

CS → Strategic Mgt Process

CS — St. Mgt Process —————→ Strategic
Mgt
Model

Introduction

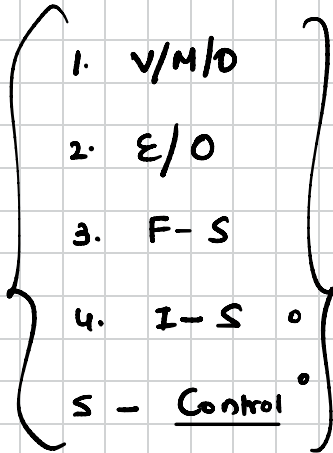
- .) Methodical Process
- .) Involves — Intent, vision, mission, values and objectives
- .) Analyse markets
- .) Strategic planning
- .) Key Performance Measure.

→ DYNAMIC — change in one thing
— Necessitate — change in
many components

- Never ending
- To study — we can do it with help of a Model.

Strategic Management Model

- 1 → Vision, Mission, Objective
- 2 → Environmental / Organisational Analysis
- 3 → Formulating Strategy
- 4 → Implementation of Strategy +
- 5 → Strategic Evaluation → 2 Control } CS



- Study / Apply SM
- No guarantees: Sure-shot Success
- F/I/E
- Lock step fashion
- iterative
- Lot of back & forth

SMM - Stages

- V/M/O
- E/O - A
- SF
- SI → Principal Aspects
- SEC

Corporate strategy

- game plan that really directs the company towards success is called "corporate strategy"
- The formation of corporate strategy is the result of a process known as strategic planning.
- It's about the long-term vision and goals of the company and how to achieve them.

Strategic planning,

- Is the process through which an organization defines its strategy or direction.
- Senior management develops strategic plans for the entire organisation after evaluating the organization's strengths and weaknesses in light of potential possibilities and dangers in the outside world.
- It involves gathering and allocating resources in order to achieve organisational goals.
- Strategic planning determines where an organisation is going over the next year or more and the ways for going there.
- The process is organisation-wide or focused on a major function such as a division or other major function.

Operational planning

- Conducted at middle and lower management levels, it deals with the specifics of resource utilization to achieve goals
- They provide specifics on how the resources are to be used effectively to achieve the goals.

Strategic Planning

Define • Direction

- Senior Mgt → SWOT (Evaluate)
- Resources → (gather & Allocation)

over the
years

- Direction & how to go in that Direction
- scope → organisation wide / Major function

For knowledge purpose, only

Strategic planning and operational planning are two distinct yet interconnected aspects of organizational planning. While strategic planning is both organization-wide and functional, operational planning plays a specific role in translating strategic plans into actionable, day-to-day tasks.

Functional Strategic Planning:

- Focuses on specific departments or functions within the organization, such as marketing, finance, HR, or IT.
- Tailors strategies to meet the specific needs and goals of each function, while aligning with the broader organizational strategy.
- Involves setting objectives, tactics, and resource allocation for each department to effectively execute their part of the overall strategy.
- Usually led by heads of departments or functional managers who have expertise in their specific areas.

Strategic uncertainty

- Strategic uncertainty arises from the unpredictability of future events affecting organizational strategy and goals.
- Influenced by market changes, technological advancements, competition, and regulatory shifts.
- Effective management requires flexibility, resilience, and agility to adapt quickly to environmental changes.
- Group uncertainties into logical clusters or themes for better management.
- Prioritize clusters for focused information gathering and analysis.

Impact of Strategic Uncertainty on Business

- Strategic uncertainty can affect current, proposed, and potential business activities.
- Impact varies based on each Strategic Business Unit's (SBU) significance to the firm.
- Importance often measured by sales, profits, or costs, but potential growth should also be considered for a comprehensive understanding of value.

Strategies for dealing with strategic uncertainty

- **Flexibility:** Building adaptable strategies.
- **Diversification:** Diversifying products, markets, and customer bases.
- **Monitoring and Scenario Planning:** Regularly monitoring key changes and planning for various scenarios.
- **Building Resilience:** Strengthening operational processes and risk management.
- **Collaboration and Partnerships:** Working with other entities to share risks and resources.

FD monitor karke building leli collaboration mei

Strategy implementation

- Putting Strategy into Action
- Converting decisions into Action
- Allocation of Resources
- Adjusting the Structure .
- Training the Personnel
- Designing Appt Systems :

Difference

Formulation

Implementation

Action — A

Before

During

Effectiveness
Efficiency E

Effectiveness

Efficiency

Intellectual I
operational

Intellectual

operational

Coordination O

Less Proper

More Proper

Intuitive U
Motivational

Intuitive

Motivation

Precedes / Follows

Precedes

Follows

Entrepreneurial
Administrative

Entrepreneurial

Administrative

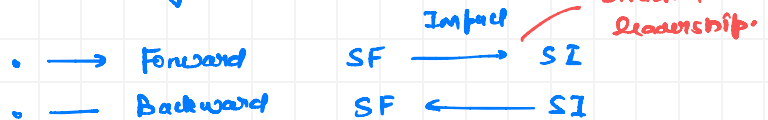
Planning - Decision Making
Implementation

Planning / Decision
Making

Implementation

Linkage between Strategic formulation & Implementation

- Division only for study
- Real life Interlinked
- Two type of Linkage



Example of backward linkage

A company with a strong research and development capability might be more inclined to pursue innovative product development strategies because it aligns with its existing strengths and resources.

Effectiveness:

- **Definition:** Effectiveness refers to the degree to which something is successful in producing a desired result; it focuses on achieving objectives and actual outcomes.
- **In Business:** Being effective means that a company successfully meets its goals and objectives. It's about doing the right things to ensure the company's survival and success.
- **Example:** A business that sets a goal to expand its market share and successfully achieves this through targeted marketing and product innovation is effective.

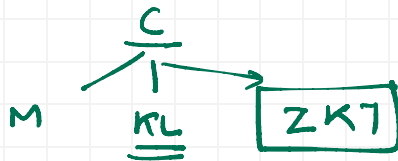
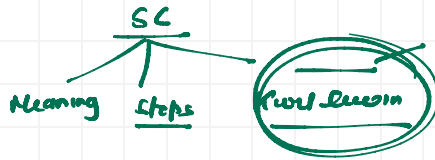
Efficiency:

- **Definition:** Efficiency refers to doing things in an optimal way, with the least waste of time and resources. It's about how well something is done, not necessarily what is achieved.
- **In Business:** An efficient business uses its resources (time, money, labor) wisely and operates with minimal waste, but this doesn't automatically ensure its success or survival.
- **Example:** A company might be efficient in producing goods using minimal resources, but if these products don't meet market needs or are not well-marketed, the company might not be effective.

Effectiveness is about achieving desired outcomes and is crucial for the survival and success of a business. Efficiency, while important, is about the optimal use of resources and, on its own, may not guarantee a business's survival. The key for any business is to strive for both effectiveness in meeting goals and efficiency in resource utilization.

Strategy Implementation.

