Strategy Implementation: Key Factors, Challenges and Solutions

Author: Niclas Brinkschröder
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

ABSTRACT

There is a difference between having a strategy in mind and actually executing this strategy. A lot of strategic considerations never make it into the real business operations. Effective strategy implementation is the topic of this paper, therefore the paper is concerned with the composition of successful implementation and what needs to be considered. Despite is shows challenges that can occur during the process and eventually how to solve them. Here literature from various other researchers gets connected to build a universal depiction of strategy implementation and to give managers useful implications regardless of their industry. Additional to the theoretical part the paper also connects theory and practice through interviews with business people.

Supervisors:

Dr. ir J. Kraaijenbrink
Dr. K. (Kasia) Zalewska-Kurek

Keywords
strategy implementation, challenges, strategic consensus, resource allocation, leadership, vertical communication

1. INTRODUCTION

The business context of organizations is an ever-changing environment. May it be a modified law, an innovative technology or a new behavior of people or customers, organizations find themselves often in a different setting and need to react accordingly. The reaction can result in a change of strategy. This strategic change is vital, because it helps to retain or gain competitive advantage in an altered business environment. Strategic change needs planning as a lot of issues arise and need to be solved. The feasibility and purpose are key to strategic planning, but also the organizational culture and structure will play a role in this stage. Strategic change and the successful implementation have one aim, a higher organizational performance.

The biggest challenge in strategic change is however the phase after planning, the successful implementation of the strategy that is needed and developed. This paper will deal with the issue of strategic implementation. As Olson, Slater and Hult (2005) say it, 'doing is harder than dreaming'. Organizations invest a lot of time and resource in the planning of strategy, but very little of it will get successfully implemented. Research in this field will lead to a better understanding what can go wrong and why, but also what will foster success. Organizations that fail to develop its strategy may fail on the long run.

Today much is known about the important factors in the planning phase of strategy. Furthermore problems, which appear during the implementation phase, are known. Some approaches and methods have been developed by researchers to ensure a structured processing; the most important factors of them will be introduced, summarized and connected during the paper. But a gap still exists between knowing what to do and actually doing it. Thus there is little systematic knowledge about how to implement a well-conceived strategy on paper in the real day-to-day business of an organization. Without effective implementation "even the most superior strategy is useless" as Aaltonen and Ikavalko (2002) realized.

The aim of this paper is to outline the challenges and problems that can arise and hinder successful strategy implementation, in connection with it the most important factors that foster it. But the most interesting part of the study will be the insights gained through the analysis of interviews from people in practice and their solutions to challenges of strategy implementation. The comparison of theory and practice might show unexpected differences. The **research question** is the following:

How do organizations implement their strategy?

Subquestions:

What are the most relevant factors when implementing a strategy?

What occurring challenges can restrain strategy implementation?

What are the solutions to overcome those challenges?

2. LITERATURE REVIEW

This paper tries to find out how organizations can effectively implement their well- conceived strategy. By effective implementation a superior performance and competitive advantage is meant. Superior performance in comparison to the prior strategy and competitive advantage that is hard to imitate and that gives the organization a time advance to its rivals in the market. It is necessary to find out the most important aspects in the implantation process to be effective and therewith successful. At first it is essential to illuminate the theoretical work done by many researchers in the topic of strategy implementation like Guth, Nobel, Beer and many others on which this paper is grounded. The understanding for strategy implementation grew over time through different researchers and diverse approaches. The literature review is an attempt to construct the most comprehensible connection between the different approaches and to involve the most important factors when implementing strategy. The approaches developed try to cope with challenges that exist in the organizational setting and may exist in the beginning of strategy implementation or in its course. Only organizations that will overcome these challenges will be able to implement their strategy effectively which shows their relevance for this paper. It will be interesting to compare theory of strategy implementation and practical solutions and application in the course of the paper, integrating the insight of both to create a universal advise to implementers.

As a point to start the paper will focus on the interplay between three variables, strategy and organizational structure as well as the connection of both with behaviors of people. In the end the aim of strategic change is an improved organizational performance, and the interplay of strategy, structure and behavior is key to understand how to reach a higher performance.

