2. LEARNING UNIT 2: STRATEGIC MANAGEMENT: THE PROCESS AND PRACTICE PERSPECTIVES OF STRATEGY

Strategy starts with the end in mind

“Thinking about strategy requires thinking vertically, from high altitude to low altitude. Strategy looks at effectiveness and success through the eyes of customers and other stakeholders who are receiving a product or service (customers) or who impact the delivery of a product or service (stakeholders). Actionable strategy links a shared vision of the future to strategically important products, programmes, services and activities.”

Source: Rohm (2008)

After reading the above statement, think about the following:

(1) Would you agree with the view that strategy really starts with what customers want?
(2) In terms of this statement, how important is a vision statement?
(3) Does the above statement portray strategy as a dynamic concept?

Write down what you think about the above questions at this stage, and review your answers after you have completed this learning unit and, preferably, also learning unit 7. What are your perceptions now? Why?

As indicated at the start of learning unit 1, you will encounter a variety of terms that are often used as synonyms for specific concepts in the field of strategy and strategic management. Review our explanation of the various terms and ensure that you understand our preferences for terms that we will use in this module on strategic planning.
2.1 Learning outcomes

On completion of this learning unit, you should be able to have a sound understanding of and insight into the traditional process perspective as well as the more recent strategy-as-practice perspective on strategic management. More specifically, you should be able to

- assess the importance of strategic thinking as the starting point for strategy, strategy formulation and hence strategic management
- evaluate the strategic direction setting of an organisation
- assess the traditional process perspective on strategic management
- analyse an organisation's strategy and strategic management process
- criticise the traditional process perspective of strategic management
- differentiate meaningfully between deliberate and emergent strategies as a basis for strategic decision making and strategising
- justify strategy-as-practice as an effective approach to managing new strategic realities
- critically assess the role of strategists and managers in dealing with new realities in the context of strategy-as-practice

2.2 Key concepts

The key concepts identified in this learning unit are as follows:

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<tr>
<th>strategy</th>
<th>vision</th>
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<td>strategic management</td>
<td>mission</td>
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<td>value statements and propositions</td>
<td>strategic thinking</td>
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<td>deliberate strategies</td>
<td>strategic intent</td>
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<td>emergent strategies</td>
<td>strategic objectives</td>
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<td>strategy formulation</td>
<td>strategists and strategising</td>
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2.3 Introduction

In learning unit 1 we briefly introduced the traditional process perspective as well as the more recent practice perspective on strategic management. In this learning unit, we commence by discussing the importance of strategic thinking as the starting point of strategy (this information is not included in the prescribed book). The remainder of the learning unit is based on chapters 4 and 5 in the prescribed book. Our purpose in this learning unit is essentially twofold: Firstly, the traditional, largely rational process perspective on strategic management, including the importance of strategic direction setting, is explained in greater detail (ch 4). Secondly, as an effective means of addressing the challenges of new, emerging strategic realities in the world of business we focus on and explore the merits of the more recent practice perspective on strategic management (ch 5).

To achieve the learning outcomes for this learning unit you will be required to refer to both chapters 4 and 5 from time to time in order to follow our line of thinking. Continuing from our largely introductory discussions in learning unit 1, we now explore strategic management and strategising more extensively by

- introducing the important concept of strategic thinking
- emphasising the importance of strategic direction setting for an organisation
- providing a critical overview of the traditional, rational process approach to strategic management that was introduced in learning unit 1
- identifying shortcomings in the traditional process approach to strategic management as a result of new environmental, competitive and strategic realities
explaining the meaning of deliberate compared to emergent strategies and why emergent strategies have required rethinking of the traditional process approach to strategic planning and strategic management

considering the more recent strategy-as-practice approach to strategic management and highlighting its effectiveness in dealing with new strategic realities

exploring the role of strategists and managers in organisations

2.4 Strategic thinking

The importance of strategic thinking relates to the conceptual nature of strategy and strategy formulation, which is referred to as the thinking part of strategic management. Strategic thinking is, in fact, the starting point of strategising, strategy formulation and strategic management.

