STRATEGY IMPLEMENTATION & EVALUATION

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STRATEGIC MANAGEMENT MODEL – SM INVOLVES FOLLOWING STEPS / STAGES:

- **Develop a Strategic Vision & Formulate Mission , Goals & Objectives**

- **Environmental & Organizational Analysis**

- **Formulation of Strategy**

- **Implementation of Strategy**

- **Strategic Evaluation & Control**

CORPORATE STRATEGY

STRATEGIC PLANNING

- Shapes **Organization & its resources**

- Assesses the **impact of environment variables**

- Takes **complete view of organization**

- Concerned with **Long term success of company**

- It is **responsibility of senior Managers**

OPERATIONAL PLANNING

- Deals with **current Deployment of Resources**

- Develop **tactics rather than strategy**

- **Project current operations** into future

- Makes **small changes to functional departments**

- It **is responsibility of functional managers**

STRATEGY FORMULATION V/S STRATEGY IMPLEMENTATION

STRATEGY FORMULATION	STRATEGY IMPLEMENTATION
It focusses on planning & decision making	It focusses on all means to execute the strategic plans
It focuses on effectiveness (Doing right thing)	It focuses on efficiency (Doing things rightly)
Entrepreneurial Activity	Administrative Task
It is Intellectual Process	It is an operational process
It requires conceptual intuitive & analytical skills	It requires motivation & leadership skills
It formulates coordination among executives of Top Level	It requires coordination among executives of middle & lower levels
First Step	It is done after Strategy Formulation

HOW TO DEAL WITH STRATEGIC UNCERTAINITY ??

- **Flexibility** – Strategy should be flexible to adapt to changes in environment

- **Diversification** – Diversify products , markets & customer base

- **Monitoring & Scenario Planning** – How different scenarios can impact their strategies

- **Building Resilience** – Strengthen operational processes , increase financial & management capabilities

- **Collabaration & Partnerships** - Collaborate with other organisations , suppliers , customers & partners to share risk & gain access to new markets & technologies

STRATEGIES CAN BE FRAMED IN 2 DIRECTIONS

- **Forward Linkages** – In this we will make Strategy without thinking of resources , due to this many changes have to be made within organisation . Eg – Organisation Structure . In this leader has to adapt to new strategies. Strategy has Forward Linkages with their implementation

- **Backward Linkages** – In this we will make Strategy based on Present structure of resources and also consider past strategic actions. In this we just have to make incremental changes & we can achieve Where we wish to be

STRATEGIC CHANGE

- Due to changes in the environment , business has to make changes in strategy & bring new Strategies

- Strategic Change is a Complex process & involves Corporate Strategy that focusses on new markets , products , services or new ways of doing Business. Eg – Bollywood , Traditional Shops , Private D2H players

- There are 3 Steps to make change

3 STEPS TO INITIATE STRATEGIC CHANGE

- **Recognise the Need for Change** – After analysing Internal & External Environment through SWOT , we will determine where there is defect & scope for change

- **Create a Shared Vision to Manage Change** – Senior Managers & Employees should have shared vision , Senior Managers have to convince that Change is really needed , and it should be serious towards new strategic alternatives & associated changes

- **Institutionalise the Change** – Here we will implement changed Strategy . We will also monitor change regularly , if any discrepancy , it should be brought to notice of concerned person , so they can take corrective actions

KURT LEWIN'S MODEL OF CHANGE – TO MAKE CHANGE LASTING (PERMENANT)

- **Unfreezing the Situation** – In this we will make people prepare for change. In this we will break down old attitudes , behaviour , customs & traditions , so we can start with clean slate. This can be by making announcement , meetings , promotion new ideas etc

- **Change to New Situation** – Here we will bring the change . In order to make the change there are 3 methods – Compliance , Identification & Internalization

- **Refreezing** – In this we will finalise the Change and make it permenant , after it has been completely accepted by everyone . This is continous process , as organisations keep on changing

3 METHODS FOR ASSIGNING NEW PATTERNS OF BEHAVIOUR – HC KELLMAN:

- **Compliance** – It is achieved by strictly enforcing reward & punishment for good & bad behaviour . In this due to fear , people will accept the change

- **Identification** – In this we will give them role models and by being impressed by these role models , they will change , so they can become like them

- **Internalization** – In this they are given freedom to learn and adopt new behaviour , in order to succeed in new set of circumstances

STRATEGIC CHANGE THROUGH DIGITAL TRANSFORMATION (AMAZON , PAYTM , ZOMATO , ATM , ERP , IRCTC)

- The use of Digital Technologies to develop fresh , improved or entirely new company procedures , goods , or services is known as Digital Transformation .

