

Katja Karlsson

# Developing a strategy deployment tool for case company

Helsinki Metropolia University of Applied Sciences

Master of Engineering

Business Informatics

Developing a strategy deployment tool for case company

7 November 2016

Author(s) Title	Katja Karlsson Developing a strategy deployment tool for case company
Number of Pages Date	62 pages + 3 appendices 7 November 2016
Degree	Master of Engineering
Degree Programme	Business Informatics
Specialisation option	
Instructor(s)	Thomas Rohweder, Principal Lecturer
<p>The purpose of this study was to create a strategy implementation tool that will support a performance measurement process. The study was conducted in a midsize chemical industry company in Finland. Strategy implementation is an important process for companies and will help companies to implement strategy to the whole personnel.</p> <p>The present study was carried out as an action research. The current state was analysed to determine the case company's current strengths and weaknesses as well as the stakeholders' needs. The current state analysis and testing was done with a group of people from the CEO to floor workers in one department. The analysis and testing were carried out as personal interviews and with questionnaires. Several literature sources were then examined to establish what could be the best practise for the strategy deployment and performance appraisal in the case company. The relevant literature contained a part that elaborated strategy implementation, action planning and performance measurements. This information gave the author a conceptual framework that would make the base for the related tool concerning strategy deployment and performance measurement for the case company. Finally, there was a proposal on the tool that the case company would be able to use in the future, including a feedback and testing phase.</p> <p>The result of this study was a tool and process that would help the case company in the implementing of the strategy, as well as in making the performance measurement process easier and more understandable. This process could help the personnel have more of an understanding of how important strategy implementation is. As a result, this could also motivate the personnel in the case company.</p> <p>The recommendation of this study is that every company needs a good strategy implementation tool. It is important for the companies to understand that the personnel needs motivation and a guided way to understand why they do their job and why it is important. It is recommended that the case company start using the strategy implementation tool and performance measurement process developed in this thesis. This could help the case company to move forward and have a clearer strategy and vision for the whole personnel.</p>	
Keywords	Strategy implementation, Performance Measurement

## Contents

1	Introduction	1
1.1	Case Company	2
1.2	Business Problem and Objective	3
2	Project Plan	4
2.1	Research Process	4
2.2	Methods of Data Collection and Data Analysis	9
3	Current State Analysis	10
3.1	Current Company Strategy	11
3.2	How is Strategy Currently Deployed	12
3.3	Identifying Stakeholder Needs	13
3.4	Summary of Current Strength and Weakness as Compared with Stakeholder's Needs	14
4	Strategy deployment in literature	16
4.1	Strategy Implementation	16
4.1.1	Strategy Implementation Processes	17
4.1.2	Problems and Pitfalls When Implementing Strategy	23
4.2	Action Planning	26
4.2.1	Setting Strategy Objectives and Measurements	28
4.2.2	Setting Targets	30
4.2.3	Building the Action Plan	32
4.2.4	Project Time-frame and Roles for Action Plan	34
4.3	Performance Measurement	35
4.3.1	The output- or outcome based approach	37
4.3.2	Behavioural Approaches	37
4.4	Conceptual Framework	38
5	Building a Systematic Process and Related Tools Concerning Strategy Implementation	41
5.1	Strategy and Vision	42
5.2	Company Scorecard and KPI	44
5.3	Lower Departments scorecard and KPI	47
5.4	Performance Appraisal	49

5.5	Appraise and Follow up	51
5.6	Summary of Process and Related Tools Concerning Strategy Implementation	53
6	Piloting the proposed strategy deployment tool	55
6.1	Conducting Pilot Round	55
6.2	Conclusions to Proposal Based on Pilot Round	56
7	Conclusion	57
7.1	Summary of project	57
7.2	Practical recommendations to company regarding next operative steps	58
7.3	Outcome vs. objective and credibility	59
	References	62
	Appendices	
	Appendix 1. Case Company Scorecard	
	Appendix 2. Case Company Action planning process	
	Appendix 3. Case Company performance appraisal form example	

## 1 Introduction

The purpose of this study is to create a strategy implementation process for the case company that will support the performance appraisal process. In the article “Six necessary mind shifts for implementation strategy” (Speculand 2009, 167) nine of ten strategies fail to be successfully implemented. This seems to be a common problem within several companies. So why is this? Why do companies have problem to implement strategy into the organization? In this study, I am going to find the major problems in the case company and with the gathered information build a strategy implementation tool for the case company that can be implemented into the performance appraisal.

This study will start with an introduction of the case company. The introduction contains the size of the case company and in which field it operates. There will also be an introduction of the current organizational structure, this is crucial information so that the reader understands how the case company operates. This is also important so that the strategy implementation tool will function in the future.

In chapter two there will be an analysis of the research design and project plan. This will help the reader to have a better understanding on how this study is structure. In this part of the thesis I will describe the research process, how this study is going to be structured and what data needs to be collected so that the tool and process can be structured. There is also going to be a part in this chapter that describes the methods that are used when the data is collected and a part on how the data analysis will be handled.

In the third chapter I will analyse the current state on how the case company is currently handling the strategy deployment. I will also analyse the case company’s current strategy. With the help of this information I will try to identify the stakeholders need so there is a possibility to build a process that will be suitable for the Case Company.

When the current situation is clear, I will get the best practice from the existing literature. This will be analysed in chapter four. To have a clear view on how the strategy can be deployed there is a need to have knowledge about strategy implementation. In chapter 4.1 there will be a deeper insight on what strategy implementation is and what

kinds of processes there are. I will also take a closer look on action planning and performance measurements in chapter 4.2 and 4.3. In each of these chapters there will be a closer look on what are the problems and pitfalls. This is to ensure that the case company not will have a similar problem with the tool and process. The literature part will end with a conceptual framework; this is going to be the base frame for the case company's strategy deployment tool and performance measurement process.

In chapter five of this study I am going to introduce a proposal on a systematic process that I will suggest for the case company. There is also going to be related tools that will concern the strategy deployment and performance measurement. The process will start by the Case Company's strategy and Vision and end with how the case company will do the follow up and appraise the personnel.

Followed by chapter five there is going to be information about the feedback from pilot-round. Here I will also do a conclusion on the proposal base on the pilot-round. In this part of the study the case company will have a chance to give their input and ideas on how they thing the process and tools should work in the case company's environment.

Finally, this thesis will end with chapter seven where is going to be a conclusion from this study. Here I will give an opinion on how I think this project was achieved. I will also give some practical recommendations for the case company on what I think the next step in the process should be and practical advice. In this chapter, there is also going to be an analysis of the outcome versus the objective and its credibility.

## 1.1 Case Company

The case company is a midsize chemical industry company in Finland with around 300 employees. The company operates in the Nordic countries and has several subsidiary companies. In figure 1 there is an organizational chart of the case company. The organizational chart starts on the top with the CEO. The CEO manages the top management that are running the main departments, in this case Administration, Development & Quality, Production, Sales & Delivery and Risk Management. Each top managers is responsible for the lower departments, for example the production manager is responsible for department A-D and the administration manager is responsible for HR (Human Resource), Business System IT and Finance.

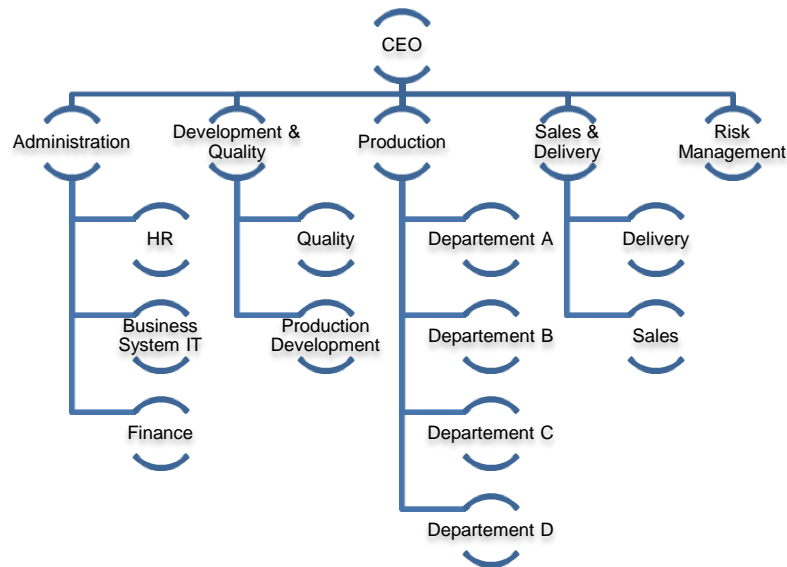


Figure 1. Case company organisation chart

## 1.2 Business Problem and Objective

The current business problem is that the case company has a non-existent strategy implementation process that supports action planning and performance measurement. With the current problem, it is difficult for personnel in the case companies to understand the strategic goals. If the personnel understand the strategy goals, it can help the case company to steer its operations. It can also motivate and engage people in their work. By creating a clear strategy, you can bought motivate and inspire people (Wloczewski, 2013).

Therefore, the object of this study is going to be to develop a strategy deployment tool that breaks down strategy into lower level measurable department targets, which can be included in personal performance appraisal. When this study is finalized the outcome will be a strategy enabling process and tool. This tool is going to be synchronized with the performance appraisal process that includes performance measurement. When the performance appraisal will be conducted in the beginning of each year the personnel will then have an understand what the strategy and goals are for the upcoming year; and this will hopefully increase motivation in the company.

## 2 Project Plan

In this chapter of the study I will describe what the research design is going to look like. I will also give an insight on what the project design looks like. This chapter will start with the research process. This make it easier to understand the process of this study and at the same time give an insight on how the project plan looks like. In the research process, I will also describe how the data is going to be collected and for what purpose. Later in this chapter I will describe the methods I am going to use when collecting this data, and how the information is going to be handled.

### 2.1 Research Process

To understand why there is a problem with the non-existing strategy implementation process that should support action planning and performance measurement I will do a research plan. This research plan will also function as my project plan. The research plan is going to be divided into five different parts (figure 2); Objective, Current State Analysis, Literature, Building the process model and finally Piloting & Feedback.



Figure 2. Research process and project plan



The research process will start with part one where I should establish what the object of this study will be. As this study is going to be about creating a strategy implementation tool that support action planning and performance measurement the realistic object would be the following; Create an action planning tool that breaks down company strategy into lower level measurable department targets, which will ultimately be included in personal performance appraisal.

In the second part of the research process I will analysis the current state in the case company. To be able to build a strategy deployment process and related tool it is vital to know the current case company strategy and how the strategy is deployed. The current state data collection plan is shown in table 1. It is also important to identify the stakeholder's needs to be able to understand what kind on process would be suitable for the company. The result of the current state analysis will be refereed as data1 in this study.

Table 1. Current State Analysis Data Collection plan

	CONTENT	DATA SOURCE	OUTCOMES
<b>DATA 1</b> CURRENT STATE ANALYSIS	Current Company strategy +/-  How is strategy currently deployed +/-  Identify stakeholders needs (management and personnel)	1. INTERVIEWS - Product Manager and supervisors (3)  2. QUESTIONAIRE - Production workers (7)  3. DOCUMENTS - Company Strategy - Performance Appraisal instructions and documentation - Performance measurement - Action planning	- Summary of current strength and weakness as compared with stakeholder's needs

The data will be collected from case company documents as well as personal interviews and questionnaire. In table 1 you can see the data1 collection plan for the current state analysis. The data1 content will be the following; current company strategy, how is the strategy currently deployed and identifying stakeholders needs. The stakeholder in this case will be bought the case company management as well as the personnel.

The result of this content will be both positive and negative meaning that I will try to find both good and poor aspects in the current processes.

To get the content to data1 I will use three different groups of data sources. The first source will be an interview that I will conduct for the managers and supervisors. For the second data source, I have chosen to do a questioner for the production workers. In the last data source, I am going to study the case company documentations. The case company documentations are going to be documents about case company strategy, instruction and documentation about performance appraisal, performance measurement and action planning. With this data collected I will have a better understanding what the case company's current strength and weakness are. The strength and weaknesses are then compared with the stakeholders need. With this information I will be able to see if there is some things that already works or does not work for the case company and should be taken into consideration when building the strategy implementation process and tool.

When there is data about the current state in the case company I can then move on to the third part of this study; Literature and existing knowledge. With the help of data1, I will examine literature to get the best practices for the current case company problems. This will help me to find a working solution for a process and tool that will work for the Case Company. In this study, I am going to be using literature that concerns Strategy Implementation, Action Planning and Performance Appraisal & Measurement. The result of the literature that I have read is going to be a conceptual framework. The conceptual framework is going to be the base for the strategy implementation process and relevant tools.

With the conceptual framework in place I will now be able to build a proposal action planning tool and related process. This part of the study is going to be part four of the research process. When the action planning tool and process are constructed I will present my it to the case company. By the help of the feedback from this presentation I will have to outcomes for data2. In table 2 you can see the data2 collection plan for building an action planning tool and process.

Table 2. Action planning tool and process data collection plan

	CONTENT	DATA SOURCE	OUTCOMES
<b>DATA 2</b> BUILDING ACTION PLANNING TOOL AND PROCESS	Feedback on action planning tool proposal +/-  Feedback from related process  Is tool according to stakeholders needs +/-	1. WORKSHOP  - Managers and supervisors (3)  - Production workers (1)  - HR-department (1)	- Feedback from proposal for action planning tool and related process as compared with stakeholder's needs

To collect data2 I am going to do a workshop in the case company. The participants in the workshop are going to be the managers from the test-group, the HR-department and one person who will represent the floor workers in the department. To be able to get the information I am going to need I will use the following content: feedback on action planning tool proposal, feedback from related process and if the tool is according to stakeholder needs. The stakeholder in this case will be bought the case company management as well as the personnel. The result of this content will be both positive and negative meaning that I will try to find bought good and negative feedback from the workshop.

With this data collected I will then have the feedback from the proposal for the action planning tool, related process and how this tool is according to stakeholders need. With this information, I will be able to do the final adjustments before the piloting-round in the final steps of the research process.

In the final part of this research there is going to be a pilot-round of the strategy implementation process and action planning tool. The pilot-round will be tested for the test-group, meaning the same group of people that was involved in the workshop. In this case the managers of the test-group, the HR-department and one person representing the floor workers in the department. The pilot-round will be contain two phases, first there will be a presentation of the final proposal based on the feedback from the workshop (data2). After the presentation, there will be a questionnaire asking the test-group if this would be an implementation process and tool that would work for the case com-

pany. The result of the pilot-round is going to be referred as data 3. In table 3 you can see a data collection plan for the pilot-round.