Pryor, Anderson, Thoombs and Humphreys introduced a similar approach in 2007: *The 5 P's Paradigm*. The authors utilize the terms Purpose, Principles& Processes, People and Performance in their model. Behind those terms all beginning with a P are strategy (Purpose), structure (Principles& Processes) and Behavior (People). Despite they describe the connection between them as strategy drives structure; structure drives behavior; and behavior drives results, in a top-down manner. The following figure shows the connections between the three different parts more intertwined and not top-down, as Strategy also has direct influence on Behavior and Behavior and Structure also have their influence on Strategy. The balanced interplay of all three leads to increased performance, which is the main objective of implementing a new or changed strategy.
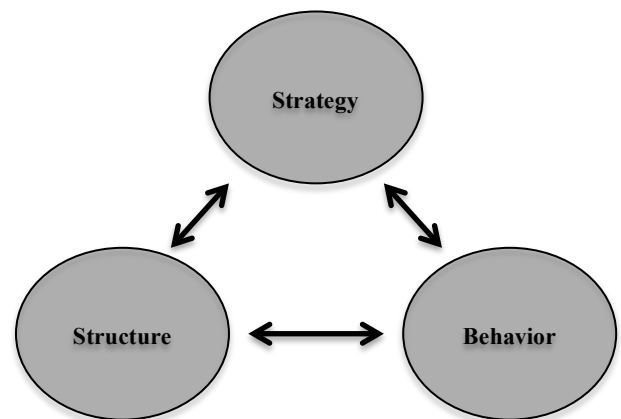

Figure 1: Strategy Implementation setting

From this basic figure it is easier to go deeper into the topic of strategy implementation. People and their Behavior play an important role, as they are the ones who have to act according to the organizational strategy. The people act in specific organizational structures that affect their behavior, but also the behavior of the people has an influence on the organizational structure. All arrows depict the interrelation. Strategy is influenced by both and also influences them, as the strategy shall be in accordance to structure and behavior of the organization to match it. As Pryor et al. (2007) put it, " when implementing a strategy, it's dangerous to ignore […] components because strategy implementation requires an integrative point of view", implying that managers and strategy implementers have to keep in mind the interdependency of different factors and shouldn't neglect any. The following table shows the three key variables of this paper. The existing literature about strategy implementation developed over years and researchers found factors that can be categorized into the three variables. In the paper all these useful and important factors are compiled and ordered. The table shall serve as a visual support; each of the part of the table will be processed in more detail in the subsequent sections.

Strategy	Structure	Behavior
Formulation& Planning	Cross-functional coordination	Commitment of workforce
Strategic Consensus	Resource allocation	Leadership of managers
	Control by management	Cultural context
	Communication	

Table 1: Key Factors for Strategy Implementation

2.1 Strategy

Strategy itself can be seen as a plan for an organization. After recognizing the need for strategic change, the manager sets goals. Then he must determine actions to achieve those goals with the resources he has available.

2.1.1 Formulation and Planning

Planning and Formulation of the strategy are vital, according to Noble (1999). Prior to the Implementation members of several functions should be involved in the Formulation stage. Those who get involved should have credibility, thus other stuff follow their lead and see the importance of change. Therefore those involved must have a proper knowledge to educate others. In the Planning stage the manager has to organize the implementation effort successfully. Resources have to be allocated, responsibilities and authorities need to be set and capabilities and concerns of functions need to be solved.

Lorange (1998) is adding to the Planning that strategic planning in the 60s, 70s and 80s was formal, long-term and tended to be top-down and bottom up. He argues that this type of planning is outdated, because it is rather mechanical and excluded the people of an organization. Today the strategic planner must be seen also as a part of the practical implementation. Lorange defines strategic planning as a "continuously changing portfolio of projects evolving towards completion". Strategies themselves become more and more incremental as they must be seen in connection with the growing knowledge base of an

organization. Strategies become continuously redefined as the knowledge of the organization evolves and allows new insight. Thus it is necessary that strategy adapts to the changes and become more dynamic and gets consecutively revised. Slater and Olson (2001) complement that the consistency of strategy is vital, meaning that strategy throughout the company should be in line with the overall direction of the company and its goals. Opposed to their view Govindarajan (1988), recognized that "different business units within the same corporation often pursue different strategies and that the administrative mechanism that corporate headquarters use to manage those businesses should differ". In this paper we follow the opinion that an organization should move together in one direction and cooperation and harmony will help to implement strategy more efficiently. Finally Beer and Eisenstat (2000) are mentioning, that responsible people in this phase should consider stating what not to do and stressing what is most important, this leads to a higher understanding of employees that are expected to behave according to the new strategy.

