STUDYING AND INVESTIGATING THE POSITION AND ROLE OF STRATEGIC EXECUTION AS THE MOST NECESSARY STAGE IN STRATEGIC MANAGEMENT

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ABSTRACT
Present paper introduces strategic execution as a part of strategic management, devising and formulating companies’ missions is necessary in business. Strategic management as well as formulating and executing strategies are important tools for companies to develop and keep their competition in future. Achieving defined strategy in an effective manner is the critical factor for future success of the company. Studying the effectiveness of a strategy is conditioned to decision making on its modification and realization.

KEY WORDS: strategy, strategy execution, company, strategy management, 7S model, balanced scorecard

INTRODUCTION
It is necessary to find proper indicators to determine company’s operations and a measurement system to remove deficiencies in executing the strategy. Initially, strategic execution was introduced in a conference in Petersburg University in 1978. Concerning strategic execution, it is important to determine strategy as a main element of strategic management in the company. Such strategy is interpreted as applied policies which shows how resources should be allotted and which guideline should realize the aims. for their growth and survival in today changing, competitive and instable environment, organizations have to accept strategy – orientation and they should rely upon strategic management process to get out of such challenge (Jafarn ejad and Shahayi, 2007 and Kaplan and Norton, 2011),

Although strategic management has created a hot discussion on organizational management with a swift beginning (Ibn Al_rassol, 2007; Bryson, 2009 and Hanger and Wilen, 2010). Most studies indicate that such energetic start is in formulation step and the execution step is stopped due to some barriers in the level of recipes (Ebrahimi et al., 2009)

On the other hand, Glueck (1980) defines strategy as a thorough and integrated plan designed to ensure the realization of organizational main goals. Currently, strategy is a key factor and we may confront different definitions on strategic management in many internal and external resources. According to strategy is a complicated process of activities needed to achieve organizational goals and prefers mid and long term goals before achieving operational solutions. Relevant strategy was identified by Gronic and Cohen (2006) as a managerial recipe in which supporting decision making is considered.

Strategic has become an important part of companies in today dynamic and competitive environment. Strategic management consists of three interconnected separated steps which impact each other. These processes include strategic planning, strategic execution and strategic control. Researches indicate that the most trivial part is strategy execution. Strategic execution is to manager the strategy by managers, employees and organization by successful transfer of organizational culture. The main aim of management is to execute strategy and to bring the strategy in life as a part of daily decision making process.

In past, strategy was seen as a science on planning and determining military operations while organizational strategy was coined by Alfred Chandler (1962) who introduced problem solutions by managers in US companies relevant to long terms goals, resource allocation and creating a structure to execute and support them. Eventually, strategy concept got more relevant and expressed by several authors. Considers the strategy as a model or plan which integrates the aims, policies and operations of a company in a cohesive whole.

7S model
A thorough approach on strategy execution was developed by Peterson and Waterman in McKenzie in early 1980s. This model is based on 7 internal factors which should be balanced for successful strategy execution. 7S model can be used in a wide range of fruitful conditions. In figure 2, one can see that 7S model consists of hard and soft factors. Hard ones are easier to be diagnosed and managers and they can be influenced directly.
Strategy: the plan devised to maintain and build competitive advantage over the competition. Strategic has become an important part of companies in today dynamic and competitive environment. Strategic management consists of three interconnected separated steps which impact each other. These processes include strategic planning, strategic execution and strategic control. Researches indicate that the most trivial part is strategy execution. Strategic execution is to manager the strategy by managers, employees and organization by successful transfer of organizational culture. The main aim of management is to execute strategy and to bring the strategy in life as a part of daily decision making process.

Structure: the way the organization is structured and who reports to whom. In other words, structure is the organizational chart of the firm. It is also one of the most visible and easy to change elements of the framework.

Systems: the daily activities and procedures that staff members engage in to get the job done. Systems are the processes and procedures of the company, which reveal business’ daily activities and how decisions are made. Systems are the area of the firm that determines how business is done and it should be the main focus for managers during organizational change.

Shared Values: called "superordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic. They are the norms and standards that guide employee behavior and company actions and thus, are the foundation of every organization.

Style: the style of leadership adopted. Style represents the way the company is managed by top-level managers, how they interact, what actions do they take and their symbolic value. In other words, it is the management style of company’s leaders.

Staff: the employees and their general capabilities. Staff element is concerned with what type and how many employees an organization will need and how they will be recruited, trained, motivated and rewarded.

Skills: the actual skills and competencies of the employees working for the company. Skills are the abilities that firm’s employees perform very well. They also include capabilities and competences. During organizational change, the question often arises of what skills the company will really need to reinforce its new strategy or new structure. On the other hand, it harder to determine soft factors since they are less special and they are influenced by organizational culture. If a company wants to achieve success, soft factors are important as same as hard ones for it.

