STRATEGY IMPLEMENTATION IN SMALL-SIZED COMPANY

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The purpose of this thesis was to clarify and implement the strategy to Company X. The author felt the topic was needed in the Company X, since there was no strategy implemented before. The focus was on strategy and communication, and how to combine them. The author knew the strategy could not be implemented without communication, hence that was another big part of the thesis. The leadership was also discussed a lot, since it has a deep connection to the strategy and communication in a company.

The methods used were interviews and inquiries, but also literature, web sources, and own experiences. The thesis was partly empirical, since the author did functional work by interviewing the employees and using own experiences. The results reveal that clear strategy is needed to Company X and it needs to be communicated well. What is more, a leader is needed to lead the company and to decrease the confusion of actions.

The author recommends the Company X to write down clearly the procedures and ways of action inside the company, concentrate to the core values, and set the right goals. Short- and long-time plans are needed, as well as structured meetings. As a conclusion, the Company X needs more talented leaders and management to function properly.
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1 INTRODUCTION

The aim of this thesis is to clarify and implement the strategy to Company X. Strategy is management’s essential tool in leading the actions, however, it is missing in most companies. According to Maury’s survey only 2% of employees are aware of what is their company’s or organisation’s most important focus points (Mayry 2017). The Company X had some strategy developed before by the owners but the personnel were not aware of that. The author herself is a shareholder, a part of the management, and an employee in the Company X, thus the topic is familiar to her in both ends of the company. The strategy is implemented functional way by the author with help of the staff of Company X. The author gathered information about strategy and communication in companies in general and followed closely how the Company X worked. Meetings, interviews and inquiries were made and from those, the author got insight of the Company X’s strategy, and the lack of it.

1.1 Background of the topic

The author found the topic of the thesis when discussing with her teachers about the thesis project. Implementing a strategy to Company X had not been in the author’s mind before one teacher suggested it. But, as soon as the topic came up, the author knew that was something the Company X needed and what the author could implement to them. The author herself is profoundly involved with the company, thus it was easy to get the data needed, but on the contrary, it was slightly hard to look the topic objectively. The Company X had some strategy done before but it was only made by one owner and it had never discussed within the company. It was only in the drawer version of strategy and it was never implemented in the Company X.

1.2 The case company

The Company X was founded in September 2017, after the company bought the studio from its former owner. All the employees, premises, and customers moved with the sale to Company X and it continued the same business the former owner had done. The case company had 8 owners in the beginning but now the number has shrunk to 6. Most of the shareholders are also employees of the company and in total, there are 12 employees working in the company. The Company X provides physical exercise classes and most of the personnel are part-time instructors. All the employees have 0-hour contracts, because some of them are students and others have their main work in somewhere else. The two main owners have also other businesses and they are not closely involved nor dedicated to Company X.

1.3 Research questions, and objectives

The author decided the research questions in the beginning of the thesis process. The thesis has changed its shape a little from what was intened, but the first research questions still describe the process well. The questions of the topic are:
- What kind of strategy works best in this type of small company?
- How to improve the communication to support the strategy?
The research questions connect to each other. Without other, the another cannot be implemented.

The main objectives of the thesis are to clarify the company’s strategy and vision to everyone inside the company and to communicate it in everyday activities. The focus is in the customer satisfaction, personnel, and finance. The areas of responsibility are not clear in the company, hence that is one field to concentrate in this thesis. Also, the leadership and the management systems are discussed a lot, even though they are not the main objectives. The limitations of the topic and the process are discussed in the Conclusion part.

1.4 Research methods

The research methods used include an inquiry and interviews the author made to the staff of Company X about the strategy and communication. The author decided to make the research functional, thus the thesis appeared as sort of a case survey. At first, the author had decided to do an inquiry to her co-workers instead of interviewing them, because she thought it was difficult to arrange the meetings. However, the author changed her mind after she had sent the inquiries by email and did not get any answers. The inquiry is attached to the thesis as Appendix 1.

The research approach of this thesis is a qualitative research. It is a primarily research method which gives understanding of opinions, motivations, and reasons of behavior. Qualitative data collection methods differ in using unstructured or semi-structured techniques, such as interviews or focus groups. The sample size is usually small and respondents are exclusively. (DeFranzo 2011.) The data to the thesis was collected in Spring 2018 from 8 participants and each interview took about half an hour. The author got the rest 4 participants answers to inquiries by email. The interviews were recorded by author’s telephone and transcribed by author after all the interviews were held. The author did the notes from the recordings and analyzed them by looking frequent answers to the asked subjects.

Case survey research delivers us understanding of a complex matter and can extend the experience to what is already known. This qualitative research method can examine real-life situations and provide the basis for the application of ideas. The survey should include six steps: determining and defining the research questions, selecting the cases, preparing to collect the data, collecting the data, evaluating and analyzing the data, and preparing the report. (Soy 1997.)

The inquiry the author made to the staff included questions about the company’s values, improving actions, communication, and common satisfaction at Company X. Most of the questions were formulated that the answer could not be only yes or no. The author wanted to include all the employees in the strategy process which they did by answering to the survey. New ideas and perspectives were given and good conversations had. The author tried to ask concrete questions about work and make the strategy seen in practice.
Inquires have the benefit of being easy to conduct and getting a lot of quantitative information at once. Planning is essential when making the surveys and to get the wanted information. (Hämäläinen and Maula 2004, 135.) The author got help from her supervisor to plan the question well before. There was some repetition in the questions but the author feels it was more advantage than disadventage, since at least then the answers were thought twice.

The interviews were held in the premises of the Company X and the atmosphere at the meetings were relaxed. The author knew all the employees well, thus the interviews were more like conversations with two friends. One interview included two employees and the author, but the others were managed one by one. All the conversations were unik and different but all the employees had same ideas of the company’s strategy and how it should be implemented. The interviews gave information that the author would not had received by email. Some of the co-workers could not meet, so they answered to the inquiry by email which was fine, thus that way the author got two different type of answers: written and spoken.

1.5 Theoretical framework: strategy and communication

The author chose strategy implementation to be the main topic of the thesis, but she feels the strategy cannot be implemented without communication, thus communication is greatly involved in this thesis. The author will not explain all the theorics and aspects of strategy and communication, since those are too wide concepts to explain in this thesis. Instead, the author will concentrate to the topics from the Company X’s point of view. The communication is mostly internal; the external part includes only the communication for the customers of the Company X. Also, the strategy is implemented according to the company’s needs. One book the author read, called “Toisinajattelua strategisesta johtamisesta”, describes well the difficulty of the topics in this thesis. The book includes different perspektives to strategy and to communication, such as: “Communication usually fails, except accidentally.” Says a communication professor Osmo A. Wiio. This can be easily lead to strategy also: “Strategy implementation usually fails, except accidentally.” To add: “Strategy is interpreted different way than its author has meant it.” (Mantere and Aula 2011, 47.) The book emphazises the meaning of communication and states the obvious fact that there are no organization without communication.

1.6 Structure of the thesis

The thesis is divided to three major parts: Strategy, Communication, and Strategy Implementation in Company X. In addition to these, there is Introduction and Conclusion parts.

In the Introduction part, the author introduces the case company and describes the thesis process with the research questions, objectives, and methods. The author explains how and why she chose the topic of the thesis. The author’s part in the Company X is explained with the opportunities and challenges of what that includes. Finally, she explains the theoretical framework of the thesis topic.
The second part is about Strategy. This part is divided into three main chapters: Definition of Strategy, Strategy Implementation, and Strategic Leadership. The author explains the theory behind these topics and connects them to Company X. The third part defines Communication in strategy process. Being a wide concept, the author does not dive into deep into communication but explains it from the strategy point of view. The author discusses about Internal Communication, Strategic Communication, and Communication in Company X. The fourth part culminates the topics to Strategy Implementation in Company X. This part is more empirical and explains the subjects in practice. The author approaches to strategy implementation from Customers, Company, and Competition point of views. She explains the Development of Strategy in Company X and the Measures and Indicators she used. Finally, there is an Action Planning and Results parts which give tools to manage the strategy implementation. In the Conclusion part, author talks about feelings this thesis arised in her and how she felt about the process.

Figure 1. Structure of the thesis (Olkkonen 2018.)
2 STRATEGY

Starting the strategy process by KISS –principle, which the author found in the book called *PK-yrityksen strategiatöö*. The word ‘KISS’ means: “Keep It Simple, Stupid” and it declares that things should not be done in a complex way. (Hakanen 2004, 25.) This mindset can be combined to many different aspects in life and in work and it reflects well the strategy process. The process should not be complicated, but rather simple and easy to succeed.

*Toisinajattelua strategisesta johtamisesta* says that: “To many managers, yearly strategylarging is a nightmare. Some might rightly ask, if many organisations could manage better without strategy.” (Suominen 2011, 21.) The reason for this is how the strategy is used. Usually, there are too many methods and concepts and the KISS –principle have not been utilized. The book was written in a little humoristic way and it gave new ways to think about the strategy process.

The same book states that the strategy is internalized only when an employee invents it again by his/herself (Aula and Mantere 2011, 48). This means an employee might not understand the strategy until s/he discovers it in his/her life, especially if the company’s strategy includes difficult terms and methods. In many strategy books, the authors write about putting the strategy in the practice. It is not good enough the management knows the strategy, it must be implemented by the employees who make the work done. According to Aula and Mantere (2011, 51) the strategy stops the members of organization to think about their work wider.

Strategy includes different divisions and fields, for example: analyses, mission and vision, competition strategy, values, business plan, leadership, and various customer, sales and marketing strategies (Kehusmaa 2010, 62.) The list goes on and on but what matters the most is to choose the right strategies which suit best to the company. Usually, the bigger the company, the more divisions and fields are needed. In this thesis process, only couple of these are discovered because the Company X is very small.

2.1 Definition of strategy

Strategy can be explained and described in many ways. As a word ‘strategy’ might sound intimidating for some people, since it gives a feeling of something that requires a lot of brainwork. Commonly, the strategy needs a lot of thinking and ideas but if one starts to build it step by step, implementing a strategy won’t be that difficult. Strategy can be used in everyday life, but people don’t see the process as strategic. Generally, if there is a process that requires work, some strategy is needed. Strategy can be converted to ways of action.

Strategic plan is a foundation where the company’s operations, objectives, budgets, and reporting base on (Niemelä et al. 2008, 48). For this reason, the planning is a crucial part of any project if it
wants to succeed. “Well planned is half done” is a famous frame which summarises well the meaning and importance of the plan. Strategic planning requires a lot of researching and fresh ideas from the management to get the strategy in the practice.

The action planning follows the strategic planning (Niemelä et al. 2008, 57). Strategic plan answers the questions’ what and why, and action plan answers the question how. Both plans are needed when the strategy needs to be implemented in a company; the action plan puts the strategic plan in the practice. Strategy is about getting ready for the future by considering the situation in the company with its goals and resources.

2.1.1 Vision & Mission

Vision and mission are tightly connected to strategy. Every strategy book the author read explained the meaning of them and why they are involved in the strategy process. One might say the vision and the mission are the soul of the company and every decision should be linked with them.

