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## **Flexible Strategy Game Card: Framework for Effective Strategy Execution**

**Amit Srivastava<sup>1</sup>**

### **Abstract**

*The last two decades have been characterized by increasing pace and complexities of change and change forces and therefore, posing innumerable challenges for organization success. Flexibility has emerged as the prime response to such turbulent situation. The focus of flexibility has been more on strategy formulation, although it is more critical in strategy execution. The 'Flexible Strategy Game Card' is an integrative framework of seamless strategy formulation and execution. This study is an attempt to empirically test the 'Flexible Strategy Game Card' framework and demonstrate how flexibility in the execution variables leads to better organization performance both from the perspectives of enterprise and customer. The execution variables have been identified on the base of literature review and caselets. The self administered questioner is used to for empirical study. Finally, this paper discusses the managerial implications of the research findings and suggests future scope of research.*

**Keywords:** Flexibility, Flowing stream, Strategy execution, Strategy game card

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### **Introduction**

The importance of strategy execution has been felt at different walks of evolution of strategy management (Martin, 2010; Bossidy and Charan, 2008; Higgins, 2005; Kaplan and Norton, 1996; Wooldridge and Floyd, 1992; Hrebiniak and Joyce, 1984; Cohen and Cyert, 1973; Duffy and Taylor, 1962). However, research on strategy formulation dominated the field of strategy management (Hrebiniak, 2006; Noble, 1999). Failure of many giant corporations forced both the scholars and practitioners to improve the hit rate of execution. As the response to this challenge, the last decade witnessed significantly high attention paid to strategy execution by both the scholars and the practitioners. It is also realized that there is need for a more integrative tool so as to cover the whole cycle of strategy formulation and implementation in a seamless manner (Sushil, 2008).

Evaluating the organization performance is always needed but the complexity of how to effectively measure performance often perplexes organizations. There are both external as well as internal demands for organization evaluation. An organization should proactively measure performance and effectiveness in order to learn and grow. Scholars have argued that individual-level, hierarchically based performance appraisal has not been successful in improving overall organizational performance (Mohrman *et al.*, 1991). Therefore, a comprehensive and integrated performance management system is required for organizational development (Training, 1988). The traditional performance management systems have been limited to individual-level evaluation, which have been used to quantify and justify salary increase (Schneier *et al.*, 1991).

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1. Research Scholar, Department of Management Studies, Indian Institute of Technology Delhi  
Mobile No: +91-9810134-55, E-mail: sriamtk@gmail.com

The fundamental task of strategic management is defining what organization aspires to achieve and what exactly it is that needs to be done to achieve those goals. This exercise leads to the collection of information within a data system that effectively tells the organization how it is performing. Although each steps of organization evaluation comes with challenges of their own, they also provide an organization with a toolbox of knowledge to continue to improve and grow the organization in a changing environment. Both the practitioners and scholars have realized that organizations need an integrated framework which can be used not only to monitor different perspectives of performance but also can be sued for smooth strategy execution (Ulrich and Lake, 1991; Schneier, 1991; Rodgers, 1990; Hrebineak and Joyce, 1984). Such an integrated framework can give organization a competitive strength to achieve and sustain winning edge.

### **Background Literature**

The Balanced Scorecard (BSC) was a major step for development of a strategic management system to translate the strategy into action (Kaplan and Norton, 1992, 1996, 2006). The BSC focuses on four perspectives for performance measurement and monitoring for smooth strategy execution - financial, customer, internal business and learning and growth. It has been the much debated and received a wide range of appreciation and criticism. Many organizations today use 2<sup>nd</sup> and 3<sup>rd</sup> generation of BSC, which is contextualize to organization need and challenges (Egalson & Waldersee, 2000; Kennerley & Neely, 2000).

The BSC has for the first time come forward to balance multiple aspects for development and execution of the strategy such as short and long-term objectives, financial and non-financial measures, lagging and leading indicators, and external and internal performance perspectives. However, there are a number of aspects which are yet to be balanced such as balancing enterprise and customer factors, continuity and change forces, reactive and proactive drivers, internal and external actors, and internal and external processes (Sushil, 2008). The theoretical roots of stakeholders' management and management of paradoxes could help in understating this.

