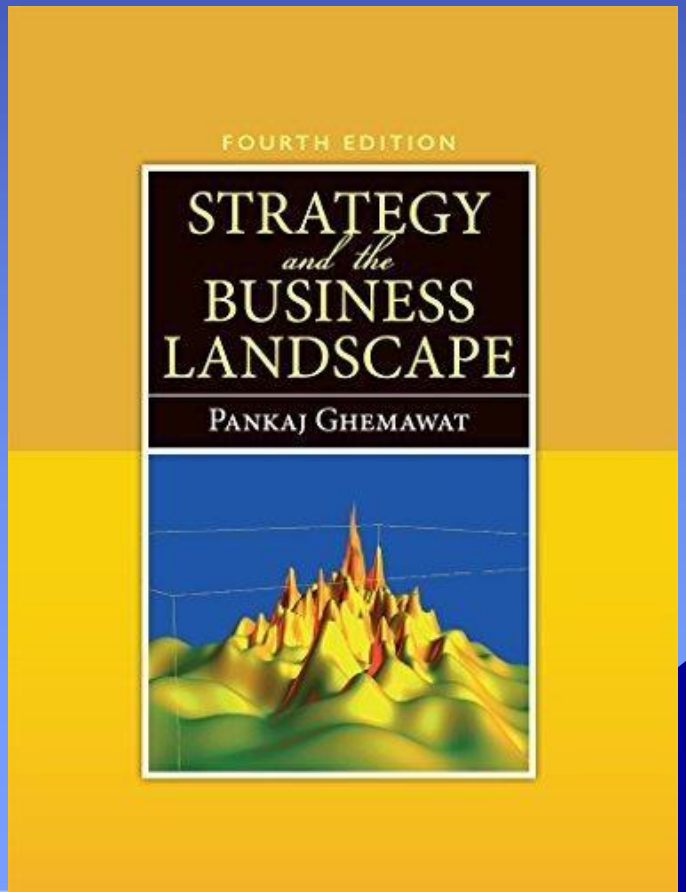
DIPLOMA PENGURUSAN HAJI & UMRAH (DHUMY)



STRATEGIC MANAGEMENT (DHU 3633)

CHAPTER 1: WHAT IS STRATEGIC MANAGEMENT/BUSINESS STRATEGIC

OBJECTIVES

In this subject, students will be:

1. Develop consensus within an organization on the behaviors that must be in place to support the values that will enable an organization to accomplish it's mission

2. Emphasize the prerequisite environment/culture, facilitation of the process, and process team dynamics.

3. Strategic Direction (Strategy Formation) thinking about the specifics of strategy in new, creative ways.

4. Ability to innovate business strategies business concept

5. Strategy Execution Framework' to formulate strategy, and translate into a project portfoliosto realizes the strategy.

LEARNING OUTCOMES

At the end of this course, students will be able to:

1. Show very clearly how to operationalize the mission, vision and strategy of a company.

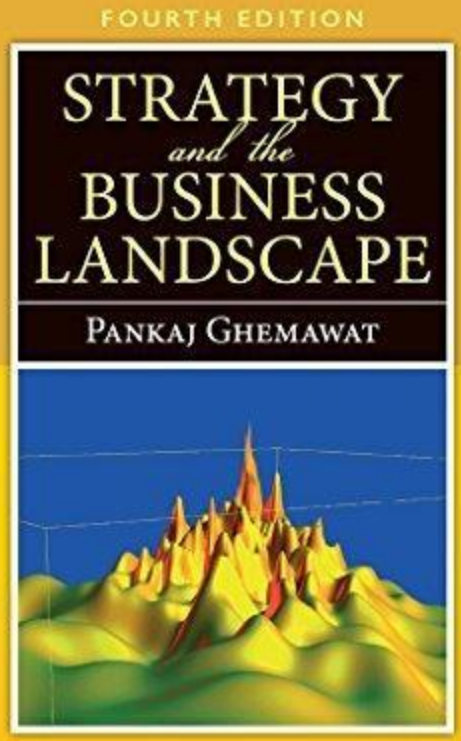
2. Present the Strategic Execution Framework' to formulate the mission, vision and strategy, and how to translate this into a project portfolio which realizes the strategy.

3. Facilitate on the process of strategy development - ability to innovate their business strategies and sustainable competitive advantage.

