Successful Criteria for Implementing Strategies within the Banking Industry

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By

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ABSTRACT

The art of developing a strategy has become a successfully entrenched skill in most companies. Many books, reports and articles have been written about the merits of a well-formulated strategy outlining the method/s that can be used to create and define a company’s strategy. Over the past decades, many theorists and authors alike have highlighted the fact that implementing a company’s strategy is extremely difficult. There are no set methods or criteria for ensuring that a company delivers on its strategy efficiently and effectively.

Within the South African banking context, the successful execution of a strategy is even more complex due to there being four major “players” in this industry, where each competitor has more or less the same skill set, advantages and challenges as its rivals. Furthermore, South African banks tend to be extremely hierarchical in their structure and the accountability for and implementation of ideas tend to focus more on the tactical side of idea generation (to keep abreast with the present competition), as opposed to a strategic focus. Most South African banks share human resources due to the high attrition rate between banks, and make use of the same pool of contracting houses to leverage best practices and recent trends. Should a bank break away from the norm and create or provide a unique product or service, its rivals possess the skills and experience to imitate such an advantage in a very short space of time.

The topic selected for this study is “Successful criteria for implementing strategies within the banking industry”. This topic was chosen because it is not clear what determines a South African bank’s success or failure in terms of delivering on a strategy. The fact that nine out of ten implementations fail supports the statement that failure can be attributed to poor execution, rather than an incorrect or uninformed strategy. Past research found that leaders who have executed their strategies successfully dramatically changed their ideas regarding how to implement strategies at some point in time (Speculand, 2009).

The objectives of this study are to investigate the formulation and implementation of strategies within Retail Bank at corporate, business unit, functional and operational levels, focusing specifically on who is accountable and responsible for strategy formulation and implementation at each of these levels, as well as the factors related to the success or failure of strategy implementation and how success is measured. In addition, this study attempts to determine whether or not the financial industry as a whole plays a significant role in the success of strategy implementation within Retail Bank.

This study was conducted within one of the major banks in South Africa. This bank participated fully in sponsoring the research, permitting the use of the company and certain of its documents for the purposes of the study. It also encouraged the respondents to participate in the face-to-face interviews that were held. The bank
did, however, opt to remain completely anonymous in the write-up and discussion of research findings. It is referred to as Bank X on a Group level. Bank X comprises 5 entities (see Figure 1.1), of which Retail Bank is one. The study was conducted as a single exploratory case study of Retail Bank due to the constraints of cost and time involved in completing the study within the 2011 academic year. As such, therefore, Bank X, the Holding Company and Retail Bank (or Retail) are pseudonyms for the actual entities.

The sampling method used in this study was purposive sampling, which provided the most relevant and comprehensive data required for the study. The majority of employees at Retail Bank are not involved in strategic formulation or implementation - respondents were therefore restricted to those Retail Bank employees who are directly responsible for developing, executing or evaluating strategies within Retail Bank.

The triangulation method was used in this study through the use of multiple sources of data collection, namely semi-structured and structured interviews, participant observation and relevant documentation/physical artefacts belonging to the selected company, in order to ensure that there were converging lines of enquiry for this investigation.

The sample size was restricted by budgetary and time constraints, as well as resource availability. The study aimed to conduct face-to-face interviews with 30 employees. These interviews were conducted with 10 members from each managerial level in Retail Bank that is involved in strategic formulation and/or execution. These three managerial levels were executive management, senior management, and middle management.

The findings from the interviews, participant observations and company artefacts were analysed in terms of the research problem and research objectives, and then interpreted. It was noted that Retail Bank changed its strategic direction at the end of 2010, taking the lead and impetus from the Bank X Group strategy, which was introduced in 2009. The new direction was supported by the restructuring of people, roles, functions and certain processes. The operating model is also presently being formulated so that it will support the new strategy at the people, process, technology and infrastructure levels. Together with the change in direction, strategy and ways of working comes certain frustrations due to factors such as lack of communication, ineffective people management, unknown or misunderstood accountability, lack of required authority and real performance measures/management, as well as simply knowing what is expected of one, regardless of the role/level one occupies within Retail Bank. Retail Bank is still in its early stages of strategic formulation and execution, and this is regarded as a journey which will be undertaken in the next 5 to 7 years. Therefore, the perceptions and expectations in this regard among executive, senior and middle management vary somewhat, although the views and feelings of those on the same level of management were similar. Tables 6.4.1 – 6.4.4 summarise the opinions of executives, senior and middle management regarding what determines Retail Bank’s successful implementation of its strategy. Many of the findings were similar to those of other researchers and scholars. However, some
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criteria were new and could be interpreted as being either specific to the banking industry or to a company who is in its beginning stages of strategy formulation and execution.

This study made some general recommendations, as well as those which focused specifically on the differences that were noted between the three managerial levels. The first of these recommendations was an effective two-way communication strategy, followed by the importance of middle management being involved in the strategic process from the beginning, as well as roles and accountability going hand-in-hand, associated recognition/reward, effective performance management against strategic objectives and individual performance, speedy development and implementation of an Operating Model, hiring and retention of staff with key skills, reduction in the reliance on external consultants, and keeping executive management and senior management in key positions for a minimum of 3 years.

This study concluded with suggestions for future research, as it has raised some interesting and intriguing viewpoints, which can only be clarified or substantiated through more empirical research. For instance, each factor cited in Table 6.4.2 and Table 6.4.4 could initiate a new study, where the aim would be to determine whether the factor contributes to the success or failure of a company’s strategy. Future research could compare success factors that apply to the different phases of strategic formulation and implementation during the 5 – 7 year strategic life-cycle. In addition, an assessment could also be done of the experiences and opinions of all Retail Bank employees during strategy formulation and implementation (not only employees who are directly involved in strategic development and execution). To gather even more empirical evidence, the study could be transformed into a comparative study on criteria leading to successful strategic implementation within the 5 separate entities comprising the Bank X Group (see Figure 1.1). Alternatively, a new study could focus on the criteria leading to successful strategic implementation among the main Retail Bank competitors in South Africa.
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I want to thank my employer, otherwise known as Bank X, for sponsoring my studies for three years and for allowing me to use the company as a case study. I would also like to warmly thank all participants in the study, who sacrificed their valuable time and effort to provide me with relevant and invaluable information, views, opinions and insights. Without your cooperation, this study would not have been possible.

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Finally, I thank my family for their concern, understanding and encouragement.
DECLARATION

I, Avashna Toolsee (student number: 72225602), declare that this dissertation report is the product of my work as a Master of Business Leadership student at the University of South Africa (UNISA) School of Business Leadership (SBL). Where resources, books, articles and people have been consulted, whether of an academic or non-academic nature, these are acknowledged according to the UNISA School of Business Leadership referencing guidelines. This dissertation report has not been submitted before, either in whole or part, for any other degree or examination at any other university.

SIGNED: ______________________________ DATE: ________________

Avashna Toolsee
**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>Bank X Group Limited</td>
<td>Bank X</td>
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<td>South African</td>
<td>SA</td>
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<td>South African Reserve Bank</td>
<td>SARB</td>
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<td>Specialised Business Unit</td>
<td>SBU</td>
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<td>National Payment System</td>
<td>NPS</td>
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<td>Critical success factors</td>
<td>CSFs</td>
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<td>Human Resource Management</td>
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<td>Strategic Operational Plans</td>
<td>SOPs</td>
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<td>Managing Executive</td>
<td>ME</td>
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<td>Chief Executive Officer</td>
<td>CEO</td>
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<td>Centre of Excellence</td>
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<td>Chief Information Officer</td>
<td>CIO</td>
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<td>Chief Financial Officer</td>
<td>CFO</td>
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<td>Operating Model</td>
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<td>Medium Term Planning (financial)</td>
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<td>Managing Committee</td>
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<td>Management Information</td>
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<td>Personal Assistant</td>
<td>PA</td>
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<td>Short Term Planning (financial)</td>
<td>STP</td>
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<tr>
<td>Long Term Planning (financial)</td>
<td>LTP</td>
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<tr>
<td>Executive Committee</td>
<td>EXCO</td>
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<tr>
<td>Information Technology</td>
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<tr>
<td>Strategic Project Management Office</td>
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1 CHAPTER 1 - ORIENTATION

1.1 Introduction
This chapter provides an overview of the study. This includes the following: research context, research problem, objectives of the study, limitations and delimitations of the study, assumptions of the study, importance of the study, and an outline of the research report.

This study investigates the criteria for successful implementation of strategies within Retail Bank, as well as outlining the factors contributing to a failure to execute strategies in Retail Bank. In this study, the actual identity of the company as a Group or a separate entity will remain confidential. However the facts and information shared are real and contextualised.

1.2 Research Context

Figure 1.1: Bank X’s corporate and organisational structure according to one of Retail Bank’s senior strategists

Figure 1.1 above illustrates the position Bank X occupies within the Holding Company Group. This study focuses on the Retail Banking sector, herein referred to as Retail Bank or Retail, while Bank X refers to the entire Bank X Group. Retail’s core business function is to supply its customers with money and money-related services through various channels – for example, face-to-face outlets (branches & loan centres); telephone & mobile banking; Internet banking, and recently incorporated remote, branchless banking for customers falling within the LSM 1 to 5 range. The services offered range from cash retrievals, savings, loans, life cover, insurance packages, wealth and investments to basic movement of money (cashless, such as electronic transfers, cheques and credit cards, physical withdrawals and deposits) by its customer to his/her own accounts or to that of another internal customer, unknown customer or entity of Bank X. This bundled service is facilitated by various crucial entities forming Retail’s internal and external value chain (see Figure 1.2). Its value
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The value chain is supported by the establishment of an infrastructure, process, experience, “know-how” and its people, thus forming Retail Bank’s core competencies.

![Diagram of Retail Banking's internal and external value chain services](image)

**Figure 1.2 An example of Retail Banking’s internal and external value chain services according to Retail Bank’s senior supply chain manager**

To enable Retail Bank to remain profitable and retain its position as the number one retail bank in South Africa, or at least align itself with its competitors, Bank X must strategically position itself, both internally and externally, ensuring that it is achieving efficiency and responsiveness in the products and services that it offers on a continuous basis. Competition has made firms very aware of the importance of strategic planning and implementation. Thompson, Strickland and Gamble (2008) define a winning strategy as one which is suited to an enterprise’s internal and external situation, and which builds sustainable competitive advantage and improves company performance. As business environments become more unstable, strategy is less concerned with detailed plans and focuses more on the mission, vision, guidelines and targets of an organisation. The strategy of a company can be viewed in terms of doing things differently and making choices as to where and how to compete. It does not concern itself with doing things better, which is considered to be the role of operational effectiveness (Grant, 2008). Thompson et al. (2008) state that a company’s strategy should be a combination of proactive and reactive elements, whereby it is appropriate to abandon those elements which have become obsolete or ineffective. Proactive implies improving a company's financial performance and securing competitive advantage, while reactive implies reactions to unanticipated developments and new market conditions. According to Grant (2008), strategy usually resides in the heads of top management and is best communicated via the following:

- **Strategic Vision** – portrays a company's future business (“where we are going”).
- **Mission** – describes a company’s present business and purpose (“who we are, what we do and why”)
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- Values – the beliefs and behavioural norms that company personnel are expected to display in conducting a company’s business.
- Objectives – the company’s performance targets, results and outcomes that management wants to achieve.

The theory and practice of formulating a company’s strategy is generally well performed in most companies. The challenge lies in successfully executing defined strategies in order to realise the value that lies within a formulated strategy. Usually, defining the corporate, business, functional area and operational strategies generally occurs spontaneously, but the implementation plan of each appears to be invisible in Retail Bank. In theory, 8 components of strategic execution have been identified and described by the text that is thought to lead to successful implementation of strategies for any company (see Figure 1.3). This study will seek to identify which of these theoretical components, if any, are present in Retail Bank, as well as which lead to successful implementation and which lead to failure.

**Figure 1.3 The 8 Components of the Strategy Execution Process (Thompson et al., 2008)**

The next section will describe the research problem and provide reasons for why this particular problem was selected for this study.
1.3 Research Problem

The organisation selected for research, observation and analysis in this study is Bank X. Bank X is a very complex, global enterprise and to be researched as an organisation will require more time and use of complex analytical methods than this year of study permits. For this reason, a sector of Bank X has been selected for the case study, namely Retail Bank. Retail Bank also lends itself to a complex internal and external organisational structure, hierarchy and bureaucracy, which have evolved over the years to serve its customers in South Africa and Africa as a whole, as well as to meet certain expectations of The Holding Company Group. The present organisational culture and corporate company has formulated many strategies, organisational goals and objectives, in order to meet its present challenges, satisfy existing customers and, more importantly, attract new customers.

The process of implementing strategies successfully and measuring the success of an implemented strategy is either inadequate or not repeatable in Retail Bank. Not all formulated strategies are implemented and of those implemented, not all are regarded as having been successfully executed. On completion of the data collection process in this study, the data will be analysed to determine how the performance and success of Retail Bank’s strategies are measured and, in particular, what causes Retail to successfully implement one strategy while failing to implement another.

The research problem sets out to identify the criteria that lead to successful implementation of strategies within Retail Bank, especially since it has many defined strategies at various levels and divisions within the bank. The purpose of the study is to show Retail Bank and, in turn, Bank X what aspects of strategy formulation and implementation are important for its present success and must therefore be retained, what criteria are weak and lead to failure, and must therefore be abandoned, and what factors are imperative, in line with best practice and theory, and which Retail Bank should consider including in their present strategy formulation and implementation process. Bank X and Retail Bank executives and strategies will then have the information at hand to investigate the findings of this study within their context at a local and international level, thereby allowing them to decide what investments they are prepared to make to enable strategic changes to be realised. Thus, new research may be identified from this case study.
1.4 Objectives of the Study

The main aim of this study is as follows:

- To identify the criteria for successful implementation of strategies within the banking industry.

The following objectives will enable the researcher to draw inferences throughout the investigation:

1. To investigate how Retail Bank defines its strategy to include the corporate level, business unit level, functional and operational levels requirements of the bank.
2. To determine who, in Retail Bank, is accountable and responsible for ensuring that strategies are implemented at the corporate level, business unit level, functional and operational levels.
3. To determine how Retail Bank measures the success of a strategy and over what duration.
4. To determine whether or not Retail Bank’s implementation of strategies is influenced by the financial industry (constraints or enablers).
5. To explore the factors in Retail Bank which have been proved to lead to the successful implementation of a strategy.

Once the research and analysis is concluded, the researcher will outline what the criteria are for repeated success in implementing Retail Bank’s strategies.

1.5 Limitations and Delimitations of the Study

1.5.1 Limitations:

This research will be conducted in the form of a case study of Retail Bank within the financial industry. As such, the findings cannot be generalised to all banks within the banking industry because of proprietary information, which can be confidential and competitive in nature, as well as different ways of working, unique internal and external strengths and weaknesses, and so forth.

This study must be conducted and concluded within a specific time period, namely that of the 2011 academic year. This imposes a strict limit on the time that can be spent on the conducting the research, gathering data, analysing data and drawing meaningful conclusions. Thus, cost and time constraints will naturally apply.

Retail Bank is sponsoring the application and completion of the researcher’s MBL studies. Retail Bank thus has the authority to approve the research topic and the requirement of “company” participation in terms of the following: approval and buy-in from appropriate executive management regarding the research to be conducted, permitting interviews to be conducted with relevant Retail Bank respondents, and restricting the disclosure of proprietary and competitor information.
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This study does not investigate or define any control elements that can be used when investigating and analysing Retail Banking in particular. Hence, benchmarking and testing of data and results against any control measure will not take place.

The researcher introduces subjectivity and bias into the interview and observation stages of data collection. She is employed at Retail Bank as a programme manager, whose main function is to lead a team, in order to ensure that projects and programmes within a specified portfolio are executed efficiently. The sample technique used in this study also adds to the research bias, as the sample is selected purposively, in order to facilitate the case study. Only key people in key roles, employed by Retail Bank, can provide insight into and information for the research problem being investigated. To overcome the subjectivity and bias and introduce a level of internal and external validity, an interview questionnaire will also be used.

1.5.2 Delimitations:

This study is conducted within the banking industry and in the Bank X Group. Due to the complexity of Bank X Group’s organisational structure, its present target operating model and enormous employee base, it was decided to limit this study to Retail Bank in Gauteng (see Figure 1.1). The research methodology selected is qualitative, using the case study research design. Informal interviews may be conducted with relevant staff members, in order to initiate the study and obtain an idea of how to structure it and determine who should participate in the study. Formal and well designed interview questionnaires will form the crux of the research tools used. The sample will be carefully selected in order to minimise the effects of researcher subjectivity and bias, but also to ensure that the respondents interviewed are appropriate to the research area under study.

A few important exclusions must be noted:

- No comparison will be made between banks or any other financial organisations in terms of how individual strategies are implemented.
- This study will only analyse Retail Bank’s implementation of strategies, in order to identify what leads to successful strategic implementation. Based on the findings, recommendations will be made. This study will not focus on the formulation of Retail’s strategies, as the assumption made is that well formulated strategies are a prerequisite for any strategic implementation.
- This study only focuses on Retail Bank and excludes The Holding Company Group, Bank X Corporate and Commercial Banking, Bank X Investment Banking, Bank X Bank Assurance and any other Bank X Group activity or entity, such as Bank X Corporate Real Estate.
1.6 Assumptions of the Study

1. Retail Bank will authorise and approve its use as a case study for this research.
2. Selected respondents will be willing participants and avail themselves for this research.
3. Retail Bank has formulated and executed strategies to date, in order to enable the research objectives to be achieved.
4. There is evidence, either from documentation or via key staff members’ accounts, of criteria that have led to success and failure in the execution of a strategy.
5. Bias introduced by the following is acceptable in this study:
   - Presence of the interviewer
   - Sample design (case study)
   - Quality and type of semi-structured interview questions
   - Quality and type of questionnaire distributed
   - Ability of selected respondents to answer questions completely.

1.7 Importance of the study

This study is significant because it enables the researcher to analyse and report on the criteria that have led Retail Bank to successfully execute its strategy. In doing so, factors that have contributed to past failures in this regard will also be revealed. On completion of the literature review and empirical research, including data collection and data analysis, value could be added to Retail Banking in the form of recommendations related to the following:

- Ways to improve and enhance strategic execution that will allow Bank X to realise its vision of being the top bank in Africa.
- Ensuring that resources which are both limited and costly are used in the most efficient way for successful implementation of strategies.
- Identification of practices that Retail Bank should continue, abandon and consider adopting, in order to ensure that its strategies are always implemented successfully.
- Further investigation of how the identified success criteria could be generalised to the banking industry as a whole.

1.8 Outline of the Research Report

This study consists of six chapters. Below is a brief outline of what each chapter contains.

CHAPTER 1: Orientation
This first chapter forms the introduction to the study, and includes the following: an introduction, the research context, research problem, objectives of the study, assumptions, limitations and delimitations, importance of the study, and an outline of the contents of each chapter.
CHAPTER 2: Foundation of the study
This chapter presents more detailed information about Bank X and Retail Bank as an organisation, in an attempt to provide greater insight into the purpose, function and objectives of the company. This will enable the reader to gain a better understanding of the research problem under investigation.

CHAPTER 3: Literature Review
This chapter highlights some of the reviews done and arguments made by fellow researchers on this well-known, widely interpreted topic of strategy implementation. Their opinions and views on the subject matter will be reviewed, and may have a significant bearing on what is found in this case study of Retail Bank.

CHAPTER 4: Research Methodology
This chapter presents the research methodology used in this study, including the research design and approach. It also describes the sample technique and tools used to gather, collate and analyse data.

CHAPTER 5: Analysis and Findings
This chapter presents the results from the data collection, interviews, observations, specific company artefacts and analyses.

CHAPTER 6: Discussion, Conclusions and Recommendations
The final chapter draws conclusions based on the analysis of the research results. The recommendations that are made will either support or reject the objectives identified to address the overall research problem. Based on the results, Retail Bank will be presented with possible solutions, in order to ensure that when a strategy is developed, it is also implemented successfully.
2 CHAPTER 2 – FOUNDATION OF THE STUDY

2.1 South African Banking

David (2008) aptly describes South African banking in the twentieth century. One of the factors that allowed South African banks to survive the domination of imperial banks was the innovation and sophistication of Dutch bankers in the industry during the twentieth century. This enabled the South African banking industry to become the leader in Africa, on a par with its European and American counterparts. In addition, the SA banking industry surpassed that of many countries outside Europe and America, such as Canada and Australia. During SA’s period of isolation, the banking sector continued to develop in parallel with leading financial institutions of the developed world. Even before 1994, SARB had commented on the acceptability of SA in international markets, leading to the expansion of international operations of SA incorporated banks, as well as the increased interest by foreign banks in expanding their footprint in the SA market.

David (2008) also examines how the international banking framework has been incorporated into the SA banking environment - for example: liberalisation of international capital flows between countries, which resulted in increased competition for banks by international capital markets; increasing disintermediation in the capital markets, restricting financial intermediation by banks for access to capital (companies that access capital directly in the capital markets), as well as funding banks (depositors finding better returns for deposits); financial trends in response to inflation changes and central bank restrictions; information technology advances that transcend geographic boundaries and time, which also affect regulatory changes and the competition that exists between banks due to deregulation, liberalisation of capital flows, lifting of price controls, financial disintermediation and new entrants into the financial markets.

![Figure 2.1 – The NPS in the context of the economy](www.reservebank.co.za) (1995)
As stated in the *South African National Payment System Framework and Strategy (1995)* document, any country’s economy can be illustrated as a series of layers of an inverted pyramid, where each layer is supported by the layers beneath it. As depicted in Figure 2.1 above, the broadest layer represents the real economy and the financial markets i.e. the buying and selling of goods and services throughout the country. This in turn is supported by the country’s banking system i.e. the provision of payment services. The next layer consists of a limited number of inter-bank fund transfer systems which permit the processing of payment transactions. The final layer represents the central bank, whose role is essential for the effective functioning of the economy, by allowing the settlement of payment transfers across accounts held by banks with the central bank ([www.reservebank.co.za](http://www.reservebank.co.za)). It is important to note that the banking system is intertwined with the payment system. Banks are regarded as providers of payment services in the market economy.

The above outline describes the fundamentals of South African banking and the financial industry. To gain deeper insight into the case study at hand, a brief overview of Bank X’s history will be provided. Cassiem (2009) has consolidated and presented Bank X’s history from 1991 to 2010 (this also comprises Retail Bank, among Bank X’s other entities) (see Figure 1.1). Bank X’s history depicts a very eventful and purposeful existence as an organisation thus far.

Bank X was formed in the early 1990s through the merger of various smaller banks. This made Bank X the largest financial services group on the African continent, with assets in excess of R50bn. The amalgamation led to many successes, as evidenced by the increase in the share price of Bank X from R7 to R11.40 within the first few months of 1991.

In 1992, the Bank X group continued with its strategy of mergers and acquisitions. This resulted in the demise of a few reputable financial companies. Furthermore, during this year, Bank X succeeded in increasing its asset base to beyond R80bn, thereby becoming a leader in the market of mortgage loans, savings and term deposits (although Bank X still lagged behind its main competitors in relation to cheque accounts and corporate banking). The merger also resulted in the following developments: an immediate increase in the market share of installment financing from 15% to 32%, and the leasing market from 11% to 32%; Bank X also gained a unique understanding of and deeper insight into the SA market through its acquisition of truly SA-based banking institutions. The most fundamental occurrence at that time was the integration of individual computer systems from the above-mentioned SA banks, retaining only what was considered to be best in its class and abandoning the rest.

A change in leadership and strategic direction was introduced by the hiring of a new CEO and Chairperson in 1993. During this period, Bank X opted to operate 5 divisions. Bank X’s leadership embarked on a bold move to restructure and rationalise the new organisation, and this resulted in the reduction of costs, which was well received at this point in time.
Successful Criteria for Implementing Strategies within the Banking Industry

In 1994, most entities within the SA financial industry were of the view that Bank X was well positioned, as a force to be reckoned with, to take over as market leader in the banking sphere. Some highlights in this regard included the following: its effective control of bad debts; successful completion of top management restructuring and the launching of several innovative strategies and key projects between 2004 and 2005 to enhance Bank X's performance. For example, Bank X became the first South African company to adopt a growth charter in support of the principles of a learning organisation, define a new mission and purpose, and redefine its remuneration strategy.

Bank X capitalised on many opportunities that presented themselves in 1995 as a direct result of the appointment of a Government of National Unity, which came into power in May 1994. By taking advantage of this socio-political stability, the now open foreign markets and foreign investments, as well as other national priorities through its business activities, Bank X's share price increased from R13 to R20.

The dominance of Bank X grew year by year, especially in specific segments of the SA market. In 1996, Bank X enjoyed first-mover advantages, such as offering the first Point of Sale (POS) Debit Card (Maestro & Electron), which is an acquiring system i.e. business conducted by merchants such as Pick n Pay is managed by Bank X via a debit card for a fee; Bank X went on to enabling the first proprietary issuing of debit cards at enabled POS devices i.e. the making of debit cards, and Bank X was the first to offer home banking facilities in the form of balances and statements via the Internet, as part of its global cashless strategy.

This cashless initiative was further enhanced in 1997 to include Bank X Direct, which provided customers with 24 hours a day, 7 days a week telephone banking services.

Bank X’s brand and logo were fast becoming an invaluable asset, so much so that the tried and tested brands, commercial names, individual marketing strategies and identities of a few household banking entities were abandoned in 1998 in favour of Bank X Limited. Bank X adopted its new brand and logo, which are still an asset in their own right today.

In the late 1990s, most financial companies and banks in particular embarked on expensive IT-related projects for the purpose of streamlining processes, Y2K preparations (where all programmes, particularly those coded in the mainframe environment, and which did not cater for double digit date fields at the turn of the century, were re-written), and other such initiatives. Bank X was no different, except for the fact that in addition, in 1999, Bank X embarked on a major information technology (IT) transformation project to rationalise and position its business systems and solutions. Today, this IT model is still known as Bank X Group IT and remains one of its key competency focus areas. During this year, Bank X also visibly participated in corporate social responsibility activities, such as its recognition of the unifying role of sports in nation building; its engagement in the national crime prevention programme, and its subscription to the code of banking practice.
Bank X started the new millennium with an aggressive strategy to provide banking services anywhere and anytime to certain targeted segments of the market. This strategy was rewarded with innovative, first-mover solutions. For example, it was the first in SA to introduce mobile banking, while still enabling its customers to transact securely. This was accomplished by forming a partnership with MTN and making use of SIM card technology and SMS messaging. In addition, it was the first to offer its customers frequent flyer incentives, and was the absolute first to amass a million Internet banking customers, by offering a full Internet banking service four years after its initial offering. Bank X had to establish a technical support line to meet the increasing demand for Internet services, thereby becoming the first Virtual Internet Service Provider (VISP) in SA.

By 2001, Bank X had grown in stature by providing specialised services to its customers. This made it necessary for it to create a new Operating Model (OM) consisting of specialised business units (SBUs) to serve each market segment. This enabled Bank X to look at each segment in its unique environment, create tailor-made solutions for each segment, and respond faster and more efficiently to the changes in the market, while allowing service excellence and specialised delivery on core issues within a segment, making Bank X more competitive, profitable and flexible. The OM appears to be closely linked to a company’s strategic intent for a given period of time. This will be discussed as a possible weakness later in this study. Bank X was quick to broaden its mobile reach by extending its first-mover advantage to cover cost-effective mobile banking to all Vodacom customers at a nominal charge. Vodacom is still regarded as SA’s largest cellular network.

Bank X received many accolades and much recognition during the course of 2002 as a SA bank that was going places. It is worth mentioning a few of the more prominent accolades: Gartner International recognised Bank X as having the most cost-effective, centralised computing facility in the world; recognition was also given for having the best call centre in SA by the Call Centre Networking Group; Bank X’s website was rated as one of the top 5 sites in SA by Nielsen NetRating; it was voted the Best Company to Work for in SA by Deloitte & Touche Human Capital Corporation, and the Chartered Institute of Secretaries and Administration of SA, regarded as a highly rated annual report, placed Bank X first in the finance, insurance and property categories in the financial industry.

Bank X continued its winning streak and in 2003, provided innovative solutions such as being the first to certify the issuing of cards on both Visa and MasterCard systems. It impressively became the only SA bank to integrate issuing and authorisation with its existing mainframe systems. Other SA banks opted to buy a card management system and to utilise card suppliers for their card personalisation.

In 2004, there was another change in leadership when a new Group CEO was appointed. Bank X was forced to participate in an interbank initiation (Mzansi) with the 3 other big SA banks and PostBank, in order to bring services to the large, previously unbanked sector of the SA population. This resulted in lessons being learned, which could be turned into opportunities, as will be discussed later in this chapter.
The year 2005 can be regarded as the year that ensured Bank X’s entry into the next decade as a market leader. The most significant business decision during this year was when The Holding Company acquired the majority stake of 53.96% in Bank X. Both companies set forth with the aim of capitalising on the strengths of the other’s brand. It is widely believed that the merger between The Holding Company and the leading retail bank in SA gave rise to many advantages that Bank X boasts today, such as Bank X forming a partnership with Bankserv, which allowed Bank X to become the first bank to implement a Debit Card Fraud Management system.

The Holding Company Bank paid approximately R30bn for its majority stake in Bank X and in 2006, Bank X Limited officially became a member of The Holding Company Group. The Holding Company and Bank X participated in the 2006 Soccer World Cup in Germany. Bank X Capital and The Holding Company Capital started working together to secure business, something which neither entity could do on its own. SA saw The Holding Company spend a portion of its 32m pounds, set aside for its Global Corporate Social Responsibility in Africa, in the areas of education, HIV/AIDS awareness and the disabled.

The SA government had adopted a strict stance in encouraging and enforcing equality of women in the workplace, and started making adjustments in its cabinet positions. In 2007, the first female Chairperson joined Bank X Group. Bank X also took the lead in being the first to introduce live consumer education on its roving sales vehicle. This covered areas of education such as how to use ATM services safely and securely.

For Bank X, 2008 was one of its most innovative and creative years. It was the first bank to deploy the world-leading Western Union’s cross-border cash-to-cash remittance solution. Bank X created and launched CashSend – a domestic transfer of cash to any person, regardless of whether or not he/she was an account holder. Money could be withdrawn from an ATM, provided the recipient’s mobile device was securely associated with an existing Bank X customer (this could be achieved via the Internet, telephone or mobile banking channels). In addressing its corporate social responsibility, Bank X was the first bank to develop an environmental strategy. In analysing market trends and existing customers’ spending behaviour patterns, Bank X was able to foresee that many of its customers would experience financial difficulties during the economic crisis that was threatening, and thus created a “debt repair” service to assist such customers.

Similar to 2002, 2009 was filled with recognition and accolades for Bank X in the SA banking industry. The accolades that stand out for 2009 are the following: being ranked no.1 ideal employer across SA by commerce students, according to Newsflash; being awarded the coveted African Banker 2009 award as the most innovative Bank in Africa; the Banking Technology Award for the Most Innovative use of IT, with special reference to the multi-channel CashSend service.

In 2010, along with the SA nation, Bank X wrote some of the pages in the South African milestone history book. While SA as a nation came together to host the renowned and prestigious Soccer World Cup, Bank X used its experience and
exposure from the 2006 Soccer World Cup (as a member of The Holding Company Group), to become one of the premier sponsors of Bafana Bafana (SA’s national soccer team). During this year, Bank X was exposed to many opportunities, but only took advantage of those which it regarded as the most profitable in a short space of time – for example, being the first to launch the Direct Currency Converter solution just before the Soccer World Cup. This solution enabled international guests to use their credit card at targeted merchants, where their transactions would reflect amounts and balances in their home currency. There were many challenges and interruptions during 2010, such as the withholding of services by striking organisations (Bank X was impacted when certain suppliers were involved in rolling strike action) for pay increases, the poor state of the world economy and other external environmental factors, which had a negative impact on consumer spending, interest rates, and the like. These factors had a direct impact on its staff, customers and ability to invest in projects.

The next section focuses on how strategy is formulated and implemented at Bank X, in order to delve into the colourful history that Bank X has experienced. Views and opinions will suggest what should be changed or addressed for Bank X to continue on its journey of success.

### 2.2 Formulation of Strategy

Within many industries, it is apparent that formulating a company’s strategy is easy. This can be supported by the existence of a strategy in almost any company in South Africa or the rest of the world. The challenge lies in the implementation, control and monitoring of its performance once the strategy is executed.

#### 2.2.1 Strategic Analysis

In the South African banking sector, companies such as Bank X employ analysis tools such as PESTLE, which takes political, economic, social, technological, legal and environmental factors into consideration. Sometimes, other factors, such as physical or geographic, culture and the ecosystem, may be added to its external environmental analysis. Bank X uses PESTLE to analyse factors that may help to determine the threats and opportunities that affect the banking industry environment. Internal environmental analysis is also necessary and can take many forms, including SWOT and functional analysis. SWOT refers to the strengths, weaknesses, opportunities and threats, thereby offering the company the advantage of containing the analysis of both internal and external environments.

#### 2.2.2 Bank X’s Formulated Strategy

According to the executive summary strategy document on Bank X, published at the end of 2009 (www.bankx.co.za), Bank X’s old strategy served its business needs from 1995 to 2008 and held Bank X in good stead, in comparison with its competitors within the industry. In order for Bank X to take the next step and stay with or move ahead of today’s competition, it has formulated a new strategy of customer centricity.
The journey to our new strategy

<table>
<thead>
<tr>
<th>Prior Strategy</th>
<th>Analysis: External environment &amp; Internal challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build a well-diversified business</td>
<td>Global financial crisis &amp; Sub-Saharan Africa banking trends</td>
</tr>
<tr>
<td>Retain market leadership in retail financial services</td>
<td>Financial stress scenarios</td>
</tr>
<tr>
<td>Build a leading investment bank</td>
<td>South African banking industry structure and our relative position</td>
</tr>
<tr>
<td>Accelerate growth in commercial business</td>
<td>Our internal strengths and improvement opportunities</td>
</tr>
<tr>
<td>Grow and build wealth management</td>
<td></td>
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</tbody>
</table>

Figure 2.2: Bank X Group’s old strategy and the journey towards a new one

In reviewing this study’s research problem, it is noted that Retail Bank sometimes successfully executes its strategy, but not at other times. It is also not clear how Retail Bank measures the success and performance of its strategies. This study sets out to gain an understanding of the problem and identify the practices that Retail Bank should introduce, abandon and continue, in order to ensure ongoing successful implementation of its strategies.

