

# Management by Competencies

Strategic continuum



# Previously on MbC



**Leaders**

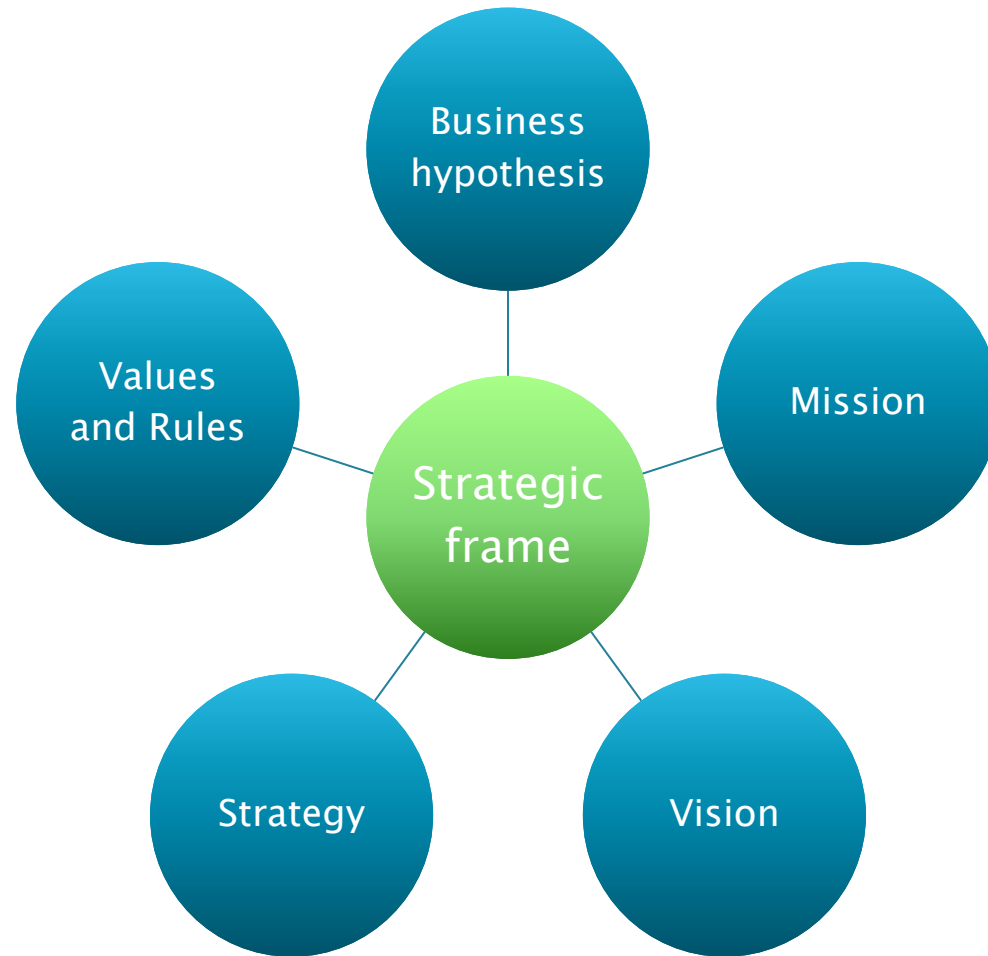


**Managers**



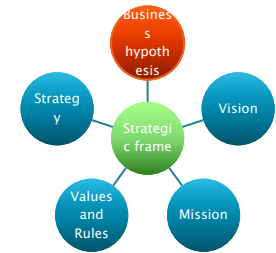
**Workers**

# The Elements of Strategic Frame



(C) J. Plamínek

# Business Hypothesis



Gains trust of investors, owners, managers, workers

Identifies business opportunities in surrounding environment

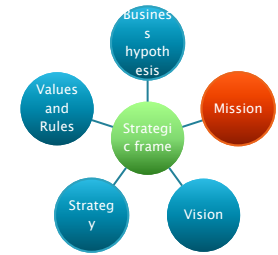
Clarifies why intended business will generate sufficient income to sustain itself in the future

