

CHAPTER 1:

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Welch (2001:390) postulated that business success is less a function of grandiose predictions than it is a result of being able to respond rapidly to real changes as they occur and that is why strategy has to be dynamic and anticipatory. Edgar and Nisbet (1996:6) also acknowledged the challenges brought about by a changing environment in which businesses operate, stating that businesses are operating in complex and turbulent environments with pressure to adapt and change in order to survive.

One such industry that is facing constant change and challenges is the hotel industry. Tourists and business travellers' needs across the globe are constantly evolving alongside changes in international markets as new travel destinations open up, improvements of telecommunication and advances in IT, and a convergence of different cultures in a more globalised environment. Wong and Kwan (2001:386), who made an analysis of the competitive strategies of hotels and travel agents in Hong Kong and Singapore, acknowledged this state of affairs. Hotels and travel agents struggle constantly to innovate and conceive new business strategies to meet the ever-changing travelling needs and diversity of demands from the increasingly discerning traveller. Results from a study conducted by Lu and Chaing (2003:343) of hotels in Ontario, Canada, showed that one of the most concerned issues by the hotels was changing customer needs and the increasing purchasing power of customers through the Internet.

Ballaira (2007) gave a further example of shifting consumer expectations on the website www.travelwires.com. Ballaira (2007) notes that 'no-frill chic' is a

new consumer trend that is going to deeply affect the hotel industry, by shifting consumer expectations and changing the traditional segmentations that marketers use. Ballaira (2007) argues that when it comes to hospitality, the concept is very well represented by a wave of new hotel companies that promise to (finally) bring some real innovation to the industry by combining style with budget, mixing the chic with affordable rates. 'No-frill chic' hotels is positioned to appeal to both budget consumers who will love to experience some extra chic at no extra costs, and to the more demanding travellers who are ready to welcome a non-traditional concept of luxury and service.

The changes evident in the examples mentioned above is reminiscent of two important parts of today's business environment, firstly the ever increasing acceleration of change in the business environment and secondly the ability to implement strategy successfully within this dynamic environment. To meet the demands of sustainability and challenges of demand in a changing environment, the strategy of a firm becomes the match between its internal capabilities and its external relationships (Kay, 1995:4). From the perspective of classical strategic management theory strategy is considered a deliberate or formal planning process, initiated by top management, based on an elaborate and rational industry analysis and aimed at designing a cohesive grand strategy for the organisation (Dincer, Tatoglu and Glaister, 2006:206). Mintzberg (1994), as cited by Pun (2004:904), defined strategy as 'a plan, or something equivalent – a direction, a guide or course of action into the future, a path to get from here to there', and as 'a pattern, that is, consistency in behaviour over time'.

Quinn (1980), as cited by Teare *et al* (1998:59) defined strategy as a pattern or plan that integrates an organisation's major goals, policies and action sequences into a cohesive whole. Teare *et al* (1998:59) noted that this could be regarded as the building block of strategic management. In this sense, strategy provides the link between where the organisation is at present and

where it would like to be in the future. Strategic management therefore oversees these alignments and facilitates the processes of moving from strategic planning to strategy implementation.

Ehlers and Lazenby (2004:1) postulated that strategic management is the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies. According to Fahey and Randall (1994:68), strategic management is the name given to the most important, difficult and encompassing challenge that confronts any private or public organisation: how to lay the foundation for tomorrow's success while competing to win in today's market place. However, more importantly, it embraces the processes of ensuring that strategic planning is implemented and executed efficiently and effectively in order to reap the intended results. But what constitutes the strategic management processes? The basic elements of the strategic management process consist of environmental scanning, strategy formulation, strategy implementation and evaluation and control (Trainer, 2004:131; Harrington, 2005:373). In fact, Ansoff (1969:131) already emphasised in 1969 the duality of strategy, namely its formulation (the originally conceived plan) and its implementation (the carrying through of that plan).

A number of authors have, however, noted that of the two processes, strategy implementation has attracted much less attention in strategic management research than strategic planning or strategy formulation (Alexander, 1991, as cited by Alashloo, Castka and Sharp, 2005:135; Al-Ghamdi, 1998:322; Okumus, 2001:327; Bigler, 2001:29; Aaltonen and Ikävalko, 2002:415).

The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented (Aaltonen and Ikävalko, 2002:415). However, as many practitioners and business executives can vouch, transforming strategies into action is a far

more complex and difficult task. In fact, Nutt (1983) as cited by Chimhanzi (2004:74), argued that empirical evidence suggests that implementation in practice is fraught with difficulties and generally falls short of expectations. Statistics noted by Bigler (2001:29) and Miller (2002:544) suggest that between 70 and 90 per cent of formulated strategies are not implemented on time and with the intended results. These results seem to be attributable to failures in the implementation process rather than in the formulation of strategy itself (Al-Ghamdi, 1998:322).

Essentially, until a strategy is implemented, it remains a plan and not an operational reality. The good intentions of a strategy can become insignificant if not implemented. This notion is encapsulated by the noteworthy statement “. . . great strategy, shame about the implementation . . .” (Okumus and Roper, 1998:218). The ability and strength to execute a decision is thus more crucial for success than the underlying analysis of the strategy (Gummesson, 1974 as cited by Chimhanzi, 2004:73). Giles (1991), as cited by Chimhanzi, 2004:73), to such an extent, saw implementation as the most powerful part of the strategic management process.

Impeders of strategy implementation as found from a literature review include aspects such as the insufficient linking of strategy to goals, time limitations, unanticipated market changes, lack of consensus among decision makers and unsuitable resources allocation. The list is ongoing and the impeders identified from the literature were evident across a number of industries; however, none of the empirical research studies has focussed on the hotel industry. Although Okumus (2002:107) has noted that no researcher has provided research findings which indicate that there are any particular differences between strategic management in hospitality firms and in any other types of firms, the researcher is of the opinion that empirical research in the hotel industry can contribute towards assisting practitioners in the hotel industry to move from strategic planning to strategy implementation, and as

such overcome one of the main problem areas within the strategic management process.

This study therefore sets out to address the gap between strategic planning and strategy implementation with a particular focus on the South African hotel industry. The study addresses firstly the extent to which strategic planning is taking place within the South African hotel industry. Secondly, the impeders of strategy implementation are investigated. The findings from the study lay the foundation for the development of a conceptual and practical model that can assist management and practitioners in the South African hotel industry move from strategic planning to strategy implementation.

1.2 FORMULATING THE PROBLEM

Strategic management and the processes linking strategic planning, implementation, coordination and control are important for the hotel industry as it operates in a highly competitive environment, and is unique in various aspects compared to other industry sectors. This can be illustrated by the range and variety of products and services, such as accommodation, food, beverage, leisure, sporting and other retailing activities, and the appropriate servicing and maintenance of these products. In addition to this, there are many multi-unit corporations, which have specialised structural configurations and this impinges upon strategic decisions made at functional, operational and corporate level. The hospitality industry is distinctive, as indicated by Olsen, Tse and West (1992:18). The distinctive factors described by the authors are as follows:

- It is both capital and labour intensive.
- It is considered a fragmented industry.
- The ownership of assets used in this industry often does not belong to those who are managing them.

- A considerable amount of real estate across the globe is dedicated to supporting all types of hospitality organisations.
- Competitive advantage through innovation is short lived, as it is prone to being copied almost immediately.
- This specific industry encourages the spirit of entrepreneurship and the dream of owning one's own business.
- It is part of the service industry phenomenon with unique demand, supply and technology relationships.

In order for hotels to survive in a highly competitive environment, strategic planning and the effective and efficient implementation thereof is a critical facet for top management to ensure competitive advantage and long-term sustainability. However, a qualitative pilot survey that was internally conducted by the researcher for the Eskom Training Centre amongst a sample of 12 independent and chain-managed hotels in Gauteng revealed that hotel managers complained about a lack of understanding of the core principles of strategic management and of effective and efficient strategy implementation and control. In some cases, hotels operate without proper strategic planning taking place. At the same time, managers noted that ineffective strategy formulation and understanding hampered strategy implementation.

Findings from the pilot survey revealed that problem areas experienced by managers, included:

- a total lack of comprehensive strategic planning by top management;
- confusion amongst management regarding the various areas and levels of strategic planning, namely marketing, operational, human resources, and financial;
- a lack of strategic formulation from all levels of the organisation;
- ineffective communicating of strategic intent across all levels of the organisation and a clear understanding thereof; and

- a lack of developing long-term strategies to harness areas such as employee's intellectual, creative and innovative ability to the benefit of the organisation.

One manager noted that strategy implementation could only take place if management culture and climate are conducive and geared towards the process of moving from strategic planning to the implementing of a strategic intent, and the supporting facets of coordination and control. The lack of clearly formulated disciplines and operational guidelines contribute to the problem.

A review of literature by the researcher could not yield documented evidence of the strategic problem areas experienced in the South African hotel industry, as there is very little literature on strategy available, with a hospitality focus. The outcomes of poor strategic planning and implementation have, however been covered in the literature. Improper planning and a lack of effective and efficient strategy implementation can have detrimental effects on the sustainability of any organisation. These two facets, namely planning and implementation ultimately form primary pillars of any organisation's long-term survival in a highly competitive environment.

This study therefore investigated the extent to which strategic planning and implementation principles and concepts of strategic management are used within the hotel industry in South Africa. This included, inter-alia, an investigation into the challenges and barriers faced by management in the processes of moving from strategic planning to strategy implementation and the supporting facets of coordination and control. It should be noted that although Kumar, Markeset and Kumar (2006:107) emphasised that strategy implementation and execution are different in the sense that implementation has to do with making resources available and setting up detail plans for strategy execution, whereas the execution phase the plans are enacted and

the resources used, for the purpose of this research strategy implementation also encapsulate the process of execution.

The research utilised both qualitative and quantitative data gathering techniques to fully investigate the aspect under consideration. The scope of the research fell on star rated hotels in South Africa. The hotels encompass both independent hotels and hotels within international, national and regional chains.

Guidelines and a proposal towards a solution were sought to address the problem areas experienced towards planning and implementation and control. The ultimate aim of the study was to present a conceptual and practical framework for moving from strategic planning to strategy implementation and control within the hotel industry.

1.3 RATIONALE FOR THE STUDY

Strategic planning and successful implementation of strategies are critical to the capitalising of growth opportunities for any firm. For the South African hotel industry, the expected boom in tourism levels towards the 2010 Soccer World Cup and beyond marks such an important growth opportunity and it is necessary for firms to be strategically agile to be able to capitalise on this envisaged upturn in the tourism sector. The foundation for strategic agility lies in proper strategic planning across all levels of the respective organisation and effective and efficient implementation, measurement and control. During the review of literature it was uncovered that there is a definite lack of scientific literature on strategy formulation and implementation in the management of South African hotels. A study such as this would assist hotel managers and practitioners in the process of strategic management, and more specifically the implementation phases.

1.4 RESEARCH OBJECTIVES

Three main research objectives are covered within this study, namely:

1. The first research objective was to investigate the extent to which strategic planning and implementation principles and concepts of strategic management are used within the hotel industry in South Africa.
2. The second critical research objective was to investigate the challenges and barriers faced by management in the process of moving from strategic planning to strategy implementation and the supporting facets of coordination and control.
3. The third objective was to develop a conceptual and practical strategic management model for the South African hotel industry. The model is to be based on the insights and findings obtained from the literature and empirical research. The intention of the strategic management framework is to serve as a tool that is conducive to the processes of strategic planning, implementation, coordination and control.

1.5 THE RESEARCH APPROACH

The study utilised both a qualitative and quantitative data gathering processes. A three-phase process for data gathering was planned and subsequently utilised.

The first phase of the study involved in-depth interviews with executives at three to five star rated hotels and hotel groups. This phase contributed in understanding the extent that strategic planning takes place within hotels and the impeding factors to strategy implementation. The in-depth discussions also focussed on the processes and tools employed during strategy implementation and control.

The second phase of the research design involved the gathering of quantitative data by means of a structured questionnaire from a sample of three to five star rated hotel managers within the top and middle management level. This phase aimed to gather quantitative data to support and expand on the findings from the first phase. Similar aspects, as covered during phase one, were addressed.

The results and findings were used for the development of a conceptual and practical model/framework for the South African hotel industry that might assist with the processes of moving from strategic planning to strategy implementation.