The seminal work of Freeman and Reed (1983) articulated the 'stakeholder model' to replace the 'managerial model' of the firm. He defines stakeholder as 'any group who can affect or is affected by the achievement of the firm's objectives'. With the changing business dynamics, organizations are broadening their understanding about the actors who can influence the firms performance. They now need to develop the understanding of groups previously perceived to be external to the firm. These have been variously called 'influencers', 'claimants', 'constituents' or 'interest groups'. The understanding of the stakeholders also reflects our understanding of the nature of the business itself, which forms the basis of any description we may make (Kaler 2003). This may be explained by saying that when we are referring to stakeholders, we are constructing a narrative about the company (Freeman 1999). This is equally true in case of developing a model ofr strategy formulation and execution. We cannot refer to stakeholders without setting out the values, criteria and conceptions that allow them to be reorganized and classified as such with interests, the purpose of relationship and value given it by each actor must be considered (Lozano, 2005).

Demonstrating the paradoxical principles, Miller (1990) explained the downfall of excellent organizations which focused on one extreme of strategies, policies, attitudes and events. This extreme approach may initial success but in due course the extreme attractors bring organizations to failure. The successful organizations are characterized by paradox showing integration or fit on one hand and differentiation or split on the other (Tushman and Anderson, 1997; Pascale, 1990). Therefore, organizations need to manage the paradoxes and balance between many alternatives (Handy, 1994; Bahrami, 1992). With the increasing turbulence in the environment, it

is important to visualize the need for managing duality to not only survive current success but also innovating for tomorrow. The 'either/or' concepts need to be replaced by 'and' conjoints (Sushil 2009; Nasim and Sushil, 2009; Volberda, 1997). For example, hybrid centralized/decentralized operations could be the most effective way of reengineering business processes (Hammer and Champy, 1994; Sushil 2000; Sushil 2008).

### Flexible Strategy Game-card

The BSC framework could be viewed as no more than a measurement system (Kirby & Smiesing, 2003). On the other hand, there is little direction on how the framework should be used. Sushil (2008) pointed out major criticism of BSC which are:

- *Filtering*: Limiting the number of measures in a perspective reduces the value of lead indicators (Egalson and Waldersee, 2000; Kennerley and Neely, 2000).
- *Clustering*: It is difficult to modify the four perspectives as per the needs of the organization (Kennerley and Neely, 2000; Kaplan and Norton, 1996).
- *Causality*: There is lack of empirical support for the causality proposed in the BSC (Norreklit, 2000; Ittner and Larker, 1998).

At the same time it has also been highlighted that the BSC need to be more balanced consisting different perspectives while measuring and managing the strategic factors. This scenario led to the need for developing more comprehensive framework covering the whole strategy cycle in an integrative manner. Sushil (2009) proposed flowing stream strategy crystal, which is the seed for developing such a transformative framework. He argues that the continuity and change forces define the current reality of the organization. The strategy is to be formulated in terms of strategic factors, which can broadly of two types, i.e. customer factors and enterprise factors (Figure 1).

