TOPIC 1 – STRATEGY IMPLEMENTATION

Question 1 - Comment on the importance of strategy implementation as a component of the strategic management process. (5) [A1-Jun13]

1. The importance of strategy implementation in strategic management process is more about creating change that is timely and appropriate.

2. Organisations could in the past make incremental changes to keep pace, but change is increasingly revolutionary and disruptive.

3. Organisations have to deal with products being made obsolete in a very short space of time, and products have shorter life cycles. Moreover even if they are the leading competitor the disruption may come not from the competitors in the same industry, but from organisations in other industries that have a business model that is unexpected.

4. Overall strategic change that is not managed well will have little value if plans are not implemented timely.

5. As plans themselves may be obsolete by the time a strategic plan is implemented.

Explain what strategy implementation entails. (5) [A1-Nov12 + A1-Nov10 + A1-Jun09]

1. Strategic implementation is <u>the process that turns strategic plans into a series of actions tasks and ensures that these tasks are executed in such a way that the objectives of the strategic plan are achieved</u>.

2. It entails the communication, interpretation, adoption and enactment of strategic plans.

3. It is the phase in which management aligns strategic leadership, organisational culture, organisational structures, reward systems, policies and resource allocation with the chosen strategy.

4. It involves taking management form thinking to actually doing.

5. It involves management developing short term objective and policies.

6. It is the most important phase in the strategic management process.

Question 2 - Discuss five (5) reasons why strategy implementation in an organisation might fail. (5)
[A1-Nov13 + A1-Jun12 + B1.1-Jun09]

1. ***Vision barrier***:
   a. The workforce does not understand the vision and strategy.
   b. Vision may be poorly conveyed and lower levels of management may not understand their role in the execution of the organisation's strategy.
2. ***Management barrier***:
   a. Management teams may be too focused on solving short-term problems and not enough time is spent on strategic issues.
3. ***Resource barrier***:
   a. Organisations do not link their resource allocation plans or budgets to the chosen strategy.
4. ***People barrier***:
   a. Managers have not linked rewards to strategy, which creates no incentives to change activities to align with the organisation's strategic plan.
5. ***Other reasons*** why strategy implementation fail may include:

   a. Inadequate resources.
   b. Poorly communicated strategy.
   c. Implementation actions are not clearly defined.
   d. Unclear accountability for implementation actions and initiatives.
   e. The existence of organisational silos and a culture that resists change.
   f. Inadequate performance targets.
   g. Inadequate rewards.
   h. Poor leadership.

Question 3 - Differentiate between strategic planning and strategy implementation. (5) [A1-Jun14 + B1.1-Nov11]

STRATEGIC PLANNING	STRATEGIC IMPLEMENTATION
Takes place at top management level	Involves responsibility of all levels of management and the entire work force is involved
Requires co-ordination among a few individuals	Requires co-ordination among many individuals
Involves positioning forces before the actions	Involves managing forces during the action
Is the intellectual or thinking phase	Is the phase where thoughts are operationalized and turned into action
Requires analytical and intuitive skills	Requires strong motivation and leadership skills
More of a market driven activity with an external focus	More of an internal operations-driven activity
Focuses on effectiveness	Focuses on efficiency

Strategic planning (p 8 sg)	Strategy implementation
1. Takes place at top management level 2. Requires analytical and intuitive skills 3. Market driver activity 4. Focuses on effectiveness 5. Thinking phase	1. The responsibility of all levels of management; entire workforce is involved 2. Requires strong motivation and leadership skills. 3. Operations-driven activity 4. Focuses on efficiency 5. Action phase

Question 4 - Explain the different types of strategic change and the issues involved. (10) [B2.1-Nov12 + A1-Nov11]

1. **The four types of strategic change that can be identified are:**

   a. ***Adaptation*** is a form of change in which the current organisational setting can facilitate the incremental change that has to happen in order for the organisation to achieve its desired goals.

   b. ***Reconstruction*** is a form of change in which the current organisational setting can handle a change that involves a sudden alteration in market conditions.

   c. ***Evolution*** is a form of change that involves fundamental changes in the way the organisation deals with a situation and can happen over a period of time. The organisation has to become a learning organisation in this regard to manage the change.

   d. ***Revolution*** also involves fundamental changes as a result of sudden and fast changing conditions, whereby the organisation has to implement a new strategy very fast.

4. **Some of the strategic issues that must be managed and taken into consideration are::**

   a. **Time**: How quickly is change needed; does the organisation have the time to change?
   b. **Scope**: What is the scope of change needed: If dramatic revolutionary or a moderate change is needed?
   c. **Diversity**: What is the level of homogeneity or heterogeneous can hamper in the organisation change?
   d. **Capacity**: Does the organisation have the capacity in terms of the resources needed to change?
   e. **Readiness**: Are the employees ready to change such as resistance?
   f. **Capability**: Do the organisation's employees and managers have the capabilities to implement change?

Question 5 - Comment on the strategic change process. (7)

1. Managing strategic change involves a process.

2. Clarity about what changes are necessary is an obvious starting point for such a process.

3. Such a process entails:

    a. **Identifying the areas of change** – when a gap is identified between the desired performance of the organisation and its actual performance. Once the need has been determined, the source of the problem must be identified through environmental analysis.

    b. **Managing resistance to change** – change disrupts normality – employees and managers resist change because of fear, uncertainty, and lack of interest or different personal ambitions. Resistance to change is an obstacle to the successful strategy implementation process. Various strategies exist to overcome resistance to change.

    c. **Power and influence** – this stage involves persuading organisational members to support the change. An appropriate organisational culture will support the desired changes in strategy. Managers must have the necessary power to implement the decisions that will bring about change. Managers need to use their power to influence people and to bring about the necessary change.

    d. **The learning organisation** – entails the ability to think continually about the strategy and to create synergy by sharing knowledge and ideas, and by generating actions that will contribute positively to the whole organisation. This deals with continuous learning.

Question 6 - Explain why corporate governance is important in strategy implementation. (5) [A2-Jun12 + A2-Nov10 + B1.2-Jun09]

1. In the context of strategy implementation, corporate governance is the responsibility of the Board of Directors to oversee the implementation of strategy.

2. The King reports on corporate governance and the Public Finance Management Act (PFMA) is examples of corporate governance guidelines/frameworks.

3. Some reasons for its importance (there may be additional reasons, but these are some of the main reasons why corporate governance is important in strategy implementation):

    a. It focuses on sustainability.
    b. It ensures that adequate controls are in place.
    c. It promotes high ethical standards.
    d. It makes sure that reward systems are reasonable and beneficial to the organisation.
    e. It aims at reducing the risk of failure.

4. Good corporate governance and corporate citizenship are equally important in strategic planning and implementation. The board of directors is responsible to ensure that management implements chosen strategies and monitors that implementation.

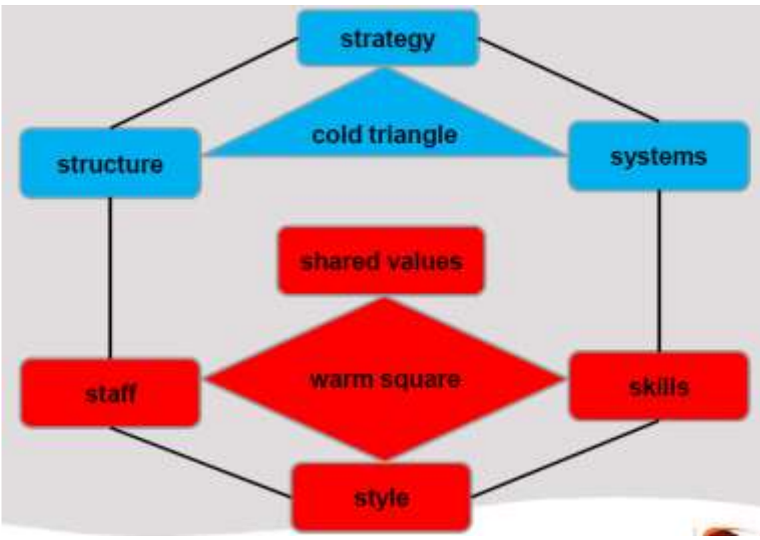
5. Strategy implementation should take issues such as social responsibility, environmental responsibility, stakeholder engagement and sustainability into account.