Figure 2.2 above illustrates Bank X’s existing (old) strategy. When compared to any leading corporate, it can be noted that the existing strategic themes are comparable with almost any thriving organisation e.g. diversify the business; retain market leadership; increase growth and market share in defined segments; etc. Figure 2.2 also presents the findings of an analysis conducted by Bank X of the external environment and its internal challenges. Two informal interviews were conducted when the topic was first selected (March 2011). Participants comprised a senior architect and a consultant strategist within Retail Bank, in order to gain insight into what kind of analysis Retail Bank does as an organisation to evaluate the external environment and identify opportunities in the market place, while also addressing its internal challenges. How does Retail Bank use its strengths? What does Retail Bank do to ensure that the findings get converted into actionable activities that will bring maximum benefit to the organisation and enable the strategies to be realised? The initial interviews described Retail Bank’s analysis and investigation process as being defragmented, which is due to Bank X as a Group deviating from the normal types of analyses, such as SWOT and PESTLE, and formulating its strategies through a combination of the following actions:-
Successful Criteria for Implementing Strategies within the Banking Industry

Figure 1.1 illustrates the separate entities that form the Bank X Group. Each entity in turn comprises many functional/segmented areas or SBUs. For example, Table 2.2 below depicts the SBUs within Retail Bank. Each SBU is known to conduct its own analysis in the form that it chooses e.g. a SWOT, PESTLE or other analysis. The findings may be further investigated (see below) and used to build its individual SBU strategy. This should link up to the Group-wide strategic view via the strategic journey map developed by Retail Bank, but presently this is not the case. At Bank X, the Group and Retail Bank level strategies thus far have been very generic, as is indicated in Figure 2.2, so that they would cover whatever individual strategies the SBUs formulated. This emphasises the fact that to date, each SBU has operated in a comfortable silo.

To supplement the already mentioned types of analyses, a SBU may also conduct detailed market surveys on customer needs and requirements, e.g. a survey was recently conducted by Peppers & Rogers (an external company) within the Unsecured Lending SBU, in order to determine the needs of the unbanked and under-banked customers. It had to also identify ‘quick-win’ opportunities that existed in this market segment. The primary driver of the investigation was to enter a market that is presently dominated by Capitec Bank, African Bank and Postbank, where Retail Bank is now the new entrant.

Table 2.2 Retail Bank’s Specialised Business Units (SBUs)

<table>
<thead>
<tr>
<th>Bank X Card</th>
<th>Digital Delivery</th>
<th>Group Sourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank X Corporate &amp; Business Bank</td>
<td>Finance Director Cluster</td>
<td>Group Technology</td>
</tr>
<tr>
<td>Bank X Insurance Company Ltd</td>
<td>Fraud Risk Management</td>
<td>Home Loans</td>
</tr>
<tr>
<td>Bank X Life Ltd</td>
<td>Group Cash Management</td>
<td>Private Bank</td>
</tr>
<tr>
<td>Risk</td>
<td>Group Payments</td>
<td>Bank X Islamic Bank</td>
</tr>
<tr>
<td>Vehicle &amp; Asset Finance</td>
<td>Group Processing</td>
<td>Bank X Personal Loans</td>
</tr>
<tr>
<td>Connect Zone</td>
<td>Group Service Management &amp; Support</td>
<td>Small Business</td>
</tr>
<tr>
<td>Corporate Real Estate Services</td>
<td>Group Shared Services</td>
<td>Unsecured Lending</td>
</tr>
</tbody>
</table>

Another interesting technique employed by Retail Bank to build its strategy is to benchmark itself against Fast-Moving Consumer Goods companies (FMCGs). Key strategic analysts conducted interviews with 2 of the most renowned FMCGs in SA. The information and insights gained have also been used to formulate Retail Bank’s newly defined strategies since 2010. The premise for using an FMCG company was that such companies are very nimble and agile in terms of delivery, services and output. Here, every cent generated must be accounted for and used to bring maximum benefit and tangible value to the company, so that money and time are not wasted on this initiative. When this mindset is compared to banks as organisations,
bureaucracy, banks come up short in terms of being inefficient, slow and wasteful in their output of services and products. The contributing factor here could be banks generating large sums of money each fiscal year. When failures are experienced, which impact the bottom line, it is easier to ‘hide’ in a huge, complex organisation such as a bank, but this is not tolerated at all within an FMCG. Accountability and transparency appear to be the order of the day for the 2 FMCGs that were interviewed. Therefore, Retail Bank wishes to change its “thinking”, capability and output to mimic such FMCG companies.

To add to the process as described above, before strategies are formulated within an SBU, Retail Bank proactively consolidates a view of opportunities, challenges, failures and successes, as perceived by the employees, via an anonymous suggestion box posted on the company’s intranet, in order to encourage value-adding opinions and suggestions from genuinely concerned and interested employees. Should the suggestion result in success, improvement, increase in efficiency, etc., the respondent is rewarded accordingly.

Currently Retail Bank accumulates customer complaints to be addressed as a reactive process and only responds after the fact and if the complaint is severe and has been escalated. The action that is taken is at the discretion of the SBU’s head. If the complaint is common among customers or employees, then it could also be included in the SBU’s strategy.

Global or international networking sessions take place within certain SBUs - for example, if there is a need to fly to an international destination to determine what is best practice for specific SBUs in terms of processes, systems and technologies, and solutions. This may also have a significant influence on a SBU when it formulates its strategy.

Finally, Retail Bank also uses its supplier partnerships’ know-how and expertise to enhance its strategic formulation. Bank X has over 200 supplier relationships for various services and functions within the organisation, ranging from critical to core to not so critical business. A few examples of such partnerships are the following: Bank X has outsourced its networking and desktop capability to Dimension Data, Bank X has 33 human resource agencies that supply people and skills on request, and Bank X interfaces with approximately 103 software and technology companies for various needs within its different SBUs.
Figure 2.3: Bank X Group’s new strategy and where it will take Bank X tomorrow

The executive summary strategy document on Bank X uses Figure 2.3 above to describe the new strategic themes of Bank X, as well as the new direction, company goals and objectives of the organisation. The new strategy was formulated based on information obtained from considering external factors such as the global financial crisis, best practices etc. Strategists and analysts acknowledged the successes of the past, such as a diversified business earning mix across Retail, Investment, and Commercial Banking, so that their strengths could be leveraged to take advantage of opportunities - for example, to build a better wealth portfolio and to drive transformation, in order to enable Bank X to be where it wants to be tomorrow.

The ultimate objective of the new strategy is to move Bank X from a product and service-centred company to a customer-centric organization, using the 4 new strategic themes to add value to employees, customers and shareholders. From a customer perspective, there is one organisation – therefore, Bank X should strive to work together as ‘one’ team to deliver a seamless customer experience. Bank X’s overall goal and objective remains the following: “To become the number one bank in South Africa and selected African countries in terms of profitability and return on equity”.

The initial interviews and available documentation did not elude to Retail Bank’s modification or embellishment of the Bank X Group strategy into a Retail strategy. The findings of this study will clarify this statement.
2.3 Implementation of Strategy

Any company will engage in a variety of models in order to implement its strategy. The procedural steps involved in implementing a strategy are difficult to specify, because the implementation is ubiquitous. The implementation of a strategy takes the organisational structure into account, with special regard for the identified lines of authority and communication. Most companies have the know-how to create a strategy, but a holistic approach is needed to execute it. This could include quantifying the company’s vision, communicating the strategy through short, meaningful phrases, planning for results and sharing the strategy with the organisation.

The implementation of a strategy is also dependent on the attitude, personality and actions of leaders and managers. Different strategies require different manager behaviours, but this could become a challenge for companies when resources are limited. Furthermore, most organisations are structured in such a way that a strategy is completely divorced from its execution. The responsibilities of a strategy management office are to support the alignment of the company, review strategy, develop strategy and communicate strategy. It appears as though companies are not concerned about whether or not the strategy gets implemented or if performance actually improves due to the successful implementation of a strategy.

A critique of Bank X as an organisation and its history reveals many successes and perhaps lesser known failures over the past 20 years. This section highlights some obvious strengths and weaknesses within Bank X, and in particular, how its strategies have been implemented to date.

2.3.1 Key Strengths

Since its inception in 1991, Bank X had the unique insight to embark on various mergers and joint ventures, which resulted in many first-mover advantages, thereby attracting even more customers, innovative ideas and opportunities. These advantages made it difficult for individual competitors to compete with Bank X. The most obvious advantages of such a merger were the following: the increase in capital, assets and disposable income to embark on bold and exciting initiatives; the increase in human capital, which was restructured and rationalised to suit the needs of the new company; the combination of technologies to form a ‘cutting edge’ suite of systems and software that was either internally developed or purchased from vendors, and also possessed the capability to retire non-performing systems; the streamlining of processes that proved successful in the individual companies pre-merger; and finally, the drawing of the existing customer base from each individual entity, thereby enabling Bank X to capture a market share that competing banks took years to achieve.

Since 1991, Bank X has been climbing the upward growth curve of a prosperous organisation, building key strengths through the accumulation of skilled people, systems and processes. This was done by retaining the best of the individual
companies bought or acquired, while looking for immediate assets in new partnerships and acquisitions after 1995. The positive impact has been evidenced by the frequent occurrence of first-mover advantages and innovative solutions, as well as the accolades and recognition that Bank X has received throughout the years.

Bank X’s biggest and most effective merger to date was becoming a member of The Holding Company Group, thereby capitalising on its international brand, image, capital, expertise, etc. The increase in growth of market and shareholder confidence and the impressive 1084% increase in its share price since 1991 (from R11.40 to R135) bares testimony to the successes that Bank X has achieved through its various mergers and acquisitions.

2.3.2 Key Weaknesses

Bank X’s history and present situation reveal certain factors which may have contributed to some of its failures in terms of not executing its strategy as intended: loss in recent market share; high attrition rate of staff members; high cost of implementation and delivery of strategic concepts, but not necessarily recouping the benefits to balance such costs and expenses; appearing less agile than some of its competitors in unchartered territory, e.g. Capitec Bank. When examining the events, decisions and strategies that Bank X has embarked on, certain speculations and rationalisations can be made regarding the factors that have led to the poor or unsuccessful execution of some of its strategies, and which possibly explain some of Bank X’s failures:

Bank X still adheres to the principles of a learning organisation, setting aside a significant budget for the training and development of its staff each year. This does not always achieve success, because there are many complaints and much dissatisfaction with regard to the manner in which Bank X applies its recognition, reward and promotion policy, especially among middle and junior management. Furthermore, the transformation process also appears to be very slow and almost non-existent, as white men still occupy the majority of positions of power and authority, while females and their non-white counterparts merely dot this skyline. This could explain why Bank X loses such large numbers of skilled and trained employees to other banks on an annual basis. There is an acceptance of such attrition as a reciprocal practice occurring between key players in the financial industry. What is not taken into consideration is the loss of competitive information, practices and processes between banks; time taken to skill up a new recruit, regardless of his/her level of experience; the demoralising effect of resignations if Bank X’s retention policy is perceived as ineffective by its present employees (its remuneration strategy does not remain competitive and comparable to the market place, especially for top talent, where such employees generally resign to stay abreast with their counterparts in the market). In this regard, it was noted that although, in 2002, Bank X was voted the Best Company to Work for in SA (Deloitte & Touche Human Capital Corporation), this has not since been repeated. In sum, Bank X has become good at identifying external opportunities, but is poor when it comes to managing its internal challenges. Therefore, it may be more disadvantaged in terms of sustaining its competitiveness than it has been in previous years.
Successful Criteria for Implementing Strategies within the Banking Industry

Bank X’s ability and method of cascading important information that directly impacts employees are also perceived as poor and inadequate. Bank X recently underwent a Group-wide restructuring of staff roles. This process resulted in the resignation of some of its key staff members and in one of Retail Bank’s SBUs an employee is said to be opening a case against Bank X for unfair labour practices. With timely and effective communication, staff would feel that they are part of the journey, regardless of whether the communication is related to the company’s new strategy or a cost-saving initiative.

The period from 1991 to 2008 can be regarded as Bank X’s growth phase. During this time, many companies were strategically acquired, key skills and talent were retained, and processes and technology were introduced or retained, which would drive and deliver Bank X’s strategies and objectives. Bank X has now entered the plateau or maintenance phase of its existence as a company. In 2009, it changed its overall strategy and objective as an organisation, in order to survive this period and drive business in a rapidly changing external environment. Has Bank X invested serious time and money in its people, so that they remain on this journey of transformation? Are actions in place to address the present situation, such as change management; skills assessment to invest in talent and weed out ‘deadwood’; appropriate rewards and recognition; consequence management to be applied at all levels of Bank X management, in particular senior management, who have an impact on strategy or who incur costs for the bank when there is no return on investment; proper and timely communication with all employees at all levels?

Bank X Group IT was established in 1999 and remains one of its key competency focus areas. Many stalwarts and founders of this important functional area are still employed here in very senior roles and positions of authority. This may have led to certain inefficiencies, which could contribute to some of Bank X’s failures. One such inefficiency is that of very bureaucratic structures employing many people, where roles and responsibilities overlap, e.g. IT architects (managers, heads and analysts), business architects (managers, heads and analysts), IT designers supporting architects, process designers, IT analysts, business analysts, and so forth. In addition, when individuals have excessive power, accountability is less clear - for example, business with a vendor may be authorised for many years without due process being followed; the allocation of funds and their usage may lie in the hands of a select few who, over the years, have developed agendas that are not necessarily aligned with the bank’s overall objectives; and very expensive systems may be bought and piloted without proper architecture, design and investigation. This results in some systems having to be scrapped a few years after purchase, while other technologies continue to be maintained at excessively high costs.

In 2001, a new OM consisting of SBUs to serve each market segment was developed and implemented. Today, Bank X has embarked on a new strategy to position it for success over the next 5 to 10 years, i.e. to be a customer-centric bank. To support this, every SBU must operate as an integrated entity of Bank X, while still supporting its specialised functions. In order to enable this, senior managers have been tasked to develop a different, more effective OM to replace the present one, which was implemented in 2001. The Bank X Group strategy was formulated and
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communicated in 2009 - however, the existence of a Retail Bank strategy remains unclear and to date, a new OM supporting either the Group or Retail strategy has not been developed or, if it has, has not been communicated. While the decision makers sit around the table trying to finalise an appropriate OM for Bank X Group and Retail Bank, SBUs remain confused, unclear and in conflict with each other about how to execute the new strategy.

Furthermore, the change management aspects required to move Bank X and its employees from the old strategy (product/service centric mindset) to the new strategy (customer-centric focus) appears to not have been assessed, communicated or implemented. This is an important activity, which should have run in parallel with the communication of the new strategy in 2009, and should be addressed as soon as possible for ‘damage control’.

Many of Bank X’s systems and IT solutions are self-built or were purchased and customised to such an extent that it makes the cost of doing business very expensive. Bank X’s complex and extremely customised technologies inhibit new business and slow down their speed to the market, in a clumsy attempt to position itself against agile competitors such as Capitec Bank, who run their systems at a fraction of the cost (perhaps because they are not mainframe dependent). Their OM is simple, dynamic and based on agile delivery of work, while their organisational structure is flat and uncomplicated, as opposed to Bank X’s tiered, hierarchical levels. Bank X’s current IT environment has become extremely customised and in many cases remains mainframe dependent, making upgrades, modifications and developments costly, time-consuming and dependent on specialist skills. Backward compatibility also appears to be an issue of significance.

Bank X participated in an interbank initiation (Mzansi), in conjunction with the three other big banks in SA. When Bank X takes on the role of follower, it appears to perform poorly. Mzansi was a failure on many accounts: it was one of the financial industry’s regulations and not something that Bank X designed; the cost of ownership was very high in a mainframe environment such as that of Bank X and Standard Bank; and inadequate market research and analysis resulted in customers in this market segment being expected to pay very high fees for basic services. It was too expensive and the majority of these customers chose not to buy the product, losing faith, as a result, in the 4 big banks in SA. These banks now, years later, spend vast sums of money in an attempt to re-enter this segment. In the interim, ground was lost to Capitec Bank, who has taken the opportunity and market share in the unbanked and under-banked segments. Banks such as Bank X have a lot of catching up to do if they hope to become a serious competitor in this segment.

It is a great accolade to be the first bank in SA to develop an environmental strategy, but Bank X was very slow to develop this into any tangible implementation. Other banks have beat Bank X to the finish line - for example, according to Nhamo (2011), Nedbank is the forerunner in ‘green’ initiatives in the banking sector. In order for Bank X to reduce the reputational and regulatory risk associated with not being seen to embrace ‘green initiatives’, Bank X should endeavour to understand what Nedbank has done in this regard, and determine how to implement such initiatives cost
effectively. (Nedbank attained first-mover advantage by investing in the changing of its employees' behaviour, setting reduction targets to reduce wastage of paper, water, energy and so forth. It improved operational efficiencies in order to use its carbon credits to offset unavoidable carbon emissions).

Figure 1.1 (see Chapter 1) illustrates the complex organisational structure of Bank X Group, which may be the reason why its lines of authority, control and accountability are perceived as being blurred. This may contribute to heightened levels of bureaucracy and inefficiency within the organisation. According to Retail Bank HR, Retail Bank employs almost 21 708 staff and approximately 9 000 of this total belong to the head office. The head office adds to the complexity by being physically and geographically fragmented into different areas of Gauteng (City Centre, Randburg and Sandton) and Cape Town. The total population for Bank X Group remains unconfirmed at this stage, as each HR unit per SBU per sector (see Figure 1.1) must be consulted (an example of a sector is Retail Bank or Investment Bank).

Retail Bank comprises 24 significant SBUs which were established and developed along with the OM of 2001, and have been in existence for more than 10 years (see Table 2.2). The bureaucracy, duplication of roles and responsibilities, many reporting lines, numerous key stakeholders whose expectations are not aligned, etc. may lead to Retail Bank being perceived as very slow to respond to changes in the market, poor in cascading relevant information to all staff and inefficient in streamlining internal competencies in a timely manner, in order to respond to the market.

Retail Bank may be putting its future progress and development at a disadvantage, as it has not mastered the competence of benefit tracking upon implementation of a strategy. The cost-benefit analysis models used are best-guess estimates, and this may be the cause of the ineffective use of available resources and funds (refer to Bank X’s attempt to imitate FMCG companies, which was discussed earlier). Some attention should also be given to consequence management and accountability, in the event that benefits are promised and not realised.

2.4 Summary

This chapter has attempted to draw the reader’s attention to the world of banking, focusing specifically on the Bank X environment as a point of reference, with Retail Bank being the case study for this research. Bank X has achieved many successes and accolades over the past two decades. Many factors contributed to its status as market leader and major competitor in the SA banking industry. The principle factors are the following: its building strategy for the first 10 to 12 years, based on intelligent and strategic mergers and acquisitions; acquiring, purchasing or building leading technological systems and solutions; amassing the biggest market share through its mergers and developing solutions, products and services to meet existing customer base expectations; and finally, gaining people, skills and expertise from each acquisition.

Bank X’s building and accumulation phase is over and it must now compete with the other banks on a fairly even playing field, as illustrated by the current market share of each of the 4 main banking competitors today (approximately 20-25% per bank,
except for Bank X, which is +/- 30% due to its footprint and market-share). The key areas of weakness that have been observed and outlined above can easily be transformed into strengths if they are viewed as opportunities to be addressed by Bank X as soon as possible. Based on an analysis of its history and current situation, the main focus areas appear to be the following: giving urgent attention to the building and communication of the new OM and ensuring that it is aligned with the new strategy (for both Group and Retail); treating people as a valuable asset and visibly demonstrating this via appropriate promotion, reward and recognition processes; improving change management and communication; empowering people so that decisions can be made at all levels; significantly reducing bureaucracy and duplicate reporting lines; and most importantly, ensuring that accountability is given priority at Bank X.

There is no silver bullet for ensuring that strategy is successfully executed, but addressing a company’s weaknesses and threats certainly gives it a better chance of success over the long term. Bank X should also endeavour to stick to what it is good at and refrain from taking on the ‘follower’ role in segments where it is not a market leader.

The next chapter is a literature review, and presents some of the reviews and arguments made by fellow researchers in the field of strategy execution and implementation. The information and insights gained from this literature review may have a significant bearing on what is found during the course of this case study of Retail Bank.
CHAPTER 3 – Literature Review

3.1 Introduction

For the purposes of this study, the implementation and execution of strategy will be used interchangeably. There are several definitions and interpretations of strategic implementation. Gottschalk (1999) defines strategic implementation as a procedure that is directed by a manager to deliver planned change in an organisation or a process of encouraging and leveraging targeted organisational members’ appropriate and committed use of innovation. Some authors view implementation as being completed when change is occurring, while others see it as continuing until the intended benefits have been realised. Regardless of its definition, literature on the topic of strategic implementation attests to the practical experience aspect of strategy creation, while strategy formulation is viewed as being easily achievable for an organisation. Challenges arise in the process and method that a company uses to execute the strategy. The success or failure of a strategy thus largely depends on how effectively an organisation implements a strategy. The empirical evidence, research findings, opinions and thoughts of numerous researchers will be consolidated in this chapter, in an attempt to share the existing thoughts and views of researchers on the methods, processes and frameworks that have thus far resulted in successful implementation of a company’s strategy. Conversely, factors that are known to contribute to a company’s failure to execute its strategy will also be discussed. This literature review will serve as a point of reference when the results from the Retail Bank case study are analysed, in order to assist the researcher to draw meaningful conclusions and make relevant recommendations.

Integrated performance measurement that leads to the integrated performance management of strategy has an important role to play in strategy implementation. Performance management is regarded as a process of monitoring and reporting on how well someone or something is doing, while strategic performance management is the measurement and reporting of the extent to which managers achieve their objectives. Performance management ensures that a company is successful and gets better results. This includes the setting of performance goals, development of strategies and their translation into concrete guidelines for action. It is believed that performance management will only deliver sustained success if it is integrated, which refers to strategic alignment i.e. all performance management processes and activities should be linked to an organisation’s strategy and the focus should be on critical activities which, when executed well, will enable a company to attain a competitive advantage and achieve long-term growth. Strategy is made operational by integrating strategy formulation and execution, which include both a focus on and alignment of processes. Many authors draw attention to the view that strategy is the result of a rational decision-making process in which managers first decide on the best strategy for their organisation. They then take actions to implement the strategy, but this does not always occur in practice. In many cases, managers and employees undertake actions which, over time, evolve into some form of strategy – in other words, companies formulate a strategy after they have implemented it, not before (Verweire and Berghe, 2004).
Rahimnia et al. (2009) found that within public sector organisations, the recognition given to strategic planning is essential, in order to maintain their own responsiveness to a rapidly changing environment. Rahimnia concurs that strategy implementation is viewed as an integral part of the strategic management process, but suggests that limited research has been conducted on it due to the fact that the majority of the strategic management literature focuses on the formulation of strategy, rather than its implementation.

Vänttinen and Pyhältö (2009) compared today’s world to the mid-twentieth century, and looked at the changes that have occurred in the field of strategic management since then. Modern concepts of strategy and its processes are more abstract, complex and ambiguous, whereas the older schools of strategic management thought are seen to be more simple, concrete and easier to assimilate. The following two approaches to strategic execution can be used to explain the above view:

3.1.1. From a mechanistic strategic planning to a strategy process approach:

Early studies on strategic management explained that in the 1950s, long-term planning became common in organisations, and this was followed by an era of strategic planning. Strategy process was seen as a mix of decision-making rules used to manage organisational behaviour. Strategies were formulated by top management and rarely discussed with the operational level (employees were viewed as executors of orders). Such theories on strategy reflected a mechanistic view of human beings. Since the 1990s, the organisational learning approach has become more popular in the strategy field. One pre-condition of the learning approach is viewing the strategy process as a holistic and systemic learning process, in which the individual and shared collaborative processes are integrated.

3.1.2. Strategy process as a learning process approach

Learning is regarded as an important coping mechanism for human beings. It enables them to adapt to changes, innovations and new demands, and to direct change while also taking responsibility for it. Learning is not always intentional, but does involve the learner’s own active rationalisation and sense-making. Accordingly, a strategy cannot be successfully communicated to staff, but is reconstructed by them. The success of a strategy process depends on the meaning and significance given to the strategy by the employees. The lack of knowledge of staff about why they are doing what they are doing results in the superficial implementation of a strategy, due to the lack of understanding which is needed to deepen, sustain and modify new practices in changing contexts. The further involvement of employees in strategy formulation and implementation is important because they provide valuable information from the customer’s perspective for an analysis of the business environment. Strategy process should focus on creating intellectually stimulating environments by asking provocative questions, in order for staff to take responsibility for their own learning. Thus, strategic management should encourage and empower staff to become collaboratively oriented, active and self-regulating learners. A pre-condition for a successful strategy process is the creation of an organisational culture that
provides opportunities for sharing, risk-taking and involvement in strategic implementation.

Speculand (2009) believes that the shifting of a leader’s mindset results in successful strategic implementation. The greatest strategies in the world are not worth the paper they are written on unless leaders begin to think and act differently. The fact that nine out of ten implementations fail supports the statement that failure is attributed to poor execution, and is not due to the actual strategy being wrong. Past research has found that leaders who have executed their strategies successfully at some point dramatically changed their views regarding how to implement a strategy.

Brauer and Schmidt (2008) explored the strategic role of board members in strategy implementation. There is an absence of clear consensus regarding the nature of boards’ involvement in strategy, as well as a lack of empirical studies in this regard, for the following reasons: firstly, earlier studies viewed board involvement in a broad sense, where the meaning of involvement varied across studies; secondly, board involvement in strategy has been regarded as complex and multidimensional, making it difficult to explain in terms of a single theoretical viewpoint; thirdly, one out of eight empirical board studies pertain to actual board behaviour, thus raising doubts about the viability of past findings on the impact of board members on innovations or diversification strategies. Few researchers have observed interactions between board members and executives in terms of their effectiveness in guiding strategy implementation, due to the legal accountability of each board member and the issue of confidentiality. Thus, alternative methods of empirical investigation are needed.

Active board members are seen as independent thinkers who actively shape the strategic direction of their company. Passive board members fulfill a “rubber-stamping” role, whose only contribution is to adhere to company laws. It was found that board member involvement also depends on internal and external environments. In small private companies, board member participation in strategic decisions is not a common practice, while in large firms board members are more likely to participate in board decisions. A board tends to intervene if the intended and realised strategy differs significantly from the plan, or if the realisation of the intended strategy goes off track and corrective actions are not taken by corporate management. The benefits of board intervention in strategy implementation can be as follows:
1. Board member involvement is a precondition for performing their fiduciary monitoring duties, and they can meet the legal requirements if they understand how management implements the intended corporate strategy, as well as ensuring a balanced implementation that satisfies shareholders and stakeholders, while exploiting external business opportunities.
2. Board members are generally industry experts and operate widely within the firm’s internal and external environments, enabling them to combine outside data and competitive changes with internal conditions, in order to strategically position the firm.
3. Boards can ensure optimal use of company resources in line with the firm’s intended corporate strategy.

Studies linking corporate governance to strategy implementation reveal that companies are no longer restricted to the tracking of financial results and rigorous
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Financial reporting. Financial experts are required to support strategic decision making, operational efficiency and value creation, while combining solid accounting skills with business knowledge, leadership abilities and management expertise. Such capabilities are still not enough. Corporate governance should take into account the need to implement effective business policies and long-term objectives that represent the scope of good corporate governance, providing structure to set objectives and the strategy for achieving these objectives, as well as guidelines for monitoring performance. There is increasing recognition of the need for a stronger connection between governance, strategy formulation and implementation, as there is a lack of understanding of the mechanisms through which governance systems can be translated into strategy (Busco et al., 2007).

Saunders et al. (2007) noted that thus far, models of strategy deployment from a management perspective have a limitation in that their solution offers a linear approach, where deployment is viewed as a step-by-step process.

Pryor et al. (2007) concur with the popular view that while conceptual and analytical models of strategy formulation have continued to develop, the realm and understanding of strategy execution are limited at best. In today’s dynamic, hypersensitive environment, executives realise that implementation is a critical component of sustaining competitive advantage in the 21st century. It is agreed that strategy formulation and implementation are two distinct entities that must be interrelated in order to meet with success, as strategy execution is regarded as a company’s core business competence.

Another school of thought has explored the link between communication and strategic implementation. Corporate communication is defined as the actual department whose purpose it is to implement an organisation’s strategies via communication. This department should serve as an antenna for the receipt of reactions from key constituents to various company strategies. Here, strategic implementation is defined as the manner in which a company executes its corporate strategy or plans for the overall direction of the firm. In all studies conducted in this field, it was found that the corporate communication function is closely linked to strategy implementation and, in some cases, to strategy formulation and development. The alignment between corporate communication and strategic implementation was very visible in companies going through strategic change. There is a need to get buy-in for change and to encourage the necessary shifts in employee behaviour, in order to set the activities of the corporate communication function in motion. It is advised that when companies are considering transforming their business strategies or business models in a short space of time, the corporate communications group should play a vital role in the planning and execution process. To transform quickly, the company needs to ensure that information is communicated in a compelling, multi-faceted manner to key constituencies, and that it obtains their buy-in. A formal communication plan should be included as part of the implementation process across multiple sites. Communication is regarded as being central to successful strategic implementation. Key resources that could either promote or derail a strategy need to be correctly identified and managed. To raise awareness of the impact of technology on corporate communication, some
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companies use technology in innovative ways to promote communication effectively (Accenture’s corporate communication function operates as a virtual team without a central location, using emails and conference calls in lieu of “normal” face-to-face interactions. Finally, effective communication leading to successful implementation requires the careful staging and timing of appearances of CEOs, webcasts, company television and corporate communication analysts, who make complex strategies understandable and convincing in order to target their audiences (Forman and Argenti, 2005).

Muralidharan (2004) describes how traditional strategic controls were seen, in the past, as a system that assisted in implementing strategies as planned. However, the rapid change in business environments requires this traditional view to be expanded to help shape strategy content, as well as to implement strategy. Strategy content control has two elements: firstly, it involves determining the validity of key assumptions underlying the strategy, and changing strategy to reflect the new information and assumptions if the original information is no longer valid; secondly, it also involves monitoring the environment to detect changes that may oppose the strategy and, if necessary, changing the strategy content to reflect the new environmental conditions.

Research has been conducted covering perspectives such as the fit between strategy and organisational structure; environmental and organizational contingencies for strategy execution; managerial characteristics and strategy, and the behavioural aspects of strategy development, where progress is regarded as being very limited. Some studies have identified a limited set of behaviour patterns, which were observed in various strategy implementation contexts. A study conducted by Lehner (2004) distinguishes between behaviour patterns shown by organisational behaviour and behaviour patterns that are dependent on the strategy that is implemented and the organisational conditions that are prevalent.

Many researchers support the view of Raps (2004) that companies need to improve their strategic execution activities. The primary objectives are forgotten as strategy moves into implementation, and the initial momentum is lost before a company has realised the expected benefits. When implementing a strategy, an integrated view must be adopted, which includes hard facts such as organisational structure, turnover, operating profit, etc. and soft facts such as cultural and human resource aspects. Raps (2004), when speaking about strategy implementation, says the following: “If your company has successfully implemented a strategic plan, then you’re definitely in the minority. The real success rate is only 10-30%. The low rate is discouraging, especially since a growing number of companies have invested considerable resources to develop strategic planning skills.”

According to Meagher (2003), strategic information management should be no different to strategic financial management, human resources, marketing, sales, research and development, operations, communications or any other aspect of an organisation. It starts with learning how to think strategically and includes developing a strategic plan, implementing the strategy and assessing its effectiveness, and strategy implementation is the most complex step in this process. Implementing a
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strategy requires a complex set of elements to work in unison and does not usually have a distinct beginning or end. Strategic thinkers must be ‘big picture’ thinkers who understand how things are related to each other on an organisational level.

Heracleous (2000) focuses on radical organisational change and strategy. Incremental change is not enough to ensure survival or competitive advantage if a company is losing touch with the occurrences in its environment. This is known as “strategic drift”. The main reason for “strategic drift” can be attributed to having an original strategy that enables a company to achieve competitive success, but which, if not managed, monitored and changed as the environment demands, can begin to dominate the company and blind executives to other issues such as cost control, customer focus or employee development. A company’s greatest assets and sources of success can lead to its downfall, because its thinking and actions are dominated at the expense of other important issues, which is also referred to as the “Icarus paradox”.

Recent studies on future research areas in the strategic management field indicate a lack of knowledge with regard to strategy implementation, and more research is therefore needed in this important area of strategy management. In the early 1980’s, several frameworks were developed, which are considered to be conceptual in nature and description. Each framework incorporates different numbers and types of variables, but the underlying assumption of most frameworks is that there should be a fit between the variables if the implementation process is to be successful. Some scholars suggest that their frameworks emphasise the fact that there should be continuous interactions between variables, which will make implementation possible. However, the norm for most researchers is to list variables or illustrate them graphically. They then go on to describe each variable individually and highlight its importance in the implementation process. None of the existing studies appear to provide in-depth discussions or evaluations related to how the variables interact with or influence other variables, and how these interactions impact on and influence the entire implementation process and outcome. Previous literature reviews have identified ten key variables: strategy formulation; environmental uncertainty; organisational structure; culture; operational planning; communication; resource allocation; people management and outcome (Okumus, 2001).

Gottschalk (1999) mentions the need for improved implementation of strategic information system (IS) plans, which has been emphasised in empirical and prescriptive studies. These studies have revealed that implementation is important for four reasons: firstly, the failure to carry out the strategic IS plan can result in lost opportunities, duplicated efforts, incompatible systems and wasted resources; secondly, the extent to which strategic IS planning meets its objectives is determined by implementation; thirdly, the lack of implementation leaves companies dissatisfied with and reluctant to continue their strategic IS planning; and lastly, the lack of implementation leads to problems in establishing and maintaining priorities in future strategic IS planning.

