Strategy Implementation: Strategic Change Model – A Conceptual Frame Work

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Abstract

Strategic change is always a key to survival and success. In old days organizations had time to make their strategic changes but nowadays strategic changes have to be done very fast and very often within a shorter period of time. Most of the change strategies fail because of the exact cause of the problems were not understood correctly, the change strategies met with resistance, lack of resources, poor planning in implementation, organization politics, too early discontinuation of the strategy before the strategy picked up its time, too many expectations or exaggeration of the strategy implemented, and so on. According to a Fortune cover story in 1999, nine out of ten organizations fail to implement their strategic plan for many reasons like they didn’t link strategy to budgeting and employee incentives to strategy, very less time was spent on discussing strategy, employees didn’t understand their organization’s strategy. This paper comes up with a conceptual strategic change model which focuses on 6 factors - Time factor, Change readiness, Change capabilities, Change dimensions, Drivers of change and Strategy continuum which are to be considered before the strategic change to be implemented.

Keywords

Organization, Strategy, Implementation, Strategic Change, Time, Readiness, Capability, Dimension

INTRODUCTION

Change is an inevitable thing in the business. Periodic review of performance of the business also becomes inevitable. The strategies of the business are also to be reviewed periodically and revised accordingly. The success of any organization depends on its ability to change effectively and efficiently in the changing business environment and also its ability to sustain the success by cultivating the long-run change capabilities. The business environment is evolving rapidly due to globalization, advances in technology, unpredictable economic factors, demanding value conscious customers, and so on. The era of information technology, has brought more influential factors into the business frame work and the need for more accurate measure of performance including more number of factors or variables is inevitable. This paper presents a conceptual model of strategic change to be implemented in an organization.

STRATEGIC MANAGEMENT

Strategic management is defined as a management system that links strategic planning and decision making with the day-to-day business of operational management (Gluck et al., 1982). Wells D. L (2003) states strategic management is a systems approach to identifying and
making the necessary changes and measuring the organization’s performance as it moves toward its vision. Strategic management goes beyond the development of a strategic plan, which included the pre-planning and strategic planning processes. Strategic management is the deployment and implementation of the strategic plan and measurement and evaluation of the results. Deployment involves completing the plan and communicating it to all employees. Implementation involves resourcing the plan, putting it into action, and managing those actions. Measurement and evaluation consists not only of tracking implementation actions, but, more importantly, assessing how the organization is changing as a result of those actions and using that information to update the plan (Gupta et al., 2007). The essence of Industrial organization (I/O) paradigm was that the organization’s performance mainly depends on the characteristics of the industry environment in which it operates (Porter, 1981).

The strategic management process includes strategic intent, environmental scanning, strategy formulation, strategy implementation and strategy evaluation and control.

Strategic intent includes setting up of vision, mission and objectives of the organization. Environmental scanning includes analysis of macro and micro environment of the organization. Strategy formulation includes formulation of strategy by matching the strengths of the organization to the identified opportunities by keeping in the considerations of internal weaknesses and external threats. Strategy implementation includes the implementation of selected strategy by means of programs, budgets, and procedures. Implementation involves organization of the firm’s resources and motivation of the staff to achieve objectives. Strategy evaluation and control involve the evaluation of implemented strategy and if any deviation, then taking the necessary control measures (Bradford et al., 2000).

**Strategic Approach**

Crosby (1991) narrates four steps in the strategic approach, the first one which is future oriented, recognize and anticipate changes in long term and develop, implement and manage strategies to optimize the impact of changes to achieve the organization goals and objectives. The second one is external oriented which focuses on the external factors like technology, politics, economic, social, and so on which had effects on implementing the policies related to resources, benefits, and so on. The third one concentrates on a right fit between the elements of organization and the ever changing external environmental factors. Finally, the fourth approach sees strategy is not a single-time approach, it is a continuous dynamic process which focuses on the mechanism of

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**Figure 1**

*Strategic Management Process*

*Source: Bradford et al. (2000)*
monitoring and reviewing that would provide information for revising or changing the strategies time to time. Bradford et al. (2000) have narrated the strategic management process as shown in Figure 1.

**Strategic Change**

Strategic change is always a key to survival and success. In old days organizations had time to make their strategic changes but nowadays strategic changes have to be done very fast and very often within a shorter period of time (Guru, 2011).

Drucker (1969) coined a phrase “Age of Discontinuity” to define the way the change disrupts lives and identified four sources of discontinuity: technology, globalization, cultural pluralism and knowledge capital. Toffler (1970) described that the trends of social and technological change had shorter lifespans with each generation but in the past the changes were always punctuated with the times of stability that permitted the society to adapt with the change before the next change arrived. Noel Tichy (1983) developed a systematic method of dealing with change by looking through three angles: technical and production, political and resource allocation and corporate culture. Peters and Austin (1985) insisted the significance of fostering the change leaders who have the willingness to accept the change strategy and take those things to make others to follow. Charles Handy (1989) identified two types of changes, first one was “strategic shift” which was a gradual and subtle change and the other one was “transformational change” which was a rapid and radical change and both of the changes are resulted by the discontinuities in the business environment. Richard Pascale (1990) stated that persistent change requires that businesses continuously reinvent themselves and what worked successfully in the past might be a weakness in the future. Organizations tend to stuck to these old successful strategies and hesitated to change ended up with the failure in the future, so they should renew themselves with the creative and constructive strategic change. Constantinos Markides (1999) described strategy formulation and implementation were a continuous, dynamic, never-ending, integrated and interactive process requiring continuous reassessment and reformulation.

