

HPP WORKSHOP

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INTRODUCTION TO STRATEGIC PLANNING FOR SPORTS ORGANIZATIONS

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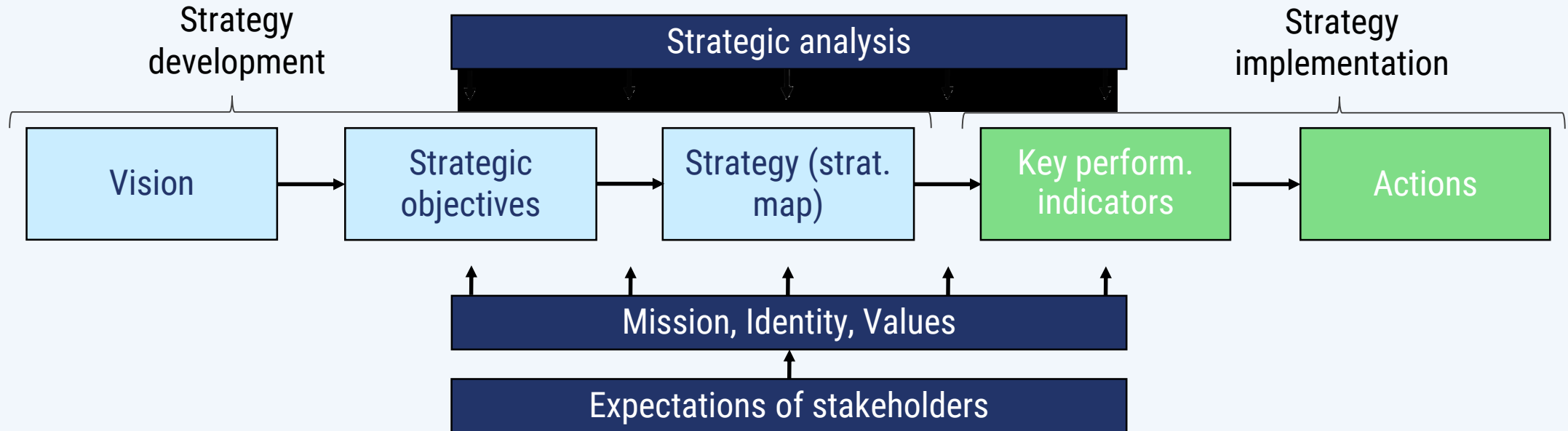
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The Journey of Strategy Development

Strategy as a link between present and future position



From vision to concrete actions



Stakeholders' expectations

- For successful strategy development we must first understand what our stakeholders expect from us
- Stakeholders defined
 - = individuals and groups who can affect, and are affected by, the strategic outcomes achieved and who have enforceable claims on a company's performance
- Three major groups of stakeholders

Capital market stakeholders

- Shareholders
- Lenders (banks etc.)

Product market stakeholders

- Suppliers
- Buyers
- Host communities

Organizational stakeholders

- Managers
- Employees

Stakeholders' expectations

- **Two issues affect the extent of stakeholder satisfaction (and their involvement) with the organization**
 - how to divide value to keep stakeholders involved?
 - how to increase value so everyone has more to share?



Mission

- **Mission = basic purpose of existence of the company**
 - answers the question “why do we exist” (who are we and who do we serve)
 - usually uses infinite language (dynamic concept)
 - involves little or no elements of fantasy
 - promotes expectations to employees (internal purpose) and communicates image to outsiders which contributes to better relationship with them (external purpose)
 - should be broad enough but not too broad (too broad definition dilutes the mission, while too narrow definition can be an obstacle for future development)
 - better short than long

Mission

- **Examples of well developed mission**
 - Nike: “We bring inspiration and innovation to every athlete in the world.”
 - ULSEB: “We broaden horizons and build competences for socially responsible management of business and economic challenges.”
 - Bowling club: “Our intention is to offer the opportunity of socializing to a wide range of people who see relaxation and fun in bowling, so we strive to provide quality bowling courses for our new members and the best conditions for competing in the recreational league for our experienced members.”

Identity and values

- **Identity**

- what defines me (as a person, as a business subject etc.)
- better simple than complex identity
- example (Slovenia): “Europe within a day.”

