

Explain the process of Strategic Management. Also elaborate on importance of SBU Organisation.

## Process Of Strategic Management:

1. **Environmental Analysis:** Evaluate the internal and external factors that may impact the organization's strategic decisions. This includes analyzing the industry, competition, market trends, and the organization's strengths and weaknesses.
2. **Goal Setting:** Establish clear and achievable goals that align with the organization's mission and vision. These goals should be specific, measurable, attainable, relevant, and time-bound (SMART).
3. **Strategy Formulation:** Develop strategies to achieve the established goals. This involves analyzing the available options, selecting the most appropriate ones, and creating action plans to implement them effectively.
4. **Strategy Implementation:** Put the formulated strategies into action. This step involves allocating resources, assigning responsibilities, and implementing processes and systems to execute the chosen strategies.
5. **Performance Evaluation:** Monitor and assess the progress towards the set goals. Regularly measure key performance indicators (KPIs) and compare them with the desired outcomes. Identify any gaps or deviations and take corrective actions if necessary.
6. **Strategy Review and Adaptation:** Continuously review the effectiveness of the strategies in light of changing circumstances. Adapt the strategies as needed to respond to new opportunities or threats in the internal or external environment.

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## Importance Of Strategic Business Unit (Sbu) Organization:

1. **Focused Decision Making:** SBU organizations allow for focused decision-making processes. Each SBU operates as an independent entity with its own set of objectives, resources, and strategies. This enables quicker decision making and greater agility in responding to market dynamics.
2. **Enhanced Accountability:** SBUs promote accountability within an organization. Each SBU is responsible for its own performance and is held accountable for achieving its specific goals. This clarity of responsibility helps in monitoring performance and allocating resources effectively.
3. **Efficient Resource Allocation:** By organizing a business into SBUs, resource allocation becomes more efficient. Resources can be allocated based on the unique needs and priorities of each SBU. This ensures optimal utilization of resources and prevents unnecessary wastage.
4. **Improved Performance Measurement:** SBUs allow for better measurement and evaluation of performance. Since each SBU operates as a separate unit, its performance can be assessed independently. This facilitates accurate performance evaluation and enables the organization to identify areas of improvement more effectively.
5. **Strategic Focus:** SBUs enable organizations to focus on different markets, customer segments, or products/services. This allows for tailored strategies and specialized approaches to meet the specific needs of each SBU's target market. It enhances the organization's competitive advantage and market positioning.

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6. Flexibility and Adaptability: SBU organizations provide flexibility and adaptability to changing market conditions. Each SBU can adjust its strategies and operations based on its unique circumstances, enabling the organization as a whole to respond swiftly to market shifts and emerging opportunities.

Related posts:

1. What do you understand by Strategic Management? Briefly explain different types of strategic decision making processes.
2. Explain single and multiple SBU organizations in Indian business. Give relevant, examples to support your answer.