Question 7 - Discuss the "warm square" in the modified McKinsey 7-S framework. (5) [A4-Jun12]
- Discuss the components of the modified McKinsey 7-S framework. (5-12) [A2-Jun14+B1.2-Nov11+ B1.3-Jun09 + SG-p25]

1. The "warm square" refers to the people in the organisation and to "soft" issues – it relates to the drivers of strategy implementation and so contains elements that are people-centered; these drivers include leadership, organisational culture and reward systems, as these all focus on people.

2. There are four components in the "warm square":

   a. **Staff** – the people in the organisation
   b. **Shared values** – the values that the organisation believes in
   c. **Skills** - the organisation's core competencies and sources of competitive advantage
   d. **Style** – the leadership and management style of the organisation.



Question 8 - Describe the drivers of strategy implementation. (5) [B1-Jun12 + B1.3-Nov11 + A2-Jun09 + SG-p25]

1. **Leadership**: a strategic leader must have the ability to anticipate, envision, maintain flexibility and to empower others to create strategic change and to motivate others.

2. **Organisational culture**: refers to the way an organisation does things. It is the beliefs, behavioural norms and values that the members of an organisation share.

3. **Reward systems**: defined as the umbrella term for the different components considered in performance evaluation and the assignment of monetary and non-monetary rewards.

4. **Organisational structure**: refers to the framework within the strategic process to achieve the organisation's goals.

5. **Resource allocation**: it is essential that resources be allocated in such a way that they support the organisation's long-term goals, chosen strategy, structure and short-term goals.

Describe the instruments of strategy implementation. (5)

1. **Short-term goals** guide action and direct the activities of organisational members in identifying what must be done to achieve long-term goals. It serves as standards of performance and as incentives for managers and employees to perform, and are used to justify activities to the stakeholders. It helps to establish departmental or divisional and organisational priorities, which in turn can be used as a basis for allocating resources; it assist in monitoring the progress made towards the achievement of the long-term goals; it can be linked to reward systems and serve as a primary mechanism for evaluating performance; it can be used as checkpoints for operational and strategic control.

2. **Functional tactics** support short-term goals and can be defined as the key routine activities that must be undertaken in each functional area to achieve the organisation's chosen strategies. Functional areas include marketing, finance, operations and human resources management.

3. **Policies** define the specific guidelines, methods, procedures, rules, forms and administrative practices that direct the thinking, decisions and actions of managers and employees in strategy implementation.

Question 9 - Discuss the concept of a learning organisation. (5)

1. The concept of a learning organisation entails the ability to think continually about strategy & to create synergy by sharing knowledge & ideas, & by generating actions that will contribute positively to the whole organisation

2. The idea behind a learning organisation is that it is easier to adapt to change if the organisation first has the ability to learn

3. This means that the employees accept the importance of continuous learning

4. Becoming a learning organisation may also help with the process of managing strategic change

5. This approach to managing strategic change does not mean that a learning organisation will suddenly adopt strategic change, but that it will be amenable to gradually seeking it.

Provide guidelines for overcoming resistance to change. (5) [A2-Nov13 + B2.2-Nov12 + A2-Nov11]

1. **Education and communication**: communication helps people to understand why it is necessary to change and mutual trust is really important.

2. **Explicit and implicit coercion**: coercion is not a positive way to manage resistance to change. It may work in the short term, but it is unlikely that it will change result in long-term commitment on the part of employees.

3. **Facilitation and support**: the building of support networks throughout the organisation is helpful in overcoming resistance to change.

4. **Giving clear direction**: authority may be used to set the direction and impose the necessary means to implement the change.

5. **Manipulation and cooptation**: manipulation is an attempt to influence or force people into accepting the necessity for change; cooptation involves the "buying-off" of informal leaders by giving them personal rewards to accept and promote change.

6. **Negotiation and agreement**: is normally linked to incentives and rewards

7. **Participation and involvement**: people will be more supportive of the strategic changes when they form part of the strategy formulation process.

TOPIC 2 – THE DRIVERS OF STRATEGY IMPLMENTATION

Question 1 - Discuss the reasons why leadership is an important driver of strategy implementation.	(5) [B1.1-Nov12]
- Discuss why leadership is an important driver of strategy implementation.	(5) [A3-Jun14]

1) The role of leadership in strategy implementation.
   a) Leadership drives strategic change.
   b) Strategies cannot be implemented in isolation. Someone needs to lead and coordinate this process.

2) Leadership is about influencing people so that they perform required tasks and activities.

3) Effective leaders typically have high levels of emotional intelligence (trait theory/ term social intelligence is also used)

4) Leadership is very important for successful implementation.

5) Strategic leadership is the ability to anticipate, envision, maintain flexibility, and to empower others to create strategic change necessary.

6) Leadership is necessary to ensure commitment among internal and external stakeholders to implement strategies.

Indicate the difference between management and leadership.	(5) [A3-Nov10 + SG-p37]

	Leadership	Management
1	Is concerned with guiding, encouraging and facilitating others in the pursuit of ends by the use of means, both of which they have either selected or approved.	Is concerned with directing others in the pursuit of ends by the use of means, both of which had been selected by the manager.
2	Focus on change	Focus on complexity
3	Experimental, visionary, flexible and creative	Structured, analytical, controlled
4	Value the intuitive side of their work	Value the quantitative science part of their work
5	Focus on the bigger picture	Focus on the details
6	Inspire and apply influence	Instruct and apply authority

Question 2 - Discuss the attributes of emotional intelligence.	(10) [B1.1-Nov13 + B1.2-Nov12]

Emotional intelligence attributes are:

- Self-awareness
- Self-regulation
- Motivation

} focus on self-management skills

- Empathy
- Social skills

} focus on individual ability to manage relationships with other people

1. **Self awareness** refers to the extent to which an individual is aware of his/her emotions, strengths, weaknesses, needs and drivers.

2. **Self-regulation** refers to the extent that people are in control of their emotions, feelings and impulse.

3. **Motivation,** leaders have a deep desire to achieve for the sake of achievement and not for large salaries or status.

4. **Empathy**, the extent that a leader can thoughtfully consider employees feelings in the process of making decisions.

5. **Social skills**, leading people in a desired direction and being able to build relationships throughout the organisation.

Question 3 - Discuss the responsibilities of a strategic leader. (6) [B1.3-Nov12 + B1.1-Nov10]

Leaders are not only a driving force behind the strategy implementation initiative but they also need to perform certain tasks and take responsibility for the performance of activities such as:

1. ***Communicating the vision and strategic direction*** to all the employees and other stakeholders of the organisation.
2. ***Developing an appropriate vision or strategic direction*** for the organisation in which as many stakeholders as possible have participated.
3. ***Designing appropriate reward systems*** and organisational structures together with top management.
4. ***Developing and maintaining*** an effective ***organisational culture***.
5. ***Ensuring*** with managers that the ***organisation continually incorporates good corporate governance principles*** into its strategies and operations.
6. ***Inspiring and motivating employees*** to achieve the strategic goals of the organisation.