- **Strategy Activation:** Convert strategies into actionable steps.
- **Plans Development:** Evolve strategies into detailed plans with clear milestones.
- **Programmes Creation:** Formulate programmes outlining specific goals and procedures.
- **Projects Formulation:** Develop time-bound projects with allocated budgets for operational infrastructure.
- **Organizational Structure:** Design an effective structure, establish systems, and set functional policies.
- **Implementation Steps:** Include project, procedural, resource, structural, functional, and behavioral aspects.
- **Inclusive Participation:** Involve managers in strategy formulation and strategists in implementation.
- **Strategic-Operational Integration:** Blend strategic goals with practical operational execution for success.



Unfreezing

- Awareness for Necessity for change
- Prepare them for change.
- Should Not Come as a surprise
 - Socially destructive
 - Morale lowering
- Breaking down old Attitude Behaviour Custom
- Start with Clean slate.
- Make Announcements, Hold Meetings, Promote ideas

Changing to New Situation

- Redefine Behaviour Patterns, one may also Ready for change.

HC Kuhlman • 3 Methods — Compliance
— Identification
— Internalization

Compliance — • Reward / Punishment Strategy for good/bad behaviour.
• Reward, Punishment / Fear can change behaviour.

Identification — • Impressed to IDENTIFY THEMSELVES with given Role Model.

Internalisation — changing of Individual's thought Process

— Freedom to Learn and Adopt New Behaviour

Refreezing — New Behaviour ^{Must} Become Normal way of life

— It Must become Permanent

+
How? → Continuously Reinforce
New Behaviour

— Change is a Continuous Process

— Due to ever-changing environment

— The Process of

— Unfreezing
— changing
— Refreezing

} cyclical
&
continuous

Strategic Leadership

→ Group of people leading org
Activity of leading

- Sets the Direction — developing
Communicating } vision of
turns
- Formulating Strategies —
- Bringing changes —
- Inspiring team for strategy

Leadership Role for Good Strategy Execution

5 Roles

T — Top — Monitor, Solve, Remove obstacles

E — Espirit de Corps — Mobilize, Org Members,
Competent, High Energy

R — Responsive — to change, ALERT, New o
Bubbling with New ideas

E — Ethical Leadership — Model Corporate Citizenship

Action — ^{Improve} Corrected, strategy execution
overall strategy Performance

{ wipro — 1 share — 2000 Feb — 100000
 2013 → 172000
 — Patience is the key!

- HDFC →
- PZ
- TIK
- DIX
- TCR

Nifty 50 200 Feb
 100000

2023

Portfolio → 308%
 ↗ ↘
 ① — ②
 ①

① (100000) →

• AAM Investor — Patience is one only key!

• Inv — time

$$\frac{P \times \boxed{r} \times t}{100} \rightarrow$$

Decision

Action

Communication

Human
capital

change

Culture

High Performance

Teachers



U - Use — —

A - Appropriateness —

O - Offer —

I - Inspire Involvement —

M - Motivate to Do More —

Transactional Leaders

U — Uses Autonomy of office

A — Appropriate in Settled Environment / Mature Business

O — offers formalised Approach for Motivation
goal setting, they follow explicit Rewards
& Penalties.

I — Involvement is less. They Build on
existing culture & Practices

M → They Persuade People to work efficiently
& Run Smooth operation

They Focus on Building System and
Improving Current Situation

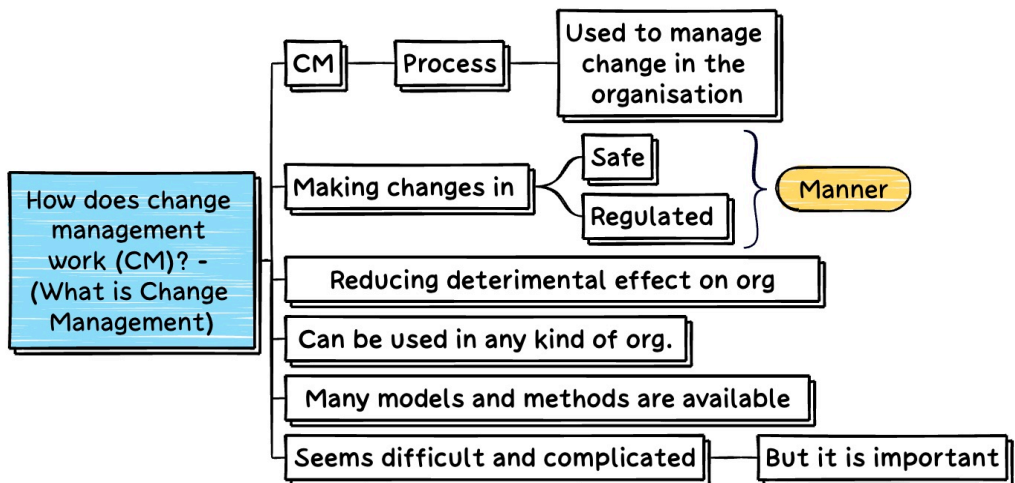
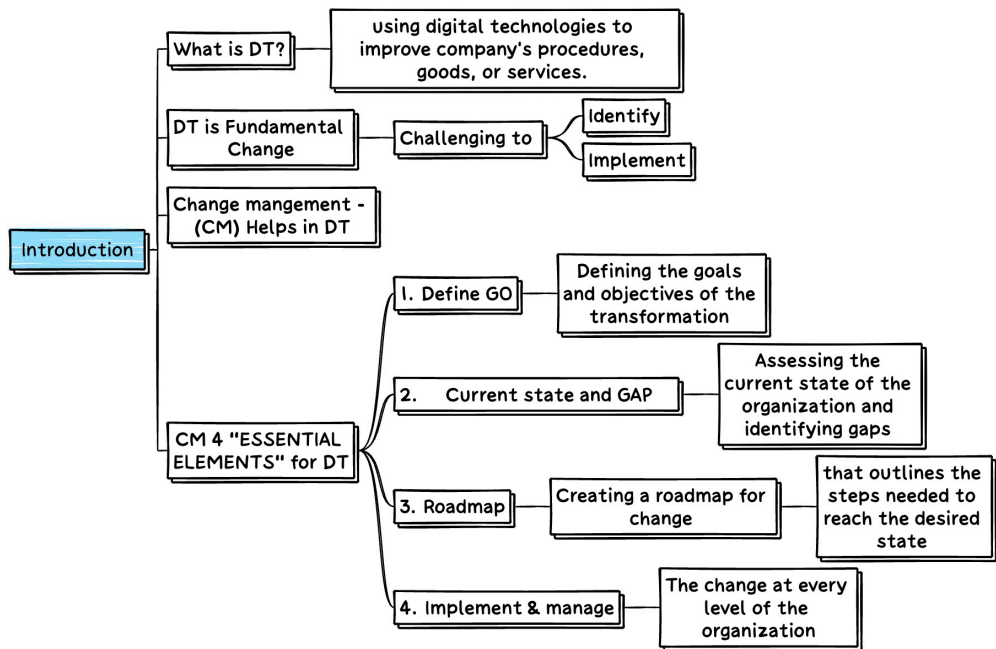
Digital transformation

