Unit 4

STRATEGY FORMULATION:

Process –Significance-Practices Business Strategy –Situational analysis-SWOT-EFAS-IFAS matrices-BCG MATRIX-Strategy implementation: Process and importance Develop programmes-Budgets, Procedures-International issues in strategic management implementation.

Strategy formulation

- Strategy formulation refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision.
- The process of strategy formulation basically involves six main steps. Though these steps do not follow a rigid chronological order, however they are very rational and can be easily followed in this order.

1. **Setting Organizations' objectives –**

The key component of any strategy statement is to set the long-term objectives of the organization. It is known that strategy is generally a medium for realization of organizational objectives. Objectives stress the state of being there whereas Strategy stresses upon the process of reaching there.

2. **Evaluating the Organizational Environment -** The next step is to evaluate the general economic and industrial environment in which the organization operates. Identify their own strengths and weaknesses as well as their competitors' strengths and weaknesses.

   - After identifying its strengths and weaknesses, an organization must keep a track of competitors' moves and actions so as to discover probable opportunities of threats to its market or supply sources.

3.Setting Quantitative Targets - In this step, an organization must practically fix the quantitative target values for some of the organizational objectives. The idea behind this is to compare with long term customers, so as to evaluate the contribution that might be made by various product zones or operating departments.

4.Aiming in context with the divisional plans - In this step, the contributions made by each department or division or product category within the organization is identified and accordingly strategic planning is done for each sub-unit. This requires a careful analysis of macroeconomic trends.

5.Performance Analysis - Performance analysis includes discovering and analyzing the gap between the planned or desired performance. A critical evaluation of the organizations past performance, present condition and the desired future conditions must be done by the organization.

6.Choice of Strategy - This is the ultimate step in Strategy Formulation. The best course of action is actually chosen after considering organizational goals, organizational strengths, potential and limitations as well as the external opportunities.

Practices business strategy situational analysis

- **Situational analysis:**
- In strategic management, situation analysis

(or situational analysis) refers to a collection of methods that managers use to analyze an organization's internal and external environment to understand the organization's capabilities, customers, and business environment.

The situation analysis can include several methods of analysis such as the 5C analysis, SWOT analysis and Porter's five forces analysis.

- The situation analysis looks at both the macro-environmental factors that affect many firms within the environment and the micro-environmental factors that specifically affect the firm.

- The purpose of the situation analysis is to indicate to a company about the organizational and product position, as well as the overall survival of the business, within the environment.

Companies must be able to summarize opportunities and problems within the environment so they can understand their capabilities within the market.[

5C analysis

- While a situation analysis is often referred to as the "3C analysis", the extension to the 5C analysis has allowed businesses to gain more information on the internal, macro-environmental and micro-environmental factors within the environment.
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- The 5C analysis is considered the most useful and common way to analyze the market environment, because of the extensive information it provides.
- **Company**
- The company analysis involves evaluation of the company's objectives, strategy, and capabilities. These indicate to an organization the strength of the business model, whether there are areas for improvement, and how well an organization fits the external environment.
- Goals and objectives: An analysis on the mission of the business, the industry of the business and the stated goals required to achieve the mission.
- Position: An analysis on the marketing strategy and the marketing mix.
- Performance: An analysis on how effective the business is achieving their stated mission and goals.
- Product line: An analysis on the products manufactured by the business and how successful it is in the market

Competitors

- The competitor analysis takes into consideration the competitors position within the industry and the potential threat it may pose to other businesses. The main purpose of the competitor analysis is for businesses to analyze a competitor's current and potential nature and capabilities so they can prepare against competition.

The competitor analysis looks at the following criteria:

Identify competitors:

- Businesses must be able to identify competitors within their industry. Identifying whether competitors provide the same services or products to the same customer base is useful in gaining knowledge of direct competitors. Both direct and indirect competitors must be identified, as well as potential future competitors.

