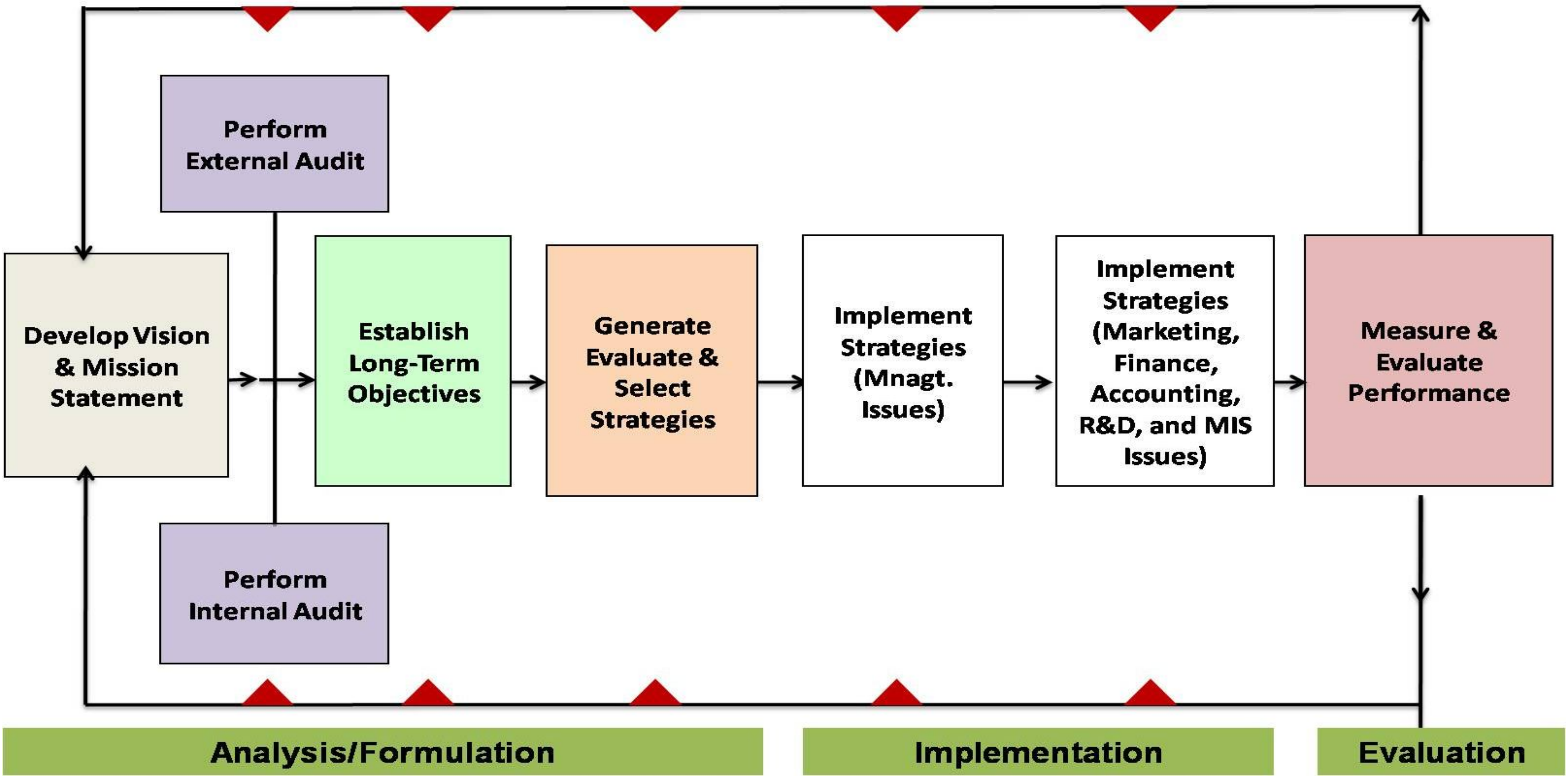
Strategy Formulation

Strategic Management Model



Levels of strategies

- Corporate Strategy
- Business Strategy
- Functional Strategy

Strategic Choices

Corporate Strategy

- The corporate parent
- Corporate parenting rationales
- Portfolio decisions
- Extent of diversity
- Management and control of subsidiaries

