

## ***CHAPTER 4***

### **STRATEGIC CHOICE AND IMPLEMENTATION**

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The analysis on the previous chapter indicates that ACSB is losing its market share and there is keen competition from competitors. Hence, there is a need for ACSB to develop some strategies and implement the strategies for survival in this turbulent time.

### **4.1 STRATEGIC CHOICE**

The strategies required by ACSB can be divided into two levels:

1. Overall strategy direction or generic strategies which defines the ultimate business philosophy and corporate direction of the company. Porter postulates that for an organisation to survive, it needs to create and sustain competitive advantage.
2. Specific Strategies. These are strategies that serve to provide the means that will enable the company to achieve the strategic direction stated above. In this context, because ACSB's situation reveals significant internal weaknesses and moderate strengths which have eroded competitiveness, the choice of strategies involve consideration of :
  - (a) Efforts needed to revitalise and strengthen the internal organisation towards being more competitive and responsive to externalities.
  - (b) Efforts desired to sustain and grow. This area considers design capability and quality improvement to improve company's performance.

#### **4.1.1 Overall Strategic Direction - Capture and Increase Market Share**

In the case of ACSB, it is important for the company to review its SWOT analysis to determine the company's genuine capabilities, to manage the constraints especially in light of the external environment.

In this context, it is recommended that ACSB develops its business around differentiation strategy in services and support to customer, and differentiation focus on design capability and quality. These elements are discussed below.

### *Differentiation*

Differentiation refers to how the company's product is to be perceived, industry-wide and by the customer as being unique. Differentiation relate to services and support but may be defined broadly as distinctive features which are more superior in a particular aspect when compared to the competitors. This will have two significant advantages to ACSB that are the ability to penetrate the dominant market by its competitors and the ability to obtain premium prices because of the perceived uniqueness of the products and technologies offered.

### *Differentiation Focus –Generic Strategy*

To ensure long term profitability and growth, ACSB needs to develop contracting and design capabilities and nurture quality improvement as their core competencies. By doing so, we could have an effective network that supports and captured business opportunities. We shall rapidly learn and introduce appropriate new design that has the ability to penetrate the market. In order to achieve that, ACSB shall capitalise the capabilities of its design arm, Manz Fascade to ensure continuous improvement in their capability and quality.

In curtain wall and cladding industry, it is usual that commercial concern would focus on low cost strategy. ACSB, being a new company (in terms of company name), has quite successfully establish itself an image on quality and technology which is quite likely known and accepted throughout the country despite the market perception of its as a inferiority and incapable company due to its ties with its predecessor (Mega First Cladding Sdn. Bhd.).

Generally, most companies achieve competitive advantage through differentiation. Curtain wall and cladding companies differentiate by virtue of having effective services & support such as on-time delivery schedule, product knowledge, capabilities of technical team, and range of products. The consumers will not likely to be product conscious if there are no product differentiation. In terms of quality, all curtain wall and cladding companies can meet these requirements as they are continuously upgrading the efficiency of their fabrication and installation methods. Therefore, consumers would be seeking for good track record, after sales service and add-value technology.

Using the above advantages, ACSB can further reinforce its position by providing differentiated services & support, and focus on add-value technology which is applications technology, which are not provided by the other competitors.

#### **4.1.2 Specific Strategies - Revitalise and Strengthening Core Competencies**

Specific strategy refers to revitalising ACSB's activities by creating and strengthening its ability to achieve competitive advantage and then to develop specific strategies to develop and grow through the competitive advantage sustained.

In order to revitalise the activities, the key success factor desired to achieve competitive advantage and to strengthen internal organisation is developed through benchmarking.

##### *Key Success Factor*

There is the need to continuously review the shape of business so as to re-focus it on the core strength which will allow ACSB to identify the best



opportunities for internal competence. This implies the need to maximise utility through optimising the use of strength and overcoming weaknesses to best exploit opportunities while minimising the impact of threats. To ensure strategic success, ACSB is shown to be able to manage its resources, at least, according to the key success factors featured by Peters and Waterman in Table 4.1 (1982).

