Evaluation the Theory of Strategic Process: A Multi Step Approach

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Abstract

This study of research compromised the Strategy Formulation, Strategy Implementation and Evaluation & Control include Environmental Scanning SWOT analysis. in the second stages in the organization strategy objectives will figure out in the Strategy Formulation. Furthermore, program as a statement of the activities or steps needed to accomplish a single-use plan. It makes a strategy action oriented with budgets and procedures which located in the strategic implementation. Evaluation and controls a process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. As a firm or business unit develops strategies, programs, and the like, it often must go back to revise or correct decisions made earlier in the process.

Key words: Strategy Formulation, Strategy Implementation, Evaluation & Control and
Feedback/Learning Process

1. Introduction

The strategic management process is the full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above-average returns (Hitt , Ireland and Hoskisson 2009) Page 6. Furthermore, strategic management is the set of expressions action concern to the managers executing and impact to the organizational performance and objectives. Strategic initially helps the managers to implement superior performance among the rival competitors and ultimate challenges it is competitive advantages (Hill, Jones and Schilling 2013) Page 8-9. The most significant of strategy is compromising the planning of implementation in the designing formulation and performances. According to (Robinson, Jr and PearceII 2011) Page 2-4 strategic management is "the set of decisions and actions that result in the formulation and implementation of plans designed

to achieve a company's objectives." It is emphasis planning is one of the impact execute of the managers' strategy to engage in the formulation and implementation within it is the organization. Moreover, that is relatively affected to the organization process in the blended with the internal and external consideration. Starting the process of strategic management, the organization have to write their Mission part (Hill, Jones, & Schilling, 2015) Page 12-16. Which gives the structure or setting inside which techniques are figured. A statement of purpose has four principle segments:

1. a statement of the organization reason or justification for being or existence.

2. Its purpose behind presence

3. Which is regularly mentioned to as the Mission; an announcement of some desired future state, typically referred to as the Vision; an announcement of the key esteems that the association is focused on;

4. a statement of significant objectives.

When we talk about the strategy design within the organization Environmental Scanning, Strategy Formulation, Strategy Implementation and Evaluation and Control allocated in four different stages within the organizational performance and in the second stages in the organization strategy objectives will figure out in the Strategy Formulation (Alkhafaji 2003) Page 7-8. Objectives It the result of the outcomes of planned within the organizational activity. They ought to be expressed as activity verbs and advise what is to be expert by when and evaluated if conceivable. The achievement of corporate destinations should bring about the satisfaction of an organization's main goal of the organization's mission. In actuality, this is the thing that society offers back to the organization when the partnership makes a decent showing with regards to of satisfying its mission (Wheelen, Hunger and Wheelen 2012) Page 19.
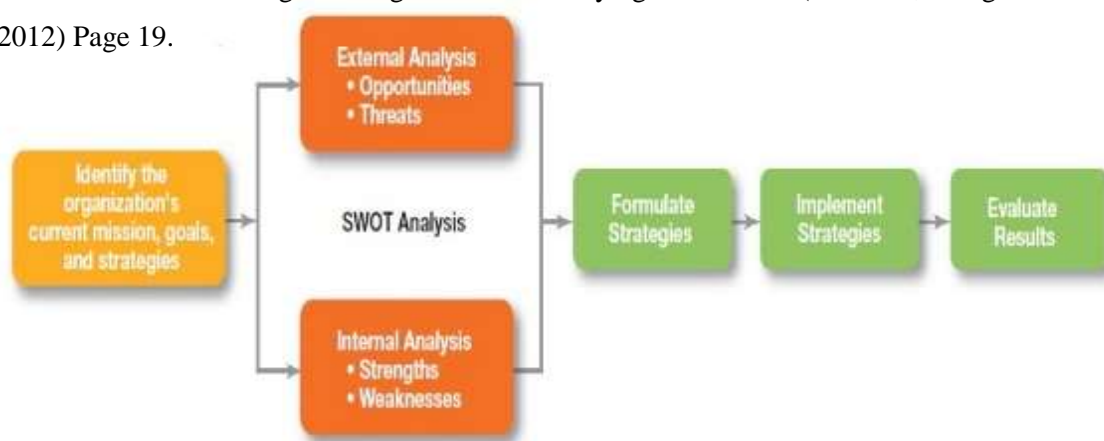
(Wheelen, Hunger and Wheelen 2012) Page 15

Research problem:

In this sequence of action joins different genuine targets will attain a specific mission. To as much first bit looking into open division strategy, another objective of this study is to understand the operational

environment and the challenges it causes to a public-sector organization and its strategic management. The operational environment in this study uses the operational environment framework (1) repeatable (stable, predictable) operational environment, (2) expanding operational environment, (3) changing environment, (4) discontinuous (rapidly changing) operational environment, and (5) surprising (turbulent) operational environment. The next stage in the strategic process compromising evaluating and control.

