

# Management by Competencies

Strategic frame & Strategic continuum

# Previously on MbC



**Leaders**

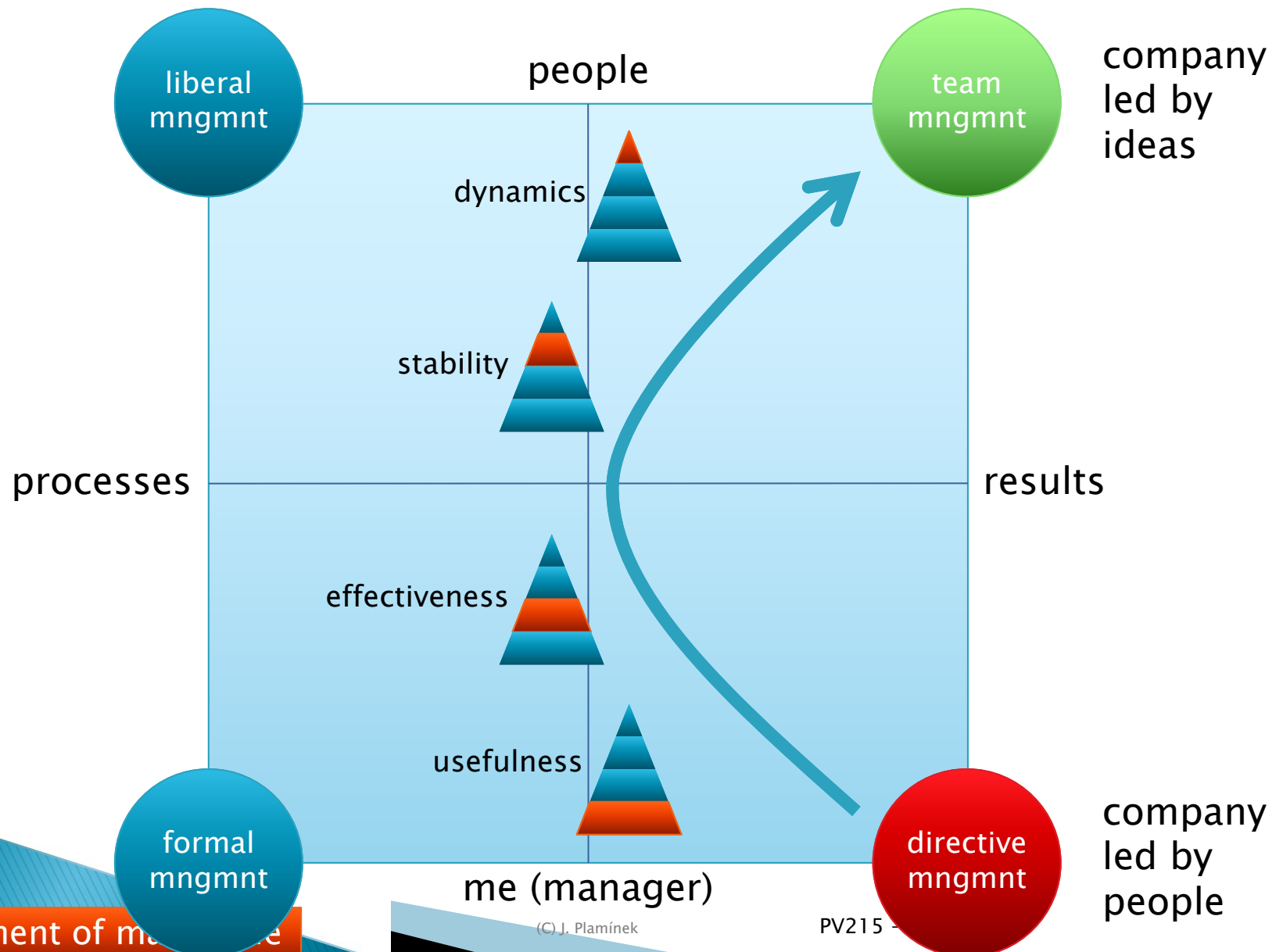


**Managers**

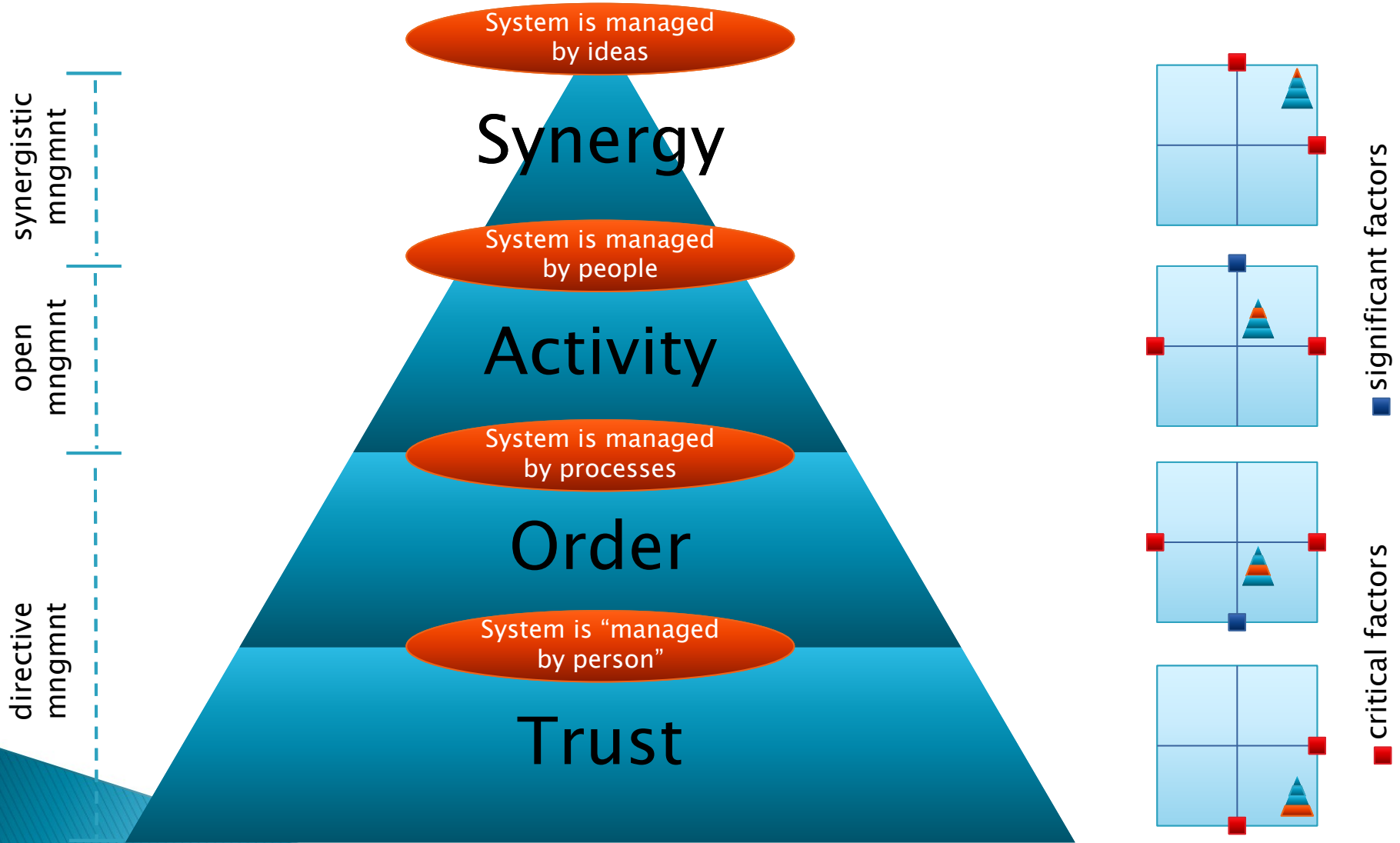


**Workers**

# Development of managerial style



# Pyramid of Management



# Agenda

- ▶ System of Corporate Ideas
