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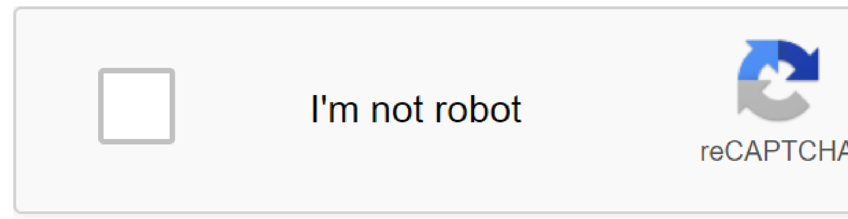

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Many employees expect their supervisor to regularly assess performance. These written, standardized assessments provide constructive feedback to help professional growth and employee development. The evaluation form is a document that managers use to measure an employee's productivity. Evaluation forms cover all aspects of an employee's responsibilities, such as performance and ability to achieve goals. Managers complete the form assessment based on their observations. Employees can also fill out a self-assessment form in which they score their own scores. Evaluation forms can collect information about employee attendance, workplace collaboration, interaction with others, reliability, motivation, and ethical judgment. These forms are usually quantitative to include a scoring system; using this format, the employee receives a total score at the end of their appraisal form. Evaluation forms become part of the staffing documentation of the staff and serve as documentation that the manager and the staff member have completed the assessment. Because evaluations are part of a productivity management company's initiatives, these forms can serve as an excuse for managers to encourage, downgrade, terminate or enhance their employees. Employee evaluations are complex for both the manager and the employee. The manager may not want to confront the employee if there are negative aspects of the evaluation. An employee may be nervous about whether a supervisor will provide a fair assessment. The most difficult step may be to start the process. The training will help the evaluation process work more smoothly and help provide an objective, productive discussion about employee performance. Use a standardized evaluation template for all employees. Your company's human resources department can provide you with a form to use so that all assessments are conducted equally. Read the evaluation questions once before you try to answer any of them. Make sure you understand what each question means. If you have any questions, contact HR for clarification. Review the employee's personnel records. Determine whether there were any problem areas, such as late of failed projects on time, as well as any significant advances such as solving a customer service problem or winning an offer. Write your answers to questions in the evaluation form based on the information you reviewed about the employee. Provide a copy to the staff member before the evaluation meeting so that he or she will provide feedback. When you plan an assessment meeting at a convenient time and place for you and for your employee. Schedule enough time for questions and discussions should be any problem on both sides. Tips To Encourage be open and honest when when their feedback on the form of the assessment. Warnings without scheduling an assessment meeting close to dinner or by the end of the day when you and the staff member will feel rushed. No good military officer will commit even a small-scale attack on a limited target without a clear understanding of his strategy. No experienced politician will campaign for a major office without an equally clear vision of his strategy. In business management, however, we often find men deploying resources on a large scale without any clear idea of what their strategy is. Yet the company's strategy is a vital component in determining its future. A valid strategy will give growth, profit, or whatever other goals managers have set. An inappropriate strategy not only fails to benefit, but can also lead to disaster. In this article I will try to demonstrate the truth of these statements by studying the experience of a number of companies. I will discuss what a strategy is, how it can be evaluated and how, by evaluating its strategy, management can do a lot to secure the future of the enterprise. The decisive impact of strategy influence can be seen in every age and in all areas of industry. Here are a few examples: since it was launched in 1911 as a co.-recorded co., the International Business Machines Corporation has demonstrated the importance of a well-conceived strategy. Seeing itself in the data system business at a time when most manufacturers are still busy with individual pieces of hardware, IBM has developed a set of policies that have led to its dominant office equipment industry. By contrast, Packard in the 1930s was everything for the automotive industry that IBM today had for the office machinery industry. In 1937, more than 109,000 cars were sold, compared to about 11,000 for Cadillac. By 1954, he had disappeared as an independent producer. Strategy, of course, is not the only factor determining the success or failure of the company. The competence of its management management is also significant. Luck can be a factor, too (although often what people call luck is really the product of a good strategy). But the actual strategy can get extraordinary results for a company whose overall level of competence is only average. Conversely, the most inspiring leaders who, not by virtue of their strategy, will have to make full use of their competence and energy just to avoid losing their positions. When Hannibal inflicted a humiliating defeat on the Roman army in Cannes in 216 BC, he led a ragged gang against soldiers who possessed excellent weapons, better training and competent non-coms. However, his strategy is so superior to that it all proved to be relatively insignificant. Similarly, when Yakov Borovsky Lestoil Lestoil A few years ago, he performed a similar feat by building on a strategy to combat competition with superior resources. Strategy is important not only for aspiring Davids who need an offensive device to fight corporate goliaths. It is also important for a large organization facing a wide range of choices in domestic and international operations. For