STRATEGIC CONTROLLING IMPLEMENTATION IN MOLDOVAN BAKERY INDUSTRY

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Abstract: Strategic controlling is a strategic management subsystem that coordinates the functions of strategic analysis, training objectives, planning and strategy correction, controls the operation of the entire system and well as develops and monitors the strategic informational assurance subsystem.

The strategic control should identify the problems generated by these changes and rectify the action course based on the intermediate performances successfully recorded in the process of applying the strategic management model, and subsequently, the running of the entire enterprise based on the new model. This is achieved by continuous monitoring of how to administrate the prognostics of strategic plans; the performances recorded being compared with the standards set by plans.

The strategic control involves the use of wide range of controls at the level of enterprise, business and functional to guide, direct, motivate and support managers and workers to assess the percentage of achieving business objectives.

The classification of types of control is based on certain elements related to the nature of measured quantities, especially of the objectives. The views expressed in the specialized literature linked to this problem are very different [2, p. 257-262]:

a. The more traditional approaches emphasize the classic operational control, post-factum that is aimed to reveal whether the company’s performances are consistent with the company’s set objectives. The emphasis is on the resource allocation and utilization, the results being compared to certain performance standards to identify the deviations. It can be financial (costs, selling, profit, investment income and revenues remaining after payment) or non-financial (productivity, product quality, staff situation, relations with supplier or customer).

b. Taking into consideration the period of time elapsed between strategy formulation and implementation and the achieving results, accidental and dynamic environment, multiple changes that can appear outside or even inside the company; it requires a different type of control, namely the strategic control. Its aim is to follow the strategy during the implementation period, determine changes in basic assumption (premises) and to assure required corrections. In such a way, aside from the post-factum imposed control, the strategic control takes other forms, as follows:

- anticipatory control – of the basic premises (hypothesis) – which has the objective to verify if those premises, established in the planning and implementation process, are still valid or should be changed or revised. In this framework two groups of factors, namely those linked to the global environment (growth rate, inflation, technologies) and those linked to competitive environment where the company activates, that influences its success in referential industry (competitors, suppliers, substitutes) are taken into consideration.

- control of the actual implementation which has two main objectives and mainly: to determine if the strategic management model implementation as a whole is realized according to the plan or if there are needed changes or corrections, to identify critical moments that appear with any company at certain moments of implementation and which can imply the continuity or reassessment and revision of the model, or even redirection of the company.

c. A more inclusive concept, since it concerns not only the implementation phase (not only the actual control strategy) but also the formulation of the strategic management model is the one referring to applying to a system of “strategic watch” at the company level that consists in watching (mostly of a selective basis) the signals that announce the major changes in the environment and the process indicators of the company in the realization of the strategy.

Environment monitoring system is centered on the events that if were produced, would have a strong impact on the company and market. The prioritized “fields” of monitoring are: the dynamic competitive system and the major competitor’s behavior, in the pre-requisite model formation, but also in the implementation phase.

The objective of such a system is to alert as soon as possible the interested people about weak points and to engage quickly the correction actions or to re-discuss the strategic options as well as to improve the emergent strategies.

In order to transform the control into an efficient strategic tool it is necessary to accomplish the following requirements:

- A minimum of information. The control should be conceived in such a way that to imply a reduced quantity of information, but sufficient to have a clear image of strategy. Only 20 percent of the factors supervised generate 80% of the effects.
Opportunity. The control should be focalized on the factors to realize the strategy.

- Time horizon. Control should be conceived for both monitoring the objectives for short and long terms.
- Simplicity. Control should be represented by simple systems, having the premises of the growing reliability.
- Action. Control should facilitate the action through directing information toward the one that should take the necessary decision.

- Accuracy. Control should reflect the true nature of the monitored processes.

In our view, the process of strategic controlling in bakery industry involves two phases:

- comparison which determines the correspondence degree of the current or real performance towards the performance standards. Managers should specify the acceptable and unacceptable deviations, and when there appear unacceptable deviations, it is necessary to take measures to rectify the situation;
- rectification implies two decision moments, and namely: to correct the performance, and to rectify the strategic plans and the performance standards.

Strategic controlling system must be comprehensive and provide the necessary sensitivity to capture, at the appropriate time, the manifestation of the deviations from the Strategic Development Plan in any area of the industry activity. On this basis, the control system warns the managers on the possibility of any change occurrence.

Thus, the basic functions of strategic controlling concern:

1. the realization process control of the global strategy;
2. design and development of the strategic management informational system;
3. system monitoring of strategic indicators, including both for the external and internal environment.

