Factors leading to successful strategy execution for software vendors in South Africa

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ABSTRACT

Strategy execution is a major challenge in most businesses in South Africa. A lot of research has been done on this subject and it has revealed that strategy execution is most important for any business to sustain itself. Successful execution will ensure that the business positions itself to survive and remain relevant, as long as the strategy formulation was done with vision and foresight. The purpose of this research is to identify factors that lead to the successful execution of strategy in the software vendors in South Africa. This report will further establish if there are commonalities in these key success factors and if there are any similarities.

Key success factors leading to successful strategy execution are those competitive factors that most affect industry members' ability to prosper in the market place. These factors are presented in this research in relation to companies operating within the South African environment.

This study also intended to confirm that factors leading to successful strategy execution might have been unsuccessful in similar companies during another era. Strategy execution involves a series of steps that needs to be implemented, not necessarily in order. Furthermore, the reasons for the factors that affect successful strategy execution were gleaned from the perceptions and views of the respondents who have been involved in implementing the factors that led to successful strategy execution. These respondents were selected because they are either involved with or the owners of the strategic plans they are driving to execute in their respective organisations. They witnessed either the success or failure of some of these factors in the strategy execution process.

Successful execution were determined by the profitability of the organisation, growth in market share, market size and market profile as well as the sustainability of the business model. This report determines and highlights these factors that lead to successful strategy execution in South Africa.

DECLARATION

I, Robert Manson, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Robert Manson

Signed at Parktown

On the 28th day of February 2013

DEDICATION

I would like to dedicate this research to my mum (Agnes) who provided emotional support and my daughter (Chelsea Manson), who selflessly spent nights and weekends with me watching TV and doing paintings while I was busy writing this research. Without their support, unconditional love, patience and encouragement, this research would not have been completed with much ease. They have made a number of sacrifices throughout my life to help me to get where I am today, thank you for everything and I love them dearly.

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My mom (Agnes) and my daughter (Chelsea), to whom this research document is dedicated.

My late father (Yonah Manson), whom I know was watching over me through all these sleepless nights. I truly miss you, may your soul continue resting in peace.

I truly am and will be forever grateful to you all.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research was to identify factors leading to the successful execution of strategy in the software vendors in South Africa, and to further establish if there are commonalities in these key success factors and if there any similarities.

Key success factors leading to successful strategy execution are those competitive factors that most affect industry members' ability to prosper in the market place (Hough, Thompson, Strickland & Gamble, 2008). These factors are presented in this research in relation to companies operating within the South African environment.

This study also intended to confirm that factors leading to successful strategy execution might have been unsuccessful in similar companies during another era. Strategy execution involves a series of steps that needs to be implemented, not necessarily in order.

Furthermore, the reasons for the factors that affect successful strategy execution were gleaned from the perceptions and views of individuals who have been involved in implementing the factors that led to successful strategy execution. These individuals were selected as respondents because they are involved with or are the owners of the strategic plans that they driving to implement in their respective organisations. They witnessed either the success or failure of some of these factors in the strategy execution process.

1.2 Context of the study

Over the last few years, South Africa has been seen as the economic hub for the multinationals who want a gateway to the lucrative African markets. This has presented many multinationals, within the software industry, an opportunity to cement their positions in Africa by basing their headquarters in South Arica.

The most dominant vendors in South Africa are the focus of this research: Microsoft, Oracle, IBM, SAS, Software AG, SAP and HP in no particular order. Analysing these multinationals on a broader context will discern how they are differentiating themselves within the industry, in terms of strategy execution.

The thesis will highlight and determine the factors that lead to successful strategy execution in South Africa. Successful execution is determined by the profitability of the organisation, growth in market share, market size and market profile as well as the sustainability of the business model.

No business could have had a successful strategy execution without focusing on the aforementioned aspects and more importantly staying within the boundaries of the political, economic, social, technological and legal parameters. These aspects formed the basis of the analysis in identifying factors leading to successful strategy execution.

Strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999). It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process. Noble (1999) notes, the best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented.

Results from an Economist survey found that a discouraging 57 per cent of firms were unsuccessful at executing strategic initiatives over the past three years, according to a survey of 276 senior operating executives in 2004 (Allio, 2005). Strategy implementation has become the most significant management challenge, which all kinds of corporations face now. The survey, reported in the white paper, indicates that 83 per cent of the surveyed companies failed to implement their strategy smoothly, and only 17 per cent felt that they had a consistent strategy implementation process. It is thus obvious that strategy implementation is a key challenge for today’s organisations. However, the white paper did not specifically mention anything about the software vendors that are the focus in this research. There are many soft, hard and mixed factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control. How can we better understand these issues and their importance for successful strategy implementation? This research, will try to respond to this question by identifying, analysing and reviewing existing research on the factors that influence strategy implementation. Analysis in the most widely used literature databases was used to identify key factors influencing the process of strategy implementation, to surface current areas of agreement and disagreement, as well as to determine missing evidence and resulting future research needs.

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work by implementing it throughout the organisation is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organisational action. These factors are discussed in later pages.

1.3 Statement of the problem

1.3.1 Main problem

Analyse factors that lead to successful strategy execution in software vendors operating in the South African business environment.

1.4 Significance of the study

This research attempts to highlight that at most times, factors exist in any organisation or organisations operating in a certain environment that can lead to the success of the strategy execution if they are implemented at the right time in the right environment. The pace of change within the software industry as well the general broader information technology (IT) industry over the recent years has continuously accelerated to a point that it is a challenge on its own to keep up with the pace, not only of the industry players but also of the end user consumers. This rapid change is forcing companies to get out of their comfort zones, change their business models and the way their strategy executions are implemented.

Companies operating in the South African environment are bound to be affected by all the changes that are happening in the macro- and microenvironment. Changing consumer demographics and the increased consumerism of IT in the customer base and the global markets, and fluctuation of the foreign currency are some of the challenges that these software vendors are experiencing, therefore a continuous need to modify, not only their execution strategy but also the factors leading to that strategy execution. When these are done seamlessly, the survival and sustainability of software vendors operating in the South African environment is greatly enhanced.

Recent global financial crisis, globalization, increased consumer awareness in spending and the renaissance of the African market are among the contributing factors that have put this industry in the spotlight hence the need to analyse and interpret the key success factors that are being relied on, not only for now but also in the future.

This research may provide guidance to the leaders in these industries in gaining an understanding of where their success factors in strategy execution lie thereby assisting the company on where to make improvements or identify further factors that could enhance the strategy execution.

Business partners may also take note of the significance of this study because their survival is directly dependent on the survival of the software multinationals.

These multinationals supply critical business application software to their customers, therefore their survival and success is of utmost importance to the broader stakeholder relations.

Managers and leaders within these organisations, the business partner community, suppliers as well as competing companies will gain some insight by reading this research, as it will assist them in positioning themselves in the market and understanding the key success factors that have led to successful execution of strategy. Recognition of these success factors can lead to contingency plans being put into place by partners to strengthen their position further for survival in the market place.

Taking cognisance of all of the above, this research may be significant to the academics who are involved in case studies of strategic importance as they can use these key success factors in analysing the trends that organisations have adopted and would continue to adopt in the near future.

1.5 Limitations and delimitations of the study

In any organisation, it is imperative to define and understand the key success factors not only for now but also into the future so that the organisation can continuously adapt to the ever-changing needs of the market that they serve. This research topic will cover five major American software vendors that have significant operations in South Africa.

These organisations fall into small, medium and large business categories in this country due to the number of employees they employ as well as the revenue size. Their employees range from 600 to 4000 employees and revenues from $500 million to $1 billion annually. Therefore, the success factors are limited to these companies.

This study is limited to the analysis of the perceptions and opinions of the respondents interviewed regarding their business context. There was no research undertaken into the views and opinions to prove the success or failure of their strategies.

This study will focus on the key success factors with regard to strategy execution. There are many minor variable factors that could affect the success of strategy implementation, which might not be discussed either in the literature review or in the respondents' interviews. Given the nature of the rivalry and competitive forces prevailing in the market place, what resources and competitive capabilities does a company need to be competitively successful? Based on these capabilities, the opinions raised by this research were dependent on the organisation concerned.

The approach taken in conducting this literature review has limitations, which should be acknowledged. The reviewed articles stem from the databases with ‘strategy execution’ as the key phrase, and there is a possibility that crucial viewpoints on other useful strategy related matters have been overlooked.

Strategy implementation involves many theories including agency theory, organisation theory, social system theory, social learning theory and expectancy theory. Future research on strategy implementation could move beyond these approaches and consider the inclusion of communication theory, innovation diffusion theory, actor network theory, or the strategy as practice paradigm, to name but a few of the alternative paradigms for the study of implementation processes (Bantel, 1997).

Similarly, there is a trend in implementation research not to combine different research methods (such as interviews and surveys) in order to achieve more robust results. Effective combinations of different research methods (such as experiments and field observations) could provide more triangulated results on this complex issue. The restrictions on using different methods in one research project could affect the holistic outcome of the results.

1.6 Definition of terms and companies

- *Software vendor*: is a corporation or organisation that specializes in developing and designing proprietary software for mass or niche markets;
- *MNE*: is described by the business dictionary as ‘multinational enterprises’, which is an enterprise operating in several countries but managed from one (home) country. Generally, any company or group that derives a quarter of its revenue from operations outside of its home country is considered a multinational corporation;

- *MSFT*: is the corporate term used to describe Microsoft Corporation as listed on the NASDAQ;
- *Balanced Scorecard metric*: is a strategic planning and management system that is used to measure the effectiveness of strategic execution and business activities in relation to the vision and strategy of the organisation;
- *Oracle*: is an American multinational computer technology corporation that specializes in developing and marketing computer hardware systems and enterprise software products – particularly database management systems;
- *SAP*: is an acronym for Systems, Applications and Products. This is a German software company whose products allow businesses to track customer and business interactions.
- *SAG*: is an acronym for Software AG, a German origin global leader in ‘business process excellence’ that has been in existence for more than 40 years, with innovations that include the invention of the first high-performance transactional database; Ababa’s – the first business process analysis platform;
- *IBM*: is an acronym for International Business Machines otherwise known as the big blue. It is also an American multinational technology and consulting corporation. IBM manufactures and sells computer hardware and software, and it offers infrastructure, hosting and consulting services in areas ranging from mainframe computers to nanotechnology;
- *SAS*: is the acronym for Systemic Analytics Software otherwise known as SAS institute and is the leader in business analytics software and services, having the largest independent vendor in the business intelligence market;
- *HP*: is an American multinational hardware and software corporation also knows as Hewlett Packard. It provides products, technologies, software, solutions and services to consumers and small- and medium-sized businesses;
- *Apple*: is an American multinational corporation that designs and sells consumer electronics, computer software, and personal computers;
- *Critical success factor*: are, according to Bullen and Rockart (1981), "the limited number of areas in which satisfactory results will ensure successful

competitive performance for the individual, department or organisation. Critical success factors are the few key areas where 'things must go right' for the business to flourish and for the manager's goals to be attained" (p. 7);

- *Proprietary software*: is computer software, licensed under exclusive legal right of the copyright holder. The licensee is given the right to use the software under certain conditions, while restricted from other uses, such as modification, further distribution, or reverse engineering;
- *Strategy*: is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment in order to meet the needs of markets and fulfil stakeholder expectations;
- *Mission*: is the purpose and reason for an organisations existence. This reason for existence will state clearly what customers it serves and why;
- *Vision*: is a futuristic view of any organisation detailing what it strives to achieve. This will outline a set of values and behaviours that will be embraced in the pursuit of a vision. Most organisations prefers to achieve their vision acting within ethical boundaries guided by its set of values;
- *Objectives*: are desired outcomes of an organisation that need to be achieved within a certain time frame. This is sometimes defined as goals that any enterprise would like to achieve;
- *Strategies*: refers to things, so to speak, that any enterprise does, avenues that they follow as well as decisions made in order to move towards its objectives, vision and mission;
- *Tactics*: are the short-term actions that a business will adopt or implement on periodic bases in order to achieve its strategies, objectives, vision and mission;
- *Strategic thinking*: is defined as the capability that any organisation and its senior management have to analyse and share the learning from the firm’s history, understand the firm’s current situation, its competitive advantage and comparative advantage. In understanding these, it also gives an organisation a clear view of what direction to take;

- *Strategic awareness*: illustrates that managers within an organisation need to have a clear view of what strategic intents an organisation wishes to have against its rivals. Having a clear view will allow managers and leadership in organisations to decide what course of action to take to sustain the enterprise;
- *Strategic management*: is a process by which any organisation clarifies its reason for existence, the means by which it will achieve its goals as well as tactics that will be used to attain this;
- *Strategic change*: refers to the evolution that an organisation has to go through over time. Some organisations go through gradual change while others make dramatic changes to ensure the survival of the firms; and
- *Synergy*: is the cooperation between departments in the same corporation or between different companies. In this research, it refers to the collaboration within the same company in driving the strategic implementation.