The book called Strategiaviestintä says vision means the organizations wanted future stage and it answers to the question: “What kind of we want to be?” and “What we want to do in the future?”. Mission, on the other hand, is the organization’s meaning of existence and it answers to the questions: “What is our main job?” and “What is the purpose of our work?”. Mission’s work is to explain why the company exists. (Hämäläinen and Maula 2004, 15.) Then strategy’s work is to describe how the company is going to achieve their vision and mission.

Kehusmaa (2010, 76-77) thinks the vision illustrates the company’s aim and intention. A good vision is usually described as exciting, inspiring, motivating, challenging, action focusing, clear and memorable. Strategy’s job is to help the company achieve its vision. Creating the right vision to company might be a difficult process but, if the strategy is done well, it should lead the way and make the process easier.

Creating a memorable mission can be also a difficult task. Mission is closely related to the business plan and to the business idea. Mission literally explains the company’s mission. Slogan is not the same as the mission, but these three (vision, mission, slogan), should obviously connect to each other. (Kehusmaa 2010, 80-81.) Putting the mission and vision to words might be hard, even if they are clear in theory.

Hakanen (2004, 61) asks in his book: “Why vision is needed?” Creating a vision has become more important task to all companies, since commonly successful organizations have a clear and an inspiring vision. Globalization and technology are other reasons why companies need to be inventive and creative in their everyday businesses. In addition, goal-oriented thinking leads people to determine their vision also in everyday life; having a goal keeps one focused and work gets done better.

Here are couple of big companies’ visions:
As it can be seen in these statements, the vision can be short or long, include the word vision or not, but mainly express their purpose and passion. (Orencia 2017.)

What comes to Company X, the mission and vision were never clear because they were not put in to the words. However, the Company’s slogan was set from the beginning: “Different kind of training space.” When combining the company’s values and the slogan, the mission and vision can be created.

2.1.2 Values

Values are the guidelines of action which the company has adopted. They answer to the question: ‘How should we work?’ and the main purpose of them is to lead the actions of the company and its employees. (Hämäläinen and Maula 2004, 18.) Values define who you are as a company, they help in the decision process, they provide a competitive advantage, they are valuable in the recruitment process, and they communicate what is important (Hall 2016). One could say the values are the soul of the company, and if everyone shares them, the company has a clear purpose.

Organization’s culture is based on its values. Values are actions the company appreciates and encourages. Every human and every organization has values, even if they are not spoken aloud. The closer one’s own values and the company’s values are, the better they show in the actions. Values exist and stay, even if the leaders change since they are the ways of behavior. Nevertheless, the values are left unspoken and even out of the strategy process in many organizations, even though they have a great meaning in everyday work life. (Kehusmaa 2010, 86-87.)

The Company X has four values: relaxedness, quality, safety and fun. These values were decided and agreed between the employees and the management when the company was established. The values show in the company’s every day actions in the employees’ behavior; they make the atmosphere relaxed and fun by being themselves and they teach the classes with high quality remembering the safety in their actions. In the inquiry, which the author made to the company’s employees, the employees say that the values show well inside the company’s everyday actions but they could show more to outside. More about the result of inquiry in Chapter 4.2.2.
2.1.3 Competitive advantage

A company’s competitive advantage consists of three main factors: company, customers, and competition. The customer is the baseline when choosing a competition strategy. To manage in the competition, the company must have some advantages on how to satisfy the customers’ needs. (Hakanen 2004, 105.)

Competitive advantage is something the company has to create one way or another, and it is different than any other competitor has, and it is hard, or even possible to copy, states Kehusmaa (2010, 81-82). Organization can have only few competitive advantages, and it is not the same than strengths in SWOT –analyse. In the strategy, the future advantages should be estimated and existing advantages regonized. These advantages do not appear randomly, the organization must identify and create them systematically in every-day business.

The Company X has a clear competitive advantage that there are no other same sports suppliers in the town. Basically, this means there is no competition, but certainly, there is a competition of the customers and what kind of sports they want to do. The author feels the Company X has not used this advantage enough because the sport is still new and little unknown. The Company could have marketed themselves better and gained more competitive advantage that way.

2.1.4 Core competence

Core competence is a company’s strategic competence which is a base to competitive advantages and the company’s whole strategy. This is the part which is hard to copy. It can be related to customers, services, products, processes, or anything the company does. In strategic point of view, it is crucial the company recognizes its core competences. Competitive advantages are part of core competences; thus, they are tightly connected. (Kehusmaa 2010, 83-83.)

A company can have only few core competences, if that. At its best, the core competence is unique and original, and gives value to the company and its customers. However, it is good to remember that networking and co-operation are important aspects in business and they are part of competition strategy. (Hakanen 2004, 108-109.)

Hakanen (2004, 111) demonstrates that differentiation leads a company to better outcomes. In Company X, the differentiation is one of their core competence and mission; even the company’s slogan includes the word different. Company X tries to differentiate itself from other workout places with its supply and selection. Also, all the instructors have different skills and abilities, thus the company tries to take advantage of them.

2.1.5 SWOT

The SWOT is a tool in a company’s strategic planning process where the goals and strategies are combined and the activities completed by the employees (Kokemuller 2018). The SWOT analysis
helps the company to use their resources efficiently, to improve their operations, to discover opportunities, and to manage the risks. Also, competitive positioning is one big aspect of SWOT. (Hill 2018.) The analysis is simple and easy to do but it requires the firm to know how to connect it to their strategy and how to implement it. More importantly, the firm must know their strengths and weaknesses to be able to compete and function profitable.

The author made a SWOT analysis to the Company X:

**TABLE 1. SWOT analysis**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Instructors (employees)</td>
<td>• No commitment</td>
</tr>
<tr>
<td>• Location</td>
<td>• No clear leader</td>
</tr>
<tr>
<td>• Different sports</td>
<td>• Not enough visibility</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Differentiation of other gyms</td>
<td>• Competition</td>
</tr>
<tr>
<td>• To get new testers</td>
<td>• High rent</td>
</tr>
</tbody>
</table>

Kehusmaa (2010, 72) regards SWOT analysis is an easy way to describe the company’s internal strengths and weaknesses, and external opportunities and threats. In Company X, the inner strength lies on its instructors. Their talents and personalities are the main asset the company has. Other strengths are the location and the different kind of sports the company does. The Company is located in the centre area and offers sports no one else does in Kuopio. The weaknesses include the commitment, leadership, and visibility. The author said location is their strength but it can be also ranked to weakness, since the place is under ground. As visibility, the author means the whole coverage of the company: the advertising, the marketing, and the awareness among people. The leadership and commitment parts of the Company X will be discussed later in this chapter.

What comes to the outer opportunities, the company differentiates themselves well from others. This way, the company gets new and interested testers try the sport. To add, many people want to try it, if they have not tried it before. The outer threats are competition and high rent. Competition of customers’ free time is fierce. The home couch can be the company’s biggest competitor, since people like to spend time there, rather than doing sports. Also, the premises the Company X has are spacious, thus they are expensive. A big part of company’s earnings goes to the rent, which is not good from the productivity point of view.

**2.1.6 PESTEL analysis**

PESTEL analysis is a strategic tool for company to analyze and monitor the macro-environment factors that can affect the organization’s actions. It is especially useful when entering a new market or starting a new business. (Bruin, Marques, and Kanani 2016.) Below is a PESTEL analysis the author made for the Company X.

**TABLE 2. PESTEL analysis**
Political factors include all governmental and political policies, such as taxes, regulations, and some laws. In Company X, this factor influence the company by the taxation, labour laws, and government regulations. Since the company offers services and pays wages, the value-added taxes must be attached to the prices and the labour laws must be considered.

Economical factors determine the company’s economic performance. This includes the growth, rates, and incomes. The Company X needs to consider this factor by demand and supply viewpoint and by the disposable income consumers have. The company must add economical value to their services to be able to serve their customers enough.

Social factors represent the demographical characteristics and population trends. To Company X’s actions, trends, culture, lifestyle attitudes, and health consciousness are meaningful factors. The sports the company are offering are not traditional and might arise questions. Hence, the trends and culture affect also to the popularity. Since the company offers sports, the health aspect is greatly involved.

Technological factors affect probably every companies’ actions nowadays, since technology is a rising field and it is involving rapidly. At Company X, the technological change has shown concretely when the paper cards moved to small flat objects which communicate with the computers. This tells about innovation and automation in the company.

Environmental factors have gained more awareness recently, since they have become important due to the environmental changes and consciousness. The Company X has increased their sustainability by recycling, using organic products, and using less paper. The climate and the weather affect to the companies’ actions by the customer behavior and to the grip that is needed in the sport.

Legal factors overlap a bit with political factors, but they include more specific laws. Every company must follow the specific laws and policies, such as employment laws, discrimination laws, and safety laws. The Company X follows all the limited liability company laws and pays attention to the laws.

<table>
<thead>
<tr>
<th>Political</th>
<th>Economical</th>
<th>Social</th>
</tr>
</thead>
</table>
| • Tax policies  
  • Government regulations  
  • Labour law | • Disposable income of consumers  
  • Demand and supply | • Norms  
  • Culture  
  • Lifestyle attitudes  
  • Health consciousness |
| Technological | Environmental | Legal |
| • Technological change  
  • Automation  
  • Level of innovation | • Sustainability  
  • Climate  
  • Environmental offsets | • Employment laws  
  • Health and safety laws  
  • Discrimination laws |
listed here. The company has contracts with employees, landlord, and other companies, which include rules and regulations.

2.2 Strategy implementation

Life is full of choices and as is the strategy. Implementing a strategy requires a lot of choices and strategic options (Hakanen 2004, 89.) A good leader knows how to take the company to the right direction by choosing the right strategies. This is not an easy process and choices might be difficult to make. Sometimes the strategy might be planned well but the implementation process does not work. Reasons for this are various, but one of them is that the value drowns in interpretation. This includes the availability of resources, failed communication, insufficient action plan, and uncleanness of responsibilities. (Niemelä, Pirker and Westerlund 2008, 52.)

Mintzberg (1987) has created 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 and it includes the means to achieve the vision. All these are connected to each other but the process is made and divided to different stages. Jarzabkowski, Spee and Smets add one more P to explain strategy: a practice. They introduce their study as follows: “From a strategy-as-a-practice perspective, strategy is not a static property of a firm but is continuously created in the doing strategy work.” They state that this approach differs from traditional concepts of strategy to something the people do rather than what the company has. In addition, strategy is not only the equity of organization, it is a type of work it does. (Jarzabkowski et al. 2013.)

Mantere (2005, 157) argues in his research that strategy is a social practice which is present in the organizational members’ everyday lives. However, this common aspect of strategy stays largely unexplored. The author herself noticed this when searching for information about strategy. There was abundance of explanations of strategy as a concept but only few studies about implementing it and putting it into the practice. Thus, is not surprising that most of the companies fail to implement the strategy.

Many primary explanations of strategy implementation regard that operational practices deal with transferring strategy into specific goals and communicating it (Mantere 2005, 168-169). The communication is a crucial part in strategy implementation, as we will discover later in this thesis. In addition, executing the strategy in steps and setting the targets to short-term helps to adapt it easier.

