AN EVALUATION OF THE STRATEGIC PLANNING MODEL USED BY MANUFACTURING COMPANIES IN ZIMBABWE: THE CASE OF NELSPOT (PRIVATE) LIMITED.

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DECLARATION

I, ……………………………………………..,do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

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Student Signature Date

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Supervisor Signature Date

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I thank the Lord for allowing me this second chance to pick up myself and continue with the educational journey, surely his goodness and mercy lives forever.

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ABSTRACT

Literature on strategic planning model points generally to the existence of four critical stages in the strategic planning process which are strategic analysis, strategic formulation, strategic implementation and strategic control and review. The strategic planning process can follow a chronology of events, and may be through workshops and by use of consultants. Current trends points to informality in planning sessions to encourage creativity, discussions, rather than highly formal business environment. There are various tools available to strategy managers at every each stage in the strategic planning process. The strategic planning model when properly followed leads to a firm achieving competitive advantage over rivals. The literature and examples in literature are of other economies and the organizations are global and internationally reputable. This research was conducted to benefit the manufacturing sector, academic community and the country as a whole. It was based on a single case study Nelspot Chemicals.

Data was gathered through face to face interviews with the management at Nelspot Chemicals. These include the Executive Chairman, the General Manager and the four heads of departments. The research employed a qualitative research based upon the interpretivism philosophy and semi-structured questionnaires were used to gather data in interviews. Data gathered was analyzed and then presented in the form of response tables

The study findings were that Nelspot was not religiously following the strategic planning process and it was due the various market challenges including and lack of full management commitment and not utilizing the applicable tools. As a result the organization could not achieve competitive advantage over its rivals. It was recommended that Nelspot management some invite consultants for re-introducing strategic planning, implement total quality management and balanced scorecard, culture change, corporate governance changes and investment in technology to ensure effective implementation of strategies.

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CHAPTER 1 INTRODUCTION AND BACKGROUND

1.0 Introduction

Background to the study

Strategy is the direction and scope of an organization over a long term; which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of the markets and to fulfill stakeholder expectations (Johnson et al, 2011). Literature has identified the four main stages of strategic planning process as strategic analysis, strategic review, strategic implementation and strategic control and review.

Strategic analysis is concerned with understanding the position of the organization, the environmental changes, and how they will affect the organization and its activities, the resources and competencies. The board, management or the chief executive may realize that the organization is on the decline, profits are tumbling and market share is declining to competition and many other challenges are affecting competitive advantage and hence the need for strategy analysis. Strategy formulation is the second stage and winning strategies are best formulated by input from business managers and functional managers with a corporate planning department performing a co-ordination function and regulation of activities within the overall direction of the corporate.

Strategy implementation and execution is basically operations-oriented and aims to convert strategic plans into actions. Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises, and making necessary adjustments. Feedback through real-time reports, monthly quarterly or annual reports and corrective measures implemented where necessary. There are various tools which are available at every stage of the strategic planning model which are used in strategic analysis, strategic formulation, strategic implementation and strategic control and review.

The benefits of strategic planning are clear for all to see that it assists is resource allocation, co-ordination of business efforts, and many other advantages. The challenge though is that the strategic planning model appears to be a one size fits all. Emphasis and examples or cases noted by the scholars are only reputable organizations which are competitive across the global market. While they are a correct representation of business success the challenge now is that strategic planning is now considered to be a process that is followed by successful and established corporates which already have a stable financial base.

The limitation in this literature is that it largely relates to experiences in major corporations in the developed world and therefore cannot address this study's research objectives. Hence this study, whose contribution to the body of knowledge on strategic planning was to evaluate the strategic planning model used in Zimbabwe's manufacturing companies through a case study of Nelspot Chemicals.

1.1 Background to the Case study organisation

1.1.1 Macro environment analysis

Political environment

Zimbabwe is current under the government of national unity which is a coalition of three political parties namely ZANU (PF) led by President Mugabe, MDC-T led by Prime Minister Morgan Tsvangirai and MDC-N led by Minister Professor Welshman Ncube. This coalition government was established after the 2008 run-off election which was won by but was not recognized by the regional and international community because of violence. It is because of these elections that the country is under targeted sanctions from the European Community and the USA.

The five year term for the government of national unity will end in 2013 and national elections will be held within twelve months. Political parties are trying to ensure that the impending elections are credible and get recognition from the regional and international community so that all sanctions are lifted.

However concern for the impending national elections is currently leading a lot of challenges on planning because of uncertainties on future government or even political stability before, during and after elections.

Macro-economic environment

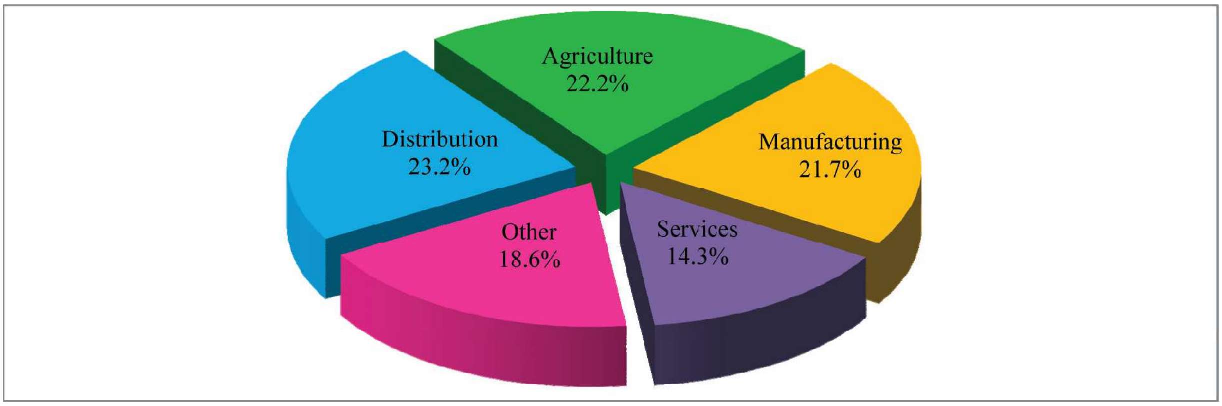
Inflation

Zimbabwean economy adopted the multi-currency trading system since March 2009 and discontinued the use of the Zimbabwean dollar. This effectively wiped out hyperinflation and brought considerable stability to pricing. The most traded currency is the USD followed by the South African rand

According to the monthly economic review of African development bank year on year inflation increased from 2.5% in May 2011 to 4.02% in May 2012. Month on month inflation declined from 0.19% in April to 0.07% in May. The major drivers of year on year inflation have been rentals, water, electricity and fuels. Rentals have been significant because of the high demand for accommodation and the non- availability of funding for purchase and construction of houses. Zimbabwe inflation is lower than the regional average and forecast.

Interest rates

The interest rates have been softening over the year from a high of 14% in February 2012 to 9.05% in April 2012 for commercial banks. The interest rates remain high due to liquidity shortages, high credit demand while foreign credit lines remain unavailable. In terms of borrowing manufacturing is the second in getting funds from the banks.



Source: African Development Bank (2012)

Figure1.1 Distribution of banking loans by sector – April 2012

Social

Zimbabwe's population is estimated at twelve million with a growth rate of 4.3%, though there is an impending census in August 2012.Regretably it is estimated that the unemployment rate was at 95% based on the 2009 estimate in the CIA fact book. Urban population is estimated at 38% of the total population the urbanization rate of 3.4%. (www.indexmundi.com, 18/07/2012)

The high unemployment rate also points to a larger number of population being under informal employment in various sectors. Like other nations developing nations the number of women in employment both formal and informal is increasing and they are involved spending decisions in the households.

Technology

Technological infrastructure in Zimbabwe is comparable with other regional and developed countries. There is relatively easy access of internet services and currently we are at third generation mobile network which can accommodate most business requirements. In Zimbabwe the technology available a business only requires to source and access world class technology. Specifically a business can access voice over internet protocol (VOIP), teleconferencing, video conferencing, e-mail, internet is readily available. Furthermore there is access to enterprise resource planning systems (ERPs) for like SAP and others which have local agents. Computer hardware and software is accessed through authorized agents for international companies like IBM, Hewlett Packard, Microsoft and many others.

Manufacturing organizations need to invest in the latest manufacturing technologies which will enable them to produce efficiently using less manpower and cheaper and fewer raw materials. There is technological know-how and infrastructure to support whatever the investment manufacturers can make.

Legal

The legal environment in Zimbabwe is generally good as manufacturers can have their brands registered and protected by law. Counterfeits can be investigated with the sources identified and prosecuted.

Regulations in terms of imports are the ones which at the moment creates challenges for the local manufacturers as duty tariffs for imported goods are not that inhibitive and cheaper imports are outcompeting locally produced products.Furthermore, the other government policy of 51% indigenous ownership has led to concern on international investors.

Environment

Zimbabwe has by laws in terms of waste disposal and environmental care in general. Organizations need to comply with the requirements of city health department and the Environmental Management Agency and there are heavy fines and compliance procedures which must be followed.

1.1.2 Industry analysis

The manufacturing sector though it is growing its capacity utilization which is estimated at 57% according to the CZI survey of November 2011.Capacity utilization has increased from a low of about 10% in 2008 but has a long way to reach the government target of 80% by year 2015.(www.czi.co.zw,18/07/2012). There is a liquidity challenge in the market as the economy is not attracting foreign credit lines and the little funds available are at high interest which is costly to the businesses. Zimbabwean manufacturers currently cannot meet the demand in the market and they need to invest latest machinery and technology. The monetary statement in January 2012 indicated that the manufacturing sector had the slowest growth in 2011 of only 3.5% against mining (25.8%) agriculture (7.4%), Finance and Insurance (24%) and Distribution and tourism (10.3%). (www.rbz.co.zw, 18/07/2012).

Locally manufactured goods are outnumbered by imported goods on the shelf and even international manufacturing companies are importing finished goods which are landing cheaper. Companies like Unilever, Nestle, Reckitt Benckiser are only manufacturing a limited range of products while the bulk is imported from their large factories in South Africa, Kenya, Egypt and sometimes Nigeria. Furthermore, there are thriving distribution companies, wholesalers and retailers which are importing fishing goods mostly from South Africa to supply the local market.

Porters' Five forces

i. **Bargaining power of suppliers**

The supply market for industrial chemicals and ingredients basically consists of local, regional and global suppliers. China is a reputable global supplier of a range of chemicals that are used in the manufacture of soaps, detergents, and household cleaning chemicals. Europe is a reputable supplier for perfumes, colours and food ingredients. The challenge though for is that the price trends for the supply market are basically controlled by global economic trends. Furthermore, it is difficult to substitute these chemicals thus the sources of supply remain basically the same and have control on pricing. It is difficult for buyers to be able to influence pricing for raw materials.

Only companies like Unilever, Nestle, Colgate Palmolive, Procter and Gamble are able to negotiate better prices using their global demand and they will out-compete Nelspot on the shelf with rival brands.

Regional sources of suppliers are mainly in South Africa where traders acquire raw materials on the global market for supply of the region. These compete with Nelspot for the supply of materials to manufacturers

ii. **Bargaining power of buyers**

Nelspot Chemicals has two main buyers of their product which are manufacturers in the industry which they supply raw materials and the wholesalers and retailers which buy their household brands. Unfortunately, it is a buyers' market for these two markets. There are many suppliers of industrial chemicals in the industry from the small 'briefcase' businesses to established suppliers of raw materials. Small business traders entered the market mostly during the era of foreign currency shortages when business were struggling to access foreign currency while individuals could access funds from their partners in the diaspora and pay directly to suppliers. On the other side there are established local raw material suppliers who have been in the industry for over twenty years. The long standing suppliers include Acol Chemicals, Astra Chemicals, Industrial Chemical importers, AI Davis, Chemicals, Cernol Chemicals, Chemical Procurement

Services (CPS) and Barco chemicals. Some of the customers of Nelspot are asking for huge discounts and payment terms of up to 60days which is a strain to working capital.

On the retail market where Nelspot Chemicals supply household cleaning chemicals there is a wide variety of brands that compete with Nelspot brands. There are powerful brands like Unilever brands namely Vim, Sunlight liquid, Handy andy, Domestos, Dettol for Reckitt Benckiser, Ajax brand for Colgate Palmolive, then Powerbrite brands manufactured by Quetech Chemicals, and various supermarket in-house brands which includes OK Value brands and Pot O' Gold for OK Zimbabwe and TM Supa saver for TM supermarket. Furthermore there is a threat of less established brands which are making their way into the market hence retailers are spoilt for choice and manufacturers are competing for shelf space. Under this scenario suppliers of household cleaning chemicals have price ceilings which they must adhere to otherwise they will not push volumes.

iii. The threat of new entrants

The threat of new entrants is very high because from the industrial chemicals portfolio there is no investment to talk about. One needs to have funds to import chemicals from the South Africa or even direct from China and find a warehouse to rent and keep some stock. While others do not even keep any safety stock but they import as per order and supply direct to their customers. There is no plant and machinery required to supply chemicals but only the knowledge chemicals and their sources.

On the household cleaning brands the threat of new entrants is significant because there has been an increase low cost products which are manufactured under very simple set ups. Secondly new entrants in the Zimbabwean market are through the importation of finished products which are manufactured at low cost in South Africa, Kenya, Nigeria, Egypt, India and Dubai. The current duty tariffs are not prohibitive and some materials are covered by the bilateral trade agreements and regional trade protocols.

iv. The intensity of rivalry

The competition in both the supply of industrial chemicals and manufacture of household cleaning chemicals is very tense.

In the supply of industrial chemicals established suppliers including Nelspot Chemicals are facing competition from new traders with minimal overheads without warehousing facilities. These suppliers basically import as per order and deliver directly to their customers. Furthermore, there are South African chemical suppliers from whom local suppliers like Nelspot used to order from who are now supplying direct to manufacturers in the country while some have established warehouses in Harare.

On the manufacturing of household cleaning chemicals rivalry is very tense also because of the proliferation of several backyard manufactured brands finding their way into supermarket shelves. There are price wars that exist and manufacturers tend to be offering huge discounts to undercut on competition and given existence of in-house brands retailers now have added on to rivalry in the market.

v. The threat of substitutes

There is absolutely no threat of substitutes in this industry. Manufacturers will always need to use chemicals as raw materials in manufacturing products. Substitution is merely from one chemical to another hence chemical supplier need only to find the sources for the new chemicals or ingredients.

1.1.3 Background on Case study organization: Nelspot Chemicals

Nelspot Chemicals is a privately owned company incorporated in 1996. It is involved in supply of Industrial chemicals and ingredients to the local manufacturers and there are also manufacturers of household cleaning chemicals. Founders of Nelspot Chemicals are formerly directors of Quetech Holdings. Nelspot Chemicals supplies household and industrial chemicals to other manufacturing companies in the country. Their motto or pay off line is "*satisfying your household and industrial needs"*

Nelspot supply industrial chemicals and food ingredients to the local manufacturers. Their top clients include Dairibord Zimbabwe, Unilever Zimbabwe, Savanna Tobacco, Nestle Zimbabwe, Innscor manufacturing, Olivine Industries, National Foods, Baker Inn. This unit has been in operation since the inception the business in 1996 now contributes 41% of the business revenue.

The manufacturing unit of Nelspot was introduced in 2001and has since grown and now contribute 59% of revenue to the business. Their household cleaning brands are supplied to wholesalers and retailers in Zimbabwe. Top clients include Spar Group, OK Zimbabwe, TM supermarkets, MahomedMussa, West star wholesalers (formerly Redstar), Bhadella and Bulawayo based N Richards, R Chitrin among others.

i. Business challenges

Nelspot has experienced an increase in production volumes since 2008 which is a positive development. The concern is however that their shelf space is decreasing steadily as more and more brands are emerging on the shelf. Basing on a calculation of shelf space in their top ten retail customers there has been a steady decline for all their brands from an average of 40% in 2009 to the current average of about 16%.

Furthermore, though volumes of industrial chemicals sold to manufacturers are on the increase Nelspot management approximate that there are currently supplying only less than 40% of their top ten customers' requirements compared to above 60% requirements Their customers prefer sourcing from suppliers in South Africa than from Nelspot while some even directly sourcing from Europe. Nelspot chemicals management believes that the organization is spending on employment more than its rivals. Since 2008 they have retrenched 4 management employees and 14 employees but they have plans for another retrenchment. Their plan is to use mostly casual labour for production so that they only pay for work done.

There are working capital challenges which seem recurrent in the organization. These basically emanate from the gap created in the business cycle. The retailers demand 30day payment terms but effectively pay after 40 to 45days. Some of their industrial customers even pay in 45-6days.Nelspot needs to invest in recent production technologies because their current equipment is not automated and outdated. The production manager is not pleased with the maintenance costs and downtime.

ii. Structure of Nelspot Chemicals

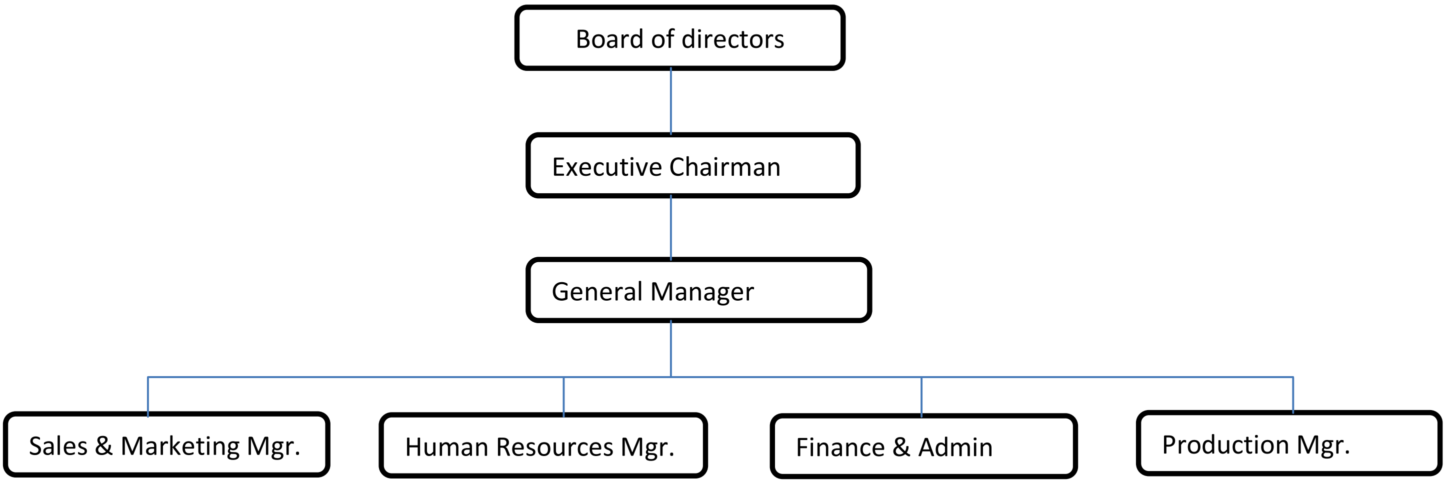


Figure 1.2 Nelspot organizational structure

Vision

To be the preferred supplier for household and industrial detergents and raw materials in the region

Mission statement

This company will identify needs of its customers through provision of competitive and innovative products. This will be attained through optimum utilization, skilled human resources and strong international supplier base.

Key strategic goals

Key strategic goals for Nelspot include having a strong brand, sufficient operational resources and to have a skilled and empowered human resource

iii. Strategic planning at Nelspot

The Executive Chairman is the majority shareholder and founder. He has assembled a board of directors comprising experience people from the market and some directors are minority shareholders. Responsibility for setting up the overall organizational direction lies with the board. The Executive committee drives the overall business strategy while the General Manager is the responsible authority in terms of the implementation of strategies of the business strategy and functional heads are responsible for driving the functional strategies.

Strategic planning view ta Nelspot looks up to three years into the future. They firm up on the immediate following year because of the dynamic nature of the environment. Right now they are only looking at 2013 only which according to them is a realistic approach given the dynamic nature of the Zimbabwean environment. Business and operational plans are firmed up in the 4th quarter of every year.

1.2 Problem statement

As cited in literature review in chapter 2 strategic management creates an organization that generates value over a sustained period time.The literature further alludes that what separates a powerful strategy from an ordinary or weak one is management’s ability to forge a series of moves, both in the market place and internally that makes the company more distinctive, tilts the playing field in the company’s’ favour by giving buyers reason to prefer its products or services, and produces sustainable competitive advantage over its rivals. Thompson et al (2006) state that strategic management is a management task which involves leadership, creativity, passion and analysis and critically strategic management must create an organization that respond to changes, compete for funds in the global financial market place. Furthermore, the literature identifies the critical stages of strategic planning process as including strategic analysis, strategic planning, strategic implementation and strategic evaluation.

Contrary to the literature Nelspot is not competing as expected of that is effectively pursuing strategic planning model. As cited in 1.1.2 and 1.1.3 Nelspot performance in the supply of industrial chemicals and ingredients is under decline due to increase in supply of low cost but high quality finished product from the region and beyond. Low cost products being manufactured from backyards are also competing for shelf space. Market share has significantly declined, employment costs are higher than rivals, and there are working capital challenges and high maintenance costs and downtime. The critical question is how a business pursuing strategic planning model finds itself in such a decline.

There is need to immediately look at how Nelspot conducts its strategic planning process and diagnose the gap between the literature and what is on the ground. If this decline continues in this manner then the organization will be outmuscled and may even be extinct in the immediate future. This research therefore is to analyze the strategic planning process at Nelspot, identify some gaps and make the necessary recommendations.

1.3 Research objectives

1. To establish the strategic planning model followed by Nelspot Chemicals
2. To ascertain the strategic formulation process followed by Nelspot Chemicals.
3. To determine how Nelspot Chemicals implements its strategy.
4. To find out Nelspot's strategic control and review processes
5. To make recommendations to Nelspot Chemicals management on the best way they can carry out their strategic planning process.

1.4 Research questions

1. What is the strategic planning model followed by Nelspot Chemicals?
2. How does Nelspot Chemicals carry out its strategic formulation process?
3. How does Nelspot implement its strategies?
4. How does Nelspot carry out its strategic control and review processes?

5. What recommendations can be given to Nelspot Chemicals management in order to improve its strategic planning process?

1.5 Research proposition

The research proposes that if Nelspot Chemicals management follows the discipline of strategic planning model this will ensure they achieve competitive advantage over their competitors.

1.6 Significance of the study

This research is of paramount importance to the researcher, the academic community the manufacturing sector and policy makers in the government.The research will enable the researcher to sharpen his skills in research having practically carried out a research and be able to explore deeper, understand problems and provide solutions. Prior to this research the researcher only had a theoretical appreciation of the subject of research. Besides enhancing skills of research the researcher shall also be able to appreciate management challenges and shortcomings and provide practical solutions in real business environment.

