

DETECTING MAIN FUNCTIONS IN THE IMPLEMENTATION OF ORGANIZATION'S STRATEGY BY MAKING USE OF FAST DIAGRAM

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Abstract

Studies and surveys conducted in the past two decades reveal the very fact that 60 to 80 percent of companies fail to win their strategic objectives and goals, whereas, in 70% of cases failure of strategies occurs at the stage of implementation. A major factor in the implementation of strategies is establishing some kind of relationship between the strategic and executive layers of the organization; however, in most organizations there resides a deep gap between the organization's strategic and executive layers. And this gap should be attributed to the organization's executive units' lack of perception and control of strategy. In this paper, however, attempts shall be made in order to simplify strategy at the organization's executive level through identifying the main functions of strategy by making use of FAST diagram aimed at facilitating perception and control of strategy for the executive units and ultimately fill the gap in the best possible manner.

Keywords: strategic objectives, implementation of strategies, executive layers, identifying the main functions, FAST diagram

1-Introduction

Man is a creature encircled by become and be, dream and reality, desire and action and by mentality and actuality. A glance at history, however, reveals as to how man has frequently

experienced failure in making his dreams come true, failure to turn mentalities into actuality (Bolouki, Mojtaba (2011)). Studies and researches conducted in the past two decades reveal that 60 to 80% of companies fail to secure their strategic goals, while in 70% of cases failure of strategies occurs at the stage of implementation (Kaplan ‘R.S.and Norton).

A major factor in the implementation of strategies is to establish some kind of relationship between the strategic and executive layers of the organization; however, in most organizations there resides a deep gap between the organization's strategic and executive layers. As a result of this gap, practical measures and routine decision makings start running counter to the organization's strategic policies, thus, in order to successfully implement strategy, the organization's strategic layer should be linked to its executive layer (Bolouki, Mojtaba (2011)). That is to say, strategy should be simplified and become perceivable for the executive units in order to be implemented. For this purpose, this paper initiates to identify the main functions of strategy through the application of FAST diagram in such a manner that perception of strategy is facilitated for the executive units. The strategy is then simplified to comply with the organization's executive level and fill the gap in the best possible manner.

2- Literature Review

2-1- Implementing Strategy

Successful and progressive organizations pursue the path towards excellence and do not confine themselves to their current status and values and strive to reach the ideal point. Relevantly, strategic planning is a measure that needs to be taken to secure those ideals. And to secure the goals of the strategic planning, the path called "strategy" needs to be adopted. Two immediate measures are required to be taken when constructing the strategy path:

1. Compiling of strategy
2. Implementing the strategy

There reside five key differences between compiling and implementing of strategy:

1. Effectiveness is stressed when compiling strategy, however, efficiency is stressed when implementing strategy.
2. Compiling of strategy is a mental process while implementing strategy is an executive process.
3. Compiling requires distinctive, analytical and combined skills whereas, implementation of strategy requires interactive, allocating, follow up, and organizing skills.
4. Compiling of strategy requires coordination among a limited number of individuals, whereas, implementation of strategy requires coordination among a larger number of people (Bolouki, Mojtaba (2011)).
5. It takes three to six months to compile strategy, whereas, implementing the strategy takes one to five years ((Bolouki, Mojtaba (2011)).

1-2-1- The Urgency Attached to Implementation of Strategy

The significant point is that in the absence of implementing strategies, strategic planning will appear as a relatively attractive game only, for strategy without implementation will fail to introduce changes to organization's status quo. Tony Heward, the newly assigned CEO of British Petroleum (BP) states: "our problem is not compiling the strategy; rather it is implementation of strategy (Kaplan 'R.S.and Norton)." In a global survey conducted in 2006, The Monitor Group initiated to examine main priorities of CEOs and implementation of strategy proved to be top on the list (Kaplan 'R.S.and Norton). The ability to implement strategy is far more important than the quality of strategy. In other words, we are facing two identical problems:

Reflection without action: valuable strategies that remain on the paper

Action without reflection: decision makings and executive plans are implemented without considering strategies (Bolouki, Mojtaba (2011)).