What does strategic thinking really involve? Chartrand (2012) responded to this question as follows: “Before there is strategic thinking, there must first be a strong foundation of critical thinking.” The author continues by stating that, at the top level of the organisation, strategic thinking is the ability to see the total enterprise, to spot the trends and understand the competitive landscape, to see where the business needs to go and to lead it into the future. However, Chartrand (2012) contends that strategic thinking may occur at the following three successive hierarchical levels in organisations:

- **lower level**: self-awareness, critical thinking, intellectual curiosity and openness
- **intermediate level**: exercising good judgement and understanding the business – problem solving, decision making, business acumen and customer focus
- **higher level**: successfully creating “new and different” – dealing with ambiguity, innovative management and perspective taking
Self-awareness at the lower level arises from the ability to think critically, in conjunction with intellectual openness. These, in turn, provide the basic business skills required at the intermediate level. The higher one rises in the organisation, the more these skills are needed, and as they are developed, they build the next layer up – the ability to embrace change and ambiguity – and in so-doing, creating something new. According to Chartrand (2012), it all starts with critical thinking and those who cannot master it will not go far.

Characteristics that have been associated with strategic thinking that essentially support the ideas referred to above include the following: focus on strategic intent; long-term orientation; consideration of past and present; a systems perspective; the ability to seize unanticipated opportunities; and a scientific approach (Harrison & St John 2008:14).

According to Abraham (2005:5-12), to stretch company thinking about different and better ways of competing, top managers can explore the following approaches: being successfully different; emulating entrepreneurs; finding new opportunities; being future oriented; and being collaborative.

We now consider the traditional process perspective on strategic management as well as the importance of strategic direction setting.

### 2.5 Strategic management: the process perspective

Study sections 4.1, 4.3 and 4.4 in chapter 4 in the prescribed book and review sections 1.3, 1.4 and 1.5 in learning unit 1.

#### 2.5.1 Introduction

Following on from our discussions in learning unit 1, we now explore the strategic management process in greater detail in terms of its characteristics, purpose and
merits for effective organisational leadership and management. We will also emphasise strategic direction setting as an indispensable part of effective strategy formulation or strategic planning. Strategic management, which comprises the phases of strategy formulation, strategy implementation and strategy review and control, is illustrated in figure 4.1 in the prescribed book.

As an introduction, Pearce and Robinson (2009:3) view strategic management as the following set of decisions and actions that result in the formulation, implementation and control of action plans designed to achieve a company's objectives:

(1) formulating the company's strategic intent, vision and mission, including broad statements about its purpose, philosophy and goals
(2) analysing the company's external environment, including the macroenvironment and industry and market environments
(3) analysing the company's internal environment in terms of its strengths and weaknesses relating to its resources and capabilities
(4) analysing the company's strategic options by matching resources and capabilities with opportunities and threats in the external environment to develop optimal strategies
(5) identifying the most desirable strategic options by evaluating each option against the company's vision, mission and strategic intent
(6) selecting a set of long-term objectives and strategies that will achieve these long-term objectives
(7) developing annual objectives and short-term functional strategies and tactics that are compatible with the selected set of long-term objectives and strategies
(8) implementing the selected strategies and tactics by means of budgeted resource allocations and by matching and aligning tasks, people, structures, technologies, culture and reward systems in the organisation, while ensuring that sustainability has been integrated into the strategies
(9) evaluating the success of the strategic management process continuously as an input for future decision-making
Note that actions (1) to (6) above essentially form part of strategic planning or strategy formulation, actions (7) and (8) are part of strategy implementation and action (9) involves strategy evaluation, review and control.

We will now discuss the first phase of the process approach to strategic management, strategy formulation or strategic planning, in more detail.

2.5.2 Strategy formulation or strategic planning

Study section 4.1 in chapter 4 in the prescribed book.
As the starting phase of the strategic management process, strategy formulation reflects the leadership's future intentions for the organisation and how to achieve them by engaging in the following three main decision stages:

1. deciding on the organisation’s future – setting strategic direction
2. analysing the organisation's external and internal environments
3. selecting appropriate competitive strategies – strategic choice

Based on the material in the prescribed book, these decision stages are now highlighted with the emphasis on strategic direction setting in deciding on an organisation’s future:

2.5.2.1 Deciding on the future of the organisation: strategic direction setting

Study section 4.4.1 in chapter 4 in the prescribed book.

