

# **Strategic Management - The Competitive Edge**

**Prof. R. Srinivasan**

**Department of Management Studies**

**Indian Institution of Science, Bangalore**

**Module No. # 01**

**Lecture No. # 04**

## **Strategic Management Process - 02**

We looked at the learning organization and what are the four main activities of the learning organization. Just to have a recap, the four main activities of the learning organization are: to solve the problem systematically, experimenting with new approaches, learning from their own past experiences and past history as well as from the experiences of others, then transferring knowledge quickly and efficiently throughout the organization.

Now, we go further; we go to what is called the strategic decision-making modes given by this gentleman Mintzberg who is considered to be one of the important persons in strategic management; he gave these four modes of decision-making.

(Refer Slide Time: 01:05)

**Mintzberg's Modes of Strategic Decision Making**

- \* Entrepreneurial Mode: by one powerful individual. Focus is on Opportunities ; problems are secondary; guided by founder's own vision of direction; exemplified by large, bold decisions. Ex. AOL (founder STEVE CASE) (though clear growth strategy is an advantage of the entrepreneurial mode, tendency to mkt products before being able to support them is certainly a disadvantage)
- \* Adaptive Mode: 'Muddling through'; characterised by reactive solutions to existing problems - Much bargaining goes on concerning priorities of objectives - Strategy is fragmented and is developed to move the company forward incrementally. Ex. Typical of our Universities, Edn System, Govt agencies (Encyclopedia Britannica Inc. has moved away from this approach to Telvn Advtg & Internet mktg from 1996 after acquisition by the dual career couples)



The first mode which he gave is what is called the entrepreneurial mode. What is the explanation for this entrepreneurial mode? This strategic decision is taken in the entrepreneurial mode by one powerful individual. The focus is on opportunities; problems are secondary; it is guided by the founder's own vision of direction; it is exemplified by large bold decisions.

The example that Mintzberg is referring to is the America online, the founder is Steve Case. One of the points which are brought out to you in the brackets was, though there was a clear growth strategy, that is, though clear growth strategy is an advantage of the entrepreneurial mode, tendency to market products before being able to support them is certainly a disadvantage, this was what was found in fact in America online.

So, Steve Case opened the internet services of America online to its customers, but the customers found that they were not really able to access the web. So before really creating the infrastructure that is required to support its decision, America online wanted to implement this decision which back fired.

The second mode is what is called adaptive mode. The adaptive mode is referred to as muddling through; what is this muddling through mean? It is characterized by reactive solutions to existing problems; much bargaining goes on concerning priorities of

objectives; strategy is fragmented and is developed to move the company forward incrementally.

This is typical of our university systems or the education system. You may say this is what the democracy has got to do; that is, a democratic way of decision-making has got to do with. In other words, you consult everyone; when you consult everyone, you find that agreements are not forthcoming from everyone. In order to make this agreement come through, you go through a lot of exercises. Result is, the movement forward is typically very slow - it goes at its snail's pace; it does not move fast because you have to carry along the whole this thing.

Similarly, with respect to government organizations, no need to really give examples. Suppose you have a file in a government organization, a typical government organization in the country, whether it is a state government or even the central government it does not matter. Unless and until you follow up this file, you may find that this file itself may become nonexistent; unfortunate but, true.

So in other words, it is not enough for you just if you shootout a letter to a particular person. In the typical Indian context, you have to follow it up by repeated queries or reminders or telephone calls or whatever. To see what is the type of action that has been initiated by the organization concerned.

It is not greatly different in the other developed countries but, the only difference that you find in the developed countries is you do not have to remind them so often as you would do in the Indian context; one reminder is quite enough for them to act. So, here instead of one you may have to remind them many times to act.

(Refer Slide Time: 06:37)

**Mintzberg's Modes of Strategic Decision Making**

- \* Entrepreneurial Mode: by one powerful individual. Focus is on Opportunities ; problems are secondary; guided by founder's own vision of direction; exemplified by large, bold decisions. Ex. AOL (founder STEVE CASE) (though clear growth strategy is an advantage of the entrepreneurial mode, tendency to mkt products before being able to support them is certainly a disadvantage)
- \* Adaptive Mode: 'Muddling through'; characterised by reactive solutions to existing problems - Much bargaining goes on concerning priorities of objectives - Strategy is fragmented and is developed to move the company forward incrementally. Ex. Typical of our Universities, Edn System, Govt agencies (Encyclopedia Britannica Inc. has moved away from this approach to Telvn Advtg & Internet mktg from 1996 after acquisition by the dual career couples)



The example that is given here in brackets is, Encyclopedia Britannica Inc has moved away from this approach to television advertising and internet marketing from 1996 after acquisition by the dual career couples. In other words, what does this person Mintzberg say is, adaptive mode or muddling through may not always be the right type of strategic decision-making. Okay for a short term existence but, not very good for the long term existence of the organization.

