

Strategy Implementation as Substance and Selling

Author(s): Donald C. Hambrick, Albert A. Cannella and Jr.

Source: *The Academy of Management Executive* (1987-1989), Vol. 3, No. 4 (Nov., 1989), pp. 278-285

Published by: Academy of Management

Stable URL: <http://www.jstor.org/stable/4164915>

Accessed: 16-01-2018 20:07 UTC

**REFERENCES**

Linked references are available on JSTOR for this article:

[http://www.jstor.org/stable/4164915?seq=1&cid=pdf-reference#references\\_tab\\_contents](http://www.jstor.org/stable/4164915?seq=1&cid=pdf-reference#references_tab_contents)

You may need to log in to JSTOR to access the linked references.

---

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://about.jstor.org/terms>



*Academy of Management* is collaborating with JSTOR to digitize, preserve and extend access to *The Academy of Management Executive* (1987-1989)

# Strategy Implementation as Substance and Selling

Donald C. Hambrick  
Albert A. Cannella, Jr.  
Columbia University

Today's strategists are at no loss for concepts and techniques to help them formulate strategies. Over the past 15 years, consultants and academic researchers have introduced a variety of powerful and pragmatic tools for answering the question, "Where and how should we compete?" Tools such as industry and competitor analysis, portfolio models, product life-cycle theory, and internal strength and weakness analysis have gained widespread use.<sup>1</sup> Many executives now express satisfaction with the methods used to derive their business strategies.

But many of these "best-laid plans" are failing to see the light of day. Plans to innovate fizzle out after a series of task-force meetings; plans to improve quality get no farther than some airy rhetoric and the hiring of a "quality guru"; and plans to become the low-cost producer bog down when corporate officers balk at expensive outlays for plant modernization. In short, many of our strategies simply aren't happening. Without successful implementation, a strategy is but a fantasy. This problem — how to convert a new strategy into concrete competitive success — is what managers now need frameworks for, and is the focus of our article.

Actually, the widespread inability to implement strategy may be a sign that accepted approaches to strategy formulation are not as good as many think they are, for a well-conceived strategy is one that is implementable. For that reason, implementation must be considered during the formulation process, not later, when it may be too late. A tendency to treat formulation and implementation as two separate phases is at the root of many failed strategies.<sup>2</sup> Regrettably, the recent trend among consultants and business schools to treat strategy formulation as being primarily based on industry and product/market economics exacerbates the schism.

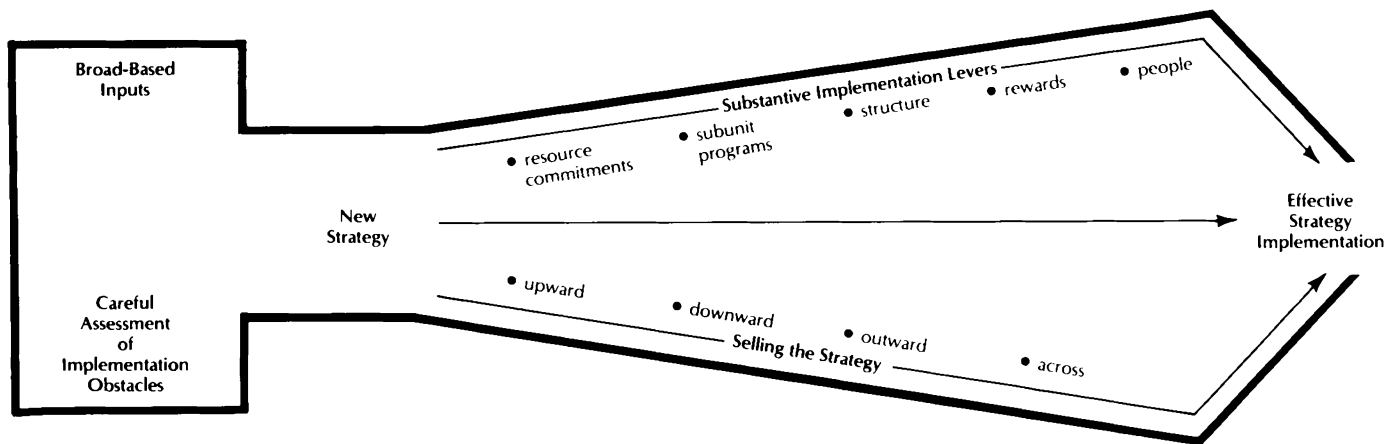
The strategist will not be able to nail down every action step when the strategy is first crafted — nor, as we will later argue, should this even be attempted. However, he or she must have the ability to look ahead at the major implementation obstacles and ask, "Is this strategy workable? Can I make it happen?" If an honest assessment yields "no" or "only at an unacceptable risk," then the formulation process must continue. A great strategy is only great if it can actually be carried out. Thus, the guidelines we offer in this article about implementation must be in the mindset of the strategist even at the earliest formulation stages.