**Strategy Implementation**

The process of strategy implementation includes activating the strategies, designing – the structure, system & processes, managing behavioral implementation. Managing functional implementation and operationalizing strategies. Erica (2007) defines that the implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. Implementing the strategic plan is as important, or even more important, than the strategy. For those businesses that have a plan in place, wasting time and energy on the planning process and then not implementing the plan is very discouraging. The strategic plan addresses the what and why of activities, but implementation addresses the who, where, when, and how. The fact is that both are critical to success. In fact, companies can gain competitive advantage through implementation if done effectively. It involves two major steps. The first step is the development of an action plan, which is a statement of what, who, when, and how the actions necessary to carry out the strategy will be done. Performance goals and objectives will also be specified.
STRATEGIC CHANGE MODEL: CONCEPTUAL FRAMEWORK

Most of the change strategies fail because of the exact cause of the problems were not understood correctly, the change strategies met with resistance, lack of resources, poor planning in implementation, organization politics, too early discontinuation of the strategy before the strategy picked up its time, too many expectation or exaggeration of the strategy implemented, and so on. According to a *Fortune* cover story in 1999, nine out of ten organizations fail to implement their strategic plan.
for many reasons like they didn’t link strategy to budgeting and employee incentives to strategy, very less time was spent on discussing strategy, employees didn’t understand their organization’s strategy. The conceptualized frame work of Strategic Change Model is shown in Figure 2.

The strategic change model conceptualized in this paper comprises of the following 6 factors:

1. Time factor
2. Change readiness
3. Change capabilities
4. Change dimensions
5. Drivers of change

**Time Factor**

A strategy which is planned should be implemented at the right time. A strategy which is implemented too early or too late may not become successful strategy. If it is implemented too early the micro and macro environment may not be in a readiness state to accept the strategic change that is being implemented. If a strategy is implemented too late may also fail because the micro and macro environment may already discarded the strategy or the strategy might have become obsolete. So, before going for an implementation of a strategy, it should be ascertained that the time for the implementation is an appropriate time.

**Change Readiness**

This means that the premise where strategy will be implemented should be in the state of readiness to accept the changes that would be resulted by the strategy. Auster (2011) states that change readiness is important for all successful change implementation across the organization and the stakeholders of the organization should understand what are the changes would be and why the changes are being undertaken. Most of the time many organizations adopt push change strategy which makes a feeling of compulsion to oblige rather than commitment. Change readiness includes readiness of the company, the industry, and the consumer.

**Company Readiness**

The readiness of the organization with respect to the employee, resources, internal environment readiness and plan readiness, and so on. Employee readiness means the employees of the organization must understand what the changes will be and why they are being undertaken. The employees should be ready for the change both physically and mentally. Before going for the strategic change, the organization should have the right people on board. The right people include those with required competencies and skills that are needed to support the plan. Following the planning process, expand employee skills through training, recruitment, or new hires to include new competencies required by the strategic plan. An implementation may be a pull change or push-pull change strategy and should not be push change. A push change may make people to follow but hardly creates commitment. The employee may have fear factor about the
outcome of the strategy. A cascading approach may be adopted to make the employee readiness. The initial milestone in implementing change is gaining the employees’ intellectual acceptance of the new change.

**Resources readiness:** The resources which will be required for the change implementation should be readily available, not for one time but continuously, time to time, whenever required till the successful implementation of the strategy. Before going for a strategic change the organization should have sufficient funds and enough time to support implementation. Often, true costs are underestimated or not identified. True costs can include a realistic time commitment from staff to achieve a goal, a clear identification of expenses associated with a tactic, or unexpected cost overruns by a vendor. Additionally, employees must have enough time to implement what may be additional activities that they aren’t currently performing.

**Environment readiness:** The working environment both tangible and intangible which is required for the change should be ready. The tangible environment includes physical space, layout, ventilation, and so on and the intangible environment includes system, structure, culture, and so on. Before going for a strategic change, the organization should create an environment that connects employees to the organization’s mission and that makes them feel comfortable. To reinforce the importance of focusing on strategy and vision, reward the success. Some creative positive and negative consequences for achieving or not achieving the strategy may be developed. The rewards may be big or small, as long as they lift the strategy above the day-to-day so people make it a priority. Structure of management and appropriate lines of authority, and communication with employees should be clear. A plan in-charge and regular strategy meetings are the two easiest ways to put a structure in place.