2.1.2 Strategic consensus

Noble (1999) already focused on involving people from different functions, the next important factor is the degree to which interorganizational strategic perceptions are congruent. In their work Rapert, Velliquette and Garretson (2002) concern themselves with strategic consensus, in specific on shared understandings and priorities. Consensus is key, because strategies can be interpreted in a diverse set of ways. It is the manager's responsibility to promote and unified direction of the people in the organization. Strategic consensus is connected with implementation success and increased performance. As a mean of enhancing strategic consensus frequent vertical communication plays a crucial role. As organizations are social collectives the communication is a mechanism to transmit ideas and values and increases the identification, which is also linked to Noble's (1999) involvement in the Formulation stage. Rapert et al. (2002) see a lack of clear common understanding as a major barrier to strategy implementation. This is in line with the opinion of Beer and Eisenstat (2000); organizations would lack strategic consensus and clarity about goals and direction. Noble(1999) found out, when people have a poor understanding of broader scope and goals they are not able to work sufficiently to reach a different organizational stage with a new strategy.

Connection of Strategy and Structure and Behavior

Olsen, Slater and Hult (2005) conducted a study in which they found out that firm performance is strongly influenced by how well a firm's Strategy is matched to its organizational Structure and the behavior of its employees. They saw many organizations adopted structures and encouraged behaviors that reinforce their market strategy and concluded, that firms that match structure and behavior to strategy fare better than those that do not. This shows the connection of strategy, structure and behavior. But differently to Olsen, Slater and Hult (2005) this paper sees the interplay not only as Structure and Behavior should be adapted to Strategy but also that new Strategy should be in line with the existing Structure and Behavior of an organization, for the reason that these are already established and harder to change. If however a radical new Strategy that is not in line with existing Structure and Behavior, they need to be adapted to Strategy. The influence can happen in both directions. Govindarajan (1988) has the same opinion, he said, "matching administrative mechanisms with strategy is likely to be associated with superior performance"; with administrative mechanisms he means what is known as structure in this paper.

2.2 Structure

With the term Structure the organizational structure of an organization is meant, which can be seen as the environment where all actions of employees take place. Managers can create this organizational structure to their perception and which fits, in their option, the business environment the organization is operating in best.

2.2.1 Cross-functional coordination

Cross-functional coordination has to do with the matching of different departments in an organization, their communication among each other and their relationship. When implementing a new strategy it is necessary that the separate functions of an organization work together and not against each other. If one function marches to a different drummer, the successful implementation is at stake. Nobel (1999) writes the different functions needs to be coordinated and motivated to speak a common language, share common goals and put aside their natural territorialism. Tensions between the departments are common and hinder cooperation and therewith implementation. One reason may also be the physical barrier, if functions have different locations, which makes it even harder. Often turf barriers are the main problem between functions, image and power retention play a key role in this conflict. Managers need to identify those tensions and solve them by making everybody involved clear that the direction of the organization stands above all interests of the separate functions. Another aspects is that most of the times people that get assigned to an cross-functional implementation group get little reward and no relief from their normal responsibilities, which can hinder their effort for the implementation. It is task of the managers to give them the space they need and allocate to reach the best constellation. Beer and Eisenstat (2000) suggest to use cross functional systems to better coordinate the different functions and improve their cooperation.

2.2.2 Resource allocation

People are according to Lorange (1998) the key strategic resource; therefore it is essential for organizations to effectively utilize the know-how of their employees at the right places. It is the challenge of management to allocate them to their most useful tasks as well as coordinating and integrating activities of participating employees and functions Pryor et al. (2007). As written in the formulation and planning part of the Strategy implementation there is also a need to choose the right people for the right responsibility. Important in this context is not to throw away important knowledge by the wrong allocation or by to little connection of employees (Lorange 1998). Thus a certain degree of freedom is necessary to leave room for experiments by the employees and develop creativity to solve challenges (Lorange 1998). Sometimes adjustments of some resources to improve the process are necessary (Lorange 1998), therefore the management should monitor the process closely to intervene at the right time.