1.7 Assumptions

The underlying circumstances and assumptions under which this study was conducted are discussed. The senior leadership team across the software vendors were engaged to ascertain these success factors. Very careful thought was given to ensure that the input provided is true and presented without bias or subjectivity so as to conclude with objective outcomes.

Enough knowledge and experience is held by the participants of the study so that a comprehensive list of all factors was taken into account in the analysing of key success factors. Confidentiality was maintained so as not to expose or devalue the software vendors on their listed stock exchanges.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The literature review chapter takes into account the theory that has been written about factors that lead to successful strategy execution in companies. Therefore, this section will identify the key factors as per the journals, books and other literature.

2.2 Definition of strategy

According to Johan Hough, in his book *Crafting and Executing Strategy*, he defines strategy as the management's action plan for running the business and conducting operations. This represents a manager's commitments to pursue a particular set of actions in growing a business, attracting and pleasing customers, competing successfully, conducting operations, and improving the company's financial and market performance (Hough et al., 2008).

Hough et al. (2008) go on to argue that that strategy is all about the how, what, and why management intends to grow the business: how it will build the loyal clientele and out-compete its rivals' how each functional piece of the business will be operating, how performance will be boosted. Different companies chose different strategies and sometimes similar companies choose different strategies depending on what business models they pursue.

Most companies in South Africa, regardless of what industry they are operating in have a degree of freedom on what strategies they want to pursue within their respective industries. There are different strategies such as striving to achieve higher performance and market standing by achieving lower costs than their rivals achieve with a low cost strategy. Product superiority or quality is another strategy that some firms would like to follow to differentiate themselves from competitors. Some firms who target the high-end customers while others go for the middle- and lower-end customers respectively.

All the above strategies work for companies as long as the competition does not follow suite thereby reducing margins and attractiveness of the market.

Businesses have realized that to survive they will have to learn to adapt, play by the rules of the game. These rules of the game will change all the time in response to economic, technological and social dislocation and will require new approaches to market combat. The companies that will prosper and survive in this modern era are those that recognize the new rules of the market place (Thompson & Martin, 2005).

2.3 Relationship between a company's strategy and its business model

The company strategy is closely linked to its business model. The business model being the clear concise reason why the company will make money and what value the product or service will add to the end user. The business model becomes the nucleus of the strategy that the business implements. Therefore, the success factors that a business adopts are also largely dependent on the business model. This clearly articulates the importance and correlation between the company strategy, business model and the success factors leading to strategy execution.

2.4 Strategy implementation

Although numerous studies (Hrebiniak, 2006; Hough, et al. (2003), acknowledge that strategies frequently fail not because of inadequate strategy formulation, but because of insufficient implementation. Strategy implementation has received less research attention than strategy formulation. This study reviews the factors that enable or impede effective strategy implementation, surveys the state-of-the-art in this domain, and highlights how strategy implementation has been researched, in which contexts and how this field may be moved forward. As a result of the literature analysis, spanning the last twenty-four years, we find crucial factors for strategy implementation that are frequently discussed in the literature as well as two approaches of aggregating and related relevant factors.

There is controversy regarding the labelling of the strategy implementation topic in the articles have been reviewed. Sashittal and Wilemon (1996) have pointed out that some terms synonymous with implementation, such as ‘execution’, and ‘actualization of goals’, are often employed in the management literature, but are not frequently used by managers themselves. As far as the terms ‘execution’ or ‘executing’ in the context of strategy, most articles in the literature review, use ‘implementation’ as a key word or as a part of the title whereas very few use the term ‘execution’. Hrebiniak (2006) cited in the journal ‘Organisational Dynamics’, “formulating strategy is difficult, making strategy work and executing or implementing it throughout the organisation – is even more difficult” (p. 4). Hough et al. (2008) have stressed that the strategy-implementing/strategy-executing task is the most complicated and time-consuming part of strategic management (Schaap, 2006).

2.5 Key success factors

The literature review has highlighted the following factors as being those that affect strategy implementation. These factors can be divided into soft, hard, and mixed factors and are outlined in the tables that follow. There are other factors that have been discussed and reviewed in this literature: relationships among different units/departments, communication, consensus, implementation tactics, and commitment.

The McKinsey 7S model (Mind Tools, 2012) involves seven interdependent factors, which are categorized as either ‘hard’ or ‘soft’ elements. The soft factors are shared values, skills, style, and staff. The hard factors are strategy, structure and systems (see Figure 1).

It is clear that a poor or vague strategy can limit implementation efforts dramatically. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006). Several reviews have mentioned the fact that the kind of strategy that is developed (Alexander, 1985; Allio, 2005) and the process of strategy formulation, namely, how a strategy is developed (Kim & Mauborgne, 1991, 1993; Singh, 1998) will influence the effect of implementation. Alexander (1985) believes that the need to start with a formulated strategy that involves a good idea or concept is mentioned most often in helping promote successful implementation. As Allio (2005) notes, good implementation naturally starts with good strategic input, the soup is only as good as the ingredients. Whether a strategy itself is consistent and fitting or not is a key question for successful strategy implementation, but even a consistent strategy cannot be all things to all people. Capabilities exist and should be exploited.

2.5.1 The seven elements of successful strategy execution

The McKinsey 7S model involves seven interdependent factors that are categorized as either 'hard' or 'soft' elements as depicted in Table 1:

Table 1: McKinsey 7S model categorisations

Hard Elements	Soft Elements
Strategy Structure Systems	Shared Values Skills Style Staff

'Hard' elements are easier to define or identify and management can directly influence them: these are strategy statements; organisation charts and reporting lines; as well as formal processes and IT systems.

'Soft' elements, on the other hand, can be more difficult to describe, are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organisation is going to be successful.

The way the model is presented in Figure 1 depicts the interdependency of the elements and indicates how a change in one factor affects all the others.

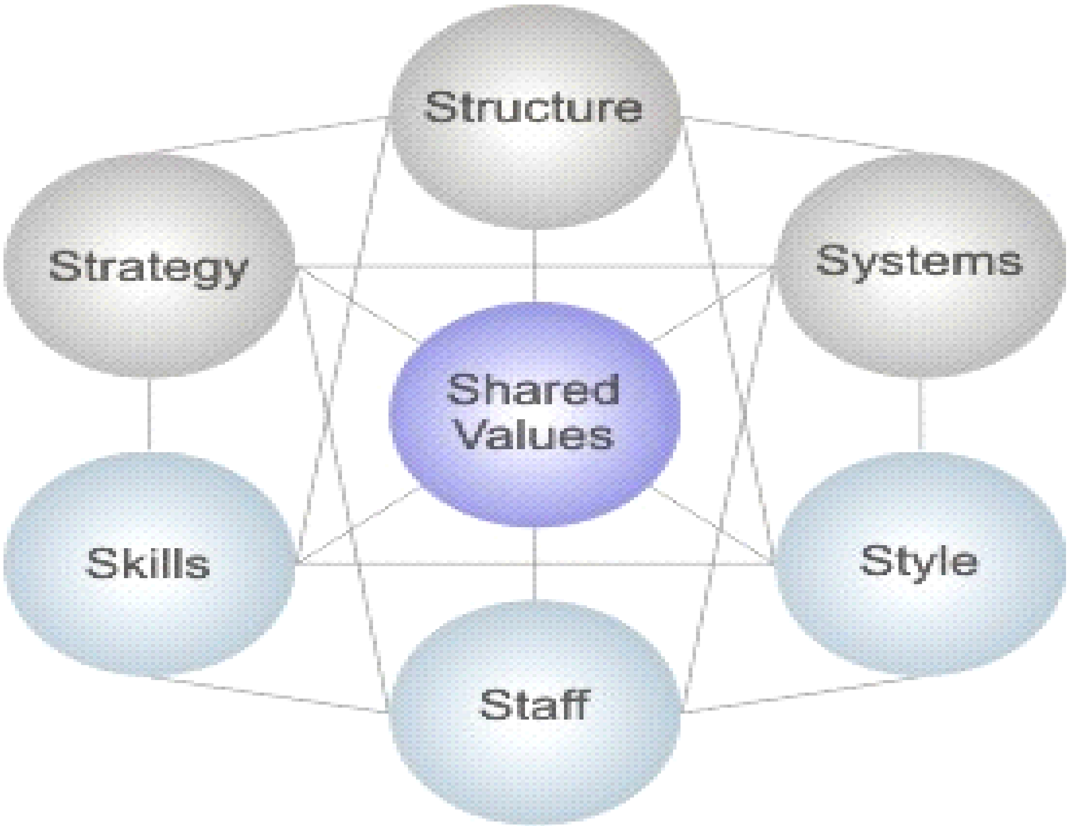

Figure 1: McKinsey 7S model

(Mind Tools, 2012)

An implementation model that incorporates the various functional areas involved from a strategic and tactical perspective is the 5P's model of strategy implementation. When correctly applied, such a framework would require decisions and actions that are strategic in nature but also behavioural and tactical, requiring specific elements to be in place and aligned throughout the firm (Pryor, White & Toombs, 1998).

2.5.2 Staff

Executors comprise top management, middle management, lower management and non-management. Effectiveness of strategy implementation is affected, at least in part, by the quality of people involved in the process (Govindarajan, 1989). Quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Litteljohn, 2001; Viseras, Baines & Sweeney, 2005). In McKinsey's model (Mind Tools, 2012) these will follow under the soft factors looking into staff and skills metrics. The people who will implement the strategy will use the 5Ps model.

Michlitsch (2000) correctly declared that, "strategy implementation is best accomplished through high-performing people" (p. 28). In the 5P's model, people include employees, customers, suppliers, and others. As previously discussed, people are the process owners (individuals and teams) who perform work that is consistent with the principles and processes of an organisation to achieve its purpose (purpose, principles, and processes must be in place and aligned before people can be consistently effective, because strategy drives the structure in which people perform). They are the active components through which implementation processes are accomplished (Floyd and Wooldridge, 1992). Further, while recent research has indicated properly aligned human assets are the key to successful implementation (Raps, 2004), unfortunately, the link to the human resources component is often feeble or missing in many organisational execution endeavours (Martell, Gupta & Carroll, 1996; Rousseau & Rousseau, 2000).

People (individuals and teams) are the process owners who are responsible for ensuring that a process performs as expected; and if it does not, they take action to correct the problems and alter the process. Process owners are accountable to customers and suppliers for the processes they own, and they are empowered to improve these processes as the need arises. Levels of ownership and empowerment are not static, but dynamic, with levels increasing or decreasing based on the individual, team, and organisation (Mushin & Koh, 2001). Merrill (1997) emphasizes the importance of process ownership by discussing what happens in its absence. Without clear ownership, internal and external stakeholders fail to effectively communicate with each other and agree on requirements (Copacino, 2003). Without this strategic consensus, the people who actually implement tactics cannot consistently deliver the level of quality expected by the diverse process stakeholders.

2.5.3 Strategy

From the aforementioned frameworks, there is a clear alignment in terms of where the strategy factor lies. It is considered one of the 'hard' factors. It is described as strategy in McKinsey's seven elements of strategy execution while the 5Ps model will cater for it under purpose, which comprises of strategic theories.

Nutt (1986, 1987, 2006), Bourgeois and Brodwin (1984), Lehner (2004), Sashittal and Wilemon (1996), and Akan, Allen, Helms and Spralls (2006) did some research on the effects of implementation tactics on strategy implementation. Nutt (1986) identified four types of implementation tactics used by managers when articulating strategic goals and nominating a task force.

Persuasion consists of the tactic of using the involved parties to convince employees about the decided course of actions. The main mechanism for implementation in the edicts tactics (that relies on power and is characterized by absence of participation) is the issuing of directives. In another study by Nutt (1987), intervention, participation, persuasion, and edict were found to describe over 90 per cent of the tactics used by strategic managers. The analysis revealed that these four archetypical tactics were used almost exclusively. An interventionist approach had the best results, but was used in only one case in five. Persuasion and participation were the next most effective tactics, whereas edict was least effective one. There is a framework developed that could assist in identifying conditions under which participation, persuasion and edict tactics could be profitably used.

Bourgeois and Brodwin (1984) examine five process approaches used to advance strategy implementation: commander model, change model, collaborative model, cultural model, crescive model. The first approach (commander model) addresses strategic position, and guides the CEO in charting the firm's future. The CEO can use economic and competitive analyses to plan resource allocations and achieve his goals. The change model emphasizes how the organisational structure, incentive compensation, control systems and so forth can be used to facilitate the implementation of a strategy. The collaborative model concentrates on group decision-making at a senior level and involves top management in the formulation process to ensure commitment. The fourth approach (cultural model) tries to implement strategy through the use of a corporate culture. The final approach (crescive model) draws on managers' inclinations to want to develop new opportunities as seen in the course of their day-to-day management. Akan, Allen, Helms and Spralls (2006) discuss four generic strategies: differentiation strategy cost leadership strategy, focus/cost strategy and focus/differentiation strategy.

