UNIT IV

STRATEGY IMPLEMENTATION AND EVALUATION

MEANING:

The task of strategic management is far from complete after strategies have been formulated and a concrete strategic plan has been prepared. Then it is the job of strategists to put the plan into action. There are several aspects of implementation that strategists have to consider.

DEFINITION:

According to steiner, "the implementation of polices and strategies is concerned with the design and management of systems to achieve the best integration of people, structures, processes, and resources, in reaching organizational purpose".

Inter-relationship between strategy formulation and implementation

Two phases of strategic implementation

1. Forward linkage
2. Backward linkage

ELEMENTS OF STRATEGY IMPLEMENTATION

There are two interrelated task systems involved in the process:

1. Differentiation
2. Integration

IMPLEMENTATION PROCESS OF STRATEGY

The process of strategy implementation involves the following steps:

1. Determine key managerial tasks
2. Resource analysis
3. Recourse allocation
4. Managing implementation
5. Preparation of information system
6. Evaluation and review of strategy

ISSUES IN STRATEGY IMPLEMENTATION

Issues in strategy implementation

1. Project implementation
2. Procedural implementation
3. Resources allocation
4. Organizational structures and strategies
5. Functional policies
6. behavioural implementation

Project implementation:

"A one shot, time limited, goal oriented, major undertaking, requiring the commitment of varied skills and resources".

Procedural implementation:

Strategy implementation also requires executing the strategy, based on the rules, regulations and procedures formulated by the government.

Resources allocation:

Resource allocation is the process of allocation organizational resources to various divisions, department, and strategic business units(SBUs)

Methods for resource allocation are:

1. B.C.G. matrix
2. budgeting systems

Organizational structures and strategies:

Companies build structures for their organizations based on their strategies.

Functional policies:

Coordination across functional units takes place, once the strategy of the company is decided; modification functional policies may become necessary to meet the demands of the new business.

Behavioural implementation:

Behavioural implementation deals with those aspects of strategy implementation that have impact on behaviour of people in the organizations.

RESOURCE ALLOCATION

Procurement resources:

Finance is generally considered to be the primary source: it is used for the creation and maintenance of other resources.

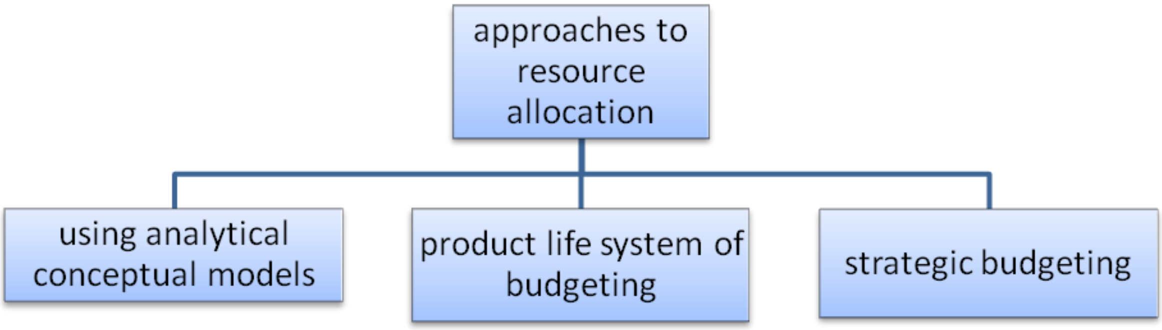
FACTORS AFFECTING RESOURCING ALLOCATION:

1. Objectives of the organization
2. Preference of dominant strategists
3. Internal politics
4. External influences

DIFFICULTES IN RESOURCE ALLOCATION

1. Scarcity of resources
2. Import restrictions
3. Human resources
4. Departmental power politics

APPROACHES TO RESOURCE



ALLOCATION

1. Using analytical conceptual models:

There are growth share matrixes, stop-light and directional policy matrix models are widely used for resource allocation especially in case of multi-SBU firms.

2. Product life system of budgeting:

The resources requirements vary with each stage of product life cycle as these stages have their own characteristics and implications.

I. capital budgeting
ii. Performance budgeting
iii. Zero-base budgeting

3. Strategic budgeting:

Budgets drive businesses and organizations by laying out its financial limitations and tracking spending and revenue throughout time.

ORGANIZATION STRUCTURE

Meaning:

Organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment.

DIMENSIONS OF ORGANIZATIONAL STRUCTURE

Organizational structure can be viewed as having three dimensions:

1. Centralization
2. Specialization
3. Organizational rigidity

ROLE OF ORGANIZATIONAL STRUCTURE

The role of organizational structure in the strategy implementation process is:

1. Aligning organizational structure with organizational strategy is necessary to ensure implementation of strategic plans.
2. The development of new skill sets is required to support changed strategies.
3. Task forces of special teams specifically charged with the responsibility for implementing key static programs enhance the effectiveness of implementation.

