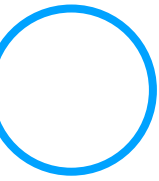
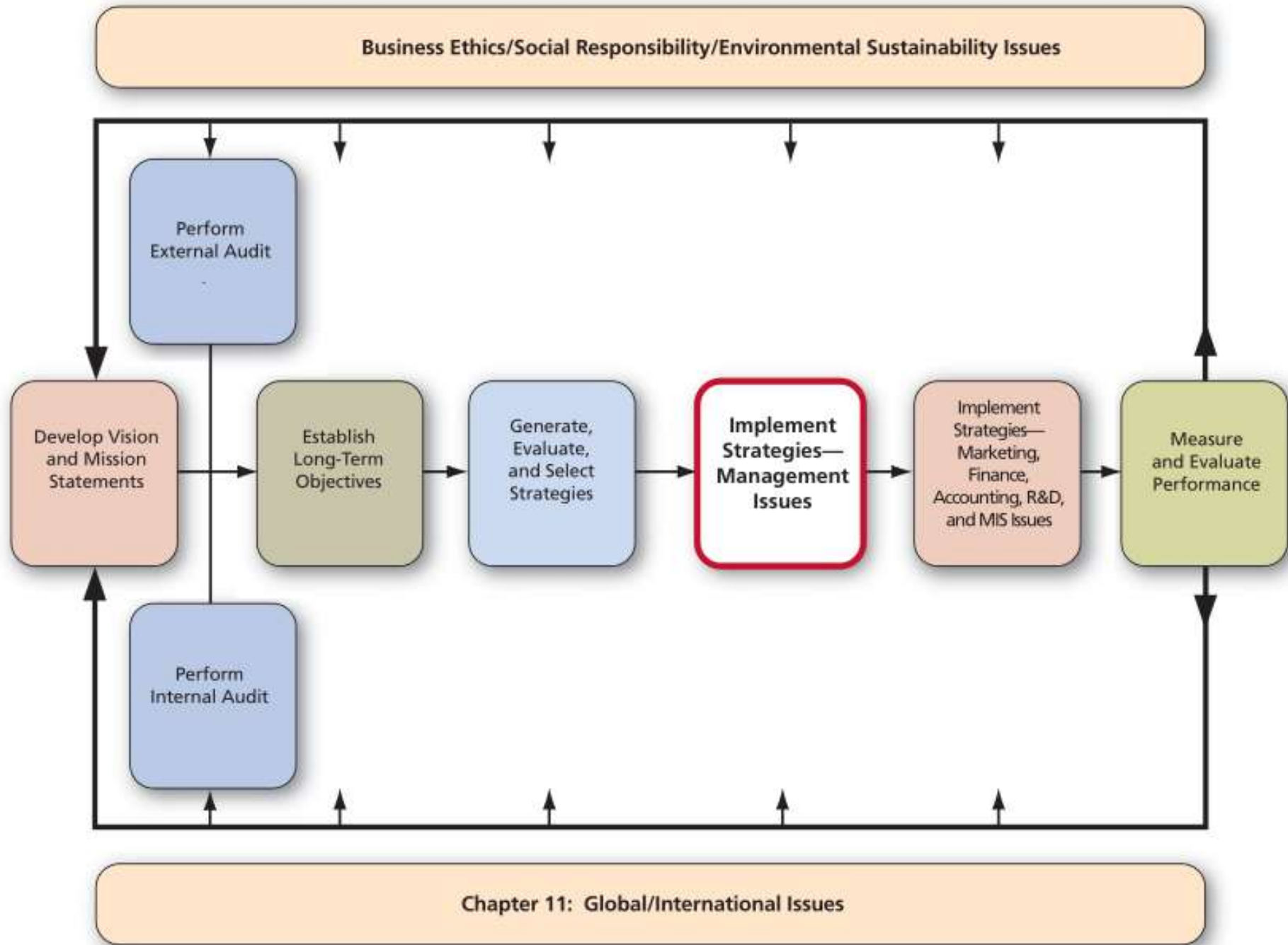


A top-down view of a meeting table. Several people's hands are visible, engaged in work. One person is using a laptop, another is holding a pen over a document, and another is pointing at a chart. The table is covered with papers, a laptop, and a glass of water. The overall scene is professional and collaborative.