2.2.3 Control by management

Top management must be involved in monitoring the direction and reviewing the process and may intervene where the view for the objective is lost or where resource may need re-allocation. Lorange (1998) suggest that some new strategy activities should be abandoned in an early stage, so that resources can be saved at unprofitable activities and be better used "where they really have major, potential payoffs". This is kind of a go no go decision. Another important aspect of control is, managers should try to let people be creative, let them do what they think is best in specific situations. Most of the time employees are specialist in their personal exercises, they know what is important and how to deal with other employees connected. To much control can hinder this creativity and therewith a fast adoption of strategy, essential is that they understand the direction where the organization and the managers are heading to, how they go this way must be left to employee's own devices. Crittenden et al. (2008) have the same conception; too much control inhibits creativity, which is a fundamental resource to organizations. A balance between hierarchy and independence and self-responsibility must be found in connection of the strategy (Olson et al. 2005). Additionally they think incentives are connected with control, appropriate behavior should be rewarded.

2.2.4 Communication

Communication is deeply connected with strategic consensus. Everybody in the organization must know the direction the organization is going and what are the objectives. As well they must know the vision, thus the ideal state. Communication serves as a mean to reach this consensus. Management's task is to ensure that this communication takes place, between themselves and middle management, between different functions and between other important connections in the organization. Rapert et al. (2002) see the need for vertical communication through the organization as well as frequent communication as major method to reach shared perceptions, values and beliefs among the workforce and eventually reach a stage of higher performance of the organization. Also Noble (1999) feels the significance of a common language and understanding. Beer et al. (2000) see a major challenge in the lack of honest upward conversations from employees about barriers and underlying causes, which is caused by a strict top-down management style. They agree with Noble (1999) and Rapert et al. (2002) that poor vertical communication inhibits effective strategy implementation and promote more open dialog within the organization.

2.3 Behavior

Under Behavior this paper understands everything that has to do with the individual persons of an organization, the employees as well as the managers at each level. The individuals in an organization exercise in the structural setting. And should act in the ideal case in line with the Strategy of that organization. As Lorange (1998) stated," Human resources become the key resource on which to focus the implementation of an organization's business strategy". This paper represents the same opinion, because human behavior is hardest to change and they are also a resource that is most essential to an organization.

2.3.1 Commitment of workforce

MacMillan (1978) believed there is a need to develop commitment by the members of an organization to key strategic decisions. Here the assumption is, that people are motivated more by their perceived self-interest than by the organizational interest unless these are congruent. In their paper Guth and MacMillan (1986) studied the motivation of middle management to implement a certain strategy. They found out that if middle managers believe that their self-interest is being compromised they are likely to redirect, delay or totally sabotage the implementation. Beer and Eisenstat (2000) think managers can increase commitment with involvement and integration of employees from lower levels. The involvement will create a kind of ownership in the new strategy, which increases commitment enormously.

2.3.2 Leadership of managers

Another important topic in connection with strategy implementation is leadership. The role of the leader is important if an organization wants to implement a new strategy. Research

shows that leaders often have a substantial impact on performance according to O'Reilly, Caldwell, Chatman, Lapiz and Self, (2010). They define leaderships as "a person's ability, in a formally assigned hierarchical role, to influence a group to achieve organizational goals". Thus in the implementation process the leader can play an important role. He has to assure, that the rest of the organization is committed to the strategy, by convincing the employees that a new strategy is important and also create a meaning of strategy, so that the employees support this strategy. He has to deal with resistance, allocate resources and create consensus. This consensus is especially important, so that leaders at subordinate levels reinforce the strategy and the whole workforce of the organization has a compelling direction. Despite O'Reilley et al. stress that consistency of leadership gives employees a backing and support. Noble (1999) describes the abilities needed by managers as a combination of technical skills, interpersonal skills and sensitivity to the needs of other functions. Thereby the manager needs to find a balance between powerful charismatic leadership and sufficient autonomy for the employees. Crittenden et al. (2008) want to see a capable, contributing, competent, effective and executive leader when it comes to strategy implementation.