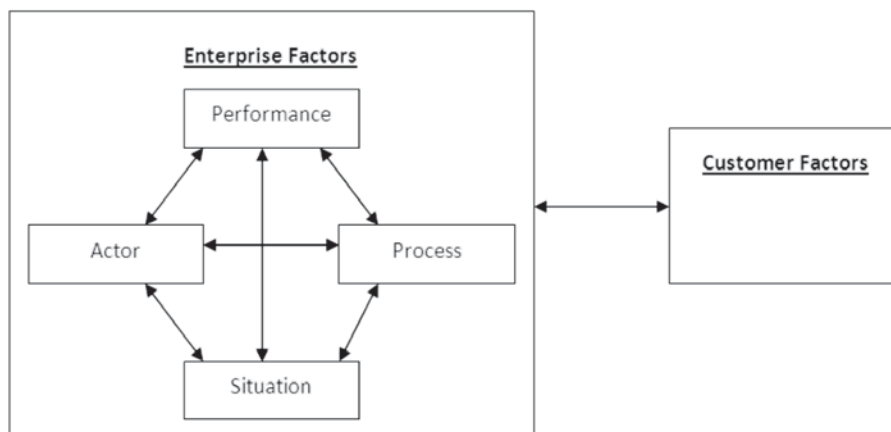
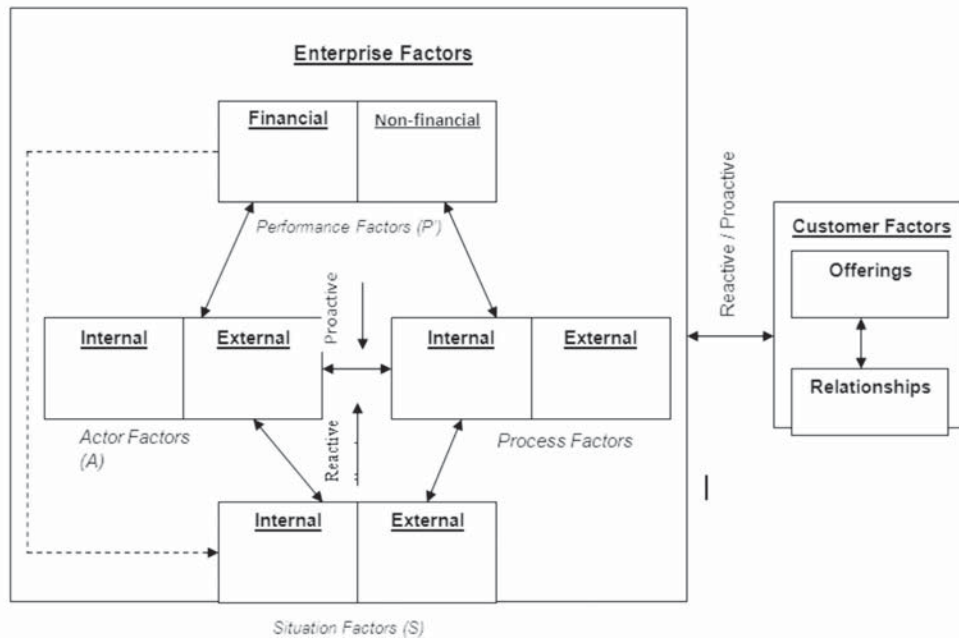


Figure 1: Flexible Strategy Game Card

The Game-card could be a tool to develop and execute the strategy, while scorecard is simply a measurement tool. This may be where new strategy models, such as flowing stream strategy, come into play. The limitations of balanced scorecard need to be overcome and move it to background of strategic thinking as no more than a measurement tool and less of a strategy development and execution tool. The continuity and change forces represent the current reality of the organization which acts as a basis for the strategy to be formulated in terms of key

strategic factors, i.e. enterprise factors and customer factors. These four components lead to crystallization of the flowing stream of the enterprise and are portrayed as flowing stream strategy crystal (Sushil, 2009). The strategic factors related with the enterprise perspective are: Situation (SF1), Actor (SF2), Process (SF3) and Performance (SF4). The strategic factors related to customer perspectives are: Offerings (SF5) and Relationship (SF6) (Figure 2).



**Figure 2: Strategic Factors in Flexible Strategy Game Card**

The strategy formulation and execution can be based on these strategic factors. These factors can be mapped for both the strategy under process and new strategy. The enterprise as well as customer factors contribute to define the strategy in an actionable form. These factors can be measured as well as monitored during strategy execution so as to meet the strategic objectives effectively. The 'Flexible Strategy Game-card' can be used for playing the strategy game in terms of strategy formulation as well as execution. Some important steps in implementing the Game-card include: developing total interpretive strategy map, playing the strategy game in terms of factors and their targets, scoring the performance of game, and changing the strategy game during review. It takes the strategic performance management a step ahead in terms of taking both the strategy formulation and execution side by side so as to integrate all the aspects of strategic performance management rather than simply acting as a tool for performance monitoring and review.

### **Linkages among the Strategic Factors of 'Flexible Strategy Game-Card'**

The review of literature and initial discussions with the experts and practitioners led to the research objective of developing linkages among the strategic factors suggested in flexible strategy game-card. The holistic and integrated picture of strategic factors would result in better understanding of not only measuring strategy execution performance but also add value to make strategy formulation and execution more effective.

### Methodology

The first logical step followed is the literature review, which is conducted using electronic databases: EBSCO, Science Direct, Prouest and Google Scholar. Following the literature review, we had four-hour discussion with 48 corporate practitioners in India to further explore strategic factors. The average year of experience of the participants was 9.3 and they represent 12 industries (Table 1). The depth of experience of participants and breath of industry covered helped in making the exploratory exercise more comprehensive. Considering the literature and opinion of practitioners and experts, we confirmed the six strategic performance factors suggested in 'flexible strategy game-card: Situation (SF1); Actor (SF2); Process (SF3); Performance (SF4); Offerings (SF5); Relationship (SF6).