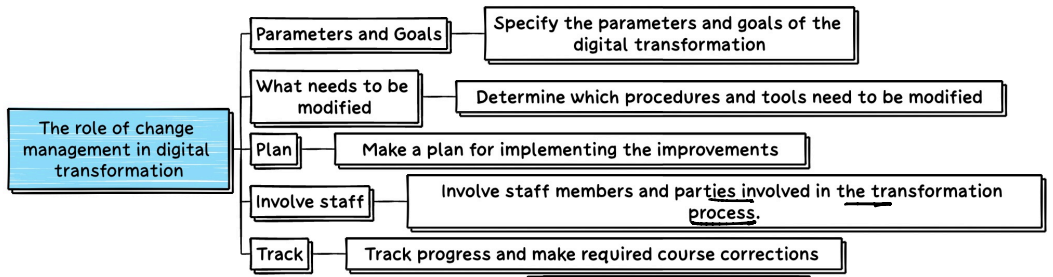
P/S/Process

- RTT → online class
- TO → WFH
- Brokers → App
- GRW →

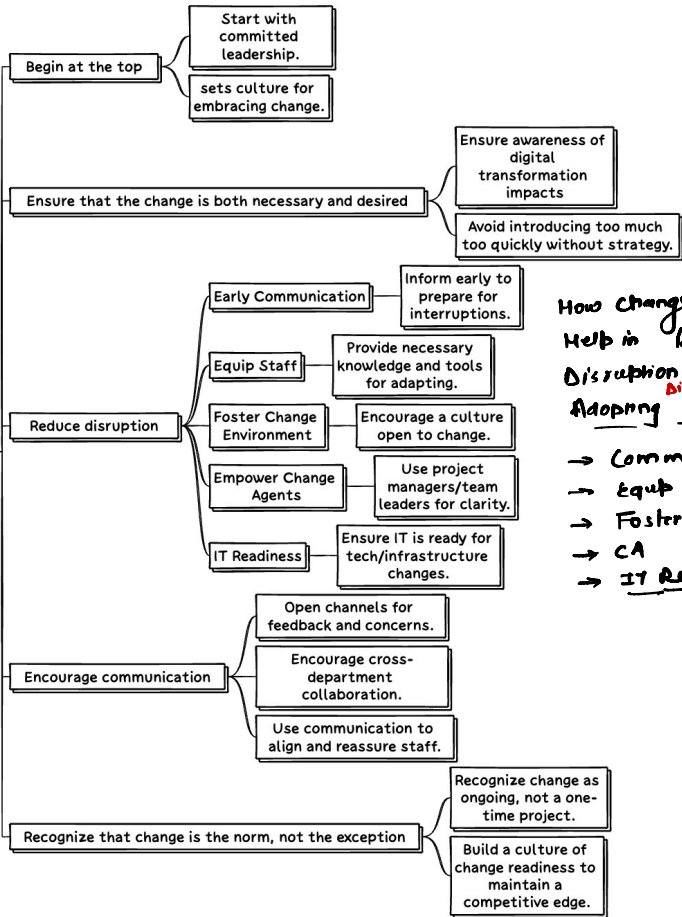
ICAI change — Steps to IC
— KL — HC Kellman

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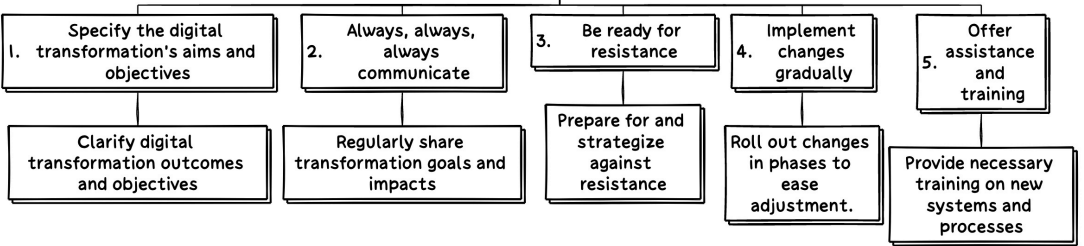
Change Management Strategies for Digital Transformation



How change mgt can help in reducing the disruption while adopting ^{digital} transformation

- Communication
- Equip
- Foster
- CA
- IT Readiness

How to manage change during digital transformation?



• DT - Introduction

• Elements of CM - (4) 40', CS & GAP, Reach Map, Implementer's Manuv

• Change Mgt

• Role of Change Mgt in Digital Transformation - (5)

(1)

(2)

(3)

(4)

(5)

• Change Mgt Strategy - (5)

Begin at the top
Change - Neel & Des

Reduce Dis

Communication

Change is Normal

Communication
Equip
Foster
CA
IT Readiness

(4)

• PQ

• What

• Plan

• Involve
Staff

• Track

• How to Manage change during DT - (5)

•) AO

•) Communicate

•) Resistance

•) Implement Change Gradually

•) AI - Assistance & Training

- McKinsey 7S Model
 - Purpose: Analyzes organizational design to enhance effectiveness.
 - Depict: how effectiveness can be achieved in an organization through the interactions of hard and soft elements.
- Hard Elements (Management-Controlled)
 - Strategy: Direction and blueprint to build on a core competency and achieve competitive advantage *or*
 - Structure: Organization's layout based on resource availability and management preference of centralisation or decentralization..
 - Systems: Daily operations and task execution framework to make org effective and efficient.
- Soft Elements (Culture-Governed):
 - Shared Values: Core values influencing culture and ethics.
 - Style: Leadership approach and its impact on strategy and motivation.
 - Staff: Organization's talent pool.
 - Skills: Key employee competencies crucial for success.
- Limitations:
 - Excludes external environmental impact.
 - Does not clearly explain organizational effectiveness.
 - Considered static and inflexible for dynamic decision-making.
 - Overlooks gaps between strategy conceptualization and execution.

What is Organisational Structure?

Organisational structure is how a company arranges its people and jobs so that its work can be performed and its goals can be met efficiently. It's like a blueprint showing how all the parts of the company fit together.

Example: A Local Bakery

Imagine a small local bakery. Its structure might be simple:

- The owner decides on the types of bread and pastries to sell, manages finances, and interacts with suppliers.
- A head baker oversees the baking, ensuring quality and consistency.
- Sales staff work at the counter, serving customers and handling transactions.

In this bakery, the structure helps everyone know their responsibilities: the owner leads, the head baker manages the kitchen, and the sales staff take care of customers. This organisation allows the bakery to operate smoothly and meet its goal of selling delicious baked goods.

Organization Structure Basics

- Purpose: Defines how tasks allocation, coordination, and supervision are aimed at organizational goals.
- Strategy-Structure Match: Creates competitive advantage.
- Strategic Leadership: Develops superior structure and controls compared to competitors.

Structure and Strategy Relationship

- Changes in Strategy: Often necessitate organisational structural adjustments. **(For instance, entering new markets, launching new product lines, or adopting new business models can necessitate structural changes to support these strategic shifts.)**
 - Reasons:
 - ◆ Objective and Policy Formation: Structure influences how these are established. **(For example, a geographic structure may set objectives based on regional performance, while a customer-focused structure emphasizes customer segments.)**
 - ◆ Resource Allocation: Dictated by the organizational structure. **(Zara operates with a customer-focused structure, directing resources towards fast fashion and trends popular among its distinct customer segments, achieving quick turnaround times and high customer satisfaction.)**

Examples:

- Geographic Structure: Objectives and policies are set based on location.
- Customer-focused Structure: Resources allocated according to customer groups.
- Functional Structure: Resources are divided by functional areas.