Table 3. Piloting round Data Collection plan

	CONTENT	DATA SOURCE	OUTCOMES
<b>DATA 3 PILOTING</b>	<p>A working action planning according to stakeholders +/-</p> <p>A working related process according to stakeholders +/-</p>	<p>1. QUESTIONARE</p> <ul style="list-style-type: none"> <li>- Managers and supervisors (3)</li> <li>- Production workers (1)</li> <li>- HR-department (1)</li> </ul>	<ul style="list-style-type: none"> <li>- If the develop strategy deployment for the Case Company is according to the outcome of this project.</li> </ul>

The content for data 3 is going to be; if the action planning tool and as well if the related process is according to the stakeholder. The result of this content will be both positive and negative meaning that I will try to capture if there still is the need for adjustments to the tool and process that needs to be taken into consideration. The outcome of the data3 is going to be if I have created a strategy implementation tool and process that is according to the outcome of this project, in this case; a strategy deployment tool that breaks down strategy into lower level measurable department targets, which can be included in personal performance appraisal.

For the last part of this study based on data 3; I will draw conclusions about the project. At the same time, I will be given the case company some practical recommendations what the next operative step would be. To finalize this study, I will compare the outcome with the objective and review its credibility. By this I mean that I am going to review if this if the outcome of this project was the same as the objective and what the action planning tools and what its credibility is.

## 2.2 Methods of Data Collection and Data Analysis

The research method in this study is going to be action research with mixed methods. This means the research is going to be about solving a problem by using different kinds of methods when gathering information. In this case, current state analysis will be about gathering information with the help of personal interviews, questionnaires and workshop referred as data1, data2 and data3. The data will be tested in a test-group situated in one of the case company's operational location. When talking about the test-group, I refer to a group of people in one-line organization from the CEO to floor workers in one department.

In data1, the personal interviews will be conducted to the managers and supervisors, in this case three people. By using the interview method for the managers and supervisors I am hoping to get more engagement from them about the current situation. The interviews are going to be semi-structured, meaning that I will have some questions ready in advanced for the interviews but will ask other questions along the way when the discussion progresses. What I am aiming on with this kind of interview is to have more of an open discussion with the managers about the current situation. The results of these interviews will be notes with the most important aspects and information about the current situation, the interviews are not going to be recorded (managers wishes).

For the production workers in data 1, I am going to conduct a questionnaire; the questions are going to be structured question with two to three fields with an open question for free comments. What I am hoping to get out of this questionnaire is to get a conformation that the current problem is throughout the case company. The questioner is going to be done with the program Questback Essentials were the production workers can decide if they want to answer the questioner via an e-mail link or on a paper version that I then will add manually to the program. After the result is added in the system the program makes an analysis of the answer the production workers have given.

In data2 I will do a workshop for a group of people as according to data collection plan in table 2. With a workshop, I am hoping that the managers as well as the person representing the workers can have an open discussion about the proposal for the tool. I am also hope that the managers together can identify the problems and do a conclusion of what a good action planning tool and process should look like. With the help of the representative from the workers I am aiming for information how the process looks

from a floor workers point of view and if the tool and process is easy to understand. The person who represents the floor worker should be an open person who is not afraid of giving opinions and own comments concerning the tool and process. The data that is going to be collected are going to be notes that I will make during the workshop.

In the final data collection, data 3 I will conduct a questionnaire for the same group of people that was involved in the workshop. The questions are going to be structured question with only three to four open question for giving comments and feedback regarding the proposed tool and process. The questionnaire is going to be anonymous. What I am hoping to get out of this questionnaire is to get honest answer and if this truly is a tool for the case company. The questioner is going to be done with the program Questback Essentials. Each person will have the opportunity to answer the questionnaire through an open link.

### **3 Current State Analysis**

This part of the thesis I am going to analyse the current situation in the case company. The data will be collected as described in chapter 2. I will start the analysis by examining the strategy by reviewing the case company document about the company strategy. In this part I will also analyse the data1 result about company strategy from the personal interviews and the questionnaire. The second part of this chapter is going to be how the case company strategy is currently deployed. Here again I will use the result that I got from data1.

With the help of the information about the current company strategy and how it is deployed I will try to identify the stakeholders needs. In this case the stakeholders are the managers as well as the floor workers. Finally, I will do a summary of the conclusions I got from the case company documentations and from the data1 that was collected. With the help of this conclusion I will then have a view on what kind of strategy implementation process and tool the case company needs.

### 3.1 Current Company Strategy

As I investigated the documents for the case company I found out that the company has a current strategy. Unfortunately, the information is not deployed in the extended amount as it should be. The strategy is not visible for the whole personnel so the strategy information was very difficult to find. As the information was limited it also seemed to cause confusion amongst the personnel. The test group that took the questionnaire also responded to this problem. When asking if they know what the current strategy and goals for the case company are; the answer was that 57,1% of the questionnaire-group did not know what it was. From the personal interviews, I got mixed answer, some of the managers knew the strategy and had seen the strategy for the case company, other had not.

When I asked people if they know what a strategy is most people in the questionnaire group understood it differently. In this case, it seemed that people understand the meaning of strategy different depending on whom you were talking to; some understand it, some get it mixed up with department targets and some does not understand it at all. For the questionnaire-group, it seemed that they interpreted company strategy as a more department thinking and not as a strategy. When asking the questionnaire-group what the department goals are everyone had a clear vision; 100% of the people from this group answered yes. As for the interview group, all had a clear understanding of what strategy is and did not mix strategy with department thinking. Every manager could tell me in their own words what strategy means.

Even though the department goals were clear for the questionnaire-group I could identify that there were problems considering bought strategy and department targets. When asking the questionnaire-group If there are follow up on the department targets 71,4% of the group answered yes and 28,6 % no. The same percentage was when asking the questionnaire-group if the manager has told them how they can reach their department goals, 71,4% sad yes and 28,6% no. This was very important information because the questionnaire-group pointed out how important it is for them to reach the goals; it means that the department has good teamwork, great atmosphere, happy customers and positive thinking. When conducting the interviews all the managers told that they have discussed goals with the department. But there was no follow-up or time-frame for the department goals. All the managers had the same view that It would be

important to see it through that personnel will have the knowledge of what the department targets are and a scheduled follow-up.

When reviewing the case company strategy information, I did not find any strategy goals or follow up system to see how the strategy progresses and if the goals are met. The strategy was also divided into many business fields on a very top level. If the strategy is deployed on the top level how will the floor workers have an opportunity to help reach the case company goals? Future I did not find and resemblance between the different top department strategies. With the different top departments strategies, there was another problem; some people belonged to many business fields. By belonging to many business fields some person has many different strategy goals; this makes it hard for these persons to understand their input in the case company's goals and strategy.

The last thing that I noticed In the case company strategy was that almost all the current company strategies were based on economic figures and numbers. There were no other measurements, for example if the case company had a safety objective target that 70% of the personnel should have taken a safety class.

### 3.2 How is Strategy Currently Deployed

For the moment strategy deployment is non-existing in the case company. There is some form of strategy deployment for the white-collar worker in their performance measurement, in form of a bonus system. Unfortunately, the personnel are not aware of what the goals are and on what basis their work is being measured. Mostly the strategy is deployed for some departments in different meetings or seminars. There are also no tools on instruction on how the strategy is deployed.

I had also got the information that case company strategy is deployed by the help of performance appraisal. But when asking the questionnaire-group if they have got information about case company strategy in their performance appraisal 71,4% answered that they have not had a performance appraisal evaluation the past year. All persons in the questionnaire-group had a perspective on what a performance appraisal was and thought it was an important process in the case company. Some people in the questionnaire-group thought it was so important that it could be held more than once a year.



In the interview group, some managers told that they have been talking about case company strategy in the performance appraisal. Other manager saw performance appraisal as a poor tool that is unnecessary. In their opinion the performance appraisal process in the case company is outdated and there is no positive outcome from it.

### 3.3 Identifying Stakeholder Needs

In this part of the study I will summarize the information that I got from the current state analysis. What the stakeholder needs is a strategy that is clear, easy to understand and everyone can explain it in a simple way. Every personnel should have the understanding that case company strategy is the goal and that the department goals are a part of the company strategy, not the other way around.

The case company need to inform the personnel on a frequent basis about the strategy; were are we going, how are we doing, how can we get better results. There should also be a place for the strategy documents and follow-up charts. These documentations should be visible for the whole personnel so that everyone knows what the strategy is and how it is doing.

What the stakeholder's needs is a strategy implement tool that is easy to use, it describes in an easy way how the strategy implementation process works. When interviewing the managers, it seemed that they need some form of strategy direction guide or strategy implementation framework so they know how they should implement the strategy to the lower level departments.

What the people on the lower level departments need is to see the connection between the company strategy and the departments goals. The strategy can be deployed trough the performance appraisal process but then it is important to make the performance appraisal mandatory for all the managers. Each manager will have the performance appraisal with each department and person at least once a year. There is also a need to change the performance appraisal culture in the case company, each person need to have a positive outcome of the process.

The case company has a current performance measurement, but the measurements are unclear for some people. Not everybody has the understanding on how their job may help the strategy and some people have the feeling that they cannot influence

their performance measurement. What also would be taken into consideration is a follow up tools for bought the strategy and the department goals, these goals could work as a performance measurement.

#### 3.4 Summary of Current Strength and Weakness as Compared with Stakeholder's Needs

The positive thing is that the case company has a current strategy, but it needs to be more specified. What the case company needs is a strategy that represents the whole company when the company strategy is clear it is easier to break down into lower levels. There are no strategy implementation culture and there are no follow-up tools which makes it hard to see in wish way the case company is going and if the goals are met. Also, people seems to understand the strategy different depending on what company level personnel you are talking with.

The manager do not see the potential of using the performance appraisal as an implementation tool. Even though there are guidelines and a clear structure on how the performance appraisal should be used, it is not used in the extended amount that it could be. When talking to personnel they see performance appraisal as a very important part of their work.

In table 4 you can see the current Strengths and Weaknesses for the case company about the strategy, strategy deployment and performance appraisal.

Table 4. Strength and weakness as compared with stakeholder's needs

<b>Needs</b>	<b>Strength</b>	<b>Weakness</b>
Company Strategy	There is a current Company strategy	<p>Not a clear Company strategy, but more of a top-level department Strategy.</p> <p>There is no Strategy follow-up.</p> <p>Company Strategy is difficult to understand. Personnel understand is different depending on who you are talking with</p>
Strategy deployment		<p>The is no structure on how the strategy is deployed. Some discuss in face-to-face, some through the performance appraisal and some have never heard about the strategy.</p>
Performance Appraisal	<p>Personnel sees Performance Appraisal as a positive thing a would like to have it more than once a year.</p> <p>There are clear guidelines and structure for the Performance Appraisal</p>	<p>Divided opinion about the performance appraisal, is strategy deployment the best way to do through performance Appraisal?</p> <p>People do not understand the current Performance Measurement</p>

In conclusion; what the case company needs is a strategy implementation process that is easy for everyone to understand. Personnel understands the connection between department targets and case company targets. The strategy is followed up several time a year so that everyone knows in which way the case company is headed and if the targets are met on time. The follow-up will also help to personnel see if there are challenges in the targets, and what need to be done so the targets are reached. To implement the strategy the case company must use the performance appraisal in a more

effective way. To motivate personnel there must be a more specific Performance Measurement.

## **4 Strategy deployment in literature**

In this part of the study I am going to examine literature about strategy and performance processes. To get more understanding of these subjects I am going to take a closer look on strategy implementation, action planning and performance appraisal.

Strategy Implementations will give me more of an understanding of what kind of decisions and activities are required to turn strategy into reality (Favaro, 2015). With more knowledge about what action planning is I will have an understanding how the strategy is executed; what are the decisions and activities you must undertake to turn your strategy into action (Favaro, 2015). Finally, by examining existing literature about performance measurement, I will have a better understanding on how you can combine it with the strategy implementation and by this motivate the personnel.

To understand the whole process, I also need to know what the meaning of strategy and vision are. To create a strategy, the company first needs a vision. vision is one of the most important concept for developing and monitor the company's activities. A well-conceived vision consists of two major elements – core ideology and future goals (Collins and Porras 1996, as citrated in Kumar 2010, 56). Were as strategy is the decisions in a corporation that determines and reveals its objective, purposes or goals (Andrews 1980, as citrated in Kumar 2010, 59)

### **4.1 Strategy Implementation**

To start this topic, I will begin by describing what a strategy implementation is and what is the best way to do this process based on the literature. When I reviewed the literature about strategy implementation I noticed that a lot of the existing knowledge puts a lot of focus on why strategy implementation fails. That is why I am going to use one part of this chapter on problems and pitfalls regarding strategy implementation. With this information and knowledge, I am going to form an opinion of what would be the best solution for the case Company a presenting this in my conceptual framework.

When a company has a clear strategy, it is time to implement it. But what does strategy implementation mean? There is much confusion between strategy, implementation and execution (Favaro, 2015), so how can you identify what a strategy implementation is? Strategy implementation is a plan how to get the strategy into action. In other words, when you have a strategy and the goals for it, you need a map to help you reach these goals. This is called strategy implementation. A Company needs to have a strategic plan that clearly define objects and assess both external and internal solutions (Kumar 2010, 58).

#### 4.1.1 Strategy Implementation Processes

There are several ways a strategy can be implemented. In Michael K. Allio's article "A Short, practical guide to implementing strategy" (Allio 2005, 13) one way to implement strategy is to use a five-step process (figure 3). According to Allio (2005, 13) this process not take longer than six weeks.

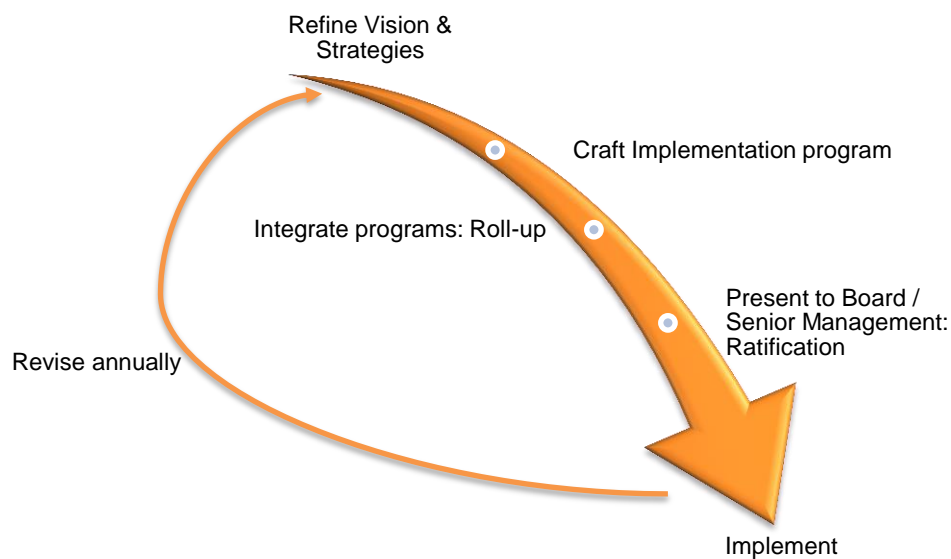


Figure 3. Implementation process according to Michael K.Allio (2010)

To have a more of an understanding how the process (figure 3) works in practice, I will now describe Allio process in more detail (2005, 13-15).

