

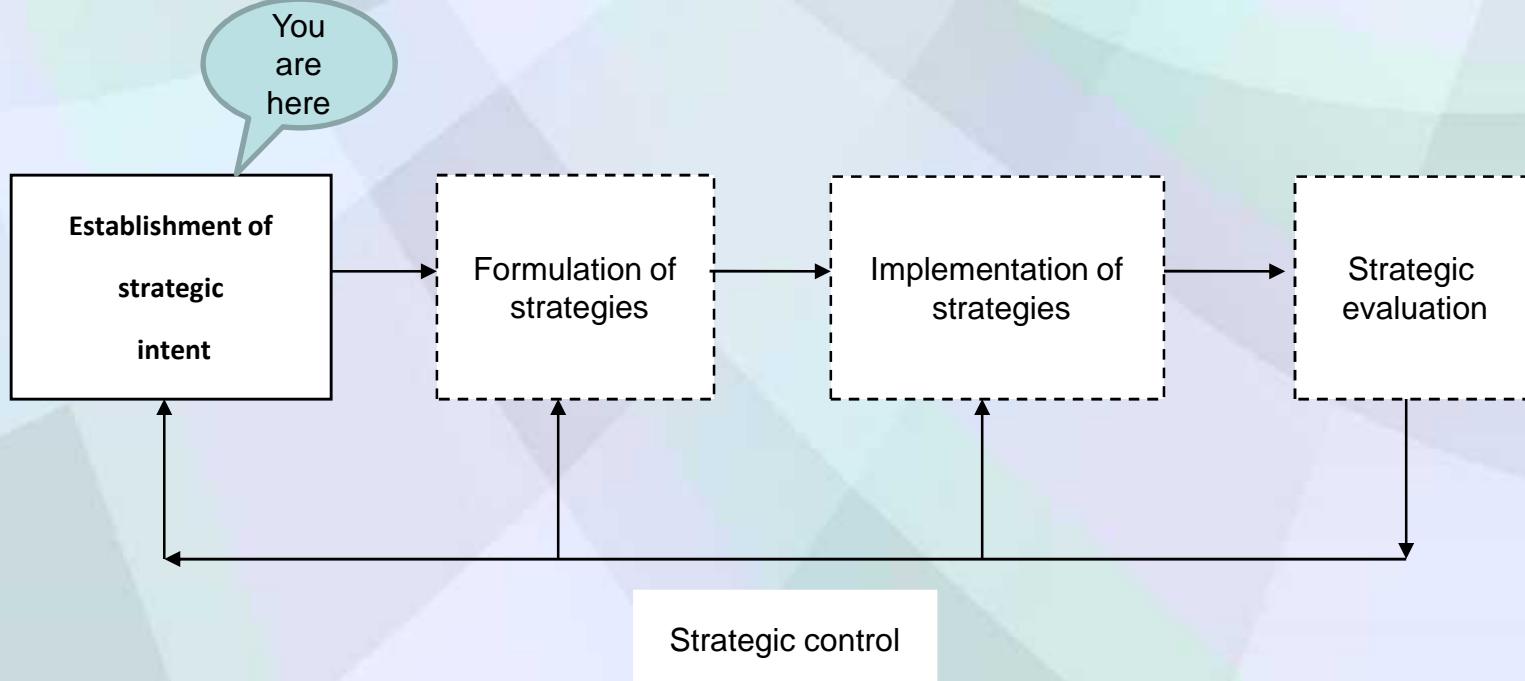
Business Strategy

**Unit – IV; Internal Assessment
(Fit & Stretch Concept)**

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Strategic Intent

- Strategic intent is the purpose for which an organisation strives for. These could be in the form of vision and mission statements for the organisation as a corporate whole.
- At the business level of firms these could be expressed as the business definition and business model.
- In precise terms, as an expression of aims to be achieved operationally, these may be the goals and objectives.
- Strategic intent lays down the framework within which firms would operate, adopt a predetermined direction and attempt to achieve their goal.

Understanding Strategic Intent

- The term strategic intent has been understood as an obsession with an organisation: an obsession by having ambitions that may even be out of proportion to their resources and capabilities. This obsession is to win at all levels of the organisation while sustaining that obsession in the quest for global leadership.
- The concept also encompasses an active management process that includes: focusing the organization's attention on the essence of winning, motivating people by communicating the value of the target, leaving room for individual and team contributions, sustaining enthusiasm by providing new operational definitions as circumstances change and using intent consistently to guide resource allocations

Concept of Stretch, Leverage and Fit

- Stretch is a misfit between resources and aspirations
- Leverage refers to concentrating, accumulating, complementing, conserving, and recovering resources in such a manner that meagre resource base is stretched to meet the aspirations that an organisation dares to have.
- Fit means positioning the firm by matching its organisational resources to its environment.

Concept of Stretch, Leverage and Fit

- The strategic fit is central to the strategy school of positioning where techniques such as SWOT analysis are used to assess organisational capabilities and environmental opportunities.
- The ideas of stretch and leverage belong appropriately to the learning school of strategy where the capabilities are not seen as constraints to achieving and the environment is perceived not as something which is considered as given but as something which can be created and moulded

To achieve Strategic Intent – you need to Stretch. As of today there is a misfit between resources and aspirations. So instead of looking at resources, you will look at resourcefulness. To achieve you will stretch and make innovative use of your resources.

This leads to Leveraging your resources.

Leverage refers to concentrating your resources to your strategic intent, accumulating learning, experiences and competencies, in a manner that a scarce resource base can be stretched to meet the aspirations that an organizational resources to its environment.

The strategic fit is the traditional way of looking at strategy. Using techniques such as SWOT analysis, which are used to assess organizational capabilities and environmental opportunities, Strategy is taken as a compromise between what the environment has got to offer in terms of opportunities and the counteroffer that the organization makes in the form of its capabilities.

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- Under fit, the strategic intent is conservative and seems to be more realistic, but you may not be aware of the potential; under stretch and leverage it could be improbable, even idealistic, but then you look at something far beyond present possibilities and look at the potential possibilities.