International Journal of Information Technology and Knowledge Management
July-December 2008, Volume 1, No. 2, pp. 407-423

STRATEGIC MANAGEMENT MODEL, ORGANIZING HIGH VALUE OPPORTUNITIES WITH IMPORTANT STEPS OF RESEARCH

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ABSTRACT

Strategic management is an ongoing process that assesses the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually. It is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its objectives. It is the process of specifying the organization's objectives, developing policies and plans to achieve these objectives, and allocating resources to implement the policies and plans to achieve the organization's objectives. It is the highest level of managerial activity, usually formulated by the Board of directors and performed by the organization's Chief Executive Officer (CEO) and executive team. Strategic management, therefore, combines the activities of the various functional areas of a business to achieve organizational objectives. Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies.

Keywords: Strategy evaluation approaches, mission, marketing strategy, opportunities

1. INTRODUCTION

Strategy management regularly determines how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment. In strategy management, the word management comprises directing and controlling a group of one or more people or entities for the purpose of coordinating and harmonizing that group towards accomplishing a goal. In this research paper the main goals of strategic management are described in the form of mission statements and vision statements. Value migration is used, many approaches like sociological approach, industrial organizational approach are used that deal with behavior of company. Strategy management process includes many activities such as strategy formulation, strategy implementation, strategy evaluation, Draw-See-Think. See-Think-Draw is used in our strategic management. High value opportunities are used in this model to determine that "How can a company identify the highest impact cost reduction opportunities" values migration with different type told the company actual value. In this strategic model planning is done first and then taken mission, vision, value, analysis, high value opportunities, goals, SVM, action plan steps in model, tips for success are using for providing the best pattern of model, by using this model as strategic management they increase their value migration in company and market.

2. General Approaches in Management

There are so many approaches in management but in general terms, there are two main approaches, which are opposite but complement to each other in some ways, to strategic management:

- The Industrial Organization Approach
  - Based on economic theory — deals with issues like competitive rivalry, resource allocation, economies of scale in strategy.
  - Assumptions: rationality, self discipline behavior, profit maximization.
- The Sociological Approach
  - Deals primarily with human interactions
  - Assumptions: bounded rationality, satisfying behavior and profit sub-optimality.

An example of a company that we saw Google, is currently operates this way. Strategic management techniques can be viewed as bottom-up, top-down or collaborative processes. In the bottom-up approach, employees submit proposals to their managers who, in turn, funnel the best ideas further up the organization. This is often accomplished by a capital budgeting process. Proposals are assessed using financial criteria such as return on investment or cost-benefit analysis. The proposals that are approved form the substance of a new strategy, all of which is done without a grand strategic design or a strategic architect. The top-down approach is the most common so far. In it, the CEO, possibly with the assistance of a strategic planning team, decides on the overall direction to be followed by the company. Some organizations are starting to experiment with collaborative strategic planning techniques that recognize the emergent nature of strategic decisions.

3. Strategic Planning

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people. Various business analysis techniques can be used in strategic planning, including SWOT analysis and PEST analysis. The outcome is normally a strategic plan which is used as guidance to define functional and divisional plans, including

Technology, Marketing etc. The strategic planning is the most important step in our research and has been defined as:

Definition: Strategic Planning is the formal consideration of an organization's future course. All strategic planning deals with at least one of three key questions:

1. "What do we do?"
2. "For whom do we do it?"
3. "How do we excel?"

In business strategic planning, the third question is better phrased "How can we beat or avoid competition?" In many organizations, this is viewed as a process for determining where an organization is going over the next year or more typically 3 to 5 years, although some extend their vision to 20 years. In order to determine where it is going, the organization needs to know exactly where it stands, then determines where it wants to go and how it will get there. The resulting document is called the "strategic plan" in management.

4. Vision, Mission and Values

Vision: In vision, we define where the organization wants to be in the future. It reflects the optimistic view of the organization's future.

Mission: In mission, we defines where the organization is going now, basically describing the purpose, why this organization exists.

Values: Main values protected by the organization during the progression, reflecting the organization's culture and priorities.

Strategic planning saves time, every minute spent in planning saves ten minutes in execution. The purpose of individual strategic planning is for you to increase your return on energy, the return on the mental, emotional, physical and spiritual capital you have invested in your life and career. Every minute an individual spends planning its goals, activities and time in advance saves ten minutes of work in the execution of those plans. Careful advance planning gives you a return of ten times, or 1,000 percent, on your investment of mental, emotional and physical energy.