example, all of the following corporations are at the center of strategic changes that have implications worldwide: Massey-Ferguson, Ltd., with 26 plants located around the world, and fighting for leadership in the agricultural equipment industry. General Electric Company and Westinghouse Electric Corporation, giant electrical equipment manufacturers that have revamped their competitive policies. Singer Sewing Machine companies trying to make their huge assets give a great return. Dynamic strategy concept is a set of goals and core strategies. The definition is just as simple. But while the concept of strategy is extremely easy to understand, developing an agreed statement for a given company can be a fundamental contribution to the future success of an organization. In order to develop such a statement, managers must be able to determine exactly what is meant by purpose and what is meant by major policy. Otherwise, the process of defining a strategy can develop into what it so often becomes - a solemn record of platitudes, useless neither to clarify the direction, nor to reach consensus. Setting goals corporate goals are evidence of what the company as a whole is trying to achieve and become. Both parts - achievement and development - are important for a full understanding of what the company hopes to achieve. For example: under the leadership of Alfred Sloan, General Motors has achieved a significant degree of external success; this was achieved because Sloan developed a template for such a company, he wanted it to be internal. Similarly, Du Ponta's remarkable track record in the twentieth century and the rise of Sears, Roebuck under Julius Rosenwald were as much a tribute to their altered structure as their external strategy.1 Achievement. In order to indicate what the company expects to achieve, it is important to indicate what it hopes to do with regards to its environment. For example: Ernest Brich, chairman of the Ford Motor Company, said that the strategy formulated by his company in 1946 was based on the desire to keep ourselves in what we anticipated, would be a rich but hotly competitive market. 2 The view on the environment implied in this statement is unquestionable: increased overall demand, increased competition and a focus on market share as a measure of efficiency towards competitors. Obviously, the statement that the company hopes to achieve be much more diverse and complex than can be contained in one sentence. This will be especially true for those managers who are complex enough to understand that the company operates in more external systems than in the market. The firm is part not only of the market, but also of industry, community, economy and other systems. In each case, there are unique relationships for observation (e.g. competitors, municipal leaders, Congress, and so on). A fuller discussion of this issue is contained in the previous HBR.3 Becoming article. If you ask young men what they want to achieve by the 40th anniversary, the answers you will receive fall into two different categories. There are those overwhelmingly likely to react in terms of what they want to have. This is especially true for graduate business administration graduate students. There are some people, however, who will respond in terms of the kind of men they hope to be. They are the only ones who have a clear idea of where they are going. The same applies to companies. For too many companies, what little to think about the future is done primarily in monetary terms. There is nothing wrong with financial planning. Most companies need to do more. But there are major misconceptions about misleading your financial plan with thinking about what kind of company you want your to become. It says all the time: When I'm 40, I'll be rich. This leaves too many basic questions unanswered. Rich how? What do the rich do? Another major misconception is stating what you want to become is to say this only in terms of product. The number of companies that themselves have fallen into trouble, falling in love with a particular product is depressingly great.4 Perhaps the saddest examples of those giants of American industry that have defined their future in terms of continuing to be the main suppliers of locomotives for the country's railways. In fact, these companies were so attached to this concept of their future that they formed a cartel in order to keep General Motors out of the locomotive business. When the diesel locomotive proved its superiority over the ferry, these companies almost disappeared. The lesson of this experience is that the key to setting goals is the ability to see them from the perspective of more than one dimension. Both cash and product policy are part of the statement of purpose; but it is important that they be seen as concrete expressions of a more abstract set of goals - meeting the needs of significant groups that are collaborating to ensure the continued existence of the company. Who are these groups? There are many clients, managers, employees, shareholders to mention only the main ones. The key to corporate success is the company's ability to identify the important needs of each of these groups, strike a balance between them, and develop operational strategies, strategies, their satisfaction. This set of policies, as a template, determines what the company is trying to be. Growing Fad Many managers have an idea of the future of their company, which is strikingly similar to a child's view of themselves. When asked what they want their companies to become over the next few years, they say, More. There are so many rationalizations for this concern of growth. Probably one most frequently voiced is what says: You must grow or die. What needs to be evaluated, however, is that more for the company has huge implications for management. It involves a different lifestyle and one that many managers may not be fit for either in terms of temperament or skill. Moreover, whether it is a large