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Cooperación Internacional

# Master in Project Management

Planning and Strategic Analysis of the Company

Presentation – Week 2: **Strategic Deployment**



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# Strategic Objectives

The art of envisioning the route of  
organizational success



# strategic objectives



- They are the ends to which organizational and individual activities are directed.
- They must be clear, precise, quantifiable and verifiable.
- It must be challenging, consistent and reasonable.

# strategic objectives

- They are tools used to organize and focus the various efforts and activities.
- Through the corporate strategic plan, the objectives and specific goals related to each strategic objective are defined.



# strategic objectives

It is recommended that objectives be complemented with an operationalization matrix that meets the criteria of the SMART methodology:

## Specific

- It is well defined and understandable to everyone.
- Determine specific actions.

## measurable

- Determine a way to measure the success of the results
- Use comparable metrics and data

## achievable

- It's in range.
- It is possible to achieve sustainably

## Relevant

- It is important for the strategy.
- It allows to improve business processes.

## Time-bound

- It clearly establishes when it must be fulfilled.
- Determine the form and time of measurement.

# strategic objectives



- The strategic objective declares the what and the why.
- The operational objectives, as well as the initiatives, are more detailed and specific, therefore they contemplate aspects such as what, for what, with what, when, etc.
- One of the most useful tools for formulating objectives is the **Comprehensive Scorecard** (CMI) or **Balanced scorecard** ( BSC ), however, we will study it later in the strategic control component.

# strategic objectives

## examples

### What strategic?

### For what strategic?

- Implement fixed cost control mechanisms with the intention of increasing the profit margin .
- Ensure high quality standards in processes/products to increase customer satisfaction levels.
- Promote the use of virtual mediations for the offer of courses in order to increase participation in the market by expanding geographical limits.
- Implement a corporate training plan in order to promote the motivation and loyalty of employees.

# strategic objectives

Objectives are essential to the success of a company because:



**point the direction**

**They help in the evaluation**

**create synergy**

**Reveal priorities**

**They focus on coordination**

**They establish a base for the management of P+O+D+C and the activities of P+H+V+A**



# long term goals



- Long-term generally means a period of more than one year.
- They could be defined as the strategic results that an organization seeks to achieve, in order to improve its competitive position.

# annual

- They are the results that organizations must achieve in the short term to achieve long-term objectives.
- Each long-term goal requires a series of annual goals.
- The annual objectives are very important for the operationalization of the strategies, while the long-term objectives are essential for the formulation of strategies.

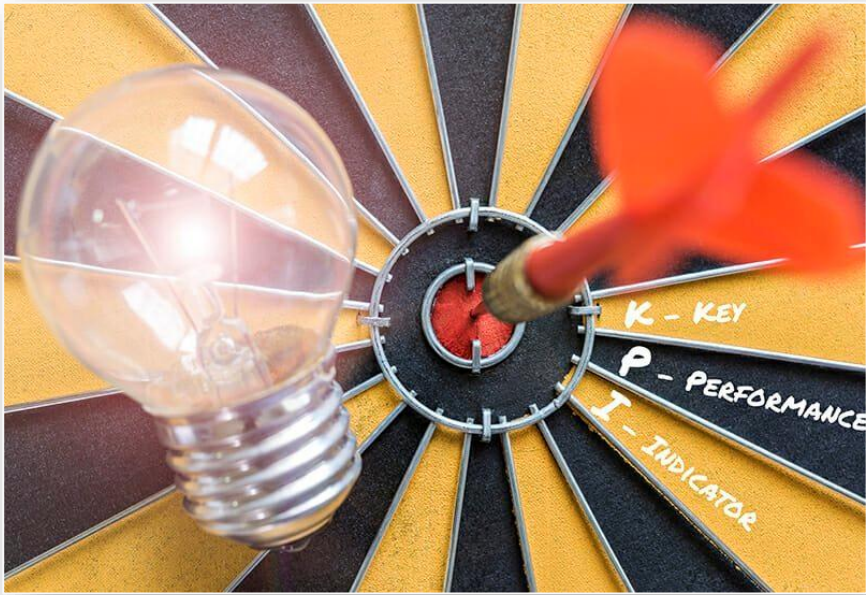


# The indicators

- It is a quantitative or qualitative variable that allows to verify the changes generated by an intervention, relative to what was initially planned.
- They constitute the objective way of measuring and monitoring the level of achievement of the strategy with respect to the stated objective.