Limited experimental evidence supports the critique that a strategic plan actually affects what an organization is, what it does, and why it does it. Likewise, there are few scopes of what a "successful" strategic process looks like in practice based on a set of tangible criteria (Preciado, Strategic Planning In The Public Sector, 2015).

Research Question and objectives:

This study is the concept research provides the valuable figures about the strategic process in the practical level in different operational environments. There is a platform of the process of the strategy that concentrated within the organizational strategy of management formulation, implementation and evaluations & control. The study has a review the main steps of the management strategy which allocated in the strategic process to accelerate the direction of the process and evaluations within the context the strategy design of the process obtaining better organizational performances.

- To identify the connection between the strategic formulation, implementation and evaluation & control overall the organization.
- To use a dynamic procedure, see as a way to deal with illuminate exercises, methodology instruments, systems and strategies in the technique process.
- To categorize a structure of goal and objectives in different business to use SWOT analysis as tool of investigation and interface as well as carryout the methodology procedure.
- How the corporate strategy and the strategy process are linked with the performance management process in a practical level in different operational environments?
  (Hill, Jones and Schilling 2013) Page 16-17.

2. Literature review

The achievement of corporate objectives should result in the fulfillment of a corporation's mission. In effect, this is what society gives back to the corporation when the corporation does a good job of fulfilling its mission. For example, by providing society with gums, candy, iced tea, and carbonated drinks, Cadbury Schweppes, has become the world's largest confectioner by sales. One of its prime

objectives is to increase sales 4%–6% each year. Even though its profit margins were lower than those of Nestlé, Kraft, and Wrigley, its rivals in confectionary, or those of Coca-Cola or Pepsi, its rivals in soft drinks, Cadbury Schweppes' management established the objective of increasing profit margins from around 10% in 2007 to the mid-teens by 2011 (Wheelen, Hunger and Wheelen 2012) Page 18-19. Some of the areas in which a corporation might establish its goals and objectives are: Profitability (net profits) Efficiency (low costs, etc.) Growth (increase in total assets, sales, etc.) Shareholder wealth (dividends plus stock price appreciation) Utilization of resources (ROE or ROI) Reputation (being considered a "top" firm) Contributions to employees (employment security, wages, diversity) Contributions to society (taxes paid, participation in charities, providing a needed product or service) Market leadership (market share) Technological leadership (innovations, creativity) Survival (avoiding bankruptcy) Personal needs of top management (using the firm for personal purposes, such as providing jobs for relatives) (Wheelen, Hunger and Wheelen 2012) Page 19.

SWOT Analysis: Then the strategist will match the corporate strengths to the environmental opportunities available and reduce the corporate weaknesses facing environmental threats. This process is known as SWOT analysis. Management uses SWOT analysis to make decisions about developing the overall strategy of the corporation (Alkhafaji 2003) Page 7-8. Internal analysis, the third component of the strategic planning process, focuses on reviewing the resources, capabilities, and competencies of a company. The goal is to identify the strengths and weaknesses of the company (Hill, Jones and Schilling 2013) Page 17.

Sustainability Issues out of the organization, what forces from the natural physical environmental are currently affecting the corporation and the industries in which it competes? Which present current or future threats? Opportunities? a. Climate, including global temperature, sea level, and fresh water availability b. Weather-related events, such as severe storms, floods, and droughts c. Solar phenomena, such as sun spots and solar wind 2. Do these forces have different effects in other regions of the world? Social Environment 1. What general environmental forces are currently affecting both the corporation and the industries in which it competes? Which present current or future threats? Opportunities? a. Economic b. Technological c. Political–legal d. Sociocultural 2. Are these forces different in other regions of the world? And Task Environment what forces drive industry competition? Are these forces the same globally or do they vary from country to country? Rate each force as high, medium, or low. a. Threat of new entrants b. bargaining power of buyers c. Threat of substitute products or services (Wheelen, Hunger and Wheelen 2012) Page 35.

Strategy formulation: The development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (SWOT). It

includes defining the corporate mission, specifying achievable objectives, developing strategies, and setting policy guidelines (Shimizu , de Carvalho and Laurindo 2006) Page 48-52. **Mission** an organization's mission is the purpose or reason for the organization's existence. It tells what the company is providing to society either a service such as housecleaning or a product such as automobiles (David 2011) Page 11. A well-conceived mission statement defines the fundamental, unique purpose that sets a company apart from other firms of its type and identifies the scope or domain of the company's operations in terms of products (including services) offered and markets served. Research reveals that firms with mission statements containing explicit descriptions of customers served and technologies used have significantly higher growth than firms without such statements. A mission statement may also include the firm's values and philosophy about how it does business and treats

Objectives are the end results of planned activity. They should be stated as action verbs and tell what is to be accomplished by when and quantified if possible (David 2011) Page 13.

