**CHAPTER THREE፡ STRATEGY IMPL EMENTATION**

*“It is been rather easy for us to decide where we wanted to go.*

*The hard part is to get the organization to act on the new priorities...”*

*(Floyd and Woolridge, 1992)*

**INTRODUCTION:**

Strategic management process does not end when firm decides what strategies pursue. There must be translation of strategic thought in to strategic action. Translation requires support of managers and employees of the organization.

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. 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 strategic control systems.

To implement the strategic plan successfully, it is necessary for the organization to have a formal implementation plan with actions assigned to either teams or individuals who are responsible for their accomplishment.

Implementation process can also be thought of as having several parts:

1. **Resource planning and the logistics of implementation**. The process will address the problems of tasks that need to be carried out and also the timing of them. There may need to be change in the mix of resources required to implement the strategy and decision will need to be taken about who is to be responsible for the change.
2. **The organizational structure** may need to be changed. E. g from hierarchical to matrix or from centralized to decentralize.
3. The **systems employed to manage the organization may be changed or improved**. The systems provide information and operational procedures needed in the organization.

It may be that a new information management system is required to control the progress of the strategy. Staff may need to be retrained or new staff recruited.

**Strategy formulation and implementation can be contrasted in the following ways:**

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| **STRATEGY FORMULATION** | **STRATEGY IMPLEMENTATION** |
| Strategy formulation is positioning forces before the action. | Strategy implementation is managing forces during the action. |
| Strategy formulation focuses on effectiveness. | Strategy implementation focuses on efficiency. |
| Strategy formulation is primarily an intellectual process. | Strategy implementation is primarily an operational process. |
| Strategy formulation requires good intuitive and analytical skills. | Strategy implementation requires special motivation and leadership skills |
| Strategy formulation requires coordination among a few individuals | Strategy implementation requires combination among many individuals. |

**PLANS, PROGRAMMES, AND PROJECTS**

The **strategic plan** devised by the organization proposes the manner in which the strategies could be put into action.

**Programme** is a broad term, which includes goals, policies, procedures, rules, and steps to be taken in putting a plan into action. Programs are usually supported by funds allocated for plan implementation.

A **project** is a highly specific programme for which the time schedule and costs are predetermined.. It requires allocation of funds based on capital budgeting by organizations.

**Strategic Implementation Process**

There are five-stage model of the strategy implementation process:

1. Determining how much the organization will have to change in order to implement the strategy under consideration.
2. Analyzing the formal and informal structures of the organization.
3. Analyzing the "*culture*" of the organization.
4. Selecting an appropriate approach to implementing the strategy.
5. QImplementing the strategy and evaluating the results.

**RESOURCE ALLOCATION**

The resources may be existing with a company or many be acquired through capital allocation. Resources include physical, financial and human resources essential for implementing plans. Resources are broadly of four categories.

1. Money
2. Facilities and equipment's
3. Materials, supplies and services
4. Personnel

**DESIGNING ORGANIZATION STRUCTURE**

An organizational structure is the pattern or arrangement of jobs and groups of jobs within an organization. *Organizational Design* is the process of creating or reshaping an *organizational structure* optimized to support strategic decisions.

The elements of organization structure and design are:

* Division of labor
* Departmentalization-
* Delegation of authority
* Span of control

**IMPLEMENTING STRATEGIC CHANGE**

Change occurs at three levels:

i) Individual level

ii) Group level and

iii) Organization level

The major types of strategic change are: re-engineering, restructuring, and innovation.

1. **Re-engineering:**

It is also known as Business Process Re-engineering (BPR). It is fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed. The strategist must completely think how the organization goes about its business. Instead of focusing on company’s functions strategic managers make business process the focus of attention.

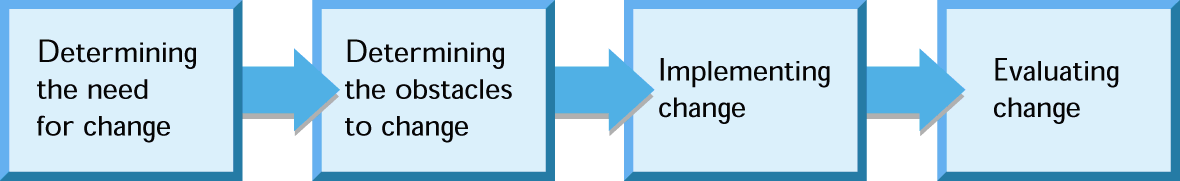
1. **Restructuring:**

It is the second form of change to improve the firm’s performance. There are two basic steps to restructuring. First, an organization reduces its level of differentiation and integration by eliminating divisions, departments or levels in the hierarchy. Second, an organization downsizes by reducing the number of its employees to reduce operating cost.

1. **Innovation**:

It is the process by which organizations use their skills and resources to create new technologies or goods and services so they can change and better respond to the needs of their customer. Innovation can be done with the help of research and development department.

**Stages in the strategic Change Process**

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**Determine the need for change:**

In this step the strategic managers must recognize a gap between actual performance and desired performance, use a SWOT analysis to define the company’s present state and then determine its desired future state.

**Determine the obstacles to change:**

Obstacles may prevent a company from reaching its desired future state. Conflict is also major setback to change and managers must seek ways to resolve the conflict to implement strategic change successfully.

**Implement change:**

Strategic managers play organizational politics to overcome obstacles to change, resolve conflicts and bring about strategic change. To play politics, managers must have power.

**Evaluate change:**

Strategic managers need to evaluate the results of each change process and use this analysis to define the organization’s present condition so that they can start the next change process.