Assessment of competitors:

- The competitor analysis looks at competitor goals, mission, strategies and resources. This supports a thorough comparison of goals and strategies of competitors and the organization.

Predict future initiatives of competitors:

- An early insight into the potential activity of a competitor helps a company prepare against competition.

Customers

- Customer analysis can be vast and complicated. Some of the important areas that a company analyzes includes:[5]
- Demographics
  - Advertising that is most suitable for the demographic
  - Market size and potential growth
  - Customer wants and needs
  - Motivation to buy the product
  - Distribution channels (retail, online, wholesale, etc...)
  - Quantity and frequency of purchase
  - Income level of customer

Collaborators

- Collaborators are useful for businesses as they allow for an increase in the creation of ideas, as well as an increase in the likelihood of gaining more business opportunities.
- The following type of collaborators are:

- **Agencies**: Agencies are the middlemen of the business world. When businesses need a specific worker who specializes in the trade, they go to a recruitment agency.
- **Suppliers**: Suppliers provide raw materials that are required to build products. Different types of Suppliers include manufacturers, wholesalers, merchants, franchisors, importers and exporters, independent crafts people and drop shippers. Each category of suppliers can bring a different skill and experience to the company.
- **Distributors:** Distributors are important as they are the holding areas for inventory. Distributors can help manage manufacturer relationships as well as handle vendor relationships.
- **Partnerships:** Business partners would share assets and liabilities, allowing for a new source of capital and skills.
- Businesses must be able to identify whether the collaborator has the capabilities needed to help run the business as well as an analysis on the level of commitment needed for a collaborator-business relationship.

- **Climate**
- To fully understand the business climate and environment, many factors that can affect the business must be researched and understood.

An analysis on the climate is also known as PEST analysis.

The types of climate/environment firms have to analyze are:

- **Political and regulatory environment**: An analysis of how actively the government regulates the market with their policies and how it would affect the production, distribution and sale of the goods and services.
- Economic Environment: An analysis of trends regarding macroeconomics, such as exchange rates and inflation rate, can prove to influence businesses.
- **Social/cultural environment**: An analysis interpreting the trends of society, which includes the study of demographics, education, culture etc.
- **Technological analysis:** An analysis of technology helps improve on old routines and suggest new methods for being cost efficient. To stay competitive and gain an advantage over competitors, businesses must sufficiently understand technological advances.

SWOT analysis

- A SWOT analysis is another method of situation analysis that examines the strengths and weaknesses of a company (internal environment) as well as the opportunities and threats within the market (external environment). A SWOT analysis looks at both current and future situations. The goal is to build on strengths as much as possible while reducing weaknesses. This analysis helps a company come up with a plan that keeps it prepared for a number of potential scenarios, as part of corporate planning or strategic planning

Porters five force Industry analysis

- Porter's model involves scanning the environment for threats from competitors and identifying problems early on to minimize threats imposed by competitors.
- This model can apply for any type of business, from small to larger sized businesses. Porter's model is not just for businesses, but can also be applied to a country to help gain insight into creating a competitive advantage in the global market.
- The ultimate purpose of Porter's five forces model is to help businesses compare and analyze their profitability and position with the industry against indirect and direct competition.

EFAS ANALYSIS

- External factor analysis
- External Factor Evaluation (EFE) Matrix is a strategic analysis tool used to evaluate firm’s external environment and to reveal its strengths as well as weaknesses.
- The external and internal factor analyses have been introduced by Fred R. David in his book, Strategic Management.
- According to the author, both tools are used to summarize the information gained from company’s external and internal environment analyses.

