

The Implementation of Strategy Evaluation Model and Index System Construction

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Abstract

The implementation of strategy have been paid more and more attention at home and abroad, but research related to the academic community makes the understanding of the implementation of the strategy is not systematic and in-depth, and difficult to provide guidance to corporate management practice. In view of this, based on literature review, meaning of the implementation of strategy is defined in this thesis. Meanwhile, an academic model concerns the implementation of strategy is founded. This model is composed of adaptation of strategic environment, support of strategic implementation, control of strategic operation, and effect of strategic implementation. Furthermore, according to this model, an index system for the implementation of strategy evaluation is set up. Some related issues are explained as while.

Keywords: Implementation of strategy, Model construction, Evaluation system

1. Introduction

With competitive environment to accelerate the pace of change, enterprises are facing increasing pressure of competition, Accurate and effective implementation of the strategy has no longer give additional splendor, but impact on the survival and death of business directly. At present, many enterprises lack understanding of the importance of the strategic implementation, strategy for establishment and implementation of the strategic situation does not match very well. Every year, top management spent great efforts on development of the strategy plan, but the end of the day has been shelved; middle-level, grass-roots management lack understanding of strategy and clear direction for work, so resources can not be configured in accordance with the strategic planning which lead to strategy and daily operation of enterprises out of touch. Executives can not control the implementation of strategy; enterprises can not achieve a breakthrough on the key index, year-end results a far cry from the early goal. Difference between enterprise and their competitors is decreasing, the key competitive factor rest with their ability of implementation. Consequently, doing comprehensive and scientific evaluation for the implementation of strategy of organization becomes foundation and basis to develop and achieve strategic objectives.

2. Researches on the implementation of strategy

The implementation of strategy has been paid more and more attention at home and abroad. Due to the understanding of the implementation of strategy is different through the academic community, effective instruct and reference for organizational operation practice can not be afforded by related researches. According to review the related reference, scarcities in the research of the implementation of strategy has been summarized in this thesis as follows:

Firstly, lack of a unified understanding of the implementation of strategy. There are two representative points of view in present researches. One is created by Yunkui Xue, Huaning Wei, Daqing Qi(2005), through identify various steps in the process of the implementation of strategy, three major element: consensus, coordination and control will be made as a basis for describe the implementation of strategy. The other viewpoint is made by Larry Bossidy and Ram Charan (2007). Organization based on the actual situation, select key processes of strategic management---strategic processes, personnel procedures and management process as constituent elements of the implementation of strategy. These two views are both based on understanding that the implementation of strategy is a scheme, dynamic and control process where organization achieves its strategic objective. Ability of use existing resources and mechanisms or core process of strategic management is only focused on; what's more, the implementation of strategy is a three-dimensional framework which is forming by a number of interrelated elements is overlooked. Thus, the implementation of strategy can not be recognized and measured fully and systematically.

Secondly, the attention to external environment of organizations is not enough. On aspect of strategic management research, scholars pay sufficient attention on the relationship between environment and the strategic. But for the implementation of strategic research is limited to the process of the integration of its own resources to achieve

organizational strategic objectives. Therefore, set external environment as a reality, or set changes in the external environment in line with forecasts in strategic development as a prerequisite, to consider a process of enterprises to achieve a strategic goal only in established businesses or foreseen circumstances.

Finally, many researches on implementation of strategy have paid more attention on implementation of strategy's importance and meaning in management, reason for shortage of implementation and way of upgrade staff's implementation, but short of systematic research on evaluate the implementation of strategy. The only few literatures about evaluation of implementation of strategy are mostly limited in specific enterprises qualitative research, and research results lack general applicability.

3. Definition of implementation of strategy

There has been no unified understanding of the implementation of strategic concept. Previous studies are mostly from the perspective of resources. Each concept relates to corporation's main resource, and implementation is described as a capability to accomplish the strategic goal by use of resources. However, the emphasis on the use of resources only concentrate on the organization's internal, not taking into account of the organization's external environment. Environmental factors sometimes even have a direct bearing on the strength of implementation of strategy. Based on this, the implementation of strategy is defined as a kind of synthetic capacity that organizations use all resources to achieve the strategic objectives in the process of dynamic enterprise development environment. Organizational implementation determines the implementation and operation results of organization strategy. It is the dynamic adjustment capability in order to adapt to the environment changes. It is core competitiveness of organization, and determines the development of organization.