The results of the research done by Peters and Waterman in Table 4.1 (1982) concluded that the key success factor for most successful companies exhibit eight common attributes. The companies success was based primarily on good management practice. However, these findings provide valuable "food for thought", but they are only norms. Some firms do appear to obtain superior financial performance from their cultures, but it does not follow that firms who succeed in copying these culture attributes will necessarily also achieve superior financial results. Organisations which pursue the excellence factors must surely improve their chances of success, but clearly there can be no guarantees. However, ignoring these issues will increase the chance of failure.

Peters and Waterman conclude that 'the real role of the chief executive is to manage the VALUES of the organisation. The excellent companies live their commitment to PEOPLE.'

However, Peter(1988) asserts that there are no long-term excellent companies. 'The pace of change has become far too rapid to make any enterprise secure. Tomorrow's winners will have to view chaos, external and internal, not as problem, but as a prime source of 'COMPETITIVE ADVANTAGE.'

**Table 4.1: Characteristics of the most successful organisations**

1. A bias for action	<ul style="list-style-type: none"> <li>• Greater emphasis on trying things rather than talking about them and seeking 'solution' rather than 'resolution'</li> <li>• Use of task forces to tackle special problems(Handy's task culture)</li> </ul>
2. Close to the customer	<ul style="list-style-type: none"> <li>• Companies are 'customer-driven, not technology-driven, not product-driven, not strategy-driven'</li> <li>• They 'know what the customer wants, and provide it – better than competitors'</li> </ul>
3. Autonomy and entrepreneurship	<ul style="list-style-type: none"> <li>• Managers are authorised to act entrepreneurially rather than tied too rigidly by rules and system</li> </ul>
4. Productivity through people	<ul style="list-style-type: none"> <li>• Productivity improvements by motivating and stimulating employees, using involvement and communications</li> <li>• 'Comy merit awards, like badges and stars work' if they are properly managed and not just used as gimmick</li> </ul>
5. Hands on, value driven	<ul style="list-style-type: none"> <li>• Values are established with good communications</li> <li>• People must 'believe'</li> <li>• The power and personality of the strategic leader is crucial</li> </ul>
6. Stick to the knitting	<ul style="list-style-type: none"> <li>• Successful companies know what they do well and concentrate on doing it well</li> </ul>
7. Simple form, lean staff	<ul style="list-style-type: none"> <li>• Simple structure</li> </ul>
8. Simultaneous loose-tight properties	<ul style="list-style-type: none"> <li>• An effective combination of central direction and individual autonomy</li> <li>• Certain control variables, such as a particular financial return measure or the number of employees, are managed tightly; for other things managers are encouraged to be flexible</li> </ul>

Summarised from Peters, T J and Waterman, R H Jr(1982) '*In search of Excellence*', Harper and Row

Therefore, ACSB will revitalised its strategy around these key success factors to sustain its competitive advantage. In addition, other factors that are taken into account are:

- (I) Relationship or Close To Customer (factor (2) in Table 4.11)  
This has always been the low key practised by ACSB. Strong and sustainable relationship is the key success factor. ASCB must strive a 'win-win' relationship to maintain its cost efficiency and to win a long-term and strong relationship with our suppliers and customers.
- (II) Increase training of human resources to strengthen the company's performance (factors (4) & (5) in Table 4.1)

The major root of causes of problems in ACSB are summarised in Table 4.2. ACSB should take immediate steps to continuously improve the situation.

**Table 4.2: Major Root Causes**

<b><u>Management</u></b> <ul style="list-style-type: none"><li>- Low priority in training</li><li>- Lack of communication</li><li>- Inexperience</li><li>- Overloaded with work</li><li>- Arrogant</li></ul>	<b><u>Employee</u></b> <ul style="list-style-type: none"><li>- High turnover of staff</li><li>- Negative attitude</li><li>- Unaware of training required</li><li>- Unaware of tools required</li></ul>
<b><u>System</u></b> <ul style="list-style-type: none"><li>- Centralised</li><li>- No training programme</li><li>- No proper training records</li><li>- Poor technology development</li></ul>	<b><u>Environment</u></b> <ul style="list-style-type: none"><li>- Unpleasant</li><li>- Mechanistic</li></ul>

(Source : Author's Illustration)

As a result, ACSB needs to ascertain on the job training requirements and the right tools for the job with two(2) but not exceeding three(3) requirements for each department.

