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THE APPLICATION OF INTERNATIONAL EXPERIENCE IN IMPLEMENTING OFFICE OF STRATEGY MANAGEMENT (OSM) IN UKRAINE UNDER POST-WAR RECONSTRUCTION CONDITIONS

ВИКОРИСТАННЯ МІЖНАРОДНОГО ДОСВІДУ ВПРОВАДЖЕННЯ ВІДДІЛУ СТРАТЕГІЧНОГО МЕНЕДЖМЕНТУ В УКРАЇНІ В УМОВАХ ПОВОЄННОЇ ВІДБУДОВИ

The purpose of this article is to analyse the international experience of implementing the Office of Strategy Management (OSM) and substantiate the possibilities of its adaptation in Ukraine under post-war reconstruction conditions. The history of OSM concept development, its key principles and functions, examples of successful implementation in international companies and government institutions have been studied. The current state of strategic management in Ukraine is analysed, and the main barriers to OSM implementation are identified. Based on comparative analysis, recommendations for creating a strategic management system in Ukraine are proposed, taking into account the specifics of post-war reconstruction. The expediency of forming a central coordination body, integrating digital monitoring tools, involving donors, and developing the competencies of local managers is substantiated. The practical significance of the research lies in the formation of a comprehensive approach to the implementation of OSM as a tool for bridging the gap between strategic planning and operational activities in the context of Ukraine's large-scale reconstruction.

Keywords: strategic management, Office of Strategy Management, post-war reconstruction, strategic coordination.

Метою статті є аналіз міжнародного досвіду впровадження відділу стратегічного менеджменту (OSM) та обґрунтування можливостей його адаптації в Україні в умовах повоєнної відбудови. Актуальність дослідження зумовлена критичною необхідністю координації зусиль держави, бізнесу, громадянського суспільства та міжнародних партнерів у масштабному процесі відновлення країни після руйнувань, спричинених війною, що охоплюють інфраструктурні, економічні та управлінські аспекти. Для досягнення мети використано комплекс методів: аналізу та синтезу наукової літератури для дослідження теоретичних засад OSM; порівняльного аналізу для зіставлення міжнародних та вітчизняних практик стратегічного управління, виявлення подібностей і відмінностей у підходах; статистичного аналізу для обробки кількісних даних щодо ефективності функціонування стратегічних офісів у різних країнах та оцінки результативності управлінських рішень; графічної візуалізації для наочного представлення аналітичних даних у зручному форматі; системного підходу для моделювання адаптованої моделі OSM, яка відповідала б сучасним умовам. Результати дослідження свідчать про суттєво вищу ефективність реалізації стратегій в організаціях з впровадженням OSM-підрозділами (у 2,5 рази) порівняно з тими, де такі структури відсутні. Виявлено основні бар'єри впровадження OSM в Україні: організаційно-культурний чинник, інституційні проблеми державного сектору, фрагментованість управління та відсутність взаємозв'язку між стратегією та бюджетуванням, що знижує керованість процесами змін. На основі аналізу успішних міжнародних практик запропоновано стадії імплементації OSM з урахуванням українських реалій, яка включає централізовану стратегічну координацію, цифрову платформу прозорості, механізми координації з донорами, інтеграцію з децентралізованим управлінням, сфокусоване управління ініціативами та комплексну систему моніторингу з регулярною оцінкою впливу. Практичне значення дослідження полягає у створенні методологічного підґрунтя для впровадження OSM як інструменту подолання розриву між стратегічним плануванням та операційною діяльністю в умовах масштабної відбудови України, що може використовуватися урядовими структурами, місцевою владою та приватним сектором для підвищення ефективності управління стратегічними змінами, зміцнення інституційної спроможності та досягнення узгоджених результатів розвитку.

Ключові слова: стратегічне управління, Office of Strategy Management, повоєнна відбудова, стратегічна координація.

Problem statement. In the current conditions of post-war transformation, Ukraine faces the challenge of not only physical infrastructure reconstruction but also building an effective system of strategic change management. Post-war reconstruction is a complex, multifaceted process that requires clear coordination of efforts from the state, business, civil society, and international donors. According to World Bank estimates, the scale of Ukraine's reconstruction needs is valued at hundreds of billions of dollars, with efforts dispersed among many donors (World Bank, 2023).

