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STRATEGIC FLEXIBILITY –AN ARCHITECTURAL FRAMEWORK FOR BUSSINESS COMPETITIVE ADVANTAGE

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ABSTRACT

A dominant vision. Compelling Mission. Bold Leadership. Bold decision. Deliberate planning and outstanding strategy. Unfortunately these all high sounding pre-requisites of success are almost always, the ingredients of failure too. Most strategies are built on specific beliefs about the future. More often than not, the future is highly unpredictable. Worse the requirement of breakthrough success demand implementing strategy in ways that make it impossible to adapt should the future do not turn out as expected. Managers must make choices with far reaching consequences today, but must base those choices on assumptions about a future they cannot predict. And, it is this collision between 'commitment' and 'uncertainty' that creates "The Strategy Paradox" i.e. the strategies with the greatest possibility of success also have the greatest possibility of failure". Resolving this paradox requires a new way of thinking about strategy and uncertainty which has been suitably addressed in this paper. Thus, it is apparent that the very traits and determinants of high achievements are also the ingredients of total collapse. And, so it turns out that, behaviorally at least, the opposite of success is not failure, but mediocrity. The solution to the strategy paradox is to separate the management of commitment from the management of uncertainty. The solution to the strategy paradox arises from the need to commit in the face of unavoidable uncertainty. The structural problem requires structural solutions and the strategy paradox is a structural problem. The architectural framework to find solution of this problem and creating competitive advantage out of the business turbulence is probably 'strategic flexibility' and 'Requisite uncertainty'. Strategic flexibility provides a way for managers to implement the kinds of strategies that can deliver outstanding results while minimizing exposure to the vagaries of fate. The 'requisite uncertainty' revolves around time horizon and it is especially top management and the managers at various levels to address the foreseeing strategic uncertainties and further to devote requisite resources for coping up / meeting relevant options. The strategic flexibility solves the problems under four phases: anticipating, formulating, accumulating and operating. In the present paper the case studies of Sony's Beta Max VCR, Mini Disc music players, Johnson & Johnson's (J&J), AT & T and Dell Computers have been suitably described. At the same time along with 'strategic flexibility', co-creation of the

customer value system and 'evolvability' i.e. embedding intelligence with a design has been also discussed briefly to meet the futuristic customers requirement as well as catering mid course corrections.

INTRODUCTION

A compelling Vision. Dominant mission. Bold strategy. Bold Decision. Bold Leadership. Unfortunately these all high sounding pre-requisites of a deliberate and careful planning of successful business strategy are almost, always the prime ingredients of failure, too. More often than not, future is unpredictable. Managers must make choices, with far reaching consequences today, but must base those choices or assumptions about a highly unpredictable future. And, it is this collision between 'commitment' and 'uncertainty' that creates 'strategic Paradox'; this precisely means that the strategies with greatest possibility of success also have the greatest possibility of failure as well.

Thus, it is apparent that the very traits and determinants of high-achievements are also the ingredients of a total collapse. The solution to strategic paradox is to separate the management of commitment from the management of uncertainty. Resolving the paradox requires a new way of thinking about strategy and uncertainty. The structural problems require structural solutions and strategy paradox is certainly a structural problem. The architectural framework to find solution of this problem and at the same time creating competitive advantage almost the business turbulence is probably by applying the tool 'strategic flexibility' and 'requisite uncertainty'. Strategic flexibility is very different from run-of-the-mill flexibility or adaptability (or sometime called agility). Flexibility is the ability to change or react with little penalty in time, effort, cost or performance (Sushil, 2000). Also flexibility means "change within existing constraints" (Raynor, 2007). Flexibility can be helpful, but strategic uncertainty demands strategic flexibility the ability to change strategies, which is something made largely impossible by the commitments required for success. Creating the real strategic options required to implement new different effective commitment based strategies or a tempo defined by competitive markets can be done only in the spaces beyond strategic constraints (Raynor, 2007).

'Strategic flexibility' has been further defined by the author (Pathak et.al 2008). It is also observed that the opposite of success is not failure but mediocrity. The same point has been retorted by the 26th President of USA, Theodore Roosevelt, that victory demand valiant action and that valiant action necessarily brings with itself the risk of defeat - the strategic paradox. "Strategic flexibility" can be defined as, "The organizations capability to identify major problem, changes in the external environments, quickly committing resources to new courses of actions in response to those changes, and response and act promptly to halt or reverse existing resource commitments". Strategic flexibility should have also inbuilt and inherent, the creative flexibility to cope with the futuristic eventualities and achieving competitive advantages (Pathak, 2007, katsushiko, et.al, 2004).