(III) Management Style And Culture (factors (3) & (8) in Table 4.1)

Management style and culture are the foundation of any improvement in an organisation. What the strategy leader dictates will shape the organisation. As mentioned above, Peters and Waterman research results summarised that the real role of the chief executive is to manage the VALUES of the organisation. The excellent companies live their commitment to PEOPLE. In people based environment like ACSB, it is critical to manage these values.

(IV) Improve Technology Transfer(Other factors)

The following are recommendation to overcome the situation.

- SHOULD BE: provide a business service aids in the process of proactively diagnosing, searching for, and matching available technology to implicit market needs.
- SHOULD BE: Technology transfer as a process or dialogue between variety of participants from any region of the world as both sender and receiver in a continuing relationship.
- SHOULD BE: knowledge transferred so ACSB can sustain effort on new opportunities. Feedback and verification of "learning" demonstration.

The key issue is that ACSB must not only strengthen its ability to adopt, adapt and innovate the applications knowledge but also enhance the ability of our recipients to receive and use the information.

## 4.2 STRATEGIC IMPLEMENTATION

The purpose of strategic implementation is to develop a specific ACSB work plan to complement the core objectives of the strategic choices that is,

- (1) Capture and Increase Market Share and
- (2) Revitalize and Strengthening Core Competencies

The three major strategic implementation plans are listed as follows:

1. Build contract and design teams as a core capability. The aims are: to build a competence contact team with the ability to identify target market, and also to build the local capability to prepare a clear business/marketing plan for chosen market.
2. Maximise new projects by adding value to marketing activity using application approach where appropriate. The aim is to integrate Contract and Technical functions for team and value selling.
3. Ensure that appropriate support functions have the necessary capabilities to serve the target markets. The aim is to build the capabilities required in engineering, projects and distribution teams.

The ultimate aim is to ensure continuous sustainance and growth for ACSB especially in the current economic crisis of the country.

#### 4.2.1 Build Contract and Design Teams As a Core Capability

Aim : Build a competence contract and design teams with the ability to identify target market.

**Table 4.3 : Build Competent Team To Identify Target Market**

<u>Key Performance Indicator</u>	<u>Key Action Plan</u>
a) Team member in place by December 1998	a) Conduct gap analysis and identify areas for improvement.  Develop a plan on how to bridge the gap.
b) Time spent in structured training organised by ACSB	b) Identify training needs and training programme.  Co-ordinate training requirements with parent company support.
c) Number & priority of new applications/market selected	c) Identifying and prioritise potential customers where technology can make significant impact to organisation's sales and profit.  Conduct prospecting/qualifying by industry: <ul style="list-style-type: none"> <li>- Industry contacts.</li> <li>- Industry organisations.</li> <li>- Technical journals.</li> <li>- Government ministries(industry-focus).</li> <li>- Technical contacts with current customers.</li> </ul>
	Attractive to ACSB &/or customers <ul style="list-style-type: none"> <li>- Adding value to cost.</li> <li>- Product we want to sell.</li> <li>- Location we want to sell.</li> <li>- Potential sales.</li> <li>- Market growth potential.</li> <li>- Fit with ACSB 5-year plan.</li> </ul>

(Source : Author's illustration)

Aim : Build the local capability to prepare a clear and focus business/marketing plan for chosen markets.

**Table 4.4 : Build Competent Team To Prepare Effective Business/Marketing Plan**

<b>Key Performance Indicator</b>	<b>Key Action Plan</b>
a) Marketing plans prepared for <ul style="list-style-type: none"><li>- Commercial/Retail Building</li><li>- Factories /Industrial Building</li><li>- Condominium/Apartment</li><li>- Housing Projects</li></ul>	a) Review of current application selling approach such as : <ul style="list-style-type: none"><li>- Evaluating technical viability of application.</li><li>- Selecting/Offering equipment.</li><li>- Developing economic analysis.</li><li>- Offering application "know how".</li><li>- Providing process description / assessment / sales.</li><li>- Determining usage pattern/usage requirement .</li><li>- Presenting applications technology.</li><li>- Writing proposals for prospective customers.</li></ul>
	Work with parent company's business development and sales team to prepare the plans.