Providing clear future direction for an organisation is not only necessary for strategy formulation, but it also aligns the efforts of the organisation and its members in the same direction, and serves to inform both internal and external stakeholders of the
organisation’s purpose and long-term objectives. Based on the premise of strategic thinking, study figure 4.2 in the prescribed book and ensure that you understand why setting strategic direction for an organisation is important. The relevant elements of strategic direction setting are discussed below.

a  Vision
A vision statement should reflect the desired future state of an organisation. David (2013:75) states that the vision statement should answer the question: What do we want to become?

A well-formulated vision statement should provide direction for organisational members to work towards, and becomes a powerful motivational factor where the vision is "lived by leadership" and accepted by all in an organisational culture of shared values, as illustrated by the examples in the prescribed book. Excellent vision statements are crisp, clear and unambiguous in terms of the message they convey to internal and external stakeholders as well as the community at large. Vision statements form the basis for developing relevant mission statements.

b  Mission
Whereas the vision statement generally indicates a desired future state for an organisation, a mission statement is more current and basically defines the purpose of an organisation and the rationale for its existence. A mission statement addresses the basic question: What is our business? The mission statement is broadly framed, enduring and aimed at both internal and external stakeholders.

Pearce and Robinson (2009:25) define a mission statement as follows: “The unique purpose that sets a company apart from others of its type and identifies the scope of its operations in product, market and technology terms.”

In studying this section in the prescribed book, note the following elements that are often included in a mission statement over and above product, market and technology considerations: commitment to employees, commitment to stakeholders,
orientation towards survival and growth, organisational values and organisational philosophy. Note the real-world examples provided in this section of the prescribed book.

Activity 2.1
As an example, the vision of First National Bank (FNB) reads as follows:

“To be a great business, helping to create a better world.”

FNB’s mission statement reads as follows:

“To move from good to great by building enduring, rewarding relationships supported by people, innovation and efficiencies.”

Analyse these two statements against the requirements for effective vision and mission statements. How good are FNB’s statements in reflecting the correct image to all its stakeholders in terms of where the company is going and the kind of financial institution it is?

In an attempt to reaffirm the importance of mission and vision statements as indispensable components of an organisation's strategic direction setting, access the websites of a few companies listed on the Johannesburg Securities Exchange (JSE) (http://www.jse.co.za/current-companies/listed-companies) and scrutinise their vision and mission statements.

To what extent do these vision and mission statements comply with the desired characteristics discussed above as well as with other characteristics that you may have identified? Summarise your findings in a brief report.

There is general agreement that, at the very least, all managerial levels should be involved in the formulation of the mission statement, but that involvement could even be wider. The rationale is that such involvement largely ensures ownership as well as powerful motivation and commitment by those who are involved. In closing, note
the various procedures that could be followed in developing appropriate mission statements. Bear in mind, however, that an organisation's long-term objectives are derived from its mission statement.

c  Long-term objectives

Although the above sections in the prescribed book refer to strategic goals instead of long-term objectives or strategic objectives, we regard these three terms as interchangeable but prefer the latter two. As previously stated, long-term objectives flow from the organisation's mission statement. Dess, Lumpkin and Eisner (2008:28) concur by stating that long-term objectives are used to operationalise the mission statement, are specific, cover a well-defined timeframe and provide guidance on how the organisation can work towards pursuing its mission and vision.

Study this section with reference to table 4.2 in the prescribed book where the differences between well-formulated and poorly formulated strategic objectives are highlighted. Appropriate long-term objectives should be specific, measurable, achievable, realistic, and have a definite timeframe – the SMART approach in setting objectives.

We should keep in mind that organisations have a hierarchy of objectives, ranging from (at the top) those that are long term, strategic and relatively less specific, yet still measurable, to (at the bottom) those that are short term, more specific and measurable. Organisations thus need both long- and short-term objectives.

You may come across literature sources that distinguish between long-term financial and strategic objectives. According to Thompson, Peteraf, Gamble and Strickland (2012:76-78), both financial and strategic objectives are required. Financial objectives communicate the targets for an organisation's expected financial performance, while strategic objectives relate to its market standing, typically in terms of market share and market growth rate to be achieved. Examples of these objectives appear in table 2.1 below.