External Factor Analysis

	Critical Success Factor	Weight	Company Rating	Company Score	
OPPORTUNITIES	New trade agreement	0.11	3	0.33	1.00
	New supplier	0.09	1	0.09	
	Increased demand for products /	0.24	2	0.48	
	Decreased tax rate	0.1	1	0.1	
THREATS	Expiring contract	0.17	4	0.68	1.4
	Predicted natural disaster	0.03	2	0.06	
	New law / regulation	0.14	3	0.42	
	New competitors	0.12	2	0.24	
	Total	1.00	-		

Key External factors:

- When using the EFE matrix we identify the key external opportunities and threats that are affecting or might affect a company.
- By analyzing the external environment with the tools like PESTLE analysis, Porter’s Five Forces or Profile Matrix, the key external factors can be identified.
- The general rule is to identify as many key external and internal factors as possible.

Weights:

- Each key factor should be assigned a weight ranging from 0.0 (low importance) to 1.0 (high importance). The number indicates how important the factor is if a company wants to succeed in an industry. If there were no weights assigned, all the factors would be equally important, which is an impossible scenario in the real world. The sum of all the weights must equal 1.0. Separate factors should not be given too much emphasis (assigning a weight of 0.30 or more) because the success in an industry is rarely determined by one or few factors.

Ratings

- The ratings in external matrix refer to how effectively company's current strategy responds to the opportunities and threats.
- The numbers range from 4 to 1, where 4 means a superior response, 3 – above average response, 2 – average response and 1 – poor response. Ratings, as well as weights, are assigned subjectively to each factor.
- In our example, we can see that the company's response to the opportunities is rather poor, because only one opportunity has received a rating of 3, while the rest have received the rating of 1.
- The company is better prepared to meet the threats, especially the first threat.

Weighted Score

The score is the result of weight multiplied by rating.

Each key factor must receive a score.

Total weighted score is simply the sum of all individual weighted scores.

The firm can receive the same total score from 1 to 4 in both matrices.

The total score of 2.5 is an average score. In external evaluation a low total score indicates that company’s strategies aren’t well designed to meet the opportunities and defend against threats.

In internal evaluation a low score indicates that the company is weak against its competitors.

Note that EFE analyses only help identify and evaluate the factors, but do not directly help formulate a strategy or the next best strategic move.

IFAS ANALYSIS

- Internal Factor Evaluation (IFE) Matrix is a strategy tool used to evaluate firm’s internal environment and to reveal its strengths as well as weaknesses.
- The internal and external factor evaluation matrices have been introduced by Fred R. David in his book Strategic Management.
- According to the author, both tools are used to summarize the information gained from company’s external and internal environment analyses.

Internal factor analysis

	Critical Success Factor	Weight	Company Rating	Company Score	
STRENGTHS	Diversified income	0.1	4	0.4	1.92
	Brand reputation	0.08	3	0.24	
	Strong patents portfolio	0.07	4	0.28	
	Employee & HR advantage	0.02	3	0.06	
	Competency in M&A	0.06	3	0.18	
	Distribution channels	0.11	4	0.44	
	Strong product portfolio	0.08	4	0.32	
WEAKNESS	Debt level	0.1	1	0.1	0.82
	Over-dependence on sales from a	0.13	2	0.26	
	Profit margin	0.07	2	0.14	
	Price competition	0.09	2	0.18	
	Organizational culture	0.04	1	0.04	
	Environmental impact	0.05	2	0.1	
	Total	1.00	-	2.74	

- Strengths and weaknesses are used as the key internal factors in the evaluation.
- When looking for the strengths, ask what do you do better or have more valuable than your competitors have?
- In case of the weaknesses, ask which areas of your company you could improve and at least catch up with your competitors?
- The general rule is to identify as many key internal factors as possible.

- **Weights**
- Each key factor should be assigned a weight ranging from 0.0 (low importance) to 1.0 (high importance).
- The number indicates how important the factor is if a company wants to succeed in an industry.
- If there were no weights assigned, all the factors would be equally important, which is an impossible scenario in the real world.
- The sum of all the weights must equal 1.0. Separate factors should not be given too much emphasis (assigning a weight of 0.30 or more) because the success in an industry is rarely determined by one or few factors.