## 1. Refine the Vision and Strategies

When the strategy is formulated in the company there should be a document that captures the following statements (Allio, 2005, 13):

- a. A draft vision statement, what is our goals?
- b. A set of broad strategies, what are the steps needed to reach the vision?
- c. Preliminary performance measures, what are the preliminary goals for the strategy?
- d. Preliminary resource required and expected results, do the company have the resources they need?
- e. critical issues, are there any problems that needs to be taken into consideration?
- f. The underlying (strategic) rationale for these decisions, why are we doing this?

When setting the strategies, it is recommended by Allio (2005, 14) that company only uses a set of three to five strategies. According to Allio (2005) over five strategies may risk the managers of losing focus and discipline. Allio (2005, 14) also points out that it is important to assign strategy managers to each strategy program, these managers oversee the overall process.

## 2. Crafting individual implementation programs

It is important that the vision and strategy are preserved when they are moved down from a general to a more specific level. Allio (2015, 14) points out that it is most important in this phase to understand who is responsible for what. In this step of the process the strategy managers creates their individual implementation for their own assigned strategy program.

The following information is needed in these implementation templates and must be captured for each strategy goal:

- a. Key programs
- b. Metrics
- c. Milestones
- d. Strategy Managers: Responsible, start date, complete date
- e. Required resources: People, Investments / expenses
- f. Critical Issues

### 3. Integrating implementation programs

When manager for each strategy program has done his own assigned strategy program plan, the strategy managers will go through all the strategy programs that every strategy manager has done. Together they will look over the critical aspects of each strategy; are there enough resources that are required, are there performance metrics and are there other issues. The Managers deliberate if the implementation programs still follow the original goals. (Allio 2005, 14). They will then then present their strategy implementation plan, a plan that contains all the different strategy programs to the board members as well as the CEO.

### 4. Ratifying the strategies and implementation programs

After the presentation, the managers, CEO and board members will discussion and debate, making a clear understanding of the company's priorities and issues.

### 5. Implementation; the strategy is now ready to be implemented to the whole company.

According to Allio (2005, 13) this strategy implementation process should be renewed on a yearly basis. These then practical guidelines should help the strategy managers when implementing the strategy (Allio 2005, 16-20):

1. Keep it simple; make a straightforward strategy that is not too complex.
2. Establish a Common language; strategy Managers should use the same definitions and review the key terms.
3. Describe roles, responsibilities and timeframes; Make sure everybody knows their role and responsibility and each strategy program should have time-frame.
4. Devise is important; keep the strategy and vision simple so it is easy for everyone in the company to understand.
5. Balance short term with long term; all the targets do not have to be short-term.
6. Be precise, use action verbs
7. Use a common formation to enhance clarity and communication
8. Meet regularly, but in structured, time limited sessions
9. Anchor implementation activities in the firm's financial infrastructure; budget, metrics, reward
10. Be prepared to consistently manage the implementation process

This process that Allio (2005) presented is one of many, another approach that I found interesting was Kaplan and Norton (1999) balance scorecard. The balance scorecard is a tool to help the company's strategy. According to Kaplan and Norton (1999, 19) the balance scorecard is a document that makes company's vision and mission more clear and easy to understand. It connects the company goals and direction and at the same time it will also plan and set goals. The scorecard will also give strength to feedback and learning. (Robert, Kaplan 1999, 19) I will describe the Kaplan and Norton balance scorecard as an action planning tool in more details in 4.2 Action Planning.

According to Kaplan and Norton (1999) to implement strategy, you have to make sure that the whole management team is on-board. By communication and setting personal goals the scorecard will engage the whole organisation and its members (Robert, Kaplan 1999, 187). A line worker can by the help of this see how his work contributes to the company goals. In figure 4 we can see Kaplan and Norton's strategy implemen-



tation that contain the three most common arrangement; communication and education, a clear goal and Vision and a connection to the reward system.

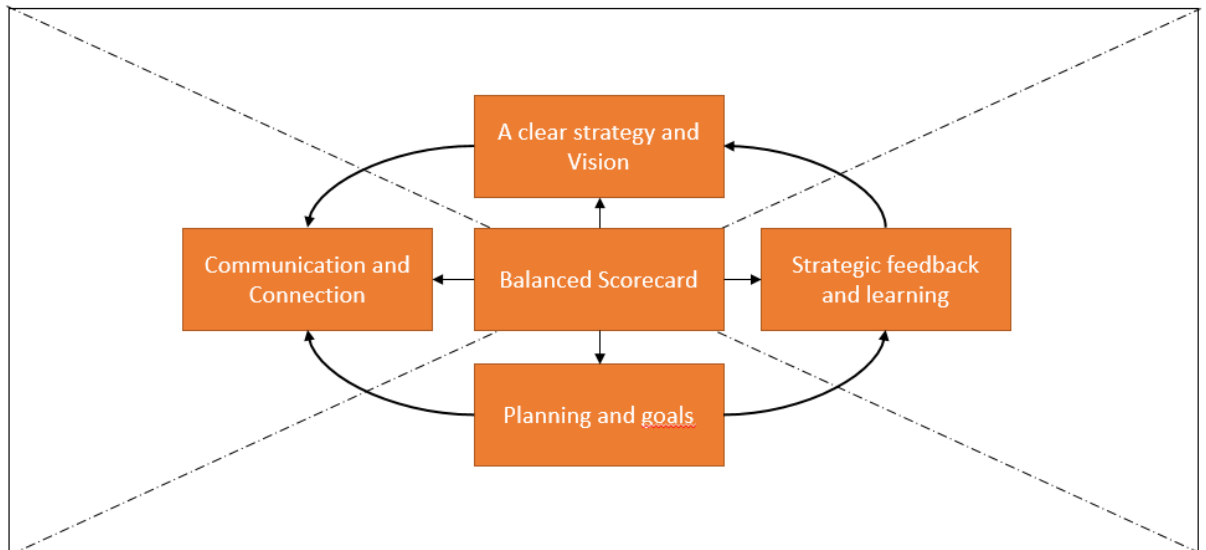


Figure 4. Strategy implementation how a worker can see his contribution to achieve company goals

1. Communication; It is important for all managers and workers to have a clear vision and understanding of what company the strategy is and how everyone can contribute so the strategy succeeds.
2. A clear goal and vision; When everyone have clear goals and vision, teams and individual must convert the company goals to a more team-based and work specific goals.
3. Connection to reward system; The strategy should support the reward system.

Strategy implementation is according to Kaplan and Norton to make several arrangements that will guide individual and teams by using local goals and numbers. When talk about strategy implementation it is crucial to take the time to identify important and critical things, this way it will become a strategy implementation.

What I found most important in Kumar's book "Enterprise Growth Strategy: Vision, Planning and Execution" (2010) was the authors way of thinking about the following aspects when implementing a strategy; Aligning organization resources, the importance of the organizational behaviour and critical strategy domains.

To align organization resources Kumar (2010) is suggestion that strategy implementation success depends on the following critical variables: people and if they have organizational support structure, information, skills, equipment and motivation (Kumar 2010, 334). By Aligning these organization resources Kumar uses a model by Kling and Kosminsky (2006) about having three types of “Capital” for the strategy (figure 5); Competence capital, Motivation Capital and Organizational Capital. If these three types are not harmonized the execution will be compromised.



Figure 5. The foundation of effective strategy execution (Kling & Kosminsky, 2006)

What Kumar (2010) means by quoting Kling and Kosminsky (2006) in figure 5 for the different areas; Competence capital is if employees have the skill and experience to support the strategy. Motivation Capital means if the organisation has enough ability to meet the employee’s expectation and the Organizational Capital is a fit between strategy and how the organization model is structured. To have a working organizational capital you must be able to get every aspect of the company to move in the same direction. For this you can use a model of three elements (Kumar 2010, 335):

- Organization structure; a way to identify authority, reporting and coordination in the line organization.
- Valued behaviour; if the company has a goal, does the personnel have the skill to reach the goals
- Recognition and reward system; Reveals the true intentions of an organization.

The aspects of organization behaviour is also an important part of the strategy implementation (Kumar 2010). To have a successful organizational structure the author suggest that the following aspect needs to be (Kumar 2010, 336):

1. Strategy understanding; Does every employee understand the strategy?
2. Customer Focus; Do employee understand the customer-supplier relationship?
3. Leadership behaviour; Does the business communicate about the future?
4. Performance management; is performance measurement in line with strategy?
5. Organizational culture; Does the values of the employees match the Company value and strategy?

To have critical strategy domains the company need to recognize that the whole personnel on all levels needs to be a part of the goal setting process (Kumar 2010, 338). The Company can use a different approach by adding a group of employees in the planning process (Surewiecki's 2004 as cited in Kumar 2010, 338). This can also be a benefit in change management.

#### 4.1.2 Problems and Pitfalls When Implementing Strategy

In a study of 275 portfolio managers reported that the ability to execute the strategy was more important than the quality of the strategy itself (Robert S Kaplan, 2001, p. 1) So why is it so difficult for companies to implement strategy? According to Michael Beer and Russell A Eisenstats research on Strategy implementation in the Article "The Silent Killers of Strategy Implementation and Learning" (2000) they found six problems with strategy implementation:

1. Top-down or laissez-faire senior management style
2. Unclear strategy and conflicting priorities
3. An ineffective senior management team
4. Poor vertical communication
5. Poor coordination across functions, business or borders
6. Inadequate down-the-line leadership skills and development

What Beer and Eisenstat (2000) are suggesting is that these problems can be resolved so that the company can become fast and aligned, by making the six-silent killers transformed into six core capabilities:

1. A leadership style that embrace the paradox of top-down direction and upward influence
2. Clear strategy, clear priorities
3. An effective top team, whose member possesses a general-management orientation.
4. Open vertical communication
5. Effective coordination
6. Down-the-line leadership

Similar problems are identified in Allio (2005, 12) article "A short, practical guide to implementing strategy. Even though a company has a perfect strategy the effort of implementing the strategy is very little. Here are some pitfalls why implementations stumble (Allio 2005, 13):

1. People are not interested and wants to get back to "real" job
2. People can't translate ideas into actions
3. No reward for sticking to the strategy
4. Lose track if the goals or they cannot be easily monitor
5. Everyone is responsible or nobody's responsible
6. Reality intrudes and the plan lose relevance

In the Article "How to improve strategic planning" by Dye and Sibony (2007, 40) the authors describe how corporate planners most of the year collect financial and operational data, make forecast, and prepare lengthy presentation with the CEO and other senior managers about the future direction of the business. The result is usually an expensive and time-consuming process where many participants get frustrated by its lack of impact on either their own action or the strategy direction of the company. Similar problems are that companies focus too much on the budget, the budget should not be the primary index for strategy, because this may cause short-term financial conditions to overwhelm long-term strategic goals (Kaplan & Norton, 2006).

Problems that are caused by rupture between strategy formulation and implementation can also cause disadvantages, for example systems that are used for (Kaplan & Norton 1999, 179):

1. Adaption and communication of the Strategy and direction
2. Divided resources
3. Definitions of the departments, teams and individual's goals and guidelines
4. From feedback

In Figure 6 Norton and Kaplan (1999) have found four barriers that can work against a working strategy implementation.

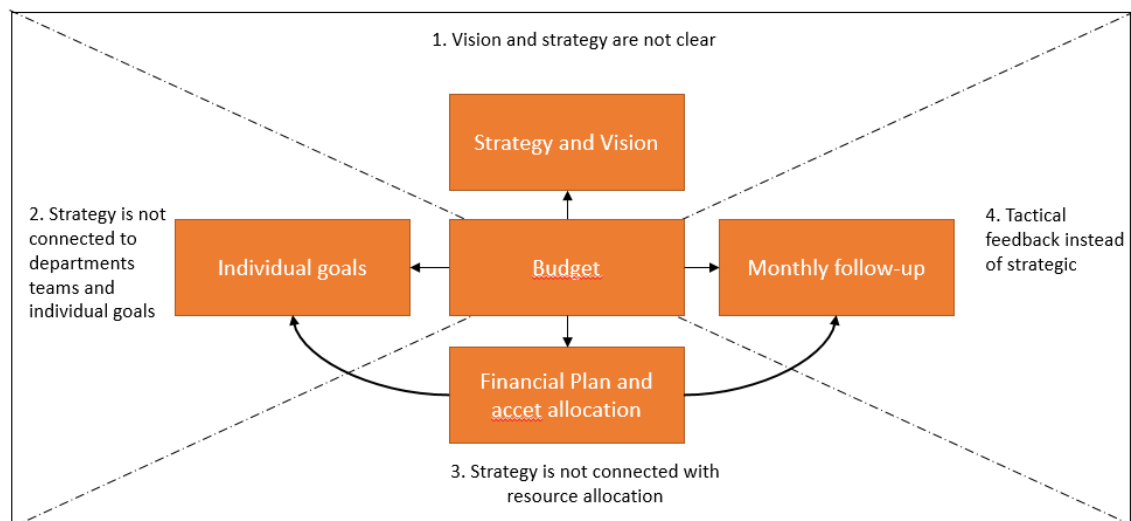


Figure 6. The four barriers for strategy implementation according to Kaplan and Norton (1999, 180)

To resolve these barriers Kaplan and Norton are suggesting to keep the following solution in mind when implementing strategy (Kaplan & Norton 1999, 185)

1. Vision and strategy
  - a. The vision and strategy are clear to everyone
  - b. The Strategy should be the main reference point for the management process.
  - c. The Company vision is the core for the strategic learning.

2. Strategic feedback and learning
  - a. Feedback system is based on the strategy
  - b. Team based problem-solving.
  - c. Strategic development is a continues process.
  
3. Planning and goals
  - a. Challenging goals are formulated and accepted.
  - b. Strategic initiatives are identified clearly.
  - c. Investments has an impact on what the strategy is.
  - d. The yearly budget is combined with long term plans.
  
