Strategic evaluation and control

Learning outcomes

At the end of this module you should be able to:

- explain the importance of evaluation and control to the strategic management process;
- compare and contrast different control techniques in terms of their advantages and disadvantages;
- decide which control technique (or combination of techniques) would be most suitable for a given context;
- describe a practical framework for evaluating strategies;
- identify and explain the characteristics of an effective control system; and
- explain the reasons for strategic failure.

Topics

9.1 The evaluation and control process

9.2.1 How the process works

9.2 Questioning the strategy

9.2.1 Setting the criteria: how good is your strategic plan?

9.2.2 Choosing the right evaluation approach

9.2.3 Characteristics of an effective control system

9.3 When strategy fails: Lessons to live by

9.4 Global issues for the 21st century

Quotes of note

Strategic thinking lives though dialogue or dies through writer's cramp.

David Moore

Too little liberty brings stagnation, and too much brings chaos.

Bernard Russell

Introduction

We now come to our final module of study. We have put strategic evaluation and control last, not because it is less important than previous topics, but because it is *central* to everything we do in strategic management. Refer again to the strategic management model.

The function of *control* closes the loop that started with planning. While the term 'control' can have some unfortunate connotations, such as authoritarian styles of management, when used correctly 'control' is merely a tool for measuring performance against expectations. Remember Drucker's well-known advice:

> *You can't manage what you don't measure.*

Evaluation and control mechanisms are set in place to inform every stage of the strategic management process. They are a means of collecting whatever information we may need to compare plans against actual events, to ensure that things are working well, and to anticipate, or correct, any faults or weaknesses in the system.

Effective evaluation and control can tell us what we are doing well and what we are not. This may sound good in theory, but it is not exactly pleasant when you are out there in the workplace and your CEO wants to know why you have fallen flat on your face! Here is how some witty minds explain the manager's tendency to 'forget' about evaluation and control:

> *'Did the executives ever consult the plan?'*
>
> *'No'.*
>
> *'Did they ever compare the plan predictions, the projected budget as it were, with actual results'?*
>
> *'No'.*
>
> *'Why not'?*
>
> *'It seems pointless to cause unnecessary embarrassment'.*

In this last module, we shall explore the nature of evaluation and control more fearlessly than our embarrassed executives above. We shall concentrate on:

- evaluation and control as a process
- evaluating the validity of a strategic plan
- the reasons why implementation fails.

9.1 The evaluation and control process

As soon as we mention evaluation and control some ideas will spring into your mind. Stop for a moment to think of the controls in your work environment. Below are some ideas of control for a master.

Consider this

Control for a master

Whilst there are many ways of organising a shipping company the trend is likely to be towards a more central role for the Master in all aspects of the operation of his or her vessel. Thus, the Master needs to understand how those control functions which are (or should be) common to all shipping operations work. These include:

- *ship finance, including voyage estimating and the budgetary control of running costs;*
- *the effective management of human resources in an era where manning policies and social standards are changing;*
- *the management of the commercial operation. In other words, the translation of a contract on paper into a successful voyage, taking into account the need for accidents and loss prevention.*

Our discussions in this module will focus on the process of control and strategic control, but the example should get you thinking about the types of things that represent managerial control.

As we mentioned in the overview, evaluation and control play a central role in strategic management. Their role is to critically assess how well things are going at every phase of the strategic management process and to take whatever action is necessary to improve performance.

The terms ‘evaluation’ and ‘control’, although almost always appearing in tandem, are not necessarily the same thing. Figure 9.1 shows the relationship between evaluation and control, and the role they play in the strategic management process.