The Office of Strategy Management (OSM) concept, which has been successfully used in developed countries for over two decades, can become an effective tool for integrating strategy into organisations' daily activities. The problem is that currently in Ukraine, there are no established practices for creating separate OSM units similar to Western ones. Most organisations do not link their budget with strategy priorities, which is generally characteristic of two-thirds of organisations according to research data (Zadoia, 2021). There is a gap between formulating goals in strategic documents and actual management of daily processes.

Without a clear coordinating center connecting efforts, there is a risk of project duplication and inefficient use of resources (Yeroshenko et al., 2022). All this highlights the need to study international experience in implementing OSM and its adaptation to Ukrainian realities.

Analysis of recent research and publications. The Office of Strategy Management (OSM) concept originated within the theory of the Balanced Scorecard. The theoretical foundations of OSM are most thoroughly covered in the works of R. Kaplan and D. Norton (Kaplan & Norton, 2005, 2008), who first described the functions of OSM as a separate organisational unit responsible for the full cycle of strategy implementation – from development to control. They argue that without creating a specialised unit to coordinate strategic initiatives, about 90% of organisations fail to achieve their strategic goals.

Practical aspects of OSM implementation and their effectiveness have been studied by B. Paladino (Paladino, 2007), A. Bröder (Bröder, 2019), and M. Bloor (Bloor, 2020). Their works confirm that companies with centralised strategic management show better results compared to organisations where strategy and operational activities are separated.

Issues of strategic management integration in the public sector were considered by M. Andreev (2018), S. Poister (Poister, 2010), and K. Malina (Malina, 2020), who note the specifics of OSM functioning in government structures and the need to adapt corporate approaches to public administration.

In the Ukrainian context, problems of strategic management have been studied by O. Zadoia (2021), V. Tertychka (2020), and M. Yeroshenko et al. (2022). Their works highlight general problems of strategy implementation in Ukraine, but insufficient attention is paid to specific mechanisms for implementing OSM, taking into account the specifics of post-war reconstruction.

Despite a significant number of studies, there is little research in domestic scientific literature that comprehensively examines the possibilities of adapting international OSM experience to Ukrainian realities in the context of post-war reconstruction and large-scale coordination of many stakeholders.

Formulating the purposes of the article. The purpose of this article is to analyse the international experience of

implementing the Office of Strategy Management concept, assess the current state of strategic management in Ukraine, and develop recommendations for adapting OSM as a tool for coordinating post-war reconstruction processes, taking into account Ukrainian realities.

Methodology. The methodological basis of the research consists of general scientific and special methods of cognition. In particular, methods of analysis and synthesis of scientific literature were used to study the theoretical aspects of OSM. The comparative method was applied to compare international practices of OSM implementation and Ukrainian experience of strategic management. Statistical analysis was used to process quantitative data on the spread of OSM worldwide and assess their effectiveness. The systems approach allowed the consideration of OSM as a comprehensive strategic management tool that integrates various subsystems of an organisation. The modelling method was used to develop recommendations for adapting OSM in the context of Ukraine's post-war reconstruction.

Presentation of the main research material. The Office of Strategy Management (OSM) concept originated within the Balanced Scorecard theory. In the 1990s, renowned scholars Robert Kaplan and David Norton introduced the idea of using a balanced set of indicators as a platform for strategy management (Kaplan & Norton, 1996). In 2005, in the Harvard Business Review, Kaplan and Norton described the creation of a separate corporate unit – the Office of Strategy Management (OSM) – which coordinates the entire strategic management cycle from formulation to implementation (Kaplan & Norton, 2005). The goal of OSM is to bridge the gap between a company's long-term strategic goals and daily task execution. This unit centrally handles the updating of strategic plans, connecting them with budgets and initiatives, as well as monitoring progress.

The first practical implementation of such functions was observed in companies leading in solving strategy execution problems. For example, the American Chrysler Group in the early 2000s created a strategic management group that coordinated budgeting, communications, and the implementation of new strategic initiatives (Kaplan & Norton, 2008). A similar role was performed by the management core of the "Strategic Readiness System" project in the United States for the US Army (Paladino, 2007).

Examples of Effective OSM Use in International Organisations

In many multinational companies and organisations, the implementation of OSM principles has contributed to a noticeable increase in performance. For example, after the crisis of the early 2000s, Chrysler Group, under the leadership of new CEO D. Zetsche, created a "strategic initiatives centre" that integrated a project with a balanced scorecard and supervised the planning and launch of new products. Thanks to this, in 2004, Chrysler made a profit of \$1.2 billion from launching a new line of cars, despite difficult market conditions (Kaplan & Norton, 2008).