4. Structure of implementation of strategy

In the actual process of business, strategic implementation is a complex processes which links both internal and external systems together and completed by multi-systems. Thus, implementation of strategy is made and decided by complex system of ability to adapt to the strategic environment, ability to support implementation of strategy, ability to control operation of strategy, and ability to impact the implementation. It is shown as below in table 1:

4.1 Ability of strategic environmental adaptation

Ability of strategic environmental adaptation refers that organization's the self-adjustments and the impact on the external environment when it faces the complex and ever-changing strategic environment, consequently, organizations adapt to or even control the strategic environmental changes trend. Specific performance is ability of predictability and control for the strategic environment. Organization's survival and development consist in a certain circumstance, but the direct affect of implementation of strategy is organizational strategic environment. During the process of strategic implementation, as there are more or less differences when the environment is expected during the environment changes and strategy formulation process, whether they can adapt to dynamic changes in strategic environment even impact this changes is the key to continuous development

4.2 Ability to support strategic implementation

Ability to support strategic implementation is the ability to create condition and provide protection in the process of strategic implementation. This ability is the base of the strategic implementation, which security strategy can be expected to accomplish smoothly. Ability to support strategic implementation is consist of capacity of resource integration, capacity of organizational collaboration, capacity of organizational learning, capacity of organizational communicate. Solid and powerful strategic support system can provide essential condition to achieve strategic objectives, and to protect the strategic implementation process.

4.3 Ability to control strategic implementation

Strategic control in organization refers to the implementation of strategy process, doing effective tracking, feedback and adjustments in the process of implementation of strategy. And members will be examined according to performance appraisal system, so that the implementation of strategy will better consist with organization's current internal environment, external environment, and strategic goals, thus ensure the organization development to a certain direction. Ability to control strategic implementation consist of capacity of performance management, capacity of information control, capacity of financial control, and capacity of cultural integration. Strategic control system is important to implementation of strategy. Tenor and effect of strategic implementation can be monitored and adjusted effectively by strategic control. The higher the quality of strategic control is, the better the effect of strategic implementation is.

4.4 Effect of strategic implementation

Effect of strategic implementation is that organization in the period planned by strategy, the achievement of strategic

objectives, whether the strategic help organization to bring up successful ability and consciousness in organization’s future. Based on this, balanced score card will be brought in this thesis as appraise index to scale the effect of strategic implementation. The index includes financial index, Customer Satisfaction, Organizational learning and growth, and internal process optimization.

5. Construction of evaluating index system for strategic implementation

Based on above analysis, the basic framework system of evaluation for organizational strategic implementation is presented in the thesis in table 2.

In order to get veracious data during the actual evaluation, relevant observing index can be set corresponding to each evaluation index, through the form of questionnaire to gain relevant data, at last, using Fuzzy comprehensive evaluation method to analyze and value the strategic implementation.

6. Conclusions

Based on analysis of the content and structure of strategic implementation, the evaluation of index system in this thesis is improved. Status of the implementation of strategy is estimated from 10 aspects of follow four dimensions: Capacity of strategic environment adaptation, the ability to support strategic implementation, the ability to control strategic implementation, and effect of strategic implementation.

Organizational strategic implementation can be appraised by this index system synthetically, and strategic implementation also can be appraised from three dimensions individually. So, it has good flexibility. This evaluation index can be used doing horizontal or vertical comparison for different organizations, or for different periods in one organization. At the same time, principal component analysis can be used in this index system to choose and decide each index, then, according to the AHP or Delphi method, indexes weight will be decided. Through the establishment of the index system, to some extent, the implementation of strategy can be quantified and compared. What’s more, this index system will be benefit to relevant researches too.

References

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Table 1. Construction of the strategic implementation



Table 2. Strategic implementation index system

	First class index	Second class index	Third class index
Strategic implementation (f)	Ability to adapt strategic environment (a)	Capacity of environmental forecast (a1)	Strategic decision-making (a11)
			Personal qualities of leader (a12)
		Capacity of environmental control (a2)	Foreign trade dependence (a21)
			Trade status (a22)
			Technological level (a23)
	Ability to support Strategic implementation (b)	Capacity of resources integration (b1)	Ability to get resources (b11)
			Ability to optimize and collocate resources (b12)
		Capacity of organizational collaboration (b2)	Collaborative strategic partnership (b21)
			Collaborative competitors (b22)
		Capacity of Organizational learning (b3)	Knowledge absorbency (b31)
			Ability to transfer knowledge (b32)
		Capacity of Organizational communicate (b4)	Organizational communication (b41)
			Information for organizational communication (b42)
			Organizational communication efficiency (b43)
		Ability to control strategic implementation (c)	Capacity of performance management (c1)
	Flow control (c12)		
	Management impact (c13)		
	Capacity of information control (c2)		Information Construction (c21)
			The application of information technology (c22)
	Capacity of financial control (c3)		Cost control (c31)
			Budget control (c32)
			Financial system (c33)
	Capacity of cultural integration (c4)		Cultural development efforts (c41)
			Impact of cultural development (c42)
	Effect of strategic implementation (d)	Financial effect (d1)	Sales income (d11)
			Capital cost (d12)
			Capital utilization (d13)
		Customer Satisfaction (d2)	Customer complaint (d21)
Customer loyalty (d22)			
Learning and growth (d3)		Staff mobility (d31)	
		Staff ability (d32)	
Internal process optimization (d4)		Production period (d41)	
		Product quality (d42)	
		Management efficiency (d43)	