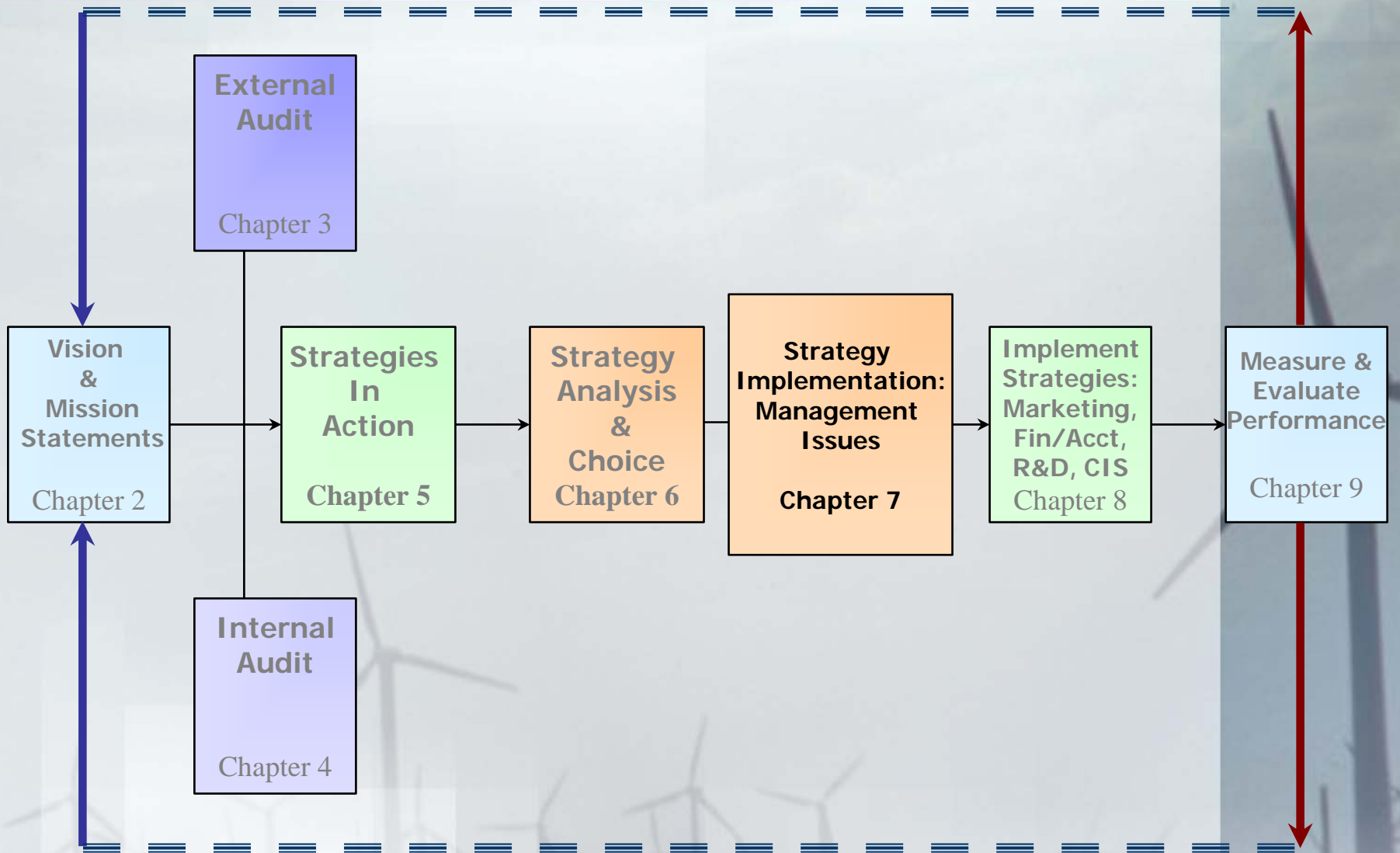




Implementing Strategies

Management Issues

Comprehensive Strategic Management Model



Management Issues

“You want your people to run the business as if it were their own.”

