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FINAL THESIS REPORT

**STRATEGY IMPLEMENTATION AND
COMMUNICATION**
in Team 1 of Case Organization

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ABSTRACT

Strategy implementation is an important part of any strategy process; without it, creating a strategy is useless. Implementation of strategy simply means putting the created strategy into action through the daily work of employees. There is a lot of literature and theory about creating strategies, but not so much on how to implement it. Many organizations find implementing strategy rather difficult, and the main reason for this is the lack of effective strategy communication. This thesis focuses on identifying the main issues in strategy implementation and communication and seeks to find a solution on how to communicate strategy effectively enough, so that it creates a base for successful strategy implementation.

This thesis was written for the Case Organization's Team 1. The subject for this thesis emerged from a development project, where a new management process was defined for the Case Organization. The result from the project was a management process which supports operations as well as strategy and its' implementation. The goal of this thesis is to create guidelines and a model for strategy implementation for the teams of the Case Organization, which can be used alongside the management process.

The three objectives of this thesis are to create a general insight to the Case Organization's strategy work and the strategy process concentrating on the implementation and communication of strategy; to identify the major challenges in strategy implementation and communication on team level and to create a strategy implementation model which the teams can use. The material for this thesis was gathered by interviewing few managers and employees of the Case Organization. The information was also accumulated by gathering feedback from a strategy team day arranged for the Case Organization's Team 1 in February 2009.

As a result of this thesis, a model for strategy implementation for the Team 1 was created. According to the model, the implementation of strategy should be consistent and follow six steps annually. The steps include communicating the strategies of the Case Organization to the team level, discussing the strategies among the team, deriving personal goals from the strategy, follow-ups of how goals are being achieved, feedback and measuring of the success of the implementation. The supporting factors for the model include clarifying of business terms, effective use of communication channels, the commitment of management and strategy communication training. The created implementation model is very concrete, and it can be taken into use by the other teams of the Case Organization during the ongoing year of 2009, as the personal goal setting has already started in the end of writing this thesis.

Key Words: Strategy Process Strategy Implementation Strategy Communication Strategic Management

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INTRODUCTION

1.1 Background for the Study

The subject for this thesis emerged from a development project, where a new management process was defined for the Case Organization's Tampere location. The development project was started after DNV (Det Norske Veritas), an independent foundation of risk management, detected a few minor nonconformities in operations management at local level in their yearly audit. The development project was founded in order to remove one of the root causes for these nonconformities, which was the lack of a clear management process. The project group was set out to develop a management process which supports the strategy process and implementation as well as gives common guidelines to superiors in managing the processes. The new management process was developed on the basis of ISO 9001-standard – quality management system.

As a result from the development project, a management process was created to support operations as well as strategy and its' implementation in the organization of Tampere location. The created management process focuses on gathering information from the current state of the operational environment, developing local strategies, binding employees to those strategies and to implementation, improving communication within the organization, creating action plans to achieve set goals and finally, monitoring, reacting and improving the management process. The development project was finished in November 2008, and now the process is waiting for an implementation project. Unfortunately, it has been delayed due to the financial turmoil of the world which has affected the Case Organization also.

The project group consisted of a working team as well as of a few supporting background teams, one of which included managers from the Department 1, where it was discovered that the implementation and communication of strategy does not work as it should be. This statement generated a need for further study and development in the area of strategy implementation and communication. The goal of this thesis is to create guidelines and a model for strategy implementation for the teams of Department 1, which can be used alongside the management process at the Tampere location when it eventually will be taken into use.

1.1.1 The Case Organization

The Case Organization is a global supplier of sustainable technology and services for mining, construction, power generation, automation, recycling and the pulp and paper industries. It has production on all continents, and the main market areas are Europe and North America, which cover half of the net sales. The Case Organization employs over 29 000 people, and in 2008, its net sales totaled 6,4 billion Euros. (The Case Organization Intranet)

The Case Organization's businesses are recognized in three reporting segments; **Reporting Segment 1**, **Reporting Segment 2** and **Reporting Segment 3**.

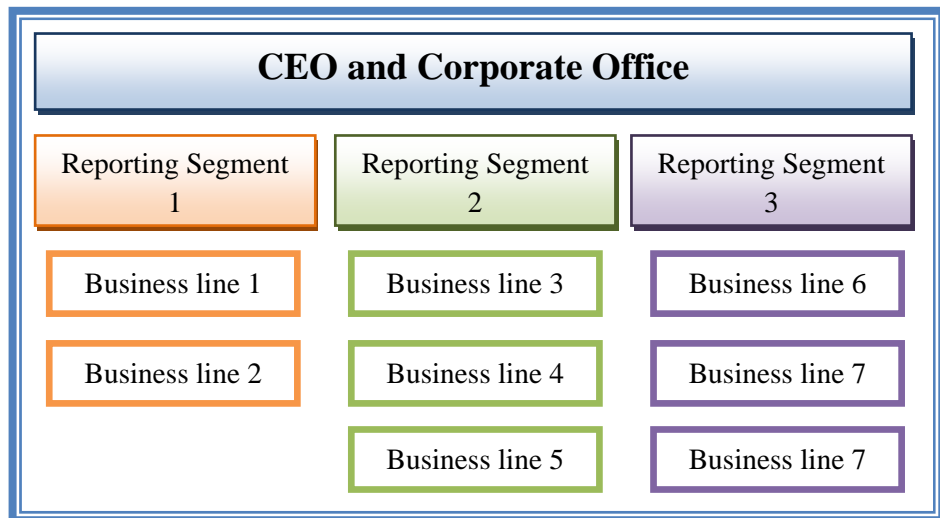


Figure 1. The Organization of the Case Organization (2009)

Reporting Segment 1 The segment consists of two business lines: Business line 1 and Business line 2. These business lines serve the Case Organization's customers in quarrying, aggregates production, construction, civil engineering, mining and minerals processing.

Reporting segment 2 The segment consists of the business line 3, business line 4 and business line 5. The customers of these business lines work in the power generation, oil and gas, metals recycling as well as pulp and paper industries.

The Reporting Segment 3 The segment consists of the Business line 6, Business line 7 and Business line 8. As the Case Organization is the leading supplier of processes, machinery, equipment and services for the pulp and paper industry, the offerings of these business lines extend over the entire process life-cycle, covering new lines, rebuilds and services.

Reporting Segment 1

The Reporting Segment 1 operates in 45 countries through its 37 manufacturing plants and 124 sales and services units. It is organized in two business lines. These two business lines provide technology and services such as rock and minerals processing plants, mobile and stationary crushing and screening units, grinding mills, enrichment plants and material technology expert services. The segment had annual net sales of 2,6 billion Euros (2008) and it employs approximately 11,200 people. The next chapter explains the structure of the Business line 1 more in detail, as this thesis focuses on the functions operating under this particular organization.

The Business line 1

The Business line 1 serves one of the largest industries in the world, as around 18 billion metric tons of crushed rock is needed every year. It serves quarries and project-based crushing and screening operations providing services to aggregates and construction industries, contractors processing rock or soil for the construction and civil engineering industries, and engineering and consulting companies. The Business line 1 has around 4,600 people working globally. (The Case Organization Intranet)

The Business line 1 is built to strengthen the focus on customers and also developing the supply chain and services operations. It consists of two customer-based business units, both of which include capital equipment and services functions. The first unit is globally responsible for the capital equipment, systems and services business growth. This business unit is responsible for product development as well as projects and systems business. The other unit is globally responsible for business growth, business and product development and capital equipment and services development, as well as capital equipment and services development focusing on mobile equipment. These two Business line 1 units are backed up by two global units, which play a vital part in achieving growth targets.

The Global unit is responsible for the manufacturing, sourcing, distribution and logistics, focusing on capital and asset utilization and developing the global manufacturing. The Market Areas of Business line 1 – Asia, EMEA and Americas – develop the market specific operations with high services focus and customer relationship development. (The Case Organization Intranet)

The goal of the Business line 1 is to provide best-in-class customer service, to develop and entrepreneurial spirit, to increase RTD for new products and services, to put more focus on product

standardization, to develop the supply chain and to expand the coverage by developing distribution. The Business line 1 is lead by the Business Line President with the Management Team.

This thesis will focus more closely on the strategy implementation in the Technology unit's Department 1. These organizations and their main functions are presented later in the case study. (The Case Organization Intranet)

1.2 The Goals of the Study

The main goals of this thesis are:

- to create a general insight to the Case Organization's strategy work and the strategy process concentrating on the implementation and communication of strategy
- to identify the major challenges in strategy implementation and communication on team level
- to create a strategy implementation model for the teams of Department 1

To achieve these goals, it is essential to first have a theoretical view on strategy literature. The strategy work of the Case Organization is examined in the same manner based on the statements of managers from the Case Organization's organizational levels. After creating an insight to the Case Organization's strategy work, the challenges of strategy implementation and communication are identified from the team level's perspective by using the experiences of the Team 1, which functions as a case-team in this thesis. After this, improvement suggestions are presented by creating an implementation model for the team levels.

1.3 Limitations to the Study

The research in this thesis is done for the team of Team 1 especially, in order to find out how the strategy message could be brought closer to the team levels and how strategy could be implemented. Consequently, the strategy implementation of other organizational levels is not examined in this thesis. Also the content of the Case Organization's strategies is not discussed here, as the goal is not to examine the content and structure of strategy.

The main focus in this study is on the implementation and communication of strategy on the team levels of the Case Organization. The experiences of the Team 1 of Department 1 in the Business line 1 are examined in order to create a more concrete insight. The strategy process of the Case Organization is described shortly, as it is seen to be the groundwork for the implementation phase. The purpose of this thesis is not to evaluate the whole

strategic management process of the Case Organization, but to focus on the challenges in implementing and communicating of strategy.

1.4 Relevant Terms

This chapter presents all relevant terms used in the empirical part of the thesis.

Strategy. In this thesis, strategy describes how an organization is going to achieve its' vision and fulfil its mission. (Hämäläinen and Maula, 2004, p.16) The concept of strategy is examined more in detail in chapter 2.1.

Strategy implementation. The concept of strategy implementation in this thesis is about having strategy be a part of every employee's daily work. Strategy is being implemented when the personal goals of employees are derived from strategy, and strategy steers the decisions made in everyday work.

Strategy communication. The concept of strategy communication used in this thesis describes the communication of strategic topics to the whole organization in a way the message is understood. Strategy communication has a large role in the implementation phase. Without strategy communication strategy implementation cannot occur.

The Case Organization. The Case Organization examined in this thesis. When referring to the Case Organization, all the organizational levels of the corporation are included.

Reporting Segment 1. One of the Case Organization's three reporting segments is the Reporting Segment 1, and in this thesis it is referred to as Reporting Segment 1.

Business line 1. The Business line 1 is one of Reporting Segment 1's two business lines, and in this thesis it is referred to as the Business line 1.

Technology unit. As described in the organization chart of the Business line 1 in chapter 1.1.1, the business line includes a Technology unit.

Department 1. The unit of Technology consists of three departments, one of which is called the Department 1.

Team 1. One of the teams in the Department 1 department is called the Team 1. It is considered as the case team in this thesis, for which the implementation plan is created.

The Case Organization's Tampere location. The location where the Technology unit is operating at is called the Case Organization's Tampere location.

1.5 Course of the Study

This thesis has the characteristics of a *case study*, as the research is done by examining the strategy work of the Case Organization and its organizational levels. The thesis can also be seen as a *development project*; first the current situation of strategy implementation is surveyed after which improvement proposals on how to develop the process of strategy implementation are stated.

The material for this thesis has been gathered by interviewing few managers and employees at the Case Organization. The information was also accumulated by gathering feedback from Business line 1's Department 1's Team 1 from a strategy team day arranged for them in February 2009, during the writing of this thesis. All 12 members of the Team 1 participated in the team day. The day was strategy focused, and the agenda included presentation of strategy definitions and terms and the Case Organization's corporate level strategy. During the day, the team members also presented their own technology strategies which were then updated as a group assignment. The point of the day was to increase the strategy knowledge among the team members and to find out ways to bring strategy closer to the employees before the development discussions in March. As the team has only 12 members, the feedback from the strategy team-day was gathered in the form of open questions. The questions can be found from the appendix.

1.6 The Structure of the Study

This thesis is constructed of three larger entities; *the literature part, the empirical part and the conclusions*. The literature part presents the concept of strategy, the components of strategic management and the strategy process as well as the strategy implementation and communication, which have the primary focus in this thesis. The empirical part introduces the strategic management and the strategy process of the Case Organization, and examines the challenges the corporation has in implementing and communicating strategy to team level. The final entity concludes the issues presented in this thesis, and includes a strategy implementation model for the case team.

2 STRATEGY AND ITS IMPLEMENTATION

2.1 Strategy as a Concept

The concept of strategy has come a long way from military use to being applied in organizations in the business world of today. Strategy has many definitions, but usually these definitions have similar qualities or have developed to the same direction. According to Mintzberg (2003, p.10) strategy is the *pattern* or *plan* that integrates an organization's major goals, policies, and action sequences into a *cohesive* whole. Johnson and Scholes (2002, p.10) define strategy as the *direction* and *scope* of an organization over long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfil stakeholder expectations. According to Hämäläinen and Maula (2004, p.16) strategy describes how an organization is going to achieve its' vision and fulfil its mission. The most common view on strategy is that it defines the means an organization uses in order to achieve its' targets. The strategic challenge an organization has to struggle with is changing different needs in the community into beneficial opportunities. (Lindroos & Lohivesi, 2006 p.28)

Mintzberg (2003, p.4) has also a theory of five P's for strategy. According to it, strategy can be defined as a plan, a ploy, a pattern, a position and a perspective.

- 1. Strategy as a plan:** Strategy is a consciously intended course of action or a guideline to deal with a situation. Strategies have two essential characteristics: they are created before the specific decisions to which they apply and their development is conscious and purposeful. (Mintzberg, 2003, p.4)
- 2. Strategy as a ploy:** If strategy is regarded as a plan, it can also be regarded as a ploy. It handles strategy as a specific action, which purpose is to outwit a competitor. (Mintzberg, 2003, p.4)
- 3. Strategy as a pattern:** Strategy is a pattern in a stream of actions. It is consistent behaviour, no matter if it is intended or not. (Mintzberg, 2003, p.4)
- 4. Strategy as a position:** Strategy is a mediating force between organization and environment. The definition seeks to locate the organization in the external environment. (Mintzberg, 2003, p.4)
- 5. Strategy as a perspective:** Strategy is an organization's personality; an ingrained way of perceiving the world.

Strategy is a concept and a shared way of thinking – a collective mind. (Mintzberg, 2003, p.7)

Mintzberg (2003, p.5) further defines strategies as *intended* strategy and *realized* strategy, from which they can be distinguished as *deliberate* strategies, where intentions that existed previously were realized, from *emergent* strategies where patterns developed in the absence of intentions, or despite them (which went unrealized). These types of strategies can be seen in figure 2.