Mintzberg (1990) reconsiders the seven basic premises of strategic management in his study. He states:

1. Strategy formation should be a controlled, conscious process of thought
2. Responsibility for that control and consciousness must rest with the chief executive officer: that person is THE strategist
3. The model of strategy formation must be kept simple and informal
4. Strategies should be unique: the best ones result from a process of creative design
5. Strategies emerge from this design process fully formulated
6. These strategies should be explicit and, if possible, articulated, which also favors their being kept simple
7. Finally, only after these unique, full-blown, explicit, and simple strategies are fully formulated can then be implemented

Known as the ‘design school’, the study demonstrates the factors of how the strategy should be formulated and implemented. The statements sound almost obvious and easy, thus the designing school has received critique, for example its ability to adapt.

2.2.1 Challenges in strategy implementation

Making the strategy is easier than making the strategy work. Hrebiniak (2006) says strategy plans fail because of the lack of ability and know-how to confront difficulties in the organization. He introduces a few obstacles which prevent the effective strategy implementation. Firstly, managers are trained to plan, not execute. This is one of the basic problems in the companies; training usually includes only the planning and formulation, not the implementation part. Another problem lies in the top managers’ beliefs: they think strategy implementation is “below them”. Some of the managers believe the top-managers’ role is to plan and think strategically. Then, another obstacle is about separating the planning and the implementing. They can be differentiated and discussed separately, but they are also interdependent. One issue is that implementation takes longer than formulation. Longer time sets pressure on managers and makes the process a bit harder. Also, the execution involves more people than formulation, which can lead to challenges relating to communication. (Hrebiniak 2006.)

The thesis published in Theseus (Määttä 2009, 24) describes also challenges of successful strategy implementation. Määttä identifies four barriers which Kaplan and Norton have introduced in their book The Balanced Scorecard. Firstly, the barrier about visions and strategies. Sometimes companies cannot translate its vision and strategy into terms that can be implemented. Secondly, the strategies that are not linked to any goals. This connects with the long-term plans and makes problems to the future. Thirdly, the strategies which are not linked to long- and short-term capabilities. This can affect to finance and strategic planning departments. Lastly, the feedback is not strategic, but tactical. The lack of feedback in the implementation part is common which leads to various difficulties inside the organizations.

2.2.2 Successful strategy implementation

The strategy implementation answers the questions who, where, when, and how, whereas the strategic plan discovers only the what and why of activities. Olsen (2018) has listed couple of reasons the strategic plans fail. She starts with lack of ownership and communication. These two aspects have been the main reasons also in Company X why the strategy implementation has been failed. Then, Olsen points to the plan itself: an overwhelming and a meaningless plan usually lead to failed
results. No progress reports or annual strategies also state that implementation will be unsuccessful. Olsen states that people, resources, structure, systems, and culture are the key components to support the implementation process and make it successful.

Implementing the strategy might be the hardest part in the strategy process. Nevertheless, there are some tools which help the actions. SWOT and PESTEL analyses, which were already discussed in the thesis, are probably the most-known tools in the planning process. Now, the author covers some tools for the implementation part. Määttä (2009, 26) introduces Kamensky’s suggestions for strategy implementation. These suggestions include four areas: risk analysis and back-up plans, strategic monitoring systems, strategic communication and training, and connecting operational management to strategy. The author will discover Company X’s risk analysis next in the Strategy chapter. Strategic communication will be discussed in the Communication chapter.

### 2.2.3 Risk analysis

Risk analysis is important to connect to the strategy implementation process. Without eximing the risks, the operating will be unplanned. Rost (2017) writes 5 steps to effective strategic risk management. These steps include:

1. Defining business strategy and objectives
2. Establishing key performance indicators to measuring the results
3. Identifying risks that drive instability in actions
4. Creating key risk indicators and tolerance levels for critical risks
5. Providing integrated reporting and monitoring

The risk analysis has three focus areas: risk type, the risk itself, impact to company and prevention. It is crucial to scan the most important risk factors of the business. To be able to do this, the company must analyze the whole situation: the environment and internal part. Prevention plans enable preparation and activity to function in the changed circumstances. (Määttä 2009, 26.)

<table>
<thead>
<tr>
<th><strong>Risk type</strong></th>
<th><strong>Risk</strong></th>
<th><strong>Impact to company</strong></th>
<th><strong>Prevention</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset risks</strong></td>
<td>The gym does not offer its purpose</td>
<td>Operations slowing down or interrupting</td>
<td>Renovation and comfort improvement</td>
</tr>
<tr>
<td><strong>Personnel risks</strong></td>
<td>There are no competent personnel available</td>
<td>Productions and company's growth slowing down</td>
<td>Starting recruiting on time</td>
</tr>
<tr>
<td><strong>Product risks</strong></td>
<td>No demand/sales collapsing</td>
<td>Company's growth slowing down</td>
<td>Marketing research, customer survey, marketing, events</td>
</tr>
</tbody>
</table>

The above risk analysis is made by the owner of the Company X to its business plan. The analysis is very concise and it does not give enough information of the Company’s real situation or actions. The
risk analysis has not been updated, since the owner made it when the company was established. It seems like the Company X does not know or realize their risks. The author would say the biggests risks are customers’ and personnals’ dissatisfaction. Those two are the why and how the company is functioning, since there are no real leaders. Nevertheless, the owner has listed good prevention examples, if the risks happen.

2.3 Strategic leadership

There are many definitions, studies, and theories of leadership. The book called *Leadership Skills for Managers* provides information for new managers and companies about leadership. The book presents five best-known and widely accepted research and concepts of the topic. Here, the author introduces couple of them. (Cadwell 2004, 3-7.)

*Bennis and Nanus’s Four Strategies*

Bennis and Nanus (1985) interviewed and observed 90 people to help them understand the concept of leadership better. The candidates came from different backgrounds from executives to orchestra leaders. They concluded that there were four strategies that leaders use:

- Attention through vision
- Managing meaning through communication
- Trust through positioning
- Deployment of self

*Kouzes and Posner’s Five Best Practices*

Kouzes and Posner (1987) conducted a research to identify why people felt they were at their personal best as leaders. They surveyed more than 550 middle and senior level managers in private and public sectors. As a result, they found five best practices of effective leaders:

- Challenging the process
- Inspiring a shared vision
- Enabling others to act
- Modeling the way
- Encouraging the heart

*Bennis and Thomas: A New Leadership Model*

Bennis and Thomas (2002) developed a new leadership model based on their interviews with people under thirty-five and over seventy years of age. The model states that both people’s eras and individual factors contribute to the way they response to difficult situations. To conclusion, individuals develop their own four leadership competencies:

- Adaptive capacity – the ability to look the problem and see the solutions
- Engaging others by creating shared meaning – the ability to communicate effectively organization’s vision
- Voice – having a purpose, being self-aware, and having self-confidence in beliefs
- Integrity – keeping the ambition, competence, and moral compass in balance
Strategic leadership requires constant consciousness of company’s present and future situation. It includes planning, following, and weekly meetings. Short- and long-term plans are important part of the strategy process and the tasks should be implemented in phases. Commonly, budgeting is a big part of the planning process, since it gives a concrete data about the firm’s situation. (Niemelä et al. 2008, 120-121.) In Company X, strategic leadership, or even leadership, is lacking and there are no clear leaders which has been a big problem. The company has only owners and employees, but no one is taking a responsibility of the tasks. All the listed strategic leadership requirements are missing; there are no planning, following, or weekly meetings. It is hard to make any short- or long-term plans, since nothing is organized.

Meetings should be held weekly, or at least monthly, but since there are no leaders in Company X, no organized meetings are held. It could say that meetings are another aspect that is missing in the company’s strategy and leadership. The book Strategiasta tuloksiin emphaizes the meaning of meetings in leadership system: ”Meetings are decision-making forums in leadership system, where plans are done, goals are stated and followed.” Meetings should be planned well and organized clearly to achieve some results and decisions. (Niemelä et al. 2008, 124-125.) The Company X has meetings every now and then, usually whenever something bigger happens or something must to be discussed. These meetings are not planned or structured, and they do not have specific agenda.

2.3.1 Seven S –model

Niemelä and partners (2008, 135-140) introduces a ‘Seven S –model’ in their book. This model can be used in situations when some change is needed in organization’s actions. There are hard and soft elements: hard elements are usually easy to recognize, these include: Strategy, Structure and Systems. The soft elements include: Shared Values, Skills, Staff and Style. Here, the author will concentrate and explain only the soft elements in Company X and especially from the employees point of view. These elements can be used to help the change the mindsets in Company X.

Shared Values were already discussed a bit in Values chapter. The Company X has four of them and those can be seen fine inside the company. The employees know them and show them at their work. Skills were mentioned in Core competence chapter. Leadership Skills are lacking in the Company X and those should be improved by the leaders. The field where the company is working requires a lot of physical skills from the employees. They have learned those skills before they started working, but the Company X also trains the staff every now and then. Quality is one of Company X’s values and trainings are needed to keep the skills and quality in balance. All the employees are very talented instructors and one of main tasks in the Company X is teach these skills to the customers. The Staff is one of core competences in Company X because without the personnel, there would be no actions. To conclude: Staff = Skills in Company X. Style of teaching differs between the employees and that is one of Company X’s advantages. The employees have their own styles, strengths, and different talents. The author will talk more about styles in the next chapter.
2.3.2 Leadership styles

Cadwell (2004, 7-8) talks about the impact the leaders make by their performance. He concludes the act to one sentence: “Effective leaders are people who help others reach their full potential, who are continually learning, and who make contributions to the organizations success.” The author feels that is a brilliant way to conclude the meaning of an effective leader. The leader can be anyone who acts properly, since performance is the key point.

Niemelä and partners speak about leadership styles in their book. There are three different styles: authoritarian, democratic, and delegate leadships. In authoritarian leadership, the leaders give specific objectives and tell what needs to be done to achieve the goals. This style divides clearly the leaders and the employees. The decision-making process is not creative, since the leader is seen as a dictator and who rarely asks comments from the personnel. Democratic leader, on the other hand, offers help and guidance to everyone and participates the working process with the group. Also, the employees' ideas are listened and received. The members are committed, motivated and creative at their work. In delegate leadership, the group's members express the most demands to the leader. They do not show cooperation skills and they are unable to work alone. Delegative leader does not offer help to the working process and leaves the decision-making to the group's responsibility. This leadership style can only work in groups where the members own high expertise of the field.

The researches show democratic leadership is the most efficient one of these three and delegating leadership is the least efficient one. The author feels the Company X has the latter one. It is said that this leadership style can lead to unclearly defined roles and lack of motivation, which are the two main issues at Company X. (Niemelä et al. 2008, 142.) Leadership styles can be changed and learned, and the author thinks the best way to do that is to change the leaders.

2.3.3 Roles and responsibilities

Roles and responsibilities inside the company helps the communication work. Determining these roles and responsibilities requires shared meetings or work groups, where working methods and division of work are agreed (Hämäläinen and Maula 2004, 70). The leader has power but also responsibilities; leaders must make decisions which lead the company forward. In Company X, this part has been missing too. The roles in the management are not clear which leads to confusion. No one knows who is responsible of the decisions, thus the strategic decisions are missing. Also, constant liaison is needed to keep the communication active.

Laine and Vaara (2011, 32) give two viewpoints to strategy work: hierarchical and dialogical. Hierarchical strategy work considers the strategy planning belongs to top leaders and experts and the staff only makes the strategy in practice. Dialogical strategy work, on the other hand, considers that there are different point of views of the company’s actions and goals. Everyone can join the conversations about strategy and there is no difference between the planning and implementing. With this thesis project, the strategy process has been dialogical and all the staff took part of. There was
some strategy built by the owners but it never came to practice. With the thesis and the dialogy talked with the employees, the strategy will be understood better and hopefully implemented.

