

STRATEGIC MANAGEMENT

CHAPTER 9:

STRATEGY IMPLEMENTATION

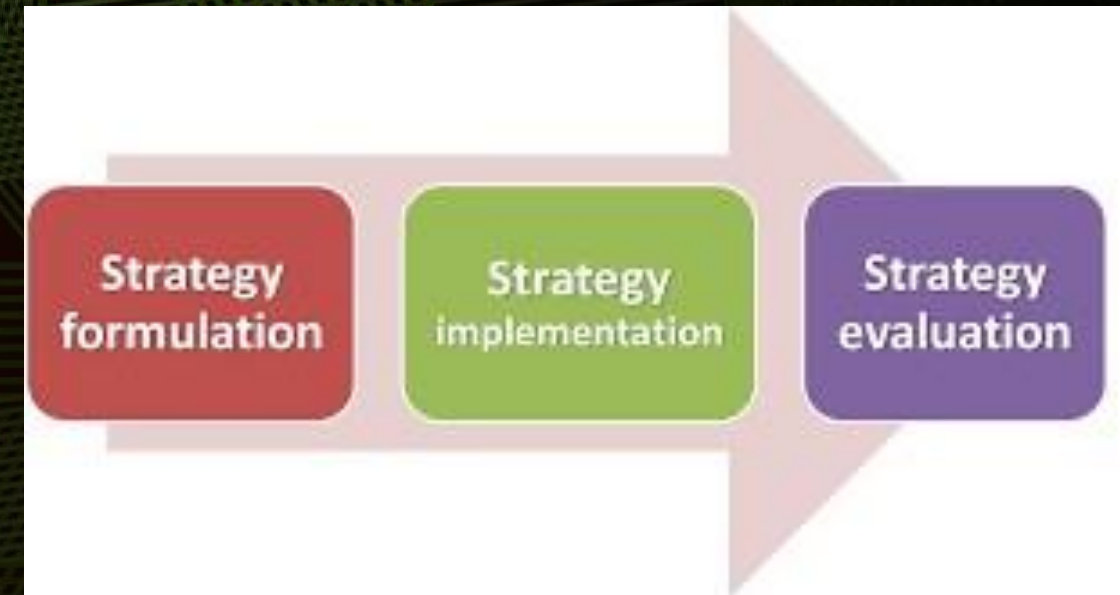
CHAPTER 9: STRATEGY IMPLEMENTATION

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9.1 NATURE OF STRATEGY IMPLEMENTATION

- ✓ The implementation of organization strategy involves the application of the management process to obtain the desired results.
- ✓ Particularly, strategy implementation includes designing the organization's structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approaches to leadership, and staffing.
- ✓ Each of these management functions has been the subject of extensive writing and research by scholars and practitioners and has covered in management books.



CONCEPT OF STRATEGY IMPLEMENTATION

- ✓ Strategy implementation is "the process of allocating resources to support the chosen strategies".
- ✓ This process includes the various management activities that are necessary to put strategy in motion, institute strategic controls that monitor progress and ultimately achieve organizational goals.
- ✓ For example, according to *Steiner*, "the implementation process covers the entire managerial activities including such matters as motivation, compensation, management appraisal and control processes".
- ✓ As *Higgins* has pointed out, "almost all the management functions -planning, controlling, organizing, motivating, leading, directing, integrating, communicating and innovation -are in some degree applied in the implementation process".
- ✓ *Pierce and Robinson* say that "to effectively direct and control the use of the firm's resources, mechanisms such as organizational structure, information systems, leadership styles, assignment of key managers, budgeting, rewards and control systems are essential strategy implementation ingredients".
- ✓ The implementation activities are in fact related closely to one another, and decisions about each are usually made simultaneously.

STRATEGY IMPLEMENTATION

Strategy Implementation

- ❑ **Definition:** Strategy Implementation refers to the execution of the plans and strategies, so as to accomplish the long-term goals of the organization.
- ❑ It converts the opted strategy into the moves and actions of the organisation to achieve the objectives.
- ❑ Strategy implementation is the technique through which the firm develops, utilises and integrates its structure, culture, resources, people and control system to follow the strategies to have the edge over other competitors in the market.
- ❑ Strategic implementation refers to the process of executing plans and strategies.
- ❑ These processes aim to achieve long-term goals within an organization.
- ❑ Strategic implementation, in other words, is a technique through which a firm develops.
- ❑ It utilizes and integrates new processes into the structure of an organization.
- ❑ This ensures that the culture, resources, people, and systems all follow the strategies put in place.
- ❑ Strategic implementation can be a driving force for your brand in a competitive market.