That is probably why many thinkers point at implementing strategies: ·

- According to Joicy, implementation constitutes the core of success in business(Bolouki, Mojtaba (2011)).
- Implementation implies organizational merit-orientation (Fauli, N.and Fleming , P.(2005)).
- Efficient implementation of a median strategy (not very excellent) has priority over median implementation of a very excellent strategy (Sterling ,j(2003)).
- Majority of companies should start by seeking excellent strategies and move towards development of excellent qualifications for the implementation of strategy (Egelhoff, W. G. (1993)).
- Thus, one can draw the conclusion that strategic success shall be feasible only when the right strategies are properly implemented in the organization (Bolouki, Mojtaba (2011)).

2-2-1- Skills and Variables needed for Implementing Strategy

For the purpose of successfully implementing strategies, the organization is in need of a series of fundamental skills and variables which either exist within the organization and should be empowered or are absent in the organization and should be created. Skills can be summarized into the following categories:

1. Interacting skill which includes comprehension of the psychological moods of colleagues and peers such as fear, anxiety, ambiguity, hopelessness, etc. and dialogue for discovering the best method for implementing strategy (Bolouki, Mojtaba (2011)).
2. Allocating skill which includes the ability to procure and provide resources necessary for the implementation of strategy. Successful implementers of strategies are highly skilled in planning, financial budgeting, allocation of time and other basic resources (Bolouki, Mojtaba (2011)).
3. Monitoring skill which includes the ability to use information for specifying whether or not there resides a barrier in the way of implementation of strategy. The implementers of strategies will win success only if they set up information feedback

systems and constantly be briefed about the quality of the implementation of strategies (Bolouki, Mojtaba (2011)).

4. And ultimately, organizing skill which includes the ability to set up a network of individuals throughout the organization who can assist with solving a problem any time a problem impedes implementation of strategy. Successful implementers design this network in such a manner to include individuals who can overcome special forms of predictable problems (Bolouki, Mojtaba (2011)).

And variables which are effective in the implementation of organization's strategy include:

1. Senior management (Allio, M.K.(2005))
2. Cultural affairs (Higgins, J. M. And McAllister, C (2004))
3. Organizational development (Heracleous, L.(2000))
4. Human factors (Martell, K GUPTA, A. And Carroll, S. J.(1996))
5. Commitment of medium level management (Guth, W.D. And Macmillan, I. C(1986))
6. Measures of the quality area (Pryor, M.G, White, J. C and Toombs, L. A.(1998))
7. Performance criteria (Atkinson, H.(2006))

3-2-1- Major Views Concerning Implementation of Strategy

Pursuant to the creation and establishment of the above skills and variables within the organization, now it is time for the implementation of strategy. Three views have been provided by various researchers concerning implementation:

1. Some believe that for implementing strategy, it should be translated into executive plans, projects and key criteria. The same people argue that the reason why strategies are not implemented is the gap that resides between the strategic layer and executive layer of organizations and practical measures and routine decision makings start running counter to the organization's strategic policies, thus, in order to successfully

implement strategy, the organization's strategic layer should be linked to its executive layer ((Bolouki, Mojtaba (2011))).

2. Some others hold that in order for the strategy to be implemented, the organization and the environment should be prepared to accept implementation of strategy. Do structure, organizational culture, systems, processes and beneficiaries of organization allow implementation of such a strategy? The claim raised by these researchers may suggest that strategy is implementable. Structure, culture and beneficiaries can facilitate strategy, in which case, the strategy is potentially implementable and in the event structure, culture and other factors are incompatible with strategy, they will impede its implementation. Organization resembles a bowl with a limited capacity and cannot be changed at least in the short term. Culture, managerial power and human resources of the organization are unable to tolerate implementation of any strategy. Incompatibility of strategies with the dimensions of an organization's background, involves managers in a face to face challenge i.e. whether or not a strategy is implementable. This group of researchers argues that implementing strategy would mean strategizing of the organization. Coordinating strategy, beneficiaries, structure, culture and systems should be placed on the agenda ((Bolouki, Mojtaba (2011))).
3. And ultimately, some researchers and authors believe that implementing strategy is an entire change and development. They basically compare strategy with a revolution and consider as tactic anything which is not a basic move or a fundamental development. Therefore, implementing strategy is defined as follows: "management of strategic developments." Even if you manage to link the strategic layer with the executive layer of the organization (through translating strategy into executive plan) and the organization's background (including structure, culture, etc.) complies with strategy, you will fail to convert strategy into a deep and fundamental change within the organization if you are not able to manage strategic developments. This group suggests that implementing strategy should be viewed from the perspective of management of basic and fundamental changes and change management models should be used for implementing strategy.