# The indicators



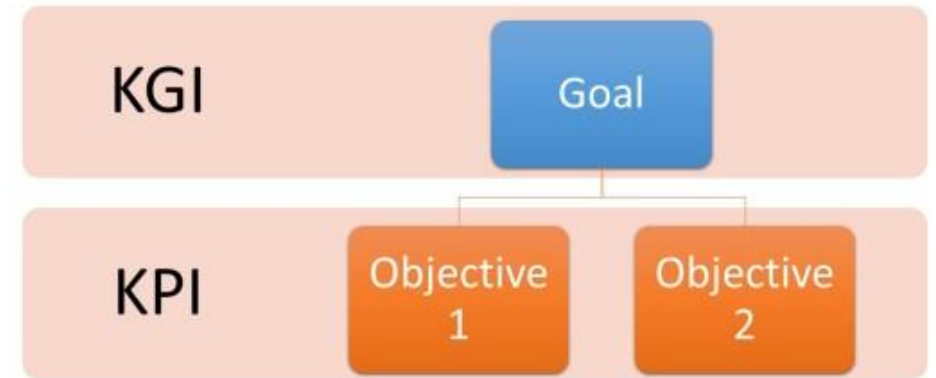
- Performance indicators are measures that describe how well the objectives of a process, a project and/or the management of an organization are being developed.
- They provide information regarding the achievement or result in the delivery of products (goods or services), contemplating quantitative or qualitative aspects.

# The indicators

- **key goal Indicator ( KGI )**: Goal indicators. They define measurements to inform the general management if a process has met its business requirements.



## Goals and Objectives



- **Key Performance Indicator (KPI)**: Values that explain in which optimal range of performance the objectives are located. They are process metrics.



# The goals

- They express the level of performance that top management seeks to achieve.
- It is the quantitative degree that each long-term objective must achieve.
- They arise from the objectives.
- They are set based on adaptation according to the future forces of the company, market trends, resources, etc.
- They are generally expressed as a measure of the planned level of performance or the ideal rate of improvement.



# As a summary...



# What are the Key Result Areas?

As part of the process of defining the organization's strategic objectives, it is often necessary to direct attention to those areas in which action must be taken to achieve optimal management results.





# What are the Key Result Areas?

- They are areas of action in which the company needs to achieve better results to achieve success.
- They set priorities on which efforts should be concentrated.
- They are aspects of management in which, if the company performs well, success is guaranteed.
- They are not objectives in themselves, but they make it possible to orientate in which spheres results must be obtained.
- They can include strategic and operational aspects.
- Your writing can be expressed in two or three words.



# What are the Key Result Areas?

- Although there is not complete agreement on what the key result areas in a company should be—and they can be very different for each one—Drucker suggests the following:



- Recently, however, two key result areas have taken on strategic importance: **service** and **quality** .

# The strategies

- Strategies are the means through which long-term goals will be achieved.
- It is an action guide for the organization and all its members.



# The strategies



- They are the determination of the goals and objectives of a company in the long term, the actions to be taken and the allocation of resources necessary to achieve these goals. (Chandler, 2013).
- It is the orientation in future action, the establishment of an end, in a term estimated as acceptable towards which to guide the business course. (Canada, 2010).

