Chapter I: Strategy, concept, general policy, planning and strategic management.

I.1. The concept of strategy

I.1.1. Definitions

The concept of strategy originated in the military sphere. It comes from the Greek words ‘stratos’, meaning army, and ‘argos’, meaning I lead. It consists of mobilising resources to win a war... This concept has been extrapolated to the business world. It defines the actions to be taken to achieve a certain number of objectives. It is the company's senior management that must choose the paths and means to be implemented in order to achieve the objectives set. These actions should enable it to compete with rival companies.

There are many definitions of strategy that have their historical origins in military art, but there are also a great many different definitions of business strategy in management literature.

According to Strategor (1997), ‘Developing a strategy means choosing the areas of activity in which the company intends to be present and allocating resources so that it can maintain and develop its position in those areas.’

For Ansoff I (1989), ‘strategy is one of the decision-making criteria that guide an organisation's behaviour.’ These criteria are rules that must meet certain characteristics and may include: guidelines, objectives, commercial strategies, administrative strategies, and even major operational guidelines.

Chandler defined it as: ‘The determination of a company's long-term goals and objectives and the choice of actions and allocation of resources necessary to achieve them.’ According to Chandler, it is therefore a process consisting of: Setting long-term objectives; Choosing the appropriate action plan to achieve the objectives set; Allocating the necessary resources to implement the action plan.

Finally, Mr. Porter defined it as: ‘The art of building sustainable competitive advantages.’ Porter emphasises the concept of competitive advantage. For him, a strategy must enable the company to build, maintain and develop a competitive advantage that allows it to face competition.

In summary, strategy is the long-term direction of an organisation's activities. It has a significant impact on its future (concept of irreversibility). It consists of gaining a competitive advantage by reconfiguring the organisation's resources and skills in a changing environment in order to meet market needs and the expectations of various stakeholders.

Strategy is commonly considered to be the prerogative of business leaders, and its purpose is not only to generate one-off profits, but also to ensure the sustainability of this profit generation, even though cases of companies whose performance remains consistently above the market average are extremely rare.

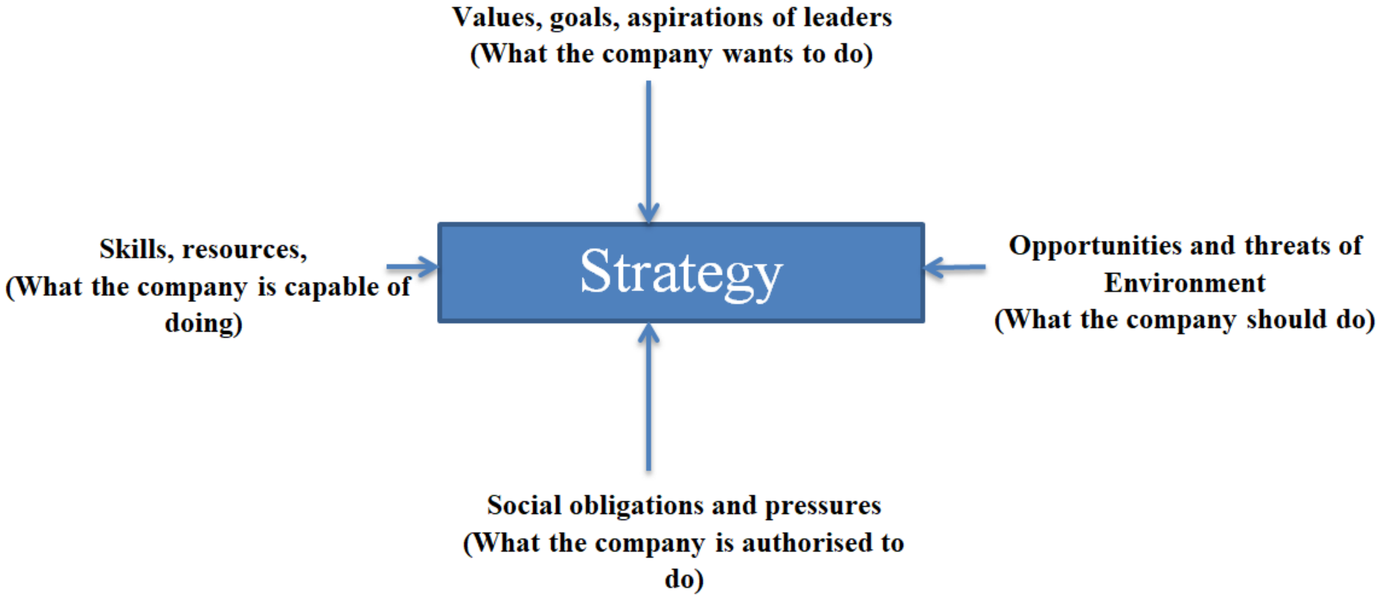
I.1.2. The importance of company's strategy