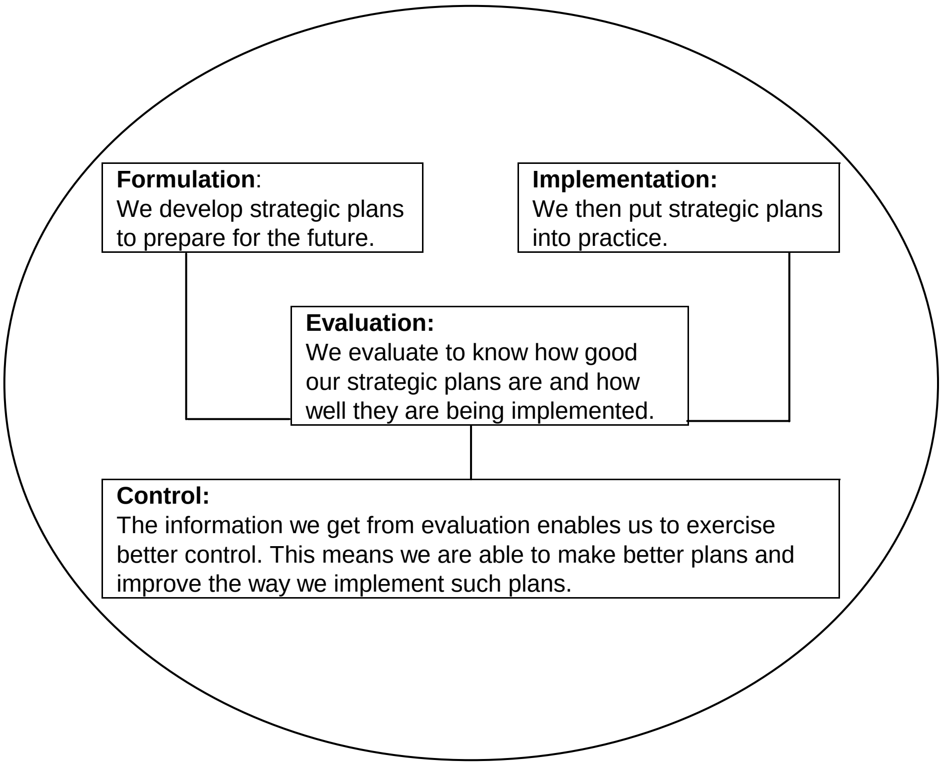

Figure 9.1 *The role of evaluation and control in strategic management*
HRC Group, Strategic management briefing papers (1989).

From Figure 9.1 we can see that as strategic managers, we must be able to exercise proper *control* over the strategic management process; that is, we must know how well our strategic plans are formulated and implemented, and where necessary, what corrective action can be taken to improve performance. Finding out what is going on is what *evaluation* is all about. It means collecting information about how well the strategic plan is progressing. Once we have the evaluation results, then we must decide on the appropriate action. If, according to our evaluation, everything is going well, then we have no problem; all we need to do is to continue doing what we are doing (or try to do better!). However, if our evaluation shows that some things are not going well, then we have to take care of these trouble spots and eliminate them. Are our goals, objectives and/or implementation plans so ambitious that they cannot be achieved? Then perhaps we should be more realistic and bring them down to earth. Are our people not well enough prepared to follow the implementation process? Then we may have to prepare job aids or give training.

Evaluation is really just a part of the overall control process, but it is a very important part. Without it, managers may end up making the wrong decisions. Because of this close relationship between evaluation and control, it is common to talk of them as though they were one and the same thing.

Consider this

Controls do not just guard the money: they also provide data for decision-making.

9.1.1 Benefits of strategic evaluation and control

What are the main benefits of strategic evaluation and control? There are three:

- They provide *direction.* They enable management to make sure that the organisation is heading in the right direction and that corrective action is taken where needed.
- They provide *guidance* to everybody. Everyone within the organisation, both managers and workers alike, learn what is happening, how their performance compares with what is expected, and what needs to be done to keep up the good work or improve performance.
- They inspire *confidence.* Information about good performance inspires confidence in everybody. Those within the organisation are likely to be more motivated to maintain and achieve better performance in order to keep up their track record. Those outside – customers, government authorities, shareholders – are likely to be impressed with the good performance.

Consider this

Linking rewards to evaluation and control

Rewards are absolutely, positively everything!

Does your compensation program reflect your employee's contributions to your company's success? Has your company developed a way to track all aspects of performance including, among other factors, leadership, customer services, and profitability? Do your employees value the rewards superior performance brings? Does everyone, for example, prefer money? Do you allow 'different strokes for different folks?' How often do you bestow rewards? Do you present awards spontaneously, or do people know that there are only specified times when they can hope to gain recognition for their efforts?

Adapted from Wetherbe, J C (1996). 'The world on time', *Vision Book Summaries*, No.156.

Does your company restrict reward giving to the annual review? Is money the only kind of reward? Do you use performance data to plan and evaluate track records? Such scoreboards allow managers to acknowledge performance with appropriate rewards.

An aside

The ship arrived in Redwood City, California with three grades of chrome ore. At the pre-discharge meeting, the cargo plan was offered to the berth supervisor. He refused to take it: 'We have all the paperwork and don't need anything from the ship,' were his words.

Discharge started and went on for three days. They discharged each grade separately, moving it to the other side of the cargo shed where it was all collected in one big heap and loaded onto trucks for delivery to the factory.

On the third day the same berth supervisor came with a query: 'Where are the other grades of the ore?' At this stage the cargo was nearly fully discharged - a very expensive mistake.

9.2.1 How the process works

The way the evaluation and control process works is quite straightforward: set objectives, evaluate actual performance against the objectives, and, based on the evaluation, take whatever action is necessary (see Figure 9.2).