- **Values**

- what is important to us (and is acceptable, good, right)
- are useful because they influence employees’ behavior -> make them simple and understandable
- better few than many (in number)
- example (OCS): “Excellence. Solidarity. Tradition. Healthy lifestyle. Sustainable development. Volunteering.”
- bring values to life: define desirable/unwanted behaviors

Example

Value: Excellence

Desirable Behavior

We are committed to development of HR and knowledge acquisition and transfer.

Unwanted Behavior

We do not support recruitment of staff without appropriate qualifications.

Vision

- **Vision = a picture (creative and ambitious, yet achievable) of the organization in the future**
 - answers the question “what do we see” (our financial/ competitive position, our products/services etc.) when we imagine our organization in a selected year in the future
 - usually uses finite language (static concept)
 - can involve some elements of fantasy (i.e., is usually an embellished picture of the organization in the future)
 - motivates and directs employees (internal purpose) and at the same time differentiates the organization from other organizations (external purpose)
 - should be very clearly formulated ☒ only in this way strategic goals and strategies can be developed efficiently
 - better short than long

Vision

- **Examples of well developed Vision**
 - Delo Newspaper: “We will be a diversified company in the area of mass-media that collects, processes and sales information. We will be the biggest and the most influential newspaper, radio and TV institution in Slovenia, which will provide all types of information by using modern technology.”
 - ULSEB: “By 2024 we will be the school of choice in business and economics in Central Europe for doing research, learning and creating sustainable development decisions.”
 - AC Milan: “By 2025 AC Milan will be the most popular football club in Italy and a world-famous brand.”

Mission vs. Vision

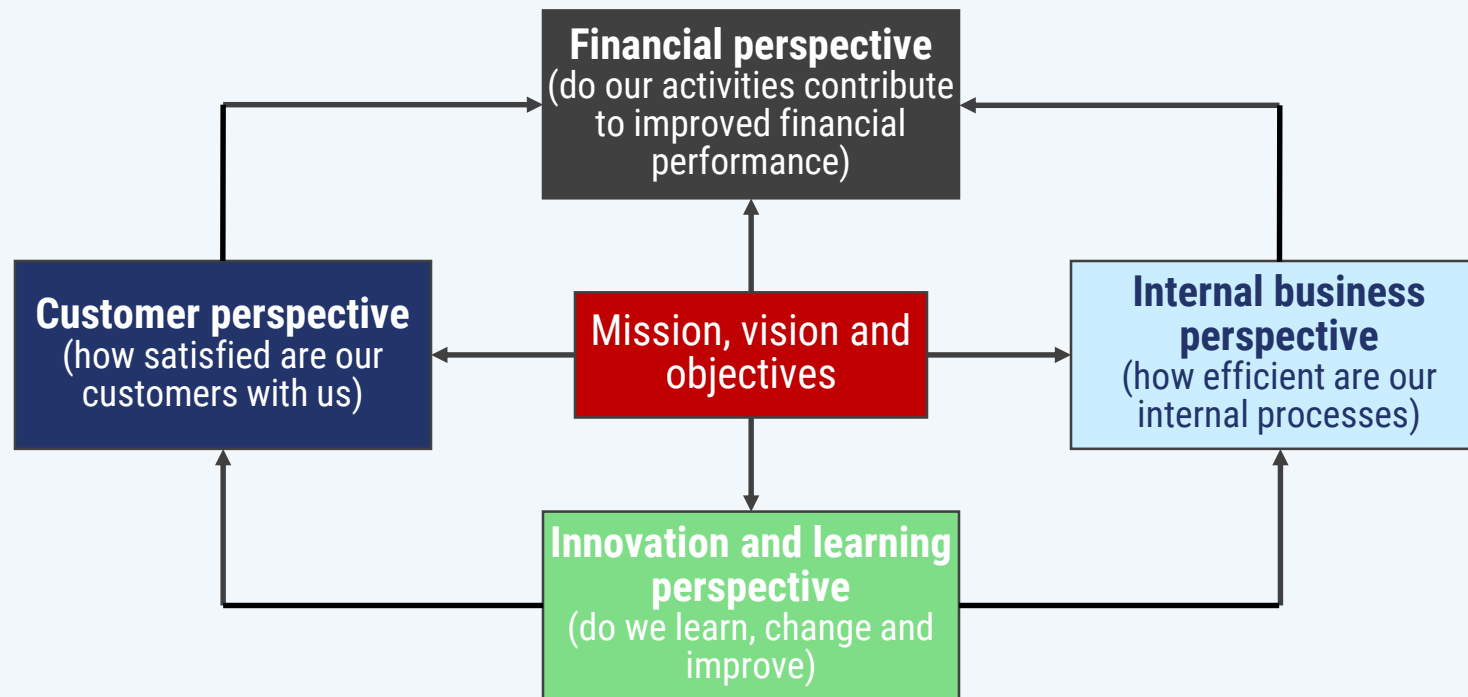
- **What's the Difference?**
 - **Mission**
 - question “why do we exist”
 - no specification of time
 - dynamic concept
 - involves little or no elements of fantasy
 - **Vision**
 - answers the question “what do we see”
 - in a selected year in the future
 - static concept
 - can involve some elements of fantasy