2.3.3 Cultural context

Every Organization has its own little culture. This Organizational culture is influences by the people in the organization, by history, by circumstances, by management, etc. The communication is a mean to shape culture to a certain degree. Managers can try to develop culture through communication. Crittenden et al. (2008) see organizational culture as a system of shared values of the employees and Pryor et al. (2007) see the possibility to set tone, pace and character of the organization. Certain characteristics can foster strategy implementation others may need to be considered as a barrier.

2.4 Challenges of strategy implementation

It is important for managers to understand and identify the pitfalls and challenges that can occur during the process to improve the effective implementation. To know which pitfalls can emerge could help to prevent them and can lead to a more proactive approach. During the process the identification is necessary to solve challenges. The following tables are a summary of challenges that derive from the literature review. The challenges are assigned to the three key variables that built the basis of the literature review and are compiled from the various articles. In the Appendix is a complete table of the challenges (table 5).

Table 2: Challenges in division Strategy

Strategy
Formulation& Planning
• Give people the change to contribute where the payoff is highest (Lorange) • Consistency of strategy (Slater) • Stating what not to do and what is most important (Beer)
Consensus
• Lack of clear, common understanding (Rapert) • Poor understanding of broader scope and goals (Noble) • Lack of strategic consensus and clarity (Beer)

Table 3: Challenges in division Structure

Structure
Cross functional
• Little reward, no relief from normal responsibilities for implementers (Noble) • Tension between departments (Noble) • Physical Barrier, Location (Noble) • Turf barriers (Noble) • Cross- functional systems (Beer)
Resource allocation
• Coordinating and integrating activities of participating individuals and functions (Pryor) • Leave room for experimentation (Lorange) • Throw away of knowledge (Lorange) • Realignment (Lorange)
Control
• Go no go decision (Lorange) • Creativity inhibition (Crittenden) • Incentives (Crittenden) • Balance between hierarchy and creativity& self-responsibility in connection with business strategy (Olson)
Communication
• Common language and understanding (Noble) • Lack of honest upward conversations about barriers and underlying causes by top-down management style (Beer) • Poor vertical communication (Beer) • Open dialog (Beer)

Table 4: Challenges in division Behavior

Behavior
Commitment
• Resistance (Guth) • Involvement and integration of lower levels (Beer)
Leadership
• Combination of technical skills, interpersonal skills and sensitivity to the needs of other functions (Noble) • Balance between powerful charismatic leadership and sufficient autonomy for employees (Noble) • Consistency of leadership (O'Reilly) • Capable, contributing, competent, effective and executive leader (Crittenden)
Cultural context
• Set tone, pace and character (Pryor) • System of shared values (Crittenden)

3. METHODOLOGY

For this paper qualitative research was conducted in form of interviews. Qualitative research, in contrast to quantitative research, acquires stronger information, because it is possible to go more into detail. Interviews gives research the change to get in contact with people from practice and to compare theory with practice and therewith gain deep insight. The strength of findings is increased with that deeper insight. The research was performed to compare the important factors from theory and practice as well as challenges, to discover solutions developed in practice to challenges of strategy implementation. The interviews were carried out among 5 independent respondents. A selection criterion for the respondents was their available experience with strategic change and strategy implementation, in this study the respondent were all chief executive officers to ensure that they are familiar with the topic and add insights to the study. Their organizations operate in different industries, because the aim of the paper is to ensure that the findings are generable applicable. The respondents were getting contacted and participated voluntarily. The structure of the interviews was semi-structured. This means the interviewer had predefined key questions that were asked to define the areas to be explored, but also there was some freedom for interviewer and interviewee to diverge and discuss certain topics in more detail. Furthermore this type of interview was chosen to make the interviews comparable as the same questions were asked in each interview and to make them less time consuming and more structured to get the content intended. All question of the questionnaire where build from the knowledge gained from the different articles in the literature review. First the respondents get the change to tell their own opinion and in the next step they evaluates the factors and challenges found in theory. The most important point is where the respondent talked about the solutions to challenges used and found in practice. It follows a list of the interview partners and their characteristics:

School-Bags Company CEO

- 20 employees
- 15 years experience
- Retail industry

DE Advocate CEO

- 7 employees
- 25 years experience
- Law office

Auto garage HZ CEO

- 30 employees
- 42 year experience
- Automobile industry

MM Software CEO

- 15 employees
- 1 years experience
- Computer software industry

ABC Engineering CEO

- 60 employees
- 14 years experience
- Engineering industry

It was also allowed for the interviewees to talk about their experience with previous organizations.