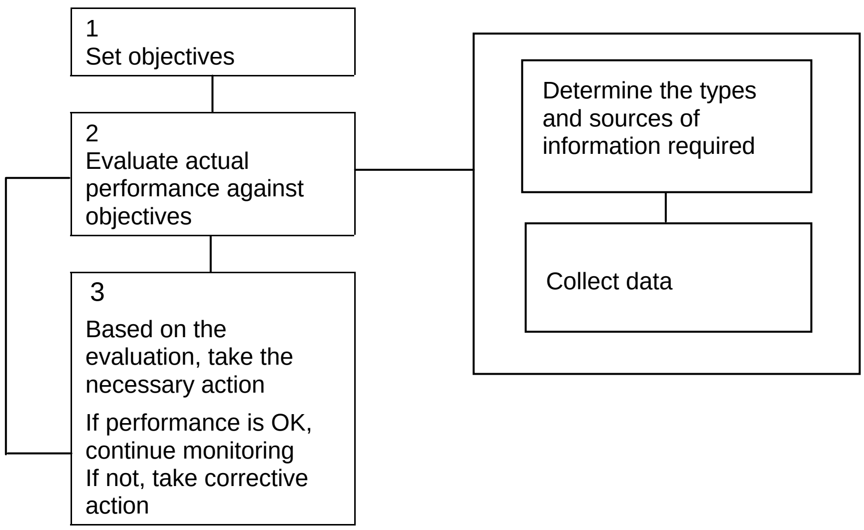

Figure 9.2 *How the evaluation and control process works*

Consider this

Of these three steps, which would you say is the most problematic? Think about it for a few minutes before reading on.

Setting objectives (step 1)

If you chose the first step, ‘setting objectives’, then you are right. Essentially, this involves looking at strategic targets. These could be your strategic goals and objectives, or operational plans and programs that have been set up to meet the goals and objectives while ensuring that they have measurable outcomes.

The difficulty in setting objectives lies not so much in specifying the outcomes themselves as in (a) identifying those areas where performance objectives should be set and (b) evaluating whether the level of performance set is appropriate.

To set objectives properly, the first thing to do is to establish which areas require performance objectives. Start with the big picture, then narrow down to the most essential:

- What specific things must be done to ensure the success of the strategic plan?
- Of these, which are the most important?

Those that are identified as most important then become the areas where objectives should be set. *This is very important!* Please do not try to set objectives in every area. This shotgun approach is doomed to fail! Be more focused.

Another equally important consideration when setting objectives is determining whether they are realistic and attainable. There is no point in working yourself (and all those people who have to follow your orders!) to the bone if the objectives you have set are altogether unrealistic. To guard against this, a concept called *benchmarking* can be a useful tool. Benchmarking simply means finding out how well your main competitors are doing and comparing your performance against theirs. In this way, you can set targets that equal, or are better than, what the competition is offering.

When setting performance objectives, also bear in mind these other useful pointers.

- Objectives should focus on three main areas of performance:
  - how people perform
  - how equipment functions
  - how money is used
- To make sure that objectives fully describe the type of performance required, try viewing performance along five dimensions:
  - *quantity:* volume of work completed (number of tasks completed, number of units sold, volume of money spent etc)
  - *quality:* how well a task was done (number of satisfied customers, number of rejects/repeats or things that had to be redone etc)
  - *cooperation:* working well with others, providing support where needed (interdepartmental sharing of resources and personnel, trading information etc)
  - *dependability:* doing a task according to expectations (completed work on time and when needed, reduced number of sick days, etc.)

– *creativity:* finding new or better ways of doing things (coming up with new ideas on how to increase revenue, reduce cost or complete a task, etc)

- Good performance objectives should always be SMART. That is, they should be:

Specific:	a specific area of improvement is targeted for
Measurable:	some indicator of when it is complete
Assignable:	someone is responsible for its achievement
Realistic:	the level of performance expected, given the resources
Time-related:	when the task should be completed by

Remember we introduced objectives in an earlier module?

Below are some examples of objectives that might be set.

- Reduce the expense budget by five per cent over the next 12 months.
- Reduce the number of customer complaints by 10 per cent over the next six months.
- Increase the client base by five per cent over the next 12 months.
- Reduce the truck waiting time by half an hour per vehicle over the next six months.
- Increase the number of container lifts per working hour by five per cent in the next six months.

Evaluating objectives (step 2) and taking action (step 3)

The second and third steps in the evaluation and control process, evaluating objectives and taking action, tend not to be as problematic as the first. Once the appropriate objectives are set, the next step is to carry out the evaluation. This involves (a) determining the types and sources of information required to compare actual performance against the standard, (b) collecting the information, and (c) based on the information collected, doing a comparative analysis. Once done, the final step is to determine what action is necessary. Is everything fine? Then keep up the good work and continue monitoring. Have any problem areas cropped up? Then some corrective action must be taken to ensure things remain (or go back) on track.