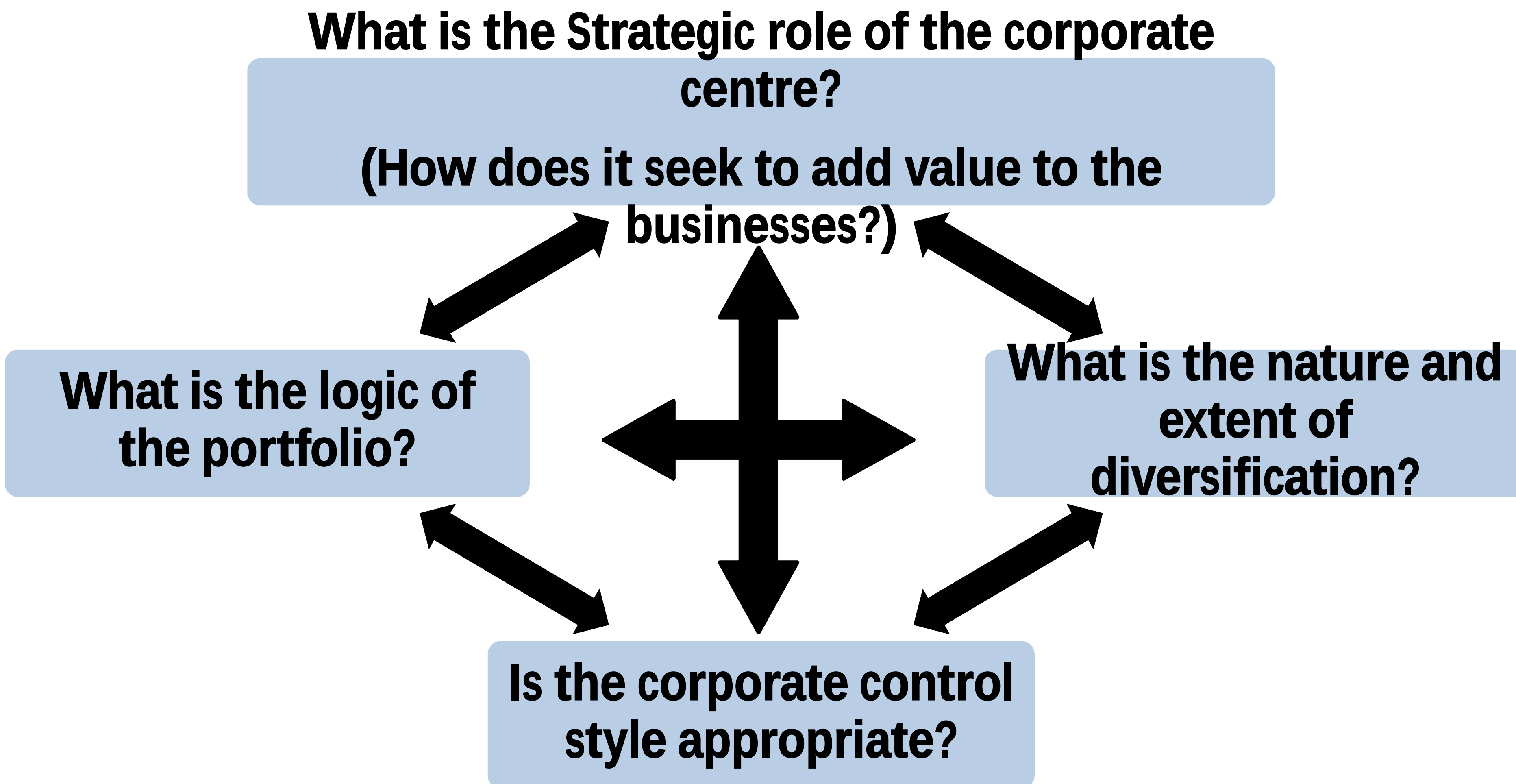
Business or Competitive Strategy

- Bases of competitive strategy
- Sustainability of competitive advantage
- Competition or co-operation
- Strategies in hypercompetitive conditions

Directions and Methods of Development

- Protect and build
- Market development
- Product development
- Diversification through
  - *Internal development*
  - *Acquisitions*
  - *Alliances*
  - *Success criteria of strategies*

Four Key Questions of Corporate Strategy



Potential Added Value Roles of the Corporate Parent

- Efficiency/leverage
- Expertise
- Investment and competence building
- Fostering innovation-coaching/learning
- Mitigating risk
- Image/networks
- Collaboration/co-ordination/brokerage
- Standards/performance assessment
- Intervention (e.g. acquisition, disposal, change agency)
- Acting in a visionary capacity

Corporate Strategy

Corporate strategy determines the means for utilizing resources in the functional areas of marketing, production, finance, research and development, and human resources to reach the organization's goals.

- Corporate strategy determines not only the scope of the business, but also its resource deployment, competitive advantages, and overall coordination of functional areas.
- Corporate strategy is used by all organizations, not just corporations.

Corporate Strategy

Corporate strategy planners are concerned with broad issues such as corporate culture, competition, differentiation, diversification, interrelationships between business units, and environmental and social issues.

- They attempt to match the resources of the organization with the opportunities and threats in the environment.
- They are also concerned with defining the scope and role of the firm's business units so that they are coordinated to reach the ends desired.

Vision

A vision statement outlines what a company wants to be. It focuses on tomorrow; it is inspirational; it provides clear decision-making criteria.

Corporate vision is a short, succinct, and inspiring statement of what the organization intends to become and to achieve at some point in the future, often stated in competitive terms. Vision refers to the category of intentions that are broad, all-inclusive and forward-thinking. It is the image that a business must have of its goals before it sets out to reach them. It describes aspirations for the future, without specifying the means that will be used to achieve those desired ends.

http://www.ic.gc.ca/epic/site/stco-levc.nsf/en/qw00046e.html

Vision

Warren Bennis, a noted writer on leadership, says:

"To choose a direction, an executive must have developed a mental image of the possible and desirable future state of the organization. This image, which we call a vision, may be as vague as a dream or as precise as a goal or a mission statement.“

Vision without action is a daydream. Action without vision is a nightmare. *- Japanese Proverb*

Mission Statement

A mission statement is an organization's vision translated into written form. It makes concrete the leader's view of the direction and purpose of the organization. For many corporate leaders it is a vital element in any attempt to motivate employees and to give them a sense of priorities.

Mission Statement

A mission statement should be a short and concise statement of goals and priorities. In turn, goals are specific objectives that relate to specific time periods and are stated in terms of facts. The primary goal of any business is to increase stakeholder value. The most important stakeholders are shareholders who own the business, employees who work for the business, and clients or customers who purchase products and/or services from the business.

http://www.1000ventures.com/business_guide/crosscuttings/vision_mission_strategy.html

Strategic Intent Defined

- Strategic intent is a high-level statement of the means by which your organization will achieve its vision. It is a statement of design for creating a desirable future (stated in present terms). Simply put, a strategic intent is your company's vision of what it wants to achieve in the long term.
- In complexity science's terms, strategic intent is decomposition of exploration rules into the next level of detail, the linkages to the exploration rules and the transition rules that define how it will migrate from its current design and ecosystem to a future business design and ecosystem.