- What are 4 Elements of Change Management in Digital Transformation ?–

1. Defining goals & objectives of Transformation

2. Assessing the current state of organization & identifying gaps

3. Creating Roadmap for change that outlines steps needed to reach desired stage

4. Implementing & managing change at every level of organisation

5 BEST PRACTICES/STRATEGIES FOR MANAGING CHANGE IN SMALL & MID SIZE BUSINESS ARE :

1. **Begin at the Top** – A **focused leader should be at top** with same view point as communicated in change . If **top level is strong , rest of organization will accept the change** and it will be promoted in right way

2. **Change is Necessary & Desired** – If **company doesn't have sound strategy , introducing too much , too fast can be major issue for organization**

3. **Reduce Disruption** – **Everyone expectations are different** , getting feedback early , so we are ready to manage change . **Give staff members knowledge & tools** , they need to adjust to change

4. **Encourage Communication** – **Create channels , so departments can give feedback about new procedures , ideas , people** who will be most effected should be communicated

5. **Recognize Change is Norm & not Exception** – To stay **updated in markets with customers** , we need to remember **change is not a project , but rather ongoing process**

HOW TO MANAGE CHANGE DURING DIGITAL TRANSFORMATION ??

1. **Specify Digital Transformation's aims & Objectives** – What are the **precise objectives that must be achieved ? It all are on same page** , perusing goals can be easy

2. **Always Communicate** – Ensure **we communicate aim of Digital Transformation** & How it will affect everyone including employees , clients , suppliers

3. **Be ready for Resistance** – Have a strategy in place , **even if change is good , it is challenging for people to accept**

4. **Implement Changes Gradually** – We should **implement changes gradually** rather than at once

5. **Offer Assistance & Training** – Workers will need **Guidance in new procedures , software applications etc**

MCKINSEY 7S MODEL

- This tool analyzes **company's organizational design** .

- The goal of these tools is to depict **how effectiveness can be achieved in an organization through interaction of hard & soft elements**

- **Hard Elements can be Controlled by Management**

1. **Strategy –** Blueprint to bring core competence and achieve competitive advantage to drive margins & lead the industry

2. **Structure** – There are **several structures ,** which one we select depends on **availability of resources ,** **Degree of centralization or decentralization**

3. **Systems –** Development of **Daily tasks ,operations & teams to execute goals & objectives** in most efficient & effective manner

SOFT S – THESE ARE DIFFICULT TO DEFINE & ARE MORE GOVERNED BY CULTURE

4. **Staff** – the Talent pool of organization

5. **Style** – Depicts Leadership style , How we motivate people to achieve organisations goals

6. **Skills** – Core competency or key skills of employees , which determine success of organization

7. **Shared Values** – Core values which are reflected in organization or influence code of ethics of the management

LIMITATIONS OF MCKINSEY MODEL

- Ignores External Environment
- It does not explain concept of organizational effectiveness or performance
- More Static & Less flexible for decision making
- Gaps are there in conceptualizing & implementing strategy

ORGANISATION STRUCTURE

- It is company's formal configuration of intended roles , procedures , governance mechanisms , authority & decision making processes.

- In order to implement and manage strategies , all companies need some form of organisation structure

- And as companies make new strategies , increase in size or diversification , new organisational structures are required