4. Formulation of business strategy

5. Strategy execution with Strategic Positioning - Decide Where to Be, Plan What to Do to succeed

ASSESMENT METHODS & TYPES



Recommended Text Book

Assessment Methods and Types	Individual Assignment	15%
	Individual Presentation	5%
	Quizzes	20%
	Mid Semester Test	20%
	Final Examination	40%
	TOTAL	**100%**

A DEFINITION OF BUSINESS STRATEGY

- The definition of business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives.

  Strategy is management's game plan for strengthening the performance of the enterprise.

- It states how business should be conducted to achieve the desired goals. Without a strategy management has no roadmap to guide them.

DEFINING YOUR BUSINESS STRATEGY

- Defining your business strategy is a core management function.
- It must be said that having a good strategy and executing the strategy well, does not guarantee success.
- Organisations can face unforeseen circumstances and adverse conditions through no fault of their own.

WHAT IS STRATEGIC MANAGEMENT

Strategic management is the application of knowledge, skills, tools, and techniques to the activities of strategic planning and strategy implementation to successfully achieve the vision, goals, and objectives of the organization.

WHAT IS STRATEGIC MANAGEMENT

1. Strategic management is the ongoing planning, monitoring, analysis and assessment of all necessities an organization needs to meet its goals and objectives.

2. Changes in business environments will require organizations to constantly assess their strategies for success.
3. The strategic management process helps organizations take stock of their present situation, chalk out strategies, deploy them and analyze the effectiveness of the implemented management strategies.

4. Strategic management strategies consist of five basic strategies and can differ in implementation depending on the surrounding environment. Strategic management applies both to on-premise and mobile platforms.

5. Strategic management provides a consistent framework for managing each phase of the strategic planning lifecycle (design through delivery).

6. Management tools and processes provide guardrails that help organizations overcome a majority of issues causing less than acceptable outcomes.

7. Detailed planning information is carried between individual phases providing consistency and traceability.

STRATEGIC MANAGEMENT

1. is independent of the planning approach
2. is adaptable to support organizational processes
3. captures robust information about the strategic plan
4. maintains the linkages and dependencies between plan elements
5. provides a robust approach to managing the lifecycle
6. supports effective transitions between lifecycle phases
7. supports integrated risk management across plan elements
8. provides support for a dynamic planning & change management
9. provides monitoring and analysis of plan quality, health, and status
10. delivers robust information for strategic decision making

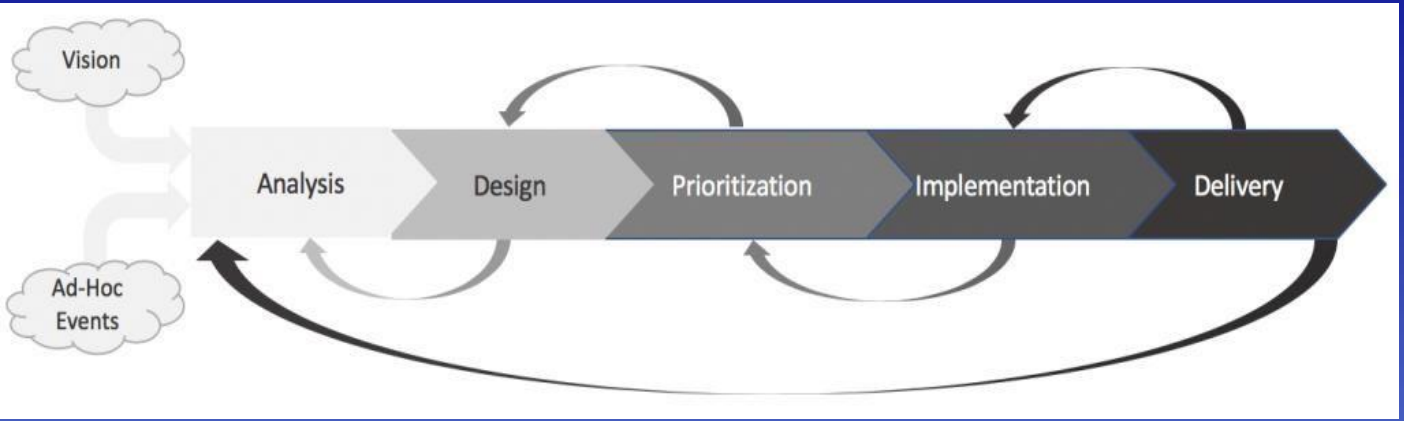
11. Strategic management captures the information required for the automated assessment of plan quality, status and health.