Strategic Implications:

- Structure Follows Strategy: Designed to support strategic goals.
- Adapting Structure: Essential for new activities, resource allocation, training, and system development.
- Strategy Influence: Structure can also shape strategy.

Strategy Influence: Structure Can Also Shape Strategy

Sometimes, the way a company is organised (its structure) can affect the decisions it makes for the future. If a part of the organisation is particularly strong or works really well, the company might decide to use this to its advantage when making plans.

Example: A Local Coffee Shop Chain

- Imagine a coffee shop chain with several locations in a city, each managed independently by local managers who really understand their neighbourhood's preferences and have the freedom to adjust their menu and decor accordingly.
- Impact on Strategy: Seeing that this local approach works well, the company decides its future growth strategy will focus on opening more neighbourhood-specific coffee shops in new cities, rather than trying a one-size-fits-all approach.
- This example shows how the company's regional structure, which gives autonomy to local managers, directly influences its decision to pursue a growth strategy that leverages this local expertise and independence. Instead of the strategy dictating the structure, the existing structure and its success guide the strategy

Simple Structure

FS

DA

- → Accountability to one to b
- → CDD - Career Development opp
- → Difficult to Add New Business

1) CEO/MD, limited corporate staff, Function in Dominant Area

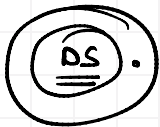
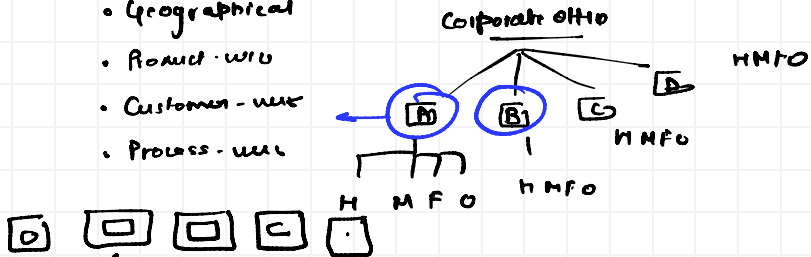
2) Group Task/Activities - Function

3) Advantage - Simple
Cost effective

4) Disadvantage -
- Accountability
- CDD
- New Business - Difficult.
(Decentralization)

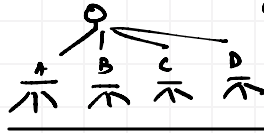
Divisional structure

- Geographical
- Product - unit
- Customer - unit
- Process - unit



- G —
- P —
- C —
- P —

Corporate →
Division →
Functional →



- ⊙ → SS
- ⊙ → A
- ⊙ → CBO
- → NB

Hourglass Organization Structure Overview

- **Context:** advancements in information technology and communications have changed the functioning of organisations.
- **Impact on Middle Management:** Diminishing role as technology replaces many of their tasks.

Structure Features:

- **Three Layers:** Top, narrow middle, and bottom.
- **Constricted Middle Layer:** Limited middle-management level.
- **Technology Integration:** Links top and bottom layers, bypassing traditional middle management tasks.

Management Characteristics:

- **Generalists Over Specialists:** Middle managers handle a broader range of tasks, including cross-functional issues from marketing, finance, and production.

Benefits:

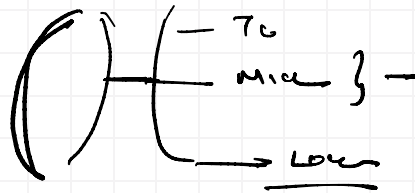
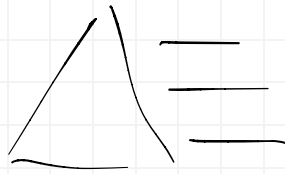
- **Cost Reduction:** Fewer middle management layers lead to lower overhead. 🗨️
- **Enhanced Responsiveness:** Simplifies decision-making and places authority closer to information sources for quicker actions.

Challenges:

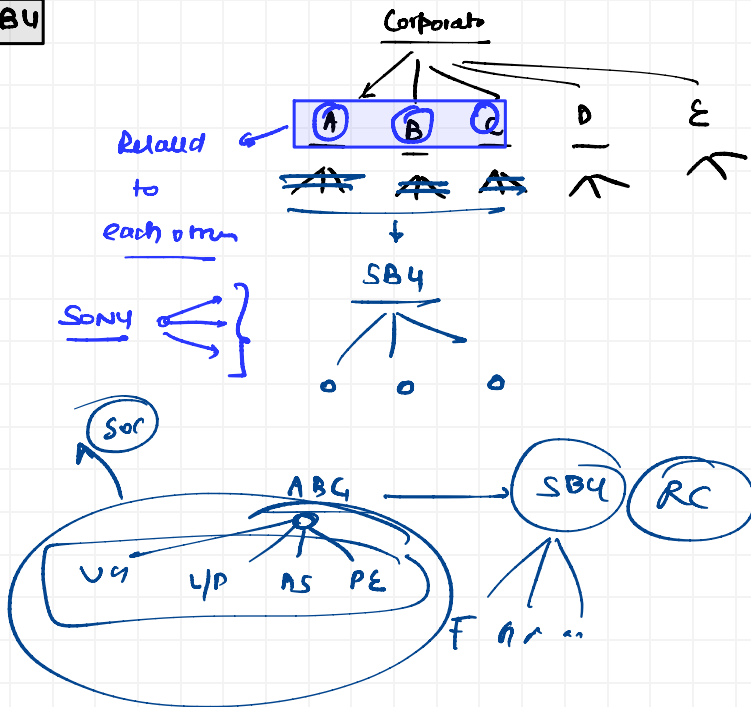
- **Limited Promotion Opportunities:** Reduction in middle management limits advancement paths for lower-level employees.
- **Motivation and Monotony:** Maintaining motivation becomes challenging with less upward mobility.

Solutions:

- **Task Variation:** Assigning challenging tasks to keep engagement high.
- **Lateral Moves:** Facilitating cross-departmental transfers to broaden skills.
- **Reward Systems:** having a system of proper rewards for performance.



SB4



Strategic Business Unit (SBU) Structure Overview

- **Relevance:** for multi-product, multi-business enterprises.
- **Definition:** SBU groups related businesses on strategic basis.
- **Objective:** Aims for effective strategic planning for each product/business.

Characteristics of an SBU:

- **Independence:** Can operate as a standalone entity within the organization.
- **Competition:** Possesses its own set of market competitors.
- **Management:** Led by a manager responsible for strategic planning and profit performance, with control over profit-influencing factors.

Structure:

- **Three Levels:**
 - Top: Corporate headquarters.
 - Middle: SBU groups.
 - Bottom: Divisions within SBUs based on relatedness.