How often you should assess deviations from objectives depends on the nature of your organisation and its industry. Production, sales, expense and manufacturing figures and turnaround times are commonly collected. These are often presented in daily, weekly, monthly and twice-yearly totals.

In most activities some variation can be expected between set objectives and actual performance. Therefore it is critical to determine the acceptable degree of deviation from the standard. Some examples may make this clearer.

For example

Let us assume that one standard your section had put in place was to:

Reduce truck waiting time by half an hour per vehicle over the next six months.

Assume that the relevant figures are kept daily. You have chosen a 'basket' of indicators that allows you to analyse the improvement for each month. You discover that in the six months from January to June, February's performance is considerably poorer than those of the other months are. Despite this, the average truck waiting time for the six-month period has been reduced by 29 minutes. Is the 29 minutes close enough to your target of 30 minutes? Are you going to investigate the month of February?

Let us say you wanted to:

Reduce your expense budget by 5 per cent over the next 12 months.

At the end of the twelve months you discover that you reduced the budget by 4.9 per cent. Are you going to investigate?

Another important point needs to be made here. When a set standard has been achieved or exceeded do not overlook the opportunity to recognise performance and praise staff. This is a wonderful tool for motivation.

Having determined that there has been a deviation from objectives you have two options (assuming that doing nothing is not really an option).

- ***Correct the actual performance*** (of equipment or human resources).
  If the source of the deviation is inadequate performance you have a number of options. For example, you may change your section's strategy or how you structure your section; you may alter your compensation or remuneration practices; you may introduce training programs or new technologies; or you may redesign jobs.

- ***Revise the criteria of performance or the objectives set***.
  You may determine that one or more of the original objectives were unrealistic or inappropriate. In this case it is the objectives, and not the performance, that need to be altered.

Key strategic management concept

The strategy implementer's standard for judging whether individuals, teams, and organisational units have done a good job must be whether they achieve performance targets consistent with effective strategy execution.

The following reading carries the discussion on strategic control to great detail. Since this reading is a meaty 30 pages long, you may wish to plan a coffee break somewhere in the middle of it.

Reading (in the library on closed reserve)

Montanari, J R; Morgan, C P and Bracker, J (1990). 'Control of strategy'. In *Strategic Management: A Choice Approach.* Chicago: The Dryden Press, pp. 263-293.

Activity

Montanari et al (1990) have allowed us to answer a number of important questions about the strategic control process. Here are some of the more important questions; see how well you can answer them! Spend no more than 1 hour on these questions.

1. **What is strategic control and what is its purpose?**
2. **Describe the nature of strategic control.**
3. **What are the two main types of controls that can be used to ensure that an organisation does not drift off course?**
4. **How can an organisation institute steering controls?**
5. **Stripped of all the details, what are the key responsibility indicators within an organisation that can be used for evaluation purposes?**
6. **Explain why budgets are the quantitative representations of strategic goals and objectives, and which evaluation technique could be used as a result.**
7. **Explain why it is important to differentiate between operational and strategic budgets.**
8. **What techniques would you use to evaluate the validity of the strategic plan and whether it was on course or not?**
9. **Which of the above techniques is the best one to use?**

9.2 Questioning the strategy

Strategic evaluation and control does not mean blind allegiance to techniques; its effectiveness lies more in one's ability to ask the right questions. In strategic management, particularly, it is not enough to ask how well things are progressing vis-a-vis the strategic plan; it is just as important to question how good the strategic plan is.

No plan is sacrosanct, or immutable. If a planned strategy is flawed, then steps must be taken, quickly and decisively, to excise out bad parts and substitute better ones. After all, what is the sense in performing 'as planned' if the plan will only push the organisation to hit rock-bottom? A hint of hyperbole here perhaps, but it is worth making. Do not look at strategic plans as though they are the Ten Commandments and do not expect others to do so either!

9.2.1 Setting the criteria: how good is your strategic plan?

There are various ways by which the validity of a planned strategy can be assessed.

Rumelt (1980) for instance, offers four key criteria against which to assess a strategy: two focus on the external environment (consonance and advantage) while the other two concentrate on the internal environment (consistency and feasibility).

A 'classic' approach by Tilles (1963) has a slightly different angle. He offers the following key questions to consider when evaluating a strategy:

1. Is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. Is the strategy workable?

To this list, we might consider adding three more:

7. What is the position of our competitors in comparison to ours, and what are the implications of this on our strategic approach?
8. How are/might our competitors react to the strategy?
9. How competent is the strategist who put the strategic plan together?

