT-alignment, management of corporate connections, comprehension of corporate strategy and plans, services and solutions delivery as well as the constant improvement of skills and knowledge are all mandated.

Thus, the various aspects involved in the formulation of IT strategies are discussed.

4.4 CONCLUSION

The strategic plan is often a formidable task which develops and changes with changing conditions. If a firm knows that it must constantly be conscious of its business environment and adapt to certain changes, it'll be capable of adapting and make adjustments its strategies to maximum success.

4.5 SUMMARY

- The way in which companies pursue their objectives is called strategy formulation.
- A firm's aims, mission, and purpose should be understood by all personnel.
- A strategic plan helps a firm to evaluate resources, allocate resources, as well as maximize investment returns.
- An organization will lack direction and focus if it does not have a strategic plan. Instead of being proactive, the organization will be reactive.
- Six phases of strategy formation include organization definition, strategic mission definition, strategic goals definition, competitive strategy definition, implementation strategies and progress evaluation.
- To define the organization it is necessary to identify customers of a firm operating on the final advantages, particular market segments or technology attempted.
- The definition of the strategic objective enables the organization to recognize its value systems, the existence of its company, its competitiveness, as well as its long-term objectives.
- Strategic targets must be defined with respect to performance targets and can include issues such as increase in market share, improved customer service, profits of the business, increasing sales, modifying manufacturing techniques etc.

- An analysis of the entire market and industry, the existence of the status of the competitors and the strengths and weaknesses of the company all are aspect of a competitive strategy.
- In order to be successful, a company must implement its strategic strategy. It must formulate new tactics or activities in order to implement the guidelines of the strategies.
- Strategies must be evaluated and regularly modified to respond to changing requirements and challenges of the open market and corporate environment.

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5 IMPLEMENTATION AND STRATEGIC EVALUATION

"Evaluation is creation: hear it, you creators! Evaluating is itself the most valuable treasure of all that we value. It is only through evaluation that value exists: and without evaluation the nut of existence would be hollow. Hear it, you creators!"

— Friedrich Nietzsche

CHAPTER STRUCTURE

- Concept of Strategy Implementation
- Strategy Implementation Prerequisites and Process
- Resource Allocation in Strategy Implementation
- SWOT Analysis
- Conclusion and Summary

5.1 CONCEPT OF STRATEGY IMPLEMENTATION

Strategy implementation signifies the procedure of implementing a business several strategies into practice through setting short-term & long-term goals, developing new ideas, allocating resources, rules, strategic initiatives, frameworks, etc. These most successful strategic strategy will be turned ineffective if not implemented properly. As a consequence, strategy execution is perhaps the most challenging element of the process of strategic management. Because the strategy as well as the organization should “fit,” that’s the case. An effective strategy design doesn’t guarantee that the method will be productive when executed. It affects a firm’s entire structure, impacting all departments as well as its operational areas. It requires the firm’s strategy being properly aligned with its multiple processes and functions.

Strategy implementation is indeed a technique and practice of turning a specified strategy to organizational action so as to accomplish the strategic plan and objectives. Implementation of strategy is the method of a firm establishing, utilizing, and combining institutional framework, control mechanisms, as well as culture in order to fulfil plans which result in competitive advantage with performance improvement.

Employees are allocated specific value-development functions and practices, and organizational structure determines how all these functions and responsibilities should be linked to perform effectively, excellence, as well as customer experience three cornerstones of competitive edge. It’s also necessary to have a structure of organizational control. This management application provides executives motivational rewards for their employees and also feedback on their and the company’s success. Organisational culture refers to the set of ideas, beliefs, customs, and opinions shared by members and groups within an organization.

The following are the major stages in implementing a strategies into operational:

- Generating an organization capable of completing a strategic plan.
- Putting a good amount of money into initiatives which are essential to the strategy’s accomplishment.
- Creating policies that support strategic planning.
- Continual improvement through the use of the best successful policies and practices.
- Establishing a relationship in between reward systems and target attainment.

Well-crafted approaches will collapse if they're not executed properly. It's also vital to note how strategy implementation becomes unattainable unless every organizational dimension, for example the framework, compensation and benefits, and allocation of resources method, is in place.

The execution of a strategy causes worry among numerous employees and managers in a business. New electricity linkages are anticipated, and they will occur. Numerous groups (both formal and informal) arise, within each set of values, behaviours, views, and activities. Management and employees often engage in violent behaviour when their power and authority assignments increase.

A multitude of changes in the organization which must be implemented over a longer duration, and also the obligation to match them each with the approach, complicates the implementation process. A strategy-supportive way of life should be formed, key personnel should be incorporated or relocated, resources should be mobilized and apportioned, functional policies and strategies should be formed, structure of an organization may have to be altered, incentive and reward proposals should be updated, and re-engineering, re - structuring, re-engineering, as well as redesigning may well be needed. To sum up, the tasks associated with change are the source of the obstacles in influencing changes in the organization. To a large extent, the success of strategy implementation is determined by how change management is conducted successfully. Since they are inextricably linked, they can be distinguished in the following ways (Fred R. David) [1]:

Table 5.1: A comparison of strategy formulation and Strategy implementation [1]

Strategy Formulation	Strategy Implementation
This entails the arrangement of forces prior to the actual action.	This entails the managing of forces when the action is taking place
Focus is on effectiveness	Focus is on the efficiency
Process is mainly an intellectual	Process is mainly an operational
Analytical and intuitive skills are required.	Requires skills of motivation and leadership
Coordination is necessary only between a small numbers of individuals.	Coordination between numerous personnel is necessary.

Implementation shifts accountability from the top down to the bottom up. Shifting shift in responsibilities from strategist to functional, divisional, as well as operational executives may cause problems with execution, especially when strategic decisions are taken before involving middle as well as lower-level executives. Consequently, strategic decisions should be understood and interpreted all through the organization. Functional and divisional executives must be engaged in strategy formation as much as possible, and strategist must be committed in strategy implementation as well.

"The implementation of policies and strategies is concerned with the design and administration of systems to create the best integration of people, structures, processes, and resources in achieving organisational goals," according to Steiner and Miner. Therefore implementing a strategy needs a network of interconnected judgements, decisions, and a diverse set of tasks. It requires, amongst many other things, the merging of personnel, systems, and procedures.

5.1.1 The 7S Model

The 7S model developed by McKinsey is effective at expressing the importance of all of these factors in strategy implementation. The McKinsey Company, a well-known consulting business in the United States, established the 7S framework in the 1970s. In the diagram below, the 7S structure is depicted:

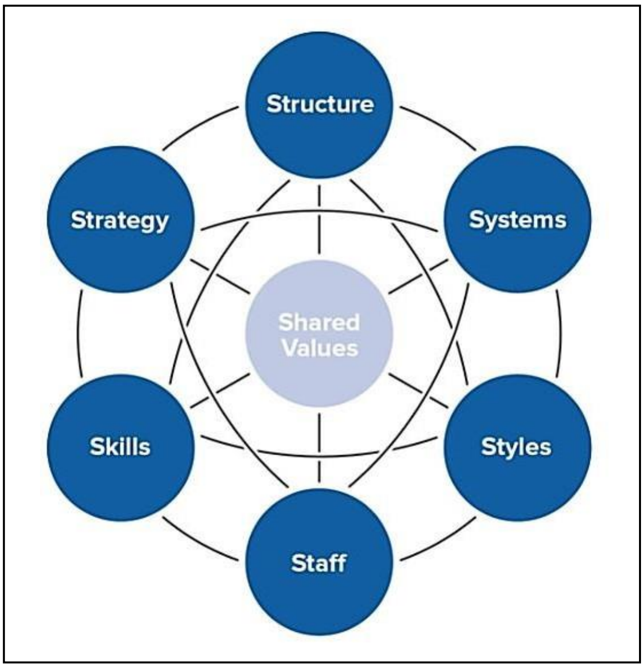

Figure 5.1: The 7S McKinsey model [2]

The goal of the model is to show how different components of an organization are interdependent and how important it is to bring everything altogether.

Framework of the 7S

The focus of this method is on organizational transformation. The main point of transformation is not only determined by the organization strategy. The complex relationships that exist throughout strategy, organization, procedures, styles, personnel, capabilities, as well as subordinate objectives should be comprehended. Those are all considered to as 7S of the company.

A range of factors determine a firm's able to adjust, as per 7S model. Since the factors are interrelated, changing one can have a significant impact on the others. As a result, major changes in any variable will need adjustments in all factors. Since the diagram framework lacks a defined basic framework or sequence, its ambiguous which one of the seven aspects would have been the main driver behind modifying a specific organization at a fixed moment in time. Each component is equally significant. Change critical variables may differ from one organisation to the next. It's also possible that they're different within the same company. Fundamentally, the framework emphasises that good strategy execution involves a combination of talents, styles, structures, systems, employees, and superordinate goals, rather than a single subject.

Superordinate Objectives

"Superordinate objectives" are relatively high objectives which communicate the ethics, vision, as well as purpose which top management provides to the organization. These are the foundational concepts around which a company is formed. As a result, they symbolise an organization's core principles and goals. They are broad ideas about future directions. They can be compared to "organisational purposes." For example, IBM's number one focus has always been "customer service" while Hewlett-Packard has been characterized by "creative individuals at all organizational levels." Superordinate goals, once correctly expressed, can offer a firm foundation for an organization's stability in a rapidly changing environment by giving those working for the organisation a basic meaning.

Structure

The term "structure" refers to the company's organisational structure. Top management is responsible for the creation of organisational structure. The phrase "organizational structure" denotes to the longer-term interactions and relationships which emerge within a company. It specifies the formal linkages between distinct jobs and activities, communication routes, and the duties that various members of an organisation are expected to execute.

The four major roles of organisational structure are:

1. It lowers the level of external uncertainty.

2. It lowers internal uncertainty caused by human behaviour that is varied, unexpected, and random.

3. It includes a variety of techniques, including as departmentalization, specialization, labour division, lines of responsibility, and many others.

4. It aids in the coordination of the organization's numerous activities and the achievement of its goals.

The organizational structure should be designed in accordance with strategy specifications. Structure, according to Chandler, must come after strategy. To put it another way, changes in strategy necessitate adjustments in organisational structure. McKinsey [2] claims that while the relationship between strategy and structure is crucial, it rarely results in distinctive structural solutions. The major issue with strategy is frequently its execution.

Systems

The methods that allow an organisation to function are referred to as "systems." The documented and unwritten norms, laws, and practices which improve organizational framework are known as policies. Systems for production planning & control, techniques for cost accounting, systems for capital budgeting, and performance assessment systems are just a few examples of systems. Adjustments in strategy frequently necessitate changes in systems.