A number of tactics are necessary to follow a given generic strategy for a differentiation strategy, the tactics include innovation in marketing technology and methods, fostering innovation and creativity, and a focus on building high market share. The tactic that proved to be most critical for a cost leadership strategy is the minimization of distribution costs.

Four tactics appear to be critical for organisations attempting a focus/low cost strategy: providing outstanding customer service, improving operational efficiency, controlling the quality of products or services, and extensive training of front-line personnel.

Focus/differentiation strategy's tactics include producing specialty products and services, and producing products or services for high price market segments.

These are thus approaches where strategy implementation tactics are not viewed as generic recipes for implementation success, but rather as practices that are dependent on the kind of strategy that is implemented (Akan, Allen, Helms & Spralls, 2006).

2.5.4 Shared values

The guiding philosophies, assumptions, or attitudes about how the organisation should operate and conduct business are the organisation's principles. They are the integrity base, ethics, and core values to which employees are expected to make a commitment. Raps (2004) asserted, "Top management's principal challenge in the cultural context is to set the … tone, pace, and character of the firm so the environment is conducive to the implementation attempt" (p. 50).

These core values are the foundation for the way in which decisions are made and employees behave. Organisational leaders generally understand the principles upon which their organisations were founded and upon which they currently operate. Having said that, it is a strategic imperative that all levels of the firm “have the same perceptions of the strategic plan, its implementation, its underlying rationale, and its urgency” (Raps, 2004, p. 51). However, they may or may not understand the need for operational instructions in terms of these values. Additionally, they may not know how to convey these principles to their employees or how to align principles with the other elements of the 5P’s model. These principles or core values, with complementary operating guidelines for behaviour, must be deployed throughout the organisation if they are to be meaningful to each organisational unit and to the organisation as a whole. Thus, they are crucial to effective execution, consistent with key organisational processes, and included in a more integrated methodology.

2.5.5 Structure

Factors relating to the organisational structure are the second most important implementation barrier according to Heide, Gronhaug and Johannessen’s (2002) study. Drazin, Glynn and Kazanijan (1999) see a proper strategy structure alignment as a necessary precursor to the successful implementation of new business strategies (Noble, 1999).

Drazin, Glynn and Kazanijan (1999) and Noble (1999) point out that changes in the competitive environment require adjustments to the organisational structure. If a firm lags in making this realignment, it may exhibit poor performance and be at a serious competitive disadvantage. Gupta (1987) examines the relationships between SBUs’ strategies, aspects of the corporate SBU relationship and implementation and finds that structures that are decentralized produce higher levels of SBU effectiveness, regardless of the strategic context. Schaap (2006) also suggests that adjusting organisational structure according to strategy can ensure successful strategy implementation. Different strategy types have different requirements with regard to an adequate organisational structure (White, 1986; Olsona, Slater & Hult, 2005).

White (1986) points out that the fit between business unit strategy and the internal organisation of multi-business companies does have an effect on business unit performance, specifically, business units with pure cost strategies, which experience higher return on investment when they have low autonomy. Pure differentiation strategies benefit, in terms of sales growth, from strong functional coordination, with responsibility for key functions unified under the business unit manager. Similarly, the return on investment of cost strategies is, on average, higher when some functional responsibilities are shared.

Olsona, Slater and Hult (2005) identify a taxonomy comprised of four different combinations of structure/behaviour types, which they label as: management dominant, customer-centric innovators, customer-centric cost controllers and middle ground. These alternative structure/behaviour types are then matched with specific business strategies such as, prospectors, analysers, low cost defenders, differentiated defenders, in order to identify which combination(s) of structures and behaviours best facilitate the process of implementing a specific strategy.

2.5.6 Systems

Govindarajan (1988) suggests that few researchers have focused on the design of differentiated administrative systems that can facilitate the implementation of a variety of SBU strategies pursued by diversified corporations. There are three key administrative mechanisms that firms can use to cope with uncertainty in this context: design of organisational structure (decentralization), design of control systems (budget evaluative style) and selection of managers (locus of control).

Based on these distinctions, Govindarajan (1988) identified the following constellations: high managerial internal locus of control and low emphasis on meeting a budget are associated with high performance in SBUs employing a strategy of differentiation. Bivariate results did not provide support for the interaction between SBU strategy, decentralization, and effectiveness.

When budget evaluative style, decentralization, and locus of control were aligned appropriately to meet the requirements of SBU strategy, superior performance occurred. This systems fit was quite strong among differentiation SBUs but weaker among low-cost units.

Based on the above research, Govindarajan and Fisher (1990) believe that executive leadership characteristics, structural variables, and control systems contribute differentially to the effectiveness of SBUs practicing differentiation and low-cost strategies. The specific findings can be summarized as follows:

1) "SBUs practicing a low-cost strategy tend to have a high level of resource sharing;
2) Output control combined with high resource sharing is associated with increased effectiveness for low-cost SBUs;
3) No conclusions can be drawn about the optimal control system for low-cost SBUs with low levels of resource sharing, since very few SBUs studied here had that combination;
4) SBUs practicing a differentiation strategy in general have lower levels of resource sharing than low-cost SBUs:
5) Differentiation SBUs have a wider range of levels of resource sharing than low cost SBUs:
6) Behaviour control is associated with increased effectiveness for differentiation SBUs with high resource sharing:
7) Output control is associated with increased effectiveness for differentiation SBUs with low resource sharing: and
8) The highest effectiveness for differentiation SBUs occurs when behaviour control is used in combination with high resource sharing" (Govidnarajan & Fisher, 1990, p. 279).

Roth, Schweiger and Morrison (1991) have different explanations regarding the content of administrative systems.

2.5.7 Style

Business researchers specify that “style refers to the actions and behaviour of senior executives, rather than what they say … as such, the conduct of top management is an extremely valuable management tool that conveys and reinforces strong messages to stakeholders, and particularly employees, throughout the organization” (Fleisher and Bensousan, 2007, p. 49). In other words, style within organization is closely connected with organizational culture which is set by leadership of the organization.

The current corporate culture of Sharp should be improved in order to create motivating working atmosphere for the workforce, as well as attract and retain highly competent employees. This can be achieved through sustaining good working relationships among employees based on respect and trust, which should be promoted by the management.

Leadership and management style of the leadership with organisations plays a key role in making sure that strategy execution is implemented effectively. There are different types of leadership styles, as it will be indicated with one of the multinationals directors who shared different types of leadership competencies, that are widely practiced across the entire company, to drive the execution of strategy. The degree of flexibility and participative leadership will have an effect in how the

2.4.8 Skills

Skills for the organisation relate to competencies and capabilities required within the organisation in order to achieve organisational objective in an effective way (Schuler and Jackson, 2007). Effective recruitment and selection procedures should be in place in order to ensure the supply of necessary skills within the company.

Moreover, continuous training and development is recommended to organise various training and development programs for employees through attracting the third party that should be aimed at keeping the skills and competencies of the workforce up to date.

2.6 Other factors

2.6.1 Performance measurement

This is closely linked to skills from the McKinsey's 7S model (Mind Tools, 2012), and is classified as a soft skill. Together the metrics, measurements, and expected results that indicate the status of the organisation comprise the 5P's element of performance and are used as criteria for strategic control, and ultimately decision-making. Performance results are fed back into the strategic management process to provide a means of feedback and direction (Humphreys, 2004). It is essential that organisational leaders understand and establish measurement and feedback systems for their organisations' long-term survival and profitability.

Pryor, White and Toombs (1998) suggest that these control measures are used to expedite and maintain momentum for improvement initiatives, when the focus is correct. Measurements are not required to be complex but should be relevant, properly aligned with the relevant strategic initiatives, and designed to help process owners understand how the process works and show where improvements need to be made. Measurement is important because it lets the people involved know how they are doing. Measurements also tell employees how well the company is doing at designing and implementing changes and achieving their goals and objectives in terms of key performance indicators. Positive results affirm the changes being completed are working. Likewise, they can be a source of inspiration for employees. Negative results (as well as positive) can show where weaknesses exist. Managers can then utilize empowered employees and teams to determine the best way to resolve the problems creating the non-constructive results and continuously allow the organisation to ascertain the proper alignment of purpose, principles, processes, and people, which are a requisite in successfully implementing the firm's strategies, contributions and limitations

2.6.2 Relationships among different units/departments and different strategy levels

Several studies treat institutional relationships among different units or departments and different strategy levels as a significant factor that affects the outcome of strategy implementation (Walker & Ruekert, 1987; Gupta, 1987; Slater & Olson, 2001; Chimhanzi, 2004; Chimhanzi & Morgan, 2005).

2.6.3 Communication

Forman and Argenti (2005) rightly note that, "although an entire discipline is devoted to the study of organisational strategy, including strategy implementation; little attention has been given to the links between communication and strategy" (p. 245). Forman and Argenti (2005) also note that business communication researchers in the last decade have become increasingly interested in the contribution of corporate communication to a company's ability to create and disseminate its strategy. However, very few authors have investigated the link between corporate communication and strategy, and when they have their focus has been on how corporate communication affects the firm's relationship with its various stakeholders. Numerous researchers have already emphasized the importance of communication for the process of strategy implementation (Alexander, 1985; Peng & Litteljohn, 2001; Heide, Gronhaug & Johannessen, 2002; Rapert, Velliquette & Garretson, 2002; Forman & Argenti, 2005; Schaap, 2006).

2.6.4 Commitment

Shared understanding without commitment may result in counter effort and negatively affect performance (Woolridge & Floyd, 1989, cited in Rapert, Lynch and Suter, 1996). Some authors take shared understanding as a commitment.

Guth and MacMillan (1985) think that the shared understanding of strategic goals between middle management, those at the operational level and top management teams is of critical importance to effective implementation (Rapert, Velliquette & Garretson, 2002).

Strategy implementation efforts may fail if the strategy does not enjoy support and commitment from the majority of employees and middle management. This may be the case if they were not consulted during the development phase (Heracleous, 2000).

Alexander (1985) believes that obtaining employee commitment and involvement can promote successful strategy implementation. Some CEOs believe that one way to accomplish this is to involve employees and managers right from the start in the strategy formulation process. Involvement and commitment should also be developed and maintained throughout the implementation process. If middle and lower level managers and key subordinates are permitted to be involved with the detailed implementation planning, their commitment will be likely to increase.

2.7 Literature review conclusion

Strategy execution is a major challenge across all the organisations, more so in the software vendors where the rate of technology change is rapid. All the factors mentioned in the literature review are dynamic and need to be fluid and flexible so that the implementers, be it senior leadership, middle- or lower management or non-management, and all stakeholders will be able to customize the strategy to suit the times and nature of the challenges that are inhibiting the particular vendor's successful strategy execution.

The literature review uses these factors as a basis for this research as well as to benchmark the factors that were collected from the respondents who are part of the implementation team from the software vendors doing business in South Africa. These factors were consolidated into a workable model that can be easily implemented in strategy execution, thus ensuring success.

2.7.1 Research Question 1

Having undertaken the extensive but limited literature review, this research will identify and comment on the key success factors that all the software vendor multinationals are applying in successfully executing strategy within their defined business models.

2.7.2 Research Question 2

This research will also assess whether there are any similarities in the identified success factors. If not, why, if yes, identify the similarities and establish the reasons for the similarities?

2.7.3 Research Question 3

What does successful strategic execution mean in the business as a software vendor?

2.7.4 Research Question 4

How do you go about formulating a strategy in your company? How much of an involved process is it across the different business units?

2.7.5 Research Question 5

How useful is the McKinsey 7S model in the execution of strategy? (I will ask the respondent to rank the factors in order of importance)

- Structure;
- Systems;
- Style;
- Staff;
- Shared values;
- Skills; and

- Strategy.

2.7.6 Research Question 6

What are other factors that fall outside of this framework that are critical to the success of your strategy?

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research methodology

This chapter outlines the methodology that was used to carry out this research. The literature on the mixed approach – both qualitative and quantitative research – is discussed followed by a review of the research design and the research instrument that was used. Issues of data collection and analysis in relation to the study are provided, followed by a discussion on the limitations as well as the validity and reliability of this study. Population and sample size is discussed. It is important though to note that there was an element of quantitative technique as well. Therefore it is prudent to state that a mixed approach was used to collect data for this research.

3.1.1 Qualitative research

This research used a qualitative methodology in order to successfully identify and analyse the necessary information that lead to the identification of key success factors that in turn lead to successful strategy execution. The intent of the qualitative research was to find solutions for complex challenges that do not have a definite answer. The research questions were answered and the necessary deductions and recommendations made.

