

PREFACE

Several compelling reasons have led to preparation of this short book, comprising text and cases. First and foremost is the concern for giving an overview of an important discipline of strategic management to a large number of senior and middle level practicing managers, (who face and can make a head way in facing strategic issues in their organisation), but do not have a formal education or training in management. The appreciation has to be brought in a simple manner, without overloading with complexities and imparting advance level knowledge right away. At the same providing opportunity to understand the latter as the interest in the subject develops. This has been done by giving adequate number of reference to masterpieces in the discipline, web references and hyperlinking cases and notes written by the author for the purpose.

The second reason has been to give a complete overview of the strategic management. It is found that in many books, even in masterpieces, the strategy implementation issues have not been adequately covered. Its complete appreciation requires understanding of approaches for visualisation of the nature and scope of strategy implementation tasks (for every corporate strategy to be executed) and what makes the tasks complex and demanding. It is also observed that scant attention is paid to change issues associated in carrying out those task and how to go about doing it. It is especially so for managing small and medium size changes, which are to be carried out in a large number while implementing corporate strategies. The books on strategic change have been found to have good number of cases on managing complex, mega changes, but commensurate conceptual and techniques part are not adequately covered. This book, therefore focuses a great attention to those issues which is necessary for a beginner to appreciate and comprehend the totality of strategic management task.

The third concern has been to share meaningful case studies, developed by and in association with the author of the book, which are embedded in the techno-economic, regulatory, socio-cultural and political context of a unique Indian business environment. They cover a large variety of case situations, size, industry and types of organisation, which can enable the reader to appreciate wider generalisability of strategic management concepts, approaches, tools and techniques.

The cases can instil confidence to face strategic challenges like turning a company around from 24 years of loss making position, meeting the challenge of OBC quota within less than stipulated period, creating an improvised computer centre at 1/3 of expected costs, increase batch size in MBA threefold in 4 months time and so on.

The concern for short write ups have been extended even to text of the book. The chapters have been written in a simple but condensed form to enable one read each chapter in 1 or 2 sittings (reading about 10 pages at a time), without compromising on covering all significant concepts tools and techniques used in strategic management. Wherever the size of a chapter exceeds 10 pages, the reader can read one to two sections of it at a time, which do not exceed around 10 pages.

The above two features have been incorporated also to help the course/programme developers in designing the course/programme, assigning manageable readings for pre-class preparation, to facilitate meaningful class discussion. As instructor can design a 15 hrs, 30 hrs and 45 hrs

basic course/programme in strategic management using the text and cases contained in this book above. Additional cases/text can be freely referred through various hyperlinks given in the text and settings of the cases.

Another associated feature of case studies here is the inclusion of short case studies. It has been often observed, cutting across MBA class and executive development programme, that many participants do not come to the class after going through case studies scheduled for discussions in the class due to paucity of time for reading long cases or lack of interest in bulky case material. In this book, therefore, a good mix of short and long cases has been kept. The short cases can be projected on screen also to allow the class to read the full case in 10-15 minutes, which improves the level of participation and quality of discussion. It also generates interest for reading few long cases in due course.

The instructors of courses and programme using other textbooks will also be facilitated as they can use short and medium size cases from Indian context.

The sequence of text is aimed at enabling students and practicing managers learning and grasping a broad and complex subject in a simple manner. The text and cases will generate interest and also enable them learn more advanced, complex issues through self-study in an ongoing manner. The text has been spread in four parts covering twelve chapters.

Chapter 1 starts with explaining why a manager should learn the strategic management subject. This has been brought out in a simple and convincing manner. This also helps in understanding what all needs and must be studied at foundation level. This should also help faculty members in deciding judiciously and logically what to cover and what not to cover in the first course of strategic management. This chapter also provides a glimpse of the task of strategy implementation, which is somewhat out of line with typical discussions on strategy formulation followed by strategy implementation. This has been done because the topic of strategy implementation is vast and students are found to lose interest in the topic by the time they finish strategy formulation, competitive strategy etc. An introduction of strategic implementation at this stage helps in grasping, visualizing the magnitude of the task in a simple, conceptually sound manner without being bogged down with enormous details and miss out significant issues.