Table 2.1: Financial and strategic objectives

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<tr>
<th>Financial Objectives</th>
<th>Strategic Objectives</th>
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### Financial objectives

<table>
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<tr>
<th>Increase annual revenue by X percent</th>
<th>Secure X percent market share</th>
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<tbody>
<tr>
<td>Increase annual after-tax profit by X percent</td>
<td>Ensure an X percent market growth rate</td>
</tr>
<tr>
<td>Increase earnings per share by X percent</td>
<td>Own excellent technological capabilities</td>
</tr>
<tr>
<td>Increase annual dividend by X percent</td>
<td>Possess a powerful brand name</td>
</tr>
<tr>
<td>Report an X percent return on investment (ROI)</td>
<td>Expand the product line</td>
</tr>
<tr>
<td>Report a percentage upward trend in share price</td>
<td>Record excellent product performance</td>
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**Source:** Adapted from Thompson et al (2012:78)

Financial and strategic objectives clearly measure different activities and outcomes. Financial objectives are mostly quantifiable, while strategic objectives are less so. The first two strategic objectives in table 2.1 are measurable, whereas the remainder are typically benchmarked against industry averages, compared to those of industry leaders or competitors, or based on the organisation’s own historical trends. Any combination of the latter three bases of long-term strategic objectives can be used.

Study section 4.5.3 which illustrates how the balanced scorecard can help to set strategic objectives. Note that in figure 4.3 in the prescribed book, the four perspectives for translating strategic direction into strategic objectives, measures and targets for achievement are given – in effect, operationalising the organisation’s vision and mission. To what extent does the example of Cell Mobile in the prescribed book relate to the preceding discussion on the merits of the balanced scorecard? We now briefly look at strategic intent as one of the most important components in setting an organisation's strategic direction.

**d Strategic**

An organisation is said to exhibit strategic intent “when it relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective” (Thompson et al 2012:86).
Hamel and Prahalad (2005) first introduced the concept of strategic intent in the late 1980s to explain the extraordinary pursuit of competitiveness by companies in their quest to become an industry leader, or at best to outperform their closest competitors. Strategic intent implies an obsession with winning at all levels of the organisation. At the time, examples of statements of strategic intent were Komatsu's intent to “encircle Caterpillar” and Canon's intent to “beat Xerox”. We now conclude our discussion by briefly considering an organisation's value statement as an element providing strategic direction for the organisation.

**e Value statement and organisational values**

Many organisations have developed statements to reflect the values that the organisation intends to pursue in terms of conducting its operations and the behaviour it expects from its personnel. An organisation's overarching values are the beliefs, traits and behavioural norms that guide the organisation in pursuing its vision and mission and include factors such as fair treatment, integrity, ethical behaviour, loyalty, innovativeness, teamwork, pursuing excellent quality and superior customer service, social responsibility and citizenship (Thompson et al 2012:75). In essence, organisational values involve ethical behaviour, respect for others, opportunities for staff to reach their full potential, a passion for excellence, and being socially and ecologically responsible. These values become more powerful the more they are ingrained in the organisation's leadership and culture. The importance of leadership excellence and enhancing organisational cultures in strategic management is addressed in the module on strategy implementation.

We now consider the second decision stage of strategy formulation as discussed in the prescribed book.

### 2.5.2.2 Analysing the organisation's external and internal environments

Having set the strategic direction of an organisation, its external and internal environments need to be analysed. More specifically, note the importance of analysing its external environments (macroenvironment, industry environment and market environment) in order to identify actual as well as potential external
opportunities and threats (O and T) of relevance to the organisation. It is also necessary to analyse the organisation's internal resources, capabilities and competencies in assessing its strengths and weaknesses (S and W). In combination, these analyses constitute the basis of the well-known SWOT analysis, which will be highlighted in learning unit 3.

These analyses allow organisations to determine how best to match and capitalise on an organisation's opportunities and strengths, to counter external threats and even improve internal organisational weaknesses. Analyses of the external and internal environments are the topics of learning units 3 and 4 respectively.