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

# Mission



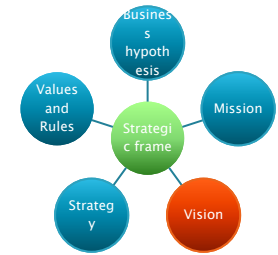
Indicates the benefits for customers, suppliers, employees

Offers products and services to satisfy needs of the subjects

Appeals to wider customer groups

Attracts attention rather than explain usefulness exactly

# Vision



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

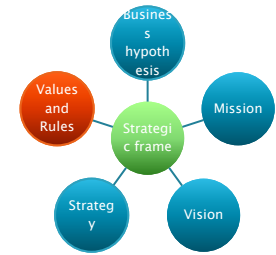
Reflects feelings and ideas of leaders

(emotional perspective)

Includes measurable parameters and its values indicating achievement of vision

(rational perspective)

# Values and Rules



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

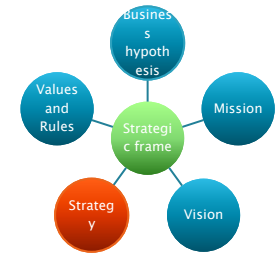
Emotionally, it is a set of shared and felt values which company ought to obey when realizing the vision

- 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

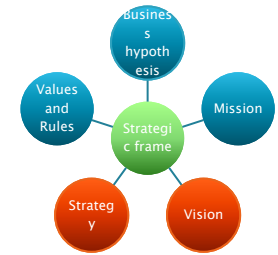
- markets to operate on, customers and clients to serve, competitive advantage to gain

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

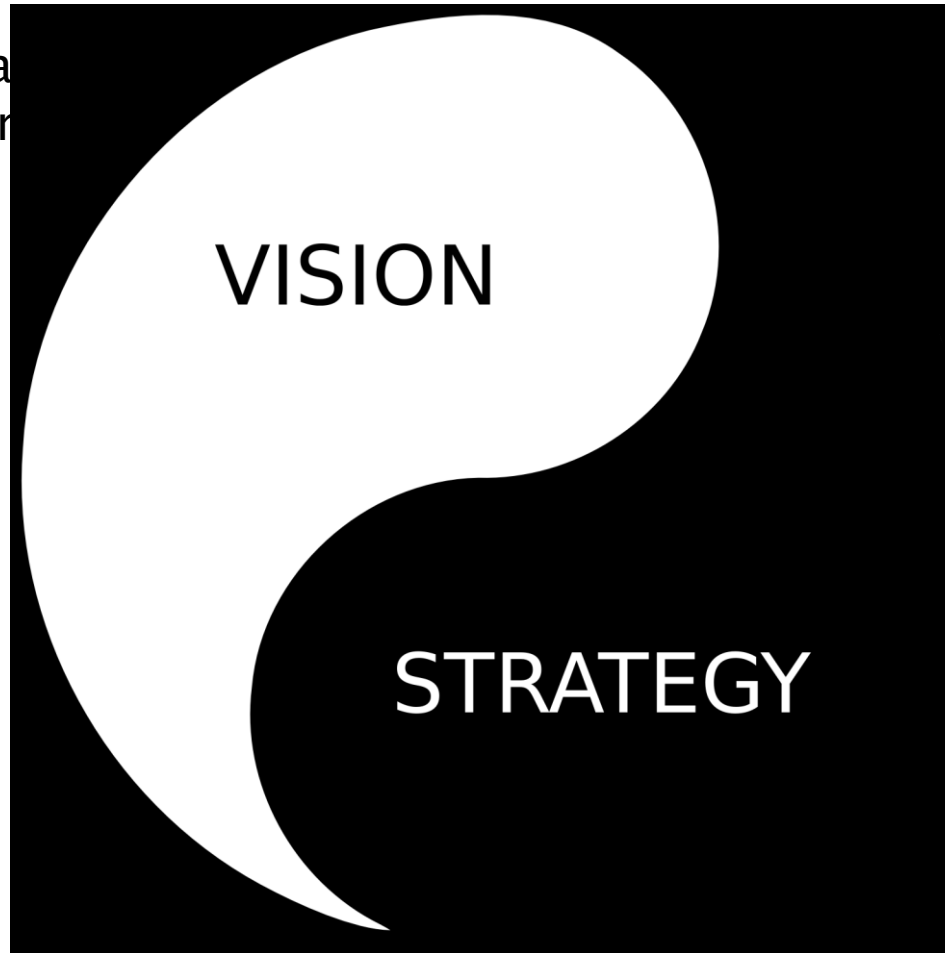
- to avoid confusion of managers
- to prepare step changes to surprise both clients and competitors