Strategic leaders gain their skills through practice. Working gives experience that is needed in leading and planning. The leaders should encourage people at all levels to make decisions and to take responsibility. This gives the leaders an opportunity to see what happens when they take risks. (Leitch, Lancefield and Dawson 2016.) Sharing the responsibility and giving the opportunities to the personnel to make decision encourages them to work harder. The leader has the role of guide and to ensure everything succeeds.

2.3.4 Creativity

A good leader needs to be creative. Creativity and constant reforming are essential, if the company wants to succeed. Suominen (2011, 25) writes: “Management is healthly when it plays”. Imagination is needed to get new and fresh ideas and to keep up with the competition. Someone has said: “there are no bad ideas”, which is true in the creative process and thinking. Without bad ideas, there would not be good ideas, and usually the best ideas arise from the crazy ideas. Humour is one feature that keeps the ideas fresh and creativity alive.

Hakanen (2004, 76) states that in strategy process and in strategic leadership, creativity and innovativeness are the core elements. Without them, a company only follows its competitors but never leads the game. Creativity is hard to concretise or explain but when someone has it, it shows to everyone. This is the reason why creativiness is hard to copy and it gives a creative company a competitive advantage. With creative leaders, the employees can be creative and share their ideas. Teamwork usually gives better results, since more ideas are shared and discussed.

The creator of Apple, Steve Jobs, was a creative leader. There are many opinions, whether he was a good leader or not, but certainly, he was an innovative person and that made Apple to become one of the world’s most successful companies. Jobs was crazy, perfectionist, and determined with everything he did. This was part of his personality, not just the way he led his companies to success. He showed the way to other companies, who were badly behind his ideas. This kind of people are rare, thus not many companies have made the same success as Apple did. (Isaacson 2011.)

Ned Herrmann, author of The Creative Brain, explains the creativity and strategy as follows: “In the corporation of the future, new leaders will not be masters, but maestros. The leadership task will be to anticipate the signs of coming change, to inspire creativity, and to get the best ideas from everybody.” Brainstorming is one widely used technique to increase the creative process in strategic leadership. Including everyone and sharing all ideas can lead to great outcomes; this allows the members to see the value of their contribution. (Herrmann 2015.)

2.3.5 Strategic thinking
According to Schoemaker, Krupp, and Howland (2013), the essential skills strategic leaders need include: anticipating, challenging, interpreting, deciding, aligning, and learning. These skills have in common that they all require a lot of brainwork and adapting. Having an open mind is essential in the strategic thinking process and to be able to produce working strategies. (Schoemaker, Krupp and Howland 2013.) Strategic thinking creates a competitive edge to a company; anticipating the new trends, challenging the old habits, and aligning new strategies keeps the business fresh and healthy. Learning something new everyday and adapting it to the processes build a distance to the competitors.

Kabacoff (2014) states that strategic leaders have an overall approach to decision-making and problem-solving. This approach includes analyses, thinking ahead, and planning. These leaders can think in many time frames, indentify what they are trying to achieve and what they are doing now. Strategic thinking is not an easy job but it can be practiced, for instance, by encouraging the managers to leave time for strategic planning, providing information about the markets and the customers and communicating well. These processes divide the average thinking from the strategic thinking.

Albert Einstein has said: “We can’t solve problems using the same kind of thinking we used when we created them.” This summarizes well the idea of strategy and strategic thinking. Changing the way of thinking and being able to learn and adapt new approaches are the core of strategic thinking. This creates improvements and adds value to the work one does. It is easier to interpret and prepare to the future when one can think systematically and to be creative. Thus, strategic leaders can make the vision statement which the company can implement and achieve. (Anastasia 2018.)

One present creative thinker and inspiring person is Simon Sinek. He encourges people to imagine the world where we are fulfilled by the work we do. He says everyone has a Why in their actions, thus the company needs to start with why. Why is the purpose, the cause, or the belief that inspires and gives a reason to act. Sinek explains how great leaders inspire to action by starting with why. Most companies think only what they sell or how to sell it, but Sinek says people only care why you do something and that is the reason to start with why. (Sinek 2018.) When the Company X was starting its actions in the late summer, the author had just heard about Simon Sinek. Inspired by him, she asked all the employees and some of the customers why they do the sport the Company X offers. She gathered the answers and shared them with the management of Company X and tried to start the actions with Why.
3 COMMUNICATION

Communication has a great meaning in the strategy process. Without communication, the strategy cannot work in the company. Hakanen (2004, 147) explains that implementing the strategy is the trickiest part, but also the most crucial one. If the strategy fails, the communication has failed. If the staff does not know or understand the strategy, they cannot implement it. This supports the dialogical strategy work, which was discussed in the previous chapter, where the staff is included in the strategy process. The author will concentrate in the communication chapters mostly to the internal communication, mainly in the Company X. Some external communication aspects are included when discussing about the strategy communication to the company’s customers.

According to Hakanen (2004, 154) leaders’ actions, example and commitment are crucial when communicating the company’s vision and strategy. It is not only the leader’s words that matter but also the example s/he shows by the actions s/he makes. If the leader is not committed to the company, how can others be? In Company X, there are no clear leader and it has been difficult to keep everyone motivated to work in the management. This does not show outside to the employees yet, since the communication works to them and among them. Some changes need to be done, to keep the organization working properly.

3.1 Internal communication

There are two types of internal communication: formal and informal. Formal channels include newsletter, emails, and meetings, for example. These formal channels of Company X will be discussed in Methods chapter. Informal communication happens mostly through grapevine, which is a word-of-mouth communication. Grapevine is a powerful communication channel in companies. Sometimes this channel works fine and even new ideas can form in it, but on the other hand, some unnecessary gossiping can lead to misunderstandings. Nevertheless, people will talk and share their experiences, especially at work. It is the leader’s responsibility to tell the employees all the information they need to know and to be honest with them. Openness is important and it decreases the amount of gossiping. (Lorette 2018.)

Interact website provides examples of internal communication tools to use in action. These examples include: automating everyday tasks, sharing internal knowledge, connecting with people, and ensuring transparency and employee participation (Kulakofsky 2016). These tools are simple and easy to execute. The leaders need to have a will to invest in internal communications. If the communication does not work inside, it will be hard to work to outside. Sharing and communicating the vision and values to the employees first is crucial, if the company wants to communicate these to outside.

3.2 Strategic communication
Hämäläinen and Maula (2004, 28) identify three sectors to strategy communication. As can be seen in Figure 1, these sectors include *communication about the content of the strategy*, *communication supporting strategy execution*, and *communication about the strategy process*. Communication about the content of the strategy supports the creation and implementation of the strategy. Communication supporting strategy execution means the strategy is close to daily work communication which helps the members of organization to execute their assignments. It also supports weekly activities to match to the strategy. Communication about the strategy process includes making the strategy and implementing the roles to processes, procedures, and systems.

![Figure 2. The different sectors of strategy communication (Hämäläinen and Maula 2004, 28.)](image)

Hämäläinen and Maula (2004, 13) say that implementing strategy is a lot easier, if the goals and ways to achieve the goals are commonly known and understood inside the company. Communicating the strategy to the employees requires interpersonal skills from the leaders. Things can be communicated in various ways which lead to different results. Involving the staff to the strategy process from the planning stage makes it easier to them to implement it, since they understand it better. Strategic communication supports the company’s reforming process and impacts to the reputation. Common knowledge of organization’s goals and committed staff creates a positive working atmosphere. (Hämäläinen and Maula 2004, 31.)

Planning the strategy communication is an important part of the process and essential from the success point of view. To the starting point, the basics of communication is good to include: target group, content, channels, senders, and measuring (Hämäläinen and Maula 2004, 68). To whom the communication is intended is one of the most important aspects that needs to be considered. The
second one is what needs to be communicated and how. Without considering these, the communication will most likely be unsuccessful.

Concretizing the strategy to the personnel is the crucial part; too often it stays to the common level instead of employees realizing what it means in their work. In Company X, also the concretizing part has been missing. Often the managers assume the personnel knows how to act according to the strategy if they only explain it to them. Using examples and leading by example are the key parts. The author has tried to be an example of what comes to the communication: answering to all messages, asking how people are doing, starting the conversations and being open. This would be enough to keep the communication flowing and strategy alive, at least in the Company X. When people do not answer the messages and not see or talk each other at work, the problems will arise.

3.2.1 Effective communication

Figure 2 shows the basic communication process. The sender develops a message by using the experience, value, attitude, language, knowledge, gender, or so on. We do not usually see the unconscious messages and filters we use to send messages. Then, the receiver hears and sees the message and uses the same elements as the sender but from his/her perspective to interpret it. In an effective communication, the receiver provides feedback based on what s/he thinks the message was about.

Sender ↔ Encodes Message ↔ Message ↔ Decodes Message ↔ Receiver

Figure 3. The communication process (Ellis 2005, 26.)

Effective communication about strategy might be hard task for the management. Weaver (2016) shares four tips for better strategic communication in her article. First, the leaders should not rely only the written communication, but present the strategy in various ways. Being creative with presenting the strategy plan makes the personnel remember it better. Secondly, the message need to be clear and relevant. Explaining the strategic terms in plain language helps the understanding. Thirdly, the communication should be expressed in both ways, also from the employees to the management. Lastly, listening the employees’ suggestions and being flexible and open to new ideas will give the company a vision from personnel’s viewpoint. Weaver concludes these advices to one word: transparency. That is a crucial aspect in any firm, if they want to success and achieve their vision.

To get the message across, effective communication is needed. It can be written or oral, face-to-face or via Whatsapp. What ever methods a company uses, it needs to suit to their culture. Anything that is forced is not going to work in long-term. Social media is a growing channel that almost everyone uses, hence it seems natural to include it to company’s communication. In Company X, the social media is used in external communication to its customers. The company and its customer feel
that Facebook and Instagram are good communication methods. The Company X can use social medi-a to communicate their values by writing the posts according to them.

Having the right tools helps to communicate better. People have different preferencies and customs: one likes to use computers, the other papers. Also, people feel and experience the communication differently: others need clear messages when other just a friendly talk. Depending on the tool and on the person, the manager needs to know how to communicate most effectively. People are different and one cannot please everyone, thus the manager needs to have good interpersonal skills. Repeating the message and communicating regularly helps to avoid misunderstandings. The Company X has been poor choosing the best tools from them. Many tools have been used for different people but the message has not come across always.

3.2.2 Challenges in communication

Hakanen (2004, 59) thinks that companies have a habit of using old, long-used customs which have been proven fine. This becomes a problem if nothing never changes. The key to the success is reforming and creative thinking which are not happening, if the company sticks to its old habits. The purpose of this thesis was to clear and communicate the strategy to all the employees in the Company X. There are some old habits and ways of behavior living inside the company from its former owner which are not part of Company X's strategy. It is a little difficult to get the old habits away and communicate Company X's strategy, since most of the employees have worked long in the former company.

Communication needs to be open and honest, otherwise it does not work. Secrecy leads to specula-tions and unsecurity inside the company. This happened in the former company, before Company X was established. Thus, now the Company X tries to include all the employees to the decision-making process and be as open as possible. The management now consists the former company's employees, thus the communication is easier than it was before. Without communication, or with unclear communication, the motivation decreases and working gets harder. For example, if someone does not know where to find something nor answers to some questions, it will be difficult to work.