Even though a mixed approach was chosen, firstly I had an in-depth interviews with the respondents then followed by a survey to rank the factors in order of importance. Interviewees provided information that was mainly subjective in nature, hence the use of a quantitative, interpretive study.

Another interesting aspect of the qualitative research, in this case, was that it gave the opportunity to understand the participant's understanding of their organisation with regard to strategy execution.

3.2 Research design

The research design chosen for this research was exploratory, based on seven case studies from different software vendors. Yin (2009) defines a case study as "an empirical inquiry that probes a general phenomenon within a real world context" (p. 23). This format would yield the most appropriate results owing to the topic. The benefits of this type of design was that the respondents were given more freedom to discuss their thoughts on the topic at hand, being strategy execution in their companies, without being limited by closed questions. This further encouraged honest discussions as the respondents did not feel forced to respond in a particular manner.

Weaknesses that can be related to this type of design are the possible influence of the interviewer on the respondents' responses, the subjectivity that can influence the interpretation of the responses, and the lack of availability of time. This was addressed by only approaching the key stakeholders like managing directors and head of businesses within these companies. Analysts in the software industry were also be approached for their opinions and expert advice on the trends that will somehow have an impact the execution of strategies in these companies.

3.3 Population and sample

3.3.1 Population

The population consists of all managing directors of the seven identified software vendors, their respective heads of different business units, a maximum of two including the managing director, and at least two independent analysts. Fourteen people were interviewed for the purposes of this research.

3.3.2 Sampling method

The respondents from the identified software vendors were selected due to their direct involvement in the developing, implementing and driving of strategy executions in their respective firms. The independent respondents from the software industry or IT industry advertising were selected due to their experience in designing and gathering for trends analysis in the software industry. It is also worth noting that all the respondents were selected due to the impact and influence that the factors leading to successful strategy execution had on their respective organisations and potentially their careers.

Once appropriate respondents for the sample were identified, the candidates were contacted both telephonically and through email. The researcher is in a senior position in the industry, therefore no challenges in making contact with the respondents to set up appointments were encountered. An explanation with intent of the study and the relevance it has on the entire industry was outlined. The potential respondents' names, organisation that they are working for and designation can be seen in Table 2.

Table 2: Potential respondents' details

Respondent Name	Job Title	Company
Mteto Nyati	Managing Director	Microsoft South Africa
Zoaib Hoosen	EPG Director	Microsoft South Africa
Pfungwa Serima	Managing Director	SAP South Africa
Kudzai Dana	Public Sector Director	SAP South Africa
Ravi Bhat	Country Director	IBM South Africa
Claas Kueneman	Divisional Director	IBM South Africa
Emma Murray	Senior Vice President	Software AG
Ike Kunene	Country Managing Director	Software AG
Kena Setshogoe	Public Sector Director	Oracle South Africa
Anonymous	Head of Business Unit	Oracle South Africa
Eugene Desouza	Business Unit Lead	HP South Africa
Muhammed Omar	Country Manager:	HP South Africa

Respondent Name	Job Title	Company
Manoj Bhoola	Managing Director	Avanade South Africa
Stafford Sher	Services Director	Avanade South Africa

3.4 The research instrument

In this research, the use of a semi-structured interview process with open-ended questions, focusing mainly on the factors affecting strategy execution, was applied. The use of a semi-structured interview process allowed sufficient data gathering for effective analysis.

The disadvantage of using a highly structured interview in qualitative research is that it will confine the researcher to a predetermined set of questions that may not allow access to respondents' perspectives and understandings of the topic (Creswell, 2003).

The interviews were conducted face-to-face, which will stimulate dialogue as well as building a trusting relationship between the interviewer and the interviewee. Trust is an essential component of these types of interviews and it greatly assists in getting the honest views, opinions and answers from the respondent. Four broad questions were developed as a guide to the conversation and freedom was granted to the respondents to go beyond the boundaries of the scope of questions. Appendix A details the questions.

3.5 Procedure for data collection

Interviews were conducted face-to-face; the method of data collection was in the form of a dialogue between researcher and respondent.

The interviews were conducted in a convenient place to both parties. With prior consent from the respondents, the information gathered from the interviews was recorded using a Dictaphone so that it could be used for further analysis in this research project.

3.6 Data analysis and interpretation

Content analysis was the appropriate data analysis technique for this research project. Leedy and Ormrod (2001) define content analysis as the detailed and systematic examination of the contents of a certain body of material. Patterns, trends and similarities were identified and grouped together for further analysis. A report was be generated in an unbiased manner to ensure an objective conclusion.

3.7 Limitations of the study

Because the researcher is a senior leader within the industry, there is the possibility that the interviewees may not feel comfortable during the interview, which could cause them to be cautious in their responses, because they feel that it might jeopardize the strategic direction of their business. The credibility of the study hinged on the honesty and openness of the interviews.

Time limitations might also be a factor that may cause them to feel a need to rush the interviews.

Another limitation was the fear of a lack of confidentiality. Some of the respondents may have been cautious in the manner in which they responded to the questions. This potential weakness in the study was overcome by guaranteeing full disclosure.

The researcher had a limited number of respondents with whom to carry out this process. Each of the identified companies have approximately five thousand employees, therefore a sample of 14 respondents might not give a true reflection of the state of affairs.

3.8 Validity and reliability

Validity is somewhat defined as “the extent to which the test measures what we actually wish to measure or what our ultimate objective is” (Cooper & Schindler, 1998, p. 166). It is and will therefore be of utmost importance that the information gathered throughout the duration of the research, whether by interviews or through reading, is and remains relevant and reflects what the objectives of the study were. Reliability then covers the “accuracy and precision of a measurement procedure in which this study will be conducted” (Cooper & Schindler, 1998, p. 166). As mentioned in the limitations section, it is highly unlikely that this study has been done before so it is important that the information gathered during the research is reliable as it might be used in future by anyone else for the purposes of either a repeat of this study or in a similar study. The importance of maintaining consistency with regard to this study is that should the study be conducted again in this field, the results should not differ significantly.

3.8.1 External validity

“External validity is the extent to which the one or more of the findings of this study can be applied to other situations” (Merriam, 1998, p. 207). External validity was achieved by interviewing respondents, mentioned in Table 2, who are involved in strategy execution in their respective businesses, as well as respondents from the independent research companies like worldwide worx and Gartner. The inclusion of other experts, such as journalists, also added to the validity of the findings. A point to note is that external validity findings need to be of a general nature (Leedy & Ormrod, 2001). This means that the sample is representative of the population.

3.8.2 Internal validity

Internal validity deals with the question of how reality (research findings) matches theory from the literature review. How congruent are the findings with reality? Do the findings capture what was there? Internal validity in all research thus hinges on the meaning of reality (Merriam, 1998). In order to increase internal validity the interview questions were structured in such a way to focus on the topic at hand, which in this case is strategy implementation, strategy execution and factors thereof.

3.8.3 Reliability

Reliability refers to “the extent to which research findings can be replicated” (Merriam, 1998, p. 205). Therefore, in order to ensure reliability in this research, prior to the start of the interview process, the research questions were submitted to a qualitative research professional, for the purposes of establishing whether they would serve their intended purpose.

During the interview process, all the questions were asked consistently, with approximately the same amount of time given for responses, to eliminate bias. A systematic approach was used during the interview by connecting the views of the respondents with the theory or framework in question, thus enabling a central conclusion.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the results obtained from the data collection process outlined previously. The method used was a face-to-face interview, which was recorded with a Dictaphone. The data analysis was designed to accommodate the respondents' responses to the research questions. An overview of the results is discussed in the Chapter 5, analysing the results presented here, the literature review, the data collection method and the research methodology.

4.2 Results of qualitative interviews

Content and frequency analyses were conducted on data obtained from the discussions that emanated from the semi-structured questionnaire. Common themes that emerged from the interviews were analysed to ascertain any underlying messages.

4.3 Demographics

The respondents' were identified by their seniority in their organisation. A sampling methodology that achieved a sample size of 14 respondents was identified. The sample was selected to study the named executive's strategy execution using the McKinsey 7S model (Mind Tools, 2012).

4.3.1 Respondents' age

Table 3: Respondents' age

Age(Years)	Frequency
20-29	1
30-39	3
40-49	8
50-59	2

Table 3 indicates that these multinationals have young executives with most of them falling in the age group of 40 to 49 years.

4.3.2 Respondents' qualifications

Table 4: Respondents' qualifications

Qualification	Frequency
Diploma	1
Undergraduate Degree	5
Postgraduate Degree	8

Table 4 indicates that all the respondents who participated in this study have a level of tertiary qualification with the majority (8) having a postgraduate qualification.

4.3.3 Respondents' number of years in executive role

Table 5: Respondents' number of years in executive role

No years(Executive)	Frequency
1-4	0
5-9	1
10-14	10
15-19	3

Table 5 indicates the number of years' experience that these executives have in strategic executive positions. The majority (10) of the respondents have between 10 to 14 years in senior executive strategy roles. This is key to ensuring that the results captured represent the views of executives with relevant experience in strategy execution.

4.4 Definition of strategy execution comprehensively defined

Table 6: Strategic executions definitions

Ease of definition	Frequency
Easily defined	7
Moderately defined	6
Not easily defined	1

Table 6 shows that most of the respondents in the software business could easily define the term strategic execution. Executives need to know be able to define strategic execution if they are to be effective. However, it is concerning that one of the executives could not define this term.

4.5 Formulation of strategy comprehensibly defined

Table 7: Strategic formulation comprehension

Ease of definition	Frequency
Easily defined	7
Moderately defined	4
Not easily defined	3

Table 7 indicates that the respondent from the software vendors could define the term 'strategy formulation' in relation to their respective businesses. The majority of them articulated this with ease. However, three of the fourteen battled to describe this term.

4.6 Alignment across different business units

Table 8: Alignment across business units

Alignment	Frequency
Fully aligned	8
Partially Aligned	6
Not aligned	0

Table 8 clearly notes that the respondents feel that their respective organisations have a certain level of alignment between strategy formulation and strategic execution.

Partial alignment in the business environment is debatable, and should maybe be limited to either aligned or not aligned.

4.7 Usefulness of the McKinsey 7S model

Table 9: Usefulness of McKinsey 7S model

Usefulness	Frequency
Useful	13
Uncertain	1
Not useful	0

Table 9 indicates that the majority (13) of respondents acknowledged that the 7S model is widely used and it is a very useful model. However there was an admission that the individual companies have their own in-house models that have some elements of the 7S model.

4.8 7S model factors leading to successful strategy execution

Table 10: Rankings of 7S factors

Factor	Rank
Structure	3
Systems	5
Style	6
Staff	2
Shared values	7
Skills	4
Strategy	1

Table 10 clearly states that the respondents valued strategy as the main driving force towards the successful strategy execution. The more solid a strategy the organisation defines and creates, the better the chances of successful execution thereof. With one being the most valued and seven being the least valued, strategy is the pillar on which the other factors are built, however this does not mean that the other factors are unimportant. The process of executing strategy starts with the correct identification and development or formulation of that particular strategy.

4.9 Other factors

Table 11: Other factors

Factor	Frequency
Communication	4
Macro-economic factors	10
Lack of middle management buy in	9
Alignment from executives	8
Commitment	14
Change management	10

Table 11 indicates that the respondents believed that there are some factors that could have an impact on the successful execution of strategy within the software vendors that did not ascribe to the McKinsey 7S model. The respondents frequently mentioned the macro-environmental factors that are outside of the organisation’s control. These macro factors were identified as political, economic, social, technological and legal factors.

4.10 Conclusion

This chapter highlighted the results of the respondents’ interviews and presented the in-depth qualitative, face-to-face interactions that emanated from the process. Further analysis of the results with reference to the literature review is discussed in Chapter 5.

CHAPTER 5: ANALYSIS OF RESULTS

5.1 Introduction

The results of the interviews that were conducted with respondents are outlined in this chapter. An analysis of each question is included, in relation to each of the respondents and their individual companies. Content analysis is used to identify key themes and factors leading to successful strategy execution in software vendors.

Prior to the interviews with the respondents, background research on the organisations that the respondents were representing was carried out. The researcher's insight into the industry proved useful when securing the interviews with the respondents. With the aim of trying to obtain a balanced view of the software industry trends, interviews with independent experts in the industry were conducted. These results were not included in this research; however, their opinions were expressed in certain instances in the report.

All the results outlined in this chapter are a direct interpretation of the interviews held as well as the responses given. Some are verbatim as the interviews were recorded on a digital recorder as required by the research methodology. Also noteworthy is the fact that the responses were subjective in nature as the views and opinions expressed were based on the respondents' personal knowledge of business within their respective companies.

The responses deal directly with the four open-ended semi-structured questions, that each of the respondents answered. This was the core tool used to gather the information for the data analysis. This was done to achieve consistency, which aids the comparison of results across different software vendors as represented by the respondents.

