STRATEGIC IMPLEMENTATION (6.4)

(Chapter 40 - A level 6.4)

Once strategic decisions have been decided they must be put into action, this is what **strategic implementation** means - literally implementing a strategy. The steps that an organisation takes to be prepared to accept and carry out major decisions.

Factors that need to be considered when implementing a strategy include :

- What is your plan of action?
- Do you have enough resources, if yes, how will you use them?
- How will you prepare your workforce?
- How will it work in regard to the business culture and leadership style?
- Control and review the process, is the strategy leading to desired results?

Business plans

Starting a new business, or developing a new strategy for an existing business, should be well planned for. Planning should always be the first step of the strategic implementation process.

A **business plan** is a document containing the complete description of a business - its objectives and important details about the operations, finance and owners of the new business.

Making a business plan before actually starting the business can be very helpful. By documenting the various details about the business, the owners will find it **much easier to run** it. There is a **lesser chance of losing sight** of the **mission** and **vision** of the business as the objectives have been written down. Moreover, having the objectives of the business set down clearly will help **motivate the employees**. A new entrepreneur will find it **easier to get a loan** or overdraft from the bank if they have a business plan.

Some of the content of a regular business plan are:

- **Executive summary**: brief summary of the key features of the business and the business plan
- **The owner**: educational background and what any previous experience in doing previously
- **The business**: name and address of the business and detailed description of the product or service being produced and sold; how and where it will be produced, who is likely to buy it, and in what quantities

- **The market**: describe the market research that has been carried out, what it has revealed and details of prospective customers and competitors
- **Advertising and promotion**: how the business will be advertised to potential customers and details of estimated costs of marketing
- **Premises and equipment**: details of planning regulations, costs of premises and the need for equipment and buildings
- **Business organisation**: whether the enterprise will take the form of sole trader, partnership, company or cooperative
- **Costs**: indication of the cost of producing the product or service, the prices it proposes to charge for the products
- **Finance**: how much of the capital will come from savings and how much will come from borrowings
- **Cash flow**: forecast income (revenue) and outgoings (expenditures) over the first year
- **Expansion**: brief explanation of future plans

Corporate plans

Corporate plans are the route map that a business intends to follow long-term (> 1 year).

The difference between business plans and corporate plans is basically business planning is the "**what**" of your business goals, while corporate planning is the "**how**".

Typically corporate plans will include :

- Long-term objectives of the business (SMART aims)
- The business strategies that will be used to achieve these objectives
- The departmental / divisional objectives + strategies that'll come from this

Benefits of corporate plans :

★ Clear plans provide focus, direction, coordination and motivation for employees
★ Allows for checking for success by comparing performance to set targets
★ Most useful when flexible

Limitations of corporate plans :

➔ Based on predictions for the future (sales forecasts etc.) can't always be reliable
➔ Take time and resources to develop
➔ Managers can follow the plan so religiously they fail to adapt to changing circumstances

Factors that affect corporate plans include **competitors**, **technology changes**, **resources available**, **economic situation** and the **skills of the management** deciding said corporate plans.

Corporate culture

Is difficult to measure and define, but exists within every business. **Corporate culture** refers to the values, attitudes and beliefs of the people working in an organisation. These aspects will affect the way decisions are made and how the business acts with its stakeholders.

Corporate culture can be summed up as '**the way we do things around here**'. There are three main types of corporate culture the book requires you to know.

- **Power culture** - this type of culture is associated with **autocratic leadership**. Power is concentrated at the centre of the organisation. Swift decisions can be made as so few people are involved in making them (think - factories, police force, fire fighters etc.)

- **Entrepreneurial culture** - this kind of culture encourages management and workers to take risks, to come up with new ideas and test out new business ventures. Success is rewarded in an organisation with this culture, but failure is not necessarily criticised as it is seen as an inevitable when risk-taking ideas. (think - **democratic** / **laissez faire**.)

- **Task culture** - culture that is based on cooperation and teamwork. Groups are formed to solve particular problems and there will be lines of communication similar to a matrix organisational structure. Creativity is encouraged. (Very much **laissez faire**.)

Why is corporate culture so important?

- Affects what is considered as normal **staff behaviour** - like dealing with customers, suppliers etc.
- Influences the **ethical stance** of the business (culture that allows for poor treatment of staff may lead to bad publicity.)
- Reflects in it's **brand image** (same as above example)
- Influences the **style of leadership** and the **motivation of workers**
- A positive corporate culture can lead to a **good working environment** (increased chances of success)

Why might corporate culture be changed?

Changing culture can be necessary following certain strategic decisions, such as merging with another business or wanting to become more socially responsible (start treating your workers a little nicer lol.) It can lead to changes throughout the business (staff, job descriptions etc.)

When changing the corporate culture of a business, managers should make sure they encourage staff to participate, train employees in new procedures and establish new objectives and come up with a good reward system for good work.

Change management

Change management refers to the planning, implementing, controlling and reviewing the movement of an organisation from its current state to a new one. Basically making sure a change in a business is undergone smoothly.

Incremental change is when changes are slow and occur over a period of time (internally growing your business etc.) It's easier to plan and overcome change when it is incremental.

Revolutionary change is sudden and significant, it cannot be prevented. Usually related to external forces (like recession, new competitors etc.) where the business has no control over it.

Change should be planned and prepared for, and clearly communicated to employees. There is often resistance to change within workforces due to 'the fear of the unknown' (they're scared of getting sacked.) Therefore to ensure that a change to the business will be received well the staff will need assurance, training and have the idea of the change really be made appealing to them.

'**Change should be led, not managed**.' This means it's not enough to just get resources ready for potential change, but also to ensure staff are motivated and accepting, and that senior management is on board and ready to do their part in leading employees.

Contingency planning

This refers to the **preparation of an organisation for unlikely events** - such as fires, floods, damage from natural disasters, IT crashing and so on. So crisis management basically.

If businesses do not have some form of planning in place to cope with these it could lead to bad publicity, legal issues (damages - no insurance? (͡° ͜ʖ ͡°)), loss of trust from employees and consumers or perhaps the halt of production.

The process of contingency planning is as follows :

- First **identify the potential disasters** that could affect your business (depending on the industry, an oil rig would plan for oil spills etc.)
- **Assess the likelihood** of said disasters occuring and the potential damage it would cause
- **Plan to minimise the impact**, through resources and training (additional $ spent on security in a bank to prevent bank robberies for example.)
- Plan for **how the business will continue operating** in case of disaster (covid causing people to work from home etc.)
- **Continually review and update** existing plans (is it hurricane season?)

Limitations of contingency planning :

- **Time consuming** to identify every single possible risk and to assess the likelihood of it happening and determining how it would affect the business
- Must be **continually updated** - to take new risks into account
- **Cannot always assess the probability** of something happening - should you spend a lot of $ planning for something that has a 1/100 chance of occurring?
- **Increased staff training cost**s to prepare them for disasters