1-2-4 This Paper's Perspective

In this paper, out of three main views on implementation of strategy, we opt for the first view. The main point in this view is conversion of strategy into computable and executive concepts, for it is due to our misconception of strategy that our operational and executive units are distanced from main strategies.

2-2- Value Engineering

Using value engineering technique appears to be best for defining the main functions of strategy. Later in this paper, we shall review value engineering and one of its basic tools i.e. Function Analysis System Technique (FAST). Value engineering was presented by Larry Miles in 1947 shortly after the end of World War 2. It was in fact intended to overcome shortage of raw materials in the post war UAS. The philosophy of value engineering was based on: How can we seek improved and efficient performances instead of searching for various resources and how can we improve this performance (Dallas 'Michael.(2006)). There are certain definitions to value engineering: 1) The Society of American Value Engineering (SAVE) defines value engineering as follows: value engineering is systematic employment of specific and creative procedures which are intended to identify and remove unnecessary costs and enhance efficiency and quality of a product or service during their life cycle (Save International conference Proceeding).

2) And the functional definition of value engineering considered for this paper includes: value engineering is a powerful tool for solving problems by making use of function analysis of a product, project or service aimed at securing all required functions (Sadeghi , Et al). As this definition suggests, engineering of value serves to be a powerful tool for analyzing functions which benefits from diversified tools one of the most powerful one of which is Function Analysis System Technique FAST. Through application of FAST, one can identify and analyze the main functions of strategy which can be perceived and controlled by executive units.

2-2-1- Main Function

When defining function, Miles states: "function is the need and requirement for which we are willing to pay." In other words, the function of everything is the reason underlying purchase of any given product or service by the purchaser. Function is a concept used to describe need based on the required function and not the expected solution. By making use of function definition, one can specify the philosophy of existence, prevent inflow of unnecessary information that misdirect people and that will lead to full perception of all members of the organization of our final goal insofar as a given product, service or attempt is concerned (Sadeghi , Et al).

2-2-2- FAST Technique

FAST displays in the form of a diagram, inter-function relations in response to questions such as why? How? And When? This step is effective in the identification of functions that are not always obvious. FAST can be employed as a problem solving technique for the identification of urgent and secondary functions (Sadeghi , Et al). FAST is intended to simplify plans, operations, procedure or problem into identifiable functional components and as a result winning an optimized solution (Sadeghi , Et al). In order to draw the FAST diagram of a product, service, project or process, each defined function is primarily printed on small cards in the form of noun and verb. Next, the kind of function which best illustrates the main goal of the product is placed on the left side of the card. The diagram's tree structure stretches from this point to the right. Further, functions that are responsive to the question How? are placed on the right side and functions that are responsive to the question Why? are placed on the left side of the card. When the diagram is prepared, the critical path comprising urgent functions path is specified. When the critical path is drawn, the status of function compared to the main path is specified by adopting each one of the remaining functions and after raising the question When. The relation between these functions and the main path functions is vertical (Sadeghi , Et al).

When?

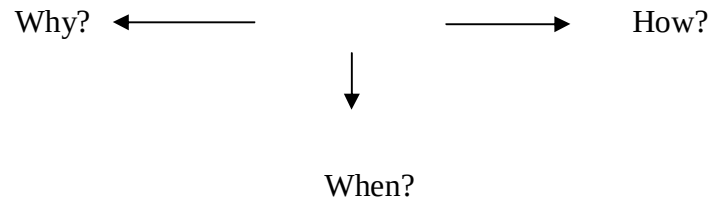


Figure 1- Specification of function

The highest ranking functions that constitute our final goal of a product/service are placed on the left side of all functions while lowest ranking functions are placed on the right side of all functions as the initial data for the examination of problem.