6

Strategy Implementation



Tujuan Kuliah

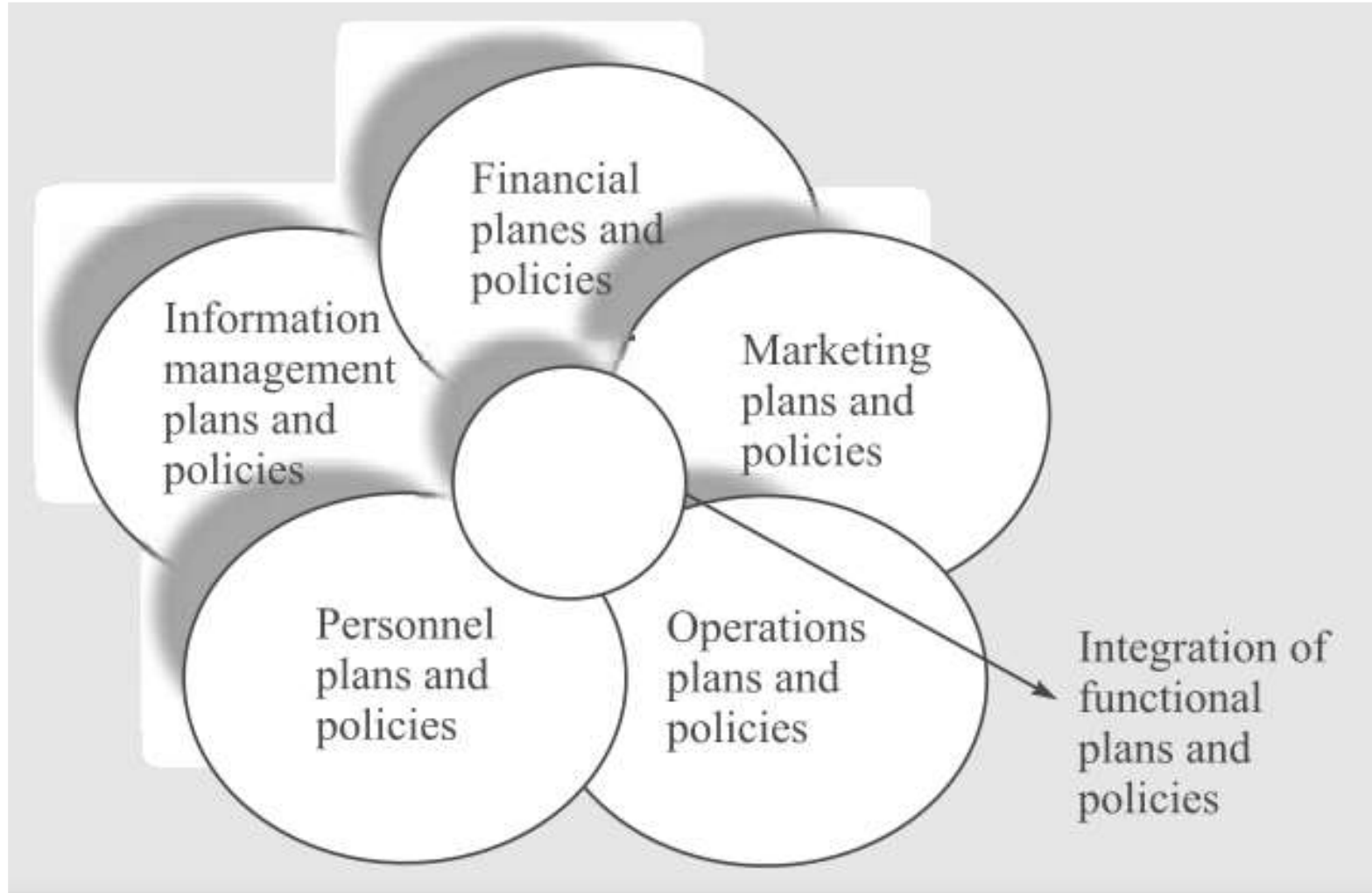
- A. Explain why strategy implementation is more difficult than strategy formulation
- B. Discuss management issues central to strategy implementation that include
 1. Annual objectives
 2. Policies
 3. Managing conflict
 4. Matching structure with strategy
 5. Restructuring and reengineering
 6. Linking performance and pay to strategies
 7. Managing resistance to change
 8. Creating a strategy-supportive culture
 9. Production and operations concerns
 10. Human resource concerns



Strategy implementation

- The real work begins after strategies are formulated
- Successful strategy formulation does not guarantee successful strategy implementation
- Successful strategy implementation depends on cooperation among all functional and divisional managers in an organization
- Successful strategy implementation requires the support of, as well as discipline and hard work from, motivated managers and employees
- Strategy implementation means change


Strategy implementation

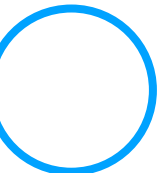




Some management Issues Central to Strategy Implementation




1. Annual objectives
 2. Policies
 3. Managing conflict
 4. Matching structure with strategy
 5. Restructuring and reengineering
 6. Linking performance and pay to strategies
 7. Managing resistance to change
 8. Creating a strategy-supportive culture
 9. Production and operations concerns
 10. Human resource concerns
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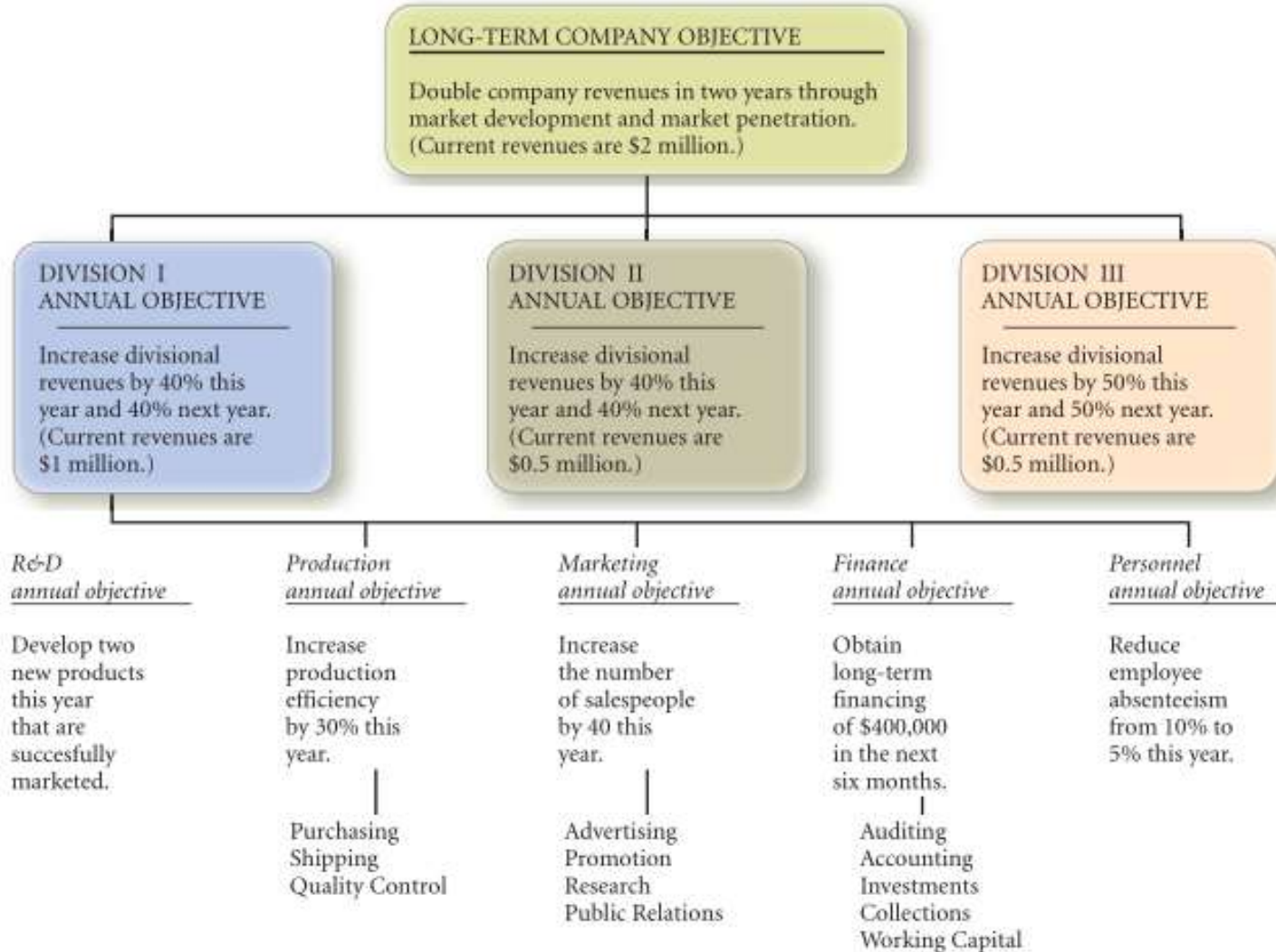