The first chapter also gives advantages of strategic management, each one of which has been experienced by the author while writing various cases and through firsthand experience of academic administration at various levels.

The chapter concludes with a modified framework of strategic management process, which highlights intricate relationship of strategy formulation and implementation and also brings out how experience of implementation drives formulation, changing strategist's perception of environment and strength and weakness of organization as well as his confidence in carrying out the task of implementation, which explains why every corporate strategy is unique to the strategist.

Chapter 2 in Part II discusses pioneering concepts in strategic management which built the foundation of the subject. It also highlights the importance of ownership, something unique in India and differentiates the practice of strategic management in public and private sector enterprises and multinational companies in India. The chapter elaborates the concept of

corporate strategy and policies to overcome confusion arising with the functional area strategies and policies that happens due to indiscreet use of the word “strategy”.

The chapter also explains that the decision making in strategic management does not follow the rule of rationality only (as taught in typical management programmes) but is influenced by two other streams of thought, namely the intuitive/ emotional and political/ behavioral. It is necessary to appreciate this point, because although in strategy formulation typically rational/ analytical model is followed (and it is desirable), strategy implementation requires and uses as much, if not more, of the other two streams of decision making processes. The chapter also emphasises that strategic management requires specialized and exclusive set of skills and perspective which are beyond different functional area skills and competence.

The chapter ends with a very useful discussion on integrative thinking ability which is very important for practicing strategic management. This chapter may be skipped if there is paucity of time for the course (as the details are not required for strategy formulation) but discussion on integrative thinking ability should be covered. The whole chapter may be gone through after finishing other chapters at least, because whenever one fails to appreciate a strategic issue or coping strategies, it will provide sound bases for conceptualizing the issue/ problem.

Chapter 3 gives the pioneering works related to the process of strategic management. It links the process of strategic management with operations, through a three stage model, long range strategic planning (for strategy formulation), long range action planning (for strategy implementation) and annual planning and budgeting for operations.

Secondly, it also helps in highlighting that while strategy formulation is only “thinking” part, strategy implementation has two parts, “thinking” as well as “doing”, which is necessary to distinguish because thinking part of strategy implementation has to be closely related and has to be discussed together with formulation, before deciding for strategy options.

The chapter also highlight a very important topic of management control system, which needs to be treated as integral part of strategic management, failing which corporate strategy is susceptible to failure. Like Chapter 2, this chapter may also be skipped if there is paucity of time and can't be referred later, but importance of management control as an integral part of strategic management should be appreciated/ highlighted.

Chapter 4, 5 and 6 are integral unit, trifurcated mainly for the purpose of ease of reading and comprehension. Chapter 4 deals with various issues connected with environment analysis and strengths and weakness analysis of the organization using various techniques to develop Environment Threats and Opportunity Profile (ETOP) and Strategic Advantage Profile (SAP).

Chapter 5 discusses generation of various strategic alternatives using ETOP and SAP analysis. This chapter also discusses unique industry environment, focusing on competitor analysis to develop Competitive Advantages Profile (CAP), which helps in visualization and development of competitive strategy. Finally Chapter 6 discusses various tools and techniques and considerations that are used for final selection of corporate strategy from various, promising strategic alternatives. This chapter ends with two important strategy modifiers, the personal values of top managers and social responsibility of business, on which the selected corporate strategy must qualify.

Chapter 7 and 8 are devoted exclusively to strategy implementation, the challenges that one faces in executing strategy. Building on discussion on strategy implementation in Chapter 1, these chapters meaningfully elaborate on nitty gritty, which is hoped to help the students and practitioner alike in developing necessary confidence for executing corporate strategy. This chapter would also help the reader in appreciating various uncertainties, if and buts, and dilemmas on the way of strategy execution. It will also help them in understanding why the strategic management process has to indulge in intuitive and political processes (discussed more in Chapter 10 - 12). It will also help readers in appreciating the importance on emotional/behavioral side of strategic management process, which is often not realized if one confines the study of strategic management to strategy formulation only, devoid of strategy implementation.