- It shows what companies do , how tasks are done given choosen strategy

- Company's structure should match with company's strategy

FORMS OF ORGANISATION STRUCTURE

- **SIMPLE STRUCTURE**

- **FUNCTIONAL STRUCTURE**

- **DIVISIONAL STRUCTURE**

- **Multi Divisonal Structure**

- **STRATEGIC BUSINESS UNIT (SBU)**

- **MATRIX STRUCTURE**

- **NETWORK STRUCTURE**

- **HOURGLASS STRUCTURE**

SIMPLE STRUCTURE
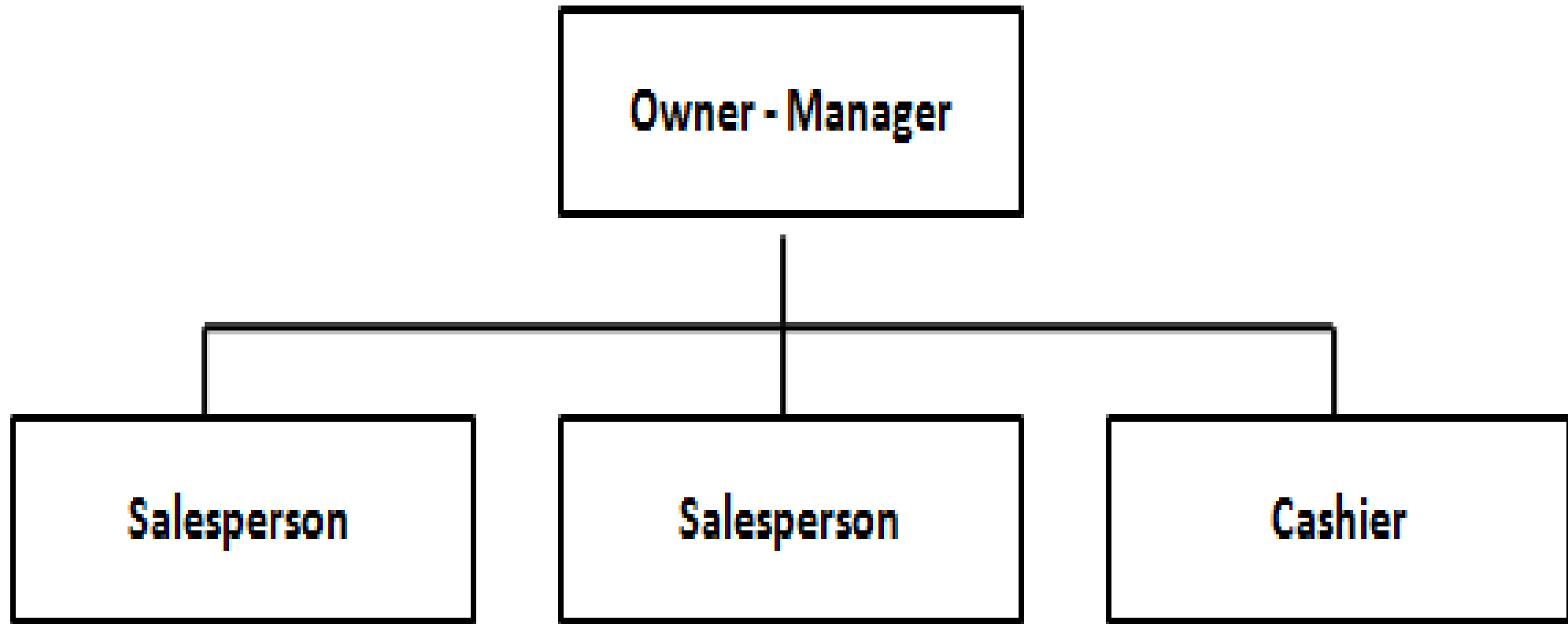
SIMPLE STRUCTURE

- It is good for those who follow single business strategy and offer line of products in single market
- In this owner takes all the decisions and monitors all the activities of staff
- Little specialisation , few rules , little formalisation , direct involvement of owners in all activities
- Communication is fast and new products tend to be introduced very quickly
- But when company grows and it wishes to do specialisation , there will be pressure on owner or managers , so company moves to Functional Structure