1. **Strategic execution**

The activity performed according to a plan in order to achieve an overall goal. For example, strategic implementation within a business context might involve developing and then executing a new marketing plan to help increase sales of the company’s products to consumers. Strategy implementation almost always involves the introduction of change to an organization. Managers may spend months, even years, evaluating alternatives and selecting a strategy. Frequently this strategy is then announced to the organization with the expectation that organization members will automatically see why the alternative is the best one and will begin immediate implementation. When a strategic change is poorly introduced, managers may actually spend more time implementing changes resulting from the new strategy than was spent in selecting it. Strategy implementation involves both macro-organizational issues (e.g., technology, reward systems, decision processes, and structure), and micro-organizational issues (e.g., organization culture and resistance to change).

In the past, strategic planning was seen as an effective way to execute strategy. As shown in figure 1, strategic planning is involved in strategy preparation process, supports execution and develops strategy in a precise strategic plan as a part of strategy execution. Strategic planning coordinates strategic plan development procedures in lower hierarchical levels. Through the last period of years when strategies are developed and other opportunities and attitudes to activate their executions, strategic planning is not today just an option for strategic execution.
Figure 1: the relationship between strategic planning and strategy formulation (source: Papula and Papulová 2009)

Table 1 briefly reviews attitudes and tools of executing strategy. We can determine that strategy cannot be successfully implemented throughout the company. It is based on studying relevant texts. Table 1 shows attitudes and tools to execute strategy including affecting factors on execution. According to table 1, we can observe authors’ varied opinions concerning important affecting factors on execution.

Table 1: a summary of attitudes, tools and important factors in strategy execution

<table>
<thead>
<tr>
<th>Author</th>
<th>Attitudes and tools to execute strategy</th>
<th>Important factors in executing strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slavick</td>
<td>Formal activities: Administrative tools (plans, budgets, policies)</td>
<td>Building a proper organizational structure</td>
</tr>
<tr>
<td></td>
<td>Balanced scorecard</td>
<td>Executing administrative back-up system</td>
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<td></td>
<td>Control/award systems</td>
<td>Gathering control systems</td>
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<td></td>
<td>Informal activities: Strategic leadership</td>
<td>Devising company’s culture</td>
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<td></td>
<td>Company’s culture</td>
<td>Strategic leadership</td>
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<td></td>
<td>Interests and power</td>
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<td></td>
<td>Internal conflicts</td>
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<tr>
<td>Kassai</td>
<td>Administrative instruments</td>
<td>Unclear strategic aims and their conflicts</td>
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<td></td>
<td>Inspection</td>
<td>Improper communicated strategy and failure to study full details</td>
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<td></td>
<td>Award</td>
<td>Inadequate strategic operation</td>
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<tr>
<td></td>
<td>Leadership</td>
<td>Lack of determination by senior management to execute strategic goals in life “by any possible way”</td>
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<td></td>
<td>Company’s culture</td>
<td>Indifference climate by middle managers and team working due to low quality</td>
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<td></td>
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<td>Employees’ professional failure to realize strategic operation</td>
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<td>Underestimating needs to resources and inadequate continuance between strategic operation and creating needed resources to realize them</td>
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<td></td>
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<td>Adequate inspection system in strategic operation</td>
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<td>Employees’ lower motivation and workers to realized strategic operation and results creatively</td>
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<td>Gurowitz (2012)</td>
<td>Strategy execution is not distinguished from effective leadership and internal communications</td>
<td>Establishing effective communications on values and insights</td>
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<td></td>
<td>Establishing effective missions</td>
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<td>Needed time to create enthusiasm in all levels</td>
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<td>Commitment to projects and business outcomes realized in current mission</td>
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<td>Designing organizational architecture which enables empowerment and communication</td>
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<td>Setting tactics and short term goals in local level</td>
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<td>Effective initiative on accountability</td>
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Factors which need more attention include strategy comprehension and acceptance by employees and strategy executors as well as effective communication and harmonization. Gavurua (2010) determines ethos which can help strategy effective execution as below:

- Relations to strategy through all employees: employees are reluctant to organizational changes alongside strategy execution. Therefore, it needs to establish effective relations to strategic aims, their success and their impacts on employees’ daily tasks.
- Determining responsibilities for strategic projects: defining responsibilities and financial cooperation of employees has a remarkable impact on strategic aims success.
- Organizational structure adaptation: company should adjust organizational structure by employees’ deliverables and control systems.
- Involving employees in executing the strategy: keeping employees’ initiatives to find effective ways to achieve strategic aims would allow the company to overcome employees’ resistance against changes.