Apart from the researcher the academic community itself shall benefit from the outcome of this research. The research shall add to the existing body of knowledge on strategic analysis, formulation, implementation and control which the academic community can benefit from in the future. The research shall be made available to the University of Zimbabwe library and be accessed by the students.

Nelspot Chemicals and the manufacturing industry in Zimbabwe will benefit from the findings in this research. The research will highlight the best practice and establish the situation prevailing on the ground and define the gap and provide the ways to eliminate the gap. Hence if the manufacturing industry implements the research findings these will eliminate the problems that are currently affecting their business and provide a competitive advantage.

A manufacturing industry that is carrying out its strategic planning process in the best way shall provide beneficial information or advice to the policy makers i.e. the government hence this research shall indirectly benefit the governments. The main goal of strategic management is to build capable organisations that will make above average profits and viable manufacturing organizations translates to an improved gross national product and better living standards.

1.7 Research scope

The research was limited to Nelspot Chemicals. In order to minimize costs and ensure the research is finished on time the research limited respondents only to Nelspot Chemicals management i.e. from top management to first line manager.

1.8 Research limitations

The limitations are that the research was conducted by an outsider in this company hence information gathered about this organization is entirely on the interviews carried out with management and employees of Nelspot Chemicals.

1.9 Structure of the dissertation

Chapter 1

This chapter covers the introduction to the research, background information which include the macro-economic environment, industry analysis and background information about the case study. Furthermore this chapter includes the problem statement, objectives of the study, research questions, research proposition, and justification of the study, research scope and limitations.

Chapter 2

This basically is a review of literature of topic understudy. Literature comprises the concepts of strategic planning process and other key concepts from business management learned by the researcher during the Masters' Degree program.

Chapter 3

Outline and discuss the methodology used in carrying out the study and the justification for its selection. The chapter outlines the type of research to be carried out, how it was carried out and why it was carried out.

Chapter 4

Findings from the questionnaire and interviews about strategic planning process at Nelspot Chemicals were presented in this chapter. These findings were further analyzed and discussed.

Chapter 5

In this chapter there are conclusions and recommendations to improve the strategic planning process at Nelspot Chemicals

1.10 Chapter summary

This chapter set the research into motion by introducing the subject under study which is strategic planning and briefly stated what is involved in strategic planning process. The background information on the political, economic, social, technological, legal and environmental conditions in the Zimbabwean market has been outlined. Furthermore the research briefly explains the conditions prevailing in the manufacturing sector i.e. the competition dynamics and supply situation. A brief background of the case study Nelspot Chemicals has been given and the researcher went on to outline the problem being encountered in case study and outlined the objectives, the significance for this study and its scope. In concluding this chapter the researcher provided the structure of this dissertation stating what will be in the chapters following. The research proceeds to chapter two which will review the literature.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Kumar, (2011) says that literature review help to bring clarity and focus to one's research problem, through giving a better understanding of the subject area thus helping with the conceptualization of a research problem precisely and clearly. While White, (2000) say that literature review is done to aid the prevention of working on what has been done already without any perceived particular added value of the research (White, 2000)

This chapter reviews the existing body of knowledge on the subject of strategic planning. The chapter covers important definitions in strategy, strategy planning systems, strategy analysis, strategy formulation, strategy implementation and strategy control and monitoring. The chapter concludes with a critique on literature and a conceptual framework.

2.2 Definitions

2.2.1 Strategy

A company's strategy is management's game plan for growing the business, staking out market position, attracting and pleasing customers, competing successfully, conducting operations, and achieving targeted objectives (Thompson, et al, 2006).

Strategy's the pattern of objectives, purposes, or goals and the major policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is to be (Andrews, 1971)

Chandler A, (1962) defines strategy as the determination of the basic long term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals.Ofek (1993) simply says that strategy is about means and further says that it is about the attainment of ends and not their specification. Morck et al (1989) supports Ofek by saying strategy has no existence apart from the ends sought.

While Quinn (1980) defines strategy as the pattern or plan that integrates an organizations' major goals, policies and action sequences into a cohesive whole. He further states that a well formulated strategy helps in the mobilization and allocation of resources into a unique and viable posture base upon its strengths and weaknesses, expected environmental changes and contingency shifts by rivals.

Strategy according to Jensen (1989) is perspective, position, plan and pattern. He further says that strategy bridges the gap between policy and tactics or concrete actions. WhileHeracleous et al, (1992) describes strategy as an integration of thoughts, ideas, ideas insights, experiences, goals, expertise, memories, perceptions and expectations which guides specific actions in pursuit of deliberate goals.

2.2.2 Strategic planning

Johnson G, Scholes K, Whittington R(2005) states that strategic planning may take form of systematized, step by step, chronological procedures to develop or to co-ordinate an organizations' strategy.

Chorafas (2007) says that strategic planning goes beyond the determination of basic long term goals and objectives, It involves adoption of a course of action that needs to be followed and it includes the definition and scheduling of projected activities. It also calls for proper allocation of resources necessary for carrying out plans.

Strategic management involves creating organization that generates value in a turbulent world over a sustained period of time. It is a management task that involves leadership, creativity, passion and analysis – building an organization that both generates and responds to changes, developing compensation to reward staff, devising appropriate structures and systems, competing for funds in the global financial market and ensuring the necessary resources are developed and allocated to worthwhile opportunities. Fitzroy et al, (2005)

2.2.3 Strategy development processes

Johnson et al, (2005) discusses the distinction between intended strategy as deliberately planned or conceived in organizations or the emergence of a strategy in other ways. Intended strategies are an expression of desired strategic direction deliberately formulated or planned by managers. The implication is that the implementation of this intended strategy is also planned in terms of resource allocation, control systems, organizational structure and so on. Emergent strategies comes about through every day routines, activities and processes in an organization that, on the face of it, may not be directly to do with the development of strategy but nonetheless play an important role.

2.3 Strategic planning systems

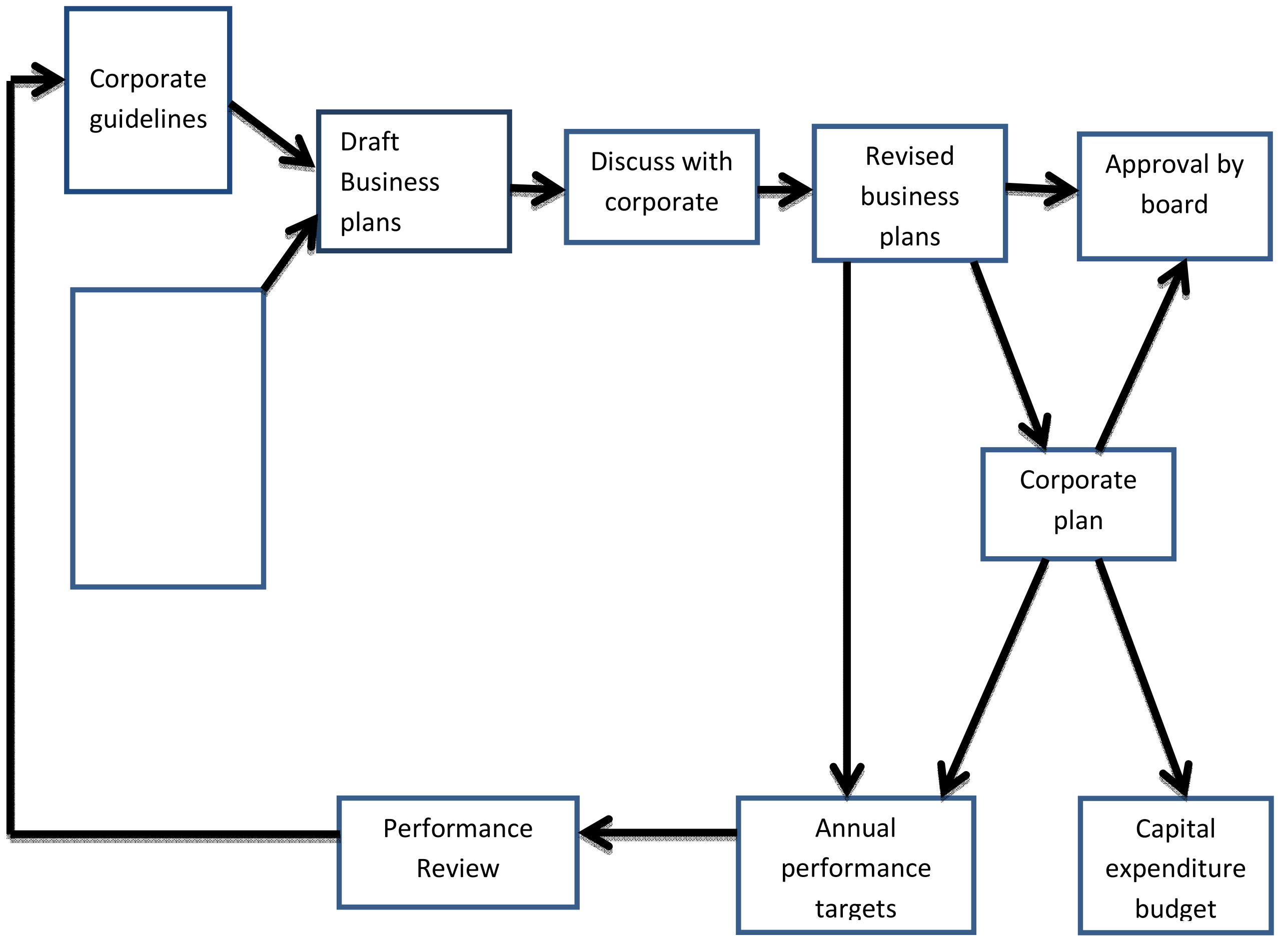
Strategy development may take the form of systematized, step by step, chronological procedures involving different parts of the organization noted the following stages in the strategic planning systems in a research that he carried on major oil companies. He realized that strategic planning in large corporates has the following general trends;

1. The cycle’s starting point is usually a set of guidelines or assumptions about the external environment (e.g. price levels and supply and demand conditions) and also overall priorities, guidelines and expectations that set by the corporate centre. The corporate centre is a dedicated planning unit overall responsible for the planning function.

2. Strategic plans which are drawn up by the various businesses or divisions. So the strategic plans come up from the businesses to the corporate centre the executives of which discuss those plans with the businesses usually in face to face meetings. The plans are then fined for further discussions depending on the outcome of these face to face meetings.

3. A corporate plan result from the aggregation of the business plans and the co-ordination is done by the corporate planning department. The approval of this plan lies with the corporate board of directors.

4. A number of key financial and strategic targets which are embedded in the capital expenditure and the annual performance targets are then likely to be extracted to provide a basis of performance monitoring of businesses and key strategic priorities on the basis of the plan. (Grant, 2008).



Source:Grant et al, (2003),

Figure 2.1 The generic strategic planning cycle

Most large companies have a regular and normally annual strategic planning process. This strategic planning process for a multi- business creates business plans for the individual divisions that are then integrated into a corporate plan Grant (2003). The scholar further says that whether formal or informal, systematic or ad-hoc, documented or not, the strategy planning process is an important vehicle for achieving co-ordination within company. It brings together knowledge from different parts of the company and commits managers to ambitious performance targets.

The system through which strategy is formulated varies from company to company, Grant (2003). He states that even after the entrepreneurial start- up has grown into a large company strategy making remain a preserve of the chief executive. Functional managers may provide key elements of strategy – goals, new business developments, capital investment, and key competitive initiatives – are often decided by the chief executive.

The author however concurs that as companies mature their strategic planning processes become more systematized and typically follow and annual cycle. He further states that strategic plans tends to be for three to five years and combine top-down initiatives (indication of performance expectations and identification of key initiatives) and bottom up business plans (proposed strategies and financial forecasts for strategic business units)

Criticism for the strategic planning systems

Grant (2008) states that although strategic planning tends to emphasize the specific commitments and decisions that are documented in written strategic plans, the most important aspect of strategic planning is the strategy process: the dialogue through which knowledge is shared and ideas communicated the consensus that is established and the commitment to action and results that is built.

Henry Mintzberg is one of the fiercest critics of the strategic planning process and he argues that these planning systems tend to bring confusion between the budgetary and strategic planning processes. The result is that strategic planning is reduced to the production of financial forecasts rather the thinking through of issues as required in strategic planning.

Secondly, problems to do with the design and putting into effect of the strategic planning systems may emerge in some organisations. The manager responsible for implementing strategy may be so busy with day to day operations of the business that they cede responsibility of strategic issues to specialists or consultants. Strategic planning exercise may become an intellectual exercise which is detached from the reality of operation

Furthermore he argues that strategic planning may fail to gain ownership of the strategy. The strategy resulting from deliberations of a corporate planning department or a senior management team may not be owned more widely in the organization. The scholar also argues that planners can come to believe that strategy determines what goes on in an organization while in fact it is what people do and the experience they draw on to do it that play a significant role.

Current trends in strategic planning

Increasing turbulence in the business environment has caused strategic planning to be less formalized and more flexible Grant (2003).The author identifies the key changes to the strategy planning process as follows;

Strategic plans have become less concerned with specific actions more heavily focused on performance targets, especially on financial goals such as profitability and shareholder return. Planning horizons have also shortened with two to five being the typical planning period.

Companies have recognized the impossibility of forecasting the future and based their strategies less on medium and long term economic and market forecasts of the future and more on general issues of strategic direction which are vision, mission, strategic intent and alternative views of the future like using scenario analysis .Strategic planning has shifted from the control perspective, in which senior management used the strategic planning mechanisms as a means of controlling decisions and resource deployments by divisions and business units and departments, towards more of a coordination perspective, in which the strategy process emphasized dialogue involving knowledge sharing and consensus building. As a result the process has become increasingly informal and puts less emphasis on written documents.

A diminishing role of strategic planning staff as responsibility for strategic decisions and the strategy making process become located among senior manager. (Grant, 2003)

Strategy workshops

Johnson et al (2003) states that strategy workshops usually take the form of intensive working sessions of a few days, perhaps away from office, by group's executives addressing the strategy of the organization.

A strategy workshop may be for top management team of the organization itself perhaps the board of directors or it could be for a different level of management perhaps the heads of departments or functions in an organization. It mays be of different levels of management and staff across the organization. Johnson et al (2003)

Furthermore, organization may set up project teams to tackle particular issues with the specific intent of involving groups of managers or staff with familiarity of those issues. The configuration of workshops and project groups is likely to differ according to what their purpose is.

Johnson et al (2003) says that strategy workshops may be conducted to; generate new ideas and solutions, monitor progress of a strategy, undertake strategic analysis, reconsider or generate an intended strategy, challenge the assumptions, plan strategy implementation, examine blockages to strategic change and how to overcome them.

Strategy consultants

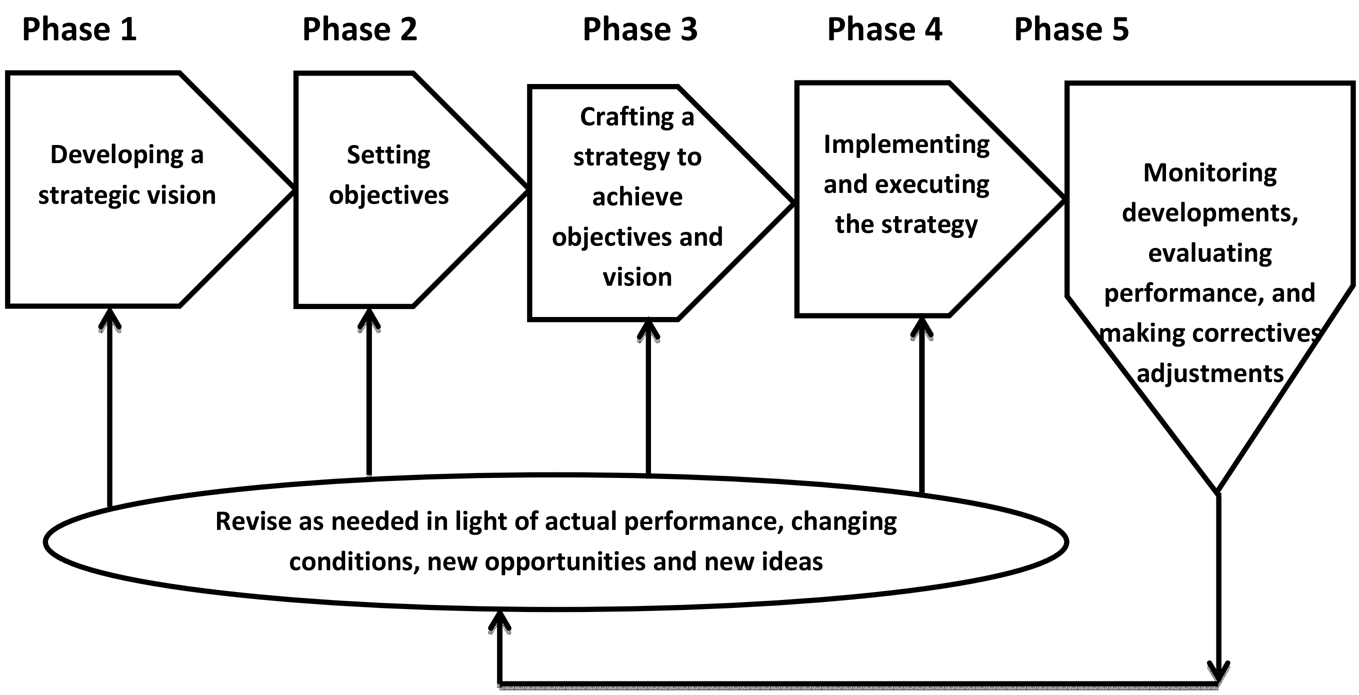
Koch, et al (2006) says that businesses often bring in strategy consultants who will develop a strategy and are actively involved in its implementation, gradually fading out as the operating managers feel more and more comfortable with their control of the strategy and the ability to adapt to it. Hamel (1997) say that managers and corporate staff new to the firm can provide an objective perspective. Koch (2006) however says that this method can be very expensive and before a strategy advice can be formulated, the consultants have to acquire a thorough understanding of the business and its environment.

Johnson et al (2003) says that various strategic issues may be identified by executives and they may be lack of clarity on how to go forward and consultants may bring an external view to help or generate options for executive consideration, consultants may also be carriers of knowledge and best practice where they disseminate knowledge between organizations, they may use to promote key strategic decisions and also consultants are being effectively used in implementing strategic change.

Koch et al (2006) also says that it's silly for one set of people to draw up a plan and then hand it over to another group of people to implement. He argues that is often happens that consultants or people from head office develop plans, kick strategy, then retire to a safe distance, handing implementation to managers, the outsiders then monitor results and complain about them. According to Javidan(1985) it is very risk to try and duplicate the processes that have worked wellfor big and established companies.Campbell, (1999) also says that there is great dissatisfaction in the use of the strategic planning process and heblames this to the aspect of duplicating strategies or processes of leading companies instead coining specific processes to meet the company's unique needs.

2.4 Strategic planning process

Mintzberg et al (1998) says that there are hundreds of different strategic planning models but most reduce to the same basic ideas, take the SWOT model, divide it into neatly delineated steps, articulate each of these with lots of checklists and techniques, and give special attention to the setting of objectives on the front end and the elaboration of budgets and operating plans at the back end.



Source: Thompson et al (2006)

Figure 2.2 The strategic-making, strategy executing process

2.4.1 Vision statement

Pearce (2005) states that a vision presents the firm's strategic intent that focuses the energy and resources of the company on achieving a desirable future. He further says that the vision is sometimes developed to express the aspirations of the executive leadership.

Johnson et al (2005) says that a vision or strategic intent is the desired future stated of the organization. It is an aspiration around which the strategist, perhaps the chief executives, might seek to focus the attention and energies of the members of the organization.Collins and Porras (1996) assert that a well-conceived vision consists of two major components which are the core ideology and the envisioned future

2.4.2 Mission statement

Johnson et al (2005) defines a mission statement as a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization.

Pearce et al (2005) states that whether a firm is developing a new business or reformulating direction for an ongoing business, it must determine the basic goals and philosophies that will shape its strategic position. The company mission is a broadly framed but enduring statement of the firm's intent which embodies the business philosophy of the firm's strategic decision makers, implies the image the firm seeks to project, reflects the firm's self-concept and indicates the firm's principal product or service and the primary customer need the firm will attempt to satisfy.

The mission statement addresses the following questions; why is the firm is business? What are our economic goals? What is our operating philosophy in terms of quality, company image and self-concept? What are our core competencies and competitive advantages? What customers do and can we serve? How do we view our responsibilities to stockholders, employees, communities, environment, social issues, and competitors? (Pearce et al, 2005).

A well designed mission statement enhances employee motivation and organizational performance. The content of a mission statement often focuses on the market and customers and identifies the desired field of endeavor (Daft et al, 2008). Figure 2.3 is an example of a mission statement.

Volvo Group Mission statement

By creating value for our customers, we create value for our shareholders. We use our expertise to create transport-related products and services of superior quality, safety and environmental care for demanding customer in selected segments.

We work with energy, passion and respect for the individual

Figure 2.3 The Volvo mission statement

2.4.3 Goals

Justis et al (1985) says that the goal simply stated is an end result or position to be achieved. Furthermore, he states that technically goals are not achievable because they do not have finite boundaries and goals are often developed in general terms such as 'to achieve greater profitability'

Pearce et al (2011) states that there are three economic goals which guide the strategic direction of almost every business organization and these goals are survival, growth and profitability. A firm's mission statement may not explicitly state these but it will reflect on its intention to secure survival through growth and profitability.

2.5 Strategy analysis

Grant R, (2008) noted that whether strategy formulation is formal or informal, whether strategies are deliberate or emergent, systematic analysis is a vital input into the strategy process. Without analysis strategic decisions are susceptible to power battles, individual whims, fads, and wishful thinking. He further states that concepts theories and analytic tools are complements not substitutes for experience, commitment and creativity. Their role is to provide frameworks for organizing discussion, processing information and opinions and assisting in communication and consensus. The purpose of strategy analysis is not to provide answers but to help us understand the situation.According to Alexander, (1991) thestrategic assessment outcome is an objective analysis of the business environment, However Scheinkopt, (1999) argues that goals may lack practicability even though they may appear or sound good. He further argues that in as much as one can understand the market it is difficult to understand to what extend that must be understood.

