The factors influencing successful strategy implementation across the regions within SABMiller

A research proposal submitted by

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ABSTRACT

The business environment is dynamic, and companies face many pressures that include the constant threat of competitors, renewed pressure from shareholders, supply chain difficulties, meltdown of economic markets, and continuous fiscal policy changes - a company thus needs to ensure that its strategy is one of currency and relevancy. To remain current, companies need to reformulate strategy and increase the frequency with which they adjust the elements of their existing strategies.

The purpose of this study is to analyse the factors which have an influence on the successful strategy implementation of various regions within the SABMiller group. The results of this study will provide insights into the factors that influence the success of strategy implementations in differing geographies and assist SABMiller plc. streamlining the strategy process.

Data was collected via a survey questionnaire that was distributed to five Hubs within the group - South Africa, Africa, Europe, Latin America, and Asia. In total 97 responses were received. The survey consisted of a set of 16 questions informed by the Literature Research. Respondents were asked to ‘force rank’ a total of 100 points across the 15 questions.

It was found that the key factors influencing strategy implementations across the SABMiller Group were ‘Senior Management Support of a strategy’, ‘a Poorly Defined strategy, and Senior Management Leadership. The factor ‘Senior Management Support of a strategy’ appears as the top ranked factor for 4 out of the 5 Hubs (except for Europe where it is ranked the 2nd highest).

DECLARATION

I, Navin Ramchander, 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.

Signed, Navin Ramchander

Signed at ……………………………………………………

On the …………………………….. day of ………………………… 2013

DEDICATION

This Research Report is dedicated to my wife Pranusha,

my children, Syan Cesc, & Aria Milan,

and my mum Shanthi.

Thank you for all the love and support you have given me.

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1.1 Purpose of the study

The purpose of this study is to analyse the factors that have an influence on the successful strategy implementation of various regions within the SABMiller plc. group. A predetermined strategy is a key prerequisite for business success, however, the key processes of strategy formulation and implementation are just as important to ensure business success (Brenes, Mena, & Molina, 2008) – the success of these two factors is a key determinant in the success of overall company strategy, and the ability to perform in the marketplace (Brenes, et al., 2008).

The study will provide insights into the factors that influence the success of strategy implementations in differing geographies – these insights will assist SABMiller plc. to understand and unpack differing company and geographic factors to streamline the strategy process to ensure strategy formulation and implementation are better managed, thus enabling the Multinational company to be more successful in the markets in which it operates.

1.2 Context of the study

The business environment is dynamic, and companies face many pressures that include the constant threat of competitors, renewed pressure from shareholders, supply chain difficulties, meltdown of economic markets, and continuous fiscal policy changes - a company thus needs to ensure that its strategy is one of currency and relativity. To remain current, companies need to reformulate strategy and increase the frequency with which they adjust the elements (Higgins, 2005) of their existing strategies.

To be competitive, companies need to be agile, and develop strategies that are fluid and effective in constantly changing market conditions. The effect of this, is that the rest of the organisation will need subsequent realignment to achieve the vision, mission and objectives as set out by senior leaders of the organisation (Beer & Eisenstat, 2000). To ensure a successful strategy process, the defined strategy needs to be aligned with the cross organisational factors of structure, systems and processes, leadership style, staff resources, and shared values (Kaplan & Norton, 2004).

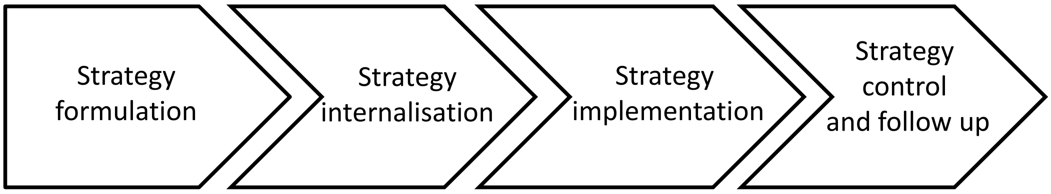

Figure 1: Strategy Process (Kaplan & Norton, 2004)

Four key components constitute the strategy management process (Brenes, et al., 2008; Cohen & Cyert, 1973) – Strategy formulation, internalisation of the strategy, the implementation of the strategy, and finally a feedback process to ensure that the implemented strategy is in sync with the formulated strategy. This study will focus on the Strategy Implementation component specifically, and intends to analyse the factors that influence the successful implementation of strategy in the key contributing regions of the SABMiller plc. group.

SABMiller plc. is one of the leading international brewers contributing 200 brands to 75 countries (Davidson, 2012) and employing some 70,000 employees. The company currently operates in six regions:

- Latin America – 17 breweries, 14 bottling plants, and 16,933 employees
- Europe – 17 breweries, 14,095 employees
- North America – 8 breweries, 8,812 employees
- Africa – 32 breweries, 19bottling plants, 13,596 employees
- Asia Pacific – 23 breweries, 2 bottling plants, 3,804 employees
- South Africa - 7 breweries, 6 bottling plants, 11,939 employees

1.3 Problem statement

1.3.1 *Main problem*

Analyse the factors influencing successful strategy implementation in the various regions of the SABMiller plc. group.

1.4 Significance of the study

There exists the misconception that a firm's corporate strategy, once defined, and formulated is then well internalised by the organisation and finally implemented within the organisation. However, the difficulty with strategies are that they are by nature dynamic and adapt as market forces change, and may also be interpreted in a number of ways (Rapert, Velliquette, & Garretson, 2002) – this adds complexity and often results in a lack of alignment between executives responsible for strategy development, and those who execute the strategy.

A predetermined strategy is a key prerequisite for business success (Brenes, et al., 2008), however, the key processes of formulation and implementation are just as important, and it is the failure of either of these processes that may mean the difference between success or failure. This study aims to investigate and analyse the factors influencing strategy implementation in subsidiaries of SABMiller plc.

A recent study by Sookram (Sookram, 2009) has provided insight into the factors influencing strategy implementation in major oil companies in South Africa – this study, however will relate specifically to SABMiller plc. and its subsidiaries. This study will evaluate the importance of each factor, and consider the importance of each factor based on the environment in which the subsidiary operates.

1.5 Delimitations of the study

- This study will include the implementation component of the Strategy Process – it will exclude the Strategy Formulation component and the Subsequent Control and Follow up process.

1.6 Definition of terms

The following definitions are relevant to this research:

- **7-S Model**: defined as the seven factors for effective strategy execution (Kaplan & Norton, 2004); and
- **BSC Strategy Map**: a model consisting of the following elements – Financial perspective, Customer perspective, Internal Process Perspective, Learning and growth perspective(Kaplan & Norton, 2004).

1.7 Assumptions

- It is assumed that respondents are familiar with the strategy process, and will provide answers to research questions based on previous experience.
- It is assumed that respondents are honest in their responses.

1.8 Disclaimer

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2 LITERATURE REVIEW

2.1 Introduction

This chapter of the research paper will provide brief context on the topic under review, and go into an in-depth analysis of the factors that affect strategy execution.

The Literature Review will provide a review of the available information on the topic and provide a synthesis of the factors available in the current integrative literature (Torraco, 2005). Torraco (2005) goes on to suggest that an integrative literature review is a sophisticated form of research that requires a great deal of research skill and insight, and it is in this spirit that the review was conducted.

This section of the research paper will then conclude with an overview of the models proposed by Kaplan & Norton (1996), Beer & Eisenstat (2000), and Nielsen (2008) that define or influence the strategy implementation process.

2.2 Background discussion

Kaplan & Norton (2004) describes an organisations strategy as the ability to create value for its shareholders, customers, and citizens. As business environments become more complex and transient, the need to reformulate strategy, or to update current elements of the company strategy become more frequent (Higgins, 2005). Higgins (2005) states that business leaders have realised that executing strategy is just as important, if not more important, than formulating strategy – company performance is at a disadvantage, and suffers when insufficient time and energy are spent on the execution of strategy.

The model below provides context to the strategy implementation process, and illustrates the end to end process of business strategy (Brenes, et al., 2008). Brenes, et al. (2008) describes the strategy execution element as the action taken by the firm while implementing its predetermined strategy – strategy execution, according to Brenes, et al. (2008) is influenced by dimensions such as organisational culture and structure, work and information systems, and business processes. The literature review will provide a detailed analysis of the key factors that influence strategy implementation.

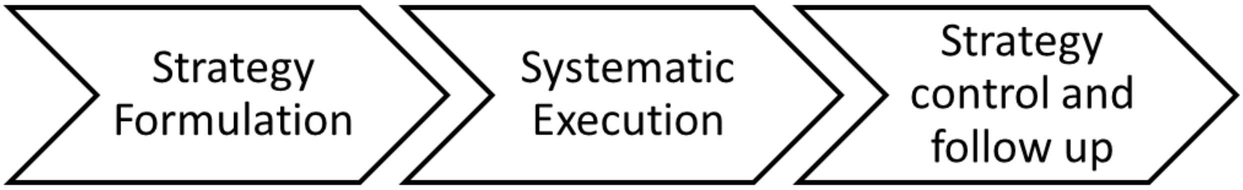

Figure 2: Key dimensions in successful implementation of business strategy (Brenes, et al., 2008)

2.3 Factors affecting Strategy implementation

2.3.1 *Poorly Defined Strategy*

Many implementation issues arise only once a strategy has been defined, and ratified by senior management – however these issues are based on the fact that a well-defined strategy is in place. The issue is compounded severely when the strategy itself has been poorly defined. Hrebniak (2006) states that the propagator of a good all-round strategy process is the strategy formulation itself – 'Bad strategy begets poor execution and poor outcomes, so it's important to focus first on a sound strategy' (Hrebiniak, 2006). Hrebiniak (2006) goes further to stress that a bad strategy is a core reason for poor strategy implementation.

Poor strategies could arise for a number of reasons – the company does not understand its competitive environment, power of suppliers or customers (M. E. Porter, 2008), or that market conditions are extremely transitory (Sterling, 2003) where product lifecycles are short. Sterling (2003) states that a good strategy should be distinctive and contain focus, able to take advantage of key opportunities – poor strategies on the other hand 'try to be all things to all people'. Poor strategies result in poor implementation as resources are not focused, and objectives not prioritised (Sterling, 2003) resulting in actions that do not coordinate into a successful strategy overall.

2.3.2 *Strategy Complexity*

Current markets are becoming extremely transient in nature, and by their very nature unstable. This leads to complexities for businesses on various levels, but none more important than on the company's strategy. Certain strategies start out as being complex, while others that are actually simple by definition, end up in complex details of implementation (T. W. Porter & Harper, 2003).

Strategies are either complex by definition, or made complex by the environment within which it is to be implemented (Hrebiniak, 2006). Complex strategies make it difficult to communicate their specific meaning and implementation path (Hrebiniak, 2006). Porter and Harper (2003) define the complexity of strategy execution as the number and diversity of participating functions required to make the execution successful. The greater the number and diversity of the functions, the more the complexity of the execution (T. W. Porter & Harper, 2003).

Eisenhardt (1999) states that a strategy should be simple, by focusing on key strategic processes and developing simple rules that shape those processes. Mankins & Steele (2005) state that complex strategies are more difficult to communicate and hence execute. Complex strategies make the translation into resource plans and actions more difficult (Steele, 2005) which then results in functional employees not knowing what resources are required, and what actions result in strategic action required by senior managers in the organisation.

2.3.3 *Lack of senior management support*

Lack of senior management support is a silent killer (Sterling, 2003) to the strategy implementation process. Senior managers in an organisation may for certain reasons not support a particular strategic thrust, and thus may not have the necessary buy-in. Sterling (2003) has found that there is a strong link between personal commitment and a support for a company's goals and mission, which in some cases results in poor strategy implementation. The other reasons for poor senior management support is when they were not involved in the actual development of the strategy, and feel resentment toward the specific direction chosen (Sterling, 2003). By their very nature, new strategies involve a degree of change, and it is human nature that few will follow a strategic direction if others have initiated it (T. W. Porter & Harper, 2003). Porter et al (2003) describe resistance as ranging from ‘from subtle foot-dragging all the way to covert sabotage’ and thus one of the largest influences of strategic implementation is ensuring the mental commitment and buy-in to the initiative among seniors who have the responsibility to implement a component of the strategy.

2.3.4 *Senior Management Leadership*

Senior leadership is paramount to the development of strategy, but even more important to drive the strategy through execution. Brenes, et al. (2008) state that implementation becomes complex in the absence of company CEOs commitment, communication, and leadership. Crittenden and Crittenden (2008) define leadership as consisting of five levels: Level 1 - Highly capable individual (contributions through talent, knowledge, skills, and work habits); Level 2 - Contributing team member (group objectives, and works effectively in group); Level 3 - Competent manager (organizes people and resources); Level 4 - Effective leader (vision and high performance standards); and Level 5 - Executive (enduring greatness through personal humility and professional will). Strategic leadership is critical to the development of a capable organisation, and the matching of management leadership with organisational units enhance successful strategy implementation (Reed & Buckley, 1988).

2.3.5 *Senior Management Competency*

Strategy implementation, by its very nature is complex, and thus requires competent managers to ensure success (Hrebiniak, 2006). Managers should possess the requisite skills to translate the company strategy into tangible outcomes, that both are in line with the strategy, and that ensure that when they are successful, contribute appropriately to company performance (Reed & Buckley, 1988). A lack of skills results in poor management ability (Beer & Eisenstat, 2000), which then means that employees do not receive the necessary direction to execute the strategy, leaving them to their own devices, which may not mean the best interests for the company (Hrebiniak, 2006).

Reed & Buckley (1998) refer to the matching between management style (and by inference ability) and department/organisational unit. Skills in senior management may be lacking for a number of reasons – "There is a general assumption that managerial abilities are fixed and immovable quantities" (Reed & Buckley, 1988, p. 68). An entrepreneurial flair and ability may be perfect for a high risk, rainmaker portfolio, and a strategy involving growth (Reed & Buckley, 1988), however a risk averse personality may in contrast be perfect for an administrative position. The key takeout is that management competency has to match the specific role.

2.3.6 *Decision Rights*

Decision rights ensure that key members of the organisation are empowered to make decisions on key issues that ensure the optimal running of the company. Nielsen (2008) describes Decision Rights as ensuring that everyone in the company is aware of decisions and actions they are responsible for. A study by Nielsen (Nielsen, 2008) across 1000 companies over 5 years and 125,000 respondents demonstrated that employees ranked the lack of Decision Rights as the largest inhibitor to strategy execution.

The maturity of a company has a direct bearing on the ability of individuals to make decisions. Larger more mature companies have defined structures and well defined roles which inhibit decision making at various levels (Nielsen, 2008) – smaller companies that are start-ups are aware of decisions being made at various levels, and are thus able to make decisions quicker and more effectively. Nielsen (2008) states that as a company grows, the 'approval process becomes more convoluted and murky', and the accountability of a specific role becomes unclear – this is a key reason for poor strategy execution.

2.3.7 *Information on the competitive environment*

Nielsen (2008) states that a well-constructed strategy, or a breakthrough product or technology can define a company's position on the competitive map, but only strong execution capability can maintain momentum and keep you there. A key factor that affects strategy execution is the ability for important information about the competitive environment to reach headquarters efficiently (Nielsen, 2008).

Bernhardt (2002) defines competitive intelligence as the support company decision makers need to gain competitive advantage, and the first line of defence to protect key strategic assets and knowledge. Nielsen (2008) states that company headquarters' has an important role to play through the identification of competitive patterns, and the optimal coordination of resources across functions and geographies to mitigate competitive risks – this role can only be efficiently executed if company headquarters are aware of competitive insights. This leads to a failure in the execution of strategy as headquarters may impose its own uninformed agenda rather than be led by operations which are closer to the game (Nielsen, 2008).

2.3.8 *Communication*

Effective communication of the strategy of an organisation is the cornerstone of effective strategy execution (Rapert, et al., 2002). Managers have the key responsibility to ensure that all employees understand the strategy – to enable this, managers are required to communicate adequately and efficiently the concepts of the company strategy (Beer & Eisenstat, 2000). Strategy implementation suffers when employees cannot connect roles to the overall strategy.

Rapert (2002) discusses the concept of 'Strategy Consensus', which is the extent to which the perceptions of an organisation centred on 'shared understandings of strategic priorities'. A strong strategic consensus implies that the channels of vertical communication are open, which then ensures that the strategy is understood and practiced across all levels, which leads to enhanced organisational performance, improved profitability and revenue growth (Rapert, et al., 2002).

2.3.9 *Information flow across organisational boundaries*

When information flow does not occur across functions, then individual departments behave like uncoordinated silos, which then lead to inefficiencies, loss of knowledge transfer and benefits attributable to economies of scale (Nielsen, 2008). A simple strategy is one thing to coordinate across departments, but complex strategies often demand deeper cooperation, coordination, and information sharing (Hrebiniak, 2006).

Information flow of the strategy is also important in FMCG firms where Marketing plays an important role in volume growth as well as revenue growth management strategies, and need to be aligned to the company strategy as communicated by the CEO (Rapert, et al., 2002) – this is particularly important in the context of SABMiller plc. where brands are key to the company strategy. Furthermore, Beer & Eisenstat (2000) state that many companies go into great detail on long term strategy research, competitive and environmental analyses, but are unable to communicate or document a simple coherent story on their strategy to employees.

2.3.10 *Implementation Plan*

Tactical, well defined strategies are only implementable if backed by a sound implementation plan. The competitive edge over rivals is only realised through a skilfully implemented strategy implementation plan (T. W. Porter & Harper, 2003). Porter and Harper (2003) discuss the concepts of strategy implementation, and the underpinning tactical implementation by front line managers, which are actually the 'nuts and bolts' of the implementation. A well-defined implementation plan ensures the translation between the strategic goals into actions, which is accomplished through processes of organising, planning and monitoring of the tactical actions which roll up into the strategic plan.

2.3.11 *Strategy Implementation model*

An implementation model is a set of overarching principles and procedures to implement a defined strategy. Alexander (1985) suggests that if the implementation model is vague or impractical, or actually too detailed, then the model may not lead to a successful implementation of the strategy. A model ensures that strategy managers have a defined framework with which to action imperatives, and execute actions and decisions, and that without a well-defined model, execution becomes a maze of unclear directives (Hrebiniak, 2006).

