

# Chapter 1

## Strategic Financial Management



Strategy:- It is of planning something or carrying out a plan in a skillful way.




Strategic Financial Management is described as the allocation of scarce resources to identify possible strategies among competitive opportunities and taking necessary actions to monitor the progress of the chosen opportunity so as to achieve to objectives.





## **Features of Strategic Financial Management**

- 1. Long Term View**
  - 2. Profitability**
  - 3. Result Oriented**
  - 4. Holistic View- Integrated**
  - 5. Coherence**
  - 6. Promotion of Growth**
  - 7. Perpetual Process**
  - 8. Contemporary and traditional**
  - 9. Innovative**
  - 10. Structured/Flexible**
  - 11. Interest to stakeholders**
  - 12. Focus on wealth creation**
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## Distinction between Financial Management & Strategic Financial Management

	<b>Financial Management</b>	<b>Strategic Financial Management</b>
1	Focus on Short Term & Medium Term Planning	Focus on Long Term Planning
2	Relates with micro & macro economics like budget, cash management, working capital management	Relates with Business policy, strategic management, financial policies etc.
3	It covers decision making areas of Financial decisions, investing decisions, dividend decisions & profitability decisions	It covers decision making areas of Optimisation techniques, Corporate restructuring, financial re-organisation, disinvestment decisions, Turn around management
4	Function of middle level	Function of top level



## **Scope of Strategic Financial Management**

- 1. Strategic Investment Management Decisions**
  - 2. Strategic Financial Management Decisions**
  - 3. Strategic Liquidity Management Decision**
  - 4. Strategic Value Creation**
  - 5. Strategic Profitability Management**
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## Functions of Strategic Financial Management

1. **Forecasting Funding needs**
2. **Optimum utilisation of resources**
3. **Strategic Investment Planning**
4. **Liquidity maintenance**
5. **Value of Firm**
6. **Encourages Consistency in profitability**
7. **Promotion of clarity in system**
8. **Risk hedging**
9. **Financial Analysis & Diagnosis**
10. **Financial Control**
11. **Financial Restructuring & Re- engineering**
12. **Distress Management & Turn around strategy**
13. **Capital Budgeting**
14. **Disinvestment policies**



**THANK YOU**