Questions 4 - Discuss the aspects and levels of organisational culture. (10) [B1.1-Jun14]
- Explain the different aspects and levels of organisational culture (as identified by Thompson & Martin, 2005). (12) [B1.2-Jun12 + B2.1-Jun09]

The aspects/levels of culture can be grouped into **manifestations**, **people** and **power**.

- **Manifestation**
  - The most visible level of culture is artefacts and symbols.
  - Artefacts include the physical and social environment, written communication, advertisements, etc.
  - Symbols include the organisations logo, etc.
  - Values are the 2nd level and represent a sense of “what ought to be”/
  - Underlying assumptions are the 3rd level and they represent the taken-for-granted way of doing things.
  - Example of behaviours that become accepted on the basis of the values and underlying assumptions, include working long hours, innovation, etc.
- **People**
  - Is also an important part of an organisations culture.
  - The way people do things, their values and underlying assumptions are based on stories of the past, the leadership and management style of the organisation and by communications.
- **Power**
  - Is reflected in the ownership of the organisation.
  - Structural issues include the extent to which the organisation is centralized or decentralized and will impact on control and reward systems.
  - Personal power is the power of key managers
  - Politics refers to the way in which managers use power to affect decisions and actions.

Question 5 - Explain why organisational culture is an important driver for strategy implementation. (5) [B1.2-Jun14 + B1.2-Nov10]

1) Organisational culture affects the way people in an organisation make decisions, think, feel and act in response to opportunities and threats.

2) The culture of an organisation is therefore related to the people, their behaviour and the operation of the structure.

3) When culture is strong, people know what is expected from them.

4) It’s also its policies, stakeholder relationships and its approach to corporate governance and ethics.

5) It can be a source of competitive advantage.

Explain the importance of organisational culture in strategy implementation. (5) [A3-Nov13 + A2-Nov12]

1) Organisational culture is firstly of a tacit nature.

2) This means that organisational culture is a pervasive, unseen aspect that influences and often reinforces certain kinds of behaviours.

3) The problem is that it's very difficult to explain, decipher or even shape the culture of an organisation, due to its tacit nature.

4) If the culture of an organisation reinforces certain kinds of behaviour that aligns with the strategy of an organisation, then it is a valuable asset. If not aligned, then it poses a stumbling block.

5) If organisation culture is not aligned, the issue becomes how to manage the fit between strategy and culture.

6) Reshaping culture to fit with strategy is a challenge and often managers or leaders will either manage around culture or change the strategy.

Question 6 - Explain Hofstede's five value dimensions of culture. (10) [B1.3-Jun14 + A4-Nov10]

1. ***Power distance***, that is the extent to which people accept that is distributed unequally

2. ***Uncertainty avoidance***, that is, the extent to which people feel uncomfortable with uncertainty and ambiguity

3. ***Individualism/collectivism***, that is, the extent to which there is a preference for belonging to a tightly knit collective rather than a more loosely knit society

4. ***Masculinity/femininity***, the extent to which gender roles are clearly district

5. ***Confusion dynamism***, the extent to which long-termism or short-termism tends to predominant

Explain why different strategies require different leadership styles. (5) [A2-Jun13 + B2.1-Nov11]

1. As the environment in which the organisation operates changes, so does the choice of strategies.

2. Strategic implementation is essential about creating a tight fit between strategy and leadership, strategy with culture, strategy with reward systems, strategy with organisational structure and strategy with short-term objectives.

3. Different types of strategy require different types of leadership style.

4. Below are the matching leadership styles with the chosen strategy.
   - **Growth strategy**, leaders pay attention to managing relationships, inspiring people and communicate the goals and strategies to the people.
   - **Corporate Combination strategy**, require leaders who can integrate different cultures and values systems.
   - **Decline strategy**, leaders who are tasks orientated and who can focus on reducing assets and costs.
   - **Start-up phase**, needs a risk taker
   - **Rapid growth phase**, needs a caretaker
   - **Mature phase**, needs a surgeon
   - **Death or decline phase**, requires an undertaker

Question 7 - Differentiate between adaptive, weak, strong and unhealthy cultures. (8) [B2.2-Nov11]
- Differentiate between the different types of culture, as classified by Charles Handy. (8) [B2.2-Jun09 + B1.4-Nov10]

1. Strong culture

a. Values, norms and beliefs are deeply ingrained and difficult to eliminate.
b. It is a valuable asset if a tight fit exits between the chosen strategy and strong culture.

2. Weak culture

a. Is a fragmented and there are very few traditions, values and beliefs that are shared.

3. Adaptive culture

a. Members share a feeling of confidence that the organisation can neutralized the threats and exploit opportunities that cross its path.

4. **Unhealthy culture**

a. It has a politicised internal environmental where influential managers operate in autonomous kingdoms.

Recommend a framework for managing the strategy-culture relationship. (Hint: Make use of the framework developed by Pearce and Robinson, 2005) (5) [A3-Jun-13 + B1.5-Nov10]

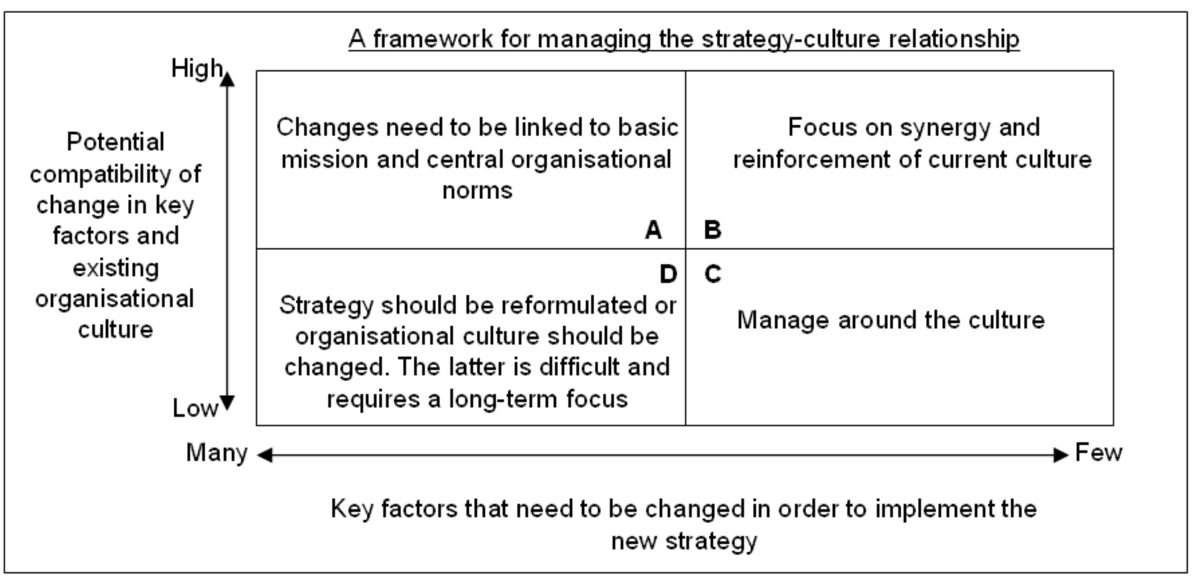
1. Pearce and Robinson, two well know authors in the domain of strategic management, developed a matrix that can be used as a framework for managing the strategy-culture relationship.

2. In **Cell A** the organisation needs to make numerous changes to the organisational factors in order to implement the new strategy. These changes are compatible with the current organisational cultures.

3. Organisations faced with a situation where there are only a few changes required and where these are highly compatible with the existing organisational culture **Cell B** should reinforce the existing culture and make use of the opportunity to remove any barriers to the desired culture.

4. In **Cell C** organisations are faced with the necessity of making a few majors changes that are mostly incompatible with the current culture.