Style

The manner a firm conducts its business is referred to as its “style.” Style can be used by top executives in organisations to effect change. Organizations have different “working styles” than one another. The style of a company is indicated by sequences of activities taken by the top management staff over time, as per McKinsey model. Therefore, a crucial part of change management is establishing and maintaining a strong “fit” among strategy and culture.

Staff

“Staff” denotes the group of individuals who have to be educated, challenged, as well as supported. It must be assured that the employees have the ability to contribute to the fulfilment of objectives.

The following are three crucial features of staff:

1. Choosing deserving personnel for certain organisational positions.
2. Inspiring them to go above and beyond in order to achieve strategic goals.
3. Encouraging them to give their all in order to attain strategic objectives.

Skills

An organization’s most important qualities or competencies are called “skills.” The abilities as in 7-S model might be viewed of as equivalent to “distinctive competencies.” For instance, TELCO is famous because of its engineering, Hindustan Lever is famous because of its marketing talents, Du Pont is famous because of its research and development, IBM is famous because of its customer support, as well as Sony is famous because of its newer product creation. Skills are developed over time as a result of a multitude of factors. Thus, new talents must be developed in order to implement a new plan.

The long-term purpose and vision of an organization is referred to as “strategic.” It is the firm’s strategy for creating a competitive edge.

5.1.2 The 7S Framework Alignment

The appropriate alignment of diverse parts inside the organisation is required for successful strategy implementation. The “hard elements” of an organisation includes structure, strategy, as well as procedures, whereas "soft elements" includes style, abilities, staff, as well as superordinate goals, according to McKinsey consultants. Because the hard parts are much more tangible as well as certain, they receive greater focus. The soft factors, on the other hand, are often just as important, and they're more difficult to estimate, analyse, and manage.

7S Framework Benefits

The 7-S framework has the advantage of highlighting some key organisational links and their impact on modification. It demonstrates simply that possibly the true purpose of strategic planning is to connect the 7S.

- Whenever 7S are in great synchronization, an organization is prepared and motivated to task to be completed to the best possible standard.
- Second, the model McKinsey gives a handy specification for determining if a company is ready to implement strategy. It also helps to figure out how a strategy's execution results fall short of the expectations therefore, as a consequence, what additional "fits" are required.
- Lastly, the approach enables strategists in evaluating their organizations across the seven dimensions, helping them to identify organizational strengths as well as weaknesses.

The 7S framework developed by McKinsey is an effective expository device. Moreover, it must be remembered that modifying organizational characteristics is not a straightforward task. However, this should not deter one from attempting to effect change.

7S Framework Limitations

The 7S model indicates the significance of links and provides some guidance on how to apply strategies more effectively. Further than that, though, it isn't precise. For instance, the framework includes minimal insight into why and how interconnections occur. As a result, the model fails to describe the reasoning and process used to establish the linkages between the elements.

Another flaw is that the framework fails to recognise or emphasise other areas that have since been highlighted as strategic priorities.

These are the areas:

1. Creativity
2. Expertise
3. Customer-cantered service
4. Reliability

For any organisation to succeed, all of the following elements must be present. Despite these drawbacks, the 7-S framework is a useful tool for analysing an organisation and determining what factors contribute to its success. It does an excellent job of expressing the significance of the connections between the various pieces. That's why McKinsey experts utilised it as a starting point when looking for more extensive links.

5.2 STRATEGY IMPLEMENTATION PREREQUISITES AND PROCESS

This section provides insight into the various prerequisites required to implement a strategy.

- **Institutionalization of Strategy:** Firstly, the plan must be institutionalized, that means that a person who ever devised must therefore maintain or promote that in front of the others, unless it's being derailed.
- **Establishing a positive organizational climate:** The aspects of internal environment which translate the objective into outcomes are referred to as organizational climate. For example cooperation, personnel development, dedication and determination, efficiency, and so on.
- **Creating operational plans:** The action plans, decisions, as well as programs which take place within in the organization are referred to as operating plans. They aid in achieving the organization's objectives by focusing on the important aspects if they are phrased to reflect the planned strategic results.
- **Creating an appropriate organisational structure:** An organization's structure refers to how different components of a firm are connected. It emphasizes the ties that exist among various titles, positions, as well as responsibilities. To put a plan into action, a framework should be built to match the strategy's requirements.

- **Periodic Strategy Review:** The strategy must be examined on a routine basis to see if the strategy is implemented is still appropriate to the organization's objectives. So because firm works in a changing situation which can happen any time, doing an evaluation and see if it can fulfil the company's objectives is vital.

Even the best-crafted tactics will fail if they are not implemented properly. Furthermore, it should be remembered that only effective execution is possible if the strategy is aligned with other aspects such as resource allocation, organisational structure, work climate, culture, process, and reward structure.

5.2.1 Implementation Aspects of a Strategy

The implementation of a strategy consists of different aspects. Some of the aspects are discussed here.

- Developing plans which give sufficient resources to operations which are vital to the organization's ultimate performance.
- Providing the organization with experienced and talented staff.
- Ensuring that the firm's norms and procedures support the strategies' successful implementation.
- Leading standards for the operation of business functions will be developed.
- Developing a communication and information platform that supports the firm's employees to be more productive.
- Building a favorable work atmosphere as well as culture to properly implement the strategy.

The time-consuming portion of the total process is strategy implementation, which translates defined plans into actions and intended outcomes. Organizational planning is indeed a time-consuming as well as complex problem, and managers whom has committed time, attention, and money in developing a strategy that they think will assure their organization's ultimate sustainability may assume they have justification to be positive about the future.

However, their proposed strategy has a small probability of working until it is executed. The efficacy of a business's strategy is measured by its execution performance.

If planning is to become more than a declaration of expectations as well as goals for the future, the actual implications for organizational activities and operations should be considered and implemented. As aspect of their plan execution, businesses must set up various actions which are targeted and feasible. A strategic focus must encourage a corporation to develop systematic procedures for distributing strategic priorities all through the organization in a relevant, realistic, as well as attainable approach.

On the other hand, the execution or implementation of strategy is sometimes disregarded, with unintended consequences. Failure to implement a strategic planning, instead of flaws in the plan itself, is the most common source of strategy implementation issues. These shortcomings might result in strategic operations being only partly successful, producing annoyance since the intended strategic advantages are not realized. They can ultimately cause the firm's overall performance to deteriorate or possibly fail.

Therefore, translating strategy objectives into organized concrete activities is not simple. Goal - setting as well as formulating strategies can be challenging for businesses. Many issues can obstruct the effective execution of strategy, comprising lack of commitment from senior management, lack of support from managers as well as staff, cross-departmental conflicts, ambiguity in roles and duties, and inadequate responsibility.

5.2.2 Steps for Implementation of Strategy

To handle new difficulties and business issues, companies must continually evaluate, review, and update their strategic goals. Whenever a new approach should be executed, it is frequently the duty of the manager to ensure that it is done correctly.

If you are an aspirational, unskilled, or professional manager, it is vital to understand the strategy successful implementation and how it relates to change management to assure your performance during your employment.

There are seven major steps according to Harvard school of business[3] that go into implementation of a strategy.

These are discussed below:

Step 1: Setting of clear goals and identifying and defining of the major variables

The initial phase is fundamental: you simply recognise the objectives that the new approach must accomplish. When you don't even have a precise understanding of what you really want to accomplish, it can be difficult to devise a strategy for reaching there.

Whenever it comes to individual growth, career development, or organizational development, achieving objectives which are difficult to fulfil is a typical mistake. Always take into account that your goals must be achievable. Establishing high performance standards can leave you as well as your staff feeling exhausted, unmotivated, frustrated, and sometimes even wiped out.

To avoid unintentionally generating low employee morale, examine the results and performance in terms achievements and failures—of prior transformation projects to ascertain what is pertinent in light of your time constraints and available resources. Apply your prior experiences to determine what victory means to you.

Taking into consideration issues that may block your team's capacity to attain goals and preparing contingency plans is also an important part of setting goals. The better equipped you are, the more effective your execution would be.

Step 2: Determine the roles, responsibilities, and relationships that will be involved

Once you've decided the objectives you're striving towards or the factors which might get in your way, you'll need to develop a plan for meeting objectives, set standards amongst your staff, and communicate clearly overall planning framework so that there are no misconceptions.

At this time, it's a good way of making a description of all accessible resources, particularly people, teams, as well as divisions which will be engaged. Establish a clear picture as to what every resources seems to be in charge of, as well as a communication protocol that everyone should adhere to.

Like a manager, you'll be in capable of teaching staff not only how and how often to communicate with one another, and who are the decision-makers, who else is responsible over what, as well as what to do if unexpected problem starts.

Step 3: Assign work to others or delegate

Once you've determined what remains to be improved and when, figure out who wants to do it and how often. Considering your initial timeline and target set, assign duties to the relevant personnel.

Analyze the observable viewpoint with your staff to ensure that they grasp the firm's principles and that everyone is aware of their particular duties. To minimize overburdening employees, set targets. Recognize that your role as a manager would be to achieve a specified goal for your staff, so avoid the need to control.

Step 4: Implement the process, keep track of performance and progress, as well as offer continuous support

The strategy implementation is the next step. Among the most difficult skills for a manager to learn is how to successfully teach and encourage workers. While you'll probably spend the most of your time assigning, it's vital that you maintain yourself ready to answer inquiries or resolve challenges and impediments that your employees may face.

Keep checking in with your team to see if they're doing and listening to their comments. Utilizing a performance monitors is an excellent method of monitoring achievement is to use every day, weekly, as well as monthly status reports & consult continue providing information, re-establish assignment deadlines and objectives, and ensure that almost all departments are synchronized.

Step 5: Take Corrective Action (Make any necessary adjustments or revisions)

Although execution is an iterative procedure, the work doesn't stop when you think you've accomplished your goal. Throughout the middle of the process, procedures may change, and unanticipated difficulties or roadblocks may arise. Your plan for managing may have to modify as the structure of the project modifications.

Paying much attention, being adaptable, and being willing to modify or readjust strategies as you monitor execution is more important than sticking firmly to your original aims. Check with yourself and your staff to see if any changes are necessary on a frequent basis. If that's the case, how will you go about using it? Is it required to restart from the beginning? The solutions to these problems may prove to be really beneficial.

Step 6: Bringing the work to a conclusion and get a consensus on the final output

Depending on the objective specified at the beginning, everybody on the staff must decide on the final product's presentation. Once you've properly implemented your method, follow each member of the team as well as division to ensure they possess all they need to finish the work and think as their work is completed. Collect information, insights, and outcomes from your staff so you can give a comprehensive perspective to your management staff.

Step 7: Conduct a post-mortem or analysis of procedure

Whenever your approach has been adequately implemented, evaluate the procedure and analyze how things have been going. Think about the following issues:

- Are we still on target to accomplish our goals?
- If not, what's the problem?
- What measures do we need to take to reach our goals?
- Were there any hurdles or bottlenecks which may have been predicted during the task?
- How will we be able to stay competitive of such issues in the future?
- What else can we learn from the procedure as a whole?