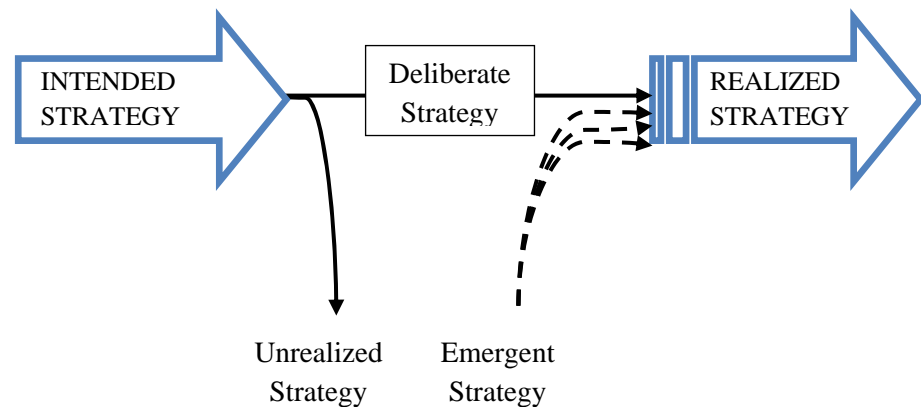


Figure 2. Deliberate and emergent strategies (Adapted from Mintzberg, 2003, p.5)

Mission and vision are concepts which are closely connected with strategy, as strategies are created based on them. Johnson & Scholes (2002, p.12) and Hämmäläinen & Maula (2004, p15) define them as so:

- **A mission** is a general expression of the overall purpose of the organization. It answers the questions: “what business are we in?” and “what is our basic mission?”
- **A vision** or strategic intent is the desired future state of the organization. It answers the questions: “what do we want to be?” and “what do we wish to do in the future?”

Kamensky (2008, p.16) suggests that strategies are needed for one main reason: *competition*. Companies operating in true competitive situations, strategy is a necessity and the prerequisite for existence and survival. Strategies are needed for the organizations to be distinguished from competitors. To achieve some advantage over competition, organizations need to make strategic decisions. According to Johnson & Scholes (2001, p.5-10) strategic decisions:

- Are likely to be complex in nature, especially in organizations with wide geographical scope as multinational firms, or wide ranges of products or services,

- May also have to be made in situations of uncertainty; they may involve taking decisions with views of the future about which it is impossible for managers to be sure,
- Are also likely to demand an integrated approach to managing the organization. Unlike functional problems, there is no one area of expertise, or one perspective, that can define or resolve problems,
- May also have to manage and perhaps change relationships and net location outside the organization, for example with suppliers, distributors and customers,
- Often involve change in organizations which may prove difficult because of the heritage of resources and because of culture.

Strategies are created for different organizational levels, and according to Johnson & Scholes, (2002, p.11), three different strategy levels can be distinguished – *Corporate-level strategy*, *Business unit strategy* and *Operational Strategies*. Different levels of strategy are not similar by content, as the organization takes a stand in issues concerning the challenges in each particular organization level. (Lindroos & Lohivesi, 2004, p.29)

The corporate-level strategy concerns the overall purpose and scope of an organization and *how value will be added* to the different parts of the organization (Johnson & Scholes, 2002, p.11). For example, at the corporate level the organization concentrates on structure, mergers and acquisitions, finance and investments and other mutual resources. (Lindroos & Lohivesi, 2004, p.29)

The business unit strategy concentrates on *how to compete* successfully in particular markets; what new opportunities can be identified or created in markets; which products or services should be developed in which markets; and the extent to which these meet customer needs in such a way as to achieve the objectives of the organization. Strategic decisions here need to be related to **strategic business units**, which are a part of an organization for which there is a distinct external market for goods or services. (Johnson & Scholes, 2002, p.12)

Operational Strategies are concerned with how the component parts of an organization deliver effectively the corporate- and business-level strategies in terms of resources, processes and people. The integration of operational decisions and strategy is of great importance, as successful business strategies depend to a large extent on decisions made on the operational levels. (Johnson & Scholes, 2002, p.12)

Kamensky (2008 p.23) suggests that organizations should focus on two main strategy levels; *corporate strategy-level* and *business strategy-level*. In addition to these, Kamensky recognizes four other

strategy levels; *owner strategy, business line strategy, functional strategy and individual strategy*. The owner strategy is mainly used in widely owned family businesses, and it focuses on issues such as the principals of ownership and participation in operations, detachments and generation change. The business line strategy is built between the corporate strategy and business strategy, if a corporation consists of many business areas. The functional strategy belongs to the area of corporate strategy, as it defines the strategies of functions and processes, whereas individual strategy concentrates on personal goal- and action plans derived from the organization's strategies. According to Kamensky (2008, p.255), the diversity of organizational levels and their strategy needs create a challenge for strategic management. Connecting the owner strategy, corporate strategy and the business line strategy is a complex mission. The strategy work between the board, corporate management and the business line management seals the success of how the strategic management of an organization functions in practise. (Kamensky, 2008 p.355) The next chapter introduces the basic components of strategic management.

2.2 Overview to Strategic Management

Strategic management refers to a process model which manages strategy through organizing, communication, motivating and monitoring. The key idea in strategic management is managing the functions of a business entity in the best possible way. (Näsi & Aunola, 2005, p.16) According to Fred R. David (2005 p.5), strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives.

Managers are involved in operational control for the most of their time, which is vital for strategy implementation, but not the same as strategic management. Johnson & Scholes (2002, p.15) separate strategic management from operational management in the following table:

STRATEGIC MANAGEMENT	OPERATIONAL MANAGEMENT
<ul style="list-style-type: none"> • Ambiguous/uncertain • Complex • Organization-wide • Fundamental • Long-term implications 	<ul style="list-style-type: none"> • Routinised • Operationally specific • Short-term implications

Table 1. Characteristics of strategic management and operational management, adapted from Johnson & Scholes (2002, p.15)

The scope of strategic management is greater than that of any one area of operational management. It is concerned with complexity arising out of ambiguous and non-routine situations with

organization-wide rather than operation-specific implications. This has been a great challenge for managers who have been trained for operational tasks and to take operational responsibility in a certain area of business. A manager who aspires to manage, or influence, strategy needs to develop a capability to take an overview of the whole rather than just the parts of the situation facing an organization. (Johnson & Scholes 2002, p.15)

Strategic management is not only creating three or five-year plans, it is the organization's and its key personnel's mutual vision of the business and technological environment the company is operating in, and to what direction the organization wants to develop its performance. (Tekes, 2006) According to Näsi & Aunola (2005, p.138), in its' most reduced form, the structure of strategic management consists of strategy's formulation process and strategy's implementation process. Fred R. David (2005, p.5) suggests that strategic management has three stages – *strategy formulation*, *strategy implementation* and *strategy evaluation*. According to Johnson & Scholes, (2002, p.16) strategic management includes *understanding the strategic position* of an organization, *strategic choices* for the future and *turning strategy into action*.

Some organizations hold their strategy secret, shared only among the senior executive group. The group implements the strategy through central command and control. While this approach was widely used in the past, most executives of today's technology- and customer driven organizations realize that they cannot determine and communicate all the local actions required to implement a successful strategy. (Kaplan & Norton, 1996, p.199) Strategies have to be made public, as it is an instruction for the organization on how to act. This is why strategies cannot be secret – the whole organization and interest groups have to know what is expected of them and what the goals are. All details are not for everyone, obviously, but if a strategy is made secret, it is impossible for the employees to implement it. Main directions have to be known to all. (Lindroos & Lohivesi, 2006, p.29)

According to Kamensky (2008, p. 31), strategic management is above all a skill, and succeeding in it requires a lot of competence. Kamensky (2008, p. 31), identifies ten essential success factors to strategic management:

1. Mutual strategy- and business language
2. Ability, willingness and courage to change
3. Transforming information flow into understanding and vision
4. Adopt the concept of team play
5. Ability to focus on the essential
6. Perseverance
7. Sufficient business skills

8. Industry skills and its connection with the environment
9. Overall vision of management
10. Networking competencies and interaction skills

Communication is a key to successful strategic management. Through involvement in the process, managers and employees become committed to supporting the organization. A major aim of the process is to achieve the understanding of and commitment from all managers and employees. (David, 2005, p.15) Strategic management allows an organization to be more proactive than reactive in shaping its own future. It allows an organization to initiate and influence activities – and thus to exert control over its own destiny. The great benefit of strategic management is the opportunity that the process gives to individuals. When managers and employees understand what the organization is doing and why, they often feel that they are a part of the firm and become committed to assisting it. (David, 2005, p.15)

2.3 The Strategy Process

Organizations execute their actions through processes, and strategy as an action is no exception. In all its' simplicity, a strategy process in an organization consists of functions where the strategy is planned and then executed (Mantere et al, 2003, p.5). Lindroos & Lohivesi (2004, p.24) suggest that the core challenges for an organization are: 1) producing additional value to the customer, 2) operating according to the basic mission set for the organization and 3) operating efficiently and productively. The primary content of every organization's strategy process is searching answers to these core challenges. The means an organization has in responding to the challenges are *vision, strategy, management, organizing, resources, processes, knowledge* and *will*. (Lindroos & Lohivesi, 2004, p.24)

The strategy process should be planned as well as strategy itself, and the process should be developed according to each individual situation. Organizations have to consider carefully, who are involved in the process, when the processes are developed, how much time they require and what kind of process techniques are to be used. Strategy work has to be creative but at the same time disciplined, and organizations have to avoid the pitfall of strategy process staying the same ritual year after year. (Kamensky, 2008, pp. 67-68)

According to Lindroos & Lohivesi (2006, p.49) the lead-through of the strategy process can be done in many different ways. Nowadays many organizations include a versatile assembly of people in their strategy process in addition to the management team, for example, different experts, internal personnel, and representatives from

essential interest groups. The person in charge for the lead-through of the strategy process is usually a so called facilitator, usually a consultant who is responsible for the schedule and consistent progression of the process. The schedule of the strategy process is usually attached to the annual plans of an organization. (Lindroos & Lohivesi, 2006, p.49-51)

Mantere et al (2003, p.8) see the strategy process as a spectacle with four main scenes: creating a mutual direction and communication, interpreting strategy, comprehending one's role in the process and finally applying the strategy in practice. The script for the strategy is created within these four scenes. This definition, however, does not consider the continual evaluation and updating of the strategy, which is vital in the ever changing business environment. Lindroos & Lohivesi (2006, p.32) have defined the process more precisely in the following picture:

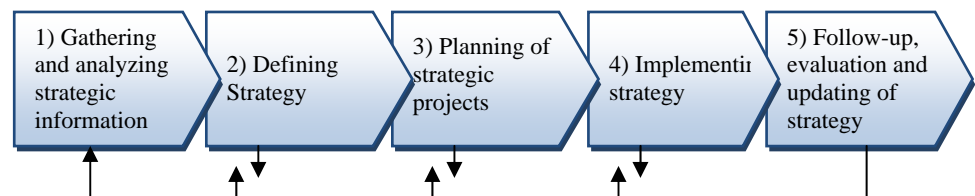


Figure 3. *The Five Phases of Strategy Process (adapted from Lindroos & Lohivesi, 2006, p. 31)*

1) Gathering strategic information and analyzing

Determination of a suitable strategy for a company begins in identifying the opportunities and risks in its environment. (Mintzberg, 2003, p.74) Evaluating information and making assumptions and conclusions is based on finding the answers to the right questions. Every organization has to understand clearly, what kind of information is centrally important for it. (Freedman, p.35) According to Kamensky (2008, p.120), analyses create the foundation for successful business and are the basis for choosing strategies, goals and actions. The first phase of the strategy process is gathering strategic information and analyzing the environmental changes which are relevant for the organizations business, such as changes in interest group expectation, the state of internal operations and the development of markets and competitive position These analyses are further categorized into four larger analysis entities – *the operational environment analysis, market and competitor analysis, interest group analysis and organization's own operations analysis.* (Lindroos & Lohivesi, 2006, p.32).

The operational environment analysis

The changes in the operational environment should be recorded during the whole year, and put for example into to the company's intranet for all the employees to see. When the new strategy process begins, the organization can evaluate these recordings more closely, and evaluate their effects to the business. A so called *scenario analysis* can be used, if an organization operates in a rapidly changing and difficultly foreseen operational environment. With different scenarios, the organization can ponder how to change its strategic alignments according to environmental change. (Lindroos & Lohivesi, 2006, p.33)

The market and competitor analysis

When evaluating the market and competition situations, it is important to consider the present economic cycle. Traditionally, the expenditure behavior of customers is much more unbound during the boom period than during the other times of the cycle. Then growth targets of organizations and their competitors are highlighted during the boom period, whereas during the recession cost-effectiveness is everything. It is important to be familiar with the products, organizations and working methods of the competitor. For example, with the *SWOT-analysis* the organization may examine the strengths, weaknesses, opportunities and threats of the competitor, as well as of its own. *Porter's competitor analysis* helps the organization to evaluate the competitive state of a single business activity or a single branch of business. The basic idea is to examine the current competitive state and changes according to what different competitive challenges and threats the organization might face. (Lindroos & Lohivesi, 2006, pp. 34-35)

Interest group analysis

Analyzing the interest groups brings a useful addition to the environmental analyses, as it helps the organization to see what kind of value network is operates in and what are the correlations between different operators (Kamensky, 2008, p.60). When defining strategy, the expectations of interest groups may change during the process. The interest groups should be monitored widely as different entities. Traditionally the interest groups are investors, financiers, subcontractors, suppliers and representatives of cooperation net location. Different *interest group analysis* can be made by interviewing the group's representatives or with questionnaire studies. (Lindroos & Lohivesi, 2006, p. 41)

Organization's operational analysis

In addition to evaluating the external factors affecting the organization, it is also important to acquire information on the internal situation of the company. This helps the implementation phase of the strategy process. The better the organization understands its' internal state, the easier it is to manage it. The ability analysis helps an organization to detect the prerequisites it

has in operating in different circumstances. In the recent year's many organizations have also taken in use the *EFQM Business Excellence* –evaluation model. The model gives a possibility to discover a wide and versatile picture of the organization's current internal performance and development targets. (Lindroos & Lohivesi, 2006, p. 42)

2) Defining strategy

Defining strategy is a complex task, and it requires people with special skills and features. These people have to have knowledge of the line of business, analytical skills and determination. (Mantere et al, 2003, p. 6) The meaning of the previous phase was to form a view of what kind of environment the organization is creating a strategy to. The better the analysis of the current state is made, the better the organization succeeds in defining the strategy. The second phase of the strategy process is deciding what goals to set for the organization for the next strategic period. The basic *mission* of an organization has to be defined in the beginning of every strategic round. If the mission does not meet the planned alignments, either the mission has to be redefined or the strategy has to be renewed. By doing this, the organization ensures that the employees and interest groups know what direction the company is going to and why. (Lindroos & Lohivesi, 2006 pp.42-43)

One of the most important factors in a successful strategy process is to create a mutual vision and will of what the organization wants to become. Operating without a clear and challenging goal is hardly motivating for the employees, and it cannot be held as a guideline for daily decisions made. A *vision* should define concrete goals, such the employees truly want to achieve in the following years. (Lindroos & Lohivesi, 2006, p. 43) The most important parameter for strategic vision is its time. It has to have an end point, so that it helps organizing the strategic periods. (Freedman & Tregoe, 2003, p.51) According to David (2005, p.66), the nature of a business vision and mission can represent either a competitive advantage or disadvantage for the firm. An organization achieves a heightened sense of purpose when strategists, managers and employees develop and communicate a clear business vision and mission. Well designed vision and mission are essential for formulating, implementing and evaluating strategy. (David, 2005, p.66)

The defined strategy should be divided into goals. (Kamensky, 2008, p.328) According to Lindroos & Lohivesi (2006, p.43), from the basis of vision, an organization should define *concrete goals* which are desired to be achieved within the following years. The goals should be so concrete, that their execution can be easily monitored as well. Strategy should define to *whom* the organization produces added value, and *how* to it is done. The goals are achieved

with actions, and these actions should also be concrete, clear and unambiguous so that all employees understand what needs to be done (Kamensky, 2008, p.328). The means to achieve set goals vary a lot according to the organization and its changing environment, and how challenging its' vision is. The result from the strategy definition phase should be a document, where the decisions of targets aligning the vision are defined, as well as the means to achieve those targets. (Lindroos & Lohivesi, 2006, pp.44-45)

According to Kamensky (2008, p.331), one of the most common reasons for failing to implement strategy is the imbalance between strategy and resources. Often the defined strategy and planned resources are not in line with each other. Näsi & Aunola (2005, p.84) suggest that the defining phase of strategy should include the budgeting process as well. According to Kamensky (2008, p.331), the resource plan should include a profit budget, an investment budget, a financing budget and a personnel budget. Budgeting could be seen as a bridge from defining strategy to implementation (Näsi & Aunola, 2005, p.84).