So you should not always be characterized as a reactive, you should be characterized also as proactive; that is, you do not wait for things to happen in a market, then after things have happened in a market you react - that is the organization reacts; no, not really the way. Why cannot you be the leader and you come out with something of your own in a market place, so that the others could follow? You do not always have to be a follower; so this is adaptive.

(Refer Slide Time: 08:02)



\* Planning Mode: Systematic gathering of appropriate information for situation analysis, generation of feasible alternative strategies and rational selection of the most appropriate strategy - includes proactive search for new opportunities and relative solutions of existing problems.  
Ex. J.C. Penny Co. - after careful study of shopping trends in 1980's moved out of hardware, appliances, automotive items & electronics to apparel and home furnishings. Lower personal incomes in 1990's led J.C. Penny to emphasise private brands; could offer high quality of goods at lower prices in dept stores.

\* Logical Incrementalization- syntheses of planning, adaptive and to a lesser extent entrepreneurial mode of decision making. – Organisation learns through an interactive process of probing into the future, experimenting and learning from a series of incremental commitments rather than through global formulations of total strategies. Useful when the environment is changing rapidly and it is important to build consensus and develop needed resources before committing the organisation to a specific strategy.

The next mode of decision-making which most organizations, if possible, would like to adopt or would love to adopt, is the planning mode. I said if possible, what do you mean by if possible? Just go through this definition a little more closely. Planning mode refers to systematic gathering of appropriate information for situation analysis, generation of feasible alternative strategies and rational selection of the most appropriate strategy - includes proactive search for new opportunities and relative solutions of existing problems.

The example that is cited here is J. C. Penny and company in the west; after careful study of shopping trends in 1980s moved out of hardware, appliances, automotive items and electronics to apparel and home furnishings. Then lower personal incomes in 1990s led J. C. Penny to emphasize private brands could offer high quality of goods at lower prices in department stores. So in fact, you find a J. C. Penny store in almost all the leading airports in the United States. You go into any airport you find this J. C. Penny and company and it is a trusted brand name and you also find it in other western countries as well. I gave the example of the planning mode, if it is possible an organization would love to do this, that is, what is the catch in the whole this thing?

The catch is that, organization should have sufficient time to do this exercise; that is, you should have if it is possible for you to systematically gather data - nothing like that; but, suppose you are asked to really put up with this data in a very short time, then this

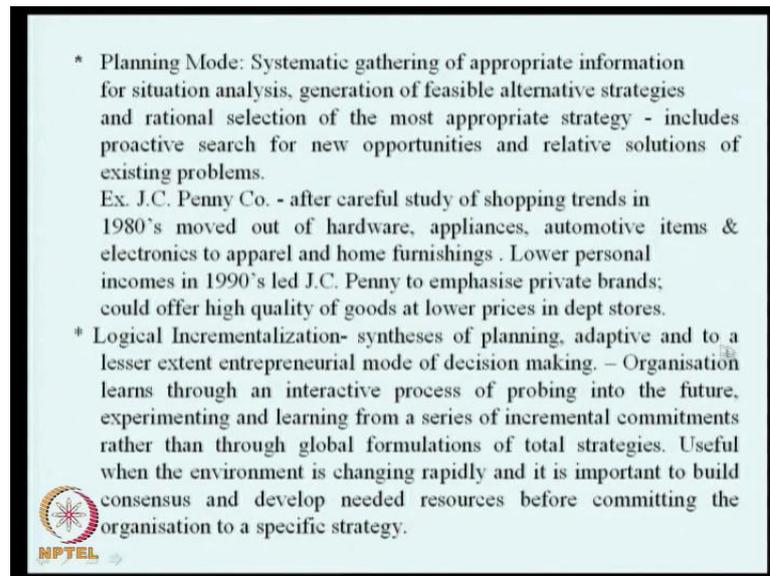
systematic gathering you may not be able to follow fully and you may do some compromises.