A simple strategy is one thing to coordinate across departments, but complex strategies often demand deeper cooperation, coordination, and information sharing (Hrebiniak, 2006) – it is for this reason that a well-defined implementation model is needed, to ensure that managers know what their priorities are and the criticality of following a sequence of initiatives within a defined framework. 'Having a model or roadmap positively affects execution success; not having one leads to execution failure and frustration' (Hrebiniak, 2006).

A successful strategy model should be driven by the appropriate information technology where there is close alignment between the implementation model and technology (Sterling, 2003). Information technology includes systems such as web based technologies, enterprise systems, relationship systems, and manufacturing technologies. Performance management is a key component of the implementation model – 'Making strategy work is more difficult than strategy making' (Hrebiniak, 2006) and performance management will allow the organisation to gauge how well it is implementing the strategy, and how it should manage its performance throughout the process.

2.3.12 *Company Culture*

Company culture is defined as those sets of collective key values behaviours and beliefs exhibited by the company organisation (Noble, 1999) – when individuals of a company are infused with a strong set of values, then this allows them to participate in strategic thinking and the strategy implementation efforts of the firm (Noble, 1999).

Company culture is an integral ingredient to successful strategy execution – company culture must be aligned to strategy implementation (Brenes, et al., 2008). Brenes, et al.(2008) state that company culture and values need to be managed in line with a firm's pre-determined strategy, and that neglecting this component will result in an unsuccessful implementation.

Lorange (1998) discusses that people, and not financial assets or resources are at the centre of strategic planning and implementations. Successful implementations are based on extracting the insight and knowledge from people and physical assets, and by default, culture will have an important part to play (Lorange, 1998). In studies conducted by

Hrebiniak (2006), culture was seen as a key component of 'change management' or 'change' which was a key factor that inhibited successful strategy implementations – 'change' and 'culture' were seen as synonymous.

2.3.13 *Company Politics*

Company politics can be a serious impediment to the implementation of a company's strategy. A collective mind-set is required to ensure that consensus between managers is achieved to successfully implement business strategies (Noble, 1999). A lack of strategic consensus implies that managers are not operating under the same goals and objectives (Noble, 1999), and may pursue their own selfish agendas that may be in conflict with the broader strategic agenda.

Lorange (1998) refers to the existence of 'organizational kingdoms' that exist in organisations where company executives are unwilling to give up traditional methods or views which are very often detrimental to the growth and sustenance of a company. Noble (1999) explains that company politics and power structures can consist of two forms in organisations: Upward intervention can include arguments, objecting memos, coalition formation, and sabotage - passive intervention is a more covert form of 'foot-dragging' and attempting to drag the implementation process.

2.3.14 *Company Organisational Structure*

A company's strategy can only be implemented if the correct organisational structures are in place. Brenes, et al (2008) state that successful implementation is a result of a well-defined organisational structure, and that organisational structure forms the framework within which a manager effectively delegates decision-making, and the alignment between processes, work systems, and information systems.

Brenes, et al.(2008) further state that organisational structure should follow the definition of business strategy, and that in studies conducted, organisational structure is a key determinant of strategy execution. Organisational structures or designs are closely aligned to the developed strategy of an organisation (in terms of competitive context, power of suppliers/customers, revenue/profitability goals, company growth targets, product line extensions and related diversifications) (Hrebiniak, 2006) – companies thus need to have the right structures in place to take advantage of competitive situations. 'Business structure should reflect, and be driven primarily by, the nature of business strategy in order to implement that strategy successfully' (Hrebiniak, 2006).

2.3.15 *Change Management*

A successful strategy implementation requires that the company have a deep understanding of the change required in employees to move between two strategic mind-sets. Many change initiatives that start out with positive intentions and views on gaining a multitudes of benefits end up in unintended and dubious results (Stensaker, Falkenberg, & Grønhaug, 2008). Hrebiniak (2006) cites that the inability to manage change, and reduce resistance to new strategy implementation ranks as the most serious threat to a strategy execution.

Strategy implementation involves the translation of strategic objectives into operational practices, mediating and negotiating among different organizational levels and groups, and formulating action plans which all involve people, processes, and systems to change and constantly evolve (Stensaker, et al., 2008) – only an effective change management process will ensure that employees are able to make the transformation required for a successful strategy implementation. Hrebiniak, (2006) discusses that due to the serious strain change adds to people, process, and systems, the speed with which implementations (and thus change) occurs is critical – too much speed may mean chaos and a problematic implementation.

2.4 Implementation Models

The following section will review specific Strategy Implementation Models to analyse the frameworks within which the identified factors have been defined. The review contained below will also provide an overview of the coordination required between the factors to enable successful strategy execution. The frameworks that will be discussed are:

- Beer and Eisenstat Strategy Killer Implementation Model (Beer & Eisenstat, 2000);
- Nielsen Strategy Execution Model (Nielsen, 2008); and
- Kaplan and Norton's Balanced Scorecard Model (Kaplan & Norton, 1996).

2.4.1 *Beer & Eisenstat Model (Beer & Eisenstat, 2000)*

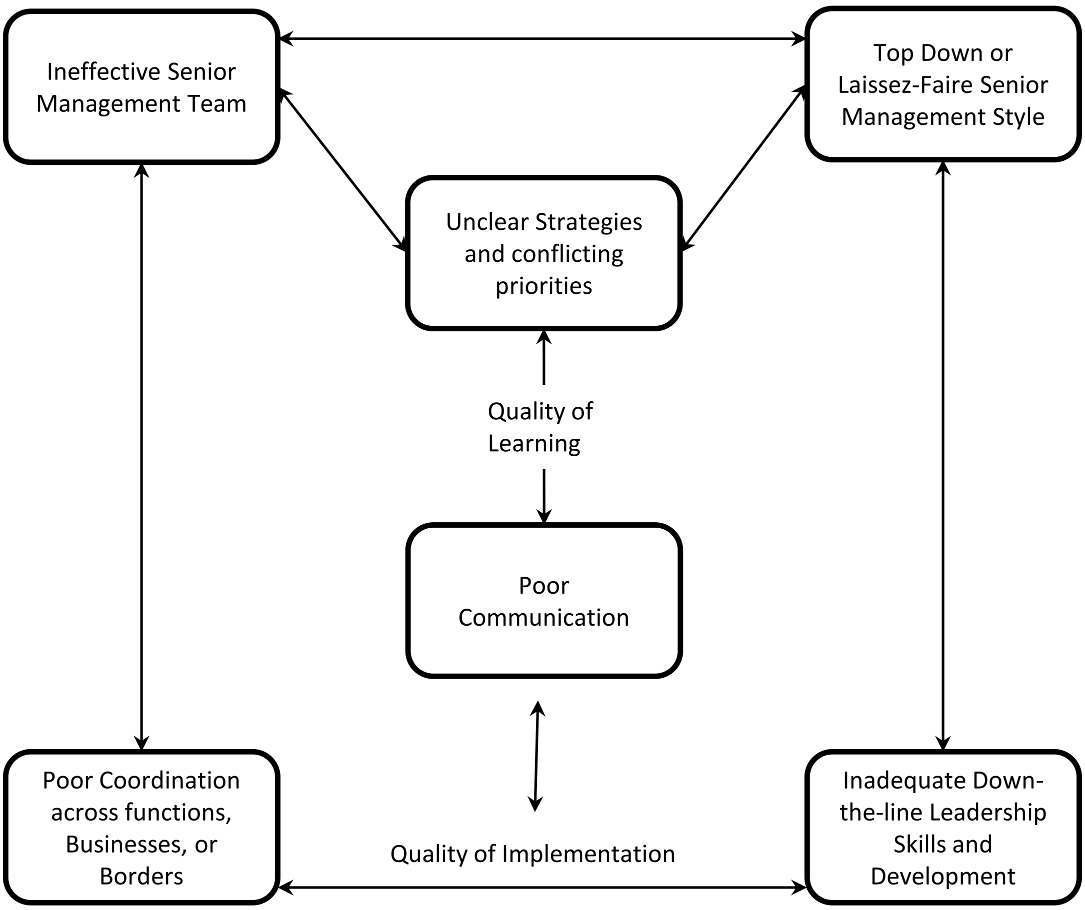

Figure 3: (Beer & Eisenstat, 2000): How the Six Strategy killers interact

(Beer & Eisenstat, 2000)'s model of the six strategy killers provides a framework of the six factors that are the difference between the ideal of strategic alignment and the reality of strategic implementation. The model defines the six killers as follows:

- *Senior Management Style* refers to the top down leadership style required to ensure the necessary coordination between employees/staff/managers to implement the required strategy (Beer & Eisenstat, 2000).

- *Ineffective Senior Management* refers to managers operating within their own silos (Beer & Eisenstat, 2000) and the refusal to cooperate due to their losing power.

- *Poor Vertical Communication* refers to cynicism and growing lack of comfort with new strategies (Beer & Eisenstat, 2000) due to managers not ensuring that all employees understand the strategy.

- *Conflicting priorities and Poor Coordination* refer to competing strategies that compete for the same resources (Beer & Eisenstat, 2000).

- *Inadequate Down the line Leadership Skills refer to* lower level managers not receiving the relevant leadership and guidance to manage the change effects of the strategy lower down in the organisation – this also has an element of change management linked to it (Beer & Eisenstat, 2000).

2.4.2 *Nielsen Strategy Execution Model (Nielsen, 2008)*

Figure 4: Nielsen Strategy Execution Model(Nielsen, 2008)

Strategy Execution Model consists of four core components – Information, Decision Rights, Motivation and Structure. The model developed by Nielsen (Nielsen, 2008) shows that good strategy execution begins with the appropriate level of decision rights, and ensures that information flows where it needs to go – once this has occurred, then structure and motivators follow. Nielsen has defined the four components of the model as follows:

- *Information:* Information about the competitive environment gets to headquarters quickly, information flows across organisational boundaries, and

- Operation level employees understand the impact of their actions on the bottom line (Nielsen, 2008).

- *Decision Rights:* Every employee has an understanding of the decisions and actions he or she is responsible for(Nielsen, 2008).

- *Motivators* refer to key incentives and senior management support required to successfully implement a company strategy.

- *Structure* refers to elements such as physical organisational structure, teaming, and the reporting lines required to execute strategic objectives(Nielsen, 2008).

2.4.3 *Kaplan and Norton's Balanced Scorecard Model for Strategy Implementation (Kaplan & Norton, 1996)*

The Balanced Scorecard links a Company's long term strategy to immediate actions (Kaplan & Norton, 1996) – the model describes four components – Translating Strategic Vision, Communicating and linking the defined vision, Business Planning, and finally Feedback and Learning. These elements are defined below:

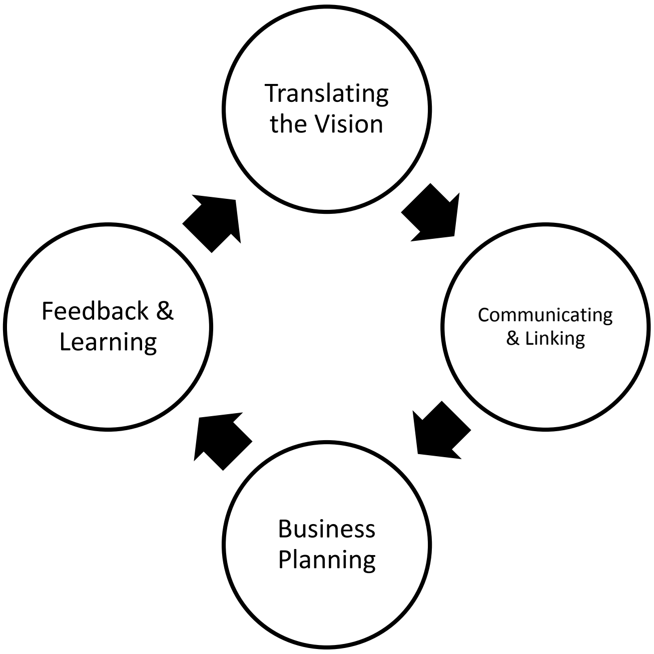

Figure 5: Kaplan and Norton's Strategy Implementation Model (Kaplan & Norton, 1996)

- *Translating the Vision:* This element clarifies the vision, and gains consensus for the strategy within the business (Kaplan & Norton, 1996). This requires buy in and commitment from senior executives.

- *Communication and Linking* refers to the communication required to ensure that the company employees (junior to senior) understand the company strategy, and have aligned the individual and departmental objectives to the overall strategy (Kaplan & Norton, 1996).

- *Business Planning* refers to the integration of business and financial plans, setting the appropriate targets, alignment to the strategic initiatives, and the development of key implementation plans and key milestones (Kaplan & Norton, 1996).

- *Feedback and Learning* refers to the processes required to ensure that the developed strategy has been articulated to the company, and whether departments and individuals have met their specific goals (Kaplan & Norton, 1996).

2.5 Conclusion of Literature Review

Strategy execution is a key part of the Strategy process, and is described by T. W. Porter & Harper (2003) as the nuts and bolts and 'rolled-up' shirtsleeves of a firms operations. The concept of Business Strategy implies that if a corporate strategy is well-defined with a clear mandate, then it should be clearly understood by the organisation, and immediately accepted by employees (Rapert, et al., 2002), no matter how low or high up in the organisation. Business strategies however, are complex things, and are more often transient than not – the process often breaks down resulting in a lack of alignment between top executive's view of the strategy and the views of other organizational members (Rapert, et al., 2002).

The literature Review has revealed that there are 15 factors in total that affect strategy implementation – these are listed below:

1. Poorly Defined Strategy
2. Strategy Complexity
3. Lack of senior management support
4. Senior Management Leadership
5. Senior Management Competency
6. Decision Rights
7. Information on the competitive environment
8. Communication
9. Information flow across organisational boundaries
10. Implementation Plan
11. Strategy Implementation model
12. Company Culture

13. Company Politics

14. Company Organisational Structure

15. Change Management

The detailed review on the literature has provided a list of factors that could affect strategy implementations – this study will attempt to understand which of these factors affect successful implementations the most. The Research question is thus framed as follows:

***<u>Research Question:</u>* What factors lead to successful strategy implementation at SABMiller?**

3 RESEARCH METHODOLOGY

The primary purpose of this Research Report is to analyse the factors influencing strategy implementation in the various regions of the SABMiller plc. group. This chapter will outline the chosen research methodology to test the proposition that the factors that influence strategy implementation differ across the various regions of the SABMiller plc. Group.

This chapter will also outline the questionnaire design, the target population, the sampling method, and the collection method. The validity and reliability of the chosen method of research is finally discussed in the closing section of this chapter.

3.1 Research methodology / paradigm

The research method employed in this study was Quantitative (Creswell, 2009). Creswell (2009) defines a quantitative study as one in which the researcher uses post positivist knowledge claims, and where a narrow hypothesis is specified, proven or disproved through the collection of data. As this research has defined a specific proposition, and as surveys will be used as the only method of gathering data, a quantitative method (Creswell, 2009) will be used.

3.2 Research Design

The methodological approach that will be adopted is a case study on SABMiller plc. using surveys (Leedy & Ormrod, 2001). Eisenhardt, (1989) describes a case study as a type of research strategy which focuses on understanding the dynamics present within a single setting – which in this case is SABMiller plc. A survey questionnaire will be used as this will be the most efficient way to gather the data (Kalof, Dan, & Dietz, 2008) required to test the defined proposition. A questionnaire will be most apt as data will need to be gathered across different geographic locations (Leedy & Ormrod, 2005). Kalof, et al., (2008) describe surveys as useful for establishing the prevalence of attitudes or behaviours in a defined population, and understanding the link or relationship between variables.

A questionnaire has been designed and will be distributed across the six SABMiller plc. geographic locations (Latin America, Europe, North America, Africa, Asia Pacific, and South Africa) via email or through an online link. Recipients will be able to receive the link or the email and fill in the list of defined questions (Kalof, et al., 2008).

According to Kalof, et al (2008), surveys can be an easy way to collect data, and if done correctly, can provide key insight into a proposition or hypothesis around a research problem – the disadvantage is that if done poorly (Kalof, et al., 2008), the information received back could be meaningless. A further disadvantage could be that the response rate is usually poor and the data could be compromised by a participants' level of comprehension and understanding.

3.3 Population and sample

3.3.1 *Population*

For the purposes of this research report, the population (Eisenhardt, 1989) was confined to professionals who work for SABMiller plc. across the six global regions – this included Latin America, Europe, North America, Africa, Asia Pacific, and South Africa.

3.3.2 *Sample and sampling method*

The concept of population is key according to Eisenhardt (1989), because the population defines the set of entities from which the research sample is to be drawn. The survey will be open to professionals who work across disciplines including Strategy, Sales and Distribution, Marketing, Finance, Supply Chain, Information Technology, Human Resources, Corporate Affairs and Manufacturing.

Simple random sampling will be used to select participants across each region. Respondents will be allowed to remain anonymous to ensure confidentiality of their responses. A minimum of 20 respondents will be sampled in each region, totalling a collective representation of 120.

3.4 The research instrument

The research instrument chosen for this Research Report was a survey questionnaire, which is a structured survey containing a predetermined list of questions. The survey consists of the following components:

Covering Letter: The letter provides context and the purpose for taking the survey. The cover letter also explains that the responses obtained are confidential, and that respondents are not required to fill in their names if they do not wish to do so.

Demographic Detail: This section requires respondents to fill in their demographic detail (Baatard, 2012) including Gender, Age, Region (a choice of Latin America, Europe, North America, Africa, Asia Pacific, and South Africa.), SABMiller plc. Division (Strategy, Sales and Distribution, Marketing, Finance, Supply Chain, Information Technology, Human Resources, Corporate Affairs and Manufacturing, Other), number of years' work experience, and finally, number of years' work experience at SABMiller plc.

Strategic Implementation Insight: This section requires the respondents to force rank a total of 100 points across 15 factors that affect strategy implementation. The factors contained in this section have been listed based on the results of the literature review. The section also contained one open ended question – it requests respondents to identify any additional factors not part of the list (i.e. the Literature Review) that affect strategy implementation.

The insight obtained from the survey will enable the research report to draw key conclusions from the data – these are listed below:

- The key factors that influence strategy implementation;
- How these factors differ across the various SABMiller plc. markets; and
- What additional factors, other than those highlighted in the research have an impact on strategy implementation?

3.5 Procedure for data collection

The data collection occurred via a survey questionnaire shown in Appendix A. Survey collection can occur via mail, over the telephone, in person, or via the internet (Kalof, et al., 2008). For this study, the questionnaire was administered via email, and through an online channel. Once the responses were completed, the results were then sent electronically and appropriately collated for analysis (Eisenhardt, 1989).