Our ideas about strategy implementation have evolved on the basis of situations we have observed in numerous firms, as well as a long and careful reading of the literature on the topic.<sup>3</sup> However, our thoughts have been crystallized and clarified particularly by a recent opportunity to study several successful and unsuccessful implementations of business strategies in a large multibusiness firm. The top management of this company, which we will call Globus, had concluded that the major difference between competitive success and failure for its business units lay more in matters of strategy implementation than formulation, and they sought to understand the common ingredients of their own most effective business strategy implementations. At Globus, we had an opportunity to examine a broad range of plans for strategic change — for achieving low cost position, going global, consolidating, and others. Here, we will draw on one of the businesses we studied — the Bondall Division — to illustrate the very persuasive, recurring themes we observed.

Succinctly put, and portrayed in Exhibit 1, these were the patterns of behavior for the effective strategy implementers at Bondall and the other units we studied:

1. Obtain broad-based inputs and participation at the formulation stage.
2. Carefully and deliberately assess the obstacles to implementation.
3. Make early, first-cut moves across the full array of implementation levers — resource commitments, subunit policies and programs, structure, people, and rewards.
4. Sell, sell, sell the strategy to everyone who matters — upward, downward, across, and outward.
5. Steadily fine tune, adjust, and respond as events and trends arise.

Exhibit 1  
The Elements of Effective Strategy Implementation



### Background on Bondall

Bondall manufactured several variants of the chemical product ACP, which is used in numerous industrial and consumer product applications ranging from aircraft parts to sporting goods. Bondall had five plants spread across North America, totaling 40% of industry capacity. With these plants located near major customers, Bondall had competed on the basis of price and reliable delivery, emphasizing the commodity segment of the industry; it had always let customers seek out their own applications for ACP. As Will Langston, the division's general manager, said, "This has always been a tankcar business — we sell carloads full of this stuff. What customers do with it, or might do with it, has never been our concern. The one exception is our New Jersey plant, acquired two years ago, which has a substantial customer application and product R&D section."

In 1982, two competitors built large plants with a radical new process technology, plunging the industry into dramatic oversupply and pulling down prices for what seemed the long-term future. It became clear that Bondall could no longer be profitable in the commodity segment of the business. Building new plants with the new process technology was out of the question, since Globus (the parent) was not willing to place large investments in mature businesses. After several weeks of analysis and discussion, Bondall management decided on a new strategic direction. Their plan was to deemphasize the traditional commodity segment and largely remake the entire business in the likeness of the New Jersey facility, with a major emphasis on higher value-added, differentiated customer problem solving through the use of ACP.

As part of this plan, management knew the business would have to shrink; in fact, they planned to close the two least efficient plants within a year. They also decided to shift the mix of commodity/specialty business as follows:

Targets Under Bondall's New Strategy			
	1982	1984	1986
Sales (\$ millions)			
Commodity	200	100	60
Specialty	20*	60	100
Total	220	160	160
Number of plants	5	3	3
Return on assets (%) (before taxes)	10	15	22

\*All from New Jersey unit

This strategy then fell clearly in line with what Porter<sup>4</sup> called a *differentiation strategy* and Miles and Snow<sup>5</sup> referred to as a *prospector strategy*. From these authors and others, we know what an organization will tend to look like once such a strategy is implemented, but we have little in the way of insights or frameworks for getting the organization into its new configuration; that is, how does the organization get from here to there?

Langston, following an approach similar to that used by other effective strategy implementers we have observed, met with great success. By the end of 1987, Bondall's sales were \$200 million, with about \$150 million coming from specialty products. Return on assets that year was 22%. The business developed a highly sophisticated marketing research and customer application capability, identifying and attracting numerous customers that had never used ACP before.