FUNCTIONAL STRUCTURE
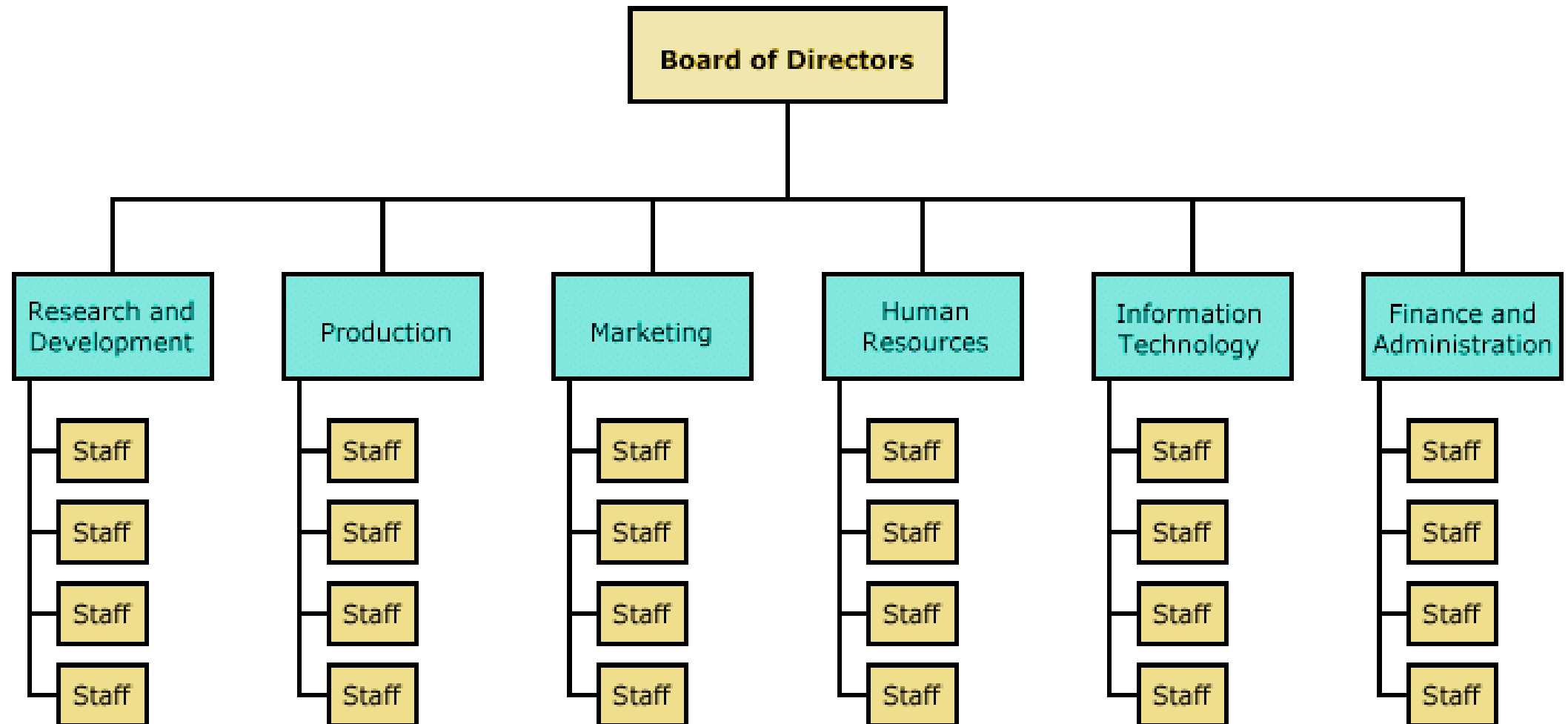
FUNCTIONAL STRUCTURE
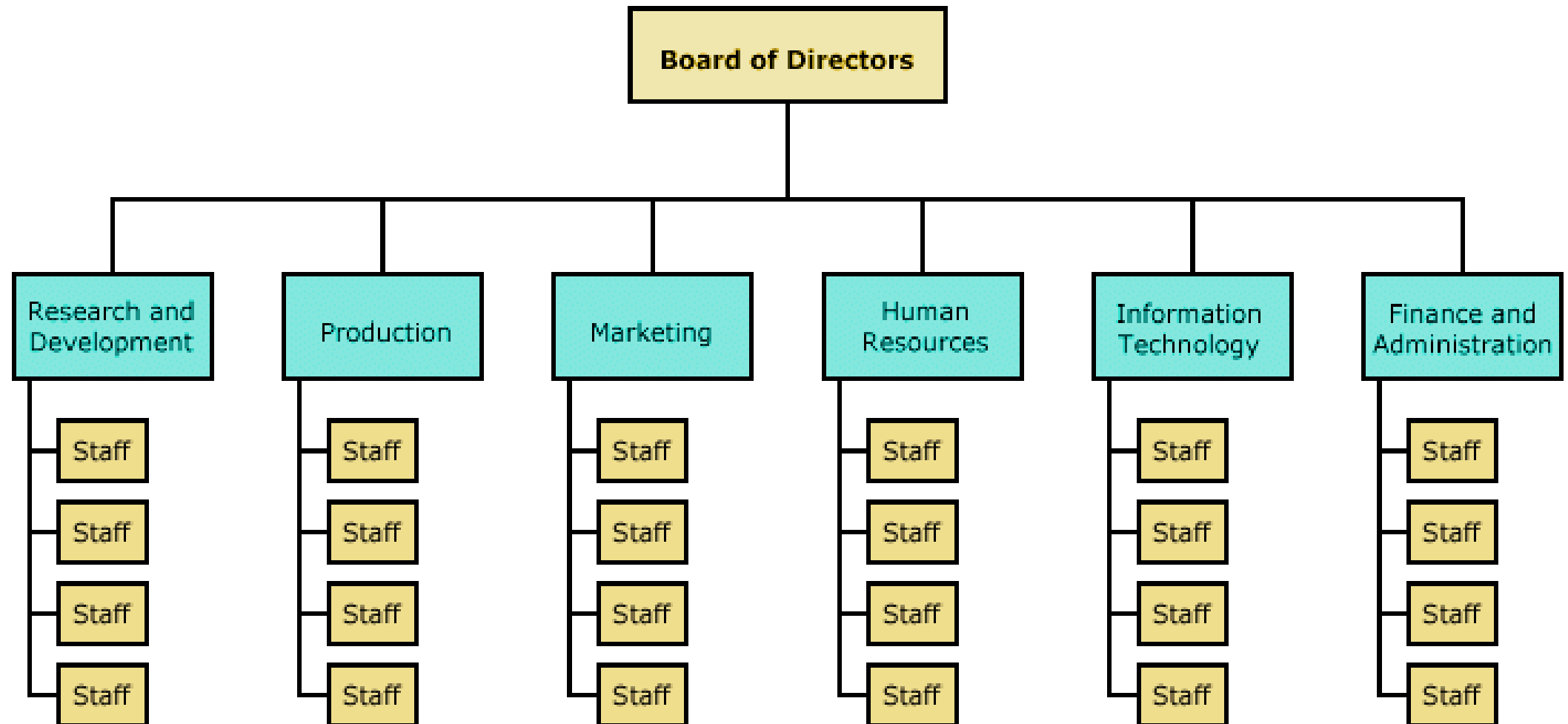
FUNCTIONAL STRUCTURE