Although loss has never been the goal, when time is provided to assess what actually happened and why, an unsuccessful or faulty plan execution can present an organization with enormous learning experiences.

It can be tough to effectively implement a plan, and it needs strong management and leadership skills. Delegating ability, tolerance, emotional maturity, meticulous organizational talents, and communications skills all are necessary.

5.3 RESOURCE ALLOCATION IN STRATEGY IMPLEMENTATION

If most strategies are to be implemented successfully, resources must be allocated to them. Let's look at some unique conditions that may influence resource allocation.

Allocation of resources refers to the purchase and dedication of monetary, physical, as well as human factors to strategic activities in order to achieve organizational goals. That's the method of delivering resources to specific organizational units, departments, divisions, etc. so that strategies can be implemented. Each organization has at least five different sorts of resources.

- Human Resources
- Intellectual Capital
- Financial Assets
- Resources Technological
- Physical Assets

Such resources may indeed exist inside the organization or will have to be acquired. Resource allocation decisions are critical because they define the company's operating strategy. Considerations of how much to spend where in aspects of corporate strengthen the plan and connect the organization to it.

5.3.1 The Significance of Resource Allocation

The company's ability to obtain the resources to sustain strategic plan and allocate them to the appropriate organizational units do have a considerable impact on strategy execution. Insufficient revenue delays or hinders organizational units' capacity to successfully implement their role in the strategic plan, whether due to restricted economic means or delayed managerial action. On the other hand, spending excessively money wastes organizational resources and reduces business performance. Both these examples emphasize the importance of management exercising caution when distributing resources. Whenever the scope of a products and market varies significantly from existing plans, allocating resources would become a critical issue. Whereas if company's plan is to increase one line while withdrawing from the other and maintaining stability in the other products, additional resources would be sent to the 1st line while less would be directed to 2nd and 3rd lines. Likewise, if gaining a competitive edge via product design is the objective, additional R&D resources will indeed be necessary.

Because it sends signals to everyone involved, resource allocation is an effective way of communicating the organization's strategy. It will show what strategy is actually being used. Using a formula method (namely allocating cash as a percentage of sales or earnings) can be ineffective and harmful, allocation of resources decisions are taken carefully. It's important to make sure that resources aren't allocated or withdrawn based on their ease of access or scarcity.

Cutting R&D budgets in response to a quick drop in profitability, for example, should be avoided because such expenditures are often crucial for establishing competitive edge in the future. The decisions about allocation of resources are usually tied to respective goals. The ability of a corporation to recruit capital, for example, influences dividend pay-out decisions. How or when to share expected revenues amongst shareholders, workers, and the firm's own demands is a significant allocation of resources decision from the standpoint of strategy's long-term repercussions.

5.3.2 Resource Allocation Approaches

There are three ways to resource allocation in general:

- A top-down strategy
- A bottom-up strategy
- Strategic Budgeting

1. **Top-Down Strategy:** Through a procedure of segmentation, resources are allotted down to operating levels throughout this technique. T The Company's board, the Managing Partner, or other representatives of top management usually decide on the needs of each subunit, and then allocating resources appropriately.

2. **Bottom-Up Strategy:** Through with an aggregation process, resources are disseminated from the operational level up throughout this strategy. Every subunit's demands are determined at the operational level, and resources are allocated appropriately.

3. **Strategic Budgeting:** This technology combines the preceding two and includes a participative decision-making process at all management levels.

5.3.3 Managing Resource Conflicts

The most frequent method for allocating resources is through a budgetary framework. However, there are other additional tools that can be put to use in this situation. The following are some of the most essential tools for resource allocation:

BCG Matrix

The BCG matrix that is often used during portfolio management can sometimes be utilized as a reference for allocation of resources. “Cash cow” resources could be redirected towards “question marks” or “stars”. Businesses labelled as “dogs” having low size and market shares may well not need any extra assistance, and resources can be progressively diverted away from them and spent in more profitable ventures.

The BCG matrix is useful since it emphasizes the importance of allocating resources that used a portfolio approach. It helps to prevent over-investment in every type of company and under-investment in potential businesses in the long run. The BCG matrix, although it’s utility, are used with care and only as a suggestion. It doesn’t give you a precise metric to use to take better decisions, especially when comparing enterprises with same category.

Budgeting based on PLCs

Different stages of a Product Life Cycle can also be linked to resource allocation (PLC). A product in its early stages of development or growth may demand more resources than a product in its later stages of development or decline.

Zero-based Budgeting (ZBB)

Unlike traditional budgeting, ZBB requires the management to explain funding requests in full from the start, instead of depending on prior budgetary allocation. As a result, rather of using the previous year’s budget to estimate future allocations, ZBB requires managers to re-evaluate their objectives and operations.

5.3.4 BCG Matrix

The BCG Matrix refers to 4-celled that is two-by-two matrix which is established by the Boston Consulting Group (BCG) in US. It’s probably the most common technique for assessing corporate portfolios. It provides a visual representation for a company to evaluate business divisions in its portfolios depending on the market share as well as rate of growth in their respective areas. It's a two-dimensional look at how SBUs (Strategic Business Units) are run. To put it another way, it's an evaluation of business potential versus impact on the environment.

Depending on their relative market growth rate as well as market share, companies can be classified as high and low throughout this matrix.

Relative Market Share = SBU Sales for the current year with the leading competitors sales present this year.

Market Growth Rate = Industry sales for the current year – Industry Sales for the previous year

As part of the research, all measurements should be determined for every SBU. The relative share of the market element of company strength will be used to evaluate comparative advantage as evidenced by market control. The fundamental assumptions underlying this are the presence of the experience curve as well as the attainment of share of the market by total cost leadership. Here is a diagram of the BCG matrix:

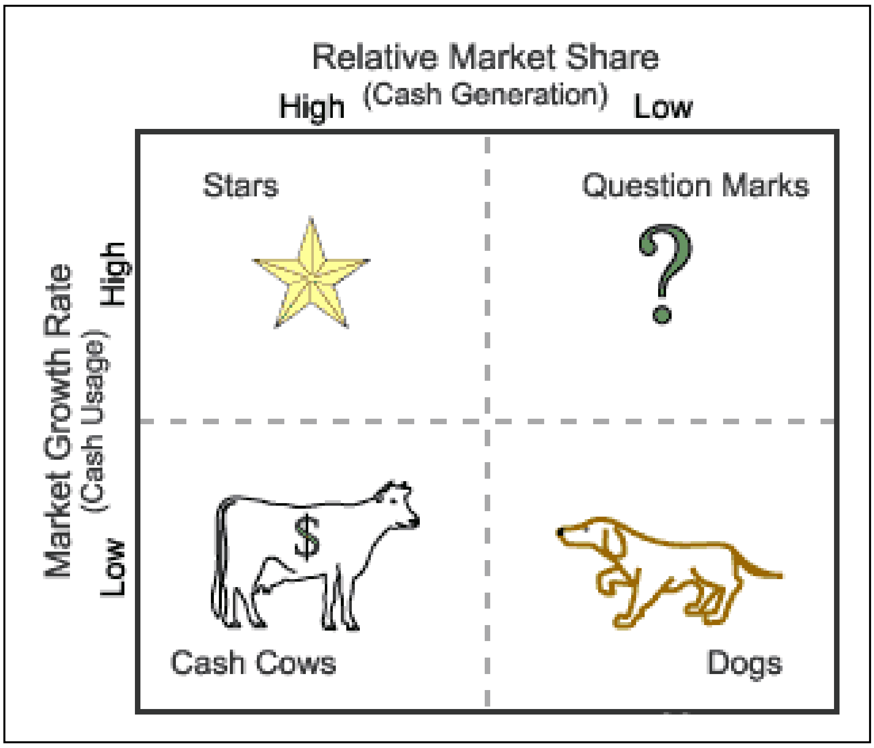

Figure 5.2: BCG Matrix [4]

Throughout the BCG matrix, that has 4 cells, the horizontal axis reflects relative market share, whereas the vertical axis indicates market growth rate. The midpoint of relative market share is fixed at 1.0. When each of these SBUs are within the similar industry, the average growth rate for that industry is used. The mid-point being determined at the economy's rate of growth if all of SBUs are placed in different businesses.

Resources are assigned to business units based on their location on the matrix. The 4 cells throughout this matrix have indeed been assigned stars, cash cows, question marks, as well as dogs. All of these boxes represents a different type of business.

Stars symbolize business units that have a significant share in the market industry. Celebrities certainly make more money, but then in order to maintain their market place, they should make big investments. Net cash flow seems to be typically modest. SBUs throughout this cell is appealing because they are in a growing industry with highly competitive business entities. Whenever a star is effective as the industry matures, they may become a cash cow.

Cow which give in the cash

Cash Cows are business units that have a large share of market in a mature and sluggish industry. Low-cost assets which bring in revenue which may be utilized to support other business units are known as cash cows. Several SBUs, particularly the primary business, are the company's key revenue producers. They are the cornerstone of a company. These companies frequently employ stability methods. Whenever cash cows loses their allure and start to decay, a retrenchment plan may well be implemented.

Inquiry Marks

Question marks are used to signify parts of the business with a relatively low market shares which are situated in a high-growth industry. They'll require a lot of cash to keep or increase market share. They involve consideration in order to determine whether or not the venture is viable. New products and services with a brighter tomorrow are frequently marked with a question mark. There is no such thing as a one-size-fits-all plan. If the corporation thinks it has a large market share, this could expand; else, it can exit the market. Several firms started out as inquiries as they try to break into a fast-growing industry where they've had a foothold. If neglected, question marks can turn into dogs, but if a substantial investment has been made, they can turn into stars.

Dogs

Dogs represent businesses with a little share of the market in sluggish industries. They do not even generate revenue and don't require much of it. As a consequence of their low market share, such lines of business face cost constraints. Because these corporations can only gain share in the market of opponents or challengers, retrenchment strategies are frequently adopted. These enterprises have a little market share due to high costs, poor quality, ineffective marketing, and other causes. Except if a dog has many other strategic aim, it should have been eliminated if it has decreased likelihood of gaining market share. That number of dogs in an organization must be maintained to a minimum level.

BCG Matrix Limitations

The BCG Matrix is a model for resources allocation amongst different business units and also for comparing multiple business units quickly. BCG Matrix, on the other hand, has a number of drawbacks, including:

- Throughout the BCG matrix, companies are classed as higher or lower, but they're also categorized as medium. Consequently, the core of business may become veiled.
- The industry is not properly delineated in this framework.
- A high profit margin often does not indicate a significant market share. There are significant costs associated with having a huge share of the market.
- Rate of growth as well as relative market share aren't the primary indicators of profitability. This model ignores other profitability criteria.
- Dogs often can help other businesses get a competitive edge. They can sometimes make even more money than cash cows.
- The 4 celled method is considered extremely simple.