At the outset, Bondall management clearly had a significantly new strategy in mind. The way in which they went on to implement it serves as an archetypal example of the key elements of effective strategic change we observed in our research: astute preliminary groundwork; prompt, broad-gauged, substantive initiatives; and a lot of selling.

## Preliminary Groundwork

### Broad-Based Inputs on Formulation

One of the most effective aids to implementation is to involve people early on in the development and debate of strategic options. In essence, then, implementation is dependent on the process that is used for formulation. It may not be possible to obtain universal agreement with a new strategic direction, but widespread inputs improve the quality of the choices, raise critical implementation issues, and make the involved individuals more receptive to the new strategy, once chosen. This wisdom is so well known that it requires little elaboration here.<sup>6</sup>

Langston used two major approaches to securing early, broad-based inputs on a new strategy. First, he formed two senior-level, multifunctional task forces to work in parallel (hence, essentially competitively) to analyze the business's strategic situation and make recommendations. His premise, borne out, was that the strategic facts and options were so clear-cut that both groups would arrive at essentially the same broad game plan. However, he felt that widespread participation would secure their intellectual and social commitment to the new course of action, as well as highlight the major issues expected to arise during implementation.

The second thing Langston did to secure early input was to meet individually with the 30 people he considered most critical to the success of any new strategy. Langston typically met with these individuals in their offices, with the express purpose of asking them where they thought the business should go and what they saw as the key implications of various approaches he was considering. (There was some overlap between these 30 people and the membership of the task forces.) Even though the one-on-one format was time consuming, Langston considered it critical since it allowed each person to speak his or her mind, conveyed a greater sense of individualism and intimacy, and allowed Langston to close each meeting by securing a commitment: "Jim, I hear you. Those are legitimate concerns. I'm not sure what we'll decide, but I know for sure that we will need your support whichever way we go. Can I count on it?" To a person, all 30 pledged their support to an unknown strategic direction. While not all would be delighted by it when it was finally announced, it would be very difficult, both psychologically and interpersonally, for any one to then block or otherwise sabotage the new direction when it was underway.<sup>7</sup>

## Deliberate Assessment of Obstacles

The strategist must comprehend that the implementation setting is not benign. A variety of obstacles — generally known but just as generally overlooked — can and will intervene to prevent the new strategy from unfolding. The effective strategist has a careful understanding of these obstacles. Langston even went so far as to develop a written inventory and analysis of the key barriers his new strategy would face. We will not describe Langston's inventory here, only its three major categories: internal obstacles, external obstacles, and the parent company.

**Internal Obstacles.** The success of a strategy primarily depends on marshalling resources within the business itself. Human and material limitations make this difficult: The business may have the wrong configurations of physical resources, human resources, and systems and procedures. Of equal importance, however, is the fact that there will be internal resistance to correcting these deficiencies. Political resistance arises from individuals who feel they stand to lose something of value if the new strategy is implemented; ideological resistance arises from those who believe the new strategy is ill-fated or in violation of deeply held values; and blind resistance arises from those who are intolerant or afraid of change.

**External Obstacles.** The strategist must also navigate around obstacles outside the business unit. The most obvious counterforce is competition, but the general economic and technological environment can also intervene to impede a new strategy. Less obvious sources of resistance are allies such as suppliers, distributors, and trade associations. These allies often have vested interests in the current strategy of the business and can resist for the same reasons as do those inside the firm.

**Parent Company.** A final potential obstacle is the parent company. Corporate officials can impede implementation, even after approving the strategy in principle. The parent's own grand strategy may change, or it may simply lose patience with or confidence in the new strategy. The strategist must understand that there is nothing unfair about the loss of corporate support: It is a reality. The parent is under its own set of pressures and wants to put its resources where they will do the most good. It is up to the strategist in the business unit to keep corporate executives committed.

## A Lot of Substance: Early Use of Implementation Levers

Once the strategist has secured various inputs, settled on the new strategy, and carefully assessed the major obstacles, he or she is ready to start taking substantive implementation actions. Obviously, the number and types of implementation actions depend largely on situational specifics.

However, our study of successful and unsuccessful strategy implementation allows some reliable identification of the five major “make-happen” areas the strategist must consider: resource commitments, subunit policies and programs, structure, rewards, and people. What we have found is that the effective implementer makes significant use of all these levers within the first three months of unveiling a new strategy, without trying to anticipate with precision or detail how all the levers might ultimately be configured. We will inventory the major implementation questions that need to be resolved and give examples of how Bondall dealt with them. Systematically raising these questions brings focus to the battle in developing a well-orchestrated implementation plan.