Figure 4. *The bridge between defining strategy and implementing strategy (adapted from Näsi & Aunola, (2005, p.83)*

3) Planning of strategic projects

Before the implementation phase, the organization has to define and document the development projects for the implementation. These projects have to be defined for the entire strategic period, and the first ones should begin as soon as possible. (Lindroos & Lohivesi, 2006, p.46) An organization must define what strategic activities it should conduct, include essential on-going operational projects in the plans, and define what projects to execute first. These projects should be put into order of importance. (Freedman & Tregoe, 2003, p.51, p.139) According to Lindroos & Lohivesi (2006, p.46), the implementation order of the projects can be concretized with using strategic development steps, where the project schedules can be easily identified. The steps create the image of continuance and help in recognizing the linking between development projects.

4) Implementing strategy

Strategy is implemented through yearly action plans. These action plans define the exact definitions of each year's strategic goals, and the means to achieve them. The implementation phase requires much more resources and work than the analysis and planning phases. Strategy is implemented only through everyday practical work, and it requires willingness and skills as well as strategy focused management from the superiors. The management in an organization has the key role in this phase. (Lindroos & Lohivesi, 2006, pp.47-48) The implementation phase is examined more closely in chapter 2.4.

5) The follow-up, evaluation and updating of strategy

All strategy documents need a monitoring system, which makes it able to see how the strategy actions and especially the strategic projects are proceeding (Lindroos & Lohivesi, 2006, p.48). According to Freedman & Tregoe (2003, p.199), there are four questions to be answered when evaluating strategy:

- How well have the projects concerning the general strategic plan succeeded?
- Is the strategy leading our organization's decision-making?
- Are the assumptions we made about the operational environment in the formulation-phase of strategy still valid?
- Is our strategy working? Does it improve our succeeding possibilities in the market?

The management team's role in the strategy process is to constantly evaluate the functionality and implementation of strategy in order to ensure that the strategic decisions have been the right ones. (Freedman & Tregoe, 2003, p.198) As the operational environment changes all the time, it is likely that the strategy has not considered all relevant issues. This is why it is good to evaluate the strategy alignments on a regular basis. Strategy should be flexible enough for the organization to take different changes into consideration. A successful organization is not defined by its ability to make better forecasts than others, but its ability to react faster and better to changes. Success is often based on the ability, readiness and agility to change. (Lindroos & Lohivesi, 2006, pp.48-49)

2.4 Strategy Implementation

“Success comes from having strategy become everyone’s everyday job.” (Kaplan & Norton, 2001, p.3)

Even though the content of strategy is decided by management groups in the beginning of the strategy process, strategy can only be realized through the daily actions of the organization’s employees. There is a lot of published literature on strategy and its creation, but not so many on how to actually bring strategy into practice. Okumus states in his article ‘Towards a strategy implementation framework’: *“Recent studies into future research areas in the strategic management field indicate that there is a lack of knowledge on strategy implementation and therefore, more research is essential into this important area of strategic management.”* (Okumus, International Journal of Contemporary Hospitality Management 13/7, 2001) This chapter focuses on introducing the main components of strategy implementation and the challenges organizations have to face in trying to bring strategy to life.

The implementation of strategy is comprised of a series of sub activities which are primarily administrative. If purpose is determined, then the resources of a company can be mobilized to accomplish it. (Mintzberg, 2003, p.74) According to Mantere (et al, 2003, pp.141-142), strategy implementation occurs when planned strategy meets strategy. Strategy implementation is having the members of the organization working towards achieving mutual goal. This requires that the strategic direction of an organization is clarified and communicated, and strategy has been interpreted on individual- and team levels in a dialogue between management and personnel. Individuals have outlined their roles as activators in the strategy process and the procedure of the strategy process support the everyday work actions. (Mantere, et al, 2003, p.141)

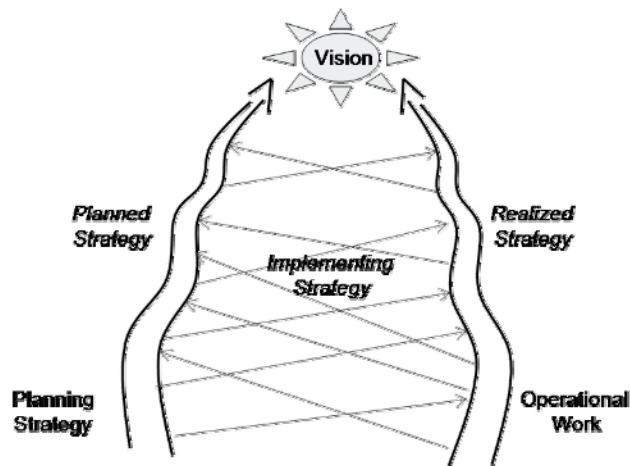


Figure 5. *Implementing Strategy* (Adapted from Mantere et al., 2003, p. 142)

From the description by Mantere et al., it could be concluded that the main components of implementing strategy are *communication, interpretation, adoption* and *actions*. Kamensky (2008, p.337) suggests that the final moment of truth of how well the strategy functions in practice is the implementation phase. A lot of effort should be invested in strategy implementation, because without it, strategy has no purpose at all. (Lindroos & Lohivesi, 2006, p.159) Strategy is only implemented when the strategy has been taken to team- and individual levels to each person's practical work. (Lindroos & Lohivesi, 2006, p.172)

Näsi & Aunola argue that only the defining and budgeting of strategy can be seen as coherent processes. When it comes to strategy implementation, coherence no longer exists. (Näsi & Aunola, 2005, p. 81) According to Näsi & Aunola (2005, p.83) the implementation of strategy should be done through systems rather than processes. The systems are: an organizing system, a communication system, a motivation system and a monitoring system.

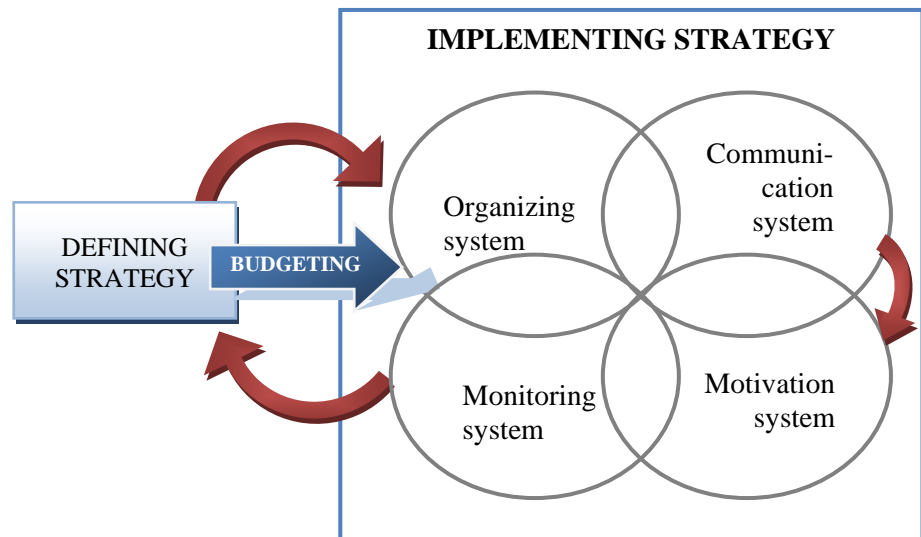


Figure 6. A model created for analyzing strategy implementation, (adapted from Näsi & Aunola, 2005, p.83)

The components of the systems include:

ORGANIZING SYSTEM	COMMUNICATION SYSTEM
<ul style="list-style-type: none"> • Organization • Individual roles • Concretizing strategy • Coordinating 	<ul style="list-style-type: none"> • Communication policies for strategy • The secrecy, clarity and comprehensibility of strategy • The flow of information needed for the implementation
MONITORING SYSTEM	MOTIVATION SYSTEM
<ul style="list-style-type: none"> • Principles • Meters and strategies • Reaction to problems 	<ul style="list-style-type: none"> • Commitment • Emphasis of the head quarters • Inconsistency with personal values • Resistance to change • Reward system

Table 2. The components of the implementation model (adapted from Näsi & Aunola, 2005, p.86-96)

Most people in organizations consider the implementation of strategy as the most difficult phase and the challenge of implementation should never be underestimated (Kamensky, 2008, p.336). According to Lindroos & Lohivesi (2006, p.159), many international researches indicate that the implementation of strategy is successful in only one in third cases out of ten. What makes the implementation so difficult? The next chapter compiles the challenges in strategy implementation.

2.4.1 The Challenges in Strategy Implementation

One of the biggest reasons for strategy implementation failure is the large gap between strategic planning and practical work. The implementation is often found difficult mainly because the creators of the strategy and the employees who are expected to make it realized work among different functions, think differently and talk different languages. (Mantere et al, 2002, p.6)

Kaplan & Norton (1996, p.192) identify four major barriers to successful strategy implementation:

1. Visions and strategies that are not actionable

This barrier occurs when an organization cannot translate its vision and strategy into terms that can be understood and acted upon. Lacking consensus and clarity, different groups pursue different agendas according to their own interpretations of vision and strategy. Their efforts are neither integrated nor cumulative since they are not linked coherently to an overall strategy. (Kaplan & Norton, 1996, p.193)

2. Strategies that are not linked to departmental, team and individual goals

The second barrier arises when the long-term requirements of the business unit's strategy are not translated into goals for departments, teams and individuals. This barrier can perhaps be attributed to the failure of human resource managers to facilitate the alignment of individual and team goals to overall organizational objectives. (Kaplan & Norton, 1996, p. 194)

3. Strategies that are not linked to long- and short-term resource allocation

The third barrier is the failure to link action programs and resource allocation to long-term strategic priorities. Major initiatives are undertaken with little sense of priority or strategic impact, and monthly and quarterly reviews focus on explaining deviations between actual and budgeted operations, not on whether progress is being made on strategic objectives. The failure here can be jointly attributed to the vice presidents of strategic planning and finance for not seeing how their efforts need to be integrated, not pursued as separate, functional agendas. (Kaplan & Norton, 1996, p. 195)

4. Feedback that is tactical, not strategic

The fourth barrier is the lack of feedback on how strategy is being implemented and whether it is working. Most management systems today provide feedback only about short-term, operational performance, and the bulk of this feedback is on financial measures, usually comparing actual results to monthly and quarterly budgets. Little or no time is spent examining indicators of strategy implementation and success. The consequence is that

organizations have no way of getting feedback on their strategy. (Kaplan & Norton, 1996, p. 196)

The STRADA-research conducted by Aaltonen et al. (2002), interviewing 300 representatives of management, middle management and personnel from 12 different Finnish organizations indicated that the concretizing and communication of strategy is the major problem in implementation. (Aaltonen et al, 2002, p. 68) According to the interviewed employees, other everyday work activities seem to take the attention away from the strategy implementation. Communication and understanding strategy was seen as a major issue, because the information flow seemed to be stopping before the message reaches all employees. The greatest barrier in communicating strategy was concretizing the strategy message into actions, so that it would be correctly understood. Strategy communication is examined more deeply in chapter 2.5.

Without understanding and commitment, strategy implementation efforts face major problems (David, 2005, p.242). The transfer from defining strategy to implementing it is above all an issue of management. Managers have always been trained for operational effectiveness, but their strategic preparation has often been deficient. (Freedman, 2003, p.126) The next chapter introduces the keys to successful strategy implementation.

2.4.2 Ensuring Successful Strategy Implementation

According to Aaltonen et al, (2002, p.1), communication, interpretation, adoption and strategic actions reduce the gap between strategic planning and strategy implementation. To ensure successful strategy implementation, the strategy messages should be interpreted somewhat similarly to create mutual understanding. (Aaltonen et al, 2002, p.2)

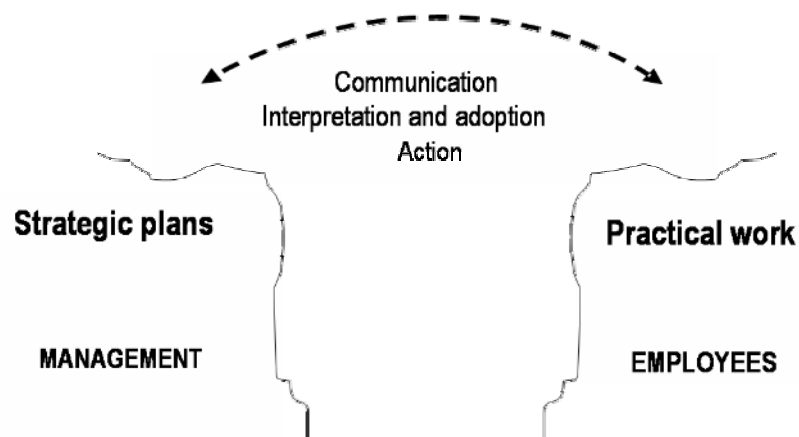


Figure 7. The gap between strategic planning and strategy implementation (Aaltonen et al., 2002, p. 1)

Understanding the message is not enough though to make the employees function in accordance with the strategy – the strategic messages should be accepted and adopted as well. In the end, the implementation of strategy depends on how the employees in an organization execute strategy in their own actions. (Aaltonen et al, 2002, p.2) According to Kaplan & Norton (2001, p.213), strategy focused organizations understand well the importance of engaging and aligning all of their employees to strategy. Ultimately, the employees are the ones who will be implementing the strategy. And unlike in the scientific management era, companies look to their frontline employees for new ideas, as well as for information on market opportunities, competitive threats and technological possibilities. (Kaplan & Norton 2001. p.213)

Kamensky (2008, p.337) suggests that strategy implementation can be secured through the following areas:

1. Risk analysis and back-up plans

With strategies organizations aim to control external and internal factors and their interactive relations. In risk analysis, the organizations have to focus on two issues: how significant the risk is, and how likely it will come true. In risk analysis it is important to scan the most important risk factors of the business. In order to do this, the organization should analyze the total situation, the environment, internal efficiency and synthesis. A back-up plan enables readiness and agility to operate in changed circumstances. Organizations have to be ready to act in a completely different ways, which are carefully considered in advance. (Kamensky, 2008, p.337)

2. Strategic monitoring system

The monitoring systems of many organizations focus mainly on operational activities. Evaluating only how well goals are achieved is not enough to reveal how successful the strategy is. Every organization should define its own strategic monitoring systems which define *what* is monitored and *how* it is monitored. (Kamensky, 2008, pp.339-340) According to David (2005, p.310), strategy evaluation should include three basic activities:

1. Examining the underlying bases of a firm's strategy
2. Comparing expected results with actual results
3. Making corrective actions to ensure that performance conforms to plans.