Process of Strategy Implementation

1. Building an organization, that possess the capability to put the strategies into action successfully.
2. Supplying resources, in sufficient quantity, to strategy-essential activities.
3. Developing policies which encourage strategy.
4. Such policies and programs are employed which helps in continuous improvement.
5. Combining the reward structure, for achieving the results.
6. Using strategic leadership.

✓ The process of strategy implementation has an important role to play in the company's success. The process takes places after environmental scanning, SWOT analyses and ascertaining the strategic issues.



Prerequisites of Strategy Implementation

1. Institutionalization of Strategy:

- First of all the strategy is to be institutionalized, in the sense that the one who framed it should promote or defend it in front of the members, because it may be undermined.

2. Developing proper organizational climate:

- Organizational climate implies the components of the internal environment, that includes the cooperation, development of personnel, the degree of commitment and determination, efficiency, etc., which converts the purpose into results.

3. Formulation of operating plans:

- Operating plans refers to the action plans, decisions and the programs, that take place regularly, in different parts of the company.
- If they are framed to indicate the proposed strategic results, they assist in attaining the objectives of the organization by concentrating on the factors which are significant.



Prerequisites of Strategy Implementation

4. Developing proper organisational structure:

- Organization structure implies the way in which different parts of the organisation are linked together.
- It highlights the relationships between various designations, positions and roles.
- To implement a strategy, the structure is to be designed as per the requirements of the strategy.

5. Periodic Review of Strategy:

- Review of the strategy is to be taken at regular intervals so as to identify whether the strategy so implemented is relevant to the purpose of the organisation.
- As the organization operates in a dynamic environment, which may change anytime, so it is essential to take a review, to know if it can fulfil the needs of the organization. +

❑ Even the best-formulated strategies fail if they are not implemented in an appropriate manner.

❑ Further, it should be kept in mind that, if there is an alignment between strategy and other elements like resource allocation, organizational structure, work climate, culture, process and reward structure, then only the effective implementation is possible.

Aspects of Strategy Implementation

1. Creating budgets which provide sufficient resources to those activities which are relevant to the strategic success of the business.
2. Supplying the organization with skilled and experienced staff.
3. Conforming that the policies and procedures of the organisation assist in the successful execution of the strategies.
4. Leading practices are to be employed for carrying out key business functions.
5. Setting up an information and communication system, that facilitate the workforce of the organisation, to perform their roles effectively.
6. Developing a favourable work climate and culture, for proper implementation of the strategy.

❑ Strategy implementation is the time-taking part of the overall process, as it puts the formulated plans into actions and desired results.

Aspects of Strategic Implementation

- Project implementation
- Procedural Implementation
- Resource allocation
- Structural Implementation
- Behavioural Implementation
- Functional Implementation
- Operational Implementation

Strategy Formulation vs Strategy Implementation

Following are the main differences between Strategy Formulation and Strategy Implementation-

Strategy Formulation	Strategy Implementation
Strategy Formulation includes planning and decision-making involved in developing organization's strategic goals and plans.	Strategy Implementation involves all those means related to executing the strategic plans.
In short, Strategy Formulation is placing the Forces before the action.	In short, Strategy Implementation is managing forces during the action.
Strategy Formulation is an Entrepreneurial Activity based on strategic decision-making.	Strategic Implementation is mainly an Administrative Taskbased on strategic and operational decisions.
Strategy Formulation emphasizes on effectiveness.	Strategy Implementation emphasizes on efficiency.
Strategy Formulation is a rational process.	Strategy Implementation is basically an operational process.
Strategy Formulation requires co-ordination among few individuals.	Strategy Implementation requires co-ordination among many individuals.
Strategy Formulation requires a great deal of initiative and logical skills.	Strategy Implementation requires specific motivational and leadership traits.
Strategic Formulation precedes Strategy Implementation.	Strategy Implementation follows Strategy Formulation.