1. Annual Objectives

1. Represent the basis for allocating resources
 2. Are a primary mechanism for evaluating managers
 3. Are the major instrument for monitoring progress toward achieving long-term objectives
 4. Establish organizational, divisional, and departmental priorities
- 

1. Annual Objectives



The Stamus Company's Revenue Expectations (in \$millions)

	2012	2013	2014
Division I Revenues	1.0	1.400	1.960
Division II Revenues	0.5	0.700	0.980
Division III Revenues	0.5	0.750	1.125
Total Company Revenues	2.0	2.850	4.065

2. Policies

Specific guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work toward stated goals

A Hierarchy of Policies

Company Strategy

Acquire a chain of retail stores to meet our sales growth and profitability objectives.

Supporting Policies

1. "All stores will be open from 8 a.m. to 8 p.m. Monday through Saturday." (This policy could increase retail sales if stores currently are open only 40 hours a week.)
2. "All stores must submit a Monthly Control Data Report." (This policy could reduce expense-to-sales ratios.)
3. "All stores must support company advertising by contributing 5 percent of their total monthly revenues for this purpose." (This policy could allow the company to establish a national reputation.)
4. "All stores must adhere to the uniform pricing guidelines set forth in the Company Handbook." (This policy could help assure customers that the company offers a consistent product in terms of price and quality in all its stores.)

Divisional Objective

Increase the division's revenues from \$10 million in 2014 to \$15 million in 2015.

Supporting Policies

1. "Beginning in January 2014, each one of this division's salespersons must file a weekly activity report that includes the number of calls made, the number of miles traveled, the number of units sold, the dollar volume sold, and the number of new accounts opened." (This policy could ensure that salespersons do not place too great an emphasis in certain areas.)
2. "Beginning in January 2014, this division will return to its employees 5 percent of its gross revenues in the form of a Christmas bonus." (This policy could increase employee productivity.)
3. "Beginning in January 2014, inventory levels carried in warehouses will be decreased by 30 percent in accordance with a just-in-time (JIT) manufacturing approach." (This policy could reduce production expenses and thus free funds for increased marketing efforts.)

Production Department Objective


Increase production from 20,000 units in 2014 to 30,000 units in 2015.

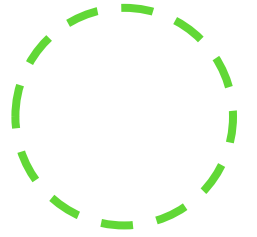
Supporting Policies

1. "Beginning in January 2014, employees will have the option of working up to 20 hours of overtime per week." (This policy could minimize the need to hire additional employees.)
 2. "Beginning in January 2014, perfect attendance awards in the amount of \$100 will be given to all employees who do not miss a workday in a given year." (This policy could decrease absenteeism and increase productivity.)
 3. "Beginning in January 2014, new equipment must be leased rather than purchased." (This policy could reduce tax liabilities and thus allow more funds to be invested in modernizing production processes.)
-



3. Managing Conflict

- Disagreement between two or more parties on one or more issues
 - Unavoidable
 - An absence of conflict can signal indifference and apathy
 - Can serve to energize opposing groups into action and may help managers identify problems
- 



Some Management Trade-Off Decisions Required in Strategy Implementation

- To emphasize short-term profits or long-term growth
 - To emphasize profit margin or market share
 - To emphasize market development or market penetration
 - To lay off or furlough
 - To seek growth or stability
 - To take high risk or low risk
 - To be more socially responsible or more profitable
 - To outsource jobs or pay more to keep jobs at home
 - To acquire externally or to build internally
 - To restructure or reengineer
 - To use leverage or equity to raise funds
 - To use part-time or full-time employees
-



3. Managing Conflict

1. Avoidance

Ignoring the problem in hopes that the conflict will resolve itself or physically separating the conflicting individuals (or groups).