### Resource Commitments

*What level of resources should be directed at each product or market?*

*What level of resources should be placed behind each competitive weapon?*

Without exception, new strategies will require some type of resource reallocation. Also, many new strategies will have to provide for the acquisition of new resources. However, in addition to placing resources where they are most needed, resource allocation sends signals both inside and outside the firm. These signals provide proof of management's intentions to break with the past and “get off the dime” under the new strategy.

At the outset of his new strategy, Langston made several major resource allocation decisions: He closed two old, inefficient plants, terminated numerous lower-margin commodity customers, funded marketing research/customer application centers at two of the remaining plants, and funded a major salesforce training program, among others. Naturally, despite Langston's early groundwork, there was some resistance to these decisions since the firm had always been the largest producer of ACP and had served many high-volume (but lower-margin) customers for years. The reallocation of resources signalled a sharp break with tradition at Bondall and caused discomfort, particularly among the salesforce. Some salespeople left the firm voluntarily, some were dismissed as part of the general downsizing of the firm, and some worked hard to develop the competencies required by the new strategy.

Though often painful, the reallocation of resources is crucial to the success of any new strategy. It is in the commitment of resources that the strategy ceases to be merely a paper plan or a gleam in the strategist's eye. As unlikely as it may sound, many strategies fail simply because resources are not decisively reallocated at the outset in line with the new direction's requirements.

### Subunit Policies and Programs

*What actions will each subunit need to take?*

*According to what timetable and with what outlays?*

The strategy of the business must be translated into concrete action plans within the various subunits — be they functional areas, product groups, or regions. Subunit policies and programs form the component pieces of the strategy, serving not just to implement it but also to reinforce and bolster it so that attack from the competition becomes more difficult.

For example, in the marketing function the strategy should be converted into discrete plans and policies in the areas of pricing, promotion, distribution, service, and sales-force development. At Bondall, where a high value-added segmentation strategy was developed, the new pricing policy was to not match competitors' price cuts but rather to keep prices up and sell on the basis of quality, service, and innovation. The new production scheduling policy was that custom orders took precedence and commodity runs were fit in residually, rather than the historical reverse. New sales-force targets were based on profits, not volume. These subunit policies were among the many proposed by department heads in response to Langston's early request for implementation plans from every department. Interestingly, he encouraged each head to implement only about half his or her proposed change initiatives to avoid complete chaos. (We will return shortly to this theme of moderation.) It is clear, however, that strategy implementation occurs largely through the creativity, initiative, and will of mid-level managers.

### Structure

*How should roles and relationships be organized?*

*How should information flow and decisions get made?*

The new strategy will often require a revised physiology for the organization. Groupings may need to be changed, the hierarchy flattened, and more lateral relationships established. The day-to-day way in which information flows and decisions get made may have to change as well.<sup>8</sup>

Langston reorganized Bondall considerably. He created “customer application teams” oriented toward specific market segments, with each team consisting of sales, marketing, and technical service people. Each team was also supported by a mid-level production manager, who could work with the team on technical issues, production scheduling, and expediting. These teams were liberally sprinkled with (but not dominated by) individuals reassigned from the New Jersey operation who had substantial experience with the customer team approach.



Another major structural initiative was the creation of a product development committee, consisting of application team leaders and chaired by Langston, which met quarterly to exchange technical, marketing, and organizational insights and progress reports. The division also developed sophisticated new computer software to analyze a multitude of product/market segments. In short, the business was striving to develop the information system and decision-making protocols that would maximize the likelihood of success for their chosen strategic theme of customized product offerings.

### Rewards

*What behaviors and outcomes should be rewarded?  
What should be the types and amounts of rewards?*

The impact of incentives and rewards is often overlooked in strategy implementation. This is a substantial oversight since they are a major basis for redirecting the efforts of individuals. Rewards can be formal (incentive schemes, promotions, commissions) or informal (pats on the back, a sense of pride, enthusiasm). The criteria for receiving rewards can and should be tailored to the specific strategic thrust of the business. Sometimes business units must operate within the confines of corporate compensation guidelines, thus reducing the degree of reward discretion available to the general manager. To overcome this restriction, insight and creativity are essential to stimulating key employees to support the implementation process.