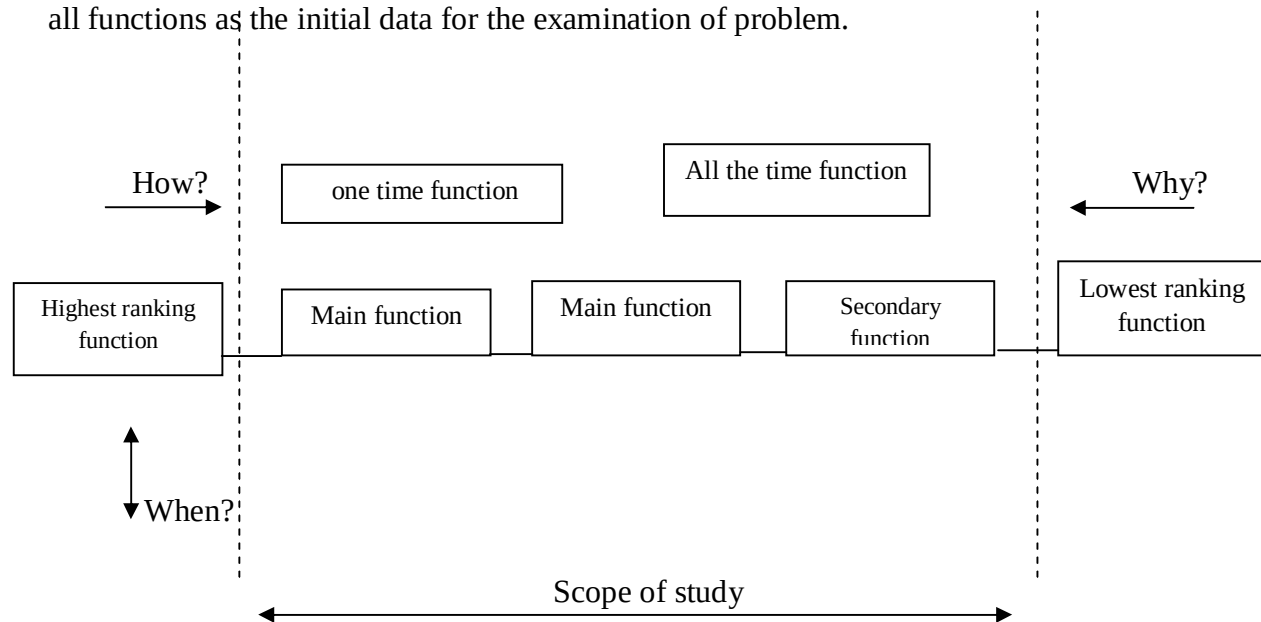


Figure 2- FAST diagram

The scope of diagram is then specified by strip lines which in fact display the scope of value engineering studies. The one time function and all the time functions that should be considered along the entire process have to be drawn in the diagram in case they have been identified. Further in this paper, we shall provide our proposed framework for linking strategy with the executive unit of the organization.

3- Proposed Framework

Strategy is not a separated and isolated phenomenon; rather, it leads the organization from the stage of mission statement to the work that executive employees and other sections perform. Mission on the top of this pyramid begins work by defining the organization's philosophy of existence. Mission and the associated fundamental values remain stable through time. The organization's vision portrays a picture of future which defines the organization's direction and assists individuals to understand as to why and how they should support the organization. Strategy is next followed by strategy road map, strategic initiatives and key plans. For quite many years, managers felt that there resides a deep gap between the strategic layer and executive layer. Strategy should be implemented across the organization ((Bolouki, Mojtaba (2011))), however, it is seldom so and strategy does not serve to be central to the management of organization. The reason may be inability to convert strategy into concepts and functions that are perceivable by the executive units of the organization.

In the proposed model and by making use of FAST diagram, we can identify and implement the logical frequency from idea to action through drawing the How path for the conversion of organization's vision into key plans as has been illustrated in Figure 5.

