



# Applying Flexible Strategy Game-Card Approach for Designing Performance Management System: The Case of Mobile-Telecommunication Company of Iran (MCI)

Hamidreza Radmanesh, Nasrin Aghaei, Mohsen Behdari, Negar Rastegar, Mohammadreza Asadzadeh

**Abstract**—This study aims to carry out performance management system by flexible strategy game-card method for mobile communication company of IRAN.

In this regard these question have been arisen:

- What is the concepts of flexible strategy game-card (FSGC) for designing PMS?
- Which perspectives are considered in FSGC?
- What are the steps of FSGC in implementation?
- How we can extract strategic directions and related strategic actions?

Literature was reviewed in order to implement FSGC for designing PMS(performance management system). According to similarity in the context with case illustration of another study this study adopts perspectives and related strategic factors in hierarchical structures of these factors from that study. It should be mention gathering information about these strategic factors is based on secondary data of MCI. But in order to preserve the confidentiality of information, in some factors there is a slight deviation from the real value.

The study adopts FSGC for designing of PMS for MCI. By using this concept, actual results have been compared with targets and led to extract strategic directions. Then strategic interventions that are aligned with the strategic directions were identified for MCI.

Although the implication of FSGC approach for designing of PMS is available in the literature (even in similar industry/region/time limit), but there is not any attempt to utilizing it in MCI strategic department.

**Keywords**— Performance Management System (PMS), Flexible Strategy Game-Card (FSGC), strategic interventions, balanced scorecard (BSC).

## I. INTRODUCTION

MCI is a telecom company in one of the fastest growing environment and industries with more than 60 million customers. Telecom industry in Iran is experiencing transformation because of huge growth in number of subscribers and intensive competition due to new entrants, MNO's and MVNO's and declining ARPU(average revenue per user) because of saturated market and changing customer needs and preferences from basic services to data and value added services. In this regard, all telecom company have to find new business plan and strategic intervention for increasing results of performance. Performance management system(PMS) can help this goal.

Linkage between strategy and performance management is an accepted fact ([1]-[3]). PMS can be used to simplify implementation of strategy and enhance organizational performance by identifying organizational targets and desired results and monitoring progress and presenting feedback ([4]-[6]).

It is a big challenge to implement PMS effectively. Neely and Bourne mentioned Inappropriate design cause more than 70 percent of failure of balance score card(BSC)[7].most of the companies have problems in implementing strategy [6].

Translating information from measurement of process to actions is the problem of PMS design which can be called as "knowing doing gap" [8]. These problems are the main reasons for this study, though the authors tried to find the problems of strategic interventions with its relation with the performance factors in MCI.

## II. LITERATURE REVIEW

### A. PMS (performance management system)

With considering the environment connect the mission of a company to what the company tries to achieve as a nervous system of a body [9], PMS was criticized because of so much emphasis on financial aspects and focus on profit and losses more than strategy in the late 1980s [10].

During years PMS became an essential tool for formulating and implementing strategy. PMS should align with strategic objectives [11].

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Hamidreza Radmanesh: hamra361@student.liu.se  
Nasrin Aghaei: nasag956@student.liu.se  
Mohsen Behdari: mohbe960@student.liu.se  
Negar Rastegar: negra753@student.liu.se  
Mohammadreza Asadzadeh: mohas459@student.liu.se

All of Authors: MBA Student, Linköping University, Sweden

A revolution in measurement of performance of a company, communicating strategy in the company and link the strategic objective to targets has happened by BSC [12].

*B. FSGC( flexible strategy game-card)*

PMS should be defined in a way that provide feedback for learning and refining strategic interventions and defining new actions for achieving target of performance [13].

Sushil developed FSGC and aimed to integrate strategic intervention and feedback of performance which offered holistic approach to PMS [13].

There are two perspective of performance: enterprise perspective includes of all stakeholders, and customer perspective which is customers and strategic decisions and interventions.

In strategy formulation actors are crucial as well as execution which is related to process factors and outcomes of the strategy are related to performance factors. and the performance of a company is related to customer factors and value in offering and customer relationship.