Strategy evaluation-activities should be performed on a continuing basis, rather than at the end of specific periods of time. Successful strategies combine patience with a willingness to take corrective actions promptly when necessary. (David, 2005, pp.313-314)

3. Strategic communication and training

In many organizations the managers, officials and employees are under the impression that strategy issues concern only few people in the company. (Kamensky, 2008, p.344) This presumption could not be further from the truth, because strategies can only be executed through daily work and strategic competence of an organization determines its ability to renewal. Developing the strategic competencies in an organization is a great challenge for strategic communication and training. The basic strategic information has to be studied, if it is not already there. (Kamensky, 2008, pp.345-346) Aaltonen et al (2002, p.77) suggest that difficult strategic concepts should be cleared together, and consistent use of terms should be accomplished. This means defining what the terms and concepts mean on unit-, team-, and individual level using for example group work methods. (Aaltonen et al, 2002, p.77) The willingness and courage in strategy work increases over time, when the learning process has persistently been connected to the work of individuals and the whole team supports the work. (Kamensky, 2008, p. 348) Strategic agility is rising to be one of the main components of successful strategy knowhow, and it requires fastness, renewal abilities and cooperative work skills. The strategic competence of an organization is the sum of individual's strategy abilities. (Kamensky, 2008, p.349)

4. Connecting operational management to strategy

During the last decades, many operational management systems have been developed. All of these systems have one mutual aspect in common, and that is the important role of *targets*. (Kamensky, 2008, p.349) Aaltonen et al. (2002, p.78) suggest that strategy should be linked to the target systems. All relevant targets should have their own action plans, where the annual plans are defined more precisely with details. The connection between strategy and operational management should be done with a decent annual plans and concise interim plans. (Kamensky, 2008, pp.349-351) According to Aaltonen et al. (2002, p.78), managers should ensure that the targets of teams and individuals are in line with the strategy.

2.5 The Role of Communication in Strategy Implementation

The essence of strategy implementation is communication. Without proper communication tools, it is impossible even to start thinking about bringing strategy to practise. The basic meaning of strategy communication is to give information on strategy and its formulating process (Freedman & Tregoe, 2003, p.188).

According to Lindroos & Lohivesi (2006, p.53), in order to achieve the strategic targets, the communication has to be planned specifically, and the top management should consider it one of their most important work assignments.

According to Hämäläinen & Maula (2004, p.28), strategy communication includes three different sectors; *Communicating about the content of strategy*, *communication supporting the strategy implementation* and *communicating about the strategy process*.



Figure 8. *The different sectors of strategy communication, adapted from Hämäläinen & Maula, 2004, p.28*

Communicating about the content of strategy consists of coherent communication and creating a mutual understanding. The strategy communication also supports the implementation of strategy by bringing the strategy message close to employees in order to support the everyday actions and making sure they are in line with strategy. This includes gathering feedback about strategy from the personnel as well. In addition to these, *communicating about the strategy process* is important, as it explains the definition and implementation of strategy as well as the roles, responsibilities and schedules in processes and management systems. (Hämäläinen & Maula, 2004, p.28)

2.5.1 Understanding and Adopting Strategy

Organizations find it difficult to give needed information about strategy to the employees in a way that the message is truly understood. According to *Yle Uutiset*, only a few employees are familiar or understand the company strategy, and many managers feel they cannot make the message understood (Ritva Pesola,

Kauppalehti, 19.11.2008). Management issues such as this make it impossible to lead an organization towards the wanted direction.

Kaplan and Norton (2001, pp.215-216) suggest that less than 5 percent of the typical workforce actually understands their organization's strategy. Creating strategic awareness can be compared to a marketing manager's actions when launching a new product for the customers. The strategy communication process should include education (creating product awareness), testing that employees understand the strategic message (product market share), checking that employees believe the strategy is being followed (product loyalty) and finally, determining how many are teaching others about it (becoming a product missionary). (Kaplan and Norton 2001, pp.215-216)

According to Aaltonen et al (2002, p.26), plain communication is not enough to guarantee successful strategy implementation – the strategy has to be adopted as well. Adopting strategy demands understanding, accepting and learning. (Aaltonen et al., 2002, p.26) According to Freedman & Tregoe (2003, p.184), communication is an important strategic link, and it furthers the adoption of strategy inside and outside the company. This statement is supported by Hämmäläinen & Maula (2004, p.31) who suggest that strategy communication can be seen as a *tool* for understanding the meaning of one's work, accepting and committing to strategy and applying it in everyday work. Traditional means of communication in an organization are often deficient; even if strategy related topics were frequently introduced in the company intranet, the information is never effective enough. (Mantere et al., 2003, p.26), Hämmäläinen & Maula (2004, p.34) suggest that employees can only execute strategy actively if they understand the main direction of strategy and their own role in the implementation. Understanding the meaning of one's work in the organization improves the motivation and commitment, hence strategy itself acts as a motivator because employees feel that with strategy their actions reflect on the common good. (Hämmäläinen & Maula, 2004, p.34)

(Mantere et al, 2003, p.26) The point of communicating strategy is not that employees learn the vision, mission and strategy word by word, but truly comprehend where the company is heading towards and what needs to be done in order to get there, and finally how strategy is linked to their daily work tasks. (Mantere et al, 2003, p.27-28) Strategy is often – if not always – about change, and the employees cannot be made part of it unless they want to. One major goal of strategy communication is to make an organization accept its' strategy. With communication the management can justify the reasons for change and demonstrate the benefits deriving from it. (Hämmäläinen & Maula, 2004, p.36)

2.5.2 How to Communicate Strategy

Strategy is one of the most used and most misunderstood terms in the business language, and everyone seems to have their own interpretation of it (Freedman, 2003, p.2). Strategic concepts are aimed to be standardised, but even theory does not give all concepts single-valued meanings or contents. Companies themselves have to define the strategic concepts and terms they are using. (Kamensky, 2008, p.346) A common language is a basic necessity in creating a mutual understanding. The abundance of strategy-theories and the multiple layers of strategy levels as well as different experiences of employees make the finding of a common language significantly difficult. The organizations should find out more carefully what strategy means in that particular organization, and what it does not mean. The lack of a common business language makes it impossible to create a mutual strategy, let alone implement it. (Kamensky, 2008, p.32) According to Hämäläinen & Maula (2004, p.84), definitions of strategy are often seen only as empty-phrases, which have no practical meaning for employees. The strategic language is often stiff and difficult to understand, which only enlarges the gap between practical work and strategic planning. If strategy definitions are too complex, even good strategies suffer from lack of credibility. (Hämäläinen & Maula, 2004, p.84)

The personal experiences of people define the manner how strategy is understood. This is why strategy has to be communicated differently to different interest groups, without changing the content of the strategy. (Kamensky, 2008, p.246) The creators of the communication plan for strategy have to take five basic entities into consideration: *the interest groups, the content, the communication channels, the communicators and measuring communication.* (Hämäläinen & Maula, 2004, p.68) The organization has to define its' interest groups; what kind of information they need and how do they process information. The content and the wording of the strategy message should be user friendly and specially modified for each interest group, so that the basic message is completed with their individual needs. (Freedman & Tregoe, 2003, p.188)

In many organizations the defining of strategy is normally the top management's work area and the personnel have only little contribution to it. In these situations, strategy is communicated from the upper-levels to the lower-levels. The superiors need to make sure that their employees understand what strategy means from the view of their own department and work assignments. (Hämäläinen & Maula, 2004, p.53) According to Hämäläinen & Maula (2004, p.54) a so called "waterfall-model" is the most efficient way to reach the personnel. The model is presented in the following figure.

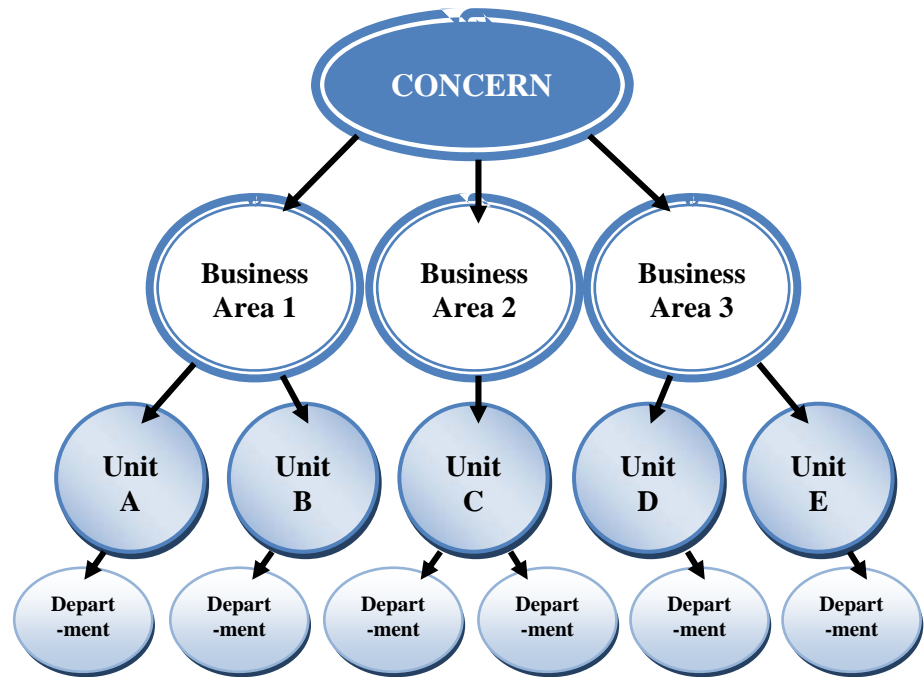


Figure 9. Strategy communication from upper-level to lower-levels (Adopted from Hämäläinen & Maula, 2004, p.54)

The forms of *how* strategy can be communicated are presented next.

Informative Meetings

Informative meetings are usually situations where the communication flows one way, as the management does the speaking and employees are merely in the role of a listener. Still, many employees find this way of communication rather effective. (Aaltonen et al., 2002, p.16) Top management is the highest decision-making body of strategy, which is why it is only natural for them to introduce it to the employees. The benefit of informative strategy meetings is the possibility to pass on information for a broad audience (Hämäläinen & Maula, 2004, p.96). According to Hämäläinen & Maula (2004, p.96) these informative meetings cannot be the only channel for strategy communication, because employees might not have the courage to ask questions or give comments in front of a large crowd.

Road show

A strategy road show is also held by the top management, but includes many gatherings where the management tours around the organization in every business unit informing the management and key personnel about strategy. (Hämäläinen & Maula, 2004, p.97) During the road show the management holds additional meetings with the unit managers where they discuss the challenges and needs

of every unit about what it comes to implementing the strategy. This also shows the top management's commitment, as the employees appreciate the management's presence. (Hämäläinen & Maula, 2004, pp.98-99)

Training

Different training functions are a typical way of educating employees about strategy and its' implementation. (Aaltonen et al., 2002, p.16) The management or the communication's officer could present the strategy in development days of units and teams. The participants to these gatherings could discuss strategy in small groups, present development suggestions and practice strategic decision-making. Training for the superiors could also be arranged on how to communicate and implement strategy for the employees. (Hämäläinen & Maula, 2004, p.100)

Team Meetings

Understanding and adopting strategy requires that strategy can be discussed – one way communication is not enough. (Hämäläinen & Maula, 2004, p.103) Official and unofficial meetings are the most commonly used channels for strategy communication. (Aaltonen et al., 2002, p.15) Regular department and unit meetings give the possibility to discuss about strategy and what it means, for example in group assignments. Group assignments help the adoption of strategy better than on-screen presentations. (Hämäläinen & Maula, 2004, p.103)

Target and The development discussions

Strategy does not progress on paper, but in words, actions and interaction. This is a great challenge for both superiors and employees. (Määttä & Ojala, 2001, p.79) Target and The development discussions are often used in communicating strategic messages. (Aaltonen et al., 2002, p.16) In these discussions, targets are set for a group or an individual from the basis of strategy, and their achievement is monitored in accordance with agreed policies. (Hämäläinen & Maula, 2004, p.117) The development discussions give also the opportunity to *discuss* strategy on the side of personal development-, target- and evaluation plans. (Hämäläinen & Maula, 2004, p.103) The role of communication and motivation is emphasized in the discussions which affects on how individuals recognize the presence of strategy in their daily work. (Määttä & Ojala, 2001, p. 79)

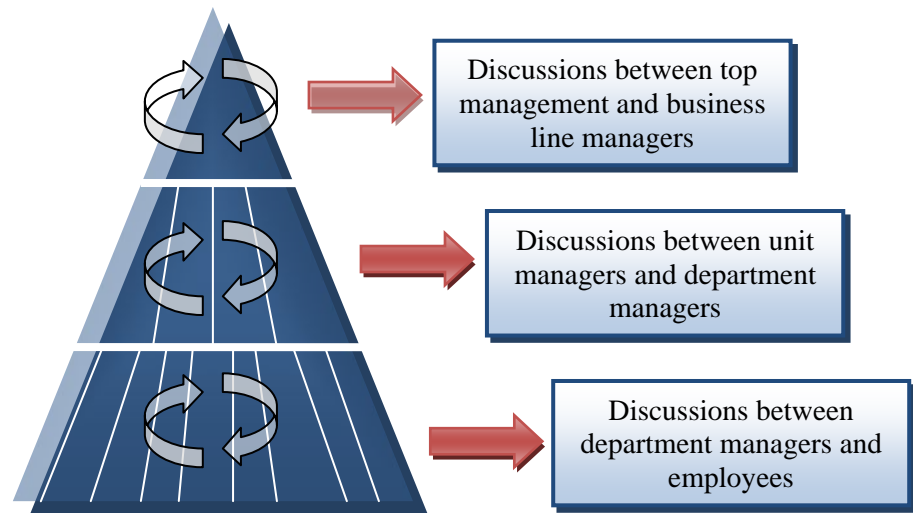


Figure 10. An example of communicating and implementing strategy through The development discussions (Adapted from Määttä & Ojala, 2001, p.79)

Intranet & e-mail

Intranet is a much used form of communication nowadays and has replaced the traditional notice-boards in many organizations. (Aaltonen et al, 2002, p.17) The intranets can be seen as electronic discussion boards, as they give employees the possibility for example to ask questions about strategy anonymously from the top management. (Hämäläinen & Maula, 2004, p.105) E-mails can also be used as a way to communicate strategy, but is often seen as an ineffective medium. (Aaltonen et al, 2002, p.17)

Stories, symbols and catch phrases

Stories are an effective way of communicating strategy as they evoke feelings unlike other rational ways to present strategy. (Hämäläinen & Maula, 2004, p.87) Especially reality-based stories are considered an effective way of communicating strategy. The benefit of using symbols and catch phrases on the other hand is that they are brief and concise. (Aaltonen et al, 2002, p.17) Catch phrases compress the strategy message without making it sound too formal. Catch phrases are practical to use in many occasions and they are easy to remember. It is also a good way to create a mutual identity, display values and affirm community. (Hämäläinen & Maula, 2004, p.89)

Kaplan & Norton (2001, p.219) divide the forms of strategy communication into two categories:

- **Rich channels**; such as small group meetings, which enable the communicator to focus the message in a personal manner and to respond to questions and feedback from the

audience. These channels are highly effective but are the most expensive and limited in their reach.