5.4 SWOT ANALYSIS

SWOT Analysis is an abbreviation for Strengths, Weaknesses, Opportunities, and Threats. By definition, internal environment upon which you may have some influence are called

Strengths (S) as well as Weaknesses (W). Moreover, Opportunities (O) as well as Threats (T) represent external forces upon which you may have minimal influence by definition.

The most extensively utilized technique for inspecting as well as analysing a company's current strategic position as well as surroundings is the SWOT Analysis. Its purpose is to develop ways for creating a support of business model that accurately connects a firm's capabilities and expertise with the requirements of the environment of the company.

In other words, it provides as a basis for analysing individual potential and constraints, and also external potential and risks. It takes into account all positive and negative factors that affect the company's performance, both in and out of business. A constant examination of environment in which the organisation works helps in predicting or forecasting recent developments and integrating them into the decision-making processes.

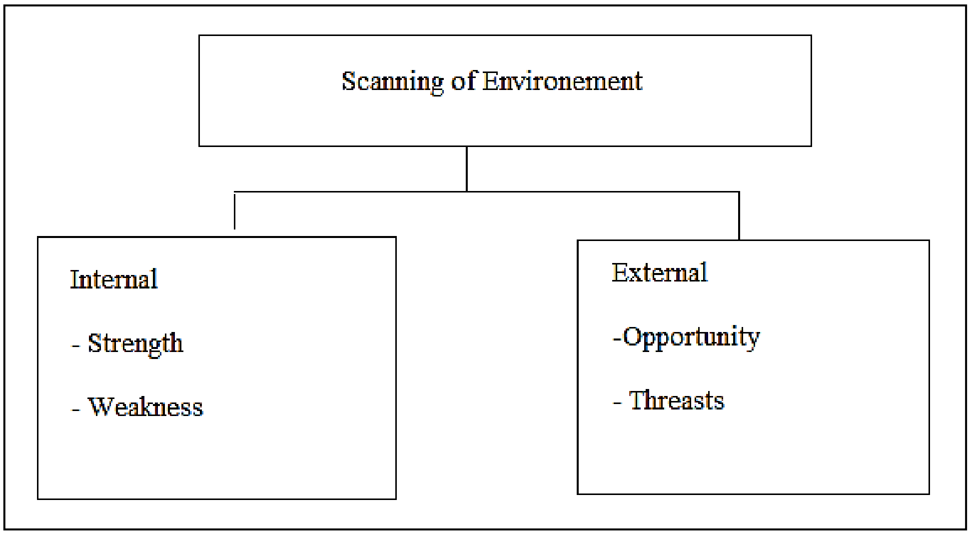

Figure 5.3: Types of Environment

The 4 variables are summarized below (Strengths, Weaknesses, Opportunities, and Threats):

1. **Strengths:** Strengths are indeed the qualities which allow us just to carry out all the firm's objectives. These are all the pillars that will help you achieve and preserve long-term performance.

   Strengths can be both tangible and intangible. And those are the domains within which you are knowledgeable or have expertise, the traits and features that your employees (collectively and individually) have, and the unique characteristics that make your firm its continuity. Organizational strengths include personal qualities, process design, financial means, goods & services, customer goodwill, and brand recognition. Organizational strengths include vast monetary resources, a wide product line, low debt, and committed individuals.

2. **Weaknesses:** Weaknesses are qualities that prevent us from fulfilling our objective and reaching our maximum potential. Such shortcomings have an affect the overall performance and growth of the company. Weaknesses include objects which do not meet up to the standards we set for them.

   Organizational flaws include deteriorating machinery, inadequate research and development capabilities, a limited product range, bad decision-making, etc. Weaknesses can indeed be dealt with. They need to be curtailed and eventually eliminated. To update outmoded machinery, for instance, new machinery can also be purchased. Massive debts, a high staff turnover rate, a complicated decision-making procedure, a restricted range of products, and substantial raw material waste all are examples of organizational faults.

3. **Opportunities:** Our Company operates in an atmosphere that provides opportunity. These arise when a corporation can use the circumstances in its immediate environment to build and execute strategies which will help become more profitable. Companies can achieve a competitive edge by capitalizing on opportunities.

   Companies must exercise caution, recognize opportunities, and take them whenever they arise. It's difficult to choose the goals which would better serve the customers while still obtaining the desired outcomes. Market conditions, rivalry, industry/government relations, and technological advancements may all create opportunities. Growing telecommunications need, combined with deregulation, creates a great potential for new enterprises to join the telecommunications sector and compete for revenue with incumbent firms.

4. **Threats:** Threats arise whenever external factors have an impact on the firm's ability to execute reliably and profitably. People's sensitivity is amplified when they relate to defects. We have no control over threats. Whenever a threat develops, the community's security and existence may be jeopardized. Employee unhappiness, ever-changing technologies, increased competition leading in excess capacity, pricing conflicts, and decreasing profitability of an industry, etc. are all potential threats.

SWOT Analysis' Benefits

The SWOT Analysis can be used to develop and choose strategies. Although it is a formidable weapon, there is a lot of opportunity for interpretations. It's better to think of it as a suggestion instead of a prescriptions. Successful businesses take advantage of their benefits, fix their weaknesses, and protect themselves from both internal and external threats. They also maintain a close watch on their overall business environment and therefore are quicker than their rivals in spotting and seizing greater opportunities.

In the following manner, the SWOT analysis helps in strategic decision making:

- It's a useful tool for strategic planning.
- Contributes to the organization's overall strength
- Replacing its faults with its advantages.
- Improve the organization's capabilities to react to possibilities.
- Conquer the organization's threats.
- It assists in the development of strategic planning goals.
- It aids in the formulation of strategic planning objectives.
- It facilitates in the comprehension of the past, present, as well as future in order to develop future plans based on current and historical factual information.
- A SWOT Analysis gives data that helps a firm's resources and skills to align with its fierce competition.

SWOT Analysis' Limitations

There are some disadvantages to using a SWOT analysis. It may cause organizations to perceive circumstances as simple, enabling them to overlook potentially significant strategic interactions. Moreover, considering the industry's high degree of uncertainty, categorizing qualities like strengths, weaknesses, opportunities, as well as threats might be subjective. SWOT Analysis emphasizes the relevance of these four components, but this does not describe how an organization may identify these features for its own. SWOT Analysis has various constraints that are outside management control.

Here are a few examples:

Increases in Price; inputs or raw materials; the economy; regulation by the government; setting up new market for the product which doesn't have a global market because of import restrictions etc.

Internal constraints could comprise:

Inadequate facilities of R&D; defective items as a result of poor quality control; poor working conditions; a scarcity of skilled and competent workers; etc.

These are some of the aspects of SWOT analysis. A sample case study can be seen for better understanding of the reader that work on SWOT analysis principle.

SWOT Analysis on Google – Case Study

Introduction

Google is without a question the most famous corporation in the world, having pioneered the search engine boom by enabling web users all around the world to explore and retrieve data with a click of the mouse. Google is however known for designing in organizing information in a simple and concise way, that has been a key differentiator for the online business, and so by extending, the world economy, even though corporate entities, individual people, and customers can seek for something and obtain information about almost anything, at any moment, anyplace. Moreover, Google's tagline as "Do Not Be Evil," implying that the company's business interests are dedicated to improve data and adopting best practices to help consumers access and look for information. However the industry's business strategies throughout China and everywhere else, where it has been suspected of partnering with authoritarian governments in information filtering, were questionable, the company did more valuable work in gathering and organizing data.

Strengths

We are indeed the market leader in the industry of browsers.

Google's biggest attribute is that it is the unchallenged leader in search results, meaning it dominates as well as controls the great majority of online searches around the worldwide. Google has a share of the market of over 65 percent in online searches, as well as its opponents don't even come very close.

User Traffic Generation Capability

Google is a worldwide recognized brand, and its capacity to grow internet user traffic has made it the most recognizable brands in the world. In terms of unique queries performed on the site, Google receives around 1.2 billion hits per month on average. This offers it an unprecedented and unsurpassed competitive benefit over its market rivals.

Advertising and Display Revenue

Its strategic planning, that produces significant income via agreements with third-party websites, have helped the company scavenge resources and improve both of its top-line as well as bottom-line. Perhaps one of the company's current assets which has allowed it achieve greater levels is its ability to innovate.

Android & Mobile Technologies (Introduction)

The embrace of Android as well as mobile technology, that has converted it into a strong competitor with Apple in respect of such platforms and operating systems, is the final of the attributes highlighted here.

Weaknesses

Excessive Confidentiality Reliance

Numerous specialists have criticized Google for just being transparent and secretive, reluctant to divulge its search algorithm and even its basic formulas when this comes to online searches. Yet, Google has taken attempts to correct this in subsequent years and provides a simpler version of their secret search engine algorithm.

Ad Rates are declining

The organization has experienced declining ad sales in latest days, especially in 2013, and as a consequence, its revenue has plummeted. This one is partially attributable to the continual global downturn, and also in part to much more aggressive competitors chasing it down. Undoubtedly, Apple already has begun to commercialize web search revenue through its devices, as well as Google have to be well aware of the problems ahead.

Advertising Overdependence

Google's business strategy is based largely on advertisements, with ads accounting for more than 85% of the company's revenue. This means that any sales decline would be extremely costly to the organisation (literally as well as metaphorically). The argument is that, in addition to its existing business strategy, which is based solely on ad income, Google requires a more robust business strategy that incorporates electronic commerce as well as smartphone ecommerce.

Next-generation device compatibility difficulties

Another fault with Google is that it's really inconsistent with several next-generation computing systems, including phone and tablet computers that continues to be a cause of concern for the company.

Opportunities

Android is an operating system (OS) for mobile devices.

The Android OS, that has given Google a competitive challenger against Samsung and Apple, is by far the most crucial advantage for the company.

Expansion of revenue sources other than advertisements.

As explained previously, the company should expand into non-ad income to be viable, and recent indicators indicate that it will do so, as indicated by its push into financial activities through various websites including Google Maps, Google Books, etc.

Google Play and Glasses are two of Google most popular products.

Google Play and Glasses are designed to revolutionize the business, so this represents a significant opportunity for the company to capitalize on. This feature has the ability to advance the company forward in the rapidly emerging field of nano-computing.

Cloud Computing is a form of computing.

The term "cloud computing" refers to a form of computing wherein data is stored on the cloud. Cloud computing is a critical option for Google since the business has already experienced with storing as well as cloud applications. At the very least, the cloud computing concept can be used to penetrate into the development of enterprises.

Threats

Facebook is a competitor.

The emergence of social media have caused serious damage to Google's internet dominance, and the company will have to deal a better hand in order to cope with the rising amount of features available on Twitter as well as Facebook.

Computing on the Go.

