



CPL230-PENGEMBANGAN PERANGKAT LUNAK (PERTEMUAN-13)

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Dosen Pengampu :

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Prodi Teknik Informatika Fakultas Ilmu Komputer

Chapter 8

Strategy Implementation: Organizing for Action

PowerPoint Slides

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Strategy Implementation

Strategy Implementation:

- **Sum total of the activities and choices required for the execution of a strategic plan.**
- **Process by which strategies and policies are put into action through programs, budgets, and procedures.**

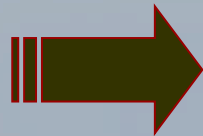
Strategy Implementation

Implementation Process Questions:

- *Who are the people to carry out the strategic plan?*
- *What must be done to align operations with new direction?*
- *How is work going to be coordinated?*

Strategy Implementation

**Problems in
Implementing
Strategic plans**



**More time than planned
Unanticipated problems
Activities ineffectively coordinated
Crises deferred attention away
Employees w/o capabilities
Inadequate employee training
Uncontrollable external factors
Inadequate leadership
Poorly defined tasks
Inadequate information systems**

Strategy Implementation

Programs:

- *Purpose is to make the strategy “action-oriented.”*
 - *Compare proposed programs and activities with current programs and activities.*

Strategy Implementation

Programs:

- *Matrix of change*
 - *Feasibility*
 - *Sequence execution*
 - *Location*
 - *Pace and nature of change*
 - *Stakeholder evaluations*

Matrix of Change

The Matrix of Change

Matrix Interaction

- + Complementary Practices
- Weak/No Interaction
- Interfering Practices

Importance to Job

- +2 Very Important
- +1 Somewhat Important
- 0 Irrelevant
- 1 Somewhat Interfering
- 2 Significantly Interfering

		Existing Practices						Target Practices			Importance					
		Designated Equipment	Narrow Job Functions	Large WIP and FG Inventories	Piece-Rate (Output) Pay	Several Management Layers (6)	Importance	Flexible Equipment	Greater Responsibility	Workers Paid Flat Rate	Low JIT Inventory	Few Management Layers (3-4)	Line Rationalization	Energized Organization	Zero Non-Conformance	Elimination of Non-Value-Adding Costs
Efficient Low-Cost Operation																
Meet Product Requirements																
Vertical Structure																
Importance								+2	+2		+2	+1	+1			

Strategy Implementation

Budgets:

- *Planning a budget is the last real check a firm has on the feasibility of the selected strategy.*

Strategy Implementation

Procedures:

– *SOP's:*

- *Detail the various activities that must be carried out to complete a corporation's programs.*

Strategy Implementation

Achieving Synergy:

– *Synergy:*

- *If the return on investment (ROI) is greater than what the return would be if the division was an independent business.*

Strategy Implementation

6 Forms of Synergy:

- Shared know-how
- Coordinated strategies
- Shared tangible resources
- Economies of scale or scope
- Pooled negotiating power
- New business creation

Strategy Implementation

Structure Follows Strategy:

- **Changes in corporate strategy lead to changes in organizational structure**

Strategy Implementation

Structure Follows Strategy:

- New strategy is created
- New administrative problems emerge
- Economic performance declines
- New appropriate structure is invented
- Profit returns to its previous levels

Strategy Implementation

Stages of corporate development

- **Simple Structure**
- **Functional Structure**
- **Divisional Structure**
- **Beyond SBU's**

Strategy Implementation

Simple Structure:

– Stage I:

- Entrepreneur
 - Decision making tightly controlled
 - Little formal structure
 - Planning short range/reactive
 - Flexible and dynamic

Strategy Implementation

Functional Structure:

– Stage II:

- Management team
- Functional specialization
- Delegation decision making
- Concentration/specialization in industry

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Divisional Structure:

– Stage III:

- Diverse product lines
- Decentralized decision making
- SBU's
- Almost unlimited resources

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Beyond SBU's:

– Stage IV:

- Increasing environmental uncertainty
- Technological advances
- Size & scope of worldwide businesses
- Multi-industry competitive strategy
- Better educated personnel