III. RESEARCH METHOD

In this study secondary data of MCI has been used and with the aim of below mechanism the gap between AS IS and TO BE of factors in MCI as a telecom company defined and the solution and implication were described.

According to figure 1. FSGC has a seven-step mechanism to explore the issue as follow ([13]): (according to similarity in the context we will jump to step 4).

Step 1: identification of strategic factors from enterprise perspective

Based on the structure of game-card, the strategic factors of the enterprise are situation, actor, process and performance [13]. The list of factors are as below [14]:

Situation:

- fierce competition
- government policies

Actors:

- customer satisfaction
- employee productivity

Process:

- business process efficiency

Performance

- Profitability
- compounded Annual growth rate (CAGR)
- average revenue per user (ARPU)
- number of subscribers

Step2: identify subscriber related strategic factors and categorize as value in offerings and relationships.

There is rare research about strategic factors from customer’s perspective. FSGC has separated these factors. For identifying these factors authors used secondary data which has been gathered by strategy department in MCI, which are:

- quality of mobile network
- tariffs
- brand image
- customer support services

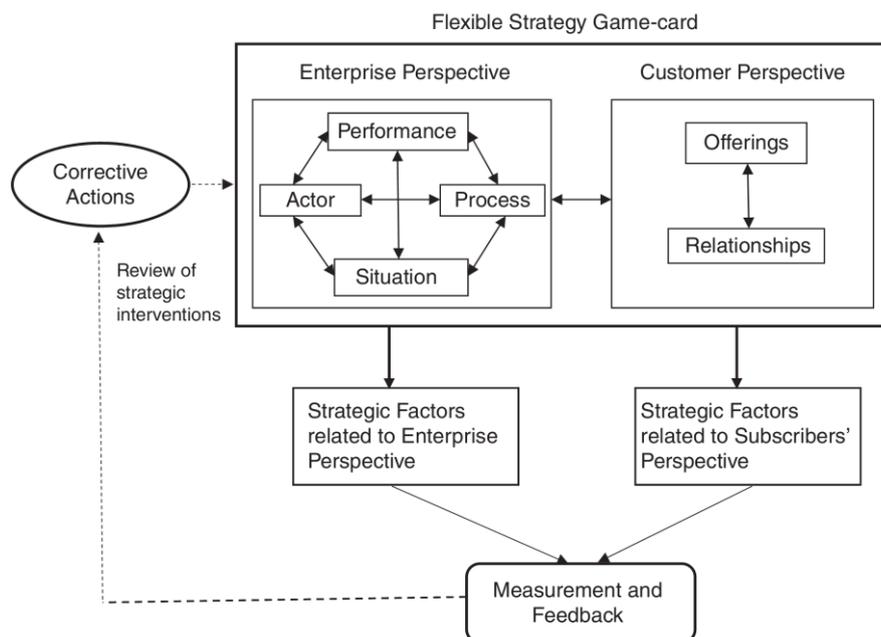
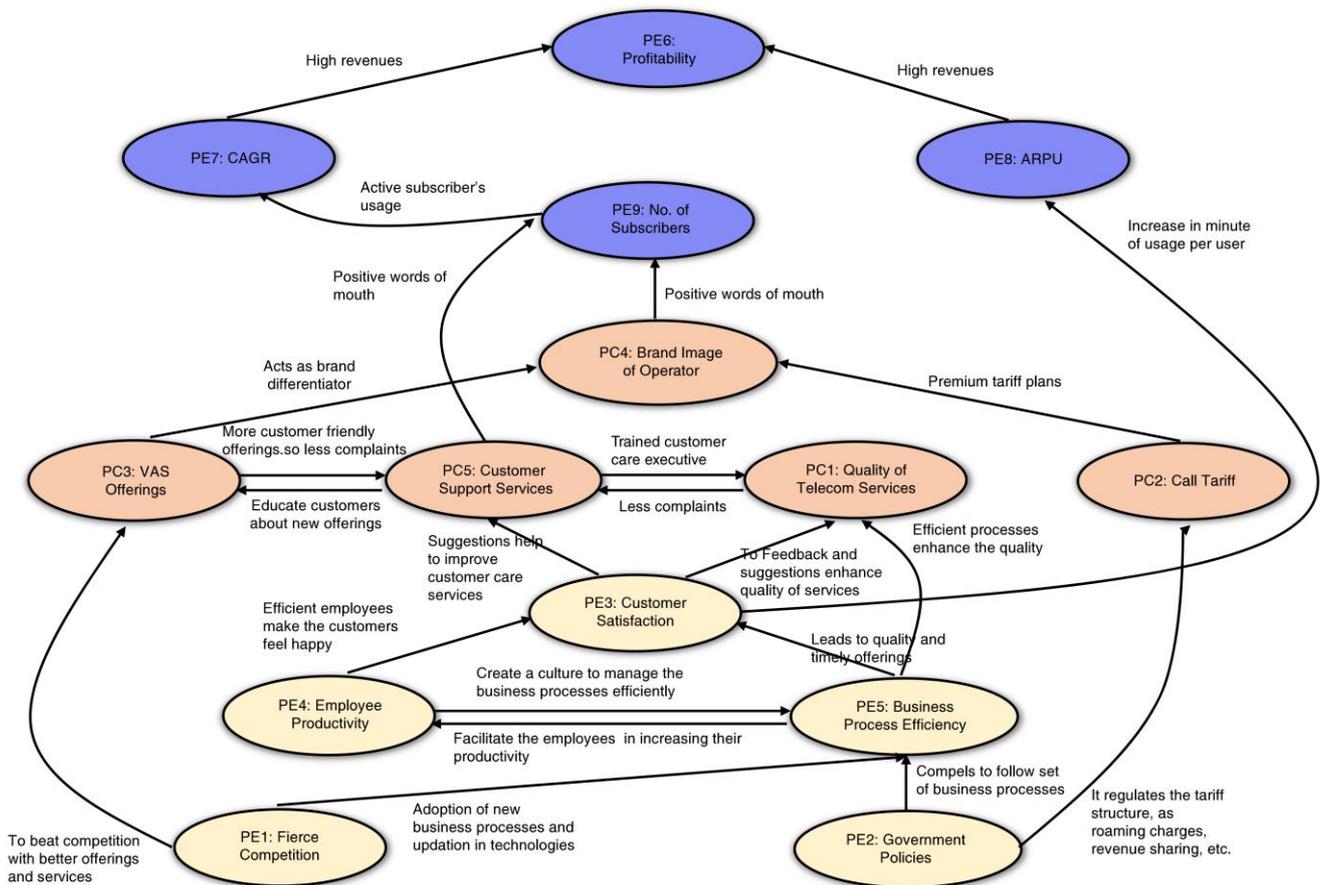


