Future Trends in Strategic Management

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Abstract

In today’s business environment the top down approach to management has fundamentally disappeared. Baby boomers, gen x and gen y managers bring different management styles and thinking to global organizations. This paper identifies eight current research articles (published within the past five years) that synthesize and apply four trends in strategic management that are crucial for the field in the future. The four trends are ranked 1-4, with 1 being most important. The ranking are justified.
Future Trends in Strategic Management

In today’s business environment the top down approach to management has fundamentally disappeared. Baby boomers, gen x and gen y managers bring different management styles and thinking to global organizations. Ten years ago, Gen Xers began pushing boomers to experiment with virtual relationships and electronic media communication due to the growing use of websites, e-learning, email and video conferencing (Emelo, 2011, p. 33). Managers today must understand and apply a variety of strategic management concepts to maneuver organizations through real-time issues. Barnat (2012) argues that managers must decide on the extent to which they will be involved in the strategic and operational decision making process (para 1). The problem organizations face is both internal and external to the organizations operational environment. They require managers to integrate decisions made concerning emerging issues into operations objectives.

A manager’s strategic management skills extend to deploying tactics, analyzing the purpose and direction of the organization, and the organizations present market position. In addition, managers must determine the environment in which the organization operations. Bottger and Barsoux (2009) contend that managers tasks are massive, complex and full of conflict. The playing field and rules become less certain (p. 27). This point suggests that in order to take an organization through complex strategic decisions, managers need to capitalize on emerging strategic management trends.

**Strategic Management Trends**

Four strategic management trends are 1. Emerging technology proliferation, 2. Environmental controls, 3. Time to market of new products, and 4. Management of the workplace social environment. Each of these strategic trend areas are critical to the future of
businesses today and are ranked 1-4 with 1 being most important. Each of these strategic trend rankings are based on the level of risk they present to the business, organization or strategic system. Lee (2012) promotes strategies based upon selectable systems with emphasis on diversified strategies in order to eliminate short-term interests (p. 115). Managers must apply these four trends and the principles, practices and tactics they encompass to effectively navigate organizations through the global environment they are in today.

**Trend # 1: Emerging Technology Proliferation**

One of the challenges managers face today is how they will address emerging technology and how will they accept it, reject it, or integrate it into business operations. Hamel (2009) asks what is it about the way large organizations are managed, structured, and led that will most imperil their ability to thrive in the decades ahead? (p. 96). Hamel’s simple question leads directly back to what organizations place on top of the priority lists for business sustainability and growth, not necessary what they are doing to maximize profit. Danneels (2010) research into dynamic capabilities of companies addresses the renewal of capabilities to adapt emerging technology and advert obsolescence. He denotes that company dynamics refers to the renewal of resources and competencies to address changing environments (Danneels, 2010, p.1). Because markets are shifting, and moving toward global emersion quickly, it is important that organizational leaders place emerging technology near the top of all strategic management priorities and decisions.

This is imperative because acceptance of the right technology can mean the difference in a business moving forward, changing with future product and market requirements or becoming irrelevant. Danneels (2010) management study of Smith Corona demonstrates why it is important for businesses to move toward emerging trends. In the 1980’s and early 1990’s the
company made a series of incorrect product and market decisions which forced the demise of the company in 1995. Danneels (2010) argues that Smith Corona is a salient example of a company that needed to renew its resource base in the face of environmental changes that obsoleted its main product category, typewriters (p. 2). This story is tragic since the company first began doing business in 1886; however, they made a chain of strategic decisions that caused them to mis-position themselves. They failed to capture the proliferation of emerging technology of the time, personal computers. The decline of its core product category challenged the firm to exercise dynamic capability, lest it decline and eventually demise with the product (Danneels, 2010, p. 2).

Strategically, managers today find themselves in the same position with one exception, the proliferation of emerging technology moves at breakneck speeds. By the time a company can integrate innovation, new advancements has replaced it. Hamel (2009) asks how in the world where winds of creative destruction blow at a gale force can a company innovate quickly and boldly enough to stay relevant and profitable? (p.92).

The answer is to place emerging technology at the top of organizational priorities. This is because technology is integrated into all aspects of business today, and businesses cannot be conducted without it. It is integrated into people systems, supply chain systems, environmental control systems and all other aspects of business operations.