Other challenge to Google is the fast expanding sector of mobile computing, that might overtake it as other firms seize the chance to increase their mobile computing footprint.

This is an example of how the SWOT analysis works.

5.5 CONCLUSION AND SUMMARY

Thus, the different aspects of Strategy implementation have been discussed in this chapter. The user will now have known the aspects related to strategy implementation, BCG analysis and SWOT analysis.

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6 CASE STUDY

> *"The essence of strategy is choosing what not to do."*
>
> ***— Michael E. Potter, Author of the Competitive Advantage of Nations***

CHAPTER STRUCTURE

- Introduction
- Case Study 1: Strategic Case Study of Computer Industry Leader Dell Inc.
- Case Study 2: A Contextual Analysis of Microsoft Corporation
- Case Study 3: Issues in Infosys Human Resources

6.1 INTRODUCTION

A means of researching a subject or problem in a real-life environment is called case study. You are often asked to apply broader research or theory to explain what is going on in the case. This research strategy requires documenting a kinds of scenarios background as well as a complete evaluation of a scenario, which includes industries, businesses, and markets. The purpose of the case study technique is to emphasize distinctive traits and significant differences in the scenario under investigation. Interpretive research study, particularly emphasizes on specific situations and outcomes as a subjective phenomenon, often adopts the case study technique. Non - empirical research, which requires evaluating multiple occurrences and large quantities of data within every scenario in order to build new ideas, is yet another application of case studies. In this chapter, the research works with 3 types of issue statements based upon Strategic Management (SM) at 3 distinct well-known IT companies.

SM comprises top management of a company formulating and executing major objectives and initiatives on account of its holders, related to resource factors and an evaluation of the company‟s internal as well as external surroundings. It also involves defining the organization‟s goals, implementing procedures as well as strategies to achieve them, and assigning resources to carry out the plans. Scholars and practicing professionals have developed a number of theories and approaches to aid strategic decision-making in dynamic situations featuring changing nature of competition. A feedback loop is often included in the frameworks to observe implementation and recommend the next step of planning.

Achieving a “unique and desirable [competitive] perspective,” making business through selecting “what not to do,” as well as creating “fit” through synchronizing business initiatives to promote the chosen plan, are the 3 crucial aspects of the approach, according to Michael Porter. Strategy, according to Dr. Vladimir Kvint, is *“a process for identifying, creating, and establishing a concept that, if strictly adhered, would assure long-term success.”* Corporate strategy, from the perspective of a business, requires addressing a simple question: “What kind of business are we supposed to be in?” Answering this question, *“It’s part of a company’s strategy to figure out how to compete in this industry”*. In management principles and practices, the distinction between operational and strategic management is commonly established. Operational management is mainly concerned with maximizing productivity as well as cost control while keeping within the boundaries set by the company‟s strategy.

In general, SM is concerned with identifying and describing strategies which managers could use to enhance their company"s efficiency and obtain a competitive advantage.

A competitive advantage exists when a firm"s revenue accelerates that of the rest of its industry. Moreover, SM may be described as a collection of managerial choices and activities that impact the success of an organization. Managers must have a thorough awareness and evaluation of the comprehensive as well as competitive organizational setting in order to achieve the right decisions. They should do a SWOT Analysis (Strengths, Weaknesses, Opportunities, & Threats), which implies maximizing the use of strong points, reducing company weak points, seizing corporate environment opportunities, as well as avoiding threats. Planning for both expected and unforeseen occurrences is the essence of SM. It is relevant to businesses of all sizes, since even the smallest businesses face competition and may gain a competitive edge over time by developing and executing effective strategies. It"s a technique used by strategists to set objectives and work towards accomplishing them. Making and executing choices on a company"s future direction are both part of the job description. It assists us in figuring out where a business is going. Business and industry evaluation and control are part of a continual process in SM. It analyses and manages all of the company"s prospective and actual rivals, establishing goals and plans to fulfill those objectives. Then, on a continuous basis, reassesses tactics to see how successfully they"ve been executed and if they have to be updated.

6.2 CASE STUDY 1: STRATEGIC CASE STUDY OF COMPUTER INDUSTRY LEADER DELL INC.

In the first case study, Dell Inc., one of the world"s largest software makers, is examined in respect of strategy contents, contextual, and organizational objective. Dell"s personal business model, particularly emphasizes digital connectivity, minimal storage, and act as an interface, are certainly a primary source of competitive advantage on multiple dimensions. Analysis of key findings from a thorough study of a variety of variables, such as the software industry and worldwide aspects of Dell"s system of values, strategic challenges for Dell would consists of 3 major concerns which are as follows: Firstly, Dell"s customer support has to strengthen. Secondly, while corporate sales now contribute to about 85 percent of overall revenues, Dell recommends a larger emphasis on the more profitable high-growth private consumer category. Lastly, Dell should ability to analyze opportunities in Asia, which is a fast-growing but extremely competitive marketplace (De Wit).

De Wit & Meyer (2005) separate approaches into 3 categories: approach, material, and environment. This research adheres to de Wit and Meyer‟s (2005) concept of strategy content, which defines what actually constitutes a strategy for the company at multiple stages, and strategy contextual, which refers to the environmental or organizational factors that surround strategic actions. On a corporate level, it is commonly agreed that strategy must provide a company a competitive advantage over other companies in the same sector, preferably over a long period of time (de Wit and Meyer, 2005, Brown et al., 2005). Apart from other essential parts, including a company‟s resource base as well as product line, its activity system is essential (de Wit and Meyer, 2005). Michael Porter (1985, referenced in Brown et al., 2005) established the supply chain, which is a suitable model to follow the pattern of movement from inputs to outputs throughout this setting. Porter‟s (2005) quote that primary tasks (like obtaining and delivering items) must be segregated from service operations is mentioned by De Wit and Meyer (things like sales, marketing, and customer support). The domains of purchasing, technology progress, people management, and corporate infrastructure must all be considered. At every step, the value chain is constructed on the principle of providing value instead of cost (Brown et al., 2005), with the goal of these operations being to give a degree of importance to the customers, which increases the value of such operations and leads to profitability (NetMBA Business Knowledge Center, 2006). An outstanding (re) configuration of the complete activity system, including its capacity to handle the system of values of which it is a part - that is, a set of the entire value chain linking the organization to the value chains of its vendors, distributors, and consumers, is said to provide a competitive advantage (de Wit and Meyer, 2005; NetMBA Business Knowledge Center, 2006).

As a result, the value chain is a useful tool for forming a company‟s activities and pursuing a lasting competitive advantage. Porter (1980, cited in Kippenberger, 1998) defined three main generic strategies at a high level: overall cost leadership, differentiation, and emphasis (i.e. serving limited target markets in terms of customer range, geography, or product range, more effectively, efficiently, or both). However, despite his original statements, Porter has since revised his view and now asserts that "...any successful organization has obtained one sort of benefit, some other, or even both" (Porter, 1991, cited in Prajogo, 2007). For Hedley (1977, quoted in de Wit and Meyer, 2005), several organizations are involved in numerous different businesses, which might lead to a broad range of different corporate strategies for each one. As a consequence, it is vital for corporations to deliberately select an ideal set of companies, like whether or not they must be in business at all (de Wit and Meyer, 2005). One difficulty for companies in this industry is the conflict involving multi-business synergy as well as reactivity having a multi-business synergy attempting to share as well as combine operations and responsiveness enables business units to have a greater degree of market-focused autonomy.

Similar to individuals, businesses may form alliances and partnerships within their industry as well as across sectors (ibid.). An inter-organizational approach might benefit from building connections with particular people at the network level. Integrated collaboration networks may be built via relationships between vendors (upstream verticals) as well as clients (downstream verticals) (ibid.). The majority of inter-organizational interactions are extremely competitive, if not openly aggressive, and are motivated by a need for autonomy from rivals and 3rd parties. Cooperation is also considered as a new kind of competition by Hamel & al. (1989, referenced in de Wit & Meyer, 2005). As a consequence, it‟s clear that strategy needs to take the industry wherein a company operates into consideration. Convergence as well as divergence trends, concentration as well as fragmentation may be seen in an industry‟s development (de Wit and Meyer, 2005). Measuring an industry‟s progress requires a clear understanding of both the reasons and barriers to change. Instead of just responding to current market conditions, the fundamental issue for corporations is how to impact or reshape a whole industry effectively (ibid.). A large number of today‟s industries are transnational, so businesses must analyze their strategies from a global viewpoint. The standardization, coordination, and centralization of operations across cultural and political barriers may help establish cross-border linkages (ibid.). Decentralization as well as autonomy may be beneficial in several situations in order to capitalize on local market response while also respecting local adaptation. There are conflicting views about global convergence versus global variation since each organization should deal with these opposing goals on an individual level (ibid.).

Furthermore, from a more inwardly focused viewpoint, an intriguing question must be explained: the organizational framework, particularly, who must define an organization‟s strategic orientations in the first place, make attempts, and exercise leadership and responsibility? The decision between rigid, top-down managerial control as well as self-regulatory organizational order is peculiar. When it comes to (re)shaping an organizational framework, organizational management and complexities are at opposite ends of the spectrum (ibid.). The development and maintenance of a successful organizational culture, as well as the implementation of balanced organizational controls, are both essential to strategy implementation, as per Ireland and Hitt (2005). It‟s clear that every strategy acts as a "plan of action for reaching the purpose of the company" (de Wit and Meyer, 2005, p. 249). Some people believe that corporations should prioritize and successfully work for the benefit of its owners from a value for shareholders viewpoint. Stakeholder strategy proponents argue that the overall intention is to help the rights of all stakeholders involved (ibid.). Dutta & Burgess (2003) define key stakeholders as those with a high degree of interest in the project, as well as authority. Further, issues about corporate governance structure and function, and also components of a company objective, which is frequently expressed in a vision and mission statement, are all included in the theory of organization‟s objectives (de Wit and Meyer, 2005).

6.2.1 Strategy Analysis

The organization selected for this example, Dell Inc., offers a variety of noteworthy underlying principles for examining and displaying corporate strategy. A systematic technique is used to investigate key sections of strategy context and meaning successively in this research. It‟s important to remember, therefore, that comprehending these components in isolation makes no sense; instead, the existing and prospective interconnections with them are the focus of a comprehensive strategic approach.