# The strategies

- The strategy creates sectoral positions of the company and guarantees the internal coherence of its policy aimed at achieving these positions.
- A strategy is not a detailed plan that describes what a company will do, but rather determines the direction of development and sets out exactly what the company will not do. ( CEUPE , 2021).





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# Strategy Implementation

How to translate strategies into action and  
ensure organizational alignment



# Strategy Implementation

- The strategic management process does not end with deciding which strategy or strategies to apply.
- Strategic thinking needs to be translated into action.
- The implementation of strategies affects all functional and divisional areas of the organization, from the highest levels to the most basic.



# Critical aspects for the implementation of strategies

- Set annual goals.
- Design policies.
- Assign resources.
- Modify an existing organizational structure.
- Restructuring and reengineering.
- Review incentive and reward plans.
- Minimize resistance to change.
- Align managers with the strategy.
- Develop a culture that supports the strategy.
- Adapt production processes/operations.
- Develop an effective human resources function.
- Apply staff reductions and leaves of absence without pay, if necessary.
- Link performance and salary to strategies.



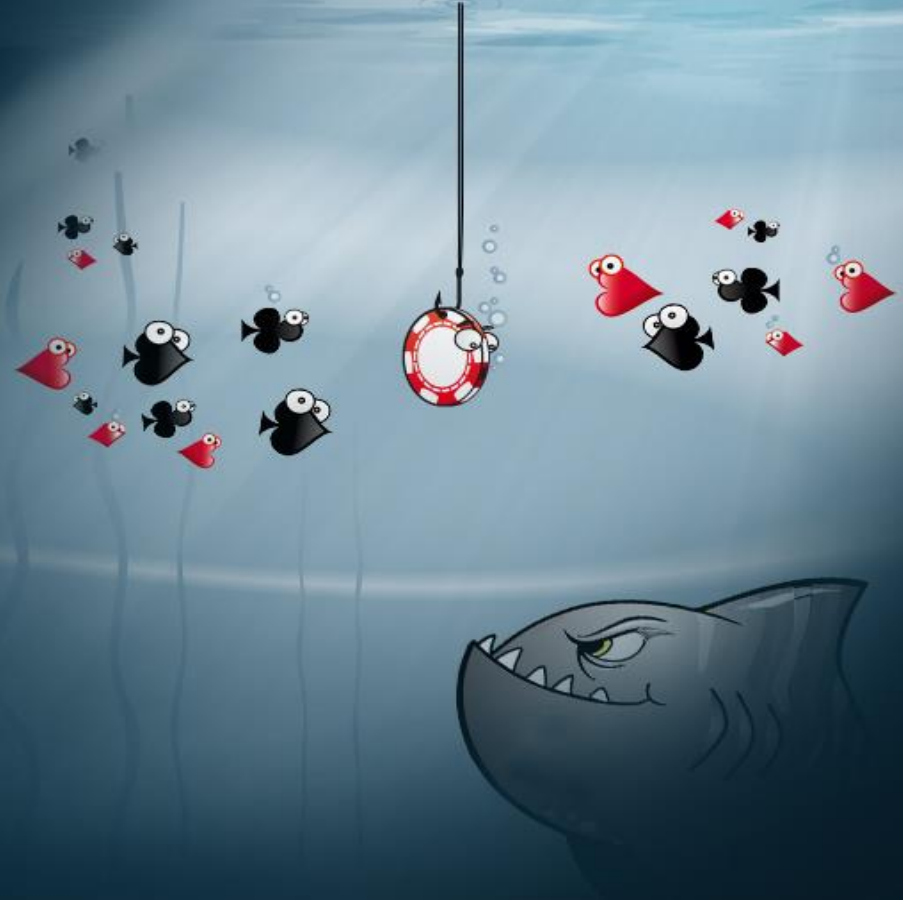
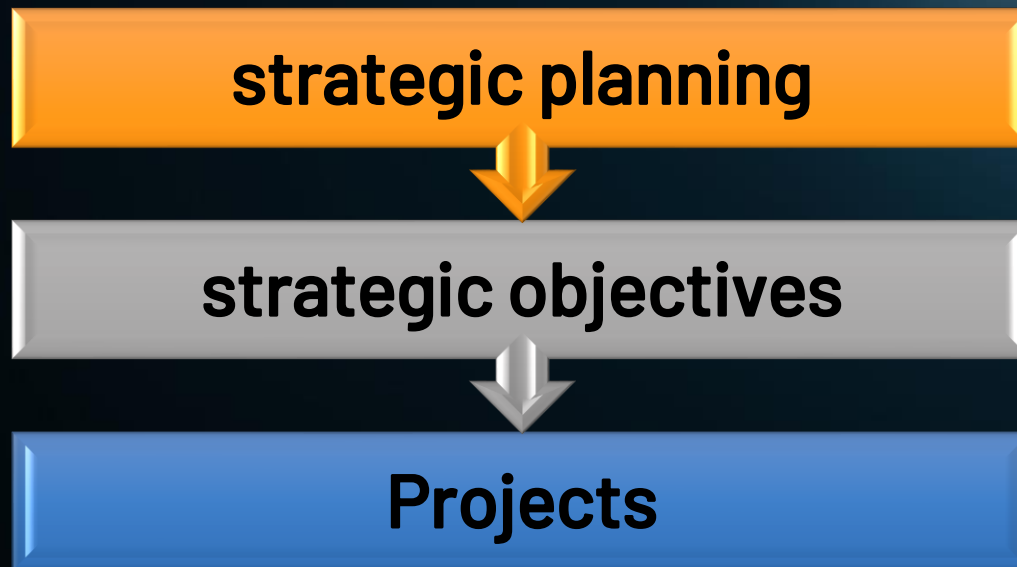