# Vision and Strategy



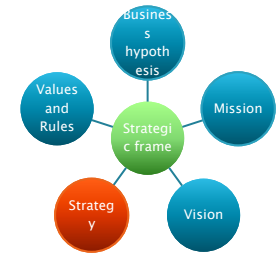
A vision without a plan  
is just a dream.



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	–	–

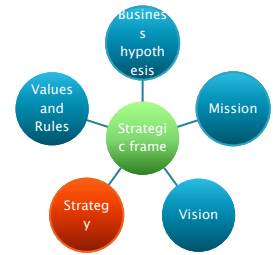
▲  
here and now

\* 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



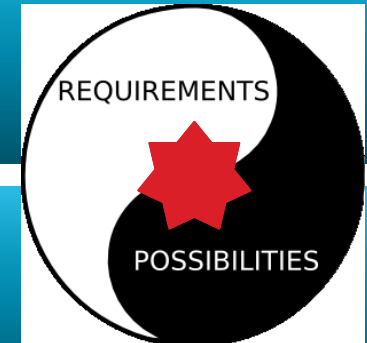
## Workers

- directly realize current strategy



## Managers

- “only” monitor and tune the performance

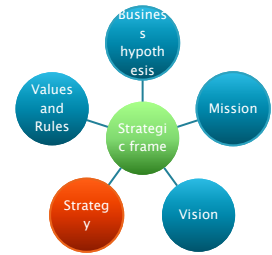


## Leaders

- 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	-	-



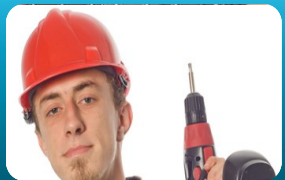
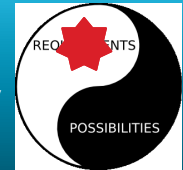
## Company