**Table 1: Profile of Participants of Brainstorming Discussion (N=48)**

| Criteria                                       | Respondents' Profile  |
|--|---|
| Sectors  | ICT (27.1%), Power (12.5%), Consulting (10.4)<br>Banking (8.3%), Construction (8.3%) and others               |
| Functional Areas                               | Operation (33.3%), IT (14.6%), Planning (10.4%),<br>Marketing (10.4%), HR (4.2%), Consulting (4.2) and others |
| Hierarchical level                             | Lower management (35.4%), Middle management (35.4%),<br>Top management (29.2%)                                |
| Total work experience (years)                  | Minimum (3), Maximum (28), Mean (13.5), SD (8)  |
| Experience in the current organization (years) | Minimum (1), Maximum (27), Mean (8.5), SD (7)   |
| Planning/coordination/execution                | Planning (29.2%), Coordination (20.8%), Execution (50%)   |
| Leadership role                                | Leadership role (70.8%), Non-leadership role (29.2)   |

The 'Interpretive Structural Modeling' (ISM) is made to establish the linkages among the strategic performance factors. First, an ISM survey was conducted taking the detail expert views from seven very senior corporate practitioners and two senior academicians who have at least 20 years of experience of strategy execution (Table 2). The participants were also asked to provide the interpretation of the linkages they suggest (Annexure 1). The interpretation by the experts enriched the ISM by depicting the how part of the linkages (Corley and Gioia, 2011) and finally we developed the 'Total Interpretive Structural Model' (TISM) for strategic performance factors suggested by flexible strategy game-card (Sushil, 2009a, Nasim 2011).

**Table 2: Profile of the Respondents of TISM**

| SN | Organization                                | Management Area            | Years of Experience | Designation       |
|----|---|----------------------------|---------------------|-------------------|
| 1  | Leading B School in India                   | Strategy Management        | 30                  | Professor         |
| 2  | Leading B School in India                   | Organization Management    | 40                  | Professor         |
| 3  | Management Consulting firm                  | General Management         | 20                  | Managing Director |
| 4  | Leading Government Information Organization | System Software Management | 28                  | Senior Scientist  |
| 5  | Central Government Ministry                 | Administration             | 23                  | Deputy Registrar  |
| 6  | Major Automobile Company                    | Human Resource Management  | 28                  | DGM HR            |
| 7  | Major FMCG Company                          | Supply Chain Management    | 25                  | Vice President    |

The ISM/TISM is useful in exploring the forces of a defined research problem before conducting the rigorous methods such as analytical hierarchy process for developing empirically tested models (Saaty, 2000). For example, this study tries to explore the relationship among the strategic performance factors. There is a risk of invalidity and intransitivity with ISM/TISM. Therefore, this study personally conduct interviews with the respondent of TISM and takes majority view (Nasim 2011). The development of TISM is also an effort to methodological value addition. The steps in developing TISM are:

1. Identify and Define Elements
2. Define Contextual Relation
3. Interpretation of Relation
4. Interpretive Logic of Pairwise Comparison
5. Reachability Matrix and Transitivity Check
6. Level Partition on Reachability Matrix
7. Developing Diagraph
8. Interaction Matrix
9. Total Interpretive Structural Model

### **Results and Discussion**

Most companies realize the importance of financial and non-financial performance measures; however they have failed to represent them in a balanced framework. Some companies and researchers have concentrated on financial performance measures; others have concentrated on operational measures (Kaplan and Norton, 1992). The BSC remains a means of effectively measuring strategy rather than a means of deciding strategy (McAdam and O'Neill, 1999). Increasing competition has forced companies to measure performance differently, with much more emphasis now on measures directly related to operations and to areas of strategic importance (Bromwich and Bhimani, 1994; Dent, 1996). Better balance in performance measurement, with measures that monitor both external relations and the efficiency of internal processes, is required for sustaining the organizational success (Euske *et al.*, 1993). The outcome of the TISM exercise produces the direct and transitive links between the strategic factors (Table 3). On the basis of the direct and transitive link the reachability matrix is developed and consequently, the level partitioning is done to show the logical hierarchical relationship among the strategic factors identified in Flexible Strategic Game-card (Table 4).