4. Communication and Connection
  - a. Common goals on all corporate levels.
  - b. Education and open discussion about strategy are the main pillars for own responsibilities.
  - c. Payroll system is connected to the strategy

In conclusion, the strategy implementation is a very important process for any company and there are many barriers and pitfalls that makes the strategy implementation fail. Most of the Strategy exactions are people related (Mrebiniak and Lawrence 2005, 5); managers are trained to plan, not executed, managers do not see themselves to be responsible for strategy implementation and the strategy implementation process takes too long. To make a successful strategy implementation people must be involved and aware of the strategy implementation process. Leaders must focus on critical issues and align people to the strategy and process. (Kumar 2010, 336)

#### 4.2 Action Planning

In this part of the chapter I will be studying the literature about action planning. I will start this chapter by describing what action planning is. Further on will explain how an Action plan is done based on existing knowledge.

Let us start with the question what is action planning? Action planning is a process which will help you to focus your ideas and to decide what steps you need to take to achieve goals that you may have (University of Kent 2016). When the Company has their strategy and vision on the right track it is time to make an action plan on how the

goals for the strategy are going to be met. There are different kinds of action planning tools, the most common one I found when examining the existing literature was Kaplan and Norton's balance scorecard. This balance scorecard transforms strategy into a contentious process. It is owned by every employee and not just the top managers. (Kaplan and Norton 1993, 3).

So How can a Company get its strategy into action? In Figure 7, Niven (2002, 107) describes how Kaplan and Norton translates mission and core values into action. When a company has a clear vision and strategy it is time to focus on the objectives. The objective will form from the four perspectives Financial, Learning and Growth, Internal and Customer (Niven 2002, 13) each objective will have targets, measurements and a person who is responsible for each objective. The measurement can also be used as a performance measurement in the performance appraisal.



Figure 7. Translating mission and core values into action (Niven 2002)

It is important not to focus on just financial numbers, financial numbers show more what has happened in the past and will just give a small insight of what the future opportunities are. What the company must focus on is an action plan that give a clear view on what the strategy is going to be in the long run. That is why the company not only have to focus on the financial objectives but also internal, customer and growth.

#### 4.2.1 Setting Strategy Objectives and Measurements

According to Kaplan and Norton (Niven 2002, 13) the strategy objectives will form from the four perspectives;

1. Financial; This may be profitability, revenue growth or economic values
2. Internal Business Process; This can be what key processes the company needs for adding value for customers and shareholders
3. Learning and Growth; This can be employee skills, satisfactions, information and alignment
4. Customer; This can be which target of customers and value proposition serving them.

Even though Kaplan and Norton (2002) suggest these four perspectives and most of the literature also uses the same, each company has different kinds of strategic goals. That is why it is important to ask the question before starting the action plan “are these the perspectives for us? Do we need more perspective or less?” (Niven 2002, 98). Before the company starts to set their objectives, it is important to examining some background information about the current situation. Companies can find the information they need by dividing the background information in the following categories (Kumar 2010, 102);

- Mission, values, vision and strategy
- Financial; annual reports, performance report and other financial documents.
- Customer; Market development, project plans, performance report and other information that concerns the Market and its customer.
- Internal process; operational reports, manufacturing reports, competitor data and other internal information.
- Employee learning and growth; Human resources data, Core values, Consulting studies or other information considering the learning and growth process in the Company.



When the background information is studied and everyone has a clear vision of the current situation it is time to set the objects for each perspective. One way to start the development of is to ask the following questions (Niven 2002,107):

1. Financial Perspective; What financial steps are necessary to ensure the execution of strategy?
2. Customer perspective: Who are our targeted customers, and what is our value proposition in servicing them?
3. Internal Process perspective: To satisfy our customers and shareholders, at what process must we excel?
4. Employee Learning and Growth perspective: What capabilities and tools do our employees require to help the execute our strategy?

Niven (2002) suggest using verbs like: increase, reduce, initiate, develop, lower, improve and so on, to help develop the different objectives. You should also keep in mind that the objects should not be more than one or two sentence long (Niven 2002, 109). To keep the Scorecard simple, there should not be more than three objects per perspective. Some organizations have started to use the SMART acronym to help establish key requirement for object setting (Hutchinson 2013, 102).

SMART is an acronym for the five components of effective goal (Grote 2002, 41) and in this case, can help company to set the right goals. SMART stands for (Hutchinson 2013, 103):

- S – Specific; A clear defined outcome
- M – Measurable; A clear measurement that identifies when the objective has been reached.
- A – Achievable; The goal should be challenging but not impossible to achieve.
- R – Realistic; It is linked to team, organizational goals but also job description.
- T – Time-bound; The goals a time-frame to achieve the Company objectives.

For each objective there also need to be to be a measure, this measure is important the company can follow each objective and see how the targets are met during to year. These measurements can also be used as performance measurements; tools that can determine whether the company are meeting their objectives and moving toward a successful implementation for the Strategy (Niven 2002, 114).

Example of different kind of measurement for each perspective can be (Niven 2002, 117-140):

- Financial: Common used financial measurement; ROCE, Total assets etc.
- Customer: Customer satisfaction, Operational measurement etc.
- Internal: Innovation measurements, supply-chain measurements etc.
- Employees: Employee productivity, employee satisfaction etc.

For each measurement, there should be an owner. The owner's responsibility is to make sure that the measure gives result. If the performance begins to decline, it is the owner that must give the answer why it is failing and the responsibility to see that the measurement gets back on track (Niven 2002, 154). The owners do not have to be an individual, it can also be a function.

#### 4.2.2 Setting Targets

Every object needs a target. There are different kinds of targets and can be defined as a quantitative representation of the measurement some point in the future (Niven 2002, 181). Niven gives example on three different types used with different time frames; Long term targets, Midrange Targets or Short term targets. The meaning of long term targets is to shake the whole organization on a longer term, these kinds of targets has a time-frame that will take from 10 to 30 years. Midrange targets are set on a time-frame from three to five years were as short time targets are established on annual basis. Not all of these targets are needed., in this case for setting strategic targets to meet performance measurement the ideal target is short time.

To find the source for the target information Niven (2002, 186) are giving these sources where one can get the information from:

- Employees
- Trend and baselines
- Executive interviews
- Internal/ External assessments
- Feedback from customers and other stakeholders
- Industry averages
- Benchmarking

One way of setting the targets is to do a mapping of initiatives for the targets and object. In figure 8 (Niven 2002, 192) are an example what the mapping could look like.

Perspective	Objectives	Initiatives	Benchmarking	ISO 9002	IT tools and tracking	Global Communication	New Pricing program	360 Feedback	Partner Program	Frequent Purchase Program
Financial	Grow revenue						●			
	Increase assets utilization		●							
Customer	Increase partnering								●	
	Build loyalty									●
	Grow market share									●
Internal Process	Develop customer information				●					
	Reduce downtime			●						
Employee Learning and Growth	Develop core competencies					●				
	Increase empowerment							●		

Figure 8. Example on Target Mapping (Niven 2002, 192)

Setting the target for the balance scorecard is an important part of the process. Targets make the result of measurement meaningful and tells is if the company is doing a good job (Niven 2002, 196).

### 4.2.3 Building the Action Plan

So how is the best way to build the scorecard around these objectives. In Kaplan and Norton's article "Putting the Balance Scorecard to work" (1993, 6) they are suggesting eight steps that the company can follow. Here it is important to keep in mind that every organization are unique; but these eight step is a typical project plan.

#### 1. Preparation

First the Company must decide from which top-level the scorecard will start. In this Scorecard, the four (the number can be more depending on the company strategy and goals) perspectives will included; Financial, Customer, Internal and Personnel.

#### 2. Interviews: First Round

The senior-managers do a research background on internal documents. Here the documentation about company's mission, vision and strategy is very important information. The company names facilitator; a person who is responsible for the balance scorecard. The facilitator has interviews with the senior-managers, giving them a chance to give their input om company's strategic objectives as well as giving their opinion about balance scorecard measures.

#### 3. Executive Workshop: First round

Senior-Managers have a workshop following the process (figure 9) for developing the scorecard (Kaplan and Norton 1993, 7). When the senior-managers has reach an agreement about visions statements they move to the next step; discussing what will be different if the vision will succeed from a Shareholder, Customer, Internal and Innovating & Learning point of view. When these key factors have been defined, they have a preliminary balance scorecard.

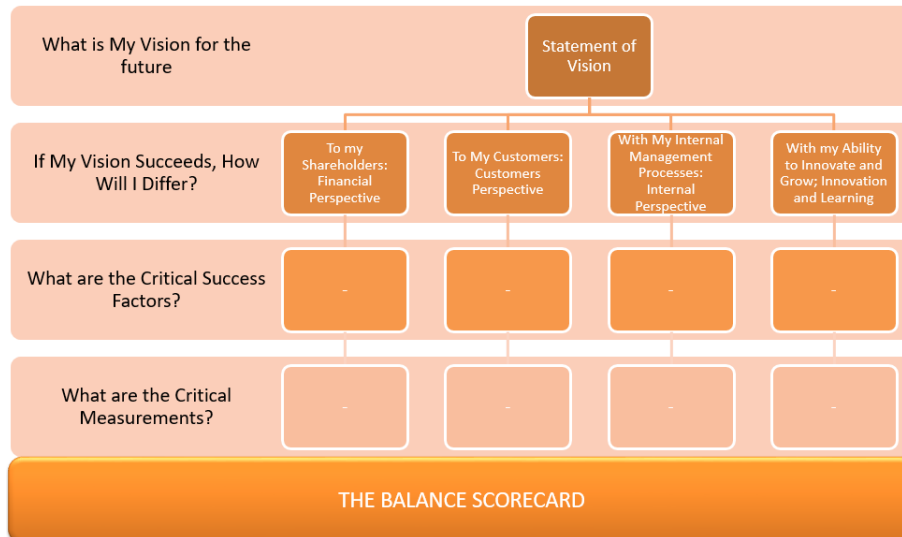


Figure 9. Linking Measure to Strategy (Kaplan & Norton 1993)

#### 4. Interviews: Second round

Step 2 is repeated using the documents from the previous step. But this time senior executives have the chance to give their opinion about the scorecard to the facilitator. Here they also discuss about issues that can follow with the scorecard.

#### 5. Executive Workshop: Second round

The company has a Workshop with a larger number of middle managers and discuss the balance scorecard. In this part of the project an implementation plan is developed.

#### 6. Executive Workshop: Third round

The senior executives discuss the outcome of the two workshops before. An important face in this step is to create an implementation program that also involves the employees and an information system that supports the scorecard.

#### 7. Implementation

Here the team creates an implementation plan for the Scorecard; how the Scorecard will be deployed to the whole personnel.

#### 8. Periodic Reviews

The measures of the Balance Scorecard are being reviewed by the top management and the current situation is being analysed. The balance scorecard metrics

are revisited annually as a part of the strategic planning, goal setting and resource allocation process. (Kaplan and Norton 1993, 7)

#### 4.2.4 Project Time-frame and Roles for Action Plan

When constructing the action plan it is good to have a time-frame to see that the project moves forward. It is also important to have roles that are responsible for different kinds of areas so that the project will move forward. Niven (2002, 56) gives us a suggestion of what kind of roles there can be in the scorecard project):

- Executive Sponsor; The owner of the balance scorecard project, provides background information and maintain communication with senior managers, commits resources and provides support in the balance scorecard project.
- Balance Scorecard Champion; Coordinates meeting, ensures that background material is available, provides feedback to executive sponsor and senior managers, facilitates the development.
- Team Members; Experts on business units or business function, act as balance scorecard ambassadors within their unit, act in the best interest of the business
- Organizational change expert; Increases awareness in organizational change issues, investigates changes-related issues.

A typical timeframe for the scorecard project is around 16 weeks (Norton and Kaplan 1999, 286). The project is divided into 4 main categories; define the measurement structure, agreement on objectives for the strategic initiatives, choose and construct measurements, maintain the implementation plan. Each of these steps may take from three to six weeks.

### 4.3 Performance Measurement

In this part of the study I am going to review the literature from existing knowledge about performance measurement. I will start this chapter by review what performance measurement is. Later in this chapter there will be a part of what kind of different performance measurement there are.

When talking about performance measurement what does it mean? A performance measurement is as it sounds, it is how a company can measure a worker's performance. The performance management operates as a partnership between the organization and each individual working in it (Armstrong 2000, 21). In figure 10, Armstrong (2000) describes how both company and workers contributes to define the company's objects, tasks and performance measure. This is a very important part of the strategy; it should encourage and at the same time motivate workers.

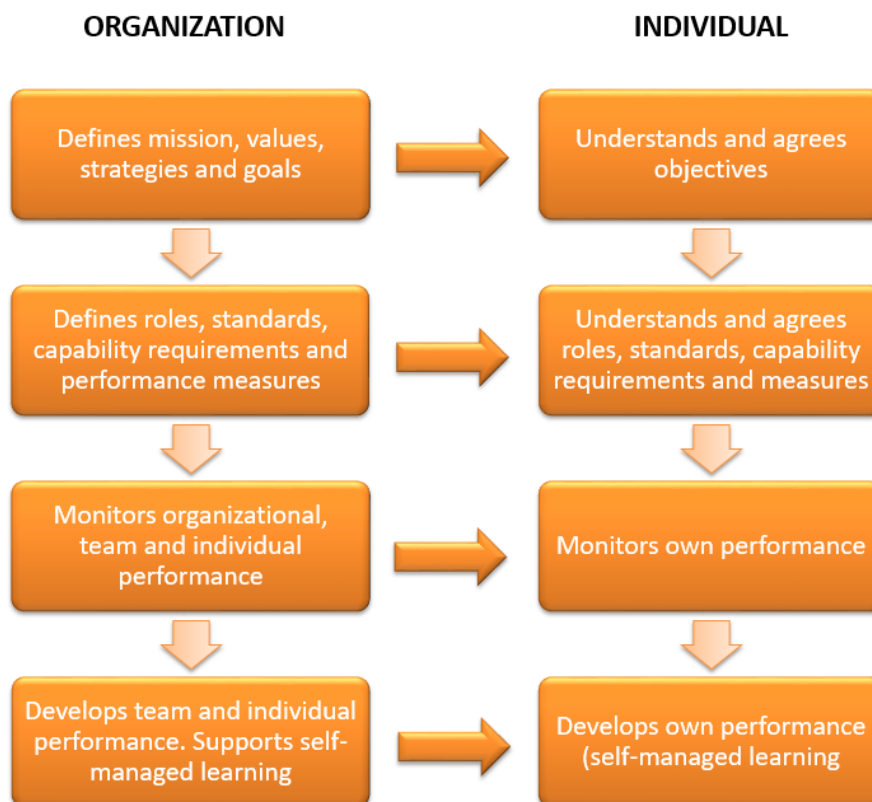


Figure 10. Company and workers contributes to define the company's objects

Performance is a role-specific and it is relevant to all roles regardless of function or hierarchical level (Hutchinson 2013, 98). Performance measurement can not only be defined by measurement; it is also important to look at the context of the job the worker performs. To be effective, measures of performance must also according to Hutchinson (2013) aspire to the following requirements:

- Validity – the performance is being measured in the way they claim to do
- Reliability - the measurement is reliable for all the persons involved
- Fairness – the performance measurement is fair for all the persons involved
- Practicability – the performance measurement is practical to use

If you want to motivate the people working and appraise them the right way, it is extremely important to see through that the performance management system is reliable and gives the personnel the feel that the system works in the right way. It is also important to make sure that you have a system that is fair. A big problem when measuring the performance may be, that you have a system that is not fair for personal reasons, for example; Personal chemistry among workers and Managers. Or if a Manager and Worker has different opinion about work related or personal things, it should not affect the performance Measurement (Hutchinson 2013, 98).