TYPES OF ORGANIZATIONAL STRUCTURE

1. Simple organizational structure/entrepreneurial structure:

A simple organizational structure has only two levels, the owner-manager and the employees.

2. Functional organizational structure:

As organizations grow and develop a number of related products and markets, their structures frequently change to reflect greater specialization in functional business areas.

3. Divisional organizational structure:

The divisional structure of organization is more suited to large, growth-oriented firms with diversified operation.

4. Strategic business unit structure:

As SBU is an sole operating unit or planning focus hat does not group a distinct set of products or services, which are sold to a uniform set of customers, facing a well- defined set of competitors.

5. Matrix organizational structure:

This arrangement is intended to combine projects management and functional departmentation so as to drive the benefits of both.

6. Virtual organization:

The virtual organization is a temporary network of companies that come together quickly to exploit fast changing opportunities.

7. Network organizations:

A network is a pattern of social over a set of persons, positions, groups, or organizations.

STAGES OF STRUCTURAL DEVELOPMENT

1. Simple structure
2. Functional structure
3. Divisional structure

STRATEGY AND ORGANIZATION STRUCTURE

Changes are organizations strategy bring about new administration problems which, in turn, require a new refashioned structure if the new strategy is to be successfully implemented.

DESINGING ORGANIZATIONAL STURCTURE:

There is no best structure available anywhere. There are no good or bad structures. There are only structures that match of do not match with the requirements of a strategy.

DIMENSIONS OF ORGANIZATION DESIGN

1. Structural dimension:

a. Formalization
b. Hierarchy

c. centralization
d. professionalism
e. personnel ratio

2. contextual dimensions:
    a. Environment
    b. Goals and strategy
    c. culture
    d. Technology

BASIC ASPECTS OF DESIGNING STRUCTURE

Two types:
1. Vertical differentiation
2. Horizontal differentiation.

STRATEGIC EVALUATION AND CONTROL

Strategic evaluation:

Strategic evaluation is a way for businesses to evaluate the health and productivity of their company and their future endeavours

IMPORTANCE OF STRATEGIC EVALUATION

1. Motivational tool
2. Means to secure feedback
3. Better and updated strategies
4. Evaluation of Decision making
5. Checks on validity

GENERAL PRINCIPLES OF STRATEGY EVALUATION

1. Consistency
2. Consonance
3. Advantage
4. Feasibility

BARRIERS IN STRATEGIC EVALUATION

Barriers in strategic evaluation are as follows:
1. Limits of controls
2. Difficulties in measurement
3. Resistance to evaluation
4. Short-terms
5. Relying on efficiency versus Effectiveness.

DESIGNING STRATEGIC CONTROL SYSTEM

Strategic control precisely defined as the practice of assessing the direction of the organization, as evidenced by its implicit or explicit goals, objectives, strategies, and capacity to perform in the context of changing environmental and competitive actions.

TYPES OF CONTROL

1. Strategic control
2. Operational control

CHARACTERSTICS OF AN EFFECTIVE STRATEGIC CONTROL SYSTEM

1. Suitable
2. Simple
3. Selective
4. Sound and economical

5. Flexible
6. Forward-looking
7. Reasonable
8. Objective
9. Responsibility for failures
10. Acceptable

TYPES OF STRATEGIC CONTROL

Four basic types of strategic controls are:

1. Premises control
2. Implementation control
3. Strategic survelliance
4. Special alert control
5. Financial controls
6. Output control
7. Behaviour control

ORGANIZATION STRUCTURE AND STRATEGIC CONTROL

1. Centralization
2. Formalization
3. Specialization

GUIDELINES FOR PROPER CONTROL

1. Involving minimum amount of information
2. Monitor only meaningful avtivities and results
3. Timely control
4. Both long-term and short-term controls
5. Emphasizing the reward of meeting of exceeding standards

PROCESS OF STRATEGIC EVALUATION AND CONTROL

1. Establishing strategic controls/setting standards of performance
2. Measuring performance
3. Analyzing variances and
4. Taking corrective action

TECHINQUES OF STRATEGIC EVALUATION AND CONTROL

1. Evaluation Techniques for strategic control
    a. strategic momentum control
    b. Strategic leap control
2. Evaluation Techniques for operational control
    a. Internal Analysis
    b. Comparative Analysis
3. Other Techniques
    a. Parta system
    b. Network Techniques
    c. Management by objectives
    d. Memorandum of understanding

<u>MATHCING STRUCTURE AND CONTROL TO STRATEGY</u>

STURCTURE AND CONTROL ON THE FUNCTIONAL LEVEL

1. Manufacturing
2. Research and Development

3. Sales

STRUCTURE AND CONTROL AT BUSINESS LEVEL

Implementation of a combination of differentiation strategy and cost-leadership can be achieved despite the difficult business level.