Applicability:

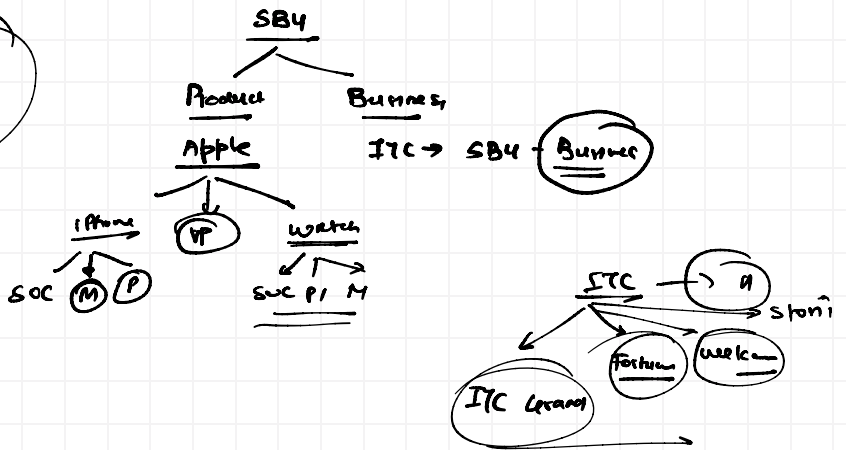
- **Large Organizations:** Especially with varied products or geographically dispersed operations.
- **Diversity Management:** SBU structure is essential for managing increased diversity in products and operations.

Importance of SBU / Advantages of SBU Structure

- Establishing coordination between divisions having common strategic interests.
- Facilitates strategic management and control on large and diverse organizations.
- Fixes accountabilities at the level of distinct business units.
- Helps allocate corporate resources to areas with greatest growth opportunities.
- Makes the task of strategic review by top executives more objective and more effective.

Allows strategic planning to be done at the most relevant level within the total enterprise.

Final



Network Structure

- Radical Organisational design
- Also termed as "Non-Structure"
- Elimination of in-house function of business
- Organisations following this type of structure can be termed as VIRTUAL ORGANISATIONS
- Used when → Environment is unstable
→ There is need for innovation & Quick Response.
- Provides flexibility / Adaptability to cope up change in Business Environment (Technological Competition, Global trends)
- Instead of Salaried Employee, Org enter into Contracts for specific projects.
- The Contract replaces the in-house function
- Example Nike, Reebok etc uses NETWORK STRUCTURE by subcontracting Mfging to other Co's at low cost

CORPORATE CULTURE

WHAT

— Values, Beliefs, Business Principle

Tradition, way of doing things, Internal

Work Environment

STRENGTH

Enhance — Communication —
— Decision Making —
— Control —
— Co-operation —
— Commitment —

Strong Culture — Business According to
set principles & values

Management → Communicating Values
& Principles to EE

WEAKNESS

— obstruct smooth Implementation
of Strategy. — By creating
Resistance for change.

- Many Sub-culture
- Few Value
- Rare traditions
- No Sense of Commitment, Loyalty and a Sense of Identity.

Importance

- Helps to do Job in Strategy - Supportive Manner
- Product Innovation and technological leadership
- culture = Te
- Superior Customer Service
- Employee identification with Co's Vision ≡
(Makes them feel better About Job)
(Doing Job with full Dedication)

Corporate culture in Different Business Organisation

- Not Identical
- Every Co. Has its own culture, Business Philosophy & Principles, Approach, Ethics
- Over a period of time creates its own work ethics etc

Paytm → Non-Compliances - with L/R

A → $\frac{IC}{IS}$ → C - L/R

SASTO

Changing a problem culture

□ Very difficult (Deeply held values & habits)

• Constrained Mgt Efforts Over a period of time

Step 1 Diagnose (Supportive and Unsupportive Parts)

Step 2 Talk openly About parts to be change

Step 3 Follow the talk, with visible Aggressive Actions

Create Shared Vision

Activities Involved

- Revising Policies & Procedures
- Altering incentives
- Changing Rewards
- Hiring new people. ☒
- Replacing old ☒

Creating Strong fit

- There must be a Match "Sacred" element
- Strategy — Compatible with Culture.
- Change Hindrance Creating Points.

Perils of Strategy Culture Conflict.

- Change culture ASAP ✓
- Generally change the culture ✓
- Sometimes we might also change strategy
- Alignment is Required for Success ✓

Southwest Airlines: Known for its unique corporate culture centered around employee happiness and exceptional customer service, Southwest Airlines has consistently aligned its strategic decisions with these cultural values. When the airline industry faced downturns, instead of cutting employee benefits or customer services (which would conflict with its culture), Southwest opted to find innovative operational efficiencies and new revenue streams that allowed it to maintain its commitment to employees and customers.