It was based on a fundamental notion that by offering computer systems straightforwardly to consumers, Dell would be capable of understanding their requirements and give the most effective approach. By removing the retailer, costs were decreased and transit inventories were removed, enabling customers to obtain highly tailored systems using cutting-edge technologies. Dell was ready to make a profit when computers reached the utility stage of their operations, with good margins. Using the Direct Model, Dell hoped to find the very next high product which could be expanded using lower-cost goods. Although Dell‟s Direct Approach seems simple on paper, putting it into reality may be a challenge. Dell was able to do so by synchronizing procedures, technologies, and organizational elements throughout the global supply chain. Trained salesmen called clients and helped them for process of configuring the relevant system. Dell has simplified the process by allowing customers to configure their computers via the Internet. Electronic bar-coding and also other store solutions which provided information and could monitor each step of manufacturing were also included by Dell within production layout. These production units were designed to readily manage custom configurations. Dell used sourcing strategies to achieve JIT supply, reducing the number of vendors from 200 to 25, and persuading them to establish operations within 15 min of Dell production. Shipments were outsourced out to a variety of shipping companies worldwide, and Dell utilized its IT systems to track the deliveries till they reached their final destinations.

Service - With just roughly 20 percent of calls necessitating a helpdesk representative to be assigned to the site, Dell was able to solve the most of issues through the service contact center or the internet. After seeing the technical constraints in creating their own support teams, Dell delegated on-site specialist advice to big professional services businesses. Using the Direct Model, Dell was ready to trade more complicated systems and receive a larger ARU (Average Revenue per Unit). In addition, Dell was able to constantly reduce levels of inventory, attaining an overall stock levels of 4 days. Operating expenses at Dell were less than 10%, contrasted to rivals‟ 20% to 25%. Dell can still develop economically even though gross margins for Computers dropped from 50 percent to 25 percent, according to the study. Even in the toughest years, Dell‟s sales growth is the biggest indicator of their outstanding vision and consistent implementation, which are driven by exceptional control and management (Business Knowledge Center, 2020).

6.2.2 Background

Michael Dell created Dell Inc., which started as Dell Computer Corporation in 1984 and therefore is presently one of the world‟s largest companies and dealers of computers and IT (information technology) solutions. Dell classifies its items into five main categories: PC (personal computers) systems, transportation goods, applications & devices, servers & networking devices, as well as storage solutions (Dell Inc., n. d. d). Along with technical assistance, the company also provides a wide range of extra product-related services including financing and financial services (Datamonitor, 2006). Dell is well-known for its "specific business model," a strategy that emphasizes direct sales to clients and producing products to order. As a consequence, Dell may minimize engaging intermediaries and maintain minimal inventories of components and final products (Magretta, 1998). As per Dell Inc.‟s company website, inventory turnover is only 5 days on average (Dell Inc., n. d. a). Having market segments in the America (AMERICA), Europe, the Middle East, as well as Asia Pacific, the company, situated in Round Rock, Texas, offers both domestic as well as global clients (Dell Inc., n. d. c). During 2006, Dell had 65,200 workers and a total sales of $55.9 billion dollars (2006, Data Monitor). Despite Dell works worldwide, the America is the company‟s biggest geographical market, accounting for 65.1 percent of total sales in 2006. Africa, the Middle East, and Europe contributed for 23.0 percent of total sales in the same financial year (ibid.). Over 85 percent of Dell‟s overall income comes from corporate sales in America. The consumer market accounts for the remaining 15 percent. (Lee, 2007). Despite a substantial rate of growth of 20.9 percent, Asia Pacific-Japan contributed only 11.9 percent of total sales in 2006. (Data monitor, 2006). Due to Dell Inc.‟s record of global development, it has production facilities throughout Ireland (1990), Malaysia (1996), China (1998), and Brazil (2001). Dell has developed new goods in recent years, such as handhelds, printers, and consumer electronics. In latest days, Dell has produced new products like portables, scanners, and consumer electronic goods.

6.2.3 SWOT Analysis

1. Dell is well-known for producing high-quality products. It has a brand value of $7.5 billion.

2. **Product personalization:** Dell allows users to customize their PCs. Such services were previously inaccessible from every prominent computer retailer (and thus are currently only available from Sony & Toshiba), but they offer clients considerable market and give Dell a strategic advantage.

3. It‟s important to keep track of environmental data. Dell has been understood for its ecological sustainability and works in a variety of green projects. This is useful while dealing with public-sector and government entities.

4. Ability to carry out acquisitions and mergers Dell is putting a lot of money into new companies including successful acquisitions and mergers, offering in copyrights, assets, new features, and expertise.

5. Model of a direct-sale business. Dell sells primarily to individuals and companies rather than via big-box stores, which allows the company to maintain its smaller profit margin.

6. The world‟s largest PC and laptop producer.

7. It is one among the world‟s famous company.
8. The first PC manufacturer to provide on-site product support the next day.
9. **Direct-to-consumer marketing model:** It is necessary to use cutting-edge technology in order to complete the project.
10. Dell has low operating costs related to revenues since it sells directly to consumers rather than via retailers.
11. Dell‟s direct model approach allows the business to have direct customer relationships with individuals and organizations.
12. Dell direct consumer model enables the company to provide excellent customer service both before and after the sale.
13. Every Dell device is tailored to each customer‟s specific requirements. Reliability, support, and operations are the three pillars upon which the company is built.
14. Dell has a highly efficient operation, production, and distribution process, allowing it to supply customers with high-performance goods at reasonable prices.
15. Dell is able to integrate new related technologies faster than enterprises that rely on indirect distribution networks.
16. Dell is not a manufacturer; manufacturers make parts, and Dell assembles the computers using relatively low labour. The completed goods are then delivered to the purchaser by courier. Dell is in complete control of its supply chain.
17. Dell changes inventory on average every 6 days that helps to maintain inventory costs low.
18. By implementing the effectiveness of Internet throughout its entire business, Dell is developing and expanding its core comparative edge of the direct approach.
19. Almost all of Dell‟s income comes from the sale of market driven products like computers. Computer hardware has a low profit margin.

20. **Customer service:** Dell‟s client relations weakened whenever its call centers were moved to other countries, notwithstanding its success. Dell has spent a lot of money to fix the problem, but it hasn‟t been able to reclaim its previous customer service image.

21. **Less Spending on R&D:** Compared to its rivals, the Company spends a far less proportion of its sales on R&D, leading it to keep losing out on creating innovative products for mobile and tablet markets, as well as gaining new capabilities as well as skills.

22. As a consequence of its poor R&D investment, Dell does have a weak product portfolio, making it difficult for it to operate in the profitable smartphones and tablets market.

23. There are significantly too few retail malls: While selling goods online saves a lot of money and provides for product flexibility, it also limits product exposure. The customer is hesitant to accept in the products till he has them in his hands.

24. Dell‟s affordable pricing were once a competitive advantage, but such rates are now out of reach for the firm. If a competitor‟s price is cheaper, Dell has a competitive disadvantage since its goods, except from quality, are remarkably similar to those of rivals.

25. Increase the size of the logistics & business solutions departments: Dell offers a variety of cloud, security, and infrastructure services, as well as enterprise solutions (servers, networking, and storage), which are currently Dell‟s most profitable business. Dell‟s firm should concentrate on expanding such segments, as they offer more chances for growth and higher profit margins.

26. To diversify, Dell needs patents and creative innovations in manufacturing technology, which it gets via acquisitions. Dell‟s R&D centers are not installed correctly to discover emerging innovations and ideas, therefore the only way to gain patent protection and ideas is to buy other firms.

27. The fastest-growing marketplaces manufacturing laptops, PCs, tablets, as well as other digital equipment are developing nations. Dell has a large market position,

although its share of the market is diminishing, hence the business should strengthen its position.

28. The tablet market is projected to expand at a double-digit rate over the next several years, offering the corporation a good chance to create new tablet devices and benefit from the market‟s growth.

29. The popularity of smartphones and tablets is growing. Customers also choose smartphones and tablets over laptops because they are less costly and have more features. Rising demand for past generations is diminishing Dell‟s major revenue source is laptops.

30. Hardware profit margins are dwindling. Dell‟s principal source of revenue is hardware sales, which will see expenditures climb as raw material prices rise in the future. Dell‟s expenditures will climb, but so will its profit margin.

31. The rate of growth in laptop demand is declining. The computer industry‟s development is decreasing, and markets will eventually be immersed. Dell will be unable to exist in such a market, or even at the absolute least, recoup the share of the market it has already lost.

32. There is a lot of competition. Lots of others are trying to get your business. The company faces stiff competition in every single corner of its business. It compete against HP, Acer, IBM, Apple, Toshiba, and Lenovo on cost, reliability, image, innovation, popularity, marketing, and range of products.

33. There is fierce competition in the worldwide PC market.

34. A lot of threats face new company entrepreneurs.

35. The risk of being outdated in a computer business is a pulsating truth.

36. The price difference amongst brands is shrinking.

37. Customers like Dell‟s Direct Model because it saves them money. Dell‟s valuation increasing customer base may be challenged by the availability of low-cost laptops from other companies (Noor, 2019).

6.2.4 Business Level Strategy

Dell‟s direct business model is substantially distinct from the traditional computer makers. Unlike IBM, Compaq, and HP, Dell manufactured every computer to order and sold them directly to end users, whereas IBM, Compaq, and HP developed a planned supply chain based on market predictions and then distributed them to retailers (Govindarajan and Lang, 2002). Dell aims to produce value in terms of reduced costs all through the supply chain, particularly in key operations, but simultaneously decreasing those that do not contribute value, including increasing inventories and reseller mark-ups. An efficient just-in-time distribution network is used by Dell‟s supply chain, for instance, which is closely connected with its vendors (Brown et al., 2005). Relatively high customization, optimal outbound transportation relying upon complex information exchange methods with carriers, and poor direct marketing through cellphones and the internet are all part of the firm „s activities (McGraw-Hill Student Resources, n.d.). As per a MacWorld report, "Dell is essentially a sales and logistical workstation which operates with minimal expense" (quoted in Holzner, 2005, p. 202). Dell developed the ability to continually segment its client base into various consumer groups over time by using the information gathered from selling directly to customers. As a result, it may be able to better meet the needs of individuals (Magretta, 1998). Furthermore, it is becoming more evident that Dell‟s value is diminishing as a result of its poor customer experience (Brown et al., 2005; Holzner, 2005; Datamonitor, 2006; Holahan, 2006; Clark, 2006; Brignall and Levene, 2006). Given Dell‟s direct business approach, which enables the corporation to remain relatively near to its customers and promises to deliver greater customer care and support, this is a surprise reality (Magretta, 1998; Dell Inc., n. d. f). When the company first began operations with a scarce resource base, Dell‟s initial generic approach, or "being the lowest cost supplier providing standard technology and staying there," was prominent (Stewart and O‟Brien, 2005). The firm‟s supply chain, so according Magretta (1998), Nelson (2004), & Serwer et al. (2005), was constructed in such a manner that it delivered considerable cost advantages over its rivals. Moreover, differentiation has become a suitable distinguishing factor in businesses with huge technological irrelevancy because Dell‟s supply chain was capable of delivering highly customizable goods while simultaneously presenting the current newer technologies much faster than competing companies with increased inventory as well as weak, indirect channels of distribution (Govindarajan and Lang, 2002).