The last phase of the data gathering process involved a focus group discussion with hotel executives and managers and consultants. The discussions focussed on the newly developed draft model. Aspects that were discussed included ease of understanding, practicality and covering of issues. Although not encompassed within the scope of this study, the potential for the conversion of the model into a practical score card or monitoring instrument were also discussed.

The rationale behind the choice of employing qualitative and quantitative methods is that, qualitative research methods allow respondents to provide descriptive information about their thoughts and feelings that are not easily projected to the whole study population. Since the research, problem and objectives require a good understanding of the problem and actionable solutions, a combination of qualitative and quantitative research method is regarded as appropriate for this study. More so, the questionnaire data collection methods enable the researcher to quantify responses and views. This also helps to minimise researcher's own bias while enhancing efficiency in the analysis of complex information. In this context, reliability will be high.

1.6 DELIMITATIONS AND DELINEATION OF THE STUDY

1.6.1 Delimitation of the study

The focus of the research fell on the processes of moving from strategic planning to strategy implementation and the supporting facets of coordination and control. Aspects dealing with the operations of an organisation and operational planning were therefore excluded from the scope of the study. Specific elements dealing with strategic planning *per se* were also regarded as outside the scope of the study. Lastly, the scope of the study fell on the hotel industry in South Africa only, with a particular focus on three to five star rated hotels.

1.6.2 Study delineation

The gathering of data was delineated to include a representative sample of three to five star rated hotels as graded by the Tourism Grading Council of South Africa. The Tourism Grading Council provides a voluntary grading system whereby hotels are awarded stars based on the level of accommodation and services offered. This constituted a suitable delineation framework for the selection of graded hotels to be included in the sample frame. In addition, contact details of such hotels were available for the creation of a sample database of hotels.

1.7 THE STRUCTURE OF THE THESIS

Chapter two focuses primarily on the literature review pertaining to strategic planning and strategy implementation, with the entire strategic management process being discussed to a lesser degree.

Chapter three provides a discussion of the methodology employed, including data gathering methods, sampling, data preparation and analysis.

Chapter four presents the results derived from the analysis of the data. Tables and graphs are used to present results in support of the research objectives.

Chapter five provides a discussion of the findings and how it links to the findings from the literature review in chapter two.

In chapter six, the draft model is presented, the focus group session discussed and a final model presented. It highlights the study's contribution to the field of strategic management in presenting a conceptual and practical model that can assist practitioners in moving from strategic planning to strategy implementation within the hotel industry in South Africa. In conclusion, a brief summary of the research study is done, final conclusions are drawn and some recommendations are made with regards to areas for further research to build on this study.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This literature review provides a theoretical basis of the thinking and practice on the subject of strategy, strategic management and more importantly the processes of strategic planning and implementation. Although most recent sources on these subjects are sought, the researcher recognises that strategic thinking has been practiced over many centuries and some thinking employed years ago is still as valid today as it was then. This aspect is well illustrated by Welch (2001:390), who noted that he found the strategic beliefs of Helmut von Moltke, a Prussian general that lived in the latter parts of the 1800's more useful in the shaping of his own strategic thinking than all the data crunching done over the years in the strategic plans of General Electric.

Porter (1996:36) postulated that strategy has been around for thousands of years as a way of thinking about survival and achieving success through leadership in war or politics. However, he noted that there is no common agreement when it comes to what strategy or strategic thinking really entails. Over the years, academics and business have developed different interpretations to the definition of strategy.

A main aspect of this chapter however is concerned with the processes and impeters of strategy implementation. Aaltonen and Ikävalko (2002:415) noted that in the realm of strategic management, strategy implementation has attracted much less attention in strategic and organisational research than strategy formulation or strategic planning. Alexander (1991), as cited by Aaltonen and Ikävalko (2002:415) suggests several reasons for this, namely:

- strategy implementation is less glamorous than strategic planning;
- strategy implementation is overlooked as academics and practitioners believe that everyone can do it;
- people are not exactly sure what the strategic management process includes, where it begins and where it ends;
- there are only a limited number of conceptual models for strategy implementation.

Despite the lack of attention, strategy implementation has long been recognised as being critical for business success. Yet, more than half of new strategic initiatives failed to get implemented (Miller, 2002:544). This seriously puts a strain on business growth and long-term sustainability.

Before looking more in-depth into the thinking behind strategic implementation, the general fields of strategy and strategic management are covered in section 2.2. Out of this the two main focus areas of the study develops, namely strategic planning, which are dealt with in section 2.3, and strategy implementation, which are dealt with in section 2.4.

2.2 STRATEGY AND STRATEGIC MANAGEMENT

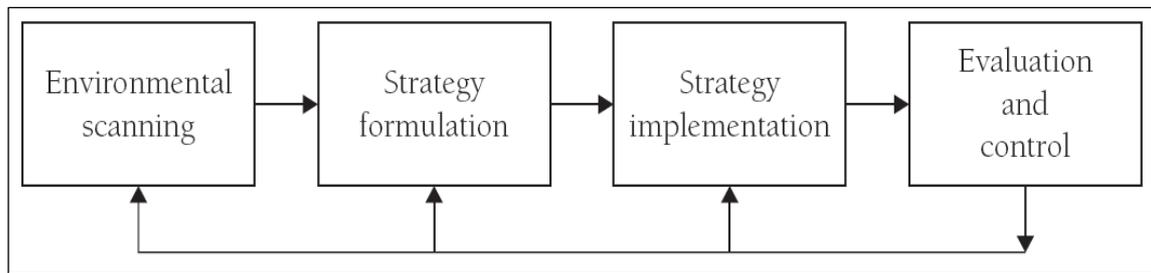
Welch (2001:390) postulated that business success is less a function of grandiose predictions than it is a result of being able to respond rapidly to real changes as they occur and that is why strategy has to be dynamic and anticipatory. The thinking of Welch (2001) emphasises two important parts of today's business environment, first, namely the ever increasing acceleration of change in the business environment and secondly the ability to implement strategy successfully within this dynamic environment.

Stock and Lambert (2001:219) postulated that given the challenges facing organisations, sustaining business growth to ensure long-term survival is one

of the critical challenges to any business executive. Organisations must at some stage in their lifecycle seek new growth opportunities in order to address realities such as maturing markets, competitive threats and taking advantage of opportunities by utilising new technologies, exploiting new markets and capitalising on changing customer demographics. Edgar and Nisbet (1996:6) also acknowledged the challenges brought about by the changing environment in which businesses operate, stating that businesses are operating in complex and turbulent environments with pressure to adapt and change in order to survive. To meet the challenges of changing demands, sustainability and the changing environment, the strategy of a firm becomes the match between its internal capabilities and its external relationships (Kay, 1995:4). Strategic management caters for these alignments and facilitates the processes of moving from strategic planning to strategy implementation.

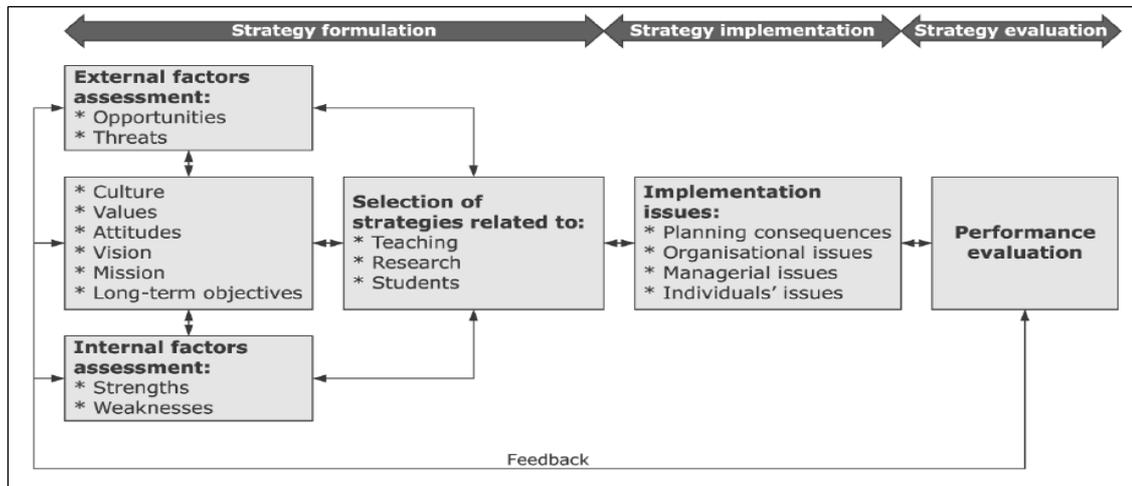
Ehlers and Lazenby (2004:1) postulated that strategic management could be defined as the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies. Ansoff (1969:131) already emphasised in 1969 the duality of strategy, namely its formulation (the originally conceived plan) and its implementation (the carrying through of that plan).

But what constitutes the strategic management processes? The basic elements of the strategic management process are shown in figure 2.1 and consist of environmental scanning, strategy formulation, strategy implementation and evaluation and control.



**Figure 2.1: The basic elements of the strategic management process
(Trainer, 2004:131)**

This framework forms the basis of many other more specific ones. For example Alashloo, Castka and Sharp (2005:133) proposed a generic strategic management framework for the higher education. Refer to figure 2.2. The framework consists of three main stages, namely strategy formulation, strategy implementation and strategy evaluation. During the first stage, strategists must consider factors such as culture, values, attitudes, vision, mission and long-term objectives. The social, political, economic, technological and demographic changes must also be assessed in order to identify environmental opportunities and threats. Opportunities and threats can only be pursued or blocked if the strengths and weaknesses of the organisation are known. Only then can the necessary strategies be formulated. Strategy implementation follows strategy formulation. This step involves the continuation of some ongoing strategies as well as the beginning of some new strategies. As a result, managers should consider analysis of organisational structures and systems before strategy implementation, as well as the analysis of culture, power and conflict. The final stage in the strategic management process is strategy evaluation and control. The aim of this phase is to ensure that stated objectives are being achieved. Reviewing internal and external factors, measuring performance, and taking corrective actions are the activities associated with this stage.



.2: Generic strategic management process (Alashloo, Castka and Sharp, 2005:133)

A number of other scholars have also proposed strategic management models. However, the focus of models of Andrews (1960), Feurer and Chaharbaghi (1995a), Hunger and Wheelen (1996) and Lewis (1996) fell more on strategy formulation, with little expansion on the implementation side. Many articles also refer to these models more as strategy development models than strategic management models.

The strategy models of Andrews (1960:27), Feurer and Chaharbaghi (1995a:12), Hunger and Wheelen (1996:123) and Lewis (1996:123) all proposed a unidirectional approach, consisting of a series of activities, which are tackled in a logical sequence that leads to the setting of strategies and the devising of plans to achieve such strategies.

Andrews (1960:27) pioneered the unidirectional approach in the 1960's. The model, which is represented in figure 2.3 highlights the main aspects of the strategic processes of a business.

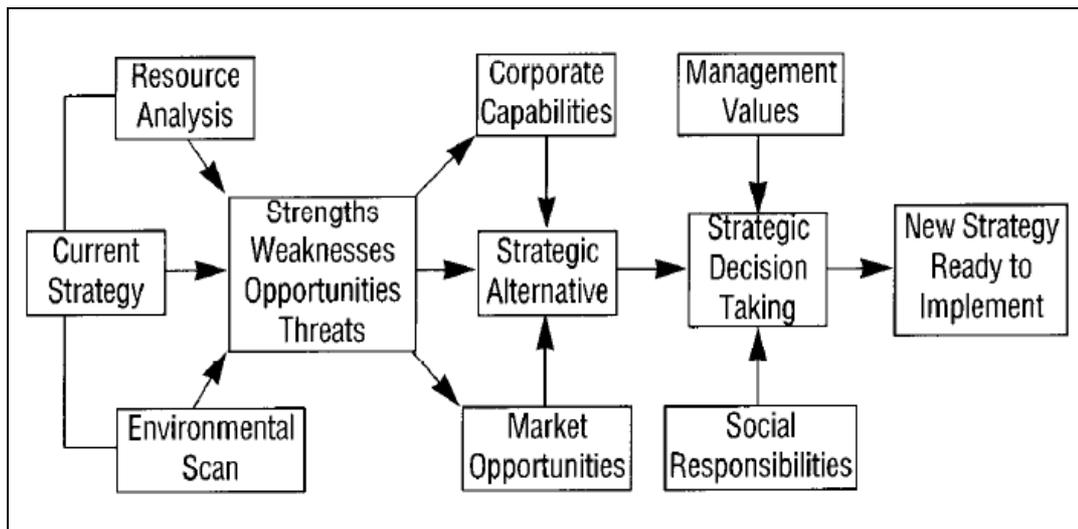


Figure 2.3: The Classic Strategy Model (Andrews, 1960:27)

The Hunger and Wheelen model (1996:123) consists of four inter-linking parts, namely environmental scanning, strategy formulation, strategy implementation and evaluation and control. The model is shown in figure 2.4.

