



Mostafa Sayyadi

Executives are familiar with Alfred Chandler, one of the prominent strategic management scholars along with Henry Mintzberg. Alfred Chandler perceives organizational strategy as determining a firm's long-term goals, and then allocating capabilities and adapting actions and activities in a fashion that can achieve them in both an effective and efficient way. Another scholar, Kenneth Andrew, describes strategy as a pattern of decisions made by organizations to determine goals and develop plans and policies necessary for accomplishing them. So, strategy is a pattern of decisions and plans, which are directed at

interacting with the external and internal environment and effectively and efficiently allocating capabilities to achieve organizational objectives and increase profitability. Henry Mintzberg and Alfred Chandler started a mindset that encouraged executives to investigate scholarly work to improve profitability, enhance customer service, increase employee satisfaction, and improve shareholder value.

A SCHOLAR BY the name of Richard Rumelt shows that a firm's strategy primarily aims to develop goals and plans to restructure unclear and vague situations into a set of organizationally resolvable problems. As a result, organizational strategies are formed to efficiently deploy capabilities and interact with environments----both internal and external. Thus, a firm's strategy enhances competitive advantage by utilizing and creating new ideas and storing knowledge that can be tapped into at the right place and time. Many large organizations have plans going well into the future. Long term goals spanning five to fifteen years. While short-term goals are more tactical and are just as important.

Competitive advantage is sought by many executives, for instance, Robert Grant, concentrates on knowledge application, and argues that firms are entities that must apply knowledge in order to enhance competitive advantage. An example of this is when Jamie



Business success is dependent upon how executives formulate their organization's strategy.

Diamond left Citigroup to head up J.P. Morgan in the 2013, he was paid \$20 million to not take any people with him to J. P. Morgan for three years. Thus, knowledge creation and application manifest themselves in people, organizations, systems, and processes and should be guarded like gold in the Federal Reserve Bank. Executives

view organizational strategy is a sum of objectives, plans, and procedures designed to efficiently and effectively upgrade organizational capabilities and interact with their environment more effectively. In particular, strategy defines a pattern to deploy organizational capabilities and interact with both the internal and the external



A pro-activeness strategy can provide a higher degree of knowledge through developing interactions with external environments.

environment. Executives, therefore, manage their knowledge assets to create new ideas and knowledge aimed at achieving organizational objectives. First and foremost, just as one organization is holding knowledge back from competitors they are following suit. Knowledge could be the most important component of success in this ever changing technological environment of today. Thus, organizational

strategy is an internal resource affecting knowledge and in most cases, knowledge is the most strategic factor of competitive advantage.

Executives can take a look at six aspects of strategic formulation based upon a prominent scholar by the name of Venkat Venkatraman: analysis, pro-activeness, defensiveness, futurity, riskiness, and aggressiveness.

Executives are aware that a few scholars, such as Francois Bergeron, Louis Raymond and Suzanne Rivard, found that two strategic dimensions – aggressiveness and riskiness were separate and did not fall under the same strategic dimension as the other four. These scholars concluded that strategy mainly encompasses four aspects: analysis, pro-activeness, defensiveness, and futurity. Thus, riskiness and aggressiveness, or what we would prefer to call assertiveness, fall under the operational risk category and must be managed but also monitored due to fluctuations in the dynamic economic environment of today.

So how can you as an executive use these four dimensions? Venkat Venkatraman provides a blueprint to follow:

- Analysis refers to the degree to which the roots of problems are analysed to provide the best solutions, which ultimately results in a more efficient allocation of resources to solve problems and also achieve organizational goals.
- Pro-activeness is defined as the extent to which a firm continuously searches for emerging opportunities in its business environment, and then actively participates in these opportunities by responding to changing trends.
- Defensiveness, which recommends undertaking defensive behaviours that manifest themselves in enhancing efficiency and in cutting costs while maintaining continuous budget-analysis and break-even points.
- Futurity is reflected in the degree to which the strategic decision-making process takes a two way approach----an emphasis on both long-term effectiveness and shorter-term

efficiency concurrently.

Business success, therefore, is dependent upon how executives formulate their organization's strategy. Executives need to know how they can help in managerial decision making and planning and executing strategy. To help executives narrow the gaps. This next section provides a formalized application that can be implemented by executives when implementing corporate strategy in organizations.

Corporate Strategy

When executives analyze strategy, they aim to create more knowledge and find the best solution using a problematic search of various options. The type of strategy stimulates organizations to apply information systems in their decision-making processes in order to investigate various alternatives and options. Engaging in leadership provides executives with a high degree of freedom for subordinates to explore their own new ideas and solutions to organizational opportunities while solving problems. For instance, executives analyse strategic milestones to meet the goals of the employee intellectual stimulation and personal development. This provides new and more innovative solutions for organizational problems as they arise. Furthermore, executives inculcate human capital into social capital to exert change at the organizational level.

Executives can also develop futurity strategy to implement a series of basic research aimed at developing a more comprehensive vision for the future by incorporating upcoming trends in the



business environment. Executives use futurity to expand the growth opportunities available to organizations that may be challenging but important to close the gap between success and failure.

Furthermore, executives develop relationships and interactions to provide valuable resources for the organization as a whole. Executives must also take an offensive approach at times and in this case they employ a defensive strategy. A defensive strategy

utilizes modifications in order to efficiently and effectively use organizational resources, decrease costs, and control operational risk.

Pro-activeness is a strategy element used by executives who take a proactive approach to search for better positions in the business environment. In this case, executives can inspire followers to find better opportunities and solutions to problems. Thus, top management executives positively contribute to pro-activeness strategy by setting highly desired

expectations and providing a suitable situation for employees to identify new opportunities.

Enabling Innovation

Analysis strategy is regarded as the tendency to search for problems and their root causes, and generates better alternatives to solve them. Analysis strategy, an academic term that is very applicable to executive span of control is also concurrently aired in the academic circles of higher education. For instance, analysis strategy is highly related to firms' capacity to generate new ideas and knowledge and plays a crucial role in acquiring knowledge. Therefore, I appeal to executives across the globe that an analysis strategy could play a critical role in creating and acquiring new knowledge in organizations.

I also feel that as executives use the pro-activeness strategy which refers to finding new opportunities and proactively responding to current challenges in external environments, they are also enhancing their span of control. Therefore, a pro-activeness strategy can provide a higher degree of knowledge through developing interactions with external environments. As executives effectively use knowledge management for projects and organizational investments they require a continuous investigation from external business environments. Pro-activeness strategy is critical to improve the performance of knowledge management projects in organizations.

Some executives feel that a defensive strategy, while necessary, sets a negative connotation on their span of control. However, it is believed that a defensiveness strategic

approach enhances efficiency through cutting costs which in turn enhances the process of knowledge reuse in organizations.

Futurity strategy can also promote the knowledge utilization process by providing a series of clear guidelines for companies to track future trends in the business environment, and accordingly conduct "what-if" analysis and allocate organizational resources. My explanation of this is clearly within the executive span of control and potentially limits operational risk. My conclusion for executives is that organizational strategy has a positive association with innovation and organizational performance.

This raises vital questions as to how executives can successfully develop corporate strategy and subsequently improve innovation and performance at all levels of the organization. I suggest that a firm's ability to enhance innovation and also organizational performance can be highly affected when executives develop and implement an effective corporate strategy as the primary form of managing people, resources, and profitability. Executives can now see how they not only can directly support innovation and organizational performance, but it can also cultivate an effective strategic decision making process, which will enable organizational processes within companies.

Mostafa Sayyadi works with Institute of Management Consultants, Victoria, Australia.