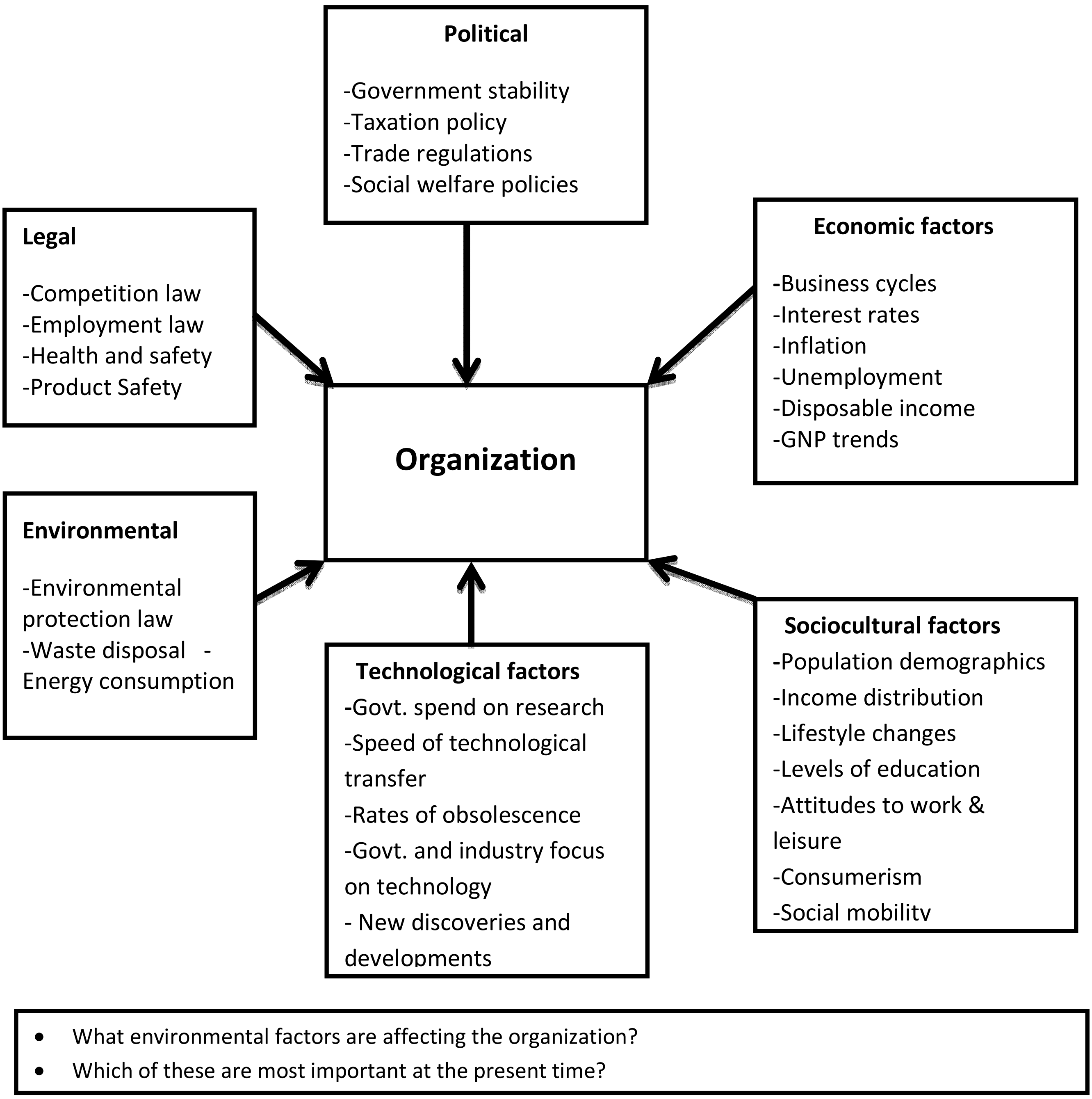
A significant feature of work in strategy has been the development of tools for analysis in the world of practice, with parallel development taking place in the world of academia. Therefore a discussion of the domain of strategy would not be complete without examining the tools used in strategic analysis, which are often used frameworks to enhance policy dialogue about appropriate strategies in competition. (Pettigrew et al, 2007)

Frameworks are useful in identifying the relevant variables and the questions in which the manager must answer in order to develop conclusions tailored to a particular industry and company (Fuller, et al, 2000)

Pettigrew et al, 2007 identified twelve analytical tools which managers can use in strategic analysis and these are; SWOT analysis, BCG matrix, GE matrix, PIMS analysis, Industry analysis , value chain analysis, scenario analysis, the Seven S framework, value based planning, EVA (economic value added, capability analysis and strategic option analysis.

2.5.1 Environmental analysis

Analyzing the general Political, Economic, Social and Technological environment on how they affect industry suppliers, competitors and customer is a better approach to environmental analysis.See below a diagram of the PESTLE framework in figure 2.4



Source: Thompson et al (2006)

Figure 2.4 PESTLE Framework

Pearce et al (2005) refers to the PESTEL factors as those environmental factors that are beyond the influence of any firm. Strategic planners involved in the planning process need to understand these factors and map out strategies that take in account the opportunities and threats presented by these environmental factors. Pearce et al (2005) states that the environment presents the firms with opportunities, threats and constraints but rarely does a single firm exerts any meaningful reciprocal influence.

The strategic planners ought to understand the current macro environment and make assumptions on the likely changes to the global operating environment. Johnson et al, (2003) says it important to identify a number of key drivers of change, which are forces likely to affect the structure of an industry, sector or market.

Key drivers of change

As identified in Figure 2.4 above the key drivers change that affect the structure of an industry, sector or market are the political, economic, social, technological, legal and environmental factors. The political factors define the legal regulatory parameters, the economic factors which focus on the macro-economic parameters, social factors that affect a firm involve the attitudes, beliefs, tastes, values, and way of life of people in the environment where the firm is operating, technological factors focus on the technological development that might influence the industry. The countries' legal environment needs to be understood it affects the level of competition and investment an organization can partake while environmental or ecological factors have areas of focus due to the changes in the global climate and businesses are being targeted on how they disposed waste from their manufacturing processes.

2.5.2 Industry analysis

Designing viable strategies for a firm requires a thorough understanding of the firm's industry and competition. The executives need to address four questions; what are the boundaries of the industry? What is the structure of the industry? Which firms are our competitors? And what are the major determinants of competition? (Pearce et al, 2005).

Industry boundaries

An industry is a collection of firms that offer similar products or services and by similar products we mean products that customers perceive to be substitutable for one another. (Pearce et al, 2005).

He states that defining the industries would ensure that executives determine the area that the firm will be competing, Secondly, defining the boundaries will ensure that attention is focused on the firm’s competitors. Thirdly defining boundaries will help executives to determine the key success factors in their segment. Defining the industry boundaries enables the executives to ask the following questions. Do we have the skills it takes to succeed here? If not what must we do to develop these skills?(Pearce et al, 2005)

Finally, a definition of the industry boundaries gives executives another basis on which to evaluate the firm’s goals. They use that definition to forecast demand for their firm’s products or services and determine whether their goals are realistic. (Pearceet al, 2005)

Structure of the industry

Industry structure is important when analyzing the industry that the firm’s operating. Industry structure is the structural attributes that are enduring characteristics that give an industry its distinctive character. (Pearce et al, 2005). The industry can be analyzed by focusing on variables such as; concentration, economies of scale, product differentiation, and barriers of entry

Porters’ Five Forces of competition

The state of competition in an industry depends on the five basic forces which are; threat of new entrants, bargaining power of buyers, threat of substitutes, bargaining power of suppliers and the intensity of rivalry among industry competitors,(Pearce et al, 2005).He further states that the collective strengths of these forces determine the ultimate profit potential of an industry.

The corporate strategist’s goal is to find a position in the industry where the company can best defend itself against these forces or influence them in its favour. Knowledge of these underlying sources of competitive pressure provides the ground work for a strategic agenda of action. They highlight the critical strengths and weaknesses of the company and animate the positioning of the company in its industry, clarify the areas where strategic changes may yield greatest pay-off, and highlight places where industry trends promise to hold the greatest significance as either opportunities or threats. (Pearce, et al, 2005)

a. Threat of new entrants

New entrants in the industry bring new capacity, the desire to gain market share, and often substantial resources. The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitor that the new entrant can expect.(Pearce, et al,2005).

The entry of a new competitor into the organization's market weakens its power. The threat of new entrants are high when capital requirements to start a business is less, when few economies of scale, when customers can easily switch (switching costs are very minimal if not non-existent at all), when the organization's key technology is not hard to acquire or its product is not differentiated. (Porter, 1980)

b. Bargaining power of suppliers

The bargaining power of suppliers' refers to how strong is the position of the seller. The degree of bargaining leverage of suppliers depends on the availability of the products and substitute products in the market. Where supplies fall short of demand, the bargaining power of suppliers is strengthened. When suppliers have more control over supplies and its prices, that segment is less attractive (Porter, 1980)

Pearce et al says, (2005) that suppliers may use their bargaining power by increasing prices or may supply goods or services of lesser quality.Powerful suppliers thereby can squeeze profitability out of an industry unable to recover cost increases in its own prices. (Pearce et al, 2005)

A supplier group is powerful if; it is dominated by a few companies and is more concentrated than the customer industry, its product is unique or at least differentiated or if it has built up switching costs, it is not obliged to content with other products for sale in the industry, it poses a credible threat of integrating forward into the industry's business and if the industry is not an important customer of the supplier group. (Pearce et al, 2005)

c. Bargaining power of buyers

Bargaining power of buyers refers to how much control buyers have to drive down products' prices; can they work together in ordering large volumes? The buyer's bargaining power may be lowered down by offering a differentiated product. (Porter, 1980)

Customers may influence the market by demanding lower prices or better quality or service cause competition in the industry affecting profitability. A buyer group can be powerful if; It is concentrated or purchases in large volumes, the product it purchases from the industry are standard or undifferentiated, if the product it purchases from the industry from a component of its product and represent a significant fraction of its cost, if the buyer group earns low it will create a great incentive to lower its purchasing costs, the industry product is unimportant to the quality of the buyers' products or services or buyers pose a credible threat of integrating backwards to make the industry's product.(Pearce et al,2005)

d. Substitute products

The threat of substitute products refers to how easily customers can switch to your competitor products. This threat is high when there are many products available, when customers can find the same product or service at the same price or less or when the quality of the competitor's product is better (Porter, 1980).

Substitution may takes different forms; product for product substitution for example e-mail substitution for postal service there may be substitution of need by a new product or service rendering existing product or service redundant or generic substitution where products or services compete for disposable income. (Johnson, 2005)

e. Rivalry for position

Thompson et al (2008) refers to the jockeying for position and buyer favour that goes on among rival sellers of a product or service. Johnson et al (2005) identifies the number of factors that affect the degree of competitive rivalry in an industry and these factors include; the extent to which competitors are in balance, industry growth rates, high fixed costs, high exit barriers and differentiation.

Where competitors are numerous and roughly equal in size and power, they tend to compete fiercely for customers and that means in this industry the margins are heavily minimal. Secondly, if growth is very slow there are fierce battles for the existing small market share, where fixed costs are high this may result in price wars and low margins if industry capacity exceeds demand as capacity fill becomes a prerogative. High exit barriers may exist due to high investment in non-transferrable fixed assets or high redundancy costs.

2.5.3 Internal Analysis

Pearce et al (2005) states that the second ingredient that is critical to the success of a strategy is the realistic analysis of the firm's resources. In other words the firm's pursuit of market opportunities must be based not only on the existence of external opportunities but also on competitive advantages that arise from the firm's key resources

He further states that managers often make an analysis of the firm's resources subjectively, based on intuition and "gut feel", years of seasoned experience and sound subjective judgments. In fast changing environments, reliance on past experiences can management myopia or a tendency to accept status quo and disregard signals that change is needed. On the other hand managers who are new to strategic decision making make subjective decisions that are particularly suspect. Their lack of experience is replaced by emotion, narrow functional expertise and the opinions of others creating the foundations of which newer managers build strategic recommendations. (Pearce et al, 2005)

There are three analytical tools that strategic managers now use to make an internal analysis of the resources of the organization which are the resource based view (RBV) , value chain analysis and the SWOT analysis.

a. Resource based view (RBV)

The RBV's underlying view is that firms differ in fundamental ways because each firm possesses a unique bundle of resources – tangible and intangible assets and organizational capabilities to make use of those assets. Firms develop competencies from these resources and when these competencies are well developed they become the source of the firm's competitive advantages. The RBV approach is a useful starting point for understanding internal analysis (Pearce et al, 2005)

Pearce, et al (2005) further provides the example of Coca cola vs. Pepsi. Stock analysts frequently look at the two and conclude that coke is a leader. The say that Coke has superiority in tangible assets when looking at its warehouses, bottling facilities, computerization, cash and many other such assets and intangible assets like reputation, brand name awareness, tight competitive culture, global business system etc. Furthermore they also cited that Coke leads Pepsi in several capabilities to effectively make use of the assets – distribution globally influencing retailer shelf space allocation, managing franchise bottler relations, marketing savvy, investing in bottling infrastructure and speed of decision making to take advantage of changing global conditions.

Organizations have three basic resources namely the tangible assets, intangible assets and the organizational capabilities. Tangible assets are the physical means by which a company uses to provide value to its customersto identify and are often found on the firm's balance sheet. Basically these include the production facilities, raw materials, financial resources, real estate and computers.Intangible assets are things like brand names, company reputation, organizational morale, technical knowledge, patents and trademarks, and accumulated experience within an organization. These are very critical in creating competitive advantage.Organizational capabilities are specific "inputs" like tangible or intangible assets; rather they are skills – the ability and ways of combining assets, people and processes that a company uses to transform the inputs to outputs. (Pearce, 2005)

	Resource	Industry average cost – Wal-Mart cost (Percentage of sales)
Tangible	**Storelocations**	**0.3 store rental and space**
Intangibles	**-Brandreputation** **-Employeeloyalty**	**1.2 advertising expense** **1.1 payroll expense** **0.7 shrinkage expense**
Capabilities	**Inbound logistics**	**1.2 distribution expense**

Total advantage:4.5%*

Figure 2.5 Wal-Mart's Resource based competitive advantage

*Wal-Mart's cost advantage as a percentage of sales. Each point advantage is worth US$500 million in net income to Wal-Mart.

Source: Pearce et al , (2005) Strategic management, Formulation, implementation and control

Pearce, 2005 states that firm must first identify and evaluate its resources to find those that provide the basis for competitive advantage. He identifies the four final guidelines used at this stage.

The disaggregation of resources whereby the resources are broken down into more specific competencies rather than broad categorizations. Marketing skills for example could be divided into subcategories like advertising which can be in turn broken down into national advertising, local promotions etc. allows for a more measurable assessment (Pearce, 2005)

Second, there is utilization of the functional perspective which involves looking at different functional areas of the firm disaggregating tangible and intangible assets as well as organizing capabilities that are present. This can begin to uncover important value building resources and activities that require further analysis. Third, there is a look at the organizational processes and combinations of resources and take a creative gestalt look at what competencies the firm possesses or has potential to possess that might generate competitive advantage (Pearson, 2005).

b. Value Chain analysis

Hit et al, (2001) defines a value chain as a template that the firm uses to understand its cost position and to identify multiple means that might be used to facilitate the implementation of its business level strategy.

The value chain approach may be used to uncover organizational capabilities, activities, and processes that are valuable potential sources of competitive advantage (Pearce, 2005).Further the authors defines the value chain as a way of looking at a business as a main chain of activities that transform inputs into outputs that customers value. Customers value derive from three basic sources; activities that differentiate a business, activities that lower its cost and activities that meet the customer’s needs quickly. Pearce et al (2005) further says that proponents of value chain analysis believes it allows the managers to better identify their firm’s strengths and weaknesses by looking at the business as a process rather than simply looking at it based on arbitrary organizational dividing lines or historical accounting protocol.

2.5.4 SWOT analysis

SWOT is an acronym for strengths, weaknesses, opportunities and threats that confronts the firm. It summarizes key issues from the business environment and the strategic capabilities that are likely to impact on strategy development (Johnson, 2003).

SWOT is widely used as a technique through which managers create quick overview of a company’s strategic situation. It is based on the assumption that an effective strategy derives from sound fit between a firm’s internal resources (Strengths and weaknesses) and its external situation (opportunities and threats). A good fit maximizes a firm's strength and opportunities and minimizes its weaknesses and threats (Pearce, 2005).

2.5.5 Scenario based analysis

A scenario is a model of future environment of the organization, whose strategic implication can be investigated. They are concerned with peering into the future and not predicting the future and while predictions take current situation and extrapolates it forward scenarios takes different situations with alternative starting points. (Lynch, 1997)

Chandler (1982) states that scenario planning is about creating coherent pictures of different possible events in the environment and testing through linked models, the impact of such changes upon a set of businesses. Scenario planning makes use of macro-economic models, market models, for demand, market models for supply and corporate financial models

Lynch, (1997) identified the four steps in scenario analysis which are; develop an unusual viewpoint, develop a qualitative description of possible events or a narrative that show how events will unfold, then include the inevitable uncertainty in each scenario and explore the consequences and lastly test the usefulness of the scenario by the extent to which it leads to new strategic thinking.

2.5.6 Competitor analysis

Lynch (1997) defines competitor profiling as the basic analysis of a leading competitor covering its objectives, resources, market strengths and current strategies.Porter (1980) argued that most firms do not conduct this type of analysis systematically enough. Rather a list of firms operate on what he calls "informal impressions, conjectures and intuition gained through tidbits of information about competitors every manager receives"

Porter (1980) proposed a formal and systematic process of gathering information about competition through competitor profiling

What drives

the competitor?

What is the competitor doing
and can do?

Future goals
At all levels of
management and
in multiple dimensions

Current strategies
How is the business
currently competing

Competitor's response profile

- Is the competitor satisfied with its' current position?
- What likely move or strategy Shifts will the competitor make?
- Where is the competitor vulnerable?
- What will provoke the greatest and most effective retaliation by the competitor?

Assumptions
Held out about itself
and the industry

Capabilities
both strengths
and weaknesses

Source: Fleischer et al, Strategic and Competitive Analysis

Figure 2.6 Components of competitor analysis

Porter, (1980) further states that competitor profiling provides a comprehensive picture of the strengths and weaknesses of the current and potential rivals and this analysis provide both an offensive and defensive strategic contexts through which to identify opportunities and threats.

2.5.7 Portfolio analysis techniques

Giles (1991) states that it is vital to apply the most relevant analytical tools for each business unit as these tools vary with situations. He further says that a twelve months capital budget might apply for chain store that lease space and fixtures ,while it may be applicable for calculating ROI in land and buildings for a new department store(Giles, 1991)

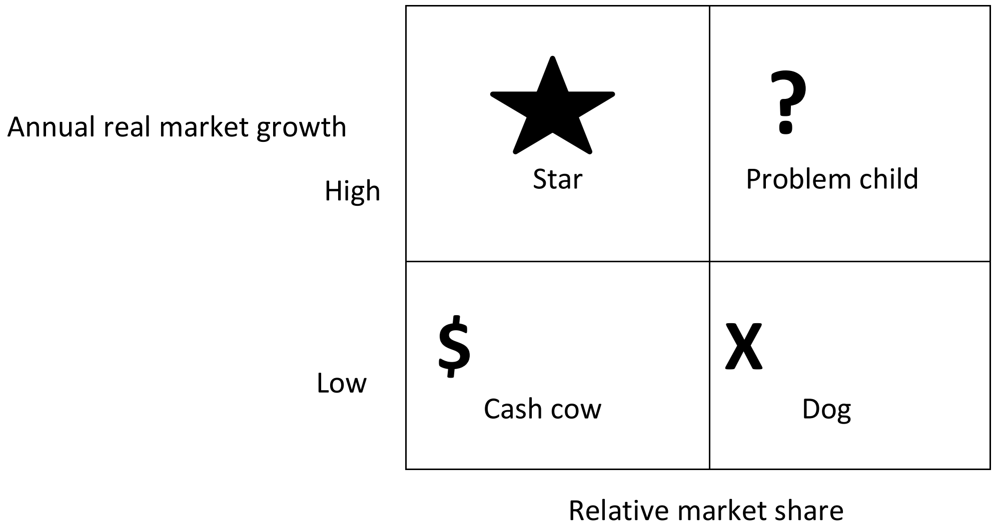
a. BCG Growth-share matrix

The Boston Consulting Group (BCG) growth share matrix is a portfolio technique that was founded by the Boston Consulting Group and it assisted managers to allocate resources among business units while supporting the main strategy of the overall portfolio(Pearce et al, 2011).Johnson et al (2002) says that the growth share matrix permits business units to be examined in relation to market share and the growth rate of that market and this is in respect of the life cycle development of that market.

As in Figure 2.7 below the BCG matrix plotted the company businesses into four quadrants which include the stars, cash cows, dogs and question marks. Stars are businesses in the rapidly growing markets with large market shares. These require targeted investment to maintain or expand their dominant position and hence these are priority consumers of corporate resources. Cash cows refer to those firms with a high market share but have low growth potential. These businesses are in competitive positions and they generate cash in excess of their needs with minimal investment. They should be "milked" as source of corporate resources to deploy elsewhere, provide cash to cover corporate overhead, pay dividends and provide debt capacity (Pearce et al, 2011).

Johnson et al, (2002) say that dogs are business units with a low market share in static or declining markets and are thus worst of all combinations. They can be a cash drain and use a disproportionate amount of company time and resources. Pearce et al, (2011) say that according to the BCG prescription dogs are divested or liquidated once this short term harvesting has been maximized. The final quadrant is the question mark or problem child which is in a growing market, but without a high market share and the concern here is to identify the question marks that would increase their market share and move into star group if extra corporate resources are devoted to them.

High Low



Source: Pearce, et al, (2011) Strategic Management, Formulation, Implementation and Control, 12th Edition,McGraw-Hill, New York

Figure 2.7 The BCG growth share matrix

According to Grant (2008), the growth share matrix is simple and provides first cut analysis; its analysis is versatile because it can be applied not only to business units, but also to analyzing positioning and performance potential of different products, brands, distribution channels and customers. Williamson et al, (2004) say that BCG matrix can be a useful strategic tool in that; it raises awareness of the need to allocate financial resources correctly in order to optimize the performance of the overall portfolio, provides basis for strategies that effect movements within the matrix, sheds light on sources of funding and where such funding can be spent.

b. The GE/McKinsey matrix

The GE/McKinsey matrix is a portfolio planning matrix that matches industry competitiveness to business unit competitive advantage. Industry attractiveness combines the following factors; market size and growth rate, profitability, importance of overseas market and inflation recovery while business unit competitive advantage is computed based on; market share, competitive position with regard to quality, technology, manufacturing, distribution, marketing, and cost and return on sales relative to that of competitors (Grant, 2008).

