

Strategy implementation 2

Module - III

□ Enabling Success: Managing People; Learning Organization; Cultural Web; Cross-cultural issues,

References & readings:

1. Concepts in Strategic Management & Business Policy, Thomas L. Wheelen, J David Hunger & Krish Rangarajan, 9th Ed, Pearson Education
2. Strategic Management – Concepts & Cases, Fred R David, 12th Ed, PHI
3. Strategic Management, Colin White, Palgrave Macmillan, 2007
4. Strategic Management – Formulation, Implementation & Control, John A Pearce, Richard B Robinson, Amita Mital, TMH, 10th Edition.

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Enabling Success: Managing People; Learning Organization

□ Learning Organization: an organization skilled at creating, acquiring and transferring knowledge, modifying its behavior to reflect new knowledge and insight. This is organization learning rather than individual learning. Knowledge, & skills inculcated in systems and processes and people rather than persons, because persons are dispensable but organizations go on, the CEO is sacked, long live the CEO!

Characteristics of learning organization

- Solving problems systematically
- Experimenting with new approaches
- Learning from their own experiences as well as others including competitors, vendors and customers
- Transferring knowledge quickly and efficiently throughout the organization

3M, P & G are few learning organization

Things to do: Read 'Building a learning organization' by D A Garvin, HBR (July / August 1993) pg 80

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Cultural Web; Cross-cultural issues

Q. Should strategy fit a culture or culture fit a strategy in?

A Strategy is market driven, one selects a strategy first and then try to fit a culture that would gel with the strategy chosen, change the culture if need be.

G Hofstede found in a study of 53 national culture that each national culture can be identified using dimensions:

1. Power Distance (PD)
Extent to which a society accepts an unequal distribution of power; autocratic to participative nature of doing things; Malaysia & Mexico like 'My way or Highway', 'Fall in line or get da hell outta here' approach, Germany and Austria like participation, So, Management by Objective (MBO) works in Germany but not in France. Hofstede assigned 104 for Mexico and 46 for US.
2. Uncertainty avoidance (UA)
Extent to which a society feels threatened by uncertain and ambiguous situations. Greece & Japan dislike ambiguity (they want career stability, preferably lifetime employment, formal rules, clear cut measures of performance), US and Singapore can live with ambiguity. In Japan the group loyalty and group consensus is important that is called *Wa*.

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3. Individualism-Collectivism (I-C)
Extent to which a society values Individualism-Collectivism, US & Canada scored highest and Mexico and Guatemala scored lowest, TQM ran into trouble in US due to its regard for individualism, Japan values group success, team effort they leveraged TQM, Hofstede assigned 30 for Mexico and 91 for US
4. Masculinity-femininity (M-F)
Extent to which a society is oriented towards money and allied things (parameters Hofstede labels masculine) or people, equality, quality of life, interdependence (parameters Hofstede labels feminine). Japan and Mexico scored highest in masculinity, France and Sweden scored highest in femininity
5. Long term orientation (LT)
Extent to which a society is oriented towards long term versus short term, Hong Kong and Japan scored highest in long term orientation (Hard Work, Education and persistence and Pakistan lowest. Nations with LT orientation would value strategic planning etc.

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Cultural Web; Cross-cultural issues

A thrifty and frugal culture, a la Indian (*Jugaad* Technology – getting things done by hook or crook, bending rules) or Chinese, is ideally suitable for cost cutting strategy.

Taking initiative, challenging status quo, exhibiting creativity, embracing change and being a team player promoting creative collaboration are suitable for differentiation

Product innovation and technological leadership strategy

Things to do: Read 1. 'Cultural Differences create implementation problems in merger' by R A Frank & T M Burton, cited in Wheelen, Hunger & Rangarajan pg 214

2. "You say Tomato", Lalita Khosla, Forbes (May 21 2001): 36, cited in American versus Foreign Communications Differences, Fred R David Strategic management, PHI, 12 Ed., pg 252

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Cultural Web; Cross-cultural issues

□ Diverse workforce and its benefits

Bob Marley sang Rainbow Country and it pays to do just that in one's workforce. Toyota has committed \$8 billion over 10 years to diversify its workforce

Some benefits as per a WSJ (Corporate Downsizing does not deter search for diversity, Julie Barnett, Oct 23, 2001, Wall Street Journal, B 18) article

- Improves corporate culture
- Improves employee morale
- Higher retention
- Easier recruitment of new employees
- Decreases complaints and litigation
- Increases creativity
- Decreases interpersonal conflicts between employees
- Enabler for moving into emerging markets
- Improves client relation
- Increases productivity
- Improves bottomline
- Maximizes brand identity
- Reduces training costs

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Sayin' it and livin' it – innovation is in our DNA



1. AT&T – “We believe innovation is the engine that will keep us vital and growing. Our culture embraces creativity, seeks different perspectives and risks pursuing new opportunities. We create and rapidly convert technology into products and services, constantly searching for new ways to make technology useful to customers.”
2. General Mills – “Innovation is the principal driver of growth...To be first among our competitors, we must constantly challenge the status quo and be willing to experiment...Our motivation system will strongly reward successful risk taking, while not penalizing an innovative idea that did not work”
3. Gerber – “(The mission will be achieved by) investing in continued product and body of knowledge, innovation, and research in the areas of infant nutrition, care, and development”
4. Gillette – “We will invest in master the key technologies vital to category success”
5. Hallmark – “(We believe) that creativity and quality –in our concept, products and services are essential to our success”

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Mission statements with innovation embedded in



6. Intel – “To succeed we must maintain our innovative environment. We strive to embrace change, challenge the status quo, listen to all ideas and viewpoints, encourage and reward informed risk taking, and learn from our successes and mistakes”
7. Merck – “We are dedicated to achieving the highest level of scientific excellence and commit our research to maintain human health and improving quality of life”

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An overview of: Leadership



- Traditional, dynastic, family tree, loyalty factor
- Charismatic – Che Guevara, Fidel Castro, Gandhi, Jallalitha, Anna Hazare
 - Succession planning is suspect
- Bureaucratic – power due to position, IAS or govt officials with strong mandate (EC during elections)
- Dictatorial (oppressive autocratic)
- Benevolent Dictatorship

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