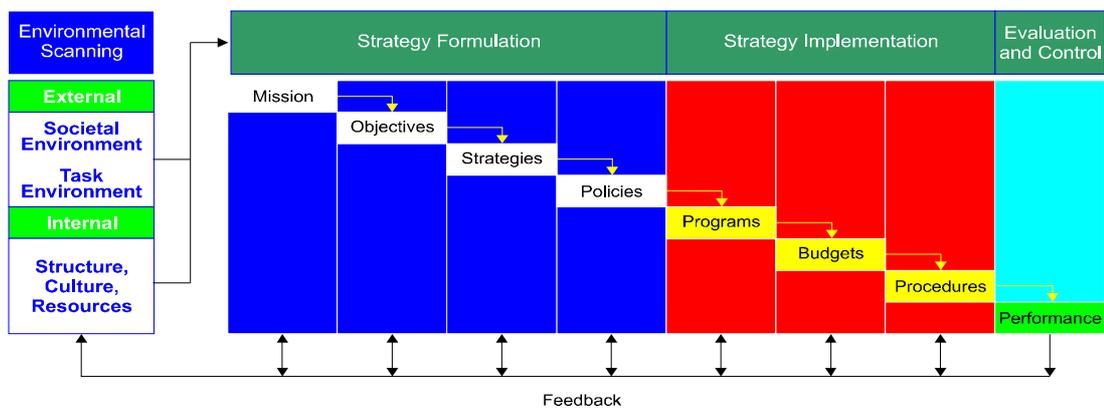
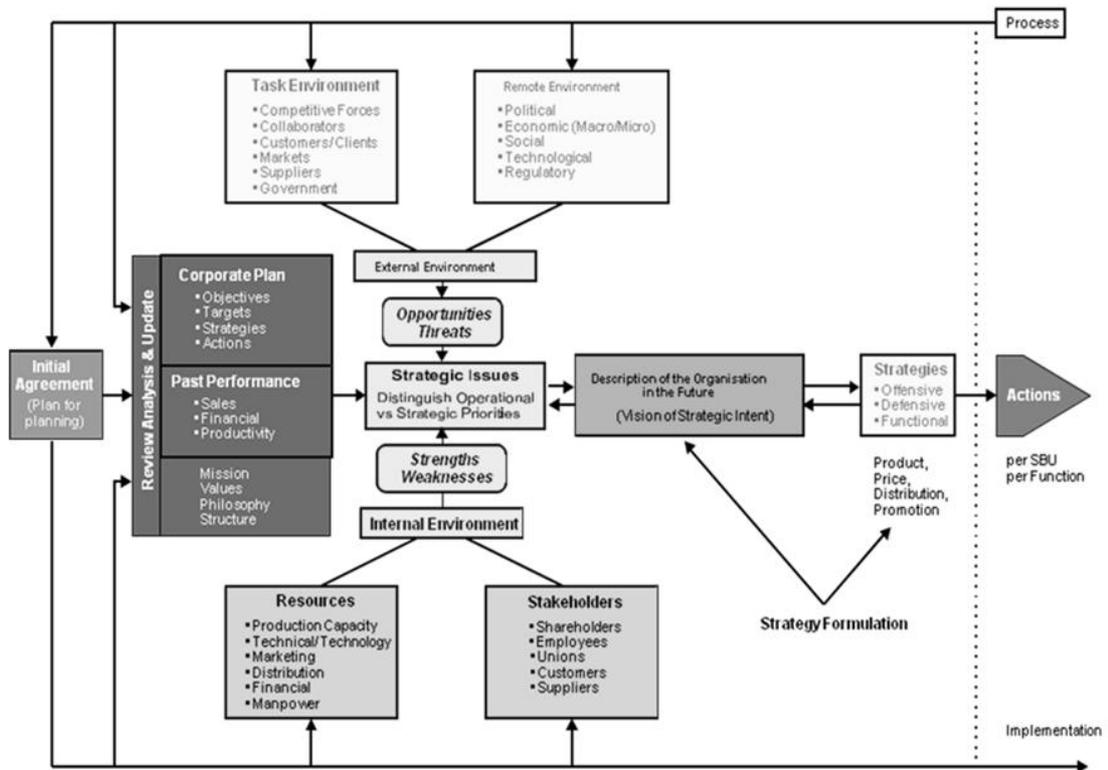


Figure 2.4: The Hunger and Wheelen Strategic Planning Model (Hunger and Wheelen, 1996:123)

The Lewis Model (1996:123), illustrated in figure 2.5, adopts a similar but more detailed approach. The approach takes a holistic view of the environment, analysing the past, identifying trends, core-driving forces, strategic issues and key uncertainties and looks into the future



model entails a number of well-defined steps carried out in sequence including data collection and analysis, strategy development, evaluation, selection and implementation. Refer to figure 2.6. Strategy becomes a rational decision-making process by which the organisation’s resources are matched with opportunities arising from the competitive environment. Feurer and Chaharbaghi (1995a:13) argued that the main limitation of the design concept relates to its inability to adjust to fast-changing conditions. Nonetheless, the processes in the model are still widely used in the business world today.

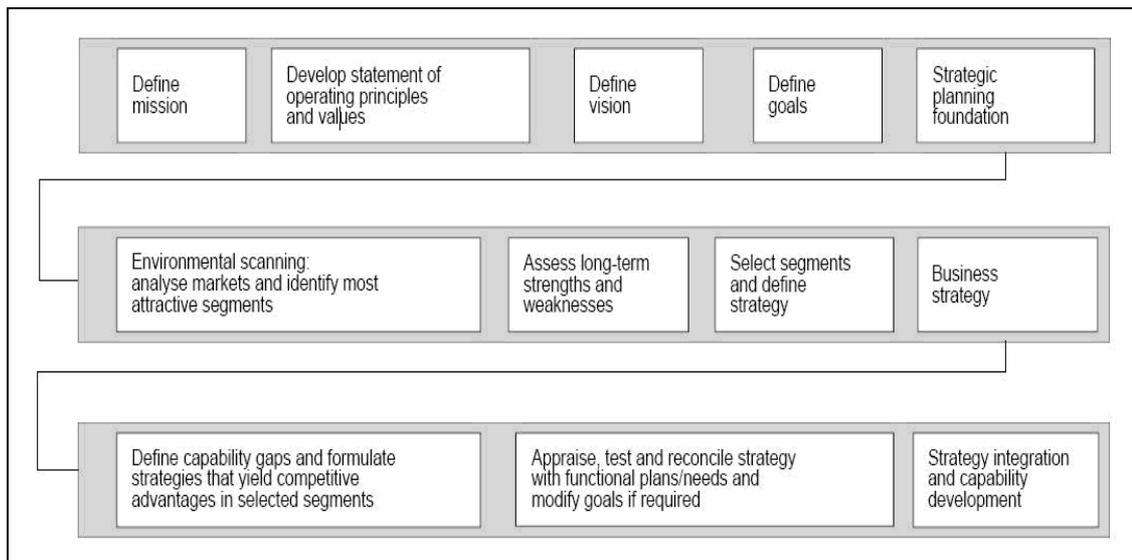


Figure 2.6: Strategy formulation and implementation based on the design school (Feurer and Chaharbaghi, 1995a:14)

Models that are more recent however started to move away from the unidirectional approach. This can be attributed to the general consensus that competitive environments are changing at an ever-accelerating rate resulting in high levels of uncertainty. As a result, competitive strategies and the way the strategy process works therefore come under scrutiny. In response to Feuerer and Chaharbaghi (1995a:13) concern towards the unidirectional approach of strategic management, Feuerer, Chaharbaghi and Wargin (1995) argued that organisations can no longer afford to adopt a unidirectional or step-by-step approach to strategy development. In the face of high levels of uncertainty and change, there is a need for a dynamic approach in which strategy formulation and implementation are carried out simultaneously. This represents an ongoing process of analysing the competitive environments and developing strategic options together with their evaluation.

Feurer, Chaharbaghi and Wargin (1995) also noted that a dynamic approach to strategy formulation and implementation are more effective if the processes are dispersed throughout the organisation. However, at the same time it becomes critical to maintain the right balance between establishing an overall

strategic direction for the whole organisation and having the flexibility to ensure swift reaction to changes in the competitive environment. This can only be achieved through effective communication and coordination within an organisation with the right structure and culture.

Other models where more dynamic approaches to the strategy development process were adopted include that of Okumus (2003:871), Ip and Koo (2004:553), Harrington (2005:384), McNamara (1997:32) and Alashloo, Castka and Sharp (2005:133).

Ip and Koo (2004:553) proposed a hybrid of SWOT analysis, the balanced scorecard, and quality function deployment in creating a pragmatic approach for translating vague strategy into action. They also incorporated Sun Tzu's Art of War to develop a more structured strategic formulation framework. A SWOT analysis allows a company to look internal (strong points and weak points) and external (opportunities and threats). The balanced scorecard provides a holistic balanced measurement of four perspectives, namely financial, customer, internal business process and learning. This provides a better indication of the performance of an organisation than merely the traditional financial data. Lastly, quality function deployment has been used extensively in a manufacturing setting for years. In this model, quality function deployment quantifies and prioritises the relationships of (internal/external) factors and actions structurally in financial, customer, process and learning perspectives.

Models proposed by Harrington (2005:384) and Okumus (2003:871) moved away from a step-wise approach of environmental scanning, formulation of strategic ends and means, strategy implementation, evaluation, and control, towards advocating a more holistic interpretation of strategy formulation and implementation.

McNamara (1997:32) rightfully noted that there is no perfect strategic planning model for an organisation. Each organisation ends up developing its own nature and model of strategic planning, often by selecting a model and modifying it as they go along in developing their own planning process. McNamara (1997:32) proposed five alternative models, which include a basic strategic planning model, issue-based or goal-based model, alignment model, scenario planning model and an organic planning model.

The basic strategic planning model is typically followed by very small organisations that lack strategic planning. Planning is usually carried out by top-level management and the basic strategic planning processes include:

- (1) Formulating the mission statement of the organisation
- (2) Selecting the goals that must be reached if it is to accomplish the mission and sub-goals
- (3) Identifying specific approaches or strategies that must be implemented to reach each goal
- (4) Identifying specific action plans to implement each strategy
- (5) Monitor and update the plan

The issue-based (or goal-based) planning model extends from the basic strategic planning model. The processes include:

- (1) External/internal assessment to identify strengths, weaknesses, opportunities and threats
- (2) Strategic analysis to identify and prioritise major issues/goals
- (3) Design major strategies (or programs) to address issues/goals
- (4) Design/update vision, mission and values
- (5) Establish action plans (objectives, resource needs, roles and responsibilities for implementation)
- (6) Record issues, goals, strategies/programs, updated mission and vision, and action plans in a Strategic Plan document, and attach SWOT, etc.
- (7) Develop the yearly Operating Plan document

- (8) Develop and authorise budget for year one (allocation of funds needed to fund year one)
- (9) Conduct the organisation's year-one operations
- (10) Monitor/review/evaluate/update Strategic Plan document

The purpose of the alignment model is to ensure strong alignment among the organisation's mission and its resources to effectively operate the organisation. The overall steps include:

- (1) The planning group outlines the organisation's mission, programs, resources, and needed support
- (2) Identify what's working well and what needs adjustment
- (3) Identify how these adjustments should be made
- (4) Include the adjustments as strategies in the strategic plan

Scenario planning might be used in conjunction with other models to ensure planners truly undertake strategic thinking. The model may be useful, particularly in identifying strategic issues and goals.

- (1) Select several external forces and imagine related changes, which might influence the organisation, for example change in regulations, demographic changes, et cetera.
- (2) For each change in a force, discuss three different future organisational scenarios (including best case, worst case, and reasonable case), which might arise with the organisation as a result of each change.
- (3) Suggest what the organisation might do, or potential strategies, in each of the three scenarios to respond to each change.
- (4) Planners soon detect common considerations or strategies that must be addressed to respond to possible external changes.
- (5) Select the most likely external changes to effect the organisation, for example over the next three to five years, and identify the most reasonable strategies the organisation can undertake to respond to the change.

