CHAPTER-6 STRATEGY IMPLEMENTATION & CONTROL

INTERRELATIONSHIP BETWEEN STRATEGY FORMULATION & IMPLEMENTATION-
➢ Translation of strategic thoughts into strategic action is must, which presupposes that decision of strategic choice itself was made with some thought being feasibility & acceptability.
➢ It requires support of all managers & employees of the org. & affects org from top to bottom, all functional & divisional areas of business.
➢ It requires allocation of resources to new courses of action & adaptation to org's structure to handle new activities, to train personnel & to devise appropriate system.
➢ It is crucial to distinguish between strategy formulation & implementation.
➢ Success of org depends when strategy formulation is sound & implementation is excellent.
➢ Strategy Formulation & Implementation matrix-

<table>
<thead>
<tr>
<th>STRATEGY FORMULATION</th>
<th>SOUND</th>
<th>A is the situation where org built a competitive strategy but have difficulties in implementing it successfully. Reason can be lack of experience/resources/leadership. Tries to go to B</th>
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<tbody>
<tr>
<td>FLAWED</td>
<td>C is for org that neither created sound strategy nor implemented it well. It needs business model redesign &amp; execution readjustment</td>
<td>D is situation where strategy has formulation flaws but excellent implementation has been shown. Needs to redesign strategy before change in execution skills</td>
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<tr>
<th>STRATEGY IMPLEMENTATION</th>
<th>WEAK</th>
<th>EXCELLENT</th>
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➢ In orgs. Focus has to be made on efficiency rather than on effectiveness. While efficiency is essentially introspective, effectiveness highlights links between the org & its envt
➢ Responsibility for efficiency lies with operational managers & top management has primary responsibility for strategic orientation of the org

<table>
<thead>
<tr>
<th>EFFECTIVE</th>
<th>INEFFECTIVE</th>
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<tbody>
<tr>
<td>EFFICIENT</td>
<td>1: THRIVE- it achieves what it aspires of, with an efficient input-output ratio</td>
</tr>
<tr>
<td>INEFFECTIVE</td>
<td>3: SURVIVE- strategic direction is present to ensure effectiveness even if too much input is used to generate output</td>
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➢ To be effective is to do the right thing & to be efficient is to do the thing right

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Change comes through implementation & not plan. Technically imperfect plan if implemented well will achieve more than a perfect plan implemented badly

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<th>STRATEGY FORMULATION</th>
<th>STRATEGY IMPLEMENTATION</th>
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<tr>
<td>▪ It is positioning forces before action</td>
<td>▪ It is managing forces during action</td>
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<td>▪ It focuses on effectiveness</td>
<td>▪ It focuses on efficiency</td>
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<td>▪ It is primarily an intellectual process</td>
<td>▪ It is primarily an operational process</td>
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<td>▪ It requires good analytical skills</td>
<td>▪ It requires motivation &amp; leadership skills</td>
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<td>▪ It requires coordination among few individuals</td>
<td>▪ It requires combination among many individuals</td>
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Strategy implementation varies substantially among different types & sizes of org. It requires actions such as altering, adding new departments, hiring new employees, developing budgets, changing advertising strategies, train new employees, etc

In practical life, formulation & implementation are intertwined. Two types of linkages are there-

* Forward Linkage-
  ▪ Starts with objective setting, strategic alternatives & choice of strategic plan determines the course than an org adopts for itself
  ▪ Formulation of new strategies or reformulation of existing strategies require many changes within the org (eg- structure of org)
  ▪ Style of leadership has to be adapted to the needs of modified/new strategies

* Backward Linkage-
  ▪ Formulation process is also affected by factors related with implementation
  ▪ Past strategic actions also determine choice of strategy
  ▪ Org may adopt those strategies which can be implemented using present structure of resources combined with some additional efforts

**ISSUES IN STRATEGY IMPLEMENTATION**-

Implementation tasks test strategist's ability to allocate resources, design structures, choose leadership styles, & deal with various other issues.

