

# STRATEGY IMPLEMENTATION – EXPERIENCE OF POLISH COMPANIES

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**Abstract:** *The article presents a part of the results of research conducted by the Strategic Management Department of the Wrocław University of Economics. The study was conducted on a sample of 150 companies (3 separate samples [small, medium and large companies] each with N = 50 entities). The respondents group were both: joint stock companies not listed on the Warsaw Stock Exchange (WSE) and the WSE listed joint stock companies. The respondents were company managers, here defined as a CEO, Strategic Director, Managing Director or the company's Board, here understood as Company Chairman/President and Board Members. The study was conducted from October 2011 to January 2012. The article presents some aspects concerning the phase of strategy implementation in the companies named 'conscious-ambitious'.*

**Keywords:** *strategy, implementation, 'conscious-ambitious' companies*

**JEL Classification:** *M10, M21*

## 1. INTRODUCTION

Undertaking the project 'Evolution of strategic management during development of companies' it was assumed that strategic management methods evolve simultaneously with the development and growth of companies. This process is affected by both changing developmental capabilities of companies resulting from experience, knowledge, resources, as well as various expectations concerning the strategy, which are becoming increasingly formal, and also related to communication and efficient performance.

One of the key issues related to strategic management is the implementation of strategies. It turns out that companies have huge difficulties with efficient implementation of designed strategies. These problems may result from e.g. organizational structure, incorrect communication of the strategy and changes related to it, employee resistance, lack of leadership or incompetent planning of the implementation process. The last source comprises insufficient amount of time and attention paid to strategy implementation, no translation of strategy into performance plans, no use of incompetent use of tools supporting implementation, no measures ascribed to main strategic objectives and no control or irregular control of strategy performance. The following article focuses on these issues and its aim is to present the attitude of Polish companies, called 'conscious-ambitious', to strategy implementation.

## 2. METHODOLOGY

### *Community sample and research method*

The project 'Evolution of strategic management during development of companies' is empirical. It is based on a survey study conducted in 150 companies, divided in even proportions into small, medium and large. The respondent group included unlisted companies and companies listed at the Warsaw Stock Exchange and the New Connect market (publicly traded companies). The respondents included company management board, i.e. CEO, strategy director, managing director or executive board, i.e. the president of

the board and board members. The study was conducted from October 2011 to January 2012. The research methods included direct questionnaire interview (PAPI – Paper and Pencil Interview). The basis of the interview was a questionnaire, which contained:

- 84 questions in the main part,
- 4 questions in the recruitment part,
- 11 questions in the particulars part.

This article presents conclusions drawn from the analysis of answers provided by 52 'conscious-ambitious' companies to eight questions from the main part of the questionnaire.

## 3. RESEARCH PROBLEM

Strategic management can be defined as the 'process of defining and redefining a strategy in reaction to environmental changes, preceding them or even causing them, and the implementation process related to them, in which company resources and skills are used in such a way, so as to realize long-term developmental goals and secure the existence of the organization in potential periods of discontinuity' [10]. Therefore, it can be stated that the key phases of strategic management include working out and then implementing the selected strategy. It is emphasized in academic literature that good development and correct implementation of a strategy are crucial (see e.g. [4]; [6]; [7]). Some authors try to find a solution to the riddle, why organizations which developed their strategy correctly, face problems with its implementation (see e.g. [1]; [3]; [8]; [9]). The fact that companies have highly developed skills in the field of strategy development and very low skills in the field of its implementation, is a peculiar phenomenon. Back in 1982 the 'Fortune' magazines reported that fewer than 10% of correctly developed strategies are implemented efficiently [5]. In 1999 the same magazine informed that the key problem in approximately 70% of companies, which failed to implement their strategies, is not a mistaken strategy, but its incorrect implementation [2].

This article presents only a small part of the conducted study. The primary focus was the problem of strategy implementation planning.

In addition this article does not concentrate on all 150 companies taking part in the study, but on these subjects, which can be described as conscious of where they are going, which see the sense in long-term planning and which pose themselves ambitious goals. Such a choice was made with the intention to check whether in the ‘conscious-ambitious’ companies the process of planning of strategy implementation is as important as its development. The group of ‘conscious-ambitious’ companies included those, which answered ‘rather yes’ or ‘definitely yes’ to the following statements:

- ‘We have a clearly defined vision of future in our company’ – therefore it can be assumed that these subjects are aware of where they are going.
- ‘Dynamic growth is our strategic priority’ – therefore it can be assumed that these subjects set themselves ambitious objectives.

And also answered ‘rather not’ and ‘definitely not’ to the following statement:

- ‘Planning company activities for more than 3 years ahead is pointless’ – therefore it can be assumed that these subjects find long-term planning sensible.