Figure 1. Research framework for PMS design - adopted from [14]



**Figure 2.** hierarchical strategy map for a mobile network operator - adopted from [14]

Step3: develop the hierarchical structures of these factors exclusively for enterprise

factors and customer factors or integrated enterprise and customer factors.

Step4: define measures and targets of various strategic factors.

In the next step performance measurement and existing targets should be quantified.

From internal annual report of strategy department required data are obtained (Table 1.)

Step5: measure actual results, derive feedback, and define strategic direction

Actual performance for forecasting the future is important. In this study all these factors are obtained from secondary data and reports. Table 2. includes of all these values: existing targets(AS-IS) and results(Actual) and desired targets(TO-BE).

The values are for the 3rd quarter of Iranian year 1396 (autumn 2017) and to-be targets are for the next quarter. It should be mentioned these data are gathered from different department: strategy, mobile network performance management, marketing, customer relation management and financial office<sup>1</sup>.

Table 2. shows how much MCI is close to or far from its target for each strategic factor.

In order to develop the strategic directions from obtained information, radar chart has been utilized. This is a chart, which represents the values of as-is targets, actual values and to-be targets on one plane and lead to provide the method where to head in terms of raising, maintaining and reducing the strategic factors. Figure 3 illustrates the radar chart for MCI, showing that the MCI has to raise in these indicators:

<sup>1</sup> in order to preserve the confidentiality of information, in some factors there is a slight deviation from the real value.