(Source : Author's illustration)

#### 4.2.2 Maximise New Projects by Adding Value to Marketing Activity

Aim : Integrate Contract and Technical functions for team and value selling.

**Table 4.5 : Maximise New Projects by Adding Value to Marketing Activity**

<u>Key Performance Indicator</u>	<u>Key Action Plan</u>
a) Percentage of bids that are joint between Contract & Technical	a) Contract and Technical to cultivate team and value selling.
b) Number of new projects secured.	b) Build and understanding of the need to integrate by clearly defining the roles of both Contract & Technical.
	<p>Implement a key account management system.</p> <ul style="list-style-type: none"> <li>- Identify key target customers.</li> <li>- Multi level selling to key personnel.</li> <li>- Identify needs and critical buying factor.</li> <li>- Individual customer sales strategy.</li> </ul>
c) Train Contract team.	<p>a) Provide training to the Contract team concerning applications to allow Contract team to be able to:</p> <ul style="list-style-type: none"> <li>- Know where to find customers.</li> <li>- Qualify customers to determine if there is possible projects opportunity.</li> <li>- Applications technology and benefit vs. alternative technology</li> <li>- Present and explain data gathering questionnaire.</li> <li>- Present brief description of ACSB's experience with new technology.</li> </ul>

(Source : Author's illustration)



#### 4.2.3 Ensure That Appropriate Support Functions Have The Necessary Capabilities to Serve The Target Markets

Aim : Build the capabilities required in Projects and Technical Teams

**Table 4.6 : Ensuring Support Functions Have the Necessary Capabilities**

<u>Key Performance Indicator</u>	<u>Key Action Plan</u>
a) Establishing necessary capabilities.	<p>a) Develop a plan to identify the capabilities to:</p> <ul style="list-style-type: none"><li>- Select and offer appropriate design for customers.</li><li>- Clarify scope of design.</li><li>- Clarify responsibilities of all parties in executing projects.</li><li>- Select appropriate size and features of materials.</li><li>- Coordinate local fabrication efforts.</li><li>- Commission project teams.</li><li>- Conduct operations and safety training.</li><li>- Troubleshoot bottlenecks.</li><li>- Optimise process conditions and curtain wall/cladding usage, when possible .</li></ul>

(Source : Author's illustration)

### 4.3 ROLE OF THE TOP MANAGEMENT

The role in strategy formulation makes the chief executive officer (CEO) especially important to strategy implementation. Firstly, acting as final judges when managers disagree on implementation. Secondly, enact through their words and actions i.e. commitment to the strategies. Thirdly, CEO motivate, providing intangible incentives beyond pay and bonuses to employee. CEO must 'walk the talk' and provide avenues for feedback and criticism. Employees perform better when their skills, attitudes and practices match the competitive and strategy of their organization. Therefore, the top management inclusive of all key managers must clearly articulate and the company's shared beliefs, values and behaviour in order the company's aspirations fully understood and shared across the organization.

Top management must poses leadership qualities that needed to cope with the turbulent environment. As the saying goes:

"There are three kind of leaders, those who make things happen, those who watch things happen and those who wonder what happened." The top management must views its employees as an asset far more valuable than fixed assets like buildings, land, stocks, machineries or cash reserves. As Sun Tzu puts it,

"If in training troops commands are consistent, soldiers will be disciplined. If a general shows confidence in his men and insist on being obeyed he enjoys good relationship between himself and his men."

As such, employee must be treated as human beings ACSB shall empowered their employees so that a trust climate can prevail in the working environment.

Trust begets trust. Peter Drucker put it succinctly,

"The challenge of business today is to manage heads instead of hands."

Consistency between culture and values espoused by the top management is essential for the continued success for the organization. The top management should not be afraid of dissent. They should conduct survey regularly to ascertain the employee feeling about their organization, their bosses and their work.