Purpose of Strategic Intent

- The logic, uniqueness and discovery that make your strategic intent come to life are vitally important for employees. They have to understand, believe and live according to it.
- Strategy should be a stretch exercise, not a fit exercise. Expression of strategic intent is to help individuals and organizations share the common intention to survive and continue or extend themselves through time and space

http://www.1000ventures.com/business_guide/crosscuttings/strategic_intent.html

Strategic Objectives

Broadly defined targets that an organization must achieve to make its strategy succeed. Strategic objectives are, in general, externally focused and (according to Peter Drucker) fall into eight major classifications:

- Market standing: desired share of the present and new markets;
- Innovation: development of new goods and services, and of skills and methods required to supply them;
- Human resources: selection and development of employees;
- Financial resources: identification of the sources of capital and their use;

Strategic Objectives

- Physical resources: equipment and facilities and their use;
- Productivity: efficient use of the resources relative to the output;
- Social responsibility: awareness and responsiveness to the effects on the wider community of the stakeholders;
- Profit requirements: achievement of measurable financial well being and growth.

http://www.businessdictionary.com/definition/strategic-objective.html

Strategic and financial objectives

Strategic objectives	Financial objectives
• A bigger market share • A higher, more secure industry rank • Higher product quality • Lower costs relative to key competitors • Broader or more attractive product lines • A stronger reputation with customers • Superior customer service • Recognition as a leader in technology and/or product innovation • Increased ability to compete in international markets • Expanded growth opportunities • Total customer satisfaction	• Faster revenue growth • Faster earning growth • Higher dividends • Wider profit margins • Higher returns on invested capital • Stronger bond and credit ratings • Bigger cash flows • A rising stock price • Recognition as a blue chip company • A more diversified revenue base • Stable earnings during recessionary periods

Source: Thompson and Strickland (1999) Strategic Management (9^{th} Ed.), p. 31.

Strategic Direction

Course of action that leads to the achievement of the objectives of an organization's strategy

http://www.businessdictionary.com/definition/strategic-direction.html

Organic & Inorganic Growth Strategies

- Organic growth means that the company itself has grown from its own business activity and its own resources

- While inorganic growth means that the company has grown by merger, or take-over.

Ansof's model

Product / Market	Present	New
Present	**Market Penetration**	**Product Development**
New	**Market Development**	**Diversification**

Growth Strategies - Ansoff Matrix

- known as "product-mission matrix" or the "2 x 2 growth vector component matrix", the Ansoff Matrix remains a popular tool for firms that wish to understand the risk component of various growth strategies, including product versus market development, and diversification.
- The matrix was first published in a 1957 article called 'Strategies for diversification
- Four strategies given in the matrix, **market penetration** requires increasing existing product market share in existing markets; **market expansion** requires the identification of new customers for existing products; **product expansion** requires developing new products for existing customers; and **diversification** requires new products to be produced for new markets.

(http://www.easy-strategy.com/igor-ansoff.html consulted on 17th November 2008)

Growth Strategies- Vertical Integration

- **Vertical integration** is a type of related diversification that describes a style of nearly total ownership and control. The degree to which a firm owns its upstream suppliers and its downstream buyers determines how vertically integrated it is. Note, however, that there is no ratio or quantifiable measure to denote this.

- Vertically integrated companies are united through a hierarchy and share a common owner. Usually each member of the hierarchy produces a different product or service, and the products are combined to satisfy a common need. It is contrasted with horizontal integration, in which one part of the production process is expanded across several different market segments. A common successful horizontal integration example is how Intel (INTC) has dominated the computer processor market, supplying such chips to several different manufacturers, such as Dell (DELL) , Toshiba (TOSBF) , and the Hewlett-Packard Company (HPQ) .

Types of Vertical Integration

Vertical Integration comes in three flavors: backward (upstream) vertical integration, forward (downstream) vertical integration, and balanced (equal) vertical integration.

Backward Vertical Integration

The company sets up subsidiaries that produce some of the inputs used in the production of its products. For example, an automobile company may own a tire company, a glass company, and a metal company. Control of these three subsidiaries is intended to create a stable supply of inputs and ensure a consistent quality in their final product. It was the main business approach of Ford and other car companies in the 1920s, who sought to minimize costs by centralizing the production of cars and car parts.

Types of Vertical Integration

Forward Vertical Integration

The company sets up subsidiaries that distribute or market products to the end market or use the products themselves. An example of this is a movie studio that also owns a chain of theaters.

Types of Vertical Integration

Balanced Vertical Integration

- The company sets up subsidiaries that both supply them with inputs and distribute their outputs.
- If you view McDonald's (MCD), for example, as primarily a food manufacturer, backwards vertical integration would mean that they would own the farms where they raise the cows, chickens, potatoes and wheat as well as the factories that processes everything and turns it all into food. Forwards vertical integration would imply that they own the distribution centers for every area and the fast food retailers. Balanced vertical integration would mean that they own all of the mentioned components.