- **Lean channels;** such as newsletters. They lack the personalization of rich channels but are much more economical and provide broader reach.

2.5.3 Management’s Role in Strategy Communication

According to Freedman & Tregoe (2003, p.189), an organization has to make sure that the top management is responsible for the execution of strategy communication. The CEO and the strategy teams who define the strategy should lead the communication process and be involved in discussions. (Freedman & Tregoe, 2003, p.189) The message from the CEO has to be comprehensive and powerful, explicating the rationale for the strategic theme. Managers throughout the organization should reinforce the message. (Kaplan & Norton, 2001, p.222)

Person	Communications Role
CEO	Rationale, goal, status
President	Visible reinforcement, specific plan
BU-General Manager	“What will we do differently?”
Manager	How the initiative relates to everyday work
Employee	Understand and apply

Table 3. Reinforcing the strategic message, Motorola Inc. (adapted from Kaplan & Norton, 2001, p.222)

According to Hämmäläinen & Maula (2004, p.107), in strategy communication the superiors are in a vital role in two directions; to their employees and to the management of the organization. In the ideal situation, the superiors help their employees to understand the team’s connection to the organization’s strategic goals, and clarify details and questions concerning strategy. To the management, the superiors provide reports and follow-ups, as well as feedback from the strategy. (Hämmäläinen & Maula, 2004, p.107) According to the study conducted by Aaltonen et al. (2002, p.18), the middle management has an essential role in filtering the strategy message, which is emphasized in communication from upper-levels to lower-levels. The middle manager gets messages from his or her superior and is responsible in communicating them to the employees. (Aaltonen et al., 2002, p.18) Superior oriented strategy communication is an effective way to communicate strategy, as it enables strategy discussion on every organizational level and supports the linking with individual’s work and personal targets. (Hämmäläinen & Maula, 2004, p.107)

2.5.4 The Challenges of Strategy Communication

Even though managers are in an essential role in bringing the strategy message to the employees, they are often left without support and tools for effective strategy communication. (Hämäläinen & Maula, 2004, p.108) This chapter presents the most common challenges identified by Hämäläinen & Maula (2004) in strategy communication from the manager's point of view.

Strategy is not known or understood

Communicating strategy to employees successfully is not possible, if the superiors are not familiar with or do not understand the strategy. In today's business world, it is difficult to admit the lack of strategy knowledge, which makes it more difficult for the organization to give needed support and education. (Hämäläinen & Maula, 2004, p.108) If the strategic message is not clear enough, it is difficult to communicate and implement. The more people have been involved in the specification of strategy, the easier it is to implement in the future. Lohivesi (s.162)

Strategy is poorly communicated

Communication skills are not every superior's strongest asset. Even if superiors are well informed about the strategy and understands it, they might not know how to process it with employees in a constructive, inspiring and encouraging way. If superiors find the strategy communication difficult, they might forward it fast and effortlessly or even ignore it completely. This situation could be corrected by, for example, constructive feed-back or superior-training. Proper superior communication can be educated. This is the organization's responsibility, to educate new and old superiors about the strategy process and encourage them to strategic thinking. (Hämäläinen & Maula, 2004, p.110)

Strategy and its' communication is not interesting

The lack of faith in the organization's strategy is one of the largest challenges in strategy work. If a superior is not interested and lacks the motivation to enhance the strategy process, communicating about it has no meaning to the employees. The transparency and openness of strategy process is vital in order to prevent these kinds of situations. As said before, communicating honestly about the strategy process is important. Allowing criticism and differences in opinions can help in the search of motivation. The superiors should be encouraged to give feedback, good or bad, in order to develop the strategy work within the organization. (Hämäläinen & Maula, 2004, p.111)

Strategy communication is not supported

The lack of support in the superior's strategy communication is one of the reasons for motivation loss. If the organization's management sees strategy implementation as an important part of the strategy process, they should provide all tools for supporting it. Superiors need the management's support in order to achieve the organization's strategic targets. An organization could for example arrange superior trainings and tools for communicating strategy to ensure the success of superior communication. (Hämäläinen & Maula, 2004, p.112)

3 EMPIRICAL PART OF THE STUDY

The information and cross references in this part of the study have been gathered by interviewing few managers and employees at the Case Organization. The information was also accumulated by gathering feedback from Business line 1's Department 1's Team 1 from a strategy team day arranged for them during the writing of this thesis. The structure of the day was explained more in detail in chapter 1.5.

3.1 Strategic Management in the Case Organization

The first chapters in this part of the thesis concentrate in examining the general outline of the Case Organization's strategic management. First, the new organizational structure of the Case Organization is presented along with the management structure, as to enlighten the management levels involved in the strategy work. Then the general stages of the strategy process are presented; the main focus being on strategy communication and implementation. The main mission of this section is to create a general insight to the Case Organization's strategy work.

3.1.1 The Organizational Structure

The strategic management in the Case Organization is considerably complex, although the organization has been on its way to a more integrated the Case Organization. During the fall of 2008, as the uncertainty of the world's market situation increased, the Case Organization over went many changes in its' organizational structure. Before, the Case Organization was divided to three business areas, but by the end of the year 2008, the corporation adopted a new operations model. From December 1st, 2008 the business areas were merged more closely to the Case Organization. From that point on, the three business areas were no longer separated from the Case Organization, as they were changed into reporting segments – Reporting Segment 1, Reporting segment 2 and Reporting Segment. The aim of this new organizational structure is to accelerate the implementation of the Case Organization's strategy, to increase the Case Organization's ability to react to changes in the operating environment and to reduce duplication and waste in the organization. The Case Organization is considered too big to operate as if it consisted of a group of small companies.

The Case Organization is strategically an entity of multiple areas and levels. The coherent business management, a unified brand, using mutual focus areas, and working towards a more unified inner spirit are all signs of a chosen change in the organization. The

three reporting segments have mutual competences and co-operations but a lot of strategic issues of their own. As the Case Organization is also a very large company with nearly 30 000 employees, the amount of responsible managers creates a labyrinth of organizational hierarchy.

The Management Structure

The management structure is presented here shortly in order to create an insight of the people involved in the strategy work of The Case Organization. The main components of the management structure consist of the CEO, The Case Organization Executive Team (MET), The Case Organization Executive Forum (EF) and the presidents of reporting segments and business lines.

President and Chief Executive Officer

The Board appoints and, if needed, dismisses the President and Chief Executive Officer (CEO), who shall be in charge of the management of the Case Organization in accordance with the provisions in the Companies Act, Corporate Governance rules and instructions given to him by the Board. The CEO reports to the Board and keeps the Board sufficiently informed of the Case Organization's business environment such as customers, competition and markets as well as of the financial and other status of the Case Organization. The CEO will also act as chairman for the Case Organization Executive Team and the Case Organization Executive Forum. (The Case Organization Intranet)

The Case Organization Executive Team

The CEO and other members designated by the Board form the Case Organization Executive Team, the "MET". MET assists the CEO in preparation of matters such as the Case Organization plan, strategies, the Case Organization policies and other matters of joint importance within the Case Organization as requested by the CEO. (The Case Organization Intranet)

The Case Organization Executive Forum

The CEO together with the members of MET and other members designated by MET form the Case Organization Executive Forum (EF). The EF assists the CEO in the strategy implementation, cross-business value capture and other matters of the Case Organization-wide importance as requested by the CEO. (The Case Organization Intranet)

Business line and reporting segment Presidents

The Case Organization's customer industry-based business lines serve its customers. The business line Presidents are in charge of the day-to-day management of the business lines with profit and loss responsibility. The business line Presidents report to the President of their respective reporting segment. The reporting

segment Presidents report to the CEO and keep him sufficiently informed of the segment's business environment such as customers, competition and markets as well as of the financial and other status of the business lines. The reporting segment Presidents are in charge of the business and strategy development of the business lines belonging to the respective reporting segment, implementation of the Case Organization plans, strategies and policies within the business lines and the effective co-operation and adequate alignment of the operations of the business lines within, as well as, across the reporting segments. (The Case Organization Intranet)

3.2 The Strategy Process in the Case Organization

The Case Organization has a three-year strategic focus, which means that the strategy is planned for three years ahead (The Case Organization Intranet). The strategy of the Case Organization has multiple dimensions, as the corporation consists of three segments in different industries which operate through business lines. Therefore, the strategy process also has multiple phases. According to the Vice President of The Case Organization's Business Development, it is a great challenge for the Case Organization to make sure that all segments and business lines operate in accordance with the corporate strategy.

The corporate level is in charge of the whole strategy process, and large parts of the organization's strategic decisions are made there. (Näsi & Aunola, 2002, p.129) The body of the corporate strategy is outlined to business segments, from which the segments are scattered into business lines. The strategy entity of the segments is the sum of the concrete targets and functions of the business lines, whereas the business lines cover the same issues only in smaller measures. In short, the Case Organization first creates the corporate strategy, then the reporting segments define their targets which are in line with the corporate strategy, from which the business lines create their own more specific business strategies. The VP of Business Development elaborates that different units in the business lines may also have a sub-strategy of their own, for example the Human Resource units, Sales units and Technology units.

The main objective of the strategic planning in the Case Organization is to define robust long-term goals and roadmaps that enable the Case Organization to achieve its' vision and financial targets, taking into account the changing business environment. Strategic planning is not about the templates and process but rather about defining clear goals as well as actions and initiatives needed to close the gap between the current situation and long-term goals. It is not about making future decisions, but staying abreast of

changes in order to make the best decisions at any given point – it means managing as well as planning, strategically. (Strategy Planning Guidelines, ppt 2007, Corporate Office)

The Case Organization's annual strategy process starts in February-March. This is when the top level targets are set for the entire Corporation. The corporate strategy planning begins with scenario work around which the strategic vision is built. Later in the spring, a corporate Business Review is held including the segment and business line kick-off-meetings. After the Business Review, the strategy planning process of the segments and business lines begins. During the summer, another Business Review is held for the segment and business line strategy approval. The strategy of the Case Organization is compiled at the same time. The Case Organization's strategy is approved in the autumn. The Board approves the business plans before the end of the year. The final Business Review is held where the plan is also approved by the corporate. (Strategy Planning Guidelines, ppt 2007, Corporate Office)

The VP of Business Development defines the key components in the strategy creation process more precisely in six different phases;

1. *Establishing Guidelines & Strategic Decisions*

The Case Organization defines who should be involved with the strategy process, and what the strategic aims of the organization are. The company vision is defined; what does the Case Organization want to be in the future.

2. *Conducting External & Internal Analysis*

The world around the Case Organization and inside the corporation is analyzed. The company defines where the competitors stand, and how the current market trends influence the business. The customer's needs and the current structure of the portfolio are also defined.

3. *Formulating Corporate Strategy & Target Setting*

After the analysis phase, the corporate strategy is formulated. The company sets the goals and defines the means to achieve them. The CEO of the Case Organization, together with the Case Organization Executive team, creates the proposal for the corporate strategy.

4. *Creating & Aligning Business line Strategy*

The corporate strategy gives the direction for the targets of segments, and the Case Organization has to ensure that all segments are pursuing to meet the corporate objectives. After the Case Organization Board of Directors approves the corporate strategy, the strategy is taken to the Segment Reviews for monitoring; how the strategy will be

implemented in the Case Organization's businesses and performance. These meetings address critical issues and fine-tune the strategy. The next stage is bringing the strategy to the Segment's Executive Teams, which are responsible for building the Case Organization's corporate strategy into segment targets and Management Agendas. The teams are also responsible for managing business line synergies and setting targets, such as KPI's, for operational management.

5. *Budgeting*

After the strategy is accepted, the Case Organization has to align the budget and operating plans with the corporate strategy; more precise actions and resources are planned. The strategy is brought to the Business line Management Teams who are responsible for creating customer segment and competition strategies which are in line with the Management Agenda. They also plan resource usage and manage their businesses with business line strategies.

6. *Communicating Strategic Plans*

After the strategic plans are ready, they are then communicated to the rest of the organization. The Case Organization has to face the challenge - how to build internal clarity and support to gain momentum for the implementation of the plans?

Even though the annual strategy process has a clear starting point and the approval by the Case Organization's Board is the formal end of it, but in practice strategic planning has no beginning or end. Strategic planning is an ongoing process, and the strategy process is just a certain phase during the year when strategies for the future are developed more systematically. According to The VP of Business Development, the actual strategic activities begin only after the planning process is finished. The VP of Business Development says that the long term strategy components have to be planned in a way that they are not extensively affected by changes of the environment, as it changes all the time. After the communication of strategic plans, the business lines are responsible for making sure that the strategy is executed on the lower levels. As mentioned in the strategy process, the business lines create their own strategies which follow the strategy of the Case Organization and the objectives of the segment they belong to. The responsibility of implementation is on the business lines, which are responsible for bringing the strategy to life in daily operations (The Case Organization Intranet).

3.3 Strategy Implementation

As mentioned before, the Case Organization has many organizational levels, which results to multiple management levels as well. The strategy implementation in this kind of structure is not an easy job to do. To help make this mission a bit easier, the Case Organization has created the Case Organization Executive Forum (EF) in order to accelerate strategy implementation. The EF gets together 2-4 times a year to discuss and execute corporation-wide initiatives and themes, to share competencies and best practices as well as to create business synergies. The main purpose of the forum is to strengthen the global implementation of strategy. The members of the EF are from the most essential business lines and geographical areas.

At the moment, the Case Organization has not defined mutual guidelines for strategy implementation. According to the Manager 1 of Technology, the implementation is on the responsibility of every manager and superior on all levels, and they should define their own methods of implementation. However, a process of implementation has been described in the Development training material as follows:



Figure 11. The implementation process of the Case Organization's strategies

From this description of the implementation process it can be concluded that from the strategies of the Case Organization the main direction of actions is defined, from which different function's targets are set, from which every employee's personal targets are set. The main supporting components of the strategy implementation are communication, measuring, reporting, feedback and follow-up. According to The VP of Business Development, this picture of the implementation has all the key components described, and this is how the process should work. Only the

communication should be open and more transparent and not the way it is described here; passing on from a level to another. According to The VP of Business Development, six different organizational levels are identified as a part of strategy implementation through which the strategy message should travel. These levels are corporate, segment, business line, unit, department and team.