So, instead of systematically gathering data, if you gather primary data, it is all the more reliable, you may say let me go to secondary data. What you mean by secondary data? Data that is already gathered in a market, you may say, let me try to gather data from these secondary sources and put this to use because I really do not have that much time available to do this systematic gathering of appropriate information; but if you had the time, nothing like the planning mode of decision-making.

So, the next mode of decision-making which Mintzberg talks of is what is called the logical incrementalization. What is this logical incrementalization? This logical incrementalization refers to synthesis of planning, adaptive and to a lesser extent - entrepreneurial mode of decision-making.

Organization learns through an interactive process of probing into the future, experimenting and learning from a series of incremental commitments rather than through global formulations of total strategies. Useful when the environment is changing rapidly and it is important to build consensus and develop needed resources before committing the organization to a specific strategy.

(Refer Slide Time: 12:41)



\* Planning Mode: Systematic gathering of appropriate information for situation analysis, generation of feasible alternative strategies and rational selection of the most appropriate strategy - includes proactive search for new opportunities and relative solutions of existing problems.  
Ex. J.C. Penny Co. - after careful study of shopping trends in 1980's moved out of hardware, appliances, automotive items & electronics to apparel and home furnishings . Lower personal incomes in 1990's led J.C. Penny to emphasise private brands; could offer high quality of goods at lower prices in dept stores.

\* Logical Incrementalization- syntheses of planning, adaptive and to a lesser extent entrepreneurial mode of decision making. – Organisation learns through an interactive process of probing into the future, experimenting and learning from a series of incremental commitments rather than through global formulations of total strategies. Useful when the environment is changing rapidly and it is important to build consensus and develop needed resources before committing the organisation to a specific strategy.



Kindly read this; logical incrementalization again refers to synthesis of planning, adaptive and to a lesser extent, entrepreneurial mode of decision-making. Organization learns through an interactive process of probing into the future, experimenting and learning from a series of incremental commitments rather than through global formulations of total strategies. Useful when the environment is changing rapidly and it is important to build consensus and develop needed resources before committing the organization to a specific strategy.

So what you make out of this? You make out that this strategic decision-making mode combines the planning, adaptive and to a lesser extend the entrepreneurial mode of decision-making. We saw the pitfall of entrepreneurial mode of decision-making - where the decision-making can be very quick. You may tend to make decisions which may not be fully practical or not implementable in practice like the America online.

So whereas, this process you make a little bit of planning mode decisions, you take a little bit of adaptive mode decisions and to a certain extend the entrepreneurial mode where you have that quickness; so you have all these put together to come and react to a dynamic market situation.

Now the question that you have to answer is this logical incrementalization is first a strategic response of an organization in the domestic market, kindly note that. It is not

something which you apply immediately to global situations. So you formulate your global strategies depending on what happened in the domestic market. Suppose your domestic strategies are very successful and you found them possible for implementation in the international markets.

So this is what is called the feedback or the learning exercise and all these market intelligence gathering which companies do, tell them whether it is possible to implement these strategies in different markets. So then, you can perhaps formulate a global formulation of these total strategies otherwise, you may confine yourself to the domestic market or the market in which you are operating.

Now the question that comes is, what should be the response of the present day Indian organization? This is one question which you may like to answer. How should the present day Indian organization respond? What is a typical characteristic in which the organization is functioning today - an Indian organization? You have, name the market, you have a large number of players in the market. There is practically no market where the player is only one except perhaps, the Indian railways. A few years back the Indian Airlines used to have a monopoly of the Indian skies. Now look at what is happening with respect to the Indian skies; you have cut-throat competition with a large number of players entering the Indian skies.

So this is what competition can do; then, what have they done to the airline industry? For the first time in the country, you are seeing in the airline industry, what is called the dynamic pricing model being applied? What is this dynamic pricing model? Suppose you are in a position, let us say to finalize your travel plans about 2 months earlier or 1 month earlier things like that, to a particular destination.

Then it is very possible that the present air fare structure may allow you to get a ticket at a much lower price. Suppose you are not able to do that and you are moving to 1 day 2 days before your actual departure. You may find you are actually paying the full fare for that route that is you may be really suppose 10000 rupees is the fare, you may be ending up paying that 10000 rupees; sometimes you may be ending up even paying more than that 10000 rupees also because the airlines might like to capitalize on this market scenario.