Ratings

- The ratings in internal matrix refer to how strong or weak each factor is in a firm. The numbers range from 4 to 1, where 4 means a major strength, 3 – minor strength, 2 – minor weakness and 1 – major weakness. Strengths can only receive ratings 3 & 4, weaknesses – 2 and 1. The process of assigning ratings in IFE matrix can be done easier using benchmarking tool.

Score

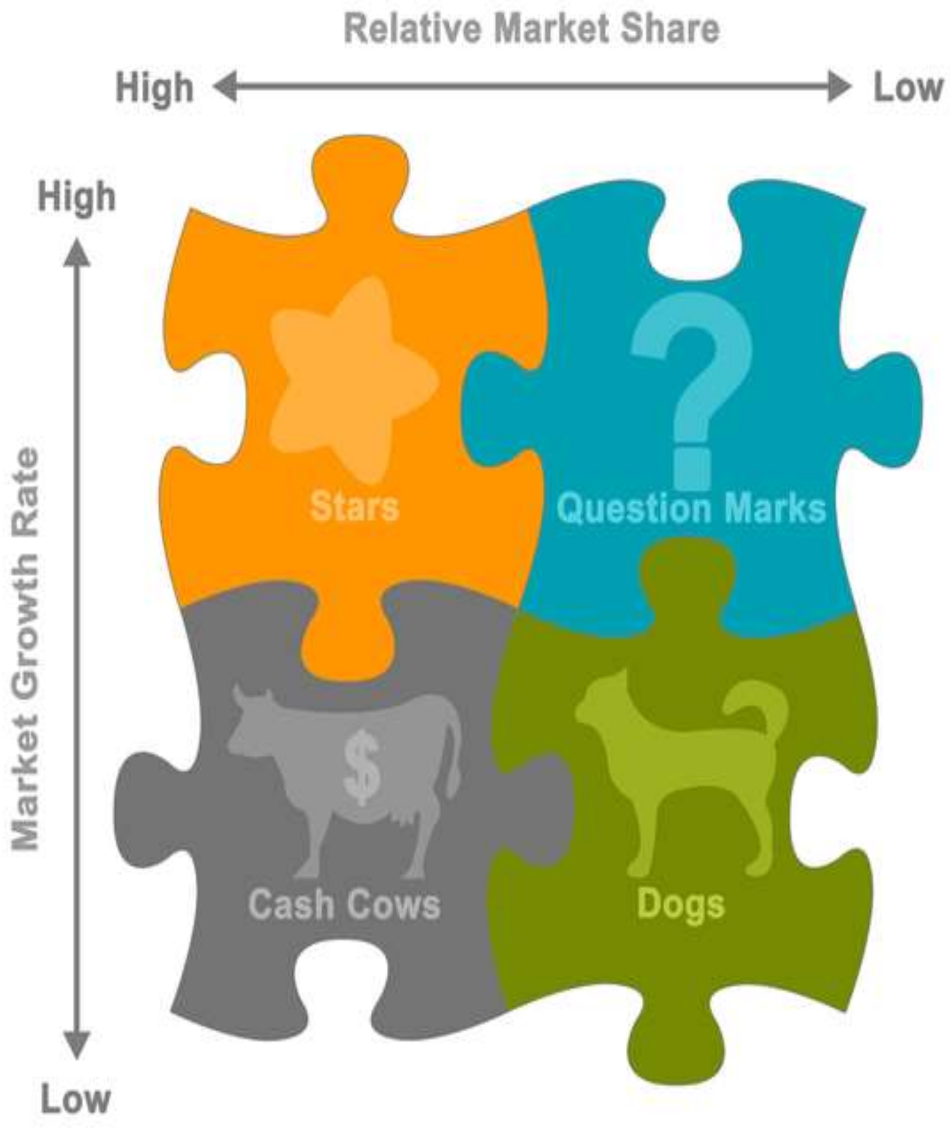
- The score is the result of weight multiplied by rating. Each key factor must receive a score. Total weighted score is simply the sum of all individual weighted scores. The firm can receive the same total score from 1 to 4 in both matrices. The total score of 2.5 is an average score. In internal evaluation a low score indicates that the company is weak against its competitors.
- IFE and EFE analyses have little value on their own. You should do both analyses and combine their results to discuss new strategies or for further analysis. They are especially useful when building advanced SWOT analysis, SWOT matrix for strategies or IE matrix.