* Strategic plan is the statement of intent which proposes the manner in which strategies could be put into action & Implementation tasks realize the intent.
* Strategies should lead to plans. Plans lead to programmes, which are supported by funds. (Programme is a broad term which includes goals, policy, rules, steps taken to implement plans).
* Programmes lead to projects, which requires allocation of funds based on capital budgeting by org. (Project is a highly specific programme for which time schedule & costs are predetermined)
* Projects create needed infrastructure for daily operations in org. These may be used for setting new plants, modernizing existing facilities, etc that are needed for strategy implementation.
* Eg- Stability strategy > Modernising plan > R/D Programme > Project A/B/C

**Issues in strategy implementation to be considered in following areas**-

* Project implementation issues
* Procedural Implementation

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• Resource allocation
• Structural Implementation
• Functional Implementation
• Behavioral Implementation

➢ Issues in strategy implementation-
• Requires shift in responsibility from strategists to divisional & functional managers
• Implementation problems can arise if strategy formulation decisions come as surprise to middle & low level managers.
• Establishing annual objectives, devising policies, allocating resources, altering structure of org, restructuring, revising reward/incentive plans, minimize resistance to change, develop strategy-supportive culture.

➢ Tackle issues in implementation by-
• Involving strategists, divisional & functional managers to strategy formulation as they are motivated by perceived self-interest more than interest of org, unless the two coincide
• Strategists’ personal commitment is necessary & motivational force for managers & employees
• Clear communication is needed in regard of
  ▪ rationale for objectives
  ▪ Strategies
  ▪ competitors’ accomplishments/products/plans/Actions/performance
  ▪ major external opportunities & threats
  ▪ questions of managers’ & employees’ need to be answered
• Top-down flow of communication is necessary for bottom-up support
• Competitive intelligence whereby every employee should be able to benchmark their efforts to take challenges personally
• Org should provide training to both managers & employees to ensure updated skills

Org. & Strategy Implementation— (May refer chapter-2)

➢ Changes in strategy often require change in structure of org due to following-
  • Structure largely dictates how objectives & policies will be established (eg- objectives & policies framed under geographical structure will dictate it in geographic terms)
  • Structure dictates how resources will be allocated (eg- if structure is based on customer groups, resources will be allocated accordingly)

➢ There is no one optimal structure for given strategy or for a type of org
➢ With growth of org, structure mostly change from simple to complex, but this change is not a response to all forces affecting an org. It is changed when it may become ineffective due to change in strategy
➢ Symptoms of ineffective structure-
  • Too many levels-of-management
  • Too many unachieved objectives
  • Too many meetings attended by too many people
  • Too much attention directed to solve inter-departmental conflicts

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➢ Change in structure facilitates strategy implementation, but doesn’t make bad strategy good.
➢ Strategy requiring massive structural change would not be attractive, thus structure affecting strategy.
➢ Stability in structures is important to facilitate efficient completion of daily tasks
➢ Org’s structure is org’s formal configuration of its intended roles, procedures, authority & decision-making process

➢ **The functional structure**-
  - It groups tasks & activities by business function, such as, production, marketing, finance, etc.
  - It is simple & involves low cost.
  - Consists CEO/MD & limited corporate staff with functional line managers in dominant functions
  - It promotes specialization of labor, encourages efficiency, allows rapid decision making, & reduces need for elaborate control system (MERITS)
  - It forces accountability to top, reduces career development opportunities, low employee morale, staff conflicts, poor delegation of authority. (DEMERITS)
  - Here, functional specialists may develop narrow perspective, losing sight of org’s vision/mission

➢ **The simple structure**-
  - It is a form of org in which owner-manager makes all major decisions directly & monitors all activities, while org’s staff merely act as executor
  - Most appropriate when org follows single business strategy & offer single line of products in a single geographic market
  - Appropriate for orgs. when focused cost leadership/focused differentiation strategy is adopted
  - There is little specialization of tasks, few rules, little formalization, unsophisticated IT & direct involvement of manager-owner in daily operations, direct & frequent communication, quick introduction of new products to market, fewer coordination problems
  - Potential competitive advantage created are innovation, greater structural flexibility, ability to respond faster to envtl. Changes.