So they may say, we are charging more for the ticket now. This is what the dynamic pricing models help the airlines with or have done to the airlines. Now the question that comes is, what is the type of decision which organizations which are typically operating in Indian context and what is the mode in which they should take this strategic decision.

We basically looked at these four modes that is the entrepreneurial mode, the adaptive mode, the planning mode and the logical incrementalization mode; which one would you recommend for adaption or for taking by the Indian organization.

After going through all the examples that I gave you, after listening to the different aspects of decision-making which I went through and after your analysis you may tend to think that Indian organizations may be better off if they adapt this logical incrementalization as their mode of decision-making.

This strategic decision-making you may tend to think that way; why you may tend to think that way? It is because you are operating in a market which is highly dynamic in Indian context - present day Indian context.

So this logical incrementalization mode helps the organizations to adapt a bit of planning, use bit of adaptive mode and also to a certain extent this entrepreneurial mode of decision-making why not bring the benefits of all the three earlier modes mentioned and bring this into this logical incrementalization mode. A organization might be better of this might be your thinking not very much of the mark, that is you are not very much of the mark in the present day context.

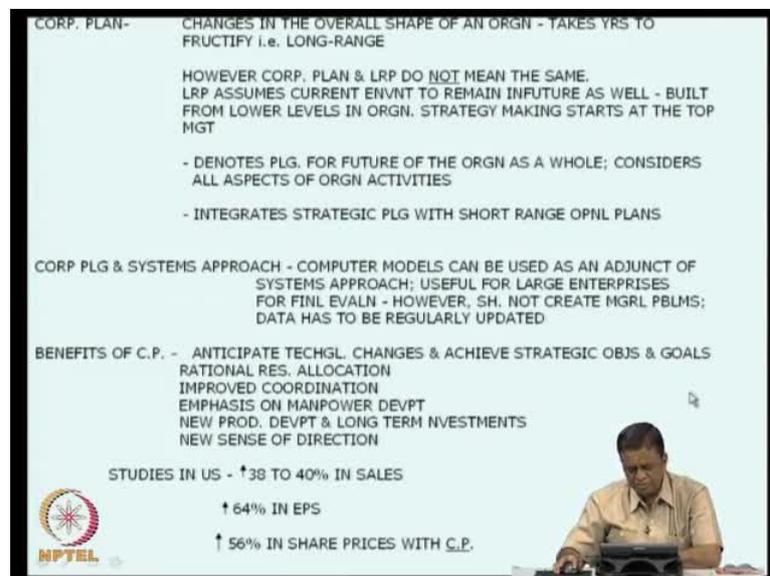
An organization might still look at a logical incrementalization as its first preferred strategic decision-making mode but, do not just right off the entrepreneurial mode of decision-making. Sometimes this dynamic environment also brings out very good entrepreneurs to the four.

A wonderful example that you can give is none other than our major ITES company that is Infosys. So many times, an entrepreneurial decision; now a different mode of decision-making in the initial stages, an entrepreneurial mode of decision-making, now gone through different stages of decision-making modes. Now a decision which is taken at

Infosys may not be totally entrepreneurial, but still a very quick response to a dynamic situation.

In other words, what do you mean? In Indian organization to a large extent may be better of going to the logical incrementalization mode, but it should also keep at the back of its mind. If possible to go in for an entrepreneurial decision mode also since, it is very possible that being a market leader, you may stand to have higher benefits or premium or able to get a market premium for your products or product lines which is always welcome.

(Refer Slide Time: 23:40)



**CORP. PLAN-** CHANGES IN THE OVERALL SHAPE OF AN ORGN - TAKES YRS TO FRUCTIFY i.e. LONG-RANGE

HOWEVER CORP. PLAN & LRP DO NOT MEAN THE SAME. LRP ASSUMES CURRENT ENVNT TO REMAIN INFUTURE AS WELL - BUILT FROM LOWER LEVELS IN ORGN. STRATEGY MAKING STARTS AT THE TOP MGT

- DENOTES PLG. FOR FUTURE OF THE ORGN AS A WHOLE; CONSIDERS ALL ASPECTS OF ORGN ACTIVITIES
- INTEGRATES STRATEGIC PLG WITH SHORT RANGE OPNL PLANS

