THE CHALLENGES OF STRATEGY IMPLEMENTATION AT STATISTICAL PACKAGE FOR THE SOCIAL SCIENCES EAST AFRICA LTD

BY
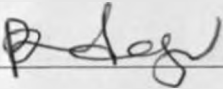
PETER N MUNIU

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT FOR THE REQUIREMENTS OF THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI
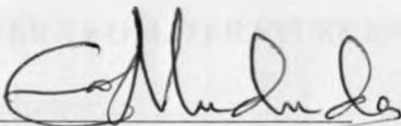
NOVEMBER, 2010

DECLARATION

This management Research project is my original work and has not been presented for any degree in any other university.

Signed _____ Date __16 | 11 | 2010__

MUNIU PETER NDUNGU

This Management Research Project has been submitted with my approval as the University   Supervisor

Signed _____ Date __16–11–10__

E. MUDUDA

LECTURER

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY OF NAIROBI

TABLE OF CONTENTS

DEDICATION

This management research is dedicated to my parents: Dad. Mum and other family

members whom without their support would not have managed.

May the lord continue to bless them immensely.

ACKNOWLEDGEMENTS

My appreciation goes to several people who have supported in completion of this research project, as well as the entire MBA degree programme.

I do acknowledge my supervisor Mr. Mududa for guidance and meaningful insights to complete the study. I also thank my friend's kamau, kibe, Jane, Grace and Mary for their support.

ABSTRACT

Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. The thought of strategy implementation might seem quite simple, a strategy is crafted then implemented .Successful strategy implementation is a critical and difficult as the strategic choice. It requires consideration of resources to be used, structure, system and other variables.

Many studies have been conducted on how Kenyan organizations have responded to the changing environmental conditions and on how strategic change management .These studies have not focused on the challenges to strategy implementation .It is againaist this presumption the researcher felt the need to contribute to this void by undertaking a study on a SPSS East Africa.

The study established that SPSS East Africa has implemented various strategies since its inception. The implementation of major strategies was categorized phases. The first major category of strategy implementation was on the market and the client focus while the second was on ownership and governance .The third category of strategy implementation was on management and the fourth category focused on the staff.

The finding of the study established that the major challenges encountered by SPSS East Africa while implementing strategies included poor partnerships and sub distributor programs outreach. The organization had not expanded its services to include databases and data warehouses to manage data, information integration and master data management to establish accurate and trusted information, as well as various analytic capabilities.

SPSS East Africa Overcome strategy challenges through fostering developed partnership and sub distributor program outreach .It also redesigned the mission to reflect its actual clientele: customers and business partners. The organization also initiated various changes which can be categorized into four have had an effect on the staff morale and performance. The first major category change is on the market and the clients focus: the second one is ownership and governance; the third one is management and measurement, and the last one is the focus on the staff. The changes have also been implemented in phases .The changes has resulted in delivering SPSS powerful analytic tools to private and public sectors to achieve better decisions with high-value data preparation, analytical reporting and modeling.

The study was based on SPSS East Limited and it could therefore give a general picture on strategy implementation, its challenges and how these challenges are addressed by other information technology firms operating in Kenya and Sub –Saharan region .The findings of the study are based on the experience of SPSS East Africa in journey of a very turbulent business environment .The study focused on the strategy implementation aspects of the strategic process leaving out formulation aspect as well as evaluation aspect which are essential components of strategic management process . A replica of this study should be done after some time to evaluate the continuous changes taking place at SPSS East Africa and the findings compared.

CHAPTER ONE: INTRODUCTION

1.1 .1 Background of the study

All types of the organization are in existence to serve the different needs of the society .It is the process of satisfying the needs of the society that they have to ensure they exist long enough to be able to retain sustainable benefits to those who created them .However organizations over time have realized survival is not guaranteed organization have to justify their continued existence in the society their activities (Aosa, 1992).

Strategies are critical in organization functioning but whereas most organization have good strategies. successfully strategy implementation remain a major challenge in strategy implementation process. The notion of strategy implementation might seem quite straight forward on the surface yet in the contrary. transforming strategies into action is far complex and challenging and therefore not a straight forward as one would imagine (Aaltonen and Ikavalko. 2001).To ensure success. the strategy must be translated into carefully implemented action. that is. the strategy must be into guideline for the daily action of organization routine. The strategy and the firm must become one and in implementing the strategy. the organization's managers must direct and control actions, outcome and adjust to change from implementation in a change environment.

According to (Koske ,2003), the process of strategic management does not end when the organization makes a decision as to what strategy it must pursue .It calls for consideration of several steps from formulating vision and objectives to their implementation, (Penchlaner and Saverwern ,2002).

1

Organization today face unpredictable change that make strategy implementation more difficult and complex than in the past (Harvey, 1998) .He pointed out that 80 % of the organizations' directors believe that they have good strategies but only 14 % believe that they implemented them well.Mintzberg and Quinn (1991), also indicate that a considerable portion 65 % of organizational strategies fail to get implemented effectively.

1.1.2 Strategy Implementation

Strategy implementation   in technology, the marketplace, information systems, the global economy, social values, workforce demographics, and the political environment all have a significant effect on the processes, products and services produced. Organizations, whether for profit or non - profit, private or public have found it necessary in recent years to engage in strategic management in order to achieve their corporate goals. This has meant that organizations' managers are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed environments and to develop rationales necessary to lay the groundwork for adopting and implementing strategies in this ever- changing environment. According to Pearce and Robison (1997), in order for organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment.

This shifting gives rise to three interrelated concerns: identifying measurable, mutually determined annual objectives; Developing specific functional strategies and; Communicating concise policies to guide decisions (Pearce and Robinson, 1991). Annual objectives translate language aspirations into this year's budget. If well developed, these objectives provide clarity, a powerful motivator and facilitator of effective strategy

2

implementation.

Even after the grand strategies have been determined and the long- term objectives set, the strategic management process is far from complete. Strategic managers now move into a critical new phase of that process- translating strategic thought into organizational actions (Pearce and Robinson, 1991). They move from planning their work to working their plan as they shift their focus from strategic formulation to strategy implementation.

Functional strategies translate grand strategy at the level of the firm as a whole into activities for the firm's units. Operating managers participate in the development of these strategies, and their participation, in turn, helps clarify what their units are expected to do in implementing the grand strategy. Policies are specific guides for operating managers and their subordinates.

Although often misunderstood and misused, policies can be powerful tools for strategy implementation if they are clearly linked to functional strategies and long - term objectives. Managing the implementation and execution strategy is an operation-oriented, make things happen activity aimed at performing core business activities in a strategy supportive manner. It is easily the m: nm cling and time - consuming part of the strategic management process (Thomson et al. 2007). Converting strategic plans into actions and results tests a manager's ability to direct organizational change, motivate people, build and strengthen company competence and competitive capabilities, create and nurture a strategy - supportive work climate and meet or beat performance targets.

Management's action agenda for implementing and executing the chosen strategy emerges from assessing what the company will have to do differently or better. This is usually the case, given the company's particular operating practices and organizational circumstances, to execute the strategy completely and achieve the targeted financial and strategic performance (Thompson et al, 2007). Depending on the amount of internal change involved, frill implementation an: proficient execution of company strategy can take several months to several years. Organizations, while implementing strategies are faced with a myriad of challenges. This is usually the case because strategy implementation requires working with others and committing a substantial amount of organizational resources.

Strategy implementation challenges emanates from a variety of sources with some coming from within the organization while others are as a result of the organization's external environment. Good strategy implementation requires overcoming the challenges of execution in pursuit of excellence. It is a job for a company's whole management team and success hinges on the skills and cooperation of operating managers who can push needed changes in their organization unit and consistently deliver good results. According to (Thompson et al ,2007), strategy implementation can be considered successful if things go smoothly enough that the company meets or exceeds its strategic and financial performance target and shows good progress in achieving management's strategic vision.