5. Strategic Management Process

Strategic management is a combination of three main processes namely;

(a) Strategy formulation
(b) Strategy implementation
(c) Strategy evaluation

(a) Strategy Formulation Involves

- Performing a situation analysis, self-evaluation and competitor analysis: both internal and external; both micro-environmental and macro-environmental.
- Concurrent with this assessment, objectives are set. This involves crafting vision statements (long term view of a possible future), mission statements (the role that the organization gives itself in society), overall corporate objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives.
- These objectives should, in the light of the situation analysis, suggest a strategic plan. The plan provides the details of how to achieve these objectives.

This three-step strategy formulation process is sometimes referred to as determining where you are now, determining where you want to go, and then determining how to get there. All these processes are very important in management.

(b) Strategy Implementation Involves

- Allocation of sufficient resources (financial, personnel, time, technology support etc.).
- Establishing a chain of command or some alternative structure (such as cross functional teams).
- Assigning responsibility of specific tasks or processes to specific individuals or groups.
- It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary.
- When implementing specific programs, this involves acquiring the requisite resources, developing the process, training, process testing, documentation, and integration with (and/or conversion from) legacy processes.

(c) Strategy Evaluation Involves

- Measuring the effectiveness of the organizational strategy.

In addition to these processes, there are many approaches to strategic planning but typically a three-step process may be used:

- **Situation** - evaluate the current situation and how it came about.
- **Target** - define goals and/or objectives (sometimes called ideal state).

- **Path** - map a possible route to the goals/objectives.

One alternative approach is called **Draw-See-Think,** which has meaning as:

- **Draw** - what is the ideal image or the desired end state?
- **See** - what is today's situation? What is the gap from ideal and why?
- **Think** - what specific actions must be taken to close the gap between today's situation and the ideal state?
- **Plan** - what resources are required to execute the activities?

An alternative to the **Draw-See-Think** approach is called **See-Think-Draw:**

- **See** - what is today's situation?
- **Think** - define goals/objectives.
- **Draw** - map a route to achieving the goals/objectives.

In other terms strategic planning can be as follows:

- **Vision** - Define the vision and set a mission statement with hierarchy of goals.
- **SWOT** - According to the desired goals conduct analysis.
- **Formulate** - Formulate actions and processes to be taken to attain these goals.
- **Implement** - Implementation of the agreed upon processes.
- **Control** - Monitor and get feedback from implemented processes to fully control the operation.

6. Analysis of Strategy

When developing strategies model, analysis of the organization and its environment as it is at the moment and how it may develop in the future, is important. The analysis has to be executed at an internal level as well as an external level to identify all opportunities and threats of the new strategy.

There are several factors to assess in the external situation analysis:

1. Markets (customers)
2. Competition
3. Technology
4. Supplier markets
5. Labor markets
6. The economy
7. The regulatory environment

Analysis of the external environment normally focuses on the customer. Management should be visionary in formulating customer strategy, and should do so by thinking about market environment shifts, how these could impact customer sets, and whether those customer sets are the ones the company wishes to serve.

The processes of strategic sourcing starts with spend analysis, which identifies, consolidate and standardize information from a wide range of data sources. The outcome of this spend analysis is the commodity matrix. In this research work we have taken the example of Tata Steel, part of its annual Strategy Development Process, revisits 'Commodity Matrix'. It is a methodology for classifying commodities in four quadrants. It categorizes expenditure on two dimensions: Complexity of the product and saving potential of the product. Analyzing these dimensions of the product/service reveals the commodities that are to be considered for strategic sourcing study. Core items are those that directly impact the company's throughput. The buy value of these items are high and so the complexity of the product. These items are generally manufactured by medium to large companies; the thrust is on developing alliances, *e.g.*, Refractory for Steel Industries, Sponge iron, Aluminum etc. Commodity items do not directly impact the company's throughput, but they play an important role in reducing the down-time of the plant and machinery. Complexity and saving potential of these items are less with comparison to core items. Since these items are typically bought throughout the company under various applications (wide variety) and their demand too fluctuates, the challenge lies in consolidation and standardization, *e.g.*, Cement, Electrical and Mechanical Spares etc. General items, like commodity items, do not impact the throughput of the company but they facilitate the creation of a congenital working environment. These items are also bought throughout the organization but unlike commodity items they are more or less standardized. So, the challenge lies in consolidating company-wide buy so as to maximize the volume, *e.g.*, cell phone, personal computers, printers and other office supplies. Critical items are important from the safety, health and ergonomics point of view of the employee. The complexities of these items are high - what is important here is the right specification.