4. RESULTS

The first interview was performed with a chief executive officer of a retail company, School-Bags Company. He said the most important factor when implementing a strategy is to raise enthusiasm, everybody involved from manager to employee and customer should feel the enthusiasm. Also he stated that you just have to get a beginning and try. After showing him the factors found from literature he liked *consensus* and declared it as a basic requirement. "In practice too often it is not the case and different functions work against each other". The task of the manager is to reduce everybody to a common denominator. To the factor *control* he explained that he is a fan of self-responsibility, thus employees should work on task related to their profession on their own with a certain degree of autonomy. *Communication* has a special importance according to him, as he and his sales representatives hold a telephone conference once a week to discuss general news and exchange information. Leadership plays a secondary role, as he prefers to give responsibility to lower levels to employees that have the technical and interpersonal skills. When he hires people the lies focus on the ability to work in a team to strength the *organizational culture.* Despite he thinks motivation, support and extra activities help to develop a culture that increases the working atmosphere and enforces effective implementation. His problem solution approaches were interesting. He likes a proactive perspective, by anticipating what could happen and thinking of alternative actions to take in preparation of the strategy, which he thinks is not very common in practice nowadays. A very important aspect of conflict resolution is to keep calm, he explained. Fast and emotional decisions may lead to poor decisions. With a certain time lag problems may look different. Definitely focusing on strong points always is best to progress. *Involvement* of employees in early *planning and formulation* phases wasn't his favorite; he wants to concentrate on the objectives of the new and necessary strategy, because the workforce can be adapted. On a shorter scale employees may have to get involved. To the question how to reach higher understanding of strategy by employees he proposed to emphasize the benefits to the individual. To reach a better *cooperation* between functions he would stress the overall objective, and communicate it in measurable ways. Resource allocation decisions, especially human resources are made by skills, an assessment of employees gets essential. If *problems* emerge, he would intervene in a way that the responsible employee himself/herself notices the solution, to reach a learning effect. *Communication* has to take place in interesting ways, as bad meeting have no payoff. Fast and short communication and more flexible is key to today's way of information flow. According to him, most people do not want to write emails, but are willing to do telephone conferences and webinars. Giving responsibility to employees when they acquire assignments on their own can raise employee's commitment he stated to the question how engagement can be raised among employees. Acting consistently is one crucial *leadership skill*.

The second interview partner was chief executive officer in a law office, DE Advocate. The stressed the understanding of strategy by the employees and also that employees often know more details from day to day business operations, that are interesting for managers. Crucial are sub-objectives, which can be reached step by step and have clear time guidelines. In the *planning* phase he likes to let the management set the gross direction and involve employees in refinement. The employees should understand the context and aim of the new strategy, or otherwise employees would sabotage it. Subsidiaries are a special challenge; often there is high rivalry. A steady information exchange is necessary and meeting points; at his

organization everybody shall eat lunch together. Organizing strategy implementation is key, thus his organization builds teams for fostering the process with own responsibility. The rest of the employees need to understand the necessity for the change. Interesting was his view of big meetings. Often employees do not say anything when meeting in big groups. In contrast personal conversations bring deepest insights, that's why he likes to talk to all employees in a familiar setting.

The third interview was held with a former chief executive officer of a subsidiary of a big automotive company, Auto garage HZ. He operated from 1956 to 1998. Interesting is this interview to see the development of strategy implementation and major differences. There was a clear hierarchical structure and complaints were moving upward. Representatives of subsidiaries meet frequently and discussed challenges and new information and learned from others. The automobile manufacturer rather imposed pressure to its subsidiaries to bring them on line as involving them in any considerations. Sales were the biggest point at yearly meeting and they should always advance. Challenges had to be solved by the subsidiary itself; there was little support and communication. Claims for improvements came without any consultation from the lower levels that had to act accordingly. Another big problem were that many things were thought but not spoken, there was little understanding of aims and direction.