STURCTURE AND CONTROL AT CORPORATE LEVEL

1. Structure for concentration strategy
2. Structures for integration strategies
3. Structures for diversification strategies
4. Structures for internationalization strategies
5. Structures for cooperative strategies
6. Structures for digitalization strategies

IMPLEMENTING STRATEGIC CHANGE

Definition

According to Hofer and schendel strategic change is defined as “changes in the content of a firms strategy as defined by its scope, resource deployment, competitive advantages and synergy”.

TYPES OF STRATEGIC CHANGE

1. Re-Engineering
2. Re-structuring
3. Innovation
4. Continuation strategy
5. Routine strategy change
6. Limited strategy change
7. Radical strategy change
8. Organizational Redirection

PROCESS OF STRATEGIC CHANGE

1. Anticipating change
2. Identifying the change
3. Selling the change
4. Assign Responsibility
5 . Allocate Resources
6. managing the transition state
7. Supporting the change
8. Evaluating the change

ISSUES IN STRATEGIC CHANGE

Strategy too is about the ‘art of possible’. An analysis of the organization’s political situation is important in the early stages of strategic development. It may be highly desirable to alter radically a company’s structure, but the cost in terms of management time may be too high in some circumstances, even with an imposed solution.

ORGANIZATIONAL POLITICS

According to Stephen robbins,”politics in organization are those activities that are not required as part of one’s formal role in the organization, but that influence, or attempt to influence, the distribution of advantages and disadvantages within the organization “.

CHANGE AND POLITICS

Managers engage in political action in many subtle ways, particularly during times of change. In times of organizational change, managers will want to gain support for a particular position, so the manager either needs to enhance his or her own power or gain the support of other powerful organizational members.

FACTORS INFLUENCING POLITICAL BEHAVIOR

A member factors are responsible for political behaviour. These factors are grouped into individual factors and organizational factors:

1. Individual factors
    - i. high self-monitors
    - ii. Internal locus of control
    - iii. High Machiavellian personality
    - iv. Investment in organization
    - v. perceived job alternatives

2. Organizational factors:
    - i. reallocation of resources
    - ii. Promotion opportunities
    - iii. Low trust
    - iv. Role ambiguity
    - v. unclear performance appraisal system
    - vi. zero-sum reward system
    - vii. Democratic decision-making
    - viii high performance pressures
    - ix. Self-serving senior managers

MANAGING POLITICAL BEHAVIOR

1. Clearly defined jobs
2. Proper managerial behaviour
3. Effective communication
4. Fair evaluation system
5. Judicial distribution of resources

ORGANIZATIONAL POWER

The term ‘power’ may be defined as the capacity to exert in influence over others. If a person has power, it means that he is able to influence the behaviour of other individuals.
A manager powser may be measured in terms of the ability to:

1. Give rewards
2. Promise rewards
3. Threaten to withdraw current rewards
4. Withdraw current rewards
5. Threaten punishment and
6. Punish

CHARACTERISTICS OF POWER

1. power can be potential or enacted
2. power represents the capacity, ability or potential to influence the behaviour of other people lto achieve a certain goal.
3. leaders exedrcisse power to accomplish goals of an organization
4. leaders have only as much power as others allow them to have.

IMPORTANCE OF POWER

1. Necessary for coordinated activities
2. Basis for authority and responsibility

CLASSIFICATION OF POWER

1. Interpersonal sources of power
    a. number of people
    b. coercive power base
    c. legitimate power base
    d. reward power base
    e. expert power base
    f. referent power base
2. Structural sources of power
    a. knowledge as power
    b. resources as power
    c. decision making as power

CHANGE AND POWER

Organizational change processes are influenced by the institutionalization of power and the behaviour of interest groups in and around organizations.

ORGANIZATIONAL CONFLICT

According to follett, conflict is defined as the appearance of difference, difference of opinions, of interests".

LEVEL OF CONFLICT

1. Inter-group conflict
2. Intra-group conflict
3. Inter-personal conflict
4. Intra-personal conflict

CHANGE AND CONFLICT

Situations of change and conflict predictably arise regardless of where one is employed, especially when there are numerous influences both inside and outside of the healthcare organization.

CONFLICT MANAGEMENT

Conflict is often institutionalized with individuals and groups protecting legitimate rights and stakes.

