Chapter IV : Implementing the strategy

IV. Implementing the strategy

This stage involves transforming the overall vision into specific, concrete plans, which is a two-step process:-Operational plans, which are sub-strategies that apply to the company's various divisions and functions, answering a series of questions raised during this phase: what should be done first, when should it be done, and who will do it?-Budgets: this involves translating strategic plans and decisions into monetary terms for each of the divisions and functions involved, establishing financial commitments for a given period.

IV.1. Choosing the organizational structure

IV.1.1. Definition of organizational structure

The structure is:

• The total sum of the means used to divide work into distinct tasks ;

• and then ensure the necessary coordination between these tasks.

IV.1.2. Corporate strategy structures

There are several approaches that contribute to determining the different structures of corporate strategy:

➢ The standard structure approach: Traditionally, a company's structure is represented by an "organization chart" 2 that formalizes the respective roles of individuals and/or departments, as well as the hierarchical relationships between them.

a. **Functional structure**

The functional structure is characterized by the grouping of tasks according to the criterion of specialization. This type of organizational arrangement involves:

-A strengthening of individual skills. As the size of the company grows, it becomes difficult for the entrepreneur to control and coordinate all the tasks performed by his subordinates. The functional structure allows for the daily use of experts.

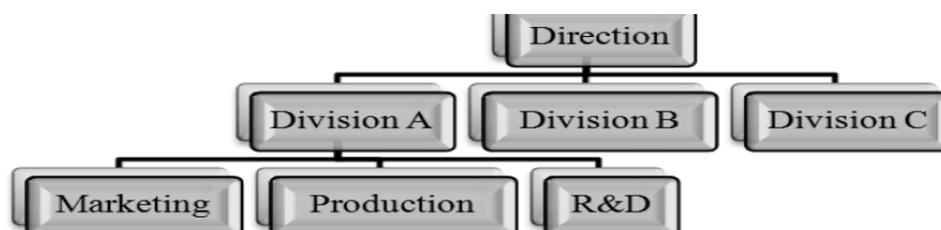b. **Divisional structure**

Diagram N. 2: Divisional structure

The divisional structure is characterized by the division of the company into separate profit centers with extensive powers over their product, market, or geographical area. This type of organizational arrangement involves:

-**The deployment of a diversification strategy:** *A. Chandler* demonstrated the emergence of multidivisional (or "M-shaped") structures in large American companies in the 1920s. These structures make it possible to bring together different autonomous units within a coordinated company.

-**The adverse effects of competition between divisions.** As each division is evaluated independently, it tends to favor its own interests at the expense of others. This can lead to struggles to obtain new resources from senior management, as well as a lack of collaboration in sharing existing resources.

-A risk of conflict between different approaches. Specialization leads each function to approach problems according to its own logic, which may differ from that of other functions within the company. This can generate conflicts between departments and even undermine the company's strategy.

C. Matrix Structure

The matrix structure is a hybrid form in which a horizontal project management structure is superimposed on the normal hierarchical-functional structure. In such a system, there are generally two chains of authority, one functional and the other project-related. Instead of assigning segments of a project to different units or forming an autonomous team, arrangements are made for project participants to report simultaneously to their functional manager and their project manager.

The matrix structure is a combination of the functional structure and the divisional structure (projects, products, geographical areas, etc.). This type of organizational arrangement involves:

-The implementation of complex projects. The matrix structure makes it possible to assign specialists from their original departments to several project managers.

> **The organizational configuration approach**

Representing the structure of a company in the form of an organizational chart does not allow for informal exchanges, and therefore the actual relationships between employees, to be taken into account. According to *Mintzberg*, companies can be classified into five basic configurations:

-**The simple structure.** In small companies, the structure is flexible because it is based on the entrepreneur's informal relationships with his subordinates. It is therefore the management, known as the "strategic summit," that constitutes the nerve center of the company.

-**Mechanistic bureaucracy.** In companies where production can be industrialized, the experts and specialists who develop work procedures—called the technostructure—play a dominant role.

-**Professional bureaucracy.** Certain professions require autonomy to be given to employees who carry out production or service work (known as the operational center).

-**Divisional structure.** In a company operating in several markets, middle managers (the line hierarchy) are responsible for the results of their division.

-**Adhocracy.** In innovative projects, the work to be done is not defined in advance and emerges from interactions within a team of specialists. Internal departments (logistical support) are responsible for ensuring the stability of the organization.

IV.2. Implementation of the strategic information system

IV.2.1. Definition of the information system

The information system is a key element of any modern organization. It can be defined as a set of interconnected components designed to collect, store, process, and disseminate information within an organization. Its objectives range from facilitating decision-making to optimizing internal processes and improving communication and collaboration. An information system is not the same as a computer system. The latter refers to the computer equipment used to process information, such as software, a computer, or a network.

