

Business Policy

“Without Business Policy and Strategy, an organisation is like a ship without rudder, going around in circles. It’s like a tramp; it has no place to go”

Business Policy

“Business policy is study of the function and responsibility of Senior Management. The crucial problems that affect the success of the in the whole organisation and the decisions that determine the direction of the organisation and shape its future.”

■ Evolution of Business Policy as discipline.

Origin – 1911- Harvard Business School – Integrated Course in Management aimed at providing general management capability.

Development of subject of Business Policy has always followed the demands of real life business.

1930 -1960: Environment change: New Products:

Continuously changing market: Ford Foundation recommended a “**Capstone**” course of Business Policy which would give the students an opportunity to pull together what they have learned in the separate business fields and utilise this knowledge in the analysis of complex business problems.

~1990: The course has become an **integral part of management education** curriculum.

Evolution of Business Policy has undergone four Paradigms

Paradigm One: Ad-hoc Policy – making.

1900 -1930: Era of Mass Production – Maximising output, normally a Single Product, Standardised and low cost product, catering to unique set of customers servicing limited geographical area – Informal control and co-ordination. The Strategic planning was centered on maximising output.

Paradigm Two – Integrated Policy Formulation.

1930-1940: Changes in Technology, Turbulence in Political environment, emergence of new industries, demand for novelty products even at higher costs, product differentiation, market segmentation in increasingly competitive and changing markets. These all made investment decisions increasingly difficult. This was era of integrating all functional areas and framing policies to guide managerial actions.

■ Evolution of Business Policy has undergone four Paradigms

Paradigm Three – The Concept of Strategy.

1940- 1960: Planned policy became irrelevant due to increasingly complex and accelerating changes. Firms had to **anticipate** environmental changes. A strategy needed to be formed with critical look at basic concept of Business and its relationship to the existing environment then.

Evolution of Business Policy has undergone four Paradigms

Paradigm Four – The Strategic Management.

1980 & onwards: The focus of Strategic Management is on the strategic process of business firms and responsibilities of general management.

Everything out side the four walls is changing rapidly and this phenomenon is called as “Discontinuity” by Mr. Peter Drucker. Past experiences are no guarantee as science and technology is moving faster. The future is no more extension of the past or the present.

What to produce, where to market, which new business to enter, which one to quit and how to get internally stronger and resourceful are the new stakes.

Strategic Planning is required to be done to endow the enterprise with certain fundamental competencies / distinctive strengths which could take care of eventualities resulting from unexpected environmental changes.

■ Core concept of Strategy:

A company's concept of Strategy consists of the competitive moves and business approaches that managers employ to attract and please customers, compete successfully, grow the business, conduct operations and achieve targeted objectives.

Core concept of Strategy:

Military Origins of Strategy: Strategy is a term that comes from the Greek Strategia, meaning "Generalship." In the military, strategy often refers to manoeuvring troops into position before the enemy is actually engaged.

In this sense, strategy refers to the deployment of troops. Once the enemy has been engaged, attention shifts to tactics. Here, the employment of troops is central.

- Military origins of strategy are century old. It seems sensible to begin our examination of strategy with the military view.
- Substitute "resources" for troops and the transfer of the concept to the business world begins to take form.
- Strategy also refers to the means by which policy is effected, As per "Clauswitz" the war is the continuation of political relations via other means.

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