12. These assessments support the variety of reviews and reports for oversight and understanding.

13. Review processes include detailed quality assessments, plan performance measure target vs actual analysis, initiative plan milestone status, organizational action plan reviews, and gap assessments that address plan risk-risk mitigation.

14. Reviews, analysis, and reports support each phase of the strategy life-cycle and support a broad range of stakeholder interests.

THE STRATEGIC PLANNING LIFECYCLE



1. Independent of the approach used to develop a strategic plan, the strategic planning lifecycle consists of five phases: analysis, design, prioritization, implementation, and delivery.

2. Strategic planning today has become a more dynamic process, trending away from the cyclical nature of previous generations. This requires greater attention to change management, to prevent chaotic disruption of an already difficult management problem.

3. The dynamic nature of the Healthcare market requires a more adaptive process, brought on by disruptive technology, emergence of population health, non-traditional competition, and regulatory uncertainty.

WHY IS STRATEGY MANAGEMENT IMPORTANT?

1. Strategy management can help organizations that struggle to achieve their projected strategic outcomes by focusing on the details of planning

2. Provides solid guidance for creating clear, simple and understandable plans that are well structured and achievable

3. Capture critical information and establishing consistent ways to represent, analyze and review the quality of a given plan

4. Provides standardized approaches to evaluating potential strategic initiatives, providing consistent information to leadership for prioritization and selection of strategic initiatives

5. Manages the transition between design and implementation using the information captured during the design phase.

6. Provides implementation management oversight, tracking progress, monitoring health, and addressing emerging risks

7. Provides dynamic off-cycle review of ad-hoc events and requests, leveraging the same standardized prioritization assessment and applying change management rigors to the process

8. Monitors key performance indicators, leading indicators predicting risk, lagging indicators tracking performance outcome, and external triggers that indicate potential market changes

9. Provides consistent stakeholder engagement and review processes, fully supported by detailed informatics and analytics that provide status, alerting, and recommendations

STRATEGIC MANAGEMENT PROVIDES :

The rigor required to manage across the entire plan, with automated services that reduce the added burden of rigorous management processes. Organizations can use their planning approach and their own processes, even add their own business rules. Strategy management leverages:

1) detailed information collection
2) standardized processes
3) management tools to support each phase of the process, including the transitions between phases
4) analytics that process plan, prioritization and implementation data and provide quality, health, and status assessment
5) reporting and review tools that generate easy to understand and interpret reports
6) adaptable solutions that evolve with the organization

STRATEGIC MANAGEMENT IN YOUR ORGANIZATION

- ✓ If your organization requires the coordination of multiple departments or teams of individuals in the implementation of both near and long-term goals and objectives, you probably need some sort of formal strategic management.
- ✓ If nothing else, it is important to focus limited resources on the most important initiatives.
- ✓ In addition to improving the outcomes of your efforts, strategic management can help you determine the best opportunities.
- ✓ By improving the communication, discussions for optimal outcomes become commonplace. The language of strategic management encourages better utilization of resources and better understanding of vision and strategy.

BENEFITS OF STRATEGIC MANAGEMENT

1. Strategic management is generally thought to have financial and nonfinancial benefits.
2. A strategic management process helps an organization and its leadership to think about and plan for its future existence, fulfilling a chief responsibility of a board of directors.
3. Strategic management sets a direction for the organization and its employees.
4. Unlike once-and-done strategic plans, effective strategic management continuously plans, monitors and tests an organization's activities, resulting in greater operational efficiency, market share and profitability.

STRATEGIC MANAGEMENT CONCEPTS

1. Strategic management is based around an organization's clear understanding of its mission; its vision for where it wants to be in the future; and the values that will guide its actions.

2. The process requires a commitment to strategic planning, a subset of business management that involves an organization's ability to set both short- and long-term goals.

3. Strategic planning also includes the planning of strategic decisions, activities and resource allocation needed to achieve those goals.

4. Having a defined process for managing an institution's strategies will help organizations make logical decisions and develop new goals quickly in order to keep pace with evolving technology, market and business conditions.

