

STRATEGIC MANAGEMENT AND THE IMPORTANCE OF BAROMETER AND THE STRATEGIC MANAGEMENT DASHBOARD

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Abstract: Strategic management consists of setting the main goals of the company or more broadly of the organization. Such a concept is the result of collective decisions that have medium and long-term impact in order to realize the vision and guarantee the performance and sustainability of the company or organization. Strategic management is based on a certain number of parameters that need to be implemented. The management team should be able to analyze the environment of the company or the administration, and to single out the factors for business success, to register the comparative advantages in terms of competitiveness and to get to know the possible competitors in detail. Skillful management with strategic management is desirable to have a perfect knowledge of internal capacities, resources and skills. Finally, it is desirable to determine the goals, and in function of the goals to define the strategies for implementation and carefully monitor the results. In this area, a very effective tool is the Strategic Management Dashboard and Barometer, designed by Norton and Kaplan.

Keywords: Strategic management, Barometer of Strategic management, Dashboard of Strategic management, PH, BSC, TBT.

1. INTRODUCTION

The issue of what is strategic management has been precisely defined by several authors. According to Julia Martins, strategic management can be defined as the organization and execution of business potential to achieve the defined business goals of management or an individual (Martins, J., 2022). A similar determination is proposed by Léa Boluze, reducing it to the past procedure from the establishment of the essential goals of the company, to the realization of its comparative advantages with the overall accompanying methodology of monitoring, control and raising the business profit (Boluze, L., 2021). Experts believe that it is not a simple individual initiative, but a complex, ongoing, business process for predicting, developing, evaluating and enriching the effective strategy, in order to achieve a better position in relation to the competition (Kotey, B., & Slade, P., 2004) This complex strategic management process assumes several significant stages, namely: Conceptualizing the business mission and highlighting the long-term vision; Management needs to establish large-scale long-term goals, such as BHAGs; Need to design and implement a SWOT analysis; It is desirable for the management to carry out an evaluation of the proposed strategy; The management should also focus on the internal analysis of the company's organizational setup; The management should approach the analysis of the external competitive environment; Management should approach the process of strategic planning; The management should approach the development of plans for the implementation of the processes for achieving the goals of your organization; It is desirable for the management to have insight into the competitive strategy.

At the same time, one should not become a slave to the given moment. Simply, strategic management can look like many other critical elements of business activity. One of the more significant issues is the fit of strategy with the business environment, which is elaborated in detail in a series of articles within the blog, where the five best analyzes of this issue are highlighted (BDC, 2021).

2. DILEMMA: DIFFERENCE BETWEEN STRATEGIC MANAGEMENT AND STRATEGY?

There are no doubts that a large number of managers from this domain hardly perceive the differences between strategic management and strategy. The simplest way to determine the differences is when the approach to strategic management is taken as the implementation of the management's business strategy. From a management and professional context, strategy is the process of developing decisions aimed at achieving your organization's goals. An effective strategy is vital to enable the sales management team to understand what the priorities are, the vision and how the strategy is set (BDC, 2021). However, to implement any strategy, strategic management is needed. Strategic management analyzes the competitive environment and considers how you will execute your business strategy, points out Ginette Guinois (EEB, 2023). The mentioned two categories which at first glance seem like "merged vessels" in essence cover two different realities.

For many managers, strategic management is often confused with operational management. It is necessary to point out that operational management consists in undertaking the specific activities of the company. It presupposes the implementation of the set of hierarchical organization values, processes and practices that an organization regularly carries out to deliver a final product, good, or service. Or more specifically: if operations management answers the

question "what," strategic management provides answers to the questions "why" and "how." In the beginning, strategic management helps defining why the priorities of various business initiatives are determined, always keeping in mind the long-term goal. Then, in the implementation and planning phase, strategic management also defines how the short-term, medium-term and long-term goals will be achieved, according to Daniel Guimond (Guarana, 2022).