Chapter 9, 10, 11 and 12 are devoted to management of change associated with strategic management. While major focus of strategic change is Chapter 11, one can't understand it without a conceptual understanding of the scope, nature and fundamental process of change, which is covered in Chapter 9. Chapter 10 enhances one's understanding of various barriers and sources of resistance to change, which create challenge of managing change and whose understanding is necessary to develop coping strategies in a practical manner.

Chapter 11 outlines the process of implementing change in a logical, planned way. This chapter starts with managing small change for two reasons; One to understand execution of change programme in a simple manner. Second, strategic changes typically require a large number of small and medium size changes to be managed simultaneously or phased manner, in tandem. This is followed by step by step method of executing a major change programme. The chapter ends with insights into control and evaluation of programme, the latter to decide whether change process should be allowed with or without modification to assess whether the change programme has been executed successfully and to develop change agents.

Finally Chapter 12 discusses attributes of mega strategic changes. The chapter helps the reader in appreciating the differences in various types of strategic changes, expansion related, turnaround and transformation and mergers and acquisition related. It will also help in appreciating the managerial challenges associated with each and why expertise of one way not to be enough to carry out the other. Certain important concepts like TPC rope, importance of organisation archetypes for managing change have been briefly discussed to help one appreciate in which directions strategic change may move if not managed properly.

Thus short book thus may help the readers in having an appreciation of the entire strategic management process and help in developing expertise and confidence to develop and execute corporate strategies successfully. The faculty members may also find the text and cases useful to enrich course/ programme design and class discussions.

CONTENTS

PREFACE	7
Chapter 1	13
1 Introduction	13
1.1 Why to Study Strategic Management	14
1.2 A Glimpse of Task of Managing Strategy Implementation	18
1.2.1 Nature and Scope of the Task of Strategy Implementation	18
1.2.2 Roadblocks in Strategy Implementation	20
1.2.3 Putting Life in Organization	23
1.2.4 Strategy Implementation: The Fine Art of Detailing	23
1.2.5 Strategic Incoherence	24
1.3 Framework of Discussion	26
Chapter 2	30
2. Perspectives on Strategic Management	30
2.1 Concept of Organisation	30
2.2 The Concept of Unit Organisation	31
2.3 Decision School of Thought on Strategic Management	32
2.4 Process School of Thought on Strategic Management	33
2.5 Corporate Strategy	35
2.6 The Issue of Corporate Policy	35
2.7 Nature of Strategic Decision Process	35
2.8 Challenge of Strategic Management	36
2.8.1 The Issue of Perspective	37
2.8.2 The Issue of Specialised Skills	38
2.9 Strategic Management and the Strategist	39
2.10 Strategic Management and Ownership	39
2.11 Advantages of Strategic Management	40
2.12 Strategic Significance of Integrative Thinking Ability	40
2.12.1 Nature of Integrative Thinking Ability	40
2.12.2 The Horizontal Thinking Ability	42
2.12.3 The Vertical Thinking Ability	45
2.12.4 The Longitudinal Thinking Ability	47
2.12.5 Movement Upwards	49
2.12.6 Enhancing Integrative Thinking Ability	49
2.12.7 Concluding Comments	50
Chapter 3	56
3. Strategic Management Process	56
3.1 Strategy Formulation	56
3.1.1 Corporate Planning and Control	57
3.1.2 Long Range Planning	57
3.1.3 High Paced, Dynamic, Implementation Driven Strategy Formulation	62
3.2 Strategy Implementation: Getting into the Action	63
3.3 Strategic Control	63
Chapter 4	65
4.0 Developing Corporate Strategy (Strategy Formulation)	65
4.1 Organisational Mission	65