- ▶ Strategic Frame
- ▶ Strategic Continuum

# System of Corporate Ideas

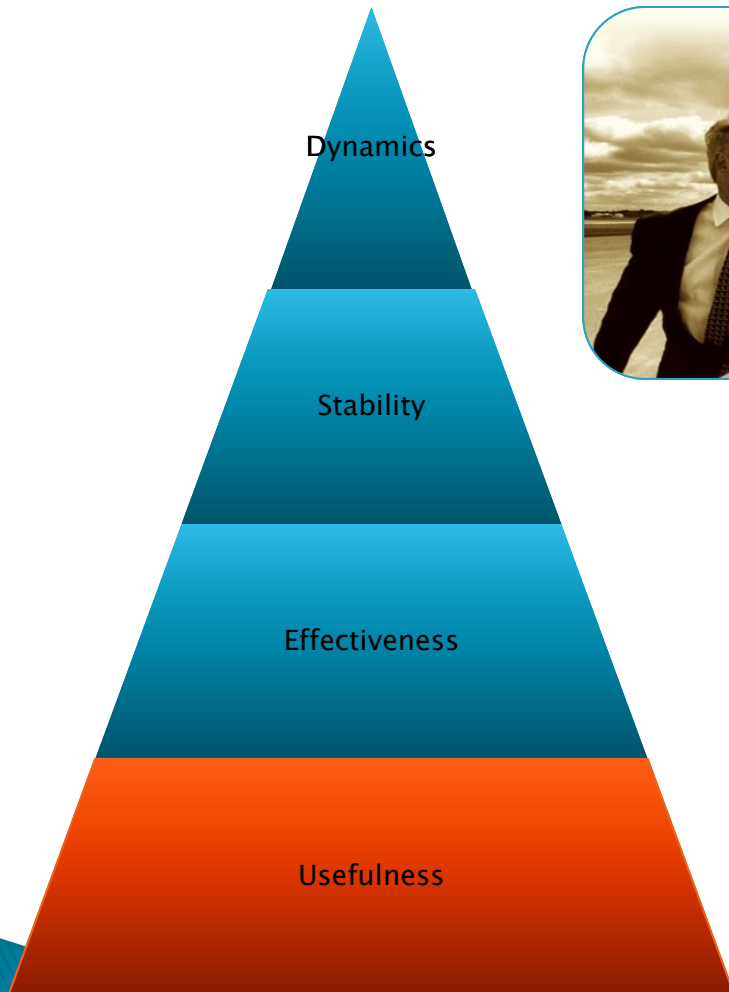
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graph TD; A[Strategic Frame] --> B[Goals & Objectives]; B --> C[Products, Services, Processes & Projects, Resources, Tasks, Competencies, Feedbacks, Feedforwards, HR development, ...];
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Strategic Frame

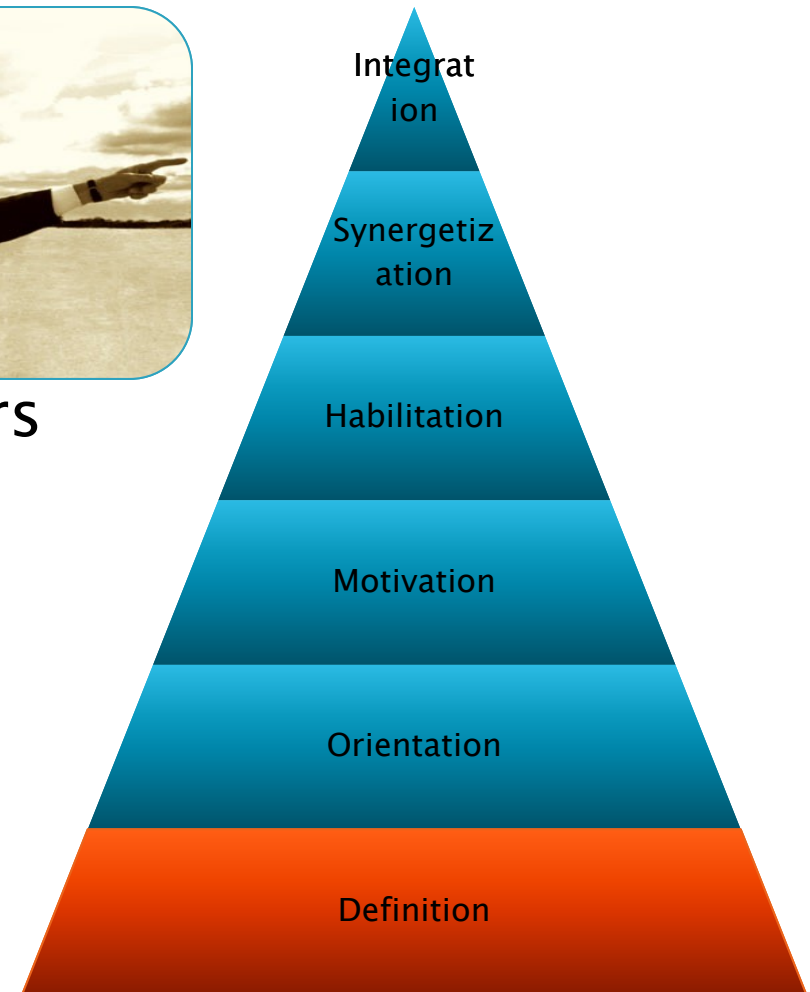
Goals & Objectives

Products, Services, Processes & Projects, Resources, Tasks, Competencies, Feedbacks, Feedforwards, HR development, ...