Strategic Objectives and Strategy

- **How do we proceed from here?**
 - Define strategic objectives
 - Define priorities in strategic objectives
 - Develop strategic activities for priority strategic objectives
 - Develop strategic outcomes for strategic activities
 - Design strategic map
- **Methodology adapted from The Balanced Scorecard, 3rd generation (2GC Active Management)**

Strategic Objectives and Strategy

- **The essence of the balanced scorecard:**
 - four perspectives: innovation and learning perspective, internal business perspective, customer perspective, financial (owner) perspective



Strategic Objectives

- **Objectives defined = end results of planned activities defining**
 - what is to be accomplished
 - time in which to accomplish it
- **Objectives should**
 - Direct employees (management by objectives)
 - Be clear and understandable
 - Be motivating (high enough) yet attainable (low enough)
 - Be quantified and measurable as much as possible
 - State by when they are to be accomplished
 - Not be mutually exclusive (in conflict with each other)
 - Define priorities / be hierarchical (primary, secondary etc.)
 - Be written

Strategic Objectives

- **Defining strategic objectives**
 - clear (and quantified) description of desired strategic success
 - usually organized around BSC perspectives
 - in companies: financial, customers, internal processes, learning and growth
 - in non-profit organizations: financial, external relationships (stakeholders), internal processes, learning and growth

Financial perspective	Customers perspective
<ul style="list-style-type: none"> - Revenues, revenues structure, revenues growth? - Costs, cost structure, cost reductions? - Profit, profit growth? Cash flow stability? ... 	<ul style="list-style-type: none"> - How do we want customers to see us? - What do we want customers to value in our products/services? ...
Internal processes perspective	Learning and growth perspective
<ul style="list-style-type: none"> - What do we want our key processes to be? - How do we want new solutions to be developed? ... 	<ul style="list-style-type: none"> - Which competitive knowledge do we want to be superior in? - How do we want knowledge to be shared? ...

Strategic Objectives

- **Defining priorities in strategic objectives**
 - All strategic objectives are important but an organization may lack financial, human or other resources to start working on them all immediately
 - Priorities need to be defined -> what we intend to realize first, e.g. In the first 3 years
 - Proportion of priority strategic objectives depends on available resources (and ambitions)
 - Strategic objectives linked to financial perspective are usually treated as priority objectives

Strategic Objectives

- Defining strategic objectives and their priorities

Financial perspective	Priority	External relationships perspective	Priority
<ul style="list-style-type: none"> - Long-term financial stability - 10% increase in ticket sales revenue - 5% increase in product sales revenue ... 		<ul style="list-style-type: none"> - 40% of regular fans (i.e. with annual tickets) - Team A appears in the finals of the national championship every year ... 	
Internal processes perspective	Priority	Learning and growth perspective	Priority
<ul style="list-style-type: none"> - Strengthen the work with younger selections with two additional professional coaches - At least two weeks of pre-season preparation abroad ... 		<ul style="list-style-type: none"> - All employees in professional functions have the appropriate qualifications - The club finances education for at least 50% of the youth team ... 	