- 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

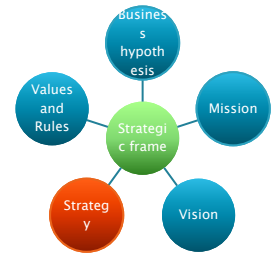


## Leaders

- 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	-	-



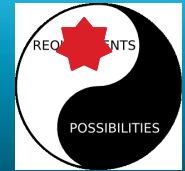
## Company

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



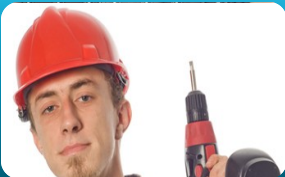
## Leaders

- 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

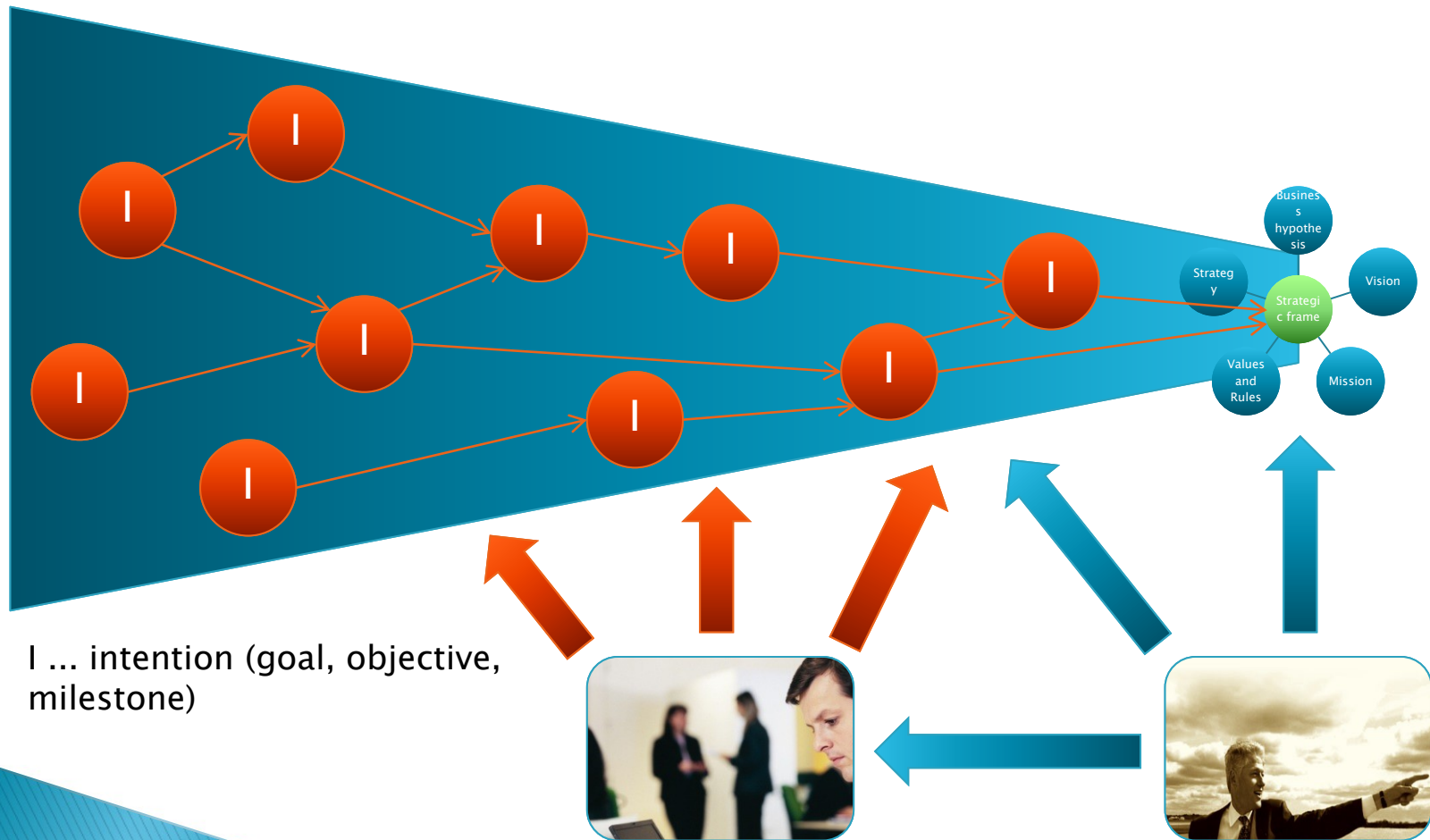
Strategic Frame shows the future of the company

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

# Strategic Frame from the management perspective

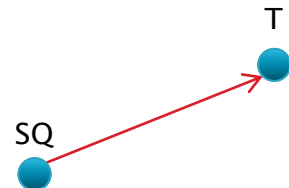
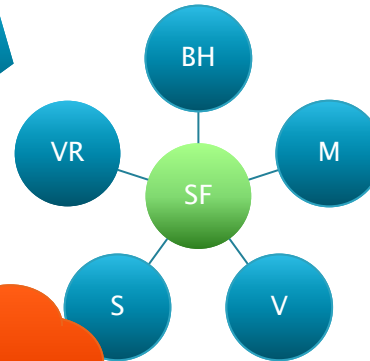
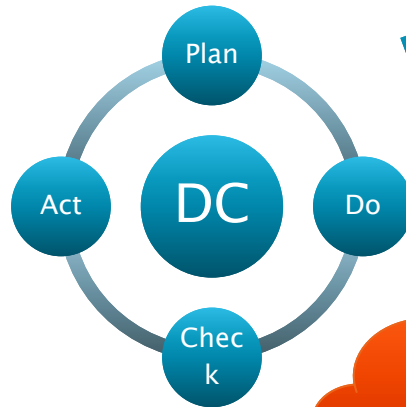