Similar results were shown by the strategic management project in the US Army – the command center created at headquarters not only implemented a unified system of indicators but also took on the communication of strategy and coordination of subordinate units. The Office of Strategy Management provides similar transformations: for example, in the Mexican insurance company Grupo Nacional Provincial (GNP), the OSM was subordinated simultaneously to the general and financial directors, preparing materials for

management meetings weekly and coordinating the work of initiatives between business units (Paladino, 2007).

In addition, companies that have successfully used the OSM concept or related practices include large banking institutions and government structures. Thus, world-renowned banking corporations (Wells Fargo, Citibank, etc.) implemented balanced scorecard systems with corresponding strategy management offices that linked financial planning with strategy execution. In the public sector, there are examples of strategic office formation: for example, the Federal Bureau of Investigation and the US Defense Logistics Agency emerged as one of the first public "Hall of Fame" for strategic management. In Ukraine, some private companies have also become interested in the OSM idea: in particular, "Nova Poshta" advertised for analysts for a "strategic management office" – which indicates a need for such an approach. At the same time, most Ukrainian companies formally do not have separate OSM units and remain at the stage of initiating or connecting strategy with operational processes.

The largest number of strategic management offices is observed in North America and Europe, which is associated with a higher level of institutional maturity, stability, and long-term strategic planning practices.

Organisations that have separate strategic management units (OSM) implement their strategies almost 2.5 times more effectively than those without such a structure.

State of OSM Implementation in Ukraine

In Ukraine, according to research, there is generally weak integration of strategy into the work of organisations. Strategic management for many domestic enterprises is still an imperfect phenomenon: about 80% of companies have failed to implement their approved strategies (Zadoia, 2021). Most organisations do not link their budget with strategy priorities, which is generally characteristic of two-thirds of organisations according to one survey (Tertychka, 2020). Managers in Ukraine rarely motivate employees in such a way that strategy implementation becomes their task, and ordinary employees mostly do not understand the organisation's overall strategy (Zadoia, 2021). Because of this, official units responsible for strategic planning (such as strategic departments or directorates) often do not go beyond developing strategy projects and do not participate in monitoring their implementation.

There is a gap between formulating goals in strategic documents and actual management of daily processes. Currently, in Ukraine, there are no established practices for creating separate OSM units similar to Western ones. The closest in spirit are reform office initiatives (e.g., the Office of Effective Regulation) and coordination centers under the government, which perform some strategic management tasks, but their activities are mostly programmatic rather than systematically integrated with the entire organisation.

Barriers and Challenges to OSM Implementation in Ukraine

There are several obstacles to implementing the Office of Strategy Management in Ukrainian conditions. First, there is the organisational-cultural factor: traditionally, domestic management is centralised and bureaucratic, with underdeveloped horizontal communications and insufficient analytics. As practice shows, 60–90% of employees and managers do not have mechanisms that connect their work with the company's strategy (Zadoia, 2021).

Second, there are still a number of institutional problems in the public sector: lack of stability in strategic planning, high level of corruption, and constant political changes can

nullify a systematic approach. In addition, post-war conditions pose their own challenges: mass destruction of infrastructure and industry requires concentration on urgent reconstruction tasks, which often shifts focus from long-term strategic goals. According to World Bank estimates, the scale of Ukraine's reconstruction needs is valued at hundreds of billions of dollars, with efforts dispersed among many donors (World Bank, 2023).

Without a clear coordinating center connecting efforts, there is a risk of project duplication and inefficient use of resources (Yeroshenko et al., 2022). All this complicates the creation and functioning of an effective OSM unit. Threats also arise in case of insufficient support at the top management level: leaders may see the creation of OSM as an inefficient "administrative layer" and sabotage the initiative.

Results of OSM Effectiveness Research Worldwide

Research shows that without a clear strategy mechanism, most organisations do not achieve their plans. According to Kaplan and Norton's analysis, 7 out of 8 large-scale global companies failed to achieve planned growth rates, although over 90% of them had detailed strategic plans (Kaplan & Norton, 2008). It is generally considered that between 60% and 90% of organisations fail in implementing strategies (Bloor, 2020).

At the same time, examples of "mature" strategic management demonstrate notable benefits. For instance, companies that are members of the Balanced Scorecard "Hall of Fame" (over 200 organisations worldwide) have achieved significant breakthroughs in productivity through focusing on strategy and having specialised teams for its implementation (Bröder, 2019). For example, after implementing OSM functions, Chrysler Group reached record sales indicators for new models and made a \$1.2 billion profit in 2004 (considering the weak market) (Kaplan & Norton, 2008).