7. GOALS, OBJECTIVES AND TARGETS

In our strategic model the strategic planning is a very important business activity. It is also important in the public sector areas such as education. It is practiced widely informally and formally. Strategic planning and decision processes should end with objectives and a roadmap of ways to achieve those objectives. The main terms used in Strategic Planning are desired end states, plans, policies, goals, objectives, strategies, tactics and actions. Definitions vary, overlap and fail to achieve clarity. The most common of these concepts are specific, time bound statements of intended future results and general and continuing statements of intended future results, which most models refer to as either goals or objectives (sometimes interchangeably).

One model of organizing objectives uses hierarchies. The items listed above may be organized in a hierarchy of means and ends and numbered as follows:

I. Top Rank Objective (TRO).

II. Second Rank Objective.

III. Third Rank Objective.

From any rank, the objective in a lower rank answers to the question "How" and the objective in a higher rank answers to the question "Why" The exception is the Top Rank Objective (TRO): there is no answer to the "Why" question. That is how the TRO is defined.

People typically have several goals at the same time. "Goal congruency" refers to how well the goals combine with each other. Does goal A appear compatible with goal B? Do they fit together to form a unified strategy? "Goal hierarchy" consists of the nesting of one or more goals within other goal(s). One approach recommends having short-term goals, medium-term goals, and long-term goals.

In this model, one can expect to attain short-term goals fairly easily: they stand just slightly above one's reach. At the other extreme, long-term goals appear very difficult, almost impossible to attain. Strategic management jargon sometimes refers to "Big Hairy Audacious Goals" (BHAGs in this context.) Using one goal as a stepping-stone to the next involves **goal sequencing**. A person or group starts by attaining the easy short-term goals, then steps up to the medium-term, then to the long-term goals. Goal sequencing can create a "goal stairway". In an organizational setting, the organization may co-ordinate goals so that they do not conflict with each other. The goals of one part of the organization should mesh compatibly with those of other parts of the organization.

8. Mission Statements and Vision Statements in Model

Organizations Model sometimes summarizes goals and objectives into a **mission statement** and/or a **vision statement**:

While the existence of a shared mission is extremely useful, many strategy specialists question the requirement for a written mission statement. However, there are many models of strategic planning that start with mission statements, so it is useful to examine them here.

- A ***Mission statement***: tells you what the company is now. It concentrates on present; it defines the customer(s), critical processes and it informs you about the desired level of performance.
- A ***Vision statement***: outlines what a company wants to be. It concentrates on future; it is a source of inspiration; it provides clear decision-making criteria.

Many people mistake vision statement for mission statement. The Vision describes a future identity and the Mission describes why it will be achieved. A Mission statement defines the purpose or broader goal for being in existence or in the business. It serves as an ongoing guide without time frame. The mission can remain the same for decades if crafted well. Vision is more specific in terms of objective and future state. Vision is related to some form of achievement if successful. For example, "We help transport goods and people efficiently and cost effectively without damaging environment" is a mission statement. Ford's brief but powerful slogan "Quality is Job 1" could count as a mission statement. "We will be one amongst the top three transporters of goods and people in North America by 2010" is a vision statement. It is very concrete and unambiguous goal.

A mission statement can resemble a vision statement in a few companies, but that can be a grave mistake. It can confuse people. The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is SMART (Specific, Measurable, Achievable, Relevant and Time bound). A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom-line and success of the organization.

The differences between vision and mission are based on "Which comes first, the mission statement or the vision statement?" That depends, if you have a new start up business, new program or plans to re engineer your current services, and then the vision will guide the mission statement and the rest of the strategic plan. If you have an established business where the mission is established, then many times, the mission guides the vision statement and the rest of the strategic plan. Either way, you need to know where you are, your current resources, your current obstacles, and where you want to go - the vision for the future.

Features of an effective vision statement in this proposed model may include:

- Clarity and lack of ambiguity
- Paint a vivid and clear picture, not ambiguous
- Describing a bright future
- Memorable and engaging expression
- Realistic aspirations, achievable
- Alignment with organizational values and culture, Rational
- Time bound if it talks of achieving any goal or objective

In order to become really effective, an organizational vision statement must (the theory states) become assimilated into the organization's culture. Leaders have the responsibility of communicating the vision regularly, creating narratives that illustrate the vision, and acting as role-models by embodying the vision, creating short-term objectives compatible with the vision, and encouraging others to craft their own personal vision compatible with the organization's overall vision.