➢ **The divisional structure**-
  - It can be organized on four basis: geographic area, product, customer, process
  - Advantages: clear accountability (of divisional managers regarding sales & profits), higher employee morale, creates career development opportunities, leads to competitive climate within org, allows new businesses to be added easily
  - Limitations: costly (each functional specialist to be paid), duplication of staff services/ personnel, managers must be well qualified requiring higher salaries, requires an elaborate control system
  - Geographical structure is appropriate when strategies need to be fit to particular needs of customers in different geographical areas & allows improved coordination within a region
  - Product structure is effective when specific products need specific emphasis, when few products are offered, when products differ substantially & allows strict control but may require more skilled management force & reduced top management control
  - Customer structure is effective when few customers are of great importance & many different services are provided to these customers. It requires clearly defined customer groups
Process structure is similar to functional structure, but key difference lies in accountability for profits/revenues

**The Strategic business unit (SBU) structure**
- Consists at least 3 levels-
  - Corporate headquarters at top
  - SBU groups at second level
    - SBU groups are unrelated to each other
    - Treated as profit centres, & controlled by corporate headquarters
  - Divisions within each SBU at third level
    - These are related to each other (divisions producing similar product &/or using similar technology) to achieve synergy

- Appropriate when-
  - Controlling & evaluating divisional operations becomes difficult
  - Increase in sales is often not accompanied by similar increase in profits
  - There is a problem of isolation of functional area managers

- Composed of operating units where each unit represents separate business to whom responsibility is delegated by top officer
- Corporate office is responsible for formulating & implementing overall corporate strategy & manages division through strategic & financial controls
- Merits- improve coordination between similar divisions, more accurate monitoring of performance of businesses, simplifies control problem, facilitates comparison between divisions, improved resource allocation
- Demerits- requires additional management layer which increases salary, ambiguous (unclear) role of vice president

**Newer forms of structure is the need of hour to manage increased level of diversification so that fast decision making can be ensured. These are stated below**-

**The matrix structure**
- Here, functional & product forms are combined simultaneously at same level of org
- Employees have 2 superiors- a product/project manager & a functional manager
- The home department (i.e, manufacturing or sales) is functional & permanent & people from these functional units are assigned temporarily to one/more projects.
- Most complex as it depends upon both vertical & horizontal flow of authority & communication
- Limitations: high cost because of more management positions, dual lines of authority, dual source of reward/punishment, dual reporting channel, extensive communication system needed
- Advantages: clear objectives, shutting down project is easier, combines stability of functional structure with flexibility of product form, useful when external envt is complex
- Requirements: planning, training, clear understanding of roles & responsibilities, excellent internal communication, mutual trust & confidence

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Phases for developing this structure by Davis & Lawrence:

- Cross-functional task force - used when new product line is being introduced with project manager being in charge. When it becomes more permanent, project manager becomes product manager.
- Product management - functional structure is still primary structure but product managers act as integrators of semi-permanent product
- Mature matrix - Involves true dual-authority structure. Both product & functional managers are permanent. Employees are connected to vertical functional superior & horizontal product manager
- Eg - used in industries such as healthcare, construction, defence, etc

Network structure:

- It is a series of independent firms/business units linked together by computers in an information system that design, produces & markets a product/service
- Could be termed as non-structure
- Such orgs are called virtual org as it is composed of series of project groups linked by constantly changing non-hierarchical cob-web like networks
- Most useful when envt is unstable & expected to remain so
- Requirements: strong need of innovation & quick response.
- Many activities are outsourced
- Electronic markets & sophisticated IT is used to reduce transaction cost
- Advantages: increased flexibility & adaptability to cope up with envt. Changes, allows to concentrate on core competencies, gathers efficiencies from other firms who concentrate their efforts in their area of work
- Disadvantages: available of numerous potential partners, outsourcing may keep firm from discovering synergies
- Requirement: self-motivated & continuous learning workers, which may lack in an org
- Eg - Nike, Reebok & Benetton uses this structure

Hourglass Structure:

- It contains three layers of management with constricted middle layer, showing narrow middle management level
- Since role played by middle management is diminishing by employing technological tools, IT connects bottom & top level of management
- Contrary to traditional middle level managers who are specialist, in hourglass structure most of them are generalist who performs wide variety of tasks
- Advantages: reduced cost, simplified decision making, enhanced response,
- Disadvantages: reduced promotional opportunities for low levels, monotonous, lack of interest, difficult to keep motivation level high
- Cure: assigning challenging tasks, transferring laterally, having proper reward system

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Strategic Business Units & Core Competencies-

➢ Here question is: what is the best way of grouping the products/ businesses of large enterprises?
➢ Purpose: to provide effective strategic planning treatment to each one of its products/business
➢ Principle: all products related from standpoint of “function” should fall under one SBU.
➢ What problems are faced if strategic planning is done based on territories?
  • Since no. of territorial units handle same product, the same product will get varied strategic planning treatments
  • Since one territorial unit carried different-unrelated products, dissimilar products will get identical strategic planning treatment
➢ Attributes of an SBU & benefits a firm can get-
  • A scientific method of grouping businesses of multi-business org, helps in strategic planning
  • An improvement over territorial grouping & territorial based strategic planning
  • SBU is grouping of related businesses, which will receive same strategic planning treatment, independent of other SBUs.
  • Consists of analyzing & segregating businesses & regroup them into few, well-defined business units which are related from the standpoint of “functions”
  • Unrelated products in any group are separated & combined with other related business or may made into separate SBU.
  • Creation of SBUs helps in strategic planning by removing vagueness & confusion & facilitates right setting for correct strategic planning & resource allocation to various businesses
  • Each SBU is separate business from strategic planning standpoint, hence, each SBU has distinct set of mission, objectives, competition & strategy
  • Each SBU will have a CEO, responsible for performance of that SBU, from strategic planning to its profit performance, & have control of profit-influencing factors
➢ Issues of relatedness has direct implications on decisions about diversification-
  • SBUs might build on similar technologies or all provide similar sort of products
  • SBUs might be serving similar/different markets. Different technology may be used to serve similar customers
  • Competencies on which competitive advantage of different SBUs have built have similarities
➢ The Value Chain Analysis-
  • Means of describing the activities within & around an org, and to relate it to an assessment of competitive strength of org or its ability to provide value-for-money products & services
  • Its key aspect is to recognize that org is much more than random collection of machines, money & people, which are useful only when deployed into activities & organized into a system to ensure that product/service is of value to final customer
  • Porter identified to separate value chains to understand strategic capability of org-
  • Primary activities are grouped in five main areas, stated below.
    • Inbound logistics- receives, stores & distributes product/service & includes material handling, stock control, transport, etc
    • Operations- transform inputs into outputs & includes machining, packing, assembly, etc
- Outbound logistics- collect, store & distribute products to customers & includes warehousing, transport, arrangements to bring customers to fixed place, etc
- Marketing & Sales- makes customer/consumer aware of product/service, who are able to purchase it & includes advertising, selling, communication networks, etc
- Services- enhance or maintain value of product/service & includes installation, repair, spares, etc

- Supporting activities are those which are linked to primary activities & are stated below.
  - Procurement- processes to acquire various resource inputs to primary activities & occurs in many part of the org
  - Technology Development- all value activities have a technology. Key technologies may be concerned directly with product, process or resource
  - HRM- important area which transcends all primary activities & includes recruitment, management, training & rewarding people within the org
  - Infrastructure- system of planning, finance, quality control, information management, etc & includes structure & routine of org which sustains its culture