Prior to conducting the survey, permission was sought from Ms Yolanda Cuba (Director of Strategy: South African Breweries Proprietary (Limited)), Ms Gail Lumsden (Head: Strategy, SABMiller plc.) and SABMiller plc. General Counsel. A cover letter was attached to the survey indicating the purpose of the study, and assurance of the confidentiality of the survey.

3.6 Data analysis and interpretation

SABMiller plc. employees were asked to fill in key pieces of information which were analysed to test the defined proposition. Demographic detail was analysed in the form of pie and bar charts to identify average age of respondents, experience within the company, and the divisions within which they are employed.

Employees were also asked to force rank a total of 100 points across 15 factors that impact strategy execution. The data was summed across the regions to provide a ranking of factors for the SABMiller plc. group, as well as the factors inherent to each region.

The results were also analysed across gender and age type to determine whether these characteristics play a role in determining which factors are important. Finally, the open ended question on additional factors that affect strategy implementation (not contained in the 15 factor list) were summarised across regions.

3.7 Limitations of the study

- A key limitation of this study is that the results are unique to the SABMiller plc. group, and cannot be generalised for any other industry.

3.8 Validity and reliability

3.8.1 *External validity*

External Validity is the ability to generalise from a study to a larger population (Kalof, et al., 2008). External validity is compromised by research of a laboratory/experimental nature, where conclusions about the real world are difficult to draw from experimental research (Kalof, et al., 2008). This study has high external validity, as the insights have been obtained from the real world setting, from employees that currently work at SABMiller plc. Sample size also affects external validity (Kalof, et al., 2008), and this will be minimised by ensuring that a minimal sample size of 120 is obtained.

3.8.2 *Internal validity*

Internal Validity is a measure of the ability of the survey to draw the appropriate conclusions from the survey questions, and thus the data at hand (Kalof, et al., 2008). The Internal validity of the study was optimised by ensuring that the questions were simple, easy to understand, and based on the literature review conducted (Kalof, et al., 2008).

3.8.3 *Reliability*

Research findings are considered reliable if consistent findings are revealed over and over (Kalof, et al., 2008). The study is considered reliable as a standardised questionnaire was used for all respondents across all geographic locations through the same channels (email, online survey). The questionnaire was also piloted before dispersion which helped to improve reliability.

4 PRESENTATION OF RESULTS

4.1 Introduction

The purpose of this chapter is to present the results obtained from the survey questionnaires that were administered. The first part of the chapter presents the results for each Hub (South Africa, Africa, Europe, Latin America, and Asia) and the second part presents the analysis for the combined SABMiller group. In total 97 responses were received.

The study will exclude the North American Hub, as representatives of this Hub have declined to participate as this market is a joint venture (42% owned by MillerCoors) and thus does not implement the SABMiller business strategy locally.

4.2 Presentation of consolidated SABMiller Group Results

The purpose of this section is to present the consolidated results for the SABMiller Group:

4.2.1 *Split by Hub:*

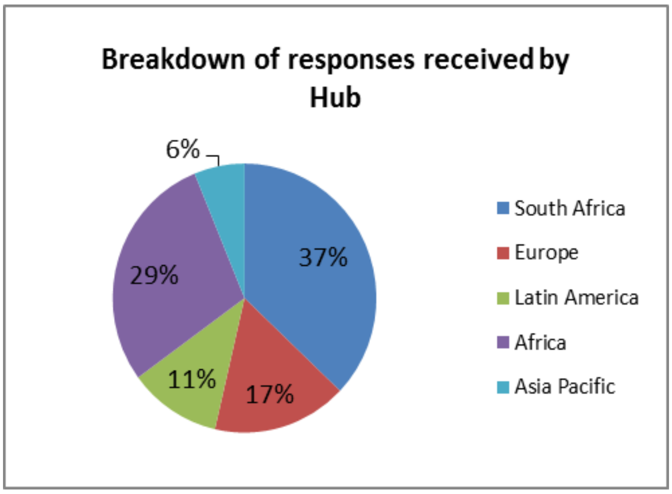

Figure 6: Response breakdown by Hub

The response rate for the South African Hub was by far the strongest – 36 responses were received out of a total of 65 surveys sent out. This represents a response rate of 55%, with this Hub contributing 37% of the data for the Group Analysis. The African Hub was the second most responsive Hub with a rate of 51% - 28 responses were received with a total contribution of 29% to the Group analysis. Europe and Latin America provided 17% and 11% respectively to the dataset, while Asia contributed just 6% (Asia yielded the lowest response rate of 6% - 6 responses from 99 surveys sent out).

The majority (53%) of respondents were from the age group 35-45 years – the 26-34 age group was the second largest with 35% and the 46+ group contributed 11% to the results.

4.2.1 *Group Divisional Split:*

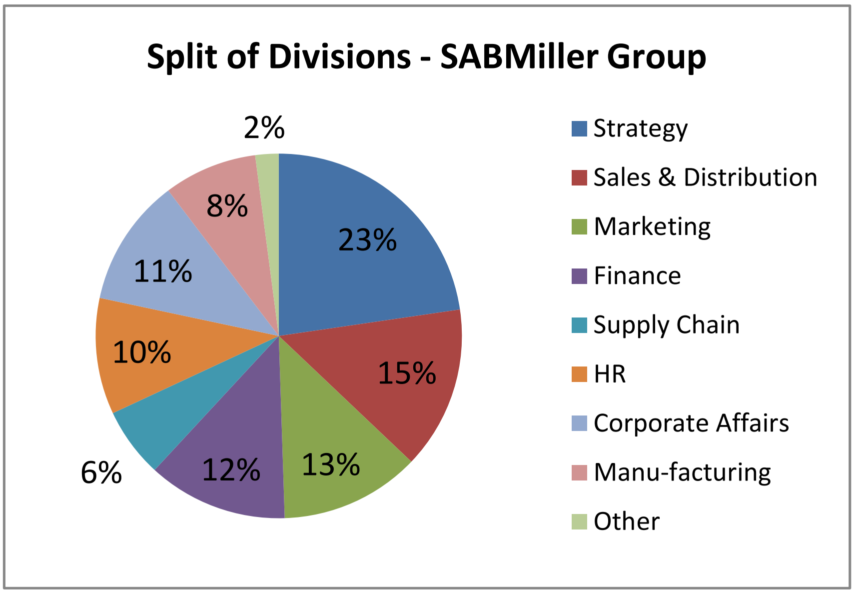

Figure 7: Response breakdown by division

All functional divisions within the group were well represented in the responses received. The Strategy function provided the most responses with a total of 22 – contributing 23% to the total dataset, with Sales & Distribution and Marketing the next largest contributors with 14 and 12 responses respectively. The lowest number of responses were received from Manufacturing with an 8.2% contribution (8 responses).

4.2.2 *Total number of years worked – Group Overview*

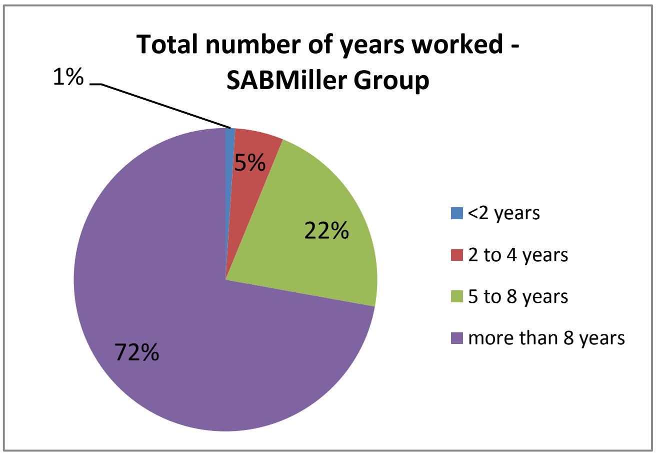

Figure 8: Total number of years worked – SABMiller Group

Almost 94% of the respondents for the group have been working for more than 5 years, while 5% have worked for between 2-5 years and a further 1 % less than 2 years.

4.2.3 *Total number of years worked at SABMiller – Group Overview*

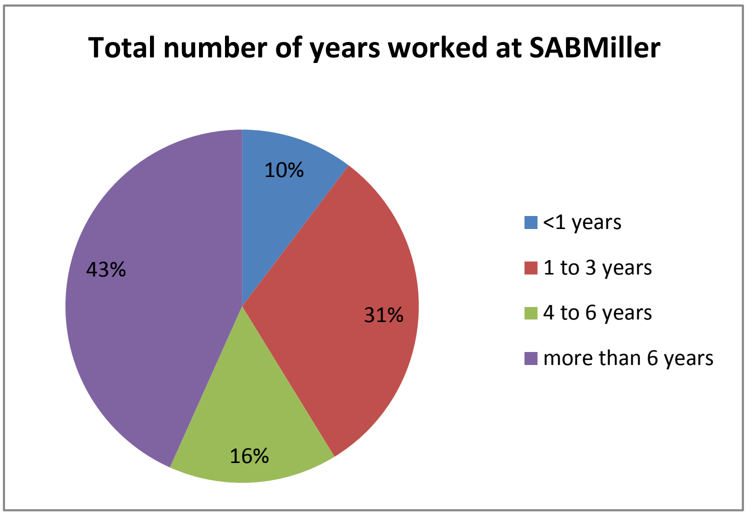

Figure 9: Total number of years worked at SABMiller – Group Overview

The data received represents a fair spread amongst the response categories - 31% of individuals surveyed have between 1-3 years' experience, 16% with 4-6 years' experience at SABMiller, and 43% with more than 6 years' experience. The band with the least number of respondents was the <1 years SABMiller experience category with 10%.

4.2.4 *Factors that influence Strategy Implementation – Group Analysis*

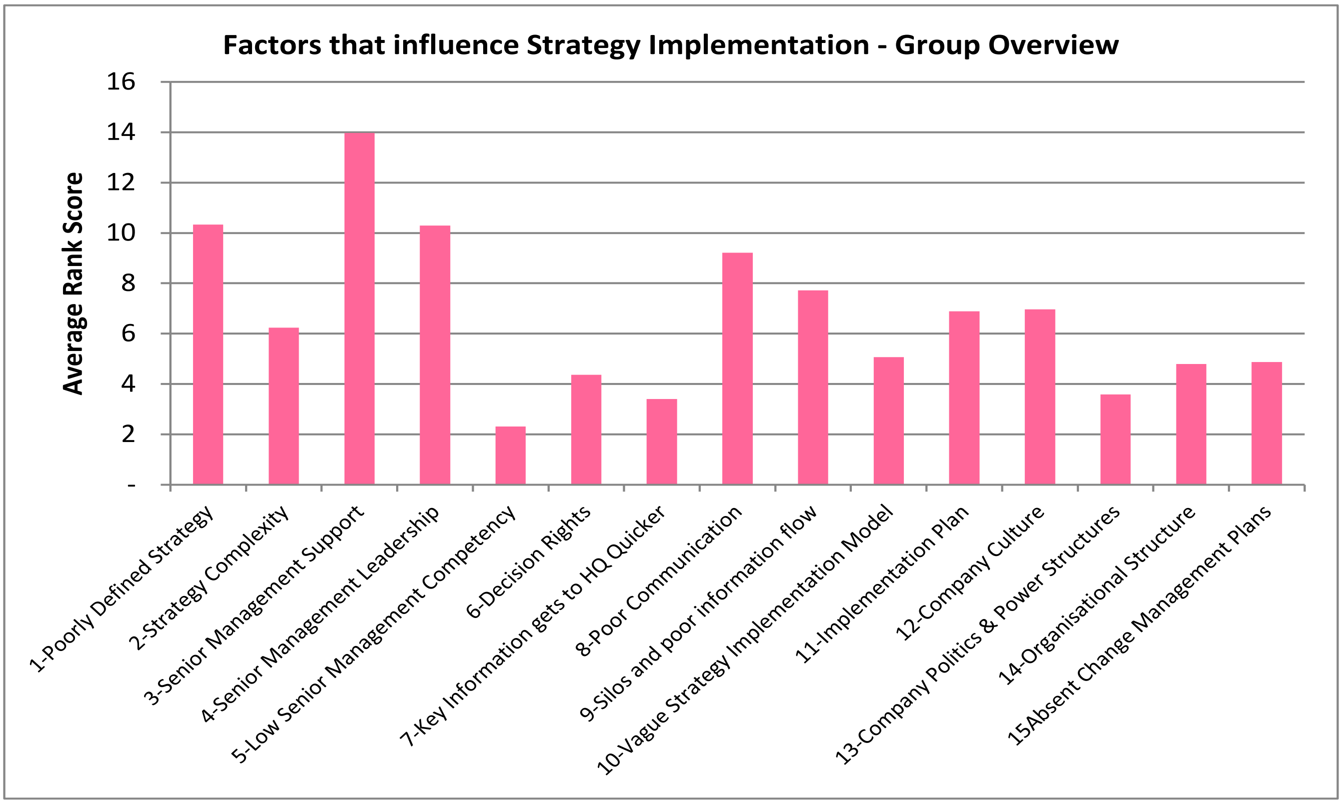

Figure 10: Factors that influence Strategy Implementation across the SABMiller Group

The following levers matter most for successful strategy execution:

- *Factor 3* (Senior Management support of a strategy is key to a successful strategy implementation) *with a ranking score of 13.97;*
- *Factor 1* (A poorly defined strategy is a key contributor to unsuccessful strategy implementations) *with a ranking score of 10.34; and*
- *Factor 4* (Capable Senior Management leadership drives successful strategy implementation) *with a ranking score of 10.29.*

The levers that are seen to have the least influence on successful strategy execution are:

- *Factor 5* (A poor strategy implementation has resulted due to below par Senior Management competency) *with a ranking score of 2.31;*
- *Factor 7* (Important information about the competitive environment gets to headquarters quickly - this allows us to adjust and implement our strategy accordingly and with good effect) *with a ranking score of 3.39; and.*
- *Factor 13* (Company politics and power structures have had a negative impact on me during strategy implementations) *with a ranking score of 3.58.*

4.3 Presentation of Hub Results

The purpose of this section is to present the results for the individual Hubs as follows:

1. South Africa
2. Africa
3. Europe
4. Latin America
5. Asia

4.3.1 *Presentation of results for the South African Hub*

a. ***Divisional Split***

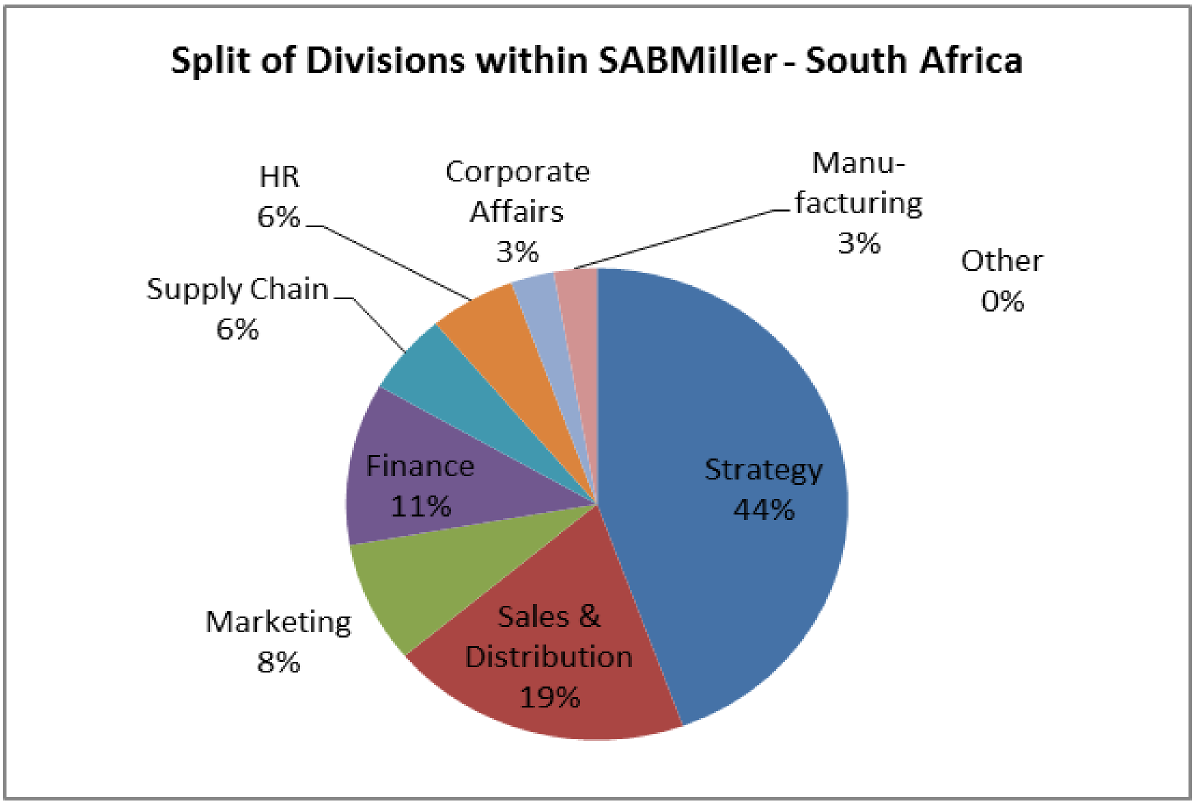

Figure 11: Split of divisions within the South African Hub

All functions within the group were represented in the responses received. In total, 36 responses were received for the South African Hub. Strategy was by far the largest contributor with 44%, followed by Sales and Distribution with 19%, and Finance, the next largest with 11%.

b. ***Total number of years worked***

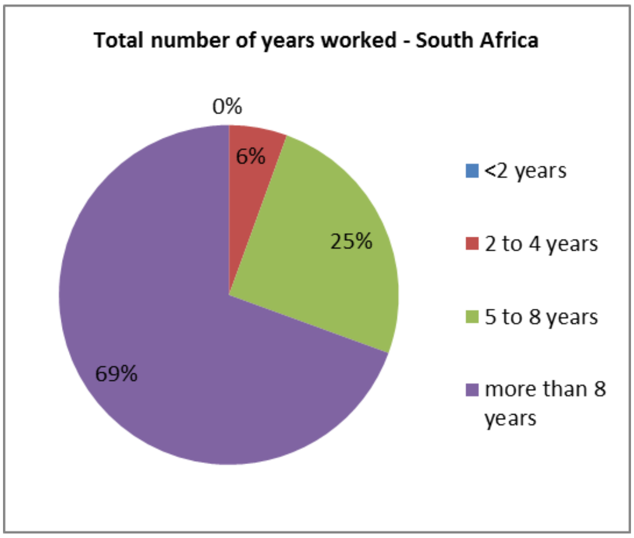

Figure 12: Total number of years worked - South African Hub

The data reveals that a large number of respondents (69%) have been working for more than 8 years, while 25% of respondents have been working for 5-8 years. It is thus concluded that 94% of the data set has been received from experienced individuals.