- Customer satisfaction
- Profitability
- CAGR
- ARPU

Table 1. Measured and targets for strategic factor

| <b>Strategic factors</b>           | <b>Measure</b>  | <b>Unit</b>                             | <b>Target(AS-IS)</b>    |
|------------------------------------|---|---|-------------------------|
| <b>Fierce competition</b>          | No. of new operators entered                          | Number                                  | 3+6 (MVNO) <sup>2</sup> |
| <b>Government policies</b>         | % of revenue sharing with government                  | Percentage                              | -                       |
| <b>Customer satisfaction</b>       | Customer satisfaction survey                          | Number (on 5-point scale)               | 4.5                     |
| <b>Employee productivity</b>       | Revenue per employee                                  | Billion Toman <sup>3</sup> per employee | 2                       |
| <b>Business process efficiency</b> | Cost per minutes of usage (MoU)                       | Toman                                   | 30                      |
| <b>Profitability</b>               | ROTA  | Percentage                              | 22%                     |
| <b>CAGR</b>                        | Growth in revenues Y-o-Y                              | Percentage                              | 16%                     |
| <b>ARPU</b>                        | ARPU  | Toman per user                          | 20000                   |
| <b>No. of subscribers</b>          | Numbers   | In million                              | 52                      |
| <b>Quality of mobile network</b>   | Call completion rate                                  | Percentage                              | 92                      |
| <b>tariffs</b>                     | Average call/mobile data tariff per minute            | Toman                                   | 60                      |
| <b>Brand image of MCI</b>          | Brand image survey                                    | Number(on 5-point scale)                | 4.6                     |
| <b>Customer support services</b>   | % of complaints handled (within specified time limit) | Percentage                              | 80                      |

<sup>2</sup>mobile virtual network operator (MVNO)

<sup>3</sup> Toman= 10 IRR

Also MCI is closed to the target these indicators and should maintain them:

- Employee productivity
- No. of subscribers
- Quality of mobile network
- Brand Image
- Customer support service

Finally, comparison between actual and target values show that the company should reduce these indexes:

- cost per minute of usage
- call tariffs

To have a clear perspective to link between actual measurement and future roadmap and action plan we can use strategic direction diagram (Figure 4.) based on radar chart of strategic factors.

*Step6:* identify strategic interventions and align them with strategic direction.

Identification of strategic factors and aligning them with strategic actions in designing the game-card is the main concern [13]. Because of intensive competition and high changes in business environment and customer needs, the current results can lead to find the way for constructing and modifying strategic interventions. Some strategic interventions with the help of the last data have recommended for MCI.

Table 3. illustrates the strategy alignment matrix for MCI. It shows impact of strategic actions on strategic factor in each strategic direction. By defining proper strategic interventions strategic directions (raising, maintaining and reducing) can be realized.

*VAS offerings:* one solution to increase ARPU is to provide VAS. This can help MCI to improve expecting income of next financial year to survive in the competition and overcome in saturated voice market.

Table 2. Actual Results and aspiring targets

| Strategic factors                  | Measure   | Target(AS-IS) | Actual     | Target(TO-BE) |
|------------------------------------|---|---------------|------------|---------------|
| <b>Fierce competition</b>          | No. of new operators entered                          | 3+6 (MVNO)    | 3+4 (MVNO) | 3+6 (MVNO)    |
| <b>Government policies</b>         | % of revenue sharing with government                  | -             | 31%        | -             |
| <b>Customer satisfaction</b>       | Customer satisfaction survey                          | 4.3           | 3.7        | 4.5           |
| <b>Employee productivity</b>       | Revenue per employee                                  | 2             | 2          | 2.2           |
| <b>Business process efficiency</b> | Cost per minutes of usage (MoU)                       | 30            | 33         | 30            |
| <b>Profitability</b>               | ROTA  | 22%           | 20%        | 23%           |
| <b>CAGR</b>                        | Growth in revenues Y-o-Y                              | 17%           | 17%        | 19%           |
| <b>ARPU</b>                        | ARPU  | 20000         | 18000      | 22000         |
| <b>No. of subscribers</b>          | Numbers   | 52            | 50         | 55            |
| <b>Quality of mobile network</b>   | Call completion rate                                  | 92            | 88         | 93            |
| <b>tariffs</b>                     | Average call/mobile data tariff per minute            | 60            | 60         | 50            |
| <b>Brand image of MCI</b>          | Brand image survey                                    | 4.6           | 4.5        | 4.6           |
| <b>Customer support services</b>   | % of complaints handled (within specified time limit) | 80%           | 78%        | 81%           |

