

FIGURE 1-1
A Comprehensive Strategic-Management Model
Source: Fred R. David, "How Companies Define Their Mission," *Long Range Planning* 22, no. 3 (June 1989): 40. See also Ashik Rahmawati, Nurdaji, Anwar, Pradisa Setiawan, and Pita Ariawan Wijaya, "Balance Scorecard of David's Strategic Modeling of Industrial Business for National Construction Contractor of Indonesia," *Journal of Mathematics and Technology*, no. 4 (October 2010): 20.

Stages of Strategic Management – Formulation, Implementation, Evaluation

Description

Business strategies are as good as the stages of strategic management or the process through which they are developed, actualized, and monitored for effectiveness through a sound [total quality management \(TQM\) process](#).

[Business strategy](#) development and implementation can, thus, be discussed as a function of quality improvement and quality control. The strategic management process consists of three key stages.

Stages of Strategic Management Process

- Strategy formulation
- Strategy implementation
- Strategy evaluation

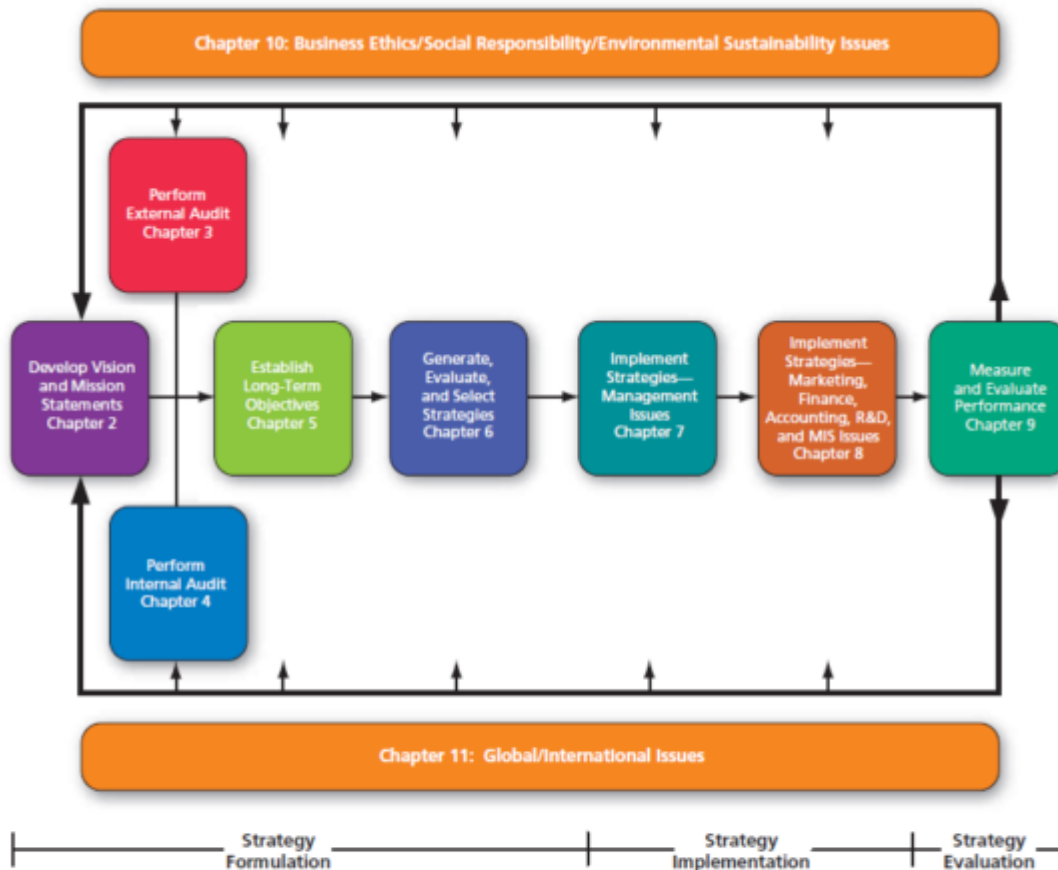


FIGURE 1-1

A Comprehensive Strategic-Management Model

Source: Fred R. David, "How Companies Define Their Mission," *Long Range Planning* 22, no. 3 (June 1988): 40. See also Anik Ratnaningsih, Nadjadi Anwar, Patidono Suwignjo, and Putu Artama Wiguna, "Balance Scorecard of David's Strategic Modeling at Industrial Business for National Construction Contractor of Indonesia," *Journal of Mathematics and Technology*, no. 4 (October 2010): 20.