- It promotes specialisation of labour , encourages efficiency , minimised need for an elaborate control system and allows rapid decision making

- In this there is CEO , supported by corporate staff with functional line managers such as Production , Finance , Marketing etc

- Problems are there can be communication & coordination problems across all Business functions

- All managers may develop a narrow perspective , losing sight of over-all company's vision and mission , hence came Divisional Structure

DIVISIONAL STRUCTURE

DIVISIONAL STRUCTURE

- As a firm grows and has different product & services in different markets , we have to bring Divisional Structure which can be in one of the 4 ways : By Geographic ara , By Product or Service , By Customer or By Process

- In this accountability is clear , divisional managers are held responsible for sales and profit

- It creates career development opportunities for managers

- But it is very costly , each division requires functional specialist who are to be paid

- There is duplication of staff services , facilities & personnel etc

- Some divisions receive more priority than another , difficult to maintain consistency

- Main Difference between Divisional and Functional is Functional heads were not accountable for profits or revenue , but divisional are evaluated on these criteria

STRATEGIC BUSINESS UNITS (SBU'S)

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- When company has number of diversified business , it is impractical for enterprise to do strategic planning for each of it's product , Hence comes SBU

- In this we will group related business , so we can do their planning together

- It should have **3** Characteristics (MCC)

1. **Manager** who is responsible for planning and profit

2. Own set of **Competitors**

3. **Single Business or collection** of related Business which can be planned separately from other SBU

- Individual SBU's are treated as profit centers & controlled by headquarters

ATTRIBUTES OF SBU & BENEFITS FIRM MAY DERIVE FROM SBU ARE :

- **BCG**

- It is grouping of **multi-business corporation** which helps in strategic planning

- Each SBU **is separate Business** from planning point of view

- It is improvement over **territorial grouping of business** based on territorial units

- Each SBU has **CEO ,** who is responsible for planning and profit

- Each SBU has it's distinct set of **Competitors & Strategy**

- Unrelated Products in **any group** are Separated and assigned into Separate SBU