—William Fulmer —

Management Issues

“In most organizations, the top performers are paid too little and the worst performers too much.”

—Cass Bettinger—

Management Issues

Strategy Implementation

—more difficult to “do” something

Strategy Formulation

—easier to say “going to do it”

Management Issues

Strategy Formulation

Positioning forces before the action

Focuses on effectiveness

Primarily an intellectual process

Requires good intuitive and analytical skills

Requires coordination among a few individuals

Strategy Implementation

Managing forces during the action

Focuses on efficiency

Primarily an operational process

Requires motivation and leadership skills

Requires coordination among many persons

Management Issues

Transition to Strategy Implementation

- ✓ **Shift in responsibility from strategists to divisional and functional managers**
 - **Implementation problems may arise**

Management Issues

Important Implementation Concerns

- **Managers & employees motivated more by self-interests than organizational interests**
- **Need to involve divisional and functional managers in strategy formulation**

Management Issues & Strategy Implementation

Establishing
Annual
Objectives

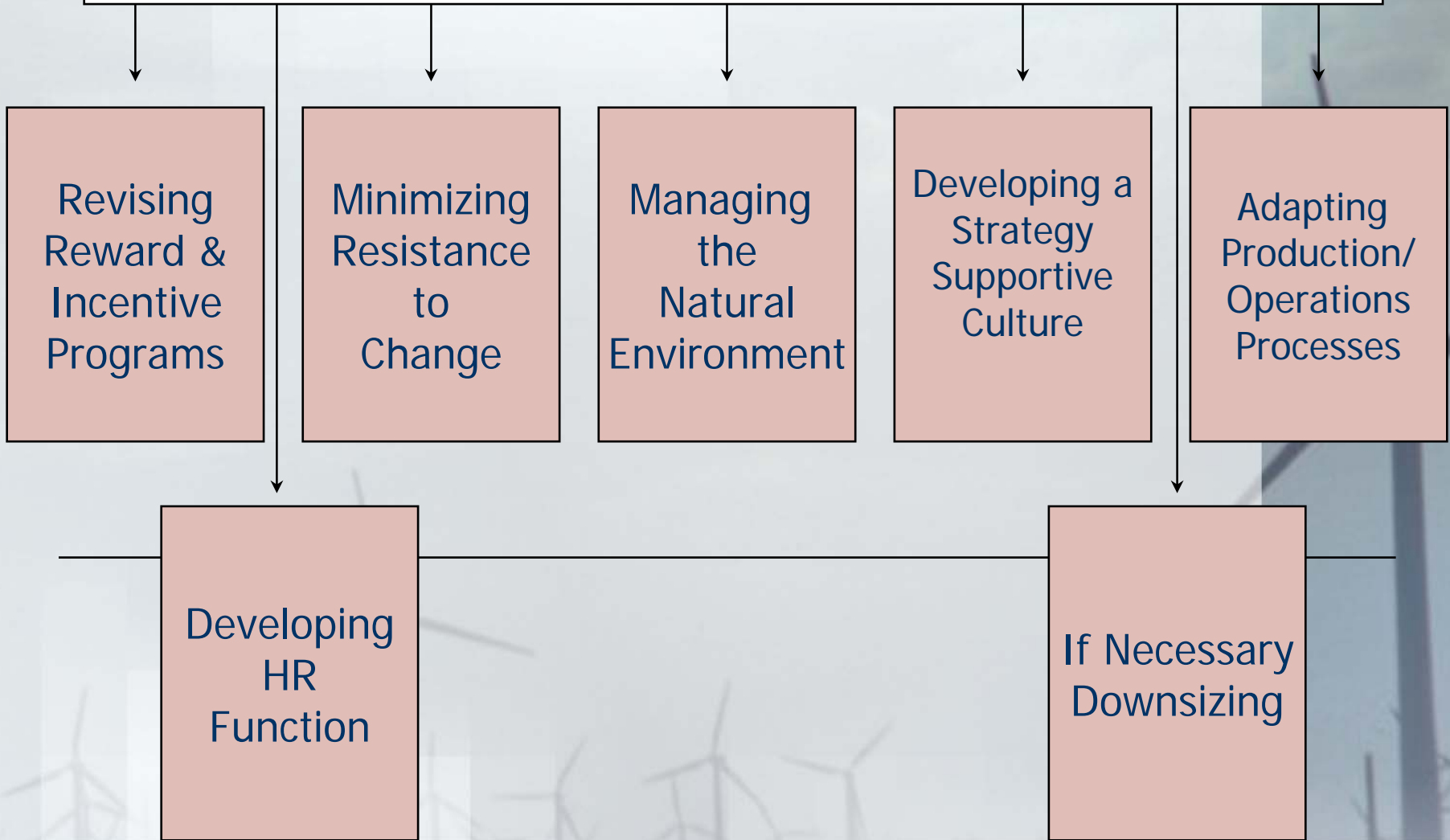
Devising
Policies

Allocating
Resources

Altering
Existing
Organizational
Structure

Restructuring
&
Reengineering

Management Issues & Strategy Implementation



Management Issues & Strategy Implementation

Establishing Annual Objectives

-
- • Basis for allocating resources
 - • Mechanism for evaluating managers
 - • Monitor progress toward long-term objectives
 - • Establish organizational, divisional, and departmental priorities
-

Management Issues & Strategy Implementation

Devising Policies

-
- • Basis for solving recurring problems
 - • Sets boundaries, constraints, and limits on administrative actions
 - • Sets expectations for managers and employees
 - • Basis for management control and coordination
-

Management Issues & Strategy Implementation

Allocating Resources

-
- • Allows for strategy execution
 - • Sets allocation plan based on annual objectives
 - • Allocation based on four types of resources: financial, physical, human, and technological
-

Management Issues & Strategy Implementation

Altering