**Trend # 2: Environmental Controls**

Managers today face a new set of problems, products of volatile and unforgiving environment. Some of the most critical: How in an age of rapid change do you create organizations that are as adaptable and resilient as they are focused and efficient? Hamel, 2009, p.92). The application of Hamel’s point is found in how companies treat environmental controls.
As stated in the introduction to this paper, organizational decision making and establishing priorities are very important to organizations. In terms of environmental controls, organizations often forget or ignore the fact that environmental controls are now a business norm and must be addressed in order to conduct routine business. For instance, Becker (2011) points out that manufacturing managers must consider pollution abatement operating costs (PAOC), which includes salaries and wages, parts and materials, fuel and electricity, capital depreciation, contract work and equipment leasing, and other operating costs associated with abatement (p. 30).

Environmental regulations largely prevent companies from externalizing the costs of fouling the air and water. Prices and markets, too, can help businesses make good decisions, though only if they reflect the full costs-and consequences-of those decisions (Pfeffer, 2011, p. 42). The argument here is that unless environmental controls are placed at a high level in the strategic decision making process of an organization, the cost of doing business can cause a company unrecoverable consequences. Thogersen and Schrader (2012) point out that there is a knowledge-to-action gap (p. 2) in the development of strategies in this area. An example is costs associated with shipping, packing and transporting of goods to and from overseas locations. Environmental import and export taxation policy, restrictions of the types of material or products that can come into the country and even the regulations on shipping vehicles can have a negative impact on the cost of doing business. Becker (2011) argues that companies must include the cost associated with emerging environmental control into the cost of products (p. 33). Even in domestic ground transportation, environmental regulations are causing costs to rise.

Strategically, organizational leaders must devise strategic planning, execution, compliance and cost considerations as a top priority because environmental controls will only
proliferate, not contract. This holds true for the cost associated with compliance, as the cost of compliance will be the burden of companies to absorb.

**Trend # 3: Time to Market**

Time to market is a complex issue which not only affects the timing of products to market, but also customer satisfaction, company image, branding, and host of other issues. De Almeida (2010) argues that a leader firm that accelerates the development of new competitive advantages is more likely to maintain industry leadership and sustain abnormal returns (p. 1502). This point is intrinsically linked to the first and second issues prioritized in this paper, emerging technology proliferation, and environmental controls. These preceding priorities’ must lead market strategy because they are integrated into products and supply chain activities.

Companies want to be strategic in their deployment of products to market in order to drive customer demand, customer loyalty, and competitive advantage. Papaoikonomou, Segarra and Li (2012) argue that a number of strategies can be deployed to can competitive advantage; such as adjustment of customer offering, adoption of new pricing models, rapid prototyping, and partnerships with competitors (p. 113). Time to market is intricate, so mangers must include it in strategic planning activities and map it to long term organizational business goals and objectives. Linkage to technology, integration, supply chain integration, and environmental controls is mandatory for company organizational leaders as they assess the strategic future.

**Trend # 4: Workplace Social Environment**

The social environment of any organization is directly linked to continuous improvement. In a study concerning measuring continuous improvement, Iselin, Sands, and Mia (2011) present the theme that continuous improvement is associated with successful operational performance (p. 22). For organizations to have a successful continuous improvement model they must first fight
the war for talent (Beard, Hornik, 2011, p. 91). Attracting and keeping talent, coupled with low turnover is the foundation for the organizations social environment.

Hamel (2009) advocates creating an environment where every employee has the chance to collaborate, innovate, and excel (p.93). Building a collaborative social environment in an organization must be a prime strategic objective, high on the priority scale under the other aforementioned ones in this paper. This is because like innovation, environmental controls, and time to market, the social environment is an organizational constant. However, the social environment is the one strategic management trend that will react to the other three on a continuous basis. Toegel and Barsoux (2012) argue for resilience in the organization (p. 2). The social environment is the resilience factor organizations need for success. It provides the sounding board for leaders in the organization to make strategic decisions, set strategic direction and establish performance expectations. Finally, the social environment is the collective communications loop in the organization that keeps ideas fresh and bubbling to the surface.

Conclusion

In today’s business environment the strategic management trends are emerging technology proliferation, environmental controls, time to market and workplace social environments. The days of the top down approach to management has started to give way to collaborative social structures within organizations. This allows every employee in the organization to have a voice. These four trends must be placed high on the priority scale in organizations to compete globally. By paying attention and reacting to these four trends, leaders can strategically manage their organization for future growth and sustainability.
References