Figure 1 presents the main diagram of the strategic controlling process

![Diagram](Fig.1 Schema proposed to the strategic controlling process for the Moldovan bakery industry. Source: Elaborated by the author.)

In order to establish a strategic controlling to the bakery industry from the Republic of Moldova it is necessary both to design an informational system which would reflect the strategic objectives realization degree, and the causes that generated those deviations, and to use the dashboard.

The dashboard is an assembly of current information, presented in a concise form, pre-established, referring to the main results of the company activity and to the main factors that determine their efficient performance. [1].

Entry controlling and strategic assessment in the dashboard system at the Moldovan bakery industry includes:

- selection of information for different managerial levels based on decision-making competences for each level;
- existence of an appropriate information system well structured, rigorous, which would state the information that circulates, its sources, its circuits and recipients, especially for the key domains of the organization activity.

For the bakery industry from the Republic of Moldova it is recommended the use of the dashboard. It is also proposed to elaborate such a dashboard quarterly and annually in order to have the possibility to make strategic changes, if necessary, during the year. (Table 1)

<table>
<thead>
<tr>
<th>Phase I. Elaboration of methodology for assessing the performance strategy</th>
<th>Elaboration of a set of indicators based on the BSC model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase II. Performing the calculations according to the methodology for assessing the performance strategy</td>
<td>Comparing the actual values of the indicators analyzed to the planned values analyzing and identifying the causes of deviations</td>
</tr>
<tr>
<td>Phase III. Making decisions based on the strategic controlling results</td>
<td>Elaborate and bring arguments to a set of measures necessary to eliminate the depicted deviations and to improve the performance strategy</td>
</tr>
</tbody>
</table>

**Fig.1** Schema proposed to the strategic controlling process for the Moldovan bakery industry.

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The practice of strategic controlling and of the strategy evaluation is included in such a way on the coordinates of the dashboard, based on establishing and identifying the situations in which the performance deviances appeared make the manager’s intervention necessary, the manager remaining inactive when the deviances fall within the limits established for that level. If performances fall within acceptable limits, the process of controlling ends and the activity continues its course that preceded the evaluation and strategic controlling. Otherwise, they pass to the plans modification and to strategic objectives.

To systematize the results of strategic controlling realized, the manager for strategic development should elaborate by the end of the business year *The Annual Report on the Strategic Development of the Company*, which would have the next chapters:

1. Objectives of the report
2. Evaluation of the situation in the field of strategic management
3. Main results of strategic diagnosis
   - Implementation results of the The Annual Plan on the Strategic Development and of the Business Plan
   - The results of the annual plan of strategy implementation
   - The results of strategic controlling based on the dashboard.
4. Other implementation results (applying the economic and mathematic models, the economic and financial data section, etc.)
5. Proposals on the strategic management improvement
6. Approval of Strategic development plan for the next year (and eventually the Business plan) and Strategy implementation plan for the next year.
7. Conclusions
8. Annexes (if necessary)

It is also recommended the implementation of the strategic audit in the frame of the bakery companies from the Republic of Moldova, which allows collecting and classification of the information for the strategic analysis, strategy elaboration and alternative strategic plans. In our opinion the first strategic audit should be carried out after 2-3 years from the strategic management implementation in the companies, and then it is recommended to carry it out every 3-5 years.

The literature of specialty proposes the following definition for the strategic audit: “it is a type of managerial audit that explores the company perspectives as a whole and provides a complex evaluation of the corporate strategic situation.”[3]

During the strategic audit accomplishment at a bakery company there should be evaluated the next aspects of the strategic management: analysis of the current economic situation; strategic management analysis; analysis of the external business environment and opportunities – risk identification; analysis of the internal business environment and strengths - weaknesses identification (according to company’s functions); analysis of success key-factors and strategic alternatives; strategic management improvement recommendations; evaluation and control of obtained results.

In order to realize the strategic audit in a bakery industry it is necessary to elaborate a questionnaire which would specify the questions relating to the areas outlined above and an assessment scale to estimate the total score of company strategic management chapter.

To our thinking, the bakery industry with a consolidated system of strategic management practice can have rigorously formalized settings and strategy formulation, which provides the company’s professionals an impressive amount of information that facilitates the analytic efforts and permits to draw relevant conclusions on the economic activity.

### Bibliography

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### Table: Industry Indicators

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<thead>
<tr>
<th>Group</th>
<th>1st quarter</th>
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<tr>
<td>PERSONELLE AND INOVATIONS</td>
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Source: Elaborated by the author.