**Table 3: Interaction Matrix of Strategic Factors**

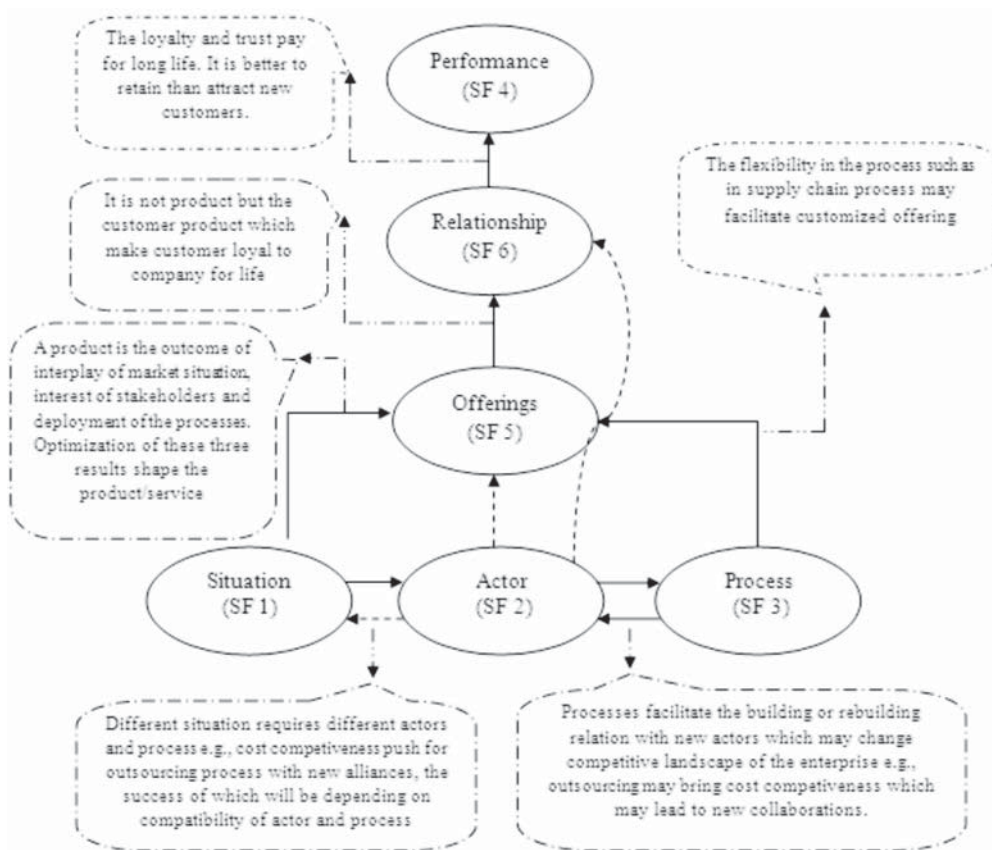
|     | SF1 | SF2 | SF3 | SF4 | SF5 | SF6 |
|-----|-----|-----|-----|-----|-----|-----|
| SF1 | 1   | 1   | 1   | 1   | 1   | 1   |
| SF2 | 1*  | 1   | 1   | 1   | 1*  | 1*  |
| SF3 | 1   | 1   | 1   | 1   | 1   | 1   |
| SF4 | 0   | 0   | 0   | 1   | 0   | 0   |
| SF5 | 0   | 0   | 0   | 1   | 1   | 1   |
| SF6 | 0   | 0   | 0   | 1   | 0   | 1   |

\*Significant transitive links

**Table 4: Reachability Matrix and Level Partitioning**

| SN | Strategic Factor | Reachability | Antecedent  | Intersection | Level |
|----|------------------|--------------|-------------|--------------|-------|
| 1  | Situation        | 1,2,3,4,5,6  | 1,2,3       | 1,2,3        | 4     |
| 2  | Actor            | 1,2,3,4,5,6, | 1,2,3,5,6   | 1,2,3        | 4     |
| 3  | Process          | 1,2,3,4,5,6, | 1,2,3       | 1,2,3        | 4     |
| 4  | Performance      | 4            | 1,2,3,4,5,6 | 4            | 1     |
| 5  | Offerings        | 2,4,5,6,     | 1,2,3,5     | 2,5          | 3     |
| 6  | Services         | 2,4,6        | 1,2,3,5,6   | 2,6          | 2     |

The final TISM of strategic factors demonstrate that Situation (SF1), Actor (SF2) and Process (SF3) are the most important driving forces for other strategic factors (Figure 3).