Similarly, government bodies that have implemented centralised strategies and offices for coordination (such as the US Army) have been able to more effectively allocate resources and increase executive discipline. Thus, international practice indicates that OSM as an organisational mechanism usually leads to growth in ROI indicators, improved budget compliance with strategic priorities, and increased employee involvement in goal implementation, although exact quantitative estimates depend on the organisation's context.

Recommendations for OSM Implementation in Ukraine Considering Post-War Specifics

Based on the study of international experience and conditions of Ukraine's post-war recovery, we proposed next recommendations:

1. *Centralised Strategic Coordination.* Create a separate coordination body at the state level (similar to the Office of Strategy Management) – for example, within the government structure or directly under the President. This body should unite key processes: forming a recovery strategy, planning initiatives, and monitoring their implementation. It is important to include representatives of key departments (economic, financial, defence sectors) and establish a direct connection with top management.

2. *Digital Platform and Transparency.* Actively implement IT solutions for managing reconstruction projects. An example is the DREAM platform (Digital Restoration Ecosystem for Accountable Management) – an electronic system that centrally collects and publicly discloses data on all stages of recovery (multi-billion construction projects, infrastructure repairs, etc.) in real-time (DREAM, 2023). Thanks

to such digital “dashboards”, it is possible to visualise progress, identify problem areas, and quickly adjust plans (Yeroshenko et al., 2022; Hroisman, 2023). This transparency increases the trust of donors and the public and helps eliminate duplication of efforts (which is especially important when attracting international technical assistance).

3. *Coordination with Donors and Interagency Cooperation.* Ukraine already has multi-donor platforms (e.g., Ukrainian Donor Platform), so OSM should closely cooperate with them. Regular interagency meetings (for example, quarterly forums involving government officials, donors, and public experts) will promote synchronization of actions and ensure that donor programmers correspond to national strategy priorities (Buck, 2022; Zeilhofer, 2022). It is important to formalize a “coordination matrix”, distributing areas of responsibility between the central government and local communities with clear monitoring of results.

4. *Decentralisation and Cooperation with Local Self-Government.* Ukraine’s decentralisation reform has given communities significant powers and resources (World Bank, 2023). Therefore, the Office of Strategic Management should be built on a “top-down” principle: when developing nationwide strategies, it is necessary to involve leaders of united territorial communities and local administrators so that their reconstruction projects complement state initiatives. A “feedback” should be provided – that is, regular exchange of information with regional centers, which will allow adjusting strategies taking into account the real needs of communities (Tertychka, 2020; Hroisman, 2023).

5. *Focused Initiative Management.* OSM should perform the role of a prioritisation center: for example, divide reconstruction into sectoral directions (transport, energy, utilities, etc.) and create intersectoral working groups or portfolio offices that will coordinate investments and projects in each direction (Bloor, 2020). This ensures that key initiatives do not compete with each other but complement the overall picture.

6. *Monitoring, Evaluation, and Accountability.* It is equally important to introduce effectiveness evaluation systems beyond just project performance indicators. It is necessary to develop key performance indicators (KPIs) specifically for the recovery strategy – for example, the level of infrastructure capacity restoration, the number of new jobs created in restored areas, or reduction in deviation from restoration plans. Regular reporting on these indicators will allow adjusting the strategy during implementation (Malina, 2020).

Conclusions. The Office of Strategic Management (OSM) is a global practice of integrated strategy management that demonstrates its effectiveness in various industries. Its essence is to systematically align strategic plans with daily management and control.

Taking into account Ukraine’s post-war specifics, forming an OSM approach can significantly increase the success of reconstruction: through centralised resource coordination, digital technologies, and involvement of local communities. At the same time, it is necessary to overcome barriers related to traditional organisational models and fragmented management in Ukraine.

By borrowing international experience, Ukraine can create its own OSM mechanism adapted to the current context of reforms, decentralisation, and broad involvement of external assistance. This will make the reconstruction strategy not declarative but an effective tool for achieving visible results in the short and long term.

Future research in this direction could focus on developing consulting methodologies to support the creation of OSM in Ukrainian companies and government agencies. Special attention should be paid to adapting international experience to domestic realities: creating templates for strategic offices for communities, using digital management platforms, and modelling donor behaviour in systems with coordination offices. Interdisciplinary research at the intersection of strategic management, behavioural economics, and public administration is also promising.

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