Strategic Plan’s Road Map for Iranian Companies

K. M. Cyrus¹; S. M. Moattar Hosseini²; A. Seifi³

ABSTRACT
Designing of the road map for competitive strategic planning based on changing situations on Iranian day-by-day planned companies is the main objective of this study. HCMS 4 model’s design presenting a complementary to validated traditional models. Observing new factors, which have effects on preparation of strategic plans and their sequential order in HCMS’ model is the platform of presented road map in this paper.

Study review shows preparation of strategic planning using SWOT5 technique for internal analysis to find strengths and weaknesses requires more factors than introduced in traditional models. Factors needed such as, Critical Success Factors, Key Performance Indicators, Organizational Excellence measures, Corporate Life Cycles’ Diagnosis, Balance Score Cards measures, World Class Manufacturing measures and Core Competency findings. On the other hand, Porter Analysis, Industry attractive analysis, Stakeholders’ fringe benefits for observing organizational opportunities and threats require additional subjects than introduced in existing matrix’s standard elements. To achieve organizational master and main strategies, addition to complex combination of strengths, weaknesses, opportunities and threats need more actions such as, Life Cycle analysis and ADL6 matrix outcomes. It is inevitable, for selection and ranking of introduced strategies, forecast of external and internal factors’ trends and evaluating strategies with trends and Evaluation Matrix take place. Description of mentioned requirements, the outcomes and their order is developing and presenting as the HCMS model’s road map, in this paper.

KEYWORDS
Strategic Planning, Road Map, SWOT Analysis, Competitive Advantage.

1. Introduction
Entrance of Iran to the world trade organization (WTO), allowance of the import of international goods and services into the country and reduction in trading custom charges and tariffs, have made the manufacturing and service organization of the country face the serious threat of international competitors. Therefore, need for strategic planning to ensure their survival is inevitable. In nowadays-long range planning using international strategic planning model such as David (1), Thomson & Strickland (2) and Stacy (3), for day-by-day planning manufacturing and service companies has no use.

Our try is designing a comprehensive model based on strengths of existent models and fulfilling their lack of cultural differences.

Study and combination of the strategic planning models, including the classic models such as BCG (4), SPACE (5), Porter (6), Portfolio(7), Freeman(8), Ronald Rosen(9), Philips, ADL (10) and Pro, led to the CMS model. This model has been developed, presented and evaluated in 1997, and used for developing strategies for several Iranian organizations. However, with new development on Iranian and international trade evolutions, country. Also, the new models that have been introduced to the world, that are designed for the open markets, only satisfy part of the convenience of a strategic planning process, for the today’s transforming situation of our country. As a result, none is sufficient alone for meeting the needs of Iranian organization in strategic planning. Globalization of national organizations needs the deployment of the subjects like CSFs, KPIs, EFQM, Life Cycle (11), BSC, WCM and core competences, as well as the routine internal factors evaluation of the strategic planning models. Also, as well as the analysis of the environmental factors (PEEST), analysis of the attractiveness of industry and identification of the

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4 Hybrid CMS Model
5 Strength, Weakness, Opportunity & Threat
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stakeholders seem crucial, so our aim has been to design and present a comprehensive model, benefiting their deficiencies, a model that fulfills the needs of national companies and leads to globalization. In this article, the process of getting to the HCMS model, describes analyzing the industrial circumstances of Iran. This model designed for the specific conditions of industries & service organization of the countries that are moving towards omitting the exclusions.

2 History of the subject

Improvement of the CMS model has been the basis of this research. CMS model has been designed based on the analysis of some strategic models, (4), (5), (7), (8), (9) and (19), considering the environmental aspects of industrial companies of Iran, in 1376. Model implementation results in industry presented in various reports. The CMS model needs doing 25 operational steps.