4.2 Objectives	65
4.3 Strategic Performance Gap	67
4.4 Environmental Analysis	68
4.4.1 Approaches to Environment Analysis	68
4.4.2 Analysis of Broad Environment	69
4.4.3 Environment Threat and Opportunity Profile (ETOP)	70
4.4.4 Sources of Information for Environment Analysis	72
4.4.6 Analysis of Unique/ Industry Environment	73
4.4.7 Techniques of Environment Analysis	74
4.5 Strength and Weakness Analysis	76
4.5.1 Strategic Advantage Profile (SAP)	78
Chapter 5	83
5. Strategic Alternatives	83
5.1 Generic or Grand Strategies	83
5.2 Variants in Generic Strategies	84
5.2.1 Related/ Unrelated Dimensions	84
5.2.2 Vertical/ Horizontal Dimension	84
5.2.3 Internal/ External Dimension	85
5.3 Major Strategic Options.....	88
5.4 International Strategies	88
5.4.1 International and Domestic Environment Differences	89
5.4.5.2 International Strategy Options	90
5.5 Competitive Strategy	91
5.5.1 Elements of Competitive Strategy.....	92
5.5.2 The Value Chain.....	93
5.5.3 Value Chain Analysis	95
5.5.4 Developing Competitive Advantage Profile (CAP)	95
5.5.5 The Value System	96
5.6 Developing Competitive Strategy	96
5.6 Cooperative Strategy	97
5.6.1 Benefits of Cooperation Strategy	97
5.6.2 Conditions for Successful Cooperation	98
Chapter 6	101
6. Selection of Strategy	101
6.1 Strategic- Need Gaps, Strategic Conditions, and Alternative Dimensions	101
6.2 Techniques Used in Selection of Strategy	101
6.2.1 Product Life Cycle	101
6.2.2 BCG Matrix	102
6.2.3 Business Technology.....	104
6.2.4 Breakeven Consideration	105
6.2.5 Strategy Implementation Consideration	105
6.3 Strategy Modifiers	105
6.3.1 Personal Values	105
6.3.2 Social Responsibility	106
Chapter 7	109
7. Implementation of Corporate Strategy	109
7.1 Dynamic View of Resources	110

7.2 Getting into Action: Implementation of the Corporate Strategy	110
7.2.1 Communication of Corporate Strategy	111
7.2.2 Managing Resource Allocation	112
7.2.3 Managing Resource Constraints: The Role of Creative Problem Solving	114
7.3 Balanced Score Card for Strategy Implementation	114
Chapter 8	118
8. Gearing up Resources	118
8.1 Financial Resources	118
8.2 Physical Infrastructure	121
8.3 Human Resource.....	125
8.3.1 Managing Willingness/ Motivation	125
8.3.2 Human Resource Development	127
8.3.3 Performance/ Potential Appraisal and Reward System	128
8.3.4 Top Management Style	130
8.4 Managing Organisational Resources	131
8.4.1 Organisation Structure.....	131
8.4.2 Systems.....	137
8.4.3 Shared Values and Organisation Culture	142
8.4.5 Corporate Functional Policies	144
Chapter 9	148
9. Management of Strategic Change	148
9.1 Nature and Scope of Strategic Change	148
9.2 Basics of Managing Change	148
9.2.1 Magnitude of Task of Change.....	149
9.2.2 Types of Changes	150
9.2.3 Pace of Change and the States of Organisation	151
9.2.4 Actors in a Change Process	152
9.2.5 Process of Change-The Three Stage Model	152
9.2.6 Force Field Analysis	153
Chapter 10	156
10. Barriers to Change	156
10.1 Response to Change	156
10.2 Meaning of a Change to Change Target	157
10.3 Barriers vs. Resistance to Change	158
10.4 Sources of Barriers and Resistance to Change	158
10.5 Modes of Resistance	159
10.6 Decision-room Resistance Techniques	159
10.7 Pent-up Resistance to Change	160
10.8 Managing Strategic Change: The Challenge of (New) Learning and Relearning..	161
10.9 Strategies for Overcoming Barriers & Resistance to Change	162
10.9.1 Facilitative Strategies	163
10.9.2 Persuasive Strategies	163
10.9.3 Re-educative Strategies	164
10.9.4 Power Strategies	164
10.10 Designing A Change Programme/ Planning for Change	165
10.10.1 The Case of a Change without Proper Planning	165
10.11 Steps in Managing a Planned Change	166