Strategy Formulation

- **Developing strategic activities for priority strategic objectives**
 - Strategic activities state what needs to be done, e.g. in the next 6-18 months, to reach the priority strategic objectives
 - For each strategic objective at least one strategic activity should be developed
 - Strategic activities are usually not developed for strategic objectives in the financial perspective
 - Strategic activities should be formulated using a few words only and they should always start with a verb

Strategy Formulation

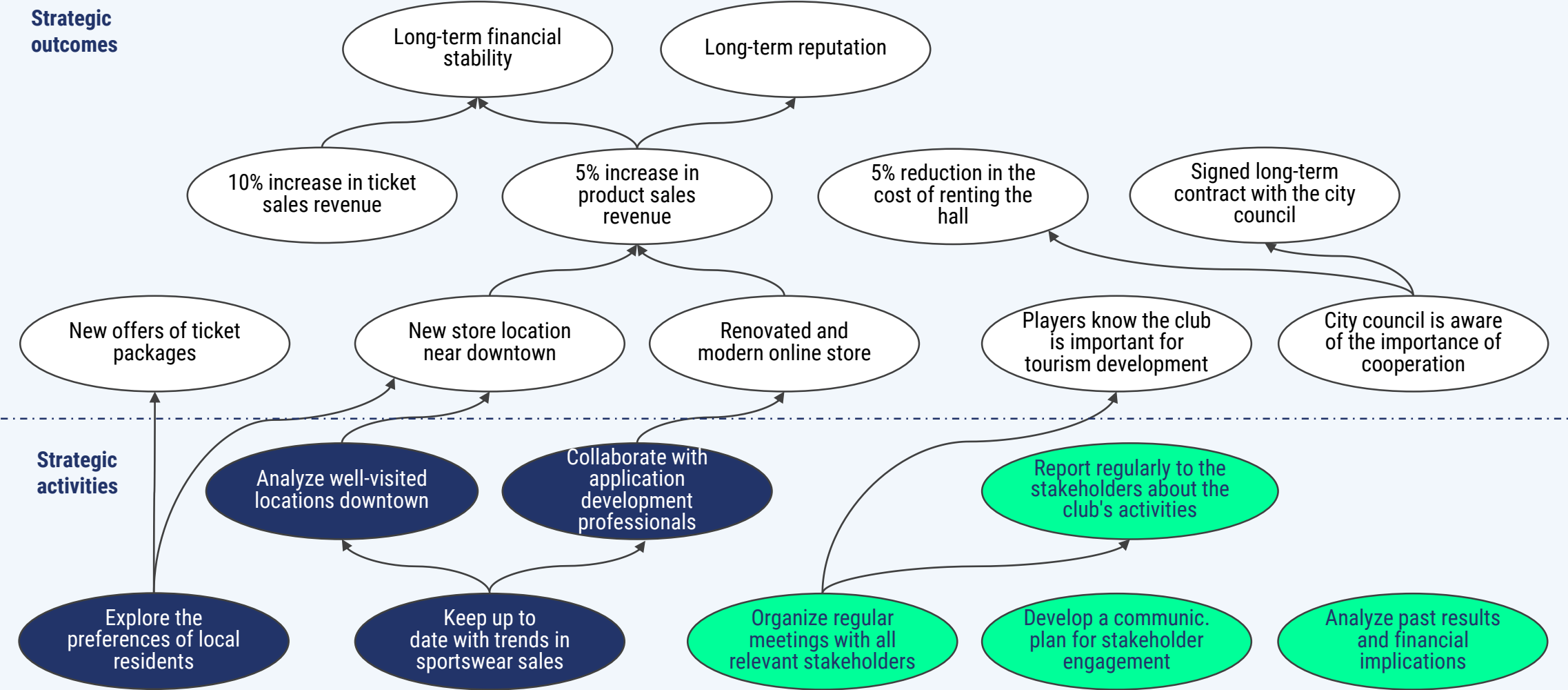
- **Developing strategic outcomes for strategic activities**
 - Strategic outcomes state expected outcomes of strategic activities, e.g. within the next 3 years, if the strategic activities are successfully implemented
 - They should be stated as measurable and realistic outcomes
 - They should be related to BSC perspectives (financial, customers / external relationships, internal processes, learning and growth)
 - Strategic objectives in the financial perspectives (for which no strategic activity was developed) should be adapted to the same time horizon, e.g. the next 3 years, and should be treated as strategic outcomes