Strategic communication faces many issues and problems. One of the main difficulties is how to make the strategy work in practice. Communication is the key objective: if it does not work, the strategy cannot work. Also, if the strategy is too complicated it won't work; the strategy should be easy to implement, otherwise it is useless. However, there are the problems within the communica-tion; for instance, information is not available or it goes only one way. Communication cannot hap-pen between one person, at least two people are needed to communicate. Missing plans and re-sources lead to poor communication, since the better the plan is, the easier is to implement it. If the resources are not available, the communication is lacking. Last but not the least, the lack of co-op-eration and credibility problems which lead to the same poor results. (Hämäläinen and Maula 2004, 144-156.)
3.2.3 Silent knowledge

There are two different kinds of knowledge: explicit- and implicit knowledge. Explicit knowledge includes all the files, reports, books, and it can be explained by words or numbers. Still, this kind of knowledge is only the “tip of an iceberg”. Most of the knowledge is implicit, or also called ‘silent knowledge’, which cannot be expressed by words. People ‘just know’ some things, and cannot explain how they got the knowledge. Usually, the experiences provide this kind of knowledge. (Hakanen 2004, 31.) Even though communication also happens mostly without words, it gets even more difficult with silent knowledge. Eye contacts, manners, body language, and gestures are all communication and how to act properly includes the silent knowledge.

Like in many companies, also in Company X the silent knowledge rules. All the habits, ways of behavior, and culture have been learned by experiences. There is too little written knowledge available, since it is assumed that everyone knows how the things should be done. This appeared when the company hired three new employees. They were slightly lost in the beginning, since most of the knowledge was unwritten. Now, with this thesis, the author tries to repair the situation and write the company’s strategy and procedures down to the paper and place them somewhere everyone can access them.

When applying for a new job, the experience is valued because it includes a lot of silent knowledge. There are individuals who have the knowledge the company needs. This goes also the other way around: if a company fires someone, it loses a lot of knowledge what no one else knows. Hence, there are some problems with the silent knowledge and it should not be relying on one person. There is a saying: ‘no one is irreplaceable’, but if that someone knows something no one else does, s/he might be.

3.3 Communication in Company X

According to Hämäläinen and Maula (2004, 104) companies should take advantage of their informal networks, which produce and forward information easily and quickly. In Company X, this has been the case and most of the information goes through Watsapp and grapevine. There are positive and negative sides in informal communication; the information flows naturally, but the importance of information might be unclear. Some important messages can drown in message flows and be forgotten. Intranet is not used in Company X, since there are only 12 employees in the company.

Hämäläinen and Maula (2004, 118) continue that introducing the company and its strategy to new employees is an important stage. As the author told before, the company X recently hired three new employees in January. After discussing with them in the interviews, it appeared that the introducing stage had been poor. Basic matters, including when to get keys, how and when to get salary, and when the trainings are held were unclear. Reasons for this were two: the strategy was unclear to everyone and there was only silent knowledge of these matters.
In May, the Company X had an intern for 3 weeks. The author was her instructor and tried to concentrate to communicate the company’s strategy and values to her by doing the introduction stage better. The author did not tell the values nor the strategy beforehand, but tried to act and help according to them. After the internship ended, the author made an inquiry to the intern, where she asked about the company’s strategy, communication, and values among other questions. The intern wrote she felt she got help when she needed, there was enough introduction and information, she learned new things and left with positive feeling. The author told the values of Company X in the inquiry and asked if they showed in the classes and everyday activities. The intern said all the values showed well and even explained how. In addition, she felt that the internal communication worked well in the company. The inquiry is attached to this thesis as “Intern Survey”.

3.3.1 Communication methods

There are various communication methods available. Depending on the people and the topic, different methods may be more prefetable and effective to use. When the right methods are used, the chances of successful communication are better. The basic ways of communication are: in person, voice only, and written. In person communication is usually the best choice, since it offers all the three ways of communication. When the information is sensitive, it should always be delivered in person. Also, if questions arise, one can see the body language and understand better the message. Body language is said to amout 80% of the communication. Voice-only communication is effective when the content is not sensitive. The receiver will hear the tone of a voice and determine the message by that. Written communication is most likely to be misunderstood. Without body language and the tone of a voice, the receiver has only own filters to the message. (Ellis 2005, 39–41.)

The Company X has three main communication channels: Watsapp, weekly letters by email, and monthly meetings. The monthly meetings used to be every now and then, when it suited to most of the people. The author felt that was confusing and succedted that the meetings should be every month at same day and same time. This was the first step to more organized strategy implementation the author made. After that, she came up with the idea of weekly info-letters. The communication is difficult in companies where there is no daily interaction with employees, like at Company X. The main information is given only once a month, if one arrives to the meeting. The employees said the weekly letter has been good and it keeps everyone updated of the occurring events and happenings. Last, but not the least, is the WhatsApp. The community in Company X is quite young and nowadays people use their phones constantly. For example, if someone is sick or absent, the information comes quickly and the repairing actions can be made. People can talk and share their ideas at WhatsApp also, and it improves the team spirit in Company X.

Concrete actions and examples are usually the best way to make people follow the strategy. In the interviews which the author made to the personnel, some suggested that the company could put the values and their vision to the walls to make it more visible. Also, the strategy could be somewhere on display where everyone can learn and absorb it. Repeating is an effective way to learn
and remember, and if people see something everyday, they will start implement it. Leading by example is one of the best ways to show how the work should be done and to make the strategy work.

3.3.2 Meetings

Meetings are great way to share ideas and communicate the company’s strategy. In an effective meeting, the messages flow between the members, the decisions are made, and the strategy is apparent to everyone. Some companies start their every meeting by saying the vision aloud to keep it in everyone’s mind. The values should show in the meetings by the actions and in the behavior. Values can be also discussed aloud to make them more concrete and vivid to everyone.

The book called Communication Skills for Managers offers tips how to manage effective meetings. Firstly, think ahead what you plan to say. Nothing is worse than unplanned and unorganized meetings. Secondly, make eye contact with everyone. Showing that you are present and interested of the listeners keeps the interest on. Thirdly, speak clearly and concisely. Do not mumble or speak too quietly when no one hears or understands you. Lastly, prepare to illustrate and support your ideas. PowerPoints or some other tools are helpful when holding meetings and wanting people to remember the key points. (Chan 2002, 41-42.)

There are, or there should be, two different meetings at Company X: employee meetings and management meetings. The former one is working quite well but the other is not. Meetings are best ways to communicate, since one can talk face to face and all the gestures and body language are showing. Hence, it is not a surprise that if the meetings are not working, the communication is not working. There are some management meetings in Company X every now and then, but usually there are no clear agenda or purpose of the meeting. Thus, the communication is not working inside the management.

In employee meetings, there are some agenda planned before and the meetings are held every month at the same time. The challenges in these meetings are turnout and decision-making. Usually, half of the staff is missing and clear decisions are not made. Often, it is an open discussion where everyone can express their ideas and opinions, which is positive, but if there are no results, it seems useless. The employees mentioned these challenges in the interviews the author made and since then, the author has tried to make the meetings more organized. Benefits of the interviews are the qualitative material gained from essential persons and diverse data (Hämäläinen and Maula 2004, 136).
4 STRATEGY IMPLEMENTATION IN COMPANY X

At its best, strategy work is living in the organization, constantly evolving process, involving five stages:
1. Planning a strategy (process) that suits to the company
2. Making the strategy
3. Implementing the strategy
4. Following and evaluating the strategy
5. Updating the strategy

These stages do not go straight time line, instead they overlap each other and are not independent (Kehusmaa 2010, 16). In Company X, the strategy was planned and made when the company was established, but it had been forgotten since the strategy was not implemented. Now, the author has tried to update the strategy by communicating it with the staff and with the management in the meetings and in the interviews. The process is still in the implementation stage, because some changes are happening in the Company X. After the implementation is ready, the strategy should be followed and evaluated regularly, to keep the company’s actions flowing inside the strategy.

4.1 Customers, Company, and Competition

According to Hakanen (2004, 29) the strategy should conclude three aspects: Customers, Company and Competition, and answer these questions: “Who are our customers? What we do well? What are our threats?” According the Customer Satisfaction –survey (Appendix 3) the Company X made in the end of the year, the company’s customers are happy and satisfied. The scores were positive and ranked 4.3/5 in total satisfaction. Nevertheless, the Company X can still do better in this field. For instance, the company could use segmentation strategy, when communication with its clients. This strategy would suit to the Company X well, since the customer base is wide. Now the marketing is the same to all customers and there are no segments. The customer should be a main point in everything the company does, otherwise it does not survive. Marketing and segmenting would be next steps to Company X to get more customers and to grow, because without customers, there are no actions.

Examining the Company aspect, the Company X works well at its own field and the company should concentrate to that. The employees are talented in what they do and own diverse skills which are used inside the company. Most of them have said that they do not feel they are working when they teach, since they have passion for the sport they do. All of them have started doing that as a hobby but then moved to work as instructors. Virtaharju and Vuori (2011, 93) concluded this well: “Passions build person’s identity. Because one likes, appreciates and regularly does the passion’s target, it becomes an identity motifier for her.” The author feels it is safe to say all the employees have passion for this work and it is part of their identity.
If we continue from the company viewpoint, and especially its employees, motivation and commitment are important in this case. The staff has a passion of their work, but it does not always mean high motivation. Usually, the motivation is high when one is passioned about something, but in Company X, there is some lack of motivation occasionally. For instance, half of the staff are normally missing the monthly staff meetings, even though it is held every month at the same time and it is paid. This indicates the personnel’s commitment; the employees cannot commit 100%, since this work is their secondary job. The author feels the motivation and commitment comes and goes in stages: sometimes people are not motivated of anything and other times they are. When the motivation is highest and one has a passion of what s/he does, we can talk about ‘flow-moment’ (Cherry 2018). In this work, the author herself experiences ‘flow’ moments when teaching and she knows all the employees do as well.

Since the Company X does not have competitors in the same field, they need to measure their threats wider. There are many different sport providers and gyms at the area, thus the competition of customers is tough. The Company X has done fine work differentiating themselves from others and they should continue doing that. The company uses, for example, a slogan with the word ‘different’ and the sports does the differenting themselves. Now, the company should concentrate on marketing and increasing their visibility, since those has been weak and that weakens their position in the competition. The author will discuss more of this topic in Chapter 4.2.

4.2 Development of strategy in Company X

In the business plan, the owner has written the company’s strategy as follows: “Our company’s strategy is based on profitable growth, which is founded on dominant market position and unique, flexible business model. Strategy works as our company’s map to working as pioneer and creating long run values.” This sounds nice and doable in the paper and if this would have been communicated to the staff, it could have been implemented better.

With this thesis, the author tried to include everyone to the strategy process. There has been silent knowledge and some strategy under the cover, but now the author tries to communicate it better to the staff. All employees participated in the process by answering the inquiry and giving their ideas and opinions of the strategy. Some changes have been already done (weekly letter, monthly meetings, introduction stage) but a lot of work is still required to keep the strategy alive. The interviews revealed that the work the employees do is clear but some procedures should be written down. This would decrease the amount of silent knowledge the company has.