4

1.1.3 Challenges of Strategy Implementation

Successful strategy formulation does not guarantee successful strategy implementation. It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation) (David, 1997)

In all but the smallest organizations, the transition from strategy formulation to strategy implementation requires a shift in responsibility from strategists to divisional and functional managers. According to (David, 1997), implementation challenges can arise because of this shift in responsibility, especially if strategy - formulation decisions come as a surprise to middle and lower-level managers.

Challenges that occur during the implementation process of a strategy are an important area of research because even the best strategy would be ineffective if not implemented successfully. Despite the fact that challenges to successful strategy implementation have not been widely investigated, there are some issues that have surfaced in many studies (Muthuiya, 2004). Al-Ghamdi (1998) claims that the overwhelming majority of the literature has been on the formulation side of the strategy and only lip service has been given to implementation side.

The most important problem experienced in strategy implementation in many cases is the lack of sufficient communication. Aaltonen and Ikavalko, (2001) state that the amount of strategic communication in most of the organizations is large, both written and oral communication is used in form of top down communications. However, a great amount of information does not guarantee understanding and there is still much to be done in the

5

field of communicating strategies. According to Wang (2000), communication should be two-way so that it can provide information to improve understanding and responsibility, and to motivate staff.

Before any strategy can be implemented, it must be clearly understood. According to Byers et al (1996), clear understanding of a strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organization direction. Aaltonen and Ikavalko (2001), asserts that lack of understanding of a strategy is one of the obstacles of strategy implementation. They point out that many organizational members typically recognize strategic issues as important and also understand their context in generic terms. However, the problem in understanding arrives when it comes to applying strategic issues in the day-to-day decision making.

Al-Ghamdi (1998) identified barriers to strategy implementation which include; competing activities that distract attention from implementing the decision; changes in responsibilities of key employees not clearly defined; key formulators of the strategic decision not playing an active role in implementation; problems requiring top management involvement not communicated early enough; key implementation tasks and activities not sufficiently defined; information systems used to monitor implementation are inadequate; overall goals not sufficiently understood by employees; uncontrollable factors in the external environment ; surfacing of major problems which had not been identified earlier; advocates and supporters of the strategic decision leaving the

6

organization during implementation; and implementation taking more time than originally allocated.

Meldrum and Atkinson (1998) identified two problems of implementation: a flawed vision of what it means to be in a strategic position within an organization; and a myopic view of what is needed for successful management of operational tasks and projects within a strategic brief. Studies of Okumus (2003) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from lower levels and poor planning activities

Cultural impact underestimation is yet another challenge to strategy implementation. The implementation of a strategy often encounters rough going because of deep-rooted cultural biases. It causes resistance to implementation of new strategies especially in organizations with defender cultures. This is because they see change as threatening and tend to favor "continuity" and "security" (Wang, 2000). It is the strategy maker's responsibility to choose a strategy that is compatible with the "sacred" or unchangeable parts of prevailing corporate culture (Thompson and Strickland, 1989).

Creating an organizational culture, which is fully harmonized with strategic plan, offers a strong challenge to the strategy implementer's leadership abilities. Aosa (1992) observes that lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation, which can in turn frustrate the strategy implementation effort.

7

Organizational politics, unavoidable aspects, remains another key challenge in strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organization goals and change strategy and structure to further their own interests (Hill and Jones, 1999). Wang (2000), states that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power.

Sterling (2003) identified reasons why strategies fail as; unanticipated market changes, lack of senior management support, effective competitor responses to strategy, application of insufficient resources, failure of buy-in, understanding and or communication, timeliness and distinctiveness, lack of focus, and bad strategy poorly conceived business models. Sometimes strategies fail because they are simply ill conceived. For example business models are flawed because of a misunderstanding of how demand would be met in the market. Resource insufficiency is another common strategy implementation challenge. David (1997) argues that allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. This is because a number of factors commonly prohibit effective resource allocation. These include overprotection of resources, too great emphasis on short run financial criteria, organizational policies, vague strategy targets, reluctance to take risks, and lack of sufficient knowledge.

According to Aosa (1992), companies which maintain various links between strategy development and implementation are more successful in implementing strategy than those not maintaining such links. He further observes that companies experience various problems in implementing strategic decisions. The following problems are reported at relatively higher levels of severity: implementation taking more time than was originally allocated; uncontrollable factors in the external environment having adverse impact on implementation; major obstacles surfacing during implementation that had not been identified beforehand; competing activities and crisis distracting attention from implementing the strategic decision, key implementation tasks not being defined in enough detail; inadequate resources and ineffective coordination of implementation activities. These problems appeared to originate from both internal and external sources

Alexander (1985), in a study on implementing strategic decisions, reported that 50% of the companies studied experienced problems in implementing their strategies. He argued that successful implementation in part involves preventing implementation problems from occurring in the first place. If such problems do occur during implementation, then quick action should be taken to solve them. The faster corrective action is initiated during implementation, the more likely it is that problems will be resolved before they adversely impact the company. Reed and Buckley (1988) similarly argue for a problem avoidance approach to strategy implementation requirements of the strategic decisions they make.

At its simplest. strategy is all about managing change and resistance to change can be considered the single greatest threat to successful strategy implementation. Strategic change is the movement of an organization from its present state towards some desired future state to increase its competitive advantage (Hill & Jones. 1999). The behavior of individuals ultimately determines the success or failure of organizational endeavors and top management concerned with strategy and its implementation must realize this (McCarthy et al. 1996). Change may result to conflict and resistance. People working in organizations sometime resist such proposals and make strategy difficult to implement (Lynch. 2000). This may be due to result of anxiety to fear of economic loss. inconvenience. uncertainty. and a break in normal social patterns (David. 2003)

1.1.4   Statistical Package for the Social Sciences East Africa ltd

SPSS East Africa ltd started its operations in 1998 providing solutions to public and private sectors (SPSS East africa website.2010).The intial focus was to offer SPSS Products through consultation .implemenatation .fulfillment and support .and an initation to join an SPSS business partner program an envisaged by SPSS Inc parent company . Statistical Package for the social sciences East Africa ltd has grown to become a leader in providing business analytics and process optimization to organizations .The growth was not a smooth ride: the company faced a lot of challenges as a result of enviromental conditions in kenya .mainly economic ,political and growing customers' tastes and preferences.

10

In order to sustainably expand its client outreach in Kenya and East Africa. SPSS East Africa ltd has developed partnership and sub distributor program outreach .one of the first actions was to revise its mission to reflect its actual clientele: customers and business partners. The organization has then expanded its services to include databases and data warehouses to manage data. information integration and master data management to establish accurate and trusted information. as well as various analytic capabilities.

According to SPSS East Africa ltd. financial year report (2003).SPSS East Africa ltd was technically insolvent. had poor board supervision and inadequate management in 2000.The accrued loan interest had risen to by 1.3 million and accumulated losses totaled to Kshs 3 million. SPSS East Africa Ltd had therefore had a turnaround from year 2001 as a result of strategy implementation and effective management practices.

Since 2000, several strategic changes have taken place at SPSS East Africa ltd .The changes which can be categorized into four have had an effect on the staff morale and performance. The first major category change is on the market and the clients focus; the second one is ownership and governance; the third one is management and measurement, and last one is the focus on the staff. The changes has been implemented in phases .The changes has resulted in delivering SPSS powerful analytic tools to private and public sectors to achieve better decisions with high-value data preparation. analytical reporting and modeling.

From the time SPSS East Africa ltd was incoporated . it has changed it marketing strategies several times from a product –driven to a market –driven approach of servicing its customers.SPSS East Africa Ltd has invested on an it platform to learn more about its' customers .convergence to transorm it business and how to achieve sustainable

11

competitive advantage.inaddition other changes have taken place due to IBM acqusition of SPSS Inc the parent company .All strategies are designed to build loyal customer relationships, enable better supplier communication, and make customer retention more efficient.