http://www.wikinvest.com/wiki/Vertical_integration

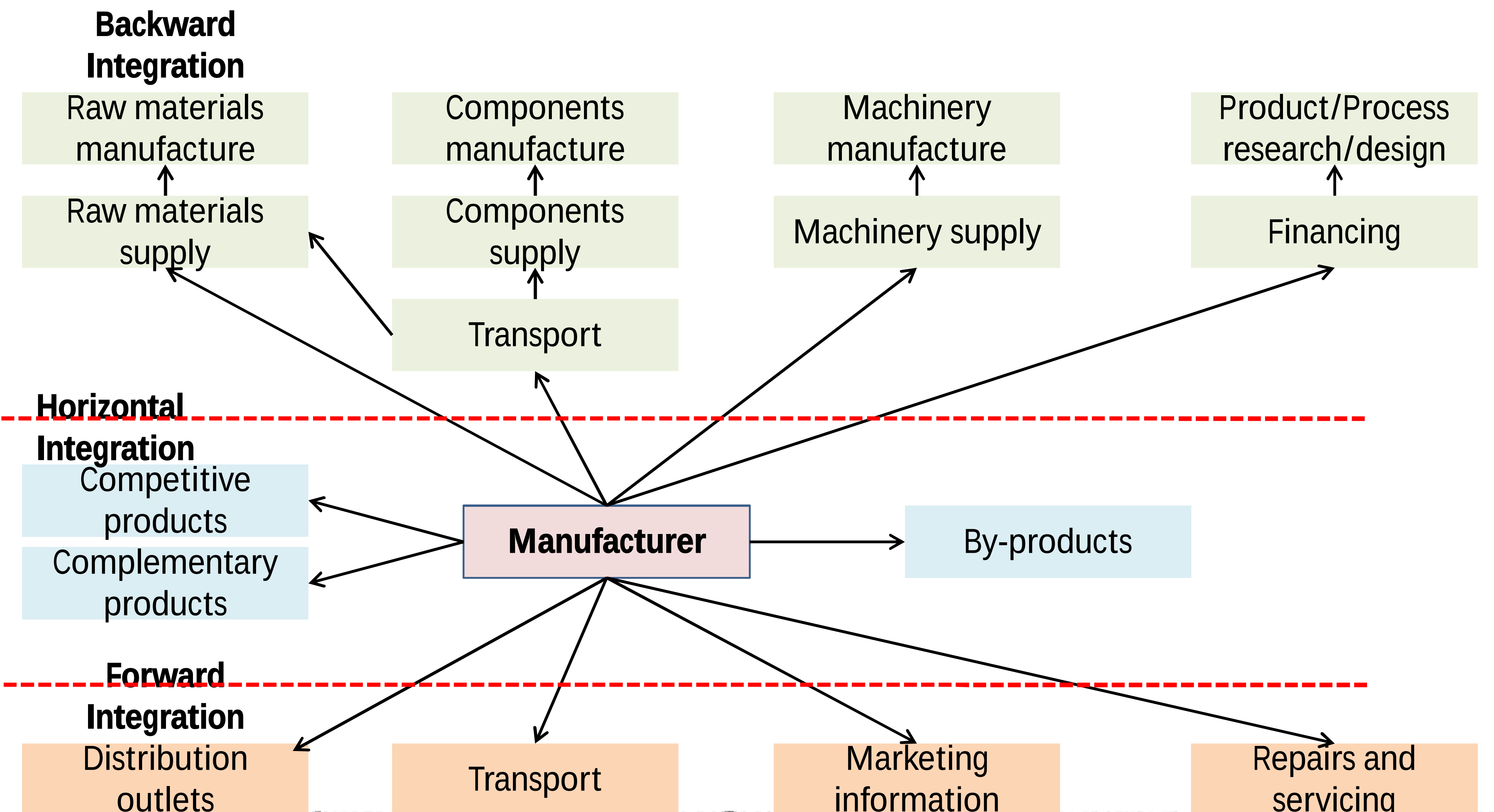
Diversification

- Diversification
  - Defined as a strategy which takes the organization away from its current markets or products or competences
- Related Diversification
  - Strategy development beyond current products and markets, but within the value system or ‘industry’ in which the company operates
- Vertical Integration
  - Describes either backward or forward integration into adjacent activities in the value system
- Horizontal Integration
  - Development into activities which are competitive with, or complementary to, a company’s present activities

Horizontal integration

Expansion via acquisition of a competitor or by adding outlets to a chain. For example, a book publisher might acquire another publishing house to increase its stable of editors and authors or to otherwise enhance its competitiveness.

Related Diversification Options for a Manufacturer



Reasons for Related Diversification

Possible Advantages	Examples/Comments
Control Suppliers •Quantity •Quality •Price	 Tea processors own plantations to secure continuity of supply Components for motor cars may need to be manufactured by the company Printing facilities can be cheaper if in-house
Control of Markets	Manufacturers own retail outlets to gain guaranteed distribution
Access of Information	Car manufacturer own credit services, car hire firms and servicing firms to access information on customer preferences
Cost Savings	Fully integrated steel plants save costs of reheating and transport
Building on: •Core competences •Quality	 Firm of accountants moving into tax advice or corporate recovery Precision engineering equipment manufacturer in one market entering another with similar technical requirement
Spreading Risk	Avoids over-reliance on one product or market, but builds on related experience
Resource Utilization	Manufacturer acquiring company for compatible products to fill capacity
Parenting	So the corporate parent can understand business units

Reasons for Unrelated Diversification

Possible Advantages	Examples/Comments
Exploiting underutilised resources and competences	Farmers use fields for camp sites Local authorities use plastic waste for new materials
Escape from present business	A company's products may be in decline and unrelated diversification presents the only possible 'escape'
Spreading Risk	Some companies believe that it is good sense not to have all their 'eggs in one basket' and so diversify into unrelated areas.
Even out cyclical effects in a given sector	Toy manufacturers make subcontract plastic moulded products for industry
Need to use excess cash or safeguard profits	Buying a tax loss situation
Personal values or objectives of powerful figures	Personal image locally or nationally may be a motive for high-profile diversification

BCG Model

The *market-growth/market-share matrix*, the Boston Consulting Group (BCG) approach, is based on the philosophy that a product's market growth rate and its market share are important considerations in determining its marketing strategy.

a) All the firm's SBUs and products should be integrated into a single, overall matrix and evaluated to determine appropriate strategies for individual products and overall portfolio strategies.

b) Managers can use this model to determine and classify each product's expected future cash contributions and future cash requirements.