Among 150 studied companies, there were 52 subjects meeting the aforementioned criteria (which stands for less than 35% of all the respondents), including 12 small (24% out of 50), 16 medium (32% out of 50) and 24 large (48% out of 50) companies. It is visible that the ‘consciousness-ambition’ level grows with the size of a company.

The analysis of this group of companies sought answers to the following questions:

1. Do the companies develop implementation plans alongside developing their strategies?
2. Do the companies pay at least the same attention to the issue of implementation, as development of strategies?
3. Do the tools facilitating strategy performance (e.g. balanced scorecard, project management programs, etc.) support strategy implementation in companies to a large extent?
4. Are all company strategic objectives ascribed measures, which allow to determine the degree of their fulfilment?

5. Is the level of company strategic objectives fulfilment controlled regularly?

Analyzing answers to the above questions, it was considered, whether in ‘conscious-ambitious’ companies the strategy implementation process is ascribed appropriate weight and do companies differing in size have different, or similar, approach to strategy implementation planning.

#### 4. ANALYSIS OF STUDY RESULTS

Strategy implementation is quicker, if during its development it was also planned, how to move smoothly from the conceptual phase to the performance phase. To create such plans, which make up the strategy implementation process, a company should pay due attention both to designing them and strategy concept development. Therefore it was interesting to find out, what the approach of ‘conscious-ambitious’ companies is. Answers to two statements were analyzed (Table 1):

- When creating a strategy, we also design its performance plan.
- We spend at least the same amount of time on implementing the strategy and designing it.

Almost 85% from among 52 companies develops performance plans when designing a strategy. This group includes 75% of small enterprises, 81.3% medium and 91.7% large ones. It can be stated that the larger the company, the more aware it is of the key role of strategy performance planning at an early development stage.

It should be asked whether the amount of time and attention spent on the development of implementation plans is proportional to the amount of time spent and given the strategy development. It may turn out that the companies devoted a lot of time and attention to the process of developing strategies, and the development of implementation plans is treated ‘harshly’.

Analyzing the data presented in Table 1, it can be said that almost 77% of all ‘conscious-ambitious’ companies during the development of the strategy devotes at least as much attention to issues of implementation of the strategy, as to issues related to its development.

**Table 1** Designing strategy performance plans and attention paid to strategy implementation in ‘conscious-ambitious companies’

Question	Answer	Total		Number of employees					
		N	% of N	1 – 49 people		50 – 249 people		>250 people	
				N	% of N	N	% of N	N	% of N
When creating a strategy, we also design its performance plan.		52	100%	12	100%	16	100%	24	100%
	I don't know	2	3.8%	-	-	1	6.3%	1	4.2%
	Definitely not	-	-	-	-	-	-	-	-
	Rather not	1	1.9%	1	8.3%	-	-	-	-
	Both yes and no	5	9.6%	2	16.7%	2	12.5%	1	4.2%
	Rather yes	23	44.2%	6	50.0%	7	43.8%	10	41.7%
	Definitely yes	21	40.4%	3	25.0%	6	37.5%	12	50.0%
We spend at least the same amount of time on implementing the strategy and designing it.		52	100%	12	100%	16	100%	24	100%
	I don't know	2	3.8%	-	-	-	-	2	8.3%
	Definitely not	1	1.9%	1	8.3%	-	-	-	-
	Rather not	4	7.7%	2	16.7%	-	-	2	8.3%
	Both yes and no	5	9.6%	3	25.0%	1	6.3%	1	4.2%
	Rather yes	17	32.7%	3	25.0%	8	50.0%	6	25.0%
	Definitely yes	23	44.2%	3	25.0%	7	43.8%	13	54.2%

Source: own work based on study results

Among these 40 companies, 50% were small, 93.8% medium and 79.2% large. Even comparing the response of the whole population reveals that some of the companies that are developing plans to implement the strategy do not pay to this stage as much time and attention as to the stage of strategy concept development.

As you can see, only half of small businesses pay as much attention to the issues of strategy implementation, as to its development. Comparing this result with the percentage of small businesses that at the same time create a strategy and the plan of its implementation (75%), it is clear that 1/3 of them do not pay due attention to this stage. As a result, this might create problems during the implementation of the strategy.

Analyzing the responses of medium enterprises, it should be noted that 15 of the 16 companies of this size pay at least as much attention to the issues of implementation of the strategy at to its creation. Previously, 13 to 16 subjects answered that they develop the strategy and its implementation plan simultaneously. Based on this distribution of responses, it can be concluded that those of medium-sized companies that developed a strategy, paid equal attention to this stage and to the development of implementation plan.