# Initiatives

- The concept of **initiative** is associated with significant actions, generally of great impact, that are implemented to aim at the achievement of a strategic objective.
- They generally point to new aspects for the organization, therefore they demand the execution of projects.
- They can be made up of one or several projects that aim to achieve a strategic objective.



The concept of **initiative** allows explaining the relationship between:



# Strategic planning and projects

- Projects are often used as a means to directly or indirectly achieve the objectives of an organization's strategic plan.



# What is strategic alignment?

- It consists of linking the various units towards the organization's strategy, reaching the level of the employees, so as to ensure that everyone -in all circumstances- make decisions, act and work to achieve the vision, objectives and goals.



# What is strategic alignment?

- It is the degree of consistency and coherence that exists between the strategic plan, the culture, as well as all the activities and tasks that are carried out in the strategic execution process.



# What is strategic alignment?

- It is essential to carry out an analysis that allows distinguishing the critical points that impact the business strategy, in order to make the appropriate decisions that guarantee the achievement of the objectives.

Organizational structure

business processes

Organizational culture

Collaborator skills

technological factors



# What is strategic alignment?

- To achieve strategic alignment, it is important to start from a clear understanding of the strategy, in order to promote the unidirectionality of the objectives of the various areas.
- For this purpose, all areas of the organization must participate actively and together, so that correct decisions can be made.



# What is full alignment?

- It is a strategic management model created by the management consultant Riaz Khadem and embodied in the book *Total Alignment* (2017).
- If a company wants to be aligned and integrated, it first needs to establish a center of focus or a frame of reference for all workers.
- This framework brings together the organization's vision, values, and strategy; workers must be aligned to these three elements.





# What is full alignment?



- Employees must be convinced of the **value** of the **strategy** and **vision** .
- They cannot be pre-established or static, but have to be built collaboratively.
- The manifest commitment of the collaborators with the objectives of their organization within the framework of the vision and the strategy , is the first challenge of total alignment.

