



## MODULE 3

### CONTENT ELEMENTS OF IR FOR SMEs

#### Part 3



# Strategy & Resource Allocation

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This section shall answer the following question: Where does the organization want to go and how does it intend to get there? (IIRC, 2021, p. 44)

In this section the SME's plans should be explained and how these plans are going to be achieved.

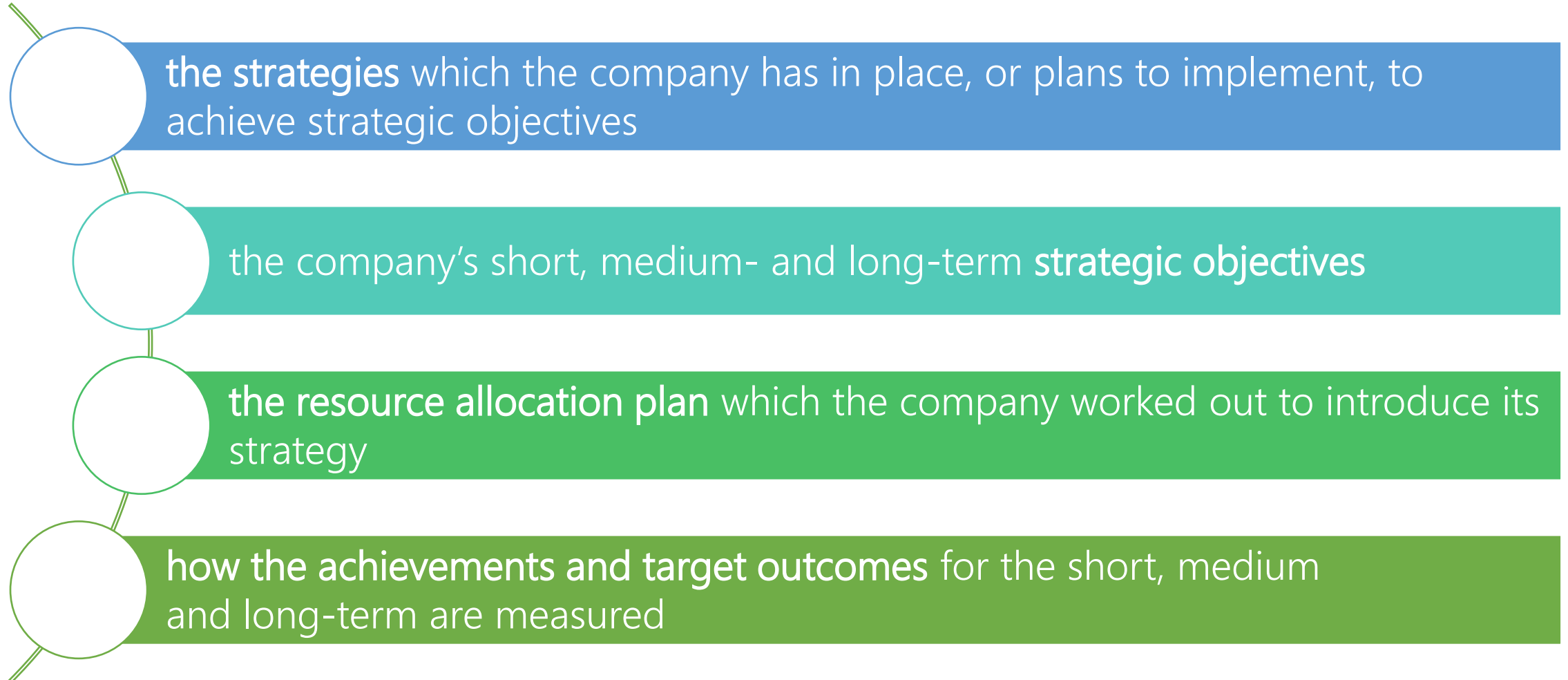
# AGENDA

## Strategy & Resource Allocation

1. What should be included in a section discussing strategy & resource allocation?
2. Presentation of strategic objectives and strategy in an integrated report
3. How to measure performance using key performance indicators (KPIs)?
4. Test question



# 1. What should be included in a section discussing strategy & resource allocation?



It is important to connect this part close to the business model and the risks and opportunities sections of the integrated report. The company should also consider the links with the current and expected features of the external environment and changes to the business model needed to achieve the strategic objectives.

The above mentioned elements are important for SME to develop the content of its strategy and resource allocation section in the integrated report.

In an extended version SME may consider to include information about what differentiates the organization to give it competitive advantage and enable it to create value.

SMEs may consider to include

- The role of innovation
- How the organization develops and uses intellectual capital
- The extent to which environmental and social aspects have been embedded into the organization's strategy to give it a competitive advantage
- Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans. E.g., surveys, discussion with employees and other stakeholders.

**Strategy:** a clear set of plans, actions and goals that outlines how a business will compete in a particular market, or markets, with a product or number of products or services

**Strategic objective:** are purpose statements that help create an overall vision and set goals and measurable steps for an organization to help achieve the desired outcome.