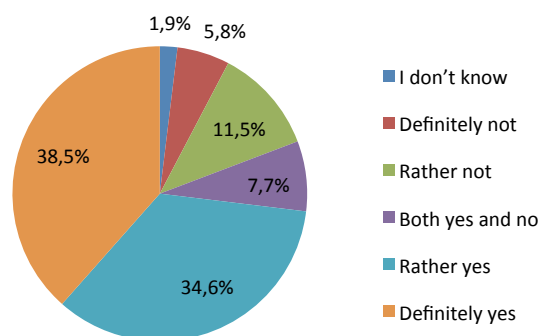
The analysis of the responses of large companies reveals that 22 of the 24 companies of this size (91.7%), develop plans for the implementation of the strategy. However, a smaller number of companies pay appropriate attention to this stage - 19 out of 24 (79.2%). On this basis one can conclude that some large companies, which simultaneously develop strategies and their implementation plans, forget that both of these stages require adequate time and attention. The point is, time and attention devoted to the planning stage will prove wasted if the implementation is worked on quickly and without due care. Then, even a perfectly designed strategy cannot be implemented effectively, because the implementation plan is likely to be underdeveloped and incomplete.

Another important issue was the search for answers to the question, whether the tools to facilitate strategy performance (e.g. balanced scorecard, project management software, etc.) support strategy implementation in 'conscious-ambitious' companies to a large extent.

As seen in Figure 1, 73.1% of surveyed companies think (answers 'probably yes' and 'definitely yes') that the tools facilitating strategy performance to a large extent, contribute also to strategy implementation. Next 17.3% of the companies have a different opinion (answers 'probably not' or 'definitely not'). For 7.7% of the surveyed companies tools of this type on the one hand support strategy implementation, and on the other – not (answers 'yes and no'). However, one company (1.9% of the population) has no knowledge of the subject. It can be concluded that almost three quarters of the 'conscious-ambitious' companies recognize the advantages of tools that facilitate strategy performance and are able to use them.

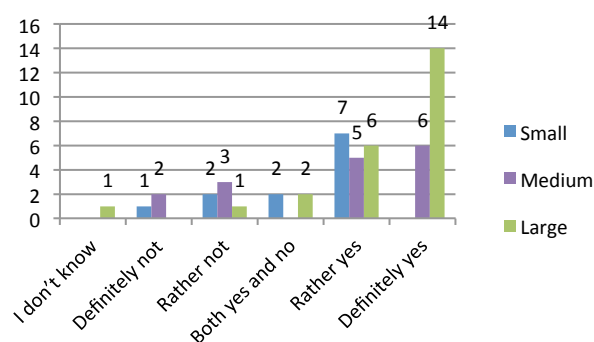
Analyzing answers given by enterprises of different size (Figure 2) it can be concluded that 58.3% small companies (7 out of 12) is rather convinced of the positive impact of used implementation tools on the process of strategy performance. What seems interesting, none of the small

enterprises was certain of this positive impact. Meanwhile, 25% of subjects of this size (3 out of 12) think that tools facilitating strategy performance do not support the implementation process significantly. A conclusion can be drawn that those small companies which paid little attention to designing performance tools at the stage of strategy planning, do not recognize advantages of implementation tools, because these tools were inappropriately adjusted to the designed strategy.



**Figure 1** Do the tools facilitating strategy performance (e.g. balanced scorecard, project management programs, etc.) support strategy implementation in companies to a large extent?

Source: own work based on study results



**Figure 2** Do the tools facilitating strategy performance (e.g. balanced scorecard, project management programs, etc.) support strategy implementation in 'conscious-ambitious' companies to a large extent – with the division into small, medium and large enterprises?

Source: own work based on study results

It can be stated that 68.8% medium enterprises (11 out of 16) think that tools supporting strategy performance to a high extent, also support its implementation. 37.5% of companies (6 out of 16) are sure of this positive impact, and 31.3% (5 out of 16) are rather sure. The remaining 31.2% (5 out of 16) think that these tools do not facilitate strategy implementation in their companies. Two companies are definitely certain about it, and three – quite certain. Such a distribution of result may seem surprising, because the earlier analysis revealed that more than 80% of medium enterprises develop their strategies simultaneously with their performance plans and devote a lot of attention to these activities. Therefore one could expect that these programs would be refined well, and implementation tools would be appropriately adjusted and related to them. The

fact that more than 30% of medium enterprises think that the tools supporting strategy performance do not facilitate strategy implementation, is hence surprising.

Analyzing answers provided by large enterprises, it can be observed that 83.3% of them (20 out of 24) express positive opinions about the impact of the tools supporting strategy performance on strategy implementation. It is worth emphasizing that 58.3% of large enterprises (14 out of 24) are definitely sure about it. Such a distribution of results allows to draw a conclusion that ‘conscious-ambitious’ large enterprises are aware of the role of appropriate implementation tools and can make use of them.

