**SEMESTER** **– M.Com, SEMESTER 4**

**SUBJECT** – **Strategic Management (Module II)**

**NAME OF THE TEACHER – DEEPASHREE CHATTERJEE**

**LECTURE NO. – 2**

**LEADING STRATEGIC CHANGE**

This section of the chapter is concerned with the role people play in leading strategic change and how they do it. It begins by explaining how leadership change exist in different parts and at different levels in an organisation. It then goes on to consider the different styles of strategic leadership that might be adopted and how these need to be aligned with different contexts of change.

**Strategic leadership roles**

Leadership is the process of inﬂuencing an organisation (or group within an organisation) in its efforts towards achieving an aim or goal. Without effective leadership of strategic change the risk is that people in an organisation are unclear about its purpose or lack motivation to deliver it. Strategic leadership is therefore central to strategic change. There are three key roles that are especially signiﬁcant in terms of leading strategic change:

* **Envisioning future strategy.** The effective strategic leader needs to ensure there exists a clear and compelling vision of the future and communicate clearly a strategy to achieve that both internally and to external stakeholders. In the absence of top management doing this, those who attempt to lead change elsewhere in an organisation are likely to construct such a vision themselves. This may be well intentioned but can lead to confusion, highlighting the importance of overall clarity on the purpose of strategic change.
* **Aligning the organisation to deliver that strategy.** This involves ensuring that people in the organisation are committed to the strategy, motivated to make the changes needed and empowered to deliver those changes. There is, then, a need for leaders to build and foster relationships of trust and respect across the organisation. It may, however, also be necessary to change the management of the organisation to ensure such commitment, which is a reason that top teams often change as a precursor to or during strategic change.
* **Embodying change.** A strategic leader will be seen by others, not least those within the organisation, but also other stakeholders and outside observers, as intimately associated with a future strategy and a strategic change programme. A strategic leader is, then, symbolically highly signiﬁcant in the change process and needs to be a role model for future strategy

Whilst there is often an emphasis on individuals at the top of an organisation, the leadership of change also involves others in and around the organisation.

**Middle managers**

A top-down approach to managing strategy and strategic change sees middle managers as implementers of top-management strategic plans. Here their role is to ensure that resources are allocated and controlled appropriately and to monitor the performance and behaviour of staff. However, middle managers have multiple roles in relation to the management of strategy. In the context of managing strategic change there are three other roles they play:

* ‘**Sense making’ of strategy**. Top management may set down a strategic direction; but how it is explained and made sense of in speciﬁc contexts (e.g. a region of a multinational or a functional department) may, intentionally or not, be left to middle managers. If misinterpretation of that intended strategy is to be avoided, it is therefore vital that middle managers understand and feel an ownership of it. They are therefore a crucial relevance bridge between top management and members of the organisation at lower levels, in effect translating a change initiative into a message that is locally relevant. A number of researchers have made the point that, in this role, how they make sense of top-down strategy and how they talk about and explain it to others becomes critically important.14 In this sense they can play a local leadership role.
* **Reinterpretation and adjustment** of strategic responses as events unfold (e.g. in terms of relationships with customers, suppliers, the workforce and so on); this is a vital role for which middle managers are uniquely qualiﬁed because they are in day-to-day contact with such aspects of the organisation and its environment.
* **Advisers** to more senior management on what are likely to be blockages and requirements for change.

When it comes to strategic change, middle managers are therefore in a key ‘mediating’ role between those trying to direct from the top and the operating level.

**Newcomers and outsiders**

Whilst managers in the organisation have important roles to play, ‘outsiders’ can also play an important role in strategic change. These could include:

* A new chief executive from outside the organisation may be introduced into a business to enhance the capability for change or to bring a fresh perspective, not bound by the constraints of the past, or the embedded routines that can prevent strategic change. This is especially so in turnaround situations
* New management from outside the organisation can also increase the diversity of ideas, help break down cultural barriers to change and increase the experience of and capability for change. However, their successful inﬂuence is likely to depend on how much explicit visible backing they have from the chief executive. Without such backing they may be seen as lacking authority and inﬂuence.
* Consultants are often used to help formulate strategy or to plan the change process. They are also increasingly used as facilitators of change processes: for example, in a coordinating capacity, as project planners for change programmes, as facilitators of project teams working on change, or of strategy workshops used to develop strategy and plan means of strategic change. The value of consultants is threefold. First, they do not inherit the cultural baggage of the organisation and can therefore bring a dispassionate view to the process. Second, as a result, they may ask questions and undertake analyses which challenge taken for-granted ways of seeing or doing things. Third, they signal symbolically the importance of a change process, not least because their fees may be of a very high order.