9.2 ANNUAL OBJECTIVES

What are Annual Objectives?

- Annual objectives are specific, measurable statements of what a business is expected to achieve within an annual period.
- These are usually one part or phase of the organization's longer-term goals, for example, the first year objectives of a three-year growth strategy.
- This puts annual objectives in contrast to quarterly objectives which tend to have a narrower focus and shorter-term deliverables.
- Which begs the question, should you set annual or quarterly objectives?
- To which the answer is: why not both?
- Many companies following the OKR (Objectives and Key Results) process find it valuable to set annual objectives as a tactic to keep their broader vision at the forefront while using quarterly objectives to execute the steps toward that vision.
- In fact - Google started out by setting quarterly OKRs, but today they set both annual and quarterly OKRs for the most impact.



Writing Annual Objectives

- Writing annual objectives should feel a little different from writing quarterly goals.
- The larger scope lends itself to broad objectives: for example, 'Raise market share by 5%'.
- If that sounds like a company-level objective, that's because it is!
- It is a good practice to set annual objectives at the organization level and use them in combination with quarterly objectives.
- Each annual objective should have 3-5 quarterly key results.
- These quarterly key results should be department or team level (depending on the size of the company) objectives, maintaining alignment through the hierarchy.
- Team and individual OKRs are best left at a quarterly cadence - but most of them should still be aligned to annual objectives.
- It is not necessary or recommended that teams and individuals have annual objectives - which can introduce complexity and divide focus, but there are exceptions.



9.3 POLICIES

- Policies are designed to guide the behaviour of managers in relation to the pursuit and achievement of strategies and objectives.
- Policies are instrument for strategy implementation.
- The term policy has various definitions in management literature.
- Some authors equate policy with strategy. Others do this inadvertently by using "policy" as a synonym for company mission, purpose or culture.
- This chapter defines policy much more narrowly as specific guides to managerial action and decisions in the implementation of strategy.
- This definition permits a sharper distinction between the formulation and implementation of functional strategies.
- Policy refers "to specific guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work towards stated goals."
- Most authors consider procedures and rules to be policies.
- Procedures can be defined as chronological steps that must be followed to complete a particular action; rules can be defined as actions that can or cannot be taken.
- Neither a procedure nor a rule provides much latitude in decision making, so some writers do not consider either to be a policy.

Policies and procedures help enforce strategy implementation in several ways:

1. Policy institutionalizes strategy-supportive practices and operating procedures throughout the organization.
2. Policy reduces uncertainty in repetitive and day-to-day activities in the direction of efficient strategy execution.
3. Policy limits independent action and discretionary decision and behavior. Procedures establish steps how things are to be handled.
4. Policy helps align actions and behaviors with strategy. This minimizes zigzag decisions and conflicting practices and establishes consistent patterns of action in terms of how the organization is attempting to make the strategy work.
5. Policy helps to shape the character of the working environment and to translate the corporate philosophy into how things are done, how people are treated, and what corporate beliefs and attitudes mean in terms of everyday activities.
6. Policy helps establish a fit between corporate culture and strategy.



The following principles determine the potential effectiveness of policies in relation to strategy implementation:

1. Policies should reflect objectives

The existence of a policy can only be justified if it leads to the achievement of the organization's objectives.

2. Policies should be consistent

Policies which conflict with each other should be avoided.

3. Policies should be flexible

In general policies should neither be ignored nor departed from indiscriminately. The extent to which a policy is mandatory, as opposed to advisory, should be clear.

4. Policies should be communicated, taught and understood

It is important to ensure that employees understand the existence and meaning of policies, and appreciate why they exist.

5. Policies should be controlled

Stated policies can be assessed and controlled as part of any formal planning system review.



Policies may be written and formal or unwritten and informal. There are at least seven advantages to formal written policies:

1. Managers are required to think through the policy's meaning, content, and intended use.
2. The policy is explicit so misunderstandings are reduced.
3. Equitable and consistent treatment of problems is more likely.
4. Unalterable transmission of policies is ensured.
5. Authorization or sanction of the policy is more clearly communicated, which can be helpful in many cases.
6. A convenient and authoritative reference can be supplied to all concerned with the policy.