**CORP PLG & SYSTEMS APPROACH** - COMPUTER MODELS CAN BE USED AS AN ADJUNCT OF SYSTEMS APPROACH; USEFUL FOR LARGE ENTERPRISES FOR FINL EVALN - HOWEVER, SH. NOT CREATE MGRL PBLMS; DATA HAS TO BE REGULARLY UPDATED

**BENEFITS OF C.P.** - ANTICIPATE TECHGL. CHANGES & ACHIEVE STRATEGIC OBJS & GOALS  
RATIONAL RES. ALLOCATION  
IMPROVED COORDINATION  
EMPHASIS ON MANPOWER DEVPT  
NEW PROD. DEVPT & LONG TERM INVESTMENTS  
NEW SENSE OF DIRECTION

**STUDIES IN US** - ↑38 TO 40% IN SALES  
↑ 64% IN EPS  
↑ 56% IN SHARE PRICES WITH C.P.

**NPTEL**

So these are the four modes of decision-making and we go on further. Now what is the corporate plan, which I was talking to you earlier? What does it involve? It involves the changes in the overall shape of an organization; it takes years to fructify that is, you are looking at a long range horizon.

Many times people ask you the question, what is the difference between corporate plan and a long range plan - which you may like to know the difference. The main difference between corporate plan and a long range plan is that the long range plan assumes the current environment to remain in future as well; it is built from lower levels in organization strategy. In organization, strategy making starts at the top management.

The main aspect which you should know in a long range planning is that the dynamic environment in which the Indian organization is operating today is not considered. So, what is the example of a long range planning in the Indian set up? The example that you can think of is the Visakhapatnam dockyard, what does this dockyard do? It builds ships. What is the time period that is taken to build a ship? It typically takes between 3 to 5 years to build a ship depending on the size.

So, how does the entire process work? Normally it is a country order that is another country places an order on this dockyard to build a ship for that country. Sometimes even large shipping organizations in different countries might do, might place an order. Now when such an order is placed what does it entail? It entails that irrespective of what happens in the environment? This dockyard is going to build this ship in the next 3 to 5 years and deliver it to the concerned country.

It is not bothered about what is going to happen in the market of that country or whatever. So that country has committed to paying this country this much money for building the ship that much money is paid may be in installments or different intervals and it is paid in full, after the ship is delivered.

In other words the organization that is in this particular case, the Visakhapatnam dockyard not bothered about what is happening in the external environment, so it bothers itself about the internal environment, builds the ships and delivers it to the customer. In this case, may be another country or may be another large shipping organization in other country things like that; but in a corporate plan, in addition to being a long range plan that is you are looking at a 5 year horizon or a 10 year horizon, you are also looking at a dynamic environment.

So you are looking at the market changes which are taking place in that environment, those changes can have profound impact, so none other than the example of this Kudremukh iron ore company, which started its operations when this country run was being ruled by the Monarchy that is the royals.

When the royals were deep throne through a comb, the fortunes of this Kudremukh iron ore company also nosedived. The result is what type of commitment, which Iran had given to Kudremukh iron Ore Company through the Indian government. The

commitment was whatever mine was mined, that is whatever quantity was really mined the iron ore, it everything would be has to be sold to Iran and everything would be lifted by Iran.

Now that main class, fundamental class itself took a beating because the royal government no longer existed when this mining process was fully through. It was a total sea change with respect to the operating environment of Kudremukh Iron Ore Company. The result is the company had to look for other buyers, other country buyers, because Iran said it cannot lift the entire iron ore produced by KEOCL. All these are the problems, which can accompany a strategic decision-making when some environmental changes, which are not under the control of the actors, take place.

So like Kudremukh iron ore never expected that the royals would be dethroned or the government structure itself will undergo a change in Iran. When the governmental structure itself has under gone to change in Iran the commitment, which was given by the previous governmental structure was not binding on the new governmental structure, which affected the fortunes of this company.