Many assessment models often overlook the last question – the competence of the strategist. However, it makes very good sense to take a second look at the people who put the strategy together, and to ask: do these people have the necessary skills?

9.2.2 Choosing the right evaluation approach

Ultimately the kinds of questions you ask, and the criteria you set will depend on the evaluation approach you use. Before we say any more on this subject, try your hand at the following activity and see if it can help you decide which evaluation approach to use for what purpose.

Activity

Consider the two evaluation approaches in Figures 9.3 and 9.4 following. What would you say is their main difference?

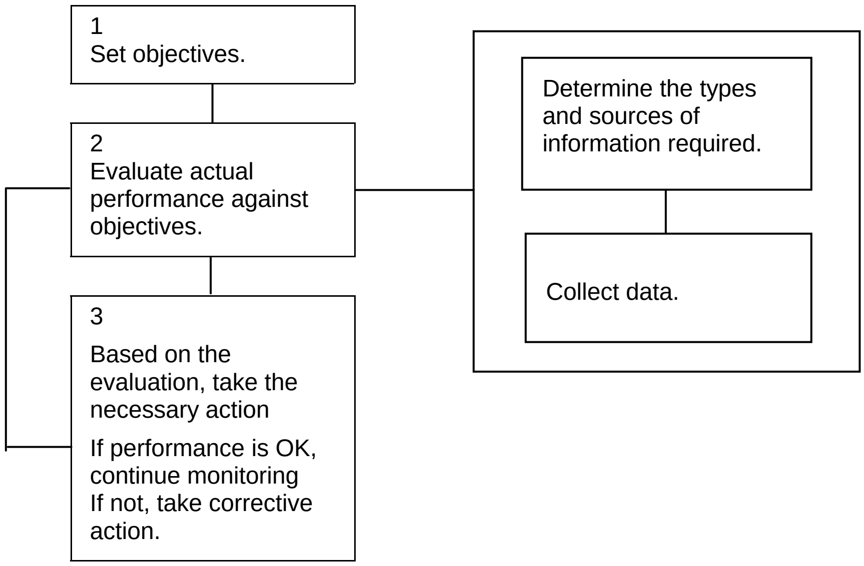

Figure 9.3 *Evaluation approach 1*

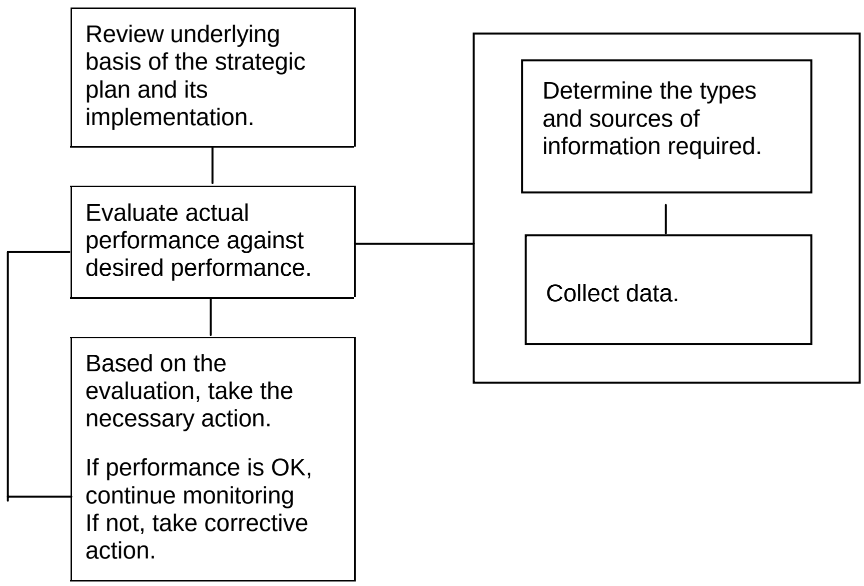

Figure 9.4 *Evaluation approach 2*

Approach 1 (which is the same as Figure 9.2) zeroes in right away on the targets (usually the goals or objectives as stated in the strategic plan) and assesses everything from that basis. It focuses on questions such as: Are the objectives appropriate under current circumstances? If not, what has changed the internal or external environment?

Should the objectives be changed in view of any identified environmental changes? As these questions indicate, approach 1 does a lot of backtracking, constantly checking to see if targets remain in consonance with present or anticipated conditions.

Approach 2 (Figure 9.4) casts a wider net right from the start. Instead of going directly to the targets, it starts off with a review of the basis of the whole strategic plan. Essentially, this means seeking to validate every major aspect of both the strategic plan and the way in which it is implemented.