6.2.5 Corporate Level Strategy

Dell‟s success is built on a diverse set of products and services, and also the cross-selling possibilities which arise with them, and in managing a large set of companies (Datamonitor, 2006). Dell‟s warehousing and distribution marketing strategy is the basis for cross-business efficiencies throughout its line of products: initially created for desktop computers, Dell‟s innovative business framework was expanded greatly and suited to sell computers, printers, gadgets, and storage systems (Mockler, 2003). As stated by Frigo (2003), Dell‟s strategic competence is closely coordinated, leading to strategies and operations which maximize monetary value for shareholders. As per Kraemer & Dedrick (n.d.), Dell‟s balanced approach is to centralize some strategic choices and activities, like international markets and design & development, whereas depending upon regional input to provide localized market response. Dell uses a supply chain paradigm in which important operations are decentralized while support services are centralized. Dell seldom acquires other firms, and if it does, it‟s usually always for the purpose of growth. In these cases, the company‟s goal is to strategically streamline and enhance its portfolio of products, services, and customer segments. Dell‟s purchase of Alienware, for instance, is aimed at the gaming & media content consumer niche, while Dell‟s purchase of ACS during November 2006 offers it access to the latest services such as large computer system installation and maintenance (Dell Inc., 2006; anon., 2006).

6.3 CASE STUDY 2: A CONTEXTUAL ANALYSIS OF MICROSOFT CORPORATION

Microsoft was formed in 1975 in Redmond, Washington. It creates and maintains computer software, IT services, PC hardware, and solutions that provide unique value to clients and enable individuals and businesses to reach their full potential. Customers and businesses can benefit from the company‟s wide range of services and business solutions. Customers get software, services, platforms, and content from Microsoft, and businesses get support and consultancy. Operating systems, business or server or productivity solution applications, system management devices, tools for app development, games, cloud, IoT, cyber security, and the layout, manufacture, and business of desktop computers, tablet devices, gaming & entertainment game systems, digital applications, and linked equipment are all covered. Its business systems and software applications enable small companies to become more productive, large enterprises to become more competitive, and government agencies to become more efficient (Microsoft Annual Report 2018).

6.3.1 Background

From its early roots as a developer as well as vendor of BASIC interpreter for Altair 8800 systems, the business has continuously increased and maintained world positions in worldwide software firm ranking system, producing operating processes, numerous application programs, system management systems, software development instruments, support for technological innovations, and the layout, production, and trade of devices. The company is considered as best IT company (Microsoft Annual Report 2018). Microsoft is a household name now, as are its products. One might wonder what made Microsoft so well-known, relevant, and adaptable. It is because of the execution of its own strategy that Microsoft has gained a competitive advantage over other technological companies. This examines the techniques used by the corporation to diversify its products and services offering in order to preserve market stability and growth. It also evaluates and pulls secondary data from other sources, such as published papers and online resources, in order to evaluate the relevance and impact of different Microsoft products, as well as the company‟s customer base, software market share, and long-term goals. Microsoft Corp.‟s Official Website in the United States was the major source of data. In order to perform analysis and organize it, methods stated in various works were resorted to (Aithal, 2017).

6.3.2 The Progress

Bill Gates & Paul Allen created "Micro-soft" on April 4, 1975, in Albuquerque, New Mexico, fueled by a lucrative deal with MITS to sell and disseminate their interpreter as "Altair Basic." With Bill Gates as its CEO, the company made a total of $16,000 in revenue for the year, with only three employees on the payroll. Microsoft was founded in 1976 and is headquartered in Redmond, Washington. It developed FORTRAN, COBOL, as well as Assembler to advance the abilities of computers in research and business. Microsoft‟s first overseas office was established in Japan in 1978. In 1979, the firm relocated its operations to Bellevue, Washington. The corporation is expanding its service to Europe with the appointment of a new Belgian representative, Vector Microsoft. Microsoft has already reached an arrangement with a number of OEMs by this time. In 1980, Microsoft released Z-80 SoftCard, the company‟s first hardware product, which allowed users to run CP/M OS programs on Apple II computers with very little modification. With Xenix, Microsoft entered the OS business this year. In the same year, Microsoft released the Pascal programing language. Furthermore, the firm‟s primary product, MS-DOS, solidified the company‟s leadership in operating system industry these days. In 1981, IBM formed a cooperation with Microsoft to build and distribute MS-DOS 1.0, a critical operating system for IBM PCs. In the same year, Microsoft reformed as a private corporation. The President and Chairman and Executive Vice President, respectively, Gates and Allen assumed control. Microsoft Inc. was formed from the corporation. In 1983, GW-BASIC, an upgraded version of BASIC, was introduced. Microsoft C, a programing language, was introduced the same year. The company‟s first application software was a Microsoft Multiplan spreadsheet. Microsoft Windows was a visual operating system produced by Microsoft. The launch of Microsoft Mouse allowed the company to expand into new industries. Microsoft Press was founded as Microsoft‟s own publishing house.

The release of Microsoft Windows 1.0 in 1985 signaled the start of Microsoft‟s decennial festivities. Microsoft Works was first released in 1986. In the same year, Microsoft relocated its headquarters to Redmond, Washington. The stock of the corporation is listed on the equity market. In 1987, the company released OS/2, which was developed in collaboration with IBM, to OEMs. Microsoft acquired Forethought, Inc. and designated it as its Graphics Business Unit. Microsoft Bookshelf, a CD-ROM application offering 10 of the company‟s most popular and useful creations on a single disc, was released. LAN Manager and Microsoft Excel for Windows were also introduced by Microsoft. Microsoft SQL Server was first released in 1988. Bothell‟s new manufacturing and distribution center, Canyon Park, welcomes Microsoft. In 1989, the Office Suite was released as a collection of productivity apps. Windows 3.0 was introduced in 1990, accompanied with Windows 3.1 in 1992. In 1992, Microsoft released Access for Windows. This relational database management system (RDBMS) provides simple, transparent data access, robust, usability-tested instruments, and a stable development environment. In 1993, Microsoft released Windows NT, a client-server operating system with a stable, consistent, and open platform. The following year, the business released „Creative Writer and Fine Artist,‟ its first product aimed solely towards youngsters. In 1994, customers were given access to Encarta, the first electronic encyclopedia. SOFTIMAGE Inc. was acquired by Microsoft. Release of the well-known corporation tagline “Where Do You Want To Go Today?” Microsoft Bob for Windows, a social interface with a new user-interface and eight key capabilities (E-Mail, Address Book, Calendar, Letter Writer, Checkbook, Household Manager, Financial Guide, and GeoSafari), was announced in its 2nd decennial birth year, 1995. Also announced was SideWinder 3D Pro. ActiveX Technologies was announced by the business in 1996. SQL Server 6.5 and

Microsoft Flight Simulator for Windows 95 were also free. In 1997, Microsoft acquired Interse Corp. and made Office 97 available worldwide. The Internet Explorer 4.0 version was released. The year 1998 stands out for the corporation since it released one of its most popular products, Windows 98, to the world. The business opened its India Development Center in Hyderabad the same year. Microsoft‟s dedication to developing innovative Macintosh products continues with the release of Office 98 for Macintosh, a collection of Office Suite for Mac users. In 1998, Exchange Server overtook Lotus Notes in terms of sales. Microsoft released Encarta Africana in 1999. Microsoft launched Shop, its first online site. Microsoft released Internet Explorer 5.0 and Office 2000. In the year 2000, Microsoft purchased Visio Corporation. Bill Gates was appointed Chairman and Chief Software Architect, and Steve Ballmer was named President and CEO. Windows 2000 was released by Microsoft. In 2001, Microsoft released Windows XP, MS Office XP, and the Xbox. Microsoft Visual Studio.NET was first released in 2002. The tablet PC was released. In the same year, the company unveiled Windows Mobile and Microsoft Office System, as well as Windows Server 2003. In 2004, Microsoft released Windows XP Media Center Edition 2005. In 2005, the Xbox 360 was released. In 2007, Microsoft released Windows Vista. Windows Server 2008, SQL Server 2008, and Visual Studio 2008 were all released in 2008. In 2009, Microsoft released Windows 7. The Bing decision engine was also debuted in the same year. The company opened its first physical store in Scottsdale, Arizona, in the same year. Microsoft released Office 2010, Windows Phone 7, and Microsoft Lync in 2010. In 2011, Microsoft released Office 365. In the same year, it completed the acquisition of Skype, a Luxembourg-based company. Yammer was purchased by Microsoft in 2012. Microsoft Surface, Windows 8, Windows Server 2012, Visual Studio 2012, and Windows 8 were all released. In 2013, Microsoft released Office 2013 and expanded Office 365. In 2014, Microsoft announced the release of Office for iPad, as well as the availability of Office apps for Android tablets. In the same year, it purchased Nokia under the name Mobile Qy. It also bought Mojang, a video game development studio. Satya Nadella was named CEO. In 2015, Microsoft announced Windows 10, Surface 3, and Office 2016. In 2016, SQL Server 2016 and Dynamics 365 were released. In the same year, Microsoft purchased LinkedIn. The first HoloLens headset with blended reality technology was released. In 2017, it released Visual Studio 2017 and the Xbox One X. Highlights of 2018 include the opening of a campus in Dublin, Ireland, the announcement of Surface Hub 2, the unveiling of Xbox C, the availability of Surface Go, and the release of PowerShell Core 6.0 for mac OS and Linux.

The business has completed its purchase of GitHub. In 2021, Microsoft‟s path is also advancing swiftly (Gregory & Lawrence, 2019).

6.3.3 Growth Strategies

Microsoft Corporation has used 2 kinds of strategic planning to sustain a competitive edge in the PC software or hardware market: generic as well as intense growth strategies (Lawrence Gregory, 2017). Its generic technique takes a direct intensive approach, as seen in Figure 6.1. This structure improves the overall performance of the company. In general, a firm‟s generic strategy outlines the broad approach to assuring competitiveness, whereas intense growth strategies detail the tactics used to ensure company growth and development (Essays, 2018).

Generic Strategy – Competitive Advantage			
Intensive Strategies – Intensive Growth			
Market penetration (primary strategy)	Product Development (Secondary Strategy)	Market Development (Supporting Strategy)	Diversification (Supporting Strategy)

Figure 6.1: Microsoft Growth Strategies

Generic Approach

The corporation applies „Broad Differentiation‟ as a competitive advantage approach to maintain a competitive edge over its competitors. This implies that software-hardware solutions are aimed at a wide range of customers. When it comes to distinguishing its goods, the company leaves no option behind. The corporation increases its market, reaches a broader spectrum of customers, and establishes a competitive advantage with this strategy (Noor, 2008).