1. Study the mission and raison d’etre of the organization (12), which shows the main reason of existence of the organization and determines the direction of the strategies?
2. Identification of goals and setting objectives (12), (13), for achieving objectives recognized. If possible, objectives and previous actions of competitors identified
3. Using PEST analysis to study the environment's factors (12), (19) and (15), the position of the organization studied regarding economical, political, legal, socio-cultural and technological factors
4. Opportunities and threats identification process (12). At this stage, the organization's environmental factors analyze
5. Group's strategy analysis (14), by analyzing the strategic group, it is possible to evaluate the position of the organization comparing to competitors
6. To study and examine the organizations internal factors, internal environment analysis (16)
7. Obtaining the strengths and weaknesses of the organization (12), (15), using the outcomes of the previous stage
8. Vulnerability analysis (12), (19), uses the outcomes of step 6 and 7
9. To form factors evaluation matrix (IEFE), this matrix formed using the outcomes of the previous steps, and leads to the master strategies of the organization
10. Study the internal strategic position (13)
11. Study the external strategic position (13)
12. Formation of the SPACE diagram (13)
13. Measurement and analysis for productivity indicators (18) and (19)
14. Organization's position determination at the lifecycle diagram
15. Organization's position determination in the portfolio lifecycle (14)
16. Making strategies and action plans using the ADL matrix (14)
17. Strategy formulation using the SWOT matrix (12)
18. Gathering premiere strategies resulted from the ADL matrix
19. Making ETOP table, in order to predict the future trend of external factors (15), (20)
20. Study of the effects of environmental trends on the selected strategies (16), (19)
21. Making SAP table, in order to predict the future trend of internal factors (15), (20)
22. Evaluation of the selected strategies, considering the future trends of internal factors (15), (20)
23. Prioritization of the strategies using the QSPM method
24. Presenting the final strategies
25. Developing action plans for executing strategies

Nowadays, companies need international operational strategies if they want to enter the global competitive markets.

Researches show that this aspect, is considered more, comparing to the other aspects (21). Missions are presented totally different from their traditional definitions. Opportunities and threats change drastically. Strengths and weaknesses need new definitions at any point of time, and their combination for achieving strategies needs different formulation. In addition, subjects like the lifecycle of systems and organizations that play an important role in developing strategies the external growth of the organization and empowering internal activities are other necessities of determining strategies. As a result, companies need to achieve new models to enter international competitive markets and to assure their survival and enable the ways of development (22).

Studying different articles shows for Evaluating the performance of strategies,
Determining the importance of different competitive alternatives and evaluation of competences, enough work has not done, so it necessitates more research on the subjects.

Studying articles (23), (24) uncovers the deficiencies of the current models, and suggests more attention to the dramatic changes in the environment and benefiting from more effective techniques in the strategic planning models.

CMS model that been implemented in several manufacturing, service, governmental, non-governmental and private organizations, still possess the ability of strategic planning for the national organizations in the current position.

Considering the researches done regarding the models and the trend of globalization of national companies, is the need of the CMS model for improving the current
components of adding new ones. Fulfilling mentioned needs, done by identifying components, factors, stages and new formulations. This presented at the following pages. Consequently, a new model has developed because of this improvement, which called the HCMS model.

3. CMS model improvement

3-1. Environmental factors and the process resulted from the study and analysis of the environment.

3-1-1. Necessity

Different references have explained environmental factors, that some are mentioned here (25), (26), (27). The previous model (CMS) uses the PEIST approach for analyzing the remote environment, and the ETOP approach for forecasting the remote environment to prioritize strategies and for analyzing the close environment uses a method called “the strategic group analysis”.

As a result, some researches been done, and the outcome was the knowledge to improve the process of analyzing the environment.

A brief explanation of the resulted knowledge, which used in the model, presented below.

3-1-2. Knowledge resulted from the study of environmental factors, (25),(26),(27) based on the open system theory, no organization is a closed system, even if it works in monopoly markets and it interacts in a way with its environment. This interaction makes the organization exposed to the environmental changes.

The environment of all organizations, whether single function or strategic business unit (SBU), or at the level of a holding company [(26), (28)], interacts with two general segments: the remote environment and the close environment, which shown in Illustration 1.