company or a small, large, in itself, may not make economic sense. Companies that are highly profitable in their current size can grow into bankruptcy very easily; witness the case of Grayson-Robinson Stores, Inc., a chain of retail stores. Starting as a small but profitable chain, it quickly grew into a reception. Conversely, a company that is not profitable now can be more successful in achieving its survival in reducing costs than in sales growth. Chrysler is a prime example of this approach. There is, in the United States, a business philosophy that reflects the country's border heritage. It is the one that attaches great importance to growth, in the physical sense. The manager, whose corporate sales are not growing, the number of subordinates of which is not growing, whose factories are not expanding, believes that he is not successful. But there is a dangerous trap in this kind of thinking. Moreover, it is not necessarily progress. In addition, few managers are able to manage units several times more than those they are now in charge of. The great danger of sincere consumer recognition or astute corporate acquisition program is that it often pushes managers into situations that are beyond their current competence. Such cases, and they are legion-emphasize that by stating corporate goals, are no longer always better. A dramatic example is that Ampex Corporation: From 1950 to 1960, Ampex's annual sales went from less than $1,000,000 to more than $7,300,000. His earnings rose from $115,000 to nearly $4,000,000. The following year, the company reported a drop in sales to $70,000,000 and a net loss of $3,900,000. The Wall Street Journal reported: As one source close to the company said, Ampex's former management was smart and well-educated, but simply did not have the experience necessary to control the company's rapid development. 5 The role of Politics A speaks to how the goals will be achieved. This is what statisticians would call the decision-making rule and what system engineers would call a stand-up plan. This is people that they should and should not do in order to contribute to corporate goals. Politics should be more than just banality. This should be a useful guide to make the strategy clear and provide guidance to subordinates. Therefore, the more defined it is, the more useful it can be. We will provide our shareholders with fair returns - a policy that no one can disagree with or which no one can disagree. What is a fair return? This is the type of question that needs to be answered before the company's intentions become clear. The work of management is not only to prepare existing policies for a standard set of activities; it was much more difficult to decide which activities were of such strategic importance that clear rules of decision-making in that area were binding. No standard set of policies can be considered basic for all companies. Every company is a unique situation. It must decide for itself which aspects of corporate life are most relevant to its own aspirations and develop political statements for them. For example, advertising may be insignificant for a company that provides research services for the Department of Defense, but critically important for a firm trying to mass-produce luxury goods. It is difficult to generalize which policies are basic, even within a particular industry, because a number of highly successful companies seem to break all the rules. To illustrate: In the confectionery industry it would seem safe to generalize that advertising should be one of the main policy areas. However, Hershey's company, which is so successful that its name is practically a generic term for the product, stubbornly followed the policy without advertising. Similarly, in the area of high-precision components, dealership relations could be expected to be a critical policy area. But Acoustics Research, Inc., has built an enviable record of sales growth and profitability, relying entirely on consumer attraction. One thing to be explicit about corporate strategy is that one step forward. Any strategy, once clear, can be quickly evaluated and improved. But if there is never an attempt to put it on paper, there is always a danger that the strategy is either incomplete or misunderstood. Many successful companies are unaware of the strategy that underpins their success. It is possible that the company will achieve initial success without real awareness of its causes. However, it is much more difficult to successfully enter new enterprises without an accurate understanding of their strategic importance. That's why many well-known companies fail miserably when they try programs acquisitions, product diversification, or market expansion. One of the illustrations of this is Miles L. Mays and George G. Montgomery in their recent study Acquisitions: The main company pitches ... bought by a plastic boat manufacturer because it seemed to represent the 22nd controlled market for a portion of the resin it produced. It soon became clear that the boat business was significantly different from the production and sale of basic chemicals. After a short but unpleasant experience in manufacturing and an attempt to sell what was essentially a consumer commodity, management concluded that its expertise and ability lie mainly in industrial rather than consumer-type products. 6 Another reason for making clear about the clear adoption of the strategy is the assistance it provides to delegation and coordination. To an ever-increasing degree, management is a team activity whereby management teams contribute to corporate success. The clear adoption of the strategy makes it much easier for each executive to assess common goals and its own contribution to their solution. Is your strategy right for you? There are six criteria on which the answers will be based. To them: 1. Internal sequence. Consistency with the environment. Appropriately based on available resources. A satisfactory degree of risk. The corresponding time horizon. 