

Strategy

A characteristic feature of the global business environment in the 21st century is the difficulty of predicting economic and social changes, even in the short-term. Having a flexible strategy and updating it continuously is essential, not just for the growth of a company but even for its survival in an increasingly aggressive competitive environment.

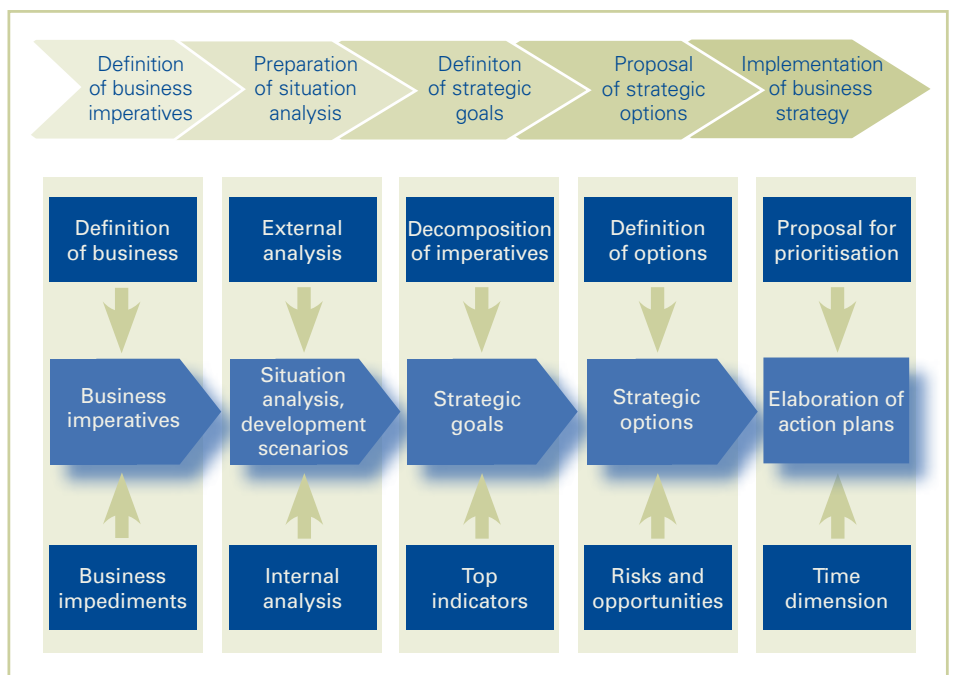
KPMG Czech Republic defines a company’s strategy as the long-term orientation of the company, stressing the development of a flexible and proactive response to unpredictable changes. The strategy includes the long-term goals of the company, the planned development of individual strategic operations and determination of the resources needed to meet these goals. The strategy is based on the needs of the company and takes into consideration changes in its resources and abilities and at the same time it enables the company to respond appropriately to changes in its environment.

Strategic cycle

Our methodology establishes the strategy as a series of steps, which together create the so called “strategic cycle”. A component part of the methodology is the implementation of the strategy into the everyday operations of the company, including its continuous updating, without which the strategy would become just another company document.

The basic instruments for establishing a strategy are workshops held with the top management and action plans for practical implementation of the strategic goals. In establishing the strategy we make use of both our local and our global experience. We also use internal information databases as well as surveys conducted by KPMG in relation to industry statistics, market analyses, innovations or development trends, best practice procedures and relevant benchmarking.

Structure of strategic cycle:





Business imperatives – specification of the basic mission of the company (who are we and why are we here), its vision (where do we want to get to, where do we want to operate) and possible impediments for the business.

Preparation of a situation analysis – specification of the environment (micro and macro environment) within which the company is located and where it is operating and specification of the opportunities and threats of the environment. A follow-up step is an internal analysis of the company (strengths, weaknesses, specific advantages) and creation of possible scenarios of development within the industry and in the market.

Strategic goals – these occur on the basis of decomposition of imperatives, can be exactly measured and are used as the main indicators for assessing the company's performance. They are also included in the goals for lower levels of management, for individual functional areas (marketing, sales, production and finance), business units etc. The pyramid cascading of the strategic goals should stop at the level of goals determined for the individual employees – providing a direct link between the assessment of employee performance and fulfilment of the company's strategic goals.

Proposal of strategic options – in order to meet the strategic goals it is necessary to define the basic strategic initiatives, i.e. the specific actions that need to be taken to implement the strategy. In respect of each action, the associated risks and opportunities are also defined.

Implementation of business strategy – this is a specific, executive plan for implementing the strategy in the form of action plans with clear specification of activities, responsibilities, outputs, deadlines, resources and priorities. The implementation plan also includes provision for the change management process, which has implications for human resources.

Main benefits of defining the strategic orientation

- definition of the company's mission and its communication inside the company
- awareness of competences and deficiencies
- specification of the structure, opportunities and threats in the external environment
- determination and quantification of a specific goal for the strategic orientation of the company
- clear definition of the activities necessary to achieve the strategic goal
- preparation of procedures for implementation of the business strategy.

For more information please contact:

KPMG Czech Republic
Risk Advisory Services



Eva Racková
Partner
+420 222 123 955
evarackova@kpmg.cz



Daniel Kožený
Manager
+420 222 123 208
dkozeny@kpmg.cz



Martin Blaho
Manager
+420 222 123 941
mblaho@kpmg.cz

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2006 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. All rights reserved.
Designed and produced by KPMG Česká republika, s.r.o.