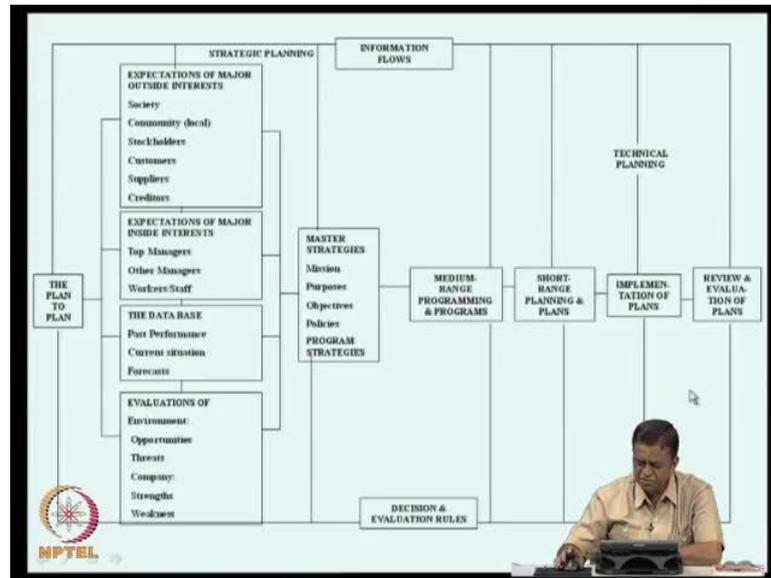
When we really look at corporate planning, if you really see strategy making starts at the top management, denotes planning for the future of the organization as a whole considers all aspects of organization activities. This corporate planning also integrates strategic planning with short range operational plans. So, you are looking at this strategic planning exercise also in the corporate planning exercise.

Now the next question that comes is how the systems approach was helped this corporate planning process? It can be used as an adjunct of systems approach that is the computer models useful for large enterprises for financially evaluation however, should not create managerial problems data has to be regularly updated.

In other words what does it mean? You cannot adopt a systems approach as an adjunct for corporate planning. It can be helpful for large organizations, but at the same time you should be careful on what is the extent of information that can be passed out.

The last question that you may like to answer is what have been the benefits of corporate planning? The benefits of corporate planning is has been to anticipate technological changes and achieves strategic objectives and goals.

(Refer Slide Time: 32:38)



(Refer Slide Time: 32:43)

**CORP. PLAN-** CHANGES IN THE OVERALL SHAPE OF AN ORGN - TAKES YRS TO FRUCTIFY i.e. LONG-RANGE

HOWEVER CORP. PLAN & LRP DO NOT MEAN THE SAME. LRP ASSUMES CURRENT ENVNT TO REMAIN INFUTURE AS WELL - BUILT FROM LOWER LEVELS IN ORGN. STRATEGY MAKING STARTS AT THE TOP MGT

- DENOTES PLG. FOR FUTURE OF THE ORGN AS A WHOLE; CONSIDERS ALL ASPECTS OF ORGN ACTIVITIES
- INTEGRATES STRATEGIC PLG WITH SHORT RANGE OPNL PLANS

**CORP PLG & SYSTEMS APPROACH** - COMPUTER MODELS CAN BE USED AS AN ADJUNCT OF SYSTEMS APPROACH; USEFUL FOR LARGE ENTERPRISES FOR FINL EVALN - HOWEVER, SH. NOT CREATE MGRL PBLMS; DATA HAS TO BE REGULARLY UPDATED

**BENEFITS OF C.P.** - ANTICIPATE TECHGL. CHANGES & ACHIEVE STRATEGIC OBJ& GOALS  
 RATIONAL RES. ALLOCATION  
 IMPROVED COORDINATION  
 EMPHASIS ON MANPOWER DEVPT  
 NEW PROD. DEVPT & LONG TERM NVESTMENTS  
 NEW SENSE OF DIRECTION

**STUDIES IN US** - ↑38 TO 40% IN SALES  
 ↑ 64% IN EPS  
 ↑ 56% IN SHARE PRICES WITH C.P.

An NPTEL logo is in the bottom left corner.