9. High Value Opportunities

High values opportunities, in our model are using for defining that how can a company identify the highest impact cost reduction opportunities? To begin, they must understand what they buy and from whom they buy it. Thoroughly reviewing accounts payable history and mapping expenditures, can provide tremendous insight into corporate savings opportunities. There are varieties of solutions to address.

- Increase customer leverage and buying power: By harnessing intra-company expenditures and selecting fewer suppliers in each buying category, companies can gain significant leverage. They can also deepen their advantage through inter-company aggregation and supplier rationalization.
- Rationalizing product specifications: By developing processes that clearly define the need before translating that to a specification, companies can avoid unnecessary costs
- Source more effectively: By engaging a large number of qualified suppliers during supplier selection and creating a more competitive negotiating environment.
- Improve financial controls and contract compliance: To achieve bottom line benefits, buyers need to buy against contracts easily and need to control spend activity through a procurement tool.
- Doing Procurement Right: To extract the maximum value from procurement, companies need to understand their spending, select the best approach to source, procure each set of goods and services and continuously monitor performance.

10. The Important Steps of Model

In this model we define how can a company effectively achieve measurable and sustainable cost savings? They must address the entire procurement value chain from savings identification, to negotiation and must importantly, realization. The essential steps are described below:

Step 1 - Assess the opportunities: A complete spend assessment will provide visibility in company's needs, their total buying power and the degree to which they are leveraging that power.

Step 2 - Source for savings: An effective sourcing methodology will address product specification rationalization, recommend standard buying practices, use the most appropriate sourcing and negotiation strategy for the category and achieve the lowest total cost.

Step 3 - Turn Contracts: Enable buyers and suppliers turn contracts into commerce - to realize savings, they must not only connect users to contracts but also ensure that users can accurately and confidently buy against those contracts.

Step 4 - Management Tools: Transact through management tools to capture savings - by utilizing computerization, companies not only drive compliance against contracts but also streamline processes and increase control on spending.

Step 5 – Improvements: Manage continuous improvements - in order to maximize and sustain savings, companies need to drive improvements and manage suppliers.

Step 6 - Categorization Process: This involves a detailed analysis for all the purchases made by the company for the past one or two years and broadly classifies the spending in few major sourcing groups (SG).

Step 7 - Spend-profile each sourcing group: Each of the Sourcing Groups need to be clearly defined by identifying sub-groups, spend profile of each sub-group, cost drivers involved and the supply market behavior for each SG.

Step 8 - Develop Strategy: Each SG is analyzed with respect to the supply market. For the sourcing group with low market complexity, buyer has a strong position compared to supplier and should exploit its buying power through the tools of volume concentration, best price evaluation and global sourcing.

Step 9 -Develop Supplier Profile: Develop a list of current and new suppliers and prepare profiles for later use. Define minimum requirements necessary to be met by any supplier and screen the preliminary supplier list. Establish qualification criteria to evaluate suppliers and to agree on shortlist of suppliers with whom to conduct negotiations. Request for Information and develop a comprehensive pre-qualification questionnaire (PQI) to seek detailed information from suppliers to develop their profiles.

Step 10 - Implementation Methodology: For the competitive selection process, and request for quotation (RFQ) is prepared to obtain a detailed understanding of the supplier's profile, scope of work/services, cost, specifications, alternatives etc. Supplier development approach is generally recommended when the company is very confident of its key supplier with regards to their price, quality, delivery and reliability. Here, the company works together with their key suppliers towards joint process improvements, standardizing specifications and relationship restructuring.

Step 11 - Competitive Supplier Selection: The responses to the RFQ issued, are thoroughly analyzed for price and non price factors. This price analysis forms the basis for subsequent negotiation strategies, enabling the team to drive the best overall agreement. The price analysis forms the basis for subsequent negotiation strategies, enabling the team to drive the best overall agreement.

Step 12 - Integrate the strategic agreements into operations: With strategic alliance agreements in place, it is of utmost importance to ensure the use of these agreements by all concerned throughout the company. Top management's conviction and total support is a must for integrating the strategic sourcing agreements with the day to day operations of the company.