Strategic management or strategic planning? Every ambitious company and every management team must have a strategic plan, which is a tool that sets the direction of the company and the activities to achieve the established goals. Strategic planning is the process of creating a plan in function of the outlined visions. Strategic management encompasses the process of strategic planning, but it goes far beyond that. In addition to planning for the realization of goals, strategic management helps in organizing capacities and resources, and shapes the most efficient method to define the most effective action plans (Les Echos Entrepreneurs, 2023).

3. BENEFITS OF STRATEGIC MANAGEMENT

Every management team is aware that like any business strategy, strategic management requires time, energy and effort. The initiatives taken by the management team are visible at every level of the organization. With effective strategic management, it is possible to: Design clear plans for the realization of strategic goals; A roadmap is necessary to map out the company's competitive advantage and what actions to take; A system is needed to monitor progress against the company's goals; The entire management team should understand the organizational priorities; It is necessary to standardize the strategy in the company; It is desirable to create conditions for dynamizing the company, for a faster and more effective response to the market; A proactive, rather than reactive, business strategy is essential; A continuous process aimed at analyzing and improving business processes is necessary to achieve excellence. (Martins, J., 2022).

4. THE FIVE STAGES OF THE STRATEGIC MANAGEMENT PROCESS

Every management team in strategic management distinguishes at least five stages that assume: -Identification of the objectives. The first step in strategic management is to evaluate the set direction and answer why such a direction was chosen. It will be ideal if you have documents that relate to the set vision, for example: Vision statement; Mission statement; Long-term goals, and/or BHAG (A Big Hairy Audacious Goal), i.e. an ambitious, designed long-term goal that should help business thrive.

Basic competencies of the company. At this stage, other documents can be considered such as: The strategic plan, Annual objectives, OKRs and ICP/KPIs. The management approaches the analysis of the situation in the company. After drawing up the list of strategic goals, the company's own situation is approached. After making a list of goals, the management should ascertain the current situation of the company. The second level of strategic management is checking the current processes. In the event that the check has not been carried out, a SWOT analysis is approached for a more successful perception of the strengths, weaknesses, reality of the vision, opportunities and threats for the company / SWOT analysis was created in 1960 by manager Albert Humphrey (É&A, 2020). At the same time, the management will take into account several other important elements such as the following dilemmas: What is the current activity of the company? What are the comparative advantages of the company? What difficulties does it face in functioning? What new obstacles are imposed? What is the reality in terms of market contribution, according to the company's ambitions and goals? What are the necessary needs of the company and whether it can meet them? What negative or positive elements that influence or can affect the company? How the environment (including public opinion and the competitive environment) affects the company? How the internal mood and environment (personnel, ethics and team morale) affect company behavior? What strategic moves should be made by the management team to influence the profitability of the company?

5. EMPHASIS ON STRATEGY BY MANAGEMENT

If there is a delay with this procedure, it is high time to outline the strategic plan within the framework of which the time-table points are highlighted, with which special attention will be directed to the methodology that follows and the precise highlighting of the goals that will have to be achieved. This procedure depends on the setting of the organization and the established date for the start of the activity. This is also the period when it is necessary to use business process management (BPM). In order to improve the effect of these processes, the management sets several important imperatives during this stage. Is there a mechanism and how to design it to measure success or failure? What is necessary to be done by the management to reach the planned goals? How does management implement strategy?

If management agrees that the strategy is excellent, it is a sign that the time has come for management to activate the strategy. The next level in the strategic management process is very significant and involves the most time. In fact, it

is about the moment and space when the strategic plan is implemented and it gradually becomes real and begins to exist. This stage is directly dependent on the management's business strategy, since the management decides which parameters it will monitor, observe, reduce, increase, neutralize or highlight, and then put them in the foreground of the activity. Management is aware that these plans serve to improve the procedure. At the same time, it is clear that such activity includes efficient allocation of resources, implementation of business process automation (BPA). In terms of rational redirection of processes, the establishment of a company-level project management office (PMO) is approached. Every member of the management is aware that the implementation of the strategy is a complex and long-term process. In addition to the global strategic goals, it is useful for the team to devise short-term goals through which the guidance and implementation of the management strategy can be easily controlled (École de la fonction publique du Canada, 2022).