Strategy Formulation

- **Designing a Strategic Map**
 - arrows are used to indicate logical cause-and-effect relationships between elements (activities and outcomes)
 - arrows should be pointing up or should be horizontal (when they link two activities or two outcomes)
 - arrows may point down only when there is a mutually dependent link between an ongoing activity and outcome
 - arrows should not intersect (if possible)
 - if possible, BSC perspectives should follow bottom-up in this order: learning and growth -> internal processes -> customers / external relationships -> financial
 - if possible, draw (1) activities/outcomes used to increase revenues on the left-hand side and (2) activities/outcomes used to decrease costs on the right-hand side
 - logical control: is the strategic map logical? is any activity/ outcome redundant? is any activity/outcome missing?

Strategy Map

Strategic outcomes



Strategy Evaluation

- **Make sure the suggested strategy is carefully evaluated before its implementation starts**

Qualitative (general) criteria for evaluating strategy

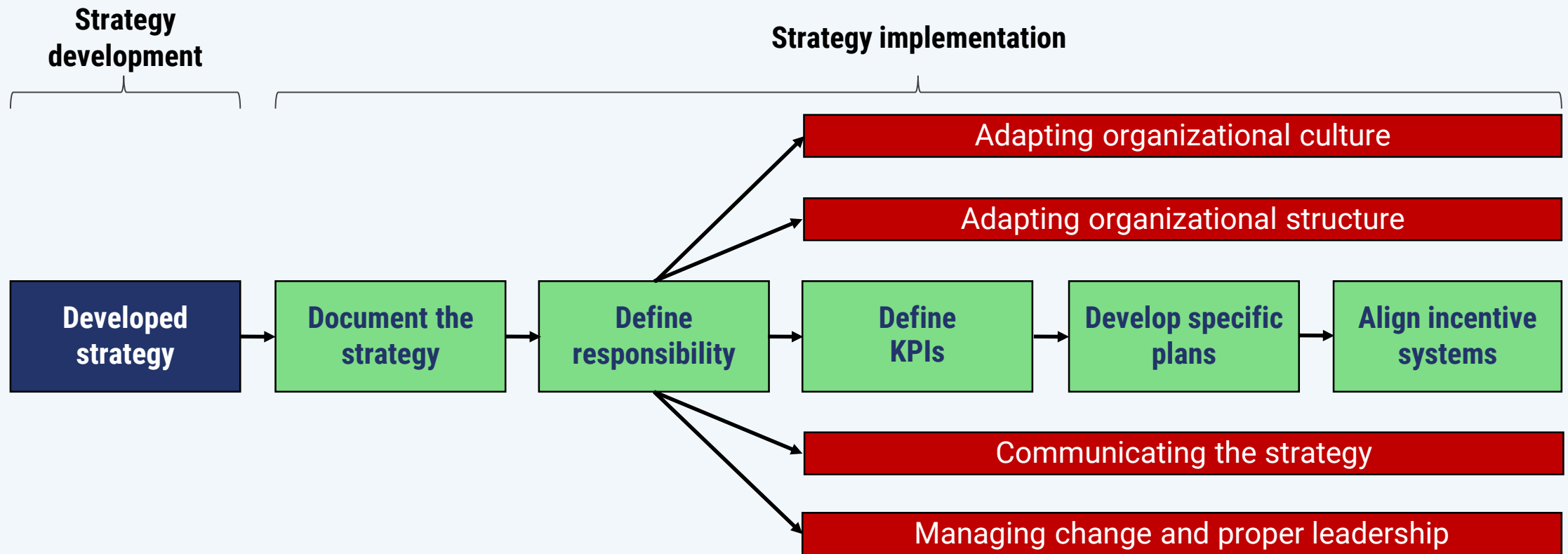
- Relative ability of strategy to solve existing problems as well as to prevent the emergence of new problems
- External and internal accordance of strategy with opportunities/threats and strengths/weaknesses
- Accordance of strategy with mission, identity and values
- Suitability of length of time for implementing the strategy
- Reasonableness of assumptions on which strategy is based

Quantitative (analytical) criteria for evaluating strategy

- Entry costs
- Performance (e.g. Profitability)
- Risks
- Sensitivity
- Flexibility
- Synergistic effects