6. Health. If all these criteria are met, you have a strategy that suits you. That's as much as you can ask. There is no such thing as a good strategy in any absolute, objective sense. In the rest of this article I will examine the criteria in detail. 1. Is the Strategy Internally Consistent? The internal sequence refers to the cumulative impact of individual policies on corporate goals. In a well-worked strategy, each policy fits into a comprehensive model. It should be evaluated not only in terms of itself, but also in terms of how it relates to other policies that the company has established and the goals it pursues. In a dynamic company, consistency can never be taken for granted. For example: Many family organizations pursue a number of strategies that soon become inconsistent: the rapid expansion and maintenance of exclusive family control over the firm. If they are successful in expanding, the need for additional funding will soon pose serious challenges to the extent to which exclusive control of the family can be maintained. Although this pair of strategies is particularly common among small firms, it is by no means limited to them. Ford Motor Company after World War II and the New York Times today are examples of rather large, family-controlled organizations that had to reconcile two controversial goals. The criterion of internal consistency is particularly important for evaluating strategies, as identifies those areas where strategic choices will eventually have to be made. An uncoordinated strategy does not necessarily mean that the company is currently in a difficult position. But that means if following a specific area of activity, he may well be forced to make choices without enough time to search or prepare attractive alternatives. Is the strategy consistent with the environment? The firm, which has a specific product policy, pricing policy or advertising policy, said it has decided to treat its customers - factually and potential - in a certain way. Similarly, its policies on government contracts, collective bargaining, foreign investment and so on are expressions of relations with other groups and forces. Therefore, an important test of the strategy is whether the chosen policies are in line with the environment, whether they really make sense as to what is happening outside it. Consistency with the environment has both a static and a dynamic aspect. In a static sense, this implies an assessment of the effectiveness of environmental policies as it currently exists. In a dynamic sense, this means assessing the effectiveness of environmental policies as it changes. One of the goals of a viable strategy is to ensure the long-term success of the organization. As the company's environment is constantly changing, long-term success means that management must constantly assess the extent to which policies previously created are consistent with the environment as it currently exists; and whether the current policy takes into account the environment in what it will be in the future. In a sense, thus creating a strategy as aimed at a moving goal: you should be concerned not only with the current position, but also with the speed and direction of movement. Failure to follow an environmental strategy can be costly for the organization. Ford's sad experience with Edsel is by far a textbook example of such failure. Of course, if Ford pushed the Falcon at a time when it is pushing Edsel, and with the same resources, it would have a much stronger position in the global automotive market today. Illustrations of strategies that are not consistent with the environment are easy to find using hindsight. But the reason why there are many such examples is not that foresight is difficult to apply. This is because even today few companies are seriously engaged in analyzing environmental trends and using this intelligence as a basis for managing their own future. Is the Strategy appropriate for the resources available? Resources are the things that a company has or have that help it achieve its corporate goals. Included are money, competence and amenities; but they by no means complete the list. In companies selling consumer goods, the main resource may be the name of the product. Either way, there are two main issues that management should address in the Here: What are our most important resources? Is the proposed strategy appropriate for available resources? Let's now look at what is meant by critical resource and how the resource usage criterion can be used as a basis for evaluating a strategy. Critical resources Are the most important strategic attributes of resources because they represent the potential of action. Taken together, the company's resources reflect its ability to respond to threats and opportunities that can be perceived in the environment. In other words, resources are a set of chips that the company needs to play a serious business game. In terms of potential action, a resource can be critical in two ways: (1) as a limiting factor for corporate goals; and (2) as something that the company will use as the basis for its strategy. Thus, critical resources are both what the company has most of it and what it has the least. The three resources most often identified as the most important are money, competence and physical means. Let's look at the strategic importance of each one. The money. Money is a particularly valuable resource because it provides the most flexibility to respond to events as they arise. It can be considered the safest resource, and security can be equated with the freedom to choose from among the broadest types of future alternatives. Thus, companies wishing to reduce their short-term risk will try to accumulate the largest amount of money they can. However, it is important to remember that while the accumulation of funds may offer short-term security, it can put the company at a serious competitive disadvantage to other companies