IV.2.2. Main components of an IS

The information system relies on several key components, which work together to ensure its proper functioning. These components are:

- hardware: computers, servers, peripherals, etc.;

- software: operating systems, applications, databases, software packages, etc.;

- data: information stored and processed by the information system;

- networks that enable the various components of the information system to communicate and share data;

IV.2.3. Types of information systems

There are different types of information systems tailored to the specific needs of a company. Most companies have information systems dedicated to each department, such as human resources, accounting, or sales. Information systems can be divided into three main categories: management, decision support, and strategy.

a. Management information systems

Management information systems are used to administer internal company processes, such as accounting, human resources managemen

- human resources: key players in the information system, such as information system managers, developers, analysts, and even end users.

b. Decision support information systems

Decision support information systems provide information and analysis to help decision-makers make informed decisions. They are designed to collect and analyze data, then present it in the form of reports, graphs, or dashboards. Decision support IS are often used in the fields of finance and marketing.

c. Strategic information systems

Strategic information systems are used to help companies develop long-term strategies by providing information on market trends, competitors, or consumer habits. They are designed to help executives make important decisions by providing reliable and accurate information and giving guidance on the direction the company should take to achieve its objectives. Strategic information systems are often used by strategic consulting firms.

IV.2.4. Technologies and tools used

The technologies and tools used in an information system may vary depending on the needs of the business. The most common tools are:

• Relational databases, for storing and managing data.

• Integrated management software packages, for managing internal business processes.

• Business intelligence tools, to provide information and analysis necessary for decision-making.

• Web services, which allow different components of the information system to communicate with each other via the Internet.

These technologies are used to define an information system and enable the key components of an IS to be managed.

➢ **Information system integration**

Information system integration involves connecting different systems so that they can work together. This can be useful for companies that have several separate information systems. Integration reduces data redundancy, optimizes internal processes, and improves communication and collaboration.

➢ **Information systems in brief**

In conclusion, information systems are a key component of any modern business. They enable the collection, storage, processing, and dissemination of information within an organization. Information systems can take many forms: they are designed according to the needs of each organization. By implementing effective policies and procedures, companies can maximize the competitive advantage that information systems can provide.

IV.3. Management and control systems

The company's management system must provide its managers with the information they need to control their activities. More specifically, company managers who want to guide and adjust its operations by making quick decisions that give them the best chance of achieving their objectives will be required to constantly monitor their company's activities. All management systems are based on the following three elements: precisely defined objectives; a measurement system (indicators); and corrective actions. These elements will enable managers and their teams to focus their attention on priorities in order to improve results at all levels of the organization: strategy, management, and operations. How these elements are formulated is extremely important, as it largely determines the consistency and success of the management system as a whole.

IV.3.1. Management control

Management control is an essential performance management system within any organization for guiding decision-making and achieving operational excellence.

Management control consists of measuring, evaluating, and controlling a company's operational performance in real time. The aim is to ensure that all resources are used optimally in each of the company's activities and, where necessary, to implement corrective measures to optimize internal processes.

Management control can cover all of the organization's activities (HR, finance, sales team, supply chain, etc.).

IV.3.2. The objectives of management control for performance management

Management control serves several purposes:

- Enabling the company to maximize its operational performance;

- Increasing the profitability of the business;

- Anticipating potential problems and controlling risks;

- Guide strategic decision-making at all levels of the company through the analysis of accurate and comprehensive data;

- Ensure that activities and operational performance are aligned with the company's strategic objectives as previously established by decision-makers (the results of management control are reported and presented in dashboards submitted to senior management);

- Identify the resources required for each activity;

- Establish forecasts (growth, budget, profitability, expenses, etc.) based on analysis of the current situation;

- Propose solutions for improvement in order to maximize the company's overall performance.

IV.3.3. Examples of tasks that may be required as part of management control:

- Collecting the necessary data in the field from operational teams;

- Training and managing the teams responsible for management control;

- Identifying, based on the management controller's reports, areas for improvement and levers to be activated to optimize operational performance and resource allocation;

- Helping decision-makers define or adjust their strategic directions in light of the audit results;

- Oversee the reporting phase to the company's senior management;

- Support employees and managers to improve operational efficiency and strengthen commitment and motivation;

- Establish metrics to assess the gap between targets and actual performance in order to evaluate the profitability of the business;

- Optimize cash flow management and develop financial forecasts based on the results highlighted during management control (budget management, cost management, financial forecasting, etc.);

- Support the company's tax and accounting compliance with current regulations;

- Implement internal control systems to reduce operational and financial risks over time.