

Extension Material 3.2

The ability to effectively implement organizational strategies is both problematic and often poorly understood by those charged with delivering strategic change; arguably it is more of a challenge to successfully implement the chosen strategy than it is developing the strategy in the first place. According to Markides (2008), while an organization's strategy has the potential to energize people and get them excited about whom they work for and what they do, the internal environment plays a crucial role in translating that strategy into changed behaviour. He claims that:

If you want your company's strategy to be implemented properly, you need to ask the question: 'What organizational environment must I create internally to elicit the employee behaviour that will support the strategy?'

As a way of understanding what this involves, Markides breaks the internal environment down into four distinctive parts:

1. The measurement and incentive systems of the company;
2. its culture, values, and norms;
3. its structure and processes; and
4. its people and their skills, mindsets, and attitudes.

He argues that:

People will not change what they do because we tell them to; they will change only if we put in place the right incentives and the right culture and values—in short, the right organization.

(Markides, 2008)

The recognition that successful strategy formulation and implementation is conditional upon certain key organizational factors is a theme of O'Reilly and Pfeffer (2000). In their analysis of strategy they argue that the conventional view of strategy is premised on the primacy of intellect and rationality which is applied to strategically important questions. But, according to them, this approach fails to engage with the people who are charged with implementing the strategy, and moreover it fails to reflect the importance of the affective domain—people's feelings and emotions—in changing behaviour (2000: 13). They offer an alternative view of strategy based on the organization's basic beliefs, values, and operating principles; in other words, its defining philosophy. This approach sees strategy emerging from and shaped by these core values in ways that create a sense of legitimacy, ownership, and support throughout the process of developing and implementing the chosen strategy (see Figure 3.8).

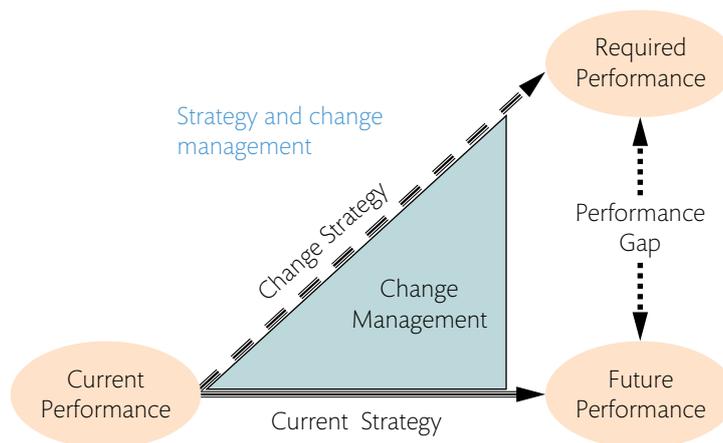


Figure 3.8 Strategy and the performance gap



REFERENCES

Markides, C. C. (2008) *Game-Changing Strategies: How to Create New Market Space in Established Industries by Breaking the Rules*, Jossey-Bass.

O'Reilly, C. and Pfeffer, J. (2000) *Hidden Value: How Great Companies Achieve Extraordinary Results with Ordinary People*, Harvard Business School Press.