The strategy work includes many challenges, such as: disconnected strategy work; only few people participating the process; real strategy choices have not been done; strategy is badly communicated; leadership does not support the strategy; concrete implementing has not been planned and it does not work in practice; and the strategy has not been followed or updated (Kehusmaa 2010, 41). All these challenges match to Company X strategy work. This indicates that Company X is not the
only firm who is struggling with this issue. Doing the strategy to paper might be easy, but the implement-
menting and communicating it is the hard part. The strategy does not work if the staff has not been
included the process from the beginning, as we had seen in the examples and in Company X.

4.2.1 Goals & Objectives

When starting the strategy plan process, it is important to examine specific principles. First, start with
a vision and create the company’s long-term objectives. Then, identify the company’s current situa-
tion and its strengths and weaknesses. Next, set the measurable goals and indicators because with-
out these it is hard to see if the company is making a progress. After that, know the environment
where the company works and base on assumptions. Lastly, adjust to changes the environment,
since nothing lasts forever and things change. (Hill 2018.) These are good guidelines to follow and
get back to, if the strategy goes missing. Next, the author will present the Company X’s strategy
plan, which was made when the company was established.

The strategy plan with with the main goals were:

- Sales goal is to get turnover XX € in the first year, and grow organic 25% per year
- Produce to markets in new and different way than the others are doing, and doing every-
  thing better and more planned than others
- Biggest goal is to expand to other city in 5 years

The vision with main goals for next 5 years were:

- We want to be our area’s biggest operator and grow our turnover close to XX €
- We want to productize our service to match the customers needs
- We want to take part of the town’s overall developing and cultural activity
- Will to expand the actions to cities where the service is needed, clear concept which is dub-
  licated

These goals and vision have not met the Company X’s strategy, or it has not been implementend,
and that has been the problem from the beginning. The owner set too high goals and vision, which
the company could not met, at least not with its existing resources. The vision statements are too
bombastic and the owner has not communicated them to the staff. The reason why the strategy has
not been implemented in Company X, is because the owner did not communicate or include anyone
to the process. In the business plan, there are clear mistakes and it does not match the current situ-
ation. The emphasize in the plan is that there is no competition, which is not the only truth. The
owners obviously did not know the company’s strengths and weaknesses nor the environment.

Another issue was the impact from the former company. The Company X wanted to differentiate
from them by doing their own strategy. The staff was not included in the strategy process, thus
they continued doing the tasks like they had used to with the former company. Everyone wanted to
stand out from the former owners, but there was no new and clear strategy what to follow, there-
fore it was only confusion and crash between the old and new. Some new customs and habits were
put in action, but some actions continued the way there were. Adjusting to the new environment was missing and the changes was not identified enough.

Hakanen (2004, 121) states that changing the vision and strategy to action starts with setting the strategic objectives. There are different viewpoints, such as: financial, customer, process, learning, and staff. The Company X had listed financial, customers, staff, and other viewpoints to objectives to be met in 5 years. Those objectives need to be updated, since they are not communicated to the staff, hence the employees cannot have implemented them.

Every company has goals and objectives. It is an essential part of the business and objectives have become normal part of everyday life. (Hakanen 2004, 131.) People have their own goals in their lives, such as companies do. If the company can make the employees and company’s goals to match, they would be achieved much better.

4.2.2 Inquiry & Interviews

The inquiry the author made is attached to the thesis as “Personnel Survey”. Here, the author will explain the questions and open some answers she got from the staff. The inquiry is divided in four different parts, which are Values, Action Developing, Communication, and Common Satisfaction. Each section includes open questions about the subject from the employees point of view. There is some repetition in the action developing questions, because the author wanted to get concrete ideas and examples.

In the questions the about Values, the author wrote what they are and asked if they showed at everyday actions at Company X. Values define the company, assist in the decision-making process, and communicate what is important (Kulakofsku 2016). The new employees had not heard about the Company X’s values before. The older ones had been inventing the values, thus they were familiar of them. All the employees, also the new ones, said the values showed at their work but they could show better in the company’s actions. They also felt some of the values showed better than others. There were division between the employees of which values they felt important and showed at their work. For instance, some experienced the safety to be the most important value and others found relaxdness to be the core of their actions.

The next section was about Actions Developing. Developing a framework to company includes four steps, according to MindTools (2018). First, the company needs to prepare by defining their purpose. Then, is time to collect the information by observing and interviewing people. Step three is to build a framework by grouping the statements and identifying the competencies. Lastly, the implementing step takes place, where the business is linked to its objectives and training is provided. By including the employees to developing the company’s actions, the author tried to make the strategy visible to them.
In the Actions section, the author asked how the employees would develop the company’s marketing, internal and external communication, leading and management, quality of the service, and ways of acting. The answers varied a lot and some great ideas were invented. The questions about leading and ways of acting generated confusion and were the most difficult to answer. It seemed no one knew who was leading the company, as the author had expected. Ways of action were little unclear to the employees, but in the interviews the author could explain what she mented and got some improvement suggestions. Other employees seemed to know better the working habits than others, which tells about the silent knowledge the company has.

In the Communication part, the author asked how the personnel feels the communication working in meetings, about the common practices, about feedback, about company’s vision, and the workability of communication channels. The answers varied here also, but commonly the personnel felt the communication works inside the company and no one felt neglected. In the meetings, the communication works but they could be more structured. Common practices were clear to older employees but the new ones were still a bit lost. The personnel felt they received enough feedback from the customers and did not need any feedback from the employers. Vision was not clear to anyone, as the author had assumed, but some good vision statements were given from the employees. The staff felt the communication channels were good and there were enough of them. As the author talked about the communication tools in Internal Communication Chapter, the same examples apply here. Kulakofsku (2016) thinks that ensuring the employee participation and the transparency of actions, the employees will be willing to help and give improvement ideas.

The last section was about the Common Satisfaction at work. This part did not directly connect to the thesis and it included only two questions. Hill (2018) has listed factors that affect to job satisfaction. These factors include working conditions, opportunity for promotion, workload and stress level, respect from colleagues, relationship with managers, and financial rewards. The author wanted to end the survey with the employees’ feelings and give them a free word. The personnel experienced they were overall happy and satisfied to the work and the employers, thus only few new feelings arised. The last question was again about the action development, and some new ideas were given there. For instance, many employees asked more trainings, since quality is one of the company’s core values. The company will include trainings to the annual plan and try to arrange them at least twice a year. All in all, the author is happy with the answers she got. Now, it is the time to put those ideas to action and start to impelement them.

4.2.3 Segments

The Company X has not been using the segmenting strategy which could approve their customer base and visibility at the markets. Now, the customer segment is women and men between 15-65 years which is too large section from the marketing point of view. Different marketing styles and ways serve different segments. In segmentation strategy, the company divides their markets to smaller parts and sells to different segments varied way the same product or service (Hakanen 2005, 99).
In Company X’s business plan, the owner has written that the company offers services to women between 15-40 years, to companies, to events, to children groups, and to schools. It is done by Facebook marketing, by campaigns to different buyers, by event marketing, by co-operating, and by doing videos with different themes. These have not been executed, since the segmentation was wrong from the beginning and the marketing has been weak. Some co-operation with other companies have been done, but it could be done more. The Company X has some marketing videos rolling in different places but the author feels that have not been planned well from the segmentation point of view.

In the operational environment analyze, the company segments different customer groups. These are business clients, private clients, University Sports, and the city of Kuopio. Two of these are working: The University Sports and private clients. These have been the customers of the former firm, hence they stayed at Company X’s customers. The Company X has done weak work in getting big business clients, which would bring money. Also, the company has not used the city of Kuopio even for co-operation. This is part of the company’s strategy but it has not been implemented.

4.3 Measures & Indicators

Good measures connect the strategy and actions in operational level (Nielemä et al. 2008, 105). Therefore, the indicators should connect to strategy and should be measured according it. In Company X, the most important measures are customers and quality, since the company offers services and one of its core value is quality. There has been one customer satisfactory survey in Company X which gave good results: the overall mean of the answers was 4,3 of 5. The survey is attached to the thesis as “Customer Satisfactory Survey”.

The other indicator Company X has is a financial factor which is mostly outsourced. Budjeting has been made by the owners few times but it has not been adjusted to current situation nor connected to the strategy. Another indicator the company should have is about its personnel. The survey the author made to the employees was the first time that was measured. The company should measure the personnels motivation and ability every now and then to keep the quality inside the company.

The purpose of indicators and short-time goals is to lead the company to achieve its strategic goals, objectives and vision (Hakanen 2004, 127). The Company X’s planning process is weak and there are no long- or short-time plans. Currently, the company is living day by day, which is not a productive way to function. The author has tried to make some short-time plans to the Company X and encourage the management to have weekly meetings. This requires everyone’s commitment which have been lacking.

‘The less the better’ is a good indication to indicators because it is easier to add meters than eliminate them (Malmi, Peltola and Toivanen 2006, 119). Especially if the company is small, such as
Company X, a few indicators is enough for them. There is no point of having a lot of indicators, if there is no purpose or use to them.

4.3.1 Budgeting

Planning and budgeting should go together in every company. The plans cannot be implemented if there are not enough resources or money. Budgeting can be as simple as putting the actions to numbers. The budgeting process is a part of formal planning and it assures the commitment to its content. The role of budgeting has been questioned occasionally. The reason is that the budgeting has been separated from the strategy process, which should be supporting activities. There is no point of doing budgets, if they are not part of the strategy or actions plans. (Niemelä et al. 2008, 61, 63-64.)

The budgeting faces many challenges, including:
- Cost-benefit relation is wrong
- No connection to strategy
- No commitment to the process
- Connection to practical work is missing

The owners of Company X has made the budget and updated it once. In the budget, the rent and the wages take the most part of earnings the company has. The sales are low, especially the business sales, which was budgeted to be one of the biggest income. The reasons why the budget has not been working is mostly because those challenges listed upper. How to manage those challenges is the question the company and the owners needs to consider. Clarifying the strategy to everyone with this thesis helps a bit, but it needs to be implemented by everyone.

The Company X needs to start doing long- and short-time plans. A company cannot function for long without plans and goals, or at least it will never be profitable. Everyone has been confused and waited someone to make the moves and actions, but it is heavy without planning. The business would work much better, if there were clear guidelines to follow. It would decrease the amount of work and confusion, if the company followed specific and formal plans.

4.3.2 Balanced Scorecard

Balanced Scorecard is probably the most common and the most used measurement companies apply. It was first introduced by Robert S. Kaplan and David Norton in 1992. The message in the book Balanced Scorecard is simple: decide what do you want from the scorecard (Malmi et al. 2006, 22). The Balanced Scorecard has many benefits; it helps to convert the strategy to actions, it supports the allocation of resources, it improves the communication and understanding, it allows learning from strategy and renunciating or lightening the budget (Malmi et al. 2006, s.53).
The scorecard example is a synthesis from implemented projects of different companies, a suggestion for measurement problems. From Figure 3 can be seen that the Balanced Scorecard is tightly connected to vision and strategy as they are the core of the scorecard. The scorecard tries to explain the four main indicators of company’s action:

1. Financial – how to appear to our shareholders?
2. Efficiency Processes – what business processes we must excel at?
3. Learning and Growth – how to sustain our ability to change and improve?
4. Customer – how to appear to our customers?

