

## **Chapter 9 – Strategy Implementation**

### **Introduction**

The first part of strategy implementation is creating the appropriate organisation structure that supports the implementation of the strategy. During strategy implementation, the strategic managers face a number of challenges and issues that need to be considered well in advance. The first part of strategy implementation is creating the appropriate organisation structure that supports the implementation of the strategy.

### **Approaches to successful strategy execution**

- **Formulation of the strategy and structure** – it is essential to design the corporate level, business unit level and functional strategies
- **Measure the strategy** – Key elements of the strategy should be assigned an easily understood performance measure or a key performance indicator.
- **Report progress**-Budget is reviewed monthly to ensure financial commitments are being kept
- **Make decisions**-Strategy execution is much like setting a direction towards a planned destination with clear milestones
- **Identify strategic projects** – Companies roll-out many strategic interventions to complement and strengthen the ongoing strategy
- **Align strategic projects**- Once projects are identified they must be aligned to the strategies or goals of the organisation
- **Manage Projects**-Organisations must develop a capability in project management if they are to execute strategy effectively
- **Communication of strategy** – Leaders must communicate their visualised strategy to the workforce in a way that will help them understand not only what needs to be done, but why.
- **Align individual roles**-Employees want to know they are making a meaningful contribution to their organisation' success.
- **Reward and recognition of performance**-Rewards and recognition are important practices that help in effective implementation of the strategy

### **Formulation of Organisation Structure**

A good strategy in itself does not ensure successful implementation. The operationalisation of strategy requires various critical elements that support the implementation process. Formulation of the appropriate

organisation structure is perhaps the first step in the implementation process, immediately after the strategy implementation.

### **Leadership implementation**

The organisation has multiple leadership levels. The top management / first dimension of leadership implementation are to ensure that the right people are assigned for the right roles responsible for implementation of the strategy.

### **Communicating the strategy**

It is necessary that all employees who are expected to implement the strategy must be informed about the strategy and future plans of the organisation. The key elements of strategy include-

- Company mission
- Values
- Strategic objectives
- Rationale for changes
- The impact on the organisation
- Role and responsibilities of key people
- Expected results

### **Annual Operating Plan (AOP)**

The AOP collectively translates the annual objectives of the organisation into individual goals, tasks and KPIs.

### **Different type of organisation structures**

A hierarchical organisation is composed of many layers of leadership levels and narrow spans of control, whereas less hierarchical structure has only few levels of leadership and a wide span of control from top to bottom. Following are key types of structures –

- **Functional Structures** – Created to focus on the development of more specialised capabilities to support the organisation strategy. Functional organisations are best suited as a producer of standardised goods and services at large volume and low cost
- **Strategic Business Unit / Divisional Structure** – The SBU structure of a configuration of an organisation, which breaks down the company into business units or divisions that are self

contained. Companies organise products and service categorised into different target consumers and form SBU structures

- **Matrix Structure-** Modern organisation use matrix structure to suit the needs and challenges associated with fast changing business requirement

## Review of Organisation Structure

Organisations need to periodically evaluate the suitability of the organisation structure to allocate resources and evaluation & control of business strategy

## Policies and Guidelines

The policies and guidelines capture various scenarios of conducting business from time to time and clearly stipulate the expectations on how the business should be conducted.

## Rewards and Recognition System

A successful execution depends on the motivation of employees who are ultimately responsible for delivering results. A robust rewards and recognition system facilitates the same.

## Approaches for implementation of business strategy

- **Commander approach** – Once best strategy is decided the top management passes on to subordinates for execution
- **Organisational change approach** – Adopted to implement more difficult strategies because of behavioural science techniques involved in change management
- **Collaborative approach** – takes collective participation by considering the views of the senior managers in the organisation
- **Cultural Approach** – strategic manager plays role of a mentor in giving general direction, but encourages individual decision making
- **Crescive approach** – strategic manager encourages subordinates to develop, champion and implement sound strategies on their own

Successful implementation of the strategies requires various key skills viz. interacting, allocating. Monitoring and organising. It is also important to consider the timing and degree of participation of stakeholders in decision making in the firm. Strategy implementation is also dependent

on the style of leadership adopted by the management and involves many challenges which may include complacency, over-confidence.

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