Industry

Attractiveness	Low	Medium	High
High	HOLD	BUILD	BUILD
Medium	Harvest	HOLD	BUILD
Low	Harvest	Harvest	HOLD

Business unit competitive advantage

Figure 2.8 The GE/McKinsey portfolio planning matrix

Business units that rank high on both dimensions have excellent profit potential and should be grown; businesses that rank low on both dimensions have poor prospects and should be harvested i.e. managed to maximize cash-flow with little new investment while businesses in-between are candidates for a hold strategy.

Grant (2008) states that since the 1980's the portfolio planning matrices have lost their popularity as analytical tools because their perceived weaknesses; both are gross oversimplifications of factors that determine industry attractiveness and competitive advantage especially BCG which uses just two variables, the approach assumes that every business is completely independent and furthermore the positioning of businesses in the matrix is highly susceptible to measurement choices for example the relative market share in the BCG matrix depends critically on how markets are defined.

2.6 Strategy formulation

The strategy formulation process is closely linked to the strategy analysis above according to Certo and Peter (1999) the process would make more sense when looked from the preceding strategic management step of environmental analysis which provide vital information to the process.Eisenstat et al (2000) say that the strategy process may be formal or informal, complex or simple, may involve many people or a few. While

Piercy(2002) point to testing of a strategy saying that the soundness of a competitive strategy depends on how well it can satisfy the following tests; the goodness of fit test, competitive advantage test, performance test, suitability feasibility and acceptability tests.

2.6.1 Strategy levels

Johnson et al 2003 says that it is possible to distinguish at least three different levels of strategy at an organization. He identified them as corporate strategy, business level strategy and strategic business level strategy.

a. Corporate strategy

Johnson et al (2003) says that corporate level strategy is about the broad overview of the organization its purpose, and value addition to the strategic business units. They further state that this could include issues of geographical coverage, diversity of products/services or business units and how the resources are to be allocated between the different parts of the organization. In general corporate strategy is likely to be concerned with the expectations of the shareholders and the stock market.

Pearce et al(2005) states that corporate strategy is at the top of the hierarchy and it includesdirectors and the group chief executive officers and administrators. These are responsible for the firms' financial performance and for achievement of non-financial goals such as enhancing the firm's image through its social responsibility.

To a large extent, attitudes at the corporate level reflect the concerns of the shareholders and the society at large. Corporate level strategic managers attempt to exploit their firm's distinctive competencies by adopting a portfolio approach to the management of its business and by developing long terms plans. (Pearce et al, 2005)

b. Business level strategy

Business level strategy is about how to compete successfully in particular markets and how to provide the best value services in the public services (Johnson et al, 2003). He further states that concerns here are about which products and services should be developed and in which markets and how advantage over competitors can be achieved in order to achieve the objectives of the organization – perhaps long term profitability or market share growth. At this level strategic decisions are related to the business unit. (Johnson et al, 2003)

Pearce et al, (2005) states that in the middle of the decision making hierarchy is the business level, which is composed principally of business and corporate level managers. These managers must translate the statements of direction and intent generated at the corporate level into concrete objectives and strategies for individual business divisions or strategic business units. In essence the business level strategic managers determine how the firm will compete in the selected product or market arena.

c. Operational or functional level

Pearce et al, (2005) say that at the bottom of the decision making hierarchy is the functional level, composed of managers of product, geographic and functional areas. They develop annual objectives and short term strategies in their respective departments or functional areas. Pearce et al, (2005) further states that their principal responsibility is to implement or execute the firm's strategic plans.Operational strategies are concerned with linking various units of the organization and they ensure that business and corporate level strategy deliver by specifying the resources, processes and people.The strategic planning process that an organization would follow is supposed to ensure that these three strategic levels dovetail perfectly to ensure co-ordination of activities and focus. The strategic planning processes should result in the establishment of vision, purpose or mission of the organization, objectives, the major policies and plans of how to achieve intended goals.

The term strategy implementation refers to the entire management function of establishing organization direction, setting objectives, and devising managerial game plan for the organization to pursue Strickland et al (1989).In coping with the five competitive forces there are three potentially successful generic strategic approaches to outperforming firms in the industry which are overall cost leadership, differentiation and focus (Porter, 1980).

2.6.2 Uniting the strategy making effort

Thompson et al, (2006) say that the pieces of the company's strategy must be connected to resemble a jigsaw puzzle. He further states that to achieve this, the strategizing process generally has proceeded from the corporate level to the business level and then from the business level to the functional levels.All strategy makers in a company are on the same team and the many different pieces of the overall strategy crafted at various organizational levels need to be in sync and united. Anything less than a unified collection of strategies weakens company performance (Thompson, et al, 2006).

2.6.3 Setting long term objectives

Establishing overall, long term objectives and strategy is the first step in any focused company or division planning exercise. Strategy must be formulated with recognition of existing outside influences, including those brought by overall economic situation of the company and its industry. Strategy formulation must also recognize an organisations strengths and weaknesses; strategies must reflect personal interests and desires of the company's owners and management. They can be directed at capturing market share from competitors, opening new markets, or expanding existing ones or protect existing situation and defend against competition (Colley et al, 2002)

Johnson (2005) defines objectives as statements of specific outcomes that are to be achieved further says that objectives both at corporate and business unit level are often expressed in financial terms. They could be expression of desired sales or profit levels, rates of growth, dividend or share valuations.

Strickland et al (1989) say that the act of establishing objectives not only converts the mission and directional course into specific performance targets to be achieved but also begins the necessary process of training the energies of each part of the organization on what they need to accomplish.

From an organization-wide point of view objectives needs to be set for such key result areas as: annual growth in revenues and earnings, return on investment, annual dividend increases, market share gains expected each year, reputation for product quality and / or technological leadership recognition, financial strength, ability to ride out ups and downs of the economy, product innovation and the like. (Strickland et al 1989)

Thompson et al (2006) say that objective setting purpose has a role of translating the strategic vision into specific activities and targets and they further says that the set objectives will be used as a standard for measuring progress towards achieving the vision.

Characteristics of a good objective

Strategic managers need to set good objectives which when achieved result in the fulfillment of the organization’s economic goals. Pearce, et al (2005) identified the qualities of good objectives as; acceptable, flexible, measurable, motivating, suitable, understandable and achievable.

Thompson, et al (2008) say that the managerial purpose of setting objectives is to convert the strategic vision into the specific targets. Well-crafted objectives should prescribe to the S.M.A.R.T concept – objectives should be Specific, Measurable, Attainable, Realistic and Time bound. (Ambler, 2006)

Specific means that the objective is concrete, detailed, focused and well defined. The objective should be straight forward, emphasizes action and the required outcome.According to Ambler (2006) if the objective is measurable, it follows that the measurement sources is identified and we are able to track results of our action as we progress towards achieving our objective. Measurement is the standard used for comparison therefore it helps to know when we have achieved our objective.

Pearce et al (2005) says that objectives must clearly and completely state what will be achieved and when it will be achieved. For example the objective of “substantially improving return on investment” would better be stated as ”improving return on investment on our line of paper products by a minimum of 1% per year and a total of 5% over three years"

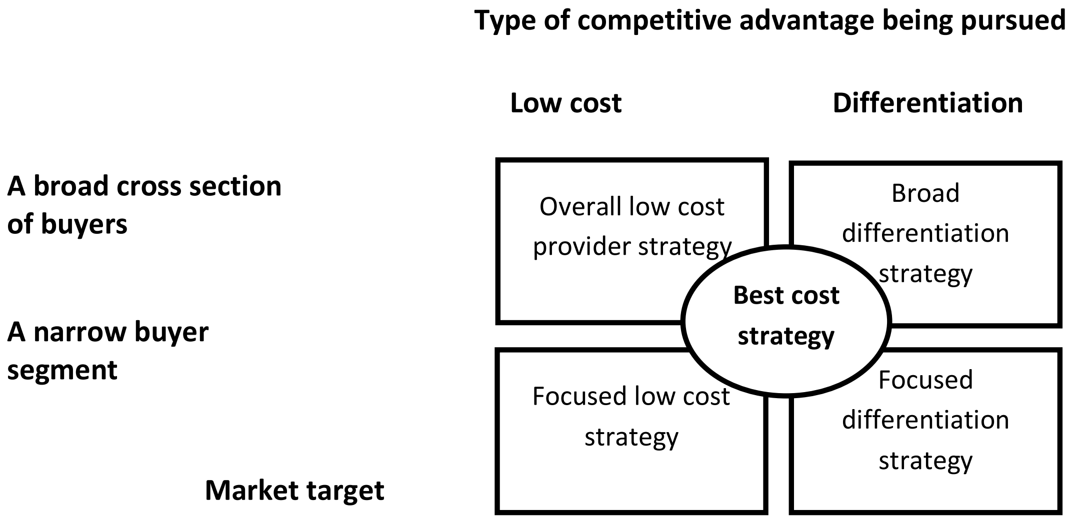
Objectives need to be achievable. Objectives that are too far in the future make it difficult to strive towards attainment. Thus objective need to be achievable to keep one motivated. Objectives need to be achievable in terms of feasibility. Feasibility is concerned with whether resources required to implement the strategy are available, can be developed or obtained. Resources include funding, people time and information.

Realistic means that there are resources to get the job done. The achievement of an objective requires resources such as skills, money or equipment to support the tasks required to achieve that objective.

Time bound means setting deadlines for the achievement of the objective. Deadlines create the all-important sense of urgency and prompts action. Where there are no deadlines both motivation and urgency required to execute the task is reduced.

Pearce et al (2005) has further characteristics which are; motivating, flexible, acceptable, suitable, understandable and acceptable. A closer assessment of them though shows that they can still be explained under the S.M.A.R.T framework.

2.6.4 Competitive strategies



Source: Porter, (1980), Competitive strategy: Techniques for Analyzing Industries and Competitors, Free Press, New York

Figure 2.9 The five generic competitive strategies

a. Cost leadership strategy

According to Thompson et al, (1980) low cost leadership is attained when the firm becomes the lowest –cost provider for the entire industry and incomparable with rivals in terms low costs. The authors further say that for maximum cost leadership effectiveness, companies should attain cost advantage in ways that competitors struggle to match otherwise the cost leadership position can be easily lost through imitation.

A company can use low cost advantage to offer lowest prices and attract price sensitive buyers in numbers and improve on the overall profit or hold the current price but use the lowest cost to earn bigger margins per unit, thereby raising the firm's total profit and overall return on investment (Thompson et al, 1980).

Smith (1985) state that achieving the lowest costs in the industry frequently dependent on also reaching a high enough volume of sales to exploit the available economies of scale. So it tends to be a strategy associated with an aggressive sales policy.

Thomson et al (2006) state that a company can achieve cost advantage through- out by improving efficiencies in the value chain controlling cost drivers in the chain or secondly by re-designing the entire value chain eliminating some unnecessary and costly stages. In order to attain low cost provider status managers must analyze activities that create cost and appreciate what drives their costs, they have to be proactive in restructuring the value chain to eliminate non-essential work steps and low value activities, operate with exceptionally small corporate staff to keep administrative costs to a minimum, also benchmark costs against best-in class performers of an activity to keep close tabs on how well they are doing in control.

Thompson et al (2006) further noted that low cost providers are known to invest a lot in technologies that aim to eliminate costs. Wal-Mart is an example of low cost leadership, employs state of the art technology through-out its operations- its distribution facilities are always automated, it uses online systems to order goods from suppliers and manage inventories, it equips its stores with cutting edge sales-tracking and check-out systems, and it operates a private satellite communications systems that daily sends point-of-sale data to 4000 vendors.

b. Differentiation strategies

A company trying to pursue differentiation strategy must study the buyers' needs and behavior carefully to learn what the buyer consider as important, what they think has value and what they are willing to pay for, then incorporate buyer desired attributes into its product or service (Thompson et al, 2006).

The differentiation strategy succeeds where various ways of differentiation exists and customers appreciate the differences, customers' needs must bevaried, a smaller number of firms must be pursuing differentiation and changes in technology must be fast and competition revolves around rapidly evolving product features

Table 2.1 Key strategies for some companies

Company	Differentiation strategy
Microsoft Windows, MS Office	Multiple features
FedEx	Superior service
Amazon	Wide selection and one stop shopping
Caterpillar	Guarantees 48hour spare parts delivery to any customer anywhere in the world or else the part is furnished free
Mercedes, BMW	Engineering design and performance
Rolex	Prestige and distinctiveness
3M	Technological leadership
Johnson & Johnson	Product reliability

c. Best Cost provider strategies

Thompson et al, (2006) describes best cost provider as the firm that would satisfy expectations on quality, service, features, performance at lower than expected prices. The authors further states that a company achieves best cost status from an ability to incorporate attractive attributes at a lower cost than rivals and to become the best cost provider the company must have the resources and capabilities to achieve a good to excellent quality, incorporate appealing features, match product performance, and provide good to excellent customer service – all at lower cost than rivals (Thompson et al, 2006).

The best cost provider endeavor to strike a balance between low cost strategy and differentiation strategy. Thompson et al, (2006) The competitive advantage of the best cost provider's lower costs than rivals in incorporating good to excellent features hence the firm is able to offer prices lower than rivals with identical and appealing features.

Thompson et al (2006) gives an example of Toyota who used the best cost provider approach with the Lexus model. Toyota is widely considered as a low cost producer among the world's motor vehicle manufacturers. Toyota then designed high performance characteristics comparable to Mercedes, BMW and other high end models for the Lexus model, and created a new network of Lexus dealers separate from Toyota dealers for provision of a personalized customer service.

d. Focused or market niche strategies

Focused strategies are different from the low-cost leadership or broad differentiation in that they concentrate their attention on a narrow piece of the total market. The target market may have unique features which are geographic or unique requirements in using the product, or special features which are attractive to a small number of buyers.

A focused low cost strategy seeks to gain competitive advantage by provision of goods and services to the targeted niche market at low cost The focused low cost strategy is fairly common and a good example is the printer cartridge business where clones are marketed at prices that are 50 percent below the brand name cartridges (Thompson et al, 1980).

A focused differentiation strategy endeavors to gain competitive advantage though supplying niche market with products they perceive to be meeting unique needs and tastes. Thompson, et al (2006) identified companies like Godiva chocolates, Chanel, Gucci, Rolex, Rolls Royce Haagen-Dazs as employing successful differentiation based focused strategies targeted at upscale buyers wanting products and services with world class attributes. The authors further states that the pre-requisites of a thriving focused differentiation depend on whether the firm is able to be an outstanding provider in the target market niche and whether customers looking for those unique product features exist.

Profit Impact of Market Strategies (PIMS)

Grant, (2008) says that PIMS is used by multi-business companies to assist in the following areas of corporate management; setting performance targets for business units, formulating business strategy and allocating investment funds between businesses. PIMS is used to estimate the impact of strategy and market structure on business level profitability using multiple regression equation. PIMS was developed by the Strategic Planning Institute and comprises information on over 5000 business units that is used to estimate the impact of strategy and market structure on business level profitability.

Table 2.2 Impact of industry structure and business strategy on profitability

Profit Influences	**Impact on ROI**	**Impact on ROS**
Real market growth rate	0.18	0.04
Rate price of inflation	0.22	0.08
Purchase concentration	0.02	N.S.
Unionization %	-0.07	-0.03
Customized products	-2.44	-1.77
New products	-0.12	-0.15
Market share	0.11	0.05

Note: If real market growth rate was to increase by one percentage point, the equation predicts that its ROI (return on investment) would rise by 0.18% and ROS (return on sales) by 0.04%.

Source: Grant, (2008), Contemporary strategy analysis, 6th edition, Blackwell Publishing, Oxford UK

Strategy managers can use PIMS in formulating business strategy because the PIMS regression equations show impact of different strategy variables on return on investment; these estimates can indicate how a business can adjust its strategy to increase its profit performance

2.6.6 Technology and competitive advantage

Technology has come to play an important role in the development of sustainable competitive advantage, even in mature industries, non-profit organizations and small businesses. It is technology that has on occasion added an extra element to differentiate organizations (Lynch, 1997). He further states that the technology strategy deserves careful investigation and has two phases which are; survey of existing technologies and; the development of a technology strategy.

Lynch, (1997) says that there should be a survey of the three existing technologies which he states as base technologies, core technologies and peripheral technologies which are common to all companies, exclusive to the organization and useful but not central to the organization respectively.

Secondly there should be an examination of related areas inside the organization like patents, intellectual properties, and important areas of competitive advantage and special skills which are not patented. Thirdly Lynch, (1997) recommends a scan to the external environment in order to identify opportunities that are available for later consideration.

New Products	**Possible growth opportunities in new areas**	**Embryonic new stars**
Mature products	**Cash cows**	**New possible opportunities**
	Mature technology	**new technology**

Source: Lynch, (1997), corporate strategy

Figure 2.10 Matrix relating to technology and products;

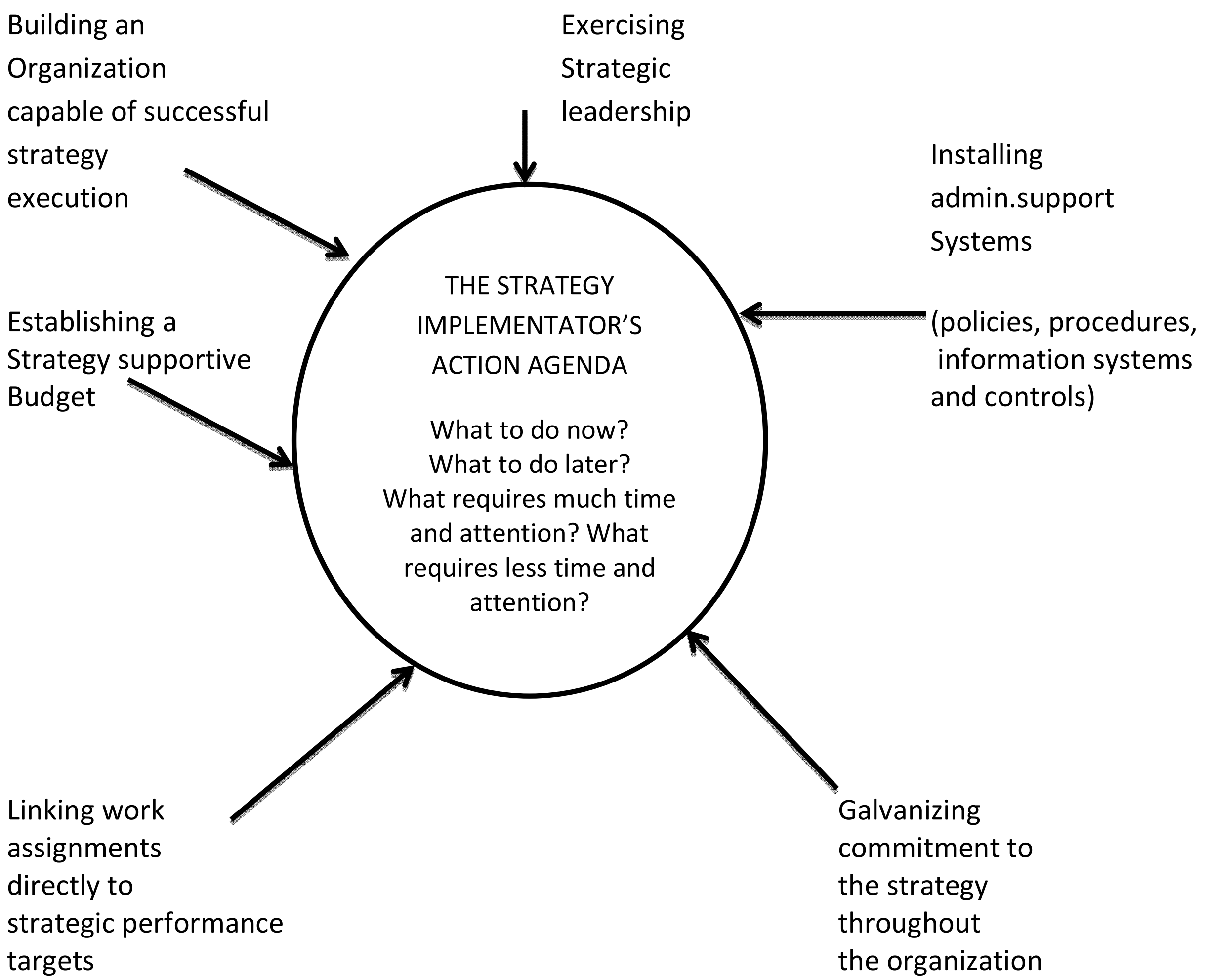
It is important to develop both technology and the operation (manufacturing) processes at the same time because the two are inter-related and because lead times need to be improved. Furthermore technology development needs to be analyzed in two ways which are; technology developments of the organization against the competition and the costs of development against the time it will take.

2.7 Strategy implementation

According to Strickland et al (1989) Strategy implementation means acting on what has to be done internally to put the chosen strategy into place and to actually achieve the targeted results. Strategy implementation follows once corporate and business strategies have been agreed upon and long term objectives have been set. At this stage strategic managers translate strategic thought into organizational action (Pearce. 2005).

Thompson et al (2006) say that managing implementation and execution is an operations-oriented, make-things-happen activity aimed at shaping performance of core business activities in a strategy supportive manner. Furthermore, Thompson et al, (2006) states that depending on the amount of internal change involved, full implementation and proficient execution of company strategy (or important new pieces) can take several months to several years.

Thompson et al. (2006) states that successful strategy execution depends greatly on good internal organization and competent personnel. Building a capable organization is thus, always a top strategy implementation priority. Developing an internal organizational structure that is responsive to the needs of the strategy, building and nurturing skills and distinctive competencies in which strategy is grounded to see that the organization has managerial talents, technical know-how, and competitive capabilities it needs and selecting people for the right positions.



Source Thompson et al (2006)

Figure 2.11 Implementing strategy: The Key tasks

Pearce et al (2005) noted about four things which managers should do at implementation which are; identifying short-term objectives, design functional strategies, crafting policiesand offering rewards.

2.7.1 Short term objectives

Short term objectives help implement strategy in at least three ways; they operationalize long term objectives, help raise issues and potential conflicts within an organization that usually require coordination to avoid dysfunctional consequences and they identify measurable outcomes of action plans or functional activities which can be used to make feedback, correction, and evaluation more relevant and acceptable. Short term objectives are accompanied by action plans (Pearce, 2005).

Short term objectives and action plans are that they give operating personnel a better understating of their role in the firm's mission. A second benefit for short-term objectives and actions plans comes from the process of developing them. The managers responsible for this accomplishment participate in their development, short term objectives and actions plans provide valid bases for addressing and accommodating conflicting concerns that might interfere with strategic effectiveness (Pearce, 2005).

