
THE NEED OF STRATEGIC MANAGEMENT PRACTICE IN A COMPETITIVE BUSINESS ENVIRONMENT (A MANAGEMENT FEELING TO OUTSMART-BUSINESS RIVALS)

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ABSTRACT

Globalization and changes in the system of doing business as called for a rethink by business managers on best practices to be adopted in order to with stand changes that may occur. Strategic management is a strategy and technique use by business owners in order to outsmart the competitors in an environment they operate. This paper examines the need for strategic management practice in a competitive business environment. The methodology used by researcher of this paper was a theoretical approach through a descriptive studies and analysis. It dwells on the theoretical frame work and analysis of five task of strategic management process which include; developing strategic vision, setting objective, crafting a good strategy, implementing strategy, evaluating performance and corrective actions. Conclusions were drawn and recommendations given to include the need for business owners to adopt the practice of strategic management to with stand changes in their business as well evaluation of performance to detect deviations from target objectives.

INTRODUCTION

Globalization has made business system to have undergone a number of changes in recent years. These changes are accompanied by growth both size and magnitude. Therefore, business to cope with these changes modern management techniques is used in contemporary business environment; this technique is called strategic management. The principle responsibility of the practicing manager is to ensure that the organization keeps abreast with the external environment and to make sure he sees the essence of management in terms of quality service delivery to customers. The economic downturn which started in the united state of America since 2007 extended it shocks to rest of world and Nigeria in particular. The business and industrial sector of Nigeria since 2008 is in state of management chaos and most managers are still deciding the means of getting out of the menace (Ibrahim, 2009); the only way to recover and get out of the menace is through the technique of strategic management. Strategic management is based on the belief that an organization should continually monitor internal and external events, the past and the present as well determined for the best future of the business. To adapt to changes therefore, Organization must ask these key questions.

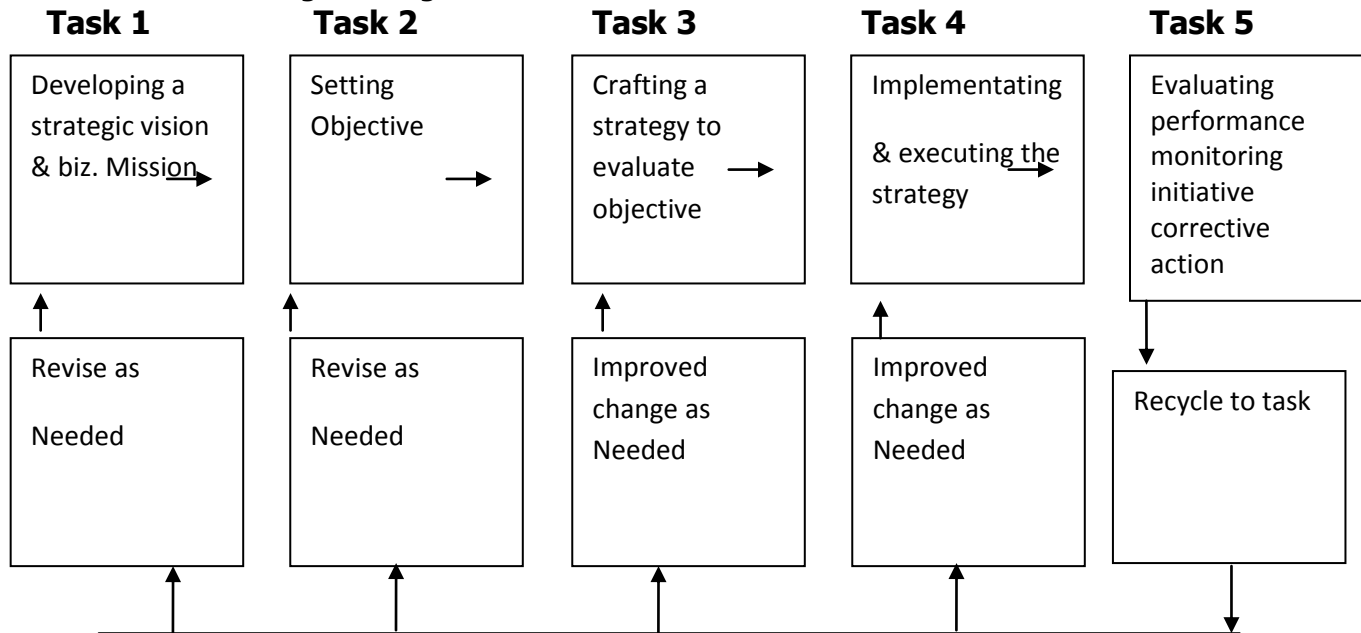
1. What is our vision for the organization?
2. Where the organization should be headed?
3. What should its future technology be?
4. What kind of organization do we want to be?
5. How well can we deliver services to our customers?
6. What strategies should be pursued to achieve the above question?