The strategic flexibility has four phases for resolving a problem.

- 1) Anticipate- Building futuristic scenario.
- 2) Formulate – Creating optimal strategy for each of these futures.
- 3) Accumulate – finding strategic options

4) Operate – Managing portfolios of options.

Jacques (1999) spells out ‘Requisite Organization’ (RO) having ‘time horizons’ for defining a particular job on the same analogy Raynor has coined the name ‘Requisite Uncertainty’ which authors herein will be calling ‘strategic uncertainty’. The strategic uncertainty has to be viewed in the perspective of ‘strategic flexibility’ for solving any organization’s product problems.

For the present study few case studies like Sony’s Beta max VCR Minidisc, music player, Johnson & Johnson’s (J&J), AT&T and Dell Computers have been suitably discussed. Corporations have to identify strategic constraints for solving the resource problems.

FLEXIBILITY TO STRATEGIC FLEXIBILITY MANIFESTATIONS

Flexibility: - This is the core magic buzz used which simply means the ability to change or react with little penalty in time, effort, cost or performance (Sunil 2000). ‘Flexibility’ as per Raynor (2007) means “change with existing constraints”. It is also interplay of two extremes of domain (like success, opposite is not failure but mediocrity as a flexible system approach).

Strategy: - Strategy is very much a debated topic. As per Peter.F.Drucker (2001), strategy is fundamentally about differences. Strategy should be a force multiplier. We shape strategy and strategy shapes us. Mission defines strategy and strategy defines structure. The essence of strategy is choosing what not to do (Porter, 2002). Strategy is critical to the performance of all the organizations. The successful strategic thinkers more often than not, are ‘system thinkers’ and they focus less on day-to-day events and more on understanding trends and forces of change almost intuitively. And, this is the key concept for sailing through and surviving in the world of business turmoil and turbulence of shifting economies fluctuating demographics and dynamic competitive battlefield all over the world.

Strategy cannot afford to be static- it has to be brutally dynamic and honest to the organizations core competence. In plain and simple term, tactics is a short term goal whereas; strategy should be a long term planning (deBono, 2001). Linking of tactics and Strategy has been depicted at Fig.1 (a&b) clearly. ‘Strategy should have inbuilt and inherent ‘creative tensions’ (Senge, 1999) and at the same time should have incessant ‘creative flexibility’ (Pathak, et.al, 2007). These should finally have the potential to cope with global technological changes obtaining all over the world for annexing competitive advantages. As per Bob de Wit,(2004), there are three basic dimensions of strategy: firstly, ‘strategic process’(thinking, forming and changing);secondly, ‘strategic content’(various corporate levels)and ‘strategic context’(industry, organizational and international) culminating finally into achieving corporate purpose.

Peter Drucker opines that ‘strategy’ belongs to military or perhaps to political campaigns certainly not to the business. In war and politics, the main aim of strategy is about winning the battle, the war or the elections, only one will, win and other side will be defeated- this is called as ‘Zero-sum-game’. Strategy for business management is also about ‘Winning’, but it is not always a Zero-sum-game’. If Wal-mart is a winner in the discount retailing game, then Target also creates customer value by focusing on style and fashion. Soydoes Marshals, TJMax, Gap, Banana Republic, Macey’s, K-Mart and in the field of clothing’s, fashion etc.K-Mart is mainly in electronic field as well as IKEA in retail furniture or so. Differentiation, positioning,

competition, monopoly, etc. are different games of ‘strategic variations’. (Magretta, (2002).

The strategists must find order out of chaos and certainty out of uncertainty. ‘Blue ocean strategy’ (uncontested market space) has become more logically dominant than ‘Red ocean’ (i.e. bloody cut-throat competitions), Kim et.al (2005). ‘Value-innovation’ is the corner-stone of the Blue-ocean strategy, which is done not on focusing or beating the competition, but concentrating & opening up new and uncontested market space. The crux of strategy is further discipline of execution (Bossidy et.al, 2002). Further, we have to take an intellectual leap from the linear to non-linear dimension, knowing fully well that future will not be the continuation of the part- rather it will be always a fleeting target (Gibson, 2002).