A third benefit of short-term objectives and action plans is that they provide a basis for strategic control. They provide a clear measurable basis for developing budgets, schedules, trigger points, and other mechanisms for controlling the implementation of strategy. A fourth benefit is often motivational pay-off. Short term objectives and actions plans that clarify personal and group roles in a firm's strategies and are also measurable, realistic, and challenging can be powerful motivators of managerial performance particularly when these objectives are linked to the firm's reward structure (Pearce, 2005).

2.7.2 Functional tactics

These are key routine activities that must be undertaken in each functional area – marketing, finance, production/operations, research and development and human resources management to provide business's products and services (Pearce, 2005). Functional tactics translate strategy into action designed to accomplish the short term objectives.

Functional tactics focuses on those actions that need to be tackled in the short term in order to achieve long term. These tactics focuses the attention of functional managers on what needs to be done now and allows them to adjust to changing current conditions. In their nature functional tactics are more specific than business strategies.

2.7.3 Balanced scorecard

The balanced scorecard provides a framework for translating a company's strategic objectives into a set of performance measures. This tool seeks to align short term performance indicators within a long term perspective. This avoids organizations having incompatibility of long term and short term objectives (Williamson et al, 2004).Pearce et al (2011) defines the balanced scorecard is a set of measures that are directly linked to the company's strategy; financial performance, customer knowledge, internal business processes, and learning growth. It provides a framework for operationalizing a strategy. The strategic vision is cascaded down the organization so that managers can monitor their own implementation performance (Williamson et al, 2004). The most widely used method of linking the corporate goal of value maximization to strategic and operational targets is the balanced scorecard (BSC) developed by Robert Norton and David Kaplan. The balanced scorecard provides an integrated framework for balancing financial and strategic goals, and extending these balanced performance measures down the organization to individual business units and departments (Grant, 2008).

Grant (2008) says that the BSC advocates for the establishment of an office of strategy management which is responsible for managing the annual strategic planning cycle and overseeing of the execution of strategic plans. These tasks include communicating the corporate strategy; ensuring enterprise level plans are translated into the plans of various units and departments, executing strategic initiatives to deliver in the grand plan, and aligning employees' competency development plans and their personal goals and incentives with strategic objectives.

2.7.4 Budgets and strategy

Developing a strategy-driven budget requires top management to determine what funding is needed to execute new strategic initiatives and to strengthen or modify the company's competencies and capabilities (Thompson et al, 2006). The author further say that a firm's success in strategy execution is determined by its ability toprovide resources for driving new strategies and directing them to relevant areas.

Financial systems are inevitably the primary mechanism through which top management seeks to control the enterprise and at the centre of financial planning is the budgetary process. The budgetary process involves the setting and monitoring of financial estimates with regard to income and expenditure over specified period of time, both for the firm as a whole and for the divisions and departments (Grant, 2006).

Grant(2006) says that there are two types of budgets namely the capital expenditure and the operating budget. The capital expenditure budgets are established both top-down and bottom up processes where top-down strategic plans establish annual capital expenditure budgets for the planning period while from the bottom-up capital expenditures are determined by the approval of individual capital projects.

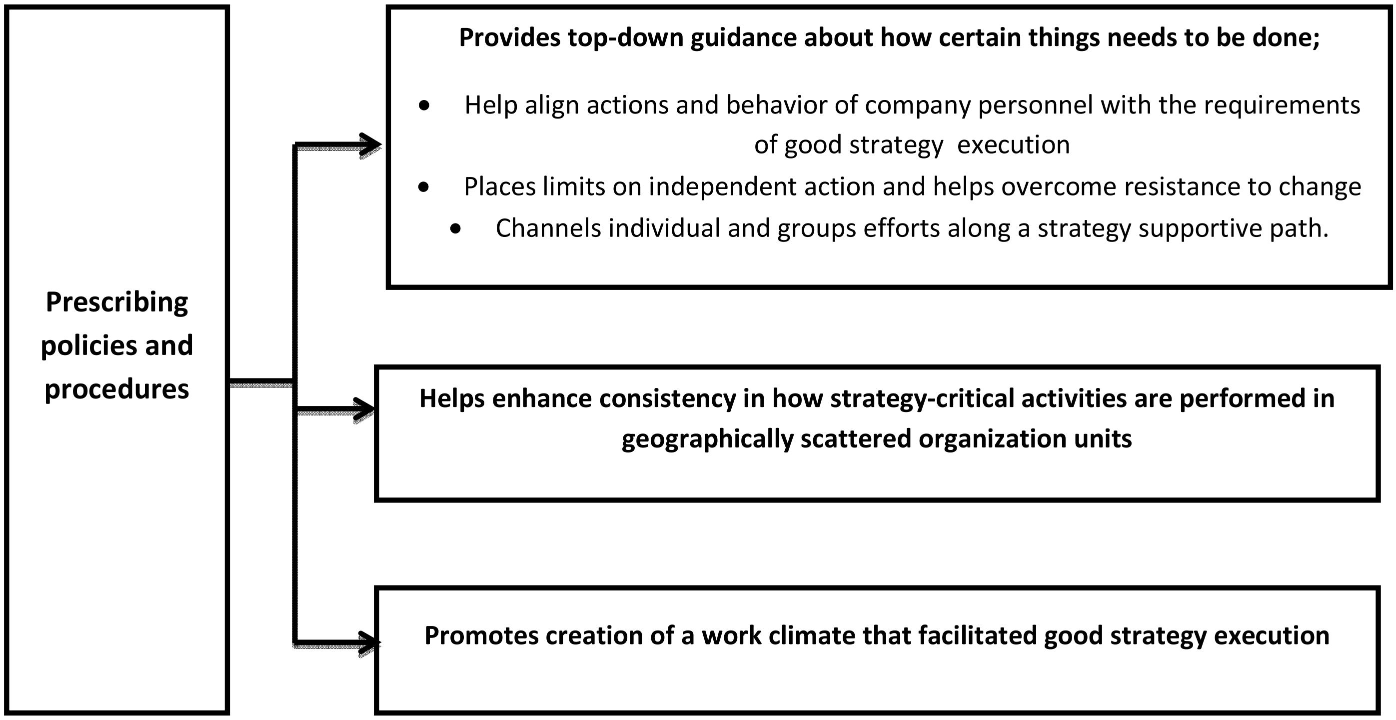
The operating budget is a proforma profit and loss statement for the company as a whole and for individual business units for the upcoming year. The operating budget is part forecast and part target as it is set within the context of performance targets established by the strategic plan.

2.7.5 Policies and Procedures in strategy execution

Policies are directives designed to guide the thinking, decisions, and actions of managers and their subordinates implementing the strategy. Policies increase managerial effectiveness by standardizing many routine decisions and clarifying the discretion managers and subordinates can exercise in implementing functional tactics (Pearce et al, 2005)

How policies and procedures facilitate strategy execution

Thompson et al, (2006) say that wisely constructed policies and procedures help channel actions, behavior practices and decisions in directions that promote good strategy execution. Further he states that anytime a company alters its strategy managers should review existing policies and operating procedures, proactively revise or discard those that are out of sync, and formulate new one to facilitate execution of new strategic initiatives.



Source: Thompson, et al (2006) Crafting and Executing strategy, Concepts and Cases

Figure 2.12 Role of policies and procedures

Policies are meant to guide decision makers allowing them some reasonable discretion for them to carry out operational tasks in the following ways; Policies establish indirect control over independent action, promote uniform handling of similar activities, ensure quicker decisions by standardizing answers to previously answered questions, policies reduce uncertainty in repetitive day to day decision making, they also provide ways to counter any possible resistance to new strategies by staff, provide predetermined solutions to routine issue and aid managementby providing well thought guidelines to decision making hence avoid ill-conceived decisions. (Pearce, et al 2005)

2.7.6 Structure

Matching structure to strategy is a fundamental task of company strategists. Pearce, (2005) came up with guidelines on how to structure the organization which he says that they were research and derived from twentieth century companies.

This reading argues that spans of control, types of formalization, planning systems, and matrix structures should not be picked and chosen independently; the way the shopper picks vegetables at the market or a dinner meal at a buffet table (Segal-Horn, 1998).The structure of an organization is the formal way of identifying who is to take responsibility for what; who is to exercise authority over whom; and who is to be answerable to whom. The structure is the hierarchy of managers and is the source of authority as well as legitimacy of decisions and actions. It is normally held that the appropriate structure follows from the strategy that an organization is pursuing and that organizational structures display typical patterns of development or life cycles. (Chandler, 1962)

2.7.7 Bridging strategy and structure

Mintzberg, (1979) identifies five structural types that provide an excellent synthesis of the literature on structure. While his professional bureaucracies are usually not business firms and therefore beyond our scope; his other types are quite relevant and these are the simple structure, the machine bureaucracy, the divisionalised form, and the adhocracy. We shall adapt and extend the Mintzberg framework to make it easier to relate to the common strategies. (Segal, 1998)

a. Simple structure and Niche marketing

The simple structure is used by small firms run by a dominating chief executive officer often an owner-manager. It is highly informal with the co-ordination of tasks accomplished via direct supervision, and all strategies are made at the top. It is characterized by little specialization of tasks, a low degree of bureaucratization and formalization. (Pugh, Hickson and Hinings, 1969)

Lawrence and Lorsch, (1969) noted that because there is low level of differentiation in goals, interpersonal orientations, methods and time horizons of the various departments, there is little need for sophisticated integration or liaison devices.

Pearce(2005)state that a single-product firm or single dominant business firm should employ a functional structure. The structure would allow for strong task focus and through emphasis on specialization and efficiency while providing opportunity for adequate control through centralized review and decision making.

Segal (1998) say that given the simple structure and the competitive environment, simple firms must pursue some sort of differentiation strategy in order to succeed. She further states that the simple technologies and small size generally do not allow for cost leadership. These structures are too primitive, too undifferentiated and too centralized to support complex innovation. The simple structures must generally pursue a niche or a marketing differentiation strategy.

b. Mechanistic cost leaders

The mechanistic (Burns and Stalker, 1961) or machine bureaucracy structure is a very rigid structure in which the coordination of tasks is done via standardization of work. The firm is highly specialized as tasks are finely broken down. As its name implies the structure is exceedingly bureaucratic and hierarchical with very formal rules, programs and procedures (Burns and Stalker, 1961).

These structures are extremely inflexible and geared to efficiency so strategies of innovation are out of the question. Also because markets are not growing much due to maturity and because firms are large it is unwise to focus on too small a segment of the industry. Market differentiation and cost leadership are the two appropriate strategies but the most applicable is cost leadership since it requires least flexibility and the greatest production efficiency characteristics which are inherent with these structures. A mechanistic structure can support a marketing differentiation strategy when they sell a fairly standard product in high volumes but offers services, convenience or quality that exceeds the competition (Segal-Horn, 1998).

c. Organic structure

The organic form (Burns and Stalker, 1961) or adhocracy is a structure that is extremely different from machine bureaucracy and is ideal for performing unusual and complex tasks which tend to change continually. Perrow's (1971) R&D firms where there are many exceptions in production and no obvious way of accomplishing the job. Groups of highly trained specialists from a variety of areas work together intensively to design and produce complex and rapidly changing products.

A high degree of specialization prevails as people with different skills, goals and time horizons work together, (Lawrence and Lorsch, 1967). There are frequent meeting integrating personnel committees and other liaison devices are used to ensure effective collaboration (Galbraith, 1973).Power is decentralized as much of it resides with technocrats and scientists responsible for innovation and authority is situational and based on expertise (Burns and Stalker, 1961)

Segal-Horn, (1998) says that this structure would support an innovative differentiation strategy. The structure is flexible and allows for collaboration among specialists so necessary to create new products.

d. Divisionalised conglomerates

Segal-Horn, (1998) state that an organization may be split into divisions that are responsible for producing and marketing a discrete type of product. These divisions may be self-contained profit centres run by an executive whose responsibilities are similar to those of the chief executive officer of an independent enterprise.

Mintzberg (1979) argues that most divisions in this divisionalised form are driven to become somewhat bureaucratic and formalized whereby the head office standardizes the procedures and methods whenever possible to improve control over divisions (Chandler, et al, 1962).Decision making power remains largely in the hands of the divisional managers who know most about their markets. These decisions tend to operate fairly independent from each other with company-wide issues being handled inter-divisional committees and head office staff departments.

Segal-Horn (1998) says that corporate level conglomerate strategies that require very different industries require divisionalised structures. The divisions are controlled by specialist general managers and the head office is only concerned with controlling and appraising the divisions, allocating and scouting out new diversification ventures.

According to Pearce (2005), a firm with several unrelated lines of business should be organized into strategic business units the strategic business unit structure resembles a multi-divisional structure there are significant differences. In a strategic business structure the operational and business level strategic plans are delegated to the strategic business unit. Activities like finance, accounting, and planning, legal and related activities should be centralized at the corporate office.

2.7.8 Strategy critical activities and organizational structure

Thompson et al (2006) suggests the idea of making strategy critical activities the pillars when designing an organizational structure; if activities crucial to strategic success are to have the resources, decision making influence, and organizational impact they need, they have to be centerpieces in the organizational scheme.

The authors further identifies functional departments as traditionally the pillars of organizational structureand process departments (supply chain management, filling customer orders, direct sales via company's website)In enterprises with operations in various countries around the world (or with geographically scattered organizational units within a country),they however say that these building blocks can include geographical organizational units (Thompson et al 2006).

The authors also note that divisional units handling some major processing steps in the value chain (raw materials production, components manufacture, wholesale distribution, retail store operations) may form these pillars or building blocks (Thompson et al, 2006).

2.7.9 Information and operating systems and strategy execution

According to Thompson et al (2006) a well-conceived state of the art operating systems not only enable better strategy execution but also strengthen organizational capabilities – perhaps enough to provide a competitive edge over the rivals. Areas identified as those that need to be covered by IT employee data, operations data, customer data,supplier/partner/collaborative ally data, and financial performance data. These information systems help in tracking performance as well as controlling.

Monthly profit and loss statements and monthly statistical summaries, long the norm, are fast being replaced by daily statistical updates and even up-to-the-minute performance monitoring that online technology makes it possible. Manufacturing plants typically generate daily production reports and track labour productivity on every shift. (Thompson et al, 2006) Furthermore Thompson et al (2006) states that many retailers and manufacturers have online data systems connecting them with their suppliers that monitor the status of their inventories, track shipments and deliveries, and measure defect rates.

Real time IT systems allow management to be in control always and be ahead in daily activities and timeously intervene and correct any deviations. Tracking key performance indicators, gathering information from operating personnel, quickly identifying and diagnosing problems, and taking corrective actions are all integral pieces of the process of managing strategy implementation and execution and exercising adequate control (Thompson et al, 2006).

Grant (2008) states that accounting systems are key components of the information systems. They collect, organize, and communicate financial information to top management and other parts of the organization. The trend towards decentralization and informality in organizations rests on two key aspects of increased information availability: information feedback to the individual on job performance, which has made self-monitoring possible, and information networking, which has allowed individuals to coordinate their activities voluntarily without hierarchical supervision. Corporate intranets, web-based information systems, and groupware have transformed the organizations' capacity for decentralized coordination (Grant, 2008).

2.7.10 Total Quality Management

It is an operational philosophy that stresses commitment to customer satisfaction and continuous improvement. It is committed to quality and excellence. Because TQM aims to reduce costs as well as to improve quality it can be used to implement both an overall cost a differentiation strategy (Hunger, 2003).

Hutchins (1992) say that total quality represents a competitive strategy and refers to quality as everything that an organization does in the eyes of its customers which will determine whether they buy from his company or from this company or from its competitor. He further states that a Total Quality organization must have four principal objectives which include; Continuous improvement, continuous and relentless cost reduction, continuous and relentless quality improvement and to create an organization whereby everyone is working towards their organization the best in its business to capitalize on sense of achievement and working in a world class organization

2.7.11Staffing the organization

Thompson et al (2006) state that companies have to attract capable managers and employees if they want to succeed in strategy execution. Furthermore, the most important addition is to fill the key managerial slots with people who can be counted on to get things done, otherwise the implementation-execution process cannot proceed at full speed.

Sometimes the existing management team is suitable, or may need to be strengthened or expanded by promoting qualified people from within the organization or bringing outsiders whose experience, skills and leadership styles better suit the organization (Thompson et al, 2006).

Thompson et al (2006) identified companies like Electronic data systems(EDS), McKinsey & Company, Cisco systems, South West Airlines, Procter and Gamble, PepsiCo, Nike , Microsoft and Intel which make a concerted effort to recruit the best and brightest people they can find and retain them with excellent compensation packages, opportunities for rapid advancement , and professional growth, and challenging and interesting assignments.

2.7.12 Strategic planning and management of change

Strategic planning process can result in significant change in the strategic direction of the firm. New strategies can result in adaptation change, evolution, reconstruction or a revolution. Adaptation is change which can be accommodated within the current paradigm and occur incrementally. This is the most common change in organizations; Reconstruction is the type of change which may be rapid and involve a good deal of upheaval in an organization but does not change the paradigm; Evolution is a change strategy which requires paradigm change but over time while Revolution involves rapid and major strategic and paradigm change (Johnson,2005).

Managing strategic change has no one right formula but depends on the wider context. For example managing change in a small, perhaps relatively new, business, where a motivated team are themselves driving change, would be different from trying to manage change in a major corporation, or perhaps long established public sector organization, with established routines, formal structures and a great deal of resistance to change (Johnson, 2005).

Management must understand the nature and magnitude of strategic change so that they will be guided when planning and implementing new strategies. Key considerations include; does the organization have the capacity, capability, readiness and power structures to achieve the scope of change required.

Johnson et al (2005) states that whoever is in the position of managing change needs to consider the style of management to adopt. The available management styles include education and communication, collaboration, intervention and showing direction and sometimes being coercive.

a. Leadership roles (Pearce, 2005)

Grant, (2008) says that the emphasis has shifted from “the CEO as the decision maker” towards “the leader of the organizational culture, climate, identity, and processes responsible for clarifying shared vision; enriching culture; aligning vision, strategy, organizational design, and human resources; and promoting understanding of events”

Thompson et al (1989) says that a strategy manager has many different roles to play: chief entrepreneur, chief administrator, crisis solver, taskmaster, figurehead, spokesman, resource allocator, negotiator, motivator, advisor, inspirationist, consensus builder, policymaker and so on.

Middle management are seen as implementers of strategy and their role is to put into effect the direction established by top management by making sure the resources are allocated and controlled appropriately, monitoring performance and behavior of staff and where necessary explaining the strategy to those reporting to them (Johnson et al 2011).

Johnson et al (2011) further noted the following roles like; Implementation and control of strategy, translators of strategy, re-interpretation and adjustment where they react to strategic responses as events unfold. Managers being implementers on the ground they play an advisory role to senior or top management on organizational blockages or requirements for change.

b. Culture and strategy execution

Johnson et al (2005) define culture as the basic assumptions and beliefs that are shared by members of the organization, that operate unconsciously and define in a basic taken-for-granted fashion an organization's view of itself and the environment

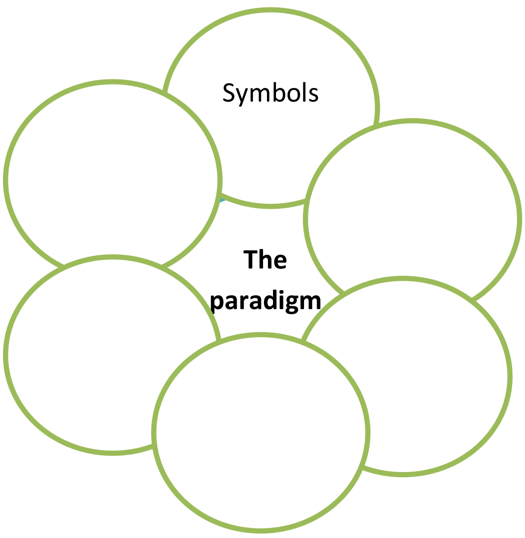
Thompson et al (2006) state that company's work present culture and a work climate may or may not be suitable with what is needed for effective implementation and execution of the chosen strategy. In order to effectively implement new strategies the company culture must be in tandem with the overall direction, the strategy itself and the performance goals(Thompson et al, 2006).

A culture where formality, thrift are values widely shared by organizational members nurtures employee actions to identify cost saving opportunities the very behavior needed for low cost leadership strategy (Thompson et al, 2006).

A culture built around such business principles as pleasing customers, fair treatment, operating excellence, and employee empowerment promotes employee behaviours and an esprit de corps that facilitate execution of strategies keyed to high product quality and superior customer service. On another note, a culture in taking initiative, challenging the status quo, exhibiting creativity, embracing change, and being a team player pervades the work climate and promotes collaboration and a drive to lead market change; it's conducive to product innovation and technological leadership strategies.

c. Culture and strategic change

There is need to understand the magnitude of challenge faced in trying to effect strategic change. One has to consider the type of strategic change involved whether it requires a culture change or not. Johnson et al (2005) identifies four types of strategic change which are; adaptation, reconstruction, evolution and revolution. A paradigm change occurs when change is either an evolution or a revolution. An evolution is a change in strategy which requires paradigm change but overtime while a revolution is change which requires rapid and major strategic and paradigm change.The cultural web is a representation of the taken for granted assumption, or paradigm, of an organization and the physical manifestations of organizational culture. The cultural web can be used to understand culture in any of the frames of reference identified in figure 2.13 below.



Source: Johnson, et al (2005), Exploring corporate strategy, Text and cases

Figure 2.13 The cultural web

Thompson et al (2006) says that it is task of those implementstrategy after a new strategy has been identified is to change corporate culture aspects that will be resistant to the new strategy.

d. Performance management

Wittman et al (2008) states that to build a holistic performance management programme, it is advisable to us e a combination of tools and identifies the following tools which are; scorecard, projects, workshops, individual coaching, seminar, presentation, company newspaper, computer based training, email information, business theatre, business simulation, targets and compensation and information market.

2.8 Strategy evaluation and control

Evaluation and control is a process by which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems (Hunger et al, 2003)

Pearce et al (2011) say that as time lapses between the initial implantation of a strategy and achievement of its intended results, investments are made and numerous projects and actions are undertaken to implement the strategy and also during that time changes are taking place in the environmental and the firm's internal situation. Strategic control is necessary to guide the firm through these events.

Pearce et al (2011) defines strategic control as management efforts to track a strategy as it is being implemented, detecting problems or changes in its underlying premises, and make necessary adjustments. The authors further states that in contrast to post-action control, strategic control is concerned with guiding action on behalf of strategy as that action is taking place and when the end result is still several years off.

Strategic managers are concerned with two sets of questions which are; Are we moving in the proper direction, Are key things falling into place? Are our assumptions about major trends and events correct? Are we doing critical things that need to be done? Should be adjust or abort the strategy? While the other set of questions include; how are we performing? Are objectives and schedules being met? Are costs, revenues, and cash flows matching projections? Do we need to make operational changes?

