Slides for Chapter 2

Sifat Strategy

- Berkaitan dengan kebutuhan pasar existing juga dengan mengeksploitasi kesempatan untuk memperoleh pangsa pasar potensial (Kim and Mauborgne 2002, Nunes and Cespedes 2003)
- The ultimate responsibility of senior-level managers within the firm - of course we recognise the vital of importance of a range of stakeholders in the process both within the firm and with external linkages to the enterprise (Frambach et al 2003, Hax and Majluf 1991, Daugherty and Core 1995).
- About devising and implementing processes that will enable the enterprise to compete and, ideally, to create competitive advantage (Whittington 2001, Hamilton et al 1998).
- Concerned with developing capabilities within the firm's Operations that are superior to other competitors and which other competitors either cannot copy, or will find it extremely difficult, to copy (Teece et al 1997, Eisenhardt and Martin 2000).

Key Points

Mission
- Proses perubahan
- Kemana perusahaan berada saat ini, dalam ukuran pasar, produk, tujuan korporasi lainnya.

Strategy
- Kemana organisasi ingin, dalam ukuran pasar, produk, dan tujuan korporasi lainnya, mencipta keunikan antara strategi yang diusulkan dan hasil aktual.

Future State
- MISSION
- STRATEGY
- FUTURE STATE

17/09/2013
What is Strategy: Some amusing complexities: (Adapted from Chaharbaghi and Willis 1998)

- a bizarre game (Stacey, 1993);
- a plan, a master plan, a pattern, a position, a ploy, a perspective (Mintzberg, 1994; Wheelen and Hunger, 1992);
- an integrative blueprint (Hax, 1990);
- a way of thinking or state of mind (Dixit and Nalebuff, 1991; Ohmae, 1982);
- innovation (Baden-Fuller and Pitt, 1996);
- a black art (Hax, 1990);
- language (Goddard and Houlder, 1995); and
- a learning process (Senge, 1990).

What is Strategy: Some amusing complexities: (Adapted from Chaharbaghi and Willis 1998) cont..

- dependence, independence and interdependence (Bartlett and Ghoshal, 1987);
- market coverage (Duems, 1990);
- intent (Hamel and Prahalad, 1989);
- developing core competencies (Prahalad and Hamel, 1990);
- anticipating change (Peters and Waterman, 1982);
- vision (Mintzberg, 1995);
- responding to external opportunities and threats, establishing purpose and the economic and non-economic contribution made to stakeholders (Hax, 1990);
- proconfiguring thinking (Pascale, 1984);
- developing distinctive capabilities that add value (Kay, 1994);
- parenting advantage and adding value (Goold and Campbell, 1991);
- standardisation (Douglas and Wind, 1987);
- differentiation and cost (Porter, 1985);
- sticking to the knitting (Peters and Waterman, 1982);
- fit and scope (Johnson and Scholes, 1997);
- stretch and leverage (Hamel and Prahalad, 1994);
- differentiating managerial tasks and asserting vital continuity (Hax, 1990);
- exploiting leverage (Lele, 1992);
- bertahan (survival) (Booth, 1993);
- memenangkan (winning) (Ellis and Williams, 1995);
- global co-ordination (Prahalad and Doz, 1986);
What is Strategy: Some amusing complexities: (Adapted from Chaharbaghi and Willis 1998) cont...