6. AN APPROACH TO ASSESSING PROGRESS

Strategic management is not a one-time activity. Enterprise strategy evolves as the company grows. Just as the strategic plan should be monitored every three to five years, the global strategic management plan must not be forgotten. By the way, every manager should think about the new competitive or other type of challenges. Capable managers and those with vision are faced with sober and business-oriented thinking for their company. They are obliged to explore various options, solutions with which they will successfully impose their company. After all, it is the essence of the capital of the 21st century, as Thomas Piketty writes (Piketty, T., 2013). A group of authors such as Richard Whittington, Duncan Angwin, Patrick Regner, Gary Johnson, Kevan Scholes and Frederick Free elaborate on these questions (Whittington, R., Angwin, D., Regner, P., Johnson, G., Scholes, K., & Fréry, F., 2023). By the way, this team suggests that at the center of this concept, every designed activity is to make moves in the direction of making strategic decisions. It is evident that strategic management does not take place in isolation as if in a vacuum. Major operating units and project stakeholders must demonstrate commitment to their strategic plan. Effective strategic management reaches all levels of the organizational structure and takes into account all the resources of the organization in order to develop the best possible long-term strategy for the business activity. It is clear from the above that, similar to strategic and operational management, goals are not highlighted by themselves and in isolation (Dureault S., 2023).

7. STRATEGIC MANAGEMENT IS A PROCESS

The process of strategic management includes several main levels. The strategic management process is an exceptional opportunity to bring together management, employees and various stakeholders as well as customers in a joint reflection to understand where the company is and where it wants to go. During the strategic management process, the company must focus on the needs (expressed and experienced) and expectations (expressed and unexpressed) of customers (current and future) as well as stakeholders (suppliers, human resources, managers, partners, shareholders), in order to offer satisfactory products and services (meeting their needs and expectations). In this direction, a) stand out. Understanding the strategic context; b). Approach to strategic concept planning; c). Vision for the strategy; d). Implementation of the strategy; e). Effectiveness of the strategic concept. About strategic planning, one of the fathers of management strategy, Peter Drucker, wrote that the essence of strategic planning does not consist in making decisions for the future, but solutions that will generate effects in the future (Drucker, P. F., 1974) the second most important work, Dresser notes that the purpose of marketing is to know and understand the customer in such a way that the product or service is adapted and sold. There is only one valid definition of a goal in business: creating a customer. As a result, every company has two and only two basic functions: marketing and innovation. Marketing is so basic that it is not enough to have a strong sales department and assign it a marketing area. Marketing is much more than sales and is not a specific activity at all: it is an activity that considers business activity as a whole, understood from the point of view of its final result, namely the point of view of consumers. The concern and responsibility of the marketing sphere must be extended throughout all departments of the company (Drucker, P. F., 1967).

8. THE IMPORTANCE OF THE DASHBOARD AND THE BAROMETER FOR STRATEGIC MANAGEMENT

What is the role of the barometer in the field of strategic management? The research of Robert Kaplan and David Norton in the nineties of the 20th century on strategic business management concluded that weak practices in managerial work can be improved if the strategic conception is translated into operational terms, that is, the company is brought into such an organizational structure that will be in line with its strategy. In essence, it is about controlling the previous business achievements on the basis of which the determinants of future achievements and ambitions will be determined and defined (Kaplan, R. S., & Norton, D. P., 2001). Structure strategy spans 4

observation points (levels of observation or domains of analysis): Financial perspective; Customer analysis; Analysis and insight into internal processes; Visions for further learning/development.

The potential dashboard developed by the same authors represents a strategic tool for a balanced consideration of the different areas of the company's progress, the people who drive those results, so that organizations focus on the future and act in their long-term best interests. A strategic management system forces managers to focus on the metrics that drive success. They balance the financial perspective with the perspectives of customers, processes and employees. These measures are often indicators of future performance. Four perspectives: The balanced dashboard is based on four perspectives, which correspond to four areas of potential action for the company: Customer: "How does the customer perceive us?"; Process: "What should we be good at?"; Learning: "Can we keep improving?"; Finance: "How do shareholders perceive us?".

