

Stage II. Development

Introduction

Managers need to develop their organizations for the long term and be able to carry out those developments today, tomorrow or, at the latest, next week. Anonymous, experienced manager and cynic

In the TSMP, the development stage and its inherent activities provide vital, integral linkages between the orientation/re-orientation of organizational strategies and their successful implementation and adaptability. While the **orientation stage** familiarizes management and others with organizational situations and enables them to adapt to changing environmental circumstances, management's mandate in the **development stage** is to develop the ways for the organization, its units and resources to advance progressively toward achieving the aims set out in the previous stage. The purposes, policies, objectives and goals of the organization, within its changing environmental, situational and future contexts, are intended to provide bases for developing plans, strategies, tactics and related budgets.

By definition, development involves qualitative and quantitative growth, strengthening or betterment. Development involves taking abstracts such as dreams, visions and aims and bringing them into being, into reality, like new or innovative programs, products, services, systems or combinations of these and other organizational advances. Like pregnancies, photography, manufacturing and many other productive endeavors, well-developed, systematic processes are required to produce desired outputs. The **development stage** brings together the resources and shapes them according to the aims created in the **orientation stage**. This shaping has various orientations. Some have different scopes ranging from all-encompassing, corporate plans to mid-range divisional and specialized operational plans. Others have different time horizons, e.g., long term, strategic plans, medium-term business plans, short term, tactical plans and anytime, emergency contingency plans.

This is the stage of advancement, of growth, of expansion. In the previous stage, the strategic orientation was conceived, created or recreated, similarly to what Alexander Graham Bell, Thomas Watson, Andrew Grove, Bill Gates, Ray Kroc, Sam Walton and numerous others did in creating Bell Telephone, IBM, Intel, Microsoft, McDonalds, Wal Mart and other innovative and successful organizations in the past, are doing now and will do in the future. Dreams, visions and ideas were generated, discussed and conceived within the context of opportunities, resources, management, its environment and past, present and future situations.

In this stage, management and its staff must be capable of transforming abstracts into realities. Not only does this capability require specially developed mental capacities but it also requires experience and practical skills and abilities. Virtually every successful organization is managed and staffed by people with such combinations of capabilities. While special technical expertise and skills are valuable in the development stage, the importance of management cannot be understated. Managers and their strategic team

members must be capable of planning for long-, medium- and short- term and emergency situations as well as create and prepare strategic and tactical alternatives.

The development of strategy tends to be deliberate, i.e., both intended and realized. Henry Mintzberg, "Researching the Formation of Strategies: The History of Canadian Lady, 1939-76", in Robert Boyden Lamb, (editor), Competitive Strategic Management, Englewood Cliffs: Prentice-Hall, Inc., 1984. Sometimes, deliberations are too long, too stultifying, too impeding of meaningful action and progress. Other times, strategy development is too hasty, too simplistic, too haphazard and unnecessarily risky. Managers needs to follow the "Goldilocks principle", i.e., not too slow, not too fast, but with just the right speed, time, effort, resources and management to achieve optimal results --- easier said than done!

While the orientation stage familiarizes management and others with situations and enables them to adapt to changing environmental circumstances, management's mandate in the development stage is to advance the organization, its units and resources progressively toward achieving the aims set out in the previous stage. In this stage, management brings together intelligence, information, analyses, forecasts, plans, resources, shapes and grows them according to the aims created in the previous stage.

Development has various orientations. Developments may be oriented toward different foci, e.g., macro, meta and micro. Others vary in scopes, ranging from all-encompassing, "corporate" to mid-range, divisional or departmental and specialized operational perspectives. In more functional terms, TSMP developments are oriented to:

- * long term, e.g., objectives, strategic plans, programs, policies and capital budgets;
- * medium term, e.g., objectives and goals, business plans, programs, policies and budgets;
- * short term, e.g., goals, tactical plans, operational programs, policies and budgets; and
- * crisis term, e.g., immediate needs, contingency plans, emergency programs, activities, policies and budgets.