It all adds up to more profitable relationships. It's what you can expect from SPSS software and services for the collaborative enterprise. SPSS Solutions help companies find and implement new sources of competitive advantage through predictive analytics. This is the journey of the Predictive Enterprise.

In order to sustainably expand its client outreach in Kenya and east Africa , Statistical Package for the social sciences east Africa ltd has developed partnership and sub distributor program outreach .one of the first actions was to revise it mission to reflect its actual clientele: customers and business partners.The organization has then expanded its services to include databases and data warehouses to manage data, information integration and master data management to establish accurate and trusted information, as well as various analytic capabilities.

The company is a private company incorporated in Kenya whose ownership is shared by Dianne Huggins holdings and SPSS Inc. SPSS East Africa has 60 employees and a turnover of over 1.2 billion. (Audited financial Report ,2008-2009). SPSS East Africa Ltd is credited for providing SPSS solution to clients in east Africa and all over as Africa as a whole. The organization is driven by it core values, innovation, creativity, teamwork and dedication to customer care (SPSS East Africa Ltd website, 2010)

1.2 Statement of the Problem

According to Johnson, Scholes and Whittington (2005), strategy is the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders' expectations. They further argue that strategy can be seen as the search for strategic with the business environment. This could require major resource changes for an organization in the future. Strategy can also be seen as creating opportunities by building on an organization's resources and competences. This is called the resource-based view of strategy, which is concerned with exploiting the strategic capability of an organization, in terms of the resources and competences, to provide competitive advantage and yield new opportunities.

David (1997) stated that 10 % of the formulated strategies are successfully implemented, while 90 % of well formulated strategies fail at implementation stage.Ansoff and Mc Donell (1990) noted that while implementing strategy is such an important activity it not easy .Most excellent strategies fail when attempt to implement them is made. According to Pearce and Robinson (2004) the reason that have been availed for the success or failure of strategy implementation revolve around the nature of strategy itself, the policies and supporting system ,alignment of the strategy to the short term objective and sub strategies the allocation of resources ,leadership ,communication process and organization culture .

Many organization operate in different environment and therefore are compelled to align their strategies to ever changing turbulent situation in order to survive and remain

13

competitive .SPSS East Africa ltd is no exceptional despite fact it has had a monopoly of providing SPSS powerful analytic tools. It has still room to surpass it targets and remain abreast with incoming new entrants .

In order to be successful SPSS East Africa Ltd board of directors and management have equiped the research and development department with necessary skills and equipment to come up with corporate strategy stipulating ways and administrative measures required to sustain provision of SPSS powerful analytic tools and become a leader in providing business analytics and process optimization to organizations.

The strategic plan contains grand strategies that the organization is to implement in a 3 year period on a continous basis starting from 2000.The organization is expected to have implemented the chosen strategies to the satisfaction of its stakeholders.but to the contrary of previous pitfalls witnessed as aresult of poor decision making .

Although a lot of work has been done on areas of strategy implementation by past researchers including Aosa,(1992).Koske .(2003). Kariuki .(2004).Kimeli (2008),there still exist knowledge gap because none of them is focused on what will happen with regard to challenge implementation at SPSS East Africa Ltd a sofware company providing analytical tools and IBM analytical products.Due to differences of organization setup and the enviroment which it operates .the challenges faced in strategy implementation at SPSS East Africa ltd will be valuable to competitors and other stakeholders interested in information technology sector.Therefore this study seeks to answer the following research questions ?

i. What were the challenges experienced at Statistical Package for the social sciences East Africa ltd in strategy implementation ?

ii. What measures had SPSS East Africa ltd taken to cope with the challenges?

1.3 objectives of the study

The objectives of the study were to

i. Establish strategy implementation challenges faced by SPSS East Africa ltd.

ii. Determine how SPSS East Africa Ltd had overcome these challenges.

1.4 Importance of the Study

It will provide information to future scholars who might need to research on the challenges to strategy implementation within organizations operating in Kenya. This is so because the study will add to the existing literature in the field of strategy implementation.

The study will also provide the management of SPSS East Africa Ltd with overall picture of the challenges that the organization has encountered while implementing new strategies. This will go a long way in helping manager to prepare adequately for future strategies by the company and where possible turn around challenges that can be avoided. The study will also provide information technological companies with an opportunity to learn from experience of SPSS EAST Africa.

The study will also not only benefit SPSS East Africa ltd in providing an insight of the pitfalls encountered in strategy implementation and identify the mitigating factors in resolving the said pitfalls to successfully implement the adopted strategies. It all adds up to more profitable relationships. The study also found that what you can expect from SPSS software and services for the collaborative enterprise. SPSS Solutions help companies find and implement new sources of competitive advantage through predictive analytics. This is the journey of the Predictive Enterprise.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focused on the literature review .This was done with a view to collecting views, perspectives and opinions on the chapter. The review depended on research papers, magazines journals and information from the internet.

2.2 Theoretical Literature and Concepts

Strategy is a multi-dimensional concept and various authors have defined strategy in different ways. Pearce and Robinson (1991), define strategy as large-scale, future oriented plans for interacting with the competitive environment to achieve company objectives. It is the company's 'game plan'. While it does not detail all future deployment of resources, it provides the framework for management decisions. A strategy reflects a company's awareness of how, where and when it should compete and for what purposes it should compete.

According to Johnson, Scholes and Whittington (2005), strategy is the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders' expectations. They further argue that strategy can be seen as the search for strategic with the business environment. This could require major resource changes for an organization in the future. Strategy can also be seen as creating

17

opportunities by building on an organization's resources and competences. This is called the resource-based view of strategy, which is concerned with exploiting the strategic capability of an organization, in terms of the resources and competences, to provide competitive advantage and yield new opportunities.

Ansoff (1965) defines strategy as the product market scope of a company. This refers to a decision of what to produce in what market. If the environment is stable, an organization can operate without changing its product-market focus. However, if the environment changes this would require changes in the organization's product-market focus that is its strategy. Product market focus relates to conditions of the external environment, which have to be incorporated into strategy. A company's efforts are in vain whereby the goods and services it is producing and the market it is servicing are not reflective of the external environment.

Walker (2004) asserts that strategy matches the market position of the firm to resources and capabilities. Market position entails both the amount and type of value offered to customers and the cost the firm incurs to produce that values. The more value customers receive at a lower cost to the firm, compared to its rivals, the more productive the firm. Strategy provides the business with a framework for resource allocation. Given finite resources, businesses are forced to make choices between alternative investments, which imply different ways of competing.

Aosa (1992) states that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategy problem. The strategic

problem is a mismatch between the internal characteristics of an organization and its external environment. The matching is achieved through development of organization's core capabilities that are correlated to the external environment, enough to enable the exploitation of opportunities existing in the external environment and to minimize the impact of threats from the external environment.

Webb (1989) defines strategy as the process of deciding a future course for a business and so organizing and steering that business as to attempt to bring about that future course. According to Chandler (1962), strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals. The above discussion indicates that strategy aims at creating a match between an organization's resources and skills and the environmental opportunities and risks it faces and the purpose it wishes to accomplish.

2.3 The Strategic Management Process

Businesses vary in the processes they use to formulate and direct their strategic management activities (Pearce and Robinson, 1991). Sophisticated planners have developed more defined processes than less formal planners of similar size. Small businesses that rely on the strategy formulation skills and limited time of an entrepreneur typically exhibit more basic planning concerns than those of larger firms in their industries. Understandably, firms with multiple products, markets, or technologies tend to

use more complex strategic management systems. Despite differences in detail and the degree of formalization, the basic components of the models used to analyze strategic management operations are very similar.

Because of the similarity among the general models of the strategic management process, it is possible to develop an eclectic model representative of the foremost thought in the strategic management area. Such a model is shown in figure 1 below. The model depicts the sequence and the relationships of the major components of the strategic management process.