- **Grouping** based on **SBU** helps to remove vagueness and confusion

MATRIX STRUCTURE
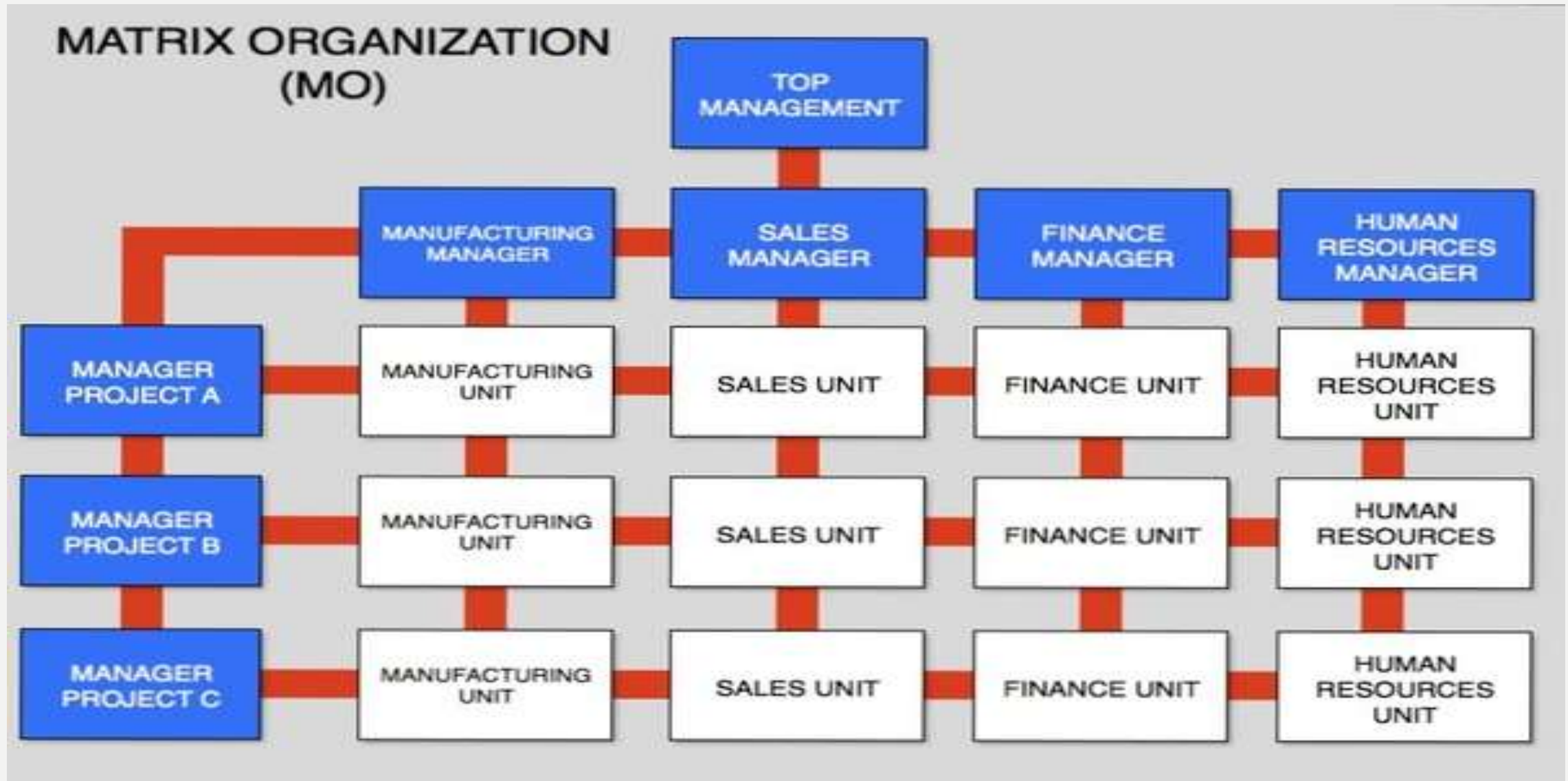
MATRIX STRUCTURE

- When Organisation feels neither Functional or Division forms are appropriate for them , then comes Matrix

- It is combination of Functional & Divisional Structure

- Employees have 2 superiors – Project Manager & Functional Manager

- It is most complex because it depends upon both vertical and horizontal flow of authority