Just like builders of office towers, houses, planes, cars or almost any other item of complex construction need a blueprint, a set of drawings, plans and other well-designed arrangements of the components, so do strategic managers. Most building contractors start with a concept and then develop a set of plans that show the general picture or the design of the overall building or complex. Those plans evolve into a set of blueprints that become very detailed, right down to inches or millimetres. Similarly with most full color printing jobs. They start with rough drawings and develop into sets of specifications about sizes and locations of graphics and text, colors of inks, quality of paper and other integral components. We tend to start with the ideas and visions of the "finished product" and then develop the details of what is involved and required to complete that finished product. So it is with the TSMP!

Changes are constant challenges to progressive managers. Numerous changes attack organizational strategies. Most managers, especially in small businesses, are under

so much time, cost and other pressures that they tend to focus on their daily operating problems and priorities and have little, if any, time or energy for thinking, planning or otherwise preparing for the longer term. As strategic guru Michael Porter points out,

Under pressure to improve productivity, quality and speed, managers have embraced tools such as TQM, benchmarking and reengineering. Dramatic operational improvements have resulted, but rarely have these gains translated into sustainable profitability. And gradually, the tools have taken the place of strategy. Michael E. Porter, "What is Strategy?", Harvard Business Review, November-December, 1996, p. 202.

Compatible with the theme and approach of his article, Professor Porter claims that "the essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match" than operational efficiencies and effectiveness. Ibid. In the TSMP, managers and their organizations benefit from using the rational synergies of integrating strategic and tactical processes.

At the other end of the spectrum of challenges to strategic management are chaotic conditions. Some observers claim that strategy development benefits from the use of chaos theory. David Levy, "Chaos Theory and Strategy: Theory, Application and Managerial Implications", Strategic Management Journal, Vol. 15, Special Issue, Summer 1994, pp. 167-178. Chaos theory provides a framework for understanding the dynamic evolution of industries and their participants, e.g., producers, manufacturers, suppliers and customers, the costs of international production, distribution networks, financial arrangements and other interactive, complex, seemingly chaotic, forces and conditions with which strategic management must cope and endeavor to make decisions optimally.

Preview of the Development Stage

Just as previews of movies provide snippets of the action to follow, so does the following sketch of the development stage. Much of this stage is devoted to planning and the preparation of policies, strategies, tactics and budgets. Hold on for the next seven exciting episodes of the TSMP.

- * developing long range plans - Management formulates comprehensive schemes that arrange and schedule programs and activities necessary to achieve, during the long term, the general aims of the organization within its resource constraints;
- * developing medium and short term plans - By shortening the time horizon, scope and resources available for their endeavors, managers are able to focus on designing business and tactical arrangements and schedules of functional or operational programs, activities and resource allocations that are necessary for achieving relatively immediate results;
- * developing contingency plans - Increasingly, managers are being faced with crisis situations that are too risky and costly to ignore. To cope with such crises and their inherent risks and costs, plans are formulated that are based on various sets of probabilistic and sometimes random, threatening future circumstances. Programs, activities, resources and other vital, integral components are arranged, put on "standby" status or scheduled based on the likely occurrence of some future events or "happenings". For the past 30 years and especially since "9/11", contingency or crisis planning has "jumped up" in

- importance and the priorities of management;
- * formulating policies - Policy making is akin to planning but is less action-oriented and more guiding, even constraining in nature. Policies are developed to provide consistent choices, assist in making 3E decisions and streamline organization administration, especially in repetitive situations;
 - * preparing budgets - Planning for different terms and types of programs and activities includes allocations of resources which, in financial terms, are presented in budgets of different durations and applications, e.g., capital, operations, marketing, production, R&D, human resource management.
 - * formulating strategies - Based on the overall, long term purposes, objectives and goals of the organization, managers must determine how organizational units are going to achieve such aims, given different probable future sets of circumstances, policy guidelines, resource constraints and changing forces and conditions in the organization and its environment; and
 - * formulating tactics - Within the long term, general context of strategies, policies and budgets, short term, operative courses of action must be developed that will provide the organization, its management and personnel with the programs, activities and resources necessary to perform optimally.