**Figure 3: The TISM Framework of Strategic Factors**

The TISM framework bolsters the proposition that Strategic Game-card need to reflect on the organization, the actors in the organization, and the nature of relationship (Lozano, 2005). These three elements cannot be addressed by isolated company model, management model, a description model, a comprehension model, and legitimacy model. Further, addressing stakeholder requires contextualization and evolution of the relationship among the actors.

### **Situation (SF1)**

The situation factors are critical in turbulent environment. These factors are basically the reactive drivers and diagnose the environment for strategy formulation. These factors consist of both internal and external factors. The internal situation factors are the feedback on performance of strategy under operation and reflect on strengths and weaknesses of the enterprise. Some of the examples of the internal situation factors are: poor financial health, strong technology base and declining market share etc. On the other hand, the external situation factors reflect on the opportunities and threats in the business environment. Some important external situation factors are: competition, growing demand, globalization of market, volatile financial market etc.

The traditional BSC fails to discuss the strategic situations factors and, therefore, it was limited to performance monitoring. The Strategic Flexible Game-card exemplified the mingling of SWOT matrix with the balanced scorecard (BSC). This approach provides a roadmap to understand both internal and external situations (Lee and Andrew, 2000). The companies which have most accurate and up-to-date information will have the competitive edge to their rivals (Lee and Andrew, 2000). Information helps in the analysis process and decision making and consequently has better chances to guarantee strategy execution success. The SWOT analysis serves as a great "stepping stone" to build the key performance indicators (KPI) of the BSC. The financial measurements tends to measure the past, therefore, organization knows what has happened without explanations of "Why it has happened" (Sanger, 1998). The Flexible game-card pave the way to not only learn about what is happening but also keeps on updating why it is happening, which helps in better in improvement in the strategic weak areas and finally leads to better financial as well non-financial performance.

### **Actor (SF2)**

The actor factors, which can be both internal and external, are critical for strategy execution. The examples of internal actor factor are: leadership and employees. The external actor factors may be represented by customers, vendors, alliance partners, investors, society etc. The important strategic factors associated with the internal actors are: leadership, capability, learning level, knowledge-management and employee satisfaction. These factors are considered partially in the 'learning and growth perspective' of balanced scorecard. The linked strategic factors with the external actors are: new accounts, customer satisfaction, vendor capability, inter alliance capability, corporate social responsibility etc.

Traditional accounting-based performance measurement systems are unsuited to current organizations in which the relationships with employees, customers, suppliers, and other stakeholders have changed. Established measures lack the focus to evaluate intangibles such as service, innovation, employee relations, and flexibility. For example, only few companies have systems for monitoring employee satisfaction and development (Sveiby, 1997). The BSC was a unique step forward to develop holistic performance management system to define performance measures and communicating objectives and vision to the organization (Roest, 1997). A stakeholder approach to performance measurement captures strategic planning issues, while the choices a company makes in strategic planning direct the design of the performance measurement system (Atkinson *et al.*, 1997). The two sets of actors identified in flexible game-card i.e. external (customers, vendor, community etc.) and internal (employees, shareholders etc.) brings more clarity in measuring and managing actors and setting strategic directions actions accordingly. The TISM exercise rightly reveals that actors are also among the most important drivers for other strategic factors. The actors not only affect other important strategic drivers such as situation and process but also affect offering and relationship with the customers

which ultimately positively influence the performance of the enterprise. Therefore, an enterprise must clearly align the strategic goals, directions and action with the strategic actor factors to the overall performance of the organization (Dinesh and Palmer, 1998).

### **Process (SF3)**

The process factors are also crucial for effective strategy execution. The process factors are also related with internal and external business processes. Some crucial strategic internal process factors are innovation, manufacturing, and knowledge management, quality and flexibility. The strategic external process factors goes beyond the organizational boundary such as supply chain, marketing, branding, strategic alliances, Mergers & Acquisitions etc. Some important factors associated with external processes are: inter-alliance capability, effectiveness of outsourcing and value creation by M&A.