BCG Model

Relative Market Share Position

Industry Sales Growth Rate (%)	High	Low
High	**STARS**	**Questions Mark**
Low	**Cash Cows**	**Dogs**

BCG Model-1

The BCG, classifies a firm's products into four basic types:

- **Stars** have a high share of the market and good prospects for growth; they use more cash than they generate to finance growth, add capacity, and increase market share. Example: Apple's iPod
- **Cash cows** have a high share of the market but low prospects for growth; typically they generate more cash than is required to maintain market share. Example: Procter & Gamble's Bounty paper towels

BCG Model

- **Dogs** have a low share of the market and low prospects for growth; these products are often found in established markets. Example: General Motors' (now outdated) Oldsmobile brand
- **Question marks,** sometimes called "problem children," have a small share of a growing market and generally require a large amount of cash to build market share. Example: Mercedes mountain bikes

The long-term health of an organization depends on having some products that generate cash (and provide acceptable profits) and others that use cash to support growth.

Business Strategy-1

The next step in strategic planning is to determine future business directions and develop strategies for individual business units.

1. A *strategic business unit (SBU)* is a division, product line, or other profit center within the parent company. Strategic planners should recognize the strategic performance capabilities of each SBU and carefully allocate resources among the divisions.

Business Strategy-2

2. Several tools allow a firm's portfolio of strategic business units, or even individual products, to be classified and visually displayed according to the attractiveness of various markets and the business's relative market share within those markets.
   - A market is a group of individuals and/or organizations that have needs for products in a product class and have the ability, willingness, and authority to purchase these products.
   - The percentage of a market that actually buys a specific product from a specific company is referred to as that product's (or business unit's) *market share*.

Defining Competitive Advantage

Coulter (2002, p. 62) explains that Porter (1985) developed the Industrial Organisation view, which

"...focuses on the structural forces within an industry, the competitive environment of firms, and how these influenced competitive advantage. This view proposes that getting and keeping competitive advantage meant analysing the external forces and then basing strategic decisions and actions what was found."

Defining Competitive Advantage

Also, according to **Coulter** (2002, p. 63)

“The Resource Based View (RBV) proposes that a firm’s resources are more important than industry structure in getting and keeping competitive advantage, and sees organisations as very different collection of assets and capabilities.”

Relational View on Competitive Advantage

- Dyer and Singh suggests that competitive advantages can also be understood by using a Relational View on Competitive Advantage.
- Traditionally Michael Porter's Industry Structure View or the Resource-Based View is used to understand how above-normal returns are achieved by organisations, but Dyer and Singh argue that analysing the relationship between organisations provides new understanding if it is not restricted to studying benefits (e.g. learning, lowering transaction costs, and pooling of resources) alone. They identified various sources of rents, and examined the facilitating sub-processes and the preserving mechanisms.

Relational View on Competitive Advantage

The four sources of relational rents and their facilitating sub-processes can be represented as follows:

1) Relation-specific assets

- *Duration of safeguards*
- *Volume of inter firm transactions*

2) Knowledge-sharing routines

- *Partner-specific absorptive capacity*
- *Incentives to encourage transparency and discourage free riding*

Relational View on Competitive Advantage

3) Complementary resources and capabilities

- *Ability to identify and evaluate potential complementarities*
- *Role of organisational complementarities to access benefits*