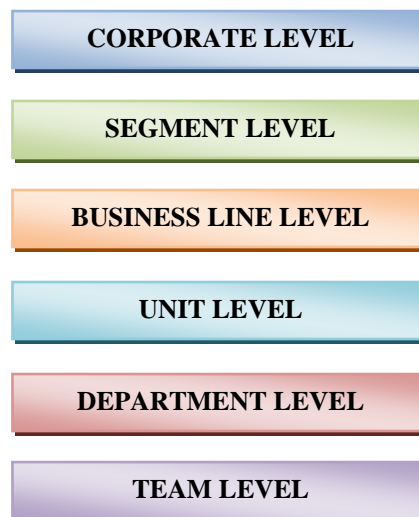


Figure 12. *Organizational levels of The Case Organization Corporation 2009, adapted from the VP of Business Development*

The strategy message of the corporate strategy should reach all employees, in order to derive personal targets from the strategy. The corporate strategy steers the operations and choices of every level and creates the base for the entire existence of the organization. The VP of Business Development says that all organizational levels should find parts from the corporate strategy which particularly concerns them and their work. All levels should actively discuss about what they are going to do in order for the strategy to steer the actions. The main question the levels should answer according to The VP of Business Development is “*what does this mean for us?*” This means that they should be able to find components of the strategy they can influence and define the actions which furthers the strategy execution on their part.

The VP of Business Development says, that the essential challenges here are how to communicate the strategy effectively enough so it reaches all levels, and most importantly, *how to create an organizational culture where strategy steers the actions of every unit, department and team?* These questions are examined more closely later in this thesis from the point of view of Department 1 Department’s Team 1, representing the team-level.

3.3.1 The Supporting Actions of Strategy Implementation

Even though the Case Organization has not created common implementation guidelines for the organization, as the implementation is considered to be on the responsibility of managers, several efforts have been made in order to bring the strategy message a bit closer to the employees. Few of these examples are presented in this chapter.

Strategy Road Show for Reporting Segment 1

In 2007 the Case Organization's Reporting Segment 1 segment tried something new in communicating strategy, as it was difficult to communicate strategy in the conventional manners. The segment strategy was delivered to employees in road shows in all locations all over the world. The global campaign reached over 6,000 people in 35 different locations. The road shows showed the commitment of management to the employees as they were lead by the business management and were supported by the local marketing communications and human resources people. After each road show, the organizers surveyed how the strategy had been understood. More than 2300 responses were gathered from employees and officials. (The Case Organization Intranet)

The results from the survey showed that the main strategic points were understood rather well. Respondents had identified the strategic emphasis very well, although there were some misinterpretations as well. Some even responded that they were not familiar with the strategy at all. 70 per cent of the respondents felt that they had enough information about the strategy in order to do their work, but for 24 per cent responded that they had enough information on general level, but not enough regarding their own work. 8 per cent responded that there is not enough information at any level of the organization. (The Case Organization Intranet)

There was also a possibility for the respondents to give open statements about the strategy, and the remarks showed that many had concerns about high growth expectations and lack of resources. Some respondents were very concerned about the implementation of strategy, and how it could be made possible. The survey showed that The Case Organization employees actively take part in strategic discussions, which is useful for the managers. (The Case Organization Intranet)

The Adoption of The development discussions at Tampere location

The development discussions is a tool used in a development discussion between a superior and an employee, where a more goal-oriented direction for daily work is set. The Case Organization has created the process and electronic tool to help the managers on all organizational levels in deriving personal targets from strategy. The general policy of having development discussion at Tampere location has been applied for years. Still, in 2005 it occurred from a personnel enquiry that the development discussions were not held enough. The development discussions were then further developed by the HR Training Manager of Reporting Segment 1, and the Competence Developer of Reporting Segment 2. According to The HR Training Manager, The development discussions was seen to be a good tool for monitoring the progression of The development discussions and in addition, deriving personal goals from strategy, as the strategy implementation was found out to be rather scarce as well.

The development discussions were adapted at Reporting Segment 1's Tampere location by the end of the year 2008. The training of usage for the superiors in Tampere location was held before the end of the year 2008, as the tool is expected to be used by the end of March 2009. The development discussions is an important part of The Case Organization's management system, as it is a common tool used in the performance and the development discussions yearly. The discussions are held in the beginning of each year so that the personal goals set give direction to the employees and support the overall goals of The Case Organization. The goal of the development discussions is to ensure that the employee's personal goals are in sync with the business goals and strategy. The development discussions increase every employee's opportunities to continuous improvement, and further the organization's profit development.

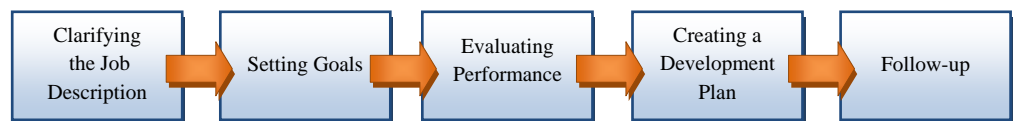


Figure 13. *The Structure of the Development discussion, adapted from the development discussions training material*

The development discussions are linked to the organization's annual plans. The benefit of it is that everyone's daily job is linked to the organization's strategy and goals. It gives a clear picture of the demands of the work and clarifies the meaning of everyone's work in the big picture. It also motivates and gives a possibility for regular feedback. The evaluation of performance is objective, and it is a tool for the superior in following their team's performance

and development. The development discussions make it possible to monitor the discussions on organizational level as well.

The HR Training Manager of Reporting Segment 1 was responsible for the implementation and training of the development discussions. According to the HR Training Manager, the feedback from the development discussions training held in 2008 was mainly very positive. The superiors found that the development discussions –tool is helpful in creating concrete goals for every employee, as it has been seen to be rather difficult. The concrete results from the usage of the development discussions-tool and its' success in implementing strategy, however, can be seen more precisely after the process has been gone through before the year 2010.

Strategy Implementation at Case Organization's Business line 4

The Business line 4, one of the three business lines in Reporting segment 2, has put a lot of effort in their strategy implementation. Strategy is constantly discussed in the intranet by the president of the business line. The communication seems to be quite open, and the strategy presentations are updated and distributed to the entire personnel. The executives and key supervisors are tasked with arranging employee events to review the updated strategy and selected actions with the personnel. Feedback from these events is also collected. (Reporting Segment 2 intranet)

Group Development Discussions

As mentioned before, the Development discussion is a discussion between a superior and an employee, where a more goal-oriented direction for daily work is set. It is the Case Organization's common tool used in these performance and the development discussions which are held every year by the end of March. Before starting these individual discussions in the business line, each group in the organization is recommended to carry out a Group Development discussion based on the Case Organization's strategic goals.

The purpose of the group discussion is to clarify the group targets and to involve all group members that execute and further develop them. The Group discussions form the basis for the individual discussions. This also ensures that individual goals are set and evaluated based upon the common goals. The goal of these discussions is that everyone in the Case Organization understands the strategy and is committed to execute and further develop the strategy. The group discussion supports this process. Every group should have a shared understanding and commitment of the long-term targets of the group and aligns these targets with the Case

Organization's strategy. Each group should create annual plans to execute the strategic goals and make them into practical actions with clear measurable targets.

The Business line 4 sets a good example for other business lines. From the manner the strategy is discussed in the intranet shows how committed the management of the business line is in the matter of strategy implementation.

3.4 Strategy Communication

According to the Case Organization internal communications principles defined in the Intranet, all the Case Organization employees are responsible for internal communications as part of their jobs. Each individual should actively seek and share information, as well as communicate about his or her own areas of responsibility, related practical matters, and background information important to job performance.

The owners of the strategy communication are the corporate and segment management. The business lines are responsible for communicating the message to unit and team levels. The corporate, segment and business line communications departments are responsible for producing, aligning and distribution of strategy material. The superiors are responsible for explaining and clarifying and acting as a mediator in strategy communication. They are also responsible for distributing the strategy material and discussing the goals and results of the Case Organization, the segment and the business line with their own unit, department or team. Marketing and Sales together with the Human Resources department are responsible for supporting, assisting as well as developing the strategy communication. (The Case Organization Way to Communicate, the Case Organization Intranet)

The material which handles strategic alignments is mainly distributed to the superior levels. Last autumn a power point presentation was sent to 400 superiors to support their own communications. The mutual strategic themes in the Case Organization are also discussed in the personnel magazine and every month the CEO's letter is sent by e-mail to approximately 400 superiors and published in eight different languages in the intranet. The feedback from the strategy process is gathered with a strategy-dialog tool. In the turn of the previous year, over 700 Case Organization employees took part in the dialog, and 1000 separate answers were sent. (The Case Organization internal communications principles, the Case Organization Intranet)

Like other large corporations, the Case Organization has defined many communication channels through which the employees can be reached. The size of the Corporation requires many efficient tools of communication. There are various groups with specific needs in the organization, for example new employees, so the internal communication actions are planned to fill their needs especially. The Case Organization categorizes its' communication channels into three groups: **face-to-face channels**, **electronic channels** and **printed channels**. (The Case Organization internal communications principles, the Case Organization Intranet)

Face-to-face channels are defined as the main communications channels in everyday operative work. The channels are further categorized to *superior-employee communication*, *informative meetings*, *meetings with personnel representatives* and *other personnel events*. In superior-employee communication the superiors are expected to communicate with their subordinates regularly regarding person and work related issues, meet their teams regularly to discuss strategy, achievements and goals, operational issues and feedback. The employees are also encouraged to inform their superiors about relevant issues and actively seek information, since the communication is expected to be two-way. Meetings with the personnel representatives are arranged according to local legislation and other personnel events are used for internal marketing and for promoting team spirit. (The Case Organization internal communications principles, the Case Organization Intranet)

Electronic Channels are the main platform for general internal communications and news channel. They contain important and up-to-date information and guidelines that are needed in the daily work. Group e-mails are mainly used to inform a limited number of people and the Case Organization-wide mass emails are used to inform the employees in general messages addressed to all. For internal meetings and training conference calls and net-meetings are used to avoid unnecessary traveling. (The Case Organization internal communications principles, the Case Organization Intranet)

Printed Channels include internal releases, such as appointment news and internal bulletins, and the personnel magazine which is the Case Organization's main printed internal media and available to all The Case Organization employees globally. It is a management communication channel and mainly includes the Case Organization-wide background articles. Other printed material include orientation material where the corporate communications produce material for the employees about strategy, values and ethical principles, and the Case Organization publications which are used primarily in external communication, but are available for all employees as well. (The Case Organization internal communications principles, the Case Organization Intranet)

3.5 The Challenges in Strategy Implementation and Communication to Team Level

This chapter focuses on discussing *the challenges* in the Case Organization's strategy communication and strategy implementation to team level. To create a more concrete insight, the experiences of the Team 1 from the Department 1 of Business line 1 are examined. From the Team 1's point of view, the implementation of the corporate strategies is done by developing new technology. As a guideline for this, they follow the technology strategy, from which their team and personal goals should be set. In order to understand the team's role in the larger picture of the Case Organization's business environment, the team must be aware of the corporate strategy which should be communicated and discussed in an adequate manner. First, the management structure of Technology unit is presented, with a closer insight to the team 1.

3.5.1 The Team 1

The Team 1 is a part of the Department 1. The department belongs to the unit of Technology in the Business line 1. In addition to the Department 1, two other departments belong to the unit. The unit develops and maintains the technology strategy of Reporting Segment 1 based on the business line technology strategies. The unit initiates and supports the development in strategic development areas like automation, materials technology, life cycle services and environmental technology. The goal is to initiate strategic development programs to support the strategy, and the key focus areas in this development are environmental, automation and materials technologies. The development work is made in projects.

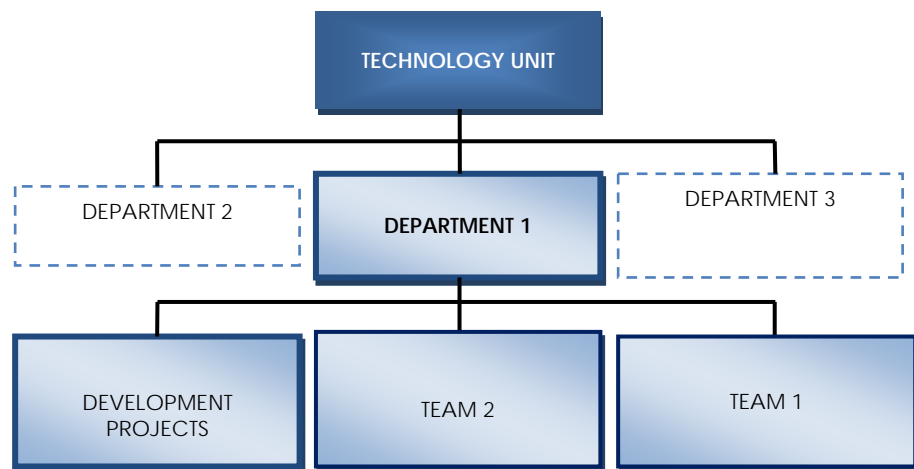


Figure 14. *The Unit of Technology, Department 1 organization 2009*

This thesis focuses on the strategy implementation to team level, and examines the experiences of the Team 1 in the Department 1 department. The Technology Manager 2 leads Team 1, and it consists of experts in the field of machine dynamics, industrial design, materials technology, intellectual property rights (IPR), environmental technology and reliability technology. The Team 1 has an important role in the technology strategy, as the experts themselves are responsible for their own fields of technology and identifying new technological opportunities which support the strategy of the Case Organization and Business line 1. According to Technology Manager 2, the Team 1 is responsible for the expertise, development and research cooperation of the defined technologies. The mission of the team is to identify and develop new solutions for the product and service offerings of the Business line 1. The team participates in the Department 1's projects and therefore, ensures the utilization of new technologies in product concepts.

The Technology Strategy

As mentioned before, the units within business lines, such as Human Resources, Sales and Technology might have a sub strategy of their own. The unit of Technology is a part of the technology strategy of the as well as the strategies of the Case Organization and the Business line 1. The technology strategy is a part of the strategy of the Case Organization and functions as a supporting factor. According to the Manager 1 of Technology, the purpose of the technology strategy is to constantly strive to identify new technological possibilities which support the corporate strategies and help the Case Organization Corporation in creating more competitive solutions for their customers. The Technology Manager 1 elaborates, that the technology strategy is implemented through projects. The corporate strategy is implemented by developing new technology for the Case Organization (The Case Organization intranet, Technology Management). The technology strategy is the Team 1's closest strategy in addition to the corporate strategy of the Case Organization and the Business line 1, from which their personal goals are set. The following picture demonstrates the strategies which should be communicated to the Team1, which are then expected to be implemented.

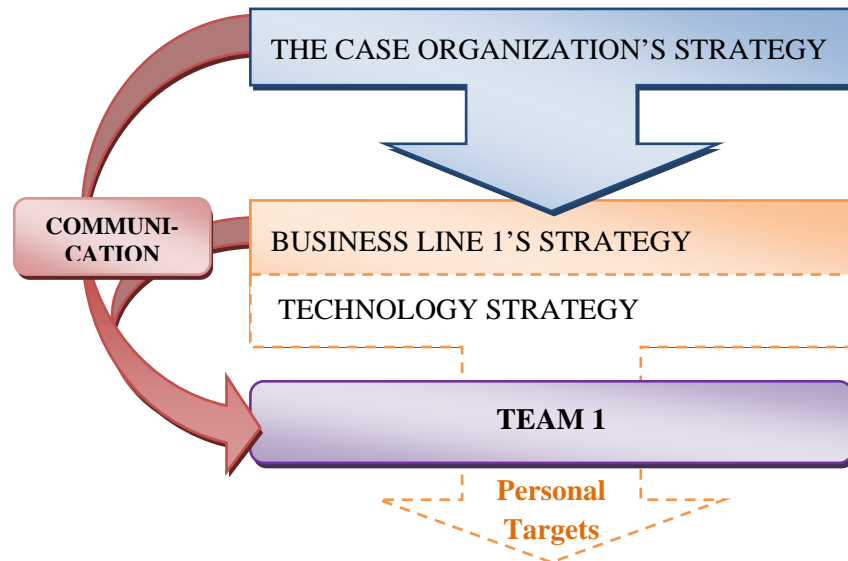


Figure 15. Strategies to be communicated and implemented from the Team 1's perspective.