Two of the most senior executives from seven multinational companies were interviewed for the study. Experts who have an understanding of strategy execution and have run successful businesses were also interviewed. It is important to note that this study was strongly reliant on the perceptions of individuals that have managed multinationals and successfully executed on strategy using either of the models discussed. It is therefore appropriate to say that these individuals represent the so-called organisational memory within their respective companies. The interviews were based on the questions in Section 5.2 to 5.7 and the results interpreted in relation to each question.

5.2 Research Question 1: Meaning of a successful strategy execution

Each one of the organisations first defines what it is that they want to achieve and how they expect to achieve it. This is a long-term process with most of these multinationals planning for between three and five years. This cannot be a short process, as all the factors will be based on this pillar. All the companies surveyed are a subsidiary of their parent company either in the US, or Germany. Therefore the strategy defined is always a part of or wholly the parent company’s.

Most of the 14 respondents’ answers, as seen in Table 6 were very clear about what successful strategic execution means in their respective businesses. This was on the basis that the strategy is in existence even though it can be tailored as the times changes. This therefore means that the formulation of the aforementioned strategy was done properly with the execution plans in mind. The plans for the execution process needs to be embedded in these organisations and communicated clearly across the entire organisation.

A consolidated definition was stated as the ability of the company to realize a return on investment on its key objectives that were set out at the beginning of a defined period. Because these companies are multinationals, it was clear that every pillar of the strategic execution was based on achieving revenue targets. There were different pillars that each of the corporations were focusing on like developing partner model. This is because the partner network drives these multinationals’ business models.

Another common theme that emerged was that of growth where the respondents were emphasizing that attaining revenue commitment was important, strengthening partner model was vital and year on year growth was a critical component of successful strategy execution in these multinationals. There was a general theme on these multinationals that scorecard metrics is the system used to measure the effectiveness of the strategy execution.

Other pillars that arose were growth pillars in the form new business generated by continuously bringing new names, new revenues, new market development, product development, diversification, market segmentation targets, market share, customer satisfaction, sustainability, customer retention and brand equity. There are also other deliverables that these companies tailor-make according to their objectives that they would like to achieve no matter how small the objectives are. These are deliverables like corporate social responsibility. However, it is worth noting that less emphasis was placed on these pillars.

There is close monitoring by the parent company, in the form of a balanced scorecard, during the execution process to make sure that the child company is on track. There are intervals that are defined by the parent company depending on the cycles of the strategic implementations. The foundation that has to be laid for this execution to happen, is the definition of what it is that has to be achieved. Thereafter benchmarks are set to measure against. The key elements among all the multinationals are people, customers and the ecosystem.

Some multinationals seemed very myopic in their view of strategic execution. Data was gathered during the discussions that gave a sense of mixing operational issues with strategic matters. The revenue measurement in these multinationals is on a quarterly basis therefore most of the focus in confined to quarterly attainments. This means that the sales people in these organisations are the critical levers used when executing the revenue attainment pillar in this process.

Revenue is top priority for all the multinationals' strategy execution therefore, missing revenue targets is regarded a complete failure of this process. A common understanding is that this process is ongoing due to the macro and micro dynamics in which these companies operate.

All the respondents shared a common view that implementation is often a challenge as most of these strategies are crafted outside of the South African market environment. This makes it even more challenging to implement especially if the localization is the missing piece within the process. However, one of the respondents stated that for them “successful strategic execution is viewed as a 360 degree achievement” of all the metrics and objectives that the software giant commits itself to over a period. There was a defining theme from one of the software vendors, which emphasized that failure to execute on a strategy can be detrimental to the customers that these vendors serve.

Executing strategy in a sustainable way was one of the main challenges that keeps the business leaders in these multinationals awake at night, because of the volatility of the market conditions in which these companies operate. A theme that emerged, as the leaders from these organisations were defining successful strategy execution, was a theme of winning and beating the competition. It appeared that these multinational software vendors all shared the same partner ecosystem. The partners that are driving these multinationals’ strategic execution have access to some of the strategies. This poses a threat to the individual companies.

It is clear that these multinationals are sales driven organisations and all the pillars must be executed properly to assist in the driving of sales. Six of the seven software vendors interviewed have done one or more acquisitions over the last two years, proving the growth strategy on these multinationals is either organic or by acquisition.

As already discussed in the literature review Hrebiniak (2006) cited in the journal ‘Organisational Dynamics’, “formulating strategy is difficult, making strategy work and executing or implementing it throughout the organisation – is even more difficult” (p. 4). Hough et al. (2008) have stressed that the strategy-implementing/strategy-executing task is the most complicated and time-consuming part of strategic management (Schaap, 2006). This was certainly evident from the respondents that this is a challenging task that these multinationals will continuously have to improve on.

5.3 Research Question 2: Strategy formulation process

In Table 7, it emerged that these multinationals are metrics driven organisations across different geographies. Strategy formulation is done in two ways. There is a 'go to market' strategy formulation based on product as well as industry. This approach is based on global trends from within which these multinationals originate. Most of these multinationals strategy formulation process starts from the parent company, which is then cascaded down to different subsidiary companies across the world. Latitude of localization is given so that execution thereof is easily realized.

A business does a forward-looking analysis and comes up with a vision of where this business is to go, which requires a thorough understanding of the market forces, trends, and all the relevant factors that are key to the strategy formulation process. This process is key to the successful execution of the strategy. A failure to plan properly will lead to failure of the business to achieve its objectives.

Three of the seven multinationals expressed that they have total control of the formulation process. The reasons given for this full control is based on the deliverables. The organisations who had the full control took the process further and involved all the managers so that the execution thereof would be successful after the buy in from the managers had been sought; hence the decision to involve them in the formulation processes.

In one respondent's responses there was an emphasis on the strategy formulation process being done by a different team to that which drives execution across the world in different subsidiaries. However, there is a close working relationship between these two. It was a common theme that these multinationals' head offices had full control of product development strategies and the different countries had limited or no say in the process. However, the packaging of these developed products into different solutions was then allowed to be done as per different geographies.

One of the leaders expressed that strategy formulation is key in the sense that if those developing a product driven strategy cannot compete on industry solution level, then those developing an industry focus strategy cannot compete at a product level. Therefore, the development of a hybrid strategy to enable the organisation to compete at both industry and brand product level becomes necessary.

Communication at a high level as well as at the local subsidiary level plays a critical role in the strategy formulation process, ensuring that the objectives and KPIs are fully understood by all the stakeholders responsible for the strategy execution. It is worth noting that all the multinationals, except for one, conceded that the creation of strategy is almost rigid, the execution thereof is rather flexible according to market conditions.

5.4 Research Question 2b: Alignment across different business units

Alignment and coherence in the strategy formulation process across the different business units emerged as the key ingredient among the multinationals executives as indicated in Table 8. Even though two different go to market strategies are formulated, the measurements thereof is not done separately. This then forces business units to work together in executing these strategies.

Because some of the key elements in the strategy are strategic products that these organisations want to roll out, the South African subsidiaries are not allowed to tamper with that but have to go ahead and execute as is. This is due to the product orientation that these companies have.

Several studies treat institutional relationships among different units or departments and different strategy levels as a significant factor that affects the outcome of strategy implementation (Walker & Ruekert, 1987; Gupta, 1987; Slater

& Olson, 2001; Chimhanzi, 2004; Chimhanzi & Morgan, 2005). Alignment across different business units and the nature of these multinationals is such that the system forces these organisations to align as these software vendors have a hardware component.

The other component is that these businesses are integrated in one way or the other. This leads to business units working together not only in strategy formulation but also in strategy execution.

Constant communication from the parent company as well as internal communication is used to enforce and encourage the continuous alignment, over and above the metrics that this business puts in place to drive the consistent alignment. The term ‘cross pollination’ was frequently used by respondents, clearly emphasizing the importance of alignment even though in some cases there are limitations due to the organisational processes. The alignment allows the company to formulate an effective and holistic strategy. Forman and Argenti (2005) also note that business communication researchers in the last decade have become increasingly interested in the contribution of corporate communication to a company’s ability to create and disseminate its strategy.

A concrete example of alignment within these multinationals is during an acquisition. The roles and responsibilities of the global teams are the implementation of the global integration of the acquired company, whereas the execution of this is left to the local teams and subsidiaries to implement.

5.5 Research Question 3: Importance and use of McKinsey 7S model

The McKinsey 7S model (Mind Tools, 2012) was very popular among all the respondents. It is a widely used model as Table 9 depicts. These multinationals have, over the years, developed their own models, which are a combination of different models. One of the respondents used the term ‘spaghetti approach’ All agreed that the 7S model is not being fully used and there is no conscious thinking about it either during the formulation or execution process. However, it was mentioned by a few respondents that the factors pertaining to the framework are commonly used during the execution process.

Some of the companies' executives are developing and have developed sustainable strategy models over a period of time as they have consulting divisions in their businesses. Even though this model is not widely used, there was an embracement of the model from the respondents as being useful with some of the factors being key to the running of any successful organisation.

Despite the respondent's not making full use of this model, it became very clear that it would continue to play an integral part in strategy formulation and strategy execution. This is because it has a well-proven credibility and it covers a wide range of issues within the factors.

5.6 Research Question 3b: Role and importance of each factor of the 7S model in successful strategy execution

5.6.1 Structure

Organisational structure is a system used to define a hierarchy within an organisation. It identifies each job, its function and its reporting line within the organisation. This structure is developed to establish how an organisation operates and it assists an organisation in obtaining its goals thus allowing for future growth. The structure is illustrated using an organisational chart.

Several types of organisational structure are defined to meet the needs of organisations with different operating systems. Types of organisational structure include divisional, functional, geographical and matrix. A divisional structure is suitable for organisations with distinct business units, while a geographical structure provides a hierarchy for organisations that operate at several locations nationally or internationally.

A functional organisational structure is based on each job's duties. A matrix structure, which has two or several supervisors for each job to report to, is the most complicated but may be necessary for large organisations with many locations and functional areas.

Schaap (2006) suggests that adjusting organisational structure according to perfect strategy can ensure successful strategy implementation. Different strategy types have different requirements regarding an adequate organisational structure (White, 1986; Olsona, Slater & Hult, 2005).

All the multinationals that participated in this study have one or more types of structure. Some argued that their structure is set up by a parent company and there is no flexibility in how the structure is localized.

This expands to the definition of roles, which is a global blue print. Of interest is that structures are flat, with a lot more emphasis on sales, and that the structure of the organisation is a key component of the strategy execution. Most of the structure is based on customer or industry needs with verticals superimposed on service lines to drive deeper penetration.

The structure is not fixed as market dynamics are ever changing however; structure cannot be changed biannually or even annually and must be sustainable for at least two to four years before a decision to change it is considered.

Some leaders expressed that structures are put in place to drive specific agendas, for example one of the leaders mentioned that she realized that the company lacked a platform to share important news with the staff, and a monthly company update meeting to address that particular challenge was implemented.

The respondents point out that any changes in the competitive environment require adjustments to the organisational structure. If a firm lags in making this realignment, it may exhibit poor performance and be at a serious competitive disadvantage. Gupta (1987) examines the relationships between SBUs' strategies, aspects of the corporate SBU relationship and implementation and finds that structures that are more decentralized produce higher levels of SBU effectiveness, regardless of the strategic context.

White (1986) points out that the fit between business unit strategy and the internal organisation of multi-business companies does have an effect on business unit performance. Specifically, business units with pure cost strategies experience higher return on investment when they have low autonomy. Pure differentiation strategies benefit, in terms of sales growth, from strong functional coordination (with responsibility for key functions unified under the business unit manager). Similarly, the return on investment of cost strategies is, on average, higher when some functional responsibilities are shared.

Some of the respondents expressed that structure is about who occupies what position as a component of the structure. This arose from the business leaders who had taken over companies and had to learn and change the structures of the organisations that they were taking over.

5.6.2 Systems

Systems are a set of detailed methods, procedures and routines created to carry out a specific activity, perform a duty, or solve a problem. These methods can be either automated or manual. They are designed to either force or compel certain behaviour.

These multinationals have standardised and very stringent systems as far as performance management systems, management systems and financial controls are concerned. This is seen as the cornerstone of any organisation's existence and survival.

One of the respondents stressed that with weaker systems, the organisation, which is one of the biggest in the world, will close its doors in 24 hours. This proves that there is more emphasis on performance and sales. Many of these multinationals place a lot of emphasis on governance, therefore there are a number of control systems in place to ensure that processes are developed, used, monitored and managed effectively.

Govindarajan (1988) suggests that few researchers have focused on the design of differentiated administrative systems that can facilitate the implementation of a variety of SBU strategies pursued by diversified corporations. There are three key administrative mechanisms that firms can use to cope with uncertainty in this context: design of organisational structure (decentralization), design of control systems (budget evaluative style) and selection of managers (locus of control).