<table>
<thead>
<tr>
<th>Remote environment</th>
<th>Meta industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close environment</td>
<td>Competitive, environment (industry environment)</td>
</tr>
</tbody>
</table>

Illustration 1: the environment of the organization

So, analysis of the environment consists of two main phases:
1) analysis of the remote environment
2) analysis of the close environment (the competitive or industry environment).

After studying and doing researches, levels and expected results of the analysis of the environment of the organization for the HCMS strategic planning model presented in the form of following steps:

Step one: identifying environmental factors
Step two: identifying the condition of the identified factors
Step three: considering the impact of the condition of the factors on the organization

Step four: forecasting the environment.

Illustration 2 shows the sequence of these steps.

3-1-3. Results and achievements

PEST model changed to PEEST model, for analyzing the remote environment. Some parameters for estimating political, economical, social, cultural analysis were changed and added (to the extent to do more precise estimations). Green issues added to the method individually, regarding its importance and the necessity that the laws and the society impose.

For analysis of close environment in developed model, Porter's five competitor forces model used, instead of group's strategic analysis method. Estimating parameters of the elements of the porter model identified.

The remote environment forecasting (ETOP) in new model, done by a logical and extensive analysis. Regarding the bilateral effects of the parameters on each other, in the HCMS model, it has tried to act precisely by updating those factors.

3-2. Internal factors and the process resulted from the

Illustration 2: environment factors identifying diagram study and analysis of the internal factors of the organization.

3-2-1. Necessity

Various references have explained the internal factors such as (29), (30), (31), (32). Identifying and analyzing the internal factors of the organization in the strategic planning process done, in order to identify the strengths and weaknesses and the ways of improvement. This action prepares the basis for SWOT analysis and gaining the related strategies.

In (CMS) model, study for condition of the internal factors done by functional approach. Additionally, the need for new parameters to fortify the more precise identification of the internal factors, was inevitable.

3-2-2. Knowledge resulted from the study of internal
Three approaches for internal factors analysis found:
- functioned analysis
- value chain analysis and excellence models
- core competences analysis

It has been tried to consider the above approaches, for business and the holding views, (28).

The result of the studies was the improvement of the functional factors of the both approaches, by adding new parameters, in a way to meet the internal factors by the functional view. As the concentration of this study was on the addition of EFQM for the internal factors analysis, a brief description is presented in the following part.

The EFQM model is a model for the self-assessment of the organizations Indicators of this model result from a set of organizational activities, which are categorized into "enablers" and "results". Each of these categories, determine some cores, which showed in Illustration 3.

Illustration 3: The EFQM model

For each of the indicators, there exist some sub-indicators, which used for the overall evaluation of that specific indicator.

3-2-3. Results & achievements

Value chain analysis and EFQM
Functional analysis and productivity
Identifying the core competences
Diagnosis of the problems using the life cycle

Identifying the strengths and weakness
Internal factors analysis

Illustration 4 shows the results.

3-3. Stakeholders and the process resulted from the study & analysis of the stakeholders
3-3-1. Necessity
Various references have explained the stakeholders

(29), (30), (31), (32)
(33), (34), (35), (36), (37) By doing research about the concept of the stakeholders, the need for the more precise and structured stakeholder's analysis in the strategic planning process, revealed.

3-3-2. Knowledge resulted from the study of stakeholders, (33), (34), (35), (36), (37).

After doing further studies, due to the convenience of this model in the analysis of the remote and close environment, it was decided to use this model for the analysis of the environment as a complementary part for the PEEST and Porter model.

"Stakeholders", are people or groups, which for achieving part of their goals or needs, are dependent on the organization and in a way, the organization is also dependent upon them.

The circular model, which used for identifying key stakeholders of the organization, showed in Illustration 5:

Illustration 5: key stakeholders of the Organization

This model enables the organizations to lower the resistance of the Stakeholders against the strategies, and attract their participation. Illustration 6 presents, a model, which been developed with this aim, and is used successfully.

phase one phase two phase three
Mission is a representative of the organization's unique values and vision. Achieving the mission needs, the participation of the whole organization goals and objectives should be in accordance with the mission. However, achieving the goals and objectives is not enough to reach the mission. The organization should perform well at some key levels to reach its mission. These key levels are exclusively for the industry in which the organization competes. They named the critical success factors (CSFs) of the organization.

