Strategic renewal is the process of change and the outcome of adjustment in strategic direction that have the potential to determine the long term competitiveness of a firm. The objective of strategic renewal is to provide a strategic fit between a firm’s internal capabilities and shift in the external environment involving technology, markets, industries and the economy that require a change in the status quo of conducting business. There are two types of strategic renewal. Incremental renewal occurs through a series of regular adaptations to changes in the commercial environment. Transformational renewal is brought about through radical shifts in strategic management and the removal or replacement of key functions and units in the firm. There is a need for continuous strategic ambidexterity and agility for firms to survive changes by recognising the changing reality of their external environments. Some external shifts are cataclysmic, competence destroying changes that extinguish the inner core of the firm and do not allow it to renew its business operations.

Keywords
Strategic renewal, strategic fit, strategic drift, corporate transformation, innovation strategy

Reference this article

Abstract / Definition
Strategic renewal is the process of change and the outcome of adjustment in strategic direction that have the potential to determine the long term competitiveness of a firm. The objective of strategic renewal is to provide a strategic fit between a firm’s internal capabilities and shift in the external environment involving technology, markets, industries and the economy that require a change in the status quo of conducting business. There are two types of strategic renewal. Incremental renewal occurs through a series of regular adaptations to changes in the commercial environment. Transformational renewal is brought about through radical shifts in strategic management and the removal or replacement of key functions and units in the firm. There is a need for continuous strategic ambidexterity and agility for firms to survive changes by recognising the changing reality of their external environments. Some external shifts are cataclysmic, competence destroying changes that extinguish the inner core of the firm and do not allow it to renew its business operations.

Link to publication