The mission of a company is the unique purpose that sets it a part from other companies of its type and identifies the scope of its operations. The company profile depicts the quantity and quality of the company's financial, human and physical resources. It also assesses the strengths and weakness of the company's management and organizational structure (Pearce and Robinson, 1991).

A firm's external environment consists of all the conditions and forces that affect its strategic options but are typically beyond its control. Simultaneous assessment of the external environment and the company profile enables a firm to identify a range of possibly attractive interactive opportunities. These opportunities are possible avenues for investment and must be screened through the criterion of the company mission to generate a set of possible and desired opportunities.

The screening process is meant to provide the combination of long-term objectives and grand strategy that will optimally position the firm in its external environment to achieve

the company mission. Whereas the results that an organization seeks over a multiyear period are its long-term objectives, the comprehensive, general plan of major actions through which a firm intends to achieve its longterm objectives in a dynamic environment is called the grand strategy. This statement of means indicates how the objectives are to be achieved.

The results that an organization seeks to achieve within one-year period are annual objectives or short term objectives. Operating strategies are detailed statements of the means that will be used to achieve objectives in the following year. Likewise policies are broad statements that guide or substitute for repetitive managerial decision making. They guide the thinking, decisions, and actions of managers and their subordinates in implementing the organization's strategy. Policies provide guideline for establishing and controlling the on going operating process of the firm in a manner consistent with the firm's strategic objectives.

Annual objectives, functional strategies, and specific policies, by translating long term intentions into short term guides to action make a strategy operational. The overall strategy must also be institutionalized. Three organizational elements provide the fundamental. long term means for institutionalizing the firm's strategy namely structure, leadership and culture. Successful implementation requires effective management and integration of these three elements to ensure that the strategy takes hold in the daily life of the firm. An implemented strategy must be monitored to determine the extent to which its objectives are achieved. There is need for strategic managers to provide monitoring

21

and controlling methods to ensure that the strategic plan is followed (Pearce and Robinson, 1991).

2.4 Strategy Implementation

Strategies are a critical element in organizational functioning, but whereas - most organizations have good strategies, successful strategy implementation remains a major challenge. The notion of strategy implementation might seem quite straight forward; a strategy is formulated and then implemented. In the contrary, transforming strategies into action is a far more complex, difficult and challenging undertaking and therefore not as straightforward as one would assume (Aaltonen and Ikavalko, 2001). Because implementation of strategies remains the greatest bottleneck, many organizations are not able to address their goals adequately (Machuki, 2005).

Strategy implementation is that process through which strategy is translated into action and results achieved. It involves acting on what has to be done internally to put the chosen (formulated) strategy into place and achieve the targeted results. Strategies and polices are translated by management into action through the development of programs, budgets, and procedures. Further the process might involve changes within the overall culture, structure and/or the management system of the organization (Pearce and Robinson, 1988)

To ensure success, a strategy must be translated into carefully implemented action. This means that the strategy must be translated into guidelines for the daily activities of the

firm's members. The strategy and the firm must become one - that is the strategy must be reflected in the way the firm organizers its activities and in the firm's values, beliefs and tone (Pearce and Robinson. 1991). In implementing the strategy, the firm's managers must direct and control actions and outcomes and adjust to change.

2.5 Challenges to Strategy Implementation

Successful strategy formulation does not always guarantee successful strategy implementation. It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation) (David. 1997)

In all but the smallest organizations. the transition from strategy formulation to strategy implementation requires a shift in responsibility from strategists to divisional and functional managers. According to David (1997), implementation challenges can arise because of this shift in responsibility. especially if strategy - formulation decisions come as a surprise to middle and lower-level managers.

Challenges that occur during the implementation process of a strategy are an important area of research because even the best strategy would be ineffective if not implemented successfully. Despite the fact that challenges to successful strategy implementation have not been widely investigated. there are some issues that have surfaced in many studies (Muthuiya. 2004). Al-Ghamdi (1998) claims that the overwhelming majority of the literature has been on the formulation side of the strategy and only lip service has been given to implementation side.

The most important problem experienced in strategy implementation in many cases is the lack of sufficient communication. Aaltonen and Ikavalko (2001) state that the amount of strategic communication in most of the organizations is large, both written and oral communication is used in form of top down communications. However, a great amount of information does not guarantee understanding and there is still much to be done in the field of communicating strategies. According to Wang (2000), communication should be two-way so that it can provide information to improve understanding and responsibility, and to motivate staff.

Before any strategy can be implemented, it must be clearly understood. According to Byers et al (1996), clear understanding of a strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organization direction. Aaltonen and Ikavalko (2001), asserts that lack of understanding of a strategy is one of the obstacles of strategy implementation. They point out that many organizational members typically recognize strategic issues as important and also understand their context in generic terms.

However, the problem in understanding arrives when it comes to applying strategic issues in the day-to-day decision making.

Al-Ghamdi (1998) identified barriers to strategy implementation which include; competing activities that distract attention from implementing the decision; changes in responsibilities of key employees not clearly defined; key formulators of the strategic

decision not playing an active role in implementation; problems requiring top management involvement not communicated early enough; key implementation tasks and activities not sufficiently defined; information systems used to monitor implementation are inadequate; overall goals not sufficiently understood by employees; uncontrollable factors in the external environment ; surfacing of major problems which had not been identified earlier; advocates and supporters of the strategic decision leaving the organization during implementation; and implementation taking more time than originally allocated.

Meldrum and Atkinson (1998) identified two problems of implementation: a flawed vision of what it means to be in a strategic position within an organization; and a myopic view of what is needed for successful management of operational tasks and projects within a strategic brief. Studies of Okumus (2003) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from lower levels and poor planning activities

Cultural impact underestimation is yet another challenge to strategy implementation. The implementation of a strategy often encounters rough going because of deep-rooted cultural biases. It causes resistance to implementation of new strategies especially in organizations with defender cultures. This is because they see change as threatening and tend to favor "continuity" and "security" (Wang, 2000). It is the strategy maker's responsibility to choose a strategy that is compatible with the "sacred" or unchangeable parts of prevailing corporate culture (Thompson and Strickland, 1989). Creating an organizational culture, which is fully harmonized with strategic plan, offers a

25

strong challenge to the strategy implementer's leadership abilities. Aosa (1992) observes that lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation, which can in turn frustrate the strategy implementation effort.

Organizational politics, unavoidable aspects, remains another key challenge in strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organization goals and change strategy and structure to further their own interests (Hill and Jones. 1999). Wang (2000), states that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power.

Sterling (2003) has identified various reasons why strategies fail as such as unexpected market changes, lack of senior management support, effective competitor responses to strategy, application of insufficient resources, failure of buy-in, understanding and or communication, timeliness and distinctiveness, lack of focus, and bad strategy poorly conceived business models. Sometimes strategies fail because they are simply ill conceived. For example business models are flawed because of a misunderstanding of how demand would be met in the market.

Resource insufficiency is another common strategy implementation challenge. David (1997) argues that allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. This is because a number of

factors commonly prohibit effective resource allocation. These include overprotection of resources, too great emphasis on short run financial criteria, organizational policies, vague strategy targets, reluctance to take risks, and lack of sufficient knowledge.

According to Aosa (1992), companies which maintain various links between strategy development and implementation are more successful in implementing strategy than those not maintaining such links. He further observes that companies experience various problems in implementing strategic decisions. The following problems are reported at relatively higher levels of severity; implementation taking more time than was originally allocated; uncontrollable factors in the external environment having adverse impact on implementation; major obstacles surfacing during implementation that had not been identified beforehand; competing activities and crisis distracting attention from implementing the strategic decision, key implementation tasks not being defined in enough detail; inadequate resources and ineffective coordination of implementation activities. These problems appeared to originate from both internal and external sources. Alexander (1985), in a study on implementing strategic decisions, reported that 50% of the companies studied experienced problems in implementing their strategies.