2. Defusion

Playing down differences between conflicting parties while accentuating similarities and common interests, compromising so that there is neither a clear winner nor loser, resorting to majority rule, appealing to a higher authority, or redesigning present positions.

3. Confrontation


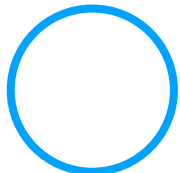
- Exchanging members of conflicting parties so that each can gain an appreciation of the other's point of view or holding a meeting at which conflicting parties present their views and work through their differences.



4. Matching Structure with Strategy

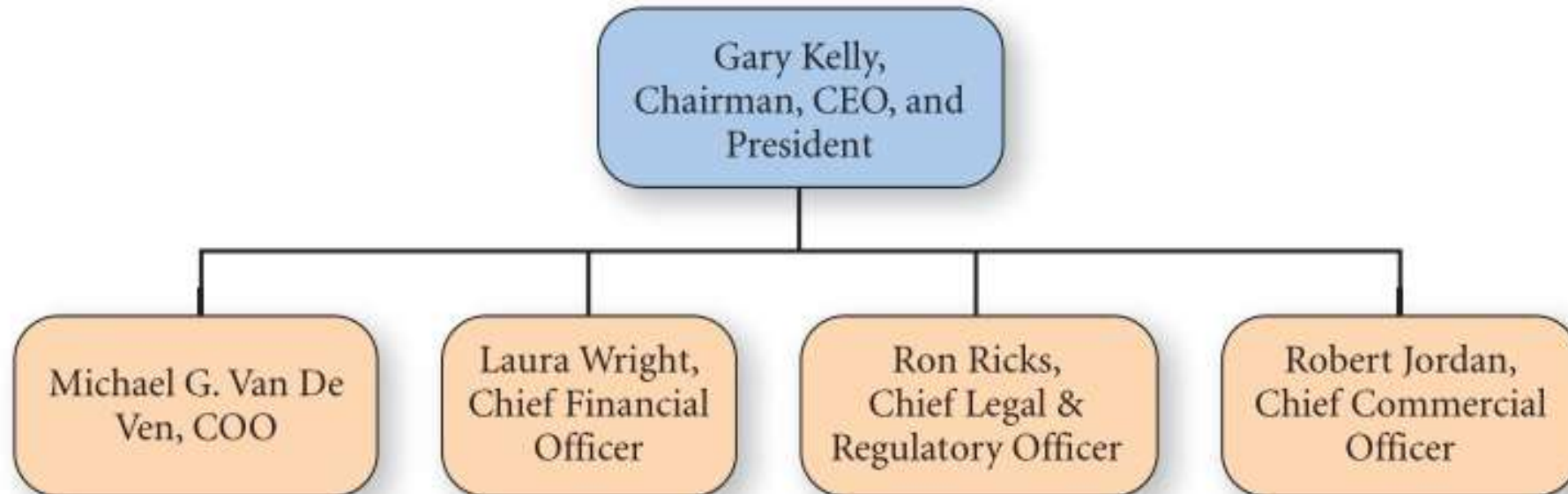
- Structure largely dictates how objectives and policies will be established
- Structure dictates how resources will be allocated

7 basic types of organizational structure

1. Functional
 2. Divisional by geographic area
 3. Divisional by product
 4. Divisional by customer
 5. Divisional process
 6. Strategic business unit (SBU)
 7. Matrix
- 
- 