Stage 1: Strategy Formulation

Strategy formulation includes developing a vision and a mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies, and choosing particular strategies to pursue.

Strategy formulation issues include deciding what new businesses to enter, what businesses to abandon, whether to expand operations or diversify, whether to enter international markets, whether to merge or form a joint venture, and how to avoid a hostile takeover.

Because no organization has unlimited resources, strategists must decide which alternative strategies will benefit the firm most.

Strategy formulation decisions commit an organization to specific products, markets, resources, and technologies over an extended period of time. Strategies determine long-term competitive advantages.

For better or worse, strategic decisions have major multifunctional consequences and enduring effects on an organization. Top managers have the best perspective to understand fully the ramifications of strategy formulation decisions; they have the authority to commit the resources necessary for implementation.

Stage 2: Strategy Implementation

Strategy implementation requires a firm to establish annual objectives, devise policies, [motivate employees](#), and allocate resources so that formulated strategies can be executed.

Strategy implementation includes developing a strategy-supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and using information systems, and linking [employee compensation](#) to organizational performance.

Strategy implementation often is called the “action stage” of strategic management. Implementing strategy means mobilizing employees and managers to put formulated strategies into action. Often considered to be the most difficult stage in strategic management, strategy implementation requires personal discipline, commitment, and sacrifice.

Successful strategy implementation hinges on managers’ ability to motivate employees, which is more an art than a science. Strategies formulated but not implemented serve no useful purpose.

[Interpersonal communication skills](#) are especially critical for successful strategy implementation. Strategy implementation activities affect all employees and managers in an organization.

Every division and department must decide on answers to questions such as “What must we do to implement our part of the organization’s strategy?” and “How best can we get the job done?” The challenge of implementation is to stimulate managers and employees throughout an organization to work with pride and enthusiasm toward

achieving stated objectives.

Stage 3: Strategy Evaluation

Strategy evaluation, which is a key [step of the continuous improvement process](#), is the final stage in strategic management. Managers desperately need to know when particular strategies are not working well; strategy evaluation is the primary means for obtaining this information. All strategies are subject to future modification because external and internal factors constantly change.

Three fundamental strategy-evaluation activities are:

- Reviewing external and internal factors that are the bases for current strategies
- Measuring performance
- Making corrective actions

Strategy evaluation is needed because success today is no guarantee of success tomorrow! Success always creates new and different problems; complacent organizations experience demise.

Formulation, implementation, and evaluation of strategy activities occur at three hierarchical levels in a large organization: corporate, divisional or strategic business unit, and functional. By [fostering communication and interaction among managers and employees](#) across hierarchical levels, strategic management helps a firm function as a competitive team.

Most small businesses and some large businesses do not have divisions or strategic business units; they have only the corporate and functional levels. Nevertheless, managers and employees at these two levels should be actively involved in strategic-management activities.

The Role of Strategic Management Teams

The prime task of strategic management is thinking through the overall mission of a business-that is, of asking the question, "What is our business?" This leads to the setting of objectives, the development of strategies, and the making of today's decisions for tomorrow's results.

This clearly must be done by a special strategic management team within the organization that can see the entire business; that can balance objectives and the needs of today against the needs of tomorrow; and that can allocate resources of men and money to key results.

Source: David Fred, David Forest (2016), [Strategic Management: A Competitive Advantage Approach, Concepts and Cases](#), Pearson (16th Edition).

The Stages of Strategic Management [article](#) appeared first on [HKT Consultant](#).

Category

1. Business Essay Papers
2. Quantitative Strategic Planning
3. Sample Essays
4. Strategic Management
5. Total Quality Management

Tags

1. Business
2. Business and Management
3. BUSINESS PLAN
4. Communication
5. culture
6. Quantitative Strategic Planning
7. Strategic Management
8. Strategic Planning
9. Total Quality Management
10. TQM

Date Created

August 2022

Meta Fields

Yoast Wpseo Focuskw : stages of strategic management

Yoast Wpseo Primary Category : 295