He argued that successful implementation in part involves preventing implementation problems from occurring in the first place. If such problems do occur during implementation, then quick action should be taken to solve them. The faster corrective action is initiated during implementation, the more likely it is that problems will be resolved before they adversely impact the company. Reed and Buckley (1988) similarly

27

argue for a problem avoidance approach to strategy implementation requirements of the strategic decisions they make.

At its simplest, strategy is all about managing change and resistance to change can be considered the single greatest threat to successful strategy implementation. Strategic change is the movement of an organization from its present state towards some desired future state to increase its competitive advantage (Hill & Jones, 1999). The behavior of individuals ultimately determines the success or failure of organizational endeavors and top management concerned with strategy and its implementation must realize this (McCarthy et al. 1996). Change may result to conflict and resistance. People working in organizations sometime resist such proposals and make strategy difficult to implement (Lynch, 2000). This may be due to result of anxiety to fear of economic loss, inconvenience, uncertainty, and a break in normal social patterns (David, 2003).

2.6 Outcomes of Strategy Implementation

A strategy may be good, but if its implementation is poor, the strategy may not be achieved. There are several possible strategy implementation outcomes; poor strategy implementation coupled with poor strategy formulation results into failure whereas poor strategy implementation coupled with good strategy formulation results into trouble. On the other hand, good strategy implementation matched with poor strategy formulation results into a situation of gamble/roulette. Only a good strategy which is well implemented contributes to the success of a firm. The outcomes of strategy

implementation can be summarized by the model of strategy implementation outcomes presented below.

Figure 2 Outcomes of Strategy Implementation

Strategy Formulation

	Good	Poor
Good	Success	Roulette
Poor	Trouble	Failure

Strategy Implementation

Source: Ogutu M. (2007). *The Outcomes of Strategy Implementation.* Unpublished Manuscript. University of Nairobi.

2.7 Emperical Literature

According to studies by Njau (2000) ,Mbogo (2003),Ogwora (2003) ,Rukunga (2003) .Kathuku (2004) , Abshirow (2004) and Mumbi (2005) which are mainly on how Kenyan organizations have responded to the changing environmental conditions did not focus on challenges of strategy implementation . Given that strategy implementation challenges are inevitable. there is need to study these challenges as experienced by an organization which has implemented new strategies in the case of SPSS East Africa no information exists on challenges faced while implementing new strategies.

29

2.8 Knowledge Gap

There exist a gap in knowledge which has not been exhaustively addressed by studies by Mbogo (2003).Ogwora (2003) .Rukunga (2003) .Kathuku (2004) , Abshirow (2004) and Mumbi (2005) in liaison to challenges faced when implementing new strategies. It is against this background that the researcher proposes to study the strategy implementation challenges faced by SPSS East Africa. This will try to fill the void in the knowledge gap. The study is expected to be of use to policy makers and various stakeholders in the information technology sector

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes various aspects of research methodology employed in this study. These include the research design, data collection and data analysis, which are used the study.

3.2 Research Design

The study was conducted a case study design. The study focused on interpreting in-depth details concerning the challenges to strategy implementation at SPSS East Africa Limited and how these have been overcome. This research design was successfully used by Koske (2004), Machuki (2005) and Ogwora (2006) among others. This method gave an indepth explanation of the challenges to strategy implementation at SPSS East Africa ltd and how these challenges have been overcome.

3.3 Data Collection

To meet the objectives of the proposed study, the researcher did collect pertinent primary and secondary data. Data from five senior management staff of SPSS East Africa comprising of Finance Manager, Marketing Manager, Human Resource Manager and Business development Manager and General operations Manager Data was collected by way of personal interview guided by an interview guide. The interview guide did consist of open ended questions covering issues on strategy implementation, the challenges of

strategy implementation and ways of overcoming these challenges. This facilitated a more in-depth interaction with the respondents of the study.

3.4 Data Analysis

Content Analysis was used to analyze the data to be collected. According to Mugenda (1999), content analysis is the systematic qualitative description of the objects or material of the study. It involves observation and detailed description of objects, items or things that comprise the study.

CHAPTER FOUR : Data Analysis and Interpretation of Results

4.1 Introduction

This chapter presents the findings of the study. The managers in various department and the selected employees were interviews on different dates and the result of interview analysed and presented below

4.1 Strategy Implementation at SPSS East Africa

SPSS East africa has been implementing various changes since 2000. According to the findings of the study .implementation of major strategic changes are ongoing . The Implementation process has, however been undertaken in phases in line with strategic plan .

The first major category of strategy impementation was on the market and the clients focus . SPSS East Africa .has changed it's marketing strategies severally from a product-driven approcah of servicing it customers . SPSS East Africa has SPSS predictive analytic Enterprise Solutions that address interconnected business objectives across the entire organization, with a focus on full convergence of analytics, architecture, and business process. This has led to gained unparalleled customer intimacy, and drive both intellectual property and innovation.

According to the study SPSS East Africa has been able to implement to its investments by leveraging on it platform to deliver innovative solutions and expanded value .The firm also want to maintain on a tradition of clients success and satisfaction .This has been

achieved by increase in it global resources to enhance and expand services and support through business partners.

The study found that SPSS East Africa has achieved a customer base growth, based on a comprehensive predictive analytics portfolio that includes data collection, text and data mining, and advanced statistical analysis and predictive solutions, helping customers predict future events and proactively act upon insight to drive better business outcomes. SPSS East Africa has also designed loyal customer relationships, to enable better supplier communication, and make customer and retention more efficient. This has led to business responsibly and it to achieve a superior financial return in order to grow .In addition it has provide the platform to customers, employees, partners and stockholders to fulfill their goals .

SPSS East Africa also provided a strategy of comprehensive predictive analytics portfolio that includes data collection, text and data mining, and advanced statistical analysis and predictive solutions, helping customers predict future events and proactively act upon insight to drive better business .This was made possible through support your investments in SPSS by leveraging IBM's world-class technology resources to deliver innovative solutions and expanded value.

The third category of strategy implementation was on management and measurement. The study established that five board of committees to guide the firm and to govern its management. These committee included audit, strategy and development, marketing and product development. All board members are people of high integrity and have unique capabilities. The study also found that use of SPSS adds up to more profitable

relationships. It's what you can expect from SPSS software and services for the collaborative enterprise. SPSS Solutions help companies find and implement new sources of competitive advantage through predictive analytics. This is the journey of the Predictive Enterprise.

The fourth category of strategy implementation at SPSS East Africa had a focus on the staff. Changes as a result included learning how to use various use of module will make it easy for analysts to use this valuable technique , module will enable marketers to run key analyses on their own , Automated Data Preparation feature (in IBM SPSS Data Preparation) detects and corrects quality errors in one efficient step . Enhanced Model Viewer allows for interactive visualizations for Two Step Cluster analysis and Nonparametric tests (in IBM SPSS Statistics Base). and Automated Data Preparation (in IBM SPSS Data Preparation) and Improved performance of commonly used procedures such as Frequencies, Cross tabs, Descriptive statistics (in IBM SPSS Statistics Base Server) .

SPSS East Africa has also changed it client service. mission and market focus. The company has also set measurable target in the critical success factors .the se are monitored continuously to ensure that any variances between targets and outcomes are addressed promptly. The board reviews the implementation of the strategic plan on a continuous basis.

4.2 Challenges of strategy Implementation at SPSS East Africa

The nature of the industry that SPSS East Africa operates is very dynamic and challenging .Thus the company has to constantly change its business strategy. In addition.

the study observed that the manner in which SPSS East Africa is organised has been dictated by the nature of the industry. These two aspects make SPSS East Africa prone to enormous challenges as it strives to translate it strategy into and then into acceptable results .it was objective of this study to establish what the challenges facing the company.

The study established that some aspects of organizational culture and structure, high degree of staff turnover and resistance to change as the major challenges that are faced by SPSS East Africa while implementing strategies .The other challenges include lack of infrastructural facilities. governmental decisions. inadequate resources and limited access to capital.