General steps of the organic planning model include:

- (1) Clarify and articulate the organisation's cultural values. Use dialogue and story-boarding techniques.
- (2) Articulate the group's vision for the organisation. Use dialogue and story-boarding techniques.
- (3) On an ongoing basis dialogue about what processes are needed to arrive at the vision and what the group is going to do now about those processes.
- (4) Continually remind employees that this type of naturalistic planning is never really finished. Rather, the group needs to learn to conduct its own values clarification, dialogue/reflection, and process updates.
- (5) Focus on learning and less on method.
- (6) Ask the group to reflect on how the organisation will portray its strategic plans to stakeholders.

David (2001:18) noted that strategy formulating and implementation often overlap in practice. Conceptual models should therefore also incorporate the strategy implementation process, otherwise strategic planning become obsolete.

The stage dealing with strategy implementation is however regarded by many practitioners as the main reason why strategy fails. This was acknowledged by Dobnii and Luffman (2000:896), who noted that the current key challenge for management in achieving a competitive advantage lies in the implementation of strategy, as opposed to the formulation of it. Strategy implementation addresses the issue of how to put formulated strategy into effect within the constraints of time, an organisation's financial and human resources, and its capabilities. Bigler (2004:29) for example noted that a study has shown that 90 per cent of formulated strategies of firms in the USA and Europe are not implemented on time and with the intended results. He furthermore noted that when Lou Gerstner came on board to turn around IBM,

one of the key problems he found was that of implementation. Waldersee and Sheather (1996:105) commented that weaknesses of strategic management seem to be more in the implementation than formulation. Other researchers that noted similar views, even as early as 1984, included Mellalieu (1984:76), Alexander (1985:231), Brache and Freedman (1999:122) and Nutt (1999:16).

The belief, Bigler (2004:29) stated, is that general management can be a key source of competitive advantage for the global economy and may be the most difficult advantage to imitate. Most competitive strategies, however, gain parity among competitors very quickly. As a result, it is clear that strategy implementation will emerge as one of the critical sources of sustainable advantage in the twenty-first century. In fact, Bigler (2004:29) reminded business leaders of what Peter Drucker wrote in 1967 about the effective 'execute-ive', where Drucker's play on the word underscores the view that the key responsibility of being an executive is to execute to results - to go beyond being a thinker and a leader.

According to Fahey and Randall, (1994:68) strategic management is the name given to the most important, difficult and encompassing challenge that confronts any private or public organisation: how to lay the foundation for tomorrow's success while competing to win in today's market place. However, more importantly, it embraces the processes of ensuring that strategic planning is implemented and executed efficiently and effectively in order to reap the intended results. It is this process that challenges most firms. The hotel industry is no exception.

The next section reflects on the process of strategic planning.

2.3 STRATEGIC PLANNING

2.3.1 Defining strategic planning

Strategic planning is the combination of strategy and planning. In other words, it is the planning of strategy.

Strategic planning was developed to help organisations anticipate and respond effectively to their dramatically changing environments (Bryson. 1988:43).

Johnson and Scholes (1993:5) saw strategic planning as a special kind of decision-making process having three characteristics. Firstly, having something done in advance of taking action; that is, it is anticipatory decision making. It is the process of deciding what to do and how to do it before action is required. Secondly, something required when the desired future state involves an interdependent set of decisions; that is, a system of decisions, which is too large to handle all at once and requires that earlier decisions be reviewed in the light of subsequent decisions. And thirdly a process directed towards producing one or more future states, which are desired and which are not expected to occur unless something is done.

Hunger and Wheelen (1996:123) described strategic planning as the determination of the basic long-term goals and objectives in an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

The Oxford Dictionary of Business English (1996:462) defines strategic planning as ‘the process of deciding and making a formal report on the future activities of a company for a certain period, with the aim to increase sales and profits, develop new products and enter new markets’.

In the context of this study, the definition of strategic planning provided by Hunger and Wheelen (1996:123) is regarded as most suitable.

2.3.2 Factors influencing strategic planning

There are many factors listed in the literature that influence strategic planning, as firms aim to obtain a match between strengths, weaknesses, opportunities and threats. The forces that affect strategic planning are encapsulated by Faulkner and Bowman (1995:259) force-field concept. According to Faulkner and Bowman (1995:259), there are forces acting in on the organisation that are already moving the organisation in the right direction. However, set against these pushing forces are resisting forces, or blockages to strategic change due to a fear of the unknown, resistance to change and uncertainty. The Force-Field model is shown in figure 2.7.

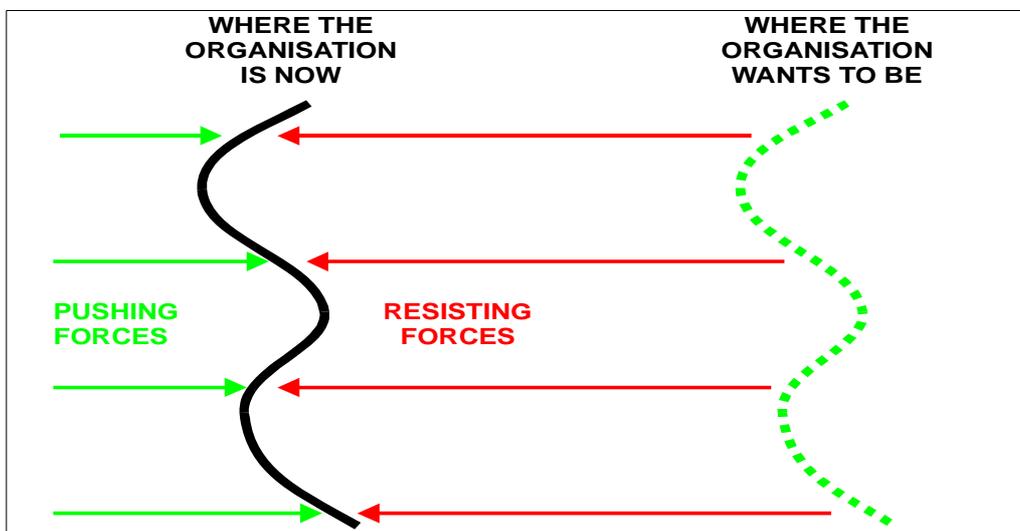


Figure 2.7: Force-Field model (Lewin cited by Thomas, 1985:54)

Factors that influence strategic planning include:

- (1) Environmental uncertainties – This factor threatens the strategic planning process as it hampers the ability to develop long-range plans

and to make strategic decisions to keep the organisation in equilibrium with its external environment.

- (2) Scarce resources – Strategic planning should be aligned to use scarce resource effectively. These include financial, HR and systems.
- (3) Legal forces – As governments introduce new legislation, the dynamics of an industry can change, affecting strategic planning.
- (4) Size and complexity of the organisation - Stopford (1993:66) found that as the size and complexity of an organisation increased, so did the degree of involvement and formality of their planning activities - this played an even more dominant role than environmental uncertainty.
- (5) Strategic issues versus operational aspects - Horwitz (1993:72) warned against the high incidence of involvement of executives in operating detail and routine matters - with insufficient attention being paid to management functions. Horwitz (1993:72) stated that due to continued growth in an organisation an increasingly heavy load of entrepreneurial decision-making would be placed on managers. However, they will be drawn deeper and deeper into operational activities if they fail to reform the lines of authority and communication and to develop the information necessary for administration.
- (6) Strategic planning reflected in operational performance - The fact that operating performance is often at variance with a chosen strategy is highlighted by Ohmae (1983:45). He ascribes this to the fact that the strategic plan often does not match the available resources, and that the behaviour of members of the organisation is not always consistent with the requirements of the strategy. This view was endorsed by Quinn (1988:172). He specifically mentioned the different views held by top management and the planners versus those of the executors of the strategic plan. Craig and Grand (1993:212) saw that moving from concept to practice has turned out to be elusive for most companies, and various critical links to couple selected strategy with short term actions have been proposed. Yavitz and Newman (1982:427) stated

that some of these are the links between strategy and resource allocation, policies and accepted values, organisation structure and the selection and motivation of key executives.

- (7) The lifecycle of the organisation – as companies move through different phases of lifecycle, the competitive environment change and influence the way they plan and execute strategy.

Steiner (1979), as cited by Harrison (1995:48), stated that strategic planning deals with the futurity of current decisions. Harrison (1995:48) elaborated on the importance of strategic planning horizons and noted that the futuristic orientation of strategic objectives necessitates that management decide today what it intends to accomplish tomorrow and to undertake what needs to be done between then and now to get from here to there.

According to Harrison (1995:49), planning horizons constitute the temporal framework for strategic planning maturities. In other words, planning horizons affirm the essentiality of time as the principal dimension in strategic planning. The extension and establishment of the planning horizon for a given organisation is therefore centred in the answers to two interrelated questions:

- (1) How far into the future does the organisation need to plan?
- (2) How far into the future is management willing and able to plan?

Steiner (1979), as cited by Harrison (1995:49), noted that a five-year planning horizon is probably most common in terms of planning. Steiner (1979) also noted that there, however, are many organisations that operate with a ten-year planning horizon. The answer to the question of how far into the future an organisation needs to plan is a composite product of at least six contributing organisational factors, namely:

- (1) Product life cycle: Strategic planning should take into account the life cycles of its products and services. Harrison (1995:49) noted that it is

incomprehensible that the planning horizon would not encompass at least the full life cycle of the longest-lived product in an organisation.

- (2) Technological change: Organisations finding themselves in an industry where technology applications change rapidly will most probably need a shorter planning horizon.
- (3) Lead-time: Harrison (1995:49) defined lead-time as the temporal interval between formulating and establishing a strategic objective and its expected maturity. Lead-time is explicit in establishing a strategic planning maturity. Lead-time is also implicit in the planning horizon in that it does not extend beyond the futuristic boundary of the strategic plan. Lead-time should be sufficient to accommodate all the future decisions that must be made to attain the strategic objectives. It should be long enough to give management needed flexibility in adjusting the strategic objectives to unanticipated environmental changes.
- (4) Present value: It is well known that money has a time value. Organisations should therefore be well aware of the time value influence on planning horizon.
- (5) Organisation life cycle: The planning horizon for a young organisation with a high rate of growth would tend to be somewhat shorter than for a more mature organisation with most of its growth behind it. As the organisation becomes more established, its planning horizon would be extended accordingly.

2.3.3 Developments in strategic planning

Kay (1995:4) noted that until the early 1980's, corporate strategic planning was directed towards the creation of a diversified business portfolio. However, Kay (1995:5) noted that by the 1980's it was realised that unrelated diversification added little value. The trend of the 1980's was one for focus on the core business.

In the 1990's, the scope of activities of organisations has become wider and more complex than before. Diversification again became necessary to run operations more effectively (Craig and Grand, 1993:212). Craig and Grand (1993:212) also noted that conditions under which organisations operated have become more dynamic rather than relatively static as in earlier times. The rate of change seems to be increasing under the impact of factors such as modern technology and communications.

With regard to the future of business, Maynard and Mehrtens (1993:544) noted that they foresee a radically different future in which business principles, concern for the environment, personal integrity, and spiritual values are integrated. This would require a new kind of leadership-managers and CEO's who embrace an attitude of global stewardship; who define their assets as ideas, information, creativity, and vision; and who strive for seamless boundaries between work and private lives for all employees.

Feurer and Chaharbaghi (1995b:15) postulated that due to the accelerating dynamics of competition, the key to competitiveness lies no longer in employing strategies that have been successful in the past or copying strategies of successful competitors. It rather results from a constant process of developing and implementing new strategies that will differentiate the organisation from the rest of the industry in which it operates.

Finally, the literature suggests that that companies engaging in strategic planning tend to outperform organisations that do not (Wu, Chou and Wu, 2004:396). At the same time, it should be remembered that the success of a strategic planning document or session is in action and not in intent.