In the traditional models of management and strategic planning, goal and objectives are less clear, and the definition and concept of the CSFs is not the issue. Goals may divide into operational objectives and implement all over the organization.

Objectives should be "SMART", which means, they should be Specific, Measurable, Achievable, Realistic and have Time limit. If they do not have these characteristics, they might be confused with the critical success factors.

CSFs mostly defined regarding the levels of management. Executive level managers may concentrate on the external environment in which the company competes. On the other hand, line-level managers may deal more on detailed operations, so different levels of the CSFs, stem from various sources. As it was mentioned, CSFs exist in different levels and stem from various sources. Strategic planning and defining objectives for the higher-level CSFs, are related to the lower level CSFs.

3.4. Results & achievements
This study has presented a general, logical and systematic method for identifying the critical success factors.

Illustration 8 shows the overall view of the model.

Illustration 7: The overall process of defining goals
3.4-2. Knowledge resulted from the study of critical success factors (38), (39), (40), (41), (42).

Each organization has a mission, which determines its reason of being & its direction.
3-5. The event tree and the process resulted from its study analysis in the organization

3-5-1. Necessity

Different references have explained the event tree, (43), (44), (45), (46), (47), (48), (49), (50), (51). The event tree in the HCMS strategic planning model consists of vision, mission, performance measurement systems (PMS), including goals, critical success factors, the balanced scorecard, performance indicators and objectives.

In the previous model, goal setting is done by combining the elements of the mission, and objective setting is done by determining the importance of the goals. Also the relationship between the event tree including the mission, goals and objectives, and the strategies is not clear. The result of this research has improved the elements of the event tree, and the result (which is part of the roadmap of the HCMS model regarding the event tree), presented in Illustration 9.

Illustration 9: Elements of the event tree

3-5-2. Knowledge resulted from the study of the event tree a performance indicator, is a measurable date, which was used for clarifying the goals and evaluation the things that have really occurred. As a result, performance measurement system (PMS), key performance indicators (KPI) and balanced scorecards (BSC) are used in the model.

3-5-2-1. Key performance indicators [KPI (43), (49)] are the criteria which are focused on specific levels of the organization which lead the organization to success and improvement. A large number of performance indicators relate to the mission and goals of the organization, some of the other performance indicators relate to the vision and the critical success factors.

3-5-2-2. Performance measurement system [PMS (45), (46)] determining the criteria for performance measurements a process.

3-5-2-3. The balanced scorecard [BSC (47), (48), (49), (50), (51)], are one of the most important and common systems of performance measurement. As a result, if we want to clarify the position of the criteria for performance measurement in the model, we use it as a tool for quantifying the goals and converting them into objectives. We use the critical success factors and goals setting in the form of the balanced scorecard framework in the strategic planning model.

3-5-3. Results & achievements

This process helps to make the controlling system of the strategies (such as BSC) performable. Goal setting in the form of the balanced scorecard (input, process, output and results) is done in the form of top-down, which means that all the aspects and elements of the organization, have a defined objective.

3-6. World Class Manufacturing (WCM) and the process resulted from its study and analysis

3-6-1. Necessity

Different references have explained the world class manufacturing such as (52), (53). In recent decades, due to the tendency of the countries towards global free trades and joining the WTO, limits in trading and customs charges been removed, and organizations export their goods and services freely to other countries. Therefore, their competition for presenting their goods, and increasing the extent of survival in global markets, increased. Globalization extends the markets and opportunities, but on the other hand, it also increases the competition and its risks.

3-6-2) Knowledge resulted from the study of WCM (52), (53)

3-6-3. Results and achievements

Consider Illustration 10.

