

Strategic Management and Competition

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Abstract

One of the key principles followed by most of the entrepreneurs in this competitive world is the strategic planning. This paper attempts to describe the importance of the strategic planning in making managerial decisions and set the required goals to develop a strategic plan to achieve them as the process of strategic planning is all about determining the direction which is required by your business and this paper also attempts to establish relation between the Strategic planning and competition.

Competition is another important element that every business will have in their day to day prospective. To overcome such competitive aspects the business strategists need to understand the competitive environment and should also interpret the effects competition can do to a business. This paper attempts to study the crucial role played by strategists to become part of an industry with the existing competitive processes that take place among firms. Strategists try to interpret various measurement techniques such as cross-elasticity to understand the demand existing among their own and competing products with this interpretation the business strategists could determine the pulse of the market in which they are prevailing and this issue can be managed by designing a requisite strategy that can minimize the loss that can occur with the competition.

Keywords: Competition; Business; Strategic planning; Strategists; Environment; Organization

Introduction

Strategic management:

Strategic management includes the framing and implementation of the prescribed goals and initiatives taken by a company from time to time based on consideration of the available resources and the evaluation of the environments in which the organizations usually compete.

Strategic management analyzes the internal and external environment of an organization for proper utilization of available resources to attain the organizational goals. It is duty of the business strategists to maintain a balance between organizational needs and environmental constraints. Therefore, it is evident that strategic management forms a framework for organization. The most appropriate method for formation of framework is SWOT analyses which points out the strengths and weaknesses of an organization through internal analysis and also determines the opportunities and threats through external analysis. This analysis would certainly help the management to form their business strategies along with the long term plans according to the environmental changes to gain competitive advantage. [7][8]

After proper environmental scanning by using SWOT analysis, the organization should be able to formulate their strategies. The aim of strategic management is to increase the performance of the organization. It also helps the organizations to enhance their effectiveness and efficiency. Therefore, the final step of evaluation and control would help managers to see if the whole process is successful or not [1][6]

Research Goal

Sample and data collection:

To accomplish the research goal the data is gathered from different resources which are available, such as conducting interviews with key persons involved in strategy making, collection of publicly available data on the competition analysis, firstly the primary research was

conducted by visiting competitive places of business for observing the competitiveness among the players in that environment, also the questionnaire was provided to the competitors which consists of the questions on various strategies applied by the competitive players to overcome the competitive impact on their business, etc. This as a part of competitive analysis program has best supported to understand the pulse of the competitive environment and the opportunities and risks involved in it. Other analysis includes an understanding of the decision making skills of key stakeholders, such as the board members, senior management and other key decision makers in the organization. Organization is best known as a open system that comprises of various elements encrypted within to manage the obstacles that come from the internal and external environments that try to influence the basic structure of it. It is the major function of the managers to establish a relation between organizational needs and environmental constraints Thus, it can be stated that strategic management forms a framework for an organization. While forming the framework, the most familiar method is SWOT analyses which points out the strengths and weaknesses of an organization through internal analysis and also determines the opportunities and threats through the external analysis. This certainly helps managers to figure out the business strategies and long term plans required by the organization. Also, it helps them to enable and adapt the changes taking place in their environment which may help to gain competitive advantage. Through the environmental scanning, managers are able to formulate and implement strategies. In the final step, they should be able to evaluate and control whether these strategies implemented has enabled them to attain the set goals for which they were formed.[10]

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The step after proper environmental scanning by using SWOT analysis is to formulate the strategies for the organization. Also, it should determine its objectives, strategy and policy guidelines along with the vision and mission of the organization; it reflects the present situation and the expected future state. This will help the strategists to implement strategies and policies in action to realize their objectives. After measuring the performance of the organization, the evaluation and control stage would be completed. The aim of strategic management is to increase the performance of the organization. It helps organizations to enhance its effectiveness and efficiency.

Activities

Strategic planning activities include meetings and other business communications that takes place among the organization's key persons and to have a common understanding regarding the competitive environment and the organization's response to that competitive environment. A variety of strategic planning tools may be applied as part of strategic planning activities.

The organization's key persons may come across various questions while formulating the strategy and in implementation stage, as follows:

- In what business the organization involved in to and their goal?
- What is the competitive advantage the organization has?
- With what products and services the organization has its business in to and what is their portfolio of offerings?
- What is the geographic scope of the organization?
- In what strategic way the organization competes in the internal and external environment in the view of customers and stakeholders?
- What is the strategy that is implemented by the organization to reduce the competitiveness in the prevailing environment?[3]

Outputs

The output of application of strategic thinking and planning that describes the organization's strategy along with its implementation. The strategy may also include an analysis of the current competitive situation prevailing in the environment, a strategic policy for achieving the given organization's goals, and strategic action plans that are to be implemented.

In this competitive world different organizations can have a variety of methods for analyzing and implementation of the strategic initiatives that enable it to work towards achieving the objectives and goals established. Companies do implement their financial statements (i.e., balance sheets, annual filings, budget discussions) to keep track of their achievements which in turn is helpful for them to know the effectiveness of the strategies implemented. The organization usually plans their operational and capital budgets describes the expected financial performance of an organization.[5]

Conclusion

Implementation

One of the key aspects of strategic management is *implementation*, which involves decisions regarding how the organization's resources will be aligned and mobilized towards the implementation of objectives and goals. In this implementation stage one can analyze how best the organization's resources are structured and implemented to achieve the organizational objectives along with monitoring the relative communications and communications that track progress towards objectives.[9]

Tools and Techniques:

A variety of tools and approaches are used in strategic planning processes that are developed by the companies and other consulting firms for implementation of strategic planning. Such tools include:

PEST analysis: it is a business measurement tool connects to the external environment elements such as political, economic, social and technological aspects.

Scenario planning: this is structured way of predicting the future of an organization which was used by military but is being implemented by large corporations to analyze future scenarios.

Porter five forces analysis: this tool determines the competitive power of a business in a given situation and it also talks about the internal and external powers that influence the competitive environment.[4]

SWOT analysis: this analysis internal strengths and weaknesses relative to the external opportunities and threats;

Growth-share matrix: which decides and determines the portfolio decisions of the business's whether to retain or divest.

Balanced Scorecards and strategy maps: these form a systematic framework for measuring and controlling the strategy of a business.

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