4. Matching Structure with Strategy

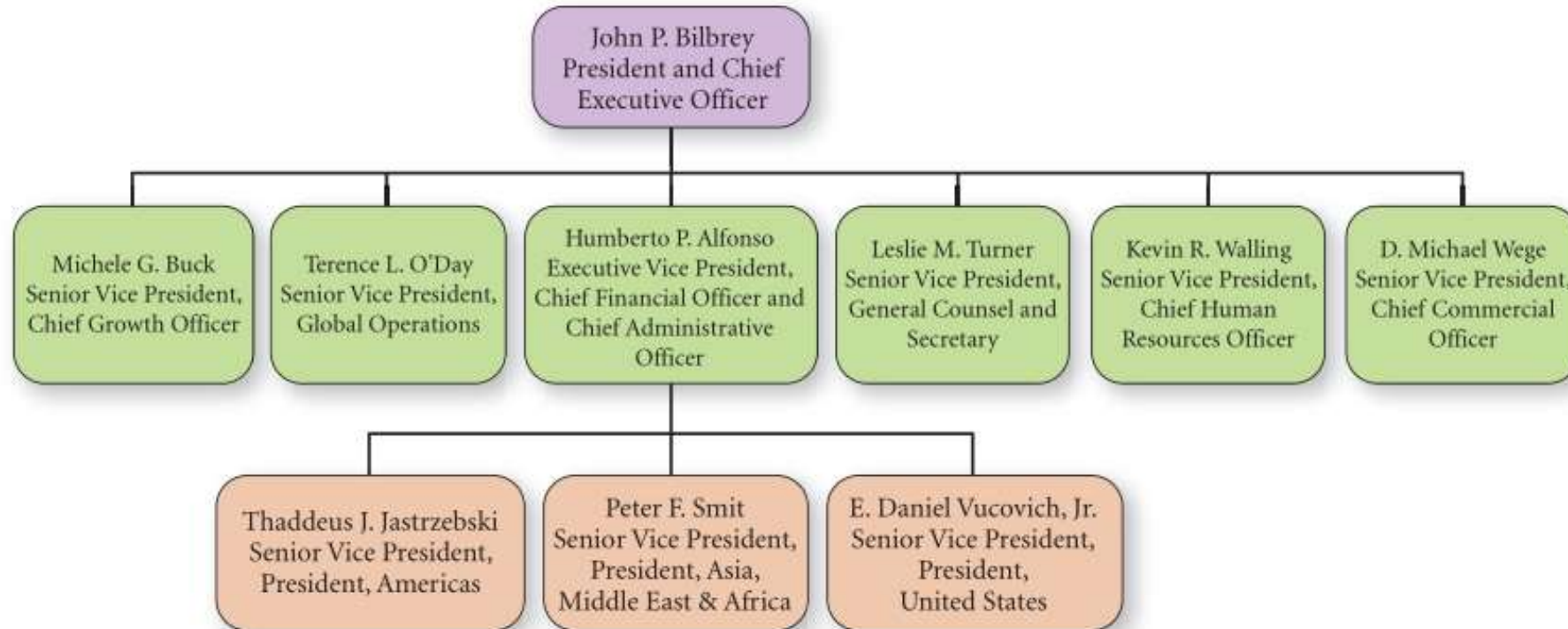
1. Functional Structure



Southwest Airlines' Functional Organizational Chart

4. Matching Structure with Strategy

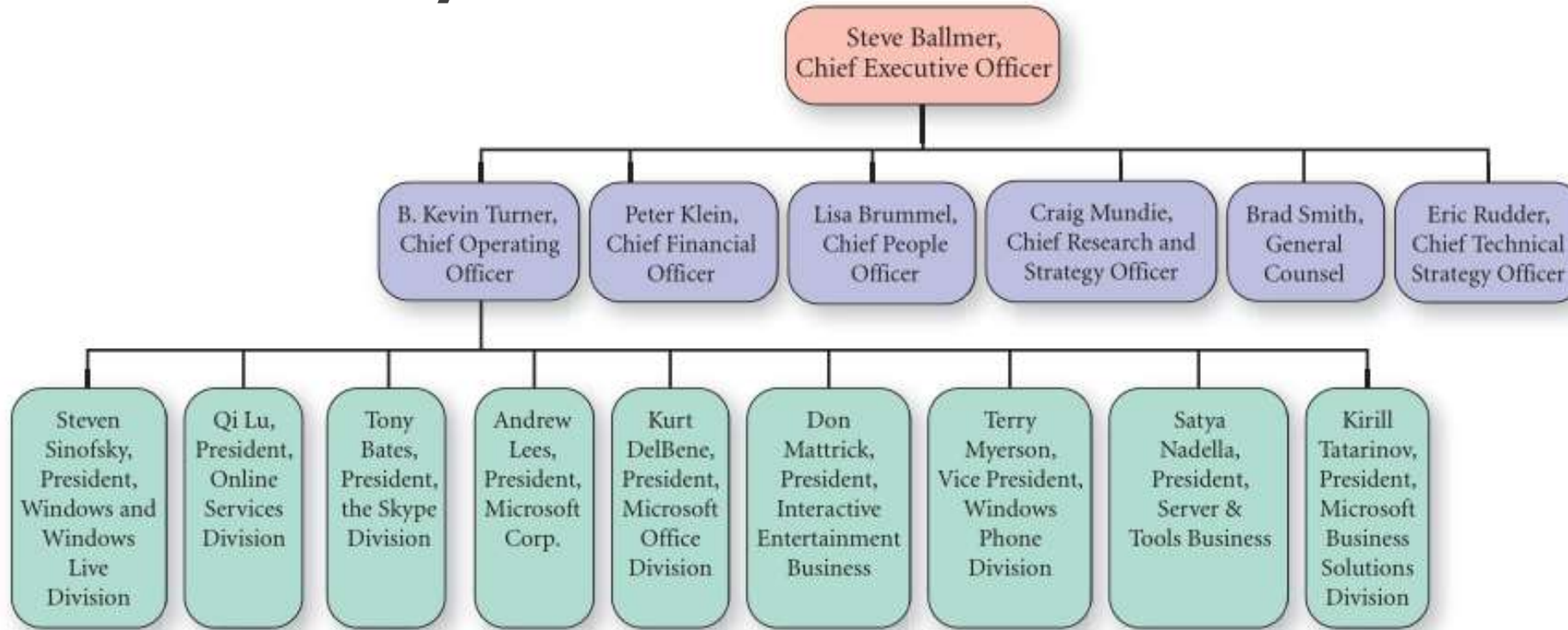
2. Divisional-by-Region



Hershey Foods' Divisional-by-Region Organizational Chart

4. Matching Structure with Strategy

3. Divisional-by-Product



Microsoft's Divisional-by-Product Organizational Structure




4. Matching Structure with Strategy

4. Divisional-by-Customer

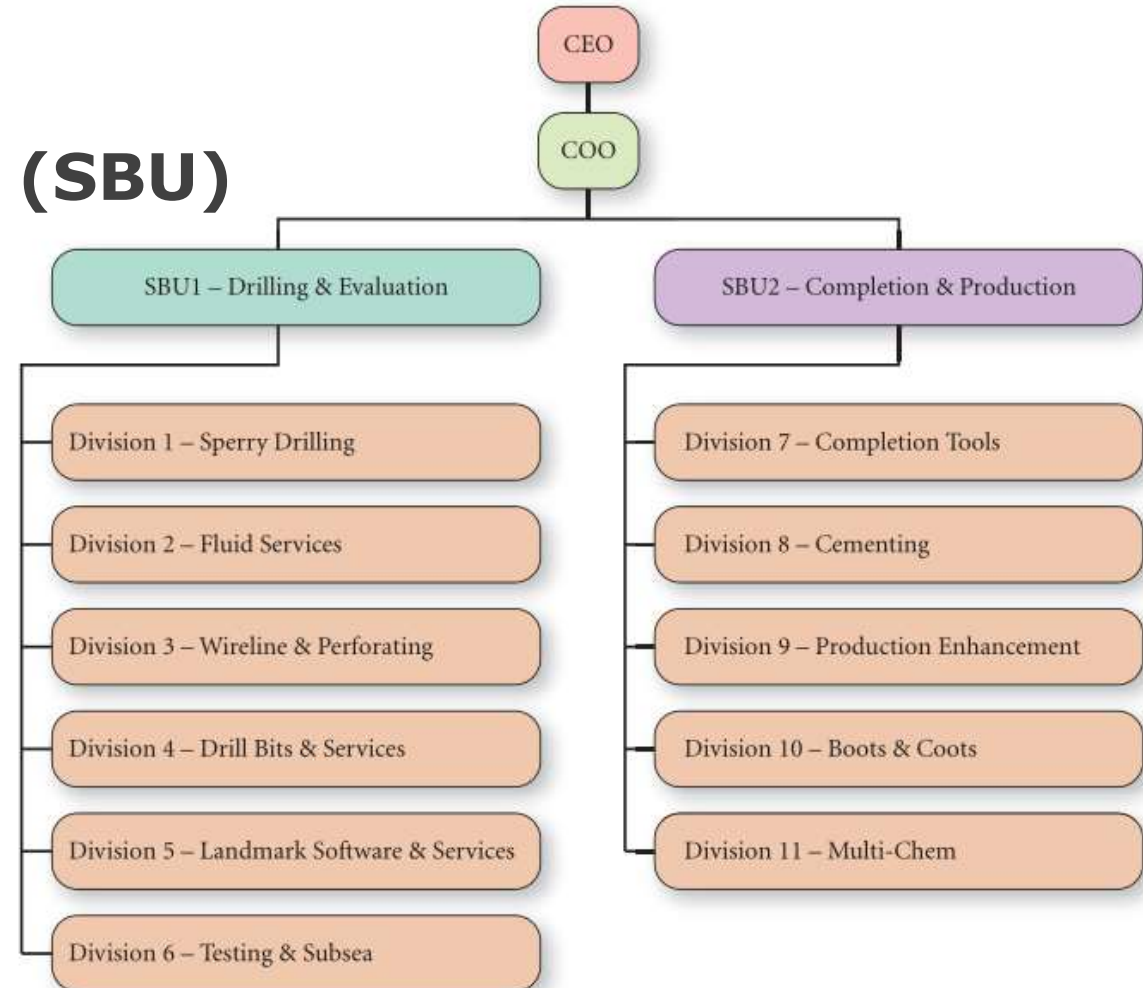
