

# Strategic dissonance beginning of an end management essay



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Abstract : Every company must need to confront the change. When this change is huge, it will change the ultimate destiny of the company. The point at which the company changes from an older structure to a newer structure is called strategic inflection point. A dissonance occurs when the company actions and statements differ. Identifying this strategic inflection points and taking actions appropriately will reduce dissonance. The article discusses about a diamond framework for dissonance and the methods to tackle dissonance. It quotes points on Groves strategy for Dissonance. It also emphasizes the senior management to have a proper coordination with middle level employees . It ends with a note to maintain a balanced approach between senior management and middle management.

Keywords: Strategic Inflection point; Dissonance; Diamond framework; GROVE

## **1. Introduction**

I have quite started off with an oxymoron as “ beginning of an end”. The reason for this oxymoron can be understood if we go through this entire content. How a company can know the critical point where they face a change that will make them ultimately their destiny? What strategy should they follow to work meticulously, carefully in order to come out of this situation? The answer to all these questions is how effective they can detect these changes and adapt themselves. It is not an unusual situation that occurs for a company. Every industry, sector always has this change factor. The effectiveness of the company lies with sensing these change, mending to change and coming out strongly with flying colours.

Before I dwell into this topic, it is better to know about a change which can change the company completely even to the extinct or may be to a stronger position. When Xerox introduced photocopier machine in 1959, it completely revolutionized the industry and created a new industry. Before that, it was carbon copy or Type writers that hold the positions in every company. With that change, the existing industries of Typewriter and carbon copy at that time got a heavy toll of their future prospects.

A change may be of any kind, it may be a technological as an example of Xerox case or it may be a political or an economic change.

Dissonance occurs whenever the actions and statements differ. All the stake holders will be having changing opinion and it will not be similar. A company strategic decision may go wrong when there is a varying opinion across stakeholders.

## **2. Dissonance and Strategic Inflection point**

Every company will go through different phases of life cycle from its nascent stage to peak stage . Only who adapt themselves to the environment and changing conditions will survive at the last. This is what even the nature of Darwin's theory stated about 150 years ago.

According to Andrew Grove (Grove 1997), when a company has a change in one of the competitive force in an industry of 10X, a company can ultimately lose its control of destiny . He also adds that this change will make the company from an older structure to a new structure. The point at which it converts from an older one to newer one is called a strategic inflection point.

In simple words, before strategic inflection point the company is following an <https://assignbuster.com/strategic-dissonance-beginning-of-an-end-management-essay/>

old model structure and idea and after this the balance shifted to a new structure.

Two things may arrive from this change. The first thing is it destabilizes the existing players and the second thing is it will create an opportunity for the new entrants. This creates a threat for existing companies and an opportunity for new companies.

From the recent times we have been observing a conscious attention is paid to environment and global climatic conditions. The issue even got kindled by the Copenhagen climatic conference. Now every company is facing pressure from environmentalists to adapt a economic friendly work environment and process. This change certainly made companies to follow a different set of guidelines suggested by ISO and other environmental concerned organisations. ISO has a certificate for this called ISO14000. This change for some companies may be a bigger change of 10 xs as Grove mentioned which may ultimately change their process or it may change their destiny. This also created opportunities for newer industry which gives consultancy to adopt greener environment.

### **3. Identifying Strategic Inflection point**

All the changes do not reflect a strategic inflection point. Some may be a minor change or it may be a longer one. If a company see its competitive dynamic changes and If we observe see many new players coming into market and we are not clear of competitors and possibly we may be eclipsed by them , then it is a point that we expect.

It is not always possible for a higher management to find this point as compared to a middle manager. Middle management especially in sales organisation knows very well about the prevailing changes in the market and they can observe a correct view of present situation. They are the people who can identify strategic inflection points at first and can report them upfront. An idea may come from anywhere both from inside and outside of the company. It is always an encouraging factor to get inputs from both ends because a company has to satisfy all the stake holders in a longer point of view. Along with this, a fear is always needed to avoid complacency.