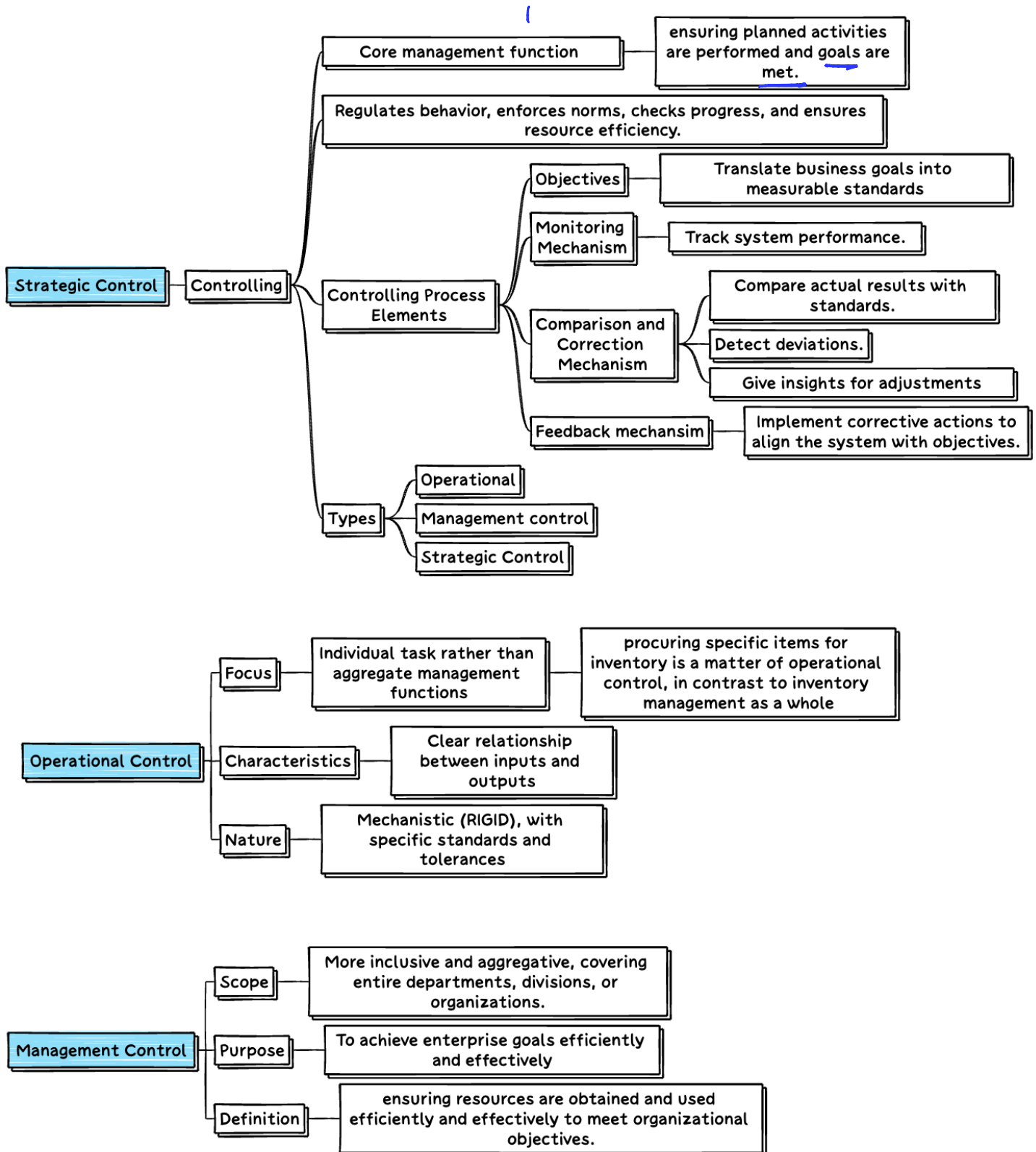
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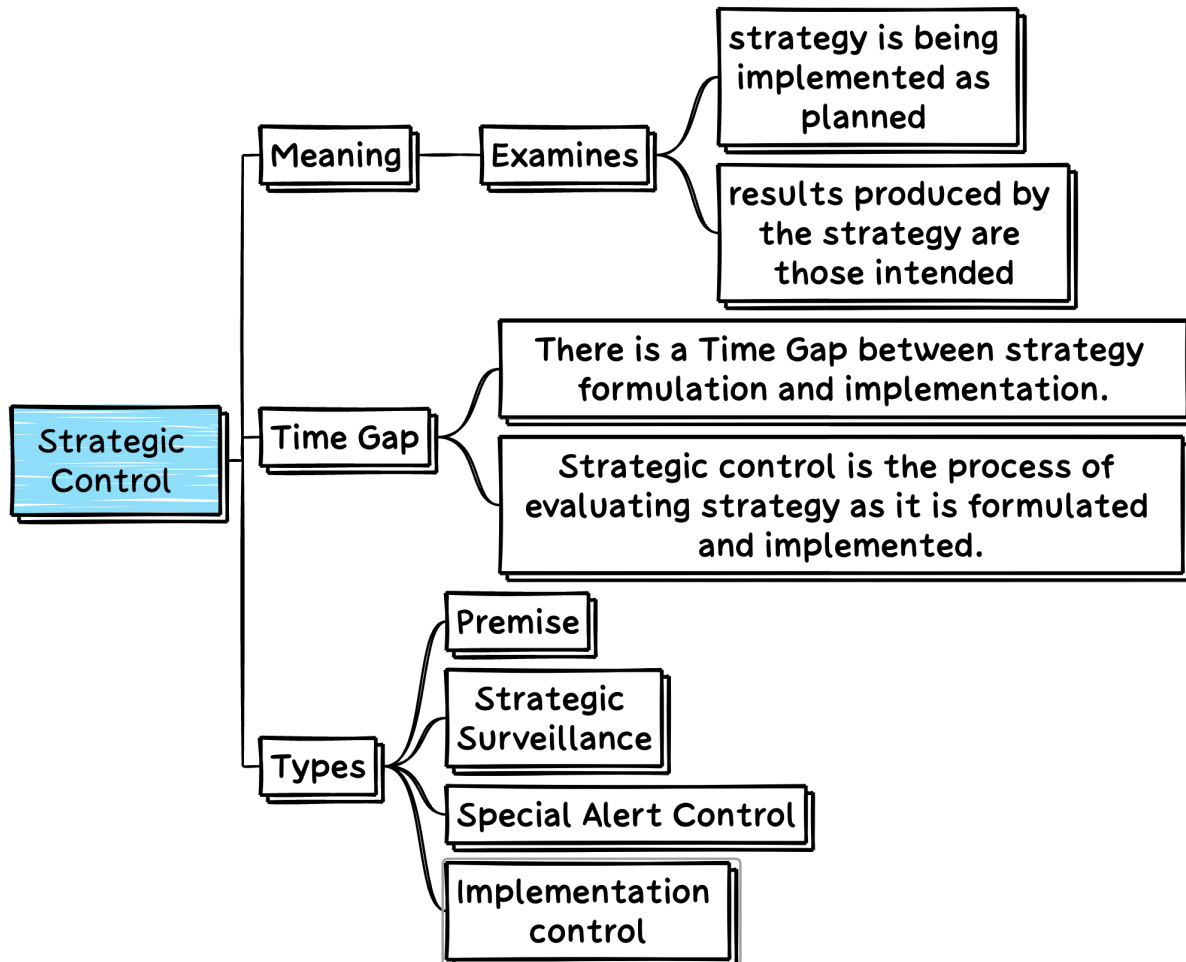
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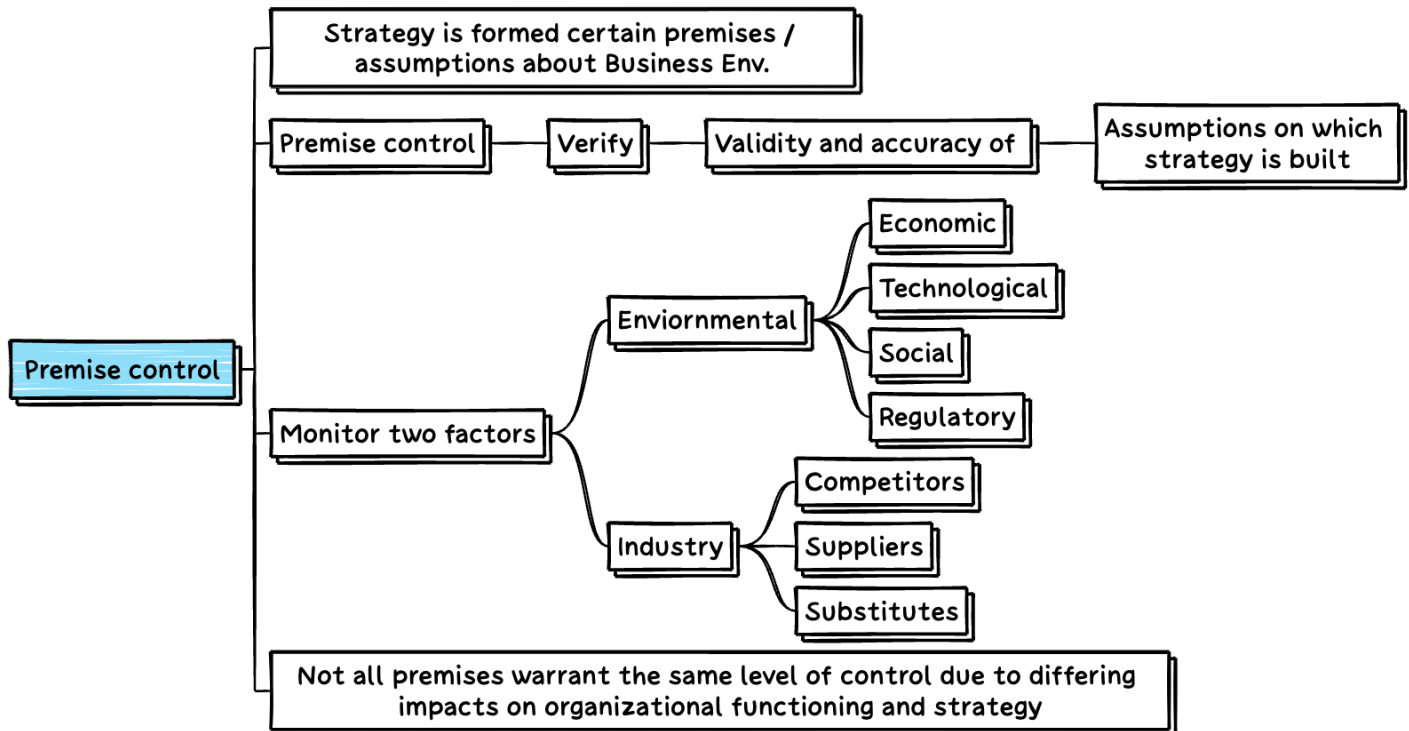
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Consider a technology company that has based its strategy on the assumption that consumer demand for smart home devices will continue to grow steadily. Using premise control, the company continuously monitors:

