# Chapter 91
# The Information and the Strategy Business

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## ABSTRACT

*In recent years we have witnessed a major transformation in society. We went from a society based on industry and transport to another based on information and knowledge. A major challenge for managers is to understand what the information is for formulation, definition, implementation, and control the strategy. The strategy for any organization can be set from the outside in. According to the schools of positioning, the offer of products will have to adapt to changes in the environment. Or from the inside out. According to the movement's schools, the organization influences the middle engaging with your innovative product offerings, since it has skills and capabilities that competitors don't have and that are difficult to imitate or buy. This chapter explores information and business strategies.*

## INTRODUCTION

Managers are people who occupy a large part of their time to make decisions of various nature and dimension. The requirements in relation to the time available for the decision-making always seem to be greater than the total time available. Decisions of great importance mingle with trivial decisions. This diversity of decisions tends to increase with the level of responsibility and becomes particularly pronounced in the case of the highest hierarchical level managers.

The function of Manager involves a very broad set of activities, including analysis, decisions (including the strategic), communication, leadership, motivation, evaluation and control. Of all these activities, we isolated the strategic decision-making process, as it is the "foundation stone" of a Manager. Peter Ducker (1958), States that "decisions and actions are the final product of managers' work".

Strategic decisions made explicitly or implicitly by managers precede any action, regardless the organizational process, by which they are taken, either through the formal hierarchy or through the broad participation of middle managers (managers) or by omission. The strategic decision-making process

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is complex, so put some problems to managers, in terms of methodology of approach, to choose the preferred strategy among the various alternatives.

Strategic decisions involve aspects of external and internal problems, that is, involve the choice of the set of products and/or services that companies can offer to their customers, looking to develop and take advantage of their position, vis-à-vis application of resources among possible alternatives, so that they can achieve their objectives.

The companies' employees are concerned with the operational problems, the hierarchies are concerned with finding ways to increase efficiency, reduce costs and sell more. The problems are automatically generated at all levels of the hierarchy and are in addition to the lower levels of this, they become cause for attention of top managers (administrators) and have to do with the future.

The issue relating to the strategy is one of the tasks of the functions of the directors of the companies. This idea is in line with one of the premises on which the *Design* school is based (Andrews et al., 1965), which considers that the responsibility for the definition of the strategy is the Manager (the leader).

The problems are very complex, and it is very difficult for an administrator to resolve the problems of the strategy alone. Consequently, the responsibility for strategic management tasks disperses through the organizational structure. Some companies create very specialized structures to support strategic decision making, such as departments and or agencies of *staff* to draw up strategic analysis.

These support structures are in accordance with the Carnegie school (Ansoff, et al. 1965) when considering that the role of managers is to make decisions, but that they are not responsible for their formulation, but they are the planners. The positioning school (Porter et al., 1980) follows a similar approach methodology, in which analysts formulate the strategy and managers approve it.

## The Strategy

The strategy in companies is typically set: at the economic group level; managers and investors are involved in defining / revising the strategy and some of them rely on the support of external consultants;

The fact that the strategy is defined / reviewed at the economic group level means that the objectives and the strategy are defined globally by top managers of the Group and that each business unit (company) is limited to implement the strategy to achieve their objectives. These describe what the Group wants to achieve in the long run, in terms of some specific performance indicators, such as market share and return on investment.

The objectives of each business unit (company) translate the medium-and short-term objectives, as a way of measuring the progress to achieve the overall objectives. Each business unit (company) is an element of the *portfolio* of the Group's businesses. There is a hierarchy of objectives, strategies, budgets and plans. This assumes that the "trick" is to take relevant information up to the managers, "at the top", can be informed about the consequences of the details, "down there", without having to engage in them.

The operationalization of the strategy gives rise to a set of hierarchies, at different levels and with different temporal perspectives. At the top are the "strategic plans" and include the long term (economic group), followed by the medium-term plans which in its time give rise to short-term operational plans (companies). The group chooses a market positioning and strategies coming out of this process to be articulated and implemented. The strategy is divided into sub-strategies (companies) for success in implementation, giving rise to a whole set of hierarchies with different levels of duties and responsibilities and with different temporal perspectives.

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