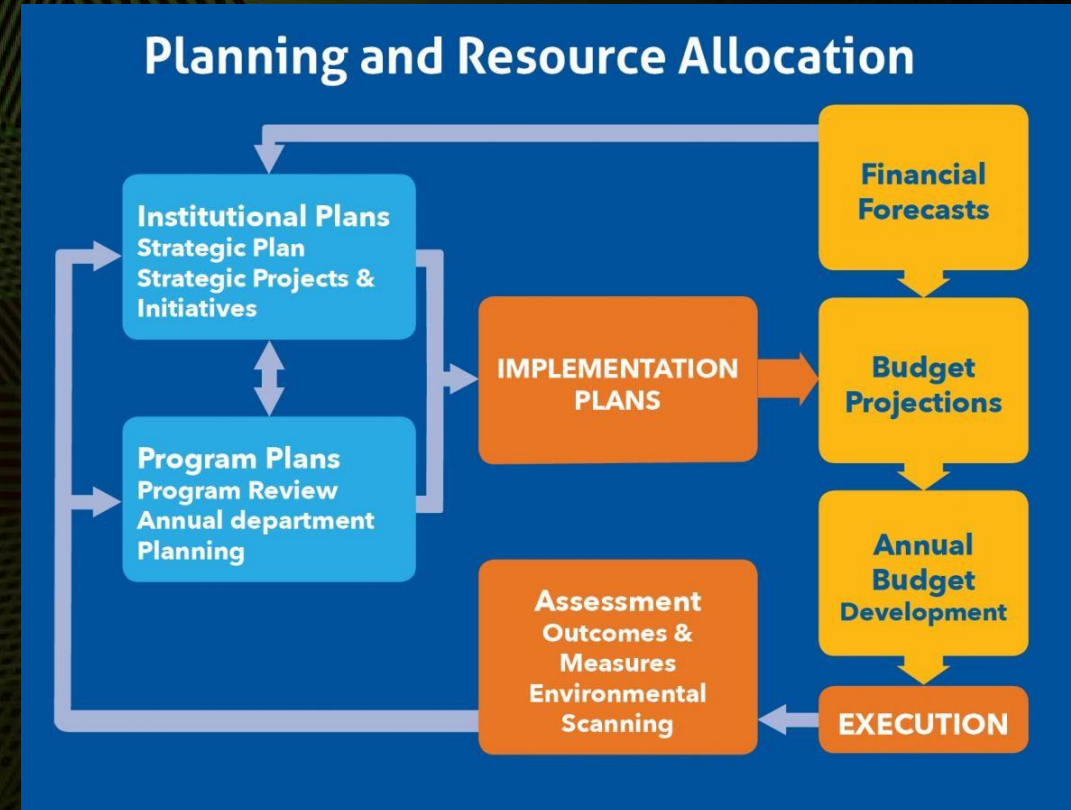
7. Indirect control and organizational coordination, key purposes of policies, are systematically enhanced.

- Policies can exist for any functional tasks undertaken by the organization.
- Moreover, effective decisions cannot be made without regard to their impact on other areas of the business.
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- For example, policy of minimizing the inventory may come at the expense of satisfying customers. Trade-offs are generally required in this process.



9.4 RESOURCE ALLOCATION

- **Resource allocation** is a process of planning, managing, and assigning **resources** in a form that helps to reach your organization's **strategic** goals.
- It can make a project manager's work effective and significant. Even though it sounds simple, it is vital in delivering project efficiently.
- **Resource allocation** is assigning the right people to work on the tasks necessary to complete a project.
- So, if you're going to need designers, writers, construction workers or other individuals to work on the project those are some of your **resources**.



What is the importance of allocation of resources?

- Resource allocation in strategic **management** is so important because it gives a clear picture on the amount of work that has to be done.
- It also helps to schedule ahead and have an insight into the team's progress, including allocating the right amount of time to everyone on the team.



Why You Need Effective Resource Allocation

1. Flexible for all size:

- ✓ Large organizations might be dealing with multiple projects. Effective allocation of resources helps project managers to plan to assign resources to project and manage them effectively.
- ✓ So whether it is about 1 project or 10 projects, if you are allocating resources properly, then you can handle them all without any hassle.