5. In **Cell D**, an organisation needs to make many major changes to key organisational factors. These changes are incompatible with the current entrenched organisational culture and a complete transformation of it is necessary



Question 8 - Provide guidelines for structuring (establishing) effective rewards systems. (5) [A4-Jun14 + B2.3-Nov11]
- Identify five (5) guidelines for aligning reward systems with strategy. (5) [B1.3-Jun12]

1. The performance pay-off must be a major piece of the compensation package. The pay-off for high performing individuals and teams must be substantially larger than for below- average performers

2. The incentive plan should extent to all managers and all workers not just to top management

3. The reward system should be administered with fairness and transparency

4. The reward system must be tightly linked to achieving only those performance targets set out in the strategic plan

5. The performance targets that each individual is expected to achieve should involve outcomes that the individual can personally influence in some way

6. Keep the time between performance review and payment of the reward short

7. Make use of both monetary and non-monetary rewards

8. Avoid skirting the system to find ways to reward non-performers

Explain the role of reward systems in strategy implementation. (5) [B1.1-Jun13]

1. Reward systems can be defined as the umbrella term for the different components considered in performance evaluation and the assignment of monetary and non-monetary rewards.

2. Reward systems should be tightly created and linked to the strategy, encouraging a change in behaviour to support strategy implementation and reward managers for long term performance.

3. Reward systems must be tied to achieving the specific outcomes to make new strategies work by showing results and not just dutifully performing assigned tasks.

4. Reward systems must reflect top management's performance attitude with influencing the organisational culture and leadership styles.

5. Reward systems should extend to middle and lower levels of management and be used for the entire workforce.

6. Reward systems should focus on the individual and group performance.

Discuss the major types of executive bonus compensation plans. (10) [B1.2-Jun13 + A3-Jun12 + B2.3-Jun09]

1. **Share options.** A share option plan provides executives with the right to purchase company shares at a fixed price in the future. The amount of compensation is based on the spread of or difference between the share's initial and selling price. Thus the executive receives a bonus only when the wealth is created for the shareholders.

2. **Restricted share plan** uses company shares as an incentive for executives. An executive is typically given a certain number of shares, but one may not sell them for a specified time or the shares are forfeited before the period.

3. **Golden handcuffs** refers to the deferred cash bonuses of annual instalments, or compensation is forfeited before the period. This reward system is used to retain specialised skills as an executive incentive.

4. **Golden parachute** is used to retain talented executives by retaining a substantial cash bonus regardless of organisation's success or failure.

5. **Cash bonuses** are used to reward only executives and the top management team by calculating measures such as return on equity, earnings per share, growth ratios and profit sharing.

Question 9 - Discuss recognition as a component of reward systems. (6) [B1.3-Jun13]
- Discuss recognition as a component of reward systems and describe the recognition practice. (5) [A4-Nov13]

1. Recognition and its role in strategy implementation through employee and manager retention is still a rather new concept in strategic management.

2. Brun and Dugas identify four approaches to recognition namely the (1) ethical perspective, (2) the humanistic and existential view, (3) the work psychodynamic school and (4) the behavioural outlook.

3. These four approaches are expressed through four employee recognitions practices: existential recognition, recognition of the way wok is performed, recognition of job dedication and recognition of results.

4. In an organisation, recognition is expressed through various types of interaction.

5. On the organisational level, employee recognition is expressed through the organisation's policies and formal recognition programmes.

6. Interaction on a vertical or hierarchical level is related to the process of recognition between manager and employee and horizontal interaction refers to recognition between peers and team members.

Question 10 - Discuss corporate governance and reward systems in the light of the King III Report. (4) [B1.4-Jun13]

1. Reward systems affect the kinds of norms, values and culture that develop in an organisation. They also affect the way managers and employees behave.

2. Therefore, it is important to design reward systems in such a way that they ensure the installment of good corporate governance practices within an organisation.

3. King lll has developed recommendations regarding executive reward and compensation, namely:

    a. The King lll Report is applicable to all companies, and not only JSE-listed companies.

    b. Companies should not pay "balloon payments to directors who leave, or termination payments to directors who have been fired

    c. Share prices should not be re-priced to benefit directors when the company's share are not performing well or the share price is low.

    d. Companies should publish a remuneration report that details directors remuneration and explain why directors receive this remuneration, and this should be put to shareholder vote.

Discuss corporate governance and leadership in the light of the King II Report. (5) [B1.3-Nov13 + B1.4-Nov12]

- The King report on corporate governance 2002 (King II Report) emphasized the role of leadership in corporate Governance.
- It stated that corporate governance is essentially about leadership and that leadership comprises four dimensions: efficiency, probity (honesty and decency); responsibility; and transparency and accountability.
- In order for organisations to compete effectively in the global economy, leadership must be efficient.
- Leadership for probity is important as it assures investors that the management of an organisation will behave honestly and with integrity towards its shareholders and other.
- Addressing legitimate social concerns related to the organisation's activities provides proof of responsible leadership.
- Above all, leadership must be transparent and accountable for its activities.

Differentiate between visionary and managerial leaders by identifying five key characteristics of each.
(HINT: using a table may make it easier to answer the question.) (10) [B1.2-Nov13 + B1.1-Jun12]

	Visionary Leaders	Managerial Leaders
1	Are proactive, shape ideas, change the way people think, positive and necessary	Are reactive, adopt passive attitudes towards goals, goals are based on the past
2	Work to develop choice and fresh approaches to long standing problems	View work as an enabling process involving some combination of ideas and people interacting to establish strategies
3	Are concerned with ideas, relate of people intuitive and empathetic ways	Relate to people according to their roles in the decision making process
4	Influence attitudes and opinions of others in organisations	Influence actions and decisions of those with whom they work
5	Are concerned with ensuring the future of the organisation, especially through developing and management of people	Are involved in situations and contexts characteristic of day-to-day activities
6	Are more likely to make decisions based on values	Are less likely to make value-based decisions
7	Know less than their functional experts about functional areas	Are experts in their functional area

Match an organisation's compensation plan to its chosen strategy or strategies. (4) [B2.4-Nov11]

- **Start-up phase**
  - Organisations that pursue growth strategies should incorporate large salaries and equity into their reward systems.
- **Rapid growth phase**
  - Reward systems should include a salary plus large bonuses for growth targets, plus equity for key people.
- **Maturity phase**
  - Link reward systems to efficiency and profit-margin performance.
- **Decline phase**
  - Reward systems should be linked to cost savings

TOPIC 3 – STRUCTURAL DRIVERS OF STRATEGY IMPLEMENTATION

Explain how organisational structures evolve over time.	(4) [B2.1-Jun13 + B2.2-Jun12]

1. As organisations grow and the environment changes, different types of strategy are selected at different stages to ensure continued success.

2. Most organisations grow first by ***volume***, then by ***geography***, then by ***integration***, and finally through ***product/business diversification***.

3. Therefore as organisations grow, structure generally changes from simple (e.g. entrepreneurial or functional) to complex.

4. Matrix and product-team structures are examples of complex structures

Question 1 - Discuss the role that organisational structure plays in strategy implementation.	(5) [A3-Nov12 + B2.1-Nov10]

1. Structure is a framework within which the strategic process must operate to achieve organisation goals.

2. Structuring should not be carried out in isolation.

3. Structure plays an important role in identifying the tasks necessary for the strategy implementation, group them together and ensure coordination of these tasks across the organisation.

4. Some of the main functions of an organisation structure are:
   a. that its provides a formal allocation of works rules,
   b. channels for effective collaboration, boundaries of authority, line of communication
   c. as well as means of allocating power and responsibility and that its prescribes levels of formality and complexity.

Question 2 - Comment on the statement that “structure follows strategy”.	(5) [B2.1-Jun12]

1. A tight fit is required between an organisation's structure and chosen strategy and changes to its structure may be required to facilitate implementation thereof.