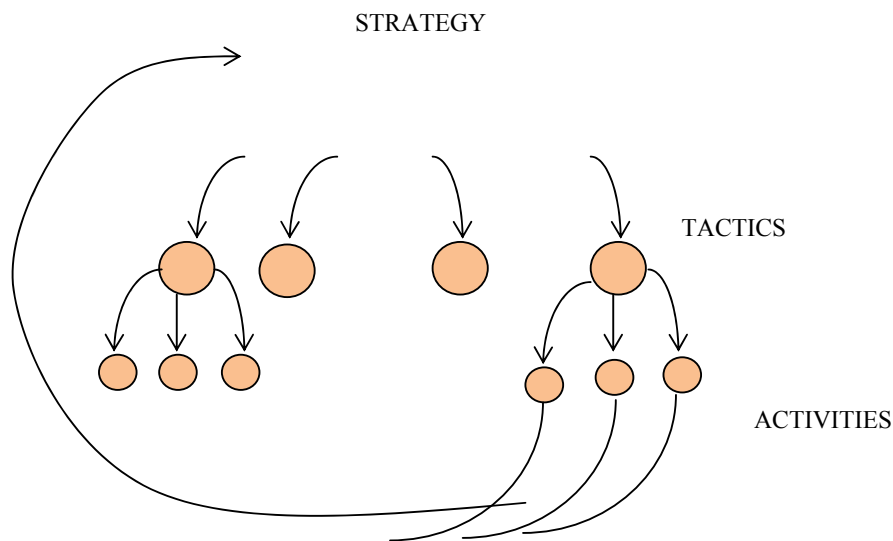


Fig.1 (a): Linkage of Strategy & Tactics

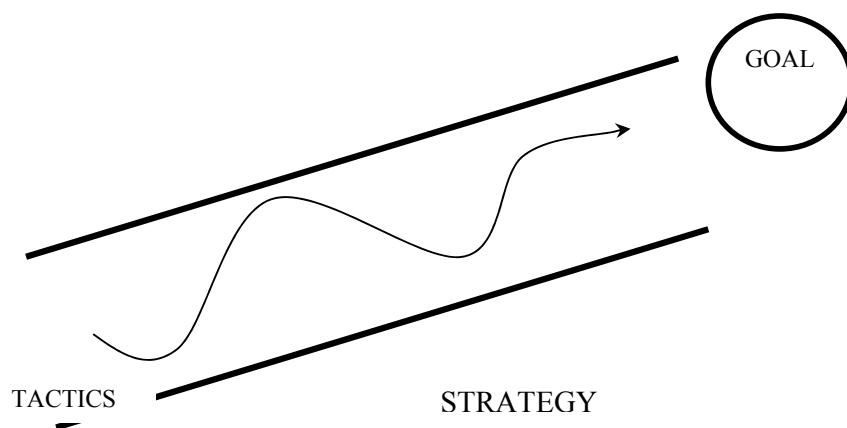


Fig.1 (b): Strategy is a continuous process

Strategy is not only five P’s (plan, pattern, position, perspective and ploy- manouvre) but should set the direction, focus on effort and should be continuous and consistent

creation (Mintzberg, et.al.2006). Strategy should depict a broader picture of the patterns of waves of sea-beach, once looked from a DCP(Data-Collecting-Platform)- a higher cliff or platform- what looks chaotic at lower level has a definitive pattern once viewed from a higher plethora. And, also strategy is a consistent concept of interconnectedness (Patel, 2006).Whereas; right strategy can lead to tremendous success and wrong moves to disastrous and annihilation.

Strategic Flexibility: Once embedding ‘flexibility’ into Strategy it becomes ‘strategic flexibility’ which becomes a more versatile word. This can be defined as “Strategic flexibility is an organization’s capability to identify major problems/ changes in the external environments, quickly mobilizing the resources to new courses of actions in response to those changes, and recognize and act promptly, when it is time to halt or reverse existing resource commitments.” Herein, focus is on recognizing problem and committing the existing resources under the experiential learning environments of co-creation of value –system as well as continuum domain of flexibility. (Prahalad, 2004; Pathak etal.20 08). Also, ‘Strategic flexibility’ is the ability to change strategies, which is something made largely impossible by the commitments required for success.”(Raynor, 2007). Creating the real options required to implement new different, effective, commitment-based strategies on a tempo defined by competitive markets can be done only in the spaces beyond constraints.

As per, Sushil (2000), the ‘Strategic flexibility’ has four parameters, which further lead to four dimensions of flexibility (Refer Fig.2)

Strategic learning (Unlearning)	→	Openness
Strategic intent	→	Focus
Strategic evolution	→	Adaptive ness
Strategic Resonance	→	Resilience

Fig: 2. Evolution of four dimensions of Flexibility.