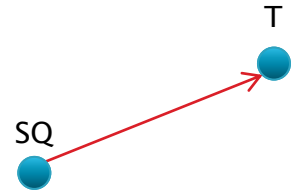
# Change achieving



DC...Deming Cycle



# Definition of Performance Indicators

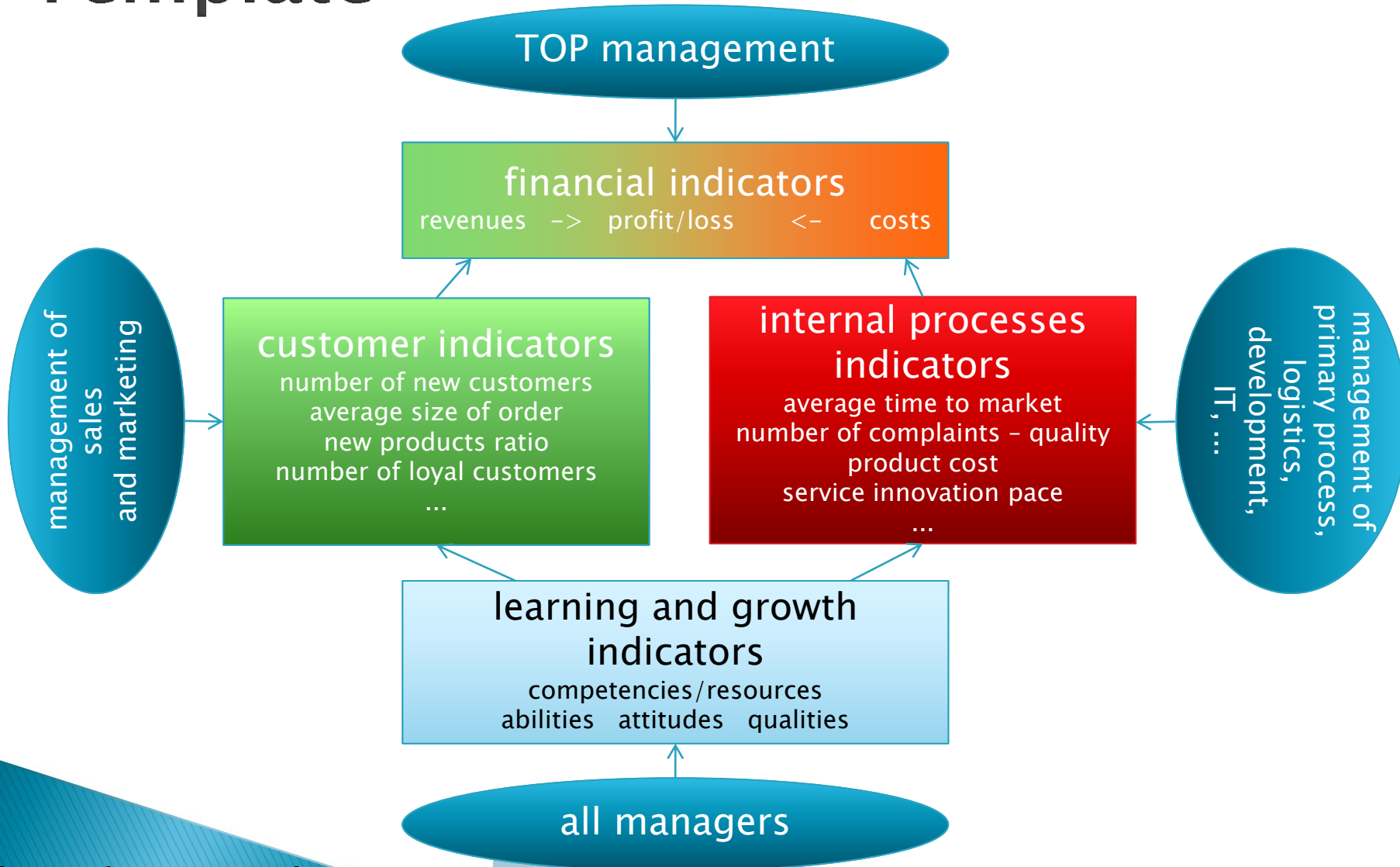


- ▶ To know WHAT to do is not enough
- ▶ It is important to know WHETHER and HOW we are doing
- ▶ Therefore MbC operates with system of indicators on every level of management
  - in accordance with development of company and people, the target values for indicators are determined that enable continuous monitoring and management of improvement
- ▶ Balanced Score Card utilization

# Balanced Score Card Motivation

- ▶ **Balanced Score Card (BSC)**
  - introduced in 1990's by Robert Kaplan and David Norton
  - reaction to popular cost-cutting projects
- ▶ **Cost-cutting Projects substantially improved cost-related financial indicators in fiscal year**
  - and consultancy companies made well getting good profit share
- ▶ **However, in next years cost-cut companies**
  - have seen a huge drop in their performance
  - loose much of their ability to react to changes (stability)