c. ***Total number of years worked at SABMiller***

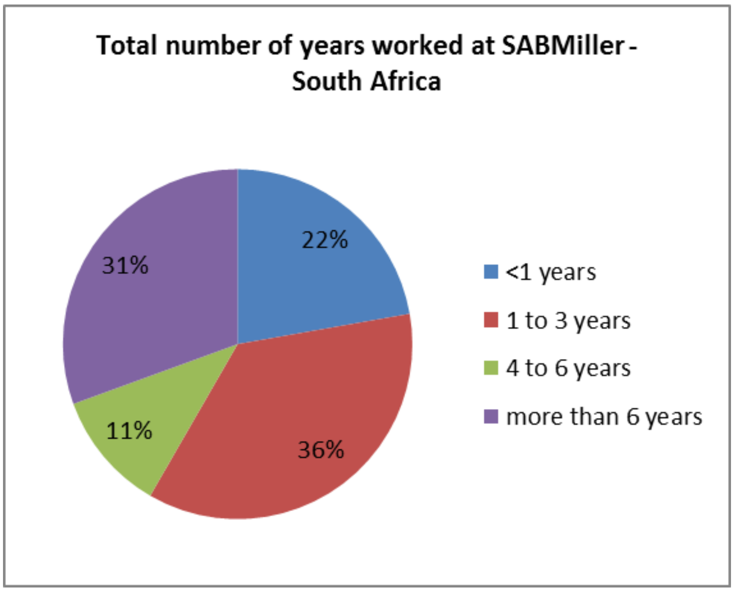

Figure 13: Total number of years worked at SABMiller - within the South African Hub

The data received represents a fair spread amongst the response categories - 36% of individuals surveyed have between 1-3 years' experience, 31% with more than 6 years' experience, and 22% with less than 1 year experience. The band with the least number of respondents was the 4-6 years SABMiller experience category.

d. ***Factors that influence Strategy Implementation***

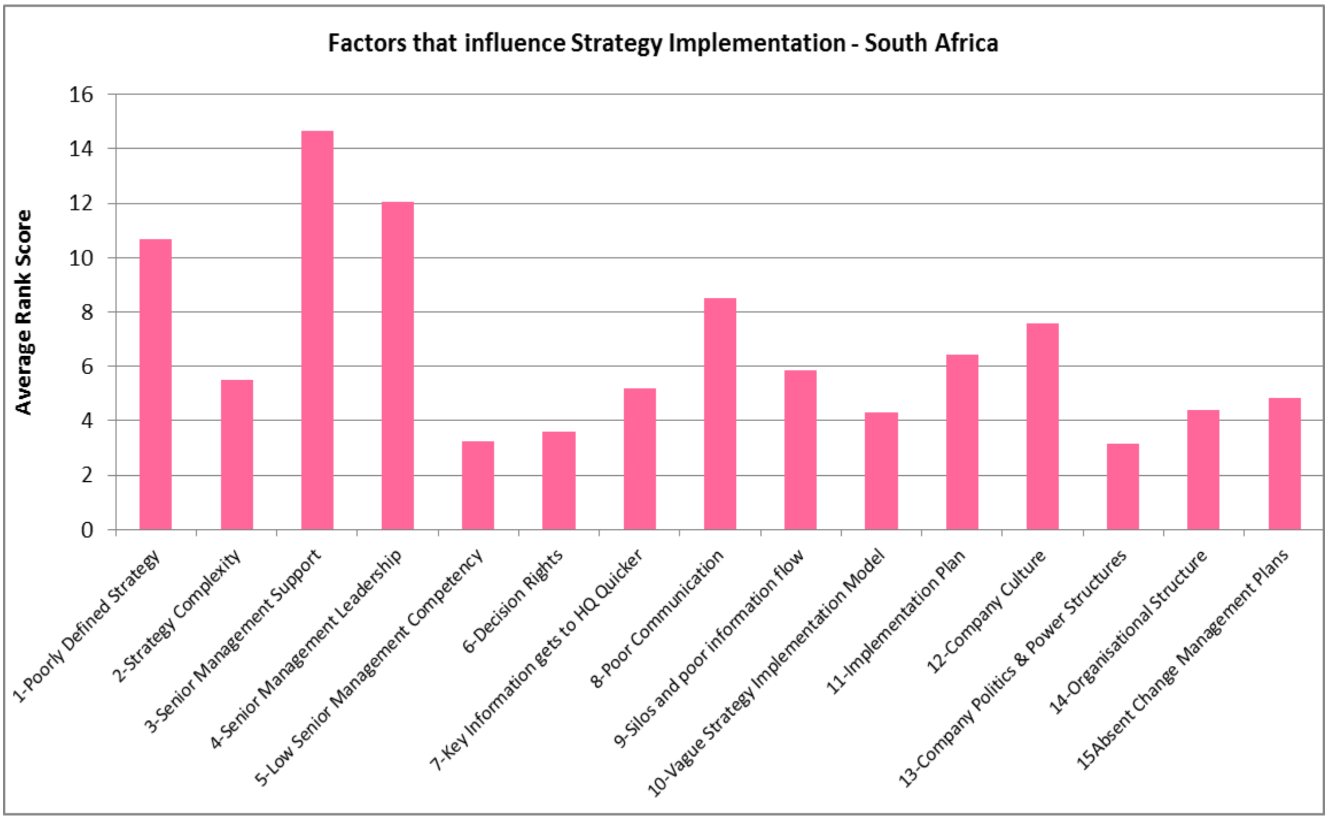

Figure 14: Factors that influence Strategy Implementation within the South African Hub

The following levers matter most for successful strategy execution:

- *Factor 3* (Senior Management support of a strategy is key to a successful strategy implementation) *with a ranking score of 14.64;*

- *Factor 4* (Capable <u>Senior Management leadership</u> drives successful strategy implementation) *with a ranking score of 12.03; and*

- *Factor 1* (A poorly defined strategy is a key contributor to unsuccessful strategy implementations) *with a ranking score of 10.69.*

These levers are in line with the results for the SABMiller Group results (Factors 3, 1, and 4) chosen as the most influential factors to impact successful strategy implementations.

The levers that are seen to have the least influence on successful strategy execution are:

- *Factor 13* (Company politics and power structures have a negative impact on strategy implementations) *with a ranking score of 3.16.*
- *Factor 5* (A poor strategy implementation has resulted due to below par Senior Management competency) *with a ranking score of 3.25; and*
- *Factor 6 (*Key members of the organisation are empowered to make key decisions at all levels) *with a ranking score of 3.62.*

4.3.2 *Presentation of results for the African Hub*

a. ***Divisional Split***

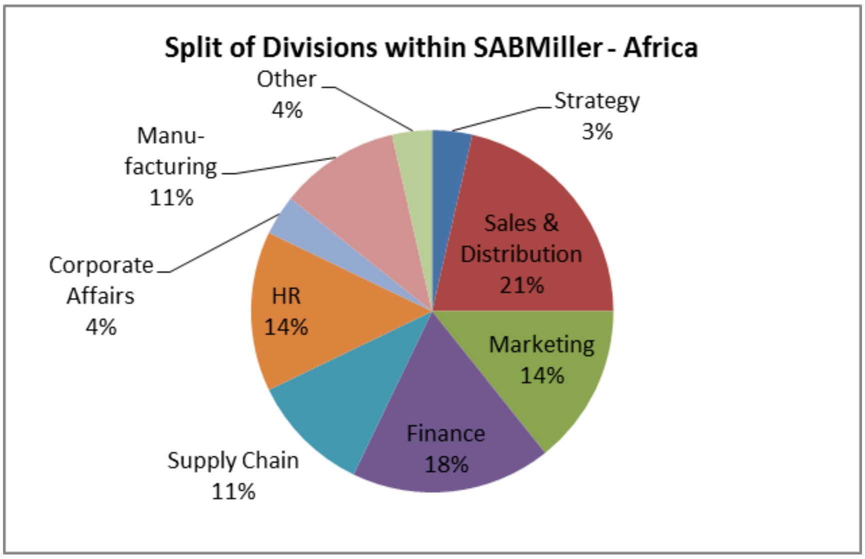

Figure 15: Split of divisions within the African Hub

All functions were represented in the responses received. In total, 28 responses were received. Sales and Distribution was well represented with a contribution of 21%, followed by Finance and Marketing with 18% and 14% respectively. Strategy reflected the smallest contribution with 3%.

b. ***Total number of years worked***

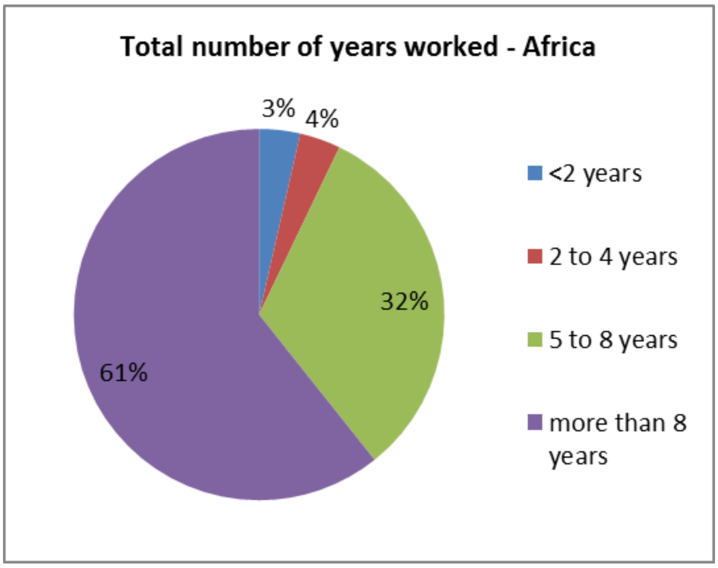

Figure 16: Total number of years worked - African Hub

The data reveals that a large number of respondents (61%) have been working for more than 8 years, while 32% of respondents have been working for 5-8 years. A small portion of respondents are inexperienced with less than 2 years' experience (3%).

c. ***Total number of years worked at SABMiller***

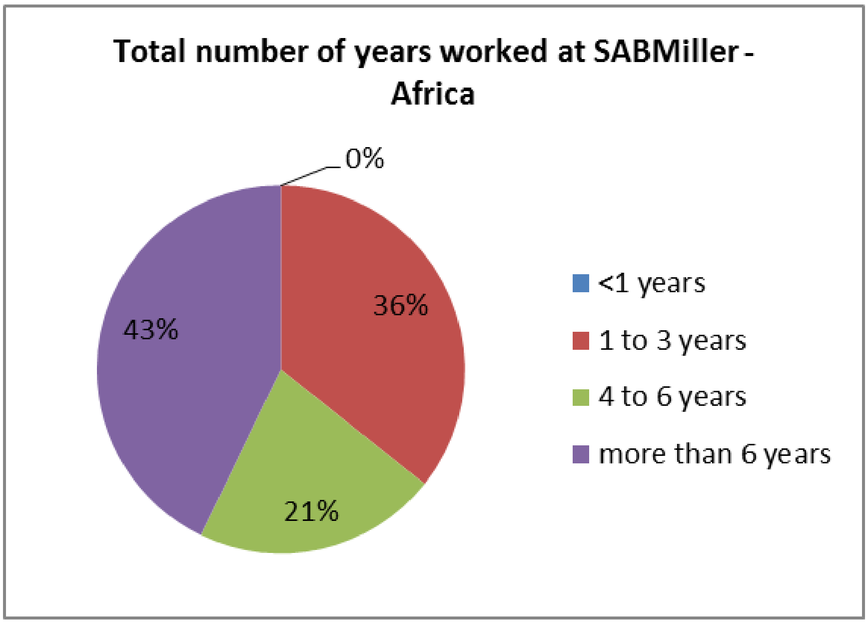

Figure 17: Total number of years worked at SABMiller - within the African Hub

A large proportion of respondents have worked for SABMiller for an extended period – 43% have worked for more than 6 years, while 21% have worked for between 4-6 years. In total, 64% of the respondents have worked for SABMiller for more than 4 years. No data was received from newly employed individuals, while the 1-3 year category contributed 36% of the data.

d. ***Factors that influence Strategy Implementation***

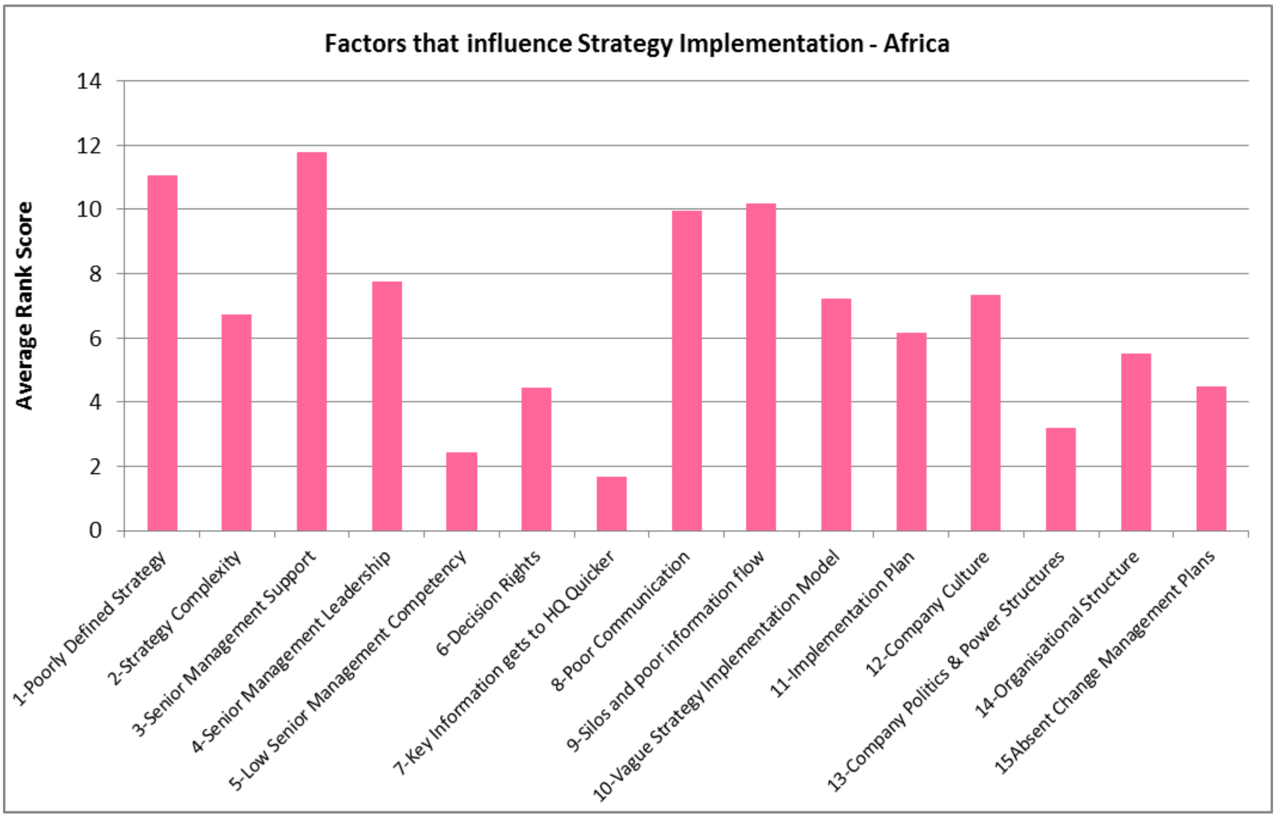

Figure 18: Factors that influence Strategy Implementation within the African Hub

The following levers matter most for successful strategy execution:

- *Factor 3* (Senior Management support of a strategy is key to a successful strategy implementation) *with a ranking score of 11.79;*
- *Factor 1* (A poorly defined strategy is a key contributor to unsuccessful strategy implementations) *with a ranking score of 11.06; and*
- *Factor 9* (Silos and poor information flow across functional areas inhibit effective strategy implementation) *with a ranking score of 10.19.*

These factors are largely in line with the Group results, except for 9 which was scored 3rd highest for the African Hub, but scored 5th highest for the Group.