Boston Consulting Group (BCG) Growth – Share Matrix

- BCG growth-share matrix is the simplest way to portray a corporation's portfolio of investments Growth share matrix also known for its cow and dog metaphors is popularly used for resource allocation in a diversified company.
- Using the BCG approach, a company classifies its different business on a two dimensional growth- share matrix.
- In the matrix:
- The vertical axis represents market growth rate and provides a measure of market attractiveness.
- The horizontal axis represents relative market share and serves as a measure of company strength in the market

What is a BCG matrix?

- A BCG matrix is a model used to analyze a business's products to aid with long-term strategic planning. The matrix helps companies identify new growth opportunities and decide how they should invest for the future.
- Most companies offer a wide variety of products, but some deliver greater returns than others.
- The BCG matrix gives the business a framework for evaluating the success of each product to help the company determine which ones they should invest more money into and which they should eliminate altogether. It can also help companies identify a new product to introduce to the market.



Stars:(High Growth, High Market Share)

Cash cows:(Low Growth, High Market Share)

Question marks:(High Growth, Low Market Share)

Dogs:

Using the matrix, organisations can identify four different types of products or SBU as follows

Stars: (High growth, High Market share)

Stars are products that enjoy a relatively high market share in a strongly growing market. They are (potentially) profitable and may grow further to become an important product or category for the company. The firm should focus on and invest in these products or business units.

The general features of stars are:

1. High growth rate means they need heavy investment
2. High market share means they have economies of scale and generate large Amounts of cash
3. But they need more cash than they generate.

The high growth rate will mean that they will need heavy investment and will therefore be cash users.

Cash cows: (Low growth ,High market share)

These are the product areas that have high relative market shares but exist in low-growth markets. The business is mature and it is assumed that lower levels of investment will be required. On this basis, it is therefore likely that they will be able to generate both cash and profits. Such profits could then be transferred to support the stars. The general features of cash cows are:

1. They generate both cash and profits
2. The business is mature and needs lower levels of investment
3. Profits are transferred to support stars/question marks
4. The danger is that cash cows may become under supported and begin to lose their market.

Although the market is no longer growing, the cash cows may have a relatively high market share and bring in healthy profits. No efforts or investments are necessary to maintain the status quo. Cash cows may however ultimately become dogs if they lose the market share.

Question marks (High Growth, Low Market Share)

Question marks are also called problem children or wild cats.

These are products with low relative market shares in high-growth markets. The high market growth means that considerable investment may still be required and the low market share will mean that such products will have difficulty in generating substantial cash. These businesses are called' question marks because the organisation must decide whether to strengthen them or to sell them.

The general features of question marks are:

1. Their cash needs are high

2. But their cash generation is low

3. Organisation must decide whether to strengthen them

or sell them.

DOGS (Low Growth,Low market share)

These are products that have low market shares in low-growth businesses. These products will need low investment but they are unlikely to be major profit earners. In practice, they may absorb cash required to hold their position. They are often regarded as unattractive for the long term and recommended for disposal. The general features of dogs are:

1. They are not profit earners
2. They absorb cash
3. They are unattractive and often recommended for disposal.

Turnaround can be one of the strategies to pursue because many dogs have bounced back and become viable and profitable after asset and cost reduction.