So how can you measure performance so it has the right effect? According to Armstrong (2000, 51) if you can't measure it, you can't manage it and what gets measured gets done. There are many ways in how you can measure a performance, you could say that there are so many ways as there are companies. Hutchinson (2013, 101) describes two main types of approach to measuring performance that most of the companies use:

- The output- or outcome based approach which is the most common type used by companies, also referred as a result-based approach.
- The behavioural approach that is starting to be a more popular type for companies

In the next chapters I will take a closer look on the different types of approaches, and what that means in practise.



#### 4.3.1 The output- or outcome based approach

The out- or outcome based approach measurements are typically based on product or service quality, quality or financial outcomes (Hutchinson 2013, 101). This means in practise that the performance is based on fixed numbers and goals. For example; A fruit picker company has performance measurements that tells how many fruit a worker should pick in a certain time and that the quality of the fruits has a specific standard. These measurements are also called Key Performance Indicators or KPI and are the reference point of performance (Hutchinson 2013, 101). The KPI are usually Controlled by the Company's objectives (That are formed from the company strategy). How can you make sure that the KPI are systematically aligned with the organizational and individual objects, focusing on future and not the past?

Every though this approach, to have an output- or outcome measurement; are used by several companies it has its benefits and pitfalls. The benefit is that with this approach the company has objectives that can be linked to organizational goals to provide a "Line of sight" so individuals can make an identifiable contribution, which can provide a real sense of achievement (Hutchinson 2013, 103). In this case, it can motivate personnel and at the same time encourage self-management.

But there are also several shortcuts in this approach. If we want a "what gets measured gets done" measurement, it can easily become "what is easy to measure, not what is most important". Is there a risk that if an object is difficult, you take the easy way out and not focus on the real challenge? The other problem with an output- o outcome measure it that people are just focused on the goals and numbers, the rest of the tasks will be left out because people do not see them as important. This can also lead to internal competition and people will start to play the unfair. Latham, Sulsky and Macdonald (2007, 367) are describing this very well; "winning the game is perceived to be more important for one's own career than how one plays the game".

#### 4.3.2 Behavioural Approaches

The behavioural approach is a measurement that measures performance by behaviour rather the outputs. This measurement is focuses more on what a person does and therefore more organizations are starting to put their focus on this measurement (Hutchinson 2013, 105). Company can focus on a significant event and with behav-

journal approach measure personnel on how they have completed the task. There are several different rating scales that can be used. Here are five common scales that usually are used by Companies (Hutchinson 2013, 107):

1. Rating with verbal scale; Example: Bad to good.
2. Numerical ratings; For example: 1 to 6. Even though there are some recommendations that scale should be used from 1 to 5 given the possibility to give a midrange (an odd number) value like for example 3. But the risk that a person will answer 3 in all the questions are quite common (Hutchinson 2013, 108 quoting Woods and West 2010 and Fletcher 2008).
3. Rating by positive definition; For example: Basic, Developing, Effective, Very effective.
4. Graphic rating scales with detail on the behaviours associated with the quality being rated.
5. Comparative scale; For example: Is one of very poor, Performance less well than most, Performance the same as most, Performance better than most, In one of the top performance.

The problem with the behavioural approach is that each manager may interpret the scale different. For example, in scale model, how can a manager define good or bad work? Another problem may be that the worker gets more focused on the scores rather than understand their development needs (Hutchinson 2013, 108). The scale should be a positive thing to help people understand how they can improve their job.

#### 4.4 Conceptual Framework

In this chapter I will summarize all the existing knowledge from the past chapters. This is going to be my conceptual framework, in other words the base that is going to be the frame for this study. I am going to summarize the best part from the three main topics; Strategy Implementation, Action Planning and Performance Measurement.

The most interesting part in the strategy implementation knowledge was Kumar's book "Enterprise Growth Strategy: Vision, Planning and Execution". Why I found this interesting was that it focuses a lot on communication, similar problems that I found in the case company. I would see it most important for the company to have a better organization culture and communication. That is why I am going to use the information I got from Kumar (2010) to build up a strategy implementation framework. This would help the case company with communication and give managers a better understanding of why strategy implementation is important. The managers would also get some tools on how they can inform about the strategy so it will reach the lower levels of the organization.

What I interpreted with Kaplan and Norton's suggestion was to first build a Scorecard action planning and then build the strategy implementation around that. In this study, I think it would be better to first change the management culture so that they have a better understanding about how important strategy implementation, later on in the future I would take Kaplan and Norton suggestion into consideration. If the case company first tackle the problems with the strategy understanding, customer focus, leadership behaviour, performance management and organizational culture (Kumar 2010, 335) I think the case company can succeed better in the strategy implementation.

In the chapter about action planning I am going to use the framework for the balance scorecard. The reason why I made the decision about choosing the balance scorecard is because there is a lot of information from several authors on why the balance scorecard should be used and the benefits that comes with this model. Mostly I am going to use the information that I got from Paul R Nivens book "Balance Scorecard step-by-step: Maximizing Performance and Maintaining Result" (2002). To support this literature I will also use Robert S. Kaplan and David P Norton's book "Från Strategi till handling The Balance Scorecard" (1999).

Even though there are different kinds of Action Planning solution I found that Kaplan and Norton's scorecard would be the simplest solution for the case company. It's construction and frame is easy to understand and would make a great base for the case company when it comes to strategy implementation and to get the information down to the lower levels. At the same time, it would give the case company an opportunity to create a simple strategy that everyone understands and getting the personnel an un-

derstanding of why every employers input are important. When the case company gets more familial with process there is also an opportunity to create this idea further.

From the performance management chapter I am mostly going to use the information that I got from Sue Hutchinson's book *Performance Management: Theory and practice* (2013). Her literature combines several other authors theory and ideas about performance management. The book is divided into many different areas when it comes to performance management and I think this literature would help to understand all the aspects of performance measurement and performance appraisal in general.

I see it very important for the case company to understand the different kinds of approach when it comes to measuring performance; what are the benefits and what are the pitfalls so they can take this into consideration when the set the goals to the objectives. Another thing that I see as very important aspect is the Armstrong's Company and workers (see figure 10) contribution when it comes to performance. I think it is important for the workers to understand that their performance and contribution is a part of the strategy and how they can help the case company to succeed in their goals.

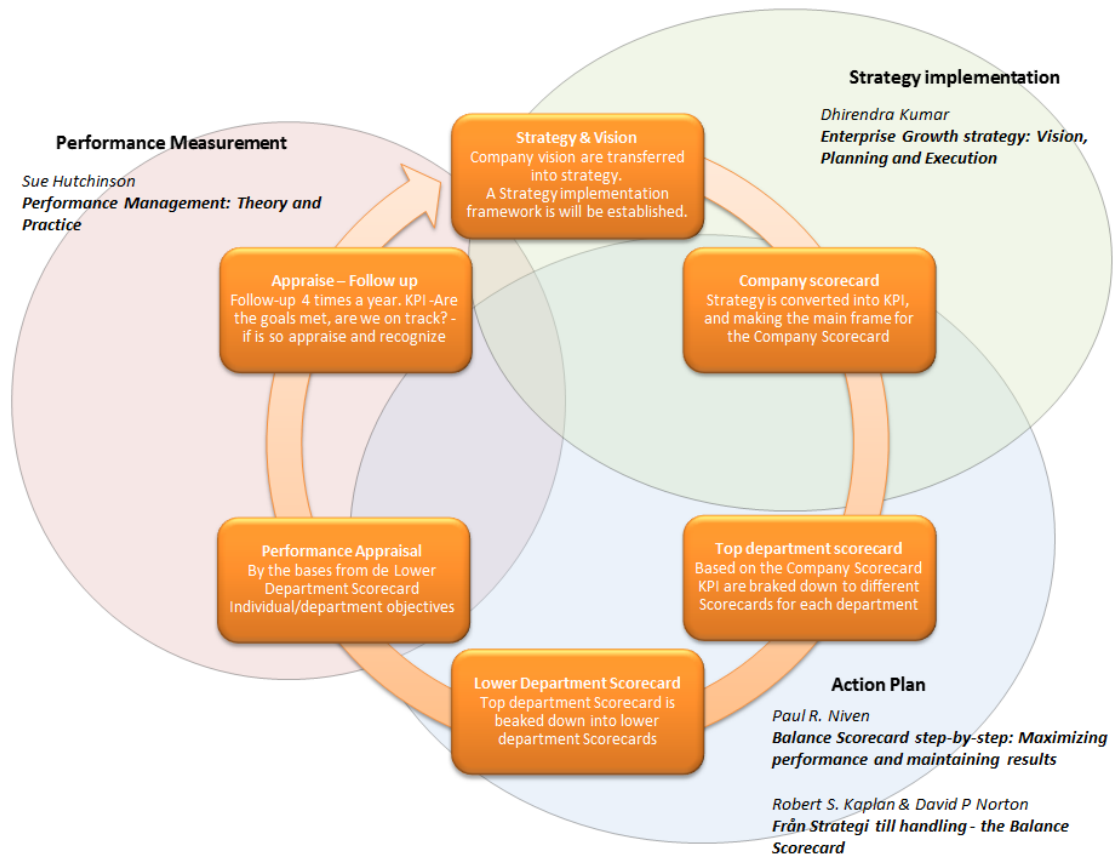


Figure 11. Conceptual framework from the strategy deployment literature

To summarize this chapter I can draw the conclusion that I now have the information I need to build a systematic process and related tool for the case company. In figure 11 you can see the conceptual framework that was formed from the strategy deployment literature. By the knowledge I have received from the existing knowledge, I also have more of an understanding what strategy implementation, action planning and performance measurement is.

## 5 Building a Systematic Process and Related Tools Concerning Strategy Implementation

In this part of the study I am going to describe how I am going to build the systematic process and related toll that will help the case company to implementing strategy. I will start by describing the process that I have decided to use and then go through the process step by step.

From the conceptual framework, I constructed a process and related tool that will help the case company to deploy strategy with the help of performance appraisal. The tool has six steps that will help the process (figure 12). In this part of the study I will point out that step four; “3<sup>rd</sup> level Scorecard and KPI” will be used only in special cases, like for example if there are production lines that have different goals than the other lines. The outcome of this tool is visible in appendix 1.

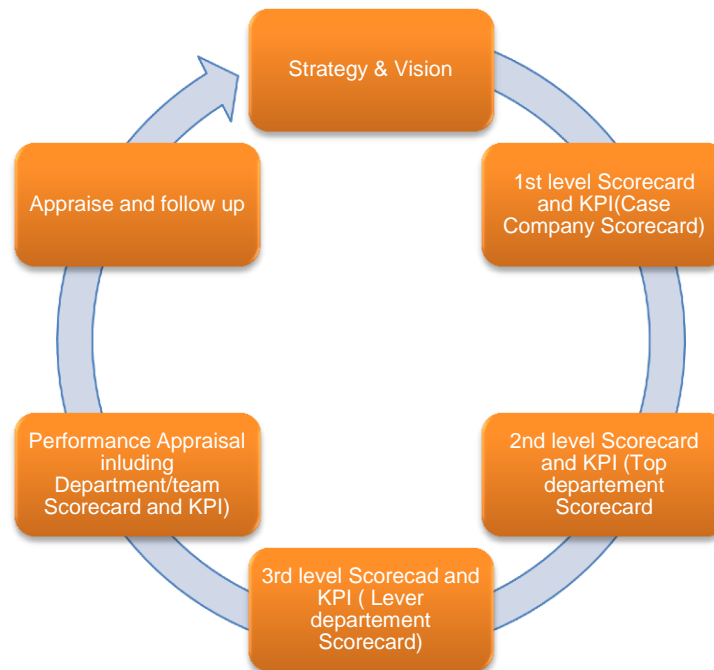


Figure 12. Strategy deployment and Performance Appraisal tool

In the end of this chapter I will have a summary of the workshop that gave me the outcome of data2. With the outcome of the information that was collected in data2 I will make some final adjustments for the proposal to the action planning tool and the related process. By doing this I will have a final version of the action planning tool and related process that I then can test in chapter 6, the piloting round.

## 5.1 Strategy and Vision

To start the process the case company needs a vision, this is the goal of the case company for the upcoming years. From the vision the case company will create a strategy; the road to how the vision will be achieved. It is important that the case company have a time-frame when the strategy goals should be reached.

To be able to implement strategy the case company needs a strategy that is simple and easy for everyone to understand. When someone asks the personnel what the strategy is; everyone should be able to answer the question in the same way. It is also important for the employee to understand that the strategy is for the whole company and a part of their everyday work. Company strategy is a part of each departments goals. The strategy and vision needs to be in a place where everyone can see it. In this case I am suggesting that the vision and strategy will be placed on the case company's intranet. It is also something that can be visible in the company's monthly newsletter.

After the board members, has decided what the case company strategy is, they will appoint some positions that will be crucial when building the case company scorecard:

1. Scorecard Project Manager; A person responsible for the whole scorecard project. This person makes a time-frame for the project and sees that the project will stay on track. The scorecard project manager is also in charge of arranging all the meeting and workshop.
2. Scorecard Expert; This person knows the basics for building a scorecard and make sure that the scorecard is built in the right way. A scorecard expert also has the answer to all questions regarding a scorecard. He is also responsible of providing the background information, see that communication works, providing support for the scorecard team and commits resources for the whole team.
3. Organizational Expert; This person is responsible to make sure that the scorecard is implemented to all the departments. He is responsible to give information that concerns the case company vision, strategy and scorecard.

The case company will also need a scorecard team, people that will build and decide the scorecard, in this case it could be the top managers including the CEO.

Before the project can start, the scorecard project manager will make a schedule for the scorecard project, and give a timeline when it should be ready on all department levels. He will also plan when the workshops will be held, and with this making sure that the project stays on track. Here the project manager can use the help on Kaplan and Norton's timeframe (Kaplan & Norton 1999, 286). When the vision, strategy and the project plans is done, as well as the positions of the different tasks are assigned it is time to start building the main frames for the case company scorecard.