It is natural that business is a risky game and that a good strategy is needed to achieve a better result thereby free organization from failure(s). Since the business has to do with money management as and other resources, managers have the task of considering the organization as a whole and not as an entity distinct and independent business unit, this means everyone in the organization should be included in attempt to seek success (Kazmi, 2008.) Based on above assertions and with respect to the chances in business environment, globalization and economic downturn, there is need for us to understand the importance of strategic management by business managers. This paper examines the importance of strategic management to the performance and profitability of business. The papers will dwell on developing strategic vision, setting objectives, implementing strategy, evaluation and control as a five task approach in achieving a good strategic management process in an organization.

THEORITICAL FRAMEWORK

To understand the concept of strategic management we need to know; what is strategy? According to Thompson & Strickland (2001) strategy is the game plan management is using to stake out a market position, conduct its operation, attract and please customers, compete successfully, and achieve organizational objectives. Therefore, strategic management is defined as the process whereby managers establish an organization long-term directions, set specific objective, develop strategies to achieve these objectives in light of all the relevant internal & external circumstances, and undertake to execute the chosen plan (Thompson & Strickland, 2003). By this definition, strategic management must involve the participation of every member of the organization and the functional units e.g. Production, Marketing, Finance, Research & development and human resource department towards the pursuit of general objectives of the organization. To achieve a good strategic management process, it is not a start-stop-event that once done can easily be put aside for ea wile. Manager and leaders must track progress and spot or identify problem areas within and outside the organization early enough through a good strategy implementation & evaluation. This is done through the use of five task strategic management process.

Five Tasks of Strategic Management Process



Culled from Thompson & Strickland (2001)

Task 1, 2, 3; is refer to as the planning stage of strategic management process and, task 4 and 5 is referred to his the implementation stage of strategic management process. Management must put these promises into practice in order to compete favourably, in any business environment.

Developing a strategic vision & business mission: strategic vision is the first task which companies and organization takes into account the short-run or long-run directions and how it could be achieved through proper strategy implementation EI-Namaki (1992), defined vision to mean a mental perception of that kind of environment an individual, or an organization aspires to create within a board time horizon and the underlying conditions for the actualization of this perception.

Example of strategic vision (Karison Restaurant)

To be Nigerian best quick service restaurant chain, we will always provide our guest tasting, healthful, affordable price in a friendly visit on every visit.

Setting Objectives: This involves conversion of strategic vision which is boarder in perspective to specific and attainable objectives; this may be in a short –run or long-run. However, the short-run objectives of organization determine the achievement of long-run objectives. Kazmi (2002), opines that, manager who set objectives for themselves and their organizations are more likely to achieve them than those who do not specify their performance targets. Therefore, every unity or departments in organization needs concrete and measurable performance target that contribute meaningfully towards achieving overall objectives. Thompson & Strickland (2003), from organizations wide perspective, two distinct performances are required those relating to financial objectives and strategic performance is

crucial to all business organization, this is because without profitability, the pursuit of vision as well long term health & ultimate survival of the business will be in jeopardy.