  - become less vital, i.e. able to continuously succeed
- ▶ **Therefore BSC**
  - introduced new kinds of indicators to existing ones to connect corporate strategy with all operational areas of within the enterprise

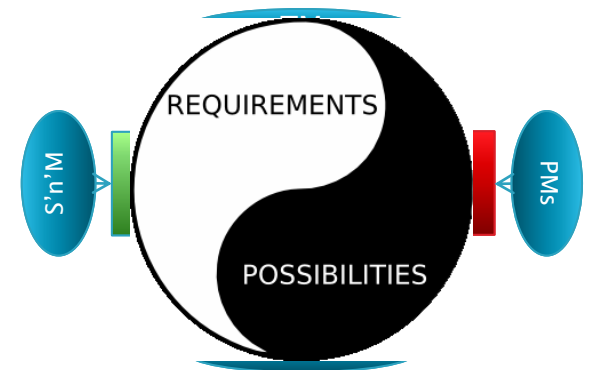
# Balanced Score Card Example Template



# Balance Score Card and MbC

Learning and grow indicator are of the big importance

- focuses on competences that employees must have to successfully fulfill financial, customer, process or others
- these indicators focus the happening in the world of possibilities whereas the others the world of requirements



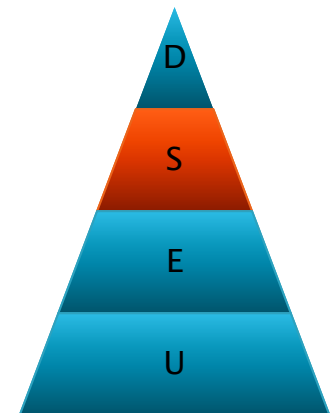
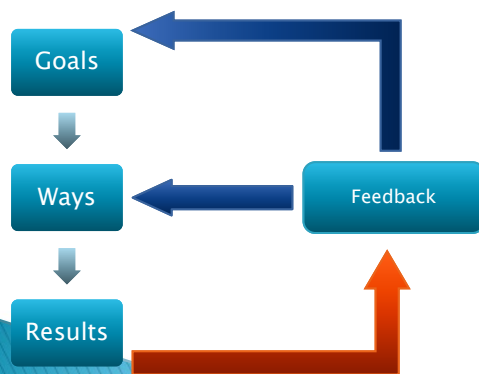
# Balance Score Card and MbC (cont'd)

- ▶ BSC is tool primarily for managers
  - but also communication mean with leaders, owners, shareholders



shareholders, owners, ...

- ▶ BSC may be foundation of monitoring system



# Summary

- ▶ System of Corporate Ideas
- ▶ 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
- ▶ Living strategic Frame
- ▶ Change vector
- ▶ Balanced Scorecard