The difference between the two approaches is that the first assumes the strategic plan is valid and focuses on areas that require attention: the second first examines whether the plan is valid and then proceeds from there. This second approach is more comprehensive, but is time consuming (and by extension, more expensive). Your choice of approach would of course depend on the resources you have for conducting evaluation and control and the evaluation requirements of the organisation.

Both approaches, however, do raise the question of how in-depth a review should be. Experience has shown that far too many organisations get bogged down in detail.

The type of review you choose depends on two factors: the relative importance of the issue/problem and the strategic health of the area being evaluated:

- Large-scale reviews are clearly for those areas facing a major problem, or where a potential opportunity may make a significant impact.
- Medium-scale reviews are for areas that may be meeting their targets but have a few important issues ahead that may require a slightly modified change.
- Small-scale reviews are for areas where there are no real problems or dangers lurking on the horizon, and all that is needed is to monitor the situation.

Assessing the type of review or evaluation you require before you actually start is indeed a good way of making efficient use of time and money and of focusing on the most essential. Remember the 80/20 rule: concentrate on those areas that will produce the majority of results.

9.2.3 Characteristics of an effective control system

We shall now turn our attention to how control systems are designed: that is, to how we can appraise our activities and our effectiveness in terms of both means and ends. The process of control is not automatic. It must be tailored to meet the requirements and uniqueness of your organisation. Whether controls are developed to facilitate innovation or for other purposes, managers must continually assess them to ensure they are achieving the intended results.

Reliable and effective control systems have certain characteristics in common. The relative importance of these characteristics varies with circumstances, but most control systems are strengthened by their presence.

The following brief reading explains the basic characteristics of control systems.

Reading

David, F R (2003). Chapter 9 'Strategy review, evaluation and control'. *Strategic Management Concepts.* 9th edition. Prentice Hall: New Jersey, pp. 311-313.

Key strategic management concept

Accurate, timely information allows organisational members to monitor progress and take corrective action promptly.

An aside: What Thomas Edison told Napoleon Hill about persistence

The late Napoleon Hill, author of *Think and Grow Rich*, visited Thomas Edison in his laboratory. Edison had tried ten thousand times to make electric light work before getting it right. Hill asked Edison, 'What would you be doing now if your ten thousandth experiment had failed?'

'I would not be standing here talking to you,' Edison replied sharply. 'I would be in my laboratory conducting the next experiment.'

This little story is used by lots of motivational speakers as an example of exceptional persistence in action. 'Every time you flick on the lights, you can be grateful that Edison was an extraordinarily persistent man,' so the story is told. I say: *nuts*. Every time we flick on the lights, we can be grateful that Edison was a scientist who took a solidly scientific approach to invention.

What Napoleon Hill never spelled out, probably assuming people would figure it out for themselves, is that Edison did not do the *same* experiment ten thousand times. He did ten thousand different experiments. He tested ten thousand different hypotheses, and he gave up on each one as rapidly as possible.

In business, we live with failure...and we must exhibit great patience and persistence – but it has to be the right kind of persistence: that applied to testing and giving up on one hypothesis after another. Be wary of the 'quitter' label. Rethink your ideas about goals, persistence, success, and failure. Focus on 'testing'... that can take you in the direction you want to go.

Adapted from: Kennedy, D S (1997). 'How to succeed in business by breaking all the rules'. In *Vision Book Summaries*. No. 193, pp 5-6.

9.3 When strategy fails: Lessons to live by

Perhaps there is no better way of stressing the importance of evaluation and control than by leaving you with some sobering lessons on failure. The literature on strategic management contains many stories of failure. Not that all these are due to a lack or an absence of evaluation and control. However, it is likely that had proper evaluation and control systems been set in place, problems could have been detected earlier, and perhaps resolved before they could have done any serious damage.

We have grouped reasons why a planned strategy fails into two categories: general reasons and implementation-specific ones. Even from the general category, many of the entries are also implementation related. These reasons tell us a lot about the weakness of the strategic management process itself – perhaps too much time formulating the strategy and too little time planning and monitoring its implementation.

General reasons for the failure of strategic planning

- Expecting results too fast. It takes time to see the results of a strategy.
- Lack of commitment from the top throughout the entire process.
- Just because the plan has been developed and provision has been made for implementation does not mean that it can then be delegated to others to do. The commitment from the top must always be there. It must be visible, and all actions and key decisions must be tailored towards the plan's achievement.
- Too much complexity.
- If all the processes are kept as simple as possible, busy people will put up less resistance at putting in valuable time and effort.
- Loss of momentum.

  Try to keep people's spirits up and seek to meet milestones on time and within the level of resources allocated.
- Not educating people about strategic management. To counteract this, ensure that:
  - everybody understands the strategic management process and the need for the organisation to do it; and
  - the strategic management process becomes a living part of the organisation, with everybody carrying out some function every day as a vital part of what they do.