The suggested strategy is to
drop or divest the dogs when they are not profitable. If profitable, do not invest, but make the best out of its current value. This may even mean selling the division's operations.

Strategy implementation

- Strategy implementation concerns the managerial exercise of putting a freshly chosen strategy into action.
- It deals with the managerial exercise of supervising.

- The ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results.
- Strategic implementation is concerned with translating a strategic decision into action, which presupposes that the decision itself (i.e., the strategic choice) was made with some thought being given to feasibility and acceptability.
- The allocation of resources to new courses of action will need to be undertaken, and there may be a need for adapting the organization’s structure to handle new activities as well as training personnel and devising appropriate systems.

- Successful strategy formulation does not guarantee successful strategy implementation.
- It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation).
- Although inextricably linked, strategy implementation is fundamentally different from strategy formulation.
- Strategy formulation and implementation can be contrasted in the following ways:

Strategy Formulation Vs. Strategy Implementation

Strategy Formulation	Strategy Implementation
Strategy formulation focuses on effectiveness.	Strategy implementation focuses on efficiency.
Strategy formulation is primarily an intellectual process.	Strategy implementation is primarily an operational process.
Strategy formulation requires conceptual intuitive and analytical skills.	Strategy implementation requires motivation and leadership skills.
Strategy formulation requires coordination among the executives at the top level.	Strategy implementation requires coordination among the executives at the middle and lower levels.

Process of Strategy implementation

- Strategy implementation is the process of turning plans into action to reach a desired outcome. Essentially, it’s the art of getting stuff done.
- The success of every organization rests on its capacity to implement decisions and execute key processes efficiently, effectively, and consistently.

1.Set Clear Goals and Define Key Variables

- The first step of the process is straightforward: You must identify the goals that the new strategy should achieve. Without a clear picture of what you’re trying to attain, it can be difficult to establish a plan for getting there.
- One common mistake when goal setting—whether related to personal growth, professional development, or business—is setting objectives that are impossible to reach. Remember: Goals should be attainable. Setting goals that aren’t realistic can lead you and your team to feel overwhelmed, uninspired, deflated, and potentially burnt out.

2.Determine Roles, Responsibilities, and Relationships

- Once you’ve determined the goals you’re working toward and the variables that might get in your way, you should build a roadmap for achieving those goals, set expectations among your team, and clearly communicate your implementation plan, so there’s no confusion.
- In this phase, it can be helpful to document all of the resources available, including the employees, teams, and departments that will be involved. Outline a clear picture of what each resource is responsible for achieving, and establish a communication process that everyone should adhere to.
- Implementing strategic plans requires strong relationships and, as a manager, you’ll be in charge of telling people not only how to interact with each other and how often, but also who the decision-makers are, who’s accountable for what, and what to do when an unforeseen issue arises.

3. Delegate the Work

- Once you know what needs to be done to ensure success, determine who needs to do what and when.
- Refer to your original timeline and goal list, and delegate tasks to the appropriate team members.

- You should explain the big picture to your team so they understand the company's vision and make sure everyone knows their specific responsibilities.
- Also, set deadlines to avoid overwhelming individuals.
- Remember that your job as a manager is to achieve goals and keep your team on-task, so try to avoid the urge to micro manage.

4. Execute the Plan, Monitor Progress and Performance, and Provide Continued Support

- Next, you'll need to put the plan into action.
- One of the most difficult skills to learn as a manager is how to guide and support employees effectively.
- While your focus will likely be on delegation much of the time, it's important to make yourself available to answer questions your employees might have, or address challenges and roadblocks they may be experiencing.
- Check in with your team regularly about their progress and listen to their feedback.
- One effective strategy for monitoring progress is to use daily, weekly, and monthly status reports and check-ins to provide updates, re-establish due dates and milestones, and ensure all teams are aligned.