Further, the basic flexible continuum scales are expressed as dynamic interplay of two extremes of domain as flexible system approach as shown in Fig.3 below:

TQM	→	EQM (Experiential Quality Management)
Product	→	Evolvability
Design	→	Mediocrity (and not failure)
Reactive	→	Pro-active

Fig: 3.Extremes of Continuum Domain Mapping

Raynor (2007), has further broken down ‘Strategic flexibility’ into the following four phases:

- Anticipate: Building scenario of the future.
- Formulate: Creating an optimal strategy for the future courses.
- Accumulate: Determining what strategic options are required.
- Operate: Finally managing the portfolios of options.

The above infallible tools are integrated and one working validation theory of the organization is worked out and implemented. The various case-studies discussed in this paper will be analysed under the above framework.

Strategic Uncertainty (Requisite Uncertainty):

STRATEGIC BALANCE	TIME HORIZON		ORGANISATIONAL LEVEL
	Absolute	Relative	
	10 years → ∞	20	Board
	5-10years	10	Corporate
	2-5years	5	Operating Division
	3months -1years	1	Function
	<u>Fig: 4. Requisite Uncertainty(Strategic Uncertainty)</u>		
	(Source Raynor,2006, Chapter.4,pp120)		

Raynor (2007), has used the term ‘requisite uncertainty’, authors will be using the term – ‘strategic uncertainty’. Raynor has coined the word ‘requisite uncertainty’ on the analogy of ‘requisite organization’ coined by Jacques (1999). The ‘requisite uncertainty’ or ‘strategic uncertainty’ revolves around the time-horizon and situational parameters- sometime it is also linked with risk element of a project and ‘structural differentiation’. ‘Strategic uncertainty’, is expressed in relative terms at various organizational levels with time-horizons in the following Fig.4, based on different temporal data.

Strategy Paradox: “Strategies with the greatest possibility of success also have the greatest possibility, is called ‘Strategy Paradox’. It arises from collision of

commitment and uncertainty. The most successful strategies are those based on commitments made today that are best aligned (Kaplan, 2004) with tomorrow's circumstances. Since, future is unpredictable; the success is 'good-luck' of the project commitments and the failure, is 'bad-luck' of the commitments and, thus is decidedly 'strategic uncertainty.'

Case Study 1: Sony's Betamax VCR

The case of Sony's Betamax Video Cassette recorder has been discussed and this case will be analysed under two technical tools of 'Strategic flexibility' and 'Strategic Uncertainty'. The following steps taken:

- Successful strategy was launched.
- Customer understanding was good.
- Market segment was studied / identified.
- Cutting-edge product development was done.
- Flawless execution was done.
- Competitor's countermoves were monitored.

Bad news: What was the bad news for the Sony's VCR? Sony's strategy was great, but it was bad luck. Same actions of maximizing chances of success turned out to be in total defeat. And this became the case of 'Strategic Paradox.'

Since, the introduction of Sony's Betamax VCR in 1973, still the Matsushita's VHS design dominated the market. The simple and low technology of VHS prevailed the mind of the people and market- strategy uncertainty was overlooked.

Case Study 2: Sony's Mini Disc Launch

Sony's Mini Disc was launched during 1993, with great fanfare and promise – the device hold out the possibility of translating Sony's stupefying success with the walkman compact audiocassette players into the 'disc age'. Yes, despite heavy investment in the technology and associated content from its own record level, Sony was unable to gain any traction outside of Japan, and even there has been steadily loosing ground since 2006 to 'digital portables' eg: MP3 players and Apples I-pod.

What was the Bad news?

Why Mini Disc failed inspite of superb strategies. Some of the ingredients are given below:

- Not studying market strategies.
- Arrogance of top management.
- Top management uncertainty – inflexibility.
- Lack of foresight.
- Stubbornness.
- Did not foresee emergence of video-rental market.
- Did not collaborate with Hollywood studios.

- Refused to cutting prices, when the low end of market, not the quality obsessed video pixels, ended up determining who would ultimately succeed.
- Committing avoidable and remediable mistake again and again.
- Sony succumbed to the ‘Strategy- paradox’.

Finally, we club the failures in three categories:

i) Uncertainty in computer storage technology: general failure of CD-ROM (Read- On- Memory). The emergence of flash-based storage as a data – porting device, which gave rise to the MB-3 player.

ii) Uncertainty in Network Infrastructure:

- The advent of Web
- The rise of Netscape- a small software start-up.
- The rapid penetration of broadband network access- competing satellite TV.

iii) Uncertainty in Software:

- The general acceptance of MP-3 compression protocols, when there was no real market or need for the same.
- The development of free peer-to-peer software for file swapping.

