STRATEGIC MANAGEMENT IN HIGH VELOCITY ENVIRONMENT

-A Study of Computer Software Industry in India

ABSTRACT

The objective of this thesis is to study the strategic management in a high velocity environment of the firm. The "strategic management" part covers the product (or services) - market decisions of the firm through an analysis of the objectives, configuration of business, building up of competitive advantage and appropriate organisation structures. "High Velocity Environment" is charecterised by rapid changes in technology, progressive product obsolescence, rapid changes in costs and consequent changes in market structure. Computer software industry is taken up for this case-study based thesis, because this industry is characterised by continuous changes in hardware and software technologies, market structure and government policies.

Four firms of different sizes ranging from Rs.10 lakhs to Rs.100 crores in annual sales revenues were covered by in-depth case studies and the findings were validated with two more firms.

The study has three components.
1. Firstly, it **identifies organisational characteristics that influence success in firms.** Success here is measured as sales growth. The relevant organisational characteristics are (a) firms ability to react to the environment which has three

components viz., nature of strategic decisions in the past, technological capabilities and financial resources (b) its risk profile which has three components viz., founding strategies, risk to core businesses, and nature of diversified operations. Growth itself was categorised into low and high and fluctuating and steady based on the above parameters.

2. Secondly, the study identifies **factors which facilitate success** and factors that constrain success. The study finds these factors to be different for custom software and packaged software and also different for different sizes of firms. However, for large Information Technology Corporations with proprietary hardware, the study finds no distinction to exist between packaged and custom software.

3. Thirdly, the study develops an **organisation growth model** through a compare and contrast of growth pattern in firms. This is an attempt in a limited manner to explain the phenomenon of growth in software firms. The model highlights organisational factors as the primary source of growth, while technological factors are mainly for survival. In other words, technology factors are necessary but not sufficient conditions for growth.