- ❑ Book publishing companies: colleges, secondary schools, and private commercial schools.
- ❑ Airline companies: Passengers and freight or cargo services
- ❑ Utility companies: Commercial, (2) residential, and Industrial

5. Divisional-by-Process

- 
- ❑ Similar to a functional structure
 - ❑ Every division is accountable for profits or revenues
 - ❑ Manufacturing business organized into six divisions: electrical work, glass cutting, welding, grinding, painting, and foundry work

4. Matching Structure with Strategy

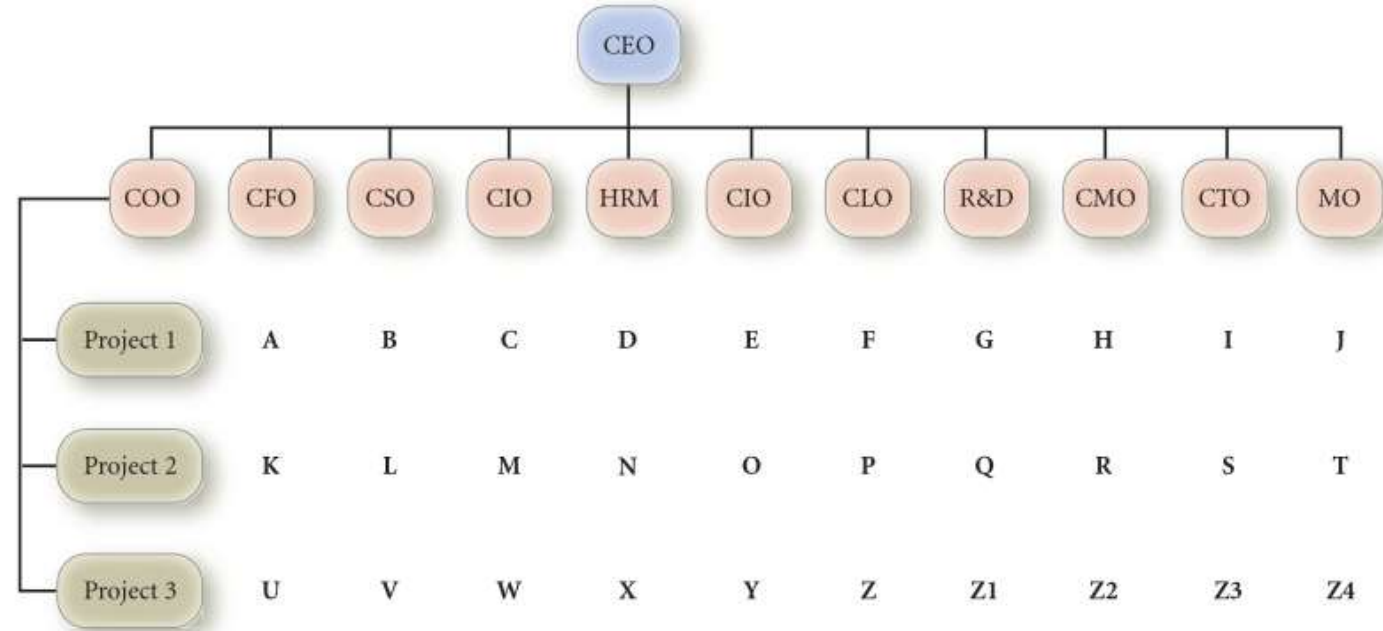
6. Strategic Business Unit (SBU)