The various strategic uncertainties not appreciated and tackled properly left Sony strategically “stranded”. The company founded by Masura Ibika and Akio Morita as Sony Corporation in 1946 focussing on audio electronics – the company expanded beyond audio to video to the mix in the late 1960s. By 2005, global sales of Mini Disc players have fallen to 7 million units almost 4.5 million of which were in Japan. The same year, sales of “digital portables”, i.e. storage-based rather than disc – based players, were almost 3.5 million units in Japan, up from fewer than 1, 30,000 four years earlier. It was all due to ‘strategy paradox’- the MiniDisc finally was doomed due to not managing uncertainty.

Case Study 3: Johnson & Johnson (J&J)

The J&J or JJDC (J&J Development Corporation) is the burning example of how managing strategic uncertainty and applying ‘strategic flexibility’ norms. Dave Holveck (assumed office in 2004), mitigated the strategic paradox and converted the corporation into competitive advantage. How the constraints in resource, structural and strategic were solved and breakthrough trade-off was leveraged of the media products, pharmaceuticals, bio-technological, medic devices, health-care delivery services and so on.

Holveck was looking after JJDC along with COSAT (Corporate Office of Service & Technology- which was led by Ted Torphy) with a portfolio of more than \$400 million (Raynor, 2007). Holveck had a classic catch-22, problem, as it was an added responsibility to look after -200plus operating companies (OpCos) with emerging technologies apart from JJDC, COSAT etc, while OpCos did not want the alignment truly. Further, the various constraints like resource, structural and strategic were to be exercised for OpCos, if decentralized and given autonomy, but these were quite complex problems for J&J (JJDC’s) probability of success.

JJDC's approach was the execution under strategic flexibilities along with strategic uncertainty (or requisite uncertainty) to each phases. e.g.: (Refer Fig 5).

- Anticipate
- Formulate
- Accumulate, and
- Operate.

The Fig.5 is self-explanatory, which depicts the integrating of above phases and the tools grounding into a validated theory of organizational hierarchy creates something that is quite different than other tools.