At Bondall, requirements from the parent company precluded large changes in the amounts of incentive pay. However, criteria for earning bonuses were shifted dramatically away from volume/market share to margins/profits and, perhaps even more important, away from individual performance to team performance. Assignment to certain desirable application teams and to team leadership posts were held out as important lures to motivate effort, creativity, and cooperation. The incentives for production managers at all levels were altered to encourage their willingness to do short, quick production runs instead of the long, efficient runs to which they had been accustomed. New product/market ideas, so central to the new strategy, were not only encouraged but backed with the seed funds and release time needed to try them out.

In the cases of the two plant closings, plant managers were expressly told that they would be evaluated and rewarded in large part on how well they managed the employee and community relations associated with the closings. This heightened the managers' attention and sensitivity and, when coupled with corporate support for severance and outplacement arrangements, helped minimize the inevitable entanglements and costs associated with the shutdowns.

### People

*What personal and professional qualities will be needed in the business?*

*How will these qualities be attained?*

It is through the aptitudes, values, skills, and contacts of individuals at all levels that strategies become successes. A new strategy will almost inevitably change the optimal mix of human resources for the business. The starting point is to understand the nature of those required changes. Only then can the strategist decide how to bring about the changes. Replacement of individuals, additions to the team, training and development programs, and personal coaching and counseling are among the options available.

For example, at Bondall a number of new people with certain combinations of technical and marketing skills had to be hired or reassigned to staff the newly created market groups. As noted earlier, people from the New Jersey unit who were experienced in the new strategy were liberally seeded into other units. Some new hires with experience in customer application strategies came from other Globus businesses. In addition, intensive training programs were held to help marketing and salespeople develop their skills in market segmentation, marketing of intangibles, and so on.

These five levers — resource commitments, subunit policies and programs, structure, rewards, and people — form the strategist's implementation armament. They are the substance of strategic change. The elements form an intertwined package and must reinforce each other. In fact, among the successful implementations we have observed (including the one at Bondall), **the strategist has made at least one significant change in each of the five levers within the first three months of launching the implementation effort.**

**However, the need for orchestrated action on all five fronts must not delay action until the last detail can be put in place. Such a full-blown implementation plan will take too long to develop and cannot be clearly envisioned at the outset.** Therefore, rather than initially exhausting all possible moves, the strategist is better advised simply to be aware of the array of implementation levers at his or her disposal, make early critical changes in the levers, and then be prepared to exercise them in subsequent "waves." What we argue for, then, is an initial broad-gauged burst of changes across all the levers, followed by plenty of reinforcing and fine-tuning changes. As shown in Exhibit 2, this puts us squarely between the "comprehensive, all-at-once" and the "incremental" schools of thought about the speed and completeness of strategic change.<sup>9</sup>

### The Selling of Strategic Change

The new strategy, by its very nature, involves change. The anxiety and resistance provoked by the change will arise from parties who either have a vested interest in the old strategy or cannot envision the yields from the new one. The strategist thus faces a major selling job; that is, trying to build and maintain support among key constituencies for a plan

that is freshly emerging. As the very successful Will Langston of Bondall told us, "We pulled this off by selling, selling, and selling some more." These efforts of persuasion must proceed in four directions: upward to superiors, downward to subordinates, across to other organizational units, and outward to external stakeholders.<sup>10</sup>

### Selling Upward

Executives at the corporate level need to be sold on the merits and viability of a strategy. As the stewards of corporate resources, they expect to see careful analysis and supporting data for the strategy, not only at the time it is being proposed but also while it is being implemented.

Langston of Bondall had a very difficult task in selling his strategic plan upward. The strategy called for a substantial infusion of capital and other corporate resources, and it was clearly at odds with the parent corporation's belief that Bondall was stuck in a stagnant, low-margin industry. The proposal for new equipment at two Bondall plants was the first major capital expenditure to be reviewed by the new corporate CEO, who had stated clearly that growth businesses would be favored in the company's capital allocation. "We made sure all the i's were dotted and all the t's crossed for this one," a key Bondall executive said. "We also worked hard to pre-sell as many members of the corporate finance committee as we could."

Not only did the initial approval require careful and complete backup, but maintaining ongoing corporate support was a challenge. Soon after the initial approval of the expansion, competitors caused the already low price of ACP to drop even lower, and corporate officials were inclined to halt the project. Bondall executives, however, developed a computerized decision model complete with price, cost, capacity, and demand variables built in. Using the model, they could show on a day-by-day basis that the new strategy was still a good choice. Their constant readiness to answer questions and quantify options allowed them to maintain credibility and ongoing corporate support for the project.