Balanced Scorecard can be used and benefit also in a strategic leadership program. Kaplan and Norton have invented a four-stage leadership process; the stages help to connect the long-term strategic goals to short-term actions. Around the scorecard is a constant process where the indicators take care of the matters which need most attention. (Malmi et al. 2006, 92.)

The processes are:

1. Clarifying the vision and strategy
2. Communication and linking
3. Planning and target setting
4. Strategic feedback and learning

The process is being implemented constantly in strategic leadership and it connects deeply to company’s vision, strategy and goals. When strategic goals have been placed to concrete objectives and tasks, the follow up and measuring the results is emphasized (Malmi et al. 2006, 139).
The Balanced Scorecard could be adapted in Company X. With this thesis, the author has tried to concentrate all the stages of the scorecard. To start with the basic scorecard example, this thesis covered the customer and learning and growth stages. Financial indicator was discussed also but the business processes were not part of this. The Company X must first decide and demonstrate the strategy and vision clearly before it can expand its actions.

What comes to strategic leadership, the company has not succeeded in that field either as it has been discussed in the thesis. By clarifying the company’s strategy, it will be easier to clarify the vision. The communication and linking between the management and employees shows in including everyone to the strategy process and having open discussions. Planning and target setting should happen in the management, thus now the leaders need to start doing it. Strategic feedback and learning is important to include in every decision-making process and actions to avoid doing the same mistakes. Adapting Balanced Scorecard to Company’s core actions and executing it by the leaders will give clear results which are needed.

4.4 Action planning

Hakanen (2004, 135) says that there two different kind of planning: informal and formal. He claims that informal planning happens in every company and in every level and it is enough in small-sized companies. The author disagrees a little, since she has discovered that informal planning is not enough in Company X, even when it is a small-sized company. Formal planning is needed, at least if the management is not functioning well. Informal planning is based on silent knowledge, which is used excessively in Company X and that is a big problem. Formal planning has a structure and goals, it can be, for instance, an annual plan.

Hakanen (2004, 136-137) claims the strategy succeeds only if its put in practice. In many cases, as in Company X, the strategy stays in ideas and people do not know how to implement them. Strategy needs to become a part of routines and every day actions to work inside the company. All the action plans should be based on strategy to keep them connected, because even the great plan is useless if its not implemented well.

Here are some good qualities a great plan has:

▪ the need of change is identified and everyone recognizes it
▪ the management is committed to the plan and supports it by showing example
▪ everyone is included to the planning process
▪ objectives are clearly stated and the key persons are committed to them
▪ there are enough resources available

When the author made the employee surveys, she emphasized that all the actions they do at the company are part of the strategy. It should not be a separate process, but the simple practices the company does.
Strategic plans are part of company’s action planning. It is crucial to combine the budgeting and the annual plan to the strategy, even though they would not happen at the same time (Hakanen 2004, 140). The author feels many companies have separate actions and separate people doing the plans for each section. If the communication between those people do not work, it is not a surprise the plans and ideas do not meet. A company can survive without communication only if there is one persons doing everything. In that case, the company does not have any customers or co-operation.

4.4.1 Strategy map

Strategy map consists the company’s vision, mission, and values, strategic competences, strategic objectives, critical success makers, and initiatives and projects which assure the strategy is implemented. Strategy map draws a guideline to company’s operative actions, such as planning, follow-up, and reporting. Illustrating the strategy in concrete shape, helps the company to communicate their strategy; the strategy map is a tool that helps the company visualize their strategic objectives and actions. The main idea of the map is seeing the whole picture and controlling it. (Hakanen 2004, 124; Niemelä et al. 2008, 55-56.)

The map itself can be in various shapes. Every company creates a map which suits to their needs and size best. The Company X has not done the strategy map, but it would consist at least the customer perspective, internal perspective and financial perspective, which are typical in strategy. The strategy map contains planning and controlling the actions, thus the author has included the Annual Plan to the next Chapter.

4.4.2 Annual plan

Strategic planning is followed by action planning. It answers to questions such as: “What needs to be done to achieve the strategic goals? What results can be expected and in what time table?” (Niemelä et al. 2008, 57.) Strategic communication is important to associate to the action planning. The actions which are good to include to the annual plan are management’s strategy days, strategy infos, development discussions, and personnel surveys. Annual plans are made for long-term thus the plan might be up-dated occasionally. (Hämäläinen and Maula 2004, s 75.)

“An annual plan provides structure and direction for an organization and its employees.” Buscemi (2016) writes about the importance of the Annual Plan and what should be included there. He says that it is good to check the plan in each quarter and then update it, thus the plan needs to be kept accurate. However, the company should not change the plan every week or month to keep the structure in their strategy.

The author included two slightly various Annual Plans from the Company X. First one is made by the owner when the actions started and it has not been updated since then. The management has not been following the plan, thus now financial part of the company is weak. The owner did not discuss
the plan with the management team, nor showed it to them until the author asked for it to the thesis. Since the communication has not been working, the annual plan could not been put in practice. Any of the weekly or monthly tasks the owner described have not been implemented in months.

The second annual plan is made by the author itself. She tried to mirror the actions the company has done during the 9 months and based on that create the plan that could work. Some of the actions have been implemented but others, such as budgeting and inventory, have not. With weekly and monthly tasks is the same situation: some of them are put in practice but some of them are not. The author updates the social media, leads the employee meetings, sends newsletters to the staff, trains new employees, and answers to the customer emails. Budgeting, inventory, sales, and board of directors’ meetings are not part of the author’s tasks; thus, she tries not to interfere there.

TABLE 4. Management Annual Plan

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Conversations about hiring</td>
<td>• Staff meetings</td>
<td>• Inventory</td>
<td>• Evaluation of needs to investing</td>
</tr>
<tr>
<td>• Budgeting</td>
<td></td>
<td>• Strategy update</td>
<td>• Management review</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Budgeting review</td>
<td>• Customer satisfaction survey</td>
<td>• Inventory</td>
<td>• Evaluation of needs to investing</td>
</tr>
<tr>
<td>• Staff meeting</td>
<td></td>
<td>• Financial statement review</td>
<td>• Management review</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Financial announce</td>
<td>• Checking the process</td>
<td>• Making the marketing plan</td>
<td>• Remembering the personnel, key customers and partners</td>
</tr>
<tr>
<td></td>
<td>• Internal audit</td>
<td>• Management review</td>
<td>• Inventory</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Customer satisfaction survey</td>
</tr>
</tbody>
</table>

Weekly tasks:
- Sales group meeting
- Reporting to management

Monthly tasks:
- Board of directors meeting
• Management meeting
• Office meeting
• Budget follow-up
• Campaigns

TABLE 5. Annual Plan for Company X

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Budgeting</td>
<td>- Inventory</td>
<td>- Strategy update</td>
<td>- Making the marketing plan</td>
</tr>
<tr>
<td>- Personnel training</td>
<td></td>
<td></td>
<td>- Personnel survey</td>
</tr>
<tr>
<td>- May</td>
<td>- June</td>
<td>- July</td>
<td>- August</td>
</tr>
<tr>
<td>- Spring show</td>
<td>- Personnel refreshing day</td>
<td>- Budgeting</td>
<td>- Inventory</td>
</tr>
<tr>
<td>- Customer satisfaction survey</td>
<td></td>
<td></td>
<td>- Financial statements</td>
</tr>
<tr>
<td>- September</td>
<td>- October</td>
<td>- November</td>
<td>- December</td>
</tr>
<tr>
<td>- 1 year birthday</td>
<td>- Updating the marketing plan</td>
<td>- Customer satisfaction survey</td>
<td>- Remembering the personnel and customers</td>
</tr>
<tr>
<td>- FYM</td>
<td>- November</td>
<td></td>
<td>- Christmas show/party</td>
</tr>
</tbody>
</table>

Monthly tasks:
• Social media plan updating
• Employee meeting
• Management & Board of directors’ meetings
• Budget follow-up
• Campaigns
• Newsletter for customers

Monthly tasks:
• Social media update
• Newsletter for staff
• Sales follow-up
• Reporting to management

Working at Company X, it has become clear that it is not enough the company has great plans, if they are not implemented. In Company X, and probably in many other companies too, this is sadly the case. There needs to be the persons who implement the plan and are commitment to develop
the company step by step. Without the implementation part, the plans are not executed and nothing happens.

4.5 Results

The author has referred many times to the book called *PK-yrityksen strategiatyö*. The author feels Hakanen has captured well the key points of strategy work and what it requires succeeding with it. Hakanen says: “It is crucial to the company’s success how well the leaders understand its operational environment.” Different environments require different strategies and actions, and every company is unique. The strategy cannot be copied from other firm, instead it must be implement to match the company’s culture and values. (Hakanen 2004, 183.)

Strategy should be an easy topic to discuss anywhere with the personnel and among the management. Understanding creates commitment, hence the strategy work should be about the day to day actions the company does. Staring only to analyses, budgets, and indicators will kill the creativity in business. It is good to have some measurements, but small company needs only few of them. Concreticing the strategy means the personnel understands it and does daily choices which leads the company closer to its vision. (Hakanen 2004, 193.)

What comes to Company X, the real results of the strategy implementation will show later. With this thesis, the author managed to discover the issues and problems inside the company, along with the challenges what has arised. The key is still the communication, if the company wants to succeed in the strategy process and its actions. Functioning properly requires abundance of work, commitment, sustainability, clear goals and monitoring the results. The author will talk about more about the results of the thesis in the Conclusion part.

4.5.1 Strategic learning

Hakanen (2004, 174) states the purpose behind the strategy work is learning. Togetherness improves the company’s competitiveness and regeneration and the know-how inside the company. The author has learned a lot of the strategy process during this thesis process and working at the Company X. She has tried to bring the awareness and importance of strategy work inside the company, since it started 9 months ago. The Company X begins to understand the meaning of strategy, vision and mission, and the importance of them. Without planning and decision-making, the company will not survive. Also, the importance of communication has become clear in the company.

One question in the personnel survey was about feedback. The employees felt they did not need feedback from the employers, because the feedback they get from the customers is more significant. The managers are not following the lessons in Company X; thus, the customer can only give the relevant feedback of their work. The employees learn by experience and understand the company’s culture and strategy by showing the example. The personnel train at their freetime a lot and improve their skills. The trainings are held every now and then, but to keep the quality good more
trainings should be held. This is one part of the strategy work, hence the Company X will start to perform a training schedule.

Hakanen (2004, 178) says that improving the skills and know-how inside the company is an essential part of the strategy and vision process. The companies which are developing themselves daily will survive in the business field. Learning is a part of the developing process; it means something new has been adopted. Learning requires open mind, creativity, and will to grow. It has been said that young people learn easier new things than older ones. Luckily, Company X has young personnel with fresh ideas and minds who are willing to learn new skills.

One of the terms connected to learning is Learning Organization. The learning occurs in individual, in team, and in company levels to the way the organization achieves the goals better than before. The features of the strategic learning and learning organization include: the support and the example from the management, vision and strategic goals, the company culture and atmosphere, sustainability, commitment, and flexibility, to name a few. (Hakanen 2004, 175-176.) Since the Company X is a new organization, the learning happens every day in various ways. The management and the employees learn and understand something new weekly and experience epiphanys. By learning together, the strategies and the procedures build as a part of the process.