The research conducted by Barsky and Bremser (1999) advocates that while the traditional financial matrix reflects the use of physical capital, the key to long-term
competitive advantage in the knowledge and information economy is based on the successful, strategic management of intangible resources. As the pace of change continues to increase in the global economy, it is important for companies to move beyond “lagging” performance finance indicators to consider variables that contribute to long-term value creation.

The research findings of Gupta and Govindarajan (1984) highlight the fact that strategic mission/portfolio strategies and the extent and nature of linkages with other SBUs within the same company constitute some of the most important strategic issues at SBU level. The strategic portfolio strategy signifies the nature of the SBUs’ intended trade-offs between market share growth and short-term earnings/cash flow maximisation. Aggressive build, gradual build, selective build, aggressive maintain, selective maintain, competitive harasser, prove viability and divest all reflect a more or less steady transition from a “pure build” strategy at one end to a “pure harvest” or “divest” strategy at the other end. For businesses carrying out strategic implementation on a regular basis, the focus is only on the continuum from “pure build” to “pure harvest” and not on a “divest” strategy. Most studies have not explored the relationship between strategy and organisation at the SBU level, nor the consistency with which systematic relationships between strategy and organisation have been determined at the overall company level. Studies also reveal that the nature of capital investment projects initiated by business unit management was strongly influenced by the “structural context” established by the corporate (parent-level of a company) and its management. The exact nature of the relationship between business unit strategy, managerial characteristics and the effectiveness of strategy implementation still needs to be researched.

Companies are discovering that well-formulated environmental strategies can lead to several business advantages, such as better quality, reduced costs, improved environmental image and the opening up of opportunities new markets. However, the implementation of these highly acclaimed strategies raises many problems for companies with regard to the extent to which new activities should be integrated with existing ones, the speed with which changes should be initiated and the scope and consistency of change across business units and geo-political boundaries (Maxwell et al., 1997).

Cravens (1998) embraces the view that business strategy has entered a new market and competitive environment in which the market is the basis for strategy design and implementation. While the paradigms based on the market-driven era continue to evolve, it is obvious that markets provide the focus of strategic thinking and practice. Barney (1986) considers a market as the place where firms buy and sell resources needed to implement their strategies. A strategy of being a low-cost producer, which is essential for implementation, may include, among other resources, a large market share and an appropriate strategic factor for market share. The existence of strategic factor markets has important implications for the returns-to-product market strategies executed by the company. The size of the returns-to-product will depend on the cost of the resources required to implement them. The cost of the resources will depend on the competitive characteristics of the appropriate strategic factor markets. If the strategic factor markets are perfectly competitive, then the full value of the product
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Market strategies can be expected when the resources needed to implement the strategies are available. Such a firm will obtain normal returns from acquiring strategic resources and implementing strategies. A company will only obtain greater than normal returns from implementing their product market strategies when firms create or exploit competitive imperfections in strategic factor markets.

There are two schools of thought pertaining to middle management and strategic implementation: firstly, the commitment theory provides an explanation for the level of middle managers’ commitment to the implementation of a strategy. If the perceived degree of alignment with the company’s goal is low, the individual’s commitment to the strategy will be low and the amount of energy that a middle manager will be willing to commit to the strategy will also be low; secondly, the expectancy theory of motivation states that the close alignment of individual and organisational goals is one of many factors related to high individual effort (Guth and MacMillian, 1986).

Fulmer (1990) suggests that at present, a new shift in the HRM role is occurring, and this is substantiated by an increasing number of firms filling key positions in HR with successful general managers. Such managers are now moving beyond the traditional role of HRM and are developing a more strategic role. In recent years, there is a growing awareness that HRM should play an important role in the development and implementation of effective strategic plans. Verweire and Berghe (2004) support the views of Fulmer (1990), by emphasising the link between the HRM function and the strategic goals and objectives of the company, in order to enable the improvement of business performance and to develop an organisational culture that promotes innovation and flexibility.

Hambrick and Cannella (1989) support past research by describing how the “best-laid plans” fail to see the light of day and to innovate, and how quality is compromised after many task-force meetings. The widespread inability to implement strategies may be an indication that the accepted approaches to strategy formulation are not as good as a strategy which is implementable. The tendency to treat formulation and implementation as two separate phases is viewed as the root cause of many failed strategies.

### 3.2 Why strategic implementation fails

Getz et al. (2009) explain that the reason why a good strategy is unlikely to produce a sustainable competitive advantage is because most companies grapple with how to manage both strategy creation and execution, in order to ensure that their superior strategy is turned into an action that achieves its purpose - in other words, the critical activity linking strategy development and execution is missing. Difficulties experienced in strategic implementation are exacerbated if a formal process is lacking, which is required to manage the following critical challenges: synchronising long-term strategic thinking with short-term action planning; distinguishing between strategic “fit” and what is essential to do next as part of business planning; distinguishing between strategic ends and tactical means, and understanding that strategy implementation is deterministic, as well as emergent.
Implementing strategies successfully is very important for any organisation in both public and private sectors. Without proper executive methods and processes, companies are unable to achieve the objectives and mission of implementing their formulated strategies. In the research conducted by Rahimnia et al. (2009), five main impeders to successfully implementing a company’s strategy were highlighted:

3.2.1.1 Planning Impeders
Research shows that ambiguous strategic plans, in which objectives are not clearly defined in a centralised environment, create problems. In addition, changing plans during the implementation process due to socio-economic transitions and lack of agreement by executive managers also impedes success. Finally, if objectives are too idealistic or unrealistic, which happens when they are identified in accordance with international or other unachievable indexes, this ensures failure.

3.2.1.2 Organisational Impeders
Inappropriate resource allocation due to a high level of bureaucracy surrounding the approval process or a difficult administrative process involved in the approval of projects and resource allocation, as well as the accurate evaluation of systems and analysis of performance indices, an insufficient budget and, finally, the lack of a suitable incentive system to facilitate strategic implementation, all contribute, to varying degrees, to failure.

3.2.1.3 Managerial Impeders
Some managers do not have adequate experience, skills and abilities to motivate staff to successfully implement a strategy. Selecting qualified leaders is essential for effective leadership, in order to motivate others during the implementation process. Poor implementation could also be the result of a personnel management system not being established or inadequate in its supporting role. In addition, the lack of motivation among managers to accept managerial positions and assume the associated responsibility, due to inefficient autonomy and authority to perform their roles in their area of supervision, was mentioned.

3.2.1.4 Environmental Impeders
If the economy of a country is unstable, this creates unpredictable situations for economic forecasts. Political factors also influence economic indexes at national and international levels. Research has found that social and cultural factors also play an important role in the external environment, as companies feel that consultants, researchers and so forth may transfer their intellectual property to other people or organisations, especially their competitors.

3.2.1.5 Individual Impeders
If staff have inadequate experience and knowledge, their feelings of insecurity and fear of failure will increase. Lack of motivation can be
Successful Criteria for Implementing Strategies within the Banking Industry attributed to low income, high levels of responsibility, extensive bureaucracy and cumbersome administrative processes. A poor teamwork culture and spirit of individualism decrease employees’ desire to work in teams, which results in the failure of strategic implementation.

Vänttinen and Pyhältö (2009) emphasise the fact that the main impediment to successful strategic implementation is the inability to see all staff members at all levels of the organisation as active subjects. This leads to a mechanistic planning process and does not create opportunities for learning or innovation within the company.

Pryor et al. (2007) reached the following conclusions as to why strategic implementation fails: firstly, conceptual models representing an integration of coordinated activities of individuals and functions are limited or non-existent; secondly, integration consisting of the effective realignment of “structure, systems, leadership behaviour, human resource policies, culture, values and management processes” is attempted, but fails due to the narrow focus on specific aspects such as senior leadership, organisational development and middle management; and finally, implementation should be closely and directly linked with the organisation, its

Figure 3.1: Conceptual framework of impeders to strategy implementation in a higher education context (Rahimnia et al., 2009)
people and systems, and there is very little evidence of this occurring within organisations.

Many authors share similar views on the reasons why strategy execution fails. Atkinson (2006) sums up these views by referring to the six silent killers of strategic implementation, namely:

- A top-down/laissez-faire senior management style.
- Unclear strategic management intentions and conflicting priorities.
- An ineffective senior management team.
- Poor vertical communication.
- Little co-ordination across functions, businesses and borders.
- Inadequate down-the-line leadership skills development.

In addition, the failure of strategic execution can be linked to weak practices such as the lack of understanding regarding how a strategy should be implemented; customers and staff not fully appreciating the strategy; unclear individual responsibilities during the change process; difficulties and obstacles not being acknowledged, and day-to-day business imperatives being ignored.

Apart from the abovementioned traditional problems, other major challenges that need to be overcome include the following: cultural and behavioural misalignment; impact of poor communication and diminished feelings of commitment and ownership; and the role of middle management, who play a pivotal role in coaching, building capabilities and providing support and guidance through the encouragement of entrepreneurial skills, are often overlooked. Finally, reference is made to the impact of an organisation’s existing management control systems, with a special emphasis on the budget control systems (Atkinson, 2006).

Raps (2004) concurs with the views of many researchers and suggests that some of the reasons why a strategy fails or is poorly implemented include the following: assignment of responsibilities (who is responsible for what) is unclear; bureaucracy, which makes implementation challenging and can result in disaster; power struggles between departments and within hierarchies; lack of team work; inadequate communication processes and mechanisms, and poor control systems.

The research conducted by Sterling (2003) highlights many reasons why strategy implementation fails. His views are in agreement with those of many other researchers with regard to strategic implementation. However, he does provide detailed explanations for each of the following factors related to proven failure:

3.2.2.1. Unanticipated market changes
When market conditions change before a strategy is executed, exploiting this change will lead to a failed strategy. Product-life cycles are shorter, disruptive technologies emerge with greater frequency, and financial markets can be very deceptive. Many markets experience rapid, discontinuous change, and strategies should be adjusted accordingly.

3.2.2.2. Inadequate Competitive Intelligence Capability (CIC)
In order to effectively anticipate competitors’ reactions to a strategy, a company needs a solid CIC. This implies that companies need to understand competitors’ market positions, their relative competitive advantages and disadvantages, their historical competitive strategy, and the general ability of their respective management teams. Companies tend to display minimal ability in terms of these aspects.

3.2.2.3. Inadequate Resources
Strategy also fails when inadequate resources are allocated to implement them. It is a good idea to include the financial evaluation of a draft strategic plan, in order to ensure that strategy does not erode shareholder value and that sufficient resources (especially in capital-intensive initiatives) will be available for implementation.

3.2.2.4. Insufficient Buy-In
Strategies fail because of insufficient buy-in to or understanding of the strategy among those who implement it. A strong correlation between organisational commitment and employees’ support of the organisation’s strategic plan was found. Effective communication of the strategy and its underlying drivers are also critical, especially when reaching out beyond the group (persons) directly involved in the development of the strategic plan.

3.2.2.5. Product / Service Lacking Distinctiveness
Strategies are said to fail when another company beats an organisation to the market with a similar idea or strategy, or when a company remains undistinguished in the market. A good strategy should distinguish one company from another in ways that make a difference to the customers. A company that tries to be “all things to all people” lacks distinctiveness and focus. The consequences of this are sub-optimal allocation and utilisation of resources, and the fact that priorities are never clearly articulated. CEOs are encouraged to take the following three steps in order to develop a distinctive strategy:
1. Understand the company’s real strengths (especially those spanning multiple functions).
2. Analyse the market place to identify which market positions are unoccupied.
3. Focus the company’s strategies on leveraging its known strengths to capture these unoccupied strategic positions.

3.2.2.6. Poorly Formulated Strategies
An ill-conceived strategy will fail if the business model, for example, is flawed due to a lack of understanding regarding how the demand will be met in the market. A strategy is regarded as being poorly formulated if:
- It does not include a means of connecting customers to the company’s core business.
- The step of ensuring that organisational capabilities are aligned with the strategy is overlooked.
- The strategy development process does not consider potential competitor reactions to a strategy and possible ways in which to respond.
- Key people in the company are not involved in the strategy development process.
3.2.2.7. Poor Communication
Many strategies fail due to not obtaining “buy-in”, as well as poor/inadequate communication and dedicated change resources that facilitate ongoing communication. It is important to be frank about what is working and what is not, and what is being done in this regard.

3.2.2.8. Lack of Adequate Information Technology
It is critical to align information technology with strategy, although this alignment process becomes a double-edged sword. Companies cannot execute strategies in this new era without technology, and they should not implement new technology without a strategy.

Beer and Eisenstat (2000) have identified six silent killers of strategic implementation upon which many other researchers base their investigations. They list silent killer number one as a top-down or laissez-faire senior management style. Wright’s leadership style increases tensions within a company. Managerial aspects such as discomfort with conflict and use of top teams for administrative matters, rather than for focused strategic discussions, shifts attention from strategic planning and implementation to capability in terms of conflict management.

Conflicting priorities and resulting poor coordination are described as silent killers two and five. These barriers go hand in hand. Employees are directly impacted if two competing strategies fight for the same resources, which sometimes results in conflict within the organisation.

Silent killer three is listed as ineffective senior management. Employees are of the view that many top teams operate in silos. They refuse to cooperate effectively across the organisation or between functional areas, for fear of losing or reducing their power.

Poor vertical communication is referred to as silent killer four. Both as individuals and employees, problems are identified but are not shared in teams or work groups, as many managers are not open to candid discussion. Top teams appear to avoid potentially threatening and embarrassing issues, and advise lower levels to keep their observations to themselves and get on with their work.

Inadequate down-the-line leadership development is noted as silent killer six. In many companies, low-level management skills are not internally developed by creating opportunities to lead change, nor supported through leadership coaching or training.

Heracleous (2000) tabulated the various reasons why strategic implementation can fail. These are represented in the table below.
Table 3.2: Ten reasons why strategy implementation efforts fail (Heracleous, 2000)

- The so-called 'strategic plan' is nothing more than a collection of budgets and vague directions which do not provide clear guidelines for action
- The strategy does not correspond to market realities because it has been developed by strategic planners with no input from grass roots
- The strategy does not enjoy support and commitment by the majority of employees and middle management because they do not feel consulted in the development of the strategy
- Middle management do not think the strategy is the right one, or do not feel they have the requisite skills to implement it, so they sabotage its implementation
- Insufficient top management time is spent on communicating about, selling the new strategic direction, and managing the organizational changes involved
- No provision is made for developing the new skills and competencies required by the employees to successfully make the transition and operate within the new strategic direction
- No provision is made for instituting the appropriate organizational systems for the selection, motivation and reward of people in accordance with the new strategy
- No provision is made for creating a close fit or coherence between the business-level strategy and the various functional-level strategies that can operationalize it
- There are factions in the organization which disagree with the strategy because if implemented it would reduce their power and influence, so they sabotage it by deliberate actions or inactions
- No attempt is made to analyze the culture of the organization and identify aspects which would be barriers and facilitators to change and manage change accordingly

### 3.3 Consequences of a failed strategy

Heracleous (2000) suggests that the cost of failed implementation efforts to the company is enormous. Apart from wasting significant amounts of time, effort and money, they cause employee morale to decrease, diminishing trust and faith in senior management, which results in the formation of an even more inflexible organisation (a company which has failed to change will encounter more employee cynicism with its next strategy). Cynicism is a feeling of almost complete loss of faith in the ability to change. The paradox lies in that even the "successful" implementation of a change strategy has a high cost and consequences for the organisation: firstly, a change project can be completed on time, and in line with the budget and specifications, but if these are the only criteria for success, without a clear link to the strategic intent, then the outcome is not likely to be of strategic advantage to the company; secondly, there may be undesirable consequences related to "successfully" implementing the required changes - for example, a company succeeding in downsizing may cite a 60% lower level of morale among the remaining workforce.

Verweire and Berghe (2004) cite the implications of not developing an integrated performance approach to strategy implementation as follows:

#### 3.3.1.1 Consequence for Quality and Time-Based Performance

The operations function supports the company’s business strategy through performance objectives such as quality, time and cost. **Quality** implies doing things right and is closely linked to dependability i.e. doing things on time. **Time** specifically includes aspects of speed and flexibility, while **Cost** refers to doing things in the most affordable way -
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for example, by using activity-based costing. Figure 3.3.1 below shows the positive primary and secondary effects of time reduction by coordinating activities and eliminating non-value-adding activities. Thus, if time reduction is not achieved, the opposite primary and secondary effects will be experienced.

![Diagram showing positive primary and secondary effects of time reduction]

**Figure 3.3.1: The positive primary and secondary effects of time reduction** (Verweire and Berghe, 2004)

There is a bi-directional relationship between speed and quality. Speed is a component of quality, as it contributes to the satisfaction of customers, while quality is a necessary condition for producing and delivering goods and services. The costs of poor quality have two dimensions - internal and external failure costs. **Internal failure costs** include poor quality before delivery of goods/services, resulting in costly rework. **External failure costs** are incurred when the process prevents non-conforming products from reaching the customer and includes the costs of testing and inspection, in order to ensure that conformance requirements are met.

3.3.1.2 Consequences of non-existent or poorly enforced Integrated Risk Management

Figure 3.3.2 below illustrates an ideal integrated risk management process, and it is unlikely that any company has managed to achieve this in its entirety yet. Without achieving “perfection” by mimicking the proposed integration model, overall business risks will not be addressed. The model provides a company with the tools to become proactive and effective at evaluating, embracing and managing the uncertainties to which a company is exposed. Without implementing the risk tool and processes completely, a company’s ability to pursue growth opportunities with greater speed, skill and confidence is significantly reduced.
3.3.1.3 Consequences for company performance if a business process orientation is lacking

In Figure 3.3.3 below, it can be noted that every element of an organisation’s existence affects every other element. Changes in technology have resulted in changes in tasks, which in turn causes changes in the organisational structure and workforce. A changed workforce will find new ways of performing tasks, which in turn will require technology to change, and so the cycle continues. Without effective business process orientation, changes will not be identified or put into action, resulting in lost business opportunities, as well as a loss in the associated competitive advantage and loyal customers.
3.3.1.4 Consequences of Ineffective Management Control

In order to understand management control fully, it must be unpacked into its various components, namely management control, strategic planning and control, and task control. **Management control** refers to the implementation of a company’s strategy; **strategic planning and control** refers to the process of determining and evaluating a company’s goals, in order to formulate and reformulate broad company strategies to be used in attaining these goals, and **task control** refers to the process of ensuring that specific tasks are carried out effectively and efficiently, such as the task of internal auditing. An effective management control process is best illustrated as a closed loop process, as depicted in Figure 3.3.4 below. It becomes an efficient process if all 5 phases i.e. planning action programmes; preparing the budget; executing the plan; measuring performance; and enabling and using the evaluation and reward processes, are put into action. The end results are respectable figures, whereby actual performance is measured and compared to the targeted budget. Without adequate understanding and proper implementation of a management control system, senior management cannot analyse the efficiency and effectiveness of actual performance vs targeted performance of a department and its associated managers.

Figure 3.3.3: Leavitt’s diamond - Business Process Orientation (Verweire and Berghe (2004))
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3.4 Requirements for implementing a strategy successfully

Research conducted by Getz et al. (2009) proposes the use of “migration management” as a possible solution for bridging the gap between a long-term strategy and the actions required to achieve this strategy. The advantage of such a tool is that it is dynamic. A business must have a view of its destination and a plausible path it can take to adjust as it gathers more information or as external conditions change. As an example of its inherent flexibility during the current economic downturn, many companies used the migration approach by retaining their future state aspirations and intended paths, but increasing the timing of the path by changing the immediate future to reflect resource constraints. Migration management distinguishes itself from conventional strategy implementation approaches by offering companies the ability to begin their annual planning process by asking the following question: “what are the gaps between our current state and future state?” and to finish it with the question: “if we complete these things will we reach our future state?”

The migration path involves 7 steps:
1. Describing the future “state”.
2. Identifying major gaps between the present and future state.
3. Selecting appropriate gap-closing actions.
4. Grouping actions into four to six themes.
5. Sequencing actions within each theme.
6. Checking for overall consistency and interdependencies.
7. Developing the future state and migration path for individual divisions and functions.
Six essential mind shifts for successful strategic implementation are described by Speculand (2009) as follows:

3.4.1.1 “When crafting strategy has been completed, the hardest part is over to NO, implementation is twice as difficult as creating strategy.”

For decades, business leaders developed strategy for change, business schools taught the importance of strategy and how to create the correct one to suit the company’s needs. The role of a leader is to design strategy. Most company’s underestimate the challenge of implementing strategy and delegate the process to others not concerned about what needs to be done to put their strategy in place. It is the implementation of strategy that delivers revenue not the crafting. By becoming an organization that is good at execution tools, systems, techniques and abilities need to be developed. This will enable the company to realize if a strategy is not working such that the strategy can be revisited to make necessary changes.

3.4.1.2 “Most people resist change to NO, most people are open to change when it is communicated in the right way.”

Research reveals that most people are not resistant to change. When a new strategy is announced, staff respond in one of four ways: indifference; resistance; disbelief or support. Efficient and accurate communication quiets and convinces the “saboteurs – those that raise the most noise” and further motivates and inspires the “mavericks – those that get on with hard work”.

3.4.1.3 “It's all about taking actions to NO, it is about taking the right actions.”

The difference between success and failure is that successful leaders ask the following questions: Are we taking the right actions? Are staff members engaged in work today that will deliver the planned strategy tomorrow? Choosing the right actions involves assessing one’s readiness to implement the strategy; assisting in creating the implementation plan and identifying the actions that need to be taken today to deliver tomorrow’s strategy.

3.4.1.4 “Communication is all about making sure people understand the strategy to NO, staff must also know exactly what actions they need to take.”

Successful strategic implementation goes beyond ensuring that all staff members understand strategy to knowing exactly what their role is in its execution, and motivating them to do it. New behaviours need to be encouraged and reinforced. Early adopters should be recognised and acknowledged so that others follow suit. Strategy is designed at the top of the organisation and gets implemented at the bottom, and effective communication can fill the gap to bring the two together.
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3.4.1.5 “What worked yesterday will work tomorrow to NO, new strategies are needed every 2 or 3 years.”

Cycle changes occur more and more frequently. Thus, many companies depending on their industry and product plans strategise in two or three year cycles. This reasoning is reinforced by the current economic crisis.

3.4.1.6 “Strategy must be reviewed twice a year to NO, strategy must be reviewed twice a month at least.”

Leaders are not meant to solve day-to-day issues - they are responsible for formulating and implementing strategies. An organisation is good at implementing a strategy when 85% of the managers’ time is spent on strategic issues and 15% on operational issues. It is believed that if leaders are responsible for developing and executing a strategy, then implementation must be discussed as frequently as possible. These reviews are used to break down strategy into smaller chunks e.g. the actions needed and the behaviours and measures to be analysed every two weeks. In such a case, strategy as a whole will be reviewed every quarter.

Saunders et al. (2007) propose a seven-dimensional framework to deploy strategy along more than a single continuum. Table 3.1 below illustrates the suggested dimensions, and is not a step-by-step deployment process to be followed sequentially. A number of dimensions operate in parallel - for example, the communicating and building of the initiative is important during all phases of deployment.

Table 3.1 The 7 dimensions of strategic deployment (Saunders et al., 2007)

<table>
<thead>
<tr>
<th>Dimensions of strategy deployment</th>
<th>Purpose of each dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Communicating the Initiative</td>
<td>Ensuring understanding of the strategy</td>
</tr>
<tr>
<td>2 Achieving buy-in</td>
<td>Acceptance and adoption by stakeholders</td>
</tr>
<tr>
<td>3 Aligning implementation</td>
<td>Actions are aligned to the strategic direction</td>
</tr>
<tr>
<td>4 Learning</td>
<td>Continuous evaluation and adoption</td>
</tr>
<tr>
<td>5 Creating the Infrastructure for deployment</td>
<td>Organising teams, roles and responsibilities</td>
</tr>
<tr>
<td>6 Understanding the business drivers</td>
<td>Awareness of the business reasons for the initiative</td>
</tr>
<tr>
<td>7 Identifying deployment options</td>
<td>Identifying and scheduling projects, assessing risk, choosing performance measures</td>
</tr>
</tbody>
</table>

A number of these dimensions can also be linked – for example, communicating the initiative, getting buy-in and aligning implementation. These three dimensions are associated with “soft” management skills (people/social/behavioural). On the other hand, understanding business drivers, creating the infrastructure for deployment and identifying deployment options are another group of skills associated with “hard”
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management skills (analytical or systems). The learning dimension underpins and supports all the other dimensions in this framework.

The framework highlights the skills needed for the effective deployment of strategy at corporate, business unit, organisational and operational levels within a company. It is recommended that for an organisation to deploy a strategic initiative effectively, leading practices from all seven deployment dimensions should be in place.

Pryor et al. (2007) propose an implementation model incorporating the functional areas involved in strategic and tactical execution. To enable the application of such a framework to be effective and efficient, decisions are required that are strategic, behavioural and tactical in nature (requiring specific elements to be in place and aligned throughout the organisation). Pryor et al. (2007) explain how the 5Ps model can be used to achieve successful strategic execution:

3.4.2.1 Purpose
This includes the company’s mission, vision, goals, objectives, strategies, measurement and feedback. Leaders have the task of establishing strategic direction and broad organisational goals, as well as the strategies and tactics for achieving them. This requires an evaluation of the firm’s numerous environments, internal strengths and weaknesses, external threats and opportunities, as well as the mission, vision, core values, goals, objectives, strategic creation/deployment/measurement and finally, feedback regarding the critical success factors. Such elements and analyses must be deployed vertically and horizontally throughout the company, making basic strategic management processes part of the 5Ps model of implementation.

3.4.2.2 Principles
This refers to the philosophies, assumptions and attitudes with regard to how the company should operate and conduct its business. This includes the integrity base, ethics and core values to which each employee is required to commit. Principles and core values, with complementary operating guidelines for behaviour, must be deployed throughout the organisation, in order for them to become meaningful to each organisational unit and the organisation as a whole.

3.4.2.3 Processes
The traditional process model involved physical steps and stages, whereby inputs such as manpower (people), materials, machines and methods are transformed into outputs (products and services). Pryor et al. (2007) extend the process model to include elements omitted from the traditional model, such as responsibility, controls, accountability and authority. Organisational leaders should ensure that all processes are adequately recorded using checklists, process maps or process flowcharts. Process documentation, management improvement and process alignment are critical for successful strategy implementation. It is thought that streamlined, well-documented processes and principles, together with effective communication, drive the behaviour needed to achieve performance excellence.
3.4.2.4 People
Strategy implementation is best accomplished with “high-performing” people. People include employees, customers, suppliers and others. They are the process owners (individuals and teams) who perform work that is consistent with the principles and processes of the company, in order to achieve the purpose. Therefore, Purpose, Principles and Processes must be in place and aligned before People can be effective on an ongoing basis.

People are the process owners who are accountable to customers and suppliers for the processes that they own, and should be empowered to effectively improve these processes as the need arises. Levels of ownership and empowerment are dynamic (not static). Without strategic consensus, people who actually execute strategies cannot consistently deliver the level of quality expected by diverse stakeholders. In sum, if executive leaders have this understanding of their People and align them with Purpose, Principles and Processes, they are more likely to achieve Performance excellence.

3.4.2.5 Performance
The performance element of this model is used as criteria for strategic control and decision-making. Performance results are fed back into the strategic management process to provide a means of feedback and direction. Measurements need not be complex, but must be aligned with the appropriate strategic initiatives designed to help process owners understand how the processes work and where improvements need to be made. People who are involved know how well they are doing by how well the company is doing in terms of designing and implementing changes and achieving its goals and objectives according to key performance indicators. Allowing the company to continually align Purpose, Principles, Processes and People is a prerequisite for successfully implementing a company’s strategies.
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Figure 3.2: The 5Ps model of successful strategic implementation (Pryor et al., 2007)

Figure 3.2 above indicates that the elements of the 5Ps model must be aligned with each other in order to achieve maximum efficiency and effectiveness. In addition, the myriad of elements with and without an organisational strategy are currently managed on a functional basis. This should be managed on a functional and process basis.

The views of Atkinson (2006) regarding successful strategy implementation focus on improving the strategic control systems of an organisation. Strategic control systems provide the short-term targets that deliver long-term goals. Strategic controls could provide a balance between longer-term organisational goals and shorter-term operational goals. They can incorporate “feedback” and “feed-forward” information, enabling managers to determine if they are “on track”, while also creating opportunities to adapt and revise strategies as required. By creating coordinated strategic and management control mechanisms, both financial and non-financial performance indicators may be included. It is also important to ensure that the control system used is flexible enough to accommodate dynamic and competitive arenas. Atkinson (2006) uses the balanced scorecard as an example of a strategic control system. The field of performance management, much like strategic management, is eclectic. Frameworks such as total quality management (TQM) assist in managing the vast-ranging organisational activities. The balanced scorecard was introduced to address a number of important weaknesses associated with “traditional” performance measurement systems - for instance, the focus was on short-term or lag financial metrics, which pointed to internally orientated tactics, not to organisational strategy.
Atkinson (2006) and Verweire and Berghe (2004) concur that the balance scorecard approach views a company’s performance from four key perspectives, which focus on how companies should articulate their core vision, strategy and goals before transforming them into specific initiatives, targets and measures.

**Figure 3.3: The balanced scorecard approach** (Atkinson, 2006)

Figure 3.3 above illustrates how the balance scorecard can be used to address a number of significant deficiencies associated with the more “traditional” performance management systems. Its main criticism, however, is that it remains biased towards shareholders and does not effectively address issues relating to employee and supplier contributions, nor the role of the community. Regardless of this criticism, it is thought that a balanced scorecard supports strategic implementation by linking strategy to operations, in order to address the many problems associated with successful strategic execution. The benefits of using a balanced scorecard in strategy implementation are the following:

1. It is believed to provide a powerful link between strategy and operations.
2. It helps to better articulate an organisation’s strategic vision and strategic objectives.
3. It creates an effective “boundary” control system by highlighting the explicit “cause and effect” of strategy and converting strategic aims into tangible objectives and measures.
4. If the scorecard is implemented by engaging all key employees, it actively supports organisational learning and reflection.
5. It enables front-line managers to have a basis for selecting from the many opportunities that are available.
6. The creation of a scorecard provides an opportunity to identify priorities and manage different stakeholder demands by ensuring strategic feedback and learning.
7. It encourages integration on every level in the company by requiring a scorecard to be built at each level of the organisation, and compels middle managers to be engaged.
8. It offers companies a considerable degree of flexibility to address their unique requirements, while still encouraging management and employees to move in the same core strategic direction.

Barsky and Bremser (1999) view the balanced scorecard as a mechanism to assist companies to manage change, implement strategy and measure outcomes. The underlying goal of the balanced scorecard approach is to help managers develop a unified model for understanding how actions influence company value. As the pace of change continues to increase in the global economy, it is important to consider the role of budgeting in value creation in the “new performance” measurement environment.

A summary of the views regarding the balanced scorecard is provided by Verweire and Berghe (2004), who state that it is regarded as improving existing financial control systems (ROI, earnings per share, etc.) by aligning strategic performance measures with a company’s mission, goals and strategies. It translates the company’s mission, goals and strategies into performance measures by complementing the financial measures with operational measures (customer satisfaction, organisational learning, internal processes, a company’s motivation, and so forth). Figure 3.4 below illustrates how an organisation typically uses the balanced scorecard as a performance measurement tool.
Figure 3.4: How the balanced scorecard can be used as a performance measurement tool (Verweire and Berghe, 2004)

The major benefits of the balanced scorecard approach are as follows:

- It allows top management to develop a clear strategy and build consensus around it.
- It facilitates the translation of strategy into measures by giving middle management a good understanding of what strategy really means for them.
- It assists in the communication of strategy throughout the company by aligning SBU and individual goals with company strategy, links strategic objectives to long-term goals and identifies cause and effect relationships between performance measures.
- It provides a tool for constant monitoring of how well strategies are implemented.
- It can positively influence the behaviour of managers, motivating them to implement the organisation's strategy – in other words, “what you get is what you measure.”

The research conducted by Lehner (2004) found the following tactics to be useful in implementing a strategy successfully:

3.4.3.1 Command as a tactic
Methodological and command tactics are viewed in a similar way, as both avoid the participation of subordinates. A high level of power is needed to implement a strategy by command, either through a machine-like bureaucratic hierarchy or control over boundaries. This results in success only if managers have a strong personal interest in a chosen course of action, if it seems to be of utmost importance to the organisation, or if no alternatives are available.
3.4.3.2 Politics/ Change Model as a tactic
The principles of the change model and political modes of organisational decision making are the same. The implementation of a strategy in both modes is characterised by isolated interventions and changing aspects of planning, information systems or incentives. To increase positive political behaviour for strategy implementation, two conditions should be present at the same time: 1. The availability of alternatives that are not significantly different from the overall strategic goals; 2. The supported importance and priority of the selected alternative.

3.4.3.3 Collaboration as a tactic
The difference between politics and collaboration lies in the role of the organisational members. Acceptance and quality are important for collaboration, in which implementation must involve the entire organisation.

3.4.3.4 Culture as a tactic
Culture can be seen as a tactic beyond the autocratic and participative modes of strategic implementation. Here, the participation of organisational members is important for the cultural model of implementation. This method either builds on existing culture that supports the strategy and its implementation within the company or tries to change the culture in order to receive the desired support. Shared values significantly determine the success of the implementation efforts, in which values must be compatible with strategic intentions. Culturally oriented tactics are used in conjunction with other tactics - for example, culture can be used in the "first stage" or culture framing process, while the remaining process draws on the collaborative implementation tactic. This approach has been criticised for its totalitarian nature, which implies that effort is spent on persuading all involved parties to buy-in to the course of strategic action, until which time no implementation can commence.

3.4.3.5 Market as a tactic
The organisation is viewed as a market of ideas, possible strategies or alternative strategy implementing processes, of which one is the most appropriate. Markets normally wait for the emergence of alternative strategies for implementation before one is selected.

