Managing Strategic Change

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Introduction

[...]
Executives managing strategic change in large organizations should not
– and do not – follow highly formalized textbook approaches in long-
range planning, goal generation, and strategy formulation.[1] Instead, they
artfully blend formal analysis, behavioral techniques, and power politics
to bring about cohesive, step-by-step movement toward ends which
initially are broadly conceived, but which are then constantly refined and
reshaped as new information appears.[2] Their integrating methodology
can best be described as 'logical incrementalism'.
[...]
   Managers *consciously* and *proactively* move forward *incrementally*:

- To improve the quality of information utilized in corporate strategic
  decisions.
- To cope with the varying lead times, pacing parameters, and sequenc-
  ing needs of the 'subsystems' through which such decisions tend to be
  made.
- To deal with the personal resistance and political pressures any
  important strategic change encounters.
- To build the organizational awareness, understanding, and psycho-
  logical commitment needed for effective implementation.
- To decrease the uncertainty surrounding such decisions by allowing
  for interactive learning between the enterprise and its various imping-
  ing environments.
- To improve the quality of the strategic decisions themselves by
  (1) systematically involving those with most specific knowledge,
  (2) obtaining the participation of those who must carry out the

decisions, and (3) avoiding premature momenta or closure which could lead the decision in improper directions.

How does one manage the complex incremental processes which can achieve these goals? The following is perhaps the most articulate short statement on how executives proactively manage incrementalism in the development of corporate strategies:

> Typically you start with general concerns, vaguely felt. Next you roll an issue around in your mind till you think you have a conclusion that makes sense for the company. You then go out and sort of post the idea without being too wedded to its details. You then start hearing the arguments pro and con, and some very good refinements of the idea usually emerge. Then you pull the idea in and put some resources together to study it so it can be put forward as more of a formal presentation. You wait for 'stimuli occurrences' or 'crises', and launch pieces of the idea to help in these situations. But they lead toward your ultimate aim. You know where you want to get. You'd like to get there in six months. But it may take three years, or you may not get there. And when you do get there, you don't know whether it was originally your own idea – or somebody else had reached the same conclusion before you and just got you on board for it. You never know. The president would follow the same basic process, but he could drive it much faster than an executive lower in the organization.[3]

Because of differences in organizational form, management style, or the content of individual decisions, no single paradigm can hold for all strategic decisions.[4] However, very complex strategic decisions in my sample of large organizations tended to evoke certain kinds of broad process steps. These are briefly outlined below. While these process steps occur generally in the order presented, stages are by no means orderly or discrete. Executives do consciously manage individual steps proactively, but it is doubtful that any one person guides a major strategic change sequentially through all the steps. Developing most strategies requires numerous loops back to earlier stages as unexpected issues or new data dictate. Or decision times can become compressed and require short-circuiting leaps forward as crises occur.[5] Nevertheless, certain patterns are clearly dominant in the successful management of strategic change in large organizations.

Creating awareness and commitment – incrementally

Although many of the sample companies had elaborate formal environmental scanning procedures, most major strategic issues first emerged in vague or undefined terms, such as 'organizational overlap', 'product