We now turn our attention to the third decision stage of strategy formulation, namely the choice of appropriate strategies to achieve the organisation's long-term objectives.

2.5.2.3 Selecting appropriate competitive strategies: strategic choice
Once the strategic direction for an organisation has been set and the outcomes for the environmental analyses are available as a basis for decisionmaking, the most appropriate strategy or strategies are selected. As explained in section 1.9 in learning unit 1, a multibusiness company with subsidiaries in different industries will select a corporate level strategy for the parent company, and competitive business level strategies for its respective subsidiaries. For a single business organisation it would mean deciding on an optimal competitive business level strategy or strategies to compete in its specific industry environment. Deciding on and selecting appropriate strategies is the topic of learning unit 7. We now turn to strategy implementation, the second phase of strategic management.

2.5.3 Strategy implementation

Study section 4.1.2 in chapter 4 in the prescribed book.

The purpose of our discussion here is to briefly introduce strategy implementation as the second phase of the strategic management process, generally referred to as the
action or doing phase, namely translating strategic plans into action. Strategy implementation is necessary regardless of whether the process approach or the practice approach has been adopted. The required drivers of effective implementation include leadership, organisational culture, organisational structure, reward systems, and organisational systems, policies and procedures, at times collectively referred to as organisational architecture. In learning unit 1, we alluded to the fact that all managerial levels should be involved in and provide inputs for strategy formulation, which is also confirmed in s. This will be discussed in more detail in section 2.6 below. A distinct benefit of this approach is that it orientates and timeously prepares middle and lower management levels for the implementation task, as discussed in detail in the prescribed book. This topic of implementation is dealt with in the module on strategy implementation. We now briefly consider strategy review and control as the last phase of an integrated strategic management process.

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Activity 2.2

Study section 4.5.3 in the prescribed book on the balanced scorecard. To what extent can the balanced scorecard assist with strategy implementation?

Compile a brief report describing the main features and characteristics of the balanced scorecard and describe its merits for strategy implementation. Use the internet to access other relevant sources for this purpose. ([http://www.balancedscorecard.org](http://www.balancedscorecard.org))

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2.5.4 Strategy review and control

Study sections 4.1.3 and 4.6 in chapter 4 in the prescribed book.
Since strategy review and control, the third phase of the traditional strategic management approach, is discussed in the prescribed book and is one of the two main themes of the module on strategy implementation, we provide only a brief overview of this phase. Also, because of the dynamic nature of the strategic management process, strategy review and control can effectively occur at any point during the entire strategic management process, and not only at the end of the process, as indicated in figure 4.1. Strategy review and control apply to both the process and practice approaches to strategic management.

Strategic control involves monitoring the extent to which a strategy is achieving the desired long-term objectives, and taking the required corrective action where necessary. Continued strategy review and control demand special managerial attention, including revisiting strategic assumptions. This differs from operational control which focuses on the short term and has fewer financial implications, and where deviations are generally easily corrected.

2.5.5 Operationalising strategy

Study section 4.5.3 in chapter 4 in the prescribed book.

Organisational efforts to operationalise strategy are guided by specific actions that include the following: translating long-term objectives into short-term achievable objectives for functional areas; developing functional tactics and short-term operational plans based on the short-term objectives; and developing organisational policies and procedures to guide ongoing operations. A prerequisite for successful operationalisation is that strategies should be communicated to members at all organisational levels, as explained in the prescribed book.

In this section we looked at the process approach to strategic management in terms of its three phases and emphasised the importance of strategic direction setting in strategy formulation. We now take a closer look at the shortcomings of the traditional process approach to strategic management.
2.6 Criticising the process perspective on strategic management

Study section 4.2 in chapter 4 in the prescribed book.

The traditional process perspective on strategic management was the theme of section 2.3 above. The major criticisms of the process perspective include the following:

- It is viewed as a rational and linear process, comprises consecutive phases and does not effectively embrace new competitive realities.
- Because it is a linear process, the effects of the complex and dynamic nature of the external environment are not fully considered.
- Strategy formulation and strategy implementation are seen as separate phases.
- It supports the notion that it is only the top management team or senior managers who develop strategy, thus ignoring potentially valuable contributions by all levels of staff.
- It essentially ignores the development of strategy through dialogue, conversation and inputs from all organisational levels, and on occasion, external expertise.