## 5.2 Company Scorecard and KPI

In this part on the project the case company will start to build the case company scorecard. The scorecard is going to be the main scorecard for the case company and will give a direction how to reach strategy goals. The project will be divided into three different workshops; the main functions of the different workshops are described in figure 13.



Figure 13. The Main functions of the different workshops

The project will start with the first workshop where the scorecard team will be examining the current company vision and strategy documents. Here the case company also will decide which perspectives they are going to use. In this study, I am going to use the same perspective as Kaplan and Norton (Niven 2002, 13) suggests financial, customer, internal and employee. These perspectives should support the strategy goals.

When the perspectives are decided, the scorecard team will move on to the perspective object. What should the case company achieve in each perspective so the case company strategy will be met. One way that can help the scorecard team in this decision is to ask the question “How will the Strategy be supported from the different perspectives” (Kaplan & Norton 1993, 7). The answer to this question will then be the objectives for the scorecard. A reminder to the scorecard team is that perspective objects



should not be more than one or two sentence long and there should not be more than three objects per perspective (Niven 2002, 109). One way to help the scorecard team when choosing the objective is to use the SMART acronyms to ensure that the indicators are realistic and making the objectives enough challenging. Are the objectives specific, measurable, achievable, realistic and time bound?

After this workshop, it is time for the scorecard members to discuss the objectives with other managers. In this way the scorecard members will get and outsiders point of view and also if there are some important angles that they have missed. The scorecard expert could also conduct personal interview with the scorecard members; by discussion if the objects are the right ones for the case company. The scorecard expert will then summaries these interviews for the next workshop.

When the scorecard members have deliberated with other managers about the objective and the scorecard expert has summarised the interviews, it is time for the second workshop. In this workshop the scorecard team will start by discuss their findings and the scorecard expert will show the summary of the interviews, giving the scorecard team a chance to deliberate if the objectives for the perspective are the right ones.

When the objectives are set, it is time to decide what measurements are going to be used. The Scorecard team can again use the help of the Kaplan and Norton's chart (Kaplan & Norton 1993, 7) when they decide what measurements they are going to use. By asking the question "What are the critical measurements that the objectives will succeed?" the scorecard team may get some hints what measurement could be the right ones. The case company will use KPI (Key Performance Indicators) as a definition for the measurements.

All the KPI's should be time-framed. This gives the case company a clearer vision if the strategy objectives are on track or not. The time-frame can for example be bound to a date or of for a quarter, for example, "by the end of May 2016" or "By the third quarter". Each KPI also need an owner. A KPI owner is a person or a function (Niven 2002, 154) that is responsible for the specific KPI. The KPI owner will be responsible of making sure that the KPI will reach its goal in the given time-frame. If the time frame fails, the KPI owner should give a reason why that is and how the owner is planning to correct the situation.

The Scorecard team has now prospective, objectives and measurements. The final piece of the scorecard is to have targets. What does it take to reach the objectives and measurements? Here the Scorecard team can take the help from Nivens target mapping chart (Niven 2002, 192). The Scorecard team will examine different kinds of case company documents to finding the answers on what the targets should be. The KPI owner should also be a part of this process helping the scorecard team to find the right targets.

When the second workshop is done the scorecard team members and KPI owner will take some time to deliberate about getting the right targets. They will discuss with other managers and examine the right documents. The scorecard expert will again conduct personal interviews with scorecard team members and KPI owners. These interviews will then be summarised. Each team member and KPI owner will also summarize their own ideas on what the targets should be. When this is done, it is time for the final workshop regarding the case company main scorecard.

In the third workshop the scorecard team and KPI owner will meet and discuss what the final targets should be. When the targets are set the case company has their final version of the scorecard and it is ready to be implemented in the lower level departments. In Figure 14 you can see an example on how the case company scorecard could look like.

CASE COMPANY SCORECARD 1 <sup>st</sup> YEAR				
<b>VISION</b>	<i>Company vision</i>			
<b>STRATEGY</b>	<i>Company strategy</i>			
<b>OBJECTIVES</b>	<b>TARGETS</b>	<b>KPI</b>	<b>TIME-FRAME</b>	<b>OWNER</b>
<b>Financial</b>				
<i>Financial objects (max 3)</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>
<b>Customer</b>				
<i>Customer objects (max 3)</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>
<b>Internal</b>				
<i>Internal object (max 3)</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>
<b>Employee</b>				
<i>Internal object (max 3)</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>

Figure 14. Model on the Case Company Scorecard

Now the case company can present the main scorecard to the rest of the company. The organizational manager decides how the new scorecard will be implemented in the case company and which information channels should be used. One idea would be to visualise the case company scorecard as, for example the Tesco weal, making it easy for everyone to understand in a simple and easy way.

### 5.3 Lower Departments scorecard and KPI

When the case company scorecard is ready, it is time for the scorecard team to decide on how many lower level department scorecards are going to be created. One alternative would be to build scorecard for the top-level departments. In this case, it would be Administration, Development & Quality, Production, Sales & Delivery and Risk Management. If there is a need, the case company could build scorecards for the lower level departments but no lower than that. For example, the top-department for production has one scorecard and under that scorecard there is one scorecard for department A-C and one scorecard for department D. The reason for a lower level department scorecard may be that one department produces different products and therefore may have other goals than the other departments. If the case company build to many scorecard, it could be too much information for the scorecard team to handle. There is also a risk that a person in the case company belongs to too many scorecards at this would be confusing for the person when it comes to implementing the performance measurement in the performance appraisal.

The process of the lower level department scorecard has the same process and structure as the case company scorecard. The only thing that is different in this part of constructing department scorecard is that the department scorecard must support the main scorecard and not the case company strategy. The Scorecard team start the process by deciding which persons are going to be on the different department scorecard teams. In this case I am using the top-department of production scorecard as an example. The Production scorecard team members may be for example the top Production manager (that also is a member in the case company scorecard team) and lower level department managers. The scorecard project manager and scorecard expert will also participate in the making of these department scorecards.

In the first workshop the Production department scorecard team will investigate the object of the case company scorecard. The team then discuss how they can support

the different objects, the answer to this question will then be the lower department scorecard objectives. Again, the Production department scorecard team will then discuss after the workshop with other managers about the scorecard and the scorecard expert conducts personal interview. The process will be similar as the process in the main case company scorecard process.

In the second workshop the team comes to an agreement on what the Production department objects will be. When the objects are set, the team will continue discussing what the measurement and time-frame may be, again appointing an owner to each measurement. In this case, it will probably be department Managers that are the owner for each KPI.

In the third workshop the Production department scorecard team decides what each object target is going to be. The team makes a target map on how the objectives can be reached. The target mapping can be in a smaller scale like the main company scorecard process, but in this case the team only use information and number that concern the Production department. When this is done the Production department team has created a scorecard for their own department. In figure 15 there is an example on how the Production department scorecard can look like. It is similar to the main case company scorecard but in this case the objectives and targets supports the Case Company Scorecard.

PRODUCTION SCORECARD 1 <sup>st</sup> YEAR					
<b>VISION</b>	<i>Company vision</i>				
<b>STRATEGY</b>	<i>Company strategy</i>				
<b>CASE COMPANY MAIN SCORECARD OBJECTS</b>	<b>OBJECTIVES</b>	<b>TARGETS</b>	<b>KPI</b>	<b>TIME-FRAME</b>	<b>OWNER</b>
<b>Financial</b>	<b>Financial</b>				
<i>Main objective, KPI and targets</i>	<i>Object supporting main objectives and targets</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>
<b>Customer</b>	<b>Customer</b>				
<i>Main objective, KPI and targets</i>	<i>Object supporting main objectives and targets</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>
<b>Internal</b>	<b>Internal</b>				
<i>Main objective, KPI and targets</i>	<i>Object supporting main objectives and targets</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>
<b>Employee</b>	<b>Employee</b>				
<i>Main objective, KPI and targets</i>	<i>Object supporting main objectives and targets</i>	<i>Targets for objectives</i>	<i>KPI for objective</i>	<i>Time-frame for objective</i>	<i>KPI owner</i>

Figure 15. Case Company Production Scorecard

When the scorecard is finished, once again organizational managers mission is to see that this information is distributed to the right persons and departments. This is a very important part of the process, because the departments are in different geographical areas so the organizational manager must make sure every personnel that belongs to this scorecard will be taken into consideration. The scorecard can for example be visible in every department that belongs to this specific scorecard. There can also be different indicators showing how the objects are being reached. For example, traffic light showing red, yellow and green if the object and target are going the right way or if there needs to be improvement.

#### 5.4 Performance Appraisal

To implement the performance measurement that support the scorecard the case company needs a new performance appraisal system. The new performance appraisal is needed because it does not work in the way it should. Another problem is that not all the managers are keeping the performance appraisal discussion. Therefore, there also needs to be a change in the performance appraisal culture.

In the new performance appraisal system, the case company needs to explain what the strategy of the company is and how everyone can help to reach the goals. The manager could discuss and explain what are the case company objectives, targets and KPI. In appendix 3 there is an example on how the performance appraisal form could look like in the future. The performance appraisal is going to be built around the scorecard to support it. Rather than telling numbers it will be more about visualization of the scorecard and telling how the person and department can help the case company reach its goals.

The performance appraisal form will start by a discussion of the previous year, showing last year's company and department scorecard. The manager will tell the worker what went well and if the measurement were reached. If there was something that failed, the manager will also discuss with the worker what went wrong and if there is something that can be done different in the future. When the past is reviewed, the manager tells the worker about the upcoming year, showing the new main and department scorecard. Here the manager explains the objectives, targets and KPI, putting most of the focus on the department scorecard. The Manager explains how they will succeed and what is

expected from the department, also explaining why the different objectives are important and how it will support the main scorecard.

Next the Manager and worker will discuss together how the person can help and what the department needs to do so the measurement will succeed. This should be an open discussion that goes both ways, meaning that the worker can give his own ideas and input on what he or the department can do or the manager can give opinions on what he thinks should be done. For example; Does the department need extra training for something? Is there a process that need to be changed? Should the communication be different within the department or with other departments? With the help of this kind of discussion the worker will get the feeling that he and the department is a part of the big picture and can give their own input in the process. The last field in the Performance Appraisal will be open for other comments and questions regarding other issues that they may be.

It is important that the manager then reviews the performance appraisal and summarize all his worker's performance appraisal in one document. In this way, the manager has a view of what needs to be done. For example, does he need to arrange training, is there some other things that he promised to take care of? By making sure that all the agreements are done in the way the manager promised the workers will have more trust in the manager as well as the company. If the manager keeps his word and doing the thing he has promised, the department will have more trust in the manager and the result will be a better department unit.

For the performance appraisal to work there needs to be a structured on how the performance appraisal is structured and deployed. The performance appraisal should start from the top and go downwards. In other words, start from the CEO and work its way down to the floor worker. The performance appraisal should be done in the beginning of each year, and all the performance appraisals should be done before the first quarter so that everyone in the case company knows what the year's targets are. In figure 16 is a picture how the case company performance appraisal schedule could look like.

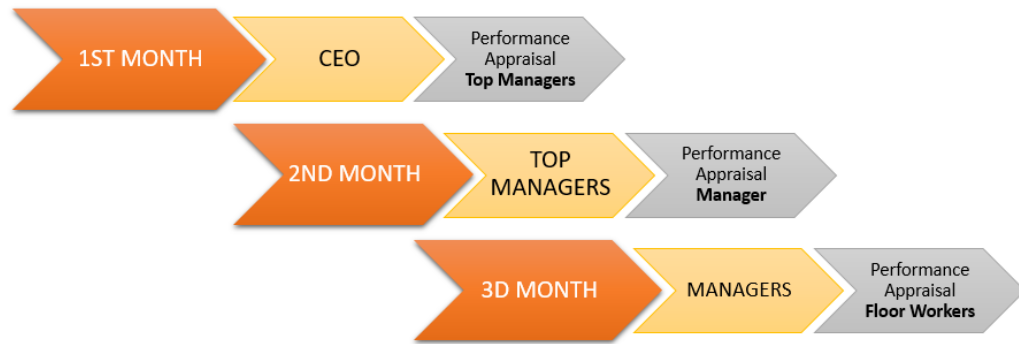


Figure 16. Example on how the Performance Appraisal could look like

### 5.5 Appraise and Follow up

When the scorecards are finished, the case company has performance measurement that can help the personnel to get motivated. The performance measurements are going to be the measurement from the KPI in the different scorecards. The personnel will be appraised with the current bonus system but the measurements are going to be clearer by the help of the KPI.

The case company starts by building a map deciding which department and personnel belongs to which scorecard; this helps the case company to build a performance measurement that gives the right department the right measurements. The current bonus system will be divided by the help of the different scorecards. Every person in the case company should have one part of the performance measurement from the main scorecard and a second one from the department scorecard.

From the main scorecard, a person would get 40% bonus, this percentage follows the current bonus system. So, if all the measurement from the main scorecard will be met, the person receives 40% of the bonus. The other 60% will come from the department scorecard, meaning if all the measurements in the current department scorecard is met person will receive 60% of the bonus. So, if bought case company scorecard measurements and department scorecard measurements are met the person will receive full bonus. In figure 17 you can see the model for how the performance measurement would look like for the department A, were 40 % comes from the case company scorecard and 60 % comes from Department A: s scorecard.

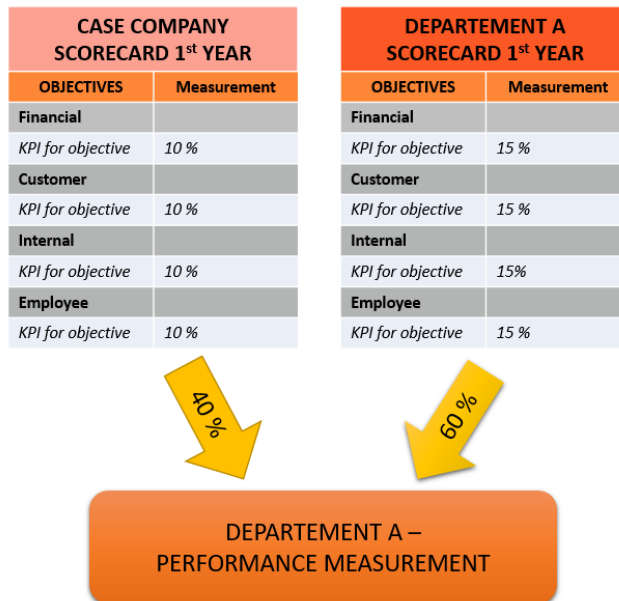


Figure 17. Model on how the performance measurement are divided for department A

The model can be updated each month or quarter, it can also be visible on department A. Each KPI can be visible in different colours, green, yellow and red depending on in which way the measurements are going. When the measurement is shown all the time it helps personnel to understand in which way the object is going. If the colour is green the personnel gets the feeling that they are succeeding in something. If the colour is red this may help the personnel to get more involved and show that they really want to reach the goals by making an effort to try harder.

