

SEMESTER – M.Com, SEMESTER 4

SUBJECT – Strategic Management (Module II)

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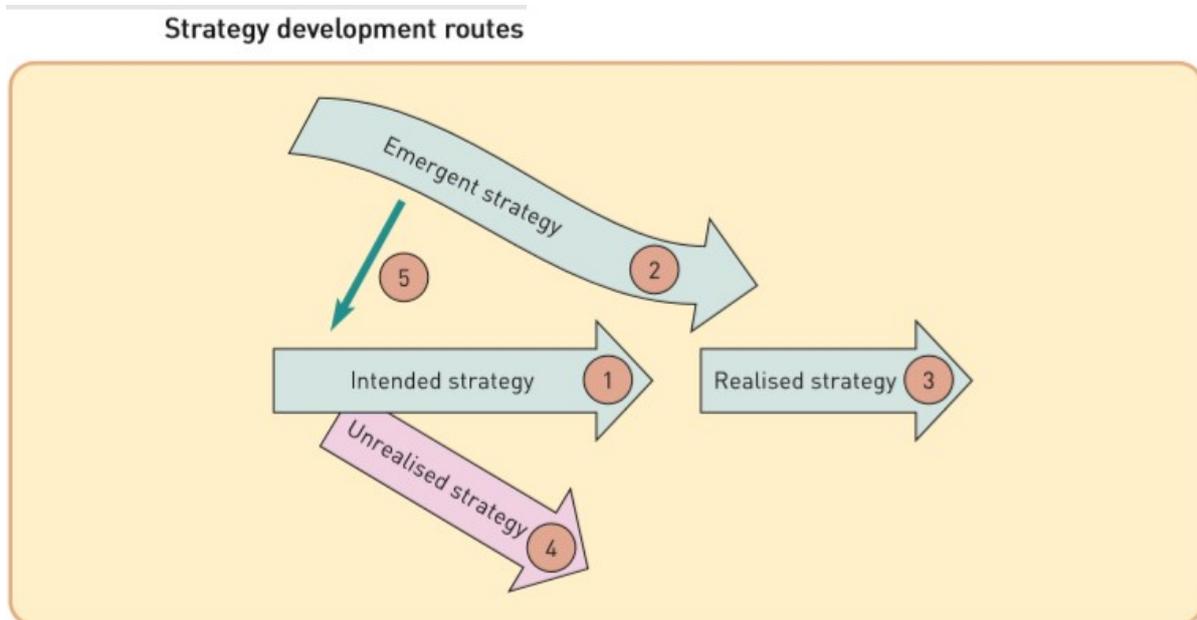
LECTURE NO. – 3

STRATEGIC LEADERSHIP

Strategy as planned emergence - Strategy Development Routes

The different processes of strategy development are not mutually exclusive; organisations have multiple processes. A problem that managers face, then, is that it is not unusual for organisations to have an intended strategy, perhaps the result of a strategic planning process, but to be following a different strategy in reality. We all experience this as customers of organisations that have stated strategies quite different from what we experience – government agencies that are there purportedly to serve our interests but act as bureaucratic officialdom, companies that claim they offer excellent customer service but operate call centres that frustrate customers and fail to solve problems, universities that claim excellence of teaching but are more concerned with their staff’s research, or vice versa. Figure below shows how realised strategy may come to be different from intended strategy. Thus strategies can be developed by the following routes:

Figure 1



- *Intended strategy* is the strategy deliberately formulated or planned by senior executives, represented by route 1 in the above figure. It may well be expressed in a formal document. It may also be accompanied by mechanisms designed to implement the intentions – project plans or objectives and targets, for example. However, intention and plans are not action; what an organisation actually does can be influenced by other processes.
- *Emergent strategy* is that which emerges on the basis of a series of decisions, a pattern which becomes clear over time. This happens in terms of the influences of learning, political processes, prior decisions and organisational systems and is represented by route 2 in the above Figure.
- *Realised strategy* is what the organisation is actually doing in practice (3 in Figure) This may have come about as a result of the intended strategy, but it may have come about as the outcome of emergent strategy processes. In truth the likelihood is that it will be a combination of the two: both intended and emergent processes are likely to influence what actually happens.
- *Unrealised strategy* (route 4) is the aspects of the intended strategy that do not come about in practice. There are several reasons for this: the environment changes and managers decide that the strategy, as planned, should not be put into effect; the plans prove to be unworkable or unacceptable in practice; or the emergent strategy comes to dominate.

There are at least four important implications here for strategists:

1. Awareness - First, and most fundamental, have managers taken steps to check if the intended strategy is actually being realised? It should not be assumed that top management of organisations is always close enough to customers or gets sufficient feedback so as to understand
2. The role of strategic planning - As has been pointed out, strategic planning might not perform the role of formulating strategies so much as the useful role of co-ordinating the strategies that emerge within the organisation; this is route 5 in Figure 1. This may be useful because it may be important that there is a formal explanation of the strategy for the stakeholders of the organisation. If strategic planning systems are to be employed managers need to learn two key lessons: *First*, that they are not a substitute for other processes of strategy development. These other processes need to be managed too. *Secondly*, that there needs to be realistic expectations of the role of strategic planning.

3. Managing emergent strategy. The processes of strategy development that give rise to emergent strategy may be rooted in organisational routines and culture, but they are not unmanageable. Indeed, this is as much about managing strategy as is strategic planning. Resource allocation processes can be changed; political processes can be analysed and managed; challenge to the norms and routines of organisation culture can be encouraged. A clear mission or vision can help.

4. The challenge of strategic drift. A major strategic challenge facing managers is the risk of strategic drift, the tendency for strategies to develop incrementally on the basis of historical and cultural influences, but fail to keep pace with a changing environment. Such a pattern may be a natural outcome of the influence of organisational culture, individual and collective experience, political processes and prior decisions. This further highlights that strategy development processes in organisations need to encourage people to have the capacity and willingness to challenge and change their core assumptions and ways of doing things.