# Context of Strategic Frame



Leaders



# Purpose of Strategic Frame

Defines company and its business

Instrument of strategic management

- Defines only boundary which delimits space for free activity of management
- Submission for company management

Strategic frame ought to be an eternal source of inspiration, orientation and motivation for people working for company, for suppliers, investors, ...

Strategic frame is the seed the company ideas grow from

Absence of strategic frame is often reason of chaos in companies which leads to their failure



# Creation of Strategic Frame

## Environment understanding

- trends, challenges, opportunities

## Emotional perspective

- wishes, intuition, instincts
- unconsciousness

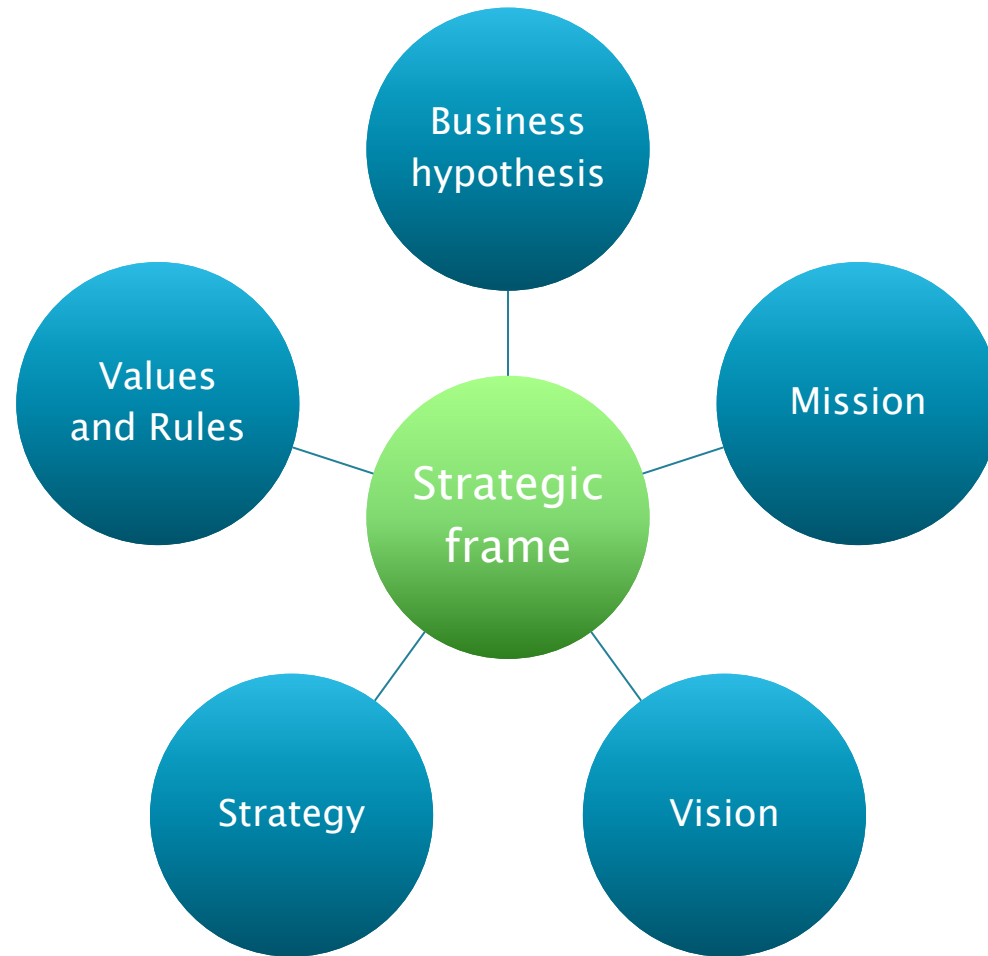
## Rational perspective

- measurable parameters
- consciousness

“The future belongs to people who see possibilities before they become obvious.”