Strategies: A strategy of a corporation forms a comprehensive master plan that states how the corporation will achieve its mission and objectives. can lead to strategic competitiveness and above-average returns. In general, firms using related diversification strategies outperform those employing unrelated diversification strategies (Hitt , Ireland and Hoskisson 2009) Page 201. It maximizes competitive advantage and minimizes competitive disadvantage. For example, even though Cadbury Schweppes was a major competitor in confectionary and soft drinks, it was not likely to achieve its challenging objective of significantly increasing its profit margin within four years without making a major change in strategy (Hill, Jones and Schilling 2013) Page 13. Management therefore decided to cut costs by closing 33 factories and reducing staff by 10%. It also made the strategic decision to concentrate on the confectionary business by divesting its less-profitable Pepper/Snapple soft drinks unit. Management was also considering acquisitions as a means of building on its existing strengths in confectionary by purchasing either Kraft's confectionary unit or the Hershey Company. The typical business firm usually considers three types of strategy: corporate, business, and functional (Wheelen, Hunger and Wheelen 2012) Page 19.

1. **Corporate strategy** specifies actions a firm takes to gain a competitive advantage by selecting and managing a group of different businesses competing in different product markets (Hitt , Ireland and Hoskisson 2009) Page 158-159. Describes a company's overall direction in terms of its general attitude toward growth and the management of its various businesses and product lines. Corporate strategies typically fit within the three main categories of stability, growth, and retrenchment. Cadbury Schweppes, for example, was following a corporate strategy of retrenchment by selling its marginally

profitable soft drink business and concentrating on its very successful confectionary business (Wheelen, Hunger and Wheelen 2012) Page 19

2. **Business strategy** usually occurs at the business unit or product level, and it emphasizes improvement of the competitive position of a corporation's products or services in the specific industry or market segment served by that business unit. Managers must be aware of the way competitive forces in embryonic and growth industries change over time because they frequently need to build and develop new kinds of competencies, and refine their business strategy, in order to effectively compete in the future (Wheelen, Hunger and Wheelen 2012) Page 19. Firms use different forms of the functional organizational structure to support implementing the cost leadership, differentiation, and integrated cost leadership/ differentiation strategies (Hitt , Ireland and Hoskisson 2009) Page 324-325. Business strategies may fit within the two overall categories, competitive and cooperative strategies. For example, Staples, the U.S. office supply store chain, has used a competitive strategy to differentiate its retail stores from its competitors by adding services to its stores, such as copying, UPS shipping, and hiring mobile technicians who can fix computers and install networks. British Airways has followed a cooperative strategy by forming an alliance with American Airlines in order to provide global service (Hill, Jones and Schilling 2013) Page 184.

Functional strategy is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity (Hitt , Ireland and Hoskisson 2009) Page 324-325. It is concerned with developing and nurturing a distinctive competence to provide a company or business unit with a competitive advantage. Examples of research and development (R&D) functional strategies are technological followership (imitation of the products of other companies) and technological leadership (pioneering an innovation). For years, Magic Chef had been a successful appliance maker by spending little on R&D but by quickly imitating the innovations of other competitors (Wheelen, Hunger and Wheelen 2012) Page 20. when marketing and manufacturing managers jointly discuss issues related to internal strengths and weaknesses, they gain a better appreciation of the issues, problems, concerns, and needs of all the functional areas (David 2011) Page 94.

Policies: A policy is a broad guideline for decision making that links the formulation of a strategy with its implementation. Companies use policies to make sure that employees throughout the firm make decisions and take actions that support the corporation's mission, objectives, and strategies. For example, when Cisco decided on a strategy of growth through acquisitions, it established a policy to consider only companies with no more than 75 employees (Wheelen, Hunger and Wheelen 2012) Page 21.

Strategy Implementation: Strategy implementation is a process by which strategies and policies are put into action through the development of programs, budgets, and procedures. This process might involve changes within the overall culture, structure, and/or management system of the entire organization. Except when such drastic corporate wide changes are needed, however, the implementation of strategy is typically conducted by middle- and lower-level managers, with review by top management (Johnston and Bate 2003) 59-60. Sometimes referred to as operational planning, strategy implementation often involves day-to-day decisions in resource allocation.