- It has dual line of reward and punishment , shared authority , dual reporting channel and need for extensive communication , visible results of work etc

- It is very useful when external environment is very complex and changeable

- However there can be conflicts around duties , authority and resource allocation . Eg – General Electric , Starbucks

MATRIX IS FOUND IN ORGANISATION OR SBU WHEN :

- Ideas need to be cross fertilised across projects or products

- Resources are scarce

- Ability to process information and make decision need to be improved

3 DISTINCT PHASES OF MATRIX BY DAVIS & LAWRENCE (CPM)

- *Cross Functional Task Forces*

- *Product / Brand Management*

- *Mature Matrix*

NETWORK STRUCTURE

Network organisational structure

NETWORK STRUCTURE

- It is virtual elimination of inhouse Business Functions (non-structure)

- Many activities are outsources , so it is also called as VIRTUAL Organisation

- It is useful when environment is unstable

- In this there are less salaried employees , and majority are contract workers for specific project or time

- Organisation functions are scattered in different geographical areas

- It has increased flexibility and adaptability to cope with environment change

- However if everything is outsourced firm may not be able to discover any synergies. Eg – Nike , Levi's

HOURGLASS STRUCTURE

HOURGLASS STRUCTURE

- In recent years due to growth of technology & IT , role of middle level is replaced by technological tools

- In this there are 3 layers , short and narrow middle layer and IT links both Top & Bottom Levels tools like Facebook ,WhatsApp , Instagram etc

- In Hourglass managers are handling cross functional issues like production , finance , marketing etc

- It has reduced costs , simplified decision making

- However with reduced middle level , promotion opportunities for bottom level also reduces

- So there is less motivation for bottom level , organisation in order to keep them motivated offer system of proper rewards for performance

STRATEGIC LEADERSHIP

- Strategic Leadership sets direction by developing & communication vision of future , formulate strategies according to environment

- A Leader has to play various roles like Entrepreneur , Strategist , Culture builder , visionary , spokesperson , negotiator , motivator , arbitrator , policy maker , policy enforcer , listener and decision maker.

MANAGERS HAVE 5 LEADERSHIP ROLES IN GOOD STRATEGY EXECUTION : (CRETA)

1. Promoting a culture of esprit de corps that motivates employees to perform at highest level

2. Keeping organisation responsive to changing conditions, opportunities, ideas , capabilities

3. Exercising ethical leadership & insist that company conducts its affair like model corporate citizen

4. Staying on the top and monitoring progress , & solving all issues which lie in path of Strategy execution

5. Pushing corrective actions to improve strategy execution & over-all performance

RESPONSIBILITIES OF STRATEGIC LEADER

- Making Strategic decisions
- Formulating policies and plans to implement decisions
- Effective communication in organisation
- Managing change in the organisation
- Managing Human capital
- Creating & Sustaining strong corporate culture
- Maintaining high performance over time

2 APPROACHES TO LEADERSHIP – TRANSFORMATIONAL & TRANSACTIONAL

TRANSFORMATIONAL

TRANSACTIONAL

TRANSFORMATIONAL V/S TRANSACTIONAL

TRANSFORMATIONAL

- Uses Charisma & enthusiasm to inspire people to do good for organisation

- Good for new organisation or poorly performing organisation

- They offer excitement vision & personal satisfaction

- They inspire to achieve dream , vision

- They motivate followers to do more than expectation by increasing their self confidence

TRANSACTIONAL

- It focuses on design system and controlling organisation activity

- Try to build on existing culture

- Useful in matured organisation & static enviroment

- Uses authority of office to exchange reward and punishment

- Setting clear goals with rewards or penalties for achievement or non-achievement

STRATEGY SUPPORTIVE CULTURE

- Corporate culture refers to company's value , belief , business principles , traditions , ways of operating & internal work environment

- When the culture of company is in line with strategy it become valuable in strategy implementation & execution , when in conflict , strategy may fail

- Strategy-Culture conflict weakens and may even defeat managerial efforts to make strategy work

- We should make the strategy in line with culture

- Changing a Company's culture is very difficult because it is carried since years
- A Strategy supportive culture motivates employees to do jobs , helps to achieve vision , performance targets
- In large companies changing corporate culture can take 2-5 years

STRATEGIC CONTROL

- Controlling is monitoring the Strategy and measure results against those expected to make corrections .