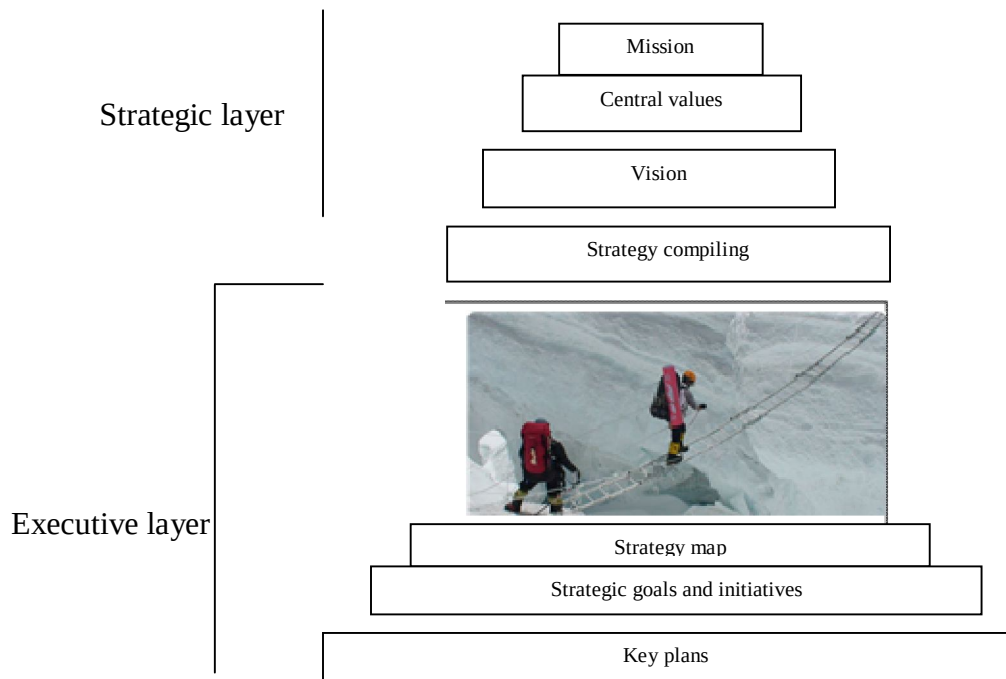


Figure 3- strategy and executive units' gap

3-1- Analysis of the Proposed Model

The proposed model begins from the organization's vision by raising the question how? From the left side and stretches to the right and the key plans and by raising the question why? Travels along a reverse course. On this basis, How? One can reach the ideal point which constitutes organization's vision requires compiling of strategy and How? Compiled strategies can be secured is interpretation of strategy within the framework of perceivable and balanced concepts i.e. strategy map and How? It can be secured is subject to winning strategic goals and initiatives and key plans are How? Strategic goals and initiatives can be secured. Now by raising the question why? From right to left, we can review the logic of this path.

The peculiarities of this path include:

1. Making vision and strategy transparent
2. Facilitating transfer of vision and strategy of the organization to various management levels
3. Making goals and plans simple and systematic
4. Setting up of a basis for controlling the rate of progress
5. Accountability
6. Contribution of employees due to their understanding of strategy and adoption of appropriate decisions

