A Silent Adversary Called Strategic Drift

What is Strategic Drift?

Strategic Drift is a critical concept within the realms of Strategic Management. Strategic Drift usually occurs when organizations are unable to keep pace with the changes that happen in their immediate environment which in turn leads to their slow and gradual demise. Organizational changes such as 'transformation' take place over a fixed time period and can be sensed. On the other hand, strategic drift happens over an extended period of time and usually cannot be felt until it is too late.

What causes Strategic Drift?

Strategic Drift onsets within an organization because of a combination of factors including, laxity of the management and reluctance to evolve with the times, but the biggest underlying factor is Culture. A culture which focuses on the past to frame its strategies for the future and the one which places unfair emphasis on traditional methods of planning and execution, without taking cognizance of the changes occurring in the environment, is a prefect breeding ground for strategic drift to incubate and flourish over a period time.

The business world is filled with examples of companies which have failed as a result of Strategic Drift. One such example would be that of Nokia. After dominating the mobile handset market for more than a decade, the company failed to monitor and understand the changing expectations of the consumers, who wanted to do more with their mobile phones than just make calls and send text messages. The advent of Smartphones, which responded to the needs of the customers, ultimately resulted in the gradual erosion of the market share of Nokia in the mobile handsets segment.

Another example of strategic drift would be that of MySpace, a company which was one of the pioneers of the Online Social Networking concept. The MySpace platform met with tremendous success on its inception and soon surpassed Google as the most visited website in the world. The company however, failed to accurately assess the changes which were happening in its immediate environment with regards to expectations of a new generation of tech savvy youngsters as well as the emergence of potential competitors. The advent of Facebook and its popularity soon overtook that of MySpace, forever changing the fortunes of the latter. From being ranked No.1 for US web traffic at one time, the ranking of MySpace had dropped to 392 by May, 2014. The company which had grown rapidly to employ approximately 1600 workers in 2009 had to downsize drastically in the following years and was left with a workforce of only around 200 employees by 2011.

How can companies survive a Strategic Drift?

The most important aspect to focus on to avoid a strategic drift is culture. The culture of an organization takes form in the upper echelons of the management and dissipates from there down the rest of the organization. A leadership which takes shelter in the tried and tested formula of the past to run its business in the current, highly competitive market place is doomed to be caught up in a strategic drift. On the other hand, a leadership which encourages proactiveness and innovation is more likely to survive and succeed over the long run.

Furthermore, most companies tend to encapsulate themselves within a false sense of security once they draw up a strategic plan for their future. A strategic plan which is created at any point of time should never be looked upon as a foolproof device. Any strategy which is developed, is done so based on whatever information is available at that given point of time and is often based on a good dose of assumptions and expectations and may not be able to weather the storms of the future. Hence, it is highly imperative for companies to constantly undertake research assignments to monitor the environment for changing trends, the emergence of new competitors, the advent of new technologies and changing demographics to name a few, and make adjustments to their strategic plans accordingly. This will hold them in good stead and prevent them from drifting away from the realities of their current business environment.