- Identifying core competencies-
  - Threshold competency- basic competency & core competency- unique competency
  - Although a threshold competence in all activities is necessary to org’s successful operations
  - Important is to identify those competencies which are critical for org’s competitive advantage, known as core competencies
  - Core competencies differ from org to org, depending on how company is positioned & the strategies it is pursuing
  - It may also be the basis in which org steps into new opportunities
  - To exploit core competencies after traditional markets are mature, two typical ways are
    - To develop added value services
    - To develop geographical spread of markets
  - How to analyze & understand different bases of organizational competencies-
    - Managing Linkages-
      - Core competences may provide competitive advantage, but overtime may be imitated by competitors
      - These are more difficult to imitate if they relate to management of linkages within org’s value chain & into supply & distribution chain
      - On managing these linkages, level of performance achieved is difficult to match
      - It can provide competitive advantage in number of ways, stated below
      - There may be important linkages between the primary activities
        - Eg- high inventory level may solve production scheduling problems
      - High level of competencies in separate activities are not enough if they are incompatible, i.e., not of same view of what value for money means to customer
        - Eg- operations may look for low-cost production but marketing sells flexibility.
- Management of linkage between primary & supporting activities may be the basis of core competency, as it allows org to deliver new services/expand into new markets. Eg- online travel bookings & hotel reservation systems.
- Linkage between different support activities may be basis for core competency. Eg- tuning of HR with new technology to implement new production technology.
  - By ability of coordinating the org’s own activities with suppliers, customers-
  - Vertical integration improves performance through ownership of more parts of value system, making more internal linkages to org.
  - Within manufacturing industry, such ability is critical to both quality enhancement & cost reduction.
  - TQM (refer ch-7)

**LEADERSHIP & STRATEGIC IMPLEMENTATION**

- Major change efforts have to be top-down & vision driven.
- Five leadership roles to be played by managers for good strategy execution-
  - Staying on top of what is happening, closely monitoring progress, hunting issues are learning obstacles that lies in path of strategy execution.
  - Promote a culture & esprit de corps (common spirit) to make members perform highly.
  - To keep org responsive to changes, alert for new opportunities, creating innovative ideas, & build competencies better than competitors.
  - Exercise ethics & insist org to be an inspirational corporate citizen.
  - Push corrective actions to improve execution & performance of strategy.
- Leadership roles played are visionary, culture builder, capability builder, negotiator, spokesperson, etc.
- Leadership role in implementation-
  - It entails the ability to anticipate, maintain flexibility, guides the org by influencing behavior & thoughts of co-workers, making sense of complex information.
  - It should be able to manage human capital as it is the most critical skill.
  - Strategic leaders are challenged to adapt their frames of reference to deal with rapid, complex changes.
    - Frame Of Reference is the set of assumptions, premises, wisdom that bounds manager’s understanding of org, the industry in which it competes & core competencies it exploits.
    - It is the foundation of manager’s mindset.
    - Competitive battles are not between orgs, but between managerial frames/mindset.
- Responsibilities-
  - Managing human capital & company’s operations.
  - Sustaining high performance over time.
  - Willingness to make courageous decisions.
  - Seeking feedback through face-to-face communication.
  - Having decision making authority which cannot be delegated.
➢ **Approaches to leadership styles:**
   - Managerial leadership is concerned with short-term, day-to-day activities
   - **Transformational Leadership Styles:**
     - Uses enthusiasm to inspire people to make them do good for the org
     - Appropriate in unstable envt, start or end of industry life-cycle, in poorly performing orgs to inspire the org to embrace major change
     - It offers excitement, vision, & personal satisfaction, stretches abilities of org, increases employee self-confidence, promote innovation throughout the org
   - **Transactional Leadership Style:**
     - focus more on designing systems, control activities & to improve the current situation
     - try to build on the existing culture & enhance current practices
     - uses its authority to exchange rewards
     - more formalized approach to motivation, setting clear goals with rewards/penalties
     - appropriate in settled envt, in growing or mature industries, in well performing orgs