3.5.2 Challenges in Strategy Implementation on Team Level

According to The HR Training Manager, the term strategy implementation seems to bring some confusion among many employees. People who have worked for the Case Organization for years in the lower levels have become used to the fact that strategy is not their business; it stays merely in the corporate level and is not communicated to the lower levels in the organization. This causes that strategy is not consistently being implemented in a way it should. The common environment is difficult to turn over and the whole organizational culture should be steered towards a more open environment. Strategy is everyone's business, as it should guide the daily operations and give direction to decision-making. This kind of change does not happen overnight, and the Case Organization has a long way to go before it can be seen successful in strategy implementation.

As discussed before, the Case Organization has not defined mutual implementation guidelines for the entire organization. The business lines are held responsible for the implementation of strategies. According the Technology Manager 2, the Department 1 probably invests more on strategy implementation than the rest of the Business line 1, as its goal is to ensure that the organization is going to the right technological direction. The challenge is the long duration of development projects, with which the strategy is implemented. The closest strategy for the Team 1 along with the corporate strategy and the Business line 1 strategy is the technology

strategy, from which the team and personal goals should be derived. To make the process of strategy implementation more consistent, the reporting segment 1 along with the Business line 1 has adopted the Case Organization's Development Discussions tool for the year 2009, which was presented in the previous chapters. This tool will be taken into use in the Team 1 to enhance strategy implementation.

The basic component of implementing strategy is communication. The next chapter presents the *challenges in strategy communication* to team level which are why strategy implementation does not occur in the extend that it should. Without successful strategy communication, implementing strategy is impossible.

3.5.3 Challenges in Communicating Strategies to Team Level

As presented in the previous chapters, the Case Organization has defined many channels of communication and the persons in charge of it. According to The VP of Business Development the communication of strategy is a great challenge for the whole of the Case Organization. Communicating the strategic plans to the lower levels is an essential part of the strategy process described earlier in this thesis. Still, the strategy awareness in different organizational levels, especially on the team levels seems to be rather limited. According to the Manager 1 of Technology, the Case Organization encourages managers and superiors to communicate strategies to their employees, even though the guidelines on *how* to communicate strategy do not exist. It is considered to be on the responsibility of each superior to find the tools for effective strategy communication. The VP of Business Development elaborates that this kind of communication demands that all managers are ready to go through strategic issues over and over again, until the message is clear to all. This is a challenging task for the managers, as they have many other issues which need their attention at work, and the question of how to make the strategy message understood among employees is probably not the first thing on the list.

The Profusion of Organizational Levels

One of the main reasons strategy communication is found difficult, is the *complexity of the organization*. Even though, the structure was altered by the end of the year 2008, it still has multiple organizational levels which results to even more management levels. The corporate assumes that the strategy message is communicated from level to level in the organization, as seen on figure 19. At the moment, the strategies travel through filters, as the information is not given to all levels at once.

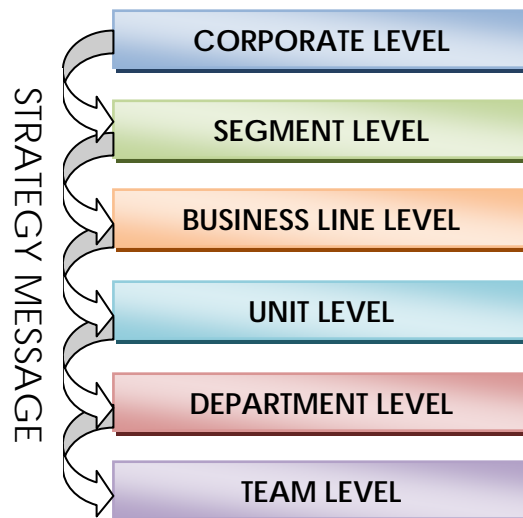


Figure 16. *The communication of strategy from level to level*

This kind of way to communicate is far too slow, and the message does not reach all employees at once. There are many managers in between these levels, who all have different ways of working. As there are so many management levels, it makes it easier for the managers to transmit the responsibility of strategy communication from level to level as well. In a way, strategy *is* management, and it requires a lot of competence from the managers and superiors to get people involved in achieving the corporate goals. It also requires a lot of commitment from the entire organization to create an environment where managers accept their role and responsibility in strategy implementation. From the implementation point of view, the management of the reporting segments and especially the management of the business lines have the most important role in creating a strategy focused working environment. The lower we go on organizational levels; the more the role of individual managers and superiors is emphasized.

Business Term Confusion

Another issue that makes strategy communication difficult is the *uncertainty of terms*. Organizations should carefully explain, what strategy and business terms mean for that particular company. Only through a mutual language can a common understanding be reached. Because the Case Organization has many organizational levels, the gap between the corporate level and the team level is quite considerable. According to The VP of Business Development, the upper-level's conversations about vision and strategy are easily not taken into account, as they seem to be more abstract to the employees who are doing the concrete work. This means, that the strategies are left to the abstract level and not cut into smaller entities for each organizational level. The quantity of all business terms seems to be a lot to handle for the employees, as the terms

are not clarified anywhere. According to The VP of Business Development, the top management has not produced a document where the terms are explained and defined. Only by doing this the organization can expect relating to strategies, action plans and visions from the employees. The language barrier must be defeated before an effective strategy dialog among the employees can be created. Terms that might seem obvious to the corporate level, might not have the same response when bringing the strategy message to lower levels. The VP of Business Development says that all organizational levels should be able to discuss what the corporate strategies demand from them and what are the efforts and objectives which support the corporate strategy. But since the concept of strategy is not well known, it is impossible to expect the employees to actively seek information about issues they cannot relate to. According to the feedback gathered from the strategy team day of Team 1, the clarification of strategy terms and definitions is considered very useful. As the team members all have engineering backgrounds, the concepts of strategy and vision are not very familiar. Most of the team members thought that the clarification of terms helped the understanding of strategy from the team point of view.

The business terms should be defined in the organization, as insignificant as it might sound. Especially now when the Case Organization has bind itself more closely to the reporting segments. The whole of the Case Organization is expected to operate according to the same code of practise, so every aspect of it should have consistency in every way. Terms are most important to the employees, as they expect to have mutual understanding within the corporation. Defining terms would remove miscomprehending and increase a more unified business environment. As mentioned before, the Case Organization no longer can afford to operate like it is divided into many different companies which have their own way of working and own business languages. One of the most important steps towards a unified brand is the correlation of business terms used. Bottom-line is that all employees are merely human, and all people have their own way of interpretation. Business terms are not the ones that should be left on every employee's personal interpretation. As a global company, the Case Organization has enough language barriers of its own. The business language used at work guides the daily operations, and it is not the company's best interest to leave the terms unclear. Clarifying the terms would save time and effort of the entire organization.

Scarceness of Strategy Communication to Team Level

Spreading the strategy message to team level is rather scarce. One of the strategy presentations at the strategy team day held for the Team included a summary of the Case Organization's current corporate strategy. Before the team day, some of the team members had seen parts of the corporate strategy, but most of them had not

seen it at all. The general opinion was that there has not been enough of communication and presentation of any of the corporate strategies and the updates made into them, in this case the strategy of the Case Organization and the strategy of the Business line 1. According to the Technology Manager 2, the strategy material of the Business line 1 on the intranet is not promoted at all. The VP of Business Development says that one of the major problems here is the fact that the business lines lack a person in charge of strategy related issues. Therefore, the communication is not supported in a way it should be. The Technology Manager 2 states that the instructions given for strategy communication is not enough – there should be more commitment and supervision. The new management process defined for the Case Organization's Tampere location should be taken into use as soon as possible in order to make this realized.

Communicating the Technology Strategy

As mentioned before, along with the corporate strategy and the Business line 1 strategy, the closest strategy to the Team 1 is the technology strategy. In the feedback form of the strategy team day, the team members of Team 1 were asked about how well the technology strategy is communicated to them. Most of the team members had seen a contemporary technology strategy at the Department 1's department day in December 2008, presented by the Senior Vice President of Technology unit. The strategy was presented, but the discussion after it was scarce. According to the team members, it was difficult to get a closer insight to the strategy, as there was no guided discussion after it was presented. None of them received the presentation material, so that they could have examined the strategy more closely after the gathering. According to the Manager 1 of Technology, one of the reasons for this is that the strategy contains business secrets and because of the leakage risk, the entire strategy cannot be distributed to everyone. Still, the common opinion of the Team 1 was that it is not enough to only present the strategy; it has to be gone through more closely with discussion. Without understanding the strategy, it is very difficult to implement it. An important part of the implementation is the communication of the technology strategy, which according to the team members has been more on the responsibility of each employee than on the management. Even though the strategy has parts which cannot be distributed, it should still be discussed among the employees to create a solid understanding about where the organization is headed from the technological point of view. This way the employees would have better grip on the strategic issues before considering the team's action plans.

Openness of Communication

Open communication is a key component in creating the groundwork for strategy implementation. Making the employees commit to strategy execution in their work will only be possible through mutual respect. As idle as it might sound, honesty and openness are the best policies when trying to create a committed environment within an organization. From the feedback gathered from the team members of Team 1 after their strategy team day, it could be concluded that many of them felt that strategic information is withheld from them. They wished for a more open environment where the employees would at least be informed in what stage the strategy process is, and when will the strategy be published. According to one team member, the policy is now that you may get information about strategy, only if you look for it yourself. Many of the employees do not have time to go and check the intranet constantly to see if the strategies would have been published. A good example from this is the strategy of Business line 1. None of the team members had received any information about the strategy, even though it is considered to be one of the components from where their personal goals should be set.

4 CONCLUSIONS

The previous chapter presented the major challenges in strategy communication and implementation on team level. This chapter summarizes the components which need improving, and introduces the improvement proposals for further development of strategy implementation and communication.

4.1 Summary of Strategic Challenges on Team Level

As a result from the challenges in strategy implementation and communication introduced, it can be concluded that one does not exist without the other. *If the communication does not work, the implementation does not work.* The major problems are found in the communication of strategy. Strategy in the Team 1 has not been consistently implemented, mostly because of lack of strategy communication from the rest of the organization. The major problems in this part of the strategy process seem to be:

- Lack of strategy communication guidelines for managers
- The multiple organizational and management levels, which make the communication process rather slow
- Business term confusion; terms are not defined anywhere, and there is a lack of a mutual business language
- Scarceness of strategy presentation events among units, departments and teams
- Lack of commitment and monitoring
- Lack of open communication

The next chapter presents the improvement proposals for tackling the challenges and creating a foundation for strategy implementation on the team level.

4.2 Proposals for Improvement

One of the goals of this thesis was to create an implementation model for the team levels of Department 1, especially for the Team 1. This section demonstrates the implementation model and the main components supporting it. The model is created on the basis of the challenges the team faces in strategy implementation and communication. The structure for it considers the wishes and proposals of the Team 1 given in the strategy team day held in February.

These proposals will be given to the Technology Manager 2 of the Team 1. The model can be taken into use by the team, as the

development discussions take place during March 2009. During the final stages of this thesis, the development discussions have already begun among the Team 1. At the development discussions, the personal goals of each team member are derived from strategy.

4.2.1 Strategy Implementation Model for Team Levels

As the Case Organization is a large organization, it is difficult to create mutual guidelines for strategy implementation. However, this does not prevent the fact that all organizational levels could find an implementation process of their own. The main goal for all teams, departments and units inside business lines is the same: to implement strategy in a way that the corporate goals are achieved. The means of doing this may vary, because the business lines have many different units inside them, for example Human Resources, Accounting and Technology.

The following plan is created for the Team 1, as it takes the particular needs and wishes of that team in consideration. One of the main components of the process is the development discussions discussion which was presented earlier in this thesis. The schedules of the development discussions and the strategy process of the Case Organization create the groundwork and timing for this implementation plan. The main emphasis in the plan is on the schedule, the communication, the target setting, documentation and the follow-up. The final stage of the plan is feedback and measuring of the strategy implementation. The model for the plan is presented and explained in the following pages.

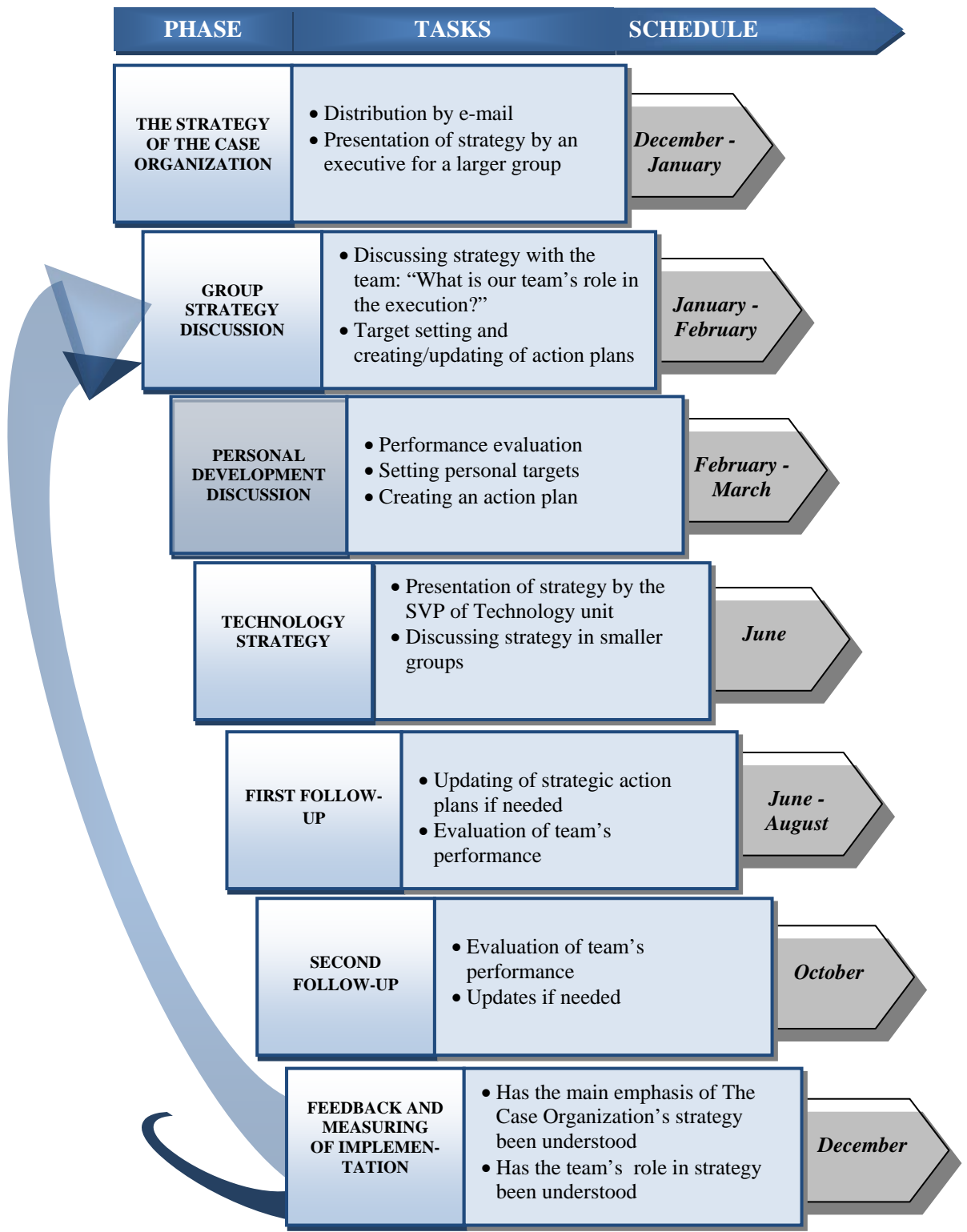


Figure 17. The Strategy Implementation Model for the Team 1, 2009

1. The Strategy of the Case Organization – Publishing and Communicating

After the strategy formulation process of the Case Organization is finished, the information from the new or updated strategy is communicated to managers, as discussed in the Strategy Communication chapter. After this, the information should be available for all employees, as the strategies are published in the intranet. All the managers who receive an email about the strategy should then use their own managerial skills to ensure the continuum of communication. This could be done by sending an e-mail informing the employees about the publication of strategy, so that they could go and explore the strategy on their own. The ideal situation would be that an executive, for example the business line president, would visit the places of business to present the strategy of the Case Organization as well as the strategy of the Business line 1 to a larger group. This would be the starting point of strategy implementation and would show the commitment of the management for the issue.