Halliburton Company's SBU Organizational Chart

4. Matching Structure with Strategy

7. Matrix

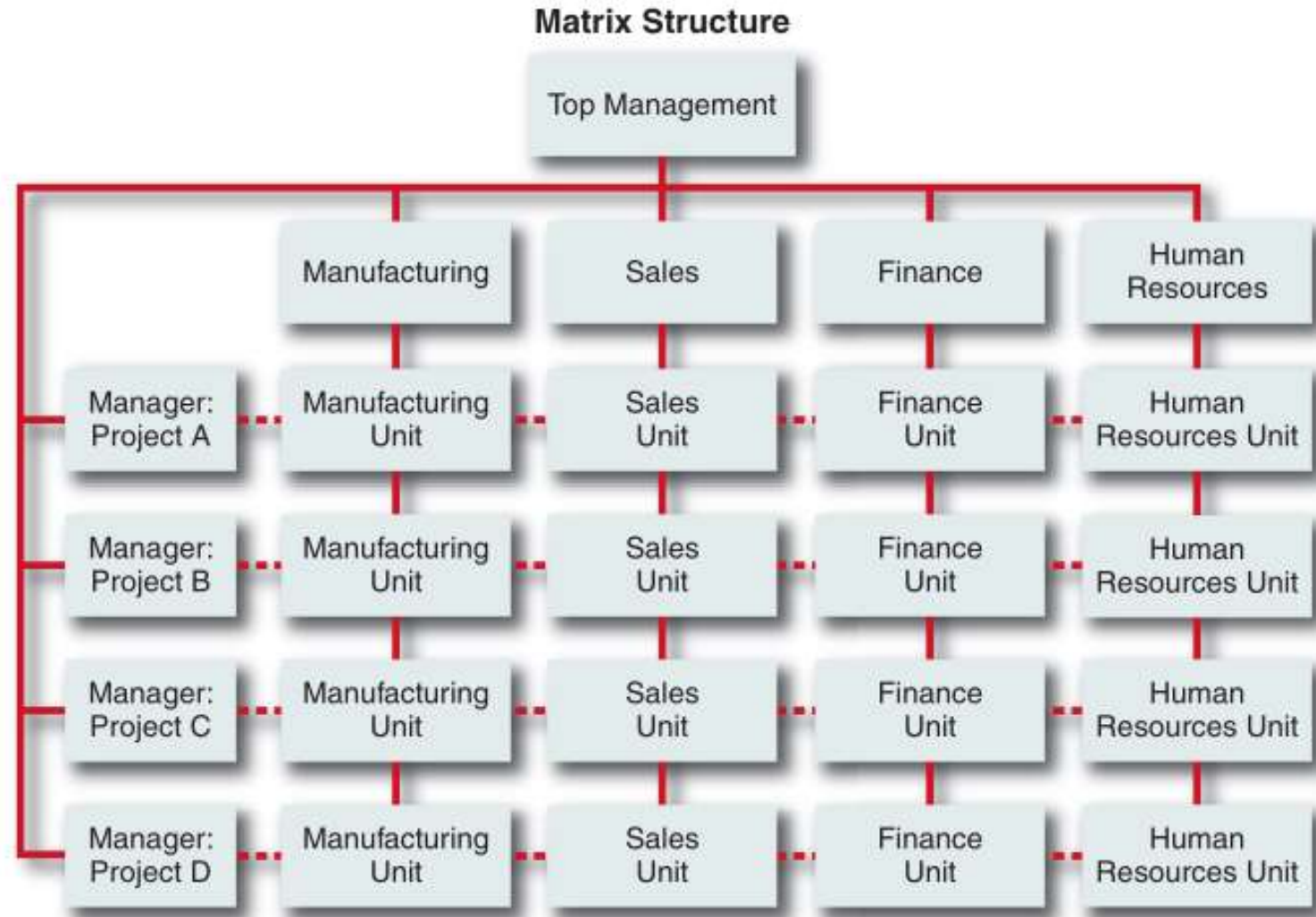


Notes: Titles spelled out as follows.

- Chief Executive Officer (CEO)
- Chief Finance Officer (CFO)
- Chief Strategy Officer (CSO)
- Chief Information Officer (CIO)
- Human Resources Manager (HRM)
- Chief Operating Officer (COO)
- Chief Legal Officer (CLO)
- Research & Development Officer (R&D)
- Chief Marketing Officer (CMO)
- Chief Technology Officer (CTO)
- Competitive Intelligence Officer (CIO)
- Maintenance Officer (MO)


4. Matching Structure with Strategy

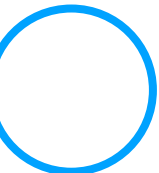
7. Matrix





5. Restructuring and Reengineering

- **Restructuring** = downsizing, rightsizing, or delayering
 - Reducing the size of the firm in terms of number of employees, number of divisions or units, and number of hierarchical levels in the firm's organizational structure.
 - This reduction in size is intended to improve both efficiency and effectiveness.
 - reengineering is concerned more with employee and customer well-being than shareholder well-being.
- 





5. Restructuring and Reengineering

- **Reengineering** = process management, process innovation, or process redesign
- Reconfiguring or redesigning work, jobs, and processes for the purpose of improving cost, quality, service, and speed => cost reduction
- Reengineering does not usually affect the organizational structure or chart, nor does it imply job loss or employee layoffs.
- Restructuring when various ratios appear out of line with competitors as determined through benchmarking
- Benchmarking: comparing a firm against the best firms in the industry on a wide variety of performance-related criteria.
- Some benchmarking ratios: sales per person, or corporate-staff-to-operating-employees, or span-of-control figures.