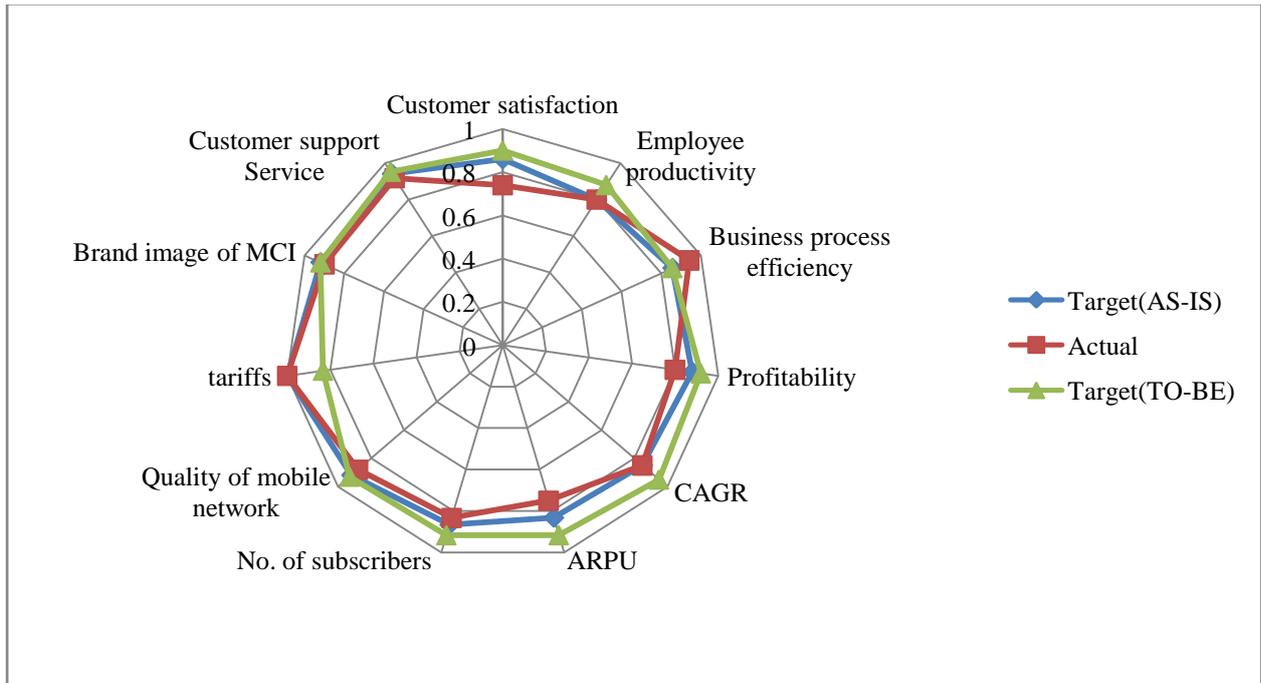


Figure 3. Radar chart of strategic factors

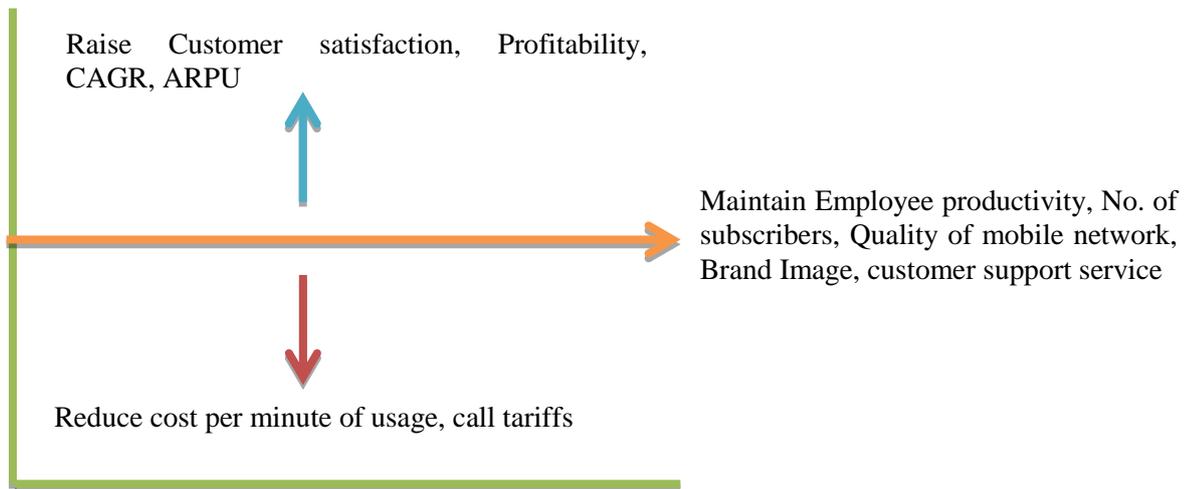


Figure 4. Strategic direction diagram

Table 3. Strategy alignment matrix for MCI

| Strategic action                | Strategic direction                        |   |             |
|---------------------------------|--|---|-------------|
|                                 | Raise                                      | Maintain                                  | Reduce      |
| VAS offerings                   | ARPU, VAS offerings                        |   |             |
| Introducing innovative services | ARPU, profitability, Customer satisfaction |   | Call tariff |
| Expansion of Business market    | CAGR                                       | No. of subscribers, Employee productivity |             |

|  |      |  |
|--|------|--|
| <b>High Speed Internet Offering</b>            | ARPU | Quality of mobile network, Brand Image |
| <b>Flagship in introducing future services</b> | ARPU | Brand Image, Customer support services |

*Introducing innovative services:* in the era of high competition only innovative companies can survive where voice as basic services can be bundled with high requested services such as low cost mobile data to increase customer satisfaction and attract more potential customers. Also introducing new services in IoT (Internet of Things) area can increase profitability.

*Expansion of Business market:* IRAN has a young people so the population is increasing in this regard expanding of market can be achievable. There are niche markets in villages and small cities that can be a target of this strategy too.

*High Speed Internet Offering:* there is an increasing demand for high speed internet so offering this service to respond this demand not only leads to customer satisfaction and empower brand image, but also can help MCI to improve financial income and revenue (ARPU).