2. Failure to create alignment between the strategy and structure may result in various difficulties in implementation and possible failure.

3. Structure is therefore a determinant of strategy and not the other way round - i.e. structure follows strategy.

4. It is important to note however that a reciprocal relationship exists between structure and strategy though. The strategy, which is selected, should be implementable.

5. Where the existing organisational will be difficult to change, it may be necessary to adjust to strategy to be a better fit with the structure in question. The organisational structure must however never dictate the strategy to be followed.

Question 3 - Discuss the five basic parts of an organisation. (10) [B2.2-Nov13 + B2.3-Jun12 + A3-Nov11]

1. ***Strategic apex*** – this is where the top management and strategic leadership of an organization are to be found.

   - The members in this team are responsible for determining a vision and goals for the organization as well as the strategic direction that will lead the organization towards those goals.
   - They provide the necessary strategic leadership to the rest of the organization.

2. ***The middle-line*** – these are all the middle managers who are in direct line management positions between the strategic apex and the operating core.

   - They act as relays of the strategic vision, goals and desires of the top management by translating the long term strategic goals into more manageable and doable short-term ones, operational tactics and other day to day operational requirements.

3. ***The operating core*** – this is where the organization's production tasks are undertaken resulting in products and services being made available to customers.

   - All the staff members who do not hold a managerial or leadership position are fond in this part of the organization.

4. ***Techno structure*** – in this section are all the staff analysts who are tasked with designing the systems in which the work processes and outputs of others are designed.

5. ***Support staff*** – the members in this section support the organization outside its normal work-flow processes and include, IT staff, specialists in legal, tax, press and public relations and so on.

Question 4 - Discuss the six basic coordinating mechanisms of organisational design. (12) [B2.4-Jun12]

1) **Mutual Adjustment:**
   a. This is the informal communication used to coordinate work and achieve tasks.
   b. Simple, entrepreneurial organisations use a high level of mutual adjustment.

2) **Direct Supervision:**
   a. This is where one person is responsible for coordinating the work of others and for giving others orders and instructions.
   b. Direct supervision typically flows from the top, down the organisational hierarchy.

3) **Standardisation of work processes:**
   a. This refers to the specifications or processes governing how the content of the work should be carried out.
   b. These could include standard operating procedures and policies

4) **Standardisation of outputs:**
   a. This focuses on the results to be achieved.
   b. The extent of the standardisation can be viewed in terms of the range of products the company produces.

5) **Standardisation of skills and knowledge:**
   a. This is also a coordination mechanism but it is less formal.
   b. In this instance, the employee possesses a certain set of skills and knowledge, and over time different employees know what to expect from one another, ensuring coordination.

6) **Standardisation of norms:**
   a. This refers to the organisational culture and the shared beliefs and values of the employees.
   b. For example, if one of the organisational values is frugality, it serves as a coordination mechanism in that all employees who share this value will collaborate and work towards frugality

Discuss the essential parameters of organisational design. (16) [B2.2-Jun13]

1. ***Job specification***.
    - Focuses on what each person should do, how many distinct tasks the job should contain and how much control a person should have over these tasks.

2. ***Behaviour formalisation***.
    - The extent to which tasks are specified and have to be carried out in a certain manner. Behaviour is formalised to reduce variability/ increase predictability and control.

3. ***Training***.
    - Entails deciding on what formal training is required for different positions and then selecting appropriately trained people to fill these positions.

4. ***Socialisation***.
    - The process by which a new employee is induced into the workplace.

5. ***Unit grouping***.
    - Grouping different positions into units, each under its own manager, and these units are in turn clustered together to form another unit and so on- until the whole organisation has been grouped into one unit with the CEO at the strategic apex.

6. ***Unit Size*** refers to the size of each unit.

7. ***To create linkage*** refers to the planning and controlling systems and liaison devices are used.

8. ***Centralisation/ Decentralisation***. The extent to which decision-making power is shared in an organisation.

Identify and discuss the different types of organisational structures. (20) [B2.2-Nov10 + SG-p91]

1. Entrepreneurial structures
- A simple structure typically consisting of the owner-manager and the employees
- Owner makes all the major decisions and monitors the employees
- High level of mutual adjustment and informal communication

2. Functional structures
- Consist of a CEO supported by a limited number of corporate staff such as legal advisors, accountants and functional managers.
- Units and the tasks within units are grouped according to specialized functional areas.

3. Divisional structures
- Activities and responsibilities are organized into a series of divisions, each with its general manager and functional areas.
- Divisional clusters represent clusters of similar businesses.

4. Strategic business units (SBU)
- It is similar to the divisional structure.
- It groups similar divisions into strategic business units and delegate responsibility for each unit to senior executives who reports to the CEO.

5. Matrix structures
- Dual lines of authority.
- The matrix structure has both vertical and horizontal lines of authority.
- Combines functional expertise with product-project spesicialisation.

6. Network structure
- Are loosely grouped business teams that come together or a single project.
- Characterised by informal coordination, a learning approach and regular change of information.

7. Structures of the future
- Are based on networks of temporary external and internal relationships, linked primarily by information technology in order to share skills, costs and access to markets.

Provide guidelines for matching structures to strategies. (5) [A4-Jun13 + B3.1-Jun09 + SG-p91]

1. There is no one size fit all structure that all organisations can use, but below is several guidelines for matching strategy with structure.
   a) **Functional structure** :Single-product or dominant product organisations
   b) **Divisional structure**: Organisations with several business lines
   c) **Strategic business units**: Large, diverse organisations with unrelated business divisions
   d) **Matrix structure**: Product development and innovation oriented organisations.

*** Chandler found that a particular structure sequence is often repeated as organisations grow and change their strategy over time.

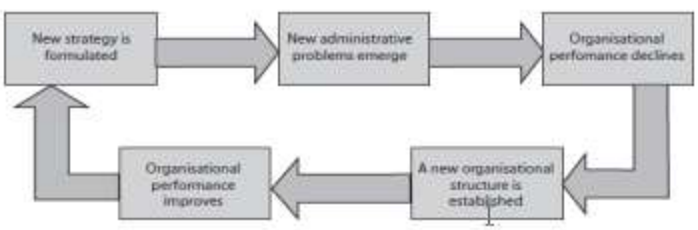
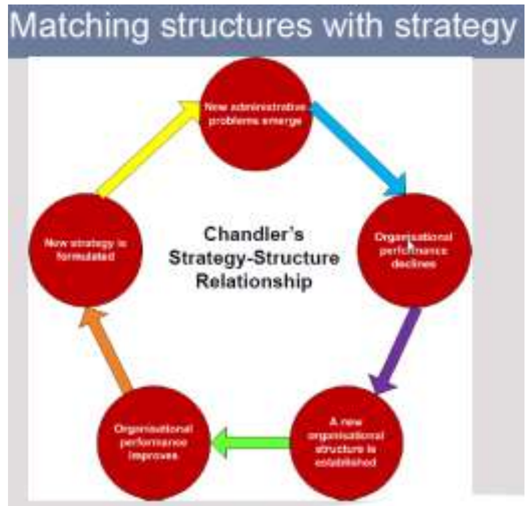


FIGURE 3.1: Chandler's strategy-structure relationship



Question 5 - Discuss the importance of human resources in strategy implementation. (5)
[B2.2-Jun14 + B2.3-Jun13 + B3.2-Jun09]

1. Human resources - not financial resources - are the key resource in organisations today, due to the fact that we live in a knowledge era.

2. As a result, it is crucial for successful strategy implementation that people be allocated the most useful tasks in implementing the strategy.

