

Strategic Management Concepts

File C6-39

Although the term “strategic management” is bantered around a lot in the business world, it is not understood very well by most people. Essentially strategic management answers the questions of “Where do you want your business to go?” (goals), “How is your business going to get there?” (strategy), and “How will you know when you get there?” (evaluation).

A strategic management analogy is taking a trip during your vacation time. First you decide where you want to go - the natural beauty of Yellowstone or the bright lights of Las Vegas. Then you develop a strategy of how to get there - take an airplane (which flights), drive your car (which highways), etc. This will be influenced by the amount of money, time, and other resources you have available. Then you monitor your trip to see if your strategy takes you to your destination and how your strategy worked (missed flights, poor road conditions, etc.).

Below are concepts to help expand your understanding of strategic management for a business. These will help sharpen your focus for using [Strategic Management for Farm Businesses](https://go.iastate.edu/AGDMC641), <https://go.iastate.edu/AGDMC641>.

1. Strategic management involves deciding what is important for the long-range success of your business and focusing on it.
2. Strategic management asks, “How should I position my business to meet management and business goals?”
3. A business strategy is a series of business decisions that lead to achieving a business goal.
4. Strategic management involves the “big picture” of your business.
5. Strategic management involves planning, analyzing and implementing a business strategy.
6. Strategic management is most effective if you can step back far enough and say “all things are possible.”
7. The essence of strategic management is matching business resources to market opportunities.
8. Strategic management involves seeking and identifying opportunities and threats in the market and industry as well as the outside world in general.
9. Strategic management is based on the premise that “all businesses are not the same.”
10. Strategic management involves assessing the strengths and weaknesses of your business.
11. When assessing strengths and weaknesses, personal skills and abilities are likely to be more important than business assets.
12. Strategic management involves looking into the future rather than dwelling on the past.
13. Strategic management is proactive rather than reactive.
14. Strategic management involves anticipating change and taking advantage of it.
15. Strategic thinking involves assessing how decisions made today will affect my business in the future.
16. Strategic management is more of a state-of-mind than a rigid process.
17. A military connotation of strategic management is “it hasn’t won every war, but it has avoided a lot of ambushes.”
18. Strategic management is most useful for businesses with unique or differentiated products for niche, specialty or differentiated product markets.

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19. Strategic planning comes before business planning. Strategic planning is used to identify and assess alternative business strategies. Business planning is used to implement a business strategy.
20. Strategic planning is more words and less numbers than business planning.
21. A strategic plan is a “living” document that changes as your goals and resources evolve.