Existing
Organizational
Structure

-
- • Functional
 - • Divisional
 - • SBU Structure
 - • Matrix Structure
-

Management Issues & Strategy Implementation

Restructuring

-
- • Reducing size of firm
 - Employees
 - Divisions or units
 - Hierarchical levels
 - • Benchmarking against competitors
 - Ratios out of line
 - • Primary benefit = cost reduction
-

Management Issues & Strategy Implementation

Reengineering

-
- • Employee/customer well-being
 - Redesign work
 - Redesign jobs
 - Redesign processes

 - • Improvement in:
 - Costs
 - Quality
 - Service
 - Speed
-

Management Issues & Strategy Implementation

Revising Reward & Incentive Programs

-
- • Pay-for-performance plans
 - • Flexibility in compensation systems is necessary
 - • Dual bonus system
 - Annual objectives
 - Long-term objectives
 - • Profit Sharing
-

Management Issues & Strategy Implementation

Managing Resistance To Change

- • Raises anxiety/fear
- • Force change strategy
- • Educative change strategy
- • Rational or self-interest change strategy
 - Most desirable

Management Issues & Strategy Implementation

Managing the Natural Environment

-
- • Customer & employee sensitivity to environment
 - • Legal requirements
 - • Earth has become a stakeholder for all firms
 - • Preserve and conserve natural resources
 - • Emphasis on developing environmental perspective
-

Management Issues & Strategy Implementation

Creating a
Strategy-
Supportive
Culture



Weak linkages between
strategic management and
organizational culture can
jeopardize performance
and success

Management Issues & Strategy Implementation

Production/ Operations Concerns

- • Production processes typically constitute more than 70% of firm's total assets
- • Decisions on:
 - Plant size
 - Inventory/inventory control
 - Quality control
 - Cost control
 - Technological innovation

Management Issues & Strategy Implementation

Human Resources Concerns

- Assessing staffing needs and costs
- Develop performance incentives
- ESOPs (Employee Stock Ownership Plans)
- Child-care policies
- Work-life balance

Management Issues

Important Implementation Concerns

- **Strategy implementation means *change***
- **Successful implementation requires:**
 - **Support**
 - **Discipline**
 - **Motivation**
 - **Hard work**