4) Effective governance

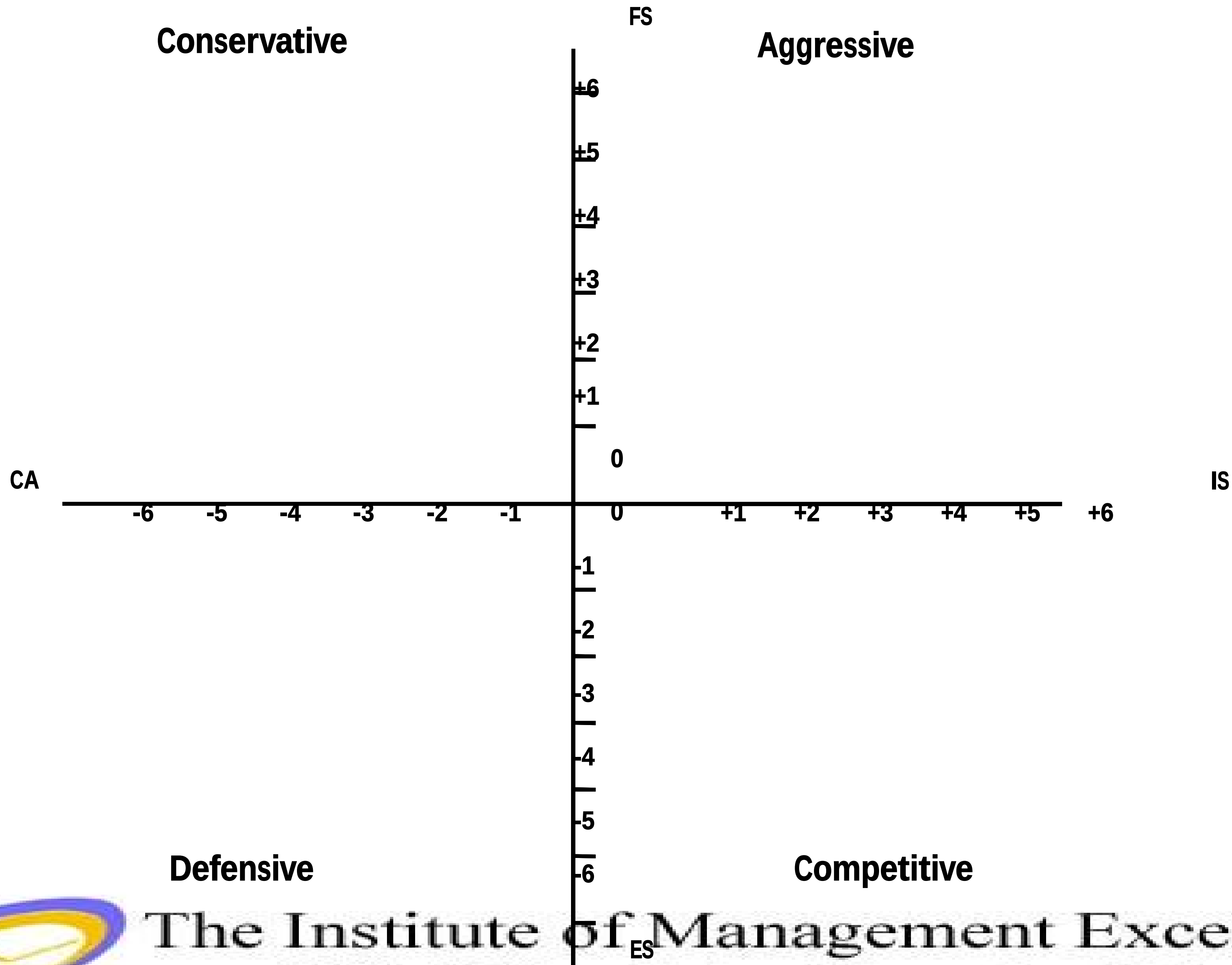
- *Ability to employ self-enforcement rather than third-party enforcement governance mechanisms*
- *Ability to employ informal versus formal self-enforcement governance*

Relational View on Competitive Advantage

- The new elements of the Relational View are found in the mechanisms that preserve the relational rents.
- Organisations that are willing to invest in relation-specific assets are able to produce above-normal rents. A simple way to do this is by setting up joint production facilities.
- Volkswagen and Ford did this after looking to the European Market.

Strategic Position & Action Evaluation (SPACE) Matrix

- Its four quardrant framework indicates whether aggressive, conservative, defensive or competitive strategies are most appropriate for a given organization. The axes of the SPACE matrix represents two internal dimensions [Financial Strength (FS) and Competive Advantage (CA)] and two external dimensions [Environmental Stability (ES) and Industry Strength (IS)]
- These four factors are most important determinants of an organization's overall strategic position.


FS
Conservative
Aggressive
+6
+5
+4
+3
+2
+1
0
CA
IS
-6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6
-1
-2
-3
-4
-5
-6
Defensive
Competitive
ES

RAPID MARKET GROWTH

WEAK COMPETITIVE POSITION

STRONG COMPETITIVE POSITION

SLOW MARKET GROWTH

Quadrant II

1. Market development
2. Market penetration
3. Product development
4. Horizontal integration
5. Divestiture
6. liquidation

Quadrant I

1. Market development
2. Market penetration
3. Product development
4. Forward integration
5. Backward integration
6. Horizontal integration
7. Related diversification

Quadrant III

1. Retrenchment
2. Related diversification
3. Unrelated diversification
4. Divestiture
5. liquidation

Quadrant IV

1. Related diversification
2. Unrelated diversification
3. Joint ventures

Divest

- Disposition or sale of an asset by a company. A company will often divest an asset which is not performing well, which is not vital to the company's core business, or which is worth more to a potential buyer or as a separate entity than as part of the company.

Typologies of Strategies

- Mintzberg's Deliberate Vs. Emergent Strategies
- Miles and Snow's Typologies of Strategy
- Porter's Generic Strategies
- Mintzberg's Generic Competitive Strategies
- Johnson and Scholes, The Strategic Lenses

Deliberate Vs. Emergent Strategies

Planned Strategy: Precise intentions are formulated and articulated by a central leadership, and backed up by formal controls to ensure their surprise-free implementation in an environment that is benign, controllable, or predictable (to ensure no distortion of intentions); these strategies are highly deliberate.

Entrepreneurial Strategy: Intentions exist as the personal, unarticulated vision of single leader, and so are adaptable to new opportunities; the organisation is under the personal control of the leader and located in protected niche in its environment; these strategies are relatively deliberate but can emerge too.

Deliberate Vs. Emergent Strategies

Ideology Strategy: Intentions exist as the collective vision of all the members of the organisation, controlled through strong shared norms; the organisation is often proactive vis-à-vis its environment; these strategies are rather deliberate.

Umbrella Strategy: A leadership in partial control of organisational actions defines strategic targets or boundaries within which others must act (for example, that all new products be high priced and at the technological cutting edge, although what these actual products are to be is left to emerge); as a result, strategies are partly deliberate (the boundaries) and partly emergent (the patterns within them): this strategy can also be called deliberate- emergent, in that the leadership purposely allows others the flexibility to manoeuvre and from patterns within the boundaries.

Deliberate Vs. Emergent Strategies

Process Strategy: The leadership controls the process aspects of strategy (who gets hired and so gets a chance to influence strategy, what structures they work within, etc.), leaving the actual content of strategy to others; strategies are again partly deliberate (concerning process) partly emergent (concerning content), and deliberately-emergent.