3. People are the heart of the strategy - no longer technology or finance as these two are easy to obtain these days.

4. Organisations can no longer generate profits without the ideas, skills and talent of knowledge workers

Question 6 – Discuss the role of resource allocation in strategy implementation. (5)
[B2.1-Jun14 + B2.3-Nov13 + Q4-Nov12 + B3.2-Jun09 + SG-p99]

1. To achieve successful strategy implementation, the scarce resources must be allocated in such a way that they support the organisation long-term goals, chosen strategy, structure and short-term objectives.

2. One of the barriers to successful strategy implementation is the resource barrier, therefore a change in strategy requires a change in the resource allocation plan of the organisation.

3. There are 3 criteria to be used when allocating resources
   a. The contribution of the proposal resource towards the fulfillment of the organisation' mission and objectives.
   b. Its support ok key strategies.
   c. The level of risk association with the specific proposal

Question 7 - Explain the role of the master budget in strategy implementation. (3) [SG-p99]

1. The master budget of an organisation includes all those activities whose monitoring is judged to be important for the survival of the organisation.

2. Among these activities are sales, manufacturing, administrative activities, investment and cash management. Projected sales are the foundation of budgeting.

3. Forecasting sales is critical because all other budgeted activities depend on these forecasts.

4. A change in strategy often necessitates a change in the way resources are allocated.

Question 8 - Explain what organisational architecture entails. (5) [B2.1-Nov13]

1. Organisational architecture provides a useful tool for meshing the internal organisation by combining key dimensions in a cohesive and concerted effort to ensure productive strategy implementation.

2. Is an integrated strategic response that draws together key dimensions of the organisation (such as organisational structure, leadership, organisational culture, policies and strategies) to guide strategic planning and implementation.

3. It provides a blueprint of the internal and largely invisible workings of the organisation.

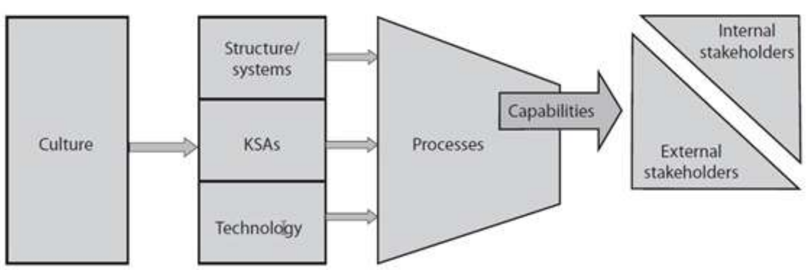
4. It is a formal document that clarifies the key strategic drivers.

5. It is unique to a specific organisation.

Question 9 - Describe the components of organisational architecture. (7)

1. Capabilities are distributed to the various stakeholders through the different organisational processes.
2. The structure/system, KSA's (knowledge, skills and abilities) and technology specific to each organisation shape these processes, which are all in turn underscored by the organisational culture.
3. The integrated organizational architecture is a strategic response that draws together key dimensions of the organization (such include items as organizational structure, leadership, organizational culture, policies and strategies, etc.) to guide strategic planning and implementation.
4. It provides a blueprint of the internal and largely invisible workings of the integrated organization.

Attached diagram of organisation architecture must be read from right to left.



Explain how budgets can be used to implement the chosen strategy. (3) [SG-p99]

1. A budget is a resource plan, a guideline; a summary of what is available, planned expenditure or a list of priorities.
2. Budgets support strategy implementation and should be based on the organisations short-term objectives and operating results.
3. Budgets quantify, specify and prioritise the resources needed to ensure strategy implementation.

TOPIC 4 – THE INSTRUMENTS OF STRATEGY IMPLEMENTATION

Question 1 - Comment on the role of the various instruments in strategy implementation. (10)
[B2.4-Jun14 + B2.4-Nov13 + B2.3-Nov12 + A4-Nov11]

The strategy implementation instruments are (1) short term objectives, (2) functional tactics and (3) policies.

1. The role of ***short term goals*** in strategy implementation.

- The use of short term goals is a valuable strategy implementation instrument. It helps to establish departmental, divisional and organisational priorities.
- It also assists in monitoring the progress made towards the achievement of long term goals.
- Further, short term goals can be used as checkpoints for operational and strategic control.

2. The role of ***functional tactics*** in strategy implementation

- Functional tactics clarify the business strategy, and provide specific, short term guidance to managers and employees in the functional areas.
- Functional tactics are the key routine activities that need to be performed in each functional area in order to achieve the objectives of the organisation.
- The functional areas in the organisation include marketing, human resources, research and development, finance, public relations and operations.
- Functional tactics are essential to implement the chosen strategy - they give specific, short term guidance to operational managers.

3. The role of ***policie***s in strategy implementation

- Policies are specific guidelines, methods, procedures, rules, forms and administrative practices that direct the actions of managers and employees in the organisation. In order to be a valuable strategy implementation instrument, policies should support the chosen strategies.
- Policies inform employees/ managers what is expected of them in strategy implementation. Policies need to support a chosen strategy, and change in strategy may require a change in policy.
- Policies guide day-to-day activities and procedures that ensure successful strategy implementation.
- Policies provide a basis for control and promote coordination and consistency across organisational units in strategy implementation.

Question 2 - Explain how long-term goals are translated into short-term goals. (5)

1. Long-term goals are derived from the mission statement, which is in turn derived from the organizations vision or strategic intent.

2. The short-term goals are set on the basis of the long-term goals to ensure that the mission and strategic intent become a reality.

3. Aligning short-term goals with the organizations mission and strategy confirms that the strategic management process is interrelated and that a change in one component will trigger changes in others.

4. An organisation's mission statement provides guidelines in terms of the areas that the long-term goals focus on, such as product, market, technology, profitability and corporate governance.

5. Short-term goals should incorporate these focus areas into key operational areas.

6. The link between long-term goals and short-term goals cascades through the organization, from the broad vision and basic goals to specific short-term targets. This cascade can provide a clear reference for communication.

Distinguish between the different levels of objectives (3) [B3.1-Nov10]

- The three levels of objectives are:
  - Strategic
  - Operational
  - Functional
- You will have to discuss each of these in terms of the parties involved, time-frame, level of detail etc

Differentiate between long-term goals and short-term goals. (3) [SG-p106]

	Long term goals	Short term goals
1	Strategic important is high	Strategic importance is low
2	Strategic nature	Operational nature
3	Time frame is 3 – 5 years	Time frame is 12 months or less
4	High level management involvement	Low level management involvement
5	Specific level is low	Specific level is high
6	Few high level objectives	Low level objectives

Explain what constitutes a well-formulated short-term objective (5) [B3.3-Jun09 + SG-p106]

- Short term goals must be
  - Suitable *Unsuitable*
  - Achievable *unachievable*
  - Acceptable *unacceptable*
  - Motivating *de-motivated*
  - Flexible *not flexible*
  - Understandable *not understandable*
- Each goal must indicate clearly who is responsible and the focus area, the action require, how it will be measured and the time frame.
- It should be consistent across functional areas.

Explain what a short term goals is. (3)

1. Short term goals provide more specific guidance and a clear indication of the actions needed to translate the vision into action.

2. Short term goals guide action and direct the activities of organisational members.

3. It adds breadth and specificity in identifying what must be done to achieve long-term goals.

4. Short term goals can serve as standards of performance and as incentives for managers and employees to perform, and are also used to justify activities to the stakeholders

Question 3 - Explain what a functional tactic is. (3) [B3.3-Nov10 + SG-p110]

1. Functional tactics support short term objectives and can be defined as the key routine activities that must be performed in each functional area to achieve organisation's chosen strategies (marketing, finance, operations, human resources mng).