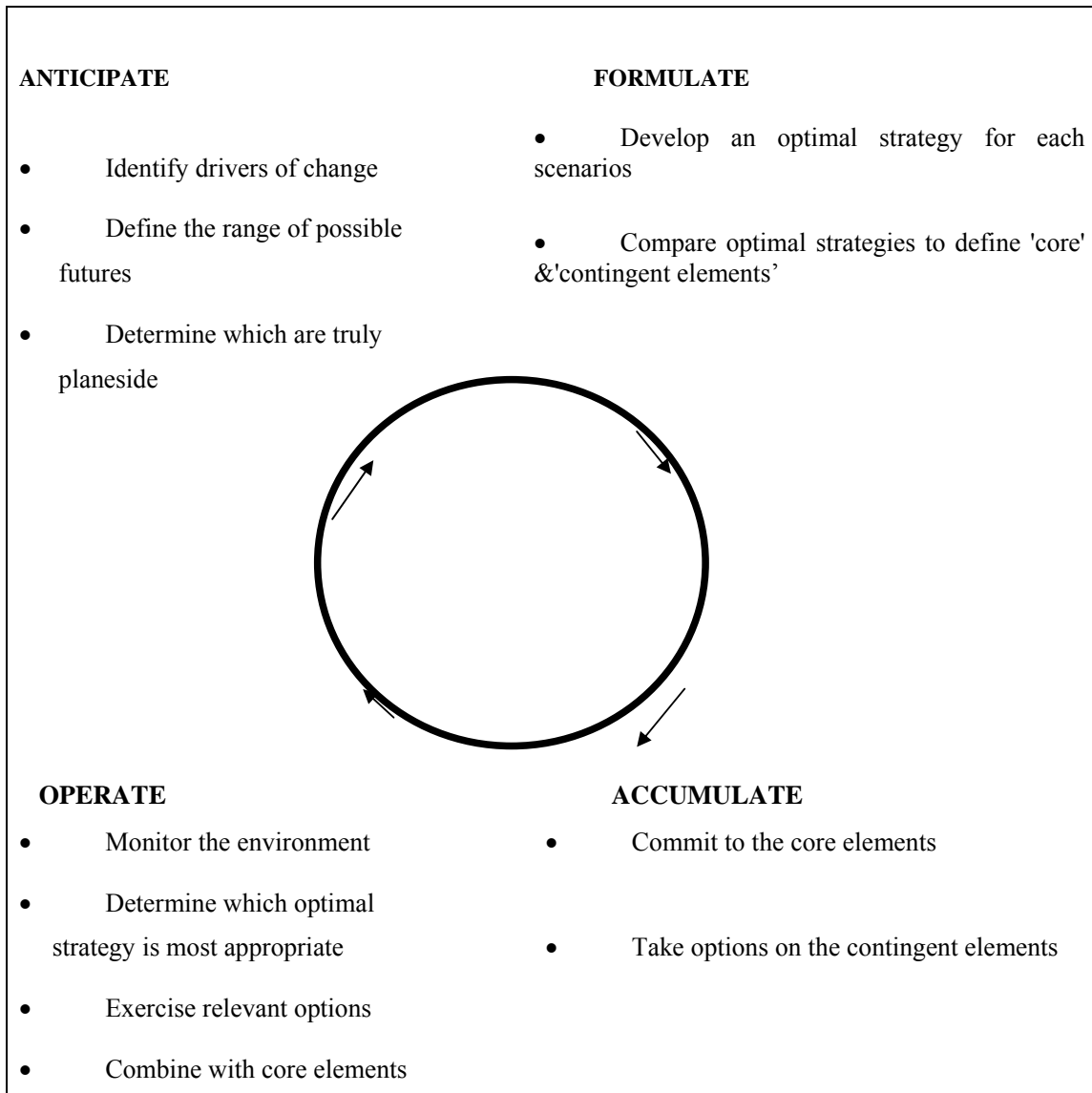


Fig: 5. Strategic flexibility solution

'Strategic Flexibility' consists of two fundamental constructs: scenario-based planning and real options. 'Scenarios' are most useful for senior levels of the hierarchy and managing a portfolio of 'real options' on the contingent elements of

alternative optimal strategies, companies can take seriously the uncertainty of the future, and in turn defeat the ‘strategy paradox’. Thus, we observe by J&J’s corporate venture capital arm, JJDC, has transferred itself into a mechanism for managing strategic uncertainty & by managing portfolio of real options, an alternative strategy, JJDC creates ‘strategic flexibility’ for J&J’s OpCo’s. Thus, the result is better overall corporate performance and lower overall corporate risk. Thus, therein, we can observe that unlike Sony’s Betamax and Mini Disc- where too much focus was given on strategic success and less (rather not enough) on ‘strategic uncertainty’ – herein in JJDC a balanced outlook has been given to both the important tools of ‘Strategic Uncertainty’ as well as ‘Strategic flexibility’.

Critical Examination of the Strategic Components:

It is a million dollar saying that regarding strategies do not commit but formulate and implement ruthlessly but logically- watch the strategic uncertainties. Each strategic scenario, real options and the best or optimal strategy should be formulated. Working from a collectively agreed upon set of scenarios obviates prediction, if by no means easy, task of determining how to respond in best fashion. Herein the management gets adequate time to proceed with the more straight forward approach. In the Johnson and Johnson example, the appropriate responses were mapped out at the highest level, since the underlying decisions at fairly high level: which scientific challenges should J&J tackle in the field of stroke (treatment, diagnosis, prevention; drugs, devices, biologics, consumer products etc.). In this regards further, the requisite Uncertainty (or Strategic Uncertainties) differentiates the levels of the hierarchy in terms of their relative emphasis on managing uncertainty and delivering on commitments. Strategic flexibility, creating options hedging the strategies and functional level learning, how best to achieve the targets have been suitably depicted at Fig.6 below:

Organisational Level	Strategic Balance	Strategic Question	Strategic Objective
Board		What could threaten our survival?	Flexibility
Corporate		What could undermine our strategy?	Hedging
Business Unit			
Function		What could derail our project?	Learning

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Fig: 6. Hierarchy, Uncertainty, And Strategic Objectives.			

Case Study 4: AT & T

There are many companies like AT&T, British Airways Campbell Soup, Compaq, Gillette, Hewlett-Pockard, Kodak, Alena, Motorola, Zerox, Lucent Technologies etc. those have not been successful. And, at the same time there few companies of 20th century which have been consistently successful e.g. GE, Wal-Mart, Du-Pont, Procter &Gamble (P&G), Toyota, Emerson, South-West Airlines, Visa, Dell Computers, Colgate, Palmolive, etc.

Herein, the strategic paradox of AT&T will be covered briefly. When Michael Armstrong took over as CEO in 1997, the company's major source of profit was long-distance voice and data and, to a lesser but growing degree, wireless. Right now, AT&T, Balance sheet was clear, its debt was low, and its stock-price was around \$44. At this time external conditions were changing. Long-distance rates were falling as new rivals creeping into the business. Wall-street was granting higher price/earnings ratios to dotcoms and cable companies, on the belief that they were positioned for much stronger growth. Armstrong shaped the company's strategy by implementing four building blocks:

- Buying cable companies, to gain direct & physical access to consumers.
- Providing customer with bundled services-having more usage of their wallet than the rivals.
- Executing the moves faster enough to generate revenue growth that would offset the decline in long-distance revenue.
- Relying on regulatory implementation of the 1996 Telecommunications Act- which was supposed to block local telecoms from competing in long distance, until they opened their networks fully to long-distance carriers.