Factors Differentiating Stage I, II, and III Companies

Function	Stage 1	Stage II	Stage III
1. Sizing up: Major problems	Survival and growth dealing with short-term operating problems.	Growth, rationalization, and expansion of resources, providing for adequate attention to product problems.	Trusteeship in management and investment and control of large, increasing, and diversified resources. Also, important to diagnose and take action on problems at division level.
2. Objectives	Personal and subjective.	Profits and meeting functionally oriented budgets and performance targets.	ROI, profits, earnings per share.
3. Strategy	Implicit and personal; exploitation of immediate opportunities seen by owner-manager.	Functionally oriented moves restricted to "one product" scope; exploitation of one basic product or service field.	Growth and product diversification; exploitation of general business opportunities.
4. Organization: Major characteristic of structure	One unit, "one-man show."	One unit, functionally specialized group.	Multiunit general staff office and decentralized operating divisions.

(Continued)

Factors Differentiating Stage I, II, and III Companies

Function	Stage 1	Stage II	Stage III
5. (a) Measurement and control	Personal, subjective control based on simple accounting system and daily communication and observation.	Control grows beyond one person; assessment of functional operations necessary; structured control systems evolve.	Complex formal system geared to comparative assessment of performance measures, indicating problems and opportunities and assessing management ability of division managers.
5. (b) Key performance indicators	Personal criteria, relationships with owner, operating efficiency, ability to solve operating problems.	Functional and internal criteria such as sales, performance compared to budget, size of empire, status in group, personal relationships, etc.	More impersonal application of comparisons such as profits, ROI, P/E ratio, sales, market share, productivity, product leadership, personnel development, employee attitudes, public responsibility.
6. Reward-punishment system	Informal, personal, subjective; used to maintain control and divide small pool of resources to provide personal incentives for key performers.	More structured; usually based to a greater extent on agreed policies as opposed to personal opinion and relationships.	Allotment by "due process" of a wide variety of different rewards and punishments on a formal and systematic basis. Companywide policies usually apply to many different classes of managers and workers with few major exceptions for individual cases.

Strategy Implementation

Organizational Life Cycle:

- Describes how organizations grow, develop and eventually decline.
 - Stages:
 - Birth Stage
 - Growth
 - Maturity
 - Decline
 - Death

Organizational Life Cycle

	Stage I	Stage II	Stage III ¹	Stage IV	Stage V
Dominant Issue	Birth	Growth	Maturity	Decline	Death
Popular Strategies	Concentration in a niche	Horizontal and vertical growth	Concentric and conglomerate diversification	Profit strategy followed by retrenchment	Liquidation or bankruptcy
Likely Structure	Entrepreneur-dominated	Functional management emphasized	Decentralization into profit or investment centers	Structural surgery	Dismemberment of structure

Note: 1. An organization may enter a *Revival Phase* either during the Maturity or Decline Stages and thus extend the organization's life.