- logical incrementalism (Quinn, 1978);
- coping with competition (Porter, 1979);
- implementation (Hrebiniak and Joyce, 1984);
- time-based competitive advantage (Stalk, 1988);
- capabilities-based competition (Stalk et al., 1992);
- outpacing (Gilbert and Strebel, 1989);
- portfolio planning (Haspeslagh, 1982);
- portfolio management, restructuring, transferring skills, and sharing activities (Porter, 1987);
- structure (Chandler, 1962);
- co-operation (Contractor and Lorange, 1988);

- alliances (Reve, 1990);
- collaboration (Hamel et al., 1989);
- confrontation (Cooper, 1995);
- network positions (Johnsson and Mattsson, 1992);
- bringing order from chaos (Stacey, 1993);
- choosing good firms (Baden-Fuller and Stopford, 1992); and

Strategy can also be:
- generic (Porter, 1980);
- deliberate or emergent (Mintzberg, 1994);
- rational or incremental (Johnson, 1988);
- prescriptive, descriptive, or configurational (Mintzberg and Ansoff, 1994); and
- implicit or explicit (Mintzberg and Ansoff, 1994).

The Importance of Operations to Business & Market Needs:

The role of operations has become increasingly important in recent times. This is because the needs and wants of customers and clients have increased in recent times. This was described in a book called, Funky Business:

"Let us tell you what all customers want. Any customer, in any industry, in any market wants stuff that is both cheaper and better, and they want it yesterday."

Ridderstrale and Nordstrom 2000: p157
The U.S. Department of Labor estimates that today's learner will have 10-14 jobs . . . by the age of 38. According to the U.S. Department of Labor . . . 1 out of 4 workers today is working for a company they have been employed by for less than one year.

More than 1 out of 2 are working for a company they have worked for less than five years. Source: U.S. Department of Labor, Aug 2007

Pertimbangan Taktis dan Strategik pada Operasi

An indication of the strategic content in operations strategy planning

- Process choice - the selection of the right approach to producing goods or delivering service;
- Innovation - the adaptation or renewal of the organisation's processes or outputs to ensure they adapt to changes in the external environment;
- Supply chain management - the external management of relationships with suppliers to ensure the effective and efficient supply of inputs;
- Control of resources - the internal management of inventories;
- Production control - the effective and efficient management of processes;
- Work organisation - the management and organisation of the workforce within the organisation;
- Customer satisfaction - the management of quality.
Specifics of Operations Strategy

- Amounts of capacity required by the organisation to achieve its aims
- The range and locations of facilities
- Technology investment to support process and product developments
- Formation of strategic buyer-supplier relationships as part of the organisation’s ‘extended enterprise’
- The rate of new product or service introduction
- Organisational structure - to reflect what the firm ‘does best’, often entailing outsourcing of other activities

Proses Strategi yang disederhanakan (from Brown et al 2001)

- External audit
- Internal audit
- Generating strategic intangibles
- Selecting strategy initiatives
- Implementing strategy

Hemp (2002) menyarankan bahwa kunci daripada strategi adalah harus dimiliki oleh organisasi dan karyawan

You don't demand that employees say, “Certainly, my pleasure,” until it feels right to them. You don't mindlessly assume every guest wants to be pampered; some people just want to eat their dinners... A recent study of hotel workers by researchers at Cornell's School of Hotel Administration found that, while job satisfaction plays a major role in employee retention, it isn't the key factor in a hotel's ability to provide excellent customer service. Rather, it is employees' emotional commitment—which is achieved in part through symbols and rituals that enhance employees' sense of identity with the company— that contributes most to superior performance... every company, even a two-year-old start-up, has traditions and even legends that can be tapped to help build employee commitment.
Poin Penting Strategy:

In their *Harvard Business Review* article, Collis and Rukstad, (2008, 82) state:

“It’s a dirty little secret: Most executives cannot articulate the objective, scope, and advantage of their business in a simple statement. If they can’t, neither can anyone else”.

They then put forward the challenge:

“Can you summarize your company’s strategy in 35 words or less? If so, would your colleagues put it the same way?”

A Telling Issue:

“If you were to speak to a senior-level manager within an organization, the likelihood is that, within a short period of time, you would be having a conversation that included a number of management terms – core competences, key performance indicators and critical success factors, among others. Ask the same manager about how operations and operations management line up within these terms and the likelihood is that he or she might be mystified or perplexed by the question”.