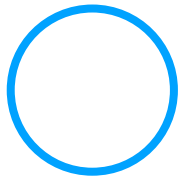


6. Linking Performance and Pay to Strategies

- Dual bonus system based on both annual objectives and long-term objectives
- Profit-sharing plans
- Gain sharing: if actual results exceed performance targets, employees get bonuses
- Bonus system based on sales, profit, production efficiency, quality, and safety
- A combination of reward strategy incentives, such as salary raises, stock options, fringe benefits, promotions, praise, recognition, criticism, fear, increased job autonomy, and awards, can be used to encourage managers and employees to push hard for successful strategic implementation.



7. Managing Resistance to Change

- Change raises anxieties because people fear economic loss, inconvenience, uncertainty, and a break in normal social patterns
 - Sabotaging production machines, absenteeism, filing unfounded grievances, and an unwillingness to cooperate
 - 1. A force change strategy** involves giving orders and enforcing those orders. Fast, but it is plagued by low commitment and high resistance.
 - 2. The educative change strategy** is one that presents information to convince people of the need for change. Slow and difficult, but evokes greater commitment and less resistance
 - 3. A rational or self-interest change strategy** is one that attempts to convince individuals that the change is to their personal advantage.
- 
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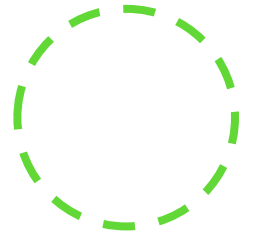
8. Creating a Strategy-Supportive Culture



Ways and Means for Altering an Organization's Culture

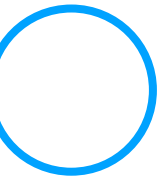
1. Recruitment
 2. Training
 3. Transfer
 4. Promotion
 5. Restructuring
 6. Reengineering
 7. Role modeling
 8. Positive reinforcement
 9. Mentoring
 10. Revising vision and/or mission
 11. Redesigning physical spaces/facades
 12. Altering reward system
 13. Altering organizational policies, procedures, and practices
-

9. Production and Operations Concerns



Production Management and Strategy Implementation

Type of Organization	Strategy Being Implemented	Production System Adjustments
Hospital	Adding a cancer center (Product Development)	Purchase specialized equipment and add specialized people.
Bank	Adding 10 new branches (Market Development)	Perform site location analysis.
Beer brewery	Purchasing a barley farm operation (Backward Integration)	Revise the inventory control system.
Steel manufacturer	Acquiring a fast-food chain (Unrelated Diversification)	Improve the quality control system.
Computer company	Purchasing a retail distribution chain (Forward Integration)	Alter the shipping, packaging, and transportation systems.





10. Human Resource Concerns

Labor Cost-Saving Tactics

Salary freeze

Hiring freeze

Salary reductions

Reduce employee benefits

Raise employee contribution to health-care premiums

Reduce employee 401(k)/403(b) match

Reduce employee workweek

Mandatory furlough

Voluntary furlough

Hire temporary instead of full-time employees

Hire contract employees instead of full-time employees

Volunteer buyouts (Walt Disney is doing this)

Halt production for three days a week (Toyota Motor is doing this)

Layoffs


Early retirement

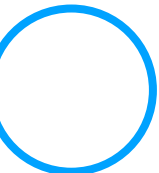
Reducing or eliminating bonuses



10. Human Resource Concerns

Matching managers with strategy


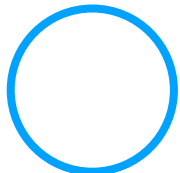
- Transferring managers
 - Developing leadership workshops
 - Offering career development activities
 - Promotions
 - Job enlargement
 - Job enrichment
- 






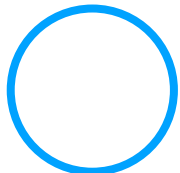
10. Human Resource Concerns

Performance incentives that clearly link performance and pay to strategies

- Employee stock ownership plan (ESOP)**
 - Balancing work life and home life**
 - Elder care assistance, child-care policy, flexible scheduling, job sharing, adoption benefits, an on-site summer camp, employee help lines, pet care, and lawn service referrals
 - Corporate Wellness Programs**
 - Wellness programs provide counseling to employees and seek lifestyle changes to achieve healthier living.
 - Requiring employees to get healthier or pay higher insurance premiums.
 - Employees that do get healthier win bonuses, free trips, and pay lower premiums; nonconforming employees pay higher premiums and receive no “healthy” benefits.
- 
- 




PR

1. Gambarkan struktur organisasi pada Bank Saudara!
 2. Apa jenis struktur organisasi pada Bank Saudara? Jelaskan.
 3. Tuliskan contoh-contoh sasaran tahunan untuk bidang-bidang
 - a. Pemasaran
 - b. Operasional
 - c. Keuangan
 - d. SDM
 - e. Teknologi Informasi
- 
- 



PR

4. Jelaskan program *work life balance* pada Bank Saudara!
 5. Tuliskan contoh-contoh kebijakan pada bank Saudara untuk bidang-bidang
 - a. Pemasaran
 - b. Operasional
 - c. Keuangan
 - d. SDM
 - e. Teknologi Informasi
 6. Jelaskan bagaimana Bank Saudara membangun *strategy-supportive culture*!
- 
- 