The levers that are seen to have the least influence on successful strategy execution are:

- *Factor 7* (Important information about the competitive environment gets to headquarters quickly - this allows us to adjust and implement our strategy accordingly and with good effect) *with a ranking score of 1.69.*

- *Factor 5* (A poor strategy implementation has resulted due to below par Senior Management competency) *with a ranking score of 2.45; and*

- *Factor 13* (Company politics and power structures have had a negative impact on me during Strategy Implementations) *with a ranking score of 3.18.*

4.3.3 *Presentation of results for the European Hub*

a. ***Divisional Split***

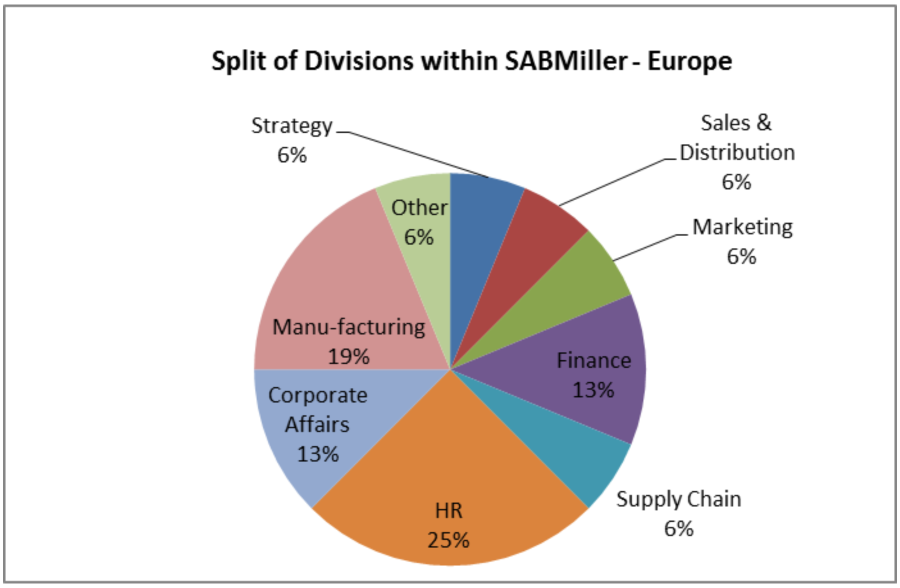

Figure 19: Split of divisions within the European Hub

All divisions within the group were represented in the responses received. In total, 16 responses were received with the Human Resources division being the most dominant contributor with 25%, followed closely by Manufacturing with 19%. Strategy, Sales and Distribution, Marketing and Supply Chain each contributed 6%.

b. ***Total number of years worked***

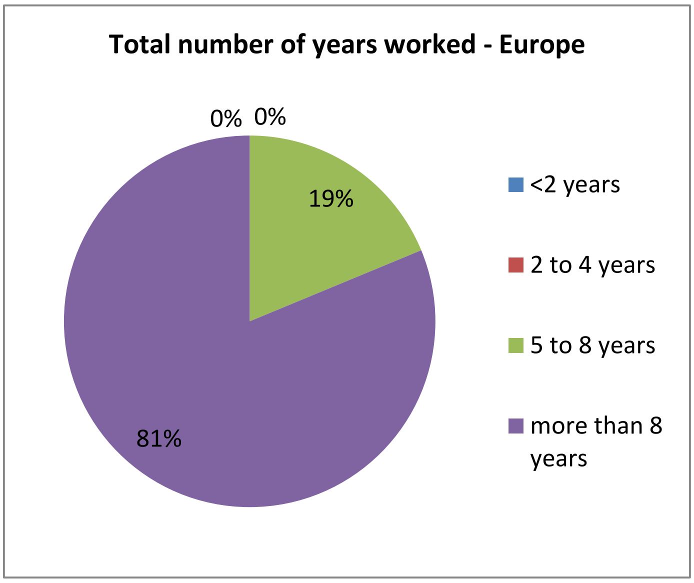

Figure 20: Total number of years worked - European Hub

The data reveals that a large number of respondents (81%) have been working for more than 8 years, while 19% of respondents have been working for 5-8 years. It is thus concluded that almost all responses have been received from experienced individuals.

c. ***Total number of years worked at SABMiller***

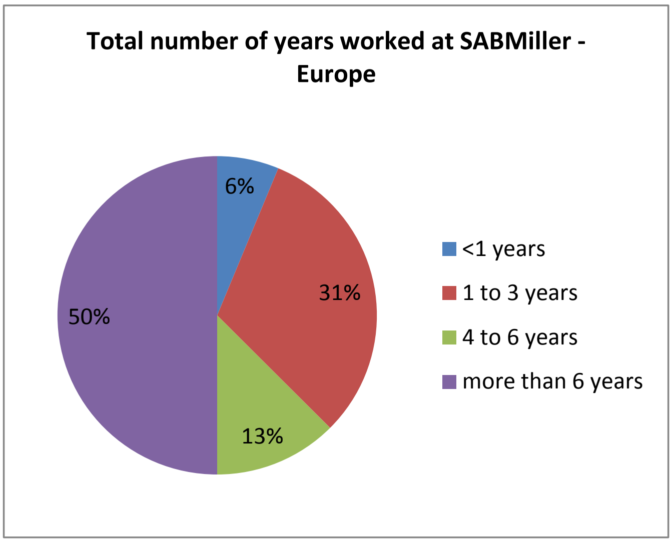

Figure 21: Total number of years worked at SABMiller - within the European Hub

A large proportion of respondents have worked for SABMiller for a lengthy period – almost 50% have worked for more than 6 years, while 13% have worked for between 4-6 years. In total, 63% of the respondents have worked for SABMiller for more than 4 years. 6% of the respondents are newly employed individuals, while almost a 1/3rd (31%) have worked for SABMiller for between 1-3 years.

d. ***Factors that influence Strategy Implementation***

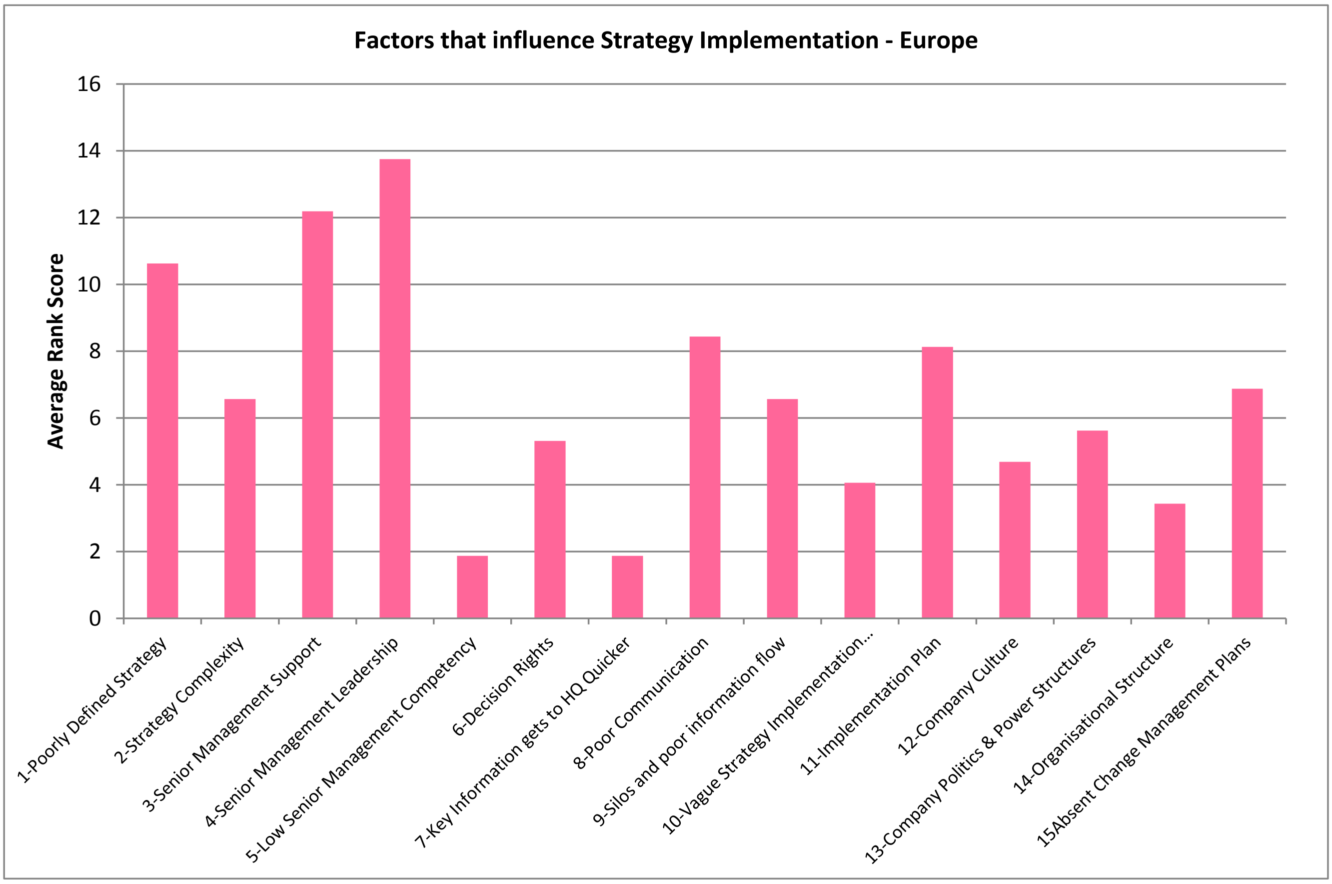

Figure 22: Factors that influence Strategy Implementation within the European Hub

The following levers matter most for successful strategy execution:

- *Factor 4* (Capable Senior Management leadership drives successful strategy implementation) *with a ranking score of 13.75;*
- *Factor 3* (Senior Management support of a strategy is key to a successful strategy implementation) *with a ranking score of 12.19; and*

- *Factor 1* (A poorly defined strategy is a key contributor to unsuccessful strategy implementations) *with a ranking score of 10.63.*

These levers are in line with the results for the SABMiller Group results (Factors 3, 1, and 4) chosen as the most influential factors to impact successful strategy implementations.

The levers that are seen to have the least influence on successful strategy execution are:

- *Factor 7* (Important information about the competitive environment gets to headquarters quickly - this allows us to adjust and implement our strategy accordingly and with good effect) *with a ranking score of 1.86.*

- *Factor 5* (A poor strategy implementation has resulted due to below par Senior Management competency) *with a ranking score of 1.86; and*

- *Factor 14* (A well-defined organisational structure will result in better strategy execution) *with a ranking score of 3.44.*

4.3.4 *Presentation of results for the Latin American Hub*

a. ***Divisional Split***

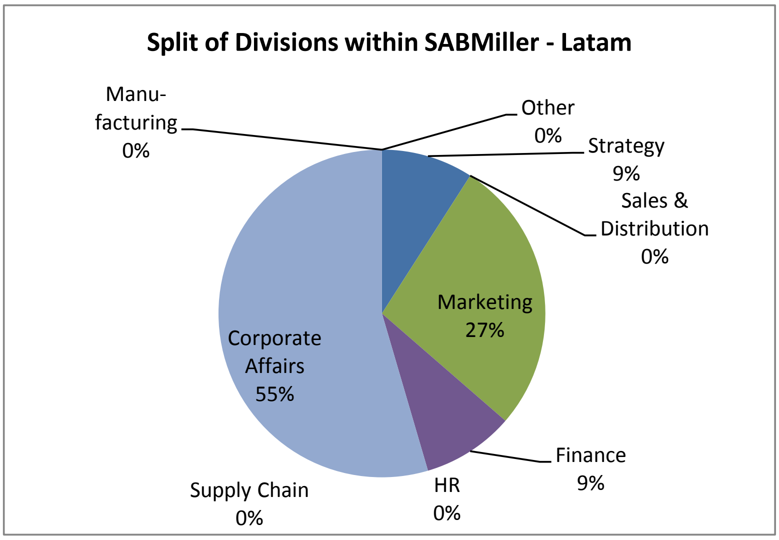

Figure 23: Split of divisions within the Latin American Hub

The analysis shows that there was a strong bias to responses from Corporate Affairs with a 55% contribution. Finance (9%), Strategy (9%), and Marketing (27%) were well represented while no contribution was received from Human Resources, Supply Chain, and Manufacturing.

b. ***Total number of years worked***

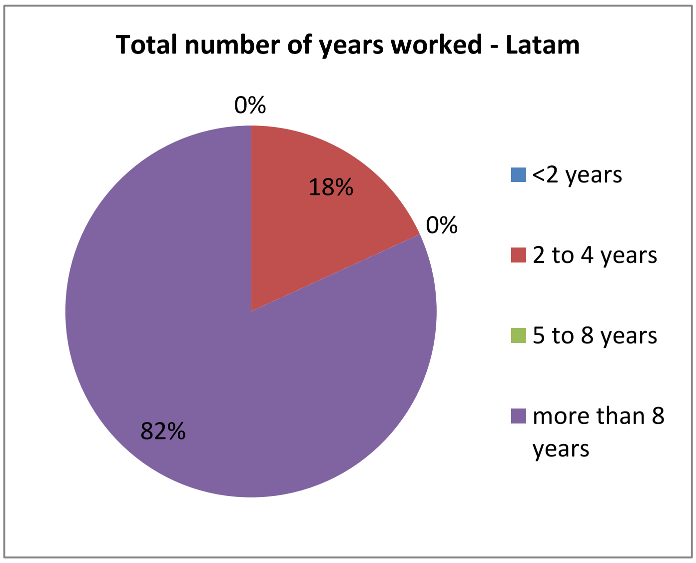

Figure 24: Total number of years worked – Latin American Hub

Almost 82% of the respondents for the European Sample have been working for more than 8 years, while 19% of respondents have been working for 5-8 years. No responses were received from the <2 years and 2-4 year groupings.

c. ***Total number of years worked at SABMiller***

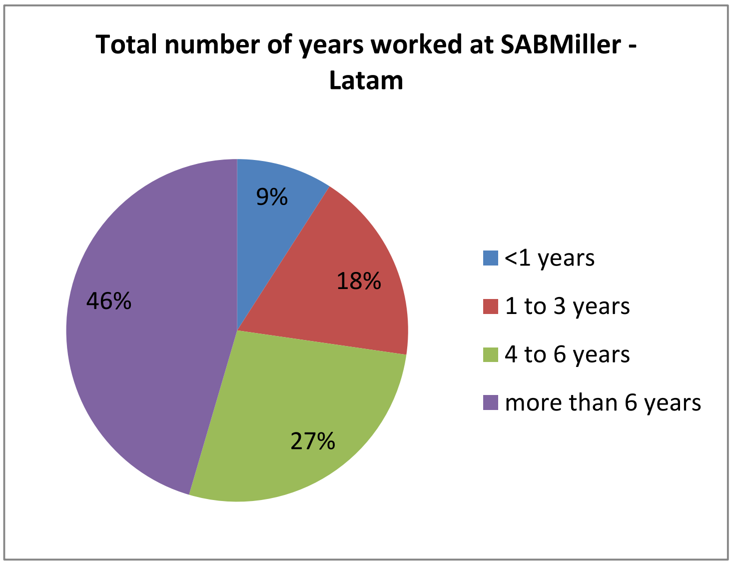

Figure 25: Total number of years worked at SABMiller - within the Latin American Hub

The data received represents a fair spread amongst the response categories - 18% of individuals surveyed have between 1-3 years' experience, 27% with 4-6 years' experience at SABMiller, and 46% with more than 6 years' experience. The band with the least number of respondents was the <1 years SABMiller experience category.

d. ***Factors that influence Strategy Implementation***

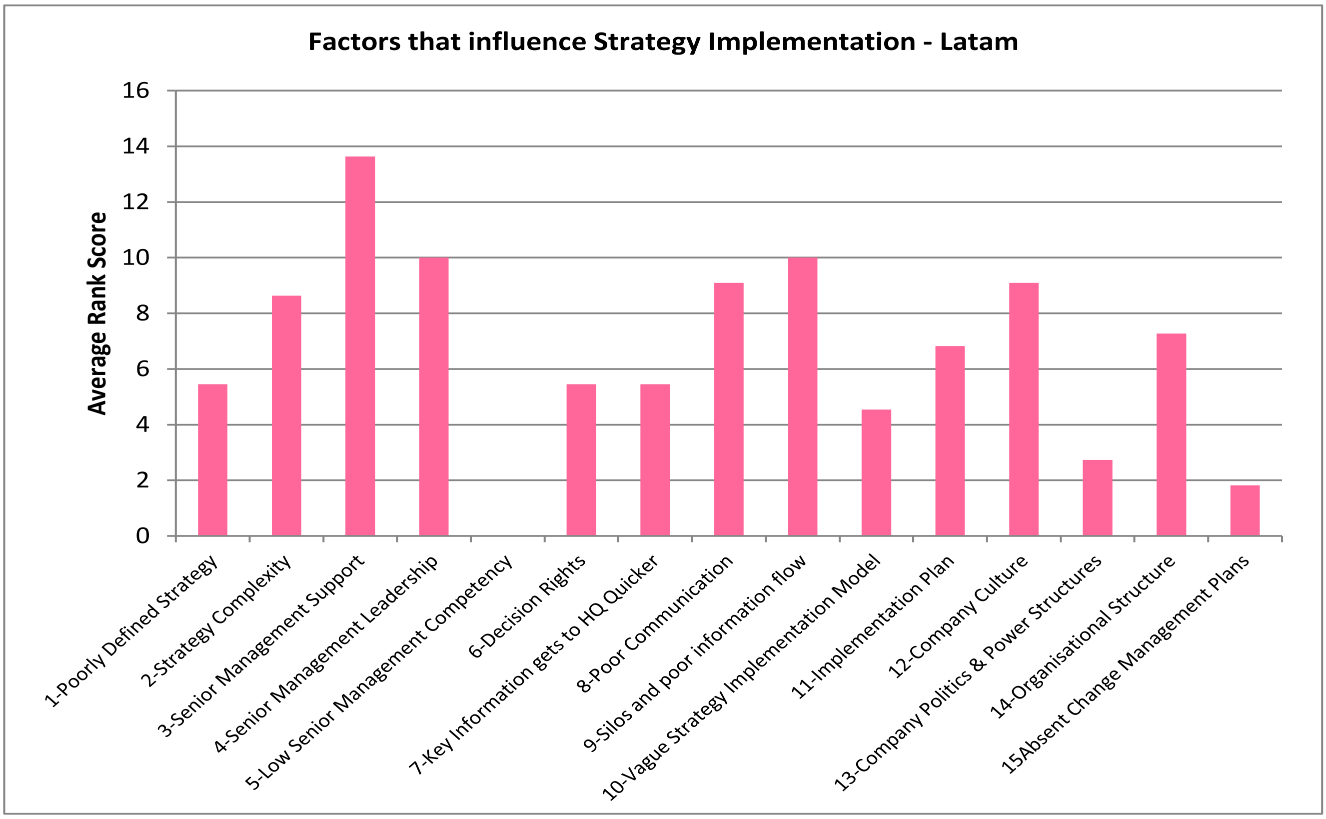

Figure 26: Factors that influence Strategy Implementation within the Latin American Hub

The following levers matter most for successful strategy execution:

- *Factor 3* (Senior Management support of a strategy is key to a successful strategy implementation) *with a ranking score of 13.64;*
- *Factor 4* (Senior Management leadership drives successful strategy implementation) *with a ranking score of 10.00; and*
- *Factor 9* (Silos and poor information flow across functional areas inhibit effective strategy implementation) *with a ranking score of 10.00.*

These factors are largely in line with the Group results, except for 9 which was scored 3rd highest for the African Hub, but scored 5th highest for the Group.