A theme that emerged was a belief that the systems are not as complex as they appear from outside the organisation. The systems are focused on deals, management, progressing sales stages and contracts approvals.

Employee performance management systems are also enforced stringently to make sure that performance within the organisation is not compromised. Even though this factor seems like a fixed non-negotiable item within multinationals, all of them felt that their systems were flexible and fine-tuned to fit the business environment in which they operate.

Another executive commented, “Speed of execution depends mainly on the systems in place to monitor the progress, measurements, and operational guides of delivering strategy”. Systems in place are probably the only thing that facilitates the strategy execution. This goes to show the criticality of this factor in executing strategy. To support the above statement, there are time frames within which elements of strategy execution must be performed. Therefore, systems that are in place can assist in ensuring that all elements of strategy execution are delivered on time, within budget and by relevant staff members.

A comment worth noting from one of the respondents was that his organisation is complex but has very simple systems.

5.6.3 Style

Style is about leadership characteristics or elements combined and expressed in a particular (often unique) and consistent manner by the leadership as well as employees within a specific company.

This starts when the organisation decides to employ someone. Most leaders in these organisations portray a style of being open leaders, focusing on customer service and driving revenue. Top management influences leadership style and sometimes the staff at the bottom can have an influence on leadership style.

An open leadership style with everyone interviewed was put forward as common theme as they all indicated that there is a sense of empowerment from the parent companies. There is a sense of interactive leadership style in most of these multinationals due to the type of staff and calibre of the employees. One of the leaders explained that there are different leadership styles that any organisation can practice adopt.

One of the leaders expressed that style is significantly important and should be flexible enough for leaders to adapt to the ever-changing needs of the organisation.

However, consideration is given to those multinationals that are traditionally not South African. It is important that leaders advocate the style, not only by talking but also in terms of action. Diversity is one of the key themes that arose from the responses.

One of the major companies expressed the following leadership competencies as being crucial for that particular multinationals' success in strategy execution:

- Partnering for success;
- Embracing challenge;
- Global collaboration;
- Systematic prospective;
- Mutual trust across all levels;
- Influence through expertise;
- Communicating with Impact; and
- Help others to succeed.

5.6.4 Staff

The entire group of employees who work at a company are considered staff. In this research, all the employees that work for the multinationals that were identified in this research define staff. A lot of emphasis is placed on the development, retention and recruitment of key staff members in these multinationals. These companies all shared the same view that staff are probably the biggest differentiator in terms of strategy execution. One of the leaders even made a comment, “Your people are an extension of another life outside of the company”.

With not only people, but good people it became clear that staff form the most important component in these organisations. This is understandable because these employees, or staff, are the ones that drive revenue attainment that forms the most important component of proof of strategy execution.

It was discussed in the literature review Michlitsch (2000) correctly declared, “Strategy implementation is best accomplished through high-performing people” (p. 28). In the 5P’s model, people include employees, customers, suppliers, and others. People or staff are the process owners (individuals and teams) who perform work that is consistent with the principles and processes of an organisation to achieve its purpose (purpose, principles, and processes must be in place and aligned before people can be consistently effective, because strategy drives the structure in which people perform). They are the active components through which implementation processes are accomplished (Floyd and Wooldridge, 1992). Further, while recent research has indicated properly aligned human assets are the key to successful implementation (Raps, 2004), unfortunately, the link to the human resources component is often feeble or missing in many organisational execution endeavours (Martell et al., 1996; Rousseau & Rousseau, 2000).

People (individuals and teams) are the process owners who are responsible for ensuring that a process performs as expected; and if it does not, they take action to correct the problems and alter the process. Process owners are accountable to customers and suppliers for the processes they own, and they are empowered to improve these processes as the need arises. Levels of ownership and empowerment are not static, but dynamic, with levels increasing or decreasing based on the individual, team, and organisation (Mushin & Koh, 2001). Merrill

(1997) emphasizes the importance of process ownership by discussing what happens in its absence.

Without clear ownership, internal and external stakeholders fail to effectively communicate with each other and agree on requirements (Copacino, 2003). Without this strategic consensus, the people who implement tactics cannot consistently deliver the level of quality expected by diverse process stakeholders.

There is a lot of pressure on these organisations most of which have high revenues per head. There is lot of staff poaching within these multinationals as they all compete within similar market conditions, which makes it ideal for them to poach from one another.

One of the leaders commented that this factor is linked to the strategy of the company in the sense that smart employees want to know where the company is going in the future. This will enable the concerned staff to position themselves for opportunities that may present themselves in the future. It was also clear from all the companies that these employees want to be well taken care of so they can commit themselves to the organisation's strategy execution.

Further, while recent research has indicated properly aligned human assets are the key to successful implementation (Raps, 2004), unfortunately, the link to the human resources component is often feeble or missing in many organisational execution endeavours (Martell et al., 1996; Rousseau & Rousseau, 2000). People (individuals and teams) are the process owners who are responsible for ensuring that a process performs as expected; and if it does not, they take action to correct the problems and alter the process. Process owners are accountable to customers and suppliers for the processes.

More importantly, it is important to involve the staff in the formulation of the strategy for an easier adoption of the successful strategy execution. All the leaders in these organisations agreed that the employees, or staff, are the most important pillar or factor in the execution of strategy.

However, all of them agreed that retaining key staff is a major challenge as the modern employees are very dynamic and prefer flexibility in how they carry out their duties. This then requires these organisations to adapt and change the cultural dynamics. All of these organisations admitted that they have specific types of people that they attract with the way things such as processes are carried out.

5.6.5 Shared values

Shared values can be described as explicit or implicit fundamental beliefs, concepts, and principles that underlie the culture of an organisation, and which guide decisions and behaviour of its employees, management, and members.

The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.

Everyone in these multinationals has an element of sales flair in what their core functions are. This is because these organisations are sales driven however; it is a strategic imperative that all levels of the firm “have the same perceptions of the strategic plan and its implementation, its underlying rationale, and its urgency” (Raps, 2004, p. 51). They may or may not understand the need for operational instructions in terms of these values, but they may not know how to convey these principles to their employees or how to align principles with the other elements of the model. The shared values, with complementary operating guidelines for behaviour, must be shared throughout the organisation if they are to be meaningful to each organisational unit and to the organisation as a whole. Thus, they are absolutely crucial to effective execution, consistent with key organisational processes, and included in a more integrated methodology.

This process of instilling values in these companies starts when people join the organisation. It is somehow easy to preach and instil these values, as the employees are still new. However, that can also be a challenge as these employees are coming from other companies and they have been practicing different values. The other more challenging aspect for the new employees is for them to integrate and make sure that they are part of the entire company culture and ecosystem. Multi nationals have the deep DNA of being high performance organisations where a lot of emphasis is put on performance. There are stringent processes to make sure that this is managed appropriately.

All these companies have high performance cultures underpinned by deep values that must be shared by everyone. Shared values are a common thread and form the foundation on which the strategy can be executed. It is crucial that these values are maintained, and changed as the times change. Constant communication of these values will ensure they are adopted and embraced all the time.

It is believed that either a person can work for a multinational or not because they all share some similar values as far as performance is concerned. Most of these organisations shared some key values like integrity, honesty, openness and willingness to take on big goals. These values can have a big impact with regard to successful strategy execution.

However, the challenge with this factor is how these organisations can create, instil, and sustain these values across these very dynamic companies as far as its people, environment and offerings are concerned.

Top-down strategy implementations are practiced in many of these companies. There is limited employee buy in with this approach. This makes it challenging to get the shared values to be embraced by everybody within these mega multinationals.

‘Global volunteer days’ and ‘citizenship days’ are two of the initiatives that drive social responsibility within the communities that they do business. This is in line with shared values that these organisations are communicating to their employees.

5.6.6 Skills

An ability and capacity acquired through deliberate, systematic, and sustained effort to smoothly and adaptively carryout complex activities or job functions involving ideas (cognitive skills), things (technical skills), and/or people (interpersonal skills). As these companies are technology companies, skills form a key component of the heart of the organisation.

This was a debate that most of the leaders argued; there is a difference between being skilled and being smart. The organisations did admit that they hire smart people who may lack certain niche skills or competencies like cross group collaboration and adaptability, as not only the smart people can assist organisations to achieve successful strategy execution but also highly skilled people.

A lot of focus is placed on skills development, retention and attraction in these organisations. This is because they are dealing with technology and consulting that requires a relatively high skills set. Customer satisfaction is also key in the skills factor of strategy execution.

The multinationals work on intellectual property, therefore the skills set becomes more important, although import from other countries is possible; most of these countries prefer to build local skills. This does not only assist from a cost contentions point of view but also in terms of an enterprise development program, which is one of the key requirements in doing business in South Africa.

The recruitment strategies in these companies have programs that hire young graduates and put them through graduate programs, which causes many challenges as when these graduates develop, they get recruited by the competition with promises of better jobs and better packages.

The competitive advantage in these companies is based on the skills set within the employees. Continuous refreshment of the skills set is a crucial element in these multinationals.

Failure to retain skills can have a negative impact on the successful execution of any strategy in any major corporation like these multinationals. There is a need for strategic thinking and coordination in employees that are working for these multinationals in order to fully utilise and capitalise the skills set that these employees have either acquired or learned over a period. The skills set must be effectively used so that the customers can benefit from the investments that these multinationals make.

Due to the ever-changing needs of the environment within which these companies operate and the obsoleteness of the technology environment, it became apparent that these organisations are treating the skills set required as an ongoing continuous task. These multinationals indicated that there is a platform for the employees to grow into any role that wish to grow into without any limitations. Most employees have seen their careers move from one direction to another, in other words, from a being an individual contributor to a being a manager of people.

5.6.7 Strategy

Strategy is the general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process. It is all about integrating organisational activities and utilizing and allocating the scarce resources within the organisational environment so as to meet the present objectives. While planning a strategy it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers.

One of the CEOs in these companies alluded to strategy as the plan that you need when you want to go to war. He emphasized that it encapsulated all the other ‘S’s in the 7S model. The way in which the rest of the Ss’ are packaged will define the results. Strategy must be executable and buying from the team is important.

Nutt (1986, 1987, 2006), Bourgeois and Brodwin (1984), Lehner (2004), Sashittal and Wilemon (1996), Akan, Allen, Helms and Spralls (2006) researched the effects of implementation tactics on strategy implementation. Nutt (1986) identified four types of implementation tactics used by managers. Participation consists of articulating strategic goals and nominating a task force that develops and proposes corresponding implementation options.

There is a general saying, “if you do not know where you are going, any road will take you there”. Therefore, strategy is like a compass that will direct you where you want to go. One of the respondents even clarified that he makes sure that his strategy is as close to the ground as possible so that the implementers are in touch with it. This is against the norm where the senior leaders normally want to be as close to the strategy as possible.

One of the major global corporations director who was interviewed emphasized that it has only one strategy that is followed globally, however the execution thereof is then discussed and executed accordingly. Execution is one the major points that keeps many executives awake at night, as the execution has to be tailor made to suit different geographies.

Over the last 10 years, these companies have shifted from specialist solution providers to end solution providers. This is due to strategies formulated by these companies responding to either global competition or local competitors. This has had an effect in the recruitment strategies, communication strategies and growth strategies as we have seen these companies growing either organically or through acquisitions.

5.7 Research Question 4: Other factors outside the McKinsey 7S model

5.7.1 Team work combination

A blend of people needs to be put together so that they achieve great results. This has to be monitored consistently as the team dynamics are not static, with new people coming on board both locally and internationally, people moving to different departments or leaving the organisation. This factor can always be linked back to the 7S model.

5.7.2 Communication

Evidence from the literature review as well as other published articles states that lack of communication can be a deal breaker not only in strategy execution but also in all other areas of business management. One of the respondents stated that true leadership involves concise stakeholder communication from the top to the bottom regardless of seniority within the organisation.

This is evident when the leader decided to implement monthly meetings in a multinational so that there is regular update to the rest of the company on where the organisation is heading. This is regardless of whether the communication is negative or positive.

5.7.3 Market understanding

Strategy does not happen in a vacuum, there are market forces that continuously change, presenting challenges to these leaders and their strategic execution plans. Market understanding involves micro and macro-economic factors such as economy, social, legal and political frameworks. These are factors that most of the leaders have no control over but will need to circumvent and continue to deliver on their strategic execution plans.

5.8 Conclusion of summary of results

All the factors are intertwined and related to one another in a number of ways. There are no factors more important than any other is; they are all interdependent of each other.

One of the executives mentioned that the easier factors to execute on are the ones that are being defined globally but this is more of a challenge as execution is expected despite having no input. However, it is interesting to note that the easier factors that were identified by this executive were ranked lower.