There should be a follow up on the scorecard measurement each quarter to tell the personnel what is going as planned and which measurement are failing. If the measurements are failing the scorecard owner should make a statement, why that is and what must be done that the measurement will succeed. To be able to present the scorecard each quarter the scorecard team must review the scorecard each time so they can find out why something is going good or bad. When the scorecard team has reviewed the scorecard, they will inform the personnel. This can be done on annual meetings and department meetings. In the department meetings, the manager also tell about the things from the performance appraisal, how has he moved things forward so the department will succeed?

In conclusion, with this model the case company should have a working strategy deployment. The scorecard process and tool should be able to help the case company to get the strategy into action. The process will also help personnel have a better under-



standing of what the strategy objectives are and how they can succeed. It will also help personnel get more motivated if they have a performance measurement that they understand and have the feeling they can make a difference when they do their work.

## 5.6 Summary of Process and Related Tools Concerning Strategy Implementation

When the process and related tool were finalized and constructed there was a proposal presentation for the test-group about the process and tools concerning strategy implementation. In the test group, there were people with various roles in the case company, from Top Management to floor worker. The data that was collected from this presentation will be referred as data 2.

The proposal was presented in a workshop to the test-group. I started the workshop by presenting what the process would look like by showing bullet-points and explaining to the test-group how the process would look like. I also pointed out some important phases that the case company needed to take into consideration when implementing strategy. These were:

- The case company needed a clear vision and strategy definition.
- The importance of having an action planning process that works. Showing my model as explained in chapter 5.2.
- The benefits of having a case company scorecard as well as department scorecards.
- The importance of having KPI and KPI owner.
- To have a time-frame for each KPI: s that are easy to follow up.
- What benefits the case company could have if they change the performance appraisal and measurement so it supports strategy implementation.

In each bullet-point I explained how this could help the Case Company in implementing strategy. When the presentation was finished, there was an open discussion about the proposal giving the test group a chance to discuss the matter. The most important comments I made notes of and summarized them as data 2.

Most of the information that I received from the workshop was good. By meaning that most of the people thought this could be a good solution for the case company. There

were also some improvement and comments regarding the model. In table 3 you can see a summary of the improvement idea and comments that I found most important.

Table 5. Data 2: Improvements and comments regarding the proposal

Improvement regarding the proposal	Comments regarding the proposal
<ul style="list-style-type: none"> <li>• The importance of not having to many department scorecard, maximum level 3 scorecard.</li> <li>• The performance appraisal form needs to be updated, personnel sees it as out-dated.</li> <li>• Making it mandatory for each manager to have performance appraisal.</li> <li>• The importance of having a strategy that everyone understands.</li> </ul>	<ul style="list-style-type: none"> <li>• A current system already excites.</li> <li>• Personnel is not interested in company strategy goals, only department goals.</li> <li>• Marketing and Development &amp; Safety strategy should be a part of this process.</li> </ul>

With the improvement ideas, I then made some final adjustments for the final proposal. I made a clear statement that is most important not to have more scorecards than three levels down in the organization. The issue about a performance appraisal and the problem about the managers not conduction performance appraisal was already in my knowledge and this part I had already taken into consideration. To help the case company with this problem I will make a statement that it is most important to create a new performance appraisal form and a schedule regarding the performance appraisal that is visible for everyone. With the importance of having a strategy that is easy for everyone to understand I will point out that it is more important to have a visual strategy picture, like for example the Tesco wheel and traffic lights showing in which way the strategy is heading.

There were some comments about that there already was a similar solution in the Company. Because of the information I had received from the Case Company I have not been informed about similar system exist. When examining the Case Company strategy once more I could not see the similarity so this statement remains unverified were this system could exist. Another comment that I found very interesting was the fact that one member in the test group stated that the people are not interested in the strategy goals only in the department targets. This again confirms my speculations that some of the personnel do not see the connection between company strategy and department targets. Finally, I need to point out to the case company that there should not be more than one company strategy, the Marketing and Development & Safety strategy should be a part of the case company, not as separate strategies. With this information, I could now build a view of what needed to improved and taken into consideration when doing the piloting of this process and tool.

## **6 Piloting the proposed strategy deployment tool**

In this chapter, we are going to look at how the test process was performed after I had made the final adjustment with the information that I received with the help of data 2. In addition, we examine what kind of feedback was received from the test group. Finally, there will be a conclusion of the feedback and the proposal, for modifying, the tool so that it fits the Case Company in the best way.

### **6.1 Conducting Pilot Round**

The pilot-round in this phase of study will give the Case Company a chance to test how the proposed process and tool is going to work. Because of time limits in this study there was no time to test the whole process. The process of build a real case company scorecard can take several months. That is why I decided to do a web-presentation that was followed by a questionnaire for the test-group. The test group was the same people that participated in the workshop that collected data 2.

In the web-presentation, I gave a short description of the process and tool, trying to make it as easy as possible for everyone to understand. The presentation can be viewed in appendix 2. After the web-presentation of the process and tool, there was a

questionnaire for each test-group member. Each member in the test-group could answer the questionnaire anonymously. The questionnaire was created with the questionnaire program Questback Essential and was sent by an open link to all the persons in the test group. There was a time limit on the questionnaire and each person had a week time to answer the questions.

The data that was collected from this questionnaire will be referred to as data 3. The questionnaire was used as an anonymous feedback-tool giving every person in the test group a chance to give their opinion on the proposed process and tools anonymously. This helped in acquiring some personal opinions without people having the fear that their opinions would be criticised. In the questionnaire, I asked the test-group if they thought the presented model and process was suitable for the case company and if this would help deploying the strategy. There were also a field for improvement ideas and a field for other comments.

## 6.2 Conclusions to Proposal Based on Pilot Round

After the Piloting-round was completed I analysed data 3 that was given to me by the questionnaire summary tool in Questback Essential. One negative observation that I made from data 3 was that the answering rate was very low, even though I had sent a reminder e-mail after a couple of days. My assumption to this problem was that the time-limit was too short or the test-group was too busy to take time to answer the questionnaire alternative the interest in having a strategy implementation tool had faded.

Even though the answering rate was low, most of the information that I received from the questionnaire was good and some people even felt very positive about the new process and tool. But there were also some sceptical comments. Again, the similar comment about the existing tool came to my knowledge. There was also a comment that it is very difficult to say if this tool and process will work and that it must be tested for real before the person could give any comments. But overall they were like the ones that were collected in data 2.

The distinction from the presentation was that this was a process that would clarify the strategy implementation to the whole personnel and not just the top management. By showing the whole company how the decisions are made it could help with the strategy implementation.

In conclusion of the pilot round gave no significant changes to the process or tool that had to be made. Mostly the feedback was about internal information. This subject was not a part of this thesis therefore I made the conclusion that the process and tool will be the outcome that will work for the case company.

## **7 Conclusion**

In this final chapter of this study I am going to do a summary of the project. Here I will investigate if the project went as the original plan, what went well and were there any problems along the way? I will also deliberate if I got all the necessary information from the company that I needed.

In this chapter I will also give practical recommendation for the Case Company what would be the next operative steps to take this process into action. In this chapter I will also do an analysis if the outcome was as the original object and credibility.

### **7.1 Summary of project**

By looking if this project followed the research design I will deliberate if the project went according to plan. As a result, I think the project went quite well and it was conducted in the way that I have hope. In this part of the chapter I will now describe step by step how this project was executed.

It was very simple to establish the current problem, objective and outcome of this study as this task was given to me by the case company. When the objective was clear, I started to build the research design for this project. In a very early stage I had a vision on how this study could be executed.

In the current state analysis, the case company gave me the information that I needed to conduct this study. The test-team had the will to co-operate and much of the information that I collected was from feedback from the test-group. I also got a lot of ideas and tips from this information. The challenging part in this face was finding the time to conduct the personal interviews as the manager had a very tight schedule. Luckily the managers understood the importance of this study and tried their best to give me the time to conduct the interview.

In the beginning, I had not that much knowledge about strategy implementation. Therefore, the literature and conceptual framework was quite challenging for me. I had spent a lot of time trying to find the right literature that I could use. With not much knowledge about strategy implementation I soon got the understanding what it was. One of the challenges was to understand the difference between strategy implementation and action planning as it felt like the two subjects were quite similar. The part about performance measurement came very easily to me as I had some pre-knowledge about it.

The building of the proposal was not that difficult when I knew in advance what kind of system I was looking for. The process came very natural to me after reviewing the current state analysis data and by the help from the new knowledge I had received in chapter 4. This part of the study moved on with a good pace and I had a proposal model after just a few weeks. The workshop that was held gave some good information and comment giving me the possibility to adjust the process and tool in the right direction.

In the last phase of this study there were some challenges with the pilot round. There was no time to test the whole process as it can take months to get a scorecard that works accordingly to the case company. Because of the time problem I decided to do a web-presentation of the tools followed by a questionnaire to the test-group. Another challenging part was that the answering rate of the questionnaire was very low, the reason for that are my own speculation. Even though there were challenges the outcome of the pilot-round was mostly positive and that this is a model that could work. But with this still keeping in mind that it is very hard for the test-group to say it for sure before a real piloting can be possible.

## 7.2 Practical recommendations to company regarding next operative steps

In this part of the study I will give my opinion on what I think the Case Company could do regarding the next operative steps. I hope that the Case Company will take this recommendation into consideration and see the benefits of this strategy implementation process and tool.

First of all I hope the top manager will review this proposal and make strategy implementation a part of their daily life. Strategy implementation should not be something to work against, it is something that can help the case company to move forward to the

goals. I would suggest that the case company could do a new pilot round in the incoming year. After the new vision and strategy is set for the upcoming year the managers have a perfect opportunity to test this. It does not have to be for the whole Case Company, it can just be one department.

With this study, I also hope the managers understand that there are some serious defects in the company communication. For the moment, the strategy is on a top level and does not go down to the floor workers. It should be in the case company's interest to make an information flow that works on all levels of the company. If a person gives the feedback that he has not received information about strategy the case company should act in making it better and not try to point fingers on who is responsible for strategy deployment. By taking the time and listening to the workers I think the case company would get great ideas on how they can improve things.

The last thing what I am going to suggest for the case company is that not everybody understand financial terminology or business language. It would be important to implement the strategy in a language that everyone understand. Instead of several pages of numbers and figures the case company should be able to tell the strategy in just one page or picture. People do not have the interest spending several hours reading information that makes no sense to them.

Even though I know that there may be people or managers who think that this is not a problem I hope they take the time to deliberate how these things can be improved or change. The case company has personnel that is willing to work hard, but if they do not have the goals and a clear way they should be heading people will by the end of the day get frustrated.

### 7.3 Outcome vs. objective and credibility

When I started this study the object was to create an action planning tool that breaks down company strategy into lower level measurable department targets that ultimately will be included in the performance appraisal. In my own opinion, I think I have created a tool that is as the original plan, but what I could have done is to put more focus on how the case company can break down strategy into lower level departments.

In this study, I have put a lot of effort of understanding strategy itself and how the strategy can be deployed. Therefore, I have put a lot of focus on how the case company will build their main strategy frame and not put that much effort on how the strategy will be broken down into lower level departments. I made this decision because I thought that if the case company has a main scorecard that works in the right way it is more easy to deploy it to the lower levels.

The goal was to build a tool that was easy to use and that the case company could develop when the strategy process has become a part of the daily work and a natural process of the case company. I think the outcome is easy to understand and is a good base for the case company to start using.

Finally, I will review the credibility of my study to define if my findings are reliable. The sources where I got the information from are all people that have been working for the case company several years and they are all familiar with the company and the current processes. So, I see this as a very reliable source. I also reviewed case company documents that is up to date and are the relevant documents that are currently in use.

The data collection in data 1 was interviews and questionnaire. For the interviews, there were a semi-structured interview for the managers. All the person involved gave in my own opinion honest answer to all my questions and could also identify what the current problems were. For the workers, there were questionnaire with structured questions and a part if these questions were open questions giving the persons a chance to describe their own opinion and feelings. All the workers worked in the same department so assumable they all were in the same position and had the same understanding of the current situation. By giving the workers a chance to do the questionnaire I felt that everyone had the change to give their own opinion of the current situation. Therefore, I see that the current state analysis was a reliable source of information.

In the data 2 collection there were a workshop. Here again it was the same group of people that participated when collecting the data1. The problem with the workshop might in my opinion be that not all the person involved had the courage to tell their real opinion and some information may have been held back when discussing the matter. When I did the data collection by taking notes the risk that I missed some important points or miss-interpret some comments that was informed during the meeting might be



of relevance. Another problem with the workshop may also be according to myself, the discussion of other issues that are internal and is not relevant to the proposed tool and process. Therefore, there might be a risk that some people mixed up the internal problems with the proposal for the tool.

In data3 there were a questionnaire for the people involved in the workshop. By making this questionnaire anonymous I feel that all the answer was honest and people gave their real own opinion on the matter. The problem in my opinion was that the answering rate was low and there might be a risk that not all the test-result was reliable due to the low answering percentage.

In conclusion to the reliability of this study is that I feel in my own opinion that the data in data collection1 are reliable. I saw several similarity's in bought the questionnaire and the personal interviews. With the data2 collection I felt that there were more internal issues than feedback on the proposed tool. By this problem the data that was collected could have had a more focus on the tool and process. So, I do not see it as that reliable. In data3 the answer rate was so low that I would not see this as a reliable source. Because the data was collected from one department with a very small number of people I have the feeling that I did not receive all the data and information that I needed. What people sees as an issue in one department may not be relevant in another department. The group of people in the test-group also had just one person from the white-colour workers, so I did not get a reliable view on what opinion the white-colour workers are when it comes to strategy implementation. I feel that there could be more interesting information if I had taken a bigger audience to the test-group.

All in all, in my own opinion I think this study went as according to plan and I think I have accomplished a system that will work for the case company. The process and tools outcome became the system that I had imagined but as in all cases there is always the change of improvement.

## References

### Books

Armstrong, Michael 2000. Performance Management: Key strategies and practical guidelines second edition. Clays Ltd, London

Latham, G.P, Sulsky, LM, Macdonald, H 2007. Performance management. Oxford University press.

Grote, Dick 2002. The performance appraisal question and answer book - A survival guide for Managers. Amacom.

Hutchinson, Sue 2013. Performance Management: Theory and Practice. Chartered Industrie of Personell and Development.

Kumar, Dhirendra 2010. Enterprise Growth Strategy : Vision, Planning and Execution. Growe.