- Inadequate line management involvement.

  All to often, line managers are brought into picture only at the implementation stage. Instead, their input and commitment must be sought at the very beginning and must continue through the entire process.
- Telling senior management what they want to hear.

Avoid the temptation of trying to produce good results that simply are not there just to please the boss. The boss will not thank you for doing so! Tell it as you see it, but be diplomatic in the telling.

- Too much form, very little substance.

  Oodles of facts and figures are not the goal; quality is. Strategy must be directed by important issues and not by lengthy routine reviews that produce meaningless bundles of paper.

- Isolation from the competitive environment.

  Strategic planning can very easily become inbred and insular. When this happens, the competitive environments tend to get overlooked. To overlook potential competitors while assessing the competitive environment is a very common problem in strategic planning.

- Extrapolation from the past

  Too many organisations extrapolate from the past even though they know that the past will be a poor guide to the future.

- Failure to differentiate.

  A common mistake is to compare an organisation's performance against industry norms. Such averages convey very little information about important strategic issues. The strategic requirements of an organisation should be differentiated, so that the right resources are allocated in the right places.

- Inexperience in strategic management.

  All too often, the people responsible for strategic management do not have the necessary skills and competencies to carry out the strategic change.

Implementation – specific reasons for the failure of strategic planning

- underestimating the nature and extent of disruption that can happen as a result of changes.

Failure to:

- ensure that internal efficiencies within departments are subservient to the strategy and not the other way around
- detect and deal with the weak links in the strategy and within the organisation
- appreciate that there is a natural bias towards the status quo
- get functional areas behind the new strategy
- appreciate the workload effect of a strategic change on functional areas
- contain strategic shock waves within the organisation when changing from the old to the new strategy
- communicate properly; upwards and downwards and as a team(s)
- put into place the necessary coordination and controls in order to move from the old to the new strategy

- restructure at the operational level when making structural changes
- provide proper incentives that will motivate people
- make changed responsibilities clear to all employees
- focus on the most important and critical areas.

After a while, such a litany of woes becomes rather burdensome to read, does it not? It pulls the soul down, so to speak. However, hard lessons like these are necessary every now and then. They provide us with a better perspective of what strategic management is all about and the challenges that strategic managers face.

Consider this

An ounce of inspiration is worth a pound of control.

Do your top managers have the right stuff to transform the company? Are the people who work for them truly inspired to achieve company objectives? And – the acid test – does your company achieve those objectives year after year? Do your leaders assure that everybody shares in the rewards of success? Have your managers learned to accept and embrace criticism of their performances?

Adapted from: Wetherbe, J C (1996). 'The world on time'. *Vision Book Summaries*, No.156.

9.4 Global issues for the 21st century

- The International Standards Organisation is going beyond ISO 9000 to develop ISO 14000, which focuses on environmental standards. Given the high level of environmental concern in the developed nations, this set of standards may eventually rival ISO 9000 in its global impact on business activities.

- Activity-based costing (ABC) supports value-chain analysis by identifying the value provided by each step in a firm's value chain of activities. A clear understanding of each function's value can help in outsourcing decisions. As more industries become global, firms will need ABC to evaluate the efficiency of their operations in different parts of the world.

Conclusion

Evaluation and control play a central role in the strategic management process to assess how well things are going at every phase of the process and to take whatever action is necessary to improve performance. We *evaluate* to know how good our strategic plans are and how well they are implemented. The information we get from evaluation enables us to exercise better control over the strategic management process.

We evaluate and control for three good reasons: to ensure that the organisation is headed in the right direction, to provide guidance on how good performance can be achieved, and to inspire confidence in the organisation's ability to produce desired results.

How the evaluation and control process works is quite straightforward: set performance objectives, compare actual performance against objectives, take whatever action is necessary to improve performance. By setting performance objectives the organisation is forced to constantly re-examine its targets (usually the strategic goals and objectives) and ensure they have measurable, realistic outcomes.

Performance objectives should be set in those areas most critical to success, and the level of performance set should constantly be examined to ensure that it remains realistic and in tune with present and anticipated conditions.

Evaluation and control do not merely look at the implementation process, they should also be used to assess the validity of the strategic plan itself. Strategies fail because not enough attention is paid to important things. While proper evaluation and control may not altogether save an organisation from ruin, it can help the organisation.

Before we close this module, let us leave you with this final food for thought:

> *Murphy (who must have had his fair share of sufferings – a failed strategist perhaps?) says:*
>
> *'If anything can go wrong, it will'.*
>
> *The good strategist says:*
>
> ***'If anything goes wrong, we are prepared to handle it'.***

Reading

David, F R (2003). Chapter 9 'Strategy review, evaluation and control'. *Strategic Management Concepts* .9th edition. Prentice Hall: New Jersey, remainder of chapter.