Programs: A program is a statement of the activities or steps needed to accomplish a single-use plan. It makes a strategy action oriented. It may involve restructuring the corporation, changing the company's internal culture, or beginning a new research effort. For example, Boeing's strategy to regain industry leadership with its proposed 787 Dreamliner meant that the company had to increase its manufacturing efficiency in order to keep the price low. To significantly cut costs, management decided to implement a series of programs: Outsource approximately 70% of manufacturing. Reduce final assembly time to three days (compared to 20 for its 737 plane) by having suppliers build completed plane sections. Use new, lightweight composite materials in place of aluminum to reduce inspection time. Resolve poor relations with labor unions caused by downsizing and outsourcing (Wheelen, Hunger and Wheelen 2012) Page 21.

Budgets: A budget is a statement of a corporation's programs in terms of dollars. Used in planning and control, a budget lists the detailed cost of each program. Many corporations demand a certain percentage return on investment, often called a "hurdle rate," before management will approve a new program. This ensures that the new program will significantly add to the corporation's profit performance and thus build shareholder value. The budget thus not only serves as a detailed plan of the new strategy in action, it also specifies through pro forma financial statements the expected impact on the firm's financial future (Alkhafaji 2003) Page 231. For example, General Motors budgeted $4.3 billion to update and expand its Cadillac line of automobiles. With this money, the company was able to increase the number of models from five to nine and to offer more powerful engines, sportier handling, and edgier styling (Wheelen, Hunger and Wheelen 2012).

Procedures: Procedures, sometimes termed Standard Operating Procedures (SOP), are a system of sequential steps or techniques that describe in detail how a particular task or job is to be done. They typically detail the various activities that must be carried out in order to complete the corporation's program. For example, when the home improvement retailer Home Depot noted that sales were lagging because its stores were full of clogged aisles, long checkout times, and too few salespeople, management changed its procedures for restocking shelves and pricing the products (Wheelen, Hunger

and Wheelen 2012) Page 22. Statistical procedures can be utilized to determine variation equality of goods and services. An area where poor quality is often found is component parts. To decrease these defects, a company must work with suppliers to improve the quality of the component parts that are being supplied (Alkhafaji 2003) Page 234.

Evaluation and Control: Evaluation and controls a process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. Although evaluation and control is the final major element of strategic management, it can also pinpoint weaknesses in previously implemented strategic plans and thus stimulate the entire process to begin again (Wheelen, Hunger and Wheelen 2012) Page 22-23.

Feedback/Learning Process: a feedback/learning process that Arrows are drawn coming out of each part of the model and taking information to each of the previous parts of the model. As a firm or business unit develops strategies, programs, and the like, it often must go back to revise or correct decisions made earlier in the process. For example, poor performance (as measured in evaluation and control) usually indicates that something has gone wrong with either strategy formulation or implementation (Wheelen, Hunger and Wheelen 2012) Page 22. It could also mean that a key variable, such as a new competitor, was ignored during environmental scanning and assessment. In the case of Dell, the personal computer market had matured and by 2007 there were fewer growth opportunities available within the industry. Even Jim Cramer, host of the popular television program, Mad Money, was referring to computers in 2008 as "old technology" having few growth prospects. Dell's management needed to reassess the company's environment and find better opportunities to profitably apply its core competencies (David 2011) Page 298.

3. **Research methodology**

This study uses a qualitative study approach based on the conceptual review. That is gives a scope of understanding the process development, and the strategic management process. In addition, numerous dimensions that used and theoretically explained at multiple points in the strategic steps. To capture the structure criteria of the strategy process, strategy formulation, and understanding the efforts of networking, the research study has theoretically conducted with the performance management, a necessity in an organizational environment characterized by structural, managerial, and scientific changes, within the framework process of required in diverse stages within the organization.

4. Finding and conclusion

This research finding that identify the strategic process is one of the important illustration within the organization to figure out the process of implementation. In this point of view the research study depend on the review of other explorations has met the research objectives; to identify the connection between the strategic formulation, implementation and evaluation & control overall the organization, to use a dynamic procedure, see as a way to deal with illuminate exercises, methodology instruments, systems and strategies in the technique process, to categorize a structure of goal and objectives in different business to use SWOT analysis as tool of investigation and interface as well as carryout the methodology procedure and the strategy process are linked with the performance management process in a practical level in different operational environments. Initially, it builds up an imaginative hypothetical point of view to vital arranging by utilizing hypothesis principal points that have never been connected to the theme. The point of this study was to make better approaches to consider the presence and part of strategy as a center authoritative process.

5. Future research

The philosophy utilized was simply subjective in nature. The utilization of key witnesses in the information accumulation process may have prompted a specific measure of determined information. Because of the exploratory idea of this examination, top to bottom meetings with strategic pioneers ended up being the main extensive approach to extract however much data from organizations as could reasonably be expected. Future research could grow this learning by meeting authoritative individuals from various progressive levels. The present investigation gathered data from a source that stands amongst divisions and corporate initiative (specifically the corporate arranging office).

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