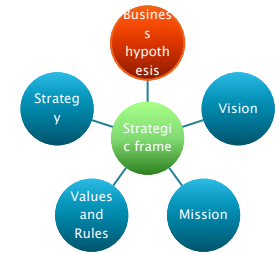
--Ted Levitt

# The Elements of Strategic Frame



(C) J. Plamínek

# Business Hypothesis



Gains trust of investors, owners, managers, workers

Identifies business opportunities in surrounding environment

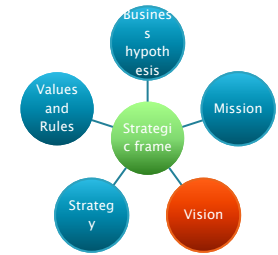
Clarifies why intended business will generate sufficient income to sustain itself in the future

Includes trend estimations of target customers behavior and other subjects considering development in environment

- business, market, political, technological, economical, ecological and social

Delimits a space where the company will operate and describes the position which company want to fill

# Vision



Answers the question: What the business and company will look like in a distant future?

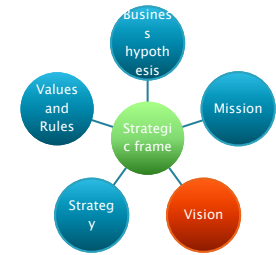
Reflects feelings and ideas of leaders

(emotional perspective)

Includes measurable parameters and its values indicating achievement of vision

(rational perspective)

# Vision Examples



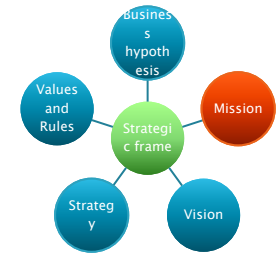
## Google

- to develop a perfect search engine.

## Kofola

- Kofola group's vision to be the preferred choice for customers, employees and shareholders. By 2012 we want to be an overall "number two" in the soft drinks market in the Czech Republic, Slovak Republic and Poland. In each of these countries, our goal is to have in the segments of cola drinks and water brands that will be 1 or 2 place in these segments. In other categories to be imaginary third place.

# Mission



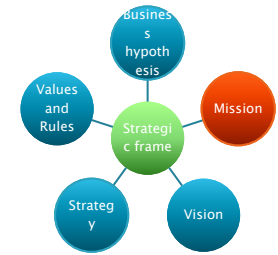
Indicates the benefits for customers, suppliers, employees

Offers products and services to satisfy needs of the subjects

Appeals to wider customer groups

Attracts attention rather than explain usefulness exactly

# Mission Examples



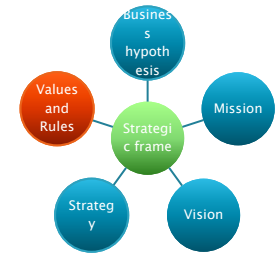
## Google

- to organize the world's information and make it universally accessible and useful.

## Kofola

- Kofola's mission is to enthusiastically create an attractive brand of beverages, which will offer consumers a functional and emotional value that they become an important part of their lives.

# Values and Rules



Focus on potential ways leading to achievement of goals outlined in vision

Emotionally, it is a set of shared and felt values which company ought to obey when realizing the vision

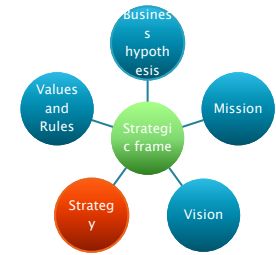
- examples: Give-Take Matrix compliance, exploit any flaw in law at all costs

Shared values are rationalized into the set of clear rules which observance is measurable

- example: every contract must be revised by XY from the perspective of Give-Take Matrix compliance



# Strategy



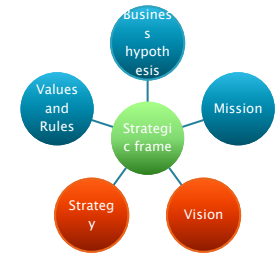
Defines specific business activities which enable to sustain success of company both in the presence and in the future

- markets to operate on, customers and clients to serve, competitive advantage to gain

The parts of the strategy focused on the presence and on the future have to be clearly distinguished

- to avoid confusion of managers
- to prepare step changes to surprise both clients and competitors

# Vision and Strategy



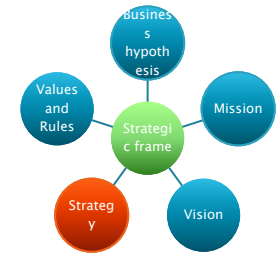
A vision without a plan  
is just a dream.



A plan without a vision  
is just a drudgery.

But a vision with a plan can change the world.