Changing Structural Characteristics of Modern Corporation

Old Organizational Design

One large corporation

Vertical communication

Centralized top-down decision making

Vertical integration

Work/quality teams

Functional work teams

Minimal training

Specialized job design focused on individual

New Organizational Design

Mini-business units & cooperative relationships

Horizontal communication

Decentralized participative decision making

Outsourcing & virtual organizations

Autonomous work teams

Cross-functional work teams

Extensive training

Value-chain team-focused job design

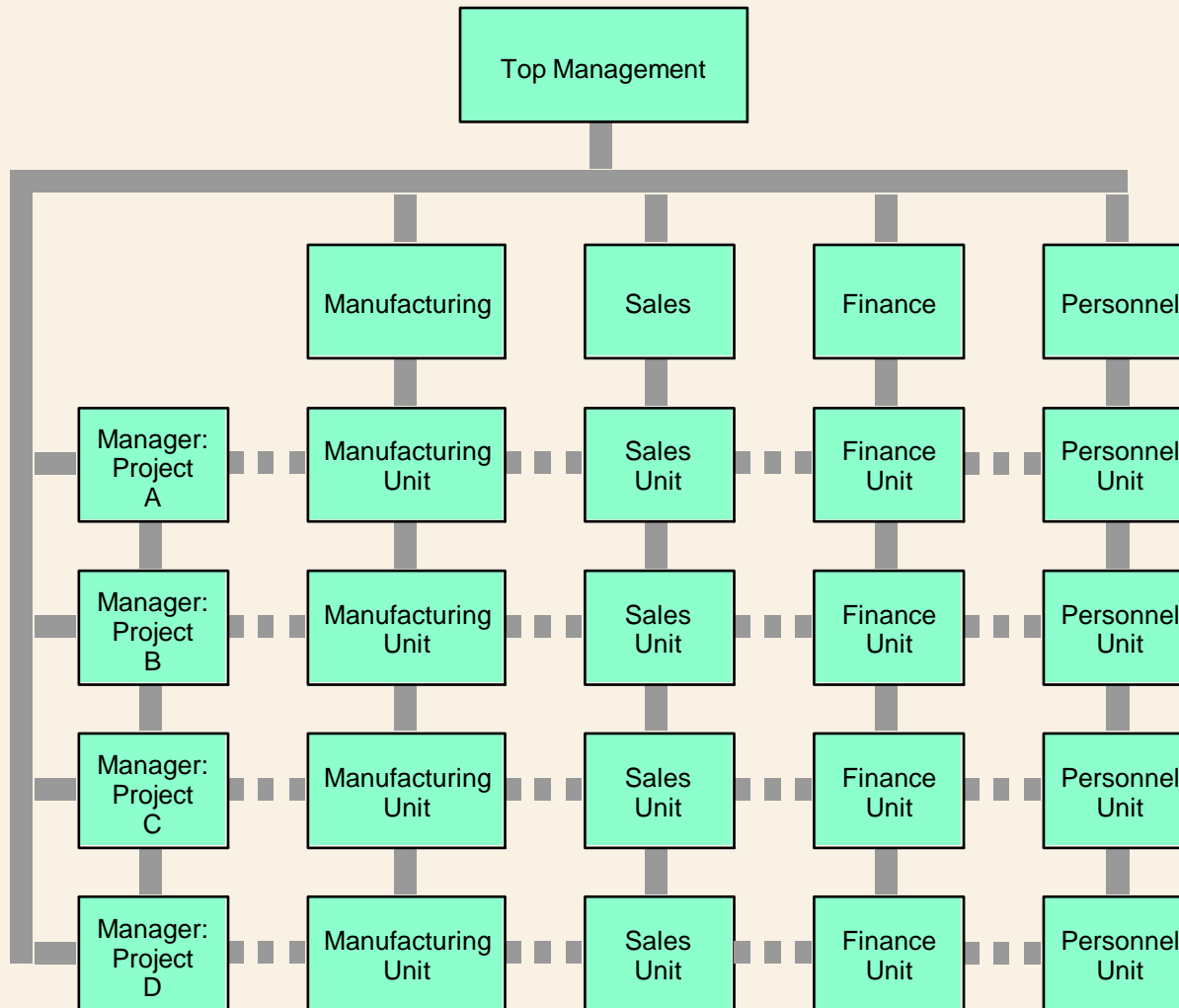
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Matrix Structure:

– 3 Distinct Phases

- Temporary cross-functional task forces
- Product/brand management
- Mature matrix