10.12 Important Characteristics of a Change Programme	169
10.12.1 Relative Advantage	169
10.12.2 Divisibility	169
10.12.3 Reversibility	169
10.12.4 Compatibility	169
10.12.5 Communicability.....	169
10.12.7 Risk and Uncertainty.....	170
Chapter 11	172
11. Implementation, Control and Evaluation of Change Programmes	172
11.1 The Implementation Process	172
11.2 Implementing a Small Change	172
11.3 Implementing a Major Change Programme	173
11.3.1 Implementation Requirements of a Major Change Programme	174
11.3.2 Execution and Control of Implementation Process	178
11.4 Evaluation of Organisational Change Programmes	180
11.4.1 Concurrent Evaluation of Change Programme	181
11.4.2 Post-implementation Evaluation of Change Programme	181
11.4.3 Evaluation of Change Programme for Developing Change Agents	181
11.5 Success of Strategic Change	183
11.5.1 Concept of Organisation Archetypes	183
11.5.2 Managing Transformation: The Organisation Tracks	185
11.5.3 Movement on Tracks	185
Chapter 12	188
12. Managing Complex (Mega) Strategic Changes	188
12.1 Managing Turnaround and Transformation	188
12.2 Turnaround, Rejuvenation and Enlightened Transformations	188
12.3 Causes of Organisation Decline	191
12.4 Elements of Corporate Turnaround	193
12.5 Towards Sustained Recovery (Performance): Managing Transformation	193
12.6 Organisation Diagnosis	194
12.6.1 Diagnosing Inadequacies in Formal Organisation Design?	194
12.6.2 Diagnosing the Malfunctioning Informal Organisation	195
12.6.3 Generating Alternative Solutions	196
12.7 The TPC Rope.....	196
12.8 Surgical Vs. Humane Turnaround	196
12.9 Managing Turnaround & Transformation: Coping with the Challenge	197
12.10 Summary	197

CASES

Sl. No.	Title of the Case	Teaching Note	# Pages Text	Case Code	Pub; ished	Prese ntatio n in Conf.	Com plexi ty Level	Stre. For mulation	Ste Impl ementati on	MC T	Enaha ncing Inte Thinki ng
1	Takshila Engineering Corporation Ltd. (Case in O.D.) Vikalpa Apr. 1982\$	A	6	<u>c02</u>	Y		2	Y	Y	Y	
2	Kamini Bank (Case on Management of Change) Indian Management Jun.1984		2	c04	Y		2			Y	
3	Growth Bank (Case on Strategic Management) Indian Management Aug. 1985\$	A	6	<u>c05</u>	Y		3	Y			Y
4	Shilpi Ltd. (Case on SSI/Sickness) \$	A	9	<u>c07</u>	Y		3	Y	Y		Y
5	Mein Kampf (A) (Case on HRD) \$	A	18	<u>c09</u>	Y		1		Y	Y	
6	Mein Kampf (B) (Case on HRD) \$	A	13	<u>c10</u>	Y		1		Y	Y	
7	First National Bank (Case on Organisation Structure) \$	A	13	<u>c11</u>	Y		2	Y			Y
8	Scooters India Ltd. (A) (Case on Strategic Management) \$ @	A	14	<u>c13</u>	Y		2	Y			Y
9	Scooters India Ltd. (B) (Case on Strategic Management) \$ @	A	11	<u>c14</u>	Y		2	Y			Y
10	Scooters India Ltd. (C) (Case on Strategic Management) \$ @	A	8	<u>c15</u>	Y		2	Y			Y
11	Scooters India Ltd. (Case on Extraordinary Turnaround) Vikalpa, Apr.-Jun. 2001 @	A	30	c16	Y		3	Y	Y	Y	Y
12	Apollo Hospital Enterprise Limited (Case on Strategic Management) \$ @	A	34	<u>c17</u>	Y		3	Y	Y		Y
13	Vindhya Pradesh Forest Corporation (Case on Management Control System) \$	A		<u>c20</u>	Y		3	Y			
14	Parc Tauli Consortium Hospital (A) (Case on Mergers), (Co-authored) \$ @	A	6	<u>c21</u>	Y	P	1	Y	Y	Y	Y
15	Parc Tauli Consortium Hospital (B) (Case on Mergers), (Co-authored) \$ @	A	11	<u>c22</u>	Y	P	3	Y	Y	Y	Y
16	Parc Tauli Consortium Hospital (C) (Case on Mergers), (Co-authored) \$ @	A	17	<u>c23</u>	Y	P	2	Y	Y	Y	Y
17	Is Small Beautiful (A)? (Challenges to a new leader in public sector institution)	A	3	<u>c30</u>	Y	P	1		Y	Y	
18	Is Small Beautiful (B)? (Challenges to a new leader in public sector institution)	A	3	<u>c31</u>	Y	P	1		Y	Y	
19	Is Small Beautiful (C)? (Project Management as Road block in Strategy Implementation)	A	6	<u>c32</u>	Y		2		Y	Y	
20	Is Small Beautiful (D)? (Leveraging Delays in Project Management)	A	5	<u>c33</u>	Y		2		Y	Y	
21	Is Small Beautiful (E)? (Strategy Implementation)	A	5	<u>c34</u>	Y		3	Y	Y	Y	
22	Is Small Beautiful (F)? (Strike- Managing by heart)	A	8	<u>c35</u>			2				
23	Is Small Beautiful (G)? (Containing faculty politics)	A		<u>c36</u>			1				
24	Is Small Beautiful (H)? (How to improve infrasturture asset utilisation)	A		<u>c37</u>			1				