Disconnected Strategy: Members are sub units loosely coupled to the rest of the organisation and produce patterns in the stream of their own actions in the absence of , or in direct contradiction to, the central or common intentions of the organisation at large; the strategies can be deliberate for those who make them.

Deliberate Vs. Emergent Strategies

Consensus Strategy: Through mutual adjustment, various members converge on patterns that pervade the organisation in the absence of central or common intentions; these strategies are rather emergent in nature.

Imposed Strategy: The external environment dictates patterns in action, either through direct imposition (say, by an outside owner by a strong customer or by a strong stakeholder such as a government passing legislation affecting the business) or through implicitly pre-empting or bounding organisational choice (as in a large airline that must fly jumbo jets to remain viable); these strategies are organisationally emergent, although they may be internalised and made deliberate.

Adapted from Mintzberg and Waters (1985, p. 270)

Miles and Snow's Typologies

In their 1978 book *Organization Strategy, Structure, and Process,* Miles and Snow argue that different company strategies arise from the way companies decide to address three fundamental problems:

- entrepreneurial
- engineering (or operational)
- administrative problems

The entrepreneurial problem is how a company should manage its market share. The engineering problem involves how a company should implement its solution to the entrepreneurial problem.

Miles and Snow’s Typologies

The administrative problem considers how a company should structure itself to manage the implementation of the solutions to the first two problems. Although businesses choose different solutions to these problems, Miles and Snow suggest that many companies develop similar solutions. As a result, they postulate that there are four general strategic types of organizations:

- prospectors
- defenders
- analyzers
- reactors

Miles and Snow's Typologies of Strategy

Strategy	Characteristics
Prospectors	• Organisation seeks innovations • Demonstrates ability to survey dynamic environment and develop new products-services to fit the changing environment • Frequently and continually innovating, developing and testing new products-services • Competitors are uncertain about a Prospector's future strategic decisions and actions
Defenders	• Search for market stability • Produce only a limited product line for a narrow segment of the total potential market • Seek to protect (defend) their well-established business • Do whatever is necessary to aggressively prevent competitors from entering their turf • Can carve out and maintain niches within their industry that competitors find difficult to penetrate

Miles and Snow's Typologies of Strategy

Strategy	Characteristics
Analysers	• Strategy of analysis and imitation • Thoroughly analyse new business ideas (products, services, markets) before deciding to jump in • Watch for and copy the promising and successful ideas of prospectors
Reactors	• Lack a coherent strategic plan • Simply react to environmental changes • Make strategic adjustments only when finally forced to do so • Unable to respond quickly to environmental changes because resources and capabilities are lacking or are not developed or exploited properly

Porter’s Generic Strategies

		Competitive Advantage	
		Low Cost	Product-Service Differences
Competitive Scope	Broad	Cost Leadership	Differentiation
	Narrow	Focus (Cost)	Focus (Differentiation)

Mintzberg's Generic Competitive Strategies

- **Price Differentiation Strategy:** This is the most basic way to differentiate a product or service. Differentiation by price is a modification of Porter's cost leadership strategy. Mintzberg advocates that having the lowest costs does not provide a competitive advantage by itself but it allows the firm to charge below average market prices. That is why the organisation pursuing this strategy can differentiate on the basis of price.
- **Image Differentiation Strategy:** Differentiation by market image describes a competitive strategy in which an organisation tries to create a certain image in customers' minds and use their marketing image as a potent competitive weapon.

Mintzberg's Generic Competitive Strategies

- **Support Differentiation Strategy:** The competitive strategy of differentiation by product support gives emphasis to the customer support services provided by the organisation.
- **Quality Differentiation Strategy:** Differentiation by quality explains a strategy in which firms compete by delivering higher reliability and performance at a comparable price. The firms following this type of strategy pursue the superior product quality to gain the competitive advantage**.**

Mintzberg's Generic Competitive Strategies

- **Design Differentiation Strategy:** The competitive strategy of differentiation by product design can be used to describe organisations that compete on the basis of providing desirable product features and design configuration. Organisations following this type of strategy try to give customers a variety of product features and designs.
- **Undifferentiated:** Finally, the undifferentiated strategy explains the situations in which an organisation has no basis for differentiation or when it deliberately follows a copycat strategy.

The Strategic Lenses

Strategy as Design

- The design lens views strategy development as the deliberate positioning of the organization through a rational, analytic, structured and directive process.
- Main theme : Deliberate positioning through rational, analytic, structured and directive processes
- Assumptions about organizations: Mechanistic, hierarchical, logical
- Role of top management: Strategic decision makers
- Implications for change: Change = implementation of planned strategy
- Underpinning theories: Economics; decision sciences

The Strategic Lenses

Strategy as Experience

- The experience lens views strategy development as the outcome of individual and collective experience of individual and collective experience to individuals and the taken-for-granted assumptions.
- Individual Experience: Mental (or cognitive) models people build over time to help make sense of their situation.
- Organizational Culture is the basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously and define in a basic taken-for-granted fashion and organization's view of itself and its environment.
- Organizational Fields are networked of related organizations which share common assumptions, values and ways of doing things.

The Strategic Lenses

Strategy as Experience

- **Main theme:** Incremental development as the outcome of individual and collective experience and the taken for granted
- **Assumptions about organizations:** Cultures based on history, legitimacy and past success
- **Role of top management:** Enactors of their experience
- **Implications for change:** Change incremental with resistance to major change
- **Underpinning theories:** Institutional theory; theories of culture; psychology

The Strategic Lenses

Strategy as Ideas

The ideas lens sees strategy as the emergence of order and innovation from the variety and diversity which exist in and around organizations.