The business units prefer to concentrate on measures, which show what creates value for shareholders, rather than on value for shareholders in itself. Measures that reflect quality and production efficiency, for example, are important to the units in monitoring performance (Kald and Nilsson, 2000). The process development is difficult to monitor with formalized methods of measurement (Lothian, 1987). Many scholars have pointed out need of covering the process issues in performance measurement. For example, there is need for supply chain performance measurement (Gunasekaran *et al.*, 2004). Many companies have not succeeded in maximizing supply chain potential because they have often failed to develop the performance measures and metrics needed to fully integrate their supply chain to maximize effectiveness and efficiency (Gunasekaran *et al.*, 2004). Such an inequality does not lead to metrics that can present a clear picture of organisational performance. The reduction in order cycle time leads to reduction in supply chain response time, and as such is an important performance measure and source of competitive advantage (Christopher, 1992). For example, by analyzing the customer order path, non-value adding activities can be identified so that suitable steps can be taken to eliminate them.

The TISM exercise underlines that strategic process factors also are major driving forces for strategic performance factors. For example, traditionally, the selection of suppliers and product choice were mainly based on price competition with less attention afforded to other criteria like quality, reliability, etc. For example, supplier partnership formation is vital in supply chain operations and as such for efficient and effective sourcing. Performance evaluation of buyers or suppliers is simply not enough; relationships must be evaluated (Macbeth and Ferguson, 1994; Graham *et al.*, 1994). The link in a supply chain that directly impacts customers is delivery. It is a primary determinant of customer satisfaction; hence, measuring and improving delivery is always desirable to increase competitiveness (Gunasekaran *et al.*, 2004; Stewart, 1995; Christopher, 1992). Flexibility in meeting a particular customer delivery requirement at an agreed place, packaging, mode of delivery etc. influence the decision of customers to place orders, and, therefore, flexibility in process is important in enchanting and retaining customers and finally affecting organization performance (Novich, 1990).

### **Performance (SF4)**

The performance factors are the strategic outcome measures for the strategy. These are the Key Result Areas (KRAs) that are treated as 'lag factors' in the BSC. These are influenced by the 'lead factors' or Critical Success Factors (CSFs). The performance factors are both financial and non-financial in character. The significant financial performance factors are linked both to the top line and the bottom line, i.e. revenue growth and mix, market share, market value, profitability, risk and cost reduction. The example, of non-financial performance factors are cycle time, production turnover, inventory and on-time delivery etc.

The primary stakeholders have direct impact on the strategy and function of an organization and secondary stakeholders are intermediaries in the process. The literature on stakeholder management highlights that if important "internal" or "external" stakeholders becomes dissatisfied from the corporate system, the corporation will be seriously damaged. Jones (1995) argues that firms who develop relationships with primary stakeholders based on mutual trust and cooperation are in a better position to gain an advantage over firms that do not. Such exchanges are beneficial to primary stakeholders as they receive more value and to the firm as they gain advantages that improve the performance (Jones, 1995; Prahalad, 1997).

The firms have explicit costs (e.g., payments to bondholders) and implicit costs (e.g., environmental costs, human resource costs). If firms try to lower their implicit costs by acting socially irresponsible, they will actually incur higher explicit costs, which can result in a competitive disadvantage. Alexander and Buchholz (1982) argue that demonstrating high levels of responsibility towards primary stakeholders is an indicator of superior management skill, which leads to lower explicit costs. Additionally, the actual costs of primary stakeholder management versus the benefits may be minimal.

The time is also an important strategic issue that companies should strive to measure and improve in order to be able to compete in the world market. Measuring, controlling and compressing time will increase quality, reduce costs, improve responsiveness to customer orders, enhance delivery, increase productivity, reduce risks since reliance on forecasts is reduced, increase market share and increase profits (Ghalayini and Noble, 1996; Stalk, 1988; Schmenner, 1988; Krupka, 1992; Bockerstette and Shell, 1993). The reducing cycle time reduces costs and improves customer satisfaction which in turn increases revenue. Measures which reflect cost effectiveness and the distribution of sales, and which directly relate to profitability, play a significant role in monitoring performance (Kald and Nilsson, 2000). While financial performance measurements are important for strategic decisions and external reporting, day to day control of manufacturing and distribution operations is often handled better with non-financial measures (Maskell, 1991). A measurement system should facilitate the assignment of metrics to where they would be most appropriate (Gunasekaran *et al.*, 2004).