2. Save money:

- ✓ Effective resource allocation leads to no waste of money.
- ✓ It lets you know the performance of team members in a project. Hence it can be easier for you to assign tasks to the resource according to their skills.

3. Boost productivity:

- ✓ It is the first and foremost reason to choose resource allocation.
- ✓ If you have finished a project or task before the deadline without compromising the quality, then definitely
- ✓ it will enhance your business productivity. No more time loss, no more extra efforts, and no more extra labor charge. +
- ✓ Resource allocation helps you to know who is overloaded and who is free at that instant.
- ✓ So you can assign tasks to the available resource without much workload.

Why You Need Effective Resource Allocation

4. Improve time management:

- ✓ To run a project efficiently, it is important to know how long it takes the resources to complete the projects or tasks.
- ✓ Sometimes resources lag actual time.
- ✓ But this deficiency can make a large difference.
- ✓ Proper allocation of resources can set the actual estimate hours to complete the tasks.



5. Improve staff morale:

- ✓ By allocating resources wisely, you can see who is leading and who is lagging.
- ✓ In most cases, project managers can't be able to figure out which team member is putting his/her best effort.
- ✓ But if you are allocating your resources wisely, then you can identify who is doing what, who is lagging or leading, who is taking more time to complete a project as compared to the estimated hour(s).
- ✓ By filtering these factors, you can easily get the most deserving.
- ✓ So without harming their self-confidence, you can encourage them to work better.

6. Predict the future project plan:

- ✓ Proper resource allocation can help you to identify the presence of the team member(s) or employee(s) in a particular task and it makes easier for you to assign tasks as per their availability.
- ✓ Seeing the project requirement and deadline, sometimes one resource can be assigned to multiple tasks.
- ✓ By allocating resources, employees can prioritize their tasks and execute them based on their priorities.
- ✓ The project can be completed without much hassle and the future planning of the project can be done flawlessly.

7. Strategic planning:

- ✓ When a company sets its vision and goal, resource allocation plays a vital role.
- ✓ Proper allocation of resources can help to achieve and fulfill project needs.
- ✓ So ultimately vision and strategic goals can be done effectively by eliminating existing risks.

+



Why You Need Effective Resource Allocation

8. Manage team workload:

- ✓ Let a project is running over schedule and you need to adjust the team's workload to deliver the project on time without any obstacle.
- ✓ Here, resource allocation can help you in managing team workload.
- ✓ It can help you to check the task list of team members and let you know who is overloaded with tasks and whose schedule has more capacity.
- ✓ Now you can rearrange the task to balance the workload and no one will get overloaded.
- ✓ As a result, it increases the team's effectiveness and later it leads to successful project completion.

9. Maintain accurate time log:

- ✓ Knowing exactly how long it takes team members complete a task is a vital part in running project efficiently.
- ✓ Sometimes team members run-out actual working hour(s). In those cases, business growth suffers a loss.
- ✓ By allocating resources you can draw an accurate picture of actual time taken by the team members complete the project.

10. Eliminate risk:

- ✓ Identifying the potential risks beforehand can definitely bring amazing results to the project.
- ✓ By taking preventive actions, you can eliminate all the risks and complete projects on time.

9.5 CONFLICT MANAGEMENT

Definition of Conflict Management

- **Conflict management** is the practice of being able to identify and handle conflicts sensibly, fairly, and efficiently.
- Since conflicts in a business are a natural part of the workplace, it is important that there are people who understand conflicts and know how to resolve them.
- This is important in today's market more than ever.
- Everyone is striving to show how valuable they are to the company they work for and at times, this can lead to disputes with other members of the team.



Conflict Management Styles

Conflicts happen. How an employee responds and resolves conflict will limit or enable that employee's success. Here are five conflict styles that a manager will follow according to Kenneth W. Thomas and Ralph H. Kilmann:

1. An **accommodating** manager is one who cooperates to a high degree.

- ✓ This may be at the manager's own expense and actually work against that manager's own goals, objectives and desired outcomes.
- ✓ This approach is effective when the other person is the expert or has a better solution.

2. **Avoiding** an issue is one way a manager might attempt to resolve conflict.

- ✓ This type of conflict style does not help the other staff members reach their goals and does not help the manager who is avoiding the issue and cannot assertively pursue his or her own goals.
- ✓ However, this works well when the issue is trivial or when the manager has no chance of winning.