Pearce et al (2011) identified four basic types of controls as premise control, strategic surveillance, special alert control and implementation control.

2.8.1 Premise control

According to Pearce et al (2011) Premise control is defined as the management process of systematically and continuously checking to determine whether premises upon which the strategy is based are still valid. They further state that planning premises are primarily concerned with environmental and industry factors. A strategy may have to be changed if a premise is no longer valid and the sooner an invalid premise is recognized and rejected the better.

Pearce et al (2011) says that strategies are based on key premises about the environment and the environmental factors have huge impact on the success of strategies. Environmental factors considered include; inflation, technology, interest rates, regulation and demographic/social changes. Industry factors which need to be continually checked during strategy implementation include competitors, suppliers, product substitutes, and barriers to entry among others. Managers of strategy need to ensure that assumptions made on such factors are still valid.

2.8.2 Strategic surveillance

Strategic surveillance according to Pearce et al (2011) is a management task of tracking events taking place internally and in the external environment of the organization that impacts upon the business strategies overtime. The basic idea of strategic surveillance is that important yet unanticipated information may be uncovered by a general monitoring of multiple information sources. (Pearce II et al, 2011)

Pearce et al, (2011) say that Procter and Gamble (P&G)'s CEO Alan Lafley has long used 'commercial anthropology', his way of describing strategic surveillance, to identify and monitor products that meet basic needs better and do so repeatedly.

2.8.3 Special Alert Control

According to Pearce et al (2006) special alert controls are defined as management actions undertaken to thoroughly, and often rapidly, reconsider a firm's strategy because of a sudden and unexpected change.

2.8.4 Implementation control

Implementation control is the type of strategic control that must be exercised as those events unfold and is used to monitor the broad strategy given the results of incremental actions. According toPearce et al (2011) they identify two basic types of implementation controlwhich include monitoring strategic thrusts and milestone reviews.

2.8.5 Strategic thrusts or projects

These are key resource and effort commitments at the initial stages in strategy execution and pre-determined feedback is given to ensure key decision on whether to continue, adjust or even overhaul the strategy is necessary. (Pearce et al, 2011)

2.8.6 Milestone reviews

Pearce et al (2011) defines milestone reviews as points in time, or at the completion of major parts of a bigger strategy, where managers have predetermined they will undertake a go no-go type of review regarding the underlying strategy associated with the bigger strategy. They further say that milestones may be important occurrences, major resource allocations, or reaching a certain time frame.

2.8.7 Operational control

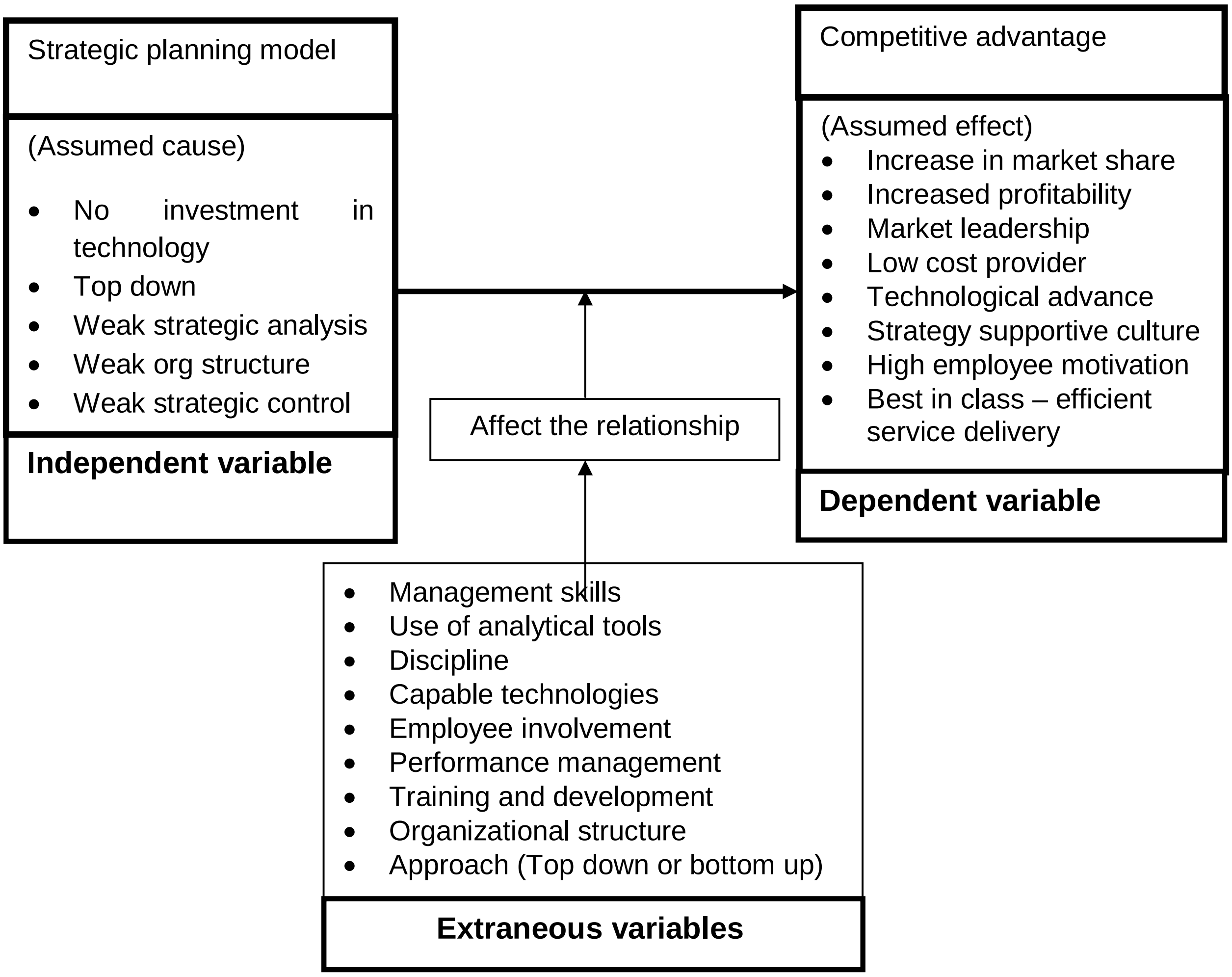
Pearce, et al, (2011) say that there are key operational control systems which enhance implementation control and they identified systems like schedules and budgets as critical. These systems enable evaluation and control in short timelines ranging from daily, monthly, and quarterly to annually. They further say that these control systems have a four stage process which starts with the setting of performance standards, then performance measurement, identifying gaps between actuals and set standards and lastly drawing up corrective plan.

2.8.8 Dashboards

Pearce et al, (2011) defines dashboards as a user interface that organizes and presents information from multiple digital sources simultaneously in a user-designed format on the computer screen.

2.9 Chapter conclusion

Literature review has focused on the strategic planning model as a source of competitive advantage for organizations when properly implemented. The broad steps in strategic management have been explored by the researcher and these are strategic analysis, strategic formulation, strategic implementation and strategic control and analysis.The strategy planning model has been well explored for global organizations and in the advanced economies but they lack cases that apply for manufacturing organizations in Zimbabwe. The study is guided by the conceptual framework in Figure 2.14 below and the research methodology discussed in the next chapter.



Source: Kumar (2005)

Figure 2.14 Conceptual framework

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

A research methodology is an approach to the process of the research encompassing a body of methods (Collis, et al 2009).This chapter will provide information and a modus operandi of the study. It consists three sections which are; research design, data collection and data analysis. There is a conclusion which summarizes the chapter at the end.

3.2 Research design

Collis et al (2009) state that the starting point of a research design is to determine your research paradigm. A research paradigm is a framework that guides how research should be conducted, based on peoples' philosophies and assumptions about the world and the nature of knowledge. Research design is the science (and art) of planning procedures for conducting studies so as to get the most valid findings (Vogt, 1993). Converse and Presser (1986) noted that a research design or method is a systematic and orderly approach taken towards collection of data so that information can be obtained from those data.

Collis et al, (2009) state that a research paradigm is a philosophical framework that guides how a research should be conducted, based on people's philosophies and their assumptions about the world and the nature of knowledge. Further he identified the two main paradigms which are namely the positivism paradigm and the interpretivism paradigm.

The positivism is a paradigm that originated in the natural sciences. It rests in the assumptions that social reality is singular and objective, and is not affected by the act of investigating it. The research involves a deductive process with a view to providing explanatory theories to understand social phenomenon. Positivism is underpinned by the belief that reality is independent of us and the goal is the discovery of theories, based on empirical research (observation and experiment). Knowledge is derived from ‘positive information’ because ‘every rational and justifiable assertion can be scientifically verified or is capable of logical or mathematical proof’ (Walliman, 2001)Higson-Smith, (1995)supports the assertion and says that the cause and effect underpins the positivist methodology.

Interpretivism is a paradigm that emerged in response to the criticisms of positivism and it rests on the assumption that social reality is our minds, and is subjective and multiple. Therefore social reality is affected by the act of investigating it. The research involves the inductive process with a view to providing interpretive understanding of social phenomena within a particular context, (Collis, et al, 2009)

Smith (1983), Creswell (1994) states that interpretivism is underpinned by the belief that social reality is not objective but highly subjective because it is shaped by our perceptions. The research interacts with what being researched because it is impossible to separate what exists in the social world with what is in the researcher’s mind. Thus whilst positivism focuses on exploring social phenomena, interpretivism focuses on exploring the complexity of social phenomena with a view to gaining interpretive understanding(Collis et al, 2009).

Interpretive researchers adopt a range of methods that seeks to describe, translate and otherwise come to terms with meaning, not frequency of certain more or less naturally occurring phenomena in the social world (Van Maanen,1983).

Table 3.1 Comparison of positivism and interpretivism

Positivism tends to;	Interpretivism tends to;
Use large samples	Use small samples
Have an artificial location	Have a natural location
Be concerned with hypothesis testing	Be concerned with generating theories
Produce precise, objective, quantitative data	Produce 'rich, subjective, qualitative data.
Produce results with high reliability but low validity	Produce findings with low reliability but high validity
Allow results to be generalized from the sample to the population	Allow findings to be generalized from one setting to another similar setting.

Source: Collis et al (2009)

The research used the interpretive research whose research findings will not be derived from any statistical analysis of quantitative data. This approach is relevant to the study because of its characteristic of producing qualitative and rich data about the subject. The researcher seeks to have a clear description on how Nelspot carry out its strategic planning process. Furthermore, since the results can be generalized from one setting another similar setting the research seeks to apply the outcome to similar manufacturing organizations in the country.

3.3 Research Strategy

3.3.1 Case study

Kumar (2005) the case method as an approach to studying a social phenomenon through a thorough analysis of an individual case. All data relevant to the case are gathered and organized in terms of the case. This approach rests on the assumption that the case being studied is typical of cases of a certain type so that through intensive analysis, generalizations may be made that will be applicable to other cases of the same type (Kumar, 2005)

Collis et al (2009) state that a case study is a methodology that is used to explore a single phenomenon (the case) in a natural setting using a variety of methods to obtain in-depth knowledge. He further states that the importance of the context is essential. Eisenhardt (1989) refers to the focus on 'understanding the dynamics of the present within single setting', while Bonoma, (1985) notes that it must be constructed to be sensitive to the context in which management behavior takes place.

The research was a case study research of Nelspot and precisely this was a descriptive case study which sort to obtain an in-depth knowledge on how they conduct their strategic management process. Yin (2003) state the case study answers "how" and "why" questions about a contemporary set of events, over which the investigator has little or no control. In the research the respondent was able to ask the 'how' and why questions when seeking for clarity and further explanations about strategic planning process at Nelspot.

The case study research can be conducted in relatively shorter period (Anderson, 1993) hence the researcher opted for it because of the limited time to carry out the research and accessibility to research information.Nelspot is a manufacturing organization in Zimbabwe and findings on this research can be generalized to the manufacturing industry in Zimbabwe.

3.4 Data Collection

3.4.1 Population

Wegner, (1993) define a population as all possible observations of the random variable under study. While Collis et al (2009) defines a population as a precisely defined body of people or objects under consideration for statistical purposes. The population of this research was all management levels of Nelspot Chemicals. The company has six management employees from the functional heads to the General Manager and the Executive Chairman.

3.4.2 Sampling

McPhail (2001) noted that in most populations in research, there exists very little similarity among elements and the situations dictates that a subset of the population be used to estimate the overall responses of a population. Ghoshi (2002) contends that proper selection of a sample is a very difficult task.

a. Random sampling

Collis et al, (2009) define a random sample as one where every member of the population has an equal chance of being chosen. Therefore the sample is an unbiased subset of the population which allows the results obtained for the sample to be taken to be true for the whole population, in other word results can be generalizable to the population. He identifies the random sampling methods as systematic sampling, quota sampling, stratified sampling, cluster sampling and multi-stage sampling. Baker, et al (2008) says that the obvious benefit of probability based sampling procedures is that they allow one to draw inferences about a population from which the sample was drawn. A major drawback for the random sampling methods is that these methods can be difficult, complex, time consuming and expensive to execute.

b. Non random sampling

The non-random sampling methods refer to the sampling methods that do not follow the theory of probability in the choice of elements from the sampling population.Leedy,(1992) say that there is no guarantee that the samples represent the population under study and Lucky et al (1987)contend by saying that through non-random sampling the assessment of reliability is not possible regardless of how careful the researcher is in selecting elements of the sample. These sampling designs are used when the number of elements in a population is either unknown or cannot be individually identified.(Kumar, 2005). While Wegner(1993) defines non-probability sampling as any sampling methods in which the observations are not selected randomly. He identifies the non-random sampling methods as quota sampling, judgmental sampling and convenient sampling.

i. **Judgmental**

Saunders et al (1997) say that judgmental sampling enables the researcher to use their judgment to select cases which will best enable the researcher to provide answers to research questions. The researcher attempts to draw a representative sample of population by using personal judgement.Judgemental sampling is associated with the interpretivism studies where it is essential to include people with experience of the phenomenon being studied in the sample. Collis et al, (2009).Keogh (1999) contends that the amount of error depends on the degree of expertise of the person making the selection. This option was chosen since the intention was to discuss with management employees who have understanding of strategic planning and are involved in strategic planning at Nelspot.

3.5 Types of data

3.5.1 Primary data

Zikmund, (1997) say that primary data are gathered and assembled for the particular research project available. Collis et al, (2009) says that primary data are gathered from an original source, such as your own experiments, questionnaire survey, interviews or focus groups. The researcher collected primary data from the interviews carried out at the organization. Primary data provided information which is specific to the subject matter of the strategic planning model.

3.5.2 Secondary data

Collis et al, (2009) define secondary data as data that have been collected from an existing source, such as publications, databases and internal records and may be available in hard copy from or through the internet. Zikmund, (1997) state that secondary data is mostly historical and it is data that has been collected and assembled for some other projects. Secondary data from the organization was not used but relied on the interviews that were carried out with management.

3.6 Research Instruments

According to Labovitz et al, (1976) validity, reliability and objectivity are the benchmarks upon which research instruments are measured and they define validity as the ability of an instrument to measure what it is supposed to measure. Fowler (1984) state attention should be paid to the length andclarity of questions when preparing research instruments. Fraenkel et al, (1996) say that respondents prefer close-ended questions to open-ended questions since they are simple to answer.

3.6.1 Questionnaire

Semi-structured questionnaire with open ended questions was used but questions are in a framework. The questionnaire is also referred to as a guided questionnaire. The advantage for this questionnaire was that it guided the interview within specific subjects while it allowed further explanation to get a deeper understanding. Ferber, (1974) states that close ended questions have limited breadth of responses and are harder to construct and require more questions to cover the research topic than open ended questions.

Hussey and Hussey (1997) define a questionnaire as ‘a method of collecting data in which a selected group of participants are asked to complete a written set of questions to find out what they do, think or feel’ They argue that questionnaires can be used in both a positivistic or an interpretivism paradigm.

Collis et al (2009) defines a questionnaire as a list of carefully structures questions, which have been chosen after considerable testing with a view to eliciting reliable responses from a particular group of people. When a questionnaire is used in an interview, many researchers call it an interview schedule. Answers to the questions are recorded by the interviewer.

3.7.1 Interviews

Interviews are a method for collecting data in which selected participants are asked questions to find out what they do think or feel. Prompts and probes may be required Interviews can be structured, semi-structured or unstructured (Collis et al, 2009).

a. Unstructured interviews

Collis et al (2009) describe unstructured interviews as one where the questions have not been prepared before-hand and evolve during the course of the interview and these questions are likely to be open-ended, with probes to explore the interviewee's answers in more depth. Unstructured interviews are time consuming and they may be problems with recording the questions and answers, controlling the range of topics and analyzing the data. (Collis et al, 2009). The researcher opted against using the unstructured interviews because there was a specific topic or area of strategic management that the researcher needed to restrict the respondents. Furthermore, the subject of strategic management is broad hence an unstructured interview would have the risk of discussing everything and losing focus.

b. Structured interviews

Baker, (2003) noted that structured interviews have the questions and structures pre-determined and also the response categories. However Baker, (2003) states that very few interviews or questionnaires which are regarded as structured conform exactly to the definition.

A fully structured interview had the risk of limiting the probing and getting clarity and detailed explanations on the strategic management model of Nelspot Chemicals.

c. Guided or semi-structured interviews

Eriksson et al, (2008) noted that many qualitative interviews within business research fall into this category, which can be used to study both 'what' and 'how' questions. He further states that when making a guided or structured interview, you take a prepared outline of topics, issues, or themes with you but still have the possibility to vary the wording and order of questions in each interview.

A guided or semi-structured interview approach to gather information from the management of Nelspot Chemicals was employed. The advantage is that some of the questions though I had prepared but I was able to ask for clarity and obtain detailed and rich data from the respondents as they gave further explanations.

3.9 Data processing analysis and presentation

Data processing follows after all the information gathered using the data collection instruments and it involves questionnaire coding, data entry and cleaning. Zikmund, (1997) states that once the fieldwork has been completed, the data must be converted into a format that will answer the decision maker's questions.

Neuman,(2006) noted that there is standard format for data analysis. Collis et al, (2009) identifies the main features of data analysis as data reduction, data restructuring and de-textualizing the data. Data reduction is a form of data analysis that sharpens, sorts, focuses, discards and reorganizes data in such a way that final conclusions can be drawn and verified. (Miles et al,1994). Collis et al,(2009) noted data reduction can be achieved by restructuring the data and if you are using a theoretical framework this will provide categories into which data can be fitted. The researcher classified data from respondents into sections and respective questions. For example all responses for section B and specifically question one were placed into one category and so on. This enabled the researcher to compare responses from various respondents.

Collis et al, (2009) state that there are no limits to the types of displays which can be generated from qualitative data, but they fall into two major categories namely networks and matrices. A network has a series of labeled nodes with links between them, which represent relationships while a matrix is a table with defined columns and rows and appropriate headings.

The research employs the matrix method of display putting designations of respondents in rows and then in columns their responses.

3.11 Chapter conclusion

The research in this chapter explored how the research was conducted i.e. the methodology followed in conducting this research. The research discussed on research design and the how the research paradigm influenced the design. Furthermore he explored on how the data sources which are both primary and secondary sources and how he utilized these two sources of data. The research further discussed the data collection methods available and the justification of selection of the data collection methods employed in this research. The following chapter shall focus on presentation and discussion of the research findings.

CHAPTER 4: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents and analyses the research finding s from the face to face interviews carried by the researcher with management of Nelspot Chemicals. The interviews were conducted at the Nelspot premises with the Executive Chairman, General Manager and four heads of departments. The research presented the findings, discussed them and highlighted the implications.

4.2 Respondents Interviewed

The researcher interviewed six respondents and these are members of the executive management. Those interviewed include the Executive Chairman, General Manager, Sales and Marketing Manager, Finance Manager, Production Manager and Human Resources and Administration Manager. The respondents are responsible for the strategic planning process at Nelspot

The questions were divided into four sections namely strategic planning model, strategy formulation, strategy implementation and strategy control and monitoring. The researcher was also asking further questions during the interview in order to get a clear understanding. These questions are in italic and bold slotted in the midst of the responses from interviewees.

4.3 Research findings

4.3.1 SECTION A - Demographic information

Table 4.2 Demographic information

Respondent	Years at Nelspot	Age	Academic/Professional background	Managerial experience
Executive Chairman	16	≥46	Degree, Chemical Engineer	≥11 - ≤20years
General Manager	3	≥36 - ≤45	Degreed , Sales and Marketing	≥6 - ≤10 years
Finance Manager	3	≥25 - ≤35	Chartered Accountant	≥6 - ≤ 10years
Sales and Marketing Manager	3	≥25 - ≤35	Degree, Sales	≥6 - ≤ 10years
Production Manager	12	≥46	Higher Diploma, Artisan	≥11 - ≤ 20years
Human Resources and Admin. Manager	12	≥46	Diploma, Human Resources Practitioner	≥11 - ≤ 20years

The respondents show a combination of experienced and less experienced people. There are three executive members who were employed by Nelspot in the same year thus have 3 years with Nelspot. These are younger as their ages are between 25 and 35 and also their managerial experience is less than 10 years. Four of the six executive committee members are degreed and this includes the three younger members while two members are not degreed but have several years of experience in their profession. These three younger members showed their desire to improve the way Nelspot conducted its business and appear very conversant with literature on strategic planning. The other three members have vast experience at Nelspot hence are fully aware of the historical developments which they have passionate connection and do not concern a lot about the strategic planning literature.

4.3.2 SECTION B - Strategic planning model

Question 1

What is your understanding of the strategic planning model?

Table 4.3 Understanding of the strategic planning model

Respondent	Response
Executive Chairman	It is a model which show how strategic planning is conducted and there is no one standard planning model applicable to everyone. These models vary here and there but the intention is to create competitiveness in the market.
General Manager	A strategic planning model basically guides an organization how they should carry out strategic planning. The planning model results in strategic plan which has elements like the mission statements, vision, company goals, strategies and broad objectives.
Finance Manager	It's a model that shows the planning process followed by an organization. The model requires that you follow the basic steps which are strategic analysis, strategy formulation, strategy implementation and strategy control.
Sales and Marketing Manager	A model that describes how an organization carry out strategic planning.
Production Manager	This is basically a strategic planning guideline. It guides you how you should formulate your strategies and also implement them.
Human Resources and Administration Manager	A strategic planning model should have your strategies, business plan, budgets, and operational plan. It also would show the timings when all this is carried out

The responses in Table 4.3 above show that respondents have various levels of appreciation of the strategic planning model. There is at least a basic appreciation of what it is or its purpose though some respondent chose not go to great depths in a explaining what the strategic planning model is all about. There are three respondents who appear fully appreciate what the strategic planning model is all about. The General Manager and the Finance Managerwent into detail on strategic planning showing their understanding of the subject

Question 2

Do you follow any system or cycle in strategic planning? If so, what are the major steps of your strategic planning process?