### **3. 1 Levels of Strategic Inflection**

From Grove point of view, (Grove 1997) the strategic inflection occurs in following stages. It starts with a denial, escape or diversion and then acceptance. Many companies especially start with a denial. Escape or diversion is the manager's actions especially when there is inflection point. Many senior managers may go for a diversion such as for a new deal, mergers and acquisitions which is unrelated. This may be because they do not want to be questioned and for some justification. One of the major reason of the senior manger behaving like this they have already executed certain strategies earlier which worked for them and they do not want to change their strategies according to new conditions.

One classic example of this can be Intel Corporation in 1994. As part of their Intel inside campaign, they were selling consumer products for several years. So the market expected Intel to behave like a consumer product company but they acted like an OEM manufacturing company. This created a lot of

problems to Intel. Generally Strategic dissonance is more frequent in Technology driven company.

Many companies' falls into such problems as they are in the inflection point stage. This will ultimately make them to say one thing and do one thing. This type of divergence between statements and action is strategic Dissonance.

#### **4. Framework for Strategic Dissonance**

We can consider a theoretical framework of five forces revolving around a company.

(Robert A. Burgelman 2008)The strategy diamond framework combines ideas from the strategic management literature which will have more importance of product-market position and with ideas which emphasize distinctive (or core) competencies. From this, it proposes both product-market positioning , distinctive competencies are important to obtain competitive advantage. In addition, the framework proposes the reality of strategy lies in its execution through strategic actions.

The five dynamic forces driving a firm's revolution are

Basis of competitive advantage

Distinctive competence

Corporate strategy

Strategic Action

Internal Selection Environment

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## Figure 1: Strategic Diamond Framework

When all these five forces are in harmony, then there is no sign of dissonance. When there is a harmony in any of these, it will ultimately result in a strategic dissonance. The major dissonance occurs when the basis of competition and distinctive competence changes. This happened with Intel in 1980 when they were producing DRAMS, they faced dissonance because of the new entrants of Japanese companies where they used precision technologies.

Similarly if a company corporate strategy differs with its strategic actions it will result in strategic dissonance.

## 5. Methods to tackle Dissonance

One way to tackle this dissonance is through experimenting newer approach. All such things will always act for necessary inputs at the time of strategic inflection points. This is not possible without the higher management people letting people try different things like newer products, techniques, reviewing existing techniques, different channels etc. Once we let the chaos reign, it will grow dissonance in the company. Once the dissonance reaches to a point, then the management can think of closing the dissonance with a changed approach.

With the information available from Strategic dissonance, the senior management has to develop new strategic intent and strategic action. This is possible only with good strategic recognition of the internal environment .

As per Drucker's suggestion, the important thing in transforming an older idea to a newer idea depends on the reallocation of resources as per the new idea from an old one.

Transforming a company from an older structure to newer structure need both plans and actions. Strategic plans views about the future action needed for the transformation while Strategic actions is the present action carried out in order to obtain our strategic goal. Strategic actions have higher impact on every stake holders of the company as the actions may involve a change in their way of work. But every company has no alternative but to face this change. The actions needs a correct timing. Even wrongly timed actions may end up in a unwanted negative results.

Whenever a company feels as a inflection point, it is better to start of with transformation earlier. As a first mover, there is an advantage. But also there should be proper judgement of inflection points and appropriate actions should be taken otherwise it is a resource waste. On the other hand if we wait for others to start of with change and wait for it as in a Taillight approach , it will sometimes make us to loose our confidence and competence in our direction.

## **6. Conclusion**

A transformation will be succeeding only when there is a resonance between middle management and senior management. A middle management have a deeper knowledge and they are the first to sense the changing conditions in a real world. But their focus in narrow and it may not be company wide . For a higher management the focus is larger and it of company wide. When a



balance is maintained between these two, then the company can know their inflection points effectively and can come stronger than ever.

As I mentioned in the topic, every company has this strategic inflection point and if we do not sense this , then that is the beginning of an end to that company.