### **Offerings (SF5)**

To a world class organisation, a happy and satisfied customer is of the utmost importance. Some of the strategic offering factors are choice, delivery, connectivity, service and speed (Kald and Nilsson, 2000). These factors are contextual to each industry/enterprise and gain relative importance with changing strategic directions. The consequences of combining performance measurement with a customer approach will depend very much on which concept of the consumer is being invoked (Pollitt, 1988). The relationship between market orientation and business performance can be situation-specific, where there can be other moderating variables (Jaworski and Kohli, 1993). Still the impact of marketing with focus on customer's need and satisfaction influence organization performance (Diamantopoulou and Hartb, 1993; Lee and Andrew, 2000). The BSC does a great job in strengthening the link between customer improvement initiatives and the organization's strategy. However, the BSC does not indicate how new customers and markets can be identified (McAdam and O'Neill, 1999). The 'flexible strategic framework' measures multiple perspectives of performance. This also result in tracking changing customer need and bring insights on how to incorporate that in the strategy. For example, in the modern supply chain customers can reside next door or across the globe, and in either case they must be well served. Therefore, to assess supply chain performance, supply chain metrics must centre on customer satisfaction (Lee and Billington, 1992; Van Hoek *et al.*, 2001).

**Relationship (SF6)**

Many argue that improvements in areas such as quality, customer or employee satisfaction, and innovation represent investments in firm-specific assets that are not fully captured in current accounting measures (Iltner and Larcker, 1998). The nonfinancial indicators of investments in “intangible” assets may be better predictors of future financial (i.e., accounting or stock price) performance than historical accounting measures, and should supplement financial measures in internal accounting systems (Kaplan and Norton, 1996; Wallman, 1995; Edvinsson and Malone, 1997). The customer satisfaction improves financial performance by increasing the loyalty of existing customers, lowering marketing costs through positive word-of-mouth advertising, enhancing firm reputation etc (Anderson *et al.*, 1994; Fornell, 1992). However, achieving higher customer satisfaction is not without cost. Increasing customer utility requires higher levels of these attributes and additional cost, particularly at higher satisfaction levels (Bowbrick, 1992). Thus, improvements in customer satisfaction may exhibit a diminishing, or even negative, relation to customer behavior and organizational performance. Despite such debates, both scholars and practitioners agree on the association between customer satisfaction and financial performance. These measures are inputs for improvement programs, strategic decision making, and compensation schemes. For example, there is a positive association between perceived brand quality and stock returns (Aaker and Jacobson, 1994). Since the stock price returns preceded the measurement of perceived quality, the market (at least partially) impounds customer perceptions of brand quality into stock price.

**Annexure 1: TISM Questionnaire\***

| SN | Element | Paired Comparison of variables of Adapt            | Yes/No | In what Way a variable will influence/enhance other variable? Give reason in brief |
|----|---------|--|--------|--|
| 1  | A1 - A2 | Adapt the targets - Modify the strategies          |        |  |
| 2  | A1 - A3 | Adapt the targets - Reformulate Strategic Plan     |        |  |
| 3  | A1 - A4 | Adapt the targets - Redefine Operational Plan      |        |  |
| 4  | A1 - A5 | Adapt the targets - Reassess Capabilities          |        |  |
| 5  | A1 - A6 | Adapt the targets - Adaptive Culture               |        |  |
| 6  | A1 - A7 | Adapt the targets - Incorporating Reflections      |        |  |
| 7  | A2 - A1 | Modify the strategies - Adapt the targets          |        |  |
| 8  | A2 - A3 | Modify the strategies - Reformulate Strategic Plan |        |  |
| 9  | A2 - A4 | Modify the strategies - Redefine Operational Plan  |        |  |
| 10 | A2 - A5 | Modify the strategies - Reassess Capabilities      |        |  |
| 11 | A2 - A6 | Modify the strategies - Adaptive Culture           |        |  |
| 12 | A2 - A7 | Modify the strategies - Incorporating Reflections  |        |  |

\* Considering the large size of the questionnaire, only a part of it is given here.

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