2.3.4 Strategic planner

Hamel and Prahalad (1989:63) postulated that most strategic management theory and nearly every corporate planning system are premised on a strategy

hierarchy in which corporate goals guide business unit strategies and business unit strategies guide functional tactics. In this hierarchy, senior management makes strategy and lower levels execute it. The dichotomy, Hamel and Prahalad (1989:63) argued, between formulation and implementation is familiar and widely accepted. However, the strategy hierarchy undermines competitiveness by fostering an elitist view of management that tends to disenfranchise most of the organisation. Employees fail to identify with corporate goals or involve themselves deeply in the work of becoming more competitive. Although the goal of the strategy hierarchy remains valid -- to ensure consistency up and down the organisation, consistency is better derived from a clearly articulated strategic intent than from inflexibly applied top-down plans. In future, the challenge will be to enfranchise employees to invent the means to accomplish ambitious ends.

Thompson and Strickland (2003:11) postulated that all stakeholders have to be identified and involved during the first step of the strategic management process, namely planning. Planning is not only the executive management's responsibility but should filter down to the lower levels of employment, as strategy implementation at the end involves all employees.

Pitts and Lei (2003:189) emphasised that it is imperative that all departments and units to move in the same direction, as functional and departmental managers should ensure that the goals that they set for their specific unit/department do not conflict with the goals of other units/departments.

Craig and Grand (1993:212) proposed that a 'bottom up' approach should be used, which enables junior managers to participate in some way in the planning process.

2.3.5 Strategic planning concepts and tools

Various strategic planning tools are used to assist with strategic planning. These tools provide a structured framework for analysing the business environment. The tools are briefly described below.

- (1) SWOT analysis involves an assessment of the strengths (S), weaknesses (W), opportunities (O), and threats (T) of an organisation. The SWOT analysis is used within organisations usually during the early stages of strategic and marketing planning.
- (2) Environmental scanning involves the monitoring of changes in the external environment in which an organisation operates in order to identify threats and opportunities for the future and maintain competitive advantage.
- (3) PEST analysis a management technique that enables an analysis of four external factors that may influence the performance of the organisation. These factors are: political (P), economic (E), social (S), and technological (T).
- (4) Scenario planning a technique that requires the use of a scenario in the process of strategic planning to aid the development of corporate strategy in the face of uncertainty about the future.
- (5) Competitor analysis involves anticipating and analysing competitor actions.
- (6) Porter's Five-forces model for industry analysis and business strategy development considers five forces that determine the competitive intensity and therefore attractiveness of a market. Porter's Five Forces include three forces from 'horizontal' competition: threat of substitute products, the threat of established rivals, and the threat of new entrants; and two forces from 'vertical' competition: the bargaining power of suppliers, bargaining power of customers.

- (7) Portfolio analysis involves an analysis of the business portfolio of a company. In other words, an analysis of a company's current business portfolio and deciding which businesses should receive more or less investment. The best business portfolio is one that fits the company's strengths and helps exploit the most attractive opportunities.
- (8) Boston Consulting Group Growth Share Matrix is based on two-dimensional variables namely relative market share and market growth of products. They are used to classify product portfolio in four business types based on their position of the matrix.
- (9) Value chain analysis examines the sequence of business activities by which, in the perspective of the end user, value is added to products or services produced by an organisation

2.4 STRATEGY IMPLEMENTATION

2.4.1 The nature of strategy implementation

The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented (Aaltonen and Ikävalko, 2002:415). However, as many practitioners and business executives can vouch, transforming strategies into action is a far more complex and difficult task. In fact, Nutt (1983) as cited by Chimhanzi (2004:74), argued that empirical evidence suggests that 'implementation in practice is fraught with difficulties and generally falls short of expectations'.

Strategy implementation has long been recognised as being critical for business success in both the strategic management literature and the marketing literature (Chimhanzi, 2004:73). Essentially, until a strategy is implemented, it remains a plan and not an operational reality. The good intentions of a strategy can become insignificant if not implemented. This

notion is encapsulated by the noteworthy statement “. . . great strategy, shame about the implementation . . .” (Okumus and Roper, 1998:218).

The ability and strength to execute a decision is thus more crucial for success than the underlying analysis of the strategy (Gummesson, 1974 as cited by Chimhanzi, 2004:73). Giles (1991), as cited by Chimhanzi, 2004:73), to such an extent saw, implementation is the most powerful of the three-stage strategy process.

The difficulty in strategy implementation was highlighted by Bigler (2001:29) noting that 90 per cent of formulated strategies are not implemented on time and with the intended results. These are normally because strategy implementation took a back seat to strategy formulation. Miller (2002:544) also reported that organisations fail to implement more than 70 per cent of their new strategic initiatives and that only 10 to 30 per cent of strategies are implemented successfully. Al-Ghamdi (1998:322) justly argued that much of the shortcomings in the strategic area are attributable to failures in the implementation process rather than in the formulation of strategy itself.

According to Dobni, Dobni and Luffman (2001:400), there are three primary reasons why traditional approaches to strategy implementation fail. First, marketing strategies supporting a product or service quickly become generic and easily copied. Second, brilliant strategies do not always succeed, often succumbing to not so brilliant implementation processes. Lastly, there is often a failure to recognise the contributions that employees can have on strategy implementation. They attribute the failure to organisation's ability to provide a sufficient operational interface between the environment and the organisation. The approaches relating to traditional strategy implementation have not adequately focused on intangibles such as the people and processes necessary to develop ongoing and sustainable implementation contexts. This, Dobni, Dobni and Luffman (2001:400) believe, can be traced back to

something to which they refer to as cerebral strategising, which is defined as the inability to move strategy out of the boardroom and into the playing field. These impediments invariably have two quite contrasting outcomes: great intentions outlined in an eloquently written strategic plan supported by a poor, fragmented or sometimes non-existent implementation plan. As a result, traditional implementation contexts should be reconsidered, if not abandoned altogether.

2.4.2 Impeders of strategy implementation

There are numerous reasons for the failure of successful strategy implementation, also referred to as impeders. Although the reasons for failed strategy implementation vary, the causes can often be anticipated.

Rausch *et al* (2001:245) cited Thompson and Strickland (1995), who stated that strategy implementation is a tougher, more time-consuming management challenge than crafting strategy. This is because of the wide array of managerial activities that have to be attended to and the many ways managers can proceed. There are also certain people-management skills required and the perseverance to get a variety of initiatives launched and moving. All this happens within an environment of resistance to change. Responding to this complexity, elaborate models have been offered to help guide the decisions for strategy implementation.

Al-Ghamdi (1998:324) identified six primary implementation problems:

- (1) Implementation taking more time than originally anticipated
- (2) Problems surfaced, which were not identified before
- (3) Coordination and implementation activities not effective
- (4) Competing activities distracting implementers
- (5) Key implementation tasks and activities not sufficiently defined
- (6) Information systems to monitor implementation not adequate.

Bigler (2001:29) noted that six major factors have helped to drive the strategic challenges of the new economy, namely:

- (1) globalisation
- (2) industry convergence
- (3) electronic commerce
- (4) innovation and growth
- (5) disruptive technology
- (6) fickleness of customers

To successfully manage firms facing these challenges, Bigler (2001:20) suggested that strategy implementation should be synchronised according to market rhythm.

Aaltonen and Ikävalko (2002:415) identified the following nine problem areas during implementation, namely:

- (1) weak management roles in implementation
- (2) lack of communication
- (3) lack of commitment to the strategy
- (4) unawareness or misunderstanding of the strategy
- (5) unaligned organisational systems and resources
- (6) poor coordination and sharing of responsibilities
- (7) inadequate capabilities
- (8) competing activities
- (9) uncontrollable environmental factors

Sterling (2003:27) for example noted eight reasons for strategy failure. These are:

- (1) Unanticipated market changes: Strategies often fail because the market conditions they were intended to exploit change before the strategy takes hold. Product life cycles can become shorter, disruptive

technologies emerge with greater frequency, and financial markets can be fickle.

- (2) Lack of senior management support.
- (3) Effective competitor responses to strategy: Fundamentally, strategy is about out-performing the competition but strategy can be foiled by a highly effective response by a key competitor. Ultimately, to effectively anticipate competitors' reactions to a strategy, a company needs a solid competitive intelligence capability. This requires that companies understand competitors' market positions, their relative competitive advantages and disadvantages, their historical behaviour regarding competitive advantage strategies, and the general disposition of their respective management teams.
- (4) Application of insufficient resources: Strategies fail because not enough resources were allocated to successfully implement them. Lack of resources is generally a bigger threat to capital-intensive strategies but can emerge just as readily in any other market if people and time resources are inadequate.
- (5) Failures of buy-in, understanding and communication: Some strategies fail because there is insufficient buy-in to or understanding of the strategy among those who need to implement it. This normally happens when the implementers do not own the strategy. This is supported by research conducted by Guffey and Nienhaus (2002:23) that found a strong link between organisational commitment and employees' support of the organisation's strategic plan. Effective communication of the strategy and its underlying rationale are also critically important in the successful implementation of a strategy. All stakeholders, including those that are not directly involved in the formulation of the strategic plan, need to be informed and updated on a regular basis regarding any strategic intent. This is necessary if the organisation need to have the support of customers, suppliers, employees, unions, and communities to attain their goals. Ultimately,

buy-in of all stakeholders leads to consistent implementation. Good strategic management is a function of people actively considering the strategy as they make day-to-day decisions about the business.

- (6) Timeliness and distinctiveness: Some strategies fail because someone beats the company to market with a similar idea or strategy. Similarly, some strategies fail because they leave the company undistinguished in the market. Good strategy should distinguish the company from others in ways that make a difference to customers.
- (7) Lack of focus: a corollary to the need for timeliness and distinctiveness is the need for strategic focus. Some companies try to be all things to all people. As a result, they lack distinctiveness, but importantly, they also lack focus. This lack of focus result in the ineffective use of resources and priorities are never clearly articulated. Without prioritisation, employees lack the blueprint to make progress.
- (8) Bad strategy, poorly conceived business models: Sometimes strategies fail because they are ill conceived. Their business models are flawed because of misunderstanding of how demand would be met in the market. The strategies do not include some means of connecting customers at local level.

Results from a study by Aaltonen and Ikävalko (2002:416) indicated that a considerable number of respondents linked problems in strategy implementation with communication. A common concern was the creation of shared understanding of strategy among organisational members. Part of the findings also suggested that a great amount of information does not guarantee understanding.

Noble (1999), as cited by Aaltonen and Ikävalko (2002:416), for example stated that strategic planning is linked to strategy implementation through four processes, namely communication, interpretation, adoption and action. Many impeters can be linked to failing in one of these processes.

Keating and Harrington (2003: 441), having reviewed the literature on the implementation of quality programs in the Irish hotel industry, found that middle and senior management's commitment to the implementation process is critical, particularly in relation to evolving a culture of continuous performance improvement. Other issues of importance were the empowerment of staff and a fundamental culture change. Middle management might know their own jobs extremely well, but very few have an understanding of the strategic position of the firm, and therefore may not trust the new initiatives.

Alashloo, Castka and Sharp (2005:136) identified 32 impeding factors from the literature and grouped them into four categories.

Planning consequences

- (1) Lack of exact strategic planning
- (2) Insufficient linking of the strategy to goals
- (3) Time limitation
- (4) Lack of consensus among decision makers
- (5) Lack of identification of major problems
- (6) Lack of effective role for formulators
- (7) Unsuitable training system
- (8) Unclear regulation and executive policies

Organisational issues

- (9) Incompatible structure with the strategy
- (10) Unsuitable resources allocation
- (11) Lack of adequate communication
- (12) Lack of effective co-ordination
- (13) Lack of adequate information
- (14) Incompatible organisational culture
- (15) Competing activities among people

- (16) Competing activities among units
- (17) Unsuitable evaluation and control systems
- (18) Unsuitable compensation system
- (19) Inadequate physical facilities

Managerial issues

- (20) Unsuitable leadership
- (21) Lack of adequate organisational support
- (22) Lack of adequate manager commitment
- (23) Fear of insecurity among managers
- (24) Political factors in regard to power
- (25) Unsuitable personnel management
- (26) Uncontrollable factors

Individual issues

- (27) Lack of enough capabilities of employees
- (28) Resistance to change among people
- (29) Resistance to change among units
- (30) Fear of insecurity in the new territory
- (31) Lack of understanding of the strategy
- (32) Inadequate connection to the vision

Kumar, Markeset and Kumar (2006:106) listed the following 10 impeder:

- (1) Weak management roles in implementation
- (2) Lack of knowledge and communication to guide their actions
- (3) Unawareness or misunderstanding of the strategy
- (4) Poor coordination
- (5) Inadequate capabilities
- (6) Competing activities within the working team
- (7) Unfortunate marketing timing
- (8) Uncontrollable environmental factors

- (9) Misaligned operation
- (10) Insufficient monitoring and evaluation of the process.