2. They translate organisation's grand strategies into action to ensure that short term objectives are met.

3. It clarifies the business strategy. It provides specific short term guidance to managers and employees in functional areas.

Question 4 - Explain how functional tactics differ from corporate and business strategies. (6)
[B2.3-Jun14 + B3.1-Jun12 + A3-Jun09 + SG-p110]

Differences	Functional tactics	Business strategy
Time horizon	Identify tasks and activities that must be done in the near future	Grand strategies focus on the organisations position in the next few years
Specificity	Identify the specific activities that needs to be performed	Provides general direction
Developers	Developed within the operational areas of the organisation	Developed at top management level

Question 5 - Explain the role of policies in strategy implementation. (4-5)
[B3.2-Jun12+B3.2-Nov10 +A4-Jun09+SG-p116]
- Expound on the importance of having policies in place in strategy implementation.

1. Policies are specific guidelines, methods, procedures, rules, forms and administrative practices that direct the actions of the managers and employees in the organisation. In order to be a valuable strategy implementation instrument, policies should support the chosen strategies.

2. Policies inform employees/ managers what is expected of them in strategy implementation.

3. Policies need to support a chosen strategy, and a change in strategy may require a change in policy.

4. Policies guide the day-to-day activities and procedures that ensure successful strategy implementation.

5. Policies provide a basis for control and promote coordination and consistency across organisational units in strategy implementation.

Explain how the balanced scorecard can be used to set short-term goals. [SG-p106]

1. The balanced scorecard sets objectives, measures targets and initiatives for four organisational areas based on the vision or strategy.

2. The 4 processes of the balance scorecard that forms a framework for strategic control are:

   a. **Translating the vision**
      i. Ensures that the vision is translated into goals and measures linked to the strategy.

   b. **Communicating and linking**
      i. Ensures that the long term strategy is clearly understood by the entire organisation through communicating and linking.

   c. **Business Planning**
      i. Forces organisations to link their business plans to the strategy through the setting of targets or milestones.
      ii. Through this process organisations integrate their strategic planning and budgeting processes.

   d. **Feedback and learning**
      i. Provides organisations with the capacity of strategic learning.
      ii. Strategic learning consists of gathering feedback, testing the assumptions on which the strategy is based and making the necessary adjustments.

TOPIC 5 – STRATEGIC CONTROL AND EVALUATION

Question 1 - Explain what strategic control entails. (5) [B3.1-Nov12]

1. Strategic control is the phase in the strategic management process that concentrates on evaluating the chosen strategy in order to verify whether the results are produced by the strategy are in fact those intended.

2. Strategies focus on the long term future of the organisation, and time elapses between the formulation and implementation of a strategy and the achievement of the intended results.

3. Strategic control is the phase during which managers ensure that the implementation activities are performed effectively and efficiently, and identify deviations from the strategic plan in order to take corrective action.

4. Strategic control has two focal points: to review the content of the strategy and to evaluate and control the implementation process.

   a. Strategic control identifies and interprets critical events or changes/ triggers in the external environment that require a response from the organisation.

   b. Strategic control should initiate managerial questioning of performance, assumptions and expectations in order to determine to what extent the organisation is achieving its short term objectives.

Differentiate between strategic control and operational control [SG-p127]

1) Traditional management control focuses on the implementation process in all its details.

2) Strategic control focuses on the key success factors of the strategy.

3) Operational control focuses on the short term, while strategic control focuses on the long term.

4) Strategic control evaluates the organisation over an extended period, whereas operational control provides feedback over shorter time periods.

5) In traditional and operational control, action is taken only after deviations from performance measures have occurred.

6) Whereas strategic control is concerned with guiding the action as the strategy takes place and when the end results are still several years away.

Question 2 - Explain how strategic control can be introduced. (6) [B3.1-Jun14 + B3.1-Jun13]

1) Strategic control has two focal points, namely to evaluate the content of the strategy and to monitor strategy implementation activities.

2) There are four types of strategic control that organisations can use: (1) premise control, (2) strategic surveillance, (3) special alert control and (4) implementation control.

3) The first three are used to review the content of a strategy and the last is used to evaluate strategy implementation.

   a. **Premise control** is used to check, systematically and continually, whether the premises and assumptions on which the strategy is based are still valid or a change in strategy may be required. It is a focused type of strategic control.

   b. **Strategic surveillance** reviews the content of a strategy.

   c. **Special alert control** is the “thorough, and often rapid, reconsideration of the organisation’s strategy of sudden unexpected event.

   d. **Implementation control** must be exercised as the implementation process unfolds

Question 3 - Discuss corporate governance and strategic control with reference to the King III Report. (4)
[B3.3-Jun14 + B3.3-Jun13 + SG-p127]

1. The King III report contains several recommendations that impact on strategic control.

2. Among others, the King III report states that the board must retain full and effective control over the company and must monitor management implementation of the board's plans and strategies.

3. The board must also ensure that the adequate internal control exists and that the organisations information systems can cope with the strategic direction in which the organisation is headed.

Discuss corporate governance and strategic control with reference to the King II report. (5)

1. The King III Report contains several recommendations that impact on strategic control. Among others, the King III Report states that the board must retain full and effective control over the company and must monitor management's implementation of board plans and strategies.

2. The board must also ensure that adequate internal controls exist and that the organisation's information systems can cope with the strategic direction in which the organisation is headed.

3. Corporate governance is critical in the strategic management process to control and evaluation with regards to the following areas:
   a) Clarifying the role of the audit committee in managing and overseeing strategy implementation.
   b) Determining checks and balances for strategy control.
   c) Ensuring that executives are appropriately penalised or rewarded for failure or success (responsibility of the director board).

Question 4 - Discuss the balanced scorecard as a strategy-implementation and control system. (10-15)
[B3.2-Jun14 + B3.4-Jun13 + B3.4-Jun12 + B3.4-Nov10 + SG-p132]

1) The use of a single measure, such as financial ratios, is not the most effective means of controlling the implementation of strategy, because it may fail to take all perspectives into account. The reason for this is that control measures are often applied in isolation and do not take measures such as customer knowledge, internal business process evaluation and organisational; learning and growth criteria into account

2) The balanced scorecard provides for the use of both financial and non-financial performance measures

3) It incorporates financial performance measures, customer knowledge; internal business processes measures and criteria for assessing learning and growth prospects.

4) These measures are combined to monitor implementation of strategies in a holistic way, to ensure that the implementation process is linked to long-term objectives of the organisation, through a series of short-term actions.

5) There are 4 processes that make up the overall balanced scorecard framework: (1) translating the vision; (2) communicating and linking; (3) business planning and (4) feedback and learning.

6) ***Translating the vision*** it is the first process that forms the framework. It ensures that the strategy is the reference point and it forces top management to gain consensus on the organisation's vision and strategy. It ensures that the vision is translated into integrated measures and goals linked to the strategy on which people can act.

7) ***Communicating and linking***. Long-term strategies must be clearly understood by the entire workforce. Communicating the strategy to all employees ensures that both the strategy and the critical goals that have to be met are clear to the entire workforce. The balanced scorecard is also a means by which the organisation's strategy can be communicated to its outside stakeholders. Communicating the balanced scorecard promotes commitment and accountability to the organisation's strategy.

8) ***Business planning.*** The third process forces organisations to link their business plans to the strategy through the setting of targets or milestones. Strategic initiatives are clearly identified and indicate where investments should be made. Through this process organisations integrate their strategic planning and budgeting processes, ensuring that the resources allocation plans support the chosen strategies.

9) ***Feedback and learning***. Strategic learning consists of gathering feedback, testing the assumption on which the strategy is based and making the necessary adjustments. The balanced scorecard supports strategic learning as it tests, validate and modifies the assumption on which the strategy is based.