Mrebiniak, Lawrence G 2005. Making Strategy Work: Leading Effective Execution and Change. Wharton School Publishing.

Niven, Paul R 2002. Balance Scorecard step-by-step: Maximizing Performance and Maintaining Results. John Wiley & Sons, Inc. New York.

Kaplan, Robert & Norton, David 1999. Scorecard, Från Strategi till handling - the Balance. ISL Förlaget Ab.

### Journal

Allio, Michael K. 2005. A short, practical guide to implementing strategy. Journal of business strategy.

Kaplan, Robert & Norton, David 1993. Focusing Your Organization on Strategy - with the Balance Scorecard, 2nd Edition. Harward Business Review Collection.

Kaplan, Robert & Norton, David 2008. Integrating Strategy Planning and Operational Execution: A Six-Stage System. Harvard Business School Publishing.

Kaplan, Robert & Norton, David 2004. Focusing Your Organization on Strategy - with the Balance Scorecard 2nd Edition. Harvard Business Review

Kaplan, Robert & Norton, David 2001. The strategy-focused organization: How balance Scorecard Companies thrive in the new business environment. Harvard Business school press.

Kaplan, Robert & Norton, David 1993. Putting the Balance Scorecard to Work. Harvard Business Review.

Kling, Katarina, Kosminsky, Flavio 2006. Maximize strategy execution by aligning organizational resources. Korn/Ferry International.

Beer, Michael, Eisenstat, Russel A 2000. The Silent Killers of Strategy Implementations and Learning. Sloan Manangement Review

Dye, Renée & Sibony Oliver 2007. How to improve strategic planning. The McKinsey Quarterly.

Speculand, Robin 2009. Six necessary mind shifts for implementing strategy",. Business Strategy Series, Vol. 10

**Internet sources:**

Favaro, Ken 2015. Defining Strategy, Implementation and Execution. Harvard Business Review.

<https://hbr.org/2015/03/defining-strategy-implementation-and-execution> Accessed 11 October 2016.

University of Kent 2016

<https://www.kent.ac.uk/careers/sk/skillsactionplanning.htm> Accessed 28 September 2016.

Kaplan, Robert & Norton, David 2006. How to Implement a New Strategy Without Disturbing Your Organization.

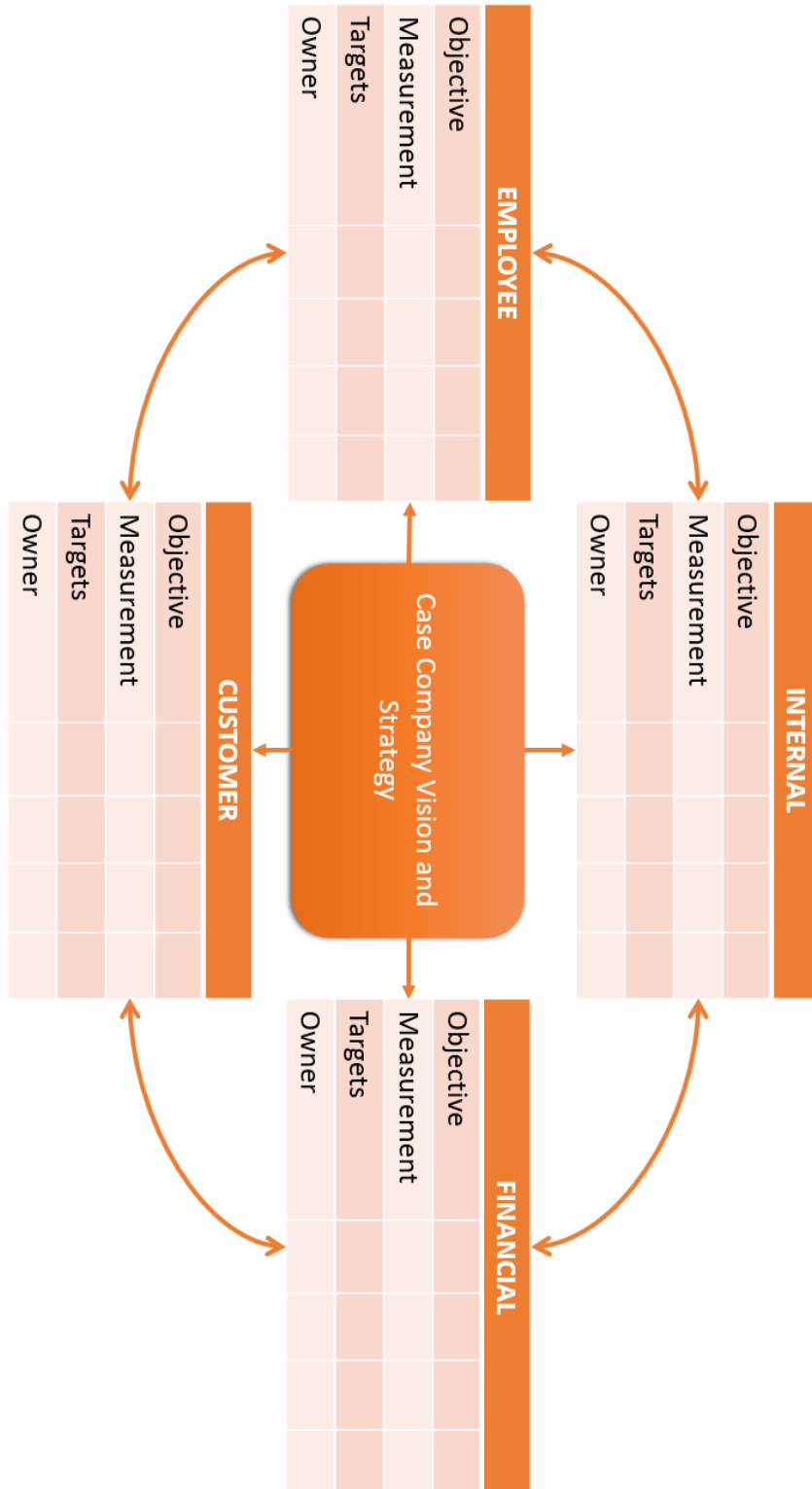
<https://hbr.org/2006/03/how-to-implement-a-new-strategy-without-disrupting-your-organization>. Accessed 10 August 2016.

Wloczewski, Ceil 2013. Three Things You Can't Do Without—Mission, Vision and Values Statements.

<http://www.cellaconsulting.com/blog/three-things-you-cant-do-without-mission-vision-and-values-statements/>. Accessed 15 September 2016.

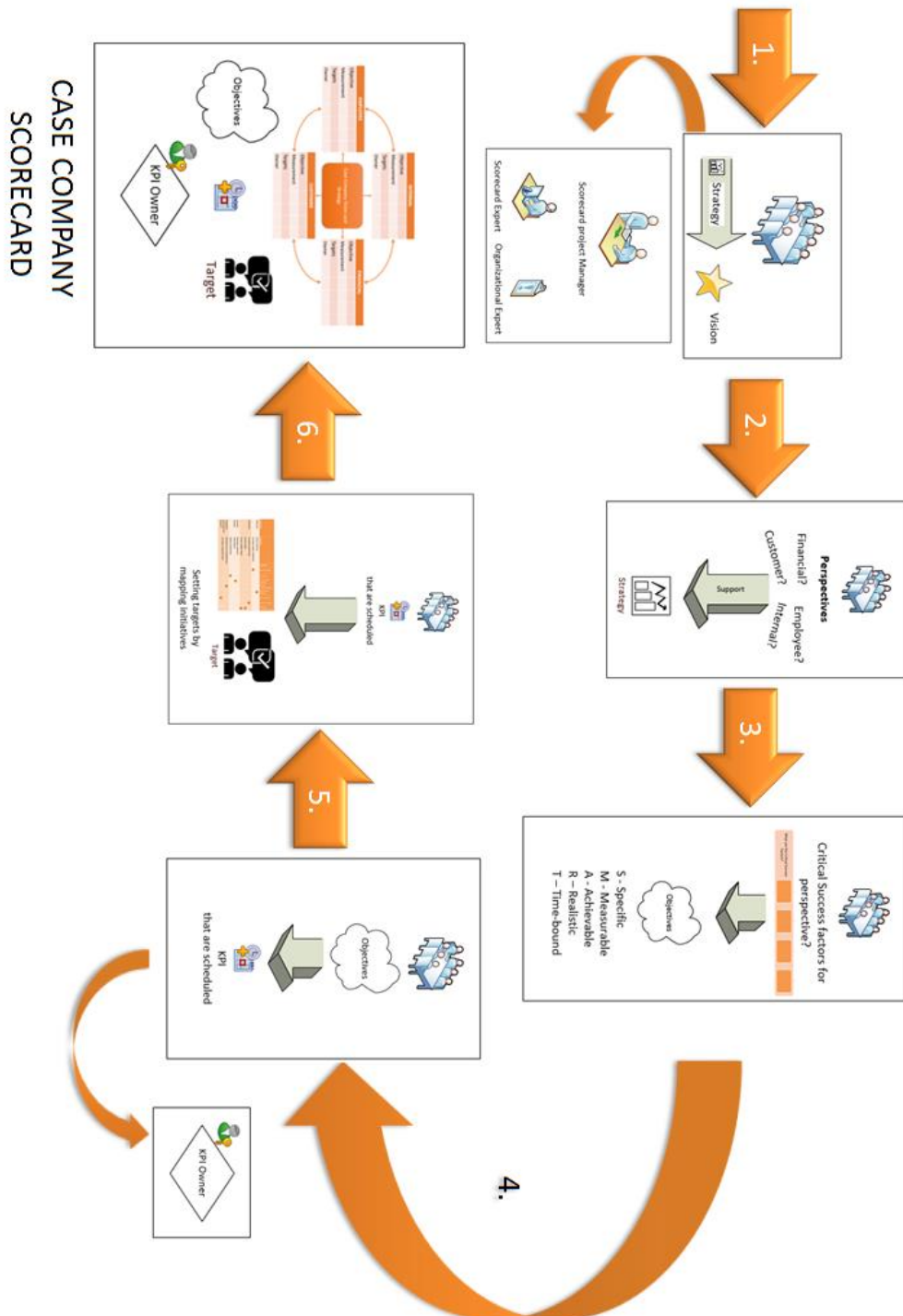
## Case Company Scorecard

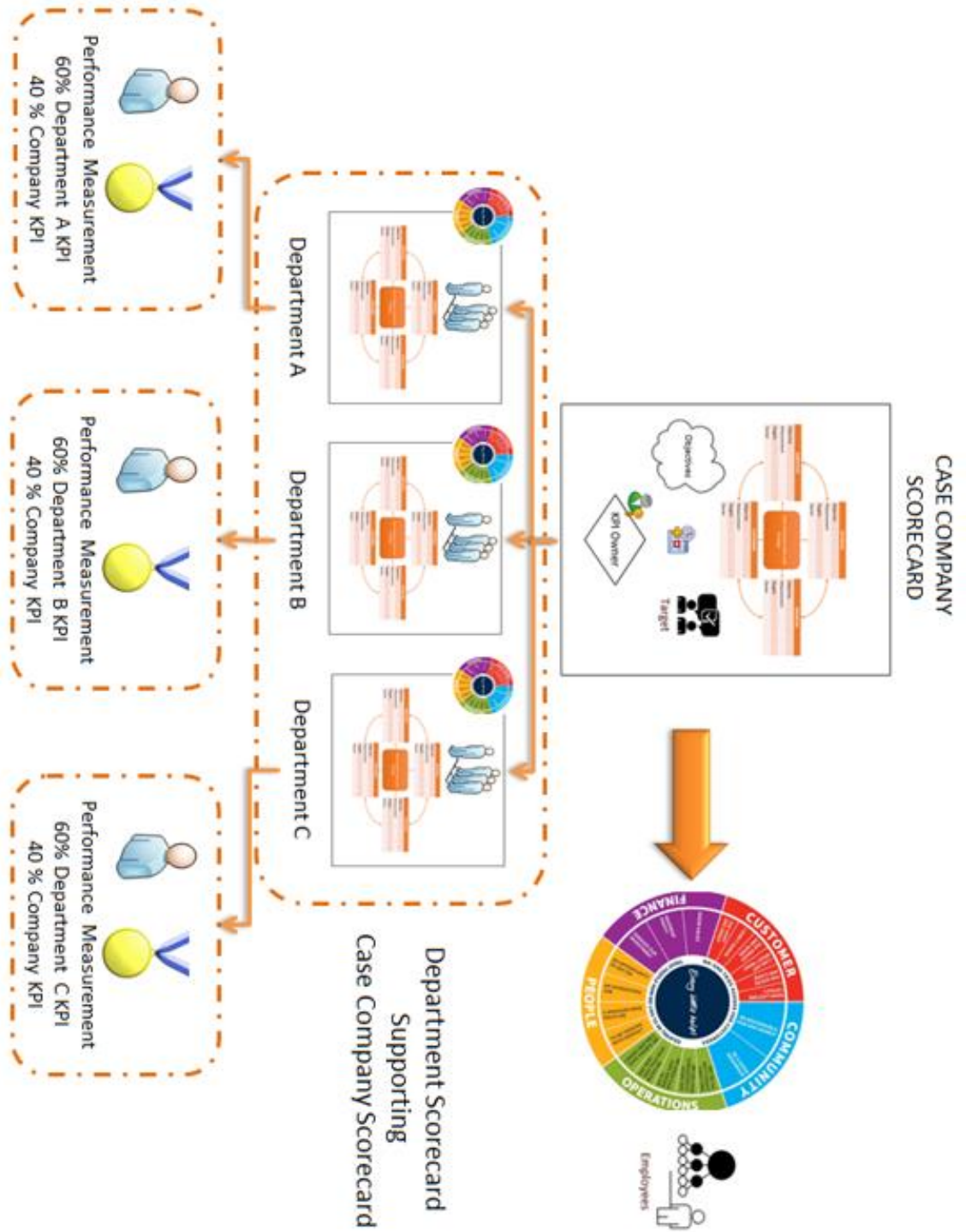
The new model for the Case Company Scorecard.



### Case Company Action planning process

This is a model of how the action planning for the strategy implementation would look like for the Case Company.





## PERFORMANCE APPRAISAL

<b>Date:</b>	
<b>Managers name:</b>	<b>Workers name:</b>
<b>1. Past year objective, Targets and KPI (how did we do):</b> <i>A picture on how the Company Scorecard and Department Scorecard looked like in the end of the year.</i>	
<b>2. Incoming year objectives, Targets and KPI (how will we succeed):</b> <i>A picture on the new Company Scorecard and Department Scorecard for the incoming year.</i>	
<b>3. How can the person help the department to reach the Targets and Goals:</b> <i>Is there need for training? Has the person got ideas on what could help the department?</i>	
<b>4. Other comments:</b>	