- There are 3 Types of Organisational Control (OSM)
1. **Operational Control**
2. **Strategic Control (Premise , Strategic Surveillance , Special Alert , Implementation)**
3. **Management Control**

OPERATIONAL , MANAGEMENT & STRATEGIC CONTROL

- **Operational Control** – The main focus of Operational control is on individual tasks or transaction as against total or more aggregative function. It consists of regulating the processes with certain "tolerances" (limits) . Eg – Quality control , Production Control , Cost Control , Budgetary Control

- **Management Control** – It is more inclusive & aggregative in sense it covers integrated activities of complete department , division or entire organisation. It focus on whole organisation goal.

- **Strategic Control** – It focus on whether strategy is implemented as planned and whether it produces correct as expected or not

TYPES OF STRATEGIC CONTROL

- **Premise Control** – A Strategy is based on certain assumption or premises , about environment , which may change over time. It is systematic & continuous monitoring of environment to verify accuracy & validity of premise in which strategy was built

- **Strategic Surveillance - It involves general monitoring of various sources of information which have bearing on organisation strategy . It involves casual environment browsing , newspapers , magazines meeting , discussions , which can help in strategic surveillance**

- **Special Alert Control – At times unexpected events happen like earthquake , major disaster , merger/acquisition by competitor , such events may require immediate review of strategy , to cope with them organisation form crisis management teams to handle situation**

- **Implementation Control** – Managers implement strategy by converting major plans into concrete , sequential actions that form small steps. Here we will check small steps to see whether changes are needed in strategy or not. It is not continuous monitoring like operational control.

- They will monitor Strategic thrusts and milestone reviews in terms of time, events or resource allocation

STRATEGIC PERFORMANCE MEASURES (PAYTM –CUSTOMER , PROFITS)

- Companies that **outperform their competitors** are those who execute well

- SPM is a method that **increases executives understanding about organization's strategic goals** & offers **continuous system for tracking progress against those goals using clear cut performance measurements**

- **SPM are key indicators that organization use to track effectiveness of their strategies and make informed decisions about resource allocation**

- It gives **common language to all divisions** , so they can communicate openly & productively

- They help to **check whether strategies are aligned as per goals & objectives & make necessary adjustments to improve performance**

- **Key Performance measures & indicators must be created , selected , combioned into reports & acted upon , so strategy implementation is successful**

TYPES OF STRATEGIC PERFORMANCE MEASURES (FICEM)

- **Financial Measures** – Such as Revenue growth , return on investment , profit margins , understanding financial performance & ability to generate profit

- **Innovation Measures** – R & D spending , Patent registrations , New Product launches provide insight into organisations ability to innovate & create new products & services

- **Customer Satisfaction Measures** – Customer satisfaction , Customer Retention & Customer loyalty provide insight into organisations ability to meet needs and provide high quality products

- **Employee Measures** – Employee satisfaction , turnover rate & employee engagement provide insight into ability to retain employees

- **Environmental Measures** – Energy consumption ,Waste Disposal , Carbon emissions provide insight into Organsations care for environment

- **Market Measures** – Market Share , Customer Acquisition , Customer referrals provide information on organizations ability to attract customers

IMPORTANCE / BENEFITS / WHY SPM (CEGR)

- **Continuous Improvement** – Helps to **track progress & make adjustments to improve performance** over time

- **External Accountability** – **Accountability** to Stakeholders , Shareholders , Customers & Regulatory bodies by providing clear & transparent picture of their performance

- **Goal Alignment** – **Help organizations align their strategy with goals** & objectives , ensuring they are on Right Track

- **Resource Allocation** – Helps to **prioritize & allocate resources to that area** which will have **highest impact on performance**

WHAT ARE THE FACTORS TO BE KEPT IN MIND FOR CHOOSING RIGHT SPM (QATAR)

- **Following Factors need to be kept in mind , while selecting Right Performance Measures as per Organizational Goals** –

1. **Data Quality** – Data should be **high quality & accurate & reliable**

2. **Data Availability** – Data should be **available & collected & analysed on timely basis**

3. **Data Timeliness** – Data should be **current & up to date** to make **informed decisions on timely basis**

4. **Relevance** – Should be relevant **to Organisational Goals**