



Building strategy

Building strategy: Critical Success Factors (CSF)

- "All the elements whose results, when they are satisfactory, guarantee the competing performance of the organization"
- allow a strategic alignment of the processes of the organization
- contribute to a better comprehension (a broader consensus) of the significant stakes and its priorities of an entity.
- CSF are used in planning , information technologies, performance evaluation and to determine the information needs.

Daniel (1961), Rockart (1979)

Building strategy: Critical Success Factors (CSF)

- ◆ 1. identify the first mission of the organization and the objectives which define a satisfactory global performance in it.

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- ◆ 1. identify the first mission of the organization and the
- ◆ 2. ask the executives to identify CSF connected to each objective.
- ◆ CSF are generally very few, from 5 to 8 per objective
- ◆ rise from the structure of organisation, its competitive strategy, the position of the organization in the whole sector, the environmental or geographical factors, the problems and appropriateness of temporary operations
- ◆ for example, it can be the improvement of the service to the customers or the relations with the suppliers, a better use of the stock or of the human resources.

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- ◆ 1. identify the first mission of the organization and the
- ◆ 2. ask the executives to identify CSF connected to each
- ◆ A criticality indication of a CSF can be obtained comparing it with the 5 criteria:
 - has a significant impact to the principal measures of the performance, like profitability, incomes or positioning in the sector.
 - is in clear relationship to the strategic objectives of the organization, for example, its strategy of differentiation or segmentation.
 - Is linked with more than one activity of the organization.
 - is related to several stages of the life cycle of the organization or its products.
 - Is linked with a high proportion of human or financial resources of the organization.

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- ◆ 1. identify the first mission of the organization and the
- ◆ 2. ask the executives to identify CSF connected to each
- ◆ to collect CSF: a specialized interviewer individually meets the managers in two or three distinct sessions
- ◆ During the first, note the manager's objectives and discuss SF which underlie them. They are examined, combined or eliminated. Measurement indicators are approached.
- ◆ the interviewer analyzes collected data and proposes CSF, which are re-examined during a second session, used for a thorough discussion of measurements and means to implement them. If needed, a third session to finalize the consensuses
- ◆ CSF are establish by high level in charge persons, having a global and strategic vision of the organization.

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- ◆ 1. identify the first mission of the organization and the
- ◆ 2. ask the executives to identify CSF connected to each
 - CSF are formulated in term of
 - maintenance of the current position
ex: to maintain the satisfaction of the customers
 - comparison with competition
ex: to obtain a profitability higher than the average of industry
 - change.
ex: to reduce the stock

Building strategy: Critical Success Factors (CSF)

- ◆ 1. identify the first mission of the organization and the
- ◆ 2. ask the executives to identify CSF connected to each
- ◆ 3. consolidate CSF
 - The same CF can correspond to several objectives. They must be grouped to arrive to only one list of CSF.
 - Subdivide, if needed, CSF in measurable elements

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- ◆ 1. identify the first mission of the organization and the
- ◆ 2. ask the executives to identify CSF connected to each
- ◆ 3. consolidate CSF
- ◆ 4. choose the most relevant indicators.
 - Express each CSF as a percentage of the importance for the organization success, their total importance is 100%.
 - Such a numerical evaluation used to
 - ◆ clarify the priorities;
 - ◆ when CSF are used to estimate the contribution of each process .

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- ◆ 1. identify the first mission of the organization and the
- ◆ 2. ask the executives to identify CSF connected to each
- ◆ 3. consolidate CSF
- ◆ 4. choose the most relevant indicators.
- ◆ 5. determine the **indicators of performance measurement** for each CSF, called the key performance indicators
 - Ex: the customers relationships improvement is measured examining
 - the new customers tendencies,
 - the loss of consumers,
 - the proportion of complaints or requests for information.

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- information systems planning envisages the suitable resources for collection and use of information
- CSF determine the spheres of activities which are essential for the success **of the** organization; they must thus constantly be followed and measured by management.

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◆ At each step

Objectives	Success Factor	criticality (impact over)					Importance (%)	Element of mesure
		Performance	Quality	Cost	Time	Resources		
Objective 1	CSF 1	✓		✓	✓		10%	Key Indicator 1
	CSF 2		✓	✓		✓	30%	Key Indicator 2
	CSF 3					✓	25%	Key Indicator 3
Objective 2	CSF x	✓	✓	✓	✓	✓	35%	Key Indicator x

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◆ 1. 2. 3. 4. 5.

- ◆ 6. once the CSF of the whole organization established, determine the CSF of each level of the organization.
 - These CSF must be aligned on the global CSF

Building strategy: Critical Success Factors (CSF)

◆ 1. 2. 3. 4. 5.

◆ 6. once the CSF of the whole organization established,

◆ 7. re-examine CSF regularly, so that they take account of the changes in the environment and the performance of the organization.

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- ◆ CSF analysis can be also used to evaluate the importance of each direction/process of the organization/project to allocate the suitable resources. Two stages are added
- ◆ After stage 4, independent observers are asked to evaluate, on a 1 to 10 scale, the contribution of each process/service to reach the CF
- ◆ calculate the total importance of each one:
 - ◆ calculate the average of the evaluations for each factor and each service
 - ◆ multiplying this average by the factor importance, as a percentage
 - ◆ Lastly, calculate the totals for each column and each line.

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FCS	CF 1 : 20%	CF 2 : 30%	CF 3 : 40%	CF X : 10%	Total
Process					
Process 1	Average evaluation x 20%	Average evaluation x 30%	Average evaluation x 40%	Average evaluation x 10%	Σ line 1
Process 2	Average evaluation x 20%	Average evaluation x 30%	Average evaluation x 40%	Average evaluation x 10%	Σ line 1
Process x	Average evaluation x 20%	Average evaluation x 30%	Average evaluation x 40%	Average evaluation x 10%	Σ line 1
Total	Σ Column 1	Σ Column 2	Σ Column 3	Σ Column X	