The levers that are seen to have the least influence on successful strategy execution are:

- *Factor 5* (A poor strategy implementation has resulted due to below par Senior Management competency) *with a ranking score of 0.00;*

- *Factor 15* (Strategy implementations have suffered because the appropriate change management plans to effect the necessary change in the organisation was absent or not well designed) *with a ranking score of 1.8; and*

- *Factor 13* (Company politics and power structures have had a negative impact on me during Strategy Implementations) *with a ranking score of 2.73.*

4.3.5 *Presentation of results for the Asia Hub*

a. ***Divisional Split***

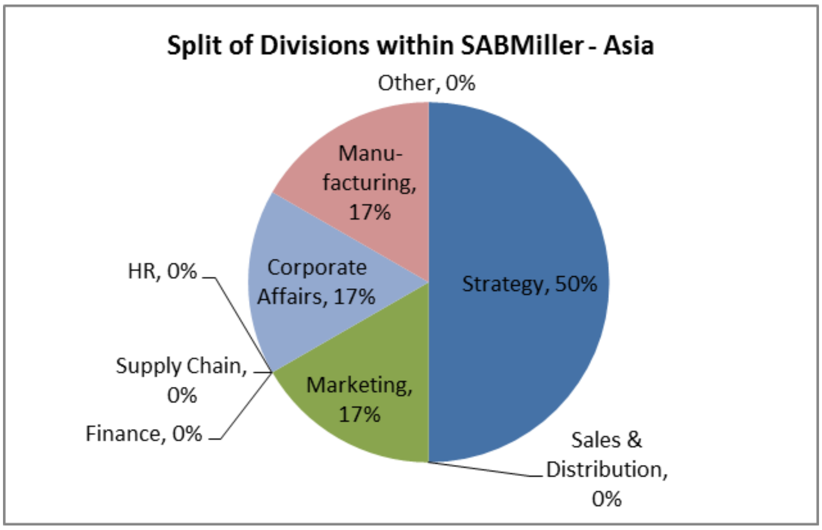

Figure 27: Split of divisions within the Asia Hub

The analysis shows that there was a strong bias to responses from Strategy with a 50% contribution. Corporate Affairs (17%), Manufacturing (17%), and Marketing (17%) were well represented while no contribution was received from Human Resources, Supply Chain, and Finance.

b. ***Total number of years worked***

All respondents have worked for more than 8 years. No responses were received from the <2 years, 2-4 years, and 5-8 year groupings.

c. ***Total number of years worked at SABMiller***

The data received shows that all respondents have been working for more than 6 years - this dataset represents an experienced input sample.

d. ***Factors that influence Strategy Implementation***

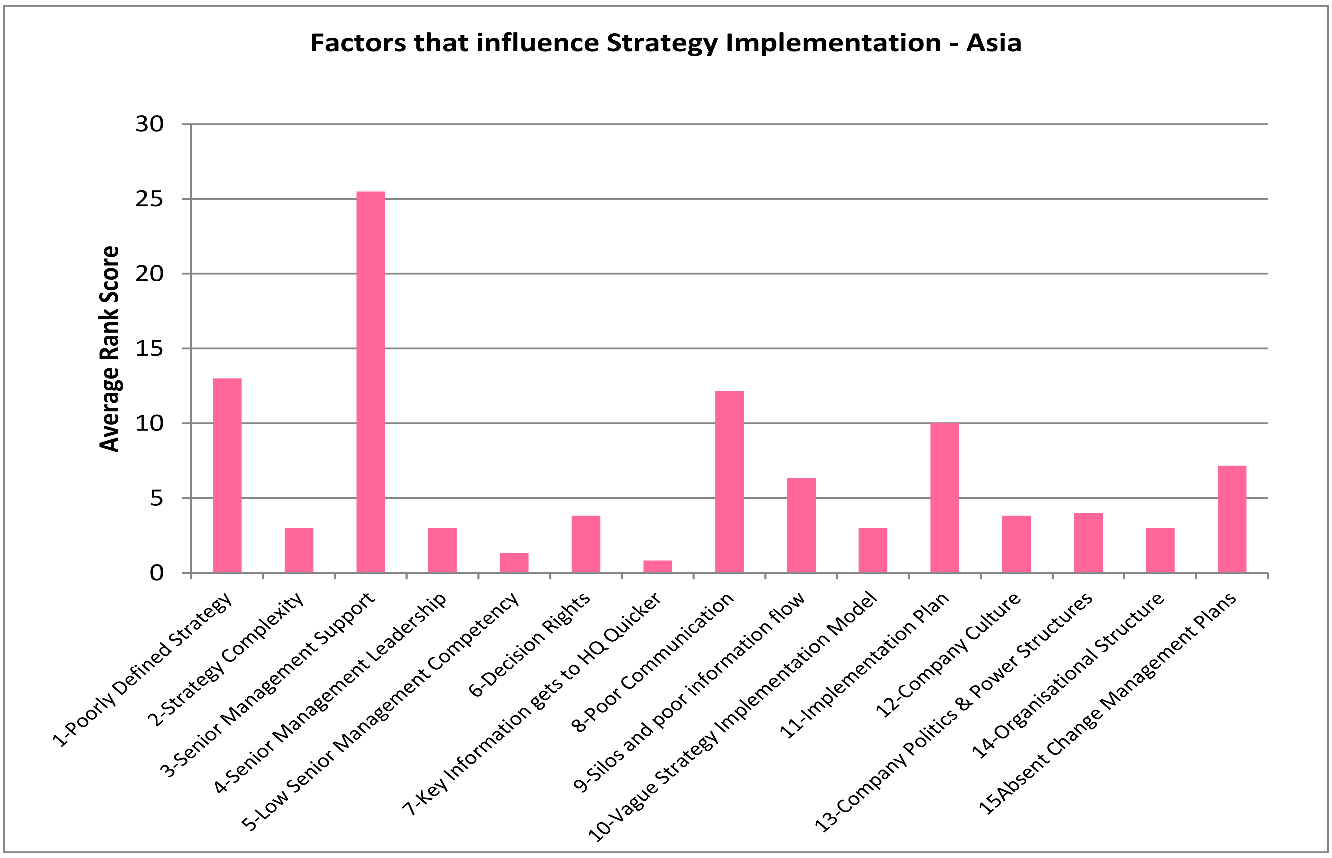

Figure 28: Factors that influence Strategy Implementation within the Asian Hub

The following levers matter most for successful strategy execution:

- *Factor 3* (Senior Management support of a strategy is key to a successful strategy implementation) *with a ranking score of 25.50;*

- *Factor 1* (A poorly defined strategy is a key contributor to unsuccessful strategy implementations) *with a ranking score of 13.00; and*

- *Factor 8* (Communication of the company strategy will result in better strategy execution) *with a ranking score of 12.17.*

These factors are largely in line with the Group results, except for 8 which was scored 3rd highest for the African Hub, but scored 4th highest for the Group.

The levers that are seen to have the least influence on successful strategy execution are:

- *Factor 7* (Important information about the competitive environment gets to headquarters quickly - this allows us to adjust and implement our strategy accordingly and with good effect) *with a ranking score of 0.83; and*

- *Factor 5* (A poor strategy implementation has resulted due to below par Senior Management competency) *with a ranking score of 1.83.*

Note that Factors 14 (Organisational Structure), 10 (Vague Strategy Implementation Model), 4 (Senior Management Leadership), and 2 (Strategy Complexity) shared a ranking score of 3 as the third lowest score.

4.4 Summary of the results

Overall, 97 responses were received, 37% of which were female, and 63% male. The age profiles of respondents were biased to the 35 to 45 age group (with a 53% contribution), while the next largest grouping was the 26-34 age group. The < 25 age grouping was the least represented in the sample data with 1%.

South Africa provided the largest number of responses to the study, with a contribution of 37%, followed by Africa and Europe with 29% and 17% respectively. The Asia Pacific region contributed the least with 6%. All divisions within SABMiller were well represented, with the Strategy and Sales & Distribution functions providing the most responses (23% and 15% respectively). Manufacturing and Supply chain provided the least responses with 8% and 65 respectively.

Fifteen factors were presented to respondents, and the factor most highly ranked to influence successful strategy implementations was Factor 3: Senior Management support of a strategy is key to a successful strategy implementation. Factor 3 was ranked 5 out 5 times as one of the top 3 factors to influence Strategy implementation, and was also ranked the highest for the SABMiller Group. The other factors that ranked the highest across the Hubs were as follows:

- *Factor 1:* A poorly defined strategy is a key contributor to unsuccessful strategy implementations.
- *Factor 4:* Capable Senior Management leadership drives successful strategy implementation.
- *Factor 9:* Silos and poor information flow across functional areas inhibit effective strategy implementation.
- *Factor 8:* Communication of the company strategy will result in better strategy execution.

5 DISCUSSION OF RESULTS

5.1 Introduction

The purpose of this chapter is to discuss, explain and interpret the findings of the analysis that was presented in Chapter 4 in relation to the literature that was discussed in Chapter 2. The purpose of this study is to analyse the factors which have an influence on the successful strategy implementation of various regions within the SABMiller plc. group.

“A brilliant strategy or breakthrough technology can put a company on the competitive map, but only solid strategy execution can keep you there” (Nielsen, 2008, p. 1) - the discussion that follows will provide insights into the factors that influence the success of strategy implementations in differing geographies and the group as a whole. This will help SABMiller plc. to understand and unpack differing company and geographic factors to streamline the strategy process to ensure strategy formulation and implementation are better managed, thus enabling the Multinational to be more successful in the markets in which it operates.

5.2 Experience of respondents

The respondents were experienced with 72% having worked for more than 8 years, and 22% for between 5-8 years – this reflects a total of 94% having worked for more than 5 years. Regarding experience within SABMiller, this also showed up high on the ‘experience within SABMiller’ ratings – 43% of respondents have worked for SABMiller for more than 6 years, while 16% have worked for between 4-6 years (see figure below: Total number of years worked at SABMiller – Group Overview).

These results are in line with SABMiller strategic priorities (Davidson, 2012) that talks to leveraging its skills and its global scale to achieve success – this strategic priority speaks to presenting increasing opportunities to gain value from the scale and skills of the group by benefitting from on-going collaboration and the sharing of skills between the various markets in which it operates. SAB started in 1886, and only in the 1990’s did it begin its ambitious acquisition programme (SAB Limited, 2012) – targeting Europe in 1993, Miller in 2003, Latin America in 2005, Peroni in 2006, Grolsch in 2008, and most recently the acquisition of Fosters in 2012 (Davidson, 2012). This history is important and needs mentioning, as skills and experience nurtured in the South African market were exported to new markets – this has formed the basis of an enduring and rewarding career for SABMiller employees, who tend to stay with the company for lengthy periods.

5.2.1 *Total number of years worked at SABMiller – Group Overview*

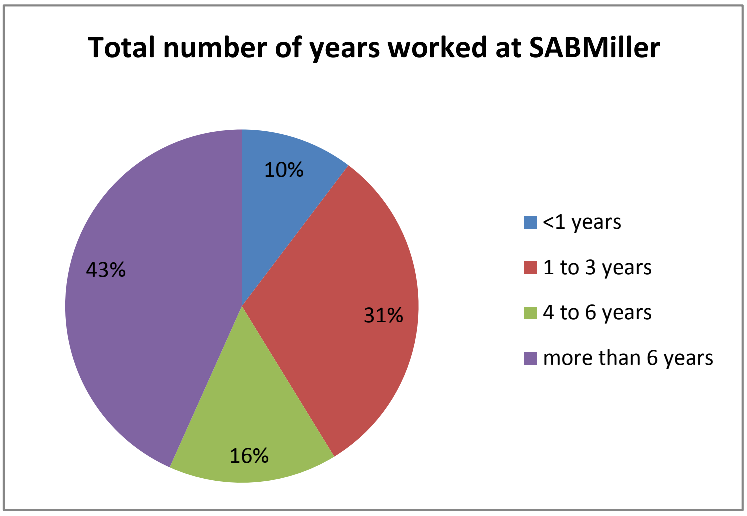

Figure 29: Total number of years worked at SABMiller – Group Overview

5.3 Discussion of the overall results for the SABMiller Group

The contributions (in terms of number of respondents) to the results for the SABMiller group are as follows: South African Hub – 37%, African Hub - 29%, European Hub – 17%, Latin American Hub - 11%, and the Asia Hub - 6%. The key factors influencing strategy implementations across the SABMiller Group were Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation), Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations), and Factor 4 (Senior Management Leadership).

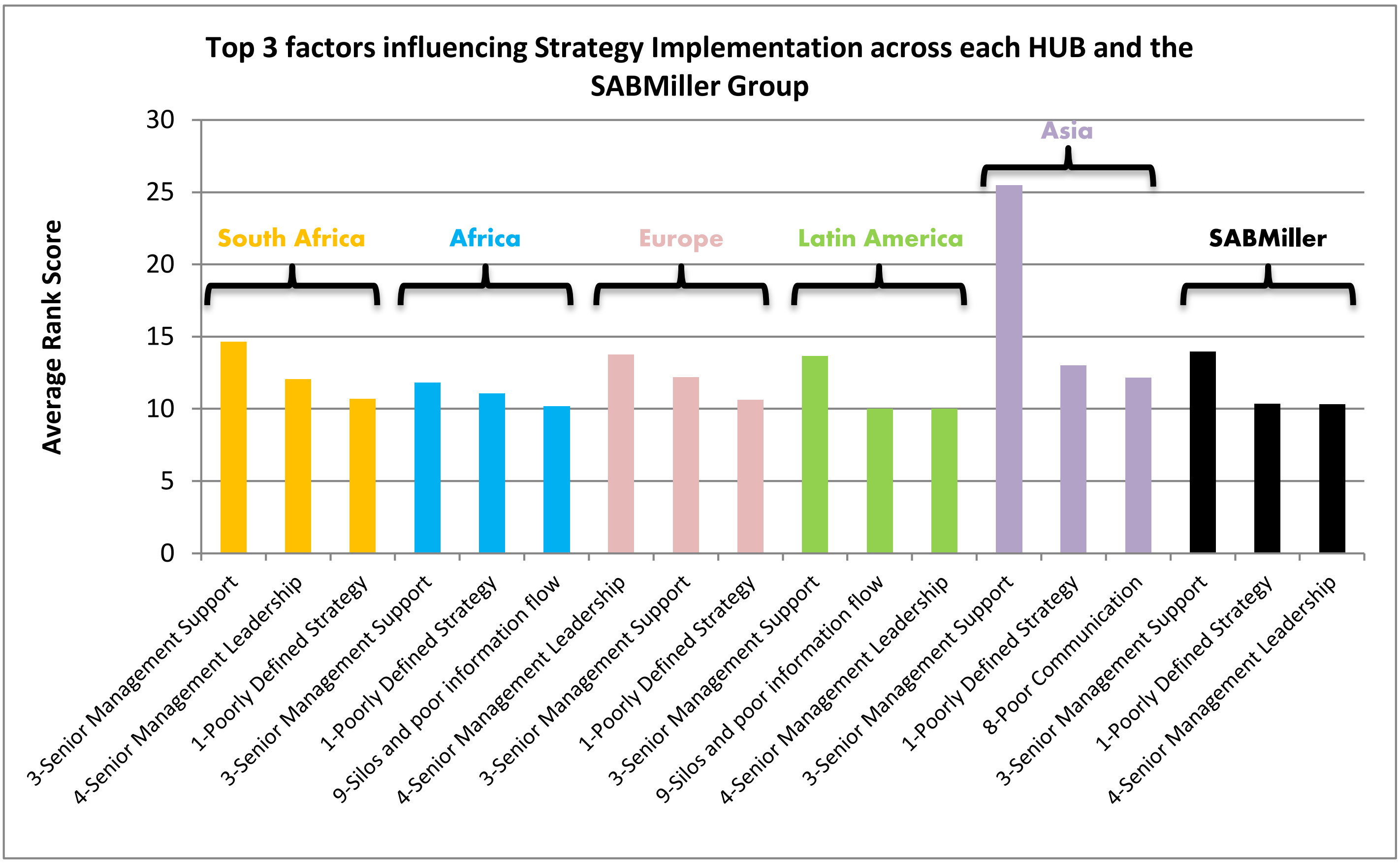

Figure 30: Factors that influence Strategy Implementation across the SABMiller Group

The results for the SABMiller Group, as expected resonate with the results for the largest respondent base being South Africa, while they differ slightly for the African and Latin American Hubs.

Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation) appears as the top ranked factor in 4 out of the 5 Hubs (except for Europe where it is ranked 2nd highest). Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations) is ranked in the top 3 factors influencing strategy implementations for 4 out of the 5 Hubs – only the Latin American Hub does not rank this factor as high. Factor 4 (Senior Management Leadership) is less popular that the factors listed above, and appears as a key factor influencing strategy implementations in 3 out of the 5 hubs – Africa and Asia do not rate these factors as highly.

SABMiller has been highly successful in the last year – group revenue grew by 11%, while EBITA grew by 12% (Davidson, 2012). This has been attributed to strong leadership, and the consistency of the Group Strategy (Davidson, 2012) – 'while it naturally evolves over time, the strategy we're pursuing continues to be relevant and has enabled us to succeed even in trying circumstances' – Graham Mackay, CEO (Davidson, 2012). The factors that have been ranked the highest by the Group overall (Senior Management Support, Leadership, and a well-defined Strategy) are in line with the message conveyed by Graham Mackay above, and proves that employee belief in what drives successful strategy implementation is also believed and well understood at the highest level of the group.

These findings resonate with the research done by Sterling (2003) which found that a lack of senior management support is a silent killer to the strategy implementation process, and a poorly defined strategy is a core reason for a poor implementation (Hrebiniak, 2006).

5.4 Discussion of highest ranked factors influencing successful Strategy Implementations for South Africa

5.4.1 *Discussion of key factors influencing Strategy Implementations*

The highest ranked factor influencing strategy implementation for the South African Region is Factor 3: Senior Management support of a strategy is key to a successful strategy implementation. The second and third most important factors were Factors 4 (Capable Senior Management leadership drives successful strategy implementation) and 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations). These results resonated with the results for the group – looking past the fact that the South African Hub provided the most responses, one cannot forget that SABMiller PLC began its global journey in South Africa, and with the export of home grown talent to other geographies, came the influence of culture and possible strategic influence.

A strong theme of senior management support and leadership comes through for the two most important factors which outranked the fourth highest ranking factor (Factor 8: Communication) by an average of 6 ranking points. These findings resonate with the research done by Sterling (2003) which found that a lack of senior management support is a silent killer to the strategy implementation process. Sterling (2003) suggests that an effective implementation of an average strategy beats mediocre implementation of a great strategy and that it does not matter whether the Strategic choices were conceived by Senior Management, or forced down upon them: it will not succeed if the necessary resources and support are not put behind the initiative.