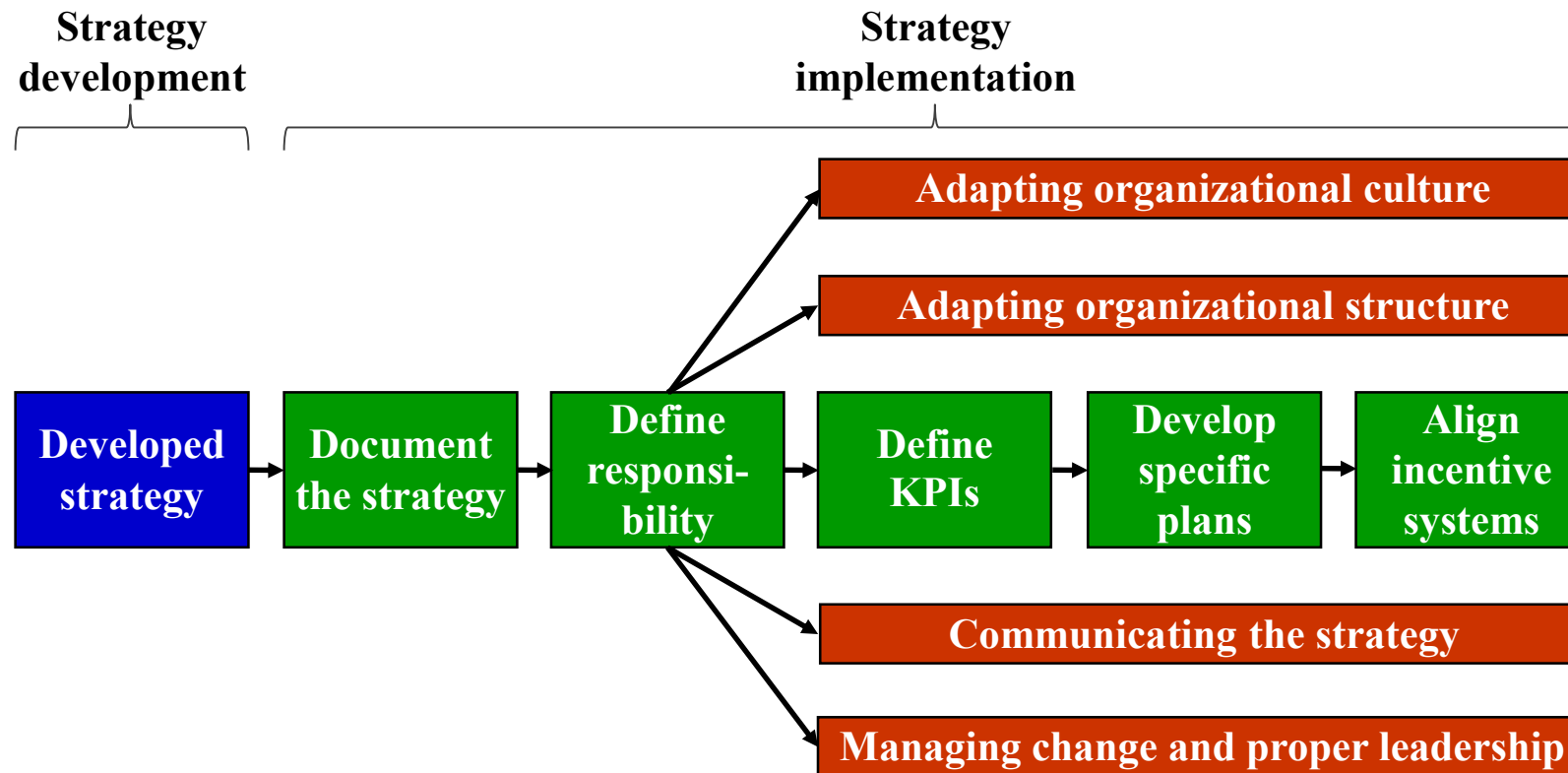
Strategy Evaluation

- Developed strategy is of no use unless it is actually implemented



Strategy Implementation

- **Developed strategy is of no use unless it is actually implemented**



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Thank you



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