Four critical success factors (KSFs) for successful strategy implementation have been identified and described by Raps (2004). With regard to the analysis of these KSFs, it can be noted that Raps (2004) concurs with the findings of many researchers, as discussed above. These four KSFs are as follows:

3.4.4.1 Culture
Each company possesses its own set of shared beliefs and values. The corporate culture and internal environment are determined by the quality of the internal environment, and this contributes to the depth of strategic thinking within the company. Senior management’s role in a cultural context is to set the culture’s tone, pace and character, and to ensure that it is conducive to the planned strategic changes. Senior management’s commitment to the strategic direction that is selected is a pre-requisite for successful implementation.
3.4.4.2 Organisation
Two aspects of an organisation should be considered for strategic implementation:
1. Structure, which deploys accountability to enable a company to achieve its goals and objectives and then its mission.
2. The decision flow process, which enables a company to integrate results into a pattern for developing, implementing and controlling decision making. To avoid power struggles between departments and within hierarchies, a plan needs to be created with clear assignment of responsibilities with regard to implementation activities.

3.4.4.3 People
Human resources represent a valuable intangible asset and are increasingly becoming the key success factor within strategic implementation initiatives. Strategy implementation requires the confidence, cooperation and competencies of the organisation’s technical and managerial staff - for example, the continual development of the company’s vital asset (therefore, human resources are given a very high priority). By changing the way in which employees experience, view and practice strategic implementation, senior managers can effectively transform change barriers into gateways for successful execution.

Senior management can also use communication to move the implementation process forward. The focus should be on two-way communication, as this encourages questions from employees. Communication must include reasons why staff members are performing new requirements, tasks and activities for the implementation of the strategy. Communication must take place before, during and after organisational change. In addition, information must be directed at all levels of the organisation and driven from a communication plan, which will implement the strategy (see Figure 3.5 below for an example of the issues that a good communication plan should address).
Implementation is also influenced by individual personality differences. Different personality types require different management styles. To successfully implement a strategy, it is important to create a fit between the intended strategy and specific personality profile of the key players in the various areas of the company who are directly involved in strategic creation and execution.

Team work is important for successful strategic execution. In order to create effective, cohesive teams for implementation, tools such as the Myers Briggs typology should be used to determine personality differences.

Finally, in order to get buy-in from middle managers for strategy implementation, managers must be part of the strategy formulation. In other words, they must be part of the process from creation through to execution and measurement. Middle management involvement increases the general strategic awareness within an organisation.

3.4.4.4 Control Systems and Instruments
The assessment or control function in a company is a key aspect of the implementation process. Many executives underestimate the amount of time wasted due to not understanding the complexities involved in implementing strategies. This can be better understood by doing some fine-tuning with the teams, functional areas and managers responsible for implementing or on-boarding the strategy, and building in extra time for unforeseen incidents. An example of such a tool is the balanced scorecard which can support the strategic implementation process.

Verweire and Berghe (2004) have added efficient performance management systems as another KSF needed to lead to the successful execution of a company’s strategy.
Performance measurement systems based primarily on financial performance lack the focus, depth and robustness required for internal management and control. Strategic management control must focus on the strategy being implemented as planned. It then measures whether or not the results produced by the strategy are as intended. There should be a clear link between an organisation’s strategy and its performance measures.

Meagher (2003) re-emphasizes the existence of various models and frameworks for implementing a strategy. Figure 3.6 below illustrates the four key tasks that must be performed in unison and which are deemed essential for successful strategy implementation: staffing & leadership style; structure; information management and decision-making processes; and finally, the reward system. These are key focal areas which must work in tandem and should not be managed with a starting or ending point. Instead, they must be present throughout the strategy implementation process, in order to ensure success.

![Four Key Tasks for Implementing Strategy](image)

**Figure: Four key tasks required to implement strategy** (Meagher, 2003)

Beer and Eisenstat (2000) propose a way in which a company can develop six core competencies to eradicate or transform the six silent strategic implementation killers and thereby become fast and agile competitors. The development of these core competencies and capabilities is possible if hierarchical organisations are managed in a non-authoritarian manner. Firstly, the leadership style must embrace the paradox of top-down direction and upward influence. The general manager should advocate direction but learn from the feedback of those down the line. Secondly, the strategy should be clearly articulated and strategic priorities should be clarified. The top team formulates the strategy as a group and should spend sufficient time discussing it with lower levels. Thirdly, effective top teams need to be developed, with good leadership, and in which members possess a general-management orientation. Through constructive conflict management skills, the team should arrive at a common voice
and create and maintain the organisational context needed to implement the strategy. Fourthly, open, vertical communication should be promoted, whereby top team and lower levels are engaged in open dialogue about the organisation’s effectiveness. Fifthly, effective coordination should be stimulated, in order to ensure effective teamwork integration across customers, products or markets. Finally, down-the-line leadership needs to be encouraged. The leadership skills and general management ability of lower and mid-level managers who have the potential should be developed through creating opportunities, coaching, training and development, as well as assigning clear accountability and authority.

Maxwell et al. (1997) researched and made recommendations on how to implement environmental strategies successfully. Well-formulated corporate environmental strategies provide the framework for taking advantage of non-market pressures, as well as market opportunities. The real challenge lies in moving from the formalities, generalities and value statements of a corporate strategy document to the reality of implementation at company and project level. Implementation involves making difficult decisions about the degree to which new initiatives should either be incorporated or kept as separate activities. The speed of implementation and the scope of change across geo-political boundaries are critical issues. However, each company must find its own method and process of strategic implementation, according to the pressures bearing on its unique core business, whether it is finance, IS, the environment or any other such strategic requirements.

Cravens (1998) highlights four topics that he found to be extremely relevant to successful strategic implementation:

3.4.5.1 Topic 1 - Shifting from marketing to a market-driven strategic perspective. The marketing profession faces major opportunities and threats, which have serious implications for strategy implementation. Some forecast a declining role, while others see new opportunities as the market is increasingly recognised as the starting point for strategy formulation. Business designs are increasingly viewed as processes. This view implies that strategy implementation - for example, new product development - becomes process-driven, involving multi-functional teams, and this both strengthens and complicates strategic implementation. As organisations move from a hierarchical structure to managing core processes, their distinctive capabilities are closely linked to market-driven processes such as sales generation.

Three forces affect the successful implementation of strategic market plans:
1. Ownership of the plan.
2. Support of the plan.
3. Adaptation of the plan.

Ownership becomes more complex in team-oriented implementation, but ownership also enhances the process by leveraging the unique skills of team members. Supporting the plan involves gaining organisational commitment towards the strategy being implemented. Functional specialisation works against implementation, and for this reason, team concepts are becoming more popular in strategy design and implementation, placing the ownership of strategic plans with team members. As
organisational learning about the team process occurs, the implementation should be enhanced.

3.4.5.2 Topic 2 – Leveraging modularity to facilitate implementation
One of the major challenges in successfully implementing strategy is coordinating and integrating the activities of participating individuals and functions. Modularity consists of “building a complex product/process/service from smaller sub-systems that can be designed independently but still functions as a whole.” This paradigm has important implications for strategy execution, especially when a network of companies is involved. Strategies (new product design and commercialisation) normally require the combination of several inter-related modules. The logic of modularity as a guide to implementation revolves around the concept of architecture and the interfaces between the modules, which specify how the modules interact. This highlights the importance of detailing the implementation strategy while providing each module with flexibility in terms of performing functions and interfacing via the system architecture.

3.4.5.3 Topic 3 – Recognising the new economics of information
The challenge of competing in the information economy has important implications for strategy implementation. It reduces the ability of organisational units and individuals to monopolise the control of information, as well as the opportunities to leverage or access information quickly in order to reduce the time spent on strategy implementation. The explosion of information from its carrier via connectivity is a major change, which enables companies to go beyond their physical boundaries. Universal, open standards for exchanging information over the Internet facilitate cross-functional teams and change hierarchical structures and proprietary information systems. These new trends in accessing information should enhance strategy execution efforts. The changing economics of information should also help to decrease the time required for implementation. Extensive access to information may offer the advantage of a more complete analysis within a reduced timeframe. Speed is a people issue, as well as a consideration in terms of accessing relevant information quickly.

3.4.5.4 Topic 4 – Adopting new concepts of strategic performance measurement
A strategy that performs well indicates successful implementation. Yardsticks for measuring strategic performance extend beyond traditional financial measures. Companies are adopting the balanced scorecard approach as a tool to measure how well a strategy is performing. This approach provides a promising measurement for evaluating market-driven strategies, as it extends beyond financial outcome measures, incorporates an extended timeframe and creates a framework for strategic analysis and action. Performance measurement provides multiple indicators of how well the strategy is performing. Unsatisfactory performance can be investigated to determine whether the strategy formulation or strategy execution is a problem. The balanced scorecard can be used as a strategic management system, helping managers to evaluate implementation as it occurs and allowing strategies to be modified due to strategic learning. The balanced scorecard requires managers to articulate objectives, measures, targets and initiatives for each category of performance (finance, internal business processes, learning and growth, and the
The creation of a scorecard contributes to the strategy implementation by combining the measures from the four topics described above into a strategic framework that can be used to manage the strategies being pursued by an organisation.

Bourgeois and Brodwin (1984) recommend 5 model approaches that can be used to promote successful strategy implementation:

3.4.6.1 Commander Model
This model addresses the following strategic management question: “How can I as a general manager develop a strategy for my business that will act as a guide for my daily decisions in support of my long-term objectives.” The role of the CEO should be to issue directives from the seat of power. This model assumes that an exhaustive investigation has been conducted before taking action. It also requires that the CEO has power and access to complete information. It relies on economic reasoning and considers political information only if it involves parties outside the company, but who have a direct impact on the company. This model does not consider the viability of an implementation plan or aspects of the strategy associated with time and cost. The commander model uses analytical tools with a primary economic focus, such as growth/share matrices and competitive analysis.

Three factors account for the popularity of the commander model:
1. It offers the chief executive a value point of view, although the value may be limited by the lack of a viable implementation plan, information problems or the incentives used by managers at different levels of the company.
2. The number of processes that a manager must undertake simultaneously is reduced by dividing the management tasks into “planning” and “action”.
3. The model places the strategic planner in a position to influence the company’s objectives and goals.

3.4.6.2 Change Model
This model addresses the following question: “I have a strategy – how can I get the company to implement it?” The CEO applies behavioural science methods to manipulate his company into compliance with the strategic plan. The CEO takes on the architect’s role, designing systems to model and guide implementation. The behavioural science techniques used to increase the probability of successful strategy implementation are the following: the use of structure and staffing to enable companies to prioritise and focus attention on the desired objectives and goals; the changing of systems used for planning, performance management and incentive compensation; and the use of cultural adaptation methods to introduce system-wide change. This model will be more effective than the pure commander model in many organisations in the strategy formulation-implementation cycle, as it provides a set of powerful implementation tools. A strategist now needs political skills in addition to the planning tools described. The team of strategic planners and executive should work together to plan and implement the strategy, and must possess the correct authority and knowledge to do so. The executive should stay actively involved throughout the implementation phase and share the strategy gradually, as each phase is
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3.4.6.3 Collaborative Model
This model attempts to answer the following question: “How can I get my top management to develop and commit to a good set of goals and strategies?” The CEO may use group dynamics and brainstorming methods to get managers with different views to provide input into the strategic process. This model overcomes two key limitations inherent in the previous two models, namely capturing information possessed by executives at the front line of operations, and engaging several key skills and roles at the same time. This model will be advantageous in complex and less stable environments, while the previous two models are better suited to simple, stable environments. One criticism of this model is that it is not a “real, collective” decision-making model because senior managers generally do not relinquish their hold on centralised control.

3.4.6.4 Cultural Model
This model aims to answer the following strategic management question: “How can I get my entire organisation to become committed to our goals and strategies?” The CEO guides the company by communicating and instilling his vision, which supports the mission of the organisation. This should be followed by allowing each individual to participate in aligning his/her work tasks and activities with this mission. The CEO plays the role of coach, but also encourages individual decision-making to determine the operating details for executing the strategic plan. Some organisations may engage in personnel practices such as long-term employment, slow evaluation and promotion of employees, less specialised career paths and consensus decision-making, in order to promote cultural integration. With a group of committed managers and employees, the company carries itself through cycles of product innovation and processes, followed by assimilation and adaption at lower levels. The cultural model has several limitations: it assumes that the staff are intelligent and informed, as most of the companies observed were in high technology industries; if a culture is perceived to be working, judging by the consistency of decisions at all levels in the organisation, it will give the company a false sense of achievement, thereby allowing the company to drift and lose focus. Resistance is seen as defiance, as opposed to true innovation, because a strong culture and shared values (via consistency of beliefs) will reject inconsistency and hinder forward thinking and innovation.

3.4.6.5 Crescive Model
This model addresses the limitations of the previous models, and addresses the following question: “How can I encourage my managers to develop, champion and implement sound strategies?” Here, a balance between autonomous strategic behaviour at the sub-unit level and control at the top is essential. The model examines strategy issues using the principle/agent model, and proposes an alternative to the traditional division of the company into “strategy developers” and “strategy implementers”. This approach requires managers' natural ability in and inclinations towards creating new opportunities as they encounter them in their day-to-day management. This involves “growing” strategy from within the company, and this approach is known as the Crescive model, whereby the CEO assumes the role
of premise setter and judge. This model, as well as its processes and approach, is still in the formative stage, which means that information regarding its advantages and limitations remains undocumented.

According to the application of the expectancy theory, there are three different sources of low to negative individual manager commitment to implementing a particular strategy:

- **Firstly**, there is a perceived inability to execute strategy, as the skills and experience to implement a strategy may be perceived by middle management as being very different from the skills that these managers possess. They perceive a risk, namely that they will not be able to successfully implement the strategy. This risk can result in a low level of commitment. It is the task of general management to establish the cause of low commitment and remedy the problem accordingly, either by increasing the confidence of middle managers so that they can perform successfully, or by providing additional training and development, or by providing additional resource support to supplement the missing skills and expertise.

- **Secondly**, there is a low perceived probability that the strategy will work. This occurs when middle management feels that the proposed strategy is unlikely to work and that the outcomes predicted by general management are not achievable. The critical issue is not “who is right” but “what is right” for the organisation. It is better for a company to pursue the right strategy than to insist on pursuing general management strategies. One of the reasons for employing middle management in an organisation is to obtain insight into their thoughts and experience, and they deserve a “hearing”. Two techniques can be used by general managers who suspect that this type of strategic execution is a problem: they could commit to listening to and understanding middle managers’ positions, so that they can be re-stated to the satisfaction of middle management; and they can identify the risks associated with any strategy being proposed.

- **Finally**, another source of low commitment is the perception by middle management that outcomes will not satisfy individual goals. Middle managers have goals and desired outcomes, which are generally different from general management goals. Middle management decision-making is made in the context of sub-unit goals and personal goals, rather than corporate goals, whereas general management pursues overall corporate goals and personal goals. General management has four ways of obtaining the support necessary to implement its strategy: inducement; persuasion; coercion and obligation. General management should endeavour to use inducement and persuasion, as these result in positive commitment, rather than coercion and obligation. If either or some combination of these approaches does not work, then coercion or obligation may become the only alternative, short of replacing middle managers. It was concluded that the ability to understand, anticipate and manage the processes required to secure positive commitment to strategy on the part of middle management is an essential general management implementation skill (Guth and MacMillian, 1986).
Fulmer (1990) shares the widely recognised and used McKinsey 7-S model as a useful framework for addressing the HRM role in strategy formulation and execution. This model covers the following areas: structure; systems; skills; style; superordinate shared values; and strategy formulation and execution. There are various ways in which HRM contributes to strategic implementation, such as:

- Helping to understand the structure, systems, staff, skills, style and superordinate values of the organisation, as well as those of its competitors.
- Assisting top management to understand HRM environmental and industrial trends.
- Laying the foundation for the design and administration of structures and systems, which facilitates the execution of strategic plans, i.e. when HR is used strategically to gain a competitive advantage. To achieve this, both technical (inclusive of compensation, organisational design, training, labour law and negotiations) and managerial skills (the ability to think and act strategically) are needed.

Future HRM courses and programmes should include a more managerial focus, and students must be encouraged to seek work early in their careers in key functional areas, not only in HRM roles. As HRM professionals progress in their careers, they should spend more time reading non-HRM journals and attending non-HRM conferences, in order to broaden their scope and knowledge of other business activities. HR managers must develop the ability to contribute to creating a sustainable competitive advantage for the overall organisation. Although Verweire and Berghe (2004) concur with these HRM views, their focus on how HRM plays a role in successful execution of a strategy emphasises the following 4 key domains that have equal importance:

3.4.7.1 HR as an administrative expert
HR should incorporate administration and infrastructure, in order to produce and deliver efficient HRM processes for staffing, training, remuneration, succession planning and promotions. HR staff will create value and structure by continuously exploring and enhancing the HRM process.

3.4.7.2 HR as a champion
Employees’ contributions could be enhanced by HR involvement in the day-to-day problems, expectations and needs of the staff. HR could become more active and aggressive in developing intellectual capital for the company’s immediate and future goals and objectives.

3.4.7.3 HR as a change agent
HR could add value to an organisation through transformation management. It could assist by identifying and implementing the required change processes needed for transformation. HR could be both the catalyst and protector for the company’s cultural transformation, in order to assist it to improve its design and implementation initiatives.

3.4.7.4 HR as a strategic partner
HR should focus on aligning its strategies and practices with the overall business strategies. This could assist a company in three ways: firstly, to help the company adapt faster to internal and external environmental changes, due to the time lapse between conceptualising and implementing a strategy being reduced; secondly, customer satisfaction could be increased, as the company focus is more on clients, based on specific models and actions; and finally, the company could improve its financial results because the strategy can now be implemented more effectively.

Another view supported by Verweire and Berghe (2004) is the use of an integrated approach to strategic alignment, in order to attain better integrated performance results. Strategic alignment should be the process that links the organisation’s strategy, management and operational systems. This creates an integrated performance management system, which identifies essential components of the management and operational systems, in order to narrow down the underlying behaviour problem and thereby overcome problems that a company faces when implementing performance improvement projects. Maturity alignment should be assessed to develop and communicate challenging goals, but if a company is not ready or mature enough, these goals become hollow slogans that ultimately fail to serve the company. Figure 3.7 below depicts the 5 components of integrated performance management that must be aligned with both the strategic perspective and maturity level of an organisation. To align performance with a company’s strategic goals requires aligning a company’s strategy with performance, as well as determining the optimal maturity level for the organisation. This depends on the extent to which the organisation is able to monitor and manage risks created by its most valued stakeholders. A company that is highly vulnerable to some of its core stakeholders needs a more mature performance management system. Performance management can therefore be redefined as the ability to be both sustainable and flexible at the same time. The theory states that an organisation’s degree of flexibility and sustainability depend on its maturity level.

Only high maturity organisations are able to combine these two extremes. Organisations in the start maturity phase are flexible but lack sustainability, while organisations in the low maturity phase often lack flexibility. The main challenge for the organisation, when moving from low to medium or high phases of maturity, is to build flexibility while maintaining the sustainability that they have achieved.
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**Figure 3.7: Maturity alignment: a new dimension to integrated performance management** (Verweire and Berghe, 2004)

Hambrick and Cannella (1989) summarise the levers of successful strategic implementation as follows:

3.4.8.1 Early use of levers
Once a strategist has secured various inputs, agreed on a new strategy and assessed major issues, he or she is ready to commence with substantive implementation actions, and this depends on situational specifics. Research has found that the effective implementer makes use of levers such as resource commitments; sub-unit policies and programmes; and structure and rewards within the first three months of communicating the new strategy. These levers are generally re-configured as more detail and insight regarding the new strategy is obtained.

3.4.8.2 Resource commitments
All new strategies require some type of resource allocation and many new strategies require the acquisition of new resources, making the relocation of resources an essential aspect of the success of the new strategy. Many strategies are said to fail because resources are not allocated in a timely manner at the outset, in line with the new strategy’s direction.

3.4.8.3 Sub-unit Policies and Programmes
A business’ strategy must be translated into tangible actions plans within various SBUs, functional areas, product groups or regions. Sub-unit policies and programmes form the components of the strategy, helping to implement it and reinforce and strengthen the competitive advantage.

3.4.8.4 Structure
The new strategy normally calls for a reorganisation of the company, which generally involves a change in groupings, the hierarchy being flattened, and more and better lateral relationships being established. Importantly, the day-to-day flows of
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information and decision-making will be transformed. A business should strive to create the information system and decision-making process so as to maximise the likelihood of success for the selected strategic theme of its customised product/service offering.

3.4.8.5 Rewards
Companies generally overlook the impact of incentives and rewards in strategic implementation, and this may have far-reaching implications, as they form the basis for redirecting the efforts of individuals. Rewards can be formal, such as incentive schemes, promotions or commissions, and can be informal, such as a “pat on the back”, sense of pride or enthusiasm. There are times when a business unit is forced to operate within the boundaries and guidelines of the corporate compensation policy, thereby decreasing the degree of reward discretion available to a manager. This restriction can be overcome by the creativity and insight of managers, in order to motivate key employees to support the implementation process.

3.4.8.6 People
It is via the aptitudes, values, skills and individual contact at all levels of an organisation that a strategy becomes successful. To bring about the necessary changes required to successfully implement a strategy, the replacement of individuals, acquisition of new resources for the team, training and development programmes and finally, personal coaching and counseling, are options that are available in most organisations.

The five levers of resource commitment, sub-unit policies and programmes, structure, rewards and people form the strategist’s execution armour. The need for integrated action on all five fronts should not be delayed until the last detail can be put in place, as such a detailed plan will take too long to develop and will undergo several changes and modifications as time passes and more information comes to the fore. It is recommended that a strategist simply be aware of the many implementation levers at their disposal, make early critical changes in the levers when called for i.e. initial broad–gauged burst of ideas, innovations and assumptions across all levers, and then follow this up with appropriate reinforcement and fine-tuning.
3.5 Summary

Raps (2004) summarises the views of many of the authors reviewed for this case study. Some managers consider strategy implementation to be a strategic afterthought. There is a place for creative chaos in strategy formulation, but strategy implementation demands discipline, planning, motivation and control processes. The implementation process normally requires more energy and time than the mere formulation of a strategy. An efficient strategy implementation has a great impact on a company’s success. A well-formulated strategy can only generate a sustainable value-add for the company if it is implemented successfully. Therefore, regardless of the intrinsic merit of a strategy, it cannot succeed without an effective implementation process. Frameworks, models, tactics, KSFs and levers merely serve as a guide to successful strategic execution.

The emerging model for multinational organisations is a flexible enterprise. Greater volatility is notable in global markets due to changing economies, growing competition and evolving technology. Companies are expected to respond to these dynamics in a timely manner. As more multinational companies adapt to such changes and implement flexible enterprises, it is important to align control and measurement systems with strategic goals. The 3 most important adjustment strategies are: tactical decision-making, in order to be more decentralised while strategic control remains global; technology, to become an internal driver of globalisation through real-time considerations; and organisational structure, which needs to be flattened and focused in order to shift to entrepreneurship. Companies are becoming more reliant on employee knowledge, and this will enable companies to use integrated, real-time systems to manage performance evaluation, strategic planning and strategy implementation (Barsky and Bremser, 1999).
4 CHAPTER 4 – Research Methodology

4.1 Introduction

In this chapter, the researcher describes the research methodology chosen to address the research problem in this study, namely ‘To investigate the criteria that lead to successful implementation of strategies within the banking industry’. The research methodology and design will impact directly on the quality of the research findings (David, 2008). Yin (1994) describes a research design as the logic that integrates the data to be collected (and the conclusions to be drawn) with the initial questions and objectives of the study.

The research methodology discussed in this chapter includes the aim and objectives of the study, the research strategy, sample design, quality criteria, ethical considerations, limitations, delimitations and assumptions of the study, in order to achieve the objectives of the research.

4.2 Aim and Objectives of the Study

The aim of this study is ‘to investigate the criteria that lead to successful implementation of strategies within the banking industry’. The research objectives are as follows:

1. To investigate how Retail Bank defines its strategy to include the corporate level, business unit level, functional and operational levels requirements of the bank.
2. To determine who, in Retail Bank, is accountable and responsible for ensuring that strategies are implemented at the corporate level, business unit level, functional and operational levels.
3. To determine how Retail Bank measures the success of a strategy and over what duration.
4. To determine whether or not Retail Bank’s implementation of strategies is influenced by the financial industry (constraints or enablers).
5. To explore the factors in Retail Bank which have been proven to lead to the successful implementation of a strategy.

4.3 Research Strategy

The research strategy explored the research objectives within a real-life context through the case study. It enabled contextual conditions to be identified, as well as the processes that were essential to the research at hand.

Yin (1994) defines the use of the case study method as the essence of or central tendency to illuminate a decision or set of decisions, looking at why they were taken, how they were implemented, and with what results. Yin’s definition is adequately related to the research objectives identified for this study.
4.3.1 The Case Study
The case study was conducted as a single case study because the research focussed on a single company, namely Retail Bank.

According to Yin (1994), case studies can be defined by 3 different strategies and can be executed as a single strategy or combination of these strategies:
   a) Exploratory
   b) Descriptive
   c) Explanatory

Ziqubu (2007) explains that the exploratory study is one which has not been previously undertaken, in which a researcher is attempting to obtain new insights and new understandings. The exploratory study could be as broad or as narrow as the researcher requires, and includes every conceivable idea that may affect a detailed perusal of the topic. An exploratory study utilises a loose structure, with the objective of discovering future research tasks and approaches. An exploratory study is said to be extremely useful when the researcher is unable to foresee the problems to be encountered during the course of the study.

This study had not previously been conducted at Retail Bank and presented a possible set of unforeseeable problems which, based on the preceding discussion, fit the mould of an exploratory case study.

4.3.2 Research Paradigm
Leedy & Ormrod (2010) explain that the case study is a type of qualitative research in which in-depth data is gathered relative to a single individual, programme or event. The purpose of a case study is to initiate learning with regard to an unknown or poorly understood situation. A qualitative study is an inquiry process that is based on building a complex and holistic picture, which is formed with words. It provides detailed views on informants and is generally conducted in a natural setting (David, 2008).

The research paradigm selected for this study is the qualitative research paradigm.

4.3.3 Method of Data Collection
Yin (1994) states that to date, the evidence for case studies appears to come from six sources: documents, archival records, interviews, direct observations, participant observations, and physical artefacts.

In this study, three data sources were used:
1. Interviews - interviews was structured and qualitative in nature:
   - Semi Structured Interviews
     A formal questionnaire was used to elicit responses to a fixed set of questions. When the participant elaborated or diverged into related information, allowing more insight and data to be obtained with regard to the research objectives, this was
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accommodated. When the participant digressed from the research objectives, the researcher gently but firmly re-focussed the conversation.

• Qualitative Interviews
These were focused, open-ended interviews that assumed a conversational manner to elicit relaxed responses (both factual and opinions) from the research participants. Qualitative interviews proved to be useful as a means of probing into the operations of Retail Bank, as well as to obtain the names of people and other sources of information that assisted in the completion of this research.

2. Participant Observation
The researcher is an employee of Retail Bank (for the last five years) in the role of strategic programme manager. She has the opportunity to document all related experiences as part of the study. As one of Retail Bank’s programme managers, the researcher is responsible for implementing projects which, in theory, should be aligned with Retail Bank’s formulated strategies.

3. Physical Artefacts
Relevant Retail Bank and Bank X documentation was also used as a point of reference for the case study. For example, the executive summary strategy document on Bank X; the history and success of Bank X’s initiatives; intranet communication to keep all employees informed or updated on the successes achieved or progress made, and the confidential Retail Bank Leader Shift Conference strategy document, which was shared with the executive management of Retail Bank in January 2011 (date for publication has not yet been disclosed).

The three principles of data collection methods was used to guide the data collection process:

• Use of multiple sources of evidence
• Creation of a case study database
  Maintenance of a chain of evidence (Yin, 1994).

Interviews, participant observations and relevant Retail Bank documentation formed the multiple sources of data evidence. The most important advantage of using multiple sources of evidence is the development of converging lines of enquiry, which is also referred to as triangulation (Yin, 1994).

All notes, documents, evidence and questionnaires were captured and converted into electronic computer files. This constituted the case study database. Yin (1994) suggests that the researcher maintains a chain of evidence so that the reader will be able to follow the derivation of any evidence, ranging from the initial research questions to the ultimate case study conclusions. The case study database used in
this study is named, dated and saved electronically, in such a manner that it clearly reflects the chain of evidence.

4.3.4 Design of Interview Questions

This section describes how the questions were designed for both the semi-structured and qualitative interviews. During the interview process, participants were encouraged to share a number of views and ideas, while the researcher remained an active listener. Accurate and detailed recordings of results followed, without the use of audio or visual recordings, in order to protect the participants’ right to privacy and create an atmosphere of naturalness and relaxation.

The interview questionnaire comprised three main categories, namely: Retail Bank’s current strategy formulation process; the implementation of current strategies and their performance measurement; and finally, how effectively strategy formulation and execution is communicated to all employees. Each category was aligned to a specific research objective, which was investigated during the course of the interview. Table 4.1 below illustrates how each research objective maps to a category forming part of the interview questionnaire.

<table>
<thead>
<tr>
<th>Interview Categories</th>
<th>*Research Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Retail Bank’s Current Strategies and Strategic Formulation</td>
<td>X</td>
</tr>
<tr>
<td>Implementing Strategy and Measuring Strategic Performance at Retail Bank</td>
<td></td>
</tr>
<tr>
<td>Communication of Strategy at Retail Bank</td>
<td>X</td>
</tr>
</tbody>
</table>

*Refer to section 4.2 for a detailed description of the research objectives.

4.3.5 Data Analysis

The researcher adopted the approach used by other exploratory studies, such as the study conducted by Ziqubu (2007). A five-phased analysis cycle was used to interpret and integrate the data, as suggested by Yin (2011).
Figure 4.1: The five phases of analysis and their interactions (Yin, 2011)

- Compile Database Phase – by making use of study notes, relevant documents, evidence and interview responses.

- Disassemble Data Phase - compiled data was broken into smaller fragments/pieces.

- Reassemble Data Phase – the disassembled fragments/pieces of data was re-organised into different groupings, sequences, subjects, patterns and headings, as applicable.

- Interpret Data Phase – the re-assembled material was used to create a new narrative, with accompanying tables and graphs.

- Concluding Phase – conclusions were drawn from the entire study conducted.

4.4 Sample Design

4.4.1 Sampling Method

Ziqubu (2007) defines a population as an entire group of persons or objects that is of relevance to the research, and which meets the criteria that the researcher is interested in studying.

Purposive sampling was used to provide the most relevant and comprehensive data required for the study. The majority of employees at Bank X and Retail Bank are not
involved in strategic formulation or implementation. This research sample was restricted to those Retail Bank employees who are directly responsible for defining, executing or evaluating strategy within Retail Bank.

4.4.2 Research Population
This study was a single, exploratory case study about Retail Bank. Retail Bank has in excess of 14000 employees. Due to the complexity of Bank X Group’s organisational structure, its present target operating model and enormous employee base, it was decided to limit this study to Retail Bank in Gauteng (see Figure 1.1). This study targeted individuals who are perceived to add value to the study. These included employees within executive management who are responsible for crafting and executing strategy, senior management involved in strategy or project execution, business architects, the project office, which controls governance and budget, and finally, certain members of the project/programme environment, who deliver strategy on a day-to-day basis.

4.4.3 Sample Size
The sample size was restricted by budgetary and time constraints, as well as resource availability. Retail Bank employs approximately 250 people in the project and change environment, 10 people in the business architecture area, 4 relevant senior management staff (COO for Change; Head Strategist of Retail Bank; Head of Retail Bank Project Office and Head of the Project Area). Interviews were conducted at the following levels within Retail Bank:
- Executive management (chief operating officer, head strategist, head of certain BUs, head of the project office).
- Senior management (head of change areas, head of IT, senior members of architecture, design, delivery and execution).
- Middle management (IT, business programme managers, senior analysts and project managers).

This study aimed to conduct 30 face to face interviews with 10 members from each of the areas or levels listed above.

4.5. Ethical Considerations
Leedy & Ormrod (2010) identify four categories of ethical issues. Each category has been critically analysed and assessed before being incorporated in this research, in relation to the needs and purpose of this study.

4.5.1 Protection from Harm
This category was excluded from this study. Although this study involved human beings, the planned interviews within Retail Bank did not place any participants at risk (physical, social, economic, legal, psychological or dignitary harm) other than the normal, known risks of day-to-day employee-work relationships.
4.5.2 Informed Consent

Appendix 1 (section A) clearly emphasises the fact that any participation in the study was strictly voluntary: each participant was informed of the nature of the Retail Bank case study; only participants who gave their consent to participate formed part of the sample (that is, only voluntary respondents formed the sample population); and importantly, every respondent was given the option to withdraw from the study at any time. When sharing information on the nature of the study, care was taken not to disclose too much information, in order to avoid influencing the responses given. However, sufficient information was provided to enable Retail Bank staff to make a reasonable, informed decision regarding their participation.

4.5.3 Right to Privacy

The names and details of all participants remained confidential throughout the study. To maintain the right to privacy, no audio and video recordings were used, as this is seen as an invasion of privacy and makes respondents uneasy. Written records of each participant’s responses were recorded and kept for further confirmation and verification. At each interview, the respondent were requested to complete an informed consent form (see Appendix 1- section A), in order to verify data and the results. The results were collated and reported in such a manner that its content will not be traceable back to an individual participant.

4.5.4 Honesty

The researcher is committed to collating and reporting all findings openly, honestly and completely. The researcher did not manipulate or mislead the participants in an attempt to influence the results. The researcher is dedicated to ensuring that the interviews conducted, data analysed and results collated are accurate and fair. All sources of information were fully acknowledged either as the respondent’s views, company specific documents or material published by other researchers and scholars.

4.6. Rigour

This study endeavoured to be thorough and precise in terms of data collection, data analysis and reporting. The researcher is committed to remaining objective and upholding the integrity of the study by enforcing the ethical considerations listed above.