The South African hub generated almost US$m 5.8bn in revenue and US$m 1.1bn (Davidson, 2012) in EBITA in the 2012 financial year. It is seen as the ‘home market’ within the SABMILLER group responsible for generating almost 22% (almost 27 million Hectolitres) of the groups EBITA, the 2nd largest contributor behind Latin America (Davidson, 2012). To put this into context, the South African Breweries, with the support of a population of 50m South Africans contributes almost a quarter of the EBITA of SABMiller, the world’s 2nd largest (Davidson, 2011) Brewer (AB Inbev is the world’s largest brewer by 4% in volume terms). This has been accomplished largely through a sound strategy driven by a strong leader in Norman Adami who was reappointed Chairman and Managing Director of The South African Breweries Limited (SAB Ltd) in October 2008 (SABMiller, 2012). Current South African employees can relate to Senior Leadership and Support, as it is the focus and the drive of this strategy of senior leadership that has enabled the Hub to be successful.

5.4.2 *Discussion of factors which have little or no impact of successful Strategy Implementations*

The factors ranked the lowest by respondents in the South African Hub were Factor 13 (Company politics and power structures have a negative impact on strategy implementations) and Factor 5 (A poor strategy implementation has resulted due to below par Senior Management competency) – which suggests that company politics and competency are not an issue within this Hub.

The South African Hub is led by a strong Leader in Norman Adami, with competent Directors in charge of each functional area, each lead by the company strategy. This has evidently had some influence on the ranking of factors with respondents ranking traits of Senior Management as key to successful strategy implementations and factors which do not seem to exist within the South African Hub (Competency, Power Structures, and Politics) as negligibly low.

Noble (1999) suggests that a collective mind-set is required to ensure that consensus between managers is available to implement business strategies, and that a lack of consensus means that managers are not operating under the same goals and objectives. Lorange (1998) also refers to the existence of 'Organisational Kingdoms' where company executives are unwilling to give up traditional methods or views to the detriment of the company. The South African Hub results also show that Senior Management Competency is not an important factor for successful strategy implementations, which again resonates with the top ranked factors of Senior Management Leadership and Support discussed earlier in this section.

5.4.3 *Discussion of Open Ended Questions*

Respondents were given the opportunity to identify and list any other factors not mentioned in the questionnaire that they thought might influence strategy implementation. The factors highlighted echoed the findings of the literature review and were centred on the following themes – Communication, Well developed implementation plans, Senior Management Leadership, Change Management, and Strategy Complexity.

Some of the key insights were as follows:

- Respondents felt the need for involvement of all stakeholders both vertical and horizontal, in at least some part of the strategic design, which will be key to successful implementation. When the involvement and buy in is not secured early on in the process, the difficulty of implementation is expected to increase, and with it success decreases.
- Consistency in driving a strategy through to completion – i.e. not giving up too soon and allowing enough time for a strategy to take effect (3 years), before

making any radical changes. Adjustment or tweaking inflight is required as circumstances change, but wholesale change every year is more destructive. Some stubbornness is required for a strategy to be effective.

- It was felt that strategy implementations would be more successful if employees actually understood what business strategy is and the significant value-adding role that it plays within an organisation - employees need to be able to see the overall big picture.
- Incentivising of staff was seen as critical - no matter how well thought out the strategy, if staff are not incentivised accordingly, then this may affect buy-in, and will lead to poor implementations.

5.5 Discussion of highest ranked factors influencing successful Strategy Implementations for Africa

5.5.1 *Discussion of key factors influencing Strategy Implementations*

In total, 28 respondents across Botswana, Tanzania, Ghana, Uganda, Zambia, Mozambique, Zimbabwe and Angola (amongst other countries) ranked the available factors. The top 3 factors influencing successful strategy implementations were Factor 3 (Senior Management Support of a strategy is key to a successful strategy implementation), Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations), and Factor 9 (Silos and poor information flow across functional areas inhibit effective strategy implementation).

The African hub has had a long history in Africa (since 1910, it has expanded from investments in Zimbabwe, Botswana, Angola through to Kenya, Ethiopia, Ghana, and most recently Nigeria (Bowman, 2012), and unlike the South African Hub, consists of many countries and cultures - in total SABMiller Africa operates in 36 countries (Bowman, 2012), contributes 13% to group EBITA and has grown an impressive 13% in the last year.

The core strategy of the African hub is to take advantage of Africa's real population growth rates of 2.4% (versus Europe of 0.6%), Robust GDP Growth of almost 5% (versus world growth of 3%) and the low per capita beer consumption rates of 8 litres versus the world at 35 litres (Bowman, 2012). The rationale behind ranking Factor 3: Senior Management Leadership as being critical to successful strategy implementations is that each country's senior management group is responsible for driving the strategy determined at a central level, and is thus perceived as being critical to the Hubs successful strategy implementation.

Factor 1 (Poorly defined strategy) was also highly ranked by the African hub, which was highlighted by Hrebniak (2006), who stated that a 'bad strategy begets poor execution and poor outcomes' and implementations are compounded severely when the strategy itself has been poorly defined. The high ranking of this factor suggests that respondents are aware of the importance of a compelling and appropriate strategy, and the link between strategy definition, strategy execution, and results.

Factor 9 (Silos and poor information flow) has been cited by respondents as critical to successful strategy implementation – this varies from the results of the overall Group, which suggests Factors 3, 1, and 4 have the largest influence on successful strategy implementation. This can be rationalised by the diversity and number of markets in which SABMiller operates in which would make it difficult for information to flow across borders, and provides fodder for silos to grow.

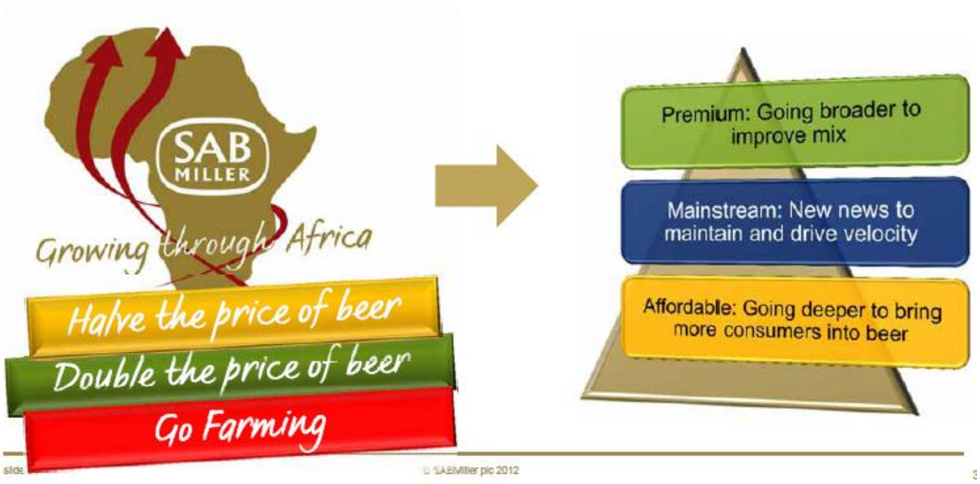

Figure 31: Core theme behind the African Strategy (Bowman, 2012)

Central to SABMiller's African Strategy is to halve the price of beer in certain markets, while doubling the price in markets or segments seen to be premium (Bowman, 2012). Operations in 36 countries would make information flow difficult to make these decisions and this factor would thus be critical to the Hubs strategy and its success. This point is further highlighted by Nielsen (2008) stating that headquarters would be able to identify patterns and promulgate best practices across regions, but would tend to impose its own agenda, and policies rather than defer to operations that are much closer to the customer.

5.5.2 *Discussion of factors which have little or no impact of successful Strategy Implementations*

The factors which were considered not critical to successful strategy implementations were Factor 7 (Important information about the competitive environment gets to headquarters quickly), Factor 5 (Senior Management competency), and Factor 13 (Company politics and power structures).

Factor 7 has been cited by the literature review as quite a critical factor that affects strategy execution due to information about the competitive environment not reaching headquarters efficiently. In the context of the African market, one would expect this factor to be more highly ranked, as competition for share of throat is intense, and the markets geographically dispersed. The implication of the low ranking implies that information about the competitive environment does get to headquarters efficiently, and that core strategies are aligned accordingly, which then leads to successful strategy implementations (Nielsen, 2008).

5.5.3 *Discussion of Open Ended Questions*

The majority of the comments raised were covered by the literature review – they centred on the following themes: Senior Management Support, Culture, Communication, Vague Strategy, Implementation Model, Decision rights and Senior Management Competency. The following points summarise the views expressed:

- It was felt that Senior Management would need to have expert knowledge and insight of the strategy – only then can it be relayed to the rest of the employees and implemented properly.

- Company structure was seen as a possible source of delays in decision making as it needed senior managers to make final decisions which slowed down effective strategy implementations.

- Respondents felt that every country should have one specific person who is responsible for strategy communication and evolution. Furthermore, they stressed that the strategy was not communicated clearly across the company which resulted in poor strategy execution. This was a constant challenge for management to ensure that it was clear and understandable by everyone.

5.6 Discussion of highest ranked factors influencing successful Strategy Implementations for Europe

5.6.1 *Discussion of key factors influencing Strategy Implementations*

The European Hub has operations across eight countries Czech Republic, Hungary, Italy, Poland, Romania, Slovakia, Spain (Canary Islands) and the Netherlands. The key factors respondents from the European hub ranked most highly were Factor 4 (Capable Senior Management leadership drives successful strategy implementation), Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation), and Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations).

The results for the European Hub are similar to those of the South African hub, as a key theme of Senior Management Leadership and Support comes through. The two markets though are very different, with Europe contributing only 14% (compared to 22% for SA) to company EBITA (Davidson, 2012) and operating across various cultures and geographies. Senior Leadership is seen as a key driver of successful strategy implementations within this Hub, and is described in the literature review by Reed & Buckley (1988) as critical to the development of a capable organisation, and the matching of management leadership with organisational units which enhance successful strategy implementations.

Factor 1 also ranks prominently, and highlights the impact of a poorly defined strategy on Strategy implementations. SABMiller Europe's strategic focus areas are around driving superior organic revenue growth and margin expansion through growing perceived category benefits and value per serving, innovation, and driving for scale, cost advantage and focus (Davidson, 2012). The European market has been under considerable pressure in recent years with volumes declining and EBITA declining by almost 6% (Davidson, 2012). A link could be made between declining company performance and the current strategy being employed being ineffective, or poorly defined – employees probably feel that a refreshed strategic approach is required to take on markets in which declining Population (0.6%) and GDP (2%) growth (Bowman, 2012) are now the norm.

5.6.2 *Discussion of factors which have little or no impact of successful Strategy Implementations*

The factors which have the least impact on strategy implementations are Factor 7 (Important information about the competitive environment gets to headquarters quickly - this allows us to adjust and implement our strategy accordingly and with good effect), Factor 5 (A poor strategy implementation has resulted due to below par Senior Management competency), and Factor 14 (A well-defined organisational structure will result in better strategy execution).

Factor 7 has been discussed previously as an anomaly with the African Hub due to the number of various countries and cross-cultures SABMiller operates in, and the expectation that there would be an issue with information flow. The low ranking of this factor suggests that this is not the case. The same can be said for Factor 5, implying that Senior Management has the requisite competency to effect successful strategy implementations – and thus is not an issue within this Hub.

Factor 14 has been ranked low, but features prominently as a key determinant of successful strategy implementations in the literature reviewed. Brenes, et al., (2008) states that successful implementation is a result of a well-defined organisational structure, and that the organisational structure that forms the framework within decision-making is effectively delegated – it is also the reason for alignment between processes, work systems, and information systems. Brenes, et al., (2008) further state that organisational structure should follow the definition of business strategy, and that in studies conducted, organisational structure is a key determinant of strategy execution.

5.6.3 *Discussion of Open Ended Questions*

The following comments were raised:

- Respondents suggested that the key to strong implementation is alignment to the strategy throughout the organisation - to get that, you need people to be engaged in the development of the strategy and you need clear plans with strong consistent leadership.

- Leadership behaviours, external focus (customer) rather than internal focus, clear roles and responsibilities and decision rights and trust were also cited as key ingredients for a successful strategy implementation.

These comments are in line with the factors raised by the literature; however a key factor not raised was that Strategy implementations need to be more customer focused, rather than inwardly focused to have maximum effect.

5.7 Discussion of highest ranked factors influencing successful Strategy Implementations for Latin America

5.7.1 *Discussion of key factors influencing Strategy Implementations*

SABMiller's Latin American primary brewing and beverage operations cover six countries across South and Central America - Colombia, Ecuador, El Salvador, Honduras, Panama, and Peru (Lippert, 2012). Latin America contributes by far the most (32%) to SABMiller Plc.'s EBITA employing some 27,000 people (Davidson, 2012). The Latin

American operations have been successful for SABMiller, with the brewer being number one by market share (Davidson, 2012).

The key factors influencing strategy implementations across the Latin American Hub were Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation), Factor 4 (Senior Management leadership drives successful strategy implementation), and Factor 9 (Silos and poor information flow across functional areas inhibit effective strategy implementation). This varies from the results of the overall Group, which suggests Factors 3, 1, and 4 have the largest influence on successful strategy implementations.

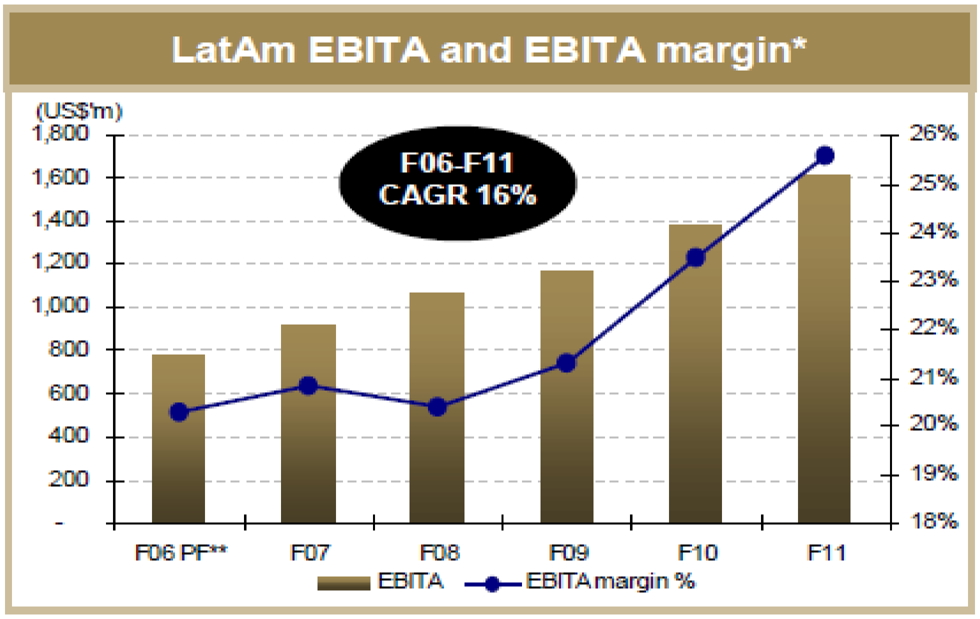

Figure 32: Latin America performance (Lippert, 2012)

Latin America's key strategies have been working, and followed through to implementation – the results in the figure above show that EBITA has not only tripled since 2006, but EBITA margin has increased by almost 6% (Lippert, 2012) - this can only point to successful strategy implementations over the last 5 years. The highest ranked factors for this Hub in Senior Management Support, Senior Management Leadership, and the information flow across organisational boundaries suggest that these factors are in place to achieve the impressive financial results for this region. When information flow does not occur across functions, then individual departments behave like uncoordinated silos, which then lead to inefficiencies, loss of knowledge transfer and benefits attributable to economies of scale (Nielsen, 2008). Rapert, et al., (2002) states that effective communication of the Strategy of an organisation is the cornerstone of effective strategy execution - the high ranking of this factor together with the positive outlook for the Latam Hub suggests that managers are communicating adequately and efficiently the concepts of the company strategy (Beer & Eisenstat, 2000).

5.7.2 *Discussion of factors which have little or no impact of successful Strategy Implementations*

The factors ranked the lowest for the study by the Latam region are as follows: Factor 5 (A poor strategy implementation has resulted due to below par Senior Management competency), Factor 15 (Strategy implementations have suffered because the appropriate change management plans to effect the necessary change in the organisation was absent or not well designed), and Factor 13 (Company politics and power structures have had a negative impact on me during strategy implementations).

The theme of senior management competency comes through in the results and is consistent with the results of the South African, African, European, and Asian hubs. The low ranking of these factors suggest that this is not a key factor influencing strategy implementations. Hrebiniak (2006) suggests that managers should possess the requisite skills to translate the company strategy into tangible outcomes, and thus contribute appropriately to company performance (Reed & Buckley, 1988). The ranking for Factor 5 was 0.00, meaning that not a single respondent felt that this was a factor that contributed to unsuccessful implementations of strategy, and by implication, senior management competency was not an issue.

5.7.3 *Discussion of Open Ended Questions*

The factors highlighted echoed the findings of the literature review and were centred on the following themes – Communication, Well developed Implementation Plans, Company culture, and Change management. A new factor not highlighted by the literature review suggested keeping at the current strategy and the implementation for longer, and not changing too often. This includes an element of stability in the way strategic planning is done, and if this changes, then inevitably the strategy will also change. Respondents also felt that strategy implementations should be based around 5 pillars: Focus, Follow-through, Feedback, Flexibility, and Fun.

5.8 Discussion of highest ranked factors influencing successful Strategy Implementations for Asia Pacific

5.8.1 *Discussion of key factors influencing Strategy Implementations*

SABMiller's Asia Pacific operations cover six countries across Australia, India, Vietnam, Korea, New Zealand, and Fiji (Mervis, 2012). Asia Pacific contributes by far the least (6%) to SABMiller plc.'s EBITA employing only around 4000 people (Davidson, 2012). SABMiller has recently acquired Fosters which has seen the Hub increase revenues by 73% to US$3.5bn. The factors that ranked the highest to influence strategy implementations were Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation), Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations), and Factor 8 (Communication of the company strategy will result in better strategy execution).