5. Strategic management can, thus, help an organization gain competitive advantage, improve market share and plan for its future.

FIVE STAGES OF STRATEGIC MANAGEMENT PROCESS

There are many schools of thought on how to do strategic management, and academics and managers have developed numerous frameworks to guide the strategic management process. In general, the process typically includes five phases:

1. assessing the organization's current strategic direction;
2. identifying and analyzing internal and external strengths and weaknesses;
3. formulating action plans;
4. executing action plans; and
5. evaluating to what degree action plans have been successful and making changes when desired results are not being produced.

STRATEGIC MANAGEMENT PROCESS

1. Effective communication, data collection and organizational culture also play an important part in the strategic management process -- especially at large, complex companies.

2. Lack of communication and a negative corporate culture can result in a misalignment of the organization's strategic management plan and the activities undertaken by its various business units and departments. (See Value of organizational culture.)

3. Thus, strategy management includes analyzing cross-functional business decisions prior to implementing them to ensure they are aligned with strategic plans.

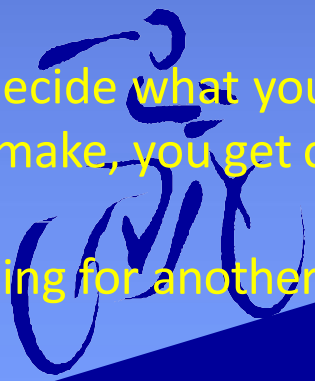
THE ECONOMIC WAY OF THINKING

Economic way of thinking is defined as a way of looking at, and analysing, the way the world works by comparing the costs of an action with the benefits generated.
Let us look at how an economist thinks and goes about seeking answers to his questions. There are six key ideas that define the economic way of thinking, as given below:

THE ECONOMIC WAY OF THINKING

1. TRADE OFF

- In today's world the major problem is scarcity of resources, because of this scarcity there will never be enough of everything to satisfy everyone completely, a choice is a trade-off.
- Whenever you choose one thing over another, you are making a tradeoff. You are giving up one thing to get another that you want even more. We have to choose the best alternative amongst the available alternatives.
- For example, you have INR 25; you have to decide what you will buy with that a snack for a cold drink. Whatever choice you make, you get one and loose one.
- Trade-Off is an exchange i.e. letting of one thing for another.



THE ECONOMIC WAY OF THINKING

2. RATIONAL CHOICES

- Any choice you make will be a rational choice; a rational choice is a choice which compares cost and benefit. In our earlier example if you are hungry you will choose snacks over cold drink as it will give you more satisfaction than a cold drink.

- This point gives rise to a question of what goods and services should be produced and in what quantity.

- The answer to this question is those goods which people will rationally chose to buy. Example, why are people now purchasing more Samsung phones then Nokia? Answer is more benefit and cost.

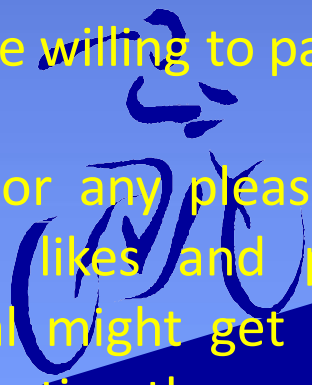
THE ECONOMIC WAY OF THINKING

3. BENEFITS

- Benefit is measured by economist as ‘the most that a person is willing to give up to get something.” For example, how much are you willing to pay for a pizza by Dominos?

- Each one of us has in reserve somewhere or the other in our mind a sense of what thing sare really worth. Their maximum value or benefit, and the maximum price we are willing to pay for it.

- Benefit is something that is gained or any pleasure derived by an individual; it is determined by the likes and preferences of an individual. For example, an individual might get a kick listening to Heavy Metal, it brings him more satisfaction then a Hip-Hop



THE ECONOMIC WAY OF THINKING

4. OPPORTUNITY COST

- Opportunity cost is the foregone value associated with the current rather than next-best use of an asset. In other words, cost is determined by the highest-valued opportunity that must be foregone to allow current use.

- In our first example of INR 25; cold drink was the opportunity cost of snacks i.e. with rupees 25 you could either buy cold drink or snacks.