Table 4.4 Strategic planning cycle

Respondent	**Response**
Executive Chairman	Yes there is a planning cycle in place in which the board meets in March and decides on what they need to be achieved, and then we meet as the executive committee in April. Budgets are drawn in August and are approved by the board in September. Our operational planning are prepared and made ready by November.
General Manager	There is an annual cycle that we have advocated for and it's now in place and we have been following that for the past three years. In April we conduct our strategic planning sessions, then budgeting is done in August, then operational planning in October.
Finance Manager	There is a planning calendar that we designed and started implementing in 2009. There is input from the board meeting in Q1 which is basically our input for the executive committee strategy meeting in April, capital expenditure and operational expenditure budgeting is done in August and September then finally there is operational planning in October and November.
Sales and Marketing Manager	Yes we follow a strategic planning cycle Strategy planning – April Budgeting – August

	Operational planning - October
Production Manager	We follow a calendar for planning which starts in April when we do strategic planning, followed by budgeting in August and operational planning in October.
Human Resources and Administration Manager	Yes. Strategic planning in April, then Budgeting in August and Operational planning in October every year

The responses in Table 4.4 show that there is a planning cycle that is followed. All the respondents are aware of strategy planning sessions in April, budgeting exercise in August/September and operational planning in October/November. It is interesting though to note that the General Manager and the Finance Manager say that the strategic planning cycle was started in 2009 and are saying that they advocated for this strategic planning cycle. Other heads of divisions simply stated the planning cycle.

Question 3

Have you been religiously following your strategic planning process? If no please explain why?

Table 4.5 Strategic planning process

Respondent	Response
Executive Chairman	Not really because some of the expectations on the model though best practice they take time to fit in our environment. The strategic planning process requires a huge budget on its own and that is not affordable. Sometimes before we implement our strategies things would have changed in the market and we then alter things quickly in order to survive.
General Manager	Not really this is relatively a new concept to this organization hence it's taking time to have everyone appreciating it. The board is supposed to only provide their expectations on behalf of shareholders or as shareholders which include profits, return on investments etc. but usually they tend to decide on strategies and at times we rubber stamp and a lot of strategies that we propose are

	turned down.
Finance Manager	Partially following our planning process but it's down to discipline which needs to be improved. Sometimes we appear to over commit what is outside our budget capacity
Sales and Marketing Manager	Quite partial. The problem here is that things that we initially agree upon are significantly changed and mostly it's rare to follow the required steps from strategy formulation to strategy implementation and monitoring.
Production Manager	Yes all the stages are followed
Human Resources and Administration Manager	Yes we do everything according to the process.

The responses in Table 4.5 are not encouraging since they show lot of disagreements on whether they follow their own strategic planning model fully. Department heads of Production and Human resources are concurring that the process is duly followed, while the Executive Chairman agree that sometimes they do not follow their strategic planning model and he gives reasons on limited budget and the General Manager , Finance Manager and Sales and Marketing Manager also point out to partial following of the strategic planning process. Four out of six concur that they are not following their planning model which they started only three years ago. The General Manager is not pleased with what appear to be overlapping roles.

Question 4

In strategy analysis which areas do you analyze and what tools do you employ if any?

Table 4.6 Areas of strategic analysis and tools

Respondent	Response
Executive Chairman	Macro-environment, political environment, laws and regulations, supplier market local regional and global sources, customer market, On tools we mainly use SWOT analysis and PEST analysis
General Manager	Macro-economic environment, political environment, government policies especially ZIMRA since we import a lot of chemicals we affected by the duty tariffs .Furthermore, we also focus our customers buying trends, new sources of raw materials and internally we focus on the operating costs.
Finance Manager	Tax laws, financial markets, interest rates, government funding, tariffs and any changes from IFRS (International Financial Reporting Standards). SWOT analysis PESTLE
Sales and Marketing Manager	I analyze the sales performances, our brands, developments in the customer market. SWOT analysis is the main tool used.
Production Manager	We look at the political developments and the economic changes taking place in the country. Internally I am concerned with the cost of production, brain drain we have lost a lot of artisans over the years. SWOT analysis and PESTLE analysis.
Human Resources and Administration Manager	As a business we look at developments in the economy, the political environment, and our sources of raw materials both local and international, customer developments and so on. On my side HR its basically looking at the changes taking place in the labour market like NEC rates, pensions, labour law etc.

The responses in Table 4.6 above shows that strategy is to some extend conducted. SWOT analysis is the popular tool then followed by the PESTLE analysis. A closer look at these responses shows that all management is concerned about the political developments and the economic environment. SWOT may also assist in analyzing the internal environment by looking at the organizations' strengths and weaknesses but their responses appear that they are concerned mostly about the external environment. The head of production was also concerned with internal analysis when he mentioned production costs and the head of sales and marketing when he mentioned sales performance.

Question 5

Can you describe your strategic planning sessions as informal or formal? Briefly describe how you conduct these sessions.

Table 4.7 Describing how they conduct strategic planning sessions

Respondent	Response
Executive Chairman	These are very formal sessions which I lead together with my executive committee members. They are attended also by middle level management like Sales Manager, Purchasing Manager and so on. Our sessions start with strategy analysis where we assess our current strategies and our past performances. Sometimes when funds permit we have these meetings outside at St Lucia or Mandel.
General Manager	These are formal sessions which take the whole day of work. We review past performance, discuss the market conditions, look at board input then draw strategies.
Finance Manager	Formal sessions These sessions are held outside the organization and take the whole day. They are chaired by the Executive Chairman while Head of divisions make presentations in rotation.
Sales and Marketing Manager	These are formal discussions which are chaired by the Executive Chairman and heads of divisions make presentations.
Production Manager	Formal discussions led by the Chairman. We present our past performances and our challenges. We also present new strategies which others can challenge.
HR and Admin. Manager	They are formal discussions which are chaired by the Chairman.

The responses in Table 4.7 above show that they carry out strategic planning sessions in which they review their past performances, current environment and map new strategies. These sessions according to all respondents they are formal and take the whole day. Furthermore these are chaired by the Executive Chairman while heads of divisions make presentations and middle managers also attend these sessions.

Question 6

Have you ever used any outsiders in strategic planning process either fully or partially?

Table 4.8 Use of consultants

Response	Respondent
Executive Chairman	We have never used because they do not understand our business hence we are better placed to do our strategy planning.
General Manager	We have never used them
Finance Manager	No. These are expensive and not practical since they do not understand how we operate.
Sales and Marketing Manager	No. It's not necessary.
Production Manager	No. Not at all.
Human Resources and Administration Manager	No. Those people will fleece you money without benefit.

The response on use of outsiders in table 4.8 above is very loud and clear that at Nelspot they do not use outsiders i.e. consultants in their strategic planning process at whatever stage. Generally they believe it's expensive and not necessary at all.

Question 7

What do understand by the term competitor analysis and do you have a standard format of conducting competitor analysis?

Table 4.9 Competitor analysis

Respondent	Response
Executive Chairman	Competitor analysis is about maintaining a close look at your competitors. Understanding their business fully and monitoring their actions. There is no standard format really but it's a daily exercise that we keep abreast with these developments.
General Manager	Competitor analysis is about analyzing your competitors' strengths and weakness, new developments in a legal manner. Here we do not have a standard format but we gather this market intelligence every day and upraise the business.
Finance Manager	Competitor analysis is about gathering information on your competitors monitoring their developments so that you can find ways to counter their actions. We have no standard format really it's an ongoing exercise.
Sales and Marketing Manager	Competitor analysis is about gathering competitor information then you find ways to counter their actions. However this must be done in a legal manner so that you will not be sued for industrial espionage. We do not have a standard format but we get information on an ongoing basis from our market intelligence.
Production Manager	It is basically checking on the activities and developments of your competitors. There is no standard format but we just share the information as we gather it.
Human Resources and Administration Manager	Competitor analysis is when we analyze our competitors and get information about their business. We have no standard format.

The responses in table 4.9 above show that they understand generally what competitor analysis is about. However there is no standard format of analyzing the competition, no competitor profiling and it appears there is no set time for updates in competitor activities. The challenge is that they will not have enough information about their competitors hence it's difficult to create competitive advantage over competition when you have inadequate information on them.

4.3.3 SECTION C - Strategy formulation

Question 1

What is the role of the board and the executive team in strategic formulation?

Table 4.10 Roles of board and executive committee

Respondent	Response
Executive Chairman	The board's role is for approving the new strategies which are formulated by the executive committee.
General Manager	The board is composed of shareholders and representatives of shareholders hence what they do here is to set their mission statement, vision, values, set their broad goals, decide CSR matters. It is after their Q1 board meeting that our executive committee meets to decide on strategies.
Finance Manager	Our board is responsible for setting the overall direction of the firm i.e. vision, mission statement, values and goals. While as the executive committee we ensure that we draw up strategies to meet their set goals
Sales and Marketing Manager	The executive committee formulate strategy and the board approves
Production Manager	The board is the overall leader in strategy formulation and they approve all the strategies that we make. The executive committee is responsible for strategy formulation.
Human Resources and Administration Manager	The board set overall conditions to do with their profits, dividends, social responsibility etc. The executive committee formulates company policy and the board approves

In Table 4 above the respondents answered a straight forward question which all the respondents are in agreement. The role of the board of Nelspot Chemicals is to approve the new strategies. The executive committee formulates strategies that ensure the organization meet set goals.

Question 2

Are your current activities in line with your mission statement, values and goals? If not do think we need an adaptation, reconstruction, evolution or revolution strategic change?

Table 4.11 Current activities vs. mission statement, values and goals

Respondent	Response
Executive Chairman	I appreciate that the documents were drawn up long back and have never really been changed to match with our current strategies. However its slight adjustments that is necessary.
General Manager	Most of that information which you saw hanged at the reception does not make sense anymore. A lot has been changed since we joined this organization. I however think we just need a reconstruction not a paradigm shift.
Finance Manager	Those are broad statements which I think need not change much the goals, mission statements need not change much. We are largely in the same direction so I will not advocate for a paradigm change.
Sales and Marketing Manager	Slight adjustments may be since a lot has changed
Production Manager	Minor adjustments especially on the mission statement
Human Resources and Administration Manager	I am not sure but a lot has changed since then hence they may need attention.

The Table 4.11 above shows a crucial observation which throws the whole strategy making process of Nelspot into disarray. Clearly all the respondents are agreeing that their mission statements are now due for change. Adjustments to the vision, mission statements and goals minor or major depict a change in strategy. If since 2009 they have been following the strategy planning model changing and refining their strategies every year but do not update their mission statement and vision then this does not point to proper implementation of the strategic planning model.

Question 3

How are your business strategies and functional strategies linked and do you use any system to cascade the corporate and business strategies to the man on the floor?

Table 4.12 Linking strategies

Respondent	**Response**
Executive Chairman	Business and functional strategies are properly though there is no specific tool that we use but we borrowed the balanced scorecard concept for all our head of divisions. They derive their functional strategies form the overall business strategies once the business strategy has been approved by the board.
General Manager	There is no system or tool but once our business strategy has been approved by the board we then come up with the functional strategies to support the business strategy when we do operational planning.
Finance Manager	We have our own in-house system which we employ business strategies are established when we do strategic planning sessions while functional strategies when we do operational planning.
Sales and Marketing Manager	Our functional strategies are drawn at operational planning and they are drawn from the business strategies.
Production Manager	Functional strategy are taken form the business strategies.
Human Resources and Administration Manager	We link all our functional strategies to the approved business strategies.

The respondents in Table 4.12 above all point to the fact that their functional strategies are generated from the overall business strategy which they formulate in April. Furthermore, most respondents say that they have their own unrecognized system for linking business strategies and functional strategies. It remains worrying though that their system effectively links these business and functional strategies when the key premises of vision, mission statements and goals have not been changed over a long period of time.

Question 4

Which generic competitive strategy is Nelspot using or which is closer to what Nelspot is using?

Table 4.13 Generic competitive strategy

Respondent	Response
Executive Chairman	Cost leadership. In manufacturing it's all about competing on the shelf. On another portfolio in which we supply the manufacturers with raw materials we also must ensure they land competitively.
General Manager	Cost leadership otherwise we will not sale
Finance Manager	Its cost leadership
Sales and Marketing Manager	Manufacturing is about managing your costs.
Production	Cost leadership. My task is to manage production costs.
Human Resources and Administration Manager	Cost leadership.

The respondents above all agree that their generic competitive strategy is cost leadership. However no-one explains how their cost leadership strategy is implemented. There is a general consensus from respondents that since they are in manufacturing in Zimbabwe the key for competitive advantage is cost leadership.

Question 5

The local environment has been volatile since around 2000 and even now there are uncertainties even in our near future how have incorporated that in your strategic planning?

Table 4.14 Uncertainties in strategic planning

Respondent	Response
Executive Chairman	The period 2008 and before has been a challenge where practical solutions for survival were used. Our strategy was survival and one could only have a view for at most six months. In the current environment we do not expect much volatility hence we have generated our strategies based on assumptions from experts.
General Manager	In our strategic planning we ensure that we have the best information and assumptions from economist Mr. Robertson and also forecasts from the RBZ monetary policy statements and Fiscal statements from the Minister of Finance.
Finance Manager	It's always a challenge to plan for uncertainties and you cannot be accurate. The idea is to have the right information factored into the plan and minimize the margin of error.
Sales and Marketing Manager	As a business we come up forecasts which are unconstrained then in our discussions we use the available adverse information to constrain our figures close to reality
Production Manager	In production uncertainties are minimized by strictly following up your planned maintenance schedule.
Human Resources and Administration Manager	We try as much as we can to use market information when coming up with strategies to manage uncertainties but usually we are ready to switch when the conditions change

The respondents in Table 4.14 above pointed out to the fact that they try in their best ways to acquire good information and assumptions about the future. Furthermore, they come up with assumptions for the future and then constrain them based on the information available. It is clear that Nelspot management have not been using scenario planning technique or contingency planning since no-one has mentioned it.They just work with current market information to draw one strategic plan.

Question 6

Strategies are meant to give an organization competitive advantage over its competitors. Do you think Nelspot's strategies have achieved this or are at least moving towards that?

Table 4.15 Competitive advantage

Respondent	Response
Executive Chairman	As per discussions earlier we are not competing at the levels that we should as we are facing a lot of competition from the local substandard products and the imports from South Africa.
General Manager	Strategies do not achieve results in short period but rather it's a journey that we are following and we expect to have results in the long run. We expect to start recovering our market share progressively.
Finance Manager	There is price competition on the shelf now and our margins are under pressure. On our clients for raw materials the main problem is payment andsome like Unilever are demanding 60day payment terms. Our competitors are facing the same conditions hence we will not say they are any better.
Sales and Marketing Manager	Nelspot is on course towards achieving competitive advantage our sales volume is increasing profit levels are improving which I think will keep up going while we try to improve on our market share.
Production Manager	Nelspot is doing well our capacity utilization has improved. We need to invest in new machinery if we have to compete with products for international companies like Unilever, Reckitt Benckiser, Colgate Palmolive and other South Africa and Kenyan based companies. These companies' cost of production per unit is low because of volumes they manufacture and plant and machinery is automated so their head count is low.
HR and Admin Manager	Nelspot brands compete extremely well against local brands so our strategies are working well. The government must impose huge

	tariffs on imports to protect the local industry

The responses in the Table above sum up that strategies being implemented at Nelspot are not being effective. All the respondents are pointing to one problem or another with respect to their section. On the positive side sales volumes and production volumes are on the increase. On the negative side there is loss of market share, increase in production costs, and problems on the business cycle as customers are demanding longer terms of payment. Fact is that they have no competitive advantage over their competitors.

Question 7

What best describes Nelspot's strategic planning approach? Is it top-down, or bottom up or a combination of both?

Table 4.16 Strategic planning approach

Respondent	**Response**
Executive Chairman	It's a combination of top-down and bottom up because departments feed their information to head of divisions then as executive committee members they draw strategies using board input.
General Manager	A combination because we use information from the shop floor and from the field or department to come up with our strategies.
Finance Manager	Top down
Sales and Marketing Manager	Top down
Production Manager	Top down
Human Resources and Administration Manager	Top down

The responses in Table 4.16 above are a simple question which needed a consensus since all respondents are involved in the strategic planning process. Two respondents, the Executive Chairman and the General Manager refer to the approach as a combination of top-down and bottom up and on other side four heads of departments refer to the approach as exclusively top-down. The explanations provided do not show active participation from the non-managerial employees in the strategy formulation process.

4.3.4 SECTION D - Strategy Implementation

Question 1

How does Nelspot implement its strategies?

Table 4.17 Implementation of strategies

Respondent	Response
Executive Chairman	Strategies that have been formulated at executive committee level and approved by the board are implemented at division levels when heads of functions formulate operational strategies.
General Manager	At divisional level the head of divisions set short term objectives and targets that are linked with the long term objectives at business level.
Finance Manager	Operational planning is our way of implementation and we; • Set short term objectives and targets • Allocate resources to divisions and departments • If necessary design new procedures.
Sales and Marketing Manager	Our implementation is through coming up with operational plans in the Q4. It involves setting short term objectives, budgeting, setting targets, communicating new ways of working.
Production Manager	We implement at functional level like in this division I meet with my managers to devise how we are going to meet the long term business objectives.
Human Resources and Administration Manager	We break down our business strategies into functional strategies, then allocate financial resources, set short term objectives and targets. This is done in October or November of every year.

The responses in 4.18 above describe the implementation in a relatively similar way. In short their implementation is by way of operational planning session which is done at divisional level by head of departments. Their implementation involves setting short term objectives, targets, formulation of new procedures and communication of new working ways to the employees. No respondent has mentioned the policies formulation which suggests that they do not align their policies to new strategies and this may pose great challenges to the successful implementation of the new strategies. Furthermore there is no mention of training which again is critical to successful implementation of strategies.

Question 2

What tools or systems do you use to ensure effective implementation of your strategies?

Table 4.18 Tools for implementation

Respondent	Response
Executive Chairman	Implementation is by way of operational planning and there are no specific systems or tools necessary.
General Manager	Our own methods of implementation have been effective and we have never used any known systems or tools
Finance Manager	The system that we have developed in-house has been effective.
Sales and Marketing Manager	I think our strategy implementation fine really and there are specific tools but just follow the basics.
Production Manager	I do not believe at this juncture it's necessary to use any systems to for strategy implementation.
Human Resources and Administration Manager	No tools, but our system has been effectively implementing our strategies.

The respondents in Table 4.19 have all stated that their internal ways of implementing strategy has been effective and they do not intend to use any specific system.

Question 3

The current organizational structure at Nelspot is basically a functional structure. How effective is it in terms of supporting your strategy?

Table 4.20 Organizational structure

Respondent	Response
Executive Chairman	The functional structure is adequate for our single business and functions are the pillars. We just make sure there is effective coordination of functions through the executive committee and project teams
General Manager	The structure appears adequate for now given our size and that we not a multi-business organization
Finance Manager	I do not think the structure affects out implementation of current strategies.
Sales and MarketingManager	It's simple and allows easy allocation of resources and easy of coordination
Production Manager	The structure does not affect the way we work.
Human Resources and Administration Manager	The current structure is fine compares well with other manufacturing organizations.

The responses in Table 4.20 are all in agreement that the current structure is relevant for their business. The Executive Chairman says that the functional structure is the appropriate one for the single business manufacturing firm and the General Manager says that their structure is adequate given their size. To conclude the functional structure according to respondents applies for their single business manufacturing organization.

Question 4

Do you have an Enterprise Requirement planning system (ERP), fully or semi-automated production system, access to e-mail for employees? How has this affected your strategy implementation?

Table 4.20 Investment in technology

Respondent	**Response**
Executive Chairman	No ERP Production not automated and better described as mechanical Full access to internet and email to management only Limited email access to non-managerial staff I do not see this currently affecting our strategies
General Manager	No ERP yet, production not automated, limited access to internet and email, pastel software for accounting and sales. We need improve on our investment in technology so that we can match our competitors in efficiency and cost effective operations.
Finance	No ERP, production not automated, limited access to internet and email, pastel accounting package.
Sales and MarketingManager	No ERP, production not automated, limited access to internet and email is limited, pastel accounting package for invoicing.
Production Manager	No ERP, semi-automated production, limited access to internet an email
Human Resources and Administration Manager	We have no ERP but there are accounting systems and sales systems. We are not operating manually.

The responses in table 4.20 above show that there little investment in technology at Nelspot Chemical. All the respondents stated that they do not have an ERP system, limited access to internet and email, production is not automated. Head of finance mentioned the use of pastel accounting package in finance and in sales.

Question 5

Explain briefly your policy on training and development.

Table 4.22 Training and development

Respondent	Response
Executive Chairman	No separate policy on training and development as yet but we offer guarantees to bank educational loans, on our leave policy we allow for study leave.
General Manager	No training and development policy but we offer financial assistance in terms of educational loans. We encourage managers to utilize on job training coaching and directing employees on how to carry out tasks and there is study leave for those who want to write examinations.
Finance	Our last training was when we implemented an upgraded version of pastel. We had employees trained on how to use pastel back in 2010.
Sales and Marketing Manager	No separate policy but there is on job training.
Production Manager	Our training and development has no separate policy but we used to hire apprentices in production but stopped this back in 2005.
Human Resources and Administration Manager	No training and development policy yet. Training is covered in various ways like there is study leave, assisting employees to get bank loans for educational purposes.

The responses in Table 4.22 training and development are all agreeing that there is no training and development policy. Only the head of finance has stated that he last trained employees on Pastel when it was implemented in 2010. The head of production noted that in production the training which they previously conducted was that of apprenticeship in 2005. Three respondents said that there is assistance for applying for educational loans with banks. Regrettably there is no mention of refresher courses for employees, no mention of budget on training and development.

Question 6

Can you describe the organizational culture at Nelspot and do you think it is compatible with your business strategies?

Table 4.22 Organizational culture

Respondent	Response
Executive Chairman	Nelspot Chemicals believes results, results and results and whatever someone brings on the table we support as long as it's practical and will bring results. As leadership we support new ideas which bring revenue to the organization.
General Manager	Now our main concern is cost and our strategy is purely cost leadership if we are to compete. Unfortunately, the culture which has been around here is on pushing volume, doing innovations and pushing them into the market without concern on margins. Nelspot is already changing this culture to match our cost leadership strategy.
Finance Manager	Nelspot is already changing its culture and has been doing this for the past three years. Our people must now think of good margins, making money rather than pushing volumes.
Sales and Marketing Manager	Nelspot is already changing and there is no need for another paradigm shift.
Production Manager	Nelspot is action oriented company and we believe in targets and pushing volume and there is no need to change this culture.
Human Resources and Administration Manager	Nelspot believes in delivering results hence we encourage employees to deliver their targets.