Brown et al 2012: *Strategic Operations Management*

Why has this happened?

• The Answer lies in the change from Craft to Mass Production... and the inability to change still further in the era of mass customisation, Agile manufacturing, Flexible Specialization etc.
Membrek: From Craft ..to Mass.. To Now

Strategy

Operations

Mass Production (Taylor, Ford etc….)

“strategy levels” $$$$$

Vast amounts of hierarchy PLUS
distance between strategy and
operations

“operations levels”

Heracleous and Wirtz (2010) provide insights into
Singapore Airlines’ Strategy

SIA’s success in executing a dual strategy of differentiation and cost leadership is unusual. Indeed, management experts, such as Michael Porter, argue that it's impossible to do so for a sustained period since dual strategies entail contradictory investments and organizational processes. Yet SIA, and a few other emerging-economy companies, view the dualities as opposites that form part of a whole. SIA executes its dual strategy by managing four paradoxes: Achieving service excellence cost-effectively, fostering centralized and decentralized innovation, being a technology leader and follower, and using standardization to achieve personalization. The results speak for themselves: SIA has delivered healthy financial returns; it has never had an annual loss; and except for the initial capitalization, the Asian airline has funded its growth itself while paying dividends every year.

Service Strategy

Chika Service is becoming “super service” as machine tool builders and other production equipment vendors innovate a new competitive model. No longer a tired after-sales routine, service is now the strategy that builds and establishes reputations, sells the product and creates new business potential for vendor and customer alike. The customer lesson: Leverage the service strategy of your suppliers. Source: Winning With Service Industry Week 1st April 2006
Strategic Resonance

Brown (2000: p6) has previously defined strategic resonance as: "an ongoing, dynamic, strategic process whereby customer requirements and organizational capabilities are in harmony and resonate. Strategic resonance is more than strategic fit - a term which has often been used (rightly in the past) to describe the ‘fit’ between the firms’ capabilities and the market that it serves. Strategic resonance goes beyond that. Strategic fit may be likened to a jigsaw where all parts fit together. This is a useful view but it can have […] a very static feel to it. In strategic fit it is as if once the ‘bits’ are in place, the strategic planning is done.

Strategic Resonance between Market Requirements and Operations Capabilities (from Brown 2000; 2006;2009)
Strategic Resonance cont..

“Strategic resonance is a dynamic, organic process, which is about ensuring continuous linkages and harmonization between:
• The market and the firm’s operations capabilities
• The firm’s strategy and its operations capabilities
• All functions and all levels within the firm.
Firms need to find and exploit their strategic resonance - between markets and the firm; within the firm itself; and between senior level strategists and plant-level, operations capabilities.”

(Brown 2000 p7)

Key Points

In addition to the huge managerial responsibility of managing key assets, costs and human resources, the contribution of production and operations management is vital because it can provide a number of competitive opportunities for the firm.

Key Points

Strategies must be in place if the organisation is to compete in a business world which is now chaotic, requiring rapid and continuous innovation, and open to global competition in many industries and markets.
**Key Points**

In Japanese and other World-Class companies, the contribution of operations management to business planning is central. This involvement helps to guide the firm by matching the firm's core capabilities with market requirements.

**Key Points**

There have been major transitions from craft to mass through to the current era of Mass Customization, Agility, Lean and Strategic Manufacturing. Each of these has represented a major, world-wide innovation, with implications for strategy formulation and profoundly changing the way people work. In each case, the new paradigm has made the previous one largely, but not totally, redundant.

**Key Points**

Operations Strategy is vital as part of the wider, business strategy, in integrating and combining major competitive requirements including cost, delivery speed, delivery reliability, flexibility and customer-specific configurations.
Having an operations strategy is important because the ability to be agile, lean and flexible does not come about by chance; such states are achieved by enabling the organisation to be poised to achieve such requirements. Operations strategy becomes the means by which capabilities become realised.