that follow the high-risk course. A classic illustration of this kind of results is the strategy pursued by Montgomery Ward under the late Sewell Avery. As reported in Fortune: While Sears is confidently betting on a new and expanding America, Avery has developed an id'e fixe that post-war inflation will end in a collapse no less severe than in 1929. Following this idea, he did not open new stores, but amassed cash to the ceiling in preparation for an economic fiasco that never happened. In those years, Ward's balance sheet gave a somewhat misleading picture of his prospects. Net profit remained consistently high and was generally higher than Sears as a percentage of sales. In 1946, after-tax income was $52 million. They rose to $74 million in 1950, and dropped to $35 million in 1954. Meanwhile, sales remained unchanged, and in the Avery administration, profits and liquidity were maintained by growth. In 1954, Ward had $327 million in cash and valuable $147 million in receivables and $216 million in inventory, giving it a total current position on assets of $690 million and a net worth of $639 million. fluid, well, but it was also a shell of a once great company. 7 Competence. Organizations survive because they are good at doing the things that are necessary to keep them alive. However, the degree of competence of this organization is by no means uniform in the wide range of skills required to remain in business. Some companies are particularly good at marketing, others are particularly good at engineering, others depend primarily on their financial complexity. Philip Selznick refers to the fact that the company is particularly good as its distinctive competence. 8 When determining a strategy, management should carefully evaluate their own skills profile in order to determine what its strengths and weaknesses are. She must then adopt a strategy that makes the most of her strengths. To illustrate: The competence of The New York Times is primarily to provide broad and insightful news coverage - the ability to report all news that is suitable for print. It is neither high-yield (earnings of just 1.5% of revenue in 1960 - much less than, say, the Wall Street Journal), nor aggressively sold. His decision to publish the West Coast and international edition is a gamble that the strength of his distinctive competence will make him accepted even outside of New York. Due to the reduced demand for soft coal, many soft coal producers are diversifying into other fields. All of them, however, remain true to some of the central skills they have developed over the years. For example: Coal consolidation goes from simple soft coal mining to soft coal mining and transportation. She plans with Texas East Transfer Corp. to build a $100-million pipeline that will carry a mixture of powdered coal and water from West Virginia to the east coast. The North American coal company, on the other hand, is moving towards becoming a chemical company. It recently, together with the Strategic Materials Corporation, has improved the process of extracting aluminium sulfate from shale, which the Northern United States produces in its coal operations. James L. Hamilton, President of Island Creek Coal Co., summed up the concept of distinctive competence in a colorful way: We are a career company dedicated to coal, and we have very definite ideas about growth and expansion in the industry. We don't think about buying a cotton factory and start making shirts. 9 Physical means. Physical objects are a resource whose strategic influence is perhaps most often wrong. Managers seem to be divided between those usually technical men who are in love with physical objects as a tangible symbol of a legal entity; and those tend to be financial men who physical objects as an undesirable but necessary freeze of part of the company's funds. Teh Teh the group dominates. In many companies, return on investment has become virtually the only criterion for deciding whether to purchase a property. Actually, it puts the cart in front of the horse. Physical objects matter primarily due to the overall corporate strategy. Thus, only in connection with other aspects of corporate strategy can the acquisition or disposal of physical means be determined. The total amount of investment required and the projected income from them have their place in this definition, but only as evidence of the financial implications of a strategic decision, and not as an exceptional criterion for themselves. Any assessment of the company's physical facilities as a strategic resource should take into account the company's attitude to the environment. Conveniences have no inner value for their own good. Their value to the company is either in their location in relation to markets, to sources of labor, or to materials; or in their effectiveness compared to existing or upcoming competitive installations. Thus, the main considerations in any decision concerning physical objects are the forecast of changes that may occur in the environment and the forecast of how the company will respond to them. Here are two examples of the need to relate facility assessments to environmental change: after the end of World War II, all domestic typewriter manufacturers in the United States invested heavily in the country's manufacturing facilities. They assumed rapid sales growth around the world. It did happen, but it didn't last long. The growth of energetic foreign competitors, especially Olivetti and Olympia, went hand in hand with the booming foreign market. At home, IBM's electric typewriter has taken over the domestic market. Squeezed between these two pressures, the rest of the U.S. typewriter industry has found itself with great excess potential after the Korean conflict. Overcapacity today continues to be a serious problem in this area. Sustained decline in the number of farms in the United States and increased competition abroad have forced most domestic agricultural machinery producers to