4.7. Validity and Reliability of Data

Yin (2011) states that a valid study is one that has efficiently and effectively collected and interpreted its data, in such a way that the conclusions are accurately reflected and represent the real world (or environment) that was studied. This study did not use statistical tests to verify the validity of the data collected or the method of data collection. The validity of a measurement instrument is the extent to which the instrument measures what it is actually intended to measure (Leedy & Ormrod, 2010).

Semi-structured interviews do not lend themselves to replication and generalisation, but the researcher established that this study is related to existing theory.
Triangulation was used to achieve validity and reliability in this study – this involved comparing multiple sources of data and data collection methods, procedures and strategies, as described in sections 4.3.3 and 4.4.3 respectively, checking for common themes in collected data. The interview questions were shown to the research supervisor and two of the researcher’s colleagues at Bank X. The interview questions were modified, as per their comments, in order to enhance the validity of the interviews. To further increase the validity of the study, the researcher selected key players to participate in the study, provided they agreed and gave their consent to participate. Finally, the researcher shared the results with key participants, in order to determine if they agree with the conclusions. This gave an indication of the validity of the results.

The reliability of this study was ensured by using the same interview questions and guidelines for all respondents. Furthermore, two respondents were selected for the test-retest check, which involved repeating the same interview with two participants. The use of different instruments (semi-structured and qualitative interviews, appropriate company documentation and participant observations) also enhances the reliability of the study. The results obtained with each instrument were compared for common themes and patterns.

4.8. Limitations and Delimitations

4.8.1 Limitations

This study was conducted as a case study of Retail Bank within the financial industry. As such, the findings cannot be generalised to all banks within the banking industry because of the following: proprietary information, which can be confidential and competitive in nature; different ways of working; unique internal and external strengths and weaknesses, and so forth.

This study was required to be conducted and concluded within a specific period of time, for the academic year of 2011. This imposed a strict limit on the time that can be spent on the research design, collection of data, analysis of data and drawing of meaningful conclusions. Therefore, cost and time constraints were naturally be applicable.

Retail Bank sponsored the application and completion of the researcher’s MBL studies. It therefore has the right to agree to the research topic and the requirement of “company” participation in terms of the following: approval and buy-in from appropriate executive management for the research to be conducted; permitting interviews to be conducted with the appropriate company respondents; and allowing proprietary and competitor information to be divulged. This study does not investigate or define any control elements to be used when investigating and analysing Retail Bank. Hence, benchmarking and testing of data and results against any control measure did not occur.

The researcher introduces subjectivity and bias into the interview and observation stages of data collection. The researcher is employed at Retail Bank as a programme manager, whose main job function is to lead a team to ensure that projects and
programmes within a specified portfolio are successfully implemented. The sample technique used also adds to the research bias, as the sample was selected purposively to facilitate case study research. Only key people in key roles employed at Retail Bank can provide insight and information regarding the research problem being investigated. To overcome the subjectivity and bias and introduce a level of internal and external validity, interviews (semi-structured and qualitative), participant observations, and relevant company documentation was used.

4.8.2 Delimitations

This study was conducted within the banking industry in Bank X Group. Due to the complexity of Bank X Group’s organisational structure, its present target operating model and enormous employee base, it was decided to limit this study to Retail Bank in Gauteng (see Figure 1.1). The research method selected was qualitative, using the case study technique. Informal interviews were conducted with relevant staff members to initiate the research and obtain a feel for how to structure the research and who should be part of it. Formal and well-designed interviews formed the crux of the data collection instruments. The sample size was carefully selected to minimise the effects of researcher subjectivity and bias, and also to ensure that the respondents interviewed were relevant to the research area under study.

Important exclusions to be noted are the following:

- No comparison was made and conclusions drawn between banks or any other financial organisation in terms of how each implements or executes individual strategies.
- This study only analysed Retail Bank’s implementation of strategies, in order to determine what leads to successful implementation of strategy within the banking industry. Based on the findings, recommendations were made. This study did not focus on the formulation of Bank X or Retail’s strategies, as the assumption is made that well-formulated strategies are a prerequisite for any strategy execution.
- This study only focused on Retail Bank and excludes The Holding Company Group, Bank X Corporate and Commercial Banking, Bank X Investment Banking, Bank X Bank-assurance and any other Bank X Group activity or entity, such as Bank X Corporate Real Estate.

4.9. Assumptions of the Study

This study makes the following assumptions:

1. Retail Bank will authorise and approve its use as a case study for this research.
2. Selected respondents will be willing participants and avail themselves for this research.
3. Retail Bank has formulated and executed strategies to date, in order to enable the research objectives to be achieved.
4. There is evidence either from documentation or via key staff members’ accounts of factors that have led to success and failure with regard to the execution of a strategy.

5. Bias introduced by the following is acceptable in this case study:
   • Presence of the interviewer
   • Sample design (case study)
   • Quality and type of semi-structured and interview questions
   • Quality and type of relevant Bank X documentation
   • Quality and type of participant observations
   • Ability of selected respondents to answer questions completely.

4.10. Summary

This chapter outlined the research methodology, research design, data collection and data analysis methods used in this case study. The researcher endeavoured to maintain a high quality by using the different validity measures outlined above. The scope of this study was determined through its limitations and assumptions, and taking the constraints of time, cost and practicality into account.

In the next chapter, the findings of the case study will be presented in the form of reporting and interpretation of the results obtained through the use of the research methodology and measurement instruments described above.
5  CHAPTER 5 – Analysis and Findings

This study was conducted using the qualitative methodology mentioned in the previous chapter. The research results related to the five research objectives are presented using the three measuring instruments described below. The responses to each of the instruments and the interpretation of the results are included in this chapter.

5.1  Discussion of Measuring Instruments

The measuring instruments used in this study consisted of three different data collection methods, namely:

- Interviews (both informal /semi-structured and formal/qualitative in nature)
- Participant Observations (the researcher is employed at Retail Bank as a senior programme manager)
- Physical artefacts (documents and intranet communication).

5.1.1  Interviews

Two informal interviews were conducted at the beginning of this study (March 2011). Participants comprised a senior architect and a consultant strategist within Retail Bank. The purpose of these interviews was to determine how researchable the selected topic was as a case study; to obtain background information and direction on Retail Bank’s current strategy, structure, concepts, documents and framework relevant to the research; to discuss who would be most suitable as participants for this study; what method of research would be most appropriate for the target audience; and finally, whether or not the findings of the study would be of value and interest to Retail Bank.

Based on the advice and information provided in the informal interviews and the structure of Retail Bank, in particular within the strategy layer, it was decided that purposive sampling would be most suitable for this study. Respondents were limited to Retail Bank employees who were directly responsible for defining, executing or evaluating a strategy within Retail Bank. The employees selected included executive management, responsible for crafting and executing strategies, senior management, involved in strategy or project execution, business architects, who are responsible for designing action plans and roadmaps to unpack the formulated strategy and plan for its execution at a high-level, the project office, which controls governance and budget issues related to project execution, in line with strategic objectives, and finally, certain members of the project/programme environment, who deliver in terms of the strategy on a day-to-day basis. Structured interviews were conducted within the following layers of Retail Bank from 01 August – 14 September 2011 with 30 permanent staff members:

- Retail executive management (chief operating officer, head strategist, head of certain SBUs, head of the project office) – the total number of respondents targeted was 10.
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- Retail senior management (head of change/implementation areas, head of IT, senior members of architecture, design, delivery and execution) – the total number of respondents targeted was 10.
- Middle management (IT, business programme managers, architects, senior business analysts and senior project managers) – the total number of respondents targeted was 10.

The aim of this study was to conduct a total of 30 interviews with 10 suitable members from each of the areas or teams outlined above. Each selected respondent received an email and a calendar invite (requesting an appointment) highlighting the purpose of the study, the reason for their selection, the interview process and attachments containing Unisa’s SBL letter on behalf of the researcher, the confidentiality letter (Appendix 1 – section A) and the structured interview questionnaire (see Appendix 1 sections B to E). Only 24 respondents accepted the invites requesting a face-to-face interview, thus yielding a response rate of 80%. Out of the 24 respondents, 6 requested that they complete their interview questionnaire and return it via email for one of the following reasons: travelling abroad on business; continuous diary clashes and urgent, unscheduled meetings; or simply having no time but wanting to participate nevertheless.

Therefore, 18 respondents participated in face-to-face interviews, which lasted for an average of one and a half to two hours. All 24 respondents were interested in and eager to participate in the study. During the interviews, they were cooperative and relaxed, regardless of their seniority within the organisation and years and level of experience, which ranged from very senior/board level to senior to middle management. Some respondents believed that their perceptions and views were unanimously supported amongst their colleagues at Retail Bank, while others believed that, depending on the position one holds or role that one plays, one’s perceptions will be influenced accordingly. The participants were thus keen to view the findings of the study. Finally, some of the reasons provided by the 6 respondents who did not participate in the study at all, out of the original 30, were as follows: their diary could not accommodate it due to travel plans; the interview was rescheduled several times, leading to timeslots outside the permitted research period; and one respondent believed that he/she did not have sufficient experience in the role to respond to the questions and add value to the study.
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### 5.1.2 Participant Observations

The researcher has worked at Retail Bank for approximately 5 years as a senior programme manager and has been privileged to work in different business environments (Card SBU, Personal Loans SBU, Micro Enterprise Finance SBU and

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**Figure 5.1** Pie chart illustrating the face-to-face interviews conducted with 18 participants, comprising Retail Bank executive, senior and middle managers

**Figure 5.2** Pie chart illustrating the email response interviews conducted with 6 participants, comprising Retail Bank executive, senior and middle managers
Shared Services. The researcher presently works within the customer cluster of Retail Bank) and under different leadership. A programme manager at Retail Bank is responsible for implementing defined set of projects for specific SBUs (that is a portfolio of projects under a SBU), whereby a project is defined as a piece of work or undertaking that has a definite start and end date, within a set scope of requirements in relation to some change or enhancement that is delivered via a set of necessary skills (a typical project team skill set comprises a project manager/s, analysts, testers, designers and IT resources, among others), and projects are delivered in accordance with a pre-approved budget. Such projects can be either tactical and/or strategic in nature. During her period of employment in this position, the researcher has led project teams comprising 30 members, as well as project teams of 6 to 8 members, and has delivered a total of 24 projects for Retail Bank. Some projects were very large and complex, spanning a year, while others were less complex and were delivered within 4 to 6 months. During this time, the following observations were made with regard to strategy formulation and execution at Retail Bank:

During the first two years of employment, ie. between 2007 and 2008, strategy as a driver was non-existent. If strategy was present, it was known only to executive/board members and did not filter down to senior or middle management for communication or absorption into portfolio and programme plans, which were executed annually. A team of permanent project resources was assigned to each SBU, and the latter was allocated projects according to the specific requirements and demands of that business area. It is possible that the business’s urgency with regard to an idea or project was driven by some strategic intent, but this was not openly discussed or shared. Between 2009 and 2010, each business area/SBU would identify business drivers that projects should be aligned with, in order for project execution to begin. This was very loosely managed and controlled, as each SBU had its own executives controlling both the programme manager and line manager in terms of what it felt must be done and sometimes even how it must be done. In November 2010, the central project office for Retail Bank and Retail Bank’s strategy team started working very closely with one another to introduce the following changes in project and programme delivery and execution:-

- Each SBU was categorised according to 4 channels/sectors in Retail, namely Product, Customer, Distribution and People. Each channel is led by an overall head, who sits at Retail EXCO and board level, together with the CFO, COO, CEO and head of strategy at Retail Bank. The role of cluster heads (CoEs) is to align the strategic intent of each cluster over a 5-6 year period and map year one into a plan of action that is aligned with the established Retail strategy.
- Each SBU ME, SBU COO and so on had to strategise and plan what they intended doing within their specific business area over a 3 year period, whereby year one is critical and gets mapped onto a plan for the SBU, which gets incorporated into one channel plan, now known as the SOPs. All SBU strategic intents are then challenged and ratified according to the strategy and budget for that channel. The channel and its individual SBU MEs decide how this information is translated into project initiatives. Programme managers and line managers assist the individual SBU MEs to divide the SOPs actions into meaningful projects for its area for year one, and at a high level for the
succeeding years. The plan is meant to be reviewed every 6 months. It is at this stage that the information gets passed on to the central project office for execution.

- The central project office and the individual SBUs have undergone many changes since November 2010, such as: head count freeze of middle managers and project managers, change in leaders and line managers (existing and hiring new managers), change in people’s roles, and changes in the ways of working and processes, in order to obtain approval, sign-off, budget and the like. The assumptions by staff in general are that these changes are as a result of executive management being new to their roles (this includes a new Retail CEO and Retail head strategist, as well as a new appointee as head of the project office since November 2010) and not because Retail executives are aligning themselves with the new strategy developed by Bank X Group for the entire bank.
- There is a lot of confusion and perhaps frustration on the ground where project managers, business analysts, heads of change/implementation and programme managers operate, as some changes occur monthly in terms of delivery, roles and even reporting lines, whereby line managers are very careful in their communication and appear to exercise caution in terms of what they communicate.
- With various changes occurring simultaneously, accountability for what gets approved, escalated and debated remains very blurred.
- Frustration also results from onerous processes now being doubled in complexity, as there are new ways of doing things, but the old way is also still in use. In addition, some projects and programmes are very well resourced, while others are struggling along. There appear to be a lot more consultants on the floor and working in each SBU on project level. These consultants come with their own agendas (personal and company interests).
- The central project office is also in the midst of changing its project processes and life-cycle to incorporate a vigorous and intensive design process before a typical project life-cycle is initiated. A myriad of contracting houses, from Accenture to IBM, to name but a few, have been contracted to ensure that this new process and team (likely to remain consultancy- based) sets up this area, its function and value proposition correctly. The design area, in the near future, will assist with complex projects running across different SBUs, helping to make them more efficient from a design, architecture, IT, solution and finance perspective. The intention is to make project execution for complex projects more efficient, faster and more predictable.

The above views illustrate some of the complexities and frustrations that exist in the present Retail environment where strategy is executed. However, among all the change and chaos, there is the promise of new opportunities, and future dynamic ways of working as individuals will, in the future, function in an integrated manner, as opposed to the old/present silo manner, in order to deliver according to a customer-centric view (new strategy), rather than the old product-based view (old strategy). The researcher has only uncovered the reasons for all these changes as a result of the identification of the research topic, structured interviews and available Bank X documentation, and not because the strategic information is common knowledge or...
because this has been well communicated to all levels and employees of Retail Bank. The new Retail strategy has been at various stages of formulation since 2010, and will continue to be an ongoing process over the next 5 to 7 years. Finally, the documentation supporting Bank X Group’s new strategy is easily accessible via the intranet, where as the document outlining the analysis and interpretation of the Group strategy in relation to Retail Bank’s strategy has not yet been published on the intranet. This document was revealed to the researcher during the face-to-face interview conducted with Retail’s head strategist - that is, the Retail Bank Leader Shift Conference strategy document.

5.1.3 Physical Artefacts
From the structured interviews with executive board members such as Retail’s head strategist, chief operating officer and chief information officer, it was found that in January 2011, the leader band of Retail Bank was invited for a week to an off-site location, in order to revise the new Bank X Group strategy of 2009 and convert it into the Retail Bank strategy, which began its strategic formulation phase in 2010. This was described as a continuous, evolving journey for the next 5 to 7 years. The purpose of the conference was to share the new thinking and change in direction for Retail Bank, which is aligned with the Bank X Group strategy communicated in 2009. Although the conference only invited all executive and senior management of Retail Bank, the information, goals and objectives discussed and shared at the conference was meant to be cascaded to all layers, teams and members within Retail Bank. The document referred to was the Retail Bank Leader Shift Conference strategy document, which was presented by Retail Bank’s chief executive officer. Retail Bank has 3 founding principles based on Bank X Group’s customer-focused strategic intent:

1. Balance customer volume with customer value;
2. Create a differentiated customer experience; and
3. Balance customer need and value with cost to serve the customer.

The recipe for sustainable growth was supported by Retail Bank’s capability in terms of the following: customer value extraction; cross-product capability; value-based management; inter-dependent channel management; integration capability; customer experience management; and people and change management. The focus was on enhancing or introducing such capability so that it directly supports the Group’s 4 strategic themes (see Figure 2.3).

The strategic planning process also introduced CSFs that covered both strategic formulation (the strategy should be clear, well understood by all, and there must be buy-in and commitment to the strategy) and strategic implementation (must have a blueprint on which to base execution, as well as the necessary execution capability). These 4 CSFs were further broken down into 13 strategic themes for Retail Bank:

- Understand why the current strategy is not viable
- Understand strategy options
- Understand why the new strategy has been chosen
- Create awareness among the executive team
- Create awareness among general managers
- Create awareness among other management staff
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- Create awareness among the rest of the organisation
- Design principles leading to a sustainable blueprint
- Agree on customer positioning
- Agree on capabilities required
- Agree on a plan of action
- Take people on the journey
- Link the annual strategy and budgeting process

Each leader was tasked to share this communication with all their direct reports and devise plans of action to realise this strategic intent within their respective areas, but in an integrated manner. Retail strategy, Retail architecture and design and the Retail programme office would become very important role players in this new integrative way of working.

The above information is still regarded as highly confidential and has still not been published on the Retail Bank’s intranet.

5.2 Biography / Population (Group vs Retail)

The information gathered thus far from people, documents and the Bank X intranet reveals that Bank X Group and Retail Bank do operate as separate entities, with their own organisational structure, lines of authority, thought leadership, resources and so forth. The guiding principles since 2009 come from one source - that is, Group defines the overarching strategic intent and Retail interprets this and adapts it to suit its businesses and market segments.

On completion of the interviews, it became apparent that Group defines the overall strategy, but not the overall execution plan. Retail takes time to uncover the detail involved in the customisation of the Group strategy into formulated and executable strategic intents specific for Retail Bank. The timeframe for Retail strategic formulation and execution is not definitive, but is an ever-evolving process. For example, there are aspects of the strategy that, since 2011, have been completely formulated, while others are in the beginning stages of formulation, and there are certain aspects of the strategy for which execution has started, while execution is yet to begin in other areas.

The population of Retail Bank’s employees involved in strategic formulation and/or execution in some form or other is 221, which includes senior executives; architects; strategist teams; programme office; project managers, business analysts and programme managers; testers; IT; and process analysts.

Thirty people were selected to participate in this study. The criteria used to select the participants were as follows: they must be directly involved in strategic formulation and/or execution, and must belong to one of the 3 levels of management, ie. executive, senior and middle management.
5.3 Research Results

5.3.1 Responses from Retail Executive Staff Members
(From interview questionnaire)

Face-to-Face and E-mail responses

SECTION B: DEMOGRAPHICS

Current role:
The 6 participants in this category comprised the Retail Bank CEO, COO, Head of Strategy, CFO, SBU (Micro-Enterprise Finance) COO and SBU ME.

Number of years in your current role at Retail Bank:
The average period that each participant had served in the abovementioned roles ranged from 9 months to 33 months.

SECTION C: RETAIL BANKS’S CURRENT STRATEGIES and STRATEGIC FORMULATION

Q1. In your present role, were/are you involved with Retail Bank’s strategies? If yes, how?

All participants indicated their involvement with Retail Bank strategy. The executives representing the SBU level focused mainly on aligning that SBU’s strategic intent and objectives with the Retail Bank’s strategy on a financial, operational and customer level.

The executives belonging to the overall Retail Bank focused on aligning Retail Bank’s strategy with Bank X Group’s strategy, inclusive of development and execution plans. The starting point was cited as understanding the strengths and weaknesses that existed in Retail Bank (“as is” assessment facilitated by both Bank X staff and external consultants), where some of the recommendations were accepted and formed the basis of the Retail strategy.

Q2. Who do you believe is responsible for Retail Bank’s strategy formulation at the corporate level, business unit level, functional and operational levels?

This study revealed that the hierarchical responsibility goes as follows: corporate, functional/cluster/sector, business unit and finally, operational level (not as indicated in the question).

- Corporate level: Retail Bank executives had a deeper insight into and expectation of the responsibilities of the Retail Bank CEO, which include vision; strategic objectives; guiding principles; OM framework; approach; methodology and strategic conscience. The head strategist and executive
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team (strategy team, heads of cluster/sectors and other senior executives from both Retail and Group) are responsible for facilitating and supporting the CEO’s thinking and direction.

The executives at SBU level clearly understood that the Retail CEO and executive board members are responsible for strategy formulation at corporate level, but did not indicate knowledge of the actual deliverables and expectations of the CEO and his leadership.

- Functional/cluster/sector level: Senior Retail Bank executives were very clear about the fact that this was an emerging role, where senior cluster heads are tasked to execute corporate level strategy from 2011 to 2015 (5-6 year period), while also delivering on a vertical or SBU annual commitment.

SBU executives were aware of the new role of head of cluster to drive strategy, both vertically and horizontally. Again, their understanding of the actual delivery and method of execution at this level was vague.

- Business unit level: There was unanimous agreement that the responsibility at this level lies with the SBU ME and his/her business heads to break down the corporate level context into specific SBU strategy and business plans, which translate into annual financial STPs and 3 year MTPs.

- Operational level: Depending on the role that the executive member holds within Retail Bank or Retail Bank’s SBU, each participant saw the responsibility as being either a people, process, technology or infrastructure competency. Only 1 senior executive member defined the responsibility as a functional ability covering specialist functions across people, process, technology and infrastructure.

Q3. Should there be a different accountable or responsible person for strategy formulation at the corporate level, business unit level, functional and operational levels?

There was total agreement that the responsibility for strategic formulation at Retail Bank at corporate, functional, business unit and operation levels should remain with the current roles, i.e. the status quo should be maintained.

Q4. What do you think are the drivers for Retail Bank strategy at the corporate level, business unit level, functional and operational levels?

All members of the Retail Bank executive team alluded to similar drivers. Some participants mentioned drivers on a high level, namely: acting as “one” (brand), increasing shareholder value, balance sheet optimisation, customer satisfaction and staff retention. Other participants identified the following drivers: increasing shareholder value (increase customer value by cross-selling to retain more customers); balance sheet optimisation (balancing customer need and value with cost to serve); customer satisfaction (creating a differentiating customer experience...
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while maintaining optimum return on capital, including constraints such as risk appetite) and staff retention (empowering present staff or hiring new staff to successfully execute on mission critical strategic building blocks).

Q5. Do you know what Retail Bank’s main strategy is?

One respondent cited “Being the number 1 bank in South Africa” as the main strategy of Retail Bank. The rest of the participants understood the main strategy to be a customer-centric focus, which was a move away from the old product-focused strategy. Some executives divided this further into the following: creating a differentiated customer experience (the what); aligning business and operating model delivery (the how); and using interdependent channels to increase product offering and optimise costs (the why).

Q6. What do you consider to be your business unit’s main strategy?

Depending on the role played by the executive member in Retail Bank, the responses differed in terms of a SBU centric versus an overall Retail focus, as follows:

Retail focus – customer centricity supported by overall decision making and thought leadership; coordinated business intelligence (architectural design) and integrated strategy development by sequencing the SOPs as a journey over the next 5 years.

SBU focus – sustainable growth in targeted markets of a SBU; balance sheet optimisation and proactive risk management; working towards becoming a customer and people-centered organisation.

Q7. Is there a difference between strategy formulation and strategy execution?

All respondents vehemently stated that there is a difference between strategy formulation and strategy execution. Some said that it is imperative to have an effective strategy to execute, as a non-executable strategy is not sustainable. Others were of the view that it is easy to formulate a strategy but difficult to get the commitment and capacity needed across all SBUs, in order to execute a strategy. Yet others explained that in Retail Bank, it is not yet understood how to bring formulation and execution together, as Retail Bank has not established an integration model. The corporate, functional, business unit and operation levels must find a way to close the gap between the OM and the strategy that is formulated.

Q8. Do you think that Retail Bank’s current strategy makes Bank X competitive in the financial sector in South Africa? If not, what should Retail Bank be doing differently?

All participants responded positively, viewing Retail Bank as competitive in the financial sector in South Africa. However, depending on the role of the executive member in Retail Bank, different reasons were cited as follows:
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- SBU executives attributed this to Retail’s large footprint (800 branches country-wide) and its strong dominant brand. This has not been jeopardised thus far, but neither has this been exceeded.

- Retail executives attributed this to Retail Bank being able to keep abreast of its competitors and simultaneously excel in certain market segments. In addition, the new strategic actions now support the overall strategy, which will only be delivered in 2015 and can therefore only be assessed post-2015. In the interim, Retail Bank has devised some optimisation actions (such as technology upgrades and diverse product features) to yield benefits, in order to keep up with its competitors.

Q9. Who would you regard as being the main decision makers in terms of Retail Bank’s strategy?

Most responses revealed that the Retail Bank CEO is accountable. Some cited the Retail head strategist as the enabler, while others believed that various senior EXCO members at Group, Retail Cluster and Retail SBU level are responsible.

Q10. Do you think that it is important for Retail Bank to have a strategy? If yes, why?

Every respondent acknowledged the importance of having a strategy, and many similar or related reasons were provided in this regard:
  - A strategy is important because it gives one a target to work towards.
  - It enables Retail Bank to remain relevant and sustainable.
  - It provides a framework for delivery and creates a measure of success.
  - It gives effect to the overall group strategy and a way to align individual SBUs and ensure automated tradeoffs.

Q11. List the factors that you think will lead to Retail Bank’s successful strategy formulation?

Two respondents emphasised that Retail Bank’s present strategy formulation is a journey that can only be fully appreciated after 2015. In general, the CSFs for the successful formulation of a strategy include the following:
  - Understanding the markets and underlying businesses well, due to Retail Bank’s market share and advanced analytical capabilities.
  - Delivering according to shareholders’ expectations and facilitating the customer-centric strategic view (through CEO, functional and SBU buy-in and commitment).
  - Appointment of a mandated strategic custodian.
  - Regular checkpoints and responsible measuring.
  - Interim milestones.
  - A well-defined and communicated OM.
  - Structuring the executive layer into a functional value chain.
  - Realistic operational plan.
  - Publishing and communicating the strategy via the CEO and team.
Q12. List the factors that you think will lead to failed Retail Bank’s strategy formulation.

The respondents provided various reasons why they believed that strategy formulation had failed to deliver in the past, such as the following:

- The existence of past economic teams (such teams no longer exist), which supplied in accurate information, leading to poor anticipation of market behaviour.
- Taking a short-term view, rather than a long-term view, of strategy.
- Prioritising and focusing on short-term returns over long-term strategy.
- Using incorrect measures to evaluate strategy.
- Lack of CEO and other senior mandated officers’ support.
- Lack of skilled strategic practitioners and no central Bank X Group strategic office to play an integrative role across all Retail Bank’s entities (see Figure 1.1).

SECTION D: IMPLEMENTING STRATEGY and MEASURING STRATEGIC PERFORMANCE AT RETAIL BANK

Q1. How often does Retail Bank re-align its strategy or introduce a new strategy to improve its competitiveness in the financial sector?

One respondent believed that this was constantly evolving, whereas the rest viewed it as a 3-5 year roadmap at the corporate level and a 1-2 year plan at the SBU level. This is also dependent on leadership changes and/or market conditions, which may call for a change in strategy sooner or later than the time periods indicated.

Q2. Is there a difference between strategy formulation and execution?

All participants referred the interviewer to Section C, question 7.

Q3. What measures does Retail Bank use to determine whether or not a strategy has been implemented successfully?

The executive management considered the following performance measures of strategy implementation to be important:

- Assessment of financial numbers at SBU and cluster level of Retail, which must link back to strategic targets directly associated with STP and MTP.
- Individual business cases that each project must create, illustrating the costs and benefits, as well as alignment with strategic objectives.
- Investor community review strategic plans and performance, mainly through the financial figures. They voice their concerns immediately if things are not moving in the intended direction.
- Achieving strategic objectives should be directly embedded in the performance management contracts of senior managers, so that failures are transparent, and in order to introduce some level of consequence management.
Successful Criteria for Implementing Strategies within the Banking Industry

- Every 90 days, the executive team attends a session to evaluate progress made against commitments and plans (SOPs – with all Retail’s strategic initiatives for 3 years, with a special focus on year one). The SOPs is a living document whose content can change if new information is discovered. However, the responsible manager(s) must be able to clearly substantiate the need for the change.

Q4. At Retail Bank, what factors do you think have led to successful strategy implementation?

Different factors were mentioned, but are related in output, such as the following:
- Retail Bank has a general culture of delivery – a “get things done” mentality.
- The top structure defines and instructs, while enablers implement their wishes, not questioning the status quo.
- Commitment from Bank X Group and sponsorship from key leaders in Retail Bank.
- Linking of individual performance to strategic objectives and good communication of overall strategy at all levels of the organisation.

Q5. At Retail Bank, what factors do you think have contributed to failed strategy implementation?

Two interviewees agreed that Retail Bank’s time taken to reach the market is too long, due to the following:
- Retail Bank’s over-compliance requirements.
- Too many bosses.
- Decision making capability does not reside within the SBU.
- Processes to effect change are long-winded and complex.

The factors mentioned by other interviewees in this regard were as follows:
- Hero leaders who are not aligned with the overall strategy.
- SBU initiatives that supersede the organisational strategy and goals.
- Poor planning and execution.
- Instances in which business cases for project initiatives are 25% accurate and key decisions are made.
- Lack of embedded architectural capabilities.
- Non-existence of benefit tracking.
- “Old” silo mentality in terms of execution.
- Lack of consequence management when things go wrong.
- Lack of people’s ability to change.

Q6. What should Retail Bank stop doing in order to facilitate future success in strategy implementation?

The views in this regard differed between Retail Bank and SBU executives:
Successful Criteria for Implementing Strategies within the Banking Industry

- Retail bank executives: Advised against the creation of STP plans (12 month plans) and suggested that the focus should be on LTP. In addition, they said that hero leaders should not be permitted to derail the overall Retail strategy.

- SBU executives: Advised against being risk averse (allow a SBU to innovate, SBUs should not be disempowered in terms of making decisions, and the creation of additional layers of governance resulting in duplication should be stopped).

Q7. What should Retail Bank continue doing to facilitate successful strategy implementation?

One participant indicated that communication must continue as is.

Some respondents suggested that Retail should continue to innovate. Talented or skilled people must be retained, making use of the existing talent management programme.

Q8. What should Retail Bank start doing to facilitate success in strategy implementation?

The responses varied but were related in terms of intent, as follows:

- Give more accountability to the SBUs and MEs.
- Risk aversion should be driven by the SBU and not as a Group or Corporate function.
- Get overall buy-in at all appropriate levels for the strategic intent.
- Set long-term targets, as opposed to short-term deliverables.
- Align SBU deliverables with the Retail strategy in a realistic manner.
- Create appropriate operational frameworks to enable strategy to be executed at process, people and technology levels.
- Stick to the 2015 growth plan and ensure stability in executive structures.
- Introduce an integration capability by closing the gap between new idea generation and programme execution.

Q9. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the corporate level?

All of the responses pointed to the Retail Bank executive structure for accountability, but differed in terms of the actual role accountable for corporate strategy implementation. Some viewed only the Retail COO as being accountable, while others regarded both the Retail COO and CEO as accountable, and yet others viewed all employees as being responsible for strategy implementation at corporate level.
Q10. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the business level?

All of the responses pointed to the individual SBU ME and his/her SBU heads. One respondent also included the cluster heads for overall business level accountability, and another respondent viewed all Retail employees as being responsible for strategy implementation at the business level.

Q11. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the functional level?

All respondents agreed that the head of each cluster/sector has overall accountability at functional/sector level, while the SBU MEs and their heads have a responsibility to support strategy implementation at this level. In addition, one respondent viewed all Retail employees as being responsible for strategy implementation at the functional level.

Q12. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the operational level?

One participant stated that the heads of specialist areas such as IT and HR are accountable for strategy implementation at operational level, but that such accountability is not divided into corporate/business/functional/operational levels, but runs in parallel and tandem.

One respondent felt that all employees are responsible for strategy implementation at operational level. The rest of the participants indicated that SBU MEs are responsible for operational strategy implementation, and that the SBU EXCO is accountable for such implementation.

SECTION E: COMMUNICATION OF STRATEGY AT RETAIL BANK

Q1. What is the current method of communicating strategy at Retail Bank, and who is responsible for this communication?

Responses indicated that some form of communication does occur via various media and channels - examples cited were email, intranet, publications, sms, work sessions, podcasts and road shows.

There were different views regarding who is responsible for the communication of strategy, ranging from leadership in general to all managers to the Retail head of strategy and his/her team. There was also the view that the heads of each cluster/sector are responsible for communication.
Q2. How can the current communication of strategy be improved in order to create alignment within the organisation?

Here again, the views on how to improve strategic communication and alignment in Retail Bank differed somewhat. One respondent felt that co-ordination and sequencing must be improved via journey/integration management, in order to sequence and prioritise communication and corresponding action so that the golden thread is visible.

Some participants indicated that more intensive use of media, such as podcasts and road shows, is needed, and that this must be driven by all levels of leadership, including line managers, general managers, team leaders and resources.

One respondent believed that communication and alignment in an organisation can be improved by identifying the right “change agent” in the employee base, regardless of his/her level within the organisation, and empowering such agents to drive strategy from the bottom up, as opposed to the top down.

One respondent did not provide an answer to this question (from email responses).

Q3. Did communication play an important role in the successful implementation of strategy within Retail Bank?

All participants strongly agreed that communication played an important role in the successful implementation of strategy at Retail Bank.

Q4. What role did communication play in the failed implementation of strategy within Retail Bank?

One respondent did not answer this question (from email responses).

All remaining interviewees agreed in general that if communication is poor or lacking, then strategy implementation is likely to fail. Some explained that a good strategy can get lost in translation if communication results in the sending of incorrect or mixed messages. The recipients of such communication will then make inferences with regard to strategy that are not correct, and this could lead to a failed implementation or poor results.

5.3.2 Responses from Retail Senior Managers
(From interview questionnaire)

Face-to-Face and E-mail responses
SECTION B: DEMOGRAPHICS

Current role:
The 9 participants in this category comprised the Head of Enablement (Self Service Channels); IT Portfolio Manager; Head of Strategy Formulation and Planning within Personal Loans SBU; COO of Customers (cluster/sector); Head of Change for...
SECTION C: RETAIL BANKS’S CURRENT STRATEGIES and STRATEGY FORMULATION

Q1. In your present role, were/are you involved with Retail Bank’s strategies? If yes, how?