The last analyzed area referred to the ability to translate a strategy into measurable objectives and to monitor strategy performance regularly.

Enterprises were asked to answer two statements (Table 2):

- All strategic objectives of a company have appropriate measures ascribed, which allow to determine the degree of their achievement.
- In our company the level of strategic objectives achievement is monitored regularly.

The following conclusions can be drawn on the basis of data contained in Table 2:

First of all, 61.6% of surveyed subjects (32 out of 52) declare that all strategic objectives have appropriate measures ascribed, which allow to determine the degree of their achievement. However, only 21.2% of the companies are definitely sure of such a state of affairs. 32 companies having developed measures include 41.6% (5 out of 12) of small enterprises, 68.8% (11 out of 16) of medium enterprises and 66.7% (16 out of 24) of large enterprises. A significant difference is visible among small, medium and large companies in terms of ascribing measures to strategic objectives. In addition 25% (3 out of 12) small companies declare that not all strategic goals have any measures ascribed. There are 12.6% (2 out of 16) of such medium companies and 4.2% (1 out of 24) of such large companies. Therefore it is visible that the larger the company, the more attention is paid to ascribing measures to strategic

objectives, which allows to determine the degree of their achievement.

Secondly, 78.8% (41 out of 52) of surveyed ‘conscious-ambitious’ companies declare that they monitor the achievement of their strategic objectives regularly. Only three companies – two small and one large (5.8% of all enterprises) claim that they do not monitor the achievement of their strategic objectives regularly. Companies, which monitor the achievement of their strategic objectives regularly, include 75% (9 out of 12) small enterprises, 87.6% (14 out of 16) of medium enterprises and 85% (18 out of 24) of large enterprises. It is visible hence that large companies are featured by greater awareness of the role played by regular monitoring of the achievement of strategic objectives in the strategy implementation process.

## 5. CONCLUSIONS

As it was mentioned before, one of the key stages of strategic management is skillful implementation of one of the strategy options. In order to achieve this aim, strategy implementation process has to be appropriately planned. This in turn requires devoting adequate amount of time and attention to developing performance plans. Competent use of tools supporting implementation is also important, alongside designing measures for strategic objectives and controlling strategy performance. The conducted analysis of survey results, obtained from the so called ‘conscious-ambitious’ companies, allows to draw the following conclusions:

- The vast majority (85%) of surveyed subjects designs performance plans during strategy development.
- Nearly 77% of all ‘conscious-ambitious’ companies pays equal attention to strategy implementation issues and the sole strategy design.
- More than 73% of companies think that tools facilitating strategy performance support strategy implementation.
- Almost 62% of companies declare that all strategic objectives have certain measures ascribed, which allow to determine the degree of their fulfillment.

**Table 2** Measures ascribed to strategic objectives and strategic objectives achievement monitoring in ‘conscious-ambitious’ companies

Question	Answer	Total		Number of employees					
				1 – 49 people		50 – 249 people		>250 people	
		N	% of N	N	% of N	N	% of N	N	% of N
All strategic objectives of a company have appropriate measures ascribed, which allow to determine the degree of their achievement.	Total	52	100%	12	100%	16	100%	24	100%
	I don't know	2	3.8%			1	6.3%	1	4.2%
	Definitely not	2	3.8%			1	6.3%	1	4.2%
	Rather not	4	7.7%	3	25.0%	1	6.3%		
	Both yes and no	12	23.1%	4	33.3%	2	12.5%	6	25.0%
	Rather yes	21	40.4%	4	33.3%	8	50.0%	9	37.5%
	Definitely yes	11	21.2%	1	8.3%	3	18.8%	7	29.2%
In our company the level of strategic objectives achievement is monitored regularly.	Total	52	100%	12	100%	16	100%	24	100%
	I don't know	1	1.9%					1	4.2%
	Definitely not								
	Rather not	3	5.8%	2	16.7%			1	4.2%
	Both yes and no	7	13.5%	1	8.3%	2	12.5%	4	16.7%
	Rather yes	23	44.2%	6	50.0%	7	43.8%	10	41.7%
	Definitely yes	18	34.6%	3	25.0%	7	43.8%	8	33.3%

Source: own work based on study results

- Almost 79% of analyzed 'conscious-ambitious' companies declare that the degree of strategic objectives fulfillment is regularly monitored.

Therefore it can be stated that 'conscious-ambitious' companies have appropriate attitude to the strategy implementation process. However, it has to be emphasized

that practically in all analyzed areas large enterprises achieved better results than small ones, which may be explained by their more professional attitude to the process of strategy implementation planning.

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