Step 13 - Benchmark to Improve: This step ensures that sourcing group strategies continue to be effective and the supplier capabilities, arrangements and the purchasing process remain the leading edge. Continuous benchmarking of external and internal factors is must to continue moving ahead on the success path.

11. Categorization of Items in Model

The items in strategic management can be divided into two categories:

- **High Criticality:** In strategies management all these items are called as high criticality such as Critical Items, Strategic Items, Rate contracts, Strategic sourcing etc.
- **Low Criticality:** In strategies the items such as General items, Bulk purchase items, Reverse auctions, Internet purchase, Low value, high value. Identify the various items of procurement and categorize them in the following FOUR quadrants based on the VALUE and CRITICALITY. The Sourcing Strategy would depend on the position of the group of items in the four quadrants as indicated. The high value and high critically would call for Strategic Sourcing while low value and high criticality would be covered by long term rate contracts. On the other hand, high value and low criticality (bulk items) can be covered through Internet, while the low value and low criticality items, are ideal for reverse auctions.

12. Strategic Sourcing

A typical Purchasing Function is limited to transactional job of collecting information about the requirements of user department and carrying out commercial checks and balances to finally procure the product and service.

The information collected in the process is rather consequential and the relationship with vendor at best one sided. Strategic sourcing recognizes that people, including innovative suppliers, who are a valuable part of an organization and focuses on reducing waste or non-value-added costs. It is defined as: "A disciplined, systematic process for reducing the total costs of externally purchased materials, products and services while maintaining or improving levels of quality, service and technology". In today's competitive business scenario, the market decides the price of the product and hence the profit of any organization depends on controlling the cost of operations. In most of the manufacturing organization, 60% to 70% of the cost is spending on the procurement function. Hence, there is a significant opportunity in improving the bottom line through Strategic Sourcing. In our model there are many definitions for strategic sourcing such as:

- "Strategic Sourcing is a comprehensive process aimed at obtaining maximum advantage on cost, technology, process and quality, by leveraging the company's buying power"
- "Strategic Sourcing is a comprehensive process designed to pursue all value levers by leveraging a company's buying power with select suppliers, conducting best price evaluations, sourcing globally and conducting company/ supplier joint process improvements"

The strategy is to shift the company's focus from the current "transaction" oriented independent buying of goods and services to a "product" oriented strategic approach. The Strategic Sourcing approach is designed to:

- Drive reduction in total cost of acquisition of goods and services.
- Drive a thorough understanding of both the supply market and internal company requirements.
- Deliver significant earnings to bottom line.
- Deliver improved value to all.

Strategic Sourcing studies are tedious and time-consuming initiatives.

13. Strategic Sourcing Features for Success

Strategic Sourcing is an important activity for which certain basic features are must to ensure its success and they are:

- Total long term commitment from top management.
- Considerable involvement in terms of money and manpower.
- Empowering the strategic sourcing teams.
- Disciplined and consistent practice.
- Continuous monitoring and tracking the progress.
- Effective use of electronic tools like internet, e-mail etc., for quick and effective communication.

14. ACTION PLANS

Action plans are important steps in organization model of static management. These are defined as:

- Rationalization of suppliers - weeds off non performing suppliers and add best-in-class suppliers through continuous vendor rating process.
- Material cost reduction - increase share of business for performing suppliers and develop cost sheets. Introduce two-bin and Kanban system, collect materials through milk runs to achieve JIT supplies.
- Supplier development - audit suppliers for process improvements and create capacity for increased demand, by introducing new suppliers. Introduce group buying and look for global buying opportunities including e-sourcing.

15. VALUE CREATION THROUGH STRATEGIC SOURCING

In strategic management the after our survey, we find that Marketing, Finance and Production have so far been regarded as the focus-area of top management. Things are changing; increasing awareness that the company spends 60–70 % of the cost of goods sold in purchasing has made purchasing a promising area to hunt for facing global competitiveness. This fact has been realized by some of the progressive companies in India along with its counter parts in Western World.

In our survey we find that companies are now placing best people in their purchasing functions. While skilful contract negotiations could extract price discounts of between 1 and 5 percent from suppliers, today's cost pressures for 10 to 30 percent price reductions require a totally new set of purchasing skills: challenging materials specifications, questioning products and their package designs, and influencing "make" versus "buy" decisions etc.