Intensive Strategies

Microsoft‟s objective with this approach is to make its products accessible in each and every part of the world. Market penetration is indeed a word used to describe how successfully a product or service enters the market. The corporation ensures market penetration by selling a wide range of items in the current market and offering new products to potential markets (R.C, 2015). This approach is accountable for the firm‟s global dominance in the operating system industry for personal computers. The company maintains a strong market presence by using a broad strategy which emphasizes product uniqueness in order to attract customers from a variety of industries.

(a) **Development of New Products:** Through innovation as well as upgrading, the company guarantees that new goods are introduced and that old products are updated with changes and additional features. This is how the corporation determines that Microsoft‟s products are always relevant and meet the needs of its customers. This aligns with the company‟s overall strategy, which places a premium on product uniqueness as a competitive edge (Hitt, Huskisson & Kim, 1997).

(b) **Market Development:** Market development is the process by which a corporation expands its market by exploring new and developing markets. This technique isn‟t as vital to Microsoft‟s current increased sales since its products are well-known and readily accessible, it did assist the company grow its share of the market in its initial years.

(c) **Diversification:** Microsoft‟s growth has been aided by product variety. Customers were kept guessing by the company‟s frequent introduction of new products and upgrades to old products. This aligns with the general concept of "product diversification" (Chang, 1007).

6.3.4 Organization Structure & Its Elements

Microsoft‟s organizational structure allows the industry to grow, especially following the 2015 restructuring. The anatomy, arrangement, and features of a company‟s organizational structure are all related. In the case of Microsoft, the corporate organizational structure shows the significance of company output. The corporation maintains its organizational structure to preserve a competitive advantage which is in line with development processes as a major participant in operating system business. The business‟s long-term performance is dependent on the organization‟s fit with market conditions and segment strengths. The firm uses a "product-type-division" structure. The structural divisions based on software and hardware items are the essence of this type. The highlights of this type structure are listed below.

1. **Divisions of Product Types:** The major aspect of Microsoft‟s organizational structure is divisions depending on product category. It groups employees and product-related resources based on the importance of the product/production element.

This demonstrates the company‟s ability to innovate products within the organizational framework.

2. **International Business Corporations:** These groupings define Microsoft‟s whole organisational structure. They are extremely important to a firm because technology-based businesses rely entirely on task-oriented components.

3. **Geographical Subgroups:** Microsoft Corporation‟s corporate structure also includes regional sections, which are used to organize operations in the company‟s financial reporting. A few examples comprise the CEO office, Marketing, Business Development, Finance, Applications & Service Group, Cloud & Enterprise Group, Windows & Devices Group, Technology & Research, as well as Legal.

6.3.5 SWOT Analysis

SWOT Analysis is a method for identifying an organization‟s strengths & weaknesses (internal strategic variables), as well as opportunities & threats (external strategic factors). These factors highlight the importance of Microsoft‟s unique product development, cyber security, and business diversification. These techniques can help the company maintain its position in the computer hardware and software market.

In the computer software-hardware spectrum, the brand „Microsoft‟ is the most well-known, trustworthy, and reliable. This image played a significant role in gaining new brand-loyal customers as well as retail-satisfied customers. Microsoft is the first choice of brand watchers, who evaluate products based on their brand image, which is linked to dependability. In addition, Microsoft has reached an agreement with key computer hardware manufacturers to integrate Microsoft products into their devices. As a result, Microsoft‟s brand image and product alignment with market demands give the corporation a competitive advantage. One of Microsoft‟s most serious flaws has been its products‟ easy vulnerability to cybercrime and attacks. Viruses and Trojan horses are always a threat to their operating systems. Because Microsoft products have weak security features, hackers can easily penetrate them and infuse product piracy. Furthermore, when compared to its competitors, certain Microsoft products have restricted features. Microsoft, although being a long-time leader in the software industry, has struggled to maintain the same image in the hardware arena. To maintain a competitive advantage, the corporation must improve and streamline its security methods as well as increase its hardware product lines. Microsoft, as a software behemoth, relies on its Windows operating system family for both growth and income. By broadening its product offerings, the firm has tremendous potential to grow. This will be accomplished by acquiring new software-hardware manufacturing companies as well as diversifying its own product offerings. In addition, the company sees potential in computer hardware and new technologies such as IoT, Cyber Security, and Artificial Intelligence (Edward Ferguson, 2017).

The primary threats to Microsoft include cybercrime, piracy, and competition from its competitors. Threats to Microsoft products are common in this Internet age, putting client activities at risk. The company‟s income expectations are challenged by widespread piracy, particularly in developing countries. Furthermore, the corporation is threatened by its competitors‟ fierce competitiveness. Microsoft Corporation holds the required business characteristics to sustain its leadership position in the computer software as well as hardware industries. A strong brand image and a positive façade are one of the key drivers of such a market situation. As a consequence, it is recommended that Microsoft maintain its positive brand image. In order to polish and improve favorable facades, it is also proposed that the company‟s partnership with other businesses be increased.

6.4 CASE STUDY 3: ISSUES IN INFOSYS HUMAN RESOURCES

Infosys is a worldwide leader in consultation, technology, outsourcing, as well as upcoming services. Professionals at Infosys assist customers in over 50 nations in staying ahead of changing business patterns and outperforming the competition. Our customers get the benefits of our vast expertise. We aid clients not just in managing their company, but also in creating a smarter organization. This allows them to focus on their most important business goals. They have worked in a number of industries. From supporting the development of stronger and lighter passenger jets and much more fuel-efficient smart cars that allow financial institutions to provide access to financial services to the world‟s most rural parts and offering information technologies executives with options to achieve maximum global flexibility and adaptability, Infosys provides better innovative ideas. In the process, Infosys is altering the way things work.

Infosys has gained the confidence of its stakeholders via more than just innovation. People believe that their obligations extend beyond the workplace. The Infosys Foundation assists some of the most helpless individuals in the communities where they operate. The Infosys Science Foundation awards the Infosys Prize to the most important research in the sciences as well as humanities at the time. With 169,000+ hardworking inventors and an entrepreneurial journey that started with 7 engineers and US$250, Infosys is now a publicly listed company with sales of far more than $8.64 billion (Dave, 2014).

6.4.1 Background

Infosys, a NYSE-listed global consulting and information technology services firm with approximately 165,000 employees, was formed in 1981. We have risen from a value of US$ 250 to a firm with a market value of US$ 36.1 billion and sales of US$ 8.64 billion (LTM Q3 FY15). During their thirty year long journey, they have expedited some of the major transformations which have contributed to India‟s growth as the worldwide location for software services expertise. Infosys was the 1st Indian information technology business to be registered at NASDAQ, and it developed the Global Delivery Model. Some of India‟s first salaried millionaires were produced as a result of their employee stock options program (Makwana, 2014).

6.4.2 Problem Statement

Attrition rates at Infosys, which produces over 1.6 lakh workers, have touched dangerous levels, according to the corporation. "At 18.7 percent, up from 16.3 percent the previous year, this index is at an all-time top and also has hit unacceptably elevated levels," said the firm‟s former CEO. Employee attrition is a bigger matter of concern for the company today. Regardless of the fact that attrition rates keep rising at Infosys, the nation‟s second-largest Information Technology services firm seeks to decrease them to 12-14 percent over the next 2 quarters since it resumes to progress. The Bangalore-based business has experienced a steady flow of departures in the preceding year and a half, notably amongst top executives. Attrition grew to 20.1 percent in the July-September 2014 quarter, rising from 19.5 percent in the April-June 2014 quarter as well as 17.3 percent in the preceding financial quarter. TCS recorded a 12% attrition rate in the April-June 2014 quarter, while Wipro (IT services) and HCL Services estimated rates of roughly 16% and 15% (last 12 months).These firms are anticipated to disclose their quarterly earnings for the July-September 2014 quarter later in the month (Garud, 2005).

This might be due to a number of factors:

1. **Lack of obvious professional growth:** Staff may quit a company if they perceive that there"s no scope for progress. They"ll try out other possibilities.

2. **Workplace Culture:** When there is a mismatch in the culture, employees will most likely depart.

3. **Supervisors Attitude:** Whenever supervisors show a negative temper toward colleagues, it affects their confidence that leads to employee unhappiness and friction with their supervisors.

4. **Programs that fail to engage employees:** Staff may resign if they think the company is not treating them properly. Employee dissatisfaction will grow as a consequence of simply extracting labor and not treating employees with respect.

5. **A biased evaluation procedure:** If the annual performance evaluation process fails to identify and reward diligent staff. As a consequence, attrition rates are estimated to rise.

6. Learners lose motivation since they aren"t properly connected with the technology they"ve been taught. This has a tremendous influence on the careers and profiles of candidates. As a consequence, those prospects are on the lookout for a way out from the company as quickly as feasible. As a consequence, the firm is unable to retain its workforce. Employee happiness is dwindling. Overall, it stifles the company"s expansion and productivity.

6.4.3 Expectations

Infosys is seeking to minimize its huge turnover in the coming months with the recruitment of Vishal Sikka as its chief operating officer and a group of executives. Infosys has declared a 100 percent variable incentive payment to its workers for the December quarter, as the nation"s 2nd biggest software services business attempts to reduce its high attrition rates. *"We made a 100% variable payout for Q3 and have observed a further drop in attrition as a result of several actions implemented over the last few quarters,"* said UB Pravin Rao, Infosys Chief Operating Officer. Vishal Sikka, who took over as CEO last year, addressed the business‟s huge turnover being one of the first things he has done. For the quarter ending December 2014, the company‟s attrition rate (based on the previous twelve months) was 20.4 percent, slightly higher than the 20.1 percent recorded in the July-September 2014 quarter (Makwana, 2014).

6.4.4 Corrective Measures

Attrition rates among Infosys employees are alarming, thus the company is using multiple tactics to keep the best employees on board, according to the company‟s COO Pravin Rao. *"We have made a concerted effort to listen to our personnel. The issue wasn't so much about pay as it was about stability, professional advancement, and variable pay. In the last six to seven months, he noted, the company had completed all of its tasks on time. We've done promotions on a quarterly basis."* In fact, we promoted 7,500 workers this quarter. Promotion is a sign of progress. *"Our expansion provided an opportunity for our employees to advance in their careers,"* he said. The corporation has also offered two compensation increases since July of last year. Mr. Shibulal (previous CEO) said that the firm was undertaking a variety of additional staff retention strategies, such as reforming the variable pay system, increasing promotions, increasing certification and training programs, and introducing a fast-track approach for workers.

6.4.5 Expert Opinions

Analysts suggest that management has taken remedial measures despite extensive discussion about the high turnover rate. *"It's crucial to realize that there's no magic wand to cure problems, and it could take two to three quarters to normalize things,"* as stated by CEO and chief analyst Mr. Sanchit Gogia. Others assume that now that Vishal Sikka, a brand in his own right, has joined the business, the high turnover rate will diminish. Information Technology Services (Infosys) has reawakened interest and confidence. As per an HR professional, young people have a lot of faith in Sikka.

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