**Strategic Change:**

- Changes in envt often require businesses to make modifications in existing strategies & bring out new strategies
- It is not a one-time application but a continuous process due to dynamism in envt
- **Steps to initiate strategic change:**
  - **Recognize the need for change:**
    - Diagnose which aspect of the present culture are strategy supportive & which are not
    - This is done by envtl scanning of both internal & external envt (may use SWOT)
  - **Create a shared vision to manage change:**
    - Objectives & vision of both individuals & org should coincide
    - Seniors managers to communicate vision constantly to inform & overcome resistance through poor communication
    - Actions taken need to be credible, visible & indicative of management’s seriousness
  - **Institutionalize the change:**
    - Action stage requiring implementation of changed strategy
    - Ensure no slip back, by creating & sustaining different attitude towards change
    - Regularly monitor & review change process to analyze its after-effects
    - Corrective actions to be taken for deviations
    - Culture takes time to prevail
- **Kurt Lewin Change Process:** propose three phases
  - **Unfreezing the situation**
    - Makes org aware about necessity of change & prepare them for this
    - Sudden changes would be socially destructive & morale lowering
    - Makes member willing & ready to accept the change

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 Changing to new situation
  ▪ After unfreezing the culture, behaviour patterns of org needs redefinition
  ▪ Three methods for same as propose by H.C. Kellman are stated below
  ▪ Compliance- strictly enforce reward/punishment for good/bad behaviour. Fear of punishment, actual punishment, actual reward change behaviour for better
  ▪ Identification-when members are mentally impressed to identify themselves with some role model, whose behaviour they like to adopt & try to become like them
  ▪ Internalization-involves some internal changes in org’s thought process to adjust to new envt by giving them freedom to learn & adopt new behaviour to succeed in new envt

 Refreezing
  ▪ occurs when new behaviour becomes normal way of life
  ▪ must replace former behaviour completely for successful & permanent change
  ▪ changed behaviour must be continuously supported so that it doesn’t diminish

 Stratey Control-
  ➢ function intended to ensure performance of planned activities & achievement of pre-determined goals, to keep watch on proper use of resources/ safeguarding of assets, etc
  ➢ involves monitoring the activity, measuring results against pre-established standards, analyze & correct deviations, & maintain the system
  ➢ purpose is to enable the org to continuously learn & improve
  ➢ Elements of control system-
    ▪ Objectives/characteristics of system which can be operationalized into measurable & controllable standards
    ▪ Mechanism for monitoring & measuring the characteristics of the system
    ▪ Mechanism for comparing actual results with reference to standards; for detecting deviations from standards; learning new insights on standards
    ▪ Mechanism for corrective information & instruction to the system for desired changes
  ➢ Types of organizational control-
    ▪ Operational Control-
      ▪ Its thrust is on individual tasks or transactions as against total of management function
      ▪ Test to identify it is that there should be a clear-cut & measurable relationship between input & output, which could be estimated with least uncertainty
      ▪ Control activity consists of regulating the processes within certain tolerances, irrespective of effect of external conditions on formulated plans & standards.
      ▪ Eg- procuring specific item of inventory as against inventory management, quality control, stock control, cost control
    ▪ Management Control-
      ▪ It is a process by which managers assure that resources are obtained & used effectively & efficiently to achieve org’s objectives
      ▪ it is more inclusive & aggregative than operational control, in sense of embracing integrated activities of a department, division, etc

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- Purpose- achieving of short & long range goals of org in most effective & efficient way
- There is a time gap between the stages of strategy formulation & implementation
- Types of strategic control -
  - **Premise control**-
    - Tool for systematic & continuous monitoring of envt to verify the validity & accuracy of premises on which strategy is built
    - It needs to monitor two types of factors stated below
    - Environmental factors (such as economic, technology, social, legal, etc)
    - Industry factors (such as competitors, suppliers, substitutes, etc)
    - Neither it is feasible nor desirable to control all types of premises in same manner
    - Select those premises that are likely to change & would impact org & its strategy
  - **Strategic surveillance**-
    - It is unfocussed & involves general monitoring of various sources of information to uncover certain information which have an impact on strategy of org
    - Involves casual envtl browsing, newspapers, magazines, club discussions, parties, etc
    - Loose form of strategic control, but capable of uncovering relevant information
  - **Special alert control**-
    - When unexpected events force org to reconsider its strategy immediately
    - Eg- natural calamities, terrorist attacks, unexpected mergers by competitors, etc
    - Orgs may form crisis management teams to handle the situation
  - **Implementation control**-
    - Directed towards assessing need for changes in overall strategy in light of unfolding of events associated with incremental steps/actions
    - Not a replacement to operational control, & monitors basic direction of strategy
    - Two basic forms of implementation controls are stated below
    - Monitoring strategic thrusts: helps managers to determine whether overall strategy is progressing as desired or there is a need for adjustments
    - Milestone reviews: all key activities necessary to implement strategies are segregated in terms of time, events, resource allocation. Normally involves complete reassessment of strategy & also assesses the need to continue/refocus the direction of org