These criticisms of the process approach to strategic management have provided the impetus for new insights into and approaches to strategic management to cope with new environmental and competitive realities. Responses to these challenges include dealing with the increasing trend in emergent as opposed to deliberate strategies, and adopting a strategy-as-practice approach. Note that these developments are not intended to replace the traditional process perspective, but merely to find opportunities to manage and cope with new realities. Having identified the main shortcomings of the process perspective on strategic management, we now consider deliberate and emergent strategies.
2.7 Deliberate and emergent strategies

Study section 1.6 in learning unit 1 and section 5.3 in chapter 5 in the prescribed book.

Traditionally, the assumption has been that strategies are planned, and referred to as intended strategies. As explained in learning unit 1, in the dynamic and complex real world of business, strategies have also come to be configured as follows:

- Planned strategies are termed intended strategies, and when realised, are termed deliberate strategies.
- Intended strategies that fall by the wayside and are not realised are termed unrealised or abandoned strategies.
- Strategies that are not explicitly intended, are unplanned and emerge over time, often because of changing environmental or competitive circumstances, are termed emergent strategies.
- If the organisation's original intended strategies and its emergent strategies are realised, they are both termed deliberate strategies.

Whereas planned and intended strategies work well in relatively stable business environments, they do not function well in the increasingly dynamic, turbulent and unpredictable business environments of today. In fact, these dynamic environments have led to an increase in unplanned and thus emergent strategies to cope with and accommodate new evolving realities.

Now study section 5.3 in the prescribed book and note the following about deliberate and emerging strategies:

- Deliberate strategies still have a definite place in an organisational context.
- Emergent strategies typically have to do with the actions of middle managers.
- Emergent strategies imply learning tactics that work.
• Emergent strategising often precedes the full understanding of situations.
• Emergent strategies open the way for collective action and convergent behaviour.
• Emergent strategies can influence intended strategies during their implementation.
• Managers at all organisational levels and employees have specific roles to fulfil.

As we will see, emergent strategies can occur at any time, and can come from anywhere in an organisation, which means that new approaches to strategy formulation and strategising have become imperative for organisations if they are to survive and grow. These new developments are discussed in the next section.

2.8 Strategic management and new realities: the process versus practice perspective

Study section 5.1 in chapter 5 in the prescribed book.

In section 2.3 above, we highlighted various shortcomings of the traditional process approach to strategic management. The purpose of our discussion in this section is to explore new strategic approaches, such as strategy-as-practice (introduced in learning unit 1), which enable organisations to cope with new competitive realities, including emergent strategies.

Note the entirely novel approach to and general characteristics of strategy-as-practice as illustrated in figure 5.1 in this section of the prescribed book, prior to studying the conceptual framework for analysing strategy-as-practice. We need to understand why the strategy-as-practice perspective distinguishes between strategy praxis, strategy practitioners and strategy practices – the work, the workers and the tools of strategy.

It is evident from this framework that strategy-as-practice is not a linear or sequential process, but integrates activities and forces with strategising, which is at the nexus of the three elements. However, also note the “content” of each of these three elements
in figure 5.1, what each of these elements means and how they contribute to strategising as discussed in this section in the prescribed book.

Since no two organisations are alike, it stands to reason that organisations will customise their strategising practices to suit their own unique circumstances. Also, it should now be clear that strategising is not a mainly deliberate, top-down process, but that all levels of management and employees are deemed to be strategic actors, especially in the case of coping with emergent strategies that have become increasingly prevalent in recent times.

According to Johnson, Scholes and Whittington (2008:17-18), the promise of strategy-as-practice is an enhanced capacity to design more practical strategy processes and develop more trained and skilled strategists and practitioners to effectively address the real complexities and unintended consequences of organisational life.

Activity 2.3: Sappi excels

Sappi, the international paper-and-pulp giant expects to perform better in 2014 compared to the previous financial year, especially as result of its cellulose production that now contributes 75% to its earnings. Over the past two years Sappi has transformed itself from a paper manufacturer to a diversified group, not only to capitalise on new market opportunities in cellulose and electronic media, but also because of declining sales in paper as a result of a shift from printed media to digital media in the consumer market – tablets and mobile phones replacing newspapers and periodicals.