Senior management support ranks highly, and these findings resonate with the research done by Sterling (2003) which found that a lack of senior management support is a silent killer to the strategy implementation process. Sterling (2003) has found that there is a strong link between personal commitment and a support for a company's goals and mission, which in some cases results in poor strategy implementations. The financial results of the Hub have been positive, indicative of a strategy implementation that has been successful - and in Ari Mervis and his strong leadership team, the strategy may have the relevant support it requires.

A poorly defined strategy, as well as poor communication have also been ranked high as key factors that influence strategy implementations. These factors have merit based on a recent presentation by Ari Mervis, Hub MD, which cite the following observations in the region (Gibson, 2012):

- Lack of consistent strategic direction;

- No leadership continuity, frequent churn;
- Under-developed channel management practices; and
- Defensive culture and loss of confidence.

5.8.2 *Discussion of factors which have little or no impact of successful Strategy Implementations*

The factors which have the least impact on strategy implementations are Factor 7 (Important information about the competitive environment gets to headquarters quickly - this allows us to adjust and implement our strategy accordingly and with good effect), and Factor 5 (A poor strategy implementation has resulted due to below par Senior Management competency).

Factor 7 has been discussed previously as an anomaly with the African and the European Hubs, due to the number of various countries and cross-cultures SABMiller operates in, and the expectation that there would be an issue with information flow. The low ranking of this factor suggests that this is not the case. The same can be said for Factor 5, implying that Senior Management has the requisite competency to effect successful strategy implementations – and thus this is not an issue within the Asian Hub.

5.8.1 *Discussion of Open Ended Questions*

The core theme by respondents was to ensure that the company had the requisite resources both financially and in terms of experience and ability – this has an element of Factor 3 (Senior Management Support) which Sterling (2003) cites as a silent killer (Sterling, 2003) to the strategy implementation process, and Factor 5 (Senior Management Competency), also covered by the literature review. A further element that comes though strongly, but not covered by the literature review centres around financial resources available to implement a strategy – this is a key element required to ensure that a strategy is properly implemented.

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter will summarise the research findings, present the conclusions and provide recommendations with regard to the key factors that influence successful strategy implementations. The final part of the chapter will focus on suggestions for future research that could potentially add value to the thinking and insights into this body of knowledge.

6.2 Conclusions

The purpose of this study is to analyse the factors which have an influence on the successful strategy implementation of various regions within the SABMiller plc. group. Factor 3 was ranked 5 out 5 times as one of the top 3 factors to influence Strategy implementation, and was also ranked the highest for the SABMiller Group. The results show that the following factors have been ranked the highest across the regions and thus influence successful strategy implementations the most:

<u>South Africa</u> – Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation); Factor 4 (Capable Senior Management leadership drives successful strategy implementation); and Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations). Strong elements of Senior management support and leadership come through for this Hub – the rationale for this can be explained largely through a sound strategy driven by a strong leader in Norman Adami who was reappointed Chairman and Managing Director of The South African Breweries Limited in 2008 (SABMiller, 2012).

<u>Africa</u> - Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation); Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations); and Factor 9 (Silos and poor information flow across functional areas inhibit effective strategy implementation). The possible rationale behind ranking Factor 3: Senior Management Leadership as being critical to successful

strategy implementations is that each country's senior management group is responsible for successfully driving the strategy determined at a central level.

Europe - Factor 4 (Capable Senior Management leadership drives successful strategy implementation); Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation); and Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations). The European Beer market has been under considerable pressure in recent years with volumes and EBITA declining - a link could be made between declining company performance and the current strategy being employed as being ineffective or poorly defined – or the possible lack of support by Senior Management for the current strategy.

Latin America - Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation); Factor 4 (Senior Management leadership drives successful strategy implementation); and Factor 9 (Silos and poor information flow across functional areas inhibit effective strategy implementation). Senior management support of strategy as well as leadership themes feature strongly, and have been highlighted as key drivers of the successful implementation of the strategy in this region – providing the key impetus behind EBITA tripling since 2006 (Davidson, 2012). Efficient information flow and knowledge transfer have also been highlighted as key enablers of successful strategy implementation.

Asia Pacific - Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation); Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations); and Factor 8 (Communication of the company strategy will result in better strategy execution). The financial results of this Hub have been strong, having just acquired Fosters - the rationale for this can be explained largely through a sound strategy supported by a strong leader in Ari Mervis.

SABMiller Group – The key factors influencing strategy implementations across the SABMiller Group were Factor 3 (Senior Management support of a strategy is key to a successful strategy implementation), Factor 1 (A poorly defined strategy is a key contributor to unsuccessful strategy implementations), and Factor 4 (Senior Management Leadership). The themes of Senior Management Leadership and support coming through as part of the results are in line with the views of Graham Mackay, who views these factors as key to successful strategy implementations (Davidson, 2012). This is a key result, as employee belief in what drives successful strategy implementation is echoed by the most senior member of the leadership team at SABMiller.

Factors 7 (Key information gets to HQ quicker) and 5 (Low senior management Competency) were ranked the lowest overall. The low ranking of these factors suggest that important information about the competitive environment gets to headquarters quickly (Nielsen, 2008), and that SABMiller's senior management team has the requisite skills to effect successful strategy implementations (Hrebiniak, 2006).

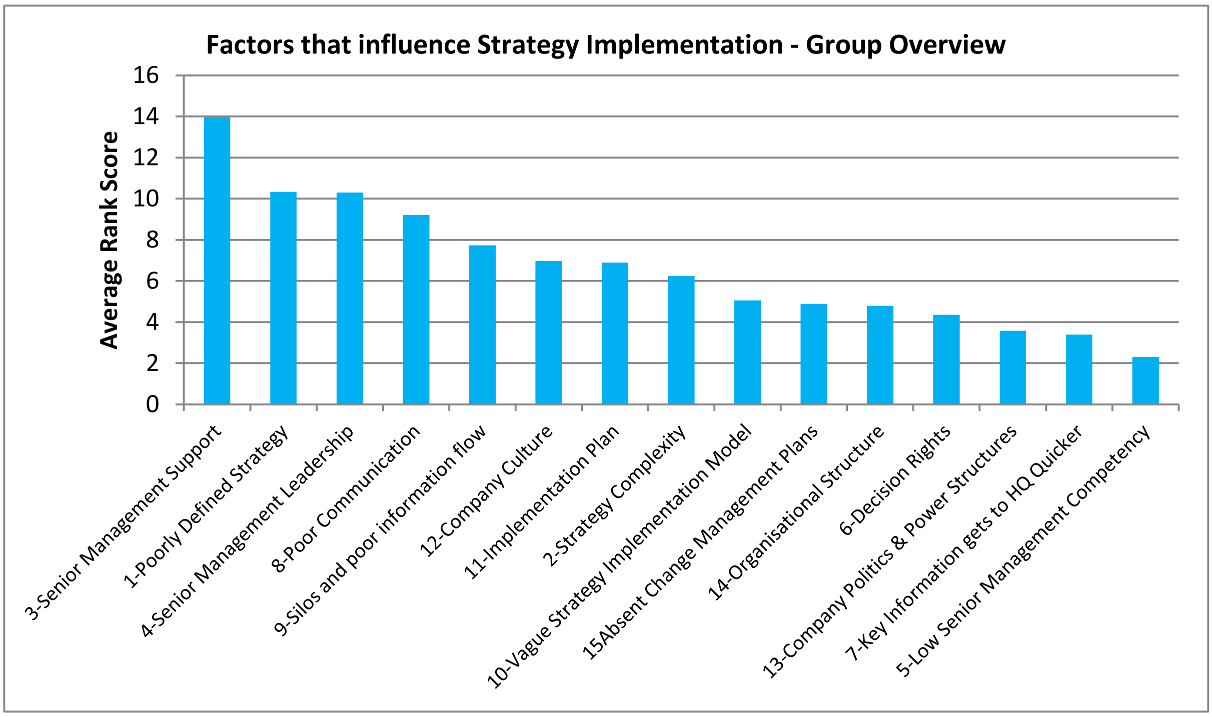

Figure 33: Factors that influence Strategy Implementation across the SABMiller Group

Looking at the models reviewed as part of the Literature Review, Beer & Eisenstat's "How the Six Strategy Killers interact" (Beer & Eisenstat, 2000, p. 32) Model best resonates with the findings of study. The three key factors that influence successful strategy implementations, Senior Management support of a strategy, A poorly defined strategy and Senior Management Leadership are in line with the 6 factors highlighted by Beer & Eisenstat's Model: Senior Management Style, Ineffective Senior Management, Poor Vertical Communication, Conflicting priorities, Poor Coordination, and Inadequate

Down the line Leadership Skills(Beer & Eisenstat, 2000). This model highlights and illustrates the dynamics of these variables and their effect on strategy implementation.

6.3 Recommendations

The research has provided compelling evidence and insight into the factors that influence successful strategy implementations across each of the five hubs (South Africa, Africa, Europe, Latin America, and Asia Pacific) as well as the across the SABMiller Group. This section of the research report will offer recommendations on how best to continue or improve the strategy implementations across the group:

- Senior management support of a strategy is integral to a successful implementation. Employees can only implement and believe in a strategy if the leaders of an organisation support and believe in its merit.

- Senior Management Leadership is key to the development of strategy, but even more important to drive the execution of a strategy. Leadership and a successful strategy are synonymous (Brenes, et al., 2008) – with financial results being the end product of the two. Leadership is easier when companies are flourishing under favourable market conditions, and under the stewardship of a well-defined strategy – however when competitive forces are at play, and market conditions change, then strategies need to change. It is under these conditions that Leadership is so paramount for strategy execution, and thus is the driver of business results. This factor has been observed in the South African and Asian Hubs, where strong leadership has been required to change strategy, and then execute optimally.

- Strategies should always be well-defined and uncomplicated as this forms the basis for a successful strategy implementation. Many implementation issues arise only once a strategy has been defined – however these issues are based on the fact that a well-defined strategy is in place. The issue is compounded severely when the strategy itself has been poorly defined. Poor strategies could arise for a number of reasons – the company does not understand its competitive environment, power of suppliers or customers, or that market conditions are extremely transitory. Companies thus have to be wary, and ensure that strategies are well constructed, and can face off in the harshest circumstances.

- Managers have the responsibility to ensure that strategies are communicated appropriately to employees at all levels. Effective communication of the strategy of an organisation is the cornerstone of successful strategy execution. SABMiller should continue or improve communication methods to ensure that employees at all levels of the organisation are pulling in the same direction. Successful communication methods result in "Strategy Consensus" (Rapert, et al., 2002, p. 302) which is a shared understanding of strategic priorities.

- SABMiller operates across a multitude of states, countries, and continents. The five hubs consist of a complex web of tens of countries all driven by the relevant Hub Strategy, but moulded appropriately based on country dynamics and market conditions. It is thus paramount that information flow between departments, functions, and countries is optimal, and that silos do not exist. 'Uncoordinated' silos result in inefficiencies, priorities pulling in opposite directions, loss of knowledge transfer, and the inability to take advantage of economies of scale.

- The strategy of the company should be something that is alive and in the consciousness of every employee. Employees should live and breathe the strategy on a daily basis.

- SABMiller should ensure that the appropriate resources are in place to implement a defined strategy – this involves the availability of the requisite financial resources, implementation models, plans, human resources, and ensuring that an effective communication strategy is in place.

- SABMiller operates in markets that are extremely complex, competitive, highly regulated, and transient in nature. These conditions are ideal for the development of complex, and convoluted strategies that make it difficult to communicate their meaning and implementation path. The group, as well as the hubs should ensure that the strategies developed are simple, by focusing on key strategic processes and developing simple rules that shape those processes. Above all, a strategy should be understood by every employee at every level of the organisation to ensure that that all action plans pull in the same direction.

6.4 Suggestions for future research

This study was conducted within the SABMiller Group across all levels and functions of the organisation. The list below contains a few suggestions for future research:

- Insights were obtained across all functions of the Group (Strategy, Sales and Distribution, Marketing, Finance, Supply Chain, Information Technology, Human Resources, Corporate Affairs and Manufacturing, Other). The study could be extended to understand factors that influence strategy implementation across functions and geographies i.e. how does strategy compare for Sales & Distribution across the six Hubs?

- The study could be extended to other FMCG companies, as well as other industries all together to compare the factors that influence strategy implementation.

- SABMiller started off as a South African company, and has grown internationally largely through an acquisition strategy. The senior management teams of many of the HUB's consist of South Africans, which may have shaped the results of this study. It may be insightful to perform a similar study for other South African companies that have a global presence and compare to the results obtained for this study.

- The study excluded North American due to SABMiller being a minority shareholder – the study should be conducted again should the shareholding change, as this would provide the insights into the entire organisation.

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8 APPENDIX A: SURVEY QUESTIONNAIRE

Dear SABMiller Colleague,

I am an MBA student at the Wits Business School (Johannesburg, South Africa) and conducting a study into the factors which have an influence on the successful strategy implementation of various regions/hubs within the SABMiller plc. Group - these insights will potentially assist SABMiller plc. to understand and unpack differing company and geographic factors that affect the strategy process.

As part of this research I would like to invite you to complete a short questionnaire that will take you no more than **5 minutes** to complete. Your participation is strictly voluntary and you may withdraw at any time.

The Questionnaire consists of two sections:

Section 1: Demographic information. This will be necessary to ensure the results are representative of the regions across the SABMiller group.

Section 2: This section consists of a sequence of 15 statements that are important to Strategy – please allocate a total of 100 points across the 15 factors.

All participants' information and responses will be kept confidential at all times. **Kindly email the completed questionnaire to Navin.ramchander@za.sabmiller.com**. You can call me on +27 (0)82 924 2280 if you are unclear on any aspect of this survey. Kindly complete and mail back to me by Friday, 23rd November 2012.

Thank you for taking part and for your prompt assistance. Your participation will make a valuable contribution to my research and the SABMiller group.

Thank you kindly,

Navin Ramchander

Survey Questionnaire for the factors influencing successful strategy implementation across the contributing hubs of SABMiller plc.

Questionnaire by : Navin Ramchander

Region: South African Breweries, Central Office Johannesburg

Contact cell: +27 (0) 82 924 2280

Contact tel: +27 (0) 11 881 8237

Email: Navin.ramchander@za.sabmiller.com

Section 01: Demographic Detail

Please mark with a cross (X) in the box below for each statement that applies to you:

<table>
<tr><th>Question No.</th><th>Statement</th><th colspan="9">Detail</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Please indicate your gender</td><td colspan="5">Male</td><td colspan="4">Female</td></tr>
<tr><td colspan="5"></td><td colspan="4"></td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Please indicate your Age</td><td colspan="2"><25</td><td colspan="3">26-34</td><td colspan="2">35-45</td><td colspan="2">46+</td></tr>
<tr><td colspan="2"></td><td colspan="3"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Please indicate <u>your Hub/Region</u> within the SABMiller group</td><td colspan="2">South Africa</td><td>Europe</td><td colspan="2">Latin America</td><td colspan="2">North America</td><td>Africa</td><td>Asia Pacific</td></tr>
<tr><td colspan="2"></td><td></td><td colspan="2"></td><td colspan="2"></td><td></td><td></td></tr>
<tr><td>4</td><td>Please choose which <u>Division</u> within the group you work for</td><td>Strategy</td><td>Sales & Distribution</td><td>Marketing</td><td>Finance</td><td>Supply Chain</td><td>HR</td><td>Corporate Affairs</td><td>Manu-facturing</td><td>Other</td></tr>
</table>

5	Please indicate the number of years work experience *__in total__*	<2 years	2 to 4 years	5 to 8 years	more than 8 years
6	Please indicate the number of years work experience at *__SABMiller__*	<1 years	1 to 3 years	4 to 6 years	more than 6 years

Section 02: Factors that influence Strategy Implementation

Please complete this section based on your knowledge and experience of Strategy Implementations. The list below contains a list of 15 statements – please allocate a total of 100 points across the 15 factors. You may wish to allocate all 100 points across for example 5 factors, and leave the rest of the factors with a 0 score. You may also wish to score 100 points across one factor that you feel very strongly about, or across all 15. Please ensure that the total score adds up to 100 (*__and no more or less__*).

Factor No.	Factor	Rank Score
1	A poorly defined strategy is a key contributor to unsuccessful strategy implementations	
2	The more complex a defined strategy, the more difficult it is to implement	
3	*__Senior Management support__* of a strategy is key to a successful strategy implementation	
4	In my opinion, capable *__Senior Management leadership__* drives successful strategy implementation	
5	A poor strategy implementation has resulted due to below par *__Senior Management competency__*	
6	Key members of the organisation are empowered to make key decisions at all levels	
7	Important information about the competitive environment gets to headquarters quickly - this allows us to adjust and implement our strategy accordingly and with good effect	

8	I believe that communication of the company strategy will result in better strategy execution	
9	Silos and poor information flow across functional areas inhibit effective strategy implementation	
10	In my experience, I have found that a poorly defined or vague Strategy Implementation Model results in poor strategy execution. An implementation model is a set of overarching principles and procedures to implement a defined strategy.	
11	In my region, I have experienced that a well-designed implementation plan (that translates strategic goals into actions) resulted in a successful strategy implementation	
12	Company culture is an important determinant of successful strategy implementations	
13	Company politics and power structures have had a negative impact on me during Strategy Implementations	
14	For me, a well-defined organisational structure will result in better strategy execution	
15	I have experienced that strategy implementations have suffered because the appropriate change management plans to effect the necessary change in the organisation was absent or not well designed	
	Total	100 / 100

Open Ended Question: Please identify any additional factors (not part of the list above) that you feel affects the success of strategy implementations?

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9 APPENDIX B CONSISTENCY MATRIX

The purpose of the research is to identify what factors lead to successful strategy implementation at SABMiller?					
Sub-problem	Literature Review	Hypotheses or Propositions or Research questions	Source of data	Type of data	Analysis
Identify what factors lead to successful strategy implementation at SABMiller?	Sterling, J. (2003). Porter, M. E. (2008). Nielsen, G. l. (2008). Rapert, M. I., Velliquette, A., & Garretson, J. A. (2002) Eisenhardt, K. M. (1989) Hrebiniak, L. (2006) Steele, M. a. (2005). Reed, R., & Buckley, M. R. (1988)	Research Question: What factors lead to successful strategy implementation at SABMiller?	Survey Questionnaire - across 5 Hubs of SABMiller (South Africa, Africa, Latin America, Asia Pacific, Europe)	Count	Forced ranking