Further with increased competition in the marketplace, an organization's success could well be tied to the ability of its suppliers to invest in new product development, respond to a change in demand or indeed work together to achieve improvements in network or manufacturing design and efficiency. Purchasing and supplier collaboration can reduce the need for large inventories and quickly introduce goods and services to accommodate new product designs as well as changes in existing ones.

In situations like this we define above, program like Strategic Sourcing, which focus on the following assumes greater importance in keeping organizations competitive advantage.

- Developing in-depth understanding for knowledge based buying.
- Developing systems and procedures for building World–Class purchasing organization.
- Building sustained value creating relationships with suppliers.

Strategic Sourcing is being recognized as separate function and necessary action is being taken by most of the corporate in this field. World over, though the objective of Strategic Souring is same, organizations adopt different ways of implementing it, e.g Tata Steel.

In organizations, Expert groups: SSC provides:

- Provides strategic direction and guidance.
- Establish performance targets.
- Review progress of the CCTs.
- Provide support for successful implementation.

16. Methodologies for Performing Strategic Sourcing

At the end of in-depth study on internal requirements and external analysis of commodity, CCTs has two methodologies for performing Strategic sourcing study:

A. Strategic Sourcing through Sourcing Levers,

B. Strategic Sourcing through Supplier Value Management (SVM)

A. Strategic Sourcing through Sourcing Levers

In strategic sourcing this methodology talks about appropriate supplier screening mechanism, developing process maps and bottom-up costing etc. After completion of these steps, the team in company develops appropriate sourcing levers closing the deals with the suppliers.

B. Sourcing Lever Approach of Strategic Sourcing

The sourcing lever approach of Strategic Sourcing addresses the internal value chain of company and some cases goes up to distribution channels of suppliers. The "Supplier Value Management" not only addresses the internal value chain, but it also addresses the value chain of suppliers. Unlike other process, SVM considers the value chain of the supplier and that of company like as Tata Steel as the single entity and understands that any enhancement/improvement at the suppliers end will directly enhance the value delivered to the end customer. This program also gives an opportunity to study the supply chain of the suppliers and identify revenue leakages.

17. Selection of Commodity for SVM

After our research on various companies we find that the selection of commodity and the supplier is the main distinguishing factor between SVM and Sourcing Lever approach of Strategic Sourcing. In result company like Tata Steel follows following criteria for conducting SVM with suppliers:

- Supplier should be a manufacturer.
- Tata Steel's to be key customer for the supplier.
- The commodity should have direct impact on Tata Steel's throughput.
- Share the same values and culture of Tata Steel (Cultural fit).
- Willingness to be a long-term partner with Tata Steel.

18. VALUE MIGRATION

After our research on sourcing we define the value migration. It is defined as "Marketing strategy is the art of creating value for the customer". This can only be done by offering a product or service that corresponds to customer needs. In a fast changing business environment, the factors that determine value are constantly changing.

Value Migration: How to Think Several Moves Ahead of the Competition, as the shifting of value-creating forces. Value migrates from outmoded business models to business designs that are better able to satisfy customers' priorities. In our research Values migrated in three forms:

Three Types

- Value flows between industries - example: from airlines to entertainment
- Value flows between companies - example: from Corel WordPerfect to Microsoft
- Value flows between business designs within a company - example: from IBM mainframe computers to IBM PC's with system integration

Three Stages

- Value inflow stage - value is absorbed from other companies or industries
- Value stability stage - competitive equilibrium with stable market shares and stable profit margins
- Value outflow stage - companies lose value to other parts of the industry - reduced profit margins - loss of market share - outflow of talent and other resources

The value chain is the sum of all activities that add utility to the customer. Parts of the value chain will be internal to the company, while others will come from suppliers, distributors, and other channel partners. A **linkage** occurs whenever one activity affects other activities in the chain. To optimize a value chain, the linkages must be well coordinated.

19. CONCLUSIONS

Strategic management model is more than a planning, implementation and control process. It is also a state of mind and an attitude. Strategic management forces you to be forward thinking, proactive, and focused on where you are going and how you will get there.

This is a time of challenge. As the new millennium approaches, the Nation needs timely, accurate, and relevant information for decision-makers in all aspects of economic activity. Organizing high values opportunities by the calculation of value migration is more difficult than it would at first seem. Value is perceived by customers and, as such, is subjective. This is very difficult to measure so relative market value of the firm is used as a proxy. Relative market value (defined as capitalization divided by annual revenue) is used as an indication of the firms success at creating value. In our important steps of research we solve every problem of strategic management in steps and increase the values in organization.

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