It is very worthy noting that initially one of the leaders was reluctant to rank these factors as he said, “none of these factors operate in isolation as there is no priority in how these factors are ranked on the strategy execution”.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter summarizes and concludes the links between the literature review and the findings. Implications are discussed in detail. This chapter also highlights some of the recommendations for the possible areas for future research to any interested parties.

6.2 Implications for leaders in the software vendor businesses

This research indicated that strategy execution is a complex task no matter the size or level of sophistication of the business. The findings of this research are just the tip of the iceberg in terms of determining the key success factors leading to strategy execution. There are a number of factors that could inhibit the success of strategy execution in any organisation, whether a multinational, local company or a non-governmental organisation.

It is crucial to note that these organisations are operating in environments that are volatile both from an economical, technological, political, social and legal point of view. Therefore, leaders not only at the top of these multinationals but across the entire organisation need to be astute in how they run these businesses as well the way they drive the strategy.

The findings of this research could be invaluable to academic researchers who are continuously analysing the factors leading to successful strategic executions. Strategy consultants can also benefit from these findings as they keep comparing models as times change and so does the way in which these multinationals do business.

6.3 Recommendations for future research

It is highly probable that there are recommendations that emerge from the research findings and there are gaps that can be explored further within the field of strategy execution. The 7S model for strategy execution excludes broader factors involved in strategy execution.

The respondents who participated in this study were very senior in nature, which means that their responses reflected their shortcomings. Therefore, there is a need to carry out a study that will involve lower level management in order to get a more holistic view of how strategic execution is implemented in multinationals.

Much research needs to be conducted in the field of strategic execution using new or existing models so as to see what the outcomes could be if there were no confines of following any particular model.

A further study can be done to ascertain whether any of these factors have led to unsuccessful strategic execution within these multinationals or, to see if the findings will be similar in nature. As these multinationals are using the same local partners in driving their strategies, it would be interesting to note what the findings will be using a similar McKinsey model.

Research on evaluating the effect of ethnographics on the strategic process in a South African division of a Multinational Enterprise is also recommended as it could reveal some interesting findings.

Multinationals doing business in South Africa have interesting corporate cultures. There are employees who can either work in these multinationals or not. Therefore, a research study identifying corporate cultural values of a multinational companies in South Africa will make an interesting case.

Evaluating and contrasting the language of vision, mission and goals in the operations of South African firms with global parent companies is another area to explore, as it will reveal some interesting findings making it another area of recommendation.

6.4 Conclusion of the research

The purpose of this research was to analyse factors leading to successful strategy execution for software vendors in South Africa. The model used to benchmark these successful factors was the McKinsey 7S model. Accordingly, this research has made or attempted to make a useful contribution to the knowledge base in this field of study. The qualitative approach was used to conduct this study among the seven software vendors doing business in South Africa. The McKinsey model was used to identify the factors leading to successful strategy execution. Factors outside this model were identified by the respondents and briefly discussed.

It is worth noting that these are not the only factors leading to successful strategy execution, there are many more forces and factors that have been identified in the literature reviews.

This research may be valuable to business leaders, foreign investors, and current managers managing of these software vendors wishing to embark on a successful strategy execution. This approach can be adopted to assist in this execution plan.

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APPENDIX 1: RESEARCH INSTRUMENT

Interview Questions

1. What does successful strategic execution mean in the business as a software vendor?
2. How do you go about formulating a strategy in your company? How much of an involved process is it across the different BUs?
3. How useful is the McKinsey 7S model in the execution of strategy? (I will ask the respondent to rank the factors in order of importance)
   - Structure;
   - Systems;
   - Style;
   - Staff;
   - Shared values;
   - Skills; and
   - Strategy.
4. What are other factors that fall outside of this framework that are critical to the success of your strategy?

APPENDIX 2: LETTER TO RESPONDENTS

Dear Sir/Madam

I am completing a Master's Degree in Business Administration (MBA) at The University of the Witwatersrand's Wits Business School. My MBA research topic is looking into the factors leading to successful strategy execution for software vendors in South Africa.

I would be grateful if I could arrange a forty-five minute interview with you in order to collect data and understand more about this subject matter. I understand that you are extremely busy but your contribution will be much appreciated.

The interview will involve questions related to strategy implementation, strategy execution and the critical success factors leading to that execution thereof within the industry in general as well as in your own organisation. Confidentiality will be observed throughout the entire process including the final report, which will be for academic purposes only. I will be available to meet with you at a location and time of your convenience. As a willing participant, you are welcome to request a copy of the research results if you so wish.

Your acceptance in participating in this research will be greatly appreciated.

Yours sincerely,

Robert Manson

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APPENDIX 3: CONSISTENCY MATRIX

Literature Review	Research questions	Source of data	Type of data	Analysis
Raps, (2004), Aaltonen, (2002) Alexander, (1991) Al Ghamndi, (1998) Allio, (2005) Atkinson, (2006)	• What does successful strategy execution mean? • What does strategy formulation mean? • Alignment across different businesses.	• Respondents in semi-structured interviews • Academic books, company documents (annual reports, brochures) • Press articles, • Independent analysts	Qualitative data	Data reduction Data display Conclusion drawing/verification
Higgins (2005) Thompson & Martin, (2005) Beer & Eisenstart, (2000)	• How useful is the McKinsey 7S model in strategy execution? • Role and ranking of the 7S factors. • What other factors are critical outside of the model?	• Full interview data • Company documents (annual reports, brochures) • Press articles	Qualitative data	Data reduction Data display Conclusion drawing/verification

APPENDIX 4: COMPANY PROFILES

Microsoft

Introduction

Microsoft was founded by Bill William Gates and Paul Allen. It is a multinational enterprise, global software company that develops proprietary software. Its headquarters are in Seattle. It has over 90000 employees globally operating in 100 countries with annual revenues of over $71 billion dollars. The South African operations are generating $600 million in annual revenues.

Microsoft products, particularly its windows operating system is used across the globe by almost every one, with estimates that Microsoft dominates approximately 90 per cent of the market share on its windows platform.

Bill Gates, Paul Allen and, childhood friends with a passion for computer programming were seeking to make a successful business utilizing their shared skills. They officially established Microsoft on April 4, 1975, with Gates as the CEO. Allen came up with the original name of "Micro-Soft," as recounted in a 1995 Fortune magazine article.

In August 1977, the company formed an agreement with ASCII Magazine in Japan, resulting in its first international office, "ASCII Microsoft”. The company moved to a new home in Bellevue, Washington in January 1979.

Microsoft‘s business model

The Microsoft business model over the years has been perfect until approximately seven years ago when the market share started to decrease. It had all the elements of a successful business model like customer value proposition, defined target customer offering.

The company understood precisely what job it had to do to serve the defined target market. The profit formula, revenue structures as well as its cost structures were all aligned with its resource velocity.

Key resources at Microsoft in the form of people, technology, and equipment, information, channel partners, brand and intellectual property (IP) and key processes such as rules, metrics and norms were all intact.

Software manufactures across the world have different business models that they use to differentiate themselves in order to create competitive advantage. There are organisations like Microsoft that have not manufactured hardware until recently, but leverage on the relationship with hardware manufactures called OEMs (Original Equipment Manufacturer) to incorporate the software into their machines and then charge license fees to these hardware manufactures.

Microsoft also charges license fees to enterprises through signing long-term (minimum 36 months) enterprise agreements. This allows it to have annuity predictable revenues. Microsoft has enjoyed tremendous success over the last 35 years due to the dominance of the windows platform. Microsoft is only now re-inventing its business model. Microsoft is fighting the platform war but some analysts, like Gartner, still believe that Microsoft can salvage its market share of which it still has a big slice.

Microsoft strategy formulation process

Microsoft Corporation's strategy formulation process is what is defined as a top down approach. The VPs at the head office in Seattle decide on the future of the organisation and then cascade the message down to the regions. The regions then filter the message down to individual countries. Individual countries then cascade it down to different divisions. The divisions then cascade it down to the various teams. This approach has eliminated creativity from the strategy formulation, as managers are not allowed to think outside of the already formulated strategy. This has been happening for some time.

SAP

Introduction

SAP AG is a German multinational software corporation that makes enterprise software to manage business operations and customer relations. Headquartered in Walldorf, Baden-Württemberg, with regional offices around the world, SAP is the market leader in enterprise application software. The company's best-known software products are its enterprise resource planning application, its enterprise data warehouse solution - SAP Business Warehouse. SAP Business Objects software, and most recently, Sybase mobile products and in-memory computing appliance. SAP is one of the largest software companies in the world.

SAP was founded in June 1972 as Systemanalyse und Programmentwicklung meaning ("System Analysis and Program Development") by five former IBM engineers in Mannheim, Baden-Württemberg (Dietmar Hopp, Klaus Tschira, Hans-Werner Hector, Hasso Plattner, and Claus Wellenreuther). The acronym was later changed to stand for Systeme, Anwendungen und Produkte in der Datenverarbeitung ("Systems, Applications and Products in Data Processing

SAP has annual revenues of over $20 billion with over 60 000 employees.

SAP's products focus on Enterprise Resource Planning (ERP). The company's main product is SAP ERP. SAP ERP is one of five enterprise applications in SAP's Business Suite. The other four applications are:

- Customer Relationship Management (CRM) – helps companies acquire and retain customers, gain marketing and customer insight;
- Product Lifecycle Management (PLM) – helps manufacturers with product-related information;
- Supply Chain Management (SCM) – helps companies with the process of resourcing its manufacturing and service processes;
- Supplier Relationship Management (SRM) – enables companies to procure from suppliers.

Other major product offerings include the Net Weaver platform, Governance, Risk and Compliance (GRC) solutions, Duet (joint offering with Microsoft), Performance Management solutions and RFID. SAP offers service-oriented architecture capabilities (calling it Enterprise SOA) in the form of web services that are wrapped around its applications.

While its original products were typically used by Fortune 500 companies, SAP now actively targets small and medium sized enterprises (SME) with its SAP Business One and SAP Business All-in-One products.

IBM

Introduction

International Business Machines Corporation, or IBM, is an American multinational technology and consulting corporation, with headquarters in Armonk, New York, United States. IBM manufactures and markets computer hardware and software, and offers infrastructure, hosting and consulting services in areas ranging from mainframe computers to nanotechnology.

The company was founded in 1911 as the Computing Tabulating Recording Company (CTR) through a merger of three companies: the Tabulating Machine Company, the International Time Recording Company, and the Computing Scale Company. CTR adopted the name International Business Machines in 1924, using a name previously designated to CTR's subsidiary in Canada and later South America. Security analysts nicknamed IBM Big Blue in recognition of IBM's common use of blue in products, packaging, and logo.

In 2012, Fortune ranked IBM as the second largest US firm in terms of number of employees of over 433 000 the fourth largest in terms of market capitalization, the ninth most profitable, and the nineteenth largest firm in terms of revenue with annual revenues over $100 billion.

The company has undergone several organisational changes since its inception, acquiring companies like SPSS (2009) and PwC consulting (2002), spinning off companies like Lexmark (1991), and selling off product lines like ThinkPad to Lenovo (2005).

IBM's headquarters complex is located in Armonk, Town of North Castle, New York, United States.

Software AG

Introduction

Founded in 1969, Software AG is an enterprise software company with over 10 000 enterprise customers in over 70 countries. The company is the second largest software vendor in Germany, the fourth in Europe (following SAP's acquisition of Business Objects) and among the top 25 globally.

The company was founded in 1969 by a group of six young employees at the consulting firm AIV (Institut für Angewandte Informationsverarbeitung). ADABAS was launched in 1971 as a high performance transactional database management system. In 1979 Natural, a 4GL application development language was launched. The company continued to open offices and subsidiaries in North America (1971), Japan (1974), UK (1977), France (1983), Spain (1984), Switzerland, Austria, Belgium and Saudi Arabia (1985). By 1987, Software AG had around 500 employees, 12 subsidiaries in Europe and offices in more than 50 countries.

At present, Software AG has almost 6000 employees with annual revenues of almost $2 billion.

In January 2005, Software AG acquired Sabratec Ltd, a privately held legacy integration vendor headquartered in Israel. This was followed-up by the acquisition of its Israeli distributor SPL software in March 2007 and the application modernization business of another Israeli company, Jacada in December 2007, which formed the basis for its research and development centre in Israel.

The company launched Centrasite SOA Governance platform in 2006 and with $546M acquisition of U.S. rival webMethods in 2007 Software AG became one of the leaders in enterprise service bus, business process management and service-oriented architecture (SOA) product space.

In July 2009, Software AG announced a takeover offer for the Germany-based company IDS Scheer AG. Since February 2010, IDS Scheer is part of the Software AG Group. In October 2010, the company acquired New Jersey based Data Foundations, a leading master data management provider.