Matrix Structure

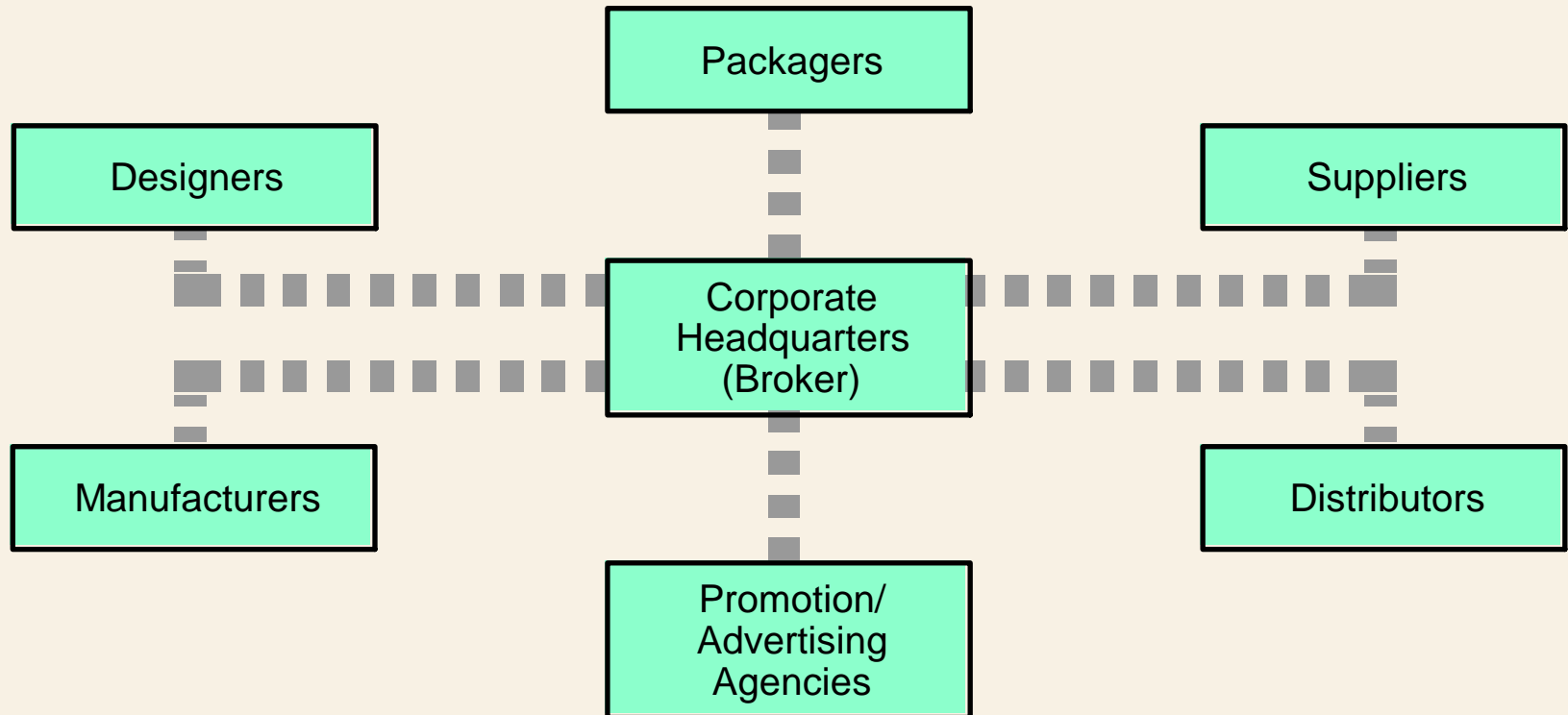


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Network Structure:

- “*non structure*” – elimination of in-house business functions
- Termed “virtual organization”
 - Useful in unstable environments
 - Need for innovation and quick response

Network Structure



Strategy Implementation

Cellular Organization:

- composed of “cells”
 - Self-managing teams
 - Autonomous business units

Strategy Implementation

Reengineering:

- *Radical design of business processes to achieve major gains in cost, service, or time. Effect way to implement a turnaround strategy.*

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Reengineering Principles:

- Organize around outcomes, not tasks
- Have those who use the output perform the process
- Subsume information-processing work into the real work that produces the information
- Treat geographically dispersed resources as though they were centralized
- Link parallel activities instead of integrating their results
- Put decision point where work is performed and build control into the process
- Capture information once at the source