5. Take Corrective Action (Adjust or Revise, as Necessary)

- Implementation is an iterative process, so the work doesn’t stop as soon as you think you’ve reached your goal.
- Processes can change mid-course, and unforeseen issues or challenges can arise. Sometimes, your original goals will need to shift as the nature of the project itself changes.
- It’s more important to be attentive, flexible, and willing to change or readjust plans as you oversee implementation than it is to blindly adhere to your original goals.
- Periodically ask yourself and your team:

Do we need to adjust? If so, how?

Do we need to start over?

The answers to these questions can prove invaluable.

6. Get Closure on the Project, and Agreement on the Output

- Everyone on the team should agree on what the final product should look like based on the goals set at the beginning. When you've successfully implemented your strategy, check in with each team member and department to make sure they have everything they need to finish the job and feel like their work is complete.

- You'll need to report to your management team, so gather information, details, and results from your employees, so that you can paint an accurate picture to leadership.

7. Conduct a Retrospective or Review of How the Process Went

- Once your strategy has been fully implemented, look back on the process and evaluate how things went. Ask yourself questions like:
- Did we achieve our goals?
- If not, why? What steps are required to get us to those goals?
- What roadblocks or challenges emerged over the course of the project that could have been anticipated? How can we avoid these challenges in the future?
- In general, what lessons can we learn from the process?
- While failure is never the goal, an unsuccessful or flawed strategy implementation can prove a valuable learning experience for an organization, so long as time is taken to understand what went wrong and why.

Importance of strategy implementation

- Strategy implementation is important because it involves taking action instead of simply brainstorming ideas.
- It helps show the team that the strategies discussed are viable.
- It's also a great tool for team development because everyone can participate.
- Strategy implementation depends on thorough communication and the right tools to facilitate the strategy.

Strategy Implementation Programs

1.Business process reengineering:

- Business process reengineering strives to break away from the old rules and procedures that develop and become ingrained in the organization over the years. Cornerstones of reengineering are decentralization, reciprocal interdependence, and information sharing.
- Principles for Reengineering
- **The first principle** is to organize around outcomes, not tasks.
- **The second principle** is to have those who use the output of the process perform the process.
- **The third principle** is to subsume information processing work into the real work that produces the information.

- **The fourth principle** is to treat geographically dispersed resources as though they were centralized.
- **The fifth principle** is to link parallel activities instead of integrating their results.
- **The sixth principle** is to put the decision point where the work is performed and build control into the process.
- **The seventh principle** is to capture information once and at the source. Thus, instead of having each unit develop its own database and information processing activities, the information can be put on a network so that all can access it.

Six Sigma

- **Six sigma is an analytical method for achieving near-perfect results on a production line.**
- In statistics, the Greek letter sigma would denote that one sigma equals 690,000 defects per 1 million. Six Sigma reduces the defects to only 3.4 per million, thus saving money by preventing waste.
- Although the emphasis of six sigma is on reducing product variance in order to boost quality and efficiency, it is increasingly being applied to accounts receivable, sales, and R&D.

The process of Six Sigma encompasses 5 steps.

- They are as follows:
- (1) Define a process where results are poorer than average;
  (2) Measure the process to determine exact current performance;
- (3) Analyze the information to pinpoint where things are going wrong;
- (4) Improve the process and eliminate the error; and
  (5) Establish controls to prevent future defects from occurring.

Total Quality Management

- Total Quality Management (TQM) is an operational philosophy committed to customer satisfaction and continuous improvement. TQM is committed to quality and excellence and to being the best in all functions.
- TQM has 4 objectives.

They are as follows:

(1) Better and less variable quality of the product and service;

(2) Quicker and less variable response in processes to customer needs;

(3) Greater flexibility in adjusting to customers shifting requirements; and

(4) Lower cost through quality improvement and elimination of non-value-adding work.

What is Management By Objectives?