# Strategic continuum



	Operational Strategic Interval	First DSI*	Second DSI*	Third DSI*
Leaders (define strategy)	defined	defined	defining	training resources
Managers (design processes)	defined	defining	training resources	–
Workers (performance)	realizing	training resources	–	–

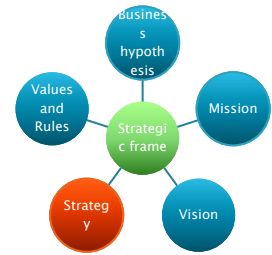
▲  
here and now

\* DSI – Developing Strategic Interval

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# Operational Strategic Interval (OSI)

	OSI	FDSI	SDSI	TDSI
Leaders	defined	defined	defined	resources
Managers	defined	defined	resources	-
Workers	realized	resources	-	-



## Company

- benefits from current competitive advantage
- delivers products or services through defined processes with all necessary resources
- generates profit for owners and further development



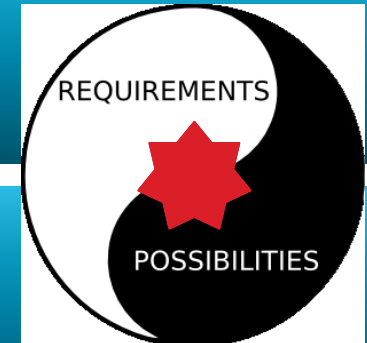
## Workers

- directly realize current strategy



## Managers

- “only” monitor and tune the performance

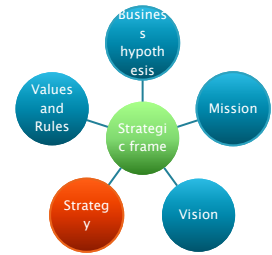


## Leaders

- practically do not interfere

# First Developing Strategic Interval (FDSI)

	OSI	FDSI	SDSI	TDSI
Leaders	defined	defined	defined	resources
Managers	defined	defined	resources	-
Workers	realized	resources	-	-



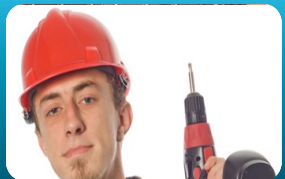
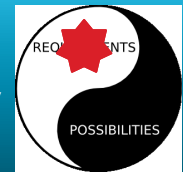
## Company

- prepares itself to realize upcoming step change bringing new competitive advantage formulated by FDSI-strategy



## Managers

- validates FDSI-strategy
- (re)define (new) products and services, (re)design (new) processes and projects, procure necessary resources, key performance indicators, ...
- (re)define (new) requirements



## Workers

- prepare their resources to meet new requirements

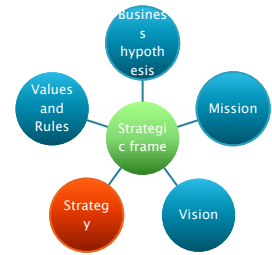


## Leaders

- consult FDSI-strategy with managers

# Second Developing Strategic Interval (SDSI)

	OSI	FDSI	SDSI	TDSI
Leaders	defined	defined	defined	resources
Managers	defined	defined	resources	-
Workers	realized	resources	-	-



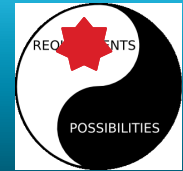
## Company

- seek for and design new step change bringing new competitive advantage – a core of SDSI–strategy to be



## Leaders

- seek for new opportunities, business hypotheses and essential competitive advantages
- revise strategic frame
- use intuition, invention, creativity in the following contexts: needs of current and potential customers, trends in society, technology, politics, economy, ...



## Managers

- may help with creating feasibility studies of SDSI–strategy being newly formulated
- prepare their resources to meet new requirements





## Workers

- specialists may help with creating feasibility studies of SDSI–strategy being newly formulated

# Attention Distribution in Strategic Continuum

	Operational Strategic Interval	First DSI*	Second DSI*	Third DSI*
Leaders (define strategy)	defined	defined	defining	training resources
Managers (design processes)	defined	defining	training resources	–
Workers (performance)	realizing	training resources	–	–

\* DSI – Developing Strategic Interval

-  primary focus
-  secondary focus

# Living Strategic Frame

Strategic Frame shows the future of the company

Strategic Frame is key instrument to keep all involved subject oriented and motivated

Strategic Frame has to be continuously updated to always show the future

Once it stops to show the future, all its orientation and motivation potential disappears



# Summary

- ▶ System of Corporate Ideas
- ▶ Strategic Frame
  - business hypothesis
  - vision
  - mission
  - values and rules
  - strategy
- ▶ Strategic Continuum
  - OSI, FDSI, SDSI, TDSI
  - to enable to seek for and define new step changes
  - to prevent confusing the presence and the future strategies