The responses in Table 4.22 above are not in agreement on their organization's culture. Three respondents who have been with the organization for more than 10 years believe Nelspot people are action oriented and results minded people who believe in volume in sales and production. According to them this is the strategy that they are still pursuing and is the best for the company. On the other side there are three respondents those who have been at Nelspot for only three years who believe that the culture is already changing to a culture that supports the strategy of cost leadership.

4.3.5 SECTION E - Strategy control and monitoring

Question 1

What control systems are in place to ensure operations stay on track with the broad strategy?

Table 4.23 Control systems

Respondent	Response
Executive Chairman	Systems are in place we have devised systems as an organization that assist in ensuring controlling our activities towards the desired targets.
General Manager	When we check our objectives, targets or schedules periodically we will then re-align anything that off course.
Head of Finance	Budgeting is a major way of controlling operational activities.
Head of Sales and Marketing	There are set limits minimum and maximum that we expect our operations to be within. If these are appearing to be exceeded then necessary adjustments are effected.
Head of Production	Controls are put in place at operational planning level when we set our milestones and objectives.
Head of Human Resources and Administration	There are milestones set at operational planning.

The responses in Table 4.23 show that there are controls which are set at operational planning meeting. All the respondents confirm the existence of internal controls and no-one has explained anything on the control of the external conditions.

Question 2

How do monitor progress of your implementation of strategies. Do you think your monitoring process is efficient?

Table 4.24 Monitoring implementation

Respondent	Response
Executive Chairman	Monitoring is basically through operations meetings, departmental meetings and our executive meeting. Periodical reports and on time updates when there are any problems
General Manager	Monitoring is through observations, meetings and reports. Our monitoring is effective and the organization is prepared to solve problems in implementation and engage shop floor employees.
Finance Manager	Continuously monitor our progress via reports and in weekly operations meetings.
Sales and Marketing Manager	Our monitoring is via report backs in meetings or reports which we can see whether we are on target, behind or ahead of target. In sales we have meetings on a weekly basis to review our operations
Production Manager	Our monitoring is effective; we always monitor regularly performance on periodical basis.
Human Resources and Administration Manager	As HR we get updates from various HR service providers like IPMZ and employment agents, employment councils and government policies via the Ministry.

The respondents in Table 4.25 above all agree on that they monitor performance of the organization. However it appears that they mostly focus on the internal developments. Only one respondent mentioned the monitoring of events in the environment. Head of HR says that he gets regular updates from the HR service providers, employment agents, employment councils and the government ministry.

Question 3

What is the role of your middle and first line management in strategy control and monitoring?

Table 4.25 Role of middle management

Respondent	Response
Executive Chairman	Middle management and supervisors drive our implementation process. The communicate information from the top management to employees and provide essential feedback to us.
General Manager	These are vital in controlling activities at shop floor they provide guidelines, instructions, work procedures to ensure employees work within the limits. On another side they observe employee actions, gather feedback and communicate to management.
Finance Manager	Their feedback is important as management need to know whether the strategies are bringing desired results to the company or there is need to change the course.
Sales and Marketing	Key roles for middle management and lower management are monitoring, observation and communicating. The send us periodical reports to update us.
Production Manager	Middle managers provide feedback on progress of our strategies. We have updates in meetings where detect problems like where materials are needed, equipment or spares that have worn out and need repair or replacement
Human Resources and Administration Manager	Middle managers are critical to the success of our plans; they give work instructions, demonstrate to employees and give us warning signs to management if there are pockets of resistance.

The responses in Table 4.25 above are clear on the role of middle management. These managers are in direct contact with the employees and with management above. Responses have said that the middle management performs roles like giving work instructions; demonstrations, monitoring, observing and they communicate feedback to top management. No respondents have mentioned the role of motivation, training and coaching which again is a concern.

Question 4

What areas of improvement can you note in your strategic control and monitoring process?

Table 4.26 Improvements

Respondent	Response
Executive Chairman	In terms of monitoring we are aware of developments taking place in and outside this organization.
General Manager	Our monitoring is fine. At times we might appear as not reacting to warning signs really but mostly resources determine how soon you can adjust.
Finance Manager	There is always room for improvement but I think we are not bad at all
Sales and Marketing Manager	Our monitoring system looks good
Production Manager	You can suggest on improvement areas if there are and you are welcome.
Human Resources and Administration Manager	The monitoring systems are working well.

The responses above in table 4.26 show that all respondents are 100% in agreement that their strategic control and monitoring systems are quite good. Two of the respondents were welcoming the suggestions for improvements but they are quite contending with existing systems.

4.4 Discussion

4.4.1 Strategic planning model

Chorafas, (2007) says that strategic planning goes beyond the determination of basic long term goals and objectives, It involves adoption of a course of action that needs to be followed and it includes the definition and scheduling of projected activities. It also calls for proper allocation of resources necessary for carrying out plans. Some of the management at Nelspot is aware of the strategic planning model. They implemented it starting 2009 when new management, the General Manager, Finance Manager and Sales & Marketing Manager. The theoretical appreciation on part of the management is in tandem with literature and these seem to be driving be the implementation of strategic management at Nelspot.

Johnson, et al (2005) states that strategic planning may take form of systematized, step by step, chronological procedures to develop or to co-ordinate an organizations' strategy. Nelspot has a planning calendar which spans from March to November every year. The real challenge according to the findings is the discipline to follow the steps in chronological order. Management sometimes feel some of the strategic planning requirements are not that practical, the changes in the market conditions need quicker action and they skip procedures and there is a matter of budget which they complain that the process need a lot of budget support. In conclusion Nelspot has not fully implemented the strategic planning model.

Strategy analysis

Grant (2008) says that whether strategy formulation is formal or informal, whether strategies are deliberate or emergent, systematic analysis is a vital input into the strategy process. Without analysis strategic decisions are susceptible to power battles, individual whims, fads, and wishful thinking. He further states that concepts theories and analytic tools are complements not substitutes for experience, commitment and creativity.

Analytical tools

The analytical tools used in strategic analysis at Nelspot are not adequate. There is only the mention of PESTLE and SWOT analysis while Pettigrew et al, 2007 identified twelve analytical tools which managers can use in strategic analysis and these are; SWOT analysis, BCG matrix, GE matrix, PIMS analysis, Industry analysis, value chain analysis, scenario analysis, the Seven S framework, value based planning, EVA (economic value added, capability analysis and strategic option analysis.

The absence of specific internal analysis of the organization like use of the Resource based view (RBV) of the organization or Value chain analysis weakens their view of the organization. Pearce, et al (2005) says that proponents of value chain analysis believes it allows the managers to better identify their firm's strengths and weaknesses by looking at the business as a process rather than simply looking at it based on arbitrary organizational dividing lines or historical accounting protocol.

Nelspot has not been doing scenario based analysis and this explains why they have been struggling with competition since the multi-currency economy was introduced. They appear not to have been ready for existing market conditions of external competition, liquidity constraints or even the inflationary stability itself. Scenario based analysis would have prepared them for whatever outcome. Chandler (1982) states that scenario planning is about creating coherent pictures of different possible events in the environment and testing through linked models, the impact of such changes upon a set of businesses. Scenario planning makes use of macro-economic models, market models, for demand, market models for supply and corporate financial models

Informal sessions

Grant (2003) says that strategic planning has shifted from the control perspective, in which senior management used the strategic planning mechanisms as a means of controlling decisions and resource deployments by divisions and business units and departments, towards more of a coordination perspective, in which the strategy process emphasized dialogue involving knowledge sharing and consensus building. As a result the process has become increasingly informal and puts less emphasis on written documents. At Nelspot the strategic planning session are highly formal and held in a serious business set up and this is against trend and affects creativity, openness and ownership. Formality is consistent with their top-down approach to strategy formulation.

Consultants

Nelspot have never used consultants in the strategic planning process at whatever stage, be it strategy analysis, strategy formulation, strategy implementation or strategy control and monitoring either fully or partially. This may have provided to the current situation where competitors are outwitting them. Johnson et al, (2003) Consultants have expertise and industry wide information which they are ready to share. Consultants may bring an external view to help or generate options for executive consideration, consultants may also be carriers of knowledge and best practice where they disseminate knowledge between organizations, they may be used to promote key strategic decisions and also consultants are being effectively used in implementing strategic change.

Competitor analysis

Nelspot has no standard format of analyzing their competition and this poses a weakness of not understanding your competitors in full. This point to their loss of market share to competition and there is no way competitive advantage can be created.Porter (1980) argued that most firms do not conduct this type of analysis systematically enough. Rather a list of firms operate on what he calls "informal impressions, conjectures and intuition gained through tidbits of information about competitors every manager receives"Porter, (1980) proposed a formal and systematic process of gathering information about competition through competitor profiling.

4.4.2 Strategy formulation

At Nelspot the board of directors has the responsibility of setting up the mission statement, vision and broad goals. While the executive team has responsibility for strategy formulation which in turn is approved by the board, the board which is chaired by the executive chairman and the executive team which is chaired again by the executive chairman seem to overlap its role.

The fact that the vision, mission statement and goals of the organization have not been changed over a long period of time again points to the discipline of following the entire strategic planning process. Since this is the spring board of the process one then would ask how strategies proceed to be formulated and implemented every year. The business strategies and functional strategies are linked through operational planning which is right. The concern however is lack of proper tool to convert business strategies into functional strategies.

Nelspot uses the cost leadership approach as a generic competitive strategy which may be fine though but the lack of supporting systems which ensure effective cost reduction is a concern. Total quality management is a tool that can drive both cost leadership and differentiation. Hunger, (2003) says because TQM aims to reduce costs as well as to improve quality it can be used to implement both an overall cost a differentiation strategy.

Thompson et al, (2006) says that a company's strategy is management's game plan for growing the business, staking out market position, attracting and pleasing customers, competing successfully, conducting operations, and achieving targeted objectives. However at Nelspot the management agrees that their strategies have not achieved competitive advantage hence their strategies are not working and this can be linked to how they formulate these strategies.

Strategy formulation at Nelspot is a top down approach which creates problems of ownership especially from the shop floor.

4.4.3 Strategy Implementation

Key to strategy implementation process at Nelspot is their operational planning process which they conduct in October. According their combined responses implementation involves setting short term objectives, work procedures, allocation of resources. There is a distinctive gap between what they do and what the literature advocates.

Building a capable organization

Thompson et al. (2006) says that successful strategy execution depends greatly on good internal organization and competent personnel. Building a capable organization is thus, always a top strategy implementation priority. Developing an internal organizational structure that is responsive to the needs of the strategy, building and nurturing skills and distinctive competencies in which strategy is grounded to see that the organization has managerial talents, technical know-how, and competitive capabilities it needs and selecting people for the right positions.

It clearly shows that Nelspot focus mainly on the work i.e. what needs to be achieved and how to achieve it without necessarily focusing on building a capable team, recruitment and training and development. There is no policy for training and development which means that happens by chance and no mention of refresher courses but new strategies were being implemented in this organization.

Technology

Nelspot investment in technology and information is weak considering the efficiencies brought by technology especially on the lack of ERP, non-automated mechanical production systems and limited access to email. Thompson et al , (2006) noted that advanced technological systems enhance organizational capabilities, ensure effective strategy implementation and will provide an edge over competitors. The implications for a low investment in technology are clear and straight forward because no matter how good their strategies will be their implementation will be slow, ineffective and costly and they will be out-competed by rivals.

Organizational culture

It is disturbing that the management of Nelspot describes their culture in different ways. There should be strategy supportive culture which the leadership must deliberately shape. Grant, (2008) says that the emphasis has shifted from “the CEO as the decision maker” towards “the leader of the organizational culture, climate, identity, and processes responsible for clarifying shared vision; enriching culture; aligning vision, strategy, organizational design, and human resources; and promoting understanding of events"

If the leadership does not define the culture and lead exemplary strategy implementation will be affected. Pockets of resistance will emerge and there will be no more shared values at all. Ultimately the overall organizational performance is affected.

4.4.4 Strategy control and monitoring

The strategic controls and monitoring at Nelspot involve the use financial budgets to control operational activities, setting milestones, thresholds and schedules. The management ensures that these limits are not breached. Their controls are mainly on costs, production waste, and regulatory compliance.

Pearce et al, (2011) says that strategic managers are concerned with two sets of questions which are; are we moving in the proper direction, are key things falling into place? Are our assumptions about major trends and events correct? Are we doing critical things that need to be done? Should be adjust or abort the strategy? While the other set of questions include; how are we performing? Are objectives and schedules being met? Are costs, revenues, and cash flows matching projections? Do we need to make operational changes?

Their strategic control appears that they are inward looking and there is no mention of their assumptions on the environment. Their controls are referred to as implementation controls and Pearce, et al, (2011), Implementation control is enabled thorough operational control systems like budgets, schedules and key success factors. Operational control systems provide post-action evaluation and control over short periods usually from one month to a year. Operational control systems follow a four step process which include; setting of performance standards, measurement of actual performance, identifying deviations form set standards and initiating a corrective action.

Nelspot never mentioned the monitoring of changes in the political, economic, social, technological, legal and ecological environment otherwise if changes take place initial assumptions become irrelevant. The company then bases their strategies on wrong assumptions and the strategies will not deliver.

4.5 Conclusion

Chapter 4 reported on the research findings and discussed the findings, noted their implications to the organization. Furthermore these research finding were linked to literature review. Chapter 5 will focus on the conclusions, recommendations, study limitations and areas of further study.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter the researcher uses the findings in chapter 4 to make conclusions on the research. Furthermore the researcher also gives recommendations on how resolve the issues identified in chapter four and suggests the areas of further study.

5.2 Conclusions

5.2.1 Strategic planning model

Partial embracing of the strategic planning process

Management of Nelspot has not fully embraced the strategic planning process and this has affected the realization of benefits from this model. At times they do not follow their own laid down steps for various reasons. Instead of blending experience and theoretical appreciation to realize full competitive advantage there is pulling in different directions. The experienced consider following this model is a cost looking at its requirements of workshops, team building and sometimes use of consultants. It is because of the partial following of the strategic planning model that has led to benefits not being fully realized.

Minimum utilization of analytical tools at analysis

Nelspot strategic analysis is very weak without the extensive utilization of available analytical tools. PESTLE analysis and SWOT analysis are not enough to fully analyze the internal environment, external environment, strategies, and competitor activities and to peep into the future. There are a plethora of these tools which must be utilized for the company to have a clearer understanding of what is taken place and have an idea of what is going to place and prepare for that. This is a critical step in the strategic planning model of an organization which determines success of strategies and competitive advantage.

Highly formal sessions

Strategic planning steps at Nelspot from strategy analysis formulation, implementation and control and monitoring are all held in a serious business environment and this affect creativity and collaboration. The current trend has been for strategic planning sessions to be very informal especially in strategy formulation where creativity. There is a glaring lack in terms motivation and success celebration in their planning process and the challenge is when employees feels there is nothing in it for them because it brings in commitment concerns which will affect especially strategy implementation.

5.2.2. Strategy formulation

Weak linkages between the board and the executive not perfect

The fact that the strategies on the ground appear not in-sync with the mission statements and with key strategies that are highlighted on the mission statement shows a process that is not coherent at all. On paper the roles of the board and the executives in strategy formulation are very clearly outlined. The board set the overall purpose of the organization, set the mission and their broad goals and let the executive management design strategies to achieve the those goals. However, the findings reflected that there are challenges of interference and impositions by the board. The researcher may point to the structural issues when the Executive Chairman is the chairman of both the board and the executive committee

Top down approach

The approach to strategy formulation at Nelspot is top down where the flow of information runs down through lines of authority to the shop floor. Management conducts strategy sessions without the involvement of the employees and only cascade new strategies and long terms goals. There are no employee representatives at strategy planning sessions. Information that flows from the shop floor up to the top management is basically feedback on strategy implementation progress to contribution to strategy formulation.

5.2.3 Strategy implementation

Incomplete implementation activities

Implementation of strategies at Nelspot is only through the operational planning and this is not adequate to ensure effective implementation of strategies. Training and developing is not part of their implementation while according to them new strategies were implemented three years ago. Successful strategy execution is hinged on developing competent personnel and nurturing skills and no matter how good the strategy may be there will not work if executors are not adequately skilled.

Inefficient and costly systems

The limited technologies at Nelspot limits them from quick execution of daily tasks as those not on email print documents for faxing which actually takes time. Instead of communicating via emails the organization uses notice boards to communicate with production staff. The cost of printing documents adds to their overheads which significantly add to the production costs. In addition their non-automated production methods use more people to man their machines as compared to their reputable competitors on the global market who have invested in efficient and latest technologies. No matter how they make effort to draw new strategies their technologies do not allow for effective implementation.

5.2.4 Strategy control and monitoring

Weak monitoring of external events

The findings in chapter 4 have shown us that their control and monitoring of strategy is excellent on monitoring internal developments through operational planning and budgeting. There is system for monitoring outside developments upon which assumptions are based. They check events developing in the economy but the lack of a system makes it haphazard vital information may be missed.

5.3 Test of proposition

The research proposes that if Nelspot Chemicals management follows the discipline of strategic planning model this will ensure they achieve competitive advantage over their competitors.

This research study confirms the proposition to a greater extend since Nelspot Chemicals management were not following the strategic planning model discipline. The researcher has realized many gaps in their strategic planning model which have resulted in their failure to compete against rivals.

5.4 Recommendations

In view of the research findings above the researcher makes the following recommendations.

5.4.1 Use of outside consultants

Outside consultants are the best solution where management is not in agreement on how to proceed on certain decisions. Consultants have been dealing with similar strategy issues in the industry hence they will share their knowledge and experience on the strategic planning model. Consultants should be brought in to assist in the roll out of the strategic planning model so that the management has a common understanding of the model

5.4.2 Corporate governance changes

The set-up of having the majority shareholder who is an Executive Chairman leading the board of directors and the executive committee needs to be changed. Decisions made at each level are promoted by the same person hence the necessary checks and balances are compromised

5.4.3 Cultural change

Leadership needs lead a cultural change program in which they must implement a strategy supportive culture. Manufacturing is not about cost leadership only and that mindset of focusing on cost and cost only is not enough. This shows really that management still has not changed from the pre2009 era where shortages existed and customers could buy anything available. Management should introduce a quality culture which seeks to promote innovation.

5.4.4 Balanced scorecard tool

The implementation of balanced scorecard will assist in the translating vision and business strategies into functional strategies. Furthermore the balanced scorecard ensure that critical focus areas are attended to which the financials, customer learning and growth and business processes. Balanced scorecards will also assist in strategy control and monitoring.

5.4.5 Total Quality Management tool

The total quality management tools will assist in implementation of the cost leadership strategy. Its objectives include continuous and relentless cost reduction and continuous and relentless quality improvement. The tool will ensure that Nelspot improve quality of product, reduce operating costs and improve their efficiencies and compete with rivals in the industry.

5.4.6 Investment in technologies

In order to ensure the cost effective and efficient way of implementing strategies Nelspot Chemicals needs to invest in technology. This will ensure efficient service delivery where they connect with their suppliers and customers and share information. Ensure full access to information even if it means investing servers. Furthermore there is need to plan on replacing old production technologies with new efficient ones.

5.5 Study limitations and areas of further research

The main limitation was access to documentation like internal reports since I am an outsider. Most of the information was gathered through the interviews that I conducted. This was however an advantage to some extent as respondents were free to be interviewed with an outsider who will not possibly use their information against them.

The research was focusing on the case of Nelspot Chemicals and results maybe inconclusive. More solid inferences might be made after studying more similar organizations.

The literature on strategic planning process and the examples are mostly for big global corporations which are based in advanced economies. Success strategic planning stories in developed countries and poor economies are limited.

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Appendix

Questionnaire

SECTION - Background information of the respondent

1. What is your position at Nelspot?
   ……………………………………………………………………………………….
   ……………………………………………………………………………………….
2. How long have you been at Nelspot?
   …………………………………………………………………………………………
3. Please state your age as per these following ranges.

   ≥25 - ≤35 ☐ ≥36 - ≤ 45 ☐ ≥46 ☐
4. What is your academic and professional background?
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………
5. How many years of managerial experience do you have?

≤5 years ☐ ≥ 6 - ≤ 10 years ☐ ≥11 - ≤ 20years ☐ ≥ 21years

SECTION B - Strategy planning model

1. What is your understanding of the strategic planning model?
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2. Do you follow any system or cycle in strategic planning? If so, what are the major steps of your strategic planning process?

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3. Have you been religiously following your strategic planning process? If no please explain why?

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4. In strategyanalyses which areas do you analyze and what tools do you employ?

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5. Can you describe your planning sessions as formal or informal? Briefly describe how you conduct these sessions.

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6. Have you ever used any outsiders in strategic planning process either fully or partially?

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7. Explain how you conduct your competitor analysis and do you have a standard format for competitor analysis?

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SECTION C -Strategy formulation

1. What is the role of the board and the executive team in strategic formulation?
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2. Are your current activities in line with your mission statement, values and goals? If not do think we need an adaptation, reconstruction, evolution or revolution strategic change and who must initiate?
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3. How are your business strategies and functional strategies linked and do you use any system to cascade the corporate and business strategies to the man on the floor?
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4. Which generic competitive strategy is Nelspot using or which is closer to what Nelspot is using?
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5. The local environment has been volatile since around 2000 and even now there are uncertainties even in our near future how have incorporated that in your strategic planning?
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6. Strategies are meant to give an organization competitive advantage over its competitors. Do you think Nelspot's strategies have achieved this or are at least moving towards that?

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7. What best describes Nelspot's strategic formulation process? Is it top-down, or bottom up or a combination of both?

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SECTION D – Strategy implementation

1. How does Nelspot implement its strategies?

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2. What tools or systems do you use to ensure effective implementation of your strategies?

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3. The current organizational structure at Nelspot is basically a functional structure. How effective is it in terms of supporting your strategy?

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4. What is your level of investment ininformation systems? Do you have an Enterprise Requirementplanning system (ERP), fully or semi-automated production system, access to e-mail for employees? How has this affected your strategy implementation?
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5. Explain briefly your policy on training and development.
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6. Can you describe the organizational culture at Nelspot and do you think it is compatible with your business strategies?
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SECTION E - Strategy control and monitoring

1. What control systems are in place to ensure operations stay on track with the broad strategy?
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2. How do monitor progress of your implementation of strategies. Do you think your monitoring process is efficient?
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3. What is the role of your middle and first line management in strategy control and monitoring?

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4. What areas of improvement can you note in your strategic control and monitoring process?

END