*Flagship in introducing future services:* in the competitive environment, first mover can capture most benefit for relatively long time and this pioneering can lead to offer better customer support services.

*Step7:* review, adaption of strategies, and corrective actions.

Since strategy formulation and execution is not the final step, learning is essential for a dynamic PMS. In order to achieve this target giving feedback is not enough and effective PMS should be developed in learning loop regularly.

Even from strategic alignment matrix it can be realized that doing loop is necessary. For example introducing new strategic factors for business market and internet quality is useful. It should be mention according to future shift in telecom according to 5G and IoT, new business model and relative strategies are needed.

#### CONCLUSION

In this study at the first step, the concepts of PMS and FSGC for designing it has been reviewed. FSGC can be implemented in seven steps. It has two perspectives: enterprise perspective and customer's perspective. Each perspective has some strategic factors. By measuring these factors and comparing them with approved targets, the feedback will be derived via strategic direction. Then strategic interventions will be identified in align with strategic direction and after probable review and adaptation will be used for corrective actions. Although FSGC has seven steps, but according to

similarity in the context, we jumped to step 4 (in step 4 we also used similar strategic factor but in different scales). According to compare actual results with the targets in MCI, strategic directions were obtained and some related strategic intervention has been aligned with them for MCI. Since FSGC is a dynamic process, review and adaptation is needed for emerging issues.

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