The strategic planning was highly appealing.

Bad News of AT&T

The strategy failed due to some vital mistakes inspite of a meticulous planning of Armstrong due to:

- i) The strategy did not address the "Hows" of the execution of strategy.
- ii) But all the building blocks of strategy turned out to be based on faulty assumptions.
- iii) Long- distance prices declined faster than assumed – also, the company's stock price fell too- resulting into debt-increase of the balance-sheet of the company.

iv) Consumers were not interested in bundle services as AT&T had expected- company also did not market the pre-position well or soon enough.

v) Finally , the Regulators did not enforce the Telecommunications Act as well as AT&T had expected which meant that the company faced the double hit- local phone companies entered the long-distance market and secondly, long distance carriers got less local access than the plan presumed.

vi) AT& T strategy finally, failed utterly in December 2001. The company sold the cable holdings, for which it had paid \$100 billion, to Comcast for \$44billion, in equity and the assumption of \$25 billion in debt. The more left the company essentially where it was when it started, and AT&T stock was trading at round \$18(earlier it was around \$44).

Lesson Learnt

Thus, we observe that AT&T strategy failed from both external and internal realities. The company did not exercise ‘strategic flexibility’ i.e. testing critical assumptions to examine the robustness of the strategy and at the same time it had no alternative strategic options for what to do if one or more of them proved wrong.

- Also, the company did not take into account its organizational inability to compete against aggressive rivals in a fast-strategic breakthrough move in the market place.

- Apart from the strategy at various levels of corporate to functional levels the company culture was not flexible enough to cope with fast movement & execution of the strategic plan as well as strategic uncertainty.

Case study 5- Dell Computers

The former Compaq computer, under CEO Eckhard Pfeiffer’s ambitious strategic plan has done well during nineties. Especially, so, it was poised to dominate the computer industry by 1998 by a breakneck speed, bold strategic vision from a failing niche builder of high priced office PCs to the second biggest(after IBM) Compaq in a just 6 years time period. He had also brought the cost by multi-skilling of people overhead reduction cost, unleashing the brain-power of the people, low-cost –priced-product strategy as well as low-material-cheaper cost analysis. The low-priced Compaq computer with customer satisfaction was the main agenda of Pfeiffer. But the same roaring business strategy suffered a loss in ‘differentiation strategic manouering’ during 2001 and Dell computer took over three businesses under Michael Dell (McGrath, 2001; Bossidy, 2002). Michael Dell grabbed all those ‘strategic flexibility’ and ‘strategic uncertainty’ components to Dell PC’s advantage. He applied the following principles / actions as lesson learnt we take on.

Lesson Learnt Applications by Michael Dell

Michael Dell understood the kind of execution strategy was required for Dell computers as under:

(a) **Building-to-order Approach:** It means improving inventory turnover (rather JIT on Kaizen applications). It primarily boils down to producing unit after the customer’s order is transmitted to the factory. It is central to ‘execution’, a direct-sale and build-to-order not only by-passes retails, manufacturing optimality / efficiency or conventional batch- production techniques, but integrates all the activities of the supply-chain-management-right from raw materials, component supplies, production

and shipping. The system squeezes time out of the entire cycle from order to delivery. Dell can deliver a computer within a week or less of the time an order is placed.

(b) The system, further minimizes inventory at both ends of the pipeline i.e. incoming and outgoing.

(c) It also allows Dell customers to get the latest technological improvements more often than rival's customers.

(d) Dell executed better than Pfeiffer or Michael Capellas (Successor of Pfeiffer), and pursued the kind of 'brutal execution discipline' necessary to make money as PCs became more and more of a commodity business – surpassed Compaq's market value, which was greater in size and scope.

'Build-to-order', apart from improving inventory turn-over, also increases the 'asset velocity' (which is one of the most under appreciated components of making money). Velocity is the ratio of sales dollars to net assets deployed in the business, i.e.

Sales Dollars

Velocity = $\frac{\text{Sales Dollars}}{\text{Net assets deployed in the business}}$.

Which is in the most common definition includes plants & equipment, inventories, and accounts receivables minus accounts payable. Higher Velocity improves productivity and reduces working capital. It also improves cash flow – the lifeblood of any business- and can help improve margins as well as revenue and market share.