Platts and Tan (2004:667) noted that the key to executing strategy is to have people in the organisation understand it. As the complexity of the business environment increases, good communication and shared understanding among managers are vital. Managers need to present increasing amount of information to one another clearly and effectively.

From the literature, it is thus possible to compile a list of potential impeters, which might be applicable to the hotel industry. These impeters can henceforth be empirically investigated during data gathering in order to identify the most prominent impeters as experienced by management in the hotel industry. The 29 impeters identified are:

- (1) Lack of exact strategic planning
- (2) Bad strategy – poorly conceived business models
- (3) Insufficient linking of strategy to goals
- (4) Time limitation
- (5) Lack of swift implementation
- (6) Lack of synchronising strategy implementation to market rhythm/pulse
- (7) Unanticipated market changes
- (8) Effective competitor response to strategy
- (9) Lack of consensus among decision makers
- (10) Too many and conflicting priorities
- (11) Top down management style
- (12) Lack of bottom up involvement in crafting strategy
- (13) Lack of identification of major problems
- (14) Incompatible structure with the strategy
- (15) Unsuitable resources allocation
- (16) Lack of adequate communication (vertical and horizontal)

- (17) Lack of effective co-ordination
- (18) Incompatible organisational culture
- (19) Competing activities among people/units
- (20) Unsuitable evaluation and control systems
- (21) Unsuitable leadership
- (22) Lack of adequate organisational support
- (23) Lack of adequate manager commitment
- (24) Unsuitable personnel management
- (25) Uncontrollable internal factors
- (26) Uncontrollable external factors
- (27) Lack of enough capabilities/skills of employees
- (28) Resistance to change among people/units
- (29) Lack of understanding of the strategy

The researcher is of the opinion that this list cannot be regarded as a definite one, but other impeding factors could also be identified during the empirical investigation.

2.4.3 Strategy implementation frameworks

There is a consensus in the literature that competitive environments are changing at an ever-accelerating rate resulting in high levels of uncertainty. As a result, competitive strategies and how strategic planning and strategy implementation are done come under scrutiny. Feurer, Chaharbaghi and Wargin (1995:4) argued that organisations cannot afford to adopt a unidirectional or step-by-step approach to strategy development, which entails several stages including data collection, development of strategic options, evaluation, selection and implementation. In the face of high levels of uncertainty and change, there is a need for a dynamic approach in which strategy formulation and implementation are carried out simultaneously. This

represents an ongoing process of analysing the competitive environments and developing strategic options together with their evaluation.

Feurer, Chaharbaghi and Wargin (1995:4) also noted that a dynamic approach to strategy formulation and implementation are more effective if the processes are dispersed throughout the organisation. However, at the same time it becomes critical to maintain the right balance between establishing an overall strategic direction for the whole organisation and having the flexibility to ensure swift reaction to changes in the competitive environment. This can only be achieved through effective communication and coordination within an organisation with the right structure and culture.

In order to improve communication links and speed up the implementation process Hewlett-Packard adopted a standardised method, which they referred to as Hoshin-Kanri, which means 'providing direction' (Feurer, Chaharbaghi and Wargin, 1995:6). The approach provides a systematic process of defining key issues at each level of the organisation. Refer to figure 2.8. In other words, although being systematic, it is decentralised where lower levels become 'strategy owners'. To ensure that everyone in the organisation is working towards the same objectives, templates for development and control are standardised. The Hoshin-Kanri process therefore forms the core of both strategy formulation and implementation and ensures that everybody within the organisation is made part of the overall process and directs effort in the same direction. However, the Hoshin-Kanri templates are only the tools for formulating and communicating the strategy itself. It is therefore necessary to describe how each unit within the organisation develops plans and contributes to the formulation and implementation of the overall strategic direction.

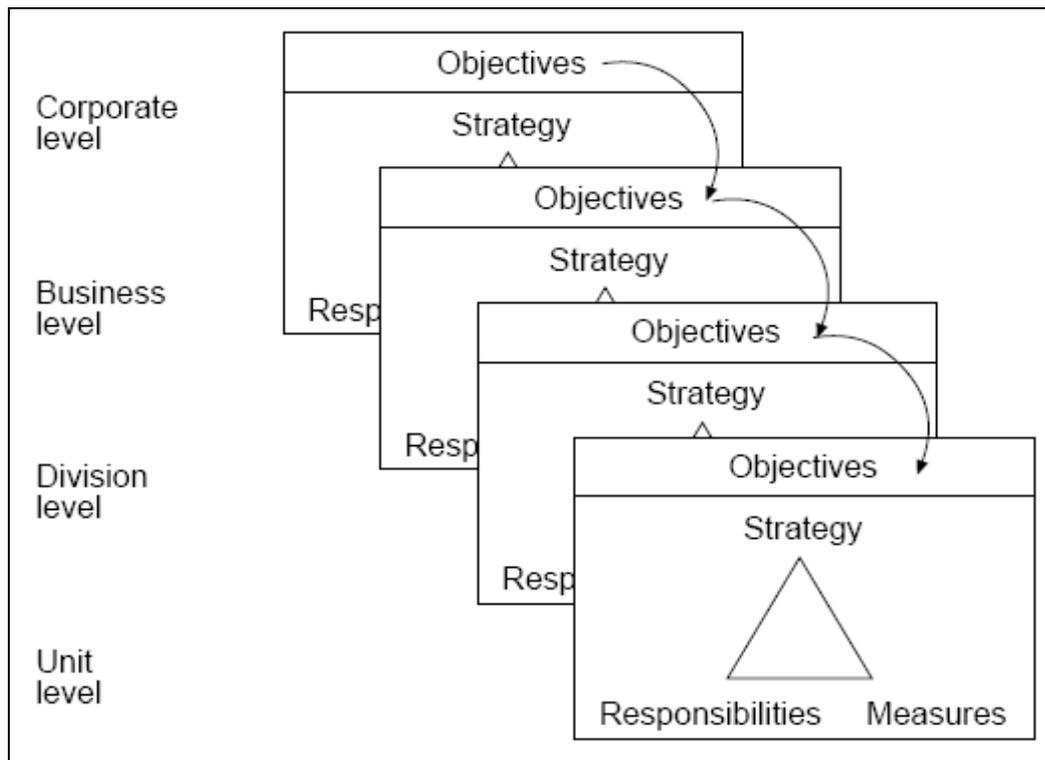
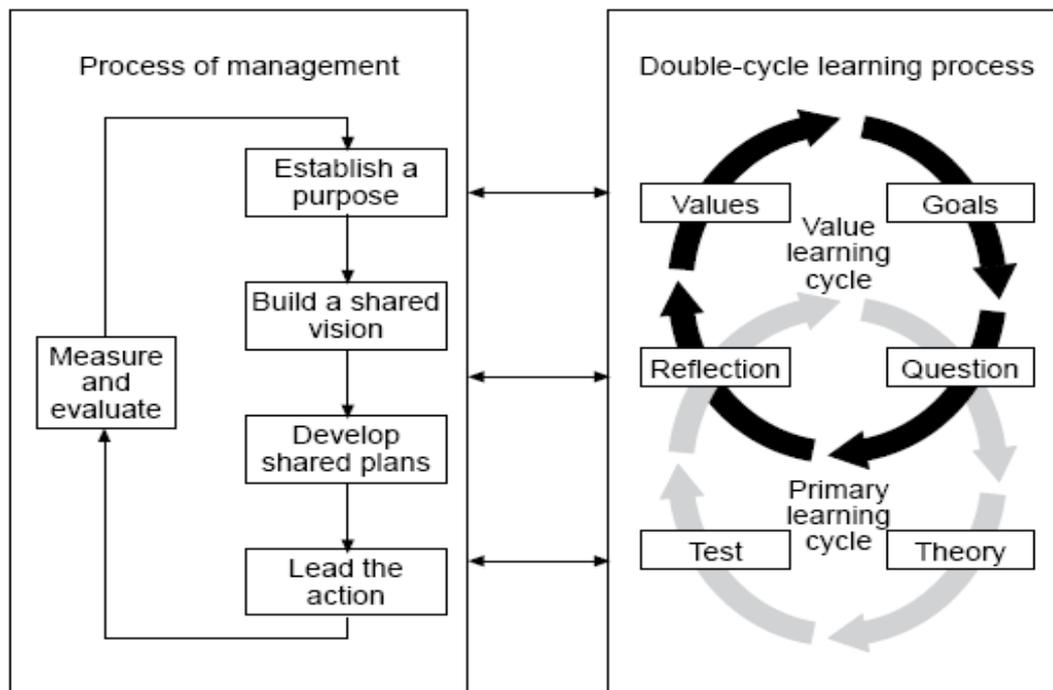


Figure 2.8: Hoshin-Kanri process for strategy formulation and implementation (Feurer, Chaharbaghi and Wargin, 1995:6)

The overall process of management with Hewlett-Packard can be regarded as a double-loop learning cycle, which combines cognitive and behavioural learning. The primary learning cycle develops the necessary know-how for formulating and implementing strategies while the value learning cycle generates the knowledge necessary regarding the values that have to be satisfied. Figure 2.9 places this double loop learning cycle in the context of strategy formulation and implementation at Hewlett-Packard. Such a learning approach to dynamic strategy formulation and implementation is possible as the structure and culture of Hewlett-Packard promote learning and change.



**Figure 2.9: Process of management as a double-loop learning cycle
(Feurer, Chaharbaghi and Wargin, 1995:15)**

Okumus (2003), after having reviewed numerous strategy implementation frameworks, remarked that frameworks in general could be categorised into three groupings:

- (1) Frameworks developed by Peters and Waterman (1982), Ohmae (1983), Hambrick and Cannella (1989), Roth, Scheiger and Morrison (1991), Hrebiniak (1992), Yip (1992) and Thompson and Strickland (1995:241) tend to list and describe the factors that are essential for strategy implementation. The checklist for successful strategy implementation as proposed by Sterling (2003) can also be included here.
- (2) Frameworks by De Vasconcellos e Sà (1990), Noble (1999), Bergadaà (1999) and De Feo and Jansen (2001) suggested rational step-by-step implementation models that are often difficult to follow in complex situations of implementation.

- (3) Frameworks developed by Pettigrew and Whipp (1991) and Okumus (2001) emphasised the importance of context and process during strategy implementation.

One of the more widely known implementation frameworks developed in the 1980's is the McKinsey 7S framework (Peters and Waterman, 1982:47). In this model, seven factors are listed that are regarded as essential for strategy implementation and managing organisational change. The model aims to help managers focus attention on the importance of linking the chosen strategy to activities such as:

- (1) Structure dealing with the way the organisation is structured and how reporting takes place
- (2) Systems encapsulating the daily activities and procedures to get the job done
- (3) Staff and their capabilities
- (4) Style dealing with the leadership style adopted
- (5) Skills and competencies of the staff
- (6) Shared values encapsulating all the core values of the organisation that are evidenced in the corporate culture and the general work ethic
- (7) Strategy dealing with the plan devised to build a competitive advantage for the organisation

The framework, as presented in figure 2.10 is based on the assumption that a change of strategy will require a change in the organisation's skills and shared values. This in turn will determine the requirements for the remaining factors.