### Selling Downward

Communicating with employees in the business is the type of implementation selling about which we hear most. Employees are the people who will make the strategy work, and their full understanding is required. At Bondall, many members of the management team had to be sold on the new strategy since it meant a complete change of focus and the potential loss of market share leadership. Once commitment was gained, however, the management team worked hard for the success of the overall strategy, and their ideas and efforts were key to making the implementation a success.

How did Will Langston conduct his internal selling effort at Bondall?

"I anticipated that there would be four questions people would have on their minds and expect answers for:

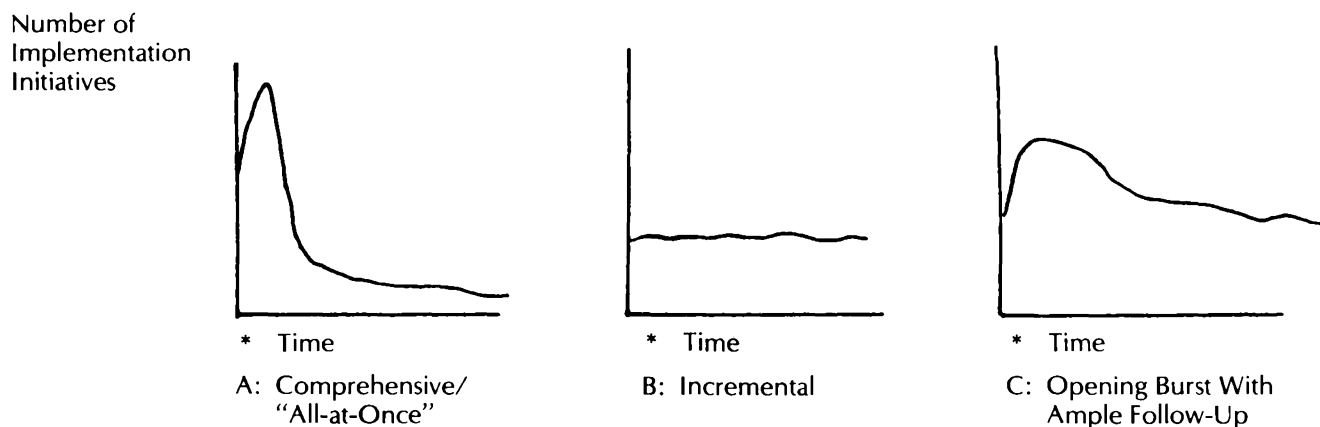
- Why do we have to change?
- Why is this the right change?
- Why do you think this organization can handle the change?
- What are you going to do to help me through the change?

"I spent a lot of effort working up answers for these questions. When they, or variations of them, were asked, I had a well thought out, and I hoped sincere, response. Even when they weren't asked, I assumed they were still on people's minds, and I would go into my selling pitch."

Of course, the news that must be shared with employees is not always upbeat. Plant closures and employee layoffs are particularly difficult. In closing two plants, Bondall kept employees and community leaders abreast of its plans and put significant outplacement and severance programs in place to help contain what otherwise could have been a very litigious and distracting episode.

Exhibit 2

### Three Approaches to the Timing of Strategy Implementation Initiatives



\*point of commitment to a new strategy

### *Selling Across*

A business unit is often dependent on other units of the firm for services or assistance in strategy implementation. For example, sister units that provide raw materials, technology, sales, or services often need to be "sold" on the new strategy and their role in it.

In addition to its own salesforce, Bondall relied partially on a centralized salesforce, which was not under its direct control, for reaching several specific markets. In the minds of Bondall executives, this salesforce was already giving ACP too little attention compared with other products it handled. Now, with the closing of plants located near customers, the centralized salesforce started expressing a complete disinterest in ACP.

Denise Williams, Bondall's marketing manager, designed and initiated a "sales" program directed solely at gaining the support of these individuals outside her direct authority. Williams felt that educating the salespeople about ACP and its range of customer applications would be one way to improve their effectiveness with customers. She brought sales personnel to Bondall headquarters for product seminars, which included introduction to the staff and application team leaders, technical details of the business unit, and explanation of the various marketing and production strategies. The increased attention given to the outside salesforce stimulated them to give more attention to ACP.