drastically reduce the total area of the plant. For example, in less than four years, International Harvester has eliminated more than a third of its capacity (measured in square feet of plant space) for the production of agricultural machinery. The close relationship between physical objects and environmental trends emphasizes one of the most important attributes of fixed assets: their temporary usefulness. Accounting practice recognizes this in its attitude to the depreciation allowance. But even if tax laws allow generous write-offs, they should not be used as the basis for establishing the period of time during which investments must be justified. Environmental considerations may show that another time horizon is more relevant to the definition of strategy. To illustrate again: As the Armstrong Cork Company moved from natural cork to synthetic materials in the early 1950s, management considered buying facilities to produce its raw materials, particularly polyvinyl chloride. However, before doing so, it surveyed the chemical industry and concluded that manufacturers had overworked. So she decided not to invest in equipment to produce this material. The forecasts were valid; since 1956, polyvinyl chloride has fallen in price by 50%. A strategic approach to objects can not only change the time horizon; it could also change the entire basis of asset valuations: Recently, much of Loew's theaters have been acquired by the Tish brothers, owners and operators of a number of successful hotels, including Americana in Florida.10 As long as Loew theater assets were seen only as places to project movies, its theaters, however conservatively valued, didn't seem to be much of a bargain. But for a keen hotel real estate appraiser, theatre venues, on rather expensive properties in central urban areas, had considerable appeal. It is not yet known whether this assessment will be confirmed. In any case, the shares, which were originally purchased for $14 (with a league of $22), were sold for $23 in October 1962. Achieving the right balance One of the most difficult issues in determining a strategy is to strike a balance between strategic goals and available resources. This requires a number of mandatory empirical but critical assessments of the total resources needed to achieve specific goals, the pace at which they are achieved and the likelihood of their availability. The most common mistakes are either not being able to make these scores at all or being overly optimistic about them. One example of the unfortunate results of misuse of these assessments is the case of Royal McBee and the computer market: in January 1956, Royal McBee and General Precision Equipment Corporation formed a joint company, Royal Precision Corporation, to enter the market for electronic data processing equipment. This joint operation was a logical combination of additional talents. General Precision has extensive experience in the development and manufacture of computers. His Libra Division has been selling them to the government for years. However, it does not have a commercial distribution system. Royal McBee, on the other hand, had extensive experience in the marketing of data processing equipment, but did not have the technical competence to develop and manufacture a computer. The joint venture was highly successful, and for a short time The leader in small computers was the LPG-30. However, the very success of the computer enterprise caused Royal McBee some serious problems. The success of a subsidiary of Royal Precision required that partners invest more and more money in it. This was not a problem for General Precision, but it became an increasingly serious problem for Royal McBee, which found itself in an increasingly critical cash peg. In March 1962, the company sold its interest in Royal Precision to General Precision for $5 million. Another place where optimistic resource valuations often cause problems is in small business. Surveys of the causes of small business failure show that the most common cause of bankruptcy is insufficient resources to identify either an early period of creation or unforeseen downturns in the business environment. From the previous discussion is that a critical strategic decision involves a decision: (1) how much resources a company commits to opportunities that are currently perceived, and (2) how much to keep unfinished as a reserve against the appearance of unforeseen requirements. This decision is closely related to two other criteria for strategy evaluation: risk and timing. Now I'm going to discuss these. Is the strategy associated with an acceptable degree of risk? The strategy and resources taken together determine the degree of risk a company carries out. It's a critical management choice. For example, when the old Underwood Corporation decided to enter the computer field, it made what could be an extremely astute strategic choice. However, the fact that she ran out of money before she

could achieve anything in this area turned her desire for opportunity into a prelude to disaster. That doesn't mean the strategy was bad. However, the course of action is a high-risk strategy. If he had been successful, the win would have been lush. The fact that it was a colossal failure, not to say it was pointless to take a gamble. Every company has to decide for itself what risk it wants to live with. In trying to assess the risk associated with a particular strategy, management can use different methods. For example, mathematicians have developed an elegant set of methods to choose from among different strategies where you are willing to evaluate the winnings and probabilities associated with them. However, we are not concerned about these quantitative aspects, but rather at the identification of some qualitative factors that may provide a rough basis for assessing the degree of risk strategy. These factors: 1. The amount of resources (on which the strategy is based) whose continued existence or value is not guaranteed. 