Organizational culture is the company's way of doing things. This constitutes norms, values and believes that are held overtime in the course of doing business. The match between strategy and culture is crucial for successful implementation of strategy .the study is aimed at establishing whether or not a match exists and if it does how challenging it is to effective strategy implementation.

SPSS East Africa has been in existence from 1998 and there is a mix of values and beliefs that have propagated over time by the people who have held senior management positions to considerable long period of time. These aspects have been instilled into other organizational members and define "the ways of doing things around here" hence the organizational Culture. The study found that some aspects of culture promote negative attitude amongst some staff towards their development .For instance the culture of seeking approval on every decision to be taken and rigid procedures followed stood out conspicuously .It was established that most of these aspects emanates from the

company's organization structure .It is not the whole mix of values and belief of fully support successful strategy implementation.

Organizational design defines the roles, responsibilities, boundaries, processes and procedures and relationship of the various positions .These define the organizational structure and it was the intention of the study to establish how the structural design accelerates or impedes successful strategy implementation .SPSS East Africa has a functional structure and it was pointed out that this structural design is largely a dictate of the nature of the business it is engaged in .inevitable but necessary and appropriate .

The study also established that some aspects of this structure does impede successful strategy implementation. The Structure defines reporting procedure, which, prove to be unnecessary long and time consuming hence slowing down decision making process. Implementation of strategies requires not only adequate staff but also competent staff for success to be realized .At one stage, high degree of staff turnover was identified as a challenging phenomenon in SPSS East Africa implementation efforts .This was attributed by intense poaching of employees in the industry .Even though SPSS East Africa does poach also, it is costly to recruit and develop new staff to fill positions left vacant.

Development in the environment require that a company change its strategic direction so as exploit any eminent opportunities and also counter the resultant threats .The internal readjustments would entail the reassessment of the company's weakness and strength so as to establish the capability gap and do something on its core and distinctive competences .All these moves require management to throw it weight fully behind the realization .it was established that such management support hardly granted .Suggestion put forward to introduce new programs and the effect changes in some policies get

37

resistance from management .The need to develop a training human resource manual has been met with resistance by the management .

A strategy designed to build loyal customer relationships, enable better supplier communication, and make customer and retention more efficient. The study also established that business was conducted with responsibly and integrity to achieve a superior financial return so as to grow and provide the opportunity to customers, employees, partners and stockholders to fulfill their goals.

The study established that Markets are changing, competitors are catching up. And customer expectations are rising. Innovation is harder to achieve and even harder to sustain than ever before. The ever-changing global economy is forcing organizations to find new ways to compete. Thus SPSS East Africa has relied on SPSS Solutions help companies find and implement new sources of competitive advantage through predictive analytics. This is the journey of the Predictive Enterprise.

The study also established that SPSS East Africa is based on analytics everywhere where integrate analytics into key business processes, then the right decisions are made and the best actions are taken on a consistent, repeatable basis. SPSS module sold is based on How do you differentiate from your competitors? It's a simple formula - Intellectual Property + Sustainable Innovation; and customer intimacy drives them both.

The environment in which strategy implementation takes place is not static changes in the environmental are ever continuous .This calls for some adjustments in the strategy in order to accommodate such changes .It is the people on the ground that will notice such changes and suggest appropriate change in the policy and or strategy.

4.3 Addressing Strategy Implementation challenges by SPSS East Africa

In such as managers' approaches need to be tailor made for such situation ,there are certain bases that to be covered no matter what the organization's circumstances .These includes building an organization capable to carry out the strategy successfully, developing budgets to steer adequate resources into those value chain activities critical to strategic success. establishing strategy supportive policies and procedures .instituting best practices and pushing for continuous improvements and how value activities are performed ,installing information .communication and operating systems that enable company personnel to carry out their strategic roles day in day out .Also important is trying to reward incentives and rewards to the achievement of performance objectives and good strategy execution .creating a strategy –supportive work environment and corporate culture .and establishing the internal leadership needed in drive implementation forward and keep improving how strategy is implemented

Strategy Implementation is about managing change and resistance to change can be considered the greatest threat to successful strategy implementation by the organization .SPSS East Africa ensured that employees were involved in the entire strategy formulation and implementation process .The change initiators at SPSS East Africa communicated the intended changes through training .monitoring .message boards and various bulletins .The study established that customers were also informed of the need to change in advance through organized forum by the firm management . The management and employees forum were conducted in seminars and expert in strategy invite to conduct the learning sessions.

The Managerial Challenges was resolved by engaging experts in financial system and human resources specialist. Staff capability building was also performed through leadership training for managers, problem solving team training for managers and officers and quality management training for all second level managers and officers.

The study established that SPSS east Africa management performed need the assessment in order to understand the staff's and customer's point of view and the needed requirements for strategy implementation .The managing director and operations manger then illustrated the current status in terms of business, competition, financial and customer issues to all stakeholders during various forum in order to create the desired understanding s to the current state of affairs and the intended desired future that the organization is envisioned .

The study established that SPSS East Africa performed training sessions of the new software .the training included customer relationship management where skills such as problem solving, customer care .business management. interpersonal skills. teams dynamics ,sales and marketing were provided .After the training sessions .employees were assisted in utilizing the learnt skills in real working situations .

The study found during the strategy implementation process over the years, employees were encouraged to brainstorm, share new ideas and to own the strategy implementation process .The critical success factors they come up with brainstorming sessions were used to job descriptions. These brainstorming sessions were used as their job descriptions .we cannot have typical job description in paper this has to be translated in strategy implementation process.

The study established that leadership style of delegating responsibility, creating incremental challenges and rewarding performances enhanced the morale of senior managers and branch managers in implementing strategies. The social cultural processes within organizations are of major importance as they help in delivering successful strategies.

They are particularly important in organizations facing complex and dynamic environments because the fostering innovation is crucial to survive and succeed in these circumstances .The study established SPSS East Africa recognizes the importance of such processes hence the development of core guiding values .Creativity and innovation. teamwork .unity of purpose .respect and dedication to customer care and effective corporate governance .these stand for word PICTURE .

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Strategies are critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. Strategy implementation is concerned with both planning how the choice of strategy is put into effect, and managing the change required .In this process, it is laden with complexity and challenges .The objectives of the study were to obtain an overview of strategy implementation at SPSS East Africa, determine the challenges encountered while implementing challenges and to establish how SPSS East Africa address these challenges.

The first objective of the study was obtain and overview of strategy implementation at SPSS east Africa .The study revealed the firm has implemented various strategies since inception .Implementation of major strategies is continuing up to date an can be categorized in phases .

The major category of strategy implementation was on the market and client focus Since inception SPSS East Africa, it has changed its marketing several times from a product – driven approach of serving it customers.

The second major category was on ownership and governance .the category of strategy was influenced by IBM completed the acquisition of SPSS Inc. As SPSS East Africa marks this milestone, it has confirmed its continued commitment to success of it customers and highlight the benefits resulting from this acquisition.

The third category of strategy implantation was on management and measurement There was a change in leadership by creation of new vision and mission with the ascent of a new managing director. The new managing director is credited for the turnaround of the company in terms of profitability.

The fourth category of strategy implementation had a focus on staff. Changes as a result of this include flexible working hours experienced by fast growth. new mission and vision.

The study further established that there was a mix of values and beliefs that they have been propagated overtime by people who have held senior management positions for a considerably long period over time .These aspects have instilled into the other organizational members to define 'the way of doing things here 'hence the organizational culture .Some aspects of the resulting culture promote negative attitude amongst some staff towards their development

SPSS East Africa has a functional structure and it was pointed out that this structural design is a dictate of the nature of the business it is engaged in .The structure defines the reporting procedure. which proves to be unnecessarily long and time consuming hence slowing down decision making process .