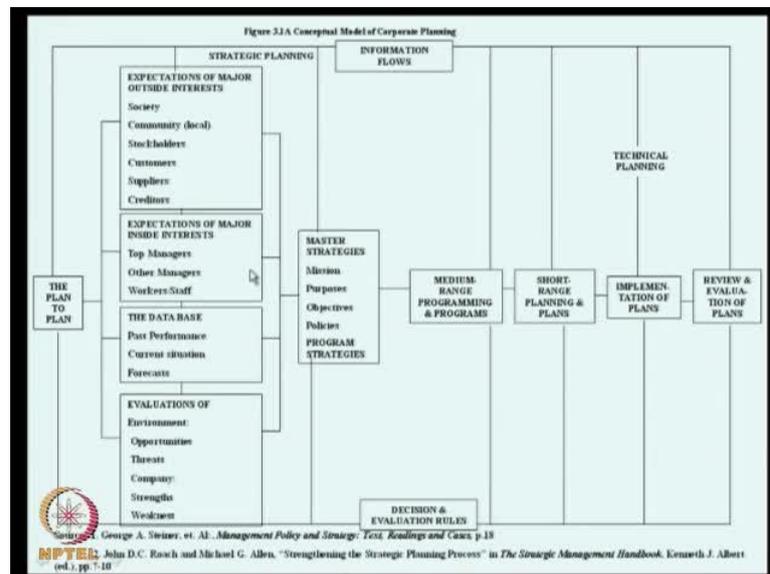
It has helped in rational resource allocation; it has also helped in improved coordination; it has put emphasis on man power development; it has helped a new product development and long term investments; it has given a new sense of direction to the organization concern.

Studies in the United States have proved that an organization which has followed this corporate planning process, they have reported an increase of 38 to 40 percent in sales, an increase of 64 percent in their earnings per share and an increase of 56 percent in share prices. By following the corporate plan, the organizations have really benefited a lot; so as I mention to you earlier, the organizations were looking at longer time horizons that is a horizon between 3 to 5 years minimum.

So when you are looking at a corporate planning exercise, you normally would do it for a 5 year planning period sometimes, even a 10 year planning period but, what is the present day scenario entailed? The present day's scenario has entailed that this planning horizon is cut short. So organizations are looking at 3 years or less than 3 years. The corporate planning has made way to what is called strategic planning? The strategic planning has given rise to the terminology of strategic management decision-making process.

So this is what we looked at, in short you can say this strategic management or strategic planning all this has come from corporate planning only. It is in fact an off shoot of the corporate planning process. The main change that you are seeing in strategic management vis-a-vis the corporate plan is that the time horizon has shrunk, whereas in the corporate plan you are looking at 5 years or more than 3 years as the horizon. Here you are looking at 3 years or less than 3 years as the time horizon.

(Refer Slide Time: 35:31)



Now I present to you a figure, which is a conceptual model of corporate planning; this is again given by this gentleman George Steiner. So he has given this particular diagram, if you see the diagram looks at the corporate plan itself has been referred to as they plan to plan; that it is many times referred to as the mother plan.

So when the mother planed the different lines, which are drawn if you really see the first line in between the first vertical line and the second vertical line, you have the strategic planning process taking place. In this strategic process taking place you have the different blocks, which are represented here; that is the expectations of the major outside interest that is society, community, local stock holders, customers, suppliers, creditors.

Then, the second block gives you the expectation of major inside interest that is the top managers, other managers, workers, and staff. The third block on the database that is the past performance, current situation, and the forecast. Then the last block giving you the evaluations of the environment, opportunities, threats with respect to the company's the strength and weaknesses.

All these leading due to a host of information flows that is represented in the top block, which is there between the second and the third vertical lines; the second vertical line leads you to what is called the master strategies. The master strategies again gives you what we discussed earlier that is the missions, purposes, objectives, policies and leads you to program strategies; this leads you in the next vertical line that is the third vertical line to the medium range programming and programs.

Now this third vertical line and the second vertical line, when it comes down if you see one more block is presented here that is the decision and evaluation rules, what is it mean? You are trying to evaluate the master strategies. All the different items which are listed there, when it became program strategies and then when you started implementing the medium range programming and programs. So you start evaluating them and you find out whether you are in the right course.

The next block is what is the short range planning and plans. That is you may like to find out whether you can adapt a short range plan instead of the medium range plan, move from the short range to the medium range or whatever. Then the last block, the next vertical line tells you, how you go about the implementation of the plans in this

particular block. The last vertical line asks you to do a review and evaluation of the plans.

If you really see, you have the master strategies; you have the program strategies leading you to the medium range programming and programs, the short range planning and plans, then the implementation of the plans, then the review and evaluation of the plans. So all this is coming under the heading of technical planning, implementation of the plans but, when you are looking at the plans itself you are looking at the short range, the medium range and also the other master strategies which are there.