Strategic management system which executes the company’s strategy can use different methods. Their success depends on preciseness and relevance of methods for the company by emphasizing on its attributes. In present paper, more methods are analyzed: balanced scorecard and 7S.

1. Balanced scorecard

The balanced scorecard (BSC) is a strategy performance management tool - a semi-standard structured report, supported by design methods and automation tools, that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions (Neely, 2007).

The critical characteristics that define a balanced scorecard are:
- its focus on the strategic agenda of the organization concerned
- the selection of a small number of data items to monitor
- a mix of financial and non-financial data items.

It has three generations. The 1st generation used a "4 perspective" approach namely Financial, Customer, Internal business processes and Learning and growth. Although it is still part of academic studies for strategic management, it is obsolete in business use. The problem with the "2nd generation" design approach was that the plotting of causal links among 20 or so medium-term strategic goals was still a relatively abstract activity. In practice it ignored the fact that opportunities to intervene, to influence strategic goals are, and need to be, anchored in current and real management activity. The 3rd generation refined the 2nd generation to give more relevance and functionality to strategic objectives. The major difference is the incorporation of Destination Statements. Other key components are strategic objectives, strategic linkage model and perspectives, measures and initiatives (Northcott et al., 2012).

Balanced scorecard can change organizational missions and strategies to tangible indicators and goals. Balanced scorecard is emphasized in many studies. Balanced scorecard strategic management system was developed by Kaplan and Norton (1996) and introduced for the first time in Harvard Business Review. In 1996, the first book on balanced scorecard was published: interpreting strategy to practice. Balanced scorecard interprets the mission and strategy of the company as a comprehensive set of performance indicators which builds a framework to evaluate strategy and to manage company’s systems. It reveals that it is a multidimensional system used to define and execute strategies of the organization and management in all organizational levels to maximize value generation process. Balanced scorecard is a management system in companies to pave the ground for shareholder to use the resources effectively (Kaplan and Norton, 2002) Although there are several ways to execute strategies, there are also several reasons to use balanced scorecard. They include inclination toward learning organizations by emphasis on HR status and future orientation. Balanced scorecard keeps traditional financial indicators from past performance completed by new indicators of future performance. Balanced scorecard aims and indicators are based on company’s insights and strategy and it pursues company’s performance in four aspects: customers’ view, internal view, learning and financial insight (Marinič, 2008) Balanced scorecard expands a set of organizational goals beyond natural financial actions. The management can measure how business units would generate value for current and future customers and how they change the quality of
systems, techniques and human resources to improve future performance. Although short term performance balanced scorecard is extracted from a financial view, it indicates a value motivator which yields into higher long term performance. It is a system for management the company and for executing the strategy (Kaplan and Norton, 2000). Four balanced scorecard views allow the company to achieve a balance between short and long term goals, between desired results and their driving forces, between hard and soft indicators and between mental indicators.

Despite of paramount used indicators in well–assembled BSC which just consists of meaningful data, all indicators are integrated in order to achieve a strategy. This system points out a thorough economic action by using financial measures and non-measurable indicators of quality which is confronted with long term competition. Overall, such measurement is seen as a tool to control and assess past performance.

![Balanced Scorecard Diagram](image-url)

**Figure 3: balanced scorecard as a strategic management system**

**Developing balanced scorecard as a strategic management tool**
Balance scorecard concept is remained unchanged in its nature. Four groups of indicators and focus on strategy are changed to the format we know today within long years and the can be extended to three generations. A summary of BSC development is provided by Gavura (2010) Neon (2007) and Kaplan and Norton (2007)
The first generation of BSC as a system to measure performance includes below components:

- Performance measurement needs not only financial but also operational indices (customers, internal processes, innovation and improvement) included in BSC.
- BSC clear suggestions: limited number of four view measurements
- Strategy as a locus not a control

The second generation of BSC as a system to execute strategy includes below components:

- Completing the model through harmonization in attitude, mission and strategy
- Devising relations between goals/indicators and authorities
- Drawing strategic maps – graphical relations between aims and attitudes

The third generation of BSC as a strategic management tool emphasizes on below components:

- Defining strategic plan allotted to strategic aim indicators which render project with clear interval by defined supports on achieving strategic goals.
- The relationship between budge and planning processes with BSC and developing future scenarios.

**Conclusion**
Strategic execution as a part of strategic management plays a vital role in achieving welfare and competition. Such strategy reflects those fundamental ideas to realize organizational goals. It is no easy to define a good strategy. Devising the strategy and relevant goals is a hard process like executing strategic goals in business plan. Welfare and
competition are conditioned by flexible strategic management. Companies without strategic management cannot compete in long term and without a proper strategy, strategic development fails. In present paper, two techniques are analyzed to execute strategy: 7S model and balanced scorecard.

REFERENCE