-It positions the company in relation to its environment, based on an analysis of that environment and according to its potential.

-It commits the company in the long term, as it involves decisions that take a long time to come to fruition.

-It commits the entire company (broad scope).

-It requires the company to study and anticipate the main developments in its environment, adapt to these developments and take action.
-Strategic management enables the company to establish these areas of development.
-It facilitates the day-to-day management of the company by providing a frame of reference and consistent objectives for all operational decisions.
*Through its strategy, the company seeks to position itself in such a way that it can achieve sustainable results for its managers and partners (shareholders, staff).
*Strategy is a compromise between what the company wants to do, what it is capable of doing, what it should do and what it is allowed to do.



I.1.3. The objectives of the strategy
Strategic objectives are goals set by the organisation based on its purpose, resources and environment. They are goals to be achieved within a timeframe of more than two years. A strategic objective can be quantitative or qualitative. These objectives can vary, for example:
-Profitability objectives: these enable the company's situation at a given moment to be assessed by calculating ratios. A company is profitable if it is able to remunerate those who provide capital and labour (shareholders and employees).
-Growth objectives: here too, different criteria can be adopted. Growth and profitability objectives are closely linked (although growth and profitability do not necessarily evolve in the same direction).
-Security objectives: above all, the company must survive. Therefore, certain projects that are too risky must be discarded or postponed. Risk reduction must be compatible with changes in the environment.
-Flexibility objectives: Flexibility is clearly not an end in itself, but a means to an end. Flexibility can manifest itself in almost all areas (organisational structures, personnel, financing methods, periodically reviewed action plans, etc.).
- Social objectives: Social objectives can be considered to go well beyond personnel issues. It is essential to take into account the environment and external factors. However, it is regrettable that these objectives are too often seen as constraints to achieving economic and social objectives.

I.1.4. The different levels of the strategy

When a company defines its strategy, it must choose the business areas by sector (BAS) in which it wishes to operate and allocate the necessary resources to maintain and develop its presence in those areas. Several levels of strategy can be distinguished:

A. **Corporate strategy:** This mainly consists of choosing the areas of activity in which the company will develop and those from which it wishes to withdraw. It often involves seeking complementarity between activities, thus giving rise to a logic of activity portfolio management.

Objective: To define the organisation's overall field of activity and how the various activities are managed or distributed among them.
Key decisions: Choices about entering or exiting a market, diversification, integration or specialisation, and management of the portfolio of different activities.
Level: The highest level of planning and decision-making within an organisation, usually led by senior management.

B. **Business strategy:** focuses on how to build and protect a competitive advantage for a business unit. It involves developing an advantage over the competition and defending the company's position in its competitive environment.

Objective: To define how a specific activity (a strategic business area, or SBA) will position itself in its market to achieve a sustainable competitive advantage.
Key decisions: How the company will compete in its market, for example, through cost, differentiation, or a niche market.
Level: Concerns each product line or business unit.

C. **Functional strategies:** these are applied at the level of each function within the company: the company can thus define a financial strategy, a marketing strategy and a human resources strategy.

Objective: To implement strategic decisions made at higher levels by managing the resources and processes of the company's various functions.
Key decisions: How departments such as marketing, production, human resources, or finance will contribute to the achievement of strategic objectives.
Level: Focuses on day-to-day activities and organisational methods within each function.