Below all these you are having this block that is the decision evaluation and rules, which you are trying to do first between the second vertical line and third vertical line. That is when you are in this, when you started this medium range planning exercise only you want to really find out whether you are really on the right track, so you do not want to take any wrong decisions.

So the plan to plan is the corporate plan, the plan to plan is normally which is refer to as a corporate plan, it is also sometimes refers to as the mother of the planning processes that is a corporate plan. From this mother of the planning processes, all other planning processes have stemmed out that is you are having the strategic planning exercise coming out. So which I mentioned to you, the major change that you are seeing in the strategic planning exercise in the present day context is the shrinking time horizon.

This shrinking time horizon taking place mainly due to the globalization and the IT revolution that has taken place or that is still taking place, you are looking at shorter time horizons in the time planning, in your planning exercise. This is the plan for the corporate plan we have looked at the strategic management process also. So just to have a recap of whatever we did, so what did we do? We first started with what is strategy and after starting with strategy we tried to go to the routes of this strategy.

We said this term strategy is not very new in the Indian context. We said this term strategy existed even in the times of Mahabharata also when Drona used it formally; but in a modern day era, we have said this term strategy was used for the first time by this gentleman Haines Lough in this year 1965, when he was working for Lockheed Aircraft Corporation, from that time onwards. This terms strategy has under-gone lot of changes

come into the business environment as a corporate planning, then given rise or given as change to strategic planning to strategic management in the 1980s.

Now you are having the strategic management as the strategic planning exercises as an important component in all most all organizations, which are operating even in the present day in Indian scenario, whether it is IT or even a manufacturing organization could ill afford to not look at the strategic planning exercise.

So you take an example like ace designers, what are ace designers? Ace designers are what you call a machine tool manufacturing industry in Bangalore, so looked at what you CNC manual lathes, so started manufacturing the CNC lathes. This CNC lathes one of the companies which really made profits right from almost the second year or the third year of its starting operations. It is continuously doing well, so looks at this strategic planning exercise, looks at the different markets and tries to do the strategic planning exercise in a highly systematic manner.

So this is what? This has been the type of changes that you are seeing or really the Indian scenario is undergoing. Not to speak of the IT industry, the IT industries through and through in the thick of the strategic management process or the strategic planning process or this strategic decision-making process; you enter any Indian organization, IT organization you have a strategic planning group.

That strategic planning group you find keeps on meeting almost very regularly to takes talk of what is happening in the market? What are the changes to be made? And how these changes are to be affected? This is all these organizations also have what is called a risk assessment group, what is this risk assessment group do? This risk assessment group evaluates the types of risks each strategic decision-making process would entail that is in terms of what will be the out go.

Suppose that out go were to go from the organization, what is the type of in flow and it will also tell you suppose this scenario of the market where to change, what will be the different types of changes which can happen to the inflow? That is your out go has gone the market changes, if the market change is 10 percent what likely to be the inflow change, it may not be 10 percent less; kindly note that, it may be different.

So even a 10 percent change in a market make the inflow to drop to 50 percent that means, the organization is taking a very high risk, all this is the risk analysis it is what you call a highly challenging exercise, which is done by the IT companies that is a risk assessment group come out with different models.

These models are what do you call summarized and the summary of all these models are put to the board, before the board says take this particular alternative. This is the strategic decision which the board is taking finally, so it ticks this is the decision which the board is taking. Once the decision is taken, then no questions are asked. So before taking the decision only you do all the connected exercises, but once you have firmed upon the decision, there is no question asked - that is why we took this decision? - all those types of things is over.

Then you start implementing the decision in right earnest, so all the types of blocks which we discussed earlier comes into place. You start looking at it either through the strategic management decision-making process, that is a block diagram or the step and ladder approach and come out with the results of your strategic decisions, so you must be able to come out with this.

What I have dealt with is how the corporate plan has change to strategic plan? And what has been its impact in the present day dynamic market situation to organization? This is what we have dealt with so far. So in the next session, we look at one important aspect what is the important aspect that we are going to look at? We will look at whether time is ripe for change in an organization that is, whether time is ripe to implement strategic change in an organization.

This we will try to look at through what is called the 7 s matrix, you will look at the 7 s matrix, how it can be applied and what is the type of results that you can get for organizations. Thank you.