- Management By Objectives (MBO) is a technique that encourages participative decision making through shared goal setting at all organizational levels and performance assessment, based on the achievement of stated objectives.
- One of the benefits of MBO is that it can reduce the amount of internal politics operating within a large corporation.
- **The implementation process of MBO involves 4 steps.**

They are as follows:

(1) Establish and communicate organizational objectives;

(2) Set individual objectives that help implement organizational ones;
(3) Develop an action plan of activities needed to achieve the objectives; and

(4) Periodically review performance as it relates to the objectives.

Strategic Budgeting

- *Strategic Budgeting is a budget prepared by the companies that consider long-term objectives and costs that take more than one year to achieve. It involves preparing multiple budgets and forecasts for short-term costs aligned with the long term. And after that, allocating and categorizing funds depending on the activities.*

Strategic Budgeting Process

There are four dimensions we need to look for when we are converting the goals into a budget. That is Objectives, Strategies, Measures, and Targets. Let us define these step by step, which helps design the strategic budget.

Objectives – This defines what we are trying to achieve, which are our goals.

Strategy – The second step would be to develop a strategy to achieve a set goal.

Measures – After implementing the strategy, we need to track and evaluate its performance using relevant standards.

Target – Finally, the goal is where we aim to be by the end of the period.

In the process, we need to allocate funds to all the functional departments and help them achieve their objective to achieve the final target. Significant steps in designing the budget would be as follows –

- Forecast the short-term cost and factorize them into the budget
- Allocate categorized funds depending on the activities
- Make multiple budgets for the short term, which align with the long term ones.

ISSUES IN STRATEGY IMPLEMENTATION

- The different issues involved in strategy implementation cover practically everything that is included in the discipline of management studies.
- A strategist, therefore, has to bring a wide range of knowledge, skills, attitudes, and abilities.
- The implementation tasks put to test the strategists' abilities to allocate resources, design organisational structure, formulate functional policies, and to provide strategic leadership.

- The strategic plan devised by the organization proposes the manner in which the strategies could be put into action.
- Strategies, by themselves, do not lead to action.
- They are, in a sense, a statement of intent.
- Implementation tasks are meant to realise the intent. Strategies, therefore, have to be activated through implementation.
- Strategies should lead to formulation of different kinds of programmes.
- A programme is a broad term, which includes goals, policies, procedures, rules, and steps to be taken in putting a plan into action.
- Programmes are usually supported by funds allocated for plan implementation.

- Programmes lead to the formulation of projects.
- A project is a highly specific programme for which the time schedule and costs are predetermined.
- It requires allocation of funds based on capital budgeting by organizations.
- Thus, research and development programme may consist of several projects, each of which is intended to achieve a specific and limited objective, requires separate allocation of funds, and is to be completed within a set time schedule.

- Implementation of strategies is not limited to formulation of plans, programmes, and projects.
- Projects would also require resources.
- After resources have been provided, it would be essential to see that a proper organizational structure is designed, systems are installed, functional policies are devised, and various behavioural inputs are provided so that plans may work.
- Given below in sequential manner the issues in strategy implementation which are to be considered:
- Project implementation
- Procedural implementation
- Resource allocation
- Structural implementation
- Functional implementation
- Behavioural implementation

- It should be noted that the sequence does not mean that each of the above activities are necessarily performed one after another.
- Many activities can be performed simultaneously, certain other activities may be repeated over time; and there are activities, which are performed only once. Thus there can be overlapping and changes in the order in which these activities are performed.
- In all but the smallest organizations, the transition from strategy formulation to strategy implementation requires a shift in responsibility from strategists to divisional and functional managers.
- Implementation problems can arise because of this shift in responsibility, especially if strategic decisions come as a surprise to middle and lower-level managers.
- Managers and employees are motivated more by perceived self-interests than by organizational interests, unless the two coincide.
- Therefore, it is essential that divisional and functional managers be
- Involved as much as possible in the strategy-formulation process. similarly, strategists should also be involved as much as possible in strategy-implementation activities.