Key strategic management concept

The 'whats' to accomplish – the performance measures on which rewards and incentives are based – must be tightly connected to the requirements of successful strategy execution and good company performance.

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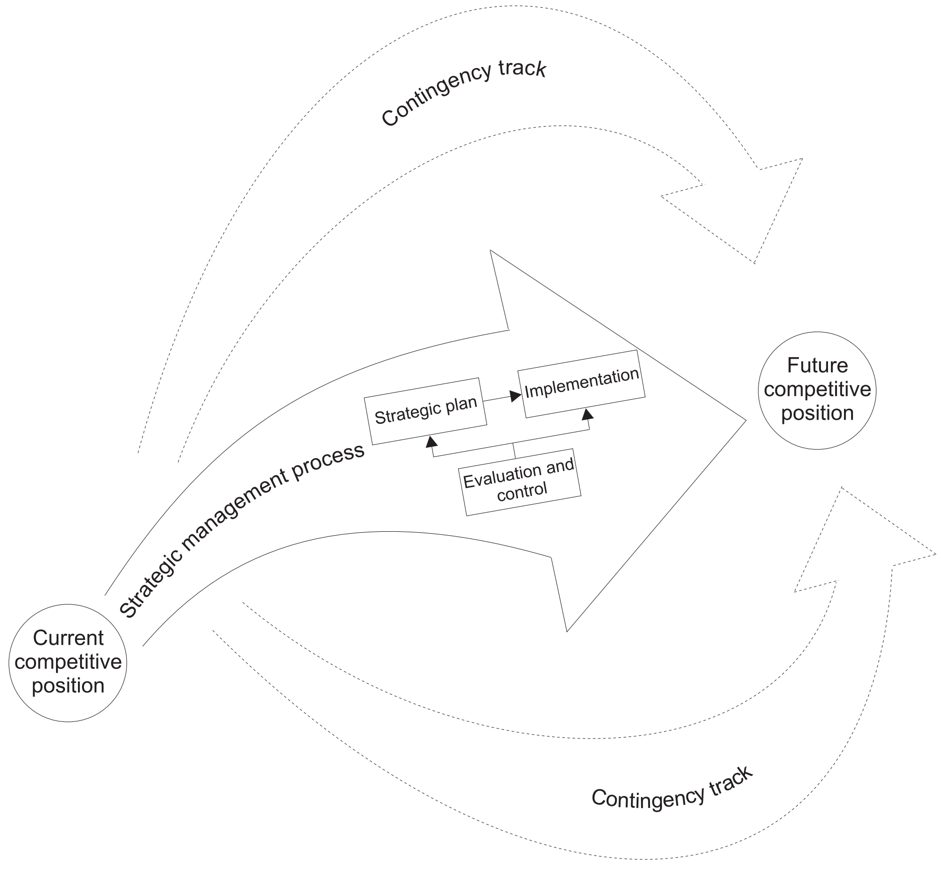
Subject closure - A final word

I trust that you have enjoyed and learned from this subject and will never be able to look at an organisation again without viewing it strategically.

You should now be in a position to put the strategic management process into practical use. As the diagram below shows, you should be able to move an organisation from its current competitive position to some desirable future competitive position. Along this often-tricky journey environmental conditions may throw you off course, but we trust that, like a good navigator, you will keep adjusting your course (hence the ‘contingency tracks’ in the diagram) to get to your desired destination. Also, remember that the process will never end – arriving at one-destination starts off the process all over again, hopefully to new and better heights!



To steer your organisation towards the fulfilment of strategic goals requires a good combination of knowledge and experience. In this subject we have endeavoured to provide you with a good working knowledge of the strategic management process and we believe that the knowledge and skills you have gained will serve as a solid foundation for further learning. We also expect that now you have completed the subject you will be able to do the following at your work place:

- apply strategic thinking principles to solve any problem/issue;
- take an holistic approach to analysing strategic issues affecting an organisation;
- develop strategic plans that make good use of strategic analysis (that is, assessing the internal and external environment) and strategic choices (that is, an appropriate mission, goals/objectives and strategies);
- evaluate different strategic options and decide on the best course of action for an organisation;
- develop proper guidelines for strategic implementation of the strategic plan; and
- evaluate the strategic performance of any organisation.

These are, if you like, the performance objectives that have been set for you to achieve. How well do you think you have done? How good a target do you think we have set for you? Moreover, how ready do you think you are to accept the challenge of strategic management?

All the best in applying your skills and I wish you every success in your career!