The involvement with Retail strategies varied here, depending on the role and job description of each participant.

One participant had limited involvement in Retail strategies, as the SBUs are the customer to this participant, and the alignment of the SBU strategy with the technology strategy is the responsibility of the CIO of Group technology. One participant was fully involved in strategy development and facilitation sessions within his SBU, as this formed part of his performance objectives. The participant was also directly involved in external research, analysis, compiling of forecasts and creation of the strategy document for that SBU.

Some participants were involved in providing input to the strategic agenda for the initiatives driven by the SBUs which they managed (these senior managers are not involved in the 90 day off-site sessions to discuss Retail’s strategic portfolio and progress, and they are also not involved in the strategy formulation sessions held by Indaba and EXCO for Retail Bank, but are involved as enablers for creating the execution road map, which is broken up into strategic programmes per SBU, as illustrated in the SOPs).

Q2. Who do you believe is responsible for Retail Bank’s strategy formulation at the corporate level, business unit level, functional level and operational levels?

The 4 levels of strategy formulation received different responses:-

- Corporate level: Some viewed the responsibility as lying with Retail’s head strategist, while others believed that it was the responsibility of Retail’s EXCO team. One respondent believed it to be the combined responsibility of the head strategist, Retail’s CoEs and Retail’s MANCO. The other 2 interviewees saw the responsibility as lying with Bank X Group’s strategist and EXCO.

- Functional/cluster/sector level: It was agreed that the overall head of each cluster/sector (CoEs) was responsible, while at business unit level, the MEs of each SBU and their operational heads are responsible.
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- Operational level: Here, the responsibility ranged from everybody within the organisation to general managers within each area, COOs within each SBU, heads of department of each SBU, and all employees of Retail Bank.

Q3. Should there be a different accountable or responsible person for strategy formulation at the corporate level, business unit level, functional and operational levels?

One respondent felt that a different structure is required, as too many stakeholders are involved in strategy formulation from the different clusters/sectors (distribution/customer/product/people), and also indicated that the strategy team at Retail Bank is too young and has pragmatic views.

The rest of the participants believed that the number of members per level was correct and that the new structure is still being tested – i.e. the new horizontal approach (comprising the CoE and different heads of clusters, who are only taking up their roles now) versus the old silo approach.

Q4. What do you think are the drivers for Retail Bank strategy at the corporate level, business unit level, functional and operational levels?

The interviewees differed in their opinions in this regard, and one respondent had no opinion.

Some respondents alluded to the following drivers:
- Corporate Level - Political and socio-economic factors
- Business Unit Level - Financial targets (STP and MTP)
- Functional Level – Overall financial targets for cluster (STP and MTP)
- Operational Level – Efficiency and financial factors.

Other respondents mentioned differentiated customer service as the main driver.

Q5. Do you know what Retail Bank’s main strategy is?

Each interviewee replied “yes” to this question, but differed with regard to what the strategy was.

Some respondents saw Bank X Group’s strategy, namely “the one Bank”, as the main strategy for Retail Bank, and others confused Retail Bank’s strategy with Bank X Africa’s strategy. They also referred to Retail’s strategic vision and objectives as lacking, since the newly formed CoEs are not yet fully operating in their roles.

One respondent clearly defined Retail’s main strategy as integrated customer service (customer centric), which is aligned with “the one Bank” strategy of Bank X Group.
Q6. What do you consider to be your business unit’s main strategy?

The responses to this question were dependent on the roles that the senior managers occupied in their respective areas. For example, some saw the main strategy in their area as being a supporter and enabler, although 2 of them suggested that this is not so, due to the fact that people are not in their correct roles. Others had a vertical view of becoming a leading player in the market segment they represented by 2012 or 2013.

Q7. Is there a difference between strategy formulation and strategy execution?

All participants agreed that there is a difference between formulation (know what to do) versus execution (know how to do it and actually do it). One participant was very adamant that the “how” is lacking, emphasising the fact that people think they are delivering but do not realise that they are delivering the incorrect things, as there is no alignment between or measurement of strategic, operational (business as usual) and execution functions.

Q8. Do you think that Retail Bank’s current strategy makes Bank X competitive in the financial sector in South Africa? If not, what should Retail Bank be doing differently?

Only one respondent replied “no” to this question, stating that all other financial organisations have the same theme, and that Retail Bank needs to be unique. In this regard, one respondent felt that Retail Bank was competitive but, just as it needed to do things better, it also needed to reduce the cost to serve customers and increase its risk appetite.

All other respondents agreed that Retail Bank is competitive in the financial sector in SA, but for different reasons:

- Retail Bank allows for value extraction from its core customer base
- Towards the end of 2010 marked the first time in 10 years that Retail Bank had one goal and a clearly articulated strategy, whereby all Retail role players are now working towards customer centricity.

Q9. Who would you regard as being the main decision makers in terms of Retail Bank’s strategy?

The majority of participants viewed certain Retail executive members or a combination thereof as being the main decision makers. For example, some viewed the Retail Bank CEO, EXCO, and MANCO as being the main decision makers. One participant saw the Group EXCO as the main decision maker, while another responded that it was the holding company.

Q10. Do you think that it is important for Retail Bank to have a strategy? If yes, why?

All interviewees agreed on the importance of having a strategy, and gave similar reasons for this, among which were the following: a long-term plan is needed to achieve predetermined targets; a strategy is needed to drive various functions in the
same direction; it will provide a common goal and purpose, so that everyone knows where they are going as a collective; and a strategy clearly describes the end state to be achieved.

Q11. List the factors that you think will lead to Retail Bank’s successful strategy formulation?

Respondents mentioned different factors that they felt contributed to Retail Bank’s successful strategy formulation:

- The previous strategy was not known because it was not well articulated, communicated or operationalised. The current strategy, on the other hand, is well articulated, well communicated and is presently being operationalised (only one participant shared this view).
- The restructuring and re-organisation of Retail Bank to eliminate silos and encourage integrated thinking and delivery (formation of clusters/sectors).
- Retail Bank has relevant skills for idea generation. However, although it may be the first to innovate, it is generally the last to implement (the “how” expertise and capability are lacking).
- Retail Bank has good external market knowledge and internal knowledge of its businesses.
- Retail’s strategy eventually aligns itself with the holding company’s strategy, which removes some of the ego and political agendas at local Retail level.
- Retail Bank is a settled and stable organisation.
- Retail Bank outsources to consulting houses.
- Retail Bank has financial leverage.
- As a major entity of Bank X Group, it has good political connections.

Q12. List the factors that you think will lead to failed Retail Bank’s strategy formulation.

The interviewees mentioned various factors that have led to Retail Bank’s failed strategy formulation:

- The strategy was not clearly articulated, communicated or integrated.
- Retail Bank does not know “how” to implement and to achieve targets. It works harder and not smarter.
- No one questions whether or not Retail Bank is executing the correct strategy.
- There is too much internal focus, dominated by the head of a SBU.
- There are too many changes in personnel, with each person bringing in new views, which makes it difficult to build momentum.
- The effect that current political and world economic factors have on the organisation.
- Interference by foreign ownership (holding company).
SECTION D: IMPLEMENTING STRATEGY and MEASURING STRATEGIC PERFORMANCE AT RETAIL BANK

Q1. How often does Retail Bank re-align its strategy or introduce a new strategy to improve its competitiveness in the financial sector?

One interviewee believed that strategic changes occur very often as a knee-jerk reaction at the SBU level, and that Retail Bank focuses on short-term rather than long-term strategic goals and objectives.

The rest of the interviewees viewed strategic change as occurring every 12-18 months.

Q2. Is there a difference between strategy formulation and execution?

All the respondents referred the researcher back to Section C, question 7.

Q3. What measures does Retail Bank use to determine whether or not a strategy has been implemented successfully?

The responses varied depending on the role fulfilled by the senior manager and the number of years that the manager had been in this role.

One manager indicated that a strategic journey map has been created by the head of Retail strategy and his team. The SOPs created by each cluster head (input received from each SBU belonging to that cluster) formed the building blocks for the 2011-2015 journey map. In addition, each initiative has a business case and associated benefits. Benefits are tracked via financial tracking by Retail’s investment management, but customer delivery is currently not tracked.

Most respondents alluded to financial performance measures such as STP/MTP, but indicated that this was inadequate, as it encouraged incorrect behaviour and was not sustainable.

Two respondents indicated that in addition to financial metrics, non-financial metrics and market analysis were also used to provide an objective view.

Three interviewees stated that Retail does not measure success/failure, as a lot of executive movement occurs, thereby removing ownership. Furthermore, in SBUs, there is no real ownership. It was also said that talented, skilled people are not retained.

Q4. At Retail Bank, what factors do you think have led to successful strategy implementation?

One popular view was that communication, buy-in and the understanding of all employees are important factors in this regard.
Another view was that the short-term, one-year review, whereby the performance of individuals was based on annual targets, played a significant role. This leads to tactical implementation and behaviour, as opposed to strategic implementation and behaviour, but can be regarded as a short-term success.

One interviewee was very optimistic about the new structure of Retail Bank, which will now force functional and execution changes in people and talent, in order to understand SBUs and reduce reliance on consultants. It was also mentioned that communication was effective at all levels.

Q5. At Retail Bank, what factors do you think have contributed to failed strategy implementation?

One respondent had no opinion in this regard, while the others either shared a view or differed in opinion.

- Shared views: Poor communication; no buy-in; many changes in leadership; negative behaviours (chasing STP financial objectives); lack of good leadership; limited funding and poor alignment between levels, SBUs and Retail employees.

- Different views: Essential initiatives and objectives that are not prioritized; poor criteria that do not lead to good filtering of actions and initiatives; some MEs initiate their own projects and are not constrained as well as other MEs due to a lack of communication on strategic vision, objectives and control.

Q6. What should Retail Bank stop doing in order to facilitate future success in strategy implementation?

Most interviewees had different views on what Retail Bank should stop doing to facilitate success in strategy implementation, such as the following: employees follow leaders, and if leaders change continuously, then the message and buy-in is lost; it should stop providing incentives for short-term financial targets; people in senior and executive roles must serve in their role for a minimum period of three years; bureaucracy must be reduced; and the structure created for strategic and operational execution is incorrect, as people are not necessarily in the right roles—for example, it should stop moving subject matter experts to the roles of project manager and business analyst.

Q7. What should Retail Bank continue doing to facilitate successful strategy implementation?

Depending on the role of the senior manager within Retail Bank, the following opinions were expressed: targets must be linked to strategy in order to measure focus areas; business capability and change-enabling capability are separate and must be treated as such; invest in skills; increase efforts to attract skilled people; work to preserve Retail Bank’s brand and footprint.
Q8. What should Retail Bank start doing to facilitate success in strategy implementation?

Once again, interviewees had different ideas regarding what Retail Bank should start doing to facilitate success in strategy implementation, such as the following: strategy implementation must be a bottom-up, as well as a top-down, process; it is imperative to hire and retain the correct skill set and ensure that capacity planning is adequate; federate the Retail business; introduce appropriate concept tools such as enterprise architecture; enhance portfolio planning skills; limit personality power; communicate more often and more thoroughly to all levels of employees; communicate successes that are directly linked to strategy; the change-enabling team must become strategic enablers, whereby the required skill and character are suited to the role and leadership leads by example; and build skills so that Retail Bank relies less on consultants.

Q9. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the corporate level?

Only one respondent indicated that Group strategy was responsible, while all other respondents said that Retail EXCO was responsible. However, they differed in terms of their view of the role – in other words, whether it was the Retail COO, Retail EXCO, Retail Head strategist or Retail CEO.

Q10. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the business unit level?

The majority of the interviewees felt that it was the responsibility of SBU management in the form of the SBU ME and SBU operational heads.

One respondent viewed the SBU COO and the heads of cluster/sector as being responsible.

Q11. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the functional level?

The majority of the respondents viewed the heads of clusters/sectors, individual SBU MEs and individual SBU COOs as being responsible.

One respondent indicated that the overall Retail COO was responsible.

Q12. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the operational level?

The majority of the responses pointed to the individual SBU COO function, where it was indicated that the role of the SBU and cluster COO differed, since one was tactically focused and the other strategically focused.
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One respondent was of the opinion that all employees were responsible at the operational level, whereas another believed that line management and general management were responsible for strategy implementation.

SECTION E: COMMUNICATION OF STRATEGY AT RETAIL BANK

Q1. What is the current method of communicating strategy at Retail Bank, and who is responsible for this communication?

The majority of the respondents agreed that the following media/channels are used for communicating strategy: e-mails; podcasts; television; auditorium sessions; meetings such as SBU EXCO and Retail EXCO; and road shows.

Two respondents were aware of the Leader Shift conference that was held in January 2011, at which the CEO introduced and discussed the new Retail strategy, and then used a road show to communicate it to other senior managers who were not invited.

The expectations were for senior management to cascade this information to lower levels in the organisation. It was also mentioned that the Retail CEO’s direct reports and heads of clusters/sectors are invited every 90 days to an off-site session, in order to share their progress and highlight issues with regard to the new strategy’s formulation and/or implementation.

Q2. How can current communication of strategy be improved in order to create alignment within the organisation?

There were two points of view regarding how to improve communication alignment:

- Some interviewees were happy with the present communication strategy, provided that senior managers cascade information to lower levels.
- Others felt that communication could be more transparent via line managers, e-mails, sms, intranet, newsflashes and Bank XTV. Communication is adequate within the silo, but inadequate across the cluster/sector, where people’s roles are not clearly understood.

Q3. Did communication play an important role in the successful implementation of strategy within Retail Bank?

The majority of the respondents strongly agreed that communication played an important role, while the rest only agreed that communication was important for successful implementation of strategy within Retail Bank.

Q4. What role did communication play in the failed implementation of strategy within Retail Bank?

Three of the interviewees had no opinion in this regard. The remainder of the respondents had differing views, which can be summed up as follows:

- Failed strategies are not reported.
- Retail Bank does not measure failed strategies.
Successful Criteria for Implementing Strategies within the Banking Industry

• The focus remains on short-term targets, rather than long-term ones.
• The communication that takes place does not lead to any changes in behaviour.
• After 2009, there was limited communication and no integrated journey.

5.3.3 Responses from Retail Middle Managers
(From interview questionnaire)

Face-to-Face and E-mail responses

SECTION B: DEMOGRAPHICS

Current role:

The 9 participants in this category comprised business solution architects; programme managers; senior project managers and business analysts.

Number of years in your current role at Retail Bank:

The average period that each participant had served in the abovementioned roles ranged from 3 to 13 months.

SECTION C: RETAIL BANKS’S CURRENT STRATEGIES and STRATEGY FORMULATION

Q1. In your present role, were/are you involved with Retail Bank’s strategies? If yes, how?

The majority of participants responded “yes” to their involvement in Retail strategies, but emphasised that this was from an execution perspective only. Some understood their role to be that of executing the newly defined SOPs, whereas others were involved in influencing current initiatives to achieve strategic intent, and understood that in the future, their role would become more proactive in terms of defining portfolios through the process of translating required capabilities into architectural building blocks and business solutions associated with the SOPs (execution roadmap).

Three senior respondents indicated that they were not involved with Retail strategy in any form, while another respondent said that his/her involvement was in terms of evaluating the economic profitability of each strategic objective.

Q2. Who do you believe is responsible for Retail Bank’s strategy formulation at the corporate level, business unit level, functional level and operational levels?

The responses here varied as follows:

- Corporate level: Some viewed this as the responsibility of Retail’s head strategist and his team, while others stated that it was solely the Retail’s CEO
Successful Criteria for Implementing Strategies within the Banking Industry

responsibility. Two participants viewed the entire Retail executive as being responsible, and one person said that it was probably the Group EXCO’s responsibility. Only one respondent was unsure about where the responsibility lay.

- Functional/cluster/sector level: The following responses were given to this question: no response; individual SBU MEs; the overall head of strategy, and various heads of department.

- Business unit level: More than half of the respondents indicated that the responsible person was someone from the individual SBUs’ executive team, such as the ME, SBU head of strategy or SBU operational head, while the rest of the respondents were unsure about where the responsibility lay.

- Operational level: One participant was adamant that strategy was not formulated at this level, while two participants had no opinion in this regard.

The rest of the responses varied from the head of the business design team to IT, the change enablement team to the overall Retail COO, CIO and heads of change in different clusters, to every employee in Retail Bank.

Q3. Should there be a different accountable or responsible person for strategy formulation at the corporate level, business unit level, functional and operational levels?

All respondents stated that the views provided in question 2 applied here as well.

Q4. What do you think are the drivers for Retail Bank strategy at the corporate level, business unit level, functional and operational levels?

The responses were related, although different examples were cited as follows:

- Increase cross-sell.
- Create value-based management for customers.
- Integrate more and move away from an intensive focus on SBUs.
- Increase margin and volume, and reduce risk and cost.
- Customer retention.
- New value proposition.
- Understand markets, competitors and political situation.
- Retail Bank’s risk appetite is moderate and similar to other banks. There is room to experiment here.
- Transform it into a customer-oriented organisation focusing less on the number of products supplied to customers.

Q5. Do you know what Retail Bank’s main strategy is?

Most respondents agreed that Retail’s main strategy is customer centricity. However, two were unsure about what the main strategy is.
Q6. What do you consider to be your business unit’s main strategy?

Depending on the position that each interviewee holds within Retail Bank, the responses differed as follows: three participants stated that each SBU has its own main strategy, but that this is not always aligned with Retail Bank’s main strategy, while some indicated that the main strategy was embedding and translating strategy into architectural building blocks to influence initiatives to deliver against the newly defined SOPs. One felt that it was to provide affordable and relevant banking solutions to the mass market, reducing the cost to serve while providing value for money, and to evaluate trade-off decisions regarding strategic intents by conducting a sensitivity analysis. The final interviewee said that the SBU that the respondent supports did not have a main strategy.

Q7. Is there a difference between strategy formulation and strategy execution?

All the respondents were aware of the difference between formulation and execution, stating in general that formulation precedes execution and is the “idea” generation phase, while execution is how one delivers these “ideas”.

Q8. Do you think that Retail Bank’s current strategy makes Bank X competitive in the financial sector in South Africa? If not, what should Retail Bank be doing differently?

The interviewees were divided in their views in this regard:

- Retail Bank is not competitive – some of the reasons given were as follows:
  Retail Bank is not innovative; Retail Bank is in the early stages of strategy formulation, where a lot of change management and performance management needs to occur to change the way things are done, and Retail Bank is not there yet; Retail Bank needs to become more responsive to its customer needs and re-evaluate its operational infrastructure to enable innovation and responsiveness.

- Retail Bank is competitive – some of the reasons given were as follows: Bank X is doing well financially in general, but Retail Bank needs to learn how to implement strategy quickly; while it is competitive, there is a misalignment between the different areas, resulting in duplication of effort, work and products, and Retail Bank remains competitive in relation to its main competition, namely the other three Retail banks in South Africa.

Q9. Who would you regard as being the main decision makers in terms of Retail Bank’s strategy?

Only one interviewee did not respond to this question. All the other interviewees agreed that some or other person (or role) within Retail Bank’s executive team is responsible for decision making. The responses ranged from Retail Bank’s head strategist and team; all Retail EXCO members and heads of clusters/sectors; Retail executives and Retail board; to Retail CEO, Retail MANCO, Retail Strategy team and Bank X Group.
Q10. Do you think that it is important for Retail Bank to have a strategy? If yes, why?
All interviewees replied “yes” to the importance of having a strategy, citing reasons such as the following: it provides focus and direction; it outlines the road map for 2011-2017 although, since there are no alternative strategies, if the scenario changes then Retail Bank will suffer; it is imperative for an organisation of this size and complexity to focus its employees; it creates a common goal and, with the present constraints and competitive pressures, allows employees to decide what to focus on in order to succeed.

Q11. List the factors that you think will lead to Retail Bank’s successful strategy formulation?
One respondent had no opinion in this regard, while all other respondents shared their views regarding what they thought would lead to Retail Bank’s successful strategy formulation:
• Create alternative strategies so that if the scenario changes, we have a backup.
• Ensure that communication is effective and relevant to the different roles in the bank, in order to make strategy tangible and relevant.
• Invest in soft change management – for example, if strategy is delivered as planned, what is the benefit for each contributor?
• Recruit and retain key talent.
• Reduce personal politics (senior management empires) and focus on delivery.
• Adopt best practices, which will accelerate thinking and delivery.
• Learn from past failures and faults, so that mistakes are not repeated.
• Understand the macro-economic environment from a historical perspective.
• Evaluate relevant market trends and do market analysis with the right skills.

Q12. List the factors that you think will lead to failed Retail Bank’s strategy formulation.
Various opinions were expressed here, such as no overall integration; inadequate understanding of costs from a process perspective; poor understanding of how to implement strategy or what capabilities are needed; no alternative strategies – approach is tactical and not strategic; lack of good leadership; organisation is too large and it is difficult to ensure alignment between all employees; poor communication; limited soft skills; people occupying incorrect roles; recruitment and retention strategy is poor; and senior management with too much authority and no accountability.
SECTION D: IMPLEMENTING STRATEGY and MEASURING STRATEGIC PERFORMANCE AT RETAIL BANK

Q1. How often does Retail Bank re-align its strategy or introduce a new strategy to improve its competitiveness in the financial sector?

The views here varied from no opinion to too often, so that insufficient time is given to evaluate execution, to every 6 months at SBU level, annually at corporate level, every 5 – 7 years for Retail Bank, and annually for SBUs.

Q2. Is there a difference between strategy formulation and execution?

All interviewees agreed that there is a difference, and referred the researcher to Section C, question 7 for a full explanation.

Q3. What measures does Retail Bank use to determine whether or not a strategy has been implemented successfully?

The responses were varied, as some thought that there were no measures of success, and that failures did not have any associated consequences.

Other participants, however, listed the following measures of success, and again, the actual examples of these measures varied:

- Retail Bank has benefits tracking attached to each initiative, but this is not done well.
- Some SBUs within Retail Bank track specific benefits (for example, MI is used to extract monthly reports to determine if the targets mentioned in the business case for each segment have been reached, but there do not appear to be any consequences if these targets are not reached), while other SBUs are not tracked at all.
- The new strategy and planning session has devised criteria for measuring success, and these are attached to the SOPs. However, the actual implementation is still very vague and not well communicated.
- SBUs have individual financial STPs which are integrated into MTPs, and the latter are reviewed by the Retail Bank’s CEO.
- The SOPs have been designed to measure the success or failure of strategy implementation, but these take a short-term, rather than a long-term, view. Furthermore, there is no consequence management if success is not achieved.

Q4. At Retail Bank, what factors do you think have led to successful strategy implementation?

Most respondents felt that Retail Bank did not demonstrate any factors that had led to past successful implementation. Their views were as follows:

- Retail Bank had not successfully implemented any strategic intent during the 10 month period that one respondent was working at the bank.
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- Implementations are normally very tactical and not strategic.
- They only address short-term needs.
- The reason for the tactical approach is due to the capability and expertise available (or lack thereof).
- Retail Bank is in the early stages of strategy formulation, and it is therefore too early to identify factors that have led to successful implementation.

The other respondents listed the following factors related to successful strategy implementation:
- Sufficient executive focus and sponsorship.
- Effective scoping of business requirements.

Q5. At Retail Bank, what factors do you think have contributed to failed strategy implementation?

One participant suggested that it was too early in Retail Bank’s strategic process to comment on this. The remaining respondents differed in terms of their views regarding the factors contributing to failure, although these factors are all related: architectural and design capabilities are lacking at Retail Bank; the inadequate hiring and retention of appropriate skills and capabilities; the time to reach the market is too long, due to the arduous project life-cycle process of initiatives; lack of control and consequence management; governance process is long, paper-intensive and focuses on the wrong things; re-inventing technology or solutions that already exist, because Retail Bank is very large and people in senior positions do their “own thing”, as this is tied to bonuses and recognition; insufficient communication and understanding; and the underestimation of what is required to execute strategies successfully (in terms of resources, cost and time).

Q6. What should Retail Bank stop doing in order to facilitate future success in strategy implementation?

Some interviewees were either unsure how to answer or felt that it was too early to comment, due to the early stages of Retail’s Bank strategy formulation process. Other interviewees mentioned the following actions that Retail Bank should stop performing in order to become successful in strategy implementation: stop re-inventing solutions; look out for the bank’s interests, not self-interests; stop ignoring the difficulty in translating strategy into execution; choose to do less but spend more time executing correctly, as opposed to doing a little of everything, and be more selective in terms of what is executed and who (resources) is involved in doing so.

Q7. What should Retail Bank continue doing to facilitate successful strategy implementation?

The opinions in this regard varied and were expressed as follows: hold onto the passion and drive; build strategy centres of excellence and structure them differently from operational and tactical areas of excellence; follow the examples set by Group IT, as they are well organised and understand conceptual design better than the rest of Retail Bank; SBUs that are directly aligned with Retail Bank’s Holding Company,
as opposed to Bank X Group, seem to be better off; idea generation; ensure that executive sponsorship and buy-in is obtained; and continue to drive strategic intent via the newly formed Retail CoEs.

Q8. What should Retail Bank start doing to facilitate success in strategy implementation?

The interviewees had different expectations in terms of what Retail Bank should start doing in order to successfully implement strategy:

- The Retail strategy must be clearly communicated and articulated.
- Leadership must demonstrate what they want and share their vision.
- Improve benefit tracking mechanisms.
- The “how” of strategy’s translation into execution across silos (integration) must be improved.
- Align SBUs and explain integration across Retail Bank.
- Devise a process to create predictable designs.
- Create a clear structure around how the business is run (operated) versus how the business is changed.
- Re-align the strategic road map (SOPs) with the Retail OM capabilities and requirements.

Q9. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the corporate level?

Some interviewees stated that it was the responsibility of Retail’s executive members to implement at corporate level, while others felt that the Retail COO was accountable. One felt that it was the job of strategy formulators, and the final interviewee thought that it was the responsibility of Bank X Group executives.

Q10. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the business level?

The majority of the responses indicated that individual SBU MEs should be responsible for strategy implementation at this level.

One participant said that it should be the individual SBU COO, and another respondent saw it as the Retail CoEs’ responsibility. However, it was felt that change could come in the near future, whereby everyone would be responsible and accountable to a degree, provided that this was clearly defined within their respective roles and performance contracts.

Q11. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the functional level?

There were different views on the functional level responsibility, ranging from functional heads to individual SBU MEs, heads of clusters/sectors, and heads of implementation and change.
Q12. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the operational level?

The majority of the interviewees viewed the operational responsibility as lying with individual SBU COOs, portfolio and programme managers and heads of change and implementation. One respondent thought that it was the responsibility of individual SBU MEs, and the final interviewee stated that it was the responsibility of all employees at Retail Bank.

SECTION E: COMMUNICATION OF STRATEGY AT RETAIL BANK

Q1. What is the current method of communicating strategy at Retail Bank, and who is responsible for the communication?

Some of the respondents mentioned the following communication methods: internal marketing, news flash, intranet, publications, emails, newsletters, presentations and so forth. It was believed that the responsibility for communication was shared between the Retail head strategist, Retail MANCO and EXCO, Retail CoEs and Retail COO.

The differing opinions in terms of communication methods included the following: line managers as a medium of communication, which does not appear to be effective; senior executive management communication via the Retail OM and SOPs, and a lack of lower level management communication.

One participant was adamant that effective communication does not happen, and that no one takes responsibility for this at Retail Bank.

Q2. How can the current communication of strategy be improved in order to create alignment within the organisation?

Many interviewees agreed that communication regarding strategy must be done in such a way that each level in the organisation understands the strategy and their expected role in terms of achieving the strategy. In addition, the focus for the year ahead must be well communicated, since it is very vague at present.

One view was that communication can be improved via a story-telling method (cartoon characters and simple English), as opposed to a thick document which is stored in Retail’s archives.

The final respondent shared that the task of communication must be included in the performance contracts of all senior employees.
Q3. Did communication play an important role in the successful implementation of strategy within Retail Bank?

Less than half the interviewees agreed that communication played an important role in the successful implementation of strategy, while the majority strongly agreed with this statement.

Q4. What role did communication play in the failed implementation of strategy within Retail Bank?

The examples provided by the participants differed somewhat, but the implications and meaning were similar: poor communication makes important things fail; poor communication results in misalignment in terms of project execution; there is a lack of understanding regarding how strategy affects one’s role, and this ultimately leads to team inefficiency; and without communication, the best implementation plan becomes a fairytale - it is irrelevant and meaningless.

One participant had no experience with regard to the role that communication played in failed strategy implementation at Retail Bank.

5.3.4 Reliability of the measuring instruments

From the research results above, it can be concluded that the instruments used to collect the data were reliable, as they all provided similar information, with only minor variations.

All face-to-face and email interviews with executive staff members yielded similar views, as was the case with all senior staff members and middle management. The disparity arose when the data and information between management levels was compared. This difference was consistent, in that senior executives shared similar views, senior management shared similar views, and middle management shared similar views, but the views between executive, senior and middle management differed significantly.

The information gathered from the participant observations also supported the findings of the interviews. The information retrieved from Bank X’s intranet site and Bank X’s executive summary strategy document supported and/or provided an explanation for the research results obtained in this study.

5.4 Interpretation of Research Results

5.4.1 General Observations

When invites and explanations were sent out on the 27th July 2011 inviting targeted employees to participate in the research study (starting Aug 1st – Sept 14th) it was surprising to see the good response and enthusiasm displayed by the employees of Retail Bank in wanting to participate in the study. This was further echoed during the face to face interviews when all 18 interviewees arrived for their sessions on time and
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Even when the interview overran in some instances the meeting was not cut short but continued until all questions and general feelings were shared. Two very senior employees requested their personal assistants set up an additional follow-up session when it was realized that the scheduled 1.30hrs was not adequate. There were 6 participants who originally agreed to be interviewed but shortly after accepting the invite informed the researcher to either reschedule or allow their responses to be sent on the questionnaire via email. For reasons stated in section 5.1.1 these 6 participants completed the interview questionnaire electronically.

There was a distinct difference in quality and depth of responses between the face to face interviews and the email responses. The former was richer and more detailed in information, elaboration and explanation while the latter appeared to have the same trend or line of thought but the detail or elaboration on the views lacked. All but 2 email respondents called the researcher to clarify a question or section as per individual recipient requirement.

In particular all the face to face participants were calm, cooperative and very eager to share their opinions. The lack of inhibitions in answering the questions allowed the researcher to conclude that each participant believed in what they were saying and assumed that their opinions were mutually experienced within Retail Bank.

5.4.2 Research Objectives, associated Themes and Findings

The research revealed that the opinions, views and feelings collected from informal and formal/structured interviews, participant observations and Retail Bank’s documentation gravitated to the following themes:

Theme 1: Formulation of Strategy at different levels within Retail Bank

From the responses received it was noted that the executive employees are key in formulating, defining and communicating the Retail strategy and in particular the roles of Retail Bank CEO (responsible for strategic goals and objectives); Retail head strategist and team (enablers to the CEO); Retail COO and Retail executives forming the CoEs/ heads of clusters/sectors. In general Retail senior management have very limited involvement in strategic definition and formulation and a more focussed, detailed involvement in execution. The responses indicated that formulation is dependent on the role occupied by the employee for example the SBU head of strategy had the task of strategy development, facilitation, external research analysis, creating forecasts and compiling the strategy document from the Retail strategy that is specific to the SBU. The other senior managers provided some input into the strategic execution plan (SOPs) once the Retail strategy blueprint was available for decomposition. All middle managers indicated that they have no involvement in strategic formulation seeing this as the role and accountability of Retail executives and in particular that of the CEO and head strategist of Retail. They did communicate that they were involved in the strategic implementation of Retail bank via projects and proof of concepts.

Bank X Group has formulated a general group wide strategy that revolves around “One Bank” and is supported by four strategic themes see figure 2.3. This information was communicated and published on the Bank X intranet site since 2009. Retail CEO
and in particular head of strategy and team focus on aligning Retail’s strategy with Group strategy inclusive of development and execution plans. The starting point was cited as understanding the strengths and weaknesses that existed in Retail which formed the basis of the Retail strategy. There was almost 93% consensus as to what Retail’s main strategy is on an executive level and this was re-iterated with senior managers while middle management had a 90% agreement as to what the main strategy is that is “Customer centric focus moving away from the old product focused strategy.” Executives detailed this to mean creating a differentiated customer experience (the what); aligning business and the Retail OM (the how) and making use of the interdependent channels to increase product offering and optimizing/reducing costs (the why). Most executive, senior and a few middle management responded that Retail Bank is still in the early stages of its formulation plan marked for 2010 – 2015 (minimum). As Retail progresses on this journey the formulated strategy could be adjusted if required.

Each level within Retail bank has an important role to fulfil in assisting the bank achieve its overall goals and objectives. The corporate level guides and steers Retail bank. The executives have deeper insight and expectation of the CEO inclusive of vision, strategic objectives, guiding principles, OM framework, the approach, methodology and strategic conscience. The functional level was created in Jan 2011 and as such is an emerging role. Each cluster/sector is headed up by a Retail executive/cluster head tasked to execute the corporate level strategy from 2011 to 2015 (5 – 7 year period) whilst also delivering the strategic objectives on a vertical or SBU annual commitment, thereby forming the integration unit between all Retail SBUs. At business unit level the SBU ME, its SBU heads and individual cluster heads decompose the corporate strategy into specific SBU business plans which translate into annual financial STPs and 3 year MTPs. This allows the individual SBUs to serve a particular market segment in order to allow Retail Bank to remain competitive in various market segments in SA. The operational level is a functional enablement covering specialist functions across process, people, technology and infrastructure and should integrate and enable all levels within Retail bank.

Research Objective 1
To investigate how Retail Bank defines its strategy to include the corporate level, business unit level, functional and operational levels requirements of the bank.

Finding:
The responses indicate that Retail Bank uses the Group strategy as its source together with Group’s strategic themes. The Retail executive level and in particular the CEO, head of Strategy and the strategy team are accountable and responsible for defining and formulating the Retail strategy – corporate level.