# The evaluation of strategies

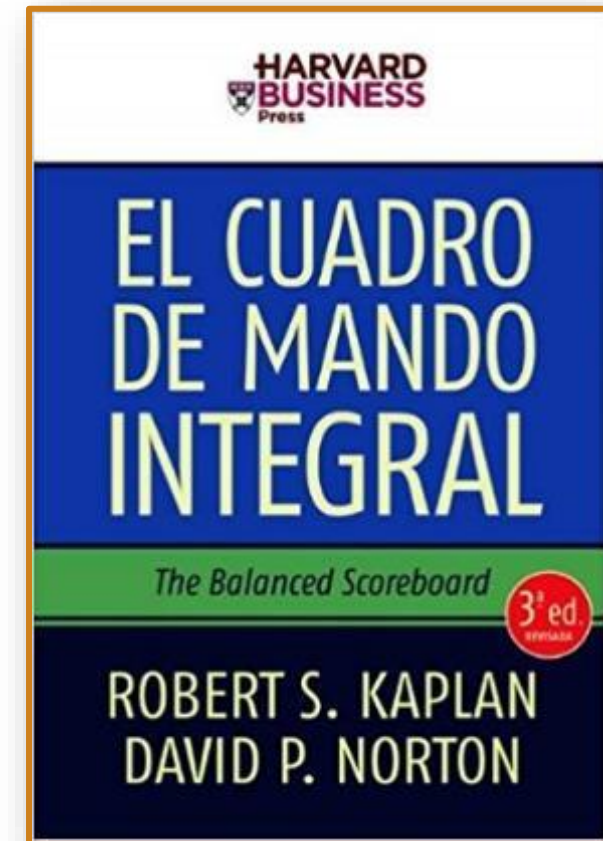
- Even the best formulated and implemented strategies become obsolete when a company's internal and external environments change.
- It is therefore essential that strategists review, evaluate and control the execution of strategies in a systematic way.



- Strategy evaluation is vital to the well-being of an organization; timely assessments can alert management to problems or potential problems before the situation becomes critical.

# The Balanced Scorecard

- Balanced Scorecard (CMI) Scorecard ( BSC ) is a tool designed to comprehensively manage an organization.
- It basically consists of a system of indicators that account for compliance and efforts to achieve strategic objectives.



# The Balanced Scorecard



- The Balanced Scorecard is an important strategy evaluation tool.
- Its application allows companies to evaluate strategies from four perspectives: financial performance, customer knowledge, internal business processes, and learning and growth.

# The Balanced Scorecard

The analysis of the Balanced Scorecard requires companies to seek answers to the following questions and use that information, along with financial metrics, to more appropriately and effectively evaluate the strategies being implemented:

1. To what extent is the company improving and creating value in aspects such as innovation, technological leadership, the quality of its products, the efficiencies of the operational process, among others?

2. To what extent is the company maintaining and even improving its core competencies and competitive advantages?

3. How satisfied are the company's customers?

# The Balanced Scorecard

The BSC translates an organization's strategy and mission into a broad set of performance measures, which provide the necessary structure for a strategic measurement and management system. (Norton & Kaplan)