**Resource Allocation:** is the process of assigning and managing assets in a manner that supports an organization's strategic goals

**Target Outcomes:** it is a tool to capture and articulate the goals and outcomes a team are striving to deliver.

# 2. Presentation of strategic objectives and strategy in an integrated report

## Strategy

*The primary strategic objective for Aspiag Service is to increase market share, a goal that ensures growth, brand recognition, quality of the Company and its offer.*

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To achieve this strategic objective (market share increase), our business is aimed at five functional objectives: generation of financial resources, new openings and renovations, customer satisfaction, enhancing employees, attention to the environment and the territory.

These goals influence corporate decisions in a changing economic environment, fostering the most innovative solutions and the enhancement of all types of resources (environmental, human, technological).

We draw resources and recruit our employees from the community in which we operate. We look after our people and promote their professional growth so as to deliver a better service to customers. Satisfying customers requires pursuing high quality standards as part of our offerings and initiatives as well as generating new financial resources necessary to open new stores or modernise existing ones, resulting in increased market share and greater value added for the local community.



For the quality of their IR Aspiag Service is the award winner of a multitude of several different award given by the IIRC, Italian Stock Exchange Institute of Capitalism Responsible and other institutes (<https://www.integratedreporting.org/news/aspiag-service-recognized-for-2016-integrated-report/>) (<https://www.saracirone.com/en/stafer-hits-the-second-place-at-the-oscar-of-balance-statements-special-award-best-integrated-report/>). Aspiag Service operates in the large-scale retail trade sector. It is concessionaire of the Despar brand in Triveneto, Emilia-Romagna and Lombardy, is part of the international SPAR Austria Group and adheres to the Despar Italia Consortium which brings together all the dealerships of the brand throughout the country. Aspiag Service's area of competence includes the regions of Veneto, Friuli Venezia Giulia, Trentino Alto Adige and the provinces of Bologna, Ferrara, Parma, Reggio Emilia, Modena, Ravenna and Mantua.

Aspiag Service offer a clear glimpse of its strategy and the progress the organization is doing toward its goals.

The strategic objectives are briefly presented through visual representation and it provides an idea of what are the future plans of the organization on a large scale, without any particular target or methodology on how they are going to reach such goals.

# 3. How to measure performance using key performance indicators (KPIs)?



## Market share increase

Despite having favoured development in Emilia Romagna, Aspiag Service maintains its leadership in the Triveneto area with an estimated market share of 18.54% according to Trade Miss Nielsen Grocery Hyper/Supermarket source data. In line with the develop-

ment in new areas, an expanded trading area, including Emilia Romagna, is considered, with a share higher than the previous years. The actual data of the Trade Miss Nielsen Grocery Hyper/Supermarket source indicate a market share of 11.43%.

**Note:** the data in the table refer to the Trade Miss Nielsen Grocery Hyper/Supermarket market share as of 31/12 of each year for the Triveneto area and Emilia Romagna.



### MARKET SHARE





*Aspiag Service* measures its performance against strategy. The company's long-term success depends on its ability to use the resources to implement the Group's strategy, achieving the targets for each strategic focus area and creating value for all stakeholders.

*Aspiag Service* assigns KPIs to each strategic focus area. Then it measures those KPIs and decides whether the company is on a good way to achieve the target, or indicators suggest that the target is partially achieved or missed.

In case of *Aspiag Service*, the performance measurement is included in the subsection „Strategy“, but the organizations may also cover these matters in the separate section „Performance“.

# 3. How to measure performance using key performance indicators (KPIs)?

## Commitment to sustainable development

The Company has been committed to sustainability for years now. Aspiag Service is in line with the sustainable development programme of the UN's 2030 Agenda, which sets out 17 goals—divided into 169 targets—to promote fair and long-term global growth. Our strategy as well as our operating-financial and social-environmental performances disclosed in this document show all stakeholders how the topics promoted by the SDGs are deeply rooted inside the Company and match its mission, vision, and values. Aspiag Service's deliberate decision to pursue the

Sustainable Development Goals most relevant to its business has led it to prioritise 5 SDGs and the relevant targets, which guide the Company's approach to sustainability: Good health and well-being, Decent work and economic growth, Sustainable cities and communities, Responsible consumption and production, and Climate action. Business operations indirectly concern also the remaining SDGs. For more information, the Annexes include a table summarising and reconciling all 17 SDGs and the relevant references in this Report (page 86).



In addition to the principal Key performance indicator of market share increase, Despar focuses also on sustainable development issues.

## 4. Test questions



Q1. What should be included in the section: 'Strategy and resource allocation' of an integrated report?

- A. The description of strategic objectives
- B. Relevant aspects about the external environment
- C. Business model
- D. The measurement of performance against the strategy



The strategy section demonstrates where the organizations aims to arrive in the next short-medium-long term. In this perspective, the organization demonstrate how it is going to measure such steps toward the objectives it has set for itself.

# Glossary

**Strategy** – It is general direction set for the company and its various components to achieve a desired state in the future

**Strategic objectives** – These are broad and clearly defined statements of 'end goals' that an organization aspires to achieve within a defined long-term period.

**Resource allocation** - It is the process of assigning and managing assets in a manner that supports an organization's strategic objectives.

# R E F F E R E N C E S