- Has Sappi changed from its traditional “intended strategy” in paper and pulp production? Explain your views.
- Why did Sappi have to change its strategy/strategies in the preceding two years? How and why did it change? Would you regard the change as reflecting emergent strategies?
**Source**: *Sake Beeld* (2014)

**Feedback**

Would you agree that Sappi changed its strategic approach because of changing market conditions and also to diversify its risk by not wanting to be locked into the single paper-and-pulp industry/market? Could one argue that Sappi’s venturing into the cellulose and digital media markets reflects "emergent" rather than "intended" strategies, given the relatively short period of two years? In response to both these questions, it appears that a declining market demand in paper-and-pulp and the need to diversify risk and capitalise on new emerging opportunities were reasons for venturing into new markets. Also, owing to the short time period it could be argued that the new strategies could be regarded as emergent rather than intended strategies, but some may argue that, despite these reasons, the possibility of intended strategies cannot be ruled out entirely. On balance, and in the absence of more complete information, it would appear that Sappi responded to both existing market conditions and emerging opportunities, and did not engage in an excessively long lead time characteristic of intended or deliberate strategies.

Our focus in this section has been on the practice perspective of strategy that evolved from the traditional process approach in an attempt to overcome shortcomings in the latter approach. In the last two sections of this learning unit we highlighted the concept of strategising and looked at the role of managers at different organisational levels as well as the role of consultants as strategists.

### 2.9 The concept of strategising

Study sections 1.5.2 and 5.2 in chapters 1 and 5, respectively, in the prescribed book.
The nature and context of strategising is briefly referred to in section 1.5.2 in chapter 1. In section 5.2, strategising is defined as “essentially what strategists do, and can be described as devising or influencing strategies”. Clearly, strategising is an action performed by people, the strategists, who guide the organisation's strategic planning as well as the strategic management processes. As we will see in section 2.8 below, strategising assumes even greater importance where emergent as opposed to deliberate strategies occur in organisations.

Of importance is that strategising is no longer seen as the exclusive domain of the top management team, the traditional, internal strategist or corporate strategic planner. Note that strategising increasingly occurs, or should occur, at all levels of an organisation, and that external role players like consultants may be involved in strategising. Using external strategists obviously has advantages and disadvantages that management need to be aware of.

Reflection
Involving everyone in an organisation in strategising might be the ideal, but there are at least two requirements for this to happen. Firstly, everyone in the organisation knows what the strategy is – which requires visionary leadership, the effective communication of the strategy to all, and a receptive organisation culture. Secondly, the first requirement will largely depend on the extent to which the organisation becomes a learning organisation.

2.10 Managers at different organisational levels and consultants as strategists

Study sections 1.7 and 1.8 in learning unit 1 and section 5.4 in chapter 5 in the prescribed book.
2.10.1 Introduction

In learning unit 1 (sec 1.8), we outlined the various levels of decisionmaking in organisations and highlighted the various levels of management as well as the levels of strategy in organisations (sec 1.9). Before discussing the role of strategists in the context of strategy-as-practice below, you are advised to review the above sections in learning unit 1. We now discuss the following issues in the context of strategy-as-practice:

- strategists – who they are and what they do
- top managers as strategists
- board of directors as strategists
- middle managers as strategists
- consultants as strategists

Ensure that you understand the strategising role of managers at the various organisational levels as well as that of other role players discussed below.

2.10.2 Strategists

Study section 5.4, including subsections 5.4.1 to 5.4.4, in chapter 5 in the prescribed book.

Of importance in this section is the fact that strategists and their strategising activities are fundamental to strategic management, and that any individual or group in the organisation, as well as external role players including consultants, is regarded as a strategist. Now study the four broad types of strategists: detail-conscious strategy workers; big-picture strategy workers; nondiscerning strategy workers; and cognitively versatile strategy workers. Ensure that you understand why, apart from actions at top management level, the actions at middle management level and employee level, and even by the board of directors and consultants, could also
influence the performance of organisations. We now look at the involvement of strategists at the various organisational levels in greater detail.