The fourth interview was held with a chief executive officer of a software developing company, MM Software. His opinion is that resources and their allocation is an important aspect. Does the organization have the necessary resources or is it better to outsource a specific task or operation. Strategic change needs to be step by step, so that employees can develop, learn and adapt. Respectful conversations are key, also so get to know their opinion, particularly conversations in both directions. Employees need conviction and individual meetings can help to eliminate ambiguity. The role of the leader plays a role when an organization needs increased employee engagement and identification, he should be positive and motivating. His solutions to strategy implementation challenges were meetings, clear objectives, incentives and a written code of conduct.

The fifth interview partner was a chief executive officer of an engineering company, ABC Engineering. He stated, strategic change and innovation are needed to gain competitive advantage; his organization often takes a look at other industries to learn something, they could integrate as well. According to his opinion this innovation is not buyable, the organization must learn and grow itself. His organization works with innovation and implementation teams. Meetings, once a week, help them to plan, *allocate resources* and organize. He mentioned a specific case where the organization implemented a new strategy; *challenges* were underestimation of the expenditure of time, workload of employees and the different learning ability of them. The one major component of effective implementation, according to him, is enthusiasm and identification; no employee can be left behind. Another point he mentioned was resistance of subsidiaries. Often subsidiaries only see their interests and possible lose of importance and not of the organization as a whole. A *solution* to this problem are open dialogs, where it is important to show sympathy, benefits for each, set standards and make it transparent for all parties. In question of *control* vs. personal responsibility for the employees he was not sure which way would be the best, he likes to give his employees some freedom, but he also said that control fosters the progress. In this context he made clear that the employees are the most crucial resource of an organization. He likes to talk to employees of all levels and hear their ideas. Interesting to hear from him was his view about cohabitation, work is not only earning for a living, but spending a long time together, thus he sees his organization as a family. He liked the idea about organization values and will try to integrate values for his own organization. An Essential aspect of a good atmosphere is talking and employees shall have fun. Concluding he stated, learning from mistakes, questioning oneself and developing is key to organizational survival and strategy implementation.

4.1 Cross-case analysis

All interviews were interesting and brought a better understanding of the connection of challenges, solution and the most important factors of strategy implementation. In this paper all solutions mentioned in the interviews are connected, because all are relevant, there were not major deviation between the respondents view of solutions. Special attention lies on the solutions mentioned by the respondents. The most dominant factor in all interviews was *communication* and the related *strategic consensus*. Strategic consensus leads the workforce into the intended direction. Communication is the instrument to reach it. Open dialogs, which are transparent and reveal benefits for the individual as well as the organization help to improve the positive atmosphere towards a change. Enthusiasm and identification can only be reach through understanding of the necessity and conviction of the employees. Interesting communication today means fast, short and flexible conversations. The management has to ensure meeting point for employees among themselves as well as with higher executives. Conversations between management and lower levels need to be familiar so that employees dare to speak about their opinion and problems. The leader role in this aspect is important to create an identification and engagement amount the workforce, he/ she must be always positive and motivating about change. In some cases it can be helpful to motivate with financial incentives and in other situations commitment is raised through giving responsibility. A code of conduct is a written document of the requirements and might also fosters understanding. Anyway understanding is increased by involvement. Employees are seen as a key resource and therefore the learning process of them is crucial. Organizations like to use implementation teams, thus they ensure clear responsibility and ongoing day-to-day operations. The cooperation between different functions, especially physically separated subsidiaries is a bottleneck in every strategy implementation process. Everybody involved in the process needs to get a view for the overall organizational direction and its goals. These goals are preferably measurable. In general the best solution to upcoming challenges is to keep calm and avoid fast and emotional decision, because they are often not the best ones. Managers should focus on the strong points and build upon them. A proactive way of operating can anticipate challenges and help to solve problems faster. In any case, the identification and knowledge about challenges will help mangers to better cope with them and lead their organization through them.