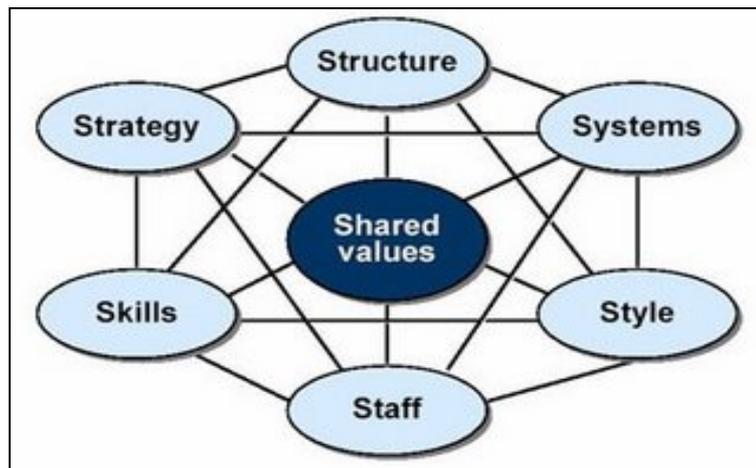
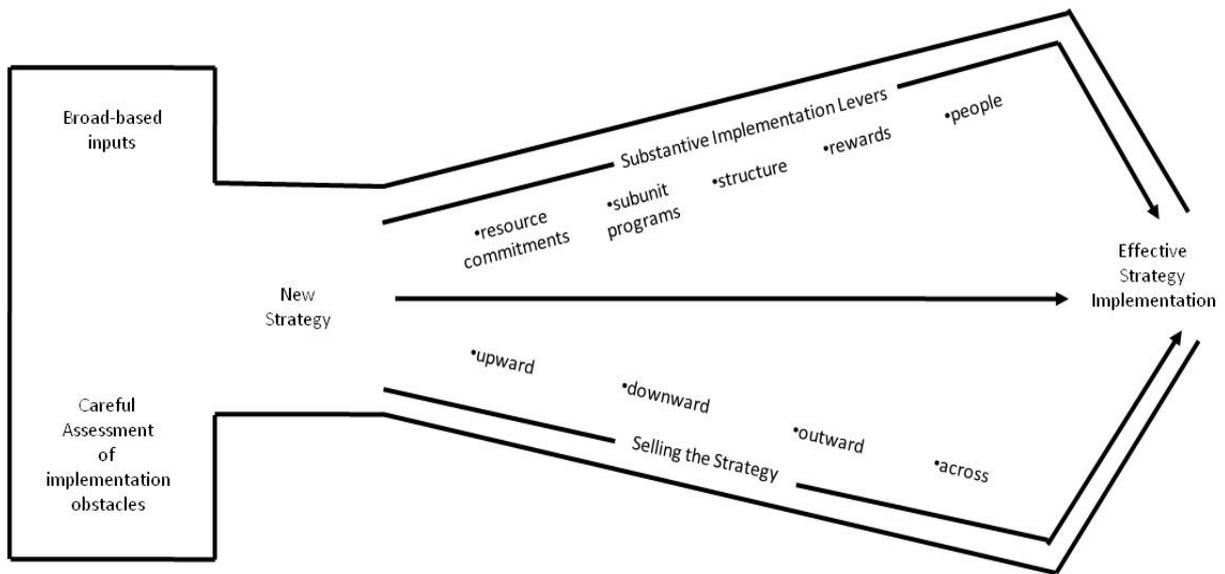


Figure 2.10: McKinsey's 7S-framework (Peters and Waterman, 1982:47)

The 3C's model developed by Ohmae (1983:45) presents guidelines for making the 'how' decisions that are necessary to turn strategy implementation into a fully dynamic process. It also provides criteria for evaluating the quality of the decisions for the needs of a highly fluid implementation process that can quickly change course as the strategy adapts to new conditions. Only by integrating the three C's namely customer, competitor, and company in a strategic triangle, sustained competitive advantage can exist.

Hambrick and Cannella (1989:279) proposed an implementation framework based on an empirical research project in a multi-business company. In comparison with other studies, they emphasised the role and importance of communication when implementing strategies. Their proposed framework for effective strategy implementation is presented in figure 2.11.



**Figure 2.11: The elements of effective strategy implementation
(Hambrick and Cannella, 1989:279)**

The approach can be defined by five actions, namely:

- (1) Obtain broad-based inputs and participation at the formulation stage.
- (2) Carefully and deliberately, assess the obstacles to implementation.
- (3) Make early, first-cut moves across the full array of implementation levers — resource commitments, subunit policies and programs, structure, people, and rewards.
- (4) Sell, sell, sell the strategy to everyone who matters — upward, downward, across, and outward.
- (5) Steadily fine tune, adjust, and respond as events and trends arise.

Hambrick and Cannella (1989:280) remarked that one of the most effective aids to implementation is to involve people early on in the development and debate of strategic options. It may not be possible to obtain universal agreement with a new strategic direction, but widespread inputs improve the quality of the choices, raise critical implementation issues, and make the involved individuals more receptive to the new strategy, once chosen.

The strategist must comprehend that the implementation setting is not benign. A variety of obstacles — generally known but just as generally overlooked — can and will intervene to prevent the new strategy from unfolding. The strategist can even go as far as to develop a written inventory and analysis of the key barriers the new strategy would face. This can, for example, be categorised into three groups, namely internal obstacles, external obstacles, and the parent company.

Next resources need to be committed. In some instances, existing resources can be redirected or in other cases, new resources must be acquired. Once inputs have been secured and major obstacles carefully assessed, substantive implementation actions can be taken.

As noted earlier, the success of strategy implementation according to Hambrick and Cannella (1989:280) is dependent largely on communication. The new strategy, by its very nature, will involve change. Anxiety and resistance provoked by the change will arise from parties who either have a vested interest in the old strategy or cannot envision the yields from the new one. Therefore, strategist thus faces a major selling job; that is, trying to build and maintain support among key constituencies for a plan (Hambrick and Cannella, 1989:279).

Roth, Scheiger and Morrison (1991:369) empirically examined the importance of international strategy on organisational design and its influence on the strategy implementation process. A quantitative research strategy was employed and data was collected from 82 business units competing in global industries. These authors identified six factors, which they argued should each be designed specifically in order to implement global or multi-domestic strategies.

These factors are:

- (1) coordination;

- (2) managerial philosophy;
- (3) configuration;
- (4) formalisation;
- (5) centralisation; and
- (6) integrating mechanisms.

The results of their research indicated that global and multi-domestic strategies require different implementation requirements. They found that when there was a proper alignment between strategy, administrative mechanisms and organisational capabilities, it was much easier to implement the strategy and achieve the desired objectives. They therefore suggested that the administrative systems and capabilities of the organisation should be readjusted if the intended strategy was to achieve its aims.

Hrebiniak (1992:392) proposed a conceptual framework to implement strategies in global firms. He suggested the following new specific implementation factors:

- (1) leadership;
- (2) facilitating global learning;
- (3) developing global managers;
- (4) having a matrix structure; and
- (5) working with external companies.

Another framework, consisting of four factors, was proposed by Yip (1992) as cited by Okumus (2003:872). These factors need to be considered in terms of their role in mediating strategy execution.

- (1) organisational structure;
- (2) culture;
- (3) people; and
- (4) managerial processes.

Yip (1992) argued that these four factors and their individual elements determine the crucial organisational forces that affect a company's ability to formulate and implement strategies.

Thompson and Strickland (1995:239) argued that every manager has an active role in the process of strategy implementation. For this reason, communication becomes one of the key factors for successful implementation. According to Thompson and Strickland (1995:239) there are no stepwise checklist or proven paths when it comes to strategy implementation, as it is one of the least charted and most open-ended parts of strategic management. Nonetheless, certain bases need to be covered irrespective of the organisation's circumstances. These include:

- (1) Building an organisation that is capable of carrying out the strategy. This includes selecting able people for key positions and organising business processes and decision-making that is conducive for strategy execution.
- (2) Developing budgets to steer ample resources into those value-chain activities critical for strategic success.
- (3) Establishing strategically appropriate policies and procedures.
- (4) Instituting best practices and mechanisms for continuous improvement.
- (5) Installing support systems that enable personnel to carry out their strategic roles successfully day in and day out.
- (6) Tying rewards and incentives to the achievements of performance objectives and good strategy execution.
- (7) Creating a strategy-supportive work environment and corporate culture.
- (8) Exerting the internal leadership needed to drive implementation forward and to keep improving on how strategy is being executed.

Sterling (2003:32) promoted a checklist for enhancing the effectiveness of strategy implementation, as well as improving the likelihood of success of the

underlying strategy. The checklist was compiled on proven experiences of CEO's and the findings of academic researchers. These include:

- (1) Align organisational design and capabilities with the strategy
- (2) Consider potential competitor reactions to the strategy
- (3) Involve managers in the strategy development process
- (4) Consistent and persistent communication to ensure buy-in and understanding
- (5) Action planning and budgeting
- (6) Monitoring and accountability
- (7) Symbolic actions including ceremonies, physical settings, effective use of language, the stories that are told and retold, and leadership from the top
- (8) Alignment of information resources with the strategy

The frameworks discussed above help to conceptualise strategy implementation. Most of their elements concentrate on showing what an organisation needs and what has to be done to establish implementation strategies that can help an organisation adapt effectively to changing situations and environments. They do not, however, provide many insights on the specifics of how to do it and how to make the many detailed, practical decisions.

The second type of frameworks suggested rational step-by-step implementation models. De Vasconcellos e Sà's (1990:24) proposed a ten-step process for establishing a strategy

- (1) Designing the framework. This involves developing the structure of the organisation to support the products, services, clients and geographical areas that it serves. The diversity and heterogeneity amongst these three elements are also considered.
- (2) Select strategic units based on the way the organisation intend to do business and the competition it faces.

- (3) Centralise some functions. Although the organisation might have a number of business units, this does not mean that each unit should perform all functions. Some departments might assist in performing common functions.
- (4) Define Strategic Business Unit objectives. This allows for prioritising what objectives are more important than others.
- (5) Develop programs to achieve objectives by coordinating resources. This also includes organising delivery channels, training the sales force, maintaining machinery and developing marketing campaigns.
- (6) Structuring each Strategic Business Unit. This step should not be confused with step 1. Critical tasks for each unit are specified. This provides focus for units.
- (7) Committing of resources. De Vasconcellos e Sà's (1990:30) noted that resources should be split un-egalitarian within a unit. The bulk of a business unit's resources should be committed to achieving the most important objectives.
- (8) Structure the sections. Sections refer to those units that handle programmes or parts of a programme, such as quality control, training of sales people, et cetera.
- (9) Control such as budgets, policies and short-term objectives should be set.
- (10) Check all steps for consistency

De Feo and Janssen (2001) argued that ten steps are required for corporate strategy to become an integral part of an organisation's culture.

- (1) Establish a vision where the focus is primarily on the customer. A common vision should define organisational benefits to customers, staff and other stakeholders.
- (2) Agree on a mission. This clarifies a company's purpose or reason for existence.

- (3) Develop key strategies that contribute towards the vision of the organisation. Data should also be obtained, assessed and validated on five areas, namely:
 - Customer loyalty and satisfaction
 - Costs of poor quality products
 - Company culture and employee satisfaction
 - Internal business processes
 - Competitive benchmarking
- (4) Develop strategic goals that are specific and measurable. The following areas should also be examined as part of this step, namely:
 - Product performance
 - Competitive performance
 - Quality improvement
 - Cost of poor quality
 - Performance of business processes
 - Customer satisfaction
 - Customer loyalty and retention
- (5) Establish values amongst employees through training and communication.
- (6) Communicate company policies
- (7) Provide top management leadership. This involves top management supporting strategy execution initiatives.
- (8) Deploy short and long-term goals to convert plans to projects.
- (9) Measure progress with key performance indicators.
- (10) Review progress and identify gaps that exist between current conditions and targets.

The third type of frameworks distinguished emphasised the importance of context and process but do not provide detailed explanations and discussions about which implementation factors are important.

Pettigrew and Whipp (1991) proposed a conceptual model for managing strategic change within organisations. The conceptual model or framework distinguishes three implementation levels or dimensions at which top managers are required to operate: the context, content, and process of strategy implementation. They argued that it is important for strategic managers to understand why strategic decisions have been made in relation to the organisational contexts, both internal and external; what information, rationales, mechanisms and impacts are included in the strategic decision made; and how the decisions are reached and implemented. The inner context is concerned with internal influences such as resources, capabilities, and culture. The outer or external context refers to factors such as economic, political and social environments. Before making any strategic decision for an organisation, it is important to be thoroughly familiar with the context of the organisation. With this understanding, decisions can be made on the strategy content. Strategy content encapsulates the organisational objectives, purpose and goals. The last dimension addresses the 'how' or actual implementation processes. Successful change is therefore a result of the interaction between the content and 'what' of change (objectives, purpose and goals), the process or 'how' of change (implementation), and the organisational context or 'where' of change (the internal and external environment).

Based on their research, Pettigrew and Whipp (1991) presented five central interrelated factors that drive successful strategy implementation. These were:

- (1) Environmental assessment. This involves continuous scanning and monitoring of both the internal and external environment.
- (2) Leading change. This involves creating of the right climate and culture to more implementation forward.
- (3) Human resources as assets and liabilities. Employees should be aware that they are valued and that the organisation trusts them.

- (4) Linking strategic and operational change. Synergies should be created through the bundling of operational activities.
- (5) Overall coherence. A change strategy should be consistent with clear goals, consonant with its environment, and provide a competitive edge and be feasible.