(e) Inventory turn-over are especially important for makers of PCs- since the inventories account for the largest portion of their net assets. With the falling of sales below forecast, companies with traditional batch manufacturing (like Compaq) are stuck with unsold inventory. And, when PC makes have to write off excess or obsolete inventory, the profit margins shrinks- may be even to the vanishing point.

(f) Dell's strategy became more deadly, when PC growth slowed down – the Dell's capitalized on their misery & cut prices, in a bid for market share, increasing the distance between it and the rest of the industry.

(g) Because of high velocity, Dell could show high return on capital and positive cash flow, even with depressed margins.

(h) The Dell system works efficiently because the system executes meticulously at any stage. The electronic linkages among suppliers and manufacturing create a seam less extended enterprise. One of the erstwhile executive of manufacturing system of Dell retorts. "Dell has a best manufacturing operation I've ever seen".

(i) Dell showed up, in November 2001, world's biggest maker of PCs. Dell during this time was shooting to double its market share, from approximately 20 to 40%.

(j) Dell also turned its inventory over 80 times a year, compared with about 10 to 20 times for its rivals, and its working capital is negative. As a result, it generates an enormous amount of cash. In the 4th quarter of fiscal 2002, with revenues of \$8.1billion and an operating margin of 7.4%, Dell had cash flow of \$1billion from operations. Its returns on invested capital for fiscal 2001 was 355% - an incredible rate for a company with its sales volume.

Some Reflections of Strategic Flexibility:

Great business top brasses /and the current study have opined the following strategic tenets.

- (a) The basic goal of any strategy is simple enough – to win the customer's preference and create a sustainable competitive advantage, while leaving sufficient money on the table of shareholders.
- (b) Execution and how to execute, is an integral discipline to strategy. Execution should be a major job of a business leader and it must be a core element of an organisation's culture.
- (c) Strategic flexibility must create alternative options and should take into account strategic uncertainties (requisite uncertainty) for closing the gaps and risks at all the business levels (Corporate, operation and functional). Strategic flexibility & requisite uncertainty are the infallible tools with managers, CEO for delivering outstanding results, while minimizing exposure to the vagaries of fate. The strategic paradox may still happen. The commitment and uncertainty must be tackled at appropriate level of hierarchies, for achieving maximum throughput with outstanding strategic objectives(Refer Fig.6)
- (d) Co-creation of customer-value system, and 'evolvability' i.e. imbedding intelligence in the design of the product for solving futuristic midcourse corrections etc. ushers in strategic competitive product advantages decidedly.

Conclusion

A Compelling vision, Bold leadership, Decisive action and meticulous strategic planning. Unfortunately, these all high-sounding adjectives, pre-requisites of grand success are also, almost, always the ingredients of failure, too. And, this is the stark reality. The strategies with the greatest possibility of success also have the greatest possibility of failure. This is Strategy Paradox. To resolve such happening in this paper two infallible techniques of 'strategic flexibility' and 'strategic uncertainty' (requisite uncertainty) have been cited for implementation for solving the problem and delivering the outstanding results while minimizing exposure to the vagaries of fate. As, we know the future is highly unpredictable, the risk or uncertainties have to be appreciated well in advance and the commitments, as well as strategic options(alternatives) have to be tackled at all the business levels in the unit for successfully mitigating the risks and uncertainties. The structural problems require a structural solution. The 'strategy paradox' is a structural problem. The architectural framework of 'strategic flexibility' has four major phases for attacking the identified problems. These are: anticipate, formulate, accumulate and operate. 'Creative flexibility' should be inbuilt in strategic flexibility slow and fast changes of strategy have been discussed in the paper along with various constraints like 'strategic resource and structural constraints (Pathak et.al.2007). Various dimensions and manifestations of strategy has been included for better understanding of the subject. The execution strategy as a discipline has been emphasized to be followed ruthlessly. For the text ' asset- velocity' which is the ratio of sales dollar versus net assets deployed in the business has been stressed as more often than not this dimension is overlooked. Finally, these all strategic tools and their successful implementation have been discussed in the various case studies of Sony's Beta Max and Johnson and Johnson's (Medical Instruments), AT &T and Dell Computers. The various manoeuvres of strategic dimensions; like 'how's of execution', 'strategic milestones,

assessing external market and people environment at various stages with special focus to ‘who is in the competition’ have been suitably discussed. ‘Execution’ and ‘ruthless implementation’ of the strategic plan has been the most valued tenets of the case - studies. The paper brings in many dimensions of ‘strategic flexibility’ and ‘strategic uncertainty’ through the first case studies. The authors are more than convinced that the erudite readers will find the paper thought –provoking which will further open up avenues for future research on the subject.

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