The most common **challenges** are:

- The rivalry of subsidiaries
- The communication
- A lack of understanding for overall aims and direction, support

The most important **solutions** gained from practice are:

- Ensure information exchange and meeting points between personnel of the different subsidiaries

- Making communication interesting short and flexible to clearly convey overall objectives, increase atmosphere and motivation
- More familiar conversations with every level in the organization even strengthen their effects
- Give support to raise understanding and enthusiasm
- Building teams and hold meetings to organize and allocate
- Incentives for the employees to motivate for strategic change
- Leadership and giving responsibility to raise commitment and identification

All in all one can say that companies should get a proactive way of problem resolution and if it is necessary to intervene with a learning effect for the employees to build up human capital, which can be the most important resource for an organization and assures competitive advantage. The outstanding factor in strategy implementation is communication, because it is the way to bring everybody to work in the same direction. Through communication the challenges of consensus and understanding etc. can be solved. Most challenges can be solved through dialogs between people. For strategy implementation communication can be the biggest barrier if lacking and disturbed or the biggest solution to help to be effective.

5. CONCLUSION

Strategy is the main direction of an organization, which is set at the top and has major importance for the survival of an organization. Often managers think that an outstanding strategy alone will guaranty the duration and competitive advantage for their organization. But research shows, that much of what was well thought-out never make its way to practice. A gap exists between strategy on paper and realization. This paper tries to expose the underlying causes of this small success rate. At first it introduces three key variables, strategy, structure and behavior. Their interplay is accountable for the performance of a strategy. A higher performance goes with effective and successful implementation. From existing literature and former research the paper collects factors and assigns them to the three key variables. The factors are summarized in table 1 and show the critical parts of effective strategy implementation. Managers should know them and consider them when they plan and implement strategy. Despite a variety of challenges that can occur during the implementation process are summarized in table 2 and are collected from the literature as well. The challenges are assigned to the different factors that are important. In a different part of the paper interviews with business people are analyzed. The interview questions were based on the knowledge gained from the literature review and therefore basically connect the theory part of the paper with business practice. The interviews reveal challenges and solutions from the real business world and grants insights about how organizations solve challenges with strategy implementation. The aim of the paper is to highlight, how organizations implement strategy and give managers a general overview about the topic and in the end help to be more successful when it comes to strategy implementation.

Most often managers invest a lot of time in planning but the really important part about strategy is the implementation.

6. RECOMMENDATION

Theoretical and practical implications:

An understanding of the most relevant factors, challenges and their solutions for effective strategy implementation is of interest to both academics and practitioners. This paper wants to light how organizations implement strategy. Therefore the most relevant factors for effective strategy implementation where collected from literature. Furthermore possible challenges during the process are summarized in this paper. The knowledge gain by the literature review builds the basis for the research. Interviews were held and insight from practice, especially about solutions to challenges, was gained. The paper connects theory and practice and summarizes all necessary aspects of former literature. It connects work from more than three decades and adds insight from current practices and methods from the business world. Most authors occupied with one specific aspects of strategy implementation, here we see a more complete view of the topic. The development and importance of strategy implementation can be seen in this paper. Managers and strategy implementers might learn from this paper. First they can see what are crucial factors to consider. Then they see a summary of challenges that can occur, what can help them to identify challenges on their own in their organization and develop a more proactive approach. Finally they get an insight to solutions from other managers. Managers need to consider multiple aspects, as there are multiple relations and connections between factors causing challenges. If one factor is ignored unpredictable causes for other component might occur. None of the factors should be seen in isolation, strategy implementation is a complex, dynamic and changing task for organizations.

Limitations and further research

The solutions gained in this article are based on the statements of the respondents of the interviews. Unfortunately this paper only includes 5 interviews. Although the respondent were from different industries the number of interviews makes a generalization of the findings difficult. Additionally the interview partners all came from Germany. Further research may include more intensive qualitative research and may includes insights from different countries, as the perceptions might be different. A sample of more interviews would help to confirm the findings. Other researchers might find even more factors that are relevant and maybe the importance will change over time. An important further research could lead to develop a detailed step-by-step procedure.

7. REFERENCES

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8. APPENDIX