According to Kaplan and Norton, the balanced scorecard allows managers to assess the contribution of each of the four dimensions to meeting the expectations of current and future customers, efforts needed to improve internal processes, development and training needs, and financial performance of the company (Kaplan, R. S., & Norton, D. P., 2001). TBP is a tool capable of facilitating changes in companies, by introducing "physical indicators, which are not affected by the company, environmental indicators, and even and cross-cutting indicators".

9. FUNCTIONING

As previously highlighted, the balanced map includes several domains that indicate: Translating the vision into operational goals; Conveys the vision and translates it into an individual performance; Plan the activity; Provides feedback and learning, then adjusts strategy accordingly.

The possible control panel is composed of several axes, which must then be connected with appropriate performance indicators, namely: finances and financial profits: that is, what is brought to the shareholders and how do the shareholders perceive the company? Examples of indicators: return on capital; cash flows; project profitability; order book value; customer or customer impact: what do customers expect; how do customers perceive the company? Examples of indicators: price index; customer satisfaction; number of complaints; internal processes' or 'key processes'. Which processes create values? In which internal processes should progress be made to be successful? Examples of indicators: bid success rate; project cycle time; health security; rejection rate; organizational learning and development or strategic capabilities Involvement of human resources or infrastructure - how to maximize the ability to positive change?

10. SUPPORT TOOLS

Many tools facilitate the management and production of data communications, but the two topics should not be confused. Indeed, we must distinguish the field of analysis, where we seek to understand, identify according to criteria, extrapolate operational data, and the potential or strategic field, whose vocation is to gain perspective and synthesize information to support decision-making. The best illustration is the cockpit management. System for strategic management. The main purpose of the balance sheet is to promote a long-term view in decision-making, by considering indicators that are not exclusively financial. The use of a balanced dashboard makes it possible to satisfy two main management needs: to unite various performance indicators in one report; protection against sub-optimization (i.e. to prevent the improvement of one aspect of the business to the detriment of another). TBP is intended to be a strategic management system, not just a tactical or operational tool. Its use enables: clarification of the company's vision and strategy; to communicate strategy throughout the organization; connecting strategic goals with long-term goals and annual budgets; alignment of departmental and individual goals with the corporate strategy; to identify and coordinate the activities needed to achieve the goals; performs periodic reviews of the strategy; get feedback on strategy execution and make necessary adjustments Balanced Scorecard (BSC) is a business framework used to implement and manage an organization's strategy. It examines internal business processes and external results to determine company performance and when corrective actions are needed. The basic assumption of TBP is that it has a strategic map. The performance indicators of the four axes are linked together by a chain of causality. In order to obtain good results in terms of financial indicators and therefore to satisfy shareholders (financial perspective), the company must have satisfied, loyal and profitable customers (customer perspective) for which quality processes must be developed (process perspective internal). Hence the need to have motivated and competent staff, reliable and efficient information systems and good management of organizational learning (learning and growth perspective). Once evaluated, the axes representing the cause-and-effect relationship between the performance indicators make up the performance explanatory diagram. The structure of the TBP has evolved over the years since its publication in 1992. Second and third generation models of TBP have been proposed in order to provide more relevant information at the strategic level, while facilitating the use of this system (Kaplan, R. S., & Norton, D. P.,1996).

11. CONCLUSION

Every management team is aware of how important strategic management is to the company. Strategy is the core activity of all leaders who seek management methods and tools to create competitive advantage and beat the competition. Just as commanders lead their troops during battle, planning their every move, managers guide people and resources to victory in the business world. The challenge, in this case, is to create strategies that differentiate the company and fully satisfy the expectations and needs of customers, investors and partners. Then the most difficult step is to ensure that the strategy is spread throughout the organization and points everyone to the same point, maximizing efforts towards the company's goals. In this context, the barometer and dashboards play a very important role as strategic management tools. When strategic management fulfills its purpose, everyone walks in the same direction and becomes part of the company culture, seeing the same horizon pointed out by the leaders. Hard work, focus and analytical skills are required, as well as in-depth knowledge of management tools, scenario analysis and tactical implementation.

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