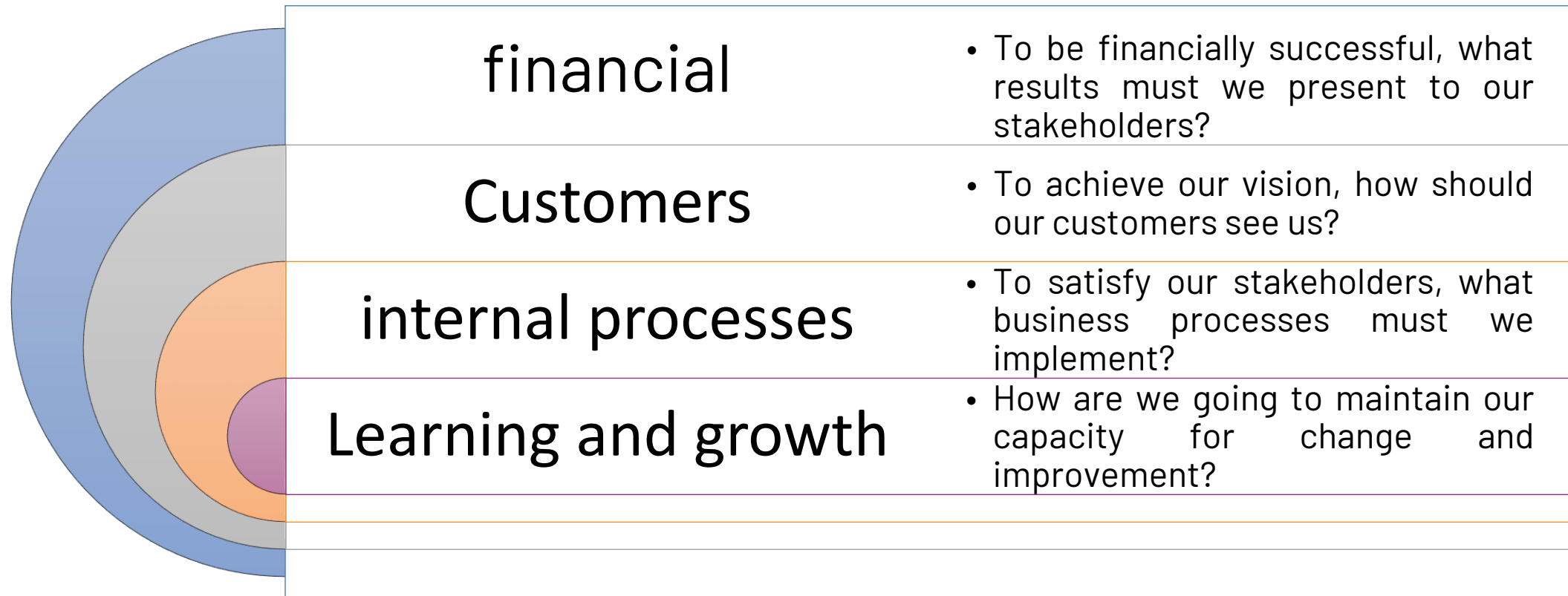


Robert Kaplan

David Norton

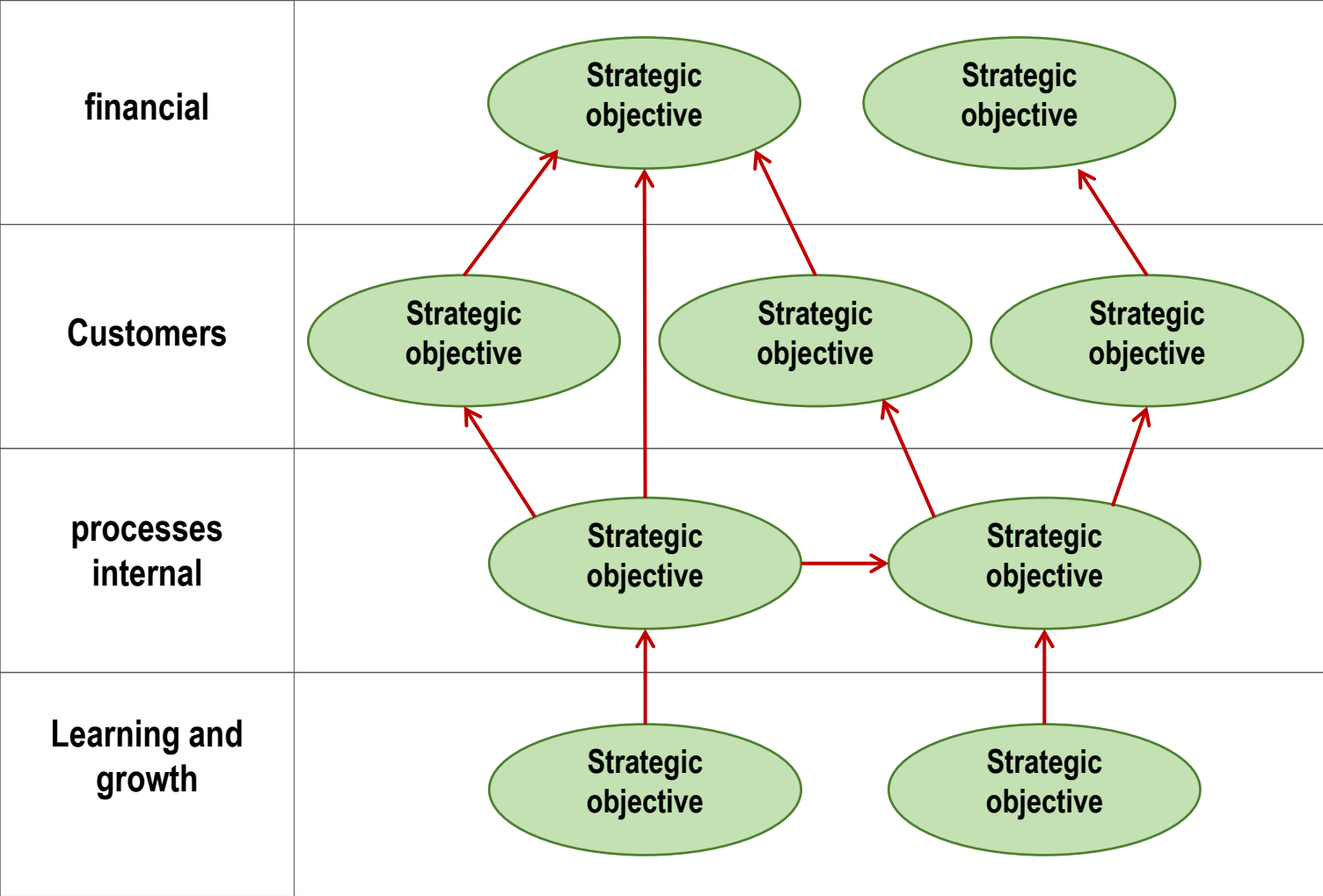
# The Balanced Scorecard

## WCC perspectives



# The Balanced Scorecard

**Generic WCC model**





# The Balanced Scorecard

Generic WCC model

Business objective: Increase market share to achieve higher revenue									
PERSPECTIVE	STRATEGIC OBJECTIVES	Strategic Objective	Indicator	Current	Goal	Measurement	Font	Responsible	Initiative
financial	<pre> graph TD     A(sales growth) --&gt; B(Cost effectiveness)           </pre>	Cost effectiveness	ROI	6%	10%	Frequency Biannual	ERP system	Financial Manager	Financial Benchmarking
		Increase	Sales growth rate	5%	12%	Annual	CRM system	Sales Manager	N/A
Customer s	<pre> graph TD     C(Loyalty) --&gt; A(sales growth)     D(Customer satisfaction) --&gt; A     E(Brand strengthening) --&gt; B(Cost effectiveness)           </pre>	Loyalty	Rate of return	fifty%	70%	Biannual	CRM system	Sales Manager	loyalty cards
		Satisfaction	Avg. Index of satisfaction	80	95	Monthly	CRM system	Sales Manager	Automate surveys
		Brand strengthening	Brand value	X-value	Δ twenty %	Biannual	Supplier	Sales Manager	hire studio
processes internal	<pre> graph TD     F(operational quality) --&gt; D     G(innovation and development) --&gt; D           </pre>								
Learning and growth	<pre> graph TD     H(incentives and compensation) --&gt; I(operational quality)     J(organizational climate) --&gt; I     K(training) --&gt; G           </pre>								



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