The third objective of the study was to establish how SPSS East Africa address the challenges it encounter while implementing strategies .Strategy implementation is about managing change and resistance to change can be considered the greatest threat to successfully strategy implementation .The study found at that SPSS East Africa involved all employees and other shareholders in it strategy implementation process .This is in

order to minimize resistance to change .Changes is communicated to all those affected. There were also efforts by the organization to prepare staff members for changes to be effected in future .

SPSS East Africa offered training to employees on new products and services .The training sessions, employees were assisted in utilizing the learnt skills in real working situations .The study also found that the firm encouraged employees to brainstorm. share new ideas and to own the strategy implementation process .The leadership style of delegating responsibilities. creating incremental challenges and rewarding performance enhanced the morale of senior managers an other lower cadre staff.

In order to address financial constrains challenge inhibited on strategy implementation. the firm get assistance from IBM. SPSS East Africa will become part of IBM's Business Analytics and Process Optimization organization

5.2 Conclusion

SPSS East Africa Ltd has implemented various strategies since its inception .The implementation of major strategies were categorized in phases. The first major category of strategy implementation was on market and client focus while the second category was on ownership and governance .The third category of strategy implementation was on management and lastly on staff.

SPSS East Africa Ltd been focused on providing the underlying information infrastructure to support business intelligence and performance management solutions. This includes databases and data warehouses to manage data. information integration and

master data management to establish accurate and trusted information, as well as various analytic capabilities. With the addition of SPSS, IBM intends to further help customers solve new business challenges and meet the demand for more sophisticated, realtime use of the uses of information

SPSS East Africa Ltd has a functional structure and it was pointed out that this structural design is a dictate of the nature of the business it is engaged in .The structure defines the reporting procedure, which proves to be unnecessarily long and time consuming hence slowing down decision making process .

5.3 Recommendations

For SPSS East Africa Ltd to continue implementing it strategies effectively, it is recommended that the organization looks at it failures and challenges and then address the same .Although the SPSS East Africa has attempted to address some of the challenges it faces while implementing strategies, there is need to do more .The organization should always strive to be proactive while addressing challenges to arise and then put effort to address the same.

SPSS East Africa has to consider reducing on the bureaucracy and recognize the fact that the necessary tools of successful strategy implementation are managers and workers empowered to act on their judgment. reengineered work process and procedures, self directed works teams and rapid incorporation of information technologies to improve existing organizational capabilities.

On cultural aspects, and resistance to change. SPSS East Africa should recognize the fact that a company's culture is out of place with what is needed for strategic success, the culture has to be changed as rapidly as possible. Successful cultural changes have to be led by top management.

5.4 Limitations of the study

The study was limited to SPSS East Africa Ltd and it could therefore give a general picture of strategy implementation, it challenges and how these challenges are addressed by other firms in Kenya. Thus the study cannot be taken as the actual representative of the situation within the information technology industry in Kenya as the findings of this study are organizational specific and apply to SPSS East Africa.

The study focused only on the strategy implementation aspect of strategic management process .Thus it did not focus on other aspects of the strategic management process which includes formulation as well as the control. monitoring and evaluation aspects. These are important components part of strategic management process and should therefore not ignored.

5.5 Suggestions for Further Research

There is a need to carry out further studies on strategy implementation, implementation challenges, and how these challenges are overcome in other firms operating in Kenya .A replica of this study should also be done after some time to find out the changes that have taken place and comparison with findings of this study done.

REFERENCES

Aaltonen, P. & Ikavalko, H. (2001). *Implementing Strategies Successfully.* A Paper Presented at the XII World Productivity Congress, San Jose, CA.

Alexander, L.D. (1985). Successfully Implementing Strategic Decisions, *Journal of Long Range Planning, 18(3),* 91-97.

Al-Ghamdi, S. M. (1998). Obstacles to successful Implementation of Strategic Decisions: The British Experience. *European Business Review,* 96(6), 72-83.

Ansoff, H.I. (1965). *Corporate Strategy.* McGraw-Hill, New York.

Aosa, E. (1992). *An Empirical Investigation of Aspects of Strategic Formulation and Implementation within Large Private Manufacturing Companies in Kenya.* Unpublished PhD Thesis, University of Strathclyde, U.K.

Byers, L.L.et al(1996) .Strategic Management. Richard .D .Irwin

Chandler ,A.(1962). Strategy and Structure :Chapters it the history of American Industrial Enterprise. Cambridge Massachusetts,MIT Press.

David, F.R. (1997). *Concepts of Strategic Management.* Prentice Hall, mc, New Jersey, USA.

Harvey F (1998).Strategic Management and Business Policy, 2nd Edition, Eastern Washington University.

Hill, C.W. & Jones, G.R. (1999). *Strategic Management Theory; An Integrated Approach.* 5th edition. Houghton Mifflin Company.

Kathuku, J.K. (2004). *The Strategic Responses to Changes in the Environment by the Cooperative Bank of Kenya.* Unpublished MBA Project, University of Nairobi.

Koske,F.K. (2003). Strategy Implementation and its Challenge in Public Corporations: The Case of TELKOM Kenya. Unpublished MBA Project, University of Nairobi.

Lynch, R. (2000). *Corporate Strategy.* 2ND edition. Prentice Hall.

Machuki N.V. (2005). *Challenges to Strategy Implementation at CMC Motors Group Limited.* Unpublished MBA Project, University of Nairobi.

McCarthy, D .J. et al. (1996). *Business Policy and Strategy; Concepts and Readings,* 4th edition, Richard D. Irwin, Inc.

Meldrum, M. & Atkinson, S. (1998), Meta-abilities and the Implementation of Strategy. *Journal of Management Development, 17(8), 34-35.*

Mintzberg,H Quinn J.B(1991), The Strategy Process, Concepts and Cases 2nd Edition ,Prentice Hall .

Muthuiya, F.A (2004). *Strategy Implementation and its Challenges in Non-profit Making Organizations in Kenya. The Case of African Medical Research Foundation (AMREF) - Kenya.* Unpublished MBA Thesis, University of Nairobi.

Njau (2000). *A study on Strategic Responses by East African Breweries Limited.* Unpublished MBA Project. University of Nairobi.

Ogutu, M. (2007). *Outcomes of Strategy Implementation.* Unpublished manuscript. University of Nairobi.

Ogwora, E.M. *(2003). Strategic Change Management at the National Cereals and Produce Board.* Unpublished MBA Project. University of Nairobi.

Okumu F (2003).A Framework to Implement Strategies in Organizations.A journal of Management Decisions. 41(9), 19-27.

Pearce,J.A.& Robinson, R.B(1988). Strategic Management; Formulation ,Implementation and Control .Irwin McGraw-Hill,Boston ,USA.

Pearce,J.A.& Robinson, R.B(1991). Strategic Management; Formulation ,Implementation and Control .Irwin McGraw-Hill,Boston ,USA

Pearce,J.A.& Robinson, R.B(1997). Strategic Management; Formulation ,Implementation and Control .Irwin McGraw-Hill,Boston ,USA

Penchalaer, H and Saurwein, E. (2002).Strategy Implementation in the Alpine Tourism Industry, International Journal of Contemporary Hospitality Management. Vol 14,No 4.PP 157-168 ,Emerald Group Publishing ltd.

