MOTIVATIONAL POTENTIAL OF STRATEGIC CONTROLLING

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Abstract

The present economic recession brings a demand of changing in management, speed up modification and intervention to strategy. This situation increases the demand of controlling actions and following implementation of strategic changes and monitoring. Such implementation process cannot be time consuming and complicated. In connection with Controlling the line between operational and strategic controlling has been shortened. To do effective reporting for management, means to inform and motivate staff consequently. The motivation means a definition of the specific strategic drivers and interesting amount or tools for motivation, which would motivate the key teams for implementation of strategy. Of course the strategy has to have a clear time schedule and has to be interconnected and supported by operational goals.

The article tries to define the strategic controlling as a tool for achievement of required strategic changes and to find a place in current motivation system, which is mainly based on short-term indicators of operational controlling.

**Keywords:** Strategy, Controlling, Information, Manager, Motivation

1. INTRODUCTION

At present time we are still facing ongoing global recession, which is significantly touching the European continent and production capacities are exceeding the global demand of steel. The drop of production has been starting to concern also automotive industry, which is leader-drafter of European economy and following industry links. The global economy situation causes cutaway of long-term budgeting, which was common and has narrowed potential of flexibility to react to often changing capacity of production and other strategy changes.

Shareholders, finance groups, banks and governments are replying to statistic results and prognoses, reactions from market and reevaluating their strategy to prevent losses with goal to keep market shares and competitive advantages, with goal to ensure keeping finance value of their treasury (shares - companies). Those steps lead to following application of next steps in management strategy, shown in Figure 1.

To the next management that relates with accepted strategy is necessary to ensure timely information, comprehensibility of strategy and fast implementation to fulfil new vision. Management plays a key role in this process and its motivation to fill the strategy has be defined very accurately. Not least the application of strategy steps to the operation tasks are also very important. Controlling has to implement these strategy steps to the reporting system and regularly monitor, value and report its progress.

Following description of changes that relates to strategy application in the company from global producer of moulded wheels. In consequence of volume reduction has been decided about restriction for reduction capacity (closing operations) in one plant and at the same time about maintain the same capacity on the other plant. Those decisions of course have to be analysed by corporate controlling with goal to find the best result for the group.
2. IMPLEMENTATION OF STRATEGY AND THE ROLE OF CONTROLLING

The word strategy, should be used in case we want to indicate something with long-term validity or something with fundamental sense. Strategic mistakes are missing management decisions or consequences of wrong behaviour.

The strategy forms and consists of measures for creation of new or for keeping existing potentials for success.

The strategy determines direction to development of the company, it describes how the management can have success from normative goals and new reality. Strategic management is understood as preparation, meetings, definition of strategic decisions and keeping normative frames. The normative management is concerned with further working out of strategic lines in the company and their application. Strategic management requires mutual involvement, initiative and comprehensiveness of thinkers and activists [1]. Their collective task is to define such strategic possibilities, which ensures long-term rentability of company (holding).

It is difficult to diversify new values from the long used ones, or new strategy from the already conducted one, but adapting process is more important. This process of basic change has to be planned systematically, targeted and focused on implementation, managed and checked ( „change management”) [1,2].

And this process of management is supported by controller as „change agent”. Induction of strategic steps to the life of company means big job of controllers, who accept normal planning process, valuation and
reporting with application measures. The following steps are important for successful implementation of strategy:

- Clear definition of goal
- Support of management
- Definition by schedule with milestones
- Precise plan and its feedback of valuation
- To manage process for implementation
- To be interested in conflicts and look for solution
- To ensure the informedness across the company on time

The success of changes is the acceptance of strategy by all participants. The most effective tools are accurate scheduling, persuading, negotiating, delegation and MOTIVATION [3]. In phase of motivation most companies are facing old traditional bonus system and very often have to be discussed with the trade union also.

![Diagram of strategic management process](image)

**Fig.2** Links among phases of implementation strategy
3. SUPPORT FOR REALIZATION OF STRATEGY (KEY GLOBAL PRODUCER OF WHEELS AS EXAMPLE)

3.1. Well-informing and full concerned TOP management for Implementation

The Base for success is active and positive approach of top management for implementation changes new strategy [4]. To convince key managers is an absolute priority and on such process will play basic role „motivation”. Motivation, not only in the form of cash bonuses, but depends on personal communication for each of key managers.

In case of global producer of wheels, was decided about moving part of capacity from one plant to another in Europe. This decision has a negative impact to the East plant and for management is difficult to ensure realization. With Top managers a meeting was held and there was a discussion about their important position on this strategic step and was defined finance and non cash bonuses and possibilities for motivating other key employees across company also, Figure n.3.

![Fig.3 Flexible and fixed part of motivation](image)

3.2. Next step - Motivation of key employees and implementation strategy

The following steps were also specified as important for implementation strategy, motivation of employees and set up to the common life steps for fulfilment strategy which is defined by milestones with finance and other indicators for each time-frame. In current system motivation for middle management plus employees and workers exists flexible system for definition goals on monthly basis (important is information about goal on time) and very similar part for using coefficients to change a flexible part based on performance of employees, Fig.4. This system with definition personal tasks makes it possible to define concrete tasks on limited time periods. Such system controls more proper fair system for motivation then is generally used by majorities.
Goals for motivation outcoming mostly from yearly budget (monthly, qtrly data)

<table>
<thead>
<tr>
<th>General finance goals</th>
<th>Operative KPIs</th>
<th>Personal goals</th>
</tr>
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<tbody>
<tr>
<td>Ebitda</td>
<td>rate of scrap</td>
<td>Implementation of……</td>
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<td>ROI</td>
<td>norm of consumption……</td>
<td>Decrease number of employees….</td>
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<td>Cash flow</td>
<td>safety rate</td>
<td>Specification action steps for….</td>
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<td></td>
<td>Production volume</td>
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With turbulence in changes of management influenced by strategy

the goals could be changed during year based on year forecast or new budget with Goal to support new strategy

General finance goals Operative KPIs Personal goals
Personal contribution

Performance is base for coefficient which can increase motivation part

Fig. 4 Flow of motivation

4. CONCLUSION

For a successful implementation of strategy communication and motivation managers and generally all team work are key factors. Shareholders, corporate and owner should not underestimate proper planning of steps for implementation and should focus on sufficient motivation and using existing system of controlling for implementation strategy. Strategic controlling has to be linked with operating controlling based on scheduled steps and results present on regular basis on management meeting. Good and clear motivation principles can help significantly for fast, reasonable implementation strategy with feedback of significant deviations to rich defined strategic goal.

LITERATURE

[2] ESCHENBACH, Rolf, Controlling, Schaffer-Poeschel Verlag fur Wirtschaft-Steuern-Recht GmbH, 2000, str. 243-249,