Products

Software AG is a business infrastructure software provider with products in various technologies like DBMS, application modernization, SOA, BPMS and ESB. The below are few of their products in market;

- ADABAS - a high performance transactional database management system;
- Natural - a 4GL application development language can be used along with ADABAS for application development;
- Centrasite - a flagship SOA governance application which provides UDDI as well as governance;
- webMethods - an ESB, BPMS, SOA enablement and B2B integration;
- Tamino Information Server - Information server based on XML for the storage, management and transfer of structured and unstructured data, now called webMethods Tamino; and
- ARIS - newly acquired business process analysis platform. A free version is available as ARIS Express.

ORACLE South Africa

Introduction

Oracle Corporation is an American multinational computer technology corporation that specializes in developing and marketing computer hardware systems and enterprise software products – particularly database management systems. Headquartered at 500 Oracle Parkway, Redwood Shores, Redwood City, California, United States. Oracle is the third-largest software maker by revenue, after Microsoft and IBM. It has over $37 billion with over 117 000 employees globally.

The company also builds tools for database development and systems of middle-tier software, enterprise resource planning software (ERP), customer relationship management software (CRM) and supply chain management (SCM) software.

Larry Ellison, a co-founder of Oracle Corporation, has served as Oracle's CEO throughout its history. He also served as the Chairman of the Board until his replacement by Jeffrey O Henley in 2004. On August 22, 2008, the Associated Press ranked Ellison as the top-paid chief executive in the world.

Ellison took inspiration from the 1970 paper written by Edgar F. Codd on relational database management systems (RDBMS) named "A Relational Model of Data for Large Shared Data Banks". He heard about the IBM System R database from an article in the IBM Research Journal provided by Ed Oates (a future co-founder of Oracle Corporation). System R also derived from Codd's theories, and Ellison wanted to make Oracle's product compatible with System R, but IBM stopped this by keeping the error codes for their DBMS secret. Ellison co-founded Oracle Corporation in 1977 with Bob Miner and Ed Oates under the name Software Development Laboratories (SDL). In 1979, SDL changed its name to Relational Software, Inc. (RSI). In 1982, RSI renamed itself Oracle Systems Corporation to align itself more closely with its flagship product Oracle Database. At this stage Bob Miner served as the company's senior programmer. In 1995, Oracle Systems Corporation changed its name to Oracle Corporation.

Part of Oracle Corporation's early success arose from using the C programming language to implement its products. This eased porting to different operating systems (most of which support C).

Oracle also sells a suite of business applications. The Oracle E-Business Suite includes software to perform various enterprise functions related to, for instance, financials, manufacturing, customer relationship management (CRM), enterprise resource planning (ERP) and human resource management. Users can access these facilities through a browser interface over the Internet or via a corporate intranet.

Following a number of high-value acquisitions beginning in 2003, especially in the area of applications, Oracle Corporation currently maintains a number of product lines:

- Oracle Fusion Applications;
- Oracle E-Business Suite;
- PeopleSoft Enterprise;
- Siebel;
- JD Edwards Enterprise One;
- JD Edwards World;
- Services;
- Oracle Academy (training in computing and commerce in partnership with educational institutions);
- Oracle Cloud Platform Services - a platform-as-a-service (PaaS) grouping several Oracle products usable in the cloud;
- Oracle Consulting;
- Oracle Database Cloud Service;
- Oracle Financing;
- Oracle On Demand (a SaaS offering); and
- Oracle Support.

HP South Africa

Introduction

Hewlett-Packard Company or HP is an American multinational information technology corporation headquartered in Palo Alto, California, United States. It provides products, technologies, software, solutions and services to consumers, small- and medium-sized businesses (SMBs) and large enterprises, including customers in the government, health and education sectors.

The company was founded in a one-car garage in Palo Alto by William (Bill) Redington Hewlett and Dave Packard. HP is the world's leading PC manufacturer and has been since 2007 fending off a challenge by Chinese manufacture Lenovo according to Gartner. It specializes in developing and manufacturing computing, data storage, and networking hardware, designing software and delivering services. Major product lines include personal computing devices, enterprise, and industry standard servers, related storage devices, networking products, software and a diverse range of printers, and other imaging products. HP markets its products to households, small- to medium-sized businesses and enterprises directly as well as via online distribution, consumer-electronics and office-supply retailers, software partners and major technology vendors. HP also has strong services and consulting business around its products and partner products.

Major company events have included the spin-off of part of its business as Agilent Technologies in 1999, its merger with Compaq in 2002, and the acquisition of EDS in 2008, which led to combined revenues of $118.4 billion in 2008 and a Fortune 500 ranking of ninth in 2009. In November 2009, HP announced the acquisition of 3Com, with the deal closing on April 12, 2010. On April 28, 2010, HP announced the buyout of Palm for $1.2 billion. On September 2, 2010, HP won its bidding war for 3PAR with a $33 a share offer ($2.07 billion), which Dell declined to match.

HP has successful lines of printers, scanners, digital cameras, calculators, PDAs, servers, workstation computers, and computers for home and small business use; many of the computers came from the 2002 merger with Compaq. HP today promotes itself as supplying not just hardware and software, but also a full range of services to design, implement, and support IT infrastructure.

HP's Imaging and Printing Group (IPG) is the leading imaging and printing systems provider in the world for printer hardware, printing supplies and scanning devices, providing solutions across customer segments from individual consumers to small and medium businesses to large enterprises. Products and technology associated with IPG include Inkjet and LaserJet printers, consumables and related products, Office jet all-in-one multifunction printer/scanner/faxes, Design jet and Scitex Large Format Printers, Indigo Digital Press, HP Web Jetadmin printer management software, HP Output Management suite of software, LightScribe optical recording technology, HP Photosmart digital cameras and photo printers, HP SPaM, and Snap fish by HP, a photo sharing and photo products service. On December 23, 2008, HP released iPrint Photo for iPhone a free downloadable software application that allows the printing of photos.

HP Enterprise Business (EB) incorporates HP Technology Services, Enterprise Services (an amalgamation of the former EDS, and what was known as HP Services), HP Enterprise Security Services oversees professional services such as network security, information security and information assurance/ compliancy, HP Software Division, and Enterprise Servers, Storage and Networking Group (ESSN). The Enterprise Servers, Storage and Networking Group (ESSN) oversees ‘back end’ products like storage and servers. HP's networking business unit Pro Curve is responsible for the family of network switches, wireless access points, and routers. They are currently a business unit of ESSN.

HP Software Division is the company's enterprise software unit. For years, HP has produced and marketed its brand of enterprise management software, HP Open View. From September 2005 through 2010, HP purchased 15 software companies as part of a publicized, deliberate strategy to augment its software offerings for large business customers. HP Software sells three categories of software: IT performance management, IT management software and information management software. HP Software also provides consulting, Software as a service, cloud computing solutions, education and support services.

HP's Office of Strategy and Technology has four main functions:

1. Steering the company's $3.6 billion research and development investment;
2. Fostering the development of the company's global technical community;
3. Leading the company's strategy and corporate development efforts; and
4. Performing worldwide corporate marketing activities.

Under this office is HP Labs, the research arm of HP. Founded in 1966, HP Labs's function is to deliver new technologies and to create business opportunities that go beyond HP's current strategies. An example of recent HP Lab technology includes the Memory spot chip. HP IdeaLab further provides a web forum on early-state innovations to encourage open feedback from consumers and the development community.

HP also offers managed services where they provide complete IT-support solutions for other companies and organisations. Some examples of these are: A large activity is HP offering ‘Professional Support’ and desktop ‘Premier Support’ for Microsoft in the EMEA marketplace. This is done from the Leixlip campus near Dublin, Sofia and Israel. Support is offered on the line of Microsoft operation systems, Exchange, SharePoint and some office-applications. However, HP also offers outsourced services for companies like Bank of Ireland, some UK banks, the U.S. defence forces, etc.

SAS Institute

Introduction

SAS Institute is a Cary, North Carolina- based developer of analytics software. It owns the largest market share for advanced analytics and is the world's largest private software company. SAS (pronounced 'sass') develops and markets its software (also called SAS), which helps companies gather, store, access, analyse and report on corporate data to aid in decision-making. SAS software is used by about 79 per cent of Fortune 500 companies.

SAS co-founders Jim Goodnight and Anthony James Barr were faculty members at the university, where they became project leaders for the development of the early version of SAS. When NIH discontinued funding in 1972, consortium members chipped in $5 000 each per year to keep developing and maintaining the system. By 1976, the project had more than 100 customers and was led by Goodnight, Barr, Helwig and Sall. It was at this point that the team of four left the university to form SAS Institute, Inc. and opened their first office across the street from North Carolina State University.

SAS originally Statistical Analysis System is an integrated system of software products provided by SAS Institute Inc., which enables programmers to perform:

- Information retrieval and data management;
- Report writing and graphics;
- Statistical analysis and data mining;
- Business planning, forecasting, and decision support;
- Operations research and project management;
- Quality improvement;
- Applications development;
- Data warehousing (extract, transform, load); and
- Platform independent and remote computing.

In addition, SAS has many business solutions that enable large-scale software solutions for areas such as IT management, human resource management, financial management, business intelligence, customer relationship management and more.

SAS is driven by SAS programs, which define a sequence of operations to be performed on data stored as tables. Although non-programmer graphical user interfaces to SAS exist (such as the SAS Enterprise Guide), these GUIs are most often merely a front-end that automates or facilitates the generation of SAS programs. The functionalities of SAS components are intended to be accessed via application programming interfaces, in the form of statements and procedures.

SAS has revenues of almost $3 billion annually with almost 12000 employees globally.

SAS was conceived by Anthony J. Barr in 1966. As a North Carolina State University graduate student from 1962 to 1964, Barr had created an analysis of variance modelling language inspired by the notation of statistician Maurice Kendall, followed by a multiple regression program that generated machine code for performing algebraic transformations of the raw data. Drawing on those programs and his experience with structured data files, he created SAS, placing statistical procedures into a formatted file framework. From 1966 to 1968, Barr developed the fundamental structure and language of SAS.

In January 1968, Barr and Jim Goodnight collaborated, integrating new multiple regression and analysis of variance routines developed by Goodnight into Barr's framework. Goodnight's routines made the handling of basic statistical analysis more robust, and his later implementation (in SAS 76) of the general linear model increased the analytical power of the system. By 1971, SAS was gaining popularity within the academic community. A strength of the system was analysing experiments with missing data, which was useful to the pharmaceutical and agricultural industries, among others.

SAS is the largest (alongside Micro Strategy) independent vendor in the business intelligence market sector. Conglomerate companies (including SAP Business Objects, IBM Cognos, SPSS Modeler, Oracle Hyperion, and Microsoft BI) have also entered the market to compete against independent vendors via industry acquisitions. Gartner, an independent market analyses firm, placed SAS in the ‘Leaders’ quadrant of their 2010 BI Magic Quadrant

Avanade

Introduction

Avanade Inc. a subsidiary of Accenture plc., is a multinational IT consulting and software company that develops business software from a Microsoft products platform. Founded on April 4, 2000, Avanade is atypical amongst many systems integrators such as IBM and HP in that Avanade's services are specialized to the Microsoft software platform. Headquartered in Seattle, Washington, the company had 9700 employees in 34 countries at the close of its fiscal year 2009. Avanade has 5 000+ badged staff located offshore in India, China, the Philippines, Spain, Morocco, Argentina and Slovakia who work in Accenture-owned delivery centres as part of a global delivery network.

Avanade was formed in April 2000 as a joint venture between Accenture and Microsoft. Ownership was initially split between the two founding companies, with Accenture owning 51 per cent and Microsoft 49 per cent. In 2001, however, Accenture increased its ownership to become the majority owner and Avanade became a subsidiary of Accenture.

Through the joint venture, Accenture and Microsoft looked to enter what they perceived to be a largely untapped market for Microsoft-focused consulting services for companies in the Fortune 1000.

Avanade operates its business throughout 42 cities in America, Europe, Asia, South America, and the Pacific with annual revenues of over $ 1 billion with staff compliments of about 14 000.

Avanade services centre around three primary areas: application development and integration with the Microsoft .NET platform, infrastructure services aimed at streamlining, upgrading, and securing customer infrastructure investments, and a third, emerging area around delivering packaged ERP and CRM solutions, such as Microsoft Dynamics CRM and Microsoft Dynamics AX.

Avanade's Service Line portfolio:

- Application Development;
- Application Integration;
- Application Lifecycle Management;
- Application Renewal;
- Azure Services;
- Digital Marketing;
- e-Commerce;
- Rich Internet Applications;
- Customer Relationship Management;
- AOS for CRM;
- CRM for Consumer Packaged Goods;
- CRM for Insurance;
- CRM for Partner Relationship Management;
- CRM for Wealth Management;
- Enterprise Resource Planning;
- Avanade Manufacturing;
- Avanade Professional Services;
- Avanade Retail Management;
- Avanade Wholesale Distribution;
- Technology Infrastructure;
- Directory & Messaging Migration;
- Desktop Transformation; and
- Private Cloud.