CONFLICT MANAGEMENT TECHNIQUES

1. Avoiding
2. Accommodating
3. Competing
4. Compromise
5. Collaboration

<u>MANAGING TECHNOLOGY AND INNOVATION:</u>

INTRODUCTION TO TECHNOLOGICAL INNOVATION

According to rothwell," technology innovation is a complex technico/socio/economic process which involves an extremely intricate web of interactions, both intra firm and between the firm and its economic, technical, competitive and social environment. It might not, therefore,be expected that success or failure will be often be satisfactory explained in terms of one or two factors alone.

TECHNOLOGY LIFE CYCLE AND COMPETITIVW ADVANTAGES:
A company basic technology should be embodied in a range of products.
Technology development
Technology application
Application launch
Application growth
Technology maturity
Degraded technology

TECHNOLOGY INNOVATION AS CONVERSION PROCESS:
Technological innovation and new product development are vital for maintaining indusrial competitiveness and increasing manufacturing process efficiency.
Conceptual approach
Alternative approach

PROCESS OF TECHNOLOGY INNOVATION:
It is a complex set of activities that transforms ideas and scientific knowledge into physical reality and real world application.
The stages of technological innovation are:
Basic research
Applied research
Technology development
Technology implementation
Marketing
Proliferation
Technology enhancement

FACTORS CONTRIBUTING TO SUCESSFUL TECHNOLOGICAL INNOVATION:
The factors are
Government support
Opportunity
Capacity or capability
Vision leadership and will to innovate
High involvement in iinovation
Effective team working
Continuing and extending individual development
Learning organisation
Creative climate
Key individuals
Appropriate structure

ISSUES IN MANAGING TECHNOLOGY:
Linkage
People linkage
People weakness
Leverage
Technological leadership

NON PROFIT ORGANISATION:
A non profit organisation is defined as an organisation that does not distribute its surplus funds to owners or shareholders, but instead uses them to help pursue its goal.

FEATURES OF NON PROFIT ORGANISATION:
Rendering service to the members and to the public
No intension of earning profit
No trading activities
No credit transactions
Only cash book is maintained to record daily transactions
No trail balance Is prepared
No capital, but have only capital fund representing accumulated surplus

TYPES OF NON PROFIT ORGANISATION
Private educational institutions
Charities
Social service organisation
Cultural organisation
Social organisations

STRATEGIES OF NON PROFIT ORGANISATIONS:
Strategic pick backing
Inter organisational linking
Linkage with a profit making organisation

STRATEGIC ISSUES IN NON PROFIT ORGANISATIONS:
Strategic management is applicable for both profit making organisation and non profit organisations. These includes:

Formulation of mission,goals and objectives,
Strategy formulation and implementation and,
Strategic control.

1. Formulation of mission goals and objectives:
Like profit organisation, the non profit organisation also have mission,objectives,and goals.the mission is must be In clear direction .
The objectives of the non-profit organisation is only the service motive.
The goals of the non profit organisation include :
Community service like health,education and environmental protection.
Providing facilities for physicians,teachers etc.,

2. Strategy formulation and implementation in non profit organisations:
Strategy formulation is more or less the same in non profit organisation compared to that profit organisation
Impact of constraints on strategic implementation:
Decentralisation is complicated
Linking pins for external internal integration become important
Job enrichment and executive development

3. strategy evalution and control in non profit organisation:
Its is very difficult to make control in the non profit organisation

ADVANTAGE OF NON PROFIT ORGANISATION :
1.operational cost advantage
2.service excellance
3.cultural consensus

DISADVANTAGE OF NON PROFIT ORGANISATION:

1.philanthropic insufficiency
2.philanthropic patricularism
3. philanthropic paternalism
4. philanthropic amateurism

STRATEGIES FOR INTERNET ECONOMY

Definition;

According to professor david yoffie. “competing in the internet age is more than just a matter of having to do everything faster”.

INTERNET AND THE VALUE CHAIN

Calue chain the set of activities through which a product or service is created and delivered to customers.

IMPACT OF INTERNET ON COMPANY AND INDUSTRY VALUE CHAIN

Internet can have an impact on company and industry value chain through a number of ways:

1. Inbound logistic-efficient transport and logistic management
   Warehousing and storage space requirements
   Relationships
2. Operations:
   Efficient product, processes and technology
3. Outbound logistics
4. Marketing and sales
5. Service and support
6. Technology development
7. Procurement

STRATEGIC GUIDELINES FOR INTERNET ECONOMY

1. Develop an e-business strategy
2. Hire and develop capable staff
3. Build a knowledge management system
4. Focus on being a market leader in process innovation

INTERNET AND COMPETITIVE ADVATAGE

1. Operational effectiveness
2. Strategic positioning

Principles for strategic positioning

1. Goal
2. Value proposition
3. Distinct value chain
4. Trade-off
5. Mutually reinforcing
6. Continuity of direction

NEW BUSINESS MODEL

The term business model refers to the way in which an enterprise intends to make money.