**Building a strategy-supportive corporate culture**-
- Corporate culture refers to company’s values, beliefs, principles, traditions, ways of operating, & internal work envt
- It is unique in every business org
- Where does corporate culture come from?
  - Can be seen in the values & principles that management preaches & practices, in its ethical standards/ official policies & stakeholder relationships, in supervisory practices, in employees’ attitudes, etc
  - All sociological forces combine to define an org’s culture, beliefs, practices embedded in culture

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It frequently emerges from the stories being told over again to illustrate to newcomers the importance of certain values & beliefs & ways of operating

Culture: ally or obstacle to strategy execution?
- It can be either an important contributor or obstacle to successful strategy execution
- When beliefs, vision, objectives & approaches of a company’s strategy are compatible with culture then it is a valuable ally, otherwise, a stumbling block to strategy execution

How culture can promote better strategy execution?
- It helps energize people throughout the org to work in strategy-supportive manner, adding significantly to effectiveness of strategy execution
- Acts in two ways to channel behaviour & influence employees stated below
- It lays down informal rules & peer pressure regarding how to do one’s job & shape their mood/motivation/work habits, etc
- It provides a value system in which to operate, promotes strong employee identification with org.

Perils of strategy-culture conflict-
- Occasionally mean modifying strategy to produce cultural fit, usually mean modifying culture to produce strategy fit
- The more the mismatched aspects, the greater the difficulty in implementing strategy
- Prolonged conflicts can weaken or defeat managerial efforts to make strategy work

Creating a strong fit between strategy & culture-
- Select a strategy compatible with unchangeable parts of prevailing corporate culture
- Once strategy is selected, change whatever aspects of culture hinder effective execution

Changing a problem culture-
- Very difficult as there exists deeply held values & habits-people cling emotionally
- Takes concerted management action over a period of time
- How to change problem culture?
  - Diagnose which aspects of present culture are strategy-supportive & which are not
  - Talk openly to all concerned about those aspects of culture that needs to be changed
  - Follow talk with swift & visible, aggressive actions to modify the culture
- Culture-changing actions-
  - Convince all concerned that culture-changing effort is more than cosmetic
  - Complement talks by substantive actions that are credible & highly visible
  - Such actions include revising policies & procedures, altering incentives, visibly praising people who display new cultural traits, hire new personnel who have desired cultural values, etc
  - Ways to accomplish it, besides above stated-
    - Engineer some quick successes to highlight benefits of cultural change to induce enthusiasm, however, having a competent team is important over instant results
    - Replace old-culture traditionalist managers with new-breed managers
    - Personally talk to departmental groups- Why change is essential
- Creating & sustaining strategy-supportive culture is a job for whole management team
- It is important to obtain the support of first line supervisors & employee opinion leaders to convince them about benefits if new culture
- It is tougher to reshape a deeply held culture that is not strategy supportive than it is to instill a strategy-supportive culture from scratch in a brand-new org
- Changing design of org-

<table>
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<td>One large corporation</td>
<td>Mini-business units</td>
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<tr>
<td>Vertical communication</td>
<td>Horizontal communication</td>
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<tr>
<td>Centralized top-down decision making</td>
<td>Decentralized participative decision making</td>
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<tr>
<td>Vertical integration</td>
<td>Outsourcing &amp; virtual org</td>
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<td>Work/quality teams</td>
<td>Autonomous work teams</td>
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<tr>
<td>Functional work teams</td>
<td>Cross-functional work teams</td>
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<tr>
<td>Minimal training</td>
<td>Extensive training</td>
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