25	The Fun of Case Writing (A) (Growth is not such a difficult task)	A	1	<u>c38</u>		P	2	Y	Y	Y	Y
26	The Fun of Case Writing (B) (Tasks, Complexities and Challenges in Strategy Implementation)	A	8	<u>c39</u>		P	3	Y	Y	Y	Y
27	The Power of Check Listing (How we miss the opportunities)	A	4	<u>c40</u>			2	Y	Y	Y	
28	Do We Matter? (Management Perspective and Change)	A	2	<u>c41</u>		P	3	Y	Y	Y	Y
29	The Time Estimates (Project Management in Backyard)	A	4	<u>c43</u>		P	3	Y	Y	Y	Y
30	The Power of Interior Design (Innovation in Strategy Formulation and Implementation)	A	6	<u>c44</u>		P	3	Y	Y	Y	Y
31	Institute of Information Technology (Problem of Portfolio Management and Implementation)	A		c45	Y	P	2	Y			
32	UP State Tourism Development Corporation (Problems in Objective Setting and Strategy Formulation)\$	A	16	<u>c46</u>	Y		3	Y			Y
33	Vindhya Matsya Vikas Nigam (Problems in Strategy Formulation)\$	A		<u>c47</u>	Y		1	Y			
34	City Montessori School (Top Executive Values and Org. Growth Strategy)\$	A		<u>c48</u>	Y		1	Y			
35	Industrial Toxicological Research Centre (Problems in Strategy Formulation)\$	A		<u>c49</u>	Y		1	Y			
36	Rewards Galore (Case on Incentive System and Leadership)	A	6	<u>c50</u>		P	2	Y	Y		Y
37	Promoting Excellence (A) (Case on Management of Academic Personnel)	A	6	<u>c51</u>			2	Y	Y		
38	Academic Resource Park (How do we miss opportunities)	A		<u>c53</u>			1	Y	Y		
39	The Management Case Tree (Advantages of Surviving through Collaboration)	A	2	<u>c54</u>			3	Y	Y		Y
40	Creation of a Computer Centre for Training	A	3	<u>c58</u>		P	3	Y	Y	Y	Y
41	Kingfisher Airline	A	26	<u>c59</u>		P	3	Y	Y		Y
42	Power of a Missed Meal (Strike- Managing by heart)	A	2	<u>c60</u>			2			Y	
43	Promoting Excellence (B)	A	8	c61			2				
44	The Popat		2	<u>c62</u>			2				
45	Adani Enterprise Ltd.	A	16	<u>c63</u>		P	3				
46	Is Small Beautiful (I)? (Diversification- There is room for every player)	A	14	<u>c64</u>			3	Y	Y	Y	
47	The Thieves			<u>c65</u>							
48	Short Stories on Case Writings			<u>c68</u>							
		40	354		26	15		32	27	22	21