Environmental Factors: Such as advancements in IoT technology and changes in consumer privacy concerns.

Industry Factors: Including new entrants offering innovative smart home solutions or changes in supplier capabilities for critical components.

Should any of these factors shift significantly—say, if a major technological breakthrough allows a competitor to offer a vastly superior product—the company can quickly reassess and adjust its strategy, ensuring it remains aligned with the current environment and continues to meet its strategic objectives.

An airline company strategically focuses on key premises like fuel prices, global travel demand, and regulatory changes for effective premise control. It intensely monitors fuel prices daily using financial hedging to manage cost fluctuations. Travel demand is reviewed quarterly to adjust route and marketing strategies, allowing for moderate flexibility. Regulatory changes are monitored less frequently but with thorough analysis to inform long-term planning.



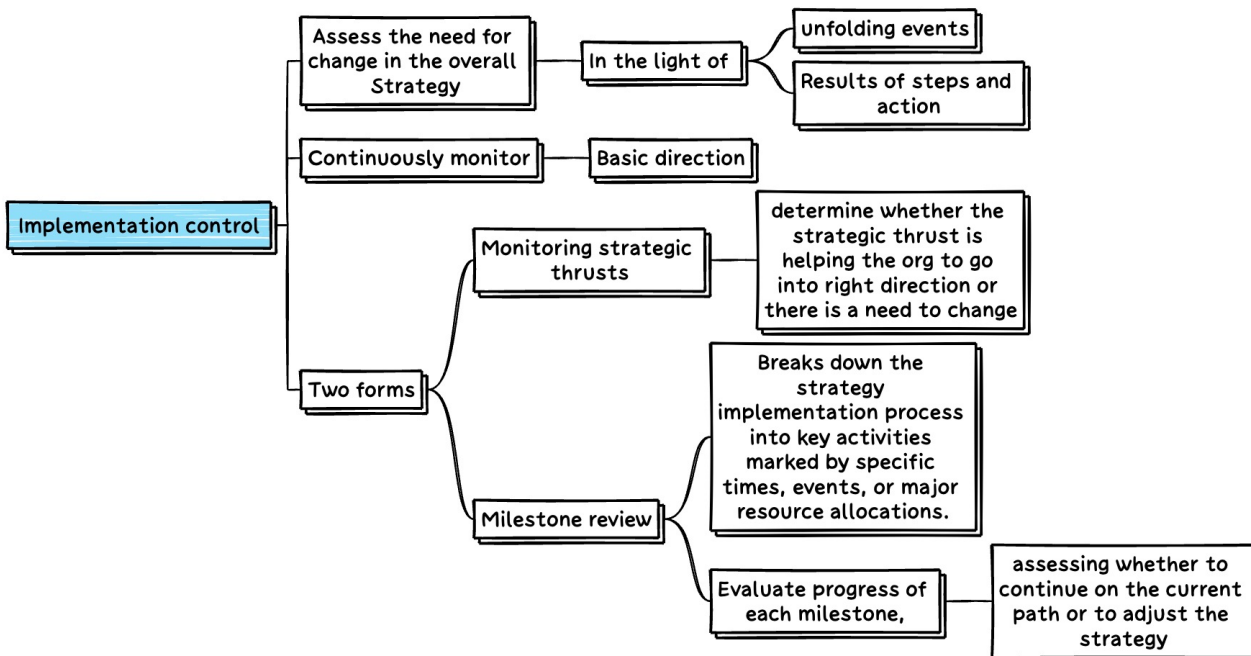
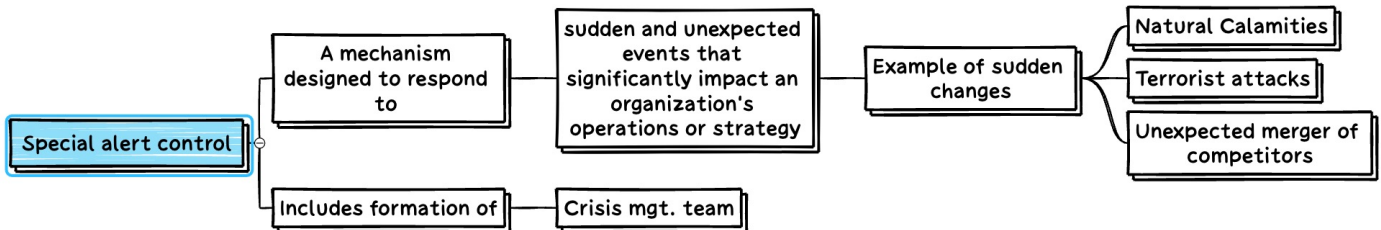
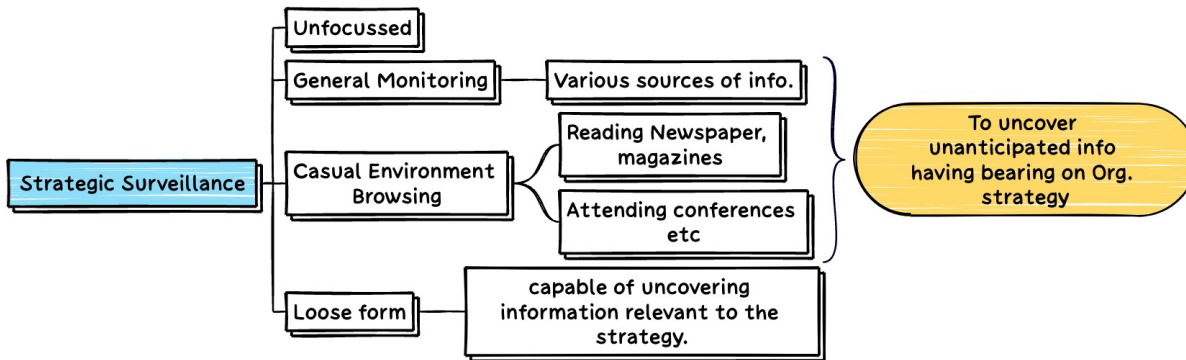
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Strategic Performance Measures

ROI / ROCE / CSS / ESS / MS

- Indicators used for evaluating strategies and taking decisions for

Resource allocation

Overview

- Gives snapshot of org's performance
- Helps in making necessary adjustments if required

is strategy

- KPI → Must have clear cause & effect relationship with strategic results

→ Must influence the behaviour of people within org.