Illustration 10: WCM and competitive strategy

3-7. Core competences and the process resulted from its study and analysis in the organization

3-7-1. Necessity

Different resources have explained the core competences and their relationship with internal factors, for example (54), (55), (56), (57). Evaluating the organization with the resource based view, seemed crucial for identifying the resources, abilities and core competences in the current competitive situations.

3-7-2. Knowledge resulted from the study of core competences in the organization (54), (55), (56), (57).
For determining the core competences of organizations, an eight-level model developed, used and showed in Illustration 11.

Illustration 11: The hierarchy of competences

3-7-3. Results and achievements
See illustration 5.

3-8. Life cycle and the process resulted from its study and analysis in the organization.

3-8-1. Necessity
Only a few resources have explained the life cycle of the organizations.

The CMS model is unique in the diagnosis of problems in an organization with the use of the life cycle methodology, but is weak in its analysis with fuzzy logic. Therefore, in this process fuzzy logic was put into practice.

3-8-2. Knowledge resulted from the study of the life cycle of the organization.

Based on the points about the life cycle and the fuzzy logic, and linking these two, a model was developed which is shown in Illustration 12.

Illustration 12: Overall stages for identification the corporate life cycle

3-8-3. Results and achievements
By doing the researches mentioned above, some changes were done to the first CMS model that these changes had to be documented and their exact and real place in the model had to be determined.

Making a roadmap for the HCMS model, could determine the place of the changed factors in the model. Besides, it was a very suitable guideline for criticizing and identifying the advantages and disadvantages of the projects, which could be improved.

3-9. HCMS Model
3-9-1. Description of the HCMS diagram

The HCMS model roadmap presented at the end. This roadmap is drawn in the form of separate, but related elements, which show the strategic planning process in the HCMS model from the very beginning (defining the vision) to the end (determining the projects).

3-9-2. Achievement

The HCMS strategic planning model and roadmap for Iranian organizations facing globalization and International Competitions.

3-9-3. Validation
To validate the HCMS model, these methods been considered and done:

1) Practical method:
Pilot and experimental implementation in industry.

2) Statistical method:
Conducting surveys for the industry experts, (the results are presented in tables 1 and 2).

Table 1: Results achieved from evaluating the effectiveness of the changes done in the method of analysis and doing each element of the model (comparison of the HCMS and CMS models)

<table>
<thead>
<tr>
<th>Comparison of the models</th>
<th>Elements of planning</th>
<th>Exact superiority of the HCMS model</th>
<th>Superiority of the HCMS model</th>
<th>Equality</th>
<th>Superiority of the CMS model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>25</td>
<td>75</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Mission statement</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Goals</td>
<td>25</td>
<td>75</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Key performance indicators (KPIs)</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Critical success factors (CSFs)</td>
<td>25</td>
<td>75</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Internal environment analysis</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Stakeholders analysis</td>
<td>75</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>External environment analysis</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>World class manufacturing approach (WCM)</td>
<td>75</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

(Figures, based on the percent of the responses)
Table 2: Results achieved from evaluating the accordance of the HCMS model with the common criteria for validating the strategic planning models.

<table>
<thead>
<tr>
<th>Criteria for validating the strategic planning models</th>
<th>Superiority of the HCMS model</th>
<th>Superiority of the CMS model</th>
<th>Without distinctive difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>The volume of information</td>
<td>50</td>
<td>50 [40]</td>
<td></td>
</tr>
<tr>
<td>The need for updated information</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The quality of documentation</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The quality of decision making</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexibility</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The quality of the output of the model</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The extent of usefulness</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The ability to achieve more alternatives</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistency with the goals</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easy understanding of the model</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Length of implementation</td>
<td>100 [41]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Length of positive returns</td>
<td>100 [42]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of execution</td>
<td>100 [43]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clarity of the model</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistency of the model</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being opportunity – based</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precise recognition of the bottlenecks</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presenting better strategies</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Strategic planning models (comparison of the HCMS and CMS models).
(Figures, based on the percent of the responses)

References


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1 Hybrid CMS Model
2 Strength, Weakness, Opportunity & Threat
3 Arthur De Little