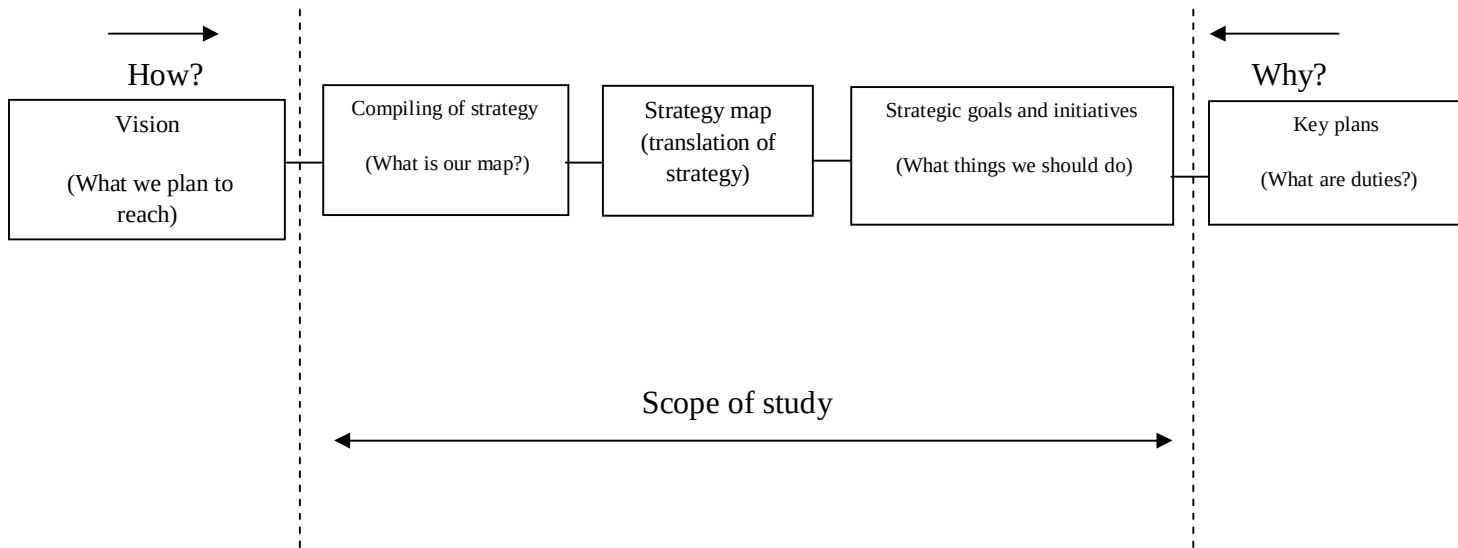


Figure 4- specifying main functions-proposed framework

3-2- Performance of the Proposed Framework

For the purpose of having a better perception of the proposed framework, it is elaborated in the form of an example: In its vision, the board of directors of Arta Faras Group foresees a high status among top oil and gas engineering and trading companies in the Middle East and as to how? This goal is achieved? they have compiled strategies in the following four areas:

1. Financial: enhanced efficiency and income
2. Customer orientation: enhancing the value to be offered to customer
3. Internal processes: promoting knowledge and engineering and commercial potentials and procurement procedures
4. Growth and learning: development of human capital

Next and in response to how? These strategies can be secured, there should be drawn strategy map and strategy should be translated into concepts that are perceivable for the organization. To this end, goals are defined relevant to these strategies:

1. Financial strategic goals: coordination of resource consumption and budget, improvement of efficiency, improvement of assets efficiency, higher incomes from sideline oil and gas facility projects.
2. Customer orientation strategic goals: increasing customer satisfaction and loyalty.
3. Internal Processes Strategic Goals: development and preservation of relations with suppliers, enhancing management mechanism and controlling performance of suppliers and boosting main processes of engineering and procurement of goods.

4. Strategic goals of growth and learning: improvement of employment system, recruiting and development of specialized staff, improvement of welfare and incentive approaches, employee satisfaction, promotion of team work and knowledge management.

All the above goals are introduced to all members as goals that direct and lead the group towards strategy and ultimately their vision and define as to How? these goals can be achieved within the framework of the group's key plans. These plans include:

1. Key financial plans: improvement of cost management system based on PMBOK standard, implementation of risk management, farsightedness and forecasting future assets' performance, setting up market research unit, creating appropriate processes and structures for marketing management in the organization's projects.
2. Key customer orientation plans: sharing vision and coordinating with key customers and focusing on end customer, setting up of communication management for the promotion of relations with the customers and improving accountability before customers and their complaints, adhering to ethical obligations favored by customers when interacting with them, comprehensive identification of customer expectations and reflection of these expectations insofar as products or services are concerned.
3. Key plans of Internal processes: investigating requests, complaints and claims on damage, documentation and updating of performance results and projects best practices, design of process and appropriate structure for management of relations between group and suppliers, assessment of the performance of suppliers and internal sections at the end of the process for the procurement of goods, recognition and integration of organization's goals and expectations and design of a structure appropriate for specifying the reporting system, the scope of authorities and responsibilities.
4. Growth and learning key plans: recognition of the requirements of each job from the perspective of knowledge, performance and skill, design of the matrix for specifying staff responsibilities, brilliant and transparent expression of organization's expectations from employees, investing on the development of potentials and individuals, registration and recording of the performance history of employees for future use, adhere to obligations before employees, application of proper methods for the transfer of knowledge and sharing of the captured knowledge among members, examining the effectiveness of plans and identifying reasons underlying failures and successes and documentation and updating of performance and customer interaction results and findings.

This is a path of How? to convert visions of an organization into a collection of routine daily actions and key plans in compliance with the model proposed in this FAST diagram based paper. Of course the nature of plans, strategies, goals and key plans of organizations and companies vary based on the environment, size and other parameters dominating them, however, the significant point here is adherence to the pattern introduced in this paper which can ensure and guarantee coordination between organization activities and vision and strategy.

Conclusion

At the beginning of this paper, reference was made to the point that in order to achieve vision, there is need to draw strategies and that one principle of strategy is implementation of strategy. Strategies are usually not implemented properly and endanger achievement of visions due to lack of proper understanding of strategy by the executive units which serve to be the main factors involved in the implementation of strategy. Relevantly, in this paper, we have employed FAST diagram- a tool of value engineering technique- and proposed a path for implementing strategies and linking strategies with routine daily activities on the basis of FAST diagram philosophy, with the help of which we can help executive units have a better control and understanding of strategy.

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