- Managers must avoid "Paralysis by overanalysis"

Market Share Growth Rate (MSG Rate)

A retail company aims to grow its clothing market share. "Market Share Growth Rate (MSG Rate)" measures the percentage increase in market share over time, illustrating the cause-and-effect relationship between strategies and growth. While it motivates employees to expand the market presence, careful attention should be paid to avoid overanalyzing minor fluctuations, ensuring a focus on the core objective of achieving greater market share.

Types of Strategic Performance Measures

- **Financial Measures:** Assess financial health through metrics like revenue growth, ROI, and profit margins.
- **Customer Satisfaction Measures:** Gauge customer contentment and loyalty with measures like satisfaction scores, retention rates, and loyalty indices.
- **Market Measures:** Track competitiveness and market position using market share, customer acquisition rates, and referral numbers.
- **Employee Measures:** Evaluate workplace environment and staff morale with indicators like satisfaction levels, turnover rates, and engagement scores.
- **Innovation Measures:** Measure innovation capability through R&D investment, patent filings, and the introduction of new products.
- **Environmental Measures:** Assess environmental responsibility and sustainability efforts by monitoring energy use, waste management, and carbon footprint.

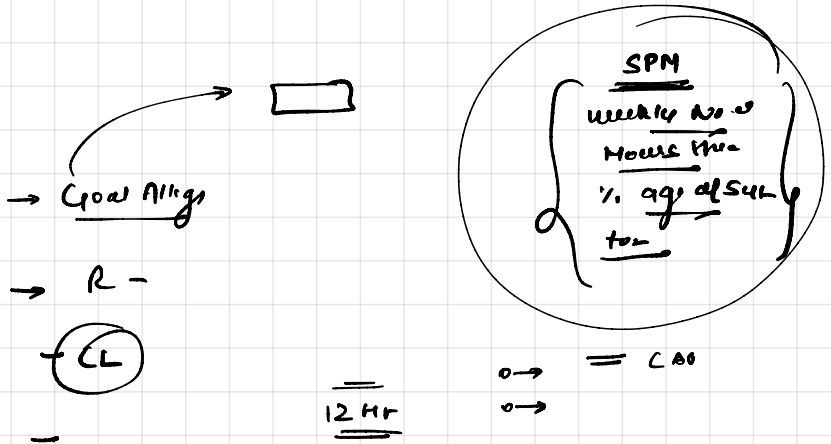
SPM

- I — Indicator
- S — Snapshot
- A — Action — strategy

- ROI → FM
- CSS → CRM
- NS → MM
- Employee morale — ESM
- Patent filed — IM
- Carbon Emission — EM

The importance of strategic performance measures

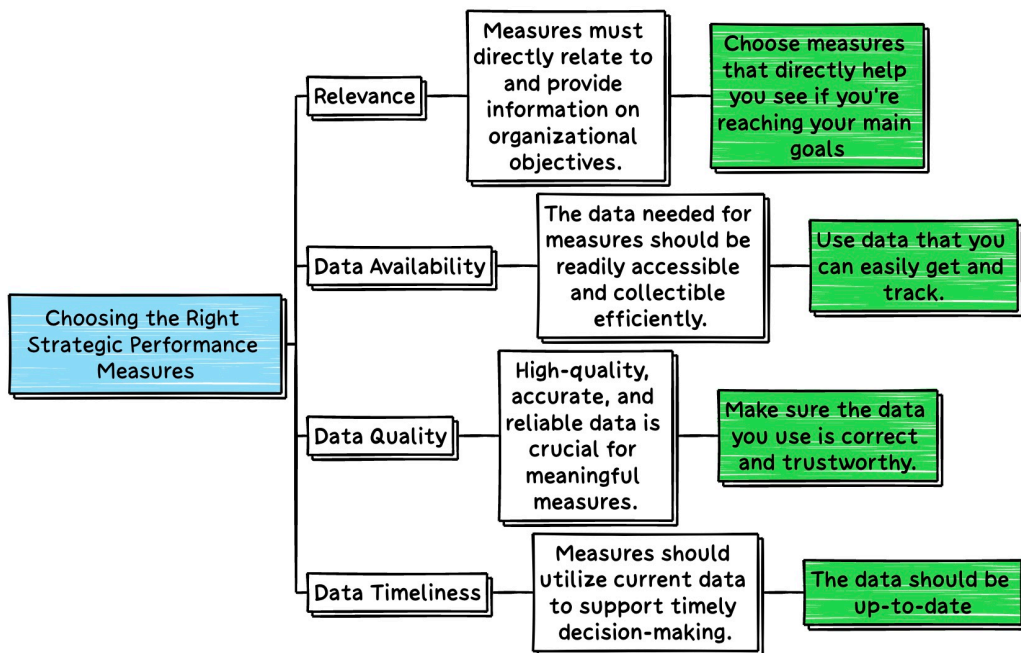
- Goal Alignment: Align strategies with goals and objectives to ensure on-track progress towards desired outcomes.
- Resource Allocation: Use performance data for informed resource allocation, prioritizing efforts in high-impact areas.
- Continuous Improvement: Employ performance measures to track progress and make adjustments for ongoing improvement.
- External Accountability: Demonstrate accountability to stakeholders (shareholders, customers, regulators) with clear, transparent performance reporting.



Holistic Approaches to Strategic Performance Measurement

- **Triple Bottom Line (TBL):** Expands traditional financial metrics to include:
 - **Economic Prosperity:** Financial health indicators like revenue growth and ROI.
 - **People:** Social measures assessing impact on employees, customers, and communities.
 - **Planet:** Environmental metrics evaluating sustainability efforts and ecological impact.
- **Quadruple Bottom Line:** Further extends TBL by incorporating:
 - **Purpose:** Adds a spiritual or ethical dimension, focusing on the organization's mission and values beyond profitability.

These frameworks guide organizations towards a comprehensive evaluation of their strategic performance, emphasizing the importance of balancing financial success with social, environmental, and ethical considerations.



Solution Oriented Basis

"Be Solution Oriented"

Managing the political aspects of implementing a strategy

- Strategy implementation faces two key forces:
 - **Rational Forces:** Emphasize openness, communication, and self-analysis.
 - **Political Forces:** Focus on preserving power structures and promoting internal competition, leading to knowledge retention and selective communication.
- **Outcome of Conflicts:**
 - The clash between these forces can result in the official strategy incorporating politically acceptable aspects, while sensitive elements might result to an unspoken, implicit strategy.

Understanding and balancing these dynamics are essential for effectively implementing a strategy that accommodates both the ideal objectives and the practical political landscape within an organization.

During strategy meetings, the marketing team's proposal for a digital-first approach is met with resistance from some senior managers. While the benefits of social media advertising are acknowledged (rational forces), concerns about changing long-established methods and reallocating budgets (political forces) lead to a compromise