Both management and technology systems help track the progress of the plan and make it faster to adapt to changes. As part of the system, milestones into the plan that must be achieved within a specific time frame should be specified.

**Plan readiness:** The organization should prepare a comprehensive plan to implement the strategic change that it is willing to do. The plan should include who will be involved, when it will be, how it will be, the timing & the rate, choice of communication channels to the internal & external stakeholders, target period/time, expected outcomes, alternative plans, and so on.

**Industry Readiness**

Before the strategic change is implemented, the industry where the organization belongs, should also be ready to fulfill or provide the various needs for the change to be implemented successfully. This includes the feasibility readiness, compatibility readiness and supply chain readiness.

**Compatibility readiness:** The technology, concept, theory, model, and so on that are going to be implemented in the strategic change of the organization should also match that those which are being adopted in the industry level. If a technology change that is going to be adopted by the organization does not adopted in the industry or the industry does not in a state/position to accept/adapt the technology, then the strategic change may fail.
Feasibility readiness: The strategy implemented should be practically viable in the industry also. The system, structure, and so on which are related to the strategic change should be practically viable for the other players in the industry to be followed.

Supply chain readiness: The players in the particular supply chain of the organization also should be in position capable of supplying various resources to the organization and distributing the finished products through the various marketing channels to the consumer, which is suitable to the strategic change that is being implemented by the organization.

Market Readiness
The target market segment for which the organization caters also should be in the state of readiness to accept the strategic change. For example, if the organization comes up with a new product then the market should be aware of the product and there should be enough interest within the market to make use of the product. There should be a positive perception about the product with relate to various factors like price, brand, value, usage, affordability, and so on.

Drivers of Change
Change is not one-time occurrence with a start and an end. It is a continuous and dynamic process with ups and downs. The drivers of change include time, innovation, competition, customer needs, product life cycle (PLC), micro and macro environment. The need for change may be due to

- time: that already existing strategy may be too old, or the
- innovation: an new idea or innovation that arose or happened in the organization or in the industry
- competition: competitors comes up with new strategies
- customer needs: customer wants and needs changes from time to time
- PLC: rapidly changing and shorter PLC
- micro and macro environment: the changes in the other micro environment factors like financial supporters, suppliers, society, government, and so on and the changes in other macro environment factors like legal, political, economic, and so on.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Successful</th>
<th>Failure</th>
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<tbody>
<tr>
<td>Good</td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Bad</td>
<td>III</td>
<td>IV</td>
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*Table 1*
*Strategy Classification*
**Strategy Continuum**

A strategy may be classified as a good or bad strategy and successful or failed strategy. An organization may adopt a good or bad strategy but the outcome may be a success or failure. The strategy classification is as shown in Table 1.

I – a strategy which is good and successful  
II – a strategy which is good but failed.  
III – a strategy which is bad but successful  
IV – a strategy which is bad but failed.  

The strategy continuum involves what type of new strategy the organization is going to continue, whether

- from no strategy to new strategy, or  
- from old, good & successful strategy to new good strategy, or  
- from old, good & successful strategy to new bad strategy,  
- from old, good & failed strategy to new good strategy, or  
- from old, good & failed strategy to new bad strategy  
- from old, bad & successful strategy to new good strategy, or  
- from old, bad & successful strategy to new old strategy,  
- from old, bad & failed strategy to new strategy.

**Change Dimension**

Change dimension indicates the dimension or direction or aspect in which the strategic change is going to be made. The change dimension may happen in the leadership, structure, systems, environment, expansion, diversification, technology & culture, customer, product, and so on. Drivers of change have severe impact on the change dimension. The decision on change dimension is highly influenced by the drivers of change.

**Change Capabilities**

Change capabilities consist of actions in the context of policy changes in the organization. These actions may consist of, changes in organizational structures, shifts and reclassification of personnel, the establishment of new routines, tasks, and procedures; installation of new incentive systems; retooling production for new products or services; marketing of new services or creation of demand among new beneficiaries or consumers; development of new financing mechanisms; organizing coalitions to maintain political, budgetary, and beneficiary support; and developing collaborative mechanisms with cooperating organizations. It should be noted that the managers’ task is more than just the internal operation of his organization, they must also manage its fit with the environment (Crosby, 1991).

Change capabilities are measured through, the ability to - diagnose the internal and external needs/problems, identify the alternative, adequate organization buy-in, procuring required resources, tackling or neutralizing the organization politics, motivate through emotions of change, fostering creativity & spontaneity continuous learning and willingness to change (Ellen, 2011).
CONCLUSION

Change is an inevitable thing for any organization and it should be a continuous activity. It is multi-faceted, multi-dimensional, complex activity. The complexity of the change may be embraced throughout the organization by deputing suitable change leaders who will look for opportunities to improve and strengthen the long-run capabilities of the organization. Once the organization developed the long-run change capabilities, it will be able to identify its sources of competitive advantage in the dynamic business environment and subsequently enable the organization to tap the opportunities through change continuously.

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