

Defining Strategic Management

Strategic Management consist of the analyses, decision, and actions an organization Undertakes in order to create and sustain competitive advantages. This definition captures two main elements that go to the heart of the field of strategic management

Two main elements

The Strategic Management of an Organization	The Essence of Strategic Management
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Two main elements (cont)

Strategic management is concerned with the analysis of strategic goals (vision, mission, and strategic objectives) along with the analysis of the internal and external environments of the organization.	the study of why some firms outperforms others, Thus, managers need to determine how a firm is to compete so that it can obtain advantages that are sustainable over a lengthy period of time.
Next, leaders must make strategic decisions . These decisions, broadly speaking, address two basic questions: What industries should we compete in? How should we compete in those industries?	That means focusing on two fundamental questions:
These questions also often involve an organization's domestic and international operations.	How should we compete in order to create competitive advantages in the marketplace?
And last are the actions that must be taken. Decisions are of little use, of course, unless they are acted on. Firms must take the necessary actions to implement their strategies. This requires leaders to allocate the necessary resources and to design the organization to bring the intended strategies to reality.	Managers need to determine if the firm should position itself as the low-cost producer or develop products and services that are unique and will enable the firm to charge premium prices. Or should they do some combination of both?
	How can we create competitive advantages in the marketplace that are unique, valuable, and difficult for rivals to copy or substitute?
	That is, managers need to make such advantages sustainable, instead of temporary.



By **MoonYeonRin**

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Page 2 of 100.

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Two main elements (cont)

strategic management the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages.	competitive advantage a firm's resources and capabilities that enable it to overcome the competitive forces in its industry(ies).
strategy the ideas, decisions, and actions that enable a firm to succeed.	operational effectiveness performing similar activities better than rivals.

Operational effectiveness means performing similar activities better than rivals.



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Page 3 of 100.

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