The company does not need the strategy, but the people working in the company need the directions to their actions. Strategic working has been seen to be successful from the learning viewpoint in many companies. Figure 5 shows the strategic learning points as a circle. Company X has been determining their vision and the strategic goals already before it started its actions. Learning from mistakes, the right goals and visions will appear. Implementing the strategy is the process which the company needs to dive in next and have a commitment to. Following up the results and comparing them to strategy and vision occurs constantly to maintain the right direction. Analyzing the environment and organization has been executed since the day one.
4.5.2 Follow-up

Hakanen says follow-up is an important part of the learning process which is related to the strategy work. The management and the employees learn what kind of strategy works best in their organization and they learn about the strategy process. The targets of strategic monitoring are the strategy's main elements: environment, strategic goals, critical success operators, and strategic actions. (Hakanen 2004, 169.) The Company X has been lacking the follow-up process. With help of the thesis, the author tries to concentrate to monitor the actions made to bring the strategy in practice. Following the results will stay to the company's work, but with good communication it will work.

The author feels it is crucial to first acknowledge the challenges and difficulties inside the company, before those can be fixed. Following the actions and results gives the company insight of what is lacking or missing and what needs to be concentrated. In Company X, there has been many aspects that needs to be fixed, such as the leadership and the planning. These are quite easy to improve, if there is a will. Prioritizing is one important matter a company needs to do, to be able to manage all the needed tasks.

The Balanced Scorecard is one helpful measurement in the follow-up process. The process includes forming and strengthening the indicators, planning the actions and strategy, and analyzing the environment. (Malmi et al. 2006, 139.) The results can be measured at the board of directors or leaders’ meetings, and decision-making and needed actions happen there. The meetings can be also
monitored and measured to see how well they are working and if the results are made. The meet-
ings are one aspect missing in the management, thus the monitoring and decision-making process
are weak.

All this work needs to start from the managers so they can show example to the employees. The
owner should step ahead and lead the company to achieve better results. The tasks need to be di-
vided; one person monitors the environment, other the customer and personnel satisfaction and
third one the budgeting, for example. When one person has too many tasks and work, the burden
gets too heavy and there is a risk of burnout. This has happened already in Company X, thus now
the tasks have been divided a little better. The Annual Plan should be followed and tasks managed
on time. Weekly and monthly follow-ups of every departments are needed to take place.

4.5.3 Reporting

The Company X has been following and reporting the results of how many people go to different
classes the company helds. There are six different sports one can do at the Company X and some of
them include different levels. The company wants to know which classes are the most popular and
what time tables suit best to the customers. The classes which are not that popular has been re-
duced in the summer time and the ones which pull the most people has tried to place in the main
hours. Reporting and following the customers’ behavior is one of the most important tasks in Com-
pany X. The customer satisfaction is everything, because without them, there would be no actions in
the company.

All the financial statements and bookkeeping has been outsourced to accountancy company, be-
cause there are no know-how nor skills to manage those inside the Company X. The accountancy
company reports every month the financial statements and results of the Company X’s actions and
does the needed taxation. The author is not sure what else the company does, since she is not part
of the board of directors nor responsible of the finance. The author feels the Company X trusts the
accountancy company does all the needed financing, therefore it feels no one is responsible of the
finance in the Company X. The owner has done couple of times the budgeting, but it has not been
mirrored to the financial statements as it should be.

The company should do a monthly report meetings, where everyone shares their thoughts and re-
results from the on-going month and prepares to the next one. From the reports, the company can
learn and improve their actions and offer better services to their customers. New ideas from the em-
ployees are always welcome and those should be developed regularly. Annual Plan is a great tool for
strategy implentation, if it is followed accordingly and up-dated regurlarly.

The personnel of the Company X reports if they see some faults in the actions. This way the errors
can be fixed quickly and the quality stays good. They also report about the customers wishes and
opinions which is crucial from the firm’s growth point of view. The employees are the intermediate
between the management and the customers and the communication works well between them.
Since the company is small, it has tried to build a community between all the customers and employees. Most of the people know each other by first names and have become friends with each other. The customer relations have become real friendships between the company and the customers.
5 CONCLUSIONS

In the introduction of this thesis, the author wrote: “There are no organization without communication.” The idea came from the book called *Toisinajattelu strategisesta johtamisesta* which the author found interesting and funny. The book and the writers state the facts how they are without any embellishment. Strategy should be easy and simple, and the only way to succeed is with communicating. The book arises many new ideas and perspectives to the strategy itself and the author found it refreshing. What comes to the statement in the beginning, it is true and sadly disintegrating many organizations.

The author found it a bit hard to concentrate to only one topic, since there are a lot of problems in Company X. Nevertheless, the author feels most of the issues are connected to the strategy implementation which is why the topic was important. The author experienced many epiphany moments during the process and tried to include these to the thesis. For instance, understanding how everything connects to every action inside the company and how the communication really is the key to everything. Opening the mouth and sharing ideas are the best things one can do for the company’s benefit.

As a topic, the strategy is difficult for many companies. This was proven in many books and studies the author read. The companies tend to make the strategy more challenging than it is; having clear goals and ways to achieve them is more than enough. Usually, people are too impatient and do not take time to build the steady base and guidelines to their companies which leads to failure. Strategy process has been compared to house building: it needs to be planned well before and started from the bottom. If one starts building a house without planning or without clear goals, the house will most likely fail. This has happened to many companies, including the Company X.

5.1 Key findings

One of the main issues related to the strategy implementing the author covered was the roles and responsibilities. This leads to the leadership, which is a huge problem in Company X. Without leaders, there are no guidelines to follow and people get confused. No one takes responsibility of actions, since the roles are unclear. This spiral can continue for long but it must come to an end eventually. In this case, the end means the end of the actions and leads to the end of the company.

Some changes have happened in the Company X during this thesis project. Some of them are positive but others more negative. From the personnel point of view, couple of employees have left and new ones have arrived. The same goes to the customer base: the company lost some customers during the summer but got new ones too. From the finance viewpoint, the summer was difficult to the company. The time tables with customer service changed a bit; this was due the poor financial situation and the lack of employees.
There are various reasons why the strategy failed in the Company X and all of them connect to the core of a company. First and foremost, the values. The Company X and its employees had decided the values together and everyone’s opinion was asked. The values mirrored the company’s actions and everyone felt they can function according to them. But, the company did not realize the owner did not share the values with them. In the end, all the decision must be approved by him and when he has diverting values, the company is not going to work. Also, there has been some changes in the personnel which affects to this.

Then, there is the communication. This cannot be emphasised enough. One of the main reasons, or probably the main reason, why strategies fail. Everything leads back to the communication: values, roles, actions, goals, meetings, and finally the strategy. Communication is a complex task because it includes people. If the chemistry between people is not working, the communication will be hard. In Company X, there was 8 shareholders in the beginning and now it has shrunk to 5. When there are many people and various opinions included, the communication gets difficult, especially if the values and beliefs between the people do not meet.

Leadership was one of the main topics in the thesis, since it was not working in the Company X. The author has concluded that it is only up to the owner, if he wants to lead the company or not. No one else can change his opinions or thoughts about anything. The other conclusion the author had, was that the company cannot function properly without a leader. There is a dilemma between these conclusions which affects to the company’s actions. Sooner or later, some change needs to happen. To add, there are no leader persons in the personnel who could lead the company. The author suggested the Company X hired a leader from the outside.

5.2 Evaluation

The main limitations of the research are the lacking communication inside the management and getting answers to messages and questions. The thesis process was supposed to be more functional and active but the limitations made it slightly hard. Thus, this thesis included little more theory than expected but the functional part shows in the interviews and monitoring of the process.

The author is happy she made also the interviews and not only email surveys to the employees, because she got more out of the staff by talking to them. It required more work than inquiries but it was easy to talk to them, since they are all friends. Planning the meetings and getting timetables match was probably the hardest part, as the author had expected. Luckily, most of the staff managed to have time to meet and discuss the matters.

The research questions were:
- What kind of strategy works best in this type of small company?
- How to improve the communication to support the strategy?
The author told the research questions connect to each other and cannot be implemented separately. That statement proved to be true in the thesis process. The main thing the author learned was that nothing is black and white. When it comes to people and business, there are no univocal nor simple answers. The author suggests that the simplest strategy works best in this type of small company. As we have covered, the strategy work is not easy in any company, thus there is no point of doing it in a difficult way. Choose max. 3 main goals, discuss the values and the company’s mission with everyone and communicate daily. That is the basic strategy from where every company should start with. How to improve the communication to support the strategy? Just communicate. Communicate. Communicate. Every day, with everyone and as openly as possible.

5.3 Suggestions for further research

The author recommends the company to study after 6-months how the update of the strategy succeeded and if the communication has been improved. This could be managed by questionnaires to employees and by satisfaction surveys. Following the strategy step by step and communicating all the stages to everyone inside the company increases the success of the strategy development. If the results are not satisfying, the company should consider some changes in the strategy or in the communication. Also, whenever a new employee is hired, the introduction stage should be done properly by communicating the company’s values and strategy clearly in the beginning.

Leadership was one main issue that arised in the thesis and in the company’s actions. The author suggests the Company X does some changes in the next 6-months to the leadership and to the management. Starting the repairs from the roles and the planning, the company will be more structured and it will be easier to develop the strategy. Every company needs to find their own ways to function and so does the Company X. It has been only one year since the Company X was established, thus it might be normal that the company’s structure is finding its shape slowly.
REFERENCES AND SELF-PRODUCED MATERIALS


APPENDIX 1: PERSONNEL SURVEY

Personnel Survey

Values

1. The values of Company X are: Relaxedness, Safety, Quality and Fun. Did you know about these? Which of these values you are satisfied with?

2. How does the values show in your working – and how they could show more in your practical work?

3. How the values could show more in the company’s actions?

Developing the actions

4. How would you develop Company X’s
   - Marketing
   - Internal communication (=to personnel)
   - External communication (=to customers)
   - Leadership
   - Quality of service
   - Ways of acting

5. What else would you like to improve in Company X’s actions?

Communication

6. How do you experience the Company X’s communication
   - In meetings
   - About common practices
   - In giving feedback
   - About company’s vision
   - About the functionality of communication channels

7. How do you experience the internal communication in Company X generally?

8. How would you improve it?

Common satisfaction

9. Are you satisfied with Company X as an employer?

10. What ways of action would you improve in Company X?
APPENDIX 2: INTERN SURVEY

Intern Survey

1. How do you feel about the internship?

2. Did the internship come up to your expectations?

3. Did you learn new things?

4. Did you get enough introduction and help to your work?

5. Did you feel you can ask help if needed?

6. Did you get help when or if you asked?

7. Any other thoughts about internship in Company X?

8. Company X has 4 values: Relaxedness, Safety, Quality and Fun. Do you feel these values showed in company’s actions and in the classes? Can you explain your answer?

9. Did you feel the communication worked in Company X?

10. Do you remember some specific ways of acting in Company X?
APPENDIX 3: CUSTOMER SATISFACTORY SURVEY

CUSTOMER SATISFACTORY SURVEY

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Tähän voit avata/perustella antamiasi vastauksia

Millä kolmella adjektiivilla kuvailisit yritystä?

Toiveita/Vapaa sana

Mikäli haluat osallistua arvontaan, jätä yhteystietosi tähän (nimi sekä sähköpostiosoite)