Okumus (2001:329) similarly identified a number of implementation factors and constructed a conceptual framework by categorising those factors into four groupings, namely content; context; process; and outcome. After having conducted empirical research, Okumus (2001:335) found the factors identified earlier to be crucial in the implementation process of companies studied. In addition, he also found multiple project implementation, organisational learning and working with external companies as new implementation factors. Based on his research findings, Okumus (2001:336) proposed a new framework and stated that it is the combination of all factors working together that makes the transformation process possible. However, he claimed that process factors are mainly used in a synergistic manner in an ongoing process, but understanding and manipulating the context in which strategies are implemented is particularly important. Okumus (2001:337) further claimed that he found from his research study that strategic decisions are often implemented without having a proper fit between the strategy and the implementation factors. Any inconsistency with one factor influences the other factors and, subsequently, the success of the implementation process. Therefore, it is not always feasible to achieve coherence between implementation factors in situations of dynamic and complex change.

The adjusted framework of Okumus (2001:336) is presented in figure 2.12.

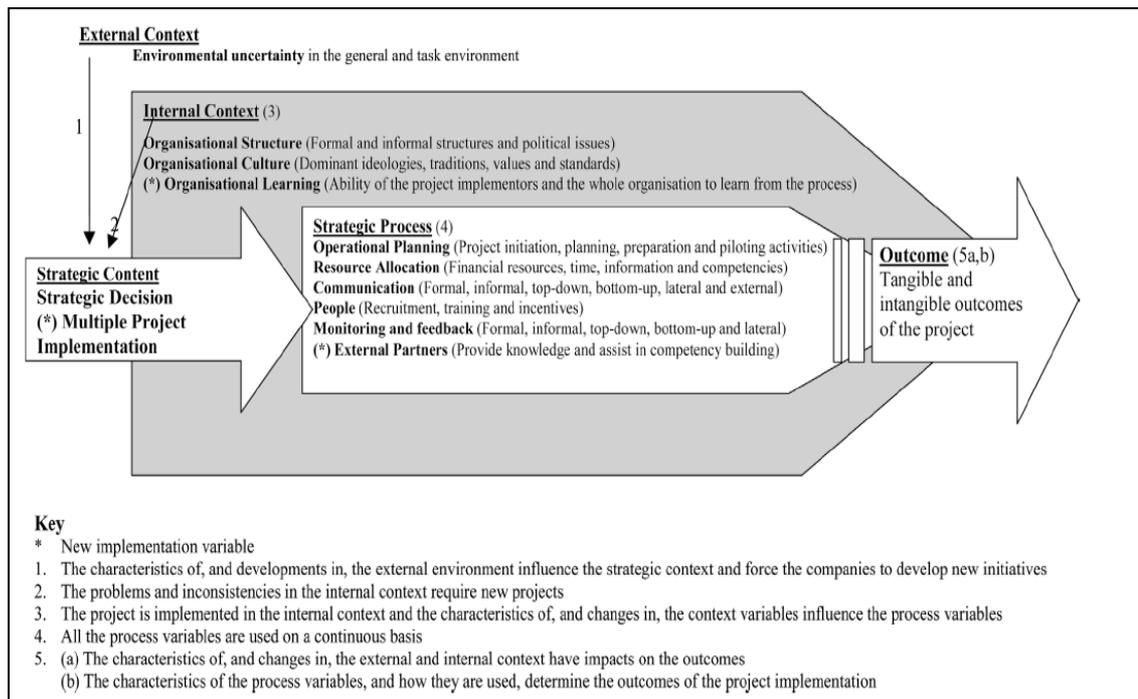


Figure 2.12: Adjusted strategy implementation framework and key variables (Okumus, 2001:336).

In a later article, Okumus (2003:872) noted that scholars such as Bryson and Bromiley (1993), Schmelzer, and Olsen (1994) also identified context as a key factor in strategy implementation. Bryson and Bromiley (1993) identified three categories; namely context; process; and outcome, while Schmelzer and Olsen (1994) identified 14 factors, which they grouped into context and process factors, and further into primary and secondary factors. These authors referred to strategy implementation as a progression from one factor to the other. Schmelzer and Olsen (1994) also identified a number of sub-factors, such as environmental uncertainty, organisational culture, information systems, training, the size and geographic dispersion of the company, the life cycle of the company and the demographic background of the managers. However, the factors of environmental uncertainty, organisational culture, information systems and training have all been referred to in most previous frameworks (Okumus, 2003:872).

Dobnii and Luffman (2000:895) postulated that the market orientation of an organisation provides a context for the implementation of specific marketing strategies by serving as a moderator of operational marketing strategy. In other words, a culture of generating market intelligence within an organisation pertaining to current and future needs of the customers and the successful dissemination of intelligence horizontally and vertically facilitates and supports the strategy implementation process. Furthermore, Dobnii and Luffman (2000:898) acknowledge that market orientation's role in driving strategy and strategy implementation relates back the relationship between culture and strategy. They postulated that ultimately, organisational performance cannot be accurately understood without an understanding of the culture and strategy of the organisation.

It is evident from the review of frameworks that multiple factors must be considered simultaneously when developing and implementing a strategy or strategic decision. In conclusion, of his review, Okumus (2003: 875) identified 11 key constraints, namely:

- (1) poor strategy development
- (2) environmental uncertainty
- (3) organisational structure
- (4) organisational culture not conducive for strategy implementation
- (5) unclear leadership roles
- (6) lack of operational planning
- (7) lack of resource allocation
- (8) lack of communication
- (9) people and human resources shortages, including skills and competencies
- (10) lack of control
- (11) lack of outcome

Okumus (2003: 875) noted that these factors are common suggestions of key elements for consideration when implementing strategy; but the list should not be regarded as a definitive one. Okumus (2003) goes further by grouping the 11 elements into four categories, namely:

- (1) *Strategic content* includes the development of strategy.
- (2) *Strategic context* is further divided into external and internal context. The former includes environmental uncertainty and the internal context includes organisational structure, culture and leadership.
- (3) *Operational process* includes operational planning, resource allocation, people, communication and control.
- (4) *Outcome* includes results of the implementation process.

2.4.4 Control

Bowman and Helfat (2001:42) noted that an important criticism of strategic management is the fact that management does not always know whether strategies have been implemented successfully. Managements' failure to select appropriate strategic control systems is sometimes damaging to the implementation process. Brache and Freedman (1999:65) postulated that if strategic control systems are lacking when implementation is being conducted, the implementation process can be derailed. This is supported by Dooley, Fryxell and Judge (2000:1237) who stated that strategic control is in essence the phase of the strategic management process that concentrates on evaluating the chosen strategy in order to verify whether the results produced by the strategy are those intended.

There are different strategic control systems measuring different key points in an organisation. The Balanced Scorecard (BSC) and the Performance Prism are two strategic measurement systems. The BSC, developed by Kaplan and Norton (2004:10) in essence is a management and measurement system that enables organisations to clarify their vision and strategy and translate them

into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve centre of an enterprise.

The Balanced Scorecard according to Kaplan and Norton (2004:12) aims to facilitate the alignment of business operations with the overall strategy by considering four perspectives, namely:

- (1) the financial perspective;
- (2) customer perspective;
- (3) internal business perspective; and
- (4) the learning and growth perspective.

The overall idea behind this technique is that organisations are advised to align their performance measures in these four perspectives. In terms of using the balance scorecard approach in implementing strategies, Kaplan and Norton (2004) identified four main implementation factors:

- (1) clarifying and translating the vision and strategy;
- (2) communication and linking;
- (3) planning and target setting; and
- (4) strategic feedback and learning.

The Performance Prism again addresses all of an organisation's stakeholders - principally investors, customer's intermediaries, employees, suppliers, regulators and communities. It is based on the belief that those organisations aspiring to be successful in the long term within today's business environment have an exceptionally clear picture of who their key stakeholders are and what they want. They have defined what strategies they will pursue to ensure that value is delivered to these stakeholders. They understand what processes the enterprise requires if these strategies are to be delivered and they have defined what capabilities they need to execute these processes. According to

Performance Prism vision, one of the great fallacies of performance measurement is that measures should be derived from strategy.

In this new world order successful strategy implementation becomes ever more important. Simultaneously, new performance measurement frameworks are evolving to fill the gap between operational budgeting and strategic planning. These new multidimensional performance measures have replaced the more tradition financial orientated metrics with non-financial measures that more effectively focus on the new managerial imperatives. These strategic controls or measures provide short-term targets on the long-term strategic road (Atkinson, 2006:1441).

2.5 CONCLUSION

Chapter two provided a textual review of literature readings on the thinking and practice on the subject of strategy, strategic management and the processes of strategic planning and strategy implementation.

The hotel industry finds itself in the midst of an increasingly accelerated pace of change in the business environment. Tourists and business travellers' needs constantly evolve alongside changes in international markets as new travel destinations open up, improvements of telecommunication and advances in IT occur, and a conversion of different cultures in a more globalised environment takes place.

In the literature review, reference is made to strategic management, which can be defined as the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies (Ehlers and Lazenby, 2004:1). Two processes can be noted from this, firstly strategy formulation and secondly strategy implementation.

As the literature suggests, strategy implementation is, however, not an easy task. Bigler (2004:29) noted that a study has shown that 90 per cent of formulated strategies of firms in the USA and Europe are not implemented on time and with the intended results. Fahey and Randall (1994:68) noted the importance of ensuring that strategic planning is implemented and executed efficiently and effectively in order to reap the intended results. It is this process that challenges most firms, including the hotel industry. Based on the literature findings, 29 impiders of strategy implementation have been identified, which might be considered applicable to the hotel industry. These impiders will henceforth be empirically investigated during this study in order to identify the most prominent impiders as experienced by management in the hotel industry. The 29 impiders identified are:

- (1) Lack of exact strategic planning
- (2) Bad strategy – poorly conceived business models
- (3) Insufficient linking of strategy to goals
- (4) Time limitation
- (5) Lack of swift implementation
- (6) Lack of synchronising strategy implementation to market rhythm/pulse
- (7) Unanticipated market changes
- (8) Effective competitor response to strategy
- (9) Lack of consensus among decision makers
- (10) Too many and conflicting priorities
- (11) Top down management style
- (12) Lack of bottom up involvement in crafting strategy
- (13) Lack of identification of major problems
- (14) Incompatible structure with the strategy
- (15) Unsuitable resources allocation
- (16) Lack of adequate communication (vertical and horizontal)
- (17) Lack of effective co-ordination
- (18) Incompatible organisational culture

- (19) Competing activities among people/units
- (20) Unsuitable evaluation and control systems
- (21) Unsuitable leadership
- (22) Lack of adequate organisational support
- (23) Lack of adequate manager commitment
- (24) Unsuitable personnel management
- (25) Uncontrollable internal factors
- (26) Uncontrollable external factors
- (27) Lack of enough capabilities/skills of employees
- (28) Resistance to change among people/units
- (29) Lack of understanding of the strategy

The above impeders were used as input for the composition and design of the discussion guide used in phase one and the structured questionnaire used in phase two during the data gathering processes.

Various models for strategic planning were also presented. Traditional models include that of Hunger and Wheelen (1996:123), Andrews (1960:27), and Lewis (1996:3). More recent models or approaches to strategic planning include that of Okumus (2003:871), Ip and Koo (2004:553), Harrington (2005:384) and McNamara (1997:32). The researcher noted that although there are a number of strategic management models available in literature, all of these models are of a generic nature and there were no noticeable fundamental differences in strategic planning models pertaining to industry specifics, i.e. there were no models specifically for a manufacturing, heavy engineering, service industries, etc. The generic models are used for all industries across the board, with areas of focus changing in line with idiosyncrasies of each industry.

Various impeders of strategy implementation were also presented. The literature also noted an important criticism of strategic management, namely

the fact that management does not know whether strategies have been implemented successfully, as organisations do not utilise measurement instruments such as the Balanced Scorecard or the Performance Prism to evaluate the impact of the chosen strategy (Bowman and Helfat, 2001:42).

The literature review concludes by stating that in this new world order successful strategy implementation becomes ever more important. Simultaneously, new performance measurement frameworks are evolving to fill the gap between operational budgeting and strategic planning. This study aims to develop an empirical and practical model that can be used by practitioners in the South African hotel industry to move from strategic planning to strategy implementation, monitoring and corrective action.