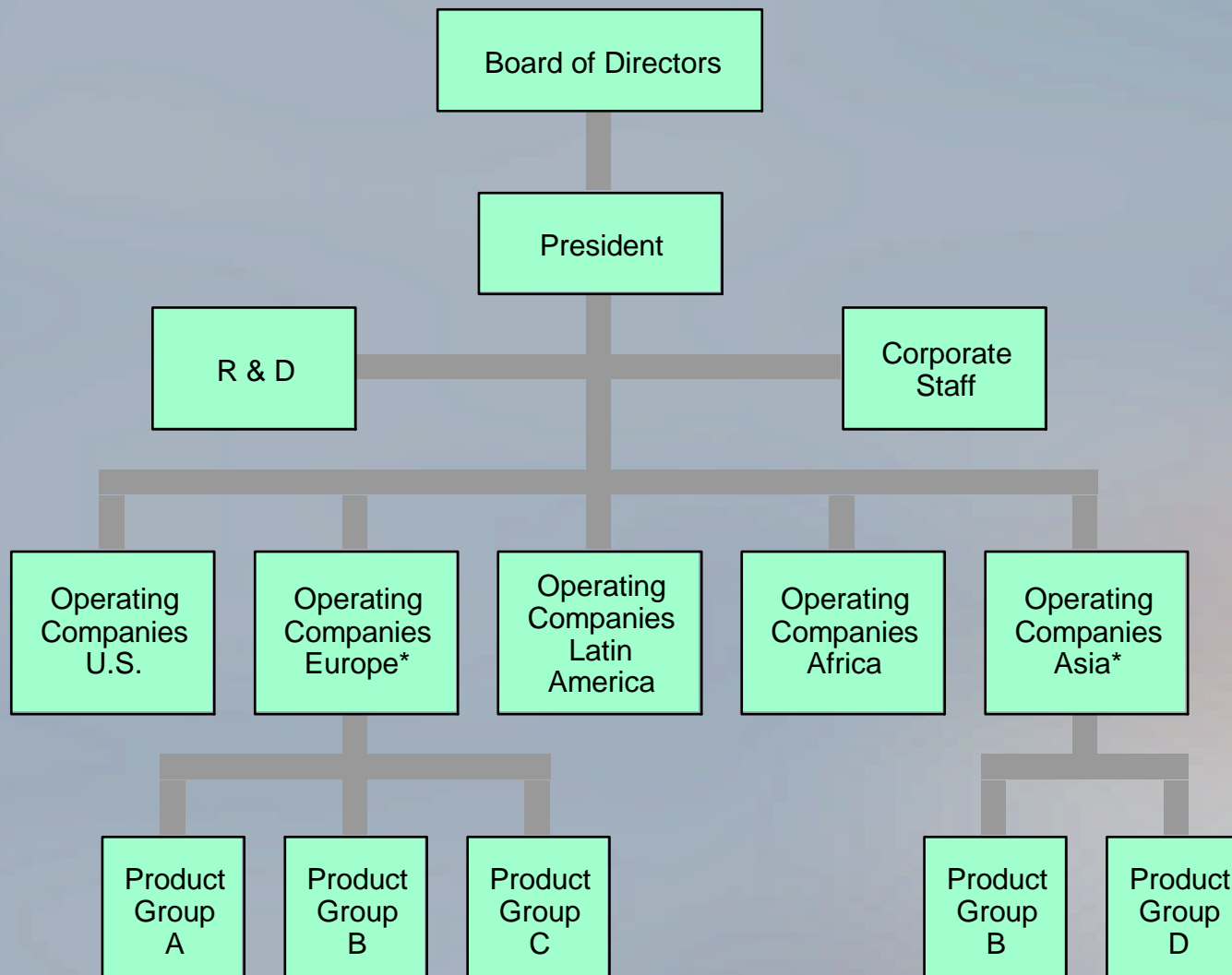
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- **Job Design source of competitive advantage**
 - Job design
 - Study of individual tasks to increase relevance
 - Job enlargement
 - Combining tasks
 - Job rotation
 - Increase variety of tasks
 - Job enrichment
 - More autonomy and control to workers

Stages of International Development

- Domestic company—some exporting
- Domestic company—export division
- Domestic company—international division
- Multinational corporation—multidomestic emphasis
- Multinational corporation—global emphasis

Geographic Area Structure for a Multinational Corporation



*Note: Because of space limitations, product groups for only Europe and Asia are shown here.

Strategy Implementation

Internet & Hyper-linked organizations

- Hyper-linked & decentralized
- Hyper time
- Directly accessible
- Rich data
- Broken
- Borderless

Trajectories of Decline

- **Focusing**
- **Venturing**
- **Inventing**
- **Decoupling**