Williams was convinced of the importance of calling on customers frequently; however, convincing the outside sales managers to establish a minimum calling rate was no easy task. Looking back, Williams said she was successful in this endeavor by using the same marketing technique internally that she used in the marketplace: She made regular "calls" on the central sales managers. The payoff was an extra effort on their part in selling ACP.

### *Selling Outward*

The strategist relies on external constituencies for success in implementation. These external parties are no different from insiders in their potential for skepticism and anxiety about the new strategy. The effective implementer will be alert to these problems and develop means for overcoming them.

When Bondall was preparing to close its two outdated plants, executives reassured desired customers about reliable delivery by testing supply lines from the remaining plants. The tests convinced customers that delivery from more distant locations would be effective.

A major problem faced by Bondall was to maintain its image as a major producer in the industry in spite of having to close two plants. To address the problem, a two-part campaign was undertaken. First, ads in the print media concentrated on the new initiatives and capabilities at the three remaining plants. Second, an aggressive mail campaign was conducted to reach present and potential customers. As Denise Williams noted, the campaign represented a major change from Bondall's customary reliance on industry journals:

*"This way, we kept our name on the customers' desks during a difficult time. The information was sent in the form of monthly 'Bondall Newsletters.' This effort, in conjunction with print advertising and stepped up activity from our press people, gave the impression that Bondall was expanding, committed, not cutting back."*

Customers are not the only external party that can influence a strategy's chances for success. Regulatory bodies, the media, and suppliers are additional examples. In their plant-closing situations, Bondall's management team was very effective at minimizing the negative fallout. Careful planning of employee relations and community relations resulted in a smooth series of events. Workers, the media, and public officials were kept well informed. In return, the business avoided unfavorable treatment in the media.

### *Summary, and One More Theme*

So far, we have stressed two broad elements of effective strategy implementation. We have examined the substantive levers the strategist draws on to make the strategy happen and we have discussed the active, broad-based selling and communication that must occur to gain support from otherwise resistant or skeptical constituencies. These two elements of implementation could have been drawn from many quarters. The patterns have been supported by examples from the successful experience at Bondall. However, examples are widely applicable, characterizing the options and issues resolved by a number of successful strategists we have observed in various types of organizations.

However, we have seen one additional theme as well, and that is the marked tendency for successful implementers to get on with the implementation process. They are doers, action takers; they are not necessarily impulsive, but they do not attempt to wait until they have identified every potential contingency before beginning to take action. The effective strategist establishes a broad theme and makes several immediate reinforcing decisions across the array of levers we have discussed. Then, he or she vigilantly waits until circumstances unfold to identify other decisions that need to be made. All these later decisions serve to reinforce the original broad theme — be it cost leadership, product innovation, global expansion, or some other basis for competing.

Why is this approach — an opening burst of supporting initiatives with an ample stream of follow-up actions — a hallmark of effective strategists? Let's turn the question the other way: What are the deficiencies of the alternative approaches? Why is the development of a fully exhaustive and comprehensive implementation plan at the outset of a new strategy usually ineffective? First of all, because it's a stall. Despite the illusion that this approach brings quick action, in reality a quest for an exhaustive implementation plan takes a long time and greatly postpones the changes that are needed. Second, it's unrealistic. All contingencies and eventualities cannot be envisioned at the outset. Finally, a seemingly airtight plan takes on an air of sanctity and authenticity that makes spontaneous correction very difficult for the architect to handle psychologically.



What are the problems with the other extreme, the incremental approach? Its biggest shortcoming is that it does not provide the new strategic thrust with enough early reinforcement. The opportunity to create organizational energy and momentum in support of the new direction is squandered if early initiatives are modest in either scope or magnitude. In fact, an announcement of strategic change without prompt and substantial supporting actions evokes a withering cynicism in an organization, which even artful strategists then have difficulty overcoming.

A close understanding of implementation successes reveals that the strategists set out with broad game plans in mind but were flexible, open-minded, and always on the lookout for the problems the new strategy would be creating and for ways of solving those problems. These strategists were opportunists in the most positive sense of the word. They had broad guidance systems, but were spontaneous and responsive as truly successful strategists must be. ■

### Endnotes

The authors gratefully acknowledge support from Columbia University's Executive Leadership Research Center and Strategy Research Center.