- **Main Theme:** Emergence of order and innovation through variety and diversity in and around the organization
- **Assumptions about organizations:** Complex systems of variety and diversity
- **Role of top management:** ‘Coaches’, creators of context and ‘champions’ of ideas
- **Implications for change:** Change incremental but occasionally sudden
- **Underpinning theories:** Complexity and evolutionary theories

Strategy Development Process in Organizations

Strategic Planning Systems

- It can provide a structured means of analysis and thinking about complex strategic problem
- It can encourage a longer-term view of strategy
- It can be used as a means of control by regularly reviewing performance and progress against agreed objectives
- It can be useful means of coordination
- May also help to communicate intended strategy
- It can be used as a way of involving people in strategy development

Strategy Development Process in Organizations

Strategic Leadership

Strategic leadership may be an individual or a group of people upon whom strategy development and change are seen to be dependent

Organizational Politics

The political view of strategy development is, that strategies develop as the outcome of processes of bargaining and negotiation among powerful internal or external interest groups (or stakeholders)

Strategy Development Process in Organizations

Logical Incrementalism

Logical incrementalism is the deliberate development of strategy by ‘learning through doing’

The Learning Organization

The learning organization is capable of continual regeneration from the variety of knowledge, experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose or vision

Intended and Realised Strategies

Intended Strategy

An expression of desired strategic direction deliberately formulated or planned by managers.

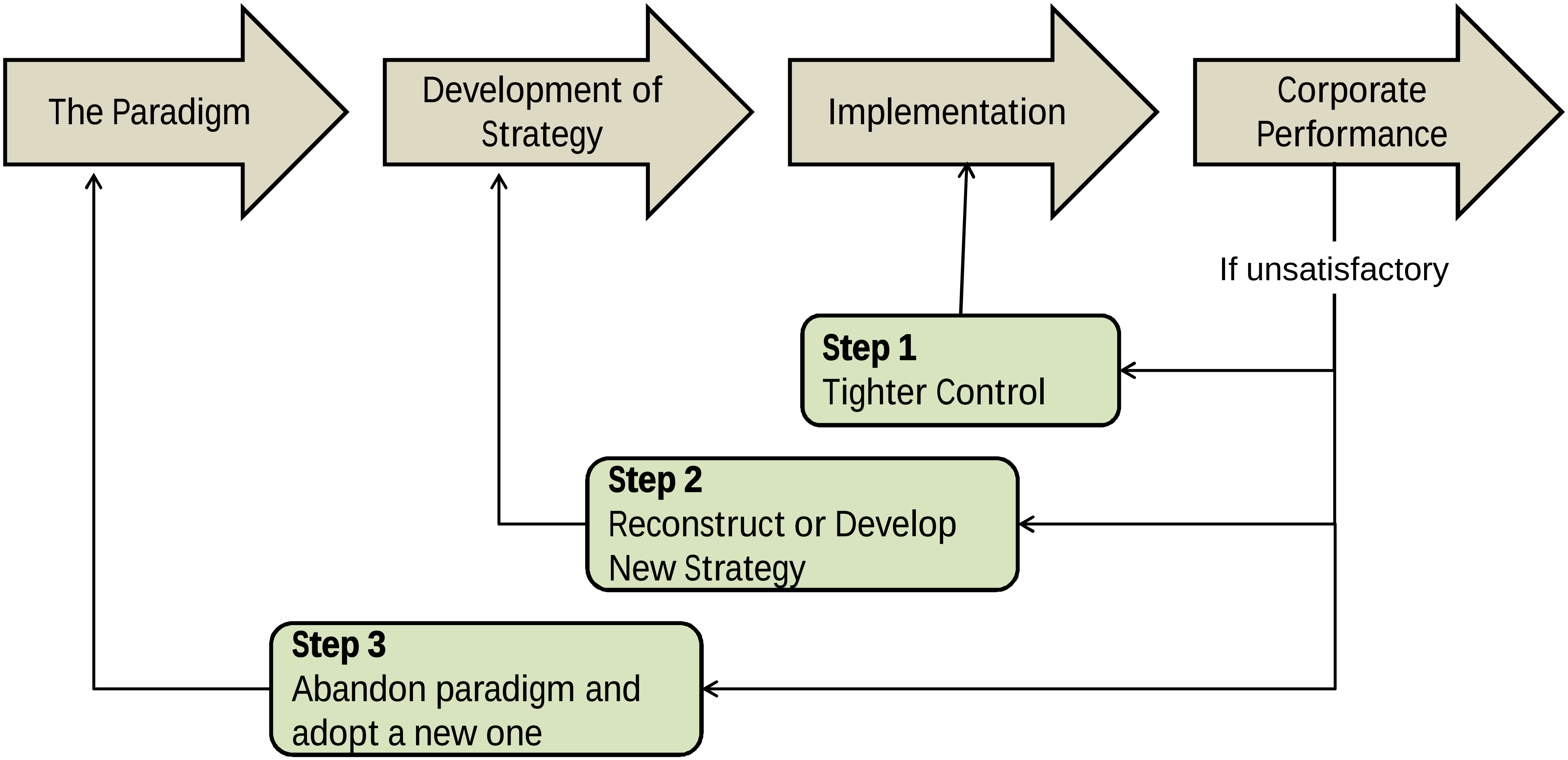
Realised Strategy

Strategy actually being followed by an organization in practice

Paradigm

A paradigm is the set of assumptions held relatively in common and taken for granted in an organization.

The Dynamics of Paradigm Change



Source: Adapted from P. Grinyer and J-C. Spender, *Turnaround*:
Managerial recipes for strategic success, Associated Business Press, 1979, p. 203.