2.10.3 Top managers as strategists

Study this section to establish what the typical “strategic responsibilities” of top managers or the top management teams are, including the setting of the overall strategic direction, conducting analyses, formulating and choosing appropriate strategies to attain competitive advantage, allocating resources, ensuring implementation as well as review and control of the implemented strategies.

As stated previously, strategies need to be communicated effectively to middle management and lower organisational levels in a climate of strategy-as-practice. Of significance here is recognising the “new strategising roles” that you have not encountered before in the process approach to strategic management. The so-called “strategic planning champion” has to fulfil three critical roles, namely those of crafts-person, artful interpreter and known stranger. Ensure that you know what each of these roles involves, and why each is deemed important in the context of strategising, and especially as each relates to strategy-as-practice, the nonlinear process illustrated in figure 5.1. We now examine the role of the board of directors.

2.10.4 Board of directors as strategists

Study this section to determine the duties of the board of directors and why and how the board can influence the overall strategic direction of a company as well as how it monitors the relationships between management and stakeholders. The board has to ensure that the strategies are aligned with the purpose of the organisation.

2.10.5 Middle managers as strategists

The increasingly vital role of middle- and even lower-level managers in strategising has the following two antecedents: (1) the rapidly changing external and competitive environments in recent decades that have required new approaches to strategising,
such as emergent strategies to complement deliberate and intended strategies; and (2) the evolvement of strategy-as-practice which can accommodate emergent strategies that may occur anywhere in the organisation, thus increasing the value of middle- and even lower-level managers as strategists.

These developments have led to revised strategic roles of middle management as described in the prescribed book to include the implementation of deliberate strategies; synthesising information; reshaping the strategic thinking of top management; and managing change and facilitating adaptability.

Activity 2.4
Do you believe that the transition of middle management roles as described above happens fairly easily in an organisation that has been following the traditional process approach to strategy? What do you think is necessary for an effective transition in this regard? Explain your views in a brief report on completion of this learning unit.

Feedback
What are the real implications in the above regard? Our response is in the form of the following relevant questions to stimulate further thinking. Is it that middle management should have an intimate knowledge of strategic management and the strategy-as-practice approach to strategy? Is it that they are aware of how emergent strategies occur and how they need to be integrated into the overall strategy and managed? Is it that whatever top management decides should be clearly communicated to lower organisational levels? Is it that all of the above may not materialise if the organisation is not or does not become a learning organisation? What role does organisational culture play? Would reward systems and performance
management contribute? To what extent do you agree with these assertions? Can you think of other requirements that are critical for such a transition to be successful? What would they be? Use the above as a guideline for your answer.

We conclude our discussion on strategists by considering the role of consultants.

2.10.6 Consultants as strategists

The consulting industry is regarded as a valuable source of expertise available to organisations in need of specialised information and guidance. Consultants are generally used when organisations do not have the in-house expertise, or need new perspectives in terms of their strategies or management approaches. In-house expertise should be cultivated through training whenever possible, but sometimes there is not enough when urgent strategic decisions need to be made—hence the need to use consultants as strategists (at a cost). The concept of a learning organisation once again becomes relevant.

As we have seen, strategic success can be enhanced by the concerted efforts of strategists, both inside and outside the organisation. Strategists have become increasingly vital in the strategic endeavours of organisations in today's world of new business realities.

2.11 Summary

In this learning unit we discussed the process perspective as well as the practice perspective of strategic management and elaborated on strategy-as-practice as an effective means of addressing new strategic realities. In conclusion, we explored the concept of strategising and the role of strategists in contemporary strategic management. Now that you completed this learning unit, it would be a good opportunity to respond to the questions in "Thought provoker" at the beginning of the learning unit.
2.12 Discussion questions

(1) Define vision and mission statements as well as long-term objectives and strategic intent, and explain their role in strategic direction setting and deciding on the future of an organisation.

(2) Discuss the requirements for and importance of long-term objectives or strategic objectives.

(3) Explain the role of the balance scorecard in formulating strategic objectives.

(4) Explain the strategy-as-practice approach and how it differs from the process approach to strategic management.

(5) Explain the concept of strategising and the role of strategists in strategic management.

2.13 References


*Sake Beeld*, 13 Mei 2014.