Conflict Management Styles

3. Collaborating managers become partners or pair up with each other to achieve both of their goals in this style.

- ✓ This is how managers break free of the win-lose paradigm and seek the win-win.
- ✓ This can be effective for complex scenarios where managers need to find a novel solution.

4. Competing: This is the win-lose approach.

- ✓ A manager is acting in a very assertive way to achieve his or her own goals without seeking to cooperate with other employees, and it may be at the expense of those other employees.
- ✓ This approach may be appropriate for emergencies when time is of the essence.

5. Compromising:

- ✓ This is the lose-lose scenario where neither person nor manager really achieves what they want.
- ✓ This requires a moderate level of assertiveness and cooperation.
- ✓ It may be appropriate for scenarios where you need a temporary solution or where both sides have equally important goals.



THE BENEFITS OF CONFLICT MANAGEMENT IN THE WORKPLACE

- ✓ Conflict is a part of our everyday lives, and that makes it difficult to avoid.
- ✓ Although we can't always control our exposure to conflict in our professional and personal lives, we can approach conflict management in a way that makes the difference between a positive and a negative outcome.
- ✓ In the workplace, conflict among employees may create a hostile environment and hinder communication and collaboration.
- ✓ It can also affect your reputation as a leader.
- ✓ By understanding how to skillfully manage conflict, you can negate its negative effects and even have it work to your advantage.



THE BENEFITS OF CONFLICT MANAGEMENT IN THE WORKPLACE

You may associate conflict with its potential for negative consequences. However, it can be productive when it is managed effectively.

Consider these distinctions:

When is conflict destructive?

- Communication breaks down.
- Relationships are impacted.
- Regular activities are disrupted.
- Individuals become rigid in their positions.
- Winning becomes the desired goal.
- Disengagement occurs.
- It causes undue stress.
- It creates a toxic environment.
- People outside of the conflict are impacted.

When can conflict be productive?

- ✓ There is forward movement in communication processes, and procedures.
- ✓ Those involved are comfortable with the disagreement and agree to disagree.
- ✓ It acts as a motivator for change (to do something differently or better as a result).
- ✓ It breaks down communication barriers.
- ✓ People develop a better understanding of one another.
- ✓ The side effects do not create lasting damage for the individuals involved and those around them.



Steps for conflict resolution

- How can you deal with conflict effectively to promote a positive impact?
- The key is conflict management.
- To resolve a conflict and achieve your desired goal, you must be well-prepared for the interaction with the person you wish to address. Here are some strategies you can use:

1. Use conflict management techniques to develop your conflict awareness skills.

These steps will help you identify conflict and gain some clarity about the situation:

- Identify the root of the conflict.
- Identify what is at stake for you. Assess the risk you're taking through your choice of addressing or not addressing the issue.
- Identify what is at stake for the other person.
- Assess how you are currently handling the situation.

2. Create an environment for conflict resolution.

This environment should be fairly neutral and let the other party/parties know that you want to find some type of resolution or agreement to move forward.



Steps for conflict resolution

3. Develop your conflict management strategy.

Keep these points in mind to create an effective strategy:

- ✓ Use “I-messages” rather than “You-messages.”
 - ✓ Avoid “always” and “never” statements. These are exaggerations and rarely true.
 - ✓ Consider what you know about the other person in terms of personality and behavior.
 - ✓ Think about your relationship and history with the person and his or her communication style and general behavior patterns.
 - ✓ This will also help you anticipate potential reactions.
- ✓ Consider what you need to talk about.
 - ✓ Identifying the central issue will keep you focused and prevent you from slipping into other matters.
 - ✓ Take care to communicate your concern in a clear, specific, and neutral way.
 - ✓ Make sure you focus on behavior, not personality.



4. Be clear about your desired outcome.

- ✓ Be honest with yourself and others about how you propose to resolve the issue.
- ✓ Think about possible reactions or responses the other person may have.
- ✓ Consider how you might respond to these reactions in a manner that promotes your goal and conflict resolution.
- ✓ Managing conflict is a skill that can be enhanced through thoughtful deliberation and practice.
- ✓ Effectively managing conflict can enhance relationships, improve communication, and build trust.



END OF CHAPTER 9

*Thank
you*

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