The SBU strategists, SBU ME and SBU heads decompose the Retail strategy into relevant strategic actions and objectives for their individual SBUs. Their focus spans over a one year period – business unit level.

The newly defined role of cluster/sector heads will monitor, control and govern the individual SBU roadmaps and ensure they are aligned to the Retail strategic intent
and that its short term goal (annually) meets its longer term objectives over the next 5 – 7 years. The head of a cluster plays an important role integrating all the SBU's such that the overall strategic intent for Retail Bank is met.

At operational level Retail COOs and SBU COOs as well as SBU operational heads, IT and other specialist functional management ensure that people, process, technology and infrastructure are aligned and supporting both the strategic objectives and the levels and layers within Retail Bank.

Senior management have a limited role to play in strategic formulation and middle management play no role in definition and formulation of Retail Bank strategy.

**Theme 2: Accountability for Implementing Retail Bank Strategy at different levels**

The analysis and data from executive respondents revealed that the Retail Executive members are both responsible and accountable for strategic implementation at corporate level. At business unit level it lies with the individual SBU MEs, SBU heads while at functional/cluster level the newly appointed cluster heads and the SBU MEs are responsible. Finally at operational level the SBU MEs, SBU EXCO and SBU COOs together with specialists functional units such as IT and HR. The results also pointed to Retail CEO and its EXCO as having overall implementation accountability across the 4 levels. Some SBU executives felt that more accountability and authority must be given to the SBU ME and SBUs in general, where buy-in from all levels (corporate, functional, business unit and operational) must be acquired for a strategic intent/objective. The Risk aversion policy imposed on the different SBUs should be driven from SBU level as opposed to Corporate and or Group level.

The data retrieved from Retail senior management illustrated that Retail EXCO was responsible at corporate level, the SBU MEs and his/her operational heads are responsible for implementation at business unit levels, the cluster/sector heads and the SBU MEs & SBU COOs are responsible at functional level and finally at operational level the SBU COO. It was also vocalized that Retail must seek a bottom up as well as top down approach in implementing strategy where each employee is responsible for implementation knowing exactly what is required of them and how it contributes to the strategic end goal. Ensure that the correct people are in the correct roles and endeavour to hire and retain the correct skills necessary for strategic implementation.

The opinions of middle management for corporate level accountability for strategic implementation was shared between Retail CEO and Retail COO, while at business unit level it unanimous that the SBU MEs are responsible. It was interesting to note that middle management did not seem to know much about the functional/cluster level and sited various roles as responsible. At operational level it was believed that the SBU COOs, portfolio & programme managers and the heads of change were responsible for strategic implementation.
Research Objective 2
To determine who, in Retail Bank, is accountable and responsible for ensuring that strategies are implemented at the corporate level, business unit level, functional and operational levels.

Finding:
The views indicated between Retail executive and senior management for Corporate level and Business unit level overall accountability and responsibility per level was similar but the gap between executive, senior management and middle management on the Functional and Operational levels is very disparate.

Theme 3: Measuring Strategy Implementation within Retail Bank
The executive management considered the following performance measures of strategic implementation to be important:

- Assessment of financial numbers at SBU and Cluster level of Retail bank that must link back to strategic targets directly associated with STP and MTP.
- Individual business cases that each project must create illustrating the cost and benefit and alignment to strategic objectives.
- Investor community review strategic plans and performances mainly through the financial figures. They voice their concerns immediately if things are not moving in the direction intended.
- Achieving strategic principles should be directly embedded in the Performance management contacts of senior managers such that failures are transparent. Also introduce consequence management of some sort.
- Every 90 days the executive team attends a session to evaluate progress made against commitments and plans (SOPs – with all Retail’s strategic initiatives over 3 years with special focus on year one). The SOPs is a living document where information can change if new information is uncovered but the management responsible and accountable for the change must clearly substantiate the need for the change.

Most senior managers also shared similar views with executive managers regarding measures that Retail uses to assess success or failure of a project that is: the SOPs alignment and review sessions every 90 days at the executive level (forum setup at the start of 2011); the measure of STP (annual figures)/MTP (3 year plan) although most senior managers felt that this leads to incorrect behaviour as SBU leaders and SBU EXCO staff chase short term targets and not necessarily what is good for the company or staff over the long term; in addition to the financial metrics non-financial metrics and market analysis is used to yield a neutral view. There was also the view that Retail bank does not measure the success or failure of strategic initiatives perhaps because the executive staff members holds a particular position for a very short time removing ownership and accountability. Talented and skilled people are not retained.

Middle management were divided were some shared that measures of success or failure did not exist as a result consequence management was non-existent. Other managers shared similar view with both the executive and senior management on
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the measures put in place to assess the success or failure of a strategic implementation, where the new measures will take time to prove if it is the correct measure due to the early stage of strategic formulation at Retail Bank that is:

- Project benefits tracking – still in the process of planning how to effect and assess benefits post project implementation.
- Some SBUs are tracked against promised benefits example an SBU required to produce monthly MI while other SBUs do not do any benefits tracking.
- SOPs upon a quarterly review becomes the blueprint to measure what each SBU does deliver and the benefits this has for that SBU and Retail bank – links into point 1. The SOPs depending on how it is adopted within each SBU can have a short term view and Retail should endeavour to ensure it is geared for the long term.
- Targeted STPs that roll-up into MTPs.

Research Objective 3
To determine how Retail Bank measures the success of a strategy and over what duration.

Finding:
Measures can be both financial metrics (STP/MTP/ half-year and quarterly performance) as well as non-financial (market analysis). The duration varies that is for STP it is 1 year while MTP is 3 year. STP/MTP is believed to encourage incorrect behaviours where managers chase targets at the expense of long term business, its customers and its staff.

Retail Bank must improve its process and method of benefits tracking and add measures of success/failure into the Performance contracts of relevant senior managers to introduce consequence management. There was a general view that senior and executive management should be locked into a role for a minimum of 3 years to monitor progress and performance of the strategy.

Theme 4: The influence of the Financial Industry on Implementing Strategy within Retail Bank
All executive participants felt that the financial industry does influence what and perhaps even how strategies get executed in Retail Bank. This is one of the contributing factors that make Retail Bank competitive in the market. Some participants explained that while we wait, plan and execute the new strategy between the periods of 2011 – 2015 it is the financial industry that forces Retail to devise interim optimization actions for instance technology upgrades and diverse product features to keep abreast with its competitors.

In contrast to the above views of the executive staff members some of the senior management of Retail bank shared that the other financial organisations comprising the Financial Industry share the same common themes and if Bank X wishes to become the market leader amongst all its competition it must differentiate itself uniquely in the market and thereby alter its strategy accordingly.
The middle managers refer to Retail as either not being competitive or being competitive in the market place but did not offer the Financial Industry as a point of elaboration or how this industry may influence strategic implementation at Retail Bank.

**Research Objective 4**

To determine whether or not Retail Bank’s implementation of strategies is influenced by the financial industry (constraints or enablers).

**Finding:**

It can be summarized from the views expressed by both executive and senior managers that the Financial Industry does enable Bank X and thus Retail bank to strive towards short term goals and plan how to incorporate these objectives into the longer term strategic objectives. Some viewed sharing the same competitive edge as all other Retail “players” can be seen as a constraint that Retail bank must overcome. The views on how the Financial Industry imposes regulations and restrictions on certain activities, functions and process of communicating with its customers was not mentioned nor discussed.

**Theme 5: Factors that led to Successful Strategy Implementation within Retail Bank**

The opinions between executive, senior and middle management differed where executives and senior managers were able to identify factors since 2010 that they consider has set Retail Bank up to successfully implement strategy (2010- 2015) while middle management could not identify any past or present factors of success but could suggest factors that they believed imperative for Retail to adopt to ensure successful delivery of its strategy in the future.

Executives shared factors are: 1. Retail Bank’s overall culture of delivery (as enabler you do not question you just deliver); 2. The commitment received from Bank X Group and sponsorship from key leaders in Retail Bank; 3. Some believed that individual performance was linked to Retail’s strategic objectives; 4. The communication mechanism across all levels was good and that the target audience was well informed; 5. Retail has always hired staff members (consultants in particular) that are very innovative; and 6. It is believed that through the proper use of Retail Bank’s Talent management programme talented employees could be retained.

Senior managers were also of the opinion that future success of the new strategy was eminent due to effective communication and buy-in amongst all employees; that the short term targets leading to tactical implementation was successful and that the new structure within Retail bank that is the formation of clusters/sectors where these heads are responsible for aligning SBU’s horizontally as well as vertically which covers both short and long term targets. To ensure success of its new strategy the following were also suggested: short and long term targets must be linked to strategy to measure focused outcomes; invest in correct skills and make effort to retain Retail Bank’s talent.
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Middle management did not appear to have experienced obvious success factors on implementation as: no strategic implementations were noted over the last ten months; implementations are tactical and not strategic in nature; the implementations also only address short term objectives; people are occupying incorrect roles and necessary skills and capabilities lacks or are lost. However if one really had to consider factors leading even to just the short term/tactical success the following factors were cited: sufficient executive focus/spONSorship; well documented business requirements; employees have passion and drive; the CoEs should be structured differently; follow the example set by Group IT in terms of architectural and concept design and idea generation.

Research Objective 5
To explore the factors in Retail Bank which have been proven to lead to the successful implementation of a strategy.

Finding:
Retail bank does not have a template or framework of factors that it could recommend as “the” factors that will lead to repeatable success. In the past failures have been experienced and this has been useful to draw from so as not to repeat those failures (see sections 5.3.1 - 5.3.3 where interview addressed past failures and what Retail bank should stop doing). The strategy at Retail bank has been communicated as the first iteration on its formulation phase and it can be adjusted as the journey over the next 5 to 7 years progresses. As such it is too early to reflect on factors of successful implementation (Group strategy was communicated in 2009 and the Retail strategy was communicated in 2011), but participants shared what they believed would lead to success. When participants were probed on what they thought lead to success in the past most could not think of anything either because it did not occur (if they were employed at Retailed longer than 3 years and none of the participants fall into this category) or because their employment at Retail bank in that role is less than 3 years. Several opinions on what Retail Bank should start/stop/continue doing was also shared by all managers and this can also be summarized into criteria for successful implementation of the Retail strategy at the bank based on the 3 levels of Retail Bank management that is executive, senior and middle management levels see section 6.4 table 6.4.2 and 6.4.4.

5.4.3 Additional Themes
The research study was focussed and guided by the Research Objectives set at the beginning of the research. As such the themes cited above are those that relate back to the research objectives for this study. However during the process of gathering information and data for the study via the interviews, participant observations and Bank X and Retail Bank documentation additional themes were uncovered that warrant further research. They are:-

- The main business drivers for Retail Bank as a corporate, functional, business unit and operational entity.
- Retail bank as a competitor in the financial industry.
- Factors that led to Failure in Strategy Implementation within Retail bank. Related to this theme are factors that Retail have recognised as successful
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and therefore should continue; have recognised as unsuccessful and therefore should stop or recognised as lacking and therefore should start within the organisation.

• The role that effective communication plays in strategic alignment and implementation within Retail Bank and methods to enhance this.
• Retail bank as it progresses through the phases of strategic formulation and implementation over its 5 – 7 year journey.
• Views and opinions from various managers in Retail bank (not just those involved in strategic formulation and or implementation) on their experience of Retail Bank’s strategic formulation and implementation.
• Measuring the outcomes of strategic implementation when accountable executives have remained in their roles for the majority of the strategic life-cycle that is 5 to 7 years versus those that have a short period of service.
• A survey reflecting the opinions of all employees on their experience of strategic formulation and execution as opposed to just those involved with strategic formulation or execution.
• A comparison study on criteria leading to successful strategic implementation between the 5 separate entities comprising Bank X Group (see figure 1.1).
• A comparison study on criteria leading to successful strategic implementation between the main Retail Bank competitors in South Africa.
6 CHAPTER 6 – DISCUSSION, CONCLUSIONS and RECOMMENDATIONS

6.1 Introduction
In the previous chapter, a cogent analysis of the data and information obtained from interviews, participant observations and physical documentation was presented. This chapter focuses on a broad discussion and presents concluding remarks about the study as a whole. The results of the study were divided into five themes, which support the research objectives, and which will be discussed below.

6.2 Limitations of the study
This study was limited by the time constraints imposed to complete the dissertation by the end of the 2011 academic year. As such, the selected participants who could not attend interviews or answer the interview questionnaire online (six in total), either because they were travelling or had other priorities and issues to attend to, were prevented from participating within the set research period. The sample size (30 in total) was very small, based on one of the selection criteria, namely that the employee should have experience with and/or exposure to the role and dynamics of strategic formulation and implementation. As stated in the section on further research, if a similar study is undertaken, its duration should be extended to incorporate all employees of Retail Bank or Bank X Group. It will also be beneficial to gather data from all Retail Bank competitors in SA, in the form of a comparative study.

Although all 24 respondents taking part in the study were willing and enthusiastic about participating in the study, it was apparent that many had not fully embraced their role, either because they had just been appointed or because they were new to the bank or the role, and had no past experience in corporate strategy.

6.3 Discussion
In order to identify successful criteria for implementing strategies within the banking industry, the triangulation method was used. The researcher employed various methods to discuss and interpret data from different sources. During data collection, the researcher included face-to-face interviews with managers from executive, senior and middle management levels in Retail Bank, participant observations and physical documentation from Bank X Group’s intranet and Retail Bank’s head strategist.

For the purposes of further discussions, it will be useful to restate the research objectives of this study, which are as follows:

- Research Objective 1
To investigate how Retail Bank defines its strategy to include the corporate level, business unit level, functional and operational levels requirements of the bank.
• Research Objective 2
To determine who, in Retail Bank, is accountable and responsible for ensuring that strategies are implemented at the corporate level, business unit level, functional and operational levels.

• Research Objective 3
To determine how Retail Bank measures the success of a strategy and over what duration.

• Research Objective 4
To determine whether or not Retail Bank’s implementation of strategies is influenced by the financial industry (constraints or enablers).

• Research Objective 5
To explore the factors in Retail Bank which have been proven to lead to the successful implementation of a strategy.

The definition of strategic implementation by Gottschalk (1999) refers to a process directed by a manager to deliver planned change in an organisation. Strategic implementation can also be regarded as a process of encouraging and leveraging targeted organisational members’ appropriate and committed use of innovation. Some authors regard implementation to be completed when change is occurring, while others view it as continuing until the intended benefits have been realised. Regardless of its definition, literature on the topic of strategic implementation attests to the practical experience aspect of strategy creation. Challenges arise in the process and method that a company employs to execute the strategy. Rahimnia (2009) concurs with Verweire and Berghe (2004) that strategy implementation is viewed as an integral part of the strategic management process, but little research has been conducted on this, as the majority of the strategic management literature focuses on the formulation of a strategy, rather than its implementation.

The results for research objective 1 summarised the views from each level of Retail Bank management with regard to who is accountable for strategy formulation within its different levels. It appears that Retail Bank uses the Group strategy as its source, together with Group’s strategic themes (see Figure 2.3). The Retail executive level and, in particular, the CEO, head of strategy and the strategy team, are responsible for formulating the Retail strategy at corporate level. The SBU strategist, SBU ME and SBU heads break down the Retail strategy into relevant strategic actions and objectives for their individual SBUs. Their focus spans a one-year period, and occurs at business unit level. The study conducted by Gupta and Govindarajan (1984) emphasises that strategic mission/portfolio strategies and the extent and nature of linkages with other SBUs within the same company comprise some of the most important strategic issues at SBU level. This signifies the nature of the SBU’s intended trade-offs between market share growth and short-term earnings/cash flow maximisation. However, the exact nature of the relationship between business unit strategy, managerial characteristics and effectiveness of strategy implementation still needs to be researched.
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The newly defined role of cluster/sector heads will monitor, control and govern the individual SBU roadmaps and ensure that they are aligned with the Retail strategic intent and that its short-term goal (annually) achieves its longer term objectives over the next 5 – 7 years. The head of a cluster plays an important role in integrating all the SBUs, in order for the overall strategic intent of Retail Bank to be achieved. At operational level, Retail COOs and SBU COOs, as well as SBU operational heads, IT and other specialists in functional management, ensure that people, processes, technology and infrastructure are aligned and support both the strategic objectives and the levels and layers within Retail Bank. Senior management has a limited role to play in strategic formulation, and middle management plays no role in the formulation of Retail Bank strategies.

The findings for research objective 2 on the accountability for implementing Retail Bank strategies within its different levels indicated that the views among Retail executive and senior management regarding corporate and business unit level’s overall accountability and responsibility per level were similar, but that there was a significant difference between executive, senior management and middle management’s views with regard to the functional and operational levels. Rahimnia et al. (2009) suggest that managerial skills could impede the implementation of a strategy, regardless of where accountability is assigned. Examples of such impeders include the following: managers who do not have adequate experience, skills and abilities to motivate staff to successfully implement the strategy; a personnel management system that has not been established or is inadequate in its supporting role; lack of motivation among managers to accept managerial positions and assume the associated responsibility, due to inefficient autonomy and authority to perform their roles in their supervision area, and so forth. The same pattern can be noted for individual impeders such as inadequate experience and knowledge; lack of motivation attributed to low income, high responsibility, extensive bureaucracy and excessive administrative processes, and a poor culture of teamwork in which the spirit of individualism decreases staff’s desire to work in teams, resulting in inefficient strategic implementation.

The differing views of accountability for implementation among executive, senior and middle management at Retail Bank can be compared to the research findings of Atkinson (2006) and Raps (2004), who suggest that some of the reasons why strategy fails or is implemented with problems include the following: the assignment of responsibilities (who is responsible for what) is unclear at various levels; bureaucracy makes implementation challenging and can lead to disaster; there are power struggles between departments and within hierarchies; lack of teamwork; inadequate communication processes and mechanisms; and poor control systems. Saunders et al. (2007) recommend that the framework (see Table 3.1) highlights the skills needed for effective deployment of strategy at corporate, business unit, organisational and operational levels within a company. It is recommended that for an organisation to deploy a strategic initiative effectively, leading practices from all seven deployment dimensions should be in place.

In terms of research objective 3, which is related to measuring the performance and success of strategic implementation within Retail Bank, it was found that measures
Successful Criteria for Implementing Strategies within the Banking Industry can be in the form of both financial (STP/MTP/half-year and quarterly performance) and non-financial metrics (market analysis). The duration varies - for STP it is 1 year, while for MTP it is 3 years. STP/MTP is believed to encourage incorrect behaviours, such as when managers chase targets at the expense of long-term business, customers and staff.

It was also revealed that Retail Bank needs to improve its process and method of benefit tracking and incorporate measures of success/failure into the performance contracts of relevant senior managers, in order to introduce consequence management.

Atkinson (2006) highlights the use of a balanced scorecard as an example of a strategic control system. The balanced scorecard was introduced to address a number of important weaknesses associated with “traditional” performance measurement systems – for example, the fact that the focus was on short-term or lag financial metrics, which pointed to internally oriented tactics, rather than organisational strategy. Atkinson (2006) and Verweire and Berghe (2004) concur that the balanced scorecard approach views a company’s performance from four key perspectives, namely how companies should articulate their core vision, strategy and goals before transforming them into specific initiatives, targets and measures.

Verweire and Berghe (2004) outline the major benefits of the balanced scorecard approach as follows: it allows top management to develop a clear strategy and build consensus around it; it facilitates the translation of strategy into measures by giving middle management a good understanding of what strategy really means for them; it assists in the communication of strategy throughout the company by aligning SBUs and individual goals with company strategy, links strategic objectives to long-term goals, and identifies cause and effect relationships between performance measures; it provides a tool for constant monitoring of how well strategies are implemented; and, finally, it can positively influence the behaviour of managers to implement the organisation’s strategy – in other words, “what you get is what you measure.” In addition, an efficient performance management system is needed to lead to the successful execution of a company’s strategy. Performance measurement systems based primarily on financial performance lack the focus, depth and robustness required for internal management and control. There should be a clear link between an organisation’s strategy and its performance measures.

With regard to research objective 4, namely the influence (in the form of constraints or enablers) that the financial Industry has on Retail Bank’s strategy implementation, this can be summarised from the views expressed by both executive and senior managers that the financial industry does enable Bank X and thus Retail Bank to strive towards short-term goals and plan how to incorporate these objectives into the longer term strategic objectives. Sharing the same competitive edge as all other Retail “players” can be seen as a constraint that Retail Bank must overcome. The views regarding how the financial industry imposes regulations and restrictions on certain activities, functions and the process of communicating with its customers were not mentioned or discussed.
Well-formulated corporate strategies provide a framework for taking advantage of non-market pressures, as well as market opportunities. However, each company must find its own method and process of strategic implementation according to the pressures bearing on its unique core business, be it finance, IS, environmental issues or any other such strategic requirements (Maxwell et al., 1997).

Finally, the results related to research objective 5, which addresses the factors that lead to successful strategy implementation within Retail Bank, are presented in Tables 6.4.1 to 6.4.4 (where it can be easily seen whether a factor is associated with failure or success). Most factors highlighted in this study are views on what factors could lead to success, as opposed to what factors have led to success. Retail Bank does not have a template or framework of factors that it could recommend as “the” factors that will lead to repeatable success. In the past, failures have been experienced, and this has been useful to draw from, in order not to repeat those failures. The strategy at Retail Bank has been communicated as the first iteration on its formulation phase and can be adjusted over the next 5 to 7 years. As such, it is too early to reflect on factors related to successful implementation (The Group strategy was communicated in 2009 and the Retail strategy was communicated in 2011), but participants in this study revealed what they believed would lead to success. When they were probed on what they thought led to success in the past, most could not think of anything, either because it did not occur (if they were employed at Retail Bank longer than 3 years, and none of the participants fell into this category) or because their employment at Retail Bank in that role was less than 3 years. Several opinions on what Retail Bank should start, stop or continue doing were also provided by managers, and these can also be translated into criteria for successful implementation of the Retail strategy at all levels within the bank.

6.4 Insights Gained

The above section describes some of the research results in relation to the theory and research related to other authors. The next section, however, summarises the research results according to the general views and opinions of all participants, and focuses specifically on the differing views among participants at executive, senior and middle management levels. These views are also compared to those of previous researchers. The recommendations made at the end of this chapter provide suggestions based on the researcher’s experience and reading, as well as the findings of other researchers. The recommendations are also related to both general findings and the findings in terms of differences between executive, senior and middle management in particular.

This section attempts to outline and discuss the crux of the results obtained from the case study. All participants had views on the criteria for successful strategy implementation and what leads to failure in this regard (which, if inverted, could be interpreted as factors of success). The views from all participants were not based on what criteria have contributed towards Retail Bank’s past successes, but rather what could lead Retail Bank to successful strategy implementation in future. From the literature review conducted, the criteria for successful strategic implementation and factors related to strategic failure are also tabulated, as a means of comparing them to the findings of this case study.
In analysing Tables 6.4.1 to 6.4.4, it is noted that there is a distinct correlation between the already existing research and theory and the findings of this case study.

The list of factors in Tables 6.4.1 and 6.4.3 is not exhaustive, as there are many more researchers whose research results are not included. However, the listing does indicate that from a theoretical viewpoint, certain criteria are also observed within other companies, environments and industries, which are considered to be important if a company wants to be successful in the execution of its strategy. The factors of failure that are listed can also be interpreted conversely, in order to supplement the factors of success.

This case study also found factors of success and failure in implementing a company’s strategy, as listed in Tables 6.4.2 and 6.4.4, which were unique to this case study, in comparison to the literature review conducted in this study. These unique findings may have been expressed by other authors, but at this point it is impossible to compare the results from every single study conducted. The new criteria identified in this study could be interpreted as factors either specific to the banking industry or to a company who is in the beginning phase of strategy formulation and execution. The new findings can also serve as an introduction to further research.

<table>
<thead>
<tr>
<th>Factors from Previous Research and Theory</th>
<th>Found in Case Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical activity linking strategy development and execution is missing</td>
<td>Yes</td>
</tr>
<tr>
<td>Formal strategic process is lacking</td>
<td>Yes</td>
</tr>
<tr>
<td>Synchronisation of long-term strategic thinking with short-term actions is inadequate</td>
<td>Yes</td>
</tr>
<tr>
<td>Strategic plans are ambiguous</td>
<td>No</td>
</tr>
<tr>
<td>Unsuitable resource allocation</td>
<td>Yes</td>
</tr>
<tr>
<td>High bureaucracy</td>
<td>Yes</td>
</tr>
<tr>
<td>Insufficient budget</td>
<td>No</td>
</tr>
<tr>
<td>Lack of a suitable incentive scheme</td>
<td>Yes</td>
</tr>
<tr>
<td>Managers with inadequate experience, skills and abilities to motivate successful implementation</td>
<td>Yes</td>
</tr>
<tr>
<td>Personnel management system is inadequate or not established</td>
<td>No</td>
</tr>
<tr>
<td>Managers lack motivation to accept their roles and assume associated responsibilities due to inefficient autonomy and authority</td>
<td>No</td>
</tr>
<tr>
<td>Economic and political factors of a country</td>
<td>Yes</td>
</tr>
<tr>
<td>Staff with inadequate experience and knowledge</td>
<td>Yes</td>
</tr>
<tr>
<td>Staff who lack motivation due to low income, high responsibility, extensive bureaucracy and excessive administrative processes</td>
<td>Yes</td>
</tr>
<tr>
<td>Poor culture of teamwork and a high spirit of individualism</td>
<td>No</td>
</tr>
<tr>
<td>Unanticipated market changes</td>
<td>Yes</td>
</tr>
<tr>
<td>Inadequate competitive intelligence capability</td>
<td>No</td>
</tr>
<tr>
<td>Inadequate resources such as finances</td>
<td>Yes</td>
</tr>
<tr>
<td>Insufficient buy-in</td>
<td>Yes</td>
</tr>
<tr>
<td>Products or services cannot be easily distinguished</td>
<td>Yes</td>
</tr>
<tr>
<td>Poorly formulated strategies</td>
<td>No</td>
</tr>
<tr>
<td>Poor communication</td>
<td>Yes</td>
</tr>
<tr>
<td>Lack of adequate information technology systems and processes</td>
<td>No</td>
</tr>
<tr>
<td>The ‘strategic plan’ is nothing more than a collection of budgets and vague directions which do not provide clear guidelines for action or to reach targets</td>
<td>Yes</td>
</tr>
<tr>
<td>No provision is made for creating a close fit or coherence between the business-level strategy and the various functional-level strategies that can operationalise it</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Successful Criteria for Implementing Strategies within the Banking Industry

**Note:** In table 6.4.1 Theoretical factors sourced from Getz et al. (2009), Heracleous (2000), Rahiminia et al. (2009) and Sterling (2003).

Table 6.4.2: Additional factors contributing to failure in strategic implementation, as found in interviews, participant observation and company documentation of this case study

<table>
<thead>
<tr>
<th>Factors found only in this Case Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inadequate skills in economic teams, who supply incorrect information, thus leading to poor anticipation of market behaviour</td>
</tr>
<tr>
<td>2. Using incorrect measures to evaluate strategic performance</td>
</tr>
<tr>
<td>3. Lack of skilled strategic practitioners and non-existence of a central strategic office for the Group</td>
</tr>
<tr>
<td>4. Retail Bank takes too long to reach the market due to over-compliance, too many bosses, or the decision making capability residing outside the business area</td>
</tr>
<tr>
<td>5. Hero leaders who are not aligned to the overall strategy</td>
</tr>
<tr>
<td>6. Poor decisions which are  based on business cases that are only 25% accurate</td>
</tr>
<tr>
<td>7. Lack of embedded architectural capabilities</td>
</tr>
<tr>
<td>8. Non-existence of benefit tracking, as promised or committed to</td>
</tr>
<tr>
<td>9. Execution of strategy in a silo manner, as opposed to an integrated manner</td>
</tr>
<tr>
<td>10. Lack of consequence management at executive and senior management levels</td>
</tr>
<tr>
<td>11. Lack of people's change capability</td>
</tr>
<tr>
<td>12. Too many changes in key personnel, especially at executive and senior management levels, making it difficult to build momentum and assign accountability</td>
</tr>
<tr>
<td>13. The effect of current political and global economic factors on the company</td>
</tr>
<tr>
<td>14. Interference from the foreign holding company</td>
</tr>
<tr>
<td>15. Encouragement of negative behaviours by chasing short-term financial targets (STPs)</td>
</tr>
<tr>
<td>16. Poor or weak filtering and prioritisation process to identify key strategic initiatives. Focus should be on doing less, but efficiently, as opposed to a little of everything, but inefficiently</td>
</tr>
<tr>
<td>17. The recruitment and retention policies are ineffective and key skills are lost</td>
</tr>
<tr>
<td>18. Promotion of self-interest, as opposed to what is beneficial and important for the bank</td>
</tr>
</tbody>
</table>

Table 6.4.3: Comparing theoretical factors related to success in strategic implementation with the results of this case study

<table>
<thead>
<tr>
<th>Factors from Previous Research and Theory</th>
<th>Found in Case Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realisation that strategy implementation is twice as difficult as formulation</td>
<td>Yes</td>
</tr>
<tr>
<td>People are open to change when it is communicated in the right way</td>
<td>Yes</td>
</tr>
<tr>
<td>Strategic implementation is about executing the right actions</td>
<td>Yes</td>
</tr>
<tr>
<td>Communication must leave employees knowing exactly what actions they need to take</td>
<td>Yes</td>
</tr>
<tr>
<td>New strategies are needed every two or three years, not based on what worked yesterday</td>
<td>No</td>
</tr>
<tr>
<td>Strategy must be reviewed every month, not twice a year</td>
<td>No</td>
</tr>
<tr>
<td>Effective communication is imperative</td>
<td>Yes</td>
</tr>
<tr>
<td>Achieving buy-in</td>
<td>Yes</td>
</tr>
<tr>
<td>Learning and knowledge sharing</td>
<td>Yes</td>
</tr>
<tr>
<td>Creating the infrastructure for strategic deployment</td>
<td>Yes</td>
</tr>
<tr>
<td>Identifying deployment options</td>
<td>No</td>
</tr>
<tr>
<td>Understanding the business drivers</td>
<td>Yes</td>
</tr>
<tr>
<td>Company’s culture and senior management’s commitment</td>
<td>Yes</td>
</tr>
<tr>
<td>An organisation’s structure and accountability, as well as its decision flow processes</td>
<td>Yes</td>
</tr>
<tr>
<td>People as a valuable intangible asset</td>
<td>Yes</td>
</tr>
<tr>
<td>Focus on two-way communication</td>
<td>Yes</td>
</tr>
<tr>
<td>Leadership style that incorporates top-down and upward influences</td>
<td>Yes</td>
</tr>
<tr>
<td>A clear strategy with defined priorities</td>
<td>Yes</td>
</tr>
<tr>
<td>Develop effective top team leaders with general management orientation</td>
<td>No</td>
</tr>
<tr>
<td>Promote open, vertical communication between top team and lower levels</td>
<td>Yes</td>
</tr>
<tr>
<td>Stimulate effective coordination and effective teamwork to encourage down-the-line leadership</td>
<td>No</td>
</tr>
<tr>
<td>Resource commitment and the acquisition of new resources</td>
<td>Yes</td>
</tr>
</tbody>
</table>
### Successful Criteria for Implementing Strategies within the Banking Industry

| Sub-unit policies and programmes to create tangible action plans | Yes |
| New strategy and the re-organisation of a company | Yes |
| Rewards and incentives to re-direct individual efforts | Yes |
| Hiring and retaining people with correct skill and attitudes in the correct positions | Yes |
| Building an organisation with the competencies, capabilities and resource strengths to successfully execute strategy | Yes |
| Marshalling resources to drive good strategic execution | Yes |
| Instituting policies and procedures to facilitate strategic execution | No |
| Adopting best practices and striving for improvement | Yes |
| Installing information and operating systems that enable employees to carry out their strategic role proficiently | Yes |
| Tying rewards and incentives directly to achievement of strategic and financial targets | Yes |
| Instilling a corporate culture that promotes good strategy execution | No |
| Exercising strong leadership to drive execution and achieve service excellence | Yes |


<table>
<thead>
<tr>
<th>Factors found only in this Case Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Delivering according to shareholder expectations, in order to achieve a customer centric strategic view</td>
</tr>
<tr>
<td>2. Appointment of a mandated strategic custodian</td>
</tr>
<tr>
<td>3. Regular checkpoints/interim milestones and responsible performance measurement</td>
</tr>
<tr>
<td>4. Risk aversion should be driven by business unit level and not corporate functional level</td>
</tr>
<tr>
<td>5. Adhere to the strategic growth plan and ensure stability (duration in role) in executive structures</td>
</tr>
<tr>
<td>6. Introduce integration capability by closing the gap between new idea generation and strategic execution</td>
</tr>
<tr>
<td>7. Ability to align external market conditions with internal knowledge of the company’s businesses</td>
</tr>
<tr>
<td>8. Outsourcing to various contracting houses</td>
</tr>
<tr>
<td>9. Company to maintain sound financial leverage</td>
</tr>
<tr>
<td>10. Company to establish and maintain strong and effective political ties</td>
</tr>
<tr>
<td>11. Federation of the business model</td>
</tr>
<tr>
<td>12. Focus on developing portfolio planning skills</td>
</tr>
<tr>
<td>13. Restriction and limitation of personality power and the development of individual “empires”</td>
</tr>
<tr>
<td>14. Reducing reliance on consultants</td>
</tr>
<tr>
<td>15. Creating alternative strategies so that if the scenario changes, the backup strategy can be put into action</td>
</tr>
<tr>
<td>16. Learning from past failures so that mistakes are not repeated</td>
</tr>
<tr>
<td>17. Understanding the history of the macro-economic environment</td>
</tr>
<tr>
<td>18. Efficient and effective scoping of business requirements</td>
</tr>
<tr>
<td>19. Creating strategy centres of excellence and structuring tactical, operational and strategic areas differently</td>
</tr>
<tr>
<td>20. Re-aligning the strategic roadmap with the company’s OM capabilities and requirements</td>
</tr>
</tbody>
</table>
6.5 Conclusions

This section will attempt to summarise all the common findings, views and impressions obtained from the three sources used in this study, namely face-to-face interviews, participant observations and Bank X and Retail Bank documentation.