1. For summaries of leading, widely used strategy formulation concepts and tools, see C. Hofer and D. Schendel, *Strategy Formulation: Analytic Concepts*, St. Paul, MN: West, 1978; and M. L. Porter, *Competitive Strategy*, New York: Free Press, 1980.

2. An eloquent discussion of the pitfalls of conceptually separating strategy formulation and implementation is presented in J. B. Quinn, H. Mintzberg, and R. J. James, *The Strategy Process*, Englewood Cliffs, NJ: Prentice-Hall, 1988.

3. Readers interested in other treatments of strategy implementation may wish to see K. Andrews, *The Concept of Corporate Strategy*, Homewood, IL: Irwin, 1971; J. Galbraith and R. Kazanjian, *Strategy Implementation: The Role of Structure and Process*, St. Paul, MN: West, 1985; L. G. Hrebiniak and W. F. Joyce, *Implementing Strategy*, Cambridge, MA: Ballinger, 1982; and D. Nadler and M. L. Tushman, *Strategic Organization Design*, Boston, MA: Scott, Foresman, 1987.

4. See Porter, Endnote 1.

5. R. E. Miles and C. C. Snow, *Organizational Strategy, Structure, and Process*, Englewood Cliffs, NJ: Prentice-Hall, 1978.

6. See various readings in J. R. Kimberly and R. E. Quinn (Eds.), *Managing Organizational Transitions*, Homewood, IL: Irwin, 1984.

7. W. Guth and I. MacMillan, "Implementation Versus Middle Management Self-Interest," *Strategic Management Journal*, 7, 1989, 313-327.

8. J. Galbraith and R. Kazanjian, *Strategy Implementation: The Role of Structure and Process*, St. Paul, MN: West, 1985.

9. Kimberly and Quinn, Endnote 6; also M. L. Tushman, W. H. Newman, and E. Romanelli, "Convergence and Upheaval: Managing the Unsteady Pace of Organizational Evolution," *California Management Review*, 29, 1986, 29-44; and J. B. Quinn, "Managing Strategic Change," *Sloan Management Review*, 21, Summer 1980, 3-20.

10. To do a good job of selling a strategy requires a well-developed network of contacts. As John Kotter pointed out in his book, *The General Managers* (New York: Free Press, 1982), the effective general manager typically has a network of hundreds or even thousands of individuals through whom he or she can influence others. Obviously, some contacts are more important than others; if the general manager has not established the critical contacts, then the supporting management team must be selected to offset that deficiency.

Donald C. Hambrick is Samuel Bronfman Professor of Democratic Business Enterprise and Director of the Executive Leadership Research Center at the Graduate School of Business, Columbia University. He holds degrees from the University of Colorado (BS), Harvard University (MBA), and the Pennsylvania State University (Ph.D.). An internationally recognized scholar in the field of top management, he is the author of numerous articles, chapters, and books on the topics of strategy formulation, organizational design, executive staffing and incentives, and the composition and development of top-management teams. Among his recent works is "Top Management Teams: Key To Strategic Success," which won the Pacific Telesis award for best article in the 1987 volume of *California Management Review*. He has recently edited a book, *The Executive Effect: Concepts and Methods for Studying Top Managers*.

Professor Hambrick is now completing a worldwide study of the kind of executive leadership needed for the year 2000. He is also an active consultant and instructor in corporate executive education programs. His recent clients have included Pfizer, IBM, General Electric, General Motors, Bristol-Myers, Schering-Plough, Hay Group, North American Philips, Dun and Bradstreet, Merck, and PepsiCo. An active leader in his field, Professor Hambrick has served on the Board of Governors of the Academy of Management, the Executive Committee of the Business Policy Division of the Academy, and now the Board of Governors of the Strategic Management Society. He also has been on the editorial boards of numerous major scholarly journals in his field.

Albert A. Cannella, Jr. has spent the last three years studying for the Ph.D. in strategic management at Columbia University. In 1982, he received an MBA from the University of Northern Iowa, and a BS from Tennessee Technological University in 1974. He joined the faculty at Texas A&M University as assistant professor of management in September 1989. His interests focus on how senior executives influence organizational outcomes. Mr. Cannella's dissertation, *Acquisitions, Executive Departures, and Post-Acquisition Performance*, is a study of the factors that influence whether or not acquired senior executives remain with the postacquisition enterprise and the impact of acquired executive departures on postacquisition performance.