2. The length of time you allocate resources. The share of resources allocated to one enterprise. The greater these quantities, the higher the risk. Since the strategy is resource-based, any resource that may disappear before winning can be a risk to the organization. Resources can disappear for a variety of reasons. For example, they may lose their value. This often happens with resources such as physical tools and product features. Again, they can be accidentally destroyed. The most vulnerable resource here is competence. A possible company plane crash or a spike in the president's electrocardiogram are what makes many organizations essentially speculative businesses. In fact, one of the most important attributes of highly centralized organizations is that the more centralized they are, the more speculative they are. The disappearance or disruption of communication with a senior executive could be detrimental at subordinate levels. For many companies, however, the possibility that critical resources may lose their value is not so much due to internal changes as to changes in the environment. Take, for example, specialized production know-how. It only matters because of the demand for the product from customers, and customers can change their minds. This is a matter of acute concern among a growing number of companies whose future depends so much on their ability to participate in defence contracts. A familiar case is the plight of the air industry after World War II. Some companies have managed to move from aircraft to missiles, but this has only led to the fact that they have faced the same problem on a larger scale. Commitment financial analysts often look at the ratio of fixed assets to current assets to assess the extent to which resources are earmarked for long-term programs. This may or may not give a satisfactory answer. How important are assets? When will they be paid? The reasons for the increase in risk as the payment time increases, of course, are inherent uncertainties in any enterprise. Long-term resources make the company vulnerable to changes in the environment. As the difficulty of predicting such changes increases as the time span increases, long-term projects are generally riskier than short-term ones. This is especially true for companies whose environment is unstable. And today, either because of technological, political or economic shifts, most companies are clearly in the category of those that face large in their corporate environment. Company its future around technological equipment, the company, sold primarily to the government, the company, investing in underdeveloped countries, the company sold to the Common Market, the company with the plant in the south - all this has a common perspective. The stark dilemma of modern management is that the decision-making period is increasing at the same time as the corporate environment becomes more unstable. It is this dilemma that gives such a premium to the manager's sensitivity to external trends today. Much has been written about his role as commander and administrator. But it is equally important that he be a strategist. The more resources a company takes on a particular strategy, the more pronounced the consequences are. If the strategy is successful, the winnings will be great for both managers and investors. If the strategy fails, the consequences will be severe for both managers and investors. Thus, the crucial decision for the executive team is what proportion of the available resources should be used for a particular course of action? This decision can be made in a variety of ways. For example, when faced with a project that requires more of its resources than it is willing to take on, a company may either abandon the project or, alternatively, try to reduce the overall resources needed for a joint venture enterprise, or by expanding merger or acquisition routes in order to expand its resource base. The amount of resources ready to be made is particularly important when there is a certain likelihood that larger competitors with large resources may choose to enter the company field. Thus, those companies that have entered the realm of small computers in the last few years are now facing the penetration of data giants into this area. (Both IBM and Remington Rand recently introduced new small computers.) I don't mean that the best strategy is the one with the least risk. High wins are often associated with high-risk strategies. In addition, the common but dangerous assumption is that inaction or lack of change is a low-risk strategy. Failure to use its resources to the full may well be the riskiest strategy that an organization can pursue, as Montgomery Ward and other companies have convincingly demonstrated. 5. Does the Strategy have an appropriate time horizon? A significant part of each strategy is the time horizon on which it is based. A viable strategy not only shows what goals need to be achieved; it says something about when goals need to be achieved. Goals, like resources, have a time-based utility. Developed a new product, factory, to the flow, the degree of market penetration, become important strategic goals only if they are achieved by a certain time. Delays Delay deprive them of all strategic significance. The Sinai Campaign of 1956 is a perfect example of this in the military sphere. The strategic goal of the Israelites is not only to conquer the entire Sinai Peninsula; he also had to do it within seven days. In contrast, the sluggish movement of British troops made the operation useless for both England and France. When selecting the appropriate time horizon, we must pay close attention to the objectives pursued and the specific organization involved. Goals should be set far enough in advance to allow the organization to adapt to them. Organizations, like ships, cannot be spun on pennies. Consequently, the larger the organization, the further its strategic timeline should