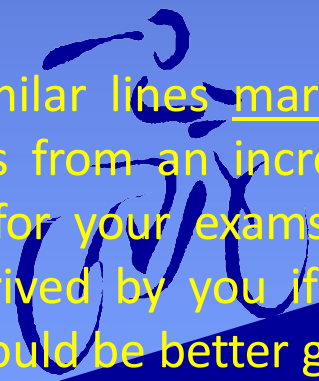
THE ECONOMIC WAY OF THINKING

5. MARGIN

- Let's understand this with an example; you have to allocate your next two hours between studying and helping your brother in his project, the choice if not all or nothing. To make this decision you will compare the benefits and allocate the time accordingly.

- You decide how much time will you allocate to study and how much to help your brother on his project based on margin.

- We all know what marginal utility, on similar lines marginal benefit is the additional benefit which a person derives from an increase in activity. For example, you have completed preparing for your exams a day in advance, however the marginal benefit will be derived by you if you revise a night before exams. The marginal benefit here would be better grades.



THE ECONOMIC WAY OF THINKING

6. INCENTIVES

- Self-interest is what is pursued by every individual on this planet, be it you me or any doctor, politician, civil servant, etc… Incentives are the key forces which drive self-interest amongst every individual.

- Self-interest does not means selfishness, it is to decide how will you use your resources so that they bring the maximum benefit not only to others but also you.

- The idea in economics is to predict self-interested choices people make by looking at the incentive. People take those activities which provide them marginal benefits.

HAZARDS OF THE ECONOMIC WAY OF THINKING

1. Economic way of thinking examines how people make choices under conditions of scarcity and systems of production, consumption, and distribution.

2. It also examines the effects of government policy and actions on market outcomes.

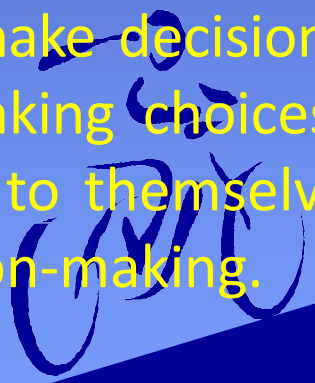
3. The economic way of thinking provides a decision-making framework for individuals, firms and policy-makers.

HAZARDS OF THE ECONOMIC WAY OF THINKING

- This module is about how economists analyze issues and problems, which is sometimes referred to as the "economic way of thinking."

- Now we segue into introducing some specific features of economic thinking: economic rationality, marginal analysis, and positive vs. normative reasoning.

- Economists assume that humans make decisions in predictable ways. They believe that, when making choices, people try to avoid costs and maximize benefits to themselves. This is what economists mean by rational decision-making.



HAZARDS OF THE ECONOMIC WAY OF THINKING

- Economists recognize that very few choices in the real world are "all or nothing."
- Most of the time, people have the choice to do a little more or a little less of something: Should you eat one more muffin? Should you study economics for another hour?
- Should you spend a little less money on gas? Economists use the word *marginal* to mean "additional" or "extra," and they use the term *marginal analysis* to describe how people make choices by comparing the benefits and costs of doing a bit more or a bit less.
- Economists can make two kinds of arguments. Positive reasoning is scientific reasoning, based on theories and evidence. Policy decisions often employ normative reasoning, which is based on values.

WHAT ARE THE FIVE STEPS TO ECONOMIC THINKING?

The economic way of thinking focuses on positive, as opposed to normative, analysis, and applies the five-step **scientific method**:

(1) recognize the **problem**,

(2) cut away unnecessary detail by making assumptions,

(3) develop a model or story,

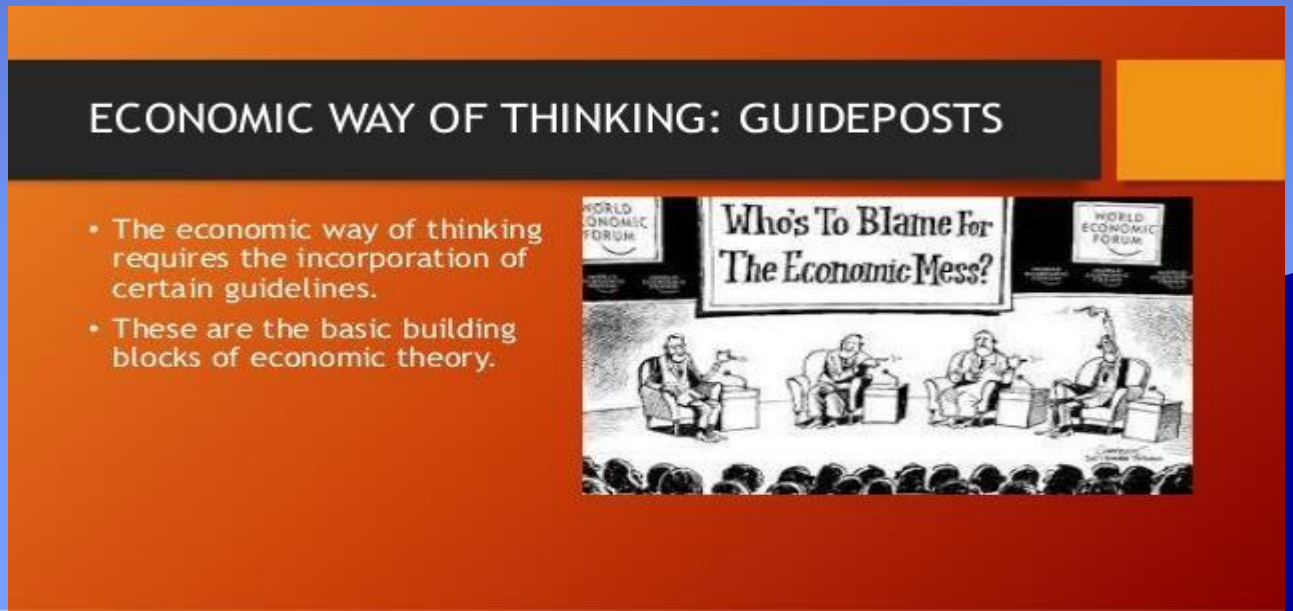
(4) make predictions, and

(5) test the model

WHAT ARE ECONOMIC LIMITATIONS?

- **Economics** is a social science that examines how people produce, distribute, and consume goods and services.

- This means that much of the field is based on human behavior, which can be somewhat irrational and unpredictable. ... Also, the field of**economics** suffers from the problem of non-replicability.



WHAT ARE SOME OF THE LIMITATIONS AND DRAWBACKS OF ECONOMICS AS A FIELD?

- Economics is a social science that examines how people produce, distribute, and consume goods and services. This means that much of the field is based on human behavior, which can be somewhat irrational and unpredictable.

- For this reason, it's a science with certain inherent limitations that prevent its practitioner – economists, that is – from being able to predict markets' performance accurately and know exactly how certain policies will affect different sectors and economies.

WHAT ARE SOME OF THE LIMITATIONS AND DRAWBACKS OF ECONOMICS AS A FIELD?

- Also, the field of economics suffers from the problem of non-replicability. It is impossible to precisely recreate market conditions or predict an outcome based on how markets have behaved in the past under similar circumstances.

- Unlike the hard sciences, where researchers are able to isolate certain variables and figure out direct relationships between cause and effect, there is no way to isolate any variable in the world of economics completely.

- The markets are simply too large, too intertwined and too influenced by human behavior to act in any way that is 100% predictable.

- In fact, there are so many variables involved that it is even impossible to identify all the factors in play in the first place.

WHAT ARE SOME OF THE LIMITATIONS AND DRAWBACKS OF ECONOMICS AS A FIELD?

- The limitations of economics become especially problematic in normative economics, which involves recommendations about how things ought to be and what types of policies a government should implement in order to improve a nation's economy.

- Different economists come to completely different conclusions about what kind of regulations and controls should be applied to various markets and exactly what outcomes will result.

- While they can point to data, historical precedence, and other facts to support their arguments, **THERE IS NO WAY TO GUARANTEE THAT THEY ARE RIGHT.**

WHAT ARE SOME OF THE LIMITATIONS AND DRAWBACKS OF ECONOMICS AS A FIELD?

- Because the field of economics cannot provide concrete conclusions, it is susceptible to criticism from a variety of sources, as is the case with political economics.
- Politicians often use normative economics to argue for certain policy changes that support their own agendas.
- They present their beliefs and hypotheses to the public as irrefutable facts when, in actuality, there is no way to verify the validity of their ideas, except to put them into practice and evaluate the results.

PREPARED BY:

MEOR ROZMAN BIN HAJI MEOR RASHDI
012 765 3495
mrozman65@gmail.com