According to Hambrick and Cannella (1989), the tendency to treat formulation and implementation as two separate phases is believed to be the root cause of many failed strategies. Speculand (2009) believes that the fact that nine out of ten implementations fail supports the statement that failure is attributed to poor execution and not an incorrect strategy. Past research has found that leaders who have executed their strategies successfully at some point dramatically shifted their thinking in terms of how to implement strategies.

During the interviews with Retail Bank’s head strategist, it was revealed that pre-2009, Retail Bank’s strategy was either non-existent for most employees or very poorly communicated. Employees simply worked towards short-term tactical goals relating to a single SBU, with no end goal or end state in mind. There were no public documents or intranet publications referring to the Retail or Group strategy, apart from the vision and mission statements. In light of the opinions of Heracleous (2000), it stands to reason that Bank X and Retail Bank would change their strategy from being product focused to wanting to become a customer-orientated company. This accounts for the radical organisational change in strategy. Incremental change is not enough to ensure survival or competitive success if a company is becoming more and more out of touch with its environment. This is known as “strategic drift”. The main reason for “strategy drift” can be attributed to having an original strategy that leads a company to competitive success, but which, if not managed, monitored and changed as the environment dictates, can begin to dominate the company and blind executives to other issues such as cost control, customer focus or employee development.

Today, Retail Bank is proud of the many new changes and strategic intentions identified by the company at the start of 2010, which include:

- The appointment of a new CEO and head strategist, as well as many other executives.
- The restructuring of Retail Bank so that employees take on either tactical or strategic roles at each level of the company, and the formation of 4 clusters/sectors (Customer, People, Product and Channel), where each cluster comprises a logical grouping of SBUs. Each cluster is headed by an executive member responsible for driving and aligning the strategy over the long-term for the entire cluster and over the short-term for each SBU per annum (short term goals are a joint effort between the SBU head and cluster heads, where the latter have only assumed their role in January 2011).
- Many of the employees (particularly executive and senior management) assuming new roles, regardless of whether or not they have previous experience.
• The restructuring is also being aimed at rooting out “passengers” and introducing integration across Retail Bank with regard to people, process, technology, and infrastructure functions, in order to enable the achievement of the overall strategy, namely that of customer centricity, and to move thinking away from the old silo approach of product focus per SBU.

• The awareness of the executive band, in particular the Retail Bank CEO, CIO and head strategist, that the journey started in 2010 but was only communicated and put into action in 2011. This means that for Retail Bank, strategy formulation will continue as benefits are realised, so that appropriate adjustments can be made over the 7 year cycle, with implementation and the measurement thereof taking place concurrently.

Pryor et al. (2007) support the popular view that while conceptual and analytical models of strategy formulation have continued to develop, the realm and understanding of strategy execution is limited and meager at best. In today’s dynamic, hypersensitive environment, executives realise that implementation is a critical component of sustaining competitive advantage in the 21st century. It is agreed that strategy formulation and implementation are two distinct entities that must be interconnected in order to achieve success, with strategy execution being regarded as a company’s core business competence.

The case study revealed that Retail Bank’s restructuring also elicited some adverse views and reservations regarding the new strategy, such as the following:

• Many employees and middle managers experienced frustration and a lack of understanding with regard to why there had been so many changes since November 2010. Many managers were aware of the impact of these changes on the people, who either resigned decreased their level of productivity or had no sense of job security, coupled with low levels of motivation and loyalty. This view was not expressed by any executive member.

• Many senior managers only started taking up their new roles in January 2011, and were therefore not fully functional yet. This led to the lack of a clear sense of accountability, responsibility and leadership.

• The restructuring introduced the “pruning of staff”, creation and filling of new positions, and the reallocation of existing roles and positions. In the interim, many consultants had taken up positions since November 2010, in order to assist with creating functional and operational roadmaps and plans that were aligned with the strategic objectives of each SBU, as well as to provide key skills such as architecture, design and analysis, and to establish new structures in some of the work areas.

• Executive and senior managers felt that their communication strategy was effective and was reaching its target audience, whereas most middle managers thought that the communication was very poor or could be improved. The central strategic theme of customer centricity was known, but it was not yet known how this affected employees within their roles. In addition, there were no incentive schemes or any other type of motivation for all employees, and feelings of mistrust were also expressed in terms of why there were so many changes being introduced and why so many consultants were needed within each work area. Very few middle managers were aware of the
importance of their role in rallying the task teams together to actually deliver on the new strategy over the strategy cycle. The researcher only stumbled across the Retail strategy document during the interview with Retail’s head strategist, as only the Group strategy document and strategic themes were made available on the intranet (see Figure 2.3). Senior management’s plan over the next 1, 3, 5 and 7 years was not broken down and shared with all employees, which meant that the information was not meaningful. Senior management relied on the cascading method of communication to deliver the strategy, blueprint, roadmap and objectives to lower levels of staff, and this was clearly not occurring within Retail Bank.

Guth and MacMillian (1986) use the expectancy theory to explain the above situation. According to them, there are three different sources of low to negative individual manager commitment to implementing a particular strategy. Firstly, there is a perceived inability to execute a strategy, as the skills and experience needed may be perceived by middle management to be very different from the skills that these managers possess. It is the task of general management to identify the cause of low commitment and remedy the problem appropriately, either by increasing the confidence of middle managers so that they can perform better, or by providing additional training and development or additional resource support, in order to supplement the skills and expertise that are lacking.

Secondly, there is a low perceived probability that the strategy will work. This happens when middle management feel that the proposed strategy is unlikely to work and that the outcomes predicted by general management are not achievable. The critical issue is not “who is right” but “what is right” for the organisation. It is better for a company to pursue the right strategy than to insist on pursuing general management strategies. One of the reasons for employing middle management in an organisation is for their contribution in terms of ideas and experience, and they deserve a “hearing”. If this is the case, general managers could commit themselves to listening to and understanding middle managers’ positions, so that they can be re-stated to the satisfaction of middle management. Alternatively, they could identify the risks associated with any strategy being proposed. Finally, another source of low commitment is the perception by middle management that outcomes will not satisfy individual goals. Middle managers have goals and desired outcomes, which are generally different from general management goals. Middle management decision-making is made in the context of sub-unit and personal goals, rather than corporate goals, whereas general management pursues overall corporate goals, as well as personal goals. General management has four ways of obtaining the support necessary to implement its strategy: inducement; persuasion; coercion and obligation. General management should endeavour to use inducement and persuasion, which is positive commitment, rather than coercion and obligation.

Retail Bank’s strategy document speaks to the 4 KSFs that are imperative for the new strategy to be successful. During interviews with senior executives, it was noted that most executives were sure that with the restructuring and realignment of roles and responsibilities, the KSFs would materialise and serve its purpose. These KSFs are as follows:

a. The strategy must be clear and well understood.
Successful Criteria for Implementing Strategies within the Banking Industry

b. Buy-in and commitment must be obtained from all stakeholders and employees.

c. A logical blueprint must be created against which to execute the strategy.

d. All areas must be equipped with the capabilities required for execution.

Points a and b above address strategy formulation, while c and d address strategy implementation. The senior and middle management expressed their concern that KSFs such as those listed above are not present – hence, strategic success is unlikely unless KSFs are adopted as soon as possible. Heracleous (2000) states that the cost to the company of failed implementation efforts is enormous. Apart from wasting significant amounts of time, effort and money, they cause employee morale to decrease, diminishing trust and faith in senior management, which results in the formation of an even more inflexible organisation.

While the Retail Bank is in its early phases of strategy formulation and execution, its Operating Model (OM) is also presently being formulated. The completion of the OM and its alignment with the strategic execution roadmap are urgently required to close the gap of understanding and intent between executive, senior and middle management levels. Pryor et al. (2007) reached the following conclusions regarding why strategic implementations fail: firstly, conceptual models representing an integration of coordinated activities of individuals and functions are limited or non-existent; secondly, integration involving the effective realignment of “structure, systems, leadership behavior, human resource policies, culture, values and management processes” is valiantly attempted to be developed but fails, due to the narrow focus on specific aspects such as senior leadership, organisational development and middle management; and finally, although little evidence is available within an organisation, implementation must be closely and directly linked with the organisation, as well as its people and systems. Therefore, having an appropriate and aligned OM is imperative.

In conclusion, the research results did reveal that views among executives, senior managers and middle managers are comparable. However, differing views did exist between the different management levels, especially between executives and senior managers to that of middle managers. These differences of opinion can be summarised as follows:

a. Executive and senior management thought that the present communication strategy was effective, whereas middle management shared their concern and frustration in terms of not knowing about or understanding all the changes that took place, as well as what their roles were in the new strategy and their objectives or goals over the next year, let alone a longer period. Forman and Argenti (2005) emphasise the need for corporate communication, and define this as an actual department whose purpose is to implement an organisation’s strategies via communication. This department should serve as an antenna for the company, obtaining reactions from key constituents to various organisational strategies. In all studies reviewed, it was found that the corporate communication function was closely linked to strategy implementation and, in some cases, to strategy formulation and development.
Successful Criteria for Implementing Strategies within the Banking Industry

The alignment between the corporate communication function and strategic implementation was very visible in companies going through strategic change. There is a need to get buy-in for change and to motivate the necessary shifts in employee behaviour that have been set in motion by the activities of the corporate communication function.

b. Executive members viewed the financial industry as an important enabler for ensuring that Retail Bank keeps abreast of short-term objectives and results, while also focusing on its long-term goals and objectives. Senior management felt that Retail Bank needed to become more aggressive and innovative, in an attempt to get ahead of its current competitors. Presently, all four Retail Banks in SA are comparable in their customer numbers. Middle management had mixed views in this regard, as some felt that Retail Bank was competitive in the market, while others felt differently. Sterling (2003) emphasises that a good strategy should distinguish one company from another in ways that make a difference to the customers. A company that tries to be “all things to all people” lacks distinctiveness and focus.

c. The views regarding who is accountable for strategy formulation and execution also differed between the levels. Executives felt that they were fully accountable for overall formulation and execution. Senior management described their involvement in formulation as minimal to non-existent, but felt that they were responsible for SBU strategic execution. Middle managers stated that they had no involvement in strategic formulation, and that their role in execution was mainly tactical in nature. If they were involved in strategic implementation, then the scope was very limited, which meant that they did not see the bigger picture.

d. Executives revealed that both financial and non-financial performance measures have been identified and in place since 2011. However, this could be further improved by ensuring that the performance contracts of senior managers are adjusted to reflect these measures. Senior and middle management shared the opinion that most performance measures are tactical (short-term) and not strategic (long-term) in nature. They agreed that there is no consequence management among senior executives and accountability is difficult to enforce, as most senior Retail managers only serve in their role for a year or two before being promoted or resigning. According to Verweire and Berghe (2004), management control comprises management control, strategic planning and control, and task control. Management control refers to the implementation of a company’s strategy; strategic planning and control refers to the process of determining and evaluating a company’s goals, in order to formulate and reformulate broad company strategies to be used in attaining these goals, and task control refers to the process of ensuring that specific tasks are carried out effectively and efficiently. An effective management control process is best illustrated as a closed loop process, as depicted in Figure 3.3.4. It becomes an efficient process if all 5 phases i.e. planning action programmes; preparing the budget; executing the plan; measuring performance; and applying and using the evaluation and rewards processes that are put in place.

e. With regard to the factors for successful strategic implementation, executive and senior staff believed that Retail Bank is geared for success through its
new roadmap and plans, newly created roles and responsibilities, the recently completed restructuring and, when the OM is completed, it can be communicated and implemented. Middle management remains sceptical and unsure whether or not Retail Bank is heading in the right direction in terms of its application to get there and its focus on tactical/short-term delivery. They did discuss the factors of success that Retail could use, but said that they haven’t thus far, experienced or seen success factors in operation at Retail Bank (see section 6.4, as well as Tables 6.4.2 and 6.4.4.

6.6 Recommendations

6.6.1 General Recommendations

This section highlights the recommendations that the researcher wishes to make after analysing and summarising the generic findings from the interviews, participant observations and Bank X documentation. Recommendations will now be discussed in no particular order of importance.

6.6.1.1 Early stage of the strategic life-cycle

Retail Bank is at an early stage in the life-cycle of both strategic formulation and execution. As such, it is too early to summarise its strategic successes. The findings from this study can be used as a means of comparison as Retail Bank progresses through its strategic journey. The likely points of comparison after the 7 year cycle could be the following:

- What was the communication strategy and did it meet with success?
- How did performance fare against the targets of financial and non-financial indicators and its major competitors?
- Interviews or surveys can be conducted with executive, senior and middle management after 3, 5 and 7 years.

Verweire and Berghe (2004) remind us that in many cases, managers and employees undertake actions which, over time, evolve into some form of strategy, and that companies formulate a strategy after they implement it, not before.

6.6.1.2 New roles

From the results in this study, it was established that many senior roles within Retail Bank are new appointments such as Retail CEO, head strategist, all cluster heads, and so forth. Some of the roles have also just been created, with brand new responsibilities such as CoEs responsible for Retail-wide integration. The recommendations here are two-dimensional:

- Collaborative communication, in which the roles are designed in such a manner that the employee is immediately operational in that role. This also requires the establishment and implementation of sound principles of performance management (effective use of performance contracts), consequence management (to ensure accountability), and publicised reward and recognition schemes.
- Commitment and accountability go hand in hand for all employees, but most employees, especially executives and senior managers, are in a senior position for an average period of 18 to 24 months. Retail Bank must put a
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mechanism in place to ensure that someone of senior capacity serves in that role for a minimum of three years. Most strategic initiatives only start to yield benefits or losses at 3, 5 or 7 years from the date of execution. The effectiveness of strategic intents can also only start to be assessed after 3 years.

- The more experience and know-how that a person builds in a role, the more effective he or she becomes, provided that all the other KSFs, such as skill and motivation, are also in place.

6.6.1.3 Too many Consultants
The general feeling among middle managers and most senior managers was that Bank X as a whole has too many consultants occupying various key roles in the organisation. Consultants’ costs are very high and therefore not sustainable, and skills are seldom shared or transferred. The recommendations in this regard are:

- Communicate effectively with existing staff regarding the purpose of hiring consultants.
- Ensure that during the time a consultant contracts with the bank, two main benefits are realised: compulsory knowledge transfer and completion of short-term objectives. It is important to identify suitable persons with the required skills and/or potential to shadow the consultant from the outset.
- Thorough research, analysis and investigation must be done, so that one can lead consultants, rather than allowing them to take the lead.
- Invest in staff so that they can play key roles, and hire consultants to fill in the gaps for a short period.

6.6.1.4 Importance of a well-formulated Operation Model
Retail Bank has a complex organisational structure. It has embarked on a bold, new and exciting strategic roadmap, starting in 2010, which is envisaged to run over the next 5 to 7 years. In conjunction with having a well formulated strategy and feasible implementation plans, Retail Bank must have a well-defined, well-communicated OM, which is also implemented. If not, the success of the new strategy is limited, because presently, at Retail Bank, there is a gap between strategic intent and strategic plans and actual operational activities, and there is a gap in terms of understanding between the levels and layers within the Retail structure. Furthermore, the all-important integration between process, people, technology and infrastructure remains outdated and inefficient.

6.6.1.5 Tactical Implementation as Opposed to Strategic Implementation
The research results also revealed that many interviewees among senior and middle management found Retail Bank’s objectives and implementation thus far to be very tactical and with a short-term focus. Many found it difficult to cite examples or experiences of long-term strategic implementations. The research conducted by Getz et al. (2009), proposes the use of “migration management” as a possible solution to bridge the gap between long-term strategy and the actions required to achieve the strategy. The advantage of such a tool is that it is dynamic. A business must have a view of its destination and a plausible path it can take to adjust as it gathers more
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Migration management distinguishes itself from conventional strategy implementation approaches by offering companies the ability to begin the annual planning process by asking the following question: “What are the gaps between our current state and future state?” and finish it by asking: “If we complete these things, will we reach our future state?”

6.6.2 Recommendations based on the views from different management levels

The opinions, views and experiences at Retail Bank with regard to strategic creation and/or execution differed when the interview responses were compared across management levels - that is, between executive, senior and middle management (where executive and senior management shared many similar views, while their views differed significantly from those of middle management). The following recommendations are proposed, in an attempt to address the misalignment of perceptions, understanding and expectations between the three management levels at Retail Bank, in order of importance:

6.6.2.1 Communication Strategy

A correct communication strategy and plan is one of the most important KSFs for enabling a formulated strategy to be effectively implemented. The case study illustrates that executive and senior management feel that the communication plan thus far (mainly via cascading through line management for head office employees and via broadcasts and podcasts for outlets and branch staff) is working, and that the target audience/lower level employees are aware of all Retail’s intended changes, as well as its purpose, direction and objectives over the next few years. They are also under the impression that each person understands his or her role in the new strategic plans. The middle management disagreed, however, stating that while the overall Retail strategy is known, the how, what, why and with whom are sorely lacking. Some of the recommendations proposed by middle management and some senior management to improve communication within Retail Bank, in order to ensure that strategy objectives will succeed are aligned with the research and recommendations of other researchers:

- The success of a strategy process depends on the meaning and significance given to the strategy by employees. Lack of knowledge of staff with regard to why they are doing what they are doing results in the superficial implementation of a strategy, due to the lack of understanding needed to deepen, sustain and modify new practices in changing contexts. The further involvement of employees in strategy formulation and implementation is important because they provide valuable information from the customer perspective for an analysis of the business environment. Strategic management should encourage and empower staff to become collaboratively oriented, active and self-regulating learners. A pre-condition for a successful strategy process is the creation of an organisational culture that provides opportunities for sharing, risk-taking and involvement in strategic implementation (Vänttinen and Pyhältö, 2009).
- In all studies reviewed, it was found that the corporate communication function is closely linked to strategy implementation and, in some cases, to
strategy formulation and development. There is a need to obtain buy-in for change and to motivate the necessary shifts in employee behaviour, in order to set in motion the activities of the corporate communication function. It is advised that when companies are considering transforming their business strategies or business models at a rapid pace, the corporate communication group should play a vital role in the planning and execution process. Key resources that could promote or derail a strategy need to be correctly identified and managed. Effective communication, leading to successful implementation, requires the staging and timing of appearances by CEOs, webcasts, company television and corporate communication analysts, who make complex strategies understandable and convincing, in order to target their audiences (Forman and Argenti, 2005).

- The focus should be on two-way communication, as this encourages questions from employees. Communication must include reasons why staff members are performing new requirements, tasks and activities for the implementation of the strategy. Communication must take place before, during and after an organisational change. Information must be directed at all levels of the organisation and must be driven from a communication plan that will implement the strategy (see Fig 3.5 for an example of issues that a good communication plan should address). It is important to gain acceptance from middle managers for strategy implementation. Managers must be part of the strategy formulation - they must be part of the process from creation through to execution and measurement. Middle management involvement increases the general strategic awareness within an organisation (Raps, 2004).

- Depending on the maturity level of the organisation and its employees, Bourgeois and Brodwin (1984) recommend one of the following five CEO approaches that can be adopted to communicate and implement a strategy successfully:
  a. The role of the CEO can be to issue directives from the seat of power. The CEO should ask the following question: “How can I as a general manager develop a strategy for my business that will act as a guide for my daily decisions in support of my long-term objectives?”
  b. The CEO can apply behavioural science methods to manipulate his company into compliance with the strategic plan. The CEO then takes on the role of architect, designing systems to model and guide implementation, and asking the following question: “I have a strategy – how can I get the company to implement it?”
  c. The CEO can use group dynamics and brainstorming methods to get managers with different views to provide input into the strategic process. The following question should be asked: “How can I get my top management to develop and commit to a good set of goals and strategies?”
  d. The CEO can guide the company by communicating and instilling his vision, which supports the mission of the organisation. This should be followed by allowing each individual to participate in aligning his/her work tasks and activities with that mission. The CEO plays the role of coach by guiding, but also encourages individual decision-making to
determine how to execute the strategic plan. The CEO should ask the following question: “How can I get my entire organisation to become committed to our goals and strategies?”

e. This involves “growing” strategy from within the company, whereby the CEO assumes the role of premise setter and judge. Here, a balance between autonomous strategic behaviour at the sub-unit level and control at the top is essential. This model, as well as its processes and approach, is still in the formative stage, which means that information with regard to its advantages and limitations remains undocumented. The CEO can ask the following question in this regard: “How can I encourage my managers to develop, champion and implement sound strategies?”

6.6.2.2 **Accountability for the formulation and execution of a strategy**

Executive staff viewed the Retail CEO, head strategist and some other members of the executive committee as being both accountable and responsible for the overall formulation and execution of Retail Bank’s strategy. Senior managers agreed that the executive leadership carried the accountability for strategic formulation, where as their (senior managers) role was minimal and pertained only to a specific SBU. Senior managers revealed that their role in implementation was more intense and visible. Middle management had no involvement in strategic creation/design, but was fully involved in tactical implementation, or if execution was of a strategic nature, it was conducted as a silo implementation, without revealing the bigger picture. The following recommendations can be made to address the above concerns:

- According to Meagher (2003), strategic management should involve the following: strategically managing finances, human resources, marketing, sales, research and development, operations, communications or any other aspect of an organisation. It starts with learning how to think strategically and includes developing a strategic plan, implementing a strategy and evaluating its effectiveness, and strategy implementation is the most complex step in this process. Implementing a strategy requires a complex set of elements to work in unison and does not usually have a distinct beginning or end. Strategic thinkers must be ‘big picture’ thinkers who understand how things are related to each other on an organisational level.

- The framework (see Table 3.1) highlights the skills needed for effective deployment of strategy at corporate, business unit, organisational and operational levels within a company. It is recommended that for an organisation to deploy a strategic initiative effectively, leading practices from all seven deployment dimensions should be in place (Saunders et al., 2007).

- It is important to ensure that middle management is informed of the strategy from formulation to execution, not only at the stage of execution. The overall intention and direction of the company must be shared with middle management, not just piecemeal information on a need-to-know basis or information pertaining only to a specific SBU. It is important to gain acceptance from middle managers for strategy implementation. Managers must be part of the process from creation through to execution and measurement. Middle management involvement increases the general strategic awareness within an organization (Raps, 2004).
6.6.2.3 Measuring the Performance of a strategy

The results of the study reveal that executive managers were very optimistic because at the start of 2011, when the new strategy was communicated, new targets to measure performance were also introduced. This included an executive management forum every 90 days to revisit the strategic roadmap and assess the progress to date. In addition, the short-term (STP) and long-term (MTP) financial targets were also assessed, and benefits of major initiatives related to key strategic objectives will be measured in the future. Senior managers had reservations about Retail Bank actually measuring performance. They regarded STP as a tactical measure of value, but since no strategic measures were in place, performance was not really measured. There was also a concern that STPs and MTPs encourage the negative behaviour of chasing tactical targets at the expense of doing what is required and what is right for the business. Senior managers also felt that there was no consequence management of executives and other senior managers if strategic objectives were not achieved. Finally, senior managers believed that the devised process of creating a business case for key projects aligned with strategic objectives was inefficient, as benefits are not tracked at Retail Bank. Middle managers felt that a strategic performance measure was lacking at the bank, but that tactical short-term measures were very evident. They were also of the view that because the new strategy had just been introduced, it was too early to determine what measures were in place and whether or not they were effective. Pryor et al. (2007) suggests that measurements need not be complex, but must be aligned with the appropriate strategic initiatives designed to help process owners understand how the processes work and where improvements need to be made. The people involved know how well they are doing by looking at how the company is doing in terms of designing and implementing changes, as well as achieving its goals and objectives in relation to key performance indicators. This will enable a company to continually align purpose, principles, processes and people, which is a prerequisite for successfully implementing a company’s strategies.

Atkinson (2006) recommends the use of the balanced scorecard as an example of a strategic control system. The field of performance management, much like strategic management, is eclectic. The balanced scorecard was introduced to address a number of important weaknesses associated with “traditional” performance measurement systems. For instance, the focus was on short-term or lag financial metrics, which pointed to internally oriented tactics, rather than organisational strategy. Atkinson (2006) and Verweire and Berghe (2004) agree that the balanced scorecard approach views a company’s performance from four key perspectives, namely how companies should articulate their core vision, strategy and goals before transforming them into specific initiatives, targets and measures. The benefits of using a balanced scorecard in strategy implementation, as illustrated in Figure 3.3, are as follows:
1. It is believed to provide a powerful link between strategy and operations.
2. It assists in better articulating an organisation’s strategic vision and strategic objectives.
3. It creates an effective “boundary” control system by highlighting the explicit “cause and effect” of strategy and converting strategic aims into tangible objectives and measures.

4. If the scorecard is implemented by engaging all key employees, it actively supports organisational learning and reflection.

5. It enables front-line managers to have a basis for selecting from the many opportunities that are available.

6. The creation of a scorecard provides an opportunity to identify priorities and manage different stakeholder demands by ensuring that strategic feedback and learning takes place.

7. It encourages integration on every level of the company by requiring a scorecard to be built for each level, and forces middle managers to be engaged.

8. It offers companies a considerable degree of flexibility to address their unique requirements, while still encouraging management and employees in the same core strategic direction.

### 6.6.2.4 Factors of success

In this regard, managers once again held different opinions as to what made Retail Bank successful in terms of strategic implementation. All managers, regardless of their role and level, felt that Retail was unsuccessful in its past strategic implementations. However, their views differed as follows:

- **Executive managers** felt that Retail Bank was now equipped for successful implementation, based on its new competitive strategy, the strategic roadmap for the next 5 to 7 years, the new structure, roles and responsibilities introduced in November 2010, and the introduction of new functions and capabilities within the Retail structure.

- **Senior managers and middle managers** could not mention any past factors that had helped Retail to successfully execute its strategies, but did have many ideas regarding what would be most likely to lead to successful strategic implementation in the future.

Managers also mentioned factors that would cause Retail Bank to be unsuccessful in their strategic implementation (see section 6.4 for factors of success and failure).

### 6.6.2.5 The influence of the financial industry on Retail’s strategy

The views of managers differed here to some extent, as some felt that Retail was very competitive in the market due to its competitors and the regulations imposed by the financial industry. It was felt that this industry also helps to drive Retail Bank at an operational level, while allowing the bank to focus on its long-term objectives. The recommendation here is that Retail Bank should stick to what it is best at and not take on the role of follower, as it did in the case of Capitec Bank, in its attempt to enter the unbanked and under-banked market.

Senior managers felt that the bank was lacking in distinctiveness among its major competitors. Retail Bank has gained the reputation of being “first to innovate and last to implement.” In addition, their focus has been too tactical and not strategic enough. Sterling (2003) suggests that strategies are said to fail when another company beats the organisation to the market with a similar idea or strategy, or when it is
Successful Criteria for Implementing Strategies within the Banking Industry

A good strategy should distinguish one company from another in ways that make a difference to the customers. A company that tries to be “all things to all people” lacks distinctiveness and focus. The consequences of this are sub-optimal allocation and utilisation of resources, and the fact that priorities are never clearly articulated. CEOs are encouraged to take the following three steps in order to develop a distinctive strategy:

1. Understand the company’s real strengths (especially those spanning multiple functions).
2. Analyse the market place to identify the market positions which are unoccupied.
3. Focus the company’s strategies on bringing its known strengths to bear, in order to capture these unoccupied strategic positions.

Some middle managers felt that the bank was competitive due to its footprint, brand name and market share, whereas others felt that Retail was not competitive enough when compared to financial institutions which are regarded as “number one” in terms of innovation. Retail Bank was compared to the likes of Capitec and African Bank. The recommendation here would be to refine processes, technologies and designs, and to ensure that the correct skills are available, so that Retail Bank can take advantage of its innovation capability and convert this into first-mover advantages.

The regulations and restrictions imposed by the financial industry on banks in general and Retail Bank in particular are not fully understood by most Retail Bank decision makers, and therefore cannot be optimally implemented. Some regulations are regarded as impeders to strategic implementation, while others are seen as enablers. The recommendation is that Retail Bank embraces corporate social responsibility and uses this as a first-mover advantage. The customers really appreciate companies that are not just about profit, but also exist to share benefits with the public and environment – an example in this regard is strategic green initiatives.

6.7 Further Research

The aim of this study was to identify criteria for successfully implementing strategies within the banking industry. Retail Bank was selected as a case study due to the time available to conduct the research, gather and analyse data and report back on the findings. The findings revealed that because Retail Bank was in its first phases of strategic formulation and implementation, most criteria for success and factors of failure in strategic implementation are yet to be seen. Most respondents based their views on the aforementioned factors (see Tables 6.4.2 and 6.4.4) on their own observations, experience, knowledge of best practice and assessment of what they believed to be lacking. Each factor mentioned in Tables 6.4.2 and 6.4.4 can be the basis for a new study, the purpose of which would be to prove whether the factor leads to success or contributes to failure in terms of a company’s strategy.

Further research is evidently needed to compare success factors that the different phases of strategic formulation and implementation may experience during the 5 – 7 year strategic life-cycle.
An assessment may also be made of the experiences and opinions of all Retail Bank employees as a strategy is formulated and implemented within a company (not just employees who are directly involved in strategic formulation and execution).

In order to gather even more empirical evidence, such a study could be modified into a comparative study on criteria leading to successful strategic implementation between the 5 separate entities comprising the Bank X Group (see Figure 1.1).

A new study could also be in the form of a comparative study on criteria leading to successful strategic implementation between the main Retail Bank competitors in South Africa.
7 LIST OF REFERENCES


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Retail Bank Leader Shift Conference strategy document (2011) **

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South African Reserve Bank

** This refers to a document that is highly confidential. If the reader wishes to gain access to it, please contact the author of this dissertation, who will request permission from the bank in this regard.
APPENDIX 1

[Research Study in partial completion of Masters in Business Leadership]

Interview

Questionnaire

[To investigate the criteria that lead to successful implementation of strategies within Retail Bank]

Researcher: [Avashna Toolsee]

[August 2011]
Section A: Informed Consent Form

**Purpose of Study**

To investigate the criteria that lead to successful implementation of strategies within Retail Bank.

**Participants**

You have been selected as a research participant, as you are regarded as a valued member of the Bank X organisation. Your current job position will allow you to make an invaluable contribution towards this study.

**Confidentiality**

No confidential information about any participants will be released or shared with anyone. The identity of the participant will remain anonymous throughout the research, as well as during the subsequent analysis and interpretation of results.

**Possible Risks**

The interview should take 30 - 45 minutes to complete. The researcher does not anticipate this interview being demanding or stressful. However, should any question cause stress or duress, please answer accordingly.

**Feedback**

To ensure the integrity of the study and to meet its objectives, please answer each question honestly. There is no right or wrong answer, and the answers provided will not in any way reflect on your abilities. Please advise the researcher should you wish to view the results and conclusion of this study.

**Researcher**

Researcher : Avashna Toolsee  
Contact Email: avashna.toolsee@Retail Bank.co.za  
Cell Number: 082 818 1488  
Telephone: 011- 350 8742  
Signature: ________________________________

**Consent to Participate**

Participation is strictly voluntary. If you do not wish to participate in the study, please inform the researcher. You may choose to withdraw at any time.

Name of Participant: ________________________________  Date:____________

Signature of Participant: ________________________________
Section B: Demographics

Please provide the following demographic information:

Full Name:

Gender:  
- Male
- Female

Current Role:

Number of Years in your Current Role at Retail Bank:

Name the Business Unit in which you work:
Section C – Retail Bank’s Current Strategies and Strategic Formulation

Please provide information about Retail Bank’s current Strategies by answering the following questions:

1. In your present role, were/are you involved in Retail Bank’s strategies? If yes, how?

2. Who do you believe is responsible for Retail Bank’s strategy formulation at the corporate level, business unit level, functional and operational levels?

   Corporate Level:

   Business Unit Level:

   Functional Level:

   Operational Level:

3. Should there be a different accountable or responsible person for strategy formulation at the corporate level, business unit level, functional and operational levels?

4. What do you think are the drivers for Retail Bank strategy at the corporate level, business unit level, functional and operational levels?

5. Do you know what Retail Bank’s main strategy is?
6. What do you consider to be your business unit’s main strategy?

7. Is there a difference between strategy formulation and strategy execution?

8. Do you think that Retail Bank’s current strategy makes Bank X competitive in the financial sector in South Africa? If not, what should Retail Bank be doing differently?

9. Who would you regard as being the main decision makers in terms of Retail Bank’s strategy?

10. Do you think that it is important for Retail Bank to have a strategy? If yes, why?

11. List the factors that you think will lead to Retail Bank’s successful strategy formulation?
12. List the factors that you think will lead to failed Retail Bank’s strategy formulation.
Section D – Implementing Strategy and Measuring Strategic Performance at Retail Bank

Please provide information relating to how Retail Bank implements/executes a strategy and how Retail Bank measures the success of an implemented strategy.

1. How often does Retail Bank re-align its strategy or introduce a new strategy to improve its competitiveness in the financial sector?

2. Is there a difference between strategy formulation and execution?

3. What measures does Retail Bank use to determine whether or not a strategy has been implemented successfully?

4. At Retail Bank, what factors do you think have led to successful strategy implementation?

5. At Retail Bank, what factors do you think have contributed to failed strategy implementation?
6. What should Retail Bank stop doing in order to facilitate future success in strategy implementation?

7. What should Retail Bank continue doing to facilitate successful strategy implementation?

8. What should Retail Bank start doing to facilitate success in strategy implementation?

9. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the corporate level?

10. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the business level?

11. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the functional level?
12. Who do you think is accountable or responsible for strategy implementation at Retail Bank at the operational level?
Section E – Communication of Strategy at Retail Bank

Please provide information relating to how Retail Bank communicates its strategy.

1. What is the current method of communicating strategy at Retail Bank, and who is responsible for this communication?

2. How can the current communication of strategy be improved in order to create alignment within the organisation?

3. Did communication play an important role in the successful implementation of strategy within Retail Bank?

   ![Likert Scale]

   - Strongly Disagree
   - Disagree
   - None
   - Agree
   - Strongly Agree

4. What role did communication play in the failed implementation of strategy within Retail Bank?

   

Thank You