expand, as the time frame for its adaptation is longer. It's not just management's whim that larger organizations, especially major organizations like Lockheed, North American Aviation and RCA, which have traditionally dealt with highly volatile environments, have made a major contribution to long-term planning. It is often made a comment that large corporations are planning far ahead, while small ones can walk away without doing so. However, the importance of planning for a small but growing company is often overlooked. As the company gets bigger, it should not only change the way it works; it must also steadily advance its time horizon, and that was difficult to do. A manager who has built a successful enterprise with his skill in putting out fires or a wheeler-dealer whose firm has grown on a fast sequence of financial upheavals is rarely able to make the transition to a long look ahead. In many cases, even if the executive branch tends to see more people looking at events, the official remuneration system seriously prevents this. In most companies, the management remuneration system is closely linked to the current profit. Where this is the case, executives may understandably be so concerned about reporting profits year after year that they are unable to spend as much time as they need in managing the company's long-term future. But if we seriously agree with the thesis that the essence of managerial responsibility lies in the long period of time between the decision and the result, at present the profit is hardly a reasonable basis for paying compensation to top managers. Such a framework simply serves to reduce the time horizon with which the executive is engaged. The importance of the extended time horizon stems not only from the fact that an organization is changing slowly and it takes time to make major changes to its strategy; she's also because of the fact that there is a significant advantage in a certain sequence of strategy that is maintained for long periods of time. A big danger for companies that do not carefully formulate strategy strategies the advance is that they tend to rush into chaos through radical changes in politics, and in staff - at frequent intervals. The parade of presidents is a clear indication of a council that hasn't really decided what its strategy should be. It's a common harbinger of serious corporate difficulties as well. The time horizon is also important because of its impact on policy choices. The larger the time horizon, the greater the range of tactics. If, for example, the desired goals are to be achieved in a relatively short period of time, steps such as acquisition and merger may become virtually binding. An interesting illustration is the decision of the National Cash Register to enter the market of electronic data processing equipment. As reported by Forbes: After being committed to EDP, NCR wasted no time. To buy talent and experience in 1953 he acquired Computer Research Corp. Of Hawthorne, California ... For the sake of speed, the manufacture of 394 central units was transferred to GE... NCR's research and development spending has also begun to bend sharply upwards. 11 6. Is the Strategy Working? At first glance, it would seem that the easiest way to evaluate a corporate strategy is an absolutely pragmatic question: does it work? However, further reflections should show that if we try to answer this question, we are immediately faced with the search for criteria. What shows the strategy is working? The quantitative performance measures are a good start, but they do measure the impact of two key factors combined: the strategy and skill with which it is performed. Faced with an inability to achieve the expected results, both of these influences must be critically studied. One interesting illustration of this is Chrysler Corp.'s recent survey after it endured a period of serious losses: In 1959, during one of the frequent reorganizations at Chrysler Corp., aimed at ending the company's slide, a management consultant concluded: The only thing wrong with Chrysler is people. Corporations need good top managers. 12 In contrast, when Olivetti acquired Underwood Corporation, it was able to reduce the cost of producing typewriters by one-third. And he did it without changing any of the best people in the production team. However, it has introduced a radically revised set of strategies. If a strategy cannot be evaluated based only on results, there are some other signs that can be used to assess its contribution to corporate progress: the degree of consensus that exists among executives regarding corporate goals and policies. The degree to which the main areas of management selection are determined in advance, while there is still time to explore different alternatives. In the the degree of resource demand is detected long before the last minute, the minute, neither crash-programme reductions nor the elimination of planned programmes. The widespread popularity of meat-axed approach to cost-cutting is a clear indication of the frequent failure of corporate strategic planning. Withdrawal Modern Organization must use expensive and complex resources in pursuit of transit opportunities. The time it takes to develop resources is so long, and the scale of capability is so short and fleeting, that a company that has not carefully delineated and evaluated its strategy is in white water. In short, while a set of goals and core strategies that meet the criteria listed above does not guarantee success, it can have significant value in providing management with both time and room for manoeuvre. 1. For an interesting discussion of these relationships, see A.D. Chandler Jr., Strategy and Structure (Cambridge, Massachusetts Institute of Technology Press, 1962), p. 1-17. 2. See Edward C. Berc and Dan H. Fenn., planning for the future strategy of your business (New York, McGraw-Hill Book Company, Inc., 1956), p. 8. 3. 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