Question 5 - Differentiate between the different types of strategic control. (8)
[B3.1-Nov13 + B3.2-Nov12 + B3.2-Nov11 + B3.4-Jun09 + SG-p127]

1. ***Premise Control:*** Premise control is designed to check systematically and continuously whether the premises or assumptions on which strategy is based, are still applicable.

2. ***Surveillance Control:*** Surveillance control is designed to monitor a broad range of events inside and outside the organisation that are likely to affect the course of the strategy.

3. ***Special Alert Control***: it entails the thorough, rapid reconsiderations strategy in view of a sudden, unexpected event. Strategy is adapted to changed conditions.

4. ***Implementation Control***: Implementation control is designed to assess whether the overall strategy could be changed in the light incremental action taken to implement strategy. Two types of implementation control can be used, namely strategic thrusts and milestone reviews. If actions are not implemented properly or do not achieve the planned results, strategy must be altered. It provides management with information regarding the success of the implementation.

Question 6 - Comment on the criteria used to evaluate strategies during the control phase. (5)
[B3.4-Jun14 + B3.3-Nov12 + B3.3-Nov11]

1. During strategy selection, organisations make a choice between the different strategies that will help the organisation to go to the next level of competitiveness.

2. During strategy formulation, top management teams would typically ask several questions pertaining to these criteria.

3. During strategy evaluation and control, managers can again use these criteria to test whether the strategy is still on track, whether it is achieving the expected outcomes and whether it is being or has been successful.

4. The three criteria are:

    a. **A**ppropriateness. Is the strategy in line with the mission?

    b. **F**easibility. Can it be carried out?

    c. **D**esirability. What are the stakeholder preferences? Has the strategy produced adequate results in the short term?

Question 7 - Discuss the four "levers" that are considered when designing strategic control systems. (8)
[B3.2-Nov13 + B3.3-Jun12]

The 4 levers of control that should be taken into consideration in designing strategic control systems are:

1. Diagnostic control systems

a. These systems are used to track the performance of departments, managers and employees, to monitor goals and to measure progress towards profitability and revenue growth targets.

2. Belief systems

a. These systems relate to the organisations values and organisational culture and provide guidelines for implementing decisions.

3. Boundary systems

a. These systems supplement diagnostic control systems and belief systems.
b. Diagnostic and Belief systems tell the managers and employees what should be done and what behaviour is accepted, boundary system provide information on what should not be done and what falls outside the scope.

4. Interactive control systems

a. Provides the managers with a sense of what is happening in different areas of the organisation.

Question 8 - Diagrammatically depict and explain the four dimensions of the balanced scorecard. (9)
[B3.4-Nov12 + SG-p132]

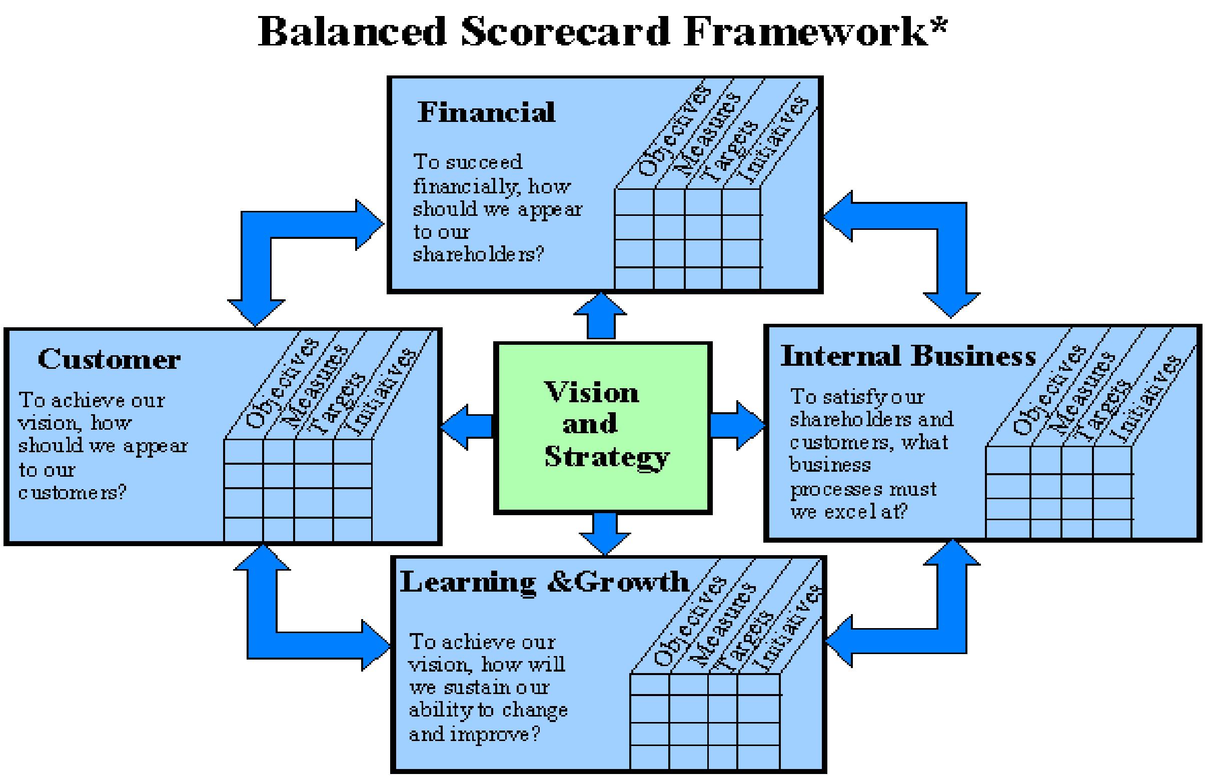
- The balanced scorecard serves as a guideline for translating vision into strategic or long-term goals in four (4) perspectives: financial, customer, internal business process and learning and growth.

- These goals are of critical success factors for strategy to be successful.

- Each of these long-term goals has measures that indicate how the achievement of the goal will be measures that indicate how the achievement of the goal will be measured and tracked.

- Within the balanced scorecard, these measures become drivers of performance. Short-term goals are set for each of the measures. This translates the long-term goals into specific targets which indicate the performance or leave of improvement needed. Key action programs or initiatives are developed to achieve the goals. These can be compared to functional tactics.

- The balanced scorecard sets goals, measures, targets and initiatives for four organisational areas based on the vision or strategy



* Adapted from Kaplan & Norton 1996. *The Balanced Scorecard*. Harvard Business School Press: 9. Original from HBR Jan/Feb 1996, p. 76.

Explain how continuous improvement builds customer value.	(9) [B3.3-Nov13 + B3.2-Jun13 + SG-p132]

Organisations can achieve continues improvement by adopting practices such as benchmarking, total quality management and re-engineering.

1) **Benchmarking**
   a. The comparison of selected performance measures or operational processes that serve as challenging, yet comparable, yardsticks.
   b. These include the organisations own history, major competitors or best in class/world performance.

2) **Total quality management**
   a. A culture, inherent in which is a total commitment to quality and attitude expressed by everybody's involvement in the process of continuous improvement of products and services by using innovative scientific methods.

3) **Re-engineering**
   a. An organisation is reorganized in such a way that it creates value for customers by eliminating barriers that create distance between employees and customers.
   b. As such costs are lowered and service to customers improved.

4) **Six sigma approach**
   a. A methodology linking improvement to profitability.
   b. Highly rigorous and analytic approach to quality and continuous improvement with the objective of improving profits through defect reduction, yield improvement, improved customer satisfaction and best in class performance.

Depict the strategic management process and indicate the position of strategic control. Use a diagram to indicate the position of strategic control in the strategic management process	(12) [B3.1-Nov11 + SG-p127]