2. Group Strategy Discussion

After the strategies are published and tentatively communicated, the superior should gather the team for a group strategy discussion, much like the Group Development discussions held in Reporting Segment 2 Business line 4. The content of the Group Development discussion is used here as a benchmark. The meeting should include the presentation of the strategy of the Case Organization and the strategy of Business line 1, which would then be discussed. The questions steering this conversation should include the following:

1. What aspects of the strategy particularly concern our team?
2. Why does our team exist? What is our team's role in the strategy?
3. What are the main functions of our team?
4. What did we achieve in the previous year?
 - Evaluation of achievements and setbacks
 - How will we improve our results for the next year?
5. The goals and actions for the next period
 - Short-term Technology Agenda
 - Short-term goal
 - Key actions
6. The goals and actions for long-term
 - Long-term Technology Agenda
 - Long-term goal
 - Key supporting actions in short-term
7. What competencies should we improve as a group in order to achieve the set goals?

- Long-term
- Short-term

The important part of the group discussion is documentation. The discussion and updates should be documented in a form of a report, and sent to all team members after the meeting. These reports should be documented in a database, to which the whole team has access. This way the information remains for all to see, and the updating is made much easier. The team has also a readymade strategy-template for their strategic action plan, which is a good tool for updates and follow-ups. This should be stored in the same database as well.

After the group strategy discussion, all team members should update their own strategic action plans. As discussed before, the group's personal targets are set from Business line 1's technology strategy, which is a part of the Case Organization's strategies and functions as a supporting factor. The team's action plans should be created in accordance with the strategies of the Case Organization and the Business line 1. These plans will work as a foundation for the next stage in the process, the personal Development Discussions.

3. Personal Development Discussions

The development discussions take place in the beginning of every year before the end of March. The development discussions is a tool used in superior-employee development discussions. The discussion consists of five stages:

1. Clarifying the job description

The superior and employee must have a mutual understanding of what the targets and responsibility areas in the employees work are. In this phase the targets of the Case Organization, the business line and the team are gone through.

2. Target setting

The superior and employee set 2-4 targets for the ongoing year, actions which improve the responsibility areas of the job description, targets which facilitate the team's performance and personal development activities. The goal of this stage is to create personal commitment, effective communication and ensuring that the superior and employee have the same conception of expectation of the work.

3. Performance evaluation

In this stage, the superior and employee evaluate the performance of work on a scale from 1 to 5 and define areas of development. During the year, follow-ups of the performance should be made to make this stage easier. After the personal evaluation, the performance of the team and the superior are evaluated.

4. Development plan

After the performance evaluation, the superior and employee create a development plan of training and development activities in order to improve performance. This plan is made for short-term and long-term, including future career possibilities and plans.

5. Follow-up

As mentioned before, the follow-ups of performance should be done few times a year to create a consistency for achieving targets. The follow-up consists of three stages:

1. Evaluation of performance – Comparing the real and desired performance
2. Understanding causes – Analyzing the reasons for deviation
3. Agreeing on corrective actions – Deciding what actions to take

(The Case Organization, Development Discussions Users Guide, 2008)

4. Updating of Business line 1's Technology Strategy

The technology strategy is a constantly ongoing process, and is usually presented in the Department 1 department-day by the Senior Vice President. In the feedback given by the Team 1 from the strategy team day, many of the team members mentioned that when the strategy is updated, they would prefer a strategy presentation event, where the manager would come and explain the strategic emphasis, and create a discussion forum after it. The department-day has included the presentation of strategy by the SVP, but the discussion after it should be guided so actual conversation occurs. This could be done by dividing the department in smaller groups, where they could openly discuss the strategy, after which they would present their group's thoughts to the entire department.

5. 1ST Follow-up

These follow-ups are a result from the feedback given by the Team 1. The team members suggested the follow-up meetings in order for the team to be aware of the teams' and personal performance progress. The first follow-up meetings of the Team 1 should be arranged during the summer, and preferably after the Business line 1's updated technology strategy is presented. In the follow-up the

team should evaluate its performance, how projects are proceeding and what changes and updates should be made. The team should then discuss the technology strategy presented in the Department 1's department-day, and how it affects their functions, and what updates need to be made to the team's action plans. Documentation of this meeting should be done, as the material gathered from the follow-up meetings functions as a supporting factor for the personal and group Development Discussions.

6. 2ND Follow-up

The second follow-up should be held during the fall, as to see if set targets are being achieved and to evaluate performance. This follow-up should function according to the procedures of the first evaluation. Documentation of this meeting should be done as well.

7. Feedback and Measuring of Implementation

The purpose of the feedback given by the end of the year is not to evaluate the strategy of the Case Organization, Business line 1 and Technology, but to measure the success of the implementation part of the strategy. The success of the implementation of strategy can be measured by gathering feedback. The questions guiding the feedback could include:

1. How have the employees understood the strategy message?
2. How have the employees understood the corporate goals?
3. Have the employees understood the team's role in the execution of strategy?
4. Are the personal targets of the employees derived from strategy and have the employees strived to achieve them?

The success of the implementation can be measured by collecting feedback from the employees by the end of the year, before the strategies of the Case Organization and Business line 1 are updated and distributed again. By collecting the feedback before the next implementation round gives the possibility for improvements for the implementation phase. From the feedback the superiors can see if strategy has been communicated effectively enough and further improve the process.

4.2.2 Supporting Factors to the Implementation Plan

Clarification of Business Terms

The clarification of terms should be done by the top management of the corporation, and distributed to all employees via for example, the intranet. On the Case Organization's intranet, there is a material library where the Case Organization's policies, principles and guidelines are determined. These are divided into ten categories; Corporate and legal, Communications and PR, IT,

Finance, HR, Environment, Audit, Risk, Intellectual Property and Corporate development. The definitions of business terms could be one of these categories, where a document covering all relevant business terms would be released, starting from organizational terms such as reporting segment, business line, business unit and so on. The strategy terms should also be defined and explained what they mean at the Case Organization. The term strategy implementation, for example, has many interpretations and opinions. The clarity of terms should not be taken for granted, as there are employees with many different backgrounds, rarely having a strategic emphasis on their field of expertise. The intranet pages of Reporting Segment 1's Information Management could be used as a benchmark for this, as they have created a document explaining all relevant terms and concepts in business process management. The document is a special edition created for the Case Organization.

The terms and concepts of strategic management, for example, could be documented in the same manner. If some terms create difficulties and miscomprehensions, the employees could easily check the guidelines and policies section from the intranet and find out what the common term policies are. The business terms could also be communicated by using a leaflet, which would be distributed to all places of business.

Effective Use of Communication Channels

The Case Organization has defined many means of communication, which should all be used as a way to communicate strategy and advance its implementation. The issue here is that the communication tools are perhaps not used effectively enough to prompt the strategy communication from upper levels to lower levels. As mentioned before, the Case Organization categorizes its communication channels into three groups: face-to-face channels, electronic channels and printed channels.

Superior-employee Communication and Informative Meetings

The superiors are expected to meet their employees and teams regularly in order to discuss strategy, achievements and goals, operational issues and feedback. The teams should create, for example, an annual calendar which would be in sync with the strategic annual planning and the Development Discussions. The follow-up process should be a part of the calendar including dates of follow-up meetings discussing how goals have been achieved. This would be an opportunity for the whole group to find out where other team members are headed. After the strategies are published, the teams could meet and discuss the strategic emphasis and what it means to that particular team. These meetings are very important in order to create a strategic dialog among the team members. These meetings should be well prepared, and it is on the responsibility of the manager to ensure that they proceed accordingly. The managers

are also in charge of constantly seeking information and informing their employees.

Emails and Intranet

Emails are an important part of communication, as all employees spend a number of hours a day on the computer. The feedback gathered from the team of Team 1 after their strategy team-day showed that most of the team members would appreciate if they were informed about the state of the strategies and the publication of them by email. Email was seen as an effective tool of strategy communication. The strategies are published in the intranet of the Case Organization, and the team members would like to get an email with a link to them, or information on how to find them as soon as they are published. The intranet is good form of communicating strategy to employees, as on all the intranet sites of segments and business lines have some information about strategy on their pages. The Business line 4 of the Reporting Segment 2 is a good example on how strategy is discussed on the intranet pages. Whenever there is strategy related actions, for example strategy publications or updates, the president of the business line informs employees about it with a column and further encourages them to strategy implementation.

The Commitment of Management

An important factor of strategy implementation is the commitment of the management. From the team level's perspective, the management of the Business line 1 is responsible for creating a strategy focused working atmosphere. The constant and timely discussion about strategy by the manager helps keeping the strategy a part of every employees work. A good example in this is the reporting segment of Reporting Segment 2, where the Business line 4's president writes articles constantly about strategy and evaluates performance. This shows the commitment the manager has in the implementation himself, which is a great motivator for employees. The president of the Business line 1 should also show his commitment to all the employees in the Business line by making the strategy issues more visible, for example in the intranet. If strategy is discussed by managers, the importance of the issues is made clear, and eventually strategy implementation will follow. To ensure the commitment of all managers within the Business line 1, the business line should name one person in every organizational level within the business line, to whom employees could turn to in strategy related issues.

Organizational level	Person in Charge of Strategic Issues
BUSINESS LINE	President of Business line 1
UNIT	Manager 1.
DEPARTMENT	Manager 2.
TEAM	Manager 3.

Table 5. Managers in charge of strategic issues within the Business line 1

Strategy Communication Training for Managers

Even if the managers would be interested in communicating the strategy, they might not know how to do it effectively enough. The Case Organization has a large supply of different training programs for its employees, and the organization could very well utilize this in strategy communication. Training could include a “strategy communication package”, where the managers would be instructed on how to present the strategies to the employees, and how to steer discussion afterwards. The questions steering the discussion could be the similar to the ones presented in the implementation plan for the Team 1, for example:

- What has been achieved in the previous year by our team/department/unit?
- What is the role of our team/department/unit in the strategy?
- What aspects need our attention especially?
- What competencies need to be improved in order to achieve the set goals in the strategy?

The discussion part is the most essential, as it creates a more in-depth view of the strategy and encourages employees to ask questions and give comments, which should be documented for further improvements.

4.3 Evaluation of the study

This study had three objectives:

- to create a general insight to the Case Organization's strategy work and the strategy process concentrating on the implementation and communication of strategy
- to identify the major challenges in strategy implementation and communication on team level
- to create a strategy implementation model for the teams of Department 1

The first objective was attempted to be achieved by describing the strategy work of the Case Organization by examining the management structure and the components of the strategy process. The information used in these chapters was gathered from the Case Organization's intranet. After this, a closer look on the implementation and communication of strategy was taken. The chapter concerning strategy implementation was reinforced with presenting three implementation supporting examples from different parts of the organization. The next objective was strived to accomplish by examining the challenges of strategy implementation and communication on team level, under the direction of interviews with few managers of the Case Organization from different organizational levels. The goal was to identify the major challenges in strategy implementation and communication, and the findings are summarized shortly in chapter 4.1.

The final objective of this study was to create a model for strategy implementation for the Team 1. The model is created especially for the team of Team 1, but can be given to the use of other teams or departments as well, as the main components of it are created based on the strategy schedule of the Case Organization. The Team 1 has already had a meeting where the Technology Manager 1, presented the Business line 1 strategy to the team during the writing of this thesis. This happened after the group strategy day held in February 2009, and The development discussions are afoot in the end of writing this thesis. The implementation model could not be taken into use entirely before the development discussions, as it was not completed. The next stage in the model is the presentation of the updated technology strategy of Business line 1, which should be presented during the summer in the department day of Department 1 by the Senior Vice President of Technology unit.

The Team 1 can follow the guidelines presented along the implementation model to the end of the year 2009. Only the group Development discussion was not held to the extent which it should have, as the model was not finished in time to start a tryout round in the beginning of the year. This obviously affects the stages of the model which follow it, but the implementation of strategy is not a

quick process, and the team should have the perseverance to start the process described in the implementation model over again next year. The motivation of the team and its' manager for creating strategy awareness and implementing strategy is high, so this should not be a problem.

Strategy implementation is a difficult task for all organizations. In the Case Organization, the business lines are held responsible for the implementation of strategies, and they should pay more attention to it. Strategy should guide the decisions of all employees, and they should be encouraged to implement it in their daily work. Only by implementing strategy can an organization achieve its long term goals. In the financial turmoil of today, it is more essential than ever. The fact that mutual implementation guidelines do not exist in the Case Organization should not be considered to be a burden to having strategy become realized, all organizational levels can create guidelines of their own. The main goal for all is to implement strategy and be a part of the success of the Case Organization Corporation.

This thesis has been the result of a superior and a team, who are willing to take matters into their own hands. After all, it is not the top management of the corporation who do the actual work in which strategy is realized; it is the employees in the lower levels of the organization who make the strategy come to life. This requires a lot of commitment and supports from all the managers and employees at the Case Organization. *Strategy is everyone's business.*

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APPENIX 1

TEAM STRATEGY-DAY – FEEDBACK QUESTIONNAIRE

1. Was the strategy presentation of strategy terms and definitions clarifying enough?
2. Before the team strategy day, had you seen the strategy of the Case Organization? If yes, where?
3. In your opinion, has the strategy communication been effective enough from the corporate level? How do you wish strategy to be communicated?
4. In your opinion, has the strategy communication been effective enough from the Department 1? How do you wish strategy to be communicated?
5. Do you think working on strategic issues in a group is useful? Please explain.
6. How often do you wish to have follow-up meetings about the progression of team/personal targets?
7. Do you find having strategy team days useful before the Development Discussions?
8. Improvement ideas?