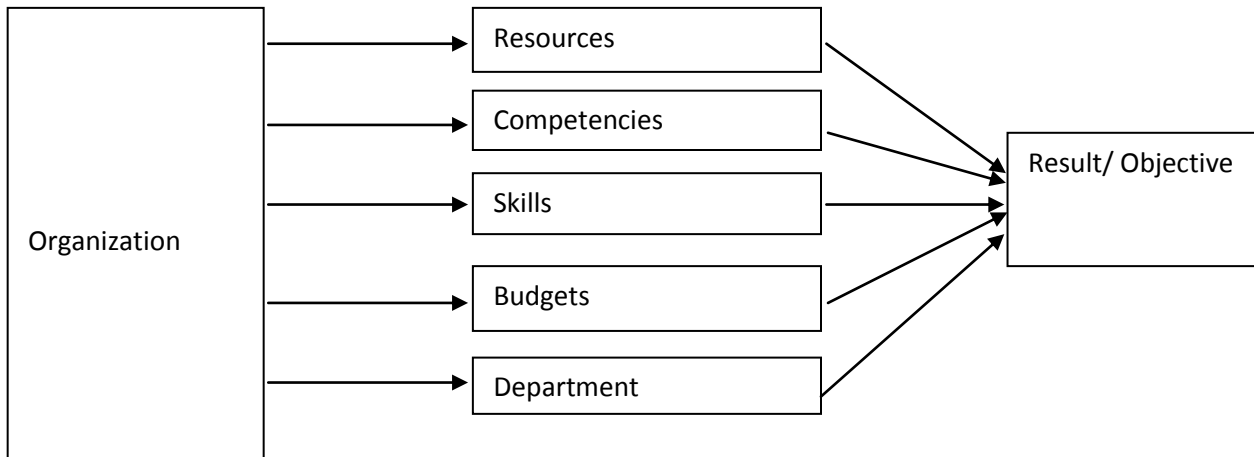
Crafting a Strategy to Achieve Objectives

Crafting strategy reflects managerial choice among alternatives and signals organizational commitment to particular products, markets, competitive approaches and way of operating the enterprises. Strategy crafting brings into action the managerial issues of how to achieve the targeted result in the light of organizations situation. Business owners must use their strategy to study the internal and external environment as well variables via the strength & weakness and opportunities & threats (SWOT) in term of finance, marketing, human resources, customers and competitors. This will help them to re –define the objectives of the organization in short and long run perspective. The experience of that is working and what is not working e.g. unforeseen events and fresh thinking about how to improve the strategy is required.

Implementation and Executing Strategy

Strategy implementation and execution put the structure of organization into consideration and resources, competency, budgets, departments and the attainment of the objective or result. Thompson & Strickland (2001), states that strategy implementation & execution is the most complicated and time consuming part of strategic management process. No matter the dream of a business there must be organization couple with budgets in order to achieve good implementation

Strategy Implementation Process



In implementing strategy, the following principle aspect needs to be considered.

- (1) Building an organization capable of carrying out the strategy (i.e. a well structured organization with outline of positions and responsibilities.
- (2) Allocation of resources to enable functional unit or department & people to do their work successfully.
- (3) Establishing strategy supportive policies & operating procedures.
- (4) Putting a choosing strategy into place for implementation.

- (5) Motivating people or workers in a way that induce them to pursue the target obstacles.
- (6) Putting in place good communication and information technology to enhance best practices.
- (7) Instituting good leadership to drive implementation via participating approach to decision making.

Each manager has to answer the question; what has to be done in my area or department to execute my piece of strategic plan and how can I best get it done? Creating conduit-pipe must be avoided in attempt to achieve good strategy implementation. This means that there must not be deliberate refusal to allocate resources to achieve implementation of strategy must be avoided.

EVALUATING PERFORMANCE, MONITORING NEW DEVELOPMENT & INITIATING CORRECTIVE ACTION

It is necessary for management to evaluate the organizations performance and progress. Through evaluation the organization will know or remain on track and where deviation occurs, corrective action must be taken. It is the management duty to stay on top with eagle eye to know whether things are going well internally and monitoring outside development closely. Because of the dynamic nature of the business and society, changes might have occurred. Therefore modification is needed in case of new development. However, if evaluation result shows negative, the manager need to recycled to any stage of 4, 3, 2 or 1 of the strategic management process for re-evaluation to get a better result.

CONCLUSION

Strategic management is seen as a good technique to out-smart rivals or withstand competition. To achieve the business or company objectives, strategic management should be given step-by-step approach towards realizing the objectives of the business. The vision and mission of the business via profitability, growth & survival and to gain good market share is achievable through the use of strategic management technique.

RECOMMENDATIONS

- (1) Business manager should adopt the practice of strategic management in order to withstand changes that may occur in their business.
- (2) Motivation of staffs to help implementation of strategic management process is very necessary since staffs or personnel are the main element in executing organization plan and strategy.
- (3) Manager's need to involve all departments in decision making and allow them participates in crafting a good strategy to help achieve company objectives.
- (4) Manager should always evaluate the performance of their organization or business & monitor deviation in order to take corrective actions & where performance does not match target objective, they should revised back to institute appropriate measures to correct deviations.

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