Reed.R.& Buckley.R. (1988).Strategy in Action –Techniques for Implementing Strategy. Journal of long Range Planning 21 (3), 67-74
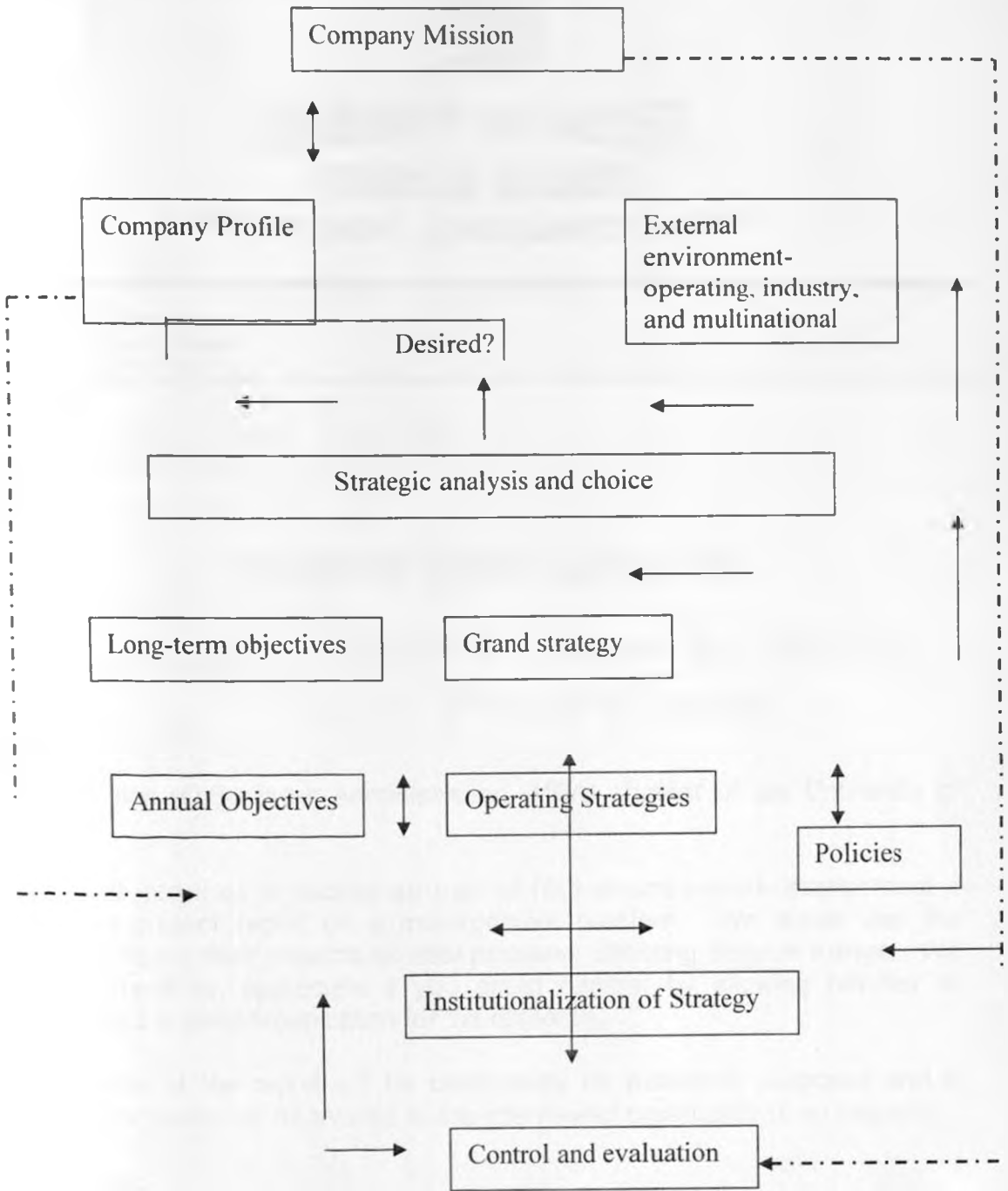
Sterling, J.K (2003). Translating Strategy into Effective Implementation: Dispelling the Myths and Highlighting what works .Journal of Strategy and Leadership. 31(3), 21-29

SPSS East Africa Website (2010).Company Profile. http://

Thompson A.A .et al. (2007).Crafting and Executing Strategy .Irwin McGraw-Hill ,New York. U.S.A

Thompson A.A and Strickland, J A (1989) Strategic Management: Concepts and Cases. Irwin Mc Graw-Hill, New York .U.S.A

APPENDIX 1: Strategic Management Model

Company Mission

Company Profile

External environment- operating, industry, and multinational

Desired?

Strategic analysis and choice

Long-term objectives

Grand strategy

Annual Objectives

Operating Strategies

Policies

Institutionalization of Strategy

Control and evaluation

Source: Pearce and Robinson (1991). *Strategic Management; Formulation, implementation and control.* Irwin McGraw- Hill, Boston, U.S.A

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAM – LOWER KABETE CAMPUS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE.......06 | 07 | 20 10

TO WHOM IT MAY CONCERN

The bearer of this letter ......PETER NDUWGU MUNIU

Registration No: ....D61 | 70057 | 2008

a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

DR. W.N. IRAKI
COORDINATOR, MBA PROGRAM

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. Box 30197
NAIROBI

APPENDIX III: LETTER OF INTRODUCTION

July, 2010

Dear Respondent,

This interview guide is designed to gather information on the challenges to strategy implementation at SPSS East Africa Ltd and how these challenges have been overcome. The study is being carried for a management project paper as a requirement in partial fulfillment of the degree of Master of Business Administration, Faculty of commerce, of the University of Nairobi.

The information gathered will be treated with confidentiality and no instances will your name be mentioned in this research. Also, the information will not be used for any other purpose other than for this research.

Your Assistance in facilitating the same will be highly appreciated. A copy of this research will be made available to you upon request.

Thank you in advance.

Yours sincerely,

_____   _____

Muniu Peter N.   E Mududa

(MBA Student)   (University Supervisor)

APPENDIX 1V: INTERVIEW GUIDE

Section A: Details of Respondent

1 Respondent Name

2 Position held

3 Number of years in the position

4 Department

Section B: Strategy Implementation

5 Being guided by the factors listed below, how would you describe strategy implementation at SPSS East Africa ?

i.   The management staff have the skills that enable successful strategy implementation

ii. SPSS East Africa Ltd has an employee training programme geared towards strategy.

Iii .SPSS East Africa Ltd staff are given the technical skills needed for the implementation of strategy.

Iv. The recruitment policy of SPSS East Africa Ltd to support Strategy Implementation.

V. Staff performance appraisal support Strategy Implementation.

Vi. The reward policy of SPSS East Africa support Strategy Implementation.

viii. When recruiting new employees, the human team assesses the competency of the personnel so that they are compatible with strategy under implementation.

Ix .SPSS East Africa Ltdhas annual work plan to support Strategy Implementation.

Section C: The challenges of Strategy Implementation.

6 Organizational face various challenges in their pursuit to implement strategies. Bearing in mind, what is the experience of SPSS East Africa Ltd with the following challenges as far as its strategy implementation process is concerned.

Implementation took more time than was originally allocated.

Major obstacles surfaced during implementation that had not been identified beforehand

I. There was inadequate communication of the strategy to the staff.

II. Capabilities of the employees involved were not adequate

III. Slow acceptability of the strategy by SPSS East Africa Ltd Stakeholders.

IV. Resources made available were inadequate.

V. Monitoring. planning. coordination. and sharing of responsibilities was not well defined.

VI. Competing activities and crises distracted attention from implementing the strategy.

VII. Uncontrollable factors in the external environment had adverse impact on implementation.

VIII. Inadequate training of staff.

IX. Unsupportive organizational structure.

X. Coordination of implementation activities was not effective enough.

XI. Leadership and direction provided by managers were not adequate.

XII. Information systems used to monitor implementation were not adequate.

XIII. Key formulators of the strategic decisions did not play an active role in implementation.

XIV. There was unfavorable organizational politics toward strategy implementation.

XV. Wrong organizational structure.

XVI. Advocates and supporters of the strategic decision left during

  a. Implementation.

XVII. There was resistance to change during strategy Implementation .

XVIII. Lack of a proactive approach managing resistance.

Other strategy implementation challenges.

7. Please explain in detail how SPSS East Africa Ltd has overcome (responded) to the challenges identified above to ensure success in strategy Implementation.

8 In evaluation the overall success of the strategy implementation effort at SPSS East Africa ltd. what comments can you make regarding the entire process.

The implementation efforts.

    i.   Achieved the intended outcomes.